# Annual Report 2023

UCI

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# I.
# Letter from the CEO

UCI

# Letter from the CEO

## Following my appointment as CEO of UCI in July 2023, I am now responsible for informing you of the Group's progress during the year.

The year's macroeconomic context has been characterised by persistent geopolitical tensions, market volatility and high inflation. In response, central banks' strategy has been to implement restrictive monetary policies, with successive interest rate hikes throughout 2022 and 2023, which affected real estate transactions and the granting of credit and, in particular, mortgage credit.

Despite this challenging environment, the Spanish and Portuguese economies performed better than expected and their GDP grew by 2.4% and 1.4%, respectively, in 2023 as a whole, maintaining a net positive differential with respect to the euro area, with a slight growth of 0.4% in the same period.

In this context, the slowdown in credit demand throughout the euro area, and particularly in Spain, led the UCI Group to formalise new production in 2023 amounting to €402.9 million, of which €77.5 million correspond to sustainable financing. Our firm commitment to sustainability, together with our commitment to financing the rehabilitation of building stock in the Iberian Peninsula, has led to a 53% year-on-year growth in this business line.

### FINANCIAL AUTONOMY

In March, repeating our success and first issue in Portugal in 2020, the first RMBS Green fund in Spain, Green Prado XI, was set up. The EIB Group (European Investment Bank and European Investment Fund) and the Instituto de Crédito Oficial (ICO) invested in this new fund, once again supporting UCI's sustainable strategy.

Thus, the EIB Group provided a future investment commitment of €240 million. For its part, ICO invested €100 million in this first joint transaction between the three parties, which is articulated through the securitisation of a portfolio of residential mortgages originated in Spain for an amount of **€490 million,** with the aim of facilitating green investments. This new securitisation fund complies with the European STS transparency criteria, in addition to the CRR and LCR regulatory requirements.

### COMMITMENT TO SUSTAINABILITY

One of our commitments is to create value for our stakeholders by incorporating ESG criteria into our business lines. Therefore, another major milestone in 2023 was achieving our first ESG Entity Rating with a score of 61 points out of 100 by Sustainable Fitch, which highlighted our positive impact in the environmental and social sphere.

In line with this certification and in terms of the company's impact on the environment, in January, we became the first entity to join the ICO MITMA Residential Building Rehabilitation Facility, which aims to promote the financing of rehabilitation and repair projects in the common elements of buildings and homes. In addition, throughout the year, we closed agreements with various entities such as ANERR (National Association of Rehabilitation and Reform Companies), the Madrid City Council, through the EMVS (Municipal Housing and Land Agency), CATEB (Barcelona Association of Technical Architecture) or CAFS (Seville Association of Property Administrators). In October, we organised an institutional meeting in Madrid on energy rehabilitation as a key factor in the fight against climate change.

Our ESG commitment is also reflected in our social action, supporting the development of a more sustainable and inclusive society by focusing on financial education and the inclusion of people with intellectual disabilities, together with Fundación Prodis. Thus, we closed our 2023 social investment with more than 97,000 euros in donations, nearly 4,700 beneficiaries and 250 unique volunteers.

In terms of human resources management, we have obtained, for the fourth consecutive year, the ‘Great Place To Work’ certification in Spain and Portugal, which has also been designated as Best Work Places in its category.

Finally, in order to adapt our offices in Spain and Portugal to the company’s strategy and new working methods, in 2023 we have completed the transfer of both headquarters to sustainable buildings to achieve the highest levels of energy efficiency, sustainability and well-being for our employees.

## CHANGE TO GROW

We compete in a complex environment where it is essential to have a clear purpose. My vision for the company in this new stage involves its transformation around our purpose: to provide sustainable homes to families.

In 2024, we have begun a period of change to meet our shareholders’ and stakeholders’ expectations. Although our business model will continue to revolve around specialisation through financial solutions, the group’s commitment is to improve our relationship model through strong, consistent and ethical governance, with technology as a facilitator of strategy and using data as allies in decision-making.

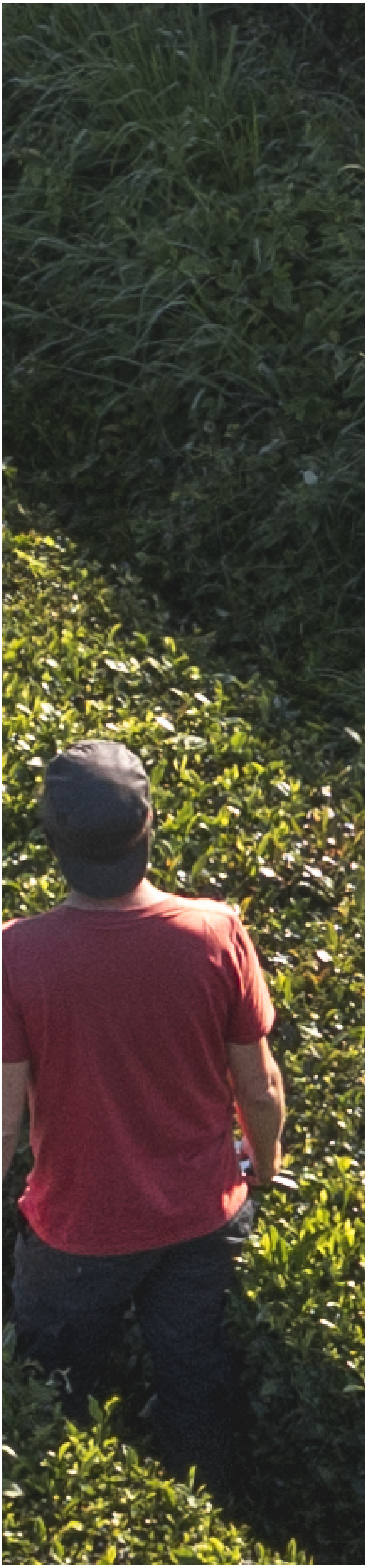
It should be noted that our shareholders, Banco Santander and BNP Paribas, made a capital increase of €88 million in December 2023 with the aim of strengthening our entity’s solvency in Spain and Portugal, as well as complying with the new regulations for specialized lending institutions (SLIs) that require solvency levels equivalent to those of credit institutions.

This capital injection reflects the confidence of our shareholders in its business model and strategy for 2024, focused on real estate financing solutions for individuals and homeowners’ associations.

*I hope you will find this report interesting.*

**Pedro Megre**
CEO of UCI

# II. Sustainability Report NFIS 2023



UCI

# Letter from the Sustainability Manager

## By and for the people.

The year 2023 presented notable challenges, especially in terms of rising interest rates and soaring inflation. It was also a key year on the path towards the 2030 Agenda goals and a period of intense regulatory activity regarding sustainability.

It has been our mission to lead the transition to a more equitable, inclusive and sustainable future by contributing to the progress of people and enterprise. We have strengthened our commitment to ESG criteria in our strategy and business model.

We are committed to people and their homes. As a result, in 2023 we reinforced our sustainable positioning in each of these pillars:

### GOING GREEN

In 2023 we created an area specialising in refurbishment to boost financing for the decarbonisation of the Spanish real estate sector. We also signed an agreement with the Official Credit Institute (ICO) to finance work on homes and homeowners' associations throughout Spain, making us the first institution to join the ICO MITMA Residential Building Refurbishment Line.

We also took part in European Commission projects to promote sustainable finance through collaboration with the ENGAGE for ESG activation investments project; and with the RER Plan (Residential Energy Rehabilitation), financed by funds from the ELENA programme (a joint initiative of the European Investment Bank and the European Commission), through which we offer a comprehensive solution to improve energy efficiency and savings in buildings, providing the necessary services to carry out these renovation works.

We have also continued our participation in the Energy Efficient Mortgage Label (EEML) initiative of the European Mortgage Federation (EMF).

The EIB Group (European Investment Bank and European Investment Fund) invested in our RMBS Green Prado XI securitisation fund. In addition, we have updated our Green Bond Framework and, for the first time, achieved a sustainable ESG rating from Fitch with a score of 61/100.

In anticipation of the European Sustainability Reporting Directive (CSRD) and in compliance with voluntary requirements (GRI), we have updated our Materiality Assessment methodology to focus on impact issues.

Finally, we have launched a Sustainable Mobility Policy to manage our environmental footprint and reduce the impact of our activity.

### STANDING BY YOUR SIDE

This year we financed the refurbishment of 60 buildings, benefiting 3,600 people. Through the 'Sin Barreras' programme of the Mutua de Propietarios Foundation, we have financed accessibility works in 72 homes, benefiting 41 people with reduced mobility or over 65 years of age.

Our social commitment is also reflected in our support for initiatives that benefit vulnerable groups. This year, we signed a global agreement with the Red Cross to include all our actions to prevent residential exclusion. We also collaborated in their emergency campaigns in Syria, Turkey and Morocco.

In terms of youth education, with a special focus on financial education, we participated for the eighth consecutive year in the programme 'Tus Finanzas, Tu

Futuro' (Your Finances, Your Future) in collaboration with the Junior Achievement Foundation and the AEB Foundation. We have also supported young talents through the Dádoris Foundation.

With respect to the socio-occupational inclusion of people with intellectual disabilities, we have worked with the Prodis Foundation to integrate our actions into the organisation's areas of work. In 2023, we implemented an inclusive financial education programme to provide students with basic financial concepts that will enable them to navigate their everyday lives.

In the area of residential inclusion of vulnerable groups, we have signed a global agreement with the Spanish Red Cross to support vulnerable families, which focuses on the payment of rent for 22 families in Seville with dependent minors.

As part of the efforts to boost professionalism within the real estate sector, we have collaborated with a financial endowment in the Inmosolidarios initiative, which annually recognises the solidarity projects of Spanish real estate agencies.

In terms of our commitment to diversity, in 2023 we signed the Diversity Charter and have placed special emphasis on implementing the diversity plan within our organisation.

In addition, we have renewed the Great Place to Work® certification for the fourth consecutive year and UCI Portugal was recognised by Best Work Places, one of the most prestigious distinctions in the field of Human Resources at a national and international level.

## COMPLIANCE

Finally, with regard to Governance, one of our key priorities has been to consolidate and strengthen our Corporate Governance framework, with the aim of enhancing its effectiveness in achieving the goals we have set for ourselves in this area. We have taken a significant step forward by integrating climate change risks into our company's risk management system, reaffirming our commitment to corporate sustainability.

*I hope that the reading our Sustainability Report will be of interest to you.*

**Cátia Alves**
Sustainability Manager

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# Preliminary clarifications

This consolidated **Non-Financial Information Statement** forms part of UCI Group's Management Report and is issued as a separate report. With this **Sustainability Report**, UCI reports on its situation in compliance with article 49 of the Commercial Code, as amended by Law 11/2018[1], as a transposition at the legal system level of Directive 2014/95/EU[2], with regard to the disclosure of non-financial information and diversity.

The scope of the information and the entities included in the perimeter of the Non-Financial Information Statement corresponds to Grupo Unión de Créditos Inmobiliarios S.A., Establecimiento Financiero de Crédito in the areas of Spain and Portugal,

1. Law 11/2018 of 28 December 2009 amending the Commercial Code, the consolidated text of the Law on Capital Companies approved by Royal Legislative Decree 1/2010 of 2 July 2007 and Law 22/2015 of 20 July 2003 on Audit of Accounts in the field of non-financial information and diversity.
2. Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.

whose perimeter covers, as in 2022, 93% of the Group's employees and 98% of the outstanding balance managed.

When preparing the Report, we followed the criteria of the principles of the United Nations Global Compact, the 2030 Agenda with the Sustainable Development Goals, and its three dimensions of sustainability: environmental, social and governance, using as a reference the GRI Standards and with the requirements set by the Spanish legislation applicable to this matter, such as Law 11/2018[3]. In addition, we have also taken into account the EU Regulation 2020/852[4] on the European Taxonomy, in reference to the classification of economic activities based on their contribution to climate change or harm to the environment.

In accordance with the above, the contents included in this report follow the principles of comparability, materiality, relevance and reliability, and the information included is accurate, comparable and verifiable.

At UCI, we build relationships of trust and transparency with stakeholders through continuous and proactive dialogue. In 2023, as a novelty, we have carried out a dual materiality analysis and identified the most relevant sustainable issues with the greatest impact for the company and its stakeholders.

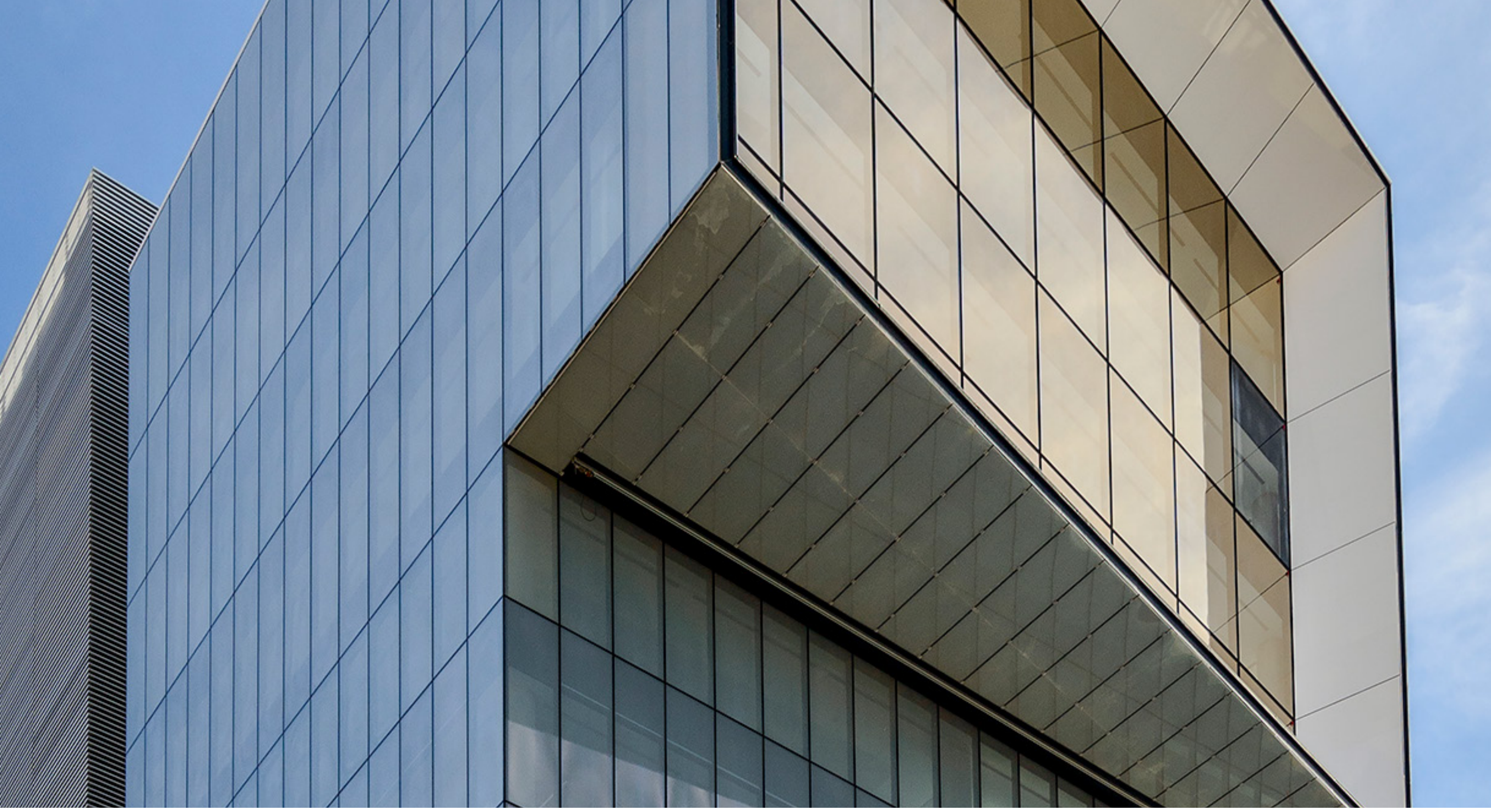
This Report has been verified by MAZARS AUDITORES, S.L.P., in its capacity as an independent provider of verification services, in accordance with the wording given by Law 11/2018 to article 49 of the Code of Commerce, mentioned above.

This verification includes documentary verification of the information gathered in this document, as well as analysis of the quality of the quantitative data used, justifying the consistency of the information reported with the results of the analysis of stakeholder needs and expectations.

For this purpose, MAZARS AUDITORES, S.L.P. adopts the requirements established in the International Standard on Assurance Engagements 3000 Revised in force, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 300 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Performance Guide on Assurance Engagements on Non-Financial Information issued by the Spanish Institute of Chartered Accountants.

Once verified, the Report is approved by the Board of Directors of UCI.

3. For further details, you can consult point 6 with the requirements of Law 11/2018 and the GRI standards.
4. Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.



# 1. Meet UCI

We are a financial institution with more than 30 years of experience in financing the purchase and rehabilitation of housing, with a presence in Spain, where our headquarters are located, Portugal, Greece and Brazil.

Our aim is to meet the housing demand through responsible, personalised and sustainable financing solutions. We provide access to housing and contribute to the renewal of the housing stock for more sustainable cities, through our mortgages and products for housing renovation and building refurbishment.

We are pioneers in this area, for which we maintain the following partnerships:

- Agreement with **Sustainalytics** for the creation of a green framework, while complying with the Green Bond Principles for the financing of investments by individuals in the fight against climate change.
- We join forces with the **European Investment Bank** to promote energy efficiency real estate projects in Spain and Portugal, which has enabled us to generate a new portfolio of sustainable financing in the Iberian Peninsula.
- Within the framework of the agreement with the European Investment Bank, we are implement-

ing the **Residential Energy Rehabilitation Plan (RER)**, through funds from the ELENA (European Local Energy Assistance Facility) programme.

- We promote the **ENGAGE (Engage for ESG activation investments)** project, the only financial instrument in the European Union dedicated exclusively to the environment and climate action.
- We are the first financial institution in the Iberian Peninsula to adhere to the Energy Efficient Mortgage Label **(EEML)**. This label guarantees that our green mortgages and sustainable financing solutions meet the strictest environmental criteria.
- Alliance with **Instituto de Crédito Oficial**, as the first entity to adhere to its MITMA Residential Building Rehabilitation Line, which objective is to promote the financing of rehabilitation and repair projects in the common elements of buildings and homes.
- Our contribution to the 2030 Agenda with the United Nations Global Compact **Sustainable Development Goals.**
- Commitment to a more equitable, inclusive and sustainable future with the integration of ESG criteria in our business model, strategy and management, for which we have obtained the "ESG Entity Rating" awarded by **Sustainable Fitch** with a Rating 3 and a score of **61/100.**

Customer experience and satisfaction is our priority through personalised, transparent and flexible service in accordance with your needs. We work with a focus on transparency, quality, responsibility, accessibility and proximity.

## 1.1 OUR ORGANISATIONAL STRUCTURE AND BRANDS

**UCI**
Establecimiento Financiero de Crédito (ES y PT)

**CRÉDITO HABITAÇÃO.com**
Portal Especialista en Crédito Vivienda (PT)

**grupo UCI**

**SIRA**
Formación para Profesionales Inmobiliarios (ES)

**HIPOTECAS.COM**
Canal Online financiación de vivienda (ES)

**comprarcasa.**
La Red inmobiliaria que cuida de ti(ES)

(1) Consolidation Rule: Accounting wise, UCI S.A. is consolidated throught the equity - related method with both shareholders. This concerns its shareholders' P&L and their balance sheet. In terms of capital requirements, UCI Group's balance sheet is proportionally intergrated, 50% with both shareholders. This impacts in principle only its shareholders' equity requirements.

**UCI** (1)

- 50% Santander
- 40% BNP PARIBAS PERSONAL FINANCE
- 10% BNP PARIBAS

- Unión de Créditos Inmobiliarios S.A., Establecimiento Financiero de Crédito — 100% UCI S.A.
  - UCI Spain
  - UCI Portugal Branch
- Retama Real Estate, S.A.U. (Spain) — 100% UCI S.A.
  - Retama Greece Branch
  - Retama Portuguese Branch
- UCI Servicios para Profesionales Inmobiliarios S.A. (Spain) — 100% UCI S.A.
- Comprarcada Rede de Serciços Inmobiliários S.S. (Portugal) — 99,9% UCI S.A.
- UCI - Mediaçcao de Seguros Unipessoal LDA (Portugal) — 100% UCI S.A.
- UCI - Holding Brasil LTDA — 99% UCI S.A.; 0,01% Retama Real Estate S.A.U.
  - Companhia Promotora, UCI, S.A., 50% UCI Holding Brasil LTDA
- UCI Greece Credit and Loan Receivables Servicing Company — 100% UCI S.A.

*Unión de Créditos Inmobiliarios S.A., E.F.C. is a Financial Credit Entity, autorised and supervised by the Bank of Spain*

## 1.2 OUR ESG FRAMEWORK AT A GLANCE

**Green Production and Rehabilitation business**

- **77.49 M€ Green, 77% R/O**
- **330 Green operations**
- **23.36 M€ signed in rehabilitation**

**Employees**

- **We are a Great Place to Work**
- **Best Workplaces in Portugal**
- **592 employees**
- **57.09% women**
- **21.42% women in senior management**
- **+23,000 training hours**

**Financed Households**

- **1,396 households financed in 2023**
- **189,474 households financed since the start of UCI activity.**
- **Ekomi rating: 9.78 in Spain and 4.92 in Portugal**

**Real Estate Professionals**

- **+ 2,500 real estate agencies we collaborate with**
- **1,764 real estate professionals trained in partnership with NAR**
- **877 attendees at professional events**
- **403 M€ signed in this channel**

**Social Commitment**

- **+ 97,000 in donations**
- **+ 4,700 beneficiaries**
- **+ 250 unique volunteers**

**Tax contribution**

- **774,461.02 €**

## 1.3 OUR COMMITMENT TO THE PLANET AND PEOPLE, KEY MILESTONES 2023

### January

#### Spain

**We created the new Directorate for Sustainability and Rehabilitation.**

A new Management that combines sustainability and a commitment to the decarbonisation of real estate as a new business line.

**We are the first institution to join the ICO MITMA line for the refurbishment of homes and buildings.**

We signed an agreement with Instituto de Crédito Oficial to finance works in homes and homeowners' associations throughout Spain.

#### Portugal

**We moved to the new headquarters.**

New, more sustainable offices, reducing our environmental footprint and obtaining ISO 14001 certification.

### February

#### Spain

**We renewed our adherence to "Companies for a Society Free of Gender-Based Violence".**

The aim of this renewal is to establish a general framework for collaboration between the Ministry of Equality, for the design, development and monitoring of awareness-raising actions against gender-based violence.

#### Portugal

**We joined the "Diversity, Equity and Inclusion" group of BCSD Portugal.**

We joined the BCSD Diversity, Equity and Inclusion working group, which brings together relevant companies in the Portuguese market to design and promote good business practices in the group's thematic area.

### March

#### Spain

**We created the 1st Housing and Sustainability Observatory and presented it to the media.**

It is an exhaustive report that offers an insight into the expectations that homeowners and potential homebuyers have about the efficiency of their homes. It is presented at an event to media, such as El Economista, Europa Press and El Periódico.

**We participated in ESPACIO NEXT, a forum to promote rehabilitation.**

Created by Technal, it is a space designed to serve as a reference point to provide information and manage rehabilitation aids.

#### Portugal

**We are one of the Best Workplaces by Great Place to Work Portugal**

We achieved 9th position in this ranking, which recognises excellence in caring for people and results and defines companies that make a positive impact on society within the GPTW label.

**Implementing digital signatures in life insurance**

UCI customers can now sign the life insurance proposal digitally, through Logalty.

### April

#### Spain

**We received investment from the EIB Group and ICO in our RMBS Green Prado XI securitisation fund.**

The EIB Group (European Investment Bank and European Investment Fund) and Instituto de Crédito Oficial (ICO) are investing in our RMBS Green Prado XI securitisation fund, the first joint green bond transaction, according to Sustainalytics' second party opinion validation.

**We presented the RER Plan in Barcelona to rehabilitation specialists.**

A meeting with fifty rehabilitation and refurbishment specialists from Catalonia to discuss the needs of the Catalan housing stock.

### May

#### Spain

**We signed an agreement with CATEB to promote rehabilitation in Catalonia.**

The aim of this agreement with the Association of Technical Architects of Barcelona (CATEB) is to promote the improvement of energy efficiency, sustainability, use and accessibility in buildings in Catalonia.

**The 8th edition of the programme 'Your Finances, Your Future' has come to an end.**

With the help of the Junior Achievement Foundation and the AEB (Spanish Banking Association), we participate with volunteers in promoting financial concepts to students from different high schools.

#### Portugal

**We sponsored APEGAC Condomínio Verde Award.**

We signed an agreement with APEGAC to be the official sponsor of the Condomínio Verde Award, which aims to distinguish the condominium with the most sustainable project.

### June

#### Spain

**We celebrated the RER Brunch event in Madrid.**

A meeting with 150 rehabilitation and refurbishment specialists from the Community of Madrid to discuss the needs of Madrid housing stock in this area.

**Inmosolidarios, once again, at Inmociónate 2023.**

The most charitable awards take place again at the Inmociónate event, with the presentation to six real estate agencies and their most heartfelt projects.

**We signed a global agreement with the Red Cross.**

This is an agreement that encompasses all the initiatives that we develop with the Red Cross, including the residential exclusion prevention programme.

**We are recognised by the MEES Awards.**

These awards showcase best practice in corporate wellbeing and we were singled out as a finalist in the Global Wellbeing category.

**We received the second Empowering Women's Talent label.**

The label, awarded by Equipos & Talento, distinguishes companies that stand out for their commitment and work to carry out equality, diversity and inclusion policies, and recognises us as a company committed to female empowerment and leadership.

**We completed the inclusive financial education programme with the Prodis Foundation.**

First edition of the financial education programme to contribute to the training and inclusion in the labour market of people with intellectual disabilities, bringing basic financial concepts closer to their daily lives.

#### Portugal

**We disseminated the results of the study "Condominiums and Works".**

With the support of SPIRITUC, the study presents the perspective of 200 condominium directors on the execution of works in condominiums. A total of 48 pieces of news in the Portuguese media, highlighting the publication in Expresso.

**We presented good diversity practices at the BCSD session**

At two meetings of the Diversity, Equity and Inclusion working group, we shared our good practices in this area.

### July

#### Spain

**New CEO & Deputy**

The Board of Directors of UCI appoints Mr. Pedro Megre as the new CEO of UCI Group and registers him in Bank of Spain's Register of Senior Officers. In addition, the Board also appoints Mr. Philippe Laporte as Deputy CEO.

**We renewed AENOR ISO 9001:2015 certification**

This certification demonstrates the companies' ability to meet customer needs and emphasises efficient management, analysis of the context in which companies operate and consideration of associated risks.

### September

#### Spain

**We obtained an ESG rating by Sustainable Fitch, with a score of 61/100.**

Sustainable Fitch ESG ratings provide a global solution for assessing the environmental, social and corporate governance performance of all asset classes at the entity, framework and instrument level.

**We signed an alliance with ANERR to promote the integral rehabilitation of buildings.**

The collaboration with the National Association of Renovation and Refurbishment Companies (ANERR) aims to promote joint actions and finance the integral rehabilitation of buildings in Spain.

**We celebrated SDG week and our contribution to the 2030 Agenda.**

UCI's first Agenda 2030 contribution report is published and a number of sustainability-related actions take place throughout the week for the entire company.

#### Portugal

**We are a Great Place To Work**

We received the GPTW Portugal 2023/2024 recognition, awarded by the international consulting company of the same name.

## October

### Spain

**We reached an agreement with CAF Seville.**

This is an agreement with the Seville Association of Property Directors to promote the refurbishment of homes and homeowners' associations in Seville, and thus reduce their CO2 emissions.

**We organised Rehavita.**

An institutional event on refurbishment as a key to climate change with presentations and round table discussions on the subject, to debate future challenges in terms of energy refurbishment.

**We attended the Dádoris Foundation awards ceremony.**

We attended the presentation of the Dádoris Foundation awards to the beneficiary students. UCI supports two young people with high abilities and scarce economic resources to pursue their university studies.

**We collaborated with the Red Cross in support of emergency situations.**

Two donation campaigns are launched with employees and UCI to help people affected by the earthquakes in Turkey, Syria and Morocco.

## November

### Spain

**We moved our headquarters to Visionary Building**

Our headquarters is certified Energy Efficiency Grade A and LEED Gold and is based on WELL building strategies, focused on the health and well-being of its occupants.

**We attended the signing ceremony of the Diversity Charter 2023/2025.**

On May, we signed up to the Diversity Charter, an initiative of the European Commission to promote diversity and inclusion in the workplace and, to seal our commitment, we attended the signing ceremony at a Diversidad Foundation gala.

**Double recognition as a Great Place to Work.**

For the fourth time, we have been awarded the Great Place To Work label, the most prestigious national and international recognition in the field of Human Resources.

We are designated as an Employer Brand in the second edition of the Brands We Love awards, highlighting our transparency, accountability, accessibility and ESG criteria.

**We sponsored Pitingo's solidarity concert in favour of the Prodis Foundation.**

Concert at the Wizink Center, which proceeds are all donated to the training programmes of the Prodis Foundation.

**Commitment against Violence against Women**

We joined the national campaign of the Ministry of Equality on the International Day for the Elimination of Violence against Women and collaborated with the Red Cross in a talk on gender-based violence.

## December

### Spain

**We signed an agreement with EMVS.**

An agreement with Madrid City Council to enable homeowners and homeowners' associations to carry out renovation work on homes and buildings.

# 2. Our sustainability model

## 2.1 ENVIRONMENT AND SUSTAINABILITY

2023 and new perspectives on sustainability:

Events such as the climate summit or **COP28,** with the Dubai Agreement, set the new trend with a focus on greenhouse gas emissions and the end of fossil fuels.

A year at the halfway point towards the **2030 Agenda,** which confirms, after its analysis by the UN Global Compact, the urgency of intensifying efforts to achieve the Sustainable Development Goals. On this eighth birthday, we have seen that only 15% of the SDG targets are on track to be met.[1]

However, the biggest trend-setter in sustainability is undoubtedly the so-called "regulatory tsunami":

1. Global Private Sector Stocktake Report by UN Global Compact and Accenture.

January saw the arrival of the sustainability reporting wave, the **Corporate Sustainability Reporting Directive (CSRD)**, as the main sustainability reporting regulation. It aims to unify and replace existing frameworks, updates and significantly expands the number of companies obliged to report.

Through **EFRAG** (European Financial Reporting Advisory Group), common, cross-cutting, thematic and sectoral ESRS (NEIS in the Spanish translation of the Directive) standards are developed to serve as a single guide.

The well-known **Taxonomy Regulation**, adopted in 2021, provides guidance, with its six objectives, on whether an economic activity contributes to combating climate change or causes significant harm and on maintaining minimum social safeguards, so as not to violate fundamental human rights. On June 2023, with entry into force next year, extensions to new activities are adopted, as well as new reporting obligations regarding eligibility and alignment.

Also on June, with a focus on reporting to financial markets, **the International Sustainability Standards Board (ISSB)** launched two international reporting standards intended to better inform investment decisions regarding sustainability information.

On September, the European Commission launched a consultation on the future review of the **Sustainable Finance Disclosure Regulation (SFDR)** to assess the regulatory framework, legal certainty, usefulness and ability to contribute to the prevention of greenwashing.

Towards the end of the year, the European institutions agreed on the **Corporate Sustainability Due Diligence Directive (CSDD)**, which is linked to human rights and environmental governance and aims to promote responsible and sustainable business conduct.

By the end of 2023, an agreement has been reached between the Parliament and the Council on the new version of the **Energy Performance of Buildings Directive (EPBD)**. This is the framework that will allow progress towards the decarbonisation of the building sector, setting more ambitious energy efficiency targets, which will allow reaching climate neutrality by 2050. It will be a decisive tool for the fulfilment of the Paris Agreements and for the improvement of people's quality of life, turning the building sector into a clean and emission-free sector.

Further, at the state level, laws such as the **Climate Change Act**, which focuses on the risks of a company's activity and its specific decarbonisation objectives, the **Sustainable Mobility Act**, still under development, and the **Law on the Protection of Informants and the Fight against Corruption**, which focuses on good governance, stand out.

## 2.2 SUSTAINABILITY GOVERNANCE AND MANAGEMENT

At UCI, we have built our corporate culture with a commitment to the environment and to the stakeholders who influence or are influenced by the activities we carry out and our impact on the planet. We have a governance structure, frameworks and policies that ensure responsible and sustainable behaviour.

In 2023, the new Sustainability and Refurbishment Division was created, which combines the sustainable part already developed with a new business line that is committed to the decarbonisation of the Iberian Peninsula's real estate stock. It is part of the Management Committee and reports directly to the CEO, which favours the design of strategies and allows the company's sustainability to be understood as a transversal axis.

The sustainability strategy is developed in different phases and with different tools, and establishes the lines of action to achieve the objectives we set ourselves as an organisation..

| Sustainability Policy | Materiality study | Sustainability Plan | Sustainability Report |
|---|---|---|---|
| It defines the general sustainability principles and the commitments to our stakeholders for long-term value creation. | It comprehensively identifies internal and external impacts that are assessed for prioritisation on material issues. | It sets out the ESG strategy, based on material topics identified, the company's ESG framework, SDGs to which we contribute and commitments to our stakeholders. | Annual report prepared in accordance with current regulations and on material sustainability issues. |

### Framework for action

To integrate ESG standards and criteria into all processes and our operations, we have internal policies and standards that reflect sustainability regulations, and national and international initiatives related to sustainable development.

| Sustainability Policy | Code of Ethics | Environmental Risk Management Policy | Diversity Policy | Consumer protection policy |
|---|---|---|---|---|
| It defines general sustainability principles and the commitments to our stakeholders for long-term value creation. | It establishes a set of principles and guidelines aimed at ensuring the ethical and responsible behaviour of all UCI employees in carrying out their activities. | It specifies criteria and procedures to be followed in the granting of loans that may have a greater environmental impact. | It sets out the objectives, principles and actions to ensure diversity and an inclusive culture in the organisation. | It details the 9 general principles that govern the relationship with our clients in order to respect their interests and rights. |

| Information security policy | Anti-Corruption and Anti-Bribery Policy | General Conflict of Interest Policy | Supplier contracting policy | Social Action Policy |
|---|---|---|---|---|
| It includes the main lines of action to guarantee the confidentiality, integrity and availability of UCI information. | It identifies the most common scenarios in which we may encounter acts of corruption, and how to proceed in such situations. | It establishes guidelines for preventing and managing conflicts of interest in the activities of UCI employees, directors and entities. | It establishes the general framework for the selection, control and monitoring of service providers, as well as quality assessment. | It defines the lines of action for donations made, either financial donations, in kind or through volunteering. |

## 2.3 OUR ESG COMMITMENT

At UCI, we work to achieve sustainable development with people and the planet at the heart of our activity. This allows us to define ESG commitments and, in turn, deploy our strategy by identifying our purpose and objectives in each ESG criterion to contribute to the achievement of a more equitable and sustainable society.

# Create value for stakeholders, incorporating ESG criteria in new business lines.

S.1 People First

## Environment

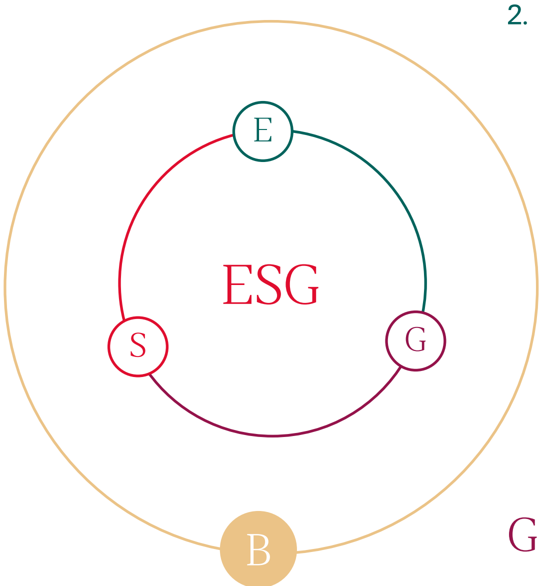
Minimise the impact of our activities in the environment and boost the decarbonisation of the housing stock through sustainable financing land rehabilitation.

1. Financing the fight against climate change.
2. Our environmental footprint.

## Social

Support the development of a more sustainable and caring society, promoting the customer satisfaction, an inclusive growth, and i supporting the creation of diverse and talented teams.

1. We accompany you.
2. Customer Centric.
3. Social engagement.
4. Training of the Iberian real estate sector.




## Sustainable business

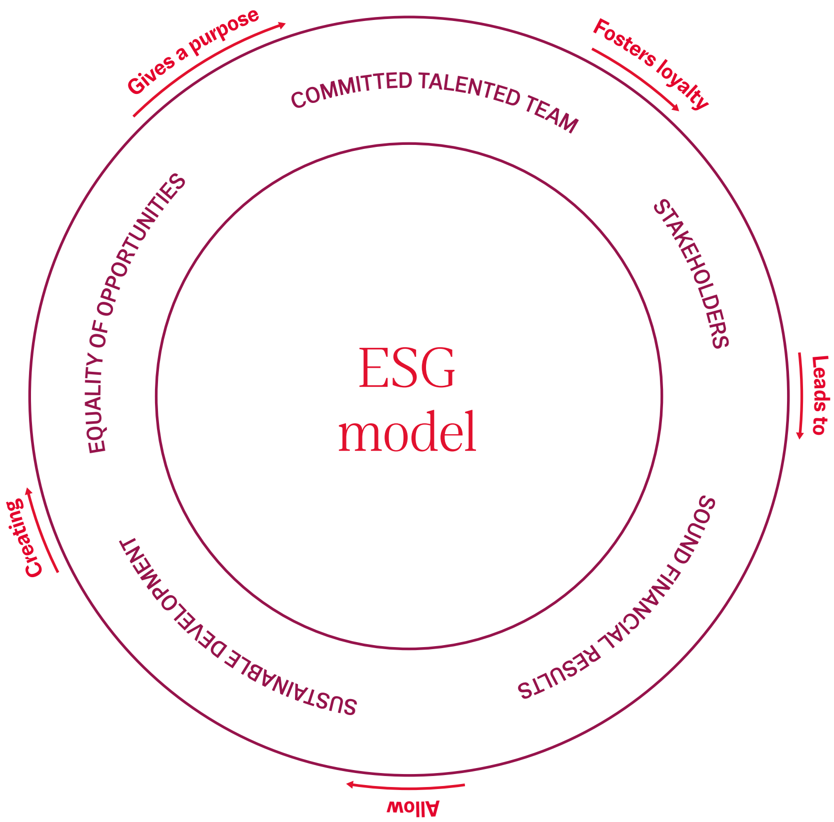
Creation of sustainable products, Sustainable origination and sustainable funding.

## Governance

Integrate a responsible management through a framework of actions with well defined policies and procedures, listening to our stakeholders land with a prudential risk management.

1. We comply.
2. Responsible, transparent and ethical management.

By integrating these elements, we achieve an ESG model focused on sustainable and responsible business results, with a committed team and addressing the stakeholders' needs.



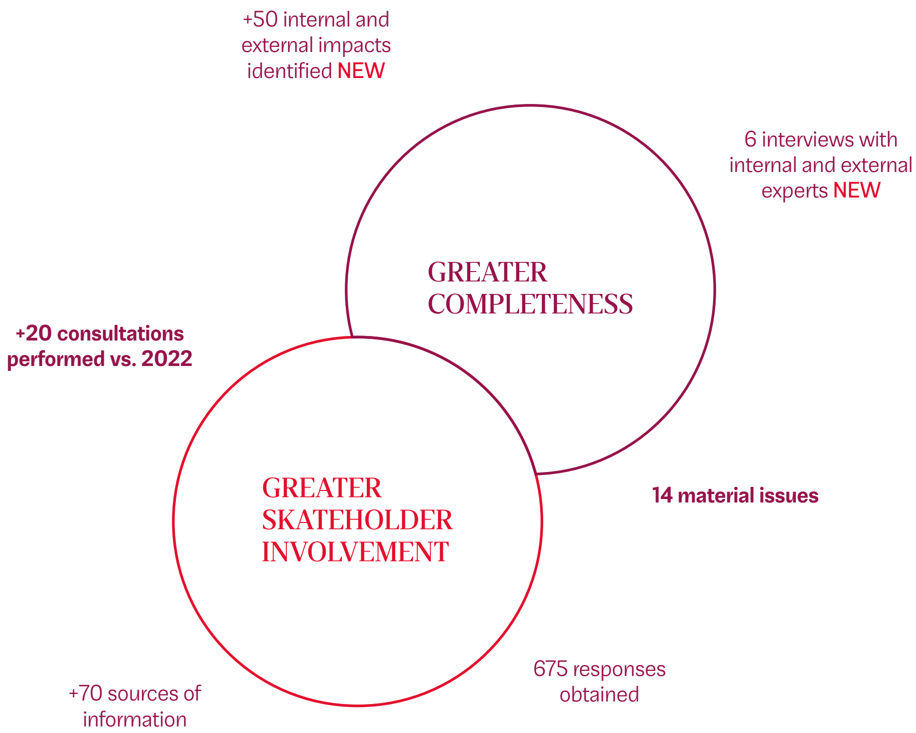

## 2.4 MATERIALITY ANALYSIS AND DIALOGUE

Our way of relating to our stakeholders involves listening to their opinions and needs.

To identify the social, environmental and governance issues that are priorities for stakeholders, we conducted a **Materiality Study**, the findings of which are used as the basis for our Sustainability strategy and reporting.

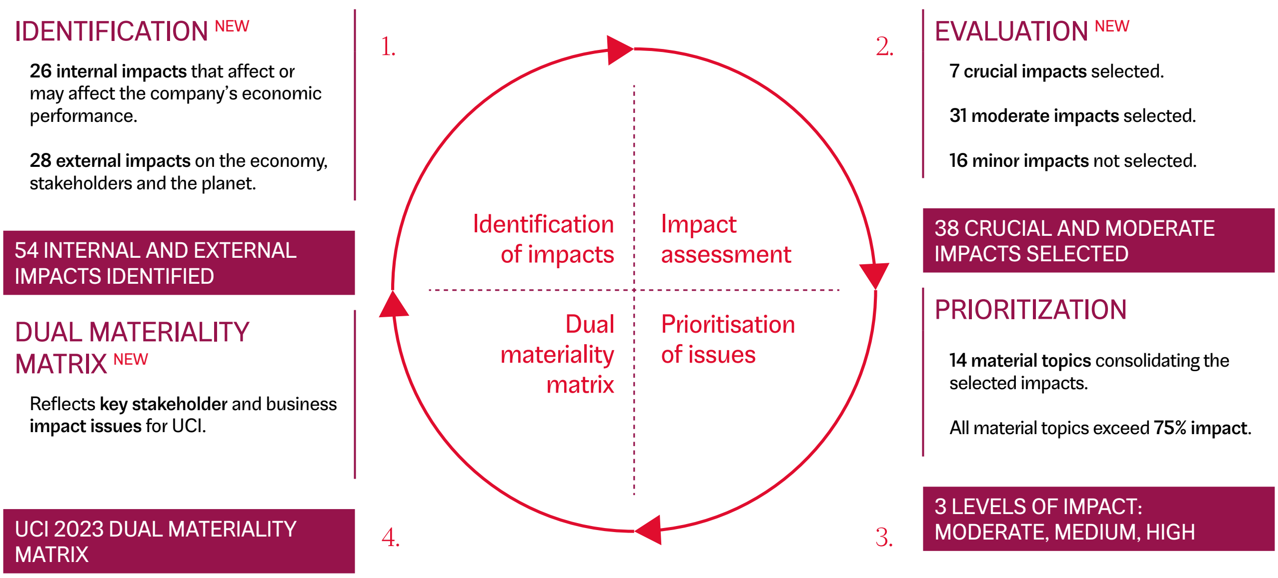
In 2023, we continue to evolve the study methodology to consolidate the shift from a focus on material topics to impact issues, to anticipate the European Sustainability Reporting Directive (CSRD, applicable to 2024), and to respond to current voluntary requirements (GRI).

The methodology has made it possible to achieve greater depth in the analysis, with an exhaustive identification of impacts and their internal and external evaluation, with the participation of internal and external experts, which has made it possible to integrate the vision of key actors for the company, representatives of the main stakeholders and members of the Management Committee. The number of consultations received from stakeholders has also increased, with regard to the results of the 2022 study.




## Methodology

The work has been carried out in 4 phases, which are summarised in the graph below:



## Phase 1: Identification

This first phase consists of identifying the main internal and external impacts:

**External impacts**: The effect that the organisation has or could have on the economy, the environment or people, including effects on human rights, and which may be indicative of its contribution (negative or positive) to sustainable development.

**Internal impacts**: What triggers or may trigger material financial effects on the company. In other words, they affect or may affect the company's economic value (cash flows, performance, results, company position, cost of capital or access to financing, among others).

For this identification, the analysis of internal and external information has been combined with interviews with internal and external expert profiles:

| Information analysis | | Expert interviews |
|---|---|---|
| **Objective:** preliminary list of recurring business and company impacts on stakeholders. | | **Objective:** to contrast internal and external impacts identified in the analysis and to detect new relevant external impacts. |
| +50<br>Internal sources | +20<br>External sources | 6<br>Experts interviewed |
| **Result:**<br>**54 INTERNAL AND EXTERNAL IMPACTS** | | |

## Phase 2: Impact assessment

Once the main areas of impact have been identified, an analysis has been carried out to assess these impacts, in order to select those of greatest importance, following the GRI and EFRAG recommendations in the ESRS (European Sustainability Reporting Standards):

| 28 External impacts | 26 Internal impacts |
|---|---|
| External impact assessment<br>(Impact materiality) | Internal impact assessment<br>(Financial materiality) |
| Evaluation model<br>Assessment of external impacts based on the variables and sub-variables recommended by GRI | Evaluation model<br>Assessment of internal impacts based on efrag's recommended variables and sub-variables |
| **Classification of impacts according to a crucial, moderate or light level** | |
| **22 Selected external shocks** | **16 Selected internal impacts** |
| The 6 external impacts with a minor significance are considered non-material (rating of 2 or less) and are discarded for the next phase. | The 10 internal impacts with a minor significance are considered non-material (rating of 2 or less) and are discarded for the next phase. |

## Phase 3: Consolidation and prioritisation of impacts

Based on the impact identification and assessment, a list of material topics is defined. Material topics are sustainability issues that involve or may involve one or more external and/or internal impacts on the organisation and its relationship with stakeholders and the planet.

As a result of the impact assessment, they form the basis for the definition of the material issues:
**22 external impacts (moderate or critical)**
The 6 impacts with the least significance are considered non-material (less than or equal to 2)
**16 internal impacts (moderate or crucial)**
The 10 impacts with the least significance are considered non-material (less than or equal to 2)

→

| | **14 Material issues in 2023** |
|---|---|
| E | Offering sustainable financial products |
| | Responsible environmental management |
| S | Welfare and working conditions |
| | Diversity, equity and inclusion |
| | Talent and training |
| | Quality of service and customer experience |
| | Contribution to society |
| | Relationship with real estate professionals and other key stakeholders |
| G | Corporate governance and ethics |
| | Efficiency in internal management |
| | Digital transformation |
| | Regulatory compliance |
| | Transparency in communication |
| | Financial risk management and ESG |

The evolution of the material topics 2022 vs. 2023 is shown below:

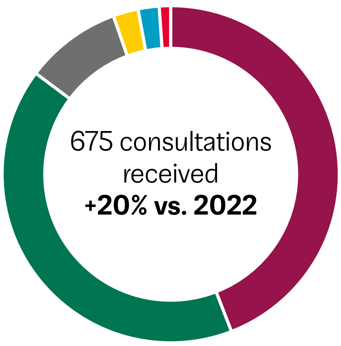
| UCI 2022 material themes | |
|---|---|
| 1Sustainable and responsible financial products | • Products for the purchase and renovation of housing with sustainability and energy efficiency criteria<br>Financing for the sustainable renovation of the building stock |
| 2. Carbon footprint and environmental impact | • Carbon footprint reduction<br>• Waste management and sustainable resource consumption |
| 3. People first | • Talent development and training<br>• Diversity, equality and inclusion<br>• Health and well-being |
| 4. Customer engagement | • Customer satisfaction and experience<br>• Accompanying financial consultants for continuous improvement in client relations |
| 5. Social commitment | • Investment in social projects |
| 6. Professionalisation and diversification of the real estate sector | • Training of real estate professionals and tools for business development |
| 7. Corporate governance and values | • Strong corporate governance structure<br>• Safe, ethical and responsible stakeholder management |
| 8. Long-term value creation | • Business strategy for long-term value creation<br>• Digital transformation to improve agility and competitiveness |
| 9. Security, transparency and reporting | • Data protection and cybersecurity<br>• Transparent dialogue and clear language with stakeholders |
| 10. Prudent risk management | • Prudent management of financial and non-financial risks |

→

| UCI 2023 material themes | |
|---|---|
| E | Offering sustainable financial products |
| | Responsible environmental management |
| S | Welfare and working conditions |
| | Diversity, equity and inclusion |
| | Talent and training |
| | Quality of service and customer experience |
| | Contribution to society |
| | Relationship with real estate professionals and other key stakeholders |
| G | Corporate governance and ethics |
| | Efficiency in internal management |
| | Digital transformation |
| | Regulatory compliance |
| | Transparency in communication |
| | Financial risk management and ESG |

The prioritisation of issues has been done on the basis of consultations with key stakeholders:

PARTICIPATION OF THE MAIN
UCI Stakeholders




**298 UCI** customers

**277 Employees** from Spain and Portugal

**66 Financial consultants** in Spain and Portugal

14 Spanish **Real Estate Professionals**

**13 suppliers** and agencies in Spain

**7 UCI Management** Commitee executives

## Phase 4: Dual Materiality Matrix

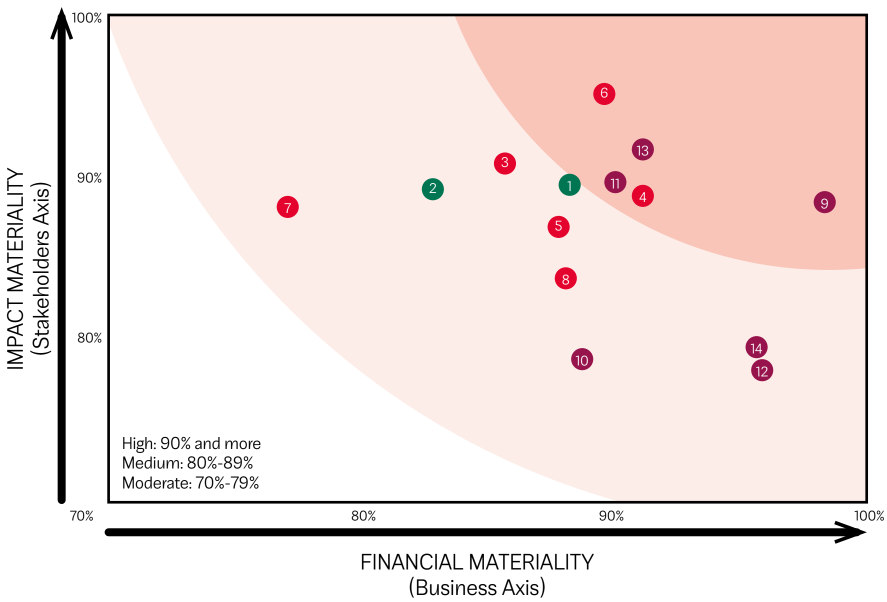
The material topics have been prioritised through consultations with key stakeholders, with an increase in the number of responses from all groups consulted, compared to the 2022 study.

Results from consultations have been classified into the two axes that make up the materiality matrix:

**Business impact:** To determine the impact of material topics on the business, an online survey was conducted in the Management Committee.

**Stakeholder impact:** To determine the impact of material topics on stakeholders, surveys and direct interviews have been conducted with a broad range of groups, including customers, employees, financial consultants, real estate professionals and suppliers.

### Materiality Matrix 2023




MATERIAL TOPIC

| | |
|---|---|
| 1 | Offering sustainable financial products |
| 2 | Responsible environmental management |
| 3 | Welfare and working conditions |
| 4 | Diversity, equity and inclusion |
| 5 | Talent and training |
| 6 | Quality of service and customer experience |
| 7 | Contribution to society |
| 8 | Relationship with real estate professionals and other key stakeholders |
| 9 | Corporate governance and ethics |
| 10 | Efficiency in internal management |
| 11 | Digital transformation |
| 12 | Regulatory compliance |
| 13 | Transparency in communication |
| 14 | Financial risk management and ESG |

Environmental Social Governance

## Total impact of material topics

**Five topics** have been identified as **having a high impact**, i.e. equal to or above 90%. Most of these topics fall into the category of Governance.

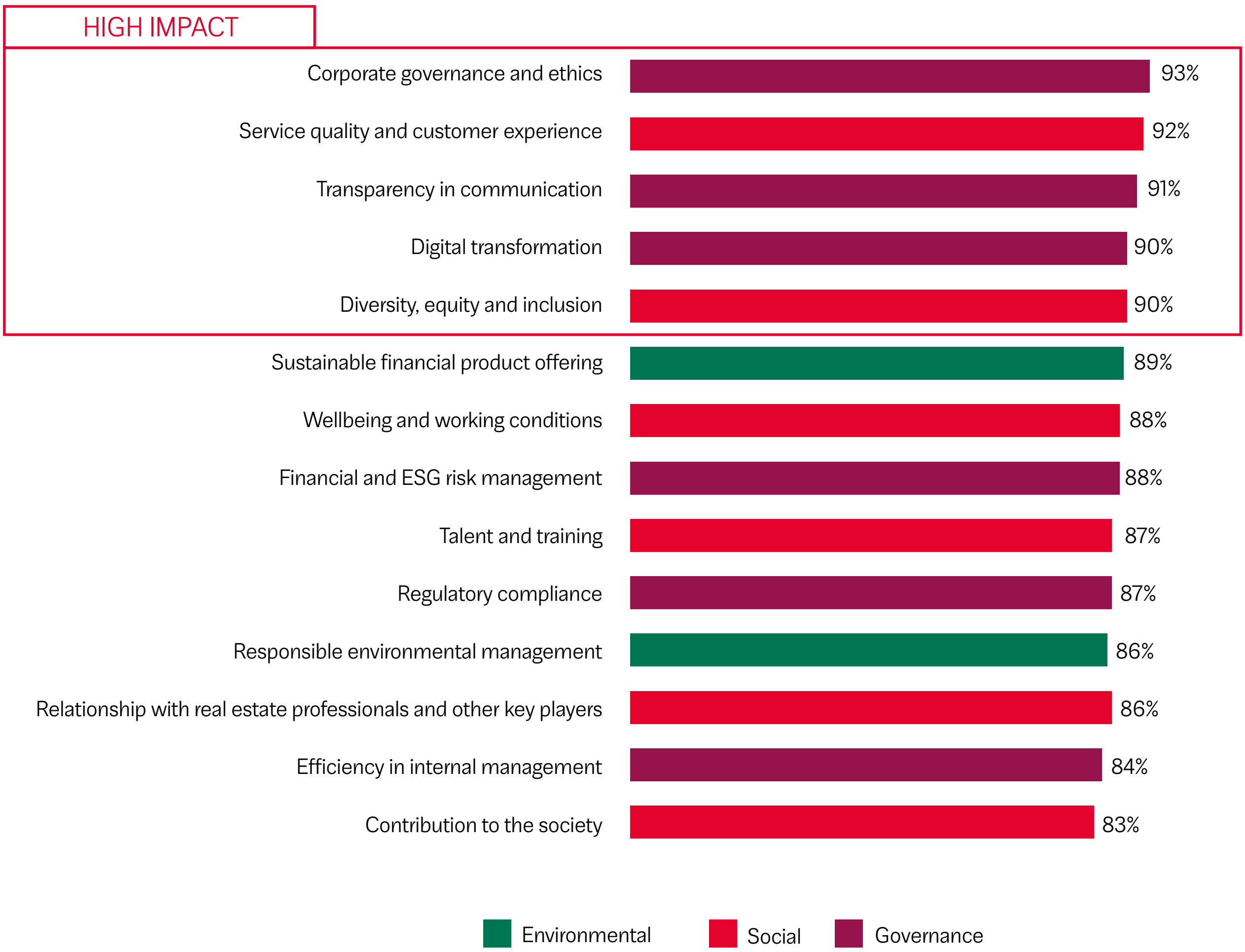
**Corporate governance and ethics** is the material topic of greatest impact for UCI and its stakeholders.

Also as high impact topics are **Service quality and Customer experience and Transparency in communication.**

Finally, the Top 5 material topics are **Digital transformation and Diversity, equity and inclusion.**

All topics exceed 80% impact, confirming the influence of the issues consulted.

However, among the lowest rated topics were Contribution to society, Efficiency in internal management, and Relationship with real estate professionals and other key stakeholders.



### Highest impact topics by group of stakeholders

| Customers | Employees | Financial consultants | Real estate professionals | Suppliers | Directors |
|---|---|---|---|---|---|
| Quality of service and customer experience | Quality of service and customer experience | Quality of service and customer experience | Transparency in communication | Quality of service and customer experience | Corporate governance and ethics |
| Transparency in communication | Wellbeing and working conditions | Responsible environmental management | Talent and training | Digital transformation | Regulatory compliance |
| Responsible environmental management | Diversity, equity and inclusion | Financial risk management and ESG | Contribution to society | Corporate governance and ethics | Financial risk management and ESG |
| Wellbeing and working conditions | Responsible environmental management | Offering sustainable financial products | Wellbeing and working conditions | Wellbeing and working conditions | Transparency in communication |
| Offering sustainable financial products | Offering sustainable financial products | Diversity, equity and inclusion | Diversity, equity and inclusion | Efficiency in internal management | Diversity, equity and inclusion |

Environmental   Social   Governance

Customers, employees, financial consultants and suppliers agree on **Quality of Service and Customer Experience** as the most impactful topic in their relationship with UCI. Meanwhile, for the business axis, **Corporate Governance and Ethics** is the most impactful topic, according to the executive survey.

Several groups rank **Well-being and working conditions** among the topics with the greatest impact. In addition to employees, this topic ranks in the top 5 for customers, real estate professionals and suppliers. The influence of **Diversity, equity and inclusion** also stands out: employees, financial consultants, real estate professionals and managers include it in their top 5.

**Transparency in communication** is in the top 5 impact topics for customers, managers and real estate professionals, who identify it as the most impactful topic.

In addition, customers, employees and financial consultants highlight **Responsible Environmental Management and Sustainable Financial Product Offering** among the most impactful topic in their relationship with the company.

## 2.5 CONTRIBUTION TO THE 2030 AGENDA


As a member of the Global Compact, we promote a vision of sustainability aligned with the 2030 Agenda and integrated into our business.

Committed to the 2030 Agenda, we integrate the Sustainable Development Goals into our business to contribute to their progress and align them with our ESG framework and with projects and initiatives we carry out in the company.

With a common ambitious goal of leaving no one behind, we consolidate partnerships with the public and private sector to act together towards a more inclusive and sustainable society.

In our commitment to contribute to the 2030 Agenda through our daily activities, we identify those Goals where we have the greatest potential for impact. In this way, our efforts focus on the following:

## Priority SDGs

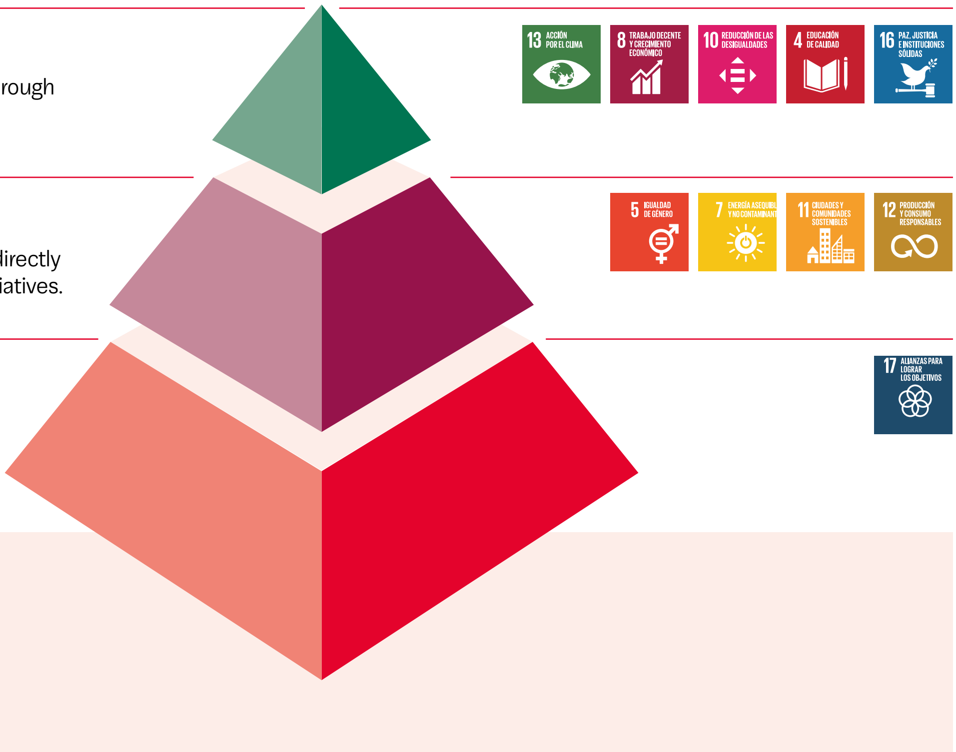
We make a direct contribution through our activities and commitments.

## Interrelated SDGs

We contribute directly and/or indirectly through specific projects and initiatives.

## Transversal SDGs

Present in all SDGs for the development of projects and initiative.




To reflect all of the above, in 2023, we have launched a document setting out our contribution to the 2030 Agenda during 2022, and which allows us to communicate to our stakeholders our contribution to the SDGs. We highlight different initiatives and the most relevant data for 2023.

## Business integration:

| ODS | Goals to which UCI contributes | Main initiatives |
|---|---|---|
| 4 | 4.3 Ensure equal access for all men and women to quality technical, vocational and tertiary education, including university education | • **SIRA**: To attract, train and contribute to the development of the best real estate professionals in order to distinguish them in the sector for their skills, ethical commitment and quality of service |
| 8 | 8.5 Achieve full and productive employment and decent work for all women and men, including young people and people with disabilities, and equal pay for work of equal value<br>8.8 Protect labour rights and promote a safe and secure working environment 8.9 Ensure the full and productive employment and decent work for all women and men, including youth and persons with disabilities, and equal pay for work of equal value<br>8.10 Strengthen the capacity of financial institutions to promote and expand access to banking, financial and insurance services | • **GPTW**: Survey that provides a global diagnosis of the organisation in the essential issues for the corporate culture to drive the achievement of the objectives<br>• **Wellness Ecosystem Cuídate**: Proactive action framework and continuous improvement in promoting health and wellbeing<br>• **Aprendizándome**: Ecosystem of continuous learning through which each employee can decide the format and subject matter that most interests them for their development<br>• **Leadership School**: A space designed for the company's leaders, with behavioural themes, key areas and styles<br>• **Talentum**: Initiative to generate opportunities for employee growth and turn talent management into an objective tool for decision-making and professional development<br>• **Young talent**: Project focused on young talent for its development in the company<br>• **Work organisation model**: New teleworking model with 50% attendance<br>• **New headquarters**: New headquarters certified with Grade A Energy Efficiency and LEED Gold and WELL building strategies, focused on the health and well-being of its occupants<br>• **Agreements with EEC**: Contracting of material and services for the employment of people with intellectual disabilities<br>• **Customer in the centre**: Model based on customer experience and satisfaction, responsible purchasing, product knowledge. We accompany you in each of the stages of life with us. |
| 10<br>5 | 10.2 Enhance and promote the social, economic and political inclusion of all people, regardless of age, gender, disability, race, ethnicity, origin, religion or economic or other status.<br>10.3 Ensure equality of opportunity and reduce inequalities of outcome<br>5.5 Ensure women's full and effective participation and equal opportunities for leadership at all decision-making levels in political, economic and public life. | • **"We accompany you" programme**: Financial education for young people through the initiatives Tus Finanzas, Tu Futuro (Junior Achievement) and Scholarships for students with extraordinary talent without resources (Fundación Dádoris). Support for educational programmes for the inclusion of people with disabilities, programmes for the prevention of residential exclusion and emergency donation campaigns.<br>• **Equality Plan**: Plan to guarantee and promote equal treatment and opportunities for all people and Protocol against harassment<br>• **Diversity Charter**: Initiative promoted by the European Commission that involves signing the document that includes the 10 principles assumed by UCI to make visible our commitment to diversity, inclusion in the workplace and equal opportunities<br>• **Empowering Women's Talent**: Programme to develop female empowerment and leadershipRenewal of the initiative<br>• "**Companies for a society free of gender-based violence**" and actions in this commitment: joining the campaign of the Ministry of Equality on the International Day for the Elimination of Violence against Women and collaboration with the Red Cross for a talk against gender violence |

| | | |
|---|---|---|
| | 7.2 Increase the share of renewable energy in the energy mix;<br>7.3 Double the global rate of improvement in energy efficiency;<br>11.1 Ensure access for all people to adequate, safe and affordable housing and basic services and improve slums;<br>11.2 Increase the share of renewable energy in the energy mix;<br>11.3. Enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlements planning and management;<br>12.2 Achieve sustainable management and efficient use of natural resources;<br>12.5 Reduce waste generation through waste prevention, reduction, recycling and reuse activities;<br>12.6 Encourage businesses to adopt sustainable practices and incorporate sustainability information into their reporting cycle;<br>12.8 Ensure that people around the world have the information and knowledge relevant to sustainable development and lifestyles in harmony with nature;<br>13.1 Strengthen resilience and adaptive capacity to climate-related risks and natural disasters;<br>13.3 Improve education, awareness and human and institutional capacity for climate change mitigation, adaptation, impact reduction and early warning. | • **Green products:** Vive Green, Suma Green, Crea Green**Rehabita loan**: Focused on building refurbishment<br>• **RER Plan:** Residential Energy Refurbishment Plan with the aim of promoting energy savings and efficiency in buildings, providing the Communities of Owners with the necessary financing and services<br>• **ENGAGE for ESG activation investments**: the aim is to meet the data and financing needs for the decarbonisation of the European building stock<br>• **Energy Efficient Mortgage Label (EEML):** Our green mortgages meet strict environmental criteria<br>• **ICO Line**: First institution to join the ICO MITMA Residential Building Refurbishment Line<br>• **EIB and Sustainalytics commitments**: Green production commitments under the criteria of the European Investment Bank and Sustainalytics that have a positive impact on the Green Asset Ratio and targets<br>• **Green bonds:** RMBS Prado VIII and RMBS Green Prado XI securitisation funds<br>• **Environmental management system:** Under measurement with Greemko we work to minimise environmental impact and comply with legal requirements and the needs of our stakeholders |
| | 16.5 Reducing corruption and bribery in all its forms<br>16.6 Build effective, transparent and accountable institutions<br>16.7 Ensure inclusive, participatory and representative decision-making at all levels that is responsive to the needs of the poor and vulnerable. | • **Corporate culture**: It is transversal and its implementation in the organisation is developed in the prevention, detection and management of compliance risks through the creation and development of specific programmes<br>• **Policies and Code of Conduct** that regulate UCI's activity and behaviour to ensure responsible and ethical management of the entity<br>• **Zero tolerance towards corruption and bribery**: Criminal and money laundering prevention system<br>• **Responsible supplier management**: New approval model<br>• **Active listening** and **creation of value** for stakeholders. Promoting and ensuring **responsible advertising and communication** of products and services |
| | 17.17 Encourage and promote effective partnerships in the public, public-private and civil society spheres, drawing on the experience and resourcing strategies of partnerships | We participate in national and international initiatives and projects. The list of partnerships is included in this report as Annex 1. |

# 3. We join the sustainable transition

## 3.1 WE GREENIMISE

### E.0 Introduction

Our contribution to the planet is the actions we take to make a positive impact in the fight against climate change, and to accelerate awareness of energy efficient homes. We are accountable to our stakeholders and encourage progress towards sustainability in their business model.

One of our priorities is the reduction of polluting emissions to curb climate change, which is why our **financing is sustainable** and our **products are responsible**, both for the home acquisition and renovation and the building rehabilitation.

We focus on **environmental footprint management**, in line with our responsibility, promoting a **circular economy** and **sustainable use of resources**.

We have identified these material topics in our ESG Framework, Sustainability Plan and Sustainability Policy, as a sign of our contribution to the development of a committed economy and financial system and as a change accelerator.

In 2023, we have incorporated energy and environmental factors into the Business Continuity Management System to reduce the impact on continuity in the event of such a contingency, as part of the resources allocated to the prevention of environmental risks, which will be added to the resources dedicated at a later date. At 2023 closing, there are no items in the Consolidated Annual Accounts allocated to environmental provisions or guarantees.

At UCI, we approach our environmental management with the responsibility to operate in the most environmentally friendly manner, taking the necessary measures to mitigate our environmental impact. We continue making progress in environmental management to bring it into line with the precautionary principle.

Due to the activities we carry out, and to the geographical areas where we operate, we do not impact on protected areas. Therefore, we do not have measures in place to preserve or restore biodiversity.

**Material topics**: Offering sustainable financial products and Responsible environmental management.

**SDGs** to which we contribute:

## E.1 Financing the fight against climate change

At UCI, we share a common purpose: to finance the fight against climate change and, to achieve it, we include ESG criteria in our business, have commitments and alliances with high-level entities and carry out our activities with a view to achieving the decarbonisation objectives set by Europe.

We do this through our sustainable financing, focused on the acquisition and refurbishment of energy-efficient homes and the building rehabilitation. These lines are supported by our commitments and our green bonds.

### 1. Business lines through sustainable and responsible products

***Our mortgages are green-green***

We are the first financial institution in the Iberian Peninsula to adhere to the Energy Efficient Mortgage Label (EEML). This label guarantees that our green mortgages and sustainable financing solutions comply with the strictest environmental care criteria, which increases the transparency and authenticity.

The implementation of the label makes it possible to identify green credits in an ethical way and thus to channel private capital towards improving the energy efficiency of buildings for sustainable construction.

***Our sustainable financing***

We are experts in sustainable finance and support customers to join the fight against climate change through specialist financial products tailored to their needs.

#### A. Sustainable products: Housing acquisition and reforms and building refurbishment.

At UCI, we have specific products adapted to achieve a sustainable habitat:

| Vive Green | Suma Green | Crea Green | Rehabita loan |
|---|---|---|---|
| The mortgage that benefits everyone. Buy a new home with energy efficiency A. Ask our comercial team about the Green finance conditions. | Purchase + Reform in a single loan. Improve energy efficiency by 30% and access our Green finance. | Self-build Mortgage. Finance and build your own house to your own specifications, making the most of our Green finance advantages. | A loan for communities of proprietors. Rehabilitate your building, making it more efficient. Make the most of the NEXT GEN grants now. |

**Our progress on Green finance:**
In 2022, in **Spain and Portugal**, Green financing accounted for 10.1% and 25.6% of total financing, respectively, while **in 2023** it was of **17.6% and 26.9%** respectively.
These figures represent growth of **74.26% in Spain** and **5.08% in Portugal**, compared to last year.

**Our progress in the rehabilitation business:**
In Spain, in 2022, we reached the figure of 13.19 million Green refurbishment, which represents 86.5% of the total financing in this business. In 2023, we have reached 19.33 million Green refurbishment, which represents 82.74% of the total. Therefore, the year-on-year growth in Green refurbishment financing is of **46.55%.**

#### B. Projects linked to our sustainable financing

**Residential Energy Rehabilitation (RER) Scheme**
We continue to promote the RER Plan, a project created through funds from the ELENA programme (a joint initiative of the European Investment Bank and the European Commission), through which we offer a comprehensive solution to improve energy efficiency and building savings, providing the necessary services to carry out these improvement works.

The lines of work we have developed have been the following:

- We increased our teams to better serve the Plan and provide the scale it deserves.

- We sought for external experts with the most suitable companies to carry out work that meets our quality procedure.
- We created a marketing project to promote the Plan in an appropriate way.
- We organised several events to disseminate the project and promote the rehabilitation market.
- We developed tools, including home visit campaigns, database qualification and digital geo-marketing testing.
- We reached new agreements and collaborations with partners, such as CAFBL, ANERR and CATEB, and an agreement with the Seville Association of Property Directors.
- We organised a large-scale event to celebrate the first anniversary of the RER Plan: UCI REHAvita. Highly prestigious organisations, such as the European Union, the EIB, ICO, Sustainable Fitch and national authorities from all administrations, among others, were represented.
- In cooperation with the supplier Syntonize, we continue developing an IT platform for the complete project management.

With all this and the continuous project work, the aim is to improve the energy refurbishment business in the market. The focus on customer satisfaction and innovation contributes to sustainable growth and success in the industry.

**ENGAGE for ESG activation investments**

We continue developing the ENGAGE for ESG activation investments project, in the second year of the three agreed. Coordinated by European DataWarehouse, it focuses on the search for a data model for green loans, standardising and identifying the most relevant fields to form a Green Investment Portal that allows consumers to have access to this type of loans.

- In 2023, in the ENGAGE project, we are moving forward with the definition of the fields that are part of the final template.
- In this process, we provided our feedback for the correct definition of relevant points for the project. We presented our conclusions at a meeting held at the European Datawarehouse in Frankfurt, Germany.
- We have been appointed to lead the Iberian pilot project. It will be divided into several phases with the final objective of randomly selecting 5,000 loans and filling in as much information as possible. An important challenge that will allow us to strengthen our databases and monitor a multitude of ESG data of great relevance.

Thus, we continue to work towards meeting the data and financing needs for the decarbonisation of Europe's housing stock.

**Instituto de Crédito Oficial (ICO) MITMA Residential Building Refurbishment Line**

We signed an agreement with Instituto de Crédito Oficial to finance works on homes and homeowners' associations throughout Spain, making us the first institution to join the ICO MITMA Residential Building Rehabilitation Line.

The objective is to promote the financing of renovation and repair projects in the common elements of buildings and dwellings, with the possibility of financing all the concepts that involve renovations aimed at improving the building, including labour, architects' fees, VAT or similar taxes.

This funding can be applied for by owners or communities that are going to carry out these rehabilitation works in residential buildings located in Spanish territory, to whom aids have been granted by the Autonomous Community or City of Ceuta and Melilla, where the building is located.

Through this agreement, we have also joined the ICO Companies and Entrepreneurs Line 2022-2024 to promote investment projects, business activities and liquidity or expenditure needs.

**Buscasubvenciones**

In 2023, an online search engine has been made available to customers to help them find public grants for the reform of housing, communities of owners, companies or any building in need of rehabilitation.

The search engine lists subsidies, the aid that can be applied for, the maximum funding and deadlines.

The tool has been developed by FANDIT POWER S.L. and shows the results obtained from official public sources, with the aim of providing guidance on this complex subject according to the filters identified by the user.

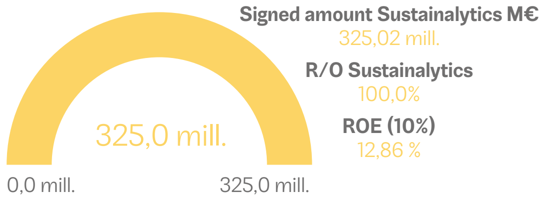
## 2. Commitments and green bonds

### *Sustainalytics*

Our agreement with Sustainalytics focuses on the creation of a framework based on the Green Bond Principles, for financing the fight against climate change. We issue green bonds for the financing of mortgages to improve energy efficiency and reduce the energy consumption of residential buildings in Spain and Portugal.

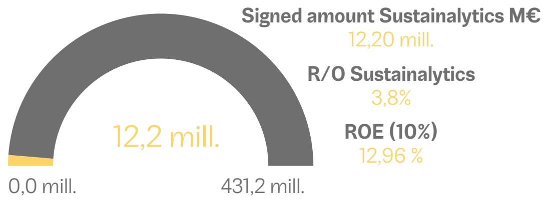
We made a first commitment of 325 million Euros, which we have completed by the end of 2023. Following this execution, we have reached a further commitment of 431.2 million Euros for which, at December 31, 2023, we have fulfilled 12.20 million Euros.

SUSTAINALYTICS




Commitment Sustainalytics - **325M**

SUSTAINALYTICS



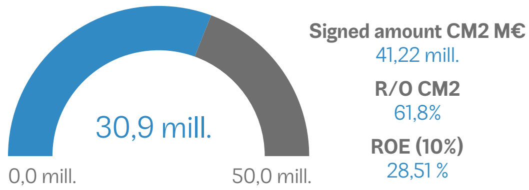

Commitment Sustainalytics 2023 - **431,2M**

### *European Investment Bank, European Investment Fund and Green Bonds: Prado VIII and Green Prado XI*

In 2020, we signed an agreement with the **EIB** to promote energy efficiency projects in Spain and Portugal. We offer rebates to customers for new builds and purchases with green refurbishment and energy rehabilitation of buildings.

We continued with the **Prado VIII RMBS TF** which, with the commitment reached with the EIB, involves financing the energy-efficient renovation of existing residential buildings and the construction of new NZEB (Nearly Zero Energy Buildings) for 50 million Euros. Currently, at 2023 closing, we have realised 30.9 million Euros.

European Investment Bank




Commitment EIB- Prado VIII **50M**

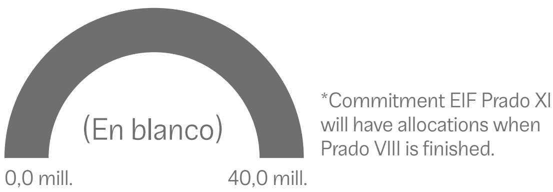
The EIB is also involved in our **RMBS Green Prado XI** securitisation fund. With this operation, we are promoting energy efficiency on the Iberian peninsula by supporting the renovation of existing buildings and the acquisition of new housing with near-zero energy consumption. The final energy savings generated by the total fund will be 396 Gwh per year and 100,904 tonnes/year of CO2, equivalent to the annual energy consumption of 28,937 households, according to our estimates.

The EIB Group has made an investment commitment of 240 million Euros, of which 200 million Euros have already been disbursed. The European Investment Fund (**EIF)** has approved its participation in the fund with a commitment of 40 million Euros.

European Investment Bank


Commitment EIB- Green **Prado XI 200M**

EUROPEAN INVESTMENT FUND




Commitment EIF - Green **Prado XI 40M**

## E.2 Taxonomy

The EU taxonomy is a classification system that helps companies and investors to identify which economic activities are environmentally sustainable. These activities must make a substantial contribution to at least one of the climate and environmental targets set by the EU, without significantly harming the others, while complying with minimum safeguards.

It is governed by a main regulation and two supplementary regulations:

| | | |
|---|---|---|
| Delegated Regulation (EU) 2020/852 on Taxonomy | Delegated Regulation (EU) 2021/2178 on the sustainability rating of activities | Delegated Regulation (EU) 2021/2139 on technical selection criteria |

Article 9 of the Taxonomy Regulation sets out the 6 climate and environmental objectives:

| | | | | | |
|---|---|---|---|---|---|
| Climate change mitigation | Adaptation to climate change | Sustainable use and protection of water and marine resources | Transition to a circular economy | Pollution prevention and control | Protection and restoration of biodiversity and ecosystems |

It also indicates 4 general conditions that an economic activity must fulfil to be considered environmentally sustainable:

| | | | |
|---|---|---|---|
| Substantially contribute to at least one of the 6 European climate targets | Do not significantly harm any of the other five. | Meeting minimum safeguards | Meet technical selection criteria |

To ensure that activities contribute substantially to one of these objectives, while not causing significant harm to another, technical selection criteria are established. So far, technical criteria have been established for the first two objectives, climate change mitigation and adaptation.

At UCI, due to our activity and our business lines, we have identified the following points:

- **Point 7.1: Construction of new buildings**

The primary energy demand, which determines the energy performance of the building being constructed, is at least 10% below the threshold set in relation to requirements for nearly zero energy buildings (NEC).

- **Point 7.2: Renovation of existing buildings**

The building renovation results in a reduction of primary energy demand of at least 30% (resulting from an actual reduction of primary energy demand).

- **Point 7.7: Building acquisition**

In relation to a substantial contribution to climate change mitigation:

- Buildings constructed before December 31, 2020; the building has an energy performance certificate of class A as a minimum.
  - Alternatively, the building forms part of the top 15% of the most energy efficient buildings in the national or regional building stock, in terms of operating primary energy demand (PED).
- For buildings constructed after December 31, 2020, the building meets the criteria set out in section 7.1 that are relevant at the time of acquisition.

### Eligibility

As already reported in 2022, 100% of our portfolio is eligible, as our business lines directly address the three points described above:

- Point 7.1 in relation to our new-build and self-build finance products.
- Point 7.2 as the whole refurbishment business; Energy Efficiency Retrofit Purchase, Energy Rehabilitation of Buildings and Green Refurbishment.
- Point 7.7 considering loans for the purchase of second-hand housing.

### Alignment

In 2023, we go one step further in the Taxonomy and analyse our activities, and our entire portfolio, to identify whether they are aligned and meet the technical selection criteria mentioned above. For such purpose, we have developed the following diagram:

## Taxonomy Criteria

- The use of the funds is intended to product activities **New construction**. **O Acquisitions of second-hand housing 7.1 / 7.7**.
  - YES — Year of construction after 31/12/2020.
    - YES — Energy consumption is 10% better than standard **climate zone** benchmarks.
      - YES — Validated as **sustainable** financing.
      - NO — Not validated as **sustainable** financing.
    - NO — EPC A classification.
      - YES — Validated as **sustainable** financing.
      - NO — Within the top 15% of the urban housing stock.
        - YES — Validated as **sustainable** financing.
        - NO — Not validated as **sustainable** financing.
  - NO — The use of the funds is intended to product activities **Purchase with energy-efficient renovation / Energy renovation of buildings / Retrofitting Green 7.2**.
    - YES — 30% reduction in primary energy demand EDP.
      - YES — Validated as **sustainable** financing.
      - NO — Not validated as **sustainable** financing.
    - NO — Not validated as **sustainable** financing.

As a result of the above, and as a leading indicator, we provide our Green Asset Ratio (GAR). With this, we can identify how much of the classified portfolio is aligned with the taxonomy, i.e. green assets that meet the technical selection criteria.

In order to calculate the GAR, our outstanding balance and assets classified as green are taken into account:

| Country | Taxonomy Alignment | Amount | Weight |
|---|---|---|---|
| Spain | 7.1 Construction 10% nzeb improvement | 16,283,122.00 | 3% |
| | 7.2 Reform 30% improvement | 31,952,187.22 | 6% |
| | 7.7 Acquisition 15% best in class | 350,919,498.21 | 64% |
| | Outstanding balance Taxonomy alignment | 399,154,807.43 | |
| | Total Outstanding Balance | 8.200.410.816,73 | |
| | **GAR** | **4.87%** | |
| Portugal | 7.1 Construction 10% nzeb improvement | 29,900,520.11 | 5% |
| | 7.7 Acquisition 15% best in class | 119,299,987.84 | 22% |
| | Outstanding balance Taxonomy alignment | 149,200,507.95 | |
| | Total Outstanding Balance | 1.076.378.445,17 | |
| | **GAR** | **13.86%** | |
| | Total aligned Taxonomy | 548.355.315,38 | |
| | Total outstanding balance | 9.276.789.261,89 | |
| | **GAR** | **5.91%** | |

Below, we share the detail in the templates set out in the Taxonomy Regulation.

## 0. SUMMARY OF KEY PERFORMANCE INDICATORS TO BE DISCLOSED BY CREDIT INSTITUTIONS IN ACCORDANCE WITH ARTICLE 8 OF THE TAXONOMY REGULATION

| | | Total environmentally sustainable assets | Key Performance Indicator | Key Performance Indicator | % coverage (of total assets) |
|---|---|---|---|---|---|
| Main KPI | Green Asset Ratio (GAR) in stock terms | 548.36 | | | 5.91% |
| | | **Total environmentally sustainable activities** | **Key Performance Indicator** | **Key Performance Indicator** | **% coverage (of total assets)** |
| Additional KPIs | RAG (flow) | 3,713 | | | 3.85% |
| | Trading portfolio | | | | |
| | Financial guarantees | | | | |
| | Assets under management | | | | |
| | Fee and commission income | | | | |

## 1. ASSETS FOR THE GAR CALCULATION

| | | 2023 | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Climate Change Mitigation (CCM) | | | | | Climate Change Adaptation (CCA) | | | | | TOTAL (CCM + CCA) | | | | |
| | | Carrying amount (Gross) Total | Of which: a taxonomy-relevant sectors (taxonomy-eligible) | | | | | Of which: a taxonomy-relevant sectors (taxonomy-eligible) | | | | | Of which: a taxonomy-relevant sectors (taxonomy-eligible) | | | | |
| | | | | Of which: environmentally sustainable (conforming to the taxonomy) | | | | | Of which: environmentally sustainable (conforming to the taxonomy) | | | | | Of which: environmentally sustainable (conforming to the taxonomy) | | | |
| | *Millions of euros* | | | | **Of which: specialised funding** | **Of which: transitional** | **Of which: facilitators** | | | **Of which: specialised funding** | **Of which: transitional** | **Of which: facilitators** | | | **Of which: specialised funding** | **Of which: transitional** | **Of which: facilitators** |
| 1 | **GAR - Assets included in both numerator and denominator** | | | | | | | | | | | | | | | | |
| 2 | Loans and advances, debt securities and equity instruments not held for tradingadmissible for the GAR calculation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | **Financial companies** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Credit institutions | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Debt securities, including statement on the use of funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Other financial companies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Of which: investment services firms | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Debt securities, including statement on the use of funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 13 | Of which: management companies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Debt securities, including statement on the use of funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 16 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | Of which: insurance companies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 18 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 19 | Debt securities, including statement on the use of funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

| | *Millions of euros* | Carrying amount (Gross) Total | 2023 Climate Change Mitigation (CCM) Of which: a taxonomy-relevant sectors (taxonomy-eligible) | Of which: environmentally sustainable (conforming to the taxonomy) | Of which: specialised funding | Of which: transitional | Of which: facilitators | Climate Change Adaptation (CCA) Of which: a taxonomy-relevant sectors (taxonomy-eligible) | Of which: environmentally sustainable (conforming to the taxonomy) | Of which: specialised funding | Of which: transitional | Of which: facilitators | TOTAL (CCM + CCA) Of which: a taxonomy-relevant sectors (taxonomy-eligible) | Of which: environmentally sustainable (conforming to the taxonomy) | Of which: specialised funding | Of which: transitional | Of which: facilitators |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 21 | **Non-financial corporations** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | Non-financial companies subject to disclosure obligations under the Directive on disclosure of financial information | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 24 | Debt securities, including statement on the use of funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 25 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 26 | **Households** | **9,277** | **548** | **-** | **548** | **-** | **-** | **-** | **-** | - | **-** | **-** | **548** | **-** | **548** | **-** | **-** |
| 27 | Of which: loans secured by residential real estate | 9,200 | 516 | - | 516 | - | - | - | - | - | - | - | 516 | - | 516 | - | - |
| 28 | Of which: building renovation loans | 77 | 32 | - | 32 | - | - | - | - | - | - | - | 32 | - | 32 | - | - |
| 29 | Of which: car loans | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 30 | **Local government funding** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 31 | Security interests obtained by taking possession: residential and commercial property | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 32 | Local government funding | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 33 | **Other assets excluded from the numerator for the calculation of the GAR (included in the denominator)** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 34 | **Financial and non-financial corporations** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 35 | SMEs and non-financial corporations (other than SMEs) not subject to disclosure requirements under the DINF | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 36 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 37 | Of which: loans secured by residential real estate | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 38 | Of which: building renovation loans | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 39 | Debt securities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 40 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 41 | Non-EU counterparties not subject to disclosure obligations under the NDFIs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 42 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 43 | Debt securities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 44 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

| | | | 2023 | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Climate Change Mitigation (CCM) | | | | | Climate Change Adaptation (CCA) | | | | | TOTAL (CCM + CCA) | | | | |
| | | Carrying amount (Gross) Total | Of which: a taxonomy-relevant sectors (taxonomy-eligible) | | | | | Of which: a taxonomy-relevant sectors (taxonomy-eligible) | | | | | Of which: a taxonomy-relevant sectors (taxonomy-eligible) | | | | |
| | | | | Of which: environmentally sustainable (conforming to the taxonomy) | | | | | Of which: environmentally sustainable (conforming to the taxonomy) | | | | | Of which: environmentally sustainable (conforming to the taxonomy) | | | |
| | *Millions of euros* | | | | Of which: specialised funding | Of which: transitional | Of which: facilitators | | | Of which: specialised funding | Of which: transitional | Of which: facilitators | | | Of which: specialised funding | Of which: transitional | Of which: facilitators |
| 45 | **Derivatives** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 46 | **Interbank overnight loans** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 47 | **Cash and cash-related assets** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 48 | **Other assets (goodwill, raw materials, etc.)** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 49 | **Total assets of the GAR** | **9,277** | **548** | **-** | **548** | **-** | **-** | **-** | **-** | - | **-** | **-** | **548** | **-** | **548** | **-** | **-** |
| 50 | **Other assets not included in the GAR calculation** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 51 | Sovereign issuers | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 52 | Exposures to central banks | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 53 | Trading portfolio | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 54 | **Total assets** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Off-balance sheet exposures - Companies subject to DINF disclosure requirements | | | | | | | | | | | | | | | | |
| 56 | Financial guarantees | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 57 | Assets under management | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 58 | Of which: debt securities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 59 | Of which: equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

## 2. INFORMATION ON THE RAG SECTOR (TURNOVER)

| | | Climate Change Mitigation (CCM) | | | | Climate Change Adaptation (CCA) | | | | TOTAL (CCM + CCA) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Non-financial corporations (Subject to NFRD) | | SMEs and other companies not subject to NFRD | | Non-financial corporations (Subject to NFRD) | | SMEs and other companies not subject to NFRD | | Non-financial corporations (Subject to NFRD) | | SMEs and other companies not subject to NFRD | |
| | | [Gross] Carrying amount | | [Gross] Carrying amount | | [Gross] Carrying amount | | [Gross] Carrying amount | | [Gross] Carrying amount | | [Gross] Carrying amount | |
| | *Sectoral breakdown - NACE 4-digit level (code and name)* | **EUR millions** | **Of which environmentally sustainable (ESG)** | **EUR millions** | **Of which environmentally sustainable (ESG)** | **EUR millions** | **Of which environmentally sustainable (ESA)** | **EUR millions** | **Of which environmentally sustainable (ESA)** | **EUR millions** | **Of which environmental -environmentally sustainable (CCM+CAA)** | **EUR millions** | **Of which environmentally sustainable (CCM + CCA)** |
| 1 | **F41 - Construction of buildings** | **9,277** | **548** | - | - | **-** | **-** | - | - | **9,277** | **548** | - | - |

## 3.KEY PERFORMANCE INDICATOR OF THE RAG IN TERMS OF STOCKS

| | % (compared to total assets included in denominator) | 2023 | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Climate Change Mitigation (CCM) | | | | | Climate Change Adaptation (CCA) | | | | | TOTAL (CCM + CCA) | | | | | |
| | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-eligible) | | | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-eligible) | | | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-eligible) | | | | | |
| | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-compliant) | | | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-compliant) | | | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-compliant) | | | | |
| | | | | Of which: specialised funding | Of which: transitional | Of which: facilitators | | | Of which: specialised funding | Of which: transitional | Of which: facilitators | | | Of which: specialised funding | Of which: transitional | Of which: facilitators | Share of total assets covered |
| 1 | **GAR - Assets included in both numerator and denominator** | | | | | | | | | | | | | | | | |
| 2 | Loans and advances, debt securities and equity instruments not held for tradingadmissible for the GAR calculation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | **Financial companies** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Credit institutions | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Debt securities, including statement on the use of funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Other financial companies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Of which: investment services firms | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Debt securities, including statement on the use of funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 13 | Of which: management companies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Debt securities, including statement on the use of funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 16 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | Of which: insurance companies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 18 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 19 | Debt securities, including statement on the use of funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | **Non-financial corporations** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | Non-financial companies subject to disclosure obligations under the Directive on disclosure of financial information | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 24 | Debt securities, including statement on the use of funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 25 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

| | | 2023 | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Climate Change Mitigation (CCM) | | | | | Climate Change Adaptation (CCA) | | | | | TOTAL (CCM + CCA) | | | | | |
| | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-eligible) | | | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-eligible) | | | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-eligible) | | | | | |
| | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-compliant) | | | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-compliant) | | | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-compliant) | | | | |
| | *% (compared to total assets included in denominator)* | | | **Of which: specialised funding** | **Of which: transitional** | **Of which: facilitators** | | | **Of which: specialised funding** | **Of which: transitional** | **Of which: facilitators** | | | **Of which: specialised funding** | **Of which: transitional** | **Of which: facilitators** | **Share of total assets covered** |
| 26 | **Households** | **100,0%** | **5,9%** | **5,9%** | **0,0%** | **0,0%** | **0,0%** | **0,0%** | **0,0%** | **0,0%** | **0,0%** | **100,0%** | **5,9%** | **5,9%** | **0,0%** | **0,0%** | **100,0%** |
| 27 | Of which: loans secured by residential real estate | 99,2% | 5,6% | 5,6% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 99,2% | 5,6% | 5,6% | 0,0% | 0,0% | 99,2% |
| 28 | Of which: building renovation loans | 0,8% | 41,4% | 41,4% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,8% | 41,4% | 41,4% | 0,0% | 0,0% | 0,8% |
| 29 | Of which: car loans | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 30 | **Local government funding** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 31 | Security interests obtained by taking possession: residential and commercial property | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 32 | Local government funding | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 49 | Total assets of the GAR | **100,0%** | **5,9%** | **5,9%** | **0,0%** | **0,0%** | **0,0%** | **0,0%** | **0,0%** | **0,0%** | **0,0%** | **100,0%** | **5,9%** | **5,9%** | **0,0%** | **0,0%** | **100,0%** |

## 4. KEY PERFORMANCE INDICATOR OF THE RAG IN TERMS OF FLOWS

| | | 2023 | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Climate Change Mitigation (CCM) | | | | | Climate Change Adaptation (CCA) | | | | | TOTAL (CCM + CCA) | | | | | |
| | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-eligible) | | | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-eligible) | | | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-eligible) | | | | | |
| | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-compliant) | | | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-compliant) | | | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-compliant) | | | | |
| | *% (compared to the flow of assets included in the denominator)* | | | **Of which: specialised funding** | **Of which: transitional** | **Of which: facilitators** | | | **Of which: specialised funding** | **Of which: transitional** | **Of which: facilitators** | | | **Of which: specialised funding** | **Of which: transitional** | **Of which: facilitators** | **Share of total assets covered** |
| 1 | **GAR - Assets included in both numerator and denominator** | | | | | | | | | | | | | | | | |
| 2 | Loans and advances, debt securities and equity instruments not held for tradingadmissible for the GAR calculation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | **Financial companies** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Credit institutions | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Debt securities, including statement on the use of funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Other financial companies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Of which: investment services firms | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Debt securities, including statement on the use of funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 13 | Of which: management companies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Debt securities, including statement on the use of funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 16 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | Of which: insurance companies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 18 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 19 | Debt securities, including statement on the use of funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | **Non-financial corporations** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | Non-financial companies subject to disclosure obligations under the Directive on disclosure of financial information | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | Loans and advances | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 24 | Debt securities, including statement on the use of funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 25 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

## Non-Financial Information Statement

| | | 2023 | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Climate Change Mitigation (CCM) | | | | | Climate Change Adaptation (CCA) | | | | | TOTAL (CCM + CCA) | | | | |
| | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-eligible) | | | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-eligible) | | | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-eligible) | | | | |
| | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-compliant) | | | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-compliant) | | | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-compliant) | | | |
| | *% (compared to the flow of assets included in the denominator)* | | | **Of which: specialised funding** | **Of which: transitional** | **Of which: facilitators** | | | **Of which: specialised funding** | **Of which: transitional** | **Of which: facilitators** | | | **Of which: specialised funding** | **Of which: transitional** | **Of which: facilitators** | **Share of total assets covered** |
| 26 | **Households** | **100,0%** | **3,9%** | **3,9%** | **0,0%** | **0,0%** | **0,0%** | **0,0%** | | **0,0%** | **0,0%** | **100,0%** | **3,9%** | **3,9%** | **0,0%** | **0,0%** | **100,0%** |
| 27 | Of which: loans secured by residential real estate | 99,7% | 3,7% | 3,7% | 0,0% | 0,0% | 0,0% | 0,0% | | 0,0% | 0,0% | 99,7% | 3,7% | 3,7% | 0,0% | 0,0% | 99,7% |
| 28 | Of which: building renovation loans | 0,3% | 45,6% | 45,6% | 0,0% | 0,0% | 0,0% | 0,0% | | 0,0% | 0,0% | 0,3% | 45,6% | 45,6% | 0,0% | 0,0% | 0,3% |
| 29 | Of which: car loans | - | - | - | - | - | - | - | | - | - | - | - | - | - | - | - |
| 30 | **Local government funding** | - | - | - | - | - | - | - | | - | - | - | - | - | - | - | - |
| 31 | Security interests obtained by taking possession: residential and commercial property | - | - | - | - | - | - | - | | - | - | - | - | - | - | - | - |
| 32 | Local government funding | - | - | - | - | - | - | - | | - | - | - | - | - | - | - | - |
| 49 | **Total assets of the GAR** | **100,0%** | **3,9%** | **3,9%** | **0,0%** | **0,0%** | **0,0%** | **0,0%** | | **0,0%** | **0,0%** | **100,0%** | **3,9%** | **3,9%** | **0,0%** | **0,0%** | **100,0%** |

## 5. KEY PERFORMANCE INDICATOR FOR OFF-BALANCE SHEET EXPOSURES

| | | 2023 | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Climate Change Mitigation (CCM) | | | | | Climate Change Adaptation (CCA) | | | | | TOTAL (CCM + CCA) | | | | |
| | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-eligible) | | | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-eligible) | | | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-eligible) | | | | |
| | | | Of which: environmentally sustainable (conforming to the taxonomy) | | | | | Of which: environmentally sustainable (conforming to the taxonomy) | | | | | Of which: environmentally sustainable (conforming to the taxonomy) | | | |
| | *% (compared to the flow of adminisble off-balance sheet assets)* | | | **Of which: specialised funding** | **Of which: transitional** | **Of which: facilitators** | | | **Of which: specialised funding** | **Of which: transitional** | **Of which: facilitators** | | | **Of which: specialised funding** | **Of which: transitional** | **Of which: facilitators** |
| 1 | Financial guarantees (financial guarantees key performance indicator) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Assets under management (key performance indicator for assets under management) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

## 6. KEY PERFORMANCE INDICATOR ON FEE AND COMMISSION INCOME FROM NON-LENDING AND ASSET MANAGEMENT SERVICES

| | *% (compared to the flow of adminisble off-balance sheet assets)* | Carrying amount (Gross) Total | Fees and commissions key performance indicator - 2023 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Climate Change Mitigation (CCM) | | | | Climate Change Adaptation (CCA) | | | | TOTAL (CCM + CCA) | | | |
| | | | Of which: a taxonomy-relevant sectors (taxonomy-eligible) | | | | Of which: a taxonomy-relevant sectors (taxonomy-eligible) | | | | Of which: a taxonomy-relevant sectors (taxonomy-eligible) | | | |
| | | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-compliant) | | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-compliant) | | | | Proportion of total assets covered that finance taxonomy-relevant sectors (taxonomy-compliant) | | |
| | | | | | **Of which: transitional** | **Of which: facilitators** | | | **Of which: transitional** | **Of which: facilitators** | | | **Of which: transitional** | **Of which: facilitators** |
| 1 | Income from fees and commissions of companies subject to DINF - Services other than the granting of loans | | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Served to financial companies | | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Other financial companies | | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Of which: investment services firms | | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Of which: management companies | | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Of which: insurance companies | | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Non-financial corporations | | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Counterparties not subject to DINF disclosure obligations, including third-country counterparties | | - | - | - | - | - | - | - | - | - | - | - | - |

## 7. KEY PERFORMANCE INDICATOR FOR THE TRADING BOOK

| | | | **Climate Change Mitigation (CCM)** | | | | | | **Climate Change Adaptation (CCA)** | | | | | | **TOTAL (CCM + CCA)** | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Absolute purchases | | Absolute sales | | Absolute purchases plus absolute sales | | Absolute purchases | | Absolute sales | | Absolute purchases plus absolute sales | | Absolute purchases | | Absolute sales | | Absolute sales | |
| | | *Fair value* | **EUR millions** | **Of which environmentally sustainable (ESG)** | **EUR millions** | **Of which environmentally sustainable (ESG)** | **EUR millions** | **Of which environmentally sustainable (ESG)** | **EUR millions** | **Of which environmentally sustainable (ESA)** | **EUR millions** | **Of which environmentally sustainable (ESA)** | **EUR millions** | **Of which environmentally sustainable (ESA)** | **EUR millions** | **Of which environmental -environmentally sustainable (CCM+CAA)** | **EUR millions** | **Of which environmentally sustainable (CCM + CCA)** | **EUR millions** | **Of which environmentally sustainable (CCM + CCA)** |
| 1 | **F41 - Construction of buildings** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | **Financial companies** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Credit institutions | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Debt securities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Other financial companies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Of which: investment services firms | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Debt securities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Of which: management companies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Debt securities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 13 | Of which: insurance companies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Debt securities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 16 | Non-financial companies subject to disclosure requirements under the DINF | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | Debt securities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 18 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 19 | **Counterparties not subject to DINF disclosure obligations, including third-country counterparties** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Debt securities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Equity instruments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

### “Do No Significant Harm”

We consider that, due to UCI’s own business activity (financing the purchase of housing, its refurbishment or the rehabilitation of buildings), compliance with the regulations corresponds to the value chain involved in each of the phases up to the completion of the refurbishment, rehabilitation or purchase of the property by the end customer, and therefore, at UCI, we understand that this requirement is considered to be fulfilled.

### Minimum safeguards

At UCI, we are committed to human rights and our behaviour is responsible and in line with international standards and guidelines in this area, both in our internal and external relations.

Our activity ensures compliance with the following:

- The International Bill of Human Rights, consisting of the Universal Declaration of Human Rights proclaimed in 1948 by the United Nations General Assembly, the International Covenant on Civil and Political Rights and its two protocols, and the International Covenant on Economic, Social and Cultural Rights.
- The International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work and its eight fundamental conventions.
- The International Labour Organisation Tripartite Declaration on Multinational Enterprises and Social Policy.
- The UN Guiding Principles on Business and Human Rights.
- National Action Plan on Business and Human Rights.
- The OECD Guidelines for Multinational Enterprises.
- The ten principles of the UN Global Compact.

## E.3 Sustainable Finance Rating System

In 2023, we developed our Sustainable Finance Classification System (SCFS), which sets out the methodology used to classify our products as sustainable finance. It is designed to ease the classification, monitoring and reporting of our sustainable finance activities, as well as to guide the development of sustainability-themed products for our customers.

It is based on internationally recognised sectoral guidelines and principles, such as the ICMA Green and Social Bond Principles, the Climate Bond Standard and the EU Taxonomy.

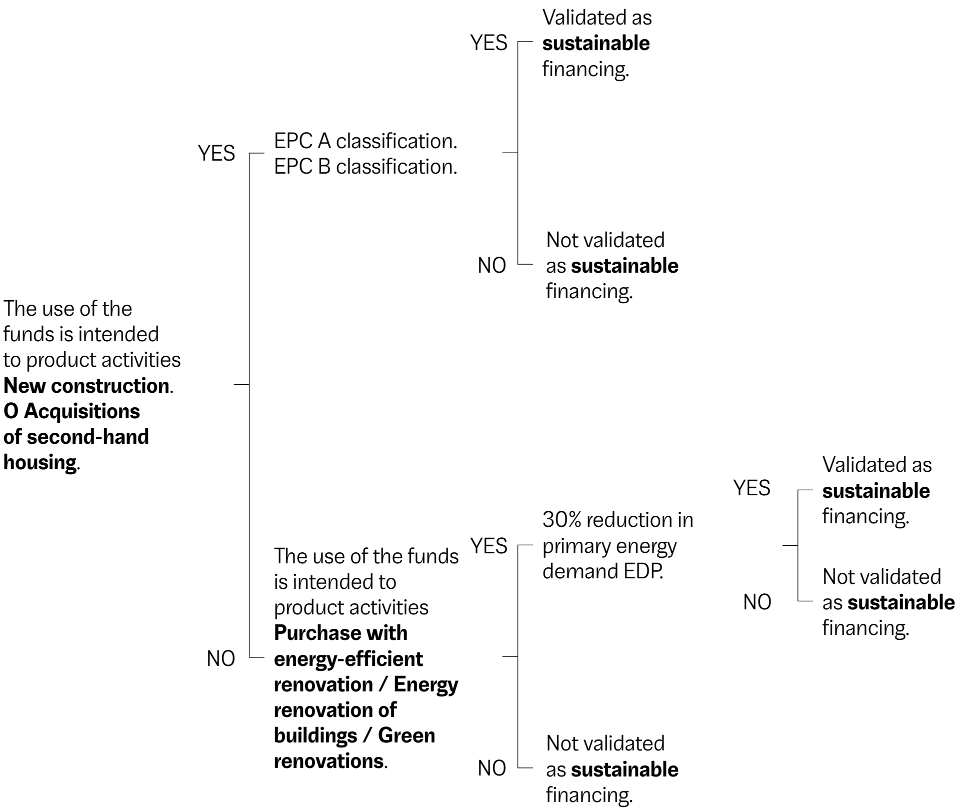
It has been reviewed by Sustainalytics, which allows us to confirm the development in the eligibility criteria and provides us with a second opinion on our sustainable funds and bonds.

Our sustainability-linked products aim to enable our customers to achieve their sustainable goals and commitments to environmental and social activities.

In the more general case of sustainability-linked lending, operations are structured and assessed using the latest version of the SCIB Sustainability Lending Guidelines. At UCI, we have identified three financing criteria:

- Eligible by Taxonomy.
- Eligible under agreements with the EIB.
- Eligible by Sustainalytics.

### Sustainalytics Criteria 2020-2023- 325 MM€.



## BEI Green Belém/ Prado VIII Criteria

The use of the funds is intended to product activities **New construction**.

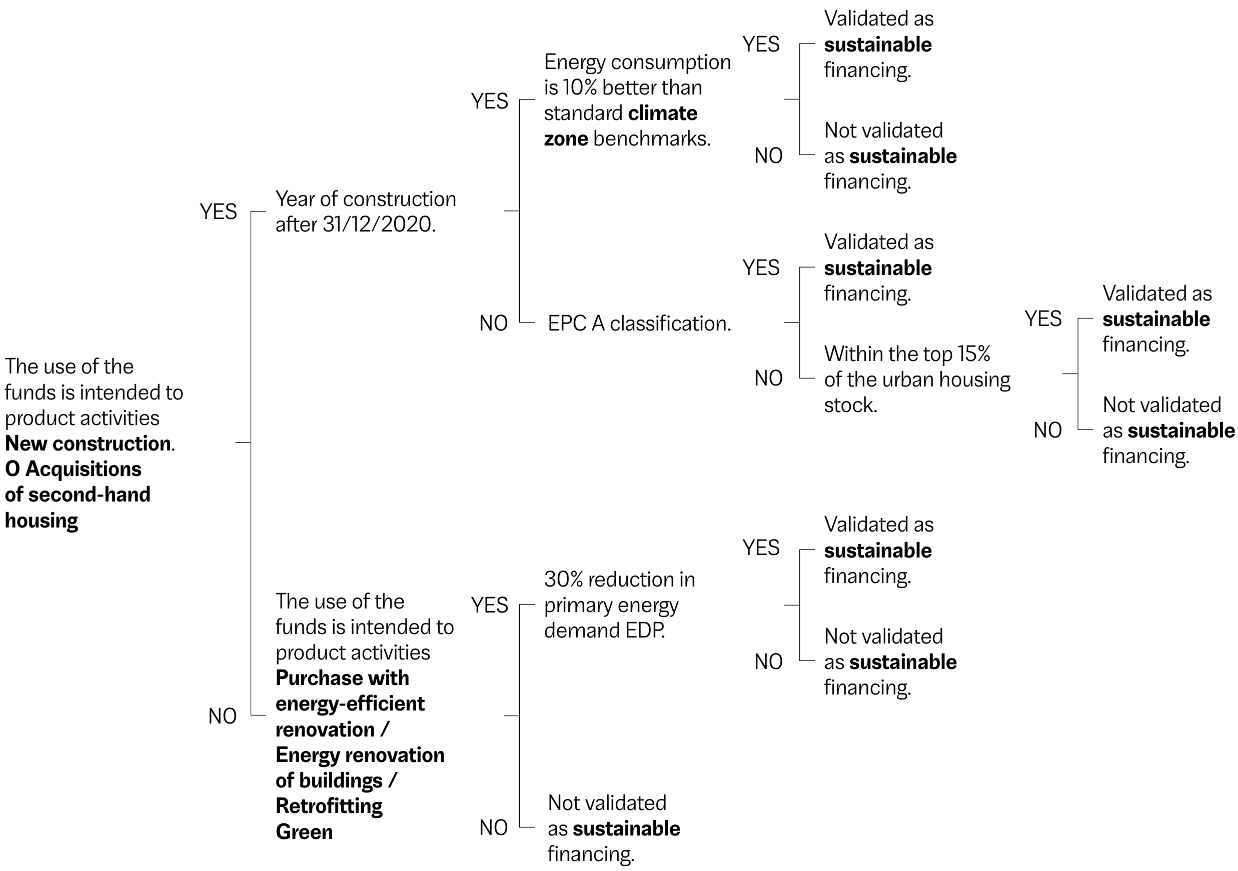
- YES — EPC A - from 2020 EPC B - from 2020 to 2022.
  - YES — Licence of first occupation less than 12 months old (for 2020, 2021 and 2022) and less than 6 months old from 2023 onwards.
    - YES — A loan amount of not more than €750M.
      - YES — Validated as **sustainable** financing.
      - NO — Not validated as **sustainable** financing.
    - NO — Not validated as **sustainable** financing.
  - NO — Not validated as **sustainable** financing.
- NO — The use of funds is for product activities **Purchase with energy efficiency renovation / Energy renovation of buildings / Green renovations**.
  - YES — 50% of the amount of the renovation is dedicated to energy efficiency improvement works (according to checklist).
    - YES — Validated as **sustainable** financing.
    - NO — Not validated as **sustainable** financing.
  - NO — Not validated as **sustainable** financing.

## Prado XI EIB/ FEI/ ICO criteria

The use of funds is earmarked for product activities **New work**.

- YES — Licence of first occupation less than 6 months old.
  - YES — Energy consumption is 10% better than standard climate zone benchmarks.
    - YES — Validated as **sustainable** financing.
    - NO — Not validated as **sustainable** financing.
  - NO — EPC A classification.
    - YES — Validated as **sustainable** financing.
    - NO — Not validated as **sustainable** financing.
- NO — The use of funds is for product activities **Purchase with Energy Efficiency Retrofitting / Energy Rehabilitation of Buildings / Green Retrofits**.
  - YES — 30% reduction in primary energy demand EDP.
    - YES — Validated as **sustainable** financing.
    - NO — Not validated as **sustainable** financing.
  - NO — Not validated as **sustainable** financing.

## Sustainalytics Criteria 2023




All funding activities defined as sustainable under the system above are screened and validated to ensure compliance with the selection criteria, following a specialised verification process.

All information and tools related to the SCFS are reported to the Steering Committee on a monthly basis. On a quarterly basis, we report to the European Investment Bank and publish the EEML Harmonised Disclosure Template on the corporate website.

This System is regularly reviewed and updated, reflecting evolving market practice on sustainability.

## E.4 Our environmental footprint We minimise our impact on the environment

In our fight against climate change, we focus on sustainable financing and decarbonisation of the building stock as strategic lines, but we are also responsible with our footprint management, so we try to minimise the impact of our activities on the environment.

Our ESG framework included the axes on which our internal environmental management focuses; these are the following:

- Managing our waste responsibly
- Controlling the consumption of resources
- Measuring CO2 emissions

We do all this with the service of the **GreeMko** platform, which allows us to carry out the best monitoring and control of our data to ensure that our impact on the environment is correctly identified and managed. The software developed by GreeMko has been verified under the GHG Protocol standard, following the calculation guidelines of IPCC (International Panel on Climate Change), for the calculation of carbon footprint of Scopes 1, 2 and 3. Moreover, it meets the requirements of calculation, monitoring and traceability of the information required by the ISO 14064-1:2018 standard.

In 2023, we have moved to a new location:

- In Spain, the **Visionary building** gives us greater flexibility in space and has LEED and WELL strategies to achieve optimal levels of energy efficiency, sustainability and wellbeing in construction. It has a highly efficient building envelope, photovoltaic panels and measures to reduce water consumption, as well as landscaped areas with native vegetation, making it a lung over the city.
- In Portugal, the move to **Torre das Amoreiras** allows us to reduce our environmental footprint and obtain ISO 14001 environmental certification. The Tower has LED lights, presence sensors and carbon neutral certified carpeting, as well as using materials with a lower environmental impact in the works carried out.

### Circular economy and waste management

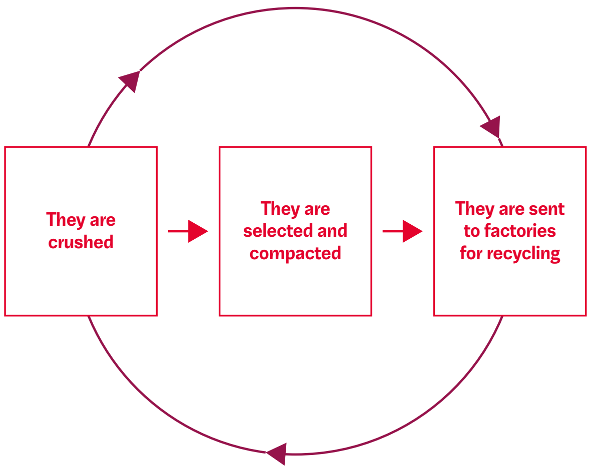
Our environmental management system has procedures in place to ensure a circular economy and waste management, in line with our commitment:

100% of the paper related to the documentation of our work in Spain and Portugal is recycled.

The rest of the urban waste, from the two new sites in Spain and Portugal, is managed by the buildings' owners through the local Councils, so we do not have any certificates in this regard.

On the other hand, in 2023 in Spain, while we were in the provisional headquarters, the packaging that was generated (water bottles) was managed and recycled through the supplier.

Documentary waste is treated in the following way by authorised waste management companies:



Our method of disposal of all waste is checked through:

- destruction certificates issued by the different suppliers and authorised handlers;
- information collected in the waste management control and monitoring documents (Waste Chronological Archive).

The waste recycled in Spain and Portugal is the following:

| Environmental aspect | Jan. 2023-Dec. 2023 | Jan. 2022-Dec. 2022 | Var. % |
|---|---|---|---|
| Waste batteries and accumulators | 0.00 t | 0.11 t | -100.00% |
| Waste ink and toner cartridges | 0.03 t | 0.03 t | 1.02% |
| Paper waste | 8.83 t | 15.78 t | -44.03% |
| Waste electrical and electronic equipment | 0.11 t | 4.61 t | -97.61% |
| Mixed construction and demolition waste | 0.00 t | 0.90 t | -100.00% |
| Municipal waste | 0.00 t | 6.06 t | -100.00% |
| Plastic waste | 0.00 t | 1.68 t | -100.00% |
| **Total:** | **8.97 t** | **29.18 t** | **-69.26%** |

All waste decreases, except for ink and toner cartridges, because in 2022 we cleaned up the Spanish headquarters in order to be able to move to the temporary headquarters. No more waste is generated at the new headquarters.

Due to our own business activity, we do not consider it relevant to take measures or actions to combat food waste.

## Sustainable consumption of resources

We promote the efficient and sustainable consumption of resources through initiatives aimed at optimising them.

| Environmental aspect | Jan. 2023-Dec. 2023 | Jan. 2022-Dec. 2022 | Var. % |
|---|---|---|---|
| Water consumption | 753.00 $m^3$ | 1,231.77 $m^3$ | -38.87% |
| Natural gas consumption | 3,769.67 kWh | 135.33 kWh | 2,685.58% |
| Diesel A consumption | 7,573.89 l | 33,400.00 l | -77.32% |
| Fuel consumption | 113,691.97 l | 80,292.47 l | 41.60% |
| Electricity consumption | 432,223.02 kWh | 674,508.79 kWh | -35.92% |
| Paper consumption | 7,204.68 kg | 7,350.00 kg | -1.98% |

**Water:** UCI's most relevant water consumption is that of the central buildings of UCI Spain (Ombú Tower and Visionary Building) and UCI Portugal (Torre das Amoreiras Building) and of the offices with the largest number of employees, all of which come from mains water, so it is considered that there is no relevant impact on water sources. We have reduced water consumption by almost 40%, with regard to last year.

**Paper:** Paper accounts for the main consumption of materials used in our offices. Paper consumption is in line with the previous year, -1.98%.

**Electricity:** The main source of energy is electricity. This year, we have reduced it by 36%, as consumption has been concentrated on the only two floors of the provisional headquarters.

**Natural gas:** We use natural gas in the Barcelona Premium office and, in 2023, consumption has increased by 2,685.58% due to the fact that, during 2022, no reading was made and the charge was received in 2023. However, we no longer have gas consumption, as this office was closed in 2023.

**Petrol-diesel:** In 2023, we changed our vehicle fleet in Spain: diesel cars have been changed to petrol, so diesel consumption has decreased by 77% and petrol consumption has increased by 42%.

During 2023, no additional measures have been taken, beyond the monitoring of consumption and waste segregation, as we have spent a large part of the year in a temporary headquarters.

## GHG emissions

In relation to emissions, we regularly apply environmental criteria and rationalisation of expenditure, which favour the reduction of CO2 emissions, encouraging the choice of means of transport with lower emissions and promoting the shared use of vehicles.

The GreeMko platform allows us to detail the emissions included in each scope:

### SCOPE 1: DIRECT EMISSIONS

It includes emissions generated by installations, through the consumption of fuels such as diesel, natural gas, diesel A and petrol.

### SCOPE 2: INDIRECT EMISSIONS FROM ELECTRICITY

It includes emissions from electricity consumption, in Spain and Portugal. In Spain, in 2023, we have 100% renewable energy certification for all offices, except for Madrid Avenida de Córdoba, Palma de Mallorca and Malaga.

### SCOPE 3: OTHER INDIRECT EMISSIONS

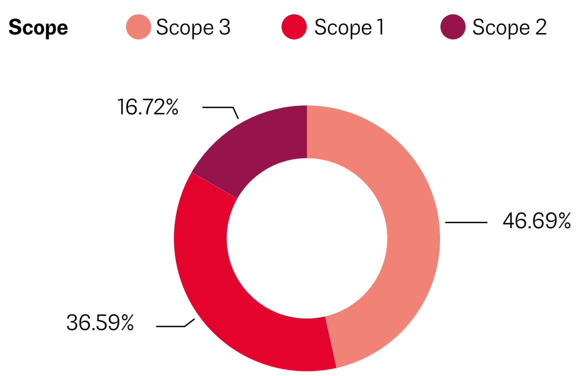
It includes other indirect activities in Spain and Portugal, such as emissions from train, plane and vehicle journeys (excluding company vehicles), in addition to paper consumption and waste management in Spain and Portugal.

In 2023, emissions in tonnes (t) from these parameters totalled 647.23 t/CO2eq versus 709.17 t/CO2eq in 2022.

| ENVIRONMENTAL ASPECT | 2022 | | 2023 | |
|---|---|---|---|---|
| Scope | $tCO_2eq$ | % | $tCO_2eq$ | % |
| **Scope 1** | **231.02 t** | **32.58 %** | **236.81 t** | **36.59 %** |
| Natural gas consumption | 0.02 t | 0.01 % | 0.69 t | 0.29 % |
| Fuel consumption | 146.85 t | 63.56 % | 217.04 t | 91.65 % |
| Diesel A consumption | 84.15 t | 36.42 % | 19.08 t | 8.06 % |
| **Scope 2** | **177.19 t** | **24.99 %** | **108.23 t** | **16.72 %** |
| Electricity consumption | 177.19 t | 100.00 % | 108.23 t | 100.00 % |
| **Scope 3** | **300.95 t** | **42.44 %** | **302.19 t** | **46.69%** |
| Paper waste | 0.34 t | 0.11 % | 0.19 t | 0.06 % |
| Waste batteries and accumulators | 0.00 t | 0.00 % | 0.00 t | |
| Mixed construction and demolition waste | 0.00 t | 0.00 % | 0.00 t | |
| Waste electrical and electronic equipment | 0.10 t | 0.03 % | 0.00 t | 0.00 % |
| Waste ink and toner cartridges | 0.07 t | 0.02 % | 0.07 t | 0.02 % |
| Plastic waste | 0.04 t | 0.01 % | 0.00 t | |
| Municipal waste | 3.48 t | 1.16 % | 0.00 t | |
| Fuel consumption | 33.79 t | 11.23 % | 38.74 t | 12.82 % |
| Business travel | 199.46 t | 66.27 % | 261.28 t | 86.46 % |
| Business travel issues | 63.69 t | 21.16 % | 1.92 t | 0.64 % |
| **Total:** | **709.17 t** | **100.00 %** | **647.23 t** | **100.00 %** |

The following graph shows the significance of each scope in our carbon footprint:

%TG Scope Value




Due to the activity in which we are engaged, we do not generate a significant volume of polluting emissions or discharges, environmental noise or light pollution. Our most representative emissions are those derived from transport on business trips and the use of petrol.

Calculations of greenhouse gas emissions are given in tonnes of CO2, which include the remaining greenhouse gases from the combustion of the energy sources used at UCI. These gases are mainly CO2, N2O and CH4 (natural gas was used residually at the Barcelona Premium office until its closure at the end of March 2023).

Indicators related to “We greenimise” can be found in section 4.1 of the report - Environmental Indicators.

## 3.2 WE ACCOMPANY YOU

### S.0 Introduction

At UCI, “we accompany you”. People are our heart and our relationships with our main stakeholders are essential to the development of our activities and commitments.

Our employees are one of our key stakeholders, which is why **talent and people development** are at the heart of our social responsibility. We also promote **diversity, equality and inclusion** in all areas to which it refers.

**Customers** are our **focus** and, as a responsible business, we build long-term relationships of trust, focused on customer satisfaction and loyalty. As a company, we have a commitment to society, which is why **social inclusion** in our **product business** and our **investment in society** are lines of work included in our ESG framework.

With more than 30 years of experience in the real estate sector, we promote the **professionalisation of this sector** through the most specialised training to achieve the best practices in the business.

All these lines of work are part of our ESG framework and Sustainability Plan, and respond to the commitments made to stakeholders in the Sustainability Policy.

**Material topics**: Well-being and working conditions, Diversity, equity and inclusion, Talent and training, Quality of service and customer experience, Contribution to society, Relationship with real estate professionals and other key stakeholders.

**SDGs** to which we contribute:

## S.1 People First

In 2023, at UCI, we have carried out organisational work in order to obtain a better dimensioning, efficiency and solidity to address the growth and future challenges set.

Well-being and development of the people who form part of UCI is fundamental to the company's growth. We offer challenging, safe and diverse work environments that encourage change and innovation.

At UCI, we have a solid organisational culture and corporate values, which allow us to develop our own leadership style, aligned with the strategy, and create a favourable environment for the personal and professional development of our people.

In 2023, for the fourth year, we have renewed the **Great Place to Work®** certification that recognises us as such, one of the most prestigious distinctions in the field of Human Resources at national and international level.

The **overall trust index (Spain and Portugal) was 75%**, 10 points above the 65% required to achieve certification. The participation rate in both countries was 92%.

This survey provides us with a global diagnosis of the organisation on the essential issues for the corporate culture to drive the achievement of UCI's objectives.

During 2023, several actions have been implemented in relation to the results obtained in the previous year, among which we highlight the following:

- Promote managerial responsibility as a strategic axis of the leadership model.
- Define action plans, together with the areas, in order to improve those points that have been worst rated, follow up periodically on these actions, and continue to improve.
- Update all managers on the talent map of their areas for their knowledge.

### A. Talent management and people development

We focus on enhancing the professional growth of everyone in the organisation and support the enrichment of the employee experience and their development, in order to maintain and enhance their commitment and pride in belonging to the organisation.

#### A.1 Attracting and retaining talent

We work to incorporate the right profiles, to meet the needs of the organisation and provide it with the appropriate resources to gain in efficiency and competitiveness.

In Spain, 5 people joined the staff during the year: 2 women and 3 men. And we have taken on 11 interns: 4 of whom are men and 7 are women.

In Portugal, 10 people have joined the staff: 5 women and 5 men, and we have had 6 interns (5 women and 1 man), of whom 2 have joined the staff (one man and one woman).

In addition, as a strategic line, we have developed initiatives focused on UCI talent in order to enhance their engagement and professional development.

- **Young Talent / Must generation**. This is a project through which we want to attract the company's youngest talent, so that they can develop their professional career at UCI, promoting intergenerational relationships to share knowledge and experiences.
- **Talentum.** The aim of this initiative is to generate growth opportunities for our employees with a positive impact on the company, to turn talent management into an objective tool for decision-making and a path for the professional development of each employee.
- **Leadership school.** It is a learning environment in which we identify people with leadership skills in order to accompany them in their professional development as leaders according to the needs of the company at all times.
- **Prodis Scholarships:** We collaborate with the Prodis Foundation in various initiatives, one of which is the internships carried out by the foundation's students to promote the inclusion of people with intellectual disabilities in the workplace. Every year one of their students does an internship in one of our departments.

We continue to promote **internal mobility**, which amounted to **82 people in Spain and 8 people in Portugal** in 2023, as it is an essential element in the development of people because it allows UCI professionals to have a global vision of the organisation, broaden their knowledge and continue training, and allows for an appropriate distribution of people.

#### A.2 Talent assessment and tracking systems

We have different tools and initiatives that allow us to work on the projection and development of employees, among them:

In 2023, we carried out **performance appraisals** of employees in both Spain and Portugal, with average values of 3.36 and 3.46 (out of 4), respectively. This result corresponds to the average assessment of objectives for the year, and qualitative aspects such as performance in accordance with the company's values and the skills of the assessed person.

Performance appraisal measures both the result and the achievement of objectives, as well as the way in which values and skills are brought into play to reach these objectives. It is an opportunity for direct feedback from each manager to their employees, and therefore is used as an element to contribute to their development by having the possibility of suggesting development plans and learning resources.

**Feedback 360:** As part of the leaders' development, a feedback 360 survey has been carried out, in which employees, peers and superiors are asked about the behaviours that define our leadership style. The result is shared with each manager, and an overall assessment is made with the director of each area, in case it is necessary to establish a development plan. A total of 159 surveys were carried out, in Spain and Portugal.

These tools, together with the talent map, contribute to adequate succession planning to identify the profiles that will replace key positions in the company in the short and medium term.

### A.3 Training

Training and learning are two key elements for the development of skills required by the organisation to face the new objectives and strategies.

We have maintained and updated the topics in the "Aprendizándome" training platform. The 15 topics from 2022 are maintained, with the particularity of assigning only one topic per training content. In 2023, we have updated specific lists for areas such as Risk, Diversity, Customers, Digital or Sustainability, and we have added training content to the existing categories: Technology, Finance, Legal, IT, Marketing, Business. Skills, Languages, Leadership.

The results highlighted on the Aprendizándome platform in 2023 were the following:

- 62 playlists, with 25 new playlists added in 2023. A thorough analysis was made of all lists, removing those that had no content or had not been used for a long period of time.
- More than 9,408 voluntary training hours.
- 233 people interested in face-to-face resources.
- An average of 677 training resource registrations per month.

On the other hand, in terms of mandatory annual training, 12 training sessions were held, including on compliance, cybersecurity and risk.

In Portugal, in addition to the compulsory annual training courses, they have developed training and learning initiatives linked to sustainability.

- **We train in the "Sustainability Pillars":** We develop training to consolidate concepts and basic information on sustainability through gamification, which is also included in the welcome module for people joining the company.
- **We created the Green Team:** We have designed the green club for voluntary membership among employees, with the aim of generating ideas, boosting initiatives and sharing knowledge that will enhance the company's sustainability.
- **In-house "10 steps to a more sustainable life" training:** We count on Catarina Barreiros, sustainability consultant and creator of the Do Zero project, for a more sustainable lifestyle training.

## Meeting the needs of our employees. Because we care about our people

### B.1 Remuneration and organisation of working time

All our professionals benefit from a Remuneration Policy, which is annually reviewed to ensure compliance with regulations applicable to UCI, and an appropriate remuneration system. We also offer **social benefits** to our employees, such as wellness and health management programmes, 29 working days' holiday, childcare vouchers, life insurance, private medical insurance, restaurant tickets, transport subsidies, Christmas baskets, interest-free loans, financing on favourable terms, teleworking, flexible working hours and the Employees' Club.

To facilitate **work-life balance** and improve staff productivity and engagement, the hybrid teleworking model was approved in 2022. In addition, we continue to have flexible working hours, from which 74.25% of the workforce in Spain and 93% in Portugal benefit.

In this sense, in 2023, 9 employees have taken **parental leave in Spain and none in Portugal.**

We have a Digital Disconnection Policy that guarantees this right to combine digital connectivity with our work-life balance in an effective way.

### B.2 Employee Health and Well-being

We are governed by the **sectoral agreement ASNEF,** the National Association of Financial Credit

Establishments in Spain, and according to its article 26 on Health Surveillance, it states that companies shall guarantee their employees regular and voluntary monitoring of their state of health, depending on the risks to which the person is exposed.

The HR area manages the application to staff of what is indicated on health, and initiatives are implemented to meet the needs detected in the workforce or derived from special situations.

With a hybrid working model and a strategic axis focused on the fulfilment of the Sustainable Development Goals, the Cuídate programme evolves towards sustainability “Take care of yourself: more health and less footprint”, with activities that promote healthy low-emission actions. On the other hand, the range of healthy actions is extended to reduce situations, such as overweight and obesity, hearing, vision and sleep disorders, and to overcome sedentary lifestyles, linked to our hybrid work model.

This plan is an extension of our 2022 strategic direction, which generates a holistic wellness ecosystem for all people at UCI, based on our four pillars.

*1. Physical Well-being*

In the annual medical check-up campaign, its parameters have been extended and, as a novelty, the eye strain test has been introduced in the Madrid and Barcelona centres and for people over 45 years of age. Seasonal flu vaccinations are offered. 380 medical check-ups were carried out, in 2023. In addition, 50% of private medical insurance coverage is provided.

With regard to nutrition, specialised hub talks have been held:

- “How to eat without devouring the planet” (102 participants).
- “Sport, Nutrition and Disconnection” (137 participants).

As physical exercise is a key element in people’s wellbeing, we have the Gympass service for its practice through its sports centres. To promote sport, we sponsored the race bibs for all employees who wanted to take part in the 13 races organised during the year in different geographical locations.

*2. Emotional Well-being*

The main action has been the development of annual mindfulness courses, to generate good habits with an impact on our daily life. 16 people have participated. In addition, the following actions have been carried out to improve digital disconnection:

- Raising awareness through a corporate video about how people at UCI disconnect, #yodesconecto!
- Guidelines to support quality rest.
- Trekking to disconnect in a sustainable way in contact with nature, two trekking sessions were held in Madrid in May and October with a total participation of 41 people.

In order to measure and improve aspects of emotional well-being, items measuring psychosocial risk in the GPTW have been expanded in 2023. These are: time and workload, autonomy, role performance and digital disconnection.

*3. Social and Cultural Well-being*

This line of the programme is related to social benefits and focuses on economic measures, such as advantageous financing for employees and childcare assistance, as well as a series of details at different moments in the life of employees such as the Gift for Birth, the Welcome PAC for new employees joining the organisation and the Christmas basket of choice.

*4. Professional Well-being*

At this point, the focus is on one of the organisation’s main objectives, which is to make UCI a great place to work. Being a **Great Place to Work** means providing employees with work-life balance measures, flexible work arrangements, and a hybrid work model, as well as training and development.

Sensitive people are provided with the means they need, and the workplace is guaranteed to be perfectly adapted to ensure that the person’s work does not pose a risk to themselves or to other people in the company. As for pregnant women, in a hybrid situation of teleworking and on-site, they can telework from the third trimester of pregnancy and have a parking space at the head office on on-site days, subject to availability.

In Portugal, they have developed initiatives related to wellbeing, digital disconnection and sustainability.

**We participated in the beach clean-up**: With the support of the Oceans Without Plastic Association, 30 employees and their families carried out a clean-up day at Carcavelos beach, collecting 30kg of rubbish.

To celebrate **World Tree Day**, we gathered 23 employees with our family members to plant a total of 140 trees in the Sintra-Cascais Natural Park.

### C. Dialogue and communication with employees, closeness and proactivity

Maintaining an open dialogue and active listening with the employees are crucial elements for the proper functioning of a company. At UCI, through various channels, we put the employee at the centre, and thus are able to move forward together and talk directly.

We have different channels, both to inform employees about different issues in the organisation and to get their opinions and suggestions, in order to incorporate them into the improvement of processes and situations within UCI.

In 2023, with the change of CEO, **CEO-CONNECT** meetings have been organised. They consist of meetings between the CEO and the managers of each directorate, where projects are presented, followed by a meeting with all team members. The aim of these meetings is for the CEO to get to know the company members, and thus to promote closeness between management and the collaborators.

The customary **Breakfasts with General Management** have also returned to the face-to-face format. At these breakfasts, a group of employees meet with members of our management team, creating a meeting point to share concerns, experiences, doubts and questions, as well as aspects of the future of the organisation and business vision.

Other communication initiatives have been maintained during the year, such as:

**HUB Talks:** Members of the management team and organisation employees share data with the staff on the company's evolution and actions implemented, projects and milestones achieved; in these talks, any employee can ask questions to any team member.

**Corporate Intranet and the News Portal:** It centralises all services for employees, makes all corporate and business information available to them and, at the same time, collects the latest news about the organisation, elaborated by the employees themselves. This portal becomes a meeting point for employees to find out what things are done and how they are done, and is a channel for sharing knowledge and recognition. This year, a transition of this intranet and its integration within Teams has been completed, turning this tool into the company's internal communication hub, encouraging and increasing employee participation.

**Yammer**, an online corporate network that allows all employees in Spain to share professional experiences, participate in debates and propose ideas for improvement for the company.

UCI also has other communication media, such as daily **newsletters**, to inform staff about market news, monthly newsletters to report on the business evolution or on-demand newsletters to send specific communications.

We also hold **annual events**, aimed at managers (UCIWay) or the staff in general (UCIDay).

### D. Collective bargaining and social dialogue

In Spain, all employees are covered by the sectoral agreement of ASNEF, the National Association of Financial Credit Establishments in Spain. In Portugal, no sectoral agreement applies.

### E. Diversity, equality and inclusion

Companies have a fundamental role to play in promoting diversity and equality in the business environment. Respect and recognition of diversity, equality and human rights are fundamental values, integrated in all policies, procedures and actions of the company's people management.

In 2023, we have signed the **Diversity Charter**, an initiative promoted by the European Commission that involves signing the document that includes the 10 principles assumed by UCI to make visible our commitment to diversity, inclusion in the workplace and equal opportunities.

We must continue our work on diversity and inclusion with actions to create safe workplaces where everyone has a place, which contribute to employee well-being and better business results.

We are also involved in other initiatives that promote diversity in the organisation.

- **Empowering Women's Talent**, during 2023, a total of 14 people have participated in the different activities framed within this programme.
- **Generation and talent observatory**, during the year, we held several meetings and participated in a working forum on generational diversity. From 2024 onwards, UCI is expected to be a signatory to the code of principles on generational diversity.

Our figures are the following:

***In Spain***

- 57.09% of the staff are women.
- 12.5% of women in senior management

- 1.19% of people with disabilities in the workforce
- The average age of staff is 48.24 years old

***In Portugal***

- 57.14% of the staff are women.
- 33.33% women in senior management
- 1.10% of people with disabilities in the workforce
- The average age of staff is 41 years old

We highlight the GPTW survey topics related to equal treatment in Spain and Portugal. The percentage of employees who consider that we are treated fairly is detailed below:

- Irrespective of **age:** 85% in Spain and 96% in Portugal.
- Irrespective of **breed:** 97% in Spain and 98% in Portugal.
- Irrespective of **gender:** 88% in Spain and 97% in Portugal.
- Irrespective of **sexual orientation:** 97% in both Spain and Portugal

In 2023, in Portugal, the "Diversity White Paper" was externally and internally disseminated, setting out our diversity principles and actions to be taken to ensure that these principles are respected.

**E.1 Equality Plan**

In 2023, we continue making progress in the implementation of the **Plan's measures (2022-2026)**. In addition, we have a **protocol for action against sexual and gender-based harassment**.

In 2023, we have focused on the strategy of "raise awareness and act to implement".

Actions have been carried out to promote compliance with the equality plan measures and to proactively identify improvements, based on results from actions carried out. We have maintained the training, awareness-raising and communication initiatives of important milestones in the equality plan's areas of action, in order to comply with it and consolidate our commitment to Equality. As a result, measures to which we had committed in 2023 have been 100% fulfilled.

Actions carried out on the management of the plan have been the following:

- Informing and raising awareness of the plan among those involved t. In addition to internal information actions, a total of 97 hours of external training (on-line and face-to-face) were carried out at the Madrid Chamber of Commerce. This training covered different diversity and equality aspects and 17 people attended.
- Structuring the monitoring and reporting of measures with the generation of monitoring tables and sheets, as well as supporting documentation.
- Implementing the improvement strategy, based on the analysis of what has been achieved.

Initiatives linked to the areas of the equality plan are the following:

- Ensuring the use of inclusive and non-sexist language in our internal and external publications.
- Providing training on how to carry out inclusive selection processes and possible biases to the people who participate in selection processes (Managers, Executives...). They were informed about inclusive selection processes and were given the opportunity to learn more about it, through Aprendizándome.
- Management skills training for 113 people (55 women and 58 men).
- Monitoring the training in which people with reduced working hours have taken part, in order to comply with measures for balancing work and family life. 25 people with reduced working hours have been identified, all of them women, and 488 hours of work training.
- Recommending the scheduling of automatic responses, during absence periods, to ensure a digital disconnection and a good work-life balance.
- Teleworking leave during the last three months of pregnancy, if the person so requires. Three female employees have taken advantage of this measure.
- Guarantee actions to receive social benefits during maternity and paternity leave.
- Disseminating and validating the code of ethics.
- Awareness-raising on the occasion of the International Day for the Elimination of Violence against Women: purple ribbons freely available together with the QR to the violet stand of the

Ministry of Equality, realisation of a special hub with the Red Cross and real testimonies.

- Space on the internal website on gender-based violence.

### E.2 Equal Pay

At UCI, we are committed to raising awareness and promoting gender equality in all positions. Career development, work-life balance, equal opportunities and gender pay equality are issues we are working on to achieve female representation at different levels within the organisation.

In 2023, our team is composed of the following:

- In Spain, by 501 people: 57.09% are women and 42.91% men.
- In Portugal, by 91 persons: 57.14% are women and 42.86% men.

*1. Gender pay gap*

The gender pay gap measures the difference in pay between the average wage of men and women and is divided by the wage of men.

| | SPAIN | | | PORTUGAL | | |
|---|---|---|---|---|---|---|
| | **2022** | **2023** | **Variation** | **2022** | **2023** | **Variation** |
| **Gender pay gap** | 19.98% | 20.34% | 1.82% | 41.00% | 27.91% | -31.93% |

*2. Gender pay equity*

Gender pay equity measures the existence of "equal pay for equal work" between women and men in the same professional category. The comparison does not take into account factors such as tenure, years of service, previous experience or background.

| | SPAIN | | | PORTUGAL | | |
|---|---|---|---|---|---|---|
| **Average remuneration** | **2022** | **2023** | **Variation** | **2022** | **2023** | **Variation** |
| Directors[1] - women | - | - | - | - | - | - |
| Directors[1] - men | 16,750.00 € | 16,750.00 € | 0.00% | - | - | - |
| Senior management - women | 86,276.95 € | 80,247.57 € | -7.51% | 51,964.91 € | 55,273.89 € | 6.37% |
| Senior management - men | 149,332.57 € | 160,696.30 € | 7.07% | 103,506.66 € | 91,858.49 € | -11.25% |
| Management-women | - | 61,823.82 € | - | - | - | - |
| Management-men | - | 75,377.74 € | - | - | 67,369.12 € | - |
| Manager-women | - | 43,666.40 € | - | - | 36,525.54 € | - |
| Manager - men | - | 48,667.84 € | - | - | 40,444.54 € | - |
| Contributor-women | - | 29,719.93 € | - | - | 21,537.42 € | - |
| Contributor-men | - | 30,367.91 € | - | - | 18,055.70 € | - |

1. The sole director and one of the directors waive their remuneration and allowances.

In 2023 Senior Management is the Management Committee in Spain and the Executive Committee in Portugal.
The average remuneration of director and senior management includes all salary and non-wage payments.

### E.3 Inclusion of persons with disabilities

To guarantee the integration and universal accessibility of people with disabilities, an adaptation and integration process is carried out in the workplace, such as the provision of special chairs, evacuation chairs, tutors, footrests, ergonomic mats, vertical mice, higher resolution screens, screen lifters, voice software and all the necessary means to adapt the workstations.

Further, we collaborate with special employment centres, such as Prodis, La Amistad Montesol and Juan XXIII Roncalli Foundation, for purchases or contracting services, and in this way favour the indirect employment of people with intellectual disabilities.

Committed to advancing the inclusion of people with disabilities, in 2023, we started an internship programme with Prodis, explained in the Talent Management section, and the outsourcing of some of our services to be covered by special employment centres and foundations.

In relation to awareness-raising and inclusion, we carry out different initiatives with the Prodis Foundation, detailed in the chapter dedicated to “our investment in society”.

## S.2 Client at the centre

At UCI, we want to build long-term relationships of trust with our customers through best-in-class expertise, transparency and products and services that support their sustainable transition.

**In 2023:**

- We have assisted in the acquisition of more than 1,396 households in Spain and Portugal.
- We have financed a total of 189,474 homes in both Spain and Portugal since the company was born.

### A. Customer experience and satisfaction

Our customers are at the heart of what we do and of our business. With this objective in mind, we have focused on the following lines of action in 2023:

- **Active listening:** Due to the changing economic situation, with rising interest rates, telephone surveys revealed customer concerns about the impact of this situation on loan evolution. For this reason, the quality circuit was adapted in order to be able to offer appropriate solutions to customers in need. Similarly, feedback from customer web surveys was analysed and, based on this, improvements were made to make navigation clearer and simpler.
- **Digitalisation**. We have redesigned the customer website and turned it into a space where we can grow as a brand and where customers can improve the management of their products and services, find information and content related to sustainability and recommend the brand.

  We have also renewed the uci.com website with a new, more corporate, focused and efficient image. The tool "buscasubvenciones", dedicated to the search for public subsidies for rehabilitation, may be found in this site. It is described in greater depth in the section "E.1 Financing the fight against climate change".
- Different actions related to contact data validation and portfolio consent have been carried out.
- We have continued promoting the "UCI with you" programme, with benefits and advantages on more than 400 brands.
- We have implemented the digital signature in the insurances processed in Portugal through the Logalty platform, recognised as a Certification Entity according to the European Regulation eIDAS and as part of the European Trust Service List.

Our commitment to the customer is key at UCI, and customer **satisfaction** is everyone's responsibility. With a focus on continuous improvement, we have carried out **4,080 surveys** in Spain and 1,151 in Portugal to find out our customers' level of satisfaction and recommendation and how to improve their experience.

In the sales phase, we use the ekomi platform, which allows us to quickly, independently and verifiably assess customer satisfaction with the service received and learn about their experience with UCI, from the initial contact to signing their mortgage.

**Ekomi Rating**

| | |
|---|---|
| 9.78/10 in Spain | 4.92/5 in Portugal |

## B. Protection of the customer's interest

Consumer Protection is one of our relevant functions and, within this framework, we have established our policy with specific criteria for the identification, ordering and exercise of the customer protection principles in their relationship with UCI, as well as for their control and supervision. This policy, which was reviewed and updated in 2023, contains the following 9 principles, on which customer protection is based:

| 1 | 2 | 3 | 4 | |
|---|---|---|---|---|
| **Fair and respectful treatment** | **Designing customer-focused products and services** | **Transparency in communication** | **Responsible pricing** | |
| **5** | **6** | **7** | **8** | **9** |
| **Consideration of special circumstances of clients and prevention of over-indebtedness** | **Data protection** | **Complaints Management** | **Financial Education** | **Responsible innovation** |

1. **Fair and respectful treatment**. Focused on treating customers with respect and in an honest, fair and non-discriminatory manner, with high ethical standards, using clear and transparent language and ensuring prompt, rigorous, diligent and efficient management.
2. **Design of products and services with a customer focus**. One of our objectives is to design financial products and services correctly, always within the scope of national and international regulations on consumer protection.
3. **Transparency in communication**. We promote communication to provide accurate and sufficient information, with clear and simple language.
4. **Responsible pricing**, taking into account consumer protection and price competition rules.
5. **Consideration of customers' special circumstances and prevention of over-indebtedness**, in order to proceed in their best interest and offer them viable solutions.
6. **Data protection**, carrying out rigorous data management based on the regulations in force, applying the principles of legality, loyalty, transparency and accuracy.
7. **Complaint management** under the principles of accessibility, independence, specialisation and continuous improvement.
8. **Financial education** to make informed and appropriate decisions, helping customers enjoy a higher degree of protection.
9. **Responsible innovation** in the development or improvement of products, services and processes, meeting customer needs in order to achieve their satisfaction.

These principles are reflected in UCI's practices at all stages of design, sales and after-sales. It means ensuring that we deliver products and services that meet customers' needs and inform them in a clear and transparent manner throughout our relationship.

We also have a **Guide to standards of conduct with customers in default**. It is a complementary tool to the rest of UCI's policies and procedures and is an essential element of Customer Interest Protection and our Corporate Responsibility towards customers.

This document aims to reinforce communication with the customer in a situation of default, providing guidelines for ethical behaviour in recovery management, sets the framework for action with the most vulnerable customers and reinforces UCI's willingness to help those in difficult payment situations, always in accordance with our policies and commitment to the customer.

### D. Customers in payment difficulties

At UCI, we help customers who find themselves in a situation of financial difficulty. To this end, we seek the adoption of agreements that help the greatest number of people in this situation and we carry out personalised monitoring in order to find solutions adapted to each one of them.

We have a **Restructuring Acceptance Policy** and offer solutions for distressed customers tailored to present and foreseeable future circumstances. In this regard, we differentiate between temporary restructurings, long-term solutions and permanent solutions.

We adhere to the **Codes of Best Practice**. Two coexist, the former Royal Decree 6/2012 on the protection of mortgage debtors without resources and Royal Decree 19/2022 establishing a Code of Best Practices to alleviate the rise in interest rates on mortgage loans on primary residences, each one aimed at those customers who meet their particular requirements. At UCI, we adhere to both Codes, and we comply with the legal requirements set out by them. Their purpose is to alleviate or reduce the effects that the different rises are having on mortgage loans and on our customers' ability to meet their payments.

The rise of interest rates has had a direct impact on the repayments of those customers with a variable loan whose repayment review took place in 2023. To minimise this impact, specific solutions have been developed for customers who have difficulty paying their instalments.

| Period: JAN 2023 to NOV 2023 | No. applied |
|---|---|
| Temporary restructuring | 1,381 |
| Long-term restructuring | 1,327 |
| Codes of Good Practice | 409 |
| Final solutions | 377 |

In Portugal, since the end of 2022 and throughout 2023, the government has launched measures to support customers with residential mortgages, including the following:

- In the instalment review, documentation is requested from customers to assess their ability to pay and, if difficulties due to the rise in rates are verified, a solution is offered to minimise the risk of default.
- Temporary interest bonus for mortgage loans with a reference rate above 3%, if loan charges represent more than 35% of the customers' income, up to a limit of 800 Euros per year of bonus. This measure will also apply in 2024.
- To be able to set a reduced loan instalment for 24 months, calculated at 70% of the previous month's reference rate, while maintaining the financial conditions contracted (outstanding capital, term and margin). This measure applies from November 2023 and will be maintained until the end of March 2024.

To complement the offer of regulatory measures, and to minimise the impact of rising interest rates on customer instalments with a review in 2023 for customers who cannot apply the above measures or with deeper temporary payment difficulties, we have assessed their financial situation in order to offer restructurings appropriate to their ability to pay.

| Period: 2023 | No. Implemented |
|---|---|
| Temporary restructuring | 371 |
| Temporary interest subsidy | 81 |
| Reduced Fixed Quota | 38 |

### E. Complaint management

Complaint management is an important element in the relationship with customers and is part of their experience and their relationship with the company. We must act proactively when dealing with complaints and, therefore, we have a **Customer Service** (SAC) that channels and resolves the complaints received and offers appropriate attention in these cases. It must respond within one or two months, depending on whether customers are considered consumers or not, and is free of charge.

It acts independently from other departments and operating units, and with total autonomy in terms of the criteria and guidelines to be applied in the exercise of its functions. It has its own Regulations, which are published on the UCI website and contain all the necessary information in this regard.

Complaints are defined as those referring to the operation of financial services provided to users and presented for any deficient action, such as delays, lack of adequate attention, or those that aim to obtain restitution and are about actions or omissions by the entity that entail damage. Here we can find those that are admitted by the service, because they comply with the Regulation and applicable legislation requirements, and those that on the contrary are not admitted.

Complaints may be submitted by UCI customers, Consumer Associations and the Client Ombudsman.

Those submitted by customers to the CIRBE (Central Credit Register - Bank of Spain), which are not considered claims in the strict sense of the word, but are also referred to the Customer Service and, lastly, those from Bank of Spain, are also processed.

During 2023, 21 complaints were received from Bank of Spain and 91 from CIRBE.

According to Bank of Portugal, during 2023, the number of mortgage credit claims between January and July (latest available data) has grown by 104.8%. At UCI Portugal, we have also seen a growth in the number of complaints received: 46 compared to 26 in 2022 (+77%).

Complaints in 2023 are split between Bank of Portugal (24), consumer protection (1) and individual complaints (21).

## S.3 Our Social Commitment

Through our activity and social commitments, we promote social and sustainable rehabilitation, residential inclusion, and contribute to financial education.

### A. Social Inclusion in business

**Sustainable and social rehabilitation of buildings**

The fight against climate change and social objectives are the targets of sustainable and social renovation of buildings. In this case, the rehabilitation has to meet the following requirements:

- Eligible under sustainable energy efficiency criteria: 30% reduction in primary energy demand.
- Eligible under social criteria related to the level of GDP per capita in the province where the project takes place: rehabilitation projects in low-income areas are projects chosen for green renovation and for the conversion of buildings into more comfortable and healthy dwellings to reduce GHG emissions and fight energy poverty.

Low-income areas are understood to be those in which the average income is 25% lower than the average income of the province in which they are located. The calculation is based on data from the INE (Spanish National Statistics Institute) for each province.

Criteria taken into account to estimate the number of people benefiting from this type of rehabilitation are as follows:

- 5 floors per building
- 4 houses per floor
- 3 persons per house

In 2023, UCI financed the rehabilitation of 60 buildings (-4.76% compared to 2022), which means that 3,600 people benefited from this social rehabilitation.

Along these lines, and in accordance with the **agreement to join the "barrier-free" programme of Mutua de Propietarios Foundation**, in 2023, accessibility work was financed for homeowners' associations in which people with reduced mobility or at least 40% of those over 65 years of age live. A total of 72 homes were financed and 41 people with reduced mobility or over 65 benefited from the aid.

### B. Our investment in the Company

Our social commitment in Spain in figures:

**4,363** action beneficiaries

**244** unique volunteers

Participation in **42** programmes

**88,725** Euros in donations

We contribute to the economic and social development of society mainly through our business activities. In addition, through our social commitment, we support and contribute to projects and initiatives whose beneficiaries are the groups identified in our social action and volunteering strategy. This year, to reinforce this strategy, we have signed a global agreement with the Red Cross to include all the actions that we have been carrying out with this organisation in addition to the programme for the prevention of residential exclusion.

The **"we accompany you"** programme has 4 lines of action and for its development we have agreements with different entities.

1. Youth education, with a special focus on financial education.
2. Socio-occupational inclusion of people with intellectual disability.
3. Residential inclusion of vulnerable groups.
4. Global and/or health emergency grants

**B.1 Youth education, with a special focus on financial education.**

In this line of work, we have carried out the following initiatives:

Participation, for the 8$^{th}$ consecutive year, in the financial education programme "Tus Finanzas, Tu Futuro" (Your Finances, Your Future), in collaboration with the Junior Achievement Foundation and the AEB Foundation. In this programme, UCI volunteers give training sessions in educational centres so that young people can begin to manage their finances and learn to make informed, autonomous and responsible decisions.

We continue providing support to young talent with high abilities and proven performance without financial resources, so that they can pursue higher education. We collaborate with the Dádoris Foundation with 2 scholarships for the same students as in 2022, who are studying International English at the University of Cordoba and Industrial Electronic and Automatic Engineering at the Polytechnic University of Madrid.

**B.2 Socio-labour inclusion of people with intellectual disability**

For this axis, we have the collaboration of the Prodis Foundation and our actions are integrated in all of the Foundation's areas of work.

During 2023, the Financial Education programme created jointly by Prodis and UCI has been taught to bring basic financial concepts to students in Avanzas classes to enable them to cope with situations in their daily lives. This programme consists of 6 training sessions with different topics taught by 9 UCI volunteers.

Support for its educational programmes has continued, on this occasion for the master's degree in business and legal services and through the sponsorship of the Pitingo concert of all programmes in general.

In order to raise employee awareness of this group, we have continued with the "cool breakfasts". Five meetings have been held, to which 84 employees attended, which main objective was exchanging experiences between them and the Foundation's students in order to learn in a different way and in first person about different realities that must be included in our company. We have incorporated an on-site workshop at the headquarters of the foundation's Special Employment Centre, which was attended by 26 employees to learn about the services provided at the centre and for professionals with intellectual disabilities to share their knowledge and skills with UCI employees.

Through the Work Inclusion Service, one of the students has been able to do an internship in different departments at UCI.

**B.3 Residential inclusion of vulnerable groups**

Through the **agreement with the Red Cross** to join its programme for the **prevention of residential exclusion**, in 2023, the aid has focused on the rent payment to 22 families in 10 municipalities in the province of Seville in a situation of social vulnerability, most of whom are single-parent children, unemployed or in precarious employment.

We have contributed to avoiding rent default and its consequences, and that some families can invest the few economic resources they have in other basic needs, such as food or payment of supplies.

**B.4 Global and/or health emergency grants**

In 2023, we attended to the emergencies caused by earthquakes in Syria and Turkey and in Morocco, through the Spanish Red Cross, which is our reference entity for this type of campaign. In these campaigns, in addition to UCI's donation of 17,825 Euros, employees have participated and the sum of their contributions has reached 7,825 Euros to support with basic necessities, food and advice.

**B.5 Immosolidarios**

Inmociónate, the largest meeting for real estate professionals in Spain, hosted the 6th edition of the Inmosolidarios awards, UCI's annual initiative that recognises the Spanish real estate agencies' social action projects.

The Granada agency Montalvo Grupo Inmobiliario was the winner with its project to raise awareness and visibility for the Granada Oncology Patient Support Unit (UAPO). Five other Spanish real estate agencies presented their initiatives, such as the Plan Accesa, from the agency Tu Casa Córdoba, a project to help people with disabilities to find a home that suits their needs.

Comprarcasa RG Don Benito was awarded by the Comprarcasa Green Day, for promoting environmental awareness and education among young people in the framework of World Earth Day.

The award for the Catalan agency from Sabadell, Immohabitat, was for its initiative for the inclusion of people with Autistic Spectrum Disorder in collaboration with the NGO FUPAR_LaFact. Two other agencies received awards for their solidarity food collection campaigns, one by Century 21 RG in favour of Cáritas in Pozuelo de Alarcón, and the other for the solidarity Buñolada of the real estate agency Cases de L'Horta, in the Valencian town of Torrent.

As a whole, 10,000 Euros were distributed among the 6 real estate projects and a donation of 5,000 Euros was made to the Red Cross to continue helping Ukrainian refugees in Spain.

**Portugal**

In **Portugal**, contributions have also been made to improving the lives of people and disadvantaged groups.

In 2023, 22 volunteers delivered financial education programmes with the Junior Achievement Foundation and 393 beneficiaries were reached.

In addition, the organisation has collaborated with Crescer Ser - Hogar Infanti and Associação Realizar um Desejo (Make a Wish Association Portugal), which helps children and young people with serious illnesses. Other organisations that received donations from UCI Portugal were the Associação Portuguesa de País e Amigos do Cidadão Deficiente Mental (APPACDM) and CasaQui, a support space and shelter for the LGTBI community.

The total amount donated was 9,268.11 Euros.

## S.4 Professionalisation of the real estate sector

**Training and compliance with an international code of ethics are differentiating elements of the real estate agents who are part of SIRA and the basis for promoting the professionalisation of the real estate sector**.

With this mission, **SIRA** (Spanish International Realty Alliance) **(PIRA** in Portugal) was created to train leaders in this sector who have a great impact on the communities in which they operate and who wish to have accredited training and experience, and maintain a commitment to exceptional quality and honesty in the service they provide to their customers.

The training concept is practical and dynamic and is based on successful systems and techniques used in the USA.

SIRA and PIRA are bilateral shareholders for Spain and Portugal of the NAR (National Association of Realtors), which is the largest professional association in the United States, including institutes, societies and councils involved in all aspects of the residential and commercial sectors.

SIRA is one of the leaders in the training market for real estate agents and, during 2023, 87 **courses** have been organised in Spain with 1,664 attendees, and 7 courses in Portugal with 100 attendees.

Training courses are complemented with **webinars** (aimed at learning and training), which in 2023 have been held more than 100 in Spain, and with quarterly **informative magazines**, such as Revista Inmobiliarios in Spain and Real Estate in Portugal.

We believe that every real estate professional is a guarantor of the right to housing and private property, so that their activity contributes to improving the quality of life of their community. This was made explicit at our Inmociónate, the largest training and networking event for professionals. In Spain, it was held in Granada and had 817 attendees and 42 sponsors.

On November, the NAR Convention was held in Anaheim and we attended along with 60 professionals. Inspiring presentations and quality networking were provided for our real estate professionals.

An important chapter of SIRA and PIRA activity is **new memberships** and **designations.**

**Spain**

- No. SIRA Memberships: 775 (-0.13% than in 2022).
- No. of CRS Spain memberships: 1,038 (-6.32% of that in 2022).
- No. CRS Designations Spain: 881 ( -3.40% than in 2022).

**Portugal**

- No. of PIRA Portugal memberships: 79 (-45% than in 2022).
- No. CRS Portugal Memberships: 46 (-49% than in 2022).
- No. CRS Designations Portugal: 20 (-44% than in 2022).

The slight decreases in memberships in Spain are due to two factors: sales have decreased in general by 25%, and we have also updated the annual membership fees that had remained unchanged since 2017.

Notes:

SIRA membership:

These are SIRA memberships (PIRA in Portugal). With this membership, the International Realtor Member status is obtained, becoming part of the National Association of Realtors® in the USA (better known as NAR) that allows the professional to distinguish themselves in the market with regard to other real estate agents, and means to practice the profession guided by a Code of Ethics that exemplifies the commitment to the highest standards of professionalism, honesty and transparency in the real estate business. SIRA members can make use of the Realtor® brand, one of the most prestigious brands in the world.

CRS Spain Membership:

It means being a partner of the Council of Residential Specialists (CRS), being part of a non-profit organisation created within the NAR to train those real estate agents who wish to distinguish themselves from their competition by having accredited training and experience and maintaining a commitment to quality in the service they provide to their customers.

CRS designations:

These are appointments granted by the organisation itself to specialists in the residential market. In order to apply, the real estate professional must be a previous member of SIRA and CRS, must have been in the sector for at least 4 years, must have participated in at least 35 sales and purchases, must have completed the basic REAP training and must have obtained 64 training credits. Credits can be obtained by: experience in the sector, courses taken, university degree and attendance at events and trips.

Indicators related to “We accompany you” may be found in section 4.2 of the report - Social Indicators.

# 3. WE COMPLY

## G.0 Introduction

The achievement of business objectives requires a sound and efficient governance structure to ensure that appropriate decisions are taken in compliance with regulations and in line with best practices related to our business.

In this part of the report, we describe our corporate governance with changes that have taken place in 2023 with the appointment of a new CEO, the creation of the Deputy CEO and the consolidation of top-level responsibilities and decisions in the Management Committee.

In addition, **corporate ethics and compliance** issues are include, as well as proper **risk** management, **data** protection and **cybersecurity** actions and responsible **supplier management**. These pillars add value to the company and support our stakeholders, along with clear **communication and dialogue**.

All these lines of work are part of our ESG framework, Sustainability Plan and Sustainability Policy.

**Material topics**: Corporate governance and ethics, Internal management efficiency, Digital transformation, Regulatory compliance, Transparency in communication, Financial risk management and ESG.

**SDGs** to which we contribute:

## G.1 Corporate Governance

One of our priorities is to strengthen the corporate governance framework and enhance its effectiveness in order to comply with the internal rules and regulations that apply to us.

The **Corporate Governance policy is the** framework that defines the company's Governance, Risk Management and Compliance (GRC) structure.

This policy is complemented by other standards that ensure the proper management of UCI, such as the following:

- Bylaws
- Fit and proper policy for directors, members of senior management and key personnel
- Remuneration policy for board members
- Conflict of interest policy

### Governing bodies

We have an organisational structure and an appropriate and transparent management and control operating model, which aims to act efficiently and in proportion to the nature, scale and complexity of the risks inherent in the business model and activity carried out, and which is also in line with the principles of good corporate governance.

The organisational structure of Unión de Créditos Inmobiliarios S.A., E.F.C. is made up of three main bodies:

- UCI, S.A. as sole shareholder, which exercises the powers of the General Meeting.
- The Board of Directors, which concentrates its activity on the general supervisory function and the adoption of the most relevant decisions.
- The Board Committees, which assist the Board in the performance of its duties and include: a Joint Audit and Risk Committee and a Nomination and Remuneration Committee.

### Sole Shareholder UCI, S.A.

We have a sole shareholder who governs and manages the entity, together with the Board of Directors. In view of the shareholding structure, UCI, S.A. exercises the powers of the General Meeting and, as such, is entrusted with the functions provided for by law and the Articles of Association.

### Board of Directors

The Board of Directors is the highest body responsible for representation, management, strategy and supervision of the business, except in matters reserved to the competence of the Sole Shareholder.

Its duties and responsibilities are detailed in the Annual Report of the Credit Institutions' Capital Self-Assessment Process.

The Board's policy is to delegate our day-to-day management to the management team and to concentrate its activity on the general supervisory function and on taking the decisions most relevant to the company's management.

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

- **Joint Audit and Risk Committee**, whose directors are appointed by the Board. Its purpose is to improve the monitoring, reporting and decision-making of the Board, as well as to develop, implement and monitor the management control, internal control and compliance systems.
- **Appointments and Remuneration Committee**. Its most relevant competences are the assessment of the suitability of directors and key personnel, and the supervision and application of the remuneration policy.

### Internal Governance

Our commitment to sustainability means having an efficient governance structure in place to facilitate and ensure decision making and monitoring.

To this end, the following changes have been made, during the financial year 2023:

**Senior Management Bodies**

A new CEO has been appointed and the Deputy Directorate General has been created. The Executive Committee has also been abolished in order to consolidate higher level responsibilities and decisions in the Management Committee, and to streamline strategic decision-making, operating efficiency and improve communication in the organisation.

The Management Committee remains with the same structure and is responsible for leading and supervising all key areas of the organisation, ensuring greater efficiency and achievement of objectives.

### Strategic committees

These committees focus on key decision-making. To increase efficiency, the current planning groups those Committees that share related topics and adjusts their composition, duration and periodicity.

### Governing bodies

At December 31, 2023 all governing bodies are the following:

**Board of Directors UCI, S.A.**

| | |
|---|---|
| President: Matías Rodríguez Inciarte | President of Santander Universities |
| Directors: Remedios Ruiz Maciá | Global Chief Risk Officer (CRO) Santander Global Cards & Digital Solutions Banco Santander;<br>Director of Banco Santander Totta SA |
| Director: Patrick Marie Alain Denis Miron de L Espinay | Head of the Office of the Deputy Director-General.<br>BNP Paribas Personal Finance |
| Director: Michel Falvert | Director Major Deals<br>BNP Paribas Personal Finance |
| Secretary non-director of the Board of Directors: Eduardo Isidro Cortina Romero | Legal Counsel and Compliance Director |

**Board of Directors Unión de Créditos Inmobiliarios, S.A., Establecimiento Financiero de Crédito**

| | |
|---|---|
| President: Matías Rodríguez Inciarte | President of Santander Universities |
| Director: Remedios Ruiz Maciá | Global Chief Risk Officer (CRO) Santander Global Cards & Digital Solutions Banco Santander; Director of Banco Santander Totta SA |
| Director: Patrick Marie Alain Denis Miron de L Espinay | Head of the Deputy Chief Executive's Office. BNP Paribas Personal Finance |
| Director: Michel Falvert | Director Major Deals BNP Paribas Personal Finance |
| Independent Director: Jean François Georges Marie Deullin | Independent Director of Findomestic Banca |
| Secretary non-director of the Board of Directors: Eduardo Isidro Cortina Romero | Legal Counsel and Compliance Director |

**Committees of the Board of Directors UCI, S.A.**

**Joint Audit and Risk Committee**

| | |
|---|---|
| President: Michel Falvert | Director Major Deals BNP Paribas Personal Finance |
| Member: Remedios Ruiz Maciá | Chief Risk Officer (CRO) Santander Global Cards & Digital Solutions Banco Santander; Director Banco Santander Totta SA |

**Appointments and Remuneration Committee**

| | |
|---|---|
| President: Matías Rodríguez Inciarte | President of Santander Universities |
| Member: Michel Falvert | Director Major Deals BNP Paribas Personal Finance |

| Committees of the Board of Directors Unión de Créditos Inmobiliarios, S.A., Establecimiento Financiero de Crédito | |
|---|---|
| **Joint Audit and Risk Committee** | |
| President: Jean François Georges Marie Deullin | Independent Director of Findomestic Banca |
| Member: Michel Falvert | Director Major Deals BNP Paribas Personal Finance |
| Member: Remedios Ruiz Maciá | Chief Risk Officer (CRO) Santander Global Cards & Digital Solutions Banco Santander; Director Banco Santander Totta SA |

| **Appointments and Remuneration Committee** | |
|---|---|
| President: Jean François Georges Marie Deullin | Independent director of Findomestic Banca |
| Member: Matías Rodríguez Inciarte | President of Santander Universities |
| Member: Michel Falvert | Director Major Deals BNP Paribas Personal Finance |

| **Steering Committee** | |
|---|---|
| Pedro Manuel Megre Monteiro do Amaral | Managing Director |
| Philippe Jacques Laporte | Deputy Director General |
| José Manuel Fernández Fernández Fernández | Deputy General Manager Commercial |
| Ángel Aguilar Otero | HR Director |
| Cátia Vanessa Neves de Almeida Lopes Alves | Director of Sustainability and Rehabilitation |
| Francisco Javier Villanueva Martínez | Risk Manager |
| Olivier Rodriguez | Director Intervention General |
| Rodrigo Malvar Soto | Director of Operations |

## G.2 Ethics and corporate integrity

### Compliance culture

One of our priorities is to ensure compliance with current regulations, internal policies and procedures to provide legal certainty and to adopt best practices and ethical and professional standards in our business.

Ethical management guarantees professional and corporate excellence and is directly linked to the behaviour of people and their personal responsibility. In this regard, the company has a system of assessment, control and improvement of business ethics management that is continuously updated to adapt to the requirements of the internal and external regulatory framework, as well as mechanisms to combat bribery and corruption.

The culture of compliance is key to the company's proper functioning and the creation of value for our stakeholders and society as a whole. It is transversal, so it has an impact on all levels of the company and forms part of the day-to-day work of all employees. It is implemented in the organisation at three levels: **prevention, detection and management of compliance risks through the creation and development of specific programmes.**

We have key standards that provide the framework for the organisation's performance:

1. **The Code of Ethics** develops the principles set out in UCI's Mission, Vision and Values, establishes a set of principles and guidelines for conduct to guarantee the ethical and responsible behaviour of all employees in the performance of their activities, and promotes compliance with current legislation as set out in UCI's internal procedures. With regard to the respect for the individuality and rights of people, it establishes that our objectives in the workplace are the eradication of sexist behaviour, discrimination on grounds of ethnicity, religion, nationality, marital status, sexual orientation and/or social class, as well as behaviour that could constitute a crime such as sexual and workplace harassment, among others. All employees have a moral commitment to report any of the aforementioned conduct of which they are witnesses or have knowledge, in order to achieve a working environment in accordance with the values, culture and customs of our company.
2. In our activity, we adopt patterns of responsible behaviour, respecting and enforcing respect for Human Rights in internal and external relations, assuming the commitments set out in international standards and guidelines, such as the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, including the ILO Core Labour Standards, the UN Guiding Principles on Business and Human Rights and the ten principles of the Global Compact.
3. We have a **criminal risk prevention system** aimed at preventing fraudulent or inappropriate acts and conduct by employees, collaborators and people working in our environment. This system is made up of the following:
    - **Criminal Risk Prevention System**. The mechanism includes a Criminal Risk Prevention Manual, revised and updated in 2023, as well as controls to prevent, detect and mitigate possible risks in this area within UCI.
    - **Prevention of Money Laundering and Terrorist Financing**. Failure to comply with obligations established by law may result in serious financial and administrative penalties for the company. At UCI, we have implemented procedures to detect any suspicious operation, which must be reported in accordance with the Money Laundering Prevention Manual. The Money Laundering Prevention Manual has been revised and updated in 2023.
    - **Exemplary catalogue of money laundering risk transactions - real estate sector and credit institutions sector**, published by the Treasury Department, available to employees.
    - **Whistleblower Protection Policy and Information Management Procedure - Ethics Alert**. At UCI, we have a **Whistleblowing Channel (Ethics Alert channel)**. This whistleblowing channel is a tool that allows reporting any conduct that is not in line with regulations in force or with the entity's internal policies and procedures and that entail or may entail a risk for UCI. Regulations governing whistleblowing channels (Law 2/2023, of 20 February, regulating the protection of persons who report breaches of regulations and the fight against corruption) include a series of principles, such as the prohibition of reprisals against whistleblowers, the possibility of anonymous reporting, the duty of confidentiality, the extension of the scope of use of the channel to external parties who collaborate with the entity, the principle of the presumption of innocence and the future creation of the Independent Whistleblower Protection Authority. During 2023, and due to the entry into force of Law 2/2023, the "Information Management Procedure - Ethics Alert" was updated and the "Whistleblower Protection Policy" was created, both documents being available to all UCI employees.

- **Catalogue of good and bad practices at UCI**.
- **Gifts and Invitations Policy. Anti-Corruption and Anti-Bribery Policy**. The gift policy establishes the guidelines to be taken into account in relation to the possible giving or acceptance of gifts at UCI, in order to avoid actions contrary to regulations and internal procedures.

  In addition, we have an anti-corruption and anti-bribery policy which aims to identify the usual scenarios in which these activities may occur and how to proceed to identify, prevent and avoid them. In this regard, UCI is committed to a "zero tolerance" approach to any kind of corruption and/or bribery activities. The Anti-Corruption and Anti-Bribery Policy and Gifts and Entertainment Policy have been reviewed and updated in 2023.
- **Policy on relations with the authorities and Public Administrations**. This policy aims to guarantee compliance with UCI's principles and values in relations between UCI Group and civil servants or authorities, Public Administrations and public sector companies and their staff.

4. **General Conflicts of Interest Policy**, revised and updated in 2023, which provides employees, directors and the company with guidelines to prevent and manage conflicts of interest that may arise from their activities. This policy has been developed taking into account criteria of proportionality with respect to the company's structure in order to identify the circumstances in which conflicts of interest may arise, and the internal reference regulations establishing the mechanisms for preventing and managing conflicts of interest, in particular:
   - Code of ethics.
   - Corporate Governance Policy.
   - Remuneration policy for Board members.
   - Essential Services Outsourcing Policy.
   - Anti-Corruption and Anti-Bribery Policy. Gifts and Invitations Policy.
5. UCI also has other policies and procedures that aim to establish the principles of action and prevent possible risks that could be detrimental to the Entity. In 2023, the following Compliance policies were implemented and updated:
   - Framework and policy governance procedure.
   - Fit and proper policy for directors and members of senior management and other key function holders.
   - General Compliance Policy.
   - Consumer protection policy.
   - Corporate Governance Policy.
   - Remuneration policy for members of the board.
   - Commercial communication policy.
   - Product validation and monitoring policy.
   - Guide to standards of conduct with defaulting customers.
   - Regulatory management procedure.

## Our Activity in 2023

### Lines of work

In relation to the compliance with **anti-money laundering** regulations**,** the main lines of work have been as follows:

- Monitoring the system for managing alerts of potentially suspicious transactions relating to money laundering and terrorist financing, both for the financing area and for real estate sales, without prejudice to the subsequent detailed analysis of each file.
- Reviewing the money laundering prevention system by an External Expert, in accordance with Law 10/2010, of 28 April, on the prevention of money laundering and the financing of terrorism.
- Internal verification of the anti-money laundering system by UCI's Internal Audit Department.
- Reviewing and updating the risk self-assessment report on prevention of money laundering.

### Alerts and Complaints

**Money Laundering Prevention Alerts**. During 2023, a total of:

- 1,532 alerts in Spain, of which 9 were reported to the OCI (internal control body) and, of these, 3 were reported to SEPBLAC. The monitoring provided for in the regulations on the prevention of money laundering continued with the periodic review of the customer portfolio.
- In Greece, 32 alerts have been analysed and none have been reported to the local regulator.
- In Portugal, 816 alerts have been analysed and none have been reported to the local regulator.

**Ethics Alert Channel or Whistleblowing Channel**. In the course of 2023, one ethical alert report was received and processed. The communication received has not been admitted for processing, as the facts reported referred to possible actions by third parties other than UCI. In Portugal, there were no reports in 2023.

**Gifts and invitations**. No incidents related to this policy have been recorded during 2023.

**Conflicts of interest**. Two potential conflict of interest situations have been reported during 2023. Both situations have been analysed and managed and the necessary measures have been taken to mitigate the identified conflict.

**Awareness-raising and training**

In 2023, we continue with training and awareness-raising, to educate, inform and raise awareness among employees about potential compliance risks and equip them with the necessary tools to identify and prevent them, and mitigate them if they materialise.

The Compliance **training** modules delivered during 2023 in Spain were as follows:

- Competition Law
- Criminal Risk Prevention
- Anti-corruption and gift policy
- International Sanctions and Embargos
- Prevention of Money Laundering and Terrorist Financing - on-line training for all staff.
- Prevention of Money Laundering and Terrorist Financing - face-to-face training for the Management Committee and identified area managers.
- Data Protection
- Protection of the customer's interest.
- Advertising of banking products and services.
- Volcker
- Product validation and monitoring.
- Conduct.

The scope of all training was for the entire workforce, except for the training on competition law, which was aimed at managers and directors, the classroom training on the Prevention of Money Laundering and Terrorist Financing (aimed at the Management Committee and certain directors) and the Volcker training, which was aimed at a specific group of employees and directors.

In Portugal, the training provided was as follows:

- Competition Law
- Prevention of Money Laundering and Terrorist Financing - on-line training for all staff.
- Data Protection

**Internal communications to raise awareness** of content related to compliance matters were as follows:

- Ethics alert channel - two communications (awareness-raising note and hub presentation).
- Guide to standards of conduct with defaulting customers.
- Regulatory management procedure.
- Code of ethics.
- Prevention of money laundering and terrorist financing.
- Appropriate use of electronic devices at UCI.
- Protection of sensitive information and material in the working environment.
- Use of WhatsApp.

**Regulatory developments**

Within the framework of the Compliance function, one of the main aspects is the identification and communication of new rules and regulations with an impact on the entity.

Compliance with regulations in force within UCI Group is essential to ensure solvency and business continuity and best practices in our activity. UCI, as an entity, is subject to varied and constantly changing regulations, which implies the implementation of modifications in our processes and procedures to ensure compliance with said regulations.

In 2023, we implemented the "Regulatory management procedure", which aims to reinforce the circuit to be followed to ensure the correct adaptation of our processes to the regulatory changes that have occurred.

In 2023, 74 information communications on new regulatory developments in Spain were disseminated.

## G.3 Responsible Supplier Management

### New supplier approval model

*A. Management Model*

In order to ensure adequate global supplier management that is sustainable over time, at UCI, we have incorporated best practices by creating a holistic management model, comprising the following phases:

1. **Knowledge of the Supplier**: Prior to contracting, it is necessary to know the supplier to ensure that it complies with requirements established in UCI's contracting policy. This assessment is carried out from compliance risk, ensuring the degree to which they comply with the most relevant applicable laws and regulations, in particular, the way in which they comply with rules for the prevention of money laundering and customer protection.
2. **Risk Analysis and Approval**: The supplier must be analysed and qualified with a risk rating that will determine the feasibility of establishing a contractual agreement. The risk rating assesses the quality, experience and stability of suppliers, including, for these purposes, their financial solvency and degree of continuity in the provision of services and their reputation in the market.

   In addition, at this stage, it is determined whether a function or service is outsourced and whether it is essential or not, in accordance with the outsourcing policy and procedure.

   The outsourcing function is the control unit responsible for the documentation, management, monitoring and control of outsourcing agreements.

   The objective of this function is to establish the governance, organisational and supervisory structure that ensures that the institution complies with the principles established by the competent authorities and the applicable regulations on the outsourcing of functions or services, mainly those relating to essential or important functions.

   In this way, UCI, under the application of the principle of proportionality, responds to the requirements established by the competent authority in Circular 3/2022 of 30 March, amending Circular 2/2016 of 2 February (Rule 43) and the stipulations of the Guidelines on outsourcing (EBA/GL/2019/02).

   Finally, the service is analysed from the perspectives of the remaining risk domains identified: continuity, cybersecurity and data protection. The specialist areas, in accordance with their expert criteria, assess the suitability of the requirements provided by the supplier, reflecting whether or not the supplier complies with each of the requirements.
3. **Contract validation**: Once the decision to contract with a specific supplier has been accepted, and when the contractual relationship is formalised in a written contract, the contract between both parties must be reviewed and validated by the Legal Department before being formalised.
4. **Evaluation, Control and Monitoring**: This consists of monitoring and controlling the supplier, in order to ensure that the requirements established in the contracting policy are maintained.

During 2023, although the new procedure has been implemented at 2023 closing, 6 suppliers in Spain have been homologated with the new system. In Portugal, it is planned to be implemented during 2024.

**B.** *Complaints channel*

For the purpose of increasing the transparency and integrity of the supply chain, UCI provides suppliers with a whistleblowing channel through which they must report any breach of the Supplier Code of Conduct, the UCI Group's principles and values or regulations in force, and report inappropriate conduct by Group employees in the contractual relationship.

If a supplier detects a breach, it will notify UCI through the Ethics Alert channel, which can be accessed through the link available on UCI, Retama Real Estate and Comprarcasa websites. Once the alert has been received, it will be processed by the Compliance area.

### Supplier evaluation

Suppliers are evaluated according to the impact that the supplier has on the contracting area's process, or because it is affected by the life cycle. In any case, it is mandatory to evaluate performance if the service provider is identified as outsourcing functions, whether essential or not.

The general supplier evaluation procedure establishes the methodology and requirements for carrying out the evaluation. Suppliers and/or outsourced services are annually evaluated by those in charge for processes associated with each one.

Once evaluated, those responsible for each one are responsible for communicating the result to the supplier in order to establish improvement actions to satisfy established requirements and the needs and expectations of our customers, creating value for the company and for our stakeholders.

Results from the 2023 supplier performance evaluations were as follows:

NUMBER OF EVALUATIONS CARRIED OUT

| | Suppliers | | Outsourced Services | |
|---|---|---|---|---|
| | **Spain** | **Portugal** | **Spain** | **Portugal** |
| Quality assessment | 30 | 30 | 22 | 13 |
| Environmental assessment | 5 | 11 | 0 | 0 |
| Quality and environmental assessment | 4 | 1 | 11 | 0 |
| **Total** | **39** | **42** | **33** | **13** |

RESULT OF THE EVALUATION

| | Spain | Portugal | UCI Global | |
|---|---|---|---|---|
| Suppliers | 3.73 | 3.67 | 3.70 | satisfactory |
| Outsourced services | 3.41 | 3.72 | 3.50 | satisfactory |

## G.4 Privacy and data protection

At UCI, we are committed to providing our stakeholders with a high level of trust and security in relation to their personal data.

The main initiatives focus on taking measures to ensure that all the company's information assets are protected, limiting their use to processes for which they are intended and guaranteeing controlled access, as established in UCI's security guidelines. Applicable regulatory requirements regarding data security and privacy, especially personal data, are complied with.

Our technical and organisational measures ensure the confidentiality, integrity and availability of the information collected in our databases and corporate applications.

At UCI, we ensure adequate risk management in terms of privacy and data protection, for which we have, among others:

- Corporate rules with general guidelines to comply with legal requirements.
- The responsibility of all areas with regard to compliance with obligations contained in the European Data Protection Regulation (GDPR) and in the different applicable local regulations in this matter (LOPDGDD, LSSICE, etc.).
- A governance model based on:
  - A corporate policy framework and internal procedures duly validated by the company;
  - The designation and appointment, by the Board of Directors, of the figure of the corporate Data Protection Officer (DPO) and its communication to the Control Authority (AEPD);
  - The existence of the support body known as the DPO Office, made up of the Regulatory Compliance, Legal Advisory, Customer Protection Service and Corporate DPO departments, responsible for the comprehensive management of privacy and data protection matters.
  - Regular monitoring of relevant compliance and data protection issues within the framework of the Compliance and Data Protection Committee, chaired by the company's CEO, which is responsible for the supervision and control of activities related to the information protection programme and in which all relevant areas of the company are represented in this area, with regular reporting to the Board of Directors of UCI.

Other measures that reinforce our commitment to data protection include the following:

- Inventory of the company's processing activities and information on UCI's management of security incidents.
- Supervision of compliance with data protection regulations from design and by default, advising from the analysis phase of new products and/or services.
- Certification of the Corporate DPO according to the certification scheme of the Spanish Data Protection Agency (AEPD) and due updating of their technical training.
- Participation of the DPO in the Data Protection Commission of the National Association of Financial Credit Establishments (ASNEF) and in the DPD Club of the Spanish Quality Association (AEC).
- Monitoring of regulatory developments, which allows for the improvement and updating of methodologies and documentation.
- Assurance and approval of service providers, analysing their suitability based on compliance with principles required by data protection regulations.
- Commitment to respecting the fundamental right to data protection and privacy, as set out in our Code of Ethics.
- Security and privacy awareness and training.

In 2023, we communicate and train stakeholders on security and privacy, with mandatory training for all employees and awareness-raising aimed at employees, customers, partners and society at large.

## G.5 Information security

Privacy and information security are critical elements for the proper business development and involve controlling potential risks and vulnerabilities to which we are exposed and generating confidence in customers, investors and other stakeholders.

Given the relevance and impact of information security issues, cybersecurity has been identified as a strategic focus within the company.

Since 2022, we have had ISO 27001 certification for Information Security, which certifies that we have an Information Security Management System in accordance with the UNE-ISO/IEC 27001:2017 standard. This standard guarantees that the information systems that provide service to the technological process of the after-sales management of our mortgage products meet high information security requirements.

In addition to certification, the main focus of action in 2023 has been the strengthening of the following domains:

- Strengthening Cybersecurity Governance structures and frameworks.
- Promoting employee training and awareness at international level.
- SIEM optimisation, system for detecting and correlating cybersecurity events.
- Maximising the cyber security capabilities of the network architecture, both ON PREMISE and in the cloud.
- Cyber-intelligence, cyber-simulacres and incident response.
- Strategic plan for information leakage prevention and information protection.
- Supplier risk analysis: third parties entering into collaboration agreements with UCI must demonstrate appropriate levels of maturity.
- Operational adaptation to new legal requirements, such as Bank of Spain and the DORA (Digital Operational Resilience Act).

## G.6 Integrated Risk Management

At UCI, we consider risk to be a factor inherent to business activity. Correct analysis, measurement and management will contribute to maintaining solvency and liquidity levels.

We have a comprehensive risk management process, which includes effective oversight by the Board of Directors and senior management and the implementation of various appropriate policies and procedures to identify, quantify, assess, evaluate, monitor, report and control or mitigate all material risks in a timely manner and to assess capital and liquidity adequacy in relation to the risk profile and market and macroeconomic conditions.

UCI's Risk Management Framework encompasses all those principles and procedures whose main objective is to implement a strong risk management culture throughout the entity.

### Internal governance

Our risk governance structure enables us to conduct effective oversight in line with our risk appetite. It is supported by the three lines of defence management model, our committee structure and a strong risk culture.

We have a three-line of defence model to effectively manage and control risks:

| FIRST LINE | SECOND LINE | THIRD LINE |
|---|---|---|
| The business functions that take or generate risk exposure are the first line of defence. The first line of defence identifies, measures, controls, monitors and reports the risks it creates and applies internal regulations governing risk management. Risk taking must conform to the approved risk appetite and associated limits. | It ensures, within its respective areas of responsibility, that risks are managed in accordance with the risk appetite defined by senior management and promote a strong risk culture throughout the organisation. | The internal audit function is independent to provide assurance to the Board of Directors, and senior management, on the quality and effectiveness of internal controls, governance and risk management systems, helping to safeguard our value, solvency and reputation. |

The risk management, compliance and internal audit functions have an appropriate level of separation and independence. Each function has direct access to the Board of Directors and its committees.

### Risk Management Committee structure

The Board of Directors is ultimately responsible for risk management and control. It reviews and approves risk frameworks and risk appetite, and promotes a strong risk culture throughout the organisation.

The Group Chief Risk Officer (Group CRO) sets the risk management strategy, drives an appropriate risk culture and is responsible for overseeing all risks, as well as challenging and advising the business lines on their risk management. They have direct access to the Audit - Risk Committee of the Board and reports both to the Audit Committee and the Board of Directors.

The risk governance in place keeps the control line separate from the risk-taking line:

| | AUDIT COMMITTEE - BOARD RISKS | RISK MANAGEMENT COMMITTEE |
|---|---|---|
| Functions | This committee is responsible for risk management, in accordance with the powers delegated by the board, and is authorised to accept, modify or escalate those actions or transactions that may expose the entity to material risk, as well as the most relevant models. The committee makes risk-taking decisions at the highest level, in accordance with UCI's risk appetite. | This committee is responsible for risk management and for providing a holistic view of risks. It determines whether business lines are managed in accordance with the risk appetite. It also identifies, monitors and assesses the impact of current and emerging risks on UCI's risk profile. |
| President | Independent director | Group CRO |
| Composition | Appointed executive directors and other members of senior management (CEO), with Risk Management, Compliance and Audit functions represented. | Members of senior management and the Risk Management, Compliance, Financial and Financial Controller functions. |
| Frequency | Minimum Semi-annual / Upon request | Quarterly |

## Risk Management System (RMS)

We systematically assess the risk profile, using a unique and robust methodology that allows us to analyse all types of risk, to which we are exposed, according to the identified corporate risk map. In addition, it shows results at different levels by risk type and unit using a scoring system that classifies the profile into four categories: low, medium-low, medium-high and high.

The RIA (Risk Identification and Assessment) methodology, aligned with our shareholders' methodology, the best market practices and taking as a reference the guidelines addressed to the supervisor established in the SREP, is based on the fundamental principles of the risk identification and assessment model, such as: self-assessment and adequacy of the exercise, efficiency, holistic and comprehensive view of risk, the use of common methodologies, convergence and alignment oriented to decision-making.

The exercise involves all three lines of defence, reinforcing our risk culture by analysing how risks evolve and identifying areas for improvement.

The risk profile assessment comprises the following blocks:

- Risk performance, which measures the exposure profile for each type of risk.
- Control environment, which assesses the distance to the target operating model of our advanced risk management in line with regulatory requirements and market best practices.
- Business model analysis. Prospective analysis, assesses potential threats that may impact on business planning and strategic objectives.

## Risk appetite framework

At UCI, we conduct comprehensive risk management, where the definition and control of risk appetite is a key element. In this context, our risk appetite framework (RAF) formalises the appropriate articulation of risk decisions, the definition, level and composition of the risks we wish to assume in our activity, as well as the monitoring mechanism and follow-up of these risks.

As part of the risk appetite framework, we include a risk appetite statement (RAS), where we set out the articulation, in written form, of the aggregate level of the types of risk we are willing to avoid, reduce, share or accept in order to achieve our strategic objectives.

The risk appetite is annually set by the Board of Directors and the FGR is responsible for managing the risk profile in line with the established risk appetite.

The main elements underlying risk appetite are as follows:

- A medium-low and predictable target risk profile with a focus on retail mortgage lending.
- A sound capital and liquidity structure, with risk profiles that do not compromise the viability of the company.
- An independent risk management function with active involvement of senior management to reinforce a strong risk culture and sustainable return on capital.
- A remuneration policy that aligns the interests of employees and managers with risk appetite and long-term performance.

## Corporate risk map

The different risks to which we are exposed as an entity, classified by materiality and by the application of regulatory requirements, are as follows:

**Material risks**

- Credit and concentration
- Strategic
- Solvency
- Liquidity and financing

**Non-material risks with regulatory requirements**

- Structural balance sheet interest rate
- Operational

**Non-material risks no regulatory requirements**

- Market
- Reputational
- ASG

## ESG risk

Committed to the integration of ESG risks, progress has been made in analysing climate change and environmental deterioration, social and governance risks.

The sustainability strategy includes among its priorities the identification, measurement, management and monitoring of ESG risks in order to progressively incorporate them into UCI's overall risk framework.

Within the family of credit risks, which are the main risk to which we are exposed because our business focuses on granting loans, ESG aspects have been incorporated into the management frameworks and procedures.

The ESG approach remains attuned to stakeholder expectations, actively engaging in dialogue to encompass their diverse perspectives.

After analysing all relevant elements, the ESG risk profile is determined to be at a medium-low level. This assessment is carried out using a four-level risk scale, in line with the guidelines established by the SREP for competent authorities.

**Environmental**

It refers to the impact that our activity has on the environment directly or indirectly, which is why we pay particular attention to identification and monitoring.

Indicators in the table below cover aspects related to the environment and those linked to physical risks.

| Factors[1] | Indicators/KRI | Value | Risk profile | Risk appetite |
|---|---|---|---|---|
| Business environmental | Green Origination (PN) | 18.75% | 1.19 | |
| | Rehabilitation origination (PN) | 5.24% | 3.44 | |
| Physical risk | High physical risk collateral rate[2] | 10.37% | 1.70 | |
| Transition risk | | | 2.00 | |
| **Risk environmental risk** | | | **1.71** | **2.50** |
| | | | **Under** | **Medium-Low** |

1. Factors, indicators and metrics refer to the assessment of the counterparties, not to the institution itself.
2. Gloval valuation company risk model.

In the environmental business factor, we have established solid commitments to green production, aligned with the criteria of the European Investment Bank and Sustainability, which not only benefit the environment, but also strengthen our position as a responsible and sustainable entity.

These commitments translate into an increased Green Asset Ratio (GAR), reflecting our investment and dedication to more sustainable practices.

**Physical risks**

Physical risks, in the context of climate change, refer to those threats arising from the intensification and frequency of extreme weather events, as well as gradual and long-term changes in the global climate. These risks can directly impact businesses through the destruction of assets or infrastructure, as well as indirectly disrupt key operations or activities.

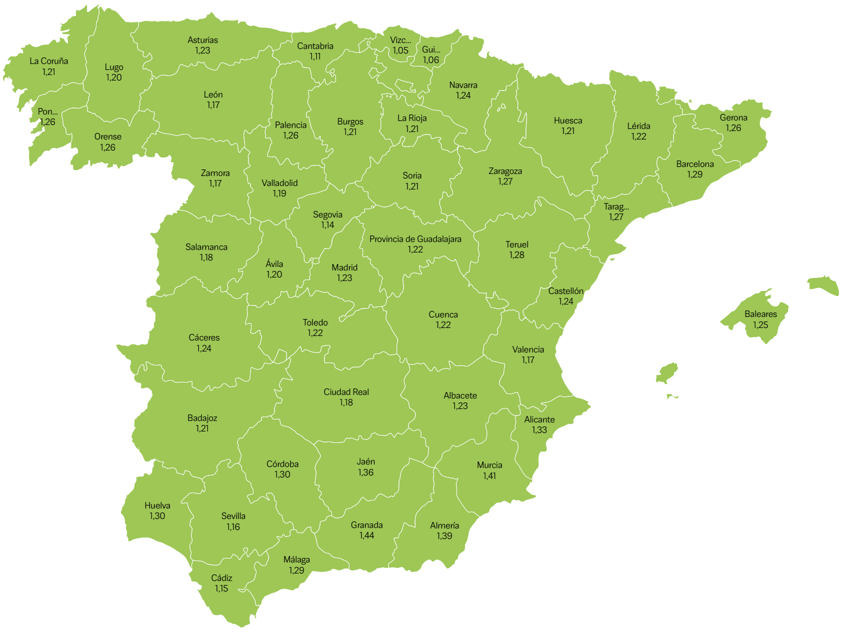
At UCI, we have adopted a comprehensive approach to address physical risks, in particular in relation to the impact on the collateral supporting our operations.

In this regard, we have conducted a comprehensive measurement and analysis of our portfolio in Spain to obtain a detailed and documented understanding of the risks to which our collateral is exposed.

We rely on the physical risk assessment model developed by the appraisal company Gloval, which has assessed risks associated with the collateral backing our operations. Specifically, 11 types of physical risks have been considered, allowing us to have a complete and accurate view of our exposure to these types of risks.

This approach will enable us to make informed and proactive decisions to manage and mitigate any adverse impacts on our operations.

The following map shows the identification of various risks following the analysis carried out by the appraiser on 100% of our guarantees at December 31, 2023. The exposure of each of them to different types of risks has been identified, including adverse phenomena such as floods, droughts, earthquakes, erosion, etc. Despite the presence of these hazards, the overall profile has been determined to be low.




| Nivel | 1 | 2 | 3 | 4 |
|---|---|---|---|---|
| Riesgo | Bajo | Medio-Bajo | Medio-Alto | Alto |

| | | |
|---|---|---|
| PHYSICAL RISK | 1.25 | Low |
| RIVER FLOODING RISK | 1.05 | Low |
| MARITIME FLOODING RISK | 1.00 | Low |
| DESERTIFICATION RISK | 1.50 | Low |
| FIRE HAZARD RISK | 2.21 | Medium Low |
| SEISMIC RISK | 1.25 | Low |
| EROSION RISK | 1.62 | Low |
| VOLCANIC RISK | 1.00 | Low |
| NATURAL AREA | 1.02 | Low |
| HYDRAULIC PUBLIC DOMAIN | 1.09 | Low |
| MARITIME - TERRESTRIAL PUBLIC DOMAIN | 1.01 | Low |
| LIVE STOCK ROUTE | 1.03 | Low |

**Social**

We consider factors, such as labour practices, diversity, safety and community impact, among others. A strong focus on these areas not only reduces risk but also contributes to a positive reputation and long-term sustainability.

We consider diversity and inclusion to be fundamental pillars, which is why they are key aspects of our corporate culture. Gender equality is not only a fundamental right, but the necessary basis for a prosperous and equitable world. It is also fundamental to the sustainable development of society.

At UCI, we are actively committed to diversity, inclusion and labour wellbeing, by monitoring a wide range of indicators from community investment to workplace safety and gender equity.

Our approach to diversity aims to promote the inclusion of people from diverse backgrounds and abilities, and therefore we include indicators such as the rate of employees with disabilities. We also assess the gender gap and the pay gap to ensure equal opportunities and pay for all employees.

In terms of people management, we closely monitor the turnover rate, new hire rate and dismissal rate to understand and address challenges related to talent retention and job stability. In addition, we monitor the absenteeism rate and the training offered to employees to promote a healthy and growing work environment.

With regard to occupational safety, we assess different indices to ensure a safe and secure working environment for all employees.

We also seek to be recognised as a Great Place to Work, reflecting our commitment to the satisfaction and well-being of our employees.

Finally, in terms of our financial responsibility, we monitor and ensure that our business practices are ethical and sustainable, contributing positively to both the community and the long-term success of our company.

| Factors[3] | Indicators/KRI | Value | Perfil de Riesgo | Apetito de riesgo |
|---|---|---|---|---|
| Social business | | | 3.00 | |
| Community | Community investment rate | 0.37% | 2.43 | |
| Relationship with employees | Staff turnover rate | 8.21% | 2.71 | |
| | New hire rate | 3.70% | 1.93 | |
| | Dismissal rate | 3.06% | 3.27 | |
| | Absenteeism rate | 3.50% | 1.90 | |
| | Gender gap employees | -16.02% | 1.00 | |
| | Gender Gap Senior Management | 57.14% | 3.54 | |
| | Employee pay gap | 14.75% | 1.99 | |
| | Pay Gap Senior Management | 53.83% | 3.51 | |
| | Rate of employees with disabilities | 1.15% | 3.57 | |
| | Training year employee | 192.97% | 1.00 | |
| | Rate of external employees | 0.16% | 1.06 | |
| | Occupational accident frequency rate | 1.12 | 1.42 | |
| | Occupational disease frequency rate | 0.00 | 1.00 | |
| | Severity rate of accidents at work | 0.003 | 1.01 | |
| | Great Place to Work (GPTW) (Spain) | 75.00% | 2.13 | |
| Customer relations | Responsible lending compliance rate | 98.98% | 1.15 | |
| **Social risk** | | | **2.05** | **2.50** |
| | | | **Medium-Low** | **Medium-Low** |

3. Social factors have been grouped according to the main stakeholder groups with which the institution may interact. In addition, the core conventions of the International Labour Organisation (ILO) have been included in the list of factors.

With the aim of contributing to the improvement of some social factors and mitigating the entity's social risk, the entity's Equality Plan has been revised, adapting it to the new regulations required by the Government through Royal Decree 901/2020. The Plan includes measures and actions to guarantee equality through specific management bodies, promote the defence and effective application of the principle of gender equality, prevent sexual and gender-based harassment, ensure that all team leaders are aligned with the philosophy and principles of equality, foster a culture of awareness and promote the presence of women in all positions and levels where they are under-represented, especially in positions of responsibility.

**Governance**

This part refers to the company's corporate governance, the composition of the Board of Directors or the transparency policies and codes of conduct applied.

The following table details the corporate governance factors and associated indicators that determine UCI's governance risk profile.

Within the ESG risk management framework, the corporate governance component plays a key role in promoting ethical and transparent business practices.

| Factors governance[4] | Indicators/KRI | Value | Risk profile | Risk appetite |
|---|---|---|---|---|
| Ethical considerations | | | 2.00 | |
| Strategy and risk management risk management | SGR alignment rate[A] | 82.09% | 2.15 | |
| | SCI alignment rate[B] | 93.00% | 1.53 | |
| Documentary management | Correct documentation rate | 97.78% | 1.17 | |
| Transparency | | | 3.25 | |
| **Corporate governance risk** | | | **1.94** | **2.50** |
| | | | **Medium-Low** | **Medium-Low** |

1. Governance factors have been grouped under four main subheadings by identifying a common main characteristic of the underlying factors. Factors, indicators and metrics refer to the assessment of the partners, not to the institution itself.
   A. Risk Management System.
   B. Internal Control System.

In this context, we highlight factors such as ethical considerations, which guide the company's decisions and actions towards social responsibility and respect for human rights and the environment.

In addition, strategy and risk management become key pillars to ensure a sound and responsible management, which proactively assesses and manages risks related to environmental aspects.

Proper document management and transparency in disclosure of information are also essential, as they ensure accountability and enable stakeholders to understand and evaluate the conduct of the company's performance in relation to ESG principles.

Taken together, these considerations strengthen investor confidence, promote long-term sustainability and contribute to the financial and reputational success of the organisation.

Corporate governance risk management focused on the implementation of action plans to strengthen the Internal Control Framework. In this regard, we note the creation and updating of policies and procedures and their associated governance in response to current regulations and best market practices.

## G.7 Tax contribution

### Tax information

| UCI profits by country (euros) | 2022 | 2023 |
|---|---|---|
| Spain* | -58,845,442.97 € | -80,261,321.18 € |
| Portugal | 3,441,170.99 € | 3,100,300.00 € |
| Greece | 377,891,55 € | 200,380.67 € |
| Brazil | 14.834,00 € | -185.035,00 € |
| **Total consolidated profits** | **-185.035,00 €** | **-77.145.675,51 €** |

* 2022. The result is impacted by the Elcano project, which has implied the sale of the portfolio of aggravated loans.

| Taxes paid on profits - Spain-2022 | |
|---|---|
| Final settlement IS 2021 | 3,965,652.10 € |
| First payment on account IS 2022 | -1,801,985.59 € |
| Second payment on account IS 2022 | -1,259,445.16 € |
| Third payment on account IS 2022 | 0.00 € |

| Taxes paid on profits - Spain-2023 | |
|---|---|
| Final settlement IS 2022 | 3,061,430.75 € |
| First payment on account IS 2023 | 0.00 € |
| Second instalment IS 2023 | 0.00 € |
| Third payment on account IS 2023 | 0.00 € |

| Taxes paid on profits - Portugal-2022 | |
|---|---|
| Final settlement 2021 | 88,952.65 € |
| First instalment 2022 | 364,396.00 € |
| Second instalment 2022 | 364,396.00 € |
| Third instalment 2022 | 364,396.00 € |

| Taxes paid on profits - Portugal-2023 | |
|---|---|
| Final settlement 2022 | -118,726.93 € |
| First instalment 2023 | 326,874.00 € |
| Second instalment 2023 | 326,874.00 € |
| Third instalment 2023 | 326,874.00 € |

| Rebates and subsidies | 2022 | 2023 |
|---|---|---|
| ELENA Programme (European Local Energy Assistant) | 1,056,000.00 € | N/A |
| ENGAGE for ESG activation investments project | 38,400.00 € | N/A |

Indicators related to “We deliver” can be found in section 4.3 of the report - Governance Indicators.

# 4. Indicators

## 4.1 ENVIRONMENTAL INDICATORS

**ENVIRONMENTAL INDICATORS**

| | Spain | | | Portugal | | |
|---|---|---|---|---|---|---|
| | 2022 | 2023 | VAR. 2022 - 2023 (%) | 2022 | 2023 | VAR. 2022 - 2023 (%) |
| **Greenhouse Gas Emissions (GHG)** | | | | | | |
| Total CO2 emissions (t / $CO_2$) | 485.11 | 486.46 | 0.28% | 212.98 | 160.77 | -24.51% |
| Scope 1 Emissions (Direct emissions) (t / $CO_2$) | 231.06 | 236.81 | 2.49% | 0.00 | 0.00 | - |
| Scope 2 Emissions (Indirect Emissions) (t / $CO_2$) | 138.57 | 80.53 | -41.88% | 27.51 | 27.70 | 0.69% |
| Scope 3 Emissions (Indirect Emissions) (t / $CO_2$) | 115.49 | 169.12 | 46.44% | 185.47 | 133.07 | -28.25% |
| **Waste** | | | | | | |
| Total non-hazardous waste (t) | 23.81 | 7.50 | -68.51% | 0.64 | 1.37 | 114.06% |
| Total waste recycled (t) | 28.43 | 7.61 | -73.23% | 0.72 | 1.37 | 90.28% |
| **Consumption** | | | | | | |
| Total water consumption ($m^3$) | 1,075.12 | 663.75 | -38.26% | 147.84 | 89.25 | -39.63% |
| Water consumption per employee ($m^3$) | 2.03 | 1.32 | -34.74% | 1.64 | 0.98 | -40.20% |
| Total paper consumption (kg) | 3,381.67 | 3,463.65 | 2.42% | 3,968.33 | 3,741.03 | -5.73% |
| Paper consumption per employee (kg) | 6.39 | 6.91 | 8.19% | 44.09 | 41.11 | -6.76% |
| Total energy consumption (kWh) | 551,497.26 | 296,702.37 | -46.20% | 111,495.90 | 135,520.64 | 21.55% |
| Energy consumption per employee (kWh / year) | 1,042.53 | 592.22 | -43.19% | 1,238.84 | 1489.24 | 20.21% |
| Business travel (km) | 569,288.00 | 1,076,822.27 | 89.15% | 529,622.00 | 481,033.66 | -9.17% |
| Diesel consumption (l) | 33,400.00 | 7,573.89 | -77.32% | | | |
| Fuel consumption (l) | 80,292.00 | 113,691.97 | 41.60% | | | |
| **Combating Climate Change** | | | | | | |
| Amount of green production according to Sustainalytics criteria (M€) | 59.22 | 43.17 | -27.10% | 52.50 | 34.41 | -34.44% |
| Total green operations (Sustainalytics / EEML criteria) | 229 | 167 | -27.07% | 238 | 163 | -31.51% |
| Amount of green securitisation funds: RMBS Green Belém I (M€) | 18.86 | 4.47 | -76.28% | 15.63 | 7.93 | -49.25% |
| Amount of green securitisation funds: RMBS Prado VIII (M€) | 9.99 | 14.60 | 46.16% | - | - | - |
| Amount of green securitisation funds: RMBS Prado XI (M€) | - | 2.48 | - | - | 2.14 | - |
| Total energy savings by building rehabilitation (kWh / $m^2$ / year) | 7,571.62 | 9,523.43 | 25.78% | N/A | N/A | - |
| Emission reductions from building rehabilitation (t / $CO_2$) | 2,738.83 | 3,980.30 | 45% | - | N/A | - |

## 4.2 SOCIAL INDICATORS

| SOCIAL INDICATORS | | | | | | |
|---|---|---|---|---|---|---|
| | Spain | | | Portugal | | |
| | 2022 | 2023 | Var. 2022 -2023 (%) | 2022 | 2023 | Var. 2022 -2023 (%) |
| **Great Place to Work (GPTW)** | | | | | | |
| Employee satisfaction - GPTW | 75% | 73% | -2,67% | 83% | 87% | 4,82% |
| **Education and Training** | | | | | | |
| Training hours Partners | 11,943.35 | 12,532.96 | 4,94% | 1673,5 | 3,033.50 | 81,27% |
| Training hours Employees - women | | 7,441.98 | | | 1,604.00 | |
| Training hours Employees - men | | 5.090,98 | | | 1,429.50 | |
| Training hours Managers | 6,176.34 | 4.647,77 | -24,75% | 1108,5 | 1,218.50 | 9,90% |
| Training hours Managers - women | | 2.135,38 | | | 459,50 | |
| Training hours Managers - men | | 2.512,39 | | | 759,00 | |
| Training hours Management | 1.154,85 | 1.353,66 | 17,22% | N/A | 30,50 | - |
| Hours of training Management - women | | 400,90 | | | - | |
| Hours of training Management - men | | 952,76 | | | 30,50 | |
| Training hours Senior Management | 1.251,67 | 228,91 | -81,71% | 196 | 217,00 | 10,71% |
| Senior management training hours - women | | 41,75 | | | 77,00 | |
| Senior management training hours - men | | 187,16 | | | 140,00 | |
| **Total** | **20,526.21** | **18,763.30** | **-8,59%** | **2,978.00** | **4,499.50** | **51,09%** |
| Total number of training hours/employee per year | 36,09 | 36,00 | -0,25% | 32,79 | 45,92 | 40,03% |
| Total number of hours of training/employee per year - women | | 19,10 | | | 2,140.00 | |
| Total number of hours of training/employee per year - men | | 16,90 | | | 2,359.00 | |
| % hours of voluntary training | 60,0% | 50,9% | -15,31% | 0,0% | 1,4% | - |
| % volunteer training hours - women | | 45,0% | | | 1,0% | |
| % hours of voluntary training - men | | 55,0% | | | 0,4% | |
| % hours of compulsory training | 40,0% | 49,0% | 22,62% | 1,1% | 42,0% | 3680,00% |
| % hours of compulsory training - women | | 58,3% | | | 22,4% | |
| % hours of compulsory training - men | | 41,7% | | | 19,4% | |
| **Rotation and Mobility** | | | | | | |
| Turnover rate - % (1) | 3,8% | 7,4% | 93,91% | 13,0% | 10,0% | -23,20% |
| Turnover rate - % (1) - women | | 3,9% | | | 66,7% | |
| Turnover rate - % (1) - male | | 3,5% | | | 33,3% | |
| Voluntary turnover rate - % (1) | | 2,1% | | | 0,0% | |
| Voluntary turnover rate - % (1) - women | | 1,4% | | | 0,0% | |
| Voluntary turnover rate - % (1) - male | | 0,8% | | | 0,0% | |
| Internal Mobility Index - % (2) | 19,2% | 23,9% | 24,25% | 12,2% | 8,8% | -28,08% |
| Internal Mobility Index - % (2) - females | | 14,0% | | | 5,5% | |
| Internal Mobility Index - % (2) - men | | 9,9% | | | 3,3% | |

1. Percentage resulting from dividing two quantities: the total number of employees leaving in the year divided by the average number of employees at the beginning and end of the year.
2. Percentage resulting from dividing the number of mobilities in the year by the average number of employees at the beginning and end of the year. Does not include the end of temporary assignments.

**SOCIAL INDICATORS**

| | Spain | | | Portugal | | |
|---|---|---|---|---|---|---|
| | **2022** | **2023** | **Var. 2022 -2023 (%)** | **2022** | **2023** | **Var. 2022 -2023 (%)** |
| **Employees** | | | | | | |
| ***Employees by gender*** | | | | | | |
| Women (total no.) | 302 | 286 | -5,30% | 53 | 52 | -1,89% |
| Women (%) | 57,09% | 57,09% | 0,00% | 59,34% | 57,14% | -3,70% |
| Men (total no.) | 227 | 215 | -5,29% | 37 | 39 | 5,41% |
| Men (%) | 42,91% | 42,91% | 0,00% | 40,66% | 42,86% | 5,41% |
| **Total** | **529** | **501** | **-5,29%** | **90** | **91** | **1,11%** |
| ***Employees by Age*** | | | | | | |
| Employees < 25 years old (total no.) | 3 | 1 | -66,67% | 1 | 5 | 500,00% |
| Employees < 25 years old (total no.) - women | | 0 | | | 2 | |
| Employees < 25 years old (total no.) - men | | 1 | | | 3 | |
| Employees < 25 years old (%) | 0,57% | 0,20% | -64,80% | 1,10% | 5,49% | 400,00% |
| Employees 25-40 years old (total no.) | 87 | 71 | -18,39% | 20 | 19 | -20,00% |
| Employees 25-40 years old (total no.) - women | | 38 | | | 12 | |
| Employees 25-40 years old (total no.) - men | | 33 | | | 7 | |
| Employees 25-40 years (%) | 16,45% | 14,17% | -13,83% | 23,08% | 20,88% | -9,52% |
| Employees >40 years old (total no.) | 439 | 429 | -2,28% | 69 | 67 | -2,90% |
| Employees >40 years old (total no.) - women | | 248 | | | 38 | |
| Employees >40 years old (total no.) - men | | 181 | | | 29 | |
| Employees >40 years old (%) | 82,99% | 85,63% | 3,18% | 75,82% | 73,63% | -2,90% |
| **Total** | **529** | **501** | **-5,29%** | **90** | **91** | **1,11%** |
| ***Employees by Nationality*** | | | | | | |
| No. of nationalities | 15 | 14 | -6,67% | 4 | 5 | 25% |
| ***Employees with disabilities*** | | | | | | |
| No. of employees with disabilities (total no.) | 6 | 6 | 0,00% | 0 | 1 | - |
| Number of employees with disabilities (total no.) - women | | 3 | | | 0 | |
| No. of employees with disabilities (total no.) - men | | 3 | | | 1 | |
| No. of employees with disabilities (%) | 1,13% | 1,19% | 4,92% | 0,00% | 1,10% | - |
| No. of employees with disabilities (%) - women | | 0,60% | | | 0,00% | |
| Number of employees with disabilities (%) - men | | 0,60% | | | 1,10% | |

SOCIAL INDICATORS

| | Spain | | | Portugal | | |
|---|---|---|---|---|---|---|
| | 2022 | 2023 | Var. 2022 -2023 (%) | 2022 | 2023 | Var. 2022 -2023 (%) |
| **Employees** | | | | | | |
| ***Employees by professional category*** | | | | | | |
| Senior management (total no.) | 19 | 8 | -57,89% | 6 | 6 | 0,00% |
| Senior management (total no.) - women | | 1 | | | 2 | |
| Senior management (total no.) - men | | 7 | | | 4 | |
| Senior management (%) | 3,59% | 1,60% | -55,45% | 7,69% | 6,59% | -14,29% |
| Senior management (%) - women | | 12,50% | | | 2,20% | |
| Senior management (%) - men | | 87,50% | | | 4,40% | |
| Management (total no.) | 11 | 15 | 36,36% | 1 | 1 | 0,00% |
| Management (total no.) - women | | 3 | | | 0 | |
| Management (total no.) - men | | 12 | | | 1 | |
| Management (%) | 2,08% | 2,99% | 43,79% | 1,11% | 1,10% | -1,10% |
| Management (%) - women | | 20,00% | | | 0,00% | |
| Management (%) - men | | 80,00% | | | 1,10% | |
| Manager (total no.) | 93 | 94 | 1,08% | 30 | 27 | -10,00% |
| Manager (total no.) - women | | 42 | | | 10 | |
| Manager (total no.) - men | | 52 | | | 17 | |
| Manager (%) | 17,58% | 18,76% | 6,71% | 32,97% | 33,00% | 0,10% |
| Manager (%) - women | | 44,68% | | | 12,09% | |
| Manager (%) - men | | 55,32% | | | 18,68% | |
| Collaborator (total no.) | 406 | 384 | -5,42% | 53 | 57 | 7,55% |
| Partner (total no.) - women | | 240 | | | 39 | |
| Partner (total no.) - men | | 144 | | | 18 | |
| Contributor (%) | 76,75% | 76,65% | -0,13% | 59,34% | 62,64% | 5,56% |
| Contributor (%) - women | | 62,50% | | | 42,86% | |
| Employee (%) - men | | 37,50% | | | 19,78% | |
| **Total** | **529** | **501** | **-5,29%** | **90** | **91** | **1,11%** |

| SOCIAL INDICATORS | | | | | | |
|---|---|---|---|---|---|---|
| | Spain | | | Portugal | | |
| | 2022 | 2023 | Var. 2022 -2023 (%) | 2022 | 2023 | Var. 2022 -2023 (%) |
| **Recruitment** | | | | | | |
| ***Employment contract modality*** | | | | | | |
| Temporary contracts TC - total no. | 9 | N/A | - | 9 | 10 | 11,11% |
| Temporary contracts TC - total no. - women | | N/A | | | 5 | |
| Temporary contracts TC - total no. - men | | N/A | | | 5 | |
| Temporary contracts CT - % | 1,70% | N/A | - | 9,89% | 12,09% | 22,22% |
| Temporary contracts TC - % - women | | N/A | | | 5,49% | |
| Temporary contracts TC - % - men | | N/A | | | 6,59% | |
| Temporary contracts TP - total no. | 0 | N/A | - | 0 | 1 | - |
| Temporary contracts TP - total no. - women | | N/A | | | 0 | |
| Temporary contracts TP - total no. - men | | N/A | | | 1 | |
| Temporary contracts TP - % | 0,00% | N/A | - | 0% | 1% | - |
| Temporary contracts TP - % - women | | N/A | | | 0% | |
| Temporary contracts TP - % - men | | N/A | | | 1% | |
| Permanent contracts TC - total no. | 517 | 496 | -4,06% | 81 | 80 | -1,23% |
| Indefinite contracts TC - total no. - women | | 282 | | | 47 | |
| Permanent contracts TC - total no. - men | | 214 | | | 33 | |
| Open-ended contracts TC - % | 97,73% | 99,00% | 1,30% | 90,11% | 87,91% | -2,44% |
| Permanent contracts TC - % - women | | 56,85% | | | 51,65% | |
| Permanent contracts TC - % - men | | 43,15% | | | 36,26% | |
| Permanent contracts TP - total no. | 3 | 5 | 66,67% | 0 | 0 | 0,00% |
| Permanent contracts TP - total no. - women | | 4 | | | 0 | |
| Permanent contracts TP - total no. - men | | 1 | | | 0 | |
| Indefinite contracts TP - % | 0,57% | 1,00% | 76,33% | 0,00% | 0,00% | - |
| Permanent contracts TP - % - women | | 80,00% | | | 0,00% | |
| Permanent contracts TP - % - men | | 20,00% | | | 0,00% | |
| **Total** | **529** | **501** | **-5,29%** | **90** | **91** | **1,11%** |
| ***Average annual number of contract modalities by gender*** | | | | | | |
| Average annual average of temporary contracts TC - women | 3,25 | 1,67 | -48,62% | 6,92 | 5,42 | -21,68% |
| Average annual number of temporary contracts TP - women | 0,00 | 0,00 | - | 0 | 0 | - |
| Average annual number of permanent contracts TC - women | 295,58 | 291,67 | -1,32% | 45,83 | 46,08 | 0,55% |
| Average annual number of permanent contracts TP - women | 1,42 | 2,67 | 88,47% | 0 | 0 | - |
| **Total** | **300,25** | **296,01** | **-1,41%** | **52,75** | **51,5** | **-2,37%** |
| Average annual number of temporary contracts TC - men | 1,83 | 4,08 | 122,55% | 1,17 | 3,00 | 156,41% |
| Average annual number of temporary contracts TP - men | 0,00 | 0,00 | - | 0 | 0,33 | - |
| Average annual average permanent contracts TC - men | 220,58 | 217,17 | -1,55% | 33,83 | 34,5 | 1,98% |
| Average annual number of permanent contracts TP - men | 1,17 | 1,00 | -14,29% | 0 | 0 | - |
| **Total** | **223,58** | **222,25** | **-0,60%** | **35** | **37,83** | **8,09%** |

| SOCIAL INDICATORS | | | | | | |
|---|---|---|---|---|---|---|
| | Spain | | | Portugal | | |
| | 2022 | 2023 | Var. 2022 -2023 (%) | 2022 | 2023 | Var. 2022 -2023 (%) |
| **Recruitment** | | | | | | |
| ***Average annual number of contract modalities by age*** | | | | | | |
| Average annual number of temporary contracts TC - Under 25s | 1,25 | 1,58 | 26,40% | 0,33 | 1,83 | 455% |
| Average annual number of temporary contracts TP - Under 25 years old | 0,00 | 0,00 | - | 0 | 0,33 | - |
| Average annual number of permanent contracts TC - Under 25s | 0,33 | 1,00 | 200,00% | 0 | 0 | - |
| Average annual number of permanent contracts TP - Under 25 years of age | 0,00 | 0,00 | - | 0 | 0 | - |
| **Total** | **1,58** | **2,58** | **62,95%** | **0,33** | **2,16** | **554,55%** |
| Average annual average temporary contracts TC - Between 25 and 40 years old | 3,50 | 4,17 | 19,14% | 5,92 | 3,67 | -38,01% |
| Average annual number of temporary contracts TP - Between 25 and 40 years of age | 0,00 | 0,00 | - | 0 | 0 | - |
| Average annual number of permanent contracts TC- Between 25 and 40 years old | 81,42 | 73,67 | -9,51% | 14,08 | 15,00 | 6,53% |
| Average annual number of permanent contracts TP - 25 to 40 years old | 1 | 1 | 0,00% | 0 | 0 | - |
| **Total** | **85,92** | **78,84** | **-8,24%** | **20** | **18,67** | **-6,65%** |
| Average annual number of temporary contracts TC - Over 40 years old | 0,33 | 0,00 | -100,00% | 1,83 | 2,92 | 59,56% |
| Average annual number of temporary contracts TP - Over 40 years old | 0,00 | 0,00 | - | 0 | 0 | - |
| Annual average of open-ended contracts TC - Over 40 years old | 434,42 | 434,17 | -0,06% | 65,58 | 65,58 | - |
| Average annual number of permanent contracts TP - Over 40 years of age | 1,58 | 2,67 | 68,63% | 0 | 0 | - |
| **Total** | **436,33** | **436,84** | **0,12%** | **67,41** | **68,5** | **1,62%** |
| ***Average annual number of contract modalities by occupational classification*** | | | | | | |
| Average annual average of temporary contracts TC - Senior management | 0,00 | 0,00 | - | 0,00 | 0,00 | - |
| Average annual average of temporary contracts TC - Senior management - women | | 0,00 | | | 0,00 | |
| Average annual average temporary contracts TC - Senior management - men | | 0,00 | | | 0,00 | |
| Average annual number of temporary contracts TP - Senior Management | 0,00 | 0,00 | - | 0,00 | 0,00 | - |
| Average annual number of temporary contracts TP - Senior management - women | | 0,00 | | | 0,00 | |
| Average annual number of temporary contracts TP - Senior management - men | | 0,00 | | | 0,00 | |
| Average annual number of permanent contracts TC - Senior Management | 19,00 | 16,25 | -14,47% | 6,00 | 6,58 | 9,67% |
| Average annual average permanent contracts TC - Senior management - women | | 3,92 | | | 2,00 | |
| Average annual average permanent contracts TC - Senior management - men | | 12,33 | | | 4,58 | |

| SOCIAL INDICATORS | | | | | | |
|---|---|---|---|---|---|---|
| | Spain | | | Portugal | | |
| | 2022 | 2023 | Var. 2022 -2023 (%) | 2022 | 2023 | Var. 2022 -2023 (%) |
| **Recruitment** | | | | | | |
| ***Average annual number of contract modalities by occupational classification*** | | | | | | |
| Average annual number of permanent contracts TP - Senior management | 0,00 | 0,00 | - | 0,00 | 0,00 | - |
| Average annual number of permanent contracts TP - Senior management - women | | 0,00 | | | 0,00 | |
| Average annual number of permanent contracts TP - Senior management - men | | 0,00 | | | 0,00 | |
| **Total** | **19,00** | **16,25** | **-14,47%** | **6,00** | **6,58** | **9,67%** |
| Annual average of temporary contracts TC - Management | 0,00 | 0,00 | - | 0,00 | 0,00 | - |
| Average annual average of temporary contracts TC - Management - women | | 0,00 | | | 0,00 | |
| Average annual average of temporary contracts TC - Management - men | | 0,00 | | | 0,00 | |
| Average annual number of temporary contracts TP - Management | 0,00 | 0,00 | - | 0,00 | 0,00 | - |
| Average annual number of temporary contracts TP - Management - Women | | 0,00 | | | 0,00 | |
| Average annual number of temporary contracts TP - Management - male | | 0,00 | | | 0,00 | |
| Average annual number of permanent contracts TC - Management | 11,00 | 11,83 | 7,55% | 1,00 | 1,00 | - |
| Average annual number of permanent contracts TC - Management - women | | 0,83 | | | 0,00 | |
| Average annual number of permanent contracts TC - Management - men | | 11,00 | | | 1,00 | |
| Average annual number of permanent contracts TP - Management | 0,00 | 0,00 | - | 0,00 | 0,00 | - |
| Average annual number of permanent contracts TP - Management - women | | 0,00 | | | 0,00 | |
| Average annual number of permanent contracts TP - Management - men | | 0,00 | | | 0,00 | |
| **Total** | **11,00** | **11,83** | **7,55%** | **1,00** | **1,00** | **-** |
| Annual average of temporary contracts TC - Manager | 0,00 | 0,00 | - | 0,00 | 0,00 | - |
| Average annual average of temporary contracts TC - Manager - women | | 0,00 | | | 0,00 | |
| Average annual average of temporary contracts TC - Manager - men | | 0,00 | | | 0,00 | |
| Average annual number of temporary contracts TP - Manager | 0,00 | 0,00 | - | 0,00 | 0,00 | - |
| Average annual number of temporary contracts TP - Manager - women | | 0,00 | | | 0,00 | |
| Average annual number of temporary contracts TP - Manager - men | | 0,00 | | | 0,00 | |
| Average annual number of permanent contracts TC - Manager | 91,92 | 94,08 | 2,35% | 27,42 | 27,08 | -1,24% |

| SOCIAL INDICATORS | | | | | | |
|---|---|---|---|---|---|---|
| | Spain | | | Portugal | | |
| | 2022 | 2023 | Var. 2022 -2023 (%) | 2022 | 2023 | Var. 2022 -2023 (%) |
| **Recruitment** | | | | | | |
| ***Average annual number of contract modalities by occupational classification*** | | | | | | |
| Average annual number of permanent contracts TC - Manager - women | | 42,75 | | | 11,00 | |
| Average annual number of permanent contracts TC - Manager - men | | 51,33 | | | 16,08 | |
| Average annual number of permanent contracts TP - Manager | 0,00 | 0,00 | - | 0,00 | 0,00 | - |
| Annual average number of permanent contracts TP - Manager - women | | 0,00 | | | 0,00 | |
| Average annual number of permanent contracts TP - Manager - men | | 0,00 | | | 0,00 | |
| **Total** | **91,92** | **94,08** | **2,35%** | **27,42** | **27,08** | **-1,24%** |
| Average annual number of temporary contracts TC - Collaborator | 5,08 | 5,75 | - | 8,08 | 8,42 | 4,21% |
| Average annual number of temporary contracts TC - Collaborator - women | | 1,67 | | | 5,42 | |
| Average annual number of temporary contracts TC - Collaborator - men | | 4,08 | | | 3,00 | |
| Average annual number of temporary contracts TP - Collaborator | 0,00 | 0,00 | - | 0,00 | 0,33 | - |
| Average annual number of temporary contracts TP - Collaborator - women | | 0,00 | | | 0,00 | |
| Average annual number of temporary contracts TP - Collaborator - men | | 0,00 | | | 0,33 | |
| Average annual number of permanent contracts TC - Collaborator | 394,25 | 386,67 | -1,92% | 45,25 | 45,92 | 1,48% |
| Average annual number of permanent contracts TC - Collaborator - women | | 244,17 | | | 33,08 | |
| Average annual number of permanent contracts TC - Collaborator - men | | 142,50 | | | 12,83 | |
| Average annual number of permanent contracts TP - Collaborator | 2,58 | 3,67 | 42,06% | 0,00 | 0,00 | - |
| Average annual number of permanent contracts TP - Collaborator - women | | 2,67 | | | 0,00 | |
| Average annual number of permanent contracts TP - Collaborator - men | | 1,00 | | | 0,00 | |
| **Total** | **401,92** | **396,09** | **-1,45%** | **53,33** | **54,67** | **2,51%** |
| **Labour Relations** | | | | | | |
| ***Collective agreements*** | | | | | | |
| Total number of collective agreements | 1 | 1 | 0% | N/A | N/A | - |
| % of employees covered | 100% | 100% | 0% | N/A | N/A | - |

| SOCIAL INDICATORS | | | | | | |
|---|---|---|---|---|---|---|
| | Spain | | | Portugal | | |
| | 2022 | 2023 | Var. 2022 -2023 (%) | 2022 | 2023 | Var. 2022 -2023 (%) |
| **Dismissals** | | | | | | |
| ***Classification of the number of redundancies*** | | | | | | |
| Number of dismissals by gender - women | 2 | 9 | 350,00% | 0 | 1 | - |
| Number of redundancies by gender - men | 3 | 10 | 233,33% | 1 | 0 | -100,00% |
| Number of redundancies by age - Under 25 years old | 0 | 1 | - | 0 | 0 | - |
| No. of redundancies by age - 25 to 40 years old | 1 | 2 | 100,00% | 1 | 0 | -100,00% |
| No. of redundancies by age - Over 40 years old | 4 | 16 | 300,00% | 0 | 1 | - |
| Number of dismissals by professional classification - Senior management | 0 | 2 | - | 0 | 0 | - |
| Number of dismissals by professional classification - Management | 0 | 2 | - | 0 | 0 | - |
| No. of redundancies by job classification - Manager | 0 | 2 | - | 0 | 0 | - |
| Number of dismissals by professional classification - Employee | 5 | 13 | 160,00% | 1 | 1 | 0,00% |
| **Total** | **5** | **19** | **280,00%** | **1** | **1** | **0,00%** |
| **Wage Gap and Remuneration** | | | | | | |
| ***Average employee remuneration*** | | | | | | |
| Average remuneration by gender - women | 30,532.65 € | 32,214.23 € | 5,51% | 23,928.87 € | 26,005.54 € | 8,68% |
| Average remuneration by gender - men | 38,154.44 € | 40,437.47 € | 5,98% | 40,820.14 € | 36,074.83 € | -11,62% |
| Average pay by age - Under 25 years old | 22,778.33 € | 21,625.82 € | -5,06% | 5,230.88 € | 7,726.23 € | 47,70% |
| Average remuneration by age - Between 25 and 40 years old | 27,099.25 € | 29,682.90 € | 9,53% | 18,947.02 € | 20,696.88 € | 9,24% |
| Average remuneration by age - Over 40 years old | 35,207.17 € | 36,779.06 € | 4,46% | 34,701.51 € | 34,736.33 € | 0,10% |
| Average remuneration per job classification or equal value - Top management | 97,721.59 € | 118,355.45 € | 21,11% | 94,916.37 € | 79,663.62 € | -16,07% |
| Average remuneration by occupational classification or equal value - Management | 58,210.58 € | 72,666.96 € | 24,83% | 66,152.47 € | 67,369.12 € | 1,84% |
| Average remuneration per job classification or equal value - Manager | 43,434.73 € | 46,433.15 € | 6,90% | 36,048.96 € | 38,847.91 € | 7,76% |
| Average remuneration per job classification or equal value - Contributor | 27,944.48 € | 29,962.92 € | 7,22% | 20,027.47 € | 20,437.93 € | 2,05% |

In Spain, the average remuneration has been calculated on the basis of the workforce as at 31 December, taking into account the basic salary plus the transport bonus.
In Portugal, the average remuneration has been calculated on the basis of the headcount as at 31 December, taking into account fixed plus variable salary.

SOCIAL INDICATORS

| | Spain | | | Portugal | | |
|---|---|---|---|---|---|---|
| | 2022 | 2023 | Var. 2022 -2023 (%) | 2022 | 2023 | Var. 2022 -2023 (%) |
| **Wage Gap and Remuneration** | | | | | | |
| ***Wage gap*** | | | | | | |
| Senior management - % | 32,37% | 51,78% | 59,96% | 50,00% | 39,83% | -20,34% |
| Management - % | 3,42% | 17,98% | 426,13% | N/A | - | - |
| Manager - % | 7,37% | 10,28% | 39,46% | 9,00% | 9,69% | 7,67% |
| Contributor - % | 1,59% | 2,13% | 34,11% | -3,00% | -19,28% | 542,67% |

For the same professional category, men's pay has been divided by women's pay.
The change in "management" is caused by the disappearance of the executive committee and the integration of its members into this category.

| | | | | | | |
|---|---|---|---|---|---|---|
| Gender pay gap (2) | 19,98% | 20,34% | 1,82% | 41,00% | 27,91% | -31,93% |
| Salary ratio highest paid person in the organisation (1) | | 593,70% | - | | 407,07% | - |

1. Percentage between the annual total remuneration of the highest paid employee and the average annual total remuneration of all employees (excluding the highest paid).
2. Percentage resulting from dividing 2 quantities: the difference between the average salary of men and women, divided by the salary of men.

| ***Average remuneration of directors, senior management, management, manager and collaborator by gender*** | | | | | | |
|---|---|---|---|---|---|---|
| Average remuneration of directors (1) - women | - | - | - | N/A | N/A | - |
| Average remuneration of directors (1) - male | 16,750.00 € | 16,750.00 € | 0,00% | N/A | N/A | - |
| Average remuneration of senior management - women | 86,276.95 € | 80,247.57 € | -6,99% | 51,964.91 € | 55,273.89 € | 6,37% |
| Average remuneration of senior management - men | 149,332.57 € | 160,696.30 € | 7,61% | 103,506.66 € | 91,858.49 € | -11,25% |
| Average remuneration of management - women | | 61,823.82 € | - | | 0,00 € | - |
| Average remuneration of management - men | | 75,377.74 € | - | | 67,369.12 € | - |
| Average manager´s remuneration - women | | 43,666.40 € | - | | 36,525.54 € | - |
| Average manager's remuneration - men | | 48,667.84 € | - | | 40,444.54 € | - |
| Average employee remuneration - women | | 29,719.93 € | - | | 21,537.42 € | - |
| Average employee remuneration - men | | 30,367.91 € | - | | 18,055.70 € | - |

1. The sole director and one of the directors waive their remuneration and allowances.

In 2023 Senior Management is the Management Committee in Spain and the Executive Committee in Portugal.
The average remuneration of directors and senior management includes all salary and non-wage payments.

| ***Social benefits*** | | | | | | |
|---|---|---|---|---|---|---|
| Total number of social benefits | 15 | 17 | 13,33% | 13 | 13 | 0,00% |
| **Work-life balance** | | | | | | |
| ***Flexiworking*** | | | | | | |
| of employees | 72,21% | 74,25% | 2,82% | 76,00% | 93,00% | 22,37% |
| % of employees* - women | | 59,95% | - | | 54,95% | - |
| % of employees* - men | | 40,05% | - | | 38,46% | - |

Commercial and recovery networks are not covered by this policy.

SOCIAL INDICATORS

| | Spain | | | Portugal | | |
|---|---|---|---|---|---|---|
| | **2022** | **2023** | **Var. 2022 -2023 (%)** | **2022** | **2023** | **Var. 2022 -2023 (%)** |
| **Absenteeism** | | | | | | |
| ***Absenteeism rate in %*** | | | | | | |
| Occupational contingencies[1] | 0,04 | 0 | **-100%** | 0 | 0,00 | **0%** |
| Common contingencies[1] | 2,37 | 2,76 | **16,46%** | 0,01 | 0,37 | **3,566.00%** |

1. (Days of sick leave elapsed year *100) / Σ(Days per month * Affiliated workers per month).

| ***No. of hours of absence*** | | | | | | |
|---|---|---|---|---|---|---|
| Occupational contingencies | 552,00 | 24,00 | -95,65% | 0,00 | 40,00 | - |
| Common contingencies | 41416 | 42592 | 2,84% | 1.848 | 2.112 | 14% |
| **Total** | **41,968.00** | **42,616.00** | **1,54%** | **1,848.00** | **2,152.00** | **16%** |

The calculation of absence hours takes into account the days lost * 8 hours of daily working time.
Lost days are calendar days.

| **Accidents at work** | | | | | | |
|---|---|---|---|---|---|---|
| ***Accidents at work and occupational diseases*** | | | | | | |
| Frequency of accidents at work - women (1) | 0 | 0 | - | 0 | 9,91 | - |
| Frequency of accidents at work - men (1) | 5,13 | 2,62 | -48,95% | 0 | 0 | - |
| Seriousness of accidents at work - women (2) | 0 | 0 | - | 0 | 0,05 | - |
| Severity of accidents at work - men (2) | 0,18 | 0,01 | -95,48% | 0 | 0 | - |
| Frequency of occupational diseases - women | 0 | 0 | - | 0 | 0 | - |
| Frequency of occupational diseases - men | 0 | 0 | - | 0 | 0 | - |
| Severity of occupational diseases - women | 0 | 0 | - | 0 | 0 | - |
| Severity of occupational diseases - men | 0 | 0 | - | 0 | 0 | - |

1. Frequency Rate: (no. of accidents with sick leave, including accidents on the way/no. of hours worked) x 1,000,000.
2. Severity Rate: (Days lost due to accidents at work, including those due to in itinere accidents and relapses/no. hours worked) x 1,000.

| ***No. of accidents at work by gender*** | | | | | | |
|---|---|---|---|---|---|---|
| Women | 0 | 0 | - | 0 | 1 | - |
| Men | 2 | 1 | -50% | 0 | 0 | 0% |
| **Total** | **2** | **1** | **-50%** | **0** | **1** | **-** |

The occupational accidents have been accidents with sick leave.

| **Inclusion and diversity** | | | | | | |
|---|---|---|---|---|---|---|
| ***Women in leadership positions*** | | | | | | |
| % Women in CD (1) | 26,32% | 12,50% | -52,50% | 16,67% | 33,33% | 99,94% |
| % Women in managerial position (2) | 39,02% | 39,32% | 0,76% | 40,00% | 40,74% | 1,85% |

1. Percentage resulting from dividing the total number of women by the total number of male and female members of the Steering Committee by 2. In 2023 the Executive Committee will disappear and the comparison is with the Steering Committee, hence the decrease.
2. Percentage resulting from dividing 2 quantities: the total number of female managers by the total number of male and female managers (CD, Management and Managers).

| SOCIAL INDICATORS | | | | | | |
|---|---|---|---|---|---|---|
| | Spain | | | Portugal | | |
| | 2022 | 2023 | Var. 2022 -2023 (%) | 2022 | 2023 | Var. 2022 -2023 (%) |
| **Customer relations** | | | | | | |
| ***Evolution of the number of customers*** | | | | | | |
| No. of financed households of First Residence (total 1st holders) | 167.422 | 168.335 | 0,55% | 20.712 | 21.139 | 2,06% |
| No. of financed households of First Residence (annual 1st holders) | 2,461.00 | 934,00 | -62,05% | 787,00 | 462,00 | -41,30% |
| Overall ekomi customer rating | 9,78 | 9,78 | 0,00% | 4,92 | 4,92 | 0,00% |
| ***Customer complaints*** | | | | | | |
| Total number of admissible customer complaints | 1.796 | 3.912 | 117,82% | 26 | 46 | 76,92% |
| Number of complaints resolved in favour of the customer | 396 | 423 | 6,82% | 10 | 22 | 120,00% |
| No. of complaints resolved unfavourable to the client | 1.400 | 3.489 | 149,21% | 16 | 24 | 50,00% |
| No. of complaints pending resolution | 52 | 0 | -100,00% | 0 | 0 | - |
| ***Adhesions/applications to the Code of Good Practice*** | | | | | | |
| Accepted applications | 245 | 775 | 216,33% | N/A | N/A | - |
| Approved applications | 166 | 531 | 219,88% | N/A | N/A | - |
| **Financial Social Engagement** | | | | | | |
| ***Social Inclusion in business*** | | | | | | |
| No. of people benefiting from sustainable retrofitting of buildings in low GDP per capita areas | 3780 | 3600 | -4,76% | N/A | N/A | - |

SOCIAL INDICATORS

| | Spain | | | Portugal | | |
|---|---|---|---|---|---|---|
| | 2022 | 2023 | Var. 2022 -2023 (%) | 2022 | 2023 | Var. 2022 -2023 (%) |
| **Community investment** | | | | | | |
| ***Monetary contributions to non-profit organisations*** | | | | | | |
| Prodis Foundation - educational projects | 15.000,00 € | 25.000,00 € | 66,67% | N/A | N/A | - |
| Prodis Foundation - awareness-raising projects | 1.800,00 € | 2.000,00 € | 11,11% | N/A | N/A | - |
| Red Cross - Global Emergency | 13.102,00 € | 17.825,00 € | 36,05% | 975,00 € | - € | -100,00% |
| Red Cross - Prevention of residential exclusion | 6.500,00 € | 6.500,00 € | 0,00% | N/A | N/A | - |
| Dádoris Foundation - Education Grants | 12.000,00 € | 13.000,00 € | 8,33% | N/A | N/A | - |
| Junior Achievement Foundation - Your finances, your future | 10.000,00 € | 8.400,00 € | -16,00% | - € | 5.000,00 € | - |
| Immosolidarity Awards | 12.000,00 € | 15.000,00 € | 25,00% | N/A | N/A | - |
| NGO Cesal | - € | 1.000,00 € | - | N/A | N/A | - |
| Instituto Português de Oncologia - I.P.O. Lisboa | N/A | N/A | - | - € | - € | - |
| NGO Crescer, Ser - Children's Home | N/A | N/A | - | 950,00 € | 1.783,84 € | 87,77% |
| Salvador Association | N/A | N/A | - | 1.000,00 € | - € | -100,00% |
| Fundação Realizar um Desejo - Make-A-Wish Portugal | N/A | N/A | - | 600,00 € | 100,00 € | -83,33% |
| Helping With Satya | N/A | N/A | - | 2.747,94 € | -€ | -100,00% |
| Associação Portuguesa de País e amigos do cidadão deficiente mental (APPACDM) | N/A | N/A | - | - € | 1.320,52 € | - |
| CasaQui | N/A | N/A | - | - € | 1.063,75 € | - |
| **Total** | **70.402,00 €** | **88.725,00 €** | **26,03%** | **6.272,94 €** | **9.268,11 €** | **47,75%** |

## 4.3 GOVERNANCE INDICATORS

GOVERNANCE INDICATORS

| | Spain | | | Portugal | | |
|---|---|---|---|---|---|---|
| | 2022 | 2023 | VAR. 2022 - 2023 (%) | 2022 | 2023 | VAR. 2022-2023 (%) |
| **Ethics and Compliance** | | | | | | |
| ***Whistleblowing Channel*** | | | | | | |
| No. of complaints | 3 | 1 | -67% | 0 | 0 | - |
| ***Gift Policy*** | | | | | | |
| No. of incidents | 0 | 0 | - | 0 | 0 | - |
| ***Prevention of Money Laundering Alerts*** | | | | | | |
| Total number of alerts | 1,835 | 1,532 | -17% | 614 | 816 | 33% |
| Reported to the OCI (Internal Control Body) | 9 | 9 | 0% | 1 | 0 | 100% |
| Reported to SEPBLAC (Spain) / Regulator Portugal | 1 | 3 | 200% | 1 | 0 | 100% |
| **Suppliers** | | | | | | |
| No. of suppliers evaluated (Quality) | 41 | 30 | -27% | 24 | 30 | 25% |
| No. of suppliers assessed (Environment) | 5 | 5 | 0% | 10 | 11 | 10% |
| No. of suppliers assessed (Quality, environment) | 6 | 4 | -33% | 0 | 1 | 100% |
| **Total** | **52** | **39** | **-25%** | **34** | **42** | **24%** |
| No. of outsourced services assessed (Quality) | 18 | 22 | 22% | 14 | 13 | -7% |
| Number of outsourced services evaluated (Environment) | 13 | 0 | -100% | 0 | 0 | - |
| No. of outsourced services evaluated (Quality, environment) | 0 | 11 | - | 0 | 0 | - |
| **Total** | **31** | **33** | **6%** | **14** | **13** | **-7%** |
| Supplier evaluation results | 3.69 | 3.73 | 1% | 3.63 | 3.67 | 1% |
| Result of evaluation of outsourced services | 3.37 | 3.41 | 1% | 3.76 | 3.72 | -1% |
| **Cybersecurity** | | | | | | |
| Effectiveness of cybersecurity measures | 9.40 | 7.50 | -45% | 9.40 | 7.50 | -20% |

# 5. Appendix

## 5.1 TABLE OF ALLIANCES

| | GREEN ALLIANCES | |
|---|---|---|
| APEGAC - Associação Portuguesa de Empresas de Gestão e Administração de Condomínios (Portuguese Association of Property Management and Administration Companies) | It is a national private non-profit association whose main activity is the management and administration of condominiums and advocacy for the publication of appropriate legislation for the sector. | https://apegac.com/ |
| BCSD - Business Council for Sustainable Development Portugal | BCSD Portugal is part of the Global Network of the World Business Council for Sustainable Development (WBCSD), the largest international business organisation working in the area of sustainable development. | https://bcsdportugal.org/ |
| EIB - European Investment Bank | It is the world's largest multilateral financial institution and one of the largest providers of climate finance. | https://www.eib.org/en/ |
| CONCOVI - Confederation of Spanish Housing Cooperatives | State organisation of housing cooperatives in Spain recognised as a Social Agent and valid interlocutor with the Ministries of Labour and Housing. | https://concovi.org/ |
| EDW - Enterprise Data Warehouse | It is part of the ABS Loan Level Data initiative established by the European Central Bank which is dedicated to providing data warehousing and full disclosure services for investors in asset-backed securities. | https://eurodw.eu/ |
| EMF - European Mortgage Federation | The European Mortgage Federation (EMF) is the voice of the European mortgage industry and represents the interests of mortgage lenders at European level. It aims to ensure a sustainable housing environment for the citizens of the European Union (EU). | https://hypo.org/emf/ |
| EIF - European Investment Fund | Part of the European Investment Bank Group, it supports European companies by helping them access finance. | https://europa.eu/institutions/financial/eif/index_es.htm |
| GBCe - Green Building Council Spain | A platform for meeting and dialogue that provides cutting-edge information and training to guide and help its members in the transformation towards sustainable building, with a focus on people's wellbeing. | https://gbce.es/ |
| Gloval | It is a full-service real estate valuation, engineering and consulting firm that brings together companies with more than 70 years of accumulated experience. | https://www.gloval.es/ |
| BC Group | It is a company that provides End to End services for the formalisation and management of mortgage operations, with tailor-made solutions adapted to the needs and particularities of each Financial Institution. They deal with the mortgage process in a global manner, managing the pre-signing, assistance with signing and post-signing of all types of operations. | https://www.grupobc.com/es/ |
| ICO - Instituto de Crédito Oficial | Public business entity attached to the Ministry of Economic Affairs and Digital Transformation dedicated to the promotion of economic activities that contribute to sustainable growth. | https://www.ico.es/ |

| GREEN ALLIANCES | | |
|---|---|---|
| ST Consultants | Company dedicated to real estate consultancy, valuation and technology services. | https://stconsultores.com/ |
| Sustainalytics | Organisation providing high quality ESG research, ratings and analytical data to institutional investors and companies. | https://www.sustainalytics.com/ |
| **Rehabilitation** | | |
| Business associations dedicated to refurbishment and renovation: 2 agreements (ANERR, Gremi de Constructors). | | |
| Architects' Associations from different locations: 4 agreements (CATEB, COAM, Colegio Oficial de Aparejadores y Arquitectos Técnicos de Madrid, Colegio Oficial de Arquitectos de Málaga). | | |
| The directors' association of different locations: 5 agreements (Barcelona, Madrid, Malaga, Valencia, Seville) and the General Council of Associations of Property Administrators. | | |
| Local and regional governments, as well as public offices related to housing: 4 agreements (Barcelona City Council, Generalitat de Catalunya, Consorci Habitatge del Área Metropolintan de Barcelona and EMVS). | | |
| Institute for Energy Diversification and Saving (IDAE). | | |

| BUSINESS AND SECTOR ALLIANCES | | |
|---|---|---|
| AHE - Spanish Mortgage Association | It is an organisation made up of the banks, credit cooperatives and financial credit establishments with the largest presence in the Spanish mortgage market. The members of the Association have approximately 75 per cent of the mortgage lending market. | http://www.ahe.es/ |
| APEMIP | The Association of Real Estate Professionals and Companies of Portugal. | https://www.apemip.pt/ |
| ASFAC - Association of Specialised Lending Institutions | It is the specialised entity representing the consumer finance sector in Portugal. It promotes the increase of the financial literacy of the Portuguese people, investing in financial education for children, young people and adults, particularly in the most vulnerable populations. | https://www.asfac.pt/ |
| ASNEF - Asociación Nacional de Establecimientos Financieros de Crédito (National Association of Credit Financial Establishments) | Liaison between financial institutions specialising in consumer finance in Spain and public administrations, other Spanish and European professional associations and users of financial products, which through its work facilitates access to consumer and production goods for consumers, professionals and entrepreneurs. | https://www.asnef.com/ |
| Spanish Quality Association | A private non-profit organisation whose purpose is to promote Quality as a driver of competitiveness and sustainability for professionals, companies and the country. | https://www.aec.es/ |
| Luso-Espanhola Chamber of Commerce | It is a private non-profit organisation whose main activity is to promote commercial relations between Portuguese and Spanish companies. | https://www.portugalespanha.org/ |
| NAR - National Association of REALTORS® | It is the largest professional association in the United States, with one million members, and includes institutes, societies and councils involved in all aspects of the residential and commercial sectors. SIRA is the local shareholder in Spain. | https://siralia.com/sira/ https://www.pir.pt/ |

| SUSTAINABILITY AND CORPORATE RESPONSIBILITY PARTNERSHIPS | | |
|---|---|---|
| DIRSE - Spanish Association of Sustainability Executives (ASG) | Spanish Association of Sustainability and ESG (Environmental, Social and Corporate Governance) professionals, which works for the promotion, defence and recognition of the people who, from all types of entities, develop this specific function, thus contributing to improve their capacity to influence the creation of value in organisations. | https://www.dirse.es/ |
| UN Global Compact | International initiative of the United Nations that promotes sustainable development and corporate social responsibility. | https://www.pactomundial.org/ |

| AGREEMENTS WITH FOUNDATIONS | | |
|---|---|---|
| APPACDM - Associação Portuguesa de Pais e Amigos do Cidadão Deficiente Mental | Institución Particular de Solidaridad Social promotes the inclusion of people with disabilities in society, with quality of life, respecting the principles that enshrine the right to exercise full citizenship. | https://appacdm-lisboa.pt/ |
| Qui House | Social solidarity association specialising in issues of gender equality, sexual orientation and gender identity or expression. | https://www.casa-qui.pt/ |
| Crescer Ser | It promotes, organises and dynamises community support services for children, young people and the family society. Stimulates specialised training in the areas of protection, reception and accompaniment of technicians linked to the problems of children and young people at risk of exclusion. | https://crescerser.org/ |
| Red Cross | Accession to the programme to prevent the residential exclusion of vulnerable people | https://www2.cruzroja.es/ |
| Dádoris Foundation | Support for talented high school students with brilliant results to access university studies and centres of excellence and who do not have financial resources. | https://fundaciondadoris.org/ |
| Mutua de Propietarios Foundation | Organisation that promotes the elimination of architectural barriers to improve access to buildings and their surroundings for people with reduced mobility. | https://www.fundacionmdp.org/ |
| Prodis Foundation | Contribution from the ethical commitment to improve the quality of life of people with intellectual disabilities and their families, supporting and promoting their full inclusion in a fair and supportive society. | https://fundacionprodis.org/ |
| Junior Achievement Portugal (JAP) | Non-profit organisation created in November 2005. It is affiliated with Junior Achievement, the world's oldest and largest entrepreneurship education organisation. | http://japortugal.org/ |

# 6. Reporting standards and other references

# 6.1 LAW 11/2018 ON NON-FINANCIAL INFORMATION

**LAW 11/2018 ON NON-FINANCIAL REPORTING AND DIVERSITY**

| Information requested by Law 11/2018 | Section of the Report where you can find |
|---|---|
| **General Information** | |
| Brief description of the group's business model, including: its business environment | 1.Meet UCI |
| Brief description of the group's business model, including: its organisation and structure | 1.Meet UCI<br>3.3 We comply: G.1 Corporate governance |
| Markets in which it operates | 1.Meet UCI |
| Objectives and strategies | 2. Our sustainability model |
| Main factors and trends that may affect its future development | 2. Our sustainability model |
| Materiality | 2. Our sustainability model |
| **Information requested by Law 11/2018** | **Section Report where you are** |
| **Environmental issues** | |
| Management approach: description and results of the environmental policies and the main risks related to these issues linked to the group's activities. | 2. Our Sustainability Model<br>3.1 We greenimise 3.3 We comply: G.6 Integrated Risk Management |
| ***Detailed information*** | |
| The current and foreseeable effects of the company's activities on the environment and, where appropriate, health and safety. | 3.1 We greenimise |
| Environmental assessment or certification procedures | 3.1 We greenimise: E.4 Our environmental footprint |
| Resources dedicated to environmental risk prevention | 3.3 We comply: G.6 Integrated risk management |
| Application of the precautionary principle | 3.1 We greenimise: E.0 Introduction |
| Amount of provisions and guarantees for environmental risks | 3.1 We greenimise: E.0 Introduction |
| ***Pollution*** | |
| Measures to prevent, reduce or remediate carbon emissions that seriously affect the environment; taking into account any activity-specific form of air pollution | 3.1 We greenimise |
| Including noise and light pollution | 3.1 We greenimise: E.4 Our environmental footprint |
| ***Circular economy and waste prevention and management*** | |
| Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste | 3.1 We greenimise: E.4 Our environmental footprint |
| Actions to combat food waste | 3.1 We greenimise: E.4 Our environmental footprint |
| ***Sustainable use of resources*** | |
| Water consumption and water supply in accordance with local constraints | 3.1 We greenimise E.4 Our environmental footprint 4.1 Environmental indicators |
| Consumption of raw materials and measures taken to improve the efficiency of raw material use | 3.1 We greenimise E.4 Our environmental footprint 4.1 Environmental indicators |
| Direct and indirect energy consumption | 3.1 We greenimise E.4 Our environmental footprint 4.1 Environmental indicators |
| Measures taken to improve energy efficiency | 3.1 We greenimise |
| Use of renewable energies | 3.1 Let's go green E.4 Our environmental footprint |

| LAW 11/2018 ON NON-FINANCIAL REPORTING AND DIVERSITY | |
|---|---|
| ***Climate change*** | |
| Greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces. | 3.1 We greenimise E.4 Our environmental footprint 4.1 Environmental indicators |
| Measures taken to adapt to the consequences of climate change | 3.1 We greenimise |
| Voluntary reduction targets set for the medium and long term to reduce greenhouse gas emissions and the means implemented to this end. | 3.1 We greenimise |
| ***Biodiversity protection*** | |
| Measures taken to preserve or restore biodiversity | 3.1 We greenimise: E.0 Introduction |
| Impacts caused by activities or operations in protected areas. | 3.1 We greenimise: E.0 Introduction |
| **Information requested by Law 11/2018** | **Section Report where you are** |
| **Social and staff issues** | |
| Management approach: description and results of social and personnel policies and the main risks related to these issues linked to the group's activities. | 2. Our Sustainability Model<br>3.2 We accompany you<br>3.3 We comply G.6 Integrated risk management |
| ***Employment*** | |
| Total number and distribution of employees by gender, age, country and occupational category | 4.2 Social Indicators |
| Total number and distribution of types of employment contracts | 4.2 Social Indicators |
| Average annual number of permanent, temporary and part-time contracts by gender, age and occupational category | 4.2 Social Indicators |
| Number of redundancies by gender, age and professional category | 4.2 Social Indicators |
| Average remuneration by gender, age and professional category | 4.2 Social Indicators |
| Wage gap | 3.2 We accompany you: S.1 People First<br>4.2 Social Indicators |
| Remuneration for equal or average jobs in the company | 3.2 We accompany you: S.1 People First 4.2 Social Indicators |
| Average remuneration of directors and executives by gender (including variable remuneration, allowances, indemnities, payments to savings schemes). | 3.2 We accompany you: S.1 People First 4.2 Social Indicators |
| Work disengagement policies | 3.2 We accompany you: S.1 People First |
| Employees with disabilities | 3.2 We accompany you: S.1 People First<br>4.2 Social Indicators |
| ***Work organisation*** | |
| Organisation of working time | 3.2 We accompany you: S.1 People First |
| Number of absence hours | 4.2 Social Indicators |
| Measures aimed at facilitating the enjoyment of work-life balance and encouraging the co-responsible exercise of work-life balance by both parents. | 3.2 We accompany you: S.1 People First |

| LAW 11/2018 ON NON-FINANCIAL REPORTING AND DIVERSITY | |
|---|---|
| ***Health and Safety*** | |
| Health and safety conditions at work | 3.2 We accompany you: S.1 People First |
| Accidents at work and occupational diseases by sex: frequency rate and severity rate | 4.2 Social Indicators |
| ***Social relations*** | |
| Organisation of social dialogue (including procedures for informing and consulting and negotiating with staff) | 3.2 We accompany you: S.1 People First |
| Percentage of employees covered by collective bargaining agreements by country | 4.2 Social Indicators |
| Review of collective agreements particularly in the field of occupational health and safety at work | 3.2 We accompany you: S.1 People First |
| ***Training*** | |
| Policies implemented in the field of training | 3.2 We accompany you: S.1 People First |
| Total number of training hours per professional category | 4.2 Social Indicators |
| ***Universal Accessibility for people with disabilities*** | |
| Universal Accessibility for people with disabilities | 3.2 We accompany you: S.1 People First |
| ***Equality*** | |
| Measures taken to promote equal treatment and opportunities for men and women | 3.2 We accompany you: S.1 People First |
| Equality plans, measures taken to promote employment, protocols against sexual harassment and gender-based harassment | 3.2 We accompany you: S.1 People First |
| Anti-discrimination policy and diversity management policy | 3.2 We accompany you: S.1 People First |
| **Information requested by Law 11/2018** | **Section Report where you are** |
| **Respect for Human Rights** | |
| Management approach: description and results of human rights policies and the main human rights risks associated with the group's activities. | 2. Our Sustainability Model<br>3.3 We comply: G.2 Ethics and corporate integrity and G.6 Integrated risk management |
| Implementation of human rights due diligence procedures and prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage, and redress possible abuses committed. | 3.3 We comply: G.2 Ethics and Corporate Integrity |
| Complaints about cases of human rights violations | 3.3 We comply: G.2 Ethics and Corporate Integrity |
| Promotion and enforcement of the provisions of the ILO core conventions related to respect for freedom of association and the right to collective bargaining. | 3.3 We comply: G.2 Ethics and Corporate Integrity |
| Elimination of discrimination in respect of employment and occupation | 3.3 We comply: G.2 Ethics and Corporate Integrity |
| Elimination of forced or compulsory labour | 3.3 We comply: G.2 Ethics and Corporate Integrity |
| Effective abolition of child labour | 3.3 We comply: G.2 Ethics and Corporate Integrity |

**LAW 11/2018 ON NON-FINANCIAL REPORTING AND DIVERSITY**

| Information requested by Law 11/2018 | Section Report where you are |
|---|---|
| **Fighting corruption and bribery** | |
| Management approach: description and results of social, corruption and bribery policies and the main risks related to these issues linked to the group's activities. | 2. Our Sustainability Model<br>3.3 We comply: G.2 Ethics and corporate integrity and G.6 Integrated risk management |
| Measures taken to prevent corruption and bribery | 3.3 We comply: G.2 Ethics and Corporate Integrity |
| Measures to combat money laundering | 3.3 We comply: G.2 Ethics and Corporate Integrity |
| Contributions to foundations and non-profit organisations | 3.2 We accompany you: S.3 Our Social Commitment<br>4.2 Social Indicators |

| Information requested by Law 11/2018 | Section Report where you are |
|---|---|
| **Company information** | |
| Management approach: description and results of social and socially related policies and the main social and socially related risks associated with the group's activities. | 2. Our Sustainability Model<br>3.2 We accompany you: S.3 Our Social Commitment<br>3.3 We comply: G.6 Integrated Risk Management |
| ***Company commitments to sustainable development*** | |
| Impact of the company's activity on employment and local development | 3.1 We greenimise<br>3.2 We accompany you |
| Impact of the company's activity on local populations and the territory | 3.1 We greenimise<br>3.2 We accompany you |
| Relations with local community actors and the modalities of the dialogue with these actors | 2. Our sustainability model |
| Partnership or sponsorship actions | 5.1 Table of Partnerships |
| ***Subcontracting and suppliers*** | |
| Inclusion of social, gender equality and environmental issues in the procurement policy. | 3.3 We comply: G.3 Responsible Supplier Management |
| Consideration in relations with suppliers and subcontractors of their social and environmental responsibility | 3.3 We comply: G.3 Responsible Supplier Management |
| Monitoring and audit systems and audit results | 3.3 We comply: G.3 Responsible Supplier Management |
| ***Consumers*** | |
| Measures for consumer health and safety | 3.2 We accompany you: S.2 Customer focus<br>3.3 We comply: G.5 Information Security |
| Complaint systems, complaints received and their resolution | 3.2 We accompany you: S.2 Client at the centre |
| ***Tax Information*** | |
| Country-by-country benefits | 3.3 We Comply: G.7 Tax Contribution |
| Taxes on profits paid | |
| Public subsidies received | |

## 6.2 GLOBAL REPORTING INITIATIVE (GRI)

| | |
|---|---|
| **2023 Declaration of Use** | **UCI has presented the information cited in this GRI Content Index for the period 1 January 2023 to 31 December 2023 using the GRI Standards as a reference.** |
| **GRI 1 used** | **Fundamentals 2021** |

**GRI STANDARDS - GENERAL CONTENTS**

| GRI Standard | Content | Location in the Report |
|---|---|---|
| | **GRI 2 General Contents** | |
| 1.The organisation and its reporting practices | 2-1 Organisational details | 1.Meet UCI |
| | 2-2 Entities covered by sustainability reporting | 0.Preliminary clarifications on this report. UCI presents the audited consolidated financial statements. |
| | 2-3 Reporting period, frequency and point of contact | 0.Preliminary clarifications on this report |
| | 2-4 Updating information | 4.1 Environmental indicators.<br>The information relating to the environmental data on CO2 emissions for the year ended 31 December 2022 has been restated because it includes information on this point with a date subsequent to the verification of the NFIS 2022. |
| | 2-5 External verification | External verification report |
| 2. Activities and workers | 2-6 Activities, value chain and other business relationships | 1.Meet UCI<br>3.1 We greenimise<br>3.3 We comply: G.3 Responsible Supplier Management |
| | 2-7 Employees | 3.2 We accompany you: S1 People First,<br>4.2 social indicators: employees |

**GRI STANDARDS - GENERAL CONTENTS**

| GRI Standard | Content | Location in the Report |
|---|---|---|
| | **GRI 2 General Contents** | |
| 3. Governance | 2-9 Governance structure and composition | Get to know UCI, 3.3 We deliver: G.1 Corporate Governance |
| | 2-10 Appointment and selection of the highest governance body | 3.3 We deliver: G.1 Corporate Governance |
| | 2-11 Chairperson of the highest governing body | 3.3 We comply: G.1 Corporate Govern-ance, Governing Bodies |
| | 2-12 The highest governance body's role in overseeing the management of impacts | 3.3 We deliver: G.1 Corporate Governance |
| | 2-13 Delegation of responsibility for impact management | 3.3 We deliver: G.1 Corporate Governance |
| | 2-14 The highest governance body's role in sustainability reporting | 2.Our sustainability model, 3.3 We deliver: G.1 Corporate governance |
| | 2-15 Conflicts of interest | 3.3 We comply: G.1 Corporate Govern-ance, G.2 Ethics and corporate integrity |
| | 2-16 Communicating critical concerns | 3.2 We accompany you: S.2 Customer at the centre, 3.3 We deliver: G.1 Corporate Governance, G.2 Corporate Ethics and Integrity |
| | 2-18 Evaluation of the highest governance body's performance | 3.3 We deliver: G.1 Corporate Governance |
| | 2-19 Remuneration policies | 3.3 We deliver: G.1 Corporate Governance |
| | 2-20 Process for determining remuneration | 3.3 We deliver: G.1 Corporate Governance |
| | 2-21 Total annual compensation ratio | 4.2 Social indicators: salary and pay gap |
| 4.Strategy, policies and practices | 2-22 Sustainable Development Strategy Statement | Our sustainability model |
| | 2-23 Commitments and policies | Our sustainability model, 3.3 We deliver: G.2 Corporate ethics and integrity |
| | 2-24 Mainstreaming commitments and policies | Our sustainability model 3.2 We accom-pany you: S.1 People first, S.2 Customer at the centre, S.3 Our Social Commit-ment, S.4 Professionalisation of the real estate sector, 3.3 We deliver: G.2 Corpo-rate ethics and integrity, G.3 Responsible supplier management |
| | 2-25 Processes to remedy negative impacts | 3.2 We accompany you: S.2 Customer at the centre, 3.3 We deliver: G.2 Ethics and corporate integrity, G.3 Responsible Supplier Management, G.6 Integrated Risk Management |
| | 2-26 Mechanisms for seeking advice and raising concerns | 3.2 We accompany you: S.1 people first: C.Dialogue and communication with em-ployees, 3.3 We deliver: G.2 Ethics and corporate integrity (ethical channel), G.3 Responsible Supplier Management |
| | 2-28 Association membership | UCI participates in the sectoral associ-ations representing mortgage activity in the countries in which it operates, such as the AHE in the case of Spain. 5.1 Table of alliances |

**GRI STANDARDS - GENERAL CONTENTS**

| GRI Standard | Content | Location in the Report |
|---|---|---|
| | **GRI 2 General Contents** | |
| 5.Stakeholder engagement | 2-29 Approach to Stakeholder Engagement | Our sustainability model: 2.4 Materiality Analysis and Dialogue |
| | 2-30 Collective bargaining agreements | 3.2 We accompany you: S.1 People first, D collective bargaining agreement and social dialogue 4.2 social scoreboard: industrial relations |
| | **GRI 3 Material topics** | |
| Material topics | 3-1 Process of determining the material topics | Our Sustainability Model: 2.4 Materiality Analysis and Dialogue |
| | 3-2 List of material items | Our sustainability model: 2.4 Materiality Analysis and Dialogue |
| | 3-3 Management of material topics | Statement of Non-Financial Information |

**GRI STANDARDS-THEMATIC CONTENT**

| Economic dimension | Content | Location in the Report |
|---|---|---|
| | **Economic performance** | |
| GRI 3 Material topics | 3-3 Management of material topics | 1.Meet UCI, 2.Our sustainability model, 3.1 We greenimise |
| GRI 201: Economic Performance | 201-1 Direct economic value generated and distributed | This information is contained in the entity's Annual Report. |
| | 201-2 Financial implications and other risks and risks and opportunities arising from climate change | 3.1 We greenimise, 3.3 We deliver: G.6 Integrated risk management |
| | 201-4 Financial assistance received from the government | 3.3 We Comply: G.7 Fiscal Contribution |
| | **Market presence** | |
| GRI 3 Material topics | 3-3 Management of material topics | Get to know UCI, 3.2 We accompany you, S1 People first |
| GRI 202: Market presence | 202-1 Ratios between the standard entry level wage by gender and the local minimum wage | 4.1 Social Indicators: employees and the pay and remuneration gap. |
| | 202-2 Proportion of senior executives recruited from the local community | 4.1 Social indicators: employees by professional category. The human resources model is aimed at attracting and retaining the best professionals where UCI is present. |
| | **Anti-corruption** | |
| GRI 3 Material topics | 3-3 Management of material topics | 3.3 We deliver: G.2 Corporate Ethics and Integrity |
| GRI 205: Anti-corruption | 205-1 Operations assessed on the basis of corruption-related risks | 3.3 We deliver: G.2 Corporate Ethics and Integrity, 4.3 Governance Indicators: Ethics and Compliance |
| | 205-2 Communication and training on anti-corruption policies and procedures | 3.3 We deliver: G.2 Ethics and Corporate Integrity, 4.3 Governance Indicators: Ethics and Compliance |
| | 205-3 Confirmed incidents of corruption and actions taken | 3.3 We deliver: G.2 Ethics and Corporate Integrity, 4.3 Governance Indicators: Ethics and Compliance |

**GRI STANDARDS-THEMATIC CONTENT**

| Economic dimension | Content | Location in the Report |
|---|---|---|
| | **Materials** | |
| GRI 3 Material topics | 3-3 Management of material topics | 2.Our sustainability model, 3.1 We greenimise |
| GRI 301: Materials | 301-1 Materials used by weight or volume | 3.1 We greenimise, E4 Our environmental footprint, 4.1 Environmental indicators: Consumption |
| | **Energy** | |
| GRI 3 Material topics | 3-3 Management of material topics | 2.Our sustainability model, 3.1 We greenimise |
| GRI 302: Energy | 302-1 Intra-organisational energy consumption | 3.1 We greenimise, 4.1 Environmental indicators: Consumptions |
| | 302-2 Energy consumption outside the organisation | 3.1 We greenimise, 4.1 Environmental indicators: Consumptions |
| | 302-3 Energy intensity | 3.1 We greenimise<br>4.1 Environmental indicators: Consumption |
| | 302-4 Reduction of energy consumption | 3.1 We greenimise, 4.1 Environmental indicators: Consumptions |
| | **Water and effluents** | |
| GRI 3 Material topics | 3-3 Management of material topics | 2.Our sustainability model, 3.1 We greenimise |
| GRI 303: Water and effluents | 303-5 Water consumption<br>x000D_ | 2.Our sustainability model<br>3.1 We greenimise<br>4.1 Environmental indicators: consumption |
| | **Emissions** | |
| GRI 3 Material topics | 3-3 Management of material topics | 2.Our sustainability model, 3.1 We greenimise |
| GRI 305: Emissions | 305-1 Direct GHG emissions (Scope 1) | 3.1 We greenimise, E4 Our environmental footprint, GHG emissions, 4.1 Environmental indicators, GHG emissions |
| | 305-2 Energy-related indirect GHG emissions (Scope 2) | 3.1 We greenimise, E4 Our environmental footprint, GHG emissions, 4.1 Environmental indicators, GHG emissions |
| | 305-3 Other indirect GHG emissions (scope 3) | 3.1 We greenimise, E4 Our environmental footprint, GHG emissions, 4.1 Environmental indicators, GHG emissions |
| | 305-5 Reduction of GHG emissions | 3.1 We greenimise, E4 Our environmental footprint, GHG emissions, 4.1 Environmental indicators, combating climate change |

GRI STANDARDS-THEMATIC CONTENT

| Economic dimension | Content | Location in the Report |
|---|---|---|
| | **Waste** | |
| GRI 3 Material topics | 3-3 Management of material topics | 2.Our sustainability model, 3.1 We greenimise |
| GRI 306: Waste | 306-1 Waste generation and significant impacts related to waste | 3.1 We greenimise, E4 Our environmental footprint, circular economy and waste management, 4.1 Environmental indicators, waste |
| | 306-2 Management of significant impacts related to waste | 3.1 We greenimise, E4 Our environmental footprint, circular economy and waste management, 4.1 Environmental indicators, waste |
| | 306-3 Waste generated | 3.1 We greenimise, E4 Our environmental footprint, circular economy and waste management , 4.1 Environmental indicators, waste |
| | 306-4 Wastes not destined for disposal | 3.1 We greenimise, E4 Our environmental footprint, circular economy and waste management, 4.1 Environmental indicators, waste |
| | 306-5 Wastes for disposal | 3.1 We greenimise, E4 Our environmental footprint, circular economy and waste management, 4.1 Environmental indicators, waste |
| | **Environmental assessment of suppliers** | |
| GRI 3 Material topics | 3-3 Management of material topics | 2.Our sustainability model, 3.3 We deliver: G.3 Responsible Supplier Management |
| GRI 308: Environmental assessment of suppliers | 308-1 New suppliers that have passed selection filters according to environmental criteria | 2.Our sustainability model, 3.3 We deliver: G.3 Responsible Supplier Management |
| | 308-2 Negative environmental impacts in the supply chain and actions taken | 2.Our sustainability model, 3.3 We deliver: G.3 Responsible Supplier Management |
| | **Employment** | |
| GRI 3 Material topics | 3-3 Management of material topics | 3.2 We accompany you: S1 People first, A Talent management and people development, B Meeting employees' needs |
| GRI 401: Employment | 401-2 Benefits for full-time employees which are not provided to part-time or temporary employees | All the benefits listed under 3.2 We accompany you: S1 People first, A Talent management and people development and B Serving the needs of employees, apply to employees. |
| | 401-3 Parental leave | 3.2 We accompany you: S1 People first, B Addressing the needs of employees B.1 Remuneration and organisation of working time |

**GRI STANDARDS-THEMATIC CONTENT**

| Economic dimension | Content | Location in the Report |
|---|---|---|
| | **Health and safety at work** | |
| GRI 3 Material topics | 3-3 Management of material topics | 3.2 We accompany you: S1 People first, B Addressing the needs of employees, B.2 Employee health and well-being |
| GRI 403: Health and safety at work safety at work | 403-1 Occupational health and safety management system health and safety management system | UCI has an occupational health and safety management system that complies with the legal requirements on occupational health and safety. 3.2 We are with you: S1 People first, B Meeting employees' needs, B.2 Employee health and wellbeing |
| | 403-6 Promotion of worker health | 3.2 We accompany you: S1 People first, B Addressing the needs of employees, B.2 Employee health and well-being |
| | 403-8 Coverage of the occupational health and safety management system | 100% of UCI's own employees are covered by the occupational health and safety management system. |
| | 403-9 Work-related injuries | 4.2 social indicators: accidents at work and occupational diseases |
| | 403-10 Occupational diseases and illnesses | 4.2 social indicators: accidents at work and occupational diseases |
| | **Training and education** | |
| GRI 3 Material topics | 3-3 Management of material topics | 3.2 We accompany you: S1 People first, A Talent management and people development, A.3 Training |
| GRI 404: Training and education | 404-1 Average hours of training per year per employee | 4.2 social indicators, education and training. Requirement b. breakdown by occupational category |
| | 404-2 Programmes to develop employee skills and transition assistance programmes | 3.2 We accompany you: S1 People first, A Talent management and people development, A.3 Training |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 3.2 We accompany you: S1 People first, A Talent management and people development, A.2 Talent appraisal and talent tracking systems |
| | **Diversity and equal opportunities** | |
| GRI 3Topics Materials | 3-3 Management of material topics | 3.2 We accompany you: S1 People first, E Diversity, equality and inclusion |
| GRI 405: Diversity and Equal Opportunities | 405-1 Diversity of governing bodies and employees | 3.2 We accompany you: S1 People first, E Diversity, equality and inclusion 4.2 social indicators: employees and inclusion and diversity 3.3 We deliver: G.1 Corporate Governance |
| | 405-2 Ratio between basic salary and remuneration of women and men | 3.2 We accompany you: S1 People first, E Diversity, equality and inclusion, 4.2 social indicators: pay and pay gap |

GRI STANDARDS-THEMATIC CONTENT

| Economic dimension | Content | Location in the Report |
|---|---|---|
| | **Non-discrimination** | |
| GRI 3 Material topics | 3-3 Management of material topics | 3.2 We accompany you: S1 People first, E Diversity, equality and inclusion 3.3 We deliver: G2 Corporate ethics and integrity |
| GRI 406: Non-discrimination | 406-1 Cases of discrimination and corrective actions taken | 3.2 We accompany you: S1 People first, E Diversity, equality and inclusion 3.3 We deliver, G2 Corporate ethics and integrity |
| | **Client health and safety** | |
| GRI 3 Material topics | 3-3 Management of material topics | 3.2 We accompany you: S2 Client at the centre |
| GRI 416: Customer Health and Safety | 416-1 Assessment of the impacts of product and health and safety impacts of categories of products and services safety | 3.2 We accompany you: S2 Customer at the centre, B. Protecting the customer's interest, D. Customers in difficult payment situation |
| | **Marketing and labelling** | |
| GRI 3 Material topics | 3-3 Management of material topics | 3.2 We accompany you: S2 Customer at the centre, B. Protecting the customer's interest, D. Customers in difficult payment situation |
| GRI 417: Marketing and labelling | 417-1 Requirements for information and labelling of products and services | 3.2 We accompany you: S2 Customer at the centre.<br>UCI is a member of the Association for Commercial Self-Regulation (Autocontrol) and is ethically committed to responsible commercial communication with customers. |
| | **Customer privacy** | |
| GRI 3 Material topics | 3-3 Management of material topics | 3.2 We accompany you: S2 Customer at the centre, 3.3 We deliver: G2 Ethics and corporate integrity, G.4 Privacy and data protection, G.5 Information security |
| GRI 418: Customer privacy | 418-1 Substantiated complaints regarding breaches of customer privacy and loss of customer data | UCI in the period 2023 has had no substantiated claims. |

## 6.3 UNITED NATIONS GLOBAL COMPACT

We are a member of the United Nations Global Compact and, through this Non-Financial Reporting Status Report, we present our responsibility for ESG content and our support for the Global Compact's Ten Principles on human rights, labour standards, environment and anti-corruption.

| GLOBAL COMPACT PRINCIPLES | SECTION REPORT WHERE YOU ARE |
|---|---|
| **Human rights** | |
| ***Principle 1*** | |
| Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence. | 3.1 We greenimise E2 Taxonomy<br>3.3 We comply G2 Ethics and corporate integrity |
| ***Principle 2*** | |
| Businesses should make sure that their companies are not complicit in human rights abuses | 3.1 We greenimise E2 Taxonomy<br>3.3 We comply G2 Ethics and corporate integrity |
| **Labour standards** | |
| ***Principle 3*** | |
| Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. | 3.2 We accompany you S1 People First<br>3.3 We comply G2 Ethics and corporate integrity |
| ***Principle 4*** | |
| Businesses should support the elimination of all forms of forced and compulsory labour. | 3.3 We comply with G2 Ethics and corporate integrity |
| ***Principle 5*** | |
| Businesses should support the elimination of child labour | 3.3 We comply with G2 Ethics and corporate integrity |
| ***Principle 6*** | |
| Businesses should support the abolition of discrimination in respect of employment and occupation. | 3.2 We accompany you S1 People First<br>3.3 We comply G2 Ethics and corporate integrity |
| **Environment** | |
| ***Principle 7*** | |
| Businesses should maintain a precautionary approach that favours the environment. | 3.1 We greenimise<br>3.3 We comply G6 Integrated risk management |
| ***Principle 8*** | |
| Businesses should encourage initiatives that promote greater environmental responsibility. | 2. Our Sustainability Model<br>3.1 We greenimise |
| ***Principle 9*** | |
| Businesses should encourage the development and diffusion of environmentally friendly technologies. | 2. Our Sustainability Model<br>3.1 We greenimise |
| **Anti-corruption** | |
| ***Principle 10*** | |
| Businesses should work against corruption in all its forms, including extortion and bribery. | 3.3 We comply G2 Ethics and corporate integrity |

## 6.4 CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

At UCI we have identified 5 SDGs as priorities, 4 interrelated and 1 cross-cutting, with a contribution to 21 higher impact goals.

**CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS**

| Targets associated with the SDGs | Report Section |
|---|---|
| **SDG 4** | |
| 4.3 Ensure equal access for all men and women to quality technical, vocational and tertiary education, including university education | 3.2 We accompany you |
| **SDG 5** | |
| 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life. | 3.2 We accompany you S1 People First |
| **SDG 7** | |
| 7.2 Increasing the share of renewable energy in the energy mix | 3.1 We greenimise |
| 7.3 Double the global rate of energy efficiency improvements | 3.1 We greenimise E1 Financing the fight against climate change |
| **SDG 8** | |
| 8.5 Achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value | 3.2 We accompany you |
| 8.8 Protecting labour rights and promoting a safe and secure working environment | 3.2 We accompany you S1 People First<br>3.3 We deliver G2 Ethics and corporate integrity |
| 8.10 Strengthen the capacity of financial institutions to promote and expand access to banking, financial and insurance services. | 3.2 We accompany you |
| **SDG 10** | |
| 10.2 Enhance and promote the social, economic and political inclusion of all persons, regardless of age, gender, disability, race, ethnicity, origin, religion or economic or other status. | 3.2 We accompany you<br>3.3 We deliver G2 Ethics and Corporate Integrity |
| 10.3 Ensuring equality of opportunity and reducing inequality of outcomes | 3.2 We accompany you<br>3.3 We deliver G2 Ethics and Corporate Integrity |
| **SDG 11** | |
| 11.1 Ensure access for all people to adequate, safe and affordable housing and basic services and improve slums | 3.1 We greenimise E1 Financing the fight against climate change<br>3.2 We accompany you |
| 11.3 Enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlements planning and management; | 3.1 We greenimise E1 Financing the fight against climate change<br>3.2 We accompany you |

| | |
|---|---|
| **SDG 12** | |
| 12.2 Achieving sustainable management and efficient use of natural resources | 3.1 We greenimise |
| 12.5 Reduce waste generation through prevention, reduction, recycling and reuse activities. | 3.1 We greenimise E4 Our Environmental Footprint<br>4.1 Environmental indicators |
| 12.6 Encourage companies to adopt sustainable practices and incorporate sustainability information into their reporting cycle. | 3.1 We greenimise<br>3.3 We deliver |
| 12.8 Ensure that people everywhere have the information and knowledge relevant to sustainable development and lifestyles in harmony with nature | 3.1 We greenimise<br>3.2 We accompany you |
| **SDG 13** | |
| 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters | 3.1 We greenimise<br>3.3 We deliver G6 Integrated risk management |
| 13.3 Improve education, awareness and human and institutional capacity for climate change mitigation, adaptation, mitigation and early warning | 3.1 We greenimise<br>3.2 We accompany you |
| **SDG 16** | |
| 16.5 Reducing corruption and bribery in all its forms | 3.3 We comply G2 Ethics and corporate integrity |
| 16.6 Creating effective and transparent institutions that are accountable | 3.3 We comply |
| 16.7 Ensure inclusive, participatory and representative decision making at all levels that responds to the needs of the population. | 2. Our sustainability model<br>3.2 We accompany you<br>3.3 We deliver |
| **SDG 17** | |
| 17.17 Encourage and promote effective partnerships in the public, public-private and civil society spheres, drawing on the experience and resourcing strategies of partnerships | Statement of Non-Financial Information<br>5.1 Table of Alliances |


# 7. External verification report

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www.mazars.es

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

# UCI, S.A.

## Independent Assurance Report

Consolidated Non-Financial Information Statement for the year ended 31 December, 2023

Offices in: Alicante, Barcelona, Bilbao, Madrid, Málaga, Valencia, Vigo

Mazars Auditores, S.L.P. Registered address: C/Diputació, 260 - 08007 Barcelona
House of companies of Barcelona, Volume 30.734, Page 212, Sheet B-180111, Inscription 1ª, V.A.T. B-61622262

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

Alcalá, 63
28014 – Madrid

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# INDEPENDENT ASSURANCE REPORT OF THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

To the Shareholders of
**UCI, S.A.:**

In accordance with article 49 of the Commercial Code we have performed a limited assurance review of the attached Consolidated Non-Financial Information Statement (hereinafter, NFIS) of **UCI, S.A.** (hereinafter, the parent Company) and **subsidiaries** (hereinafter, the Group), corresponding to the year ended at December 31, 2023, which is part of the Consolidated Directors Report of the Group.

The content of the NFIS includes additional information to that required by current commercial regulations on non-financial information, which has not been the subject of our assurance work. In this regard, our work has been limited exclusively to the verification of the information identified in section "6.1. Law 11/2018 on Non-Financial Information" included in the attached NFIS.

## Responsibility of the Board of Directors

The preparation of the NFIS included in the Consolidated Directors Report and its content is the responsibility of the Board of Directors of the parent Company. The NFIS has been prepared in accordance with the mercantile legislation in force and following the criteria of the Global Reporting Initiative's Sustainability Reporting Standards (GRI standards), selected according to that mentioned for each subject in the table included in the section "6.1. Law 11/2018 on Non-Financial Information" of the accompanying NFIS.

This responsibility also includes the design, implementation and maintenance of internal controls considered necessary to enable that a preparation of the NFIS free from material misstatements due to fraud or error.

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

## Our Independence and quality control

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

Our firm applies current international quality standards and consequently maintains a comprehensive quality control system that includes documented policies and procedures related to compliance with the applicable ethical requirements, professional standards and legal and regulatory requirements.

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

## Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance verification report based on the work performed.

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

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

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

- Meetings with the Entity’s personnel to know the business model, the policies and the management approaches applied, the main risks related to these matters and obtain the necessary information for the external review.
- Analysis of the scope, relevance and integrity of the content included in the NFIS for the financial year 2023, based on the materiality analysis made by the Company and presented in section “2.4. Materiality analysis and dialogue” and considering the content required by the mercantile legislation in force.
- Analysis of the processes to gather and validate the data presented in the NFIS for the financial year 2023.
- Review of the information relating to the risks, the policies and the management approaches applied with regard to the material aspects presented in the NFIS for the financial year 2023.
- Verification, through tests, based on a sample selection, of the information relating to the content included in the NFIS for the financial year 2023 and its adequate compilation from the data provided by the information sources.
- Obtaining a representation letter from the parent Company’s Board of Directors and Management.

## Conclusión

Based on procedures performed in our verification and on evidences obtained, no matter came to our attention that would lead us to believe that the NFIS of **UCI, S.A. and its subsidiaries** for the year ended at December 31, 2023 has not been prepared, in all material respects, in accordance with the contents established in prevailing Spanish corporate regulations and the criteria of the selected GRI standards, as well as other criteria described in accordance with that indicated for each subject on table named "6.1. Law 11/2018 on Non-Financial Information" of aforementioned Statement.

## Emphasis of matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 relating to the establishment of a framework to facilitate sustainable investments, as well as the Delegated Acts promulgated in accordance with the provisions of the aforementioned Regulation, establish the obligation to disclose information on the manner and extent to which the company's investments are associated with eligible economic activities in relation to the environmental objectives of sustainable use and protection of water and marine resources, transition to a circular economy, prevention and control of pollution and protection and restoration of biodiversity and ecosystems (the rest of the environmental objectives), and in relation to certain new activities included in the objectives of climate change mitigation and adaptation to climate change, for the first time for the year 2023. The aforementioned regulation also establishes for the first time for the year 2023 the obligation to disclose information on the manner and extent to which the company's activities are associated with economic activities aligned with the activities included in the objectives of climate change mitigation and climate change adaptation, excluding the new activities mentioned above. Consequently, the NFIS does not include comparative information on alignment in relation to the objectives of climate change mitigation and climate change adaptation, nor does it include comparative information on eligibility in relation to the rest of the environmental objectives, nor in relation to the new activities included in the objectives of climate change mitigation and climate change adaptation. Furthermore, to the extent that the information referring to eligible activities in the year 2022 was not required with the same level of detail as in the year 2023, the information disclosed on eligibility is not strictly comparable either in the NFIS. In addition, it should be noted that the directors of **UCI, S.A. and its subsidiaries** have incorporated information on the criteria that, in their opinion, allows for improved compliance with the aforementioned obligations and which is defined in section "E.2 Taxonomy" of the accompanying NFIS. Our conclusion has not been modified in relation to this matter.

## Use and distribution

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

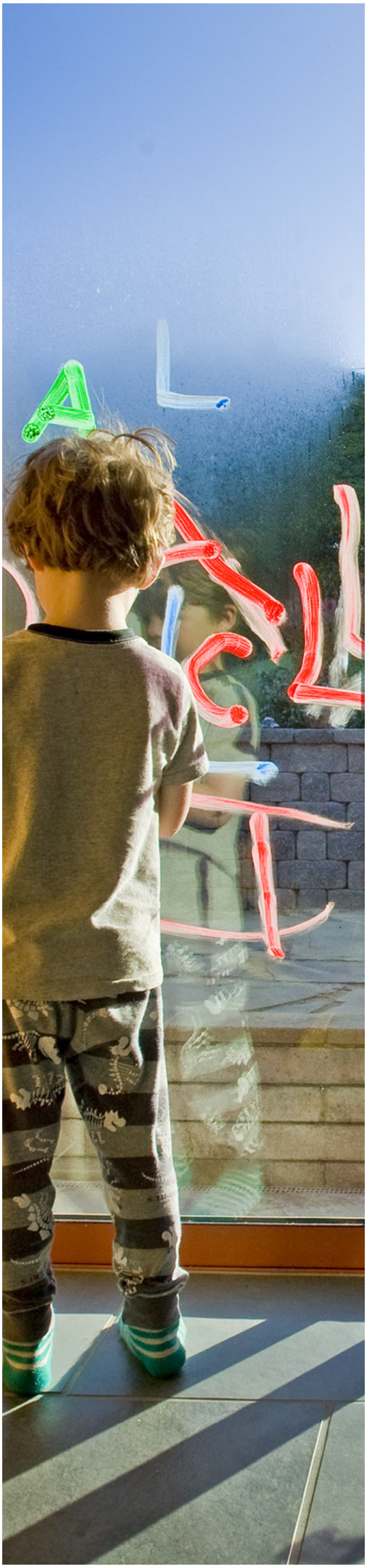
Madrid, May 10th, 2024

MAZARS AUDITORES, S.L.P.

*[Signed in original]*

______________________
Oscar Herranz López

# III. Key data




UCI

# Key data

| HIGHLIGHTS | 2023 | 2022 | VARIATION |
|---|---|---|---|
| CONSOLIDATED PRODUCTION (M€) | 402.9 | 839 | -52.0% |
| LOAN PRODUCTION Spain (M) | 274.6 | 637.5 | -56.9% |
| LOAN PRODUCTION Portugal(M) | 128.3 | 201.5 | -36.3% |
| **Total Consolidated Loans Managed (M€)** | **9,550.4** | **10,235.7** | **-6.7%** |
| BALANCE Spain | 4,820.2 | 4,833.2 | -0.3% |
| BALANCE Portugal | 719.2 | 678,5 | 6.0% |
| BALANCE Greece | 161.9 | 175.9 | -8.0% |
| Spanish on Balance Consolidated Placed RMBS (UCI 11-17 + Prado VII-XI) | 3,438.2 | 4,003.1 | -14.1% |
| Portugal on Balance Consolidated Placed RMBS (Green Belem 1 & Belem 2) | 411.0 | 545.0 | -24.6% |
| Nº of Files Under Management (Spain, Portugal and Greece) | 108,798 | 113,998 | -4.6% |
| Nº of Solutions (Sales + rentals) Repossessed Homes* | 1,195 | 1,624 | -429 |
| Nº of Branch Offices* | 23 | 30 | -7 |
| External Agents* | 155 | 190 | -35 |
| Nº of Employees ** | 637 | 673 | -36 |

* Spain+Portugal+Greece.
** With temporary employees and Comprarcasa (Spain and Portugal).

## Key data

| CONSOLIDATED FINANCIALS (IFRS 9 IN 2020) | 2023 | 2022 | VARIATION |
|---|---|---|---|
| Gross Margin (M) | 59.3 | 126.5 | -53.1% |
| Financial Margin** | 66.4 | 128.9 | -48.4% |
| Comissions Fees and Other Incomes* | -7.1 | -2.4 | 200.7 |
| General Expenses (M)<br>(4.1 M€ gastos expenses in 2023 vs 2.6 M€ in 2022) | 56.9 | 52.6 | 8.3% |
| Net Operating Income (M) | 2.4 | 73.9 | -96.7% |
| Cost of Risk (M)<br>Including Elcano | 84.0 | 128.9 | -34.8% |
| Ordinary Profit Before Taxes (M) | -81.6 | -54,9 | |
| Taxes (M) | -5.4 | 0.1 | |
| **Consolidated Profit (M)** | **-76.2** | **-55.0** | |

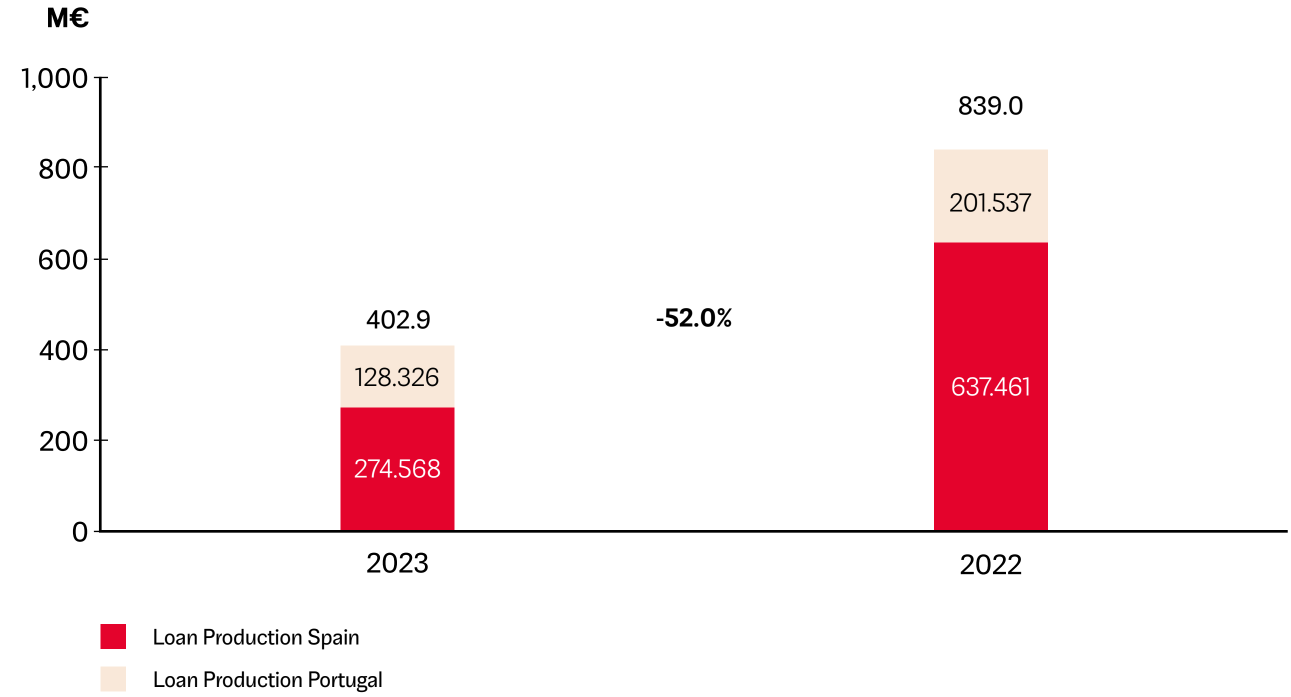
* Deducted Origination Fees (opening- real estate agent- agent).
** Including capital gain BuyBack 0.83M€ en 12m-22 vs 0 M€ in 12m-21.
*** Including shares (+0K€).

## Key data

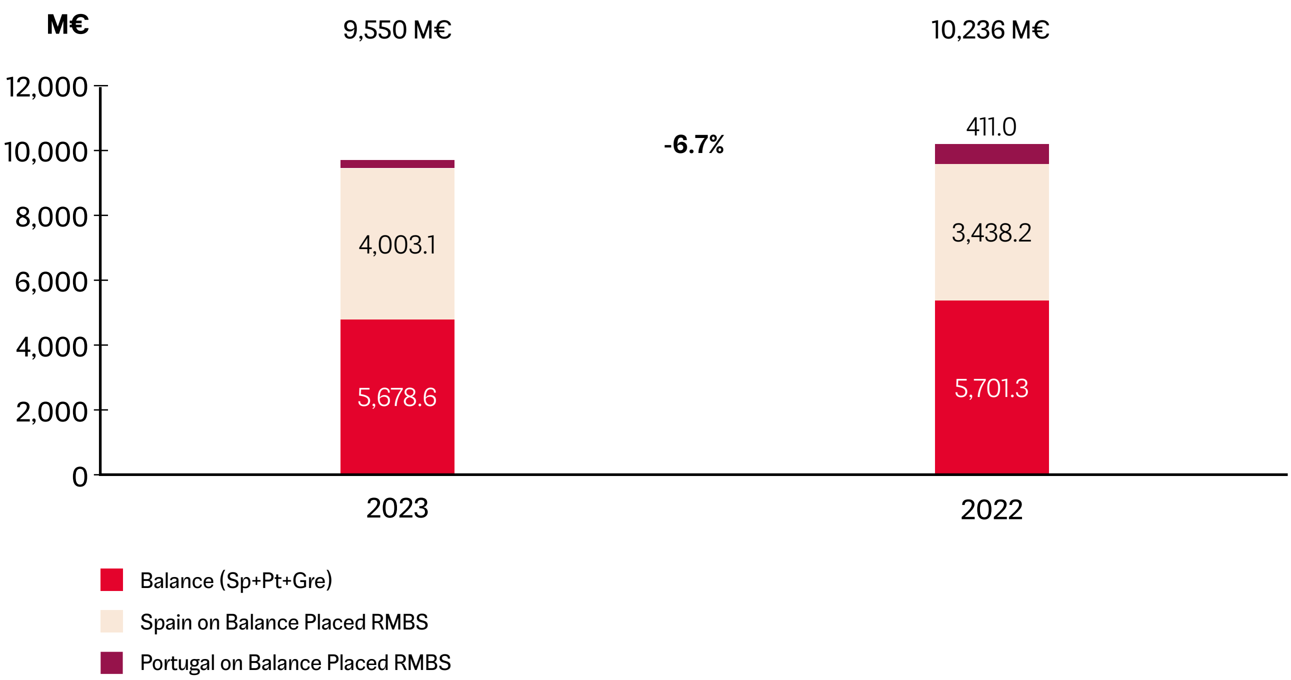
| CONSOLIDATED FINANCIALS (IFRS 9 y CRD IV in 2020 ) | 2023 | 2022 | Variation |
|---|---|---|---|
| **Suscribed Capital (M)** | **393.0** | **305.0** | **88.0** |
| RESERVES (Tier 1 + annual balance N)[1] (M) | 117.4 | 202.5 | -85.1 |
| TOTAL TIER 1 computable (including AT1) (M) | 589.3 | 602.4 | -13.1 |
| TOTAL TIER 2 (Subordinated Debt) (M) | 150.0 | 150.0 | |
| TOTAL Equity Tier 1[1]+ Tier 2 (M) | 739.3 | 752.4 | -13.1 |
| %RWA | 45.5% | 46.3% | -0.8% |
| % EQUITY RATIO (Tier 1)[1] | 12.4% | 11.7% | 0.7% |
| % EQUITY RATIO (Total)[1] | 15.6% | 14.6% | 1.0% |
| % ROE | 0.0% | -11.1% | 11.1% |
| NPL LOANS +90D D WITHOUT SUBJECTIVE LOANS (M) | 916.2 | 769.1 | 147.1 |
| NPL SUBJECTIVE LOANS (M) | 538.5 | 604.7 | -66.2 |
| Repossessed Homes Under Management (Spain, Portugal and Greece) (N) | 3,637 | 4.021 | -384 |
| TOTAL PROVISIONS on Loans (M) | 304.6 | 281.2 | 23.4 |
| TOTAL PROVISIONS Stage 1 | 11.4 | 8.0 | 3.3 |
| TOTAL PROVISIONS Stage 2 / Specific Monitoring | 23.2 | 29.2 | -5.9 |
| TOTAL PROVISIONS Stage 3/ Sfecific without subjective NPL (M) | 227.5 | 198.8 | 37.7 |
| TOTAL PROVISIONS specific subjective. Stage 3 (M) | 42.5 | 54.2 | -11.7 |
| TOTAL PROVISIONS on repossessed homes (M) | 67.2 | 91.2 | -24.0 |
| **Total Provisions** | **371.8** | **372.4** | **-0.6** |
| % NPL's on Loans Managed (Balance Sheet + Securitized) › 90 days Not Including Subjective Non-performing Loans | 9.59% | 7.51% | 208.0 |
| %NPL´s Subjective Non-Performing Loans - incl. Ptg+Gre since 2020 | 5.64% | 5,91% | -26.9 |
| **% Global NPL** | **15.23%** | **13.42%** | **181.1** |
| **% Global NPA´s** | **17.00%** | **15.48%** | **152.0** |
| NPL › 90D+REPOSSESSED HOMES COVERAGE (N) | 23.0% | 24.0% | -1.1% |
| %Consolidated EFFICIENCY RATIO | 132.0% | 40.6% | 91.4% |

1. RWA standard version + Standard Operational Risk (since Dec-2015).

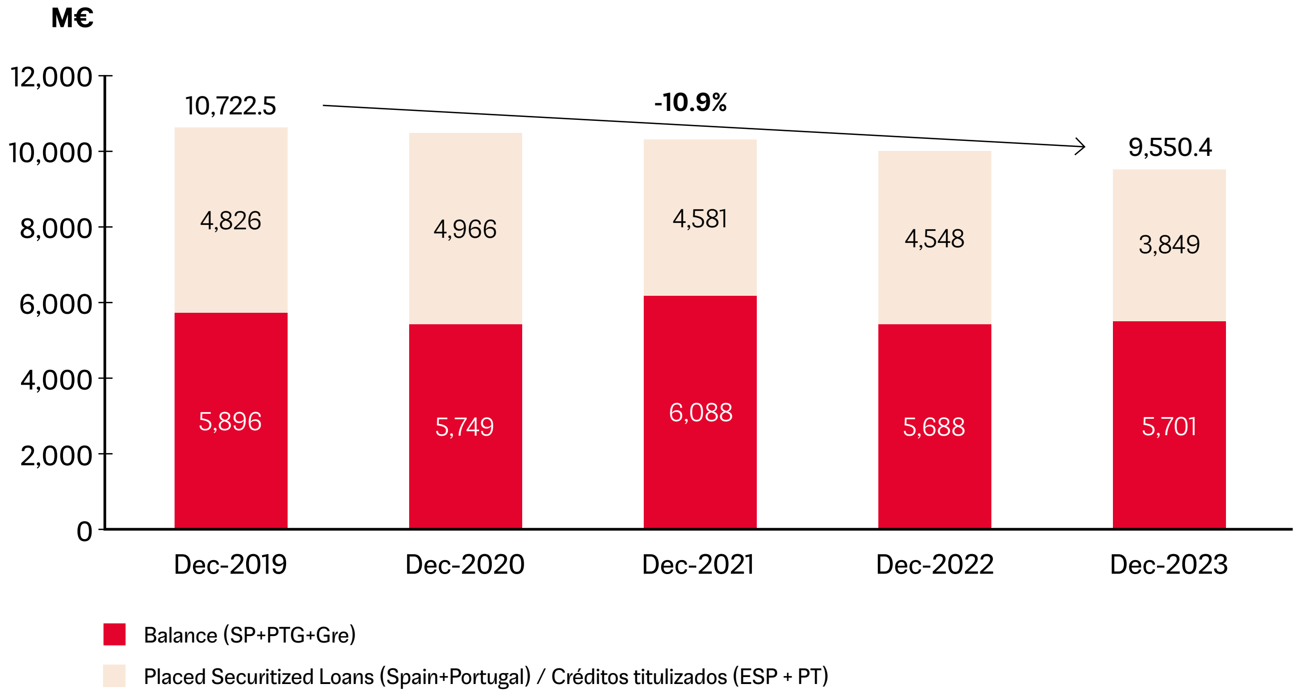
## Consolidated Production (M€)



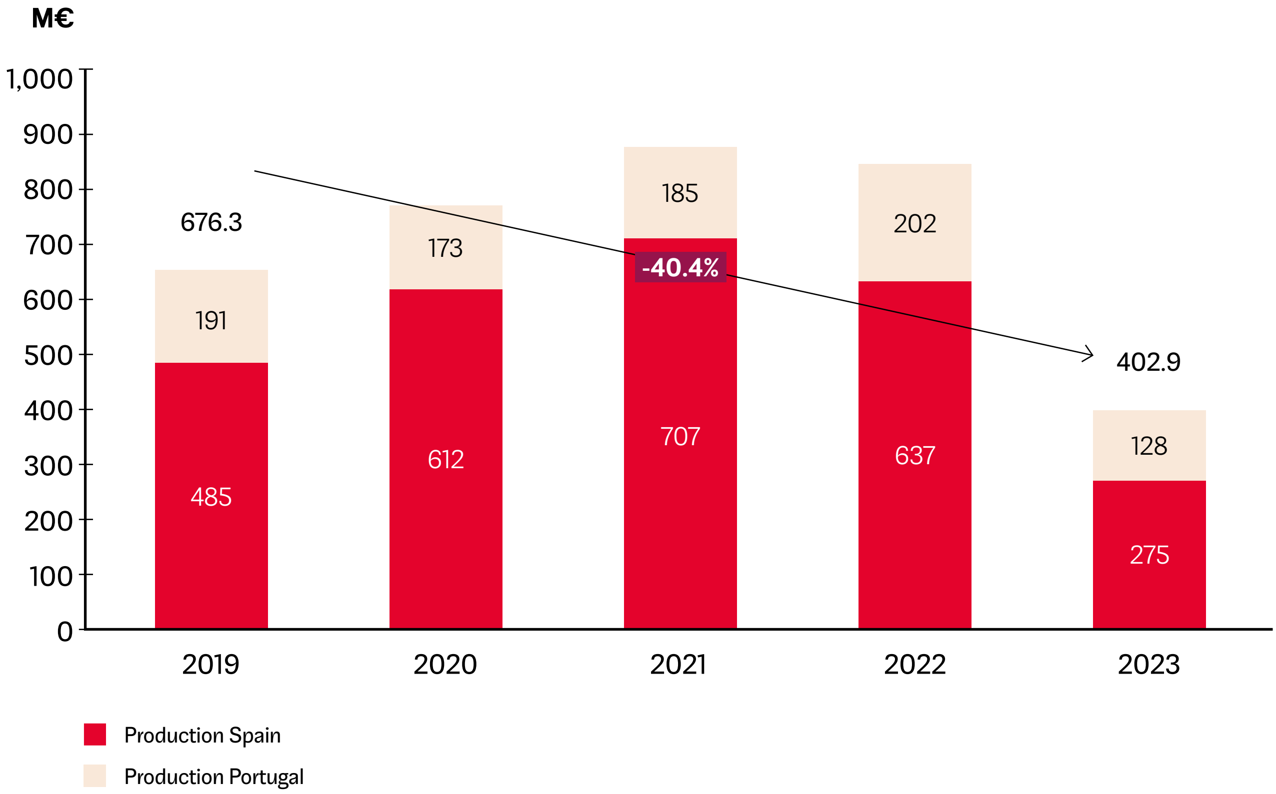

## Total Managed Loans (M€)



## Managed Loans Evolutuion (M€)



## New Loan Production Evolution (M€)



# IV. Financial information

UCI

# U.C.I., S.A.
# and Subsidiaries
# (UCI GROUP)

## Consolidated annual accounts and consolidated management report of the year ended on 31 December 2023

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

UCI

## U.C.I., S.A. and Subsidiaries (UCI GROUP)

Consolidated balance sheets on 31 december 2023

(Expressed in thousands of euros)

| ASSETS | Note | 2023 | 2022(*) | LIABILITIES AND EQUITY | Note | 2023 | 2022 (*) |
|---|---|---|---|---|---|---|---|
| **Cash, cash balances in central Banks and other on-demand deposits** | **16** | **203,724** | **272,076** | **Financial liabilities held for trading** | | **76,759** | **129,707** |
| Cash | | 3 | 3 | Derivatives | **24** | 76,759 | 129,707 |
| Other on-demand deposits | | 203,721 | 272,073 | Short positions | | - | - |
| | | | | Deposits | | - | - |
| **Financial assets held for trading** | **24** | **75,225** | **128,429** | | | | |
| Trading derivatives | | 75,225 | 128,429 | **Financial liabilities designated at fair value through profit and loss** | | - | - |
| | | | | **Financial liabilities at amortised cost** | **23** | **9,680,857** | **10,337,121** |
| **Financial assets not held for trading compulsorily measured ar fair value profit and loss** | | **-** | **-** | Deposits | | **7,242,169** | 7,410,846 |
| Equity instruments | | - | - | Deposits of credit institutions | | 7,242,169 | 7,410,846 |
| Debt securities | | - | - | Debt securities | | 2,406,068 | 2,924,192 |
| Loans and advances | | - | - | Other financial liabilities | | 32,620 | 2,084 |
| | | | | | | | |
| **Financial assets designated at fair value through profit and loss** | | **-** | **-** | **Derivatives - hedge accounting** | **25** | **25,961** | **1,608** |
| Equity instruments | | - | - | | | | |
| Debt securities | | - | - | **Provisions** | **26** | **20,436** | **16,532** |
| Loans and advances | | - | - | Pensions and other post-employment defined benefit obligations | | - | - |
| **Financial assets designated at fair value through other global results:** | | - | - | Other non-current remunerations to employees | | - | - |
| Debt securities | | - | - | Procedural matters and litigations for outstanding taxes | | - | - |
| Loans and advances | | - | - | Commitments and guarantees granted | | 20,436 | 16,532 |
| **Financial assets at amortized cost** | **17** | **9,572,994** | **10,185,847** | **Tax liabilities** | **21** | **65,358** | **122,767** |
| Debt securities | | 228,139 | 146,116 | Current tax liabilities | | 1,603 | 2,027 |
| Loans and advances | | 9,344,855 | 10,039,731 | Deferred tax liabilities | | 63,755 | 120,741 |
| **Hedging derivatives** | **25** | **244,590** | **405,405** | **Other liabilities** | **22** | **20,451** | **24,815** |
| **Changes in the fair value of hedged elements of a portfolio with hedge of the interest rate risk** | | - | - | **Liabilities included in disposable groups of elements classified as held for sale** | | - | - |
| **Investments in join ventures and associates** | | - | - | **TOTAL LIABILITIES** | | **9,889,822** | **10,632,550** |

| ASSETS | Note | 2023 | 2022(*) | LIABILITIES AND EQUITY | Note | 2023 | 2022 (*) |
|---|---|---|---|---|---|---|---|
| | | | | **EQUITY** | | | |
| **Property, plant and equipment** | **19** | **162,899** | **134,508** | **Equity** | **29** | **510,347** | **507,484** |
| Tangible assets | | 25,199 | 7,858 | Capital | | 182,191 | 153,803 |
| Property investments | | 137,700 | 126,650 | Paid | | 182,191 | 153,803 |
| | | | | Share premium | | 210,827 | 151,215 |
| **Intangible assets** | **20** | **4,562** | **2,454** | Equity instruments issued other than capital | | - | - |
| Goodwill | | - | - | Other equity elements | | - | - |
| Other intangible assets | | 4,562 | 2,454 | Accumulated gains | | 193,819 | 257,477 |
| | | | | Other reserves | | - | - |
| **Tax assets** | **21** | **89,354** | **86,710** | Profit/(loss) for the period | | (76,490) | (55,011) |
| Current tax assets | | 658 | 3,792 | Minus: Interim dividends | | - | - |
| Deferred tax assets | | 88,696 | 82,916 | | | | |
| | | | | **Other global accumulated results** | | **148,693** | **280,386** |
| **Other assets** | | **34,121** | **23,272** | **Elements that will not be reclassified in results** | | - | - |
| Insurance agreements linked to pensions | | - | - | **Elements that could be reclassified in results** | | **148,693** | **280,386** |
| Inventories | | - | - | Hedging of net investments in businesses abroad | | - | - |
| Other assets | **22** | 34,121 | 23,272 | Currency exchange | | - | - |
| **Non-current assets held for sale** | **18** | **161,393** | **181,716** | Hedging derivatives. Cash flow hedge reserve | **28** | 148,693 | 280,386 |
| | | | | Changes in the fair value of debt instruments measured at fair value through other global results | | - | - |
| | | | | **TOTAL EQUITY** | | **659,040** | **787,870** |
| **TOTAL ASSETS** | | **10,548,862** | **11,420,420** | **TOTAL EQUITY AND LIABILITIES** | | **10,548,862** | **11,420,420** |
| **Memorandum item** | **32** | **40,642** | **41,506** | | | | |
| Contingent risks | | 38,707 | **39,462** | | | | |
| Contingent commitments | | - | - | | | | |
| Other granted commitments | | 1,935 | 2,043 | | | | |

* Presented solely and exclusively for comparison purposes.
The accompanying Notes 1 to 36 are an integral part of the consolidated balance sheet on 31 December 2023.

## U.C.I., S.A. and Subsidiaries (UCI GROUP)

Consolidated profit and loss accounts corresponding to year ended on 31 december 2023
(Expressed in thousands of Euros)

| | Nota | 2023 | 2022(*) |
|---|---|---|---|
| **Income from interests** | **33** | **553,363** | **222,384** |
| Financial assets at amortised cost | | 334,772 | 189,480 |
| Derivatives - hedge accounting, interest rate risk | | 218,491 | 32,830 |
| Other assets | | 100 | 74 |
| **(Expenses from interests)** | **34** | **(510,924)** | **(97,077)** |
| **INTEREST MARGIN** | | **42,439** | **125,307** |
| Income from dividends | | - | - |
| Income from commissions | | 6,260 | 10,064 |
| (Expenses for commissions) | | (3,655) | (5,261) |
| Profit or (-) loss when writin g off financial assets and liabilities not measured at fair value through profit and loss, net | | 111 | 832 |
| Financial liabilities at amortised cost | **25** | 20,014 | 1,999 |
| Profit or (-) loss for financial assets and liabilities held for trading, net | | - | - |
| Profit or (-) loss for financial assets and liabilities held for negotiation, net | | 862 | 1,764 |
| Profit or (-) loss for financial assets not held for trading compulsorily measured at fair value through profit and loss, net | | - | - |
| Profit or (-) loss for financial assets and liabilities designated at fair value through profit and loss, net | | - | - |
| Profit or (-) loss for financial assets and liabilities not held for trading, net | | - | - |
| Profit or (-) loss resulting from hedge accounting, net | | - | - |
| Exchange differences [profit or (-) loss], net | | 3,883 | 2,966 |
| Other operating income | | | |
| **GROSS MARGIN** | | **69,914** | **137,671** |
| **Administration expenses** | | **(88,502)** | **(85,182)** |
| Personnel costs | **35** | (39,782) | (34,215) |
| Other general administration expenses | **36** | (48,720) | (50,967) |
| **Amortisation** | **19 y 20** | **(4,787)** | **(5,974)** |
| **Provisions or (-) reversal of provisions** | | **(908)** | **(5,138)** |
| **Impairment or (-) reversal of the impairment of financial assets not measured at fair value through profit and loss** | | **(69,047)** | **(92,492)** |
| *Financial assets at amortised cost* | **17** | (69,047) | (92,492) |
| *Financial assets at fair value through other global results* | | - | - |
| **RESULTS FROM THE OPERATING ACTIVITY** | | **(93,329)** | **(51,115)** |
| **Impairment or (-) reversal of the impairment of non-financial assets** | | **(1,244)** | **299** |
| Property, plant and equipment | | (80) | - |
| Property investments | | 291 | 299 |
| Intangible assets | | - | - |
| Others | | (1,456) | - |
| Share of profit or (-) loss on investments in subsidiaries, joint ventures and associates accounted for using the equity method | | - | - |
| Profit or (-) loss when writing off non-financial assets, net | | - | - |
| Profit or (-) loss originated from non-current assets and disposable groups of elements classified as held for sale not admissible as discontinued activities | **18** | 12,669 | (4,112) |
| **RESULT BEFORE TAX** | | **(81,905)** | **(54,928)** |
| (Expenses or (-) income for income tax from continuing activities) | **31** | 5,415 | (83) |
| **RESULT FROM THE YEAR FROM CONTINUING OPERATIONS** | | **(76,490)** | **(55,011)** |
| Profits (losses) after tax from discontinued activities | | - | - |
| **RESULTS FROM THE YEAR** | | **(76,490)** | **(55,011)** |

* Presented solely and exclusively for comparison purposes.
The accompanying Notes 1 to 36 are an integral part of the consolidated balance sheet on 31 December 2023.

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

### Consolidated statements of changes in equity corresponding to year ended on december 31, 2023.

(Expressed in thousands of Euros)

A) CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSES CORRESPONDING TO YEARS ENDED ON 31 DECEMBER 2023.

| | 2023 | 2022 (*) |
|---|---|---|
| **RESULTS FROM THE PERIOD** | **(76,490)** | **(55,011)** |
| **OTHER GLOBAL RESULTS** | **(131,693)** | **294,393** |
| **ELEMENTS THAT WILL NOT BE RECLASSIFIED IN RESULTS** | - | - |
| Actuarial profits (losses) in defined benefit pension plans | - | - |
| Non-current assets and disposable groups of elements held for sale | - | - |
| Changes in the fair value of equity instruments measured at fair value through other global results, net | - | - |
| Profits (losses) of hedge accounting of equity instruments at fair value through other global results, net | - | - |
| Changes in the fair value of financial liabilities at fair value through profit and loss attributable to changes in the credit risk | - | - |
| Other valuation adjustments | - | - |
| Income Tax related to elements that will not be reclassified | - | - |
| **ELEMENTS THAT COULD BE RECLASSIFIED IN RESULTS** | **(131,693)** | **294,393** |
| **Hedging of net investments in businesses abroad (effective portion)** | - | - |
| **Currency exchange** | - | - |
| **Cash flow hedges (effective portion)** | (188,103) | 420,562 |
| Profits (losses) registered in equity | (223,244) | 420,562 |
| Transferred to results | 35,141 | - |
| Transferred to the initial carrying amount of hedged elements | - | - |
| Other reclassifications | - | - |
| **Debt instruments at fair value through other global results** | - | - |
| Profits (losses) registered in equity | - | - |
| Transferred to results | - | - |
| Other reclassifications | - | - |
| **Non-current assets and disposable groups of elements held for sale** | - | - |
| **Other recognised income and expenses** | - | - |
| **Income Tax related to elements that could be reclassified in results** | 56,410 | (126,169) |
| **TOTAL RECOGNISED INCOME AND EXPENSES** | **(208,183)** | **239,382** |

* Presented solely and exclusively for comparison purposes.
The accompanying Notes 1 to 36 are an integral part of the consolidated balance sheet at 31 December 2023.

B) CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY CORRESPOODING TO YEARS ENDED 31 DECEMBER 2023

| | EQUITY | | | | | | | | Accumulated other global result | TOTAL EQUITY |
|---|---|---|---|---|---|---|---|---|---|---|
| | Common stock | Share premium | Reserves | Other equity instruments | Minus: Treasury shares | Profit/(loss) for the period | Minus: interim dividend | Total equity | | |
| **1. Closing balance at (31/12/2022)** | **153,803** | **151,215** | **257,477** | - | - | **(55,011)** | - | **507,484** | **280,386** | **787,870** |
| Effects from error correction | - | - | - | - | - | - | - | - | - | - |
| Effects from changes in accounting policies | - | - | - | - | - | - | - | - | - | - |
| **2. Adjusted opening balance** | **153,803** | **151,215** | **257,477** | - | - | **(55,011)** | - | **507,484** | **280,386** | **787,870** |
| **3. Total recognised income and expenses** | - | - | - | - | - | **(76,490)** | - | **(76,490)** | **(131,693)** | **(208,183)** |
| **4. Other variations in equity** | **28,388** | **59,612** | **(63,658)** | - | - | **55,011** | - | **79,353** | - | **79,353** |
| 4.1 Capital increases | 28,388 | 59,612 | - | - | - | - | - | 88,000 | - | 88,000 |
| 4.2 Capital decreases | - | - | - | - | - | - | - | - | - | - |
| 4.3 Conversion of financial liabilities in capital | - | - | - | - | - | - | - | - | - | - |
| 4.4 Increase of other equity instruments | - | - | - | - | - | - | - | - | - | - |
| 4.5 Reclassification from financial liabilities to other equity instruments | - | - | - | - | - | - | - | - | - | - |
| 4.6 Reclassification from other equity instruments to financial liabilities | - | - | - | - | - | - | - | - | - | - |
| 4.7 Distribution of dividends | - | - | - | - | - | - | - | - | - | - |
| 4.8 Operations with equity instruments (net) | - | - | - | - | - | - | - | - | - | - |
| 4.9 Transfers between equity items | - | - | (55,011) | - | - | 55,011 | - | - | - | - |
| 4.10 Increases (reductions) for business combinations | - | - | - | - | - | - | - | - | - | - |
| 4.11 Payments with equity instruments | - | - | - | - | - | - | - | - | - | - |
| 4.12 Other increases (reductions) of equity | - | - | (8,647) | - | - | - | - | (8,647) | - | (8,647) |
| 4.13 Exchange differences | - | - | - | - | - | - | - | - | - | - |
| **5. Closing balance at (31/12/2023)** | **182,191** | **210,827** | **193,819** | - | - | **(76,490)** | - | **510,347** | **148,693** | **659,040** |

| | EQUITY | | | | | | | | Accumulated other global result | TOTAL EQUITY |
|---|---|---|---|---|---|---|---|---|---|---|
| | Common stock | Share premium | Reserves | Other equity instruments | Minus: Treasury shares | Profit/ (loss) for the period | Minus: interim dividend | Total equity | | |
| **1. Closing balance at (31/12/2021)** | **114,137** | **43,882** | **234,864** | **-** | **-** | **29,488** | **-** | **422,371** | **(14,007)** | **408,364** |
| Effects from error correction | - | - | - | - | - | - | - | - | - | - |
| Effects from changes in accounting policies | - | - | - | - | - | - | - | - | - | - |
| **2. Adjusted opening balance** | **114,137** | **43,882** | **234,864** | **-** | **-** | **29,488** | **-** | **422,371** | **(14,007)** | **408,364** |
| **3. Total recognised income and expenses** | - | - | - | - | - | **(50,011)** | - | **(50,011)** | 294,393 | **239,382** |
| **4. Other variations in equity** | **39,666** | **107,333** | **22,613** | **-** | **-** | **(29,488)** | **-** | **140,124** | **-** | **140,124** |
| 4.1 Capital increases | 39,666 | 107,333 | - | - | - | - | - | 146,999 | - | 146,999 |
| 4.2 Capital decreases | - | - | - | - | - | - | - | - | - | - |
| 4.3 Conversion of financial liabilities in capital | - | - | - | - | - | - | - | - | - | - |
| 4.4 Increase of other equity instruments | - | - | - | - | - | - | - | - | - | - |
| 4.5 Reclassification from financial liabilities to other equity instruments | - | - | - | - | - | - | - | - | - | - |
| 4.6 Reclassification from other equity instruments to financial liabilities | - | - | - | - | - | - | - | - | - | - |
| 4.7 Distribution of dividends | - | - | - | - | - | - | - | - | - | - |
| 4.8 Operations with equity instruments (net) | - | - | - | - | - | - | - | - | - | - |
| 4.9 Transfers between equity items | - | - | 29,488 | - | - | (29,488) | - | - | - | - |
| 4.10 Increases (reductions) for business combinations | - | - | - | - | - | - | - | - | - | - |
| 4.11 Payments with equity instruments | - | - | - | - | - | - | - | - | - | - |
| 4.12 Other increases (reductions) of equity | - | - | (6,875) | - | - | - | - | (6,875) | - | (6,875) |
| 4.13 Exchange differences | - | - | - | - | - | - | - | - | - | - |
| **5. Closing balance at (31/12/2022) (*)** | **153,803** | **151,215** | **257,477** | **-** | **-** | **(50,011)** | **-** | **507,484** | **280,386** | **787,870** |

* Presented solely and exclusively for comparison purposes.
The accompanying Notes 1 to 36 are an integral part of the consolidated balance sheet at 31 December 2023.

# UCI S.A. y Sociedades Dependientes (UCI GROUP)

## Consolidated statements of cash flows corresponding to years ended on 31 december 2023

(Expressed in thousands of Euros)

| | 2023 | 2022 (*) |
|---|---|---|
| **A. CASH FLOWS FROM OPERATING ACTIVITIES** | **(195,080)** | **(288,044)** |
| **Profit or loss for the period** | **(76,490)** | **(55,011)** |
| | | |
| **Adjustments to profit or loss to obtain cash flows from operating activities** | **11,094** | **(25,056)** |
| Depreciation and amortisation | 4,787 | 5,974 |
| Other adjustments | 6,307 | (31,030) |
| **Net increase/decrease in operating assets** | **530,944** | **(149,049)** |
| Financial assets held for trading | - | - |
| Financial assets designated at fair value through profit or los | - | - |
| Financial assets held for sale | - | - |
| Financial assets at amortised cost | 541,791 | (149,173) |
| Other assets | (10,847) | (124) |
| **Net increase/decrease in operating liabilities** | **(660,628)** | **(357,025)** |
| Financial assets held for trading | - | - |
| Financial liabilities at amortised cost | (656,264) | (354,405) |
| Other operating liabilities | (4,364) | (2,620) |
| **Collections/payments for income tax** | **-** | **-** |
| **B. CASH FLOWS FROM INVESTING ACTIVITIES** | **47,048** | **(91,128)** |
| Payments | (6,139) | (3,778) |
| Tangible assets | (3,126) | (2,082) |
| Intangible assets | (3,013) | (1,696) |
| Participations | 0 | - |
| Non-current assets held for sale and associated liabilities | 0 | - |
| Charges | 53,187 | 94,906 |
| Tangible assets | 8,860 | 11,408 |
| Non-current assets held for sale and associated liabilities | 44,327 | 83,498 |
| **C. CASH FLOWS FROM FINANCING ACTIVITIES** | **79,680** | **205,606** |
| Payments | **(8,320)** | **(6,991)** |

| | 2023 | 2022 (*) |
|---|---|---|
| Payment for dividends and other remuneration of liabilities | (8,320) | (6,991) |
| Charges | **88,000** | **212,597** |
| subordinated liabilities | - | **43,597** |
| Issuance of equity instruments | **88,000** | **147,000** |
| Other charges related to financing activities | - | **22,000** |
| **D. EFFECT OF EXCHANGE RATE CHANGES** | - | - |
| **NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (A+B+C+D)** | **(68,352)** | **(8,690)** |
| **CASH OR CASH EQUIVALENTS AT BEGINNING OF THE PERIOD** | **272,076** | **263,386** |
| **CASH OR CASH EQUIVALENTS AT END OF THE PERIOD** | **203,724** | **272,076** |
| MEMORANDUM ITEM: | - | - |
| COMPONENTS OF CASH OR CASH EQUIVALENTS AT END OF THE PERIOD | - | - |
| Cash | **3** | **3** |
| Balance of cash equivalent in central banks | - | - |
| Other on-demand deposits | **203,721** | **272,073** |
| Total cash or cash equivalents at end of the period | **203,724** | **272,076** |

* Presented solely and exclusively for comparison purposes.
The accompanying Notes 1 to 36 are an integral part of the consolidated balance sheet at 31 December 2022.

# U.C.I., S.A. and Subsidiaries (UCI GROUP)

Consolidated report for the year ended December 31, 2023

## 1. Activity of the entity

UCI, S.A. is the Parent of a Group of Investees comprising UCI, S.A. and its Investees (hereinafter the UCI Group). UCI, S.A. was incorporated for an indefinite period of time in 1988 and has been registered in the Mercantile Register since that year. Its registered office and tax domicile is at calle Retama nº 3 in Madrid, and it is registered in the Madrid Mercantile Register in volume 4075, folio 169, section 8, page number M-67799, 29th entry.

The Group's main activity is the granting of mortgage loans. Its corporate purpose also allows it to carry out the activities of a Credit Financial Institution through the subsidiary Unión de Créditos Inmobiliarios S.A., E.F.C.

During 1999 and 2004, the Group opened a Branch in Portugal and Greece respectively to distribute mortgage loans to individuals. The Greek production was paralysed in the last quarter of 2011, and the branch was closed in the first quarter of 2019, reallocating assets to the parent company. The remaining activity is performed on the national territory.

The Parent Company is obliged to prepare, in addition to its own individual annual accounts, which are also subject to mandatory audit, consolidated annual accounts for the Group, including, where applicable, the corresponding interests in Subsidiaries. The individual annual accounts have been prepared as of 25 March 2024 and are expected to be approved unchanged by the Shareholders. The individual and consolidated financial statements for 2022 were authorised for issue on 28 March 2023 and approved by the shareholders at the Annual General Meeting on 14 June 2023. The Entities comprising the Group are engaged in credit financing activities.

On December 31, 2023 and 2022, total assets, net equity and results for the year of the Subsidiary UNION DE CRÉDITOS INMOBILIARIOS S.A. E.F.C. represent almost all of the same concepts within the Group.

Summarised below are the individual balance sheet, the individual income statement, the individual statement of recognised income and expenses, individual statement of changes in net equity and individual cash-flow statement for the aforementioned Subsidiary, corresponding to the financial years ended on December 31, 2023 and 2022, prepared in accordance with the same accounting principles and rules and valuation criteria applied to these consolidated financial statements for the Group:

## UNION DE CREDITOS INMOBILIARIOS, S.A. ESTABLECIMIENTO FINANCIERO DE CREDITO SOCIEDAD UNIPERSONAL

### Balance sheets on 31 December 2023 and 2022

(Expressed in thousands of Euros)

| ASSET | 2023 | 2022 | EQUITY AND LIABILITIES | 2023 | 2022 |
|---|---|---|---|---|---|
| **Cash, cash balances in central Banks andother on-demand deposits** | **56,953** | **68,003** | **Financial liabilities held for trading** | **17,939** | **17,939** |
| Cash | 2 | 2 | Derivatives | 17,939 | 17,939 |
| Other on-demand deposits | 56,951 | 68,001 | Short positions | | - |
| **Financial assets held for trading** | - | **5,871** | Deposits | - | - |
| Trading derivatives | - | 5,871 | **Financial liabilities designated at fair valuethrough profit and loss** | - | - |
| Equity instruments | - | - | Deposits | - | - |
| Debs securities | - | - | Issued debt securities | - | - |
| Loans and advances | - | - | Other financial liabilities | - | - |
| | | | **Financial liabilities at amortized cost** | **9,427,530** | **9,914,772** |
| **Financial assets not held for trading compulsorily measured ar fair value profit and loss** | **125,357** | **132,121** | Deposits | **9,395,250** | **9,912,733** |
| | | | Deposits of central bank | - | - |
| | | | Deposits of credit institutions | 6,917,657 | 6,989,437 |
| Equity instruments | - | - | Deposit of clients | 2,477,593 | 2,923,296 |
| Debt securities | | - | Debt securities | - | - |
| Loans and advances | **125,357** | 132,121 | Other financial liabilities | **32,280** | 2,039 |
| **Financial assets designated at fair valuethrough profit and loss** | - | - | **Derivatives – hedge accounting** | **82,459** | **117,639** |
| Equity instruments | - | - | | | |
| Debt securities | - | - | **Provisions** | **20,204** | **16,247** |
| Loans and advances | - | - | Pensions and other post-employment definedbenefit obligations | **1,881** | - |
| **Financial assets designated at fair valuethrough other global results:** | - | - | Other non-current remunerations to employees | - | - |
| Equity instruments | - | - | Procedural maters and litigations foroutstanding taxe. | - | - |
| Debt securities | - | - | Commitments and guarantees granted | - | - |
| Loans and advances | | - | Other provisions | 18,323 | 16,247 |
| **Financial assets at amortized cost** | **9,626,291** | **10,253,761** | **Tax liabilities** | **65,163** | **121,739** |
| Debt securities | 228,139 | 146,116 | Current tax liabilities | 1,075 | 1,446 |
| Loans and advances | 9,398,152 | 10,107,645 | Deferred tax liabilities | 64,088 | 120,293 |
| **Hedging derivatives** | **242,441** | **401,942** | **Other liabilities** | **23,363** | **31,285** |
| **Changes in the fair value of hedged elementsof a portfolio with hedge of the interest rate risk** | - | - | **Liabilities included in disposable groups ofelements classifield as held for sale** | - | - |
| **Investments in join ventures and associates** | - | - | **TOTAL LIABILITIES** | **9,636,658** | **10,219,621** |

## Financial information

| ASSET | 2023 | 2022 | EQUITY AND LIABILITIES | 2023 | 2022 |
|---|---|---|---|---|---|
| | | | **EQUITY** | | |
| **Property, plant and equipament** | **159,578** | **131,207** | **Equity** | **677,670** | **747,495** |
| Tangible assets | 24,346 | 7,079 | Capital | 85,534 | 85,534 |
| Property investments | 135,231 | 124,128 | Paid | 85,534 | 85,534 |
| Of which: *Assigned in operating lease* | **3,873** | - | Share premium | 414,746 | 414,746 |
| **Intangible assets** | **3,873** | **2,074** | Equity instruments issued other tan capital | - | - |
| Goodwill | - | - | Other equity elements | - | - |
| Other intangible assets | 3,873 | 2,074 | Accumulated gains | - | - |
| **Tax assets** | **65,628** | **59,825** | Profit/(los) for the period | (69,824) | (52,746) |
| Current tax assets | 29 | 18 | Minus: interim dividends | - | - |
| DEferred tax assets | 65,599 | 59,807 | **Other global accumulated results** | **149,538** | **279,346** |
| **Other assets** | **33,620** | **22,095** | Elements that will not be reclassified in results | - | - |
| Insurance agreements linked to pensions | - | - | Elements that could be reclassifield inresults | 149,538 | 279,346 |
| Inventories | - | - | Hedging of net investements in businesses abroad | - | - |
| Other assets | 33,620 | 22,095 | Currency exchange | - | - |
| **Non-current assets held for sale** | **150,125** | **169,563** | Hedging derivatives. Cash Flow hedge reserve | 149,538 | 279,346 |
| **TOTAL ASSETS** | **10,463,866** | **11,246,462** | Changes in the fair value of debit instruments measured at fair value through other global results | | - |
| | | | **TOTAL EQUITY** | **827,208** | **1,026,841** |
| **Pro-memory** | **40,461** | **41,506** | **TOTAL EQUITY AND LIABILITIES** | **10,463,866** | **11,246,462** |
| Contiguous risks | 38,706 | **39,462** | | | |
| Contingent commitments | **1,935** | **2,043** | | | |

## UNION DE CREDITOS INMOBILIARIOS, S.A. ESTABLECIMIENTO FINANCIERO DE CREDITO SOCIEDAD UNIPERSONAL

### Profit and los accounts corresponding to year ended at 31 December 2023 and 2022

(Expressed in thousands of Euros)

| | 2023 | 2022 (*) |
|---|---|---|
| **Interest income** | **543,670** | **219,035** |
| Financial assets at amortized cost | 322,822 | 185,681 |
| Derivatives - hedge accounting, interest rate risk | 218,491 | 32,830 |
| Other assets | 2,357 | 524 |
| **(Interest expense)** | **(492,268)** | **(99,225)** |
| **NET INTEREST INCOME** | **51,402** | **119,810** |
| Dividend income | - | - |
| Fee and commission income | 7,589 | 12,472 |
| (Fee and commission expense) | (9,787) | (4,277) |
| Gains or (-) losses on derecognition of financial assets and liabilities not at fair value through profit or loss, net | 111 | 832 |
| Gains or (-) losses on financial assets and financial liabilities held for trading, net | 24,599 | - |
| Gains or (-) losses on financial assets not held for trading mandatorily measured at fair value through profit or loss, net | 862 | 1,764 |
| Gains or (-) losses from hedge accounting, net | (5,314) | 1,467 |
| Other operating income | 3,999 | 4,107 |
| Other operating expenses | | |
| **GROSS INCOME** | **73,462** | **136,175** |
| **Administrative expenses** | **(85,754)** | **(82,988)** |
| Personnel expenses | (37,474) | (32,127) |
| Other general administrative expenses | (48,280) | (50,861) |
| **Amortization** | (4,539) | (5,763) |
| **(Provisions) or reversal of provisions** | (3,778) | (8,388) |
| **(Impairment) or reversal of impairment of financial assets not measured at fair value through profit or loss** | (68,675) | (92,427) |
| Financial assets at amortized cost | (68,675) | (92,427) |
| **INCOME FROM OPERATING ACTIVITIES** | (89,284) | (53,391) |
| **(Impairment) loss or reversal of impairment of non-financial assets** | 229 | 262 |
| Tangible assets | - | - |
| Investment property | 229 | 262 |
| Intangible assets | - | - |
| Gains or (-) losses on derecognition of non-financial assets, net | - | - |
| Gains or (-) losses on disposal of non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations | 13,634 | (789) |
| **INCOME BEFORE TAXES** | **(75,422)** | **(53,918)** |
| Income tax (expense) or income tax on the results of continuing operations | 5,598 | 1,122 |
| **INCOME (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS** | **(69,824)** | **(52,796)** |
| Profit (loss) after taxation from discontinued operations | - | - |
| **PROFIT (LOSS) FOR THE YEAR** | **(69,824)** | **(52,796)** |

## UNION DE CREDITOS INMOBILIARIOS, S.A. ESTABLECIMIETO FINANCIERO DE CREDITO SOCIEDAD UNIPERSONAL

STATEMENTS OF RECOGNISED INCOME AND EXPENSES CORRESPONDING TO YEAR ENDED ON 31 DECEMBER 2023 AND 2022

(Expressed in thousands of Euros)

| | 2023 | 2022 (*) |
|---|---|---|
| **PROFIT OR LOSS FOR THE YEAR** | **(69,824)** | **(52,796)** |
| **OTHER COMPREHENSIVE INCOME** | **(129,808)** | **292,183** |
| **ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS** | - | - |
| Actuarial gains (losses) on defined benefit pension plans | - | - |
| Non-current assets and disposal groups held for sale | - | - |
| Changes in fair value of equity instruments measured at fair value with changes in other comprehensive income, net | - | - |
| Gains (losses) from hedge accounting of equity instruments at fair value through other comprehensive income, net | - | - |
| Changes in the fair value of financial liabilities at fair value through profit or loss attributable to changes in credit risk | - | - |
| Other valuation adjustments | - | - |
| Income tax relating to items that will not be reclassified | - | - |
| **ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS** | **(129,808)** | **292,183** |
| Hedging of net investments in foreign operations (effective portion) | - | - |
| Foreign currency translation | - | - |
| Cash flow hedges (effective portion) | **(185,440)** | **417,404** |
| Valuation gains (losses) recognized in equity | (220,581) | 417,404 |
| Transferred to income | 35,141 | - |
| Transferred to the initial carrying amount of the hedged items | - | - |
| Other reclassifications | - | - |
| Debt instruments at fair value with changes in other comprehensive income | - | - |
| Gains (losses) in value recorded in shareholders' equity | - | - |
| Transferred to income | - | - |
| Other reclassifications | - | - |
| Non-current assets and disposable groups of items held for sale | - | - |
| Income tax relating to items that can be reclassified to profit or loss | **55,632** | **(125,221)** |
| **TOTAL RECOGNIZED REVENUES AND EXPENSES** | **(199,632)** | **239,387** |

# UNION DE CREDITOS INMOBILIARIOS, S.A. ESTABLECIMIENTO FINANCIERO DE CREDITO SOCIEDAD UNIPERSONAL

## STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of Euros)

| | OWN FUNDS | | | | | | | | Other cumulative other comprehensive income | TOTAL NET EQUITY |
|---|---|---|---|---|---|---|---|---|---|---|
| | Capital / Endowment Fund | Additional paid-in capital | Reserves | Other equity instruments | Less: Eigenvalues | Income for the year | Less: interim dividend | Total Own Funds | | |
| **1.Ending balance at (12/31/2022)** | **85,534** | **414,746** | **300,011** | **-** | **-** | **(52,796)** | **-** | **747,494** | **279,346** | **1,026,841** |
| Effects of the correction of errors | - | - | - | - | - | - | - | - | - | - |
| Effects of changes in accounting policies | - | - | - | - | - | - | - | - | - | - |
| **2.Adjusted opening balance** | **85,534** | **414,746** | **300,011** | **-** | **-** | **(52,796)** | **-** | **747,494** | **279,346** | **1,026,841** |
| **3. Total recognized income and expense** | - | - | - | - | - | **(69,824)** | - | **(69,824)** | **(129,808)** | **(199,632)** |
| **4. Other changes in shareholders' equity** | **-** | **-** | **(52,796)** | **-** | **-** | **52,796** | **-** | **-** | **-** | **-** |
| 4.1 Capital increases | - | - | - | - | - | - | - | | - | - |
| 4.2 Capital reductions | - | - | - | - | - | - | - | - | - | - |
| 4.3 Conversion of financial liabilities into equity 4.4 Increase in other equity instruments | - | - | - | - | - | - | - | - | - | - |
| 4.4 Increase in other equity instruments | - | - | - | - | - | - | - | - | - | - |
| 4.5 Reclassification of financial liabilities to other equity instruments 4.6 Reclassification of other equity instruments 4.7 Other equity instruments | - | - | - | - | - | - | - | - | - | - |
| 4.6 Reclassification of other equity instruments to financial liabilities 4.7 Dividend distribution | - | - | - | - | - | - | - | - | - | - |
| 4.7 Distribution of dividends | - | - | - | - | - | - | - | - | - | - |
| 4.8 Transactions with own equity instruments (net) | - | - | - | - | - | - | - | - | - | - |
| 4.9 Transfers between equity items | - | - | (52,796) | - | - | 52,796 | - | - | - | - |
| 4.10 Increases (decreases) due to business combinations | - | - | - | - | - | - | - | - | - | - |
| 4.11 Payments with equity instruments 4.12 Other increases (decreases) in shareholders' equity | - | - | - | - | - | - | - | - | - | - |
| **5. Closing balance at (31/12/2023)** | **85,534** | **414,746** | **247,214** | **-** | **-** | **(69,824)** | **-** | **677,670** | **149,538** | **827,208** |

## Financial information

| | OWN FUNDS | | | | | | | | Other cumulative other comprehensive income | TOTAL NET EQUITY |
|---|---|---|---|---|---|---|---|---|---|---|
| | Capital / Endowment Fund | Additional paid-in capital | Reserves | Other equity instruments | Less: Eigenvalues | Income for the year | Less: interim dividend | Total Own Funds | | |
| **1.Ending balance at (12/31/2021)** | **52,534** | **125,746** | **265,623** | **-** | **-** | **34,388** | **-** | **478,291** | **(12,837)** | **465,454** |
| Effects of the correction of errors | - | - | - | - | - | - | - | - | - | - |
| Effects of changes in accounting policies | - | - | - | - | - | - | - | - | - | - |
| **2.Adjusted opening balance** | **52,534** | **125,746** | **265,623** | **-** | **-** | **34,388** | **-** | **478,291** | **(12,837)** | **465,454** |
| **3. Total recognized income and expense** | - | - | - | - | - | **(52,796)** | - | **(52,796)** | **292,183** | **239,387** |
| **4. Other changes in shareholders' equity** | **33,000** | **289,000** | **34,388** | **-** | **-** | **(34,388)** | **-** | **322,000** | **-** | **322,000** |
| 4.1 Capital increases | 33,000 | 289,000 | - | - | - | - | - | 322,000 | - | 322,000 |
| 4.2 Capital reductions | - | - | - | - | - | - | - | - | - | - |
| 4.3 Conversion of financial liabilities into equity 4.4 Increase in other equity instruments | - | - | - | - | - | - | - | - | - | - |
| 4.4 Increase in other equity instruments | - | - | - | - | - | - | - | - | - | - |
| 4.5 Reclassification of financial liabilities to other equity instruments 4.6 Reclassification of other equity instruments 4.7 Other equity instruments | - | - | - | - | - | - | - | - | - | - |
| 4.6 Reclassification of other equity instruments to financial liabilities 4.7 Dividend distribution | - | - | - | - | - | - | - | - | - | - |
| 4.7 Distribution of dividends | - | - | - | - | - | - | - | - | - | - |
| 4.8 Transactions with own equity instruments (net) | - | - | - | - | - | - | - | - | - | - |
| 4.9 Transfers between equity items | - | - | 34,388 | - | - | (34,388) | - | - | - | - |
| 4.10 Increases (decreases) due to business combinations | - | - | - | - | - | - | - | - | - | - |
| 4.11 Payments with equity instruments 4.12 Other increases (decreases) in shareholders' equity | - | - | - | - | - | - | - | - | - | - |
| **5. Closing balance at (31/12/2022)** | **85,534** | **414,746** | **300,011** | **-** | **-** | **(52,796)** | **-** | **747,795** | **279,346** | **1,026,841** |

## UNION DE CREDITOS INMOBILIARIOS, S.A. ESTABLECIMIENTO FINANCIERO DE CREDITO SOCIEDAD UNIPERSONAL

STATEMENTS OF CASH FLOWS CORRESPONDING TO YEARS ENDED ON 31 DECEMBER 2023 AND 2022

(Expressed in thousands of Euros)

| | 2023 | 2022 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | **(14,623)** | **(499,072)** |
| **Profit or loss for the period** | **(69,824)** | **(52,796)** |
| **Adjustments to profit or loss** | **(12,913)** | **(24,764)** |
| Depreciation and amortisation | 4,539 | (5,763) |
| Other adjustments | (17,452) | (19,001) |
| **Net increase/decrease in operating assets** | **(649,738)** | **335,709** |
| Trading portfolio | - | (83) |
| Financial assets at fair value through profit or loss | - | 181,527 |
| Financial assets designated at fair value with changes in other global result | - | - |
| Financial assets at amortized cost | (653,232) | 152,135 |
| Other assets | 3,494 | 2,130 |
| **Net increase/decrease in operating liabilities** | **(581,624)** | **(758,625)** |
| Trading portfolio | - | (2,867) |
| Financial liabilities at amortised cost | (578,519) | (755,297) |
| Other operating liabilities | (3,105) | (461) |
| **Collections/payments for income tax** | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | **3,573** | **91,031** |
| Payments | (55,563) | (3,149) |
| Tangible assets | (492) | (1,653) |
| Intangible assets | (2,570) | (1,496) |
| Non-current assets held for sale and associated liabilities | 52,501 | - |
| Charges | 59,136 | 94,180 |
| Tangible assets | - | 10,683 |
| Intangible assets | - | - |
| Non-current assets held for sale and associated liabilities | 59,136 | 83,498 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | **-** | **365,597** |
| Payments | - | - |

| | 2023 | 2022 |
|---|---|---|
| Dividens | - | - |
| Charges | | |
| Issuance of own equity instruments | - | 322,000 |
| EFFECT OF EXCHANGE RATE CHANGES | - | 43,597 |
| **NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (A+B+C+D)** | **-** | **-** |
| **F. CASH OR CASH EQUIVALENTS AT BEGINNING OF THE PERIOD** | **(11,050(** | **(42,444)** |
| **G. CASH OR CASH EQUIVALENTS AT END OF THE PERIOD** | **68,003** | **110,488** |
| MEMORANDUM ITEM: | **56,953** | **68,003** |
| COMPONENTS OF CASH OR CASH EQUIVALENTS AT END OF THE PERIOD | **-** | **-** |
| Cash | **-** | **-** |
| Balance of cash equivalent in central banks | - | 2 |
| Other on-demand deposits | 56,953 | 68,001 |
| Total cash or cash equivalents at end of the period | 56,953 | 68,003 |

# 2. Basis of presentation of the consolidated financial statements and consolidation principles

## 2.1 Bases of presentation of the consolidated annual accounts

On January 1, 2020, Circular 4/2019 of 26 November, of Bank of Spain, entered into force for financial credit establishments, public and reserved financial reporting standards, and models of financial statements. The reference taken by this Circular is the accounting regulation for credit institutions, either establishing analogous criteria or directly referring to standards of Circular 4/2017, of 27 November. Differences in the nature, scale and complexity of the establishments' activities with regard to credit institutions are translated in a simplified regime of requirements in the financial statements. Such regulations includes requirements set in national accounting regulations, together with International Financial Reporting Standards adopted by the European Union (IFRS-EU) and, in particular, the criteria of the IFRS-EU 9, on financial instruments, including the approach of expected losses to estimate credit risk hedges are incorporated to the accounting regulations of the financial credit establishments.

The abovementioned Circular constitutes the adaptation to the sector of Spanish credit institutions of the International Financial Reporting Standards, adopted by the European Union through Community Regulations, according to Regulation 1606/2002 of the European Parliament and the Council, of July 19, 2002, related to the application of International Accounting Standards, to show the true and fair view of the Entity's equity and financial position at December 31, 2020 and the results of its operations, of recognised income and expenses and of cash flows generated during the year therein ended.

Accordingly, the Group's consolidated financial statements have been formulated by the Directors following the accounting models and criteria established in Circular 4/2019, of 27 November, of Bank of Spain, to express the true and fair view of the consolidated equity and consolidated financial position at December 31, 2023 and of consolidated results from the Group's operations and changes in consolidated equity and cash flows during the year therein ended.

The consolidated annual accounts for the financial year 2023 have been prepared by the Directors at the meeting of its Board of Directors held on 25 March 2024. The consolidated annual accounts of the Group and the annual accounts of the Group entities for the financial year 2023 will be submitted for approval by the General Meeting of Shareholders to be held after the date of preparation and during the first half of the financial year 2024. However, the Board of Directors of the Parent Company of the Group considers that these consolidated annual accounts will be approved without changes.

The consolidated financial statements for the financial year 2022 were prepared by the Directors at the Board of Directors' meeting held on 28 March 2023 and approved by the General Meeting of Shareholders held on 14 June 2023.

Accordingly, the financial reporting framework applicable to the Group and used in the preparation of these consolidated financial statements is that set out in:

1. The Commercial Code and other commercial legislation.
2. Bank of Spain Circular 4/2019 of 22 December on standards for public and confidential information and models of financial statements of credit institutions.
3. The mandatory rules approved by the Spanish Accounting and Auditing Institute (Instituto de Contabilidad y Auditoría de Cuentas) and other commercial legislation.
4. All other applicable accounting regulations.

The Group's financial statements have been prepared on the basis of the Group's accounting records, taking into account all accounting policies and rules and measurement bases that have a significant effect on the financial statements, so that they present fairly the Group's equity and financial position on 31 December 2023 and the results of its operations, recognised income and expense, changes in equity and cash flows for the year then ended.

The principal accounting policies and measurement bases applied in the preparation of the consolidated financial statements for 2023 are set out in Note 11. There are no accounting policies or measurement bases that have a material effect on the consolidated financial statements that have not been applied in their preparation.

Notes to the financial statements contain information in addition to that presented in the balance sheet, income statement, statement of changes in equity and cash flow statement. They provide narrative descriptions or disaggregation of those statements in a clear, relevant, reliable and comparable manner.

*Main regulatory changes in the period from 1 January to 31 December 2023, not commented above*

Circular 3/2023, of October 31, of the Bank of Spain, amending Circular 2/2016, of February 2, to credit institutions, on supervision and solvency, which completes the adaptation of the Spanish legal system to Directive 2013/36/EU and Regulation (EU) No. 575/2013, and Circular 1/2022, of January 24, to financial credit institutions, on liquidity, prudential rules and reporting obligations (BOE of November 14, 2023).

Circular 2/2023, of March 17, which amends Circular 1/2013, of May 24, on the Central Risk Information Center (BOE of March 25, 2023).

Circular 1/2023, of February 24, of the Bank of Spain, to credit institutions, branches in Spain of credit institutions authorized in another Member State of the European Union and financial credit establishments, on the information to be sent to the Bank of Spain on covered bonds and other loan mobilization instruments, and amending Circular 4/2017, of 27 November, to credit institutions, on public and reserved financial information standards and financial statement models, and Circular 4/2019, of 26 November, to credit financial establishments, on public and reserved financial information standards and financial statement models. (BOE of March 2, 2023).

Below is a summary of the main applicable Bank of Spain Circulars issued and which came into force in fiscal year 2022:

Bank of Spain Circular 1/2022, of January 24, to credit financial institutions, on liquidity, prudential rules and reporting obligations, and which amends Circular 1/2009, of December 18, to credit institutions and other supervised entities, in relation to information on the capital structure and equity quotas of credit institutions, and on their offices, as well as on the senior officers of the supervised entities, and Circular 3/2019, of October 22, exercising the power conferred by Regulation (EU) 575/2013 to define the threshold of significance of overdue credit obligations. (BOE of February 3, 2022).

This circular has led to the establishment of specific regulations and reporting for both liquidity and solvency.

Bank of Spain Circular 2/2022, dated March 15, 2022, on rules for the submission to the Bank of Spain of payment statistics by payment service providers and payment system operators (BOE of March 18, 2022).

The application of the Circular has not had any significant effects on the Bank's financial statements, since it is not a payment service provider.

Circular 3/2022, of March 30, 2022, of the Bank of Spain, amending Circular 2/2016, of February 2, to credit institutions, on supervision and solvency, which completes the adaptation of the Spanish legal system to Directive 2013/36/EU and Regulation (EU) no. 575/2013; Circular 2/2014, of January 31, to credit institutions, on the exercise of various regulatory options contained in Regulation (EU) no. No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012; and Circular 5/2012, of 27 June, to credit institutions and payment service providers, on transparency of banking services and responsibility in the granting of loans (BOE of 6 April 2022).

The application of the Circular has not had a significant impact on the Entity's financial statements.

Additionally, in June 2022, the application of the new coverage ratios for alternative solutions, introduced by the amendments to Annex IX of Circular 6/2021, were implemented, the impact for the company was the increase of its coverage for Subjective Doubtful Assets, in the amount of 5 million euros.

## Comparison of information

The previous year's consolidated annual accounts are solely and exclusively presented for comparison purposes, with each item of the consolidated balance sheet, consolidated profit and loss account, consolidated statement of changes in equity, consolidated statement of cash flows and the notes to the consolidated Financial Statements, related to 2023.

## 2.2 Management and impacts of the macroeconomic environment

The year 2023 was marked by a sharp rise in interest rates, which began in the latter part of fiscal 2022, as well as the continuation of the military conflict in Ukraine.

On the other hand, in fiscal 2022, the biggest macro-economic threat was already present at the end of 2021: the eurozone consumer price index, negative in 2020, increased from 5.0% at the end of 2021 to 9.2% in December 2022. The restrictions generated by the covid health crisis had weakened in 2021 the supply networks of the globalized economy, causing a spike in inflation. The invasion of Ukraine in February 2022, with its upward impact on commodity and agricultural prices, reinforced inflationary pressure.

At year-end 2023, although the military conflict in Ukraine continues, the consumer price index has been brought under control, which is why, although the European Central Bank rates remain at 4.5%, the Euribor has fallen, as the market considers a rate cut in 2024.

The entity includes the behavior of the CPI among the inputs used in its provisioning model, as it is part of the econometric model that estimates the Probability of Default. Specifically, quantitative information is provided in relation to the rates used for this variable in note 13.

## 2.3 Consolidation principles

### Subsidiaries

Subsidiaries are entities on which the Group has control. In general, this capacity is stated, although not exclusively, by ownership, direct or indirect, of at least 50% of the political rights on investees or, if such percentage was below 50% or null, if, for example, there are agreements with their shareholders who grant such control to the Group. Control is understood to be the power to manage the financial and operational policies of an entity in which there is a holding, so as to obtain profits from its activities.

It is understood that an entity controls an investee when it is exposed to or has rights to variable returns for its involvement in the investee and has the ability to influence such returns through the power exercised on the investee. The following must concur in order to consider the existence of control:

a) Power: an investor has power on an investee when the investor holds rights in force which provide it with the capacity to direct relevant activities, which are those which significantly affect the investee's yields;

b) Yields: an investor is exposed or has right to variable yields for its involvement in the investee when yields obtained by the investor for such involvement can vary in the basis of the investee's economic evolution. The investor's yields shall be only positive, only negative or simultaneously positive and negative.

c) Relation between power and yields: an investor controls an investee if the investor does not only hold power on the investee and is exposed or has right to variable yields for its involvement in the investee, but also has the capacity to use its power to influence yields obtained for such involvement in the investee.

The financial statements of subsidiaries are consolidated with those of the Group by applying the full consolidation method. Consequently, all significant balances and transactions among consolidated entities and such entities and the Group are eliminated within the consolidation process.

At acquisition of a subsidiary, its assets, liabilities and contingent liabilities are registered at their fair value at acquisition date. Positive differences between the acquisition cost and fair values of identifiable net assets acquired are recognised as goodwill. Negative differences are allocated to profit and loss at acquisition date.

Additionally, the shareholding by minority shareholders on the Group's equity is presented under "Minority shareholders" on the accompanying consolidated balance sheet. Their shareholding on the results for the year is presented on the caption "Results attributed to minority shareholders" on the accompanying consolidated income statement.

The consolidation of results generated by entities acquired during a certain year only considers results related to the period comprised between the acquisition date and that year's closing. In parallel, the consolidation of results generated by entities disposed of during a certain year only considers those results related to the period from the opening of the year and the date of disposal.

Securitisation funds in which an exposure has been withheld as subordinated financing have been consolidated through the global integration, in order to provide more information, although the control is not held on them, there being alternative accounting presentation options.

### Associates

Associates are those over which the Group holds a significant influence, although not a control or joint control. It is assumed that there is a significant influence when 20% or more of voting rights are held, directly or indirectly, on an investee, unless it is possible to clearly demonstrate that there is not such influence.

On consolidated financial statements, associates are valued by the "equity method", that is to say, by the fraction of its net equity representing the Group's shareholding on its capital, after considering dividends perceived from them and other equity eliminations. In the case of transactions with an associated entity, the corresponding profit or loss is eliminated on the Group's percentage over its capital.

### Structured entities

In those cases in which the Group sets up or participates in entities for the purpose of allowing its customers access to certain investments, or for the transfer of risks or other purposes, also known as structured entities since voting rights or similar are not the decisive factor in deciding who controls the entity, it is determined, in accordance with internal criteria and procedures and considering the provisions of the relevant regulations, whether control exists, as described above, and therefore whether or not they should be subject to consolidation. Specifically, for those entities in which it is applicable (mainly mutual funds and pension funds), the Group analyses the following factors:

- Percentage shareholding maintained by the Group, with a general threshold of 20%.
- Identification of the fund manager, verifying whether it is a company controlled by the Group as this could affect the ability to direct the relevant activities.
- Existence of agreements and/or arrangements between investors that may result in decision-making requiring the joint participation of investors, in which case the fund manager is not the decision-maker. - Existence of currently exercisable exclusion rights (possibility to remove the manager from office) as the existence of such rights may be a limitation to the manager's power over the fund, concluding that the manager acts as an agent of the investors.
- Analysis of the fund manager's remuneration regime, considering that a remuneration regime commensurate with the service provided does not generally create an exposure of such significance as to indicate that the manager is acting as a principal. Conversely, if the remuneration is not commensurate with the service provided, it could give rise to such an exposure as to lead the Group to a different conclusion.

Structured entities also include so-called asset-backed securitisation vehicles, which are consolidated in those cases where, being exposed to variable returns, it is determined that the Group has retained control. The exposure associated with unconsolidated structured entities is not material in relation to the Group's consolidated financial statements.

The following table sets out, among other information, the structured entities (Asset Securitisation Funds) that are consolidated in these consolidated financial statements as of 31 December 2023:

| SOCIETY | COUNTRY | ACTIVITY |
|---|---|---|
| Mortgage Securitisation Fund UCI 11 | Spain | Securitisation |
| Mortgage Securitisation Fund UCI 12 | Spain | Securitisation |
| Mortgage Securitisation Fund UCI 14 | Spain | Securitisation |
| Mortgage Securitisation Fund UCI 15 | Spain | Securitisation |
| Mortgage Securitisation Fund UCI 16 | Spain | Securitisation |
| Mortgage Securitisation Fund UCI 17 | Spain | Securitisation |
| Securitisation Fund, RMBS Prado VII | Spain | Securitisation |
| Securitisation Fund, RMBS Prado VIII | Spain | Securitisation |
| Securitisation Fund, RMBS Prado IX | Spain | Securitisation |
| Securitisation Fund, RMBS Prado X | Spain | Securitisation |
| Securitisation Fund, RMBS Green Prado XI | Spain | Securitisation |
| RMBS Green Belem I | Portugal | Securitisation |
| RMBS Green Belem II | Portugal | Securitisation |

The following table sets out, among other information, the structured entities (Asset Securitisation Funds) that are consolidated in these consolidated financial statements as of 31 December 2022:

| SOCIETY | COUNTRY | ACTIVITY |
|---|---|---|
| Mortgage Securitisation Fund UCI 11 | Spain | Securitisation |
| Mortgage Securitisation Fund UCI 12 | Spain | Securitisation |
| Mortgage Securitisation Fund UCI 14 | Spain | Securitisation |
| Mortgage Securitisation Fund UCI 15 | Spain | Securitisation |
| Mortgage Securitisation Fund UCI 16 | Spain | Securitisation |
| Mortgage Securitisation Fund UCI 17 | Spain | Securitisation |
| Securitisation Fund, RMBS Prado V | Spain | Securitisation |
| Securitisation Fund, RMBS Prado VI | Spain | Securitisation |
| Securitisation Fund, RMBS Prado VII | Spain | Securitisation |
| Securitisation Fund, RMBS Prado VIII | Spain | Securitisation |
| Securitisation Fund, RMBS Prado IX | Spain | Securitisation |
| Securitisation Fund, RMBS Prado X | Spain | Securitisation |
| RMBS Green Belem I | Portugal | Securitisation |
| RMBS Green Belem II | Portugal | Securitisation |

The relevant information of Group Entities' investments on December 31, 2023 and 2022 is the following:

| NAME AND ADDRESS | SHARE CAPITAL 2023 (IN THOUSANDS OF EUROS) | SHARE CAPITAL 2022 (IN THOUSANDS OF EUROS) | SHAREHOLDING PERCENTAGE | ACTIVITY |
|---|---|---|---|---|
| UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A. ESTABLECIMIENTO FINANCIERO DE CREDITO Sociedad Unipersonal C/ RETAMA 3 - MADRID | 85,534 | 85,534 | 100% | Property financing loans |
| UCI SERVICIO PARA PROFESIORES INMOBILIARIOS, S.A. (antes COMPRARCASA SERVICIOS INMOBILIARIOS, S.A. Sociedad Unipersonal) C/ RETAMA 3 - MADRID | 635 | 635 | 100% | The provision of all types of services related with the property/IT market |
| RETAMA REAL ESTATE (antes U.C.I. SERVICIOS INMOBILIARIOS Y PROFESIONALES, S.L. Sociedad Unipersonal) C/ RETAMA 3 - MADRID | 2,578 | 2,578 | 100% | Advice, Management, direction and assistance for companies, as well as the acquisition and sale of real estate |
| ComprarCasa, Rede de Serviços Imobiliários, SA | 275 | 275 | 99.9% | Development of IT activities and services related to the real estate sector, both through Internet and other technologies |
| UCI–Mediação de Seguros Unipessoal Lda | 5 | 5 | 100% | Insurance brokerage |
| UCI Holding Brasil Lda | 1,494 | 1,494 | 100% | Holding entity. It holds 50% of COMPANHIA PROMOTORA UCI |
| UCI Hellas Credit and Loan Receivables Servicing Company S.A. | 100 | 100 | 100% | Management and maintenance of loans granted by financial entities. |

The contribution to the Group's results by each entity during 2023 has been the following:

| UCI, SA | Unión de Créditos Inmobiliario, SA. EFC | | Comprar-Casa, Rede de Serviços Imobiliários, S.A. | UCI Servicios para profesionales inmobiliarios S.A. | Retama Real Estate | UCI Mediacion de seguros | UCI Holding Ltda | UCI Hellas Credit and Loan Receivables Servicing Company S.A. | Total Consolidated |
|---|---|---|---|---|---|---|---|---|---|
| | Business in Spain | Business in Portugal and Greece | | | | | | | |
| (3,602) | (78,892) | 9,156 | (35) | (119) | (3,015) | 1 | (185) | 200 | **(76,490)** |

The contribution to the Group's results by each entity during 2022 has been the following:

| UCI, SA | Unión de Créditos Inmobiliario, SA. EFC | | Comprar-Casa, Rede de Serviços Imobiliários, S.A. | UCI Servicios para profesionales inmobiliarios S.A. | Retama Real Estate | UCI Mediacion de seguros | UCI Holding Ltda | UCI Hellas Credit and Loan Receivables Servicing Company S.A. | Total Consolidated |
|---|---|---|---|---|---|---|---|---|---|
| | Business in Spain | Business in Portugal and Greece | | | | | | | |
| (7,446) | (52,796) | 6,808 | 12 | 45 | (2,028) | - | 15 | 378 | **(55,011)** |

In the consolidation process, the full consolidation procedure has been applied for the annual accounts of the subsidiaries. In this respect, the financial statements of the companies included in the Group's scope of consolidation have been adapted to the valuation models, principles and standards used and the estimates made, in accordance with the regulatory framework for financial reporting contained in the regulations governing financial credit institutions, without any significant adjustments having arisen as a result of this homogenisation process.

Consequently, all significant balances and transactions among Entities that are part of the consolidation perimeter have been written-off during the consolidation process.

# 3. Changes and errors in accounting criteria and estimates

The information included in the present consolidated annual accounts is under the responsibility of the Parent entity's Directors. Estimates, if any, have been used in the present consolidated annual accounts to value certain assets, liabilities, expenses and commitments made by the Parent entity's Senior Management, subsequently ratified by the Directors.

Such estimates correspond to the following:

- Losses from impairment of certain financial assets (Notes 11g,11q, 17 and 18)
- The useful life applied to tangible assets and intangible assets (Notes 11 m., 11n., 19 and 20)
- The fair value of certain unlisted assets (Notes 11d., 11c., 24 and 25)
- Impairment losses on non-current assets held for sale and investment property (Notes 11o., 11q.,18 and 19)
- The valuation of the provisions required to cover legal contingencies (Notes 11p. and 26)
- The recoverability of deferred tax assets (Notes 11 k. and 21)

Although the estimates described above have been made on the basis of the best information available at year-end 2023, it may be that future events may make it necessary to modify them (upwards or downwards) in the coming years, which would be done in accordance with the provisions of Bank of Spain Circular 4/2019, prospectively, recognising the effects of the change in estimate, if any, in the corresponding income statement.

In updating the above estimates, the Group has taken into account the current macroeconomic scenario resulting from the war in Ukraine, as well as the increasing level of inflation and difficulties in the supply chains, which is generating a certain impact on the economic evolution and is the focus of monitoring, and which generates uncertainty in the Company's estimates. And it has made an assessment of the current situation according to the best information available as of December 31, 2023.

There are no additional aspects to those indicated in Note 2.1.

# 4. Distribution of income

The proposed appropriation of the profit for the financial year 2023 obtained by the Company, which its Board of Directors will propose to the Sole Shareholder for approval, as well as the appropriation of the profit for the financial year 2021 approved by the General Meeting of Shareholders, is as follows:

| | Thousands of euros | |
|---|---|---|
| | **2023** | **2022** |
| Net profit for the year | (8,231) | (2,338) |
| Application: | | |
| To legal reserve | - | - |
| To voluntary reserve | - | - |
| To results of previous years | (8,231) | (2,338) |
| To Dividends | - | - |

# 5. Minimum equity

Until December 31, 2013, Circular 3/2008 of Bank of Spain, of 22 May, and successive updates, on the determination and control of minimum equity, regulated minimum equity requirements to be held by Spanish credit entities – both at individual and consolidation level – and the way to determine such equity.

On June 27, 2013, the European Union's Official Gazette published the new regulation on capital requirements (called CRD IV), applicable from January 1, 2014, comprised by the following:

– Directive 2013/36/EU, of 26 June, of the European Parliament and Council, related to the access to the activity by credit entities and investment companies, and the prudential supervision of credit entities and investment companies, modifying Directive 2002/87/EC and derogating Directives 2006/48/EC and 2006/49/EC.

– Regulation EU 575/2013, of 26 June, of the European Parliament and Council, on prudential requirements for credit entities and investment companies, modifying Regulation EU 648/2012.

In Spain, the transposition of the new European regulation has been performed on two stages. On a first stage, Royal Decree Law 14/2013, of 29 November, was published, on urgent measures to adapt the Spanish law to the European Union regulation in supervision and solvency of financial entities, performed a partial transposition of Directive 2013/36/EU to the Spanish law and empowered Bank of Spain, in its final fifth provision, to use options allocated to national competent authorities in Regulation EU 575/2013.

In the exercise of authorisation granted by such Royal-Decree Law, Bank of Spain approved Circular 2/2014, of 31 January, on the exercise of several regulatory options contained on Regulation (EU) 575/2013, determining chosen national permanent and transitory options, for its application by credit institutions from the entry into force of such regulation, in January 2014. Subsequently, this Circular was modified regarding the treatment of the deduction of intangible assets during the transitory period, by Circular 3/2014, of 30 July, of Bank of Spain.

On a second stage, Law 10/2014, of 26 June, was enacted on regulation, supervision and solvency of credit entities, establishing bases for a complete transposition of Directive 2013/36/EU. Subsequently, in February 2015, Royal Decree 84/2015, of 13 February, was published, developing Law 10/2014, of 26 June, on regulation, supervision and solvency of credit entities.

Then, Circular 2/2016, of 2 February, was published, on supervision and solvency, which completes the adaptation of the Spanish legal system to Directive 2013/36/EU and to the Regulation (EU) 575/2013, which has been amended by Circular 3/2022, of 30 March.

All the above constitutes the current regulation in force on minimum equity to be held by Spanish credit entities, both at individual and consolidation levels, and the way to determine such equity, as well as several capital self-assessment processes to be applied.

Bank of Spain will have a supervisory function over the Financial Credit Establishments, in agreement with title III Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions, with adaptations that, where applicable, are determined by regulation. This competence will be extended to any office or centre, in the Spanish territory or abroad, and, to the extend required by the compliance with functions entrusted to Bank of Spain, to companies integrated in the group of the Financial Credit Establishment.

On February 11, 2020, the new Royal Decree 309/2020, on the legal regime of financial credit establishments and amending, the Regulations of the Commercial Registry, approved by Royal Decree 1784/1996, of July 19, and Royal Decree 84/2015, of February 13, implementing Law 10/2014, of June 26, on the regulation, supervision and solvency of credit institutions, was approved and entered into force on July 1, 2020.

Concerning financial credit establishments that have the condition of SME, in agreement with the Recommendation 2003/361/EC of the Commission, of 6 May 2003, on the definition of micro-enterprises, small and medium entities, the capital conservation buffers, and specific anticyclical capital regulated in articles 44 and 45 of Law 10/2014, of 26 June, and its developing regulation will not be applicable.

Recommendation 2003/361/EC of the Commission, of 6 May 2003, on the definition of micro-enterprises, small and medium entities establishes the following in article 2 of its Annex:

The category of micro-enterprises, small and medium entities (SME) comprises companies with less than 250 employees and which annual turnover does not exceed 50 million euros or which general annual balance sheet does not exceed 43 million euros.

The category of SME defines a small company as one with less than 50 employees and which annual turnover or general annual balance sheet does not exceed 10 million euros.

The category of SME defines a micro-enterprise as a company that hires less than 10 employees and which annual turnover or general annual balance sheet does not exceed 2 million euros

Therefore, at 2022 and 2023 closing, the solvency regime established for credit institutions in title II of Law 10/2014, of 26 June, and in title II of Royal Decree 84/2015 is applicable to the Entity, with the abovementioned exceptions, which the regulatory framework for reporting purposes has been clarified by Bank of Spain Circular 1/2022, dated January 24, to financial credit institutions, on liquidity, prudential rules and reporting obligations.

In 2019, UCI Group decided to adopt criteria defined by EU CRR regarding the compliance with the percentage of 2.5% of "capital conservation buffer".

On April 16, 2019, UCI EFC España performed a transfer of 32 million euros, in order to allocate share capital to its Branch in Portugal, in agreement with the local regulator, for the purpose of maintaining sufficient solvency with a view to the development of its credit activity in Portugal.

Therefore, the Group considers equity and the equity requirements established by the aforementioned regulations as a fundamental element of its management of the Group, affecting both investment decisions, analysis of the viability of operations, etc.

Below is a detail, classified into Tier 1 and Tier 2 capital, of the Group's capital on 31 December 2022 and 2023, calculated in accordance with the provisions of Royal Decree 309/2020, which established that, in general, the prudential regulations for credit institutions, in particular Regulation 575/2013 of the European Union (CRR), subsequently amended by EU Regulation No. 876/2019, as well as by Directive (EU) 2019 / 978 of the European Parliament, amending Directive 2013/36 EU.

**Thousands of euros**

| | **2023** | **2022** |
|---|---|---|
| Equity instruments eligible as common equity tier 1 capital | 393,019 | 305,019 |
| Retained earnings | 117,329 | 202,466 |
| Accumulated other comprehensive income | 148,693 | 280,320 |
| Other reserves | - | (66) |
| Adjustments to Common Equity Tier 1 due to prudential filters | (148,693) | (280,320) |
| Other intangible assets | (1,354) | 0 |
| Deferred tax assets | (22,692) | (22,274) |
| Securitization positions that may alternatively be subject to a risk weighting of 1,250%. | (1,053) | 0 |
| Other transitional adjustments to common equity tier 1 capital | 0 | 13,211 |
| **Common Equity Tier 1 capital** | **485,249** | **498,356** |
| Capital instruments eligible as Additional Tier 1 capital | 104,000 | 104,000 |
| Additional Tier 1 capital | 104,000 | 104,000 |
| **Tier 1 capital** | **589,249** | **602,356** |
| Capital instruments eligible as Tier 2 capital | 150,000 | 150,000 |
| **Tier 2 capital** | **150,000** | **150,000** |
| **Shareholders' equity** | **739,249** | **752,356** |

Accordingly, the solvency ratios at year-end 2023 and 2022 would be as follows:

| | 2023 | 2022 |
|---|---|---|
| About Common Equity | 11.58% | 9.68% |
| On basic own resources | 11.58% | 11.71% |
| On second category own resources | 3.75% | 2.91% |
| Of total own resources | **15.33%** | **14.62%** |

On 31 December 2023 and 2022, and during those years, the individual and consolidated eligible capital exceeded the requirements of the regulations in force at any given time, with a solvency ratio of 14.62% and 10.88%, respectively.

On January 24, 2022, the Group received a communication from its supervisor, the Bank of Spain, within the framework of the SREP process. This communication established under Pillar II a P2R level of 2% in addition to the solvency level required for the Company, which is 10.5%, as well as an additional 1% P2G level.

Following the communication received from the Pillar 2 supervisor, the shareholders of UCI, S.A. proceeded to capitalize its subsidiary by issuing new shares for an amount of 100 million euros on March 4, 2022, and a new subordinated debt issue for an amount of 45 million euros on March 24, 2022. In addition, 22 million contingently convertible preferred shares ("CoCos") were issued as additional tier 1 capital.

In addition, in December 2023, the shareholders of UCI, S.A. proceeded to the capitalization of the Parent Company by issuing new shares in the amount of 88 million euros on December 22, 2023.

In December 2022, the shareholders of UCI, S.A. proceeded to the capitalization of its subsidiary by issuing new shares in the amount of €50 million. The amount and speed of the recapitalization of the Company by its shareholder reflects the commitment of the shareholders of UCI, S.A. to the solvency of the UCI Group and its main component, Unión de Créditos Inmobiliarios, S.A., E.F.C.

In relation to the situation as of December 2023, it is worth highlighting the Group's soundness in complying with the solvency ratios, which amount to 15.33%, although the requirements are 13.25%, with a surplus of 109.6 Million Euros. In this sense, the weighted average assets of the entity are 4,751,885 thousand Euros in 2023 and 5,145,780 thousand Euros in 2022.

In December 2022, the Company again received a communication from its supervisor, the Bank of Spain, within the framework of the SREP process. This communication reduced the additional P2R level from 2% to 1.75%, effective January 1, 2023.

On December 11, 2023 the Company received a communication from the Bank of Spain in the framework of the SREP process. This communication implies an increase, under Pillar II, to a P2R level of 2% in addition to the required solvency level for the Company, which is 10.5%, applicable as from January 1, 2024.

Finally, as indicated in note 23, on December 22, 2023, a synthetic RMBS securitization transaction of mortgage loans to individuals was carried out in order to make a significant risk transfer (SRT) to a counterparty (insurer) through an insurance contract.

# 6. Information by market segment and additional information

## a) Segmentation by business lines:

The main business of UCI Group is mortgage business, without other significant business lines.

## b) Segmentation by geographic scope:

The Group counts with a Branch in Portugal (production of 128,3 million euros and 202 million euros on December 31, 2023 and 2022 respectively) and in Greece, which ended its commercial activity in 2011, but continued granting new credits until 2016, in order to finance sales of certain REOs. It was closed at the end of the first quarter of 2019, reallocating assets to the parent company. The remaining activity is held in the national territory.

The branch in Portugal has financial assets at amortised cost (loans and receivables) amounting to 1.130 million euros and 1,235 million euros on 31 December 2023 and 2022 respectively.

## c) Agency contracts

Neither at 2023 and 2022 closings, nor throughout such years, has the Group held "agency contracts" in force on the way they are contemplated under article 22 of Royal Decree 1245/1995, of July 14, of the Ministry of Economy and Treasury.

## d) Coefficient of minimum reserves

At December 31, 2023 and 2022, both the Group and the Parent Entity exempt are from complying with this coefficient, as they do not acquire responsible funds from the public.

## e) Presentation currency

The functional and presentation currency of the entity is the Euro.

# 7. Remuneration and duty to loyalty of the entity's directors and key management personnel

The remuneration for members of the Board of Directors is included under the heading Personnel Costs in the accompanying consolidated income statement for an amount of 152 thousand Euros (152 thousand Euros in 202).

At the date of formulation of the consolidated annual accounts, the Board members of UCI, S.A. and persons related to them, as defined by article 231 of the Corporate Enterprises Act, have not communicated to other Board members any situation of conflict, direct or indirect, with the Entity's interest.

## Remuneration of key personnel and Board members as Directors

The salary remuneration received in financial year 2023 by the professionals who make up the Group's key personnel in their capacity as executives amounted to 1.361 thousand euros (2,743 thousand euros in financial year 2022), all of which corresponds to fixed remuneration. The Group's senior management corresponds to the senior management of the subsidiary Unión de Créditos Inmobiliarios, S.A., E.F.C., as there are no members of the Board of Directors classified as senior management in the Parent Company.

Termination benefits for key personnel in 2023 amounted to 68 thousand euros.

For the purposes of the attached data, key personnel are understood to be the persons who meet the requirements indicated in section 1.d) of Rule 62 of Circular 4/2017.

## Commitments for pensions, insurances, credits, guarantees and other concepts

The Group's Directors have not been granted with commissions for pensions, credits, guarantees or other concepts.

# 8. Environmental impact

The Group considers that it has adopted the appropriate measures regarding the protection and improvement of the environment and the minimisation, as applicable, of environmental impact, complying with the regulations on this aspect. During 2023 and 2022, the Group has not made any significant investment of an environmental nature and neither has it considered it necessary to register any provision for risks and charges of an environmental nature, neither does it consider that there any material contingencies regarding the protection and improvement of the environment.

# 9. Audit fees

Fees for the audit of the Group's accounts, included under "Other general administrative expenses" in the consolidated income statement for the year 2023, amounted to 118,290 euros (114,490 euros in the year 2022 corresponding to Mazars Auditores, S.L.). In the financial years 2023 and 2022, no fees have been accrued by the auditor or other entities of its network for other services, and regardless of their invoicing period.

# 10. Subsequent events

Between December 31, 2023 and the date of preparation of these financial statements, no events other than those indicated in the preceding paragraphs have occurred that significantly affect the accompanying financial statements of the Entity.

# 11. Accounting principles and rules and valuation criteria applied

The most significant accounting policies and rules and measurement basis applied in drawing up these annual accounts are described below:

## a) Principle of accrual

These annual accounts, except as applicable in respect of the cash flows statements, have been drawn up based on the real flow of goods and services, regardless of their date of payment or receipt.

## b) Other general principles

The annual accounts have been drawn up on the historic cost basis, although modified by financial assets and liabilities (including derivatives) at fair value.

The preparation of the annual accounts requires the use of certain accounting estimates. Likewise, this requires Management to exercise its judgement in the process of applying the Entity's accounting policies. These estimates could affect the amount of the assets and liabilities and the breakdown of contingent assets and liabilities at the date of the annual accounts and the amount of income and costs during the period for the annual accounts. Although these estimates are based on Management's best knowledge of the current and foreseeable circumstance, the end results might differ from these estimates.

### Going concern principle

In preparing the annual accounts it has been assumed that the management of the Company will continue for the foreseeable future. Therefore, the application of accounting standards is not intended to determine the value of the net assets for the purpose of their global or partial transfer or the resulting amount in the event of liquidation. Furthermore, the Directors of the Company consider that the Sole Shareholder (UCI, S.A.) will continue to provide the Company with the necessary financial support to enable it to continue to operate normally in the future.

## c) Financial derivatives

Financial derivatives are instruments that, in addition to providing a profit or a loss, can allow, under certain conditions, compensation of all or part of the credit and/or market risks associated with balances and transactions, using as underlying components interest rates, certain indices, prices of some securities, cross rates of exchange for different currencies or other similar references. The Entity uses traded financial derivatives in organised markets (OTC).

Financial derivatives are used for trading with customers who request this, for the Management of the risks in the Entity's own positions (hedging derivatives) or to benefit from changes in the prices of these. Financial derivatives that cannot be considered as being for hedging are considered as trading instruments. The following are the conditions for a financial derivative to be considered as being for hedging:

i) The financial derivative must cover the risk of variations in the value of assets and liabilities as a result of changes in the interest rate and/or exchange rate (cover for fair values), the risk of alterations to the estimated cash flows originating in financial assets and liabilities, highly probable foreseen commitments and transactions (cash flow hedge) or the risk of net investment in a foreign business (hedge of net investments in foreign business).

ii) The financial derivative should effectively eliminate any some risk inherent to the component or position covered throughout the full period of hedging. Consequently, it is to have prospective effectiveness, effectiveness at the time of contracting the hedging under normal conditions, and retrospective effectiveness, sufficient evidence that the effectiveness of the hedging is to be maintained throughout the life of the hedged component or position.

   The effectiveness of the hedging provided by the derivatives defined as hedge, is to be duly documented by means of the tests of effectiveness, which is the tool that proves that the differences produced by changes in market prices between the hedged component and its hedging is maintained at reasonable parameters throughout the life of the operations, thereby complying with the forecasts established at the moment of contracting.

   If this is not the case at any moment, all associated operations in the hedging group are to be transferred to trading instruments and be duly reclassified in the balance sheet.

iii) It is adequately documented in the effectiveness tests that the contracting of the financial derivative took place specifically to serve as hedging for certain balances or transactions and the form in which it was intended to achieve and measure this effective hedging, provided that this is form is consistent with the management of the Entity's own risks.

   Hedges can be applied to individual items or balances or to portfolios of financial assets and liabilities. In the latter case, all the financial assets or liabilities to be hedged must share the same type of risk, which is understood to be met when the sensitivity to interest rate changes of the individual hedged items is similar. A hedge is considered to be highly effective when it is expected, both prospectively and retrospectively, at inception and throughout its life, that changes in the cash flows of the hedged item that are attributable to the hedged risk will be almost entirely offset by changes in the fair value or cash flows of the hedging instrument. A hedge is considered to be highly effective when the results of the hedge have ranged within a range of 80% to 125% of the results of the hedged item.

   The Group normally uses interest rate swaps to hedge against interest rate fluctuations, primarily with the Group's two shareholders.

   Hedges are performed by homogeneous groups with a derivative for each transactions or hedged group of transactions, and under the same conditions of reference, term, etc., as the hedged component.

## d) Definitions and classification of financial instruments

### i. Definitions

A "financial instrument" is a contract that gives rise to a financial asset in one entity and, simultaneously, a financial liability or equity instrument in another entity.

An "equity instrument" is a legal arrangement that evidences a residual interest in the assets of the issuing entity after deducting all of its liabilities.

A 'financial derivative' is a financial instrument whose value changes in response to changes in an observable market variable (such as an interest rate, foreign exchange rate, the price of a financial instrument or a market index, including credit ratings), whose initial investment is very small relative to other financial instruments with a similar response to changes in market conditions and which is generally settled at a future date.

'Hybrid financial instruments' are contracts that simultaneously include a host contract other than a derivative together with a financial derivative, called an embedded derivative, that is not individually transferable and that has the effect that some of the cash flows of the hybrid contract vary in the same way as would the embedded derivative in isolation.

Compound financial instruments are contracts that simultaneously create a financial liability and an equity instrument for the issuer (e.g. convertible bonds that give the holder the right to convert them into equity instruments of the issuing entity).

The following transactions are not treated for accounting purposes as financial instruments:

- Holdings in subsidiaries.
- Rights and obligations arising from employee benefit plans.

### ii. Classification of financial assets for valuation purposes

Financial assets are presented in groups within the different categories in which they are classified for management and measurement purposes, unless they are presented as "Non-current assets and disposal groups classified as held for sale", or correspond to "Cash, cash balances at central banks and other demand deposits", "Derivatives - hedge accounting", "Financial assets at fair value through other comprehensive income", or "Investments in subsidiaries, joint ventures and associates" in which case they are shown separately.

The classification criteria for financial assets depend both on the business model for their management and the characteristics of their contractual flows.

The Company's business models refer to the way it manages its financial assets to generate cash flows.

The Company takes the following factors into account in defining these:

- How the performance of the business model and the financial assets held in the business model are assessed and reported to key management personnel.
- The risks that affect the performance of the business model (and the financial assets held in the business model) and, in particular, how those risks are managed.
- How business managers are remunerated.
- The frequency and volume of sales in previous years, as well as expectations of future sales.

Analysing the characteristics of the contractual cash flows of financial assets requires an assessment of the consistency of those flows with a basic borrowing arrangement. Contractual cash flows that are solely payments of principal and interest on the principal amount outstanding meet this requirement.

Based on the above, the asset can be measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss. Bank of Spain Circular 4/2019 of 26 November 2009 also establishes the option to designate an instrument at fair value through profit or loss under certain conditions. The Company uses the following criteria for the classification of debt instruments:

- Amortised cost: financial instruments under a business model whose objective is to collect principal and interest flows, on which there are no significant unjustified sales and fair value is not a key element in the management of these assets and the contractual conditions give rise to cash flows on specific dates, which are only payments of principal and interest on the principal amount outstanding.  In this regard, sales other than those related to an increase in the credit risk of the asset, unforeseen financing needs (liquidity stress scenarios) are considered as unjustified sales. In addition, the characteristics of their contractual flows substantially represent a "basic funding agreement".
- Fair value through other global result: financial instruments included in a business model whose objective is achieved through the collection of principal and interest flows and the sale of these assets, with fair value being a key element in the management of these assets. In addition, the characteristics of their contractual flows represent substantially a "basic financing arrangement".
- Fair value through profit or loss: financial instruments included in a business model whose objective is not achieved through those mentioned above, fair value being a key element in the management of these assets, and financial instruments whose contractual flow characteristics do not substantially represent a "basic financing arrangement". This section includes the portfolios classified under the headings "Financial assets held for trading", "Financial assets not held for trading mandatorily measured at fair value through profit or loss" and "Financial assets designated at fair value through profit or loss".

Equity instruments are accounted for under Bank of Spain Circular 4/2017 at fair value through profit or loss unless the entity elects, in the case of non-trading assets, to classify them irrevocably at fair value through other global result.

### iii. Classification of financial assets for presentation purposes

Financial assets are included for presentation purposes, according to their nature on the balance sheet, if any, in the following categories:

Cash, balances with central banks and other demand deposits: cash balances and immediately available amounts receivable arising from deposits held at the Banco de España and other central banks.

Derivatives: includes, where applicable, the fair value, in favour of the Company, of financial derivatives that do not form part of accounting hedges.

Equity instruments: financial instruments issued by other entities, such as shares and participating interests, which have the nature of equity instruments for the issuer, unless they are investments in associates or jointly controlled entities.

Debt securities: debt securities and other securities evidencing a debt owed by their issuer, which bear interest and are evidenced by certificates or book entries.

Loans and advances: debit balances on credits or loans granted by the Company, as well as, where applicable, other debit balances of a financial nature in favour of the Company, such as debit balances on bank accounts held with other institutions, term accounts, reverse repurchase agreements, cheques drawn on credit institutions, balances receivable from clearing houses and settlement agencies for transactions on stock exchanges and organised markets, guarantees given in cash, accrued dividends receivable in favour of the Company, fees for financial guarantees receivable and balances receivable for transactions not originating from banking operations and services such as the collection of rents and similar. They are classified according to the institutional sector to which the debtor belongs as follows:

Central banks: claims of any kind on central banks.

- Credit institutions: claims of every kind on credit institutions, including deposits and money market operations, on behalf of credit institutions.
- Customer: includes the remaining debit balances of all credits or loans granted by the Company to customers.

Derivatives - hedge accounting: offsetting entry for amounts credited to the profit and loss account arising from the valuation of portfolios of financial instruments that are effectively hedged against interest rate risk through fair value hedging derivatives.

### iv. Classification of financial liabilities for presentation purposes

Financial liabilities are presented grouped into the different categories into which they are classified for management and measurement purposes, unless they are to be presented as “Derivatives - hedge accounting”, which are shown separately.

Financial liabilities are included for valuation purposes in one of the following portfolios:

- Financial liabilities held for trading (at fair value through profit or loss): Financial liabilities issued for the purpose of benefiting in the short term from changes in their prices, financial derivatives that are not considered to be hedging instruments, and financial liabilities arising from the firm sale of financial assets acquired under resale or borrowing arrangements (short positions).
- Financial liabilities designated at fair value through profit or loss: Financial liabilities are included in this category when more relevant information is obtained either because this eliminates or significantly reduces inconsistencies in recognition or measurement (also referred to as accounting mismatches) that would arise in the measurement of assets or liabilities or from the recognition of their gains or losses on different bases, either because there is a group of financial liabilities, or financial assets and liabilities, and they are managed and their performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy and information on that group is also provided on a fair value basis to the Company’s key management personnel. Liabilities may only be included in this portfolio at the date of issue.
- Financial liabilities at amortised cost: financial liabilities that are not included in the previous category and that correspond to the typical fund-raising activities of financial institutions, irrespective of the form in which they are instrumented and their maturity.

At both 31 December 2023 and 31 December 2022, the Group did not hold any financial liabilities that, according to the applicable standards, should be classified in any other category.

### v. Classification of financial liabilities for presentation purposes

Financial liabilities are included for presentation purposes, according to their nature in the balance sheet, in the following categories, if any:

- Derivatives: includes the fair value, with an unfavourable balance for the Company, of derivatives that do not form part of accounting hedges.
- Deposits: includes the amounts of repayable balances received in cash by the institution, except those in the form of negotiable securities and those which are in the nature of subordinated liabilities. It also includes, where applicable, guarantees and cash deposits received, the amount of which may be freely invested.

Deposits are classified according to the institutional sector to which the creditor belongs into:

- Central banks: deposits of all types, including credits received and money market operations, received from the Banco de España or other central banks.
- Credit institutions: deposits of every kind, including credit received and money market operations on behalf of credit institutions.
- Customer: includes all other deposits, including the amount of money market operations conducted through central counterparties.
- Debt securities issued: includes the amount of debt securities and other debt securities in the form of negotiable securities, other than those in the form of subordinated liabilities. This category includes, where applicable, the component that is considered to be a financial liability of securities issued that are compound financial instruments.
- Other financial liabilities: includes the amount of obligations payable in the nature of financial liabilities not included elsewhere.
- Derivatives - hedge accounting: includes the fair value, against the Company, of financial derivatives designated as hedging instruments in accounting hedges.
- Short positions: the amount of financial liabilities arising from the outright sale of securities received under reverse repurchase agreements, securities lending or puttable collateral.

## e) Valuation and recording of results of financial assets and liabilities

Financial assets and liabilities are initially recognised at fair value which, unless there is evidence to the contrary, is the transaction price. For instruments not measured at fair value through profit or loss, the initial fair value is adjusted for transaction costs, in the case of financial liabilities, that are directly attributable to the issue or arrangement of the financial liability, and for the amount of fees and commissions and transaction costs that are directly attributable to the acquisition or arrangement of the financial asset. Subsequently, at the end of each reporting period, they are measured in accordance with the following criteria:

### Valuation of financial assets

Financial assets, except for Loans and Receivables and Equity Instruments whose fair value cannot be determined in a sufficiently objective manner (as well as financial derivatives that have these equity instruments as underlying asset and are settled by delivery of these equity instruments), if any, are measured at their "fair value" at each balance sheet date, without deducting any transaction costs for their sale.

The 'fair value' of a financial instrument on a given date is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between knowledgeable, willing parties in an arm's length transaction. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it in an active, transparent and deep market ('quoted price' or 'market price').

When there is no market price for a given financial instrument, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments or, failing that, on the basis of valuation models sufficiently tested by the financial community, taking into account the specific characteristics of the instrument to be valued and, in particular, the different types of risk associated with the instrument.

Derivatives are recorded in the balance sheet at their fair value from the trade date. If their fair value is positive, they are recorded as an asset and if negative, as a liability. On the trade date, it is assumed that, unless there is evidence to the contrary, their fair value is equal to the transaction price. Changes in the fair value of trading derivatives from the trade date are recognised with a balancing entry in the profit and loss account. Specifically, the fair value of standard exchange-traded financial derivatives included in the trading portfolios is assimilated to their daily quoted price and if, for exceptional reasons, their quoted price cannot be established on a given date, methods similar to those used to value over-the-counter derivatives are applied.

The fair value of OTC derivatives is the sum of the future cash flows arising from the instrument, discounted to present value at the measurement date ("present value" or "theoretical close"), using methods recognised by the financial markets, such as "net present value" or option pricing models, among others, in the valuation process.

Balances of debt securities and loans and advances under a business model whose objective is to collect principal and interest flows are measured at amortised cost, provided that they meet the Solely Payments of Principal and Interest (SPPI) test, using the effective interest rate method. Amortised cost is the acquisition cost of a financial asset or liability plus or minus (as appropriate) principal repayments and the portion systematically taken to the consolidated income statement of the difference between the initial cost and the corresponding redemption value at maturity. In the case of financial assets, the amortised cost also includes impairment losses. For loans and advances hedged in fair value hedging transactions, changes in their fair value related to the risk or risks hedged in these hedging transactions are recognised.

The effective interest rate is the discount rate that exactly matches the initial value of a financial instrument to all its estimated cash flows from all sources over its remaining life. For fixed rate financial instruments, the effective interest rate coincides with the contractual interest rate established at the time of acquisition plus, where applicable, fees and transaction costs that, by their nature, form part of the financial return. For floating rate financial instruments, the effective interest rate coincides with the prevailing rate of return in all respects until the first resetting of the benchmark interest rate to take place.

Equity instruments and contracts related to those instruments must be measured at fair value. However, in certain specific circumstances the Company believes that cost is an appropriate estimate of fair value. This may be the case if recent available information is insufficient to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

The amounts at which the financial assets are recorded represent, in all material respects, the Company's maximum exposure to credit risk at each reporting date.

## Subsequent valuation of financial liabilities

Financial liabilities are generally measured at amortised cost as defined above, except for financial liabilities held for trading, financial liabilities at fair value through profit or loss and financial liabilities designated as hedged items in fair value hedges (or as hedging instruments) whose carrying amount is modified by changes in their fair value related to the risk or risks hedged in those hedging transactions. Changes in the credit risk arising from financial liabilities designated at fair value through profit or loss shall be recognised in accumulated other comprehensive income, unless they create or increase an accounting mismatch, in which case changes in the fair value of the financial liability in all respects shall be recognised in profit or loss.

## Recording of results

As a general rule, changes in the carrying amounts of financial assets and liabilities are recognised with a balancing entry in the profit and loss account; a distinction is made between those arising from the accrual of interest and similar items (which are recognised under interest income or interest expense, as appropriate) and those arising from other causes.

The latter are recorded at their net amount under profits or losses on financial assets or liabilities.

Fair value adjustments arising from changes in:

- Financial assets at fair value through accumulated other global result are recognised temporarily, in the case of debt instruments, in accumulated other global result - Items that may be reclassified to profit or loss - Financial assets at fair value through other global result, while in the case of equity instruments they are recognised in accumulated other global result - Items that will not be reclassified to profit or loss - Changes in fair value of equity instruments measured at fair value through other global result. Exchange differences on debt instruments measured at fair value through accumulated other global result are recognised in Exchange differences, net in the income statement. Exchange differences on equity instruments for which the option to measure at fair value through accumulated other global result has been irrevocably elected are recognised in Accumulated other global result - Items not to be reclassified to profit or loss - Changes in fair value of equity instruments measured at fair value through other global result.
- Items charged or credited to equity Accumulated other comprehensive income - Items that may be reclassified to profit or loss - Financial assets at fair value through other global result and Accumulated other global result - Items that may be reclassified to profit or loss - Foreign currency translation remain part of the Company's equity until the asset in which they arise is impaired or

derecognised in the consolidated balance sheet, at which time they are written off against the consolidated income statement.

– Unrealised gains on assets classified as non-current assets held for sale as part of a disposal group or discontinued operation are recognised with a balancing entry in equity under Accumulated other global result - Items that may be reclassified to profit or loss - Non-current assets and disposal groups that have been classified as held for sale.

### Transfers of assets and derecognition of financial assets and liabilities

The accounting treatment of transfers of financial assets is conditioned by the extent to which and the manner in which the risks and rewards associated with the assets being transferred are transferred to third parties:

– If the risks and rewards are substantially transferred to third parties - in the case of unconditional sales, sales under repurchase agreements at fair value at the repurchase date, sales of financial assets with a purchased call or written put option deep out of the money, asset securitisations in which the transferor does not retain subordinated financing or grant any credit enhancement to the new holders, and other similar cases - the transferred financial asset is derecognised, while recognising any rights or obligations retained or created as a result of the transfer.

– If substantially all the risks and rewards associated with the transferred financial asset are retained - in the case of sales of financial assets under repurchase agreements for a fixed price or for the sale price plus interest, securities lending agreements in which the borrower has an obligation to return the same or similar assets, in the case of asset securitisations in which the transferor maintains some type of subordinated financing or grants some type of credit enhancement to the new holders that entails assuming substantial credit risk, and other similar cases - the transferred financial asset is not derecognised and continues to be measured on the same basis as before the transfer. Instead, they are recognised for accounting purposes:

– An associated financial liability for an amount equal to the consideration received, which is generally measured subsequently at amortised cost.

– Both the income on the transferred (but not derecognised) financial asset and the expenses on the new financial liability.

– Si If substantially all the risks and rewards associated with the transferred financial asset are neither transferred nor retained - such as sales of financial assets with a purchased call or written put option that are neither deeply in the money nor deeply out of the money, securitisations where the transferor assumes a subordinated financing or other credit enhancement for a portion of the risk of the transferred asset, and other similar cases - a distinction is made between:

  – If the transferor does not retain control of the transferred financial asset: it is derecognised and any rights and obligations retained or created as a result of the transfer are recognised.

  – If the transferor retains control of the transferred financial asset: it continues to carry it on the balance sheet at an amount equal to its exposure to changes in value and recognises a financial liability associated with the transferred financial asset. The net amount of the transferred asset and the associated liability is the amortised cost of the retained rights and obligations if the transferred asset is measured at amortised cost or the fair value of the retained rights and obligations if the transferred asset is measured at fair value.

  Accordingly, financial assets are only derecognised when the rights to the cash flows they generate have been extinguished or when the risks and rewards associated with them have been substantially transferred to third parties. Similarly, financial liabilities are only derecognised when the obligations they generate have been extinguished or when they are acquired by the Group (either with the intention to cancel them or to reposition them).

During the financial years 2023 and 2022 the Group has not transferred any financial instruments that have been removed from the balance sheet.

## f) Clearing financial instruments

Financial assets and financial liabilities are offset, i.e., presented on the balance sheet at their net amount, only when the entity has both a legally enforceable right to offset the amounts recognised in those instruments and an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

As of 31 December 2023 and 31 December 2022, there are no financial assets or liabilities for material amounts that have been offset in the balance sheet at that date.

## g) Impairment of financial assets

### Definition

The Company recognises impairment losses on financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, lease payments and commitments and guarantees not measured at fair value.

An impairment loss for expected credit losses is recognised with a charge to the income statement for the period in which the impairment becomes evident. Recoveries of previously recognised impairment losses, if any, are recognised in the income statement for the period in which the impairment ceases to exist or is reduced.

For credit-impaired financial assets originated or purchased, the Company shall recognise only cumulative changes in expected credit losses over the life of the asset from initial recognition as an impairment loss at the reporting date. For assets measured at fair value through other comprehensive income, the portion of changes in fair value due to expected credit losses is reflected in the income statement in the period in which the change occurs, with the remainder of the measurement reflected in other comprehensive income.

In general, the expected credit loss is estimated as the difference between all contractual cash flows to be recovered under the contract and all cash flows expected to be received discounted at the original effective interest rate. In the case of purchased or originated credit-impaired financial assets, this difference is discounted using the effective interest rate adjusted for credit quality.

Depending on the classification of the financial instruments, as mentioned in the following sections, expected credit losses may be either 12-month or lifetime:

- 12-month expected credit losses: are the portion of expected credit losses arising from potential default events, as defined below, that are expected to occur within 12 months of the reporting date. These losses shall be associated with financial assets classified as "normal risk" as defined below.
- Expected credit losses over the life of the financial instrument: these are the expected credit losses arising from potential default events that are expected to occur over the life of the transaction. These losses are associated with financial assets classified as "normal risk under special surveillance" or "doubtful risk".

For the purpose of estimating the expected life of a financial instrument, all contractual terms (e.g. prepayments, duration, call options, etc.) are taken into account, with the contractual period (including extension options) being the maximum period to be considered for measuring expected credit losses. In the case of financial instruments with undefined contractual maturity and an available balance component, the expected life is estimated using quantitative analyses to determine the period over which the entity is exposed to credit risk, also considering the effectiveness of management practices that mitigate such exposure (e.g., ability to unilaterally cancel such financial instruments, etc.).

The balances corresponding to impaired assets are kept on the balance sheet, in their entirety, until the recovery of these amounts is considered by the remote Group.

The Group considers recovery to be remote when the borrower suffers a notorious and irrecoverable deterioration in its solvency, when the liquidation phase of the insolvency proceedings has been declared or when more than 48 months have passed since its classification as doubtful due to default and it has no mortgage guarantee.

When the recovery of a financial asset is considered remote, it is written off the balance sheet together with its provision, without prejudice to any actions that the Group may take to try to recover it until its rights have been definitively extinguished, whether by expiry of the statute of limitations, forgiveness or other causes.

### Classification of financial instruments

For the purpose of calculating the impairment allowance, and in accordance with its internal policies, the Group classifies its financial instruments (financial asset, risk or contingent commitment) measured at amortised cost or at fair value through other comprehensive income into one of the following categories:

- Normal Risk ("Stage 1"): comprises all instruments that do not meet the requirements to be classified in the other categories.
- Normal Risk on Special Surveillance ("Phase 2"): comprises all instruments that, while not meeting the criteria for classification as non-performing or write-off, exhibit significant increases in credit risk since initial recognition.

For the purpose of determining whether a financial instrument has increased its credit risk since initial recognition and is therefore classified as Stage 2, the Group uses qualitative criteria and does not use quantitative criteria at the reporting date.

The Group uses various indicators that are aligned with those used by the Group in its normal credit risk management (e.g., irregular positions of more than 30 days and refinancings). The Company, in financial year 2022, has defined these qualitative indicators, for each of its portfolios, on the basis of the particularities and standard management practices in line with the policies currently in place, which are based on the external payment behavior observed in its borrowers, based on the information obtained from CIRBE and ASNEF.

- Doubtful Risk ("Phase 3"): includes financial instruments, whether due or not, in which, without meeting the circumstances to classify them as written-off risk, there are reasonable doubts as to their full repayment (principal and interest) by the customer under the contractually agreed terms. Also considered in Phase 3 are off-balance sheet exposures whose payment is probable but whose recovery is doubtful. Within this category, two situations are differentiated:
    - Doubtful risk due to late payment: financial instruments, irrespective of their holder and collateral, that are more than 90 days past due in terms of principal, interest or contractually agreed charges. Also, the amounts of all transactions of a customer are considered in this category when the transactions with overdue amounts more than 90 days old are greater than 20 % of the outstanding amounts receivable.

      These instruments may be reclassified to other categories if, as a result of the collection of part of the overdue amounts, the reasons for their classification in this category disappear and the customer has no overdue amounts more than 90 days old in other transactions.
    - Doubtful risk for reasons other than late payment: this category includes doubtful recovery transactions that are not more than 90 days past due.

The Group considers a transaction to be doubtful for reasons other than default when an event, or several events combined, with a negative impact on the estimated future cash flows of the transaction has occurred.

These operations may be reclassified to other categories if, as a result of a case-by-case review, there is no reasonable doubt as to their full repayment under the contractually agreed terms and there are no overdue amounts more than 90 days old.

- Write-off risk: comprises all financial assets, or the portion thereof, for which, after individual analysis, recovery is considered remote due to a significant and irrecoverable deterioration in their creditworthiness.

  In any case, except in the case of transactions with collateral covering more than 10% of the amount of the transaction, the Company generally considers as remote recovery: transactions of holders who are in the liquidation phase of insolvency proceedings and doubtful transactions due to late payment that have been in this category for more than 4 years.

  Balances relating to a financial asset are retained on the balance sheet until they are deemed to be "risk written off", either in full or in part, and are removed from the balance sheet.

  In the case of transactions that have been only partially derecognised due to write-offs or because part of the total amount is considered irrecoverable, the remaining amount shall be classified in its entirety in the "doubtful assets" category, subject to duly justified exceptions.

  The classification of a financial asset, or part of a financial asset, as "risk written off" does not imply the discontinuation of negotiations and legal proceedings to recover the amount of the asset.

In accordance with the amendments introduced by Bank of Spain Circular 3/2020 of 11 June, restructured, refinanced or refinancing credit transactions do not necessarily have to be classified as normal risk under special surveillance when their classification as doubtful risk does not apply. In other words, these transactions may continue to be classified as normal risk at the date of refinancing or restructuring provided that the institution can justify that it has not identified a significant increase in credit risk since initial recognition. Likewise, such transactions that are in the normal risk category under special surveillance may be reclassified to normal risk provided that the significant increase in credit risk has been reversed. However, they must remain identified as restructured, refinanced or refinancing until the end of the minimum two-year probationary period during which the holder must demonstrate good payment behaviour.

### Calculation of the impairment allowance

The Company has policies, methods and procedures in place to hedge its credit risk, both due to the insolvency attributable to counterparties and due to its residence in a specific country. These policies, methods and procedures are applied in the granting, study and documentation of financial assets, contingent liabilities and commitments, as well as in the identification of their impairment and in the calculation of the amounts necessary to hedge its credit risk.

The asset impairment model in Bank of Spain Circular 4/2017 and subsequent amendments applies to financial instruments measured at amortised cost and at fair value through other comprehensive income, lease payments, as well as commitments and guarantees not measured at fair value.

The impairment loss represents the best estimate of the expected credit losses of the financial instrument at the balance sheet date, both individually and collectively:

- Individually: for the purpose of making estimates of provisions for credit risk due to insolvency of a financial instrument, the Company makes an individualised estimate of the expected credit losses of those financial instruments that are considered significant and with sufficient information to make such calculation.

  The individual estimate of the impairment loss on the financial asset is equal to the difference between the gross carrying amount of the transaction and the value of the estimated cash flows expected to be collected discounted using the original effective interest rate of the transaction. The estimate of these cash flows considers all available information on the financial asset and the effective collateral associated with the asset.

- Collectively: the institution estimates expected credit losses on a collective basis in cases where they are not estimated on an individual basis. This includes, for example, exposures to individuals, sole proprietors or retail banking companies subject to standardised management.

For the collective calculation of expected credit losses, the Company has robust and reliable internal models. For the development of these models, instruments with similar credit risk characteristics indicative of the debtors' ability to pay are considered.

The credit risk characteristics considered in grouping instruments include, but are not limited to: type of instrument, age of past due amounts and any other factors that are relevant to the estimation of future cash flows.

The Company performs retrospective and follow-up tests on these estimates to assess the reasonableness of the collective calculation.

On the other hand, the methodology required for the quantification of the expected loss on credit events is based on an unbiased and probability-weighted consideration of a series of scenarios, considering a range of between three and five possible future scenarios, depending on the characteristics of each unit, that could impact the contractual cash flows, always taking into account both the time value of money and all available and relevant information on past events, current conditions and forecasts of the evolution of macroeconomic factors that are shown to be relevant to the estimation of this amount (e.g: GDP (Gross Domestic Product), house prices, unemployment rates, etc. ).

For the estimation of the parameters used in the estimation of impairment provisions (EAD (Exposure at Default), PD (Probability of Default), LGD (Loss Given Default), the Company has based itself on its experience in the development of internal models for the calculation of parameters both in the regulatory sphere and for management purposes, adapting the development of the impairment provision models under Bank of Spain Circular 4/2017 and subsequent amendments.

- Exposure at default: is the amount of risk incurred estimated at the time of counterparty analysis.
- Probability of default: the estimated probability that the counterparty will default on its principal and/or interest payment obligations.
- Loss given default: the estimate of the loss given default is the estimate of the severity of the loss incurred in the event of default.

In any case, portfolio sales are included when estimating the flows expected to be recovered. It should be noted that due to the recovery policy and the experience observed in relation to the prices of past sales of assets classified as phase 3 and/or write-offs, there is no substantial divergence between the flows obtained from recoveries after performing a recovery management of the assets with those obtained from the sale of asset portfolios discounting the structural expenses and other costs incurred.

The definition of default implemented in the Company for the purposes of calculating impairment allowance models is based on the definition of article 178 of EU Regulation 575/2013 (CRR), which is fully aligned with the requirements of Bank of Spain

Circular 4/2017, which considers that there is a "default" in relation to a given customer/contract when at least one of the following circumstances exists: that the entity considers that there are reasonable doubts about the payment of all of its credit obligations or that the customer/contract is in a situation of irregularity for more than 90 days with respect to any significant credit obligation.

The Bank of Spain, on the basis of its experience and the information it has on the Spanish banking sector, as well as forecasts on future conditions, has estimated coverage percentages, as an alternative solution in its Circular 4/2017, for the collective estimation of risk coverage, for doubtful risk due to non-performing loans, as well as for Normal / Normal Special Surveillance risk.

The Company currently applies the alternative solutions criteria to the "development finance" portfolio.

Evaluation of the effectiveness of guarantees.

The Entity assesses the effectiveness of all associated guarantees by considering the following aspects:

- The time required to execute such guarantees.
- The Entity's ability to enforce or assert these assurances in its favor
- Existence of limitations imposed by the local regulation of each unit on the foreclosure of collateral. In no case does the company consider a guarantee to be effective if its effectiveness depends substantially on the solvency of the debtor.

According to the above, mortgage collateral on immovable property, which is first charge, duly constituted and registered, is considered effective collateral. Immovable property includes:

- Finished buildings and building elements.
- Urban land and land for development.
- Other real estate.

The Entity values guarantees according to their nature in accordance with points 69 to 85 of Annex IX of Circular 4/ 2017 on the basis of the following:

- Mortgage collateral on real estate associated with financial instruments, using full individual valuations performed by independent valuation experts and under generally accepted valuation standards in the case of granting, as well as whether the thresholds defined in the standard will be exceeded. In the case of collateral upgrades, where the thresholds are not exceeded, automated valuation methods are used.

The Entity applies a number of adjustments to the value of collateral in order to improve the benchmark values:

- Adjustments according to the entity's historical sales experience.
- Likewise, in order to adjust the value of the guarantees, the time value of money is taken into account on the basis of the institution's historical experience, estimating:
- Period of award/granting
- Estimated time of sale of the asset.

In addition, the Entity takes into account all cash inflows and outflows related to such collateral up to the time of its sale:

- Potential future income committed to the borrower that may be accessed after the asset has been foreclosed.
- Estimated award/granting costs.
- Asset maintenance costs, taxes and community costs.
- Estimated marketing or sales costs.

## h) Recognition of income and expenses

Interest income, interest expense and similar items are generally recognised on an accruals basis using the effective interest method. Interest accrued on debtors classified as doubtful is credited to income upon collection, which is an exception to the general rule.

Fees and commissions paid or received for financial services, irrespective of their contractual denomination, are classified in the following categories, which determine their recognition in the profit and loss account:

- Credit fees: fees that form an integral part of the effective yield or cost of a financing operation. These fees are collected in advance and can be of three types:
- Fees and commissions received for the origination or acquisition of financing transactions that are not measured at fair value through profit or loss. These fees shall be deferred and recognised in the profit and loss account over the life of the transaction as an adjustment to the effective yield or cost of the transaction under the same heading as finance income or costs, i.e. 'interest income' and 'interest expense'.

These fees may include fees for activities such as assessing the borrower's financial condition, evaluating and registering personal guarantees, collateral and other security arrangements, negotiating the terms of the transaction, preparing and processing documents and closing the transaction.

- Fees agreed as compensation for the commitment to provide financing when the commitment is not measured at fair value through profit or loss and it is probable that the entity will enter into a specific lending arrangement. Revenue from these fees is deferred and recognised in profit or loss over the expected life of the financing as an adjustment to the effective yield or cost of the transaction. If the commitment expires without the entity making the loan, the fee is recognised as income at the time of expiry.
- Fees paid on the issue of financial liabilities measured at amortised cost. They shall be included together with the related direct costs incurred, which shall not include costs arising from the right to provide a service, in the carrying amount of the financial liability and shall be recognised in the income statement as an adjustment to the effective cost of the transaction.
- Non-credit fees: fees and commissions arising from the provision of financial services other than financing operations, which can be of two types.
- Relating to the performance of a service that is provided over time: revenue shall be recognised in the profit and loss account over time, measuring progress towards complete fulfilment of the performance obligation, in accordance with Rule 15(15) of Circular 4/2017.
- Related to the provision of a service that is performed at a specific point in time: these fees accrue at the point in time when the customer obtains control over the service, such as in the case of securities underwriting fees, currency exchange fees, advisory fees or loan syndication fees where, in the latter case, the institution does not retain any part of the transaction for itself or retains it on the same risk terms as the other participants.

Direct related costs are all costs that would not have been incurred if the transaction had not been concluded.

### Personnel costs

Personnel costs include all of the Group's social liabilities and obligations, compulsory or voluntary, accrued at each moment, recognising obligations for extraordinary payments, holidays and variable remunerations, as well as associated expenses.

Remunerations at short term: this kind of remunerations are valued, without update, by the amount payable for services received, generally registering them as personnel costs for the year and including them on an account under liabilities of the balance sheet for the difference between the total accrued expense and the amount satisfied at year end.

Severances: according to the legislation in force, the Entity is compelled to settling severance payments to employees who are dismissed without a justified cause. At year end, the Entity does not count with a plan to reduce its personnel which would lead to a necessary provision for this concept.

## i) Compensation of balances

Debtor or creditor balances originated in transactions that, contractually or by legal obligation, have the possibility of compensation and, if the intention is to settle these for their net amount or for the asset to be realised and the liability settled simultaneously, are presented in the consolidated balance sheet at their net amount.

## j) Financial guarantees

Financial guarantees are those contracts under which the Group is compelled to pay specific amounts on behalf of a third party in the event of the latter not doing so, irrespective of their legal nature, such as, among others, a guarantee, a financial or technical guarantee and irrevocable documentary credit issued or confirmed by the Group.

Financial guarantees are classified based on the credit risk attributable to the customer or to the transaction and, if appropriate, considering the need for provisions. This credit risk is determined by applying similar criteria to those established for debt instruments measured at their amortised cost.

If it was necessary to constitute a provision for financial guarantees, commissions to be accrued, which are registered in the caption of Accruals of Liabilities in the consolidated balance sheet, are reclassified into the corresponding provision.

## k) Income tax

The income tax expense for the year is calculated as the sum of the current tax resulting from the application of the corresponding tax rate to the taxable profit for the year (after deducting tax credits allowable for tax purposes) and the change in deferred tax assets and liabilities recognised in the Company's income statement.

Deferred tax assets and liabilities include temporary differences which are identified as amounts expected to be payable or recoverable in respect of differences between the carrying amounts of assets and liabilities and their corresponding tax bases ("tax bases"), as well as tax loss carryforwards and tax credit carryforwards. These amounts are recognised by applying to the corresponding temporary difference the tax rate at which they are expected to be recovered or settled.

The heading "Tax assets" includes the amount of all tax assets, distinguishing between: "current" (amounts to be recovered for taxes in the next twelve months) and "deferred" (includes the amounts of taxes to be recovered in future years, including credits for tax deductions or allowances pending offset).

Tax liabilities" includes the amount of all tax liabilities, except tax provisions, which are broken down as follows: "current" (includes the amount of income tax payable on taxable profit for the year and other taxes in the next twelve months); and "deferred" (includes the amount of income tax payable in future years).

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets, identified as temporary differences, are only recognised if it is considered probable that the Group will have sufficient future taxable profit against which they can be utilised.

At the end of each reporting period, the deferred tax assets and liabilities are reviewed to ensure that they are still valid, and the appropriate adjustments are made in accordance with the results of the analyses performed.

The capitalised tax loss carryforwards amount to approximately 77 million euros at 31.12.23 and 77 million euros at 31 December 2022). As explained in note 31, an impairment of 6,500 thousand euros has been made in 2021 in relation to the tax credits capitalised, in an exercise of prudence and in accordance with the business plan, and the recoverability of the amounts currently capitalised is considered highly probable with the generation of consolidated taxable income.

## l) Operating leases

On 1 January 2019, IFRS-EU 16 replaced IAS 17 "Leases". The single lessee accounting model requires the recognition of assets and liabilities for all lease contracts. The standard provides two exceptions to the recognition of lease assets and liabilities, which can be applied in cases of short-term contracts and those where the underlying asset is of low value.

The single lessee accounting model requires the recognition of assets and liabilities for all lease contracts. The standard provides two exceptions to the recognition of lease assets and liabilities, which can be applied in the case of short-term contracts and those where the underlying asset is of low value.

To determine whether a contract is a lease or whether it is another type of contract, such as a contract for the provision of services, it is analysed whether the following two conditions are met: (i) the asset is identified in the contract and (ii) the contracting party receiving the asset has the right to control its use.

The term of the lease shall be equal to the non-cancellable period of a lease, plus the periods covered by the option to extend the lease, if it is reasonably certain that the lessee will exercise that option, and plus the periods covered by the option to terminate the lease, if it is reasonably certain that the lessee will not exercise that option.

In operating leases, ownership of the leased asset and substantially all the risks and rewards incidental to ownership remain with the lessor.

When the Company acts as lessor in operating leases, it presents the acquisition cost of the leased assets under "Tangible assets".

These assets are depreciated in accordance with the policies adopted for similar tangible assets for own use and income from lease contracts is recognised in the profit and loss account on a straight-line basis under "Other operating income".

When the Company acts as lessee and the contracts have a term of less than 12 months or where the underlying asset is of low value, the expenses of these contracts are recorded under "Administrative expenses - Other general administrative expenses" in the profit and loss account.

When the Company acts as lessee and the contracts have a term of more than 12 months or where the underlying asset is not of low value, the Company recognises a lease liability in the balance sheet under "Financial liabilities at amortised cost - other financial liabilities" and a right-of-use asset which are measured as follows:

| | At agreement's inception | Subsequently |
|---|---|---|
| Lease liability | It is valued at the current value of lease payments that are not paid at such date, using as discount rate the interest rate, called "additional financing rate", that would have to be paid by the Entity to borrow, with similar term and guarantee, the necessary funds to obtain a good of a similar value than the right-of-use asset in a similar economic environment.<br>However, in the case where such update is of scarce materiality, the entity values the liability, without updating the flows, for the purpose of simplifying the estimate. | It is valued at amortised cost, using the effective interest rate method, and is remeasured (with the corresponding adjustment in the related right-of-use asset) when there is a change in future lease payments in case of renegotiation, changes in an index or rate, or in the case of a new assessment of the agreement's options. |
| Right-of-use asset | It is valued at cost and includes the amount of the lease liability's initial valuation, payments made at inception or before, initial direct costs and those for dismantling or rehabilitation expected to be incurred when there is an obligation to bear them. | It is linearly amortised and is subject to any impairment loss, where applicable, according to the treatment established for the remaining tangible and intangible assets. |

## m) Property, plant and equipment

Tangible assets for own use correspond to the property, plant and equipment that have a continued use by the Group and property, plant and equipment acquired under finance leases. They are valued at their acquisition cost less the corresponding accumulated depreciation and, as applicable, less any impairment loss determined by comparing the net carrying amount with the corresponding recoverable amount.

Depreciation is calculated systematically using the straight-line method over the years of estimated useful life for the assets on the basis of their acquisition cost less their residual value.

The Group, reviews, at least at every year-end, the estimated useful lives of property, plant and equipment for own use with a view to detecting any significant changes therein. If such changes are detected, the useful lives are adjusted by correcting the depreciation charge to be recognised in the consolidated income statement in future years on the basis of the new estimated useful life.

Upkeep and maintenance costs, relating to property, plant and equipment for own use, are charged to the consolidated income statement for the year in which they are incurred.

## n) Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. Intangible assets are considered to be identifiable when they are separable from other assets because they can be disposed of, rented or held individually or which arise as a consequence of a contract or other type of legal transaction. An intangible asset is recognised when, in addition to satisfying the above definition, the Group considers that it is probable that future economic benefits will be generated by this asset and its cost can be reliably estimated.

Intangible assets are recognised initially at their acquisition of production cost and are measured subsequently at cost less, where applicable, any accumulated depreciation and any impairment loss.

In all cases, the Group recognises for accounting purposes any loss that might arise in the recognised value for these assets arising from impairment with the corresponding charge in the consolidated income statement. The criteria used to recognise the impairment losses on these assets and, where applicable, the reversal of impairment losses recognised in prior years are similar to those used for tangible assets.

## o) Property, plant and equipment - Property investments

This caption of the accompanying balance sheet includes lands, buildings and other constructions held by the Entity to be exploited under lease, in order to generate capital gains at their sale, or for both purposes, instead of for own purpose in the production or supply of goods or services for administration purposes.

Property investments are registered at acquisition price, which includes costs directly allocable to the transaction and those necessary for them to be operational.

Extension or improvement costs which imply an increase in these assets' profitability are incorporated as higher value. On the other hand, maintenance and repair costs which do not improve their use or extend their useful life are allocated to the profit and loss account when incurred.

Amortisation is calculated on the acquisition cost, less their residual value, following the linear method on the basis of the estate's estimated useful life.

The Entity will value, at the date of the financial statements, whether there are signs, both internal and external, that an asset could be impaired, such as significant falls of its market value, evidence of the element's obsolescence, and increases in the interest rates that could materially affect the asset's recoverable amount. In such case, the entity will estimate the asset's recoverable amount and, independently, at least on an annual basis. For these purposes, the recoverable amount is the highest amount of the following: the fair value minus the necessary selling costs, and its value in use.

A property investment will be impaired when its carrying amount exceeds its recoverable amount, in which case such impairment will be recognised in the profit and loss account, reducing the asset's carrying amount to its recoverable amount.

## p) Provisions and contingent liabilities

Provisions are considered to be the Group's present obligations arising from past events that are considered to be clearly specified at the balance sheet date, but which are uncertain as to their amount or moment of cancellation, on the settlement of which and in order to be cancelled the Group expects to incur an outflow of resources embodying economic benefits. These obligations can arise for the following reasons:

i) A legal or contractual provision.

ii) An implicit or tacit obligation arising from a valid expectation created by the Group with third parties with regard to the assumption of certain types of responsibilities. These expectations are created when the Group publicly accepts responsibilities, are derived from past behaviour or business policies in the public domain.

iii) The practically certain evolution of regulations on certain aspects, in particular with draft legislation that the Group cannot elude.

Contingent liabilities are the Group's possible obligations arising as a consequence of past events, whose existence is conditional on the occurrence or non-occurrence of one or more future events beyond the Group's control. Contingent liabilities include the Group's present obligations when it is not probable that an outflow of resources embodying economic benefits will be required to settle them or for which the amount, in extremely rare cases, cannot be quantified in a sufficiently reliable manner.

Provisions and contingent liabilities are classified as probable when it is more plausible that they will occur than otherwise, possible when it is less plausible that they will occur than otherwise and remote when the likelihood is extremely rare.

The Group's consolidated annual accounts include all the material provisions in respect of which it is considered more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the consolidated annual accounts but are disclosed unless it is considered remote that there will be an outflow of resources embodying economic yields.

Provisions are quantified on the basis of the best information available on the consequences of the events giving rise to them and are estimated at each year-end. They are used to meet the specific obligations for which they were recognised and are fully or partially reversed when said obligations cease to exist or are reduced.

## q) Non-current assets held for sale

Non-current assets and disposable groups of elements classified as held for sale that correspond to the carrying value of individual items, integrated in a disposal group or that are part of a business unit held to be disposed of (discontinued operations) and which sale is highly probable, in such assets' current conditions, in the term of one year, to be counted from the date of the annual accounts. Consequently, the recovery of the carrying amount value of these items, which may be of a financial nature, will probably take place through the proceeds obtained on their disposal.

In the case of the property assets granted or received as payment of debts, they are initially recognised at the lowest amount between: the financial asset's updated carrying value applied and the fair value at the moment of granting or reception of the asset, minus estimated selling costs. The financial asset's applied carrying value is updated at granting date, treating the granted estate as real guarantee and taking into account the corresponding credit risk hedges in agreement to its classification prior to the delivery. For these purposes, the collateral will be valued at its updated fair value (minus selling costs) at the granting date. This carrying amount will be compared with the previous carrying amount and the difference will be recognised as a hedge increase.

Additionally, the granted asset's fair value is obtained through appraisal, assessing the need to apply a discount therein, derived from the asset's specific conditions or the market situation for these assets, and in any case, deducting selling costs estimated by the entity.

Following the initial recognition, these property assets granted or received in payment of debts, classified as "Non-current assets and disposable groups of elements classified as held for sale and the liabilities included in such groups" are valued at the lowest amount between: their updated fair minus estimated selling costs and their carrying value, being able to recognise an impairment or reversal of impairment for the difference, if applicable.

Non-current assets and disposable groups of elements classified as held for sale are not amortised as long as they remain in this category.

Profit and loss generated in the disposal of non-current assets and disposable groups of elements classified as held for sale and liabilities included in disposable groups of elements classified as held for sale, as well as impairment losses and, where applicable, their recovery, are recognised in the caption "Profits or losses originated from non-current assets and disposable groups of elements classified as held for sale not admissible as discontinued activities" of the consolidated profit and loss account. The remaining income and expenses corresponding to such assets and liabilities are classified in items of the consolidated profit and loss account according to their nature.

Variations of the carrying value of elements included in the caption of "Non-current assets and disposable groups of elements classified as held for sale" are registered with counterpart in the caption "Other global accumulated results". Non-current assets and disposable groups of elements are classified as held for sale.

## r) Valuation of accounts in foreign currency

At initial recognition, accounts payable and receivable in foreign currency are translated to the functional currency by using the exchange rate at recognition date, understood as the exchange rate for immediate delivery. After initial recognition, the following rules are applied to translate balances from foreign to functional currency:

(i) Monetary assets and liabilities are translated to average exchange rate at the date of annual accounts.

(ii) Non-monetary items valued at historical cost are translated to the exchange rate at acquisition date.

(iii) Non-monetary items valued at fair value are translated to the exchange rate at the date in which fair value is determined.

(iv) Income and expenses are translated by applying the exchange rate of the date of transaction. Nevertheless, the period's average exchange rate is used for all transactions carried out throughout such period, unless in case of significant variations. Depreciations are translated to the exchange rate applied to the corresponding asset.

Exchange differences in the translation of accounts payable and receivable in foreign currency are generally registered on the consolidated income statement.

## s) Consolidated statement of cash flows

The consolidated statement of cash flows uses certain concepts defined as follows:

(i) Cash flows refer to additions and deletions of cash and equivalents, understood as short-term investments of high liquidity and low risk of value alterations.

(ii) Operating activities, typical within the Group, and other activities which shall not be qualified as investment or financing activities.

(iii) Investment activities corresponding to the acquisition, disposal or use by other means of long-term assets and other investments not included within cash and equivalents.

(iv) Financing activities which cause changes in the size and composition of equity and liabilities not included within the operating activities.

## t) Consolidated statement of changes in equity

The consolidated statement of changes in equity presented on these consolidated annual accounts shows the total variations in equity during the year. This information is, in turn, broken down into two statements: consolidated statement of recognised income and expenses and consolidated statement of changes in equity. The main characteristics of the information contained on both parts of the statement are explained below:

## u) Consolidated statement of recognised income and expenses

This part of the consolidated statement of changes in equity presents income and expenses generated by the Group as a consequence of its activity during the year, distinguishing among those registered as results in the consolidated income statement for the year and other income and expenses directly registered on equity, in accordance with the regulation in force.

Therefore, this statement presents the following:

(i) Results for the year.

(ii) Net amount of income and expenses transitorily recognised as valuation adjustments in equity.

(iii) Net amount of income and expenses definitively recognised in equity.

(iv) Corporate income tax accrued for concepts included on captions i) and ii) above.

(v) Total recognised income and expenses, calculated as the sum of the sections above.

Variations of income and expenses recognised in equity as valuation adjustments are broken down as follows:

i) Profit (loss) for valuation: it includes the amount of income, net of expenses originated within the year, directly recognised in equity. Amounts recognised in the year of this account are maintained therein, although, during the same year, they are transferred to the income statement at initial value of other assets or liabilities, or reclassified into another item.

(ii) Amounts transferred to the income statement: it includes the amount of profit or loss previously recognised in equity, even on the same year, which are recognised on the income statement.

(iii) Amount transferred at initial value of hedged items: it includes the amount of profit or loss from valuation, previously recognised in equity, even in the same year, which are recognised on the initial value of assets or liabilities as a consequence of cash flow hedging.

(iv) Other reclassifications: it includes the amount of transfers during the year among items of adjustments from valuation as per criteria established by the regulation in force.

Amounts on these items are presented at their gross quantity, showing their corresponding tax effect under the caption "Corporate income tax" of the statement.

## v) Consolidated statement of changes in equity

This part of the consolidated statement of changes in equity shows all changes in equity, including those originated in changes in accounting criteria and error corrections. Therefore, this statement shows a reconciliation of the accounting value at opening and closing date of all items included within equity, grouping movements based on their nature, under the following items:

i) Adjustments from changes in accounting criteria and error corrections: it includes changes in equity originated as a consequence of the retroactive re-expression of balances in the annual accounts originated in changes in accounting criteria or error corrections.

(ii) Income and expenses recognised during the year: it includes, in aggregate, the aforementioned total amount of items registered in the statement of recognised income and expenses.

(iii) Other variations in equity: it includes the remaining items registered in equity, such as increases or decreases of the allocation fund, distribution of results, transactions with treasury stock, payments with capital instruments, transfers among items on the equity, and any other increase or decrease in the consolidated equity.

## w) Own equity instruments

Own equity items are considered to be those that meet the following conditions:

- They do not include any type of contractual obligation for the issuing entity that involves: delivering cash or another financial asset to a third party; or exchanging financial assets or financial liabilities with a third party on terms that are potentially unfavourable to the entity.
- Whether it can be, or will be, settled in the issuer's own equity instruments: when it is a non-derivative financial instrument, it does not involve an obligation to deliver a variable number of its own equity instruments; or when it is a derivative, it is settled for a fixed amount of cash or another financial asset in exchange for a fixed number of its own equity instruments.

Business conducted with own equity items, including their issue and redemption, are recognised directly with a balancing entry in consolidated equity.

Changes in value of instruments qualifying as own equity instruments are not recognised in the financial statements; consideration received or given in exchange for such instruments is added to or deducted directly from consolidated equity and transaction costs are deducted from equity.

The initial recognition of equity instruments issued to settle a financial liability in whole or in part is at fair value, unless the fair value cannot be reliably measured. In this case, the difference between the carrying amount of the financial liability (or part of it) extinguished and the fair value of the equity instruments issued is recognised in profit or loss.

## x) Hybrid financial instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and, simultaneously, a financial liability or equity instrument in another entity.

An equity instrument is a legal arrangement that evidences a residual interest in the assets of the issuing entity after deducting all of its liabilities. A financial derivative is a financial instrument whose value changes in response to changes in an observable market variable (such as an interest rate, foreign exchange rate, the price of a financial instrument or a market index, including credit ratings), whose initial investment is very small relative to other financial instruments with a similar response to changes in market conditions and which is generally settled at a future date.

Hybrid financial instruments are contracts that simultaneously include a host contract other than a derivative together with a financial derivative, called an embedded derivative, that is not individually transferable and that has the effect that some of the cash flows of the hybrid contract vary in the same way as would the embedded derivative in isolation.

Compound financial instruments are contracts that simultaneously give rise to a financial liability and an equity instrument for the issuer (e.g. convertible bonds that give the holder the right to convert them into equity instruments of the issuing entity). Contingently convertible preference shares ("CoCos") into ordinary shares eligible for own funds purposes as additional tier 1 capital, with the possibility of purchase by the issuer in certain circumstances, the remuneration of which is discretionary, and which will be converted into a variable number of newly issued ordinary shares in the event that the consolidable group, of which the entity is the parent, has a capital ratio below a certain percentage (trigger event), as both terms are defined in the relevant issue prospectuses, are accounted for by the Group as compound instruments (see note 23).

The liability component reflects the issuer's obligation to deliver a variable number of shares and the equity component reflects the issuer's discretion to pay the associated coupons. To make the initial allocation, the Company estimates the fair value of the liability as the amount it would have to deliver if the trigger event were to occur immediately, so the equity component, calculated as the residual amount, is zero.

Due to the aforementioned discretionary nature of coupon payments, coupons are deducted directly from the Group's equity.

# 12. Customer service and money laundering

## Customer service

Order ECO 734/2004, of 11 March, of the Ministry of Economy, established, among others, the obligation for customer care services and departments of financial entities to elaborate an annual report explaining their activities, in the terms contained in article 17 of such Order, establishing the compulsory inclusion of a summary of such report in the Notes to the Financial Statements of such financial entities. Additionally, if there is a figure of Customers' Ombudsman, such legal text establishes these same obligations, always for clarification purposes of activities performed during the year.

During 2023, the total number of complaints/complaints amounted to 6,356; these are broken down as follows:

- 6,223 handled by the Customer Service Department.
- 133 were processed by the Customer Ombudsman.
- 2,444 were rejected.

Complaints received and admitted for processing amounted to 3,912, the most significant reasons for the complaints filed by customers being the following:

- Expenses incurred in processing the transaction.
- Arrangement fee.
- Disagreement with the application of the IRPH as a review reference.
- Late payment interest, early maturity and commissions for debit positions.

In 2023 the complaints/claims that were admitted were resolved as follows:

- Favorable to the customer: 423.
- Unfavorable to the customer: 3,489.

It should be noted that the aforementioned reasons have been the subject of the complaints either jointly or separately and, in some cases, reiterated by the customers. Of the claims resolved in favor of the customer, we should point out that in 27 cases the customer's economic rights were recognized in the amount of 16,626.92 euros.

It should be pointed out that, in 2023, 21 claims have been received that were filed by our customers before the Bank of Spain's Department of Entities. Likewise, and although they do not strictly speaking constitute claims, 91 requests for information were submitted to the CIRBE service.

In relation to fiscal year 2022, the comparative information is detailed below;

The total number of bank complaints/complaints amounted to 2,684; these complaints are broken down into:

- 2,684 processed by the Customer Service Department processed by the Customer Ombudsman.
- 931 inadmissible.

Complaints received and admitted amounted to 1,753, with 88 pending resolution as of December 31, 2022. The most significant reasons for the complaints filed were as follows:

- Expenses incurred in the processing of the transaction.
- Interest on late payment, early maturity and loan commissions, including the origination fee.
- Disagreement with the application of the IRPH as a review reference.

It should be noted that the aforementioned reasons have been the object of the complaint letters jointly or separately and, in some cases, reiterated by the clients.

In 2022 the complaints/claims were resolved as follows:

- Favorable to the customer: 364.
- Unfavorable to the customer: 2,232.

Of the complaints resolved in favor of the customer, in 18 cases economic rights were recognized to the customer. In addition to the claims processed by the customer service department and by the customer ombudsman (SAC), economic rights were recognized to customers in other claims for various reasons, processed directly by the Entity, which has resulted in a cost, in 2022, of 12,728.28 euros.

It should also be noted that, of the claims received in 2022, a total of 8 were filed by customers with the Bank of Spain's Entities Department. Likewise, and although they do not strictly speaking constitute claims, 52 requests for information were submitted to the CIRBE service and 230 non-bank claims.

Regarding the criteria taken into consideration in the resolution of the claims, these are mainly based on the following aspects:

- Adequacy and compliance with the applicable regulations in force at any given time.
- Fulfillment of the contractual obligations assumed, with the signing of the loan contract, by each of the parties (customers and the Entity).

- Information provided by the Entity to the client, both in the pre-contractual phase and during the term of the contract.
- Compliance with good banking practices.
- Situation presented by the client, especially in case of vulnerability or risk of exclusion due to the economic crisis or unforeseen unforeseen situations.

Thus, in the resolution of claims, not only objective facts are taken into account (such as the applicable regulations and good banking practices) but also the personal situation reported by the customer, trying to provide a solution adapted to the specific circumstances of each customer. With respect to the claims raised by customers regarding payment difficulties, since the Bank has adhered to the Code of Good Practices, customers are informed and responded to in accordance with these regulations and good banking practices.

Additionally, we must point out that a basic principle of the CCS is the protection of the client's interest and, in compliance with this principle, the CCS carries out, when appropriate, those actions aimed at showing a willingness to solve the controversy raised and to reach, if necessary, agreements with our clients

## Money laundering

Regulatory Compliance and Money Laundering Prevention

During 2023, UCI Group has continued performing the necessary follow-up on the field of Regulation Compliance and Money Laundering Prevention, including the application of necessary measures in the estate selling activity, within the framework of Law 10/2010 on Money Laundering Prevention, all the above in order to control its reputational and operative risk.

From the general point of view of the Compliance function, in terms of regulations, ethics, good corporate governance and complaints management, the necessary adaptations and monitoring have continued to be carried out to maintain the good results in the number and treatment of complaints, and to establish internal policies that establish ethical criteria and mitigate the risk of non-compliance with regulations in the performance of the activity. These policies are available to employees and are set out in the following documents and procedures: Code of Ethics, Ethical Alert Procedure (whistle-blowing), Money Laundering Prevention Manual, Catalogue of operations with risk of money laundering in credit institutions and in the real estate activity, Catalogue of good and bad practices in the financing and real estate activity, Criminal Risk Prevention Manual, Customer Interest Protection Policy, Anti-corruption Policy and Gift Policy. During the year 2023, the "Guide of standards of conduct with customers in default" and the Policy of relations with authorities and Public Administrations and the Policy of conflicts of interest have been incorporated.

In relation to the money laundering prevention device, the fundamental working lines during 2023 have been the following:

- Monitoring of the system for managing alerts of potentially suspicious operations of money laundering and terrorist financing, both for the area of financing and for the area of real estate sales, without prejudice to the subsequent detailed analysis of each file.
- Review of the money laundering prevention system by an External Expert, in accordance with the provisions of Law 10/2010, of April 28, 2010, on the prevention of money laundering and financing of terrorism.
- Performance of the internal verification of the money laundering prevention system by UCI's Internal Audit Department.
- Review and update of the risk self-assessment report on money laundering prevention - Review and update of the risk self-assessment report on money laundering prevention.

**Gifts and Invitations Policy. Anti-Corruption and Anti-Bribery Policy**

Likewise, at UCI we have a Gifts and Invitations Policy which, together with the anti-corruption and anti-bribery policy, form part of the criminal prevention system and which establishes the guidelines to be taken into account in relation to the possible giving or acceptance of gifts in the UCI Group, to avoid incurring in actions contrary to the regulations and internal procedures.

In addition to the gifts and invitations policy, we have an anti-corruption and anti-bribery policy. The UCI Group is committed to a "zero tolerance" policy with respect to any type of corruption and/or bribery activities, in all forms and circumstances in which they may occur. The anti-corruption and anti-bribery policy aims to identify the most common scenarios in which these types of activities may occur and how to proceed to identify, prevent and avoid them.

### Consumer Protection Policy (Protection of Customer Interests)

One of the UCI Group's main objectives is to respect the interests of customers and their inherent rights. Therefore, the Consumer Protection function is a relevant function within the scope of Compliance.

Within this framework, the UCI Group has established its Consumer Protection Policy, which is based on the following principles:

- Fair and respectful treatment. For the UCI Group, fair treatment of customers is a strategic element that is part of the corporate culture. It is essential to place the customer at the center of the business, fostering a relationship of trust between both parties. Customers have the right to be treated with respect and in an honest, fair and non-discriminatory manner, with high ethical standards, using clear language and ensuring prompt, rigorous, diligent and efficient management, with special emphasis on transparency with the customer.
- Design of products and services with a customer vision. The UCI Group is a socially responsible organization and, as such, one of its fundamental objectives is to have a correct design of its financial products and services, always within the scope of national and international regulations on consumer protection.
- Transparency in communication. Communications with the customer throughout the entire customer relationship cycle must be carried out with transparency and quality, regardless of the time at which they take place. UCI promotes communication based on providing accurate and sufficient information, with clear and simple language
- Responsible pricing, taking into account consumer protection and price competition regulations.
- Consideration of customers' special circumstances and prevention of over-indebtedness, based on the responsible granting of financing and, where appropriate, taking into account the special circumstances and/or financial difficulties of customers in order to proceed in their best interest and offer them viable solutions.
- Data protection, carrying out a rigorous management of data based on current regulations, applying the principles of legality, loyalty, transparency and accuracy.
- Claims Management.The principles governing the performance of the S.A.C. are accessibility, independence, specialization and continuous improvement.
- Financial education. Knowledge of the system and of the principles of personal and family finance is essential to mitigate possible lack of understanding of financial products and services that may lead to possible conflicts that may arise with the entities. Financial education aims to contribute to the improvement of the financial culture of citizens, providing them with tools, skills and knowledge to make informed and appropriate financial decisions, helping consumers to enjoy a higher degree of protection.
- Responsible innovation. Responsible innovation within the UCI Group is defined as the use of new and improved products, services and processes, complying with the evolution of consumer needs, and avoiding barriers to access, understanding, use or utilization of those products, services or processes by customers, in order to achieve customer satisfaction.

### General Policy on Conflicts of Interest

Similarly, in the UCI Group we have a General Policy on Conflicts of Interest, the purpose of which is to make available to employees, directors and UCI Group entities the guidelines for preventing and managing conflicts of interest that may arise as a result of their activities.

This policy has been developed taking into account criteria of proportionality with respect to the structure of the UCI Group in order to identify the circumstances in which conflicts of interest may arise, and the internal reference regulations establishing the mechanisms for preventing and managing conflicts of interest, in particular:

- Code of Ethics.
- Internal Governance Policy.
- Remuneration Policy - Policy on Outsourcing of Essential Services.
- Anti-Corruption and Anti-Bribery Policy.
- Anti-Corruption and Anti-Bribery Policy. Gifts and Invitations Policy.

### Whistleblowing Channel

The Group has a Whistleblowing Channel, which is a procedure for reporting breaches, allowing Group employees to confidentially report any conduct that may imply a breach of the corporate governance system or the commission by any Group employee of any act contrary to the law (in particular any action that may be criminal) or to UCI's rules of conduct, as set forth in the Code of Ethics and in the internal policies and procedures of the Compliance Activity.

**Compliance Activity**

1. Whistleblowing Channel. During fiscal year 2023, one complaints have been received through this whistleblowing channel in Spain.
2. Gifts and invitations. During 2023 there were no incidents related to the Gift Policy.
3. Prevention of Money Laundering Alerts. During 2023 a total of 1,532 alerts were analyzed in Spain, of which 9 were reported to the OCI (Internal Control Body) and of these 9, 3 was reported to SEPBLAC.

In Greece, 32 alerts have been analyzed and none has been communicated to the local regulatory body.

In Portugal, 816 alerts have been analyzed and one has been communicated to the local regulator.

**Awareness and training provided on Regulatory Compliance issues**

During 2023, the Compliance area has continued with the training and awareness-raising work, in order to train, inform and raise awareness among employees about the possible Compliance risks and provide them with the necessary tools to identify and prevent them, as well as to mitigate them in case of materialization of such risk.

Likewise, during this fiscal year 2023, the following training actions have been carried out on Compliance matters (Criminal Risk, Prevention of Money Laundering, Data Protection, International Sanctions and Embargos, Competition Law, Anti-Corruption Training, Validation and monitoring of products, Advertising of banking products and services, and Volcker) and internal dissemination actions of contents related to Compliance matters have been carried out.

The scope of all the training has been for the entire staff, except for the training on competition law and advertising of products and services, which has been addressed to managers, including senior management. Regarding Volcker training, it has been addressed to a specific group of employees and managers.

Internal communications to raise awareness of contents related to Compliance matters have been as follows:

- Transparency Culture.
- Compliance Culture.
- Prevention of money laundering.
- Communication of Ethics Alert procedure.
- Communication of anti-corruption policy and Gift Policy.
- Communication of Criminal Risk Prevention Manual.

**Regulatory developments**

Within the framework of the Compliance function, one of the main aspects is the identification and analysis of regulatory and normative developments with an impact on the Entity. In fiscal year 2023, 74 information communications on new regulations in Spain have been disseminated.

# 13. Credit risk

## Introduction

As the supreme management body, the Board of Directors establishes the Group's risk policy and supervises compliance with this. The Board of Directors determined the operating limits and the delegation of powers for credit risks, market risks and structural risks.

One of the pillars on which the activity of a Financial Entity is sustained is correct risk management. Control over this is the guarantee for the survival of our business over the course of time. The main objectives in risk management are the following:

- Optimise the relation between the assumed risk and profitability.
- Adapt capital requirements to risks assumed by the Group. For the Group, it is essential to establish a capital planning to ensure its long-term solvency, so as not to commit its business model or risk profile.

In the Group, risk management is carried out with regard to the origin of the risk. Because of the Group's business, there is a main distinction among the following:

- Credit Risk (in which the customer credit risks are concentrated, over 90% of the total risk)
- Market Risk
- Operating Risk
- Equity and solvency Risk (see note 5)

All of these are handled and mitigated with all of the latest techniques currently available.

The Group has drawn up management plans in accordance with the needs derived from the different types of risk. The understanding of risk management has a continuous process has led to the management processes for each risk, with the measurement tools for their administration, appraisal and monitoring, as well as to the definition with suitable circuits and procedures, which are reflected in management manuals or in the Credit or Recollection Committees.

Grouped below by headings are the different matters that, in the most material manner, distinguish risk Management and Control within the UCI Group.

## Credit risk management

### Internal organisation

The Board of Directors has delegated to the Credit Risk Committee, comprising the Chairman and the General Director, the operating decisions that, based on their profile, do not have their decision delegated to other executive levels. The Board has established that the Credit Risk Committee can decide on transactions for any amount.

At the executive level within the Risk Directorate, it is the National Authorisation Centre (N.A.C.) is the body responsible for the decisions on all files.

In order to provide ourselves with a consolidated, consistent and solid database, UCI has opted to centralise the codifying process, thereby avoiding the appearance of multiple criteria with regard to the interpretation of data to be codified. One of the main consequences of this form of organisation is the suitability of the databases with regard to the elaboration of our scoring model. This process is integrated in the N.A.C., which reports directly to the Risk Director.

In order to ensure quality in codifying, the N.A.C. is periodically submitted to controls by the Policies and Methods Department and the Internal Audit Department.

Most decisions are taken in a centralised manner in the N.A.C.

Risk analysts from the N.A.C. decide transactions based on their authorisations. Those exceeding such authorisations are submitted to the decision by the N.A.C. Committee or to the Risk Committee, as appropriate.

The activity carried out by the area is monthly reviewed from the point of view of equipment productivity, decision quality, assumed risk levels and transformation rates, in order to meet the established standards.

In addition to the N.A.C., there are other departments that outline the organisational plan for Risk Management in UCI.

The Policy and Method Department, dependent on the Risk Directorate, is entrusted with the responsibility of defining and implementing the policies and procedures to be followed in putting together a loan, its processing and decision. Similarly, it is responsible for the training, supervision and control for the correct application of policies and procedures, both in our agencies and in the N.A.C.

The Agents' Department, integrated under this same directorate, is in charge of monitoring, controlling and encouraging the administrative agency network with which we work. They are also responsible for the proper application of our selection policy from the point of view of legal security for transactions.

And, finally, the Valuation Department is responsible for supervising the activities carried out for us by the valuation firms, giving decisive support for those transactions that require a technical report.

The quality of the setting-up, analysis and decision processes for loan dossiers, as well as those corresponding to the Agency and Valuation Departments have obtained the AENOR certification in Spain for compliance with the Spanish Standard UNE-EN ISO 9001:2008 in March 2003, and which is extended throughout the commercial network. Each year, follow-up audits are performed. The certification is renewed every three years; the last renewal is from 2023.

### Control over external collaborators

In UCI, risk control is present in all the phases for processing a dossier and affects not just the internal management units but also included those tasks delegated to our external collaborators.

This also allows us to have the administration agencies network connected by computer with our central systems, with vertical integration in our management system.

It should be noted that, for UCI, the administrative agencies do not merely perform administrative procedures, but are also empowered by UCI and are responsible for the proper legal handling of our transactions, being responsible for the following processes, among others: searching and analysing property register information, preparing and carrying out the signing process, acting as representatives with powers of attorney from our entity, filing deeds in the corresponding registries, cancelling charges prior to our mortgage appearing in the registry so as to guarantee this having first call, settling taxes and sending the deeds for filing once all the appropriate controls have been carried out so as to guarantee the risk levels established .

It is important to point out that the success of their task depends to a great extent on the control processes established in the management systems designed by UCI for this activity.

Furthermore, the valuation process is also subject to control and supervision by our systems without this detracting from the valuation companies' total liberty for determining the value of the security.

The interconnection of our respective computer systems allows us to establish automatic quality controls that go beyond the simple requirement for a minimum demanded valuation amount. Among other aspects, these controls cover re-locatability, the adaptation of the asset to demand, community costs, the need for alterations, the regime to which is subject, the possible presence of third parties with preferential rights, etc.

Any anomaly detected requires the dossier to be sent to the N.A.C. for a further decision in which the risk factors arisen in the valuation are considered.

## Scoring model and risk cost

Since the creation of UCI, one of the most constant concerns of the Management has been to model the behavior of the loan portfolio.

In 2023, the ninth version of the Credit Scoring model, built on a history of homogeneous default events since 2010, was launched in Spain.

This model, more granular in scale than previous ones, makes it possible to discriminate between different categories of customers in terms of homogeneous payment behavior, anticipating the probability of their default.

Scoring is an integral part of the selection parameters when accepting a given risk.

In order to complete the view of the risk associated with our files, we have developed a model of the expected cost of risk which makes it possible to quantify the expected loss of a file according to its score and the percentage of financing with respect to the value of the guarantee.

This cost of risk is included in our pricing model in such a way that the financial conditions to be assigned to a file can be individually managed according to its risk.

In Portugal, the fifth version of the scoring system specific to the retail business in Portugal, built on the experience of the actual payment behavior of UCI's customers since its inception, was implemented in 2020. Portugal represented 7% of UCI, S.A., E.F.C.'s credit risks at the end of 2008, 11.6% at the end of 2022 and 11.8% at the end of 2023.

In order to have advance measures of credit risk for UCI, there are three basic elements: expected loss, probability of default and loss given default.

The expected loss in percentage terms relative to the risk exposure is formulated as follows:

| | | | | |
|---|---|---|---|---|
| Expected loss % | = | Probability of Default % | × | Severity % |

Additionally, the economic capital, apart from depending on the same components as the expected loss, also depends on other elements, such as the confidence level taken as reference point, as the correlation or degree of diversification in the portfolios.

- **Probability of default:** Default is understood to be a delay in payment of an obligation of more than 90 days, a definition that coincides with the Basle II document. The horizon for calculating this probability is three years. It should be noted that the higher the section, the lower the probability of non-payment. The historic records prepared are used to study how this probability varies in relation to the points assigned in the scoring and other possible relevant axes (for example, age of the operation).
- **Severity:** This is defined as the anticipated estimate of final loan losses in the event of a de-

fault. Its complementary aspect is the recovery rate, which can be calculated as the difference between 100% and the severity level. In addition to the effectiveness of the recovery process, the elements that affect this are the type of product involved and the guarantees linked with the transaction (mortgage or credit insurance in the case of UCI). In order to have estimates for severity it is necessary to have historical and homogenous databases that make it possible to analyse the result of the procedures for recovery in accordance with different segmentation criteria. On this point, development has been completed for the database for the historical analysis of the recoveries for UCI in Spain in accordance with customers' scoring sections. The information collected dates back to 1993 in Spain. In Portugal, the same process has been performed with exploitation of data generated since 2004.

- **Expected losses:** during 2023, the expected loss estimates have been adjusted according to the tranches and scoring, and new information from the historical risk databases has been made available, where all the information on risk exposure is being integrated together with its estimates of probability of default and loss given default and severity broken down by portfolio. The expected loss on the portfolio of new mortgage loans generated in Spain in 2023 is 11 bp (10 bp in 2022).

### Incorporation of forward-looking information in the expected loss models

As shown in the following section, the Company has taken into account macroeconomic scenarios with five levels of different severity. These scenarios have been contrasted with those issued by official bodies and by the Entity's shareholders.

The projected variables considered are as follows:

| | | 31/12/23 | | | 31/12/22 | | |
|---|---|---|---|---|---|---|---|
| | | 2023 | 2024 | 2025 | 2022 | 2023 | 2024 |
| **GDP Variation** | | | | | | | |
| | *Very negative* | - | - | - | (2.3%) | -3.6% | 0.1% |
| *(Annual variation)* | *Negative* | (1.7%) | (1.2%) | 0.1% | (0.8%) | -1.7% | 1.2% |
| | *Base* | 1.3% | 2.0% | 1.6% | 0.7% | 2.7% | 2.2% |
| | *Positive* | 2.6% | 3.9% | 3.0% | 3.4% | 4.4% | 3.5% |
| | *Very positive* | - | - | - | 4.5% | 5.6% | 4.1% |
| **Unemployment rate** | | | | | | | |
| | *Very negative* | - | - | - | 15.4% | 19.9% | 21.1% |
| *(Absolute level)* | *Negative* | 13.6% | 14.8% | 14.7% | 14.4% | 17.2% | 17.7% |
| | *Base* | 12.1% | 11.4% | 10.7% | 13.6% | 13.1% | 12.6% |
| | *Positive* | 11.5% | 9.7% | 9% | 12.8% | 12.1% | 10.7% |
| | *Very positive* | - | - | - | 12.4% | 11.2% | 9.4% |
| **Interbank rate 12 meses** | | | | | | | |
| | *Very negative* | - | - | - | 4.4% | 4.0% | 3.1% |
| *(Absolute level)* | *Negative* | 4.3% | 3.7% | 3.4% | 3.6% | 3.1% | 2.9% |
| | *Base* | 3.8% | 3.2% | 2.9% | 2.7% | 2.6% | 2.7% |
| | *Positive* | 3.5% | 2.9% | 2.8% | 2.6% | 2.5% | 2.5% |
| | *Very positive* | - | - | - | 2.5% | 2.4% | 2.2% |
| **Change of housing houses' price** | | | | | | | |
| | *Very negative* | - | - | - | 2.2% | 0.3% | 1.8% |
| *(variaciones anuales)* | *Negative* | 0.5% | (1.1%) | 0.2% | 3.0% | 1.6% | 2.5% |
| | *Base* | 1.2% | 1.5% | 2.6% | 3.9% | 4.3% | 3.7% |
| | *Positive* | 1.5% | 2.6% | 3.9% | 4.9% | 5.3% | 4.4% |
| | *Very positive* | - | - | - | 5.4% | 6.2% | 4.9% |
| **Change in consumer price index** | | | | | | | |
| | *Very negative* | - | - | - | 10.2% | 4.0% | 2.5% |
| *(Annual variation)* | *Negative* | 4.1% | 3.4% | 2.7% | 8.0% | 3.1% | 2.5% |
| | *Base* | 2.7% | 2.3% | 2.2% | 6.2% | 2.5% | 2.3% |
| | *Positive* | 2.3% | 2.1% | 2.0% | 6.0% | 2.3% | 2.0% |
| | *Very positive* | - | - | - | 5.8% | 2.2% | 2.0% |

Starting from a base scenario, the two "negative" scenarios reflect deficiencies leading, together with other macroeconomic dynamics, to declines in productivity, GDP and house price variations below the evolution of the consumer price index, with two different levels of severity.

The two positive scenarios reflect more favorable developments than the base scenario, with two different levels of severity.

## Assumptions and scope of the models

The Company performs an annual recalibration of the provisioning model, in which it integrates the impact of the effective management of its recovery and the marketing of its foreclosed assets in the dynamic parameters of the model, with the most current information possible to comply with the "point-in-time" nature of these methodologies, measured at June 30 of the fiscal year.

The Company inserts this future protection in a macro-economic environment determined by the combinations of the different scenarios. As can be seen, the scenarios are three-year scenarios. The Company inserts this future protection in a macro-economic environment determined by the combinations of the different scenarios. As can be seen, the scenarios are triennial. In November 2022, the macro-economic scenarios have been updated, together with the recalibration mentioned in the previous paragraph, which has generated a recovery of provisions of 6 Million Euros.

In accordance with the principles of the applicable accounting regulations, the expected loss for each loan takes into account a "forward-looking" (12-month horizon) or "life-time" (horizon until the end of the loan's life or maturity) view, depending on the accounting classification of the exposures: horizon until the end of life for doubtful loans in default or not, for loans under special surveillance, and 12-month horizon for the rest of the healthy loans.

The determination of loan loss provisions for credit risk is carried out based on the development of an internal model, based on what is defined in Annex IX of Circular 4/2017, and the precisions set for this purpose by IFRS 9. Likewise, the Group uses a "Post Model Adjustment" for the purpose of calculating the provision for credit risk, for transactions classified as Subjective Doubtful, based on its "expert judgment" and with the objective of including additional valuation prudence conditions, based on the historical experience of the

The weighting of the scenarios foreseen in 2023 for each of the fiscal years for each segment is as follows:

| NEGATIVE | BASE | POSITIVE |
|---|---|---|
| 25% | 50% | 25% |

The weighting of the scenarios foreseen in 2022 for each of the fiscal years for each segment is as follows:

| Very negative | Negative | Base | Positive | Very positive |
|---|---|---|---|---|
| 5% | 20% | 50% | 20% | 5% |

This weighting is applied to the Company's portfolio in Spain, which represents 86% of the Company's total. The calibration principles for the other countries (Portugal and Greece) follow the letter or spirit of the above, albeit in a simplified manner.

## Coexistence of scenarios and sensitivity

The different variables that measure or quantify the economic situation influence each other and show correlations of varying signs: the growth of gross domestic product and the unemployment rate tend to evolve in different directions, low interest rates can fuel growth or conversely be an effect of less restrictive monetary policies caused by weak growth, the evolution of housing prices has to be read in conjunction with the evolution of consumer prices, etc.

These dependencies make it difficult to establish clear causal relationships between a particular variable and an effect (e.g. expected credit loss) and, additionally, also make it difficult to interpret sensitivities to expected credit loss model calculations when these sensitivities are provided for several variables simultaneously.

Following, the estimated sensitivity to a 1 % drop in gross domestic product, as well as to a 1 % drop in real estate asset prices in expected credit risk losses at the end of 2023 on the entire credit portfolio, is shown below.

| 1% unemplyment rate rise | | 1% housing' price drop | |
|---|---|---|---|
| **Impact in M €** | **Impact in % of the hedges** | **Impact in M €** | **Impact in % of the hedges** |
| 2.16 | 0.03% | 13.81 | 0.17% |

## Risk of concentration

The UCI Group continuously monitors the degree of concentration of the various credit risk portfolios under the most relevant dimensions: geographical areas, economic sectors and customer groups. The Board of Directors establishes the risk policies and reviews the exposure limits approved for the appropriate management of the degree of concentration.

Given the Group's mortgage activity sector, lending activity is dispersed throughout the Spanish Autonomous Regions and Portuguese regions (through loans formalised by the Branch in that country), with the greatest degree of concentration in those transactions involving developer risk in Spain, where the risk formalised can amount to more than one million euros, a not significant figure in any case.

The Group is subject to the Bank of Spain's regulations on large exposures, which are those exceeding 10% of eligible capital. In accordance with the regulations in force, and contained in Circular 3/08, no individual exposure, including all types of credit risk, must exceed 25% of the Group's capital. At 31 December 2023 and 2022, there was no exposure above the above limits.

The policies established for the disposal of foreclosed real estate assets or assets received in payment of debts include the marketing of the assets through real estate professionals. The Group's strategy for each of these non-current assets for sale may include improvement or refurbishment works, in collaboration with the professionals responsible for their marketing. The aim of the strategies is to optimise the timing and price of disposal of these assets, in line with the evolution of the real estate market.

The concentration of risks by activity and geographical area of the Group at 31 December 2023 is as follows:

| CONCENTRATION RISK BY ACTIVITY AND GEOGRAPHICAL AREA (carrying values)<br>TOTAL ACTIVITY | TOTAL 31.12.2023 | Spain | Rest of European Union | America |
|---|---|---|---|---|
| 1. Credit institutions | **203,724** | **200,524** | **3,200** | - |
| 2. Public Administrations | **228,139** | **228,139** | - | - |
| 3. Other financial institutions | - | - | - | - |
| 4. Non-financial companies and individual employers | **6,801** | **6,267** | - | **534** |
| 4.1 Real estate construction and development | 6,267 | 6,267 | - | - |
| 4.2 Construction of civil works | - | - | - | - |
| 4.3 Other purposes | **534** | - | - | **534** |
| 4.3.1 Large companies | - | - | - | - |
| 4.3.2 SMEs and individual employers | 534 | - | - | 534 |
| 5. Other homes and non-profit institutions serving households | **9,338,054** | **8,195,297** | **1,142,757** | - |
| 5.1 Homes | 9,338,054 | 8,195,297 | 1,142,757 | - |
| 5.2 Consumption | - | - | - | - |
| 5.3 Other purposes | - | - | - | - |
| TOTAL | **9,776,719** | **8,630,227** | **1,145,957** | **534** |

The concentration of risks by activity and geographical area of the Group at 31 December 2022 was as follows:

| CONCENTRATION RISK BY ACTIVITY AND GEOGRAPHICAL AREA (carrying values)<br>TOTAL ACTIVITY | TOTAL 31.12.2022 | Spain | Rest of European Union | America |
|---|---|---|---|---|
| 1. Credit institutions | **272,076** | **269,422** | **2,654** | - |
| 2. Public Administrations | **146,116** | **146,116** | - | - |
| 3. Other financial institutions | - | - | - | - |
| 4. Non-financial companies and individual employers | **8,399** | **7,892** | - | **507** |
| 4.1 Real estate construction and development | 7,892 | 7,892 | - | - |
| 4.2 Construction of civil works | - | - | - | - |
| 4.3 Other purposes | **507** | - | - | **507** |
| 4.3.1 Large companies | - | - | - | - |
| 4.3.2 SMEs and individual employers | 507 | - | - | **507** |
| 5. Other homes and non-profit institutions serving households | **10,031,332** | **8,795,927** | **1,235,405** | - |
| 5.1 Homes | 10,031,332 | 8,795,927 | 1,235,405 | - |
| 5.2 Consumption | - | - | - | - |
| 5.3 Other purposes | - | - | - | - |
| TOTAL | **10,457,923** | **9,219,357** | **1,238,059** | **507** |

## Credit risk mitigation

The duties of the Audit Committee and of the Internal Audit Department include ensuring the appropriate compliance with risk control policies, methods and procedures, guaranteeing that they are appropriate, effectively implemented and regularly reviewed.

The Risk policies' internal audits review the client's payment capacity and the focus on a better client profile, analysing whether the granting of credits adapts to the entity's internal policies, to guidelines established by the Board of Directors, to the compliance with the solvency assessment based on the EBA Guidelines (European Banking Authority), to Circulars of Bank of Spain, and to other applicable regulations.

## Restructuring/refinancing policy

The UCI Group, within a responsible credit and collection policy, has established a corporate policy which refers to those operations where the customer has presented, or is expected to present, difficulties to face his/her payment obligations under the contract terms in force and, therefore, it could be advisable to temporarily modify the operation in force or even to formalise a new operation.

This policy is applicable to countries where UCI operates and to all customers, adapting to the local needs and standards and always subordinated to the compliance with local regulations applicable. Its principles include the following:

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

The solution must focused in the recovery of all due amounts, recognising as soon as possible the amounts which are considered unrecoverable, if any. Delaying the immediate recognition of losses would be contrary to management good practices.

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

If the client has more than one operation with UCI, the following aspects must be addressed:

- The client's risk will be assessed as a whole, regardless of the situation of each individual loan.
- If possible, all operations will be grouped and assigned with the highest level of guarantee possible.
- The determination of monthly charges will be adjusted to monthly payments of all loans. Also, all consolidable income of the family unit will be added so as to verify that the affordability rate keeps the most appropriate proportion.
- The proposed solution will generally imply the cancellation of all available amounts not disposed of.

**An operation can be restructured several times (concatenation)**

The succession of restructuring operations, in general, will be conditioned to the correct payment behaviour in the previous operation or when, due to the variation of personal/labour/economic circumstances, it was sufficiently evidenced that the lack of compliance is due to these circumstances, as per the client's new situation.

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

- The proposed solution must not imply granting additional financing to the client and cannot be used to finance other debts or as cross-selling instrument.
- In refinancing operations, the increase of the necessary amount to face formalisation expenses will be admitted when it is evidenced that it will be possible to pay the proposed instalment or when new guarantees are contributed.
- The restructuring or refinancing operation must always contemplate the maintenance of existing guarantees and, where possible, to improve them and/or extend their coverage. New guarantees or real guarantees will not only mitigate severity, but shall reduce the probability of lack of compliance.

**Payment condition for ordinary interests**

Instalments established in the restructuring operation must comply, in general, at least, with the operation's ordinary interests. Interest's waiting periods must be appropriately justified on the basis of the operation's risk.

*Cautions in restructuring and refinancing operations*

- When assessing the convenience of the solution's proposal, it is necessary to ensure that this proposal's results exceed those expected to be obtained if the debt was not newly negotiated.
- The analysis of guarantees and the possible future evolution is an especially relevant element when assessing restructuring and refinancing operations.

- Avoid the fact that the solution's possibility incentives defaults.
- If debt restructuring and refinancing products provide more advantageous conditions for the client than the ordinary operation, there is a true risk for the client to observe an advantage in the lack of compliance of obligations. Therefore, the design of UCI policy and products avoid communicating to the client that the lack of compliance of obligations is rewarded.
- The application of rigorous and selective criteria is especially relevant in massive and/or public actions.

**Traceability of operations**

- It is necessary for systems to keep record of operations subject to restructuring, so as to identify them, such as when the client has had difficulties. All data in origin must be considered in case they are subsequently necessary.
- Systems identify those operations which origin has been a restructuring or refinancing process, in order to appropriately distinguish them from those originated in an ordinary admission process, and to be able to perform a differentiated analysis of both types of operations.
- The Entity keeps record of the relation between original and new operations, if any, being able to determine the debt's distribution between the different origin operations.

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

- Improvements in classification shall be applied as long as a minimum relation has been held with the client so as to ensure a reasonable knowledge of the new situation.
- This relation must be sufficiently satisfactory and enable the verification of an acceptable improvement in the client's payment capacity.

**Restructuring and refinancing operations in category of normal risk will be held identified as such and classified dentro of the category Normal Special Surveillance until their extinction if conditions defined in section 100 of annex IX of Circular 4/2017 are not met**

- That it is concluded that, after an exhaustive review of the owner's equity and financial situation, that financial difficulties are not expected.
- That a minim two-year term has elapsed from the date of formalisation of the refinancing or restructuring operation, or, if later, from the date of reclassification from the category of doubtful risk.
- That the owner has paid accrued instalments of principal and interests from the date at which the refinancing or restructuring operation was formalised, or, if later, from the date of reclassification from the category of doubtful. Additionally, the following would be necessary:
  - That the owner has satisfied, through regular payments, an amount equivalent to all amounts (principal and interests) overdue at the date of the refinancing or restructuring operation, or which were written off as a consequence of such operation, or
  - That other objective criteria have been verified, demonstrating the owner's payment capacity, being more appropriate based on the operations' characteristics.

  Therefore, the existence of contractual clauses that delay the reimbursement, such as principal's waiting periods, will imply that the operation remains identified as refinancing, refinanced or restructured operation, until the criteria described in this letter are met.
- That the owner does not have any other operation with amounts due more than thirty days at the end of the probationary period.

Therefore, when all requirements above are met, the operations will no longer be identified in the financial statements as refinancing, refinanced or restructured operations, regardless of whether the information on modifications made in the operations is duly included in the entity's databases, in application of the principle of traceability, and it is declared to the Risks Information Centre.

## Quantitative information required by Circular 6/2012 of Bank of Spain

The credit risk management policies and procedures applied by the Entity ensure detailed monitoring of borrowers, highlighting the need to make provisions when there are indications of deterioration in their solvency. Accordingly, the Entity establishes the required loan loss provisions for those transactions in which the situation of its borrower so requires prior to formalising the restructuring/refinancing transactions, which should be understood to be:

- Refinancing operation: an operation that is used for economic or legal reasons related to financial difficulties (current or foreseeable) of the holder to cancel one or several operations granted, by the institution itself or by other entities of its group, to the holder or to one or more other companies of its economic group, or whereby such operations are brought fully or partially up to date with payment, in order to facilitate the payment of their debt (principal and interest) by the holders of the cancelled or refinanced operations because they cannot, or it is foreseen that they will not be able to, comply in due time and form with their conditions.
- Refinanced operation: an operation that is fully or partially brought current as a result of a refinancing operation carried out by the institution.
- Restructured operation: the financial conditions of an operation are modified for economic or legal reasons related to the holder's current or foreseeable difficulties, in order to facilitate the payment of the debt (principal and interest) because the holder is unable, or is expected to be unable, to comply with these conditions in due time and form, even if this modification was foreseen in the contract. In any case, operations in which the conditions are modified to lengthen their maturity, vary the amortisation schedule to reduce the amount of the instalments in the short term or reduce their frequency, or establish or lengthen the period of grace period of principal, interest or both, are considered to be restructured, unless it can be proven that the conditions are modified for reasons other than the financial difficulties of the holders and are similar to those that would be applied by other institutions in the market for similar risks.

If a transaction is classified in a specific risk category, refinancing does not improve its risk classification. Refinanced transactions are initially classified according to their characteristics, mainly the borrower's financial difficulties and the existence of certain clauses such as extended grace periods. As a general rule, the Entity classifies refinancings and restructurings with normal risk under special surveillance, unless they meet the criteria for classification as doubtful. The Entity also presumes that a restructuring or refinancing exists in the following circumstances:

- Where all or part of the payments on the modified transaction have been past due for more than 30 days (without being classified as doubtful risk) at least once in the three months prior to the modification,or would have been past due for more than 30 days without such modification.
- Where, simultaneously with the provision of additional funding, or at some point in the future, the holder has made payments of principal or interest on another transaction, all or part of which payments have been overdue for more than 30 days at least once in the three months preceding its refinancing.
- Where the use of implicit restructuring or refinancing clauses is approved with debtors who have amounts due for 30 days or who would be 30 days overdue if such clauses were not exercised.

This typology of operations is specifically identified in the information system in a way that allows for proper accounting classification and monitoring.

Operations classified in this category may be reclassified to normal risk if the reasons for their classification as normal risk under special surveillance no longer exist.

Their respective hedges as at 31 December 2022 and 31 December 2021 are as follows:

**2023**

| TOTAL (thousands of Euros) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Full mortgage guarantee | | Other real guarantees | | Without real guarantee | | Accumulated impairment or accumulated losses in the fair value due to the credit risk Gross amount | Maximum amount of real guarantee that may be considered |
| | Number of operations | Gross amount | Number of operations | Gross amount | Number of operations | Gross amount | | |
| 1. Credit institutions | | | | | | | | |
| 2. Public Administrations | | | | | | | | |
| 3. Other financial entities and individual employers (financial business activity) | | | | | | | | |
| 4. Non-financial companies and individual employers (non-financial business activity) | | | | | | | | |
| of which: financing of the real estate construction and development (including land) | | | | | | | | |
| 5. Other homes | 15,772 | 1,799,313 | - | - | 563 | 13,851 | 239,729 | 1,573,435 |
| Total | 15,772 | 1,799,313 | - | - | 563 | 13,851 | 239,729 | 1,573,435 |

**2023**

| Of which: DOUBTFUL (thousands of Euros) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Full mortgage guarantee | | Other real guarantees | | Without real guarantee | | Accumulated impairment or accumulated losses in the fair value due to the credit risk Gross amount | Maximum amount of real guarantee that may be considered |
| | Number of operations | Gross amount | Number of operations | Gross amount | Number of operations | Gross amount | | |
| 1. Credit institutions | | | | | | | | |
| 2. Public Administrations | | | | | | | | |
| 3. Other financial entities and individual employers (financial business activity) | | | | | | | | |
| 4. Non-financial companies and individual employers (non-financial business activity) | | | | | | | | |
| of which: financing of the real estate construction and development (including land) | | | | | | | | |
| 5. Other homes | 10,141 | 1,212,812 | - | - | 334 | 9,116 | 220,202 | 1,001,726 |
| Total | 10,141 | 1,212,812 | - | - | 334 | 9,116 | 220,202 | 1,001,726 |

**2022**

**TOTAL (thousands of Euros)**

| | Full mortgage guarantee | | Other real guarantees | | Without real guarantee | | Accumulated impairment or accumulated losses in the fair value due to the credit risk Gross amount | Maximum amount of real guarantee that may be considered |
|---|---|---|---|---|---|---|---|---|
| | Number of operations | Gross amount | Number of operations | Gross amount | Number of operations | Gross amount | | |
| 1. Credit institutions | - | - | - | - | - | - | - | - |
| 2. Public Administrations | - | - | - | - | - | - | - | - |
| 3. Other financial entities and individual employers (financial business activity) | - | - | - | - | - | - | - | - |
| 4. Non-financial companies and individual employers (non-financial business activity) | 4 | 690 | - | - | - | - | 338 | 351 |
| of which: financing of the real estate construction and development (including land) | 4 | 690 | - | - | - | - | 338 | 351 |
| 5. Other homes | 17,657 | 2,018,355 | - | - | 663 | 16,365 | 214,934 | 1,819,786 |
| Total | 17,661 | 2,019,045 | - | - | 663 | 16,365 | 215,273 | 1,820,137 |

**2022**

**Of which: DOUBTFUL (thousands of Euros)**

| | Full mortgage guarantee | | Other real guarantees | | Without real guarantee | | Accumulated impairment or accumulated losses in the fair value due to the credit risk Gross amount | Maximum amount of real guarantee that may be considered |
|---|---|---|---|---|---|---|---|---|
| | Number of operations | Gross amount | Number of operations | Gross amount | Number of operations | Gross amount | | |
| 1. Credit institutions | - | - | - | - | - | - | - | - |
| 2. Public Administrations | - | - | - | - | - | - | - | - |
| 3. Other financial entities and individual employers (financial business activity) | - | - | - | - | - | - | - | - |
| 4. Non-financial companies and individual employers (non-financial business activity) | 4 | 690 | - | - | - | - | 338 | 351 |
| of which: financing of the real estate construction and development (including land) | 4 | 690 | - | - | - | - | 338 | 351 |
| 5. Other homes | 9,413 | 1,131,412 | - | - | 390 | 10,042 | 188,147 | 953,307 |
| Total | 9,417 | 1,132,101 | - | - | 390 | 10,042 | 188,485 | 953,658 |

The amount of transactions that, subsequent to refinancing or restructuring, have been classified as doubtful in the financial year 2023 and in the financial year 2022 is as follows:

| REFINANCING AND RESTRUCTURING BALANCES IN FORCE 31.12.2023 (Thousands of euros) | Full mortgage guarantee | | Other real guarantees | | Without real guarantee | | TOTAL | |
|---|---|---|---|---|---|---|---|---|
| | No. oper. | Gross amount | No. oper. | Gross amount | No. oper. | Gross amount | No. oper. | Gross amount |
| **Homes** | **1,848** | **171,883** | **-** | **-** | **89** | **1,360** | **1,937** | **173,243** |
| Of which: loans guaranteed by residential estates | 1,848 | 171,883 | - | - | 89 | 1,360 | 1,937 | 173,243 |
| **Non-financial companies** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Of which: small and medium entities | - | - | - | - | - | - | - | - |
| **Total** | **1,848** | **171,883** | **-** | **-** | **89** | **1,360** | **1,937** | **173,243** |

| REFINANCING AND RESTRUCTURING BALANCES IN FORCE 31.12.2022 (Thousands of euros) | Full mortgage guarantee | | Other real guarantees | | Without real guarantee | | TOTAL | |
|---|---|---|---|---|---|---|---|---|
| | No. oper. | Gross amount | No. oper. | Gross amount | No. oper. | Gross amount | No. oper. | Gross amount |
| **Homes** | **2,929** | **372,091** | **-** | **-** | **122** | **3,352** | **3,051** | **375,443** |
| Of which: loans guaranteed by residential estates | 2,929 | 372,091 | - | - | 122 | 3,352 | 3,051 | 375,443 |
| **Non-financial companies** | **4** | **689** | **-** | **-** | **-** | **-** | **4** | **689** |
| Of which: small and medium entities | 4 | 689 | - | - | - | - | 4 | 689 |
| **Total** | **2,933** | **372,780** | **-** | **-** | **122** | **3,352** | **3,055** | **376,132** |

The breakdown of doubtful and non-doubtful exposures refinanced or restructured, according to the number of days elapsed since maturity at December 31, 2023 and December 31, 2022 is as follows:

**2023**

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | TOTAL (in thousand of Euros)) | | | | | | | | | | | |
| | | Exposures not in doubt | | | Doubtful exposures | | | | | | | |
| | | Total | Not expired or Expired <= 30 days | Overdue > 30 days <= 90 days | Total | With low probability of payment that are not past due or past due < = 90 days | Overdue > 90 days <= 180 days | Overdue > 180 days <= 1 year | Expired > 1 year <= 2 years | Expired > 2 years <= 5 years | Expired > 5 years <= 7 years | Expired > 7 years |
| **Credit Institutions** | - | - | - | - | - | - | - | - | - | - | - | - |
| **Public entities** | - | - | - | - | - | - | - | - | - | - | - | - |
| **Non financial corporation** | - | - | - | - | - | - | - | - | - | - | - | - |
| Construction and Real Estate development | - | - | - | - | - | - | - | - | - | - | - | - |
| Other purposes | - | - | - | - | - | - | - | - | - | - | - | - |
| **Rest of households** | 1,813,164 | 591,235 | 585,081 | 6,154 | 1,221,929 | 591,235 | 88,910 | 165,024 | 200,238 | 142,769 | 45,791 | 43,899 |
| **Total** | **1,813,164** | 591,235 | 585,081 | 6,154 | 1,221,929 | 591,235 | **88,910** | **165,024** | **200,238** | **142,769** | **45,791** | **43,899** |

**2022**

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | TOTAL (in thousands of Euros) | | | | | | | | | | | |
| | | Exposures not in doubt | | | Doubtful exposures | | | | | | | |
| | | Total | Not expired or Expired <= 30 days | Total | Not expired or Expired <= 30 days | Total | Not expired or Expired <= 30 days | Total | Not expired or Expired <= 30 days | Total | Not expired or Expired <= 30 days | Total |
| **Credit Institutions** | - | - | - | - | - | - | - | - | - | - | - | - |
| **Public entities** | - | - | - | - | - | - | - | - | - | - | - | - |
| **Non financial corporation** | 690 | - | - | - | 690 | - | - | - | - | - | 690 | - |
| Construction and Real Estate development | 690 | - | - | - | 690 | - | - | - | - | - | 690 | - |
| Other purposes | - | - | - | - | - | - | - | - | - | - | - | - |
| **Rest of households** | 2,034,720 | 893,267 | 881,298 | 11,968 | 1,141,454 | 603,643 | 113,730 | 126,269 | 89,758 | 127,365 | 50,957 | 29,730 |
| **Total** | **2,035,410** | **893,267** | **881,298** | **11,968** | **1,142,143** | **603,643** | **113,730** | **126,269** | **89,758** | **127,365** | **51,647** | **29,730** |

Total lending to customers as at 31 December 2023 and 31 December 2022, broken down by counterparty, is as follows:

| **CREDIT DISTRIBUTION TO CLIENTS BY ACTIVITY (carrying value) AT 31.12.23** | | | | **Credit with real guarantee. Loan to value** | | | | |
|---|---|---|---|---|---|---|---|---|
| | **TOTAL** | **Of which: Real estate guarantee** | **Of which: Other real guaran-tees** | **LTV<=40%** | **40%< LTV<=60 %** | **60%< LTV<=80%** | **80%< LTV<=100%** | **LTV>100%** |
| **1 Public Administrations** | | | | | | | | |
| **2 Other financial institutions** | - | - | - | - | - | - | - | - |
| **3 Non-financial companies and individual employers** | **6,801** | **6,267** | - | **316** | **1,979** | **1,903** | **829** | **1,240** |
| 3.1 Real estate construction and development (b) | 6,267 | 6,267 | - | 316 | 1,979 | 1,903 | 829 | 1,240 |
| 3.2 Construction of civil works | - | - | - | - | - | - | - | - |
| 3.3 Other purposes | 534 | - | - | - | - | - | - | - |
| 3.3.1 Large companies (c) | - | - | - | - | - | - | - | - |
| 3.3.2 SMEs and individual employers (c) | 534 | - | - | - | - | - | - | - |
| **4 Other homes and non-profit institutions serving households** | 9,338,054 | 9,150,484 | - | 1,843,792 | 2,859,708 | 2,761,059 | 1,227,454 | 458,470 |
| 4.1 Homes (d) | 9,338,054 | 9,150,484 | | 1,843,792 | 2,859,708 | 2,761,059 | 1,227,454 | 458,470 |
| 4.2 Consumption (d) | - | - | - | - | - | - | - | - |
| 4.3 Other purposes (d) | - | - | - | - | - | - | - | - |
| **TOTAL** | **9,344,855** | **9,156,750** | **-** | **1,844,108** | **2,861,687** | **2,762,962** | **1,228,282** | **459,710** |
| **MEMORANDUM ITEM** | - | - | - | - | - | - | - | - |
| **Refinancing, refinanced and restructured operations** | **1,813,164** | **1,799,313** | **-** | **141,744** | **362,145** | **449,734** | **351,611** | **494,079** |

| CREDIT DISTRIBUTION TO CLIENTS BY ACTIVITY (carrying value) AT 31.12.22 | | | | Credit with real guarantee. Loan to value | | | | |
|---|---|---|---|---|---|---|---|---|
| | **TOTAL** | **Of which: Real estate guarantee** | **Of which: Other real guaran-tees** | **LTV<=40%** | **40%< LTV<=60 %** | **60%< LTV<=80%** | **80%< LTV<=100%** | **LTV>100%** |
| **1 Public Administrations** | - | - | - | - | - | - | - | - |
| **2 Other financial institutions** | - | - | - | - | - | - | - | - |
| **3 Non-financial companies and individual employers** | **8,399** | **7,284** | **-** | **226** | **810** | **4,283** | **477** | **1,488** |
| 3.1 Real estate construction and development (b) | 7,892 | 7,284 | - | 226 | 810 | 4,283 | 477 | 1,488 |
| 3.2 Construction of civil works | - | - | - | - | - | - | - | - |
| 3.3 Other purposes | 507 | - | - | - | - | - | - | - |
| 3.3.1 Large companies (c) | - | - | - | - | - | - | - | - |
| 3.3.2 SMEs and individual employers (c) | 507 | - | - | - | - | - | - | - |
| **4 Other homes and non-profit institutions serving households** | **10,031,332** | **9,837,228** | **-** | **1,821,332** | **3,006,500** | **2,976,592** | **1,488,677** | **544,127** |
| 4.1 Homes (d) | 10,031,332 | 9,837,228 | - | 1,821,332 | 3,006,500 | 2,976,592 | 1,488,677 | 544,127 |
| 4.2 Consumption (d) | - | - | - | - | - | - | - | - |
| 4.3 Other purposes (d) | - | - | - | - | - | - | - | - |
| **TOTAL** | 10,039,731 | 9,844,511 | - | 1,821,558 | 3,007,310 | 2,980,875 | 1,489,153 | 545,615 |
| **MEMORANDUM ITEM** | - | - | - | - | - | - | - | - |
| **Refinancing, refinanced and restructured operations** | **2,035,410** | **2,019,044** | **-** | **160,383** | **403,032** | **495,846** | **414,889** | **544,891** |

# 14. Market risk management

In the markets and treasury area, the UCI Group manages the market risks that affect managed assets or liabilities. The Board of Directors periodically establishes the delegated limits and checks that they are properly applied. Likewise, loss limits and other control measures are established. The management of limits is made with a broad series of indicators and alert signals that have as their objective the anticipation and proper monitoring of interest rate risks and of liquidity.

## Assets and Liabilities interest rate gap

The UCI Group analyses financial margin sensitivity to variations in interest rates, which are analysed by a Committee meeting twice a month for this purpose. This sensitivity is conditioned by time lags in maturity rates and changes to the interest rates that arise between the different balance sheet items, or off-balance sheet with securitisation funds, which represent an imbalance in cash-flow to the entity. Investments are managed through hedging to maintain these sensitivities within the target range set in the Committees. The measures used by UCI to control the interest risk are rate gap analysis and the financial margin sensitivities in the managed portfolio.

Interest rate gap analysis deals with the time lags between the reviews of maturity for assets and liabilities under management and allows concentrations of interest risk in the different maturities to be detected.

Financial margin sensitivity measures the impact on results of the interest rate gaps for a given period with a displacement of the interest rate curve.

The main interest rate sensitive asset item relates to the on-balance sheet customer portfolio, of which 63,19% is at floating rate (68,62% on 31 December 2022) 22,91% is at mixed type (19,77 on 31 December 2022) with a first period at fixed rate and then revisions to floating rate, and a 13,90%% strictly fixed rate (11,61% on 31 December 2022).

Within the variable rate loans, 82,5% (82,96% as of 31 December 2022) review their rate half-yearly and 17,50% (17,04% as of 31 December 2022) annually.

Interest rate risk management has a twofold objective: to reduce the impact of interest rate fluctuations on net interest income and to protect the Group's economic value. To this end, it uses financial instruments such as asset-backed securities (Spain) or cash drawdowns with its shareholders (Spain, Portugal and Greece) and financial derivatives arranged with its shareholders (interest rate swaps or call money swaps).

UCI performs sensitivity analyses of the financial margin to interest rate variations, which are analyzed by a Committee that meets periodically. This sensitivity is conditioned by the mismatches in maturity dates and interest rate reviews that occur between the various balance sheet items, or off-balance sheet with securitization funds, which represent a cash-flow mismatch for the entity, at December 2023 showed a sensitivity of the margin to variations of 100 bps in the interest rate curve of -5.71% (-3.99% in 2022).

Investments are managed through hedging to keep these sensitivities within the target range set by the Committees. The measures used by UCI to control interest rate risk are the interest rate gap and the financial margin sensitivities of the managed portfolio.

## Liquidity Risk

Liquidity risk management and control is aimed at ensuring compliance with payment commitments under the best possible conditions for the UCI Group in the different countries in which it operates.

Liquidity risk is associated with the Group's ability to finance its commitments at reasonable market prices and to carry out its business plans with stable sources of financing. The measure used to control liquidity risk is the liquidity gap, which provides information on contractual cash inflows and outflows over the life of the loans.

To mitigate liquidity risk, UCI has had a recurring policy since its inception of tapping the capital markets through the securitization of its credit assets. Thus, the holders of the securitization bonds placed in the capital markets hedge the liquidity of these transactions until maturity. Since 1994, UCI has issued 30 securitization funds in Spain (29 funds issued at December 31, 2022) for an initial aggregate amount of approximately 19.9 billion euros (19.41 billion euros at December 31, 2022), mostly placed on the capital markets, pertaining to the issues of RMBS UCI 1 to 19 and Prado I to Green Prado XI. In Portugal since March 2020, RMBS Green Belem 1 and RMBS Belem 2. Together, as of December 2023, they represented an outstanding balance of 3,838 million euros (4,537 million euros as of December 31, 2022) or 40.8% of the overall balance managed in Spain financed to maturity by the capital markets (48.3% in 2022).

On June 15, 2022, March 15 and September 15, 2023, respectively, the decision was taken to purchase the mortgage participations and subsequently to proceed with the extinction of the Prado IV, Prado V and Prado VI Funds.

As a consequence of the need to have two ratings with a minimum grade of at least "A" granted by two different rating agencies in order to qualify as eligible assets in the ECB's liquidity operations, most of the asset-backed securities have lost this status. However, the Prado VI (series A), VII (series A), VIII (series A), IX (series A), X (series A and B) and XI (series A, B and C) bonds, as well as series A and B of Belem 1 and Belem 2, are eligible assets at the end of December 2023.

Finally, it should be noted that UCI carries out repo transactions, in which it provides as collateral the bonds it has retained or repurchased. The main counterparties are BNP Paribas, Banco de Santander and Merryl Lynch Bank of America.

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

The liquidity gap considers the classification of the outstanding capital of financial assets and liabilities by maturity, taking as a reference the periods remaining between the date to which it refers and their contractual maturity dates. At December 31, 2023 and 2022, the liquidity gap is as follows:

**Thousands of euros**

| 31.12.2023 | Up to 1 month | From 1 to 3 months | From 3 to 12 months | From 1 to 3 years | From 3 to 5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|---|
| **ASSETS:** | | | | | | | |
| Cash, cash balances in central banks and other on-demand deposits | - | - | - | - | - | - | - |
| Cash | 3 | - | - | - | - | - | 3 |
| Other on-demand deposits | 203,721 | - | - | - | - | - | 203,721 |
| Financial assets at amortised cost | 24,010 | 100,280 | 365,742 | 933,698 | 960,389 | 7,394,996 | 9,779,115 |
| Representative values of debt | | 52,261 | 149,654 | 26,224 | | | 228,139 |
| Loans and advances | 24,010 | 48,019 | 216,088 | 907,474 | 960,389 | 7,394,996 | 9,550,976 |
| **Total Assets** | **227,734** | **100,280** | **365,742** | **933,698** | **960,389** | **7,394,996** | **9,982,839** |
| **LIABILITIES:** | | | | | | | |
| Deposits of Credit institutions | 757,369 | 1,724,211 | 4,395,772 | 161,227 | 6,425 | 12,460 | 7,057,465 |
| Debt securities issued | 7,018 | 14,035 | 54,137 | 288,728 | 288,728 | 1,753,422 | 2,406,068 |
| Subordinated liabilities | - | - | - | - | 80,000 | 104,704 | 184,704 |
| Other financial liabilities | 95 | 190 | 734 | 3,914 | 3,914 | 23,772 | 32,620 |
| **Total Liabilities** | **764,482** | **1,738,437** | **4,450,642** | **453,869** | **379,068** | **1,894,359** | **9,680,857** |
| **Difference Assets minus Liabilities** | **(536,748)** | **(1,638,157)** | **(4,084,901)** | **479,828** | **581,321** | **5,500,637** | **301,982** |

| 31.12.2022 | Up to 1 month | From 1 to 3 months | From 3 to 12 months | From 1 to 3 years | From 3 to 5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|---|
| | | | | Thousands of euros | | | |
| **ASSETS:** | | | | | | | |
| Cash, cash balances in central banks and other on-demand deposits | - | - | - | - | - | - | - |
| Cash | 3 | - | - | - | - | - | 3 |
| Other on-demand deposits | 272,073 | - | - | - | - | - | 272,073 |
| Financial assets at amortised cost | 34,597 | 76,137 | 368,378 | 1,339,560 | 1,554,369 | 7,009,324 | 10,382,365 |
| | - | - | - | - | 146,116 | - | 146,116 |
| Loans and advances | 34,597 | 76,137 | 368,378 | 1,339,560 | 1,408,253 | 7,009,324 | 10,236,250 |
| **Total Assets** | **306,673** | **76,137** | **368,378** | **1,339,560** | **1,554,369** | **7,009,324** | **10,654,441** |
| **LIABILITIES:** | | | | | | | |
| Deposits of Credit institutions | 670,023 | 2,462,100 | 3,346,657 | 147,233 | 8,058 | 591,871 | 7,225,940 |
| Debt securities issued | 8,529 | 17,059 | 65,799 | 350,927 | 350.927 | 2,231,151 | 2,924,393 |
| Subordinated liabilities | - | - | - | - | - | 184,704 | 184,704 |
| Other financial liabilities | 2 | 15 | 20 | 530 | 532 | 985 | 2,084 |
| **Total Liabilities** | **678,554** | **2,479,174** | **3,412,475** | **498,690** | **359,517** | **2,908,711** | **10,337,121** |
| **Difference Assets minus Liabilities** | **(371,881)** | **(2,403,037)** | **(3,044,097)** | **840,870** | **1,194,852** | **4,100,615** | **322,120** |

The average annual interest rate applied to loans and advances - customers was 3,82% in 2023 and 2,72% in 2022 excluding "valuation adjustments". In addition, the average annual interest rate borne by the Company in 2023 and 2022 was 3,27% and 0,477%, respectively.

# 15. Other market risks: operating risk management

UCI follows closely the development of the standards on this risk as presented in the Basle II agreements, approved in June 2004, progressing in its project for identifying, mitigating, managing and quantifying operating risk. On this aspect and within the overall ISO 9001:2000 quality certification project, the entity has continued to computerise all risk events and incidents of any type, setting up a database that will make it possible in the future to model and quantify the level of operating risk present in all business and support areas.

The analysis of defaults contained in the losses and incidents database has made it possible to introduce improvements in controls and procedures with immediate results in the reduction of losses derived from operating risk.

The parameterisation of the different types of operating risk can be classified in accordance with the following matrix:

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

# 16. Cash, cash balances with central banks and other demand deposits

The composition of the balance of caption "Cash, cash balances in central banks and other on-demand deposits" is shown below:

| | 31.12.23 | 31.12.22 |
|---|---|---|
| Cash | 3 | 3 |
| Other on-demand deposits | 203,721 | 272,073 |
| | **203,724** | **272,076** |

The totality of this caption's amount per maturity of the residual term is considered on demand. The entire amount of this caption due to the maturity of the residual term is considered on demand.

# 17. Financial assets at amortised cost

Below is a breakdown of the financial assets included in this category as of December 31, 2023 and December 31, 2022:

| | 31.12.23 | 31.12.22 |
|---|---|---|
| Debt Securities | 228,139 | 146,116 |
| Loans and advances to customers | 9,344,855 | 10,039,731 |
| **Total** | **9,572,994** | **10,185,847** |

## Debt securities

At December 31, 2023, the nominal amount of debt securities related to certain own or third-party commitments amounted to 225,497 thousand euros (145,000 thousand euros at December 31, 2022).

At December 31, 2023 and 2022, the detail of debt securities in the balance sheets at December 31, 2023 and 2022 is as follows:

| | 31.12.23 | 31.12.22 |
|---|---|---|
| **By currency:** | | |
| Euros | 224,084 | 145,938 |
| **Total** | **224,084** | **145,938** |
| **By maturity:** | | |
| Up to 1 month | - | - |
| Between 1 month and 3 months | 50,525 | - |
| Between 3 months and a year | 147,459 | - |
| Between 1 and 5 years | 26,100 | 145,938 |
| More than 5 years | - | - |
| Maturity unspecified | - | - |
| **Total** | **224,084** | **145,938** |
| **By counterparty:** | | |
| Spanish public authorities | 224,084 | 145,938 |
| Credit Institutions | - | - |
| Other resident sectors | - | - |
| Non- resident public authorities | - | - |
| Other non-resident sectors | - | - |
| Doubtful assets | - | - |
| Impairment losses | - | - |
| **Total** | **224,084** | **145,938** |
| Valuation adjustments accrued interest | 4,055 | 178 |
| **Total** | **228,139** | **146,116** |

The average effective interest rate of the debt instruments classified in this portfolio at December 31, 2023 is 2.80% (2.34% at December 31, 2022). During 2023, these instruments have accrued interest in the amount of 5,190 thousand euros (178 thousand euros at December 31, 2022), which is recorded under Interest income - Financial assets at amortized cost (see note 33). All exposures are recorded in normal phase and show no signs of impairment.

## Loans and advances to customers

Below is a breakdown of the balance of this caption, based on the type and status of the transactions, the borrower's sector of activity, the geographic area of residence and the type of interest rate of the transactions, both as of December 31, 2023 and 2022:

| | 31.12.23 | 31.12.22 |
|---|---|---|
| **Per modality and credit situation:** | | |
| Other term loans | 8,096,170 | 8,862,366 |
| Doubtful assets | 1,454,806 | 1,373,884 |
| | **9,550,976** | **10,236,250** |
| **By sector of activity of the accredited party:** | | |
| Other resident sectors | 7,758,580 | 8,367,308 |
| Non-residents | 1,792,396 | 1,868,942 |
| | **9,550,976** | **10,236,250** |
| **By geographical area:** | | |
| Spain | 8,405,321 | 8,999,064 |
| Rest of the European Union | 1,145,655 | 1,237,186 |
| | **9,550,976** | **10,236,250** |
| **By interest rate mode:** | | |
| Interest-free financing | | - |
| Financing with interest | 9,550,976 | 10,236,250 |
| | **9,550,976** | **10,236,250** |
| Value adjustments for impairment on assets | (305,085) | (281,701) |
| Valuation adjustments accrued interest | 27,161 | 19,300 |
| Commission valuation adjustments | 71,803 | 65,882 |
| | **9,344,855** | **10,039,731** |

The carrying amount recorded in the above table, excluding the portion of "Other valuation adjustments" for impairment losses and valuation adjustments for fees, represents the Company's maximum exposure to credit risk in relation to the financial instruments included therein.

During fiscal year 2023, interest has been accrued in the amount of 27.161 thousand (19,375 thousand in 2022), which is included under Interest income - Financial assets at amortized cost (see Note 33).

The detail of the balance of loans and advances to customers is as follows:

| | 31.12.23 | 31.12.22 |
|---|---|---|
| Resident debtors with real guarantee | 6,376,864 | 7,317,073 |
| Non-resident credit with real guarantee | 1,718,772 | 1,788,795 |
| Doubtful debtors | 1,454,806 | 1,373,844 |
| Other term debtors | 534 | 507 |
| Debtors on demand and others | - | - |
| **Total** | **9,550,976** | **10,236,250** |

The balance of the "Resident secured loans" and "Non-resident secured loans" accounts represents the unmatured risk of loans granted which are secured by mortgages in favour of the Company.

The balance of the "other term receivables" account represents the unmatured risk of loans granted that are not secured by mortgages in favour of the Group.

The breakdown of Loans and advances to customers by residual term as at 31.12.23 and 31.12.22, in thousands of euros, is as follows:

| | 31.12.23 | 31.12.22 |
|---|---|---|
| On demand | 23,519 | 34,597 |
| From 1 to 3 months | 46,990 | 76,137 |
| From 3 to 6 months | 211,459 | 368,378 |
| From 6 months to 1 year | 950,087 | 1,339,560 |
| From 1 year to 5 years | 929,520 | 1,408,253 |
| More than 5 years | 7,389,401 | 7,009,325 |
| | **9,550,976** | **10,236,250** |

The movement in gross exposure by phase of impairment of loans and advances from customers recognised under "Financial assets at amortised cost" under Circular 4/2017 for the financial year 2023 and the financial year 2022 without taking into account valuation adjustments for accrued interest and fees is shown below:

| | Thousands of Euros | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| **Balance at the beginning of the financial year 2023** | **7,847,748** | **1,014,618** | **1,373,884** | **10,236,250** |
| Movements | | | | |
| Trransfers: | 1,633 | (225,595) | 223,962 | - |
| To Stage 2 from Stage 1 | (177,203) | 177,203 | - | - |
| To Stage 3 from Stage 1 | (57,650) | - | 57,650 | - |
| To Stage 1 from Stage 2 | 231,167 | (231,167) | - | - |
| To Stage 3 from Stage 2 | - | (390,281) | 390,281 | - |
| To Stage 1 from Stage 3 | 5,318 | - | (5,318) | - |
| To Stage 2 from Stage 3 | - | 218,651 | (218,651) | - |
| Net change in financial assets | (479,120) | 160,848 | (311,543) | **(629,815)** |
| Failed | - | - | (55,459) | **(55,459)** |
| Exchange rate differences and other movements | - | - | - | - |
| **Balance at year-end 2023** | **7,370,261** | **949,871** | **1,230,844** | **9,550,976** |

| | Thousands of Euros | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| **Balance at the beginning of the financial year 2022** | **7,863,189** | **1,100,367** | **1,706,164** | **10,669,720** |
| Movements | - | - | - | - |
| Trransfers: | **(14,759)** | **(17,604)** | **32,363** | |
| To Stage 2 from Stage 1 | (161,609) | 161,609 | - | - |
| To Stage 3 from Stage 1 | (45,915) | - | 45,915 | - |
| To Stage 1 from Stage 2 | 189,215 | (189,215) | - | - |
| To Stage 3 from Stage 2 | - | (391,294) | 391,294 | - |
| To Stage 1 from Stage 3 | 3,550 | - | (3,550) | - |
| To Stage 2 from Stage 3 | - | 401,296 | (401,296) | - |
| Net change in financial assets | **(682)** | **(68,145)** | **(189,268)** | **(258,095)** |
| Failed | **-** | **-** | **(175,375)** | **(175,375)** |
| Exchange rate differences and other movements | - | - | - | - |
| **Balance at year-end 2022** | **7,847,748** | **1,014,618** | **1,373,884** | **10,236,250** |

During 2023 and 2022, the Group has calculated the corresponding provisions on non-performing loans secured by real estate, considering the discounted value of the collateral, and in accordance with the credit risk model based on estimating credit risk by considering the expected loss.

In addition, the Company's Directors, in accordance with point four of Transitional Provision one of Circular 4/2019, have updated the reference valuations of all collateral and assets foreclosed or received in payment of debts requiring full individual appraisals, pursuant to Order ECO 805/2003 of 27 March, in accordance with the provisions of points 78 to 85 and 166 of Annex 9 of Circular 4/2017.

## Impaired financial assets

The following is a detail, on 31 December 2023 and 31 December 2022, classified by segment, of those assets that have been considered individually impaired based on the individual analysis of each one of them (it does not include, therefore, the detail of the financial assets impaired based on a collective process of assessment of possible losses):

| | Thousands of Euros | |
|---|---|---|
| | **31.12.23** | **31.12.22** |
| **Individuals:** | | |
| Real Garantee | | |
| *Mortgage* | 1,436,740 | 1,351,142 |
| *Values* | - | - |
| *Others* | - | - |
| No guarantee | 11,498 | 12,629 |
| ***Promoters:*** | | |
| *Real Garantees* | | |
| *Mortgage* | 6,568 | 10,113 |
| ***Total*** | **1,454,806** | **1,373,884** |

## Value adjustments for impairment

The changes in the balance of provisions for impairment losses on assets included under "Financial Assets at Amortised Cost - Loans and Advances - Loans and Advances to Customers" are shown below:

| | Impairment losses (Thousands of euros) | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| **Balances at 1 January 2023** | **(8,521)** | **(29,168)** | **(244,012)** | **(281,701)** |
| Provisions charged to income for the year | (15,200) | (45,696) | (216,922) | **(277,818)** |
| Recoveries of provisions credited to profit and loss | 11,881 | 51,324 | 144,026 | **207,232** |
| **Net provisions for the year** | **(3,319)** | **5,628** | **(72,895)** | **(70,586)** |
| *Of which:* | | | | |
| *Individually determined* | - | - | - | - |
| *Collectively determined* | (3,319) | 5,628 | (72,905) | (70,596) |
| **Application** | **(48)** | **312** | **46,938** | **47,202** |
| **Balances at 31 December 2023** | **(11,888)** | **(23,228)** | **(269,969)** | **(305,085)** |

| | Impairment losses (Thousands of euros) | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| **Balances at 1 January 2022** | **(8,966)** | **(35,893)** | **(317,652)** | **(362,511)** |
| Provisions charged to income for the year | (8,297) | (45,994) | (256,613) | (310,894) |
| Recoveries of provisions credited to profit and loss | 8,421 | 52,611 | 155,296 | 216,324 |
| **Net provisions for the year** | **130** | **6,617** | **(101,317)** | **(94,570)** |
| *Of which:* | | | | |
| *Individually determined* | - | - | - | - |
| *Collectively determined* | 130 | 6,617 | (101,317) | (94,570) |
| **Application** | **315** | **108** | **174,956** | **175,715** |
| **Balances at 31 December 2022** | **(8,521)** | **(29,168)** | **(244,012)** | **(281,701)** |

The variation in 2022 in the item net write-offs due to bad debts and other movements was mainly due to the sale of a fraction of the non-performing loan portfolio in December 2022. Specifically, the non-performing loans portfolio was reduced by 189 million, with a high number of defaults, an application of 67 million of provisions covering these loans, and a negative result in the profit and loss account of 55.1 million euros, which was recorded under the heading “Impairment of assets at amortized cost” in the profit and loss accounts.

The profit and loss account caption, "Impairment of Assets at amortized cost" details an amount of 69,047 thousand euros in 2023 (92,492 thousand euros in 2022) which includes the net effect of allocations and recoveries of provisions for credit risk in the amount of 70. 586 thousand at December 31, 2023 (94,570 thousand euros in 2022, including the result of the portfolio sale indicated above), as well as 1,539 thousand euros corresponding to recoveries of written-off assets at December 31, 2023 (2,077 thousand euros at December 31, 2022).

Below is a breakdown of the movement in the gross amount of the allowance for loan losses and advances from customers recorded under the heading Financial assets at amortized cost under Bank of Spain Circular 4/2019 for fiscal year 2023 and fiscal year 2022:

| | Thousands of Euros | | | |
|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **Balance at the beginning of the financial year 2023** | **8.521** | **29.168** | **244.012** | **281.701** |
| Transfers: | 1,329 | (7,931) | 25,594 | **18,992** |
| To Stage 2 from Stage 1 | (628) | 4,965 | - | **4,337** |
| To Stage 3 from Stage 1 | (300) | - | 4,444 | **4,144** |
| To Stage 1 from Stage 2 | 2,187 | (4,333) | - | **(2,146)** |
| To Stage 3 from Stage 2 | - | (17,020) | 39,897 | **22,877** |
| To Stage 1 from Stage 3 | 70 | - | (682) | **(612)** |
| To Stage 2 from Stage 3 | - | 8,457 | (18,065) | **(9,608)** |
| Net change in exposure and changes in credit risk | 2,039 | 1,990 | 47,565 | **51,594** |
| Failed | - | - | (47,201) | **(47,201)** |
| Exchange rate differences and other movements | - | - | - | **-** |
| **Balance at year-end 2023** | **11,888** | **23,228** | **269,969** | **305,085** |

| | Thousands of Euros | | | |
|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| **Balance at the beginning of the financial year 2022** | **8,966** | **35,893** | **317.652** | **362.847** |
| Transfers: | **(740)** | **(4,205)** | **7,809** | **2,864** |
| To Stage 2 from Stage 1 | (847) | 3,501 | - | 2,654 |
| To Stage 3 from Stage 1 | (659) | - | 5,225 | 4,566 |
| To Stage 1 from Stage 2 | 742 | (3,345) | - | (2,603) |
| To Stage 3 from Stage 2 | - | (20,087) | 34,684 | 14,597 |
| To Stage 1 from Stage 3 | 24 | - | (696) | (672) |
| To Stage 2 from Stage 3 | - | 15,726 | (31,404) | (15,678) |
| Net change in exposure and changes in credit risk | **561** | **(2,466)** | **(83,525)** | **(85,430)** |
| Failed | **-** | **-** | **2,077** | **2,077** |
| Exchange rate differences and other movements | - | - | - | - |
| **Balance at year-end 2022** | **8,787** | **29,168** | **244.013** | **281,968** |

During 2023 and 2022 the Group refinanced or renegotiated outstanding customer debt (see Note 13).

## Financial assets overdue and not impaired

The following is a breakdown of financial assets past due and not considered impaired by the entity at 31 December 2023 and 31 December 2022, classified by class of financial instrument:

| | Thousands of Euros | |
|---|---|---|
| | 31.12.23 | 31.12.22 |
| **Per type of counterpart** | **2,163** | **411** |
| Public Administrations | - | - |
| Other resident sectors | 1,862 | 411 |
| Other non-resident sectors | 301 | - |
| **Total** | **2,163** | **411** |

## Credit risk with real estate construction and development

At December 31, 2023 and 2022, financing for construction and real estate development amounted to 9,809 thousand and 12,608 thousand euros, respectively, of which 6,568 thousand and 10,113 thousand euros were impaired assets, respectively.

The above figures relate to financing granted for the purpose of construction and real estate development. Consequently, and in accordance with the Bank of Spain's instructions, the debtor's CNAE has not been taken into account. This implies, for example, that if the debtor is: (a) a real estate company, but uses the financing granted for purposes other than construction or real estate development, it is not included in these tables, and (b) a company whose main activity is not construction or real estate, but the credit is used to finance real estate for real estate development, it is included in these tables.

Quantitative information on real estate risk as of December 31, 2023 is as follows, in thousands of euros:

Miles de euros

| | Gross amount | Excess on guarantee value | Specific hedges |
|---|---|---|---|
| **Credit risk** | **9,809** | **2,513** | **2,664** |
| Defaulter | 6,568 | 1,772 | 2,524 |
| Normal | 3,241 | 741 | 141 |

The quantitative information on real estate risk on December 31, 2022 was the following, in thousands of Euros:

Miles de euros

| | Gross amount | Excess on guarantee value | Specific hedges |
|---|---|---|---|
| **Credit risk** | **12,608** | **4,716** | **5,338** |
| Defaulter | 10,110 | 4,151 | 4,151 |
| Normal | 2,498 | 565 | 1,187 |

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

| | 31.12.2023 | 31.12.2022 |
|---|---|---|
| **Without specific guarantee** | - | - |
| **With mortgage guarantee** | **9,809** | **12,608** |
| Finished buildings-houses | 9,408 | 9,565 |
| Finishes buildings-others | - | - |
| Buildings under construction-houses | 401 | 411 |
| Buildings under construction-other | - | - |
| Urbanised land | - | 2,632 |

## Retail mortgage portfolio risk

The quantitative information regarding the retail mortgage portfolio on December 31, 2023 and 2022 is the following:

| | 31.12.2023 | 31.12.20212 |
|---|---|---|
| **Credit to acquire houses** | **9,541,512** | **10,223,134** |
| Without mortgage guarantee | 82,828 | 74,099 |
| Doubtful | 11,498 | 12,630 |
| With mortgage guarantee | 9,458,684 | 10,149,035 |
| Doubtful | 1,436,740 | 1,351,144 |

Ranges of loan to value (LTV) of the retail mortgage portfolio at December 31, 2023 are the following:

| | LTV <=40% | 40%<LTV <=60% | 60% <LTV<=80% | 80%<LTV <=100% | LTV >100% | TOTAL |
|---|---|---|---|---|---|---|
| Live credits to acquire houses. With mortgage guarantee | 1,839,501 | 2,862,228 | 2,794,114 | 1,300,906 | 661,935 | 9,458,684 |
| Doubtful credits to acquire houses. With mortgage guarantee | 93,845 | 239,819 | 332,327 | 293,877 | 476,872 | 1,436,740 |

Ranges of loan to value (LTV) of the retail mortgage portfolio at December 31, 2022 were the following:

| | LTV <=40% | 40%<LTV <=60% | 60% <LTV<=80% | 80%<LTV <=100% | LTV >100% | TOTAL |
|---|---|---|---|---|---|---|
| Live credits to acquire houses. With mortgage guarantee | 1,821,414 | 3,015,192 | 3,014,108 | 1,561,428 | 736,893 | 10,588,227 |
| Doubtful credits to acquire houses. With mortgage guarantee | 73,848 | 201,331 | 292,374 | 280,644 | 502,947 | 1,351,144 |

## Failed assets

As of 31 December 2023, the total amount of 'non-performing assets' amounts to 570,612 million euros (31 December 2022: 521,636 million euros).

| | Thousand euros | |
|---|---|---|
| | 2023 | 2022 |
| **Balance at the beginning of the year** | **573,182** | **591,363** |
| Additions | 55,459 | 175,375 |
| Withdrawals | (58,029) | (245,102) |
| **Balance at the end of the year** | **570,612** | **521,636** |

## Securitisation operations

At December 31, 2004, there were no assets securitized prior to January 1, 2004 that had been derecognized since the UCI 9 Fund was cancelled in March 2021.

In March 2023, the step up call of the Prado V Fund was executed, whose assets were not removed from the Company's balance sheet, as the risks and rewards were retained. Considering that these assets were already on the books of UCI EFC, the main impacts were the reduction of the shares issued for an amount of 260 million euros and the cancellation of the Series B Bonds retained by the Company for an amount of 76 million euros and the cancellation of the subordinated loan granted by the Company for a remaining amount of 6.8 million euros. The collection of variable commissions amounted to 185 thousand euros.

In September 2023, the step up call of the Prado Vi Fund was executed, the assets of which were not removed from the Company's balance sheet, as the risks and rewards were maintained. Considering that these assets were already on the books of UCI EFC, the main impacts were the reduction of the shares issued in the amount of 265 million euros and the cancellation of the Series B and C Bonds retained by the Company in the amount of 42.8 million and 34.2 million euros, respectively. In addition, the subordinated loan granted by the Company for a remaining amount of 6.1 million euros was cancelled. The variable fee charged amounted to 412 thousand euros.

In June 2022, the Prado IV Fund step-up call was executed, the assets of which were not removed from the Company's balance sheet, as the risks and rewards were retained. Considering that these assets were already on the books of UCI EFC, the main impacts were the reduction of the shares issued for an amount of 261 million euros and the cancellation of the Series B Bonds retained by the Company for an amount of 85 million euros and the cancellation of the subordinated loan granted by the Company for a remaining amount of 6.8 million euros. The collection of variable commissions amounted to 610 thousand euros.

In March 2023, the Green Prado Xi Securitization Fund was set up for an amount of 490 million euros, of which UCI EFC holds positions in tranches A, B and C, amounting to a total of 141 million euros. The Company has also granted the fund a subordinated loan in the amount of EUR 8.25 million.

In March 2022, the Prado X Securitization Fund was set up for an amount of 565 million euros, of which UCI EFC holds 1,383 securities in tranches A, B and C, for a total amount of 138 million euros. The Company has also granted the fund a subordinated loan in the amount of 12 million euros.

In October 2022, the "Belem 2" Green Securitization Fund was set up in the Portuguese branch for an amount of 331 million euros, of which the Portuguese branch holds 2,503 Tranche A securities amounting to 250 million euros. The Company also acquired 452 Tranche B securities for an amount of €45.2 million.

In March 2021 and December 2021, the step-up call of the Prado II and Prado III Securitization Funds, respectively, was exercised, resulting in their early cancellation.

In September 2021, it exercised the clean-up call on UCI 10, which led to its early cancellation.

On the other hand, in May 2021, the Prado VIII Securitization Fund was set up for an amount of 480 million euros, of which UCI EFC holds all the bonds of tranches B and C and part of the bonds of tranche A, amounting to a total of 48 million euros. The Company also granted the fund a subordinated loan in the amount of EUR 11 million.

In addition, in October 2021, the Prado IX Securitization Fund was set up for an amount of 488 million euros, of which UCI EFC holds all the bonds of tranches B and C and a portion of the bonds of tranche A, amounting to a total amount of 63.4 million euros. The Company also granted the fund a subordinated loan in the amount of 10.5 million euros.

Below is a detail of the balances recorded in the consolidated balance sheets at December 31, 2023 and 2022 associated with the securitization transactions, where the Group has retained substantial risks and retained substantial benefits.

| (In thousands of Euros) | 2023 | 2022 |
|---|---|---|
| Asset Securitisation Fund UCI 11 | 81,433 | 99,267 |
| Asset Securitisation Fund UCI 12 | 117,400 | 142,170 |
| Asset Securitisation Fund UCI 14 | 218,439 | 26,.905 |
| Asset Securitisation Fund UCI 15 | 277,486 | 332.637 |
| Asset Securitisation Fund UCI 16 | 380,534 | 448,690 |
| Asset Securitisation Fund UCI 17 | 337,185 | 397,605 |
| Asset Securitisation Fund Prado V | - | 268,758 |
| Asset Securitisation Fund Prado VI | - | 288,595 |
| Asset Securitisation Fund Prado VII | 350,166 | 401,867 |
| Asset Securitisation Fund Prado VIII | 355,886 | 403,300 |
| Asset Securitisation Fund Prado IX | 398,045 | 437,183 |
| Asset Securitisation Fund Prado X | 468,079 | 522,146 |
| Asset Securitisation Fund Green Prado XI | 453,571 | - |
| Asset Securitisation Fund Belem 1 | 170,393 | 230,693 |
| Asset Securitisation Fund Belem 2 | 240,569 | 314,315 |
| **TOTAL** | **3,849,186** | **4,588,131** |

# 18. Non-current assets held for sale

This caption contains the tangible assets represented by foreclosed assets in respect of unpaid loans that have been claimed through legal procedures.

The movement on these assets during 2023 and 2022 was the following:

| | 31.12.21 | Additions | Write-offs | Reclassification | 31.12.22 | Additions | Reclassification | Write-offs | 31.12.23 |
|---|---|---|---|---|---|---|---|---|---|
| Foreclosed assets | 313,602 | 65,005 | (18,037) | (110,535) | 250,035 | 53,737 | (21,129) | (76,710) | 205,933 |
| Provisions foreclosed assets | (89,500) | (25,182) | 1,348 | 45,015 | (68,139) | (16,949) | 1,496 | 39,232 | (44,540) |
| **Total** | **224,102** | **39,822** | **(16,688)** | **(65,520)** | **181,716** | 36,788 | (19,632) | (37,478) | 161,393 |

The amount recorded as reclassification corresponds to properties that during 2023 and 2022 have been reclassified to the Investment property caption in the balance sheet (Note 19).

The sale of the properties in 2023 resulted in a net gain on the net book value of EUR 6,849 thousand (EUR 7,917 thousand gain in 2022). This amount is recorded under "Gains or (-) losses on non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations" in the accompanying income statement, including the net gain on sales, which includes both the gain on sales and the provisions 16. 949 thousand euros and 22,769 thousand euros of recoveries of provisions for non-current assets held for sale (25,182 thousand euros of provisions and 13,153 thousand euros of recoveries on December 31, 2022).

Quantitative information relating to foreclosed assets at December 31, 2023 is as follows:

| | Accounting item value | Hedging |
|---|---|---|
| **Property assets originated from financings to real estate construction and development companies** | **2,427** | **(503)** |
| Finished buildings: housing or others | **375** | **0** |
| Buildings under construction: housing or others | | |
| Land: urbanised land and others | **2,052** | **(503)** |
| **Property assets originated from mortgage financing to families to acquire houses** | **203,506** | **(44,037)** |
| **Other foreclosed property assets** | - | - |
| **Equity instruments, participations and financings to non-consolidated companies holding such assets** | - | - |

The quantitative information regarding foreclosed assets on December 31, 2022 was the following:

| | Accounting item value | Hedging |
|---|---|---|
| **Property assets originated from financings to real estate construction and development companies** | **2,173** | **(933)** |
| Finished buildings: housing or others | 1,182 | (516) |
| Buildings under construction: housing or others | - | - |
| Land: urbanised land and others | 991 | (417) |
| **Property assets originated from mortgage financing to families to acquire houses** | **247,862** | **(67,386)** |
| **Other foreclosed property assets** | - | **-** |
| **Equity instruments, participations and financings to non-consolidated companies holding such assets** | - | - |

The classification of foreclosed assets, on December 31, 2023 and 2022, based on their nature and term of permanence in the balance sheet, is the following:

| 2023 | Less than 3 years | More than 3 years | Total |
|---|---|---|---|
| Finished buildings | 80,413 | 123,467 | 203,881 |
| Buildings under construction | - | - | - |
| Land | 822 | 1,230 | 2,052 |

| 2022 | Less than 3 years | More than 3 years | Total |
|---|---|---|---|
| Finished buildings | 90,827 | 158,217 | 249,044 |
| Buildings under construction | - | - | - |
| Land | 141 | 850 | 991 |

Royal Decree 4/2017 has been applied in the write-down of the assets remaining on the balance sheet, taking into consideration the appraisals carried out by independent third parties. The valuation methods used in the appraisals are those described in Order ECO/0805/2003 of 27 March on valuation standards for real estate and certain rights for certain financial purposes, as revised by Order EHA/3011/2007 of 4 October.

The main companies and agencies with which the Group worked in Spain in 2023 are as follows: Gloval Valuation, S.A.U., Tinsa Tasaciones Inmobiliarias, S.A.U., Euroval, S.A., and Sociedad de tasación, S.A. (Gloval Valuation, S.A.U., Tinsa Tasaciones Inmobiliarias, S.A.U., Euroval, S.A., and Sociedad de tasación, S.A in 2022).

Details of carrying amount and appraised value for foreclosed assets and investment property held for sale as of 31 December 2023 and 2022 are as follows:

| | 31.12.2023 | | 31.12.2022 | |
|---|---|---|---|---|
| **Concept** | **Net book value** | **Appraised Value** | **Net book value** | **Appraised Value** |
| Foreclosed assets | 161,393 | 255,298 | 250,035 | 291,754 |
| **Total** | **161,393** | **255,298** | **250,035** | **291,754** |

## Financing transactions on the sale of real estate

During fiscal years 2023 and 2022, as well as during the previous fiscal years, the Group has carried out several transactions for the sale of non-current assets for sale and disposal groups, in which it has proceeded to finance the buyer the amount required by the latter to make this acquisition.

The amount of loans granted by the Group in 2023 to finance this type of transaction amounted to EUR 33,241 thousand (EUR 57,599 thousand in 2022).

The outstanding balance of this type of financing at December 31, 2023 and 2022 amounted to EUR 678,857 thousand and EUR 701,923 thousand, respectively.

The average percentage financed of transactions of this type, outstanding at December 31, 2023 and December 31, 2022, corresponds to that set by the Group in its credit risk concession policies.

# 19. Tangible assets

## Property, plant and equipment

The breakdown of this item in the balance sheets as of 31 December 2023 and 2022 is as follows:

| **Cost** | **31.12.2022** | **Additions** | **Write-offs** | **31.12.2023** |
|---|---|---|---|---|
| IT equipment and installations | 11,256 | 218 | (354) | 11,120 |
| Furniture, vehicles and other facilities | 13,440 | 2,691 | (1,037) | 15,094 |
| Buildings | 414 | - | (414) | - |
| Works in use | 1,195 | 217 | - | 1,412 |
| Rights of use | 8,507 | 15,417 | (1,682) | 22,241 |
| | **34,812** | **18,543** | **(3,488)** | **49,867** |
| **Accumulated amortisation** | | | | |
| IT equipment and installations | (9,297) | (346) | 231 | (9,412) |
| Furniture, vehicles and other facilities | (10,986) | (541) | 375 | (11,152) |
| Buildings | (146) | - | 146 | - |
| Works in use | - | (55) | - | (55) |
| Rights of use | (6,525) | (1,430) | 3,906 | (4,049) |
| | **(26,954)** | **(2,372)** | **4,658** | **(24,668)** |
| **Net total** | **7,858** | **16,171** | **1,170** | **25,199** |

| **Cost** | **31.12.2021** | **Additions** | **Write-offs** | **31.12.2022** |
|---|---|---|---|---|
| IT equipment and installations | 10,598 | 658 | - | 11,256 |
| Furniture, vehicles and other facilities | 12,148 | 1,292 | - | 13,440 |
| Buildings | 414 | - | - | 414 |
| Works in use | 1,063 | 132 | - | 1,195 |
| Rights of use | 8,507 | - | - | 8,507 |
| | **32,730** | **2,082** | **-** | **34,812** |
| **Accumulated amortisation** | | | | |
| IT equipment and installations | (8,987) | (310) | - | (9,297) |
| Furniture, vehicles and other facilities | (10,657) | (329) | - | (10,986) |
| Buildings | (146) | - | - | (146) |
| Works in use | - | - | - | - |
| Rights of use | (4,754) | (1,927) | - | (6,525) |
| | **(24,544)** | **(2,565)** | **-** | **(26,954)** |
| **Net total** | **8,186** | **(483)** | **-** | **7,858** |

The amount of fully depreciated assets totals 21.926 thousand euros (17,103 thousand euros in the year 2022).

A breakdown, according to their nature, of the items comprising the balance of this item in the balance sheet on 31 December 2023:

| | Thousand of Euros | | |
|---|---|---|---|
| | Cost | Accumulated amortisation | Net balance |
| IT equipment and installations | 11,120 | (9,412) | 1,708 |
| Furniture, vehicles and other facilities | 15,094 | (11,152) | 3,942 |
| Buildings | - | - | - |
| Works in use | 1,412 | (55) | 1,357 |
| Rights of use | 22,241 | (4,049) | 18,192 |
| **Balances at 31 December 2023** | **49,867** | **(24,668)** | **25,199** |
| IT equipment and installations | 11,256 | (9,297) | 1,959 |
| Furniture, vehicles and other facilities | 13,440 | (10,986) | 2,454 |
| Buildings | 414 | (146) | 268 |
| Works in use | 1,195 | - | 1,195 |
| Rights of use | 8,507 | (6,525) | 1,982 |
| **Balances at 31 December 2022** | **34,812** | **(26,954)** | **7,858** |

Circular 4/2019 indicates that financial credit institutions must apply the accounting criteria defined in Circular 2/2018 for leases. In this regard, the Group has recorded as rights of use the impact of the rental of the head office building in Madrid where it carries out its activity.

15,417 thousand was recorded in 2023 for the rights of use of the Group's new headquarters.

As of December 31, 2023 and 2022, the Group has no tangible assets, for its own use or under construction, for which there are restrictions on ownership or which have been delivered as security for the fulfillment of debts.

As of December 31, 2023 and 2022, the Group has no commitments to acquire property, plant and equipment from third parties.

In 2023 and 2022 no amounts have been received or are expected to be received from third parties for compensation or indemnities for impairment or loss of value of property, plant and equipment for own use.

The Group has no items of property, plant and equipment for own use that at December 31, 2023 and 2022 are temporarily out of service.

In 2023 and 2022 no amount has been recognized or reversed for impairment of property, plant and equipment.

## Investment property

The breakdown of and movements during the year in the accounts included under this heading in the accompanying balance sheet are as follows:

| | 31.12.2021 | Additions | Write-offs | 31.12.2022 | Additions | Write-offs | 31.12.2023 |
|---|---|---|---|---|---|---|---|
| Property investments | 135,989 | 135,989 | (11,222) | 141,455 | 21,129 | (9,897) | 152,687 |
| Accumulated amortisation of investment property | (6,808) | (1,391) | 810 | (7,389) | (1,511) | 591 | (8,309) |
| Impairment adjustments | (8,558) | 305 | 837 | (7,416) | 291 | 447 | (6,678) |
| **Total** | **15,602** | **15,602** | **(9,575)** | **126,650** | **19,909** | **(8,860)** | **137,700** |

The additions in 2023 and 2022 relate to the reclassification of items that were recorded under non-current assets held for sale in the balance sheet. These are housing units intended for rental operation.

Details of carrying amount and appraised value for foreclosed assets and investment property held for sale as of 31 December 2023 and 2022 are as follows:

| | 31.12.2023 | | 31.12.2022 | |
|---|---|---|---|---|
| **Concept** | **Net book value** | **Valuation** | **Net book value** | **Valuation** |
| Property investments | 137,700 | 205,805 | 126,650 | 190,573 |
| **Total** | **137,700** | **205,805** | **126,650** | **190,573** |

Income from investment property held for lease amounted to EUR 3.7 million, recognised under “Other operating income” in the income statement (EUR 3.2 million at 31 December 2022), and the related operating expenses for all items amounted to EUR 2,643 thousand (EUR 2,328 thousand at 31 December 2022), of which EUR 1,220 thousand related to depreciation and valuation adjustments (EUR 1,086 thousand at 31 December 2022). These operating expenses are presented in the accompanying income statement according to their nature.

The Group had contracted several insurance policies to cover the risks to which these investments are subject, and the Company considers that the coverage of these policies is sufficient.

# 20. Intangible assets

The breakdown of this item in the balance sheets as of 31 December 2023 and 2022 is as follows:

| Cost | 31.12.2022 | Additions | Write-offs | 31.12.2023 |
|---|---|---|---|---|
| Software | 10,952 | 3,012 | (201) | 13,763 |
| | **10,952** | **3,012** | **(201)** | **13,763** |
| **Accumulated Amortisation** | | | | |
| Software | (8,498) | (904) | 201 | (9,201) |
| | **(8,498)** | (904) | 201 | (9,201) |
| **Net total** | **2,454** | **2,108** | **-** | **4,562** |

| Cost | 31.12.2021 | Additions | Write-offs | 31.12.2022 |
|---|---|---|---|---|
| Software | 9,256 | 1,696 | - | 10,952 |
| | **9,256** | **1,696** | **-** | **10,952** |
| **Accumulated Amortisation** | | | - | |
| Software | (6,479) | (2,019) | - | (8,498) |
| | **(6,479)** | **(2,019)** | **-** | **(8,498)** |
| **Net total** | **2,777** | **(323)** | **-** | **2,454** |

The amount of fully depreciated assets totals 7,035 thousand euros and 6,801 thousand euros in 2023 and 2022 respectively.

# 21. Tax assets and liabilities

The detail of these headings in the accompanying balance sheets on December 31, 2023 and 2022 is the following:

| | Assets | Assets | Liabilities | Liabilities |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| **Current taxes** | **658** | **3,792** | **1,603** | **2,027** |
| Withholding taxes | 70 | 3,133 | - | - |
| IVA | 588 | 659 | 240 | 500 |
| IRPF | - | - | 1,009 | 1,054 |
| Others | - | - | 354 | 493 |
| **Deferred taxes** | **88,696** | **82,918** | **63,755** | **120,741** |
| For derivatives | - | - | 63,755 | 120,165 |
| For impairment corrections | 65,588 | 59,142 | | - |
| Tax Credits | 23,108 | 23,108 | | - |
| Others | - | 668 | - | 576 |

As a result of the current corporate income tax regulations applicable to the Group, in 2023 and 2022 certain differences have arisen between the accounting and tax criteria which have been recorded in deferred taxes when calculating and recording the corresponding corporate income tax.

# 22. Other assets and other liabilities

Details of the balance of "Other Assets" and "Other Liabilities" in the accompanying balance sheet at 31 December 2023 and 2022 are as follows:

| | Asset | Asset | Liabilities | Liabilities |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| Accruals | 2,400 | 4,785 | 13,720 | 23,900 |
| Debts with Group companies | 1 | - | - | 915 |
| Other concepts | 31,720 | 18,489 | 6,731 | - |
| **TOTAL** | **34,121** | **23,274** | **20,451** | **24,815** |

Other items include, among others, prepayments made by the Group in connection with its activities in various fields, such as, for example, amounts paid to the management companies for the management of its properties, payments made to solicitors in connection with litigation with its borrowers, as well as transactions with its suppliers.

## Information on payment deferrals made to suppliers - Third additional provision. "Duty to provide information" of Law 15/2010 of 5 July 2010

In compliance with the provisions of Law 31/2014, of 3 December, which amends the Capital Companies Act to improve corporate governance, modifies the third additional provision of Law 15/2010, of 5 July, amending Law 3/2004, of 29 December, which has been developed by the resolution of 29 January 2016, of the Spanish Accounting and Auditing Institute (ICAC), on the information to be included in the annual accounts in relation to the average period of payment to suppliers in commercial transactions, the information relating to deferrals of payment to suppliers in commercial transactions is presented. Given the activities in which the Entity engages, the information required on the average payment period corresponds basically to payments for the provision of services and sundry supplies.

| | 2023 | 2022 |
|---|---|---|
| | Days | Days |
| Average payment period to suppliers. | 3.02 | 2.46 |
| Ratio of paid operations. | 2.74 | 2.22 |
| Ratio of operations payable. | 35.40 | 130.95 |
| | **Amount (thousands of Euros)** | **Amount (thousands of Euros)** |
| Total payments made. | 81,887 | 93,019 |
| Total outstanding payments. | 734 | 243 |
| Number of invoices paid within the legal deadline | **81,200** | **92,708** |
| Number of invoices paid within the legal deadline | **77,410** | **89,310** |
| Percentage of the volume of invoices paid within the legal deadline over the total volume of invoices paid (%) | **95.38%** | **99.48%** |
| Percentage of the number of invoices paid within the legal deadline over the total number of invoices paid (%) | **99.45%** | **98.72%** |

Given the activities in which the Group engages, the information required on the average payment period corresponds basically to payments for the provision of services and sundry supplies.

The average supplier payment period indicated has been obtained considering that the company has established, in general, the 10th and 25th of each month as fixed supplier payment days.

# 23. Financial liabilities at amortised cost

The detail, in thousands of Euros, on December 31, 2023 and 2022 is the following:

| | 31.12.23 | 31.12.22 |
|---|---|---|
| **Deposits of credit institutions** | | |
| Loans in credit entities (note 30) | 6,392,505 | 6,539,342 |
| Temporary assignment of assets | 632,362 | 669,806 |
| Subordinated loans | 184,704 | 184,704 |
| Valuation adjustments | 32,598 | 16,792 |
| **Subtotal** | **7,242,169** | **7,410,644** |
| Debt securities | 104,000 | 104.000 |
| Convertible bonds | 2,301,952 | 104,000 |
| Securities associated with transferred financial assets | 116 | 2,820,192 |
| Valuation adjustments | | 201 |
| **Subtotal** | **2,406,068** | **2,924,393** |
| Other financial liabilities | 32,620 | 2,084 |
| **Subtotal** | **32,620** | **2,084** |
| | **9,680,857** | **10,337,121** |

The breakdown of financial liabilities at amortised cost by residual term as of 31 December 2023 and 2022 is as follows:

| | 31.12.23 | 31.12.22 |
|---|---|---|
| Up to 1 month | 764,482 | 678,554 |
| 1 to 3 Months | 1,738,437 | 2,479,174 |
| 3 to 12 Months | 4,450,642 | 3,412,475 |
| 1 to 3 years | 453,869 | 498,690 |
| 3 to 5 years | 379,068 | 359,517 |
| More than 5 Years | 1,894,359 | 2,908,710 |
| **Total** | **9,680,857** | **10,337,121** |

In 2023, interest rates on outstanding financial liabilities ranged from 2.23% and 4.63%

In 2022, interest rates on outstanding financial liabilities ranged from -0.5% to 3.38%.

## Subordinated Debt

The heading “Loans and advances to credit institutions” includes subordinated debt whose counterparty is the Parent Company’s shareholders, i.e. Banco Santander and BNP Paribas and BNP Paribas Personal Finance. Specifically, this caption includes the following;

i) Subordinated debt issued by the UCI 10-17 securitization funds with a balance at December 31, 2023 of 34.7 million euros (34.7 million euros at December 31, 2022).

ii) Subordinated debt issued by UCI SA, amounting to €150 million at December 31, 2023 and December 31, 2022.

The detail of the loans subscribed and their main conditions at December 31, 2023 is as follows:

| Financial institution | Expiry date | Interest rate | Fees | Non-current liabilities | Current liabilities |
|---|---|---|---|---|---|
| BS | 12/12/2029 | Euribor + 2.5% | Semestral | 40,000 | - |
| BNPP Paris | 09/12/2030 | Euribor + 2.8% | Semestral | 12,500 | - |
| BS | 08/03/2032 | Euribor + 2.5% | Semestral | 22,500 | - |
| BNPP PF | 09/12/2030 | Euribor + 2.8% | Semestral | 12,500 | - |
| BNPP PF | 28/03/2032 | Euribor + 2.5% | Semestral | 22,500 | - |
| BNPP Paris | 12/12/2029 | Euribor + 2.5% | Semestral | 40,000 | - |
| BS | 05/03/2039 | Eur3 meses+0.60 | | 6,375 | |
| BS | 05/12/2039 | Eur3 meses+0.55 | | 5,175 | |
| BS | 05/06/2040 | Eur3 meses+0.63 | | 5,802 | |
| BNPP PF | 05/03/2039 | Eur3 meses+0.60 | | 6,375 | |
| BNPP PF | 05/12/2039 | Eur3 meses+0.55 | | 5,175 | |
| BNPP PF | 05/06/2040 | Eur3 meses+0.63 | | 5,802 | |
| **Total** | | | | **184,704** | |

The detail of the loans subscribed and their main conditions as of 31 December 2022 is as follows:

| Financial institution | Expiry date | Interest rate | Fees | Non-current liabilities | Current liabilities |
|---|---|---|---|---|---|
| BS | 12/12/2029 | Euribor + 2.5 | Half-yearly | 40,000 | |
| BNPP Paris | 12/12/2029 | Euribor + 2.5 | Half-yearly | 40,000 | |
| BS | 09/12/2030 | Euribor + 2.8 | Half-yearly | 12,500 | |
| BNPP PF | 09/12/2030 | Euribor + 2.8 | Half-yearly | 12,500 | |
| BNPP PF | 28/03/2032 | Euribor + 0.5 | Half-yearly | 22,500 | |
| BNPP Paris | 28/03/2032 | Euribor + 0.5 | Half-yearly | 22,500 | |
| BS | 05/03/2039 | Eur3 meses+0.60 | | 6,375 | |
| BS | 05/12/2039 | Eur3 meses+0.55 | | 5,175 | |
| BS | 05/06/2040 | Eur3 meses+0.63 | | 5,802 | |
| BNPP PF | 05/03/2039 | Eur3 meses+0.60 | | 6,375 | |
| BNPP PF | 05/12/2039 | Eur3 meses+0.55 | | 5,175 | |
| BNPP PF | 05/06/2040 | Eur3 meses+0.63 | | 5,802 | |
| **Total** | | | | **416,504** | |

The interest paid on these loans is 18 million Euros on 31 December 2023 and 4,9 million euros on 31 December 2022.

In December 2023, several short-term loans have been subscribed with shareholders, namely 67.2 million euros granted by Banco Santander and 67.2 million euros granted by BNP Paribas respectively, indexed to Euribor 6M+50bp recorded under "Deposits from credit institutions - Loans with credit institutions".

In March 2022, two new subordinated debt issues were made for amounts of 22.5 million each and granted by Banco Santander and BNP Paribas respectively, with a maturity of 10 years and referenced to Euribor 6M+50bp.

These loans are subordinated in order to be included in the calculation of the UCI Group's equity, and may not be amortized or repaid in advance without prior authorization from the Bank of Spain. These loans have a maturity of 10 years and, as previously indicated, are granted by the shareholders or entities related to them.

## Debt securities

### A) Convertible bonds

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

On May 25, 2022, the Company issued contingently convertible subordinated perpetual debentures ("CoCos") into shares of UCI S.A., which are listed on the Alternative Fixed Income Market ("MARF"), for a total amount of 22 million euros. The debentures were issued at par and have a unit par value of 200,000 euros.

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

Securities are considered Additional Tier 1 Capital.

Bonds issued on June 2019 will accrue a non-cumulative remuneration calculated at an annual interest rate, quarterly payable, of:

- Percentage applied on the nominal of Coco bonds of 7.5% from the date of reimbursement (included) to the fifth anniversary (excluded).
- From the fifth annivesary, and onwards for every five years, adding a margin of 788.8 basic points to the applicable 5-year mid-swap rate.

The debentures issued in May 2022 will accrue a non-cumulative discretionary remuneration calculated at an annual interest rate, payable semi-annually from the date of disbursement of the rate resulting from the applicable 6-month EURIBOR plus margin of 665 basis points.

Expenses for remuneration of preference shares contingently convertible into ordinary shares amount to 8.320 thousand euros on 31 December 2023 (31 December 2022: 6,991 thousand euros). The expense net of its tax impact has been recognised under "Other reserves" in consolidated equity.

## B) Asset-backed securities issued by the UCI Funds

Below is a detail of the balances recorded in the accompanying balance sheets on 31 December 2023 and 2022 associated with outstanding Bonds issued (and not retained by the Group) by the various Securitisation Funds in which Unión de Créditos Inmobiliarios S.A., E.F.C. acted as Assignor:

| | 2023 | 2022 |
|---|---|---|
| Asset Securitisation Fund UCI 11 | 53,329 | 69,637 |
| Asset Securitisation Fund UCI 12 | 59,286 | 75,602 |
| Asset Securitisation Fund UCI 14 | 72,127 | 94,746 |
| Asset Securitisation Fund UCI 15 | 99,862 | 135,717 |
| Asset Securitisation Fund UCI 16 | 194,044 | 246,296 |
| Asset Securitisation Fund UCI 17 | 138,767 | 174,657 |
| Asset Securitisation Fund Prado V | - | 194,105 |
| Asset Securitisation Fund Prado VI | - | 213,654 |
| Asset Securitisation Fund Prado VII | 256,972 | 306,225 |
| Asset Securitisation Fund Prado VIII | 309,726 | 357,583 |
| Asset Securitisation Fund Prado IX | 334,945 | 376,532 |
| Asset Securitisation Fund Prado X | 116,560 | 392,234 |
| Asset Securitisation Fund Green Prado XI | 315,109 | - |
| Asset Securitisation Fund Belem 1 | 346,131 | 179,131 |
| Asset Securitisation Fund Belem 2 | - | - |
| **TOTAL (*)** | **2,296,859** | **2,816,118** |

This heading also includes an amount of 5,093 thousand euros at December 31, 2023 (4,074 thousand euros at December 31, 2022) relating to valuation adjustments of these bonds (accrued interest, issue costs and issue premium).

The accrued interest payable on these bonds issued on the market and not retained by the Group is 5.1 million euros at December 31, 2023 and 3.1 million euros at December 31, 2022.

Finally, under the heading other financial liabilities, at December 31, 2023, an amount of 18,224 thousand euros (2,039 thousand euros in 2022), and an amount of 14,036 thousand euros relating to the payments pending for the SRT operation, are included.

In this regard, on December 22, 2023, a synthetic RMBS securitization transaction of mortgage loans to individuals was carried out, in order to make a significant risk transfer (SRT) to a counterparty (insurer) through an insurance contract, which has resulted in a cost at December 31, 2023 of €66 thousand.

Specifically, the volume of receivables subject to this transaction is €662 million (or €629 million net after withholding 5% of the risk (of prime Spanish residential mortgages granted to individuals in Spain). The transaction is structured with a mezzanine series, placed with two insurance counterparties for an initial amount of €40.2 million, while UCI will retain the senior tranche for €587 million and the first loss tranche for €1.5 million. The estimated CET 1 savings on the solvency statement at December 31, 2023 is €10 million.

# 24. Financial assets and liabilities held for trading

The breakdown of financial assets and liabilities held for trading, measured at fair value, in the accompanying balance sheets on 31 December 2023 and 2022 is as follows:

| Thousands of Euros | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Assets** | **Liabilities** | **Assets** | **Liabilities** |
| Trading derivatives | 75,225 | 76,759 | 128,429 | 129,707 |
| | **75,225** | **76,759** | **128,429** | **129,707** |

The breakdown by currency, maturity and notional amount of the trading derivatives captions in the balance sheets as at 31 December 2023 and 2022 is as follows:

| Thousands of Euros | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Assets** | **Liabilities** | **Assets** | **Liabilities** |
| Per currency: | | | | |
| in Euros | 75,225 | 76,759 | 128,429 | 129,707 |
| | **75,225** | **76,759** | **128,429** | **129,707** |

The breakdown of the balance of trading derivatives assets and liabilities as of December 31, 2023 is as follows:

| | | 2023 Fair value | |
|---|---|---|---|
| Thousands of Euros | Notional value | Assets | Liabilities |
| Other operations on interest rates: | | | |
| Trading derivatives | 1,956,949 | 75,225 | 76,759 |

The breakdown of the balance of trading derivatives assets and liabilities at December 31, 2021 was as follows:

| | | 2022 Fair Value | |
|---|---|---|---|
| Thousands of Euros | Notional Value | Activo | Pasivo |
| Other operations on interest rates: | | | |
| Trading derivatives | 2,512,656 | 128,429 | 129,707 |

# 25. Derivatives – hedge accounting

The amounts recorded under this heading in the accompanying balance sheet correspond to the fair value of derivatives designated as hedging instruments in cash flow hedging transactions.

Cash flow hedges are used to reduce the variability of the cash flows (attributable to the interest rate) generated by the hedged items. In these hedges, the floating interest rate of the hedged liability items is converted to fixed interest rates using interest rate derivatives.

The following is a breakdown of the notional and/or contractual values of the hedging derivatives held by the Entity on 31 December 2023 and 2022:

| | Notionals | | Fair value (asset) | | Fair value (Liabilities) | |
|---|---|---|---|---|---|---|
| **Concept** | **2023** | **2022** | **2023** | **2022** | **2023** | **2022** |
| **By market type** | | | | | | |
| Unorganised markets | 9,402,044 | 5,157,500 | 244,590 | 405,406 | 25,961 | 1,608 |
| **Total** | **9,402,044** | **5,157,500** | **244,590** | **405,406** | **25,961** | **1,608** |
| **By product type** | | | | | | |
| Forward transactions | - | - | - | - | - | - |
| Swaps | 9,402,044 | 5,157,500 | 244,590 | 405,406 | 25,961 | 1,608 |
| Options | - | - | - | - | - | - |
| Other products | - | - | - | - | - | - |
| **Total** | **9,402,044** | **5,157,500** | **244,590** | **405,406** | **25,961** | **1,608** |
| **On the counterpart** | | | | | | |
| Credit institutions - Residents | 3,849,337 | 2,158,794 | 139,912 | 223,591 | 13,526 | - |
| Credit institutions - Non-residents | 5,552,707 | 2,998,707 | 104,678 | 181,815 | 12,435 | 1,608 |
| Rest | - | - | - | - | - | - |
| **Total** | **9,402,044** | **5,157,500** | **244,590** | **405,406** | **25,961** | **1,608** |
| **Per remaining term** | | | | | | |
| Up to 1 year | 4,833,250 | 1,978,650 | 12,437 | 21,323 | 1,188 | - |
| More than 1 year and up to 5 years | 1,644,640 | 1,390,190 | 69,975 | 127,814 | | - |
| More than 5 years | 2,924,154 | 1,788,660 | 162,178 | 256,269 | 24,773 | 1,608 |
| **Total** | **9,402,044** | **5,157,500** | **244,590** | **405,406** | **25,961** | **1,608** |
| **By type of covered risk** | | | | | | |
| Interest rate risk | 9,402,044 | 5,157,500 | 244,590 | 405,406 | 25,961 | 1,608 |
| Currencies | - | - | - | - | - | - |
| Credit | - | - | - | - | - | - |
| **Total** | **9,402,044** | **5,157,500** | **244,590** | **405,406** | **25,961** | **1,608** |
| **By type of elements covered** | | | | | | |
| Financial assets at amortised cost (loans and advances) | 9,402,044 | 5,157,500 | 244,590 | 405,406 | 25,961 | 1,608 |
| Financial assets at amortised cost (debt securities) | - | - | - | - | - | - |
| **Total** | **9,402,044** | **5,157,500** | **244,590** | **405,406** | **25,961** | **1,608** |

The notional amount of the asset and liability hedging derivative contracts does not represent the risk assumed by the Entity as its net position is obtained from offsetting and/or combining these instruments.

The detail of the impact on the profit and loss account for the years 2023 and 2022 is as follows:

| | 31.12.2023 | | | |
|---|---|---|---|---|
| | Result on hedging instrument | | Result in hedged instrument | |
| Concept | Profit | Loss | Profit | Loss |
| Swaps | - | 218,491 | 218,491 | - |
| Other products | - | - | - | - |
| **Total** | - | 218,491 | 218,491 | - |

| | 31.12.2022 | | | |
|---|---|---|---|---|
| | Result on hedging instrument | | Result in hedged instrument | |
| Concepto | Profit | Loss | Profit | Loss |
| Swaps | - | 32,936 | 32,830 | - |
| Other products | - | - | - | - |
| **Total** | **-** | **32,936** | **32,830** | **-** |

The amount recognised in the statement of recognised income and expense relates mainly to changes in the value of cash flow hedges.

# 26. Provisions

The balance of "Other Provisions" under "Provisions" is as follows:

| | Thousands of Euros | |
|---|---|---|
| | 2023 | 2022 |
| Provisions for taxes and other legal contingencies | 10,167 | 9,306 |
| Other provisions | 10,269 | 7,226 |
| | **20,436** | **16,532** |

This heading includes provisions for legal issues, which have been estimated by applying prudent calculation procedures consistent with the conditions of uncertainty inherent to the obligations they cover.

The financial sector has been exposed for years to multiple legal incidents (by way of example and not limitation): massive out-of-court and/or court claims for "floor clauses" (also extending to "settlement/negotiation agreements" and cancelled loans); mortgage loan arrangement fees"; IRPH; and "amounts paid by purchasers for the purchase of a home" (Law 57/68); among other various incidents. Therefore, the Entity has considered provisioning amounts related to some of these cases, based on open proceedings amounting to 10,167 thousand Euros in 2023 (9,306 thousand Euros in 2021). Qualitative information in relation to the legal framework of these issues is detailed below.

Currently, mortgage expenses represent the majority of out-of-court and/or judicial claims filed by customers with financial institutions. On 16 July 2020, the CJEU published a ruling on the constitution and cancellation costs of mortgage loans taken out with consumers, origination fees, limitation period and costs arising from proceedings for the nullity of unfair terms, in line with the above, determining that, where appropriate, it will be the national judges who will have to rule, analysing the applicable regulations on a case-by-case basis, on the nullity of the clause and the restitution of amounts, if applicable.

In addition, the heading “Sundry provisions” includes various items linked to the recoverability of certain transactions that have been covered by the law on the regulation of excessive indebtedness of individuals (3869/2010), relating to loans originated in the defunct UCI branch in Greece.

# 27. Fair value of financial assets and liabilities not carried at fair value

The Group’s financial instruments are measured at fair value, except for those carried at amortised cost.

Most of the financial liabilities recognised in full under “Financial liabilities at amortised cost” in the balance sheet on 31 December 2023 and 2022 are at a floating rate, with the applicable interest rate reviewed periodically, and therefore their fair value as a result of changes in market interest rates does not differ significantly from the amounts at which they are recognised in the accompanying balance sheet.

The remaining assets and liabilities are fixed rate; of these, a significant portion have a maturity of less than 1 year and, therefore, their market value as a result of market interest rate movements is not significantly different from that recorded in the accompanying balance sheet.

Thus, the fair value of the amount of fixed rate, forward assets and liabilities with a residual maturity of more than one year does not differ significantly from that recorded in the accompanying balance sheet.

The fair value of the Company’s financial instruments on 31 December 2023 and 2022 for each class of financial assets and liabilities measured at fair value is presented below, broken down by class of financial assets and liabilities at the following levels:

- **Level 1:** The fair value has been determined based on quoted prices in active markets, without making any changes to the assets.
- **Level 2:** Fair value has been estimated based on quoted prices in organised markets for similar instruments or by using other valuation techniques in which all significant inputs are based on directly or indirectly observable market data.
- **Level 3:** Fair value has been estimated using valuation techniques in which some significant input is not based on observable market data.

The reasons for differences between the fair value and the carrying amount of financial instruments are as follows:

– For instruments issued at a fixed rate, the fair value of the instrument varies with changes in market interest rates. The longer the residual maturity of the instrument, the greater the variation.

– For instruments issued at a floating rate, the fair value may differ from the carrying amount if the spreads to the reference interest rate have changed since the instrument was issued. If the margins remain constant, the fair value matches the book value only on repricing dates. On all other dates, interest rate risk exists for flows that are already determined.

**Thousands of Euros**

| | 2023 | | | | | Valuation techniques |
|---|---|---|---|---|---|---|
| | **Book value** | **Fair value** | **LEVEL 1** | **LEVEL 2** | **LEVEL 3** | |
| **Financial assets** | | | | | | |
| Cash, cash balances at central banks and other demand deposits | 75,225 | 75,225 | - | - | 75,225 | Linear interest rate swaps (Interest rate swaps) Flow discounting |
| Financial assets held for trading | 244,590 | 244,590 | - | - | 244,590 | Linear interest rate swaps (Interest rate swaps) Flow discounting |
| ***Financial assets at amortised cost*** | | | | | | |
| - Loans and advances | 76,759 | 76,759 | - | - | 76,759 | Present value method (discounted future cash flows) |
| Hedging derivatives | 25,961 | 25,961 | - | - | 25,961 | Linear interest rate swaps (Interest rate swaps) Flow discounting |

| Thousands of Euros | | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | | | | Valuation techniques |
| | Book value | Fair value | LEVEL 1 | LEVEL 2 | LEVEL 3 | |
| **Financial assets** | | | | | | |
| Cash, cash balances at central banks and other demand deposits | 128,429 | 128,429 | - | 128,429 | 128,429 | Linear interest rate swaps (Interest rate swaps) Flow discounting |
| Financial assets held for trading | 405,406 | 405,406 | - | 405,406 | 405,406 | Linear interest rate swaps (Interest rate swaps) Flow discounting |
| ***Financial assets at amortised cost*** | | | | | | |
| - Loans and advances | 129,707<br>10,337,121 | 129,707<br>10,337,121 | - | 129,707<br>10,337,121 | 129,707<br>10,337,121 | Present value method (discounted future cash flows) |
| Hedging derivatives | 272,076<br>128,429 | 272,076<br>128,429 | - | 272,076<br>128,429 | 272,076<br>128,429 | Linear interest rate swaps (Interest rate swaps) Flow discounting |

Financial instruments at fair value and determined by published prices in active markets (Level 1) comprise government bonds, corporate bonds, exchange-traded derivatives, securitised assets, equities, short positions and issued bonds.

In cases where quotations cannot be observed, management makes its best estimate of what the market would price using its own internal models.

In most cases, these internal models use data based on observable market parameters as significant inputs (level 2) and sometimes use significant unobservable inputs in market data (level 3).

# 28. Other global accumulated results

The detail of this caption of the accompanying balance sheets on December 31, 2023 and 2022 is the following:

| In thousands of Euros | 2023 | 2022 |
|---|---|---|
| Available-for-sale financial assets: | | |
| Debt securities | | - |
| Cash flow hedges | 148,693 | 280,386 |
| Other valuation adjustments | - | - |
| **Total** | **148,693** | **280,386** |

The breakdown of this item in the accompanying balance sheets on 31 December 2023 and 2022 is as follows:

| In thousands of Euros | 2023 | 2022 |
|---|---|---|
| Cash flow hedges | 148,693 | 280,386 |
| **Total** | **148,693** | **280,386** |

The balance included in cash flow hedges corresponds to the net amount of those changes in the value of financial derivatives designated as hedging instruments for the portion of the hedge that is considered to be an effective hedge. The movement during 2023 and 2022 is as follows:

| In thousands of Euros | 2023 | 2022 |
|---|---|---|
| Opening balance | 280,386 | (14,007) |
| Additions net | (24,599) | - |
| Value variations | (106,824) | 294,393 |
| **Total** | **148,963** | **280,386** |

# 29. Equity

On 31 December 2023 and 2022, the share capital of the parent company consists of 69.805 thousand and 58,928 thousand ordinary bearer shares with a par value of 2.61 euros each, fully subscribed and paid up. All shares have equal voting and dividend rights.

The composition of the shareholding as of 31 December 2023 and 2022 is as follows:

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

On 22 December 2021, in order to strengthen the Company's equity and, in particular, its ordinary tier 1 capital at the individual level, the shareholders decided to increase the share capital of UCI S.A. by an amount of 16,118,159 euros, by issuing 6,175,540 new shares with a par value of 2.61 euros each, numbered sequentially from 37,555,001 to 43,730,540 inclusive, which were created with a total share premium of 43,881,840 euros for all the new shares issued.

On March 4, 2022, and in order to strengthen the Company's shareholders' equity and, in particular, its ordinary tier 1 capital at the individual level, the shareholders decided to increase the share capital by the amount of 27,023,940 Euros, by issuing 10.354,000 new shares with a par value of 2.61 Euros each, numbered sequentially from 43,730,540 to 54,084,540 inclusive, which were created with a total share premium of 72,976,060 Euros for the new set of newly issued shares.

On December 2, 2022, and in order to strengthen the Company's shareholders' equity and, in particular, its ordinary tier 1 capital at the individual level, the shareholders decided to increase the share capital by the amount of 12,642,840 Euros by issuing 4.2.61 par value each, numbered sequentially from 54,084,540 to 58,928,541 inclusive, which were created with a total share premium of 34,357,160 euros for the new set of shares issued.

## Legal Reserve

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

On 31 December 2023 and 2022, the Parent Company had set up this reserve at the minimum limit established by the aforementioned law.

## Determination of own funds

### Parent company and consolidated reserves

The Parent Company's reserves correspond to retained results or losses not compensated from prior years and the positive difference on first consolidation (1989). Reserves in Companies consolidated under the full consolidation method correspond to retained results or losses not compensated from prior years in subsidiaries.

The variation has been the following:

| | Balance 31.12.21 | Movement year | Balance 31.12.22 | Movement year | Balance 31.12.23 |
|---|---|---|---|---|---|
| Parent Entity | (31,191) | (12,785) | (43,976) | (10,658) | (54,634) |
| Consolidated companies | 266,056 | 35,397 | 301,453 | (53,000) | 248,453 |
| **Total** | **234,865** | **22,612** | **257,477** | **(63,658)** | **193,819** |

### Basic earnings per share

Basic earnings per share are determined by dividing the Company's net income for a period, adjusted by the after-tax amount corresponding to the remuneration recorded in equity of contingently convertible preferred stock (see Note 8.2), by the weighted average number of shares outstanding during that period, excluding the average number of treasury shares held during that period. Accordingly:

| | 2023 | 2022 |
|---|---|---|
| Result Attributable to the Parent Entity (thousands of euros) | (76,490) | (55,011) |
| Remuneration of Contingently Convertible Preference Shares (CoCos) (thousands of euros) (Note 23) | (8,320) | (6,991) |
| Dilutive Effect of Changes in Period Results Derived from the Potential Conversion of Ordinary Shares | - | - |
| | (84,810) | (84,810) |
| *Of which:* | | |
| *Result from Discontinued Operations (net of non-controlling interests) (thousands of euros)* | - | - |
| *Result from Ordinary Activity (net of non-controlling interests and CoCo remuneration) (thousands of euros)* | (84,810) | (84,810) |
| Weighted Average Number of Shares Outstanding (Note 29) | 69,804,980 | 58,928,540 |
| Adjusted Number of Shares | 69,804,980 | 58,928,540 |
| **Basic Earnings/(Loss) per Share (euros)** | **(1.21)** | **(1.05)** |
| **Basic Earnings/(Loss) per Share from Discontinued Operations (euros)** | - | - |
| **Basic Earnings/(Loss) per Share from Continuing Operations (euros)** | **(1.21)** | **(1.05)** |

# 30. Balances and transactions with group companies

Balances with Group companies as of 31 December 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| Banco Santander | 31,985 | 37,750 |
| Banco Santander Totta | 4,864 | 5,100 |
| CACEIS | 76 | 334 |
| BNPP | 5,690 | 53,429 |
| Pasivos financieros a coste amortizado | | |
| Banco Santander | 3,179,103 | 3,156,196 |
| BNPP | 3,055,444 | 3,068,442 |
| Banco Santander - Deposito subordinado | 75,000 | 75,000 |
| BNPP - Deposito subordinado | 75,000 | 75,000 |
| BNPP - Repos | 115,848 | 74,222 |
| Instrumentos financieros (swaps) | | |
| Banco Santander | (44,385) | 20,828 |
| BNPP | (42,631) | 21,599 |
| Valores representativos de deuda (cocos) | | |
| Banco Santander | 52,058 | 52,000 |
| BNPP | 52,058 | 52,000 |
| Gastos financieros | | |
| Banco Santander | (119,538) | (20,828) |
| BNPP | (111,288) | (21,599) |
| Banco Santander - Deposito subordinado | (4,353) | (2,418) |
| BNPP - Deposito subordinado | (4,353) | (2,511) |
| Banco Santander - Repos | (776) | (266) |
| BNPP - Repos | (6,438) | (468) |

# 31. Tax position

The Group has open for tax audit since 2019, in respect of all the taxes applicable to the Group, with the exception of Corporation Tax, which is open for inspection as from the year 2018.

These tax returns involved cannot be definitive until they have been verified by the Administration or until four years have elapsed since their date of filing.

The UCI Group settles Corporation Tax for the financial years 2022 and 2021 under the taxation base, in accordance with the provisions of the Ministerial Order of October 3, 1992, not incorporating - ComprarCasa, Rede de Serviços Imobiliários, SA, UCI HOLDING Ltda, COMPANHIA PROMOTORA UCI and UCI–Mediação of Seguros Unipessoal Lda, being part of the tax consolidation group Unión de Créditos Inmobiliarios, S.A., Establecimiento Financiero de Crédito, Retama Real Estate, S.A.U. y UCI Servicios para Profesionales Inmobiliarios, S.A.U.

The calculation for the tax charge payable is the following:

| | **31.12.23** | **31.12.22** |
|---|---|---|
| Accounting results before tax | (81,905) | (54,928) |
| Results from subsidiaries not incorporated in the tax consolidation | (3,688) | (3,751) |
| Consolidated accounting result before tax | - | - |
| Accounting profit before tax consolidated group | (85,593) | (58,679) |
| Permanent differences | 1,500 | 3,759 |
| Temporary differences | 21,488 | 4,509 |
| Convertible bonds | (8,320) | (6,991) |
| Tax base | (70,925) | (57,403) |
| Compensation of tax bases | | |
| Tax rate | | - |
| Compensation temporary differences (25%) | | - |
| Compensation tax losses carried forward (25%) | | - |
| Others | | - |
| Payments on account Corporate Income Tax | | (3,061) |
| Tax payable | | - |

The calculation for the tax charge payable is the following:

| | 31.12.23 | 31.12.22 |
|---|---|---|
| Accounting results before tax | (81,905) | (54,928) |
| Results from subsidiaries not incorporated in the tax consolidation | (3,688) | (3,751) |
| Consolidated accounting result before tax | (85,593) | (58,679) |
| Permanent differences | 1,500 | 3,759 |
| **Total** | **(84,093)** | **(54,921)** |
| Tax expense | (6,397) | (2,778) |
| Previous years' tax | (303) | 25 |
| Tax expense Branch in Portugal | 1,245 | 1,300 |
| Impairment of tax credits | - | 1,026 |
| Others | 40 | 13 |
| Current tax expense | (5,415) | 83 |

At December 31, 2022, the Group has not capitalized the taxable income generated by the Tax Group in 2022.1.1 million euros were capitalized at December 31, 2021, and these tax credits are presented under "Deferred tax assets" on the asset side of the accompanying consolidated balance sheet. In addition, in 2023, the Group has made an impairment for an amount of 0 thousand euros (1,026 thousand euros in 2022), in relation to the tax credits it had capitalized, in an exercise of prudence and in accordance with the business plan, estimating the recoverability of the amounts currently capitalized to be highly probable with the generation of consolidated taxable income.

Deferred tax assets and liabilities" mainly include deferred tax assets relating to the tax effect of the valuation of hedging derivatives amounting to 63.756 thousand euros on 31 December 2023 (120,165 thousand euros on 31 December 2022), as well as those arising from provisions for non-deductible credit impairment, which are monetizable.

Details of deferred tax assets and liabilities, excluding the tax effect of the valuation of hedging derivatives, on 31 December 2023 and 2022 and their movement are as follows:

| | 2023 | Additions | Write-offs | Adjustments | 2022 |
|---|---|---|---|---|---|
| Allocation to the provision for impairment of non-deductible monetisable receivables | | | | | |
| Provision for contingencies | 47,967 | - | - | - | **47,967** |
| Provision for impairment of non-deductible non monetisable loan | 8,986 | 6,673 | - | - | **15,659** |
| Non-deductible impairment on investment property | 2,188 | - | (227) | - | **1,961** |
| Other Assets (IFRS 16) | 668 | - | (668) | - | **-** |
| Other liabilities (IFRS 16) | (576) | - | 576 | - | **-** |
| Tax credits | 23,109 | - | - | - | **23,109** |
| | **82,342** | **6,673** | **(319)** | - | **88,696** |

Details of deferred tax assets and liabilities, excluding the tax effect of the valuation of hedging derivatives, on 31 December 2022 and 2021 and their movement are as follows:

| | 2022 | Additions | Write-offs | Adjustments | 2021 |
|---|---|---|---|---|---|
| Allocation to the provision for impairment of non-deductible monetisable receivables | 45,751 | 2,216 | - | - | 47,967 |
| Provision for contingencies | - | - | - | - | - |
| Effects of the adoption of Circular 4/2019 | - | - | - | - | - |
| Provision for impairment of non-deductible non monetisable loan | 8,478 | 508 | - | - | 8,986 |
| Non-deductible impairment on investment property | 2,519 | - | (331) | - | 2,188 |
| Other Assets (IFRS 16) | 1,129 | - | (461) | - | 668 |
| Other liabilities (IFRS 16) | (1,115) | - | 539 | - | (576) |
| Tax credits | 24,135 | - | (1,026) | | 23,109 |
| | **80,896** | **2,724** | **(1,279)** | **-** | **82,342** |

The breakdown of the income tax expense for 2023 and 2022 is as follows:

| | Thousand euros | |
|---|---|---|
| | **2023** | **2022** |
| Current tax | 1,285 | 1,337 |
| Deferred tax | (6,397) | (1,445) |
| **Tax expense** | **(5,112)** | **(108)** |

Apart from the income tax charged in the profit and loss accounts, the Company has charged the following amounts to equity in respect of the following items:

| | Thousand euros | |
|---|---|---|
| | **2023** | **2022** |
| **Net credits (debits) to equity:** | | |
| Valuation of cash flow hedging derivatives | 56,440 | (126,168) |

# 32. Contingent commitments

Contingent commitments include those irrevocable commitments that could result in the recognition of financial assets contingent commitments include those irrevocable commitments that could result in the recognition of financial assets.

The detail of this caption on December 31, 2023 and 2022 is the following:

| | **31.12.23** | **31.12.22** |
|---|---|---|
| Granted commitments loans | 38,706 | 39,462 |
| *Which of doubtful* | 36 | 40 |
| Other granted commitments | 1,935 | 2,043 |
| | **40,642** | **41,506** |

The loan commitments granted section records the firm commitments to grant credit under certain conditions and terms.

As at 31 December 2023 and 2022, there are no contingent commitments in addition to those mentioned in the table above. At both dates, third party availability is not subject to any restrictions.

# 33. Income from interests

The detail of this caption in the accompanying income statement for the financial years ended December 31, 2023 and 2022 is as follows:

| | Thousand euros | |
|---|---|---|
| | **31.12.23** | **31.12.22** |
| Financial assets at amortised cost | 334,772 | 189,480 |
| Derivatives - hedge accounting, interest rate risk | 218,491 | 32,830 |
| Other assets | 100 | 74 |
| **Total** | **553,363** | **222,384** |

The balance of the "Financial assets at amortized cost" caption under the "Interest income" caption is as follows:

| | Thousand euros | |
|---|---|---|
| | **31.12.23** | **31.12.22** |
| **Financial assets at amortized cost** | | |
| Debt securities | 5,190 | 178 |
| Loans and advances to customers | 548,173 | 189,302 |
| | **553,363** | **189,480** |
| *Of which interest in stage 3 exposures* | 20,167 | 49,214 |

# 34. Expenses from interests

The detail of this caption in the accompanying income statement for the financial years ended December 31, 2023 and 2022 is as follows:

| | Thousand euros | |
|---|---|---|
| | **31.12.23** | **31.12.22** |
| Financial liabilities at amortised cost | (379,677) | (63,976) |
| Derivatives - hedge accounting, interest rate risk | (130,966) | (32,936) |
| Other liabilities | (281) | (166) |
| **Total** | **(510,924)** | **(97,077)** |

The balance of the "Financial assets at amortized cost" caption under the "Interest expenses" caption is as follows:

| | Thousand euros | |
|---|---|---|
| | **31.12.23** | **31.12.22** |
| **Financial assets at amortized cost** | | |
| Deposits in credit entities | (361,756) | (59,309) |
| Subordinated liabilities | (17,921) | (4,667) |
| | **(379,677)** | **(63,976)** |

# 35. Personal cost

The breakdown of the balance of this item in the accompanying consolidated income statements is as follows:

| | Thousand euros | |
|---|---|---|
| | **31.12.23** | **31.12.22** |
| Wages and salaries | (32,246) | (26,101) |
| Employee benefits expense | (7,536) | (8,114) |
| **Total** | **(39,782)** | **(34,215)** |

The number of employees of the Group as of 31 December 2023 and 2022, distributed by professional category, is as follows:

| | **31.12.23** | **31.12.22** |
|---|---|---|
| Management and Leadership | 56 | 60 |
| Managers and Specialised Technicians | 121 | 127 |
| Technical and Administrative | 461 | 476 |
| **Total** | **638** | **663** |

The average number of employees of the Group by category and gender as of 31 December 2023 and 2022 was as follows:

| | 31.12.2023 | | | 31.12.2022 | | |
|---|---|---|---|---|---|---|
| | **Men** | **Men** | **Men** | **Men** | **Women** | **Total** |
| Group III | | | | | | |
| A | 117 | 195 | **312** | 108 | 196 | 304 |
| B | 39 | 57 | **96** | 33 | 65 | 98 |
| C | 19 | 34 | **53** | 35 | 39 | 74 |
| Group II | | | | | | |
| A | 11 | 10 | **21** | 12 | 8 | 20 |
| B | 2 | - | **2** | 3 | - | 3 |
| C | 46 | 52 | **98** | 50 | 54 | 104 |
| Group I | | | | | | |
| A | 19 | 3 | **22** | 19 | 5 | 24 |
| B | 23 | 5 | **28** | 26 | 5 | 31 |
| C | 1 | 5 | **6** | 1 | 4 | 5 |
| Others | - | - | **-** | - | | |
| **Total** | **277** | **361** | **638** | **287** | **376** | **663** |

The number of the Group's employees by category and gender as of 31 December 2023 and 2022 is similar to that presented above, as there are no significant changes compared to the number of employees in the previous year.

The average number of employees with a disability greater than or equal to 33% was 6 (3 men and 3 woman) and they are distributed in the following categories.

| | 31.12.2023 | | | 31.12.2022 | | |
|---|---|---|---|---|---|---|
| | **Men** | **Men** | **Men** | **Men** | **Women** | **Total** |
| Group III | | | | | | |
| A | 1 | 2 | 3 | 1 | 1 | 2 |
| B | 2 | - | 2 | - | - | - |
| C | - | 1 | 1 | 2 | 1 | 2 |
| **Total** | **3** | **3** | **6** | **3** | **3** | **6** |

# 36. Administration costs

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

| | Thousand euros | |
|---|---|---|
| | **31.12.23** | **31.12.22** |
| Rents and leases | 3,392 | 3,739 |
| On properties, installations and materials | 4,111 | 3976 |
| Information technology | 3,273 | 2,625 |
| Advertising and Propaganda | 3,727 | 3,195 |
| Legal and lawyers' fees | 12,579 | 22,287 |
| Representation costs and trips | 1,073 | 997 |
| Insurance premiums | 575 | 496 |
| Sub-contracted administrative services | 1,321 | 1,407 |
| Autid and consulting | 3,413 | 3,387 |
| Local levies and taxes | 5,460 | 1,848 |
| Other expenses | 9,796 | 7,010 |
| **Total** | **48,720** | **50,967** |

In fiscal year 2022, the UCI Group applied the financial reporting framework established by the International Financial Reporting Standards adopted by the EU. In fiscal year 2020, Unión de Créditos Inmobiliarios EFC, like the rest of the Spanish Financial Credit Establishments, started to apply Bank of Spain Circular 4/2019, which includes the same accounting criteria that Spanish credit institutions have been applying since 2018, in application of Circular 4/2017, which transferred to Spain the European accounting framework made up of the International Financial Reporting Standards adopted in the European Union (IFRS-EU).

## 1. Economic Environment

The year 2022 had been characterized by health and social normalization following the end of the pandemic, and a reduction in growth levels after the strong level of 2021, the year of the strong compensation following the Covid-19 crisis. In 2023, the growth level of the world economy according to the IMF was 3.1%, a slight improvement after +2.9% in 2022. This trend is in line with the five-year pre-covid-19 average of 3.0%.

Last year, the euro zone as a whole experienced stagnation: growth limited to 0.1% according to Eurostat estimates after 1.8% in 2022, and a recession in Germany, the zone's leading economy.

On the other hand, in the markets where the UCI Group operates, activity was markedly more dynamic: with estimated growth of 2.0%, 2.2% and 1.9% respectively, Spain, Portugal and Greece are at the top of the EMU, although these % are lower than the levels reached in 2022.

The other major economies performed substantially better than the € zone. Both the United States and China showed notably higher rates compared to 2022: +3.1% after 0.7% for the USA, +5.2% after +3.0% for China.

The € zone as a whole has suffered the consequences of the tensions generated by the conflict in Ukraine in 2022, with its strong impact on trade and commodity, agricultural and energy prices. The inflationary pressure that had fully manifested itself in 2021 led to tighter monetary policies in the EMU and the other major Western economies. These helped to contain the evolution of the Eurozone consumer price index, which declined from 9.2% y-o-y in December 2022 to 2.9% at the end of 2023, approaching the 2% target.

The Spanish CPI had already started its decline in 2022 when it was at 5.5%, thus 3.7% below the EMU average. By December 2023, it stood at 3.3%, i.e. slightly below the EMU average, and below Germany (3.8%) and France (4.1%), a situation shared by the other countries in which UCI operates: Portugal at 1.9% and Greece at 3.7%.

As a result of interventions by the major central banks and fears of continued high inflation, money market interest rates maintained the upward trend that began in 2022: the 12-month Euribor, still negative in March 2022 and ending 2022 at 3.018%, reached its peak of 4.16% in October. In the last months of the year, the decline in monetary rates began, as well as that of longer-term benchmarks, the 10-year € swap, which exceeded 3.0% in January 2023, reached 3.50% in October and returned to 2.50% in December 2023.

The volatility of these movements in the capital markets did not translate into retail market rates, which showed greater inertia. The 12-month Euribor reached a positive level in March 2022 and increased 4.4% in the following 18 months to reach its peak. During the same period, the IRPH index, which reflects the average of the rates of the various players in the Spanish mortgage market, rose by only 2.7%, reflecting over the period a 1.7% reduction in the financial margin under which lenders in the Spanish mortgage market operate.

Tensions in interest rates dampened the upswing in real estate transactions. After two years of sustained growth in 2021 and 2022, the real estate market in Spain marked a pause in 2023: sales fell back by 14% compared to 2022, although they were 8% above the level of 2019, the year prior to the disruption caused by the pandemic.

The dynamism experienced by the Spanish residential real estate market in the previous biennium was maintained during 2023: prices grew by 4.8% through Q4 2023 according to MITMA's Housing DG index, standing 12.2% above 2020 levels.

## 2. Commercial activity Loans to customers

The commercial environment in fiscal year 2023 was marked by a net decline in activity compared to 2022. Nevertheless, UCI consolidated the high levels of service quality perceived by our customers, which resulted in ratings of over 9.7 out of 10 on Ekomi and over 4.4 out of 5 on Google. Likewise, UCI has maintained the well-being and satisfaction of its employees as a priority, confirming for the fourth consecutive year in 2023 the valuable Great Place to Work certification, first obtained in June 2020.

The 2023 financial year as a whole consolidated the negative trends that had begun in UCI's business activity last four months of 2022. The latter had seen a 43% decline in production compared to the corresponding period of the previous year. In 2023 as a whole, new lending reached €403 million, down 52% from the €839 million formalized in 2022 (-57% in Spain with €275 million, and -36% in Portugal with €128 million).

However, the second half of the year saw the beginning of a recovery in activity: the last four months of 2023 generated 55% more activity than the first four months of the year. This performance reflects the evolution of the financial environment: interest rates on the capital markets, which began to rise in 2022, peaked in early autumn 2023. UCI has chosen to maintain the profitability of its commercial activity. As UCI is financed entirely on the wholesale markets, an environment in which the evolution of wholesale interest rates (e.g. 12-month Euribor) and retail rates (reflected by the level of the IRPH) have been out of sync, has not been conducive to a high level of formalization. The inflection observed in monetary interest rates from October onwards eased the pressure on UCI's commercial activity funding levels and made it possible to generate higher volumes with sufficient profitability.

The strategic axes of UCI's commercial offering in Spain have been maintained in 2023, with the emphasis on the responsible lending strategy and sustainability. The corollary of the previous point has continued to be a high weight of fixed or mixed rate production with a first long fixed rate period, although capital market interest rates have led to a reduction in the length of the initial periods: 55% of origination (66% in Spain) corresponds to periods longer than 10 years, down from 79-81% in 2020-2022, and a total of 94% with terms of 5 years or more.

In both Spain and Portugal, the proportion of financial consultants in the commercial mortgage lending business has remained in the majority and growing: 73% in 2020, 83% in 2021, 91% in 2022, 91% in 2023 (90% in Spain and 93% in Portugal).

In Greece, whose loan portfolio was assigned in 2018 to the Spanish parent company Unión de Créditos Inmobiliarios, SA, EFC, it is managed by the Group company UCI Hellas LMS, a wholly-owned subsidiary of UCI SA, with an asset manager's license granted by the Bank of Greece.

The outstanding portfolio managed by the UCI Group stood at the end of 2023 at €9,551 million, €686 million (-6.7%) lower than at the end of 2022. This sharp decline is the consequence of two phenomena directly linked to the interest rate environment of the year: on the one hand, the significant downturn in commercial activity described above; on the other hand an increase in early repayments of good quality loans, fueled by upward revisions to portfolio rates, allowed by savings accumulated during the pandemic periods.

The decline in the Spanish portfolio in 2023 was 578 million (-6.5%), bringing it to 8.26 billion at the end of the year.

The portfolio in Portugal, with 1.13 billion, also declined (-7.6%) and UCI's portfolio in Greece, managed by UCI Hellas LMS, whose balance is structurally declining, as there is no new production, fell by -8.0%, with 162 million.

## 3. Gross Margin

The gross margin earned by the Group during the 2023 financial year stood at €70.0 million, which is almost half (-49%) of the €137.7 million in 2022.

Three components explain this drastic evolution: the relative evolution of interest rates on the capital and retail markets; the evolution in absolute terms of rates on the capital markets; UCI's management of its portfolio of financing instruments.

As outlined in the description of the financial environment, capital market interest rates and mortgage market rates have increased as of March 2022, but to different extents. The IRPH index, which reflects the average of the rates of the various players in the Spanish mortgage market, rose by 1.7% less than the 12-month Euribor over this period. Therefore, the lending rate on UCI's loan portfolio indexed to this index did not grow as much as the cost of financing this portfolio for UCI, linked to Euribor rates. This margin squeeze on a portfolio that represented 40% of lending in Spain in 2023 resulted in a margin reduction of approximately 43 million euros.

At the same time, the flattening of the range of interest rates, with a reduction in the difference between 3-month Euribor rates, the benchmark for securitization fund liabilities, and 12-month Euribor rates, reduces the financial margin on the 12-month Euribor-linked portfolios of securitization funds. In addition, non-performing assets, doubtful assets and transitory properties saw their financial expenses increase with the rise in interest rates, with no impact on income. The total negative impact of interest rate movements on the capital markets is approximately 41 million euros.

Finally, the more rapid reduction of the portfolio, generated by the increase in early redemptions, has led to a situation of one-off excess of derivative hedging instruments in the portfolio, instruments that have been cancelled, with a favorable impact of EUR 20.0 million.

The UCI Group continued to finance its activity through its securitization program in Spain and Portugal. In Spain, Unión de Créditos Inmobiliarios, EFC sold loans to the Prado XI securitization fund in March for 490 million. The transaction generated a cash-in of 440 million euros. To conclude this section, as planned, at the end of the fifth year since the issue, Unión de Créditos Inmobiliarios, SA, EFC exercised the clean-up calls on the Prado V and Prado VI securitization funds in March and September, which represented disbursements of 360 million euros.

The two Investment Grade ratings that Unión de Créditos Inmobiliario, SA, EFC has with the rating agencies Fitch and DBRS have enabled it to carry out repo transactions (repurchase agreements), with external counterparties to the shareholder groups, using as collateral securitization bonds backed by loans from this company for an amount of around 535 million euros at the end of 2022.

In 2024, the Group will continue to suffer the negative consequences on its gross margin of a flattened or even inverted interest rate range, albeit in a more favorable environment of lower rates than in 2023. And it will be awaiting convergence between money market rates and the IRPH index.

In terms of actions to be taken, UCI plans to continue to develop its financing autonomy under conditions that will enable it to maintain the competitiveness of its commercial offer, both in Spain and in Portugal.

## 4. General expenses

General expenses, excluding commissions paid to intermediaries, amounted to €56.9 million in 2023, an increase of €4.3 million (+8.3%). UCI recognized 2023 4.5 million of exceptional expenses aimed at covering in 2023 or anticipating in 2024 movements linked to the adaptation of the Group's resources in a more unfavorable environment, both in terms of interest rate evolutions and the evolution of defaults in the loan portfolio.

The sharp reduction in the financial margin, combined with this one-off increase in expenses, led to a substantial increase in the cost/income ratio: it stood at 132% in 2023, after the 40.6% level reached in 2022.

The Group's headcount ended 2023 at 638 employees, a decrease of 25 employees compared to the end of 2022.

## 5. Non-Performing Loans and Coverage

The 2023 financial year was developed for the Group in continuity with the accounting criteria introduced in 2020 and 2021 following the entry into force for Credit Financial Establishments of Bank of Spain Circular 4/2019.

With regard to the loan portfolio, the Group's doubtful loans, including non-performing loans and subjective doubtful loans, stood at 1,455 million euros at the end of 2023 (15.2% of the total balance), an increase of 80 million euros compared with 1,375 million euros at the end of 2022 (13.4% of the balance). The evolution has been divergent according to the three countries in which the Group operates: almost stable in Portugal (+0.4 million), a reduction of 9.6 million in Greece and an increase of 91 million in Spain.

The evolution in Spain in turn reflects two disparate trends: the first two quarters saw a continuous rise in the doubtful balance by 141 million (+10.7%), from 1,311 million at the end of 2022 to 1,452 million at the end of August. After this peak, a continuous decrease in this population began, reaching 1,402 million at year-end 2023.

The non-performing loan population had been rising sharply until the summer (by 161 million or +21.5%), and began its pullback to end 148 million above the previous year's levels. The continuous rise in wholesale and retail market interest rates since March 2022 has resulted in revisions to the rates on UCI's floating-rate portfolio. These revisions, mostly semi-annual, have put pressure on the budgets of customers with more fragile profiles within this population, potentially leading them to accumulate arrears of more than 90 days. A large number of these fragile customers came from the subjective doubtful assets portfolio (doubtful for reasons other than default): these additions to delinquency have not led to a comparable increase in doubtful loans and receivables.

UCI has adapted its management to these developments with two main components. On the one hand, by fine-tuning its restructuring acceptance policy, adapting it to cover clients with no previous history of arrears whose difficulties stemmed essentially from adverse interest rate trends. On the other hand, by restructuring the network of on-site recovery agencies in October 2023, its functions, missions, policies and priorities.

The subjective nonperforming loans portfolio decreased by 58 million, a combination of inflows due to the signing of new short-term restructurings, and outflows, either due to the entry into the nonperforming population or to the first anniversary of the long-term restructurings signed in 2022.

The more favorable performance in the second half of the year was boosted by two exogenous events: on the one hand, the inflection in the evolution of interest rates, which interrupted the growth of pressure on the most fragile customers; on the other hand, in June, the end of the various processes of interruption of the activity between different trades of the justice network, which allowed the resumption of a higher level of foreclosures and dations in payment.

The evolution of the doubtful portfolio in Portugal followed a similar pattern to that seen in Spain, albeit on much lower volumes proportionally. In Greece, most of the decline in the doubtful balance (-9.6 million) is due to the reduction in the population of subjective doubtful loans (-9.8 million, i.e. -24%, bringing the reduction to 20% in 2022).

The determination of loan loss provisions has been carried out by applying the internal model, adjusted to IFRS 9.

Loan loss provisions for the entire loan portfolio amounted to €305 million at the end of 2023, an increase of €23.4 million over 2022 levels. This increase is mainly due to the evolution of the portfolio and its doubtful population: the 2022 year-end coverage rates applied to the portfolio structure would have led to an increase in provisions by 21.6 million. The residual difference comes from the annual update of the provisioning parameters of the internal model.

Foreclosed asset sales have maintained strong activity for the fourth consecutive year, generating a positive impact (€6.9 million in 2023, in line with the €7.9 million in 2022, €8.1 million in 2021 and €7.3 million in 2020) on the income statement for the year, as a result of the high levels of provisions for these assets, and the good performance of the real estate market.

Overall, the cost of risk for 2023 was €83.7 million, compared to €129 million in 2022, of which €55 million came from the sale to institutional investors of a fraction of the doubtful portfolio. Excluding the impact of this transaction, the increase is €9.6 million.

The coverage ratio of doubtful exposures has increased from 17.8% to 18.5%. This slight increase is due to the higher proportion of loans with payment delays of more than 90 days within the doubtful population. The coverage of this population has remained stable, going from 24.7% to 24.8%.

The Group's transitional properties, classified as available-for-sale assets, stood at the end of 2023 at

€161.3 million net book value, down 11% from €181.7 million at the end of 2022. This decline is the result of good results in the sale of foreclosed properties.

With a net balance of its transitional properties at minimum levels, €1.2 M, Portugal's stock of transitional properties has been reduced by 24% compared to 2022, in line with the trend of recent years. In Greece, the transitional property portfolio has remained at very low levels: €0.9 million.

In 2024, the UCI Group plans to maintain its strategy of responsible collection, attentive to the temporary difficulties of customers affected by recent interest rate changes, compatible with a clear focus on the reduction of non-performing assets, and to consolidate the good results in terms of volume and economic impact of the real estate marketing activity. UCI is confident that the inflection in interest rate trends will help to alleviate the pressure on the most fragile customers in its variable-rate portfolio. In addition, a return to normality in the terms of management of the legal network should lead to an increase in the volume of foreclosed assets and thus to a further reduction in the doubtful portfolio.

## 6. Result

The UCI Group recognized a negative result of 76.5 million euros in 2023, after losses of 55.0 million euros in 2022, mainly due to the sale of a portion of the non-performing loan portfolio to institutional investors, with a negative impact of 55.1 million euros.

The main cause of the increase in the Group's losses is the substantial reduction of €67.7 million in the gross margin, a consequence of the atypical interest rate environment that characterized the year and the lagged evolution of interest rates on the capital markets and on the retail market.

This trend has been combined with the maintenance of a high level of provisions for doubtful loans compared to previous years.

## 7. Risks and uncertainties

In relation to the main ***risks*** and ***uncertainties***, we can highlight the following:

- Credit risk: due to the nature of the Group's retail business and the wide dispersion derived from it, the risks arising from the credit balance and the real estate portfolio do not present significant concentrations in relation to the Group's level of shareholders' equity.
- Market risk: UCI is subject to the financial, mortgage and real estate markets in the countries in which it operates, inflationary pressures:
  - have an impact on the monetary policy of central banks, particularly the ECB,
  - lead to interest rate hikes that may not simultaneously impact the average rates on society's assets and liabilities, although their convergence can be expected once the current cycle of hikes has stabilized.
  - The impact of interest rate hikes may create strains on the budgets of some of UCI's customers. The scope of these tensions does not cover the entire loan portfolio, due to the strategy followed in past years of priority marketing of loans at fixed and mixed interest rates, with a long initial period at fixed rates. Within the Group's variable-rate portfolio, a high proportion of loans are in the advanced repayment stage, thus reducing the impact of rising interest rates. The inflexion movement initiated in October 2023 on monetary interest rates should reduce the strain on customers belonging to the rest of the variable-rate portfolio.
- Operating risk: In fiscal year 2023 there were no operating risk incidents with a significant impact. Operating risks are essentially included within the risk systems of Unión de Créditos Inmobiliarios, SA, EFC, as they have the same facilities, the same computer servers and the same levels of access and security to the systems. Within the framework of UCI Group's equity management, operational risk had a consumption of 12.4 million euros in 2023. The equivalent figure was 17.5 million in 2022.
- Litigation risk: during fiscal year 2023, the UCI Group has continued to manage legal proceedings for claims for annulment of clauses, the most relevant grounds being the formalization expenses, the arrangement fee and the portfolio referenced to the IRPH benchmark. In relation to the first motive, the CJEU is pending a decision on the preliminary question raised by the Supreme Court on the statute of limitations of the action for the refund of formalization expenses. With respect to the arrangement fee, the Supreme Court (following the ruling of March 2023 of the CJEU) has ruled that this fee is not part of the price of the contract and therefore its transparency and abusiveness must be analyzed, although it has recognized the validity of the clause provided that it has

been informed in a transparent manner and that it is not disproportionate. Regarding the IRPH, it is worth mentioning the pronouncements in favor of the index in 2022 by the Supreme Court and the CJEU, and the ruling of the latter in July 2023, which does not substantially modify the previously prevailing doctrine.

- During the 2023 financial year, ***the average payment period*** to UCI suppliers was 3 days, following a change in the way it is measured. Given the Group's business activity, there are no relevant environmental issues.

## 8. Events subsequent to year-end

There are no events subsequent to year-end.

## 9. Investments in research and development

No investments in research and development were made during the year.

## 10. Acquisition of treasury stock

There have been no acquisitions of treasury stock during the fiscal year 2023.

## 11. Shareholders' Equity and Solvency Ratios.

RDL 309/2020 of February 11, 2020, established that, as a general rule, the prudential regulations for credit institutions, in particular Regulation 575/2013 of the European Union (CRR), would apply to financial credit institutions. This regulation therefore came into force for the Company and for the UCI Group on July 1, 2020 with a first solvency statement, adjusted to this new regulation, corresponding to December 31, 2020.

In application of this regulation, in January 2022, Unión de Créditos Inmobiliarios, SA, EFC and the UCI Group had seen their own funds requirements revised upwards, in application of Pillar 2 communicated by their regulator, the Bank of Spain, by incorporating a P2R of 2%, as well as an additional P2G. Unión de Créditos Inmobiliarios, SA, EFC and UCI Group saw their P2R level increase to 1.75% on January 1, 2023, following communication from the regulator received in December 2022. The regulator informed in December 2023 of the upward revision of the P2R to 2%, as well as the increase of the P2G requirement as of January 1, 2024.

Following the communication received from the Pillar 2 of its supervisor in December 2023, UCI, SA proceeded to issue new shares in the amount of €88 million on December 22, 2023, subscribed by its shareholders.

At the end of 2023, the Group complied with the requirements to which it was subject: with a solvency ratio of 15.33%, exceeding the minimum solvency ratio at the end of 2023 by 110 million euros and the ratio at the end of the previous year by 0.95%. Based on the new requirements applicable as of January 1, 2024, the surplus would have been 76 million euros.

Tier 1 book shareholders' equity stood at 589 million at the end of 2023, i.e. 12.40% of the Group's risk-weighted assets, up from 11.71% at the end of 2022. This level includes 104 million of bonds contingently convertible into shares. In addition, the UCI Group had €150 million of Tier2 capital, representing 3.16% of weighted assets.

The Company's solvency ratios, which are comfortably above the minimum requirements, including the aforementioned Pillar 2, are a direct consequence of the amount and speed of the capitalization of UCI, SA by its shareholders, a speed which in turn implicitly reflects the commitment of UCI, SA's shareholder groups to the solvency of the UCI Group and its main company, Unión de Créditos Inmobiliarios, SA, EFC.

This solvency also reflects the active management by UCI of the weighted average assets generated by its activity: in 2023, UCI carried out a first significant risk transfer operation on the capital markets.

## 12. Expected performance of the Group

The health and economic context resulting from the pandemic caused by Covid-19 led to an interruption of the dynamism that the economies of the Iberian Peninsula had been experiencing since 2015 until 2021. Nevertheless, UCI overcame this environment, with its trading results continuing to improve, while the reception by the markets of the securitization fund transactions, originated with collateral from loans assigned by the Company, continued to be very well received. On a qualitative level, the award from Euronext Lisbon for the best operation in 2020 in the Sustainable Finance category and the achievement in 2020 and the confirmation from 2021 to 2023 of the Great Place to Work certification, underlined UCI's ability to adapt to the new environment.

The framework in which the UCI Group operates, particularly correlated with the evolution of the real estate market, has not been significantly affected by the pandemic; on the contrary, it has evolved favorably.

However, since the end of 2022, inflationary pressures have shaped the economic environment in which UCI operates, affecting interest rates and its customers' budgets. The latter had its greatest impact in the first half of the 2023 financial year, with the last months of the year showing a favorable turnaround. The UCI Group will continue to manage its business prudently, maintaining a sustainable and responsible management model, focused on meeting the real needs of its customers, and on quality and transparency in all processes.

On the product side, UCI will maintain its emphasis on the profitability of its lending activity compared to the search for higher volumes. The evolution of interest rates from the last months of 2023 onwards should allow for an increase in the formalization of new loans under conditions of adequate profitability.

In addition to mortgage financing to individuals, the priority will be the development of financial solutions for the rehabilitation and improvement of the energy efficiency of individual homes and homeowners' associations, in line with the priorities of the EU and Spain in its 2030 agenda, making all of this compatible with an adequate management of margins, and continuing to develop autonomy in refinancing.

UCI will maintain its strategy of sustainable financing for individuals and homeowners' associations that we have in UCI. In 2023, the translation of this priority has been the constitution of the RMBS Green Prado XI fund, the first operation that meets the EU STS criteria and those of Sustainalytics' Green Bond Franework. This €490 million fund was backed by the EIB Group and the Instituto de Crédito Oficial (ICO) for a total of €300 million.

In portfolio management, customer satisfaction, cross-selling, efficiency in the responsible recovery of transactions in default or with difficulties in meeting their loan payments, compatible with a clear focus on the reduction of non-performing assets, the profitable divestment of foreclosed assets and cost control, will continue to be priorities.

UCI's refinancing policy will follow in 2024 the needs generated by new loan origination volumes, in an environment in which the pace of loan amortization has accelerated. UCI will maintain the possibility of refinancing on the markets by contributing loans from its portfolio to Securitization Funds issued with the collateral of these guarantees, as well as through other sources of financing compatible with the status of Financial Credit Establishment of its main subsidiary and accessible thanks to the two 'Investment Grade' ratings obtained in 2018 and 2019 with the agencies DBRS and Fitch respectively and regularly confirmed since then.

## 13. Statement of non-financial information

In accordance with the provisions of Law 11/2018 of December 28 on non-financial information and diversity, the UCI Group has prepared the consolidated statement of non-financial information relating to fiscal year 2023 which is included as a separate document attached to the consolidated management report for fiscal year 2023, as required by Article 44 of the French Commercial Code.

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D. Patrick Miron de L´Espinay

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## INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

*(Translation of a report and consolidated annual accounts originally issued in Spanish and prepared in accordance with Spanish generally accepted accounting principles. In the event of a discrepancy, the Spanish-language version prevails)*

To the shareholders of U.C.I., S.A.:

### Report on the consolidated annual accounts

#### Opinion

We have audited the consolidated annual accounts of U.C.I., S.A. (the Parent company) and its subsidiaries, (the Group), which comprise the consolidated balance sheet at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the consolidated notes to the consolidated annual accounts for the year then ended.

In our opinion, the accompanying consolidated annual accounts present, in all material respects, a true and fair view of the consolidated equity and the consolidated financial position of the Group at 31 December 2023, and of the consolidated results of its operations and consolidated cash flows for the year then ended, in accordance with the applicable financial reporting framework (identified in note 2.1 to the consolidated financial statements) and, in particular, with the accounting principles and criteria contained therein.

#### Basis for opinion

We conducted our audit in accordance with the current Spanish standards for auditing accounts. Our responsibilities under those standards are further described in the *Auditor´s responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are applicable to our audit of the consolidated annual accounts in Spain, as required by the regulations governing the auditing of accounts. In this regard, we have not provided any services different to the audit of accounts and no situations or circumstances have arisen that, based on the aforementioned regulations, might have affected the required independence in such a way that it could have been compromised.

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

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, have been identified as the most significant risks of material misstatement in our audit of the consolidated financial statements for the current period. These risks have been addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not express a separate opinion on those risks.

Grant Thornton

*Estimation of impairment of financial assets at amortized cost - loans and advances to - customers, determined on a collective basis*

The Group periodically evaluates the estimate of credit risk losses on the loan and advances to customers portfolio calculated on a collective basis, using internal models for calculating impairment by expected loss developed in accordance with the provisions of Bank of Spain Circular 4/2019, of November 26, to financial credit institutions, which takes as a reference the accounting regulations of credit institutions, either by setting criteria analogous to those of the latter, or by referring directly to the rules of Bank of Spain Circular 4/2017, to credit institutions, and its subsequent amendments. This estimate using internal models is one of the most significant and complex in the preparation of the accompanying consolidated financial statements.

The internal models and methodologies for calculating credit impairment determined collectively, incorporate a high component of judgment for the estimation of impairment losses, considering aspects such as:

- The determination of the main assumptions used in the calculation of the probability of default (PD - Probability of Default) and loss given default (LGD - Loss Given Default) parameters of the recalibrated expected loss models.
- The identification and staging criteria for financial assets at amortized cost - loans and advances to customers.
- The realizable value of collateral associated with credit operations granted.

These estimates involve a high degree of judgment on the part of Management and are subject to a high degree of uncertainty, and are therefore one of the most significant and complex estimates in the preparation of the accompanying consolidated financial statements as of December 31, 2023, which is why it has been considered one of the most relevant aspects of our audit. See notes 11.g, 13 and 17 to the accompanying consolidated financial statements as of December 31, 2023.

We have carried out, with the collaboration of our credit risk experts, an understanding of the process of estimating the impairment of financial assets at amortized cost - loans and advances to customers carried out by management, on the collectively estimated provisions.

Regarding internal control, we have carried out an understanding and testing of controls of the main phases of the estimation process, paying particular attention to the processes of determining the main assumptions used in the calculation of the expected loss, periodic monitoring of risks, as well as the management and valuation of guarantees associated with credit operations.

Additionally, we have performed detailed tests consisting of:

- Selective tests to verify the quality of the data, by checking with supporting documentation the information contained in the systems and which serves as the basis for the classification of the transactions and the corresponding impairment, if any.
- Verification of a sample of credit risk files whose coverages are estimated collectively in order to evaluate their adequate classification, the identification of refinancing and their cures.
- Selective checks for the main models, with respect to: i) calculation and segmentation methods; ii) methodology for estimating expected loss parameters, iii) data used and main estimates employed, iv) loan classification criteria by phase and v) information regarding scenarios, their assumptions and sensitivities.
- Re-execution of the calculation of collective provisions according to the parameters obtained from the expected loss models, including the consideration of government guarantees in the calculation.
- Verification of a sample of appraisals to assess their compliance with the regulations in force, their reasonableness and their degree of updating.

We have also verified that the accompanying notes to the consolidated financial statements include the disclosures required by the applicable financial reporting regulatory framework.

*Information technology systems*

The Group's financial information is highly dependent on information technology (IT) systems, so that adequate control over them is relevant to ensure the correct processing of the information, which is why it has been considered one of the most relevant aspects of our audit.

Likewise, as systems become more complex, the risks on the organization's information systems and, therefore, on the information they process, increase.

In this context, it is critical to evaluate aspects such as the organization of the Technology and Operations Area, controls over the maintenance and development of applications, physical and logical security and the operation of the systems.

With the collaboration of our IT systems specialists, our work consisted of evaluating and verifying the internal control environment in relation to the main systems, databases and applications that support the core business activity with an impact on the Group's financial information.

Basically, our work consisted of the analysis of:

- The internal controls established by the Group in the acquisition, development and maintenance of technology with the objective of minimizing the risk of modifications or new undue functionalities to programs in production.

- The control procedures implemented by the Group in the area of security management of the technological infrastructure and applications.

- The procedures defined by the Group in the management of incidents in technology and information systems.

**Other information: Consolidated directors' report**

Other information comprises exclusively the consolidated directors' report for the 2023 financial year. The directors of the Parent company are responsible for preparing this report, which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated directors' report. In accordance with the regulations governing the auditing of accounts, our responsibility regarding the consolidated directors' report, includes:

a) Verifying only that the statement of non-financial information has been provided in the manner provided for in the applicable regulations and, if not, to report on it.

b) Evaluating and reporting on the consistency of the rest of the information included in the consolidated director's report with the annual accounts, based on the knowledge of the Group obtained during our audit of those accounts, as well as evaluating and reporting on whether the content and presentation of this part of the consolidated director's report meet the requirements of the applicable regulations. If, as a result of our work, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the annual accounts for the year 2023 and its content and presentation meet the requirements of the applicable regulations.

**Responsibility of the directors and the audit committee for the consolidated annual accounts**

The directors of the Parent company are responsible for the preparation of the accompanying consolidated annual accounts, so that they show a true and fair view of the equity, the consolidated financial position and the consolidated results of the Group, in accordance with the regulatory financial reporting framework applicable to the Group in Spain, and such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor´s responsibilities for the audit of the consolidated annual accounts**

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

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

As part of an audit in accordance with current Spanish regulations for auditing accounts, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures to respond 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 Group's internal control.

- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Parent company.

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the audit committee of the Parent company with a statement that we have complied with relevant ethical requirements, including those relating to independence, and have communicated with the audit committee those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee of the Parent company, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are, therefore, the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Grant Thornton, S.L.P. Sociedad Unipersonal

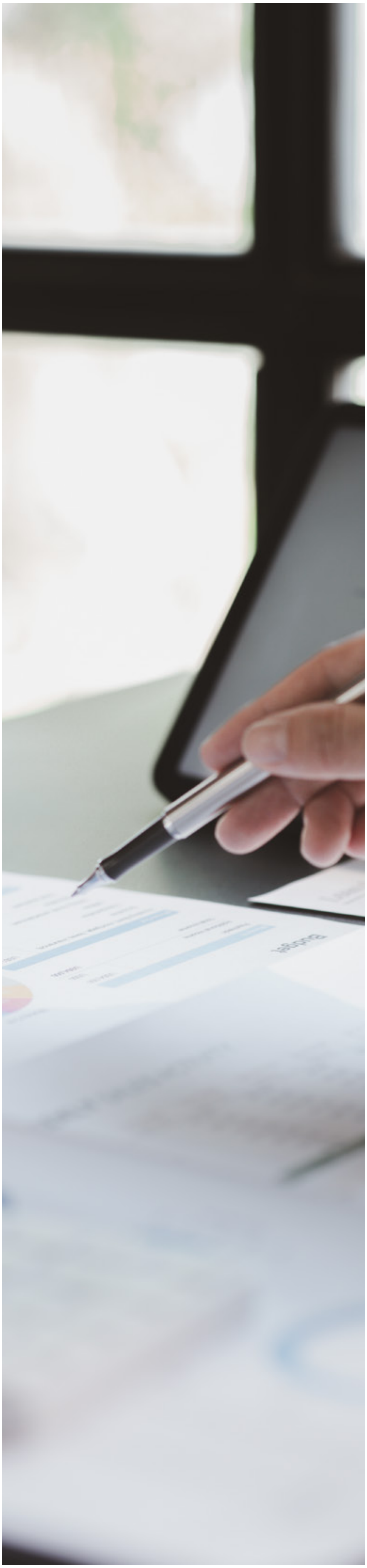
ROAC nº S0231

Álvaro Fernández Fernández

ROAC nº 22.876

May 28, 2024

# V. Risk management



# Index

# 1. Risk Management

At the UCI Group, we consider risk an inherent factor in our business. Its correct analysis, measurement and management contributes to achieving appropriate margins and maintaining the company's solvency and liquidity levels. When developing risk management systems and models, we take the best market practices as a reference, including those carried out by our shareholders.

Our risk management function (hereinafter, RMF), through the implementation of a risk management system (RMS), is characterised by being a process where the risks to which the company is exposed are managed in a holistic, organised and methodological way, requiring the collaboration of all the company's levels. This makes the RMS a transversal, proactive and dynamic process.

Its main objective is to protect and create value in the company, improving decision-making and the attainment of goals, as it favours the anticipation of threats and opportunities. The ultimate goal is to support strategic decisions in the definition of different management policies, including risk acceptance.

The objectives of the RMS in each of its phases are:

- Identification of the main risks to which the company is exposed and implementation of a corporate risk map.
- Definition of key risk indicators (KRIs), evaluation of the control environment and of the business model in order to determine the risk profile.
- Formulation and monitoring of the risk appetite that the company considers reasonable to assume in the implementation of its business strategy, as well as the definition and integration of the risk culture at all the company's levels.
- Assessment of capital and liquidity requirements under the regulator's approach.
- Monitoring of risks, follow-up of action plans and issuance of reports according to the standards established by the regulator or stakeholders.

## 1.1 Executive summary & highlights

This section presents a summary of the UCI Group's management and risk profile in 2023 through its main indicators and their evolution. For additional information on each type of risk, the various sections can be accessed using the links provided.

During 2023, the company experienced a medium-high risk profile, influenced by adverse macroeconomic conditions that had a direct negative impact on the result. Exposure to these factors resulted in raising credit risk to a high level. However, it is important to point out, despite these challenges, the company's solvency has always been guaranteed thanks to the crucial support of shareholders and work has also been carried out on the project to strengthen the Internal Control Framework.

### Credit and concentration risk

The main risk to which the UCI Group is exposed is credit risk, largely determined by its business model, focused on granting mortgage loans to individuals.

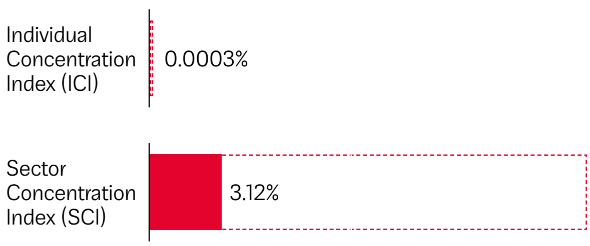
Main exposure to credit risk is determined by pre-2012 operations. The higher credit quality of the post-2012 (inclusive) generations of firms increases substantially, positively influencing exposure to this risk as their relative weight increases on the balance sheet.

One of the key indicators in terms of credit quality is the NPL ratio, which increased slightly compared to the previous year largely due to the macroeconomic environment.

NPL Ratio

| | |
|---|---|
| 15.2%<br>▲ 181 bps /2022 | 0.9%<br>▲ 5 bps /2022<br>(Portfolio ≥ 2012) |

Credit concentration risk does not present relevant risk concentrations by geography, product, type of customer or sales channel. No deviations are observed regarding the regulatory ratios for individual and sector concentrations.



## Balance sheet structural interest rate risk

This assesses the impact of adverse interest rate changes on balance sheet items that are sensitive to such variations. The interest rate changes experienced during 2023 have not resulted in the breach of any indicator, so the company complies with the regulatory limits or those established by the Board of Directors. The following can be highlighted among the main indicators:

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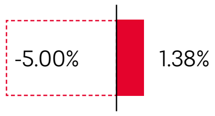


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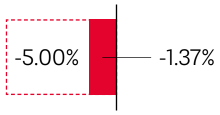


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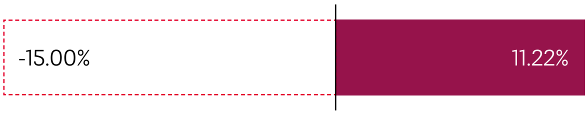
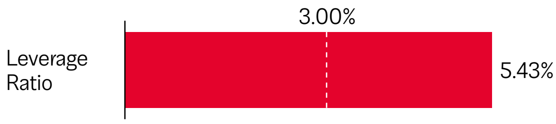


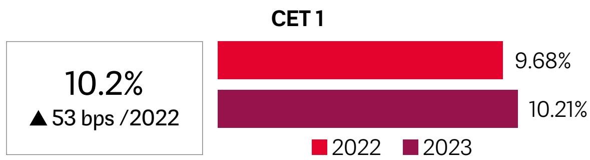

EVE Parallel Shift +200 bps (Tier 1)

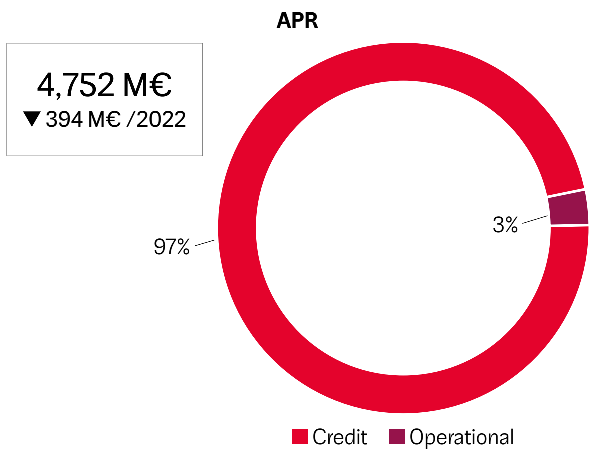

## Capital risk

The UCI Group has a leverage ratio and a capital level that meet the minimum regulatory requirements, including the additional capital requirement (P2R) and the expectation of the guidance on additional own funds (P2G).

The capital plan implemented during the 2023 financial year assumes that the company maintains a total capital ratio (TSCR) and overall capital requirements (OCR) in line with the specifications established by the supervisor and the internal objectives set by the company.



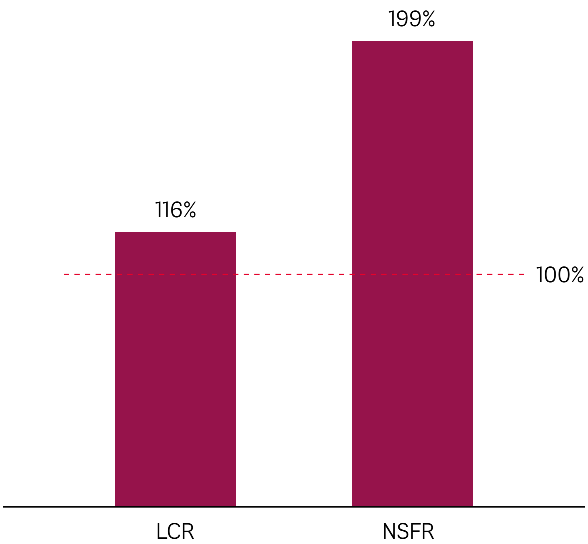



## Liquidity and funding risk

This is considered relevant because of the need to develop self-funding strategies. These are currently based on the issuance of securitisation funds that guarantee the company's financial autonomy, which shall allow the repayment of the financing lines arranged with shareholders.

The UCI Group must comply with the liquidity requirements defined in Banco de España Circular 1/2022, which refers to the liquidity coverage ratio (LCR) required of credit institutions under Commission Delegated Regulation (EU) 2015/61 of 10 October 2014, to supplement Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to the liquidity coverage requirement for credit institutions – and the simplified calculation of the net stable funding ratio (NSFR) – set out in Chapters 5, 6 and 7 of Title IV of Part Six of Regulation (EU) No 575/2013. In terms of content, the components making up the liquidity requirements incorporate criteria of adaptation and proportionality, taking into account the idiosyncrasies and nature of financial credit institutions, their particular financing structure, and the liquidity risk of their activities.

NSFR and LCR ratios exceed regulatory requirements (in both cases 100%).




## Market risk

The aspects of this risk that are relevant to the company and not considered in Pillar 1 are determined by the price fluctuations associated with the "foreclosed assets in payment of debts" on the company's balance sheet.

Foreclosed Asset Stock

3,0%
▼ 26 bps /2022

## Operational risk

Operational risk management aims to avoid and/or reduce losses due to the inadequacy or failure of internal processes, people and systems, or external events.

UCI considers operational risk management relevant, so its management is carried out through an autonomous Operational Risk Management System. Since 2015, the method used is the Standard Method (SM).

Capital requirements for operational risk at the end of 2023 for the UCI Group amounted to €12.4 million.

## Reputational risk

This is associated with changes in the perception of the Group, or of the brands making it up, where an action, event or situation could have a negative or positive impact on the company's reputation. It is determined by the latent risk of the mortgage sector, and does not deviate from that of its peers.

Reputational risk management is based on an eminently preventive approach, but also on crisis management processes. Thus, risk management encompasses both business and support activities. The eKomi and GmB certifications show a high level of customer satisfaction with the service and attention received.

**GMB 4.7/5** **Ekomi 9.8/10**

### Strategic risk

Strategic risk is defined as losses or damages arising from strategic decisions, or from their poor implementation, which affect our key stakeholders' long-term interests, or from the inability to adapt to changing environments.

Strategic risk management cuts across the entire company and derives from other risks whose origin may be non-strategic in nature, but could have a significant impact on the company's business model and strategy.

### ESG risk

The UCI Group, in its commitment to the planet, incorporates ESG criteria as one of the pillars that guide its sustainability strategy. The ESG approach is continuously benchmarked against stakeholder expectations, actively engaging in conversations to understand their different perspectives.

Based on the EBA's discussion paper on the management and supervision of ESG risks (EBA/DP/2020/03), ESG risks have been identified, assessed and managed in line with the review and assessment expectations by the competent authorities.

## 1.2 Top risks and emerging risks

Through a forward-looking exercise, we identify and evaluate the main threats or key vulnerabilities (top risks) that could have a significant impact on the strategic plan or compromise the company's viability in the future. This is intended to minimise possible negative impacts, which, if they occur, could be mitigated through the establishment of specific action plans defined in advance.

The assessment of key vulnerabilities is determined by the individual rating of the top risks and their grouping into 4 categories.

### Macroeconomic and political risks

1. Macroeconomic and geopolitical uncertainty.
2. Business continuity, operational resilience, crisis management and disaster response.
3. Changes in the market, competition and change in consumer behaviour.
4. Financial, liquidity and insolvency risks.

### Third-party risk

1. Change in laws and regulations.
2. Supply chain, outsourcing & suppliers.

### Talent management & diversity

1. Human capital, diversity, talent management and retention.
2. Organisational culture.

### Climate, biodiversity and sustainability risk

1. Climate change, biodiversity and environmental sustainability.
2. Health, safety & protection.

### Cybersecurity and data protection

1. Cybersecurity & data security.
2. Digital disruption, new technologies and AI
3. Fraud, bribery, and criminal exploitation of the disruption.
4. Communications, reputation & stakeholder relations.
5. Organisational governance and corporate reporting.

# 2. Risk Management & Control Model

## 2.1 Risk principles & culture

Having a solid risk culture is of vital importance and one of the keys that shall allow the UCI Group to respond to variations in economic cycles, new customer demands and increased competition, positioning itself as a company trusted by all its stakeholders.

One of the pillars on which risk culture development is based is the implementation of the RMS, which cuts across the entire Company and is integrated into the Group's strategy, operations and culture.

Thus, excellence in risk management is one of the Group's strategic priorities. This implies consolidating a strong risk culture throughout the organisation, a risk culture known and applied by all UCI Group employees.

Our risk culture is defined through five principles:

1. **Commitment**. Risk culture is based on the commitment and participation of all units and employees (regardless of the role they play) by engaging and integrating risk culture as a "lifestyle" and not as an imposition.

2. **Accountability**. All units and employees must know and understand the risks incurred in their daily activity and be accountable for their identification, assessment, management and reporting in a comprehensive and transparent manner.
3. **Simplicity**. Adapt the risk culture to the Group's business model where there are clear, documented and understandable processes and decisions for employees and customers.
4. **Customer-oriented.** All risk actions are customer-oriented, focusing on their long-term interests. The Group's vision is to be the leader in specialised real estate financing, earning the trust and loyalty of employees, customers, shareholders and society. The way to achieve this is to proactively contribute to our customers' progress through excellent risk management.
5. **Experience**. As a result of previous experiences, we shall be able to anticipate the occurrence of adverse events. This experience shall be acquired through a dynamic and evolving learning process, which shall be shared and transferred at all levels.

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

## 2.2 Corporate risk map

UCI Group's risk classification allows for effective management, control and communication. Our corporate risk map includes the following families of risk:

**Credit and concentration risk**: this is the risk of financial loss caused by the default or deterioration of the credit quality of a customer or a counterparty, which the UCI Group has financed or with which a contractual obligation has been assumed. Concentration indicates the absence of diversification from the point of view of geographical exposure, type of customer, specific products or sales channel.

**Balance sheet structural interest rate risk**: this is the exposure to which the company is subject as a result of adverse interest rate shifts. This sensitivity is conditioned by discrepancies in the maturity and interest rate review dates of the various balance sheet items.

**Capital risk**: this is identified with the Company's ability to generate funds to meet, under the agreed conditions, the commitments acquired with third parties. Solvency is closely linked to credit risk, as it represents the possible loss that would be caused to the Company by the variation in conditions and characteristics, which could alter the company's ability to comply with the contractual terms of its operations.

**Liquidity and funding risk**: this is the risk of not having the liquid financial resources necessary to meet the obligations contracted at maturity, or that can only be obtained at a high cost.

**Market risk**: reflects the possibility of suffering losses arising from adverse movements in market prices and/or the negotiable instruments with which the company operates.

**Operational risk**: this is the risk of loss due to inadequacy or failure of internal processes, employees and systems, or due to external events. It includes legal risk and regulatory compliance and conduct risks.

**Reputational risk**: is the risk of a current or potential negative economic impact due to an impairment in the perception of the company by employees, customers, shareholders/investors and society in general.

**Strategic risk**: this is the risk of losses or damages arising from strategic decisions, or their poor implementation, that affect the medium- and long-term interests of our main stakeholders, or from an inability to adapt to the evolution of the environment.

**ESG risk:** covers the environmental (E) factor, to make decisions based on how companies' activities affect the environment, the social (S) factor, to take into account the impact that the activities carried out by the company have on the community, and the governance (G) factor, which studies the impact of the shareholders themselves and management, and is based on issues such as the structure of boards of directors, shareholder rights or transparency, among others.

## 2.3 Risk governance

Our risk governance structure allows us to carry out effective supervision in line with our risk appetite. It is supported by the three-line defence management model, our committee structure and a strong risk culture.

### Lines of defence

The UCI Group has a three-line defence model to effectively manage and control risks:

- **First line**: the business functions that take on or generate exposure to risk constitute the first line of defence. This identifies, measures, controls, monitors and reports the risks arising and applies the internal regulations governing risk management. Risk generation has to be in line with the approved risk appetite and associated limits.
- **Second line:** the risk management and compliance functions make up the second line of defence, which independently monitors and challenges the risk management activities performed by the first line. This second line has to ensure, within the respective areas of responsibility, that risks are managed in accordance with the risk appetite defined by senior management and promote a strong risk culture throughout the organisation.
- **Third line**: the internal audit function is independent in order to assure the Board of Directors and senior management that internal controls, governance and risk management systems are first-rate and effective, helping to safeguard our value, solvency and reputation.

The risk management, compliance and internal audit functions have an appropriate level of separation and independence. Each of them has direct access to the Board of Directors and its committees.

## Risk management committee structure

The Board of Directors is ultimately responsible for risk management and control. It reviews and approves the risk appetite frameworks and fosters a strong risk culture across the organisation.

The Group Chief Risk Officer (CRO) establishes the risk management strategy, promotes an appropriate risk culture and is responsible for supervising all risks, as well as questioning and advising the business lines on their risk management.

The Group CRO has direct access to and reports to the Board Audit – Risk Committee and to the Board of Directors.

Risk governance keeps the control line separate from the risk-taking line:

| | BOARD RISKS – AUDIT COMMITTEE | RISK MANAGEMENT COMMITTEE |
|---|---|---|
| **Functions** | This committee is responsible for risk management, in accordance with the powers delegated by the Board, being authorised to accept, modify or escalate those actions or operations that could expose the Company to a relevant risk, as well as the most relevant models. The committee makes risk assumption decisions at the highest level, in accordance with UCI's risk appetite. | This committee is responsible for risk management and to provide a holistic view of such risks. It determines whether the business lines are managed in accordance with the risk appetite. It also identifies, monitors and assesses the impact of current and emerging risks in UCI's risk profile. |
| **Chaired by** | Independent director. | Group CRO. |
| **Composition** | Designated executive directors and other senior management members (CEO), the Risk Management, Compliance and Financial functions being represented. | Senior management members and Risk Management, Compliance, Financial and General Intervention functions. |
| **Frequency** | At least, half yearly / Upon request. | Quarterly. |

## 2.4 Management tools and processes

### Risk appetite and limit structure

At the UCI Group, we carry out comprehensive risk management, where the definition and control of risk appetite is a key element. In this context, our risk appetite framework (RAF) formalises the appropriate articulation of decisions in the area of risks, the definition, level and composition of the risks that the Group wishes to assume in its activity, as well as their supervisory mechanism and monitoring.

As part of the risk appetite framework, a risk appetite statement (RAS) is included, which sets out the articulation, in writing, of the aggregate level of risk types that the UCI Group is willing to avoid, reduce, share or accept in order to achieve its strategic objectives.

The Board of Directors establishes the risk appetite annually for the entire Group and the RMF is responsible for managing the risk profile in line with the established risk appetite.

The main elements on which our risk appetite are based are:

- A medium-low and predictable target risk profile focused primarily on the granting of mortgage loans to private individuals.
- A solid structure in terms of capital and liquidity, with risk profiles that do not compromise the Group's viability.
- An independent RMF with active involvement of senior management in order to strengthen a strong risk culture and a sustainable return on capital.
- A remuneration policy that aligns the interests of employees and directors with the Group's risk appetite and long-term results.

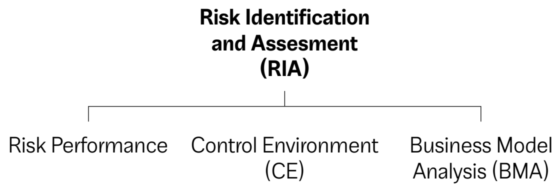
### Risk Management System (RMS)

At the UCI Group, we systematically assess the company's risk profile using a unique and robust methodology that allows us to analyse all types of risk to which we are exposed, in accordance with the identified corporate risk map. In addition, it yields results at different levels by type of risk and unit using a scoring system that classifies the profile into four categories: low, medium-low, medium-high and high.

The RIA (Risk Identification and Assessment) methodology, aligned with the methodology of our shareholders, the best market practices, and taking as a reference the guidelines addressed to the supervisor established in the SREP, is based on the fundamental principles of the risk identification and assessment model, such as: self-assessment and adequacy of the exercise, efficiency, holistic and comprehensive view of risk, through the use of common methodologies, convergence and alignment focusing on decision-making.

All three lines of defence are involved in the exercise, strengthening our risk culture by analysing how risks evolve and identifying areas for improvement.

The risk profile assessment includes the following blocks:




- Risk Performance, which allows the profile of exposure to each type of risk to be measured.
- Control Environment, in which the distance to the operating model target of our advanced risk management is assessed in accordance with regulatory requirements and best market practices.
- Business Model Analysis. A prospective analysis, which assesses potential threats that may impact business planning and strategic objectives.

### Scenario analysis

A key tool to ensure a robust risk management and control is the analysis of the possible impacts arising from different scenarios related to the environment in which the Group operates, with the aim of determining capital and liquidity requirements.

In this regard, the UCI Group carries out internal capital and liquidity adequacy (ICAAP) exercises in which the company develops its methodology to assess capital and liquidity levels under different scenarios based on an adverse evolution of different macroeconomic variables (GDP, interest rates, employment, house prices and credit spreads).

### Risk Reporting Structure (RRS)

In order to provide senior management with a complete and up-to-date view of the risk profile, the Risk Management department regularly reports and consolidates risks so that appropriate decisions can be made in a timely manner.

We have two types of risk reports:

1. Risk Management Report (quarterly): this quarterly report is presented in the Risk Management committee and distributed to senior management.
2. Risk Management Report (Board): this report is presented in the Board's Risk Audit Committee and distributed to designated executive directors and members of senior management.

# 3. Corporate Risks

## 3.1 Credit and concentration risk

### 3.1.1 Credit and concentration risk management

Credit risk is defined as the risk of financial loss caused by the default or deterioration of the credit quality of a customer or counterparty. This is our most relevant risk, both in terms of exposure and capital consumption, and includes credit risk in the granting of transactions, on the balance sheet, analysis of collateral and coverage.

**Granting of loans**

Business strategies and risk policies ensure a global view of portfolios, establishing business objectives and defining concrete action plans in line with our risk appetite statement.

The risk approval criteria contained in our lending policy consist of the revision of three key concepts from the risk point of view: borrower, collateral and transaction. The policy's main objective is to ensure customer solvency and transaction consistency.

The first element is to assess the borrower's ability to pay, in order to ensure compliance, in a timely manner, with the financial obligations assumed, exclusively considering the borrower's recurring income without relying on guarantors, warrantors or assets offered as collateral (considered an exceptional means of recovery).

In order to be able to assess the borrower's credit quality and risk profile, UCI shall have sufficient, accurate and up-to-date information and data prior to the formalisation of the loan agreement related to the loan purpose (employment, sources of income that prove the ability to pay, composition of the household and dependents, commitments and recurrent costs associated with the latter). All these data shall evaluate the personal guarantee of the loan participants.

As a second basic element of the transaction, UCI carries out an accurate valuation of the guarantees with authorised appraisal companies. This valuation forms the basis for determining the relationship between the loan amount requested and the value of the guarantee.

All the documents that have been used as the basis or support in the decision shall have adequate traceability in the company's systems, with the two-fold aim of complying with the regulatory framework and facilitating future revisions, both internally and by third parties. All the documentation that has served as the basis for studying the transaction, as well as the data taken from it used to analyse the viability and decide on the transaction, in addition to the decision regarding the viability of the transaction taken together with the competent decision-making body, shall be recorded in an easily accessible computer format.

In each of our segments, we use valuation and parameter estimation models to analyse our customers' ability to meet their contractual obligations.

1. Rating: the Customer Rating model segments the portfolio classified as normal risk by default risk. This segmentation is based on predictive behavioural models, calculated from historical data from the UCI Spain "Particulares" portfolio. Each transaction is assigned a Risk Rating, based on its current situation and past performance. This Rating is updated monthly for all transactions.
2. Scoring: the Credit Scoring model is an algorithm that automatically assesses the credit risk of a person applying for a loan. The model is able to estimate customers' probabilities of default and assigns a metric that allows debtors to be compared and ranked according to their default risk. The aim of these models is to find customer portfolio behavioural patterns.

**Change of conditions and recovery management**

The recoveries area follows the requirements set out in the EBA's guidelines on the management of non-performing, refinanced and restructured exposures. Recovery management is divided into four phases: irregularity or early default, bad debt recovery, default recovery and management of foreclosed assets. We are constantly seeking alternative solutions to legal debt collection processes.

Based on the principle of customer protection, in order to facilitate the fulfilment of their payment commitments, the recovery area plays an important role in our risk management and control regarding changes in the terms of a transaction, where the customer seeks an improvement in financial conditions or faces some type of payment difficulty in making full loan payment.

In the event of there being a change in the financial conditions of a customer who wants to subrogate to another entity or improve the conditions of their current loan, UCI has different solutions for studying and renegotiating the improvement of their loan terms, where improvements can be applied with regard to customer requests according to a prior assessment of both the transaction and the customer.

**Credit risk assessment, monitoring and control**

Regular business performance monitoring and its contrast with strategic plans are essential in our risk management. The RMF regularly monitors and assesses credit risk indicators, facilitating the early detection of impacts on the evolution of risk and credit quality. On the other hand, trends and deviations in key risk indicators are observed in line with our risk appetite statement, establishing action plans, identification of responsible parties and a monitoring frequency.

**Classification of transactions according to insolvency credit risk**

Loans are granted under the precept that the debt shall be paid according to the conditions established in the agreement, which is why in the granting of the loan the transaction is classified as normal risk and remains with that classification as long as the customer complies with their contractual obligations.

However, depending on the customer's payment behaviour, the debt rating may vary as the customer shows a deterioration in their credit quality. Similarly, the debt can improve its rating if the customer regains lost credit quality.

The criteria on the accounting classification and the level of provisioning required for each of the defined classifications are managed by the General Audit area.

**Coverage of credit risk loss due to insolvency**

The main objective of loan provision is to have the necessary resources to be able to deal with any expected losses on assets and to anticipate their impact on the profit and loss account when they occur.

The provisioning model is based on estimating the Expected Loss (EL) that may occur in the future on the loan if it reaches the end of its usual impairment cycle. It assesses the loans and provides for the possible loss that may be incurred if the loan is considered as non-performing, there is a foreclosure, dation in payment or enforcement of the mortgage guarantee to cancel the customer's debt and, finally, UCI proceeds with the sale of the foreclosed real estate assets.

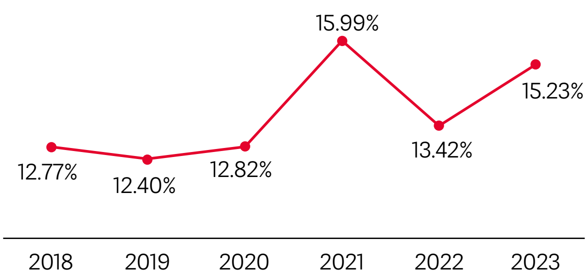
In accordance with current solvency regulations, credit risk is hedged through the existence and control of own funds capable of absorbing the risks assumed, as well as through the constitution of provisions to cover insolvencies. This coverage is classified into specific coverage for non-performing and delinquent loans, the aim of which is to cover exposures for defaults or doubtful transactions regarding their full repayment, and normal risk coverage. These, in turn, are classified into normal risk coverage and normal risk coverage under special surveillance. The latter correspond to the coverage of transactions with weaknesses in their solvency, but which do not raise doubts regarding their full repayment.

## 3.1.2 Core metrics

The year 2023 has remained affected by the inflationary tension present throughout the year, although with a downward trend due to the monetary policies implemented, which have led to a sharp increase in interest rates, directly influencing the deterioration of credit quality due to the reduction in customers' disposable income and a decrease in demand for mortgage loans.

In the 2023 financial year, €402.4 million (-€434 million compared to 2022) were granted, with satisfactory metrics regarding the granting of transactions: Loan to Value of 55.9% (62.9% in 2022), personal contribution rate of 37.5% (31.6% in 2022), effort rate of 29.5% (29.7% in 2022) and cost of risk 0.1% (0.1% in 2022).

The lower growth of the portfolio, together with the increase in impaired balances, led to a slight increase in the NPL ratio, being 15.2% as at December 2023 (13.4% in 2022).

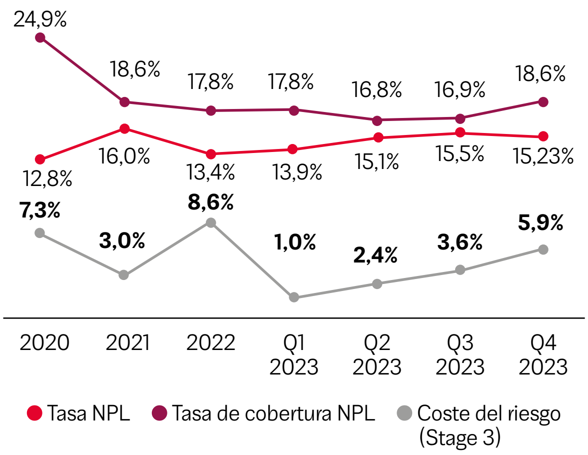



Due to our business model, it is important to note the high quality of the collateral concentrated almost exclusively in first home financing. At the end of the year, 97.7% of portfolio value was covered by mortgage guarantees.

At the end of the 2023 financial year, the Group's total provisions to cover possible customer credit insolvencies was €304 million: €11.3 million correspond to normal risk; €23.2M to normal risk under special surveillance; €42.5M to delinquent loans and €227.5M for non-performing loans.

The total provisions associated with the loan portfolio, classified as non-performing loans as at December 31, 2023, represent an NPL coverage ratio of 18.56%.

| | 2022 | 2023 |
|---|---|---|
| Stage 1 (M€) | 8.0 | 11.4 |
| Stage 2 (M€) | 29.2 | 23.2 |
| Stage 3 (M€) | 244.0 | 270.0 |
| **NPL Coverage Ratio** | **17.76%** | **18.56%** |




With regard to credit concentration risk, the UCI Group continuously monitors the concentration level according to different relevant dimensions: sector, individual, geography, customer, product and channel.

With regard to sector concentration, the company's direct risk shall be classified without considering the risk to individuals (except that derived from the performance of business activities), into the twelve economic activity groups included in the CNAE 2009 sections and codes.

As for individual concentration, the company's total direct risk shall be inventoried (using the same criteria as in the calculation of the sector concentration rate) with the 1,000 borrowers with the greatest direct exposure, regardless of their legal personality or status. When several borrowers are related, because they constitute an economic group or decision-making unit, they shall be grouped together and considered as a single risk.

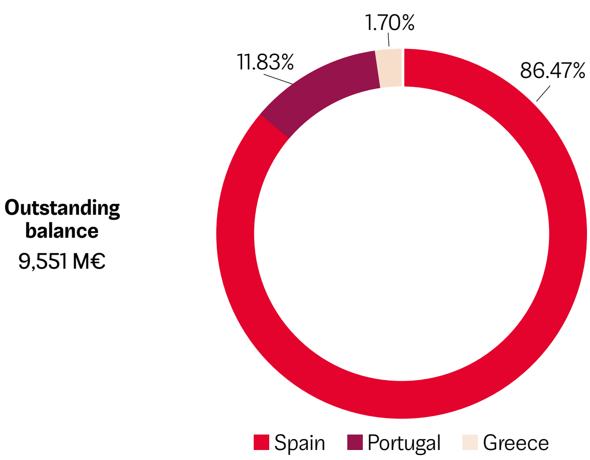
Sector and individual concentration rates are within regulatory limits. ICI 0.0003% (0.003% in 2022) and SCI 3.1% (3.5% in 2022).

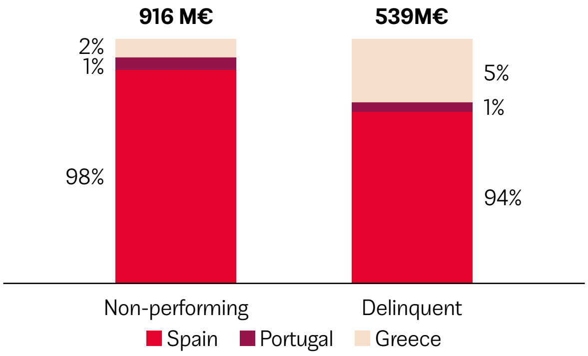
The UCI Group is subject to the large exposure regulation contained in the CRR, according to which the entity's exposure with respect to a customer or a group of customers related to each other shall be considered a 'large exposure' when its value is equal to or greater than 10% of its eligible capital.

In addition, in order to limit large exposures, an exposure whose value exceeds 25% of its eligible capital may not be assumed against a customer or group of customers related to each other, after taking into account the effect of credit risk mitigation contained in the regulation.

At the end of December, after applying risk mitigation techniques, the UCI Group did not reach the aforementioned thresholds. Regulatory credit exposure within the large risk area represents 0.045% of credit risk as at December 2023.

Geographically, credit risk is diversified in the main markets where we operate (Spain, Portugal, Greece and Brazil). In Spain and Portugal, the activity is focused on real estate financing loans and in Greece on the management and maintenance of loans granted by financial institutions.






The geographical concentration of both the portfolio and the new production indicates a concession of transactions all over the national territory. The concentration risk level is considered low insofar as the concession is mainly carried out in large population centres such as Madrid, Barcelona, and the Mediterranean coast (Valencia, Malaga, Seville and Cadiz), which are considered mature and well-known markets.

Lending activity can be found throughout the Spanish Autonomous Communities, with the highest concentration level in developer transactions in Spain, where formalised risk can amount to more than one million euros, a figure that is not significant in any case with respect to the total balance of the entity's investment portfolio (0.10% of the portfolio balance).

## 3.2 Balance sheet structural interest rate risk

### 3.2.1 Balance sheet structural interest rate risk management

This risk arises from possible changes in interest rates that may adversely affect the value of a financial instrument, a portfolio or the Group as a whole. It affects loans, deposits, debt securities, and most of the assets and liabilities in trading books, as well as derivatives.

The ALM (Asset & Liability Management) area is internally responsible for the active management of interest rate risk, based on the monitoring of the company's exposure, and the adoption of positions aimed at mitigating said exposure, always complying with the limits established for the Group.

In order to assess interest rate risk exposure, the ALM area analyses the maturity or repricing gaps between assets and liabilities from a static perspective, i.e., based on the current balance sheet, with its maturity and renewal terms. In addition, the company calculates the economic value of the balance sheet, i.e. the net present value of all expected the balance sheet flows, considering that maturity is not renewed. According to the economic value calculated, the sensitivity of the economic value to different interest rate change scenarios is analysed. Dynamic analyses are also carried out, which, as the name suggests, go beyond the current balance sheet to calculate simulations regarding the future. This simulates the net interest margin as well as its sensitivity to changes in interest rates.

The indicators used in the analysis of UCI's balance sheet exposure to interest rate risk are approached from three perspectives:

**Interest rate gap**

The gap analysis consists of grouping the portfolio balances according to the maturity and repricing of the assets and liabilities in time intervals in order to estimate the sensitivity of the balance sheet to interest rate changes.

- Positive gap situations, in which more assets mature and/or reprice than liabilities, shall be favourable in the face of increases in interest rates. The faster the balance sheet structure incorporates changes in interest rate on assets, the brokerage margin will be favoured by this circumstance, resulting in a greater flow of interest to be received by the company.
- Negative gap situations, in which more liabilities mature and/or reprice than assets, shall be favourable in the face of decreases in interest rates. In this case, the faster the liabilities incorporate changes in interest rates will mean that the brokerage margin is favoured by rate decreases, due to lower financing costs.
- The existence of a reduced GAP in all terms shall make the brokerage margin less sensitive to interest rate changes. The establishment of a maximum monthly (-) or (+) GAP shall contribute to this, providing stability to the impacts on the brokerage margin and therefore on the entity's results.

**Interest rate risk in the banking book (IRRBB)**

Within structural risk, interest rate risk in the banking book (IRRBB) is considered the main source of balance sheet risk. To monitor IRRBB risk, the sensitivity of NII to a parallel shift of +/- 200 basis points in the yield curve and of the EVE to changes in interest rates is mainly included, in the 6 scenarios defined according to the EBA/GL/2022/14 guideline:

The six scenarios are the following:

i. parallel shock up;

ii. parallel shock down;

iii. steepener shock (short-term rates down and long-term rates up);

iv. flattener shock (short-term rates up and long-term rates down);

v. short-term rates shock up; and

vi. short-term rates shock down.

**Credit spread risk in the banking book (CSRBB)**

The metrics used to track credit spread risk in the banking book (CSRBB) mainly include the sensitivity of NII and EVE to spread curve variations.

### 3.2.2 Core metrics

As at December 31, 2023, the interest rate gap does not exceed any of the limits established internally for the different time periods.

Percentage change in the economic value of equity (EVE) of Tier 1 capital in the face of a parallel shift in the interest rate curve of +/- 200bps is -8.63% and 11.22% respectively, without exceeding the regulatory limit of -15% of Tier 1 capital.

Percentage change in net interest income (NII) of Tier 1 capital in the face of a parallel shift in the interest rate curve of +/- 200bps is -1.37% and 1.38% respectively, without exceeding the regulatory limit of -5% of Tier 1 capital.

The above figures indicate that the changes in interest rates have not had an adverse impact on the company's economic value and equity.

## 3.3 Capital risk

### 3.3.1 Capital risk management

Capital management and adequacy in the UCI Group seeks to ensure solvency and maximise profitability, complying with internal capital objectives, as well as regulatory requirements. It is a key strategic tool for decision-making at corporate level.

The Group's capital management activities include:

- Establishing solvency and capital contribution targets aligned with minimum regulatory requirements and internal policies, to ensure a strong level of capital consistent with our risk profile, and efficient use of capital to maximise shareholder value.

- Development of a capital plan to meet these objectives consistent with the strategic plan. Capital planning is an essential part of the implementation of the three-year strategic plan.

- Capital adequacy assessment to ensure that the capital plan is consistent with our risk profile and risk appetite framework also in stress scenarios.

- Preparation of internal capital reports, as well as for supervisory and market authorities (ICAAP).

The development of the Group's capital function is carried out at three levels:

**Regulatory capital**

To manage regulatory capital, the starting point is the analysis of the capital base, the solvency ratios under current regulatory criteria and the scenarios used in capital planning to make the capital structure as efficient as possible, both in terms of cost and in compliance with regulatory requirements.

**Economic capital**

The economic capital model aims to ensure that we properly allocate our capital to all the risks to which we are exposed as a result of our activity and risk appetite, and aims to optimise the Group's value creation.

**Profitability and pricing**

Create value and maximise profitability by taking care of and choosing the most appropriate strategies based on profitability taking the risk into account. That is why profitability and pricing are part of the key processes of the capital model.

### 3.3.2 Core metrics

At the UCI Group, we have a capital position that is proportional to our business model, balance sheet structure, risk profile and regulatory requirements.

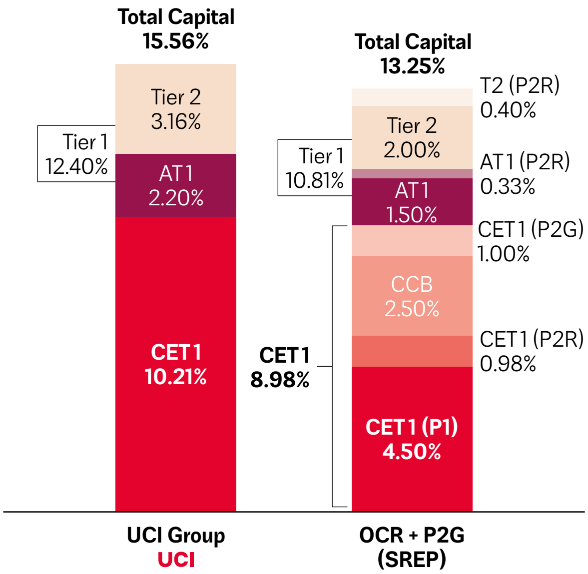
At the end of the year, the CET1 ratio was 10.21% (+53 bps 2022), above the minimum requirement of 8.98% (7.98% without P2G). This increase in CET1 is explained by the increase in share capital for a total of €88M, a fact that reaffirms our shareholders' commitment to the company.

AT1 (Additional Tier 1) represents 2.2% consisting entirely of contingent convertibles (CoCos), i.e. hybrid issues with debt and equity elements. Its main characteristic is that it can become shares if the CET1 capital ratio falls below a certain level.

The Tier1 ratio is 12.40%, exceeding the minimum requirement of 10.81% (9.81% without P2G). Tier 2, made up of subordinated debt, represents 3.16%.

As a result, the total capital ratio was 15.56% at the end of the 2023 financial year, above the minimum requirement of 13.25% (12.25% without P2G), ensuring a solid capital base and complying with the required regulatory ratios.

The capital plan carried out during the 2023 financial year assumes that the company maintains a total capital ratio (TSCR) and overall capital requirements (OCR) in line with the specifications established by the supervisor and the internal objectives laid down by the company.




## 3.4 Liquidity and funding risk

### 3.4.1 Liquidity and funding risk management

We measure liquidity risk through various tools and metrics that cover the various risk factors defined within this risk. The objective is to have a minimum amount of liquid assets and a financing structure adapted to the legal status and business model.

It is considered relevant because of the need to develop self-financing strategies. These are currently based on the issuance of securitisation funds to guarantee the company's financial autonomy, to allow the repayment of the financing lines arranged with shareholders.

With regard to the securitisation market, the company has more than 25 years of experience, in 2023 the company was able to place the FT RMBS Green Prado XI, complying with demanding STS (Simple, Transparent and Standardised) criteria, achieving the highest credit rating (AAA) from the Morningstar DBRS GmbH Rating Agencies, Fitch Ratings Ireland Limited. Prado XI was the seventh UCI issuance since the beginning of the pandemic in 2020, preceded by RMBS Green Belém No.1 and RMBS Belém No. 2 in Portugal and RMBS Prado VII, VIII, IX and X in Spain. UCI has transferred 3,725 loans to an SPV (Special Purpose Vehicle) managed and administered by Santander de Titulización, S.G.F.T., S.A. for a total amount of €490 million of prime residential mortgages to first-tier owners (owner occupied).

The development of the financing plan thus begins with the granting of transactions with the implementation of responsible credit and purchasing policies, which ensure the credit risk quality standards that investors and rating agencies subsequently require in the issuances of securitisation funds and that include criteria of charges on income and minimum personal contribution, among others. In turn, the commercial policy promotes the sale of simple, transparent and standardised products with more attractive offers, disregarding progressivities or optionalities, and in which different types of non-tied insurance are offered.

In terms of issuances, the UCI Group complies with the standards published by the regulator ESMA in 2017, in terms of simplicity, transparency and standardisation (STS compliant) and with the Capital Requirements Regulation (CRR). At the structuring level, it also incorporates protection mechanisms for the senior tranche placed with investors, such as the step-up call on the fifth anniversary, turbo-amortisation, interest rate risk hedging or limits on the renegotiation of loan terms. They all contribute to improving market financing capacity.

Sustainable Fitch has assigned Unión de Crédito Inmobiliarios S.A. E.F.C. (UCI) an ESG company rating of '3' (out of '5') and an entity score of 61 (out of 100), which reflects the company's average ESG performance and the integration of ESG considerations into its business, strategy and management.

The development of an ESG framework has allowed us to reach a commitment with entities such as the European Investment Bank (EIB) to obtain financing through credit production under Green standards. Our green commitment reached with the EIB in 2023 is 100%.

In addition to securitisations, we have developed an active policy of using collateral in financing with the delivery in repos of retained and repurchased bonds of own issues, for which we maintain contact with entities external to shareholders.

On a recurring basis, we use the margin generated by the activity firstly to finance new commercial activity and then use any excess liquidity to reduce the exposure of credit lines to shareholders, ensuring balanced compliance with prudential obligations.

As regards the regulation applied in terms of liquidity for EFCs (BdE Circular 1/2022), the most relevant monitoring metrics are:

- LCR (Liquidity Coverage Ratio): aims to promote the short-term resilience of the entity's risk profile, ensuring the availability of liquid assets to withstand a scenario of considerable stress (idiosyncratic and market) for 30 calendar days. The regulatory requirement is 100%, which shall have to be met every day of the year.
- NSFR (Net Stable Funding Ratio): requires maintaining a stable funding profile in relation to the composition of its off-balance sheet assets and activities. It is defined as the ratio between the amount of available stable funding and the required stable funding. The regulatory requirement is 100%, which shall have to be met every day of the year.

We have financing lines with shareholders (Banco Santander - BNP Paribas), which are reviewed at least once a year and simultaneously with both shareholders, in order to adapt them to the business needs within the entity's liquidity structure and policy. For assets that are not refinanced through market-placed securitisations, we manage the refinancing through these funding lines. The branches in Portugal and Greece are funded directly through their parent company in Spain.

### 3.4.2 Core metrics

The amount drawn down from the funding lines is 2.23% in 2023.

As at December 31, 2023, the LCR ratio is 115.58%, and the NSFR ratio is 198.90%, both above the regulatory threshold.

## 3.5 Market risk

### 3.5.1 Market risk management

Exposure to market risk is determined by the existence of "foreclosed assets in payment of debts" on the company's balance sheet and the price fluctuations associated with them.

As regards self-subscribed and retained bonds, we hold them on the balance sheet until maturity, so market price variations do not imply the existence of market risk.

Hedging derivatives are considered cash flow hedging instruments whose purpose is to hedge liabilities against changes in interest rates and are within the regulatory limits for consideration as a hedge.

Therefore, the changes in the price of these instruments in the market do not present market risk as they are classified as "Held-to-maturity investment portfolio".

### 3.5.2 Core metrics

The commercialisation of foreclosed assets continues to show positive values. In 2023, 990 foreclosed asset sales were carried out, bringing our foreclosed asset stock to 3.02% (3.28% in 2022).

The coverage ratio of foreclosed assets in debt payment amounts to 21.57% (18.19% if we include foreclosed assets in a rental situation) at the end of the 2023 financial year, compared to 27.22% (22.8% if we include foreclosed assets in a rental situation) at the end of the 2022 financial year.

## 3.6 Operational risk

### 3.6.1 Operational risk management

The objective in terms of operational risk control and management focuses on the identification, measurement, assessment, control, mitigation and reporting of this risk. Operational risk includes ICT risk, compliance and conduct risk, and model risk.

The priority is to identify and eliminate sources of risk, regardless of whether losses have occurred or not. Measurement also contributes to the prioritisation of operational risk management. Operational risk is inherent in all products, activities, processes and systems, and is generated in all business and support areas. For this reason, all employees are responsible for managing and controlling the operational risks generated in their field of action.

With regard to operational risk, the organisational model adopted by the UCI Group based on the three lines of defence identifies the following pillars or independent levels of responsibility:

- Business and support functions. They are responsible for identifying, assessing, managing, controlling and reporting on the operational risks of their activity.
- Operational risk function. It is responsible for defining the methodology and solutions to correctly identify, measure, control and manage the Group's operational risk and, additionally, control its correct deployment. It supports the business and support functions, and consolidates information on operational risks across the Group for reporting to senior management and the risk management committees involved.

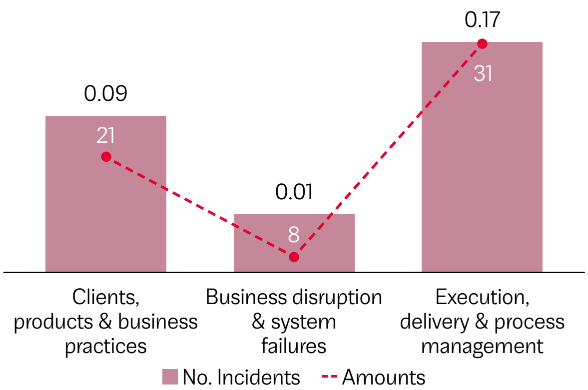
- Internal audit function. In relation to operational risk, it is the area responsible for reviewing compliance with the established model for identifying, measuring, controlling and managing operational risk.

Operational risk management seeks to avoid and/or reduce losses due to the inadequacy or failure of internal processes, people and systems, or external events. Its day-to-day management corresponds to the company's different areas and departments, which maintain lines of communication with the operational risk function, working with them to obtain information and implement actions, where appropriate, to manage the risk. The interaction between the operational risk function and the rest of the areas and departments is defined through its head.

We apply the Standard Method (SM) for the declarations of minimum capital requirements, establishing the necessary mechanisms for compliance with the requirements specified in the BdE's "Guide for the application of the SM in the determination of equity for operational risk".

### 3.6.2 Core metrics

During the 2023 financial year, the company reported incidents in terms of operational risk amounting to €0.27M (€0.43M in 2022) and which are distributed as follows:




Capital requirements in relation to operational risk amount to €12.39 million in 2023 (€17.51 million in 2022).

## 3.7 Reputational risk

### 3.7.1 Reputational risk management

It is defined as the accumulation of perceptions and opinions that employees, customers, shareholders and investors have about the company in general. It is associated with changes in the perception of the Group, or of the brands making it up, where an action, event or situation could have a negative or positive impact on the company's reputation.

The reputational risk management model is based on an eminently preventive approach, of risk management and control, but also on crisis management processes. In this way, risk management encompasses both business and support activities.

Management is carried out considering two key variables, corporate reputation and specific reputational risks that affect the company's operations. In this sense, reputational risks derived from external, operational, compliance and conduct factors and ICT risks are considered.

This risk is particularly related to the compliance function, given the strong reputational impact involved in the possibility of receiving sanctions, financial or not, or of being subject to other types of disciplinary measures by supervisory bodies. It also includes conduct risk, which seeks to measure and manage the risks of harm to stakeholders and market integrity. In turn, it is closely related to the risk of money laundering and terrorist financing, the risk of any economic, administrative or even criminal damage due to the use of the financial system for money laundering activities or financing of criminal organisations, including those linked to terrorism.

In the risk management process, if the risks have negative economic impacts, the objective shall be to reduce the associated costs; if they are considered as opportunities, the objective shall be to increase the investment associated with the risk.

### 3.7.2 Core metrics

The main metrics of this risk indicate a high degree of customer satisfaction. The eKomi certificate, based on a unique platform where consumers share real shopping experiences, indicates a score of 9.8 out of 10 at the end of the year. The Google My Business tool provided by Google to help businesses manage their online presence has a score of 4.7 out of 5 with approximately 1400 reviews. On the other hand, the monitoring of UCI in the media has indicated that 92% of the comments on different social networks have been made in a positive sense.

Furthermore, surveys are carried out at different stages of the granting of loans to know customers' opinion about the different services provided or their satisfaction with the services provided and thus detect points for improvement. We measure it through metrics such as NPS (Net Promoter Score) or CSAT (Customer Satisfaction Score).

## 3.8 Strategic risk

### 3.8.1 Strategic risk management

Strategic risk is defined as losses or damages arising from strategic decisions, or their poor implementation, which affect the long-term interests of our key stakeholders, or an inability to adapt to changing environments.

Strategic risk management is transversal to the entire company and derives from other risks whose origin may be non-strategic in nature, but can have a significant impact on the company's business model and strategy.

Strategic risk analysis is divided into three individual risks:

- Business model.
- Strategic definition.
- Strategic implementation.

Strategic risk shall be analysed considering the correct definition of the business model and strategy, together with its transposition into the identification of the axes and strategic lines, associated with the selection of the projects to be developed to achieve the strategic objectives proposed and deployed in the functional plans.

### 3.8.2 Core metrics

The company ended the 2023 financial year with a negative net result, determined by the inverted rate range, due to an international context of high uncertainty marked by unusually accelerated interest rate hikes in historical terms and high inflation, as a result of the rise in energy and other commodity prices in international markets.

In order to respond to BdE recommendations in the SREP made to the company, UCI has implemented measures and policies to allow it to progressively increase the generation of recurring income through its core business in order to improve its future profitability and solvency.

On the other hand, the RoE of new production, on which a minimum tolerance of 9% has been set, amounted to 13.67% in the 2023 financial year (11.70% in 2022), showing a positive trend in the UCI Group's overall activity.

## 3.9 ESG risk

### 3.9.1 ESG risk management

The UCI Group, in its commitment to the planet, includes ESG criteria as one of the pillars guiding its sustainability strategy. The ESG approach is continuously benchmarked against stakeholder expectations, actively engaging in conversations to understand their different perspectives.

Based on the EBA's discussion paper on the management and supervision of ESG risks (EBA/DP/2020/03), ESG risks have been identified, assessed and managed in line with the expectations of review and assessment by the competent authorities.

**Environmental (E)**

"E" (Environmental) refers to the effect that our activity has on the environment, directly or indirectly.

Climate change risks can be divided into two main categories: those arising from physical impacts and those arising from the transition to a low-carbon economy.

- **Transition risks**

  The commitments made by the signatories to the Paris Agreement and the consequent transition towards a decarbonised production system imply a drastic transformation of the global economy through major changes in regulations, the market and technology.

  The 2015 Paris Agreement and the Sustainable Development Goals, as part of the United Nations 2030 Agenda for Sustainable Development, were a turning point in raising awareness for the world to move towards sustainability.

  At UCI we have incorporated sustainability and responsibility into our commitment to our stakeholders, offering innovative solutions adapted to the needs of our customers and that contribute to social well-being and environmental care.

  We support the climate change goals set by the Paris Agreement. Our ambition is to reach net zero emissions by 2050 and we are working on establishing our first decarbonisation targets. We aim to support our customers in the green transition and contribute to the Paris goals with the development of a complete green and sustainable financing offer.

  In an environment where consumption models must adapt to new social and environmental risks, we have taken part in this challenge by implementing financial initiatives and products that contribute to social well-being, sustainability and environmental care.

  One of the company's priorities is to drive the transition to a more equitable, inclusive and sustainable future for all. At a time of technological and social transformation such as the one we are going through, diversity and inclusion are essential keys for companies to create value for their stakeholders and society as a whole.

- **Physical risks**

  Physical climate change risks are defined as those arising from the increasing severity and frequency of extreme weather events or from a gradual, long-term change in climate. These risks can directly affect companies through damage to assets or infrastructure, or indirectly by altering their operations or making their activities unviable.

  In response to BdE's supervisory expectations on the risks arising from climate change and environmental degradation, UCI has developed a methodology to assess the physical risks in our loan portfolio, highlighting the importance of proactively managing physical risks to ensure the financial stability and resilience of the banking sector.

  Our methodology is based on a measurement model that combines UCI's own data with those provided by the appraiser GLOVAL, with geospatial analysis and advanced risk assessment techniques. These measures align with BdE's expectations to use accurate and reliable data to assess environmental risks and their impact on financial asset quality.

  GLOVAL has identified 11 types of physical risks relevant to our loan portfolio, including seismic events, river flooding, coastal flooding, tsunami risks, landslides, among others. These risks are directly related to BdE's concerns about environmental risks and climate change.

### Social (S)

"S" (Social) takes into account factors such as work practices, diversity, safety, impact on communities, etc.

A strong focus on these areas, in addition to reducing risk, also contributes to a positive reputation and long-term sustainability.

### Corporate governance (G)

"G" (Governance) refers to the company's corporate governance, the composition of the Board of Directors or the transparency policies and codes of conduct implemented.

## 3.9.2 Core metrics

- **Environmental**

The methodology used is based on the physical risk measurement model used by a well-known appraisal company, which has proceeded to assess the physical risks of a total of 106,000 guarantees, identifying 10,677 (10.5%) exposed to a high risk according to the assessment carried out.

We have generated an interactive map showing the geographic concentration of high-risk guarantees, determined by the aggregation of assessed physical risks. This visualisation allows us to identify specific areas of concern in line with BdE's expectations on the importance of understanding the geographic distribution of environmental risks.


The assessment of physical risks, in line with BdE's supervisory expectations, has provided information to strengthen our risk management and improve the resilience of our loan portfolio to environmental challenges. The company shall continue to monitor the evolution of environmental risks and adjust its strategy to meet the supervisor's expectations and ensure the long-term sustainability of financial operations.

- **Social**

  With the aim of contributing to the improvement of some of the social factors and mitigating the UCI Group's social risk, the Company's Equality Plan has been reviewed and adapted to the new rules required by the Government through RD 901/2020. The Plan includes measures and actions to guarantee equality through specific management bodies, promote the defence and effective application of the principle of gender equality, prevent sexual and gender-based harassment, ensure that all those responsible for our teams are aligned with the equality philosophy and principles, foster a culture of awareness, and encourage the presence of women in all positions and levels where they are underrepresented, especially in positions of responsibility.

  The UCI Group monitors factors related to community investment, employee and customer relations.

- **Corporate governance**

  Corporate governance risk management has focused on the implementation of action plans to strengthen the Internal Control Framework, based on its analysis and which reinforces the company's governance framework.

  In this regard, we must highlight the creation and updating of a framework of policies and procedures, as well as its associated governance framework that responds to current regulations and best market practices.

# VI.
# Branch offices

UCI

# List of UCI branch offices

## Spain

### UCI España Sede
Edificio Visionary
C/ Amaltea, 32. Planta 1ª
28045 Madrid

### Alicante
Avda. Maisonnave, 19. 4º A
03003 Alicante

### Barcelona
Rambla de Cataluña, 20.
Entresuelo 2
08007 Barcelona

### Barcelona
Avda. Josep Tarradellas, 20-30 –
Roselló 1-13. Planta 3ª,
puertas 7ª y 8ª
08029 Barcelona

### Gijón
Celestino Junquera, 2. Oficina 44
33202 Gijón

### Jerez
Avda. Alcalde Álvaro Domecq nº 4.
Local 2
11402 Jerez de la Frontera

### Las Palmas
Calle Venegas, 2. Oficina 8
5003 Las Palmas

### Madrid
Avda. de Córdoba, 21. 3º 1 B
28026 Madrid

### Madrid - Príncipe de Vergara
C/ Príncipe de Vergara, 43. 3º
28001 Madrid

### Málaga
C/ Alameda Principal, 11. 4ª planta, 3ª
29001 Málaga

### Marbella
Avda. Ricardo Soriano, 19. 7º, C-D
29601 Málaga

### Murcia
Plaza de la Fuensanta, 2. Planta 5, B2
30008 Murcia

### Palma
Avda. Alejandro Rosselló, 21. 3º
07002 Palma de Mallorca

### Sevilla
Plaza Nueva, 3. Planta 3ª
41001 Sevilla

### Sevilla Rehabilitación
C/ Santa María de Gracia, 6. 2º
41002 Sevilla

### Valencia
Calle Colón, 60. 6ª C-D
46004 Valencia

## Portugal

### UCI Portugal Sede
Av. Engenheiro Duarte, Torre 1, 10
1070-101 Lisboa

### Algarve
Av. Vilampura XXI, Edificio Portal,
Bloco B, 1º D E E
8125-406 Quarteira

### Almada
Almada Business Center. Rua
Marcos de Assunçao 4, 2º,
Sala 2,08
2805-290 Almada

### Alverca
Alverca Edif. Prestige, E.n. 10, 23, 3º
2615-130 Alverca

### Coimbra
Rua Joao de Ruao, 12 Torre Do
Arnado. 8º, Sala A
3000-229 Coimbra

### Lisboa
Av. Engenheiro Duarte, Torre 1, 10º
Andar- Amoreiras
1070 Lisboa

### Lisboa Norte
Av. Engenheiro Duarte, Torre 1, 10º
Andar- Amoreiras
1070 Lisboa

### Madeira
Rua Ivens 3, Edificio Dona Mécia 1ºg
9000-046 Funchal

### Oeiras
Taguspark. Parque de Ciencia E Da
Tecnología. Núcleo Central 100, 2,
Sala 273
2740-122 Oeiras

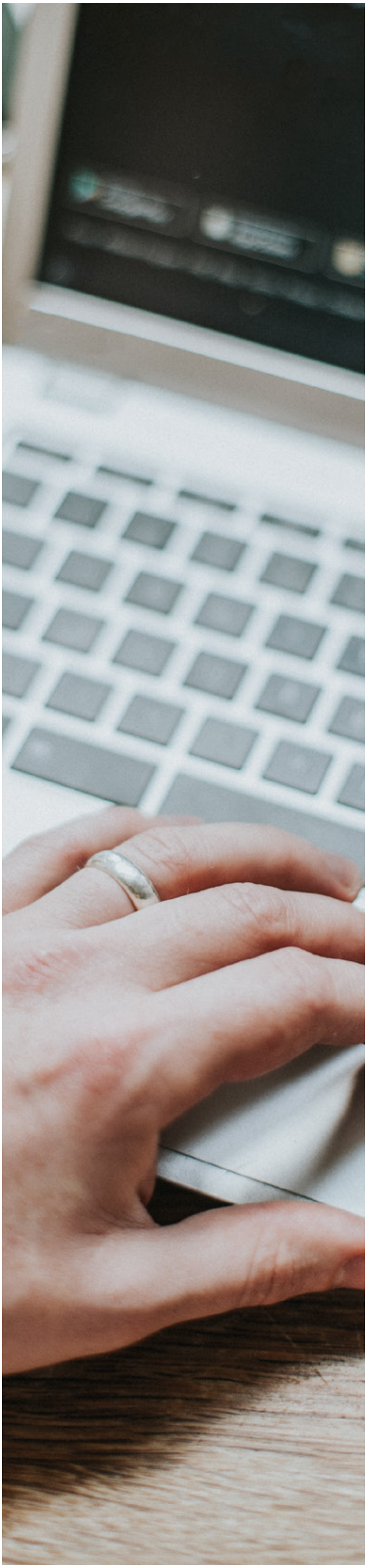
### Porto
Praça Do Bom Sucesso 123- 131,
Edif. Península, 3º Andar, Sala 306
4150-146 Porto

### Lisboa Oriente
Alameda dos Oceanos, nº 142, 1º A
1990-502 Lisboa

## Grecee

### UCI Grecia
Aggelou Pirri Street, 5, 2nd Floor
11527 Atenas

# VII.
# Websites



UCI

# List of websites

UCI

www.uci.com
www.uci.pt
www.uci.gr
www.ucibrasil.com.br
www.ucimortgages.com

HIPOTECAS.COM

www.hipotecas.com

CRÉDITO HABITAÇÃO .com

www.creditohabitacao.com

retama

www.retamarealestate.com

comprarcasa.

www.comprarcasa.com
www.comprarcasa.pt

SIRA
Spanish International Realty Alliance®

www.siralia.com
www.inmocionate.com

CRS

www.crsspain.es

**Nature Friendly.**
This Annual Report is only available in digital version.