UCI Hipotecas para vivir

AR 19. Annual Report

Contents

Hipotecas para vivir

1. Letters from Senior Management

Message from Management

In 2019, the world's economy continued the deceleration begun the year prior. The causes for this include trade tensions between the USA and China and uncertainty revolving around Brexit. Within this context, the Spanish economy, once again, grew at a pace near double the Eurozone at a rate of 2.0%, slightly lower than 2018 and 2017.

Throughout 2019, the real estate market continued the trend begun in 2015 of recovering prices, with a slight reduction in the number of purchase-sale operations in comparison with 2018 (-3.8%), essentially the result of operative changes related to the entry in force of the Real Estate Credit Contracts Law (Ley de Contratos de Crédito Inmobiliarios).

Portugal's GDP growth rates are in line with Spain's, +2.2% in comparison with 2018, also above the Eurozone's growth. Moreover, Greece has confirmed it is exiting its state of stagnation, with 1.9% growth.

Under this framework, UCI has entered into new mortgages for 676 million euros, 485 million in Spain and 191 million in Portugal. This is a slight decrease in comparison with the previous fiscal year (-4.6%), for the reasons mentioned above.

Global credit investments managed by the Group account for 10,722,000,000 euros (-1.8%). The consolidated gross margin is 156 million euros, 1% lower, caused, in addition to other reasons, by the entities' payment of taxes associated with entering into new mortgages.

2019 was also year to strengthen the Group's business model, through the four core concepts set forth for the 2020 strategy. Our commitment is to offer quality products and services that are adapted to our clients' needs and are both competitive and sustainable.

As a financial entity, we wish to hold a relevant role in decarbonising the countries where we conduct our activity. We address this challenge through our Green project. In 2019, we continued to develop sustainable financing solutions, such as the SUMA loan and products and services offered on our website, Créditos.com. One of the projects that proves this commitment is undertaking the ISO 14001 certification process for our Headquarters.

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In 2019, UCI approved 676 million euros in mortgages.

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We aim to play an important role in the decarbonisation of the countries where we conduct our business.

Digital transformation is another one of the UCI Group's strategic core concepts. To this end, we are simultaneously carrying out three different projects.

Quality service, demonstrated by client satisfaction, is another one of the company's core concepts. This is proven by the score granted by our clients in Spain and Portugal, at numbers higher than 9 out of 10 regarding the service they received during the loan-hiring process.

Also worthy of mention is the fact that the two rating agencies who score the EFC Real Estate Credit Union as an issuer also confirmed our ratings. The DBRS Ratings Limited agency has maintained the A-rating (low) as a long-term issuer and R-1 score (low) as a short-term issuer. The Fitch Ratings agency has maintained the BBB rating, although Outlook went from "stable" to "negative" in April 2020.

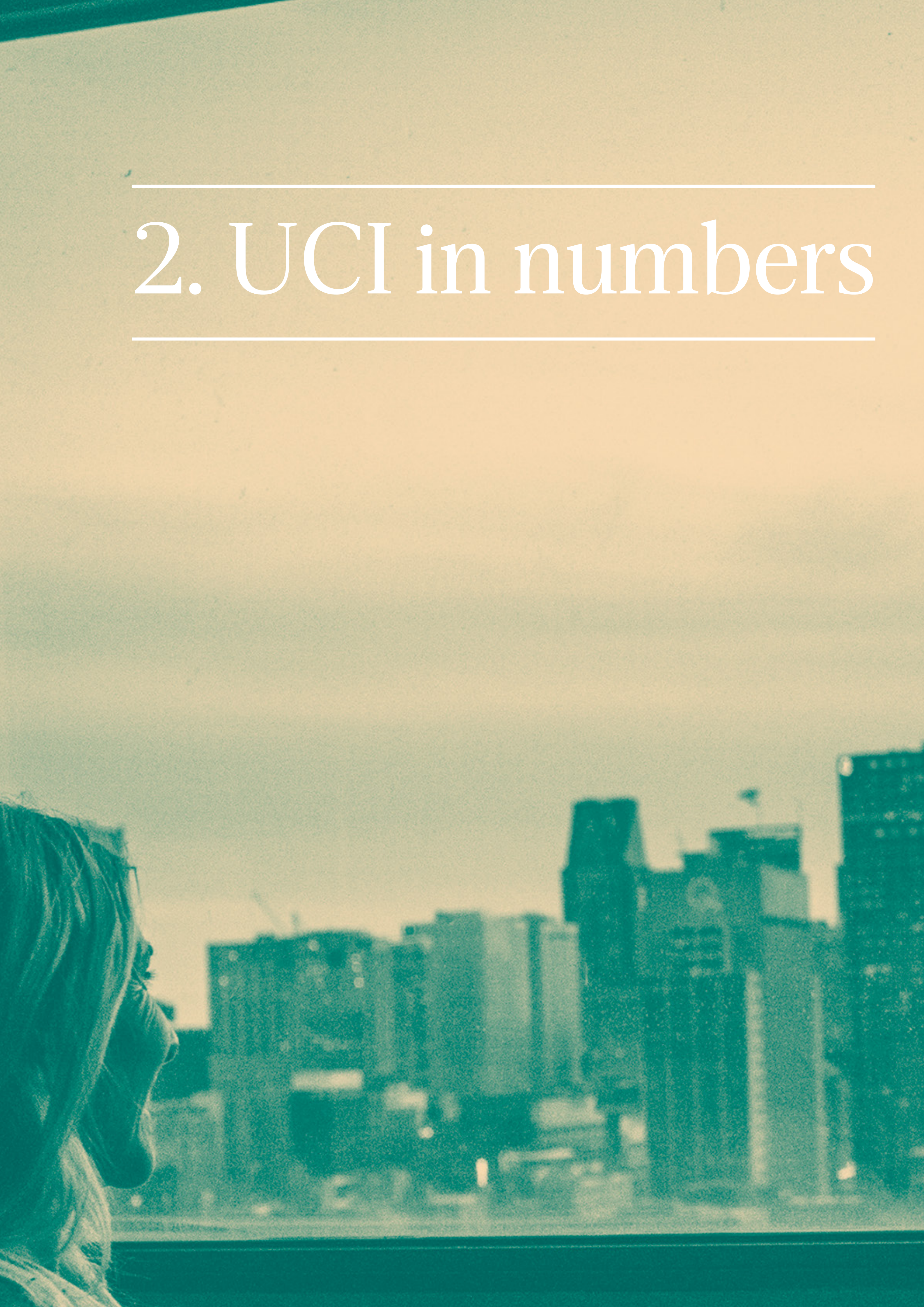
We cannot end this summary of 2019 without mentioning the global health crisis we have been fighting these past few months as a result of COVID-19. Within this context, the UCI Group has adapted to remote work in record time, as shown by the specialised technology publication Computerworld. By means of this fast organisational adaptation, UCI was able to help clients in its portfolio overcome the economic difficulties brought about by COVID-19, essentially through public and private moratoriums, all while serving new clients with their transactions. These transactions have continued to occur through the different distribution channels UCI has in Spain and Portugal, which made it possible for all clients wishing to do so to complete their transactions with total guarantees and the same quality service as before the health crisis.

We hope our Annual Report is of interest to you. Please accept our kindest regards.

Roberto Colomer
CEO

Philippe Laporte
COO, Finance, Technology and Clients

2. UCI in numbers



Clients

9.6/10
Ekomi verified customer ratings

97%
Customers would recommend us
*Customer satisfaction surveys

Employees

691
Employees
386 women
305 men

Spain: 564
Portugal: 94
Greece: 33

Training
32,999
75.7 % classroom courses
24.3% online courses

Business

Consolidated Production

676 M€

- 4.6% decrease

Hipotecas.com

23% consolidated production

UCI

Spain:
485 M€

Portugal:
191 M €

Outstanding balance

10,772 M€

3. Highlights from 2019

2019:
A successful year

Often when we speak of growth, we think about height, about reaching the top. Nevertheless, during the 2019 fiscal year, UCI has grown horizontally, developing in several aspects and reaching areas we had not previously been. Therefore, it was solid growth, as we looked after what we already had while adding new value. Thanks to new agreements, stable ratings, a strategy marked by responsibility and sustainability, new office models and a great deal of engagement with our stakeholders, UCI is much more prepared for the future.

January

Fitch Ratings assigns Unión de Créditos Inmobiliarios, S.A. EFC the BBB "Investment Grade" rating.

April

We implement our new office model with the launch of Barcelona Premium.

We participate for the 4th consecutive year in the 4ºESO+Empresa programme offered by the Community of Madrid.

May

Alongside Deloitte Legal, we organise trainings in Madrid, Barcelona, Valencia, Seville and Malaga to break down the LCCI for more than 2,000 estate agents.

The AEB recognises the volunteer work done by 56 UCI employees for the "Your Finances, Your Future" programme.

June

We sign a collaboration agreement with the Dádoris Foundation for the creation of an annual training grant to foster university access to disadvantaged youth.

We celebrate the 10th Edition of "Inmociónate" at Port Aventura with more than 1,000 estate agents.

July

We sign an agreement with Gloval to improve the real estate portfolio's Energy Efficiency.

September

We introduce NAR's Green Designation, in which SIRA will train real estate professionals to become experts in sustainability.

MARF registers a new Contingent Convertible Bond issue by UCI, strengthening the Group's own capital.

October

We become Patron Members of the Spanish Association of Social Responsibility Directors (DIRSE).

Pisos.com integrate the products and financial services offered by UCI's online channel, Hipotecas.com, on their website.

We bring 200 industry professionals together for our first "Green Hub: Mortgage Market and Green Mortgage", in collaboration with the Spanish Mortgage Association (AHE) and the European Mortgage Federation (EMF).

We put our stock in client relations by appointing Ruth Armesto as director of the Canal Directo, making her the first woman on the board of directors.

November

We launch "Premium Marbella", expanding our offer within the non-resident real estate market.

We host 16 students as part of the Junior Achievement Foundation's "Partner for a Day" programme.

We release the findings of our 1st Study on green mortgages and home renovations - 44% of buyers would take out a green mortgage.

December

Coinciding with the COP 25 hosted in Madrid, we organise an event to roll out our SUMA loan.

The Centre for Industrial Technological Development (CDTI) grants UCI more than €600,000 for a project that applies Artificial Intelligence (AI) to risk assessment in mortgage approvals.

4. Key Data

Key Data

Highlights		2019	2018	Variation
Consolidated Production (M €)		676.3	709.2	-4.6%
	Loan Production Spain	485.3	524.0	-7.4%
	Loan Production Portugal	191.0	185.2	3.2%
Total Consolidated Loans Managed (M €)		10,722.5	10,913.6	-1.8%
	Balance Spain	4,540.3	4,330.1	4.9%
	Balance Portugal	1,142.9	1,124.2	1.7%
	Balance Greece	213.1	223.7	-4.7%
	Spanish on Balance Consolidated Placed RMBS (UCI 10-17 and Prado I - VI)	4,710.7	5,104.8	-7.7%
	Spanish off Balance Placed RMBS (UCI 9)	115.4	130,8	-11.7%
Nº of Files Under Management (Spain, Portugal and Greece)		118,682.0	120.135	-1.2%
Nº of Solutions (Sales + Rentals) Repossessed Homes(*)		1,455.0	1.823	-368
Nº of Branch Offices (*)		33.0	33	0
External Agent (*)		168	152	16
Nº of Employees (**)		691	697	-6

(*) Spain, Portugal and Greece.

(**) WithTemporay Employees and UCI SPPI.

(***) Included 0.4 M Euros CTLM Greece (129 files -43%).

	(M €)	(M €)	
Consolidated Financials (4/04)	**2019**	**2018**	**Variation**
Gross Margin	155.74	157.67	-1.2%
Financial Margin(*)	154.77	150.93	2.5%
Comissions Fees and Other Incomes (**)	0.97	6.74	-85.7%
General Expenses	49.74	50.76	-2.0%
Net Operating Income	106.00	106.91	-0.9%
Cost of Risk	91.01	96.80	-6.0%
Ordinary Profit Before Taxes	14.99	10.11	48.2%
Tax	2.09	0.95	
Consolidated Profit (M €) (***)	12.90	9.16	40.8%

(*) Including capital gain BuyBack 14,8 M€ en 12m-19 vs 17,6M€ en 12m-18.
(**) Deducted Origination Fees.
(***): Including shareholdings (+11 K€).

	(M €)	(M €)	
Spanish Financials (4/04) (Without SPPI)	**2019**	**2018**	**Variation**
Gross Margin	148.38	186.35	-20.4%
Financial Margin (*)	146.1	176.7	-17.3%
Comissions Fees and Other Incomes (**)	2.28	9.65	76.4%
General Expenses	39.51	38.27	3.2%
Net Operating Income	108.87	148.08	-26.5%
Cost of Risk	111.11	143.78	-22.7%
Ordinary Profit Before Taxes	-2.25	4.30	
IS Deffered (DTA)	0	0	
Pre-Tax Profit	-2.25	4.30	
Tax	-1.63	-0.22	
Net Profit	-0.62	4.52	-113.7%

(*) Including capital gain BWIC 8,7 M Euros in 2017 vs 47,1 M Euros in 2016
(**) Deducted Origination Fees.

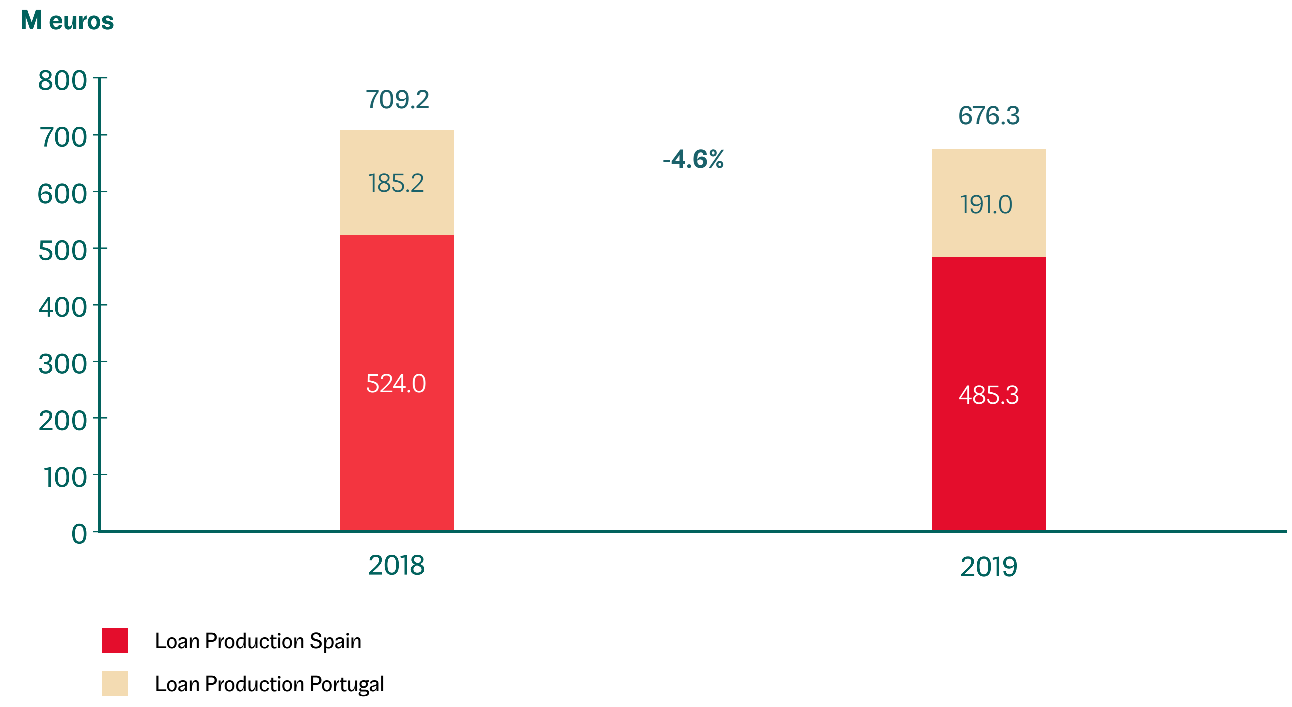
Key Data

Consolidated Management Ratios	2019	2018	Variation
Suscribed Capital (M €)	98.0	98.0	0.0
Reserves (Tier 1+ annual balance N) (1) (M €)	352.7	329.8	22.9
Total Tier 1 (including AT1) (M €)	531.3	427.8	103.4
Total Tier 2 Subordinated Debt	107.5	112.2	-4.8
Total Equity (M €) Tier 1+ Tier 2 (1)	638.7	539.4	99.3
Equity Ratio (Tier 1) (1) (2)	9.8%	7.6%	2.2%
Equity Ratio (Total) (2)	11.8%	9.6%	2.2%
R.O.E.	3.0%	2.1%	0.9%
NPL's › 90 days not Including Subjective Non-performing Loans (M €)	904.2	994.0	-89.8
NPL's Subjective Non-performing Loans (M €)	425.9	399.0	26.9
Nº Repossessed Homes Under Management (Spain, Portugal and Greece)	5,479	5,705	-226
Total Provisions on Loans (M €)	292.3	325.3	-32.9
Total Generic Provisions (M €)	27.5	37.2	-9.8
Total Substandard Provisions (M €)	15.2	11.9	3.3
Total Specific Provisions Not Including Subjective Non-performing Loans (M €)	222.4	251.2	-28.8
Total Specific Provisions Subjective Non-performing Loans (M €)	27.3	24.9	2.4
Total Provisions on Repossessed Homes (M €)	119.3	123.3	-4.0
Total Provisions (M €)	411.7	448.6	-36.9
% NPL's on Loans Managed (Balance Sheet + Securitized) › 90 days Not Including Subjective Non-performing Loans	8.43%	9.11%	-67.5
% NPL's Subjetive Non-Performing Loans	3.97%	3.66%	31,6
% NPL's	12.40%	12.76%	-35.9
NPL › 90 days + Repossessed Homes Coverage	23.5%	23.8%	-0.4%
Cost/Income	33.9%	34.4%	-0.5%

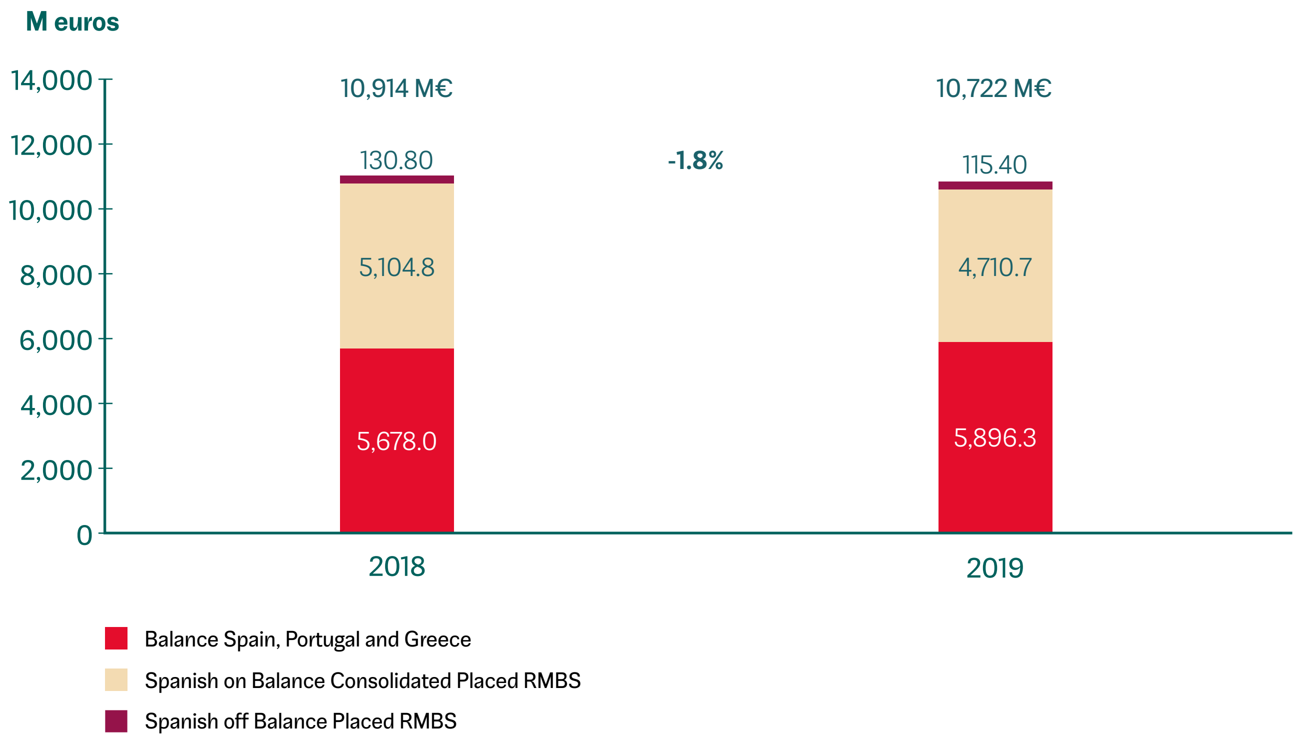
(1) Adding 12m-19 profits in Tier 1.

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

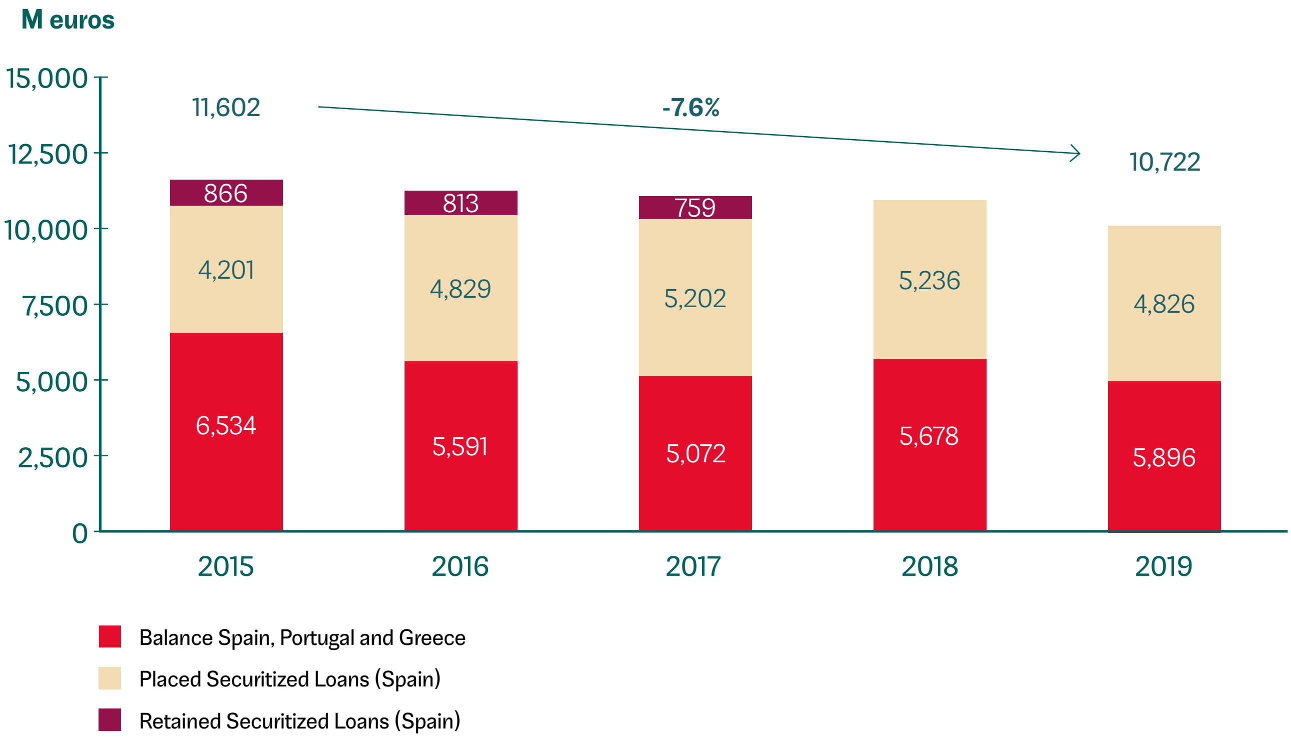
Consolidated production



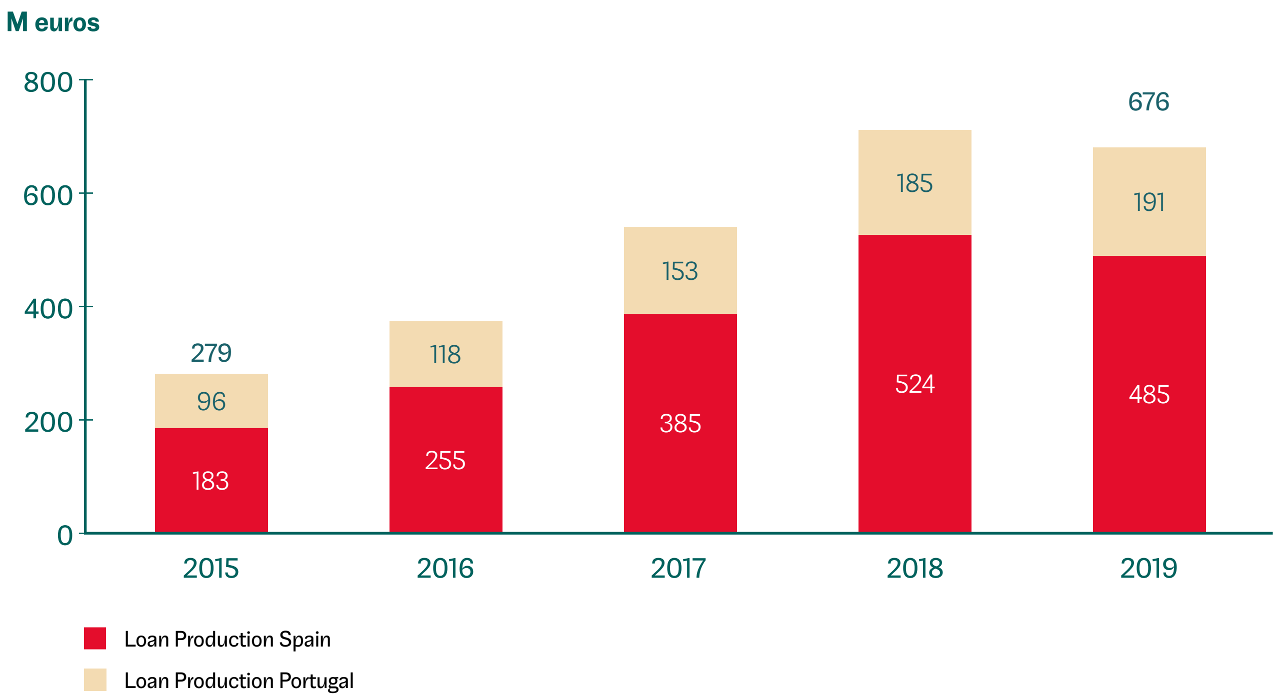
Total Managed Loans



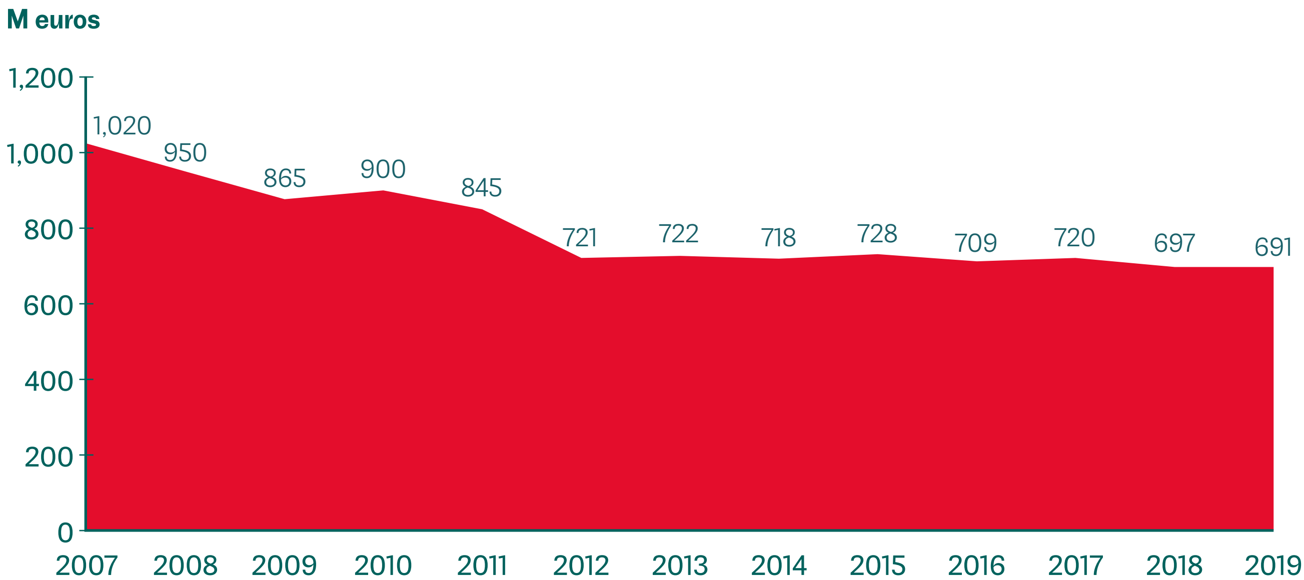
Managed Loans Evolution



New Production Evolution

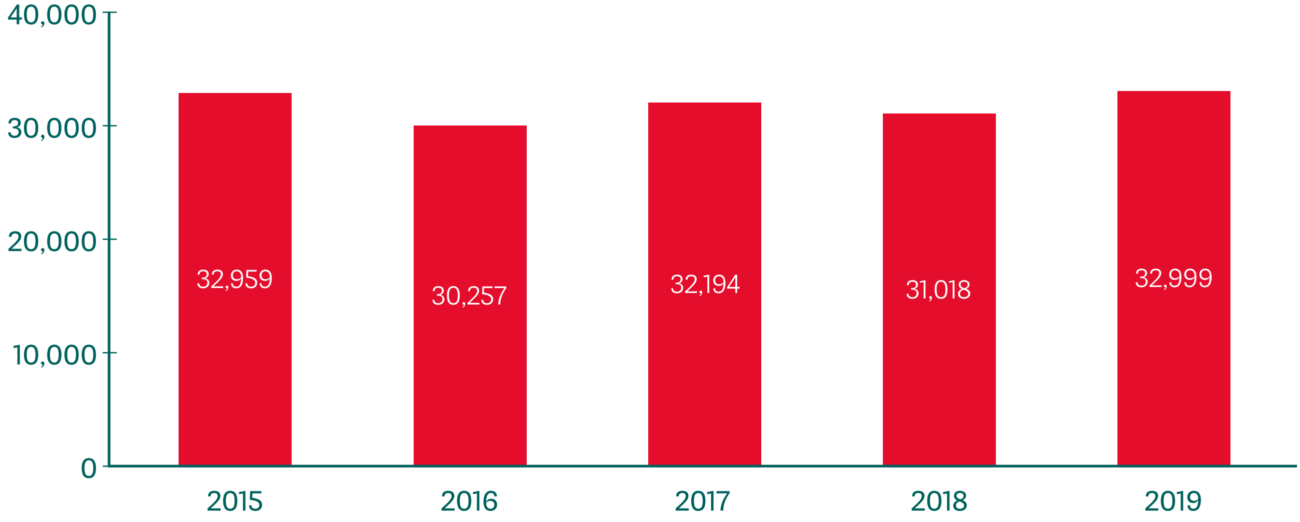


Total employees Spain, Portugal and Greece*



* Included Temporary Employees

Training Hours (hours/year)



5. Non-Financial Information Statement

UCI, S.A. and its Subsidiaries

Consolidated Non-Financial Information Statement
for the financial year ended
31st December 2019

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

INDEPENDENT ASSURANCE REPORT OF THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

To the Shareholders of UCI, S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Non-Financial Information Statement (hereinafter, NFIS) for the year ended December 31, 2019, of UCI, S.A. (hereinafter, the parent Company) and Subsidiaries (hereinafter, the Group), which is part of the Consolidated Directors Report of the Group.

The content of the NFIS includes additional information to that required by prevailing mercantile regulations in relation to non-financial information statement that has not been subject to our verification. In this regard, our review has been exclusively limited to the verification of the information shown in the section "12. Annex: Requirements Law 11/2018 and GRI Standards" of the accompanying NFIS.

Responsibility of the Board of Directors

The preparation of the NFIS included in the Consolidated Directors Report and its content is the responsibility of the Board of Directors of the parent Company. The NFIS was prepared in accordance with the content required by prevailing company law and in conformity with the criteria outlined in the *Global Reporting Initiative Sustainability Reporting Standards* (GRI standards) selected, as well as other criteria described in accordance with that indicated for each subject in the section "12. Annex: Requirements Law 11/2018 and GRI Standards " of the NFIS.

The Board of Directors of the parent Company are also responsible for the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of a NFIS that is free from material misstatement, whether due to fraud or error. They are further 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 and other Code of Ethics requirements for accounting professionals issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence, diligence, confidentiality and professionalism.

Our Firm complies with the International Standard on Quality Control No. 1 (NICC 1) and thus maintains a global quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards, as well as applicable legal provisions and regulations.

The engagement team consisted of experts in the review of Non-Financial Information Statement and, specifically, in information about economic, social and environmental performance.

MAZARS

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report. Our review has been performed in accordance with the requirements established in prevailing International Standard on Assurance Engagements 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the guidelines for verifying Non-Financial Statement, issued by the Spanish Institute of Chartered Accountants (ICJCE).

The procedures carried out in a limited assurance engagement vary in nature and timing and are smaller in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.

Our work consisted in requesting information from Management and the various Group units participating in the preparation of the NFIS, reviewing the process for gathering and validating the information included in the NFIS, and applying certain analytical procedures and sampling review tests as described below:

- Meeting with Group personnel to know the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.
- Analyzing the scope, relevance and integrity of the content included in the NFIS based on the materiality analysis made by the Group, considering the content required by prevailing mercantile regulations.
- Analyzing the processes for gathering and validating the data included in the 2019 NFIS.
- Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the NFIS.
- Checking, through tests, based on a selection of a sample, the information related to the content of the 2019 NFIS and its correct compilation from the data provided.
- Obtaining a representation letter from the Board of Directors and Management.

Conclusions

Based on the limited assurance procedures conducted and the evidence obtained, no matter has come to our attention that would cause us to believe that the NFIS of UCI, S.A. and its subsidiaries for the year ended December 31, 2019 has not been prepared, in all material respects, in accordance with the contents required by prevailing company law and the criteria of the selected GRI standards, as well as other criteria, described as explained for each subject matter in the table named "12. Annex: Requirements Law 11/2018 and GRI Standards" of the aforementioned NFIS attached.

MAZARS

Use and distribution

This report was prepared in response to the requirement established by prevailing company law in Spain and may not be appropriate for other uses and jurisdictions.

Madrid, 1st April 2020

MAZARS AUDITORES, S.L.P.

Oscar Herranz López

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1. Introduction

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

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

In the Group's present second Non-financial Report, we have presented more mature information and metrics. During 2019, we have worked to consolidate the data, to improve them according to internal objectives and to the sector trends, to increase their comparability and the number of indicators.

Moreover, in 2019, we have reviewed our Corporate Responsibility Policy and designed a Corporate responsibility strategic plan 2019-2020, which defines four action axis that are aligned with conclusions from the 2018 Materiality Study, which instruments the group's action in non-fi-

This Non-Financial Report covers 93% of Grupo UCI employees and 98% of the outstanding balance managed.

nancial matters and, accordingly, the present report's results.

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

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.

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.

2. Business model

2.1 ECONOMIC ENVIRONMENT AND TRENDS

In 2019, the worldwide economy has continued the slowdown that started on the previous year, as a reflection of commercial tensions between USA and China, and the uncertainties generated around the Brexit and its outcome. With a 2.9% estimated by the IMF, from 3.6% in 2018, the worldwide growth rate would be below 3% for the first time since 2013.

In 2019, the Spanish economy grew again at a path next to double the Euro area, although with a slowed-down growth: a rate of 2.0% in 2019 vs. 2.4% and 3.1% in 2018 and 2017.

The Spanish real estate market has maintained its price recovery trend that started in 2015. The y-o-y increase until the 3rd quarter of 2019 was of 3.1%, according to the Ministry of Public Works, a figure below 3.9% observed at 2018 closing, identical to the increase registered in 2017. With regards to volumes, for the first time, 2019 has registered a regression in housing sale operations (-3.4% with regards to 2018).

The entry into force of the Real Estate Credit Contracts Law (LCCI) in the month of June made a prominent impact on the Spanish mortgage market.

During the last five years, the trend in the Spanish mortgage market has been a progressive increase of contracted volumes. This trend has remained unchanged in 2019, with am accumulated y-o-y increase at June 2019 (latest data published) of 12.2%, backed by the favourable evolution of prices and the increase of the offer of entities that operate in the Spanish market. On July, a new activity regulatory framework entered into force, the Law of Mortgage Credit Contract, which implementation had a notable negative impact in the contracting volume during the first months, as a consequence of operating changes and of longer compulsory reflection periods established in the new Law.

Portugal presented GDP growth rates in line with Spain (+1.9% in 2018), both substantially above the growth level of the Euro area (+1.2% at the same date).

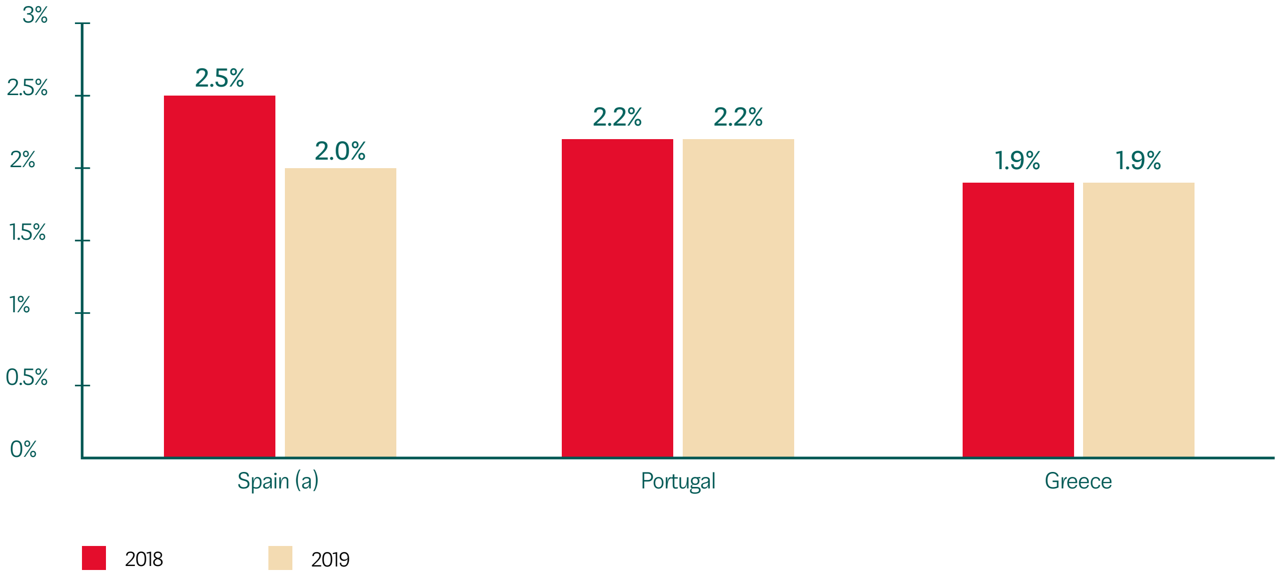
With a growth of 1.8%, in 2019, in line with 1.9% over the whole of 2018, the Greek economy confirms its departure from the stagnation suffered until the second half of last decade.

Quarterly changes in GDP

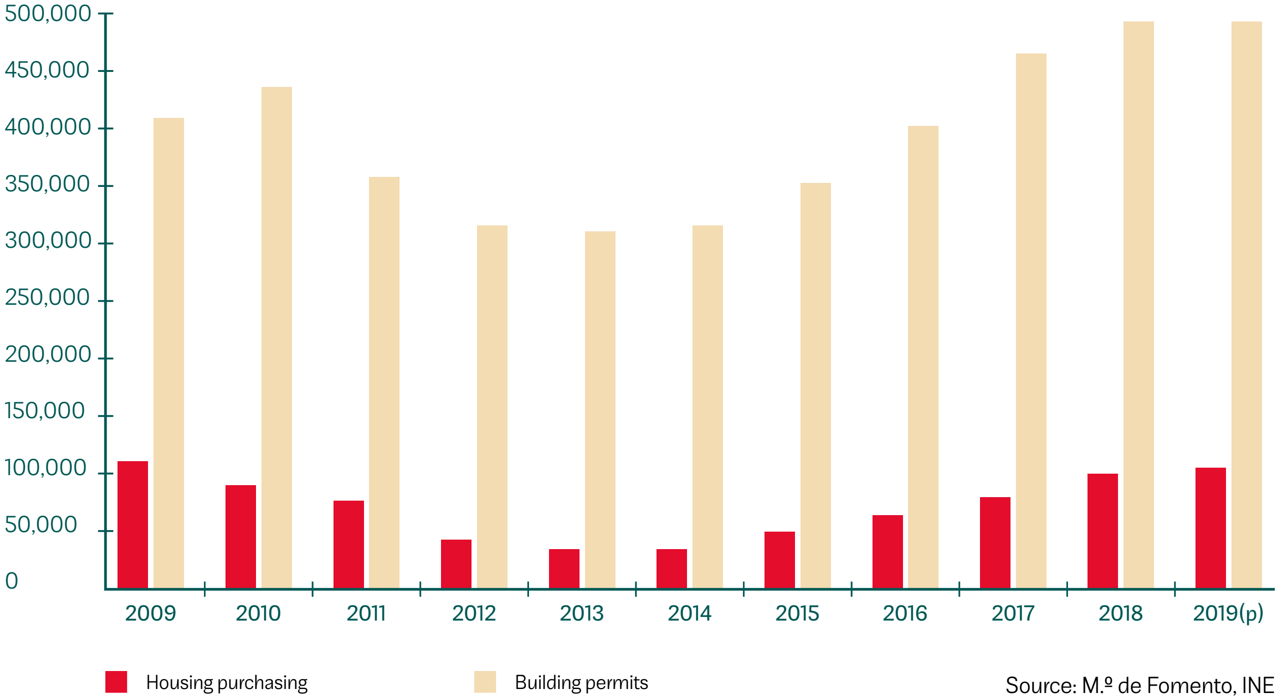
	GPD growth (annual %)				Stock Exchanges growth			Year-end inflation rates				Year-end unemployment rates			
	2016	2017	2018	2019	17/'16	18/'17	19/'18	2016	2017	2018	2019	2016	2017	2018	2019
USA (a)	1.6	2.3	2.6	2.4	25%	-6%	22%	2.1	2.0	1.9	2.3	4.9	4.4	3.9	3.5
Japan	0.6	1.9	0.8	0.9	19%	-12%	18%	0.3	1.1	0.3	0.8	3.1	2.8	2.5	2.2
Eurozone (19 area)	1.7	2.5	1.9	1.2	7%	-14%	25%	1.1	1.4	1.5	1.3	10.0	9.1	7.9	7.4
Germany (a)	1.9	2.5	1.5	0.6	13%	-19%	25%	1.7	1.6	1.7	1.5	4.1	3.8	3.3	3.2
France (a)	1.1	2.3	1.7	1.3	9%	-11%	26%	0.8	1.2	1.9	1.6	10.1	9.4	9.1	8.4
Spain (a)	3.2	3.1	2.5	2.0	7%	-15%	12%	1.4	1.2	1.2	0.8	19.6	17.2	14.2	13.7
Portugal	1.5	2.7	2.2	2.2	15%	-12%	10%	0.9	1.6	0.6	0.4	11.2	9.0	6.9	6.9
Greece	0.0	1.4	1.9	1.9	25%	-24%	49%	0.3	1.0	0.6	1.1	23.6	21.5	18.0	16.5

Source: Eurostat + UCI (a): (Base 2010)

GDP growth (annual %)

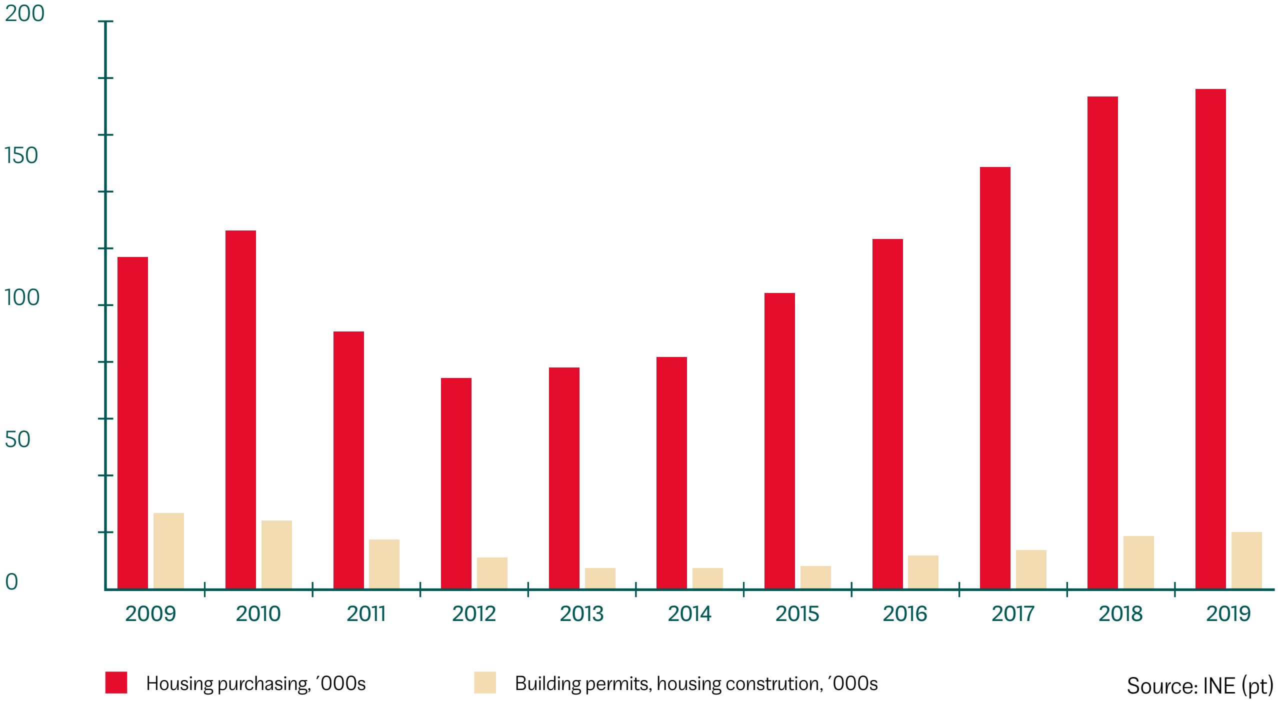


Home purchases and building permits Spain



Source: M.º de Fomento, INE

Home purchases and building permits portugal

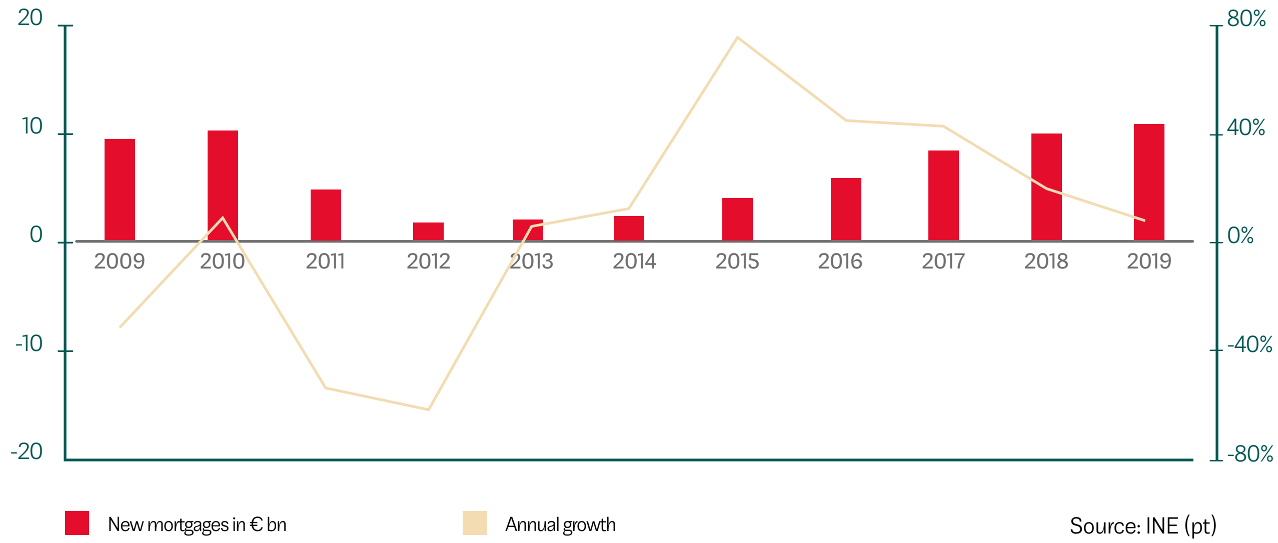


Source: INE (pt)

New mortgages Spain

Source: INE

New mortgages Portugal



Source: INE (pt)

2.2 ABOUT US

UCI, Unión de Créditos Inmobiliarios, is a credit financial establishment created in 1989 by Banco Santander and BNP Paribas, invested by 50% by both entities.

Our objective is to satisfy the housing demand through responsible, transparent and bespoke financing solutions.

We ease the access to housing and contribute to the renewal of the real estate park to achieve more sustainable cities through out mortgages and reform loans for individuals and communities.

We count with 25 agencies throughout Spain and 8 in Portugal, and an important portion of our business is in the alliance with around 2,000 real estate agencies. Also, since 2014, we also trade our mortgage solutions online, through the brand hipotecas.com.

Our team includes 636 people, 57% are women and 43% are men, distributed in our HQ of Madrid, our 25 agencies in Spain and 8 in Portugal.

During the year, we have granted mortgages by 676 million Euros, 485 million in Spain and 191 in Portugal, which implies a slight decreased with regards to 2018 (-4.6%). The total volume of mortgage loans granted is of 10,722 million, 1.8% below 2018.

The consolidated gross margin obtained by the Group in the last year has reached the amount of 156 million Euros, decrease by 1%, due to the entry into force of Law 5/2019, regulating Real Estate Credit Contracts in Spain, and the assumption of expenses and taxes by banks, since November 2018.

In turn, the default rate has been of 8.43% at 2019 closing, 68 basic points below the figure reached in the previous year, although bad debt would entail 4%.

In 2019, we have exceeded the amount of 350,000 clients since our creation, and have continued consolidating our business model through the four 2020 strategy axes of the Group, elaborated based on corporate values and objectives.

Our objective is to maintain a long-lasting relationship with our clients, beyond the simple contracting of a loan or the purchase of a estate. Our commitment is to offer a quality service and products, adapted to our clients' circumstances, competitive and, in turn, sustainable with our environment.

2.3 MISSION VISION AND VALUES

In 2015, we redefined the basic lines that boost our activity and give shape to our main engine: the mission and the vision.

These lines do not only reflect our clear vocation for our client, products, employees and sustainability, but also configure the base on which we have built our 2020 strategy and, therefore, point towards most advanced fields in 2019.

Mission

- Generate a positive impact in our stakeholders and in the society.
- Produce first-class financial services through an integrated working model.
- Create an stimulating and creative work environment.

Vision

- Become leaders in specialized real estate financing.
- Be the preferred entity of our clients.
- Respond to the social demand of access to housing with responsible products.

Another essential component in UCI's culture are the internal corporate values, defined in 2016 through co-and shared development processes:

- **Excellence:** excellence is complying with our responsibilities at all times, with the highest level of demand and quality in the management with the internal and external client.
- **Integrity:** it implies doing what is right, in agreement with our principles, without giving priority to personal interests.
- **Commitment:** it is an emotional bond that makes a collaborator to get involved with UCI and to go beyond their obligations, personally contributing to the entity's success.
- **Innovation:** innovation is feeling the need to apply new ideas, products, services and practices, for the purpose of continuously improving.
- **Passion for the client:** it is the continuous search to provide the best service possible, considering it as the central axis of our activity, trying to exceed expectations at all times.
- **Team work:** it is the attitude of any of our entity's employees to contribute with their knowledge and means available to achieve a common target, always caring for UCI's general interest.

2.4 OBJECTIVES AND STRATEGY

In 2018, we defined our four strategic axes which allow us to tackle our challenges as entity and to satisfy the needs of all our stakeholders: Responsible and Sustainable, New income sources, Financial Autonomy, and Reinvention.

Responsible and Sustainable

In an environment where consumption models must adapt to new social and environmental risks, in UCI, we participate in this challenge, implementing initiatives and financial products that contribute to the social wellbeing, sustainability and environmental care.

We focus on the responsible housing purchase, accompanying people to make them feel guided, correctly informed, and so that they know the financial and personal impact of the purchase of a house.

Also, we light to look forward. The Paris Memorandum of Understanding of 2015 and the UN Sustainable Development Goals, as part of its Agenda 2030 for Sustainable Development, entailed a turning point in the awareness for the world to focus towards sustainability.

As financial entity, we have an essential role to contribute to the decarbonisation of the European economy, a challenge tackled by us through our Green Mortgages & Loans strategic project, promoting the purchase of energetically efficient houses and the rehabilitation of the real estate park, or developing sustainable financing solutions.

Through this project, since 2018, we are part of the Energy Efficient Mortgages initiative (EEMi), developed by the European Mortgage Federation (EMF), a pioneering European project that has gathered over 50 entities for the purpose of creating a Green Mortgage standard.

In 2019, we have participated in some of the main sector forums in Spain and Europe, as well as organized events to allow us to convey to thee mortgage and real estate sector the importance of sustainability.

We advance to a future that will be marked by sustainable buildings and houses, a commitment already applied to our own offices, where we have launched the process to obtain the certificate ISO 14001.

New income sources

As specialists in house financing, in addition to our solutions for the purchase or change of house, we continue developing products and services related to homes, allowing us to accompany our clients throughout a home's life cycle, in addition to increasing their satisfaction and loyalty levels.

Under this premise, we have launched the strategic project New Products and Services for the purpose of developing and promoting our offer of solutions adapted to our client's real needs, with the house as a common denominator and search of new income sources as target.

Financial autonomy

The objective is to develop and implement new sources of financing to improve our financial ability. Through our strategic project, we aim to generate new liquidity sources at the short, mid and long terms, in addition to profitable products and sustainable finances.

Reinvention

Digital transformation is another challenge for the Group, for which purpose we have simultaneously developed three strategic projects.

The purpose of the Ecoweb project is to develop a digital ecosystem covering all corporate web sites and applications, integrating in coherence all the digital relationships with clients and real estate professionals to turn it into a channel of communication, promotion and trading of products to promote the brand recognition, the entity's reputation and positioning.

Through the CRM project, we have integrated the tool Microsoft Dynamics 365 to create a unique fluent environment to support the daily work of Customer Care teams and ease the early detection of our clients' needs.

The purpose of the Phygital project is to improve the efficiency of our organization's processes through the comprehensive digitalization of the management of operations, from the first contact to the file's completion with the delivery of deeds.

In 2019, we have developed a system that automatizes the decision-making in a mortgage loan through Artificial Intelligence and rule management tools. The solution, which will be progressively implemented in 2020, combines two mathematical models that use machine learning techniques with a system of rules to ensure the compliance with the entity's risk policy. Thus, we will be able to automate

the process and to improve the speed and homogeneity in the loan's decisions.

2.5 MARKETS IN WHICH WE OPERATE

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

2.6 CORPORATE GOVERNANCE

UCI Group's Corporate governance policy details: the entity's governing structure entity, organization chart, organization structure, owners of key functions, code of conduct and behaviour, general governing principles, as well as their relation with other relevant documentation, such as: the Code of Ethics or General Policy of Conflicts of Interest.

This policy takes into account internal governance guidelines of the European Banking Authority (EBA), of 2018, which specifies internal governance systems, procedures and mechanisms to be implemented by credit entities and investment companies to ensure the entity's efficient and prudential management.

Thus, the Group assumes a set of principles and values that express their commitment in corporate governance, business ethics and corporate responsibility. Also, in order to ensure this ethical responsible management of its activity, UCI counts with several corporate governance policies and procedures, defining:

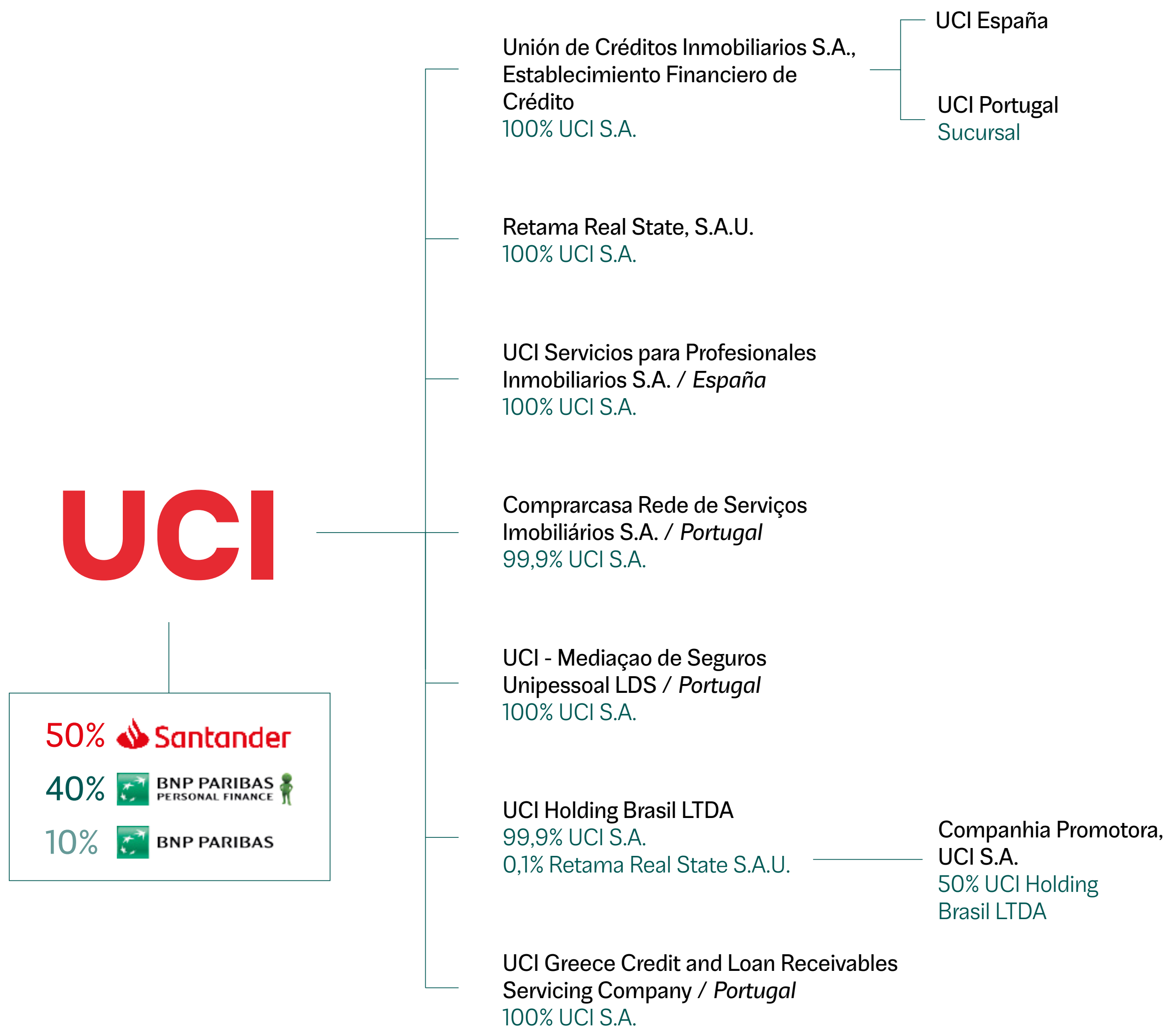
a. A clear organizational structure, with well-defined, transparent and coherent lines of responsibility.

b. An analysis policy and procedures for the identification, management, control and communication of risks.

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

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

UCI GROUP: SUBSIDIARIES, INVESTEES AND BRANCHES 2019



* On March 27, 2019, Bank of Portugal, by virtue of the Portuguese regulations, authorized the transformation of the branch's legal status as a third country's branch..

COMPOSITION OF THE BOARD OF DIRECTORS

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: Benôit Patrice Stéphane 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., 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: Benoît Patrice Stéphane 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
UCI Servicios para Profesionales Inmobiliarios S.A.	**Chairman: Roberto Colomer Blasco** CEO of UCI **Board Member: José Manuel Fernández** COO Sales Area of UCI **Board Member: Philippe Laporte** COO Finance, Technology and Clients of UCI **Board Member: José Antonio Borreguero Herrera** IT Director of UCI **Board Member: José Gerardo Duelo Ferrer** Chairman General Council of COAPIS **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 of UCI Portugal **Board Member: Luis Mário Saraiva Fonseca Nunes** CEO of Compracasa Portugal **Board Member: Luis Carvalho Lima** Chairman of APEMIP **Board Member: Vasco Morgadinho Reis** Deputy-Chairman of APEMIP **Secretary of the Board of Directors: Magda Andrade** Legal Manager of UCI Portugal
UCI Mediaçao de Seguros Unipessoal, LDA	**Director: Gregory Hervé Delloye** CFO of UCI Portugal **Director: Pedro Megre Monteiro do Amaral** CEO of UCI Portugal
Holding Brasil L.T.D.A.	**Director: Rui Filipe Amaral Lopes** Sales Director **Director: Carla José Da Silva Moniz** CFO

Companhia Promotora UCI	**Chairman: José Antonio Carchedi** **Deputy Chairman: Roberto Colomer Blasco** CEO of UCI **Board Member: Luis Felipe Carlomagno Carchedi** CEO Companhia Promotora UCI S.A. **Board Member: Luis Felipe Carlomagno Carchedi** CEO Companhia Promotora UCI S.A. **Board Member: Pedro Megre Monteiro do Amaral** CEO of UCI Portugal **Director: Carla José Da Silva Moniz** CFO **Director: Rui Filipe Amaral Lopes** Sales Director
UCI Greece Credit and Loan Receivables Servicing Company	**Chairman: Pedro Megre Monteiro do Amaral** CEO of UCI Portugal **Board Member: Aristidis Arvanitakis** CEO UCI Greece **Independent Board Member: Dominique Bernard Marie Servajean** Director partner of Bedor Excem

COMPOSITION OF THE COMMITTEES OF THE BOARD OF DIRECTORS OF UCI GROUP

UCI Group Audit and Risk 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, Suitability and Remunerations	**Chairman: Matías Rodríguez Inciarte** Chairman of Santander Universidades **Member: Benôit Patrice Stéphane Cavelier** Deputy Managing Director at BNP Paribas Personal Finance

COMPOSITION OF THE MANAGEMENT AND EXECUTIVE COMMITTEE

UCI Group Management Committee	**Roberto Colomer Blasco** CEO **José Manuel Fernández** COO Sales Area **Philippe Laporte** COO Finance, Technology and Clients **Ángel Aguilar Otero** HR Director **Ruth Armesto Carballo** Open Channel Director **Rodrigo Malvar Soto** Risk Director **Pedro Megre** CEO of UCI Portugal **Olivier Rodríguez** Director General Intervention

UCI Group. Executive Committee	**Anabel del Barco del Barco** Director of Corporate Responsibility and Communication **José Antonio Borreguero Herrera** IT Director **Eduardo Isidro Cortina Romero** Director of Legal Department and Compliance Officer **Fernando Delgado Saavedra** Director of Professional Marketing **Francisco José Fernández Ariza** Director of Professional Services **Cecilia Franco García** Director of After-sales and Management of Estates **José García Parra** Director of Projects of UCI Sales Organization **Marta Pancorbo García** Director of Simplification **Tomás Luis of the Pedrosa Masip** Director of Internal Audit **Miguel Ángel Romero Sánchez** Director of Clients **Francisco Javier Villanueva Martínez** Director of Risk assessment and quality
UCI Portugal Management and Executive Committee	**Pedro Megre Monteiro do Amaral** CEO **Gregory Hervé Delloye** Risk and Financial Director **José Portela** Director of Clients **Luis Nunes** CEO Compracasa **Pedro Pereira** Marketing Director **Carlos Vintem** Sales and Marketing Director
UCI Greece Credit and Loan Receivables Servicing Company, Executive Committee	**Aristidis Arvanitakis** CEO UCI Greece **Pedro Megre Monteiro do Amaral** CEO UCI Portugal **Thanasis Diorelis** Director of After-sales and Trading of Estates **Christos Gramatikopoulus** Administrative and Financial Director **Thanasis Philippou** Director of Operations and Recoveries
Companhia Promotora UCI Executive Committee	**José Antonio Carchedi** Chairman **Roberto Colomer Blasco** CEO UCI **Luis Felipe Carlomagno Carchedi** CEO Companhia Promotora UCI S.A. **Pedro Megre Monteiro do Amaral** CEO UCI Portugal

The organization chart of Unión de Créditos Inmobiliarios, S.A., Establecimiento Financiero de Crédito (hereinafter UCI S.A., E.F.C.) is structured with three main bodies:

- UCI, S.A. as sole shareholder, exercising the powers of the General Shareholders' Meeting.
- The Board of Directors, which concentrates its activity in the general function of supervision and adoption of the most relevant decisions.
- The Board's Committees, which assist in the development of its functions and include: an Audit and Risks Committee and a Committee of Assessment, Suitability and Remunerations.

Sole Shareholder. UCI S.A.

Based on the nature of the Group, UCI S.A., E.F.C. has a sole shareholder who governs and administers the Entity, together with the Board of Directors. Taking into account the shareholding structure, the company UCI S.A. exercises the powers of the General Shareholders' Meeting and, as such, has been entrusted with functions established by law and the bylaws.

Board of Directors

The Board of Directors is the highest body of representation, management, strategy and supervision of the activity of UCI S.A., E.F.C., except with regards to matters reserved to the power of the Sole Shareholder.

As in the case of the Board of UCI SA, the Board of Directors of UCI S.A., E.F.C. includes four members. Their obligations and responsibilities are detailed on the Annual Report of Credit Entities' Capital Self-Assessment Process and are the following:

The Board's policy is to delegate the ordinary management of UCI S.A., E.F.C. in the management team, and to focus its activity on the general function of supervision and adoption of the most relevant decisions for the Company's administration.

In order to support these basic functions through an appropriate management monitoring, supervision and control process, the Board of Directors counts with two specific committees that provide assistance in their respective fields:

Audit and Risk Committee, which Members are appointed by the Board. Its purpose is to improve the monitoring, information and decision making of the Board, as well as developing, executing and monitoring management control systems, internal control and regulatory compliance.

Committee of Assessment, Suitability and Remunerations. Its most relevant powers are the assessment of directors and key personnel's suitability, and the supervision and application of the remuneration policy.

These committees include two board members each, and are governed by their own functioning regulations.

Management Team

UCI's senior management is led by the CEO, who reports to the Board of Directors. It counts with several management bodies: the Management Committee, the Executive Committee and different sector committees created to manage specific matters and risks.

Senior management, within the framework established by the Board of Directors and its Committees, plans and develops the entity's strategy, organizes resources, leads the human capital and organizes and controls processes. Senior management includes two bodies: the Management Committee and the Executive Committee.

3. Risk management

In UCI, we consider the risk as an inherent factor to our business. A correct analysis, measurement and management will contribute to the achievement of appropriate margins and to the maintenance of our solvency.

A solid risk culture is essential and one of the keys that will allow the Group to respond to the variations of economic cycles, to clients' new requirements, and to the increase of the competition, positioning us as an entity to be trusted by our stakeholders.

Our risk culture is defined through five principles:

At UCI we run integrated risk management, in which risk appetite definition and control are key elements.

Commitment. The risk culture is based on the commitment and participation of all Units and employees (regardless of their function), integrating the risk culture as a "lifestyle" not as an imposition.

Responsibility. All units and employees must know and understand the risks in which their daily activity incurs, and be liable for their identification, valuation, management and reporting, in a comprehensive and transparent way.

Simplicity. Adapt the risk culture to the Group's business model with clear, documented processes and decisions, understandable by employees and clients.

Client focus. All risk actions are focused on the client, and on their long-term interests. The Group's vision is to become the leader of specialized real estate financing, gaining the trust and loyalty of employees, clients, shareholders and the society. The path to achieve this requires the proactive contribution to our clients' progress with an excellent risk management.

Experience. Through experienced situations, being able to foresee the occurrence of adverse events. This experience will be acquired through a dynamic and evolving learning process, which will be shared and conveyed at all levels.

The dissemination of the risk culture is a process of continuous improvement, which is being strengthened through a series of actions, based on the communication, training and development and technological support.

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.

Con 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.

Risk Appetite Framework

UCI 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, we have defined and implemented our 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 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 we have established for ourselves. This implies consolidating a strong risk culture throughout the Organization, a risk culture known and applied by all of our 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:

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	**Operational**	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**	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.

3.3 RISK ASSESSMENT

One of the pillars on which the development of our risk culture is based is the implementation of a Risk Management System (RMS), transversal throughout the entity and integrated in the Group's strategy, operations and culture.

The RMS is implemented in accordance with the RIA methodology (Risk Identification and Assessment), which 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:

1. 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 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.

2. 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 which its risk management and control model is based, in order to verify their alignment degree.

a. 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.

b. 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.

c. 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.

3. Business Model Analysis (BMA)

Assessment of the Entity's business model and strategy. Unit's forward-looking analysis 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.

The risk appetite for UCI Group during 2019 was established as Medium-Low, mainly conditioned by the credit risk family (considered as the Group's main exposure). The risk profile closed the year as Medium-Law. Therefore, the alignment between the risk profile and the defined risk appetite is considered appropriate for the previous year..

3.4 ENVIRONMENTAL, SOCIAL AND GOOD GOVERNANCE RISKS

Our business model is based on the commitment with the environment and people, betting for more environment-friendly projects that contribute to preventing, mitigating and responding to the climate change. For such reason, we are working to include the ESG risk (Environmental, Social and Governance) in the entity's risk mapping.

4. Compliance and corporate ethical culture

4.1 OUR CULTURE OF COMPLIANCE

In UCI, one of our priorities is to care for the compliance with regulations in force, and with policies and procedures established in the group, as well as adopting the best practices and ethics and professional standards in our activity.

We are a responsible company, which entails considering compliance as a key tool in our daily activity. The culture of compliance provides legal security, and ensures best ethical and professional practices in the entity.

We rely on the Culture of Compliance, as decisive function for the risk prevention, management and control, configuring it as a necessary element for the appropriate business functioning and to create value for our stakeholders and the society as a whole.

The Culture of Compliance is transversal, which implies that it affects all levels within the entity and must be part of the daily operations of all employees; the best support is the awareness of all peo-

Compliance is a key tool in our daily activity.

ple within UCI. The implementation of the culture of compliance in the organization entails **preventing, detecting and managing risks of Compliance through the creation and development of specific programmes**.

These risks are not only restricted to criminal standards, but also to all those established on our legal system, and those voluntarily assumed by UCI, which breach, in addition to criminal liability or strong administrative penalties, could imply serious reputational damages with an impact in UCI's image in the market. Such risks of compliance refer not only to the degree of compliance with regulations in force, but also to the achievement of ethics principles established in the UCI's values.

Accordingly, with the involvement of everyone, UCI's activity will be framed within the highest standards of Compliance, not only of compulsory rules, but also best practices.

4.2 COMPLIANCE SKILLS

The **compliance skills** include the promotion of the dissemination, knowledge, 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.

4.3 BASIC STANDARDS

In this sense, we count with **basic standards** that give shape to our Compliance model.

The **code of ethics** that develops the principles included on the Group's Mission, Vision and Values in a global, complex and changing environment.

The code of ethics establishes a set of conduct principles and guidelines to ensure the ethical responsible behaviour of all UCI employees in the development of their activity.

This code stipulates that the regulatory compliance and ethics covers the compliance with the legislation in force reflected in UCI Group's internal procedures. Therefore, all UCI Group's collaborators have the duty to adjust their actions to the regulations in

force, following, in this sense, UCI Group's specific guidelines.

Also, we count with a **criminal risk prevention system** which includes procedures and controls to prevent the performance, by employees, collaborators and/or people working on its environment, of actions and conducts that could be considered fraudulent or inappropriate. These procedures include the one aimed to the prevention of corruption and bribery. This procedure identifies aspects to be taken into account in the daily activity, to prevent such risk of corruption and bribery and, therefore, the risk of incurring in criminal liability for the legal entity.

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.

Within the specific chapter of **Money Laundering Prevention**, we note the significance of the due control and compliance with obligations in this matter for the Entity. The non-compliance with obligations established by the legislation for this section could imply serious penalties, both economic and administrative, for the entity.

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

From the particular standpoint of the compliance with the money laundering prevention regulations, the essential working lines **during 2019** 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).
- 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.

- 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's Internal Audit Department.
- Review and update of the risk self-assessment report, in relation to money laundering prevention.
- Review and update of the systematic communication procedure for operations (DMO).

Similarly, UCI has updated its **gift and invitation policy** which, together with the anticorruption and antibribery policy, are part of the criminal prevention device, and it establishes guidelines to be considered in relation to the possible delivery or acceptance of gifts in UCI Group, for the purpose of not incurring in actions against the regulation and internal procedures.

Together with the gift and invitation policy, we have validated the anticorruption and antibribery policy. UCI Group has assumed a commitment of "cero tolerance" with regards to corruption and/or bribery activities, in all shapes and circumstances. The purpose of the **anticorruption and antibribery policy** is to identify the most regular cases for this type of activities and how to proceed to identify, prevent and avoid them.

Consumer Protection Policy (Protection of the Client's Interest). One of the main objectives of UCI Group is the respect for the clients' interests and their inherent rights. Accordingly, the Consumer Protection function is very relevant within the field of Compliance.

In this framework, UCI Group has established its Consumer Protection Policy, which is based on the following principles: "Fair and Respectful Treatment", "Design of customer centric products and services", "Transparency in communication", "Responsible prices", "Consideration of clients' particular circumstances and prevention of the over-indebtedness", "Data protection", "Claim management", "Financial education" and "Responsible innovation".

4.4 ACTIVITY

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 UCI's acting standards included on the Code of Ethics and in internal policies and procedures.

During 2019, 2 reports have been received and processed through this channel in Spain, framed in the category of "Labour Relationships" and related to "People and Entity" and "conducts related to the integrity as entity's value". Both cases were resolved, applying the corresponding disciplinary measures.

Gift policy. During 2019, no incident has been registered in this regard.

Money laundering prevention alerts. During 2019 the following have been analyzed:

656 alerts in Spain, out of which 22 were communicated to the OCI (internal control body) and, of these 22, 5 were communicated to the SEPBLAC.

In Greece, 8 alerts have been analyzed, none of which have been communicated to the local regulator.

In Portugal, 231 alerts have been analyzed, communicating 1 to the local regulator.

4.5 AWARENESS AND TRAINING IN REGULATORY COMPLIANCE

Compliance **training** modules given during 2019 in UCI Group in Spain have been the following:

- Competition Law.
- Criminal Risk Prevention.
- Anticorruption and gift policy.
- International Penalties and Seizures.
- Money laundering prevention.
- Data Protection.

The scope of all of them has covered all staff, except for the one related to the competition law, which was aimed for managers, including senior management.

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

- Possible irregularities in the clients' valuation to UCI.
- Ethics alert.
- Suppliers' contracting procedure.

- Policy of essential outsourced services.
- Cybersecurity and appropriate use of personal and confidential data.
- Culture of compliance.
- Memorandum of banking supervision.
- Communication of security protocol and breaches.
- Consumer protection policy.

Their scope has covered all staff, except for the one related to Possible irregularities in the clients' valuation to UCI, which was aimed for the sales network; Policy of essential outsourced services for managers and senior management and the Memorandum of banking supervision for the senior management.

In 2019, 106 communications have been sent on regulation developments in Spain.

4.6 MONETARY CONTRIBUTIONS TO SECTOR ASSOCIATIONS

In UCI, we collaborate permanently with institutions with which we work actively in different fields, in order to promote the social responsibility and transparency or to develop specific information and training projects. Thus, in 2019, we have applied 21,678.12 Euros to sector associations.

- Asociación Hipotecaria Española.
- Asociación Nacional de Establecimientos Financieros de Crédito (ASNEF).
- Cámara Franco – Española de Comercio e Industria.
- Green Building Council SPAIN.
- DIRSE.
- Federación Española del Corazón (FEC).
- Asociación Española de la Calidad.

CONTRIBUTIONS TO ASSOCIATIONS (IN THE SECTOR AND OTHERS)

Key information	2019	2018
Asociación Española de la Calidad	1,100.00 €	
Asociación Hipotecaria Española	17,693.00 €	17,150.00 €
ASNEF – Asociación Nacional de Establecimientos Financieros de Crédito	2,985.12 €	5,926.14 €
Cámara franco – española de comercio e industria	448.00 €	448.00 €
DIRSE	1,000.00 €	
Green Building Council-SPAIN	1,331.00 €	1,331.00 €
Federación Española del Corazón (FEC)	1,815.00 €	
Total	**26,372.12 €**	**24,855.14 €**

5. Corporate Responsibility Strategy

5.1 ANALYSIS OF RELEVANT MATTERS

In 2018, in line with the strategic axis Responsible and Sustainable, we promoted a Corporate responsibility strategic development process shaped by three key initiatives to be developed from the fourth quarter of 2018 to 2019: *Materiality Analysis, Corporate Responsibility Policy and Corporate Responsibility Strategy*.

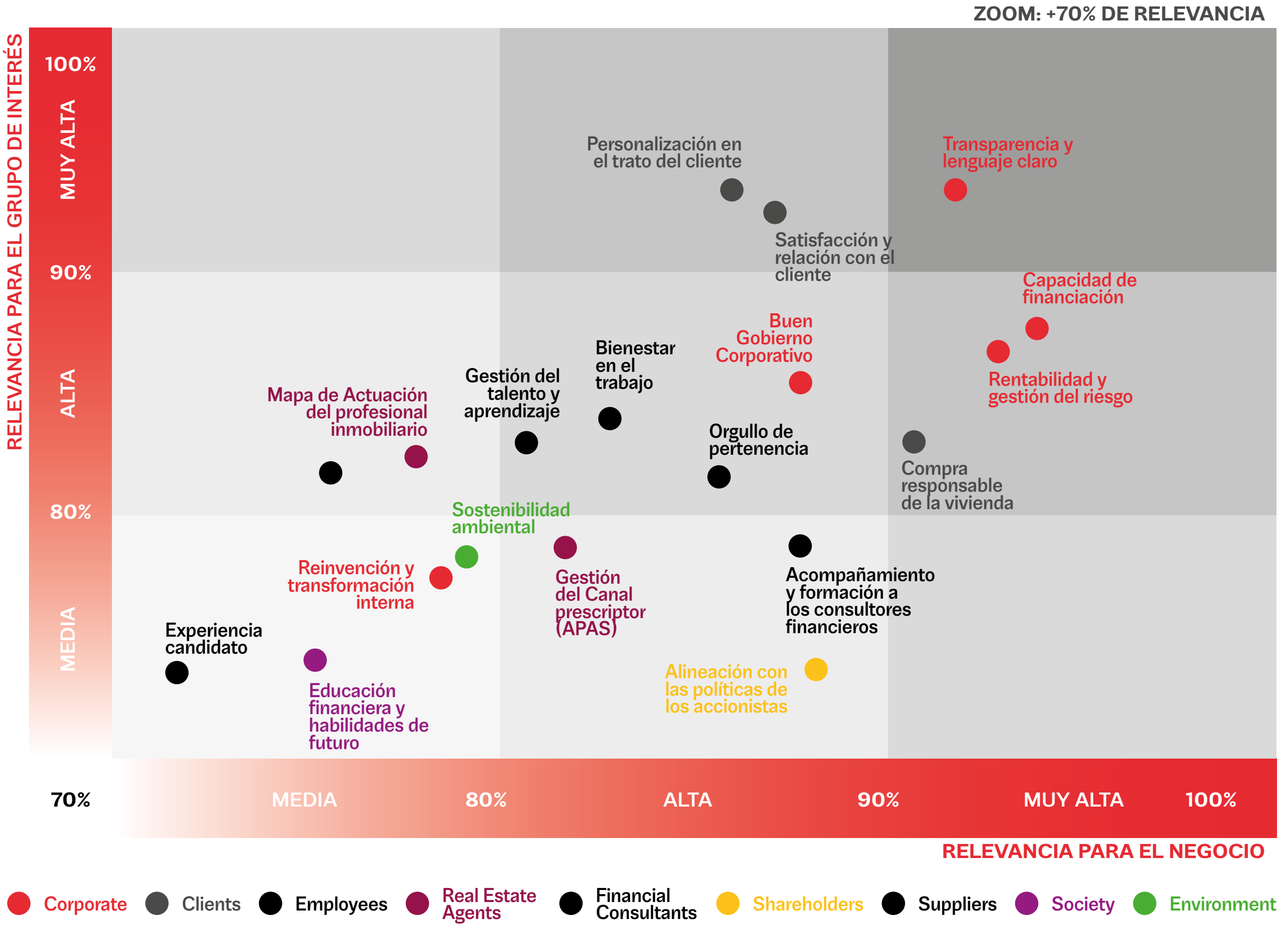
Materiality Analysis

In 2018, we carried out our first Materiality Analysis, a good corporate responsibility practice that allows identifying, from the sustainability perspective, relevant matters for the business and for stakeholders, and to define the priority issues based on the allocated relevance degree.

Such analysis offers a fundamental framework on matters to be included on the Non-financial information report, and provides information on what is expected from the Entity. The analysis' results are

In 2019 the Corporate Responsibility plan and policy were approved.

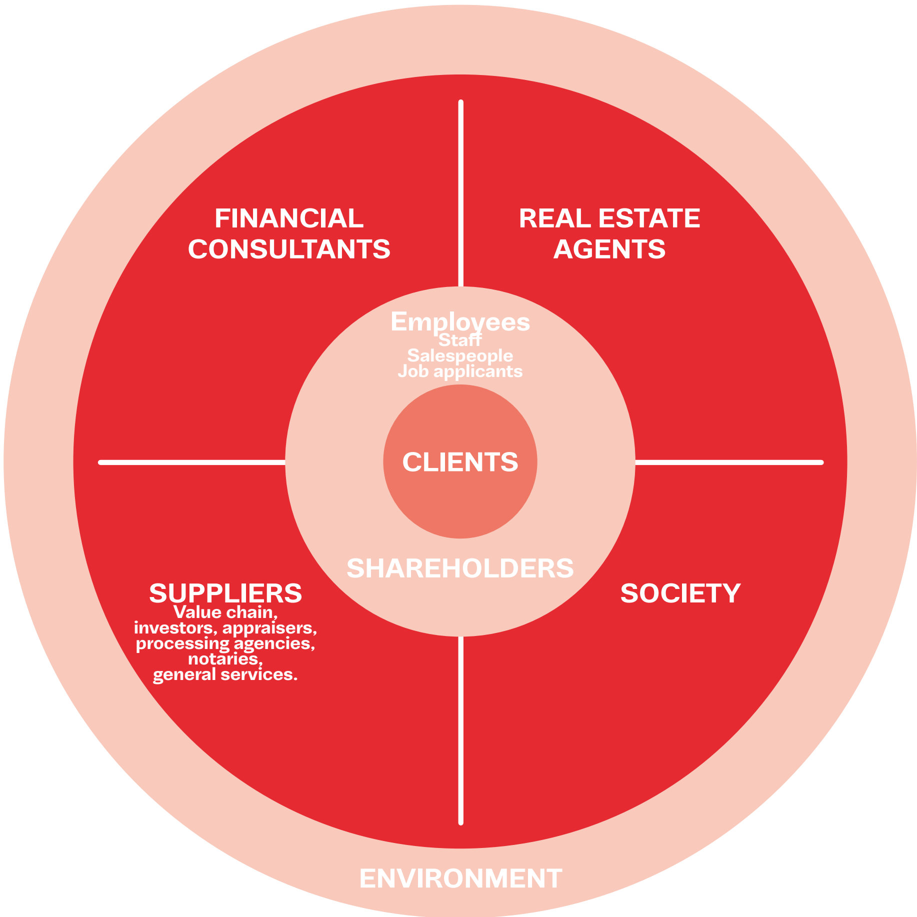
presented in the following materiality matrix, which locates material issues for the company, based on their relevance for the stakeholders and for the business.



In this analysis, we counted with internal assessments, with the involvement of the Management Committee, employees from Spain and Portugal, Financial Consultants and experts from different areas within UCI through a joint co-creation session. Also, external assessments have been made, with interviews to corporate responsibility experts, from the financial sector, the academy and the media. In order to complete the analysis, we performed a media analysis of relevant matters associated to UCI, analyzing trends in corporate responsibility and for the sector. Additionally, conclusions extracted from the analysis and the issues marked as most relevant served as starting point in the elaboration of our first Corporate Responsibility Strategy..

5.2 OUR STAKEHOLDERS

Based on the Materiality Analysis performed in 2018, the main UCI stakeholders were identified:



5.3 ACTION PLAN

In 2019, based on conclusions from the Materiality Analysis and with the work developed with different UCI areas linked to stakeholders, the corporate responsibility plan was defined, which counts with four main axes of action and two transversal axes, the latter being linked to communication actions and alliances that may be established to promote responsibility and sustainability in UCI.

- **Responsible business model** which focuses on promoting UCI's identity based on the respect for our values, the responsible culture and the good governance.
- **Transparency and clear language** which objective is to promote the clarity in our relationships, through dialogue and transparency, generating trust.
- **People empowerment** to contribute to the development of people for their present and future wellbeing.
- **Sustainable homes** to give value to and promote sustainability in the homes and working spaces.

All axes count with defined lines of action and with specific actions to make the plan effective and progress towards its objectives.

Each of the plan's axis is linked to the contribution of the SDG in which UCI has an impact with its business activity, with projects and through social action.

5.4 RESPECT FOR HUMAN RIGHTS

In UCI, we count with a Code of Ethics which includes the conduct model to guide the individual performance of each person working for the Group.

The Code of Ethics assists in the training of new organization members and helps all individuals within the Entity to reflect on their own values and principles. Our collaborators are our principal asset and, therefore, it is our responsibility to provide them with 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.

Principles of equality

In UCI, we advocate for equality, being one of our objectives within the labour field the eradication of sexist behaviours, discrimination on the grounds of ethnic groups, religion, nationality, civil status, sexual guidance and/or social class, as well as behaviours that could constitute a crime, such as sexual and labour harassment. Thus, we achieve an equal coexistence within the Organization, which would benefit the collaborators' wellbeing and, thus, higher performance in the company.

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 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.

The entity counts with policies that promote the equality of treatment and opportunities between women and men. In 2019, we published the White Paper of Diversity, which includes:

- General Gender Diversity Policy
- Selection Policy
- Internal Mobility and Promotion Policy
- Time Flexibility Policy (implemented in 2018)

Also, we have published a **new sexual and gender harassment protocol,** to make the established reporting channels more accessible for all employees.

Similarly, in 2019, we created the Diversity Committee to deal with matters related to diversity and gender equality, with periodic quarterly meetings, and comprising collaborators from different areas of the Entity.

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.

Additionally, the **Corporate Responsibility Policy** establishes responsible action principles, which include the promotion and respect for human rights in the territories where UCI is present, in agreement with universal principles and with the contribution to the Sustainable Development Goals in which the entity has a direct impact.

In relation to the compliance with fundamental conventions of the ILO (including freedom of association and protection of the right to organize, the fight against discrimination in employment and occupancy, the elimination of forced or compulsory work, as well as the effective abolition of child labour), UCI, operating both in Spain and in Portugal, considers that there are no significant risks of non-compliance.

6. A great team

6.1 EMPLOYMENT

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 our Human Resources policies.

Currently our team comprises 636 people, 57% of whom are women and 43% are men, distributed in our Madrid HQ, our 25 agencies in Spain, and 8 in Portugal.

In 2019, we incorporated 24 people to our entity, 66.7% of whom had an indefinite-term contract, which reveals our commitment with the generation of stable quality employment. Also, we strive to retain the talent of professionals who are already part of UCI, through training, internal promotions, and guaranteeing a safe, healthy, equal working environment, where balancing measures are implemented.

In this line, last year, we implemented in Spain the **People and Culture strategic project.** This project

66.7% of people who joined the company did so with a stable contract.

unites a series of initiatives related to the HR area with two main objectives: to build and develop a people management culture based on talent, understanding talent as the sum of three elements, performance, potential and motivation of each collaborator, generating appropriate tools to manage such talent and allowing collaborators to lay the foundations to work in their own development. Moreover, we try to develop the entity's culture, to adapt it to the society's needs and demands, and to challenges faced by us as entity. In order to achieve these objectives, we have developed several projects:

- The project “We are Talent”, which works on a management per objectives, in the development of a talent mapping and in the renewal of the performance appraisal process.
- “We are Diversity”, which incorporated policies and initiatives to incorporate diversity as a key element of the entity's culture.
- “We are AGILE”, which tries to transform working methodologies, incorporating AGILE methodologies, empowering the collaborators, and favouring the collective knowledge and intelligence.
- Part of the strategic project has also been the work developed by the Corporate responsibility area to build the organization's Corporate responsibility action plan.

6.2 WORK'S ORGANIZATION

98.5% of our staff in Spain counts with an indefinite-term contract and all of our professionals benefit from a Remuneration Policy that guarantees an appropriate remuneration system.

In UCI, we offer multiple social benefits to our collaborators, adding them in 2018 in Spain to the Working Flexibility policy or Flexiworking, which tries to facilitate gender diversity through the improvement in the balancing of family and professional life and the improvement of productivity, commitment and pride of belonging.

In 2019, we have continued working on such policy to tackle new stages. Also, we are working in the Digital Disconnection Policy within the working field, which will be implemented throughout 2020.

Social Benefits in Spain

- Health checks (with extension of protocols)
- Flue vaccination
- Wellbeing and health management programmes
- Ergonomics at the work post
- Flexiworking (flexible working hours)
- 29 working days of holidays
- Kindergarten vouchers
- Reduced working hours until the child is 12 years old
- Life insurance
- Private health insurance
- Restaurant vouchers
- Loans without interests
- Transport aids
- Financing in favourable conditions

The following tables show the main figures on the total number and distribution of employees.

EMPLOYEES UCI SPAIN

		2019		2018	
		Total	**%**	**Total**	**%**
Employees per gender (total no. and %)	Women	309	56.39%	311	55.83%
	Men	239	43.61%	246	44.17%
Employees per age (total no. and %)	‹ 25 years	4	0.73%	6	1.08%
	25-40 years	145	26.46%	175	31.41%
	›40 years	399	72.81%	376	67.51%
No. nationalities		11		10	
Immigrant employees (total no. and %)		22	4.00%	22	2.00%
No. of employees with disability (total no. and %)		4	0.73%	5	0.90%
No. employees per professional classification	Senior management	18	3.28%	19	3.41%
	Management	10	1.82%	10	1.80%
	Manager	93	16.97%	90	16.16%
	Collaborator	427	77.92%	438	78.64%
TOTAL		**548**		**557**	

EMPLOYEES UCI PORTUGAL

		2019		2018	
		Total	**%**	**Total**	**%**
Employees per gender (total no. and %)	Women	52	59.09%	53	60.92%
	Men	36	40.91%	34	39.08%
Employees per age (total no. and %)	‹ 25 years	2	2.27%	2	2.30%
	25-40 years	28	31.82%	25	28.74%
	›40 years	58	65.91%	60	68.97%
No. nationalities		2	2.27%	2	
Immigrant employees (total no. and %)		0	0.00%	1	1.15%
No. of employees with disability (total no. and %)		0	0.00%	0	
No. employees per professional classification	Senior management	1	1.14%	1	1.15%
	Management	5	5.68%	5	5.75%
	Manager	26	29.55%	23	26.44%
	Collaborator	56	63.64%	58	66.67%
TOTAL		**88**		**87**	

MODALITY EMPLOYMENT CONTRACTS UCI SPAIN

	2019		2018	
Temporary contracts TC (total no. and %)	6	1.09%	16	2.87%
Indefinite-term contracts TC (total no. and %)	540	98.54%	539	96.77%
Temporary contracts TP	0	0.00%	0	0.00%
Indefinite-term contracts TP	2	0.36%	2	0.36%
TOTAL	**548**		**557**	

MODALITY EMPLOYMENT CONTRACTS UCI PORTUGAL

	2019		2018	
Temporary contracts TC (total no. and %)	12	13.64%	17	19.50%
Indefinite-term contracts TC (total no. and %)	74	84.09%	70	80.50%
Temporary contracts TP	2	2.27%	0	0.00%
TOTAL	**88**		**87**	

ANNUAL AVERAGE OF CONTRACT MODALITIES PER GENDER UCI SPAIN

	2019		2018	
	Women	**Men**	**Women**	**Men**
Annual average temporary full-time contracts	6.58	4.58	3.92	6.0
Annual average indefinite-term full-time contracts	301.58	235.16	311.00	241.92
Annual average temporary part-time contracts	0.0	0.0	0.0	0.0
Annual average indefinite-term part-time contracts	1.0	1.0	0.50	1.00
TOTAL	**309.17**	**240.75**	**314.25**	**249.25**

ANNUAL AVERAGE OF CONTRACT MODALITIES PER GENDER UCI PORTUGAL

	2019		2018	
	Women	**Men**	**Women**	**Men**
Annual average temporary full-time contracts	7.25	5	10	4
Annual average indefinite-term full-time contracts	42.58	30.92	46	30
Annual average temporary part-time contracts	0	0	0	0
Annual average indefinite-term part-time contracts	2	0	0	0
TOTAL	**51.83**	**35.92**	**56**	**34**

ANNUAL AVERAGE OF CONTRACT MODALITIES PER AGE UCI SPAIN

	2019			2018		
	Below 25	From 25 to 40	Above 40	Below 25	From 25 to 40	Above 40
Annual average temporary full-time contracts	3	7.17	1	1.92	8	0
Annual average indefinite-term full-time contracts	2.08	149.75	384.92	0.33	153.42	399.17
Annual average of temporary part-time contracts	0.58	1	0.42	0	0	0
TOTAL	**5.66**	**157.92**	**386.34**	**2.25**	**161.42**	**399.17**

ANNUAL AVERAGE OF CONTRACT MODALITIES PER AGE UCI PORTUGAL

	2019			2018		
	Below 25	From 25 to 40	Above 40	Below 25	From 25 to 40	Above 40
Annual average temporary full-time contracts	0	9.92	2.33	3	9	2
Annual average indefinite-term full-time contracts	1.25	17.75	54.50	0	17	59
Annual average of temporary part-time contracts	0	0	0	0	0	0
Annual average of indefinite-term part-time contracts	0	0	2			
TOTAL	**1.25**	**27.67**	**58.83**	**3**	**26**	**61**

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

ANNUAL AVERAGE OF CONTRACT MODALITIES PER PROFESSIONAL CLASSIFICATION UCI SPAIN

	2019				2018			
	Senior management	Manage-ment	Manager	Collabo-rator	Senior management	Manage-ment	Manager	Collabo-rator
Annual average temporary contracts	0	0	0	11.17	0	0	0	9.92
Annual average indefinite-term contracts	18.83	10	90.42	417.50	18.33	9.25	90.67	434.67
Annual average temporary part-time contracts.	0	0	0	0	0	0	0	0
Annual average indefinite-term part-time contracts	0	0	0	2	0	0	0	1.55
TOTAL	**18.83**	**10**	**90.42**	**430.67**	**18.33**	**9.25**	**90.67**	**444.59**

ANNUAL AVERAGE OF CONTRACT MODALITIES PER PROFESSIONAL CLASSIFICATION UCI PORTUGAL

	2019				2018			
	Senior management	Manage-ment	Manager	Collabo-rator	Senior management	Manage-ment	Manager	Collabo-rator
Annual average temporary contracts	0	0	0	12.25	0	0	0	14
Annual average indefinite-term contracts	1	5	25.42	42.08	1	5	24	46
Annual average temporary part-time contracts.	0	0	0	0	0	0	0	0
Annual average indefinite-term part-time contracts	0	0	0	2	0	0	0	0
TOTAL	**1**	**5**	**25.42**	**56.33**	**1**	**5**	**24**	**60**

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

With regards to the number of dismissals, the following table includes the main figures on the number of dismissals per gender, age and professional classification:

CLASSIFICATION OF THE NUMBER OF DISMISSALS UCI SPAIN

		2019	2018
No. dismissals per gender	Women	3	10
	Men	7	4
No. dismissals per age	‹ 25 years	0	0
	25-40 years	1	5
	›40 years	9	9
No. dismissals per professional classification	Senior management	1	0
	Manager	2	2
	Collaborator	7	12
TOTAL		**10**	**14**

CLASSIFICATION OF THE NUMBER OF DISMISSALS UCI PORTUGAL

		2019	2018
No. dismissals per gender	Women	0	0
	Men	0	0
No. dismissals per age	‹ 25 years	0	0
	25-40 years	0	0
	›40 years	0	0
No. dismissals per professional classification	Manager	0	0
	Collaborator	0	0
TOTAL		**0**	**0**

Remuneration

The following tables show the most relevant figures in relation to the average remuneration of staff, detailed per gender, age and professional classification.

AVERAGE REMUNERATION OF EMPLOYEES UCI SPAIN

		2019	2018
Average remuneration per gender	Women	27,670.29 €	26,740.64 €
	Men	35,009.63 €	34,473.54 €
Average remuneration per age	‹ 25 years	21,086.22 €	18,264.90 €
	25-40 years	24,429.45 €	23,427.82 €
	›40 years	33,310.29 €	33,476.93 €
Average remuneration per professional classification or equal value	Senior management	94,613.53 €	93,572.97 €
	Management	56,735.13 €	55,813.62 €
	Manager	40,552.36 €	39,953.21 €
	Collaborator	25,469.92 €	24,805.87 €

AVERAGE REMUNERATION OF THE EMPLOYEES UCI PORTUGAL

		2019	2018
Average remuneration per gender	Women	14,428.66 €	15,738.52 €
	Men	24,637.87 €	28,931.69 €
Average remuneration per age	‹ 25 years	10,314.29 €	5,214.55 €
	25-40 years	13,929.54 €	15,307.39 €
	›40 years	21,289.51 €	23,542.25 €
Average remuneration per professional classification or equal value	Senior management	116,228.52 €	135,599.94 €
	Management	52,626.73 €	61,353.54 €
	Manager	21,522.68 €	26,649.68 €
	Collaborator	12,964.97 €	14, 753.86 €

SALARY GAP UCI SPAIN (1)

	2019	2018
Senior management	1.35	1.33
Management	1.15	1.27
Manager	1.11	1.12
Collaborator	1.02	1.02

SALARY GAP UCI PORTUGAL (1)

	2019	2018
Senior management	N/A	N/A
Management	N/A	N/A
Managers	1.08	1.05
Collaborator	1.02	0.87

(1) For one single professional category. men's remuneration has been divided by women's remuneration

Retributions of the Board of Directors:

During 2019, members of the Board de Administration received an average remuneration of 10,500€.

The single female board member waives to perceiving remuneration and allowances, as well as two of the male board members.

AVERAGE REMUNERATION OF THE BOARD MEMBERS AND DIRECTORS SPAIN (1)

	2019		2018	
	Women	Men	Women	Men
Average remuneration board Members	-	14,000.00 €	– €	17,500.00 €
Average remuneration directors	84,666.90 €	148,704.82 €	82,042.20 €	143,828.05 €

AVERAGE REMUNERATION OF THE BOARD MEMBERS AND DIRECTORS PORTUGAL (1)

	2019		2018	
	Women	Men	Women	Men
Average remuneration board Members	– €	– €	– €	– €
Average remuneration directors	– €	52,626.73 €	– €	91,335.19 €

(1) The single female board member waives to perceiving remuneration and allowances. as well as two of the male board members. who are part of this average.

6.3 HEALTH AND SECURITY

With regards to health and wellbeing at work, in 2019, we launched a new edition of our campaign Cuídate Corazón in UCI SPAIN. The purpose of Cuídate Corazón 2.0. is to customize the wellbeing experience made available by UCI to all people.

One of the actions developed throughout 2019 is the availability to all Madrid employees of a 'wellbeing box' which has allowed them to know their starting point with regards to their metabolic health indicators, physical condition and self-perception of stress, of health and self-management of healthy habits. Based on these measurements, points of improvement and wellbeing objectives and commitments are established for aspects to be improved.

Also, in order for us to be aligned with our health and wellbeing suppliers, we have launched the Smart Provider project, an analytical model created to analyze, asses and interpret global data related to health and wellbeing, belonging to suppliers which deliver health-related services to the company, for the purpose of growing together and knowing the impact.

In 2019, we have also maintained our adhesion to the Programme of Companies Committed with the Cardiovascular Health of their employees of the Fundación Española del Corazón (FEC). Moreover, actions have been performed to promote healthy eating, wellbeing and the practice of physical exercise.

- **Management and wellbeing of the management team:** creation of a group health profile integrated in the campaign Cuídate Corazón 2.0. with healthy measurements and collective nutrition tables, cardio-recovery and emotions.
- **Healthy breakfasts:** within the health check campaign, healthy breakfasts have been offered to employees who undergo a health check.
- **Fruit day:** the fruit day is celebrated one day per month, making available to employees seasonal fruit baskets. As a whole, we have delivered 6,450 units and 1,042.5 kg, distributed throughout Spain.
- Corner with healthy menus: the corner located in the HQ's canteen establishes kcal, and offers vegetarian, vegan and gluten-free menus.
- **Programme "Cuida tu mente":** it is a programme on positive stress in which we have held workshops related to resting and emotional management, and up to 16 mindfulness sessions in Spain. As evolution to these workshops, and in order to deepen on specific matters requested by employees, we have held 3 on-site training modules and 4 sessions on management of stress, with practical tools related to the body, mind and emotions for 48 people.
- **Healthy vending machines:** on October, vending machines in our Madrid headquarters were substituted by others with healthier and higher-quality products.

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 2019, all in Madrid.

- One team of 29 collaborators has participated in the 11th Edition of the Liberty Race.
- A total of 48 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 four teams of runners with a total of 12 runners in the 20th Edition of the Entities' Race in Madrid.

- A total of 28 UCI runners participated in the Heart Race, which objective is to contribute to keeping an active healthy life.
- A total of 12 employees have participated in the first Charity Race for Financial Education and Inclusion, promoted by ASNEF and Fundación ONCE.
- 21 runners participated in the charity run *Hay salida contra la violencia de género*.

Other sport activities celebrated in 2019 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 5 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 29 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.
- Extension of medical protocols in annual health examinations: faecal occult blood to employees above 45 years old or with family history; colon cancer prevention; Triglycerides, LDL Cholesterol, HDL Cholesterol, T4L, T3, Iron, Ferritin, PSH to employees above 45 years old, uric acid.
- Ophthalmologic review with the collaboration of AVER. In order to look after the eye health, offering this review every two years, since their work entails the screening of data, 143 people of UCI Madrid perform the review on April 2019.

Labour risk prevention

Contributing to our workers' security and health is a permanent objective in the HR management, and therefore on April 2019 we have carried out an internal statutory audit of our LRP management system.

We are 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.

Moreover, visits have been made to new working centres in order to assess new openings after performing reforms or substantial modifications, in addition to preventive planning to implement corrective measures.

Both in Spain and in Portugal, we have carried out emergency plans and drills in different working centres, as well as specific fire-emergency trainings for all emergency team members. Also, people integrated in the emergency team have been introduced in a collective accident insurance through Liberty.

Our Madrid headquarters count with a defibrillator, complying with the regulation of the Health Department of the Community of Madrid, which establishes that working centres with more than 250 workers have the obligation to install them.

The following table reports information on absenteeism and frequency and severity of **working accidents** and professional illnesses, detailed per gender.

RATE OF ABSENTEEISM SPAIN IN PERCENTAGE (%)

	2019	2018
Accident	0.24[1]	0.15
Common illness	2.37	2.62
Maternity	0.71	0.55
Professional illness	0	0
TOTAL	3.36	3.32

RATE OF ABSENTEEISM PORTUGAL IN PERCENTAGE (%)

	2019	2018
Accident	0.02	0.9
Common illness	0.35	0.34
Maternity	0.43	0.18
Professional illness	0	0
TOTAL	0.8	1.42

(1) Data on accidents do not take into account working days lost in accidents occurred in 2018 but which effects continued during 2019.

NO. OF HOURS OF ABSENTEEISM SPAIN

	2019	2018
Common contingency	38,744[2]	48,744
Professional contingency	3,848	2,816
TOTAL	**42,592**	**51,560**

NO. OF HOURS OF ABSENTEEISM PORTUGAL

	2019	2018
Common contingency	1,304	1,288
Professional contingency	40	328
TOTAL	**1,344**	**1,616**

(2) The calculation of the number of hours estimates an average working hours of eight hours.

HEALTH AND SECURITY AT WORK UCI SPAIN

	2019		2018	
	Women	Men	Women	Men
Frequency working accidents	9.5	2.4	7.4	2.3
Frequency professional illnesses	0	0	0	0
Severity working accidents	0.2	0.2	0.4	0.0
Severity professional illnesses[3]	0	0	0	0
No. of accidents of work per gender	5	1		

HEALTH AND SECURITY AT WORK PORTUGAL

	2019		2018	
	Women	Men	Women	Men
Frequency working accidents	0	2	21.00	0
Frequency professional illnesses	0	0	0	0
Severity working accidents	0	0.02	0.43	0
Severity professional illnesses	0	0	0	0
No. of accidents of work per gender	0	1		

(3) The calculation of the number of hours estimates an average working hours of eight hours. We do not take into account working days lost in accidents occurred in 2018 but which effects continued during 2019.

6.4 SOCIAL RELATIONSHIPS

With regards to **employees covered by Collective Bargaining Agreement** per country, as commented in the previous section, the entity is governed by the sector agreement ASNEF, Asociación Nacional de Establecimientos Financieros de Crédito in Spain.

LABOUR RELATIONSHIPS

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

6.5 DIVERSITY

In UCI, Spain has carried out the following actions to guarantee the **integration and universal accessibility of disabled people.**

- Process for the adaptation and integration in HQ post: special chairs, evacuation chair, footrest, ergonomic pads, vertical mice, high-resolution screens, and screen lifters, and voice software.
- The Prevention Service offers the possibility to provide sensitive workers, at their request, with footrests and/or special ergonomic chair to achieve a better adaptation to the post.
- At the headquarters, there is the possibility to lend a parking space to the sensitive worker, at their request, if it was available.
- By means of a risk assessment in each working centre, specially relevant risks will be analyzed for sensitive workers.

During 2018, we elaborated and validated several policies to **promote equality of treatment and opportunities between women and men** in matters related to new staff incorporations, promotions or mobility within the entity, publishing, in 2019, the **White Paper of Diversity,** which includes the following:

- General Gender Diversity policy
- Selection policy
- Internal Mobility and Promotion Policy
- Flexible working policy (implemented in 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.

Similarly, in 2019, we have created the Diversity Committee to deal with matters related to diversity and gender equality, with periodic quarterly meetings and consisting of collaborators of different areas within the Entity.

In 2019, Also, we have published a new sexual and gender harassment protocol, to make the established reporting channels more accessible for all employees.

6.6 TRAINING

In UCI, we consider that promoting the development of our employees' skills has a positive bidirectional impact. Through training, we search for the specialization of our professionals and the improvement of their skills.

In 2019, 100% of our employees have received training, summing a total of 27,317 hours.

The entry into force of the Real Estate Credit Contract Law in Spain has reinforced our obligations in transparency towards the client. In order to guarantee the quality and transparency of communications with the client at all stages, the entity has promoted compulsory training sessions for all employees who are involved in trading activities, in the products' granting and design, for them to count with a proven knowledge and skills in the regulation's contents.

As a whole, 309 employees and financial consultants have participated in the training sessions on the new regulation, in 2019, for which 93% of participants were apt.

HOURS OF REAL ESTATE CREDIT CONTRACT LAW TRAINING

Total participants	309
Trained employees (voluntary)	2
Trained employees (compulsory)	307
Apt	93%
Total hours	15,450
Amount	49,287 €

In addition to compulsory trainings, necessary for the Regulatory Compliance, we have made available for our employees a series of free technical and skills trainings that can be requested and are integrated in the employee's training file. Also, the company provides to all employees or specific groups the necessary trainings for the correct business progress. In 2019, 81.53% of trainings performed in Spain were taught by external suppliers.

At a moment in which online training is fully established and the face to face training continues being essential, e-learning trainings in Spain imply 75.7% of the total, whereas face to face trainings represent 24.3%. Average training hours per person amount to 49.6 in Spain, 54.2 in Portugal and 9.82 in Greece.

With regards to gender of participants in Spain, 54.59% were men and 45.41% were women.

The following table details training hours to employees per category professional.

TRAINING HOURS PER PROFESSIONAL CATEGORIES (SPAIN. PORTUGAL AND GREECE)

Professional categories	"Variation 18-19 %"	2019	2018
Collaborator	-19.71%	20,201	25,162
Manager	14.74%	5,571	4,855
Director	54.34%	1,545	1,001
TOTAL	**-11.93%**	**27,317**	**31,018**

6.7 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 and offline 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.

PARTICIPATION IN ÁGORA

	"Variation %"	2019	2018
Comments	-21.83%	623	797
Monthly publications	-37.67%	12.67	20.33
Total publications	-37.7%	152	244

"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 to share knowledge and recognition. Following the same philosophy, in 2017, UCI Portugal launched its own edition of "El Patio".

PARTICIPATION IN EL PATIO (SPAIN AND PORTUGAL)

	"Variation %"	2019	2018
Comments	-17.4%	356	431
Total publications	-1.69%	290	295

In addition to these internal communication channels, UCI's Corporate Intranet centralizes all employees' services and makes available all corporate and business information.

Moreover, in UCI, we count with other communication means, such as daily newsletters to report the market news to our staff, monthly newsletters on the business evolution or on demand for occasional communications.

INTERNAL COMMUNICATION CHANNELS

Nome	Periodicity	Recipients
Intranet	Daily	Wide dissemination
Newsletter “El patio”	Fortnightly	Wide dissemination
UCI Te Informa	On demand	On demand
Newsletter UCI Noticias	Daily	Wide dissemination
El batido	Quarterly	Wide dissemination
UCI al día	Monthly	Wide dissemination
Desayunos con la Dirección	Monthly	On demand
UCI Way	Annual	Managers
UCI Day	Annual	Wide dissemination
Ágora	Daily	Wide dissemination

The internal communication department also counts with indicators to measure employees’ access rates to the different web media, their interaction in the blog and social network, as well as the reading of the different mailings sent.

INTERNAL COMMUNICATION INDICATORS

Name	2019
Access rate	31%
Interaction rate	22%
Reading rate	62%

In 2017, the Entity 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, which is quarterly distributed to all staff.

In addition to these communication means, there are annual events held for managers (UCIWay) or to all staff (UCIDay).

Also, since 2015, we carry out breakfasts with management, in a monthly event in which the que different collaborators meet the CEO to exchange experiences and opinions.

7. The client at the heart of our activity

Consumer protection has currently become the core axis of the companies' action and, in particular, in the financial sector.

In Spain, the entry into force of the Real Estate Credit Contract Law incorporates new obligations for entities with regards to information to be provided to clients, for the purpose of extending and reinforcing consumers' protection, and guaranteeing their rights.

In addition to the compliance with the regulation in force, in UCI, we commit to a customer centric business model, that is to say, a model focused on maintaining a relationship with our client that goes beyond the simple act of contracting of a loan or the purchase of a estate. Our commitment is to offer a quality service and products, adapted to our clients' circumstances, competitive and, in turn, sustainable in our environment, providing value to our clients and to the society.

Why say "Customer Centric" when we can say that we are by your side?

In order to guarantee these principles, on September, we approved a Consumer Protection Policy, comprising principles that must govern our professional activity.

These principles are the following:

- **Fair and respectful treatment.** Respect and honesty with the client, best practices and high ethics standards, as well as clarity and transparency.
- **Design of customer-centric products and services.** Transparent products and services, appropriate for the clients' needs. Competitive and balanced.
- Transparency in the communication with the client.
- Responsible prices.
- **Consideration of the clients' particular circumstances and prevention of over-indebtedness.** Responsible granting of loans; bespoke analysis of payment difficulty situations.
- **Data protection.** Appropriate data processing.
- **Management of Claims.** Accessibility, independence, reasoned resolution and root-cause analysis for an ongoing improvement.
- **Financial education.** Clear and transparent information with the client, on the product or service.
- **Responsible innovation.** New services and communication channels, guaranteeing the client's accessibility and easiness.

In 2019, the number of mortgages signed in Spain and Portugal has been of 4,160, 2,895 in Spain and 1,265 in Portugal, a decrease of 11% with regards to 2018.

NUMBER OF FORMALIZED MORTGAGES (SPAIN AND PORTUGAL)

Key information	2019	2018
Number of signed mortgages Spain	2,895	4,653
Number of signed mortgages Portugal	1,265	

New office model

In 2019, we implemented a new office model that will allow us to be closer to our clients, in larger, innovating, sustainable spaces to offer our services with the highest specialization.

With a strong contemporaneous and technological nature and design, these new spaces comply with three premises: they are meeting point with the client, a networking space with real estate professionals and a working centre, which concept is close to a coworking centre, with an open-space environment, without divisions or rooms.

This model has been implemented in the Barcelona Premium, Marbella, Valencia and Madrid agencies.

Reinventa Postventa

As a complement to the sales network's reinvention, which started in 2015, and in constant evolution since then, in 2018, we implemented the Reinventa Postventa project, focusing on management clients and with three objectives:

- Establish more knowledge of clients in portfolio
- Anticipate to our clients' needs in a proactive way and with new products.
- Increase satisfaction levels.

Throughout 2019, we have implemented the first actions in after-sale, such as a new commercial speech to provide a memorable experience in the first contact after signing, or the transformation of the financial language of communications into simple, understandable information.

7.1 SATISFACTION AND RECOMMENDATION

The measurement of our clients' satisfaction is one of our concerns. Therefore, we work with platforms and tools to allow us to know their feedback on the quality of our services, processes and products.

In 2019, we have maintained our collaboration with the independent platform of transaction-based assessments, eKomi, The Feedback Company. This platform collects, analyzes and shares verified clients' opinions and valuations and includes them in an independent online platform.

VALUATIONS EKOMI CLIENTS SPAIN

Key information	2019*	2018**
Clients UCI	9.6/10	9.6/10
Clients hipotecas.com	9.7/10	9.7/10
"Clients IB"	9.8/10	

* The rating in 2019 in Spain has been made with the valuations of 5,786 clients.

** In Portugal, the valuation through ekomi started on July 2018 and, at 2019 closing, 890 clients performed the rating.

VALUATIONS EKOMI CLIENTS PORTUGAL

Key information	2019	2018
Clients UCI	4.8/5	4.6/5

Our client satisfaction is one of UCI's cornerstones. This is demonstrated by the data of the survey made by Qualimétrie with clients who signed their mortgage during 2019.

QUALITY PERCEIVED BY CLIENTS SPAIN

Key information	2019*	2018**
Satisfaction level	98.95	99.16%
Recommendation level	97.33	97.86%

* These data are based on the results from 2,136 surveys performed by Qualimétrie until December.

** Data from 2018 are based on results from 2.852 surveys carried out by Qualimétrie

QUALITY PERCEIVED BY CLIENTS PORTUGAL

Key information	2019	2018
Satisfaction level	92.8%	95%
Recommendation level	98.0%	97.80%

In UCI, we also take into account the satisfaction of our clients at after-sale stage, both for those who have contacted by phone the service "in line with your credit", and for those who have not contacted the after-sale services in the last year.

QUALITY PERCEIVED BY AFTER-SALE CLIENTS (CONTACT WITH ON LINE WITH YOUR CREDIT)

Key information	2019*	2018**
Satisfaction level	96.16%	95.86%
Recommendation level	80.17%	77.74%

* Data from 2019 has been obtained through a sample of 1,870 clients.

** Data from 2018 are based on results from 2.040 surveys.

QUALITY PERCEIVED BY AFTER-SALE CLIENTS (NO CONTACT WITH ON LINE WITH YOUR CREDIT)

Key information	2019	2018
Satisfaction level	91.27%	92.64%
Recommendation level	80.66%	83.87%

Moreover, we have also measured our clients' satisfaction of the clients with regards to the clients' web. In this case, the survey is automatically shown every two months, and the client can voluntarily chose whether to respond to the survey through a banner when closing each session.

QUALITY PERCEIVED BY WEB CLIENTS

Key information	2019	2018
Satisfaction level	86.53%	85.64%
Recommendation level	70.25%	71.00%

* Data from 2019 are based on a sample of 8,091 clients.
** Data from 2018 are based on results from 6.572 surveys.

7.2 CLAIMS AND CUSTOMER CARE SERVICE

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

The detail is shown on the following table:

COMPLAINTS/CLAIMS FROM CLIENTS SPAIN

Key information	2019	2018[1]
Total no. of client complaints received	2,340.00	3,411
No. complaints resolved in the client's favour	387.0	361
No. complaints resolved against the client	1,874.00	2,823
No. admissions	0.00	0
No. complaints to be resolved	79.00	227

COMPLAINTS/CLAIMS FROM CLIENTS PORTUGAL

Key information	2019	2018
Total no. of client claims received	37	35
No. complaints resolved in the client's favour	18	15
No. complaints resolved against the client	19	20
No. complaints to be resolved	0	0

(1) Data exclusively referring to off-court claims..

7.3 RECOVERY POLICIES

Since 2014, UCI is one of the entities adhered to the Code of Best Practices to improve the economic and social situation of families with payment difficulties. However, the entity's commitment for the search of solutions is not limited to the group subject to protection in the code.

Our recovery departments carry out best practices that allow them to anticipate the clients' defaults, performing a customized monitoring for the purpose of searching for solutions adapted to each client. Among these solutions, we offer restructuring operations, commercial leases adapted to the client's income, as well as accord and satisfaction, or other agreements.

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.

Also, since 2017, we formalized the adhesion of UCI SPAIN to the **Fondo Social de Vivienda (FSV)** with the contribution of 25 estates from our portfolio, available for citizens who complied with the requirements to opt for a FSV house. Also, we created the website fondosocialdevivienda.uci.es, which remains in operation to offer the necessary information to those interested in the fund.

OFFERED SOLUTIONS TO CLIENTS

Key information	2019
Restructuring operations	7,633
Definitive solutions	750

REQUEST FOR CODE OF BEST PRACTICES

Key information	2019	2018
Admitted requests	268	259
Approved requests	170	181

REQUEST FOR CODE OF BEST PRACTICES

Key information	2019	2018
FSV	The 25 houses of 2017 are maintained	The 25 houses of 2017 are maintained

8. Contribution to the society

In UCI, we contribute to the economic and social development of the community through our own activity and through the social investment in projects to support underprivileged groups. In this sense, our responsible commitments with the society are the following:

- Support the progress of societies where we are present, through the housing credit activity.
- Provide support to educational programmes, with special focus on financial education and future skills, in order to promote education in savings and responsible consumption.
- Favour the guidance to young people for their professional experience and working future.
- Promote the support to vulnerable groups.

In 2019, we have carried out the specific actions detailed below, and which contribute to the compliance with the Sustainable Development Goals.

The main lines of action during 2019 have focused on our commitment with **Education** as essential

We are committed to the 17 Sustainable Development Goals.

leverage for the development and autonomy of people.

In 2019, we have entered into an agreement with **Fundación Dádoris** to offer a training grant for extraordinary destitute talent. Through this collaboration, UCI will contribute an annual amount as an aid for the training of young students.

Through corporate volunteering, we have participated in the programme **"Tus finanzas, tu futuro"** to teach basic concepts to students to make financial decisions. With this programme, 648 students have received the training taught by 51 UCI volunteers in 17 educational centres of 10 different provinces.

Additionally, through the programmes **"Socios por un Día"** of Fundación Junior Achievement and **4º ESO + empresa** of the Community of Madrid, 26 UCI volunteers in Madrid have shared their professional experiences with 21 students from several centres, for them to know the working reality and necessary skills to perform a profession.

Another line of action is the support to **social wellbeing,** understood as the group's contribution to health, to the improvement of the quality of life and care for people in social exclusion. This includes humanitarian situations derived from naturales disasters.

In 2019, we have collaborated with **Fundación Juegaterapia** in the project for the reform of corridors in Hospital Niño Jesús in Madrid, which are similar to El Retiro Park, to make the stay of small and young children, relatives and health professionals as pleasant as possible. UCI has collaborated with 15,000 Euros to turn this project into reality.

In the Madrid headquarters, we have promoted **blood donation campaigns with Cruz Roja Española.** In particular, in 2019, we have organized two campaigns, from which 117 patients have benefited.

Through the **Christmas Campaign,** which is coordinated with **Fundación Valora,** we have assisted two different groups of people, through the NGOs Aphisa and the Asociación de Familias Numerosas of Madrid.

- Through our donation, the organization Aphisa purchased 55 educational toys to work the cognitive, neurosensorial and driving stimulation of children and adults with functional diversity who attend to the centre. Thus, more than 300 people will benefit from this initiative.
- In turn, the Asociación de Familias Numerosas of Madrid benefitted from the donation of new toys by UCI Madrid employees, through the charitable cinema session. With this action, 178 toys were collected, which were distributed among 150 children in 30 families.

In Portugal, UCI has maintained the collaboration with the organization **Crescer Ser** to which a donation has been made for the purchase of 36 toys and 2 Christmas baskets.

Within this line of contribution to social wellbeing, 33 UCI volunteers in Valencia, Madrid and Las Palmas participated in the **solidarity day of companies international cooperation initiative and Atresmedia,** which focused on the care of people with functional diversity, in the rehabilitation of centres and houses, and in the recovery of the environment with 5 different activities.

As a consequence of the situation of **emergency in Mozambique** derived from the IDAI cyclone, we organized a fund collection campaign among UCI employees. UCI supported an initial amount of 10,000 Euros and, adding the employees' contribution, the total collected amount was 11,835 Euros, which were donated to **Cruz Roja Española** as aid to palliate the cyclone's effects.

Lastly, through the prize **Inmosolidarios,** UCI promotes best practices in social action among real estate professionals. In 2019, 10 projects were received, promoted by real estate agencies, five of which were awarded in the event Inmociónate. A total of 7,000 Euros have been assigned to organizations chosen by winners, in order to contribute to the improvement of society and the environment where the professional develops their activity.

In 2019, we highlight the following:

- Collaboration with 16 different entities
- Total investment, between Spain and Portugal of **59,890.12 €**
- 1,237 people have benefitted from the different programmes
- We have contributed to the SDG 3, 5, 8, 10 and 12

In the section of donations, we detail below the list of economic contributions made by UCI SPAIN to different causes, such as research, naturales disasters, participation in educational programmes or collaboration with non-profit entities.

KEY INFORMATION	2019
Total contribution in Euros to social projects	59,890.12 €

ECONOMIC COLLABORATIONS SPAIN

Key information	2019
Mozambique floods. Cruz Roja Española	11,835.00 €
Corporate Christmas greeting. “El jardín de mi hospi”. Fundación Juegaterapia	15,000.00 €
Christmas Campaign, purchase toys. Aphisa	1,000.00 €
Christmas Campaign, coordination. Fundación Valora	400.00 €
Economic contribution for the programme “Tus finanzas, tu futuro”. Fundación Junior Achievement	10,800.00 €
Socios por un día. Fundación Junior Achievement	5,000.00 €
Grants Fundación Dádoris	3,000.00 €
Solidarity day of companies. International Cooperation	4,700.00 €
INMOSOLIDARIOS (various NGOs)	7,000.00 €
TOTAL	**58,735.00 €**

ECONOMIC COLLABORATIONS PORTUGAL

Key information	2019
Christmas Gifts– Crescer Ser	640.12 €
Sale of old PCs in auction to support Instituição Crescer Ser	515.00 €
TOTAL	**1,115.12 €**

	2019
Programme 4º ESO + empresa	6 students
No. of toys collected in the Christmas campaign	178 units.
No. of donors in the blood donation campaigns	35 donors

8.1. TRAVEL COMPANIONS

The real estate professionals are our travel companions, our allies, allowing us to connect people to homes, for thirty years, and are a key piece of in our business model. Currently, we collaborate with 2,500 professionals, who represent 81.1% of our production.

The intermediation service is essential for home purchasers and for the community where they exercise their profession. Their task requires quality, responsibility and training criteria to which UCI contributes by providing tools for the development of our business and the growth of real estate professionals in Spain and Portugal.

Our commitment focuses on ethics and on training, which started in 2005, with the signature of an agreement through which we became the local partner in Spain, Portugal and Brazil of CRS (Council of Residential Specialist), non-profit organization born within the National Association of Realtors (NAR), which integrates the best professionals, providing them with knowledge and tools for the development of their activity with the highest efficiency. Subsequently, in 2016, we signed a new agreement with the NAR to continue promoting training courses, as well as a code of ethics to protect the consumers' interests.

UCI develops its training activities through SIRA, which belongs to the subsidiary UCI Servicios para Profesionales Inmobiliarios S.A., which in 2019 has organized 115 courses in Spain and 4 in Portugal, implying an increase of 56.6%. These onsite trainings have counted with 3,070 attendees in Spain and 22 in Portugal, an increase by 21.8% with regards to 2018.

We complement these trainings with webinars and quarterly newsletters, Inmobiliarios in Spain and Real Estate in Portugal. In 2019, we organized 13 webinars in Spain and 4 in Portugal, which counted with the involvement of 780 and 54 attendees, respectively.

CRS COURSES SPAIN AND PORTUGAL

	2019	2018	%
No. Courses Spain	115	76	56.6%
No. Courses Portugal	4		
No. Attendees Spain	3,070	2,538	21.8%
No. Attendees Portugal	22		

CRS WEBINARS SPAIN AND PORTUGAL

	2019	2018	%
No. webinars Spain	13	34	-50%
No. webinars Portugal	4		
No. attendees Spain	780	1,001	-16.7%
No. Attendees Portugal	54		

MAGAZINES SPAIN AND PORTUGAL

	2019	2018	%
Inmobiliarios	4	4	0%
Real Estate	4	3	33.3%

On an annual basis, we organize professional events that promote the training and networking among professionals. On June, we carried out the tenth edition of Inmociónate, the largest event for real estate professionals in Spain, which counted with 917 attendees. In Portugal, on October, we geld Inmociónate iTec, an event held since 2017 as a training offer for Portuguese professionals, and which complements the Spanish edition as it mainly focuses on new technologies.

On February, we organize a trip to Sell-A-Bration, the annual CRS meeting held in Las Vegas (Nevada – US), which counted with 62 representatives from Spain and Portugal. On November, we attended the annual NAR Convention, in San Francisco (California - US), with a group of 57 representatives from Spain and Portugal.

ATTENDEES TO PROFESSIONAL EVENTS

	2019	2018	%
Inmociónate - Spain	917	1,029	-10.9
Inmociónate iTec- Portugal	555	544	2.0
NAR Convention	57	49	16.3
CRS Convention SELL-A-Bration	62	39	58.9

CRS DESIGNEES

	2019	2018	%
Spain	133	173	-23.1
Portugal	The number of designees from 2017 (28) is maintained	The number of designees from 2017 (28) is maintained	0

The entry into force of the Law of Real Estate Credit Contracts, which was born for the purpose of achieving transparency and credibility over the client, has implied improvements for the consumer and a turning point in the work of intermediation professionals. The standard has established a legal system, and regulates requirements for the access to the activity and the supervisory regime of professionals, providing security and transparency to the intermediation task.

In order to anticipate this standard's entry into force, during May and June, together with Deloitte Legal, we held informative talks in Madrid, Barcelona, Valencia, Seville and Malaga on the main developments, and to dispel the professionals' doubts.

Also, within the catalogue of annual trainings, we have offered courses together with the Fundación de Estudios Financieros (FEF) to allow professionals to obtain the certificate as Real Estate Credit Informant. As a whole, 430 professionals enrolled.

As part of our commitment to contribute to the sustainability of the planet and to the decarbonization of cities, we consider that the real estate professional is an essential key in the outreach task; accordingly, in 2019, we have introduced in our training catalogue the NAR's Green Designation, a training that enables the realtor as expert in sustainable housing, and which has counted with 39 participants in the courses organized in Madrid and Barcelona. .

OTHER TRAININGS

	2019	2018
Designation Green Spain	39	0
LCCI Trainings	430	0

9. Suppliers

In UCI, we count with tools to supervise our suppliers' service quality. 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
- Policy for the delegation of essential 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 2020 strategy, in our 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 envi-

Two procedures define the method utilised for the contracting of suppliers with the goal of ensuring that they satisfy the requirements aimed at improving and creating value in the organisation.

ronmental matters in the relationship with suppliers. Currently, the purchase and suppliers' homologation policy does not include the consideration of social or environmental criteria. However, there is a project to implement these matters in the future. Also, audits or supervisions of suppliers in these matters are not performed.

Moreover, we count with a method that allows us to value the quality and delivery ability of suppliers and/or outsourced services, based on a series of criteria established for these suppliers' activities.

Such quality assessment is performed by those in charge of processes within the scope of the quality certificate under standard ISO 9001:2015, in agreement with the assessment criteria and methodology documented in the corresponding procedure.

Also, they are in charge of communicating 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.

10. Committed to the environment

The aim of stainability is the harmony between the economic development, the social development and the protection of the ecosystem.

In a context with an increasing social awareness on the importance of the protection of the environment and an increasingly demanding environmental legislation, it is essential for all entities to take into account environmental factors in their activities and in the companies' management, being part of the change into an economy of sustainable development.

In UCI, we have integrated the sustainability and responsibility in our commitment towards our stakeholders, offering innovating solutions adapted to our clients' needs and with the commitment to contribute to the social wellbeing and the care for the environment.

Our commitment towards the sustainability is materialized in three objectives:

- **Sustainable financing:** products and services that promote the environmental sustainability,

Sustainability and responsibility constitute part of our commitment to stakeholders.

promoting the purchase of energetically efficient houses, and the rehabilitation of the real estate park with our Green Mortgages & Loans project.

- **Minimize our environmental impact:** implementing a system and am environmental management policy, following the standards of ISO 14001: 2015 to allow our control and influence of activities with largest impact, the compliance with legal requirements, as well as those derived from our stakeholders.
- **Environmental risk management:** with regards to the approach of precaution, despite the fact that we have not identified activities in the company that could entail a serious risk to the public health or the environment, UCI has integrated environmental risks in the entity's Risk Management System. Within this system, we review and extend the cartography of processes and risks, establishing environmental KRIs (Key Risk Indicators) and specific controls.

The entity has not carried out measures to preserve or restore the biodiversity, since we consider that UCI's activity does not generate impacts on it and, additionally, the company does not count with facilities in protected areas.

Green Mortgages & Loans Project

Through the Green Mortgages & Loans project, since 2018, we are part of the Energy Efficient Mortgages initiative (EEMi), promoted by the European Mortgage Federation (EMF), a pioneering European project that has gathered over 50 entities for the purpose of creating a Green Mortgage standard.

In 2019, we have developed our range of Green products, comprising mortgage solutions that incentivize the purchase of energetically efficient houses. Also, we have implemented reform loans to improve the efficiency of houses and of the real estate park.

Throughout the year, we have signed strategic alliances to contribute to the improvement of the efficiency in the real estate park, Green Building Council SPAIN (GBCe) and Gloval, and have participated in some of the main sector forums in Spain and Europe, as well as organized events to be able to convey to the mortgage and real estate sector the importance of sustainability.

Project implementation and certificate ISO 14001: 2015

After elaborating our Life Cycle, and performing the analysis of the strategic context and the environment, we have established the entity's wide Management Policy.

In order to comply with the applicable environment regulation, it has been necessary to previously identify the environmental aspects derived from our activity and to assess the significant aspects, which are compulsory requirements.

On an annual basis, we will assess the degree of compliance with such legal requirements, keeping all necessary justifying evidences.

For the monitoring and measurement of the environmental performance, we have elaborated a proposal of KPIs to be able to monitor consumptions and emissions generated by our activity, as well as to determine global objectives to be reached by the entity.

On June 2020, the audits of certificate of ISO 14001: 2015 are expected to be performed.

Sustainable Mobility

The main measure adopted by the Entity to reduce greenhouse gases is the progressive renewal of the vehicle fleet. In 2017, we changed 27 diesel vehicles to hybrid vehicles; in 2018, we substituted 64 and, in 2019, 16. In 2020, the entity expects changing 11 diesel vehicles to hybrid vehicles.

CO_2 EMISSIONS COMPANY'S VEHICLES (SPAIN)

Year	2019
No. Vehicles	227
Average emissions	91.3
Total CO_2 emissions (G/kg)	**413.74**

In 2019, the decrease of CO_2 emissions per vehicle has been of 2.9g/km.

Data for 2019 have been obtained with each vehicle's CO_2 data, multiplied times the number of vehicles of the same model and the average of kilometres travelled, according to data provided by renting companies.

CO_2 EMISSIONS COMPANY'S VEHICLES (PORTUGAL)

Year	2019	2018
No. Vehicles	37	37
Average emissions	107	101
Total CO_2 emissions (G/kg)	**3,849**	**3,725**

TRAIN JOURNEYS UCI SPAIN

Year	2019	2018
N.º servicios	2,409	1,991
Total emisiones CO_2 (G/kg)	26,656.23	21,498.65

PLANE JOURNEYS UCI SPAIN

Year	2019	2018
No. services	1,290	1,260
Total CO_2 emissions (G/kg)	126,282.02	11,984.65

PLANE JOURNEYS UCI PORTUGAL

Year	2019	2018
No. services	534	384
Total CO_2 emissions (G/kg)	97,197.59	81,139.18

In relation to the company's trips, we include the detail of CO2 emissions made in train, plane and car journeys made through the company Cabify.

In the case of trips made in Cabify, 100% of the 3,770 kg CO2 is offset, in addition to neutralizing the carbon footprint by protecting the Amazon forest through the mobility company's Madre de Dios Project.

At the date of this report, UCI has not established specific targets for the reduction of greenhouse gas emissions.

CABIFY. COMPENSATIONS OF CO2 EMISSIONS SPAIN AND PORTUGAL
1 January 2019 to 31 December 2019

UNIÓN DE CRÉDITOS INMOBILIARIOS SA. EFC	Kilometres Spain	Kilometres Portugal	t CO_2e: tons of emitted CO_2	t CO_2e: tons of offset CO_2
	TOTAL	TOTAL	TOTAL	TOTAL
	14,726	26	3.77	3.77
TOTAL		**14.752**		

Energy

In 2019, we have reduced the energy consumption of our headquarters by 33.66%. A large portion of these savings derives from changes made in lighting systems, changing fluorescent lights by Led technology panels, which are switched off if they do not detect any presence, and decrease their intensity when there is another lighting source, such as sun light.

The totality of electricity consumed by us in our Madrid headquarters comes from 100% renewable energy sources. Also, our agencies in Madrid, Barcelona, Hospitalet de Llobregat, Seville and Valencia count with centralized air conditioning systems that allow programming the time and temperature for a greater energy efficiency.

The trader of power supplies of virtually all of our offices is EnergyaVM. In 2019, we consumed 761,946 KWh and power supplied was of 1.28 million KWh. The certificate corresponding to 2019 will be issued on February 2020.

Consumptions in Portugal were of 116,000 KWh.

SUSTAINABLE USE OF RESOURCES: ELECTRIC ENERGY CONSUMPTION IN SPAIN

	variation 18-19	2019	2018
HQ Electric energy (KwH)	-33.66%	437,129	658,994
HQ and offices Electric energy (KwH)	-26.57%	761,946	1,035.882
Electric energy (KwH/employee)	-26%	1,390	1,890.29

SUSTAINABLE USE OF RESOURCES: ELECTRIC ENERGY CONSUMPTION IN PORTUGAL

	variation 18-19	2019	2018
Electric energy (KwH)	-3.33%	116,000	120,000
Electric energy (KwH/employee)	-4.43%	1,318.18	1,379.31

Water consumption

With regards to water consumption, in UCI SPAIN, the total consumption of the 13 offices has been of 1,787.00 m3. The headquarters use community supplies and do not count with individual meters, and therefore the water consumption is assigned by the percentage of participation in the building's community expenses, which is by 45%, implying 4,338.00 m3. In Portugal, there are no individual meters.

SUSTAINABLE USE OF RESOURCES: WATER CONSUMPTION IN SPAIN 1

	variation 18-19	2019	2018
Water (m^3) agencies*	5.68%	1,787	1,691
Water (m^3) HQ**	1.19%	4,338	4,287
Water (m^3) total	2.46%	6,125	5,978

* Consumption until November
** Consumption until November.
1. Data on water consumption is obtained by extrapolating consumptions invoiced to 365 days. It only includes consumptions of 14 out of 26 agencies. since the consumption of the remaining 11 agencies is included within the community expenses and the remaining agency was opened at the end of 2019.

Paper consumption

All paper used in UCI SPAIN counts with the corresponding environmental certificates and technical files of the corresponding suppliers, which indicate the standards to be met by them (ISO, FCS; PEFC), guaranteeing that the paper used comes from managed forests, assessed and certified according to social, economic and environmental criteria.

There are several sources of paper consumption in the entity: ordinary white paper in the headquarter and agencies, white paper for letters, correspondence envelopes and filing folders.

Since 2019, in Portugal, documentation is sent to clients with FSC certified paper.

SUSTAINABLE USE OF RESOURCES: PAPER CONSUMPTION SPAIN

	variation 18-19	2019*	2018**
Consumptions of paper and cardboard (kg)	nd	26,216	7,463.354
Consumptions of paper and cardboard (kg/employee)	nd	47.84	13,619.25

* "This information is obtained by extrapolating the calculated weight of consumptions from July to December to the amount of paper and cardboard consumed from January to June."

** Data related to paper consumption in 2018 are expressed in sheets.

SUSTAINABLE USE OF RESOURCES: PAPER CONSUMPTION PORTUGAL*

	variation 18-19	2019	2018
Consumptions of paper and cardboard (kg)	65.67%	10.084	6,086.79
Recycled or certified paper (Kg)	5.15%	2,047.38	1,947.17
Recycled or certified paper (Kg) (kg/employee)	-16.87%	76.79	92.34

Recycling

In UCI, we promote the materials' recycling policy in all our facilities.

With regards to the paper recycling, in our HQ and in all agencies, we count with 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 2019, between the headquarter and the network of agencies in Spain, we recycled 22,529 kg, an increase by 10.27% with regards to 2018.

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 those on the office network are emptied on a quarterly basis.

Offices in Portugal count with a confidential documentation destruction service in the HQ and agencies, recycling 14,400 kilos in 2019.

SUSTAINABLE USE OF RESOURCES: PAPER RECYCLING SPAIN

	variation 18-19	2019	2018
Waste of paper and cardboard (kg)	10.27%	22,529	20,430
Waste of paper and cardboard (Kg/employee)	12.89%	41.41	36.68

SUSTAINABLE USE OF RESOURCES: PAPER RECYCLING PORTUGAL

	variation 18-19	2019[1]	2018
Waste of paper and cardboard (kg)	11.07%	14,400	20,430
Waste of paper and cardboard (Kg/employee)	12.89%	41.41	36.68

1. Calculation made by estimating a paper density of 80g/m2. thickness of 0.1mm and removed paper of 18m3. in six months."

Recycling of office material

In order to minimize the waste generated and in agreement with the principles of circular economy, when we reform offices or agencies, we reuse 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 recycling.

In 2019, furniture has been donated to the NGO RETO a la Esperanza, derived from the reforms made in the Madrid headquarters and the change of some offices' address.

Food

With regard to food waste, 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, if they continue being valid until Sunday, they are sent to a social canteen located in the city of Humanes.

Environmental Management

In relation to the number of employees dedicated to environmental management, we have identified, based on environmental aspects and legal requirements, as well as on their monitoring and maintenance, processes, activities and those in charge of such management.

Currently, there is no number of employees exclusively dedicated to environmental management, since those in charge of the activities comply with functions integrated within their own activity, taking into account environmental obligations or risks to be managed.

With regards to economic resources in environmental management, each area is responsible for their budget item.

In 2019, UCI did not count with provisions or guarantees related to environmental risks.

Measures to prevent, reduce or repair emissions that seriously affect the environment

The activity developed by UCI does not cause significant impacts related to light pollution, noise, atmospheric pollution, waste and land.

Consequences from the climate change and transition towards a low-carbon economy

Throughout 2020, an analysis will be performed on the expected impact of the climate change on the entity and on how to adapt the entity to its consequences.

The EBA proposes these risks, which will be included together with the ESG risk throughout the year.

Moreover, the management of these risks will be mitigated by the certificate ISO 22301 System of Continuity of Business in 2021.

11. Committed to the environment

Profits earned and taxes paid in 2019.

Hipotecas para vivir

With regards to UCI Group's tax information, total profits obtained by each country have been the following:

PROFITS PER COUNTRY

	2019	2018
Spain	4,730,767.39	2,585,384.81
Portugal	8,124,825.90	6,137,842.03
Greece	2,974.12	252,081.51
Brazil	22,828.64	29,262.65

Total taxes on profits paid in 2019 have been the following:

PAID TAXES

	2019	2018
Total consolidated profits	12,881,396.05	9,004,571.00
Total paid taxes	679,988.99	661,999.07

UCI Group has not received grants during 2019.

12. Annex: requirements law 11/2018 and GRI standards

Reference to the requirements of Law 11/2018 with the Global Reporting Initiative (GRI) standard of reporting.

Non-Financial Information Statement

Fields required by law	Text and contents required by law	Materiality	Page no.	Link to GRI indicators	
Business model	Brief description of the group's business model, including: - business environment	YES	38-39	102-2	Activities, brands, products and services
				102-4	Location of operations
	- organization and structure	YES	46-51	102-18	Governing structure
	- markets where it operates	YES	46	102-6	Markets served
	- objectives and strategies	YES	44-45		
	- main factors and trends that could affect its future evolution.	YES	38-42		
Policies	A description of policies applied by the group with regards to such matters, including: - due diligence procedures applied for the identification, assessment, prevention and attenuation of risks and significant impacts - verification and control procedures, including adopted measures.	YES	52-57	103	Management approach
Risks	Main risks related to these matters, linked to the group's activities, among others, when pertinent and proportionate, its commercial relationships, products or services that could have negative effects in these fields. And how the group manages such risks, explaining: - procedures used for their detection - and assess them in accordance with national, European or international frameworks of reference for each matter. - Include information on impacts detected, offering a detail, in particular on the main risks at short, medium and long terms.	YES	52-57	102-15	Main impacts, risks and opportunities
ENVIRONMENTAL MATTERS	Detailed information on: - current and foreseeable effects from the company's activities over the environment and, where applicable, over health and security - assessment procedures or environmental certificate - resources dedicated to the environmental risk prevention; - application of the precaution principle, quantity of provisions and guarantees for environmental risks.	YES	44	103	Management approach
				102-11	Precaution principle or approach
ENVIRONMENTAL MATTERS Pollution	Measures to prevent, reduce or repair carbon emissions that seriously affect the environment; taking into account any for of specific atmospheric pollution of an activity, including noise and light pollution.	YES	100-106	103	Management approach

ENVIRONMENTAL MATTERS Circular economy and waste prevention and management	Measures for waste prevention, recycling, reuse, recovery and elimination; a. Measures for waste prevention and management b. Quantitative data, 2017 and 2018, of the entity's paper consumption c. Quantitative data, 2017 and 2018, of the office's consumption of material (toners, etc.)	YES	100-106	43-46	Management approach
	Actions to fight food waste	NO	105	103	Management approach
ENVIRONMENTAL MATTERS Sustainable use of resources	Water consumption and supply according to local limitations	YES	104	303-1	Water extraction per source
	Raw materials' consumption and measures adopted to improve the efficiency of their use;	YES	103	103	Management approach
				301-1	Materials used per weight or volume
	Direct and indirect energy consumption, measures taken to improve energy efficiency and the use of renewable energy.	YES	101-105	103	Management approach
				302-1	Energy consumption in the organization
				302-4	Reduction of energy consumption
ENVIRONMENTAL MATTERS Climate change	Important elements of greenhouse gas emissions generated as a result from the company's activities, including the use of its goods and services;	NO	101-105	103	Management approach
				305-1	Direct emissions of greenhouse gas emissions (scope 1)
	Measures adopted to adapt to the consequences of the climate change;	NO	106	103	Management approach
				201-2	Financial implications and other risks and opportunities derived from climate change
	Reduction targets voluntarily established at mid and long term tor educe greenhouse gas emissions and measures implemented for such purpose.	NO	106	103	Management approach
ENVIRONMENTAL MATTERS Biodiversity Protection	Measures taken to preserve or restore the biodiversity;	NO	101	103	Management approach
	Impacts caused by activities or operations in protected areas.	NO	101. This issue is not relevant for the entity.	304-2	Significant impacts of activities, products and services over biodiversity

SOCIAL AND PERSONNEL MATTERS Employment	Total number and distribution of employees per gender, age, country and professional classification	YES	69-71	103	Management approach
				102-8	Information on employees and other workers
				405-1	Diversity in governing bodies and employees
	Total number and distribution of employment contract modalities	YES	71-74	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	71-72	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	75	401-1	New employment contracts and staff rotation
	Average remunerations and their evolution, detailed per gender, age and professional classification or equal value;	YES	76-77	405-2	Base salary ratio and remuneration of women vs. men
	Salary gap, remuneration in equal work posts or average	YES	77	405-2	Base salary ratio and remuneration of women vs. men
	Average remuneration of the board members and directors, including variable retribution, allowances, severances, payment to long-term savings systems and other benefits, detailed per gender	YES	77	103	Management approach
				102-35	Governance: remuneration policies
	Implementation of labour disconnection policies	YES	69	103	Management approach
	Disabled employees	YES	82	405-1	Diversity in governing bodies and employees
SOCIAL AND PERSONNEL MATTERS Work's organization	Organization of working time	YES	69	103	Management approach
	Number of hours of absenteeism	YES	79-80	403-2	Types of accidents and frequency rates of accidents, professional illnesses, days lost, absenteeism and number of deaths in work accident or professional illness
	Measures to ease the enjoyment of balancing procedures and to promote the co-responsible exercise by both parents.	YES	69	103	Management approach

SOCIAL AND PERSONNEL MATTERS Health and Security	Health and security conditions at work	YES	78-81	103	Management approach
	Work accidents, in particular frequency and severity	YES	79-80	403-2	Types of accidents and frequency rates of accidents, professional illnesses, days lost, absenteeism and number of deaths in work accident or professional illness
	Professional illnesses, detailed per gender.	YES	79-81	403-3	Workers with high incident or high risk of activity-related illnesses
SOCIAL AND PERSONNEL MATTERS Social relationships	Organization of the social dialogue, including procedures to report and consult the staff and to negotiate with them;	YES	84	103	Management approach
	Percentage of employees covered by collective bargaining agreement per country	YES	79	102-41	Collective bargaining agreements
	Balance of collective bargaining agreements, in particular in the area of health and security at work.	YES	79	403-1	Workers' representatives in formal health and security committees worker-company
				403-4	Health and security matters dealt with in formal agreements with unions.
SOCIAL AND PERSONNEL MATTERS Training	Training policies implemented	YES	82	103	Management approach
	Total amount of training hours per professional categories	YES	82-83	404-1	Average of training hours per year per employee
SOCIAL AND PERSONNEL MATTERS Universal accessibility of disabled people		YES	82	103	Management approach
SOCIAL AND PERSONNEL MATTERS Equality	Measures adopted to promote equality of treatment and opportunities between women and men;	YES	67-68, 82	103	Management approach
	Equality plans (Chapter III of Organic Law 3/2007, of 22 March, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender harassment, integration and universal accessibility of disabled people	YES	82	103	Management approach
	Policy against any type of discrimination and, where applicable, management of diversity.	YES	67-68	103	Management approach

Non-Financial Information Statement

HUMAN RIGHTS	Application of due diligence procedures in human rights;	YES	66-67	103	Management approach
	Prevention of the risk of breach of human rights and, where applicable, measures to mitigate, manage and repair possible abuses;	YES	66-67	103	Management approach
				412-2	Training of employees in human rights policies or procedures
	Reports of human rights' breaches;	YES	66-67. No such claim received in 2018.	406-1	Cases of discrimination and corrective actions undertaken
	Promotion and compliance with provisions of fundamental agreements of International Labour Organization related to the respect for the freedom of association and right to collective negotiation	YES	67	103	Management approach
	Elimination of the discrimination in employment and occupancy	YES	67	103	Management approach
	Elimination of forced or compulsory work	YES	67. This issue is not relevant for the entity	409-1	Operations and suppliers with significant risk of cases forced or compulsory work
	Effective abolition of child labour.	YES	67. This issue is not relevant 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	59-62	103	Management approach
				205-1	Operations assessed for risks related to corruption
				205-2	Communication and training on anticorruption policies and procedures
				205-3	Confirmed cases of corruption and measures taken
	Measures to fight against money laundering	YES	59-62	205-2	Communication and training on anticorruption policies and procedures
	Contributions to foundations and non-profit entities.	YES	93-94	413-1	Operations with local community's involvement, impact assessments and development programmes

COMPANY Company's commitment with sustainable development	Impact of the company's activity in employment and local development	YES	95	103	Management approach
				203-1	Investments in infrastructures and supported services.
	Impact of the company's activity in local populations and in the territory;	YES	95-97	203-1	Investments in infrastructures and supported services.
	Relations held with actors of local communities and modalities of such dialogue;	YES	95-97	102-43	Approaches for the stakeholders' participation
	Association or sponsorship actions	YES	62, 95-97	102-12	External initiatives
				102-13	Membership in associations
COMPANY Subcontracting and suppliers	Inclusion of social matters, equality in the procurement policy	YES	98-99	102-9	Supply chain
	Consideration in relations with suppliers and subcontractors of their social and environmental responsibility; gender equality and environment;	YES	98-99	103	Management approach
				308	Environmental assessment of suppliers
				414	Social assessment of suppliers
	Supervisory systems and audits and their results.	YES	98-99	103	Management approach
COMPANY Consumers	Measures for the health and the security of the consumers	SI	88	103	Management approach
	Claiming systems, complaints received and their resolution.	SI	90-91	103	Management approach
				417-2	Cases of non-compliance related to the information and labelling of products and services
COMPANY Tax information	Profits obtained per country	SI	108	201-1	Direct economic value generated and distributed
	Profit tax paid	SI	108	201-1	Direct economic value generated and distributed
	Public grants received	SI	108	201-4	Financial assistance received from the government

6. Economic & Financial Report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UCI, S.A. and Subsidiaries (UCI GROUP)

Directors' Report for the year ended at 31 December 2019

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.

Directors have therefore reviewed this regulation framework, and considered, according to accounting doctrines and other legal pronouncements, to formulate the 2019 consolidated annual accounts following accounting principles and criteria established on Circular 4/2004, justified in the accounting uniformity principle applied to date, as otherwise there would be a strong accounting asymmetry.

1. Economic environment

In 2019, the worldwide economy has continued the slowdown that started on the previous year, as a reflection of commercial tensions between USA and China, and the uncertainties generated around the Brexit and its outcome. With a 2.9% estimated by the IMF, from 3.6% in 2018, the worldwide growth rate would be below 3% for the first time since 2013.

In 2019, the Spanish economy grew again at a path next to double the Euro area, although with a slowed-down growth: a rate of 2.0% in 2019 vs. 2.4% and 3.1% in 2018 and 2017.

The Spanish real estate market has maintained its price recovery trend that started in 2015. The y-o-y increase until the 3rd quarter of 2019 was of 3.1%, according to the Ministry of Public Works, a figure below 3.9% observed at 2018 closing, identical to the increase registered in 2017. With regards to volumes, for the first time, 2019 has registered a regression in housing sale operations (-3.4% with regards to 2018).

During the last five years, the trend in the Spanish mortgage market has been a progressive increase of contracted volumes. This trend has remained unchanged in 2019, with am accumulated y-o-y increase at June 2019 (latest data published) of 12.2%, backed by the favourable evolution of prices and the increase of the offer of entities that operate in the Spanish market. On July, a new activity regulatory framework entered into force, the Law of Mortgage Credit Contract, which implementation had a notable negative impact in the contracting volume during the first months, as a consequence of operating changes and of longer compulsory reflection periods established in the new Law.

Portugal presented GDP growth rates in line with Spain (+1.9% in 2018), both substantially above the growth level of the Euro area (+1.2% at the same date).

With a growth of 1.8%, in 2019, in line with 1.9% over the whole of 2018, the Greek economy confirms its departure from the stagnation suffered until the second half of last decade.

2. Commercial Activity Credits to Customers

In the stabilized economic environment, UCI Group has continued developing its commercial activity within the frame of the strategic plan approved in 2015.

During 2019, the consolidated production of new mortgages by UCI, EFC was of 676 million Euros, which implies a slight decrease (-4.6%) with regards to the 709 million signed in the previous year.

Portugal kept its growing dynamics, formalizing 191 million, an increase by 3% with regards to 2018, which in turn experienced a progression of 32% with regards to the previous year.

The activity in Spain was marked by regulatory changes that affect the mortgage market, essentially the entry into force of the Real Estate Credit Contract Law on June. These alterations of the regulatory framework entailed a slowdown of the rhythm of the commercial activity during the second and third quarters. This contributed to the regression by 7.4% in signed volumes, from 524 to 485 million in 2019. However, the figure in 2019 almost doubled the 255 million that had been formalized in 2016, only three years earlier.

The strategic axes of the commercial offer of UCI, EFC in Spain have been maintained during 2019. On the one hand, the brand hipotecas.com has formalized 19% of the production signed in Spain in 2019 (same % in 2018). And both this channel and the channel of intermediaries have maintained the responsible credit strategy of UCI Group, EFC, which in financial terms have entailed a high weight of production at fixed or mixed rate, with a first long period at fixed rate (81% of the annual production, after a maximum of 89% in 2017 and 61% in 2015).

Both in Spain and in Portugal, the proportion of financial consultants in the commercial activity has continued progressing, from 61% in 2018 to 66% in 2019 (58% in Spain and 86% in Portugal).

In Greece, the portfolio of the branch of UCI, EFC was reallocated on February 2018 to the parent company UCI, EFC at its net book value, having transferred previously the portfolio's management to the UCI Group company Hellas LMS, fully owned subsidiary of UCI SA with asset manager licence granted by the Bank of Greece. After transferring the assets, and being UCI Hellas LMS fully operating, on March 2019, the branch in Greece of UCI EFC underwent the administrative closure.

The global client portfolio managed on the set of the three countries, including securitized loans written off from the balance sheet, at 2019 closing, has amounted to 10,720 million Euros, discounting products in suspense and before provisions. This amount implies a slight decrease of -1.7% with regards to the previous closing.

The portfolio managed in Spain, by 9,370 million, was lower by 2.1% than the final volume of 2018, while the portfolio managed in Portugal, 1,143 million, has increased by +1.7% and, UCI portfolio in Greece, managed by UCI Hellas LMS, which balance is structurally decreasing, due to the absence of new production, of 213 million, decreasing by -4.5%.

3. 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 2019. This evolution results from the following:

On the one hand, the financial margin generated by the credit portfolio has increased by 1.2 million (+0.8%), which figure us very close to the increase experienced in 2018. On a virtually stable outstanding balance generating products in 2019 (decrease of 45 million, 0.4% of the total), the unit margin per credit registered an increase of 0.02%, to 1.43%. This increase derives from the relative stability of creditors interest rates, combined with improved conditions in relation to financing costs. This increase in the margin of the credit portfolio, which started in 2018, breaks a negative trend that had started with the previous decade's financial crisis.

Liabilities' restructuring operations of UCI EFC in 2019, for the purchase of securitization bonds in the secondary market, have decreased in 2019 by 2.8 Million, from 17.6 million in 2018 to 14.8 million in 2019.

UCI Group has continued searching for financing sources outside its groups of shareholders. In 2019, the two 'Investment Grade' ratings held by the subsidiary UCI, EFC with the agencies Fitch and DBRS have allowed it to perform, with external counterparts, "repo" operations (repurchase arrangement) using as collateral securitization bonds acquired or subscribed in previous year, for a total around 300 million.

In 2020, UCI Group, through UCI EFC, will continue developing its financing autonomy in conditions that allow maintaining the competitiveness of its commercial offering, both in Spain and in Portugal.

4. Overheads

In 2019, the UCI Group's expenses, which do not include commissions paid to intermediaries, amounting to 49.7 million, a reduction of 1.1 million (-2.2%) with regards to 2018. This reduction reflects a compensation of 1.2 million, received by the Branch of UCI, EFC in Portugal from the Portuguese tax authorities.

At year-end closing, the Group counted with 686 collaborators, a reduction of 5 with regards to 2018 closing.

At 31.9%, the Group's efficiency ratio in 2019 is reduced by 0.3%, taking into account the impact from the abovementioned liabilities' repurchase operations. If these were not taken into account, the trend would be maintained, with a reduction of 0.5%, to 33.9%

5. Defaults and coverage

The default rate in assets managed by the Group, excluding subjective doubtful debt, continued its reduction, amounting to 8.44% at 2019 closing, with regards to 9.11% at 2018 closing.

This decrease over a total balance, in turn decreasing, reflects a decrease of the default balance of 89 million. This reduction has been generalized on the three countries: 81 million in Spain, 7 million in Portugal, and 1 million in the Greek portfolio.

After the strong decrease by 74 million experienced in 2018, the subjective doubtful balance, determined within the frame of Circular 4-2004 of Bank of Spain, and successive amendments, amounted to 27 million in 2019, for a total of 425 million, 4.0% of the total balance at year-end closing.

The UCI Group 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 appropriate solutions in the possibilities for clients who undergo payment difficulties.

Sales of foreclosed assets have maintained a strong activity, and for the third consecutive year, have generated a positive impact (2.8 million Euros) in the income statement of the year, 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 in the doubtful portfolio at constant perimeter have decreased to 42.1 million in 2019, from 43.3 million in the previous year. Allocations for substandard portfolio risk hedges have increased by 4.5 million (+37% of total provisions), in line with the balance increase from 590 to 894 million, in turn as a direct consequence of the company's decision to extend, for prudential purposes, this population's curing period.

The negative impact of allocations to hedge transient properties and results from the sale of said assets has increased (25.6 million in 2019, with regards to 17.3 million in 2018), reflecting an increase in the company of the hedging of certain populations within these assets.

During 2019, UCI has continued maintaining generic provisions, above the minimum limits required by regulations. Part of the excess, 9.8 million Euros, has been applied throughout the year, placing stock at 2019 closing in 27.4 million Euros.

At the end of 2019, UCI Group keeps covered provisioning requirements set by regulations applicable this year (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).

The rate of coverage of the set of the doubtful portfolio of the Group's balance sheet has remained stable by 18.8%. The coverage of exposures with payment delays of 90 days or more on the entity's balance sheet has remained substantially stable, from 25.4% to 24.6% (these percentages do not consider the additional protection provided through the valuation of mortgage guarantees).

The Entity's foreclosed assets in Spain, classified as assets available for sale, had a value at 2019 closing net of provisions of 309.2 million Euros, vs. 336.2 million at 2018 closing. This decrease derives from good results achieved in the trading of foreclosed estates, both in sale and in lease.

The Estates Trading Network in Spain has managed the trading of 1,042 estates owned by the Group (-6% than in 2018), having assisted 329 clients under payment difficulties in the trading of their estates.

With a net balance of transient properties at minimum levels, 4.4 M€, the trading activity in UCI Portugal has propitiated a decrease of the stock value by 28% with regards to 2018, in line with what happened in 2018. In Greece, the portfolio of foreclosed goods has maintained very low levels: 0.5 million Euros.

6. Consolidated Results

In 2019, the Group has generated positive results by 12.9 million Euros, higher than the 9.0 million Euros of 2018 and virtually doubling 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 2019 have been compatible with the maintenance of a prudential provisioning policy for transitory estates in sale, substantially higher than levels required by regulations in force.

UCI, SA, EFC has closed the year with positive results after tax of 14.6 M€, +39% with regards to the result by 10.6 M€ in 2018.

Retama Real Estate (UCI Group's Asset Manager) achieved negative results of -1.9 M€, close to losses registered in 2018 (-1.7 M€).

UCI SPPI registered its fourth year of profits (82 thousand Euros) after 46 thousand Euros of 2018, as a consequence of the reorientation of the company's activity in 2015.

Both Comprarcasa Portugal and UCI LMS in Greece closed, for the second consecutive year, with positive figures, 2 and 3 thousand €, respectively.

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 21.6 million Euros, out of which 21.3 million are generated by the company Unión de Créditos Inmobiliarios, EFC.
- Risk of litigiousness: during 2019, 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 2019, the ***average period of payment*** to UCI's suppliers has been of 15 days, within the legally established term of 60 days. Due to the Entity's activity, there are no relevant environmental questions.

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

The Entity has ***not acquired equity stock*** during 2019.

7. Equity and Solvency Ratios

UCI Group has preserved its solid capital base and held, at 2019 closing, an equity solvency with comfortable capital ratios, according to applicable regulations (Circular 3/2008).

On June 2019, the holding company of UCI Group, SA has carried out an issuance of convertible bonds, for an amount of 82 million €. It has been subscribed by 50% by Banco Santander (41 million), by 40% by BNP Paribas Personal Finance (32.8 million) and by 10% by BNP Paribas (8.2 million). The debt is perpetual, with possibility of reimbursement after 5 years, and a quarterly payment of interests at a nominal rate of 7.34%. The aim of this operation is to improve the Group's solvency.

After this issuance, UCI, SA has fully inscribed a capital increase in its subsidiary UCI, EFC by 80 million, with a view to improving the subsidiary's solvency.

At December 2019, the existing subordinated debt of 80 million Euros, granted by shareholders of UCI, SA, was cancelled, and a new issuance was made by the same amount and subscribed at equal shares by Banco Santander and BNP Paribas Personal Finance. This new debt instrument has a 10-year maturity. The purpose of this operation is, in turn, to improve UCI Group's solvency.

As a consequence of these operations, at December 2019, UCI Group's computable equity amounted to

622.0 million Euros, not including results generated during 2019 (accordingly, it will amount to 634.9 million after the Shareholders' Meeting decides its application to Voluntary Reserves), which implies an excess by 188.2 million Euros with regards to levels required in Circular 3/2008. These Equity values include the abovementioned perpetual debt of 82 million, as well as the subordinated debt of 80 million included as second tier capital.

The Operating Risk implies a consumption of 21.6 M€ according to the standard method, essentially generated by the company UCI, EFC. Deferred tax assets at December 2019 amounted to 88 million Euros.

Thus, the UCI Group's solvency ratio amounted, at 2019 closing, to 11.47%, substantially higher than the requirement of 8% applicable at such date by Circular 3/2008. These solvency levels allow the UCI Group to tackle with trust the regulatory developments published in RDL 309/2020 of 11 February, which regulatory development by Bank of Spain has not yet been issued, establishing that, in general, the prudential regulation of credit entities, in particular Regulation (EU) 575/2013 will be applicable to credit financial establishments.

8. Group's expected evolution

Economies in the Iberian Peninsula present a higher dynamism than the average in the Euro area, with improving macroeconomic data that maintain a positive trend since 2015.

UCI Group will continue actively managing its activity, 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 the 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.

In the portfolio's 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.

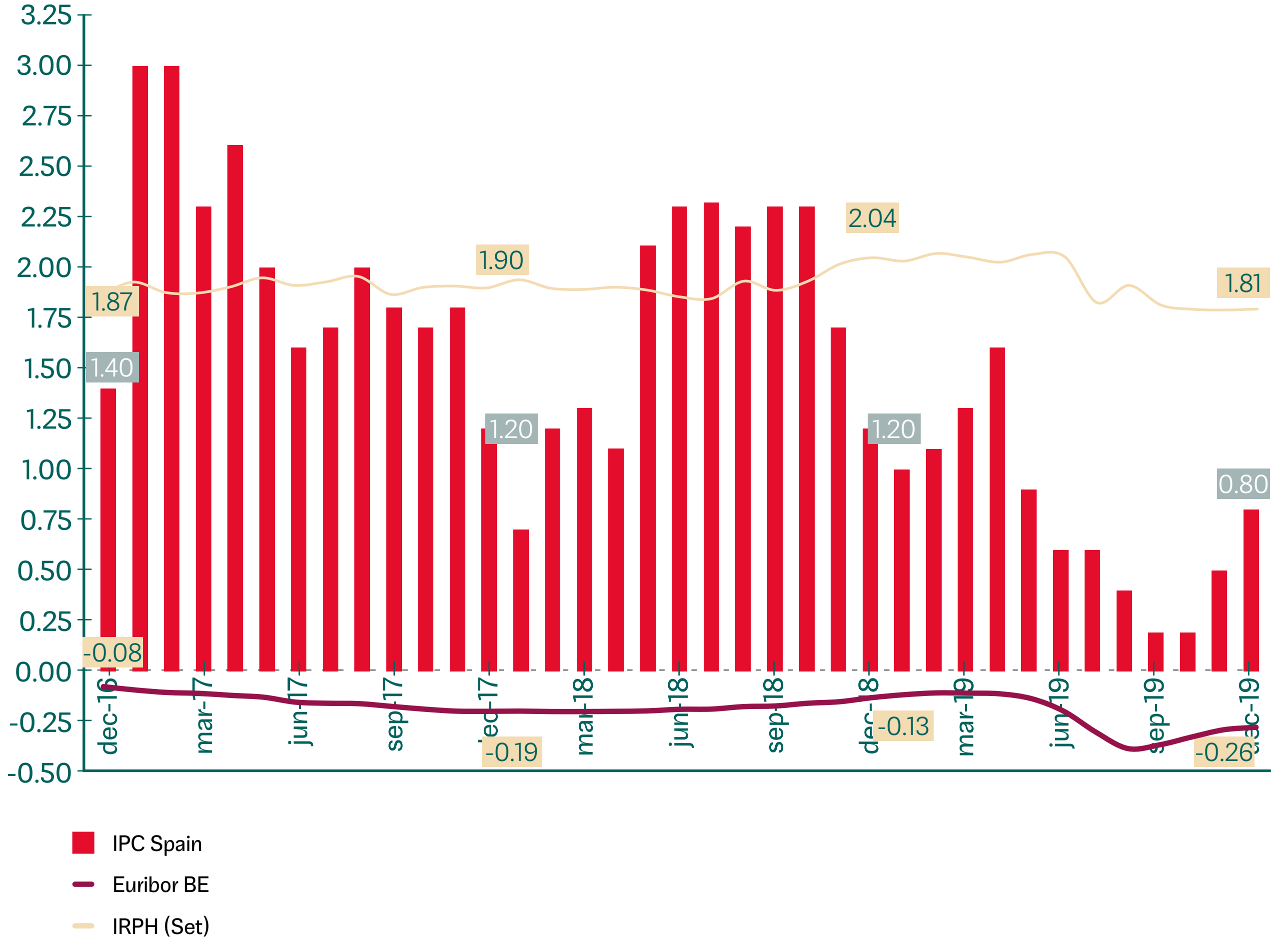
In 2020, UCI will continue developing its refinancing policy in markets, through securitizations, as well as through other financing sources, more easily accessible with the two 'Investment Grade' ratings obtained by UCI EFC in 2018 and 2019 with agencies DBRS and Fitch respectively, as well as the rating obtained by the Group's holding company, UCI, SA, with the agency Fitch in 2019.

9. Non-Financial Reporting Statement

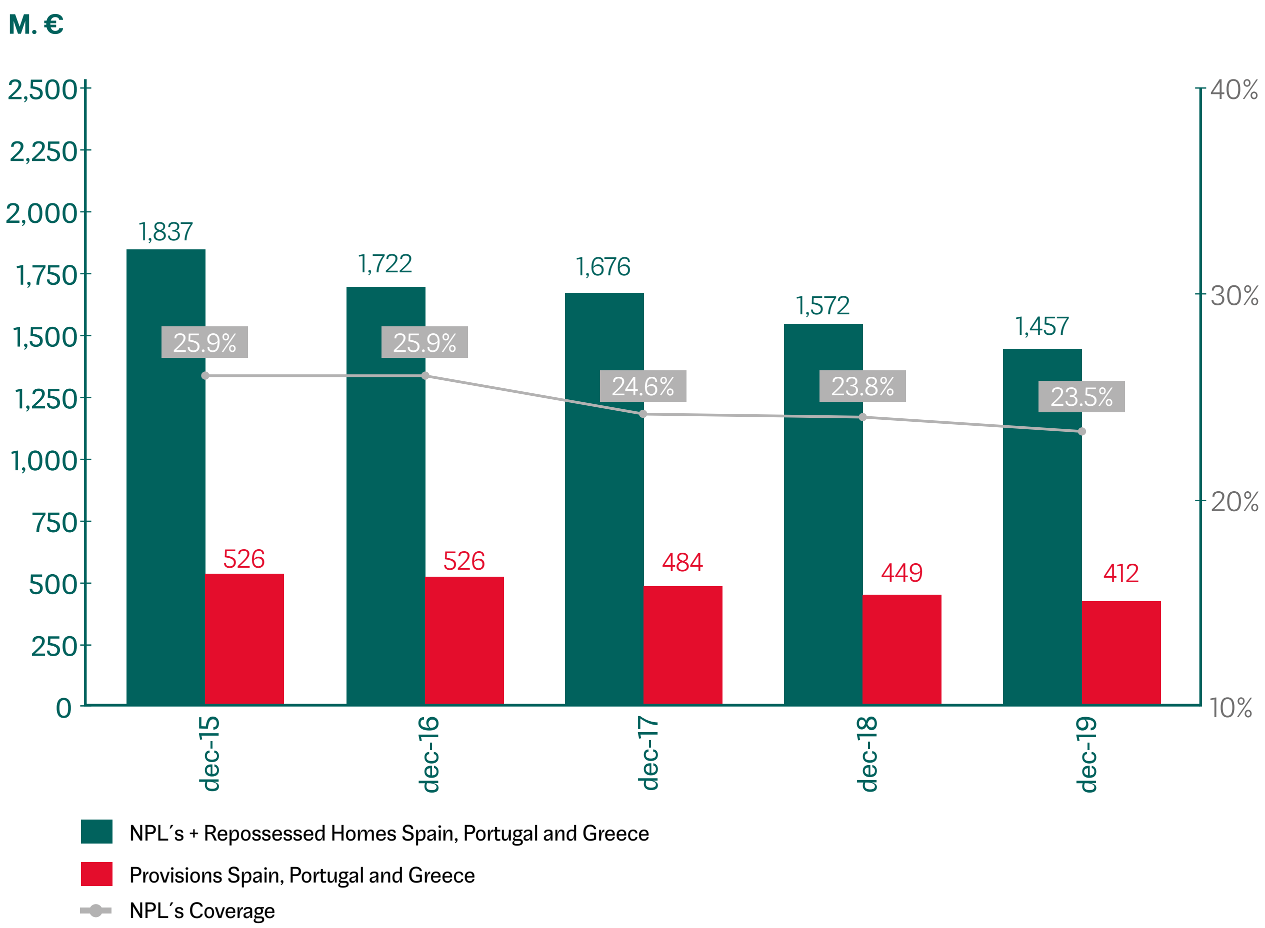
By virtue of Law 11/2018, of 28 December, of non-financial information and diversity, UCI Group has elaborated the consolidated non-financial reporting statement related to 2019, which is included as a separate document attached to the consolidated directors' report of 2019, as established on article 44 of the Commercial Code.

In compliance with article 253, section one, of the Capital Corporation Act in force, the Board of Directors of UCI, S.A. and Subsidiaries prepares the consolidated annual accounts and directors' report corresponding to 2019. Four original copies have been issued of these consolidated annual accounts and directors' report, issuing the present copy on 93 sheets of stamped paper, on one side, of class 8, series and numbers from 0N9341761 to 0N9341781, 0N9342141, from 0N9341783 to 0N9341941, 0N9342147, while the other three copies have been issued on 93sheets of stamped paper, on one side, of class 8, series and numbers from 0N9341943 to 0N9341963, 0N9342144, from 0N9341965 to 0N9342123, 0N9342153; from 0N9341397 to 0N9341417, 0N9342143, 0N9341419 to 0N9341577, 0N9342146; and from 0N9341579 to 0N9341599, 0N9342142, from 0N9341601 to 0N9341759, 0N9342148.

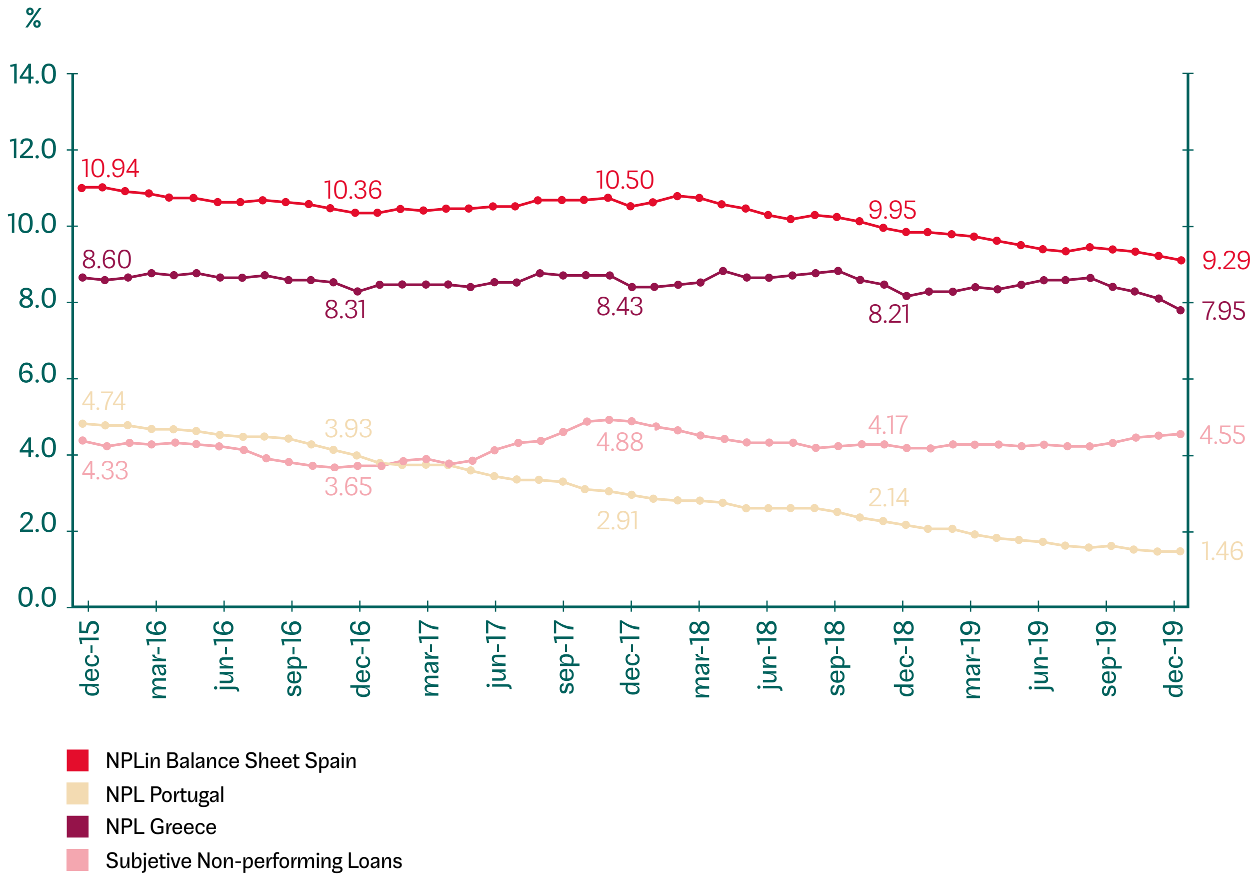
Euribor 12 Months - IRPH - IPC



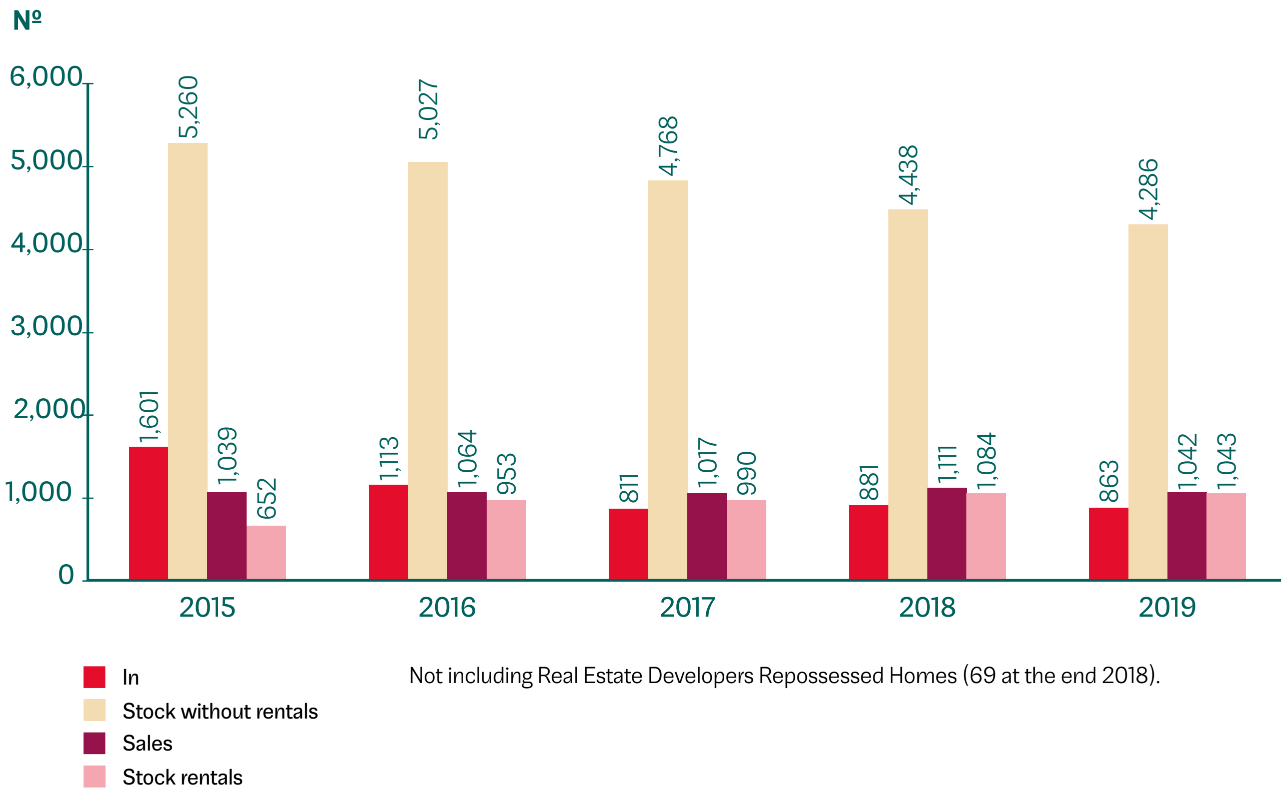
NPL Coverage (Spain, Portugal & Greece)



%NPL'S (+90 Days) In balance sheet UCI

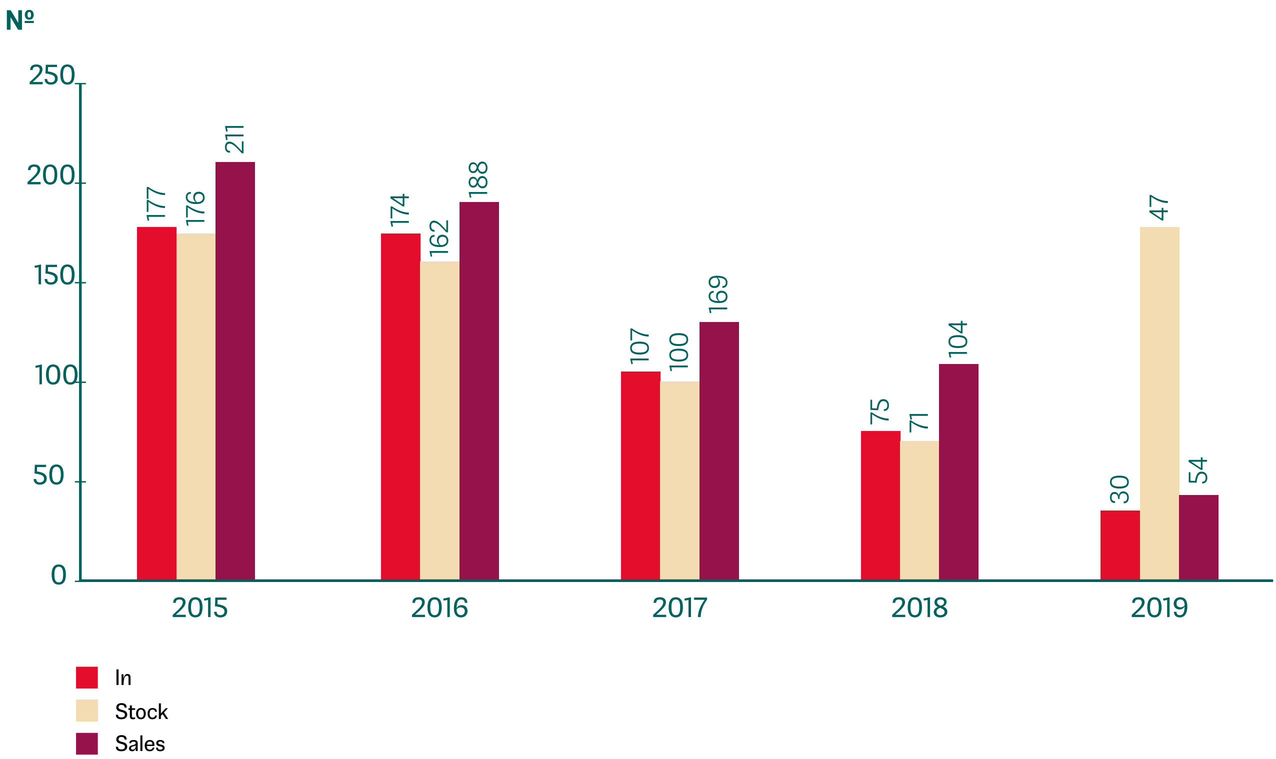


Spain: Nº REO HOMES: Tickets / Sales / Stock property adjudicated



Not including Real Estate Developers Repossessed Homes (69 at the end 2018).

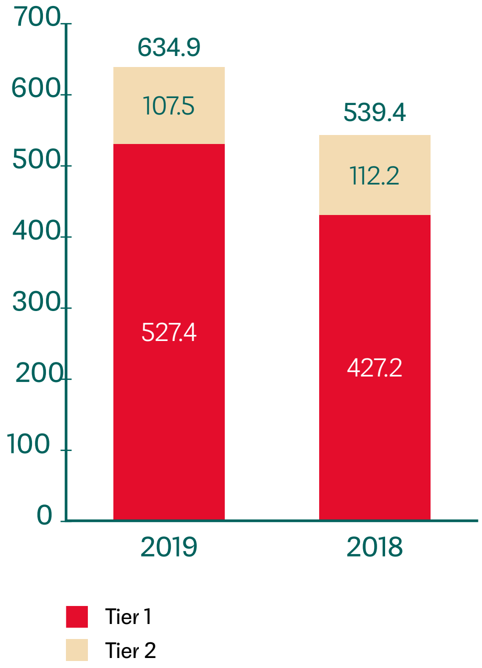
Portugal: Nº REO HOMES: Tickets / Sales / Stock property adjudicated



Coefficients of own resources UCI Group at 12/31/2019

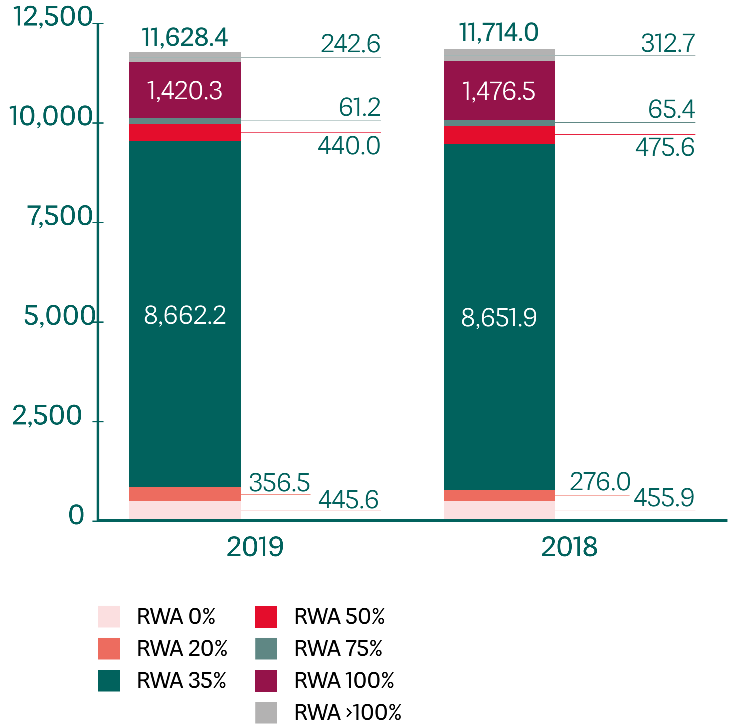
Own resources

M Euros



RWA

M Euros



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

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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, 2019, 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, 2019, 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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Mercantile Registry of Barcelona, Book 30,734, Folio 212, Page B-180111, Inscription 1, VAT no. B-61622262
Inscribed under number S1189 on the Spanish Accounting Auditors Official Registry (ROAC)

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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.

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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 2019 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 2019 financial year, and its content and presentation are in accordance with applicable regulations.

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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.

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- 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

2020 Núm. 01/20/01752

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

Madrid, 1 April 2020

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

Carlos Marcos Corral
ROAC Nº 17.577

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Hipotecas para vivir


UCI
UCI

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

Consolidated financial statements and consolidated directors' report for the year ended at 31 december 2019

Free translation of consolidated financial statements and directors' report originally issued in Spanish.
In the event of a discrepancy, the Spanish-language version prevails.

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

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2019 AND 2018

(Expressed in thousands of Euros)

ASSETS	Note	2019	2018(*)
Cash and deposits with central banks		8	9
Financial assets held for trading	23	19,140	4,045
Deposits with credit entities		-	-
Credits to customers		-	-
Debt securities		-	-
Capital instruments		-	-
Trading derivatives		19,140	4,045
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		-	-
Memorandum item, Loaned or advanced as collateral		-	-
Financial assets available for sale		-	-
Debt securities		-	-
Other capital instruments		-	-
Memorandum item, Loaned or advanced as collateral		-	-
Credit investments	16	10,527,496	10,594,635
Deposits with credit entities		181,487	126,835
Credits to customers		10,346,009	10,467,800
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	24	20	-
Non-current assets held for sale	17	309,230	336,280
Investments		-	-
Associates		-	-
Jointly controlled entities		-	-
Insurance contracts linked to pensions		-	-
Tangible assets		126,032	120,349
Property, plants and equipment	18	3,976	2,800
For own use		3,976	2,800
Other assets leased out under an operating lease		-	-
Investment properties	19	122,056	117,549
Memorandum item, Acquired under a finance lease		-	-
Intangible assets		1,474	614
Goodwill		-	-
Other intangible assets		1,474	614
Tax assets	20	91,783	74,586
Current		3,641	545
Deferred		88,142	74,041
Other assets	21	353,305	383,691
TOTAL ASSETS		**11,428,488**	**11,514,209**
Memorandum item			
Contingent risks	29	-	-
Contingent commitments		17,195	12,787

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

LIABILITIES AND NET EQUITY	Note	2019	2018(*)
LIABILITIES			
Financial liabilities held for trading	23	8,519	6,267
Deposits from central banks			
Deposits on credit institutions		-	-
Deposits from other creditors		-	-
Debt certificates including bonds		-	-
Trading derivatives		8,519	6,267
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	10,913,392	11,023,873
Deposits from central banks		-	-
Deposits on credit institutions		7,720,310	7,196,015
Deposits from other creditors		1,551,098	2,087,177
Debt certificates including bonds		1,561,984	1,660,353
Subordinated liabilities		80,000	80,328
Other financial liabilities		-	-
Changes in the fair value of the hedged items in portfolio hedges of interest rate risk		-	-
Hedging derivatives	24	63,787	14,612
Hedging derivatives liabilities associated with non-current assets held for sale		-	-
Provisions		5,225	4,272
Provisions for pensions and similar obligations		-	-
Provisions for taxes and other legal contingencies		-	-
Provisions for contingent exposures and commitments		-	-
Other provisions		5,225	4,272
Tax liabilities	20	1,572	1,463
Current		1,572	1,463
Deferred		-	-
Other liabilities	21	32,572	36,530
TOTAL LIABILITIES		**11,025,067**	**11,087,017**
EQUITY		**403,421**	**427,192**
Own funds	26	447,551	436,844
Capital or endowment fund		98,019	98,019
Issued		98,019	98,019
Minus: unpaid and uncalled		-	-
Share premium		-	-
Reserves		336,650	329,819
Other equity instruments		-	-
Equity component of compound financial instruments		-	-
Other equity instruments		-	-
Minus: Treasury shares		-	-
Profit or loss attributed to the parent company		12,882	9,006
Minus: Dividends and remuneration		-	-
Valuation adjustments	25	(44,130)	(9,652)
Financial assets held for sale		-	-
Cash flow hedges		(44,130)	(9,652)
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		**11,428,488**	**11,514,209**

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

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

CONSOLIDATED PROFIT AND LOSS ACCOUNTS AT 31 DECEMBER 2019 AND 2018

(Expressed in thousands of Euros)

	Note	2019	2018(*)
Interests and similar income	30	211,264	218,728
Interests and similar charges	31	68,988	78,408
NET INTEREST INCOME		142,276	140,320
Return on equity instruments		-	-
Share of profit or loss of entities accounted for using the equity method		-	-
Fee and commission income		9,663	10,205
Fee and commission expenses		4,500	4,973
Net gains (losses) on financial assets and liabilities		15,046	19,018
Held for trading		221	1,330
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		14,825	17,688
Rest			
Net exchange differences			
Other operating income		7,402	5,383
Other operating expenses			
GROSS INCOME		169,887	169,953
Administration expenses			
Personnel expenses	32	33,946	33,231
Other administrative expenses	33	52,342	52,125
Depreciation and amortization		3,638	3,209
Provisioning expense (net)		922	912
Impairment losses on financial assets (net)		33,217	48,773
Loans and receivables		33,217	48,773
Other financial instruments not at fair value through profit or loss		-	-
NET OPERATING INCOME		45,822	31,703
Impairment losses on other assets (net)		710	160
Goodwill and other intangible assets		-	-
Other assets		710	160
Gains (losses) on derecognized assets not classified as non-current assets held for sale		-1,167	-684
Negative goodwill		-	-
Gains (losses) on non-current assets held for sale not classified as discontinued operations		-28,956	-20,901
INCOME BEFORE TAX		14,989	9,958
Income tax	27	2,107	952
INCOME FROM CONTINUING TRANSACTIONS		12,882	9,006
Income from discontinued transactions (net)			
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR		12,882	9,006
Net income attributed to non-controlling interests		-	-
NET INCOME ATTRIBUTED TO THE GROUP		**12,882**	**9,006**

(*) 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 2019 AND 2018

(Expressed in thousands of Euros))

	2019	2018(*)
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR	12,882	9,006
OTHER RECOGNIZED INCOME (EXPENSES)	-36,713	-11,538
Financial assets held for sale		
Revaluation gains/(losses)		
Amounts transferred to the income statement		
Other reclassifications		
Cash flow hedges	-49,256	-16,483
Revaluation gains/(losses)	-49,256	-16,483
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	-3,193	
Income tax	15,736	4,945
TOTAL RECOGNIZED INCOME/EXPENSES	**-23,831**	**-2,532**

(*) 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 2019 AND 2018

(Expressed in thousands of Euros)

	EQUITY								VALUATION ADJUSTMENTS	TOTAL NET EQUITY
	Common stock	Share premium	Reserves	Other equity instruments	Resultado del ejercicio	Minus: dividends and remuneration	Non-controlling interests	Total Stockholders' Funds		
1. Adjusted closing balance 31/12/2018	98,019		329,819		9,006		-	436,844	-9,652	427,192
2. Total recognized income/expenses			-		-23,831		-	-23,831	-	-23,831
3. Other variations in net equity	-	-	6,831	-	27,707	-	-	34,538	-34,478	60
3.1. Capital increasesl										
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			6,771		-6,771			-	-	-
3.10. Increase/reduction due to business combinations										
3.11. Payments with equity instruments										
3.12. Rest of increases/reductions in total equity					34,478			34,478	-34,478	-
3.13. Exchange differences			60					60	-	60
4. Closing balance at 31/12/2019	98,019		336,650		12,882		-	447,551	-44,130	403,421

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

CONSOLIDATED STATEMENTS OF CHANGES IN NET EQUITY CORRESPONDING TO YEARS ENDED AT 31 DECEMBER 2019 AND 2018

(Expressed in thousands of Euros)

	EQUITY								VALUATION ADJUSTMENTS	TOTAL NET EQUITY
	Common stock	Share premium	Reserves	Other equity instruments	Profit/ (loss) for the year	Minus: dividends and remuneration	Non-controlling interests	Total Stockholders' Funds		
1. Adjusted closing balance 31/12/2017	98,019		323,344		6,509		-	427,872	1,886	429,758
2. Total recognized income/expenses			-		-2,532		-	-2,532	-	-2,532
3. Other variations 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. 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			6,509		-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

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UCI S.A. and Subsidiaries (UCI GROUP)

CONSOLIDATED CASH-FLOW STATEMENTS CORRESPONDING TO YEARS ENDED AT 31 DECEMBER 2019 AND 2018

(Expressed in thousands of Euros)

	2019	2018(*)
CASH FLOWS FROM OPERATING ACTIVITIES	101,992	-13,538
Profit or loss for the period	12,882	9,006
Adjustments to profit or loss	102,078	73,556
Depreciation and amortization	3,638	3,209
Other adjustments	98,440	70,347
Net increase/decrease in operating assets	86,648	89,349
Financial assets held for trading	-15,095	1,085
Other financial assets designated at fair value through profit or loss	-	-
Financial assets held for sale	-	-
Loans and receivables	88,574	15,026
Other operating assets	13,169	73,238
Net increase/decrease in operating liabilities	-97,006	-183,638
Financial assets held for trading	2,252	-699
Financial liabilities at amortized cost	-110,481	-191,010
Other operating liabilities	11,223	8,071
Collections/payments for income tax	-2,610	-1,811
CASH FLOWS FROM INVESTING ACTIVITIES	-47,401	-8,685
Investment	-87,109	-68,639
Tangible assets	-3,404	-1,418
Intangible assets	-860	-568
Investments	-	-
Non-current assets held for sale and associated liabilities	-82,845	-66,653
Divestments	39,708	59,954
Tangible assets	-	7,737
Non-current assets held for sale and associated liabilities	39,708	52,217
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Investment		
Dividends		
Divestments		
EFFECT OF EXCHANGE RATE CHANGES	60	-34
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (A+B+C+D)	54,651	-22,257
CASH OR CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	126,844	149,101
CASH OR CASH EQUIVALENTS AT END OF THE PERIOD	181,495	126,844
MEMORANDUM ITEM:		
COMPONENTS OF CASH AND EQUIVALENTS AT END OF THE PERIOD		
Cash	8	9
Balance of cash equivalent in central banks		
Other financial assets	181,487	126,835
Total cash or cash equivalents at end of the period	181,495	126,844

(*) 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 2019

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.

During 1999 and 2004, the Group opened a Branch in Portugal and Greece respectively to distribute mortgage loans to individuals. The Greek production was paralyzed in the last quarter of 2011, and the branch was closed in the first quarter of 2019, reallocating assets to the parent company. 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, 2019 and 2018, 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, 2019 and 2018, 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 2019 AND 2018

(Expressed in thousands of Euros)

ASSETS	2019	2018
Cash and balances with central banks	8	9
Financial assets held for trading	9,080	1,017
Loans and advances to credit institutions	-	-
Loans and advances to other debtors	-	-
Debt securities	-	-
Equity instruments	-	-
Trading derivatives	9,080	1,017
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	10,940,106	11,010,555
Loans and advances to credit institutions	108,453	54,722
Loans and advances to other debtors	10,831,653	10,955,833
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	20	-
Non-current assets held for sale	288,321	310,441
Investments	-	-
Associates	-	-
Jointly controlled entities	-	-
Group entities	-	-
Insurance contracts linked to pensions	-	-
Tangible assets	122,959	117,214
Property, plants and equipment	3,779	2,585
For own use	3,779	2,585
Other assets leased out under operating lease		
Investment properties	119,180	114,629
Memorandum item, Acquired under a finance lease	-	-
Intangible assets	1,260	596
Goodwill	-	-
Other intangible assets	1,260	596
Tax assets	69,275	56,264
Current	1	111
Deferred	69,274	56,153
Other assets	429,334	430,143
TOTAL ASSETS	**11,860,363**	**11,926,239**
Memorandum item		
Contingent risks	-	-
Contingent commitments	17,195	12,787

LIABILITIES AND NET EQUITY	2019	2018
LIABILITIES		
Financial assets held for trading	4,834	4,366
Deposits from central banks	-	-
Deposits from credit institutions	-	-
Deposits from other creditors	-	-
Debt certificates including bonds	-	-
Trading derivatives	4,834	4,366
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	11,301,757	11,476,494
Deposits from central banks	-	-
Deposits from credit institutions	7,457,998	7,196,015
Deposits from other creditors	3,702,446	4,139,105
Debt certificates including bonds	-	-
Liabilities	141,313	141,374
Trading derivatives	-	-
Other financial liabilities	-	-
Changes in the fair value of the hedged items in portfolio hedges of interest rate risk	-	-
Hedging derivatives	63,787	14,612
Hedging derivatives liabilities associated with non-current assets held for sale	-	-
Provisions	4,395	3,494
Provisions for pensions and similar obligations	-	-
Provisions for taxes and other legal contingencies	-	-
Provisions for contingent exposures and commitments	-	-
Other provisions	4,395	3,494
Tax liabilities	1,352	1,075
Current	1,352	1,075
Deferred	-	-
Other liabilities	28,628	30,751
TOTAL LIABILITIES	11,404,753	11,530,792
NET EQUITY	455,610	395,447
Own funds	499,740	405,099
Capital or endowment fund	45,852	38,280
Issued	45,852	38,280
Minus unpaid and uncalled	-	-
Share premium	72,428	-
Reserves	366,819	356,256
Other equity instruments	-	-
Equity component of compound financial instruments	-	-
Other equity instruments	-	-
Minus: Treasury shares		
Profit or loss for the period	14,641	10,563
Minus: Dividends and remunerations		
Valuation adjustments	-44,130	-9,652
Financial assets held for sale	-	-
Cash flow hedges	-44,130	-9,652
Hedge of net investment in foreign operations	-	-
Exchange differences	-	-
Non-current assets held for sale	-	-
Other valuation adjustments	-	-
TOTAL NET EQUITY AND LIABILITIES	**11,860,363**	**11,926,239**

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

INCOME STATEMENTS AT 31 DECEMBER 2019 AND 2018

(Expressed in thousands of Euros)

	2019	2018
Interests and similar income	211,450	218,970
Interests and similar charges	70,158	78,868
NET INTEREST INCOME	141,292	140,102
Return on equity instruments	-	-
Fee and commission income	9,644	10,187
Fee and commission expenses	4,500	4,973
Net gains (losses) on financial assets and liabilities	15,046	19,018
Financial assets held for trading	221	1,330
Other financial instruments at fair value through profit or loss	-	-
Liabilities at amortized cost	-	-
Financial instruments not at fair value through profit or loss	14,825	17,688
Other	-	-
Exchange differences (net)	-	-
Other operating income	4,403	2,838
Other operating expenses	-	-
GROSS INCOME	165,885	167,172
Administration expenses		
Personnel expenses	31,837	31,249
Other administrative expenses	48,923	49,638
Amortization	3,500	3,058
Provisioning expense (net)	922	912
Impairment losses on financial assets (net)	34,110	49,392
Loans and receivables	34,110	49,392
Other financial instruments not at fair value through profit or loss	-	-
NET OPERATING INCOME	46,593	32,923
Impairment losses on other assets (net)	706	131
Goodwill and other intangible assets	-	-
Other assets	706	131
Gains (losses) on derecognized assets not classified as non-current assets held for sale	-1,168	-684
Negative goodwill	-	-
Gains (losses) on non-current assets held for sale not classified as discontinued operations	-27,715	-20,071
RESULT BEFORE TAX	17,004	12,037
Income tax	2,363	1,474
PROFIT OR LOSS FOR THE PERIOD FROM CONTINUING TRANSACTIONS	14,641	10,563
Income from discontinued transactions (net)		
PROFIT OR LOSS FOR THE PERIOD	**14,641**	**10,563**

Unión de Créditos Inmobiliarios, S.A. Entidad Financiera de Crédito Sociedad Unipersonal
COMPREHENSIVE INCOME STATEMENT CORRESPONDING TO YEARS ENDED AT 31 DECEMBER 2019 AND 2018
(Expressed in thousands of Euros)

	2019	**2018**
PROFIT OR LOSS FOR THE PERIOD	14,641	10,563
OTHER RECOGNIZED INCOME (EXPENSES)	-34,478	-11,538
Financial assets held for sale		
Revaluation gains/(losses)		
Amounts transferred to the income statement		
Other reclassifications		
Cash flow hedges	-49,256	-16,483
Revaluation gains/(losses)	-49,256	-16,483
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	14,778	4,945
TOTAL RECOGNIZED INCOME/EXPENSES	**-19,837**	**-975**

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

STATEMENT OF CHANGES IN EQUITY CORRESPONDING TO YEARS ENDED AT 31 DECEMBER 2019 AND 2018

(Expressed in thousands of Euros)

	EQUITY								VALUATION ADJUSTMENTS	TOTAL EQUITY
	Common stock	Share premium	Reserves	Other equity instruments	Minus: Treasury shares	Profit or loss for the period	Minus: dividends and remunerations	Total stockholders' funds		
1. Closing balance at (31/12/2018)	38,280	-	356,256			10,563	-	405,099	-9,652	395,447
2. Adjusted opening balance	38,280	-	356,256			10,563	-	405,099	-9,652	395,447
3. Total recognized income/expenses	-	-	-	-	-	-19,837		-19,837	-	-19,837
4. Other variations in net equity	7,572	72,428	10,563	-	-	23,915		114,478	-34,478	80,000
4.1. Capital increases	7,572							7,572		7,572
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	-	-	10,563	-	-	-10,563	-	-	-	-
4.10. Increase/reduction due to business combinations										
4.11. Payments with equity instruments										
4.12. Rest of increases/reductions in total equity	-	72,428	-	-	-	34,478	-	106,906	-34,478	72,428
5. Closing balance at (31/12/2019)	45,852	72,428	366,819	-	-	14,641	-	499,740	-44,130	455,610

Unión de Créditos Inmobiliarios, S.A. Entidad Financiera de Crédito Sociedad Unipersonal
CASH-FLOW STATEMENTS CORRESPONDING TO YEARS ENDED AT 31 DECEMBER 2019 AND 2018
(Expressed in thousands of Euros)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES	**22,926**	**9,006**
Profit or loss for the period	14,641	10,563
Adjustments to profit or loss	99,918	96,059
Depreciation and amortization	3,500	3,058
Other adjustments	96,418	93,001
Net increase/decrease in operating assets	69,785	86,803
Financial assets held for trading	-8,063	2,395
Other financial assets designated at fair value through profit or loss	-	-
Financial assets held for sale	-	-
Loans and receivables	90,070	23,974
Other operating assets	-12,222	60,434
Net increase/decrease in operating liabilities	-161,418	-184,419
Financial assets held for trading	468	747
Financial liabilities at amortized cost	-174,737	-189,540
Other operating liabilities	12,851	4,374
Collections/payments for income tax	-	-
CASH FLOWS FROM INVESTING ACTIVITIES	-49,196	-36,951
Investment	-84,519	-91,777
Tangible assets	-2,779	-1,305
Intangible assets	-1,203	-559
Non-current assets held for sale and associated liabilities	-80,537	-89,913
Divestment	35,323	54,826
Tangible assets	-	7,295
Intangible assets	-	-
Non-current assets held for sale and associated liabilities	35,323	47,531
CASH FLOWS FROM FINANCING ACTIVITIES	80,000	-
Investment		
Dividends		-
Divestment	80,000	-
EFFECT OF EXCHANGE RATE CHANGES		-
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (A+B+C+D)	53,370	-27,945
F. CASH OR CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	54,731	82,676
G. CASH OR CASH EQUIVALENTS AT END OF THE PERIOD	108,461	54,731
MEMORANDUM ITEM		
COMPONENTS OF CASH OR CASH EQUIVALENTS AT END OF THE PERIOD		
Cash	8	9
Balance of cash equivalent in central banks		
Other financial assets	108,453	54,722
Total cash or cash equivalents at end of the period	**108,461**	**54,731**

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, 2019, 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 affected 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 2019 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.

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 2019 have been formulated by the Directors on the meeting held by the Board of Directors on March 24, 2020. The Group's consolidated financial statements and the Group Companies' financial statements corresponding to 2019 will be subject to approval by the General Shareholders' Meeting to be held on the first half of 2020. Nevertheless, the Board of Directors understands that such consolidated financial statements will be approved without changes.

The consolidated financial statements corresponding to 2018 were formulated by the Directors in the Board of Directors' meeting held on March 29, 2019, and approved by the General Shareholders' Meeting held on the same day.

The main accounting and valuation principles and criteria applied in the preparation of the 2019 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 2019, the amounts referred to 2018.

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, 2019 and 2018 is as follows:

NAME AND ADDRESS	SHARE CAPITAL 2019 (in thousands of Euros)	SHARE CAPITAL 2018 (in thousands of Euros)	SHAREHOLDING PERCENTAGE	ACTIVITY
UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A. ESTABLECIMIENTO FINANCIERO DE CREDITO Sociedad Unipersonal C/ RETAMA 3 - MADRID	45,852	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	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	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	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	5	100%	Insurance brokerage
UCI Holding Brasil Lda	1,494	1,986	100%	Holding entity, It holds 50% of COMPANHIA PROMOTORA UCI
UCI Hellas Credit and Loan Receivables Servicing Company S.A.	100	100	100%	Management and maintenance of loans granted by financial entities,

The contribution to the Group's results by each entity during 2019 has been the following:.

Unión de Créditos Inmobiliario, SA, EFC

UCI, SA	Business in Spain	Business in Portugal and Greece	ComprarCasa, Rede de Serviços Imobiliários, S.A.	UCI Servicios para profesionales inmobiliarios S.A.	Retama Real Estate	UCI Mediación de seguros	UCI Holding Ltda	UCI Hellas Credit and Loan Receivables Servicing Company S.A.	Total Consolidado
41	6,492	8,149	2	82	-1,915	6	22	3	12,882

The contribution to the Group's results by each entity in 2018 was the following:

Unión de Créditos Inmobiliario, SA, EFC

UCI, SA	Business in Spain	Business in Portugal and Greece	Comprar-Casa, Rede de Serviços Imobiliários, S.A.	UCI Servicios para profesionales inmobiliarios S.A.	Retama Real Estate	UCI Mediación de seguros	UCI Holding Ltda	UCI Hellas Credit and Loan Receivables Servicing Company S.A.	Total Consolidado
-309	4,173	6,390	1	46	-1,711	5	30	381	9,006

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

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

3. Changes and errors in accounting criteria and estimations

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

- Losses from impairment of certain 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, 2019 and 2018, 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.

During 2019, UCI Group decided to adapt to criteria defined by EU CRR with regards tot he compliance with the percentage of 2.5% of “capital conservation buffer”.

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, 2019 and 2018, and during such years, computable individual and consolidated equity exceeded those required by the regulation in force at each date.

6. Information by market segment and additional information

a) Segmentation by business lines:

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

b) Segmentation by geographical area:

The Group counts with a branch in Portugal (production of 191 and 185.18 M€ at December 31, 2019 and 2018, respectively) and Greece, which ceased its commercial activity in 2011 but continued granting new credits until 2016, to finance certain REOs sales. It was closed at the end of the first quarter of 2019, reallocating its assets to the parent company. The remaining activity is performed in the Spanish territory

c) Agency contracts

Neither at 2019 and 2018 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, 2019 and 2018, 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 102 thousand Euros (112 thousand Euros in 2018).

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 2019 by professionals comprised on the Entity's key personnel and by Board Members as Directors amounted to 2,836 thousand Euros (2,650 thousand Euros in 2018), fully corresponding to fixed remuneration.

There have not been any severance payments to key personnel in 2019 or 2018.

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 2019 and 2018, 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 2019 consolidated Income statement have amounted to 91,713 Euros (63,057 Euros in 2018). In 2019, fees for other services delivered by the auditor or other network entities have amounted to 18.8 thousand Euros (48 in 2018), regardless of their invoicing period.

10. Subsequent events

At regulatory level, on January 1, 2020, Circular of Bank of Spain for Credit Financial Entities (EFCs) came into force, converging accounting principles and criteria established by Circular 4/2017 of Bank of Spain, which constitutes the development of the Code of Commerce for these establishments and maintains the convergence of the Spanish accounting regulations with the IFRS-EU. UCI Group Directors have decided to use internal models as credit portfolio provisioning criterion. The first-time application impact will entail an increase of approximately 57.6 M€ with regards to provisions at December 31, 2019, which amount includes the adaptation of accounting criteria of the foreclosure portfolio, implying a lower amount of reserves by such amount, not including the tax effect.

On March 11, 2020, the OMS classified the disease outbreak caused by coronavirus (COVID-19), initially notified by China on December 31, 2019, as a pandemic. It is not yet possible to establish the future consequences of the effects and economic impact from this situation, or from the recent publication of the Royal Decree Law 8/2020 of the Spanish Government. Therefore, the financial statements must be read taking into account these circumstances. UCI Group counts with its own financial robustness, and with a solvency ratio of 11.5% and, with regards to liquidity, the Group counts with its shareholders' credit lines, by around 900 M€.

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) f 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:

   a. 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.

   b. 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 2019, 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, 2019 and 2018, broken down by types of financial assets and liabilities, is presented under the following levels:

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

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

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

	Thousands of Euros			
	Carrying value	2019		
		LEVEL 1	LEVEL 2	LEVEL 3
Financial assets				
Cash and balances with central banks	8	-	8	-
Trading portfolio	19,140		19,140	-
Other financial assets designed at fair value through profit or loss	-	-	-	-
Financial assets held for sale	-	-	-	-
Loans and receivables	10,527,496		-	10,527,496
Non-current assets held for sale	309,230	-	-	209,230
Investment at maturity	-	-	-	-
Hedging derivatives	-		-	-
Financial liabilities				
Financial liabilities held for trading	8,519		8,519	-
Financial liabilities at amortized cost	10,913,392	-	-	10,913,392
Hedging derivatives	63,787	-	-	63,787

	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
Derivados de cobertura	14,612	-	-	14,612

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, 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, 2019 approximately amount to 88 M€ (74 M€ at December 31, 2018), 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 2/2018 of February 29, which adopts the RLD 2/2018, 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 2019.

During 2019, the total number of complaints/claims amount to 3,374, which implies a decrease by 1% with regards to claims received in 2018.

These 3,374 claims received are detailed as follows:

- 3,278 processed by the Customer Service.
- 96 processed by the Customers' Ombudsman.
- 782 processed and rejected.

Bank claims received and admitted amounted to 2,340.

The most significant reasons for the total complaints / claims presented during 2019 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.

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

At December 31, 2019, 2,261 complaints/claims had been solved and 79 await resolution.

Furthermore, it should be noted that, out of all received claims, a total of 24 have been filed before Bank of Spain's Department of Market Conduct and Claims (113 in 2018). Additionally, and although they do not properly constitute claims, a total of 51 claims have been presented on the CIRBE Service (33 in 2018).

At December 31, 2019, complaints/claims have been solved as follows:

- Favourable to the customer: 387
- Unfavourable to the customer: 1.874
- Not accepted: -

Out of claims solved in favour of the client, economic rights were recognized for the client in 29 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 2019 of 9,473.74 Euros (2,270.26 Euros in 2018).

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 regulations and best banking practices), 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 and best banking practices.

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 2019, the DCMR has accepted the Entity's rectifications in 2 files, therefore adapting the entity's performance to best banking practices.

We note that the Market Conduct and Claims Department of Bank of Spain approved the new SAC Regulation, which regulates its operations, duties and functions, and which is made available to clients and UCI employees in all offices opened to the public, as well as in UCI webpage and in the Banking Client Portal of Bank of Spain.

Lastly, it should be noted that the Group has additionally 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, 2019.

MONEY LAUNDERING

Regulation compliance and money laundering prevention.

During 2019, 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 Risk Prevention, Client's Interest Protection Policy, Anti-Corruption Policy and Gift Policy. Furthermore, during 2019, UCI has carried out training actions in Compliance (Criminal Risk, Money Laundering Prevention, Data Protection, International Penalties and Seizures, Competition Right and anti-corruption training), 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 (KYC), in the knowledge of the supplier (KYS) and the knowledge of the intermediary (KYI). Adaptation and spreading of the KYI procedure to know intermediaries.

- Follow-up of an 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 2019, a total amount of 656 alerts have been analyzed in Spain (449 in 2018), out of which 22 were communicated to the OCI and 5 to the SEPBLAC (7 and 1, respectively, during 2018). In Greece, 8 alerts have been analyzed during 2019 (21 during 2018) and, in Portugal, 231 alerts (160 during 2018), out of which one has been communicated to the OCI and to the local Regulator (0 in 2018).

- 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 2019, 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.

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 2018.

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, 10.4% at the end of 2018 and 10.8% at the end of 2019.

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:

$$\boxed{\begin{array}{c}\text{Expected}\\ \text{loss}\\ \%\end{array}} = \boxed{\begin{array}{c}\text{Probability}\\ \text{of Default}\\ \%\end{array}} \times \boxed{\begin{array}{c}\text{Severity}\\ \%\end{array}}$$

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 2019, account for 10.7 bp (13 bp in 2018).

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.

Risk policies' internal audits review the client's payment capacity and the approach for a better client profile, analyzing that the granting of credits adapts to UCI Group's internal policies, to guidelines established by the Board of Directors, and to the compliance with the solvency assessment, based on Guidelines of the EBA (Solvency Banking Authority).

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, 2019 and 2018, 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, 2019 is the following:

RISKS CONCENTRATION BY ACTIVITY AND GEOGRAPHICAL AREA (carrying values) TOTAL ACTIVITY	**TOTAL 31,12,2019**	**Spain**	**Rest of European Union**	**America**
1. Credit entities	181,487	176,850	4,637	-
2. Public Administrations				
3. Other financial institutions				
4. Non-financial companies and individual employers	6,820	6,820	-	-
4.1. Real estate construction and development	6,820	6,820	-	-
4.2. Real estate construction and development				
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	10,339,189	8,992,281	1,346,908	-
5.1. Homes	10,339,036	8,992,131	1,346,905	-
5.2. Consumption				
5.3. Other purposes	153	150	3	-
TOTAL	**10,527,496**	**9,175,951**	**1,351,545**	

Risk concentration by the Group's activity and geographical area at December 31, 2018 was the following:

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. Real estate construction and development				
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**	

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 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, 2019. 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 corresponding hedges, detailed at December 31, 2019, are the following:

31,12,2019	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	9,653	1,339,561	382	72,604	497	12,143	5,177	782,832	520	104,295	236	5,949	12,874
Total	**9,653**	**1,339,561**	**382**	**72,604**	**497**	**12,143**	**5,177**	**782,832**	**520**	**104,295**	**236**	**5,949**	**12,874**

	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	236	2	829			559	5	1,065	559
Financing to real estate construction and development	3	236	2	829			559	5	1,065	559
Rest of natural persons	3,662	489,905	3,829	681,391	438	10,995	215,552	24,394	3,499,675	228,426
Total	**3,665**	**490,141**	**3,831**	**682,220**	**438**	**10,995**	**216,111**	**24,399**	**3,500,740**	**228,985**

The corresponding hedges, detailed at December 31, 2018, are the following:

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		Spe-cific 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**

The amount of operations which, after the refinancing or restructuring, have been classified as doubtful in 2019 and 2018 are the following:

REFINANCING BALANCES IN FORCE AND RESTRUCTURING OPERATIONS 31.12.2019	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	3	550					3	550
Financing to real estate construction and development								
Rest of natural persons	2,505	370,312	1,250	240,818	140	3,911	3,895	615,041
Total	**2,508**	**370,862**	**1,250**	**240,818**	**140**	**3,911**	**3,898**	**615,591**

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**

Total financings granted to customers at December 31, 2019 and 2018, detailed by counterpart, were the following:

DISTRIBUTION OF LOANS AND ADVANCES TO OTHER DEBTORS BY ACTIVITY (carrying value) At 31.12.2019				Credit with real guarantee, Loan to value				
	TOTAL	Real estate guarantee	Without guarantee	LTV<=40%	40%< LTV<=60%	60%< LTV<=80%	80%< LTV<=100%	LTV>100%
1. Public Administrations								
2. Other financial institutions								
3. Non-financial companies and individual employers	6,820	3,156	3,664	312	2,118	726	-	3,664
3.1. Real estate construction and development (b)	6,820	3,156	3,664	312	2,118	726	-	3,664
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	10,339,189	8,591,910	1,747,279	1,339,030	2,461,637	2,700,286	2,090,957	1,747,279
4.1. Homes (d)	10,339,036	8,591,910	1,747,126	1,339,030	2,461,637	2,700,286	2,090,957	1,747,126
4.2. Consumption (d)								
4.3. Other purposes (d)	153		153					153
TOTAL	**10,346,009**	**8,595,066**	**1,750,943**	**1,339,342**	**2,463,755**	**2,701,012**	**2,090,957**	**1,750,943**
MEMORANDUM ITEM								
Refinancing, refinanced and restructured operations	3,500,739	2,612,532	859,119	189,499	711,697	964,423	746,643	859,119

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 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	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

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 83.73% is at variable rate (87.66% at December 31, 2018), 8.31% is a mixed rate (6.81% at December 31, 2018), with a first period at fixed rate and subsequent reviews at variable rate, and 7.96% at strict fixed rate (5.53% at December 31, 2018).

Within credits granted with variable rate, 82.86% review its rate each half year (82.53% at December 31, 2018) and 17.14% each year (17.47% at December 31, 2018).

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

Liquidity Risk

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

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

In order to mitigate the liquidity risk, since its beginnings UCI has had a recurrent policy for going to the capital markets through the securitization of its loan assets. Accordingly, the holders of securitization bonds support the liquidity risk up until loan maturities. Since 1994, UCI has issued 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 2019, represented 4,710.65 million Euros (5,104.80 million Euros at December 31, 2018), or 50.89% of the overall balance it manages in Spain, financed to maturity by the capital markets (54.11% in 2018).

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.

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, 2019 and 2018, the liquidity gap is the following:

31.12.2019	Up to 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
ASSETS:							
Cash and balances with central banks	6	2	-	-	-	-	8
Loans and advances to credit institutions	181,487	-	-	-	-	-	181,487
Loans and advances to other debtors	35,642	76,810	370,513	1,359,341	1,425,660	7,339,591	10,607,557
Total Assets	**217,135**	**76,812**	**370,513**	**1,359,341**	**1,425,660**	**7,339,591**	**10,789,052**
LIABILITIES:							
Loans and advances to credit institutions	2,470,304	2,272,965	2,131,605	538,413	218,461	88,562	7,720,310
Loans and advances to other debtors	5,295	10,591	40,850	217,869	217,870	1,058,623	1,551,098
Loans and advances represented by marketable securities	4,327	8,653	33,376	178,005	178,005	1,159,618	1,561,984
Subordinated liabilities	247	-	-	-	-	79,753	80,000
Total Liabilities	**2,480,173**	**2,292,209**	**2,205,831**	**934,287**	**614,336**	**2,386,556**	**10,913,392**
Difference Assets minus Liabilities	**-2,263,038**	**-2,215,397**	**-1,835,318**	**425,054**	**811,324**	**4,953,035**	**-124,340**

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**

15. Other market risks: operating risk management

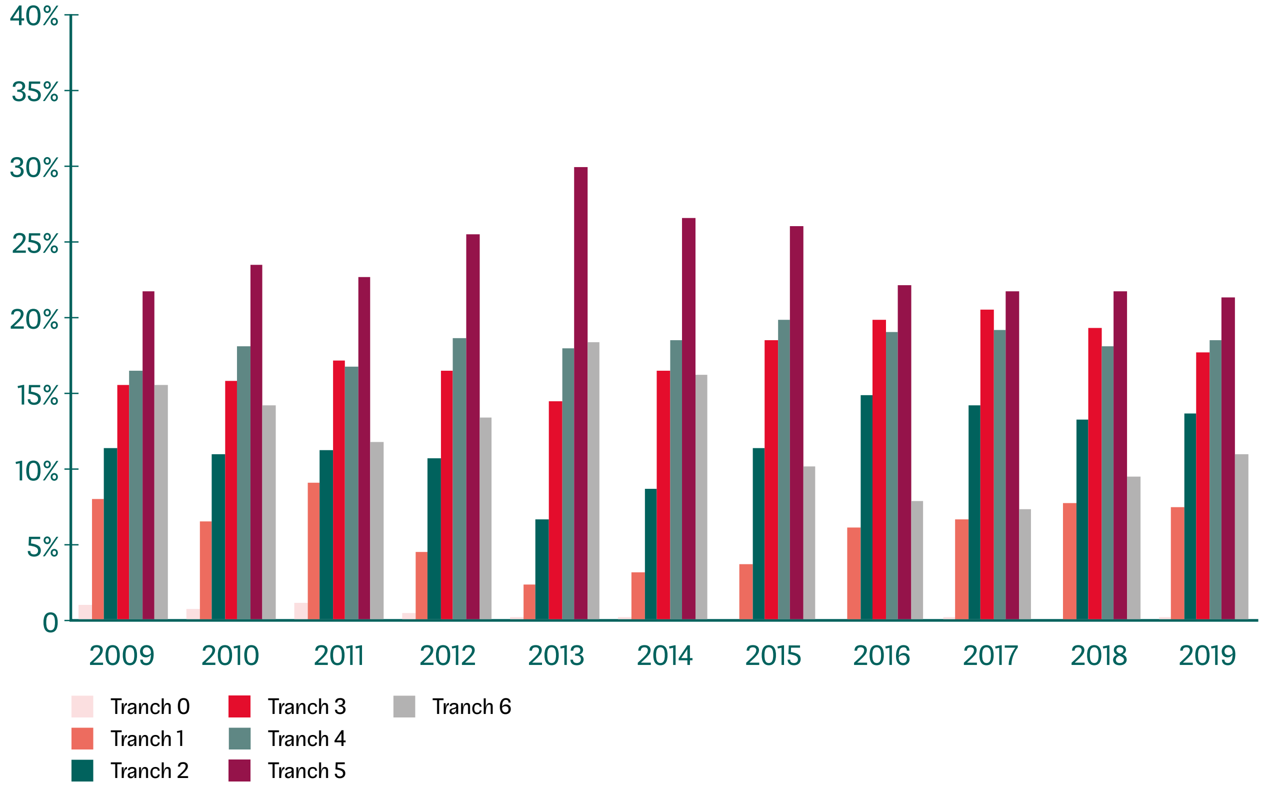
UCI follows closely the development of the standards on this risk as presented in the Basle II agreements, approved in June 2004, progressing in its project for identifying, mitigating, managing and quantifying operating risk. On this aspect and within the overall ISO 9001:2000 quality certification 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 following matrix:

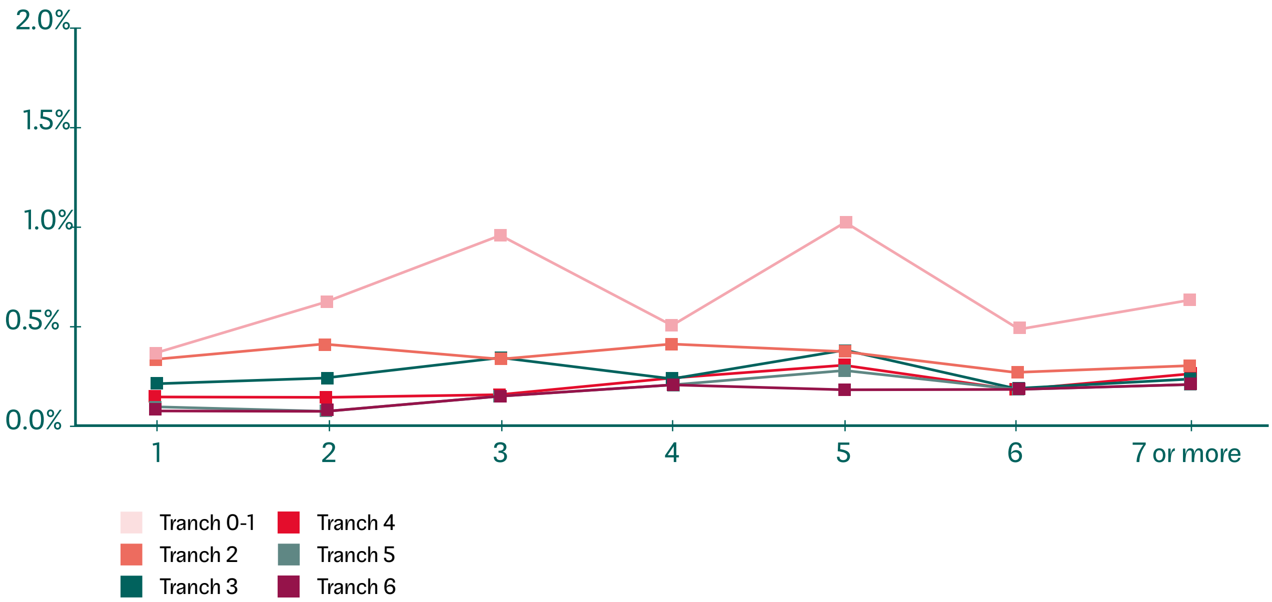
Type	Origin
Processes	Operating errors, human errors
Fraud and activities	Events of a criminal nature, unauthorized activities, unauthorized internal activities
Technology	Technical failures in computers, applications or communications
Human Resources	Failures in the Human Resources policy, in safety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

Spain: Score rating distribution

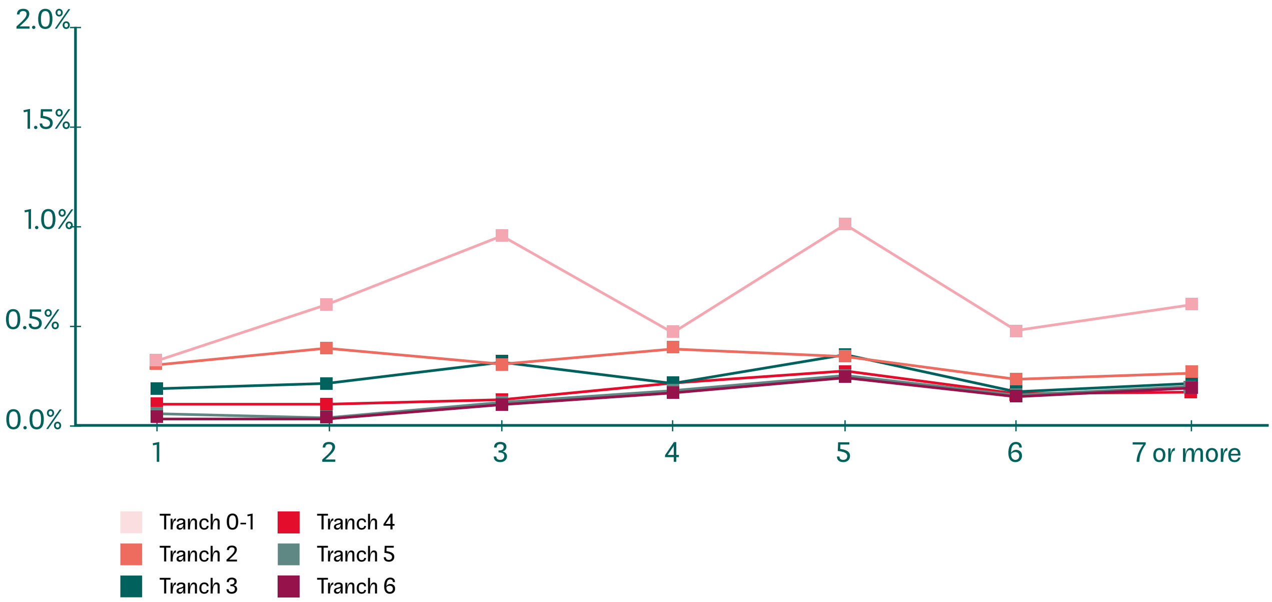


Portugal: Score rating distribution

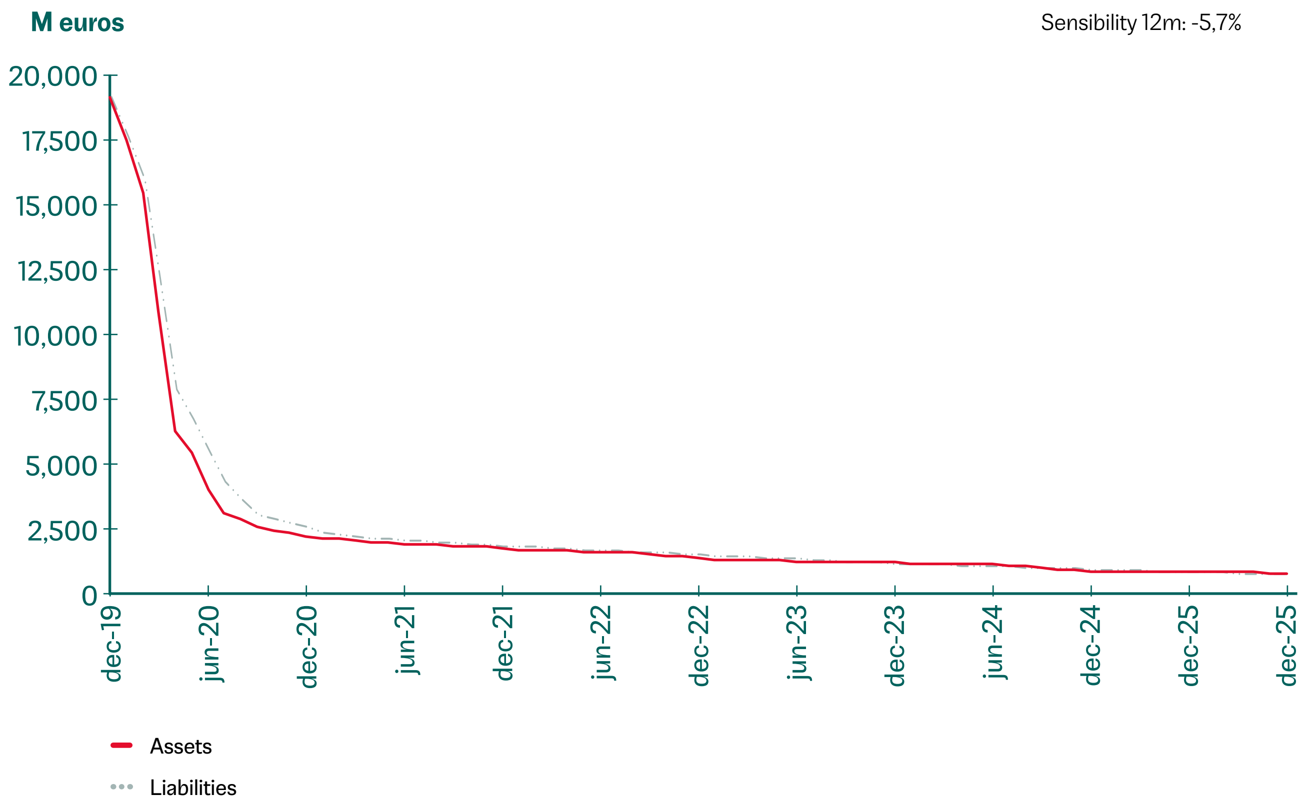
Probability of default by scoring tranches. Years 2009-2019 Spain



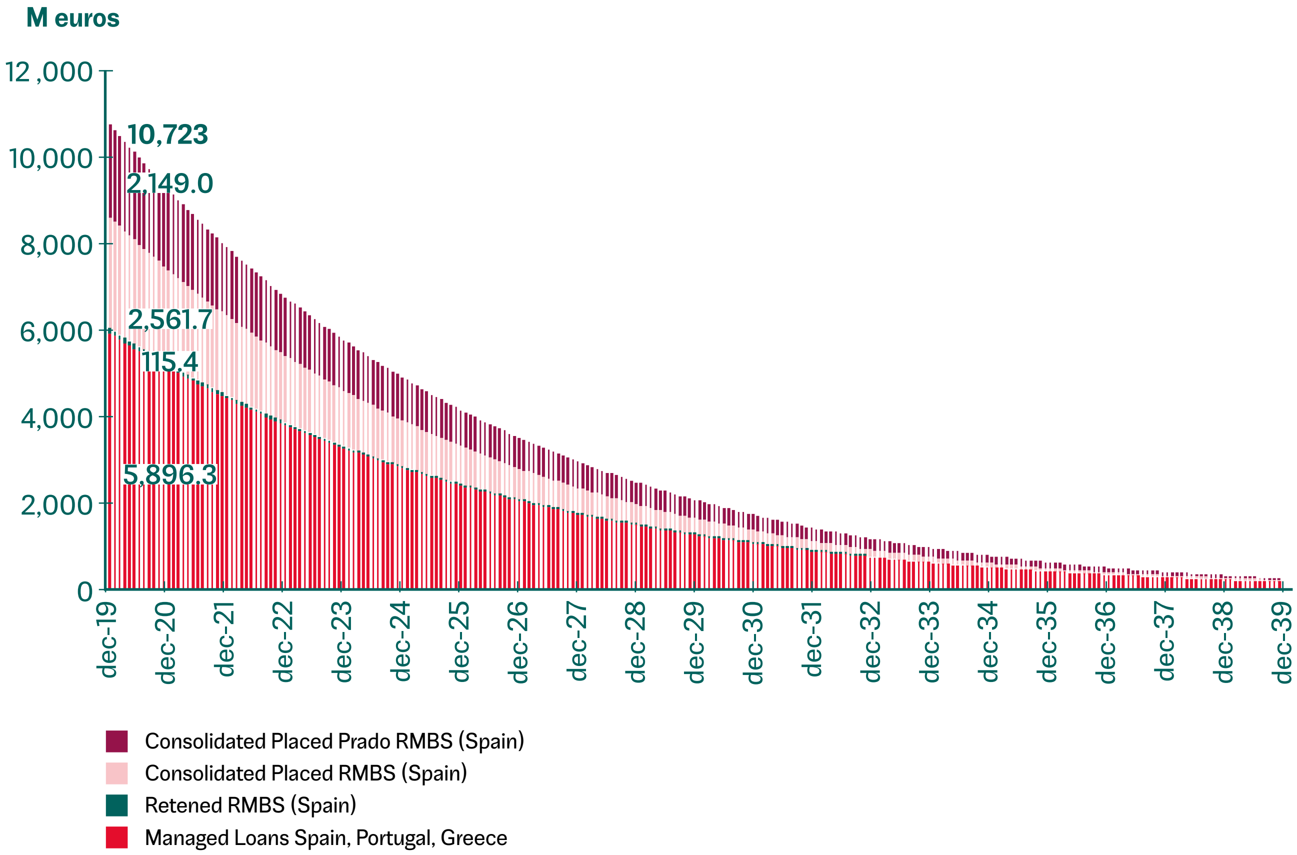
Portugal: Probability of default by scoring tranches. Years 2009-2019



Consolidated interest rate risk coverage 2019



Downbreak outstanding managed loans balance and secured 2019



16. Credit investments

The detail of this caption at December 31, 2019 and 2018 is the following:

	31.12.19	31.12.18
Loans and advances to credit institutions	181,487	126,835
Loans and advances to other debtors	10,607,557	10,783,395
	10,789,044	**10,910,230**
Value corrections for asset impairment	-292,347	-325,242
Adjustments for accrued valuation interests	25,077	22,673
Adjustments for valuation of commissions	5,722	-13,026
	10,527,496	**10,594,635**

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

	31.12.19	31.12.18
Debtors with real guarantee residents	6,598,884	6,455,645
Credit with real guarantee non-residents	1,473,672	1,383,218
Doubtful debtors	1,326,224	1,388,459
Other term loans	1,205,555	1,553,427
Loans on demand and sundry	3,222	2,646
	10,607,557	**10,783,395**

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, 2019 and 2018 is as follows:

	31.12.19	31.12.18
On demand	35,642	37,724
Between 1 month and 3 months	76,810	81,234
Between 3 months and 6 months	370,513	78,317
Between 6 months and 1 year	1,359,341	313,268
Between 1 year and 5 years	1,425,660	2,467,190
Over 5 years	7,339,591	7,805,662
	10,607,557	**10,783,395**

The detail of the balance of impairment corrections for to Loans and Credits assets at December 31, 2019 and 2018 is as follows:

	31.12.19	31.12.18
Specific hedging	264,893	288,013
Generic hedging	27,454	37,229
Final balance	**292,347**	**325,242**

The Group, during 2019 and 2018, 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, 2019 and 2018, classified by segment, of those assets individually considered as impaired, on the basis of their individualized analysis (therefore, not including impaired financial assets on the basis of a collective assessment process of possible losses):

	Thousands of Euros	
	31.12.19	31.12.18
Individuals:		
Real guarantees		
Mortgage	1,298,808	1,355,742
Securities	-	-
Other	-	-
No guarantee	16,871	20,767
Developers:		
Real guarantees	-	-
Mortgage	10,545	11,950
Total	**1,326,224**	**1,388,459**

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, 2019 and at December 31, 2018, classified by type of financial instruments:

	Thousands of Euros	
	31.12.19	31.12.18
By type of counterpart	**3,222**	**2,646**
Public administrations		
Other sectors residents	2,861	2,271
Other sectors non-residents	361	375
Total	**3,222**	**2,646**

Credit quality of financial assets not overdue or impaired

Below, we present, at December 31, 2019 and 2018, the classification of debt instruments not at fair value through profit or loss based on the risk profile and guarantees contributed:

	Thousands of Euros	
	31.12.19	**31.12.18**
No appreciable risk	-	-
Low risk	5,306,207	4,930,125
Medium low risk	1,251,187	1,257,006
Medium risk	395,573	546,826
Medium-high risk	6,720	6,480
High risk	1,424,308	2,062,183
Total	**8,383,995**	**8,802,620**

In addition to financial assets impaired and not impaired, listed above, the entity classifies as substandard risk an amount of 894,116 thousand Euros at 2019 closing (589,670 thousand Euros at 2018 closing).

Credit risk with real estate construction and development

At December 31, 2019 and 2018, financing aimed to construction and real estate development amounted to 12,676 and 15,164 thousand Euros, out of which 10,545 and 11,950 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, 2019 is the following, in thousands of Euros:

		Gross amount	Excess on guarantee value	Specific hedge
Credit risk		12,676	8,324	6,895
	Defaulter	10,545	6,109	6,697
	Subjective doubtful	-	-	-
	Substandard	481	142	205
Memorandum item				
	Generic hedge fund	-		-
	Defaulted	-		-

Quantitative information on real estate risk at December 31, 2018 was the following, in thousands of Euros:

		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				
	Generic hedge fund	-		-
	Defaulted	-		-

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

	31.12.2019	31.12.2018
Without specific guarantee	-	-
With mortgage guarantee	12,676	15,164
Finished buildings-houses	9,780	10,056
Finishes buildings-others	-	-
Buildings under construction-houses	257	598
Buildings under construction-others	-	-
Urbanized land	2,639	4,510
Land-other		

Risk retail mortgage portfolio

The quantitative information regarding the retail mortgage portfolio at December 31, 2019 and 2018 is the following:

	31.12.2019	31.12.2018
Credit to acquire houses	10,595,013	10,768,298
Without mortgage guarantee	90,264	104,125
Doubtful	16,871	20,767
With mortgage guarantee	10,504,749	10,664,173
Doubtful	1,298,808	1,356,144

Ranges of loan to value (LTV) of the retail mortgage portfolio at December 31, 2019 are the following:

	LTV <=40%	40%<LTV<=60%	60% <LTV<=80%	80%<LTV <=100%	LTV >100%
Outstanding credits to acquire houses, With mortgage guarantee	1,338,860	2,462,052	2,703,389	2,119,490	1,880,958
Doubtful credits to acquire houses, With mortgage guarantee	18,705	63,903	173,697	300,967	741,536

Ranges of loan to value (LTV) of the retail mortgage portfolio at December 31, 2018 are the following:

	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

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, 2019 and 2018 amounts to 115,415 and 130,767 thousand Euros, respectively.

During 2018, the Company transferred mortgage loans to the securitization fund, 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, 2019 and 2018, associated to securitization operations, where the Entity has kept substantial risks and benefits:

(In thousands of Euros)	2019	2018
Asset Securitization Fund UCI 10	87,492	98,058
Asset Securitization Fund UCI 11	146,782	162,981
Asset Securitization Fund UCI 12	213,432	234,539
Asset Securitization Fund UCI 14	398,260	435,630
Asset Securitization Fund UCI 15	480,186	521,665
Asset Securitization Fund UCI 16	663,687	731,163
Asset Securitization Fund UCI 17	581,033	627,018
Asset Securitization Fund UCI 18	-	-
Asset Securitization Fund Prado I	326,020	353,341
Asset Securitization Fund Prado II	404,053	438,290
Asset Securitization Fund Prado III	337,317	363,670
Asset Securitization Fund Prado IV	333,574	356,691
Asset Securitization Fund Prado V	358,878	386,379
Asset Securitization Fund Prado VI	389,566	416,155
TOTAL	**4,720,280**	**5,125,580**

During 2017 and 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 2019 and 2018 was the following:

	31.12.17	Additions	Write offs	Reclassification	31.12.18	Additions	Write offs	Reclassification	31.12.19
Foreclosed estates	475,068	91,539	-106,113	-27,291	433,203	82,845	-93,820	-16,130	406,098
Provisions foreclosed estates	-109,195	-23,741	32,995	3,018	-96,923	-33,439	32,520	974	-96,868
	365,873				**336,280**				**309,230**

Additionally, this caption of the balance sheet included at December 31, 2018 a prepayment to suppliers, for an amount of 2,547 thousand Euros.

The amount registered as reclassification corresponds to estates that, during 2019 and 2018, have been reclassified into the caption of Property Investments of the balance sheet (note 19).

The sale of estates in 2019 has implied profits on the net book value by 2,891 thousand Euros (profits by 6,391 thousand Euros in 2018). 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, 2019 is the following:

	Entry carrying value	Hedge
Real estate assets originated from financing to construction and real estate development companies	5,845	(2,945)
Finished buildings: housing or others	5,149	(2,759)
Buildings under construction: housing or others	-	-
Land: urbanized land or others	696	(186)
Real estate assets originated on mortgage financing to families to acquire houses	400,252	(93,923)
Remaining foreclosed real estate assets		
Equity instruments, participations and financings to non-consolidated companies holding such assets		

Quantitative information regarding foreclosed assets at December 31, 2018 is the following:

	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		

The classification of foreclosed assets, at December 31, 2019 and 2018, based on their nature and permanence in the balance sheet, is the following:

2019	Less than 3 years	More than 3 years	Total
Finished buildings	176,315	228,786	405,101
Buildings under construction	-	-	-
Land	107	890	997

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

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 2019 and 2018, 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 2019, to finance this kind of operations amounted to 56,713 thousand Euros (74,225 thousand Euros during 2018).

The outstanding balance of this kind of financing at December 31, 2019 and 2018 amounted to 668,317 and 651,996 thousand Euros, respectively.

The average percentage financed for operations of this kind, outstanding at December 31, 2019 and at December 31, 2018, 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, 2019 and 2018 is the following:

	31.12.17	Additions	Write-offs	31.12.18	Additions	Write-offs	31.12.19
Assets for own use	30,975	1,418	-862	31,531	3,404	-	34,935
Accumulated amortization of goods for own use	-28,096	-1,497	862	-28,731	-2,228	-	-30,959
	2,879			**2,800**			**3,976**

The amount of fully-depreciated elements accounts for 16,572 thousand Euros (27.700 thousand Euros in 2018).

19. Property investments

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

	31.12.17	Additions	Write-offs	31.12.18	Additions	Write-offs	31.12.19
Assets for own use	106,507	24,273	-8,021	122,759	15,156	-9,195	128,720
Accumulated amortization of goods for own use	-3,008	-1,276	284	-4,000	-1,410	404	-5,006
Impairment corrections	-1,455	-159	404	-1,210	-708	260	-1,658
	102,044			**117,549**			**122,056**

Additions in 2019 and 2018 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 2.8 million Euros (2.8 million Euros at December 31, 2018) and operating expenses for all associated concepts have been of 3,563 thousand Euros (3,224 thousand Euros at December 31, 2018), out of which 2,117 thousand Euros correspond to amortization and value corrections (1,435 thousand Euros at December 31, 2018). 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, 2019 and 2018 is the following:

	Assets		Liabilities	
	2019	2018	2019	2018
Current taxes	3,641	545	1,572	1,463
Deferred taxes	88,142	74,041	-	-
For commissions	-	-		
For derivatives	18,914	4,273		
For impairment corrections	50,360	51,880		
Tax credits	18,868	17,888		
	91,783	**74,586**	**1,572**	**1,463**

As a consequence of the Corporate Income Tax regulations applicable to the Entity, certain differences arose in the financial years 2019 and 2018 between accounting and tax criteria recorded in deferred taxes when calculating and recognizing the corresponding Corporate Income Tax.

21. Other assets and other liabilities

The detail of other assets at December 31, 2019 and 2018 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 Entity 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, 2019, of an asset by approximately 352 million Euros (377 million Euros at December 31, 2018), 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 5,225 thousand Euros (4,272 thousand Euros in 2018) 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, 2019 and 2018 is the following:

	31.12.19	**31.12.18**
Accruals	16,855	26,088
Other concepts	15,717	10,442
TOTAL	32,572	36,530

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.

	2019	2018
	Days	Days
Average payment period to suppliers	15	15
Ratio of paid operations	85,54%	83%
Ratio of payable operations	14,46%	17%
	Amount (Thousands of Euros)	Amount (Thousands of Euros)
Total settled payments	58,680	49,885
Total outstanding payments	9,923	10,217

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, 2019 and 2018 is the following:

	31.12.19	31.12.18
Loans and advances to credit institutions	7,720,310	7,196,015
Deposits from other creditors – Issued interests	1,551,098	2,087,177
Debits represented by marketable securities	1,561,984	1,660,353
Subordinated liabilities	80,000	80,328
	10,913,392	**11,023,873**

The detail of financial liabilities at amortized cost as per their residual term at December 31, 2019 and 2018 is the following:

	31.12.19	31.12.18
Up to 3 months	4,743,269	5,656,782
From 3 to 6 months	1,890,005	596,913
From 6 months to 1 year	241,600	303,630
Over 1 year	845,436	638,690
	7,720,310	**7,196,015**

In 2019, interest rates of live financial liabilities ranged between 2.032% and -0.003%.

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

The caption "Deposits from other creditors – issued interests", for an amount of 3,702,446 and 4,319,105 thousand Euros at December 31, 2019 and 2018, respectively, includes 4,893,289 and 5,302,864 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 (see note 2). This amount is net of bonds issued for securitization funds acquired by the Group for a global amount of 1,186,203 and 1,157,658 thousand Euros at December 31, 2019 and 2018, respectively.

During 2019 and 2018, the company has carried out several repurchases of securitization bonds of Funds UCI 10-17, for a total nominal amount of 87,500 thousand Euros at December 31, 2019 (129,514 thousand Euros at December 31, 2018) , 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 14,825 thousand Euros (17,609 thousand Euros in 2018), booked under the caption "Results from financial operations (net)" of the profit and loss account of 2019 and 2018.

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 have been sold, for an amount of 6.5 M€ for sales of Prado II, generating capital gains by 0.1 M€, which were registered on caption "Profit/(Loss) from financial operations (net)" on the profit and loss account of 2018.

Mortgage bonds

During 2019, a Securitization Fund "Structured Covered Bonds" has been constituted, for a maximum amount up to 1,500 billion Euros. This securitization's assets are made up of mortgage bonds. For these purposes, on July 25, 2019, the Fund issued an amount of 500 M€, with maturity at October 15, 2024, which have been fully subscribed by UCI EFC. This amount of 500 M€ is therefore backed by mortgage bonds issued by UCI, EFC and acquired by the Fund.

Such bonds are not listed in a regulated market.

Convertible bonds

On June 26, 2019, subordinated perpetual contingent bonds ("CoCos) convertible into shares of UCI S.A. were issued, which are admitted to trading in the Fixed Income Alternative Market ("MARF"), for a total amount of 82 M€. These bonds have been issued at par and have a unit nominal value of 200,000 Euros.

They are perpetual securities, although they could be converted into newly-issued ordinary shares in UCI, in those cases where there was a common equity tier 1 ratio (CET1) below 5.125%, calculated according to Regulation (EU) 575/2013 of the European Parliament and the Council, of 26 June, on prudential requirements of credit institutions and investment entities. The securities' conversion price will be the highest between (i) the fair value, and (ii) the nominal value of UCI's ordinary shares at conversion.

Securities are considered Additional Tier 1 Capital.

Bonds will accrue a non-cumulative remuneration calculated at an annual interest rate, quarterly payable, of:

- Percentage applied on the nominal of Coco bonds of 7.5% from the date of reimbursement (included) to the fifth anniversary (excluded).

- From the fifth anniversary, and onwards for every five years, adding a margin of 788.8 basic points to the applicable 5-year mid-swap rate.

Remuneration expenses of preference shares contingently convertible into ordinary shares amount to 3,193 thousand Euros at December 31, 2019. The net expense of their tax impact has been registered in the caption of "Other reserves" of equity.

Subordinated liabilities

The detail of loans subscribed and their main conditions at December 31, 2019 is the following:

Financial entity	Maturity date	Interest rate	Instalments	Non-current liabilities	Current liabilities
BS	12/12/2029	Euribor + 2,5	Half-yearly	40,000	
BNPP PF	12/12/2029	Euribor + 2,5	Half-yearly	40,000	
Total				**80,000**	-

At December 2019, the existing subordinated debt of 80 million Euros, granted by Banco Santander and SAGIP, was cancelled, and a new issuance was made by the same amount and subscribed at equal shares by Banco Santander and BNP Paribas Personal Finance, with a 10-year maturity, referenced at Euribor 6M+2.5.

The detail of subscribed loans and their main conditions at December 31, 2018 is the following:

Financial entity	Maturity date	Interest rate	Instalments	Non-current liabilities	Current liabilities
BS	30/05/2023	Euribor + 3,75	Half-yearly	12,500	
BS	28/10/2024	Euribor + 3,35	Half-yearly	17,500	
BS	28/11/2024	Euribor + 3,33	Half-yearly	10,000	
SAGIP	30/05/2023	Euribor + 3,75	Half-yearly	12,500	
SAGIP	28/10/2024	Euribor + 3,35	Half-yearly	17,500	
SAGIP	28/11/2024	Euribor + 3,33	Half-yearly	10,000	
Total				**80,000**	-

Accrued interests not matured in the year are also included in this caption of the accompanying balance sheets.

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 are 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, 2019 and 2018 is the following:

Thousands of Euros	2019		2018	
	Assets	Liabilities	Assets	Liabilities
Trading derivatives	19,140	8,519	4,045	6,267
	19,140	8,519	4,045	6,267

The detail per currency, maturity and notional of caption Trading derivatives on balance sheets at December 31, 2019 and 2018 is the following:

In thousands of Euros	2019		2018	
	Assets	Assets	Assets	Liabilities
Per currency:				
in Euros	19,140	8,519	4,045	6,267
	19,140	8,519	4,045	6,267

24. Asset and liability hedging derivatives

These captions on the consolidated balance sheets at December 31, 2019 and 2018 break down as follows:

Thousands of Euros	2019		2018	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges	20	63,787	-	14,612
	20	63,787	-	14,612

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, 2019 and 2018 is the following:

In thousands of Euros	2019		2018	
	Assets	Assets	Assets	Liabilities
Per currency:				
in Euros	20	63,787	-	14,612
	20	**63,787**	**-**	**14,612**

The detail of the balance on the caption Hedging Derivatives on the balance sheets at December 31, 2019 is the following:

In thousands of Euros	2019		
	Notional value	Fair value	
		Assets	Liabilities
Other interest rate operations:			
Financial swaps	6,635,500	20	63,787

The detail of the balance on the caption Hedging Derivatives on the balance sheets at December 31, 2018 is the following:

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

The notional amount of contracts of Hedging derivatives on assets and liabilities does not imply the risk assumed by the Entity 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, 2019 and 2018 is the following:

In thousands of Euros	2019	2018
Financial assets held for sale:		
Debt securities	-	-
Cash flow hedges	-44,130	-9,652
Other valuation adjustments	-	-
	-44,130	**-9,652**

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 2019 and 2018 is the following:

In thousands of Euros	2019	2018
Opening balance	-9,652	1,886
Additions ,	-34,478	-11,538
Withdrawals	-	-
	-44,130	**-9,652**

26. Equity

The share capital at December 31, 2019 and 2018 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, 2019 and 2018 is as follows:

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

Legal Reserve

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

Determination of net equity

As a consequence of the application of the accounting reporting criteria established by the Bank of Spain, the balances for the following headings have to be considered for determining the Group's net equity at December 31, 2019 and 2018:

	2019	2018
Basic equity	514,528	427,198
Second-category equity Deductions basic and second-category equity	107,454 -	112,229 -
	621,982	539,427
Minimum requirements	433,826	447,705

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, 2019 and 2018, 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 the following:

	Balance	Var.	Reclassification	Balance	Var.	Other	Balance
	31.12.17	year	Reserves	31.12.18	year		31.12.19
Parent company	50,722	(564)	-	50,158	(309)	-	49,849
Consolidated companies	272,622	7,039	-	279,661	9,315	-2,175	286,801
	323,344		-	**329,819**		-	**336,650**

27. Balances and transactions with group companies

Balances with Group Companies at December 31, 2019 and 2018 are the following:

	31.12.19	31.12.18
Loans and receivables-loans and advances in credit institutions		
Santander	84,324	98,180
BNP Paribas	20,021	8,320
BNP Paribas Real Estate, S,A,	-	-
Securitizations		
Account receivable Managing entity securitization funds	352,333	376,122
Financial liabilities at depreciated cost		
Santander	3,519,977	3,302,418
BNP Paribas	3,566,526	3,611,418
Societe Anonyme de Gestion D'Investissements et de Participations (SAGIP)	-	40,164
Financial expenses-loans		
BNP Paribas	12,192	13,737
Santander	11,079	13,708
Societe Anonyme de Gestion D'Investissements et de Participations (SAGIP)	1,189	1,298
Financial results net-Financial instruments		
Expenses swaps Santander	7,278	11,613
Expenses swaps BNP Paribas	9,351	7,685
Expenses CMS BNP Paribas	-	-
Expenses CMS Santander	-	-
Fees perceived		
Santander	17	28

28. Tax position

The Group has open for tax audit the tax years 2016 to 2019, 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 2015.

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 2019 and 2018 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 the following:

	31.12.19	31.12.18
Accounting result before tax	14,989	9,958
Results from subsidiaries not included in the tax consolidation	-9,104	-6,376
Consolidated accounting result before tax	5,885	3,582
Permanent differences	-2,393	742
Temporary differences	-6,483	7,371
Tax assessment basis	-2,991	11,695
Compensation of tax assessment bases		
Tax charge	-	3,509
Compensation temporary differences (25%)	-	-877
Compensation tax losses carried forward (25%)	-	-659
Others	-	20
Income Tax interim payments	-2,610	-1,811
Tax payable	-2,610	182

The tax expense's calculation is the following:

	31.12.19	31.12.18
Accounting result before tax	14,989	9,958
Results from subsidiaries not included in the tax consolidation	-9,104	-6,376
Consolidated accounting result before tax	5,885	3,582
Permanent differences	-2,393	742
Total	**3,492**	**4,324**
Tax expense	1,048	1,297
Tax previous years	59	-1,069
Tax expense Branch in Portugal	1,000	720
Temporary differences	-	-
Others	-	4
Tax expense	2,107	952

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, 2019 and 2018 is the following:

	31.12.19	31.12.18
COMMITMENTS		
Commitments – available by third parties	17,195	12,787
For other residing sectors	17,195	12,787

At December 31, 2019 and 2018, 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, 2019 and 2018 is as follows:

	31.12.19	31.12.18
Deposits in credit institutions	-	-
Credit to customers	146,621	146,719
Doubtful assets	48,258	57,708
Other interests	16,385	14,301
	211,264	**218,728**

31. Interests and similar charges

The detail of this consolidated income statement heading for the financial years ended December 31, 2019 and 2018 is as follows:

	31.12.19	31.12.18
Loans and advances to credit institutions	29,865	35,760
Other interests	39,123	42,648
	68,988	**78,408**

32. Personnel costs

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

	31.12.19	31.12.18
Wages and salaries	25,328	24,794
Contributions to Social Security	8,618	8,437
	33,946	**33,231**

The average number of the Group's employees, distributed by categories and gender, at December 31, 2019 and 2018, has been the following:

	31/12/2019			31/12/2018		
	Male	Female	Total	Male	Female	Total
Group III						
A	109	184	293	99	175	274
B	39	74	113	49	71	120
C	41	51	92	43	68	111
Group II						
A	15	8	23	15	8	23
B	2	1	3	3	1	4
C	49	55	104	50	50	100
Group I						
A	20	4	24	20	4	24
B	25	4	29	26	4	30
C	1	4	5	1	4	5
Others						
Total	**301**	**385**	**686**	**306**	**385**	**691**

33. Other administration overheads

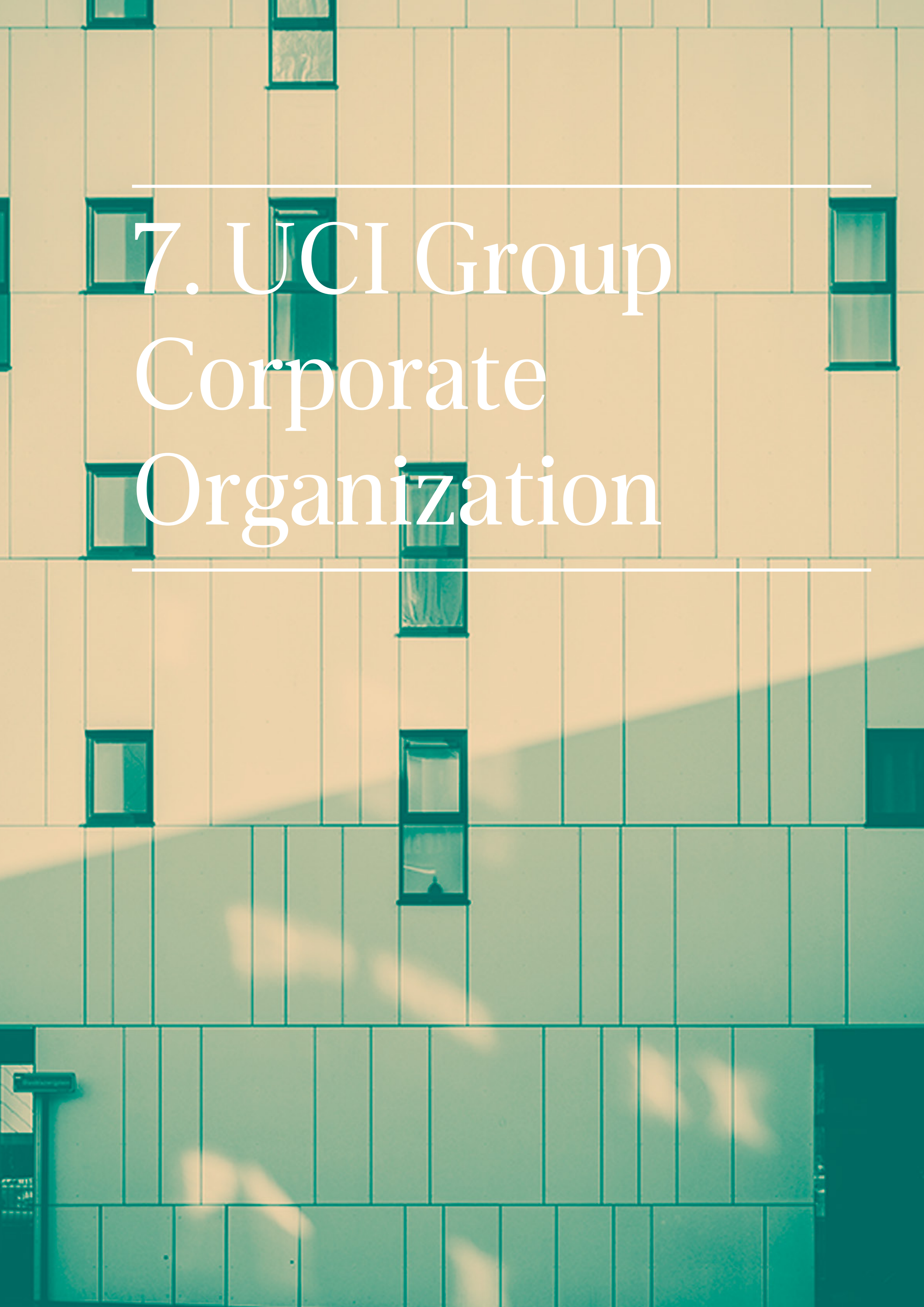
The composition of this heading in the accompanying consolidated income statement is as follows:

	31.12.19	31.12.18
On properties, installations and materials	7,320	7,226
Information technology	2,171	2,205
Communication	1,455	1,711
Advertising and Propaganda	4,733	4,067
Legal and lawyers' fees	5,433	6,450
Technical reports	67	134
Insurance premiums	450	466
Representation costs and trips	972	1,125
Membership fees	46	47
Sub-contracted administrative services	4,721	4,445
Local levies and taxes	7,423	8,670
Other charges	17,551	15,579
	52,342	**52,125**

34. 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.

7. UCI Group Corporate Organization



UCI GROUP: Subsidiaries, Investees and Branches 2019

UCI

- 50% Santander
- 40% BNP Paribas Personal Finance
- 10% BNP Paribas

- Unión de Créditos Inmobiliarios S.A., Establecimiento Financiero de Crédito
  100% UCI S.A.
  - UCI España
  - UCI Portugal
    Sucursal
- Retama Real State, S.A.U.
  100% UCI S.A.
- 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 LDS / *Portugal*
  100% UCI S.A.
- UCI Holding Brasil LTDA
  99,9% UCI S.A.
  0,1% Retama Real State S.A.U.
  - Companhia Promotora, UCI S.A.
    50% UCI Holding Brasil LTDA
- UCI Greece Credit and Loan Receivables Servicing Company / *Portugal*
  100% UCI S.A.

* On March 27, 2019, Bank of Portugal, by virtue of the Portuguese regulations, authorized the transformation of the branch's legal status as a third country's branch..

Composition of the board of directors UCI Group

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: Benôit Patrice Stéphane 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., 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: Benoît Patrice Stéphane 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
UCI Servicios para Profesionales Inmobiliarios S.A.	**Chairman: Roberto Colomer Blasco** CEO of UCI **Board Member: José Manuel Fernández** COO Sales Area of UCI **Board Member: Philippe Laporte** COO Finance, Technology and Clients of UCI **Board Member: José Antonio Borreguero Herrera** IT Director of UCI **Board Member: José Gerardo Duelo Ferrer** Chairman General Council of COAPIS **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 of UCI Portugal **Board Member: Luis Mário Saraiva Fonseca Nunes** CEO of Compracasa Portugal **Board Member: Luis Carvalho Lima** Chairman of APEMIP **Board Member: Vasco Morgadinho Reis** Deputy-Chairman of APEMIP **Secretary of the Board of Directors: Magda Andrade** Legal Manager of UCI Portugal

UCI Group Corporate Organization

UCI Mediaçao de Seguros Unipessoal, LDA	**Director: Gregory Hervé Delloye** CFO of UCI Portugal **Director: Pedro Megre Monteiro do Amaral** CEO of UCI Portugal
Holding Brasil L.T.D.A.	**Director: Rui Filipe Amaral Lopes** Sales Director **Director: Carla José Da Silva Moniz** CFO
Companhia Promotora UCI	**Chairman: José Antonio Carchedi** **Deputy Chairman: Roberto Colomer Blasco** CEO of UCI **Board Member: Luis Felipe Carlomagno Carchedi** CEO Companhia Promotora UCI S.A. **Board Member: Luis Felipe Carlomagno Carchedi** CEO Companhia Promotora UCI S.A. **Board Member: Pedro Megre Monteiro do Amaral** CEO of UCI Portugal **Director: Carla José Da Silva Moniz** CFO **Director: Rui Filipe Amaral Lopes** Sales Director
UCI Greece Credit and Loan Receivables Servicing Company	**Chairman: Pedro Megre Monteiro do Amaral** CEO of UCI Portugal **Board Member: Aristidis Arvanitakis** CEO UCI Greece **Independent Board Member: Dominique Bernard Marie Servajean** Director partner of Bedor Excem

Composition of the Committees of the Board of Directors of UCI group

UCI Group Audit and Risk 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, Suitability and Remunerations	**Chairman: Matías Rodríguez Inciarte** Chairman of Santander Universidades **Member: Benôit Patrice Stéphane Cavelier** Deputy Managing Director at BNP Paribas Personal Finance

Composition of the Management and Executive Committee

UCI Group Management Committee	**Roberto Colomer Blasco** CEO **José Manuel Fernández** COO Sales Area **Philippe Laporte** COO Finance, Technology and Clients **Ángel Aguilar Otero** HR Director **Ruth Armesto Carballo** Open Channel Director **Rodrigo Malvar Soto** Risk Director **Pedro Megre** CEO of UCI Portugal **Olivier Rodríguez** Director General Intervention
UCI Group. Executive Committee	**Anabel del Barco del Barco** Director of Corporate Responsibility and Communication **José Antonio Borreguero Herrera** IT Director **Eduardo Isidro Cortina Romero** Director of Legal Department and Compliance Officer **Fernando Delgado Saavedra** Director of Professional Marketing **Francisco José Fernández Ariza** Director of Professional Services **Cecilia Franco García** Director of After-sales and Management of Estates **José García Parra** Director of Projects of UCI Sales Organization **Marta Pancorbo García** Director of Simplification **Tomás Luis of the Pedrosa Masip** Director of Internal Audit **Miguel Ángel Romero Sánchez** Director of Clients **Francisco Javier Villanueva Martínez** Director of Risk assessment and quality
UCI Portugal Management and Executive Committee	**Pedro Megre Monteiro do Amaral** CEO **Gregory Hervé Delloye** Risk and Financial Director **José Portela** Director of Clients **Luis Nunes** CEO Compracasa **Pedro Pereira** Marketing Director **Carlos Vintem** Sales and Marketing Director

UCI Group Corporate Organization

UCI Greece Credit and Loan Receivables Servicing Company, Executive Committee	**Aristidis Arvanitakis** CEO UCI Greece **Pedro Megre Monteiro do Amaral** CEO UCI Portugal **Thanasis Diorelis** Director of After-sales and Trading of Estates **Christos Gramatikopoulus** Administrative and Financial Director **Thanasis Philippou** Director of Operations and Recoveries
Companhia Promotora UCI Executive Committee	**José Antonio Carchedi** Chairman **Roberto Colomer Blasco** CEO UCI **Luis Felipe Carlomagno Carchedi** CEO Companhia Promotora UCI S.A. **Pedro Megre Monteiro do Amaral** CEO UCI Portugal

List of UCI branch offices

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03003 Alicante

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04004 Almería

Barcelona Premium
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08007 Barcelona

Castellón
Mayor, 94, 4º
12001 Castellón

Córdoba
Pza. de Las Tendillas, 5, 1º
14002 Córdoba

Gijón
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33202 Gijón

Gran Canaria
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35003 Las Palmas
de Gran Canaria

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Jerez
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Príncipe de Vergara, 43 - 3º
28001 Madrid

Málaga
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29001 Málaga

Marbella
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Murcia
Gran Vía Escultor Francisco
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