



ANNUAL REPORT
AND ACCOUNTS
2018

emiclear

ACRONYMS

OMIClear

OMIClear, C.C., S.A.

OMIP

OMIP – Pólo Português, S.G.M.R., S.A.

OMIE

OMI – Polo Español, S.A.

OMIP SGPS

OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A.

OMEL

Operador del Mercado Iberico de Energía, Polo Español, S.A.



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MESSAGE FROM THE BOARD

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The traded volume and liquidity in electrical energy markets across Europe improved slightly in 2018, where total traded volumes grew by 2% compared to 2017. In terms of the main regional markets, Italy increased by 29% and Germany by 1%. The French, Nord, UK and Central European markets dropped 12%, 10%, 6% and 3% respectively.

The Spanish market also fell by 5% compared to 2017. It should be recalled that a falling tendency in forward trading volumes began in 2015 in the MIBEL zone, and that even if 2016 saw a slight recovery, volumes traded in 2017 and 2018 dropped again and were even lower than that of 2015.

The year just ended was also marked by the entry into force of Directive DMIF II in January 2018 and by stricter reporting requirements on the part of market participants. At the same time, some banks and investment funds continued to withdraw from commodities futures. In this context, 2018 saw a waning of participants' interest in the MIBEL Derivatives Market, with less demand for hedging. As a Central Counterparty Clearing House of energy derivatives, OMIClear was rather affected by the overall evolution of market liquidity, and also by competition, which affected its economic results.

Faced with this adverse environment, OMIClear continued the efforts started previously to diversify its activities, in particular in the natural gas market. On 16 February, OMIP registered the first transaction of a natural gas futures contract, to be cleared through OMIClear. On 24 April, following the collaboration agreement between OMIClear and MIBGAS Derivatives, through which OMIClear is appointed to take the role of Central Counterparty in operations within this market, OMIClear launched the clearing services for these natural gas futures contracts with physical

settlement. In the electricity segment, on 4 September OMIP launched for trading and registration: (i) futures contracts on electricity with a maturity of five years (Year+5); and (ii) a futures contract with the SPEL Solar index as underlying asset, both of which to be subsequently cleared and settled at OMIClear.

This strategy to expand the portfolio designed to meet the needs of the market agents together with the high level of client service provided by OMIClear, gives our company the trust and courage needed to face the challenges ahead, in particular the fierce increase in competition.

Consequently, the immediate steps will be to continue to diversify in order to mitigate risks, most of which are beyond our control, and to maintain a very tight cost structure, yet flexible enough to efficiently respond to any opportunity.

Finally, we would like to thank the entire OMIClear team, including the non-executive Directors, for their excellent work in these hard times, and to express our thanks to all the shareholders for their constant support and trust.

Lisboa, 21 March 2019

Carmen Becerril Martinez

Chairwoman of the Board of Directors

Artur Trindade

Deputy Chairman of the Board of Directors

RELEVANT FACTS



2

2018

05 April	Regulatory authorisation to offer clearing services in natural gas contracts (non-financial) traded in MIBGAS Derivatives.
24 April	OMIClear launches the clearing and settlement services in futures contracts in natural gas (non-financial) traded in MIBGAS Derivatives.
13 August	OMIClear received the regulatory authorisation to offer clearing and settlement services in futures contracts in electricity at five years.
04 September	Launching of clearing services in annual electricity contracts at five years.
12 December	OMIClear received the regulatory authorisation to offer clearing and settlement services in futures contracts in natural gas traded in the MIBGAS organised and regulated market.
20 December	Regulatory authorisation to offer clearing services in OTC contracts in natural gas (non-financial) registered through MIBGAS Derivatives.
20 December	OMIClear received the regulatory authorisation to offer clearing and settlement services in futures contracts in electricity at six and seven years.

Table 1 Relevant facts — 2018

DERIVATIVES MARKET

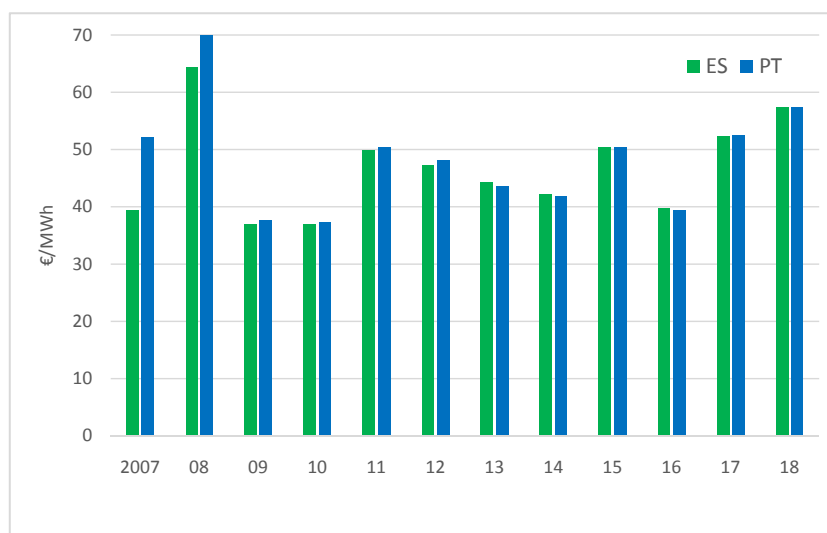


3

3.1. Background

In 2018, the average annual spot prices of electricity increased, with an increase compared to the previous year of 5.05 €/MWh and 4.97€/MWh, respectively, in the Spanish and Portuguese MIBEL zones.

Figure 1 Spot prices (€/MWh) 2007 to 2018. Annual average. Spanish and Portuguese zones.



In 2018, as in the previous year, the average price in the Portuguese zone was higher than that in the Spanish zone, by 0.16 €/MWh, thus reversing the situation seen in 2016.

Futures and premium contracts (Following Month, Following Quarter and Following Year) also tended to increase in the annual average of the three maturities.

As regards monthly contracts, they increased from 52.19 €/MWh in 2017 to 59.25 €/MWh in 2018, while quarterly contracts increased from 50.26 €/MWh in 2017 to 60.27 €/MWh in 2018, and the average price of annual contracts increased from 46.25 €/MWh in 2017 to 55.33 €/MWh in 2018.

Figure 2 Price of Futures for the first Contracts (€/MWh). Spanish zone.

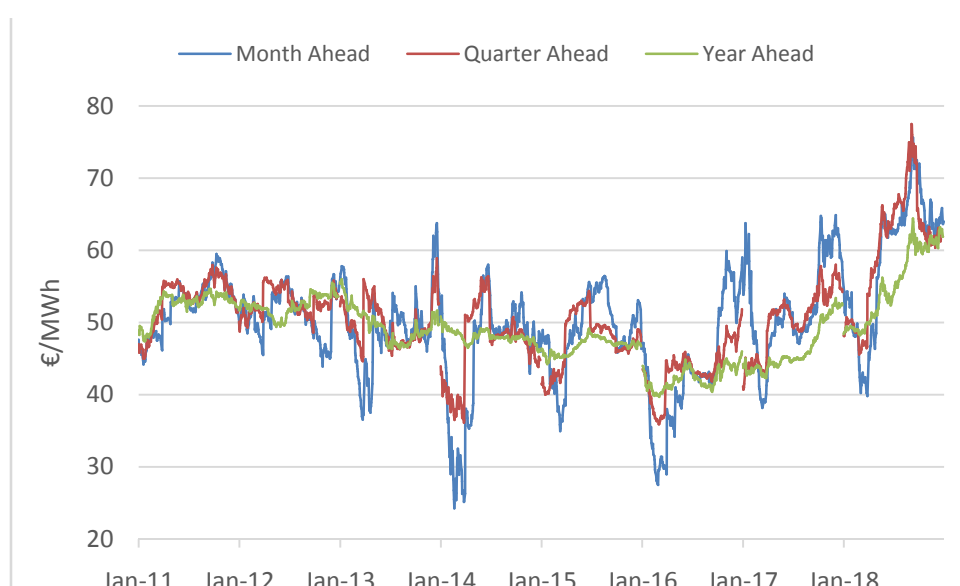
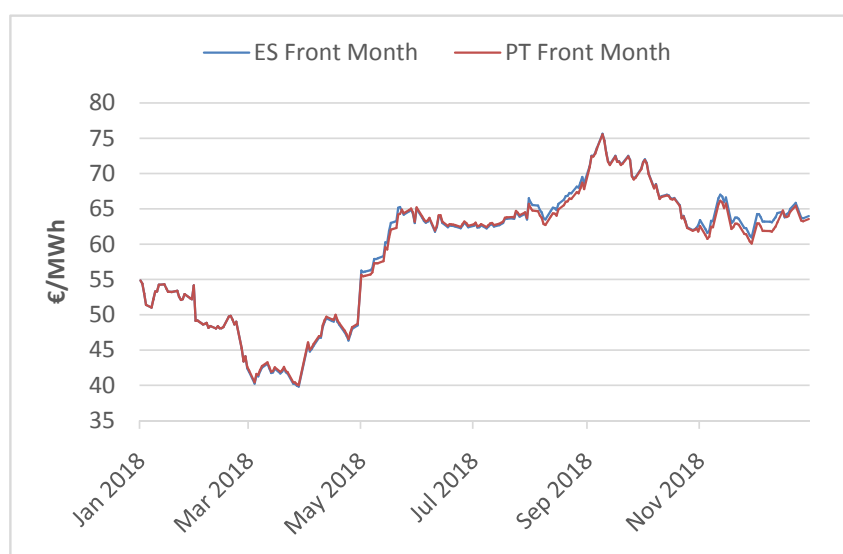
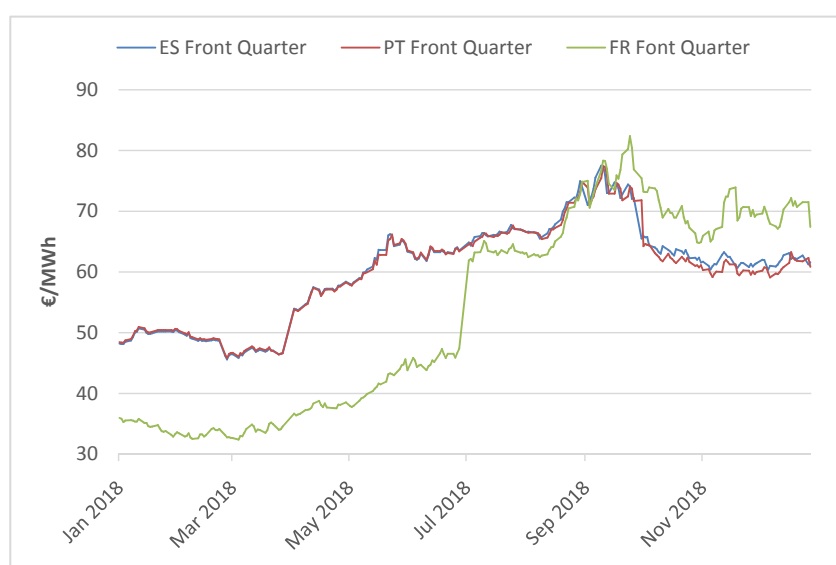


Figure 3 Variation in the price of Futures Contracts Following Month (M+1) in 2018, in the MIBEL Spanish and Portuguese zones



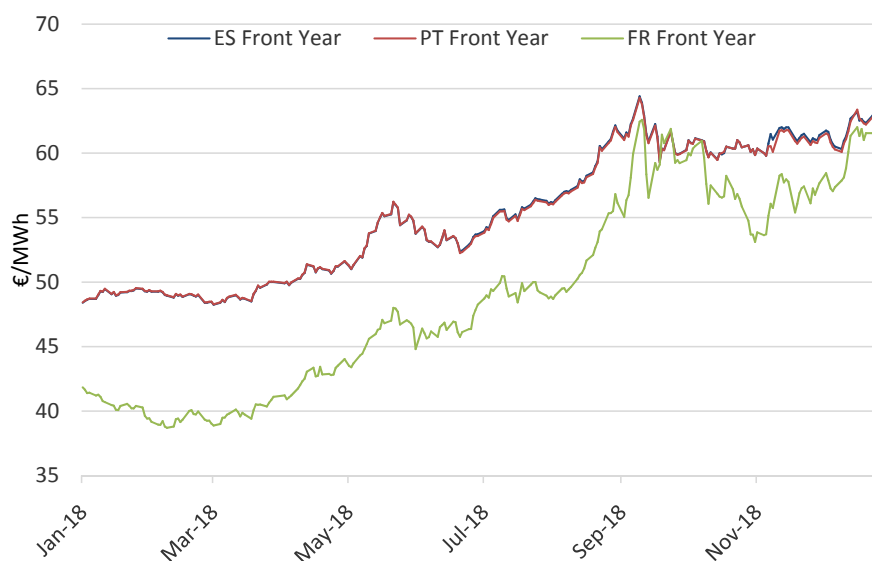
With regard to the French zone, the scenario clearly differed from the first to the second half-year. In the first half-year, prices in the French zone were lower than those of MIBEL, the difference amounting to about 12 €/MWh, and the situation reversed in the second-half, with prices increasing in about 10 €/MWh. The problems in some nuclear power plants in France and some tax changes in the Spanish zone during the second half-year can help explain this behaviour.

Figure 4 Variation in the price of Futures Contracts Following Quarter (Q+1) in 2018, in the MIBEL Spanish and Portuguese zones and in the French zone.



The annual contracts with delivery in 2019 (see Figure 11) show a similar pattern, even though the price of French products was lower than those of the Spanish and Portuguese zones. Nonetheless, prices tended to be more in line with those of the MIBEL and French zones throughout the year. Early in the year, the spread on the annual contract with delivery in 2019 was of about 10 €/MWh and of about 2 €/MWh at year-end.

Figure 5 Variation in the price of Futures Contracts Following Year (Y+1) in 2018, in the MIBEL. Spanish and Portuguese zones and in the French zone.



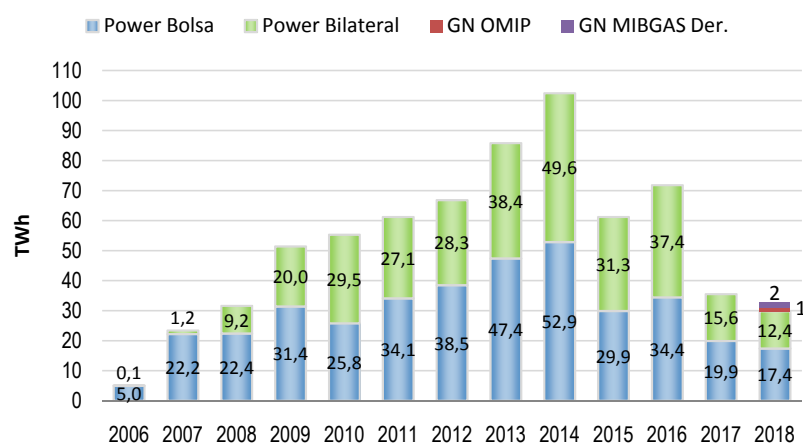
3.2. Clearing and Settlement

The volume recorded and cleared by OMIClear, considering electricity and natural gas derivatives from OMIP and MIBGAS Derivatives, dropped 8% compared to the previous year, from 35.5 TWh to 32.8 TWh. The volume of natural gas contracts represented about 9% of the total cleared by OMIClear, the notional value representing €1,465 million.

Table 2 OMIClear Activity Indicators

	2018	2017
Registered volume (TWh)	32.8	35.5
Electricity	29.8	35.5
Natural Gas	3.0	
Notional value registered (M€)	1,465	1,412

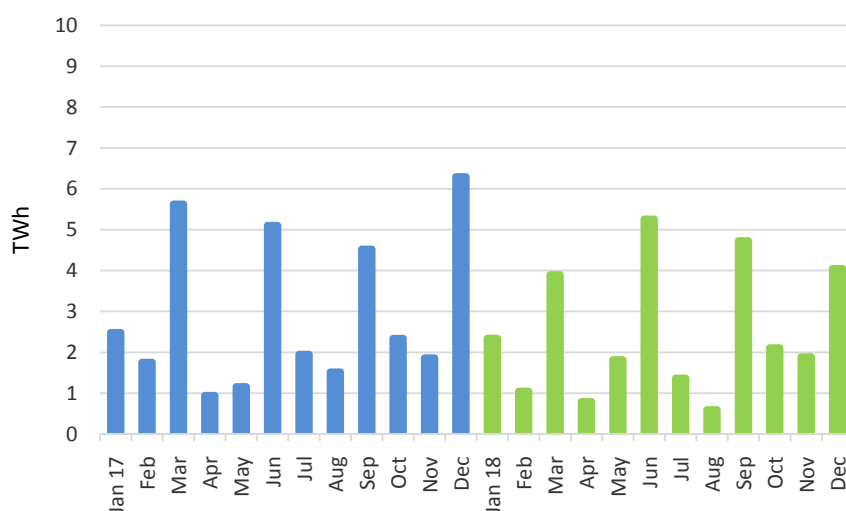
Figure 6 Annual volumes cleared by OMIClear (TWh)



In 2018, of the total cleared volumes, 17.4 TWh were cleared either through continuous trading or auctioned by OMIP and 12.4 TWh through OTC registrations, directly by OMIClear. As regards natural gas, 0.977 TWh were cleared, from OTC registrations at OMIP and 1.997 TWh from continuous trading in MIBGAS Derivatives.

The separate analysis of each month, in the electricity segment, shows that cleared volumes typically show some volatility throughout the year. June, September and December were the months with the largest volume, and April and August were the ones with the least volume registered with CCP.

Figure 7 Monthly Energy Volumes (electricity) registered with OMIClear (TWh)



With the aim of continuing to promote market liquidity, OMIClear, in collaboration with OMIP, continued to support the Market Makers programme. In this context, the following aspects are particularly relevant:

- > The setting up of an annual contract with all Market Makers;
- > In 2018, the same companies continued as Market Makers: Endesa, EDF Trading (until October 2018) and AXPO Ibérica;
- > In 2018, Market Makers mediated the monthly, quarterly and annual Futures contracts in the Spanish zone.

Figure 8 Market Making in the OMIP market. Spanish Futures Zone.



Figure 9 Distribution of volumes cleared by OMIClear between Iberian and Non-Iberian entities (2017)

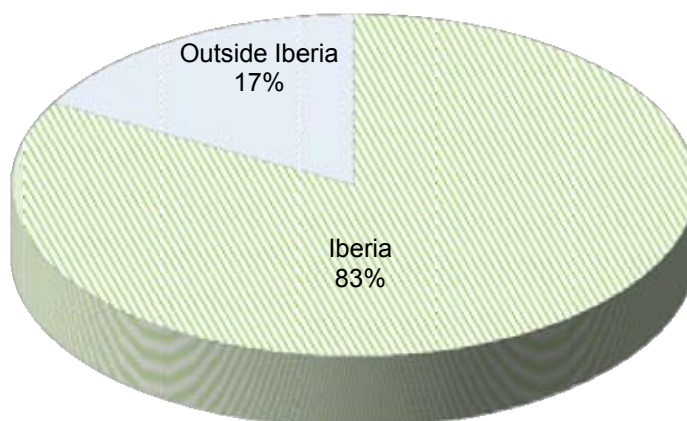
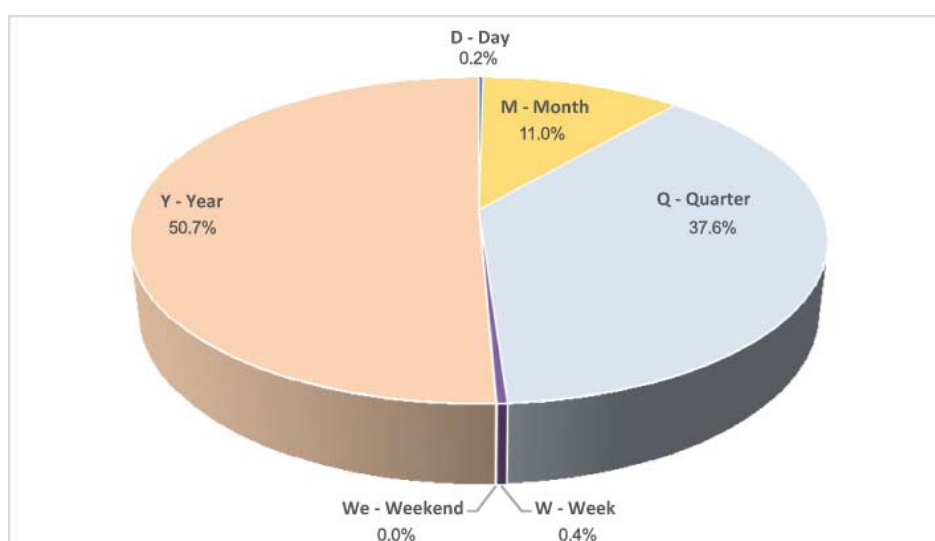


Figure 9 shows that 83% of the total electricity volume cleared was traded by entities domiciled in the Iberian Peninsula, a percentage higher than that in 2017 (81%), showing the decreasing interest of international entities in the Iberian energy market

As regards maturities, and in terms of equivalent energy, annual contracts were traded the most (50.7%), followed by quarterly (37.6%) and monthly contracts (11.0%), as shown in Figure 10. There was a reversal in relation to 2017, when the contracts most traded were the quarterly contracts (65.0% of total volume in 2017), followed by annual and monthly contracts.

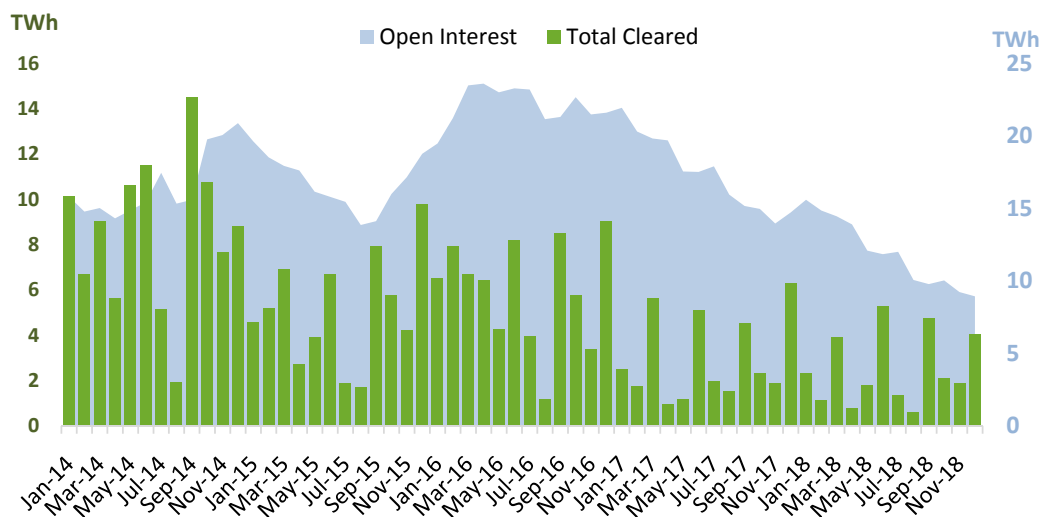
Short term maturity financial instruments are still clearly the ones with the least market share. Weekly contracts represent only 0.42% of traded volume, compared to 0.43% in 2017 and 7.9% in 2016.

Figure 10 Distribution of cleared volume by maturity



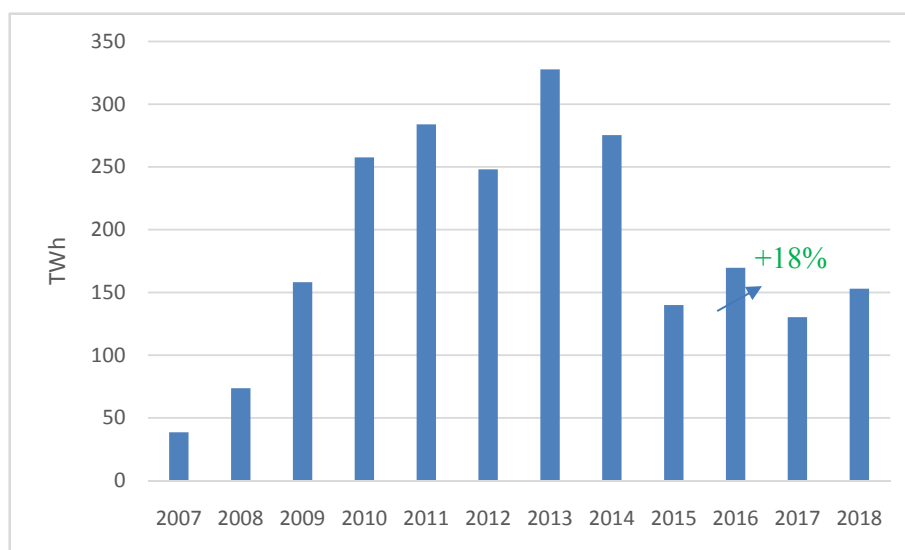
Open Interest positions revealed a downward trend throughout the year.

Figure 11 Average monthly value of open positions registered at OMIClear (MWh)



Despite the 5% decrease in volumes traded in forward markets over the Spanish zone, which was due to the sharp drop in volumes traded on the stack exchange (continuous + auction), volumes traded in the OTC market increased by 18% compared to 2017. 2018 was marked by the entry into force of Directive MIFID II, in January, and by stricter reporting requirements on the part of market participants. In addition to these two factors, the fact that some banks and investment funds generally tended to shrink and withdraw from commodities futures resulted in stagnation in traded volumes of energy futures in European markets.

Figure 12 Annual value of total OTC (cleared by the clearing house and OTC)



Faced with this adverse environment, OMIClear continued the efforts started previously to diversify its activities, in particular with regard to the natural gas market. On 16 February, OMIP registered the first transaction of a natural gas futures contract, to be cleared through OMIClear. On 24 April, following the collaboration agreement between OMIClear and MIBGAS Derivatives, through which OMIClear is appointed to take the role of Central Counterparty in operations within this market, OMIClear launched the clearing services for these natural gas futures contracts with physical settlement. In the electricity segment, on 4 September OMIP launched for trading and registration futures contracts on electricity with a maturity of five years (Year+5); and futures contract with the SPEL Solar index as underlying asset, both of which to be subsequently cleared and settled at OMIClear.

3.3. Participants

OMIClear has three types of participants: (i) clearing members, which are counterparties in the registered operations; (ii) settlement agents, who only play the complementary role of facilitating or providing settlement services to the clearing members, through the TARGET2 System of European Central Banks in the case of financial settlements, and through OMIE or Enagás GTS, in the case of physical settlements, OMIClear thus not being a counterpart in the transactions; and (iii) registration agents, who are the clients of the clearing members, with whom they deal with, and who are able to register operations cleared or settled by OMIClear through access to the platforms of negotiation, registration or clearing.

No clearing member was admitted in 2018 and one direct clearing member ceased its activity.

At the end of the year, there were a total of 13 clearing members and 73 registration agents. In turn, there were 37 settlement agents, 31 of which dealing with physical settlement and six with financial settlement.

The table below lists the OMIClear participants as at 31 December 2019, specifying the status of each participant.

Table 3 List of Participants (31.Dec. 2018)

	Agente de Registo	Membro Compensador Direto	Membro Compensador Geral	Agente de Liquidação Financeira	Agente de Liquidação Física
Acciona Green Energy Developments					
Alpiq AG					
Antuko Energia					
AXPO Iberia					
Banco L.J. Carregosa					
Banco Santander, S.A.					
BP Gas Marketing Limited					
Caixa Geral de Depósitos					
Céltica Energia					
Cepsa Gas y Electricidad					
CIM					
Citadel Energy Investments (Ireland) DAC					
Citigroup Global Markets Ltd.					
Clidom Energy					
Comercializadora Regulada, Gas & Power					
Danske Commodities					
Dreue Electric					
Ecochoice					
EDF Trading Limited					
EDP - Serviço Universal					
EDP Energias de Portugal					
EDP España					
EGL					

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	Registration Agent	Direct Clearing Member	General Clearing Member	Financial Settlement Agent	Physical Settlement Agent
Endesa Energía					
Endesa Energía XXI					
Endesa Generación					
Enérgya VM Gestión de Energía					
Enforcesco					
Engie Global Markets (GDF Suez)					
Eni Trading & Shipping					
Evergreen Electrica					
Factor Energía					
Fenie Energía					
Foener Energía					
Fortia Energía Servicios					
Fortia Energía					
Freepoint Commodities Europe LLP					
Futura Energía y Gas					
Galp Gás Natural					
Galp Power					
Gas Natural Comercializadora					
GeoAtlinter					
Gesternova					
Gnera Energía y Tecnología					
Goldman Sachs International					
Iberdrola Comercialización de Último Recurso					
Iberdrola Generación España					
ICAP Energy					
Ingeniería y Comercialización del Gas (Incogas)					
J. Aron & Company					
Jafplus Energía Lda					
Kyonysys Century					
Ledesma Comercialización Eléctrica					
Macquarie Bank Limited					
Mercuria Energy Tradin					
Multienergía Verde					
Naturgy Energy Group					
Nexus Energía					
PH Energía					
Red Eléctrica de España					
Rede Eléctrica Nacional					
Shell Energy Europe Ltd.					
SWAP Energía					
Switch Energy					
Total Gas & Power Ltd.					
Trafigura PTE Ltd					
TrailStone GmbH					
Tullett Prebon (Securities) Limited					
Unión Fenosa Gas Comercializadora					
Uniper Global Commodities SE					
Vertsel Energía					
Viesgo Comercializadora de Referencia					
Viesgo Generación					
Viesgo Renovables					
Villar Mir Energía					

Excluding the registration agents, Spain and Portugal account for the majority of companies registered with OMIClear as clearing members and settlement agents, though the distribution is not symmetrical for all functions: general clearing members (GCM) and financial settlement agents (FinSA) are almost equally distributed between the Iberian region and other European countries, whereas in the case of direct clearing members (DCM) and physical settlement agents (PhySA) the prevalence of Iberian members is more significant.

Figure 13 Origin of OMIClear's participants (Dec.2018), excluding Registration Agents



Table 4 Origin of OMIClear's Participants (Dec.2018), excluding Registration Agents

Origin	Direct Clearing Member	General Clearing Member	Physical Settlement Agent	Financial Settlement Agent
Spain	5	1	22	2
Portugal	1	2	3	3
United Kingdom	1	1	3	0
Germany	1	0	0	1
Switzerland	0	0	3	0
Belgium	1	0	0	0
USA	0	0	1	0
TOTAL	9	4	32	6
Iberian	6	3	25	5
Non-Iberian	3	1	7	1

As in recent years, a study was carried out among clearing members to analyse the levels of risk taken on by OMIClear. The main conclusions are that both the systems and the management model have responded very adequately to the needs of the market and that each member's risk level lies within very comfortable parameters given the guarantees deposited.

RISK MANAGEMENT SYSTEM



4

OMIClear's risk management system is designed in accordance with the EMIR and the respective implementing legislation.

The Board of Directors is responsible for the implementation of the strategy and for OMIClear's risk management system.

OMIClear breaks down risks into the following categories, each of which is controlled according to specific principles:

- > Credit Risk;
- > Operational Risk;
- > Liquidity Risk;
- > Market Risk; and
- > Commercial Risk.

Given that credit risk is the most relevant risk to which OMIClear is subject, it is fully covered by the margin system. In 2018, the risks measured according to the rules laid down in the Commission Delegated Regulation (EU) 152/2013 were always hedged by the available funds.

In operational terms, the Board of Directors is directly responsible for assessing commercial risk. In agreement with the risk management principles in force, the follow-up, monitoring and control of credit, liquidity and market risks, as well as the reporting to the Board of Directors and the Risk Committee were carried out by the Chief Risk Officer with the support of the clearing department. The monitoring of operational risk continued to be the charge of *Chief Internal Audit*, while reporting on a monthly basis (risk indicators) to the Board of Directors became the responsibility of the *Chief Risk Officer* and of the *Chief Internal Audit* on an annual basis (report on the exposure to operational risk).

A risk report, which is the key tool to inform the administration body about the risk situation of OMIClear, is prepared every month. This report is complemented by ad hoc reporting on specific topics whenever materially relevant situations occur. At least three times a year the situation is reported to the Risk Committee.

Internal Audit assesses the suitability and operability of the risk management system.

4.1. Credit risk

One of the key elements of the risk strategy is to fully cover the counterparty risk by building several lines of defence, consisting of the following main components:

> Conditions of admission

Only institutions with sufficient financial capacity and with the appropriate technical and operational conditions to carry out the settlement of the registered operations are admitted as clearing members.

> Daily settlement of the daily market-to-market

Daily market-to-market during the trading and delivery period of all products registered and cleared with OMIClear (with the exception of FTR – Financial Transmission Rights Portugal-Spain) are credited or debited to the respective clearing members on a daily basis. In the specific case of FTR contracts, financial settlement occurs monthly, which is why OMIClear requires a settlement margin (covered by guarantees).

> Margin system of the clearing member

Clearing members must at all times have constituted guarantees with OMIClear to cover both their own responsibilities and those of their clients.

The responsibilities of each clearing member include a margin (initial margin) that aims to cover the risk of incurring in losses in the closing of positions in a short period of time, arising from the worst estimate of price variation. The parameters used to calculate this margin follow the principles defined in chapter VI (Margins) of the Commission Delegated Regulation (EU) no. 153/2013, namely in terms of: (i) confidence interval (OMIClear: 99 %); (ii) a time horizon that captures a full range of market conditions, including periods of stress (OMIClear: since the first observation – with the exception of Futures SPEL Base, for which the period considered goes from January 2008 to the most recent date when the margin was calculated); (iii) period of liquidation of positions in a default scenario (two days); (iv) margin credits based on evidence of price correlation and in accordance with the limit imposed in Article 27 of said Regulation, and (v) limitation of the procyclicality effect (OMIClear: application of a 25 % weighting factor to stress situations observed in the period under analysis). Furthermore, to calculate the initial margin OMIClear applies aggravating factors over positions that go beyond a specific volume and for which a liquidation period of three days is considered.

> Autonomous reserve

The autonomous reserve consists of the amount resulting from the enforcement of fines and pecuniary payments by OMIClear on participants, less costs and charges that OMIClear may have incurred as part of the respective sanction procedures.

The autonomous reserve is a specific OMIClear fund intended to cover default cases and is indicated as “Other reserves” in its balance sheet.

> Other OMIClear funds (Skin in the game – SIG)

OMIClear has also established a cash reserve in the amount of €1,875,000, fully available and intended to cover defaults.

> Clearing fund

The clearing fund is an additional form of security that is shared by all the clearing members. This fund is designed to respond to the default of a clearing member whose costs to solve it are greater than the guarantees provided by the defaulting member for that purpose, namely those constituted as margins and additional collateral.

The amount of the clearing fund is established according to the results of the stress tests carried out daily, in extreme but plausible scenarios. The clearing fund is defined according to the following assumptions: (i) it should allow OMIClear to cover the default of the clearing member to which it is more exposed, or of the second or third clearing members to which it is more exposed, if the total of those exposures is higher, and (ii) along with OMIClear's other own financial resources, (SIG and autonomous reserve), it should cover a default situation of at least two clearing members to which it is more exposed in extreme but realistic market conditions.

Additionally, a minimum individual contribution of €150,000 is established for each clearing member.

> Additional liability in the clearing fund

Each clearing member takes on an additional liability in an amount equal to its reference value used to set up the clearing fund, therefore the value of its overall liability is equal to twice the reference value. This liability is only required in a default situation where the amount of the contribution to the clearing fund (pre-collateralised as guarantee) is not sufficient.

> Establishment of guarantees and haircut applied to guarantee value

OMIClear only accepts guarantees in the form of cash and financial instruments representative of public debt. To avoid the exchange rate risk, only amounts in EUR are accepted. Price fluctuation of financial instruments is covered by applying properly evaluated haircuts. Guarantees are re-evaluated daily and the risk of concentration is taken into consideration.

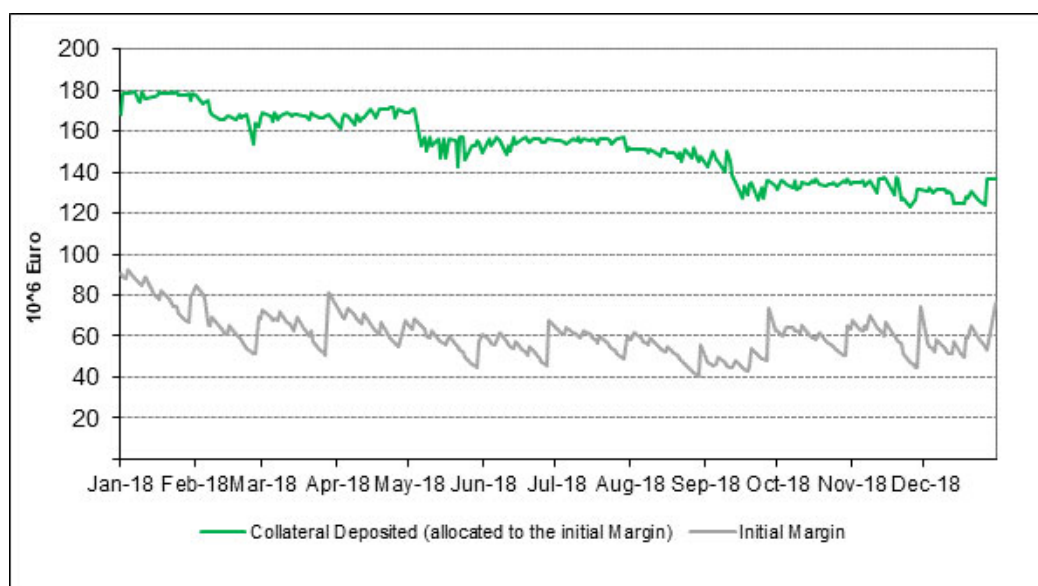
Additionally, there is a counterparty credit risk arising from the enforcement of the cash guarantees received from clearing members. For this reason, these funds are used (i) in repo operations against titles with a low risk and high liquidity, (ii) in short term collateralised deposits with a low risk and high liquidity titles, or (iii) in checking accounts with Banco de Portugal, or (iv) in non-collateralised one-day deposits, and in every case with credit institutions recognised by OMIClear (subject to an external credit risk evaluation carried out by OMIClear, in agreement with its internal policy).

The counterparty risk in 2018 – measured by the initial margins required of the clearing members – peaked at €92.4 million, on 5 January, with an average value of €60.3 million, compared to the average value of €72.4 million in 2017.

Throughout 2018, the total value of guarantees deposited with OMIClear to meet the liabilities taken on by the clearing members by way of margins represented, on average, 4.0 times the total value required as initial margins. Note that the average calculated for the various members was of 5.1.

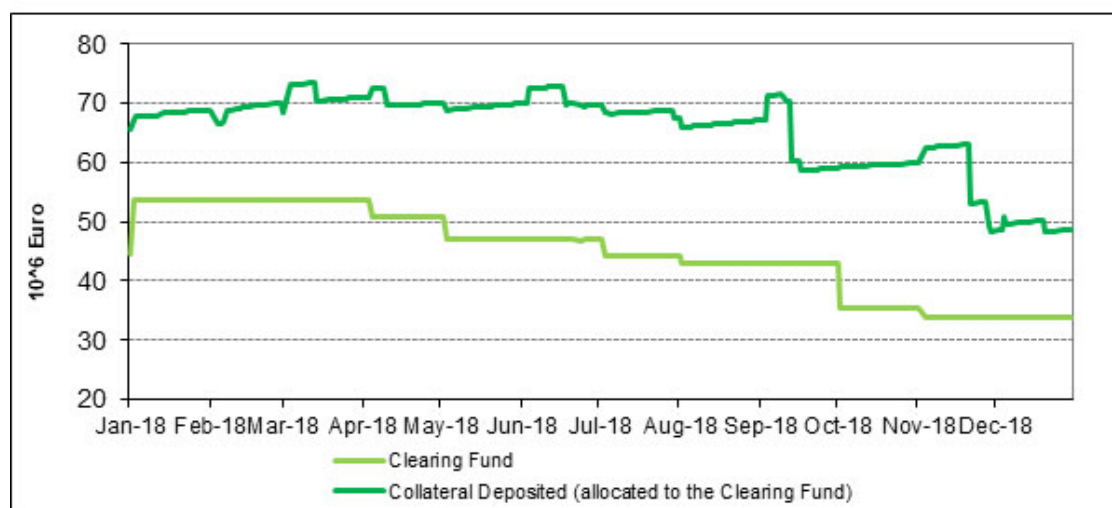
In 2018, the evolution of the total initial margin and of the guarantee deposited to meet the liabilities of clearing members by way of margins developed as shown below:

Figure 14 Evolution of the total initial margin and of collateral deposited allocated to this margin in 2018



In 2018, the evolution of the Clearing Fund and of the amounts deposited by members with OMIClear to cover this liability was as follows:

Figure 15 Evolution of the Clearing Fund and of the collateral deposited allocated to the Clearing Fund in 2018



Regarding the Daily Operative Limit (DOL), which essentially indicates the value of collateral available to be used in additional margins, no negative situation occurred.

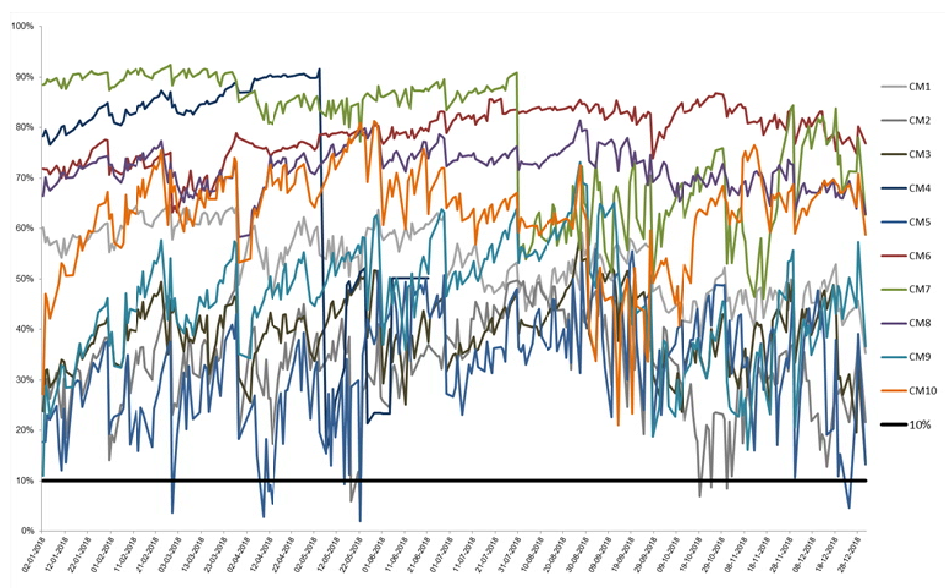
For risk control purposes, OMIClear monitors, on a daily basis, for clearing each member, the percentage (%) represented by the DOL in relation to the respective guarantee deposited. Whenever this percentage falls below 10 %, OMIClear contacts the entity in question and advises it to increase the guarantee deposit.

Figure 17 shows the DOL values for all OMIClear's clearing members in the period under analysis, excluding those whose activity is limited to FTR and to the two clearing members that since last March 2016 have only secured guarantees to cover the liability relating to the clearing fund (as at present they do not intend to open positions), for which the aforementioned DOL references do not apply.

Since 14 July 2014, as a result of the change of OMIClear's rules, four general clearing members (GCM) started distinguishing between their own guarantees and those of their clients through two distinct guarantee accounts – own guarantee account and clients' guarantee account. Furthermore, at the level of the responsibilities used to calculate the DOL, a separation was also introduced between the GCM's own responsibilities and those of its clients. Given that (i) these four GCM's own responsibilities only correspond to their contribution for the clearing fund, which is stable throughout the month, and (ii) OMIClear recommends a DOL ratio over the guarantee deposited of more than 10 % only for members who present liabilities arising from open position, the results presented below only take into consideration: the amounts referring to the accounts of these GCM's clients and the own accounts of the remaining direct clearing members.

The development of the DOL/collateral deposited ratio (%) in 2018, per clearing member, is described as follows:

Figure 16 Evolution of the DOL/deposited collateral ratio (%) in 2018



Two clearing members achieved, for 13 times, a DOL/ deposited collateral ratio lower than the minimum limit of 10 % as recommended by OMIClear. Twelve of those cases occurred due to losses registered by member during the session, the remaining case being due to the increase in the initial margin due to the opening of new positions. In all cases, the said ratio was again more than 10 % after the daily financial settlement of the following clearing day.

By the end of the year, the assets handed as guarantee in transactions in which OMIClear assumes the counterparty risk (MIBEL Derivatives Market) were distributed as follows:

Table 5 Assets held as guarantee (31.December.2018)

Type of asset	Derivatives Market of MIBEL
Cash	€ 190 , 953 , 336
Securities	-
TOTAL	€ 190 , 953 , 336

4.2. Operational risk

Operational risk is defined by the potential losses arising from the following situations:

- > Faults in the protection and processing of information produced;
- > Non-compliance with applicable laws and regulations;
- > Inadequacy of human resources, in terms of number and quality thereof;
- > Errors or non-compliance by external service providers;
- > Faults in procedures, operation analysis, processing or settlement;
- > Unserviceability of the physical infrastructure;
- > Fraud.

The risk strategy aims to minimise operational risks by increasing the automation of operations combined with strict and thorough testing procedures. The risk arising from the use of external service providers is minimised by assessing the service quality before procurement.

OMIClear implemented back-ups for critical transactions, which are regularly tested.

Internal procedures of relevant processes are properly documented. Control sheets are available for some of these procedures with the purpose of reducing errors or omissions.

Legal and non-compliance risks are minimised through the strict observation and compliance of the applicable laws together with the use of predefined contractual templates and forms.

4.3. Liquidity risk

Liquidity risk may arise from the daily settlement process or from the default of a clearing member.

The business management strategy takes into consideration the fact that settlements arising from daily transactions do not generate materially relevant time differences. In this sense, OMIClear's risk management strategy aims to avoid time differences between assets and liabilities through a suitable policy of allocation of liquidity surplus. The financing needs to settle current expenses (including the disbursement of results) are planned and covered in the context of medium term liquidity planning.

The risk of default of a clearing member and the potential impact that this situation may have on liquidity are controlled through the stringent stipulations of convertibility of guarantees in cash, through haircuts applied to guarantees received and the limiting of the risk of concentration regarding the guarantees received. Additionally, OMIClear negotiated credit lines that are designed to meet the liquidity needs arising from the simultaneous default of the two clearing members with the most substantial potential losses.

4.4. Market risk

Since the clearing members positions are constantly evaluated at market values, they do not present this type of risk.

The risk arising from price fluctuations of securities acquired in repo transactions is covered by the application of duly evaluated haircuts.

Below is a summary of the hedging of the values applied in repo transactions:

Table 6 Values applied in repo transactions

(Amounts in Euros)				
Amount invested	Market value of securities	Haircut		Securities value after haircut
		Value	%	
132,856,281	158,391,755	24,842,573	15.68%	133,549,182
% of cover	119%			101%

Note that the value applied includes guarantees in cash presented by the clearing members and OMIClear's own funds, and that the applicable regulation stipulates, for both cases, the obligation to collateralise a minimum of 95%.

4.5. Commercial risk

OMIClear, whose core business consists of providing clearing and settlement services of energy derivative financial products in the Iberian Peninsula, France and Germany and natural gas in Spain, has its commercial risk associated to the volumes cleared in these contracts..

As a central counterpart, and as part of its activity, it is also highly exposed to the direct competition from other central counterparties.

The income from commissions is closely linked with the volume of transactions registered with OMIClear. Consequently, commercial risk arises from the income's dependence on a limited number of products, relating to the potential drop in volumes at the same time that fixed costs remain unchanged. Since commercial risk is mostly centered on the reduction of profits through possible variations in the volume of registered transactions, in a scenario of decreased volumes it will be more difficult to offset this situation by adjusting the fixed costs within a reasonable period of time.

With this in mind, OMIClear's strategy involves monitoring this risk by constantly overseeing the evolution of income and controlling the evolution of costs in line with the budget. OMIClear is aware that volumes traded in the general electricity forward market in the Iberian Peninsula and in the general natural gas forward market in Spain did not allow a recovery of the overall volumes cleared during 2018. Therefore, in 2018 OMIClear added a series of new products to its portfolio in both the energy and natural gas market. In the case of the natural gas market, forward contracts traded in MIBGAS Derivatives began to be cleared in April 2018. In December, the clearing of OTC contracts registered with MIBGAS Derivatives and the clearing of *month-ahead* and rest of the month contracts traded in MIBGAS (regulated) were authorised. These new authorisations, especially the latter, should allow OMIClear to increase clearing volumes in the natural gas market in 2019. As for the energy market, OMIClear was authorised in 2018 to offer clearing services in electricity contracts with a maturity of up to seven years. The consequence of this product diversification achieved in 2018 should be reflected in an increase in volumes registered for clearing at OMIClear during 2019. OMIClear is still looking into additional measures to increase revenues within the OMI Group.

OMIClear aims to consistently reduce its exposure to the risks inherent to its economic activity by adopting management measures specifically aimed at strengthening the client base, both in terms of numbers and of geographical spread, and at increasing the number of services provided to market participants.

4.6. Summary of OMIClear's risk situation

The authorisation granted to OMIClear to operate as a central counterpart is conditional upon the maintenance of a minimum amount of capital. The capital, including retained earnings and reserves, must at all times be proportional to the risk arising from its activities, so as to ensure that the company is adequately capitalised against credit, counterpart, market, operational, legal and commercial risks that are not already covered by specific financial resources, and has the ability to duly settle or restructure its activities if necessary.

Potential losses arising from the default of clearing members are covered by OMIClear's margin system.

OMIClear's own capital, minus the reserves intended to address default situations, which as at 31 December amounted to €8,670,229, is about 4.1 times more than the capital needed to deal with risk assumed, calculated according to the rules stipulated in the Delegated Regulation (EU) no. 152/2013 of the Commission.

The overall assessment of 2018 does not show any threat to business continuity either as a result of individual risks or of the aggregated risks. The Board of Directors does not foresee major changes to the company's risk profile in the course of 2019.

INFORMATION SYSTEMS

5

INFORMATION SYSTEMS

As in previous years, in 2018 the information systems area focused on the following general areas of activity:

1. Management of the relationship with external suppliers:

- > Support the communication between supplier and operational departments.
- > Maintain the service support infrastructure.
- > Manage service levels.

2. Support and maintenance of applications and internal and external services:

- > Specification and testing of new technical functionalities or change of existing functionalities.
- > Coordinate the implementation of changes in a productive environment or in non-productive environments.
- > Support and communication with agents to notify changes or solve problems.
- > First line of support in the resolution of technical problems (helpdesk service).
- > Analysis and adjustment to regulatory changes.

3. Maintain business continuity as well as the information security management system:

- > Document verification and updating.
- > Carry out periodical tests on systems and infrastructure.
- > Response to audits and queries.

In addition to the aforementioned areas, as of this year greater focus was placed on cybersecurity due to various initiatives taking place throughout the year, or still ongoing:

- > Establishment of a Cybersecurity Committee within the OMI Group formed by OMIP, OMIClear and OMIE, to assess, define and monitor the development of cybersecurity initiatives, present ideas and discuss common solutions.
- > Compliance with the *SWIFT Customer Security Programme (CSP)*, an annual programme developed by SWIFT and communicated to financial regulators, to ensure the increasing resilience of financial institutions part of the SWIFT network to tackle external and internal threats.
- > Extension of the maintenance contract with the provider of the SWIFT system management services, to ensure continued monitoring of OMIClear's SWIFT infrastructure.
- > Analysis and mitigation of vulnerabilities identified by the Nacional Cybersecurity Centre and, in particular, by the security service provider, by periodically analysing any vulnerabilities and intrusion tests at different levels.
- > Analysis and optimisation of the anti-malware solution used in the infrastructure, to standardise and expand the prevention, management and monitoring capabilities.
- > Identify and improve the prevention of information leakage in users' workstations and in databases.
- > Secure development life cycle.
- > Analysis of event capture and correlation technology.

Note also the most relevant technical works carried out in 2018, or that had the collaboration of the Information Systems:

- > The migration of datacenter service providers and disaster recovery works were finalised. Real disaster recovery test carried out successfully between 8 and 9 November.
- > Migration to the 7.2 version of SWIFT systems, involving a change in the hardware and software infrastructure. The opportunity was taken to review the security profiles and the people responsible for controlling access to the different SWIFT applications.
- > Analysis and acquisition of an anti-malware solution to protect the workpost and server applicable to the entire infrastructure, under centralised management.
- > Phased migration to Windows 10 in order to discontinue Windows 7 and take advantage of the new security features.
- > Extension of the transaction registration interface to enable OTC bilateral transactions or mediated by a broker, and to enable the future registration of transactions in shorter-term contracts by MIBGAS S.A.
- > Changes in the updating of reporting fields under the EMIR regulation.
- > Completion of SWIFT CSP for 2018.
- > Support and response to the annual audit of information technology systems and to the information security system.
- > Centralised management solution test of network equipment and application logs for subsequent event definition.
- > Study of solutions for the centralised management and monitoring of accesses.

ORGANISATIONAL STRUCTURE

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6.1 Shareholders

OMIP – Pólo Português, S.G.M.R., S.A. (50%)

OMI – Polo Español, S.A. (50%)

6.2 Governing bodies (3—year period 2018—2020)

Board of the Shareholders' General Meeting

Manuela Lopes dos Santos..... Chairwoman

Rafael Ramos Gil Secretary

Board of Directors*

Carmen Becerril Martinez **..... Chairwoman

Artur Álvaro Laureano Homem da Trindade Deputy Chairman

António Erias Rey..... Voting Member

Gonzalo Solana González Voting Member

José Manuel Amado da Silva..... Voting Member

Paulo Alexandre da Rocha Henriques ***..... Voting Member

* The members of the Board of Directors elected for the first time for the 2018-2020 term of office shall begin their duties after being notified that CMVM does not oppose their appointment or after the expiry of the period for filing an opposition, pursuant to the applicable law.

** Elected on 5 September 2018 after Ignacio Grangel Vicente resigned.

*** Resigned on 27 February 2019.

Audit and Compliance Committee

Gonzalo Solana González Chairman

José Manuel Amado da Silva..... Deputy Chairman

Remunerations Committee

Antonio Erias Rey..... Chairman

Gonzalo Solana González Voting Member

José Manuel Amado da Silva..... Voting Member

Supervisory Board/Statutory Auditor (3—year period 2018—2020)

Ernest & Young Audit & Associados – SROC, S.A. (SROC) Executive

Pedro Miguel Borges Marques (ROC)..... Alternate

6.3 Risk Committee

Pursuant to Article 28 of Regulation (EU) no. 648/2012 of the European Parliament and of the Council, of 4 July 2012 (EMIR), OMIClear established a Risk Committee formed by the two independent members of the Board of Directors, three representatives of its clearing members, and two representatives of its clients.

In 2018, the Risk Committee comprised the following members:

José Manuel Amado da Silva (Independent).....	Chairman
Gonzalo Solana González (Independent)	Deputy Chairman
Cristóbal Lovera (Endesa Generación, S.A.).....	Voting Member
Joaquín Ubero Almunia* (Cepsa Gas y Electricidade, S.A.**)	Voting Member
Julián Calvo Moya (Iberdrola Generación España, S.A.U.).....	Voting Member
Luis Sánchez Pintado* (Banco Santander, S.A.).....	Voting Member
Rodrigo Mario Lino Braamcamp* (EDP Energias de Portugal, S.A.).....	Voting Member

* Took up office on 1 July 2018 to replace Mario Hélair Margarita Claeys, Olmo García Pepin and Ricardo Jorge Viegas Covas, whose term of office as voting member of the Risk Committee ended on 30 June 2018.

** Elected by designation of Cepsa Gas y Electricidade, S.A., but ended the employment relationship with this entity in August 2018.

All members have solid expertise and knowledge of OMIClear's areas of activity.

The functions of the Risk Committee are set out in Article 28 of the EMIR and involve advising the Board of Directors on matters related to the different types of risks to which the central counterpart is exposed, as well as its risk management structure, organisation and procedures. The Risk Committee met four times in 2018, and gave its opinion on a broad number of issues, namely the new margin system, the methodology used to test market risks, new products, the credit risk policy and the liquidity plan.

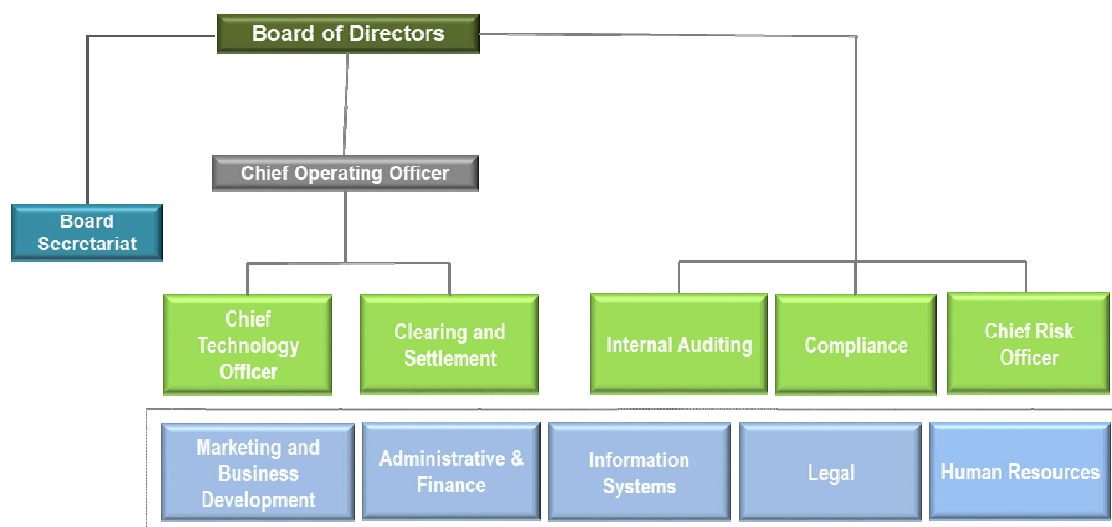
With the exception of the two independent members, whose term of office ends in December 2020, the term of office of the Risk Committee members ends in June 2020.

6.4. Staff

In terms of organisational structure, OMIClear has a specific operational area dedicated to the core management of the central counterparty, including all the inherent functions and, in particular, risk management.

OMIClear benefits from a set of services in some support areas, which, according to the limits and the conditions set out in the applicable legislation, are contracted to other companies of the group.

Figure 17 Organisational chart



As at 31 December 2018, OMIClear had, in addition to the six members of the Board of Directors, nine staff, four male and five female, four of which working exclusively with clearing and settlement.

OUTLOOK FOR 2019

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Business development in 2019 poses several challenges to OMIClear. Given the very competitive environment, OMIClear will continue its efforts to diversify its activities, in particular with regard to the natural gas market. The launch of clearing services for natural gas derivatives, either in coordination with OMIP or with MIBGAS and MIBGAS Derivatives, is a relevant milestone for the diversification of the services provided. In addition to its actual effect on the increase in clearing volumes, it should also contribute to the increase in the number of participants and of the cleared volume in electricity derivatives.

In the electricity market, OMIClear will remain vigilant so as to ensure the high service level that has been provided to market participants, and also in the development of new solutions and functionalities specifically requested by participants, in particular for the clearing of special regime generation. In this sense, the evolution of the electricity market in renewable energy investments, the initiatives of the Spanish and Portuguese governments concerning the possibility of launching auctions, and the evolution of long-term contracts, the so-called “*Power Purchase Agreements*” (PPA), are all relevant elements that should be taken into consideration by OMIClear in coordination with OMIP and with the rest of the companies of the Iberian Market Operator (OMI). OMIClear will continue to support OMIP in the clearing of products traded in auctions, such as auctions of production of energy under a special regime (PRE) for the Portuguese MIBEL zone.

By focusing on a strategy to expand its portfolio, with a view to meeting the needs of the market agents together with the high level of service always provided by OMIClear gives our company the trust and courage needed to face the challenges ahead, in particular the fierce increase in competition. Consequently, the immediate steps will be to continue to diversify in order to mitigate risks, most of which are beyond our control, and to maintain a very tight cost structure, yet flexible enough to efficiently respond to any opportunity. At the same time, OMIClear will continue to work according to the highest standards of efficiency and innovation, to meet the increasing needs of its members and the requirements of the business sector in which the company operates, and will continue to maintain the high level of requirement as imposed by the EMIR and the subsequent implementing regulation.

In terms of international cooperation, OMIClear will continue to participate actively in the activities carried out by the various international associations, including the European Association of Clearing Houses (EACH) of which it is a member.

PROPOSED APPROPRIATION OF PROFITS



The Board of Directors, under the terms and for the purposes of Article 25 of the Company Statutes, decided to propose that the net results for 2018, in the negative amount of €244, 095.12 (two hundred and forty-four thousand, ninety-nine euros and twelve cents), be appropriated as follows:

To retained earnings.....(€244,095.12)

Lisbon, 21 March 2019

The Board of Directors,

Carmen Becerril Martinez

Artur Álvaro Laureano Homem da Trindade

António Erias Rey

Gonzalo Solana González

José Manuel Amado da Silva

Paulo Alexandre da Rocha Henriques

FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2018

Balance sheet as at 31 December 2018

		Currency: Euros	
	Note	31-12-2018	31-12-2017
Assets			
Non-current			
Property, plant and equipment	7	20.255	28.086
Intangible assets	8	403.179	540.339
Other financial investments	9	6.741	4.640
Deferred tax assets	10	130.200	64.302
		560.375	637.367
Current			
Clients	11	100.064	38.526
State and other public entities	12	970.689	64.861
Other receivables	13	260.589	364.661
Deferrals	14	43.747	34.180
Other financial assets	15	190.896.385	264.106.475
Cash and bank deposits	5	9.594.419	10.391.770
		201.865.893	275.000.473
Total assets		202.426.268	275.637.840
Equity capital			
Paid-up capital	16	7.500.000	7.500.000
Supplementary payments	17	525.835	525.835
Legal reserves	18	231.858	231.858
SIG.B reserve	18	1.875.000	1.875.000
Other reserves	18	66.895	66.895
Retained earnings		656.632	898.531
		10.856.220	11.098.119
Net result for the period		(244.095)	(241.899)
Total equity capital		10.612.125	10.856.220
Liabilities			
Current			
Suppliers	20	30.557	17.939
State and other public entities	12	34.825	33.317
Loans obtained	19	-	4.265
Other accounts payable	21	853.484	623.447
Other financial liabilities	15	190.895.277	264.102.652
		191.814.143	264.781.620
Total liabilities		191.814.143	264.781.620
Total equity capital and liabilities		202.426.268	275.637.840

Statement of profit and loss by nature as at 31 December 2018

	Note	Currency: Euros	
		31-12-2018	31-12-2017
Sales and services rendered	22	1.113.400,29	1.045.861
Supplies and external services	23	(586.174,11)	(588.579)
Staff costs	24	(1.076.078,90)	(1.055.657)
Other income	25	738.708,05	821.351
Other expenses	26	(319.278,20)	(326.831)
Results before depreciation, financial expenses and taxes		(129.423)	(103.855)
(Expenses) / reversal depreciation and amortisation	7 e 8	(159.227,44)	(157.908)
Operational result (before financial expenses and taxes)		(288.650)	(261.763)
Interest and similar earnings	27	(12.925,23)	(33.994)
Pre-tax results		(301.575)	(295.757)
Income tax for the period	28	57.480	53.858
Net result for the period		(244.095)	(241.899)
Basic earnings per share:		(0,33)	(0,32)

Statement of changes in equity in 2018

	Note	Paid-up Capital	Supplementary Payments	Legal Reserves	SIG.B Reserve	Other Reserves	Retained Earnings	Net Result for the Period	Total
On 1 January 2017		7.500.000		221.391	1.875.000	66.895	804.327	104.671	10.572.284
Changes in the period									
Other changes recognised in equity capital		-	525.835	10.467	-	-	94.204	(104.671)	525.835
		-	525.835	10.467	-	-	94.204	(104.671)	525.835
Net result for the period		-	-	-	-	-	-	(241.899)	(241.899)
Integral result		-	-	-	-	-	-	(241.899)	(241.899)
Operations with equity holders in the period									
Distributions		-	-	-	-	-	-	-	-
Other variations		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
On 31 December 2017		7.500.000	525.835	231.858	1.875.000	66.895	898.531	(241.899)	10.856.220
Changes in the period									
Other changes recognised in equity capital	17 e 18	-	-	-	-	-	(241.899)	241.899	-
		-	-	-	-	-	(241.899)	241.899	-
Net result for the period		-	-	-	-	-	-	(244.095)	(244.095)
Integral result		-	-	-	-	-	-	(244.095)	(244.095)
Operations with equity holders in the period									
Other variations		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
On 31 December 2018		7.500.000	525.835	231.858	1.875.000	66.895	656.632	(244.095)	10.612.125

Statement of cash flow as at 31 December 2018

	Note	Currency: Euros	
		31-12-2018	31-12-2017
Cash flow of operating activities			
Receivables from clients		(63.786.918)	(16.388.613)
Payments to suppliers		62.963.137	16.723.028
Payments to staff		(960.554)	(1.092.596)
Cash flow generated by the operations		(1.784.335)	(758.181)
(Payment) / refund of income tax		1.969	(48.116)
Other (payments) / receipts		218.739	(140.352)
Cash flow generated by the operations		(1.563.626)	(946.649)
Cash flows of investment activities			
Receipts from:			
Interest and similar income		630.259	471.398
Cash flows of investment activities		630.259	471.398
Cash flows of financial activities			
Payments regarding:			
Interest and similar expenses		(8.655)	(19.332)
Other financial activities		-	(131.938)
Cash flows of financial activities		(8.656)	(151.272)
Variation of cash flow and its equivalents		(797.351)	(626.523)
Cash and cash equivalents at the start of the period	5	10.391.770	11.018.287
Cash and cash equivalents at the end of the period	5	9.594.419	10.391.770

The headings "Receivables from clients" and "Payments to suppliers", on 31 December 2018 and 2017 include the transactions of "Deposits of Guarantees to be Paid" and "Deposits of Guarantees to be Received" which total €-73,207,374.63 (2017: €-17,179,647.58).

ANNEX TO THE FINANCIAL STATEMENTS

1. Identification of the company and reporting period

OMIClear – C.C., S.A., whose previous name was OMIClear – Sociedade de Compensação de Mercados de Energia, S.G.C.C.C.C., S.A, with its registered office at Avenida Casal Ribeiro, n.º 14 – 8.º piso, in Lisbon, was duly constituted under Article 488(1) of the Código das Sociedades Comerciais (Commercial Companies Code) and had its public deed signed on 6 April 2004.

The company began its activity on 7 April 2004, its purpose being the management of a clearing house and of a settlement system, as well as playing the role of central counterparty in spot and futures market operations, namely: futures, forwards, swaps and options, whose underlying assets are electricity, other energy-related commodities or equivalents, real or notional, electricity indices of energy-based products or other equivalent assets, regardless of whether settlement is by delivery or merely financial.

The company may also engage in activities that are subsidiary or accessory to its main purpose, provided that these do not constitute an intermediary financial activity, namely:

- (i) Managing systems of book-entry accounts and calculation of net positions;
- (ii) Providing members of the systems under its management with the services which are required for the intervention of such members in markets or systems managed by a foreign similar entity in another country;
- (iii) Providing consultancy services related to the systems under its management;
- (iv) Participation in research studies, preparation, distribution and commercialisation of market-related information;
- (v) Development, management and marketing of computer hardware and software, as well as data transmission networks for the contracting and transmission of orders and/or data.

The company may also participate in other companies with similar or complementary corporate purpose, even if governed by special laws, as well as in complementary groups of companies.

OMIClear has a share capital of €7,500,000, represented by 750,000 shares each with a nominal value of €10, which on 31 December 2018 were 50 % owned by OMIP – Pólo Português, S.G.M.R., S.A., and 50 % by the lawfully registered Spanish company OMI – Polo Español, S.A. (OMIE).

The entry of OMIE into the shareholding structure in September 2013 was possible after it agreed to a capital increase, fully paid up by this company, in the amount of €6,200,000, of which €3,000,000 were allocated to share capital and the remaining €3,200,000 to share premiums.

The share premiums were later used as follows: €1,500,000 in a capital increase and the remaining €1,700,000 to set up a reserve (SIG B) provided for in the EMIR.

On 22 November 2010 OMIClear opened its Spanish branch with tax identification number W0106378C under the name “OMIClear – Sociedade de Compensação de Mercados de Energia, Sociedade Gestora de Câmara de Compensação com assunção de Contraparte Central (SGCCCC), S.A., Sucursal en España”, with registered office at Calle Ribera de Loira, 46, 28046 Madrid, Spain.

The activities described below constitute the main business objectives of the Spanish branch, which are partially similar to the corporate objectives of its parent company:

- (i) The management of a clearing house and a settlement system, as well as playing the role of central counterparty in spot and futures market operations, namely: futures, forwards, swaps and options, whose underlying assets are electricity, other energy-related commodities or equivalents, real or notional, electricity indices of energy-based products or other equivalent assets, regardless of whether settlement is by delivery or merely financial;

- (iii) Engage in activities that are subsidiary or accessory to its main objective, provided that these are not a financial intermediation activity, in particular: *a)* manage book-entry account systems and calculation of net positions; *b)* provide members of the systems under its management services which are required for the intervention of such members in markets or systems managed by a foreign similar entity in another country, *c)* provide consultancy services related to the systems under its management; *d)* participate in research studies, preparation, distribution and commercialisation of market-related information, and *e)* develop, manage and market computer hardware and software, as well as data transmission networks for the contracting and transmission of orders and/or data;
- (iii) The branch may also participate in other companies with similar or complementary corporate purpose, even if governed by special laws, as well as in complementary groups of companies;
- (iv) The branch may grant loans and other forms of lending and provide supplementary benefits to subsidiary companies.

The initial cash assets of the branch totalled €5,000, which were transferred by OMIClear to a bank account opened in the name of the Branch at a credit institution domiciled in Spain. The Branch may exist for an indefinite period of time, but may not go beyond the duration of OMIClear.

These financial statements were approved by the Board of Directors on 21 March 2019 and are subject to the approval of the shareholders. In the opinion of the Board, these financial statements reflect a true and fair view of the operations carried out by OMIClear, as well as its financial position, performance and cash flows.

2 Accounting standards for financial reporting

2.1 Basis of preparation

These financial statements were prepared in agreement with the rules on accounting and financial reporting (NCRF), issued and in force or issued and adopted as at 31 December 2018.

The preparation of financial statements in agreement with the SNC calls for the use of estimates, assumptions and critical judgements when determining the accounting policies to be adopted by OMIClear, with a significant impact on the accounting value of assets and liabilities, and on income and expenses for the reporting period.

Although these estimates are based on the Board's best knowledge and expectations of current and future events and activities, the current and future results may be different. Note 4.17 presents the areas involving greater judgement calls and complexity, or the areas in which the assumptions and estimates are relevant to the financial statements.

2.2 Derogation to the SNC provision (Accounting Standardisation System)

During the period covered by these financial statements there were no exceptional cases directly requiring the derogation to any SNC provision.

2.3 Comparability of financial statements

All the information in these financial statements is comparable to that of the previous year.

4 Significant Accounting Policies

The significant accounting policies used to prepare the financial statements are described below. Unless otherwise stated, these policies have consistently been applied to all topics presented.

4.1 Currency translation

i) FUNCTIONAL AND PRESENTATION CURRENCY

Unless otherwise stated, the financial statements of OMIClear and the notes to this annex are presented in EUR.

ii) TRANSACTIONS AND BALANCES

Transactions made in a currency other than EUR are translated into the functional currency at the exchange rates on the dates of the transactions. Exchange gains or losses arising from the payment/receipt of transactions and of the translation by the currency rate at the balance sheet date of the cash assets and liabilities denominated in a foreign currency are recorded in the statement of profit and loss, under Interest and similar income obtained and Interest and similar expenses incurred, if related to loans or Other income and gains or Other expenses and losses, for all other balances/transactions.

iii) EXCHANGE RATES USED

The foreign currency exchange rates used in the translation of balances denominated in foreign currency are the following:

Currency	2018	2017
USD	1,1450	1,1979
GBP	0,8945	0,8877

4.2 Property, plant and equipment

Property, plant and equipment are valued at cost deducted from accumulated depreciation and accumulated impairment losses. This cost includes the estimated cost at the date of transition to the Accounting and Financial Reporting Standard (*NCRF – Norma Contabilística de Relato Financeiro*), and the acquisition costs for assets acquired after that date.

The acquisition cost includes the purchase price of the asset, costs directly attributable to its acquisition and those incurred in preparing the asset for its commissioning.

Current cost of repairs and maintenance services are recorded as expenses in the period in which they occurred.

Property, plant and equipment are depreciated systematically for the duration of their estimated lifespan according to the straight line method.

	Years
Vehicles	Between 4 and 6 years
Office equipment	Between 3 and 10 years
Other property, plant and equipment	Between 3 and 10 years

The lifespan of each asset is reviewed at the end of every year so as to ensure that the depreciation is in agreement with its consumption patterns. Changes in lifespan are treated as changes to the accounting estimate and are applied prospectively.

Gains or losses resulting from the disposal of assets are calculated as the difference between the net realizable value and the book value of the asset and are recorded in the statement of profit and loss.

4.3 Impairment of assets

Assets with a finite useful life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the determined recoverable amount is less than the book value of assets, the company will assess whether the loss situation is permanent or definite, and if so it will record the impairment loss. Where the loss is not considered permanent and definite, the grounds for this decision must be disclosed.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. To determine whether or not there is impairment, the assets are allocated to the lowest level for which there are separate identifiable cash flows (cash generating units).

Non-financial assets, other than goodwill, for which impairment losses were recorded, are calculated at each reporting date on the possible reversal of impairment losses.

When impairment is recorded or reversed, asset amortisation and depreciation is recalculated prospectively based on the recoverable amount.

4.4 Financial assets

The Board of Directors determines the classification of financial assets on the date of initial record, according to the purpose of their purchase, and reassesses this classification at each reporting date.

Financial assets can be classified as:

- a) Financial assets at fair value through profit or loss – they include non-derivative financial assets held for trading regarding short-term investments and assets at fair value through profit or loss on the date on which they were first recognised;
- b) Loans granted and accounts receivable – they include non-derivative financial assets with fixed or determinable payments not quoted in an active market;
- c) Investments held to maturity – they include non-derivative financial assets with fixed or determinable payments and fixed maturities for which the entity has the intention and capacity to hold until maturity;
- d) Financial assets held for sale – they include available-for-sale non-derivative financial assets that are designated as available for sale on initial recognition or that do not fit the above categories. They are recorded as non-current assets except if there is intention to sell them within 12 months after the balance sheet date.

Financial assets at fair value through profit or loss are initially recorded at fair value, with transaction costs recorded in profit and loss. These assets are subsequently measured at fair value, and the gains and losses resulting from the change in fair value are posted in profit or loss for the period in which they arise under the heading "Net financial costs", which also includes interest and dividends received.

Available-for-sale financial assets are initially recorded at fair value plus transaction costs. In the subsequent periods, they are measured at fair value and the fair value variation is posted in fair value reserve in equity. Interest and dividends from available-for-sale financial assets are recorded in profit or loss in the period in which they arise under the heading "Other operating gains", where the right to receive it is established.

Accounts receivable are classified on the balance sheet as "Other receivables". A provision for the impairment of accounts receivable is established when there is objective evidence that the company will not be able to collect all amounts due in accordance with the original terms of the transactions that gave rise to them.

The Company opted to apply IFRS 9 – Financial Instruments Recognition and Measurement, in accordance with the provisions in paragraph 2 of the Accounting and Financial Reporting Standard (NCRF) 27.

4.5 Clients and Other accounts receivable

The items "Clients" and "Other accounts receivable" constitute rights receivable for the sale of assets or services in the normal course of OMIClear's business, and are initially recorded at fair value and subsequently measured at amortised cost, less impairment adjustments (where applicable). If there is a formal agreement for the deferral of amounts receivable, the fair value is determined in line with the effective interest rate method, which is the rate that exactly discounts estimated future cash payments through the expected repayment date.

Impairment losses on "Clients" and "Other accounts receivable" are recorded when there is objective evidence that they will not be recovered under the initial terms of the transaction. The identified impairment losses are recorded in the statement of profit and loss, under Impairment in accounts receivable, and are subsequently reversed through profit or loss if the impairment indicator ceases to exist.

4.6 Cash and Cash equivalents

Cash and cash equivalents include cash on hand, bank deposits, other short-term high liquidity financial investments with original maturities of up to three months, bank guarantees and overdrafts. The latter are presented in the Balance Sheet under current or not current liabilities depending on whether they are short term or medium long term, under the heading "Loans granted", and are taken into consideration in the preparation of the statements of cash flow, as cash or cash equivalents.

4.7 Share capital

Ordinary shares are registered under equity capital.

Costs directly attributable to the issue of new shares or options are presented in own capital as a deduction, net of taxes, to the amount issued.

4.8 Suppliers and Other accounts payable

The items "Suppliers" and "Other accounts payable" constitute obligation to pay for the acquisition of assets or services and are initially recorded at fair value, and subsequently measured at amortised cost using the effective interest rate method.

4.9 Financial liabilities

The Board of Directors determines the classification of financial liabilities on the date when they are first recorded, in accordance with NCRF 27 – Financial instruments.

Financial liabilities may be recorded / measured:

- a) At cost or at amortized cost deducted of any impairment loss;
- b) At fair value with changes in fair value being recorded in the statement of profit and loss.

OMIClear records and measures at cost or at amortized cost, financial liabilities: (i) that are short-term or have a defined maturity; (ii) whose interest yield may be flat-rated, fixed-rated or variable-rated as indexed to market indices; and (iii) where there is no contractual clause which could alter the liability of refunding the nominal value and the accrued interest payable.

For liabilities recorded at amortized cost, the interest earned in each period, is determined according to the effective interest rate method, which is the rate that deducts the estimated future cash payments throughout the expected lifespan of the financial instrument.

Financial liabilities which result from financing obtained, accounts payable (suppliers, other creditors, etc.) and equity capital instruments as well as any associated derivative contracts not traded on an active market or whose fair value cannot be accurately determined, are recorded at cost or amortized cost.

An entity must derecognise a financial liability (or part of a financial liability) only when it is extinguished, that is, when the obligation set up under contract is paid, is cancelled or expires.

4.10 Income tax

The company is subject to corporate income tax (IRC) at a rate of 17 % over the taxable amount up to € 5,000, with the 21 % rate applying to the remaining taxable amount. To the corporate income tax thus obtained is added a surcharge applicable to the taxable income, whose rate can vary up to 1.5 %, as well as the autonomous tax on charges, in agreement with the rates stated in Article 88 of the Corporate Income Tax Code. To determine the taxable amount, to which the mentioned tax rate is applied, the amounts not accepted fiscally are added to and subtracted from the accounting result. The difference between the accounting and tax result may be temporary or permanent.

Income tax for the period comprises current taxes and deferred taxes. Taxes on income are recorded in the statement of profit and loss, except if they relate to items directly recorded in equity. The amount of current income tax payable is determined based on total income before tax, adjusted as per tax regulations, except if they relate to items recognised directly in own capital. The amount of current tax payable is determined based on the pre-tax results, adjusted according to tax rules.

Payments on account and special payments on account were recorded in the company accounts and will be deducted from tax payable.

Deferred tax is recorded using the liability method, which is based on the balance sheet and takes into account temporary differences arising from the difference between the tax bases of assets and liabilities and their carrying values in the financial statements.

Deferred taxes are calculated according to the tax rates in force or officially announced at the balance sheet date, and which are expected to be applicable on the effective date of deferred tax assets, or on the date when the deferred tax liabilities are paid.

Deferred tax assets are recorded to the extent that it is likely that future taxable profits will be available to cover the temporary difference. Deferred tax liabilities are recorded for all temporary taxable differences, except for those relating to: (i) the initial recognition of goodwill; or (ii) the initial recording of assets and liabilities that do not result from a concentration of activities, and that, at the time of transaction, will affect neither the accounting nor the tax results. However, in relation to temporary taxable differences related to investments in subsidiaries, these must not be recorded because: (i) the parent company is able to control the timing for reversal of the temporary difference; and (ii) it is likely that the temporary difference will not be reversed in the near future.

4.11 Provisions, contingent liabilities and contingent assets

Provisions are recorded when OMIClear has: (i) a present legal or constructive liability resulting from past events; (ii) for which it is more likely that an outflow of internal funds will not be required to pay that liability; and (iii) the amount can be reasonably estimated. Whenever one of the criteria is not met or the liability is conditional on the occurrence (or non-occurrence) of a future event, OMIClear discloses it as a contingent liability, unless the evaluation of the enforceability of the outflow of funds for the payment thereof is considered remote.

Provisions are measured at the current value of estimated expenses needed to pay the liability using a pre-tax rate that reflects market evaluation for the discount period and for the risk of provisions in question.

Contingent liabilities are not recorded in the financial statements, but are always disclosed when the possibility of an outflow of funds embodying economic benefits is not remote.

Contingent assets are not recorded in the financial statements, but are disclosed when a future inflow of funds is likely to occur.

4.12 Leases

Leases of tangible fixed assets in relation to which OMIClear substantially holds all the risks and benefits inherent to asset ownership are classified as financial leases. Agreements where the analysis of one or more specific situations of the contract point to that nature are also classified as financial leases. All other leases are recorded as operating leases.

Financial leases are capitalised at the beginning of the lease for the current value of minimum lease payments, each determined at the start of the contract. The resulting debt of a financial lease contract is recorded net of financial charges under the heading "Loans". Financial charges included in the rent and the depreciation of leased assets are recorded in the statement of profit and loss in the period to which they relate.

Tangible assets acquired through financial leases are depreciated over the shorter of the lifespan of the asset and the leasing period when the company has no purchase option at the end of the contract, or for the estimated lifespan of the asset when the company has intention to acquire the assets at the end of the contract.

In operating leases, rents owed are recorded as cost in the statement of profit and loss on a straight-line basis over the lease term.

4.13 Expenses and income

Expenses and income are recorded in the period to which they relate, regardless of having been paid or received, in agreement with the principles of accrual accounting periods. The differences between the amounts received and paid and the corresponding income and expenses are recorded as assets or liabilities if they qualify as such.

4.14 Revenue

Revenue is the fair value of the amount received or receivable for the sale of goods and/or services in the normal course of OMIClear's activity. Revenue is presented net of any real or estimated amounts, or both, for sales returns, commercial discounts, quantity discounts, and pre or cash payments. These amounts are estimated based on historical information, specific contractual terms, or future expectations regarding the evolution of revenue, which are deducted when the revenue is recorded, by stating the appropriate liabilities. Where there is a formal agreement for the deferral of amounts receivable, the fair value of the revenue is determined based on the effective interest rate method, which is the rate that exactly discounts estimated future cash payments or receipts for the expected reimbursement period.

Revenue from the sale of products is recorded when: (i) the revenue amount can be reliably estimated; (ii) the economic benefits are likely to flow to OMIClear; and (iii) a significant part of risks and benefits have been transferred to the buyer.

Revenue from services provided is recorded according to the percentage of completion or based on the contract period, when the service provision is not associated with the performance of specific activities, but to the continuing provision of service.

4.15 Distribution of dividends

The distribution of dividends to OMIClear shareholders is recorded as a liability in the financial statements in the period in which the dividends are approved by its members.

4.16 Netting of balances and transactions

Assets, liabilities, income and expenses are not netted unless required or permitted by the NCRF.

4.17 Significant estimates and assumptions presented

Estimates and assumptions with impact on OMIClear's financial statements are continually evaluated, representing at each reporting date the Board's best estimate, taking into account the historical performance, accumulated experience and expectations about future events that, under the circumstances, are believed to be reasonable.

The intrinsic nature of the estimates may cause the actual reflection of the estimated situations, for financial reporting purposes, to differ from the estimated amounts. The estimates and assumptions with a significant risk of causing a material adjustment to the carrying amount of assets and liabilities during the subsequent period are the following:

RELEVANT ACCOUNTING ESTIMATES

4.17.1. PROVISIONS

OMIClear periodically analyses any liabilities arising from past events that should be recorded or disclosed.

The subjectivity inherent to the determination of probability and of the internal resources required to pay the liabilities may lead to significant adjustments, because of the varying assumptions used or due to the future recording of provisions previously disclosed as contingent liabilities.

4.17.2. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The determination of the lifespan of assets and the depreciation/amortisation method to use is key to determining the amount of depreciation/amortisation recorded in the statement of profit and loss for each period.

These two parameters are defined according to the Board's best discretion for assets and businesses in question, taking into account, where possible, the practices adopted by sector companies at international level.

4.17.3. IMPAIRMENT

The determination of an eventual impairment loss may be triggered by various events, many of which outside OMIClear's sphere of influence, such as: (i) future availability of funding; and (ii) the cost of capital or any other changes internal or external to OMIClear.

The identification of impairment indicators, the estimation of future cash flows and the determination of the fair value of assets imply a high degree of judgement by the Board as regards the identification and evaluation of the different impairment indicators, expected cash flows, applicable discount rates, lifespan and residual values.

4.17.4. DEFERRED TAX ASSETS

OMIClear has recorded in its accounts the deferred tax assets on the loss for the year. These recorded to the extent that it is likely that sufficient taxable profits will be available in the future to allow such deferred tax assets to be used. The calculation thereof is based on the tax rates in force.

Deferred tax assets are reviewed at the end of each period, and are lowered whenever their future use is no longer probable.

4.18 Events after the balance sheet

The events after the financial statement dates that provide additional information about the existing conditions at the time of the financial statements are shown in the company's financial statements. Material events after the date of the financial statements that provide information about the conditions occurring after the financial statements are disclosed in the notes to the financial statements.

5 Cash flows

5.1 Cash and cash equivalents not available for use

OMIClear has no cash balance or cash equivalent with restrictions of use for the periods presented.

5.2 Breakdown of values posted in “Cash”

As at 31 December 2018 and 31 December 2017, the breakdown of cash and cash equivalents was as follows:

	31-12-2018	31-12-2017
Cash	2.013	2.013
Bank deposits	9.592.406	10.389.757
	9.594.419	10.391.770

The breakdown of the amount considered as final balance under “Cash and cash equivalents” for the purpose of preparing the cash flow statement for the period ending on 31 December 2018 and 31 December 2017 was the following:

	31-12-2018	31-12-2017
Cash resources		
- Cash	2.013	2.013
	2.013	2.013
Bank deposits		
- Checking accounts	2.338.189	2.084.620
- Savings accounts	7.254.216	8.305.137
	9.592.406	10.389.758
	9.594.419	10.391.770

6 Accounting policies, changes in accounting estimates and errors

6.1 Changes in rules

During the period in question, no new rules, changes or interpretations of existing rules were published that should be considered by OMIClear.

6.2 Changes in accounting policies

During the period in question, there were no changes in the accounting policies considered in the preparation of these financial statements.

6.3 Changes in accounting estimates

During the period in question, there were no changes in the accounting estimates considered in the preparation of these financial statements.

6.4 Prior period errors

During the period in question, no errors were identified that concerned prior periods.

7 Property, plant and equipment

During the period ending 31 December 2017 the changes recorded under the heading of property, plant and equipment were as follows:

Changes in property, plant and equipment – 2017

	Vehicles	Office equipment	Other property, plant and equipment	Total
1 January 2017				
Acquisition cost	40.192	1.789.637	5.675	1.835.503
Accumulated depreciation	(26.795)	(1.779.701)	(1.604)	(1.808.100)
Net book value	13.397	9.936	4.072	27.403
Additions	-	15.857	-	15.857
Depreciation for the period	(10.048)	(4.542)	(584)	(15.174)
Net book value	3.349	21.251	3.488	28.086
31 December 2017				
Acquisition cost	40.192	1.805.494	5.675	1.851.360
Accumulated depreciation	(36.843)	(1.784.243)	(2.187)	(1.823.274)
Net book value	3.349	21.251	3.488	28.086

During the period ending 31 December 2018 the changes recorded under the heading of property, plant and equipment were as follows:

Changes in property, plant and equipment – 2018

	Vehicles	Office equipment	Other property, plant and equipment	Total
1 January 2018				
Acquisition cost	40.192	1.805.494	5.675	1.851.360
Accumulated depreciation	(36.843)	(1.784.243)	(2.187)	(1.823.274)
Net book value	3.349	21.251	3.488	28.086
Additions	-	2.808	-	2.808
Depreciation for the period	(3.349)	(6.706)	(584)	(10.639)
Net book value	-	17.353	2.904	20.256
31 December 2018				
Acquisition cost	40.192	1.808.303	5.675	1.854.168
Accumulated depreciation	(40.192)	(1.790.949)	(2.771)	(1.833.913)
Net book value	-	17.353	2.904	20.255

Depreciation of property, plant and equipment are fully recorded under the heading Expenses/ reversals of depreciation and amortisation in the statement of profit and loss.

Additions to property, plant and equipment made in the period ending 31 December 2018 relate mainly to administrative equipment.

As at 31 December 2018 and 31 December 2017, OMIClear used the following assets acquired under financial lease:

Financial Leases	31-12-2018	31-12-2017
Gross value	40.192	40.192
Accumulated depreciation	(40.192)	(36.843)
Net book value	-	3.349

8 Intangible fixed assets

During the period ended 31 December 2017, the changes recorded under intangible assets were as follows:

Changes in intangible fixed assets – 2017

	Development projects	Computer programmes	Other intangible assets	Total
1 January 2017				
Acquisition cost	23.210	7.500	776.647	807.357
Accumulated depreciation	(1.834)	(1.042)	(136.057)	(138.933)
Net book value	21.376	6.458	640.590	668.424
Additions	-	14.649	-	14.649
Depreciation - disposals	(5.844)	(2.500)	(134.390)	(142.734)
Net book value	15.532	18.607	506.200	540.339
31 December 2017				
Acquisition cost	23.210	22.149	776.647	822.006
Accumulated depreciation	(7.678)	(3.542)	(270.447)	(281.667)
Net book value	15.532	18.607	506.200	540.339

During the period ended 31 December 2018, the changes recorded under intangible assets were as follows:

Changes in intangible fixed assets – 2018

	Development projects	Computer programmes	Other intangible assets	Total
1 January 2018				
Acquisition cost	23.210	22.149	776.647	822.006
Accumulated depreciation	(7.678)	(3.542)	(270.447)	(281.667)
Net book value	15.532	18.607	506.200	540.339
Additions	-	1.628	9.800	11.428
Depreciation in the period	(5.803)	(7.608)	(135.177)	(148.588)
Net book value	9.729	12.627	380.823	403.179
31 December 2018				
Acquisition cost	23.210	23.777	786.447	833.434
Accumulated depreciation	(13.481)	(11.150)	(405.624)	(430.255)
Net book value	9.729	12.627	380.823	403.179

The asset under intangible assets relates to the Sungard project.

9 Other financial investments

On 31 December 2018 and 31 December 2017, the amount of other investments refers to the monthly contributions made by the company to the Labour Compensation Fund (*FCT – Fundo de Compensação do Trabalho*), under Law 70/2013.

10 Deferred taxes

The Company records deferred taxes resulting from temporary differences between asset and liability amounts for accounting and tax purposes.

As at 31 December 2017 and 31 December 2018 the Company recognised deferred tax assets associated with the tax loss for the year, in the amount of €64,302 and €65,898, respectively, which can be deducted from the tax to be paid in the next five years. Based on future projections, it was considered that the conditions for recovering this amount are met; therefore the associated deferred tax asset was recognised in.

	Tax losses
As at 1 January 2017	64.302
Period ended 31 December	
Reversal through profit and loss	-
Increase through profit and loss	65.898
Change in the period	65.898
As at 31 December 2018	130.200

As at 31 December 2018 and 2017, no situations generated deferred tax liabilities.

11 Clients

In the periods ended 31 December 2018 and 31 December 2017, the heading “Clients” was broken down as follows:

	31-12-2018			31-12-2017		
	Current	Non-current	Total	Current	Non-current	Total
Clients - Related parties (Note 33)	61.800	-	61.800	-	-	-
Clients - Third parties	240	-	240	502	-	502
Third party clients - Branch (Note 33)	38.024	-	38.024	38.024	-	38.024
	100.064		100.064	38.526		38.526
Impairment	-	-	-	-	-	-
	100.064	-	100.064	38.526	-	38.526

During these periods, there were no differences between book value and their fair value.

As at 31 December 2018, the map containing the seniority of balances of related parties is as follows:

Client's name	Trial balance as at 31-12-2018	Due date	Months in arrears	Up to 6 months	6 to 12 months	12 to 18 months	18 to 24 months	>24 months
Omi, Pólo Espanhol, S.A.	30.900	31-08-2018	4,00	30.900	-	-	-	-
Omi, Pólo Espanhol, S.A.	10.300	20-11-2018	1,00	10.300	-	-	-	-
Omi, Pólo Espanhol, S.A.	10.300	30-11-2018	1,00	10.300	-	-	-	-
Omi, Pólo Espanhol, S.A.	10.300	31-12-2018	0,00	10.300	-	-	-	-
				61.800				

As at 31 December 2018, the map containing the seniority of balances of the branch is as follows:

Client's name	Trial balance as at 31-12-2018	Due date	Months in arrears	Up to 6 months	6 to 12 months	12 to 18 months	18 to 24 months	>24 months
Omi, Pólo Espanhol, S.A.	12.675	30-10-2018	2,00	12.675	-	-	-	-
Omi, Pólo Espanhol, S.A.	12.675	30-11-2018	1,00	12.675	-	-	-	-
Omi, Pólo Espanhol, S.A.	12.675	31-12-2018	0,00	12.674	-	-	-	-
				38.024				

12 State and other public entities

In the periods ended 31 December 2018 and 31 December 2017, the balances of the heading "State and other public entities" are as follows:

	31-12-2018		31-12-2017	
	Debtor	Creditor	Debtor	Creditor
Corporate tax - IRC	-	1.533	14.655	-
Corporate tax - IRC- Branch	-	771	272	-
Income tax - IRS	-	10.770	-	10.927
Income tax - IRS - Branch	-	1.113	-	1.061
Value added tax - VAT	970.689	-	49.934	-
Value added tax - VAT - Branch	-	6.303	-	6.332
Contributions to Social Security	-	13.458	-	14.151
Contributions to Social Security - Branch	-	877	-	846
	970.689	34.825	64.861	33.317

Corporate tax income (IRC) for the reported periods is broken down as follows:

	31-12-2018	31-12-2017
Payments on account	-	16.678
Payments on account - Branch	-	693
Special payment on account	3.875	3.875
Withholding tax	1.003	2.325
Corporate tax estimate	(6.411)	(8.223)
Corporate tax estimate - Branch	(771)	(421)
	(2.304)	14.927

13 Other receivables

In the periods ended 31 December 2018 and 31 December 2017, the heading “Other Receivables” is broken down as follows:

	31-12-2018			31-12-2017		
	Current	Non-current	Total	Current	Non-current	Total
Advance payments	13.000	-	13.000	6.375	-	6.375
Other debtors						
OMIP SGMR (Note 33)	-	-	-	72.506	-	72.506
OMIP SGPS (Note 33)	-	-	-	8.377	-	8.377
Enagás (guarantee)	150.000	-	150.000	150.000	-	150.000
MIBGÁS (guarantee)	20.000	-	20.000	-	-	-
Other	5	-	5	(45)	-	(45)
Accrued income						
Interest receivable	42.945	-	42.945	53.111	-	53.111
Other	34.639	-	34.639	74.337	-	74.337
	260.589	-	260.589	364.661	-	364.661
Impairment	-	-	-	-	-	-
	260.589	-	260.589	364.661	-	364.661

The amount of €42,945 refers to the accrued interest on guarantee deposits for December 2018, which the company will only receive in January 2019. (2017: €53,111).

The heading “Others” is broken down as follows:

	31-12-2018	31-12-2017
ECC - Q4	34.341	29.778
MIBGÁS Spot	-	43.475
EMIR- Galp Dec 2017	-	1.000
Other	298	84
	34.639	74.337

During these periods, there were no differences between the accounting values and their fair value.

14 Deferrals

As at 31 December 2018 and 31 December 2017, a recorded the following balances under the heading “Deferrals”:

Deferred costs

	31-12-2018	31-12-2017
Insurance	4.055	4.082
Rents	3.281	3.244
Other	36.411	26.854
	43.747	34.180

15 Other financial assets and liabilities

Cash collateral is recorded under the headings of assets and liabilities.

As at 31 December 2018 and 31 December 2017, the amounts recognised in the balance sheet are as follows:

	31-12-2018	31-12-2017
Guarantee deposits of participants	190.896.385	264.106.475
Amounts to be paid to participants	(190.895.277)	(264.102.652)
	1.108	3.823

The difference between the guarantees payable to the members and the guarantee deposit in 2018 and 2017 refers to interest relating to a bank entity, which are only received every quarter.

16 Share capital

As at 31 December 2018 and 31 December 2017, OMIClear's share capital of €7,500,000 was fully subscribed and paid for, and represented by 750,000 shares, each with a par value of €10.

The breakdown for share capital as at 31 December 2018 and 31 December 2017 is as follows:

	% share	Capital
OMIP SGMR	50,00%	3.750.000
OMIE	50,00%	3.750.000
	100,00%	7.500.000

17 Supplementary payments

In December 2017, the shareholders agreed to increase the Company's equity through supplementary payments.

These payments resulted from the conversion of all remaining loan credits (excluding interest), of an equal amount, contributed by the shareholders to the Company under the loan contracts concluded in December 2015, in the overall amount of €525,835 (five hundred and twenty-five thousand, eight hundred and thirty-five euros).

18 Legal reserves and Other reserves

“Legal reserves” and “Other reserves” recorded the following changes during the periods ended 31 December 2018 and 31 December 2017:

	Legal reserve	SIG.B Reserve	Other reserves	Total
1 January 2017	221.391	1.875.000	66.895	2.163.286
Appropriation of results for the period	10.467	-	-	10.467
Other operations	-	-	-	-
31 December 2017	231.858	1.875.000	66.895	2.173.753
Appropriation of results for the period	-	-	-	-
Other operations	-	-	-	-
31 December 2018	231.858	1.875.000	66.895	2.173.753

Pursuant to the law in force, at least 10 % of the net annual income must be appropriated to increase the legal reserve until it represents 20 % of capital. This reserve cannot be distributed unless the company is liquidated, and can only be used to cover losses after other reserves are used, or added to capital.

In 2018, the net profit for 2017 was transferred to retained earnings.

Under the law in force, the SIG.B reserve in the amount of €1,875,000 constitutes OMIClear’s own resources to be used if a clearing member is non-compliant.

19 Funding obtained

During the periods ended 31 December 2018 and 31 December 2017, the heading “Funding” was broken down as follows:

	Current	Non-current	Total	Current	Non-current	Total
Financial leases	-	-	-	4.265	-	4.265
	-	-	-	4.265	-	4.265

FINANCIAL LEASES

The repayment plan is as follows:

	31-12-2018	31-12-2017
2018	-	4.605
	-	4.605

20 Suppliers

During the periods ended 31 December 2018 and 31 December 2017, the heading including all current “Suppliers” is as follows:

	31-12-2018	31-12-2017
Suppliers	30.557	17.939
	30.557	17.939

21 Other accounts payable

As at 31 December 2018 and 31 December 2017, the breakdown of the heading "Other accounts payable" is as follows:

	31-12-2018			31-12-2017		
	Current	Non-current	Total	Current	Non-current	Total
Suppliers - investments						
Suppliers	895	-	895	-	-	-
	895	-	895	-	-	-
Other creditors						
OMIP SGPS (Note 33)	37.078	-	37.078	75.650	-	75.650
OMIP SGMR (Note 33)	384.952	-	384.952	245.631	-	245.631
Other	29.086	-	29.086	39.151	-	39.151
	451.116	-	451.116	360.432	-	360.432
Creditors due to accrued expenses						
Holidays and holiday bonuses	30.468	-	30.468	31.352	-	31.352
Other staff costs	45.699	-	45.699	24.423	-	24.423
Productivity bonuses	186.963	-	186.963	104.501	-	104.501
Remuneration paid to members of governing bodies	84.603	-	84.603	64.950	-	64.950
Other	53.740	-	53.740	37.789	-	37.789
	401.473	-	401.473	263.015	-	263.015
	853.484	-	853.484	623.447	-	623.447

The item "Other" refers to:

	31-12-2018	31-12-2017
- Services provided by market makers	20.095	17880
- Services provided by IOBS	8.292	16979
- CMM	1.500	1500
- Haircut accruals	10.000	-
- Descontel	2.000	-
- EY	3.000	-
- ONI	2.946	-
- Business Plan Continuity	3.000	-
- Other	2.907	1.430
	53.740	37.789

22 Service provision

Services provided and recognised in the statement of profit and loss are broken down as follows:

	31-12-2018	31-12-2017
Market fees	635.411	667.071
Services rendered - Natural Gas	249.300	169.175
EEX agreement	106.460	106.815
Services rendered - Energy	62.500	62.500
EMIR Reporting	41.200	40.300
Training	18.529	-
	1.113.400	1.045.861

23 Supplies and external services

The breakdown of the costs incurred with supplies and external services is as follows:

	31-12-2018	31-12-2017
Specialised works	398.866	391.556
Travel and accommodation	67.579	67.792
Rentals	47.116	48.850
Insurance	15.545	15.670
Entertainment expenses	14.836	14.340
Fees	10.570	17.900
Accounting and human resources - Branch	5.553	5.100
Banking fees and services	9.483	10.949
Cleaning, hygiene and comfort	4.746	4.620
Electricity	3.232	3.445
Other (each under €5,000)	8.648	8.357
	586.174	588.579

The most relevant heading in the category “Supplies” are specialised tasks that essentially include (i) maintenance of systems and access to IT platforms and (ii) management fees that offset within the Group the efforts dedicated to OMIClear by other Group employees.

24 Staff costs

Staff costs incurred during the periods ended 31 December 2018 and 2017 were as follows:

	31-12-2018	31-12-2017
Remunerations		
Governing bodies	334.959	303.455
Staff	533.922	551.914
Staff - Branch	29.750	28.125
	898.631	883.494
Social charges	167.296	158.659
Other	10.152	13.504
	177.448	172.163
	1.076.079	1.055.657

As in 2017 one of the executive directors only took up office in the second half of the year, staff costs were lower than in 2018.

The reduction in staff costs is due to the fact that one employee left the company and was not replaced. Governing bodies are made up of executive members and non-executive members.

In 2018, the average number of OMIClear staff was 11 (2017: 11).

25 Other income and gains

The heading “Other income and gains” is as follows:

	31-12-2018	31-12-2017
Guarantees	631.841	652.646
Management fees (Note 33)	105.892	165.892
Corrections of previous years' balances	938	-
Other	37	2.813
	738.708	821.351

“Income from guarantees” refers to operating income and relates to capital income received for the management of guarantees deposited with OMIClear.

The heading “Management fees” includes debits relating to the work provided by OMIClear employees in OMIP management tasks.

26 Other expenses and losses

The breakdown of “Other expenses and losses” is as follows:

	31-12-2018	31-12-2017
Services provided by group companies (Note 33)	212.304	218.000
Costs with market operations	80.961	85.488
Contributions/levies	18.316	18.200
Taxes	4.431	3.684
Corrections of previous years' balances	1.352	8
Other	1.914	1.451
	319.278	326.831

Costs with market operations in December 2018 and 2017 resulted from fixed commissions charged by Market Makers and IOBs, and also by CMVM.

27 Financial expenditure

The heading “Financial expenditure” for 2018 and 2017 is as follows:

	31-12-2018	31-12-2017
Interest and similar earnings		
Interest paid	12.925	33.994
	12.925	33.994
	12.925	33.994

28 Income tax

As at 31 December 2018 and 31 December 2017, the heading "Income tax" is as follows:

	31-12-2018	31-12-2017
Current income tax	7.680	8.644
Deferred income tax	(65.898)	(64.302)
(Over) / under taxation estimate	738	1.800
	(57.480)	(53.858)

28.1 Deferred taxes

As at 31 December 2018 and 2017, the Company recognised deferred tax assets associated with the tax loss for the year, in the amount of € 30,200.

No situation generated deferred tax liabilities as at 31 December 2018.

28.2 Reconciliation of tax rate

The reconciliation of the effective tax rate for the periods ended 31 December 2018 and 2017 is shown below:

	31-12-2018		31-12-2017	
Pre-tax results	(15.000)	(286.575)	(15.000)	(280.757)
Tax rate	17,0%	21,0%	17,0%	21,0%
	(2.550)	(60.181)	(2.550)	(58.959)
	(62.731)		(61.509)	
Non-deductible expenses	962		799	
Non-taxable income	(4.130)		(3.592)	
Autonomous taxation	6.411		8.223	
Under taxation estimate	738		1.800	
Impact of branch tax	1.269		421	
	(57.481)		(53.858)	
Current income tax	6.411		8.223	
Impact of branch tax	1.269		421	
Under taxation estimate	738		1.800	
Deferred tax asset	(65.898)		(64.302)	
Income tax	(57.480)		(53.858)	
Effective tax rate	19,06%		18,21%	

The tax rate used for determining the amount of tax in the financial statements is as follows:

	31-12-2018	31-12-2017
Tax rate up to €15,000	17,00%	17,00%
Tax rate for remaining value	21,00%	21,00%
Surcharge	1,50%	1,50%
	20,50%	20,50%

29 Dividends

As in 31 December 2017, OMIClear did not pay dividends during the period ended 31 December 2018.

30 Commitments

As at 31 December 2018 and 31 December 2017, there were no other commitments undertaken by the company and not reflected in the financial statements.

31 Contingencies

CONTINGENT LIABILITIES

As at 31 December 2018 and 31 December 2017, OMIClear did not record any contingent liabilities.

CONTINGENT ASSETS

As at 31 December 2018 and 31 December 2017, OMIClear did not record any contingent assets.

32 Information required by law

Under Article 21(1) of Decree-law 411/91, of 17 October, OMIClear confirms that it does not owe any contributions to Social Security or to Treasury.

33 Related parties

As at 31 December 2018 and 31 December 2017, 50 % of OMIClear was held by OMIP – Pólo Português, S.G.M.R., S.A. and 50 % by OMI – Polo Español, S.A. (OMIE).

NATURE OF THE RELATIONSHIP WITH THE RELATED PARTIES

SHAREHOLDERS:

- OMIP – Pólo Português, S.G.M.R., S.A.
- OMI – Polo Español, S.A. (OMIE)

OTHER RELATED PARTIES:

- OMIP – Operador do Mercado Ibérico (Portugal), S.G.P.S., S.A.
- OMEL – Operador del Mercado Ibérico de Energía, Polo Español, S.A.
- REN – Redes Energéticas Nacionais, S.A.
- REN – Serviços, S.A.
- Caixa Geral de Depósitos, S.A.
- Banco Comercial Português, S.A.

33.1 Transactions with shareholders

In the periods concerned, OMIClear made the following transactions with its shareholders:

	31-12-2018	31-12-2017
Services provided		
OMIE	249.300	43.475
OMIP SGMR (note 25)	85.344	145.344
	334.644	188.819
Services acquired		
OMIP SGMR	212.304	180.000
OMIE	-	(10.000)
	212.304	170.000

33.2 Debit and credit balances with shareholders

For the periods ended 31 December 2018 and 31 December 2017, the balances resulting from transactions made with the shareholders are as follows:

	31-12-2018	31-12-2017
Clients		
OMIE (note 11)	99.824	-
	99.824	-
Other accounts receivable		
OMIP SGMR	-	72.506
	-	72.506
Other accounts payable		
OMIP SGMR	384.952	245.631
	384.952	245.631

33.3 Transactions with other related parties:

During the periods concerned, OMIClear made the following transactions with the entities below:

	31-12-2018	31-12-2017
Services provided		
OMIP SGPS (note 25)	20.548	20.548
	20.548	20.548
Services acquired		
OMIP SGPS	-	48.000
	-	48.000

33.4 Debit and credit balances with other related parties:

At the end of the periods ending 31 December 2018 and 31 December 2017, the balances resulting from transactions made with other related parties are as follows:

	<u>31-12-2018</u>	<u>31-12-2017</u>
Other accounts receivable		
OMIP SGPS	-	8.377
	<u>-</u>	<u>8.377</u>
Other accounts payable		
OMIP SGPS	37.078	75.650
	<u>37.078</u>	<u>75.650</u>

33.5 Management remunerations

During the periods ended 31 December 2018 and 2017, the remunerations earned by the members of OMI-Clear's Board of Directors were as follows:

	<u>31-12-2017</u>	<u>31-12-2016</u>
Remunerations	119.915	109.044
Gratuities and bonuses	41.584	40.911
	<u>161.499</u>	<u>149.955</u>

34 Subsequent events

Up to the date on which these financial statements were approved, the Board of Directors had no knowledge of any subsequent events that should be recorded or disclosed herein.

35 Proposed appropriation of profits

The Board of Directors, under the terms and for the purposes of Article 25 of the Company Statutes, decided to propose that the net result for 2018, in the negative amount of €244,095.12 (two hundred and forty-four thousand, ninety-five euros and twelve cents), be appropriated as follows:

To retained earnings.....(€ 244,095.12)

Lisbon, 21 March 2019

The Board of Directors,

Carmen Becerril Martinez

Artur Álvaro Laureano Homem da Trindade

António Erias Rey

Gonzalo Solana González

José Manuel Amado da Silva

Paulo Alexandre da Rocha Henriques

Manuela Lopes dos Santos

Certified Accountant n.º 85946

ANNEX

10

STATUTORY AUDITOR'S REPORT

01/02



Ernst & Young
Audit & Associados - SROC, S.A.
Avenida da República, 90-6º
1600-206 Lisboa
Portugal

Tel: +351 217 912 000
Fax: +351 217 957 586
www.ey.com

(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails.)

Statutory Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of OMIClear - C.C., S.A. (the Entity), which comprise the Balance Sheet as at 31 December 2018 (showing a total of 202.426.268 euros and a total equity of 10.612.125 euros, including a net loss for the year of 244.095 euros), the Income Statement by Nature, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and the annex to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of OMIClear - C.C., S.A. as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with the Accounting and Financial Reporting Standards adopted in Portugal under the Portuguese Accounting System.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section below. We are independent of the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors' code of ethics.

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

Other matters

The financial statements of the Entity for the year ended 31 December 2017 were examined by other Statutory Auditor whose Report, dated of 28 March 2018, did not contain any qualifications nor emphasis of matter.

Responsibilities of management for the financial statements

Management is responsible for:

- ▶ the preparation of financial statements that presents a true and fair view of the Entity's financial position, financial performance and cash flows in accordance with the Accounting and Financial Reporting Standards adopted in Portugal under the Portuguese Accounting System;
- ▶ the preparation of the Management Report in accordance with the laws and regulations;
- ▶ designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ▶ the adoption of accounting policies and principles appropriate in the circumstances; and
- ▶ assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Entity's ability to continue as a going concern.

STATUTORY AUDITOR'S REPORT

02/02



OMIClear - C.C., S.A.
Statutory Auditor's Report
31 December 2018

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 ISAs 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the financial statements, 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 for 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 purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use 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 Entity'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 financial statements 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 Entity to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- ▶ communicate with those charged with governance 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.

Our responsibility also includes the verification that the information contained in the Management Report is consistent with the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Entity, we have not identified any material misstatement.

Lisbon, 27 March 2019

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Rui Abel Serra Martins - ROC nr. 1119
Registered with the Portuguese Securities Market Commission under license nr. 20160731



OMIClear, C.C., S.A.

Av. Casal Ribeiro, n.º 14 – 8.º // 1000-092 Lisboa - Portugal

www.omiclear.eu // omiclear@omiclear.eu

Tel: +351 21 000 6000 // Fax: +351 21 000 6001