ANNUAL REPORT 2015

UCI.

Letter from the CEO

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Message from the Managing Director

2015 has been a good year for the Spanish economy, with growth rates of more than 3%, making ours one of the fastest growing economies in the European Union. The recovery of domestic demand and investment has underpinned this rate of GDP expansion.

In this context the real estate and mortgage sectors have consolidated the recovery that started in 2014, with a 9.2% rise in property sales and an average housing price increase of 1.8%, while mortgage loans to buy housing expanded by 24.3%.

In the UCI group, during 2015 we signed off new loans worth a total of EUR 280 million, representing an 8.2% increase against 2014, whereas credit investment under management has fallen slightly by 3.7% from the 2014 figures, coming in at the end of the year at EUR 11,600 billion under management.

Our results after tax have improved by 59.8% from 2014, with an end of year figure for 2015 of EUR -7.78 million. The UCI group retains a solid capital base, with a capital adequacy ratio of 8.9%.

In our product offering, with interest rates at historic lows, we have continued to encourage straightforward solutions that are tailored to each case and transparent, mainly focused on fixed and mixed return products.

> “ We have continued to encourage straightforward solutions that are tailored to each case and transparent, mainly focused on fixed and mixed return products ”

> “ UCI has reopened the Spanish mortgage securitisation market with the launch of the Prado I Asset Securitisation Fund ”

In the area of processes, in order to achieve the best possible client experience, we have encouraged personalised relationships, supported by new simulation and comparison software tools, and introduced the digital signature on the binding offer into the Spanish market, a first in the sector, and a protocol in conjunction with the General Council of Notaries, also for the first time in Spain, in order to reinforce transparency when drawing up new mortgage loans.

In the financial arena, another significant milestone has been the reopening by UCI of the Spanish mortgage securitisation market, which had been closed since 2007, with our launch of the Prado I Asset Securitisation Fund, worth EUR 450 million.

I do hope that you will find the 2015 Annual Report an interesting read.

Yours faithfully,

Roberto Colomer
Chief Executive Officer

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Global Environment and UCI Group

Key Data

HIGHLIGHTS	euros 2015	euros 2014	Variation
Consolidated Production (M)	279.9	258.6	8.2%
Loan Production Spain (M)	183.3	185	-0.9%
Loan Production Portugal (M)	95.6	71.7	33.4%
Loan Production Greece (M)	0.9	1.9	-51.2%
Total Consolidated Loans Managed (M)	11,602	12,055.9	-3.8%
Balance Spain	5,206.6	5,702.4	-8.7%
Balance Portugal	1,072.8	1,064.1	0.8%
Balance Greece (***)	254.9	263.7	-3.3%
Secured Assets Balance Spain (UCI 18)	866.3	927.8	-6.6%
Spanish on Balance Consolidated Placed RMBS (UCI 10-17 and Prado I)	3,914.2	3,725.3	5.1%
Spanish off Balance Placed RMBS (UCI 5-9)	287.2	372.5	-22.9%
Nº of Files Under Management (Spain, Portugal and Greece) (***)	123,790	126,020	-1.8%
Nº of Repossessed Homes Sales (*)	1,676	1,485	191
Nº of Branch Offices (*)	32	32	0
External Agent (*)	80	70	10
Nº of Employees (**)	728	718	10

(*) Spain, Portugal and Greece
(**) With Temporary Employees and Comprarcasa (Spain and Portugal)
(***) Included 1.2 M Euros Consumer Loans (CTLM, 745 files -33%)

CONSOLIDATED FINANCIALS (4/04)	euros 2015	euros 2014	Variation
Gross Margin (M)	172.11	210.39	-18.2%
Financial Margin	165.21	203.51	-18.8%
Comissions Fees and Other Incomes (*)	6.91	6.88	0.3%
General Expenses (M)	45.17	43.92	2.9%
Net Operating Income (M)	126.94	166.48	-23.8%
Cost of Risk (M)	135.61	197.53	-31.4%
Ordinary Profit Before Taxes (M)	-8.67	-31.06	-72.1%
Pre-Tax Profit (M)	-8.67	-31.06	-72.1%
Tax (M)	-1.45	-12.10	
Consolidated Profit (M) (**)	-7.78	-19.38	-59.8%

(*) Deducted Origination Fees

(**) Including shareholdings (-565 M Euros); including capital gain BWIC 5 M Euros in 2015 vs 10 M Euros in 2014

SPANISH FINANCIALS (4/04) (without Comprarcasa Spain)	Euros 2015	Euros 2014	Variation
Gross Margin (M)	152.48	190.88	-20.1%
Financial Margin (**)	148.93	186.27	-20%
Comissions Fees and Other Incomes (*)	3.54	4.62	-23.2%
General Expenses (M)	37.39	36.43	2.6%
Net Operating Income	115.09	154.45	-25.5%
Cost of Risk (M)	124.11	193.89	-36%
Ordinary Profit Before Taxes (M)	-9.02	-39.44	
Pre-Tax Profit (M)	-9.02	-39.44	
Tax (M)	-2.14	-12.04	
Net Profit (M)	-6.89	-27.40	-74.9%

(*) Deducted Origination Fees

(**) Including capital gain BWIC 5 M Euros in 2015 vs 10 M Euros in 2014

PORTUGUESE FINANCIALS (4/04)	Euros 2015	Euros 2014	Variation
Gross Margin (M)	14.94	14.32	4.3%
Financial Margin	12.52	12.87	-2.8%
Comissions Fees and Other Incomes (*)	2.43	1.45	67.7%
General Expenses (M)	4.39	4.30	2.2%
Net Operating Income (M)	10.55	10.03	5.2%
Cost of Risk (M)	7.93	1.29	513.5%
Pre-Tax Profit (M)	2.62	8.73	-70%
Tax (M)	0.88	0.08	
Net Profit (M)	1.74	8.65	-79.9%

(*) Deducted Origination Fees

GREECE FINANCIALS (With Consumer Loan since Q3-2011)	Euros 2015	Euros 2014	Variation
Gross Margin (M)	3.80	4.38	-13.1%
Financial Margin	3.81	4.38	-12.9%
Comissions Fees and Other Incomes (*)	-0.01	-0.00	
General Expenses (M)	1.83	1.87	-2.4%
Net Operating Income (M)	1.98	2.51	-21.1%
Cost of Risk (M)	3.45	2.31	49.4%
Pre-Tax Profit (M)	-1.47	0.20	-838.2%
Tax (M)			
Net Profit (M)	-1.47	0.20	-838.2%

(*) Deducted Origination Fees

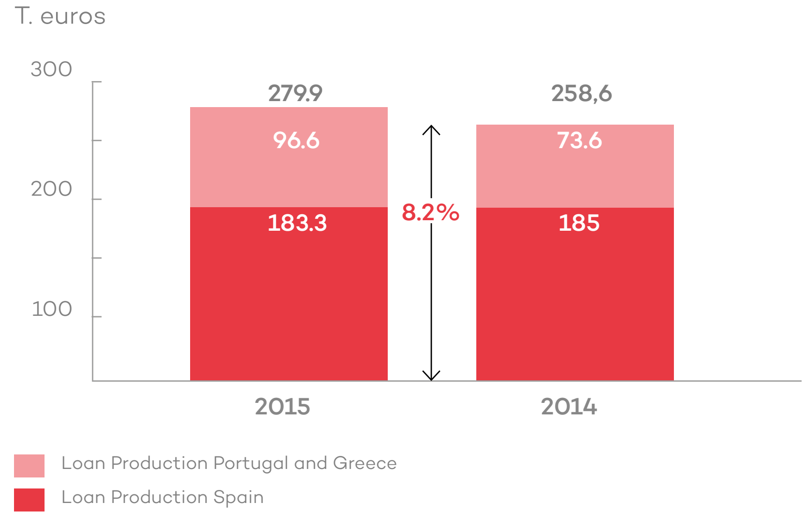
CONSOLIDATED MANAGEMENT RATIOS	Euros 2015	Euros 2014	VARIATION
Suscribed Capital (M)	98	98	0
Reserves (Tier 1)	316.5	324.2	-7.8
Total Tier 1	414.5	422.2	-7.8
Total Tier 2 Subordinated Debt	80.4	89.3	-8.9
Total Equity (M) Tier 1+ Tier 2 (1)	494.8	511.5	-16.7
Equity Ratio (Tier 1) (1) (2)	7.5%	7.1%	0.4%
Equity Ratio (Total) (2)	9%	8.6%	0.4%
R.O.E.	-1.8%	-4.4%	2.6%
NPL's > 90 days not Including Subjective Non-performing Loans (M)	1,196.5	1,375	-178.4
NPL's Subjective Non-performing Loans (M)	444.6	596.8	-152.3
Nº Repossessed Homes Under Management (Spain, Portugal and Greece)	6,245	5,751	494
Total Provisions on Loans (M)	372.7	432.3	-59.5
Total Generic Provisions (M)	0.4	9.3	-8.9
Total Substandard Provisions (M)	16.2	10.3	5.9
Total Specific Provisions Not Including Subjective Non-performing Loans (M)	322.5	364.6	-42.1
Total Specific Provisions Subjective Non-performing Loans (M)	33.7	48	-14.3
Total Provisions on Repossessed Homes (M)	142.1	147.6	-5.4
Total Provisions (M)	514.9	579.8	-64.9
% NPL's on Loans Managed (Balance Sheet + Securitized) > 90 days Not Including Subjective Non-performing Loans	10.31%	11.41%	-109.7
% NPL's Subjetive Non-Performing Loans	3.83%	4.95%	-111.9
% NPL's	14.14%	16.36%	-221.6
NPL > 90 days + Repossessed Homes Coverage	25.3%	25.9%	-0.7%
Cost/Income	25.7%	21%	4.7%

(1) Adding at december 2015 profits

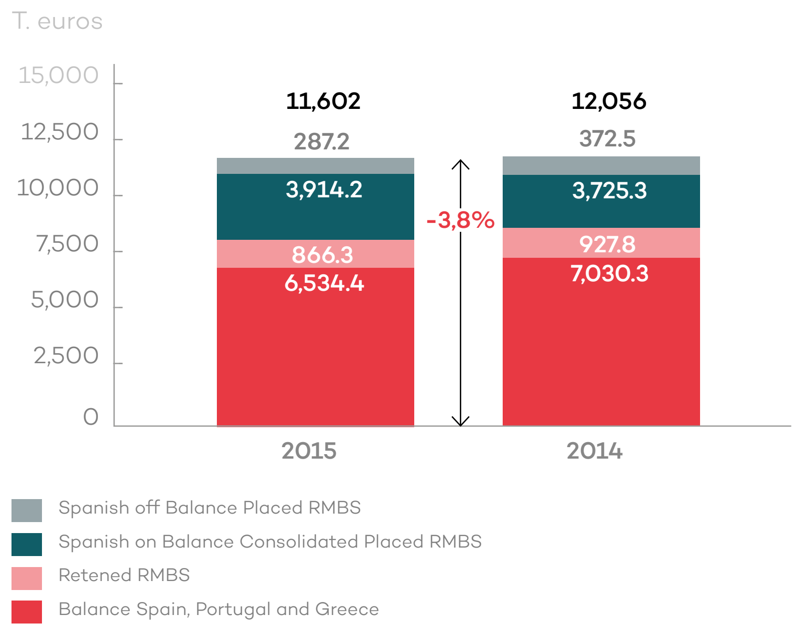
(2) Basel 2 Standard Version + Standard Operational Risk

UCI. i.A´15 KEY DATA

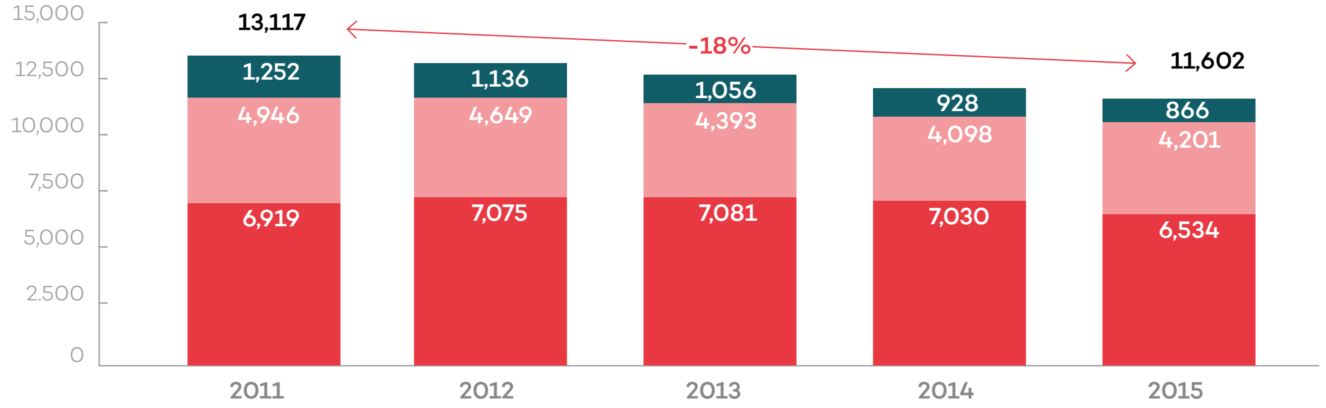
CONSOLIDATED PRODUCTION



TOTAL MANAGED LOANS

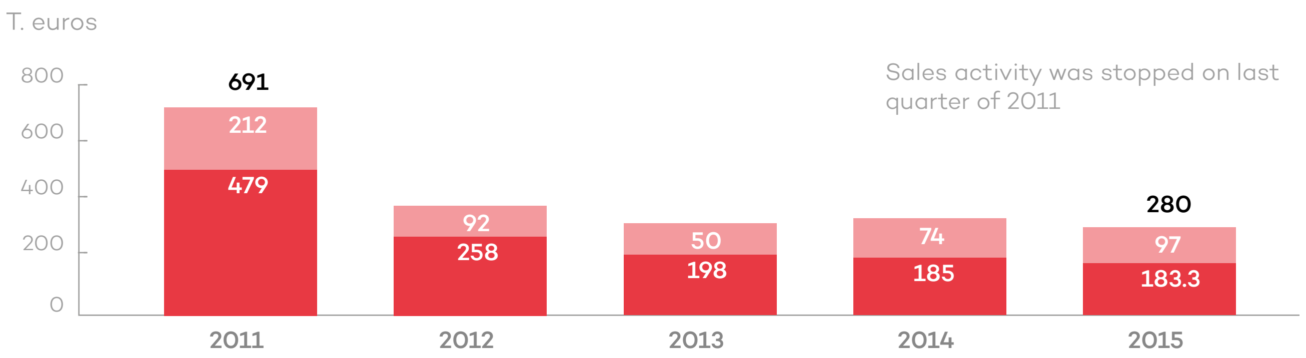


MANAGED LOANS EVOLUTION



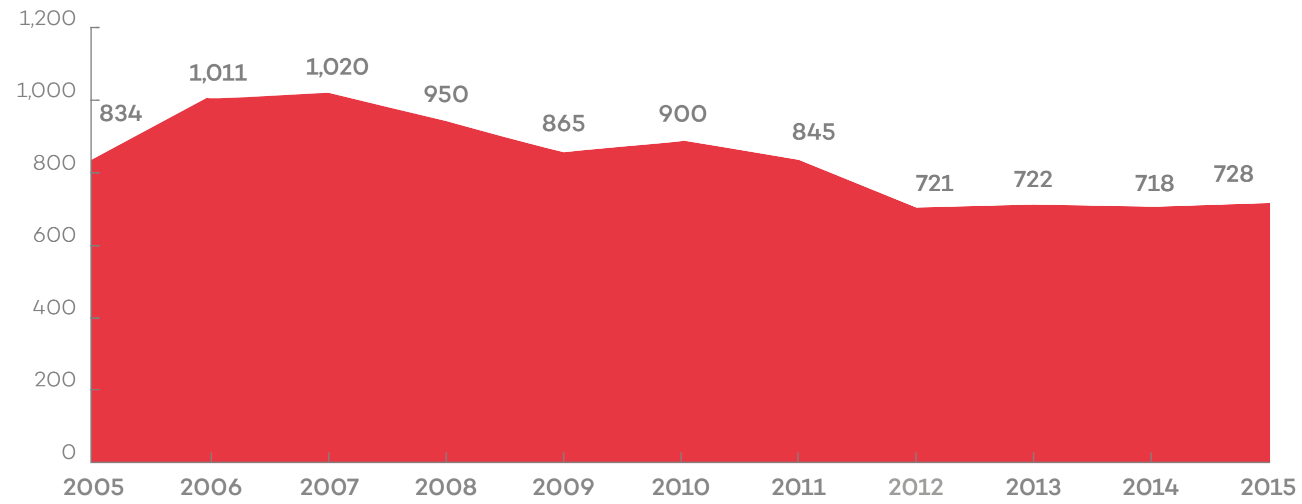
Retained Securitized Loans (Spain)
Placed Securitized Loans (Spain)
Balance Spain, Portugal and Greece

NEW PRODUCTION EVOLUTION



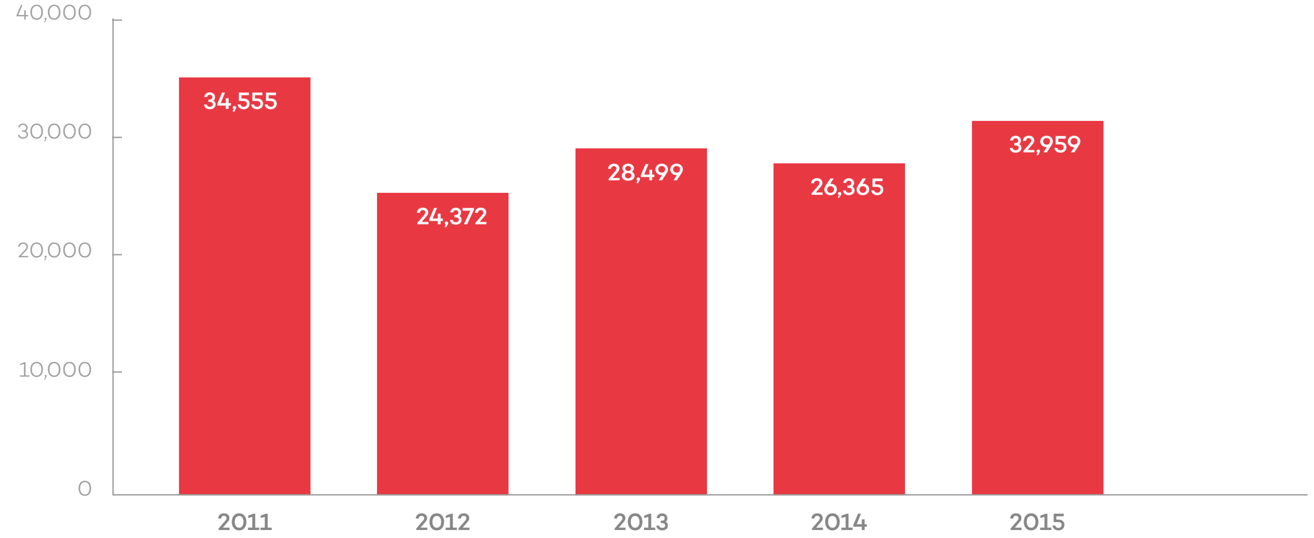
Loan Production Portugal and Greece
Loan Production Spain

TOTAL EMPLOYEES SPAIN, PORTUGAL, GREECE AND COMPRARCASA*



* Included Temporary Employees

TRAINING HOURS (hours/year)



Economic Environment

In 2015, the moderate recovery on the part of advanced economies continued. Emerging economies, however, were less buoyant than in previous years.

The dramatic fall in oil prices has undoubtedly been one of the highlights of this financial year. Nevertheless, the repercussions of the financial crisis have persisted, reflected in global economic growth of 3.1%, below the 2014 rate of 3.4%.

Advanced economies have performed better in general terms, although at different rates of growth. In the United States and the United Kingdom, economic activity enjoyed a big boost, with a dynamic labour market and continuing loose monetary policy. The Japanese and eurozone economies, however, saw weaker recovery rates.

«The eurozone with GDP growth of 1.5% has seen an incipient improvement»

	Average GDP				Annual Variation Stock Exchange			Annual Inflation				Unemployment Annual Average			
	2012	2013	2014	2015	13/'12	14/'13	15/'14	2012	2013	2014	2015	2012	2013	2014	2015
U.S. (a)	2.3	1.5	2.4	2.4	27%	8%	-2%	1.7	1.5	0.8	0.7	8.1	7.4	6.2	5.3
Japan	1.7	1.4	-0.1	0.5	57%	7%	9%	-0.1	1.6	2.4	0.2	4.3	4	3.6	3.4
EURO Zone	-0.7	-0.2	0.9	1.5	18%	1%	4%	2.2	0.8	-0.2	0.2	11.4	12	11.6	10.9
Germany (a)	0.6	0.4	1.6	1.4	25%	3%	10%	2	1.2	0.1	0.2	5.4	5.2	5	4.6
France (a)	0.4	0.7	0.2	1.1	18%	-1%	9%	1.5	0.8	0.1	0.3	9.8	10.3	10.3	10.4
Spain (a)	-2.1	-1.7	1.4	3.2	21%	4%	-7%	2.9	0.2	-1	0	24.8	26.1	24.5	22.1
Portugal	-3.3	-1.1	0.9	1.5	16%	-27%	11%	2.1	0.2	-0.3	0.3	15.8	16.4	14.1	12.6
Greece	-6.6	-3.1	0.7	-0.3	28%	-29%	-24%	0.3	-1.8	-2.5	0.4	24.5	27.5	26.6	25.1

Source: Eurostat + UCI
(a): (Base 2000)

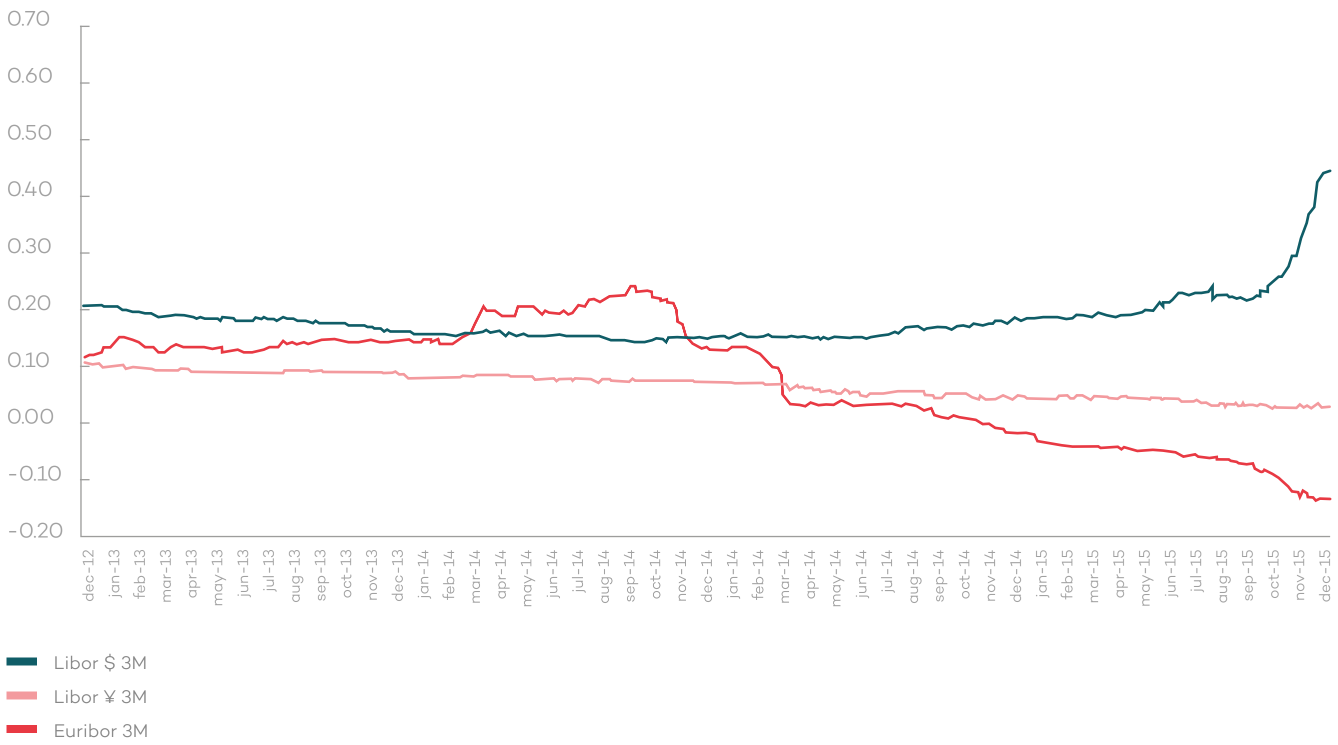
Turning to the currency markets, 2015 saw the US dollar strengthen against the euro: the dollar/euro exchange at year end was 1.09, against 1.21 in 2014. Similarly, the dollar/yen rate reached 131.07 against 119.86 at the close of the previous year.

Against this international backdrop and a degree of divergence between the advanced economies, the US economy showed the strongest economic groth, thanks to solid private demand underpinned by favourable financial conditions. GDP growth in 2015 was 2.5%, compared to 2.4% the year before. Increasing job creation and lower energy costs have driven US consumption.

Meanwhile, the Japanese economic situation has improved slightly. Against zero growth in 2014, 2015 closed with year-on-year GDP growth of 0.6%. This recovery has been aided by the increase in exports, helped by the weak yen, and improved external demand, especially from the United States and from the rest of Asia. However, domestic demand, which makes up more than 60% of the country's economy, only grew by 0.3%.

«The most significant growth rates were in Spain and Germany, at 3.2% and 1.5% in 2015, respectively»

SHORT TERM INTEREST RATES 3 MONTHS



UCI. i.A´15 ECONOMIC ENVIRONMENT

As was the case the year before, emerging economies have performed very differently. The drastic drop in the price of oil and raw materials and their economies' dependence, or lack of it, on these decreases has had a major impact on behaviour, representing the key differentiator between them.

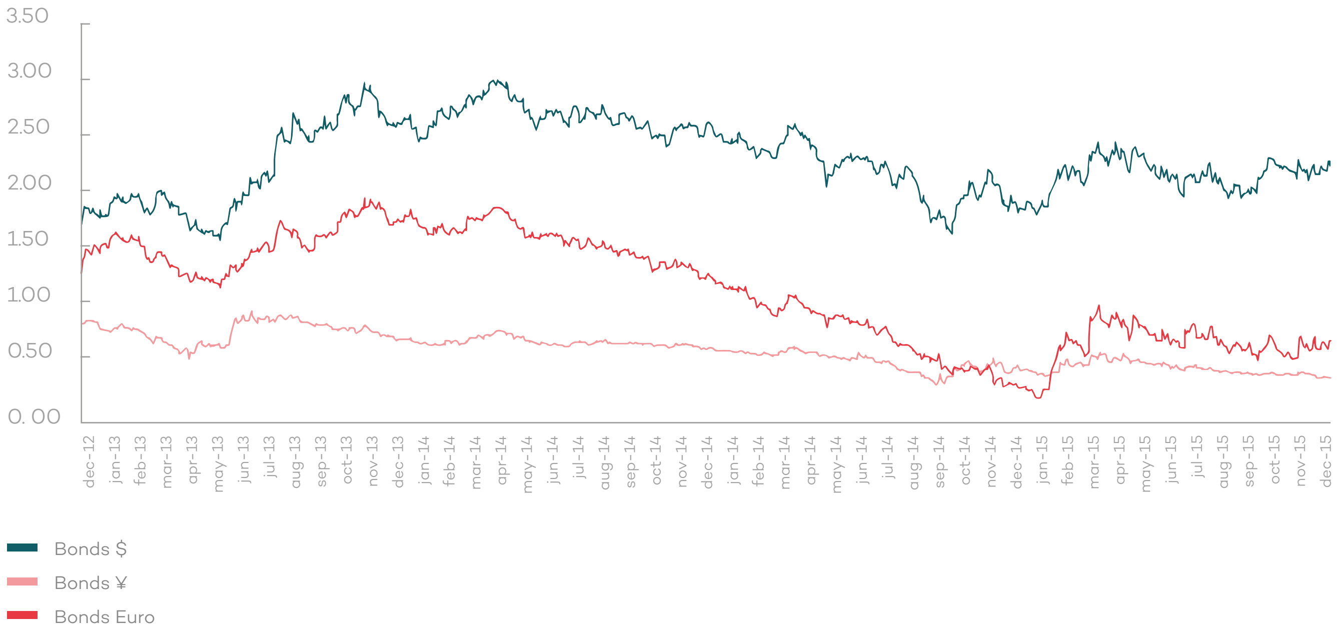
China's GDP grew by 6.9% in 2015, a lower rate of growth than in the preceding year (7.4%). This reduction has been linked to the change in the economy's growth pattern, a strategy introduced by the government in 2014 with the goal of promoting higherprivate-sector domestic consumption on the one hand, and a lower proportion of exports and public investment on the other.

In Latin America, with an overall GDP performance of -0.3%, which was 1% lower than the year before, performance has been uneven, the Mexican economy showing an improvement, with GDP up by 2.5%, 0.4% higher than the year before, but a notable weakening in Brazil.

«The global economic has grown 3.1% in 2015»

Libor $ 3M
Libor ¥ 3M
Euribor 3M

LONG TERM INTEREST RATES 10 YEARS BONDS



Brazil's GDP shrank by -3.8% to the end of 2015, against growth of 0.1% in 2014. This is principally due to the reduction in foreign investment, the drop in the profitability of raw materials (including crude oil) and increasing political instability.

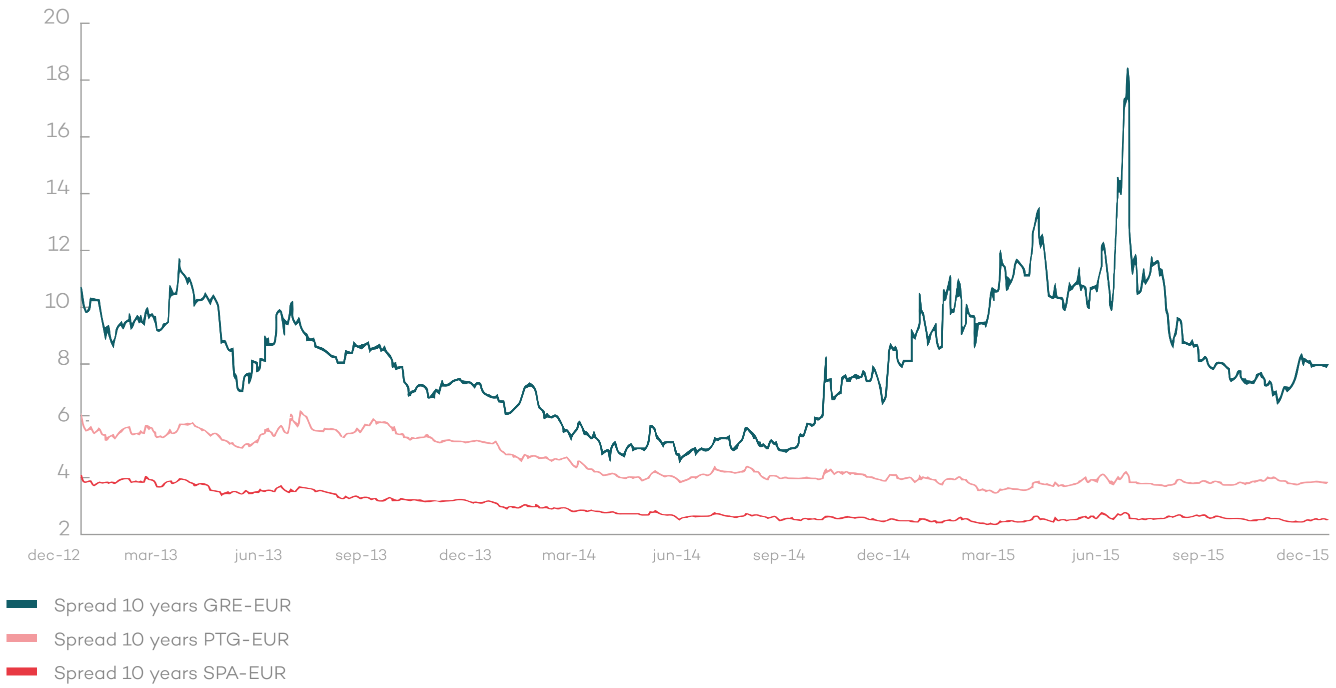
Finally, the eurozone, with GDP growth of 1.5% compared to 0.9% the year before, has seen an incipient improvement. The most significant growth rates were in Spain and Germany, at 3.2% and 1.5% in 2015, respectively.

In general terms, the ECB has continued its policy of low interest rates, with these remaining unchanged throughout the whole of 2015. It benchmark interest rate now stands at 0.05%.

In January 2015, with the aim of incentivising borrowing, the ECB extended its financial asset purchase programme, adding the purchase of sovereign bonds to its existing private sector assets purchasing programme, and raising its buying target to EUR60 million a month.

«2015 saw the US dollar strengthen against the euro»

SOVEREIGN SPREAD 10 YEARS SPAIN - PORTUGAL GREECE WITH GERMAN BENCHMARK



Spain Economic Outlook

2015 saw an acceleration in the Spanish economy, posting a growth rate for the year as a whole of 3.2%, against 1.4% in 2014.Among the contributing factors are the structural reforms applied in previous years, as well as the depreciation of the euro and the fall in the oil price.

This growth is due to the increase in household consumption, as a result of their higher disposable income, to the rise in foreign demand, which translates into growth of exports, and to the considerable expansion in the tourism sector. In addition, the drop in the oil price has also contributed to maintaining a surplus in the balance of payments.

The price of goods and services has been static and at the end of 2015 the CPI remained unchanged from 2014.

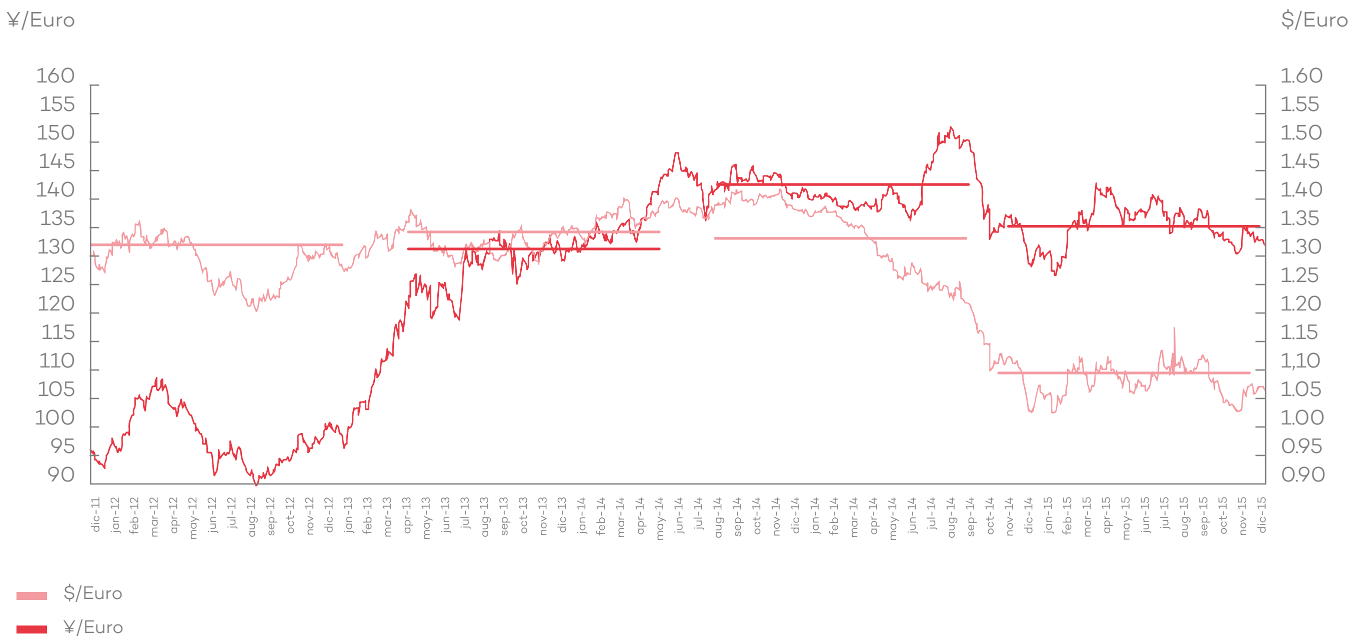
Over 2015 as a whole, average employment growth was 3%, nearly two percentage points (pp) above the rate in 2014 (1.2%), with a generalised recovery in practically all activity sectors, according to the Labour Force Survey (LFS). This momentum in the labour market has contributed to the increase in private income, a key component in the rise of domestic demand.

The unemployment rate fell by 2.8 pp over 2015 as a whole, down to 20.9% at the end of the year. The number of unemployed people shrank by 658,000, closing the year at about 4.8 million.

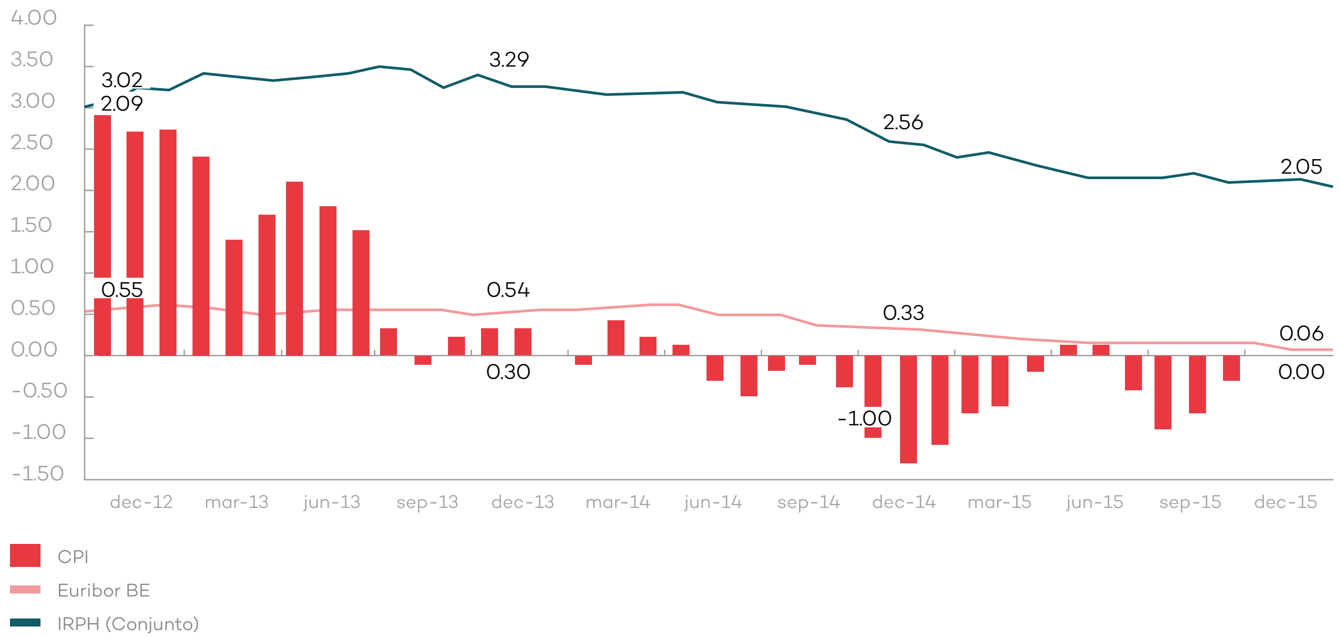
«The price of goods and services has been static and at the end of 2015 the CPI remained unchanged from 2014»

QUARTERLY VARIATION GDP

FOREX



EURIBOR 12 MONTHS - IRPH - CPI



Real estate and mortgage market

In 2015 housing prices experienced their first year-on-year rise since the beginning of the financial crisis, coming in at 1.8% higher than in 2014. The average price per square metre (built) of housing on the open market in Spain was EUR 1,490.10 (Spanish Ministry of Development housing valuation statistics). The regions with the highest rates of growth were the Balearic Islands (+5.4%) and Madrid (+3.4%).

In 2015, the capital lent for housing mortgage origination came to EUR 25.935 billion, up from 20.728 billion in 2014, a 25.1% increase over the year before.

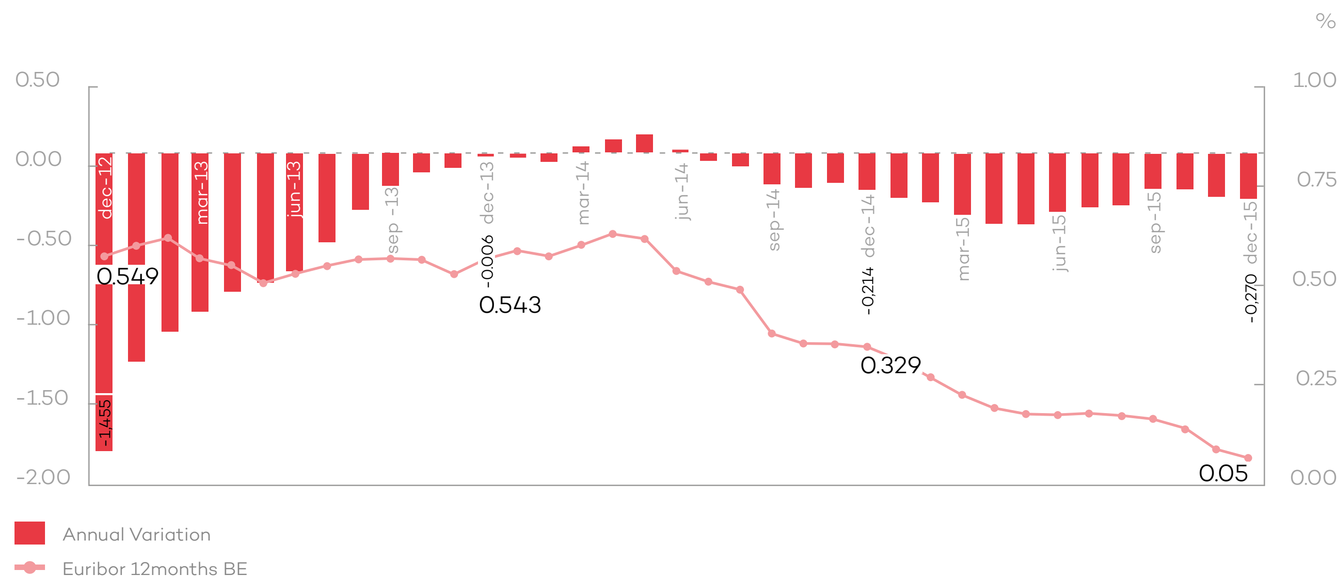
According to data collated by AIAF (the Spanish fixed income market), the total volume of new mortgage securities listed at the close of 2015 was EUR 41.508 billion, representing a 1% fall from the year before. Covered bonds continued to be the most popular instrument, although the volume issued fell slightly from 2014. In 2015 bonds were issued to the value of EUR 24.438 billion, a year-on-year drop of 3.8%.

UCI has reopened the Spanish mortgage securitisation market, setting up the Prado I Asset Securitisation Fund, (EUR 450 million), in which the vast majority of the bonds have been sold to third parties.

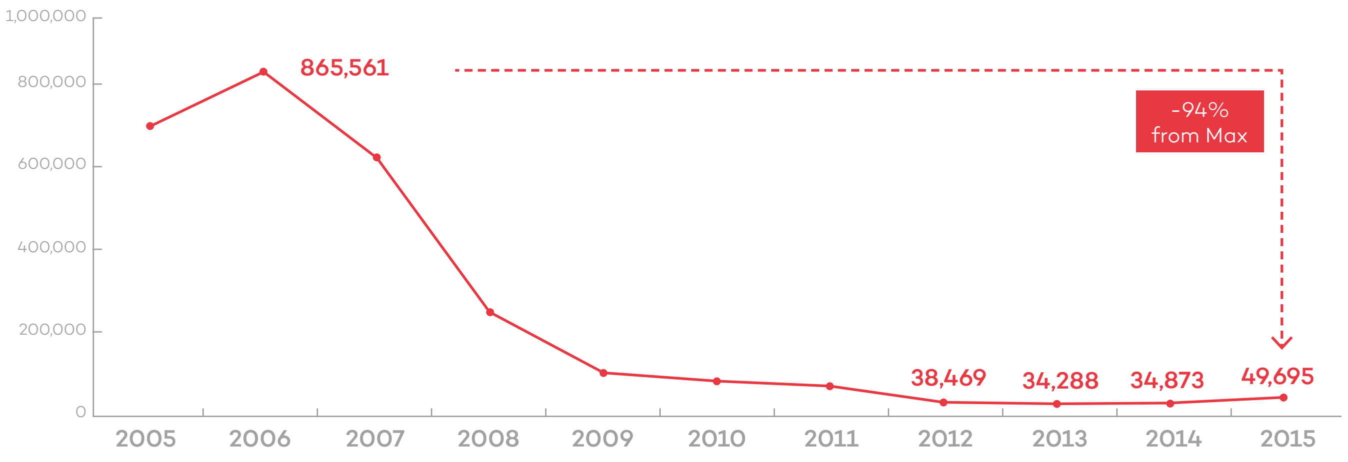
At the close of 2015, there was a 58% year-on-year increase in new asset securitisations, with the total value of these rising from EUR 6.834 billion in 2014 to EUR 10.780 billion. The net balance of mortgage securities outstanding came to EUR 383.843 billion at the close of December 2015, representing a reduction of 8.2% compared to the figures recorded at the end of 2014.

«The average price per square metre (built) of housing on the open market in Spain was EUR 1,490.10»

ANNUAL VARIATION EURIBOR BANK OF SPAIN

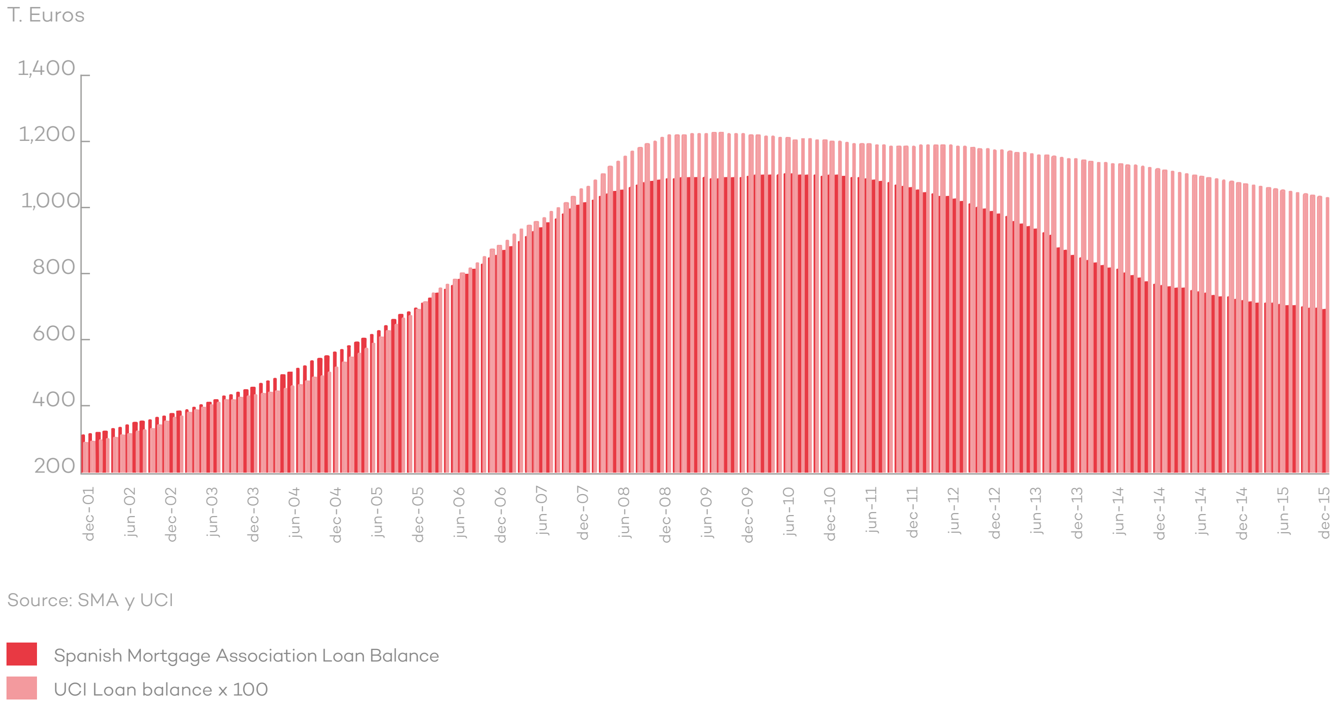


N° HOUSES BUILT IN SPAIN



Source: Mº de Fomento

SPANISH MORTGAGE FINANCING AND UCI SPAIN



Source: SMA y UCI

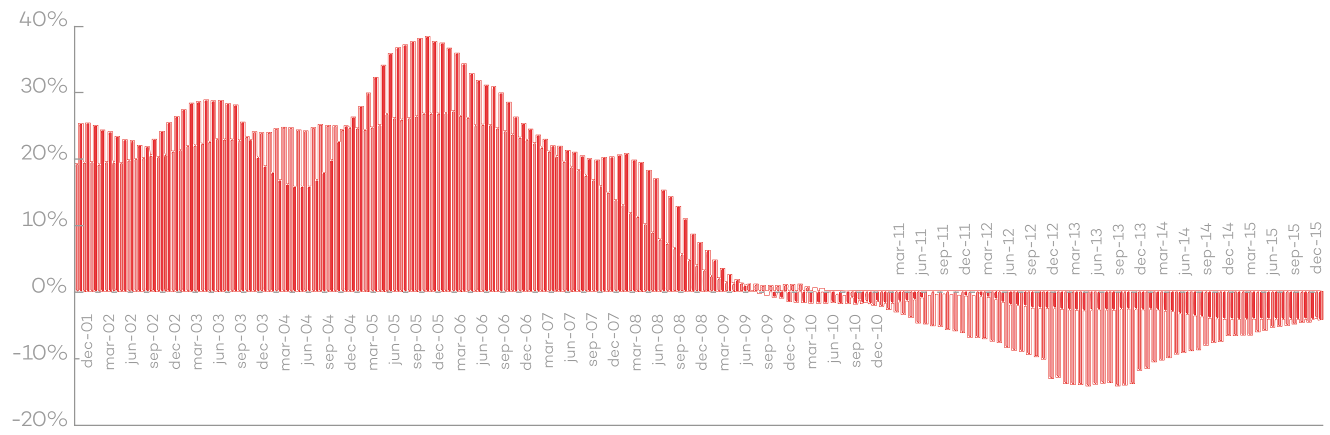
HOUSING PRICE IN SPAIN

Autonomus Region	New Home (Euro/m²) 2012	2013	2014	2015	DIF. 2015-'14	DIF. 2015-'12	Used Housing (Euro/m²) 2012	2013	2014	2015	DIF. 2015-'14	DIF. 2015-'12
Andalucía	1,591	1,445	1,395	1,427	2.3%	-10.3%	1,525	1,398	1,338	1,349	0.8%	-11.5%
Aragón	1,595	1,431	1,354	1,356	0.1%	-15%	1,590	1,401	1,343	1,306	-2.8%	-17.9%
Asturias	1,710	1,670	1,569	1,608	2.5%	-6%	1,219	1,116	1,047	1,060	1.2%	-13%
Baleares	2,120	1,995	1,949	1,857	-4.7%	-12.4%	1,912	1,812	1,749	1,768	1.1%	-7.5%
Canarias	1,426	1,330	1,292	1,366	5.7%	-4.2%	1,382	1,234	1,222	1,212	-0.8%	-12.3%
Cantabria	1,772	1,539	1,417	1,349	-4.8%	-23.9%	1,742	1,545	1,450	1,434	-1.1%	-17.7%
Castilla La Mancha	1,118	1,006	943	989	4.9%	-11.5%	1,066	940	888	881	-0.8%	-17.4%
Castilla-León	1,315	1,176	1,083	1,086	0.3%	-17.4%	1,166	1,056	1,013	1,003	-1%	-14%
Cataluña	2,148	2,016	1,968	2,063	4.8%	-4%	1,918	1,748	1,704	1,712	0.5%	-10.7%
Extremadura	1,163	1,060	1,005	1,017	1.2%	-12.6%	964	871	826	830	0.5%	-13.9%
Galicia	1,297	1,182	1,125	1,168	3.8%	-9.9%	1,204	1,144	1,116	1,132	1.4%	-6%
La Rioja	1,501	1,366	1,238	1,217	-1.7%	-18.9%	1,172	1,069	985	985	0%	-16%
Madrid	2,125	1,956	1,908	2,027	6.2%	-4.6%	2,077	1,949	1,885	1,938	2.8%	-6.7%
Murcia	1,301	1,152	1,109	1,124	1.4%	-13.6%	1,129	1,001	969	966	-0.3%	-14.4%
Navarra	1,841	1,659	1,589	1,546	-2.7%	-16%	1,704	1,545	1,433	1,390	-3%	-18.4%
País Vasco	2,605	2,457	2,380	2,426	1.9%	-6.9%	2,447	2,232	2,131	2,132	0%	-12.9%
Valencia	1,417	1,309	1,267	1,315	3.8%	-7.2%	1,193	1,085	1,042	1,056	1.3%	-11.5%
Average Price per m²	1,650	1,515	1,447	1,467	1.4%	-11.1%	1,495	1,362	1,302	1,303	0.1%	-12.8%

Source: Valtecnic Sociedad de Tasación

OUTSTANDING MORTGAGE LOANS SPANISH MORTAGE ASSOCIATION AND UCI SPAIN (%year on year)

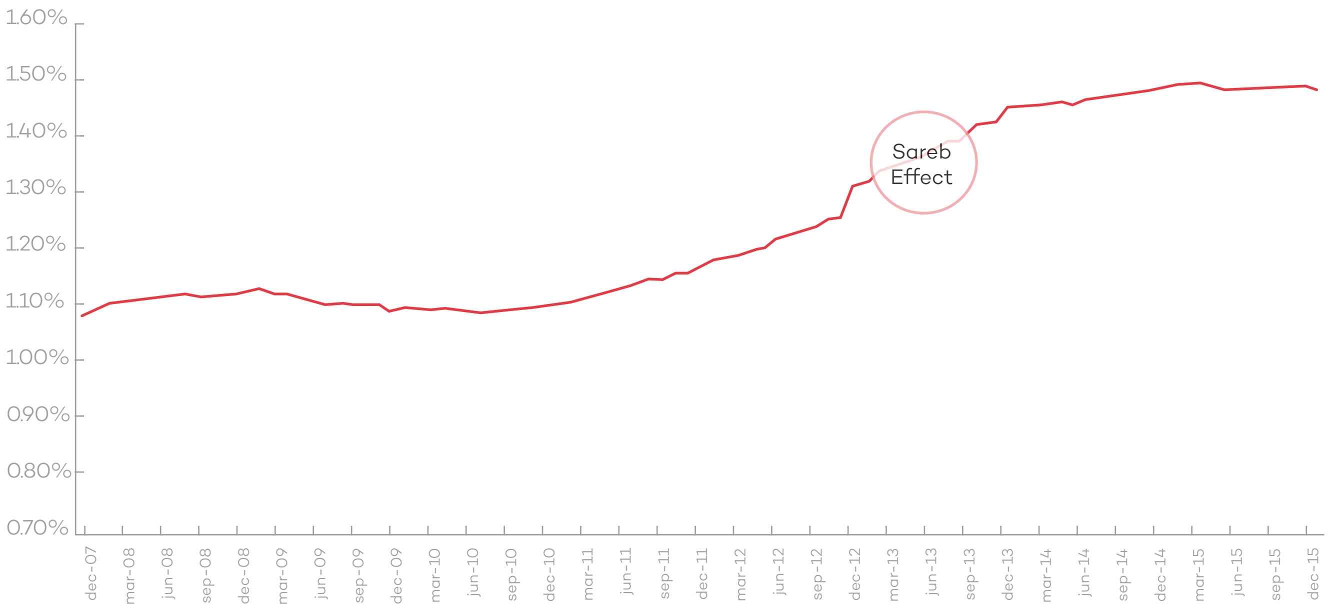
Annual Variation Figures:
- UCI Spain: -4.1% (Dec-15)
- AHE Conjunto: -4% (Dec-15)



Source: AHE y UCI

Outstanding Mortgage Loans Spanish Mortgage Association
Outstanding Mortgage UCI Spain

MANAGED LOANS MARKET SHARE: UCI SPAIN MORTAGE LOANS SPANISH MORTAGE ASSOCIATION



Source: AHE y UCI

Market share

Portugal. Economic Outlook

After three years of falling GDP (2011-2013), Portugal's economy accelerated its growth in 2015, expanding by 1.5%, 0.6 percentage points (pp) more than the year before, according to INE, the Portuguese Statistics Institute.

The unemployment rate, meanwhile, fell for the second year in a row, closing the year at 11.8%, nearly two pp below the previous year, equivalent to about 92,000 fewer unemployed people. While 2014 was characterised by deflation, in 2015 inflation returned to positive territory (0.6%).

«Portugal's economy accelerated its growth in 2015, expanding by 1.5%»

Real estate and mortgage market

For the Portuguese real estate market, 2015 was a historic year; for the first time since 2012, the threshold of 100,000 property transactions was breached: INE data registered close to 110,000 operations over the year, representing growth of over 27%, against 84,215 deals in 2014. Once again, the districts of Lisbon, Oporto and Coimbra have been the leaders in the number of transactions completed.

These figures confirm that confidence has returned to the Portuguese real estate market, encouraged by the improvement in the country's macro-economic situation, as well as by the increase in foreign demand for housing as an investment or even as primary residence.

Despite these figures, this optimism is still not to be seen in the housing construction sector, which has continued its downward trend in 2015, reflecting a 21% slump in the number of buildings signed off and a 5% fall in the number of new construction permits issued, according to INE figures.

This momentum in the real estate market has also had an impact on the mortgage market. The total value of new credits originated broke the EUR 4 billion barrier for the first time in four years, according to Portugal's central bank figures.

«For the first time since 2012, the threshold of 100,000 property transactions was breached»

HOUSING PRICE IN PORTUGAL

	New Home (Euro/m²)						Used Housing (Euro/m²)					
Districts	2012	2013	2014	2015	DIF. 2015-'14	DIF. 2015-'12	2012	2013	2014	2015	DIF. 2015-'14	DIF. 2015-'12
Aveiro	787	757	755	762	0.9%	-3.2%	745	725	716	718	0.7%	-3.6%
Beja	964	924	925	929	0.4%	-3.6%	868	845	821	830	1%	-4.4%
Braga	907	845	844	850	0.7%	-6.3%	642	621	609	618	1.4%	-3.8%
Bragança	625	601	605	606	0.1%	-3.1%	602	581	564	568	0.7%	-5.7%
Castelo Branco	687	662	663	663	0,0%	-3.5%	614	596	590	590	-0.1%	-3.9%
Cidade Lisboa	1,787	1,710	1,711	1,729	1.1%	-3.2%	1,398	1,325	1,356	1,359	0.2%	-2.8%
Cidade Porto	1,375	1,295	1,297	1,312	1.2%	-4.6%	1,194	1,137	1,117	1,129	1.1%	-5.4%
Coimbra	1,045	997	995	997	0.2%	-4.6%	827	788	789	789	0.0%	-4.5%
Évora	975	928	930	932	0.2%	-4.4%	714	694	670	676	0.9%	-5.3%
Faro	1,355	1,297	1,295	1,315	1.5%	-3%	1,177	1,152	1,109	1,125	1.4%	-4.4%
Área Metropolitana Lisboa	927	872	875	890	1.7%	-4%	757	723	710	720	1.5%	-4.8%
Área Metropolitana Porto	897	852	855	863	0.9%	-3.8%	737	709	697	705	1.1%	-4.4%
Guarda	717	685	629	628	-0.1%	-12.4%	554	528	490	487	-0.6%	-12%
Leiria	817	778	770	768	-0.3%	-6%	627	602	599	594	-0.9%	-5.3%
Madeira	1,302	1,255	1,192	1,197	0.4%	-8.1%	937	917	856	860	0.4%	-8.2%
Portalegre	817	798	745	746	0.1%	-8.7%	634	619	573	572	-0.1%	-9.7%
Santarém	745	722	720	721	0.1%	-3.2%	632	592	614	612	-0.4%	-3.2%
Setúbal	775	725	708	709	0.2%	-8.5%	617	591	563	564	0.2%	-8.6%
Viana do Castelo	837	785	780	781	0.1%	-6.7%	645	624	603	603	0.0%	-6.6%
Vila Real	864	828	818	818	0.1%	-5.3%	702	684	658	658	0.1%	-6.2%
Viseu	814	782	733	735	0.3%	-9.7%	745	715	685	679	-0.9%	-8.8%
Average price per m²	953	909	897	902	0.6%	-5.3%	779	751	733	736	0.4%	-5.6%

Source: QUALITAS Sociedade de Avaliações Técnicas LDA

Greece. Economic Outlook

2015 was a year of political and financial instability in Greece. The change of government in the first quarter was followed by two further elections over the summer and the refugee crisis, with the country the first point of entry into Europe.

As a result, the economy has been affected by political turbulence, prolonged negotiations with international creditors, capital controls during the summer and new fiscal tightening measures as part of the new "Financial Assistance Facility Agreement" programme, needed in order to reach the revised fiscal targets. According to Eurostat figures, Greece had a primary fiscal surplus of 0.7% of GDP in 2015, i.e. before factoring in the cost of debt repayments.

GDP in the country, which had returned to growth in 2014, contracted by 1.9% in 2015, going into recession in the second half.

The unemployment rate in the fourth quarter of 2015 stood at 24.4%, a year-on-year fall of 1.7%.

«The Greek GDP has contracted by 1.9% in 2015»

Real estate market

Downward pressure on market securities, prices and rents from residential and commercial properties continued during 2015. Economic uncertainty and the financial environment have put obstacles in the way of recovery.

Prices in the housing market have continued to fall over the year, although at a slower rate. Specifically, according to the central bank's official figures, housing prices fell by 5% in the first nine months of 2015, against a 7.5% drop in 2014. Since 2008 and up to the third quarter of 2015, average housing prices have slumped by 40.9%.

This trend is expected to continue in Greece over the short term given that the recovery of this market depends to a large degree on household incomes and financing terms.

«Prices in the housing market have continued to fall over the year»

HOUSING PRICE IN GREECE

	New Home (Euro/m²)						Used Housing (Euro/m²)					
	2012	2013	2014	2015	DIF. 2015-'14	DIF. 2015-'12	2012	2013	2014	2015	DIF. 2015-'14	DIF. 2015-'12
Aitolokarnania	1,360	1,235	1,175	1,100	-6.4%	-19.1%	885	825	780	710	-9%	-19.8%
Argolidos	1,520	1,340	1,280	1,200	-6.3%	-21.1%	1,095	975	885	800	-9.6%	-26.9%
Attika	1,685	1,495	1,365	1,280	-6.2%	-24%	1,200	1,075	970	910	-6.2%	-24.2%
Axaia	1,690	1,490	1,310	1,250	-4.6%	-26%	910	825	755	685	-9.3%	-24.7%
Boiotia	1,415	1,310	1,200	1,170	-2.5%	-17.3%	950	870	775	775	0%	-18.4%
Dodekanisos	1,630	1,480	1,325	1,320	-0.4%	-19%	1,160	1,080	990	990	0%	-14.7%
Eboia	1,550	1,400	1,275	1,250	-2%	-19.4%	980	885	770	710	-7.8%	-27.6%
Fokida	1,500	1,385	1,266	1,260	-0.5%	-16%	945	895	810	800	-1.2%	-15.3%
Fthiotida	1,630	1,455	1,298	1,175	-9.5%	-27.9%	1,160	1,015	910	820	-9.9%	-29.3%
Halkidiki	1,300	1,205	1,144	1,100	-3.8%	-15.4%	1,115	1,000	900	840	-6.7%	-24.7%
Ionian	1,830	1,580	1,503	1,400	-6.9%	-23.5%	1,300	1,160	1,060	1,000	-5.7%	-23.1%
Korinthos	1,460	1,280	1,200	1,180	-1.7%	-19.2%	960	870	789	760	-3.7%	-20.8%
Mesinias	1,730	1,575	1,461	1,340	-8.3%	-22.5%	920	830	800	744	-7%	-19.1%
Thessaloniki	1,390	1,240	1,135	1,060	-6.6%	-23.7%	900	820	725	685	-5.5%	-23.9%
Average price per m²	1,549	1,391	1,281	1,220	-4.7%	-21.2%	1,034	938	851	802	-5.8%	-22.5%

Source: Adriática

Brazil. Economic outlook

Brazil, one of the world's large economies, is going through a period of difficulties as a result of macroeconomic factors and political instability.

Against this backdrop, the financial intermediation and insurance sectors have experienced a 0.4% reduction in activity. Property prices have also stagnated. The agricultural sector, meanwhile, is the only one to post growth, at 0.6%.

GDP contracted by 3.8% in 2015 and inflation ended the year at 10.7%, above Brazil's central bank (BCB) target. The benchmark interest rate, Selic, remained stable at 14.25% in the second half. The dollar appreciated by nearly 50% against the Brazilian real over the course of 2015, despite the BCB's intervention to keep the exchange rate below USD/BRL4.00. This situation has been to the advantage of foreign investors using a strong currency to acquire Brazilian assets.

The country's balance of trade is positive, with a 6.1% increase in exports and a 14.3% reduction in imports.

«Brazil's GDP fell by 3.8% in 2015»

Real estate and mortgage market

Financing through the SBPE (Sistema Brasileiro de Poupança e Empréstimo) programme reached a volume of BRL 76.5 billion, returning to levels similar to 2011. Of this sum, BRL 54.5 billion was used to buy housing, both new and second-hand. Financing volumes in both categories fell against 2014, by 10% and 50% respectively.

342,000 housing purchase transactions were financed, 37% fewer than in 2014. The average price per square metre has remained static, with isolated upticks below the inflation rate, but with sharp drops in the areas where there is surplus supply of real estate.

The increase in banks' financing costs has forced them to raise their interest rates. The non-performing loan rate was 1.9% in 2015, which is 0.5% higher than the year before.

"Poupança" (savings) deposits shrank by 2.5% against 2014 and closed the year with a balance of BRL 509 billion. Resources destined for other financing instruments such as LCIs (Letras de Crédito Inmobiliario) have increased.

«The average price per square metre has remained static throughout the year»

UCI Group

Reinvention

In 2015 UCI celebrated 25 years as a benchmark institution in providing financing through real estate professionals. To mark this milestone, the company has carried out an in-depth analysis of how best to respond to the needs and consumption habits of clients and professionals in the sector.

The key findings were that clients are looking for reliability, trustworthiness, transparency and straightforward procedures, and hope to create emotional connections with the companies with which they have relationships, based on active listening and empathy.

To this end, UCI has put a great deal of work into adapting its Relationship Model to clients and in positioning itself as the institution which always has their interests at heart.

In the current environment of at rock-bottom interest rates, UCI's commitment to responsible buying and credit has led it to focus its credit offering on three new fixed rate financing products. This allows it to provide guarantees to its clients that its products are straightforward, affordable and have no hidden surprises, from the time of signing all the way through to when the credit is paid off.

In the area of processes, in order to reinforce safety and transparency in the loan origination phase, UCI has made the use of the digital signature in the binding offer the general rule, marking a first in the Spanish mortgage market. With the same aim, the company has signed a protocol with the General Council of Notaries to safeguard transparency when formalising new mortgage loans, which is another first in Spain.

UCI reopened the mortgage securitisation market in Spain in May 2015, closed since 2007, with its Prado I Asset Securitisation Fund, with assets under management of EUR 450 million.

Also in 2015, UCI joined the Ekomi platform, which enables clients to review services received from companies in all activity sectors. In its first year UCI scored an average of 9.2 out of 10, showcasing the high opinion held by its clients of the services provided by the firm.


FONDO DE TITULIZACIÓN DE ACTIVOS RMBS PRADO I

ISSUE PROSPECTUS

€ 450,000,000

Class A Notes: € 342,000,000 — Euribor 3M + 0,85% up to the Class A Step-Up Date (included); Euribor 3M + 1,70% from the Class A Step-Up Date (excluded) — S&P's: AA (sf); Moody's: Aa2 (sf)

Subordinated Loan 1: € 108,000,000 — Euribor 3M + 1,10% up to the Class A Step-Up Date (included); Euribor 3M + 2,20% from the Class A Step-Up Date (excluded)

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UNIÓN DE CRÉDITOS INMOBILIARIOS, ESTABLECIMIENTO FINANCIERO DE CRÉDITO

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SANTANDER DE TITULIZACIÓN, S.G.F.T., S.A.

Prospectus registered in the Registers of the C.N.M.V. on 26th, May 2015

UCI Servicios para Profesionales Inmobiliarios

Activity and Commercial Development

As of 13th July 2015, Comprarcasa Servicios Inmobiliarios, S.A.U. has been called UCI Servicios para Profesionales Inmobiliarios, S.A.U. (UCI SPPI), extending its corporate purpose to cover not only the management of the Comprarcasa network, but also development, marketing, training of third parties and provision of diplomas and training certificates, as well as brokering the sale-purchase and rental of all kinds of property assets.

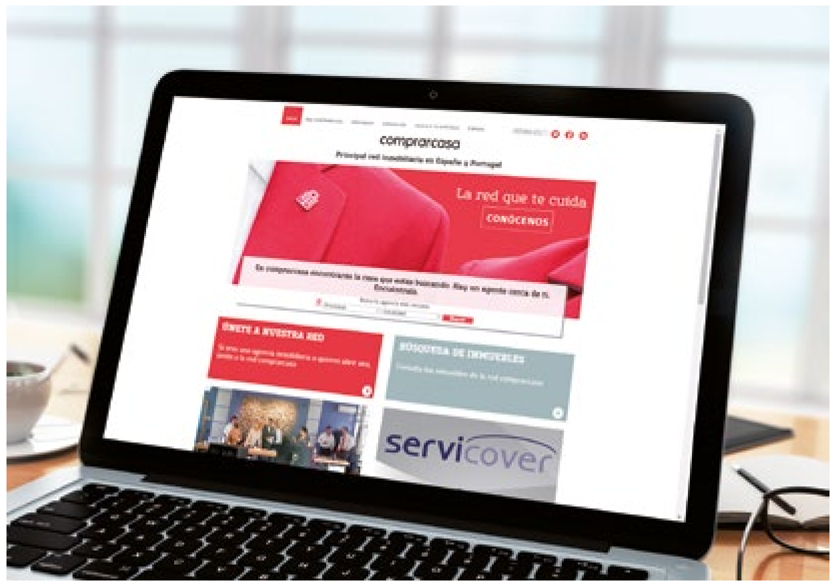
Over the course of the year, Comprarcasa has focused on increasing and improving the range of services it provides to its network. So, it has developed a brand marketing campaign, with the corresponding adaptation of its tariff scheme, making the network more oriented towards medium and large real estate agencies. As a result of this strategy, the number of agencies has fallen to 108. In terms of the total number of properties on its books, the figure stood at 13,750 at the end of 2015, once the network branches' property database had been cleaned up and more rigorous working methods introduced there.

The second main area of activity for UCI SPPI in 2015 was in the training it gave to real estate professionals, particularly those courses run through the agreements reached by Grupo UCI with CRS (Council of Residential Specialists) and NAR (National Association of Realtors) in the United States.

Online, the CRM tool which supports not only the sales activity of consultants in the Comprarcasa network, but also the relationship plans with customers ("GAC On Line") has been fully rolled out across the network.

Since 2015 agencies have been able to choose new management software, which gives them better quality of service. Comprarcasa's website, www.comprarcasa.com, has been redesigned to include the idealista platform search engine, a high-value addition much appreciated by agencies in the network.

Over the year, Comprarcasa's training activity has targeted three areas, all with face-to-face sessions, focusing on Welcome training, Operating Methods and CRS courses. Roadshow presentations were taken around 9 provinces to increase the network's cohesion.



Comprarcasa Portugal - 2015.

Commercial activity

The number of associates remained stable in 2015 as a result of the work carried out and the entry of new companies. At year-end there were 109 points of sale, with whom significant marketing actions were developed regionally and at a national level.

Comprarcasa Portugal attended the leading trade events and fairs in the Portuguese market, such as SIL (Salón Inmobiliario de Lisboa) with its own stand, which enabled it to increase and enhance its brand awareness.

Throughout the year, Comprarcasa's website received more than 3.7 million hits, made by over 492,000 users, 63% up on 2014.

Halfway through the year the new management software interacting with online real estate platforms and containing CRM solutions was launched. A new version of the application for iOS app has been available since December and for the first time a Windows Mobile and Android app has been launched.

Corporate Social Responsibility

Throughout 2015, Grupo UCI continued its programme of activities tailored specifically to the professional development of real estate agents. The group's companies are fully aware of the importance of offering an expert service.

For this reason they have worked in conjunction with CRS -Council of Residential Specialists- and the residential training section of NAR -National Association of Realtors- in order to adapt the best practices of real estate agents in the United States to the markets in which UCI operates commercially.

As part of this strategy, a group of professionals from Spain attended the annual Sell-a-bration in San Diego, the principal training event run by CRS, in order to share experiences and knowhow that can be put into practice in their businesses.

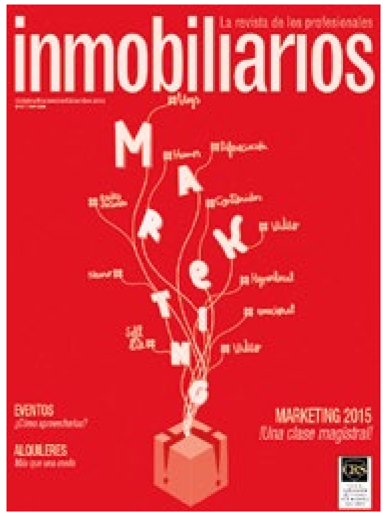
The 6th edition of Inmociónate was held in June, attended by over 600 people, evidence that it has become the key event in the Spanish real estate intermediation sector. Both work sessions were used to analyse economic indicators and the current scenario for real estate activities, as well as to learn about the latest news and sales tools, communication and social media.

This year was the most international in terms of the number of speakers and attendees, since the Managing Director, Vice-President and Marketing Director of CRS United States were present, as were managers from CRS in Italy and well-known real estate agents in the US market.

In November a group of real estate professionals from Spain attended NAR's annual convention, held in New Orleans.

The National Association of Realtors® has over a million members, making it the biggest professional association in the United States, and its annual reunion is attended by around ten thousand professionals from the US and more than 50 other countries.

During this convention NAR and UCI signed the agreement by virtue of which UCI became NAR's new local partner.



Real Estate Advanced Practices (REAP) courses continued to be provided in Spain and Portugal, with the introduction of two new modules, "the efficient agent" and "acquiring a seller on an exclusive basis" as well as CRS webinars. Altogether 73 courses have been run, attended by nearly 3000 professionals.

In addition to the training activity, the magazine Inmobiliarios, which has Spanish and Portuguese editions, has consolidated its position as the leading publication for professionals in real estate intermediation.

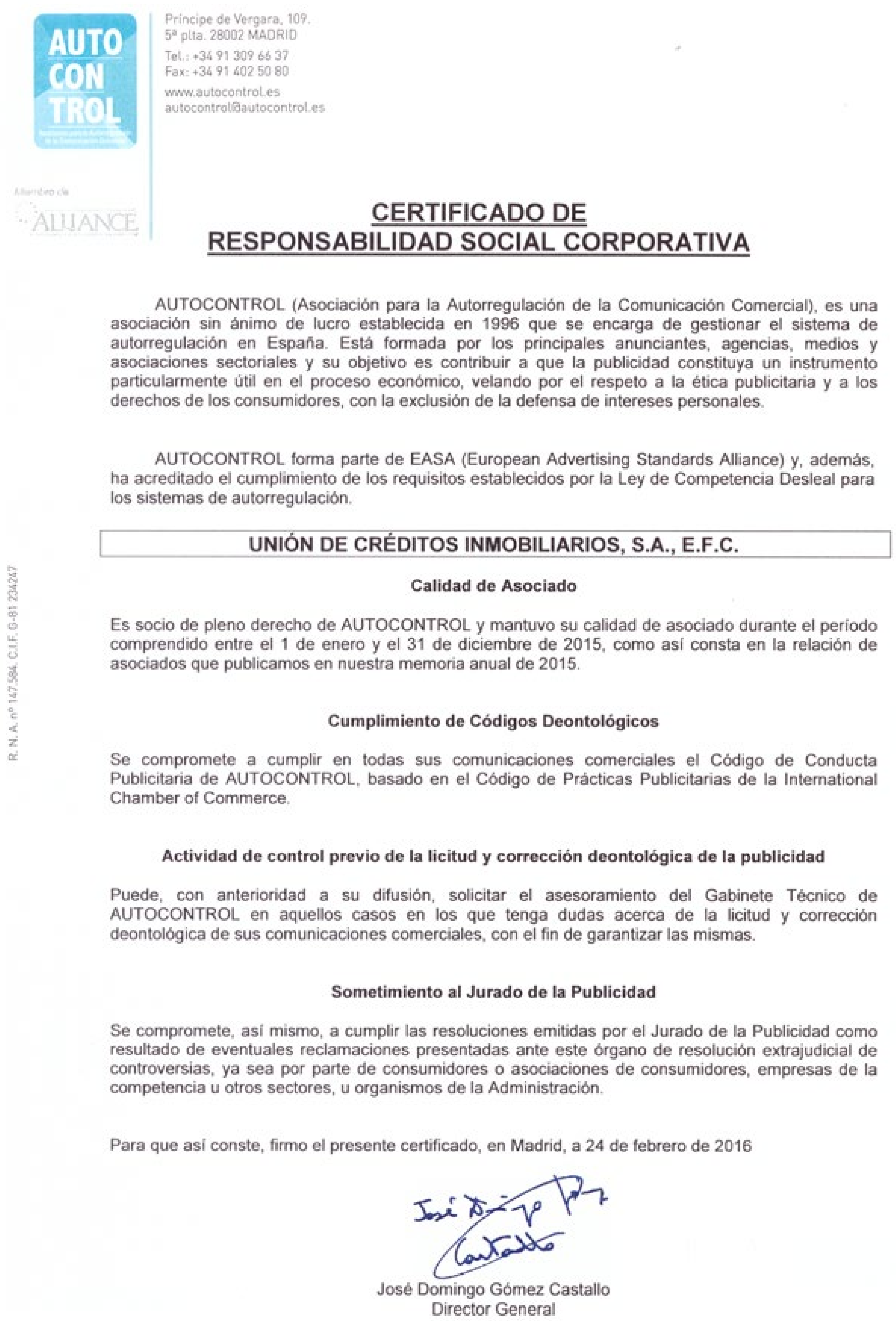
Financial literacy courses for teenage students between 14 and 17 continued, provided by UCI associates in a number of schools around Spain.

UCI Group associates have run pro-bono activities such as public health campaigns, and others aimed at people in disadvantaged situations.

The latter include contributions for the victims of the Nepalese earthquake, through the Spanish Red Cross in Spain, Greece and Portugal, and the donation of funds to cover basic needs for Syrian refugees, through the Red Cross and UNHCR. UCI Group and associates in the three countries raised more than EUR 40,000 for these two campaigns.

In addition, UCI organised the Regala una sonrisa ("Give away a smile") toy collection campaign on behalf of the Valora Foundation and the NGO Avanza; it has also paid the registration fee for those employees taking part in charity runs for the Aladina Foundation and the Spanish Anti-Cancer Association (AECC).

Lastly, UCI Greece has taken part in a number of social responsibility campaigns. Its employees have collected food, clothes, toys and other basic necessities for Syrian refugee several campaigns to give blood.



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Miembro de ALLIANCE

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AUTOCONTROL (Asociación para la Autorregulación de la Comunicación Comercial), es una asociación sin ánimo de lucro establecida en 1996 que se encarga de gestionar el sistema de autorregulación en España. Está formada por los principales anunciantes, agencias, medios y asociaciones sectoriales y su objetivo es contribuir a que la publicidad constituya un instrumento particularmente útil en el proceso económico, velando por el respeto a la ética publicitaria y a los derechos de los consumidores, con la exclusión de la defensa de intereses personales.

AUTOCONTROL forma parte de EASA (European Advertising Standards Alliance) y, además, ha acreditado el cumplimiento de los requisitos establecidos por la Ley de Competencia Desleal para los sistemas de autorregulación.

UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A., E.F.C.

Calidad de Asociado

Es socio de pleno derecho de AUTOCONTROL y mantuvo su calidad de asociado durante el período comprendido entre el 1 de enero y el 31 de diciembre de 2015, como así consta en la relación de asociados que publicamos en nuestra memoria anual de 2015.

Cumplimiento de Códigos Deontológicos

Se compromete a cumplir en todas sus comunicaciones comerciales el Código de Conducta Publicitaria de AUTOCONTROL, basado en el Código de Prácticas Publicitarias de la International Chamber of Commerce.

Actividad de control previo de la licitud y corrección deontológica de la publicidad

Puede, con anterioridad a su difusión, solicitar el asesoramiento del Gabinete Técnico de AUTOCONTROL en aquellos casos en los que tenga dudas acerca de la licitud y corrección deontológica de sus comunicaciones comerciales, con el fin de garantizar las mismas.

Sometimiento al Jurado de la Publicidad

Se compromete, así mismo, a cumplir las resoluciones emitidas por el Jurado de la Publicidad como resultado de eventuales reclamaciones presentadas ante este órgano de resolución extrajudicial de controversias, ya sea por parte de consumidores o asociaciones de consumidores, empresas de la competencia u otros sectores, o organismos de la Administración.

Para que así conste, firmo el presente certificado, en Madrid, a 24 de febrero de 2016

José Domingo Gómez Castallo
Director General

R. N. A. nº 147.584 C.I.F. G-81 234247

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Miembro de ALLIANCE

CERTIFICADO DE RESPONSABILIDAD SOCIAL CORPORATIVA

A LOS EFECTOS DE CONCESIÓN DEL DISTINTIVO "IGUALDAD EN LA EMPRESA"

UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A., E.F.C.

A los efectos que procedan y, en particular, en relación a las exigencias previstas por el artículo 6.1.b) del Real Decreto 1615/2009, de 26 de octubre – que ha sido modificado por el Real Decreto 850/2015, de 28 de septiembre - por el que se regula la concesión y utilización del distintivo «Igualdad en la Empresa», desarrollando el artículo 50 de la Ley Orgánica 3/2007, de 22 de marzo, para la igualdad efectiva de mujeres y hombres.

El citado precepto dispone: *"Documentación. 1. Las candidaturas* [de concesión del distintivo "Igualdad en la Empresa"] *además de la documentación acreditativa de los extremos citados en el artículo 4, deberán ir acompañadas de la siguiente documentación: (...) b) El balance o informe sobre las medidas o planes de igualdad implantados en la empresa conforme al artículo 4.2.g). En aquellas entidades con la obligación legal o convencional de tener aprobado un plan de igualdad abordará aspectos relacionados con las condiciones de trabajo, el modelo organizativo, la responsabilidad social de la empresa o la difusión y publicidad de los productos y servicios ofrecidos por la misma"*.

Nº de casos resueltos durante el período comprendido entre el 1 de enero y el 31 de diciembre de 2015 por el Jurado de la Publicidad de AUTOCONTROL iniciados por reclamaciones dirigidas contra una publicidad de la que es responsable la Empresa por razón de discriminación sexual: 0

Resultado de los casos:

- Aceptación de la reclamación: 0
- Acuerdo de mediación: 0
- Resolución de jurado: 0

  - Estimación: 0
  - Estimación parcial: 0
  - Desestimación: 0

Madrid, a 24 de febrero de 2016

José Domingo Gómez Castallo
Director General

R. N. A. nº 147.584. C.I.F. G-81 234247

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Miembro de ALLIANCE

CERTIFICADO DE RESPONSABILIDAD SOCIAL CORPORATIVA

INFORME DE ACTIVIDAD

Solicitado por

UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A., E.F.C.

Nº de consultas previas (Copy Advice ®) solicitadas por la empresa durante el período comprendido entre el 1 de enero y el 31 de diciembre de 2015 al Gabinete Técnico de AUTOCONTROL relativos a publicidad de la que es responsable la Empresa: 107

Nº de consultas previas (Copy Advice ®) solicitadas por intermediarios durante el período comprendido entre el 1 de enero y el 31 de diciembre de 2015 al Gabinete Técnico de AUTOCONTROL relativos a publicidad de la que es responsable la Empresa: 0

Resultado de las consultas:

- **Positivos** (No se aprecian inconvenientes al contenido del anuncio............. 97
- **Con modificaciones** (Se ha recomendado introducir cambios en el nuncio)...... 10
- **Negativos** (Se ha desaconsejado la difusión del anuncio)........................ 0

Nº de consultas legales atendidas durante el período comprendido entre el 1 de enero y el 31 de diciembre de 2015 por el Gabinete Técnico de AUTOCONTROL con relación a la publicidad de la que es responsable la Empresa: 32

Nº de casos resueltos durante el período comprendido entre el 1 de enero y el 31 de diciembre de 2015 por el Jurado de la Publicidad de AUTOCONTROL iniciados por reclamaciones iniciadas a instancias de la propia Empresa: 0

Nº de casos resueltos durante el período comprendido entre el 1 de enero y el 31 de diciembre de 2015 por el Jurado de la Publicidad de AUTOCONTROL iniciados por reclamaciones dirigidas contra una publicidad de la que es responsable la Empresa: 0

Nº de consultas técnicas y jurídicas de cookies (Cookie Advice ®) solicitadas por la empresa durante el período comprendido entre el 1 de enero y el 31 de diciembre de 2015 al Departamento Digital de AUTOCONTROL:

Madrid, a 24 de febrero de 2016

José Domingo Gómez Castallo
Director General

R. N. A. nº 147.584. C.I.F. G-81 234247

3

Economic and Financial Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

MAZARS

Independent Auditor's Report on Consolidated Annual Accounts

To the Shareholders of **UCI S.A.**

Report on Consolidated Annual Accounts

We have audited the accompanying consolidated annual accounts of UCI S.A. (the Parent Entity) and companies composing, together with the Parent Entity, the **UCI Group**, which comprise the consolidated balance sheet as at December 31, 2015, and the consolidated income statement, consolidated statement of recognized income and expenses, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

Directors' Responsibility for the Consolidated Annual Accounts

The Parent Entity's Directors are responsible for preparing the accompanying consolidated annual accounts so that they fairly present the consolidated equity, consolidated financial position and consolidated results of the UCI Group, in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the UCI Group in Spain (identified in Note 2.1 to the accompanying consolidated annual accounts), and for such internal control as the Directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated annual accounts based on our audit. We conducted our audit in accordance with the audit regulations in force in Spain. Those regulations require us to comply with ethical requirements and to plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual accounts. The selected procedures depend on the auditor's judgment, including the assessment of risks of material misstatement of the consolidated annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the preparation by the Parent's Directors of the consolidated annual accounts, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated annual accounts fairly present, in all material respects, the consolidated equity and consolidated financial position of **UCI Group** as at December 31, 2015, and its consolidated results and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the UCI Group in Spain.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated Directors' Report for 2015 contains the explanations which the Parent Entity's Directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated annual accounts. We have checked that the accounting information in the consolidated Directors' Report is consistent with that contained in the consolidated annual accounts for 2015. Our work as auditors was confined to checking the consolidated Directors' Report with the aforementioned scope, and did not include a review of any information other than that drawn from the Bank's accounting records of UCI S.A. and subsidiaries.

Madrid, 18 February 2016

MAZARS Auditores, S.L.P.
ROAC N° S1189

Carlos Marcos

Auditores
INSTITUTO DE CENSORES JURADOS DE CUENTAS DE ESPAÑA

MAZARS AUDITORES, S.L.P

Año 2016 Nº 01/16/00991
COPIA GRATUITA

Informe sujeto a la normativa reguladora de la actividad de auditoría de cuentas en España

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Inscribed under number S1189 on the Spanish Accounting Auditors Official Registry (ROAC)

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

UCI, S.A. and Subsidiaries (UCI GROUP)
CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2015 AND 2014 (Expressed in thousands of Euros)

ASSETS	Note	2015	2014 (*)
Cash and deposits with central banks		8	8
Financial assets held for trading		-	-
Credit entities		-	-
Credits to customers		-	-
Debt securities		-	-
Capital instruments		-	-
Trading derivatives		-	-
Memorandum item. Loaned or advanced as collateral		-	-
Other financial assets designated at fair value through profit and loss		-	-
Deposits with credit entities		-	-
Credits to customers		-	-
Debt securities		-	-
Capital instruments		-	-
Financial assets available for sale		-	-
Debt securities		-	-
Other capital instruments		-	-
Memorandum item. Loaned or advanced as collateral		-	-
Credit investments	16	11,029,130	11,291,109
Deposits with credit entities		106,054	62,109
Credits to customers		10,923,076	11,229,000
Debt securities		-	-
Memorandum item. Loaned or advanced as collateral		-	-
Investments held to maturity		-	-
Memorandum item. Loaned or advanced as collateral		-	-
Changes in the fair value of the hedged items in portfolio hedges of interest rate risk		-	-
Hedging derivatives		-	-
Non-current assets held for sale	17	426,039	459,545
Investments		-	-
Associates		-	-
Jointly controlled entities		-	-
Insurance contracts linked to pensions		-	-
Tangible assets		71,504	1,074
Property, plants and equipment	18	2,611	1,074
For own use		2,611	1,074
Other assets leased out under an operating lease		-	-
Investment properties	19	68,893	-
Memorandum item. Acquired under a finance lease		-	-
Intangible assets		604	562
Goodwill		-	-
Other intangible assets		604	562
Tax assets	20	69,405	71,825
Current		784	2,252
Deferred		68,621	69,573
Other assets	20	454,348	436,176
TOTAL ASSETS		12,051,038	12,260,299
Memorandum item			
Contingent risks	28	-	-
Contingent commitments		11,551	11,565

UCI, S.A. and Subsidiaries (UCI GROUP)
CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2015 AND 2014 (Expressed in thousands of Euros)

LIABILITIES AND NET EQUITY	Note	2015	2014 (*)
LIABILITIES			
Financial liabilities held for trading		-	-
Deposits from central banks			
Deposits on credit institutions		-	-
Deposits from other creditors		-	-
Debt certificates including bonds		-	-
Trading derivatives		-	-
Short positions		-	-
Other financial liabilities		-	-
Other financial liabilities at fair value through profit or loss		-	-
Deposits from central banks		-	-
Deposits on credit institutions		-	-
Deposits from other creditors		-	-
Debt certificates including bonds		-	-
Trading derivatives			
Other financial liabilities		-	-
Financial liabilities at amortized cost	22	11,604,712	11,801,905
Deposits from central banks			-
Deposits on credit institutions		8,167,056	8,428,025
Deposits from other creditors		3,075,508	3,293,496
Debt certificates including bonds		281,796	-
Subordinated liabilities		80,352	80,384
Other financial liabilities		-	-
Changes in the fair value of the hedged items in portfolio hedges of interest rate risk		-	-
Hedging derivatives	23	25,917	36,776
Hedging derivatives liabilities associated with non-current assets held for sale			
Provisions		3,422	1,580
Provisions for pensions and similar obligations		-	-
Provisions for taxes and other legal contingencies		-	-
Provisions for contingent exposures and commitments		-	-
Other provisions		3,422	1,580
Tax liabilities	20	1,636	1,092
Current		1,636	1,092
Deferred		-	-
Other liabilities	21	17,620	20,216
TOTAL LIABILITIES		11,653,307	11,861,569
EQUITY		397,731	398,730
Own funds	25	415,069	423,007
Capital or endowment fund		98,019	98,019
Issued		98,019	98,019
Less: unpaid and uncalled		-	-
Share premium		-	-
Reserves		324,796	344,474
Other equity instruments		-	-
Equity component of compound financial instruments		-	-
Other equity instruments		-	-
Less: Treasury shares		-	-
Profit or loss attributed to the parent company		-7,746	-19,486
Less: Dividends and remuneration		-	-
Valuation adjustments	24	-17,338	-24,277
Financial assets held for sale		-	-
Cash flow hedges		-17,338	-24,277
Hedge for net investment in foreign operations		-	-
Exchange differences		-	-
Non-current assets held for sale		-	-
Other valuation adjustments		-	-
Non-controlling interests		-	-
TOTAL EQUITY AND LIABILITIES		12,051,038	12,260,299

(*) Presented, solely and exclusively, for comparison purposes.

UCI, S.A. and Subsidiaries (UCI GROUP).
CONSOLIDATED PROFIT AND LOSS ACCOUNTS AT 31 DECEMBER 2015 AND 2014
(Expressed in thousands of Euros)

	Note	2015	2014(*)
Interests and similar income	29	265,292	328,232
Interests and similar charges	30	100,998	134,271
NET INTEREST INCOME		**164,294**	**193,961**
Return on equity instruments		-	-
Share of profit or loss of entities accounted for using the equity method		-	-
Fee and commission income		12,614	13,078
Fee and commission expenses		2,264	1,748
Net gains (losses) on financial assets and liabilities		4,876	10,245
Held for trading		-254	-
Other financial instruments at fair value through profit or loss			
Other financial instruments not at fair value through profit or loss		-	-
Liabilities at amortized cost		5,129	10,245
Rest			
Net exchange differences			
Other operating income		2,967	2,411
Other operating expenses			-
GROSS INCOME		**182,490**	**217,947**
Administration expenses			
Personnel expenses	31	31,957	32,022
Other administrative expenses	32	45,459	45,609
Depreciation and amortization		3,570	846
Provisioning expense (net)		1,689	430
Impairment losses on financial assets (net)		70,741	125,689
Loans and receivables		70,741	125,689
Other financial instruments not at fair value through profit or loss		-	-
NET OPERATING INCOME		**29,074**	**13,351**
Impairment losses on other assets (net)		504	-
Goodwill and other intangible assets		-	-
Other assets		504	-
Gains (losses) on derecognized assets not classified as non-current assets held for sale		-	-
Negative goodwill		-	-
Gains (losses) on non-current assets held for sale not classified as discontinued operations		-37,769	-44,933
INCOME BEFORE TAX		**-9,199**	**-31,582**
Income tax	27	-1,453	-12,096
INCOME FROM CONTINUING TRANSACTIONS		**-7,746**	**-19,486**
Income from discontinued transactions (net)			
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR		**-7,746**	**-19,486**
Net income attributed to non-controlling interests		**-**	**-**
NET INCOME ATTRIBUTED TO THE GROUP		**-7,746**	**-19,486**

(*) Presented, solely and exclusively, for comparison purposes.

UCI. i.A´15 ANNUAL ACCOUNTS

UCI, S.A. and Subsidiaries (UCI GROUP)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME CORRESPONDING TO YEARS ENDED AT 31 DECEMBER 2015 AND 2014
(Expressed in thousands of Euros)

	2015	2014(*)
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR	**-7,746**	**-19,486**
OTHER RECOGNIZED INCOME (EXPENSES)	**6,939**	**913**
Financial assets held for sale		
Revaluation gains/(losses)		
Amounts transferred to the income statement		
Other reclassifications		
Cash flow hedges	9,913	1,305
Revaluation gains/(losses)	9,913	1,305
Amounts transferred to the income statement		
Amounts transferred to the initial carrying amount of the hedged items		
Other reclassifications		
Hedge of net investment in foreign operations		-
Revaluation gains/(losses)		
Amounts transferred to the income statement		
Other reclassifications		
Exchange differences		-
Revaluation gains/(losses)		
Amounts transferred to the income statement		
Other reclassifications		
Non-current assets held for sale		-
Revaluation gains/(losses)		
Amounts transferred to the income statement		
Other reclassifications		
Actuarial profit/(loss) in post-employment plans		-
Rest of recognized income and expenses	-2,974	-392
Income tax		
TOTAL RECOGNIZED INCOME/EXPENSES	**-807**	**-18,573**

(*) Presented, solely and exclusively, for comparison purposes.

UCI, S.A. and Subsidiaries (UCI GROUP)
CONSOLIDATED STATEMENTS OF CHANGES IN NET EQUITY CORRESPONDING TO YEARS ENDED AT 31 DECEMBER 2015 AND 2014 (Expressed in thousands of Euros)

	EQUITY									
	Common stock	Share premium	Reserves	Other equity instruments	Profit/ (loss) for the year	Less: dividends and remuneration	Non-controlling interests	Total Stockholders' Funds	VALUATION ADJUSTMENTS	TOTAL NET EQUITY
1. Adjusted closing balance 31/12/2014	98,019		344,474		-19,486		-	423,007	-24,277	398,730
2. Total recognized income/expenses			-		-807		-	-807	-	-807
3. Other variations in net equity	-	-	-19,678	-	12,547	-	-	-7,131	6,939	-192
3.1 Capital increases										
3.2 Capital decreases										
3.3 Conversion of financial liabilities into capital										
3.4 Increase of other equity instruments										
3.5 Reclassification of financial liabilities to other equity instruments										
3.6 Reclassification of equity instruments to financial liabilities										
3.7 Dividend distribution										
3.8 Transactions including treasury stock and other equity instruments (net)										
3.9 Transfers among total equity entries			-19,486		19,486			-		-
3.10 Increase/reduction due to business combinations										
3.11 Payments with equity instruments										
3.12 Rest of increases/reductions in total equity					-6,939			-6,939	6,939	-
3.13 Exchange differences			-192					-192		-192
4. Closing balance at 31/12/2015	98,019		324,796		-7,746		-	415,069	-17,338	397,731

(*) Presented, solely and exclusively, for comparison purposes.

UCI. i.A´15 ANNUAL ACCOUNTS

UCI, S.A. and Subsidiaries (UCI GROUP)
CONSOLIDATED STATEMENTS OF CHANGES IN NET EQUITY CORRESPONDING TO YEARS ENDED AT 31 DECEMBER 2015 AND 2014 (Expressed in thousands of Euros)

	EQUITY									
	Common stock	Prima de emisión	Reserves	Other equity instruments	Profit/ (loss) for the year	Less: dividends and remuneration	Less: dividends and remuneration	Total Stockholders' Funds	VALUATION ADJUSTMENTS	TOTAL PATRIMONIO NETO
1. Adjusted closing balance 31/12/2013	98,019		339,172		5,063		-	442,254	-25,190	417,064
2. Total recognized income/expenses			-		-18,573		-	-18,573	-	-18,573
3. Other variations in net equity	-	-	5,302	-	-5,976	-	-	-674	913	239
3.1 Capital increases										
3.2 Capital decreases										
3.3 Conversion of financial liabilities into capital										
3.4 Increase of other equity instruments										
3.5 Reclassification of financial liabilities to other equity instruments										
3.6 Reclassification of equity instruments to financial liabilities										
3.7 Dividend distribution										
3.8 Transactions including treasury stock and other equity instruments (net)										
3.9 Transfers among total equity entries			5,063		-5,063			-		-
3.10 Increase/reduction due to business combinations										
3.11 Payments with equity instruments										
3.12 Rest of increases/reductions in total equity					-913			-913	913	-
3.13 Exchange differences			239					239		239
4. Closing balance at 31/12/2014	98,019		344,474		-19,486		-	423,007	-24,277	398,730

(*) Presented, solely and exclusively, for comparison purposes.

UCI S.A. and Subsidiaries (UCI GROUP)
CONSOLIDATED CASH-FLOW STATEMENTS CORRESPONDING TO YEARS ENDED AT 31 DECEMBER 2015 AND 2014 (Expressed in thousands of Euros)

	2015	2014 (*)
A. CASH FLOWS FROM OPERATING ACTIVITIES	158,313	160,609
Profit or loss for the period	-7,746	-19,486
Adjustments to profit or loss	149,985	218,079
Depreciation and amortization	3,571	846
Other adjustments	146,414	217,233
Net increase/decrease in operating assets	219,431	242,494
Financial assets held for trading	-	-
Other financial assets designated at fair value through profit or loss	-	33
Financial assets held for sale	-	-
Loans and receivables	235,183	262,362
Other operating assets	-15,752	-19,901
Net increase/decrease in operating liabilities	-204,810	-292,574
Financial assets held for trading	-	-
Financial liabilities at amortized cost	-197,193	-268,218
Other operating liabilities	-7,617	-24,356
Collections/payments for income tax	1,453	12,096
B. CASH FLOWS FROM INVESTING ACTIVITIES	-114,368	-151,871
Investment	-172,415	-204,534
Tangible assets	-2,239	-299
Intangible assets	-42	-392
Investments	-	-
Non-current assets held for sale and associated liabilities	-170,060	-203,843
Divestments	58,047	52,663
Tangible assets	-	-
Non-current assets held for sale and associated liabilities	58,047	52,663
C. CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Investment		
Dividends		
Divestments		
D. EFFECT OF EXCHANGE RATE CHANGES		
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (A+B+C+D)	43,945	8,738
E. CASH OR CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	62,117	53,379
F. CASH OR CASH EQUIVALENTS AT END OF THE PERIOD	106,062	62,117
MEMORANDUM ITEM:		
COMPONENTS OF CASH AND EQUIVALENTS AT END OF THE PERIOD		
Cash	8	8
Balance of cash equivalent in central banks		
Other financial assets	106,054	62,109
Total cash or cash equivalents at end of the period	106,062	62,117

(*) Presented, solely and exclusively, for comparison purposes.

1. ACTIVITY OF THE COMPANY

UCI, S.A. is the Parent Company of the Participated Group of Affiliated Entities which form part of UCI, S.A. and Subsidiaries (hereinafter, UCI Group). UCI, S.A. was incorporated, for an indefinite period of time, in 1988, when it was inscribed in the Mercantile Registry. Its corporate and tax address is located in Madrid.

The Group's main activity is granting mortgage loans. Its corporate purpose also allows it to carry out the activities of a Financial Credit Establishment.

On November 1999, the Group opened a Branch in Portugal for distributing mortgage loans to individuals. Additionally, in 2004, the Group opened a new Branch in Greece, where production was paralyzed in 2011.

The Parent Company is under the obligation of drawing up its own individual consolidated financial statements, which are also subject to mandatory audit, together with the consolidated financial statements for the Group which include, where applicable, the corresponding holdings in Subsidiaries. The Group's Entities are involved in activities related with the financing of loans.

At December 31, 2015 and 2014, total assets, net equity and results for the year of the Subsidiary UNIÓN DE CRÉDITOS INMOBILIARIOS S.A. E.F.C. represent almost all of the same concepts within the Group.

Summarized below are the individual balance sheet, the individual income statement, the individual statement of recognized income and expenses, individual statement of changes in net equity and individual cash-flow statement for the aforementioned Subsidiary, corresponding to the financial years ended at December 31, 2015 and 2014, prepared in accordance with the same accounting principles and rules and valuation criteria applied to these consolidated financial statements for the Group:

UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A. ESTABLECIMIENTO FINANCIERO DE CRÉDITO SOCIEDAD UNIPERSONAL. BALANCE SHEETS AT 31 DECEMBER 2015 AND 2014

(Expressed in thousands of Euros)

ASSETS	2015	2014
Cash and balances with central banks	**8**	**8**
Financial assets held for trading	**-**	**-**
Loans and advances to credit institutions	-	-
Loans and advances to other debtors	-	-
Debt securities	-	-
Equity instruments	-	-
Trading derivatives	-	-
Memorandum item. Loaned or advanced as collateral	-	-
Other financial assets designed at fair value through profit or loss	**-**	**-**
Loans and advances to credit institutions	-	-
Loans and advances to other debtors	-	-
Debt securities	-	-
Equity instruments	-	-
Memorandum item. Loaned or advanced as collateral	-	-
Financial assets available for sale	**-**	**-**
Debt securities	-	-
Other equity instruments	-	-
Memorandum item. Loaned or advanced as collateral	-	-
Loans and receivables	**11,280,360**	**11,443,361**
Loans and advances to credit institutions	86,903	54,123
Loans and advances to other debtors	11,193,457	11,389,238
Debt securities	-	-
Memorandum item. Loaned or advanced as collateral	-	-
Investments held to maturity	**-**	**-**
Memorandum item. Loaned or advanced as collateral	-	-
Changes in the fair value of the hedged items in portfolio hedges of interest rate risk	**-**	**-**
Hedging derivatives	**-**	**-**
Non-current assets held for sale	**379,776**	**409,537**
Investments	**-**	**-**
Associates	-	-
Jointly controlled entities	-	-
Group entities	-	-
Insurance contracts linked to pensions	**-**	**-**
Tangible assets	**69,455**	**933**
Property, plants and equipment	2,345	933
For own use	2,345	933
Other assets leased out under operating lease		
Investment properties	67,110	-
Memorandum item. Acquired under a finance lease	-	-
Intangible assets	**603**	**559**
Goodwill	-	-
Other intangible assets	603	559
Tax assets	**50,323**	**53,314**
Current	156	-
Deferred	50,167	53,314
Other assets	**458,012**	**440,939**
TOTAL ASSETS	**12,238,537**	**12,348,651**
Memorandum item		
Contingent risks	-	-
Contingent commitments	11,551	11,565

UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A. ESTABLECIMIENTO FINANCIERO DE CRÉDITO SOCIEDAD UNIPERSONAL. BALANCE SHEETS AT 31 DECEMBER 2015 AND 2014

(Expressed in thousands of Euros)

LIABILITIES AND NET EQUITY	2015	2014
LIABILITIES		
Financial assets held for trading	**-**	**-**
Deposits from central banks		
Deposits from credit institutions	-	-
Deposits from other creditors	-	-
Debt certificates including bonds	-	-
Trading derivatives	-	-
Short positions	-	-
Other financial liabilities	-	-
Other financial liabilities at fair value through profit or loss	**-**	**-**
Deposits from central banks	-	-
Loans and advances to credit institutions	-	-
Deposits from other creditors	-	-
Debt certificates including bonds	-	-
Trading derivatives		
Other financial liabilities	-	-
Financial liabilities at amortized cost	**11,797,179**	**11,882,166**
Deposits from central banks	-	-
Deposits from credit institutions	8,167,056	8,428,062
Deposits from other creditors	3,469,559	3,293,496
Debt certificates including bonds	-	-
Subordinated liabilities	160,564	160,608
Trading derivatives	-	-
Other financial liabilities	-	-
Changes in the fair value of the hedged items in portfolio hedges of interest rate risk	**-**	**-**
Hedging derivatives	**25,917**	**36,776**
Hedging derivatives liabilities associated with non-current assets held for sale	**-**	**-**
Provisions	**2,851**	**1,579**
Provisions for pensions and similar obligations	-	-
Provisions for taxes and other legal contingencies	-	-
Provisions for contingent exposures and commitments	-	-
Other provisions	2,851	1,579
Tax liabilities	**1,550**	**872**
Current	1,550	872
Deferred	-	-
Other liabilities	**25,251**	**51,057**
TOTAL LIABILITIES	**11,852,748**	**11,972,450**
NET EQUITY	**385,789**	**376,201**
Own funds	**403,127**	**400,478**
Capital or endowment fund	38,280	38,280
Issued	38,280	38,280
Less unpaid and uncalled	-	-
Share premium	-	-
Reserves	362,198	364,865
Other equity instruments	-	-
Equity component of compound financial instruments	-	-
Other equity instruments	-	-
Less: Treasury shares		
Profit or loss for the period	2,649	-2,667
Less: Dividends and remunerations		
Valuation adjustments	**-17,338**	**-24,277**
Financial assets held for sale	-	-
Cash flow hedges	-17,338	-24,277
Hedge of net investment in foreign operations	-	-
Exchange differences	-	-
Non-current assets held for sale	-	-
Other valuation adjustments	-	-
TOTAL NET EQUITY AND LIABILITIES	**12,238,537**	**12,348,651**

UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A. ESTABLECIMIENTO FINANCIERO DE CRÉDITO SOCIEDAD UNIPERSONAL INCOME STATEMENTS AT 31 DECEMBER 2015 AND 2014

(Expressed in thousands of Euros)

	2015	2014
Interests and similar income	266,201	328,940
Interests and similar charges	101,168	133,840
NET INTEREST INCOME	**165,033**	**195,100**
Return on equity instruments	-	-
Fee and commission income	12,595	13,062
Fee and commission expenses	2,264	1,747
Net gains (losses) on financial assets and liabilities	4,876	10,245
Financial assets held for trading	-254	-
Other financial instruments at fair value through profit or loss	-	-
Liabilities at amortized cost	-	-
Financial instruments not at fair value through profit or loss	5,129	10,245
Other	-	-
Exchange differences (net)	-	-
Other operating income	1,326	456
Other operating expenses	-	-
GROSS INCOME	**181,566**	**217,116**
Administration expenses		
Personnel expenses	31,054	31,165
Other administrative expenses	40,970	39,304
Amortization	3,489	836
Provisioning expense (net)	1,689	430
Impairment losses on financial assets (net)	65,254	115,697
Loans and receivables	65,254	115,697
Other financial instruments not at fair value through profit or loss	-	-
NET OPERATING INCOME	**39,110**	**29,684**
Impairment losses on other assets (net)	444	-
Goodwill and other intangible assets	-	-
Other assets	444	-
Gains (losses) on derecognized assets not classified as non-current assets held for sale	-	-
Negative goodwill	-	-
Gains (losses) on non-current assets held for sale not classified as discontinued operations	-33,277	-37,506
RESULT BEFORE TAX	**5,389**	**-7,822**
Income tax	**2,740**	**-5,155**
PROFIT OR LOSS FOR THE PERIOD FROM CONTINUING TRANSACTIONS	**2,649**	**-2,667**
Income from discontinued transactions (net)		
PROFIT OR LOSS FOR THE PERIOD	**2,649**	**-2,667**

UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A. ESTABLECIMIENTO FINANCIERO DE CRÉDITO SOCIEDAD UNIPERSONAL. COMPREHENSIVE INCOME STATEMENT CORRESPONDING TO YEARS ENDED AT 31 DECEMBER 2015 AND 2014, (Expressed in thousands of Euros)

	2015	2014
PROFIT OR LOSS FOR THE PERIOD	**2,649**	**-2,667**
OTHER RECOGNIZED INCOME (EXPENSES)	**6,939**	**913**
Financial assets held for sale		
Revaluation gains/(losses)		
Amounts transferred to the income statement		
Other reclassifications		
Cash flow hedges	9,913	1,305
Revaluation gains/(losses)	9,913	1,305
Amounts transferred to the income statement		
Amounts transferred to the initial carrying amount of the hedged items		
Other reclassifications		
Hedge of net investment in foreign operations	-	-
Revaluation gains/(losses)		
Amounts transferred to the income statement		
Other reclassifications		
Exchange differences	-	-
Revaluation gains/(losses)		
Amounts transferred to the income statement		
Other reclassifications		
Non-current assets held for sale	-	-
Revaluation gains/(losses)		
Amounts transferred to the income statement		
Other reclassifications		
Actuarial profit/(loss) in post-employment plans	-	-
Rest of recognized income and expenses	-	-
Income tax	-2,974	-392
TOTAL RECOGNIZED INCOME/EXPENSES	**9,588**	**-1,754**

UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A. ESTABLECIMIENTO FINANCIERO DE CRÉDITO SOCIEDAD UNIPERSONAL. STATEMENT OF CHANGES IN EQUITY CORRESPONDING TO YEARS ENDED AT 31 DECEMBER 2015 AND 2014 (Expressed in thousands of Euros)

	EQUITY									
	Common stock	Share premium	Reserves	Other equity instruments	Less: Treasury shares	Profit or loss for the period	Less: dividends and remunerations	Total stockholders' funds	VALUATION ADJUSTMENTS	TOTAL EQUITY
1. Closing balance at (31/12/2014)	38,280	-	364,865			-2,667	-	400,478	-24,277	376,201
2. Adjusted opening balance	38,280	-	364,865			-2,667	-	400,478	-24,277	376,201
3. Total recognized income/expenses	-	-	-	-	-	9,588	-	9,588	-	9,588
4. Other variations in net equity	-	-	-2,667			-4,272	-	-6,939	6,939	-
4.1 Capital increases										
4.2 Capital decreases										
4.3 Conversion of financial liabilities into capital										
4.4 Increase of other equity instruments										
4.5 Reclassification of financial liabilities to other equity instruments										
4.6 Reclassification of equity instruments to financial liabilities										
4.7 Dividend distribution										
4.8 Transactions including treasury stock and other equity instruments (net)										
4.9 Transfers among total equity entries	-	-	-2,667	-	-	2,667	-	-	-	-
4.10 Increase/reduction due to business combinations										
4.11 Payments with equity instruments										
4.12 Rest of increases/ reductions in total equity	-	-	-	-	-	-6,939	-	-6,939	6,939	-
5. Closing balance at (31/12/2015)	38,280	-	326,198			2,649	-	403,127	-17,338	385,789

UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A. ESTABLECIMIENTO FINANCIERO DE CRÉDITO SOCIEDAD UNIPERSONAL. STATEMENT OF CHANGES IN EQUITY CORRESPONDING TO YEARS ENDED AT 31 DECEMBER 2015 AND 2014 (Expressed in thousands of Euros)

	EQUITY									
	Common stock	Share premium	Reserves	Other equity instruments	Less: Treasury shares	Profit or loss for the period	Less: dividends and remunerations	Total stockholders' funds	VALUATION ADJUSTMENTS	TOTAL EQUITY
1. Closing balance at (31/12/2013)	38,280	-	348,282			16,583	-	403,145	-25,190	377,955
2. Adjusted opening balance	38,280	-	348,282			16,583	-	403,145	-25,190	377,955
3. Total recognized income/expenses	-	-	-	-	-	-1,754	-	-1,754	-	-1,754
4, Other variations in net equity	-	-	16,583			-17,496	-	-913	913	-
4.1 Capital increases										
4.2 Capital decreases										
4.3 Conversion of financial liabilities into capital										
4.4 Increase of other equity instruments										
4.5 Reclassification of financial liabilities to other equity instruments										
4.6 Reclassification of equity instruments to financial liabilities										
4.7 Dividend distribution										
4.8 Transactions including treasury stock and other equity instruments (net)										
4.9 Transfers among total equity entries	-	-	16,583	-	-	-16,583	-	-	-	-
4.10 Increase/reduction due to business combinations										
4.11 Payments with equity instruments										
4.12 Rest of increases/ reductions in total equity	-	-	-	-	-	-913	-	-913	913	-
5. Closing balance at (31/12/2014) (*)	38,280	-	364,865			-2,667	-	400,478	-24,277	376,201

UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A. ENTIDAD FINANCIERA DE CRÉDITO SOCIEDAD UNIPERSONAL
CASH-FLOW STATEMENTS CORRESPONDING TO YEARS ENDED AT 31 DECEMBER 2015 AND 2014
(Expressed in thousands of Euros)

	2015	2014
A. CASH FLOWS FROM OPERATING ACTIVITIES	**112,784**	**135,983**
Profit or loss for the period	**2,649**	**-2,667**
Adjustments to profit or loss	**137,146**	**197,195**
Depreciation and amortization	3,489	836
Other adjustments	133,657	196,359
Net increase/decrease in operating assets	**87,024**	**143,450**
Financial assets held for trading	-	-
Other financial assets designated at fair value through profit or loss	-	33
Financial assets held for sale	-	-
Loans and receivables	101,106	180,185
Other operating assets	-14,082	-36,768
Net increase/decrease in operating liabilities	**-114,035**	**-207,150**
Financial assets held for trading		
Financial liabilities at amortized cost	-84,987	-208,071
Other operating liabilities	-29,048	921
Collections/payments for income tax	**-**	**5,155**
B. CASH FLOWS FROM INVESTING ACTIVITIES	**-80,004**	**-131,713**
Investment	-158,975	-174,110
Tangible assets	-2,094	-293
Intangible assets	-101	-393
Non-current assets held for sale and associated liabilities	-156,780	-173,424
Divestment	78,971	42,397
Tangible assets		
Intangible assets	-	-
Non-current assets held for sale and associated liabilities	78,971	42,397
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Investment		
Dividends		
Divestment		
D. EFFECT OF EXCHANGE RATE CHANGES		
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (A+B+C+D)	**32,780**	**4,270**
E. CASH OR CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**54,131**	**49,861**
F. CASH OR CASH EQUIVALENTS AT END OF THE PERIOD	**86,911**	**54,131**
MEMORANDUM ITEM:		
COMPONENTS OF CASH OR CASH EQUIVALENTS AT END OF THE PERIOD		
Cash	8	8
Balance of cash equivalent in central banks		
Other financial assets	86,903	54,123
Total cash or cash equivalents at end of the period	86,911	54,131

2. BASES OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATION PRINCIPLES

a) Bases of presentation of the consolidated financial statements

The financial reporting framework applicable to the Group is established by International Financial Reporting Standards adopted by the European Union at December 31, 2015 (hereinafter "IFRS-EU"), taking into consideration Circular 4/2004, and successive modifications, which constitute the development and adaptation of the International Financial Reporting Standards adopted by the European Union to the sector of Spanish credit entities.

The consolidated financial statements correspon-ding to 2015 have been formulated by the Direc-tors on the meeting held by the Board of Directors on February 18, 2016. The Group's consolidated financial statements and the Group Companies' financial statements corresponding to 2015 will be subject to approval by the General Sharehol-ders' Meeting to be held on the first half of 2016. Nevertheless, the Board of Directors understands that such consolidated financial statements will be approved without changes.

The consolidated financial statements correspon-ding to 2014 were formulated by the Directors in the Board of Directors' meeting held on February 18, 2015, and approved by the General Sharehol-ders' Meeting held on June 22, 2016.

The consolidated financial statements have been prepared taking into account all accounting principles and standards, as well as compulsory valuation criteria which have a significant effect therein, so that they show a true and fair view of the Group's consolidated equity and financial position at December 31, 2015 and results of its transactions, consolidated recognized income and expenses, consolidated changes in net equity and cash flows during the year ended at such date.

The new definition of Financial Entity excludes Credit Financial Establishments.

The legal system applicable to Credit Financial Establishments has been specifically developed with the corresponding adaptations for them to continue with their current activity.

These notes to the financial statements use acronyms «IAS» and «IFRS» to refer to International Accounting Standards and to International Financial Reporting Standards, respectively, approved by the European Union, on the basis of which these consolidated financial statements have been elaborated. They also use acronyms «IFRIC» and «IFRSC» to refer to the International Financial Reporting Standards Committee.

Below, we detail the new standards, modifications and interpretations compulsorily applicable in years following the natural year which started on January 1, 2015 (applicable from 2015 onwards) and which adoption has not had a significant effect on the consolidated financial statements:

- IAS 19 modified - "Employee benefits. Employees' contributions to defined benefits schemes". The new IAS 19 introduces modifications in the registration of contributions to defined benefit schemes to ease the possibility to deduce these contributions from the service cost in the same period when they are paid, if certain requirements are met, without a need to perform calculations to compensate the reduction in each year of service.
- Annual IFRS improvement project 2010-2012 – Small modifications to IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38. The IFRS annual improvement project 2010-2012 introduces small modifications and clarifications to IFRS 8 – Operating segments, IFRS 13 – Fair value measurement, IAS 16 – Property, Plant and Equipment, IAS 24 – Related party disclosures and IAS 38 – Intangible assets.
- Annual IFRS improvement project 2011-2013. Small modifications to IFRS 1 – First-time adoption of IFRS, IFRS 3 – Business combinations, IFRS 13 – Fair Value measurement and IAS 40 – Investment property.
- Issued standards and interpretations that have not come into force at December 31, 2015. At the date of formulation of these consolidated annual accounts, new International Financial Reporting Standards and their interpretations had been published, which compliance was not obligatory at December 31, 2015.

- IFRS 9 - "Financial instruments". On July 24, 2014, the IASB issued the IFRS 9, which will substitute the IAS 39 in the future and includes requirements for the classification and measurement of financial assets and liabilities, the impairment of financial assets and the hedge accounting. The classification of financial assets will depend on the entity's business model for its management, and on characteristics of contractual cash flows and will result in the measurement of financial assets at amortized cost, at fair value through Net Equity, or at fair value through Profit and Loss.

  The IASB has established January 1, 2018 as compulsory application date of IFRS 9, with the possibility of early application.

- IFRS 7 modified - "Financial Instruments: Disclosures". The IASB modified the IFRS 7 in December 2011 to introduce new disclosures on financial instruments, to be presented by entities in the first year of application of the IFRS 9.

- IFRS 11 modified – "Joint agreements". Modifications to IFRS11 introduce registration guidelines for acquisitions of interests in joint operations which activity constitutes a business, according to which these must be registered by application of principles in IFRS 3 – Business combinations. These modifications will be applicable to years beginning from January 1, 2016, although early application is allowed.

- IAS 16 modified – "Property, Plant and Equipment" and IAS 38 modified– "Intangible assets". Modifications to IAS 16 and IAS 38 exclude, in general, among assets' depreciation and amortization methods, those methods based in revenues; therefore, except in very exceptional cases, these methods do not reflect the pattern on the basis of which the entity is expected to consume the asset's economic profits. These modifications will be applicable to years beginning from January 1, 2016, although early application is allowed.

- IFRS 15 – "Revenue from contracts with customers". IFRS 15 establishes principles to be applied by an entity to register revenue and flows from funds derived from contracts to sell goods or services to customers. This standard will be applicable to years beginning from January 1, 2018, although early application is allowed.

- NIC 27 modified – "Separate financial statements". Modifications to IAS 27 enable entities to use the equity method to register investments in subsidiaries, joint businesses and associated, in their separate financial statements. These modifications will be applicable to years beginning from January 1, 2016, although early application is allowed.

- IFRS 10 modified – "Consolidated financial statements" and IAS 28 modified. Modifications to IFRS 10 and IAS 28 establish that, one an entity sells or contributes assets which constitute a business (including consolidated subsidiaries) to an associate or joint business, the entity must recognize profits and losses from the transaction as a whole. However, when assets sold or contributed do not constitute a business, the entity must recognized profits and losses to the extent of interests in the associate or joint business of other investors not related to the entity. These modifications will be applicable to years beginning from effective date, still to be determined, although early application is allowed.

- NIC 1 modified – "Presentation of financial statements". Modifications to IAS 1 encourage companies to apply professional judgment in the determination of the information to be disclosed in their financial statements, in the determination of which items to be detailed, and headings and additional sub-totals to be included in the balance sheet and income statement of the period and other comprehensive income, and in the determination of where to present disclosures, and in what order. These modifications will be applicable to years beginning from January 1, 2016, although early application is allowed.

- IFRS 10 modified - "Consolidated financial statements", IFRS 12 modified – "Disclosures of interests in other entities" and IAS 28 modified – "Investments in associates and joint businesses". Modifications to IFRS 10, IFRS 12 and IAS 28 introduce clarifications on registration requirements for investment entities.

  These modifications will be applicable to years beginning from January 1, 2016, although early application is allowed.

- IAS 12 – "Income taxes. Recognition of deferred tax assets for unrealized losses". Modifications to IAS 12 clarify requirements to recognize deferred tax assets for unrealized losses in debt instruments measured at fair value.

- Modifications will be applicable to years starting from January 1, 2017, although early application is allowed.

- IFRS 16 – "Leases". On January 13, 2016, the IASB issued the IFRS 16, which will substitute the IAS 17. The new standard introduces one single accounting model for the lessee and requires it to recognize assets and liabilities for all lease agreements with a period above 12 months, unless the underlying asset's value is low. The lessee must recognize a right of use in the asset, representing their right to use the leased asset, and a lease liability, representing their obligation to settle lease payments.

  With regards to the lessor's accounts, the IFRS 16 substantially maintains accounting requirements of IAS 17. Consequently, the lessor will continue classifying leases as operational or financial leases, and will register each one of these lease agreements in a different manner.

  This standard will be applicable to years starting from January 1, 2019, although early application is allowed as long as IFRS 15 is also applied.

The main accounting and valuation principles and criteria applied in the preparation of the 2015 consolidated financial statements are indicated on Note 11. All accounting principles and valuation criteria which had a significant effect on said financial statements have been applied on their preparation.

b) Comparison of information

According to the corporate law, the Directors present, solely and exclusively for comparison purposes, together with the information related to 2015, the amounts referred to 2014.

The present consolidated financial statements, unless otherwise noted, are presented on thousands of Euros.

c) Consolidation principles

Subsidiaries

Subsidiaries are entities on which the Group has control. In general, this capacity is stated, although not exclusively, by ownership, direct or indirect, of at least 50% of the political rights on investees or, if such percentage was below 50% or null, if, for example, there are agreements with their shareholders who grant such control to the Group. Control is understood to be the power to manage the financial and operational policies of an entity in which there is a holding, so as to obtain profits from its activities.

Dependent entities are considered as those on which the Group holds control. This capacity is generally stated, although not solely, through direct or indirect ownership of, at least, 50% of political rights on investees or, if this percentage was lower or nil, if, for example, there are agreements with their shareholders which grant such control to the Group. Control is understood as the power to direct financial and operative policies in an entity, for the purpose of obtaining profits from its activities.

It is understood that an entity controls an investee when it is exposed or has right to variable yields from its involvement in the investee, and has capacity to influence in such yields through the power exercised on the investee. The following must concur in order to consider the existence of control:

a) Power: an investor has power on an investee when the investor holds rights in force which provide it with the capacity to direct relevant activities, which are those which significantly affect the investee's yields.

b) Yields: an investor is exposed or has right to variable yields for its involvement in the investee when yields obtained by the investor for such involvement can vary in the basis of the investee's economic evolution. The investor's yields shall be only positive, only negative or simultaneously positive and negative.

c) Relation between power and yields: an investor controls an investee if the investor does not only hold power on the investee and is exposed or has right to variable yields for its involvement in the investee, but also has the capacity to use its power to influence yields obtained for such involvement in the investee.

The financial statements of subsidiaries are consolidated with those of the Group by applying the full consolidation method. Consequently, all significant balances and transactions among consolidated entities and such entities and the Group are eliminated within the consolidation process.

At acquisition of a subsidiary, its assets, liabilities and contingent liabilities are registered at their fair value at acquisition date. Positive differences between the acquisition cost and fair values of identifiable net assets acquired are recognized as goodwill. Negative differences are allocated to profit and loss at acquisition date.

Additionally, the shareholding by minority shareholders on the Group's equity is presented under "Minority shareholders" on the consolidated balance sheet. Their shareholding on the results for the year is presented on the caption "Results attributed to minority shareholders" on the consolidated income statement.

The consolidation of results generated by entities acquired during a certain year only takes into account results related to the period comprised between the acquisition date and that year's closing. In parallel, the consolidation of results generated by entities disposed of during a certain year only takes into account those results related to the period from the opening of the year and the date of disposal.

Associates

Associates are those over which the Group holds a significant influence, although not a control or joint control. It is assumed that there is a significant influence when 20% or more of voting rights are held, directly or indirectly, on an investee, unless it is possible to clearly demonstrate that there is not such influence.

On consolidated financial statements, associates are valued by the "equity method", that is to say, by the fraction of its net equity representing the Group's shareholding on its capital, after considering dividends perceived from them and other equity eliminations. In the case of transactions with an associated entity, the corresponding profit or loss is eliminated on the Group's percentage over its capital.

The relevant information on the shareholdings in Group's Subsidiaries at December 31, 2015 and 2014 is as follows:

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Year 2015

NAME AND ADDRESS	SHARE CAPITAL (in thousands of Euros)	SHAREHOLDING PERCENTAGE	ACTIVITY
Unión de Créditos Inmobiliarios, S.A. Establecimiento Financiero de Crédito Sociedad Unipersonal C/ Retama, 3 - Madrid	38,280	100%	Property financing loans
UCI Servicios para Profesionales Inmobiliarios, S.A. C/ Retama, 3 - Madrid	635	100%	The provision of all types of services related with the property/IT market
Retama Real Estate (antes UCI Servicios Inmobiliarios y Profesionales, S.A. Sociedad Unipersonal) C/ Retama, 3 - Madrid	2,578	100%	Advice, Management, direction and assistance for companies, as well as the acquisition and sale of real estate
Comprarcasa, Rede de Serviços Imobiliários, S.A. Avenida Eng. Duarte Pacheco Torre 1, 14º. Amoreiras - Lisboa	275	99.9%	Development of IT activities and services related to the real estate sector, both through Internet and other technologies
UCI–Mediação de Seguros Unipessoal Lda Avenida Eng. Duarte Pacheco Torre 1, 14º. Amoreiras	5	100%	Insurance brokerage
UCI Holding Brasil Lda Avenida de Cristobal Colón, nº 3000 Porto Alegre	1,986	99.9%	Holding entity. It holds 50% of COMPANHIA PROMOTORA UCI

The relevant information on the shareholdings in Group's Subsidiaries at December 31, 2015 and 2014 is as follows:

Unión de Créditos Inmobiliarios, S.A. E.F.C.

UCI, SA	Business in Spain	Business in Portugal and Greece	ComprarCasa, Rede de Serviços Imobiliários, S.A.	UCI Servicios para profesionales inmobiliarios S.A. (former Comprarcasa Servicios Inmobiliarios, SA.)	Retama Real Estate	UCI Mediación de seguros	UCI Holding Ltda	Total Consolidated
-310	2,465	184	-62	-479	-9,007	7	-544	-7,746

NAME AND ADDRESS	Year 2014 SHARE CAPITAL (in thousands of Euros)	SHAREHOLDING PERCENTAGE	ACTIVITY
Unión de Créditos Inmobiliarios, S.A. Establecimiento Financiero de Crédito Sociedad Unipersonal C/ Retama, 3 - Madrid	38,280	100%	Property financing loans
Comprarcasa Servicios Inmobiliarios, S.A. Sociedad Unipersonal C/ Retama, 3 - Madrid	635	100%	The provision of all types of services related with the property/IT market
Retama Real Estate (antes UCI Servicios Inmobiliarios y Profesionales, S.A. Sociedad Unipersonal) C/ Retama, 3 - Madrid	2,578	100%	Advice, Management, direction and assistance for companies, as well as the acquisition and sale of real estate
Comprarcasa, Rede de Serviços Imobiliários, S.A. Avenida Eng. Duarte Pacheco Torre 1, 14º. Amoreiras - Lisboa	370	99.9%	Development of IT activities and services related to the real estate sector, both through Internet and other technologies
UCI–Mediação de Seguros Unipessoal Lda Avenida Eng. Duarte Pacheco Torre 1, 14º. Amoreiras	5	100%	Insurance brokerage
UCI Holding Brasil Lda Avenida de Cristobal Colón, nº 3000 Porto Alegre	1,897	99.9%	Holding entity. It holds 50% of COMPANHIA PROMOTORA UCI

The contribution to the Group's results from each entity during 2014 has been the following:

Unión de Créditos Inmobiliarios, S.A. E.F.C.

UCI, SA	Business in Spain	Business in Portugal and Greece	ComprarCasa, Rede de Serviços Imobiliários, S.A.	UCI Servicios para profesionales inmobiliarios S.A. (former Comprarcasa Servicios Inmobiliarios, SA.)	Retama Real Estate	UCI Mediación de seguros	UCI Holding Ltda	Total Consolidated
-538	-11,560	8,893	-148	-313	-15,347	3	-476	-19,486

In the consolidation process, the full integration procedure has been applied for the statutory accounts of the Subsidiaries.

Consequently, all significant balances and transactions among the consolidated Entities have been written-off during the consolidation process.

3. CHANGES AND ERRORS IN ACCOUNTING CRITERIA AND ESTIMATIONS

The information included in these consolidated financial statements is the responsibility of the Parent Entity's Directors. In these consolidated financial statements, use has been made, where applicable, of estimations for valuing certain assets, liabilities, income, charges and commitments which have been made by the Parent Entity's Senior Management and ratified by its Directors. These estimations correspond to the following:

- Losses from impairment of certain assets.
- Periods of useful life applied to tangible and intangible fixed assets.
- The fair value of certain unlisted assets.
- The recoverability of tax assets.

Given that these estimates were made on the basis of the best information available at December 31, 2015 and 2014, in respect of the items affected, it is possible that future events could make it necessary to modify these in each direction in coming financial years. Such modification will be made in a prospective manner, as applicable, recognizing the effects of the change to the estimate in the corresponding consolidated income statement.

4. DISTRIBUTION OF RESULTS

The Parent Company's Board of Directors will propose to the General Shareholders' Meeting the approval of income for the year, as well as their transfer and application to Reserves.

5. MINIMUM EQUITY

Until December 31, 2013, Circular 3/2008 of Bank of Spain, of 22 May, and successive updates, on the determination and control of minimum equity, regulated minimum equity requirements to be held by Spanish credit entities – both at individual and consolidation level – and the way to determine such equity.

On June 27, 2013, the European Union's Official Gazette published the new regulation on capital requirements (called CRD IV), applicable from January 1, 2014, comprised by the following:

- Directive 2013/36/EU, of 26 June, of the European Parliament and Council, related to the access to the activity by credit entities and investment companies, and the prudential supervision of credit entities and investment companies, modifying Directive 2002/87/EC and derogating Directives 2006/48/EC and 2006/49/EC.

- Regulation EU 575/2013, of 26 June, of the European Parliament and Council, on prudential requirements for credit entities and investment companies, modifying Regulation EU 648/2012.

Directives must be transposed to the Spanish legal system, whereas the European Union's regulations are immediately applicable since their entry in force.

In Spain, Royal Decree Law 14/2013, of 29 November, on urgent measures to adapt the Spanish law to the European Union regulation in supervision and solvency of financial entities, performed a partial transposition of Directive 2013/36/EU to the Spanish law and empowered Bank of Spain, in its final fifth provision, to use options allocated to national competent authorities in Regulation EU 575/2013.

Therefore, since January 1, 2014, provisions of Circular 3/2008 of Bank of Spain contrary to the abovementioned European regulation have been derogated. Additionally, on February 5, 2014, Circular 2/2014 of Bank of Spain was published, whereby Bank of Spain used some of the permanent regulatory options foreseen by Regulation.

Also, Law 10/2014, of 26 June, on regulation, supervision and solvency of credit entities, has continued the transposition of CRD IV to the Spanish legal system.

All the above constitutes the current regulation in force on minimum equity to be held by Spanish credit entities, both at individual and consolidation levels, and the way to determine such equity, as well as several capital self-assessment processes to be applied.

Minimum equity requirements established in the abovementioned Circulars are calculated on the basis of the Group's exposure to the credit and dilution risk (based on assets, commitments and other suspense accounts which present risks, according to their amounts, characteristics, counterparts, guarantees, etc.), to the counterparty risk, position risk, and liquidation risk corresponding to the trading portfolio, to the exchange risk (based on the net global exchange position) and operative risk. Additionally, the Group is subject to risk concentration limits established by Regulation.

At December 31, 2015 and 2014, and during such years, computable individual and consolidated equity exceeded those required by the regulation in force at each date.

6. INFORMATION BY MARKET SEGMENT AND ADDITIONAL INFORMATION

a) Segmentation by business lines:

The UCI Group's main business is mortgage lending, without other significant business lines.

b) Segmentación por ámbito geográfico:

The Group counts with a branch in Portugal (production of 95.63 and 71.7 at December 31, 2015 and 2014, respectively) and in Greece (0.94 and 1.91 M€ at December 31, 2015 and 2014, respectively). The remaining activity is held in Spain (183.32 and 185.04 at December 31, 2015 and 2014, respectively).

c) Agency contracts:

Neither at 2015 and 2014 closings, nor throughout such years, has the Entity held "agency contracts" in force on the way they are contemplated under article 22 of the Royal Decree 1245/1995, of July 14, of the Ministry of Economy and Treasury

d) Coefficient of minimum reserves

At December 31, 2015 and 2014, the Group complied with the minimum required for this coefficient by the applicable Spanish regulation.

7. REMUNERATION AND DUTY TO LOYALTY OF THE ENTITY'S DIRECTORS AND KEY MANAGEMENT PERSONNEL

The remuneration for members of the Board of Directors is included under the heading Personnel Costs in the enclosed consolidated income statement for an amount of 203 thousand Euros (228 thousand Euros in 2014).

At the date of formulation of the annual accounts, the Board members of UCI, S.A. and persons related to them, as defined in article 231 of the Capital Corporation Act, have not communicated to other Board members any situation of conflict, direct or indirect, with the Entity's interest.

Nevertheless, aiming to reinforce the transparency, Board Members have declared the following information regarding themselves and their related persons, as referred to article 231 of the LSC, in conformity with article 229.2 of the LSC:

- Regarding shareholdings in companies which corporate purpose is identical, analogous or complementary to the one developed by the Company, as well as positions, duties and activities performed on such companies.

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Directors at December 31, 2015

Informant	Investee	Shareholding %	No. shares / Stocks	Position / Duty
Mr. Matías Rodríguez Inciarte	Banco Santander Cueto Calero SICAV, S.A Fiponsa Sanitas, S.A. de Seguros Financiera el Corte Inglés	0.009% 0.001% - -	1,327,697 124,794 - -	Vice-Chairman - Board Member Board Member Board Member
Mr. Pedro Rodríguez-Inciarte Escolar (Persona vinculada)	Banco Santander	0.001%	101,669	-
Mrs. Paula Rodríguez-Inciarte Escolar (Persona vinculada)	Banco Santander	0.001%	104,082	- -
Mr. Michel Falvert	CMV Mediforce AXA Banque Financement Domofinance Cetelem Bank Fimaser Unión de Créditos Inmobiliarios E.F.C. UCI S.A. Carrefour Banque			Chairman Board Directors Director Director Director Vice-Chairman Monitoring Board Director Director Permanent representative of BNP Paribas Personal Finance
Mr. Alain Van Groenendael	BNP Paribas Personal Finance (France) Findomestic Banca Cetelem CR As Commerz Financ Banco Cetelem (España) Unión de Créditos Inmobiliarios E.F.C. UCI S.A. Cetelem Slovensko Cetelem Slovensko AS Teb Tüketici Finansman Banco BNP Paribas Personal Finance RCS Collections Propietary Limited RCS Home Loans RCS Investment Holdings Limited Cetelem Bank Bank BGZ BNP Paribas Eurofinas Association Française des Sociétés Financières RCS Personal Finance Propietary Limited RCS Cards Propietary Limited IMS – Entreprendre pour la cité			Deputy CEO (until 12/06/15) Chairman Board Directors (since 12/06/15) Member of Appointment Committee (since 30/06/15) Director (until 25/09/15) Chairman Supervision Board (until 31/05/15) Member of Supervision Board Director Director Director Member of Supervision Board (until 27/11/15) Member of Supervision Board (until 27/11/15) Director Director Director Director Director Director Member of Supervision Board (since 01/09/15) Director Vice-Chairman Director Director Director

Year 2014

Informant	Investee	Shareholding %	No. shares / Stocks	Position / Duty
Mr. Thierry Alain Pierre Laborde	BNP Paribas Personal Finance	<0.01%	5	Chairman - CEO – Director
	Unión de Créditos Inmobiliarios S.A. EFC			Board Member
	UCI SA			Board Member
	Banco Cetelem SA			Director
	Findomestic Banca SpA			Director
	BNP Paribas Real Estate			Member of Monitoring Board
	BNP Paribas Cardif	<0.01%	1	Director
	Sygma Banque			Chairman Board Directors
	LASER	<0.01%	1	Chairman Board Directors
	LASER CONFINOGA	<0.01%	1	Chairman Board Directors
	Banco BNP Paribas Personal Finance			Director
	Carrefour Banque			Director
Mr. José María Espí Martínez	Banco Santander	-	392,665	CEO
	Santander Conumer Finance, S.A.	-	-	Board Member
	Santander de Lease, S.A	-	-	Chairman
	Unión de Créditos Inmobiliarios, S.A, E.F.C.	-	-	Board Member

Remuneration of key personnel and Board members as Directors

Salary remunerations perceived in 2015 by professionals comprised on the Entity's key personnel and by Board Members as Directors amounted to 2,417 thousand Euros, fully corresponding to fixed remuneration.

Salary remunerations perceived in 2014 by professionals comprised on the Entity's key personnel and by Board Members as Directors amounted to 2,374 thousand Euros, fully corresponding to fixed remuneration.

There have not been any severance payments to key personnel in 2015 or 2014.

For the purposes of the enclosed date, key personnel refers to employees who meet the requirements indicated on section 1.d) of the 62nd Regulation of Circular 4/2004.

Commitments for pensions, insurances, credits, guarantees and other concepts

The Group's Directors have not been granted with commissions for pensions, credits, guarantees or other concepts.

8. ENVIRONMENTAL IMPACT

The Group considers that it has adopted the appropriate measures with regard to the protection and improvement of the environment and the minimization, as applicable, of environmental impact, complying with the regulations on this aspect. During 2015 and 2014, the Group has not made any significant investment of an environmental nature and neither has it considered it necessary to register any provision for risks and charges of an environmental nature, neither does it consider that there any material contingencies with regard to the protection and improvement of the environment.

9. AUDIT FEES

Fees for the audit of the Group's accounts, included under the heading of External Services in the enclosed 2015 consolidated Income statement amount to 62,391 Euros (62,505 Euros in 2014). Additionally, this heading includes additional fees corresponding to other services, which have been rendered by the audit firm itself or by associates, for an amount of 10,070 Euros (28,000Euros in 2014).

10. SUBSEQUENT EVENTS

Since the year-end closing until the date of preparation of these Annual Accounts by the Company's Board of Directors, there has not been any worth-mentioning significant event

11 APPLIED ACCOUNTING PRINCIPLES AND STANDARDS AND VALUATION CRITERIA

The most significant accounting policies and rules and measurement basis applied in drawing up these consolidated financial statements are described below:

a) **Principle of accrual**
These consolidated financial statements, except as applicable in respect of the cash flows statements, have been drawn up in function of the real flow of goods and services, regardless of their date of payment or receipt.

b) **Other general principles**
The consolidated financial statements have been drawn up on the historic cost basis, although modified by financial assets and liabilities (including derivatives) at fair value.

The preparation of the consolidated financial statements requires the use of certain accounting estimates. Likewise, this requires Management to exercise its judgement in the process of applying the Group's accounting policies. These estimates could affect the amount of the assets and liabilities and the breakdown of contingent assets and liabilities at the date of the consolidated financial statements and the amount of income and costs during the period for the consolidated financial statements. Although these estimates are based on Management's best knowledge of the current and foreseeable circumstance, the end results might differ from these estimates.

c) **Financial derivatives**
Financial derivatives are instruments that, in addition to providing a profit or a loss, can allow, under certain conditions, compensation of all or part of the credit and/or market risks associated with balances and transactions, using as underlying components interest rates, certain indices, prices of some securities, cross rates of exchange for different currencies or other similar references. The Group uses traded financial derivatives in organized markets (OTC).

Financial derivatives are used for trading with customers who request this, for the Management of the risks in the Group's own positions (hedging derivatives) or to benefit from changes in the prices of these. Financial derivatives that cannot be considered as being for hedging are considered as trading instruments. The following are the conditions for a financial derivative to be considered as being for hedging:

I. The financial derivative must cover the risk of variations in the value of assets and liabilities as a result of changes in the interest rate and/or exchange rate (cover for fair values), the risk of alterations to the estimated cash flows originating in financial assets and liabilities, highly probable foreseen commitments and transactions (cash flow hedge) or the risk of net investment in a foreign business (hedge of net investments in foreign business).

II. The financial derivative should effectively eliminate any some risk inherent to the component or position covered throughout the full period of hedging. Consequently, it is to have prospective effectiveness, effectiveness at the time of contracting the hedging under normal conditions, and retrospective effectiveness, sufficient evidence that the effectiveness of the hedging is to be maintained throughout the life of the component or position hedged.

The effectiveness of the hedging provided by the derivatives defined as hedge, is to be duly documented by means of the tests of effectiveness, which is the tool that proves that the differences produced by changes in market prices between the hedged component and its hedging is maintained at reasonable parameters throughout the life of the operations, thereby complying with the forecasts established at the moment of contracting.

If this is not the case at any moment, all associated operations in the hedging group are to be transferred to trading instruments and be duly reclassified in the balance sheet.

III. It is adequately documented in the effectiveness tests that the contracting of the financial derivative took place specifically to serve as hedging for certain balances or transactions and the form in which it was intended to achieve and measure this effective hedging, provided that this is form is consistent with the management of the Group's own risks.

Hedging may be applied to individual components or balance or to portfolios of financial assets and liabilities. In this last case, the set of financial assets or liabilities to be hedged should share the same type of risk, this being understood to be complied with when the sensitivity to changes in the interest rate for the individual components hedged is similar. It is considered that the hedging is highly effective when it is expected, both prospective and retrospectively, at the beginning and throughout its life, that the changes in cash in the hedged item that is attributable to the hedged risk are almost fully offset by changes in the fair value or in the cash flows for the hedging instrument. A hedging is considered to be highly effective when the hedging results have oscillated within a range of variation of 80% to 125% with regard to the result for the item hedged..

The Group normally uses interest rate swaps and Call Money Swaps for hedging variations in interest rates, mainly with the Group's shareholders.

Hedges are performed by homogeneous groups with a derivative for each transactions or hedged group of transactions, and under the same conditions of reference, term, etc., as the hedged component.

d) Financial assets

Financial assets are classified in the consolidated balance sheet in accordance with the following criteria:

I. Cash at hand and deposits in central banks that correspond to cash balances and the balances held in the Bank of Spain and in other central banks.

II. Trading portfolio, including the financial assets acquired for disposal in the short term which are part of the portfolio of financial instruments identified and managed jointly for which recent transactions have been carried out for obtaining profits in the near term or are derivative instruments that are not designated as hedge accounting instruments.

III. Other financial assets at fair value with changes in the consolidated income statement that include financial assets that, not forming part of the trading portfolio, are considered as hybrid financial assets and are valued wholly at their fair value and those that are managed jointly with liabilities for insurance contracts valued at fair value or with financial derivatives that have as their purpose and effect significantly reducing their exposure to fluctuations in their fair value or that are managed jointly with financial liabilities and derivatives in order to reduce significantly the overall exposure to interest rate risk.

IV. Financial assets available for sale corresponding to debt instruments not classified as "held-to-maturity instruments", as "financial instruments at fair value through consolidated profit and loss", as credit investments or as trading portfolio, and equity instruments issued by entities other than Subsidiaries, associated and jointly controlled entities and not classified as financial assets held for trading or as other financial assets at fair value with changes in consolidated profit and loss.

V. Loan investments, which include financial assets that, not being traded on an active market or being obligatorily valued at their fair value, their cash flows are for a determined of determinable amount and for which all of the amount paid out by Group will be recovered, except for reasons attributable to the borrower's solvency. This includes both the investment from the typical loan activity such as the cash amounts provide and pending reimbursement by customers by way of loan or deposits loaned to other entities, whatever their legal instrumentation, and unlisted debt securities, as well as the debtors contracted by purchasers of goods or service users that form part of the Group's business.

VI. Portfolio of investments held-to-maturity corresponding to securities representing debt with fixed maturity dates and determined cash flow amounts that the Group has decided to maintain until their maturity date because, basically, there is the financial capacity to hold them or because they have linked financing.

VII. Adjustments to financial assets for macro-hedging that correspond to the balancing entry for the amounts credited to the corresponding consolidated income statement with their origin in the valuation of the financial instruments portfolio that are effectively hedged against interest rate risks through hedging derivatives at fair value.

VIII. Hedging derivatives that include the financial derivatives acquired or issued by the Group that qualify by being considered as being accounting hedges.

IX. Non-current assets available for sale of a financial nature that correspond to the book value of the individual items, integrated in an available Group or which form part of a business unit that is to be disposed of (interruption operations) and for which it is highly probable that the sale will take place under the current conditions of these assets, within the period of one year as from the date to which the consolidated financial statements refer. Consequently, it is foreseeable that the recovery of the book value of these items of a financial nature will take place through the price obtained in their disposal.

X. Holdings that include capital instruments in Subsidiaries, Multigroup or Associates.

XI. Insurance contracts linked to pensions that correspond to the return rights callable from insurance entities on the one hand or the whole of the reimbursement required for cancelling a defined benefits obligation when the insurance policies do not comply with the conditions for being considered as a Chart asset.

In general, financial assets are initially recorded at their acquisition cost. Their subsequent valuation at each accounting period ending is carried out in accordance with the following criteria:

I. Financial assets are valued at fair value except for loans and receivables, held-to-maturity investments, equity instruments whose fair value cannot be determined in a sufficiently objective manner, holdings in Subsidiaries, Multigroup and Associates and financial instruments that have these equity instruments as their underlying asset and are settled by delivery of those instruments.

II. The fair value of a financial asset on a given date is taken to be the amount for which it could be bought or sold between two duly knowledgeable parties in an arm's length transaction. The best reference for fair values is the list price on an active, organized, transparent and deep market.

Whenever there is not a market price for a certain financial asset, in order to estimate its fair value, the one established in recent transactions with analogous instruments or, otherwise, sufficiently contrasted valuation models, shall be used. Additionally, the specific characteristics of the asset to be valued shall be taken into account and, specially, the different types of risks associated to the financial asset. Nevertheless, the limitations related to the valuation models developed and possible inaccuracies in assumptions required by these models could lead to the fact that the fair value of a financial asset does not fully coincide with the price at which it could be purchased or sold at valuation date.

III. Fair value of financial derivatives with quotation value on an active market and included on the trading portfolio is its daily quotation price and when, as an exception, its quotation cannot be established at a given date, methods similar to the ones used to value OTC financial derivatives will be used.

Fair value of OTC financial derivatives is the sum of future cash flows originated on the instrument and discounted at valuation date, using methods recognized by financial markets..

IV. Loans and receivables and the held-to-maturity investment portfolio are measured at their amortized cost, using the effective interest rate method. Amortized cost is understood to be the acquisition cost of a financial asset as corrected by repayments of the principal and the amount attributed in the consolidated income statement through the use of the effective interest rate method, of the difference between the initial cost and the corresponding maturity repayment amount, less any value reduction due to directly recognized impairment as a reduction in the asset's value or through a value correction account. In the case of these fair value operations being hedged, the changes in the fair value related to the risk or risks being hedged are recognized. The effective interest rate is the discount rate that exactly matches the value of a financial amount of a financial instrument to its estimated cash flows during the expected life of the instrument, based in its contractual conditions such as options for early repayment but without considering losses for future credit risks. For fixed rate financial instruments, the effective interest rate coincides with the contractual interest rate established on the acquisition date plus, where applicable, the commissions that, because of their nature, can be assimilated with an interest rate. In the case of floating rate financial instruments, the effective interest rate coincides with the rate of return prevailing for all items up until the date on which the reference interest rate is due to be reviewed once more.

V. Equity holdings in other entities for which the fair value cannot be determined in a sufficiently objective manner and financial derivatives that have those instruments as their underlying assets and are settled by delivery of those instruments are maintained at their acquisition cost and adjusted, as appropriate, by any related impairment loss.

VI. Holdings in the capital of Subsidiaries, Multigroup and Associates are included at their cost of acquisition adjusted, where applicable, by any related impairment losses.

Fluctuations in the book value of financial assets are recognized, in general, with balancing entry in the consolidated income statement, with a differentiation made between those that have their origin in the accrual of interest and similar items, which are recorded in the heading for interest and similar income, and those corresponding to other causes, at their net amount in the heading for Results from financial operations in the consolidated income statement.

Nonetheless, the fluctuations in the book value of the instruments included under the heading of Available-for-sale financial assets are recorded on a transitory basis under the heading for Adjustments for the valuation of Net Assets, except when these come from exchange differences. The amounts included under the heading for valuation adjustments remain part of Net Equity until their cancellation from the assets in the consolidated balance sheet in which they arise until they are cancelled against the consolidated income statement.

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Likewise, the fluctuations in the book value of the components included under the heading for non-current assets available for sale are reflected with their counterpart in the heading for Net Equity valuation adjustments.

In financial assets designated as hedged items and with accounting hedging, the value differences are reflected taking the following criteria into account:

I. On fair value hedging, the difference arising both from the hedging components and the components hedged and in which the hedged risk is referred to, this is recognized directly in the consolidated income statement.

II. The valuation differences corresponding to the ineffective portion of cash flow and net investments in foreign operations are recognized directly in the consolidated income statement.

III. In cash flow hedges, the effective portion of the valuation differences arising on the value of the hedging instrument is recognized temporarily under the heading for valuation adjustments in Net Equity.

IV. In hedges for net investment in foreign operations, the valuation differences arising from the effective hedging of the items hedged are recognized temporarily in Equity under valuation adjustments.

In these last two cases the valuation differences are not recognized as results until the gain or loss on the hedged item are recognized in the consolidated income statement or until the maturity date of the item hedged.

For interest rate risk fair value hedging in a financial instruments portfolio, the gains or losses that arise from the valuation of the hedging instruments are recognized directly in the consolidated income statement, whereas gains or losses due to fluctuations in the fair value of the amount hedged, and with regard to risk hedged, are recognized in the consolidated income statement using as counter entry the heading for Adjustments to financial assets through macro-hedging.

In cash flow hedges for the interest rate risk in a financial instruments' portfolio, the effective portion of the change in value of the hedging instrument is recognized temporarily under the heading for Adjustments to Net Equity until the moment at which the forecast transactions take place, from which time these are recorded in the consolidated income statement. The fluctuations in value in hedging derivatives for the ineffectiveness of these are reflected directly in the consolidated income statement.

Reclassification between portfolios of financial instruments

Reclassifications between portfolios of financial instruments are exclusively performed according to the following assumptions:

a. Except in the case of the exceptional circumstances indicated on letter d) below, financial instruments classified as "At fair value through profit or loss" cannot be reclassified within or outside this category of financial instruments after being acquired, issued or assumed.

b. If a financial asset, as a consequence of a change in the intention or financial capacity, is no longer classified on the portfolio of investment at maturity, it would be reclassified into the category of "Financial assets held for sale". In this case, the same treatment would be applied to all financial instruments classified on the portfolio of investment at maturity, unless such reclassification is included on the assumptions permitted by the applicable regulation (sales very close to maturity or once almost all the financial asset's principal has been collected, etc.).

c. As a consequence of a change in the Group's intention or financial capacity or, after the two years of penalty established by the applicable regulation for the assumption of sale of financial assets classified on the portfolio of investment at maturity, financial assets (debt instruments) included on the category of "Financial assets held for sale" shall be reclassified into the "portfolio of investment at maturity". In this case, the fair value of these financial instruments at transfer date becomes its new amortized cost and the difference between such amount and its reimbursement value is allocated to the income statement by applying the effective interest rate method during the instrument's residual life.

d. A financial asset which is not a derivative financial instrument shall be classified outside financial assets held for trading if it is no longer held for sale or repurchase at short term, as long as any of the following circumstances occurs:

- In rare and exceptional circumstances, unless they are assets subject to be included under the category of loans and receivables. For these purposes, rare and exceptional circumstances are those which arise from a particular event, which is unusual and highly improbable to be repeated on a foreseeable future.

- When the entity holds the intention and financial capacity to hold the financial asset on a foreseeable future or to maturity, as long as, at initial recognition, it had met the definition of credit investment.

In these situations, the asset's reclassification is performed at fair value at the date of reclassification, without reverting results, and considering such value as its amortized cost. Assets thus reclassified are no reclassified in any case again into the category of "financial assets held for trading".

During 2015, there has not been any reclassification as the ones described above.

e) Financial liabilities

Financial liabilities are classified in the consolidated balance sheet in accordance with the following criteria:

I. The trading portfolio, including the financial liabilities acquired for disposal in the near term which are part of the portfolio of financial instruments identified and managed jointly for which recent transactions have been carried out for obtaining near term profits or are derivative instruments that are not designated as hedge accounting instruments or have originated as a result of the firm sale of financial assets acquired temporarily or received on loans.

II. Other financial liabilities at fair value with changes through profit and loss corresponding to those that are not part of the Trading portfolio have the substance of hybrid financial instruments and it is not possible to determine reliably the fair value for the implicit derivative they contain.

III. Fair value financial liabilities with changes in net equity that include the available-for-sale financial assets originating as a result of the transfer of assets in which the transferring entity neither transfers nor substantially retains the risks and gains thereof.

IV. Financial liabilities at amortized cost that correspond to the financial liabilities not included under the remaining consolidated balance sheet headings and which respond to the typical funds capturing activities of financial entities, whatever their instrument form and maturity date.

V. Adjustments to financial liabilities for macro-hedging that correspond to the balancing entry for the amounts credited to the corresponding consolidated income statement with their origin in the valuation of the financial instruments portfolio that are effectively hedged against interest rate risks through fair value hedging derivatives.

VI. Hedging derivatives that include the financial derivatives acquired or issued by the Entity that qualify by being considered as being accounting hedging.

VII. Liabilities associated with non-current assets available for sale that correspond to creditor balances arising in non-current available-for-sale assets.

VIII. Equity having the substance of a financial liability including the amount of the financial instruments issued by the entity that, although equity for legal purposes, do not meet the requirements for classification as net equity and which correspond basically to non-voting shares issued and with their yield established in function of a rate of interest, fixed or variable. Financial liabilities are measured at their amortized cost unless the Entity has designated these as fair value financial liabilities should they meet the conditions for it.

Financial liabilities are reflected at their amortized cost except in the following cases:

I. Financial liabilities included under Financial liabilities held for trading, Other financial liabilities at fair value through consolidated profit and loss and Financial liabilities at fair value through equity are measured at fair value. Hedged financial liabilities in fair value hedging operations are adjusted, with the fluctuations in their fair value with regard to the risk hedged in the operation.

II. Financial liabilities that have underlying equity instruments for which the fair value cannot be determined in a sufficiently objective manner and settled by their delivery are valued at cost.

Fluctuations in the book value of financial liabilities are recognized, in general, with their balancing entry in the consolidated income statement, with a differentiation made between those that have their origin in the accrual of interest and similar items, which are recorded in the heading for interest and similar income, and those corresponding to other causes, at their net amount in the heading for Results from financial operations in the consolidated income statement. Nonetheless, the fluctuations in the book value of the instruments included under the heading of Financial Liabilities at fair value through equity are recorded on a transitory basis under the heading for Adjustments for the valuation of Net equity. The amounts included under the heading for valuation adjustments remain part of Net Equity until their cancellation from the liabilities in the consolidated balance sheet in which they arise until they are cancelled against the consolidated income statement.

Consequently, the fair value of financial instruments at December 31, 2015 and 2014, broken down by types of financial assets and liabilities, is presented under the following levels:

- Level 1: Financial instruments which fair value has been determined by taking their listing on active markets, without performing modifications on such assets.

- Level 2: Financial instruments which fair value has been estimated on the basis of prices listed on organized markets for similar instruments or through the use of other valuation techniques, where all significant inputs are based on directly or indirectly observable market data.

- Level 3: Instruments which fair value has been estimated through the use of valuation techniques where a significant input is not based on observable market data. An input is considered as significant when it is important when determining the fair value as a whole.

	Thousands of Euros			
	Carrying value	2015		
		LEVEL 1	LEVEL 2	LEVEL 3
Financial assets				
Cash and balances with central banks	8		8	-
Other financial assets designed at fair value through profit or loss	-	-	-	-
Financial assets held for sale	-	-	-	-
Loans and receivables	11,029,130		11,029,130	
Non-current assets held for sale	426,039	-	426,039	-
Investment at maturity	-	-	-	-
Financial liabilities				
Financial liabilities held for trading	-			
Financial liabilities at amortized cost	11,604,712	-	11,604,712	-
Hedging derivatives	25,917	-	25,917	-

	Thousands of Euros			
	Carrying value	2014		
		LEVEL 1	LEVEL 2	LEVEL 3
Financial assets				
Cash and balances with central banks	8	8	-	-
Other financial assets designed at fair value through profit or loss	-	-	-	-
Financial assets held for sale	-	-	-	-
Loans and receivables	11,291,109	-	11,291,109	-
Non-current assets held for sale	459,545	-	459,545	-
Investment at maturity	-	-	-	-
Financial liabilities				
Financial liabilities held for trading	-			
Financial liabilities at amortized cost	11,801,905	-	11,801,905	-
Hedging derivatives	36,776	-	36,776	-

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f) Transfers and write off of financial instruments from the consolidated balance sheets

Transfers of financial instruments are accounted for by taking into account the form under which the transfer of the risks and rewards associated with the financial instruments transferred on the basis of the following criteria:

I. If the risks and benefits are substantially transferred to third parties, as in unconditional sales, sales with an agreement to repurchase them at their fair value at the repurchase date, sales of financial assets with a purchased call option or written put option that is deeply out of the money, securitizations of assets in which the transferor does retain a subordinated debt or grant any type of credit enhancement to new holders, etc., the financial instrument is derecognized in the consolidated balance sheet with simultaneous recognition of any right or obligation retained or created in the transfer.

II. If the rights and benefits associated with the transferred financial instrument are substantially retained, as in the sale of financial assets under an agreement to repurchase these for a fixed price or the sale price plus interest, a securities lending agreement in which the borrower undertakes to return the same or similar assets, etc., the financial instrument transferred is not derecognized in the consolidated balance sheet and continues to be measured under the same criteria used before the transfer. However, an associated financial liability is recognized for an amount equal to the consideration received, which is measured subsequently at its amortized cost, as is the income for the transferred financial asset and not derecognized and the costs of the new financial liability.

III. If neither the risks nor benefits associated with the transferred financial instrument are neither transferred or substantially retained, as in the sale of financial assets with a purchased call option or written put option that is not deeply in or out of the money, securitizations in which the transferor retains a subordinated debt or other type of credit enhancement for a portion of the transferred asset, etc., a distinction is made between the following:

- Where the Group does not retain control over the financial instrument transferred, in which case the transferred financial instrument is derecognized and any right or obligation retained or created as a consequence of the transfer is recognized.
- Where the Group retains the control over the transferred financial instrument, in which case it continues to recognize the transferred financial asset for an amount equal to its exposure to value changes that might be experience and a financial liability associated with the transferred financial asset is recognized. The net amount of the transferred asset and the associated liability shall be the amortized cost of the rights and obligations retained, if the transferred asset is measured at amortized cost or the fair value of the rights and obligations retained, if the transferred asset is valued at fair value.

Accordingly, financial assets are only derecognized in the consolidated balance sheet when the cash flows they generate have been extinguished or when their inherent risks and benefits are substantially transferred. Similarly, financial liabilities are only derecognized when the obligations they generate have been extinguished or when they are acquired with the intention of either cancelling or re-placing them.

The accounting treatment indicated is applicable to all asset transfers since January 1, 2004, and not to previous ones.

Directors decided on 2011, for the purposes of showing a better true and fair view of the consolidated financial statements, to perform a change of accounting policies and criterion, and as a consequence to cancel the writing off of financial assets and to perform the corresponding weighting for equity purposes of financial assets securitized on funds UCI 10 to UCI 17.

g) Value impairment of financial assets

In general, the carrying value of financial assets is corrected with a charge to the consolidated income statement if there exists objective evidence of an impairment to their value, which occurs when:

I. In the case of debt instruments, understood as being loans and debt securities, when there is an event following initial recognition or the combined effects of various events that represent a negative impact on their future cash flows.

II. In the case of equity instrument when, following the initial recognition, there occurs an event or there arises the combined effect of various events that mean that their book value will not be recovered.

As a general rule, the adjustment to the book value of financial instruments due to impairment is charged to the consolidated income statement for the period in which the impairment becomes evident and the recovery of an previously recognized impairment losses, if any, is recognized in the consolidated income statement for the period in which the impairment ceases to exist of is reduced. When the recovery of any recognized impairment is considered remote, the amount of the impairment is derecognized in the consolidated balance sheet, although the Group may take the necessary actions to seek collection of this amount until its rights are extinguished by expiry of the statute of limitations period, cancellation or other causes.

In the case of debt instruments measured at amortized cost, the amount of the losses through impairment incurred is equal to the negative difference between its carrying amount and the present value of its estimated future cash flows.

In the case of listed debt instruments it is possible to use, as a replacement for the present value of future cash flows, their market value provided that this is sufficiently reliable to be considered representative of the value that the Group might recover.

The estimated future cash flows for a debt instrument are all of the amounts, principal and interest, that the Group estimates it will obtain over the instrument's life. In making this estimate all the relevant information available at the date of drawing up the financial statements providing details on the possibility of future collection of the contractual cash flows is considered. Similarly, in the estimate for future cash flows on instruments that have real guarantees, account is taken of the cash flows obtained from realizing these, less the amount of the costs necessary for obtaining these and their subsequent sale, independently of the probability of enforcing the guarantee.

The current value of the estimated future cash flows is calculated using the original effective rate of interest for the instrument if its contractual rate is fixed, or the effective rate of interest at the balance sheet date determine in accordance with the contractual conditions when it is variable.

Portfolios of debt instruments, contingent risks and contingent commitments, whatever their owner, instrumentation or guarantee, are analyzed so as to determine the credit risk to which the Group is exposed and an estimate made of the cover needs for any impairment to their value. In drawing up the financial statements the Group classifies its operations in function of their credit risk by analyzing, individually, the insolvency risk attributable to the customer and the country risk, as applicable, to which these are exposed.

The objective evidence of deterioration is determined individually for all material debt instruments and individually or collectively for groups of debt instruments that are not individually material. If a specific instrument cannot be included in any group of assets with similar risk characteristics, it is analyzed exclusively on an individual basis in order to determine whether it is impaired and, as applicable, for estimating the impairment loss.

The collective assessment of a group of financial assets for the purpose of estimating their losses due to impairment is carried out in the following manner:

I. The debt instruments are included in categories with similar credit risk characteristics, indicative of the debtor's ability to pay all of the amounts, principal and interest, in accordance with the contractual conditions. The credit risk characteristics considered for grouping assets are, among others, the instrument type, their debtor's industry sector and geographical location, the type of guarantee and the age of past-due amounts and any other factor of relevance for estimating the future cash flows.

II. The future cash flows for each group of debt instruments are estimated on the basis of the Group's experience of historical losses on instruments with credit risks similar to those of the respective group, once the necessary adjustments have been made to adapt the historical data to current market conditions.

III. The impairment loss for each group is the difference between the carrying amount of all of the debt instruments in the group and the present value of the estimated future cash flows.

Debt instruments not measured at their fair value through changes in consolidated profit and loss, contingent risks and contingent commitments are classified in function of the insolvency risk attributable to the customer or the operation under the following categories: normal risk, sub-standard risk, doubtful risk by reason of customer late payment, doubtful risk for reasons other than customer late payment and bad debt risk. For debt instruments not classified as normal risk, an estimate is made on the basis of the Group's experience and the sector of the specific hedging necessary for impairment, taking into account the age of the unpaid amounts, the guarantees provided and the customer's economic situation and, as applicable, that of the guarantors. As a general rule, this estimate is made on the basis of the late payment calendars drawn up using the Group's experience and the information it has on the sector.

Similarly, debt instruments not measured at their fair value through consolidated income statement and contingent risks are analyzed for determining the credit risk due to country risk. Country risk is considered to the risk associated with debtors resident in a given country due to circumstances other than normal commercial risk. In addition to the specific cover for impairment indicated above, the Group recognizes the inherent losses incurred in debt instruments not measured at fair value through consolidated income statement and contingent risks classified as normal risk through collective cover. This collective cover, which corresponds to the statistical loss, is made taking into account the historical loss experience and other circumstances known at the time of assessment and corresponding to the inherent losses incurred at the reporting date, calculated using statistical methods, that are pending allocation to specific transactions.

In this sense, the Group, as it does not have sufficient historical and statistical experience, has used the parameters established by the Bank of Spain based on its experience and on the information it has for the sector, for covering the inherent impairment losses incurred in debt instruments and contingent risks classified as normal risk and modified periodically in accordance with the evolution of the aforementioned data. This method of determining the cover for inherent impairment losses in debt instruments is carried out through the application of percentages to debt instruments not measured at fair value through changes in the consolidated income statement and the contingent risks classified as normal risk. The aforementioned percentages vary in function of the classification of these debt instruments within normal risk under the following sub-categories: Non-appreciable risk, Low risk, Medium-to-low risk, Medium risk, Medium-to-high risk and High risk.

Recognition of accrued interest in the consolidated income statement on the basis of contractual terms is interrupted for all debt instruments individually classified as impaired and for those calculated collectively as impairment losses because of past-due amounts aged over three months.

The amount of losses from impairment incurred in debt securities and capital instruments, included under the caption Financial assets held for sale, equals the positive difference between its acquisition cost, net of any amortization of principal, and its fair value less any loss from impairment initially recognized on the consolidated income statement.

In case of objective evidences that the decrease in fair value is due to its impairment, latent capital losses directly recognized under the caption Impairment adjustments in Net equity are immediately recognized on the consolidated income statement. If, subsequently, all or a portion of losses from impairment are recovered, their amount is recognized, for debt securities, on the consolidated income statement for the recovery period.

h) Recognition of income and expenses

In general, interest income and expense and similar items are recognized for accounting purposes on the basis of their period of accrual using the effective interest rate method.

Interests accrued for debtors classified as doubtful are settled to results at collection date, which is an exception to the general criterion.

Commission income and expense for financial services, independently of their contractual denomination, are classified into the following categories that determine their allocation in the consolidated income statement:

I. Financial commission, which are those that form and integral part of the yield or effective cost of a financial transaction and are allocated to the income statement over the expected life of the operation as an adjustment to its cost or effective yield.

II. Non-financial commissions are those that are derived from the provision of services and can arise during the performance of a service carried out in a single act.

III. Those related to transactions or services that are provided over a period of time are recognized over the period of said transactions or services.

IV. Those related to a transaction or service provided in a single act, are recognized when the single act giving rise to these is carried out.

Financial commissions, such as opening fees for loans and credits, are part of a financial operation's yield or effective cost and are recognized under the same caption as financial products or costs, that is to say, under "Interests and similar income" and "Interests and similar charges". Commissions collected in advance are allocated to the income statement through the operation's life, except on the portion offset by related direct costs.

Non-financial commissions, derived from service rendering, are registered under "Fee and commission income" and "Fee and commission expenses" throughout the period of service rendering, except for those which respond to a singular act, which are accrued when they take place.

Personnel expenses
Personnel expenses include all of the Group's social liabilities and obligations, compulsory or voluntary, accrued at each moment, recognizing obligations for extraordinary payments, holidays and variable remunerations, as well as associated expenses.

Remunerations at short term: this kind of remunerations are valued, without update, by the amount payable for services received, generally registering them as personnel expenses for the year and including them on an account under liabilities of the balance sheet for the difference between the total accrued expense and the amount satisfied at year end.

Severances: according to the legislation in force, the Company is compelled to settling severance payments to employees who are dismissed without a justified cause.

At year end, the Company does not count with a plan to reduce its personnel which would lead to a necessary provision for this concept.

i) Compensation of balances

Debtor or creditor balances originated in transactions that, contractually or by legal obligation, have the possibility of compensation and, if the intention is to settle these for their net amount or for the asset to be realized

and the liability settled simultaneously, are presented in the consolidated balance sheet at their net amount.

j) Financial guarantees

Financial guarantees are those contracts under which the Group is compelled to pay specific amounts on behalf of a third party in the event of the latter not doing so, irrespective of their legal nature, such as, among others, a guarantee, a financial or technical guarantee and irrevocable documentary credit issued or confirmed by the Group.

Financial guarantees are classified in function of the credit risk attributable to the customer or to the transaction and, if appropriate, considering the need for provisions. This credit risk is determined by applying similar criteria to those established for debt instruments measured at their amortized cost.

Should it be necessary to establish a provision for financial guarantees, the unearned commissions recognized under Accrued expenses in the consolidated balance sheet are reclassified to the corresponding provision.

k) Income tax

Corporate Income Tax is considered as an expense and is recognized under the Corporate Income Tax heading in the consolidated income statement, except when it results from a transaction recognized directly in Net equity, and from a combination of businesses in which the deferred tax is recognized as an additional equity item.

The Corporate Income Tax expense is determined as the tax payable on the taxable profit for the year, after taking into account the variations in timing differences, deductions and rebates and tax losses. The tax assessment basis for the year may differ from the net result for the year as presented in the consolidated income statement since it excludes income or expense items which are taxable or deductible in other years and the items that never are.

Deferred tax assets and liabilities correspond to tax payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and their related tax bases. These amounts are recognized using the liability method in the consolidated balance sheet and quantified by applying the timing difference or credit corresponding to the tax rates that are expected to apply in the period when it is recovered or settled.

A deferred tax asset, as advance tax, credit for deductions and rebates and credit for tax losses, are recognized provided that it is probable that the Group obtains sufficient taxable profits in the future against which it can be made effective. It is considered probable that the Group will obtain sufficient taxable profits in the future when, among other cases:

I. There are deferred tax liabilities that can be cancelled in the same year that the deferred tax asset is realized or in a later year in which the existing tax loss can be compensated or produced by the advanced tax.

II. Negative tax assessment bases have occurred due to identified causes which are unlikely to be repeated.

The deferred tax assets and liabilities recognized are reviewed at each year-end in order to ascertain whether they still exist and appropriate adjustments made.

In 2014, Royal Decree 14/2014 was published, on certain tax aspects. As a result, short-term asset differences shall become an account receivable before the Tax Authorities, if:

- It is possible to generate sufficient future profits to offset such short-term differences;
- Other scenarios of losses, liquidation or bankruptcy are contemplated;
- Due to the fact that the 18-year legal period foreseen for said deferred taxes has been reached without compensation,

as a consequence of the lack of sufficient profits, and therefore, these could be converted into Debt Securities or similar.

This monetization enables such deferred taxes to become accounts receivable, even in the worst scenario possible, where they shall not be used as a consequence of ongoing losses, liquidation, bankruptcy or a mixture therein.

This regulation has been developed, in turn, in article 34 of the Corporate Income Tax under these terms.

Nonetheless, such tax assessment basis, as well as deferred taxes, which at December 31, 2015 approximately amount to 68 M€ are expected to be recovered with foreseen future profits as per the Group's Business Plans.

l) Tangible fixed assets

Tangible assets for own use correspond to the tangible fixed assets that have a continued use by the Group and tangible fixed assets acquired under finance leases. They are valued at their acquisition cost less the corresponding accumulated depreciation and, as applicable, less any impairment loss determined by comparing the net carrying amount with the corresponding recoverable amount.

Depreciation is calculated systematically using the straight-line method over the years of estimated useful life for the assets on the basis of their acquisition cost less their residual value.

The Entity reviews, at least at every year-end, the estimated useful lives of tangible fixed assets for own use with a view to detecting any significant changes therein. If such changes are detected, the useful lives are adjusted by correcting the depreciation charge to be recognized in the consolidated income statement in future years on the basis of the new estimated useful life.

Upkeep and maintenance costs, relating to tangible fixed assets for own use, are charged to the consolidated income statement for the year in which they are incurred.

m) Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. Intangible assets are considered to be identifiable when they are separable from other assets because they can be disposed of, rented or held individually or which arise as a consequence of a contract or other type of legal transaction. An intangible asset is recognized when, in addition to satisfying the above definition, the Group considers that it is probable that future economic benefits will be generated by this asset and its cost can be reliably estimated.

Intangible assets are recognized initially at their acquisition of production cost and are measured subsequently at cost less, where applicable, any accumulated depreciation and any impairment loss.

In all cases, the Group recognizes for accounting purposes any loss that might arise in the recognized value for these assets arising from impairment with the corresponding charge in the consolidated income statement. The criteria used to recognize the impairment losses on these assets and, where applicable, the reversal of impairment losses recognized in prior years are similar to those used for tangible assets.

n) Property investments

This caption of the enclosed balance sheet includes lands, buildings and other constructions held by the Entity to exploit them under lease, to generate capital gains in their sale, or both, instead of for their use in the production or supply of goods or services for administrative purposes.

Property investments are registered at acquisition price, which includes costs directly allocable to the transaction and those necessary for them to be operational.

Extension or improvement costs which imply an increase in these assets' profitability are incorporated as higher value. On the other hand, maintenance and repair costs which

do not improve their use or extend their useful life are allocated to the profit and loss account when incurred.

Amortization is calculated on the acquisition cost, less their residual value, following the linear method on the basis of the estate's estimated useful life.

o) Provisions and contingent liabilities

Provisions are considered to be the Group's present obligations arising from past events that are considered to be clearly specified at the balance sheet date, but which are uncertain as to their amount or moment of cancellation, on the settlement of which and in order to be cancelled the Group expects to incur an outflow of resources embodying economic benefits. These obligations can arise for the following reasons:

I. A legal or contractual provision.

II. An implicit or tacit obligation arising from a valid expectation created by the Group with third parties with regard to the assumption of certain types of responsibilities. These expectations are created when the Group publicly accepts responsibilities, are derived from past behaviour or business policies in the public domain.

III. The practically certain evolution of regulations on certain aspects, in particular with draft legislation that the Group cannot elude.

Contingent liabilities are the Group's possible obligations arising as a consequence of past events, whose existence is conditional on the occurrence or non-occurrence of one or more future events beyond the Group's control. Contingent liabilities include the Group's present obligations when it is not probable that an outflow of resources embodying economic benefits will be required to settle them or for which the amount, in extremely rare cases, cannot be quantified in a sufficiently reliable manner.

Provisions and contingent liabilities are classified as probable when it is more plausible that they will occur than otherwise, possible when it is less plausible that they will occur than otherwise and remote when the likelihood is extremely rare.

The Group's consolidated financial statements include all the material provisions in respect of which it is considered more likely than not that the obligation will have to be settled. Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless it is considered remote that there will be an outflow of resources embodying economic yields.

Provisions are quantified on the basis of the best information available on the consequences of the events giving rise to them and are estimated at each year-end. They are used to meet the specific obligations for which they were recognized and are fully or partially reversed when said obligations cease to exist or are reduced.

p) Non-current assets held for sale

The heading for Non-current assets held for sale in the consolidated balance sheet includes the carrying amount of real estate or other non-current assets received in total or partial settlement of its debtors' payment obligations. These are considered as non-current assets held for sale unless the Group has decided to make continuing use of these assets.

Consequently, the recovery of the carrying amount value of these items, which may be of a financial or non-financial nature, will probably take place through the proceeds obtained on their disposal instead of through their continuing use.

As a general rule, assets classified as Non-current assets held for sale are measured at the lower of their carrying amount at their date of classification in this category and their fair value net of estimated selling costs. Whilst they remain classified as Non-current assets held for sale, depreciable tangible and intangible fixed assets are not depreciated.

Assets received as payment for debts, according to Circular 3/2010 and considering Circular 2/2014 of February 29, which adopts the RLD 2/2014, are recognized for the lowest amount between the accounting value of financial assets applied, understood as their net amortized cost of the estimated impairment, which will at least be 10%, and the asset's market appraisal value received at current status, less estimated selling costs, which in any case would not be less than 10% of such appraisal value. The receipt of assets as payment for debts does not lead, in any case, to the recognition of gains not to the freeing of hedges of applied financial assets.

Additionally, if foreclosed assets were held on the balance sheet for a period of time exceeding the initially foreseen period, the assets' net value is reviewed to recognize any impairment loss arisen from the difficulty to find purchasers or reasonable offers. The Group, in any case, does not delay the recognition of such impairment which, at least, implies increasing the hedging percentage from the previous 10% to 20%, 30% or 40% for assets held on the balance sheet for more than 12, 24 or 36 months, respectively.

Where the carrying amount exceeds the fair value of the assets net of their selling costs, the Group makes a reduction to the carrying amount for this excess with the corresponding charge recognized under Impairment losses (net) - Non-current assets held for sale in the consolidated income statement. In the case of subsequent increases in the fair value of assets, the Group reverses the previously recognized losses, increasing the carrying amount of the assets up to the limit of the amount prior to the possible impairment, and recognized under Impairment Losses of assets (net) – Non-current assets held for sale in the consolidated income statement.

q) Valuation of accounts in foreign currency

At initial recognition, accounts payable and receivable in foreign currency are translated to the functional currency by using the exchange rate at recognition date, understood as the exchange rate for immediate delivery. After initial recognition, the following rules are applied to translate balances from foreign to functional currency:

I. Monetary assets and liabilities are translated to average exchange rate at the date of financial statements.

II. Non-monetary items valued at historical cost are translated to the exchange rate at acquisition date.

III. Non-monetary items valued at fair value are translated to the exchange rate at the date in which fair value is determined.

IV. Income and expenses are translated by applying the exchange rate of the date of transaction. Nevertheless, the period's average exchange rate is used for all transactions carried out throughout such period, unless in case of significant variations. Depreciations are translated to the exchange rate applied to the corresponding asset.

Exchange differences in the translation of accounts payable and receivable in foreign currency are generally registered on the consolidated income statement.

r) Consolidated cash-flow statement

The consolidated cash-flow statement uses certain concepts defined as follows:

I. Cash flows refer to additions and deletions of cash and equivalents, understood as short-term investments of high liquidity and low risk of value alterations.

II. Operating activities, typical within the Group, and other activities which shall not be qualified as investment or financing activities.

III. Investment activities corresponding to the acquisition, disposal or use by other means of long-term assets and other investments not included within cash and equivalents.

IV. Financing activities which cause changes in the size and composition of net equity and liabilities included within the operating activities.

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s) Consolidated statement of changes in net equity

The consolidated statement of changes in net equity presented on these consolidated financial statements shows the total variations in net equity during the year. This information is, in turn, broken down into two statements: consolidated statement of recognized income and expenses and consolidated total statement of changes in net equity. The main characteristics of the information contained on both parts of the statement are explained below:

Consolidated statement of recognized income and expenses

This part of the consolidated statement of changes in net equity presents income and expenses generated by the Group as a consequence of its activity during the year, distinguishing among those registered as results in the consolidated income statement for the year and other income and expenses directly registered on net equity, in accordance with the regulation in force.

Therefore, this statement presents the following:

I. Results for the year.

II. Net amount of income and expenses transitorily recognized as valuation adjustments in net equity.

III. Net amount of income and expenses definitively recognized in net equity.

IV. Corporate income tax accrued for concepts included on sections I and II above.

V. Total recognized income and expenses, calculated as the sum of the sections above.

Variations of income and expenses recognized in net equity as valuation adjustments are broken down as follows:

I. Profit (loss) for valuation: it includes the amount of income, net of expenses originated within the year, directly recognized in net equity. Amounts recognized in the year of this account are maintained therein, although, during the same year, they are transferred to the income statement at initial value of other assets or liabilities, or reclassified into another item.

II. Amounts transferred to the income statement: it includes the amount of profit or loss previously recognized in net equity, even on the same year, which are recognized on the income statement.

III. Amount transferred at initial value of hedged items: it includes the amount of profit or loss from valuation, previously recognized in net equity, even in the same year, which are recognized on the initial value of assets or liabilities as a consequence of cash flow hedging.

IV. Other reclassifications: it includes the amount of transfers during the year among items of adjustments from valuation as per criteria established by the regulation in force.

Amounts on these items are presented at their gross quantity, showing their corresponding tax effect under the caption "Corporate income tax" of the statement.

Consolidated total statement of changes in net equity

This part of the consolidated statement of changes in net equity shows all changes in net equity, including those originated in changes in accounting criteria and error corrections. Therefore, this statement shows a reconciliation of the accounting value at opening and closing date of all items included within net equity, grouping movements based on their nature, under the following items:

I. Adjustments from changes in accounting criteria and error corrections: it includes changes in net equity originated as a consequence of the retroactive re-expression of balances in the financial statements originated in changes in accounting criteria or error corrections.

II. Income and expenses recognized during the year: it includes, in aggregate, the aforementioned total amount of items registered in the statement of recognized income and expenses.

III. Other variations in net equity: it includes the remaining items registered in net equity, such as increases or decreases of the allocation fund, distribution of results, transactions with treasury stock, payments with capital instruments, transfers among items on the net equity, and any other increase or decrease in the consolidated net equity.

12. CUSTOMER SERVICE AND MONEY LAUNDERING

CUSTOMER SERVICE

In accordance with the provisions of Order Eco 734/2004, of 11 March, on the Customer Service departments and services and Ombudsman (article 17), a summary is provided below on the complaints / claims received and processed in the course of 2015.

During 2015, the total number of complaints / claims amount to 205, which implies a decrease by 1.49% with regards to the number of claims in 2014. These 205 claims received have been presented as follows:

- 166 presented directly to Customer Service.
- 39 presented to the Customers' Ombudsman.

The most significant reasons for the total complaints / claims presented were as follows:
- Disagreement with the application of the IRPH as review reference.
- Lack of transparency when contracting and existence of abusive clauses.
- Loan's payment difficulty.
- Disagreement in the loan's securitization.

With regards to the application of the IRPH as review reference, and to the pleaded lack of transparency, in the opinion of the Customer Service, clients had received information before signing the loan, as well as information with regards to the disappearance of the IRPH Savings Banks index.

At December 31, 2015, 200 complaints/claims had been solved (188 complaints/claims at December 31, 2014) and 5 are awaiting resolution.

Furthermore, it should be noted that, out of all received claims, a total of 24 have been filed before Bank of Spain's Claims Service (in 2014, 44). Additionally, a total of 21 claims have been presented on the CIRBE Service (in 2014, 16).

At December 31, 2015, complaints/claims have been solved as follows:

- Favourable to the customer: 37
- Unfavourable to the customer: 163
- Not accepted: 0

The cost of claims in 2015 amounted to 5,429.52 Euros (1,013 Euros in 2014).

The decision-making criteria contained in the Service's decisions are the following:

- The application of the regulation in force at all times.
- Contractual obligations assumed by each party (clients and entity) when entering the contract.
- Information provided by the entity to the client, both in the pre-contractual stage and during the contract's validity.
- Banking best practices.
- The search for a solution adapted to each client's specific circumstances, based on the situation posed in each case, in particular in situations of vulnerability or risk of exclusion caused by the economic crisis or unforeseen situations.

In relation to the last criterion, it has been evidenced that, in claims posed by customers for "payment difficulty", the Entity analyzes them on a case basis to assess the customer's situation and be able to offer alternatives to enable the customer to come back to a normal payment situation. These solutions include debt restructuring, debt restructuring agreements, with temporary reduction of the interest rate and/or instalment amount, term extension, (total or partial) debt property swap, etc.

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Additionally, in September 2014, the Entity adhered to the Best Practice Code for urgent measures to protect destitute mortgagors, evidencing that the entity informs the client on the possibility to adopt measures foreseen in said Code.

MONEY LAUNDERING

Regulation Compliance and Money Laundering Prevention

During 2015, the Group has continued performing the necessary follow-up on the field of Regulation Compliance and Money Laundering Prevention, including the application of necessary measures in the estate selling activity, within the framework of Law 10/2010 on Money Laundering Prevention, all the above in order to control its reputational and operative risk.

From the general point of view of compliance, as to the regulations, ethics, good corporate governance and management of claims, UCI has continued performing adaptations and monitoring as necessary, especially to maintain good results in the number and processing of claims and to be able to establish internal policies establishing deontological criteria and mitigating the risk of regulation incompliance in the performance of the activity. These policies are subject to the due internal communication, are made available to employees and are specified on the following documents and procedures: Code of Ethics; Procedure on Ethical Alert (whistle-blowing), Money Laundering Prevention Manual, Catalogue of Operations with Money Laundering Risk on credit entities and in the real estate activity, Catalogue of Good and Bad Practices in the financing and real estate activities, or the Manual on Criminal Corporate. Also, periodically, such policies are subject to the corresponding internal communication.
From the specific point of view of fulfilment of the regulations on preventing money laundering, the fundamental lines of work have been as follows:

- Follow-up of measures intended to improve identification and knowledge of the end customer, both in financing and in the real estate sectors.
- Follow-up of an automatic alert management system for operations potentially suspected as money laundering, on the financing and real estate sectors, notwithstanding subsequent detailed analysis of each file.
- During 2015, a total amount of 230 alerts have been analyzed in Spain, out of which 7 were communicated to the OCI and 7 to the SEPBLAC. In Greece, no alerts have been analyzed during 2015 and, in Portugal, 65 alerts, none of which have been communicated to the OCI or to the local Regulating Institution.
- Training company collaborators and new employees in money laundering prevention measures.
- Performing an Audit on the money laundering prevention system, conducted by an external expert, foreseen by Law 10/2010.

In relation with the prevention of the criminal risk of legal persons (Criminal Corporate), during 2015, the whole personnel has been trained (in order to provide an appropriate communication on this matter) and defined processes have been monitored, so as to avoid this risk, according to the Manual for the Prevention of Criminal Risk and the Code of Ethics. Furthermore, the Criminal Risk Prevention Manual has adapted to legal modifications.

13. CREDIT RISK

As the supreme management body, the Board of Directors establishes the Group's risk policy and supervises compliance with this. The Board of Directors determined the operational limits and the delegation of powers for credit risks, market risks and structural risks.

One of the pillars on which the activity of a Financial Entity is sustained is correct risk management. Control over this is the guarantee for the survival of our business over the course of time. The main objectives in risk management are the following:

- Optimize the relation between the assumed risk and profitability.
- Adapt capital requirements to risks assumed by the Group. For the Group, it is essential

to establish a capital planning to ensure its long-term solvency, so as not to commit its business model or risk profile

In the Group, risk management is carried out with regards to the origin of the risk. Because of the Group's business, there is a main distinction among the following:

- Credit Risk (in which the customer credit risks are concentrated, over 90% of the total risk)
- Market Risk
- Operational Risk

All of these are handled and mitigated with all of the latest techniques currently available.

The Group has drawn up management plans in accordance with the needs derived from the different types of risk. The understanding of risk management has a continuous process has led to the management processes for each risk, with the measurement tools for their administration, appraisal and monitoring, as well as to the definition with suitable circuits and procedures, which are reflected in management manuals or in the Credit or Recollection Committees.

Grouped below by headings are the different matters that, in the most material manner, distinguish risk Management and Control within the UCI Group.

CREDIT RISK MANAGEMENT

Internal organization
The Board of Directors has delegated to the Credit Risk Committee, comprising the Chairman and the General Director, the operational decisions that, in function of their profile, do not have their decision delegated to other executive levels. The Board has established that the Credit Risk Committee can decide on transactions for any amount.

At the executive level within the Risk Directorate, it is the National Authorization Centre (N.A.C.) is the body responsible for the decisions on all files.

In order to provide ourselves with a consolidated, consistent and solid database, we in UCI have opted to centralize the codifying process, thereby avoiding the appearance of multiple criteria with regard to the interpretation of data to be codified. One of the main consequences of this form of organization is the suitability of the databases with regard to the elaboration of our scoring model. This process is integrated in the N.A.C., which reports directly to the Risk Director.

In order to ensure quality in codifying, the N.A.C. is periodically submitted to controls by the Policies and Methods Department and the Internal Audit Department.

Most decisions are taken in a centralized manner in the N.A.C.

Risk analysts from the N.A.C. decide transactions based on their authorizations. Those exceeding such authorizations are submitted to the decision by the N.A.C. Committee or to the Risk Committee, as appropriate.

The activity carried out by the area is monthly reviewed from the point of view of equipment productivity, decision quality, assumed risk levels and transformation rates, in order to meet the established standards.

In addition to the N.A.C., there are other departments that outline the organizational plan for Risk Management in UCI.

The Policy and Method Department, dependent on the Risk Directorate, is entrusted with the responsibility of defining and implementing the policies and procedures to be followed in putting together a loan, its processing and decision. Similarly, it is responsible for the training, supervision and control for the correct application of policies and procedures, both in our agencies and in the N.A.C.

The Agents' Department, integrated under this same directorate, is in charge of monitoring, controlling and encouraging the administrative agency network with which we work. They are also responsible for the proper application of our selection policy from the point of view of legal security for transactions.

And, finally, the Valuation Department is responsible for supervising the activities carried out for us by the valuation firms, giving decisive

support for those transactions that require a technical report.

The quality of the setting-up, analysis and decision processes for loan dossiers, as well as those corresponding to the Agency and Valuation Departments have obtained the AENOR certification in Spain for compliance with the Spanish Standard UNE-EN ISO 9001:2008 in March 2003, and which is extended throughout the commercial network. Each year, follow-up audits are performed. The certification is renewed every three years; the last renewal is from 2015.

Control over external collaborators
In UCI, risk control is present in all the phases for processing a dossier and affects not just the internal management units but also included those tasks delegated to our external collaborators.

This also allows us to have the administration agencies network connected by computer with our central systems, with vertical integration in our management system.

It should be noted that, for UCI, the administrative agencies do not merely perform administrative procedures, but are also empowered by UCI and are responsible for the proper legal handling of our transactions, being responsible for the following processes, among others: searching and analyzing property register information, preparing and carrying out the signing process, acting as representatives with powers of attorney from our entity, filing deeds in the corresponding registries, cancelling charges prior to our mortgage appearing in the registry so as to guarantee this having first call, settling taxes and sending the deeds for filing once all the appropriate controls have been carried out so as to guarantee the risk levels established.

It is important to point out that the success of their task depends to a great extent on the control processes established in the management systems designed by UCI for this activity.
Furthermore, the valuation process is also subject to control and supervision by our systems without this detracting from the valuation companies' total liberty for determining the value of the security.

The interconnection of our respective computer systems allows us to establish automatic quality controls that go beyond the simple requirement for a minimum demanded valuation amount. Among other aspects, these controls cover re-locatability, the adaptation of the asset to demand, community costs, the need for alterations, the regime to which is subject, the possible presence of third parties with preferential rights, etc.

Any anomaly detected requires the dossier to be sent to the N.A.C. for a further decision in which the risk factors arisen in the valuation are considered.

Scoring model and risk cost
Since its creation, one of UCI's most constant concerns has been to model the performance of our loan portfolio. In 2015, the Company set up in Spain the eighth version of the scoring model constructed in a historical record of homogeneous events since 1999.

This model, more granular in its scaling than the previous ones, makes it possible to discriminate between different categories in customers in respect of homogeneous payment behaviour, anticipating the probability of default.

Scoring forms an integral part of the selection parameters when it comes to selecting a given risk.

In order to complete the view of the risk associated with our dossiers, we have designed a provisional risk cost that allows us to quantify the expected loss on a dossier in function of their score and the percentage of financing with regards to the guarantee's value.

Such risk cost is included in our pricing model so as to be able to manage individually the financial conditions to be assigned to the dossier based on its risk.

In Portugal, a third version of the scoring version was implemented in 2014, specific for the individual activity in Portugal, built on the real payment behaviour experience of UCI customers since the beginning. Portugal represented 7% of credit risks within UCI, S.A., E.F.C. at the end of 2008, 8% at the end of 2011 and 9% at the end of 2015.

In order for UCI to count with early measurements of the credit risk, there are three basic elements: expected loss, probability of default and severity.

The expected loss in percentage terms with regards to risk exposure would be formulated as follows:

Expected loss % = Probability of Default % x Severity %

Additionally, the economic capital, apart from depending on the same components as the expected loss, also depends on other elements, such as the confidence level taken as reference point, as the correlation or degree of diversification in the portfolios.

- **Probability of default:** Default is understood to be a delay in payment of an obligation of more than 90 days, a definition that coincides with the Basle II document. The horizon for calculating this probability is three years. It should be noted that the higher the section, the lower the probability of non-payment. The historic records prepared are used to study how this probability varies in relation to the points assigned in the scoring and other possible relevant axes (for example, age of the operation).

- **Severity:** This is defined as the anticipated estimate of final loan losses in the event of a default. Its complementary aspect is the recovery rate, which can be calculated as the difference between 100% and the severity level. In addition to the effectiveness of the recovery process, the elements that affect this are the type of product involved and the guarantees linked with the transaction (mortgage or credit insurance in the case of UCI). In order to have estimates for severity it is necessary to have historical and homogenous databases that make it possible to analyze the result of the procedures for recovery in accordance with different segmentation criteria. On this point, development has been completed for the database for the historical analysis of the recoveries for UCI in Spain in accordance with customers' scoring sections. The information collected dates back to 1993 in Spain. In Portugal, the same process has been performed with exploitation of data generated since 2004.

- **Expected losses:** Expected losses were adjusted, during 2011, in line with the sections and scoring, new information was available from the historical databases for risks integrating all of the risk exposure information along with their probability estimates for non-payment and severity discriminated by portfolios. Expected losses from the portfolio of new transactions for mortgage loans generated in Spain, in 2015, account for 16 pb.

Credit risk mitigation
The duties of the Audit Committee and of the Internal Audit Department include ensuring the appropriate compliance with risk control policies, methods and procedures, guaranteeing that they are appropriate, effectively implemented and regularly reviewed.

Reinforcing transactions is a constant factor in the admission and selection process. The presence of guarantors and additional guarantees has been a premise in our risk management.

Concentration risk
The UCI Group performs ongoing monitoring of the degree of concentration of the different credit risk portfolios under the dimensions it considers most relevant: geographic areas, economic sectors and customer groups.

The Board of Directors establishes the risk policies and reviews the approved exposure limits for adequate management of the concentration risk.

Due to the mortgage activity sector in which the Group operates, the lending activity is dispersed throughout the Spanish Autonomous Regions and Portuguese regions (through loans formalized by the Branch in such country), the greatest degree of concentration being in the promoter risk operations in Spain, where the risk formalized may amount to over one million Euros, a figure that is not significant in any case.

The Group is subject to Bank of Spain regulation on major risks, which are those exceeding 10% in computable equity. According to the regulations in force, and contained in Circular 3/2008, no individual exposure, including all kinds of credit risk, should exceed 25% of the Group's equity. At December 31, 2015 and 2014, there was no risk above the indicated limits.

Policies established to dispose of foreclosed assets or received as payment for debts (debt property swap) include the trading of assets through professionals from the real estate sector. The entity's strategy for each of these non-current assets held for sale could include improvement or reform works, in collaboration with professionals responsible for their trading. The purpose of strategies is to optimize these assets' disposal terms and prices, in coherence with the evolution of the real estate market.

Risk concentration by the Group's activity and geographical area at December 31, 2015 is the following:

RISKS CONCENTRATION BY ACTIVITY AND GEOGRAPHICAL AREA (carrying values) TOTAL ACTIVITY	TOTAL 2015	Spain	Rest of European Union	America
1. Credit entities	106,054	78,886	27,168	-
2. Public Administrations				
3. Other financial institutions				
4. Non-financial companies and individual employers	8,200	8,200	-	-
4.1 Real estate construction and development	8,200	8,200	-	-
4.2 Construction of civil works	-	-	-	-
4.3 Rest of purposes	-	-	-	-
4.3.1 Large companies	-	-	-	-
4.3.2 SMEs and individual employers	-	-	-	-
5. Rest of homes and non-profit institutions serving households	10,914,876	9,607,297	1,307,579	-
5.1 Homes	10,914,070	9,606,491	1,307,579	-
5.2 Consumption	-	-	-	-
5.3 Other purposes	806	806	-	-
TOTAL	11,029,130	9,694,383	1,334,747	-

Risk concentration by the Group's activity and geographical area at December 31, 2014 is the following:

RISKS CONCENTRATION BY ACTIVITY AND GEOGRAPHICAL AREA (carrying values) TOTAL ACTIVITY	TOTAL 2014	Spain	Rest of European Union	America
1. Credit entities	62,109	38,809	23,300	-
2. Public Administrations	-	-	-	-
3. Other financial institutions	-	-	-	-
4. Non-financial companies and individual employers	9,110	9,110	-	-
4.1 Real estate construction and development	9,110	9,110	-	-
4.2 Construction of civil works	-	-	-	-
4.3 Rest of purposes	-	-	-	-
4.3.1 Large companies	-	-	-	-
4.3.2 SMEs and individual employers	-	-	-	-
5. Rest of homes and non-profit institutions serving households	11,219,890	9,902,673	1,317,217	-
5.1 Homes	11,219,386	9,902,169	1,317,217	-
5.2 Consumption	-	-	-	-
5.3 Other purposes	504	504	-	-
TOTAL	11,291,109	9,950,592	1,340,517	-

Refinancing and restructuring operations

On September 28, 2012, Bank of Spain issued the Circular 6/2012, which establishes standards related to the information to be disclosed by Spanish credit entities on their financial statements with regards to refinancing and restructuring operations. The general term of restructured/refinanced portfolio in the abovementioned Circular refers to those operations where the customer has presented, or is expected to present, financial difficulties to face their payment obligations under the contract terms in force and, as a consequence, it could be advisable to cancel and/or even formalize a new operation.

Additionally, such Circular requires entities to disclose a summary of their restructuring/refinancing policy on their financial statements.

Restructuring/refinancing policy

The UCI Group, within a responsible credit and collection policy, has established a corporate policy which refers to those operations where the customer has presented, or is expected to present, difficulties to face his/her payment obligations under the contract terms in force and, therefore, it could be advisable to temporarily modify the operation in force or even to formalize a new operation.

This policy is applicable to countries where UCI operates and to all customers, adapting to the local needs and standards and always subordinated to the compliance with local regulations applicable. Its principles include the following:

<u>Solutions proposed to the client must be appropriately used, and its use must not distort the recognition of defaults.</u>

The solution must focused in the recovery of all due amounts, recognizing as soon as possible the amounts which are considered unrecoverable, if any. Delaying the immediate recognition of losses would be contrary to management good practices.

<u>The restructuring operation will be designed from the client's comprehensive management perspective</u>

If the client has more than one operation with UCI, the following aspects must be tackled:

- The client's risk will be assessed as a whole, regardless of the situation of each individual loan.
- If possible, all operations will be grouped and assigned with the highest level of guarantee possible.
- The determination of monthly charges will be adjusted to monthly payments of all loans. Also, all consolidable income of the family unit will be added so as to verify that the affordability rate keeps the most appropriate proportion.
- The proposed solution will generally imply the cancellation of all available amounts not disposed of.

<u>An operation can be restructured several times (concatenation)</u>

The succession of restructuring operations, in general, will be conditioned to the correct payment behaviour in the previous operation or when, due to the variation of personal/labour/economic circumstances, it was sufficiently evidenced that the lack of compliance is due to these circumstances, as per the client's new situation.

<u>The restructuring or refinancing operation must not imply an increase of the risk with the client</u>

- The proposed solution must not imply granting additional financing to the client and cannot be used to finance other debts or as cross-selling instrument.
- In refinancing operations, the increase of the necessary amount to face formalization expenses will be admitted when it is evidenced that it will be possible to pay the proposed instalment or when new guarantees are contributed.
- The restructuring or refinancing operation must always contemplate the maintenance of existing guarantees and, where possible, to improve them and/or extend their coverage. New guarantees or real guarantees will not only mitigate severity, but shall reduce the probability of lack of compliance.

<u>Payment condition for ordinary interests</u>

Instalments established in the restructuring operation must comply, in general, at least, with the operation's ordinary interests. Interest's waiting periods must be appropriately justified on the basis of the operation's risk.

<u>Cautions in restructuring and refinancing operations</u>

- When assessing the convenience of the solution's proposal, it is necessary to ensure that this proposal's results exceed those expected to be obtained if the debt was not newly negotiated.
- The analysis of guarantees and the possible future evolution is an especially relevant element when assessing restructuring and refinancing operations.
- Avoid the fact that the solution's possibility incentives defaults.
- If debt restructuring and refinancing products provide more advantageous conditions for the client than the ordinary operation, there is a true risk for the client to observe an advantage in the lack of compliance of obligations. Therefore, the design of UCI policy and products avoid communicating to the client that the lack of compliance of obligations is rewarded.
- The application of rigorous and selective criteria is especially relevant in massive and/or public actions.

<u>Traceability of operations</u>

- It is necessary for systems to keep record of operations subject to restructuring, so as to identify them, such as when the client has had difficulties. All data in origin must be considered in case they are subsequently necessary.
- Systems identify those operations which origin has been a restructuring or refinancing process, in order to appropriately distinguish them from those originated in an ordinary admission process, and to be able to perform a differentiated analysis of both types of operations.
- The Entity keeps record of the relation between original and new operations, if any, being able to determine the debt's distribution between the different origin operations.

<u>The restructuring and refinancing operation cannot imply an improvement of classification as long as there is not a satisfactory experience with the client</u>

- Improvements in classification shall be applied as long as a minimum relation has been held with the client so as to ensure a reasonable knowledge of the new situation.

- This relation must be sufficiently satisfactory and enable the verification of an acceptable improvement in the client's payment capacity.

<u>The debt's restructuring and refinancing operation will not imply a worsening of its classification</u>

- The debt's restructuring and refinancing operation responds to a better adaptation of the payment scheme to the client's capacity and/or an improvement of guarantees, and does not necessarily respond to a worsening of the rating.

- Nevertheless, the analysis performed prior to its granting shall conclude in a review of the classification.

<u>Restructuring and refinancing operations in category of normal risk will be held in Special Monitoring until their extinction if conditions defined in Circular 6/12 are not met</u>

- Based on Circular 6/2012 of Bank of Spain, restructuring and refinancing operations, classified in normal risk or reclassified into the category of normal risk from another risk category, will be marked and maintained in Special Monitoring, being identified for their differentiated treatment, until their extinction if conditions defined in such Circular are not met.

- Also, restructuring and refinancing operations classified in the category of normal risk which owner holds another operation classified as doubtful will also be marked in Special Monitoring.

- Restructuring and refinancing operations will no longer be identified as Special Monitoring when the following conditions are jointly met:

  – The instalments of principal and accrued interests have been paid since the date when the re-conduction operation was formalized and, at least, two years have elapsed.

  – The operation's principal has been reduced in, at least, 20%.

  – All unpaid amounts (principal and interests) have been satisfied at the date of the restructuring or refinancing operation.

  – After an exhaustive review of the equity and financial situation, it is concluded that the owner is not expected to have financial difficulties and, therefore, the client will be able to comply with the debt's payment (principal and interests) of all of its operations, in due time and manner.

  – Therefore, operations still classified as doubtful or substandard risk must not be identified as Special Monitoring, since this mark is only contemplated for operations classified as normal risk (which have not met the abovementioned conditions).

Quantitative information required by Circular 6/2012 of Bank of Spain

Below, we include the quantitative information required by Circular 6/2012, of Bank of Spain, in relation with restructured/refinanced operations in force at December 31, 2015. In this sense, the abovementioned Circular makes the following definitions:

- Refinanced operation: an operation granted or used for reasons related to the owner's financial difficulties –existing or expected– to cancel one or several operations, or for which the payment of such operations is fully or partially updated, in order to facilitate the debt's payment (principal and interests) to owners of cancelled or refinanced operations because they are not able, or are not expected to be able, to meet the conditions in due time and manner.

- Restructured operation: an operation which, for economic or legal reasons related to the owner's financial difficulties, existing or expected, financial conditions are modified in order to facilitate the debt's payment (principal and interests) because the owner is not able, or is expected not to be able, to appropriately comply in good time with its conditions, even when such modification was expected by contract.

The gross amount of refinancing, refinanced and restructured operations, detailed by classification as special risk in progress, substandard or doubtful, has been adapted to the criteria of the Letter by the General Directorate of Regulation and Financial Stability of Bank of Spain, dated April 30, 2013.

The detail of their respective coverage at December 31, 2015 is the following:

2015	NORMAL						SUBSTANDARD						
	Full mortgage guarantee		Rest of real guarantees		Without real guarantee		Full mortgage guarantee		Rest of real guarantees		Without real guarantee		
	No. oper.	Gross amount	No. oper.	Gross amount	No. oper.	Gross amount	No. oper.	Gross amount	No. oper.	Gross amount	No. oper.	Gross amount	Specific coverage
Public Administrations													
Rest of legal persons and individual employers													
Financing to real estate construction and development													
Rest of physical persons	18,552	2,652,882	728	147,836	873	17,523	4,585	711,112	569	108,179	412	11,404	15,192
Total	18,552	2,652,882	728	147,836	873	17,523	4,585	711,112	569	108,179	412	11,404	15,192

	DOUBTFUL							TOTAL		
	Full mortgage guarantee		Rest of real guarantees		Without real guarantee		Specific coverage			
	No. oper.	Gross amount	No. oper.	Gross amount	No. oper.	Gross amount		No. oper.	Gross amount	Specific coverage
Public Administrations										
Rest of legal persons and individual employers	5	1,007	3	2,551	1	626,955	2,668	9	4,185	2,668
Financing to real estate construction and development	5	1,007	3	2,551	1	626,955	2,668	9	4,185	2,668
Rest of physical pers	3,753	520,177	4,779	845,506	1,109	36,623	294,130	35,360	5,051,243	309,322
Total	3,758	521,184	4,782	848,057	1,110	37,250	296,798	35,369	5,055,428	311,990

The detail of their respective coverage at December 31, 2014 is the following:

2014	NORMAL						SUBSTANDARD						
	Full mortgage guarantee		Rest of real guarantees		Without real guarantee		Full mortgage guarantee		Rest of real guarantees		Without real guarantee		Specific coverage
	No. oper.	Gross amount	No. oper.	Gross amount	No. oper.	Gross amount	No. oper.	Gross amount	No. oper.	Gross amount	No. oper.	Gross amount	
Public Administrations													
Rest of legal persons and individual employers							-	-			1	635	127
Financing to real estate construction and development							-	-			1	635	127
Rest of physical persons	16,791	2,496,277	606	116,440	831	15,414	5,176	805,225	284	64,198	345	9,733	9,781
Total	16,791	2,496,277	606	116,440	831	15,414	5,176	805,225	284	64,198	339	10,368	9,908

	DOUBTFUL							TOTAL		
	Full mortgage guarantee		Rest of real guarantees		Without real guarantee		Specific coverage			
	No. oper.	Gross amount	No. oper.	Gross amount	No. oper.	Gross amount		No. oper.	Gross amount	Specific coverage
Public Administrations										
Rest of legal persons and individual employers	5	1,012	3	2,597	1	368	2,932	10	4,613	3,059
Financing to real estate construction and development	5	1,012	3	2,597	1	368	2,932	10	4,613	3,059
Rest of physical persons	4,564	642,909	5,430	972,543	1,513	54,703	337,554	35,540	5,177,443	347,335
Total	4,569	643,921	5,433	975,140	1,514	55,071	340,486	35,550	5,182,056	350,394

The amount of operations which, after the refinancing or restructuring, have been classified as doubtful in 2015 and 2014 are the following:

REFINANCING BALANCES INFORCE AND RESTRUCTURING OPERATIONS 2015	Full mortgage guarantee		Rest of real guarantees		Without real guarantee			
	No. oper.	Gross amount	No. oper.	Gross amount	No. oper.	Gross amount	No. oper.	Gross amount
Public Administrations								
Rest of legal persons and individual employers	3	512	3	2,551	1	627	7	3,690
Financing to real estate construction and development								
Rest of physical persons	1,929	286,241	2,395	449,335	293	11,361	4,617	746,937
Total	1,932	286,753	2,398	451,886	294	11,988	4,624	750,627

REFINANCING BALANCES INFORCE AND RESTRUCTURING OPERATIONS 2014	Full mortgage guarantee		Rest of real guarantees		Without real guarantee			
	No. oper.	Gross amount	No. oper.	Gross amount	No. oper.	Gross amount	No. oper.	Gross amount
Public Administrations								
Rest of legal persons and individual employers	3	5,416	2	2,182	1	368	6	7,966
Financing to real estate construction and development								
Rest of physical persons	2,200	334,711	2,521	475,195	339	10,123	5,060	820,029
Total	2,203	340,127	2,523	477,377	340	10,491	5,066	827,995

Total financings granted to customers at December 31, 2015 and 2014, detailed by counterpart, were the following:

DISTRIBUTION OF LOANS AND ADVANCES TO OTHER DECTORS BY ACTIVITYES (CARRYING VALUE) 2015				Credit with real guarantee. Loan to value				
	TOTAL	Real estate guarantee	Without guarantee	LTV<=40%	40%< LTV<=60%	60%< LTV<=80%	80%< LTV<=100%	LTV>100%
1. Public Administrations								
2. Other financial institutions								
3. Non-financial companies and individual employers	**8,200**	**8,200**	**-**	**561**	**673**	**1,580**	**2,180**	**3,206**
3.1 Real estate construction and development (b)	8,200	8,200	-	561	673	1,580	2,180	3,206
3.2 Construction of civil works	-	-	-	-	-	-	-	-
3.3 Rest of purposes	-	-	-	-	-	-	-	-
3.3.1 Large corporations (c)	-	-	-	-	-	-	-	-
3.3.2 SMEs and individual employers (c)	-	-	-	-	-	-	-	-
4. Rest of homes and non-profit institutions serving households	**10,914,876**	**10,914,070**	**806**	**1,090,029**	**2,643,336**	**3,088,038**	**1,803,946**	**2,288,721**
4.1 Homes (d)	10,914,070	10,914,070	-	1,090,029	2,643,336	3,088,038	1,803,946	2,288,721
4.2 Consumption (d)	-	-	-	-	-	-	-	-
4.3 Other purposes (d)	806	-	806	-	-	-	-	-
TOTAL	**10,923,076**	**10,922,270**	**-**	**1,090,590**	**2,644,009**	**3,089,618**	**1,806,126**	**2,291,927**
MEMORANDUM ITEM								
Refinancing, refinanced and restructured operations	5,055,428	3,885,178	1,104,072	278,712	946,991	1,550,930	1,108,544	1,170,251

DISTRIBUTION OF LOANS AND ADVANCES TO OTHER DECTORS BY ACTIVITYES (CARRYING VALUE) 2014				Credit with real guarantee. Loan to value				
	TOTAL	Real estate guarantee	Without guarantee	LTV<=40%	40%< LTV<=60%	60%< LTV<=80%	80%< LTV<=100%	LTV>100%
1. Public Administrations	-	-		-	-	-	-	-
2. Other financial institutions								
3. Non-financial companies and individual employers	**9,110**	**9,110**	**-**	**589**	**762**	**1,776**	**1,251**	**4,732**
3.1 Real estate construction and development (b)	9,110	9,110	-	589	762	1,776	1,251	4,732
3.2 Construction of civil works								
3.3 Rest of purposes								
3.3.1 Large corporations (c)								
3.3.2 SMEs and individual employers (c)								
4. Rest of homes and non-profit institutions serving households	**11,219,890**	**11,219,890**	**504**	**1,122,490**	**2,875,748**	**3,798,509**	**2,120,080**	**1,303,063**
4.1 Homes (d)	11,219,386	11,219,386	-	1,122,490	2,875,748	3,798,509	2,120,080	1,305,559
4.2 Consumption (d)	-	-	-					
4.3 Other purposes (d)	504	-	504					504
TOTAL	**11,229,000**	**11,229,000**	**-**	**1,123,079**	**2,876,510**	**3,800,285**	**2,121,331**	**1,307,793**
MEMORANDUM ITEM								
Refinancing, refinanced and restructured operations	5,182,056	3,945,423	1,155,778	259,283	912,029	1,605,131	1,168,980	1,236,633

14. MARKET RISK MANAGEMENT

In the markets and treasury area, the UCI Group manages the market risks that affect managed assets or liabilities. The Board of Directors periodically establishes the delegated limits and checks that they are properly applied. Likewise, loss limits and other control measures are established. The management of limits is made with a broad series of indicators and alert signals that have as their objective the anticipation and proper monitoring of interest rate risks and of liquidity.

Assets and Liabilities interest rate gap

The UCI Group analyzes Financial Margin sensitivity to variations in interest rates, which are analyzed by a Committee meeting twice a month for this purpose. This sensitivity is conditioned by time lags in maturity rates and changes to the interest rates that arise between the different balance sheet items, or off balance sheet with securitization funds, which represent an imbalance in cash-flow to the entity. Investments are managed through hedging so as to maintain these sensitivities within the target range set in the Committees. The measures used by UCI to control the interest risk are Rate Gap analysis and the financial margin sensitivities in the managed portfolio.

Interest Rate Gap analysis deals with the time lags between the reviews of maturity for assets and liabilities under management and allows concentrations of interest risk in the different maturities to be detected.

Financial margin sensitivity measures the impact on results of the interest rate gaps for a given period with a displacement of the interest rate curve.

The main asset item sensitive to interest rates refers to the clients' portfolio in the balance, out of which 94.14% is at variable rate (92.82% at December 31, 2014), 5.05% is a mixed rate (7.17% at December 31, 2014), with a first period at fixed rate and subsequent reviews at variable rate, and only 0.81% at strict fixed rate (0.01% at December 31, 2014).

Within credits granted which are at their variable period, 81.27% review its rate each half year (85.85% at December 31, 2014) and 18.73% each year (14.15% at December 31, 2014).

Management of the interest rate risk pursues a double objective: reducing the impacts of interest rate variations on the financial margin and protecting the Group's economic value. Accordingly, financial instruments are used such as securitization bonds (Spain) or "cash" dispositions with shareholders (Spain, Portugal and Greece), and financial derivatives also formalized with Shareholders (interest rate swaps, call money swaps or FRA).

Liquidity Risk

The management and control of the liquidity risk aims to ensure compliance with payment commitments under the best possible conditions for the UCI Group in the different countries in which it has a presence.

The liquidity risk is associated with the Group's capacity for financing acquired commitments at reasonable market prices, as well as being able to carry out its business plans with stable sources of finance. The measure used for controlling the liquidity risk is the liquidity gap, which provides information on the contractual cash in-flows and out-flows over the life of the loans.

In order to mitigate the liquidity risk, since its beginnings UCI has had a recurrent policy for going to the capital markets through the securitization of its loan assets. Accordingly, the holders of securitization bonds support the liquidity risk up until loan maturities. Since 1994, UCI has issued 17 securitization funds in Spain for an initial overall amount of 12,450 million Euros, mostly in capital markets, including the issuance in June 2015 of RMBS Prado I for an amount of 450M€, which, at December 2015, represented 4,171.4 million Euros (4,098 million Euros at December 31, 2014), or 40.6% of the overall balance it manages in Spain, financed to maturity by the capital markets (38.1% in 2014).

The Entity's Directors decided, in 2011, to perform an accounting consolidation of securitized assets which, until 2010, were registered off-balance. These loans amounted to 3,447 million Euros.

In 2008, the Group carried out its first self-securitization transaction UCI 18, where UCI subscribed all bonds by financing the mortgage loan portfolio, in particular those of highest qualification AAA which were eligible for liquidity transactions with the ECB. At the end of December 2014, the balance of UCI 18 amounted to 866 M€ (928 M€ at December 31, 2014), or 8.4% of the global balance managed in Spain (8.6% in 2014).

During 2009, UCI carried out another self-securitization, UCI 19, where UCI subscribed all bonds by financing the mortgage loan portfolio, in particular those of highest credit qualification, which are eligible for liquidity transactions with the ECB. During 2011, UCI, with the agreement of its shareholders and the securitization fund's managing entity, has liquidated this securitization fund.

As a consequence of the need of a double rating of, at least, A, and granted by different rating agencies, securitization bonds are no longer eligible for liquidity transactions with the ECB.

For the remaining balance sheet assets, UCI manages refinancing with treasury lines with its 2 reference Shareholders: BNP Paribas and Banco Santander; the UCI branches in Portugal and Greece are directly financed from the head office in Spain (until the 2011 closing, the Greece branch has a treasury line with the BNP Paribas office in Athens).

The liquidity gap contemplates the classification of the outstanding capital of financial assets and liabilities by maturity terms, taking as references the outstanding periods between the corresponding date and their contractual maturity dates. At December 31, 2015 and 2014, the liquidity gap is the following:

2015	Up to 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
ASSETS:							
Cash and balances with central banks	8						8
Loans and advances to credit institutions	106,054						106,054
Loans and advances to other debtors	40,203	87,213	285,944	1,526,448	1,485,926	7,892,891	11,318,625
Total Assets	**146,265**	**87,213**	**285,944**	**1,526,448**	**1,485,926**	**7,892,891**	**11,424,687**
LIABILITIES:							
Loans and advances to credit institutions	1,292,340	4,792,900	885,250	369,087	167,776	659,703	8,167,056
Loans and advances to other debtors	8,970	17,940	69,199	369,061	369,061	2,241,277	3,075,508
Loans and advances represented by marketable securities	-	2,180	7,144	38,139	37,126	197,207	281,796
Subordinated liabilities	352					80,000	80,352
Total Liabilities	**1,301,662**	**4,813,020**	**961,593**	**776,287**	**573,963**	**3,178,187**	**11,604,712**
Difference Assets less Liabilities	**-1,155,397**	**-4,725,807**	**-675,649**	**750,161**	**911,963**	**4,714,704**	**-180,025**

2014	Up to 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
ASSETS:							
Cash and balances with central banks	6	2					8
Loans and advances to credit institutions	62,109						62,109
Loans and advances to other debtors	42,712	93,605	458,031	1,610,336	1,708,496	7,772,988	11,686,168
Total Assets	104,827	93,607	458,031	1,610,336	1,708,496	7,772,988	11,748,285
LIABILITIES:							
Loans and advances to credit institutions	575,100	5,530,971	1,029,682	190,881	340,203	761,188	8,428,025
Loans and advances to other debtors	9,606	19,212	74,104	395,220	395,220	2,400,134	3,293,496
Loans and advances represented by marketable securities	384					80,000	80,384
Subordinated liabilities	585,090	5,550,183	1,103,786	586,101	735,423	3,241,322	11,801,905
Total Liabilities	-480,263	-5,456,576	-645,755	1,024,235	973,073	4,531,666	-53,620
Difference Assets less Liabilities	-1,155,397	-4,725,807	-675,649	750,161	911,963	4,714,704	-180,025

15. OTHER MARKET RISKS: OPERATIONAL RISK MANAGEMENT

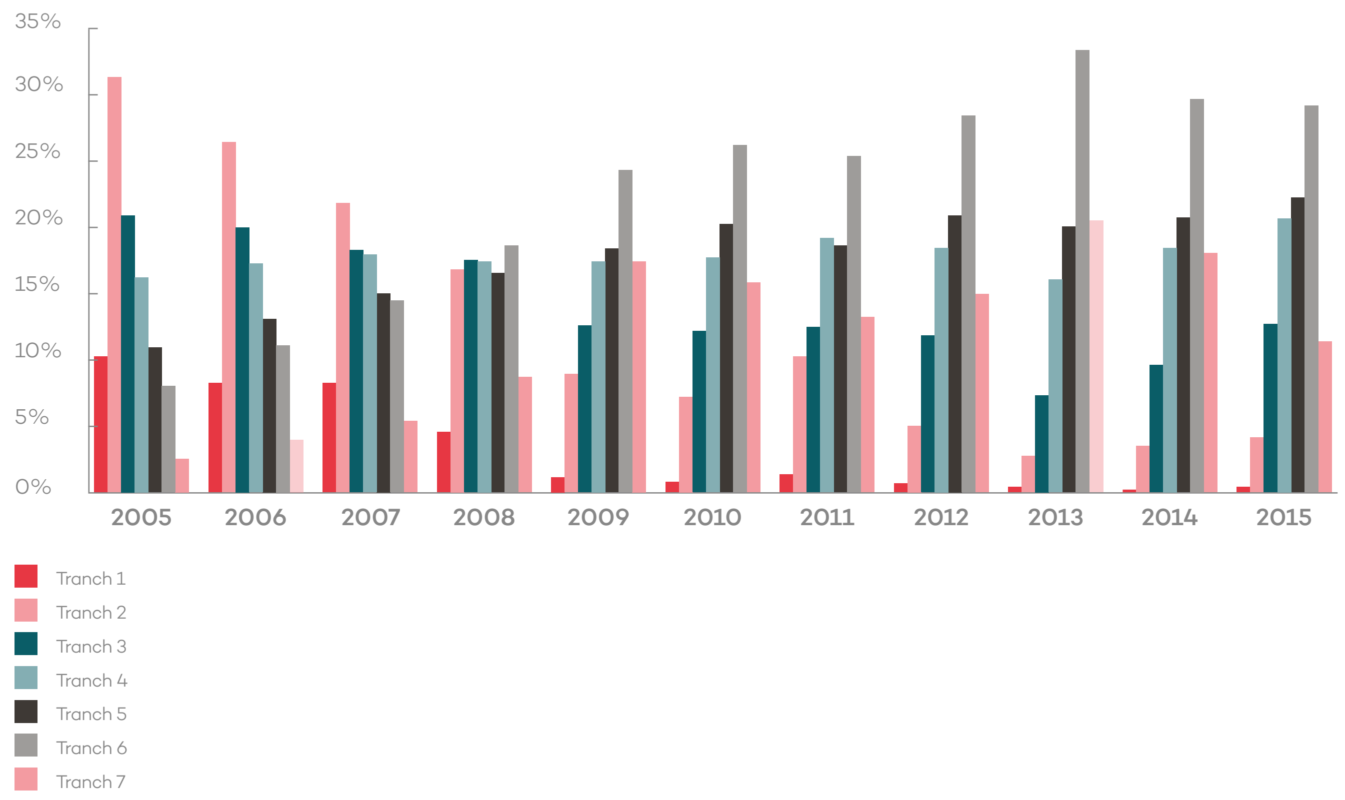
UCI follows closely the development of the standards on this risk as presented in the Basle II agreements, approved in June 2004, progressing in its project for identifying, mitigating, managing and quantifying operational risk. On this aspect and within the overall ISO 9001:2000 quality certification project, the entity has continued to computerise all risk events and incidents of any type, setting up a database that will make it possible in the future to model and quantify the level of operational risk present in all business and support areas.

The analysis of defaults contained in the losses and incidents database has made it possible to introduce improvements in controls and procedures with immediate results in the reduction of losses derived from operational risk.

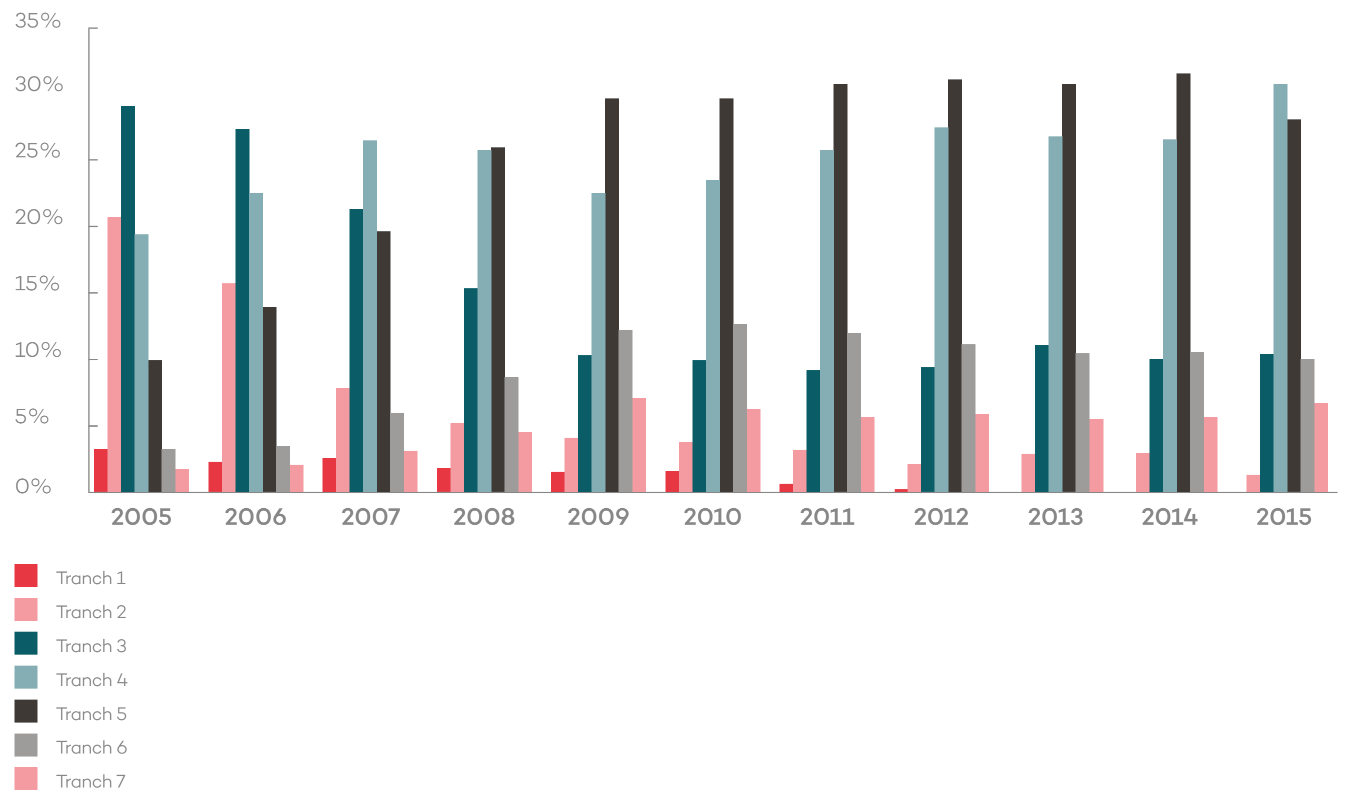
The parameterization of the different types of operational risk can be classified in accordance with the following matrix:

Type	Origin
Processes	Operating errors, human errors
Fraud and activities	Events of a criminal nature, unauthorized activities, unauthorized internal activities
Technology	Technical failures in computers, applications or communications
Human Resources	Failures in the Human Resources policy, in safety and health in the workplace, etc...
Commercial practices	Product defects and bad sales practices
Disasters	Events (natural, accidental or deliberate)
Suppliers	Breach of contracted services

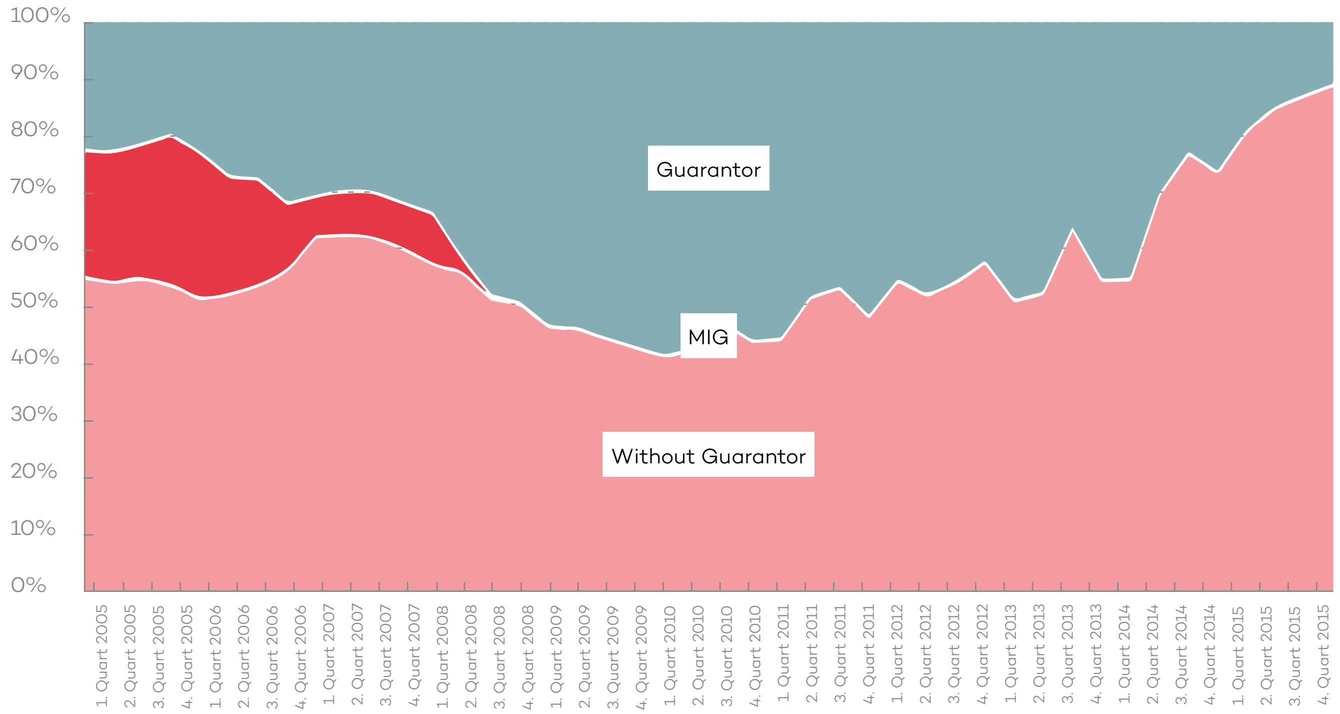
SPAIN: SCORE RATING DISTRIBUTION



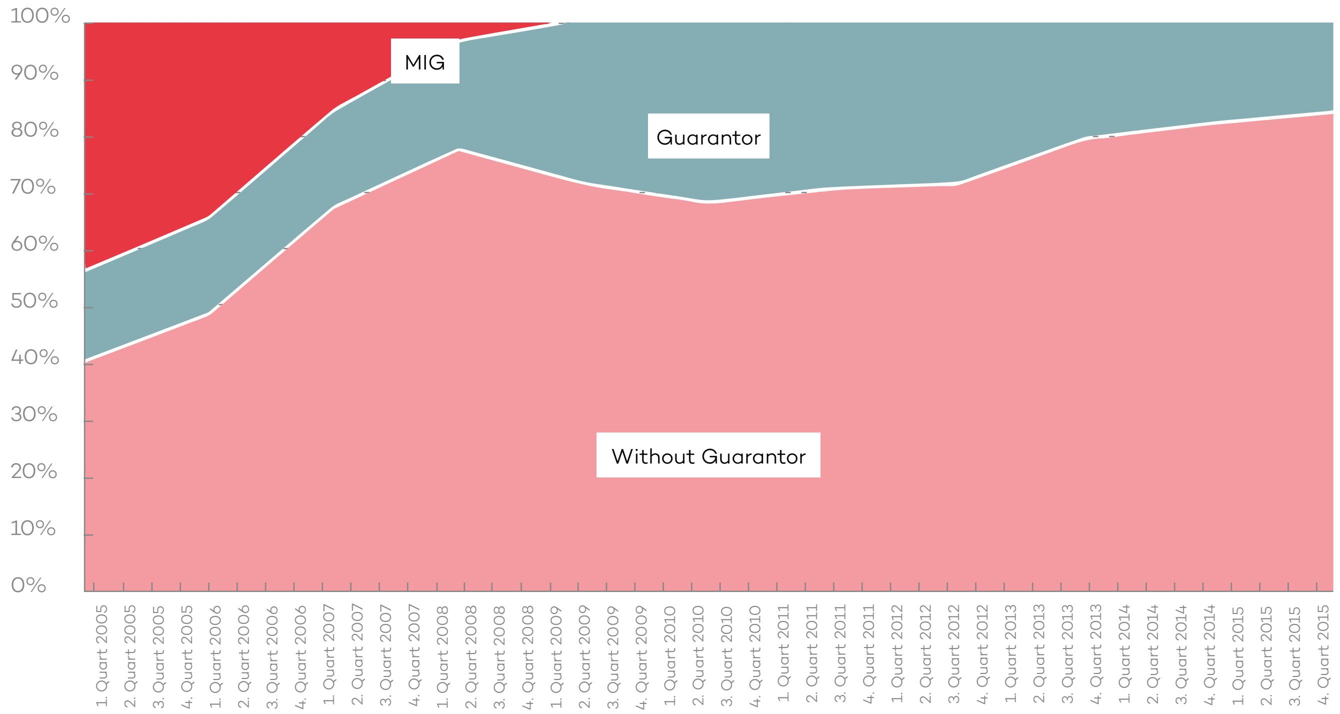
PORTUGAL: SCORE RATING DISTRIBUTION



SPAIN: PRESENCE OF THIRD PARTIES GARANTEES PER QUARTERLY PRODUCTION



PORTUGAL: PRESENCE OF THIRD PARTIES GARANTEES PER YEARLY PRODUCTION



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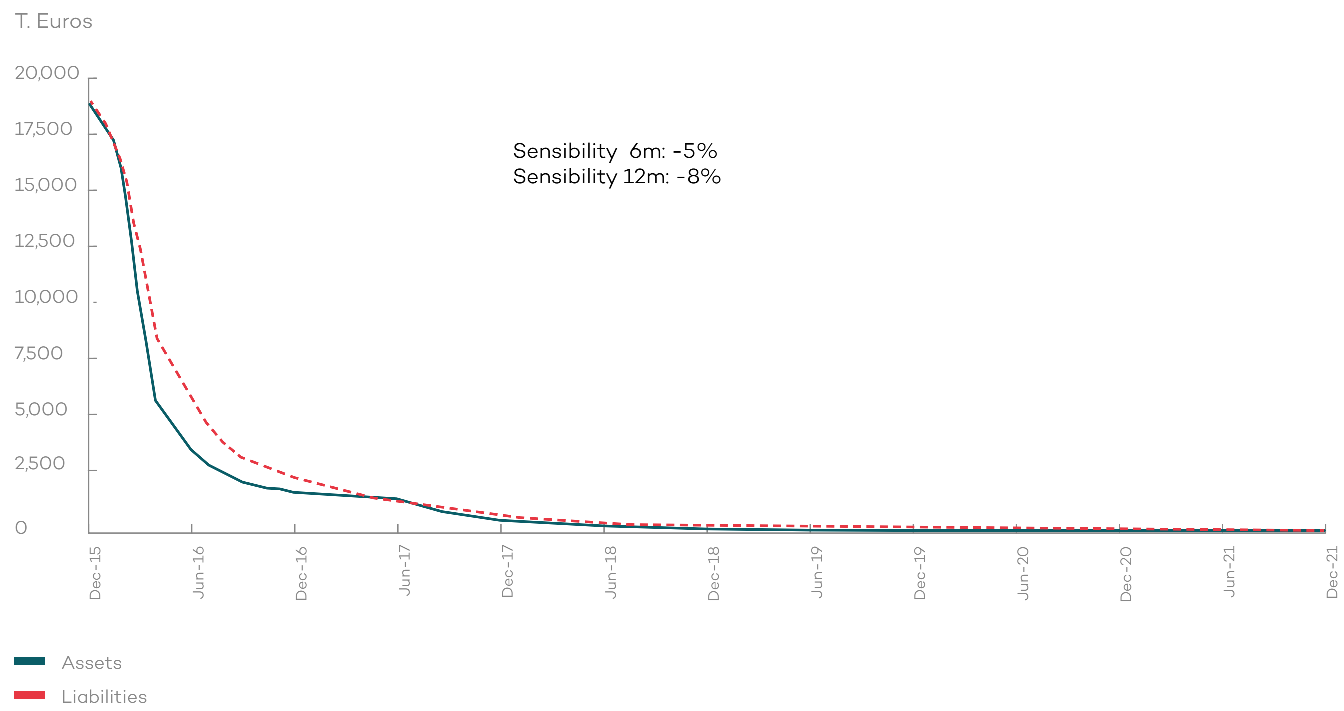
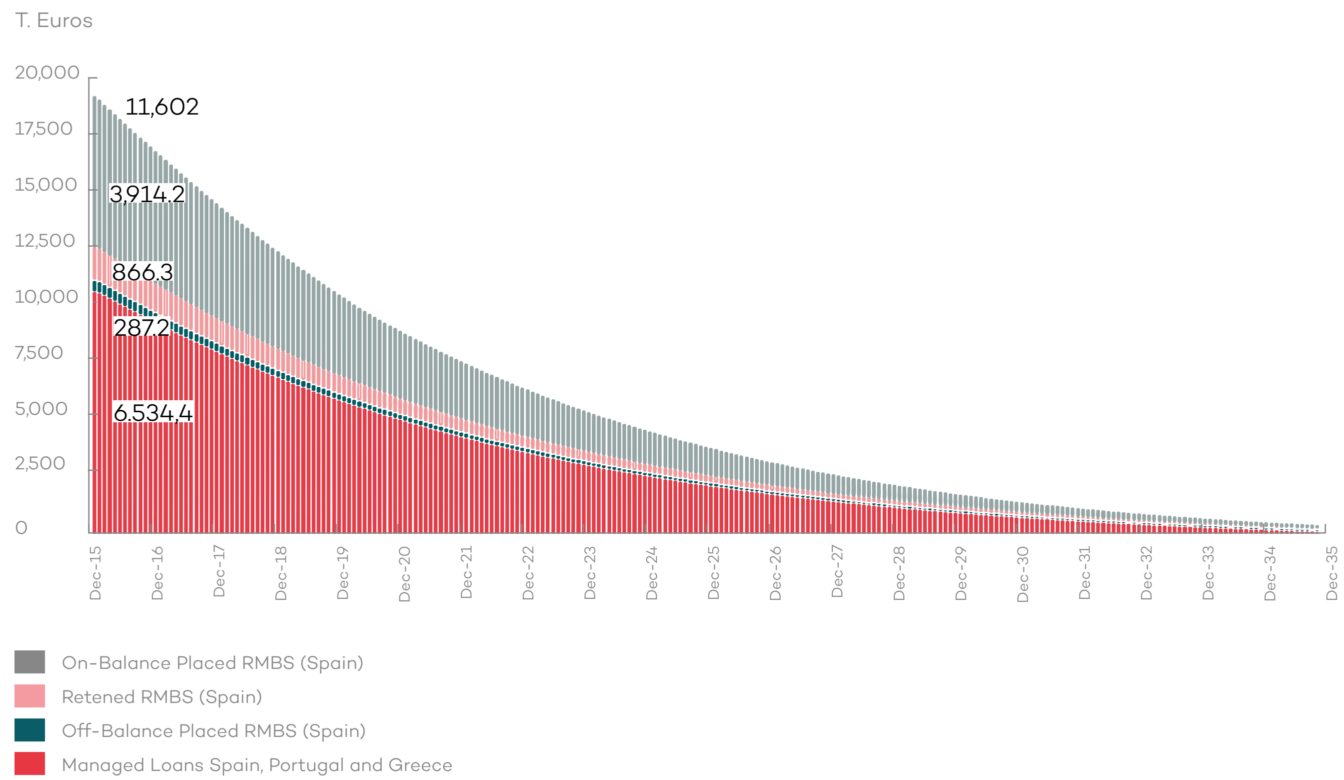
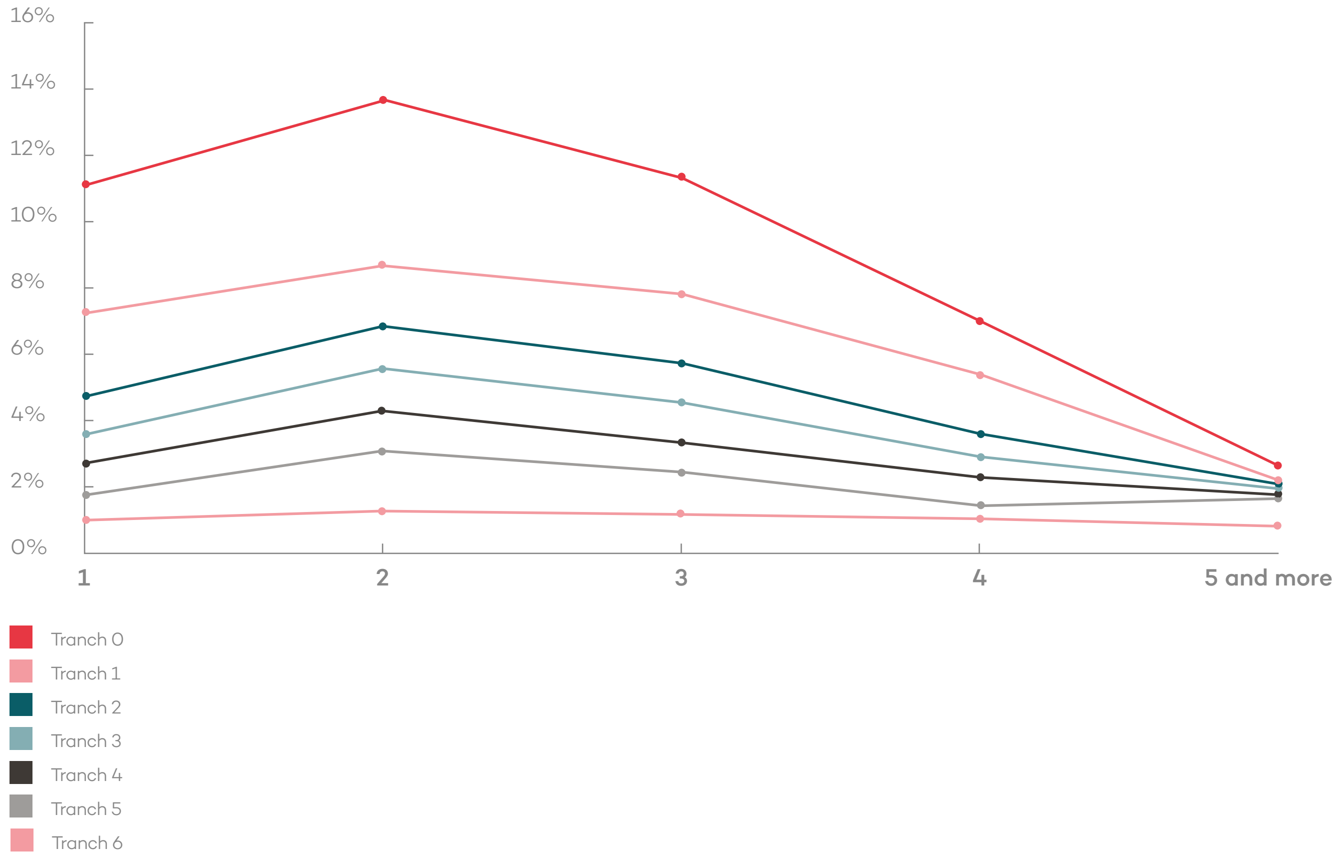
CONSOLIDATED INTEREST RATE RISK COVERAGE 2015



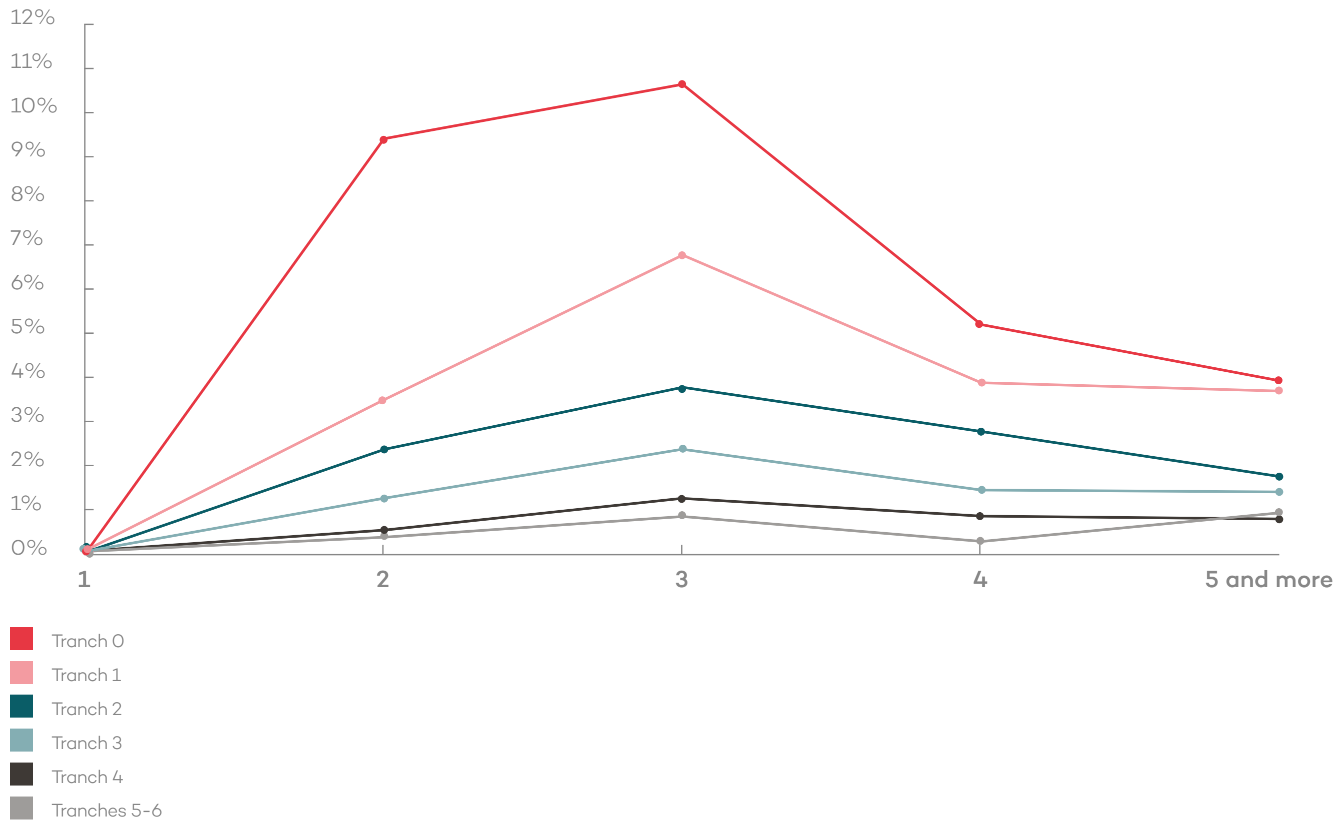
DOWNBREAK OUTSTANDING MANAGED LOANS BALANCE AND SECURED 2015



PROBABILITY OF DEFAULT BY SCORING TRANCHES YEARS 2005-2015 SPAIN



PROBABILITY OF DEFAULT BY SCORING TRANCHES YEARS 2005-2015 PORTUGAL



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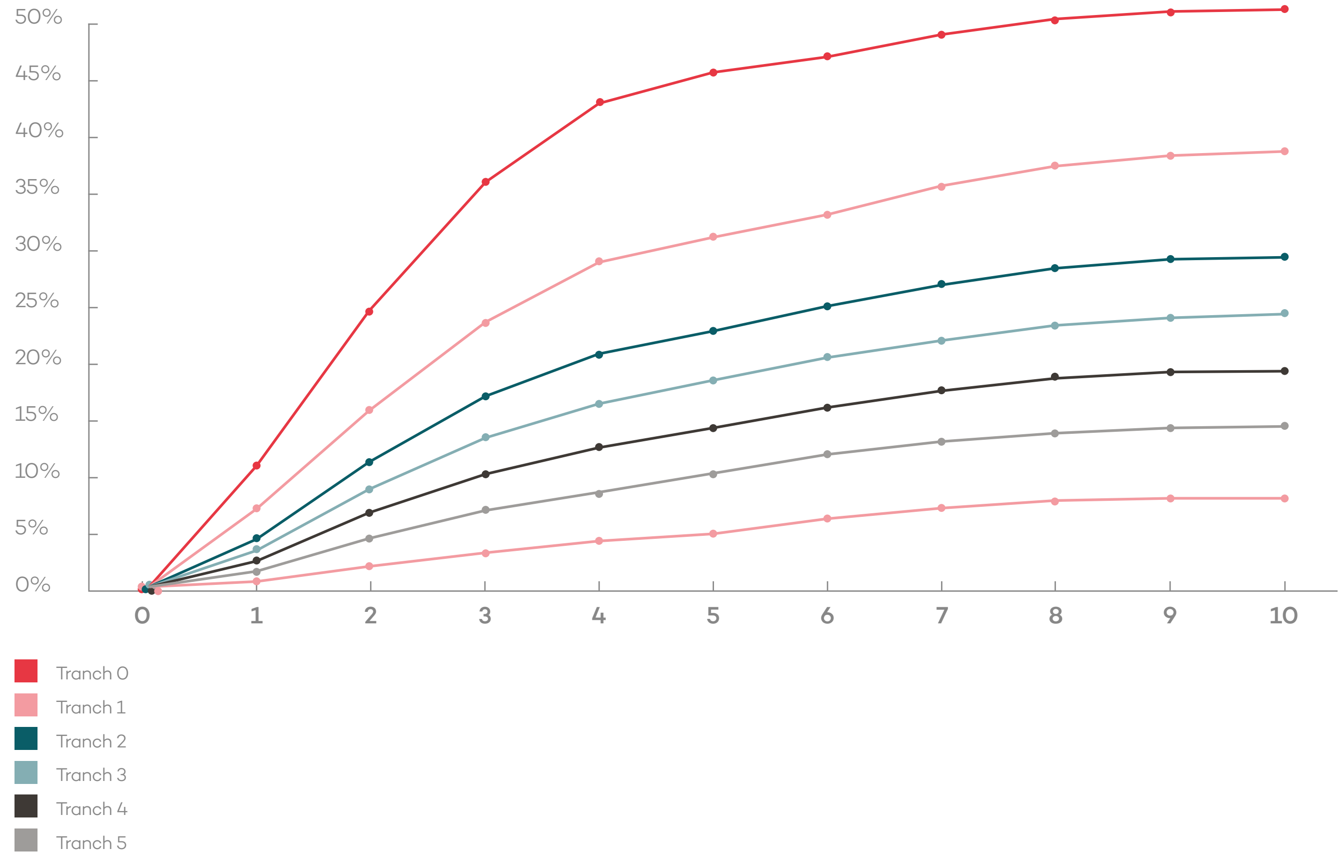
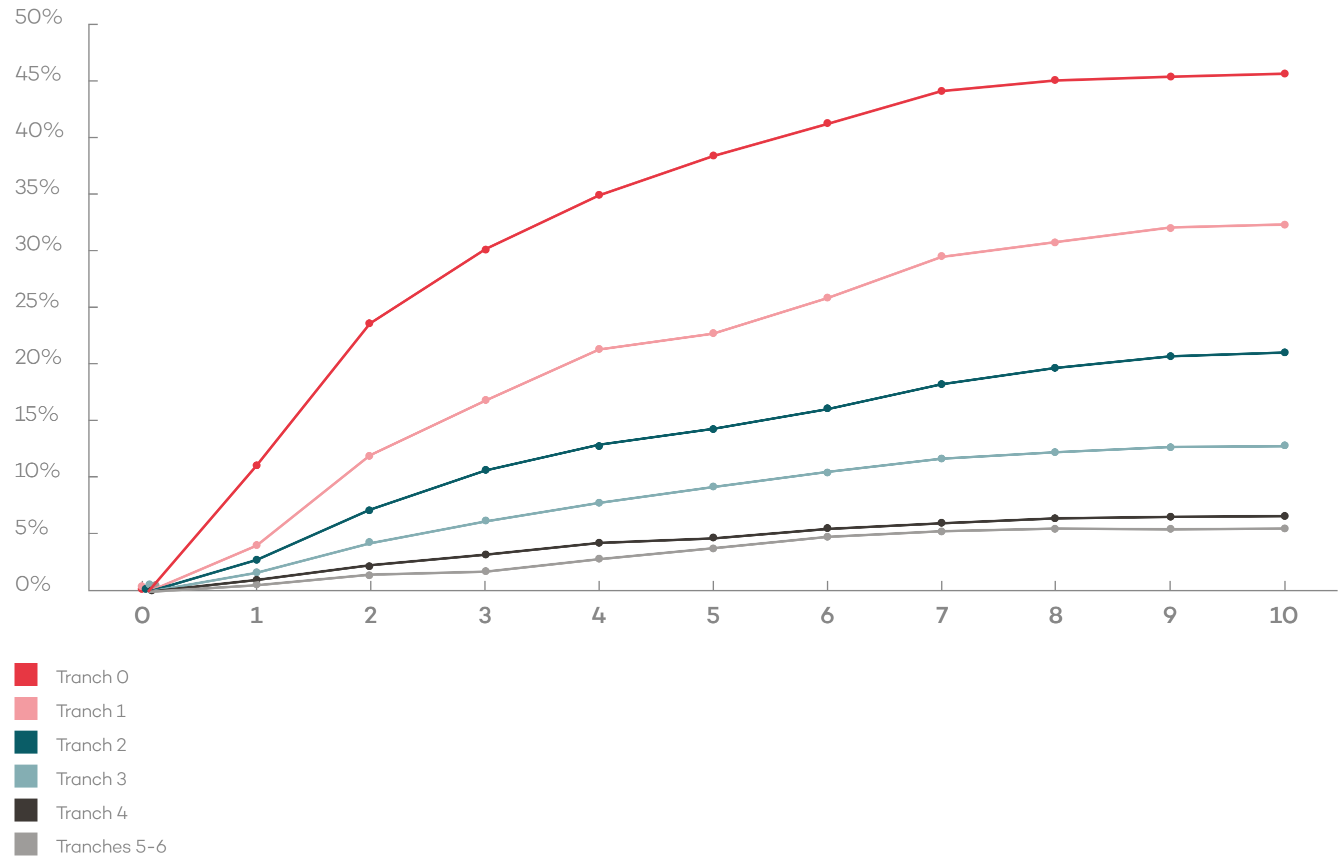
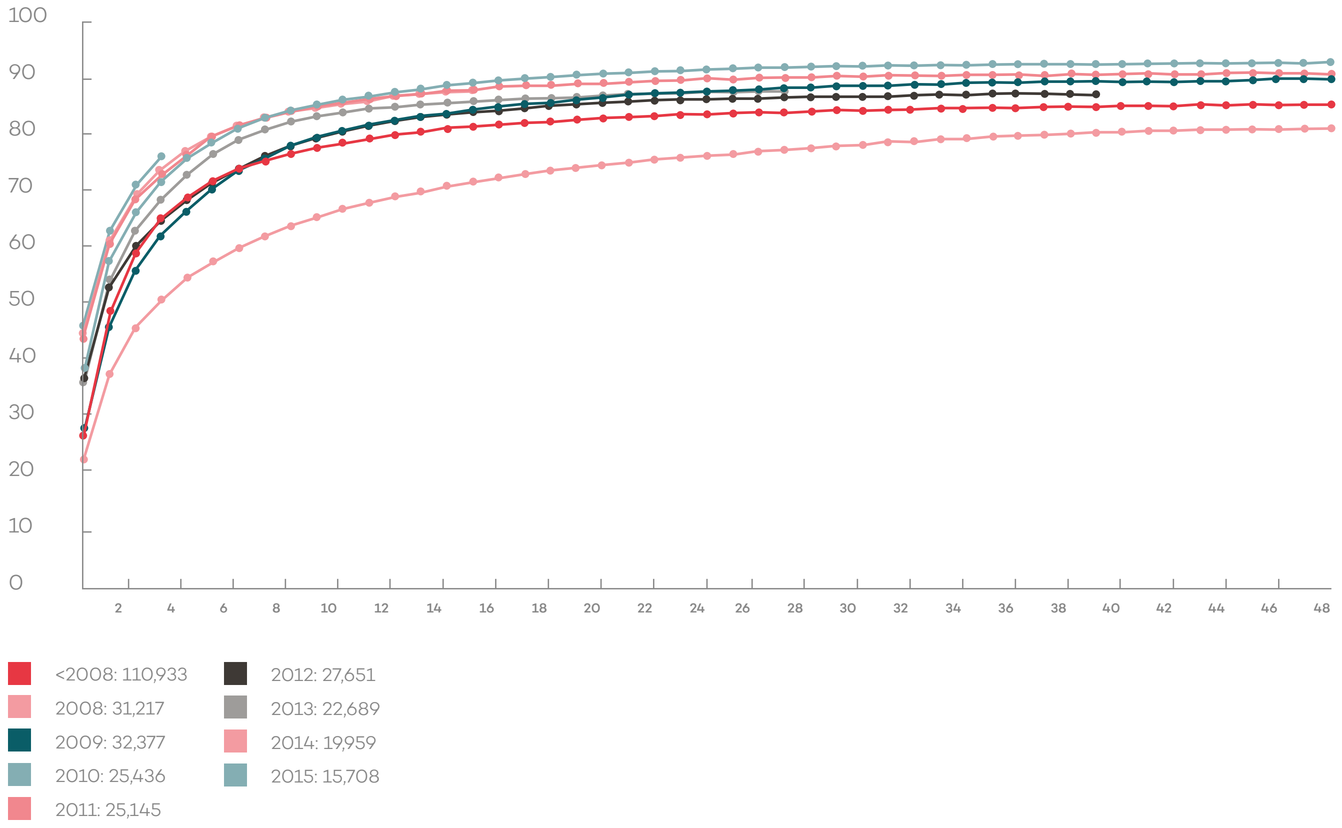
SCORE RATING DEFAULTING YEARS 2005-2015 SPAIN



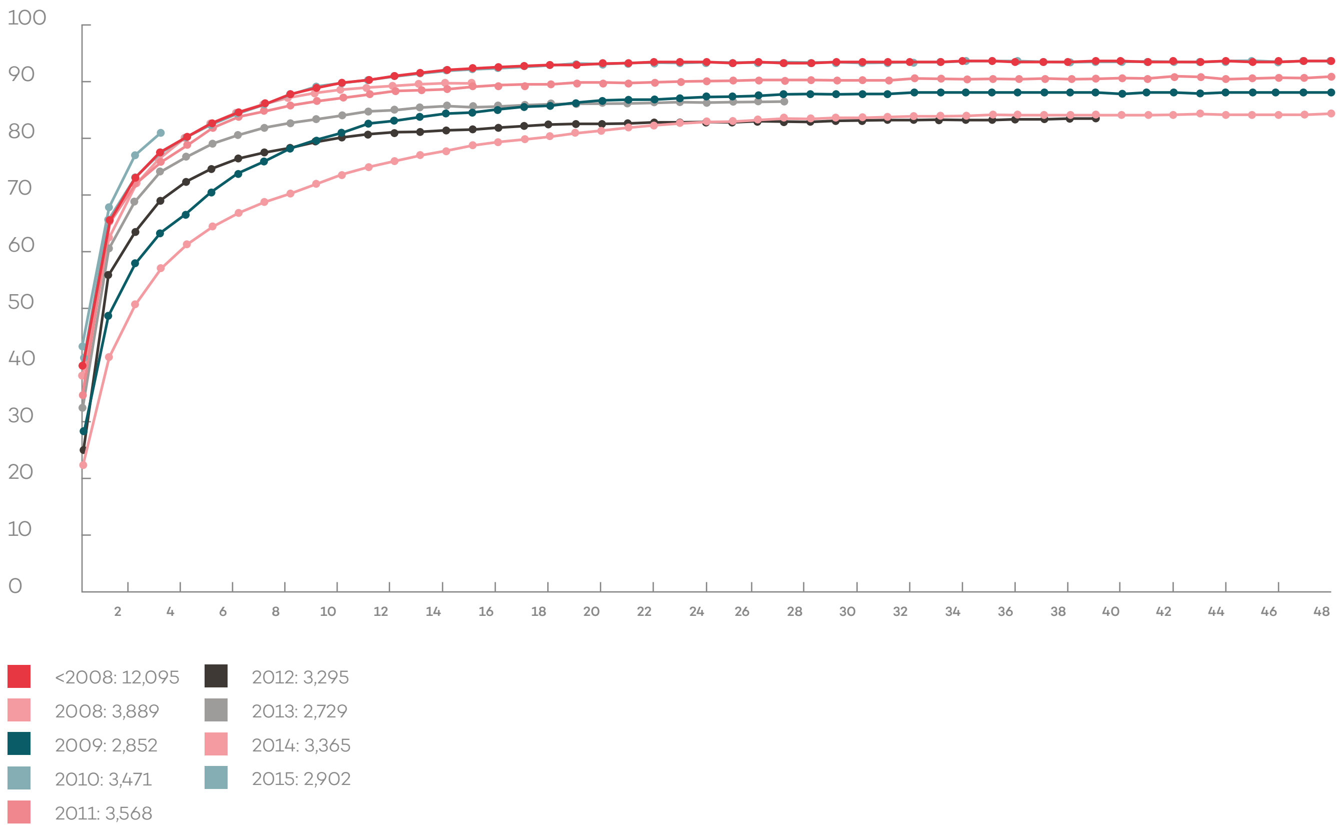
SCORE RATING DEFAULTING YEARS 2005-2015 PORTUGAL



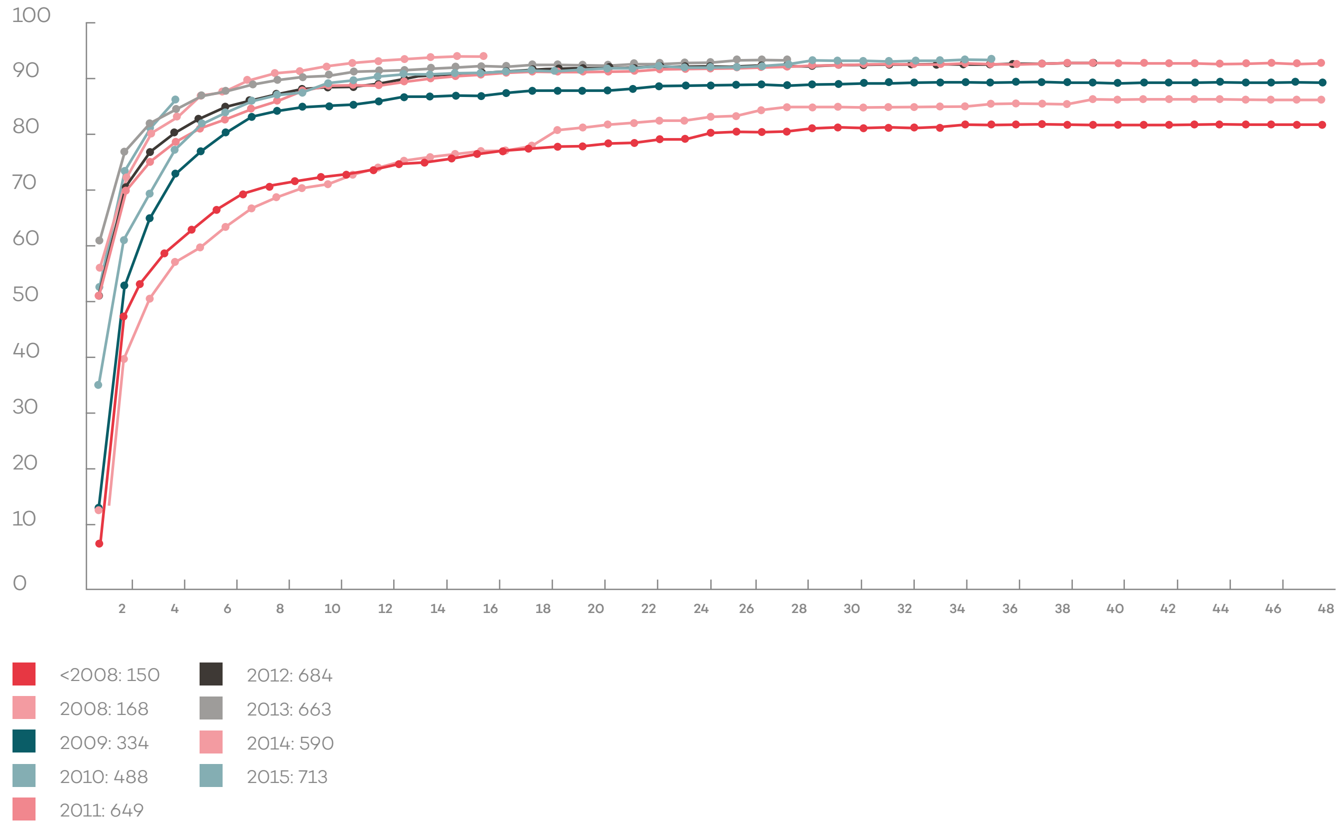
SPAIN: DEFAULTING ENTRIES BACK TO NORMALITY PERFORMANCE PERCENTAGE



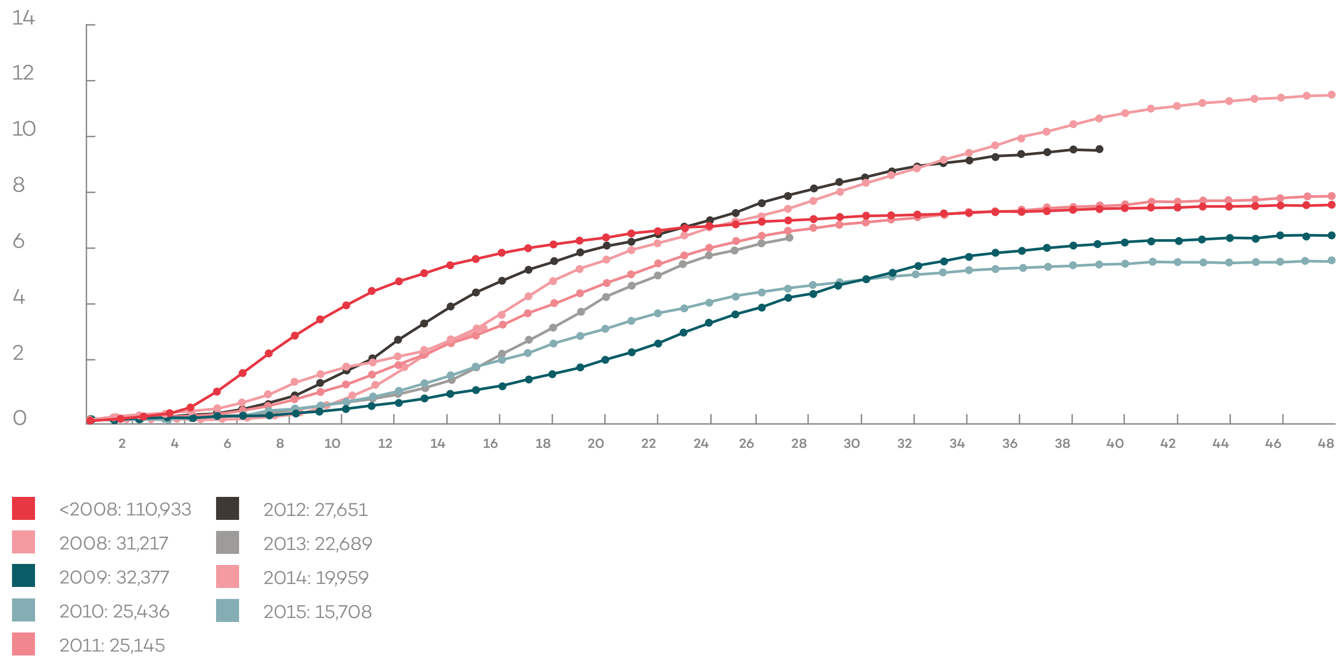
PORTUGAL: DEFAULTING ENTRIES BACK TO NORMALITY PERFORMANCE



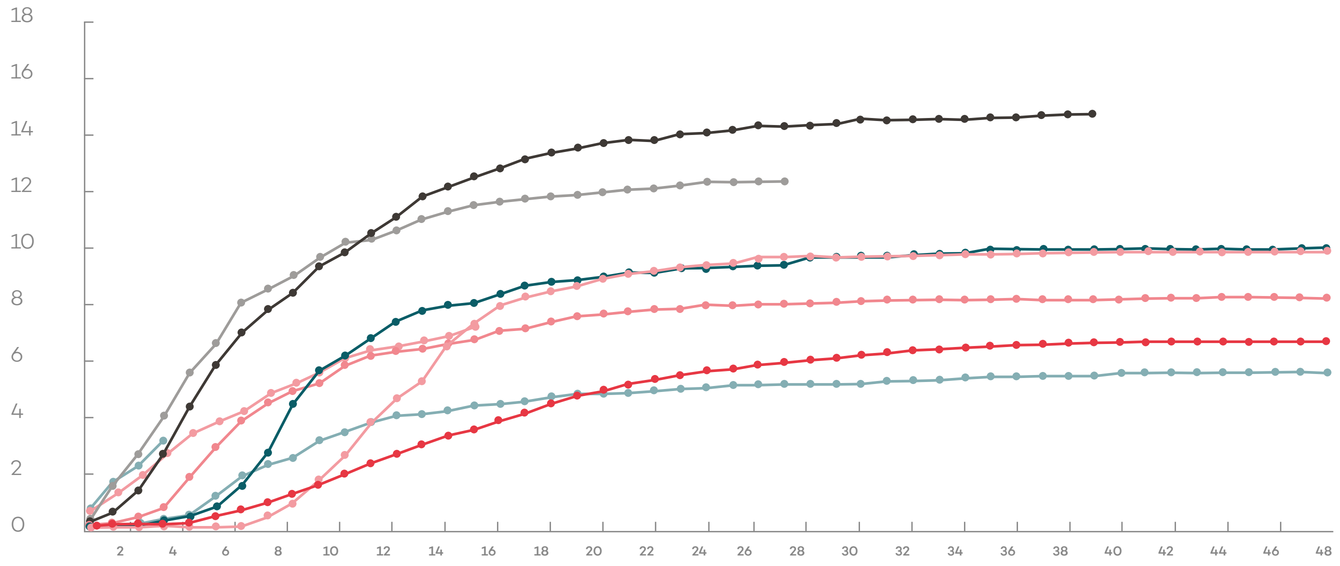
GREECE: DEFAULTING ENTRIES BACK TO NORMALITY PERFORMANCE PERCENTAGE



SPAIN: DEFAULTING ENTRIES AUCTIONS AND FORECLOSURES

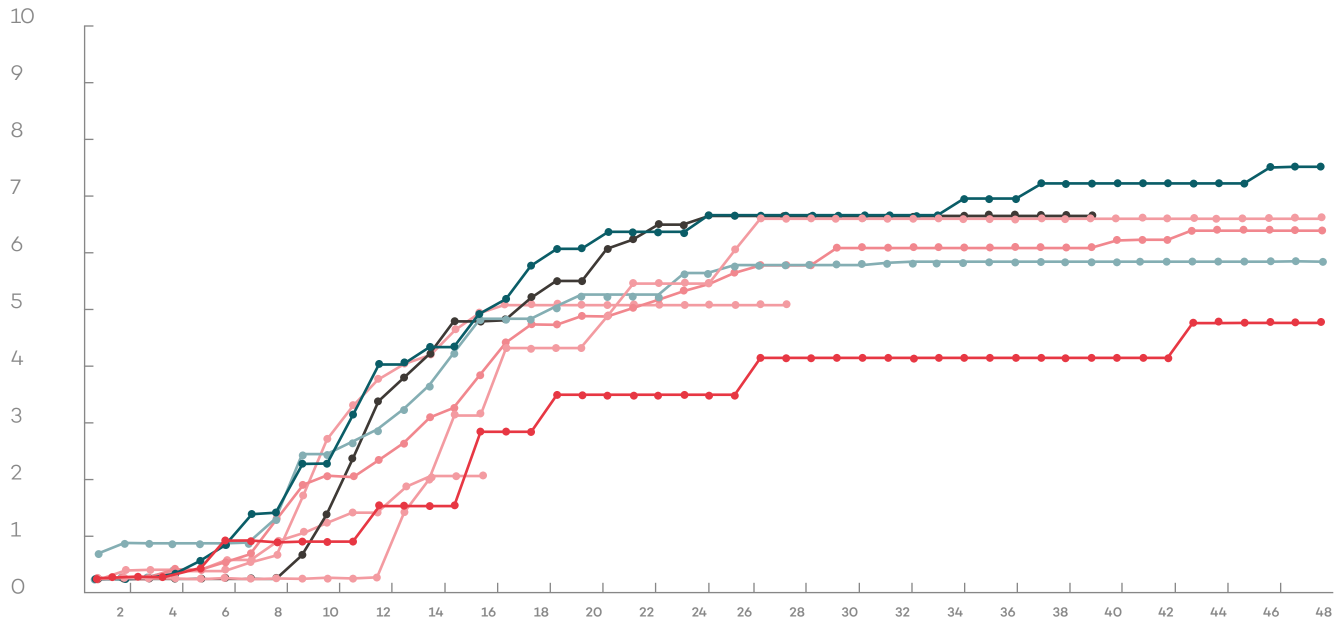


PORTUGAL: DEFAULTING ENTRIES AUCTIONS AND FORECLOSURES



<2008: 12,095
2008: 3,889
2009: 2,852
2010: 3,471
2011: 3,568
2012: 3,295
2013: 2,729
2014: 3,365
2015: 2,902

GREECE: DEFAULTING ENTRIES AUCTIONS AND FORECLOSURES



<2008: 150
2008: 168
2009: 334
2010: 488
2011: 649
2012: 684
2013: 663
2014: 590
2015: 713

16. CREDIT INVESTMENTS

The detail of this caption at December 31, 2015 and 2014 is the following:

	2015	2014
Loans and advances to credit institutions	106,054	62,109
Loans and advances to other debtors	11,318,625	11,686,168
	11,424,679	11,748,277
Value corrections for asset impairment	-372,715	-432,254
Adjustments for accrued valuation interests	17,568	21,892
Adjustments for valuation of commissions	-40,402	-46,806
	11,029,130	11,291,109

The detail of the balance of loans and advances to other debtors is the following:

	2015	2014
Debtors with real guarantee residents	7,034,367	7,798,369
Credit with real guarantee non-residents	1,335,876	1,393,517
Doubtful debtors	1,633,545	1,963,196
Other term loans	1,312,524	529,467
Loans on demand and sundry	2,313	1,619
	11,318,625	11,686,168

The balance on the account “debtors with real guarantee” represents the non-overdue risk on loans granted that are guaranteed by mortgages in favour of the Group.

The balance on the account “other term debtors” represents the non-overdue risk on loans granted that are not guaranteed by mortgages in favour of the Group.

The detail of the Loans to customers by residual term at December 31, 2015 and 2014 is as follows:

	2015	2014
On demand	40,203	42,712
Between 1 month and 3 months	87,213	93,605
Between 3 months and 6 months	285,944	458,031
Between 6 months and 1 year	1,526,448	1,610,336
Between 1 year and 5 years	1,485,926	1,708,496
Over 5 years	7,892,891	7,772,988
	11,318,625	11,686,168

The detail of the balance on Value corrections for impairment to Loans and Credits assets at December 31, 2015 and 2014 is as follows:

	2015	2014
Specific coverage	372,336	422,964
Generic coverage	379	9,289
Final balance	**372,715**	**432,254**

The Group, during 2015 and 2014, has calculated the corresponding provisions on default transactions which count with real estate guarantees, taking into account the guarantee's value, and according to percentages indicated by the Bank of Spain's regulation.

Additionally, the Group's Directors have analyzed the guarantees' efficiency, updating appraisals so that the relation between the guarantee's value and the transactions' outstanding balance is realistic and does not generate a distorted image of the coverage provided by the guarantee.

Financial assets individually determined as impaired

Below, we present the detail, at December 31, 2015 and 2014, classified by segment, of those assets individually considered as impaired, on the basis of their individualized analysis (therefore, not including impaired financial assets on the basis of a collective assessment process of possible losses):

	thousands of Euros	
	2015	2014
Particular:		
Real guarantees		
Mortgage	1,574,736	1,883,002
Securities	-	-
Other	-	-
No guarantee	45,834	66,594
Developers:		
Real guarantees	-	-
Mortgage	12,975	13,600
Total	**1,633,545**	**1,963,196**

Financial assets overdue and not impaired

Below, we present the detail of overdue financial assets not considered as impaired by the entity at December 31, 2015 and at December 31, 2014, classified by type of financial instruments:

	thousands of Euros	
	2015	2014
By type of counterpart	**2,329**	**2,820**
Public administrations		
Other sectors residents	1,859	2,228
Other sectors non-residents	470	592
Total	**2,329**	**2,820**

Credit quality of financial assets not overdue or impaired

Below, we present, at December 31, 2015 and 2014, the classification of debt instruments not at fair value through profit or loss based on the risk profile and guarantees contributed:

	thousands of Euros	
	2015	2014
No appreciable risk	-	-
Low risk	4,948,001	4,990,821
Mid-low risk	860,681	961,701
Mid risk	153,561	194,169
Mid-high risk	70,106	66,452
High risk	2,818,241	2,628,131
Total	**8,850,590**	**8,841,274**

In addition to financial assets impaired and not impaired, listed above, the entity classifies as substandard risk an amount of 832,161 thousand Euros at 2015 closing (881,698 thousand Euros at 2014 closing).

Credit risk with real estate construction and development

At December 31, 2015 and 2014, financing aimed to construction and real estate development amounted to 17,072 and 18,466 thousand Euros, out of which 12,975 and 13,600 thousand Euros were impaired assets.

The amounts above correspond to financing granted for construction and real estate promotion. As a consequence, and according to instructions from Bank of Spain, the debtor's CNAE has not been taken into account. This implies, for example, that if the debtor is: (a) a real estate company, but dedicates the granted financing to other than construction or real estate promotion, it is not included on these charts; and (b) a company which main activity is not construction or real estate, but the credit is used to finance estates aimed to real estate promotion, it is included on these charts.

The quantitative information on real estate risk at December 31, 2015 is the following, in thousands of Euros:

	Gross amount	Excess on guarantee value	Specific coverage
Credit risk	**17,072**	**7,468**	**8,871**
Defaulter	12,295	4,577	8,408
Subjective doubtful	680	459	170
Substandard	831	986	293
Memorandum item			
Generic coverage fund		-	-
Failed	-	-	-

The quantitative information on real estate risk at December 31, 2014 is the following, in thousands of Euros:

	Gross amount	Excess on guarantee value	Specific coverage
Riesgo de crédito	**18,466**	**4,992**	**9,356**
Del que moroso	13,600	3,731	8,928
Del que dudoso subjetivo	-	-	-
Del que subestándar	1,491	1,176	428
Pro-memoria	-	-	-
Fondo de cobertura genérico	-	-	-
Fallidos	-	-	-

The chart below details the real estate credit risk based on the type of associated guarantees:

	2015	2014
Without specific guarantee	**-**	**-**
With mortgage guarantee	**17,072**	**18,466**
Finished buildings-houses	9,552	12,956
Finishes buildings-others	-	-
Buildings under construction-houses	710	725
Buildings under construction-others	-	-
Urbanized land	6,810	4,785
Land-other		

Risk retail mortgage portfolio

The quantitative information regarding the retail mortgage portfolio at December 31, 2015 and 2014 is the following:

	2015	2014
Credit to acquire houses	**11,301,495**	**11,667,702**
Without mortgage guarantee	132,369	147,972
Doubtful	45,834	66,594
With mortgage guarantee	11,169,126	11,519,730
Doubtful	1,574,736	1,883,002

Ranges of loan to value (LTV) of the retail mortgage portfolio at December 31, 2015 are the following:

	LTV <=40%	40% <LTV<=60%	60% <LTV<=80%	80%<LTV <=100%	LTV >100%
Live credits to acquire houses. With mortgage guarantee	1,214,299	2,942,311	3,661,503	1,859,640	1,491,373
Doubtful credits to acquire houses. With mortgage guarantee	12,167	54,722	168,482	370,165	969,200

Ranges of loan to value (LTV) of the retail mortgage portfolio at December 31, 2014 are the following:

	LTV <=40%	40% <LTV<=60%	60% <LTV<=80%	80%<LTV <=100%	LTV >100%
Live credits to acquire houses. With mortgage guarantee	960,348	2,520,673	3,191,291	1,923,709	2,923,709
Doubtful credits to acquire houses. With mortgage guarantee	14,176	70,807	206,905	427,893	1,163,222

Securitization transactions

During 2015, the Group sold mortgages from its portfolio to the securitization fund Prado I, for a total value of 450 million Euros and representing 100% of the principal and ordinary interests of each sold loan. Securitization funds, through its managing entities, performed an issuance of Mortgage Securitization Bonds and assets, for an amount of 342 million Euros. The Entity has withheld the subordinated loan, for an amount of 122 million Euros, as well as securitization bonds, by 45 million Euros, so that securitized loans continue being part of the balance sheet, as the operation's risks and benefits have not been transferred.

In turn, during 2003 and previous years, the Group performed asset securitization transactions through which it has transferred loans and credits from its portfolio to different asset securitization funds. The chart below is a detail of the value of securitized assets before January 1, 2004, written off from the balance sheet and which were outstanding at December 31, 2015 and 2014.

THOUSAND EUROS	2015	2014
Asset Securitization Fund UCI 5	-	16,751
Asset Securitization Fund UCI 6	-	39,288
Asset Securitization Fund UCI 7	43,061	48,794
Asset Securitization Fund UCI 8	63,834	70,136
Asset Securitization Fund UCI 9	180,457	197,842
TOTAL	287,352	372,811

Also, and after January 1, 2004, the Group performed asset securitization transactions through the transfer of loans and credits from its portfolio to different securitization funds, where, as a consequence of conditions agreed to transfer these assets and of the information on section two of the present notes to the financial statements, Directors understand that the Group has kept risks and substantial advantages.

The chart below shows a detail of balances registered on the enclosed balance sheets at December 31, 2015 and 2014, associated to these transactions:

THOUSAND EUROS	2015	2014
Asset Securitization Fund UCI 10	134,992	148,846
Asset Securitization Fund UCI 11	211,515	224,533
Asset Securitization Fund UCI 12	295,233	315,006
Asset Securitization Fund UCI 14	538,191	576,762
Asset Securitization Fund UCI 15	636,193	671,668
Asset Securitization Fund UCI 16	899,227	958,903
Asset Securitization Fund UCI 17	781,250	832,576
Asset Securitization Fund UCI 18	866,423	927,769
Asset Securitization Fund Prado I	436,561	-
TOTAL	4,799,585	4,653,063

On February 2008, the Group sold mortgage and personal loans from its portfolio to the securitization fund UCI 18, with the total amounts coming to 1,723,000 thousand Euros respectively, and which represented 100% of the principal and ordinary interest for each of the loans sold. Through the management company, the Securitization Funds issued Mortgage and Assets Securitization Bonds for amounts of 1,723,000 thousand Euros. Such securitized bonds have been re-purchased and, therefore, securitized loans continue being shown on the balance sheet since, in this case, risks and benefits of the transaction have not been transferred.

On November 2015, Securitization funds UCI 5 and UCI 6 have been liquidated, which possibility is foreseen by their constitution deed, since the managing entity is able to exercise their early liquidation if the amount of Credit Rights to be amortized is below 10% of the Fund's initial asset. The Entity has repurchased mortgage shares integrated in the Fund (and subsequently amortized them), and thus the Entity holds full ownership again of the participated loans.

17. NON-CURRENT ASSETS HELD FOR SALE

This heading contains the tangible assets represented by foreclosed assets in respect of unpaid loans that have been claimed through legal procedures.

The movement on these assets during 2015 and 2014 was the following:

	2013	Additions	Write offs	2014	Additions	Write offs	Reclassification	2015
Foreclosed estates	527,422	203,843	-136,455	594,810	170,060	-132,697	-82,882	549,291
Provisions foreclosed estates	-127,693	-46,431	38,859	-135,265	-36,062	36,881	11,120	-123,326
	399,729			459,545				425,965

Additionally, this caption of the balance sheet includes a prepayment to suppliers, for an amount of 74 thousand Euros.

The sale of estates in 2015 has implied losses on the net book value by 9,828 thousand Euros (3,786 thousand Euros in 2014). This amount is registered in caption "Profit (loss) of non-current assets held for sale not classified as interrupted operations" of the income statement, including the net result from sales, which includes the result of sales as well as allocations and recoveries of provisions from non-current assets held for sale.

Quantitative information regarding foreclosed assets at December 31, 2015 is the following:

	Accounting entry value	Coverage
Real estate assets originated from financing to construction and real estate development companies	**10,266**	**(5,770)**
Finished buildings: housing or others	7,841	(4,706)
Buildings under construction: housing or others	-	-
Land: urbanized land or others	2,425	(1,064)
Real estate assets originated on mortgage financing to families to acquire houses	**539,025**	**(117,556)**
Remaining foreclosed real estate assets	**-**	**-**
Equity instruments, participations and financings to non-consolidated companies holding such assets	**-**	**-**

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Quantitative information regarding foreclosed assets at December 31, 2014 is the following:

	Accounting entry value	Coverage
Real estate assets originated from financing to construction and real estate development companies	**14,107**	**(6,011)**
Finished buildings: housing or others	10,016	(4,577)
Buildings under construction: housing or others	1,111	(98)
Land: urbanized land or others	2,980	(1,336)
Real estate assets originated on mortgage financing to families to acquire houses	**580,703**	**(129,254)**
Remaining foreclosed real estate assets	**-**	**-**
Equity instruments, participations and financings to non-consolidated companies holding such assets	**-**	**-**

The classification of foreclosed assets, at December 31, 2015 and 2014, based on their nature and permanence in the balance sheet, is the following:

2015	Less than 3 years	More than 3 years	Total
Finished buildings	310,166	236,700	546,866
Buildings under construction	-	-	-
Land	2,425	-	2,425

2014	Less than 3 years	More than 3 years	Total
Finished buildings	367,976	222,743	590,719
Buildings under construction	1,111	-	1,111
Land	2,980	-	2,980

When clearing assets held on the balance sheet, Royal Decree 2/2013 has been applied, considering appraisals performed by independent third parties. The valuation methods used on appraisals are described on Order ECO/0805/2003 of 27 March, on valuation standards for estates and certain rights for financial purposes, reviewed by Order EHA/3011/2007, of 4 October.

During 2015 and 2014, as well as in previous years, the Group has carried out certain selling operations for non-current assets held for sale and disposition groups where it has financed the purchaser for the amount necessary to perform the acquisition.

Loans granted by the Entity, during 2015, to finance this kind of operations amounted to 62,317 thousand Euros (60,940 thousand Euros during 2014).

The outstanding balance of this kind of financing at December 31, 2015 and 2014 amounted to 532,021 and 485,060 thousand Euros, respectively.

The average percentage financed for operations of this kind, outstanding at December 31, 2015 and at December 31, 2014, corresponds to the one established by the Group on concession policies on the credit risk.

18. TANGIBLE FIXED ASSETS

The detail of these headings in the enclosed balance sheets at December 31, 2015 and 2014 is the following:

	2013	Additions	Write-offs	2014	Additions	Write-offs	2015
Assets in own use	25,796	299	-	26,095	2,239	-	28,334
Accumulated amortization of goods for own use	-24,549	(472)		-25,021	-702		-25,723
	1,247			1,074			2,611

The amount of fully-depreciated elements accounts for 23,873 thousand Euros in 2015 (23,219 thousand Euros in 2014).

19. PROPERTY INVESTMENTS

The composition and variations during the year in accounts included in this caption of the enclosed balance sheet are the following:

	2014	Additions	Write-offs	2015
Assets in own use	-	71,762	-	71,762
Accumulated amortization of goods for own use	-	-2,365	-	-2,365
Impairment corrections	-	-504	-	-504
	-			68,893

Additions in 2015 correspond to the reclassification of elements booked in Non-current assets held for sale of the balance sheet. They are houses to be exploited under lease.

Income derived from property investments to be leased has amounted to 1.2 million Euros and operating expenses for all associated concepts have been of 3,451 thousand Euros, out of which 2,868 thousand Euros correspond to amortization and value corrections. These operating expenses are presented in the enclosed profit and loss account, as per nature.

The Entity had contracted several insurance policies to cover risks to which these investments are subject. The Entity considers that these policies' coverage is sufficient.

20. TAX ASSETS AND LIABILITIES

The detail of these headings in the enclosed balance sheets at December 31, 2015 and 2014 is the following:

	Assets 2015	Assets 2014	Liabilities 2015	Liabilities 2014
Current taxes	784	2,252	1,636	1,092
Deferred taxes	68,621	69,573	-	-
For commissions	-61	166		
For derivatives	7,362	10,429		
For impairment value corrections	42,866	42,719		
Tax credits	18,454	16,259		
	69,405	**71,825**	**1,636**	**1,092**

As a consequence of the Corporate Income Tax regulations applicable to the Group, certain differences arose in the financial years 2015 and 2014 between accounting and tax criteria recorded in deferred taxes when calculating and recognizing the corresponding Corporate Income Tax.

21. OTHER ASSETS AND OTHER LIABILITIES

The detail of Other assets at December 31, 2015 and 2014 mainly includes the variable commission accrued by each Securitization fund as an operative result of such Fund, and calculated as the difference between income and expenses, based on the principle of accrual accounting criterion applicable by the Group on its Balance.

The cancellation of the writing off of assets of Funds UCI 10 to 17 is translated on a change of calculation criterion for the results of such Funds. The incorporation of the variable accrued and unpaid commission by each Securitization fund to consolidated financial statements implies retroactively registering such fund's operative results. This fact leads to the registration, at December 31, 2015, of an asset by approximately 451 million Euros (425 million Euros at December 31, 2014), related to the variable commission payable for all securitization funds which assets have been incorporated to the consolidated Balance.

On the basis of prudence criteria, applied for assets granted or received as payment of debts included on securitization funds, criteria contemplated on Circular 4/2004 which are fully applied by UCI to the entire asset portfolio on its balance sheet, Directors estimate that such amount will be recovered on coming years.

The principle applicable by UCI for each fund which assets continue being written off from the balance sheet is the cash criterion. Payment factors for these funds' variable commissions are determined by operative functioning standards defined on the corresponding issuance leaflets for such funds.

Also, this caption includes balances booked as provision for a total amount of 3,422 thousand Euros (1,580 thousand Euros in 2014) and which provision is included under caption of provision for liabilities and charges on the enclosed annual accounts.

The detail of Other Liabilities at December 31, 2015 and 2014 is the following:

	2015	2014
Accruals	12,850	11,674
Other concepts	4,770	8,542
TOTAL	17,620	20,216

Information on payment deferrals to suppliers

In compliance with Law 31/2014, of 3 December, which modifies the Capital Corporation Act to improve the corporate governance, modifying the third additional provision of Law 15/2010, of 5 July, on modification of Law 3/2004, of 29 December, developed by resolution of January 29, 2016, of the Spanish Institute of Accounts and Audit (ICAC), on information to be incorporate in annual accounts in relation to the average payment period to suppliers in trading operations, the following chart presents information related to payment deferrals to suppliers in trading operations:

Due to the Entity's activities, the required information on the average payment period basically corresponds to payments for service rendering and several supplies.

	2015 Days
Average payment period to suppliers.	15
Ratio of paid operations.	85,1%
Ratio of payable operations	14,9%
	Amount (thousands of Euros)
Total settled payments.	43,015
Total outstanding payments.	6,430

The average payment period to suppliers indicated above has been obtained by considering that the Entity has established, in general, fixed payment days to suppliers on the 5th and 20th of each month.

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22. FINANCIAL LIABILITIES AT AMORTIZED COST

The detail in thousands of Euros at December 31, 2015 and 2014 is the following:

	2015	2014
Loans and advances to credit institutions	8,167,056	8,428,025
Deposits from other creditors – Issued interests	3,075,508	3,293,496
Debits represented by marketable securities	281,796	-
Subordinated liabilities	80,352	80,384
	11,604,712	11,801,905

The detail of financial liabilities at amortized cost as per their residual term at December 31, 2015 and 2014 is the following:

	2015	2014
Up to 3 months	6.085.240	6.106.071
Between 3 and 6 months	725.800	838.801
Between 6 months and one year	159.450	190.881
Over 1 year	1.196.566	1.292.272
	8.167.056	8.428.025

In 2015, interest rates of live financial liabilities ranged between 0.256% and 2.432%.

In 2014, interest rates of live financial liabilities ranged between 0.477% and 2.685%.

The caption "Deposits from other creditors – issued interests", for an amount of 3,075,508 and 3,293,496 thousand Euros at December 31, 2015 and 2014, respectively, includes 4,628,425and 4,920,515 thousand Euros, respectively, which correspond to the counterpart of securitizations subsequent to January 1, 2004, for which the risk has not been significantly transferred and, thus, have not been written off from the enclosed balance sheet (see Note 2). This amount is net of bonds issued for securitization funds acquired by the Group for a global amount of 1,552,917 and 1,627,019 thousand Euros at December 31, 2015 and 2014, respectively.

During 2014, the Entity carried out several repurchases of securitization bonds of UCI Funds 10-17 through the invitation of all holders of securitization funds to present offers for the sale of their bonds. Once the term is completed, the entity decided, according to terms established in the invitation, to accept the purchase of securitization bonds, for a total nominal amount of 65,800 in 2014.

During 2015, the Entity has carried out several repurchases of securitization bonds of Funds UCI 10-17, for a total nominal amount of 39,209 thousand Euros, through BWIC procedures (bid wanted in competition) launched by third parties. BWIC are procedures where the seller offers through investment banks or other intermediaries, securities traded in secondary markets, for the purpose of other participants in the market to perform purchase offers at the price deemed convenient.

The liquidation of the purchase of securitization bonds has generated gross capital gains by 5,129 thousand Euros (10,245 thousand Euros in 2014), booked under the caption "Results from financial operations (net)" of the profit and loss account of 2015 and 2014.

The purpose of this operation was to improve the liability's management and to strengthen the entity's balance, as well as to provide liquidity to securitization bonds' holders.

The detail of subordinated liabilities and their main conditions at December 31, 2015 is the following:

Financial entity	Date	Interest rate	Instalments	Non-current liability	Current liability	Thousands of Euros
BS	28/11/2024	Euribor + 3.33	Half-yearly	10,000	29	10,029
BS	28/10/2024	Euribor + 3.35	Half-yearly	17,500	106	17,606
BS	30/05/2023	Euribor + 3.75	Annual	12,500	41	12,541
SAGIP	28/11/2024	Euribor + 3.33	Half-yearly	10,000	29	10,029
SAGIP	28/10/2024	Euribor + 3.35	Half-yearly	17,500	106	17,606
SAGIP	30/05/2023	Euribor + 3.75	Annual	12,500	41	12,541
Total				80,000	352	80,352

The detail of subordinated liabilities and their main conditions at December 31, 2014 is the following:

Financial entity	Date	Interest rate	Instalments	Non-current liability	Current liability	Thousands of Euros
BS	28/11/2024	Euribor + 3.33	Half-yearly	10,000	33	10,033
BS	28/10/2024	Euribor + 3.35	Half-yearly	17,500	117	17,617
BS	30/05/2023	Euribor + 3.75	Annual	12,500	42	12,542
SAGIP	28/11/2024	Euribor + 3.33	Half-yearly	10,000	33	10,033
SAGIP	28/10/2024	Euribor + 3.35	Half-yearly	17,500	117	17,617
SAGIP	30/05/2023	Euribor + 3.75	Annual	12,500	42	12,542
Total				80,000	384	80,384

These loans are subordinated in nature for the purpose of their inclusion in the calculation of the UCI Group's net equity and may not be amortized or reimbursed in advance without prior authorization from the Bank of Spain. These loans have a maturity of 10 years have been granted by the Shareholders or entities related with them.

23. ASSET AND LIABILITY HEDGING DERIVATIVES

These captions on the consolidated balance sheets at December 31, 2015 and 2014 break down as follows:

Thousands of Euros	2015		2014	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges	-	25,917	-	36,776
	-	25,917	-	36,776

Cash flows hedges are used to reduce the variability of cash flows (allocable to interest rate) generated by hedged elements. In these hedges, the variable interest rate of liability elements hedged at fixed interest rate is transformed, using interest rate derivatives.

The breakdown per currency, due dates and notional amounts of the captions Liability hedge derivatives of the consolidated balance sheets at December 31, 2015 and 2014 is the following:

Thousands of Euros	2015		2014	
	Assets	Liabilities	Assets	Liabilities
Per currency:				
In Euros	-	25,917	-	36,776
	-	25,917	-	36,776

The detail of the balance on the caption Liabilities' Hedging Derivatives on the balance sheets at December 31, 2015 is the following:

In thousands of Euros	Notional value	2015 Fair value Assets	Liabilities
Other operations on interest rates:		-	
Financial swaps	5,281,250	-	25,917

The detail of the balance on the caption Liabilities' Hedging Derivatives on the balance sheets at December 31, 2014 is the following:

In thousands of Euros	Notional value	2015 Fair value Assets	Liabilities
Other operations on interest rates:		-	
Financial swaps	5,362,650	-	36,776

The notional amount of contracts of Hedging derivatives on assets and liabilities does not imply the risk assumed by the Group since their net position is obtained from the compensation and/or combination of such instruments.

24. ADJUSTMENTS FOR NET EQUITY VALUATION

The detail of this caption on the consolidated balance sheets at December 31, 2015 and 2014 is the following:

In thousands of Euros	2015	2014
Financial assets held for sale:		
Debt securities	-	-
Cash flow hedges	(17,338)	(24,277)
Other valuation adjustments	-	-
	(17,338)	**(24,277)**

The balance included under Financial assets held for sale corresponds to the net amount of those variations in fair value on financial instruments designed as instruments of such coverage on the portion where such coverage is considered as efficient. Their movement during 2015 and 2014 is the following:

In thousands of Euros	2015	2014
Opening balance	-24,277	-25,190
Additions	6,939	913
Withdrawals	-	-
	-17,338	**-24,277**

25. EQUITY

The share capital at December 31, 2015 and 2014 amounts to 98,019 thousand Euros, and it is represented by 37,555 thousand registered shares with a nominal value of 2.61 Euros each, issued, subscribed and fully paid up.

The composition of Shareholders at December 31, 2015 and 2014 is as follows:

Banco Santander S.A.	**50**
BNP Paribas Personal Finance S.A. (Francia)	**40**
BNP Paribas, S.A. (Francia)	**10**

As a consequence of losses incurred by investees, the parent company UCI S.A. at December 31, 2015 incurs in article 327 of the Capital Corporation Act, since equity is below two thirds of share capital.

For these purposes, this situation is expected to be amended through the agreement of distribution of dividends, by the group company Unión de Créditos Inmobiliarios S.A. EFC, Sociedad Unipersonal, in favour of UCI S.A., majority shareholder, by an amount of 30.6 million Euros, at the date of formulation of the present annual accounts.

Legal Reserve

In accordance with the Revised Text of the Capital Corporation Act, entities that obtain profits in a financial year are to transfer 10% of the profit for the year to the Legal Reserve. Such transfers are to be made until the Legal Reserve reaches at least 20% of the paid-up share capital. The Legal Reserve may be used to increase share capital to the extent that its balance is in excess of 10% of the share capital once increased. Until it exceeds 20% of share capital, the Legal Reserve may only be used to compensate losses provided that there are no other reserves available that are sufficient to cover this purpose.

Determination of net equity

As a consequence of the application of the accounting reporting criteria established by the Bank of Spain, the balances for the following headings have to be considered for determining the Group's net equity at December 31, 2015 and 2014:

	2015	2014
Basic equity	414,465	422,241
Second-category equity Deductions basic and second-category equity	80,000	89,289
	-	-
	494,465	511,530
Minimum requirements	442,378	478,344

For the purposes of calculating net equity, the Group presents information that is individual and aggregated with the UCI, S.A. Group Company, in compliance with currently applicable regulations. The calculation of net equity is made by the companies that make up its scope of consolidation.

The compliance with minimum equity in Credit Entities in Spain, both individually and at consolidated group level, is established Circular 3/2008 of Bank of Spain, modified by Circular 9/2010 of December 22, on the determination and control of minimum equity, and Circular 4/2011 of November 30, on equity determination and control, and Circular 7/2012, of November 30.

At December 31, 2015 and 2014, computable individual and Group equity, which where appropriate are calculated on a consolidated basis, exceed the minimum requirements of the abovementioned standard.

Reserves of the Parent Company and Consolidated Companies

The Parent Company's reserves correspond to retained results or losses not compensated from prior years and the positive difference on first consolidation (1989). Reserves in Companies consolidated under the full consolidation method correspond to retained results or losses not compensated from prior years in subsidiaries.

The variation has been the following:

	Balance 2013	Var. year	Exchange difference	Balance 2014	Var. Year	Exchange Difference	Balance 2015
Parent company	21,943	-205	-	21,738	(538)	-	21,200
Consolidated companies	317,229	5,268	239	322,736	(18,948)	(192)	303,596
	339,172			344,474			324,796

UCI. i.A´15 ANNUAL ACCOUNTS

26. BALANCES AND TRANSACTIONS WITH GROUP COMPANIES

Balances with Group Companies at December 31, 2015 and 2014 are the following:

	2015	2014
Loans and receivables-loans and advances in credit institutions		
Santander	48,443	32,943
BNP Paribas	29,517	27,348
BNP Paribas Real Estate, S.A.	26	-
Securitizations		
Account receivable Managing entity securitization funds	447,627	425,180
Financial liabilities at depreciated cost		
Santander	4,112,547	4,248,520
BNP Paribas	4,087,143	4,210,882
Societe Anonyme de Gestion D'Investissements et de Participations (SAGIP)	40,176	40,187
Financial expenses-loans		
BNP Paribas	31,557	25,355
Santander	32,715	34,426
BNPP PF	-	108
Societe Anonyme de Gestion D'Investissements et de Participations (SAGIP)	1,446	1,002
Financial results net-Financial instruments		
Expenses swaps Santander	4,415	8,154
Expenses swaps BNP Paribas	16,051	20,503
Expenses CMS BNP Paribas	1,285	1,445
Expenses CMS Santander	524	555
Financial income		
Santander	7	85
BNP Paribas	-	3
Fees perceived		
Santander	81	69

27. TAX POSITION

The Group has open for tax audit the tax years 2012 to 2015, both inclusive, in respect of all the taxes applicable to the Group, with the exception of Corporation Tax, which is open for inspection as from the year 2011.

The tax returns involved cannot be considered to be definitive until they have been verified by the Administration or until four years have elapsed since their date of filing.

The UCI Group settles Corporation Tax for the financial years 2015 and 2014 under the consolidated taxation base, in accordance with the provisions of the Ministerial Order of October 3, 1992, without the incorporation of ComprarCasa, Rede de Serviços Imobiliários, SA, COMPANHIA PROMOTORA UCI and UCI–Mediação de Seguros Unipessoal Lda.

The Group has capitalized incurred tax losses, since the Business Plan expects obtaining gains at short and mid-terms after a period registering significant provisions on the credit and estates portfolios.

The calculation for the tax charge payable is the following:

	2015	2014
Accounting result before tax	-9,199	-31,582
Results from subsidiaries not included in the tax consolidation	-2,771	-8,302
Consolidated accounting result before tax	-11,970	-39,884
Permanent differences	9	-9
Temporary differences	5,851	1,390
Tax assessment basis	-6,110	-38,503
Compensation of tax assessment bases	-	-
Tax instalment	-1,833	-11,551
Others	-236	189
CIT interim payments	-	-
Tax payable	-2,069	-11,362

The tax expense's calculation is the following:

	2015	2014
Accounting result before tax	-9,199	-31,582
Results from subsidiaries not included in the tax consolidation	-2,771	-8,302
Consolidated accounting result before tax	-11,970	-39,884
CIT previous years	-	-
Adjustment double taxation	-	-
Permanent differences	9	-9
Total	-11,961	-39,893
Tax expense	-3,588	-11,968
CIT previous years	-420	-128
Tax expense Branch in Portugal	800	-
Temporary differences	1,755	-
Tax expense	-1,453	-12,096

UCI. i.A´15 ANNUAL ACCOUNTS

28. CONTINGENT COMMITMENTS

The detail of this caption, at December 31, 2015 and 2014 is the following:

	2015	2014
COMMITMENTS		
Commitments – available by third parties	11,551	11,565
For other residing sectors	11,551	11,565

At December 31, 2015 and 2014, there are no contingent commitments in addition to the above. On both dates, amounts available by third parties are not subject to any restriction..

29. INTERESTS AND SIMILAR YIELDS

The detail of this consolidated income statement heading for the financial years ended December 31, 2015 and 2014 is as follows:

	2015	2014
Loans and advances to credit institutions	8	88
Loans and advances to other debtors	208,318	263,167
Doubtful assets	54,688	52,546
Other interests	2,278	12,431
	265,292	**328,232**

30. INTERESTS AND SIMILAR CHARGES

The detail of this consolidated income statement heading for the financial years ended December 31, 2015 and 2014 is as follows:

	2015	2014
Loans and advances to credit institutions	71,729	92,964
Other interests	29,269	41,307
	100,998	**134,271**

31. PERSONNEL COSTS

The composition of this heading in the enclosed consolidated income statement is as follows:

	2015	2014
Wages and salaries	24,335	24,202
Contributions to Social Security	7,623	7,820
	31,957	**32,022**

The average number of the Group's employees, distributed by categories and gender, at December 31, 2015 and 2014, has been the following:

	2015			2014		
	Male	Female	Total	Male	Female	Total
Group III						
A	99	175	274	90	162	252
B	61	73	134	60	72	132
C	53	73	126	49	76	125
Group II						
A	14	10	24	10	11	21
B	4		4	4	0	4
C	47	53	100	47	54	101
Group I						
A	21	2	23	21	3	24
B	26	4	30	27	4	31
C	1	5	6	10	14	24
Others						
Total	**326**	**395**	**721**	**318**	**396**	**714**

32. OTHER ADMINISTRATION OVERHEADS

The composition of this heading in the enclosed consolidated income statement is as follows:

	2015	2014
On properties, installations and materials	7,628	7,305
Information technology	1,366	1,129
Communication	1,616	1,529
Advertising and Propaganda	2,903	2,406
Legal and lawyers' fees	2,921	4,490
Insurance premiums	444	384
Representation costs and trips	1,195	1,202
Membership fees	30	39
Sub-contracted administrative services	3,490	3,297
Local levies and taxes	4,675	1,463
Other charges	19,191	22,365
	45,459	**45,609**

33. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2). Certain accounting practices applied by the Group that conform to that regulatory framework may not conform to other generally accepted accounting principles and rules. In the event of a discrepancy, the Spanish-language version prevails.

Management report

UCI Group's consolidated financial statements have been formulated according to Financial Information International Standards adopted by the EU, and taking into consideration Circular 4/2004 of Bank of Spain, and successive updates.

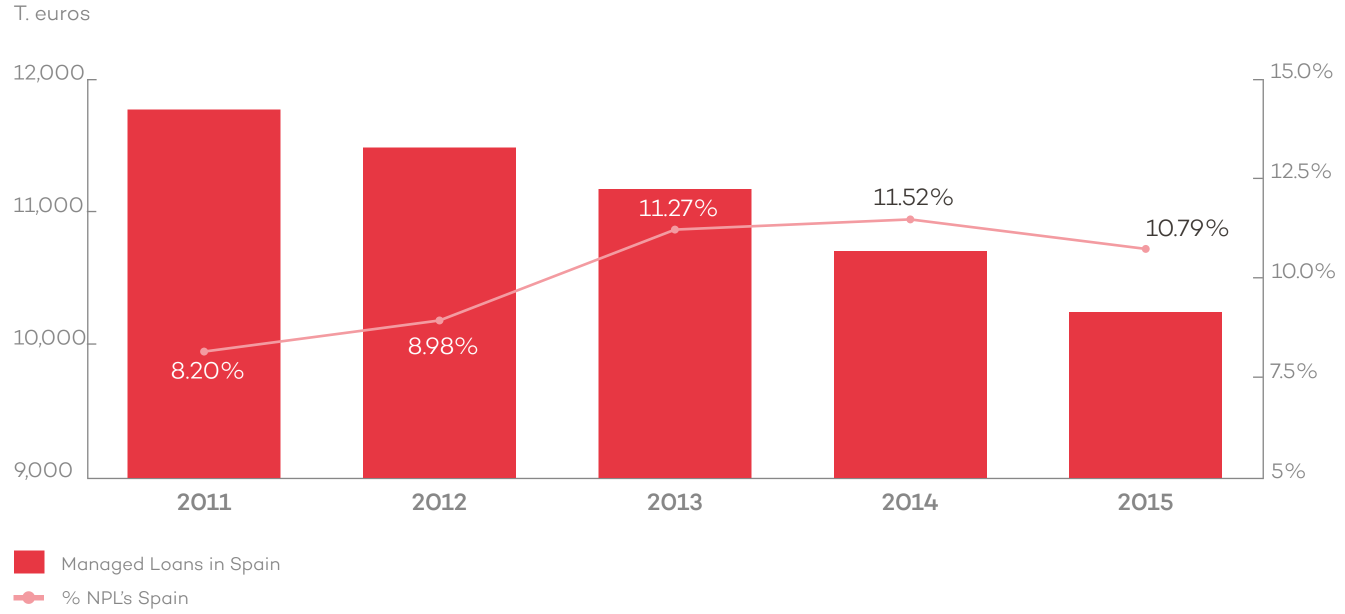
Sales Activity Credits to Customers

With regards to new loans, UCI Spain has formalized a total amount of 183 million Euros on mortgages throughout 2015, which has led to a total balance of managed credits by 10,275 million Euros, including the securitized portfolio, which implies a decrease by 4.2% with regards to the previous year. In Portugal, 95 new credits were formalized, reaching at year end a total balance of 1,073 million Euros of credits under management (-0.8%). In Greece, due to the adverse economic environment, during the last quarter of 2011, there was a temporary cessation of the trading of new loans, with the single exception of financing transactions related to the sale of foreclosed assets. Real estate credits under management in Greece, at the end of 2015, amounts to 254 million Euros, equivalent to a reduction of -3% with regards to 2014.

Jointly, in the three countries where UCI is present, in 2015, therefore, new loans were formalized for a value of 280 million Euros, which implies an increase by 8.2% with regards to 2014. The credit investment managed by the Group, at year end, was located in 11,600 million Euros, with a slight increase by -3.8% on data at 2014 closing, reduction in line with 2014.

During 2015, in Spain, taking advantage of favourable levels in financial markets, the commercial offer has been characterized by the growing weight of fixed-rate credits or with very long rate terms (61% of annual production, and more than 80% since May), which allows clients to secure their home budget on higher terms.

NPL'S > 180 DAYS TOTAL MANAGED LOANS



Additionally, in Spain, UCI has developed the commercial presence of the brand hipotecas.com, under which it has processed 15% of production. The purpose for UCI is to make use of favourable financial conditions to offer secure and attractive products to customers. Both in Spain and in Portugal, the proportion of financial consultants on the commercial activity has continued increasing (+15%).

Gross margin

The consolidated gross margin obtained by the Group amounted to 182.5 million Euros. The reduction by 35 million Euros with regards to the previous year is mainly due to three reasons: the first reason was the reduction of the managed portfolio, which reduced its contribution by 7 million Euros. In turn, unit margin per managed credit has also decreased, leading, among several factors, to the progressive standardization of the Spanish market, and the increase of competition, and the flattening of the interest rate range. This lower unit margin has reduced margin by an additional 26 million Euros with regards to 2014.

Finally, there has been a reduction, between 2014 and 2015, by 5.1 M€ of the impact of restructuring operations of the Group's liabilities. During 2015, UCI has responded to direct requests from investors and to bids wanted in competition (BWIC), performing several repurchases of Funds' Securitization Bonds originated by UCI. The difference between the price agreed with investors and the securities' nominal value has generated a positive valuation difference by 5.1 M€, incorporated to gross margin.

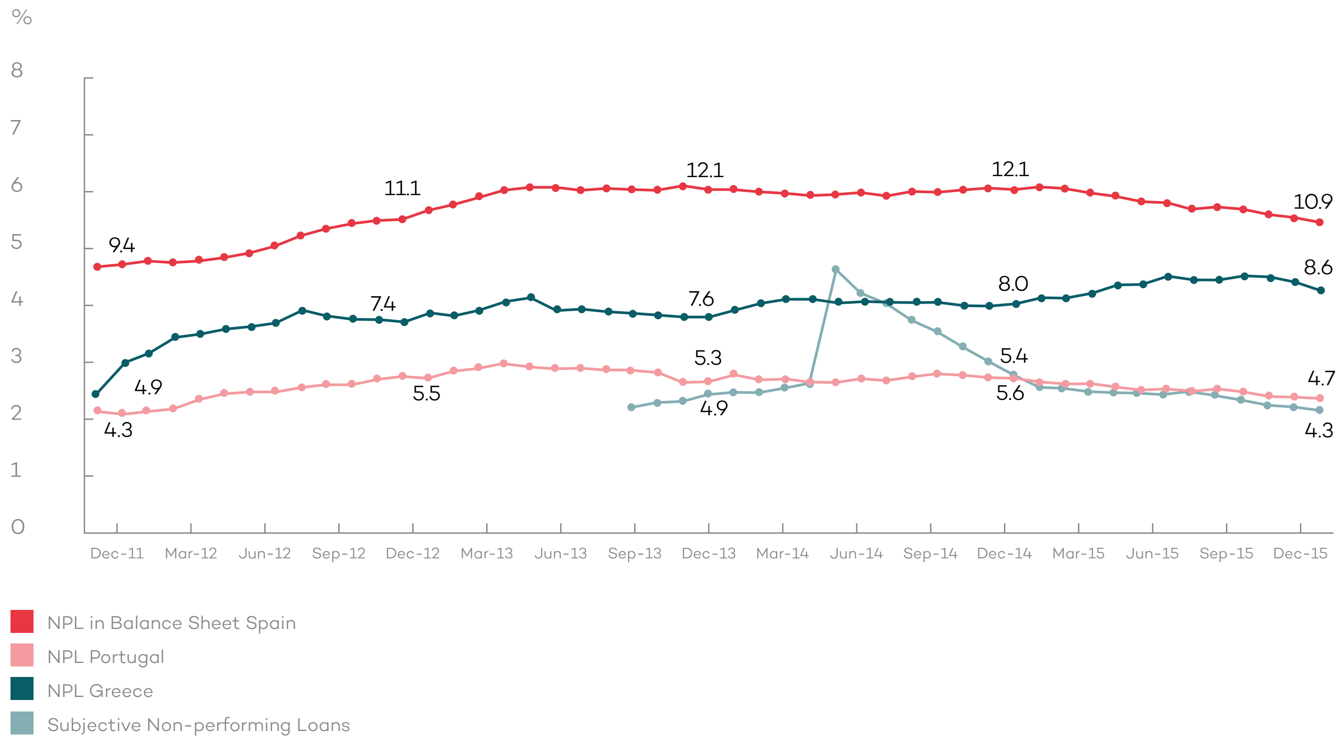
On May 28, UCI EFC transferred credit rights to the Assets Securitization Fund Prado 1, for an amount of 450 million Euros. This operation constitutes for UCI and for the Spanish market the first pubic real estate credit securitization operation subscribed by third parties after the beginning of the financial crisis.

Finally, during November, UCI EFC exercised its right of final repurchase of assets of Funds UCI 5 and 6 ("clean-up call"), meeting all required conditions.

Overheads

In 2015, UCI has maintained its contention policy in internal expenses, compatible with the management efficiency and increase of productivity. Expenses, which do not include commissions paid to intermediaries, reflect the

%NPL'S (+90 DAYS) IN BALANCE SHEET UCI



UCI. i.A´15 MANAGEMENT REPORT

increase of the commercial action on the two brands, UCI and hipotecas.com, and amounted to 45.4 million Euros (+2.9%).

UCI, in 2014, had approached its credit trading networks and sale of transient foreclosed properties. In 2015, the Entity started to develop selling points and contacts for its brand hipotecas.com. This development has led to a slight increase of the number of Group's employees, reaching a total of 721 collaborators at 2015 closing, with regards to 714 in the previous year.

UCI maintained and consolidated, in 2015, its strong connection with its main distribution channel: the real estate mediation professionals, supporting the sector's training, in particular through the collaboration with two of the main actors of the real estate market in the USA: CRS (Council of Residential Specialist), and NAR (National Association of Realtors). It decided to re-group its activities in the company UCI Servicios para Profesionales Inmobiliarios, new corporate name of Comprarcasa Servicios Inmobiliarios, which continues managing the brand and the network of real estate agencies of Comprarcasa.

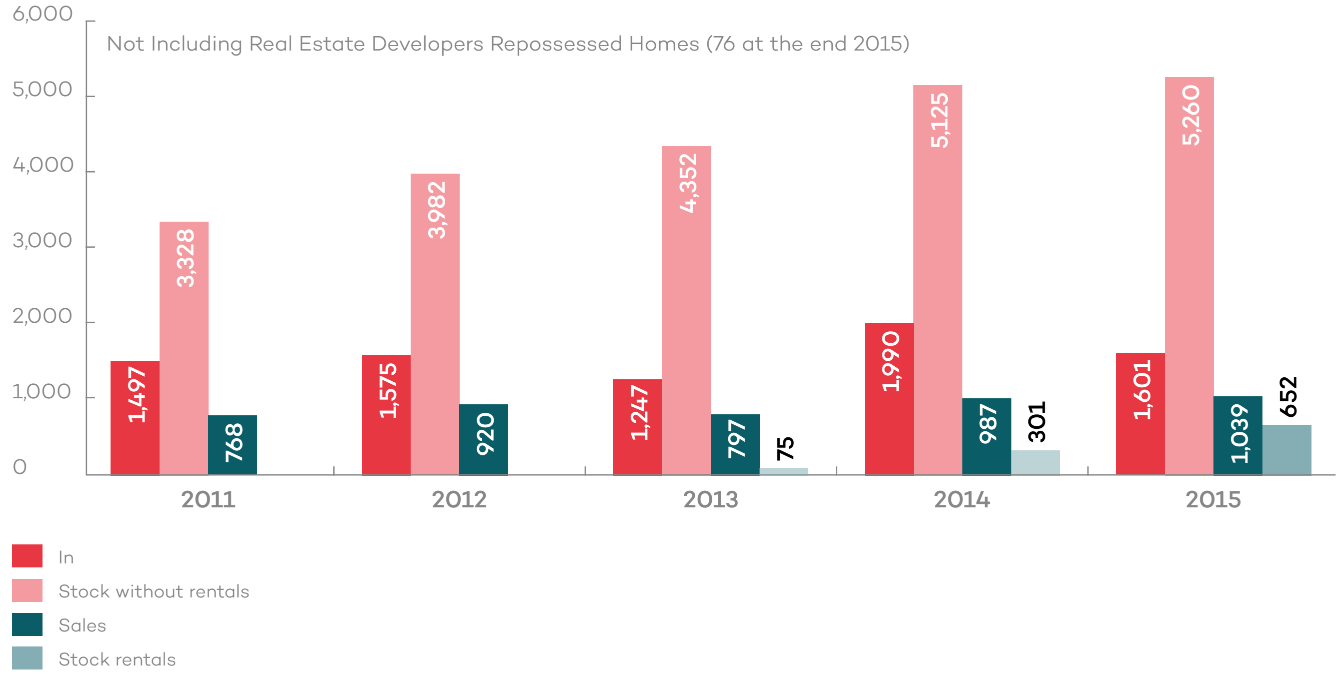
These developments in UCI in Spain implied an increase of expenses by 3%, up to 38.6 million Euros. Overheads in UCI Branch in Portugal in 2015 amounted to 4.4 million (+2.2% with regards to 2014), whereas UCI Greece decreased internal costs down to 1.83 million Euros (-2.4% with regards to 2014).

The efficiency ratio in the UCI Group, in 2015, reached a level of 25.7%, calculated without considering the impact of the abovementioned liabilities' restructuring operations. In 2014, with a more favourable behaviour of the financial margin, the efficiency ratio had amounted to 21.0%, calculated with the same bases.

Defaults and Hedging

The default rate, excluding subjective doubtful, in assets managed by UCI in Spain substantially decreased from 12.08% at 2014 closing to 10.94% at 2015 closing. This decrease of ratio on a decreasing balance reflects a reduction of default by 173 million Euros throughout the year. Furthermore, the balance of subjective doubtful without payment delays of 90 days or more decreased by 151 million Euros. Likewise, Portugal experienced a decrease of its late-payment rate (from 5.42% to 4.74%) and its defaulted balance

UCI SPAIN: Nº REO HOMES



(-6.7 million Euros). In Greece, the evolution underwent two periods. Throughout the year, the rate increased from 8.02% at 2014 closing to 8.60% at 2015 closing, with an increase of the doubtful balance from 21.4 to 22.0 M€. These figures mark a net reduction with regards to values booked at mid-year 2015 (peak of the political and financial uncertainty in the country) when they respectively reached 9.1% and a balance of 23.8 M€.

In short, the percentage of total doubtful credits, including those which did not present delay in payment of 90 days or more, decreased by two percentage points: from 16.36% to 14.15% for the UCI Group, and from 17.64% to 15.27% for the portfolio managed in Spain.

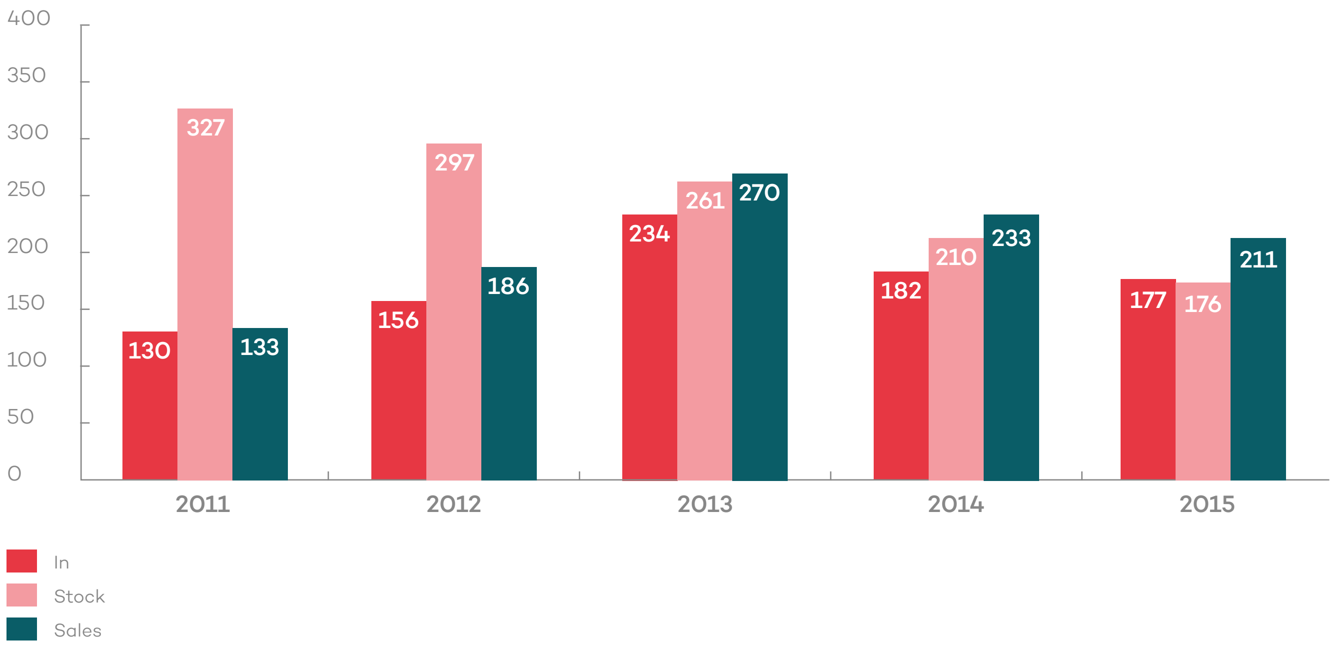
Priorities for the UCI Group in the area of recoveries throughout 2015 have focused in the analysis and detailed follow-up of the credit portfolio, as well as the efficient divestment of foreclosed assets, leading to a reduction of the delay rates in Spain and Portugal, and contention of the doubtful balance in Greece, during the crisis' peaks in 2015, followed by a reduction in the second half of the year. The risk profile for new operations formalized in 2015, within a general responsible credit policy, has been characterized, as in previous years, by a low risk profile.

The portfolio's favourable evolution, as well as the beginning of the turning point of housing prices, has enabled a reduction of allocations for coverage of insolvency risk: 42 million Euros in allocations on specific and substandard provisioning vs. 96 million in 2014. Additionally, there was a reduction of items of allocations to coverages on transient properties, and for results in their sales (31 million in 2015 with regards to 38 million in 2014).

During 2015, the Entity recovered stock of generic provisions recorded at 2014 closing, for an amount of -9.3 million Euros.

At 2015 closing, the UCI Group has covered provisioning requirements arisen from the current drafting of Circular of Bank of Spain

UCI PORTUGAL: Nº REO HOMES



4/2004, RDL 2/2012 and 18/2012, and of the Letter from the General Directorate of Regulation of Bank of Spain, of April 30, 2013.

Thus, the doubtful portfolio's coverage rate in the balance of UCI Spain, according to its current definition, amounted to 21.9%, one point above the 21.1% in 2014. Within it, the coverage of portfolio showing payment delays of 90 days or more in the Entity's balance in Spain was virtually stable at 2015 closing, by 27.6%, with regards to 27.8% in 2014, without considering mortgage guarantees.

If the additional coverage provided by mortgage guarantees was included, the coverage rate for provisions of the set of doubtful portfolio of individuals of the UCI Group in Spain would amount to 128%, similar to 2014, considering guarantees' appraisal values updated according to official indexes by the Ministry of Development.

The UCI Group's transient properties in Spain, classified as assets held for sale, had a value at 2015 closing net of provisions of 426.0 million Euros, vs. 459.5 million at 2014 closing. This decrease derives from good results achieved in the trading of foreclosed estates, as well as from the development of the lease policy in a portion of estates, launched at the end of 2014.

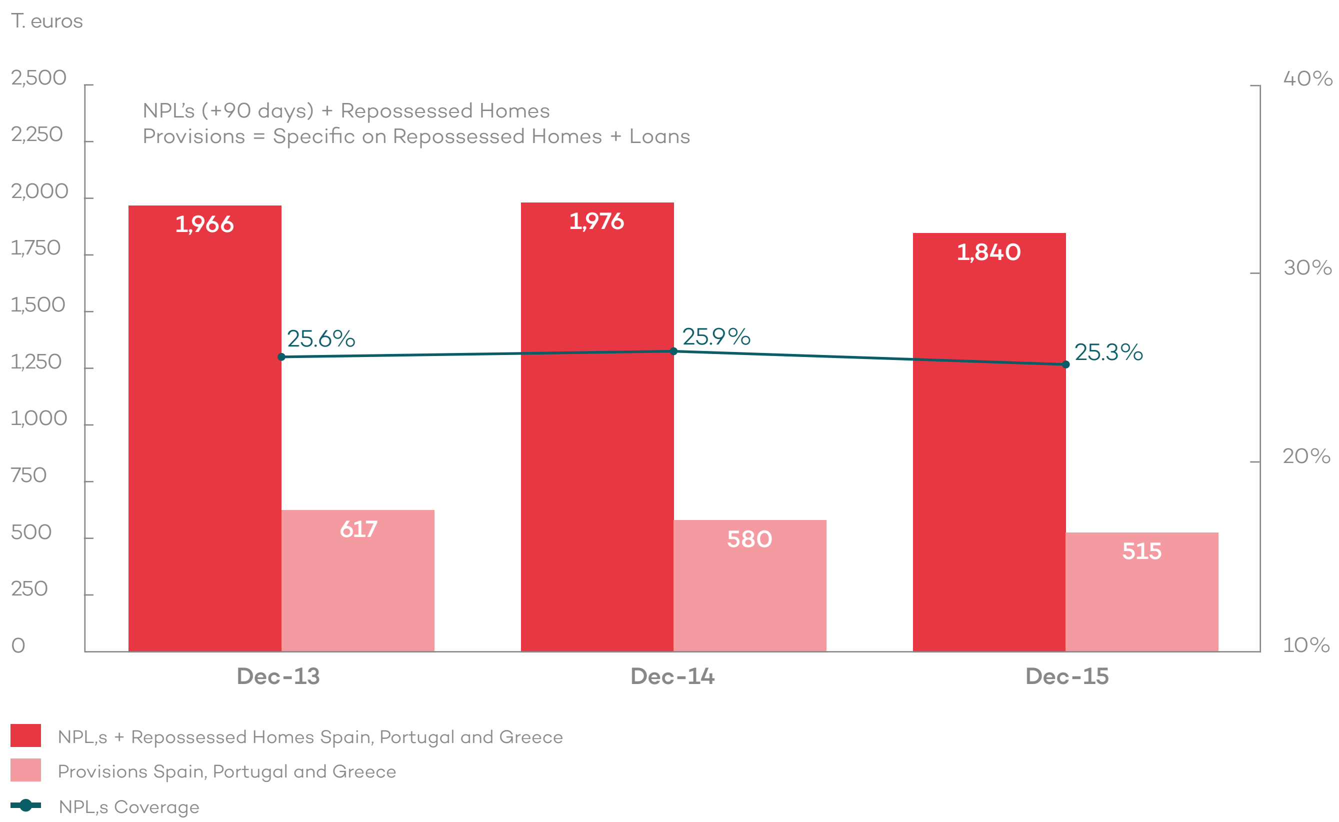
The Estates Trading Network in Spain has sold 1,056 properties (+4% over 2014).

With a net balance of transient properties of 14.6 million Euros, the trading activity in UCI Portugal has experienced a decrease of the stock value by 17% with regards to 2014. In Greece, the portfolio of foreclosed goods has decreased, maintaining very low levels: 1.5 million Euros vs. 2 million Euros in 2014.

Consolidated Results

In 2015, results after taxes have been negative by 7.8 million Euros, a reduction of losses with regards to 2014, when they amounted to 19.4 million Euros, essentially as a consequence of the important effort of provisions in the year, which have offset the lower contribution to financial margin in liabilities' restructuring operations in the Group.

NPL COVERAGE (SPAIN, PORTUGAL & GREECE)



UCI Branch in Portugal closed 2015 with a positive net contribution by 1.7 million Euros, after 8.6 million Euros in 2014, on which year the Branch had been affected by a strong recovery of generic provisions. UCI Branch in Greece has registered losses by 1.5 million Euros (essentially as a consequence of extraordinary provisions, following prudential criteria, after net profits by 0.2 million Euros in 2014), in one year characterized in Greece by the strong instability at political, macro-economic and banking levels.

UCI SPPI registered losses by 0.48 M€ in a year of strong refocus of the company's activity, after losses by 0.3 M€ in 2014. Compracasa Portugal approached a break-even point, with -0.06 million Euros after -0.10 million Euros in 2014.

The Entity's main risks and uncertainties are the following:

Credit risk: due to the retail nature of the UCI Group's business, and to the derived large dispersion, risks from the credit balance and housing stock do not present high concentrations in relation to the Group's equity level.

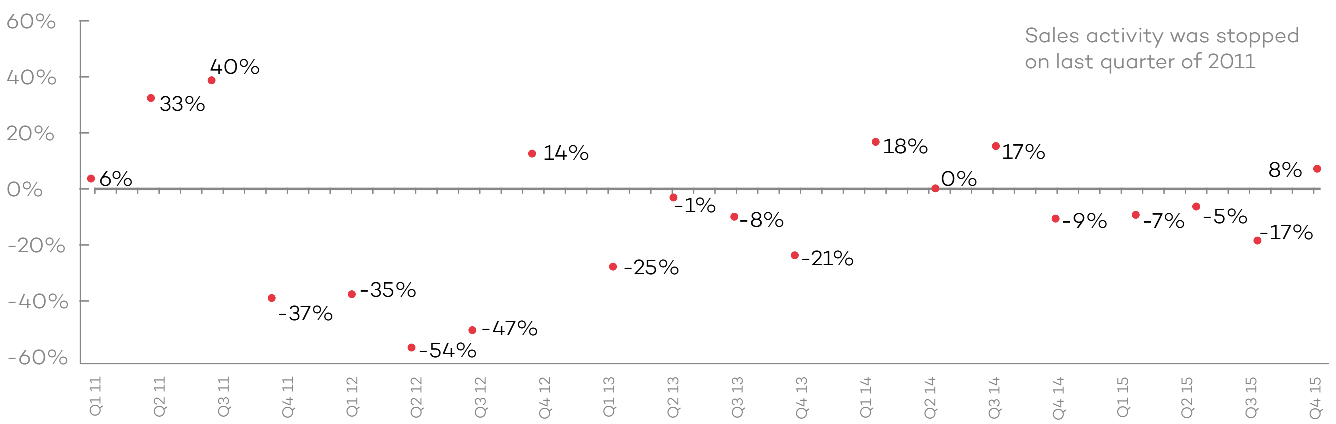
Market risk: the Group is subject to the juncture of financial, mortgage and real estate markets in the countries where it operates, which have generically shown signs of improvement in 2015.

Operational risk: operational risks are essentially framed within risk systems of Unión de Créditos Inmobiliarios, S.A, EFC, since they have the same fixtures, the same computer servers and access and security levels to systems. Within the computation of equity in UCI Group, the valuation of its impact amounts to 30.3 million Euros, out of which 30.2 million are generated by equity needs.

During 2015, the average period of payment to UCI's suppliers has been of 15 days, within the legally established term of 60 days. Due to the Entity's activity, there are no relevant environmental questions.

Throughout the year, the Entity has not carried out investments in research and development, although the Group performs IT developments within the innovation frame, translated in overheads.

NEW CREDITS INCREASE SPAIN, PORTUGAL AND GREECE (% ANNUAL VARIATIONS)



The Entity has not acquired equity stock during 2015.

There are no relevant subsequent events after the year-end closing.

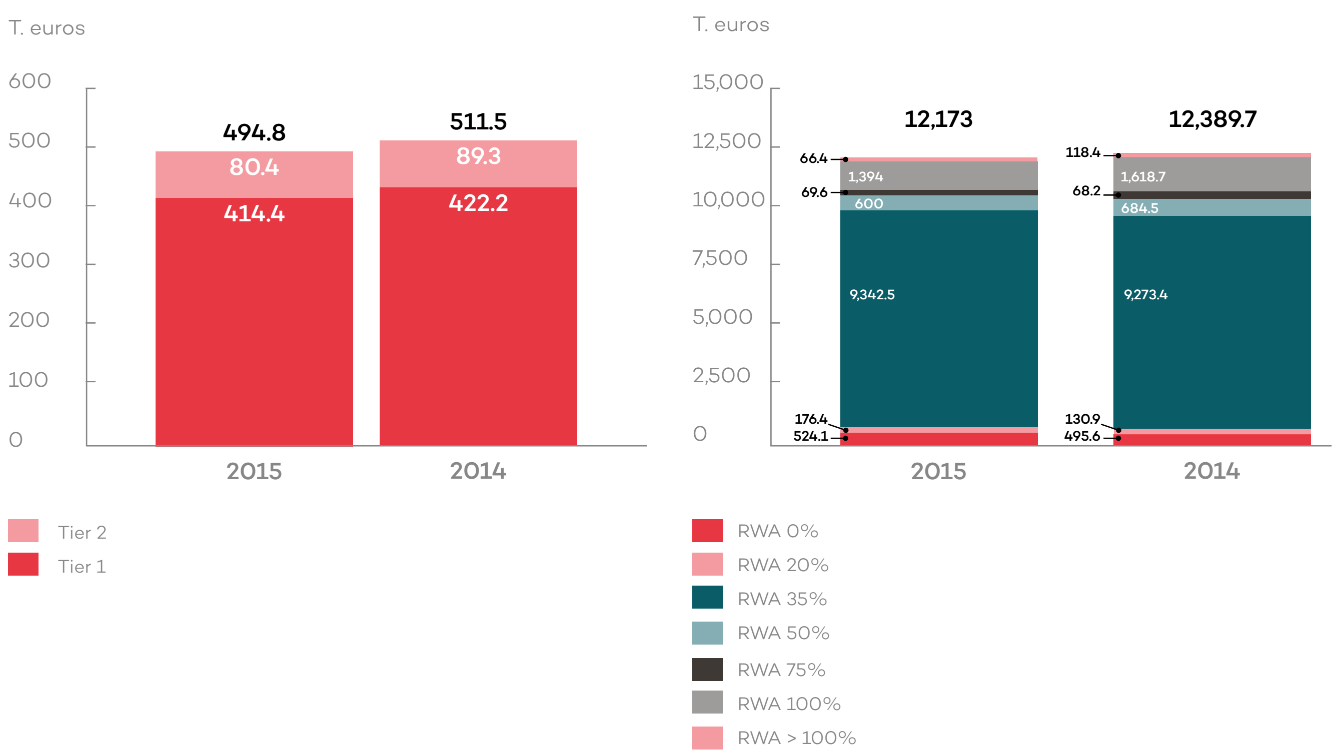
Equity and Solvency Ratios

UCI has preserved its solid capital base and held, at 2015 closing, a high equity solvency with comfortable capital ratios.

At December 2015, UCI Group's computable equity amounted to 494 million Euros, which implies an excess by 52 million Euros with regards to the abovementioned regulation's criteria, after discounting negative results from the year.

Thus, the UCI Group's solvency ratio amounted, at 2015 closing, to 8.9%.

CAPITAL RATIO 2015

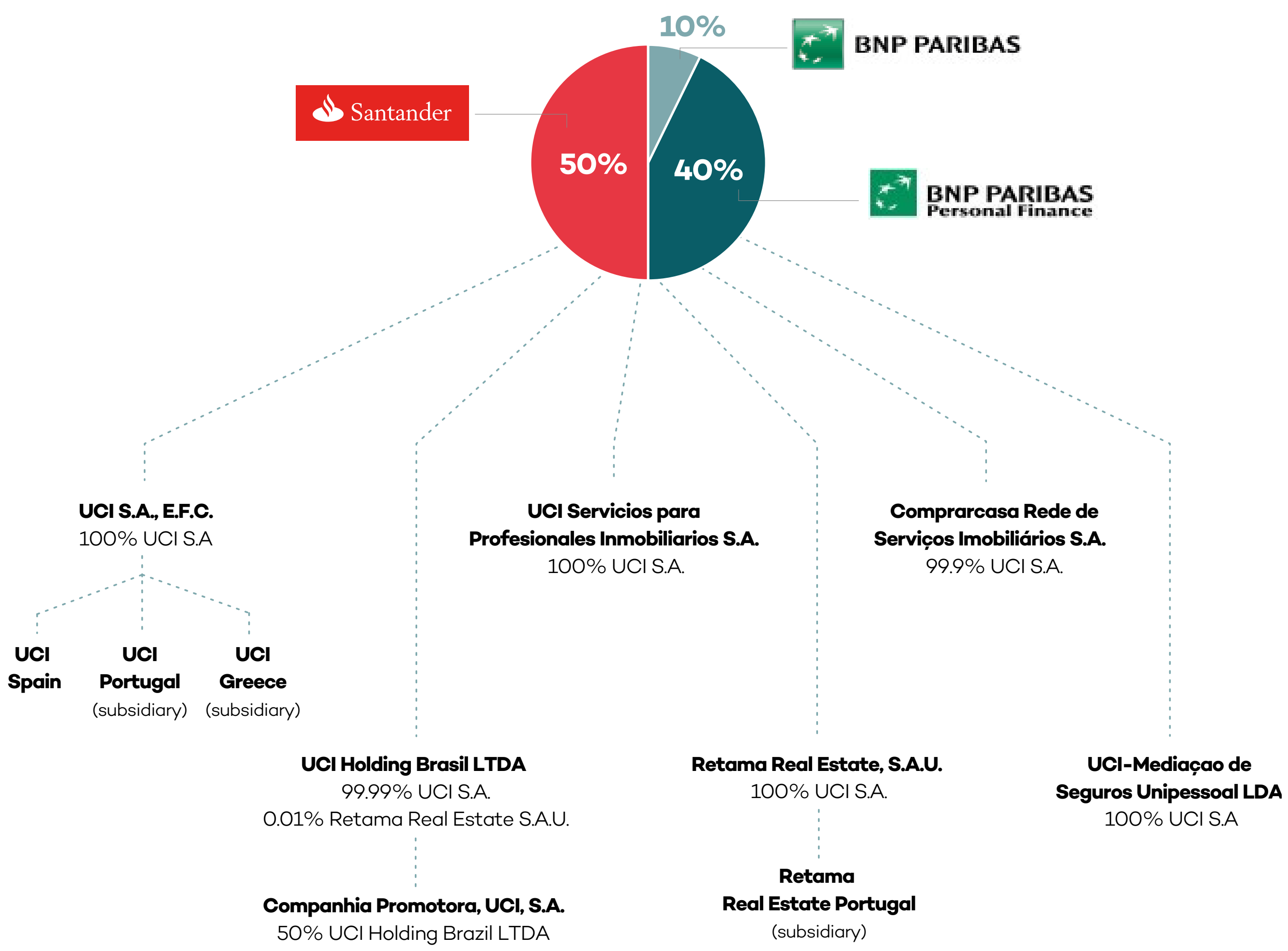


4

Corporate Organization

UCI Group 2015 Organizational Structure
Boards of Directors
UCI Group. Management Committee and Executive Committee
UCI Portugal. Management Committee and Executive Committee
UCI Greece. Executive Committee
Companhia Promotora UCI. Executive Committee
List of UCI Branch Offices
List of Websites

UCI Group: Affiliated and Subsidiaries Entities and Branches 2015



Boards of Directors

up to date publication

U.C.I., S.A.

Chairman
Matías Rodríguez Inciarte
Second Vice Chairman of Banco Santander

Member of the Board
Michel Falvert
Key Partner BNP Paribas Personal Finance

Member of the Board
Alain Van Groenendael
Chairman of BNP Paribas Personal Finance

Secretary of the Board
Eduardo Isidro Cortina Romero
Head of Legal Department and Compliance Officer of UCI

Unión de Créditos Inmobiliarios, S.A., E.F.C.

Chairman
Matías Rodríguez Inciarte
Second Vice Chairman of Banco Santander

Member of the Board
Michel Falvert
Key Partner BNP Paribas Personal Finance

Member of the Board
Alain Van Groenendael
Chairman of BNP Paribas Personal Finance

Secretary of the Board
Eduardo Isidro Cortina Romero
Head of Legal Department and Compliance Officer of UCI

UCI Servicios para Profesionales Inmobiliarios S.A.

Chairman
Roberto Colomer Blasco
Chief Executive Officer of UCI

Member of the Board
José Manuel Fernández Fernández
Chief Operating Officer Sales Area of UCI

Member of the Board
Philippe Laporte
Chief Operating Officer Financial, IT & Customer Service of UCI

Member of the Board
José Antonio Borreguero Herrera
IT Manager of UCI

Member of the Board
Diego Galiano Bellón
Chairman of Council of Spanish Associations of Real Estate Agents

Member of the Board
Fernando García Erviti
Independent Real Estate Consultant

Member-Secretary of the Board
Eduardo Isidro Cortina Romero
Head of Legal Department and Compliance Officer of UCI

CCPT – Comprarcasa, Rede Serviços Imobiliários S.A.

Chairman
Roberto Colomer Blasco
Chief Executive Officer of UCI

Member of the Board
Pedro Megre
General Manager of UCI Portugal

Member of the Board
Luis Mário Nunes
General Manager of Comprarcasa Portugal

Member of the Board
Luis Carvalho Lima
Chairman of National Board of Directors of APEMIP

Member of the Board
Vasco Morgadinho Reis
Vice-Chairman of National Board of Directors of APEMIP (advisor)

Secretary of the Board
Magda Andrade
Head of Legal Department of UCI Portugal

UCI Holding Brasil L.T.D.A.

CEO
Luis Felipe Carchedi
Chief Operating Officer of Companhia Promotora

Companhia Promotora UCI., S.A.

Chairman
Jose Antonio Carchedi

Vice Chairman
Roberto Colomer Blasco
Chief Executive Officer of UCI

Member of the Board
Luis Felipe Carchedi
Chief Operating Officer

Member of the Board
Pedro Megre
General Manager of UCI Portugal

UCI Group. Management and Executive Committee

up to date publication

UCI Group

Management Committee

Roberto Colomer Blasco
Chief Executive Officer

José Manuel Fernández Fernández
Chief Operating Officer Sales Area

Philippe Laporte
Chief Operating Officer Financial, IT & Customer Service

Ángel Aguilar Otero
Head of Human Resources

Rodrigo Malvar Soto
Risk Manager

Olivier Rodríguez
Finance Manager

Executive Committee

Anabel del Barco del Barco
Direct Channel Manager

José Antonio Borreguero Herrera
IT Manager

Eduardo Isidro Cortina Romero
Head of Legal Department and Compliance Officer
Secretary of the Board of Directors

Fernando Delgado Saavedra
Marketing Manager

Francisco José Fernández Ariza
General Manager of UCI Servicios para Profesionales Inmobiliarios S.A.

Luis Nicolás Fernández Carrasco
Sales Manager

Cecilia Franco García
Manager of Customer Aftersales Service and Real Estate Manager

José García Parra
Sales Manager of Companhia Promotora UCI

Pedro Megre
General Manager of UCI Portugal

Marta Pancorbo García
Change Management Director

Tomás Luis de la Pedrosa Masip
Head of Internal Control

Miguel Ángel Romero Sánchez
Head of Customer Service

UCI Portugal

up to date publication

Management and Executive Committee

Pedro Megre
General Manager
Management Committee

Greg Delloye
Risk and Finance Manager
Management Committee

José Portela
Customer Service Manager
Management Committee

Carlos Vintem
Commercial and Marketing Manager
Management Committee

Luis Nunes
General Manager of Comprarcasa Portugal

Pedro Pereira
Marketing Manager

UCI Greece

up to date publication

Executive Committee

Pedro Megre
General Manager UCI Portugal

Aris Arvanitakis
General Manager UCI Greece

Thanasis Diorelis
After Sales & Property Sales Manager

Thanasis Philippou
Operations & Collections Manager

Compahnia Promotora UCI S.A.

up to date publication

Executive Committee

Luis Felipe Carchedi
Chief Operating Officer

José García Parra
Sales Manager

Dylan Leworthy Boyle
Administration and Finance Director

List of Branch Offices

SPAIN

HEAD OFFICE
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28045 Madrid
Tel.: 91 337 37 37
Fax: 91 337 37 38

ALICANTE
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03003 Alicante

ALMERÍA
General Tamayo, 1 - 2ª plta.
04004 Almería

ASTURIAS
Celestino Junquera, 2 - Ofic.17
33202 Gijón - Asturias

BALEARES
Pza. del Olivar, 1 - 1º
07002 Palma de Mallorca

BARCELONA
Avda. Francesc Macia, Nº 30
08208-Sabadell

Avda. Gran Vía de Hospitalet, 16 - 18, 4º A
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08902 Hospitalet del Llobregat

CÁDIZ
Marqués Casa Domecq, 15 - 1ºA
11403 Jerez de la Frontera

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Mayor, 100 – 4º
12001 Castellón

CÓRDOBA
Pza. de las Tendillas, nº 5 - 1º
14002 Córdoba

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35003 Las Palmas de Gran Canaria

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28045 Madrid

Rosario Pino, 14 - 16, 7º Izq. (Torre Rioja)
28020 Madrid

San Máximo, Nº9 1º 3ª (Edificio INBISA)
28041-Madrid

MÁLAGA
Trinidad Grund, 37 - 1º
29001 Málaga

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Gran Vía Escultor Francisco Salzillo, 11 - 1ª plt. Dcha.
30004 Murcia

PONTEVEDRA
Colón, 33-35 - 5º B
36201 Vigo

SEVILLA
Avda. Ramón y Cajal, s/n. 4ª - Módulo 15
Edificio Viapol, portal A
41018 Sevilla

VALENCIA
Colón, 60, 6ª plta., letras C y D
46004 Valencia

ZARAGOZA
Coso, 51 - 2º
50001 Zaragoza

PORTUGAL

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Torre 1, 14º. Amoreiras
1070-101 Lisboa
Tel.: 21 383 50 00
Fax: 21 383 50 98

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1º D e E, Vilamoura
8125-406 Quarteira
Tel.: 289 891 090
Fax: 289 891 099

ALMADA
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2800-691 Almada
Tel.: 212 269 911
Fax: 212 249 456

ALVERCA
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2615-130 Alverca
Tel.: 210 994 239
Fax: 210 994 248

LISBOA
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Torre 1, 14º. Amoreiras
1070 - 101 Lisboa
Tel.: 213 835 050
Fax: 213 835 051

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Edif. Diogos II, Av. Arriaga, nº 50 – 2º piso
Sala 6
9000-064 Funchal
Tel.: 291 098 083
Fax: 291 228 015

OEIRAS
Taguspark, Parque De Ciência e Tecnologia,
Núcleo Central 100, Sala 76
2740-122 Oeiras
Tel.: 214 849 640
Fax: 214 840 590

OPORTO
Praça Do Bom Sucesso Nº 123/131, Edif. Peninsula,
3º Andar Sala 306
4150-146 - Porto
Tel.: 226 198 230
Fax: 226 163 016

SUPERLINHA
Tel.: 808 21 00 21
Fax: 808 26 00 26

UCI. i.A´15 LIST OF BRANCH OFFICES

BRAZIL

HEAD OFFICE
Avenida de Cristobal Colón, nº 3000
Porto Alegre
Tel.: (51) 3018-9700

GREECE

HEAD OFFICE
5 Angelou Pirri street,
11527 Athens
Tel: 210 749 18 00
Fax: 210 775 91 54

List of Websites

www.uci.com
www.uci.es
www.uci.pt
www.uci.gr
www.ucibrasil.com.br

www.comprarcasa.com
www.comprarcasa.pt

www.crsspain.es

www.lahipotecaresponsable.com
www.oportunidadbancaria.com
www.hipotecas.com
www.creditohabitacao.com
www.ucinet.net

www.alquilarcasa.com
www.arrendarcasa.pt

UCI.