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 2020

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

CONSOLIDATED CONDENSED BALANCE SHEETS TO 30TH JUNE 2020 & TO 31ST DECEMBER 2019
(€ ´000)

ASSETS	Note	30/06/20	31/12/19 (*)
CASH, CASH BALANCES IN CENTRAL BANKS AND OTHER DEMAND DEPOSITS	10.1	7 249 649	4 558 815
FINANCIAL ASSETS HELD FOR TRADING	8.2	74 761	35 298
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	87 190	92 664
Memorandum item: lent or provided as collateral (sell or pledge)		-	-
FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-
Memorandum item: lent or provided as collateral (sell or pledge)		-	-
FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	8.4	2 382 814	1 886 161
Memorandum item: lent or provided as collateral (sell or pledge)		*705 041*	*57 301*
FINANCIAL ASSETS CARRIED AT AMORTIZED COST	8.5	47 735 921	44 679 791
Memorandum item: lent or provided as collateral (sell or pledge)		*11 729 357*	*7 952 679*
DERIVATIVES - HEDGE ACCOUNTING	9	560 059	507 229
CHANGE IN FAIR VALUE OF ITEMS HELD IN A PORTFOLIO HEDGED AGAINTS INTEREST RATE RISK		-	-
INVESTMENTS IN JOINT VENTURES AND ASSOCIATE COMPANIES	6	346 725	363 347
Joint ventures		35 612	48 440
Associates		311 113	314 907
ASSETS UNDER INSURANCE OR REINSURANCE CONTRACTS	10.5	2 107	2 163
TANGIBLE ASSETS	10.3	1 153 846	1 161 954
Fixed tangible assets		852 403	880 209
For own use		852 403	880 209
Let under an operating lease agreement		-	-
Investment property		301 443	281 745
Of which: let under operating lease		*172 843*	*165 981*
Memorandum item: acquired under a lease		*42 344*	*46 458*
INTANGIBLE ASSETS	10.4	71 133	66 225
Goodwill		47 587	50 671
Other intangible assets		23 546	15 554
TAX ASSETS	29.4	2 689 182	2 757 773
Current tax asset		18 048	46 128
Deferred tax asset		2 671 134	2 711 645
OTHERS ASSETS	10.7	395 467	291 722
Insurance contracts linked to pensions		32 916	32 734
Inventory		199 805	205 004
All other assets		162 746	53 984
NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE	10.2	253 381	304 473
TOTAL ASSETS		**63 002 235**	**56 707 615**

(*) 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 2020.

LIABILITIES	Note	30/06/20	31/12/19 (*)
FINANCIAL LIABILITIES HELD FOR TRADING	8.2.2	21 831	25 116
FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-
Memorandum item: subordinated liabilities		-	-
FINANCIAL LIABILITIES CARRIED AT AMORTISED COST	8.6	56 583 330	50 204 678
Memorandum item: subordinated liabilities		*305 747*	*297 907*
DERIVATIVES - HEDGE ACCOUNTING	9	407102	427 761
CHANGE IN FAIR VALUE OF SECURITIES HELD IN A PORTOFOLIO HEDGED AGAINST INTEREST RATE RISK		-	-
LIABILITES UNDER INSURANCE AND REINSURANCE CONTRACTS	10.6	618 824	630 694
PROVISIONS	11.2.1	843 693	921 134
Pensions and related post-employment defined benefits		62 351	62 715
Other long term employee benefits		190 597	203 697
Provisions for taxes and other legal contingencies		-	-
Commitments and guarantees given		133 752	128 247
All other provisions		456 993	526 475
TAX LIABILITIES	29.4	294 438	325 385
Current tax liabilities		42 054	32 397
Deferred tax liabilities		252 384	292 988
OTHER LIABILITIES	10.8	170 569	202 452
LIABILITIES IN DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE		-	-
TOTAL LIABILITIES		**58 939 787**	**52 737 220**

(*) Presented solely for comparison purposes (note 1.8).
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EQUITY	Note	30/06/20	31/12/19 (*)
SHAREHOLDERS' EQUITY		**3 964 655**	**3 970 966**
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	47 551	47 574
Equity component of compound financial instruments		47 551	47 574
Other equity instruments issued		-	-
OTHER EQUITY ITEMS		-	-
RETAINED EARNINGS	14	1 034 533	915 492
REVALUATION RESERVES		-	-
OTHER RESERVES	14	32 575	30 759
(–) TREASURY SHARES	12	(30 619)	(14 865)
NET INCOME/(LOSS) ATTRIBUTABLE TO THE PARENT COMPANY	3	60 890	172 281
(–) INTERIM DIVIDENDS		-	-
ACCUMULATED OTHER COMPREHENSIVE INCOME		**97 317**	**(1 049)**
ITEMS NOT SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT		65 565	24 938
Actuarial gain (loss) in benefit pension scheme		(787)	(787)
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		2 660	9 349
Change in fair value of equity instruments measured at fair value through other comprehensive income		63 692	16 376
Ineffectiveness of fair value hedges of equity instruments measured at fair value through other comprehensive income		-	-
Change in fair value of equity instruments measured at fair value through other comprehensive Income (hedged item)		-	-
Change in fair value of equity instruments measured at fair value through other comprehensive Income (hedging instrument)		-	-
Change in fair value of financial liabilities designated at fair value through profit or loss attributable to changes in its credit risk		-	-
ITEMS SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT		31 752	(25 987)
Hedging of net investments abroad (effective portion)		-	-
Foreign currency translation		(16)	(15)
Hedging derivatives. Reserve of cash flow hedges (effective portion)		(7 982)	(94 580)
Change in fair value of debt instruments measured at fair value through other comprehensive income		25 529	46 477
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		14 221	22 131
NON-CONTROLLING INTEREST (FROM MINORITY STAKES)	**13**	**476**	**478**
ACCUMULATED OTHER COMPREHENSIVE INCOME		-	-
OTHER ITEMS		476	478
TOTAL EQUITY		**4 062 448**	**3 970 395**
TOTAL LIABILITIES AND EQUITY		**63 002 235**	**56 707 615**
MEMORANDUM ITEM: OFF-BALANCE SHEET EXPOSURE			
LOAN COMMITTMENTS GIVEN	11.2.2.2	2 453 733	3 009 113
FINANCIAL GUARANTEES GIVEN	11.2.2.1	64 693	62 296
OTHER COMITTMENTS GIVEN		3 972 234	1 983 681

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Notes 1 to 36 below and Appendices I, II and III enclosed are an integral part of the consolidated interim financial statements to 30th June 2020.

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

CONSOLIDATED CONDENSED INCOME STATEMENT
FOR THE SIX-MONTH PERIODS
ENDING ON 30TH JUNE 2020 AND 2019:
(€ ´000)

	Note	(Debit) Credit	
		30/06/20	30/06/19 (*)
INTEREST INCOME AND OTHER INCOME	16	355 543	388 497
Financial assets designated at fair value through other comprehensive income		6 069	46 604
Financial assets carried at amortized cost		305 052	324 736
Other		44 422	17 157
INTEREST EXPENSE	17	(78 232)	(95 688)
REDEEMABLE EQUITY EXPENSES		-	-
NET INTEREST INCOME		**277 311**	**292 809**
DIVIDEND INCOME	18	10 923	19 636
INCOME/LOSS FROM ENTITIES CARRIED AT EQUITY METHOD	19	19 301	20 703
FEE AND COMMISSION INCOME	20	122 667	125 915
FEE AND COMMISSION EXPENSE	21	(9 118)	(12 314)
NET GAINS OR LOSSES ON DERECOGNITION FROM THE STATEMENTS OF FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	22	65 995	23 454
NET GAINS OR LOSSES FROM FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING	22	(2 687)	(214)
NET GAINS OR LOSSES FROM NON-TRADING FINANCIAL ASSETS MANDATORILY DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	22	(2 205)	3 527
NET GAINS OR LOSSES FROM FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	22	-	-
NET GAINS OR LOSSES FROM HEDGE ACCOUNTING	22	2 484	(1 052)
NET GAINS (LOSSES) FROM EXCHANGE DIFFERENCES		9	160
OTHER OPERATING INCOME	23	80 194	61 208
OTHER OPERATING EXPENSES	24	(46 351)	(52 125)
INCOME FROM ASSETS UNDER INSURANCE OR REINSURANCE CONTRACTS	23	35 008	36 268
EXPENSES FROM LIABILITIES UNDER INSURANCE OR REINSURANCE CONTRACTS	24	(25 306)	(23 483)
GROSS MARGIN		**528 225**	**494 492**
ADMINISTRATIVE EXPENSES	25	(266 266)	(280 535)
Staff expenses	25.1	(183 988)	(193 106)
Other administrative expenses	25.2	(82 278)	(87 429)
DEPRECIATION AND AMORTIZATION		(22 846)	(21 557)
PROVISIONS OR REVERSALS OF PROVISIONS	11.2.1	(16 986)	(42 561)
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	(129 115)	(18 531)
NET OPERATING INCOME		**93 012**	**131 308**
IMPAIRMENT OR REVERSAL IN THE VALUE OF JOINT VENTURES OR ASSOCIATES	26	(429)	-
IMPAIRMENT OR REVERSAL IN THE VALUE OF NON-FINANCIAL ASSETS	26	(8 336)	(11 136)
Tangible assets		(201)	(662)
Intangible assets		(3 387)	(3 812)
Other		(4 748)	(6 662)
NET GAIN (LOSS) ON DERECOGNITION FROM THE STATEMENTS OF NON-FINANCIAL ASSETS	27	5 014	22 789
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	(3 642)	3 196
PRE-TAX INCOME (LOSS) FROM CONTINUING OPERATIONS		**85 619**	**146 157**
TAX EXPENSE OR INCOME ON EARNINGS FROM CONTINUED OPERATIONS	29.3	(24 731)	(30 267)
PROFIT (LOSS) AFTER TAX FROM CONTINUED OPERATIONS		**60 888**	**115 890**
PROFIT (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS	30	-	-
PROFIT/(LOSS) FOR THE YEAR		**60 888**	**115 890**
Attributable to minority interests (non-controlling interest)	13	(2)	(2)
Attributable to owners of the parent company		60 890	115 892
EARNINGS PER SHARE	3		
Basic earnings per share (€)		0.034	0.068
Diluted earnings per share (€)		0.034	0.068

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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 2020 AND 2019:
(€ ´000)

	Period 30/06/20	Period 30/06/19 (*)
PROFIT/(LOSS) FOR THE YEAR	**60 888**	**115 890**
OTHER COMPREHENSIVE INCOME	**98 366**	**28 955**
Items not subject to reclassification to income statement	**40 628**	**15 582**
Actuarial gain (loss) in benefit pension scheme	-	-
Non-current assets and disposal groups held for sale	-	-
Share of other recognised income and expenses of investments in joint ventures & associates	(9 555)	(3 530)
Change in fair value of equity instruments measured at fair value through other comprehensive income	67 595	25 790
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	(17 412)	(6 678)
Items subject to reclassification to income statement	**57 738**	**13 373**
Hedging of net investments abroad (effective portion)	-	-
Gain (loss) in value recognised in equity	-	-
Transferred to results	-	-
Other reclassifications	-	-
Foreign currency translation	(1)	(47)
Gain (loss) in currency exchange recognised in equity	(14)	(47)
Transferred to results	13	-
Other reclassifications	-	-
Cash flow hedges (effective portion)	123 711	(60 740)
Gain (loss) in value recognised in equity	88 926	(68 876)
Transferred to results	34 785	8 136
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	(29 927)	61 760
Gain (loss) in value recognised in equity	(27 258)	83 567
Transferred to results	(2 669)	(21 807)
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 and expenses of investments in joint ventures & associates	(11 300)	18 131
Income tax on items to be reclassified to income statement	(24 745)	(5 731)
Total comprehensive income for the year	**159 254**	**144 845**
Attributable to minority interests (non-controlling interest)	(2)	(2)
Attributable to owners of the parent company	159 256	144 847

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

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS ENDED 30TH JUNE 2020 & 2019

(€ ´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 31/12/2019 (*)	**1 610 302**	**1 209 423**	**47 574**	**-**	**915 492**	**-**	**30 759**	**(14 865)**	**172 281**	**-**	**(1 049)**	**-**	**478**	**3 970 395**
Effects of corrections of errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance at 01/01/2020	**1 610 302**	**1 209 423**	**47 574**	**-**	**915 492**	**-**	**30 759**	**(14 865)**	**172 281**	**-**	**(1 049)**	**-**	**478**	**3 970 395**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**60 890**	**-**	**98 366**	**-**	**(2)**	**159 254**
Other changes to equity	**-**	**-**	**(23)**	**-**	**119 041**	**-**	**1 816**	**(15 754)**	**(172 281)**	**-**	**-**	**-**	**-**	**(67 201)**
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)	-	-	-	-	(6 850)	-	-	-	-	-	-	-	-	(6 850)
Purchase of treasury shares	-	-	-	-	-	-	-	(15 781)	-	-	-	-	-	(15 781)
Sale or redemption of treasury shares	-	-	-	-	-	-	-	27	-	-	-	-	-	27
Reclassification of equity financial instruments to liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial liabilities to equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between equity entries	-	-	-	-	170 465	-	1 816	-	(172 281)	-	-	-	-	-
Changes in equity due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity	-	-	(23)	-	(44 574)	-	-	-	-	-	-	-	-	(44 597)
Balance at 30/06/2020	**1 610 302**	**1 209 423**	**47 551**	**-**	**1 034 533**	**-**	**32 575**	**(30 619)**	**60 890**	**-**	**97 317**	**-**	**476**	**4 062 448**

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

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED 30TH JUNE 2020 & 2019

(€ ´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 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**

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

CONSOLIDATED CONDENSED CASH FLOW STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED 30TH JUNE 2020 & 2019
(€ ´000)

	Period 30/06/20	Period 30/06/19 (*)
A) CASH FLOWS FROM OPERATIONS	**2 724 437**	**(2 198 972)**
Profit for the year	**60 888**	**115 890**
Adjustments to obtain cash flows from operating activities	**135 474**	**77 931**
Depreciation and amortization	22 846	21 557
Other adjustments	112 628	56 374
Net changes in operating assets	**(3 692 199)**	**(673 589)**
Financial assets held for trading	(39 463)	10 133
Non-trading financial assets mandatorily designated at fair value through profit and loss	5 474	231
Financial assets designated at fair value through profit or loss	-	2 050
Financial assets designated at fair value through other comprehensive income	(496 653)	565 516
Financial assets carried at amortized cost	(3 086 051)	(1 210 986)
Other operating assets	(75 506)	(40 533)
Net changes in operating liabilities	**6 233 515**	**(1 713 192)**
Financial liabilities held for trading	(3 285)	9 153
Financial liabilities designated at fair value through profit or loss	-	-
Financial liabilities carried at amortized cost	6 378 652	(1 802 229)
Other operating liabilities	(141 852)	79 884
Income taxes paid	**(13 241)**	**(6 012)**
B) CASH FLOW FROM INVESTMENT ACTIVITIES	**(26 757)**	**27 603**
Payments	**(50 447)**	**(3 881)**
Tangible assets	(30 111)	(719)
Intangible assets	(16 812)	(2 489)
Investments in joint ventures and associates	(3 524)	(673)
Subsidiaries and other business units	-	-
Non-current assets and liabilities classified as held for sale	-	-
Other investment related payments	-	-
Collections	**23 690**	**31 484**
Tangible assets	18 098	-
Intangible assets	5 592	-
Investments in joint ventures and associates	-	31 484
Subsidiaries and other business units	-	-
Non-current assets and liabilities classified as held for sale	-	-
Other investment related collections	-	-
(Continues…)		

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	Period 30/06/20	Period 30/06/19 (*)
C) CASH FLOW FROM FINANCING ACTIVITIES	**(6 850)**	**(67 867)**
Payments	**(6 850)**	**(61 017)**
Dividends	-	(61 017)
Subordinated liabilities	-	-
Own equity instruments amortization	(6 850)	(6 850)
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)	**2 690 830**	**(2 239 236)**
F) CASH AND CASH EQUIVALENTS AT BEGINING OF PERIOD	**4 558 815**	**4 279 594**
G) CASH AND CASH EQUIVALENTS AT END OF PERIOD	**7 249 645**	**2 040 358**
MEMORANDUM ITEM:		
BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF PERIOD	**7 249 645**	**2 040 358**
Of which: held by group entities but not drawable by the group	-	-
Cash	295 193	371 169
Cash equivalents at central Banks	6 856 522	1 278 066
Other financial assets	97 930	391 123
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 2020.

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 2020
(Expressed in €´000)

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

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 corporate website (www.unicajabanco.com) 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 2020, 49.85% 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 2019.

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 2019.

The institutions in the Unicaja Banco Group to 30th June 2020 are as follows:

Company name	**Activity**
Alqlunia Duero, S.L.U.	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.U.	Banking, financial activities
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.U.	Property development
Parque Industrial Humilladero, S. L.	Industrial land development
Pinares del Sur, S.L.U.	Property development
Propco Blue 1, S.L.U.	Real estate development
Segurándalus Mediación, Correduría de Seguros, S.A.U.	Insurance broking
Unicaja Banco, S.A.	Credit institution
Unicaja Gestión de Activos Inmobiliarios, S.A.U.	Real estate holding companies
Unicartera Gestión de Activos, S.L.U.	Debt collection and litigation manager
Unicorp Patrimonio, Sociedad de Valores, S.A.U.	Wealth management
Unigest, S.G.I.I.C., S.A.U.	Collective investment institutions management company
Unimediación, S.L.U.	Insurance broking
Unión del Duero, Compañía Seguros de Vida, S.A.U.	Life insurance
Uniwindet, S.L.U.	Renewable energies
Viproelco, S.A.U.	Property development

The following pages include the condensed individual balance sheets to 30th June 2020 and to 31st December 2019, 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 2020 and 2019. 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 2020 and to 31st December 2019.

	€ ´000	
	30/06/2020	31/12/2019 (*)
Cash, cash balances in central banks and other demand deposits	7 248 623	4 563 406
Financial assets held for trading	58 959	17 583
Non-trading financial assets mandatorily designated at fair value through profit and loss	85 756	89 796
Financial assets designated at fair value through profit or loss	-	-
Financial assets designated at fair value through other comprehensive income	1 656 794	1 134 484
Financial assets carried at amortized cost	48 028 377	44 995 333
Derivatives - Hedge accounting	560 059	507 229
Investments in subsidiaries, joint ventures and associates	872 634	864 126
Tangible assets	1 107 119	1 113 050
Intangible assets	23 156	14 002
Tax assets	2 824 793	2 822 307
Other assets	251 108	147 053
Non-current assets and disposal groups classified as held for sale	253 971	304 628
Total assets	**62 971 349**	**56 572 997**
Financial liabilities held for trading	12 693	12 958
Financial liabilities carried at amortized cost	56 753 052	50 409 033
Derivatives - Hedge accounting	407102	427 761
Provisions	838 239	907 062
Tax liabilities	240 339	209 824
Other liabilities	382 228	422 992
Total liabilities	**58 633 653**	**52 389 630**
Own funds:	4 285 799	4 257 647
Capital	1 610 302	1 610 302
Share premium	1 322 995	1 322 995
Equity instruments issued other than capital	47 551	47 574
Other equity items	-	-
Retained earnings	987 736	904 492
Other reserves	261 485	261 485
Profit for the year	86 257	125 572
Treasury shares	(30 527)	(14 773)
Accumulated other comprehensive income:	51 897	(74 280)
Items not subject to reclassification to income statement	68 310	18 309
Items subject to reclassification to income statement	(16 413)	(92 589)
Total equity	**4 337 696**	**4 183 367**
Total liabilities and equity	**62 971 349**	**56 572 997**
Loan commitments given	2 498 701	3 047 962
Financial guarantees given	65 501	63 105
Other commitments given	3 964 247	1 977 002

(*) Information presented solely for comparison purposes.

b) Individual profit & loss statements for the six-month periods ending on 30th June 2020 and 2019:

	€ ´000	
	30/06/2020	30/06/2019 (*)
Interest income and other income	355 607	388 550
Financial assets designated at fair value through other comprehensive income	2 341	11 094
Financial assets carried at amortized cost	308 767	358 886
Other	44 499	18 570
Interest expense	(78 201)	(95 811)
Net interest income	**277 406**	**292 739**
Dividend income	96 836	39 509
Fee and commission income	117 074	120 146
Fee and commission expense	(10 683)	(11 827)
Net gain (loss) on derecognition from the statements of financial assets and liabilities not measured at fair value through profit or loss	65 995	23 455
Net gain (loss) from financial assets and liabilities held for trading	90	(243)
Net gain (loss) from non-trading financial assets designated at fair value through profit or loss	(4 981)	3 528
Net gain (loss) from financial assets and liabilities designated at fair value through profit or loss	-	-
Net gains (loss) from hedge accounting	2 484	(1 052)
Net exchange differences, gains or losses	9	161
Other operating income	13 239	22 840
Other operating expenses	(34 388)	(38 903)
Gross Margin	**523 081**	**450 353**
Administrative expenses	(249 745)	(266 191)
Depreciation and amortization	(21 919)	(20 060)
Provisions or reversals of provisions	(25 514)	(42 795)
Impairment or reversal in the value of financial assets not measured at fair value through profit and loss or net gains by modification	(128 326)	33 812
Net operating income	**97 577**	**155 119**
Impairment or reversal in the value of joint ventures or associates	(2 046)	1 859
Impairment or reversal of non-financial assets	(1 633)	(1 977)
Net gain (loss) on derecognition from the statements of non-financial assets	476	(27 289)
Recognised negative goodwill	-	-
Gains (loss) arising from non-current assets and disposal groups of items classified as held for sale that cannot be classified as discontinued operations	(1 407)	2 827
Pre-tax income (loss) from continuing operations	**92 967**	**130 539**
Tax expense or income on earnings from continued operations	(6 710)	(39 688)
Profit (loss) after taxes from continued operations	**86 257**	**90 851**
Profit (loss) after taxes from discontinued operations	-	-
Profit for the year	**86 257**	**90 851**

(*) Information presented solely for comparison purposes.

c) Individual statements of recognised income and expenses for the six-month periods ending on 30th June 2020 and 2019:

	€ ´000	
	30/06/2020	30/06/2019 (*)
Profit for the year	**86 257**	**90 851**
Other comprehensive income	**126 177**	**(22 756)**
Items not subject to reclassification to income statement	**50 001**	**19 734**
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	71 430	28 191
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	(21 429)	(8 457)
Items subject to reclassification to income statement	**76 176**	**(42 490)**
Hedging of net investments abroad (effective portion)	-	-
Foreign currency translation	-	-
Cash flow hedges (effective portion)	123 712	(60 740)
Hedging instruments (non-designated items)	-	-
Debt instruments designated at fair value through other comprehensive income	(14 889)	40
Non-current assets and disposal groups held for sale	-	-
Income tax on items to be reclassified to income statement	(32 647)	18 210
Total comprehensive income for the year	**212 434**	**68 095**

(*) Information presented solely for comparison purposes.

d) Individual statement of changes to net equity for the six-month periods ending on 30th June 2020 and 2019:

	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 31/12/2019 (*)	**2 933 297**	**47 574**	**-**	**904 492**	**-**	**261 485**	**(14 773)**	**125 572**	**-**	**(74 280)**	**4 183 367**
Effects of corrections of errors	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
Opening balance at 01/01/2020	**2 933 297**	**47 574**	**-**	**904 492**	**-**	**261 485**	**(14 773)**	**125 572**	**-**	**(74 280)**	**4 183 367**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**86 257**	**-**	**126 177**	**212 434**
Other changes to equity	**-**	**(23)**	**-**	**83 244**	**-**	**-**	**(15 754)**	**(125 572)**	**-**	**-**	**(58 105)**
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)	-	-	-	(6 850)	-	-	-	-	-	-	(6 850)
Purchase of treasury shares	-	-	-	-	-	-	(15 781)	-	-	-	(15 781)
Sale or redemption of treasury shares	-	-	-	-	-	-	27	-	-	-	27
Reclassification of equity financial instruments to liabilities	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial liabilities to equity	-	-	-	-	-	-	-	-	-	-	-
Transfers between equity entries	-	-	-	125 572	-	-	-	(125 572)	-	-	-
Changes in equity due to business combinations	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity	-	(23)	-	(35 478)	-	-	-	-	-	-	(35 501)
Balance at 30/06/2020	**2 933 297**	**47 551**	**-**	**987 736**	**-**	**261 485**	**(30 527)**	**86 257**	**-**	**51 897**	**4 337 696**

(*) 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 31/12/2018 (*)	**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 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)	-	-	-	(67 867)	-	-	-	-	-	-	(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	-	-	-	200 127	-	-	-	(200 127)	-	-	-
Changes in equity due to business combinations	-	-	-	-	-	-	694	-	-	-	694
Share-based payments	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity	-	(145)	-	(13 174)	-	-	-	-	-	-	(13 319)
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.

e) Individual cash flow statements for the six-month periods ending on 30th June 2020 and 2019:

	€ ´000	
	30/06/2020	**30/06/2019 (*)**
Cash flow from operating activities	**2 690 130**	**(2 245 713)**
Profit for the year	86 257	90 851
Cash flow after adjustments to operating activities	115 503	94 159
Net changes in operating assets	(3 711 894)	(670 559)
Net changes in operating liabilities	6 213 505	(1 754 152)
Income taxes paid	(13 241)	(6 012)
Cash flow from investment activities	**17 691**	**69 476**
Payments	(35 748)	(5 494)
Collections	53 439	74 970
Cash flow from financing activities	**(22 604)**	**(61 017)**
Payments	(22 631)	(61 017)
Collections	27	-
Impact from foreign exchange rates	**-**	**-**
Net increase/decrease of cash and cash equivalents	**2 685 217**	**(2 237 254)**
Cash and cash equivalents at beginning of period	4 563 406	4 277 106
Cash and cash equivalents at end of period	7 248 623	2 039 852

(*) 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 2020 were filed by the bank's directors at the Board of Directors' meeting held on 31st July 2020.

The consolidated condensed interim financial statements for the six-month period ending on 30th June 2020 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) 3/2018 Circular, dated 28th June, specifying the information to be reported regularly by issuers of securities trading on regulated markets in their half year financial reports, the interim management report and, where appropriate, the quarterly financial reports.

In line with IAS 34 provisions, interim financial information has been drawn up to bring the latest prepared annual financial statements up to date. For this reason, emphasis is given to new actions, events, and circumstances so as not to repeat previously published information. These consolidated abridged interim financial statements do not, therefore, contain all the information that would be obligatory for comprehensive consolidated financial statements in line with EU-IFRS requirements.

Consequently, 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 2019, 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 21st February 2020 and approved by the General Shareholders' Meeting on 29th April 2020. 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 2019, the date of the consolidated annual accounts cited above, to 30th June 2020.

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 2020, 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 appraisal criteria applied when preparing these consolidated condensed interim financial statements to 30th June 2020 are the same as those applied when preparing the Group's consolidated annual accounts to 31st December 2019, that can be found in Note 2 of the Annual Report on these same consolidated annual accounts, except for that described in Note 1.5.1 below. As such, these consolidated condensed interim financial statements have been prepared using the same accounting principles and appraisal criteria as those in the International Financial Reporting Standards adopted by the European Union (hereinafter, EU-IFRS) and have taken into consideration the Bank of Spain's 4/2017 Circular, 27th December, as it pertains to credit institutions, on public and confidential financial reporting rules and formats and subsequent amendments.

1.5 Changes in the International Financial Reporting Standards

During the six months ended 30th June 2020, 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 2020:

Standards, amendments & interpretations (Note 1.5.1)	**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 IAS 1 and AIS 8	Definition of material (o relative importance)	1st January 2020
Amendment to IFRS 9, IFRS 7 and IAS 39	Benchmark rate reform	1st January 2020
Amendment IFRS 3	Definition of a business	1st January 2020

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 IFRS 16	Covid-19-Related Rent Concessions amendments	1st June 2020
Amendment IAS 1	Classification of liabilities as current or non-current	1st January 2022
Amendment IAS 16	Proceeds before Intended Use	1st January 2022
Amendment IAS 37	Onerous Contracts: Cost of Fulfilling a Contract	1st January 2022
Amendment IFRS 3	Reference to the Conceptual Framework	1st January 2022
Annual Improvements to IFRS	2018-2020 cycle	1st January 2022
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	(**)

(*) Although the regulation has formally been approved by the IASB for application on financial periods from 1st January 2021 onwards, on 17th March 2020 the IASB issued a statement postponing the enforcement date to 1st January 2023.

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

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 2020 the following modifications of the IFRS or interpretations thereof (hereinafter, "IFRIC") have come into force:

- 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. Among other issues, the revised Conceptual Framework 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 amendments apply on or after 1st January 2020; the Unicaja Banco Group has not exercised the early application option.

- IAS 1 (amendment) and IAS 8 (amendment) "Definition of material (or relative importance)": 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.

- IFRS 9 (amendment), IFRS 7 (amendment) and IAS 39 (amendment) "Benchmark interest rate reform": These amendments are a response to the consequences, as they affect the presentation of financial information, of the reform to the benchmark interest rates in the previous financial period prior to the replacement of an existing benchmark interest rate by another alternative. The amendments set out temporary, limited exemptions to the requirements for hedge accounting of IAS 39 Financial instruments: Recognition and assessment and of IFRS 9 Financial instruments, such that companies can continue to comply with the requirements, based on the assumption that existing benchmark interest rates do not undergo alterations due to the change in the interbank offered rate. The amendment will come into force on 1st January 2020.

- IFRS 3 (amendment) “Definition of a business": These changes help institutions to determine whether the acquisition in question is a business or a group of assets. The amended definition emphasises that the purpose of a business is to provide goods and services to customers, whereas the previous definition focused on achieving profitability in the form of dividends, lower costs or other economic benefits for investors and others. As well as amending the wording of the definition, it has provided additional guidelines. To be considered a business, an acquisition must include both an input and a process that, together, contribute significantly to the ability to create products. The new guidelines provide a framework to assess whether both factors are present (even for early-stage companies that have not generated any products). To be classified as a business when there are no results, it will now be necessary to have organised labour. These amendments apply after 1st January 2020; the Unicaja Banco Group has not exercised the early adoption.

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:

- IFRS 16 (amendment) “Covid- 19-Related Rent Concessions”: The IASB has issued an amendment to IFRS 16 “Leases” that permits lessees, as an optional practical expedient, not to assess whether particular rent concessions occurring as a consequence of the Covid-19 pandemic are lease modifications. Lessees may opt to account for those rent concessions as if they are not lease modifications. In many cases, this will give rise to the concession being booked as variable lease payments on the period(s) during which the event or condition triggering the reduced payment occurs. The amendment does not grant this facility to lessors, who have to apply the current IFRS 16 requirements and judge whether there has been an amendment to the corresponding lease contract or not. This amendment comes into force for the financial periods starting from 1st June 2020, although it can be applied before then, including on such interim financial statements or annual accounts that have not yet been authorized for issue before 28th May 2020, pending authorisation from the European Union.

- IAS 1 (Amendment) “Classification of liabilities as current or non-current”: This amendment clarifies that liabilities are classified as current or non-current depending on the rights prevailing at the end of the financial period being reported. The classification is not affected by the institution’s forecasts or by events occurring after the closing date of the period (for example, the reception of a waiver or non-compliance with the agreement). The amendment also clarifies what IAS 1 means when it refers to the "liquidation" of a liability. The amendment is effective for the year commencing 1st January 2022, although it can be adopted earlier. In any case, this standard has not yet been adopted by the European Union.

- IAS 16 (amendment) “Proceeds before Intended Use”: Deductions from the cost of an item of intangible assets of any proceeds obtained from selling items produced while the entity is bringing that asset to the condition necessary for it to be capable of operating in the manner intended are forbidden. The proceeds from selling such items, and the cost of producing them, are to be recognised in profit and loss. The amendment also clarifies that an institution is testing whether the asset works properly when it assesses that asset’s technical and physical performance. The asset’s financial performance is irrelevant for the purpose of this evaluation. As such, an asset may be capable of operating as planned by management and be subject to amortisation/depreciation before it has reached the level of operating performance expected by management. The amendment is effective for the year commencing 1st January 2022.

- IAS 37 (amendment) “Onerous Contracts: Cost of Fulfilling a Contract”: The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract, and an allocation of other costs directly related to compliance with the contracts. It also clarifies that before making a separate provision for an onerous contract, the entity will recognise any loss from impairment losses that may have occurred on the assets used in fulfilling the contract, instead of on the assets comprising that contract. The amendment is effective for the year commencing 1st January 2022.

- IAS 3 (amendment) “Reference to the Conceptual Framework”: IFRS 3 has been updated to refer to the 2018 Conceptual Framework in order to establish what represents an asset or a liability in a business combination (formerly it referred to the 2001 Conceptual Framework). A further exception has been added in IFRS 3 for liabilities and contingent liabilities. The amendment is effective for the year commencing 1st January 2022.

- IFRS Annual Improvements, Cycle 2018-2020: The amendments affect IFRS 1, IFRS 9, IFRS 16 and IAS 41 will apply to fiscal years starting 1st January 2022 onwards. The most important amendments concern:

  - IFRS 1 "First-time adoption of the International Financial Reporting Standards”: IFRS 1 provides for an exemption in the event of a subsidiary adopting the IFRSs after its parent company. This amendment enables institutions that have opted for this exemption to measure the cumulative translation differences, using the amounts reported by the parent, based on the parent’s date of transition to IFRSs.
  - IFRS 9 "Financial instruments": The amendment covers which costs must be included in the 10 per cent test for the derecognition of financial liabilities. Costs or fees may be paid to third parties or to the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10 per cent test.
  - IFRS 16 "Leases": Illustrative Example 13 accompanying IFRS 16 has been amended by removing from the example the illustration of the reimbursement of leasehold improvements by the lessor, in order to resolve any potential confusion regarding the treatment of lease incentives.
  - IAS 41 “Agriculture”: The amendment removes the requirement to exclude taxable cash flows when measuring fair value under IAS 41.

- 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. Although the standard has been formally approved by the IASB for enforcement on periods from 1st January 2021 onwards, the IASB issued a statement on 17th March 2020 postponing the date of effective application to 1st January 2023. 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 2020 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 consolidation.
- The estimate of the likelihood that outcomes classified as contingent liabilities will occur and, where applicable, the estimate of the provisioning needed to hedge these events.
- The reversal period and potential recovery of deferred tax assets from temporary differences.
- The fair value of certain unquoted assets.
- The fair value of certain guarantees related to the collection of assets.

Although these estimates were made on the basis of the best information available at 30th June 2020 on the facts analysed, it is possible that events that could take place in the future may require them to be modified (upwards or downwards) significantly in coming years; 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.

Note 1.16 explains the effect that Covid-19 (Coronavirus) has had on the most significant accounting estimates made by Unicaja Banco Group.

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, 2020 is presented, for comparison purposes only, together with the information relating to the six-month period ended 30th June 2019 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 2019 for the items in the consolidated condensed balance sheet.

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

In accordance with the regulation in force, the capital ratios required for 2020 are as follows:

- Ordinary Tier 1 capital ratio of 4.5%.
- Tier 1 capital (ordinary plus additional) ratio of 6%.
- Total capital ratio (including Tier 2) of 8%.
- An additional capital conservation buffer of 2.5%.

With regard to the counter-cyclical capital buffer described in article 45 of Act 10/2014, the Bank of Spain has agreed to set this buffer at 0% for credit exposures in Spain from 1st January 2016.

For the year 2020, the European Central Bank established for Unicaja Banco Group, within the SREP framework, a minimum total capital ratio of 12.25% (phase-in). This requirement applies for fiscal year 2020 and includes the minimum needed for Pillar I of 8%, a Pillar II requirement of 1.75% and a capital conservation buffer of 2.5%.

As a result of these requirements, the phase-in CET1 and phase-in total capital ratios referred to above have also been set as the floor thresholds under which Unicaja Banco would be obliged to calculate the maximum distributable amount (MDA) that would limit its distributions in the form of dividends and bonuses.

On this matter, we should point out that the European Union Commission, the European Central Bank (ECB) and the European Banking Authority (EBA) have provided clarity over how to exercise the flexibility implicit in Regulation (EU) nº 575/2013 (CRR), by publishing interpretations and guidelines on how to enforce the prudential framework in the light of Covid-19. These guidelines include the Commission's interpretative communication, of 28th April 2020, on the application of the accounting and prudential frameworks to encourage banks to lend in the European Union: "Supporting households and businesses amid Covid-19". In response to the Covid-19 pandemic, the Basel Committee on Banking Supervision (BCBS) has also made the implementation of international standards somewhat more flexible, communicating on 3rd April 2020 that it would be more flexible in applying transitional arrangements to introduce the impact of IFRS 9 "Financial instruments" gradually.

Furthermore, on 26th June 2020, the Official Journal of the European Union (OJEU) published Regulation (EU) 2020/873 of the European Parliament and the Council of 24th June 2020 amending Regulations (EU) nº 575/2013 (CRR) and (EU) 2019/876 having regard to certain adjustments in response to the Covid-19 pandemic. This regulates, among other things, the following: (i) temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income in view of the COVID-19 pandemic, (ii) temporary exclusion of certain exposures to central banks from the total exposure measure in view of the COVID-19 pandemic, (iii) exclusion of overshootings from the calculation of the back-testing addend in view of the COVID-19 pandemic, and (iv) temporary calculation of the exposure value of regular-way purchases and sales awaiting settlement in view of the COVID-19 pandemic.

Unicaja Banco Group's CET 1 capital ratio at 30th June 2020 was 15.60% (15.42% at 31st December 2019), while its total capital ratio came to 17.10% (16.93 at 31st December 2019), both including retained earnings during the year. In consequence, with current equity levels, the Unicaja Banco Group has met the capital requirements set by the European Central Bank and, as such, is not subject to the limitations referred to in Regulation (EU) nº 575/2013 on how profits are distributed.

At 30th June 2020 and at 31st December 2019, Unicaja Banco Group's own funds amounted to EUR 3,952,048 thousand and EUR 3,891,674 thousand, respectively, of which EUR 3,604,497 thousand and EUR 3,544,100 thousand respectively, are part of Common Equity Tier 1 (CET1).

The total capital surplus at 30th June 2020, taking into account the own funds requirements in accordance with the regulation of Directive 36/2013/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 2019 SREP (Pillar 2) and the 2.5% capital conservation buffer, comes to EUR 1,120,852 (EUR 1,076,313 thousand at 31st December 2019)

	30/06/2020	31/12/2019
		€ ´000
Tier one eligible common capital (CET1) (a)	3 604 497	3 544 100
Additional Tier (AT) 1 eligible capital (b)	47 551	47 574
Tier 2 eligible capital (c)	300 000	300 000
Risks (d)	23 111 811	22 982 533
CET1 ratio 1 (A)=(a)/(d)	15.60%	15.42%
AT 1 capital ratio (B)=(b)/(d)	0.20%	0.21%
Tier 1 capital ratio 1 (A)+(B)	15.80%	15.63%
Tier 2 capital ratio (C)=(c)/(d)	1.30%	1.31%
Total Capital Ratio (A)+(B)+(C)	**17.10%**	**16.93%**

	30/06/2020	31/12/2019
		€ ´000
Tier 1 Capital (a)	3 652 048	3 591 674
Exposure (b)	63 949 478	55 844 123
Leverage ratio (a)/(b)	**5.71%**	**6.43%**

Ordinary tier 1 capital basically includes capital, the share premium, the Bank's net reserves and the share of net profit from the six-month period ending on 30th June 2020 and the fiscal years ending on 31st December 2019, respectively, allocated to reserves.

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.

In the Group, policies, methods and procedures related to Global Risk Management are approved by the Board of Directors of the parent company. The duties of the Audit and Compliance Committee, the Risk Committee, the Assets & Liabilities & Budget Committee (ALBCO), the Internal Audit Division and the Global Risk Control Division of Unicaja Banco 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 2020, the consolidated entities have met the required minimums applicable under Spanish law for this ratio.

1.15 Contributions to the guarantee fund and resolution

Unicaja Banco is 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 2020, 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 2020 and 2019 for the contributions made to the Single Resolution Fund came to EUR 15,723 thousand and EUR 7,630 thousand, respectively (Note 24).

1.16 Impact of Covid-19 on Unicaja Banco Group

During the six-month period ending on 30th June 2020, the event with the greatest repercussion on Spain's economic situation and that of the entire world has been the Coronavirus pandemic that causes severe acute respiratory syndrome (SARS-CoV-2), generally abbreviated to Covid-19.

The illness, identified for the first time in December 2019 in the city of Wuhan (Hubei province, People's Republic of China), was acknowledged as a "global pandemic" by the World Health Organization (WHO) on 11th March 2020, by which point it was expanding in Spain and other countries in the European Union, with grave impact on the health systems of most countries and causing major social and economic disruption.

The health crisis is transferring to the economy unusually fast, affecting both productive activity and demand. The economy is being hit from several sides, depending on the time and location of the Covid-19 outbreak. At first, the infection was limited to China, with an impact on global value chains, resulting from the reduction in workforces and production capacity in one of the international market's most important logistical centres, located in the province of Hubei, in China. Later, the spread to other countries has exacerbated difficulties in supply chains and also affected export demand, especially in the tourism sector, as well as the spending and investment decisions of agents, in a context of high uncertainty.

A description follows of the impact of Covid-19 on Unicaja Banco Group, with particular emphasis on the changes that may have occurred to the accounting estimates made in the first half of the 2020 financial period.

a) Measures adopted in the context of loans and advances to customers

On 18th March 2020 Royal Decree 8/2020 was published, with urgent measures to deal with the economic and social impact of Covid-19.

One of this Royal Decree's measures was designed to ensure protection for mortgage borrowers in situations of vulnerability, giving them a moratorium on their mortgage payments on their primary residence. The scope of application was extended with the amendment under Royal Decree 11/2020, such that, together with providing exemption for contracts signed to acquire primary domiciles, mortgage contracts whose collateral is real estate that is contingent on economic activity are included, as are those whose collateral is rental housing where the borrower has ceased to receive rental payment because of the pandemic. Similarly, the scope of the moratorium has been extended to cover lending and credit contracts without mortgage guarantee, including personal loans.

In addition, the measures adopted in these Royal Decrees attempt to tackle the difficult financial situation facing both companies and the self-employed because of the health crisis. One of the measures passed is to create a EUR 100 billion guarantee line backed by the State to guarantee part of the financing that credit institutions grant to corporates and the self-employed so that they can meet their liquidity needs. This facility will be managed by the Official Credit Institute (Instituto de Crédito Oficial: ICO), with the aim of providing sufficient liquidity to maintain jobs and mitigate the economic effects of Covid-19.

Against this backdrop, the Group has been granting its clients both the public moratoria provided for by virtue of the Royal Decrees described above, and sector-specific moratoria, covered under the sector-wide agreement between the member entities of the Spanish Savings & Loan Confederation (Confederación Española de Cajas de Ahorro: CECA) on 16th April 2020. In addition, the Group has been originating transactions since March 2020 for which it has Covid-19 ICO-secured facilities approved under Royal Decree 8/2020, and on which certain fees are paid to the Official Credit Institute depending on the nature of the transaction – the category of aid for which they are eligible, the type of borrower and the term.

The breakdown of these transactions at 30 June 2020 is as follows:

		€ ´000
	Number of transactions given	**Amount granted**
Legislative moratoria	**11 268**	**618 523**
With mortgage guarantee	7 843	590 033
Without mortgage guarantee	3 425	28 490
Sector moratorium	**2 974**	**200 697**
With mortgage guarantee	2 311	193 282
Without mortgage guarantee	663	7 415

(*) Transactions for which a sector-specific moratorium has been awarded are reported as such, and likewise in the case of others, where a legislative moratorium has come to an end and for which a sector moratorium is expected to be triggered.

	Number of transactions given	Funding limit	Guaranteed amount	Amount drawn-down
				€ ´000
ICO COVID 19 guarantees	**9 784**	**643 018**	**495 696**	**419 275**
Self-employed	4 002	75 464	60 371	60 149
SMEs	5 616	444 516	355 675	284 519
Other companies	166	123 038	79 650	74 607

Most of the transactions with moratorium measures in place as of 30th June 2020 are classified as stage 1 (normal) risk. Likewise, practically all the transactions with ICO-secured Covid-19 facilities are classified as stage 1 risk.

The previous course of action was taken in accordance with the regulations laid down in the Royal Decrees, and also in compliance with the sector-specific guidelines and agreements.

In terms of the legislative moratorium, this entails the suspension of the mortgage debt for three months (which can be extended by virtue of Royal Decree 8/2020) and the corresponding non-application during the period the moratorium is in place of the early cancellation clause which in some cases will figure in the mortgage-backed loan contract. The duration of the forbearance can be extended by agreement on the part of the Council of Ministers. While the moratorium is in force, the credit institution cannot demand payment of the mortgage instalment, nor any of its component parts (principal or interest payments), either in full or in part. The moratorium may be backdated for instalments that are unpaid on or after 18th March 2020. As of 30th June 2020, legislative moratorium measures have been passed that affect 11,268 transactions, amounting to a total sum granted of EUR 618,523 thousand. These measures have had an impact of EUR 1,769 thousand on the “Impairment or reversal in the value of financial assets not measured at fair value through profit and loss or net gains by modification – Financial assets at amortized cost” item on the Group’s consolidated income statement.

Regarding the sector-specific moratorium, this is applicable to those borrowers who are not eligible under the Government’s deferral (the legislative moratorium) and whose financial circumstances have worsened because of Covid-19. In these cases, by virtue of the sector agreement signed on 16th April 2020, the Group has made a commitment to support them, making payments easier by reducing them temporarily, both for mortgages and personal loans. Under the provisions in the sector agreement, the borrower may not have more than two outstanding direct debits or instalments as of 14th March 2020. The moratorium term is a maximum of 12 months on mortgage-backed loans or credits and a maximum of 6 months on personal loans or credits (with an option to extend this if the sector agreement is amended). In these cases, the postponement only affects the repayment of the loan principal during the term of the moratorium. As of 30th June 2020, the Group had approved sector moratoria measures affecting 2,974 transactions, on EUR 200,697 thousand lent out. The impact of these modifications on the consolidated income statement of the Group has not been significant.

Finally, in the item on financing using ICO Covid-19 collateral, this scenario is regulated under article 29 of the extraordinary emergency measures in Royal Decree 8/2020, 17th March, establishing that the Ministry for Economic Affairs & Digital Transformation will grant up to EUR 100 billion in guarantees on financing granted by credit institutions to meet their needs arising from invoice management, need for working capital, financial and tax obligations, meeting the payroll and other liquidity needs that enable them to continue economic activity. Companies and self-employed workers are accessing these guarantees through their financial institutions when they sign up for new financing transactions or roll over existing ones. To 30th June 2020, the collateral triggered by the Government come to EUR 80 billion, spread over four facilities, approved in the Council of Ministers on 24th March, 10th April, 5th May and 19th May 2020, for a total of EUR 60 billion for SMEs and the self-employed, and EUR 20 billion to other corporates. The number of transactions approved by the Group for the self-employed, SMEs and other corporates comes to 9,786, with a financing limit of EUR 641,562 thousand, an ICO-secured facility totalling EUR 501,472 thousand, and an outstanding balance as of 30th June 2020 of EUR 426,275 thousand.

The Group considers that the ICO Covid-19 collateral to a large degree form part of the guaranteed financing (integral guarantee), since in any case they are new transactions or renewals of existing lines of credit with substantial amendments to the original terms and conditions. As such, the accounting approach is based on the following premises: (i) the fee paid by the Group to ICO is incorporated as an incremental cost in the calculation of the transaction's effective interest rate, as indicated in paragraph B5.4.1 of IFRS 9, and (ii) expected flows from executing the collateral are taken into account when calculating the expected loss from the transaction, as indicated in paragraph B5.5.55 of IFRS 9.

b) Impact on the classification of the credit risk stages

In accordance with the various statements made by the authorities, among them the European Banking Authority (EBA), the European Central Bank (ECB), the European Securities & Markets Authority (ESMA), the International Accounting Standards Board (IASB), the Basel Committee on Banking Supervision (BCBS) and the Bank of Spain, about how to interpret the regulations on the assessment and recognition of significant increases in credit risk and the impact of refinancing on this assessment, the Group has updated its policy about what it considers a significant risk increase, differentiating between those cases presenting temporary liquidity issues resulting from the Covid-19 crisis, and those with structural problems whose source cannot be linked solely to said crisis.

In view of these public statements, Unicaja Banco Group has adapted its criteria for identifying and recognising significant risk increase in order to distinguish between borrowers who are suffering temporary liquidity restrictions and those who really have exposures whose credit risk has significantly grown. In this way, and by paying attention to the triggers reflecting borrowers' circumstances before the declaration of the Covid-19 state of alert, the classification of transactions as stage 1 risk has remained unchanged except where there are specific indicators that have caused a significant increase in the transaction risk.

c) Impact on coverage for credit risk impairments

The prospective assessment of impairments cannot be done mechanically, with a very short-term viewpoint. To estimate expected losses from credit risk, the macroeconomic scenarios for the 2020 and subsequent periods need to be taken into consideration, contemplating not only the drop in activity anticipated for 2020, but also the recovery forecast for the next few periods.

To this end, the Bank of Spain has carried out a projection of the nation's main macroeconomic variables, using a gradual recovery of activity from 2021 onwards as its central scenario, as well as an optimistic scenario of an early recovery and a risk scenario (stressed), the outcomes for which are shown below:

	% Increase / Decrease								
	Early recoveries			Gradual recoveries			Risk scenario		
	2020	**2021**	**2022**	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**
Gross domestic product (GDP)	-9.0%	7.7%	2.4%	-11.6%	9.1%	2.1%	-15.1%	6.9%	4.0%
Unemployment rate	18.1%	18.4%	17.1%	19.6%	18.8%	17.4%	23.6%	24.7%	22.2%
Harmonised Index of Consumer Prices (HICP)	-0.1%	1.3%	1.6%	-0.2%	1.2%	1.5%	-0.3%	0.9%	1.2%

Within this context, although Unicaja Banco Group has not yet recalibrated its credit risk models for the expected effects of Covid-19, it has updated its estimates, using the information available as of 30th June 2020, incorporating the existing forecasts for the key macroeconomic variables that affect these models' forward-looking information. The variables used by the Group are aligned with those published by the Bank of Spain in its gradual recovery scenario.

The impact of these changes in the Group's forecasts has led to additional provisions of EUR 103 million in the first six months of 2020.

This post model adjustment has been calculated by Unicaja Banco Group bearing in mind the macroeconomic scenarios described above, and has been recognised as an additional provision in the "Impairment or reversal in the value of financial assets not measured at fair value through profit and loss or net gains by modification – Financial assets at amortized cost" item on the Group's consolidated profit and loss account (Note 8.5.5).

d) Impact on Provisions and Contingent liabilities

Regarding provisioning and contingent liabilities, the Group's senior management has concluded after due analysis that there are no significant changes in the estimates made at the end of the 2019 period in terms of the likelihood of the obligations the Group will have to meet on 30th June 2020, as a result of the situation produced by Covid-19 (Note 11.2).

As regards contingencies for legal proceedings, Royal Decree 463/2020 came into force on 14th March 2020, declaring a state of alert in order to manage the health crisis caused by Covid-19, a circumstance that was extended on several occasions until it came to an end on 21st June 2020. As a consequence, and in view of the measures adopted, among others, in the Royal Decree 8/2020, 17th March, for the six-month period to 30th June 2020, the number of claims brought against the Group has diminished, as have the rulings handed down by the courts on the lawsuits already underway. This state of affairs, caused by the state of alert referred to above, does not imply a change in the criteria followed by the courts, for which reason the Group has continued estimating provisions for litigation using the same criteria as those used on 31st December 2019 (see Note 18 of the consolidated annual statements to 31st December 2019).

e) Impact on the recoverability of DTA

The Directors of the Group's parent company 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. Most of the Group's tax credits for loss carryforwards are due to extraordinary, non-recurrent, losses recorded in previous periods, mainly from impairing real estate loans and assets. In line with Unicaja Banco Group's business plan, approved by the parent institution's Board of Directors, and in line with the business plan's tax forecasts, as well as the expected use of deferred tax assets adjusted for the latest changes in tax regulations, the Bank and its tax group will obtain tax earnings in the upcoming periods that will be recovered in a reasonably short period (no longer than 10 years for the non-monetizable tax assets, and no longer than 15 years for all the deferred tax assets). There is no risk that the right to these deferred tax assets from loss carryforwards may be voided, since there is no longer a maximum time limit to use them. In these estimates, as well as bearing in mind the future results outlined in the approved business plan, Unicaja Banco Group has taken into consideration the expected impact of Covid-19 on the budget in forthcoming periods.

f) Impact on fair value hierarchy

Covid-19 has impacted significantly on the financial markets at certain points during the first half of the 2020 financial period, and particularly in the weeks following the official designation of Covid-19 as a global pandemic. In general, securities markets have suffered considerable falls, yields on government bonds have reached historic lows, and volatility has increased, as have credit spreads. In the first few days after Covid-19 was classified as a global pandemic and most of the world's economies started announcing restrictive measures, there was lowered liquidity, a widening of the price spreads between supply and demand on some financial instruments, and a certain loss of convergence between the different market price contributors.

Subsequently, particularly after the measures taken by most central banks and financial regulators across the globe, market conditions have been returning to normal. Some assets have recovered some of their accumulated losses, liquidity has recovered, and volatility has fallen in most markets from the maximums reached in the weeks following the declaration of Covid-19 as a worldwide pandemic. At the close of the first half of 2020, there is no significant reduction in the sources of prices used to assess financial instruments, but there has been a wider spread in the price ranges of these same instruments.

Initial sharp drops in price have triggered, in general, lower valuations at the close of the half on many financial assets, particularly those linked to credit risk and variable income, as a consequence of the increase in the spreads of market counterparties and the suppression of dividend payments suggested by the authorities. However, the partial subsequent normalisation of market conditions has meant that we have seen no significant worsening of observability affecting the inputs used to assess financial instruments, nor any less access to market price contributors and actual transactions.

As a consequence, during the six-month period ending on 30th June 2020, the Group has not identified significant changes in the fair value hierarchy levels of the financial assets it carries in its portfolio.

The Group's senior management will continue to closely monitor market developments, their liquidity and the observability of assessment inputs as they apply to the criteria set by the Group for classifying hierarchy levels of fair value for financial assets and liabilities measured at fair value.

g) Impact on the efficacy of hedge accounting

The Group has carried out an assessment of the extent to which financial markets volatility may have affected the efficacy of the hedge accounting recognised on the consolidated financial statements to 30th June 2020 compliant with IAS 39.

The Group has identified no hedge accounting that has to be amended as a result of the volatility of financial markets.

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 2020 and at 31st December 2019 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 2020 and at 31st December 2019, is shown below, with the same breakdown as the sector information reported to the Bank of Spain.

At 30th June 2020, 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 2020:

				Breakdown (€ ´000)
ASSETS	**Total**	**Credit and insurance institutions**	**Other entities**	**Adjustments and eliminations**
Cash, cash balances in central banks and other demand deposits	7 249 649	7 275 979	74 738	(101 068)
Financial assets held for trading	74 761	74 762	-	(1)
Non-trading financial assets mandatorily designated at fair value through profit and loss	87 190	87 190	-	-
Financial assets designated at fair value through profit or loss	-	-	-	-
Financial assets designated at fair value through other comprehensive income	2 382 814	2 384 351	225	(1 762)
Financial assets carried at amortized cost	47 735 921	47 726 611	34 065	(24 755)
Derivatives - Hedge accounting	560 059	560 059	-	-
Investments in subsidiaries, joint ventures and associates	346 725	489 299	-	(142 574)
Assets under insurance and reinsurance contracts	2 107	2 107	-	-
Tangible assets	1 153 846	1 155 259	1 784	(3 197)
Intangible assets	71 133	23 465	541	47 127
Tax assets	2 689 182	2 680 813	2 768	5 601
Other assets	395 467	432 852	19 321	(56 706)
Non-current assets and disposal groups classified as held for sale	253 381	253 381	-	-
Total assets	**63 002 235**	**63 146 128**	**133 442**	**(277 335)**

				Breakdown (€ ´000)
NET LIABILITIES AND EQUITY	**Total**	**Credit and insurance institutions**	**Other Credit**	**Adjustments and eliminations**
Financial liabilities held for trading	21 831	21 831	-	-
Financial liabilities carried at amortized cost	56 583 330	56 633 055	69 726	(119 451)
Derivatives - Hedge accounting	407102	407102	-	-
Liabilities under insurance or reinsurance contracts	618 824	611 767	-	7 057
Provisions	843 693	840 653	3 085	(45)
Tax liabilities	294 438	294 438	1	(1)
Other liabilities	170 569	181 401	22 531	(33 363)
Total liabilities	**58 939 787**	**58 990 247**	**95 343**	**(145 803)**
Own funds	3 964 655	3 995 468	38 111	(68 924)
Accumulated other comprehensive income	97 317	160 413	(12)	(63 084)
Minority interest (non-controlling interest)	476	-	-	476
Total equity	**4 062 448**	**4 155 881**	**38 099**	**(131 532)**
Total liabilities and equity	**63 002 235**	**63 146 128**	**133 442**	**(277 335)**

B) Consolidated condensed balance at 31st December 2019:

ASSETS	Total	Credit and insurance institutions	Other entities	Adjustments and eliminations
				Breakdown (€ ´000)
Cash, cash balances in central banks and other demand deposits	4 558 815	4 574 365	47 888	(63 438)
Financial assets held for trading	35 298	35 298	-	-
Non-trading financial assets mandatorily designated at fair value through profit and loss	92 664	92 664	-	-
Financial assets designated at fair value through profit or loss	-	-	-	-
Financial assets designated at fair value through other comprehensive income	1 886 161	1 887 738	42	(1 619)
Financial assets carried at amortized cost	44 679 792	44 692 727	63 600	(76 535)
Derivatives - Hedge accounting	507 229	507 229	-	-
Investments in subsidiaries, joint ventures and associates	363 347	545 359	-	(182 012)
Assets under insurance and reinsurance contracts	2 163	2 163	-	-
Tangible assets	1 161 954	1 150 191	12 074	(311)
Intangible assets	66 225	14 355	1 199	50 671
Tax assets	2 757 773	2 747 413	6 650	3 710
Other assets	291 721	301 577	29 103	(38 959)
Non-current assets and disposal groups classified as held for sale	304 473	304 473	-	-
Total assets	**56 707 615**	**56 855 552**	**160 556**	**(308 493)**

NET LIABILITIES AND EQUITY	Total	Credit and insurance institutions	Other entities	Adjustments and eliminations
				Breakdown (€ ´000)
Financial liabilities held for trading	25 116	25 116	-	-
Financial liabilities carried at amortized cost	50 204 678	50 247 342	99 759	(142 423)
Derivatives - Hedge accounting	427 761	427 761	-	-
Liabilities under insurance or reinsurance contracts	630 694	630 694	-	-
Provisions	921 134	917 938	3 243	(47)
Tax liabilities	325 385	325 386	2	(3)
Other liabilities	202 452	212 675	9 058	(19 281)
Total liabilities	52 737 220	52 786 912	112 062	(161 754)
Own funds	3 970 966	4 000 943	48 507	(78 484)
Accumulated other comprehensive income	(1 049)	67 697	(13)	(68 733)
Minority interest (non-controlling interest)	478	-	-	478
Total equity	3 970 395	4 068 640	48 494	(146 739)
Total liabilities and equity	**56 707 615**	**56 855 552**	**160 556**	**(308 493)**

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 2020 and 2019 is shown below.

				€ ´000
	Breakdown of revenues by geography			
	Individual		Consolidated	
	30/06/2020	**30/06/2019**	**30/06/2020**	**30/06/2019**
Spain	355 607	388 550	355 543	388 497
Exports	-	-	-	-
European Union	-	-	-	-
OECD Countries	-	-	-	-
Rest of World	-	-	-	-
Total	**355 607**	**388 550**	**355 543**	**388 497**

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 period 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 existing share options, warrants and convertible 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 2020 and 2019 are as follows:

	30/06/2020	**30/06/2019**
Net income attributed to the Parent Company (€ ´000)	60 890	115 892
Adjustments: Remuneration of contingent convertible instruments (€´000)	(6 850)	(6 850)
Adjusted net income (€ ´000)	54 040	109 042
Of which: Income from operations (net of minority holdings)	54 040	109 042
Of which: Income from discontinued operations	-	-
Weighted average of outstanding ordinary shares less treasury stock (´000)	1 604 747	1 607 983
Basic earnings per share from continuing operations (€)	0.034	0.068
Basic earnings per share from discontinued operations (€)	-	-
Basic Earnings per share (€)	**0.034**	**0.068**

	30/06/2020	30/06/2019
Net income attributed to the Parent Company (€ ´000)	60 890	115 892
Adjustments: Remuneration of contingent convertible instruments (€´000)	(6 850)	(6 850)
Adjusted net income (€ ´000)	54 040	109 042
Of which: Income from operations (net of minority holdings)	54 040	109 042
Of which: Income from discontinued operations	-	-
Weighted average of outstanding ordinary shares less treasury stock (‘000)	1 604 747	1 607 983
Average number of shares resulting from bond conversion (‘000)	-	-
Adjusted total average number of shares for calculation of diluted earnings per share (‘000)	1 604 747	1 607 983
Diluted earnings per share from continuing operations (€)	0.034	0.068
Diluted earnings per share from discontinued operations (€)	-	0.000
Diluted earnings per share (€)	**0.034**	**0.068**

During the six month periods ending on 30th June 2020 and 2019, the Unicaja Banco Group 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 fiscal years 2019 and 2018 has been used. Perpetual Contingent Convertible Bonds (PeCoCos) have no impact on the calculation of the diluted earnings since their conversion is remote. If there were plans to convert these instruments, they would in any event have an anti-dilutive effect, since the earning per share would increase to EUR 0.038 per share in the first half of 2020 and to EUR 0.070 per share in the first half of 2019 if the PeCoCos were converted into shares.

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 2020 and 2019:

						€ ´000
			30/06/2020			**30/06/2019**
	% of nominal value	**Euros per share**	**Amount**	**% of nominal value**	**Euros per share**	**Amount**
Ordinary shares	-	-	-	3.79%	0.04	61 017
All other shares (no vote, redeemable, etc.)	-	-	-	-	-	-
Total dividends paid	**-**	**-**	**-**	**3.79%**	**0.04**	**61 017**
Dividends paid from net income			-			61 017
Dividends paid against retained earnings or share premium			-			-
Dividends in kind			-			-

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

On 21st February 2020, Unicaja Banco, S.A.'s Board of Directors agreed to submit for approval to the General Shareholders' Meeting the following proposal for distribution of earnings from 2019, which was included in that financial year's annual accounts and in the Notice of the Annual General Meeting on 27th March 2020:

	€ ´000
Dividends - Interim dividends	77 525
Interim dividend Paid	-
Dividends payable	*77 525*
Reserves - Legal reserve	12 557
Reserves - Capitalization reserve (Tax Law 27/2014)	4 000
Reserves - Voluntary reserves	31 490
Net profit	**125 572**

On 27th March 2020, against the backdrop of the crisis triggered by the expansion of Covid-19, the Central European Bank sent a recommendation to all regulated financial institutions about the restriction, until at least 1st October 2020, on paying out dividends and on the acquisition of treasury shares, with the aim of strengthening banks' solvency and of supporting their role as key components in the economic recovery, facilitating the provision of credits, in coordination with measures put forward by governments.

In this context, at its next meeting on 7th April 2020 the Board of Directors, following the European Central Bank's recommendations, resolved to void the proposal for the earnings from 2019, which it had included in that period's annual accounts.

According to the resolution adopted by the Bank's Board of Directors, the withdrawal of the proposal on distributing the earnings from 2019 does not affect the annual accounts filed, since it does not represent a significant change, while the new proposal for how to use the profits in no circumstances would involve the payout of a bigger dividend than the one that was voided.

On 27th July 2020, the European Central Bank prolonged to 1st January 2021 its recommendation on dividend pay-outs and on acquiring treasury shares, for the reasons already given in its March recommendation, as noted above.

On the other hand, on 21st February 2020, Unicaja Banco's Board of Directors, after confirming compliance with the conditions set out in the issue prospectus, 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 2019 and March 2020; they were paid on 30th March 2020.

In the previous fiscal year, 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).

Also, on 27th February 2019, Unicaja Banco's Board of Directors, after confirming compliance with the conditions set out in the issue prospectus, 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.

5. Goodwill from entities carried under the equity method

At 30th June 2020 and at 31st December 2019, the Bank has goodwill in entities carried under the equity method (excluding impairment) of EUR 2,326 thousand and EUR 2,629 thousand, respectively. This goodwill resulted upon comparing the net fair value of the assets, liabilities and contingent liabilities acquired by the Bank when it took a stake in Hidralia, Gestión Integral de Aguas de Andalucía, S.A. This goodwill is recorded on 30th June 2020 and at 31st December 2019 as part of the cost of acquiring the above businesses, under “Investments in joint ventures and associates - Associates" in the consolidated balance sheet.

During the six-month periods ending on 30th June 2020 and 2019, impairment losses on goodwill amounted to EUR 303 thousand and EUR 728 thousand, respectively (Note 26).

The following is an explanatory table with the initial date when the goodwill was recorded and its initial gross amount, as well as the amounts impaired vis-á-vis the original amount (accumulated impairments) and the net carrying amount at 30th June 2020 and at 31st December 2019:

						€ ´000
			Accumulated impairment		Net amount	
	Initial amount	Date of recognition	30/06/2020	31/12/2019	30/06/2020	31/12/2019
Hidralia, G.I.A.A., S.A.	20 467	September 2005	18 141	17 838	2 326	2 629
	20 467		**18 141**	**17 838**	**2 326**	**2 629**

Since this goodwill is linked to corporate concessions and administrative licenses that last for a certain period of time, the parent company Directors understand that, unless there is evidence of impairment, the recoverable amount of recorded goodwill is reduced 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.

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 2020 and at 31st December 2019, 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.

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 2020, 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
Participaciones Estratégicas del Sur, S.L.(*)	Associate	04/06/2020	-	30.00%	30.00%

(*) This stake is the outcome of the partial splitting of Ingeniería de Suelos y Explotación de Recursos, S.A. subsidiaries that focus on real estate development into a new company.

During the six-month period ending on 30th June 2019, 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 Eos, S.L. (*)	Grupo	04/03/2019	-	100.00%	100.00%
Propco Épsilon, S.L. (*)	Grupo	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%

(*) On 18th October 2019, Unicaja Banco Group proceeded to sell 80% of its interest in Propco Eos, S.L and Propco Epsilon, S.L., keeping a 20% stake in both companies. During the six-month period ending on 30th June 2020, additional non-monetary contributions have been made by the Group to these companies, with no changes made to Unicaja Banco Group's percentage stake in them, which remains 20% at the close of this period.

During the six-month period ending on 30th June 2020, 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
Finanduero Sociedad de Valores, S.A.U.	Grupo	10/01/2020	100.00%	0.00%	-
Desarrollo de Proyectos de Castilla y León, S.L.U. (*)	Grupo	29/01/2020	100.00%	0.00%	-

(*) Desarrollo de Proyectos de Castilla y León, S.L.U. has been wound down with the settlement of the business on its sole partner Unicaja Banco, S.A. and subsequent contribution as an independent economic unit to the Group company Inmobiliaria Acinipo, S.L.U. by means of a capital increase subscribed by a non-monetary contribution

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

Having regard to the six-month period ending on 30th June 2020, we should note that on 10th June 2020 the Directors of all the companies drew up the Combined Project to Merge between Gestión de Inmuebles Adquiridos, S.L.U. (the acquiring company), and Inmobiliaria Acinipo, S.L.U., Pinares del Sur, S.L.U. and Inmobiliaria Uniex, S.L.U. (the acquired companies). The merger was approved on 17th June 2020 by the sole partner of Gestión de Inmuebles Adquiridos, S.L.U. (as the acquiring company) based on the indications in articles 49.1 and 52 of Act 3/2009, 3rd April, on structural amendments to private companies. The merger by absorption is expected to be completed in the course of the second half of 2020 and since the operation took place between Group companies, it will have no impact on the consolidated financial statements.

In addition, during the six month period ending on 30th June 2019, Unicaja Banco formalised on 13th June 2019 the sale, subject to the usual conditions precedent for this type of transaction, of 5,036,898 shares in Autopista del Sol, Concesionaria Española, S.A., representing 20% of this company's total stock, for EUR 137.6 million to Infratoll Concesiones, S.A.U., a company controlled by Meridiam Infraestructure Europe III SLP. On 3rd December 2019, once the conditions precedent to which the transaction was subject had been met, the sale was finalised, generating a net profit of EUR 109.7 million, recognised on the consolidated income statement for the second half of 2019.

These changes in the composition of the Group have not had a significant impact on the consolidated condensed interim financial statements at 30th June 2020.

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 2020 and 2019 is shown below:

	€ ´000	
Directors	**30/06/2020**	**30/06/2019**
Item:		
Fixed remuneration	891	958
Variable remuneration	-	-
Per diems	151	158
Attendance fees	-	-
Transactions on shares and/or other financial instruments	-	-
Other	-	-
Other benefits:		
Advances	-	-
Loans	2	45
Contributions to annuity and pension schemes	85	85
Pension and annuity benefits commitments	-	-
Life insurance premiums	-	-
Guarantees given to directors	-	-
Management		
Total Remuneration	1 460	2 018

In preparing these consolidated condensed interim financial statements, those members of staff with key functions 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 2020 and at 31st December 2019 is shown below:

						€ ´000
						30/06/2020
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	10 483	-	-	-	-	10 483
Equity instruments	-	-	-	452 398	-	452 398
Debt securities	48 476	85 756	-	1 204 396	18 881 830	20 220 458
Loans and advances	-	-	-	-	29 146 547	29 146 547
Central Banks	-	-	-	-	-	-
Credit institutions	-	-	-	-	356 643	356 643
Customers	-	-	-	-	28 789 904	28 789 904
TOTAL INDIVIDUAL	**58 959**	**85 756**	**-**	**1 656 794**	**48 028 377**	**49 829 886**
Derivatives	10 483	-	-	-	-	10 483
Equity instruments	15 802	-	-	469 843	-	485 645
Debt securities	48 476	87 190	-	1 912 971	18 881 830	20 930 467
Loans and advances	-	-	-	-	28 854 091	28 854 091
Central Banks	-	-	-	-	-	-
Credit institutions	-	-	-	-	356 516	356 516
Customers	-	-	-	-	28 497 575	28 497 575
TOTAL CONSOLIDATED	**74 761**	**87 190**	**-**	**2 382 814**	**47 735 921**	**50 280 686**

						€ ´000
						31/12/2019
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	7 966	-	-	-	-	7 966
Equity instruments	9 617	-	-	614 065	-	623 682
Debt securities	-	89 796	-	520 419	16 662 155	17 272 370
Loans and advances	-	-	-	-	28 333 178	28 333 178
Central Banks	-	-	-	-	-	-
Credit institutions	-	-	-	-	456 581	456 581
Customers	-	-	-	-	27 876 597	27 876 597
TOTAL INDIVIDUAL	**17 583**	**89 796**	**-**	**1 134 484**	**44 995 333**	**45 147 400**
Derivatives	7 966	-	-	-	-	7 966
Equity instruments	27 332	-	-	636 091	-	663 423
Debt securities	-	92 664	-	1 250 070	16 662 155	18 004 889
Loans and advances	-	-	-	-	28 017 636	28 017 636
Central Banks	-	-	-	-	-	-
Credit institutions	-	-	-	-	459 323	459 323
Customers	-	-	-	-	27 558 313	27 558 313
TOTAL CONSOLIDATED	**35 298**	**92 664**	**-**	**1 886 161**	**44 679 791**	**46 693 914**

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 2020 and at 31st December 2019 is shown below:

				€ ´000
				30/06/2020
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	12 693	-	-	12 693
Short positions	-	-	-	-
Deposits	-	-	54 782 175	54 782 175
Central Banks	-	-	5 024 608	5 024 608
Credit institutions	-	-	3 335 444	3 335 444
Customers	-	-	46 422 123	46 422 123
Issued debt securities	-	-	365 755	365 755
Other financial liabilities	-	-	1 605 122	1 605 122
TOTAL INDIVIDUAL	**12 693**	**-**	**56 753 052**	**56 765 745**
Derivatives	21 831	-	-	21 831
Short positions	-	-	-	-
Deposits	-	-	54 551 108	54 551 108
Central Banks	-	-	5 024 608	5 024 608
Credit institutions	-	-	3 308 536	3 308 536
Customers	-	-	46 217 964	46 217 964
Issued debt securities	-	-	365 755	365 755
Other financial liabilities	-	-	1 666 467	1 666 467
TOTAL CONSOLIDATED	**21 831**	**-**	**56 583 330**	**56 605 161**

				€ ´000
				31/12/2019
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	12 958	-	-	12 958
Short positions	-	-	-	-
Deposits	-	-	49 039 963	49 039 963
Central Banks	-	-	3 302 914	3 302 914
Credit institutions	-	-	2 572 336	2 572 336
Customers	-	-	43 164 713	43 164 713
Issued debt securities	-	-	357 907	357 907
Other financial liabilities	-	-	1 011 163	1 011 163
TOTAL INDIVIDUAL	**12 958**	**-**	**50 409 033**	**50 421 991**
Derivatives	25 116	-	-	25 116
Short positions	-	-	-	-
Deposits	-	-	48 810 251	48 810 251
Central Banks	-	-	3 302 914	3 302 914
Credit institutions	-	-	2 538 458	2 538 458
Customers	-	-	42 968 879	42 968 879
Issued debt securities	-	-	357 907	357 907
Other financial liabilities	-	-	1 036 520	1 036 520
TOTAL CONSOLIDATED	**25 116**	**-**	**50 204 678**	**50 229 794**

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 2020 and 2019 is as follows:

		€ ´000
	30/06/2020	**30/06/2019**
Financial assets designated at fair value through other comprehensive income	150	-
Financial assets carried at amortized cost	(129 265)	(18 531)
	(129 115)	**(18 531)**

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 2020 and at 31st December 2019, classified by classes of counterparty and type of instrument is shown below:

		€ ´000
	30/06/2020	**31/12/2019**
By type of counterparty -		
Credit institutions	19 965	1 960
Resident public administrations	-	-
Non-resident public administrations	14 513	-
Other resident sectors	25 972	23 721
Other non-resident sectors	14 311	9 617
	74 761	**35 298**
By type of instrument -		
Listed shares	15 802	27 332
Listed bonds and notes	48 476	-
Exchange traded derivatives	142	-
Non-OTC derivatives	10 341	7 966
	74 761	**35 298**

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 2020 and at 31st December 2019, classified by kinds of counterparty and type of instrument:

	€ ´000	
	30/06/2020	**31/12/2019**
By type of counterparty -		
Credit institutions	17 302	19 045
Other resident sectors	4 529	6 071
	21 831	**25 116**
By type of instrument -		
Exchange traded derivatives	80	850
Non-OTC derivatives	21 751	24 266
	21 831	**25 116**

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 2020 and at 31st December 2019:

								€ ´000
	30/06/2020				31/12/2019			
	Debit balance		Credit balance		Debit balance		Credit balance	
	Fair Value	Notional	Fair Value	Notional	Fair Value	Notional	Fair Value	Notional
Forward foreign exchange contracts	**1 471**	**48 061**	**107**	**131 007**	**1 474**	**81 211**	**106**	**131 007**
Currencies purchased against euro	1 391	24 411	-	-	1 394	40 986	-	-
Currencies sold against euro	80	23 650	107	131 007	80	40 225	106	131 007
Securities and interest rate futures	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2 797**
Purchased	-	-	-	-	-	-	-	-
Sold	-	-	-	-	-	-	-	2 797
Options on securities:	**142**	**56 000**	**3 514**	**1 304 206**	**-**	**-**	**5 650**	**1 626 181**
Purchased	142	56 000	-	-	-	-	-	-
Issued	-	-	3 514	1 304 206	-	-	5 650	1 626 181
Interest rate options:	**-**	**67 409**	**302**	**54 959**	**-**	**26 618**	**175**	**56 761**
Purchased	-	9 519	-	-	-	9 736	-	-
Sold	-	57 890	302	54 959	-	16 882	175	56 761
Other transactions involving securities	**69**	**-**	**20**	**-**	**-**	**-**	**572**	**-**
Security swaps	-	-	-	-	-	-	-	-
Forward contracts	69	-	20	-	-	-	572	-
Currency options:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Purchased	-	-	-	-	-	-	-	-
Issued	-	-	-	-	-	-	-	-
Other currency transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Currency swaps	-	-	-	-	-	-	-	-
Other interest rate transactions	**8 801**	**34 224**	**17 888**	**157 724**	**6 492**	**39 175**	**18 613**	**159 578**
Swaps (IRS)	8 801	34 224	17 888	157 724	6 492	39 175	18 613	159 578
Other products	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	10 483	**205 694**	**21 831**	**1 647 896**	**7 966**	**147 004**	**25 116**	**1 976 324**

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 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 2020 and at 31st December 2019, classified by classes of counterparty and type of instrument is shown below:

		€ ´000
	30/06/2020	**31/12/2019**
By type of counterparty -		
Credit institutions	46 155	47 071
Resident public administrations	-	-
Non-resident public administrations	-	-
Other resident sectors	54 463	57 076
Other non-resident sectors	3 246	3 757
(Impairment losses)	(16 674)	(15 240)
Other valuation adjustments	-	-
	87 190	**92 664**
By type of instrument -		
Debt securities:	**87 190**	**92 664**
Spanish public debt securities	-	-
Treasury bills	-	-
Sovereign debt	-	-
Other Spanish government bodies	-	-
Foreign sovereign debt	-	-
Issued by financial institutions	46 155	47 071
Other fixed income securities	57 709	60 833
Impairment losses	(16 674)	(15 240)
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	-	-
	87 190	**92 664**

Interest accrued on debt securities classified in this financial assets portfolio for the six-month periods ending on 30th June 2020 and 2019 amounted to EUR 1,489 thousand and EUR 1,453 thousand, respectively, are recorded under "Interest income and other income" in the consolidated condensed income statement (Note 16).

8.4 Financial assets designated at fair value through other comprehensive income

A breakdown of financial assets included in this category at 30th June 2020 and at 31st December 2019, classified by classes of counterparty and type of instrument is shown below:

		€ ´000
	30/06/2020	**31/12/2019**
By type of counterparty -		
Credit institutions	65 045	120 178
Resident public administrations	1 575 913	893 920
Non-resident public administrations	190 551	176 092
Other resident sectors	244 655	227 791
Other non-resident sectors	321 724	461 829
(Impairment losses)	-	-
Other valuation adjustments	(15 074)	6 351
	2 382 814	**1 886 161**
By type of instrument -		
Debt securities:	1 912 971	1 250 070
Spanish public debt securities	1 561 336	875 849
Treasury bills	-	-
Sovereign debt	*1 561 336*	*875 849*
Other Spanish government bodies	14 577	18 072
Foreign sovereign debt	190 551	176 092
Issued by financial institutions	60 484	92 910
Other fixed income securities	101 097	80 796
(Impairment losses) (*)	-	-
Other valuation adjustments	(15 074)	6 351
Other equity instruments:	469 843	636 091
Shares of listed Spanish companies	5 318	74 721
Shares of unlisted Spanish companies	204 225	149 671
Shares of listed foreign companies	78 510	241 568
Shares of unlisted foreign companies	27	27
Holdings of mutual fund equity	181 763	170 104
	2 382 814	**1 886 161**

(*) 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 2020 and 2019 amounted to EUR 6,069 thousand and EUR 45,139 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 2020 and 2019.

8.5 Financial assets carried at amortized cost

A breakdown of financial assets included in this category at 30th June 2020 and 31st December 2019, classified by nature of exposure is shown below:

	€ ´000	
	30/06/2020	**31/12/2019**
Debt securities	18 881 830	16 662 155
Loans and advances	28 854 091	28 017 636
Central Banks	-	-
Credit institutions	*356 516*	*459 323*
Customers	*28 497 575*	*27 558 313*
	47 735 921	**44 679 791**

8.5.1 Detail of balance and credit risk threshold

A breakdown of financial assets included in this category at 30th June 2020 and at 31st December 2019, classified by classes of counterparty and type of instrument is shown below:

	€ ´000	
	30/06/2020	**31/12/2019**
By type of counterparty -		
Credit institutions	1 641 025	1 637 787
Resident public administrations	9 747 059	8 701 559
Non-resident public administrations	6 704 420	5 412 605
Other resident sectors	29 591 208	28 865 009
Other non-resident sectors	597 996	610 341
(Impairment losses)	(803 426)	(729 782)
Other valuation adjustments	257 639	182 272
	47 735 921	**44 679 791**
By type of instrument -		
Credit and loans at variable interest rate	20 697 802	20 976 017
Credit and loans at fixed interest rate	7 116 095	6 174 829
Debt securities	18 700 798	16 535 972
Reverse purchase agreements	1 294 108	1 110 277
Term deposits in credit institutions	12 304	19 798
Other deposits in credit institutions	-	-
Other financial assets	460 601	410 408
(Impairment losses)	(803 426)	(729 782)
Other valuation adjustments	257 639	182 272
	47 735 921	**44 679 791**

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 2020 and 2019 amounted to EUR 305,052 thousand and EUR 324,736 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 2020 and 31st December 2019 is as follows:

	€ ´000	
	30/06/2020	**31/12/2019**
Credit institutions	356 210	458 706
Resident public administrations	1 881 434	1 717 270
Non-resident public administrations	-	-
Other resident sectors	27 069 262	26 248 232
Other non-resident sectors	273 978	267 121
	29 580 884	**28 691 329**

The breakdown at 30th June 2020 and 2019 as well as the movements during the six-month periods ending on said dates 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 2020	**26 082 184**	**1 258 573**	**1 350 572**	**28 691 329**
Transfers between stages:	(161 150)	93 070	68 080	-
To performing risk (stage 1).	66 941	(65 656)	(1 285)	-
To watch-list performing risk (Stage 2)	(201 176)	230 922	(29 746)	-
To non-performing loans (Stage 3)	(26 915)	(72 196)	99 111	-
Additions of financial assets	2 153 451	-	-	2 153 451
Derecognition of financial assets (excluding write-offs)	(1 076 204)	(88 601)	(48 270)	(1 213 075)
Reclassified to write-offs	-	-	(20 900)	(20 900)
Asset foreclosures	-	-	(29 921)	(29 921)
Other movements	-	-	-	-
Balance at 30 June 2020	**26 998 281**	**1 263 042**	**1 319 561**	**29 580 884**

				€ ´000
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January 2019	**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 2020 and at 31st December 2019, classified by classes of counterparty and type of instrument is shown below:

		€ ´000
	30/06/2020	**31/12/2019**
By type of counterparty -		
Credit institutions	1 284 788	1 179 081
Resident public administrations	7 865 624	7 077 997
Non-resident public administrations	6 704 419	5 445 642
Other resident sectors	2 702 979	2 616 214
Other non-resident sectors	324 020	343 221
	18 881 830	**16 662 155**
By type of instrument -		
Spanish public debt securities	7 613 859	6 557 833
Treasury bills	-	-
Sovereign debt	*7 613 859*	*6 557 833*
Other Spanish government bodies	135 328	426 457
Foreign sovereign debt	6 704 419	5 445 642
Issued by financial institutions	1 284 789	1 179 081
Other fixed income securities	3 143 435	3 053 142
	18 881 830	**16 662 155**

The breakdown of debt securities recorded under this heading at 30th June 2020 based on the credit rating of the issue and the credit risk stage is as follows:

			€ ´000
	Stage 1	**Stage 2**	**Stage 3**
Rating Aaa	293	-	-
Rating Aa1-Aa3	266 509	-	-
Rating A1-A3	11 178 658	-	-
Rating Baa1-Baa3	7 419 821	-	-
Rating Ba1-Ba3	10 065	-	-
Rating B1-C	-	6 484	-
No credit rating	-	-	-
	18 875 346	**6 484**	**-**

The breakdown of debt securities recorded under this heading at 31st December 2019 based on the credit rating of the issue and the credit risk threshold is as follows:

			€ ´000
	Stage 1	**Stage 2**	**Stage 3**
Rating Aaa	-	-	-
Rating Aa1-Aa3	124 704	-	-
Rating A1-A3	10 294 809	-	-
Rating Baa1-Baa3	6 215 779	-	-
Rating Ba1-Ba3	10 022	-	-
Rating B1-C	-	6 517	-
No credit rating	10 324	-	-
	16 655 638	**6 517**	**-**

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 2020 and 31 December 2019 amount to EUR 1,319,559 thousand and EUR 1,350,572 thousand, respectively.

On the other hand, balances that, whilst not considered impaired, have an amount due at 30th June 2020 and at 31st December 2019 amounted to EUR 45,154 thousand and EUR 47,011 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 2020 and at 31st December 2019, 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 2020

					€ ´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	931	-	-	12 986	13 917
Other resident sectors	575 381	68 537	49 570	595 952	1 289 440
Non-resident public administrations	-	-	-	-	-
Other non-resident sectors	4 432	423	564	10 783	16 202
	580 744	**68 960**	**50 134**	**619 721**	**1 319 559**

Impaired assets at 31st December 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	400	-	12 109	1 042	13 551
Other resident sectors	597 902	56 783	41832	616 624	1 313 141
Non-resident public administrations	-	-	-	-	-
Other non-resident sectors	11 956	549	114	11 261	23 880
	610 258	**57 332**	**54 055**	**628 927**	**1 350 572**

Past due balances not considered to be impaired at 30th June 2020

				€ ´000
	Less than 1 month	**1 to 2 months**	**2 months to 90 days**	**Total**
By type of counterparty -				
Credit institutions	-	-	-	-
Resident public administrations	1 352	7	1	1 360
Other resident sectors	-	-	-	-
Non-resident public administrations	35 023	5 489	3 178	43 690
Other non-resident sectors	54	43	7	104
	36 429	**5 539**	**3 186**	**45 154**

Past due balances not considered impaired at 31st December 2019

	Less than 1 month	1 to 2 months	2 months to 90 days	Total
				€ ´000
By type of counterparty -				
Credit institutions	35	-	-	35
Resident public administrations	113	-	1 593	1 706
Other resident sectors	-	-	-	-
Non-resident public administrations	32 937	3 683	8 543	45 163
Other non-resident sectors	57	43	7	107
	33 142	**3 726**	**10 143**	**47 011**

8.5.5 Credit risk coverage

The movement of impairment losses recorded for credit risk coverage and the accrued amount thereof of the instruments classified as credit investments during the six-month period ending on 30th June 2020 and 2019 fiscal year are shown below.

The movements 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 2020 and 2019, is as follows:

				€ ´000
				30/06/2020
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Opening balance	**48 270**	**95 124**	**585 313**	**728 707**
Transfers between stages:	(1 300)	3 717	(2 417)	-
To performing risk (stage 1).	2 163	(1 639)	(524)	-
To watch-list performing risk (Stage 2)	(2 299)	8 901	(6 602)	-
To non-performing loans (Stage 3)	(1 164)	(3 545)	4 709	-
From additions of new financial assets	6 221	-	-	6 221
Changes in parameters	(3 338)	(2 470)	54 377	48 569
Changes in methodologies	(412)	970	3 040	3 598
Derecognition of financial assets (excluding write-offs)	(9 266)	(3 442)	(6 160)	(18 868)
Reclassification to write-offs	-	-	(20 900)	(20 900)
Foreclosed assets	-	-	(16 298)	(16 298)
Other movements	99 488	(35 559)	8 468	72 397
Closing balance	**139 663**	**58 340**	**605 423**	**803 426**
Of which:				
Individually determined	242	16 464	93 243	109 949
Collectively determined	139 421	41876	512 180	693 477
	139 663	**58 340**	**605 423**	**803 426**

				€ ´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	1 770	2 357
Derecognition of financial assets (excluding write-offs)	(2 591)	(1 755)	(12 859)	(17 205)
Reclassification to write-offs	-	-	(39 503)	(39 503)
Foreclosed assets	-	-	(40 417)	(40 417)
Other movements	-	-	(14 831)	(14 831)
Closing balance	**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**

8.5.6 Refinancing, refinanced and restructured transactions

The following are the refinancing and restructuring balances at 30th June 2020 and at 31st December 2019:

				€ ´000
		30/06/2020		31/12/2019
	Total	Of which: Stage 3	Total	Of which: Stage 3
Gross amount	**1 242 340**	**740 534**	**1 267 039**	**769 025**
Asset impairment adjustments	**404289**	**281 667**	**450 953**	**380 982**
Of which: Collectively determined	319 311	196 689	367 850	309 068
Of which: Individually determined	84 978	84 978	83 103	71 914
Net amount	**838 051**	**458 867**	**816 086**	**388 043**
Of which: granted to customers	838 051	458 867	816 086	388 043
Value of guarantees received	**718 720**	**422 837**	**889 747**	**598 015**
Of which: value of collateral	718 581	422 739	889 747	598 015
Of which: value of other guarantees	139	98	-	-

On 16th June 2020, the Bank of Spain's Circular 3/2020 was passed, aiming to prevent automated, tick-box decisions and giving greater flexibility to experts when classifying credit risk in refinancing operations. The new regulation makes it possible to counter the assumption that had been in force until then that when these transactions are granted, there is always a significant increase in credit risk. From now onwards, this assumption can be refuted, and these operations can be classified as stage 1 risk, if it is believed that there has been no significant increase in the credit risk. All this is without prejudice to the requirement that they must remain identified as refinancing transactions, in order for the transactions to be properly tracked and their risk managed.

As of 30th June 2020, Unicaja Banco Group has not made use of this option to refute the significant increase in credit risk as a blanket rule for refinancing operations.

The conciliation of the book value of refinanced and restructured transactions for the six-month periods ended June 30, 2020 and 2019 is as follows:

	€ ´000	
	30/06/2020	**30/06/2019**
Opening balance	**816 086**	**1 137 308**
Refinanced and restructured in the period	61 107	37 174
Debt repayments	(63 149)	(91 419)
Foreclosures	(13 665)	(48 199)
Derecognition (reclassified to write-offs)	(3 237)	(21 468)
Other changes	40 909	(18 968)
Of which: Changes to gross balance	*(5 771)*	*(110 335)*
Of which: Changes in coverage for insolvencies	*46 680*	*91 367*
Closing balance	**838 051**	**994 428**

At 30th June 2020, 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
							30/06/2020
	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	11	39	39	-	9	17 704	(73)
Other financial institutions and individual entrepreneurs (finance related business)	5	265	-	-	4	2 274	(1 962)
Non-financial corporations and individual entrepreneurs (non-finance related business)	2 505	354 122	236 639	80	1 354	180 416	(182 071)
Of which: financing real estate development & construction (including land)	*365*	*241 876*	*198 410*	-	*38*	*21 975*	*(52 691)*
Rest of households	8 552	677 271	467 337	59	1 009	10 249	(220 183)
	11 073	**1 031 697**	**704 015**	**139**	**2 376**	**210 643**	**(404 289)**
Other information							
Financing classified as non-current assets and disposable groups classified as held for sale	-	-	-	-	-	-	-

	€ ´000						
	30/06/2020						
	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	11	39	39	-	1	387	-
Other financial institutions and individual entrepreneurs (finance related business)	4	195	-	-	4	2 298	(1 962)
Non-financial corporations and individual entrepreneurs (non-finance related business)	1 609	203 374	131 098	80	531	70 728	(107 425)
Of which: financing real estate development & construction (including land)	*248*	*150 472*	*29 823*	-	*25*	*16 932*	*(41 718)*
Rest of households	5 351	458 253	291 215	18	406	5 260	(172 280)
	6 975	**661 861**	**422 352**	**98**	**942**	**78 673**	**(281 667)**
Other information							
Financing classified as non-current assets and disposable groups classified as held for sale	-	-	-	-	-	-	-

At 31st December 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						
	31/12/2019						
	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	59	3 932	-	9	19 180	(302)
Other financial institutions and individual entrepreneurs (finance related business)	4	204	143	-	4	2 569	(2 039)
Non-financial corporations and individual entrepreneurs (non-finance related business)	2 564	426 478	338 999	185	1 496	189 390	(230 559)
Of which: financing real estate development & construction (including land)	*377*	*110 653*	*94 634*	*79*	*43*	*23 208*	*(88 724)*
Rest of households	8 645	618 466	550 309	-	1 107	10 692	(218 053)
	11 225	**1 045 207**	**893 383**	**185**	**2 616**	**221 831**	**(450 953)**
Other information							
Financing classified as non-current assets and disposable groups classified as held for sale	-	-	-	-	-	-	-

	€ ´000						
	31/12/2019						
	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	59	59	-	1	389	(234)
Other financial institutions and individual entrepreneurs (finance related business)	4	204	195	-	2	2 523	(2 039)
Non-financial corporations and individual entrepreneurs (non-finance related business)	1 624	256 388	219 093	79	565	71 067	(200 441)
Of which: financing real estate development & construction (including land)	*255*	*62 705*	*48 942*	*79*	*26*	*17 716*	*(80 060)*
Rest of households	5 463	433 072	378 589	-	433	5 373	(178 268)
	7 103	**689 723**	**597 936**	**79**	**1 001**	**79 352**	**(380 982)**
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 accrued interest 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 coverage.

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 2020 and 2019 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
	30/06/2020	**30/06/2019**
Beginning of period balance of financial assets of unlikely recovery	**1 312 579**	**1 393 761**
Additions	**22 015**	**48 954**
Recorded to value corrections due to asset impairments (Note 8.5.5)	20 900	39 503
Recorded in the income statement	939	5 018
Matured uncollected receivables	-	4 433
Recoveries	**(13 953)**	**(15 545)**
Cash collections during the period	(12 730)	(12 496)
From repossessed assets	(1 223)	(3 049)
Derecognitions	**(2 303)**	**(26 677)**
Sale of write-offs	(1 202)	(7 040)
Other	(1 101)	(19 637)
End of period balance of financial assets of unlikely recovery	**1 318 338**	**1 400 493**

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 2020 and at 31st December 2019 is as follows:

		€ ´000
	30/06/2020	**31/12/2019**
Deposits	54 551 108	48 810 251
Central Banks	*5 024 608*	*3 302 914*
Credit institutions	*3 308 536*	*2 538 458*
Customers	*46 217 964*	*42 968 879*
Issued debt securities	365 755	357 907
Other financial liabilities	1 666 467	1 036 520
	56 583 330	**50 204 678**

The positive cash flow included in the consolidated condensed cash flows statement for the six-month period ending on 30th June 2020 for financial liabilities at amortised cost amounts to EUR 6,378,652 thousand (negative flow of EUR 1,802,229 thousand in the period ending on 30th June 2019).

8.6.1 Central bank deposits

The detail of the balances under this heading in the consolidated condensed balance sheets at 30th June 2020 and at 31st December 2019 was as follows:

		€ ´000
	30/06/2020	**31/12/2019**
Other Central Banks	5 025 100	3 340 420
Valuation adjustments	(492)	(37 506)
	5 024 608	**3 302 914**

At 30th June 2020 and 31st December 2019, the amounts recorded under the item “Other central banks” represent the financing taken out by the Group through the second third series of targeted longer-term refinancing operations (TLTRO III) and the second series of TLTRO II, respectively.

During the six-month period ending on 30th June 2020, the Group amortized the TLTRO II financing, which matured on 24th March 2021 and which had a balance of EUR 3,340,420 thousand, replacing it with EUR 5,025,100 thousand of the new series, called TLTRO III, which matures on 28th June 2023.

Interest accrued on these deposits during the six-month periods ending on 30th June 2020 and 2019 amounted to EUR 12,306 thousand and EUR 13,439 thousand, respectively, which are recorded under "Interest income and other income - Other gains" (Note 16).

During the six-month periods ending on June 30th June 2020 and 2019 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 2020 and at 31st December 2019, taking into account the nature of the transactions, is as follows:

	€ ´000	
	30/06/2020	**31/12/2019**
Term deposits	504 938	520 652
Repurchase agreements	2 706 616	1 962 678
Other accounts	85 083	46 151
Valuation adjustments	11 899	8 977
	3 308 536	**2 538 458**

Interest accrued on deposits with credit institutions during the six-month periods ending on 30th June 2020 and 2019 amounted to EUR 1,163 thousand and EUR 1,371 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 2020 and at 31st December 2019, classified by type and by the counterparties in the transactions, is as follows:

	€ ´000	
	30/06/2020	**31/12/2019**
By type -		
Current accounts	14 675 732	13 877 323
Savings accounts	19 302 677	17 931 754
Term deposits	8 963 829	9 645 274
Repos	2 640 389	847 592
Other	44 794	33 094
Valuation adjustments	590 543	633 842
Of which:		
Micro-hedging transactions	*522 684*	*490 527*
Accrued interest	*174 594*	*250 279*
Other adjustments	*(106 735)*	*(106 964)*
	46 217 964	**42 968 879**
By counterparty -		
Resident public administrations	2 891 294	2 812 031
Other resident sectors	42 513 219	39 297 241
Other non-resident sectors	222 908	225 765
Valuation adjustments	590 543	633 842
Of which:		
Micro-hedging transactions	*522 684*	*490 527*
Accrued interest	*174 594*	*250 279*
Other adjustments	*(106 735)*	*(106 964)*
	46 217 964	**42 968 879**

Interest accrued on customer deposits during the six-month periods ending on 30th June 2020 and 2019 amounted to EUR 116,723 thousand and EUR 132,352 thousand, respectively, recorded under "Interest expenses" in the consolidated condensed income statement (Note 17).

Covered bonds, issued under the provisions of Law 2/1981, 25th March, on Mortgage Market Regulation are recorded under “Term deposits”:

				€ ´000
Date of issue	**Maturity date**	**Nominal interest rate**	**Nominal 30/06/2020**	**Nominal 31/12/2019**
29/03/2005	27/03/2020	(a) 4.003%	-	58 333
29/03/2005	27/03/2020	(b) 4.003%	-	58 333
29/03/2005	27/03/2020	4.003%	-	58 333
18/05/2005	21/05/2025	(a) 3.875%	200 000	200 000
10/06/2005	11/06/2020	(b) 3.510%	-	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	(a) 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	(a) 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	(a) 4.250%	100 000	100 000
20/04/2007	08/04/2021	(a) 4.125%	200 000	200 000
23/05/2007	23/05/2027	(a) 4.755%	50 000	50 000
23/05/2007	23/05/2027	(a) 4.755%	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	(a) 4.250%	110 000	110 000
19/10/2007	08/04/2031	(a) 4.250%	180 000	180 000
			3 433 903	**3 758 903**

(a) The fixed interest rate paid by the Group has been converted into variable by means of swaps on the nominal amount.
(b) The fixed interest rate paid by the Institution was converted into variable by contracting swaps on the nominal amount. These swaps were subsequently cancelled.

8.6.4 Debt securities issued

a) Detail of the balance of this item

The detail of the balance of this item in the consolidated condensed balance sheets at 30th June 2020 and at 31st December 2019 is as follows:

		€ ´000
	30/06/2020	31/12/2019
Mortgage securities	60 000	60 000
Other non-convertible securities	300 000	300 000
Convertible subordinated debt	-	-
Treasury stock	-	-
Valuation adjustments - Accrued interest	5 444	1 174
Valuation adjustments - Micro-hedging	1 782	(1 713)
Valuation adjustments - Other	(1 471)	(1 554)
	365 755	**357 907**

Interest accrued on debits represented by tradable securities and subordinated liabilities during the six-month periods ending on 30th June 2020 and 2019 amounted to EUR 4,534 thousand and EUR 33 thousand, respectively, which are recorded as "Interest expenses" in the consolidated condensed income statement (Note 17).

b) Mortgage securities

The breakdown of the mortgage securities issued by Unicaja Banco Group (specifically mortgage backed securities) at 30th June 2020 and at 31st December 2019 is as follows:

					€ ´000		
Issue	**ISIN code**	**Date of issue**	**Issue amount**	**Balance at 30/06/2020**	**Balance at 31/12/2019**	**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.

c) Other non-convertible securities

The breakdown of the mortgage backed securities issued by Unicaja Banco Group at 30th June 2020 and at 31st December 2019 is as follows:

			€ ´000				2019
Issue	**ISIN**	**Date of issue**	**Nominal**	**Balance at 30/06/2020**	**Balance at 31/12/2019**	**Interest rate**	**Issue maturity date**
Unicaja Banco – Subordinated debenture	ES0280907017	13/11/2019	300 000	300 000	300 000	2.875%	13/11/2029
			300 000	**300 000**	**300 000**		

Unicaja Banco issued EUR 300,000 thousand of subordinated debt, which coincides with its face value, on 13th November 2019. As described in the terms and conditions of the issue prospectus, unless they are redeemed early, they will be repaid at the value of their principal on 13th November 2029. The Bank has the option of repaying this debt in full, at their nominal value, together with any interest accrued and outstanding, subject to a series of conditions that include obtaining prior authorisation from the supervisory authority if any of the events described in the issue prospectus relating to fiscal or capital events were to occur. In addition, the bank may, if it so chooses, and subject to the prospectus conditions, which also include getting the necessary regulatory authorisation beforehand, redeem all the debt on a restart date (established as 13th November 2024), at its nominal value, together with any interest accrued and outstanding on that date.

For these effects, a capital event will be interpreted as having occurred when a change takes place (or any change pending approval by the industry regulators that is considered sufficiently certain) in the regulatory classification of the debt that results (or is likely to result) in: (i) the exclusion of any amount of the principal of the debt from the Bank's or the Group's Tier 2 capital, or (ii) the reclassification of any amount of the debt to lower quality own funds, of the Bank or the Group, according to current banking regulation. A fiscal event, meanwhile, will be interpreted as having taken place if there is a change or amendment to the Kingdom of Spain's laws or secondary legislation, or any change in the official application or interpretation of these laws and regulations that results in: (a) the Bank not having the right to claim a deduction in its tax obligations in Spain on any interest payments on the obligations or if the value to the Bank of this deduction is lowered substantially; or (b) the Bank is obliged to pay additional amounts to those indicated in condition 7 of the prospectus; or (c) that the tax treatment of the obligations is significantly affected and the Bank cannot avoid this by taking reasonable measures available to it.

The subordinated debt accrues interest on the outstanding principal: (i) at a fixed 2.875% annual interest rate from the issue date until the restart date, payable on 13th November every year, with the first interest payment date set as 13th November 2020, and (ii) from the restart date, at the restart interest rate (Mid-Swap at 5 years plus an annual spread of 3.107%), payable on 13th November every year, with the first interest payment date after the restart date set on 13th November 2025.

d) Movement of issues

The detail and movement of issues, repurchases or repayments of debt securities, made in the six-month period ending on 30th June 2020, both by the Parent and by other Group companies is the following:

					€ ´000
	Balance at 01/01/2020	**Issues**	**Repurchases/ repayments**	**Adjustments due to exchange rate & other**	**Balance at 30/06/2020**
Issued debt securities in a EU member state which required the registration of a prospectus	357 907	-	-	7 848	365 755
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	**357 907**	**-**	**-**	**7 848**	**365 755**

There were no issues of debt instruments in the six-month period ending on 30th June 2020 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.

Likewise, the detail and movement of issues, repurchases or repayments of debt securities, made in the six-month period ending on 30th June 2019, both by the Parent and by other Group companies is the following:

					€ ´000
	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 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.

8.6.5 Other financial liabilities

The detail of the balance of this item in the consolidated condensed balance sheets at 30th June 2020 and at 31st December 2019 is as follows:

		€ ´000
	30/06/2020	**31/12/2019**
Payment obligations	124 714	141 633
Collection accounts	810 844	368 341
Special accounts	311 372	140 944
Financial guarantees	1 175	1 192
Guarantees received and other	418 362	384 410
	1 666 467	**1 036 520**

The amount recorded by the Group at 30th June 2020 and at 31st December 2019 under the heading of surety bonds received is accounted for mainly by guarantees in favour of the Group deposited in other financial entities as a result of its operations with hedging derivatives.

8.7 Reclassifications of financial instruments

During the first half of 2019, the Group did not make significant reclassifications between portfolios of financial instruments.

9. Hedging derivatives

At 30th June 2020 and at 31st December 2019, 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 2020:

					€ ´000
					30/06/2020
	Fair Value debtor	Fair Value creditor	Notional	Changes in fair value used to calculate hedging ineffectiveness	Hedged item
Fair Value hedges:	**464 956**	**261 018**	**8 486 094**	**201 890**	
Futures on securities and interest rates	**-**	**-**	**-**	**-**	
Sale of interest rate futures	-	-	-	-	
Other transactions involving securities	**102**	**17 441**	**1 871 745**	**(17 441)**	
Security swaps	-	-	-	-	
Options on securities:	-	-	-	-	
Forward contracts	102	17 441	1 871 745	(17 441)	Debt securities
Currency options:	**2 302**	**1 125**	**19**	**1 178**	
Options on bought currencies	-	-	-	-	
Currency options issued	2 302	1 125	19	1 178	Foreign currency balances
Other interest rate transactions	**462 552**	**242 452**	**6 614 330**	**218 153**	
Interest rate swaps: (IRS bonds)	456 542	-	2 846 980	465 440	Issued MBS & bonds
Interest rate swaps: (IRS loan portfolio)	-	54 691	606 300	(57 419)	Loans and advances
Interest rate swaps: (IRS balances in credit institutions)	-	12 231	300 000	(12 170)	Deposits in credit institutions
Interest rate swaps: (IRS fixed income)	-	175 530	2 561 050	(175 916)	Debt securities
Interest rate swaps: (IRS fixed term deposits)	-	-	-	-	
Interest rate swaps: (IRS subordinated liabilities)	6 010	-	300 000	(1 782)	Subordinated debentures
Cash flow hedges:	**95 103**	**146 084**	**5 755 534**	**(34 622)**	
Other transactions involving securities	**-**	**371**	**29 077**	**(371)**	
Security swaps	-	-	-	-	
Options on securities:	-	-	-	-	
Forward contracts	-	371	29 077	(371)	Debt securities
Other interest rate transactions	**95 103**	**145 713**	**5 726 457**	**(34 251)**	
Interest rate swaps: (IRS loan portfolio)	154	16 512	300 716	-	Loans and advances
Interest rate swaps: (IRS deposits in central banks)	-	-	-	-	
Interest rate swaps: (IRS fixed income)	94 949	129 201	5 425 741	(34 251)	Debt securities
Total	**560 059**	**407102**	**14 241 628**	**167 268**	

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

					€ ´000
					31/12/2019
	Fair Value debtor	**Fair Value creditor**	**Notional**	**Changes in fair value used to calculate hedging ineffectiveness**	**Hedged item**
Fair Value hedges:	**487 092**	**205 210**	**7 007 415**	**252 346**	
Futures on securities and interest rates	**-**	**-**	**-**	**-**	
Sale of interest rate futures	-	-	-	-	
Other transactions involving securities	**14 630**	**360**	**967 090**	**14 270**	
Security swaps	-	-	-	-	
Options on securities:	-	-	-	-	
Forward contracts	14 630	360	967 090	14 270	Debt securities
Currency options:	**2 308**	**1 126**	**1 062**	**1 182**	
Options on bought currencies	-	-	-	-	
Currency options issued	2 308	1 126	1 062	1 182	Foreign currency balances
Other interest rate transactions	**470 154**	**203 724**	**6 039 263**	**236 894**	
Interest rate swaps: (IRS bonds)	454 534	-	2 605 313	421 010	Issued MBS & bonds
Interest rate swaps: (IRS loan portfolio)	-	47 112	556 300	(44 486)	Loans and advances
Interest rate swaps: (IRS balances in credit institutions)	10 148	-	300 000	9 429	Deposits in credit institutions
Interest rate swaps: (IRS fixed income)	5 472	154 925	2 277 650	(147 346)	Debt securities
Interest rate swaps: (IRS fixed term deposits)	**-**	**-**	**-**	**-**	
Interest rate swaps: (IRS subordinated liabilities)	-	1 687	300 000	(1 713)	Subordinated debentures
Cash flow hedges:	**20 137**	**222 550**	**4 454 216**	**(135 558)**	
Other transactions involving securities	**1 033**	**-**	**122 770**	**1 033**	
Security swaps	-	-	-	-	
Options on securities:	-	-	-	-	
Forward contracts	1 033	-	122 770	1 033	Debt securities
Other interest rate transactions	**19 104**	**222 550**	**4 331 446**	**(136 591)**	
Interest rate swaps: (IRS loan portfolio)	100	20 800	300 498	-	Loans and advances
Interest rate swaps: (IRS deposits in central banks)	-	-	-	-	
Interest rate swaps: (IRS fixed income)	19 004	201 750	4 030 948	(136 591)	Debt securities
Total	**507 229**	**427 761**	**11 461 631**	**116 788**	

The table below shows the Group's hedged items at 30th June 2020 and 31st December 2019 using the hedging instruments listed above:

						30/06/2020
	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:	**5 403 538**	**3 532 755**	**199 512**	**466 565**	**(213 050)**	**-**
Debt securities	4 952 197	-	197 209	-	197 107	-
Foreign currency balances	857	-	2 303	1 125	-	-
Issued MBS & bonds	-	3 244 476	-	465 440	(453 270)	-
Customer deposits	-	-	-	-	-	-
Credit institutions' deposits	-	288 279	-	-	(12 170)	-
Loans and advances to customers	450 484	-	-	-	55 283	-
Cash flow hedges:	**6 936 870**	**-**	**112 521**	**101 117**	**11 403**	**(11 403)**
Deposits in central banks	-	-	-	-	-	-
Debt securities	6 936 870	-	112 521	101 117	11 403	(11 403)
Total	**12 340 408**	**3 532 755**	**312 033**	**567 682**	**(201 647)**	**(11 403)**

						31/12/2019
	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:	**3 692 392**	**3 613 534**	**199 909**	**443 021**	**(244 672)**	**-**
Debt securities	3 162 572	-	195 887	20 210	133 076	-
Foreign currency balances	1 909	-	2 309	1 125	-	-
Issued MBS & bonds	-	3 303 681	1 713	421 686	(410 692)	-
Customer deposits	-	-	-	-	-	-
Credit institutions' deposits	-	309 853	-	-	(9 281)	-
Loans and advances to customers	527 911	-	-	-	42 225	-
Cash flow hedges:	**4 570 734**	**-**	**163 609**	**27 906**	**135 703**	**(135 558)**
Deposits in central banks	-	-	-	-	-	-
Debt securities	4 570 734	-	163 609	27 906	135 703	(135 558)
Total	**8 263 126**	**3 613 534**	**363 518**	**470 927**	**(108 969)**	**(135 558)**

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 30,627 thousand in the six-month period ended 30th June 2020 (positive correction of EUR 3,718 thousand in the six-month period ended 30th June 2019) (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 48,732 thousand during the six-month period ended 30th June 2020 (negative correction of EUR 47,854 thousand in the six-month period ended 30th June 2019) (Note 17).

- Recognised inefficiency in the results for the period arising from cash flow hedges: During the six-month period ending on 30th June 2020 and the 2019 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 2020 and the 2019 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 2020 and the 2019 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 2020 and at 31st December 2019 is as follows:

		€ ´000
	30/06/2020	**31/12/2019**
Cash	295 193	420 611
Deposits in Bank of Spain	6 856 522	3 996 385
Other sight deposits	97 930	141 815
Valuation adjustments - Accrued interest	4	4
	7 249 649	**4 558 815**

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 2020 amounted to EUR 253,381 thousand (EUR 304,473 thousand at 31st December 2019).

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 2020 and at 31st December 2019 is as follows:

		€ ´000
	30/06/2020	**31/12/2019**
Equity instruments	**-**	**-**
Residential real estate	**177 456**	**221 852**
Buildings and other finished constructions	**65 670**	**71 603**
Residential	18 259	17 871
Other	47 411	53 732
Buildings and other structures under construction	**3 202**	**2 535**
Residential	3 174	2 479
Other	28	56
Land	**7 053**	**8 483**
	253 381	**304 473**

At 30th June 2020 and 2019 there were no gains or losses recorded on the consolidated condensed statement of recognised income and expense for non-current assets held for sale.

At 30th June 2020 and 31st December 2019, 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 2020 and at 31st December 2019 is as follows:

		€ ´000
	30/06/2020	**31/12/2019**
Fixed tangible assets	852 403	880 209
For own use	852 403	880 209
Let under an operating lease agreement	-	-.
Of which: Leasehold rights of use	*42 344*	*46 458*
Investment property	301 443	281 745
	1 153 846	**1 161 954**

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 2020 and at 31st December 2019, 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 2020 y2019 is as follows:

						€ ´000
			30/06/2020			**30/06/2019**
	Land and buildings	**Other**	**Total**	**Land and buildings**	**Other**	**Total**
Balance at beginning of period	**47 131**	**-**	**47 131**	**46 846**	**-**	**46 846**
Additions	3 380	-	3 380	2 602	-	2 602
Derecognitions	(4 222)	-	(4 222)	(908)	-	(908)
Depreciation and amortization	(3 557)	-	(557)	(3 622)	-	(3 622)
Other movements	(388)	-	(388)	-	-	-
Balance at the end of the period	**42 344**	**-**	**42 344**	**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	
	30/06/2020	**31/12/2019**
Lease liabilities		
Current lease liabilities	45 803	47 131
Non-current lease liabilities	-	-
	45 803	**47 131**

The breakdown of the maturities on the Group’s lease liabilities at 30th June 2020 and 31st December 2019 is as follows:

						€ ´000
	Less than 1 month	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
At 30 June 2020	4 178	1 205	5 178	24 056	11 186	45 803
At 31st December 2019	590	25 799	1 275	5 294	14 173	47 131

The impact on the consolidated condensed abridged income statement of the Group’s lease rights of use for the six month periods ending on 30th June 2020 and 2019 was:

	€ ´000	
	30/06/2020	**30/06/2019**
Rights of use amortization expenses	3 557	3 622
Land and buildings	3 557	3 622
Other	-	-
Interest expenses of lease liabilities	415	405
	3 972	**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 2020 and 2019 is presented below:

	€ ´000	
	30/06/2020	**30/06/2019**
Short term lease expense	57	47
Low-value lease expense	187	457
	244	**504**

10.4 Intangible assets

The breakdown of the balance under this heading in the consolidated condensed balance sheets at 30th June 2020 and at 31st December 2019 is as follows:

	€ ´000	
	30/06/2020	31/12/2019
Goodwill	47 587	50 671
Other intangible assets	23 546	15 554
	71 133	**66 225**

Below is a breakdown of goodwill recorded under "Intangible Assets - Goodwill" in the Group's consolidated condensed balance sheets at 30th June 2020 and at 31st December 2019, by the company that generated it:

	€ ´000	
	30/06/2020	31/12/2019
Unión del Duero, Compañía de Seguros de Vida, S.A.U.	47 587	50 671
	47 587	**50 671**

The breakdown of the goodwill recorded in Unión del Duero, Compañía de Seguros de Vida, S.A.U. is as follows:

					€ ´000	
			Accumulated impairment		Net amount	
	Initial amount	Date of recognition	30/06/2020	31/12/2019	30/06/2020	31/12/2019
Unión del Duero, Compañía de Seguros de Vida, S.A.U.	63 009	March 2018	(15 422)	(12 338)	47 587	50 671

During the six-month period ending on 30th June 2020 and 2019, the aforementioned goodwill was impaired by EUR 3,084 thousand, in both periods (Note 26).

In accordance with the estimates and projections available to the Group's Directors, the income forecasts attributable to the Group of this company reasonably support the net value of the goodwill recorded. The goodwill was generated by the purchase, on 27th February 2018, of both Unión del Duero, Compañía de Seguros de Vida, S.A. and Duero Pensiones, E.G.F.P., S.A., by EspañaDuero, and came from the assessment of the current bancassurance business (without taking into account future business estimates). Subsequently, Duero Pensiones, E.G.F.P., S.A. was absorbed by Unión del Duero, Compañía de Seguros de Vida, S.A. The average life of the portfolio, according to the Management's estimates, is 10.21 years.

For these purposes, we should indicate at this point that the Group Directors have decided that the economic effects of Covid-19 do not have a significant impact on the recoverable sum of this goodwill.

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 2020 and at 31st December 2019, 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 2020 and at 31st December 2019, the "Liabilities under insurance or reinsurance contracts" item includes liabilities taken on by the Group's insurance companies in the course of business. The composition of this item is as follows:

		€ ´000
	30/06/2020	**31/12/2019**
Provisions for life insurance	541 666	552 137
Provision for benefits	11 892	9 603
Provision for bonuses and rebates	326	695
Provision for accounting asymmetry	57 883	60 685
Other provisions	7 057	7 574
	618 824	**630 694**

10.7 Other assets

The composition of the balances under this heading in the consolidated condensed balance sheets at 30th June 2020 and at 31st December 2019 is as follows:

		€ ´000
	30/06/2020	**31/12/2019**
Insurance contracts linked to pensions	32 916	32 734
Inventory	199 805	205 004
Other	162 746	53 984
	395 467	**291 722**

At 30th June 2020 and at 31st December 2019, 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 2020, the portion of such provisions or reversals corresponding to "Inventory" amounted to EUR 3,555 thousand (net reversal), and EUR 5,374 thousand (net provisions) at 30th June 2019 (Note 26).

The detail of inventory sales completed at 30th June 2020 and 2019 by Unicaja Banco Group, giving the sales price, cost of sales, use of provisions and selling fees, is as follows:

		€ ´000
	30/06/2020	**30/06/2019**
Sale price	20 607	135 849
Cost of sales	(22 616)	(296 474)
Use of provisions	438	208 374
Selling fees	(162)	(2 422)
	(1 733)	**45 327**

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 2020 and at 31st December 2019, 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 2020 and at 31st December 2019 is as follows:

		€ ´000
	30/06/2020	**31/12/2019**
Accrued expenses payable	67 448	52 640
Transactions in progress	37 992	44 186
Other	65 129	105 626
	170 569	**202 452**

11. Changes in Group contingent assets and liabilities

11.1 Contingent assets

During the six-month period ending on 30th June 2020 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 2019.

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 2020 and at 31st December 2019 is as follows:

	€ ´000	
	30/06/2020	**31/12/2019**
Pensions funds and related obligations	62 351	62 716
Other long term employee benefits	190 597	203 696
Provisions for contingent risks and commitments	133 752	128 247
All other provisions	456 993	526 475
	843 693	**921 134**

The following are movements during the six-month period ending on 30th June 2020, 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 2020	**62 716**	**203 696**	**128 247**	**526 475**	**921 134**
Provisions recorded against results:	306	3 648	15 251	6 665	25 870
Provisions	-	*3 609*	*15 251*	*6 665*	*25 525*
Interest costs (Note 17)	*306*	*39*	-	-	*345*
Recoveries recorded in results	-	-	-	(8 539)	(8 539)
Provisions used	(671)	(16 747)	(10 112)	(88 022)	(115 552)
Other movements	-	-	366	20 414	20 780
Balance at 30 June 2020	**62 351**	**190 597**	**133 752**	**456 993**	**843 693**

On the other hand, the movements during the six-month period ending on 30th June 2019, 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 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	31 163	32 381
Balance at 30 June 2019	**146 836**	**116 284**	**131 495**	**437 972**	**832 587**

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 2020 and 2019.

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 commitments" includes provisions to cover 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 “All other Provisions" subheading includes the balances at 30th June 2020 and at 31st December 2019, 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.

This heading includes the restructuring provisions set up in fiscal year 2019 in the framework of the 2020-2022 Strategic Plan adopted by the Unicaja Banco Board of Directors for a sum of EUR 130 million.

Covenants limiting interest rate variations

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, final and 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.

These rulings issued by the Courts of Madrid and León were appealed before their respective Provincial Courts and, when the original rulings were ratified, before the Supreme Court.

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 first lodge suits against the entity and be handed the appropriate ruling confirming said refund.

Without prejudice to the aforementioned judgements, Unicaja Banco Group considers, in general, that the covenants in its mortgage deeds setting limits to interest rate variations, are fully in accordance with the law.

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 2020, the provisions 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 EUR 138 million at 30th June 2020 (EUR 177 million at 31st December 2019).

IRPH clause

Unicaja Banco Group holds a mortgage contract portfolio that is indexed to the Mortgage Loan Reference Index (IRPH in the Spanish acronym), the official indicator published by the Bank of Spain, pursuant to article 27 of Order EHA/2899/2011, 28th October, on the transparency and protection of banking service customers and also pursuant to Circular 5/2012, 27th June, from the Bank of Spain, to credit institutions and payment service providers, on banking service transparency and responsibility in loan origination.

A number of legal proceedings have been taken out against the majority of Spain's credit institutions, alleging that the clauses linking mortgage transaction interest rates to the IRPH did not comply with European transparency regulations. The Supreme Court, in its ruling 669/2017, of 14th December 2017, ratified the legitimacy of these clauses because they are indexed to an official indicator and, as such, not subject to transparency oversight.

After several requests for preliminary rulings were lodged by the Spanish Courts, the Court of Justice of the European Union (CJEU) decided to open Case C-125/18, which is still awaiting ruling. This spurred the European Commission to issue a report on 31st May 2018 which recommends that the CJEU respond to the requests for preliminary rulings. The Commission maintains that the CJEU should analyse whether the IRPH index was being abused (Directive 93/12). Another significant event is the legal opinion by the CJEU's Attorney General, on 10th September 2018, which finds that the clause referencing the IRPH is subject to oversight within the scope of possible abuse.

On 3rd March 2020, the ECJ handed down a ruling in the above-mentioned Case C-125/18, stating, in line with earlier rulings, that the clauses containing the Mortgage Loan Reference Index (IRPH) in mortgage contracts with consumers are covered in the scope of application of the Directive on unfair terms, indicating in turn that the Spanish courts must check that clauses of this nature are written in clear, comprehensible language, and that they should not mislead the consumer ("abusiveness"). If these courts reach the conclusion that these clauses are predatory, they may be replaced by another legal index instead, to protect these consumers from particularly damaging consequences that could give rise to the voiding of the mortgage contract.

As such, once each case has been analysed on its own merits, in those instances where the terms are deemed to be unfair, the effects of this ruling will have to be decided, which raises questions as to what rate of interest should be applied.

As Note 1.16 explains, because of the measures adopted during the state of alert, during the six-month period ending on 30th June 2020, there has been a slowdown in the cases brought against the Group, and also in the rulings handed down by the local courts and provincial higher courts about the Group's ongoing lawsuits; meanwhile, since the ECJ handed down this ruling, the Supreme Court has not pronounced judgement about the clause containing IRPH as a benchmark interest rate.

As of 30th June 2020, the outstanding balance on performing mortgage loans to consumers pegged to the IRPH held by Unicaja Banco Group comes to EUR 155 million, amounting to 0.54% of its total balance in loans and advances to customers.

Revolving cards

On 4th March 2020, The Supreme Court's Chamber 1 handed down ruling 149/2020, dismissing the cassation appeal lodged by a credit institution (not one belonging to Unicaja Banco Group), against a ruling that had declared a revolving credit contract void on the grounds that the interest being charged was usurious. The Group's senior management and directors have assessed the potential impacts of this ruling on the portfolio of similar products held by Unicaja Banco Group as of 30th June 2020, concluding that the potential losses from claims that may be made against the Group for this cause are not significant.

Mortgage arrangement fees

On 23rd December 2015, the Plenary session of the Supreme Court's Civil Division issued a ruling about, among other matters, the charging to the consumer of certain costs pertaining to a mortgage loan, based on the stipulations in the contract clauses. This triggered a number of claims against Unicaja Banco Group through its Customer Services department, together with lawsuits, for the return of charges and taxes paid by customers in the process of setting up their mortgage. Despite defending the validity of the clauses used, the Group took a preventive approach and amended the clause it generally uses, changing it so that expenses are shared with the consumer.

Subsequently, on 15th March 2018, the Plenary ruling of the Supreme Court's Civil Division resolved that, as regards the payment of Stamp Duty (AJD in the Spanish acronym), the criterion that has always been followed from the jurisprudence of the Supreme Court's Chamber 3 should be reaffirmed; this states that when constituting a mortgage loan, the borrower is the taxable entity. Nevertheless, Chamber 3 of the Supreme Court's ruling on 16th October 2018 served to resolve that the party who had to pay Stamp Duty is the lending institution, voiding the regulation that stated the contrary. Next, the Plenary of the Supreme Court's Chamber 3 again amended the interpretation of the tax law, returning to its initial criterion, according to which the taxable entity is the borrower.

Subsequently, Royal Decree 17/2018, 8th November, amended the consolidated text of the law on asset transfer tax and stamp duty; under the amendments the taxable entity is the borrower. The regulation is not backdated and came into force on 10th November 2018.

To put a line under how this issue was being interpreted in Spain, the Supreme Court, in several rulings issued on 23rd January 2019, set out its definitive doctrine on how to divvy up the expenses arising from arranging loans with consumers, as follows: Register - 100% payable by the lender; Notary and Administrator - shared 50/50 between both parties to the contract; Stamp Duty - according to the fiscal regulations in force at the time.

When Act 5/2019, 15th March, came into force, this regulated real estate credit contracts, establishing that expenses arising from the Notary, Register and Processing Agency would be payable by the lender, while those for valuing the property would be paid by the borrower, in the case of all those mortgage loans that fall under the scope of this regulation.

On 16th July 2020, the European Court of Justice (ECJ) issued a ruling acknowledging that if the expenses clause is declared to be predatory, national legislation can be applied to regulate how the mortgage constitution and cancellation expenses are to be divided up, in the absence of an agreement between the parties. The ECJ explicitly refers to the possibility of not returning to the consumer the sums that are imposed by virtue of national legislation (such as, for example, Stamp Duty when, under the earlier regulation, the borrower was considered the taxable entity).

The ECJ thus salvages the Supreme Court's interpretation, such that it will be up to the Spanish judge to decide, in the absence of agreement when the clause has been suppressed, which of the costs borne by the consumer were imposed by virtue of national legal provisions. The Supreme Court has been applying these national provisions in its jurisprudence, so the Supreme Court can be expected not to find itself obliged to change its doctrine of jurisprudence. In conclusion, the way in which Unicaja Banco Group has been dealing with this issue since the ECJ ruling on 16th July 2020 has not materially changed.

11.2.2 Contingent liabilities

Below is a breakdown of the main variations in the Group's contingent liabilities at 30th June 2020, with respect to the situation in the consolidated annual accounts of the Group at 31st December 2019, 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 2019.

11.2.2.1 Contingent risks

The breakdown of contingent risks at 30th June 2020 and at 31st December 2019, whose nominal value is recorded in off-balance sheet accounts, is shown below:

		€ ´000
	30/06/2020	**31/12/2019**
Financial guarantees given	**64 693**	**62 296**
Financial guarantees	64 693	62 296
Other commitments given	**3 972 234**	**1 983 681**
Performance guarantees	1 073 943	1 106 736
Credit derivatives sold	-	-
Irrevocable letter of credit	11 259	8 595
Other commitments	2 887 032	868 350
	4 036 927	**2 045 977**

At 30th June 2020 and 31st December 2019, 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 2020 and 2019, 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 2020 and at 31st December 2019, 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
		30/06/2020		31/12/2019
	Undrawn amounts	**Credit limit**	**Undrawn amounts**	**Credit limit**
Instant availability	**1 854 713**	**2 662 263**	**1 943 123**	**2 533 186**
Credit institutions	1 091	1 118	136	146
Public administrations	79 089	283 175	202 405	210 042
Other sectors	1 774 533	2 377 970	1 740 582	2 322 998
Available subject to conditions	**599 020**	**957 560**	**1 065 990**	**1 614 015**
Public administrations	4 035	11 685	16 035	23 685
Other sectors	594 985	945 875	1 049 955	1 590 330
	2 453 733	**3 619 823**	**3 009 113**	**4 147 201**

11.3 Assets assigned and received under guarantee

At 30th June 2020 and at 31st December 2019, 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
	30/06/2020	**31/12/2019**
Pledged securities	6 505 908	4 922 678
Pledged non-mortgage loans	-	-
	6 505 908	**4 922 678**

At 30th June 2020 and at 31st December 2019, 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 2020 and 2019 is presented in the accompanying consolidated statements of changes in equity, with an explanation of all movements in it during these periods.

12.1 Capital and share premium

The bank's share capital at 30th June 2020 and 31st December 2019 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 30th June 2020, 49.85% of the capital belonged to Fundación Bancaria Unicaja (49.68% at 31st December 2019).

Thus, the issue premium at 30th June 2020 and 31st December 2019 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 2020 and 31st December 2019 the outstanding balance of the issuances of Unicaja Banco Perpetual Contingent Convertible Bonds (PeCoCos). The breakdown of these issues at 30th June 2020 and at 31st December 2019 is as follows:

		30/06/2020			31/12/2019				
			€	€ ´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	47 550 813	47 550 813	47 551	47 573 771	47 573 771	47 574	13.8824%	Perpetual
				47 551			**47 574**		

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 2020 and at 31st December 2019 this issue is not listed for trading 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 2020 and at 31st December 2019, the Group had 30,619,254 and 14,865,086 treasury shares, respectively.

The movement of treasury shares for the six-month periods ended June 30, 2020 and the 2019 period is as follows:

	30/06/2020		30/06/2019	
	Number of shares	**€ ´000**	**Number of shares**	**€ ´000**
Opening balance of treasury shares	**14 865 076**	**14 865**	**2 146 738**	**2 147**
Purchase of treasury shares by Unicaja Banco	15 781 030	15 781	957 568	957
Sale of treasury shares by Unicaja Banco	(26 852)	(27)	(694 072)	(694)
Balance of treasury shares at end of period	**30 619 254**	**30 619**	**2 410 234**	**2 410**

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 2020 and at 31st December 2019 is as follows:

				€ ´000
	30/06/2020		31/12/2019	
	Non-controlling interests	**Results attributable to minority holdings**	**Non-controlling interests**	**Results attributable to minority holdings**
Parque Industrial Humilladero, S.L.	476	(2)	478	(3)
	476	**(2)**	**478**	**(3)**

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 2020 and 2019 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 2020 and at 31st December 2019 is as follows:

		€ ´000
	30/06/2020	**31/12/2019**
Retained earnings	1 034 533	915 492
Revaluation reserves	-	-
Other reserves	32 575	30 759
Reserves or accumulated losses of investments in joint ventures and associates	*(221 910)*	*(223 726)*
Other reserves	*254 485*	*254 485*
	1 067 108	**946 251**

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
	30/06/2020	**31/12/2019**
Parent Company reserves	1 102 638	1 105 114
Legal reserve	126 982	126 982
Revaluation reserves	-	-
Capitalization reserve	19 601	19 601
Unrestricted reserves	956 055	958 531
Consolidation reserves attributed to the parent Company, consolidated subsidiaries and investments in joint ventures and associates	(35 530)	(158 863)
	1 067 108	**946 251**

The breakdown of these reserves by company is shown below:

		€ ´000
	30/06/2020	**31/12/2019**
Unicaja Banco, S.A. (parent)	1 865 483	1 710 052
Gestión de Inmuebles Adquiridos, S.L.U. (*)	(578 528)	(591 477)
Inmobiliaria Acinipo, S.L.U. (*)	(96 895)	(102 024)
Desarrollo de Proyectos de Castilla y León, S.L.U.(*)	-	(57 077)
Viproelco, S.A.U. (*)	(20 997)	(21 152)
Alteria Corporación Unicaja, S.L.U. (*)	(8 470)	1 833
Unicartera Gestión de Activos, S.L.U.	12 254	18 794
Andaluza de Tramitaciones y Gestiones, S.A.U.	6 596	6 596
Unigest, S.G.I.I.C., S.A.U. (*)	(14 968)	(4 171)
Unimediación, S.L.U. (*)	(40 278)	(1 132)
Other companies (*)	(57 089)	(19 294)
	1 067 108	**946 251**

(*) Negative balances show accumulated losses.

15. Asset securitisation

At 30th June 2020 and 31st December 2019 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 2020 and 2019 is as follows:

		€ ´000
	30/06/2020	30/06/2019
Deposits in credit institutions and central banks	654	584
Loans to customers	228 392	257 099
Debt securities	77 961	104 439
NPAs	5 603	9 218
Reclassification of hedge accounting income (Note 9)	30 627	3 718
Other income (Note 8.6.1)	12 306	13 439
	355 543	**388 497**

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 2020 and 2019, classified according to the portfolio of financial instruments that produced to them:

		€ ´000
	30/06/2020	30/06/2019
Financial assets held for trading	-	12
Non-trading financial assets mandatorily designated at fair value through profit and loss (Note 8.3)	1 489	1 453
Financial assets designated at fair value through profit or loss (Note 8.3)	-	-
Financial assets designated at fair value through other comprehensive income (Note 8.4)	6 069	45 139
Financial assets carried at amortized cost (Note 8.5)	305 052	324 736
Reclassification of hedge accounting income (Note 9)	30 627	3 718
Other income	12 306	13 439
	355 543	**388 497**

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 2020 and 2019 is as follows:

		€ ´000
	30/06/2020	30/06/2019
Central bank deposits (Note 8.6.1)	-	-
Credit institutions deposits (Note 8.6.2)	1 163	1 371
Customer deposits (Note 8.6.3)	116 723	132 352
Marketable debt securities (Note 8.6.4)	26	33
Subordinated liabilities (Note 8.6.4)	4 508	-
Reclassification of hedge accounting expense (Note 9)	(48 732)	(47 854)
Costs allocated to established pension funds	274	1 204
Other interests	4 270	8 582
	78 232	**95 688**

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 2020 and 2019, classified according to the financial instrument portfolio that gave rise to them is shown below:

	€ ´000	
	30/06/2020	**30/06/2019**
Financial liabilities carried at amortized cost	117 912	133 756
Reclassification of hedge accounting cost	(48 732)	(47 854)
Other	9 052	9 786
	78 232	**95 688**

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 2020 and 2019, by portfolios and by type of financial instruments, is as follows:

	€ ´000	
	30/06/2020	**30/06/2019**
Equity instruments classified as:		
Trading book	-	-
Financial assets designated at fair value through other comprehensive income	10 829	19 636
Investments in joint ventures and associates	94	-
	10 923	**19 636**
Equity instruments with attributes of:		
Shares	10 923	19 636
Interests in Collective Investment Institutions	-	-
	10 923	**19 636**

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 2020 and 2019 is as follows:

	€ ´000	
	30/06/2020	**30/06/2019**
Autopista del Sol Concesionaria Española, S.A.	-	754
Unicorp Vida, Compañía de Seguros y Reaseguros, S.A.	14 414	15 547
Hidralia, Gestión Integral de Aguas de Andalucía, S.A.	455	1 583
Sociedad Municipal de Aparcamientos y Servicios, S.A.	(77)	567
Ingeniería e Integración Avanzadas, S.A. (Engineering)	115	62
Ahorro Andaluz, S.A.	(2)	(3)
Autopista del Guadalmedina, Concesionaria Española, S.A.	-	(323)
Gestión e Investigación de Activos, S.A.	(1)	(5)
Madrigal Participaciones, S.A.	3 361	922
Ingeniería de Suelos y Explotación de Recursos, S.A.	869	1 140
Propco Malagueta, S.L.	(87)	466
Proyecto Lima, S.L.	(126)	276
Other companies	380	(283)
	19 301	**20 703**

20. Fee income

The following are the fees accruing for the six-month periods ending on 30th June 2020 and 2019 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
	30/06/2020	**30/06/2019**
Interest income and other income		
Arrangement fees	10 769	12 699
	10 769	**12 699**
Fee and commission income		
Contingent risk fees	5 309	3 790
Contingent commitment fees	1 095	1 146
Collections and payment fees	63 044	68 593
Securities services fees	18 518	20 874
Exchange services fees	73	172
Non-banking financial products marketing fees	32 247	28 533
Other	2 381	2 807
	122 667	**125 915**
Other operating income		
Direct costs compensation fees (Note 23)	1 803	1 776
	1 803	**1 776**

21. Fee Expenses

The following are the fee expenses accruing for the six-month periods ending on 30th June 2020 and 2019 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
	30/06/2020	**30/06/2019**
Interest expense		
Intermediaries' fees	540	419
Other fees	165	239
	705	**658**
Fee and commission expense		
Lending and borrowing transactions	1 649	1 323
Fees paid to other institutions and correspondents	4 532	5 757
Security trading fees	1 086	1 275
Other fees	1 851	3 959
	9 118	**12 314**

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 2020 and 2019, classified according to the financial instrument portfolio that gave rise to them is shown below:

		€ ´000
	30/06/2020	**30/06/2019**
Net gain (loss) on derecognition of financial assets and liabilities not measured at fair value through profit and loss	**65 995**	**23 454**
Financial assets designated at fair value through other comprehensive income	65 995	23 454
Equity instruments	*11 874*	-
Debt securities	*54 121*	*23 454*
Financial liabilities carried at amortized cost	-	-
Gains or (losses) from financial assets and liabilities held for trading	**(2 687)**	**(214)**
Gain or (losses) from non-trading financial assets mandatorily designated at fair value through profit or loss	**(2 205)**	**3 527**
Gains or (losses) from hedge accounting	**2 484**	**(1 052)**
Gains or losses on financial assets and liabilities designated at fair value through profit or loss	-	**-**
	63 587	**25 715**

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 2020 and 2019 is as follows:

		€ ´000
	30/06/2020	**30/06/2019**
Income from assets under insurance or reinsurance contracts	**35 008**	**36 268**
Other operating income	**80 194**	**61 208**
Income from investment property	9 172	7 353
Direct costs compensation fees (Note 20)	1 803	1 776
Income from non-financial services	1 294	6 018
Income from companies with real estate operations	5 228	27 642
Other items	62 697	18 419
	115 202	**97 476**

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.

Among the components of “Other items” is the consideration received during the process of Helvetia Schweizerische Versicherungsgesellschaft AG (hereinafter, “Helvetia”) taking a controlling share of Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros (“Caser”). This consideration was obtained thanks to the agreement signed by Unicaja Banco on 23 January 2020 with Helvetia under the terms of which, it undertakes to waive exercising its right to terminate the distribution agreement it has with CASER, in exchange for EUR 46.87 million.

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 2020 and 2019 is as follows:

		€ ´000
	30/06/2020	**30/06/2019**
Expenses from liabilities under insurance or reinsurance contracts	**25 306**	**23 483**
Other operating expenses	**46 351**	**52 125**
Operating expenses of real estate investments	1 223	715
Contributions to the Single Resolution Fund (Note 1.15)	15 723	7 630
DTA monetisation levy (*Prestación patrimonial*)	7 680	7 900
Expenses from companies with real estate operations	1 013	12 527
Other items	20 712	23 353
	71 657	**75 608**

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

25. Administrative expenses

25.1 Staff expenses

The composition of "Staff Expenses" in the consolidated condensed income statements for the six-month periods ending on 30th June 2020 and 2019 is as follows:

		€ ´000
	30/06/2020	**30/06/2019**
Wages and salaries	132 122	141 849
Social security	38 513	40 730
Appropriations to defined benefit pension plans	49	63
Appropriations to defined contribution pension plans	7 149	5 145
Compensation	333	17
Training expenses	454	592
Other staff expenses	5 368	4 710
	183 988	**193 106**

"Other Staff Expenses" at 30th June 2020 and 2019 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 2020 and 31st December 2019:

	Unicaja Banco		**Grupo Unicaja Banco**	
	30/06/2020	**31/12/2019**	**30/06/2020**	**31/12/2019**
Men	3 012	3 171	3 180	3 436
Women	2 940	3 029	3 094	3 283
	5 952	**6 200**	**6 274**	**6 719**

The breakdown of the number of branches in the Unicaja Banco Group network at 30th June 2020 and at 31st December 2019 is as follows:

	Grupo Unicaja Banco	
	30/06/2020	**31/12/2019**
Number of branches	**1 029**	**1 046**
Spain	1 028	1 045
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 2020 and 2019 is as follows:

		€ ´000
	30/06/2020	**30/06/2019**
Properties & buildings	11 584	14 587
Rents	189	504
IT	21 746	20 367
Communications	7 493	8 001
Advertising	5 662	6 635
Legal fees	385	366
Technical reports	5 690	7 110
Security services	3 345	4 279
Insurance premiums	684	653
Public administrations	1 164	1 239
Entertainment expenses	1 535	2 981
Association membership dues	3 727	3 507
Outsourced services	495	1 403
Taxes	12 871	12 774
Other items	5 708	3 023
	82 278	**87 429**

25.3 Non-audit services provided by the auditing company

During the six-month period ending on 30th June 2020, the auditors to Unicaja Banco, S.A. and its Group, PricewaterhouseCoopers Auditores, S.L. and companies with links to the auditor, whether through control, shared ownership or management, have provided services other than auditing, mainly in the area of accounting verification and regulatory tasks.

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

The composition of these headings of the consolidated condensed income statements at 30th June 2020 and 2019 is as follows:

		€ ´000
	30/06/2020	30/06/2019
Impairment or reversal in the value of joint ventures or associates	**429**	**-**
Impairment or reversal in the value of non-financial assets	**8 336**	**11 136**
Goodwill (Notes 5 & 10.4)	3 387	3 812
Other assets	4 949	7 324
	8 765	**11 136**

The breakdown per items of the consolidated condensed balance sheet of "Impairment Losses - Other Assets" as of 30th June 2020 and 2019 is as follows:

		€ ´000
	30/06/2020	30/06/2019
Impairment losses on tangible assets (net)	201	662
Impairment losses on intangible assets (net)	-	-
Impairment losses on inventory (net) (Note 10.7)	3 555	5 374
Impairment losses on other assets (net)	1 193	1 288
	4 949	**7 324**

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 2020 and 2019 is as follows:

				€ ´000
	30/06/2020		30/06/2019	
	Gain	Loss	Gain	Loss
Sale of tangible asset	2 732	(192)	3 679	(959)
Sale of equity stakes	2 474	-	19 430	-
Other items	-	-	683	(44)
	5 206	**(192)**	**23 792**	**(1 003)**

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 2020 and 2019 is as follows:

				€ ´000
	30/06/2020		30/06/2019	
	Gain	Loss	Gain	Loss
Sale of tangible asset	6 668	(8 084)	6 797	(776)
Other items	-	(2 226)	-	(2 825)
	6 668	**(10 310)**	**6 797**	**(3 601)**

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 2020:

- Unicaja Banco, S.A.
- Fundación Bancaria Unicaja
- Inmobiliaria Acinipo, S.L.U.
- Unigest, S.G.I.I.C., S.A.
- Andaluza de Tramitaciones y Gestiones, S.A.U.
- Alteria Corporación Unicaja, 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.
- Unimediación, 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.

With effect 1 January 2020 and during the six-month period ending on 30th June 2020, the following companies left the consolidated tax group: Unimediterráneo de Inversiones, S.L.U., Unicartera Renta, S.L., Unicartera Caja 2, S.L.U., Unicartera Internacional, S.L.U. and Duero Pensiones, Entidad Gestora de Fondos de Pensiones, S.A.U.

During this period no companies have joined the Tax Group.

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.

From the outset of these inspections, the Bank has been responding to the requests received from the tax authorities, in a number of face-to-face meetings and through digital correspondence and contacts. Although the review is well advanced, the Group's tax advisors believe that it may last several more months; thus far no significant discrepancies with the fiscal criteria used by the Group have been identified by the inspection team.

In any case, due to the differing interpretations that can be made of the tax regulations applying to transactions conducted by specific Group entities, the results of the ongoing review and future inspections that the tax authorities may carry out over the years subject to verification may result in tax liabilities, the amounts of which cannot currently be quantified in an objective manner. In the opinion of the entity's Directors and tax advisors, the likelihood of significant liabilities arising from this item, in addition to those already provisioned, is remote.

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 2020 and 2019:

		€ ´000
	30/06/2020	**30/06/2019**
Pre-tax income	85 619	146 157
Corporate income tax (30% tax rate)	25 686	43 847
Eliminations in the consolidation process	(3 120)	(8 777)
Permanent positive differences	3 276	430
Permanent negative differences	(666)	(4 201)
Tax deductions and credits	(445)	(1 032)
Tax expense or income on earnings from continued operations	**24 731**	**30 267**

29.4 Tax assets and liabilities

The breakdown of the balance under these headings in the consolidated condensed balance sheets at 30th June 2020 and at 31st December 2019 is as follows:

				€ ´000
	Tax assets		**Tax Liabilities**	
	30/06/2020	**31/12/2019**	**30/06/2020**	**31/12/2019**
Current	18 048	46 128	42 054	32 397
Deferred	2 671 134	2 711 645	252 384	292 988
	2 689 182	**2 757 773**	**294 438**	**325 385**

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 (see Impact of Covid-19 in Note 1.16)

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 2020.

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.

On 25th July 2018, the Court of Justice of the European Union issued a ruling on the appeal in cassation lodged by the European Commission against the European General Court’s (EGC) judgment of 17th December 2015. The CJEU repealed and annulled that judgment and sent the case back to the EGC for it to examine the reasons given for that annulment, that were not analysed at the time by the GC

Now that the EGC’s judgment has been set aside, the European Commission’s decision on the Tax Lease once again becomes a live issue, which has given rise to the renewal of procedures by the Spanish tax authority to recover state aid, these having been suspended by the EGC’s judgment in 2015

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.

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 2020 and 2019 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 2020 and 31st December 2019, 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
	30/06/2020	**31/12/2019**
Transferred loans held in assets	**-**	**-**
Mortgage participations		-
Mortgage transfer certificates	-	-
Mortgages held as collateral for financing received	**-**	**-**
Loans securing MBS & mortgage bonds issues	**18 837 352**	**19 256 390**
Non-eligible loans	3 306 528	3 276 441
Compliant with eligibility criteria except for limits established under article 5.1 of Royal Decree 716/2009	1 241 164	1 296 358
Other	2 065 364	1 980 083
Eligible loans	15 530 824	15 979 949
Non-eligible amount	53 271	63 112
Eligible amount	15 477 553	15 916 837
Loans securing mortgage bond issues	-	-
Loans eligible for securing mortgage covered bonds	*15 477 553*	*15 916 837*
	18 837 352	**19 256 390**

At 30th June 2020 and at 31st December 2019, the outstanding nominal value of the mortgage loans and credits backing the issuance of mortgage covered bonds amounts to EUR 18,837,352 thousand and EUR 19,256,390 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 15,530,824 thousand euros and 15,979,949 thousand euros, respectively.

At 30th June 2020 and at 31st December 2019, the Group had not made any mortgage bond issues. In addition, at 30th June 2020 and at 31st December 2019 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 1,241,164 thousand and EUR 1,296,358 thousand at 30th June 2020 and at 31st December 2019, respectively.

The detail of the loans backing the issuance of MBS & mortgage bonds, classified by different criteria, at 30th June 2020 and at 31st December 2019, is as follows:

		€ ´000
		30/06/2020
	Loans securing MBS & mortgage bonds issues	**Of which: Eligible loans**
Nominal value of outstanding loans and mortgages	**18 837 352**	**15 530 824**
By source of operation:	18 837 352	15 530 824
- Originated by the bank	18 691 582	15 408 067
- Subrogated by other institutions	145 770	122 757
- Others	-	-
By currency:	18 837 352	15 530 824
- In euros	18 836 114	15 530 103
- Other currencies	1 238	721
By payment status:	18 837 352	15 530 824
- Performing	18 572 205	15 530 824
- Other	265 147	-
By average residual maturity:	18 837 352	15 530 824
- Up to 10 years	8 843 654	6 937 672
- 10 to 20 years	6 430 481	5 628 454
- 20 to 30 years	3 541 927	2 962 873
- More than 30 years	21 290	1 825
By type of interest rate:	18 837 352	15 530 824
- Fixed rate	508 364	359 712
- Floating rate	18 328 988	15 171 112
- Mixed rate	-	-
By loan holder:	18 837 352	15 530 824
- Legal person and entrepreneurs	2 657 979	1 433 436
Of which: real estate development	*368 066*	*126 894*
- Households	16 179 373	14 097 388
By type of guarantee:	18 837 352	15 530 824
- Completed assets/buildings and other structures	16 955 307	14 460 262
Residential use	16 386 010	14 104 309
Of which: social housing	*682 260*	*653 071*
Business premises	464 998	296 834
Other	104 299	59 119
- Assets/buildings and other structures under construction	435 994	270 540
Residential use	422 117	259 402
Of which: social housing	*3 787*	*3 787*
Business premises	13 274	10 592
Other	603	546
- Land	1 446 051	800 022
Permitted and ready for development	518 623	195 872
Other	927 428	604 150

	€ ´000	
	31/12/2019	
	Loans securing MBS & mortgage bonds issues	**Of which: Eligible loans**
Nominal value of outstanding loans and mortgages	**19 256 390**	**15 979 949**
By source of operation:	19 256 390	15 979 949
- Originated by the bank	19 103 030	15 849 910
- Subrogated by other institutions	153 360	130 039
- Others	-	-
By currency:	19 256 390	15 979 949
- In euros	19 255 067	15 979 150
- Other currencies	1 323	799
By payment status:	19 256 390	15 979 949
- Performing	18 997 576	15 979 949
- Other	258 814	-
By average residual maturity:	19 256 390	15 979 949
- Up to 10 years	8 789 823	6 843 061
- 10 to 20 years	6 742 093	5 941 111
- 20 to 30 years	3 701 953	3 190 471
- More than 30 years	22 664	5 306
By type of interest rate:	19 256 390	15 979 949
- Fixed rate	509 009	371 631
- Floating rate	18 747 381	15 608 318
- Mixed rate	-	-
By loan holder:	19 256 390	15 979 949
- Legal person and entrepreneurs	2 707 915	1 445 385
Of which: real estate development	*350 928*	*139 114*
- Households	16 548 475	14 534 564
By type of guarantee:	19 256 390	15 979 949
- Completed assets/buildings and other structures	17 342 895	15 322 892
- Residential use	16 760 295	14 542 622
Of which: social housing	*725 221*	*691 100*
- Business premises	482 504	310 910
- Other	100 096	64 592
- Assets/buildings and other structures under construction	440 415	280 643
- Residential use	420 722	264 532
Of which: social housing	*4 158*	*4 157*
- Business premises	19 123	15 598
- Other	570	513
- Land	1 473 080	781 181
- Permitted and ready for development	516 998	174 512
- Other	956 082	606 669

At 30th June 2020 and 31st December 2019, 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
						30/06/2020
	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	4 566 021	5 591 813	4 205 877	-	-	14 363 711
- On rest of assets	593 538	549 119	24 456	-	-	1 167 113
	5 159 559	**6 140 932**	**4 230 333**	**-**	**-**	**15 530 824**

						€ ´000
						31/12/2019
	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	4 574 458	5 770 523	4 462 173	-	-	14 807 154
- On rest of assets	662 352	485 443	25 000	-	-	1 172 795
	5 236 810	**6 255 966**	**4 487 173**	**-**	**-**	**15 979 949**

The mortgage portfolio flows during the six-month period ending on 30th June 2020 and during the 2019 fiscal year is as follows:

				€ ´000
		30/06/2020		**31/12/2019**
	Eligible loans	**Non-eligible loans**	**Eligible loans**	**Non-eligible loans**
Balance at beginning of the period	**15 979 949**	**3 276 441**	**16 694 721**	**3 818 451**
Derecognitions for the period	**(889 342)**	**(92 639)**	**(1 834 813)**	**(865 047)**
Cancellations at maturity	(15 619)	(1 254)	(41 595)	(3 038)
Early repayments	(147 941)	(47 689)	(410 175)	(344 514)
Subrogated by other institutions	(4 611)	(486)	(3 426)	(471)
Other	(721 171)	(43 210)	(1 379 617)	(517 024)
New mortgages	**440 217**	**122 726**	**1 120 041**	**323 037**
Originated by the Bank	25 633	5 835	57 604	9 837
Subrogated by other institutions	121	539	-	712
Other	414 463	116 352	1 062 437	312 488
Balance at the end of the period	**15 530 824**	**3 306 528**	**15 979 949**	**3 276 441**

The available balance of the mortgage loans securing the issuance of MBS and mortgage bonds at 30th June 2020 and at 31st December 2019 is as follows:

	€ ´000	
	30/06/2020	**31/12/2019**
Potentially eligible	166 247	174 834
Non-eligible	262 338	306 126
	428 585	**480 960**

At 30th June 2020 and at 31st December 2019, the Group did not have replacement assets earmarked for mortgage bonds and MBS issues.

B) Liability transactions

The breakdown at 30th June 2020 and at 31st December 2019 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	
	30/06/2020	**31/12/2019**
Outstanding mortgage bonds	**-**	**-**
Issued mortgage covered bonds	**3 493 903**	**3 818 903**
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	30 000	-
- 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
- Residual maturity of more than 5 years but less than 10 years	-	-
- Residual maturity of more than 10 years	-	
Deposits	3 433 903	3 758 903
- Residual maturity up to 1 year	660 000	325 000
- Residual maturity of more than 1 year but less than 2 years	-	660 000
- Residual maturity of more than 2 years but less than 3 years	151 852	151 852
- Residual maturity of more than 3 years but less than 5 years	982 051	300 000
- Residual maturity of more than 5 years but less than 10 years	560 000	1 242 051
- Residual maturity of more than 10 years	1 080 000	1 080 000
Mortgage bonds issued	-	-
Issued through public offering	-	-
Other issues	-	-
Mortgage transfer certificates issued	-	-
Issued through public offering	-	-
Other issues	-	-
	3 493 903	**3 818 903**

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 2020 and at 31st December 2019, the breakdown of the financing for construction and real estate development and their hedges (a) was as follows:

€ ´000

	30/06/2020				31/12/2019			
	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)	**862 034**	**241 383**	**(92 993)**	**819 054**	**856 050**	**183 992**	**(100 272)**	**755 778**
Of which: Non-performing	100 653	40 449	(69 272)	31 381	107 097	42 912	(87 603)	19 494
Memorandum item:								
Write-offs (e)	258 007				261 808			

Memorandum item: Consolidated Group information

	Book Value	
	30/06/2020	31/12/2019
Loans to customers, excluding Public administrations (business in Spain) (book value) (f)	25 201 502	24 756 341
Total consolidated assets (total business) (book value) (g)	63 002 235	56 707 615
Impairment and provisions of performing exposure (total business) (h)	197 929	143 394

(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 coverage.

(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 of construction and real estate development in transactions recorded by credit institutions (businesses in Spain), at 30th June 2020 and at 31st December 2019, is as follows:

	€ ´000	
	Gross book value (d)	
	30/06/2020	**31/12/2019**
With no mortgage (*)	274 061	269 735
With mortgage (classified by type of pledged collateral) (a)	587 972	586 315
Buildings and other finished constructions	250 947	244 839
Residential	210 321	202 764
Other	40 626	42 075
Buildings and other structures under construction (b)	157 427	158 033
Residential	156 330	156 281
Other	1 097	1 752
Land	179 598	183 443
Permitted and ready for development	137 029	137 286
Other land	42 570	46 157
Total (c)	**862 033**	**856 050**

(*) At 30th June 2020, the book value of "Without full real estate collateral" financing included EUR 95,139 thousand for transactions with real estate collateral whose exposure was not fully hedged (74,955 thousand at 31st December 2019). Additionally, it included secured transactions with Public administrations for EUR 178,922 thousand (EUR 194,680 thousand at 31st December 2019).

(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 2020 and at 31st December 2019:

		€ ´000
Guarantees received	**30/06/2020**	**31/12/2019**
Value of collateral	655 713	718 647
Guaranteeing non-performing risks	*58 043*	*71 851*
Value of other guarantees	-	-
Guaranteeing non-performing risks	-	-
Total value of guarantees received	**655 713**	**718 647**

Financial guarantees given	30/06/2020	31/12/2019
		€ ´000
Financial guarantees given vis-à-vis construction and real estate development	390 228	364 530
Amount recorded in liabilities of the balance sheet	*6 784*	*8 237*

At 30th June 2020 and at 31st December 2019, the breakdown of loans to households for house purchase (a) in transactions recorded by credit institutions (business in Spain) is as follows:

	30/06/2020		31/12/2019 € ´000	
	Gross amount (b)	**of which: Stage 3**	**Gross amount (b)**	**of which: NPLs**
Lending for house purchase	15 071 603	609 460	15 379 537	622 987
Without mortgage	175 061	1 927	184 753	1 974
With mortgage (c)	14 896 542	607 533	15 194 784	621 013

(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 2020 and at 31st December 2019 is as follows:

						30/06/2020
	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)	**4 018 443**	**5 406 186**	**4 508 954**	**457 147**	**505 812**	**14 896 542**
Of which:						
Stage 3 (b)	53 118	86 761	147 464	93 726	226 464	607 533

						31/12/2019
	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)	**4 004 999**	**5 534 501**	**4 677 281**	**451 690**	**526 313**	**15 194 784**
Of which:						
Stage 3 (b)	49 669	92 781	147 329	91 143	240 091	621 013

(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 2020 and at 31st December 2019, is as follows:

€ ´000

	30/06/2020			31/12/2019		
	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	**1 142 323**	**712 671**	**429 652**	**1 119 733**	**701 729**	**418 004**
Real estate assets from loans to construction and real estate development companies	566 926	394 834	172 092	581 232	399 232	182 000
Buildings and other finished constructions	70 595	37 382	33 213	72 241	38 651	33 590
Residential	53 886	27 419	26 467	56 133	28 939	27 194
Other	16 709	9 963	6 746	16 108	9 712	6 396
Buildings and other structures under construction	49 540	29 937	19 603	53 524	31 140	22 384
Residential	48 118	29 063	19 055	52 176	30 342	21 384
Other	1 422	874	548	1 348	798	550
Land	446 791	327 515	119 276	455 467	329 441	126 026
Permitted and ready for development	337 405	236 881	100 524	341 180	239 703	101 477
Other land	109 386	90 634	18 752	114 287	89 738	24 459
Real estate assets from retail mortgages	375 354	181 953	193 401	347 077	170 269	176 808
Rest of foreclosed real estate assets or received in lieu of payment (d)	200043	135 884	64 159	191 424	132 228	59 196
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)	-	-	-	-	-	-
	1 142 323	**712 671**	**429 652**	**1 119 733**	**701 729**	**418 004**

(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.

As the table above shows, at 30th of June 2020, the gross acquisition cost of foreclosed assets amounted to EUR 1,142,323 thousand, with a total provisions coverage of EUR 712,671 thousand, giving a coverage of the gross acquisition cost of 62.4%.

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 2020 and at 31st December 2019, and in the consolidated condensed income statements for the periods ending on those dates, arising from transactions with related parties:

					€ ´000
					30/06/2020
Income, expenses and other transactions	**Significant shareholder**	**Directors and senior management**	**People, companies or group entities**	**Other Related parties**	**Total**
Financial expense	-	(5)	(153)	(18)	(176)
Management or collaboration contracts	-	-	(1 866)	-	(1 866)
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	**-**	**(5)**	**(2 019)**	**(18)**	**(2 042)**
Financial income	-	3	1 427	111	1 541
Management or collaboration contracts	356	-	-	-	356
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	**356**	**3**	**1 427**	**111**	**1 897**
Purchase of tangible, intangible or other assets	-	-	-	-	-
Financing agreements: loans and capital contributions (lender)	-	1 554	126 023	21 281	148 858
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)	46 739	8 704	343 467	29 472	428 382
Financial lease contracts (lessee)	-	-	-	-	-
Repayment or cancellation of loans and lease contracts (lessee)	-	-	-	-	-
Guarantees and collaterals given	-	169	61 963	6 303	68 435
Guarantees and collaterals received	-	-	-	-	-
Commitments	-	-	-	-	-
Commitments/guarantees cancelled	-	-	-	-	-
Dividends and other distributed income	-	-	-	-	-
Other operations	-	-	-	-	-
Total other transactions	**46 739**	**10 427**	**531 453**	**57 056**	**645 675**

Income, expenses and other transactions	Significant shareholder	Directors and senior management	People, companies or group entities	Other Related parties	Total
					€ ´000
					31/12/2019
Financial expense	-	(13)	(308)	(32)	(353)
Management or collaboration contracts	-	-	(5 385)	-	(5 385)
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	**-**	**(13)**	**(5 693)**	**(32)**	**(5 738)**
Financial income	-	6	3 165	293	3 464
Management or collaboration contracts	408	-	1	-	409
R&D transfers and licensing agreements	-	-	-	-	-
Dividends received	-	-	-	-	-
Leases	-	-	-	-	-
Provision of services	-	-	-	-	-
Sale of assets (completed or work in progress)	-	-	-	-	-
Profit on assets' disposal	-	-	138 838	-	138 838
Other income	-	-	-	-	-
Total revenues	**408**	**6**	**142 004**	**293**	**142 711**
Purchase of tangible, intangible or other assets	-	-	-	-	-
Financing agreements: loans and capital contributions (lender)	175	1 590	127 188	23 802	152 755
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)	46 770	7 930	243 432	30 576	328 708
Financial lease contracts (lessee)	-	-	-	-	-
Repayment or cancellation of loans and lease contracts (lessee)	-	-	-	-	-
Guarantees and collaterals given	-	176	71 879	21 300	93 355
Guarantees and collaterals received	-	-	-	-	-
Commitments	-	-	-	-	-
Commitments/guarantees cancelled	-	-	-	-	-
Dividends and other distributed income	30 357	-	-	-	30 357
Other operations	-	-	-	-	-
Total other transactions	**77 302**	**9 696**	**442 499**	**75 678**	**605 175**

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 2020 and at 31st December 2019 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 2020 and at 31st December 2019.

- 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 2020 and at 31st December 2019 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 2020 and at 31st December 2019 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
			30/06/2020		**31/12/2019**
Balance sheet heading	**Instrument**	**Book value**	**Fair Value**	**Book value**	**Fair Value**
Financial assets carried at amortized cost:	Debt securities	18 881 830	19 230 408	16 662 155	17 324 401
Financial liabilities measured at amortized cost.	Marketable debt securities	365 755	365 755	357 907	357 907

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 2020 and at 31st December 2019 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
					30/06/2020
	Book				**Fair Value**
	value	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets					
Financial assets held for trading	74 761	74 761	64 420	10 341	-
Derivatives	10 483	10 483	142	10 341	-
Equity instruments	15 802	15 802	15 802	-	-
Debt securities	48 476	48 476	48 476	-	-
Non-trading financial assets mandatorily designated at fair value through profit and loss	87 190	87 190	49 302	37 888	-
Debt securities	87 190	87 190	49 302	37 888	-
Financial assets designated at fair value through profit or loss	-	-	-	-	-
Loans and advances	-	-	-	-	-
Financial assets designated at fair value through other comprehensive income	2 382 814	2 293 599	2 173 334	120 265	-
Equity instruments	469 843	380 628	265 597	115 031	
Debt securities	1 912 971	1 912 971	1 907 737	5 234	-
Derivatives - Hedge accounting	560 059	560 059	-	560 059	-
Liabilities					
Financial liabilities held for trading	21 831	21 831	9 219	12 612	-
Derivatives	21 831	21 831	9 219	12 612	-
Derivatives - Hedge accounting	407102	407102	-	407102	-

	Book value	Total	Level 1	Level 2	Level 3
					€ ´000
					31/12/2019
					Fair Value
Assets					
Financial assets held for trading	35 298	35 298	27 332	7 966	-
Derivatives	7 966	7 966	-	7 966	-
Equity instruments	27 332	27 332	27 332	-	-
Debt securities	-	-	-	-	-
Non-trading financial assets mandatorily designated at fair value through profit and loss	92 664	92 664	49 827	39 969	2 868
Debt securities	92 664	92 664	49 827	39 969	2 868
Financial assets designated at fair value through profit or loss	1 886 161	1 797 005	1 736 503	60 502	-
Loans and advances	636 091	546 935	486 433	60 502	
	1 250 070	1 250 070	1 250 070	-	-
Financial assets designated at fair value through other comprehensive income					
Equity instruments	507 229	507 229	-	507 229	-
Debt securities					
Derivatives - Hedge accounting					
	25 116	25 116	850	24 266	-
Liabilities	25 116	25 116	850	24 266	-
Financial liabilities held for trading	427 761	427 761	-	427 761	-
Derivatives	17 978	17 978	2 611	15 367	-
Derivatives - Hedge accounting	143 299	143 299	-	143 299	-

The impact of the economic effects of Covid-19 is detailed in Note 1.16.

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 2020 and at 31st December 2019, 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 2020 has not changed significantly since the close of 2019 (see Note 25 of Unicaja Banco's consolidated annual statements and its subsidiaries at 31st December 2019).

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 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 position regarding the Group’s liquidity risk is established base on done using different scenarios analysis which 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 as of 30th June 2020 has been affected by the impact of Covid-19 (see note 1.16 on the effect of Covid-19 in the most significant accounting estimates made by Unicaja Banco Group) since closing the 2019 period (see Note 27 on the consolidated annual statements report of Unicaja Banco and its subsidiaries to 31st December 2019).

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 controlling 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 2020 and at 31st December 2019 is shown below:

				€ ´000
				30/06/2020
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross amount	**26 642 071**	**1 263 042**	**1 319 561**	**29 224 674**
Asset impairment adjustments	**139 663**	**58 340**	**605 423**	**803 426**
Of which: individual	242	16 464	93 243	109 949
Of which: collective	139 421	41876	512 180	693 477
Net amount	**26 502 408**	**1 204 702**	**714 138**	**28 421 248**

				€ ´000
				31/12/2019
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross amount	**25 622 706**	**1 258 573**	**1 350 572**	**28 231 851**
Asset impairment adjustments	**48 270**	**95 124**	**585 313**	**728 707**
Of which: individual	242	16 464	93 242	109 948
Of which: collective	48 028	78 660	492 071	618 759
Net amount	**25 574 436**	**1 163 449**	**765 259**	**27 503 144**

On the other hand, collateral sums received and given at 30th June 2020 and at 31st December 2019 are outlined below:

		€ ´000
Guarantees received	**30/06/2020**	**31/12/2019**
Value of collateral	17 739 742	18 121 253
Of which: guaranteeing NPL risks	*588 332*	*815 953*
Value of other guarantees	2 298 563	2 282 110
Of which: guaranteeing NPL risks	*121 060*	*119 349*
Total value of guarantees received	**20 038 305**	**20 403 363**

Financial guarantees given	30/06/2020	31/12/2019
		€ ´000
Loan commitments given	2 453 733	3 009 113
Of which: amount classified as NPL	7 176	5 923
Amount recorded in liabilities of the balance sheet	3 211	3 315
Financial guarantees given	64 693	62 296
Of which: amount classified as NPL	-	-
Amount recorded in liabilities of the balance sheet	7 005	7 011
Other commitments given	3 972 234	1 983 681
Of which: amount classified as NPL	222 539	223 712
Amount recorded in liabilities of the balance sheet	123 536	117 921
Total value of financial guarantees given	**6 490 660**	**5 055 090**

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 2020 and 31st December 2019 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 2020	**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	1 528 570	18 697	1 202 041	2 568	752	15 429	-	1 201 989
Non-financial corporations and individual entrepreneurs	6 965 266	2 089 965	86 502	941 818	734 207	323 835	100 322	76 285
Real estate construction & development (b)	639 637	531 738	9 050	234 917	138 654	134 591	23 629	8 997
Civil works	74 203	1 390	70	214	1 173	46	27	-
Other purposes	6 251 426	1 556 837	77 382	706 687	594 380	189 198	76 666	67 288
Large corporations (c)	2 816 216	85 557	5 422	42 347	38 528	9 299	805	-
SMEs and individual entrepreneurs (c)	3 435 210	1 471 280	71 960	664 340	555 852	179 899	75 861	67 288
Rest of households and NPISHs	18 309 596	15 827 374	37 836	4 682 237	5 698 035	4 626 223	463 271	395 444
Housing	15 357 724	15 058 984	5 509	4 250 412	5 498 708	4 528 864	434 334	352 175
Consumer loans	390 713	13 572	2 014	11 666	2 370	891	140	519
Other purposes	2 561 159	754 818	30 313	420 159	196 957	96 468	28 797	42 750
Total	**26 803 432**	**17 936 036**	**1 326 379**	**5 626 623**	**6 432 994**	**4 965 487**	**563 593**	**1 673 718**
Memorandum item: Refinancing, refinanced and restructured transactions	**838 051**	**750 295**	**20 003**	**205 389**	**176 893**	**159 564**	**86 444**	**142 008**

				LTV ratio of secured loans (e)				€ ´000
31st December 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	1 330 554	19 641	1 018 331	3 219	754	15 752		1 018 247
Non-financial corporations and individual entrepreneurs	6 527 436	2 169 482	95 271	969 429	710 185	331 478	116 572	137 089
Real estate construction & development (b)	615 648	547 101	11 902	228 830	142 124	110 443	35 815	41 791
Civil works	58 941	850	176	459	443		30	94
Other purposes	5 852 847	1 621 531	83 193	740 140	567 618	221 035	80 727	95 204
Large corporations (c)	2 378 023	79 808	5 625	43 264	19 499	20 511	336	1 823
SMEs and individual entrepreneurs (c)	3 474 824	1 541 723	77 568	696 876	548 119	200 524	80 391	93 381
Rest of households and NPISHs	17 950 001	16 251 084	39 601	4 701 231	5 846 210	4 809 836	462 687	470 721
Housing	15 675 938	15 405 441	5 279	4 245 075	5 632 132	4 700 366	433 292	399 855
Consumer loans	432 499	14 989	2 113	11 980	3 472	960	105	585
Other purposes	1 841 564	830 654	32 209	444 176	210 606	108 510	29 290	70 281
Total	**25 807 991**	**18 440 207**	**1 153 203**	**5 673 879**	**6 557 149**	**5 157 066**	**579 259**	**1 626 057**
Memorandum item: Refinancing, refinanced and restructured transactions	**816 086**	**774 928**	**17 404**	**208 598**	**166 235**	**167 879**	**92 767**	**156 853**

(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 2020 and 31st December 2019 on Unicaja Banco Group's risk concentration, broken down by geography and segment of activity, excluding exposures held with public administrations.

					€ ´000
30th June 2020	**Total (a)**	**Spain**	**Rest of European Union**	**America**	**RoW**
Credit institutions	9 022 721	8 309 950	532 556	155 075	25 140
Other financial institutions	5 302 778	4 633 426	645 594	4 130	19 628
Non-financial corporations and individual entrepreneurs	9 051 860	8 822 172	154 761	38 857	36 070
Real estate construction & development (b)	748 159	746 543	1 607	-	9
Civil works	158 138	158 138	-	-	-
Other purposes	8 145 563	7 917 491	153 154	38 857	36 061
Large corporations (c)	4 346 377	4 123 374	152 251	38 121	32 631
SMEs and individual entrepreneurs (c)	3 799 186	3 794 117	903	736	3 430
Rest of households and NPISHs	18 489 941	18 340 802	78 346	13 296	57 497
Housing	15 538 049	15 407 080	61 558	13 165	56 246
Consumer loans	390 732	390 242	222	23	245
Other purposes	2 561 160	2 543 480	16 566	108	1 006
	41867300	**40 106 350**	**1 411 257**	**211 358**	**138 335**

31st December 2019	Total (a)	Spain	Rest of European Union	America	RoW
					€ ´000
Credit institutions	6 177 343	5 477 386	529 482	155 171	15 304
Other financial institutions	5 689 523	5 036 375	641 517	1 863	9 768
Non-financial corporations and individual entrepreneurs	8 497 413	8 176 225	284 284	35 871	1 033
Real estate construction & development (b)	925 623	924 025	1 581	-	17
Civil works	147 441	147 441	-	-	
Other purposes	7 424 349	7 104 759	282 703	35 871	1 016
Large corporations (c)	3 516 252	3 202 973	278 198	35 081	-
SMEs and individual entrepreneurs (c)	3 908 097	3 901 786	4 505	790	1 016
Rest of households and NPISHs	18 032 446	17 879 203	117 554	13 655	22 034
Housing	15 758 364	15 623 313	100 158	13 528	21 365
Consumer loans	432 518	432 023	337	34	124
Other purposes	1 841 564	1 823 867	17 059	93	545
	38 396 725	**36 569 189**	**1 572 837**	**206 560**	**48 139**

(a) The definition of risk for the purposes of this table includes the following balance-sheet items: Deposits in credit institutions, loans 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 2020 and 31st December 2019 of Unicaja Banco Group’s loan risks by autonomous community and by activity segment, excluding exposures held with public administrations.

30th June 2020	Total (a)	Andalusia	Madrid	Castile (*)	Levant (*)	Rest of autonomous communities
						€ ´000
Credit institutions	8 309 950	-	8 309 884	-	66	-
Other financial institutions	4 633 426	741 974	3 881 049	10 390	2	11
Non-financial corporations and individual entrepreneurs	8 822 172	4 586 032	2 228 762	1 243 029	410 630	353 719
Real estate construction & development (b)	746 543	546 606	94 848	73 664	872	30 553
Civil works	158 138	64 010	70 207	14 787	1 536	7 598
Other purposes	7 917 491	3 975 416	2 063 707	1 154 578	408222	315 568
Large corporations (c)	4 123 374	1 717 155	1 830 994	140 370	360 680	74 175
SMEs and individual entrepreneurs (c)	3 794 117	2 258 261	232 713	1 014 208	47 542	241 393
Rest of households and NPISHs	18 340 802	10 224 836	1 955 312	4 311 092	332 265	1 517 297
Housing	15 407 080	8 185 399	1 795 561	3 743 493	310 259	1 372 368
Consumer loans	390 242	271 243	12 046	87 570	1 566	17 817
Other purposes	2 543 480	1 768 194	147 705	480 029	20 440	127 112
	40 106 350	**15 552 842**	**16 375 007**	**5 564 511**	**742 963**	**1 871 027**

€ ´000

31st December 2019	Total (a)	Andalusia	Madrid	Castile (*)	Levant (*)	Rest of autonomous communities
Credit institutions	5 477 386	-	5 477 320	-	66	-
Other financial institutions	5 036 375	396 247	4 629 019	11 036	47	26
Non-financial corporations and individual entrepreneurs	8 176 225	4 259 760	1 937 893	1 241 005	359 718	377 849
Real estate construction & development (b)	924 025	720 460	97 502	74 330	925	30 808
Civil works	147 441	60 358	60 719	17 094	1 512	7 758
Other purposes	7 104 759	3 478 942	1 779 672	1 149 581	357 281	339 283
Large corporations (c)	3 202 973	1 137 334	1 533 043	141 926	305 201	85 469
SMEs and individual entrepreneurs (c)	3 901 786	2 341 608	246 629	1 007 655	52 080	253 814
Rest of households and NPISHs	17 879 203	9 707 352	1 974 112	4 295 438	346 026	1 556 275
Housing	15 623 313	8 246 442	1 815 139	3 823 785	322 504	1 415 443
Consumer loans	432 023	301 810	13 275	95 321	1 741	19 876
Other purposes	1 823 867	1 159 100	145 698	376 332	21 781	120 956
	36 569 189	**14 363 359**	**14 018 344**	**5 547 479**	**705 857**	**1 934 150**

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

(a) The definition of risk for the purposes of this table includes the following balance-sheet items: Deposits in credit institutions, loans 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 2020 has not changed significantly since the end of 2019 (see Note 28 in the report accompanying the consolidated annual statements of Unicaja Banco and its subsidiaries at 31st December 2019), with a defensive positioning vis-à-vis potential drops in interest rates in the short and 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 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 2020 has not changed significantly since the end of 2019 (see Note 29 in the report accompanying the consolidated annual statements of Unicaja Banco and its subsidiaries at 31st December 2019).

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 by the Risk Area, 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 Risk Area, 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

In the period between 30th June 2020 and the date these consolidated condensed interim financial statements were filed, no event of particular significance which has not been detailed in the explanatory notes to these consolidated condensed interim financial statements has taken place.

APPENDIX I
GROUP INSTITUTIONS AT 30th JUNE 2020

Company name	Registered domicile	Activity	% Equity owned by Group		
			% Share		Total Share
			Direct	Indirect	
Alqlunia Duero, S.L. (Single-member company)	C/ Titán 8, 2º, Madrid	Property development	100.00%	0.00%	100.00%
Alteria Corporación Unicaja, S.L. (Single-member company)	C/ Bolsa nº 4, planta 5ª, Málaga	Investment in assets, transferable securities and financial companies	100.00%	0.00%	100.00%
Analistas Económicos de Andalucía, S.L. (Single-member company)	C/ San Juan de Dios 1-2	Economic research and analysis	100.00%	0.00%	100.00%
Andaluza de Tramitaciones y Gestiones, S.A. (Single-member company)	C/ Angosta del Carmen 2 Entreplanta, Málaga	Management and settlement of documents and deeds	0.00%	100.00%	100.00%
Banco Europeo de Finanzas, S.A. (Single-member company)	C/ La Bolsa, 4, Piso 1, Málaga	Banking, financial activities	100.00%	0.00%	100.00%
Gestión de Inmuebles Adquiridos, S.L. (Single-member company)	C/ Mauricio Moro Pareto nº 6, 6ª planta, Edf. Eurocom, Málaga	Property development	0.00%	100.00%	100.00%
Inmobiliaria Acinipo, S.L. (Single-member company)	C/ Mauricio Moro Pareto nº 6, Bajo, Edf. Eurocom, Málaga	Property development	100.00%	0.00%	100.00%
Inmobiliaria Uniex Sur, S.L. (Single-member company)	C/ Mauricio Moro Pareto, nº 6, Edf. Eurocom, Málaga	Property development	0.00%	100.00%	100.00%
La Algara Sociedad de Gestión, S.L. (Single-member company)	C/ Mauricio Moro Pareto nº 6, 4ª, Edf. Eurocom, Málaga	Property development	0.00%	100.00%	100.00%
Parque Industrial Humilladero, S.L.	C/ Miguel Hernández 1, Humilladero, Málaga	Industrial land development	0.00%	89.77%	89.77%
Pinares del Sur, S.L. (Single-member company)	Avda. Portugal Edf. Abarzuza, bajo (Esquina Avda. Juan Carlos). Cádiz	Property development	0.00%	100.00%	100.00%
Propco Blue 1, S.L. (Single-member company)	C/ Mauricio Moro Pareto nº 6, 6ª planta, Edf. Eurocom, Málaga	Real estate development	0.00%	100.00%	100.00%
Segurándalus Mediación, Correduría de Seguros, S.A. (Single-member company)	C/ Cuarteles nº 51 Ptl.1 Entreplanta. Málaga	Insurance broking	0.00%	100.00%	100.00%
Unicaja Gestión de Activos Inmobiliarios, S.A. (Single-member company)	Avda. Andalucía, 10-12, Málaga	Real estate holding companies	100.00%	0.00%	100.00%
Unicartera Gestión de Activos, S.L. (Single-member company)	C/ Bolsa nº 4, planta 5ª, Málaga	Debt collection and litigation manager	0.00%	100.00%	100.00%
Unicorp Patrimonio, Sociedad de Valores, S.A. (Single-member company)	C/ Bolsa nº 4, 1ª planta, Málaga	Wealth management	0.00%	100.00%	100.00%
Unigest, Sociedad Gestora de Instituciones de Inversión Colectiva, S.A. (Single-member company)	C/ Bolsa nº 4, 5ª planta, Málaga	Collective investment institutions management company	0.00%	100.00%	100.00%
Unimediación Operador Banca Seguros, S.L. (Single-member company)	C/ Bolsa nº 4, 2ª planta, Málaga	Insurance broking	0.00%	100.00%	100.00%
Unión del Duero Seguros de Vida, S.A. (Single-member company)	C/ Titán 8, Madrid	Life insurance	100.00%	0.00%	100.00%
Uniwindet, S.L. (Single-member company)	C/ Bolsa nº 4, 5ª planta, Málaga	Renewable energies	0.00%	100.00%	100.00%
Viproelco, S.A. (Single-member company)	Av. Madrid 120, León	Property development	100.00%	0.00%	100.00%

APPENDIX II
JOINT VENTURES AL 30 DE JUNIO DE 2020

€ ´000

Company name	Registered domicile	Activity	% Equity 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%	(21)	-	155	-	11	-	(21)
Dolun Viviendas Sociales, S.L. (2)	C/ Muñoz Olivé 1, portal 1-1C, Sevilla	Property development	0.00%	40.00%	40.00%	-	-	-	-	-	-	-
Espacio Medina, S.L. (3)	Pº de la Castellana (Torre Espacio) 259. Madrid	Property development	0.00%	30.00%	30.00%	2 274	3 115	100 532	-	85 600	11 876	(9 602)
Muelle Uno-Puerto Málaga, S.A. (3)	Avda. de Andalucía 21, Entreplanta, Málaga	Property development	0.00%	39.74%	39.74%	(494)	44 000	4 961	21 097	3 492	2 847	(3 342)
Sociedad de Gestión San Carlos, S.A. (3)	Avda. San Juan Bosco, 46. San Fernando - Cádiz	Property development	0.00%	60.18%	60.18%	(124)	-	14 403	7 828	777	-	(124)
Cerro del Baile, S.A. (4)	Av. Bruselas, 15 - 4º. Arroyo de la Vega - Valladolid	Property development	80.00%	0.00%	80.00%	-	-	23 590	179	47 091	-	-
Lares Val de Ebro, S.L. (5)	Avda. Talgo 155 Madrid	Property development	33.33%	0.00%	33.33%	(292)	-	19 277	2	21 381	-	(292)
Madrigal Participaciones, S.A. (6)	C/ Santiago 7, 1º E, Valladolid	Investment in assets, transferable securities and financial companies	75.70%	0.00%	75.70%	(111)	2 037	20 695	-	64	-	(111)
Rochduero, S.L. (7)	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)

(1) Financial data at 31st May 2020.
(2) No information provided; company awaiting liquidation
(3) Financial data at 30 June 2020.
(4) Financial data at 31st March 2019. Company being wound up.
(5) Financial data at 30 June 2016. Company being wound up.
(6) Financial data at 30 June 2020. Company being wound up.
(7)Financial data at 31st August 2016. 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 2020, 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 2020

€ ´000

Company name	Registered domicile	Activity	% Equity 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%	769	202	557	(4)	(4)
Andalucía Económica, S.A. (4)	C/ Diego de Riano nº 11, Piso 2º. Sevilla	Publishing, graphic design & TV	23.80%	0.00%	23.80%	647	490	157	(36)	(36)
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%	1 587	1 172	415	142	156
Creación de Suelo e Infraestructuras, S.L. (7)	C/ Ibiza, 35 -5ºA. Madrid	Property development	0.00%	24.98%	24.98%	53	(12 455)	12 508	-	-
Desarrollo Urbanísticos Cerro de Medianoche, S.L. (1)	Plaza Jaén por la Paz, 2. Jaén	Property development	0.00%	24.72%	24.72%	3 214	3 214	-	(3)	(3)
Gestión e Investigación de Activos, S.A. (3)	Paseo General Martínez Campos, 46-2ªplanta. Madrid	Real Estate	31.71%	18.29%	50.00%	511	508	3	(2)	(7)
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	2 275	7 555
Ingeniería de Suelos y Explotación de Recursos, S.A. (2)	Paseo del Coso S/N. Minas de Riotinto-Huelva	Mining	30.00%	0.00%	30.00%	91 811	26 868	64 943	2 896	2 979
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%	14 255	7 367	6 888	197	260
La Reserva de Selwo Golf, S.L. (6)	Pasaje Linaje 3, Planta 1, Piso 1 Málaga	Property development	0.00%	35.00%	35.00%	77	(3 875)	3 952	-	-
Malagaport, S.L. (1)	Muelle Canovas s/nº Edif.Inst. Estudios Portuarios del Puerto de Málaga	Freigth and warehousing services	26.77%	0.00%	26.77%	414	353	61	(20)	(20)
Mastercajas S.A. (2)	C/ Alcalá 27, Madrid	Banking, financial activities	32.47%	0.00%	32.47%	4 340	3 241	1 099	36	43
Parque Científico-Tecnológico de Almería S.A. (1)	Avda. de la Innovación 15, Edificio Pitágoras, Almería	Property development	0.00%	30.13%	30.13%	47 916	29 028	18 888	(414)	(184)
Participaciones Estratégicas del Sur, S.L. (2)	C/ Luis Montoto Nº 65 1ºB	Other financial services	0.00%	30.00%	30.00%	14 561	11 785	2 816	(40)	(40)
Propco Malagueta, S.L. (1)	C/ Mauricio Moro Pareto (Edificio Eurocom Norte), 6 Málaga	Property development	0.00%	25.00%	25.00%	51 157	50 783	374	(347)	(463)
Propco Orange 1 S.L. (1)	C/ Mauricio Moro Pareto (Edificio Eurocom Norte), 6 Málaga	Property development	0.00%	49.00%	49.00%	36 626	13 024	23 601	(102)	(140)
Santa Justa Residencial, S.L. (1)	C/ Mauricio Moro Pareto (Edificio Eurocom Norte), 6 Málaga	Real estate development	0.00%	49.50%	49.50%	14 180	10 116	4 065	373	510
Sociedad Municipal de Aparcamientos y Servicios, S.A. (2)	Plaza Jesús "El Rico" 2-3. Málaga	Car park	24.50%	0.00%	24.50%	60 772	43 786	16 985	(314)	434
Uncro, S.L. (6)	C/ Ibiza 35, 5º A, Madrid	Property development	0.00%	25.00%	25.00%	1 564	(8 784)	10 348	(1)	(1)
Unema Promotores Inmobiliarios, S.A. (8)	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%	4 336 628	277 539	4 059 089	24 163	32 425
Ala Ingeniería y Obras, S.L. (12)	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)
Camping El Brao, S.A. (9)	C/ Uría, 56, 2 C, Oviedo (Asturias)	Camping	25.00%	0.00%	25.00%	5	(10)	15	(4)	(4)
Cuatro Estaciones INM Siglo XXI, S.L. (10)	Plaza del Mío Cid 6 - 3º, Burgos	Property development	20.00%	0.00%	20.00%	1 787	(632)	2 419	(10)	(10)
Inversiones Alaris, S.L. (5)	Av. Carlos III El Noble, 8 Pamplona/ Iruña (Navarre)	Holding company	33.33%	0.00%	33.33%	14 961	6 284	8 677	(240)	(240)

APPENDIX III
ASSOCIATE COMPANIES AT 30th JUNE 2020

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Company name	Registered domicile	Activity	% Equity 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						
Mejor Campo Abonos y Cereales, S.A. (9)	Callejón de San Francisco 1, Bajo Medina del Campo (Valladolid)	Fertilizer and fodder sales	27.00%	0.00%	27.00%	3	(58)	61	-	-
Patrimonio Inmobiliario Empresarial (11)	C/ Santa Engracia nº 69, Madrid	Property development	29.09%	0.00%	29.09%	26 857	(21 423)	48 280	(566)	-
Proyecto Lima, S.L. (1)	C/ Mauricio Moro Pareto (Edificio Eurocom Norte), 6 Málaga	Real Estate	25.00%	0.00%	25.00%	37 620	37 241	379	(506)	(674)
Propco Epsilon, S.L. (2)	C/ Mauricio Moro Pareto, nº 6, Edf. Eurocom, Málaga	Real estate development	0.00%	20.00%	20.00%	77 783	77 619	164	901	907
Propco Eos, S.L. (2)	C/ Mauricio Moro Pareto nº 6, 6ª planta, Edf. Eurocom, Málaga	Real estate development	0.00%	20.00%	20.00%	82 109	81 949	161	814	818

(1) Financial data at 30 June 2020.
(2) Financial data at 31st May 2019.
(3) Financial data at 30th April 2019.
(4) Financial data at 31st March 2018.
(5) Financial data at 31st May 2020. Company being wound up.
(6) Financial data at 31st March 2020. Company being wound up.
(7) Financial data at 31st December 2018. Company being wound up.
(8) Financial data at 30st September 2017. Company being wound up.
(9) Financial data at 31st December 2016. Company being wound up.
(10) Financial data at 31 October 2014. Company being wound up.
(11) Financial data at 30 March 2014. Company being wound up.
(12) Value at 31 December 2013 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 2020, 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 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) (In EUR million or %)

		June'20	**December'19**
Cost of risk	1. Impairment or (-) reversal of impairment in value of loans and receivables to customers (consolidated income statement)	127.8	11.9
	2. Average between start/end of period for loans and receivables from customers (excluding valuation adjustments) (1)	28,728	28,467
	Ratio (1/2)	**0.89%***	**0.04%**
Purpose: Defines the Group's credit quality rating through the annual cost, in terms of impairment losses (loans and receivables write downs, booked to the item Impairment of financial assets not valued at fair value through profit and loss) of each gross customer loans unit. *(1) Annualized measure (366/182)*			

		June'20	**December'19**
Impairment or (-) reversal of impairment in value of loans and receivables to customers (*)	1. Impairment or (-) reversal of impairment in value and gains or losses from adjustments in cash flows of financial assets not valuated at fair value through profit or loss and net gains or (-) losses from adjustments. Financial assets carried at amortized cost (consolidated income statement)	129.3	17.4
	1a. From loans and receivables portfolio (*)	127.8	11.9
	1b. Rest of financial assets carried at amortised cost	1.4	5.5
	Performance measure (1a)	**127.8**	**11.9**
Purpose: Defines the figure for impairments of loans and receivables, booked in the impairment of financial assets not valued at fair value through profit and loss item.			

		June'20	**June'19**
Cost to income ratio (Operating Expenses excl. amort. & deeper. / gross margin)	1. Administrative expenses (consolidated income statement)	266	281
	2. Gross Margin (consolidated income statement)	528	494
	Ratio (1/2)	**50.4%**	**56.7%**
Purpose: Productivity metric defining the proportion of funds used to generate operating income.			

		Q2 2020	**Q4 2019**
Customer spread (quarterly figure)	1. 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)	1.65%	1.85%
	2. Cost in the year of customer deposits (excluding reverse repos) over average yearly balances of customer deposits (excluding repos) (*) (1)	0.16%	0.18%
	Performance measure (1-2)	**1.49%**	**1.66%**
Purpose: Profitability metric that defines the difference between the customer loan portfolio's average profitability and the average cost of customer funds. *(1) Annualized measure (366/182)*			

		June'20	**June'19**
NPL ratio	1. Loans and receivables portfolio. NPL risk (Note 35.2)	1,320	1,351
	2. Loans and receivables portfolio. Gross amount (Note 35.2)	29,225	28,232
	Ratio (1/2)	**4.5%**	**4.8%**
Purpose: Measures the quality of the Group's loan portfolio, indicating the percentage of non-performing loans over total loans.			

(*) This figure is not stated explicitly in the consolidated financial statements or in the explanatory notes, but has been obtained from Unicaja Banco Group's records, data bases and inventories.

ALTERNATIVE PERFORMANCE MEASURES (APM) (in EUR million or %)

		June'20	June'19
NPL coverage ratio	1. Loans and receivables portfolio. Total adjustments for impairment of assets (Note 35.2).	803	729
	2. Loans and receivables portfolio. NPL risk (Note 35.2)	1,320	1,351
	Ratio (1/2)	**60.9%**	**54.0%**
Purpose: Defines the percentage of the NPL portfolio that is covered by liquidity provisions. An indicator of the expected recovery of these assets.			

		June'20	June'19
Foreclosed assets coverage	Impairment of foreclosed Real Estate assets (Note 32)	713	702
	Gross carrying amount of foreclosed Real Estate assets (Note 32)	1,142	1,120
	Ratio (1/2)	**62.4%**	**62.7%**
Purpose: Shows the extent to which foreclosed real estate goods are covered and, thus, their net exposure value and the asset quality.			

		June'20	June'19
NPA coverage ratio	1. Loans and receivables portfolio. Total adjustments for impairment of assets (Note 35.2).	803	729
	2. Impairment of foreclosed Real Estate assets (Note 32)	713	702
	3. Loans and receivables portfolio. NPL risk (Note 35.2)	1,320	1,351
	4. Gross carrying amount of foreclosed Real Estate assets (Note 32)	1,142	1,120
	Ratio (1+2)/(3+4)	**61.6%**	**57.9%**
Purpose: The Group uses this APM as an indicator of the asset quality, to measure the weight of distressed assets after deducting provisions for these on the Group's balance sheet.			

		June'20	June'19
ROA	1. Consolidated net income (consolidated income statement)	60.9	172.3
	2. Total average assets (average of quarterly average balances) (*)	57,744	56,311
	Ratio (1/2) (1)	**0.2%**	**0.3%**
Purpose: Measures profitability of the Group's entire assets, reflecting the Group's efficiency in generating profits from applying funds to such assets. *(1) Annualized measure (366/182)*			

		June'20	June'19
ROE	1. Consolidated net income (consolidated income statement)	60.9	172.3
	2. Average own funds (average of quarterly average balances)	3,960	3,938
	Ratio (1/2) (1)	**3.1%**	**4.4%**
Purpose: Measures the yield from funds invested/retained in the Group and, as such, is an indicator of the profitability of own funds used. *(1) Annualized measure (366/182)*			

		June'20	December'19
Loans and advances to customers (excluding valuation adjustments)	Loans and receivables portfolio. Gross amount (Note 35.2)	29,225	28,232
Purpose: Reconciles the report's definition with the consolidated annual statement item.			

(*) This figure is not stated explicitly in the consolidated financial statements or in the explanatory notes, but has been obtained from Unicaja Banco Group's records, data bases and inventories.

ALTERNATIVE PERFORMANCE MEASURES (APM)
(in EUR million or %)

		June'20	December'19
Performing Loans	1. Loans and receivables portfolio. Gross amount (Note 35.2)	29,225	28,232
	2. Loans and receivables portfolio. NPL risk (Note 35.2)	1,320	1,351
	Performance measure (1-2)	**27,905**	**26,882**
Purpose: Defines the total balance and performance of the Group's performing loans and advances (those classified as stage 1 or stage 2).			

		June'20	December'19
Gross loans and advances to customers ex reverse repos & other financial assets (excluding valuation adjustments)	1. Loans and receivables. Credit and loans at variable interest rate (Note 8.5)	20,698	20,976
	2. Loans and receivables. Credit and loans at fixed interest rate (Note 8.5)	7,116	6,175
	Performance measure (1+2)	**27,814**	**27,151**
Purpose: Reconciles the definition with items of the interim condensed consolidated financial statements and the annual consolidated condensed statements. Defines (non-wholesale market) customer credit in the category of loans and advances to customers.			

		June'20	December'19
Gross performing loans and advances to customers ex reverse repos & other financial assets (excluding valuation adjustments)	1. Loans and receivables. Credit and loans at variable interest rate (Note 8.5)	20,698	20,976
	2. Loans and receivables. Credit and loans at fixed interest rate (Note 8.5)	7,116	6,175
	3. Loans and receivables portfolio. NPL risk (Notes 8.5 and 35.2)	1,320	1,351
	Performance measure (1+2-3)	**26,494**	**25,800**
Purpose: Defines the total balance and progress of performing credit risk (that is, those in stage 1 or stage 2) in the category of loans and advances to customers.			

		June'20	December'19
Total customer funds	1. Financial liabilities measured at amortized cost. Deposits from customers (excluding valuation adjustments) (Note 8.6)	45,627	42,335
	2. Issued debt securities (excluding valuation adjustments) (Note 8.6)	360	360
	3. Funds managed through off-balance sheet instruments (*)	12,269	12,863
	Performance measure (1+2+3)	**58,257**	**55,558**
Purpose: Defines the total balance and performance of funds managed by the group, both on and off balance sheet.			

		June'20	December'19
Retail Customer funds (Non-market)	1. Total customer funds (please see appropriate APM)	58,257	55,558
	2. Covered bonds under the heading "Term deposits" Carrying amount (excluding valuation adjustments) (*)	3,266	3,578
	3. Deposits from customers. Repurchase agreements (excluding valuation adjustments) (Note 8.6)	2,640	848
	4. Issued debt securities (excluding valuation adjustments) (Note 8.6)	60	60
	5. Subordinated liabilities (excluding valuation adjustments) (Note 8.6)	300	300
	6. Repos controlled by retail customers. (*)	184	125
	Performance measure (1-2-3-4-5+6)	**52,175**	**50,898**
Purpose: Defines the total balance and performance of funds managed by the group, both on and off balance sheet on behalf of customers, excluding market transactions.			

(*) This figure is not stated explicitly in the consolidated financial statements or in the explanatory notes, but has been obtained from Unicaja Banco Group's records, data bases and inventories.

ALTERNATIVE PERFORMANCE MEASURES (APM) (in EUR million or %)

		June'20	December'19
Wholesale funds (Markets)	1. Covered bonds under the heading "Term deposits". Carrying amount (excluding valuation adjustments) (*)	3,266	3,578
	2. Deposits from customers. Repurchase agreements (excluding valuation adjustments) (Note 8.6)	2,640	848
	3. Issued debt securities (excluding valuation adjustments) (Note 8.6)	60	60
	4. Subordinated liabilities (excluding valuation adjustments) (Note 8.6)	300	300
	5. Repos controlled by retail customers. (*)	184	125
	Performance measure (1+2+3+4-5)	**6,082**	**4,660**
Purpose: Defines the total balance and performance of funds managed by the group in market transactions.			

		June'20	December'19
Loan to Deposits (LtD)	1. Loans and receivables. Credit and loans at variable interest rate (Note 8.5)	20,698	20,976
	2. Loans and receivables. Credit and loans at fixed interest rate (Note 8.5)	7,116	6,175
	(1+2+3) NUMERATOR. Loans and advances. Customers - excluding valuation adjustments	**27,814**	**27,151**
	1. Financial liabilities measured at amortized cost. Deposits from customers (excluding valuation adjustments) (Note 8.6)	45,627	42,335
	2. Covered bonds under the heading "Term deposits". Transactional value. (*)	3,266	3,578
	3. Deposits from customers. Repurchase agreements (excluding valuation adjustments) (Note 8.6)	2,640	848
	4. Repos controlled by retail customers. (*)	184	125
	(1-2-3+4) DENOMINATOR. Customer deposits (non-market) - excluding valuation adjustments	**39,905**	**38,035**
	Ratio (NUMERATOR/DENOMINATOR)	**69.7%**	**71.4%**
Purpose: Liquidity indicator that measures the ratio between the Group's funds in its customer deposits and the volume of loans and advances.			

		June'20	December'19
Gross liquid assets	1. Cash surplus (interbank deposits + balance surplus in ECB and operating accounts) (*)	6,395	3,736
	2. Discountable reverse purchase agreement (Note 10.1)	1,294	1,110
	3. Fixed income portfolio and other discountable assets in ECB (*)	18,612	15,919
	Performance measure (1+2+3)	**26,301**	**20,765**
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.*			
Purpose: Defines the total balance and performance of the Group's HQLA (high quality liquid assets).			

		June'20	December'19
Net liquid assets	1. Gross liquid assets (please see previous APM)	26,301	20,765
	2. Taken in the ECB (Note 8.6)	5,025	3,303
	3. Repos and other pledges (*)	6,182	3,452
	Performance measure (1-2-3)	**15,095**	**14,011**
Note: 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.			
Purpose: Defines the total balance and performance of the Group's HQLA (high quality liquid assets) netted out from assets of this nature that are being used as collateral for financing.			

(*) This figure is not stated explicitly in the consolidated financial statements or in the explanatory notes, but has been obtained from Unicaja Banco Group's records, data bases and inventories.

ALTERNATIVE PERFORMANCE MEASURES (APM)
(in EUR million or %)

		June'20	June'19
Operating or transformation expenses	1. Administrative expenses (consolidated income statement)	266.3	280.5
	2. Depreciation and amortisation (consolidated income statement)	22.8	21.6
	Performance measure (1+2)	**289.1**	**302.1**
Purpose: Reconciles the report's definition with consolidated public financial statement items.			

		June'20	June'19
Credit and loans impairment	**Impairment or (-) reversal of impairment in value of loans and receivables to customers (*)**	127.8	11.9
Purpose: Defines the figure for impairments of loans and receivables, booked in the impairment of financial assets not valued at fair value through profit and loss item.			

		June'20	June'19
Pre-provision profit (before impairments)	1. Gross Margin (consolidated income statement)	528.2	494.5
	2. Administrative expenses (consolidated income statement)	266.3	280.5
	3. Depreciation and amortisation (consolidated income statement)	22.8	21.6
	Performance measure (1-2-3)	**239.1**	**192.4**
Purpose: Reconciles the report's definition with consolidated public financial statement items. Shows the Group's results from its business excluding impairments, as defined in its APMs.			

		June'20	June'19
Impairments	1. Provisioning or (-) provisioning reversals (consolidated income statement) (consolidated income statement)	17.0	42.6
	2. Impairment or (-) reversal in the value of financial assets not measured at fair value through profit and loss (consolidated income statement)	129.1	18.5
	3. Impairment or (-) reversal in the value of joint ventures or associates (consolidated income statement)	0.4	-
	4. Impairment or (-) reversal in the value of non-financial assets (consolidated income statement)	8.3	11.1
	5. Net gain or (-) loss on derecognition from the statements of non-financial assets and stakes (consolidated income statement)	5.0	22.8
	6. Recognised negative goodwill (consolidated income statement)	-	-
	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 (consolidated income statement)	(3.6)	3.2
	Performance measure (1+2+3+4-5-6-7)	**153.5**	**46.2**
Purpose: Reconciles the report's definition with consolidated public financial statement items. Shows the volume of the Group's impairments and provisions as well as results of non-financial assets, current assets and Group stakes.			

		June'20	June'19
Net Fees	1. Fee and commission income (consolidated income statement)	122.7	125.9
	2. Fee and commission expense (consolidated income statement)	9.1	12.3
	Performance measure (1-2)	**113.5**	**113.6**
Purpose: Reconciles the report's definition with consolidated public financial statement items. Shows the net result from service provision and selling of products invoiced through fees and commissions.			

(*) This figure is not stated explicitly in the consolidated financial statements or in the explanatory notes, but has been obtained from Unicaja Banco Group's records, data bases and inventories.

ALTERNATIVE PERFORMANCE MEASURES (APM)
(in EUR million or %)

		June'20	June'19
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 (consolidated income statement)	66.0	23.5
	2. Net gain or (-) losses from financial assets and liabilities held for trading (consolidated income statement)	(2.7)	(0.2)
	3. Net gain or (-) losses from non-trading financial assets mandatorily designated at fair value through profit or loss (consolidated income statement)	(2.2)	3.5
	4. Net gain or (-) losses from financial assets and liabilities designated at fair value through profit or loss (consolidated income statement)	-	-
	5. Net gain (-) losses from hedge accounting (consolidated income statement)	2.5	(1.1)
	6. Net exchange differences, gains or (-) losses (consolidated income statement)	-	-
	Performance measure (1+2+3+4+5+6)	**63.6**	**25.9**
Purpose: Reconciles the report's definition with consolidated public financial statement items and groups into one item the contribution to the statement of the asset valuations at fair value and sale, essentially, of fixed and equity assets not valued at fair value through profit and loss as well as their hedges as shown in profit and loss.			

		June'20	June'19
Other products / operating charges	1. Other operating income (consolidated income statement)	80.2	61.2
	2. Other operating expenses (consolidated income statement)	46.4	52.1
	3. Income from assets under insurance or reinsurance contracts (consolidated income statement)	35.0	36.3
	4. Expenses from liabilities under insurance or reinsurance contracts (consolidated income statement)	25.3	23.5
	Performance measure (1-2+3-4)	**43.5**	**21.9**
Purpose: Reconciles the report's definition with consolidated public financial statement items.			

		June'20	June'19
Impairment/reversal in the value of other assets and other gains & losses	1. Impairment or (-) reversal in the value of joint ventures or associates (consolidated income statement)	0.4	-
	2. Impairment or (-) reversal in the value of non-financial assets (consolidated income statement)	8.3	11.1
	3. Net gain or (-) loss on derecognition from the statements of non-financial assets (consolidated income statement)	5.0	22.8
	4. Recognised negative goodwill (consolidated income statement)	-	-
	5. 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 (consolidated income statement)	(3.6)	3.2
	Performance measure (1+2-3-4-5)	**7.4**	**(14.8)**
Purpose: *Reconciles the report's definition with consolidated public financial statement items.*			

(*) This figure is not stated explicitly in the consolidated financial statements or in the explanatory notes, but has been obtained from Unicaja Banco Group's records, data bases and inventories.

ALTERNATIVE PERFORMANCE MEASURES (APM) (in EUR million or %)

		June'20	December'19
Covered bonds under the heading "Term deposits". Carrying amount (excluding valuation adjustments)	1. Covered bonds under the heading "Term deposits". Nominal value (Note 8.6)	3,434	3,756
	2. Measurement at fair value of issues (*)	(168)	(178)
	Performance measure (1+2)	**3,266**	**3,578**
<u>Purpose:</u> Reconciles the report's definition with consolidated condensed interim and consolidated public financial statement items.			

		June'20	December'19
Repos controlled by retail customers.	1. Deposits from customers. Repurchase agreements (excluding valuation adjustments) (Note 8)	2,640	848
	1a. Repos controlled by retail customers. (*)	184	125
	1b. Rest of repos (*)	2,457	722
	Performance measure (1a)	**184**	**125**
<u>Purpose:</u> Reconciles the report's definition with consolidated condensed interim and consolidated public financial statement items.			

(*) This figure is not stated explicitly in the consolidated financial statements or in the explanatory notes, but has been obtained from Unicaja Banco Group's records, data bases and inventories.

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

FILING OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AND CONSOLIDATED INTERIM MANAGEMENT REPORT

At the Board of Directors meeting of Unicaja Banco S.A., held via telematic means, on 31st July 2020 in Malaga (which is taken as held at the headquarters), 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 2020. This document contains the consolidated condensed balance sheet at 30th June 2020, 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 2020, 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 2020, 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 2020 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 2019 should be consulted.

For these purposes, it is hereby certified that the filing of the Consolidated Condensed Interim Financial Report for the six month period ending 30th June 2020 and the appropriate statement of responsibility on the same, was resolved with the unanimous vote of all the following directors: D. Manuel Azuaga Moreno (Executive Chair), D. Ángel Rodríguez de Gracia (Chief Executive Officer), D. Juan Fraile Cantón (Vice-president), D. Victorio Valle Sánchez (Vice-president), Dª Isabel Martín Castellá (coordinating director), Dª Teresa Sáez Ponte (Secretary), Dª Ana Bolado Valle (Director), D. Manuel Conthe Gutiérrez (Director), Dª Petra Mateos-Aparicio Morales (Director), D. Agustín Molina Morales (Director), D. Manuel Muela Martín-Buitrago (Director) and Dª Mª Luisa Arjonilla López (Director), and that, due to the exceptional circumstances resulting from the Covid-19 health emergency, the Board meeting was held using telematic means, the Directors that were not able to sign the Consolidated Condensed Interim Financial Report, gave their agreement by means of electronic mail sent to the electronic mail address of Chair of the Board of Directors and the Non-Director Deputy Secretary of the Board of Directors.

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

FILING OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AND CONSOLIDATED INTERIM MANAGEMENT REPORT

The signing this document by the Non-Director Deputy Secretary with the approval of the Chair of the Board of Directors, the filing of Consolidated Condensed Interim Financial Report is certified in the terms indicated in page [●], Series [●], Class [●], for the six months ending 30th June 2020 and the statement of responsibility on the same, also including the signature of the Chief Executive Officer.

D. Manuel Azuaga Moreno Executive Chair	D. Ángel Rodríguez de Gracia Chief Executive Officer

D. Vicente Orti Gisbert
Non-Director Deputy Secretary