AUDIT REPORT ON THE ANNUAL ACCOUNTS FOR SMEs ISSUED BY AN INDEPENDENT AUDITOR

To the Trustees of Euskampus Fundazioa at the request of the Board.

Qualified opinion

We have audited the annual accounts for the SMEs associated to the Euskampus Fundazioa (hereafter, the Foundation) which comprise the Balance Sheet at December 31, 2017, the Income Statement and the Annual Report, all for the year then ended.

In our opinion, except for the effects of the issue described in the "Basis of Qualified Opinion" section of our report, the accompanying Annual Accounts for SMEs give a true and fair view of the equity and financial position of the Foundation at December 31, 2017 in all significant respects and its abridged results for the year then ended, in accordance with the applicable regulatory financial reporting framework (which is identified in Note 2 of the accompanying Report) and, in particular, with the accounting principles and criteria contained therein.

Basis of qualified opinion

Note 13 of the accompanying Report to the annual accounts describes the activities carried out by the Foundation during the year and quantifies the resources used in these activities and the sources for funding them. Among the resources used, the section on personnel expenses, which amounted to 765,615 euros for all the activities carried out, as reflected in note 13 of the Report for SMEs, stands out due to its materiality. The distribution of personnel costs across the different activities is based on estimates made by the management of the Foundation in this regard. We were unable to verify the effective participation of the personnel in the activities in question, due to the fact that Euskampus Fundazioa does not have a verifiable control system for allocating time and work costs.

We conducted our audit in accordance with the prevailing audit regulations in Spain. Our responsibilities in accordance with these standards are described below in the section Responsibilities of the auditor in relation to auditing the Annual Accounts for SMEs in our report.
We are independent of the Foundation, in accordance with the ethical requirements, including those of independence, that apply to our audit of Annual Accounts for SMEs in Spain, as required by the prevailing audit regulations. In this regard, we have not provided any services other than those of auditing the accounts, nor have there been any situations or circumstances which, in accordance with the aforementioned regulations, have affected the necessary independence in such a way that it has been compromised.

We believe that the audit evidence we obtained provides a sufficient and adequate basis for our qualified opinion.

**Most important aspects of the audit**

The most important aspects of the audit were those which, in our professional judgement, were considered the most significant risks of material misstatements in our audit of the Annual Accounts for SMEs for the current period. These risks were addressed in the context of our audit of the Annual Accounts for SMEs as a whole and in the formation of our opinion thereon, and we have not expressed a separate opinion on those risks.

**Resources obtained by the Foundation and their allocation to income**

**Description:** The Foundation received resources to fund carrying out the purposes determined by the founding purpose, as a result of which we deemed that both the verification of the resources obtained and their application to income represent a risk for our audit as they are significant amounts for the Foundation, as the determination of the surplus for the year depends on this aspect to a large extent.

The breakdowns related to obtaining resources and their application to income are detailed in Notes 10, 12, 13 and 14 of the accompanying Report for SMEs.

**Our response:** Our response consisted of finding out what controls the Foundation has designed, carrying out analytical and detailed tests to ensure that the resources obtained by the Foundation are reasonable and that their allocation to results and/or equity is consistent with the fulfilment of the purposes for which the resources were awarded.

**Responsibilities of the Board in relation to the Annual Accounts for SMEs**

The Board is responsible for preparing the accompanying Annual Accounts for SMEs, so that they give a true and fair view of the equity, financial position and profit and loss of the Foundation, in accordance with the regulatory financial reporting framework applicable to the entity in Spain, and the internal control deemed necessary to allow the preparation of Annual Accounts for SMEs free of material misstatement due to fraud or error.

In the preparation of the Annual Accounts for SMEs, the Board is responsible for assessing the ability of the Foundation to continue as a going concern, revealing, where appropriate, issues related to the going concern and using the accounting principle of a going concern, unless the Board intend to liquidate the Foundation or cease operations, or there is no realistic alternative.
Responsibilities of the auditor in relation to auditing the Annual Accounts for SMEs

Our objective is to obtain a reasonable assurance that the Annual Accounts for SMEs as a whole are free from material misstatements due to fraud or error and to issue an audit report containing our opinion.

Reasonable assurance is a high degree of assurance, but does not guarantee that an audit carried out in accordance with the prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered to be material if, either individually or in aggregate, it could reasonably be expected to influence the economic decisions taken by users based on the Annual Accounts for SMEs.

A more detailed description of our responsibilities in relation to auditing the Annual Accounts for SMEs is included in Annex I to this Audit Report. This description, which is on pages 4 and 5, is an integral part of our Audit Report.

Bilbao, May 25, 2018
Annex I of our Audit Report

In addition to what is included in our Audit Report, in this Annex we include our responsibilities with respect to auditing the Annual Accounts for SMEs.

Responsibilities of the auditor in relation to auditing the Annual Accounts for SMEs

In accordance with the prevailing audit regulations in Spain, as part of an audit, we applied our professional judgement and maintained an attitude of professional scepticism throughout the audit. Also:

• We identified and assessed the risks of material misstatement due to fraud or error in the annual accounts for SMEs, designed and applied audit procedures to respond to these risks and obtained sufficient, adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, as the fraud may involve collusion, falsification, deliberate omissions, misrepresentations or circumvention of internal control.

• We learned about the internal control relevant to the audit, in order to design the appropriate audit procedures depending on the circumstances and not for the purpose of expressing an opinion on the effectiveness of the internal control of the entity.

• We assessed the appropriateness of accounting policies used and the reasonableness of the accounting estimates and corresponding information disclosed by the Board.

• We ascertained whether it was appropriate for the Board to use the accounting principle of a going concern and, based on the audit evidence obtained, whether or not there was material uncertainty related to facts or conditions that could give rise to significant doubts about the Foundation's ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to draw attention to it in our audit report on the information disclosed in the Annual Accounts for SMEs or, if these disclosures are not adequate, to express a modified opinion. Our conclusions were based on the audit evidence obtained up to the date of our Audit Report. However, future events or conditions may lead to the Foundation ceasing to be a going concern.

• We assessed the overall presentation, structure and content of the Annual Accounts for SMEs, including the information disclosed, and whether the Annual Accounts for SMEs represent the underlying transactions and events in a way that manages to express a true and fair view.
We communicated with the Board of the entity regarding the scope and timing of the planned audit and any significant findings we made, among other issues, as well as any significant internal control deficiency that we identified in the course of the audit.

Among the significant risks which were the subject of a communication to the Board of the entity, we determined those that were of the greatest significance in the audit of the Annual Accounts for SMEs for the current period and which were, consequently, the most significant risks considered.

We described these risks in our Audit Report, except where the legal or regulatory provisions prohibit the public disclosure of the issue.