Rating Report

Unión de Créditos Inmobiliarios, E.F.C. (UCI)

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DBRS

Insight beyond the rating.

Ratings

Issuer	Obligation	Rating	Rating Action	Trend
Unión de Créditos Inmobiliarios, E.F.C.	Long-Term Issuer Rating	A (low)	Confirmed Mar '19	Stable
Unión de Créditos Inmobiliarios, E.F.C.	Short-Term Issuer Rating	R-1 (low)	Confirmed Mar '19	Stable

See back of report for complete rating list.

Rating Drivers

Factors with Positive Rating Implications

- Given the SA1 designation, which implies the expectation of predictable support from the shareholders, UCI's ratings will generally move in tandem with the ratings of its lower rated shareholder.

Factors with Negative Rating Implications

- The ratings of UCI may deviate from those of the shareholders if, in DBRS's opinion, the likelihood of support was to reduce or if the ownership structure were to change.

Rating Considerations

Franchise Strength: Unión de Créditos Inmobiliarios E.F.C. (UCI) is a specialised mortgage lender that offers products in Iberia, with a mortgage market share in Spain of around 2%. UCI is a Joint Venture between Banco Santander S.A and BNP Paribas Group. UCI's ratings benefit from the support of its shareholders.

Earnings Power: As a monoline mortgage lender, UCI´s revenues are concentrated in mortgage book interest income and lack diversification. However, UCI´s business model is underpinned by a cost-efficient branch network.

Risk Profile: Credit risk is high, although Non-Performing Loan (NPL) ratio is improving. Weak risk profile metrics with Provisions over IBPT averaging 71% since 2011.

Funding and Liquidity: High reliance on short term funding from shareholders, albeit this has reduced with the use of the company's RMBS program since 2015. Liquidity metrics such as Secured Debt over total funding are good at around 34% at 1H19.

Capitalisation: Moderate profile due to tight capital cushion over requirements. Demonstrated willingness and ability for internal support from shareholders.

Financial Information

Union de Creditos Inmobiliarios (UCI)	1H19	2018	2017	2016	2015
EUR Millions					
Total Assets	11,939	11,932	12,099	12,141	12,239
Equity	484	395	396	383	403
Income Before Provisions and Taxes (IBPT)	49	83	97	134	106
Net Income	13	11	10	12	3
IBPT over Avg RWAs	0.9%	0.8%	0.9%	1.2%	0.9%
Impairments / IBPT	*44.1%*	*59.3%*	*57.1%*	*61.3%*	*61.5%*
Cost / Income ratio	*48.5%*	*50.2%*	*44.7%*	*37.4%*	*41.6%*
Gross NPLs over Gross Loans*	11.7%	12.7%	13.5%	12.6%	14.1%
Tier 1 Ratio	9.4%	7.1%	6.9%	7.3%	7.3%

*Source: Company Reports and DBRS. *Including +90 days NPLs and doubtful loans (subjective).*

Issuer Description

Union de Créditos Inmobiliarios E.F.C. (UCI) is a specialised company offering mortgage financial services in Spain and Portugal. UCI is a Joint Venture (JV) between Banco Santander S.A and BNP Paribas Group.

Rating Rationale

UCI's support assessment remained SA1, which implies the expectation of predictable support from its shareholders. DBRS has an A (high) Long-Term Issuer Rating with a Stable Trend on Santander and a Long-Term Issuer Rating of AA (low) with a Stable Trend on BNPP. The Issuer Rating for UCI is two notches below the Issuer Rating of Santander (the lower rated shareholder), reflecting both an expectation of a high likelihood of parental support in case of need, as well as that UCI is a non-bank subsidiary in which neither shareholder has a majority stake. DBRS notes that due to its ownership and the expectation of support, UCI's ratings are positioned multiple notches above the entity's intrinsic creditworthiness.

Franchise Strength

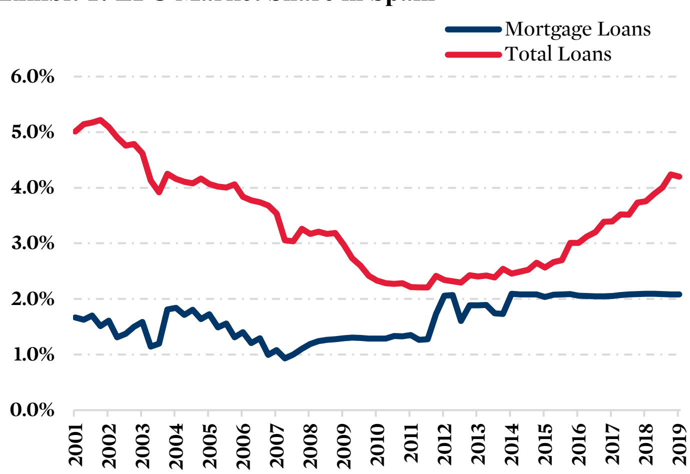
UCI S.A. was created in 1989 as a Joint Venture between Banco Santander S.A. (Santander) (50%), Union Credit pour le Batiment S.A. (40%) and Compagnie Bancaire, S.A. (10%). With both the latter two entities becoming part of the BNPP Group, UCI is now a Joint Venture (JV) between Santander and BNPP with both groups holding a 50% stake. UCI S.A. is a holding company which in turn owns 100% of UCI E.F.C., the rated entity. UCI's ratings benefit from the support of its shareholders.

UCI is a finance company, "Establecimiento Financiero de Credito" (EFC), which means it is not allowed to take deposits but is regulated by the Bank of Spain. The EFC sector represents around 4% of total gross loans in Spain as of June 2019, with a total exposure of EUR 49 billion targeting three different sectors i) Autos, ii) Consumer Finance and iii) Residential Mortgages. UCI operates in the latter sector and is the largest EFC with around EUR 9.5 billion of mortgage loans in Spain. As of March 2019, the Residential Mortgage market in Spain totals around EUR 490 billion of loans of which EFCs represents 2% of the total volume (Exhibit 1). Traditionally, EFCs have targeted clients with a riskier credit profile. This has translated into higher NPLs ratios and higher margins than retail banks. However, DBRS recognises that UCI's asset quality on new lending has, to date, shown better performance.

UCI has around EUR 11 billion of loans under management, has a mortgage market share in Spain and Portugal of around 2% at end-2018 and operates mainly in Iberia with 88% of loans to Spanish borrowers and 10% to Portuguese borrowers at end-2018. The entity has non-material exposures in Greece and new lending ceased in 2011. The Greek branch has closed during 1H19, with all its loans transferred to the parent UCI EFC. In DBRS's view, UCI´s business is highly correlated with the Spanish housing market and the Spanish mortgage market, which was impacted by the global financial crisis and the real estate bubble in Spain. This is reflected in UCI´s new lending activity which peaked at EUR 3.5 billion during 2006 and was at a lower level of EUR 709 million in 2018, albeit up 32% Year on Year (Exhibit 2). DBRS notes that with the assistance of essential liquidity support from its shareholders, UCI has been able to manage through a very challenging economic and financial environment since 2008. In this context, DBRS considers as positive the re-opening of the Spanish RMBS market in 2015 through the company's RMBS program (Prado Program).

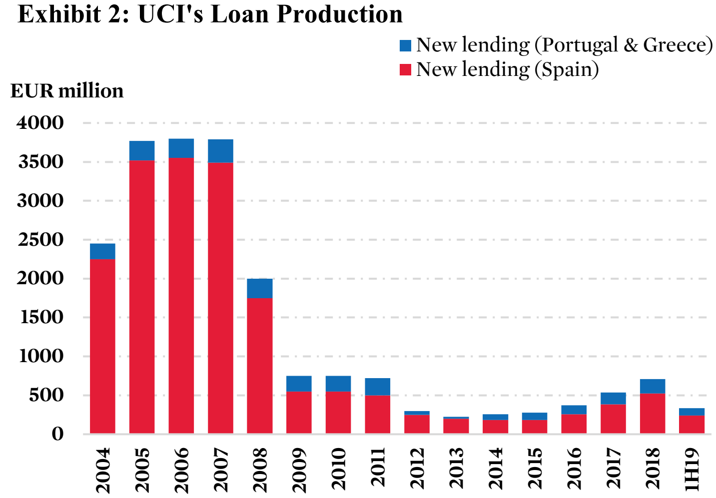
UCI provides retail mortgages through two channels: i) Real Estate Broker or Intermediaries Agents, accounting for around 80% of the total new loans during 2018 and ii) the internet, which represented around 20% of new loans in 2018. As of June 2019, UCI had 24 branches in Spain and 8 in Portugal in which their UCI Real Estate Broker Agents operates. In addition, UCI is part of a Real Estate network, "Comprarcasa" created in Spain (2000) and Portugal (2004) which provides UCI's Agents with prospective clients.

Exhibit 1: EFC Market Share in Spain



Source: DBRS and Bank of Spain

Exhibit 2: UCI's Loan Production



Source: DBRS and Company Reports. Origination in Greece ended in 2011.

Earnings Power

DBRS views UCI´s earnings power as constrained due to the lack of revenue diversification as its income is concentrated mainly in net interest income from its mortgage book. UCI's profitability remains negatively affected by low activity in the Spanish mortgage market since the beginning of the global financial crisis. This is also reflected in a low return on equity (RoE) of 2.7% and a net income of EUR 10.6 million in 2018, stable from EUR 10.3 million in 2017. Positively, UCI´s business model is underpinned by a cost-efficient branch network, although in recent years the cost-to-income ratio has deteriorated from 32.8% in 2014 to 50.2% in 2018, affected by the low interest rate environment and higher administrative costs related to the legal and operational management of foreclosed assets. As a result of the monoline nature of its business, UCI's profitability is driven mainly by three factors: Net Interest Margin, loan volumes and loan loss provisions related to its mortgage portfolio loan book.

UCI's Net Interest Margin (NIM) has reduced in recent years. In recent years UCI has offered mixed and fixed rate mortgages in order to improve margins and risk profile, and since 2015 these have accounted for more than 70% of UCI's new lending. However, UCI's mortgage loan book still mainly compromises variable rate loans (90% of the total loans), with the balance split into mixed rate loans (5%) and fixed rate loans (5%). In addition, yields on the mortgage book are affected by the highly competitive environment in Spain, with the mortgage market having tight customer spreads, as Banks use mortgages loans as an anchor point to sell additional banking products.

Loan volumes have been affected by the deleveraging process that has taken place in the Spanish economy and in particular Spanish households, which peaked at the beginning of the global financial crisis. Since then, credit demand for residential real estate in Spain (Exhibit 3) has remained subdued, affecting UCI's loan activity. Even though the market has grown since 2013, UCI's new loan production has not compensated for the maturing loans, resulting in a net reduction in the total stock of loans during recent years. DBRS expects this to trend continue in 2019, negatively affecting UCI's profitability.

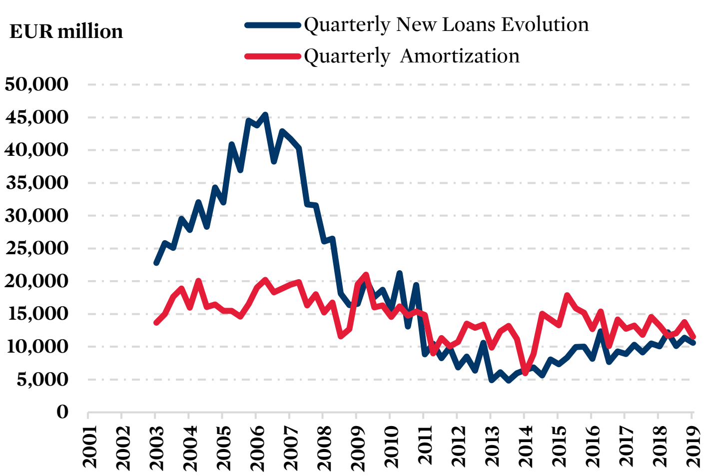
Impairment losses are the other main driver of UCI's earnings profile. UCI's cost of risk has averaged 89 bps since 2011, which is higher than traditional retail banks report on their mortgage loan books in Spain. Loan loss provisions have represented on average 68% of UCI's Income Before Provisions and Taxes (IBPT) since 2011. However, UCI's cost of risk is normalising and fell to 45 bps in 2018 and 49 bps in 2017. DBRS sees UCI's cost of risk as the main lever with which to maintain its current profitability during the medium term.

UCI's 1H19 Results

UCI´s net attributable profit in 1H19 was EUR 13.5 million, up from EUR 6 million in 1H18 (Exhibit 4) driven by lower loan loss provisions and higher NII. Income Before Provisions and Taxes (IBPT) was up by 8.9% YoY. Net Interest Income, which accounts for around 80% of UCI's total operating income, increased 12.1% YoY, positively affected by higher front book yields on new loans originated at fixed rates, coupled with stable loan book volumes. Net fees and commissions account for a modest 3.6% of UCI's total operating income. Results from financial operations have been driven mainly by buybacks at discounted prices of UCI´s securitised notes.

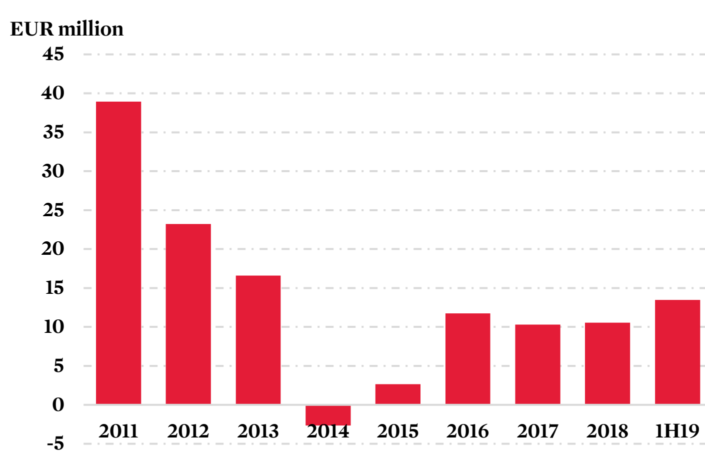
Total operating expenses during 1H19 were up 12.4% YoY affected by higher administrative costs related to the legal and operational management of foreclosed assets. UCI´s cost to income ratio stood at 49% in 1H19, which compared well with traditional Spanish retail banks, underpinned by UCI's smaller and more cost-efficient branch network. Loan loss impairments were down 27% YoY and the cost of risk decreased to 40bps, higher than traditional retail banks in Spain.

Exhibit 3: Spanish Mortgage Market Evolution



Source: DBRS, Bank of Spain

Exhibit 4: Net Income



Source: DBRS, Company reports

Risk Profile

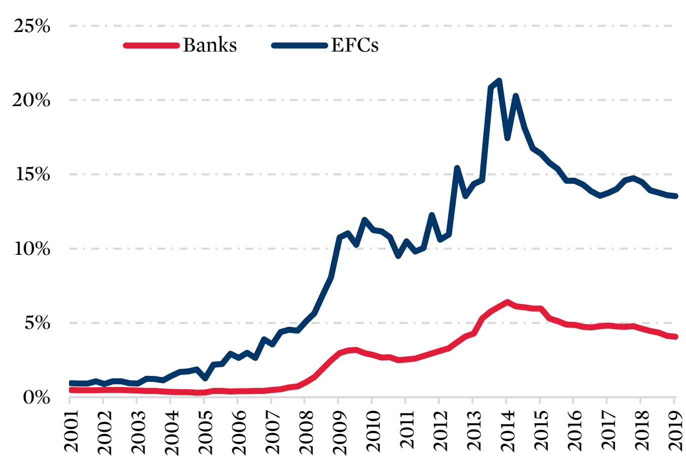
UCI's risk profile is mainly driven by its loan book which has an elevated Non-Performing Assets ratio (including Non-Performing Loans (NPLs) and Foreclosed Assets (FAS)) of 14.7% of gross loans and FAS at end-June 2019 (Exhibit 6). UCI`s NPL ratio improved to 11.7% at end-June 2019 down from 12.7% at end-2018, which is still very high compared to the aggregate mortgage NPL ratio of the Spanish banking system of 4.1% at end-March 2019. In addition, the high cost of risk has led to weak risk profile metrics, with provisions as a percentage of IBPT being around 71% on average since 2011. Other risks include interest rate risks related to maturity and repricing gaps between assets and liabilities. DBRS also considers in its analysis the potential litigation risks that UCI might face. The most relevant litigation risk is in relation to the IRPH mortgage index. The European Court of Justice (ECJ) is expected to rule on this issue in 2019, but the likelihood of an adverse ruling is low given the Spanish Supreme court has already ruled that the index complied with consumer regulations. As of end-June 2019, 49% of UCI´s loan book was referenced to the IRPH index.

Credit Risk
UCI has in the past targeted clients with a riskier credit profile than traditional retail banks. As a result, its NPL ratio (as calculated by DBRS and including defaulted and impaired loans) is higher than the traditional retail banks, at 11.7% at end-June 2019. This is in line with the rest of the EFC sector, which has historically had higher NPL ratios than traditional banks in Spain for retail mortgages loans (Exhibit 5). UCI's NPLs peaked at end-2013 at EUR 2.0 billion affected by the economic crisis in Spain. However, since then, credit quality, alongside the Spanish economy, has improved and NPLs stood at EUR 1.3 billion at end-June 2019. Around 85% of these arise from loans originated between 2005 and 2007. NPLs decreased 10% YoY during 1H19 due to improve economic conditions. At end-June 2019 the coverage ratio was 23.5%, lower than domestic peers. Due to the nature of the lending book, almost all NPLs are collateralized with real estate. Moreover, DBRS recognises that UCI's new lending has, to date, shown substantially better performance than the legacy loans.

Foreclosed Assets
Another source of risk for UCI is its large exposure to real estate arising from the FAS. Currently, UCI has an exposure of EUR 381 million of gross FAS plus EUR 118 million of gross rental assets. Coverage levels on FAS are around 21%. When comparing UCI's coverage levels with other domestic peers it is important to note that UCI has not repossessed assets related to developers, but only residential real estate. The value of these assets has been more stable through the economic cycle, although prices have also reduced substantially since 2007. Foreclosed asset risks arise from: i) the difference between the selling price and the book value, ii) new impairments on the stock of FAS, and iii) operating costs of the total stock, related to the payment of property taxes, utility bills and maintenance works. During 2018 UCI did not report a loss on the sale of its FAS, affected positively by the increase in real estate prices. However, its FAS operations are still loss-making due to new impairments and operating expenses.

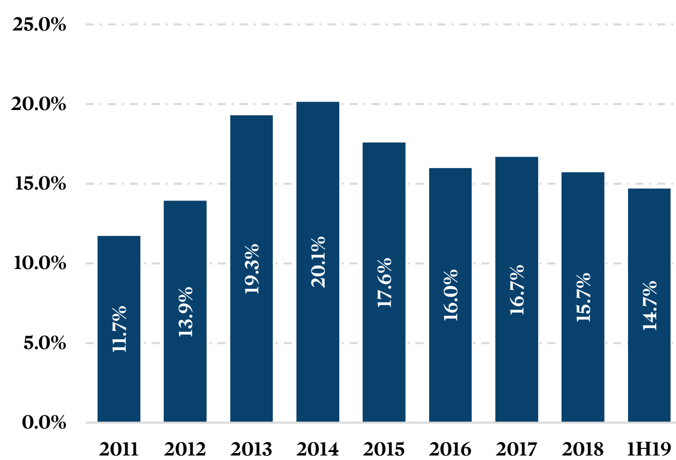
Interest Rate Risks
UCI's interest rate risk arises from maturity and repricing gaps between the assets and liabilities on the balance sheet. In particular, this arises from the mismatch between quarterly re-fixing coupons paid to investors on securitisations and the annual or semimanual re-fixing of its mortgage loan book. In addition, whereas liabilities are usually indexed to Euribor 3 months (net interest rate sensitivity after the use of interest rates swaps), its loan book exposures are linked to Euribor 12 months. This mismatch creates an interest rate risk which negatively affects the entity when the interest rate curve is inverted. UCI's has calculated its sensitivity under a stressed scenario of rates. According to its estimates, a shift upwards of 100 bps from current interest rate curves will reduce UCI's net margin by 5.61% over 12 months.

Exhibit 5: Mortgage Loans NPL ratio (Spain)



Source: DBRS, Bank of Spain. Only domestic exposures.

Exhibit 6: UCI´s NPA ratio



Source: DBRS, Company Report

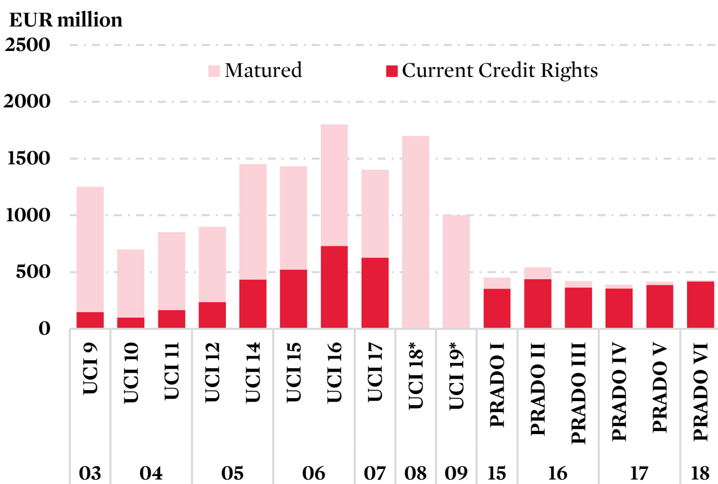
Funding and Liquidity

DBRS considers UCI's liquidity position as impacted by its high reliance on short term funding from its shareholders. Traditionally UCI has used securitisations as its main funding source, in the form of Residential Mortgage Backed Securities (RMBS) (Exhibit 7). However, after the global financial crisis, the Spanish RMBS market was closed and UCI required liquidity support from its shareholders through credit lines. Thanks to the liquidity support from its shareholders, liquidity metrics such as Secured Debt over total funding are good at around 36% at end-2018.

BNP Paribas and Santander have, since 2008, provided a credit line of EUR 4.2 billion each, which was of critical importance when the RMBS markets were closed. This resulted in an increase in funding from credit institutions (short-term funding) that peaked at EUR 8.4 billion or 71% of total funding at end-2013 (Exhibit 8). The amount of funding from credit institutions was EUR 7.4 billion at end-June 2019, as UCI reopened the Spanish securitisation market in 2015, and as a result, was able to repay part of the short term credit lines and at the same time finance its new lending activity. UCI sustained a buffer of around EUR 750 million of undrawn credit lines at end-June 2019.

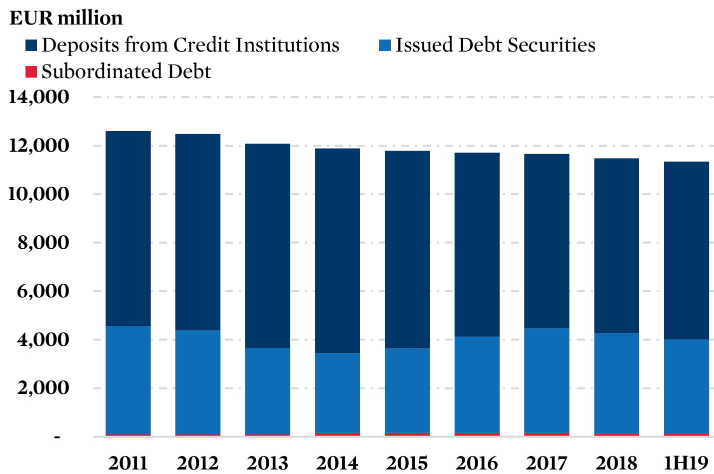
Since 2015, UCI has placed a total of 6 securitisations in the market, for funding totaling EUR 2.1 billion, and as a result, has been able to repay part of the short-term credit lines and at the same time finance its new lending activity. UCI's new securitisation program (Prado) is used as a funding tool but DBRS notes that the credit risk is not transferred to investors as the entity has retained the mezzanine tranches, and therefore the loans remain on the balance sheet of the entity. At end-June 2019 total securitisations outstanding were EUR 5.2 billion, of which around EUR 4 billion are placed with investors, and EUR 1.2 billion are retained (EUR 661 million of mezzanine tranches and EUR 550 million of Senior tranches). In addition, at end-July 2019, UCI issued and retained EUR 500 million of a structured covered bond.

Exhibit 7: UCI Securitisation History (RMBS)



*Source: DBRS, Company Report. * UCI 18 was fully redeemed and canceled during 2018 and UCI 19 was fully retained and canceled during 2011.*

Exhibit 8: Funding Mix



Source: DBRS, Company Report

Capitalisation

The applicable legal framework and capital regulations for UCI, as for all EFCs in Spain, are different to the applicable regulation for banks. Currently, EFCs are required to comply with the Basel II capital ratios or a minimum Total Capital ratio of 8% and a minimum Tier 1 ratio of 4%. However, DBRS expects that EFC´s applicable legal framework and capital regulations would be more in line with banks in coming quarters, increasing UCI´s Total Capital requirement to 10.5%. Notably, the Group recently issued EUR 82 million of new capital in the form of Additional Tier 1 Instrument (AT1), entirely subscribed by its shareholders. At end-June 2019 UCI (Group) had a Total Capital ratio of 11.3% and a Tier 1 ratio of 9.6%, higher than minimum requirements.

According to a draft published by the Spanish Minister of Economy and Business, the new legislation should enter into force by January 2020. As a result, UCI would need to comply with the Credit Institutions Directive 2013 and the Capital Requirements Regulation 2013 (the so-called CRD IV package) as well as with the new IFRS9 accounting framework. DBRS considers that UCI will be able to meet these new requirements helped by a phasing-in period. Including the impact of the future regulations, UCI (Group)´s Pro-Forma Total Capital ratio at end-June 2019 was 11.3%, above the upcoming requirement of 10.5%.

Union de Creditos Inmobiliarios (UCI)

EUR Millions	1H19	2018	2017	2016	2015
Balance Sheet					
Cash and Deposits with Central Banks	0.1	0.0	–	–	–
Lending to/Deposits with Credit Institutions	55.4	52.1	82.7	73.5	86.9
Financial Securities	–	–	–	–	–
Financial Derivatives Instruments	–	–	–	–	–
Net Lending to Customers	10,589	10,656	11,029	11,085	11,193
- Gross Lending to Customers	10,889	10,956	11,385	11,461	11,589
- Loan Loss Reserves	300	299	348	357	373
Investment in Associates/Subsidiaries	–	–	–	–	–
Fixed Assets	3.5	2.6	2.7	2.8	2.3
Goodwill and other Intangible Assets	0.9	0.6	0.5	0.6	0.6
Insurance Assets	–	–	–	–	–
Other Assets (including DTAs)	1,290	1,220	984	979	955
Assets	**11,939**	**11,932**	**12,099**	**12,141**	**12,239**
Deposits from Central Banks	–	–	–	–	–
Deposits from Credit Institutions	7,336	7,196	7,198	7,590	8,167
Deposits from Customers	–	–	–	–	–
Issued Debt Securities	3,876	4,139	4,307	3,964	3,470
Subordinated Debt	141	141	160	161	161
Financial Derivatives Instruments	–	–	–	–	–
Insurance Liabilities	–	–	–	–	–
Other Liabilities	141	60	37	43	38
Equity Attributable to Parent	484	395	396	383	403
Minority Interests	–	–	–	–	–
Liabilities & Equity	**11,939**	**11,932**	**12,099**	**12,141**	**12,239**

Union de Creditos Inmobiliarios (UCI)

EUR Millions	1H19	2018	2017	2016	2015
Income Statement					
Interest Income	110.2	219.0	231.8	232.7	266.2
Interest Expenses	34.3	78.9	76.0	82.6	101.2
Net interest income	**75.9**	**140.1**	**155.8**	**150.1**	**165.0**
Net Fees and Commissions	3.5	5.2	7.8	8.7	10.3
Results From Financial Operations	14.8	19.0	8.8	47.0	4.9
Equity Accounted Results	NA	NA	NA	NA	NA
Net Income from Insurance Operations	NA	NA	NA	NA	NA
Other Operating Income	1.4	2.8	2.7	8.3	1.3
Total Operating Income	**95.5**	**167.2**	**175.1**	**214.0**	**181.6**
Staff Costs	15.9	31.2	31.8	31.8	31.1
Other Operating Costs	28.8	49.6	43.7	46.8	41.0
Depreciation/Amortisation	1.6	3.1	2.8	1.4	3.5
Total operating expenses	**46.3**	**83.9**	**78.3**	**80.0**	**75.5**
Income Before Provisions and Taxes (IBPT)	**49.2**	**83.2**	**96.9**	**134.0**	**106.1**
Loan Impairments	21.7	49.4	55.3	82.1	65.3
Securities & Other Financial Assets Impairments	–	–	–	–	–
Other Impairments	0.1	0.9	0.2	0.6	0.4
Other Non-Operating Income (Net)	10.1	20.9	30.8	38.0	35.0
Income Before Taxes (IBT)	**17.3**	**12.0**	**10.6**	**13.3**	**5.4**
Income Tax Expense	3.8	1.5	0.2	1.5	2.7
Discontinued Operations	–	–	–	–	–
Other After-tax Items	–	–	–	–	–
Minority Interest	NA	NA	NA	NA	NA
Net Attributable Income	**13.5**	**10.6**	**10.3**	**11.7**	**2.6**

Source: DBRS Analysis.

Union de Creditos Inmobiliarios (UCI)

	1H19	2018	2017	2016	2015
Earnings Power					
Earnings					
Net Interest Margin [1]	1.4%	1.2%	1.4%	1.3%	1.4%
Yield on Average Earning Assets	2.0%	2.0%	2.0%	2.0%	2.3%
Cost of Interest Bearing Liabilities	0.6%	0.7%	0.7%	0.7%	0.9%
IBPT over Avg Assets	0.9%	0.8%	0.9%	1.2%	0.9%
IBPT over Avg RWAs	1.9%	1.5%	1.7%	2.6%	1.9%
Expenses					
Cost / Income ratio	48.5%	50.2%	44.7%	37.4%	41.6%
Operating Expenses by Employee	13.7%	12.4%	11.4%	11.6%	10.7%
Impairments / IBPT	44.1%	59.3%	57.1%	61.3%	61.5%
Profitability Returns					
Return on Avg Equity (ROE)	5.56%	2.67%	2.6%	3.1%	0.7%
Return on Avg Assets (ROAA)	0.3%	0.1%	0.1%	0.1%	0.0%
Return on Avg RWAs	0.5%	0.2%	0.2%	0.2%	0.0%
Dividend Payout ratio [2]	NA	NA	NA	NA	NA
Internal Capital Generation [3]	0.5%	0.2%	0.2%	0.2%	0.0%
Risk Profile					
Gross NPLs over Gross Loans	11.7%	12.7%	13.5%	12.6%	14.1%
Net NPLs over Net Loans	9.2%	10.2%	10.8%	9.8%	11.2%
NPL Coverage ratio (%)	23.5%	21.6%	22.6%	24.7%	22.8%
Unreserved NPLs over IBPT	1983.3%	1308.5%	1230.1%	810.7%	1188.9%
Unreserved NPLs over CET1	223.8%	268.6%	302.4%	283.2%	328.6%
Texas Ratio [4]	173.4%	197.0%	207.5%	194.9%	216.0%
Cost of Risk [5]	0.40%	0.45%	0.49%	0.72%	0.56%
Funding and Liquidity					
Customer Deposits % Funding*	NA	NA	NA	NA	NA
Wholesale funding % Funding	100.0%	100.0%	100.0%	100.0%	100.0%
- Interbank % Funding	64.6%	62.7%	61.7%	64.8%	69.2%
- Debt securities % Funding	34.1%	36.1%	36.9%	33.8%	29.4%
- Subordinated debt % Funding	1.2%	1.2%	1.4%	1.4%	1.4%
Liquid assets % Assets [6]	NA	NA	NA	NA	NA
Non-Deposit Funding ratio	NA	NA	NA	NA	NA
Net Loan to Deposit ratio	NA	NA	NA	NA	NA
LCR (as disclosed)	NA	NA	NA	NA	NA
NSFR (as disclosed)	NA	NA	NA	NA	NA
Capitalisation					
Tier 1 Ratio	9.4%	7.1%	6.9%	7.3%	7.3%
Total Capital Ratio	11.3%	10.4%	8.8%	9.9%	9.5%
Tang. Equity / Tang. Assets	4.1%	3.3%	3.3%	3.2%	3.3%
Leverage ratio (as Reported)	NA	NA	NA	NA	NA
Growth					
Net Attributable Income YoY	123.1%	2.4%	-12.1%	343.2%	-199.3%
Fees and Commissions YoY	12.6%	-33.3%	-9.8%	-16.1%	-8.7%
Operating Expenses YoY	12.4%	7.3%	-2.2%	5.9%	5.9%
IBPT YoY	8.9%	-14.1%	-27.7%	26.4%	-27.3%
Net Income YoY	12.1%	-10.1%	3.8%	-9.0%	-15.4%
Assets YoY	-0.3%	-1.4%	-0.3%	-0.8%	-0.9%
Gross Loans YoY	-0.9%	-3.8%	-0.7%	-1.1%	-2.2%
Net Loans YoY	-0.8%	-3.4%	-0.5%	-1.0%	-1.7%
Loan-Loss Impairments YoY	-27.3%	-10.7%	-32.7%	25.8%	-43.6%
Deposits from Customers YoY	NA	NA	NA	NA	NA

[1] (Net Interest Income + Dividends)% Avg Earning Assets.

[2] Paid Dividend % Net Income.

[3] (Net Income - Dividends) % Equity at previous period

[4] NPLs / (CET1 + Loan Loss Provisions)

[5] Loan Loss Impairments / Net Lending to Customers

[6] Liquid Assets = Deposits with Central Banks + Deposits with Credit Instituions + Financial Securities

Source: DBRS Analysis,

Methodologies

The principal applicable methodology is the Global Methodology for Rating Banks and Banking Organisations (June 2019) and the Global Methodology for Rating Non-Bank Financial Institutions (November 2018).

Ratings

Issuer	Obligation	Rating	Rating Action	Trend
Unión de Créditos Inmobiliarios (UCI)	Long-Term Issuer Rating	A (low)	Confirmed	Stable
Unión de Créditos Inmobiliarios (UCI)	Short-Term Issuer Rating	R-1 (low)	Confirmed	Stable

Ratings History

Issuer	Obligation	Current	2018	2017	2016
Unión de Créditos Inmobiliarios (UCI)	Long-Term Issuer Rating	A (low)	A (low)	NA	NA
Unión de Créditos Inmobiliarios (UCI)	Short-Term Issuer Rating	R-1 (low)	R-1 (low)	NA	NA

Previous Action(s)

- DBRS Confirms Unión de Créditos Inmobiliarios, E.F.C (UCI) at A (low), Trend Stable, March 19, 2019
- DBRS Assigns First-Time A (low) Issuer Rating to Unión de Créditos Inmobiliarios, E.F.C (UCI), April 16, 2018.

Previous Report

- Unión de Créditos Inmobiliarios (UCI), Rating Report, May 3, 2018.

European Bank Ratios & Definitions

- DBRS European Bank Ratios & Definitions, June 11, 2019.

Notes:

All figures are in Euros unless otherwise noted.

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