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annual report

UCI.

ANNUAL REPORT 2018

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LETTERS FROM SENIOR MANAGEMENT

1 LETTERS FROM SENIOR MANAGEMENT

Letters from Senior Management

Although the global economy showed the first signs of a slowdown in 2018, it still grew by 3.6%, very close to its performance the previous year. Trade tensions between China and the USA, instability in Italy and Brexit were the events shaping the year.

Greece, Portugal and Spain, where the UCI Group is operational, have remained on track in 2018, with growth rates higher than the average for the European Union.

"UCI Group's production has grown by 31.7% year on year".

Portugal stands out for its low unemployment and clear economic recovery, due to the structural and fiscal corrections pushed through in the last few years. Improvement in the Greek economy has been mirrored by the country's better credit rating.

2018 was another good year for the Spanish economy too, both in terms of growth, job creation and the other main macroeconomic indicators.

The real estate sector has performed positively in the last few years. For the first time since 2008, over half a million homes were sold over the year, a solid demonstration of the recovery.

Against this backdrop, the UCI Group's production grew by 31.7% in year on year terms, posting a consolidated new business figure of EUR 709.2 million. Global credit investment managed by UCI Group amounted to EUR 10,914 million at the end of the year.

By reining in spending and reducing the cost of risk the Group has achieved attributable profit after taxes of EUR 9.15 million, 40.5% up on the previous year.

"The Green project is a concrete example of UCI's determination to develop responsible, sustainable financing".

There were also some important events in 2018 for UCI. The company's firm commitment to develop sustainable and responsible financing could be seen in Project Green, a strategy that the company will continue to roll out in coming years. It was also a year of continued investment in digitalization and technology development, the most palpable example of which is the new website: UCI.com.

Service quality, as reflected by customer satisfaction, continues to be one of the company's principal drivers. This is demonstrated by customers' assessments, with scores of more than 9 out of a possible 10, of the service received when applying for a mortgage, both in Spain and in Portugal.

On the capital markets, UCI remains one of the biggest players in the RMBS securities market in southern Europe. The sixth tranche of the Prado series was successfully launched in 2018 for EUR 350 million. Since the first tranche of the Prado series was launched in 2015, UCI has issued over EUR 2 billion in high quality asset-backed securities, which have been extremely well received by the markets.

We should also point to the fact that, at the beginning of 2019, the credit rating agency Fitch granted an issuer rating of BBB long-term and F2 short term, Investment Grade, to the Group's financial arm, Unión de Créditos Inmobiliarios Establecimiento Financiero de Crédito. This is in addition to the A (low) long term and R-1 (low) short term ratings awarded in April 2018 by DBRS Ratings Limited. Both classifications demonstrate UCI's appropriate financial situation, as well as its shareholders' backing.

We hope you enjoy reading our annual report.
Yours faithfully,

Roberto Colomer
CEO

Philippe Laporte
Deputy-CEO Finance, Technology and Clients

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GLOBAL ENVIRONMENT UCI GROUP

2

GLOBAL ENVIRONMENT UCI GROUP

Economic Environment

GLOBAL OUTLOOK

WORLDWIDE SYNERGIES

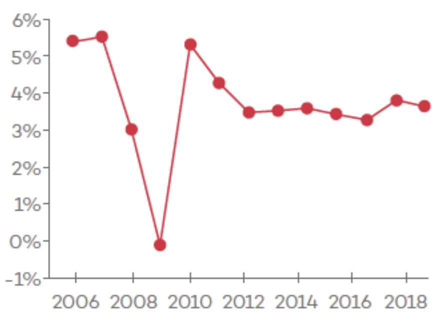
We are in an increasingly multipolar world that generates income at a sustained pace, albeit more moderately towards the end of 2018. Measured by GDP, it translates into a 3.6% growth in 2018, following a +3.8% in 2017.

Asia leads the trend. China displayed a 6.6% growth rate in 2018, focused on controlling debt and amid fears of a return of protectionism on a global scale. India achieved 7.1% growth despite rising imports costs.

The "traditional economies" performed at most moderate levels: on the one hand, the European Union achieves 2.1% growth with rising questioning regarding Brexit and protests movements in France and in Italy, especially by the end of the year 2018. On the other hand, the United States reaches 2.9% growth, boosted by an ambitious fiscal stimulus.

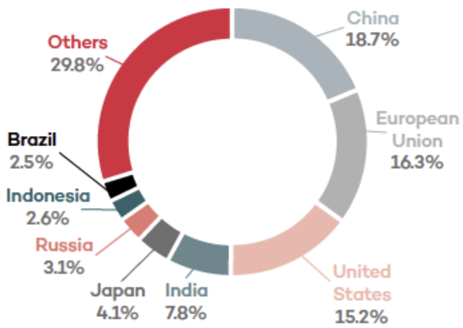
Other regions of the world are also contributing to global income generation, with countries such as Russia and Brazil, to name a few.

World Output



Source: IMF

Distribution of World Output
(Based on purchasing-power-parity) 2018(e)



INCOME GENERATION IN UCI COUNTRIES

2018 is the 2nd consecutive year where all the countries where UCI operates present economic growth, generate employment with improving living conditions.

UCI countries benefit from an international dynamic environment and from strong domestic demand.

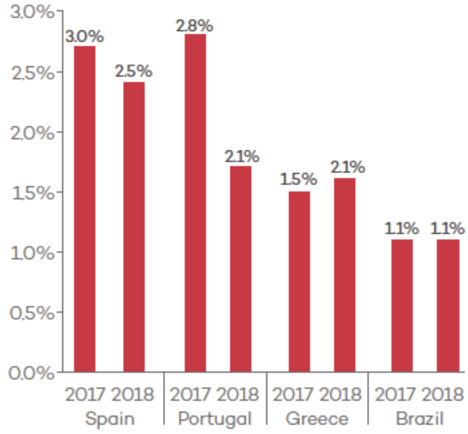
In Europe, reforms keep on bearing fruits. In Spain and Portugal, growth is slightly moderating, respectively at 2.5% and 2.1%, while Greece achieves its 2nd year of growth with 2.1%.

Unemployment is still high in Spain and Greece but with a significant decrease since the historically high levels of 2013-2014: by December 2018, the rate has reduced by two thirds in Portugal, by half in Spain and by a third in Greece, respectively at 6.6%, 14.3% and 18.0%.

In Brazil, after the inauguration of the new administration the economy keeps the positive trend of the last 2 years, repeating in 2018 the 1.1% growth of 2017. Unemployment decreases intermittently with ups and downs from 13.7% in the 1st quarter of 2017 to 11.6% in the last quarter of 2018.

Source: IMF, Instituto Brasileiro de Geografia e Estatística.

GDP growth (annual %)



Source: IMF

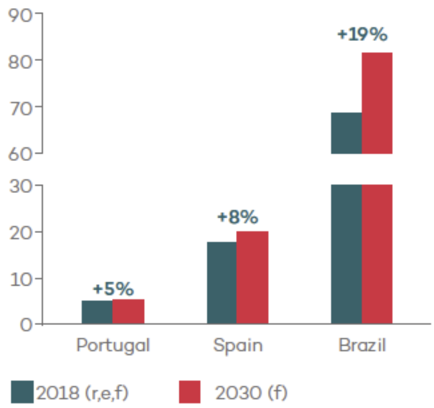
UCI ORIGINATION MARKETS

STRUCTURING DRIVERS IN HOUSING

In the three countries where UCI originates mortgages, the number of households is expected to grow in the 2030 horizon.

In spite of a slowing population growth (even a reduction in the case of Portugal), changes in living habits, such as the reduction in the number of persons living under the same roof, contribute to a growing number of households between 2018 and 2030: from 4.1 to 4.3 million in Portugal, from 18.5 to 20.0 million in Spain and from 68.4 to 81.2 million in Brazil.

Expected evolution 2018-2030 of households (in million)



(r): real, (e): estimate, (f): forecast
Sources: Instituto Nacional de Estadística, Instituto Nacional de Estatística, Secretaria Nacional de Habitação

Growing awareness of sustainable development is shaping housing policy.

Should it be on individual or in a more political scale, as in the case of the adoption by the United Nations of the Sustainable Developments Goals, sustainable development is becoming a widespread issue. The delivery of quality affordable homes is one of the numerous priorities.

In this field, the European Union focus is on making its residential stock energy-efficient, a key pillar towards move to a low carbon economy (homes are responsible for 40% of energy use). In 2018, it extended its annual energy savings commitment beyond 2020, and set a new efficiency target, reducing the 2007 Reference Scenario projections for 2030 by 32.5%.

Spain and Portugal, in addition to demanding construction standards, incentivize rehabilitation works, including home energy efficiency programs.

On the financial side, market stakeholders also commit themselves to improved sustainability. For instance, a cross country working group supported by the European Union led, in 2018, to the definition of an Energy efficient Mortgage Action Plan (EeMAP).

Regarding good-quality affordable housing, Brazil focus primarily on enhancing construction, due to demographic and socioeconomical needs.

Sources: United Nations, European Commission, Energy efficient Mortgages Action Plan.

The majority of households chose to live in an owned property, making home purchase a major decision in their life.

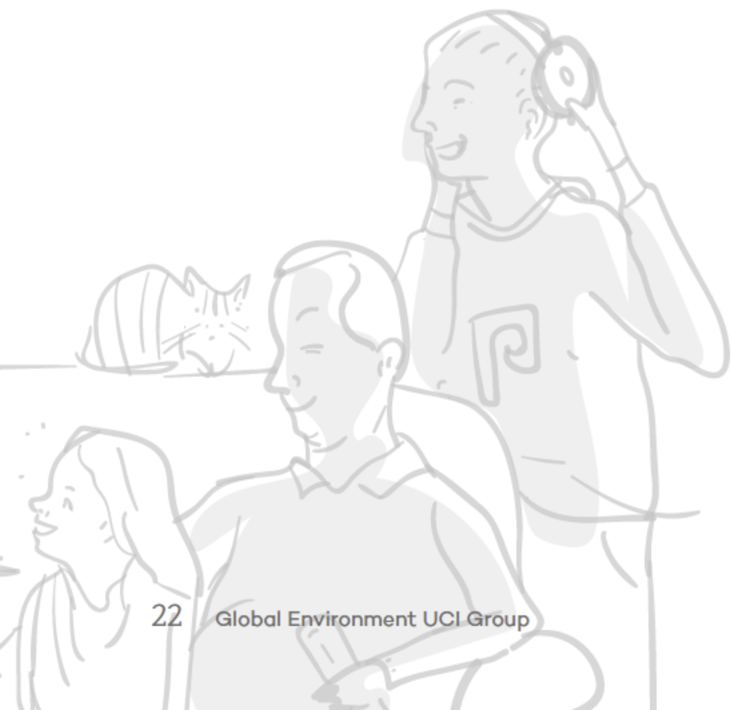
In Spain, Portugal and Brazil, home ownership rate is pretty high, respectively standing at 76.7%, 75.2%[1] and 73.5% in 2017 . It exceeds the European average and United States rates, respectively 69.2%[1] and 63.9%.

For households, it is often necessary to contract a mortgage in order to buy a home. The reimbursement of a mortgage is thus one of their main spending during various years, even decades. In Spain and in Portugal, the stock of outstanding residential loans represents respectively 69.7% and 71.0% of total household disposable income in 2017 .

In Brazil, the mortgage market is fairly young and its regulatory framework is evolving to improve funding availability.

1. Latest available data (2016).

Sources: Instituto Nacional de Estadística, Eurostat, Instituto Brasileiro de Geografia e Estatística, US Census bureau, European Mortgage Federation.



RECENT TRENDS IN HOUSING MARKETS

Spain and Portugal enjoy respectively a 5 and 6 year increase in the number of home purchases, driven by purchases on existing homes.

Economic improvement and foreign buyers´ interest (they account for 16% of total home purchases in Spain, 20% in Portugal) have helped Iberian markets to recover progressively, after the crisis at the turn of the decade. In Spain new attractiveness of residential rental (creation of REITS - "SOCIMIs" in 2009 and increasing demand for rental housing) have facilitated as well the entry of institutional investors.

The number of home purchases in Spain exceeds 580,000 in 2018, almost double that of 2013, but barely more than 60% of its highest level reached in 2006. The pace of growth is moderating, with 9% in 2018.

The number of home purchases in Portugal get close to 180,000 in 2018, having more than doubled compared with 2011. It stands at 80% of their highest level reached in 2002. The pace of growth is moderating, although at high levels, with 17% in 2018.

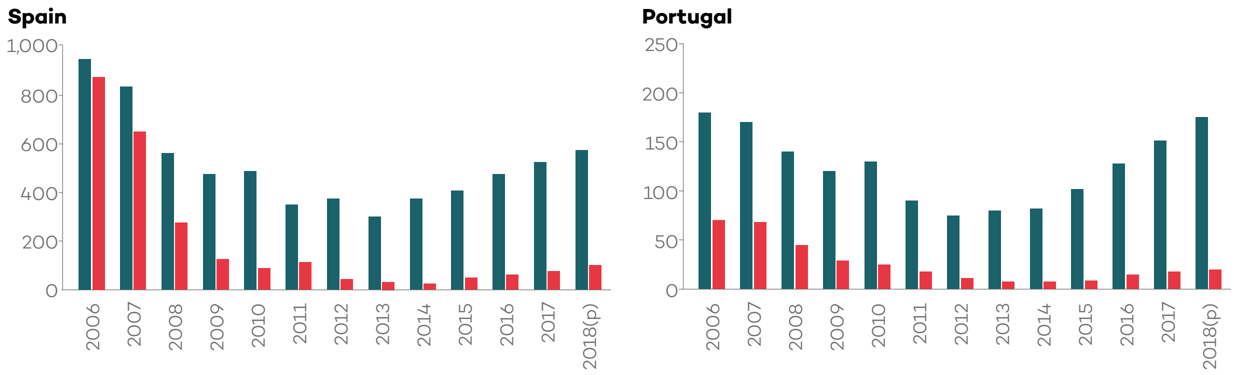
In both countries, purchases of existing homes, represent the bulk of the market , 90% in Spain, 85% in Portugal in 2018. Currently the low number of building permits cannot significantly stimulate the housing market. By comparison, the number of these permits correspond to 17% of total home purchases in Spain, and 11% in Portugal.

Prices are recovering at a higher pace than purchases. In 2018, in Spain, average property price[1] is still 1/5th lower than their highest level reached in 2007. In Portugal they exceed their highest level reached in 2008, which is becoming an issue for a higher number of Portuguese households.

1. Private homes.

Sources: Ministerio de Fomento, Associação dos Profissionais e Empresas de Mediação Imobiliária de Portugal, Instituto Nacional de Estatística.

Home purchases and building permits



Housing purchases, '000s
Building permits, housing construction, '000s
(p): provisional
Sources: Ministerio de Fomento (Spain), INE (Portugal)

UCI.

In 2018, Brazil restores growth in housing activity. Construction and purchases of new homes are at the heart of the residential sector.

After years of sluggishness of the residential market, housing needs are increasing. Inadequate housing, multifamily cohabitation and a growing number of households, have made housing deficit increase to 7.8 million in 2017.

In 2018, the construction sector is taking off again and exceeds the purchase sector in number of properties financed, for the first time since 2012. The Housing Finance System ("Sistema Financeiro da Habitação") have financed more than 390,000 housing constructions, a 24% annual increase. Nevertheless it stands at more than 40% below their highest level reached in 2010.

In 2018, the number of housing purchases stop sinking: the national Housing Finance System has financed more than 350,000 housing purchases, the same than in 2017. These volumes stand at more than 40% below their highest level reached in 2014. The purchase number of new homes grew by 8% in 2018 and more than doubles the purchase number of existing ones, that is decreasing.

Housing prices are mostly stable on average since 2015.

Sources: Fundação Getulio Vargas, Cámara Brasileña de la Industria de la Construcción (based on Caixa Econômica Federal and SBPE-SFH/BACEN figures).

RECENT TRENDS IN MORTGAGE MARKETS

Housing finance continues to be the motor of the residential sector.

In addition to an attractive housing offer, other factors such as employment growth, reduced mortgage interest rates and low inflation tend to be the main contributors to mortgage origination.

In the Iberian Peninsula, mortgage origination is recovering, although partially.

In Spain, 2018 volumes, almost € 43 bn, have more than doubled since 2013, but represent only 26% of their highest reached in 2006.

In Portugal, 2018 volumes, almost € 10 bn, have more than quintupled since 2012 but represent only 53% of their highest reached in 2007.

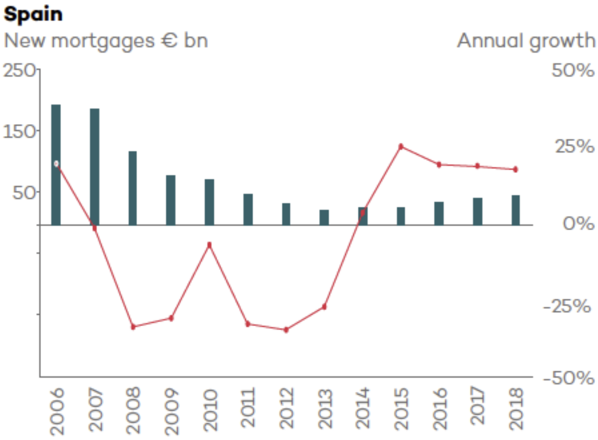
The main reference indexes (Bank of Spain Euribor in Spain, 6- and 12- month Euribor in Portugal) are still negative at the end of 2018. 2018 inflation stands at low levels: 1.2% in Spain, 0.6% in Portugal.

Mortgage pace of growth is becoming slower, albeit still at high rates (16% for Spain and 19% for Portugal). Higher housing prices means higher down payment required by credit institutions in order to grant mortgages. This means higher necessary savings for households requiring a mortgage, which tends to limit housing affordability, especially for 1st time buyers.

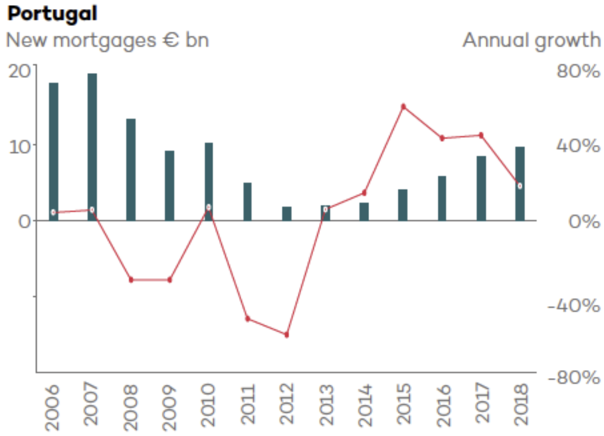
Sources: Instituto Nacional de Estadística, Banco do Portugal, Banco de España, Eurostat.

New mortgages

Spain



Portugal

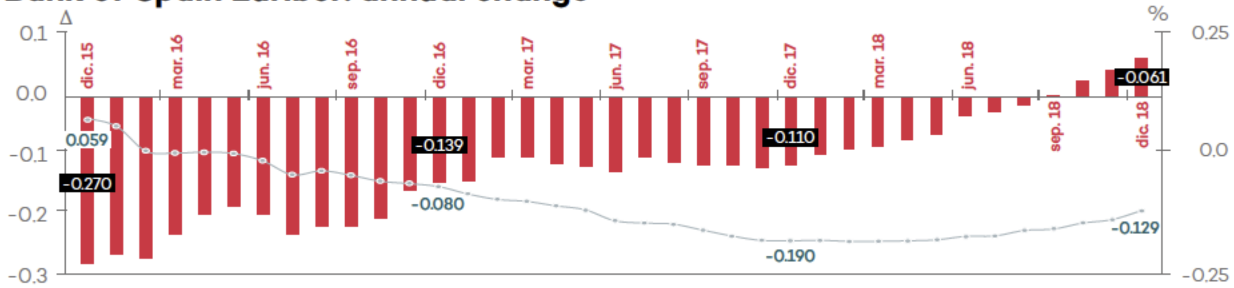


New mortgages

Annual growth

Source: Instituto Nacional de Estadística (Spain), Banco de Portugal (Portugal)

Bank of Spain Euribor: annual change



Annual change

Bank of Spain Euribor 12 months

Source: Banco de España

In Brazil, mortgage origination renews with growth in 2018. The Housing Finance System allocates $ 113 bn to housing finance in 2018[1,2], 13% more than in 2017.

Volumes allocated by each of their 2 arms are growing in 2018:

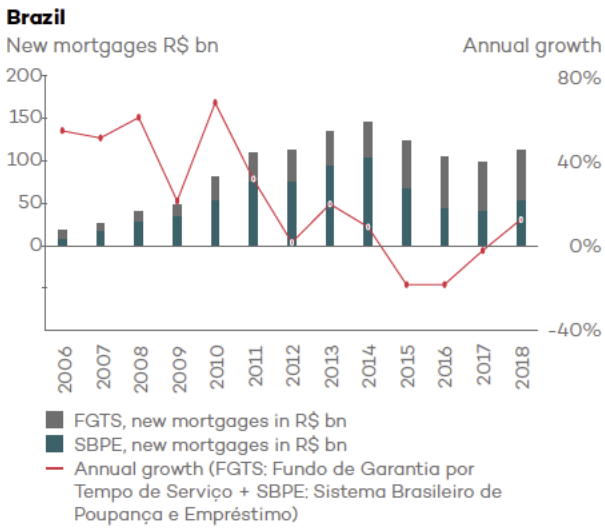
- +4% by the compulsory private sector workers' indemnity fund (Fundo de Garantia por Tempo de Serviço), reaching their highest with R$ 60 bn[2].
- +27% by the savings and loans scheme (Sistema Brasileiro de Poupança e Empréstimo), reaching R$ 53 bn[2], but standing only at half of their highest level reached in 2014.

Financial environment is generally positive. Mortgage interest rates are decreasing, following the slashing of the SELIC interest rate fixed by the Brazilian Central Bank, that has been more than halved in the last 2 years, ending 2018 at 6.50%. Inflation is raising slightly, ending 2018 at 3.7% after a 3.0% in 2017, levels among the lowest of the statistical series.

1. Housing Finance System based on deposits represents more than 80% of available funding to real estate industry, alternative sources being market based
2. Financing housing only (construction and purchase).

Sources: CBIC (based on Caixa Econômica Federal and SBPE-SFH/ Banco Central do Brasil data), Banco Central do Brasil, Instituto Brasileiro de Geografia e Estatística.

New mortgages in Brazil
(Housing Finance System "2")



Source: CBIC (based on Caixa Econômica Federal and SBPE-SFH/Banco Central do Brasil data)

NEW VALUE CHAIN

Internet and mobile technology are an integral part of the lives of consumers, which make them more demanding, including in the real estate and mortgage industry.

Internet penetration rate is growing steadily, reaching 93% in Spain, 78% in Portugal and 71% in Brazil by the end of 2017.

New technology enables smoother access to information and comparisons between products and servicers, which exercises an increasing pressure on providers.

Social media are increasingly used by consumers to express and share publicly their satisfaction on quality. Thanks to their data and opinions, consumers are becoming an increasingly relevant part of the value chain.

Meanwhile, as their role becomes more prominent, concern on data privacy is increasing, driving European countries to implement their General Data Protection Regulation in 2018.

Source: Internet World Stats (internet users as of 31/12/2017 and population being mid-year 2018 based on data from the United Nations).

UCI in numbers

clients

RECOMMENDATIONS 97%

Encuestas realizadas sobre clientes

EKOMI 96%

9.6/10

employees

691

EMPLOYEES

386 WOMEN

305 MEN

SPAIN

564

PORTUGA

94

GREECE

33

TRAINING

31,108 hrs.

31 hrs. classroom courses

82 onlin cours

business

CONSOLIDATED PRODUCTION

709.2 M€

+ 31.7%GROWTH FROM 2017

SPAIN
524 M€

PORTUGAL
185.2 M€

Hipotecas.com
+23%GROWTH FROM 2017
19% de la producción

L

2 hrs.
e
ses

highlights of 2018

green mortgages&loans

A new era for UCI's strategy, **sustainability is one of the main strategic axes.**

inmociónate18 **Valencia**
more than **1,100 REAL STATE AGENTS**

imocionate ITEC **Lisbone**
more than **550 REAL STATE AGENTS**

PRADO VI **UCI** is a reference in the securitizations market **350 M€**

CALIFICACIÓN

FitchRatings

DBRS

Fitch granted an issuer rating BBB long term and F2 short term, Investment Grade to the Group's financial arm. This is in addition to the A(low) long term and R-1(low) short term ratings awarded in April by **DBRS** Ratings Limited.

More than **63,000 €** for **social issues.**

CRÉDITOS.COM
Launched a new business line to release new financial services and products to our customers

Key Data

HIGHLIGHTS	Euros 30-Dec-2018	Euros 30-Dec-2017	Variation
Consolidated Production(M)	709.2	538.4	31.7%
Loan Production Spain (M)	524.0	385.5	35.9%
Loan Production Portugal (M)	185.2	152.9	21.1%
Loan Production Greece (M)	0.0	0.0	
Total Consolidated Loans Managed (M)	10,913.6	11,033.1	-1.1%
Balance Spain	4,330.1	3,740.6	15.8%
Balance Portugal	1,124.2	1,096.8	2.5%
Balance Greece (***)	223.7	235.1	-4.8%
Secured Assets Balance Spain (UCI 18)	0,0	758.9	-100.0%
Spanish on Balance Consolidated Placed RMBS (UCI 10-17 and Prado I - III)	5,104.8	5,055.2	1.0%
Spanish off Balance Placed RMBS (UCI 7-9)	130.8	146.6	-10.8%
Nº of Files Under Management (Spain, Portugal and Greece) (***)	120,135	120,625	-0.4%
Nº of Solutions (Sales + Rentals) Repossessed Homes(*)	1,823	1,700	123
Nº of Branch Offices (*)	33	34	-1
External Agent (*)	152	130	22
Nº of Employees (**)	697	720	-23

(*) Spain, Portugal and Greece

(**) WithTemporay Employees and Comprarcasa (Spain and Portugal)

(***) Included 0,31 M Euros CTLM Greece (109 files -39%)

CONSOLIDATED FINANCIALS (4/04)	Euros 30-Dec-2018	Euros 30-Dec-2017	Variation
Gross Margin (M)	157.67	166.81	-5.5%
Financial Margin(**)	150.93	162.37	-7.0%
Comissions Fees and Other Incomes (*)	6.74	4.44	52.0%
General Expenses (M)	49.58	46.76	6.0%
Net Operating Income (M)	108.10	120.05	-10.0%
Cost of Risk (M)	96.79	114.98	-15.8%
Pre-Tax Profit (M)	11.30	5.08	122.6%
Tax (M)	2.15	-1.43	
Consolidated Profit (M) (***)	9.15	6.51	40.5%

(*) Deducted Origination Fees

(**) Including capital gain BuyBack 17.6 M€ en 12m-18 vs 8.7 M€ en 12m-17

(***): Including shareholdings (+0 K€)

SPANISH FINANCIALS (4/04) (without SPPI)	Euros 30-Dec-2018	Euros 30-Dec-2017	Variation
Gross Margin (M)	138.23	148.96	-7.2%
Financial Margin (**)	135.36	146.08	-7.3%
Comissions Fees and Other Incomes (*)	2.87	2.88	-0.3%
General Expenses (M)	41.88	40.04	4.6%
Net Operating Income	96.35	108.92	-11.5%
Cost of Risk (M)	95.77	111.13	-13.8%
Ordinary Profit Before Taxes (M)	0.58	-2.20	
Tax (M)	0.22	-1.61	
Net Profit (M)	0.35	-0.59	

(*) Deducted Origination Fees.

(**) Including capital gain BWIC 8.7 M Euros in 2017 vs 47.1 M Euros in 2016

PORTUGUESE FINANCIALS (4/04)	Euros 30-Dec-2018	Euros 30-Dec-2017	Variation
Gross Margin (M)	13.22	13.78	-4.1%
Financial Margin	12.15	12.33	-1.5%
Comissions Fees and Other Incomes (*)	1.08	1.45	-25.8%
General Expenses (M)	5.51	4.58	20.4%
Net Operating Income (M)	7.71	9.20	-16.2%
Cost of Risk (M)	0.46	1.57	-70.8%
Pre-Tax Profit (M)	7.25	7.63	-5.0%
Tax (M)	1.10	0.60	84.3%
Net Profit (M)	6.15	7.03	-12.6%

(*) Deducted Origination Fees

GREECE FINANCIALS (With Consumer Loan since Q3-2011)	Euros 30-Dec-2018	Euros 30-Dec-2017	Variation
Gross Margin (M)	5.67	3.59	58.0%
Financial Margin	3.43	3.97	-13.5%
Comissions Fees and Other Incomes (*)	2.24	-0.38	
General Expenses (M)	1.82	1.75	3.7%
Net Operating Income (M)	3.85	1.83	109.9%
Cost of Risk (M)	0.56	2.28	-75.6%
Pre-Tax Profit (M)	3.30	-0.44	
Tax (M)	0.82	-0.44	
Net Profit (M)	2.48	0.00	

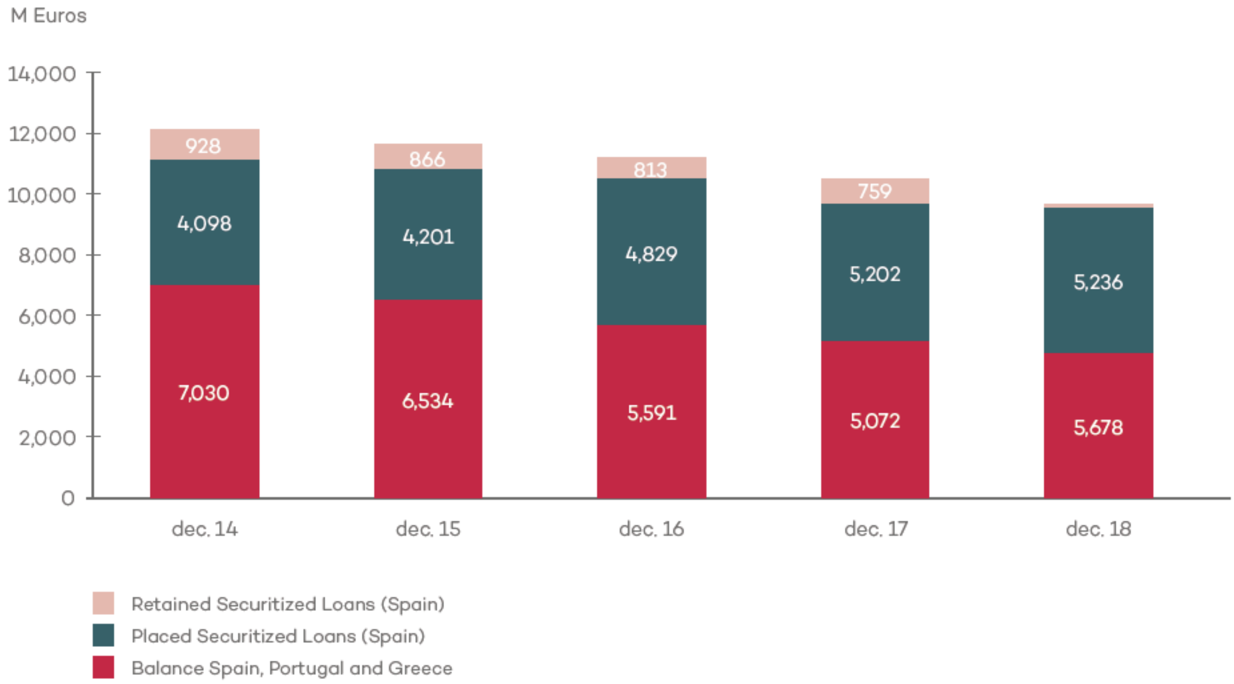
(*) Deducted Origination Fees including servicing a LMS desde T1-18

CONSOLIDATED MANAGEMENT RATIOS	Euros 30-Dec-2018	Euros 30-Dec-2017	Variation
Suscribed Capital (M)	98.0	98.0	0.0
Reserves (Tier 1)	329.2	329.4	-0.2
Total Tier 1	427.2	427.4	-0.2
Total Tier 2 Subordinated Debt	112.2	108.1	4.1
Total Equity (M) Tier 1+ Tier 2 (1)	539.4	535.5	3.9
Equity Ratio (Tier 1) (1) (2)	7.6%	7.4%	0.2%
Equity Ratio (Total) (2)	9.6%	9.3%	0.4%
R.O.E.	2.1%	1.6%	0.6%
NPL's > 90 days not Including Subjective Non-performing Loans (M)	994.0	1.070.8	-76.8
NPL's Subjective Non-performing Loans (M)	399.0	473.0	-74.1
Nº Repossessed Homes Under Management (Spain. Portugal and Greece)	5.705	5.980	-275
Total Provisions on Loans (M)	325.3	347.7	-22.5
Total Generic Provisions (M)	37.2	28.1	9.1
Total Substandard Provisions (M)	11.9	13.1	-1.2
Total Specific Provisions Not Including Subjective Non-performing Loans (M)	251.2	275.2	-24.0
Total Specific Provisions Subjective Non-performing Loans (M)	24.9	31.3	-6.4
Total Provisions on Repossessed Homes (M)	123.3	136.4	-13.1
Total Provisions (M)	448.6	484.2	-35.6
% NPL's on Loans Managed (Balance Sheet + Securitized) > 90 days Not Including Subjective Non-performing Loans	9.11%	9.71%	-0.6%
% NPL's Subjetive Non-Performing Loans	3.66%	4.29%	-0.6%
% NPL's	12.76%	13.99%	-1.2%
NPL > 90 days + Repossessed Homes Coverage	23.8%	24.6%	-0.7%
Cost/Income	33.6%	28.2%	5.4%

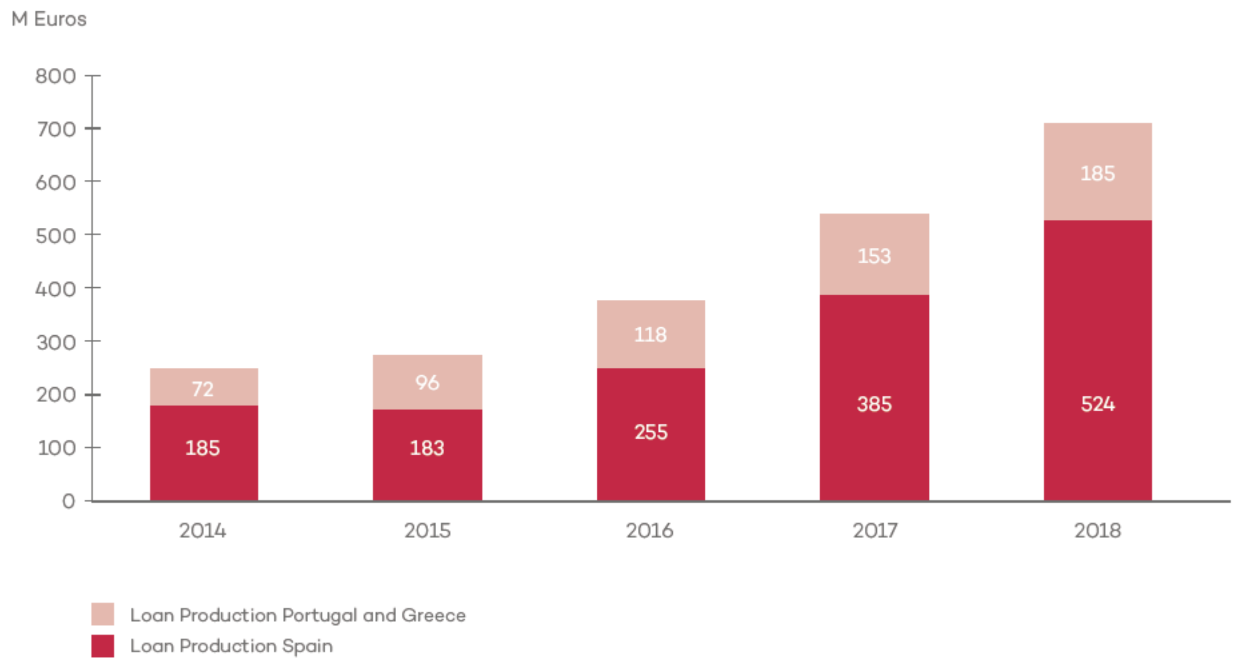
(1) Adding 12m-18 profits in Tier 1

(2) RWA Standard Version + Standard Operational Risk (from dec-15)

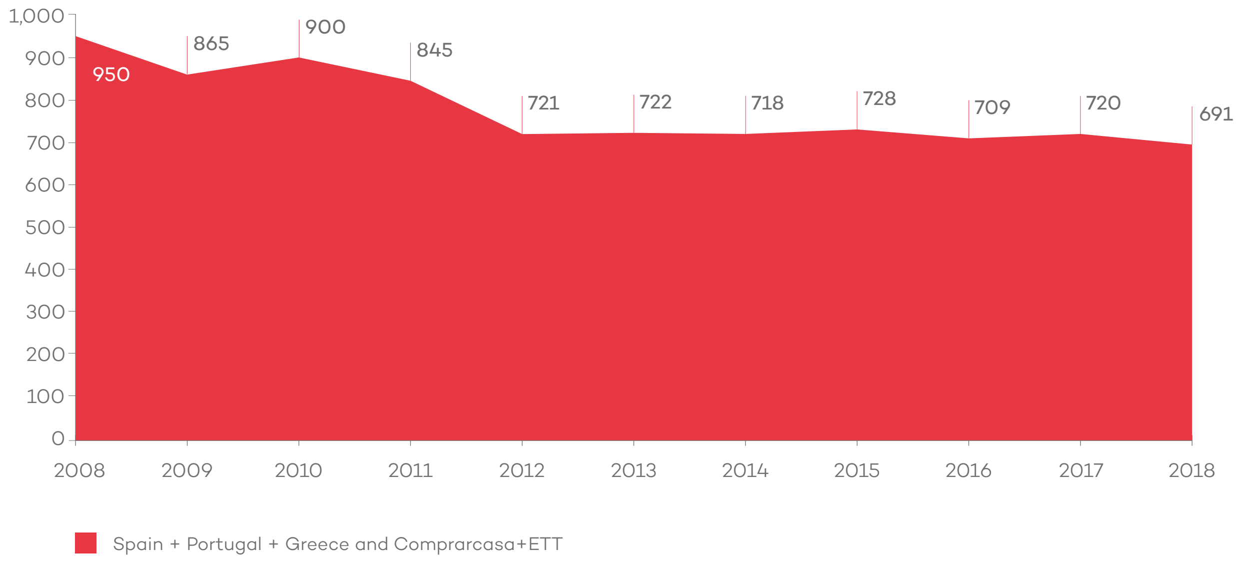
Managed Loans Evolution



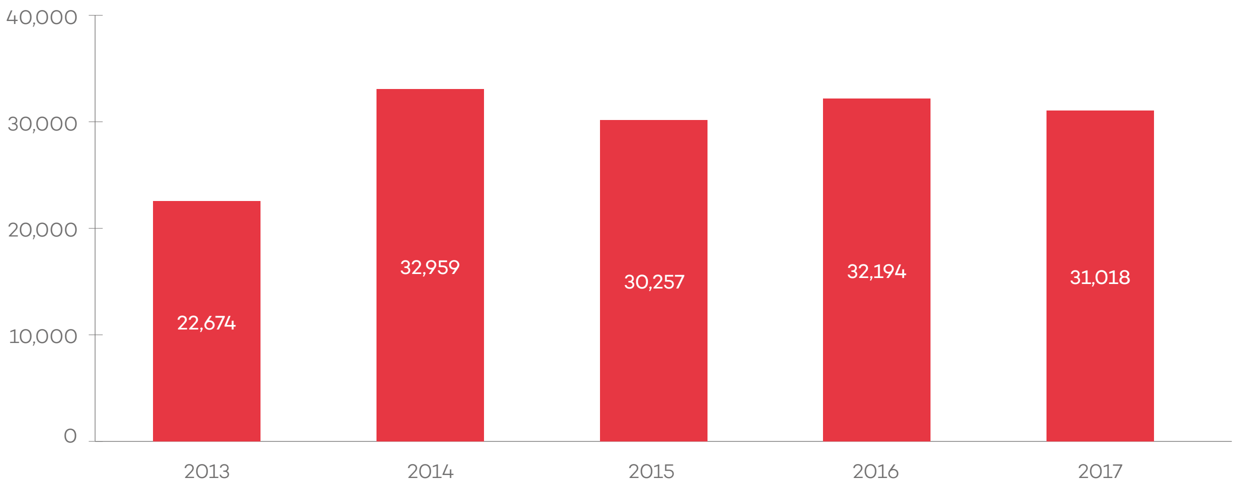
New Production Evolution



Total employees Spain, Portugal, Greece and UCI SPPI



Training Hours (hours/year)



UCI

UCI

Sustainability looks for the sweet spot between economic progress, social development and protection of the ecosystem

Sustainability must enable all of us around the world to raise our standards of living whilst respecting the environment.

Applied to the real estate sector, a series of regulations that are totally aligned with the planet's sustainability already apply to new builds. The key goal is to reduce the carbon footprint and so contribute to avoiding the increase in the average temperature of our shared home, the earth.

Furthermore, the current trend in the financial and real estate sector is to focus on the need to motivate customers to buy "sustainable homes" and to make their consumption more sustainable. This is where the financial sector plays a key role.

UCI is very aware of its responsibility as a benchmark in real estate financing.

That responsibility begins by providing our customers with incentives to buy highly energy-efficient properties or to improve their properties' energy efficiency, with the clear aim of polluting less.

As part of this company positioning, UCI has embedded Sustainability and Responsibility into its commitment to its stakeholders, adapting its business models to the SDGs (Sustainable Development Goals) laid down by the UN.

This issue has been particularly important for UCI in 2018. We have been one of the representatives of the Spanish mortgage sector in the European Mortgage Federation's **Energy efficient Mortgage Action Plan** (EeMAP), in which we are active players in the Risk Management, Marketing and Origination & Retail working groups. This EMF project is defining the European-wide terms and characteristics of the Green Mortgage, to give incentives to owners to choose less polluting properties.

So, it is entirely logical that in 2018 UCI launched its strategic project Green Mortgages & Loans.

This programme, indicative of UCI's spirit of innovation, and pioneering in the Spanish market, reinforces our commitment to planetary sustainability. We want to protect our customers' health and welfare and to be acknowledged in society for it.

By incorporating sustainability and responsibility as strategic foundations, we are developing our corporate and brand positioning.

UCI's business strategy seeks to achieve the following with this project:

We will mainly be concentrating on refurbishing existing real estate stock. **We want to make Brown homes Green!** Doing so by making remodelling easier and transmitting to citizens the message that they are not coping with an expense so much as making an investment.

Concentrating on the heart of the problem and developing combined, integrated solutions

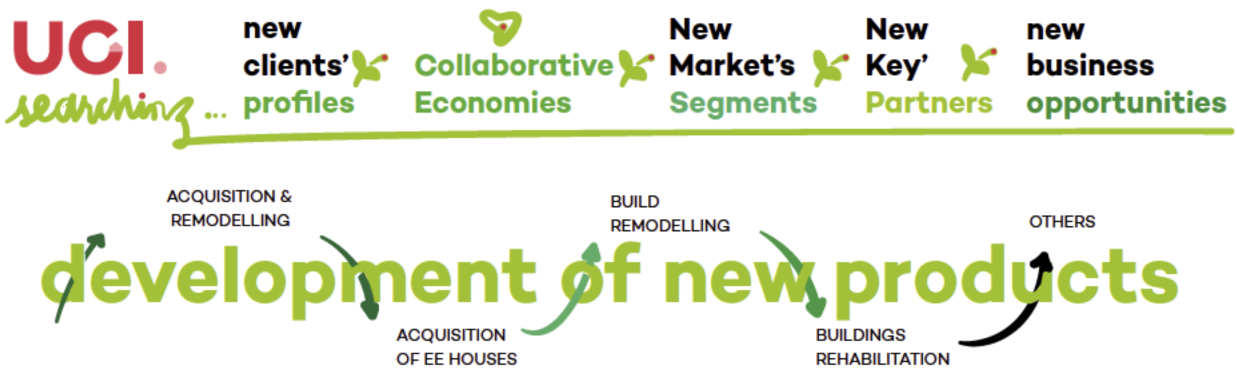
UCI
has embedded Sustainability and Responsibility into its commitment adapting it´s business model to UN SDGs

UCI
represented The Spanish mortgage sector in the European Mortgage Federation's Energy efficient Mortgage Action Plan (EeMAP)

draws the demarcation lines of our relationship with wider society.

We are trying to build a green ecosystem. To do this, we are developing a series of services that will help us to multiply our value offering to society: "Green" training sessions for estate agents, energy efficiency advisory services and everything that we believe to be consistent with our activity and that helps to achieve our goal of contributing to the development of sustainable cities.

UCI has begun a new era, in which sustainability is one of our strategic foundations. We have a dream and we are going to work to make it happen: we want to make everyone involved in the housing sector greener.



UCI.

UCI Servicios para Profesionales Inmobiliarios

UCI Servicios Profesionales

2018 has been a key year for UCI Servicios Profesionales. After a changeover in the management team, work has continued throughout the year on the UCI Group's commitment to the real estate profession. Our positioning, focusing on ethics and training, marks the way forward and the future development of UCI Servicios Profesionales' work.

For the first time, in-company courses have been run with those real estate networks that are strategically important to UCI EFC.

Furthermore, over the last year the National Association of Realtors, NAR, has strengthened its representation in Spain and that of its subsidiaries CRS and Rebac. As part of this collaborative framework, UCI Servicios Profesionales organised 86 courses attended by 2,400 people, while CRSSPAIN started the year with 926 members, and closed it with 1050. Most of this activity is supported by two management platforms of the Realtor and CRS memberships in Spain. To improve these platforms, at the end of 2018 an online training project on the ethical code was set up, and a new web portal for SIRA that will be a communications and relationship centre for members.

The cornerstone event for real estate professionals in Spain, Inmociónate, held its ninth edition in June, beating attendance records, with 1,100 registered visitors and revenues of EUR 56,000; sponsorship income was up by 30% and there were 25% more attendees.

SIRA/CRSSPAIN's business results in 2018 were EUR 0.3M, an increase of 66% over 2017. The process that started back in 2015 has enabled the company to go into profit, closing the year with EUR 46,000 or 64% more than in 2017.

+1,100
real estate agents attended to Inmocionate18

+66%
SIRA/CRSSPAIN's revenues have grown by 66% year on year

Comprarcasa

In May 2018 Comprarcasa began converting its network into a single model, the Master. This will determine the future course of Comprarcasa, and all its branches will be 100% aligned with the brand strategy at all levels. The switch is expected to involve the closure of those branches not committed to the Master model. Comprarcasa closed the year with 78 offices, of which 45 are Master and the remainder either Classic or Advance. After the reductions, the network is expected to have 70 Master branches in 2019.

Turning to the financials, Comprarcasa forecasts that sales will grow in 2019, reaching breakeven by year end. Even though the total number of offices has not increased, turnover levels have already grown since 2015, when the network had more than 120 offices. Master turnover from royalties already accounts for more than 75% of Comprarcasa's revenues, which shows the success of the Master model, based on proximity consulting. To reinforce the network's growth, half way through 2018, Comprarcasa took on a new business officer.

Comprarcasa began working with a communications agency in 2018, which has worked on strengthening the brand, positioning it in the media as one of the country's best real estate brands, always putting emphasis on professional expertise. This was backed up by a nationwide TV campaign and events in a number of media in the network's footprint areas.

The Master office model will lead Comprarcasa into the future

75%
75% of comprarcasa's revenues are from Master royalties

3

ECONOMIC & FINANCIAL REPORT

3 ECONOMIC & FINANCIAL REPORT

Management Report

Management Report for the year ended
At 31 December 2018

In 2017, the financial reporting framework applied by UCI Group was established on the Financial Information International Standards adopted by the EU, there being a substantial identity between such standards and those indicated by Bank of Spain on Circular 4/2004.

The entry into force of IFRS 9 at January 1, 2018 substantially affects credit institutions. Therefore, there has been a break of the existing regulation framework to date, which differences are not applicable to the subsidiary Union de Creditos Inmobiliarios S.A. E.F.C., which virtually represents the totality of the Group's total assets and turnover, having the specific legal regime of Credit Financial Establishments, and to which Circular 4/2004 is solely and exclusively applicable, unlike its modifications after 2013.

Economic environment

In 2018, the Spanish economy has presented again one of the highest growth rates in the Euro area, with a growth of 2.4%, after a growth of 3.1% in 2017. With it, the Spanish GDP has recovered, in 2018, the level reached in 2007, before the beginning of the crisis.

The Spanish real estate market has maintained the price recovery trend that started in 2015. The y-o-y increase until the fourth quarter of 2018 amounted to 3.9%, according to data from the Ministry of Public Works and Transport.

Since 2014, the Spanish mortgage market presents a change of trend, with a progressive increase of contracted volumes; this trend was maintained throughout 2018, with an accumulated y-o-y increase at November 2018 (last published data) of 14.2%, supported by the favourable evolution of prices and offer increase on entities that operate in the Spanish market.

Portugal presented GBP growth rates in line with Spain (+2.1% in 2018), both substantially above the growth level in the Euro Area (+1.2% at the same date).

With a growth of 1.9% in 2018, after a growth of 1.5% experienced on the whole of 2017, the Greek economy confirms that it is leaving the stagnation it was in since 2015, year marked by a strong political and monetary instability.

Sales Activity Credits to Customers

With a recovering economic environment, as explained above, and within the frame of the strategic plan approved in 2015, the Group's commercial activity in 2018 has been favourably developed.

Consolidated production of new mortgage credits, around 709 million Euros, substantially grew again in 2018: the progression was of 32% with regards to 2017, after the increase by 44% in 2017. The activity in Spain reached 524 million, 36% more than in 2017. The figure in Portugal amounted to 185 million, with a growth of 21%.

In Spain, the commercial offer in UCI has maintained the two strategic lines marked since 2015. On the one hand, UCI has continued developing the brand hipotecas.com, under which it has formalized 19% of production signed in Spain in 2018 (in line with the 20% of 2017, whereas in 2015 it had been of 15%), implying an increase of 24%. On the other hand, the increase of production under the brand UCI through intermediaries, particularly professionals from the real estate sector, was of 39% in Spain. Such increase has been compatible with a responsible credit strategy which, in financial terms, has implied the high weight of fixed and mixed-rate credits with a first long fixed-rate period (89% of annual production, after 91% in 2017 and 61% in 2015).

Both in Spain and in Portugal, the proportion of financial consultants on the commercial activity has maintained its increase from 51% in 2017 to 61% in 2018 (53% in Spain and 82% in Portugal).

In Greece, due to the adverse economic environment, UCI, during the last quarter of 2011, interrupted its trading of new loans, except for financing operations associated to the sale of foreclosed assets, which exception in turn ended in 2016. Therefore, the Branch in Greece has not generated new credits since such date.

On February 2018, the portfolio of UCI EFC Greek branch has been reallocated to its parent company UCI EFC, for its net book value. UCI EFC agreed the Branch's closing for the closing at December 31, 2018, which has been verified and confirmed by Greek authorities on March 21, 2019. UCI Hellas LMS, subsidiary of UCI SA created in 2016 with licence as asset manager granted by the Bank of Greece since 2017, manages this portfolio in the frame of the service agreement entered into with the company.

Global managed credit investment on the set of the three countries, including securitized loans written off from the balance sheet, at 2018 closing, has amounted to 10,910 million Euros, discounting products in suspense and before provisions. This amount implies a slight decrease of -1.0% with regards to the previous closing, due to portfolio's amortizations above the granting of new credits. This decrease percentage is the lowest in last years for UCI Group.

At the end of 2018, the portfolio managed in Spain, by 9,570 million, is lower by 1.4% than the final volume of 2017, while the portfolio managed in Portugal, 1,124 million, has increased by +2.5% and, UCI portfolio in Greece, managed by UCI LMS, which balance is structurally decreasing, of 223 million, decreasing by -4.9%.

Gross margin

Consolidated gross margin obtained by the Group amounted to 170.0 million Euros, a regression of 7.0 million (-4.0%) with regards to 2017. This evolution results from the following:

The first one has been the more favourable impact of restructuring operations of liabilities of UCI EFC in 2018 with regards to 2017. These operations have consisted on the new repurchase of securities in the secondary market and in the liquidation of the Fund UCI 18, generating as a whole a positive impact of 11.8 million, against 9.3 million in 2017.

The second positive element originates from the credit portfolio's evolution. Although its amount has slightly decreased, in 2018, there has been an increase of the product-generating performing outstanding balance. This phenomenon breaks a negative trend that had started with the previous decade's financial crisis. This, combined with stable interest rates, has revealed an increase of the financial margin originated from the credit portfolio in approximately 1 million Euros (Figure 4.1.).

The setback of gross margin is essentially due to the fact that, in 2017, there were extraordinary income derived from the recognition as income in 2018 products generated from restructured credits that were not doubtful at restructuring agreement date, which negatively affects the y-o-y comparison. Without this effect, gross margin would have increased by 8.8%.

The subsidiary UCI EFC has continued developing its Asset Securitization programme. After operations Prado IV (total portfolio of 390 million €) and Prado V (415 million €) performed in 2017, in 2018, UCI has successfully placed in the market the senior tranches of Prado VI (428 million).

The ongoing improvement, from Prado I on May 2015 to Prado VI on July 2018, of financial cost has enabled obtaining financial resources in competitive conditions, which favourably contributed to the growth of production, both in Spain and in Portugal.

In 2019, UCI Group will continue developing its financing policy in new production markets, through securitizations, as well as through other financing sources, more easily accessible with the two 'Investment Grade' ratings obtained by UCI EFC in 2018 and 2019 with agencies BBRS and Fitch respectively.

Overheads

In 2018, the UCI Group's expenses, which do not include commissions paid to intermediaries, reflect the increase of the commercial action on the two brands, UCI and hipotecas.com, and amounted to 49.6 million Euros (+6.0% with regards to 2017).

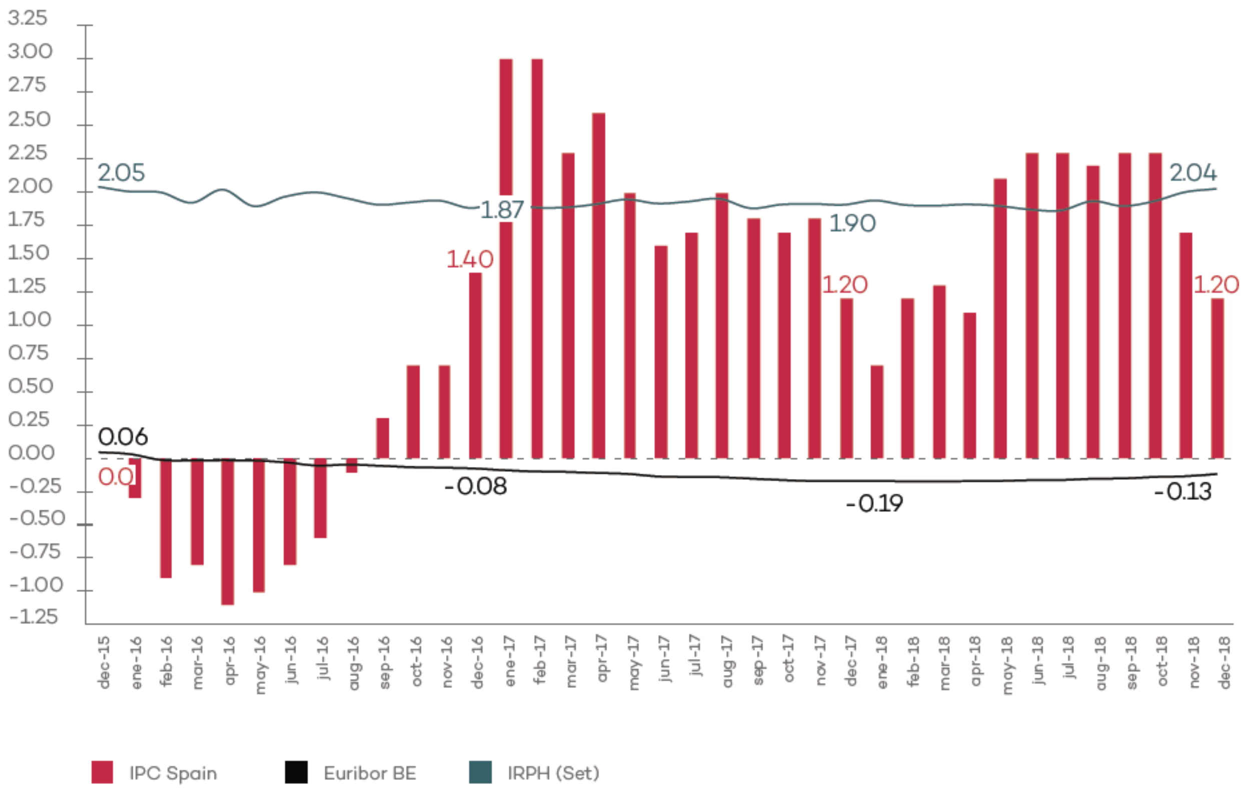
This increase, above previous years' levels, must be put in perspective with the increase of the commercial activity by 32%.

The Group's personnel have undergone a reduction in 2018: the number of UCI Group's employees has been of 691 collaborators at 2018 closing, vs. 703 on the previous year.

UCI maintained and consolidated, in 2018, 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).

The Entity's efficiency ratio, in 2018, had reached a level of 33.6%, calculated without considering

Figure 4.1 **Euribor 12 Months - IRPH - IPC**



the impact of the abovementioned liabilities' restructuring operations.

Defaults and Hedging

The default rate in assets managed by the Group, excluding subjective doubtful debt, decreased to 9.11% at the end of 2018, in comparison with the level of 9.72% at 2017 closing.

This decrease reflects a decrease of the default balance of 77.5 million. This reduction has been generalized on the three countries: 68 million in Spain, 8 million in Portugal, and 1.5 million in Greece.

The subjective doubtful balance also experienced a strong decrease during 2018 by 74 million Euros, at 3.6% of total balance at year-end closing, versus a level of 4.3% in the previous year.

UCI has maintained its main axis in the area of recoveries, performing a detailed follow-up of the credit portfolio, maintaining a responsible collection strategy, focused on searching for definitive solutions for clients who undergo payment difficulties.

Sales of foreclosed assets have maintained a strong activity, which has been compatible with the generation a positive impact by 5.9 M€ in the income statement of the year (3.8M€ in 2017), as a consequence of high levels of provisions of said assets, as well as the progressive improvement of the real estate market.

Allocations to coverage of risk of bad debt at constant perimeter have decreased to 42.1 million in 2018, from the 47.4 million in the previous year. The negative impact of allocations to hedge transient properties and results from the sale of said assets has been considerably reduced (17.3 million in 2018 vs. 28.3 million in 2017).

During 2018, UCI maintained generic provisions, above the minimum limits required by regulations, allocating 9.1 million of new allocations, placing stock at 2018 closing in 37.2 million Euros.

At the end of 2018, the subsidiary UCI EFC, single Group entity that incorporates loans to customers on its records, keeps covered provisioning requirements set by the applicable regulations (Circular Bank of Spain 4/2004, RDL 2/2012 and RDL 18/2012, and Letter by the Regulation General Directorate of Bank of Spain of April 30, 2013).

UCI.

The rate of coverage of the set of the Group's doubtful portfolio has remained stable by 19.9%. The coverage of exposures with payment delays of 90 days or more on the entity's balance sheet has remained substantially stable, from 25.8% to 25.4% (these percentages do not consider the additional protection provided through the valuation of mortgage guarantees) (Figure 4.2. y 4.3.).

The Entity's transient properties in Spain, classified as assets available for sale, had a value at 2018 closing net of provisions of 336.2 million Euros, vs. 365.9 million at 2017 closing. This decrease derives from good results achieved in the trading of foreclosed estates, both in sale and in lease, starting the latter of these activities four years ago (Figure 4.4.).

The Estates Trading Network in Spain has increased its activity by 10.5%, managing the trading of 1,113 estates owned by the Group (+-7% than in 2017), having assisted 329 clients under payment difficulties in the trading of their estates (+25%).

With a net balance of transient properties of 6.1M€, the trading activity in UCI Portugal has maintained a decrease of the stock value by 29% with regards to 2017. In Greece, the portfolio of foreclosed goods has maintained very low levels: 0.7 million Euros.

Consolidated results

In 2018, the Group has generated positive results by 9 million Euros, higher than the 6.5 million Euros of 2017. Results essentially derive from the reduction of provisioning needs of the portfolio generated before the crisis, and from the good behaviour of the subsequently generated portfolio. Results reached in 2018 have been compatible with the high voluntary allocations to generic provisions, as described above.

UCI, SA, EFC has closed the year with positive results after tax of 10.6M€, in line with the result of 10.3M€ in 2017.

Retama Real Estate (UCI Group's Asset Manager) achieved negative results of -1.7M€,

Figure 4.2. **NPL coverage (Spain, Portugal & Greece)**

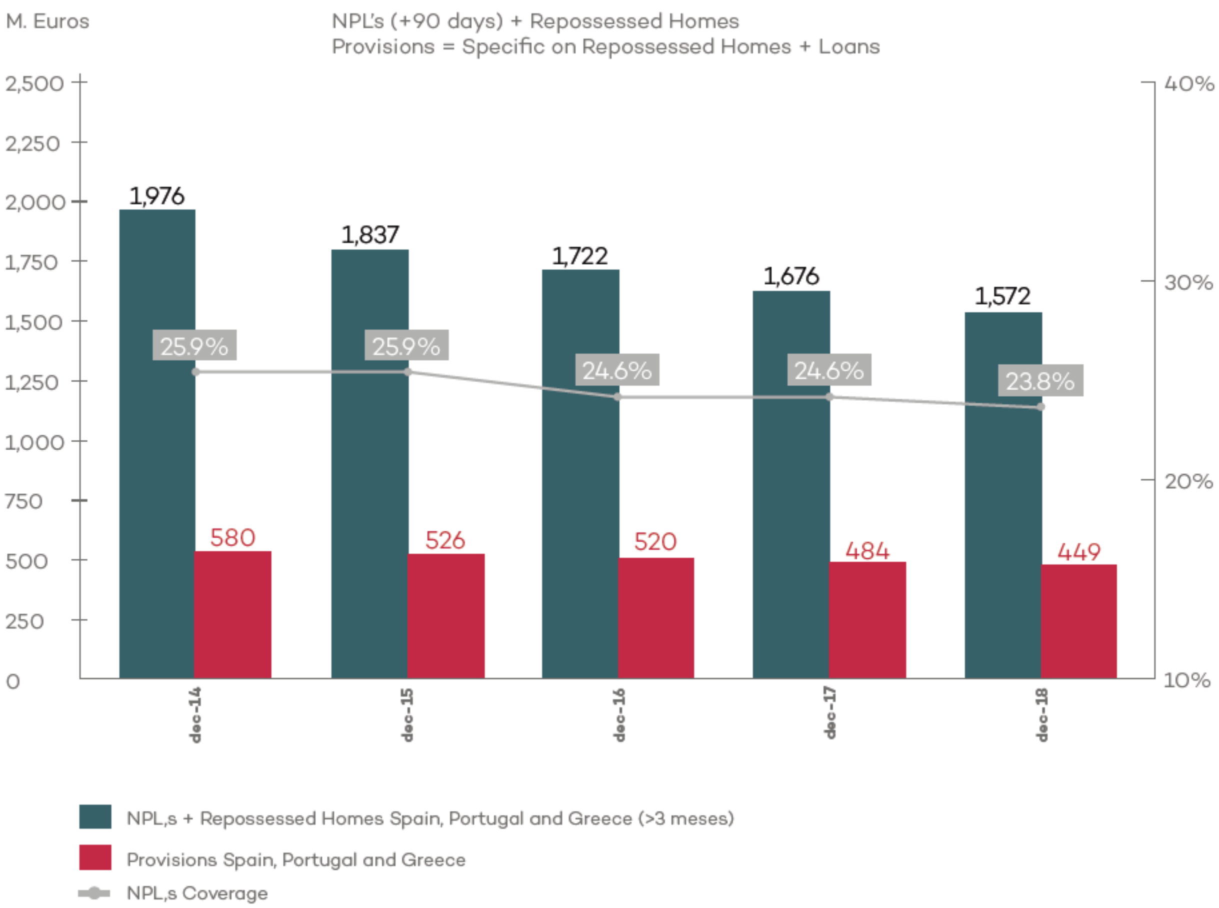
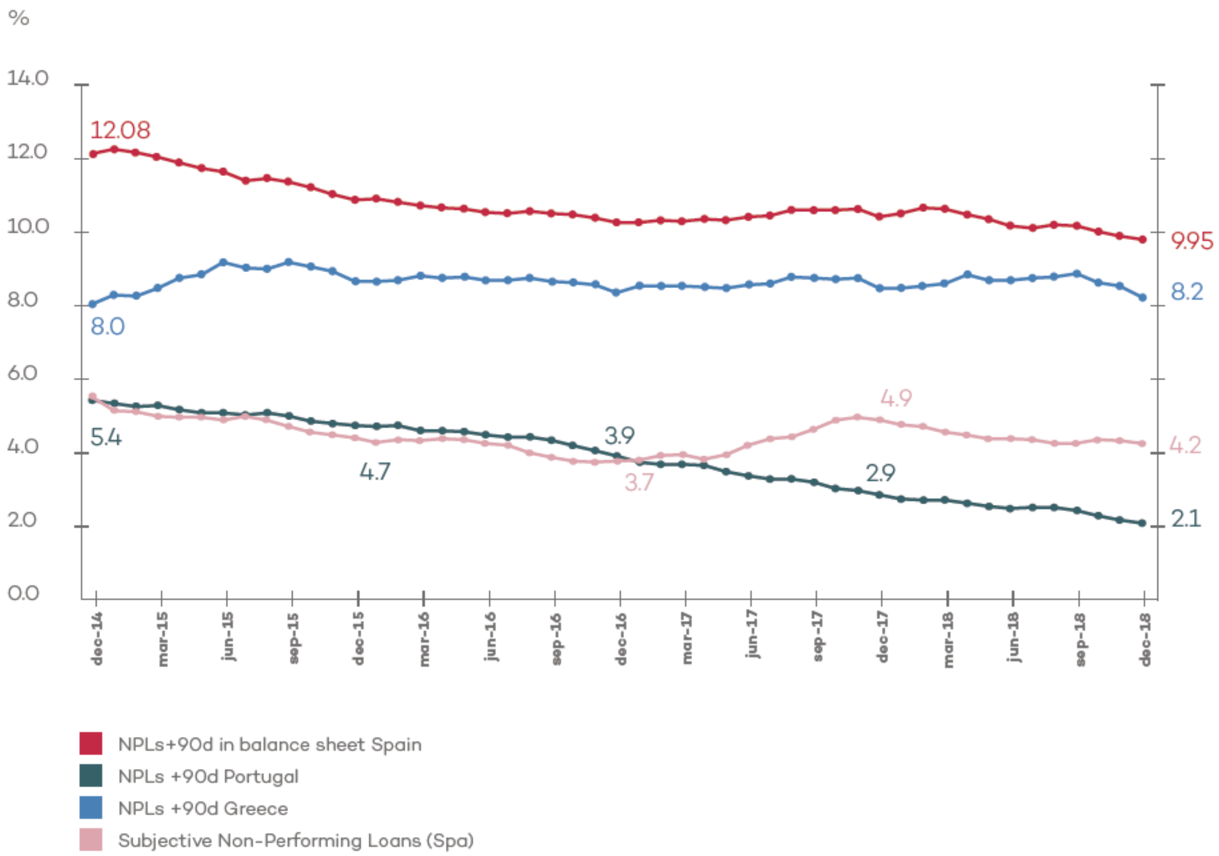


Figure 4.3. **%NPL's (+ 90 days) in Balance Sheet UCI**



approximately half of losses registered in 2017 (-3.3 M€).

UCI SPPI registered its third year of profits (46 thousand Euros), after 28 thousand Euros in 2017, as a consequence of the strong reorientation of the entity's activity in 2015.

Comprarcasa Portugal reached deadlock, with 1 thousand Euros after -49 thousand Euros in 2017.

On its first year of activity, UCI LMS in Greece reached 0.4 M €.

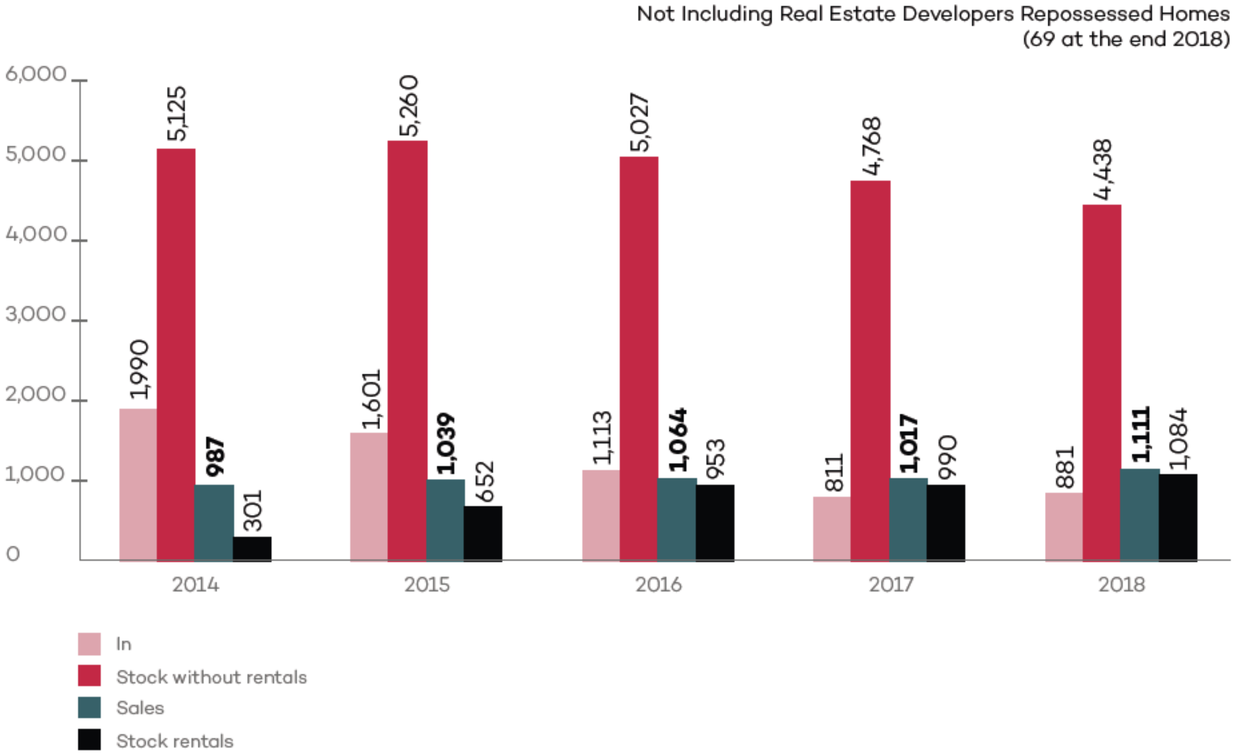
Risks and uncertainties

With regards to the main ***risks and uncertainties***, we note 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 2018.
- Operating risk: operating 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 consumption of equity in UCI Group, the valuation of its impact amounts to 22.7 million Euros, out of which 22.4 million are generated by the company Unión de Créditos Inmobiliarios, EFC.
- Risk of litigiousness: during 2018, the Group has continued managing judicial proceedings for the nullity of clauses, paying special attention to the most relevant reasons (Mortgage Loan Reference Index - IRPH, Formalization and Opening fees) and their treatment by the case law.

During 2018, the ***average period of payment*** to UCI's suppliers has been of 15 days, within the legally established term of 60 days. Due

Figure 4.4. **Spain Individuals: Tickets / Sales / Stock property adjudicated**



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.

The Entity has ***not acquired equity stock*** during 2018.

In ***dates subsequent to the closing***, in particular, on March 21, 2019, the Greek Ministry of Economy has published the withdrawal from this country of the subsidiary of UCI, EFC, confirming its closure.

Equity and Solvency Ratios.

UCI Group has preserved its solid capital base and held, at 2018 closing, an equity solvency with comfortable capital ratios.

At December 2018, UCI Group's computable equity amounted to 539.4 million Euros, not including results generated during 2018 (accordingly, it will amount to 549 million after the Board decides its application to Voluntary Reserves), which implies an excess by 91.7 million Euros with regards to the applicable regulation's criteria (Circular 3/2008), out of which 75M€ correspond to subordinated debt, which are recorded as second-category capital. The Operating Risk implies a consumption of 22.7 M€ with the standard method, essentially generated by the company UCI, SA, EFC. Deferred tax assets at December 2018 amounted to 74 million Euros.

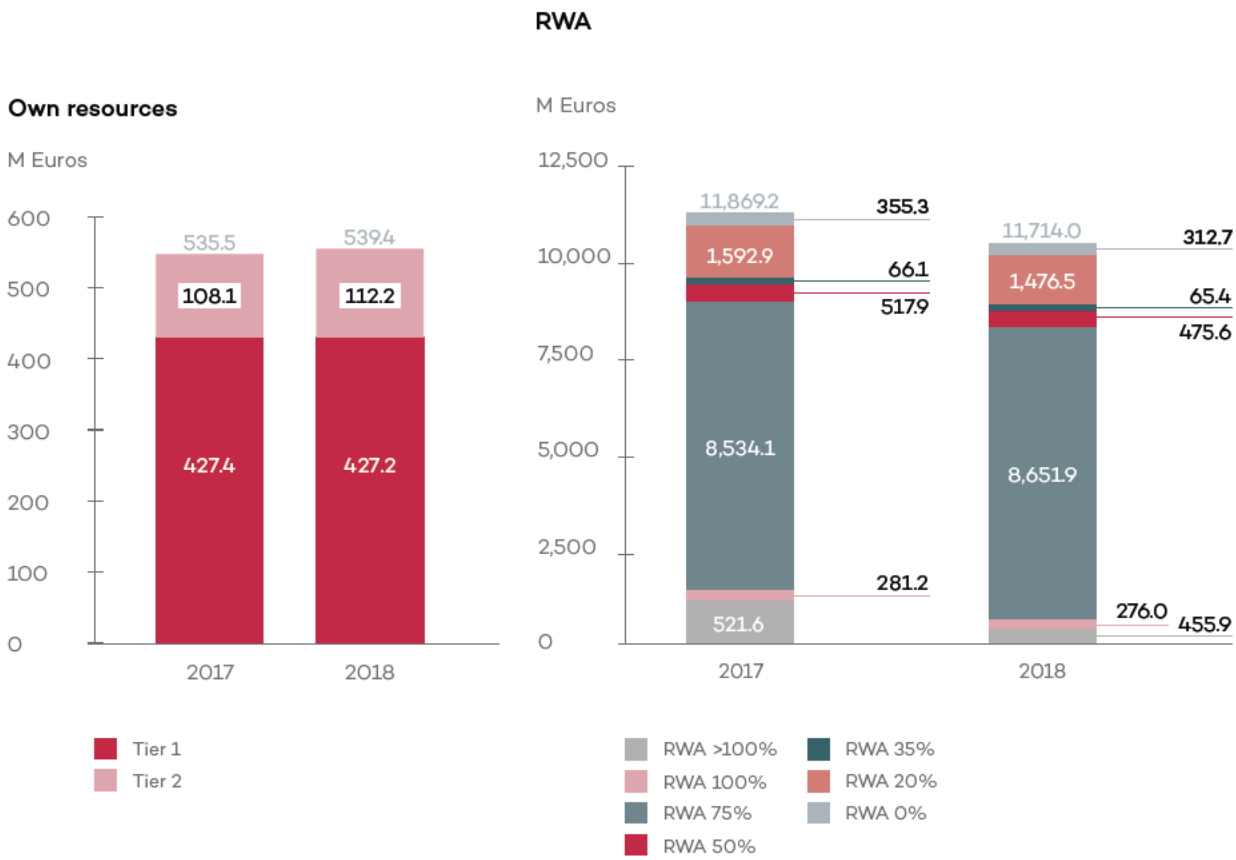
Thus, the UCI Group's solvency ratio amounted, at 2018 closing, to 9.64%. (Figure 4.5.).

Group's expected evolution

Economies in the Iberian Peninsula present a higher dynamism than the average in the Euro area, with improving macroeconomic data. This should indicate the maintenance of the positive trend that began in 2015.

UCI will continue actively managing the context, maintaining a management model, focused in facing its clients' real needs, quality and transparency in all processes. On the commercial activity in Spain, as complement to its presence in the channel of real estate professionals, UCI will continue developing its direct channel, particularly through its brand "hipotecas.com", focusing its responsible credit strategy on an appropriate margin management, and on continuing developing its refinancing autonomy.

Figure 4.5. **Coefficients of own resources UCI Group at 12/31/2018**



In the portfolio's proactive management, clients' satisfaction, cross-selling, efficiency in the recovery of operations with defaults, the profitable divestment of foreclosed assets and the cost control will continue being the main priorities.

In 2019, UCI will continue developing its financing policy in new production markets, through securitizations, as well as through other financing sources, more easily accessible with the two 'Investment Grade' ratings obtained by UCI EFC in 2018 and 2019 with agencies BBRS and Fitch respectively.

Non-Financial Reporting Statement

By virtue of Law 11/2018, of 28 December, of non-financial information and diversity, UCI Group has elaborated the consolidated non-financial reporting statement related to 2018, which is included as a separate document attached to the consolidated management report of 2018, as established on article 44 of the Commercial Code.

UCI.

Translation of consolidated annual accounts originally issued in Spanish.
In the event of a discrepancy, the Spanish-language version prevails.

MAZARS

Independent Auditor's Report on the Consolidated Annual Accounts

To the Shareholders of UCI S.A.

Opinion

We have audited the consolidated annual accounts of UCI, S.A. (hereinafter, the Parent Entity) and subsidiaries (hereinafter, the Group), comprising the consolidated balance sheet at December 31, 2018, the consolidated profit and loss account, the consolidated statement of recognized income and expenses, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the consolidated notes thereto, corresponding to the year therein ended.

In our opinion, the consolidated annual accounts express, in all material respects, the true and fair view of the Group's consolidated equity and financial position at December 31, 2018, as well as the consolidated results and cash flows, corresponding to the year therein ended, in agreement with the applicable financial reporting framework (identified on note 2 to the consolidated financial statements) and, in particular, with accounting principles and criteria set forth therein.

Basis for the opinion

We have conducted our audit in accordance with audit regulations in force in Spain. Our responsibilities under those regulations are further described in the Auditor's responsibilities for the audit of the consolidated annual accounts section of our report.

We are independent of the Group in accordance with ethical requirements, including those regarding independence, that are relevant to our audit of consolidated annual accounts in Spain, pursuant to audit regulations in force. In this regard, we have not provided any services other than the audit of the consolidated annual accounts, nor have any situations or circumstances arisen that, under the aforementioned audit regulations, might have affected the required independence in such a way as to compromise our independence.

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

Most relevant audit matters

Most relevant audit matters are those matters that, in our professional judgement, have been assessed as the most significant risks of material misstatement in our audit of the consolidated annual accounts of the current period. These risks were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

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

MAZARS

Impairment for credit risk and of foreclosed property assets

The impairment estimate of loans and accounts receivable and foreclosed estates is one of the most significant and complex estimates in the preparation of the accompanying consolidated annual accounts.

When estimating credit risk provisions, guarantees, real or personal, considered efficient are taken into account. The assessment of the recoverable amount considers regulations, with an estimate of their value of reference, selling costs and possible discounts. When determining the value of real estate guarantees, the reference taken is the different appraisals performed by appraisal entities.

The estimate of the value of property assets originated from the credit activity, foreclosed by the Group through court or through a property swap process, is subject to the abovementioned criteria.

Our audit approach has included both the assessment of the most relevant controls established by the Group, related to the impairment calculation, and the performance of tests of detail and substantive tests. The main procedures performed have consisted, among others, on the following:

- Verification of the different internal control policies and procedures established, as per applicable regulation requirements.

- Verification of the different databases used, reviewing their reliability and the coherence of data sources used on calculations.

- Assessment of the review performed on borrowers' files to ensure their appropriate classification and, if applicable, possible impairment.

- Evaluation of criteria and policies established for refinancing and restructuring operations.

- For tests of detail, we have performed:

    - Verification of calculation methods and appropriate accounting classification.
    - Review for a sample of individualized loans of their correct accounting registration and classification, appraisal performed by an independent expert and, if applicable, the corresponding impairment.
    - Review for a sample of files of property assets originated from foreclosures and property swaps of their correct accounting registration and classification and, where applicable, the corresponding impairment.

Valuation criteria used and disclosures related to the abovementioned items are included on enclosed note 11 d), g) and p) and notes 16 and 17 to the consolidated financial statements.

Risks associated to Information Technology

The Group's activity and reporting processes are largely dependent from information systems.

Information systems' general internal control framework in relation to the financial reporting processing and accounting registration is considered essential for our internal control assessment.

In this context, we consider that it is necessary to assess the effectiveness of internal control IT General Controls.

Our audit approach has therefore included the assessment of the most relevant general controls performed by the Group, as well as automatic controls in key processes. The main procedures performed by us have considered, among others, on the following:

- Tests of general controls on the main applications, assessing:
  - Applications' development and maintenance;
  - Security;
  - Governance and functioning of the information systems' area;
  - Authorization system.
- On automatic controls on key processes of our audit, we have determined which the main business processes are, as well as existing information flows, such as loans' classification as per credit quality, or the generation and registration of revenue from interests, analyzing threats and safeguards related to the completeness and accuracy of information.

Other information: Consolidated Directors' Report

Other information only comprises the consolidated management report for the 2018 financial year, the formulation of which is the responsibility of the Parent Entity's Directors and is not an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report is defined on the audit regulation, which establishes two differentiated levels:

a) A specific level, applicable to the consolidated non-financial information statement, consisting in solely verifying that this information has been provided on the consolidated management report or, where applicable, that the consolidated management report incorporates the corresponding reference to the separate report on consolidated non-financial information, as established by regulations, or, otherwise, reporting on it.

b) A general level, applicable to the remaining information contained on the consolidated management report, consisting in assessing and reporting regarding the agreement of this information with the consolidated annual accounts, based on the Group's understanding obtained during the audit of said accounts, and not including information other than the one obtained as evidence during the audit, as well as assessing and reporting on whether the contents and presentation of this part of the consolidated management report agree with applicable regulations. If, based on our work, we conclude that there are material misstatements; we are forced to report on them.

Based on the work performed, as described above, we have checked that the non-financial information included on section a) above is presented on a separate report, "Consolidated Non-Financial Information Statement", to which the consolidated management report refers, and that the remaining information contained on the consolidated management report is consistent with that disclosed in the consolidated annual accounts for the 2018 financial year, and its content and presentation are in accordance with applicable regulations.

MAZARS

Directors' responsibilities in relation to the audit of the consolidated annual accounts

The Parent Company's Directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they express the true and fair view of the Group's consolidated equity, consolidated financial position and consolidated financial performance, in accordance with the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent Company's Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and the related disclosures made by the Parent Company's Directors.

- Conclude on the appropriateness of the use by the Parent Company's Directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation; structure and content of the consolidated annual accounts, including disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate evidence in relation to the financial information of the Group's entities or business activities to express an opinion on the consolidated annual accounts. We are responsible for the management, supervision and performance of the Group's audit. We alone are responsible for our auditor's opinion.

We communicate with the Parent Company's Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Among significant risks communicated with the Parent Entity's Directors, we determine those risks that were of most significance in the audit of the consolidated annual accounts of the current period and therefore are the most significant assessed risks.

We describe these risks in our auditor's report unless laws or regulation preclude public disclosure about the matter.

AUDITORES
INSTITUTO DE CENSORES JURADOS DE CUENTAS DE ESPAÑA

MAZARS AUDITORES, S.L.P

2019 Núm. 01/19/03618

COPIA

Informe de auditoría de cuentas sujeto a la normativa de auditoría de cuentas española o internacional

Madrid, 29 March 2019

MAZARS AUDITORES, S.L.P.
ROAC Nº S1189

Carlos Marcos Corral
ROAC Nº 17.577

UCI, S.A. and Subsidiaries (UCI GROUP)

Consolidated balance sheets
at 31 december 2018 and 2017
(expressed in thousands of euros)

ASSETS	Note	2018	2017 (*)
Cash and deposits with central banks		9	11
Financial assets held for trading	23	4,045	5,130
Deposits with credit entities		-	-
Credits to customers		-	-
Debt securities		-	-
Capital instruments		-	-
Trading derivatives		4,045	5,130
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		-	-
Pro memoria, Prestados o en garantía		-	-
Financial assets available for sale		-	-
Debt securities		-	-
Other capital instruments		-	-
Memorandum item, Loaned or advanced as collateral		-	-
Credit investments	16	10,594,635	10,680,689
Deposits with credit entities		126,835	149,090
Credits to customers		10,467,800	10,531,599
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		-	2,695
Non-current assets held for sale	17	336,280	367,018
Investments		-	-
Associates		-	-
Jointly controlled entities		-	-
Insurance contracts linked to pensions		-	-
Tangible assets		120,349	104,923
Property, plants and equipment	18	2,800	2,879
For own use		2,800	2,879
Other assets leased out under an operating lease		-	-
Investment properties	19	117,549	102,044
Memorandum item, Acquired under a finance lease		-	-
Intangible assets		614	482
Goodwill		-	-
Other intangible assets		614	482
Tax assets	20	74,586	70,310
Current		545	1,494
Deferred		74,041	68,816
Other assets	21	383,691	458,510
TOTAL ASSETS		11,514,209	11,689,768
Memorandum item			
Contingent risks	29	-	-
Contingent commitments		12,787	11,587

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

UCI.

UCI, S.A. and Subsidiaries (UCI GROUP)

Consolidated balance sheets
at 31 december 2018 and 2017
(expressed in thousands of euros)

LIABILITIES AND NET EQUITY	Note	2018	2017 (*)
LIABILITIES			
Financial liabilities held for trading	23	6,267	6,966
Deposits from central banks			
Deposits on credit institutions		-	-
Deposits from other creditors		-	-
Debt certificates including bonds		-	-
Trading derivatives		6,267	6,966
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	11,023,873	11,214,883
Deposits from central banks		-	-
Deposits on credit institutions		7,196,015	7,198,297
Deposits from other creditors		2,087,177	2,471,363
Debt certificates including bonds		1,660,353	1,464,900
Subordinated liabilities		80,328	80,323
Other financial liabilities		-	-
Changes in the fair value of the hedged items in portfolio hedges of interest rate risk		-	-
Hedging derivatives	24	14,612	759
Hedging derivatives liabilities associated with non-current assets held for sale		-	-
Provisions		4,272	3,354
Provisions for pensions and similar obligations		-	-
Provisions for taxes and other legal contingencies		-	-
Provisions for contingent exposures and commitments		-	-
Other provisions		4,272	3,354
Tax liabilities	20	1,463	2,263
Current		1,463	1,455
Deferred		-	808
Other liabilities	21	36,530	31,785
TOTAL LIABILITIES		11,087,017	11,260,010
EQUITY		427,192	429,758
Own funds	26	436,844	427,872
Capital or endowment fund		98,019	98,019
Issued		98,019	98,019
Minus: unpaid and uncalled		-	-
Share premium		-	-
Reserves		329,819	323,344
Other equity instruments		-	-
Equity component of compound financial instruments		-	-
Other equity instruments		-	-
Minus: Treasury shares		-	-
Profit or loss attributed to the parent company		9,006	6,509
Minus: Dividends and remuneration		-	-
Valuation adjustments	25	(9,652)	1,886
Financial assets held for sale		-	-
Cash flow hedges		(9,652)	1,886
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		11,514,209	11,689,768

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

UCI, S.A. and Subsidiaries (UCI GROUP)

Consolidated profit and loss accounts
at 31 december 2018 and 2017
(expressed in thousands of euros)

	Note	2018	2017(*)
Interests and similar income	30	218,728	231,575
Interests and similar charges	31	78,408	76,172
NET INTEREST INCOME		**140,320**	**155,403**
Return on equity instruments		-	-
Share of profit or loss of entities accounted for using the equity method		-	-
Fee and commission income		10,205	11,531
Fee and commission expenses		4,973	3,691
Net gains (losses) on financial assets and liabilities		19,018	8,786
Held for trading		1,330	-405
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		17,688	9,101
Rest			
Net exchange differences			
Other operating income		5,383	4,976
Other operating expenses			
GROSS INCOME		**169,953**	**177,005**
Administration expenses			
Personnel expenses	32	33,231	32,557
Other administrative expenses	33	52,125	47,934
Depreciation and amortization		3,209	2,898
Provisioning expense (net)		912	1,299
Impairment losses on financial assets (net)		48,773	55,500
Loans and receivables		48,773	55,500
Other financial instruments not at fair value through profit or loss		-	-
NET OPERATING INCOME		**31,703**	**36,817**
Impairment losses on other assets (net)		160	196
Goodwill and other intangible assets		-	-
Other assets		160	196
Gains (losses) on derecognized assets not classified as non-current assets held for sale		-684	-483
Negative goodwill		-	-
Gains (losses) on non-current assets held for sale not classified as discontinued operations		-20,901	-31,063
INCOME BEFORE TAX		**9,958**	**5,075**
Income tax	27	952	1,434
INCOME FROM CONTINUING TRANSACTIONS		**9,006**	**6,509**
Income from discontinued transactions (net)			
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR		**9,006**	**6,509**
Net income attributed to non-controlling interests		-	-
NET INCOME ATTRIBUTED TO THE GROUP		**9,006**	**6,509**

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

UCI, S.A. and Subsidiaries (UCI GROUP)

Consolidated statements of comprehensive income corresponding to years ended at 31 december 2018 and 2017
(expressed in thousands of euros)

	2018	2017(*)
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR	**9,006**	**6,509**
OTHER RECOGNIZED INCOME (EXPENSES)	**-11,538**	**13,019**
Financial assets held for sale		
Revaluation gains/(losses)		
Amounts transferred to the income statement		
Other reclassifications		
Cash flow hedges	-16,483	18,599
Revaluation gains/(losses)	-16,483	18,599
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	4,945	-5,580
Income tax		
TOTAL RECOGNIZED INCOME/EXPENSES	**-2,532**	**19,528**

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

UCI, S.A. and Subsidiaries (UCI GROUP)

Consolidated statements of comprehensive income corresponding to years ended at 31 december 2018 and 2017
(expressed in thousands of euros)

	EQUITY									
	Common stock	Share premium	Reserves	Other equity instru-ments	Profit/ (loss) for the year	Minus: divi-dends and remuner-ation	Non-con-trolling interests	Total Stock-holders' Funds	VALU-ATION AD-JUST-MENTS	TOTAL NET EQUITY
1. Adjust-ed closing balance 31/12/2017	98,019		323,344		6,509		-	427,872	1,886	429,758
2. Total recog-nized income/ expenses			-		-2,532		-	-2,532	-	-2,532
3. Other var-iations in net equity	-	-	6,475	-	5,029	-	-	11,504	-11,538	-34
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 Reclas-sification of financial liabilities to other equity instruments										
3.6 Reclassifi-cation of equi-ty instruments to financial liabilities										
3.7 Dividend distribution										
3.8 Transac-tions including treasury stock and other equity instru-ments (net)										
3.9 Transfers among total equity entries			6,509		-6,509			-		-
3.10 Increase/ reduction due to business combinations										
3.11 Payments with equity instruments										
3.12 Rest of increases/ reductions in total equity					11,538			11,538	-11,538	-
3.13 Exchange differences			-34					-34	-	-34
4. Closing balance at 31/12/2018	98,019		329,819		9,006		-	436,884	-9,652	427,192

(*) 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 2018 and 2017
(Expressed in thousands of euros)

	FONDOS PROPIOS									
	Common stock	Share premium	Reserves	Other equity instruments	Profit/ (loss) for the year	Minus: dividends and remuneration	Non-controlling interests	Total Stockholders' Funds	VALUATION ADJUSTMENTS	TOTAL NET EQUITY
1. Adjusted closing balance 31/12/2016	98,019		317,052		6,297		-	421,368	-11,133	410,235
2. Total recognized income/expenses			-		19,528		-	19,528	-	19,528
3. Other variations in net equity	-	-	6,292	-	-19,316	-	-	-13,024	13,019	-5
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			6,297		-6,297			-		-
3.10 Increase/ reduction due to business combinations										
3.11 Payments with equity instruments										
3.12 Rest of increases/ reductions in total equity					-13,019			-13,019	13,019	-
3.13 Exchange differences			-5					-5		-5
4. Closing balance at 31/12/2017	98,019		323,344		6,509		-	427,872	1,886	429,758

(*) 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 2018 and 2017
(expressed in thousands of euros)

	2018	2017(*)
CASH FLOWS FROM OPERATING ACTIVITIES	**-13,538**	**34,518**
Profit or loss for the period	9,006	6,509
Adjustments to profit or loss	73,556	91,449
Depreciation and amortization	3,209	2,898
Other adjustments	70,347	88,551
Net increase/decrease in operating assets	89,349	5,363
Financial assets held for trading	1,085	-5,130
Other financial assets designated at fair value through profit or loss	-	-
Financial assets held for sale	-	-
Loans and receivables	15,026	14,627
Other operating assets	73,238	-4,134
Net increase/decrease in operating liabilities	-183,638	-67,762
Financial assets held for trading	-699	6,966
Financial liabilities at amortized cost	-191,010	-76,054
Other operating liabilities	8,071	1,326
Collections/payments for income tax	-1,811	-1,041
CASH FLOWS FROM INVESTING ACTIVITIES	-8,685	-11,700
Investment	-68,639	-63,298
Tangible assets	-1,418	-1,140
Intangible assets	-568	-362
Investments	-	-
Non-current assets held for sale and associated liabilities	-66,653	-61,796
Divestments	59,954	51,598
Tangible assets	7,737	5,160
Non-current assets held for sale and associated liabilities	52,217	46,438
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Investment		
Dividends		
Divestments		
EFFECT OF EXCHANGE RATE CHANGES	-34	-
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (A+B+C+D)	-22,257	22,818
CASH OR CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	149,101	126,283
CASH OR CASH EQUIVALENTS AT END OF THE PERIOD	126,844	149,101
MEMORANDUM ITEM:		
COMPONENTS OF CASH AND EQUIVALENTS AT END OF THE PERIOD		
Cash	9	11
Balance of cash equivalent in central banks		
Other financial assets	126,835	149,090
Total cash or cash equivalents at end of the period	126,844	149,101

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

UCI, S.A. and Subsidiaries (UCI GROUP)

Consolidated notes to the financial statements for the year ended at 31 december 2018

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 and is currently undergoing a liquidation process after the transfer of the existing loan portfolio to the Entity in Spain. The remaining activity is performed on the national territory.

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, 2018 and 2017, total assets, net equity and results for the year of the Subsidiary UNION DE CREDITOS 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, 2018 and 2017, 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.
Entidad Financiera de Crédito Sociedad Unipersonal

Balance sheets at 31 december 2018 and 2017

(Expressed in thousands of euros)

ASSETS	2018	2017
Cash and balances with central banks	9	11
Financial assets held for trading	1,017	3,412
Loans and advances to credit institutions	-	-
Loans and advances to other debtors	-	-
Debt securities	-	-
Equity instruments	-	-
Trading derivatives	1,017	3,412
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 held for sale	-	-
Debt securities	-	-
Other equity instruments	-	-
Memorandum item, Loaned or advanced as collateral	-	-
Loans and receivables	11,010,555	11,111,864
Loans and advances to credit institutions	54,722	82,665
Loans and advances to other debtors	10,955,833	11,029,199
Debt securities	-	-
Memorandum item, Loaned or advanced as collateral	-	-
Investments held to maturity	-	-
Pro memoria, Prestados o en garantía	-	-
Changes in the fair value of the hedged items in portfolio hedges of interest rate risk	-	-
Hedging derivatives	-	2,695
Non-current assets held for sale	310,441	334,331
Investments	-	-
Associates	-	-
Jointly controlled entities	-	-
Group entities	-	-
Insurance contracts linked to pensions	-	-
Tangible assets	117,214	102,255
Property, plants and equipment	2,585	2,658
For own use	2,585	2,658
Other assets leased out under operating lease		
Investment properties	114,629	99,597
Memorandum item, Acquired under a finance lease	-	-
Intangible assets	596	471
Goodwill	-	-
Other intangible assets	596	471
Tax assets	56,264	51,501
Current	111	8
Deferred	56,153	51,493
Other assets	430,143	492,645
TOTAL ASSETS	11,926,239	12,099,185
Memorandum item		
Contingent risks	-	-
Contingent commitments	12,787	11,587

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Unión de Créditos Inmobiliarios, S.A.
Entidad Financiera de Crédito Sociedad Unipersonal

Balance sheets at 31 december 2018 and 2017
(Expressed in thousands of euros)

LIABILITIES AND NET EQUITY	2018	2017
LIABILITIES		
Financial assets held for trading	**4,366**	**3,619**
Deposits from central banks	-	-
Deposits from credit institutions	-	-
Deposits from other creditors	-	-
Debt certificates including bonds	-	-
Trading derivatives	4,366	3,619
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	**11,476,494**	**11,666,034**
Deposits from central banks	-	-
Deposits from credit institutions	7,196,015	7,198,297
Deposits from other creditors	4,139,105	4,307,239
Debt certificates including bonds	-	-
Subordinated liabilities	141,374	160,498
Trading derivatives	-	-
Other financial liabilities	-	-
Changes in the fair value of the hedged items in portfolio hedges of interest rate risk	**-**	**-**
Hedging derivatives	**14,612**	**759**
Hedging derivatives liabilities associated with non-current assets held for sale	**-**	**-**
Provisions	**3,494**	**2,584**
Provisions for pensions and similar obligations	-	-
Provisions for taxes and other legal contingencies	-	-
Provisions for contingent exposures and commitments	-	-
Other provisions	3,494	2,584
Tax liabilities	**1,075**	**2,113**
Current	1,075	1,305
Deferred	-	808
Other liabilities	**30,751**	**27,654**
TOTAL LIABILITIES	**11,530,820**	**11,702,763**
NET EQUITY	**395,447**	**396,422**
Own funds	**405,099**	**394,536**
Capital or endowment fund	38,280	38,280
Issued	38,280	38,280
Minus unpaid and uncalled	-	-
Share premium	-	-
Reserves	356,256	345,939
Other equity instruments	-	-
De instrumentos financieros compuestos	-	-
Other equity instruments	-	-
Minus: Treasury shares		
Profit or loss for the period	10,563	10,317
Minus: Dividends and remunerations		
Valuation adjustments	**-9,652**	**1,886**
Financial assets held for sale	-	-
Cash flow hedges	-9,652	1,886
Hedge of net investment in foreign operations	-	-
Exchange differences	-	-
Non-current assets held for sale	-	-
Other valuation adjustments	-	-
TOTAL NET EQUITY AND LIABILITIES	**11,926,239**	**12,099,185**

Unión de Créditos Inmobiliarios, S.A.
Entidad Financiera de Crédito Sociedad Unipersonal

Income statements at 31 december 2018 and 2017
(Expressed in thousands of euros)

	2018	2017
Interests and similar income	218,970	231,818
Interests and similar charges	78,868	75,973
NET INTEREST INCOME	**140,102**	**155,845**
Return on equity instruments	-	-
Fee and commission income	10,187	11,512
Fee and commission expenses	4,973	3,691
Net gains (losses) on financial assets and liabilities	19,018	8,786
Financial assets held for trading	1,330	-405
Other financial instruments at fair value through profit or loss	-	-
Liabilities at amortized cost	-	-
Financial instruments not at fair value through profit or loss	17,688	9,191
Other	-	-
Exchange differences (net)	-	-
Other operating income	2,838	2,696
Other operating expenses	-	-
GROSS INCOME	**167,172**	**175,148**
Administration expenses		
Personnel expenses	31,249	31,795
Other administrative expenses	49,638	43,658
Amortization	3,058	2,815
Provisioning expense (net)	912	1,299
Impairment losses on financial assets (net)	49,392	55,288
Loans and receivables	49,392	55,288
Other financial instruments not at fair value through profit or loss	-	-
NET OPERATING INCOME	**32,923**	**40,293**
Impairment losses on other assets (net)	131	200
Goodwill and other intangible assets	-	-
Other assets	131	200
Gains (losses) on derecognized assets not classified as non-current assets held for sale	-684	-483
Negative goodwill	-	-
Gains (losses) on non-current assets held for sale not classified as discontinued operations	-20,071	-29,047
RESULT BEFORE TAX	**12,037**	**10,563**
Income tax	1,474	246
PROFIT OR LOSS FOR THE PERIOD FROM CONTINUING TRANSACTIONS	**10,563**	**10,317**
Income from discontinued transactions (net)		
PROFIT OR LOSS FOR THE PERIOD	**10,563**	**10,317**

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Unión de Créditos Inmobiliarios, S.A.
Entidad Financiera de Crédito Sociedad Unipersonal
Comprehensive income statement corresponding to years ended at 31 december 2018 and 2017
(Expressed in thousands of euros)

	2018	2017
PROFIT OR LOSS FOR THE PERIOD	**10,563**	**10,317**
OTHER RECOGNIZED INCOME (EXPENSES)	**-11,538**	**13,019**
Financial assets held for sale		
Revaluation gains/(losses)		
Amounts transferred to the income statement		
Other reclassifications		
Cash flow hedges	-16,483	18,599
Revaluation gains/(losses)	-16,483	18,599
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	4,945	-5,580
TOTAL RECOGNIZED INCOME/EXPENSES	**-975**	**23,336**

Unión de Créditos Inmobiliarios, S.A.
Entidad Financiera de Crédito Sociedad Unipersonal

Statement of changes in equity corresponding to years ended at 31 december 2018 and 2017
(Expressed in thousands of euros)

	EQUITY									
	Common stock	Share premium	-	Other equity instru-ments	Minus: Treasury shares	Profit or loss for the period	Profit or loss for the period	Total stock-holders' funds	VALU-ATION AD-JUST-MENTS	TOTAL EQUITY
1. Closing balance at (31/12/2017)	38,280	-	345,939			10,317	-	394,536	1,886	396,422
2. Adjusted opening balance	38,280	-	345,939			10,317	-	394,536	1,886	396,422
3. Total recognized income/expenses	-		-	-	-	-975		-975	-	-975
4. Other variations in net equity		-	10,317			1,221		11,538	-11,538	-
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	-	-	10,317	-	-	-10,317	-	-	-	-
4.10 Increase/reduction due to business combinations										
4.11 Payments with equity instruments										
4.12 Rest of increases/reductions in total equity	-	-	-	-	-	11,538	-	11,538	-11,538	-
5. Closing balance at (31/12/2018)	38,280	-	356,256			10,563	-	405,099	-9,652	395,447

Unión de Créditos Inmobiliarios, S.A.
Entidad Financiera de Crédito Sociedad Unipersonal

Statement of changes in equity corresponding to years ended at 31 december 2018 and 2017
(Expressed in thousands of euros)

	FONDOS PROPIOS									
	Common stock	Share premium	Reserves	Other equity instru-ments	Minus: Treasury shares	Profit or loss for the period	Minus: divi-dends and re-munera-tions	Total stock-holders' funds	VALU-ATION AD-JUST-MENTS	TOTAL EQUITY
1. Closing balance at (31/12/2016)	**38,280**	**-**	**334,198**			**11,741**	**-**	**384,219**	**-11,133**	**373,086**
2. Adjusted opening balance	**38,280**	**-**	**334,198**			**11,741**	**-**	**384,219**	**-11,133**	**373,086**
3. Total recognized income/expenses	**-**	**-**	**-**	**-**	**-**	**23,336**		**23,336**	**-**	**23,336**
4. Other variations in net equity	**-**	**-**	**11,741**			**-24,760**		**-13,019**	**13,019**	**-**
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	-	-	11,741	-	-	-11,741	-	-	-	-
4.10 Increase/ reduction due to business combinations										
4.11 Payments with equity instruments										
4.12 Rest of increases/ reductions in total equity	-	-	-	-	-	-13,019	-	-13,019	13,019	-
5. Closing balance at (31/12/2017)	**38,280**	**-**	**345,939**			**10,317**	**-**	**394,536**	**1,886**	**396,422**

Unión de Créditos Inmobiliarios, S.A.
Entidad Financiera de Crédito Sociedad Unipersonal

Cash-flow statements corresponding to years ended at 31 december 2018 and 2017
(Expressed in thousands of euros)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES	9,006	51,863
Profit or loss for the period	10,563	10,317
Adjustments to profit or loss	96,059	117,363
Depreciation and amortization	3,058	2,815
Other adjustments	93,001	114,548
Net increase/decrease in operating assets	86,803	-21,823
Financial assets held for trading	2,395	-3,412
Other financial assets designated at fair value through profit or loss	-	-
Financial assets held for sale	-	-
Loans and receivables	23,974	254
Other operating assets	60,434	-18,665
Net increase/decrease in operating liabilities	-184,419	-53,994
Financial assets held for trading	747	3,619
Financial liabilities at amortized cost	-189,540	-48,654
Other operating liabilities	4,374	-8,959
Collections/payments for income tax	-	-
CASH FLOWS FROM INVESTING ACTIVITIES	-36,951	-42,734
Paugs	-91,777	-88,691
Tangible assets	-1,305	-1,127
Intangible assets	-559	-349
Non-current assets held for sale and associated liabilities	-89,913	-87,215
Divestment	54,826	45,957
Tangible assets	7,295	5,071
Intangible assets	-	-
Non-current assets held for sale and associated liabilities	47,531	40,886
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Investment		
Dividends	-	-
Divestment		
EFFECT OF EXCHANGE RATE CHANGES	-	-
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (A+B+C+D)	-27,945	9,129
F. CASH OR CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	82,676	73,547
G. CASH OR CASH EQUIVALENTS AT END OF THE PERIOD	54,731	82,676
MEMORANDUM ITEM:		
COMPONENTS OF CASH OR CASH EQUIVALENTS AT END OF THE PERIOD		
Cash	9	11
Balance of cash equivalent in central banks		
Other financial assets	54,722	82,665
Total cash or cash equivalents at end of the period	54,731	82,676

UCI.

2. Bases of presentation of the consolidated financial statements and consolidation principles

A. BASES OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Group's consolidated annual accounts have been formulated by Directors following models and accounting criteria established on Circular 4/2004, of 22 December, of Bank of Spain, to express the true and fair view of the Group's consolidated equity and consolidated financial situation at December 31, 2018, and consolidated results from operations and changes in consolidated equity and cash flows during the year therein ended.

The financial reporting framework applied by the Group, in 2017, is established on the International Financial Reporting Standards adopted by the European Union (hereinafter "IFRS- EU"), there being a substantial identity between such standards and those indicated by Bank of Spain on Circular 4/2004.

The entry into force of IFRS9 at January 1, 2018 substantially affects credit institutions. Therefore, there has been a break of the existing regulation framework to date, which differences are not applicable to the subsidiary UNION DE CREDITOS INMOBILIARIOS S.A. E.F.C., which virtually represents the totality of the Group's total assets and turnover, having the specific legal regime of Credit Financial Establishments, and to which Circular 4/2004 is solely and exclusively applicable, unlike its subsequent modifications.

Directors have therefore reviewed these regulatory framework and have considered that it is more appropriate, in conformity with accounting doctrines and other legal pronouncements, to formulate the consolidated annual accounts of 2018 following the accounting principles and criteria established on Circular 4/2004, justified by the accounting uniformity principle applied to date, as otherwise there would be a strong accounting asymmetry.

Exclusively for information purposes, it should be noted that the application of said IFRS9 would imply for the Group a first-application effect for an approximate amount of -84.99M€ (59.49M€ net of tax effect), based on estimates.

The Directors and their legal consultants have also concluded that the integration of Securitization Funds performed on the present consolidated financial statements, which have issued liabilities (securitization bonds) admitted to official trading in official secondary markets, does not constitute per se and therefore does not enforce the formulation of consolidated annual accounts under IFRS, not incurring on article 4 of Regulation 1606/2002 or in the definition of "companies", and since the Group does not keep an effective control on such Securitization Funds.

The consolidated financial statements corresponding to 2018 have been formulated by the Directors on the meeting held by the Board of Directors on March 29, 2019. The Group's consolidated financial statements and the Group Companies' financial statements corresponding to 2018 will be subject to approval by the General Shareholders' Meeting to be held on the first half of 2019. Nevertheless, the Board of Directors understands that such consolidated financial statements will be approved without changes.

The consolidated financial statements corresponding to 2017 were formulated by the Directors in the Board of Directors' meeting held on February 26, 2018, and approved by the General Shareholders' Meeting held on June 20, 2018.

The main accounting and valuation principles and criteria applied in the preparation of the 2018 consolidated financial statements are indicated on Note 11. All accounting principles and valuation criteria which had a significant effect on said consolidated annual accounts 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 2018, the amounts referred to 2017.

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.

Securitization funds in which an exposure as subordinated debt has been withheld have been consolidated through full consolidation for further information, although control is not held on them, and there might be other accounting alternatives for their presentation.

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, 2018 and 2017 is as shown in Table 4.1.

The contribution to the Group's results by each entity during 2018 has been shown in Table 4.2.

The contribution to the Group's results by each entity in 2017 was shown in Table 4.3.

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.

Table 4.1.

Insurance brokerage	SHARE CAPITAL (in thousands of Euros)	SHAREHOLDING PERCENTAGE	ACTIVITY
UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A. ESTABLECIMIENTO FINANCIERO DE CREDITO Sociedad Unipersonal C/ RETAMA 3 - MADRID	38,280	100%	Property financing loans
UCI SERVICIO PARA PROFESIORES INMOBILIARIOS,S.A. (antes 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 U.C.I. SERVICIOS INMOBILIARIOS Y PROFESIONALES, S.L. 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, SA	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	5	100%	Insurance brokerage
UCI Holding Brasil Lda	1,986	100%	Holding entity. It holds 50% of COMPANHIA PROMOTORA UCI
UCI Hellas Credit and Loan Receivables Servicing Company S.A.	100	100%	Management and maintenance of loans granted by financial entities.

Table 4.2.

UNIÓN DE CRÉDITOS INMOBILIARIO, S.A. EFC

UCI, SA	Business in Spain	Business in Portugal and Greece	Com-prarCasa, Rede de Serviços Imobiliári-os, S.A.	UCI Servi-cios para profesion-ales inmo-biliarios S.A.	Retama Real Estate	UCI Mediación de seguros	UCI Holding Ltda	UCI Hellas Credit and Loan Re-ceivables Servicing Company S.A.	Total Con-solidado
-309	4,173	6,390	1	46	-1,711	5	30	381	9,006

Table 4.3.

UNIÓN DE CRÉDITOS INMOBILIARIO, S.A. EFC

UCI, SA	Business in Spain	Business in Portugal and Greece	Com-prarCasa, Rede de Serviços Imobiliári-os, S.A.	UCI Servi-cios para profesion-ales inmo-biliarios S.A.	Retama Real Estate	UCI Mediación de seguros	UCI Holding Ltda	UCI Hellas Credit and Loan Re-ceivables Servicing Company S.A.	Total Con-solidado
-564	3,285	7,032	-49	28	-3,338	6	117	-8	6,509

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 financial assets.
- Assumptions used to quantify certain provisions.

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

Given that these estimates were made on the basis of the best information available at December 31, 2018 and 2017, 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 to capitalization reserves, with the limits established on Article 25 of Law 27/2014 of 27 November of the Corporate Income Tax, as well as voluntary reserves in the portion exceeding the capitalization reserve.

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.

However, and according to a release from ASNEF, after prior consultation to Bank of Spain, Financial Credit Establishments must continue complying with regulations prior to 2013, in line with the remaining obligations.

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, 2018 and 2017, and during such years, computable individual and consolidated equity exceeded those required by the regulation in force at each date.

UCI.

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. SEGMENTATION BY GEOGRAPHICAL AREA:

The Group counts with a branch in Portugal (production of 185.18 and 152.89 M€ at December 31, 2018 and 2017 respectively) and Greece, without production since 2017 and in liquidation after the transfer of the existing loan portfolio to the Entity in Spain. The remaining activity is held in Spain.

C. AGENCY CONTRACTS

Neither at 2018 and 2017 closings, nor throughout such years, has the Group 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, 2018 and 2017, 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 accompanying consolidated income statement for an amount of 112 thousand Euros (144 thousand Euros in 2017).

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.

Remuneration of key personnel and Board members as Directors

Salary remunerations perceived in 2018 by professionals comprised on the Entity's key personnel and by Board Members as Directors amounted to 2,650 thousand Euros (2,513 thousand Euros in 2017), fully corresponding to fixed remuneration.

There have not been any severance payments to key personnel in 2018 or 2017.

For the purposes of the accompanying 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 2018 and 2017, 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 accompanying 2018 consolidated Income statement have amounted to 63,057 Euros (61,845 Euros in 2017). In 2018, fees for other services delivered by the auditor or other network entities have amounted to 48 thousand Euros (0 in 2017), regardless of their invoicing period.

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. 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 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 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, minus 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 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.

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:

  I. 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.

II. 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 2018, 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, 2018 and 2017, 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 (Table 4.4.

F. TRANSFERS AND WRITE OFF OF FINANCIAL INSTRUMENTS FROM THE CONSOLIDATED BALANCE SHEET

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,

Table 4.4.

	Thousands of Euros			
	Carrying value	2018		
		LEVEL 1	LEVEL 2	LEVEL 3
Financial assets				
Cash and balances with central banks	9		9	-
Trading portfolio	4,045		4,045	
Other financial assets designed at fair value through profit or loss	-	-	-	-
Financial assets held for sale	-	-	-	-
Loans and receivables	10,594,635		10,594,635	
Non-current assets held for sale	336,280	-	336,280	-
Investment at maturity	-	-	-	-
Hedging derivatives	-		-	-
Financial liabilities				
Financial liabilities held for trading	6,267		6,267	
Financial liabilities at amortized cost	11,025,170	-	11,025,170	-
Hedging derivatives	14,612	-	14,612	-

	Thousands of Euros			
	Carrying value	2017		
		LEVEL 1	LEVEL 2	LEVEL 3
Financial assets				
Cash and balances with central banks	11		11	-
Trading portfolio	5,130		5,130	
Other financial assets designed at fair value through profit or loss	-	-	-	-
Financial assets held for sale	-	-	-	-
Loans and receivables	10,680,689		10,680,689	
Non-current assets held for sale	367,018	-	367,018	-
Investment at maturity	-	-	-	-
Hedging derivatives	2,695		2,695	-
Financial liabilities				
Financial liabilities held for trading	6,966		6,966	
Financial liabilities at amortized cost	11,214,883	-	11,214,883	-
Hedging derivatives	759	-	759	-

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.

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, minus 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 minus 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 consolidated 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.

Tax assessment bases, as well as deferred tax assets, which at December 31, 2018 approximately amount to 74 M€ (68.8 M€ at December 31, 2017), are expected to be recovered with foreseen future profits as per the Group's Business Plans

L. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment 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 minus the corresponding accumulated depreciation and, as applicable, minus 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 minus 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 minus, 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 accompanying 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, minus 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 2/2017 of February 29, which adopts the RLD 2/2017, 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, minus 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.

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 and claims received and processed during 2018.

During 2018, the total number of complaints/ claims amount to 3,411, which implies an increase by 391% with regards to claims received in 2017.

These 3,411 claims received are detailed as follows:

- 3,282 processed by the Customer Service.
- 129 processed by the Customers' Ombudsman.

The most significant reasons for the total complaints / claims presented during 2018 are the following:

- Operation's processing expenses.
- Disagreement with the application of the IRPH as review reference.
- Late interests, early maturity and loan's fees, including opening fees.
- Loan's payment difficulty.

We note that the abovementioned reasons have been included on joint or individual claims, sometimes reiterated by clients.

At December 31, 2018, 3,184 complaints/claims had been solved and 227 are awaiting resolution.

Furthermore, it should be noted that, out of all received claims, a total of 113 have been filed before Bank of Spain's Department of Market Conduct and Claims (215 in 2017). Additionally, and although they do not properly constitute claims, a total of 33 claims have been presented on the CIRBE Service (53 in 2017).

At December 31, 2018, complaints/claims have been solved as follows:

Favourable to the customer	361
Unfavourable to the customer	2,823
Not accepted	–

Out of claims solved in favour of the client, economic rights were recognized for the client in 11 cases. In addition to claims processed by the Customer Service and the Customers' Ombudsman (SAC), economic rights have been recognized for customers in other claims for different reasons, directly processed by the Entity, implying a cost in 2018 of 3,270.26 Euros (11,448.07 Euros in 2017).

Criteria considered in the resolution of claims are mainly based on the following aspects:

- Adaptation and compliance with the applicable regulation in force at all times.
- Compliance with assumed contractual obligations, by each of the parties' signature in the contract (client and Entity).
- Information provided by the Entity to the client, both in the pre-contractual stage and throughout the contract's validity.
- Adaptation to banking best practices.
- Situation posed by the client, in particular in cases of vulnerability or risk of exclusion caused by the economic crisis or unforeseen situations.

Thus, when solving claims, not only objective facts are considered (such as the applicable standard), but also the personal situation communicated by the client, trying to reach a solution adapted to each client's specific circumstances.

With regards to claims posed by customers for payment difficulty, since the Entity adhered to the Best Practice Code, clients are informed and responded based on these regulations.

Additionally, a basic principle of the SAC is the protection of the client's interest and, in compliance with this principle, agreements have been reached with clients to solve at their satisfaction pretensions considered on their claims. Furthermore, in cases where the claim has been escalated to the Market Conduct and Claims Department (DCMR) of Bank of Spain, specific actions performed by the SAC have also focused on rectifying the entity's performance, in favour of consumers. Accordingly, in 2018, the DCMR has accepted the Entity's rectifications in 25 files, therefore adapting the entity's performance to best banking practices.

Lastly, it should be noted that the Entity has received lawsuits from clients, which most significant reasons coincide with those filed before its customer care department. UCI Management considers that provisions allocated in relation to these procedures are appropriate at December 31, 2018.

MONEY LAUNDERING

Regulation compliance and money laundering prevention

During 2018, UCI 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. Furthermore, during 2018, UCI has carried out training actions in Compliance (Criminal Risk, Money Laundering Prevention, Data Protection, International Penalties and Seizures, Competition Right and Volcker regulation), and internal dissemination actions have been performed on contents related to Compliance.

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. Adaptation and spreading of the KYS procedure to know suppliers.
- Follow-up, review and update 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 2018, a total amount of 449 alerts have been analyzed in Spain (447 in 2017), out of which 7 were communicated to the OCI and 1 to the SEPBLAC (6 and 1, respectively, during 2017). In Greece, 21 alerts have been analyzed during 2018 (27 during 2017) and, in Portugal, 160 alerts (138 during 2017), out of which none have been communicated to the OCI and to the local Regulator (1 in 2017).
- 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.
- Internal verification of the money laundering prevention system by the Internal Audit Department of UCI.

In relation with the prevention of the criminal risk of legal persons (Criminal Corporate), during 2018, 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.

UCI.

13. Credit risk

INTRODUCTION

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 UCI, 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
- Operating 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 fourth version of the scoring version was implemented in 2016, 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 10.4% at the end of 2018.

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:

$$\boxed{\text{Expected loss \%}} = \boxed{\text{Probability of Default \%}} \times \boxed{\text{Severity \%}}$$

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 2018, account for 13 bp (15 bp in 2017).

Credit risk mitigation

The Audit Committee and Internal Audit Department's duties 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, 2018 and 2017, 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, 2018 is shown in Table 4.5.

Risk concentration by the Group's activity and geographical area at December 31, 2017 was shown in Table 4.6.

Refinancing and restructuring operations - 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

Table 4.5.

RISKS CONCENTRATION BY ACTIVITY AND GEOGRAPHICAL AREA (carrying values) TOTAL ACTIVITY	**TOTAL 31,12,2018**	**Spain**	**Rest of European Union**	**America**
1. Credit entities	**126,835**	**120,988**	**5,847**	**-**
2. Public Administrations				
3. Other financial institutions				
4. Non-financial companies and individual employers	**6,332**	**6,332**	**-**	**-**
4.1 Real estate construction and development	6,332	6,332	-	-
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	**10,461,468**	**9,125,449**	**1,336,019**	**-**
5.1 Homes	10,461,273	9,125,254	1,336,019	-
5.2 Consumption				
5.3 Other purposes	195	195	-	-
TOTAL	**10,594,635**	**9,252,769**	**1,341,866**	

Table 4.6.

RISKS CONCENTRATION BY ACTIVITY AND GEOGRAPHICAL AREA (carrying values) TOTAL ACTIVITY	**TOTAL 31,12,2018**	**Spain**	**Rest of European Union**	**America**
1. Credit entities	**149,090**	**122,166**	**26,924**	**-**
2. Public Administrations				
3. Other financial institutions				
4. Non-financial companies and individual employers	**7,820**	**7,820**		**-**
4.1 Real estate construction and development	7,820	7,820		-
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	**10,523,779**	**9,216,651**	**1,307,128**	**-**
5.1 Homes	10,523,360	9,216,232	1,307,128	-
5.2 Consumption				
5.3 Other purposes	419	419	-	-
TOTAL	**10,680,689**	**9,346,637**	**1,334,052**	

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:

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

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.

The restructuring operation will be designed from the client's comprehensive management perspective

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.

An operation can be restructured several times (concatenation)

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.

The restructuring or refinancing operation must not imply an increase of the risk with the client

- 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.

Payment condition for ordinary interests

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.

Cautions in restructuring and refinancing operations

- 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.

Traceability of operations

- 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 Group 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.

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

- 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.

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

- 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.

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

- Based on Circular 6/2014 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 6/2014 of Bank of Spain

Below, we include the quantitative information required by Circular 6/2014, of Bank of Spain, in relation with restructured/refinanced operations in force at December 31, 2018. 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 respective hedges, detailed at December 31, 2018, are shown in Table 4.7.

The respective hedges, detailed at December 31, 2017 were shown in Table 4.8.

The amount of operations which, after the refinancing or restructuring, have been classified as doubtful in 2018 and 2017 are shown in Table 4.9.

Total financings granted to customers at December 31, 2018 and 2017, detailed by counterpart, were shown in Table 4.10.

Table 4.7.

31.12.2018	NORMAL						SUBSTANDARD						
	Full mortgage guarantee		Rest of real guarantees		Without real guarantee		Full mortgage guarantee		Rest of real guarantees		Without real guarantee		Specific hedge
	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							-	-					
Financing to real estate construction and development							-	-					
Rest of natural persons	13,321	1,907,275	709	141,878	544	13,030	3,350	497,117	450	83,810	256	7,398	8,669
Total	13,321	1,907,275	709	141,878	544	13,030	3,350	497,117	450	83,810	256	7,398	8,669

	DOUBTFUL							TOTAL		
	Full mortgage guarantee		Rest of real guarantees		Without real guarantee		Specific hedge			
	Nº oper.	Gross amount	Nº oper.	Gross amount	Nº oper.	Gross amount		Nº oper.	Gross amount	Specific hedge
Public Administrations										
Rest of legal persons and individual employers	3	237	2	828	1	1,871	2,378	6	2,936	2,378
Financing to real estate construction and development	3	237	2	828	1	1,871	2,378	6	2,936	2,378
Rest of natural persons	3,625	492,032	4,050	721,869	446	11,979	234,014	26,751	3,876,388	242,683
Total	3,628	492,269	4,052	722,697	447	13,850	236,392	26,757	3,879,324	245,061

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 87.66% is at variable rate (90.63% at December 31, 2017), 6.81% is a mixed rate (5.08% at December 31, 2017), with a first period at fixed rate and subsequent reviews at variable rate, and 5.53% at strict fixed rate (4.28% at December 31, 2017).

Within credits granted with variable rate, 82.53% review its rate each half year (81.97% at December 31, 2017) and 17.47% each year (18.03% at December 31, 2017).

Management of the interest rate risk pursues a double objective: reducing the impacts of

Table 4.8.

31,12,2017	NORMAL						SUBESTANDAR						
	Full mortgage guarantee		Rest of real guarantees		Without real guarantee		Full mortgage guarantee		Rest of real guarantees		Without real guarantee		Specific hedge
	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							-	-					
Financing to real estate construction and development							-	-					
Rest of natural persons	14,472	2,086,056	789	150,748	590	14,099	3,459	526,152	493	93,268	258	7,670	9,550
Total	14,472	2,086,056	789	150,748	590	14,099	3,459	526,152	493	93,268	258	7,670	9,550

	DOUBTFUL							TOTAL		
	Full mortgage guarantee		Rest of real guarantees		Without real guarantee		Specific hedge			
	Nº oper.	Gross amount	Nº oper.	Gross amount	Nº oper.	Gross amount		Nº oper.	Gross amount	Specific hedge
Public Administrations										
Rest of legal persons and individual employers	3	241	4	3,007			2,599	7	3,248	2,599
Financing to real estate construction and development	3	241	4	3,007			2,599	7	3,248	2,599
Rest of natural persons	3,774	518,555	4,587	823,810	482	13,988	258,450	28,904	4,234,346	268,000
Total	3,777	518,796	4,591	826,817	482	13,988	261,049	28,911	4,237,594	270,599

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 24 securitization funds in Spain for an initial overall amount of 17,350 million Euros, mostly in capital markets, including the issuance RMBS Prado I, Prado II, Prado III, Prado IV and Prado V for an amount of 2,643M€ respectively, which, at December 2018, represented 5,104.80 million Euros (5,055.20 million Euros at December 31, 2017), or 54.11% of the overall balance it manages in Spain, financed to maturity by the capital markets (52.91% in 2017).

In 2008, UCI 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 credit rating AAA which were eligible for liquidity operations with ECB. On July 18, 2018, mortgage shares were acquired, and the Fund was subsequently terminated.

Table 4.9.

REFINANCING BALANCES IN FORCE AND RESTRUCTURING OPERATIONS 31.12.2018	Full mortgage guarantee		Rest of real guarantees		Without real guarantee		TOTAL	
	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	2	183	1	369	1	1,871	4	2,423
Financing to real estate construction and development								
Rest of natural persons	2,079	293,793	2,279	425,813	152	4,294	4,510	723,900
Total	2,081	293,976	2,280	426,182	153	6,165	4,514	726,323

REFINANCING BALANCES IN FORCE AND RESTRUCTURING OPERATIONS 31.12.2017	Full mortgage guarantee		Rest of real guarantees		Without real guarantee		TOTAL	
	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	2	185	3	2,550			5	2,735
Financing to real estate construction and development								
Rest of natural persons	2,225	315,467	2,630	494,117	161	4,899	5,016	814,483
Total	2,227	315,652	2,633	496,667	161	4,899	5,021	817,218

As a consequence of the need of two rating of at least A, and granted by different rating agencies to be able to access the condition of eligible assets on ECB's liquidity operations, most securitization bonds have lost such condition. However, bonds Prado I, II, III, IV (series A), V (series A) and VI (series A) are eligible assets.

For the remaining balance sheet assets, UCI manages refinancing with treasury lines with its two reference shareholders: BNP Paribas and Banco Santander; the UCI branch in Portugal is directly financed from the parent company in Spain.

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, 2018 and 2017, the liquidity gap is shown in Table 4.11.

15. Other market risks: operating 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 operating 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 operating 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 operating risk. The parameterization of the different types of operating risk can be classified in accordance with the shown matrix (Table 4.12.).
Figures 4.1., 4.2., 4.3., 4.4., 4.5. y 4.6.).

Table 4.10.

DISTRIBUTION OF LOANS AND ADVANCES TO OTHER DEBTORS BY ACTIVITY (carrying value) AT 31.12.2018				**Credit with real guarantee. Loan to value**				
	TOTAL	Real estate guaran-tee	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	6,332	4,111	2,221	400	1,544	2,168	0	2,220
3.1 Real estate construction and development (b)	6,332	4,111	2,221	400	1,544	2,168	0	2,220
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	10,461,468	9,162,414	1,209,163	1,440,040	2,994,848	2,879,050	1,848,476	1,209,163
4.1 Homes (d)	10,461,273	9,162,414	1,208,968	1,440,040	2,994,848	2,879,050	1,848,476	1,208,968
4.2 Consumption (d)								
4.3 Other purposes (d)	195		195					195
TOTAL	10,467,800	9,166,525	1,211,384	1,440,440	2,996,392	2,881,218	1,848,476	1,211,383
MEMORANDUM ITEM								
Refinancing, refinanced and restructured operations	3,879,324	2,896,661	948,386	202,421	755,875	1,141,743	796,622	948,386

DISTRIBUTION OF LOANS AND ADVANCES TO OTHER DEBTORS BY ACTIVITY (carrying value) AT 31.12.2017				**Crédito con garantía real. 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	7,820	4,572	3,248	591	1,491	1,136	1,354	3,248
3.1 Real estate construction and development (b)	7,820	4,572	3,248	591	1,491	1,136	1,354	3,248
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	10,523,779	9,085,974	1,420,120	1,368,948	2,975,385	3,309,428	1,432,213	1,419,701
4.1 Homes (d)	10,523,360	9,085,974	1,419,701	1,368,948	2,975,385	3,309,428	1,432,213	1,419,701
4.2 Consumption (d)								
4.3 Other purposes (d)	419		419					
TOTAL	10,531,599	9,090,546	1,423,368	1,369,539	2,976,876	3,310,564	1,433,567	1,422,949
MEMORANDUM ITEM	10,531,599							
Refinancing, refinanced and restructured operations	4,201,837	3,672,366	1,018,192	20,426	777,659	1,193,083	1,104,077	1,106,592

Table 4.11.

31.12.2018	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	7	2	-	-	-	-	9
Loans and advances to credit institutions	126,835	-	-	-	-	-	126,835
Loans and advances to other debtors	37,724	81,234	391,585	1,439,546	1,027,644	7,805,662	10,783,395
Total Assets	164,566	81,236	391,585	1,439,546	1,027,644	7,805,662	10,910,239
LIABILITIES:							
Loans and advances to credit institutions	3,029,114	2,627,668	900,543	181,233	258,163	199,294	7,196,015
Loans and advances to other debtors	6,091	12,183	46,991	250,617	250,617	1,521,975	2,088,474
Loans and advances represented by marketable securities	4,843	9,685	37,358	199,242	199,242	1,209,983	1,660,353
Subordinated liabilities	1,374	-	-	-	-	78,954	80,328
Total Liabilities	3,041,422	2,649,536	984,892	631,092	708,022	3,010,206	11,025,170
Difference Assets minus Liabilities	**-2,876,856**	**-2,568,300**	**-593,307**	**808,454**	**319,622**	**4,795,456**	**-114,931**

31.12.2017	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	9	2	-	-	-	-	11
Loans and advances to credit institutions	149,090	-	-	-	-	-	149,090
Loans and advances to other debtors	37,803	82,018	397,947	1,435,107	1,512,079	7,422,347	10,887,301
Total Assets	186,902	82,020	397,947	1,435,107	1,512,079	7,422,347	11,036,402
LIABILITIES:							
Loans and advances to credit institutions	338,823	4,992,951	1,118,542	166,810	242,474	338,697	7,198,297
Loans and advances to other debtors	7,208	14,416	55,606	296,564	296,564	1,801,005	2,471,363
Loans and advances represented by marketable securities	4,273	8,545	32,960	175,788	175,788	1,067,546	1,464,900
Subordinated liabilities	323	-	-	-	-	80,000	80,323
Total Liabilities	350,627	5,015,912	1,207,108	639,162	714,826	3,287,248	11,214,883
Difference Assets minus Liabilities	-163,725	-4,933,892	-809,161	795,945	797,253	4,135,099	-178,481

Table 4.12.

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

Figure 4.1. **Spain: Score Rating Distribution**

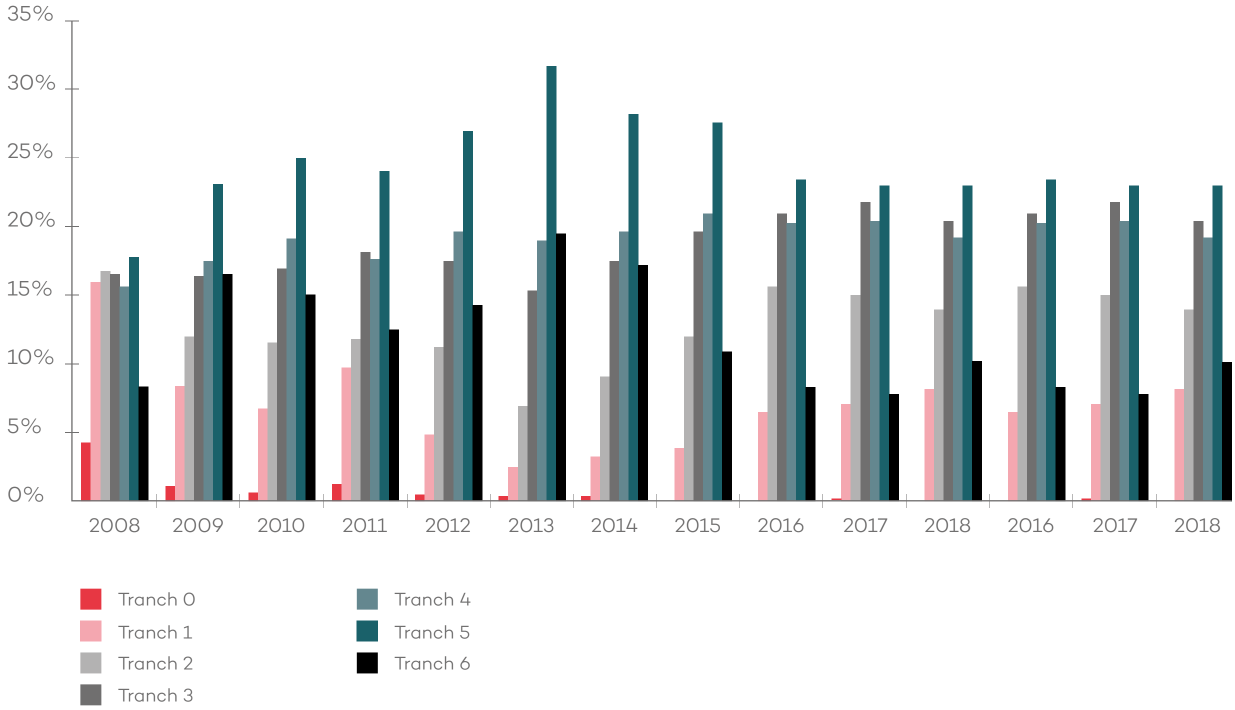


Figure 4.2. **Portugal: Score Rating Distribution**

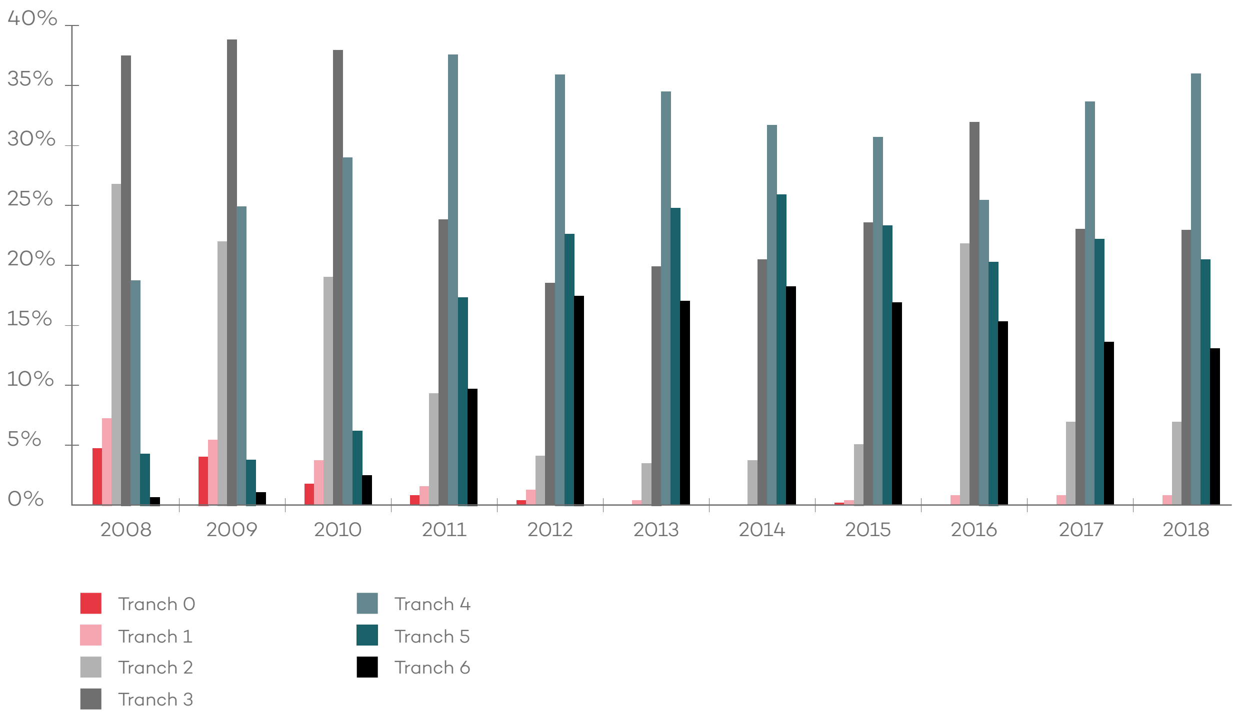


Figure 4.3. **Spain: Probability of Default by Scoring Tranches Years 2008 - 2018**

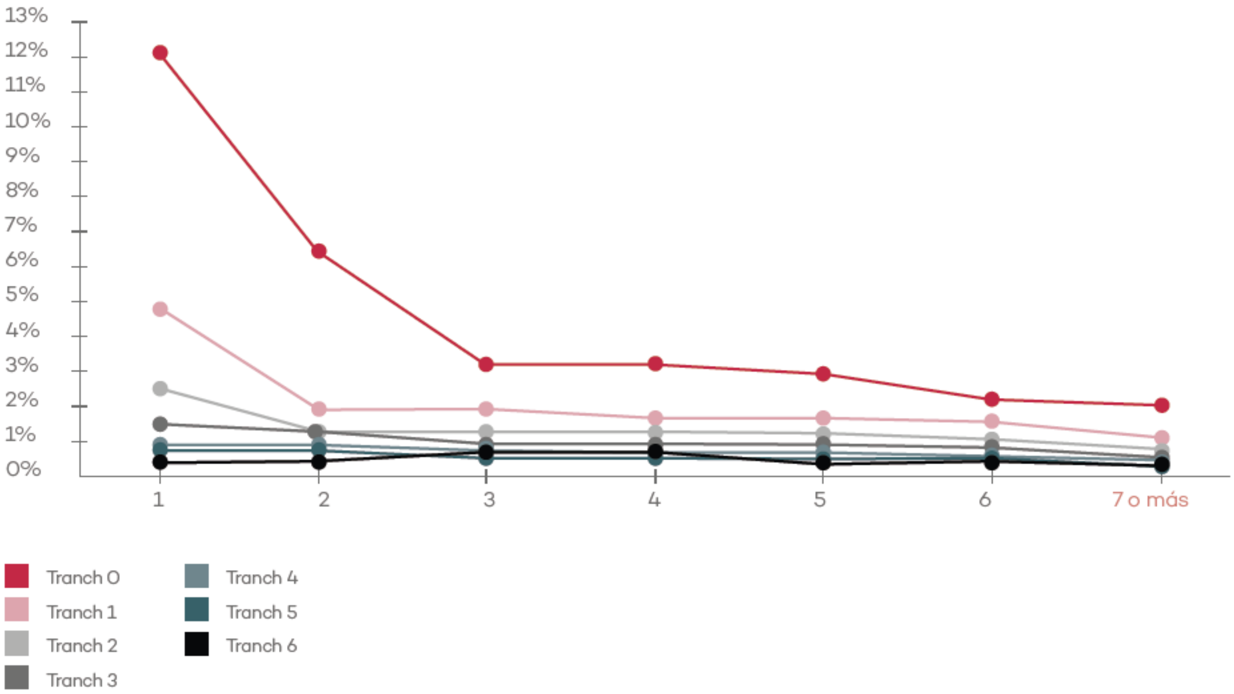


Figure 4.4. **Portugal: Probability of Default by Scoring Tranches Years 2008 - 2018**

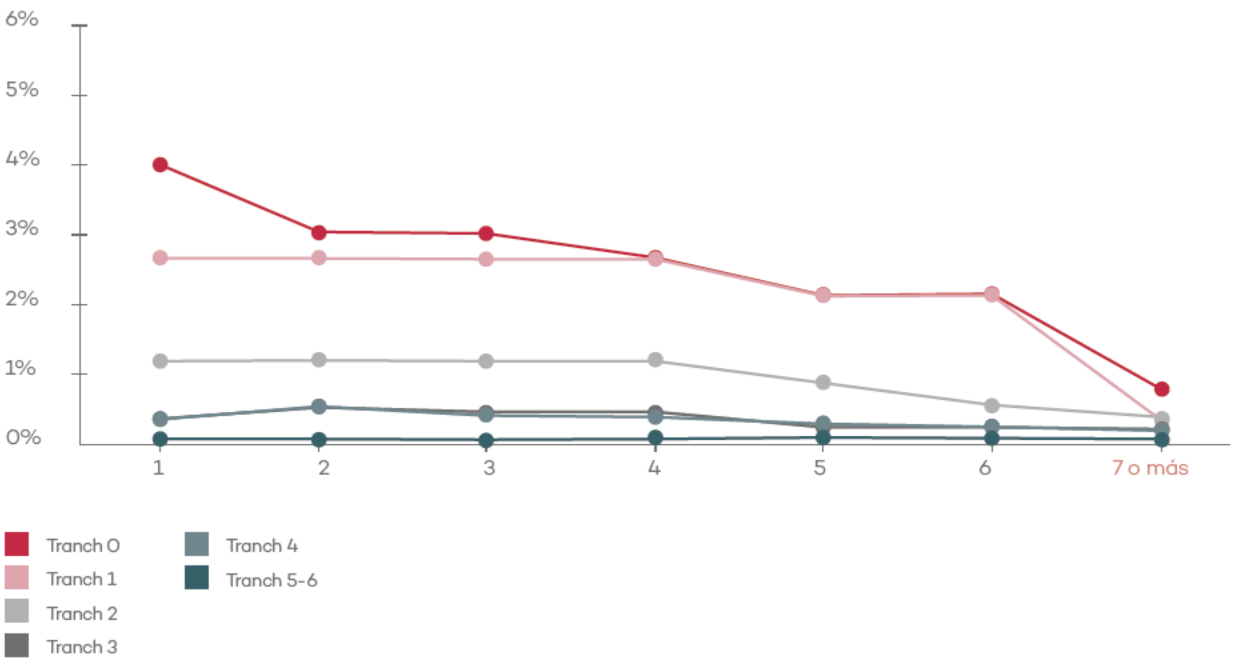


Figure 4.5. **Consolidated Interest Rate Risk Coverage 2018**

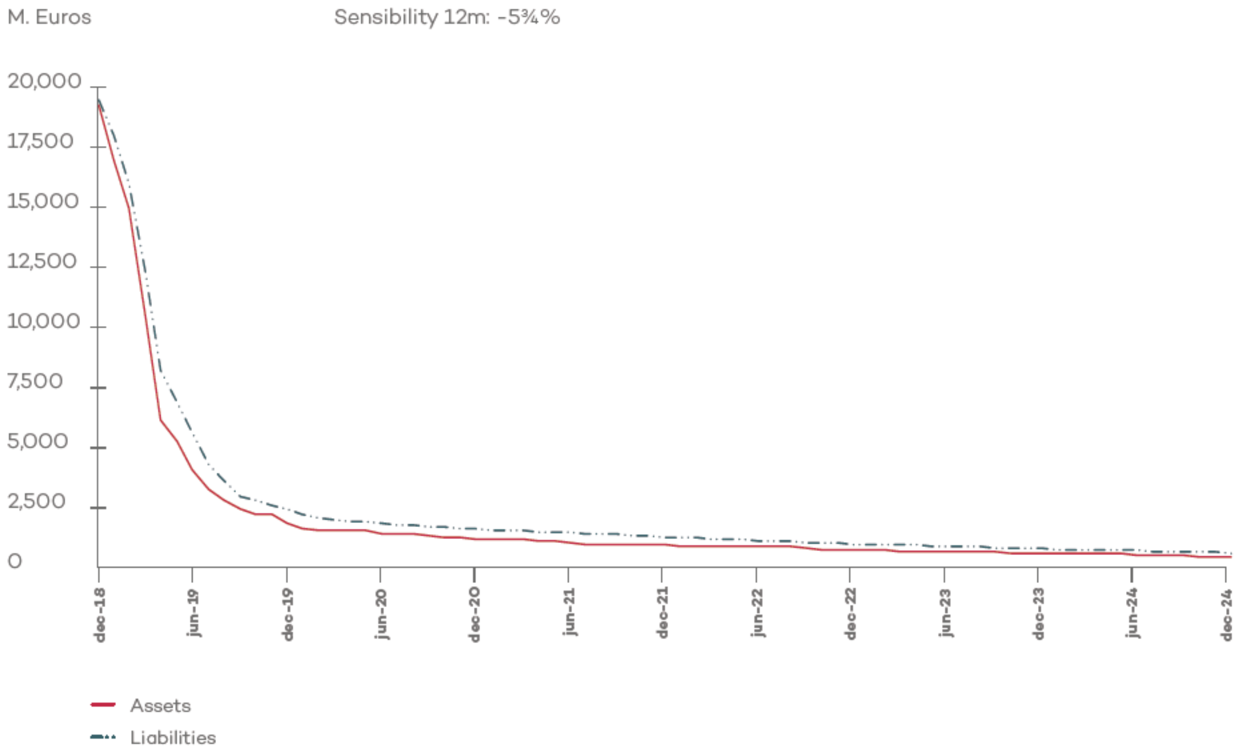
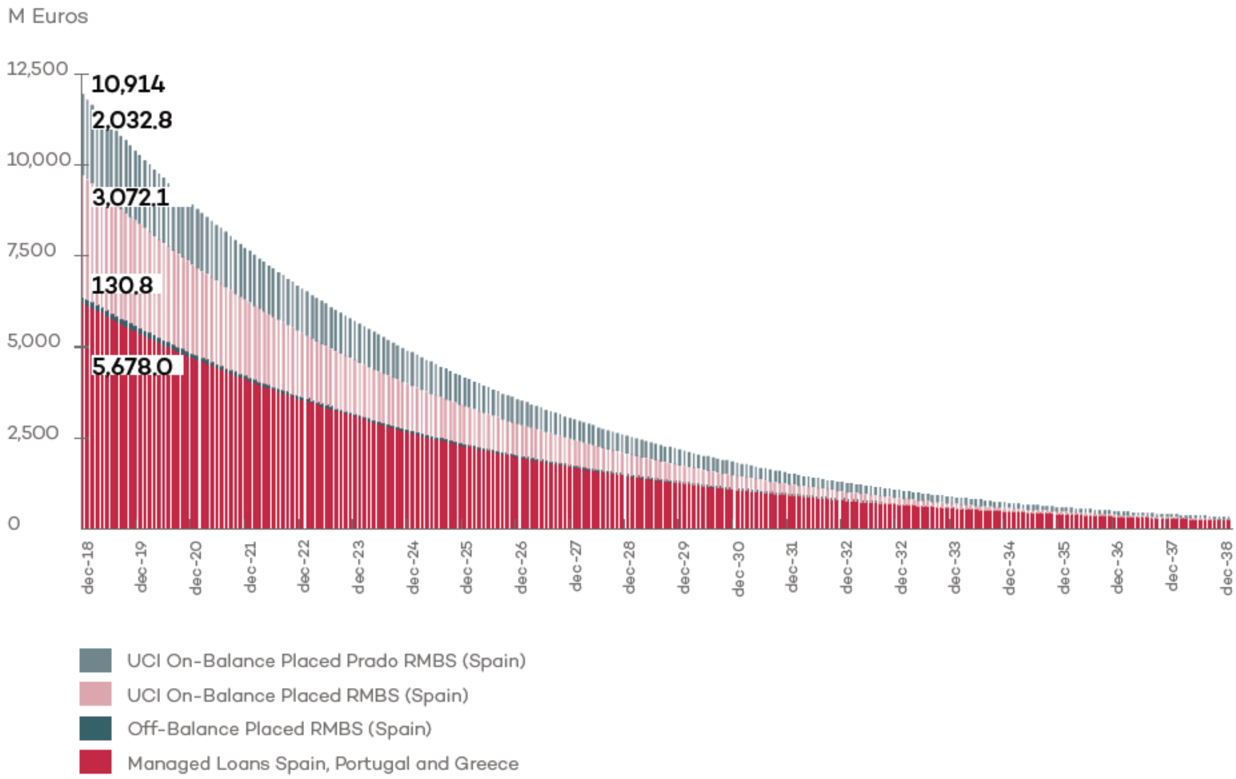


Figure 4.6. **Downbreak Ooutstanding Managed Loans Balance and Secured 2017 31-12-18**



16. Credit investments

The detail of this caption at December 31, 2018 and 2017 is shown in Table 4.13.

The detail of the balance of loans and advances to other debtors is shown in Table 4.14.

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, 2018 and 2017 is as follows (Table 4.15.

The detail of the balance of impairment corrections for to Loans and Credits assets at December 31, 2018 and 2017 is as follows (Table 4.16.

The Group, during 2018 and 2017, 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, 2018 and 2017, 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) (Table 4.17.

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, 2018 and at December 31, 2017, classified by type of financial instruments (Table 4.18.

CREDIT QUALITY OF FINANCIAL ASSETS NOT OVERDUE OR IMPAIRED

Below, we present, at December 31, 2018 and 2017, the classification of debt instruments not at fair value through profit or loss based on the risk profile and guarantees contributed (Table 4.19.

In addition to financial assets impaired and not impaired, listed above, the entity classifies as substandard risk an amount of 589,670 thousand Euros at 2018 closing (628,674 thousand Euros at 2017 closing).

CREDIT RISK WITH REAL ESTATE CONSTRUCTION AND DEVELOPMENT

At December 31, 2018 and 2017, financing aimed to construction and real estate development amounted to 15,705 and 16,783 thousand Euros, out of which 11,950 and 12,187 thousand Euros were impaired assets.

These amounts 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.

Quantitative information on real estate risk at December 31, 2018 is the following, in thousands of Euros (Table 4.20.

Quantitative information on real estate risk at December 31, 2017 was the following, in thousands of Euros (Table 4.21.

The chart below details the real estate credit risk based on the type of associated guarantees (Table 4.22.

RISK RETAIL MORTGAGE PORTFOLIO

The quantitative information regarding the retail mortgage portfolio at December 31, 2018 and 2017 is shown in Table 4.23.

Ranges of loan to value (LTV) of the retail mortgage portfolio at December 31, 2018 are shown in Table 4.24.

Ranges of loan to value (LTV) of the retail mortgage portfolio at December 31, 2017 were shown in Table 4.25.

Table 4.13.

	31.12.18	31.12.17
Loans and advances to credit institutions	126,835	149,090
Loans and advances to other debtors	10,783,395	10,887,301
	10,910,230	**11,036,391**
Value corrections for asset impairment	-325,242	-347,734
Adjustments for accrued valuation interests	22,673	20,085
Adjustments for valuation of commissions	-13,026	-28,053
	10,594,635	**10,680,689**

Table 4.14.

	31.12.18	31.12.17
Debtors with real guarantee residents	6,455,645	6,198,032
Credit with real guarantee non-residents	1,383,218	1,308,843
Doubtful debtors	1,388,459	1,539,444
Other term loans	1,553,427	1,838,374
Loans on demand and sundry	2,646	2,608
	10,783,395	**10,887,301**

Table 4.15.

	31.12.18	31.12.17
On demand	37,724	37,803
Between 1 month and 3 months	81,234	82,018
Between 3 months and 6 months	78,317	397,947
Between 6 months and 1 year	313,268	1,435,107
Between 1 year and 5 years	2,467,190	1,512,079
Over 5 years	7,805,662	7,422,347
	10,783,395	**10,887,301**

Table 4.16.

	31.12.18	31.12.17
Specific hedging	288,013	319,605
Generic hedging	37,229	28,129
Final balance	**325,242**	**347,734**

Table 4.17.

	Thousands of Euros	
	31.12.18	**31.12.17**
Particular:		
Real guarantees		
Mortgage	1,355,742	1,505,816
Securities	-	-
Other	-	-
No guarantee	20,767	21,441
Developers:		
Real guarantees	-	-
Mortgage	11,950	12,187
Total	**1,388,459**	**1,539,444**

Table 4.18.

	Thousands of Euros	
	31.12.18	31.12.17
By type of counterpart	2,646	2,865
Public administrations		
Other sectors residents	2,271	2,348
Other sectors non-residents	375	517
Total	**2,646**	**2,865**

Table 4.19.

	Thousands of Euros	
	31.12.18	31.12.17
No appreciable risk	-	-
Low risk	4,930,125	4,518,491
Medium low risk	1,257,006	1,252,770
Medium risk	546,826	688,503
Medium-high risk	6,480	6,001
High risk	2,062,183	2,250,902
Total	**8,802,620**	**8,716,667**

Table 4.20.

	Gross amount	Excess on guarantee value	Specific hedge
Credit risk	15,164	8,159	8,563
Defaulter	11,950	7,641	8,358
Subjective doubtful	-	-	-
Substandard	943	267	205
Memorandum item	-	267	-
Generic hedge fund	-	-	-
Defaulted	-	-	-

Table 4.21.

	Gross amount	Excess on guarantee value	Specific hedge
Credit risk	15,705	10,439	8,964
Defaulter	12,187	3,488	8,722
Subjective doubtful	-	-	-
Substandard	1,121	821	241
Memorandum item	-		-
Generic hedge fund	-		-
Defaulted			

Table 4.22.

	31.12.18	31.12.17
Without specific guarantee	-	-
With mortgage guarantee	15,164	15,705
Finished buildings-houses	10,056	10,240
Finishes buildings-others	-	-
Buildings under construction-houses	598	679
Buildings under construction-others	-	-
Urbanized land	4,510	4,786
Land-other		

Table 4.23.

	31.12.18	31.12.17
Credit to acquire houses	10,768,298	10,871,863
Without mortgage guarantee	104,125	104,167
Doubtful	20,767	21,441
With mortgage guarantee	10,664,173	10,767,696
Doubtful	1,356,144	1,505,816

Table 4.24.

	LTV <=40%	40% <LTV<=60%	60% <LTV<=80%	80% <LTV <=100%	LTV >100%
Outstanding credits to acquire houses, With mortgage guarantee	1,246,777	2,517,838	2,567,708	1,653,022	2,678,828
Doubtful credits to acquire houses, With mortgage guarantee	15,612	61,489	164,015	302,364	812,664

Table 4.25.

	LTV <=40%	40% <LTV<=60%	60% <LTV<=80%	80% <LTV <=100%	LTV >100%
Outstanding credits to acquire houses, With mortgage guarantee	1,266,930	2,538,551	2,588,421	1,673,735	2,700,059
Doubtful credits to acquire houses, With mortgage guarantee	14,689	57,275	170,397	330,948	932,507

SECURITIZATION TRANSACTIONS

The value of assets securitized before January 1, 2004, which were written off from the consolidated balance sheet and remained outstanding at December 31, 2018 and 2017 amounts to 130,767 and 146,552 thousand Euros, respectively.

During 2018, the Company has transferred mortgage loans to the securitization fund Prado VI, for a total value of 428 million Euros, representing 100% of principal and ordinary interests from each sold loan. The Securitization Fund, through its Managing Entity, has issued Mortgage Securitization Bonds and assets, for an amount of 351 million Euros. The company has provided such securitization with a subordinated loan, for an amount of 10.25 million Euros and has also withheld securitization bonds by 42.8 and 34.2 million Euros in classes B and C, respectively.

During 2017, the Company assigned mortgage loans to securitization funds Prado IV and Prado V, for a total value of 390 million Euros and 415 million Euros, respectively, representing 100% of principal and ordinary interests of each matured loan. Securitization funds, through their managing entity, have issued Mortgage Securitization and asset Bonds for an amount of 305 million Euros and 339 million Euros, respectively. The Company has granted a subordinated loan on both securitizations, for 9.9 and 10.9 million Euros, respectively.

The chart below shows a detail of balances registered on the accompanying balance sheets at December 31, 2018 and 2017, associated to securitization operations, where the Entity has kept substantial risks and benefits (Table 4.26.

During 2018, Securitization funds UCI 7, UCI 8 and UCI 18 have been liquidated, which possibility was foreseen by their constitution deed, since the managing entity was able to exercise their early liquidation if the amount of Credit Rights to be amortized was below 10% of the Fund's initial asset. The Entity repurchased mortgage shares integrated in the Fund (and subsequently amortized them), and thus the Entity holds full ownership again of 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 2018 and 2017 was shown in Table 4.27.

Additionally, this caption of the balance sheet included at December 31, 2017 a prepayment to suppliers, for an amount of 1,145 thousand Euros.

The amount registered as reclassification corresponds to estates that, during 2018 and 2017, have been reclassified into the caption of Property Investments of the balance sheet (note 19).

The sale of estates in 2018 has implied profits on the net book value by 4,993 thousand Euros (profits by 4,308 thousand Euros in 2017). This amount is registered in caption "Profit (loss) of non-current assets held for sale not classified as interrupted operations" of the income statement, 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, 2018 is shown in Table 4.28.

Table 4.26.

(In thousands of Euros)	**2018**	**2017**
Asset Securitization Fund UCI 10	98,058	110,034
Asset Securitization Fund UCI 11	162,981	179,577
Asset Securitization Fund UCI 12	234,539	254,752
Asset Securitization Fund UCI 14	435,630	471,205
Asset Securitization Fund UCI 15	521,665	561,629
Asset Securitization Fund UCI 16	731,163	786,587
Asset Securitization Fund UCI 17	627,018	677,210
Asset Securitization Fund UCI 18	-	759,124
Asset Securitization Fund Prado I	353,341	380,137
Asset Securitization Fund Prado II	438,290	474,266
Asset Securitization Fund Prado III	363,670	389,009
Asset Securitization Fund Prado IV	356,691	377,206
Asset Securitization Fund Prado V	386,379	412,112
Asset Securitization Fund Prado VI	416,155	-
TOTAL	5,125,580	5,832,848

Table 4.27.

	31.12.16	**Additions**	**Write offs**	**Reclassification**	**31.12.17**	**Additions**	**Write offs**	**Reclassification**	**31.12.18**
Foreclosed estates	510,704	92,034	-111,028	-16,642	475,068	91,539	-106,113	-27,291	433,203
Provisions foreclosed estates	-113,163	-31,383	33,044	2,307	-109,195	-23,741	32,995	3,018	-96,923
	397,541				**365,873**				**336,280**

Quantitative information regarding foreclosed assets at December 31, 2017 was shown in Table 4.29.

The classification of foreclosed assets, at December 31, 2018 and 2017, based on their nature and permanence in the balance sheet, is shown in Table 4.30.

When clearing assets held on the balance sheet, Royal Decree 2/2014 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 2018 and 2017, 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 2018, to finance this kind of operations amounted to 74,225 thousand Euros (71,184 thousand Euros during 2017).

The outstanding balance of this kind of financing at December 31, 2018 and 2017 amounted to 651,996 and 613,663 thousand Euros, respectively.

The average percentage financed for operations of this kind, outstanding at December 31, 2018

Table 4.28.

	Entry carrying value	Hedge
Real estate assets originated from financing to construction and real estate development companies	6,391	(3,219)
Finished buildings: housing or others	5,186	(2,886)
Buildings under construction: housing or others	384	-
Land: urbanized land or others	821	(333)
Real estate assets originated on mortgage financing to families to acquire houses	426,812	(93,704)
Remaining foreclosed real estate assets		
Equity instruments, participations and financings to non-consolidated companies holding such assets		

Table 4.29.

	Entry carrying value	Hedge
Real estate assets originated from financing to construction and real estate development companies	6,614	(3,244)
Finished buildings: housing or others	5,863	(2,951)
Buildings under construction: housing or others		
Land: urbanized land or others	751	(293)
Real estate assets originated on mortgage financing to families to acquire houses	468,454	(105,951)
Remaining foreclosed real estate assets		
Equity instruments, participations and financings to non-consolidated companies holding such assets		

Table 4.30.

2018	Less than 3 years	More than 3 years	Total
Finished buildings	190,755	241,243	431,998
Buildings under construction	384	-	384
Land	37	784	821

2017	Less than 3 years	More than 3 years	Total
Finished buildings	233,414	240,903	474,317
Buildings under construction	-	-	384
Land	37	714	751

and at December 31, 2017, corresponds to the one established by the Group on concession policies on the credit risk.

18. Property, plant and equipment

The detail of these headings in the accompanying balance sheets at December 31, 2018 and 2017 is shown in Table 4.31.

The amount of fully-depreciated elements accounts for 27,000 thousand Euros in 2018 (25,896 thousand Euros in 2017).

19. Property investments

The composition and variations during the year in accounts included in this caption of the accompanying balance sheet are shown in Table 4.32.

Additions in 2018 and 2017 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 2.85 million Euros (2.6 million Euros at December 31, 2017) and operating expenses for all associated concepts have been of 3,224 thousand Euros (3,188 thousand Euros at December 31, 2017), out of which 1,435 thousand Euros correspond to amortization and value corrections (1,339 thousand Euros at December 31, 2017). These operating expenses are presented in the accompanying 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 accompanying balance sheets at December 31, 2018 and 2017 is shown in Table 4.33.

As a consequence of the Corporate Income Tax regulations applicable to the Group, certain differences arose in the financial years 2018 and 2017 between accounting and tax criteria recorded in deferred taxes when calculating and recognizing the corresponding Corporate Income Tax.

Table 4.31.

	31.12.16	Additions	Write-offs	31.12.17	Additions	Write-offs	31.12.18
Assets for own use	29,835	1,140	-	30,975	1,418	-862	31,531
Accumulated amortization of goods for own use	-26,789	-1,307	-	-28,096	-1,497	862	-28,731
	3,046			2,879			2,800

Table 4.32.

	31.12.16	Additions	Write-offs	31.12.17	Additions	Write-offs	31.12.18
Assets for own use	97,621	14,335	-5,449	106,507	24,273	-8,021	122,759
Accumulated amortization of goods for own use	-2,010	-1,139	141	-3,008	-1,276	284	-4,000
Impairment corrections	-1,403	-200	148	-1,455	-159	404	-1,210
	94,208			102,044			117,549

Table 4.33.

	Assets 2018	Assets 2017	Liabilities 2018	Liabilities 2017
Current taxes	545	1,494	1,463	1,455
Deferred taxes	74,041	68,816	-	808
For commissions	-	-		
For derivatives	4,273			
For impairment corrections	51,880	50,459		
Tax credits	17,888	18,357		
	74,586	**70,310**	**1,463**	**2,263**

21. Other assets and other liabilities

The detail of other assets at December 31, 2018 and 2017 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 incorporation of the variable accrued and unpaid commission by each Securitization fund to the financial statements of UCI E.F.C. implied registering such fund's operative results. This fact leads to the registration, at December 31, 2018, of an asset by approximately 377 million Euros (449 million Euros at December 31, 2017), 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 the Group 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 4,272 thousand Euros (3,354 thousand Euros in 2017) and which provision is included under caption of provision for liabilities and charges on the accompanying annual accounts.

The detail of Other Liabilities at December 31, 2018 and 2017 is shown in Table 4.34.

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 delivery and several supplies (Table 4.35..

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 10th and 25th of each month.

22. Financial liabilities at amortized cost

The detail in thousands of Euros at December 31, 2018 and 2017 is shown in Table 4.36.

Table 4.34.

	31.12.18	31.12.17
Accruals	26,088	23,367
Other concepts	10,442	8,418
TOTAL	**36,530**	**31,785**

Table 4.35.

	2018	2017
	Days	Days
Average payment period to suppliers	15	15
Ratio of paid operations	83%	83,06%
Ratio of payable operations	17%	16,94%
	Amount (thousands of Euros)	Amount (thousands of Euros)
Total settled payments	49,885	41,458
Total outstanding payments	10,217	8,454

The detail of financial liabilities at amortized cost as per their residual term at December 31, 2018 and 2017 is shown in Table 4.37.

In 2018, interest rates of live financial liabilities ranged between 2.039% and 0.120%.

In 2017, interest rates of live financial liabilities ranged between 2.021% and 0.119%.

The caption "Deposits from other creditors – issued interests", for an amount of 2,087,177 and 2,471,363 thousand Euros at December 31, 2018 and 2017, respectively, includes 2,985,105 and 4,007,412 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 accompanying balance sheet. This amount is net of bonds issued for securitization funds acquired by the Group for a global amount of 890,531 and 1,528,641 thousand Euros at December 31, 2018 and 2017, respectively.

During 2018 and 2017, the Group has carried out several repurchases of securitization bonds of Funds UCI 10-17, for a total nominal amount of 129.514 thousand Euros at December 31, 2018 (60,602 thousand Euros at December 31, 2017) , 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 17,609 thousand Euros (8,585 thousand Euros in 2017), booked under the caption "Results from financial operations (net)" of the profit and loss account of 2018 and 2017.

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.

Furthermore, during 2018, securitization bonds Prado I and Prado II have been sold, for a nominal amount of 6.5M€ (37.8M€ in 2017 for sales of Prado I and II), generating capital gains by 0.1M€ (0.5M€ in 2017), registered on caption "Profit/(Loss) from financial operations (net)" on the profit and loss account of 2018.

The detail of subordinated liabilities and their main conditions at December 31, 2018 is shown in Table 4.38.

The detail of subordinated liabilities and their main conditions at December 31, 2017 was shown in Table 4.39.

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 5 and 6 years have been granted by the shareholders or entities related with them.

23. Trading portfolio of assets and liabilities

The detail of these captions on the balance sheets at December 31, 2018 and 2017 is shown in Table 4.40.

Table 4.36.

	31.12.18	31.12.17
Loans and advances to credit institutions	7,196,015	7,198,297
Deposits from other creditors – Issued interests	2,087,177	2,471,363
Debits represented by marketable securities	1,660,353	1,464,900
Subordinated liabilities	80,328	80,323
	11,023,873	**11,214,883**

Table 4.37.

	31.12.18	31.12.17
Up to 3 months	5,656,782	5,331,774
From 3 to 6 months	596,913	748,182
From 6 months to 1 year	303,630	370,360
Over 1 year	638,690	747,981
	7,196,015	**7,198,297**

The detail per currency, maturity and notional of caption Trading derivatives on balance sheets at December 31, 2018 and 2017 is shown in Table 4.41.

The detail of the balance on caption Trading derivatives on balance sheets at December 31, 2018 is shown in Table 4.42.

The detail of the balance on caption Trading derivatives on balance sheets at December 31, 2017 was shown in Table 4.43.

24. Asset and liability hedging derivatives

These captions on the consolidated balance sheets at December 31, 2018 and 2017 break down as follows (Table 4.44.

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 hedge derivatives of the consolidated balance sheets at December 31, 2018 and 2017 is shown in Table 4.45.

The detail of the balance on the caption Hedging Derivatives on the balance sheets at December 31, 2018 is shown in Table 4.46.

The detail of the balance on the caption Hedging Derivatives on the balance sheets at December 31, 2017 was shown in Table 4.47.

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.

25. Equity valuation adjustments

The detail of this caption on the consolidated balance sheets at December 31, 2018 and 2017 is shown in Table 4.48.

Table 4.38.

				Thousands of Euros		
Financial entity	**Maturity date**	**Interest rate**	**instalments**	**Non-current liabilities**	**Current liabilities**	**Total**
BS	28/11/2024	Euribor + 3,33	Semi-annual	10,000	30	10,030
BS	28/10/2024	Euribor + 3,35	Semi-annual	17,500	94	17,594
BS	30/05/2023	Euribor + 3,75	Annual	12,500	40	12,539
SAGIP	28/11/2024	Euribor + 3,33	Semi-annual	10,000	30	10,030
SAGIP	28/10/2024	Euribor + 3,35	Semi-annual	17,500	94	17,594
SAGIP	30/05/2023	Euribor + 3,75	Annual	12,500	40	12,540
Total				**80,000**	**328**	**80,328**

Table 4.39.

				Thousands of Euros		
Financial entity	**Maturity date**	**Interest rate**	**instalments**	**Non-current liabilities**	**Current liabilities**	**Total**
BS	28/11/2024	Euribor + 3,33	Semi-annual	10,000	29	10,029
BS	28/10/2024	Euribor + 3,35	Semi-annual	17,500	94	17,594
BS	30/05/2023	Euribor + 3,75	Annual	12,500	39	12,539
SAGIP	28/11/2024	Euribor + 3,33	Semi-annual	10,000	29	10,029
SAGIP	28/10/2024	Euribor + 3,35	Semi-annual	17,500	94	17,594
SAGIP	30/05/2023	Euribor + 3,75	Annual	12,500	38	12,539
Total				**80,000**	**323**	**80,323**

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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 2018 and 2017 is shown in Table 4.49.

26. Equity

The share capital at December 31, 2018 and 2017 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, 2018 and 2017 is as follows (Table 4.50.

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

Table 4.40.

Thousands of Euros	**2018**		**2017**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Trading derivatives	4,045	6,267	5,130	6,966
	4,045	**6,267**	**5,130**	**6,966**

Table 4.41.

En miles de Euros	**2018**		**2017**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Per currency:				
in Euros	4,045	6,267	5,130	6,966
	4,045	**6,267**	**5,130**	**6,966**

Table 4.42.

In thousands of Euros	**2018**		
	Notional value	**Fair value**	
		Assets	**Liabilities**
Other operations on interest rates:			
Trading derivatives	1,292,733	4,045	6,267

Table 4.43.

In thousands of Euros	**2017**		
	Notional value	**Fair value**	
		Assets	**Liabilities**
Other operations on interest rates:			
Trading derivatives	1,063,914	5,130	6,966

Bank of Spain, the balances for the following headings have to be considered for determining the Group's net equity at December 31, 2018 and 2017 (Table 4.51.

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 7/2014, of November 30.

At December 31, 2018 and 2017, computable individual and Group equity, which where appropriate are calculated on a consolidated basis, exceed the minimum requirements of the abovementioned standard applicable to Credit Entities.

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 shown in Table 4.52.

Table 4.44.

In thousands of Euros	**2018**		**2017**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Cash flow hedges	-	14,612	2,695	759
	-	14,612	2,695	759

Table 4.45.

In thousands of Euros	**2018**		**2017**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Per currency:				
In Euros	-	14,612	2,695	759
	-	**14,612**	**2,695**	**759**

Table 4.46.

	2018		
In thousands of Euros	**Notional value**	**Fair value**	
		Assets	**Liabilities**
Other operations on interest rates:			
Financial swaps	6,878,375	-	14,612

Table 4.47.

	2017		
In thousands of Euros	**Notional value**	**Fair value**	
		Assets	**Liabilities**
Other operations on interest rates:			
Financial swaps	5,551,385	2,695	759

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Table 4.48.

In thousands of Euros	2018	2017
Financial assets held for sale:		
Debt securities	-	-
Cash flow hedges	-9,652	1,886
Other valuation adjustments	-	-
	-9,652	**1,886**

Table 4.49.

In thousands of Euros	2018	2017
Opening balance	1,886	-11,133
Additions	-11,538	13,019
Withdrawals	-	-
	-9,652	**1,886**

Table 4.50.

Banco Santander S.A.	50
BNP Paribas Personal Finance SA (France),	40
BNP Paribas, S.A. (France)	10

Table 4.51.

	2018	2017
Basic equity	427,198	427,379
Second-category equity	112,229	108,129
Deductions basic and second-category equity	-	-
	539,427	535,508
Minimum requirements	447,705	461,457

Table 4.52.

	Balance	Var,	Reclassification	Balance	Var,	Reclassification	Balance
	31.12.16	year	Reserves	31.12.17	year	Reserves	31.12.18
Parent company	20,980	(907)	30,649	50,722	(564)	-	50,158
Consolidated companies	296,072	7,199	(30,649)	272,622	7,039	-	279,661
	317,052		**-**	**323,344**		**-**	**329,819**

27. Balances and transactions with group companies

Balances with Group Companies at December 31, 2018 and 2017 are shown in Table 4.53.

28. Tax position

The Group has open for tax audit the tax years 2015 to 2018, 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 2014.

Involved tax returns 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 2018 and 2017 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 calculation for the tax charge payable is shown in Table 4.54.

The tax expense's calculation is shown in Table 4.55.

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.

29. Contingent commitments

The detail of this caption, at December 31, 2018 and 2017 is shown in Table 4.56.

Table 4.53.

	31.12.18	31.12.17
Loans and receivables-loans and advances in credit institutions		
Santander	98,180	95,296
BNP Paribas	8,320	28,044
BNP Paribas Real Estate, S.A.	-	-
Securitizations		
Account receivable Managing entity securitization funds	376,122	448,642
Financial liabilities at depreciated cost		
Santander	3,302,418	3,321,789
BNP Paribas	3,611,418	3,601,552
Societe Anonyme de Gestion D'Investissements et de Participations (SAGIP)	40,164	40,162
Financial expenses-loans		
BNP Paribas	13,737	15,451
Santander	13,708	16,168
Societe Anonyme de Gestion D'Investissements et de Participations (SAGIP)	1,298	1,310
Financial results net-Financial instruments		
Expenses swaps Santander	11,613	5,683
Expenses swaps BNP Paribas	7,685	13,420
Expenses CMS BNP Paribas	-	416
Expenses CMS Santander	-	-
Fees perceived		
Santander	28	31

Table 4.54.

	31.12.18	31.12.17
Accounting result before tax	9,958	5,075
Results from subsidiaries not included in the tax consolidation	-6,376	-7,106
Consolidated accounting result before tax	3,582	-2,031
Permanent differences	742	717
Temporary differences	7,371	-6,874
Tax assessment basis	11,695	-8,188
Compensation of tax assessment bases		
Tax charge	3,509	-2,456
Compensation temporary differences (25%)	-877	-
Compensation tax losses carried forward (25%)	-659	-
Others	20	-40
Income Tax interim payments	-1,811	-1,041
Tax payable	**182**	**-3,537**

Table 4.55.

	31.12.18	31.12.17
Accounting result before tax	9,958	5,075
Results from subsidiaries not included in the tax consolidation	-6,376	-7,106
Consolidated accounting result before tax	3,582	-2,031
Permanent differences	742	717
Total	**4,324**	**-1,314**
Tax expense	1,297	-394
Tax previous years	-1,069	-1,028
Tax expense Branch in Portugal	720	821
Temporary differences	-	-833
Others	4	-
Tax expense	952	-1,434

At December 31, 2018 and 2017, there are no contingent commitments in addition to the above. On both dates, amounts available by third parties are not subject to any restriction.

30. Interests and similar yields

The detail of this consolidated income statement heading for the financial years ended December 31, 2018 and 2017 is as follows (Table 4.57.

31. Interests and similar charges

The detail of this consolidated income statement heading for the financial years ended December 31, 2018 and 2017 is as follows (Table 4.58.

32. Personnel costs

The composition of this heading in the accompanying consolidated income statement is as follows (Table 4.59.

Table 4.56.

	31.12.18	31.12.17
COMMITMENTS		
Commitments – available by third parties	12,787	11,587
For other residing sectors	12,787	11,587

Table 4.57.

	31.12.18	31.12.17
Loans and advances to credit institutions	-	-
Loans and advances to other debtors	146,719	190,555
Doubtful assets	57,708	30,549
Other interests	14,301	10,471
	218,728	**231,575**

Table 4.58.

	31.12.18	31.12.17
Loans and advances to credit institutions	35,760	39,827
Other interests	42,648	36,345
	78,408	**76,172**

Table 4.59.

	31.12.18	31.12.17
Wages and salaries	24,794	24,382
Contributions to Social Security	8,437	8,175
	33,231	**32,557**

The average number of the Group's employees, distributed by categories and gender, at December 31, 2018 and 2017, has been shown in Table 4.60.

33. Other administration overheads

The composition of this heading in the accompanying consolidated income statement is as follows (Table 4.61.

Table 4.60.

	31/12/2018			31/12/2017		
	Male	Female	Total	Male	Female	Total
Group III						
A	99	175	274	99	174	273
B	49	71	120	51	78	129
C	43	68	111	46	67	113
Group II						
A	15	8	23	15	8	23
B	3	1	4	3	0	3
C	50	50	100	50	54	104
Group I						
A	20	4	24	20	3	23
B	26	4	30	26	4	30
C	1	4	5	1	4	5
Others						
Total	**306**	**385**	**691**	**311**	**392**	**703**

Table 4.61.

	31.12.18	31.12.17
On properties, installations and materials	7,226	8,219
Information technology	2,205	1,440
Communication	1,711	1,529
Advertising and Propaganda	4,067	3,620
Legal and lawyers' fees	6,450	3,118
Technical reports	134	149
Insurance premiums	466	403
Membership fees	1,125	1,251
Cuotas de asociaciones	47	39
Sub-contracted administrative services	4,445	3,889
Local levies and taxes	8,670	6,520
Other charges	15,579	17,757
	52,125	47,934

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

4 NON-FINANCIAL INFORMATION STATEMENT

4 NON-FINANCIAL INFORMATION STATEMENT

MAZARS

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT VERIFICATION REPORT ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

To the Shareholders of UCI, S.A.:

In accordance with article 49 of the Commercial Code we have performed a limited assurance review of the attached Consolidated Non-Financial Information Statement (hereinafter NFIS) of **UCI, S.A. (hereinafter the parent Company) and its subsidiaries** (hereinafter the Group), for the year ended 31st December 2018 that forms part of the Group's Consolidated Management Report.

Directors' Responsibility

The Directors of the parent Company are responsible for the preparation of the NFIS included in the Group's Consolidated Management Report, as well as its content. The NFIS has been prepared in accordance with the mercantile legislation in force and following the criteria of the *Global Reporting Initiative's Sustainability Reporting Standards* (GRI standards), selected according to that mentioned for each subject in the table included in the section "Requirements Law 11/2018 and GRI standards" of the NFIS attached.

These responsibilities also include the design, the implementation and maintenance of internal controls considered necessary to enable that the preparation of the NFIS were free from material misstatements due to fraud or error.

The Directors of the parent Company are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFIS is obtained.

Our Independence and quality control

We have complied with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) which is founded on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional conduct.

Our firm applies the International Standard on Quality Control 1 (NICC 1) and consequently maintains a comprehensive quality control system that includes documented policies and procedures related to compliance with the applicable ethical requirements, professional standards and legal and regulatory requirements.

Our multidisciplinary team has included specialists in the review of Non-Financial Information, and particularly, in economic business performance, social and environmental.

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House of Companies of Barcelona, Volume 30.734, Folio 212, Sheet B-180111, Inscription 1, VAT. B-61622262

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Our responsibility

Our responsibility is to carry out an independent limited assurance review based on the work performed that refers exclusively to the financial year 2018. The data corresponding to previous financial years was not subject to the verification provided for in the mercantile legislation in force.

We have conducted our engagement in accordance with the requirements established in the Revised International Standard on Assurance Engagements 3000 in force, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (Revised NIEA 3000) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Guidelines for Action on engagements on the verification of the Non-Financial Information Statement issued by the Spanish Institute of Chartered Accountants.

The procedures performed in a limited assurance engagement vary in nature and in timing and are less in extent than those performed in a reasonable assurance engagement and, therefore, the level of assurance obtained is substantially lower.

Our work has consisted of making enquiries to Management, as well as to different units and areas that the Group is responsible for and that have participated in the elaboration of the NFIS, in the review of the processes to gather and validate the information presented in the NFIS and in the application of certain analytical procedures and sampling review tests. These procedures included:

- Meetings with personnel from the parent Company to know the business model, the policies and the management approaches applied, the main risks related to these matters and obtain the necessary information for our the external review.
- Analysis of the scope, relevance and integrity of the content included in the NFIS for the financial year 2018 based on the materiality analysis carried out by the parent Company, taking into consideration the content required by the mercantile legislation in force.
- Analysis of the processes to gather and validate the data presented in the NFIS for the financial year 2018.
- Review of the information relating to the risks, the policies and the management approaches applied with regard to the material aspects presented in the NFIS for the financial year 2018.
- Verification, through tests, based on a sample selection, of the information relating to the content included in the NFIS for the financial year 2018 and its adequate compilation from the data provided by the information sources.
- Obtaining a representation letter from the Directors and Management of the parent Company.

Conclusions

Based on the procedures performed in our verification and the evidences obtained, no matter came to our attention that would lead us to believe that the NFIS of **UCI, S.A. and its subsidiaries** for the year ended at December 31, 2018 has not been prepared, in all material respects, in accordance with the content established in prevailing Spanish corporate regulations and the criteria of the selected GRI standards, as well as other criteria described in accordance with that indicated for each subject on table named "Requirements Law 11/2018 and GRI standards" of the aforementioned NFIS attached.

MAZARS

Use and distribution

This report has been prepared in response to the requirement established in the mercantile legislation in force in Spain, thus it may not be suitable for other purposes or jurisdictions.

Madrid, 29th March 2019

MAZARS AUDITORES, S.L.P.

Oscar Herranz López

Non-Financial Information Statement 2018

By virtue of requirements of Law 11/2018 on non-financial information and diversity

Free translation of Non-Financial Information Statement originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Contents

Introduction

The present consolidated Non-Financial Information Statement is part of the UCI Group's Management Report, issued as a separate report. With the present non-financial report, UCI complies with requirements of Law 11/2018 on non-financial information and diversity.

The scope of the information and entities included on the perimeter of the Non-Financial Information Statement corresponds to Unión de Créditos Inmobiliarios S.A., Establecimiento Financiero de Crédito in Spain, and to the Portuguese branch, since the perimeter covers 93% of employees of the UCI Group and 98% of the managed outstanding balance, and the information of other UCI Group companies is not representative for the purpose of this Report.

When elaborating the Non-Financial Information Statement, requirements established by Law 11/2018 have been followed, as well as the global reporting framework of the Global Reporting Initiative (GRI). For more detail, consult the Annex, which contains the table of relations between requirements of Law 11/2018 and GRI indicators.

Following these global reporting standards, the contents of the present Non-Financial Information Statement follow the principles of comparability, materiality, relevance and reliability, by which the information included herein is precise, comparable and verifiable.

Being the first Non-Financial Report published by the Group, based on the new Law 11/2018, this report includes data available at 2018 for the indicators required, expecting to increase comparable data in the following year. With regards to material issues, the Entity has performed its Materiality Study in 2018, included on the Annex to this Report. This analysis has allowed defining the relevance of issues according to the Entity's type of business, main impacts and stakeholders, substantiating the consequent information report.

In 2019, the Corporate Responsibility Policy is expected to be reviewed and the plan is expected to be designed, defining strategic lines with policies and indicators to be applied.

In agreement with regulations in force, this Non-Financial Information Statement has been subject to verification by Mazars Auditores, S.L.P. The independent Assurance Report is contained on the present document.

Business model

2.1. Economic environment and trends

GENERAL AND MARKET ENVIRONMENT

In 2018, the Spanish economy again presented one of the highest growth rates of the Euro area, with a growth by 2.4%, after the growth of 3.1% registered in 2017. With it, in 2018, the volume of the Spanish GDP already exceeds the level achieved in 2007, before the beginning of the long crisis period.

The Spanish real estate market has confirmed the price recovery that started in the previous year. The year-on-year increase, until the third quarter of 2018 (last information published to date), amounted to 3.2%, extending increases from 2016 and 2017 (2.2% over the entire year), after ongoing falls from 2008 to 2014. All these data, originated from the Ministry of Public Works, confirm a gradual recovery of prices in this market. Current prices are in average at the level of 2012.

Since 2014, the Spanish mortgage market presents a change of trend, with a slight increase of contracted volumes. This trend was maintained throughout 2018, with an accumulated increase at November 2018 (last published information) of 14.2%, supported by the favourable evolution of prices and the increase of the offer of entities that operate in the Spanish market.

Portugal presented growth rates in line with Spain (+2.1% per year at the third quarter of 2018), both substantially above the growth level of the Euro area (+1.2% at the same date).

With a y-o-y growth of 2.2%, at the third quarter of 2018, after 1.5% over the whole of 2017, the Greek economy confirms its exit from the stagnation in which it seemed to remain since 2015, year marked by a strong political and monetary instability.

MAIN TRENDS IMPACTING THE ACTIVITY

Among factors and trends presented in 2019, and which can impact the Entity's evolution, we highlight the new Law, regulating real estate credit agreements in Spain and, at the Group's internal level, the change of charter in Portugal and Greece, the legal insecurity caused by the courts' different pronouncements, the Spanish elections and the Brexit. Among the large opportunities with a positive impact for the Entity's evolution, we highlight an expectation of economic growth, the dynamism of the real estate market, with a good behaviour of the real estate intermediation channel, and the increase of the houses' prices.

Moreover, 2019 must be essential to boost green mortgages, product aimed to assist consumers to achieve more efficient homes in the use of energy. The purpose of these loans is to support the EU climate and energy policy. It is an initiative that will transform the mortgage sector and raise awareness with regards to the environmental impact of buildings and homes subject to financing.

2.2. Organization and structure

CORPORATE GOVERNANCE

With regards to **Corporate Governance**, the general principles that define it, the Group's practices in corporate governance, as well as the governing bodies and organizational structure are detailed below.

GENERAL PRINCIPLES

The Group assumes a set of principles and values that express its commitment towards corporate governance, business ethics and corporate social responsibility.

These principles guide the Group's performance, and are the following:

1. Communicate to shareholders all information of their interest in relation to Group companies, under the principles of transparency and truthfulness of information.

2. Ensure the compliance with the principles of integrity, professionality and independence in the performance of the Group's collaborators, as well as the compliance with regulations in force, with the Group's policies and procedures, in particular those related to the money laundering and criminal prevention.

3. Establish the necessary mechanisms and instruments in order to ensure that the corresponding Group companies identify, analyze and adopt, where applicable, the best practices, principles and recommendations in good corporate governance.

4. Review, update, and permanently improve, under national and international standards, the content and structure of the corporate website of UCI EFC.

5. Establish the necessary mechanisms and procedures to prevent, identify, and resolve situations of conflict of interests.

6. Ensure the existence of appropriate procedures to select Board members who ensure the reasonable balance and diversity of the Board of Directors in the performance of their mission.

7. Establish a remuneration system, keeping reasonable proportion with the Group's materiality.

8. Promote the knowledge and dissemination of principles and values contained on the Group's institutional, business and organizational principles, in the present policy and in other corporate governance internal standards, as well as in the contents of the Group's Code of Ethics.

CORPORATE GOVERNANCE POLICIES AND PROCEDURES

As a consequence of the entry into force of the Law Promoting Business Finance (LFFE) and the development of other standards applicable to credit institutions, Unión de Créditos Inmobiliarios S.A. Establecimiento Financiero de Crédito has approved several corporate governance policies and procedures to ensure an ethical responsible management of its activity.

These corporate governance policies, procedures and systems include the following:

a. A clear organizational structure with well defined, transparent and coherent lines of responsibility.

b. Efficient procedures for the identification, management, control and communication of risks to which Unión de Créditos Inmobiliarios S.A. Establecimiento Financiero de Crédito is exposed.

c. Appropriate internal control mechanisms, including correct administrative and accounting procedures.

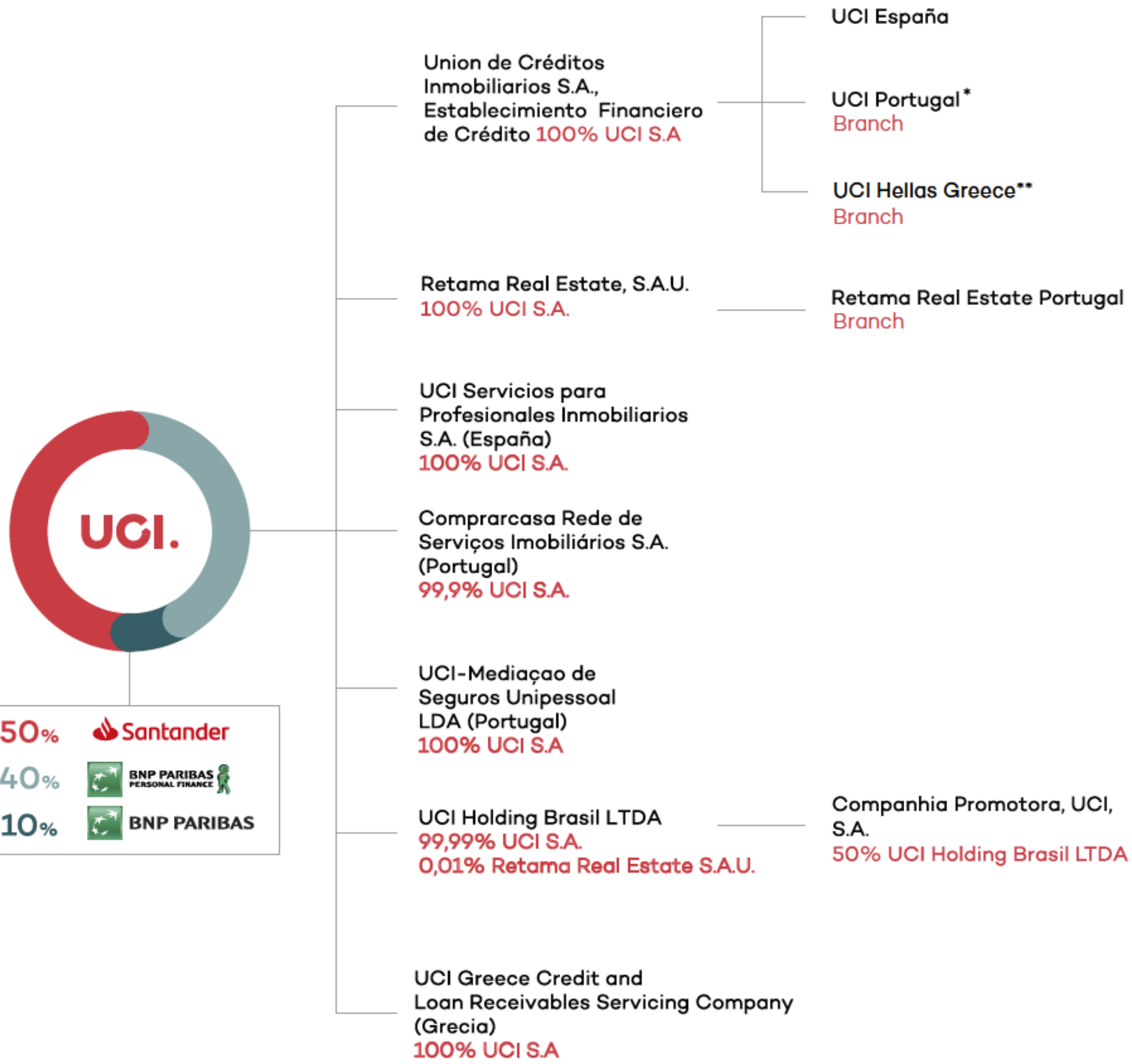
d. Remuneration policies and practices compatible with an appropriate efficient risk management.

In particular, Unión de Créditos Inmobiliarios S.A. Establecimiento Financiero de Crédito counts with a responsible policy for the risks' analysis, management and concession of loans in each country where it operates, as well as for the efficient management of resources, within the legal framework and in coherence with the principles of business ethics and corporate social responsibility.

Moreover, Unión de Créditos Inmobiliarios S.A. Establecimiento Financiero de Crédito counts with a management model, determined by a high rigorous control and supervision at all levels: local, regional and global, and in turn, allows a wide delegation in the execution and development of competences allocated to teams and their managers, providing in any case for the most relevant decisions at all levels to be analyzed in depth, before and after their execution, by the set of management teams.

Meanwhile, the performance of the Board of Directors of Unión de Créditos Inmobiliarios S.A. Establecimiento Financiero de Crédito and of UCI S.A., as well as of the administration bodies of the remaining Group companies, is subject to law, the bylaws, and other applicable corporate governance internal rules, if any.

UCI GROUP: SUBSIDIARIES, INVESTEES AND BRANCHES IN 2018 AND GOVERNING BODIES



* On March 27th, 2019, the Bank of Portugal has authorized the Branch to develop its activity as a Third-Party Branch under Portuguese regulation.

** On March 21st, 2019, the Greek Ministry of Economy has confirmed the closure of the Greek Branch.

Composition of the Board of Directors	
UCI, S.A.	**Chairman: Matías Rodríguez Inciarte** Chairman of Santander Universidades **Board member: Remedios Ruiz Maciá** Global Director of Risk Supervision and Consolidation in Banco Santander; Board member of Banco Santander Totta **Board member: Alain Van Groenendael** Chairman and CEO of Arval **Board member: Michel Falvert** Director Large Agreements BNP Paribas Personal Finance **Secretary of the Board of Directors: Eduardo Isidro Cortina Romero** Director of Legal Department and Compliance Officer of UCI
Unión de Créditos Inmobiliarios, S.A., Establecimiento Financiero de Crédito	**Chairman: Matías Rodríguez Inciarte** Chairman of Santander Universidades **Board member: Remedios Ruiz Maciá** Global Director of Risk Supervision and Consolidation in Banco Santander; Board member of Banco Santander Totta **Board member: Alain Van Groenendael** Chairman and CEO of Arval **Board member: Michel Falvert** Director Large Agreements BNP Paribas Personal Finance **Secretary of the Board of Directors: Eduardo Isidro Cortina Romero** Director of Legal Department and Compliance Officer of UCI
Retama Real Estate, S.A.U.	**Sole Director: Roberto Colomer Blasco** CEO of UCI
UCI Servicios para Profesionales Inmobiliarios S.A.	**Chairman: Roberto Colomer Blasco** CEO of UCI **Board member: José Manuel Fernández Fernández** Deputy-CEO Commercial Area of UCI **Board member: Philippe Laporte** Deputy-CEO Finance, Technology and Clients of UCI **Board member: José Antonio Borreguero Herrera** IT Director of UCI **Board member: Diego Galiano Bellón** Chairman of the General Board of the Official Associations of Real Estate Agents **Board member: Fernando García Erviti** Independent real estate consultant **Board member and Secretary of the Board of Directors: Eduardo Isidro Cortina Romero** Director of Legal Department and Compliance Officer of UCI
CCPT – Comprarcasa, Rede Serviços Imobiliários S.A.	**Chairman: Roberto Colomer Blasco** CEO of UCI **Board member: Pedro Megre Monteiro do Amaral** CEO UCI Portugal **Board member: Luis Mário Nunes** CEO of Comprarcasa Portugal **Board member: Luis Carvalho Lima** Chairman of the National Director of APEMIP **Board member: Vasco Morgadinho Reis** Deputy-Chairman of the National Directorate of APEMIP (Consultant) **Board's Secretary: Magda Andrade** Responsible for the Legal Department of UCI Portugal
UCI Mediaçao de Seguros Unipessoal, LDA.	**Entity's Director: Gregory Hervé Delloye** CFO of UCI Portugal **Entity's Director: Pedro Megre Monteiro do Amaral** CEO UCI Portugal
UCI Holding Brasil L.T.D.A.	**Entity's Director: Dylan Leworthy Boyle** **Entity's Director: Carlos Joao Lourenço Nisa de Brito Vintem** Sales Director

UCI.

Composition of the Board of Directors

Companhia Promotora UCI., S.A.	**Chairman: Jose Antonio Carchedi** **Vice-chairman: Roberto Colomer Blasco** CEO UCI **Board member: Luis Felipe Carlomagno Carchedi** CEO Companhia Promotora UCI, S.A. **Board member: Pedro Megre Monteiro do Amaral** CEO UCI Portugal **Director: Carla José Da Silva Moniz** CFO **Director: Rui Filipe Amaral Lopes** Sales Director
UCI Greece Credit and Loan Receivables Servicing Entity	**Chairman: Pedro Megre Monteiro do Amaral** CEO UCI Portugal **Board member Delegated: Aristidis Arvanitakis** **Board member: Dominique Bernard Marie Servajean** Managing Director of Bedor Excem

Composition Committees of the Board of Directors of the UCI Group

UCI Group Audit and Risks Committee	**Chairman: Michel Falvert** Director Large Agreements BNP Paribas Personal Finance **Member: Remedios Ruiz Maciá** Global Director of Risk Supervision and Consolidation in Banco Santander; Board member of Banco Santander Totta
UCI Group Committee of Assessment, Adequacy and Remunerations	**Chairman: Matías Rodríguez Inciarte** Chairman of Santander Universidades **Vocal: Alain Van Groenendael** Chairman and CEO of Arval

Composition of the Management and Executive Committee

UCI Group Management Committee	**Roberto Colomer Blasco** CEO of UCI **José Manuel Fernández Fernández** Deputy-CEO Commercial Area of UCI **Philippe Laporte** Deputy-CEO Finance, Technology and Clients of UCI **Ángel Aguilar Otero** HR Director **Rodrigo Malvar Soto** Risk Director **Pedro Megre** CEO of UCI Portugal **Olivier Rodríguez** Director General Intervention
UCI Group Executive Committee	**Ruth Armesto Carballo** Director of Marketing and Transformation **Anabel del Barco del Barco** Director of Direct Channel **José Antonio Borreguero Herrera** IT Director **Eduardo Isidro Cortina Romero** Director of Legal Department and Compliance Officer **Fernando Delgado Saavedra** Marketing Director **Francisco José Fernández Ariza** Director of Professional Services **Luis Nicolás Fernández Carrasco** Sales Director **Cecilia Franco García** Director of After-sale and Management of Estates **José García Parra** Director of Commercial Organization Projects of UCI **Marta Pancorbo García** Director of innovation and new product development **Tomás Luis de la Pedrosa Masip** Director of Internal Audit **Miguel Ángel Romero Sánchez** Director of Clients **Francisco Javier Villanueva Martínez** Director of Risks Valuation and Quality
UCI Portugal Management and Executive Committee	**Pedro Megre Monteiro do Amaral** CEO **Gregory Hervé Delloye** Director of Risk and Financial **José Portela** Director of Clients **Luis Nunes** CEO Comprarcasa **Pedro Pereira** Marketing Director **Carlos Vintem** Sales and Marketing Director
UCI Greece Credit and Loan Receivables Servicing Entity, Executive Committee	**Aristidis Arvanitakis** Delegated Board member **Pedro Megre Monteiro do Amaral** CEO of UCI Portugal **Thanasis Diorelis** Director of After Sale and Trading of Estates **Christos Gramatikopoulos** Administrative and Financial Director **Thanasis Philippou** Director of Operations and Recoveries
Compahnia Promotora UCI S.A. Executive Committee	**José Antonio Carchedi** Chairman **Roberto Colomer Blasco** CEO of UCI **Luis Felipe Carlomagno Carchedi** CEO **Pedro Megre Monteiro do Amaral** CEO of UCI Portugal

2.3. Market in which it operates

the UCI Group operates in Spain, Portugal, Greece and Brazil. In Spain and Portugal, the activity focuses on real estate financing loans and, in Greece, on the management and maintenance of loans granted by financial institutions. In Brazil, the activity of UCI Holding Brasil is the direct or indirect investment in real estate businesses in Brazil or abroad, while Compahnia Promotora UCI, S.A. is a joint venture which activity is the real estate intermediation, acting as broker.

2.4. Objectives and strategy

with regards to the **strategy and objectives,** the Entity counts with a planning methodology to support the UCI Group's decision-making process, to respond to the Entity's challenges, as well as the needs and expectations of all Stakeholders: UCI's planning method eases the establishment of long-term objectives, the adoption of actions, and the allocation of the necessary resources to achieve these objectives.

At the end of 2018, the Group's strategy for 2020 has been defined, based on the UCI Group's mission, vision, values and brand promise.

The plan counts with **4 strategic axes** which, in turn, count with the corresponding actions lines provided by the framework for strategic projects and objectives to be developed in the period 2019-2020.

These axes are:

- **Responsible and sustainable** in order to offer innovating financial products with the commitment to contribute to the social wellbeing and care for the environment.

- **New income sources** to cover our clients' complete cycle surrounding housing. **The objective is to promote** a collaborating attitude, open knowledge, and development of new products and services adapted to consumers' needs.

- **Financial autonomy to reinforce UCI's positioning in the market** and to generate liquidity sources at the short, mid and long term, in addition to profitable products and sustainable sureties.

- **Reinvention** from talent, culture and leadership to technological renewal and digital transformation, promoting talent in the Organization.

In 2018, and in line with the Entity's transformation, the following projects have been brought forward:

UCI participates **in the project "Green Mortgages" as representative of the Spanish mortgage sector** and, since June 2018, is part of the Energetic Efficiency pilot test of EeMAP of the EMF (European Mortgage Federation). This initiative is framed within UCI's Green Mortgages project, which will be implemented in Spain and Portugal.

This project is aimed both to finance highly energetic efficient houses with (energy certificate A or B) and reforms and/or refurbishments associated to energetic improvement.

The opportunities from this initiative will be conveyed to the business, to new clients' profiles and market segments, as well as to the development of new agreements and new products, in addition to new financing sources through 'green' mortgages.

In UCI Spain and Portugal, in 2018, 193 operations with energetic certificate A or B have been financed.

During the last quarter of the year, a new brand has been created for personal loans for reforms, **creditos.com**, in line with the concept that, in UCI, clients can find any type of home-related financing.

The new brand's objective is to promote personal loans for homes or housing estates' reforms to achieve energetic efficiency. The site creditos.com will offer a tool for the client to calculate savings to be achieved with the reform. On a first stage, creditos.com will focus on cities which, in 2019, will implement a compulsory refurbishment plan.

With regards to the Group's **reinvention**, the project "Reinventa APA" has tackled the redefinition of the relational model between the commercial network and real estate professionals to build a trusting relationship, based on the brand promise. The implementation will be developed throughout 2019.

This project's three main axes are defined on the brand promise:

- '*Te damos negocio*' (we offer business): accompaniment commitment, with agreements, business plans and incentives.

- '*Operaciones bajo control*' (operations under control): UCI's technology and financing experience at the client's service for an ongoing customized monitoring.

- '*Crecemos profesionalmente juntos*' (we grow together at professional level): the best training is offered to the sector through SIRA, and events such as Inmociónate, NAR convention, and Sell-a-bration.

- With regards to **digitalization**, the integration of artificial intelligence in decision-making processes has been developed with Watson.

In relation to the autonomous and competitive generation of liquidity to develop UCI's business, in 2018, UCI has resorted to financial markets to search for the necessary financing to develop the activity through the securitization fund **FT RMBS PRADO VI.** UCI has achieved the second best brand of the Prado series (Euribor +0.43%), just behind Prado V, and an over-subscription has been received by 1.5X, with the entry of new investors. Also, the financing percentage received on the total operation has exceeded previous securitization operations (351 over 428 million, 82%).

The Prado series is an own-label financial product which quality is known by the CNMV, Bank of Spain, ECB, as well as rating agencies and investors.

Risk management

3.1. Risk management policies and procedures

The risk manager is responsible for providing exhaustive meaningful information on risks and for advising the Board of Directors to understand the Entity's global risk profile.

In general, the following functions have been allocated to the risk managers:

- Assessing and controlling all relevant risks, complying with Circular 2/2016 and solvency regulations.
- Establishing written risk assumption policies and appropriate internal measurement procedures, stress tests, operating limits, review frequencies, responsible person or body, and other relevant aspects.
- Counting with appropriate procedures to provide all relevant information to supervisors.

The UCI Group performs a comprehensive risk management, where the risk appetite's definition and control is a key element. The risk management function has access to all business areas and will be independent from those which risks are controlled; however, the interaction between operating functions and the risk management function eases the objective that all of the Entity's personnel assume the responsibility to manage risks.

This approach is aligned with the best market practices and recommendations from the main international regulators.

In this context, the Entity defines and implements its Risk Appetite Framework (hereinafter, RAF), thus formalizing the structuring of the decision-making with regards to risks, the definition, level and composition of risks to be assumed by the UCI Group on its activity, as well as the risks' supervision mechanism and follow-up. Therefore, the risk management function is a focal element of the Entity's organization and is structured in a way to ease the implementation of risk policies and control the risk management framework.

Thus, the risk management excellence is one of the strategic priorities established by the Entity. This implies consolidating a strong risk culture throughout the Organization, a risk culture known and applied by all UCI Group's employees. Therefore, the risk management function is actively involved on the elaboration of the risk strategy and ensures the implementation of efficient risk management procedures, and also provides the board of directors with all risk-related relevant information in order to allow them to establish an appropriate risk appetite level for the Entity.

3.2. Main risks and control

The risk mapping contemplates the risk families incurred by the operations of each different Business Unit comprised on UCI Group (ES, PT, GR and GU).

Each risk family is defined below (Table 4.1.).

3.3. Risk assessment

With regards to the risk assessment, the RIA methodology (Risk Identification and Assessment) consists in the identification and assessment of the different types of risk, involving the different lines of defence in its execution, in order to reinforce the advanced proactive risk management, establishing management standards in compliance with regulatory requirements and which are aligned with the best market practices, also being a mechanism to transfer the risk culture.

The function comprises all risk identification and assessment processes, as well as their integration in the risk profile, its units and activities, also allowing the update of the risk mapping.

The final objective is to know the residual risk for risks and subfamilies and the risk profile for families and Units. The risk profile is determined by the interrelation between each block of the RIA:

RISK PERFORMANCE

It allows knowing the residual risk per type of individual risk, through a set of KRIs calibrated based on international or internally defined standards.

Each individual risk's residual risk is determined by one or several KRIs (sometimes, expert judgement), which risk assessment is framed within ranges

Table 4.1.

CR	Risk family	Definition
FR01	Concentration	Lack of diversification from the standpoint of geographic exposure, client's typology, specific products or per sales channel. It also includes the client's individual exposure and the exposure per activity sectors.
FR02	Credit	It shows the possibility to suffer losses derived from debtors' non-compliance with their contractual obligations. It includes the risk of counterparty.
FR03	Structural interest rate	The interest rate risk is the exposure to which the Entity is subject as a consequence of interest rate's adverse movements. This sensibility is conditioned by gaps in maturity dates and interest rates' review dates of the different balance sheet items. Changes in interest rates impact the Entity's intermediation margin and affect the value of assets and liabilities held by the Entity. Therefore, an effective interest rate risk management is essential to delimit this risk and to ensure the Entity's economic value and profitability.
FR04	Leverage	The Leverage Risk derives from an institution's vulnerability due to the contingent leverage which could require undesired corrective measures from its business plan, including the sale of assets in difficulties which could lead to losses or valuation adjustments of its remaining assets. It cares for the lack of compliance with minimum regulatory requirements, entailing capital increase needs. It refers to total unweighted assets.
FR05	Liquidity	The Liquidity Risk includes the possibility for the Entity to suffer losses for the absence of available liquid funds to face payment obligations, both at the short and at mid/long terms. Within the Liquidity Risk family, the analysis has been divided into: – Short-term Liquidity Management – Mid/Long-term Liquidity Management
FR06	Market	The Market Risk reflects the possibility to suffer losses derived from adverse movements in market prices and/or of marketable instruments with which the Entity operates.
FR07	Operating	Risk of loss resulting from a lack of adaptation or failure in processes, personnel, internal systems, or external installations. This definition includes the legal risk and excludes the reputational risk.
FR08	Reputational	The Reputational Risk is defined as the body of the different Stakeholders' perceptions and opinions on the Entity. It is associated to changes of perception regarding the Group, or its brands, by stakeholders, where an action, event or situation could negatively or positively affect the Organization's reputation.
FR09	Strategic	The strategic risk is defined as the current and future impact in income and capital which could derive from adverse business decisions, undue application of decisions, or lack of ability to respond to changes. This risk is a compatibility function of the Entity's strategic objectives, strategies developed to reach those objectives, resources used, as well as the quality of their execution. The necessary resources to implement business strategies are assessed in relation to the impact of economic, technological, competitive and regulatory changes.
FR10	Capital structure	The Capital Structure Risk is defined as the insufficient amount and/or quality of capital to comply with minimum regulatory requirements established, and the absence of contingency plans to re-establish the minimum requirements. It refers to total weighted assets.

defined into 4 risk levels. Also, the risk tolerance, risk limit and weighing are defined for each KRI.

- Low (1-1,75)
- Medium-Low (1,75-2,5)
- Medium-High (2,5-3,25)
- High (3,25-4)

The aggregated and weighed rating of each individual risk determines the risk profile for each risk family and Unit, which should be aligned with the risk appetite defined by the Entity for each risk family.

An add-on will be added (never subtracted) to the rating obtained from the two following blocks.

CONTROL ENVIRONMENT

It assesses the implementation degree of the objective management model established in agreement with advanced standards.

The assessment focuses on internal governance procedures and global controls in order to verify that they are appropriate for the Entity's risk profile, business model, size and complexity, and to identify the extent to which the Entity complies with requirements and best internal governance and risk control standards specified on applicable international and internal guidelines in this field.

This assessment is performed by three lines of defence in the Entity, in order to verify their alignment degree.

LINES OF DEFENCE

UCI Group follows a risk management and control model based on in three lines of defence.

First line of defence

Business areas and all support areas that generate a risk exposure constitute the first line of defence against such risk. These areas are responsible for establishing a risk management environment to ensure their permanence within the approved appetite and defined limits.

Second line of defence

The second line of defence consists of the risk assessment area (Risk Management department and Internal Control department) and the compliance and conduct area. These areas independently supervise and challenge the risk management activities performed by the first line of defence.

These areas are responsible for ensuring that risks are managed in agreement with the risk appetite defined by top management, and for promoting a solid risk culture throughout the Organization. These areas also must provide guidelines, advice and expert judgement in all relevant risk-related matters.

Third line of defence

Internal audit, as third line of defence. On its ultimate control layer, internal audit performs periodic assessments to verify that policies, methods and procedures are appropriate and have been effectively implemented in the management and control of all risks.

BUSINESS MODEL ANALYSIS (BMA)

Assessment of the Entity's business model and strategy. Unit's prospective analysis (forward-looking) based on stress metrics and/or identification and valuation of the main threats or key vulnerabilities (Top risks) that could have a significant impact on the strategic plan or compromise the Entity's future feasibility, allowing the establishment of specific action plans to mitigate their potential impacts and monitor them.

The Entity will perform a periodic business model analysis (BMA) to assess the business and strategic risks and to determine:

The feasibility of the Entity's current business model, based on its ability to generate reasonable profitabilities in the 12 following months.

- The sustainability of the Entity's strategy, based on its ability to generate reasonable profitabilities during a future period of at least 3 years, based on its strategic plans and financial forecasts.

Fight against corruption and bribery

The UCI Group, among its corporate governance principles, ensures the compliance with regulations in force, with the Group's policies and procedures, in particular those related to the money laundering and criminal prevention.

4.1 Measures adopted to prevent corruption and bribery

The Entity's **Code of Ethics** develops principles included on the Group's Mission, Vision and Values, and serves as guidelines for action for its professionals on a global, complex and changing environment.

The Code of Ethics establishes a set of principles and conduct guidelines, aimed to ensure the ethical and responsible behaviour of all of the Group's professionals in the development of their activity.

Among the competences of the Compliance Department, they promote the dissemination, the knowledge, the compliance with, the general and binding interpretation of the Code of Ethics, as well as the coordination of its application, and resolution of all consultations or doubts posed in relation to its content, interpretation, application or compliance and, in particular, to the application of disciplinary measures by the competent bodies.

WHISTLEBLOWING CHANNEL

The Group's **Whistleblowing Channel** is a procedure to report the non-compliance with regulations, allowing the Group's collaborators to confidentially communicate conducts that could imply a lack of compliance with the corporate governance system or the commission by any of the Group's collaborators of an action against law (in particular a criminal action) or against the acting standards of the Code of Ethics.

During 2018, 2 reports have been received and processed through this channel in Spain, respectively related to the trading of product and fraud.

Also, the Group's **risk prevention** system includes the procedure aimed to prevent corruption and bribery. This procedure identifies aspects to be considered in the daily activity to avoid said risk of corruption and bribery and, therefore, the risk of incurring on a criminal responsibility.

Likewise, the aim of UCI' **specific gift policy**, applicable to the entire Entity, is to regulate and make known the best practices in relation to the possible delivery or acceptance of gifts. The gift policy is framed within the criminal risk prevention device. During 2018, no incident has been registered in this matter.

CRIMINAL RISK PREVENTION

In relation to the prevention of **legal entities' criminal risk**, during 2018, training has been offered to all professional for an appropriate dissemination of this matter, monitoring defined processes in order to prevent this risk, in agreement with the Criminal Risk Prevention Manual and the Code of Ethics.

The criminal risk prevention device is completed with other procedures and policies, such as:

- Money Laundering Prevention Manual,
- Whistleblowing Channel Procedure,
- Catalogue of operations with money laundering risk in credit entities and in the real estate activity,
- Catalogue of best and bad practices in the financing and real estate activity.

4.2 Measures adopted to prevent money laundering

During 2018, UCI has continued its monitoring activities on Regulatory Compliance and Money Laundering Prevention, in order to control its reputational and operating risk.

The Code of Ethics stipulates that regulatory compliance and deontology cover the compliance with the legislation in force reflected on the UCI Group's internal procedures.

Therefore, all of the UCI Group's collaborators have the duty to adjust their actions to regulations in force, following in this sense the UCI Group's specific guidelines.

Specifically with regards to **Money Laundering Prevention,** the Entity is highly aware of the importance of due control and compliance with obligations in this matter. The non-compliance with obligations established by the legislation in this matter could imply serious penalties, both economic and administrative, for the Entity.

Accordingly, the UCI Group has implemented a series of procedures aimed to detect all suspicious operations, which must be immediately communicated according to the Money Laundering Prevention Manual.

From the particular standpoint of the compliance with money laundering prevention regulations, the fundamental lines of work during 2018 have been the following:

- Follow-up of measures to improve the identification and knowledge of the final client (KYC), both in the financing activity and in the activity of sale of estates, and the knowledge of the supplier (KYS). Adaptation and dissemination of the KYI procedure to know the intermediaries.
- Follow-up of the alert management system of potentially suspicious money laundering operations, both in financing and in the sale of estates, regardless of the subsequent detailed analysis of each file.
- During 2018, a total of 449 alerts have been analyzed in Spain, out of which 7 were communicated to the OCI and 1 to the SEPBLAC. In Greece, 21 alerts have been analyzed during 2018, none of which were communicated to the local regulator. In Portugal, 160 alerts have been analyzed, none of which were communicated to the local regulator.
- Training in Money Laundering Prevention to the Entity's collaborators and new incorporations.
- Review of the money laundering prevention system by an External Expert, in agreement with Law 10/2010.
- Internal verification of the Money Laundering Prevention system by UCI' Internal Audit Department.

4.3 Awareness and training in regulatory compliance

Compliance training modules given during 2018 in the UCI Group have been the following:

- Criminal Risk Prevention
- Money Laundering Prevention
- Data Protection
- International Penalties and Seizures
- Competition Law
- Volcker Regulations

Internal communications for the awareness of contents related to Compliance have been the following:

- Procedure to validate of products and services.
- KY Procedure
- Appropriate use of email.
- Compliance function.
- Code of Best practices.
- Cyber-security
- Commercial Communication Policy.
- Code of best practices (for directors).
- Code of best practices (for affected collaborators)
- Consumer protection policy (executive committee)
- Other Compliance contributions in the internal social network

In 2018, 151 communications have been sent on regulation developments in Spain.

4.4 Contributions to sector associations

During 2018, UCI Spain has made monetary contributions for a total amount of **24,855.14 Euros** to sector associations related to the Group's activity (Table 4.2.).

Table 4.2.

Contributions to sector associations

Key details	2018
Asociación Hipotecaria Española	17,150 Euros
ASNEF - Asociación Nacional de Establecimientos Financieros de Crédito	5,926.14 Euros
Cámara Franco-Española de Comercio e Industria	448 Euros
Green Building Council-España	1,331 Euros
Total	**24,855.14 Euros**

Corporate and personnel matters

Employees are the most important asset and essential pillar of the Entity's success and, therefore, matters such as stable employment, training and professional development, as well as the surveillance of employees' health and wellbeing are the axes of the Human Resources policies.

5.1. Employment

All data included in employment matters refer to UCI in Spain and Portugal.

The following table indicates the main figures on the total number and distribution of employees (Table 4.3.).

The Entity's bet for stable quality work is reflected on the following data, with the main figures on the number total and distribution of contract modalities per gender, age and professional classification (Table 4.4., 4.5. 4.6. y 4.7.).

With regards to dismissals, the following table includes the main figures on the number of dismissals per gender, age and professional classification (Table 4.8.).

The most relevant figures on average remuneration and its evolution, detailed per gender, age and professional classification or equal value, are shown in Table 4.9.

The salary gap between men and women in 2018 is shown in Table 4.10.

The main figures on the board members and directors' average remuneration are shown in Table 4.11.

In 2018, the Group has approved and implemented the **flexible working policy** in which the Group will continue working, in 2019, to address new phases, particularly the one related to teleworking. The Group has not elaborated a digital disconnection policy in the Entity's labour field, which project will begin in 2019 to comply with the corresponding legislation.

With regards to **disabled employees**, the number and percentage is included on the following table. In 2019, UCI will work on a surfacing procedure to provide employees with an individualized care, and to solve matters related to the management of the disability certificate and related information, as well as in the processing of the dependence and possible aids derived from it. Portugal does not count with disabled employees (Table 4.12.).

5.2. Work's organization

During 2018, the main measure adopted by the Organization with regards to working hours has been the implementation of the **Flexible working policy** which aim is, on the one hand, to ease the gender diversity by improving the work/personal life balance and, on the other, to improve productivity, commitment and pride of belonging. During the last quarter of 2017, flexible working hours were analyzed in the Entity's different areas and, in 2018, a project has been implemented in several phases for all areas to be able to adopt this measure and favour the work/personal life balance for all employees.

Regarding labour absenteeism, shown in table includes data per contingency (Table 4.13.).

The number of hours of absenteeism per common contingency has been of 48,744 and for professional contingency of 2,816 (Table 4.14.).

The number of hours of absenteeism in 2018 for labour accident has been of 328 and for common contingency of 1,288 hours.

5.3. Health and security at work

HEALTH AND WELLBEING

With regards to **Health and Wellbeing** at work for UCI employees, in 2017, the campaign "**Cuídate Corazón"** was implemented in UCI Spain. It is a three-year initiative to create and promote a healthy living culture to improve the indicators of cardiovascular risk in the payroll.

In 2018, and in order to promote and disseminate efficient practices through the campaign Cuídate

Table 4.3.

Employees UCI Spain	2017	2018
Employees per gender (total no. and %)	Women: 314 (56%) Men: 252 (44%)	Women: 311 (55.83%) Men: 246 (44.17%)
Employees per age (total no. and %)	< 25 years: 2 (0.4%) 25-40 years: 213 (37.6%) >40 years: 351 (62%)	< 25 years: 6 (1.08%) 25-40 years: 175 (31.41%) >40 years: 376 (67.51%)
No. of nationalities	16	7
Immigrant employees (total no. and %)	27 (4.8%)	11 (2%)
No. Employees per professional classification	Top management: 16 Management: 9 Managers: 94 Collaborator: 447	Top management: 19 Management: 10 Managers: 90 Collaborator: 438
Total employees	**566**	**557**

Employees UCI Portugal	2017	2018
Employees per gender (total no. and %)	Women: 54 (61.36%) Men: 34 (38.64%)	Women: 53 (60.91%) Men: 34 (39.08%)
Employees per age (total no. and %)	< 25 years: 8 (8.88%) 25-40 years: 32 (36.3%) >40 years: 48 (4.52%)	< 25 years: 2 (2.3%) 25-40 years: 25 (28.7%) >40 years: 60 (69%)
No. of nationalities	2	2
Immigrant employees (total no. and %)	1 (1.14%)	1 (1.15%)
No. Employees per professional classification	Top management: 1 Management: 5 Managers: 23 Collaborator: 59	Top management: 1 Management: 5 Managers: 23 Collaborator: 58
Total employees	**88**	**87**

Corazón, UCI adhered to the PECS –programme of entities committed to its employees' cardiovascular health- of the Fundación Española del Corazón.

The objective of this adherence is the following:

- Try to prevent and decrease the incidence of cardiovascular illnesses.
- Promote heart-healthy living habits.
- Actively participate in the dissemination of advice to prevent and decrease the risks of cardiovascular illnesses.

Specific actions performed during 2018 have been the following:

Creation of the *observatory to manage health and wellbeing* of UCI's management team, aligned with the annual programme to promote health, creating a group health profile integrated within the health Campaign Cuídate Corazón.

Healthy breakfasts: within the medical examination campaign during 2017 and 2018, healthy breakfasts have been offered on the examination day.

Awareness campaign on the importance of the hydration, delivering a glass bottle to all employees to promote drinking more water during working hours, and to eliminate the consumption of plastic. As a whole, 625 bottles were delivered.

Table 4.4.

Labour contract modality UCI Spain

Contract's modality	2017	2018
FT temporary contracts (total no. and %)	Total no.:5 %: 0.88%	Total no.:16 %: (2.87%)
FT indefinite-term contracts (total no. and %)	Total no.:560 %: 98.94%	Total no.:539 %: 96.77%
PT temporary contracts	Total no.:1 %: 0.18%	Total no.:0 %: 0%
PT indefinite-term contracts	Total no.:0 %: 0%	Total no.:2 %: 0.36%
Total	**566**	**557**

Labour contract modality UCI Portugal

Contract's modality	2017	2018
Temporary contracts (total no. and %)	Total no.:14 %: 16	Total no.:17 %: 19.5
Indefinite-term contracts (total no. and %)	Total no.:74 %: 84	Total no.:70 %: 80.5
Part time contracts	Total no.:0 %: 0	Total no.:0 %: 0
Total	**88**	**87**

Table 4.5.

Annual average of contract modalities per gender UCI Spain

	2017		2018	
	Women	Men	Women	Men
Annual average temporary contracts	5.3	5	3.92	6.0
Annual average indefinite-term contracts	309.25	248.75	311	241.92
Annual average of part-time temporary contracts	0	1.0	0	0
Annual average of part-time indefinite-term contracts	0	0	0.5	1.0
Total	**314.5**	**254.75**	**314.25**	**249.25**

Annual average of contract modalities per gender UCI Portugal[1]

	2017		2018	
	Women	Men	Women	Men
Annual average temporary contracts	9	6	10	4
Annual average indefinite-term contracts	51	32	46	30
Annual average of part-time temporary contracts	0	0	0	0
Annual average of part-time indefinite-term contracts	0	0	0	0
Total	**60**	**38**	**56**	**34**

1. Average data in Portugal refer to the total number of employees who have worked in UCI, regardless whether they have left the Entity during the year.

Table 4.6.

Annual average of contract modalities per age UCI Spain

	2017			2018		
	Below 25 years old	From 25 to 40 years old	Above 40 years old	Below 25 years old	From 25 to 40 years old	Above 40 years old
Annual average temporary contracts	0.33	9.16	0.83	1.92	8.0	0
Annual average indefinite-term contracts	0	206.5	351.5	0.33	153.42	399.17
Annual average of part-time temporary contracts	1.0	0	0	0	0	0
Annual average of part-time indefinite-term contracts	0	0	0	1	0	0.5
Total	**1.33**	**215.66**	**352.33**	**3.25**	**161.42**	**399.33**

Annual average of contract modalities per age UCI Portugal[1]

	2017			2018		
	Below 25 years old	From 25 to 40 years old	Above 40 years old	Below 25 years old	From 25 to 40 years old	Above 40 years old
Annual average temporary contracts	2	11	2	3	9	2
Annual average indefinite-term contracts	0	20	63	0	17	59
Annual average of part-time contracts	0	0	0	0	0	0
Total	**2**	**31**	**65**	**3**	**26**	**61**

1. Average data in Portugal refer to the total number of employees who have worked in UCI, regardless whether they have left the Entity during the year.

Fruit day: on April, May and November, UCI has delivered seasonal ecologic fruit. As a whole, UCI distributed 870 kilos of fruit among employees.

Corner with healthy menus: the corner located in the HQ's canteen establishes kcal, and offers vegetarian, vegan and gluten-free menus in order to provide information and nutrition tools to all staff.

In collaboration with the Asociación Española Contra el Cáncer, UCI launched the programme to **quit smoking** with the assistance of one doctor and one psychologist. As a whole, 18 collaborators were involved in the initial motivational talk, subsequently training a group of 12 persons, and holding 10 sessions. The success percentage of tobacco abandonment has been of 70% at the end of the programme.

Stress: throughout 2018, UCI has continued its workshops of initiation to mindfulness, holding as a whole 4 sessions in the following provinces: Las Palmas, Almeria and Madrid, with the participation of 30 persons.

Programme on healthy sleep hygiene: it is a twofold objective, on the one hand, to acquire knowledge on the influence of environmental factors on the sleep cycle, as well as mechanisms of action of pharmacological treatments, breathing and relaxation techniques, and on the other hand to reflect regarding the incorporation of healthy habits that positively influence the sleep to improve and preserve a health status, both at physical and psychological levels.

A total of 37 persons have participated on these workshops in 3 groups in Madrid.

Moreover, during working hours and since October, the HQ created a **meditation group** of 20 persons in order to fight the daily stress. Training has been taught to 58 persons to help them to manage their emotions in the Collections area.

Table 4.7.

Annual average of contract modalities per professional classification UCI Spain	2017				2018			
	Top management	Management	Manager	Collaborator	Top management	Direction	Manager	Collaborator
Annual average temporary contracts	0	0	0	10.33	0	0	0	9.92
Annual average indefinite-term contracts	15.92	9	94	439.08	18.33	9.25	90.67	434.67
Annual average part-time temporary contracts.	0	0	0	1	0	0	0	0
Annual average part-time indefinite-term contracts	0	0	0	0	0	0	0	1.55
Total	**15.92**	**9**	**94**	**449.41**	**18.33**	**9.25**	**90.67**	**444.59**

Annual average of contract modalities per professional classification UCI Portugal (1)	2017				2018			
	Top management	Management	Manager	Collaborator	Top management	Direction	Manager	Collaborator
Annual average temporary contracts	0	0	0	15	0	0	0	14
Annual average indefinite-term contracts	1	5	23	54	1	5	24	46
Annual average part-time temporary contracts.	0	0	0	0	0	0	0	0
Annual average part-time indefinite-term contracts	0	0	0	0	0	0	0	0
Total	**1**	**5**	**23**	**69**	**1**	**5**	**24**	**60**

1. Average data in Portugal refer to the total number of employees who have worked in UCI, regardless whether they have left the Entity during the year.

Promotion of sport: to incentivize the practice of physical exercise as a basic tool to achieve a healthy lifestyle. The Entity has promoted the participation of collaborators in different races throughout 2018, all in Madrid, except for one in the Canary Islands.

Races:

- One team of **22 collaborators** has participated in the 11th Edition of the Liberty Race.
- A total of **82 runners** have participated in the 5th Edition of the Race against Cancer, organized by the Asociación Española Contra el Cáncer.
- The Entity has promoted the participation of five teams of runners with a total of **15 runners** in the 19th Edition of the Entities' Race in Madrid.
- A total of 33 UCI runners participated in the Heart Race, which objective is to contribute to keeping an active healthy life.

Table 4.8.

Classification of the number of dismissals UCI Spain

	2017	2018
No. dismissals per gender	Women: 6 Men: 5	Women: 10 Men: 4
No. dismissals per age	Below 25 years old: 0 From 25 to 40 years old: 7 Above 40 years old: 4	Below 25 years old: 0 From 25 to 40 years old: 5 Above 40 years old: 9
No. dismissals per professional classification	Collaborator: 11	Managers: 2 Collaborator: 12
Total	**11**	**14**

Classification of the number of dismissals in UCI Portugal

	2017	2018
No. dismissals per gender	Women: 0 Men: 0	Women: 0 Men: 0
No. dismissals per age	Below 25 years old: 0 From 25 to 40 years old: 0 Above 40 years old: 0	Below 25 years old: 0 From 25 to 40 years old: 0 Above 40 years old: 0
No. dismissals per professional classification	0	0
Total	**0**	**0**

- A total of **16 employees** have participated in the first Charity Race for Financial Education and Inclusion, promoted by ASNEF and Fundación ONCE.

Other sport activities celebrated in 2018 have been the participation in the football tournament in Madrid, which counted with 13 persons; the second UCI's paddle tournament, with the involvement of 20 couples in Madrid, and the platform GymForLess which allows acquiring daily access coupons in more than one thousand fitness centres throughout Spain. An average of 26 persons per month has benefitted from this system's advantages to do sport at a reduced price.

Other health-related actions have been the following:

- Administration of the seasonal flu vaccine.
- Incorporation of new medical protocols in annual health examinations: faecal occult blood; colon cancer prevention; cholesterol differentiation…
- Oral health: awareness campaign with recommendations with regards to habits and food, and delivery of a dental kit to each collaborator.
- Ophthalmologic revision with the collaboration of AVER, in order to look after the collaborators' eye health, offering this revision every two years, since their work entails the screening of data. The following examination will be in 2019.

LABOUR RISKS PREVENTION

This section contemplates activities performed in in LRP in coherence with the Law.

- Performance of external statutory audit of the LRP management system for the regulatory compliance. Dates: 11 and 12 April.
  In Portugal, it was performed at the end of 2017.
- Visit to new working centres in order to assess the new opening, and in case of reforms or substantial modifications, as well as preventive planning in order to implement the proposed corrective measures.
- Emergency plans or reviews in the different working centres. Emergency drills in the different working centres. Specific training in fires-emergency for all emergency team members. Integration of the emergency team in a collective accident insurance with Liberty.
  In Portugal, in 2017 and 2018, emergency drill in the HQ and, in 2018, training action with firemen for the whole team on the internal emergency plan.

Table 4.9.

Average remuneration of employees UCI Spain		
	2017	2018
Average remuneration per gender	Women: 26,231.26 € Men: 33,357.55 €	Women: 26,740.64 € Men: 34,473.54 €
Average remuneration per age	Below 25 years old: 19,292.80 € From 25 to 40 years old: 23,536.51 € Above 40 years old: 33,022.38 €	Below 25 years old: 18,264.90 € From 25 to 40 years old: 23,427.82 € Above 40 years old: 33,476.93 €
Average remuneration per professional classification or equal value	Top management: 95,753.47 € Management: 57,457.17€ Managers: 39,309.84€ Collaborator: 24,347.79	Top management: 93,572.97 € Management: 55,813.62€ Managers: 39,953.21€ Collaborator: 24,805.87€

Average remuneration of employees UCI Portugal		
	2017	2018
Average remuneration per gender	Women: 15,734.56€ Men: 22,546.81€	Women: 15,738.52€ Men: 28,931.69€
Average remuneration per age	Below 25 years old: 4,626.83€ From 25 to 40 years old: 11,645.9€ Above 40 years old: 22,640.97€	Below 25 years old: 5,214.55€ From 25 to 40 years old: 15,307.39€ Above 40 years old: 23,542.48€
Average remuneration per professional classification or equal value	Top management: 135,599.91€ Management: 58,828.54€ Managers: 23,362.38€ Collaborator: 12,514.49€ (1)	Top management: 135,599.94€ Management: 61,353.54€ Managers: 24,649.68€ Collaborator: 14,753.86€ (1)

1. In 2017, most of the sales team (EC) became Financial Consultant, and new incorporations to Back Office include a lower value as base remuneration.

Table 4.10.

Salary gap UCI Spain (1)		
	2017	2018
Top management	1.68	1.33
Management	0.97	1.27
Manager	1.14	1.12
Collaborator	1.01	1.02

Salary gap UCI Portugal		
	2017	2018
Top management	N/A	N/A
Management	N/A	N/A
Manager	1.00	1.05
Collaborator	0.87	1.08

1. For the same professional category, men's remuneration divided by women's remuneration.

Table 4.11.

Average remuneration of the board members and directors Spain (1)	
	2018
Average remuneration board members	Women: 0€ Men: 17,500€
Average remuneration directors	Women: 82,042.20€ Men: 143,828.05€

Average remuneration of the board members and directors Portugal	
	2018
Average remuneration board members	Women: 0€ Men: 0€
Average remuneration directors	Women: 0€ Men: 91.335,193€

1. The single female board member waives to perceiving remuneration and allowances, as well as one male board member, who are part of this average.
The portion of board members' retribution and allowances refer to the attendance to the Board meeting of UCI, S.A.
Retributions/allowances for the attendance to the Board meeting of the two attending directors are considered within their total average remuneration.

Table 4.12.

Disabled employees Spain		
	2017	2018
Disabled employees (total no. and %)	5 (0.88%)	5 (0.89%)

Table 4.13.

Rate of absenteeism Spain		
	2017 (%)	2018 (%)
Accident	0.06	0.15
Common illness	2.11	2.62
Maternity	0.93	0.55
Professional illness	0	0
Total	**3.1**	**3.32**

Table 4.14.

Rate of absenteeism Portugal		
	2017 (%)	2018 (%)
Accident	0.05	0.9
Common illness	0.13	0.34
Maternity	0	0.18
Professional illness	0	0
Total	**0.18**	**1.42**

- Obligations included on the law of LRP (training, information, health surveillance...). In Portugal, skin analysis and first-aid awareness. A doctor is available once every two weeks in the Portuguese HQ to meet the employees and respond to health and wellbeing questions. In 2017, LRP training was offered.

- Workstation adaptations: provision of special chairs, evacuation chair, footrest, ergonomic pads and screen lifters.

- Defibrillator: one defibrillator is available in the Madrid HQ in order to comply with its availability in working centres of more than 250 workers. Inscribed in the Community of Madrid and with maintenance contract.

The following table reports information on the frequency and severity of **labour accidents** and professional illnesses, detailed per gender (Table 4.15.).

In 2018, the number of labour accidents has been of 4 in women and 1 in men (Table 4.16.).

In 2018, there have been 2 labour accidents in women.

5.4. Social relationships

With regards to **employees covered by Collective Bargaining Agreement** per country, data are shown in Table 4.17.

The Entity is governed by the sector Bargaining Agreement ASNEF - Asociación Nacional de Establecimientos Financieros de Crédito (Spanish Association of Credit Institutions). Article 27 on Health surveillance indicates that entities will guarantee to employees the periodic voluntary surveillance of their health condition, based on risks to which the employee is exposed, with a particular valuation of risks that could affect female workers who are pregnant or have recently given birth, and staff particularly sensitive to certain risks, applying the Protocol of Health Examinations for PVD users of the Ministry of Health (visual function examinations, musculoskeletal symptoms, task's characteristics and assessment of the mental workload) or substituting regulations.

Such periodicity will not exceed the two years, except for the initial health examination of personnel joining the work, or after being allocated with specific tasks with new health risks, and the health examination of persons who re-join their post after a long absence for health reasons.

Health examination measures will include blood and urine tests, and electrocardiogram from 40 years old, or when there is a risky family background, and ophthalmological examination, of the hearing function and musculoskeletal system, for employees who request them.

5.5. Training

100% of the Group's employees have received training in 2018, with a total 31,018 hours of training. As a whole, in Spain, **27,456 hours** of training have been offered, providing 133 types of different training. In Portugal, UCI's collaborators have received a total of **3,510 hours** of training and, in Greece, **52 hours.**

In addition to the external face-to-face training, UCI counts with a platform to provide online training in Spain and Portugal. In Spain, there is an internal training catalogue with an offer of more than 38 training courses for collaborators.

With regards to training policies, UCI does not only offer and monitor the achievement of compulsory training courses, but also makes available to employees a series of technical and skills training courses that can be voluntarily requested for free, which are integrated on the employee's training file.

In turn, the training plan reflects training courses to be provided to all employees or to a specific group of employees, for the correct business development.

Training hours provided to employees are detailed as follows (Table 4.18.).

5.6. Internal communication

The ongoing dialogue and active listening are elements that allow UCI placing its collaborators in the centre, knowing their opinions and needs, and receiving ideas to contribute to the ongoing improvement.

ONLINE CHANNELS

"Ágora" is the online corporate network that allows all collaborators in Spain to share their professional experiences, participate in debates, and propose improvement ideas for the Entity (Table 4.19.).

"El Patio" is UCI's digital newspaper, elaborated by employees, which gathers the Organization's current information. Also, this website, launched in 2016, is a meeting point for collaborators to know what is being done and how, as well as a channel

Table 4.15.

Health and security at work UCI Spain

	2017		2018	
	Women	Men	Women	Men
Frequency labour accidents	7.3	2.2	7.4	2.3
Frequency professional illnesses	0	0	0	0
Severity labour accidents	0.1	0.2	0.4	0.0
Severity professional illnesses	0	0	0	0

Indexes have been calculated considering worked hours according to the bargaining agreement, 1,718 hours.

Table 4.16.

Health and security at work UCI Portugal

	2017		2018	
	Women	Men	Women	Men
Frequency labour accidents	17.07	0	21.00	0
Frequency professional illnesses	0	0	0	0
Severity labour accidents	0.17	0	0.43	0
Severity professional illnesses	0	0	0	0

Indexes have been calculated based on the average of hours worked by employees in 2017.

Table 4.17.

Labour relationships

	No. collective bargaining agreements 2018	% covered employees
Spain	1	100%
Portugal	0	0%

to share knowledge and recognition. Following the same philosophy, in 2017, UCI Portugal launched its own edition of “El Patio” (Table 4.20.).

In addition to these internal communication channels, **UCI’s Corporate Intranet** centralizes all employees’ services and makes available all corporate and business information. During 2018, UCI launched a new version, which objective is to make all communication to collaborators more accessible, as well as to make available all of the Organization’s services in a more structured manner. During the first quarter of 2019, in Portugal, the new intranet version will be made available.

Offline channels

In 2017, the Entity has launched “El Batido”, the internal communication magazine which reports on the employees’ more personal facets, in addition to the Entity’s aspects. It is a support to create synergies within UCI.

5.7. Universal accessibility and equality

in UCI Spain, the following actions have been performed to guarantee the **integration and universal accessibility of disabled persons**:

Adaptation of the workstation and evacuation chair, and voice software in HQ workstation.
Process for the adaptation and integration in HQ workstation.
The Prevention Service offers the possibility of provide sensitive workers, under request, footrests

Table 4.18.

Training hours to employees (Spain, Portugal and Greece)		
Professional categories	**2017**	**2018**
Collaborator	17,568	25,162
Manager	2,564	4,855
Director	321	1,001
Total	**20,453**	**31,018**

Table 4.19.

Involvement in Ágora		
	2017	**2018**
Comments	2,395	797
Monthly publications	36.42	20.33
Total publications	**437**	**244**

Table 4.20.

Involvement in El Patio (Spain and Portugal)		
	2017	**2018**
Comments	1,088	431
Publications	408	295

and/or special ergonomic chairs to achieve a better adaptation to the workstation.
At the HQ, possibility to provide a parking space to the sensitive worker, under request and if available.
On each working centre's Risks Valuation, determination of whether there is any risk of special relevance for sensitive workers.

In 2018, several policies have been elaborated and validated to **promote the equality of treatment and opportunities between women and men** in matters related to new incorporations to the payroll, promotions or mobility within the Entity:

General Gender Diversity Policy
Selection Policy
Internal Mobility and Promotion Policy
Flexible working Policy

The general dissemination of the three first policies will be performed during the first quarter of 2019, since the Flexible working Policy is in force since 2018.

Every year, different parameters are analyzed to measure possible existing inequalities within the Organization, and action bases are established with extracted data for the following year.

In 2018, UCI has worked in the update of the **sexual and gender harassment protocol**, allowing more accessible whistleblowing channels for all employees. This protocol will be disseminated in the first quarter of 2019.

Commitment with the society

6.1 Entity's commitments with sustainable development

One of the pillars of UCI's mission is to generate a positive impact on its stakeholders. Through its activity, the Entity contributes to the progress of people within the environment where it develops its business.

As indicated on the CSR report of 2017, a commitment for 2018-2019 is to identify relevant questions for the business and stakeholders and, based on them, to establish an action strategy to allow the Entity to make progress on its transformation towards a responsible sustainable business. In this sense, during the last four months of the year, a materiality analysis has been performed as a basis to design, during 2019, the master plan of corporate responsibility integrated on the business strategy 2020, which includes the responsibility and sustainability as one of its strategic axes. UCI has also defined the ODS in which makes an impact with the identified relevant issues.

During the materiality analysis, UCI has detected as a key element having different dialogue channels with stakeholders to know their expectations and needs, and to keep them updated and achieve communication in important matters for each group. This will be one of the questions to be developed and implemented within the corporate responsibility plan.

At the end of 2017, UCI adhered to the campaign #Companies4SDGs in order to inform employees about the UN Sustainable Development Goals and to establish action guidelines focused on complying with them. During 2018, the communication in UCI Spain was performed through the online support "El Patio".

With regards to the business activity developed by the UCI Group, the client is at the heart of such activity and the raison d'être as entity is to ease the access to housing through the responsible purchase and the brand promise to clients. The relational model is unique in the different territories where UCI operates, and the group offers a differential experience and security and trust in an important and impacting decision in the clients' financial health such as is the purchase of their home.

The following table details the number of mortgages formalized in Spain and Portugal in 2018 (Table 4.21.).

A key figure on the business model is the **real estate professional**, whose intermediation service is essential for clients and for the community on which they exercise their profession. This task requires quality criteria to which the UCI Group in Spain and Portugal contributes by providing tools for the business development and for professional development through specialized training and agreements with the NAR.

Additionally, every year, professional events are organized to get to know real estate agents from different areas, networking and sector's professionalization. The possibility is offered to attend in the United States to the Convention of the National Association of Realtors (NAR) and to an annual training meeting Sell-a-bration of the Council of Specialists (CRS).

Also, real estate agents can opt to the CRS Designation, which is a guarantee as sector's professional, linked to the best results and notoriety in the sector (Table 4.22.).

UCI Spain's contribution to the **society** during the year has been materialized with the adherence to the Social Housing Fund (Fondo Social de Vivienda, FSV), with the collaboration in events in order to support the cancer research, and with the performance of several donation campaigns for disadvantaged groups or in natural catastrophes. The following tables specify the economic contribution to social initiatives (Table 4.23.).

6.2 Clients: satisfaction, recommendations and claims

UCI has defined the procedure "Consumer Protection Policy" which main objective is the protection of the client's interests, to offer access to clear transparent information on details of the operation to be formalized with the Entity. The purpose is to guarantee that the client has the appropriate knowledge to adopt an informed decision in agreement with the client's personal and financial situation, needs and preferences.

A document is available that includes the legal obligations of transparency in operations with

Table 4.21.

Number of formalized mortgages (Spain and Portugal)		
Key figures	**2017**	**2018**
Number of signed mortgages	4,114	4,653

Table 4.22.

CRS Courses Spain and Portugal		
Key figures	**2017**	**2018**
Number of courses	127	76
Number of attendees	3,503	**2,538**

CRS Webinars Spain and Portugal		
Key figures	**2017**	**2018**
Number of webinars	22	34
Number of attendees	1,242	1,001

Magazines Spain and Portugal		
Key figures	**2017**	**2018**
Inmobiliarios (Spain)	4	4
Real Estate (Portugal)	3	3

Attendees professional events		
Key figures	**2017**	**2018**
Inmociónate - Spain	1,000	1,029
Inmociónate iTec - Portugal	463	544
NAR Convention	38 UCI representatives	49 UCI representatives
Sell-a-bration	37 UCI representatives	39 UCI representatives

CRS Appointees		
Key figures	**2017**	**2018**
Spain	169	173
Portugal	28	Same appointees as in 2017

clients both for Spain and for Portugal, describing the information obligations in the different phases of the process, from the prior information, when a client contacts the Entity, to the operation's formalization.

In 2018, UCI in Spain has maintained its adherence to **eKomi**, The Feedback Company, the first and largest independent supplier of clients' assessments and opinions, based on transactions. This tool includes, analyzes and shares opinions and verified valuations from clients, and inserts them on an online platform, outside the Entity. Therefore, eKomi offers the possibility to know the clients' satisfaction, the quality of the Entity's services and the functioning of internal processes, with the final purpose of improving, in an ongoing manner, the client relationship process.

The rating of 2018 has been performed with valuations by **2,182 clients** (Table 4.24.).

In Portugal, the valuation through eKomi began in July 2018 and, at year-end closing, the rating was performed with **213** clients. (Table 4.25.).

Table 4.23.

Total contribution to social initiatives in Spain: FSV, collaborations and donations

Key figures	2017	2018
Total contribution in Euros to social projects	57,638.26 Euros and 25 houses contributed to the FSV	63,072.65 Euros, maintaining 25 houses contributed to the FSV

Adherence to the Social Housing Fund

In 2017, UCI Spain formalized its adherence to the Social Housing Fund with the contribution of 25 estates from the portfolio available for citizens who met requirements to opt for a home of the FSV.

Also, the website fondosocialdevivienda.uci.es was created, to consult homes made available on such fund, the manual with requirements to access these homes, and the procedure to be followed.

In 2018, the 25 initial homes have been maintained, which are leased, and the website remains in force to offer the necessary information to those interested.

Key figures	2017	2018
Homes contributed to the FSV	25	The 25 homes of 2017 are maintained

Collaborations: Asociación Española Contra el Cáncer

Key figures	2017	2018
Collaboration in the race “En marcha contra el cáncer”	6,050€	6,050€

Collaborations: Fundación Juan XXIII Roncalli

On April 2018, on the international Corporate Volunteers week, “give & gain day 2018”, employees of UCI Spain and their relatives, totalling 29 persons, participated on an environmental route to clean green spaces. The objective was to promote the integration of intellectually disabled persons and to train attendees in the care for the environment and raise awareness on the waste generation and on their impact on nature.

Key figures	2017	2018
Economic contribution for the Eco-Solidarity Sessions in the Garden of Fundación Juan XXIII	2,878.26€	
Economic contribution for the Environmental Session and cleaning of green spaces		2,764.65€

Collaborations: Fundación Junior Achievement and BNP Paribas

In 2018, UCI Spain participated in the Financial Education programme “tus finanzas, tu futuro” (your finance, your future) with 44 volunteers. With this action, training has been offered to 459 students in 13 school centres in 10 provinces. The satisfaction degree is of 91% for volunteers and of 100% for students and school centres.

In this programme, the participation is performed through BNP Paribas.

Key figures	2017	2018
Economic contribution for the programme “tus finanzas, tu futuro”	8,000€	8,000€

Collaborations: Action against gender-based violence

Coinciding with the International Day for the Elimination of Violence against Women, on November 25, UCI joined the campaign promoted by the Ministry of Health, Social Services and Equality.

UCI Spain carried out the following actions to convey a message of hope to victims of gender-based violence and to their environment, and to involve the whole society to eradicate this violence.

- Distribution of purple ribbons on the HQ and agencies
- Projection in the corporate canteen of the computer graphics created to disseminate internal and external media.
- News developing this issue at information level and data from the last years.
- Campaign in the internal social network urging employees to share their picture with purple ribbons.

UCI.

Donations

The following tale details the list of economic contributions made by UCI Spain for different causes, either for the research, natural catastrophes, involvement in educational programmes or collaborations with non-profit entities.		
Key figures	**2017**	**2018**
Together Programme - Fundación Juan XXIII Roncalli	3,000€	
Charity Paddle Tournament. Fundación Colores de Calcuta	2,000€	
Trailwalker 2017. Fundación Oxfam Intermon	1,700€	
Earthquake Mexico. Cruz Roja Española	6,405€	
Earthquake Mexico. Save the Children	6,405€	
Tsunami Indonesia. Cruz Roja Española		11,135€
Fires Greece. Cruz Roja Española		10,030€
Corporate Christmas Card. "Primera Infancia". Cruz Roja Española		3,193€
Christmas campaign, purchase toys. Avanza NGO	1,000€	1,000€
Christmas campaign, coordination. Fundación Valora	400€	400€
Partners for one day. Fundación Junior Achievement		5,000€
Companies' Charity Day. International Cooperation	10,800€	6,500€
Initiative 'Marcas contra el cáncer' (Hipotecas.com) Fundación Intheos	2,000€	2,000€
No. kg of food in the Christmas campaign	7,000€	7,000€
No. kg of food in the Christmas campaign	292 Kg	119 Kg
No. of toys in the Christmas campaign	270 u.	309 u.
No. of donors in blood donation campaigns		88 persons

Donations UCI Portugal

Key figures	2017	2018
Remodelling works children institution - Seventh House Soc. Med. LDA – Crescer Ser	282.9€	500€
Remodelling works children institution - Seventh House Soc. Med. LDA – Crescer Ser	1,813.66€	
Renovation furniture – Crescer Ser	700.64€	
Articles for children - Crescer Ser	179.47€	
Fires Portugal- Pedrógão Grande	2,724.00€	
Christmas presents – Crescer Ser		199.08€
Charity race ERA Expo - Re-food 4 good - Associação		505€
Initiative Quercus – Quercus		450€
Cruz Roja Portugal		1,000€

The clients' satisfaction is one of the principles of UCI, as shown by the data from the survey performed by Qualimétrie with clients who signed their mortgage during 2018. These data are based on the result from **2,852 surveys** performed by Qualimétrie (Table 4.26.).

Customer Care Service

UCI counts with a **customer care service** to channel and solve claims received, and to offer an appropriate care to clients.

The detail is shown on shown in Table 4.27.

With regards to requests sent by clients who undergo payment difficulties, since the Entity's adherence to the **Code of Best Practices**, the Entity reports and responds to clients, based on this regulation, in order to improve the situation of families who undergo a complicated economic and social situation (Table 4.28.).

6.3 Subcontracting and suppliers

In order to comply with the different requirements, both regulation requirements and from internal and external audits, the Entity counts with two procedures:

Contracting of Suppliers
Assessment of Suppliers of Outsourced Services.

Such procedures are framed within the corporate management framework, which establishes general action guidelines related to the selection, control and monitoring of external suppliers.

These procedures define the method used in UCI on purchase contracting and/or subcontracting necessary to deliver the service, in order to ensure that specified requirements are satisfied, focused on the improvement and creating value in the Organization.

In the 2020strategy, in the sustainable and responsible axis, one of the focuses of action of the strategic line related to ethics and values is the ethic management of purchases, tracing the line to be followed to include social, gender equality and environmental matters in the relationship with suppliers.

UCI counts with a method to be able to value the quality and delivery ability of outsourced services,

Table 4.24.

Valuations eKomi clients Spain

Key figures	2017	2018
Clients UCI	9.4/10	9.6/10
Clients mortgages.com	9.6/10	9.7/10

Table 4.25.

Valuations eKomi clients Portugal

Key figures	2017	2018
Clients UCI	–	4.6/5

Table 4.26.

Quality perceived by clients Spain

Key figures	2017	2018
Level satisfaction	98.97%	99.16%
Level recommendation	97.95%	97.86%

Quality perceived by clients Portugal

Key figures	2017	2018
Level satisfaction	98.5%	95%
Level recommendation	98.7%	97.80%

Table 4.27.

Complaints/claims of clients Spain[1]

Key figures	2017	2018[2]
Total no. of complaints received from clients	695	3,411
No. complaints solved in the client's favour	35	361
No. complaints resolved unfavourable for the client	650	2,823
No. admissions	0	0
No. complaints to be resolved	10	227

1. Data exclusively referring to off-court claims.

2. In 2017, and in previous years, data on claims considered in the calculation referred to official claims sent to the SAC by the OMIC, the Customer's Ombudsman and Associations. In 2018, the criterion changed in view of guidelines of Bank of Spain, including in the calculation all claims sent by clients both to the SAC and to the Entity.

Complaints/ Claims of clients Portugal

Key figures	2017	2018
Total no. of complaints received from clients	28	35
No. complaints solved in the client's favour	12	15
No. complaints resolved unfavourable for the client	16	20
No. complaints to be resolved	0	0

Table 4.28.

Requests code of best practices

Key figures	2017	2018
Admitted requests	376	259
Approved requests	274	181

based on a series of criteria established for these suppliers' activities.

This quality assessment performed by the areas on processes' outsourced services is included on the scope of the Quality Certificate ISO 9001:2015.

These criteria and the assessment methodology are documented on the procedure of "Assessment of Suppliers of Outsourced Services".

Those in charge of the outsourced service will perform the assessment and communication of the result from such assessment to the supplier, in order to establish actions for improvement to satisfy our clients' established requirements, needs and expectations, creating value for the Entity and our stakeholders.

In 2018, a total of 45 outsourced services were assessed (31 in Spain and 14 in Portugal), with a global result of 4, corresponding to the Satisfactory level. The assessment scale goes from 1 to 4, where 1 is (Unsatisfactory) and 4 is (Satisfactory).

Also, a control and periodic follow-up is performed of outsourced activities by those in charge of each area (Table 4.29.).

6.4 Tax information

With regards to UCI Group's tax information, total profits on a country basis have been shown in Table 4.30.

Total income tax paid in 2018 has been shown in Table 4.31.

In 2018, the following bonuses have been received from the State's Foundation for the Training in Employment (Fundación Estatal para la Formación en el Empleo, FUNDAE) (Table 4.32.).

Table 4.29.

Providers evaluations		
Key figures	**2017**	**2018**
Total no. of assessments performed to suppliers of outsourced services (in Spain and Portugal)	29	45
Satisfaction level	3.37/4	3.39/4

Table 4.30.

UCI profits per country		
	2017	**2018**
Spain	-591,530.45	2,585,384.81
Portugal	6,986,484.22	6,137,842.03
Greece	-811.06	252,081.51
Brazil	117,260.14	29,262.65

Table 4.31.

Paid taxes		
	2017	**2018**
Total consolidated profit	6,508,956.66	9,145,057.59
Total paid taxes	6,242,368.10	661,999.07

Table 4.32.

FUNDAE Bonuses	
Period	**Amount**
June	19,915 Euros
August	4,005.20 Euros
December	17,650.60 Euros
Total	**41,570.60 Euros**

Respect for human rights

UCI's **Code of Ethics** describes the model of behaviour to guide the individual performance of each person within the UCI Group.

The Code of Ethics assists on the training of new Organization members and serves as basis for each Entity member to reflect on their values and principles.

UCI Group's collaborators are the Entity's main asset; therefore, the Entity is responsible for providing them with the appropriate elements for their best development.

Moreover, UCI's collaborators have a commitment towards the Group to identify themselves with the Entity's Mission, Vision and Values, considering them as their own, and acting in agreement with them.

7.1. Equality principles

the UCI Group advocates for the Equality, and one of the objectives within the labour field is the eradication of sexist behaviours, the discrimination on grounds of ethnics, religion, nationality, marital status, sexual orientation and/or social class, as well as behaviours that could constitute a crime, such as sexual and labour harassment. Thus, the Organization achieves an equal coexistence, which will resonate in the benefit of the collaborators' wellbeing and, accordingly, in a higher performance in the Entity.

Ethics standards must be present in each collaborator within the labour environment, and each one of them is responsible for adapting them to the different situations which could be faced each day.

Each person within the UCI Group has the moral commitment to report any type of the previously mentioned conduct which was witnessed, in order to collaborate in the achievement of a working environment in agreement with the Entity's values, culture and customs.

Lastly, all UCI Group's collaborators must observe the following conduct guidelines:

Respect the manifest individual differences between the Organization's members.
Respect the possible abnormal personal and/or professional situations undergone by a Collaborator.
Use of a positive language in interpersonal relationships.

Due to the environment in which the Entity develops its activity and due to the traded product and service, matters related to forced and child labour are not material for the Organization, and therefore there are no policies or procedures related to these matters.

Environmental matters

The UCI Group has adopted the appropriate measures related to the environment protection and improvement and the minimization of environmental impact, apart from introducing new actions and products with a positive impact in the environment.
In 2019, the Group will tackle the certification process under the ISO 14001:2015 to implement the environmental management system in UCI Spain. Also with regards to corporate responsibility, environmental action lines will be included.

8.1. Sustainable mobility

On its bet for environmental sustainability and fights against climate change, UCI Spain has implemented a programme to renew the salespeople and directors' vehicle fleet between 2018 and 2020.

The analysis of the energetic audit of 2016 on the HQ's energy consumption in Madrid and of the vehicle fleet revealed that 63.9% of the financial Entity's energy consumption originated from the gasoil of its vehicle fleet.

As a consequence, in 2017, 27 diesel vehicles were exchanged for hybrid vehicles and, in 2018, 69 diesel vehicles have been substituted for hybrid and electric vehicles.

In 2018, the decrease of CO2 emissions per vehicle has been of 13.38 g/Km and the total decrease of CO2 emissions with regards to 2017 has been of 3,628 g/Km (Table 4.33.).

Data on CO2 emissions in UCI Portugal are detailed as follows (Table 4.34.).

The main measure adopted by the Entity to reduce greenhouse gases is the renewal of the vehicle fleet, since it has the largest impact on the environment produced by the Entity's activity.

With regards to the Entity's trips, the following table details CO2 emissions (Kg) from trips performed by train and plane (Table 4.35.).

In 2018, UCI Portugal has performed 384 plane services, implying emissions equivalent to a total of 81,139.38 Kg of CO2.

The Corporate Responsibility Plan 2019 will analyze measures to be adopted to reduce and/or compensate CO2 emissions in Spain.

8.2. Circular economy and resource management

in order to minimize waste generated, and in agreement with the principles of circular economy, the Group bets for reusing material and, otherwise, for the management waste that does not admit any other use.

PAPER CONSUMPTION

There are several sources of paper consumption in the Entity:

- White paper for ordinary use on the HQ and agencies
- White paper for letters
- Correspondence envelops
- Filing folders (Table 4.36.).

RECYCLING

UCI promotes the materials' recycling policy in all facilities. With regards to the **paper recycling,** in the HQ and in all agencies, there are specific containers to collect paper that is subsequently sent for recycling. It is a systematic destruction and entities who perform it issue the corresponding certificates, indicating withdrawn kilos of paper.

In 2018, the HQ and network of agencies in Madrid recycled 13.49 tons of paper and, in the network of agencies outside Madrid, 6.94 tons. These figures in 2017 were of 12.83 and 2.98 tons respectively.

Additionally, to guarantee the certified destruction of all documents, UCI Spain offices are allocated with a confidential documentation collection service. For such purpose, the premises count with closed containers that can only be accessed by the personnel of the entity that delivers this service. The HQ's containers are daily emptied, while containers on the office network are emptied every quarter. The corresponding destruction and recycling certificates are available.

In Portugal, they count with a confidential documentation destruction service in the HQ and agencies, recycling 3,342 kilos in 2018.

Table 4.33.

Emisiones CO2 Vehículos de Empresa (España)			
Year	No. vehicles	Average CO2 emissions per vehicle	Total CO2 emissions (g/km)
2017	238	107.58	25,604
2018	232	94.2	21,976

Table 4.34.

Emisiones CO2 Vehículos de Empresa (Portugal)			
Year	No. vehicles	Average CO2 emissions per vehicle	Total CO2 emissions (g/km)
2017	40	128	5,120
2018	37	101	3,737

Table 4.35.

Train trips UCI Spain		
Year	No. services	Total CO2 emissions (Kg)
2017	2,248	23,984
2018	1,991	21,498.65

Plane trips UCI Spain		
Year	No. services	Total CO2 emissions (Kg)
2017	1,552	144,256
2018	1,260	114,984.65

Table 4.36.

Data Spain		
2017	2018	Reduction 2017/1018
8,152,466 sheets	7,463,354 sheets	9.23%

Data Portugal		
2017	2018	Increase 2017/1018
1,555,941 sheets	1,606,791 sheets	3.27%

All paper used in UCI Spain counts with the corresponding environmental certificates and technical files from the corresponding suppliers, indicating the different standards that are complied with (ISO, FCS, PEFC), ensuring that the paper used comes from forests that have been managed, assessed and certified in agreement with social, economic and environmental criteria. The Entity counts with all certificates.

In Portugal, from 2019, the documentation to be sent to clients will be in paper with the FSC certificate.

In turn, the canteen of the corporate HQ in Madrid counts with yellow containers to favour the **recycling of packages**. Also, both the headquarters and the network of agencies count with containers to recycle toners and batteries. The withdrawal of cardboard is made in specific points. Portugal recycles toner cartridges and batteries.

OFFICE MATERIAL

In order to minimize the waste generated and in agreement with the principles of circular economy, when offices or agencies are reformed, the Entity bets for reusing the furniture in good condition or donating it to NGOs for their use. In the case of deteriorated furniture, it is taken to the municipal landfill in a controlled manner, or to authorized waste selection plants for its classification and subsequent recycling.

In 2018, furniture has been donated to the NGO Remar, as a consequence of a reform in one of the Madrid offices.

With regard to food waste, every Friday, the firm in charge of the corner of the corporate cafeteria of the Madrid HQ withdraws products that will have expired by the following Monday, but continue being valid until Sunday, and donate them to a social canteen located in the city of Humanes.

For 2019, the waste generated in UCI Spain is expected to be registered and classified under CER-Stat codes (Waste Statistical Classification). In particular, the following waste will be measured:

- Printing toner.
- Paper and cardboard.
- Plastic.
- Wood
- Electric and electronic equipment.
- Batteries.
- Municipal waste similar to that generated in homes.
- Construction and demolition.

8.3 Sustainable use of resources

In this section, we note the Entity' commitment to energetic efficiency with the project **"Green Mortgages"** to finance green homes, that is to say, homes with a high energetic efficiency (energy certificate A or B), either for new operations, reforms and/or refurbishments, associated to energetic improvement.

UCI participates, since June 2018, as representative of the Spanish mortgage sector in Green Mortgages and in the pilot test of Energetic Efficiency, EeMAP of the EMF (European Mortgage Federation).

In this sense the totality of the **electricity** consumed by UCI to develop its daily activity originates from renewable energy sources. Also, the Entity has implemented centralized conditioning systems in the agencies of Madrid, Barcelona, Hospitalet de Llobregat, Seville and Valencia. These centralized conditioning systems allow programming both the timing and the temperature, thus achieving more energetic efficiency.

The Entity that trades electric supplies in virtually all offices is EnergyaVM. In 2018, 1.01 million KWh have been consumed and, according to the certificate issued in 2017, the supplied electricity amounted to 1.28 million KWh. The certificate corresponding to 2018 will be issued on June 2019.

Consumptions in Portugal have been of 0.12 and 0.13 million KWh in 2017 and 2018, respectively.

With regards to the Lighting System, in the third quarter of 2018, the Madrid HQ has changed all lamps with fluorescent tubes for LED technology panels. These panels turn off when no presence is detected and decrease their intensity if there is another lighting source, such as the sun light.

When elaborating this information, there is no data available on the impact in consumption of the change to the LED technology.

In Portugal, as reforms have been made in agencies, lamps have been substituted by LED technology. Changes will have to be made in the agency of Algarve and Alverca, and the HQ is expected to make the change in different phases.

With regards to water consumption, in UCI Spain, the total consumption of 13 offices has been of 1,691 m3. The HQ counts with community supply and there are no individualized meters, and therefore the water consumption is allocated by the percentage of participation in the building's community expenses, which is of 45%, and is translated into a water consumption of 4,287 m3. There are no individualized meters on UCI Portugal.

UCI.

Annex: materiality UCI, table law 11/2018 with GRI indicators

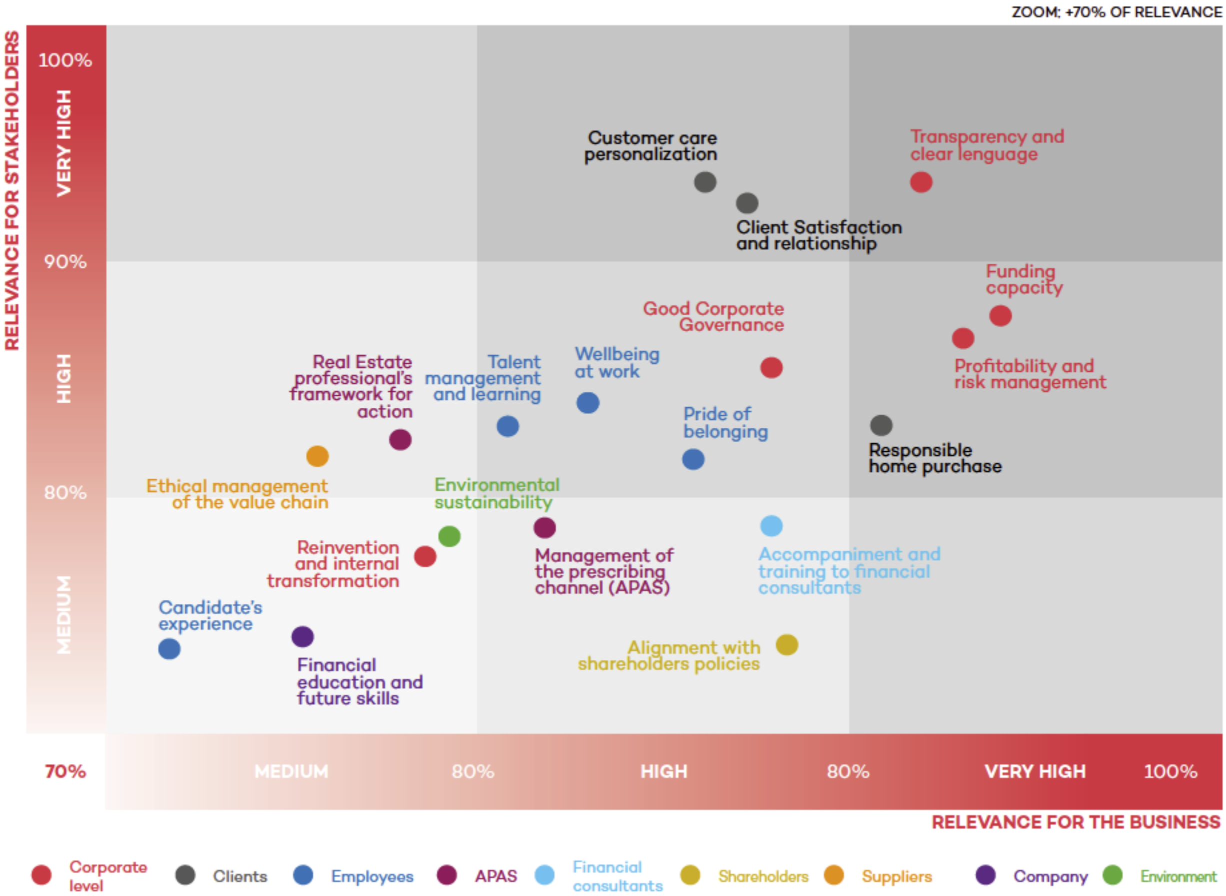
As required by Law 11/2018, of 28 December, of non-financial information and diversity, key indicators of non-financial results are included below with regards to UCI's activity, in compliance with the criteria of comparability, materiality, relevance and reliability, with precise, comparable and verifiable information.

This Annex integrates UCI's Materiality in 2018 and the relation between legal requirements and the Global Reporting Initiative reporting standard, GRI, in the corresponding table.

ANALYSIS OF UCI'S MATERIALITY

In 2018, UCI has performed the materiality analysis that allows defining relevant matters for the business and stakeholders with regards to sustainability, providing a fundamental non-financial reporting framework.

The process has been performed in several phases, including the identification of the mapping of relevant matter, and the prioritization for UCI, integrating the business and key stakeholders' vision. The results from this analysis are presented in the Materiality Matrix, which allows visualizing the Entity's material issues, and defining contents herein reported, as required by Law 11/2018.



Requirements Law 11/2018 and GRI standards

Fields required by Law	Text and contents required by LAW	Materiality	PAGE No.	Relation to GRI Indicators	
BUSINESS MODEL	Brief description of the Group's business model, including: • its business environment	YES	136	102-2	Activities, brands, products and services
				102-4	Location of operations
	• its organization and structure	YES	136-141	102-18	Governance structure
	• the market in which it operates	YES	142	102-6	Served markets
	• its objectives and strategies	YES	142-143		
	• the main factors and trends that could affect its future evolution.	YES	136-137		
POLICIES	A description of policies applied by the Group with regards to such questions, including: • due diligence procedures applied to identify, assess, prevent and attenuate risks and significant impacts • verification and control procedures, including adopted measures.	YES	144-149	103	Management Approach
RISKS	Main risks related to these questions, linked to the Group's activities, among others, if pertinent and proportionate, commercial relationships, products or services that could have negative effects in these fields And how the Group manages such risks, explaining: • procedures used to detect them; • and assess them in agreement with national, European or international frameworks of reference in each matter. • Include information on detected impacts, offering a detail, in particular on the main risks at the short, mid and long term.	YES	144-149	102-15	Main impacts, risks and opportunities
ENVIRONMENTAL MATTERS	Detailed information on: • current and foreseeable effects of the Entity's activities in the environment and, where applicable, health and security • environmental assessment or certification procedures • resources dedicated to environmental risk prevention; • application of the precautionary principle, amount of provisions and guarantees for environmental risks.	YES	169-171	103	Management Approach
				102-11	Precautionary principle or approach
ENVIRONMENTAL MATTERS Pollution	Measures to prevent, reduce or repair carbon emissions that seriously affect the environment; taking into account any way of atmospheric pollution specific to an activity, including the noise and light pollution.	YES	170	103	Management Approach

Requirements Law 11/2018 and GRI standards

Fields required by Law	Text and contents required by LAW	Materiality	PAGE No.	Relation to GRI Indicators	
ENVIRONMENTAL MATTERS Circular economy and waste prevention and management	Measures to prevent, recycle, reuse, other ways to recover and eliminate waste; a. Waste prevention and management measures b. Quantitative data 2017 and 2018 on the Entity's consumption of paper c. Quantitative data 2017 and 2018 of the consumption of office material (toners, etc.)	YES	169-171	103	Management Approach
	Actions to fight against food waste.	NO	It is not a relevant matter for the Entity.	103	Management Approach
ENVIRONMENTAL MATTERS Sustainable use of resources	Water consumption and supply, in agreement with local limitations;	YES	171	303-1	Water extraction per source
	Consumption of raw materials and measures adopted to improve efficiency of use;	YES	169-171	103	Management Approach
				301-1	Materials used per weight or volume
	Energy consumption, direct and indirect, measures taken to improve the energetic efficiency and the use of renewable energies.	YES	169-171	103	Management Approach
				302-1	Energy consumption within the Organization
				302-4	Reduction of the energy consumption
ENVIRONMENTAL MATTERS Climate Change	Important elements on greenhouse gas emissions generated as a result of the Entity's activities, including the use of goods and services produced;	NO	It is not a relevant matter for the Entity.	103	Management Approach
				305-1	Direct greenhouse gas emissions (scope 1)
	Measures adopted to adapt to the consequences of the climate change;	NO	It is not a relevant matter for the Entity.	103	Management Approach
				201-2	Financial implications and other risks and opportunities derived from the climate change
	Reduction goals voluntarily established at the mid and long terms to reduce emissions of greenhouse gases, and means implemented for such purpose.	NO	It is not a relevant matter for the Entity.	103	Management Approach
ENVIRONMENTAL MATTERS Biodiversity protection	Measures taken to preserve or restore the biodiversity;	NO	It is not a relevant matter for the Entity.	103	Management Approach
	Impacts caused by activities or operations in protected areas.	NO	It is not a relevant matter for the Entity.	304-2	Significant impacts in the biodiversity from activities, products and services

Requirements Law 11/2018 and GRI standards

Fields required by Law	Text and contents required by LAW	Materiality	PAGE No.	Relation to GRI Indicators	
CORPORATE AND PERSONNEL MATTERS Employment	Total number and distribution of employees per gender, age, country and professional classification.	YES	151	103	Management Approach
				102-8	Information on employees and other workers
				405-1	Diversity in governing bodies and employees
	Total number and distribution of modalities of labour contracts.	YES	152	102-8	Information on employees and other workers
	Annual average of indefinite-term contracts, temporary contracts and part-time contracts per gender, age and professional classification	YES	151-153	102-8	Information on employees and other workers
				405-1	Diversity in governing bodies and employees
	Number of dismissals per gender, age and professional classification;	YES	154-155	401-1	Newly contracted employees and staff rotation
	Average remunerations and their evolution detailed per gender, age and professional classification or equal value;	YES	156-157	405-2	Ratio of base salary and women-mane remuneration
	Salary gap, remuneration in equal work posts or average in the Entity	YES	156	405-2	Ratio of base salary and women-mane remuneration
	Average remuneration of the board members and directors, including variable retribution, allowances, indemnities, payment to long-term savings systems, and other benefits detailed per gender	YES	157	103	Management Approach
				102-35	Governance: remuneration policies
	Implementation of labour disconnection policies	YES	150	103	Management Approach
	Disabled employees	YES	157	405-1	Diversity in governing bodies and employees
CORPORATE AND PERSONNEL MATTERS Work's organization	Time organization at work	YES	150	103	Management Approach
	Number of hours of absenteeism	YES	157	403-2	Types of accidents and accidents' frequency rates, professional illnesses, missed days, absenteeism and number of deaths for labour accident or professional illness
	Measures aimed to ease the enjoyment of work-personal balance and to promote the co-responsible exercise by both parents.	YES	160	103	Management Approach

Requirements Law 11/2018 and GRI standards

Fields required by Law	Text and contents required by LAW	Materiality	PAGE No.	Relation to GRI Indicators	
CORPORATE AND PERSONNEL MATTERS Health and Security	Health and security at work	YES	150-155	103	Management Approach
	Labour accidents, in particular their frequency and severity	YES	159	403-2	Types of accidents and accidents' frequency rates, professional illnesses, missed days, absenteeism and number of deaths for labour accident or professional illness
	Professional illnesses, detailed per gender.	YES	159	403-3	Workers with high incidence or high risk of illnesses related to their activity
CORPORATE AND PERSONNEL MATTERS Social relationships	Organization of the social dialogue, including procedures to inform and consult the personnel, and negotiate with them;	YES	158-161	103	Management Approach
	Percentage of employees covered by the collective bargaining agreement per country	YES	159	102-41	Collective negotiation agreements
	Balance of collective agreements, particularly with regards to health and security at work.	YES	159-160	403-1	Workers' representation in formal worker-Entity committees of health and security
				403-4	Health and security matters dealt with in formal agreements with unions.
CORPORATE AND PERSONNEL MATTERS Training	Training policies implemented	YES	159	103	Management Approach
	Total amount of training hours per professional categories	YES	160	404-1	Average of training hours per year per employee
CORPORATE AND PERSONNEL MATTERS Universal accessibility of disabled persons		YES	160	103	Management Approach
CORPORATE AND PERSONNEL MATTERS Equality	Measures adopted to promote equality of treatment and opportunities between women and men;	YES	159-160	103	Management Approach
	Equality plans (Chapter III of the Organic Law 3/2007, of 22 March, on effective women-men equality), measures adopted to promote employment, protocols against sexual and gender harassment, integration and universal accessibility of disabled persons	YES	159-160	103	Management Approach
	Policy against all type of discrimination and, where applicable, management of diversity.	YES	159-160	103	Management Approach

Requirements Law 11/2018 and GRI standards

Fields required by Law	Text and contents required by LAW	Materiality	PAGE No.	Relation to GRI Indicators	
HUMAN RIGHTS	Application of due diligence procedures in human rights;	YES	169	103	Management Approach
	Prevention of the risks of violation of human rights and, where applicable, measures to mitigate, manage and repair possible committed abuses;	YES	169	103	Management Approach
				412-2	Training of employees in human rights policies or procedures
	Reports for cases of violation of human rights;	YES	169. No complaints have been received.	406-1	Cases of discrimination and corrective actions undertaken
	Promotion and compliance with the provisions of the fundamental conventions of the International Labour Organization related to the respect for the freedom of association and right to collective negotiation	YES	150-151, 169	103	Management Approach
	Elimination of discrimination in employment and occupancy	YES	168	103	Management Approach
	Elimination of forced or obligatory work	NO	It is not a relevant matter for the Entity.	409-1	Operations and suppliers with significant risk of cases of forced or obligatory work
	Effective abolition of child labour.	NO	It is not a relevant matter for the Entity.	408-1	Operations and suppliers with significant risk of cases of child labour
CORRUPTION AND BRIBERY	Measures adopted to prevent corruption and bribery;	YES	147-148	103	Management Approach
				205-1	Assessed operations for risks related to corruption
				205-2	Communication and training on anticorruption policies and procedures
				205-3	Confirmed cases of corruption and adopted measures
	Measures to fight against money laundering	YES	147-149	205-2	Communication and training on anticorruption policies and procedures
	Contributions to foundations and non-profit entities.	YES	149	413-1	Operations with local community participation, impact assessments and development programmes

Requirements Law 11/2018 and GRI standards

Fields required by Law	Text and contents required by LAW	Materiality	PAGE No.	Relation to GRI Indicators	
SOCIETY Entity's commitment with sustainable development	Impact of the Entity's activity in local employment and development	YES	161-162	103	Management Approach
				203-1	Investments in infrastructures and supported services.
	Impact of the Entity's activity in local populations and in the territory;	YES	161-164	203-1	Investments in infrastructures and supported services.
	Relations held with local community actors and dialogue modalities with them;	YES	163-164	102-43	Approaches for stakeholders' participation
	Association or sponsorship actions	YES	163-164	102-12	External initiatives
				102-13	Membership in associations
SOCIETY Subcontracting and suppliers	Inclusion of social and equality matters in the purchase policy	YES	165	102-9	Supply chain
	Consideration in relations with suppliers and subcontractors of their social and environmental responsibility, gender equality and the environment;	YES	165	103	Management Approach
				308	Environmental assessment of suppliers
				414	Social assessment of suppliers
	Systems of supervision and audits, and their results.	YES	165-166	103	Management Approach
SOCIETY Consumers	Measures for the consumers' health and security	YES	161	103	Management Approach
	Reporting systems, complaints received and their resolution.	YES	165-166	103	Management Approach
				417-2	Cases of incompliance related to information and the labelling of products and services
SOCIETY Tax information	Benefits obtained on a country basis	YES	166-167	201-1	Direct economic value generated and distributed
	Income Tax paid	YES	167	201-1	Direct economic value generated and distributed
	Public grants received	YES	167	201-4	Financial assistance received from the government

Explanation added for translation to english

This consolidated Non-Financial Information Statement is presented on the basis of the requirements of Law 11/2018 on non-financial information and diversity applicable to the Group (see Section 1). In the event of a discrepancy, the Spanish-language version prevails.

5

UCI GROUP CORPORATE ORGANIZATION

5 UCI GROUP CORPORATE ORGANIZATION

UCI Group:
Affiliated and Subsidiaries Entities and Branches 2018

UCI.

- 50% Santander
- 40% BNP PARIBAS PERSONAL FINANCE
- 10% BNP PARIBAS

Union de Créditos Inmobiliarios S.A., Establecimiento Financiero de Crédito 100% UCI S.A
- UCI España
- UCI Portugal* Branch
- UCI Hellas Greece** Branch

Retama Real Estate, S.A.U. 100% UCI S.A.
- Retama Real Estate Portugal Branch

UCI Servicios para Profesionales Inmobiliarios S.A. (España) 100% UCI S.A.

Comprarcasa Rede de Serviços Imobiliários S.A. (Portugal) 99,9% UCI S.A.

UCI-Mediaçao de Seguros Unipessoal LDA (Portugal) 100% UCI S.A

UCI Holding Brasil LTDA 99,99% UCI S.A. 0,01% Retama Real Estate S.A.U.
- Companhia Promotora, UCI, S.A. 50% UCI Holding Brasil LTDA

UCI Greece Credit and Loan Receivables Servicing Company (Grecia) 100% UCI S.A

* On March 27th, 2019, the Bank of Portugal has authorized the Branch to develop its activity as a Third-Party Branch under Portuguese regulation.

** On March 21st, 2019, the Greek Ministry of Economy has confirmed the closure of the Greek Branch.

UCI.

Composition of the Board of Directors

On april 1, 2019.

U.C.I., S.A.

Chairman
Matías Rodríguez Inciarte
Chairman of Santander Universidades

Board member
Remedios Ruiz Maciá
Global Director of Risk Supervision and Consolidation in Banco Santander.
Board member of Banco Santander Totta

Board member
Alain Van Groenendael*
Chairman and CEO of Arval

Board member
Benoit Patrice Stephane Cavelier**
Deputy Managing Director at BNP Paribas Personal Finance

Board member
Michel Falvert
Director Large Agreements BNP Paribas Personal Finance

Secretary of the Board of Directors
Eduardo Isidro Cortina Romero
Director of Legal Department and Compliance Officer of UCI

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

Chairman
Matías Rodríguez Inciarte
Chairman of Santander Universidades

Board member
Remedios Ruiz Maciá
Global Director of Risk Supervision and Consolidation in Banco Santander.
Board member of Banco Santander Totta

Board member
Alain Van Groenendael*
Chairman and CEO of Arval

Board member
Benoit Patrice Stephane Cavelier**
Deputy Managing Director at BNP Paribas Personal Finance

Board member
Michel Falvert
Director Large Agreements BNP Paribas Personal Finance

Secretary of the Board of Directors
Eduardo Isidro Cortina Romero
Director of Legal Department and Compliance Officer of UCI

Retama Real Estate, S.A.U.

Sole Director
Roberto Colomer Blasco
CEO of UCI

* Member of the board until january 9, 2019.
** Member of the board since january 9, 2019. Date of his announcement.

UCI Servicios para Profesionales Inmobiliarios S.A.

Chairman
Roberto Colomer Blasco
CEO of UCI

Board member
José Manuel Fernández Fernández
Deputy-CEO Commercial Area of UCI

Board member
Philippe Laporte
Deputy-CEO Finance, Technology and Clients of UCI

Board member
José Antonio Borreguero Herrera
IT Director of UCI

Board member
Diego Galiano Bellón*
Chairman of the General Board of the Official Associations of Real Estate Agents

Board member
Fernando García Erviti
Independent real estate consultant

Board member and Secretary of the Board of Directors
Eduardo Isidro Cortina Romero
Director of Legal Department and Compliance Officer of UCI

CCPT – Comprarcasa, Rede Serviços Imobiliários S.A.

Chairman
Roberto Colomer Blasco
CEO of UCI

Board member
Pedro Megre Monteiro do Amaral
CEO UCI Portugal

Board member
Luis Mário Nunes
CEO of Comprarcasa Portugal

Board member
Luis Carvalho Lima
Chairman of the National Director of APEMIP

Board member
Vasco Morgadinho Reis
Deputy-Chairman of the National Directorate of APEMIP (Consultant)

Board's Secretary
Magda Andrade
Responsible for the Legal Department of UCI Portugal

UCI Mediaçao de Seguros Unipessoal, Lda.

Entity's Director
Gregory Hervé Delloye
CFO of UCI Portugal

Entity's Director
Pedro Megre Monteiro do Amaral
CEO UCI Portugal

* Member of the board until march 29, 2019.

UCI Holding Brasil L.T.D.A.

Entity's Director
Dylan Leworthy Boyle

Entity's Director
Carlos Joao Lourenço Nisa de Brito Vintem
Sales Director

Companhia Promotora UCI., S.A.

Chairman
Jose Antonio Carchedi

Vice-chairman
Roberto Colomer Blasco
CEO UCI

Board member
Luis Felipe Carlomagno Carchedi
CEO Companhia Promotora UCI, S.A.

Board member
Pedro Megre Monteiro do Amaral
CEO UCI Portugal

Director
Carla José Da Silva Moniz
CFO

Director
Rui Filipe Amaral Lopes
Sales Director

UCI Hellas
Credit and Loan Receivables Servicing Company, S.A.

Chairman
Pedro Megre Monteiro do Amaral
CEO UCI Portugal

Board member Delegated
Aristidis Arvanitakis

Board member
Dominique Bernard Marie Servajean
Managing Director of Bedor Excem

Composition Committees of the Board of Directors of the UCI Group

On april 1, 2019.

UCI Group

Audit and Risks Committee

Chairman
Michel Falvert
Director Large Agreements BNP Paribas Personal Finance

Member
Remedios Ruiz Maciá
Global Director of Risk Supervision and Consolidation in Banco Santander; Board member of Banco Santander Totta

UCI Group

Committee of Assessment, Adequacy and Remunerations

Chairman
Matías Rodríguez Inciarte
Chairman of Santander Universidades

Vocal
Benoit Patrice Stephane Cavelier
Deputy Managing Director at BNP Paribas Personal Finance

UCI.

Composition of the Management and Executive Committee

On april 1, 2019.

UCI Group
Management Committee

Roberto Colomer Blasco
CEO of UCI

José Manuel Fernández Fernández
Deputy-CEO Commercial Area of UCI

Philippe Laporte
Deputy-CEO Finance, Technology and Clients of UCI

Ángel Aguilar Otero
HR Director

Rodrigo Malvar Soto
Risk Director

Pedro Megre
CEO of UCI Portugal

Olivier Rodríguez
Director General Intervention

UCI Group
Executive Committee

Ruth Armesto Carballo.
Director of Marketing and Transformation

Anabel del Barco del Barco
Director of Direct Channel

José Antonio Borreguero Herrera
IT Director

Eduardo Isidro Cortina Romero
Director of Legal Department and Compliance Officer

Fernando Delgado Saavedra
Marketing Director

Francisco José Fernández Ariza
Director of Professional Services

Luis Nicolás Fernández Carrasco
Sales Director

Cecilia Franco García
Director of After-sale and Management of Estates

José García Parra
Director of Commercial Organization Projects of UCI

Marta Pancorbo García
Director of innovation and new product development

Tomás Luis de la Pedrosa Masip
Director of Internal Audit

Miguel Ángel Romero Sánchez
Director of Clients

Francisco Javier Villanueva Martínez
Director of Risks Valuation and Quality

UCI Portugal
Management and Executive Committee

Pedro Megre Monteiro do Amaral
CEO

Gregory Hervé Delloye
Director of Risk and Financial

José Portela
Director of Clients

Luis Nunes
CEO Comprarcasa

Pedro Pereira
Marketing Director

Carlos Vintem
Sales and Marketing Director.
UCI Hellas Credit and Loan Receivables Servicing Company, S.A. Executive Committee

UCI Hellas Credit and Loan Receivables Servicing Company, S.A.

Executive Committee

Aristidis Arvanitakis
Delegated Board member

Pedro Megre Monteiro do Amaral
CEO of UCI Portugal

Thanasis Diorelis
Director of After Sale and Trading of Estates

Christos Gramatikopoulos
Administrative and Financial Director

Thanasis Philippou
Director of Operations and Recoveries

Compahnia Promotora UCI S.A.

Executive Committee

José Antonio Carchedi
Chairman

Roberto Colomer Blasco
CEO of UCI

Luis Felipe Carlomagno Carchedi
CEO

Pedro Megre Monteiro do Amaral
CEO of UCI Portugal

List of UCI Branch Offices

Spain

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Torre Ejesur
Retama 3, 7ª
28045 Madrid

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03003 Alicante

Almeria
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04004 Almeria

Barcelona Premium
Paseo de Gracia, 6, 4° 1
08007 Barcelona

Hospitalet
Av. Gran Vía de Hospitalet, 16-20. 4° A
08902 Hospitalet del Llobregat.
Barcelona

Castellón
Mayor, 100. 4°
12001 Castellón

Córdoba
Pza. de las Tendillas, 5. 1°
14002 Córdoba

Gijón
Celestino Junquera, 2. 1° 17
33202 Gijón. Asturias

Cádiz (antes Jerez)
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11403 Jerez de la Frontera. Cádiz

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35003 Las Palmas de Gran Canaria

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Consuegra,3
28036 Madrid
Rosario Pino, 14-16 etc
28020 Madrid
Méndez Álvaro, 56. 2° 1
28045 Madrid

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Trinidad Grund, 37. 1°
29001 Málaga

Marbella
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29601 Marbella. Málaga

Murcia
Gran Vía Escultor Francisco Salzillo,
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30004 Murcia

Palma
Av. Alexandre Rosselló, 21. 3°
07002 Palma

Sabadell
Av. Francesc Maciá, 30. Torre A 2° 2
08206 Sabadell. Barcelona

Sevilla
Balbino Marrón, 6, portal A. 4° 15
Ed. Viapol
41018 Sevilla

Valencia
Colón, 60. 6° C-D
46004 Valencia

Vigo - Galicia
Colón, 33-35. 5° B
36201 Vigo. Pontevedra

Zaragoza
Coso, 33. 3° Q
50003 Zaragoza

Arnaiz
Méndez Álvaro, 56. 2° 1
28045 Madrid

Portugal

Head Office
Av. Eng° Duarte Pacheco, Torre 1, 14°
1070-101 Lisboa

Algarve
Av. Vilamoura XXI, Edifício Portal,
Bloco B, 1° D E E
8125-406 Quarteira

Almada
Almada Business Center. Rua
Marcos de Assunçao 4, 2°, sala 2.08
2805-290 Almada

Alverca
Edíf. Prestige, e.n. 10, 23, 3°
2615-130 Alverca

Canal Direto
Av. Eng° Duarte Pacheco, torre 1, 14°
1070-101 Lisboa

Coimbra
Rua João de Ruão, 12
Torre do Arnado. 8°, sala A
3000-229 Coimbra

Lisboa
Av. Eng° Duarte Pacheco, Torre 1, 14°
1070-101 Lisboa

Lisboa Norte
Av. Eng° Duarte Pacheco, Torre 1, 14°
1070-101 Lisboa

Madeira
Rua Ivens 3, edificio Dona Mécia 1° G
9000-046 Funchal

Oeiras
Taguspark. Parque de Ciência e da
Tecnologia. Núcleo Central 100, 2,
sala 273
2740-122 Oeiras

Porto
Praça do bom sucesso 123-131, edif.
Peninsula, 3° andar, sala 306
4150-146 – Porto

List of Hipotecas.com Branch Offices

Spain

Barcelona
Rambla de Catalunya, 20. Entresuelo 2ª
08007 Barcelona

Madrid
Goya, 9. 1º Izd.
28001 Madrid

Sevilla
Santa María de Gracia, 6. 2º A y C
41002 Sevilla

Valencia
Plaza Los Pinazos, 2. 2º
46004 Valencia

List of websites

UCI.

www.uci.com
www.uci.es
www.uci.pt
www.uci.gr
www.ucibrasil.com.br
www.ucinet.net
www.uciplus.com
www.ucimortgages.com

HIPOTECAS.COM

www.hipotecas.com

CRÉDITO HABITAÇÃO .com

www.creditohabitacao.com

RETAMA REAL ESTATE

www.retamarealestate.com

comprarcasa.

www.comprarcasa.com
www.comprarcasa.pt

SIRA

www.siralia.com
www.inmocionate.com

CRS Council of Residential Specialists The Proven Path To Success

www.crsspain.es