Annual Report 2021

UCI

Hipotecas para vivir

Index

1. Letters from Senior Management

1. Letters from Senior Management

2021 saw the continuing effects of the Covid-19 pandemic and its public health, social and economic impacts. Fortunately, the rapid vaccine rollout reduced mortality and allowed us to get to the end of the year with nearly 90% of the population vaccinated and a drive towards the recovery of economies across the globe.

In spite of this good news, the supply chain crisis and geopolitical tensions following the Russian invasion of Ukraine in February 2022 have led to rising inflation throughout the Eurozone, the main result of which has been an increase in energy and fuel prices. In response, the main central banks, such as the FED and the ECB, have announced their commitment to combating inflation through interest rate rises.

In this context, GDP in the Eurozone increased by 4.6% in 2021 despite the deceleration seen in the fourth quarter, while it went up by 5.6% in the US and 0.7% in Japan.

Going back to our markets, the Spanish economy grew by 5.2%, which represents a strong recovery but is still not enough to compensate for the historic fall recorded in 2020 (–8.8%). The job market staged a clear recovery in 2021 compared to the previous two years. In fact, the year saw the highest number of jobs created since 2005, with 840,700 more workers.

The Portuguese economy was once again a model of resilience, returning to pre-pandemic GDP levels and achieving growth of 5.8%. In fact, Portugal is one of the few countries to have seen its forecasts improve following the outbreak of war in Ukraine.

Real estate achieves its best figures in fourteen years

Real estate, a market in which we carry out a large part of our financing business, has been one of the sectors least affected by the pandemic. With demand on the rise, Spanish real estate has become a safe haven in these times of crisis and achieved its best figures for fourteen years, with 564,569 property sales and an increase of 34.5% compared to the previous year, according to the Property Registrars Association. In Portugal 165,682 sales were recorded, 20.5% more than in 2020.

The positive performance of the sector has enabled us to formalise new mortgages for an amount of 892 million euros, 706.9 million in Spain and 185 million in Portugal.

"In 2021 our mortgage production increased by 13.7% to €892 million."

We also offer an excellent level of service quality, with a 9.7 rating on Ekomi and 4.7 out of 5 on Google.

The overall credit investment managed by the Group stood at 10.669 billion (-0.7%).
Impulsando proyectos de vida

Promoting life projects

Through the year our teams once again demonstrated great resilience and commitment. This enabled us to achieve important major milestones such as the renewal of our Great Place to Work certification for HR management in Spain and Portugal. Our training programme, “Aprendizándome”, also won several awards, including second prize at the 19th Human Resources Innovation Prizes organised by Expansión, as well as being honoured at the Cegos HR Best Practice Awards.

2021 was also a year of consolidation of our business model, which focuses on offering quality products and services which are adapted to our customers’ needs and are both competitive and sustainable. Our goal is to promote the life projects of our customers and, of course, those of the human team behind the UCI Group.

As you would expect, we have kept our promise to stay by our customers' side, helping those most affected by the economic difficulties associated with the pandemic, particularly through public and private moratoriums, and personalised payment solutions for customers whose circumstances did not meet the criteria established by moratorium regulations.

Raising capital and liquidity

In March 2021, RMBS Green Belem I, the first green securitisation bond in Portugal, which was issued in April 2020, won the Sustainable Finance Award at Euronext Lisbon.

In April, less than six months after the last Prado transaction was placed in Spain, we contributed to the launch of FT RMBS Prado VIII through the mortgage loans behind the fund. We thus transferred almost 3,700 loans to a Special Purpose Vehicle (SPV) managed by Santander de Titulización, S.G.F.T., S.A. for a total amount of 480 million euros of prime owner-occupied residential mortgages.

Moreover, in November 2021 we raised liquidity in the capital markets through Prado IX, the UCI Group's fourth prime RMBS fund in the Iberian Peninsula since the start of the pandemic, to which UCI EFC contributed the mortgage loans behind it. The amount of liquidity raised in this transaction came to 488 million euros.

"Our shareholders have increased UCI's capital to continue to drive our growth in 2022."

Lastly, in December our shareholders, Banco Santander and BNP Paribas, increased UCI's share capital to 60 million euros after making a capital injection. This capital increase had a twofold objective: continuing to drive significant growth in 2022 and adapting to the increased equity requirements established by the regulations governing credit finance establishments.

Incorporating ESG criteria into our strategy

As a company committed to our environment, we have incorporated ESG criteria into our strategy, our business model and our activities. We have tackled this challenge by maintaining our firm commitment to decarbonisation in the countries where we carry out our activities. We therefore renewed the ISO 14001 Environmental Management System certification from AENOR.

In addition, in February we became the first financial institution in the Iberian Peninsula to be awarded the Energy Efficient Mortgage Label (EEML) by the European Mortgage Federation, which certifies the compliance of our sustainable financing solutions with the strictest environmental protection criteria.

During the year we also signed a number of important agreements, such as the one reached with the European Investment Bank (EIB) to promote the renovation of existing buildings in Spain and Portugal. This collaboration takes the form of a 50 million euro investment in the aforementioned FT RMBS Prado VIII fund, in a similar manner to the investment made by the EIB in the RMBS Green Belem I fund in 2020.
We have also entered into an alliance with the Spanish Institute for Energy Diversification and Saving (IDAE) with the aim of promoting the Aid Programme for Energy Refurbishment Actions in Existing Buildings (PREE).

"We have incorporated ESG criteria into our strategy, our business model and our activities."

Lastly, in November we became the first financial institution to join the Refurbishment Office promoted by the official Architects Association of Madrid (COAM), a collaboration through which we aim to promote the financing of residential refurbishments in the Madrid Region.

Committed to SDGs

UCI's social actions in 2021 focused on the four key areas of our "We'll be with you" programme: youth education (especially financial education), inclusion of people with intellectual disabilities, residential inclusion of vulnerable groups and donations for global or public health emergencies, with a focus on charitable actions aligned with our commitment to the Sustainable Development Goals, in particular SDGs 4, 8, 10 and 17.

At UCI we support the ten principles of the Global Compact on Human Rights, Labour Rights, the Environment and Anti-Corruption. We are committed to making the Global Compact and its principles part of the strategy, culture and everyday activities of our company, as well as getting involved in projects that contribute to the UN's Sustainable Development Goals.

Committed to information and data security

Mention should be made of the fact that information and data security has become one of the organisation's main priorities, in order to guarantee the proper development of the business and instil complete confidence in our customers, investors and other stakeholders. In this regard, in 2022 UCI was awarded the ISO 27001 Information Security certification by AENOR, which certifies our Information Security Management System in accordance with the UNE-ISO/IEC 27001:2017 standard.

Lastly, I should mention a project developed throughout 2021 which in 2022 has led to the European Commission and the European Investment Bank (EIB) providing UCI with an amount of €2.6 million euros to facilitate development of the Residential Energy Rehabilitation (RER) projects, making us the first Spanish financial institution to benefit from the European Local Energy Assistance (ELENA) funds.
I hope you'll find our Annual Report interesting.

Best wishes,

Roberto Colomer
CEO

Philippe Laporte
COO Finance,
Technology and Clients

Scan me to watch the CEO's message.

2. UCI in numbers

Main significant Magnitudes:

Outstanding Balance

10,669 M€ -0.7% vs. 2020

117,500 files under management

Market Share

🇪🇸 1.20% 1.67% in 2020

🇵🇹 1.23 %

Consolidated Production

Total

892 M€ +16% vs. 2020

R/O

99%

Financial Margin

163 pb +13% vs. 2020

Pricing stability despite strong volatility and rising long-term rates

ROE

12.9% +150pb vs. 2020

Product Mix

70% Mixed/fixed type
Our most profitable product

🇪🇸 101% R/O 🇵🇹 93% R/O

Real estate professionals channel

583 M€ +18% vs. 2020 → ...of which

Non-Residents

113 M€ +66% vs. 2020

HIPOTECAS.COM

119 M€ +2% vs. 2020 → Rehabilitations

10 M€ A big adventure

Portugal

185 M€ +7% vs. 2020

Production Quality

The risk of our new production well controlled and responsible

Medium LTV*

62% -150 pb vs. 2020

Average amount*

180,000€ +5% vs. 2020

personal contribution*

32% +300pb vs. 2020

Mean C/I*

29% +60 pb vs. 2020

% REO financing*

6.5% -200 pb vs. 2020

Default rate + 90d production post 2011

🇪🇸 0.21% 🇵🇹 0.13%

Less than 60 clients out of 23,500 signed in force since 2012

* These data take into account both Spain and Portugal

Green production

Taxonomy, Sustainability, Regulation, Visibility, Investors and very committed to our stakeholders

Total green

64 M€ 80% R/O

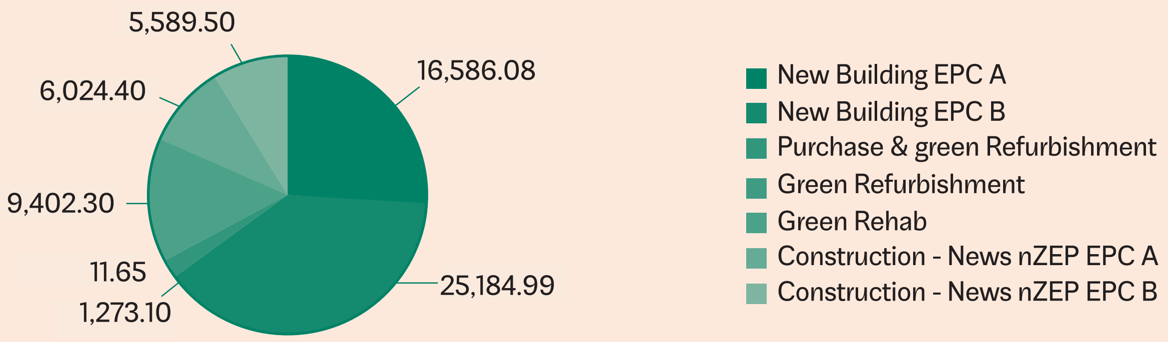
European Investment Bank

111% R/O

SUSTAINALYTICS

113% R/O

Green Production distribution green



UCI

Employees

611
in total

57% of employees are women

3% of employees are members of the Executive Committee

Customers

393,950
in total

140,574
clients in portfolio

7,666 number of clients in 2021

+7% vs. 2020

Financial consultants

189
in total

176 CF in 2020

+7% vs. 2020

Real estate agencies

2.237
in total

471MM€ real estate business 2021

1.914 number of real estate agencies in 2020

450 MM€ real estate business 2020

financed homes

218,932
homes financed throughout the life of the ICU

4.831 number of homes in 2021

+7% vs.2020

Reformists

102
in total

10MM€ reforms and rehabilitation business

68 total number of reformists 2020

Green Production

Energy Efficient Mortgage Label

31%
of growth 21/20 Green Production

7%	4%		8%	7%
in 2021	in 2021		in 2021	in 2020

tax contribution

1.32M€
paid in 2021

1.68M€
paid in 2020

Geographical presence

We have:

24 offices in Spain

8 in Portugal,

presence in Greece and Brazil

We collaborate with more than 2,000 real estate agencies with a objective: to anticipate the needs of our customers.

3. Highlights 2021

Main Achievements 2021

January

› We received the Hipotecas 2021 Award of CESINE and Metros2 for UCI's commitment to the real estate sustainability with the Green Mortgage.

› We signed a protocol with IDAE to boost the new Programme of Aid for Energy Rehabilitation Actions in Existing Buildings (PREE).

› The 6th Real Estate Barometer 'El sentimiento de mercado de los Profesionales Inmobiliarios', made together with SIRA, reflects a positive trend, with a grade of 7 out of 10, for the first months of the year.

February

› Cátia Alves becomes director of the recently created Sustainability and Corporate Responsibility Management and member of the Executive Committee to develop UCI's sustainable transformation, directly reporting to the CEO.

› Green Belem I, our first issuance of green bonds in Portugal, receives the Sustainable Finance Award in the Euronext Lisbon Awards.

› We are the first credit institution of the Iberian Peninsula to adhere to the Energy Efficient Label (EEML) of the European Mortgage Federation, which certifies the compliance with the strictest environmental care criteria.

› Hipotecas.com launches the first website in the financial sector that is able to offer bespoke experiences to the client thanks to the technology Sitecore.

› Through créditos.com, we signed a collaboration agreement with the Organisation of Property Administrators of Barcelona-Lleida.

› We opened new offices in Seville and Vigo.

March

› We called the 1st edition of Stories for the Planet, a children's contest for the awareness on respect for the environment.

› We participated, for the sixth year in a row, in the programme "Tus finanzas, tu futuro", promoted by the Spanish Banking Association (AEB) and Foundation Junior Achievement, providing financial knowledge to 173 students from 6 provinces.

April

› Cuídate Corazón becomes finalist of the 1st Edition of the Labour Compensation Awards organised by RRHH Digital.

› The results from the 6th Real Estate Barometer evidence a change of trend in the housing demand, after the lockdown: rise of demand of detached houses, external apartments, connectiveness and proximity to green spaces.

May

› We launched Prado VIII, our third prime RMBS of the Iberian peninsula since the beginning of the pandemic.

› We renewed our agreement with the European Investment Bank (EIB) to boost the renovation of existing buildings in Spain and Portugal, and reduce CO2 to 10,269 tons per year.

› Créditos.com receives the Award "100 Mejores Ideas del año" of the group Unidad Editorial, which annually recognises the best ideas, services and products launched to the Spanish market.

› We committed to the European Month of Diversity with the project “Te acompañamos” and, in collaboration with the Foundation Prodis, we launched “Desayunos Molones” for the purpose of raising awareness within our staff concerning diversity.

June

› We integrated the ESG criteria as one of the pillars that guide our sustainability strategy: We greenimise, We accompany, We comply.

› We held the Certification Nation Day, together with the Community of organisations certified by Great Place to Work. ®

July

› For the second year in a row, the consultant Great Place to Work ® has recognised us as a great company to work.

› European DataWarehouse approved the remittance of data under the new standard ESMA-STS of the RMBS Green Belem Fund.

› Our channel of reforms and rehabilitation, créditos.com, signed an agreement with Melom to professionalise the sector of housing reforms in the country.

› The results from the 6th Real Estate Barometer reflect that only 16% of the new owners are interested in the energetic efficiency in the process of buying a home.

August

› According to the 6th Real Estate Barometer, 60% of the realtors point to the growth of purchases and sales by foreigners until the end of the year.

September

› We commit to the programme Empowering Women’s Talent to boost the women’s empowerment and leadership at UCI.

› In collaboration with the COAM (Official Association of Architects of Madrid), we held the session Next Generation housing day to analyse the current situation of the rehabilitation and sustainable financing in view of the arrival of European funds.

› We presented the II Report ‘El camino a la sostenibilidad en el hogar.

October

› We launched Prado IX, the most efficient operation of the saga Prado, with an all-in price below Eur3m +50bp, thanks to a good over-subscription of the new risk. This transaction is ECB eligible, complies with regulatory requirements STS, CRR, LCR and ESMA, as well as with the credit rating AAA by DBRS Morningstar, Fitch Ratings and Scope Ratings.

› The project ‘Aprendizándome’ received an award in the category ‘Learning Ecosystems’ in the Cegos & Teams and Talent Awards.

› We presented the report ‘La Educación Financiera en los adolescentes españoles’, coinciding with the Financial Education Day.

› As prelude to Inmotionate 2021, we held the 1st Residential Real Estate Forum, gathering 27 presidents and main directors or large real estate networks in Spain.

› The 9th edition of Inmotionate gathered more than 600 Spanish real estate professionals in Madrid.

› Within the framework of Inmotionate we collaborated with an economic endowment of 15,000 Euros as recognition for charity projects promoted by five real estate agencies.

› SIRA teamed up with the chamber of real estate brokers of Costa Rica to attract investments between both countries.

› We collaborate with an endowment of 10,365 Euros to the Spanish Red Cross its initiative to contribute to caring for all people affected by the eruption of the Cumbre Vieja volcano of La Palma.

November

› Aprendizándome receives a runner-up award in the 19th Awards to Innovation in Human Resources, organised by Expansión and the IE University.

› The 9th wave of the Real Estate Barometer reveals that 87% of the professionals have significantly increased digitalisation as a consequence of the pandemic, reaching a share of 64% in the second hand market.

› We collaborate with Foundation Dádoris, donating 3,000€ to boost the access to university training or a young woman with an extraordinary talent.

› We signed an agreement with Official Association of Property Administrators (COAFA Alicante) to promote the rehabilitation of houses and communities in the Alicante province.

December

› Santander and BNP Paribas injected €60 million, thus raising our capital to €370 million, not including the 2021 result.

› SIRA launched Luxury Real Estate, a training and specialisation programme in high standing housing for property agents.

› We completed our social action plan 2021 with an investment of almost 50,000€ and more than 400 beneficiaries.

› We implemented Greemko, a software to measure of environmental footprint that automatically captures all necessary data with the standards of reference: GRI, GHG Protocol, ISO 14001, ISO 14064, CDP.

› We measure the exposure of the guarantees of our portfolio originated since 2010 to the climate change risks.

During the first months of 2022, Santander and BNP Paribas have strengthened the solvency of the UCI Group by €167 million: subscribing to a new capital increase for €100 million, an issue of contingently convertible bonds of shares for €22 million, and a subordinated debt issue for €45 million

4. Key Data

Highlights

	2021	2020	Variation
Consolidated Production (M€)	892.1	784.6	13,7%
Loan Production Spain (M)	706.9	611.6	15,6%
Loan Production Portugal (M)	185.2	173.0	7,1%
Total Consolidated Loans Managed (M)	10,669.20	10,745.60	-0,7%
Balance Spain	5,000.40	4,720.30	5,9%
Balance Portugal	897.3	825.8	8,7%
Balance Greece	190.2	203.2	-6,4%
Spanish on Balance Consolidated Placed RMBS (UCI 11-17 + Prado IV-IX)	4,282.8	4,544.6	-5,8%
Portugal on Balance Consolidated Placed RMBS (Green Belem 1)	298.4	350	-14,7%
Spanish off Balance Placed RMBS (UCI 9)	0	101,8	NR
Nº of Files Under Management (Spain, Portugal and Greece)	117,464	118,618	-1,0%
Nº of Solutions (Sales + rentals) Repossessed Homes (*)	1,487	1,234	253
Nº of Branch Offices (*)	31	32	-100%
External Agents (*)	198	181	1700%
Nº of Employees (**)	661	681	-2000%

(*): Spain+Portugal+Greece
(**): with temporary employees and Comprarcasa (Spain and Portugal)

Consolidated Financials (IFRS 9 in 2020)

	2021	2020	Variation	Before restatement of 2020 accounts (***)
Gross Margin (M)	139.4	148.0	-5.8%	147.0
Financial Margin (**)	139.6	145.7	-4.2%	143.4
Comissions Fees and Other Incomes (*)	-0.2	2.3		2.3
General Expenses (M)	49.6	47.8	3.8%	47.8
Net Operating Income (M)	89.8	100.2	-10.4%	97.9
Cost of Risk (M)	38.1	143.5	-73.5%	134.2
Ordinary Profit Before Taxes (M)	51.7	-43.3	-219.6%	-36.3
Taxes (M)	22.4	-12.7		-10.6
Consolidated Profit (M)	29.5	-30.5	-196.6%	-25.7

(*): Deducted Origination Fees (opening- real estate agent- agent)
(**) including capital gain BuyBack 0 M€ en 12m-21 vs 9,4 M€ en 12m-20
(***)The process of restatement of the 2020 accounts is disclosed, in terms of its motivation and nature, on pages 224 and following of this document.

Consolidated Financials (IFRS 9 and CRD IV in 2020)

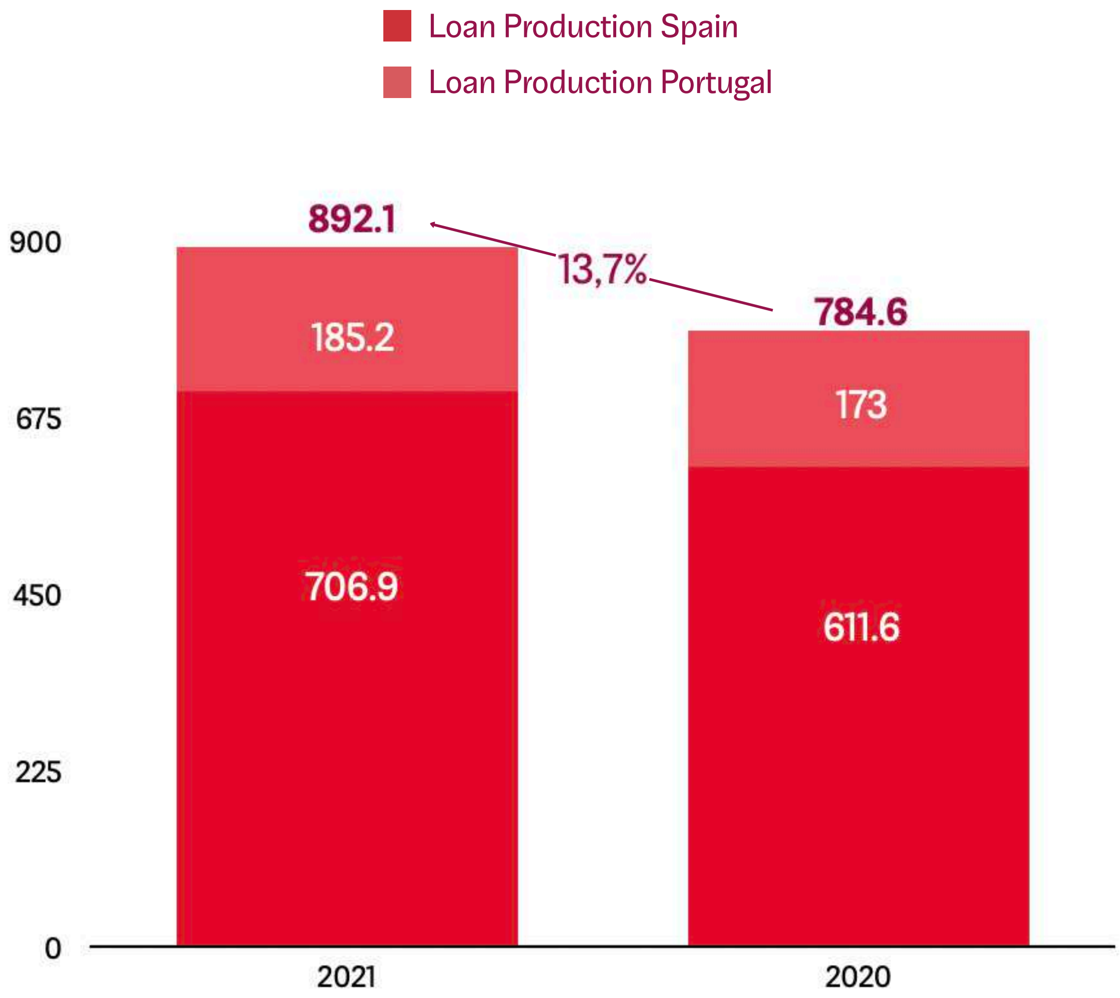
	2021	2020	Variation	Before restatement of 2020 accounts (*)
Suscribed Capital (M)	158.0	98.0	60.0	98.0
Reserves (Tier 1 + annual balance N) (1) (M)	212.0	239.0	-27.0	239.0
Total Tier 1 (1) + Tier 2 (M)	477.4	456.9	20.5	453.5
Subordinated Debt + Excess provisions (M)	105.0	105.0	0.0	104.7
Total Equity Tier 1(1)+Tier 2 (M)	585.4	561.9	20.5	558.2
%Equity Ratio (Tier 1) (1) (2)	8.7%	8.7%	0.0%	8.7%
%Equity Ratio (Total) (2)	10.6%	10.7%	-0.1%	10.7%
%ROE	6.4%	-9.1%	15.5%	-7.6%
NPL Loans + 90 D without subjective loans (M)	826.2	885.2	-59.0	885.2
NPL subjective loans (M)	879.9	513.3	366.6	513.3
Repossessed Homes Under Management (Spain, Portugal and Greece) (N)	4,630	5,008	-378	5,008
Total Provisions on Loans (M)	362.1	388.1	-26.1	388.1
Total Generic Provisions Stage 1 (M)	8.2	21.3	-13.1	21.3
Total Substandar Provisions Stage 2 (M)	36.2	23.0	13.2	23.0
Total Specific provisions not including subjective NPL. Stage 3 (M)	242.2	296.7	-54.5	296.7
Total provisions specific subjective. Stage 3 (M)	75.5	47.1	28.4	47.1

(1): Non incorporation of the FY-21 in Tier 1
(2): RWA Standard version + standard operational risk
(*): The process of restatement of the 2020 accounts is exposed, in terms of its motivation and nature, on pages 224 and following of this document.

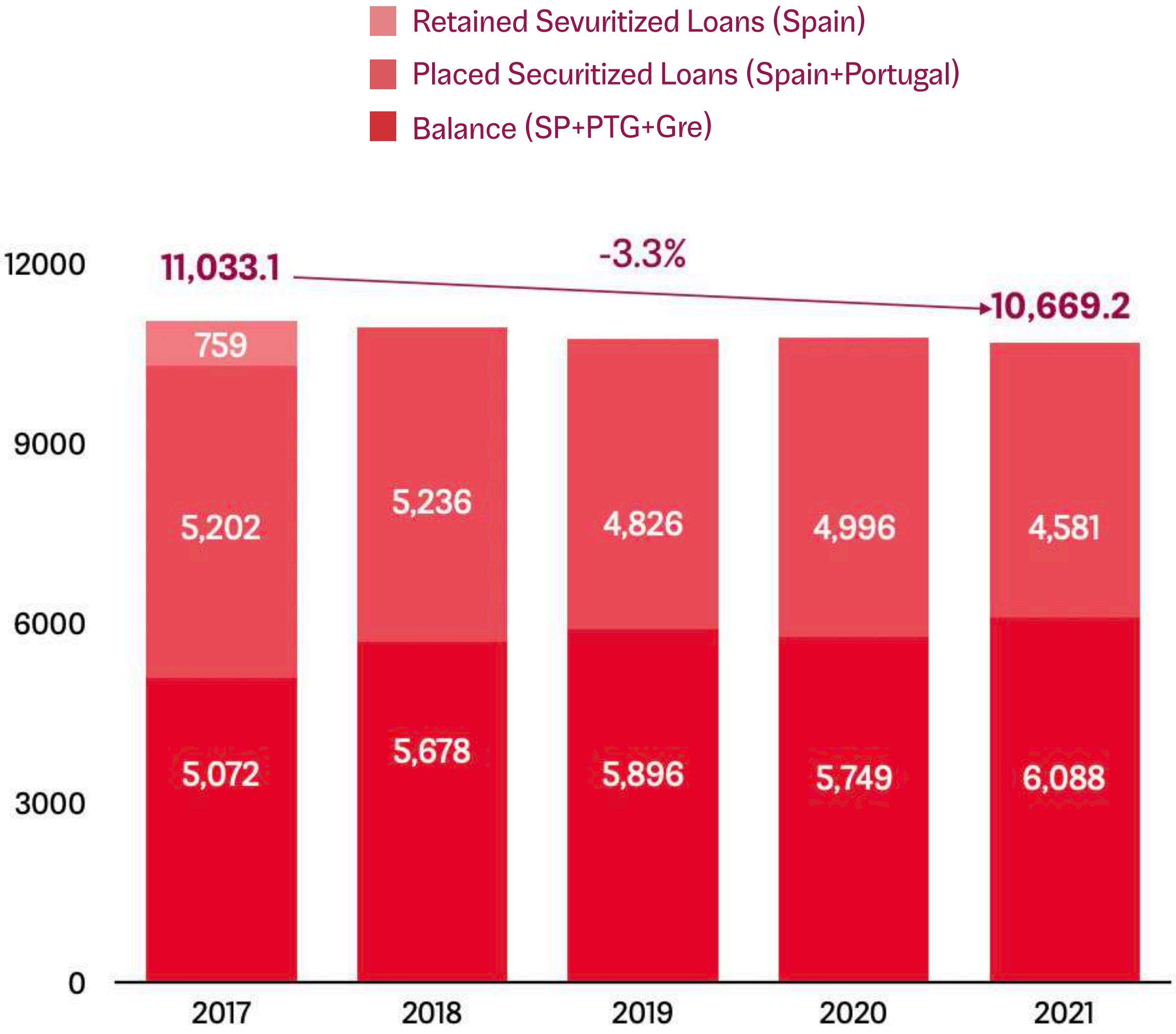
	2021	2022	Variation	Before restatement of 2020 accounts (***)
Total provisions on repossessed homes (M)	**115.9**	**122.8**	**-6.8**	**122.8**
Total Provisions (M)	**478.0**	**510.9**	**-32.9**	**510.9**
% NPL's on Loans Managed (Balance Sheet + Securitized) > 90 days Not Including Subjective Non-performing Loans *	**7.74%**	**8.24%**	**-49.4**	**8.24%**
%NPL´s Subjective Non-Performing Loans - incl. Ptg+Gre since 2020 (reclasification in 2021)*	**8.25%**	**4.78%**	**347.0**	**4.79%**
%Global NPL	**15.99%**	**13.01%**	**297.6**	**13.02%**
NPL > 90D+Repossessed Homes Coverage (N)	**27.8%**	**30.2%**	**-2.4%**	**30.2%**
%Consolidated Efficiency Ratio	**34.5%**	**34.9%**	**-0.4%**	**33.7%**

(1): Non incorporation of the FY-21 in Tier 1
(2): RWA Standard version + standard operational risk
(*): The process of restatement of the 2020 accounts is exposed, in terms of its motivation and nature, on pages 224 and following of this document.

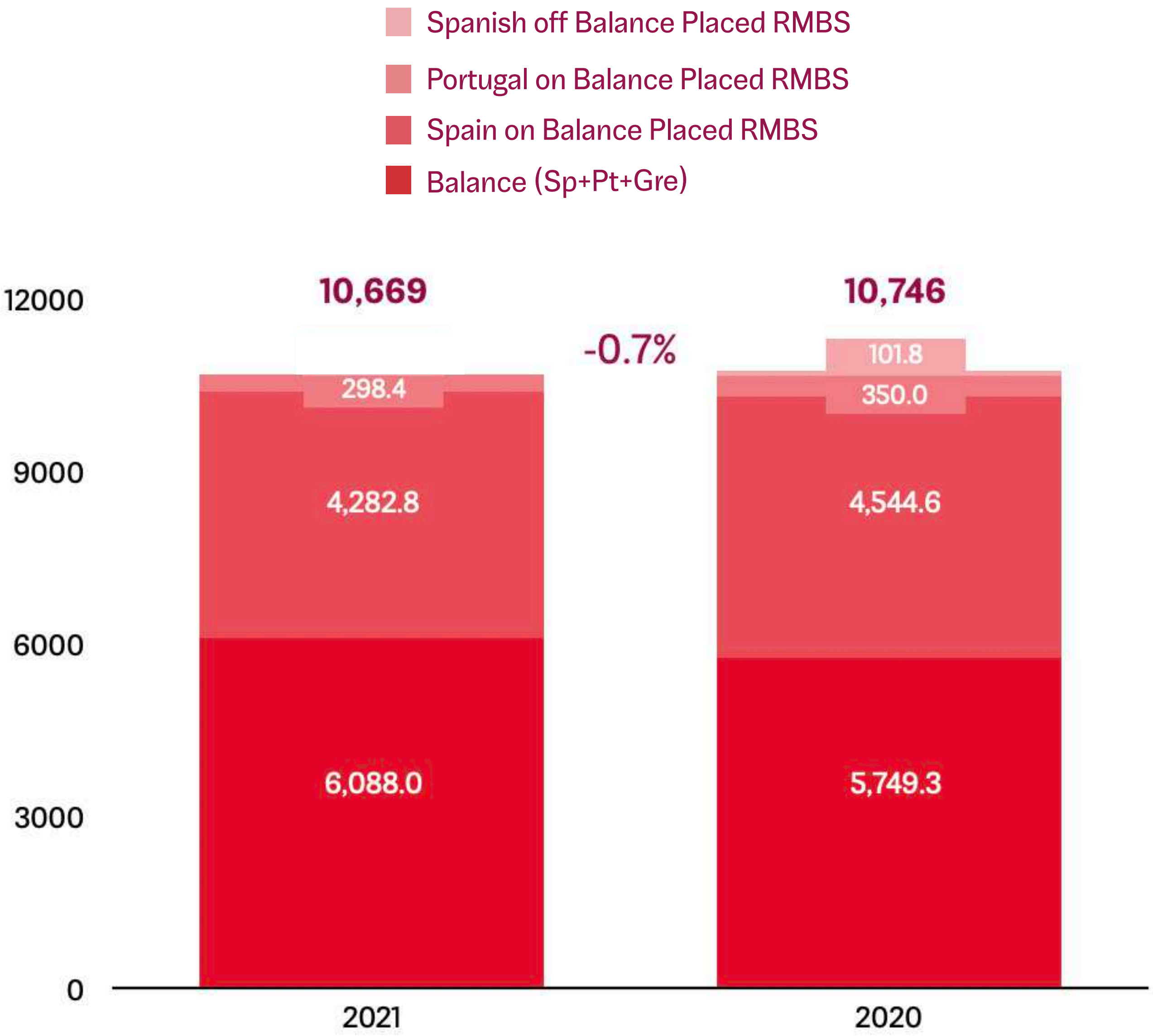
Consolidated Production (M€)



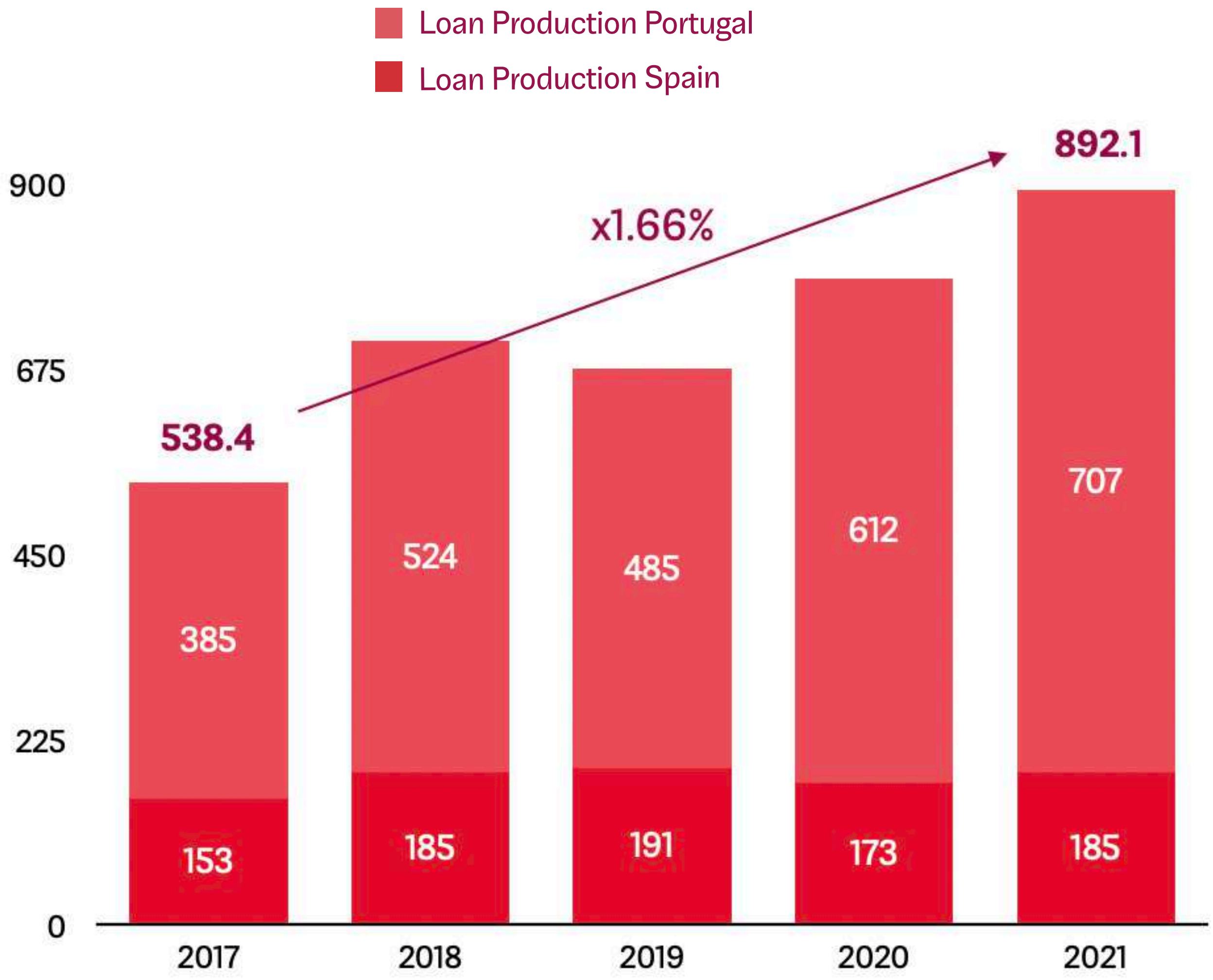
Managed Loans Evolution (M€)



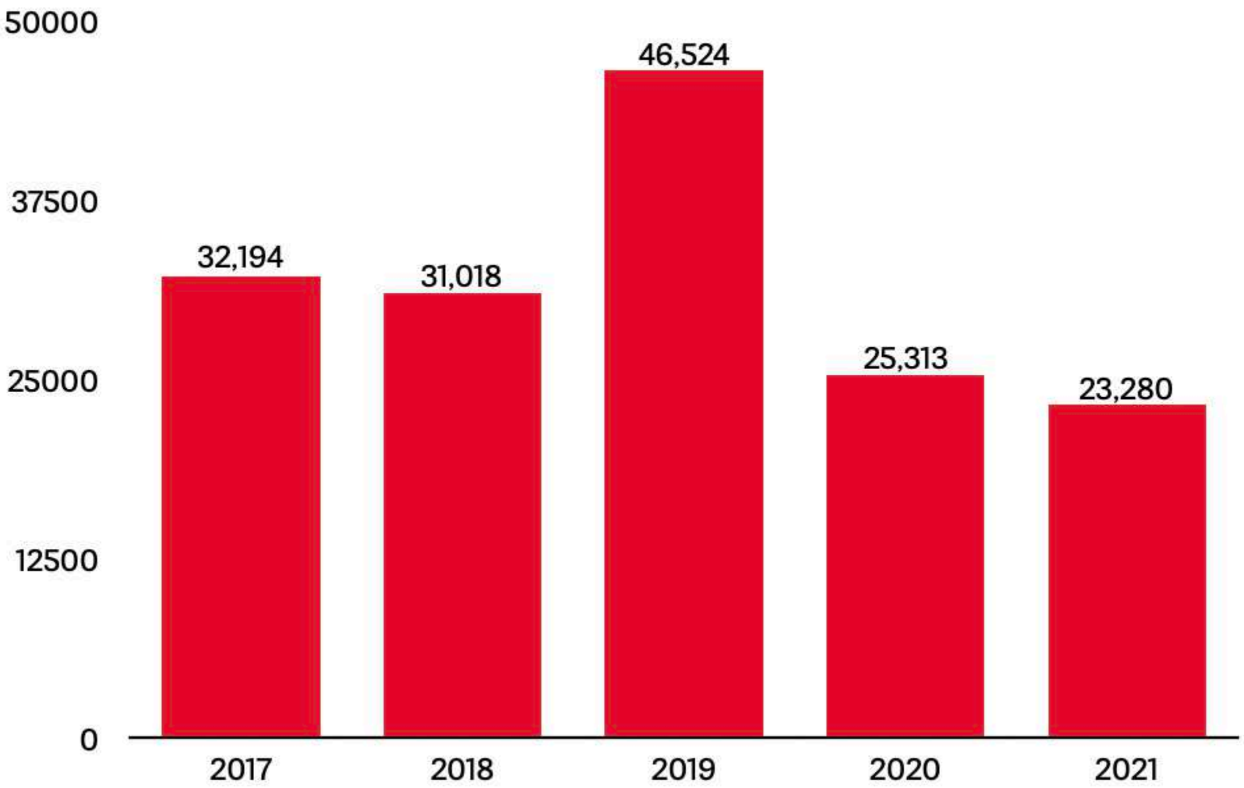
Total Managed Loans (M€)



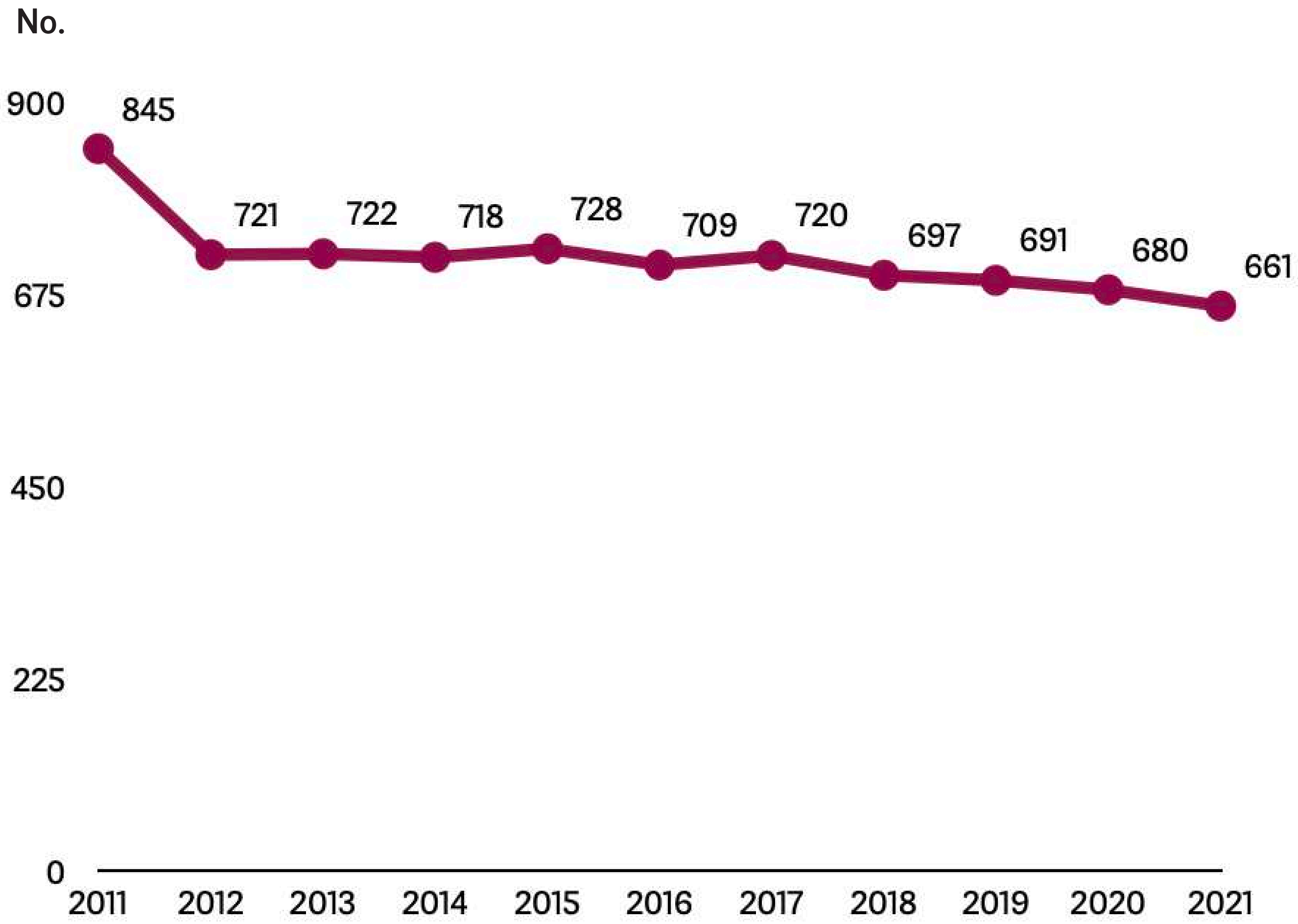
New Loan Production Evolution (M€)



Training hours (hours/year)



Employees UCI



5. Sustainability Report

Letter from Management

At UCI one of our priorities is to drive the transition towards a more equitable, inclusive and sustainable future for all. At a time of technological and social transformation, diversity and inclusion are crucial for companies to be able to create value for their stakeholders and society as a whole.

n 2021 we therefore strengthened our strategy by setting up the Sustainability and Corporate Responsibility Department, which forms part of the Executive Committee and reports directly to the Group's CEO.

As a financial institution we play a fundamental role in the development of sustainable economic models - the only viable models according to the essential principles of the UN Global Compact, which we have joined.

Moreover, in an environment where consumer models have adapted to new social and environmental risks, we have incorporated ESG criteria into our strategy, our business model and our activities.

Our ESG efforts are focused on the creation of a robust and dynamic agenda with the following pillars: supporting our customers' transition towards a resilient and low-carbon economy (E), enabling inclusive, diverse and egalitarian growth (S), and basing our business on ethical, responsible and transparent criteria (G).

"We promote transparency and dialogue with the stakeholders thanks as a consequence of a stronger governance"

During the year we also carried out an analysis of UCI's contribution to the 2030 agenda in order to align and incorporate it into our ESG framework, as well as the projects and initiatives developed by the company. This has resulted in the identification of 5 priority SDGs, 4 interrelated SDGs, 1 cross-cutting SDG and 21 targets to which we contribute through our activities.

With regard to the E, which concerns the direct and indirect effects our activity has on the environment, on the one hand, we have focused our efforts on reinforcing our Environmental Management System and, on the other, on creating a positive impact on the environment through our business, helping people to decarbonise the economy by promoting new financing solutions, and reaching collaboration agreements with supranational (EIB), state (IDAE) and local (COAM) organisations.

In February we became the first financial institution in the Iberian Peninsula to be awarded the Energy Efficient Mortgage Label (EEML) by the European Mortgage Federation, which certifies that our sustainable financing solutions and green mortgages comply with the strictest environmental protection criteria.

In this regard, in 2021 our Green production increased by 31% compared to 2020, representing 7% of total production in Spain and 8% in Portugal.

As I mentioned, we are also continuing to move forward with our Environmental Management System and the reduction of our CO2 emissions. Moreover, we have incorporated Green technology into the evaluation of our environmental performance and calculation of CO2 emissions in order to make our management processes more efficient. This has allowed us to renew our ISO 14001 certification from AENOR. In line with the recommendations and expectations of the European Banking Authority (EBA) and the European Central Bank (ECB), we have incorporated ESG factors into our risk management, in particular measurement and analysis of the physical risks in our portfolio in Spain since 2010 in order to have a comprehensive and well-documented overview.

With regard to our impact on the social environment, S, in 2021 we placed the focus on the four key areas of our “We’ll be with you” programme: People First, Social Commitment, Customer Centric, and Training of Real Estate Professionals. With the help of 199 staff volunteers, we’ve enabled 429 people to benefit from actions to which a total of 48,715 euros has been allocated.

For the second year running, we’ve also renewed our Great Place to Work® certification, one of the most prestigious national and international human resources awards.

Lastly, with regard to the G, one of our priorities is to strengthen our Corporate Governance framework and boost its effectiveness, in order to meet the goals that we’ve set ourselves in this area. Since May we have thus had a new policy in place which sets out our Governance and Risk Management structure for all the companies in the UCI Group.

I hope you’ll find our Sustainability Report interesting.

Best wishes,

Scan me to watch the message Cátia has to offer.

Cátia de Almeida Alves
Sustainability and corporate social responsibility Manager

1. Introduction

We are responsible and sustainable.

We contribute to the progress, not only growing as business, but aiming to help our stakeholders to face the main coming challenges. This is our mission.

We will publish our corporate sustainability report of the UCI Group, in which we have collected the main milestones reached in 2021 and the most relevant environmental, social and corporate governance (ESG) indicators.

This report reflects the work made in all of the entity's ESG axes.

At UCI, we are aware of our responsibility to support our stakeholders in the trip towards a better, more inclusive, healthier, more responsible and sustainable world. We have therefore incorporated the ESG axes (Environmental, Social and Governance) in our strategy and in our business model, where all areas have collaborated with responsibility and enthusiasm, for the purpose of facing this year's challenges.

In this year, we highlight the evolution, exceeding each and every situation with resilience, effort, trust and achievement.

Circumstances derived from the society and economy in which we currently live have put to the test our teams' ability to adapt to continue accompanying our stakeholders in an context of uncertainty. New priorities and responsibilities have been pointed for the financial sector, in general, and for UCI, in particular.

Credit institutions play a crucial role, are part of the solution, and agents of change. At UCI, we believe we can contribute to a better society.

Things do not change by themselves; we have to make them change.

2. Our commitment

The future is built today

Events such as the Paris Agreement of 2015 on climate change, the pandemic we are living, since 2020, and the consequent economic crisis have marked a before an after in our societies, which are resolutely moving towards a new socioeconomic paradigm of sustainability. This is a challenge that particularly calls upon the credit institutions, key players of the economy as efficient credit and savings managers. We have a main role to play in the change towards a sustainable world, and contemplate in our decisions its impact in the climate, in the social changes and in the governance of companies and institutions.

At UCI, we do not only make progress towards sustainability, but we also actively boost it, together with our stakeholders.

We develop our activity by applying ethics principles in the responsible and sustainable management, for the purpose of guaranteeing actions committed to the long-term value creation.

We have integrated the Responsibility and Sustainability in our strategy and business model

We have incorporated the UN SDG (sustainable development goals) in our commitment to the different stakeholders

We have adhered to the Spanish network of Global Compact

Our sustainable products have the "green stamp" of the Energy Efficient Mortgage Label of the European Mortgage Federation (EEML-EMF)

We have established public-private and technical-financial agreements to contribute to the decarbonisation of the Iberian housing stock and decent access to housing

In our general Sustainability policy, we have the purpose to promote the development of responsible behaviours that lead to the business sustainability and that, on the one hand, through a rigorous and efficient management, generate value and trust to our clients and shareholders; maintain the ability to obtain positive results, compatible with the principles of transparency and financial ethics; and that favour the development of people and the respect for the environment.

Sustainability has become part of the UCI Group's strategy and business model, understanding it as the development that satisfies the needs of the present, not compromising the capacity of the future generations, guaranteeing a balance between the economic growth, the care for the environment and the social wellbeing.

As a credit institution, we promote sustainable financing solutions to ease the access to housing. We focus in the responsible purchase of houses, accompanying people for them to feel guided, duly informed, and to know the economic and personal impact of a vital project such as the purchase of a home. We contribute to the rehabilitation of houses and to the renovation of the housing stock of Spain and Portugal under sustainable, energetically efficient and environment-respectful criteria, thus contributing to the SDG (Sustainable Development Goals) challenges.

Through our activity, we also aim to promote an inclusive and sustainable growth to actively contribute to an economic and social system with more diversity, equity and inclusion.

INCLUSIVE

Helping our clients to access to housing or to improve their current home. We provide financial empowerment. We also help young people to receive the necessary financial education.

SUSTAINABLE

We contribute to our clients to be aware of the climate change and promote our business partners to incorporate the sustainability in their business models.

As credit institution, we consider that we are in a privileged position to tackle these challenges, both together with our stakeholders and through the creation of synergies and network effects. Our principles and standards clearly define the way in which we make businesses and interact at UCI. We relate with our stakeholders always on the base of our Code of Ethics and our Sustainability Policy.

Complying with our social responsibilities contributes to the wider purpose of our company's sustainable development. As agent to promote debates on the significance of social matters, mainly in the construction of the transition towards a low-carbon, resilient and inclusive economy, we are ready to contribute to the establishment of standards and to collaborate within and beyond our sector.

We are changing our corporate behaviour and reassessing our relationships with our clients, employees, suppliers and the community as a whole.

We believe that it is everyone's responsibility to promote an ESG ecosystem and to guarantee that this actually happens.

3. Meet UCI

Unión de Créditos Inmobiliarios (UCI) is a credit institution that started its journey in 1989, when Banco Santander and BNP Paribas decided to create a joint venture (where both entities participate by 50%), specialised in the housing finance. We have 30 years of experience in the sector and counts with a team of more than 600 people in our staff.

This year, as innovating business line, fully aligned with the Group's Sustainable and Responsible strategy, we have decided to embrace the business of financing a the rehabilitating houses, with the purpose of renewing the Spanish housing stock, under a sustainability criterion, energy efficiency and respect for the environment, thus contributing to the decarbonisation of the real estate sector.

Apart from the brand UCI, the Group counts with the following brands:

HIPOTECAS.COM

Our most digital channel,
with a personal and irreverent approach.

Hipotecas.com finances homes in one click and through its offices located in Barcelona, Madrid, Valencia and Seville.

green

We rehabilitate the real estate stock and promote the purchase of sustainable housing through the project Green Mortgages & Loans

An initiative with European strategic alliances that facilitates sustainable financial solutions and training in the sale of sustainable real estate

CRÉDITOS.COM

Créditos.com is the UCI rehabilitation channel.

We share our experience together with a wide network of collaborators specialized in reforms and rehabilitation to offer the best service.

comprarcasa.

The real estate network.

With more than twenty years of history and more than 150 offices spread throughout the Iberian Peninsula, Compracasa has the objective of promoting quality services for professionals in the real estate sector

SIRA
Spanish International Realty Alliance®

Our development channel for real estate professionals through hybrid training (online and face-to-face).

We created SIRA in 2016 thanks to the agreement with the NAR (National Association of Realtors), the largest association of real estate professionals in the US.

inmocionate

We have created the largest event for real estate professionals in Spain.

Every year since 2010 we promote the growth, training and networking of real estate professionals.

4. A new business environment

We either adapt or we die.

The adaptation of long-lasting companies is a constant and the environment in which we live is permanently evolving.

Digitalisation and Sustainability, an indivisible couple

At UCI, we believe that technology, innovation and genuine social approach, to be more profitable, gain more talent and be competitive, are tools to achieve the Sustainability.

We face the greatest challenge of the humanity in our existence.

Undoubtedly, the business universe has been evolving in the last decades towards a very different environment than the traditional one, marked by the progressive incorporation of computer tools, of environmental and social values and cosmopolitan spirit.

The climate emergency, the need to adapt to the digital transformation accelerated by the pandemic and the commitment to comply with the new global social contract established for the purposes of the UN Sustainable Development Goals (SDGs) by 2030, place sustainability at the forefront of the business strategy.

In a generalised manner, the society is increasingly demanding the business world to collaborate in the process of change required by these challenges. Therefore, if the companies want to perdure in time, they must open to the environment that surrounds them, and become aware of its issues and demands. This opening towards the environment must be instrumented through an active listening of the different stakeholders' demands and needs.

The main challenge is the continuous threat to the «planetary limits», which leads to extreme weather patterns and to a growing limitation of resources. This increasingly affects our businesses. We continue being convinced that a company that cares both about the citizens' concerns and about the environmental needs will proposer in the long run.

The EU Next Generation plan aims to help rebuild Europe after the pandemic in a more ecologic, digital and resilient way. The European Green Deal and the digitalisation are an axis through which the member States will promote the employment and their economic growth in coming years.

Also, complying with the UN Sustainable development Goals (SDG) forces to reduce to cero, in the coming 30 years, the current 51,000 million tons of CO2. Therefore, the single possible present is that promotes a sustainable economic model, based on disruptive technologies that respect the environment and the people.
This is known as sustainable digitalisation, that is to say, that where «the transformation of processes and the activity of an organisation based on new technologies does not only affect its activity, costs and the quality of its products and services, but also an appropriate use of materials and resources to progress towards a circular economy and respectful with the planet».

This double transformation is no longer an option for the entities, but a need, if they want to survive in this new and challenging era.

Indeed, the digitalisation open a new world of possibilities to interact with the clients, better know their needs and offer a better service. It also increases the competition with the appearance of new competitors. All this tests the financial sector's agility and innovating ability.

Only flexible organisations, those that are able to constantly question whether the way in which things were done yesterday is the way in which they should be done today, may opt to success.

The growing complexity in which the business world should evolve requires integrated thinking, which will have several consequences for the businesses' new order: new organisational structures and cultures, new leadership traits, interconnected entities, new value approaches and relevance of transparency and responsibility.

Sustainability Governance and Management Sys-

At the beginning of 2021, the UCI Group's Sustainability and Corporate Responsibility Direction was created. Its main function is to develop the sustainable transformation as a strategic line in the company, and to lead the entity's integration of sustainability in the commitment with its stakeholders. This Direction directly reports to the entity's CEO.

In 2021, we have reinforced our ESG management system to allocate it with a greater efficiency, coherence and to integrate it both in the business and in the Group's internal activities.
A solid, diverse and transparent corporate governance has been created to lead to more responsible and sustainable strategies.

The Sustainability Management is divided in 3 areas of action:

Green Area	For a Green Recovery Financing Green Transition. Support to the commercial area to boost business, improvement of sales process
Green & ESG Taxonomy	Future Finance; Finance Inteligence, Control & Reporting, improvement of the databases in integrity and information
Corporate responsability	Ethical & Social, Corporate Engagement, New business environment, sustainable and inclusive growth

Each of these areas has defined its range of action to efficiently boost the company towards the sustainability both in its business model and in its internal activities.

During 2021, action strategies, principles and policies have been defined, which are the framework of UCI's commitment to integrate Sustainability in its activity.

ESG strategy	ESG Framework	Sustainability Policy	Environmental Risk Policy

Our ESG Commitments

Environmental

- Minimize the impact of our activities and supply chain, with a focus on reducing emissions of Carbon towards Net Zero
- Develop sustainable products and implement an environmental management system with the aim of minimizing the environmental impact of operations.

Social

- Promote talent, diversity, equity and inclusion.
- Promote residential inclusion and contribute to financial education.
- Go along with our client in all its stages.
- IPromote the professionalization and diversification of the Real Estate Sector.

Governance

- Continue with a participatory, consensus-oriented, responsible, transparent, responsive, efficient business model, equitable and inclusive.
- Communicate our policies and strategy clearly to our supply chain.
- Do appropriate levels of monitoring and disclosure to show our strong approach.

We consider that the impact in the ESG pillars is greater when we act in three levels, considering the four fundamental dimensions:

Our ESG strategy

In our actions · In our businesses · In the world around us

environmental action · economic resilience · inclusive society · leadership and governance

4.1 Analysis of materiality and the power of dialogue

Dialogue with the stakeholders

We create shared value for our stakeholders and generate long-term relationships based on trust and transparency

The dialogue with stakeholders is increasingly relevant, in such an interdependent and global context.

Boosting the dialogue and proactive relationship with all stakeholders is particularly relevant for UCI in its commitment with the economic, social and environmental development and allows:

Analysing and integrating the clients, employees, shareholders, investors and other stakeholders' new expectations and needs.	Developing innovating and sustainable products and services that respond to our stakeholders' needs.
Responding in a transparent and clear manner to the information requirements of all of our stakeholders in the entity's sustainability and ESG matters.	Identifying emerging risks and opportunities for the business through the stakeholders' involvement in the study of the entity's materiality.

We additionally participate in national and European forums and working groups to contribute to sustainable initiatives and projects.

We detail below the main channels of dialogue for the stakeholders:

- Customers
  - Multichannel model
  - Línea con su Crédito
  - UCI Tu Web
  - Ekomi
  - Quality surveys
- Employees
  - Annual Great Place to Work Survey
  - Performance evaluation
  - Ethics alert channel
  - Corporate news channels
- Real Estate Agents
  - Commercial Network
  - Professional Events
  - Real Estate Barometer
  - Quality surveys
- Shareholders and investors
  - Board of Directors
  - Securitisation Roadshows
  - Investor questionnaires
  - Meetings with investors
- Society
  - Interviews for the Materiality study
  - Participation in events
  - Social networks
  - Corporate websites

In order to cover the expectations and needs of our stakeholders and of the business in 2021 we have carried out our Materiality Study for the purpose of identifying the priority environmental, social and governance matters for our stakeholders and our business. Following UCI's strategy and key sector trends in sustainability, the material matters have been classified in agreement with their link with the ESG criteria (Environment, Society and Governance).

The most outstanding novelty of the study is the incorporation of a specific analysis to identify key issues and respond to the consequences of the Covid-19 pandemic.

Methodology

The materiality report is elaborated by a third party expert in sustainability matters, and has been based on an exhaustive analysis of internal and external sources, analysis of the main sustainability trends, consultation to the main stakeholders, employees, clients, real estate professionals, and also external experts.

Identification of relevant issues

1 Identification of relevant issues based on an analysis of internal and external sources related to the business and stakeholders

2 Internal work session to carry out the validation, definition and grouping of topics according to ESG criteria.

3 Identification of 20 relevant topics.

Prioritisation of material matters

Identification of the priorities through internal and external consultation to different stakeholders and expert interviews.

The queries have been classified based on two axes: relevance for business and relevance to stakeholders.

More than 800 surveys of employees, customers, real estate agents and financial consultants.

8 interviews with the Management Committee

7 interviews with external experts

355 news related to material issues

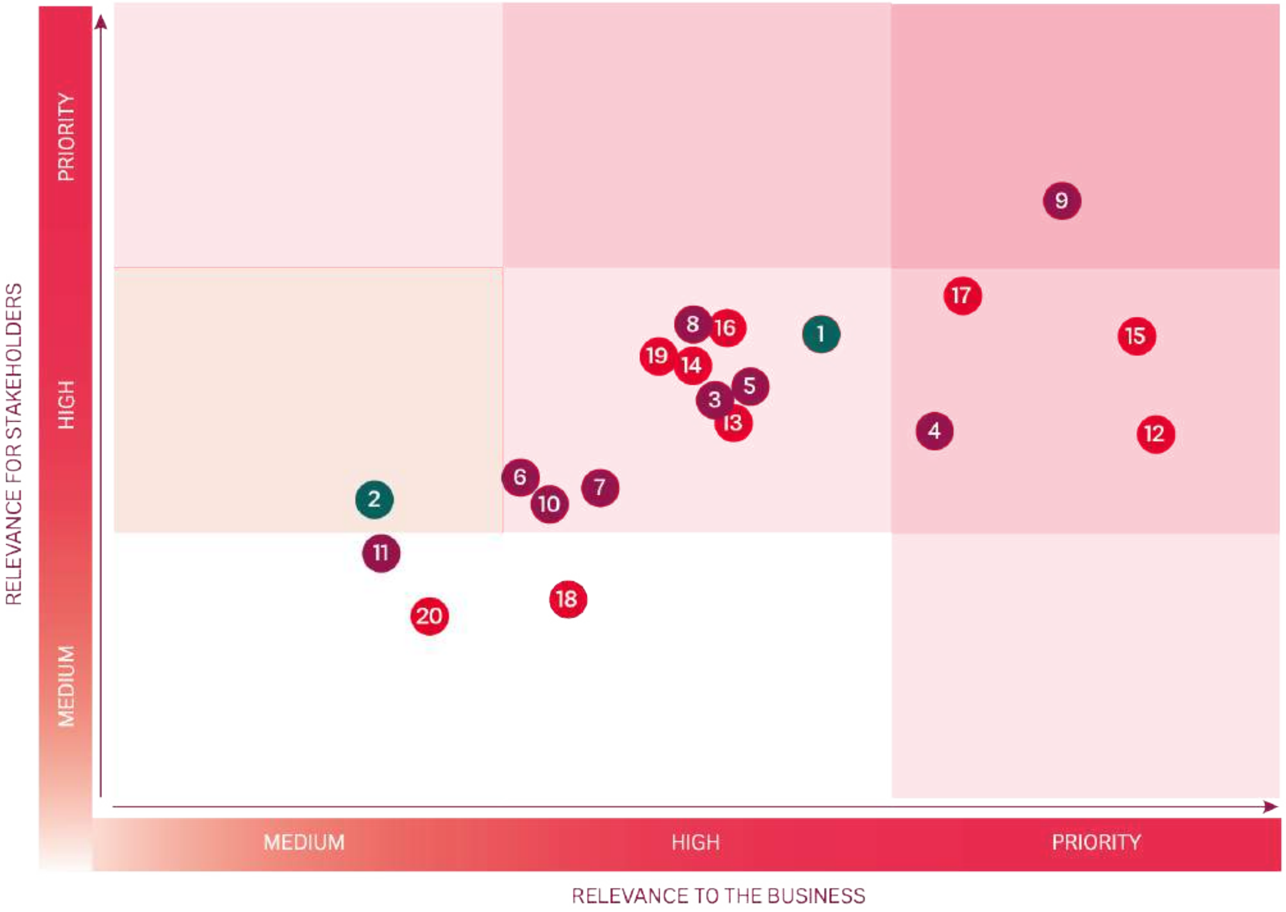
12 social and sustainability trends

Materiality matrix

Consolidation of global results from the matters' prioritisation for the business and stakeholders

Material matters of the Group's parent company

Environment	1.Sustainable Housing Finance
	2. Sustainable management of resources and spaces
Social	3.Health and well-being at work
	4. Equality and diversity
	5. Talent development and training
	6. Support for the development of real estate professionals
	7. Follow-up and training for financial consultants
	8. Responsible purchase
	9. Customer satisfaction and experience
	10. Ethical and responsible management of supplier
	11. Social investment and volunteering
Governance	12. Financial autonomy and profitability
	13. Comprehensive risk management
	14. Good corporate governance
	15. Compliance and adaptation to the regulatory framework
	16. Transparency and clear language
	17. Cybersecurity and data protection
	18. Multichannel business strategy
	19. Digital transformation
	20. Alignment with shareholder policies



The main conclusions from the prioritisation have been the following:

1 The three priority issues in the Materiality Study 2020 are related to the care and safety of customers: Customer satisfaction and experience, Compliance and adaptation to the regulatory framework and Cybersecurity and data protection.

2 In the business area, the three priority issues are Financial autonomy and profitability, Compliance and adaptation to the regulatory framework and Satisfaction and Customer experience.

3 Stakeholders prioritize four key issues related to their relationship with the company: Satisfaction and customer experience, Cybersecurity and protection of data, Transparency and clear language and Purchase responsible.

4 Compared to the 2018 study, there is an increase in relevance of the topics Sustainable Housing Financing and talent training and development. The topics Risk Management and Transparency and Clear Language are the ones that most reduce relevance, although they remain as two key issues.

Four key themes that correspond to interest groups with their relationship with the company:
Customer satisfaction and customer experience,
Cybersecurity and data protection,
Transparency and clear language and

As part of the Materiality Study, the consultations included a specific question on matters to face the consequences of the COVID-19 pandemic.

The following conclusions have been obtained:

Internal Experts	Digital transformation is a priority issue to adapt to a new context (21%). Main themes for responsible business: sustainable financing of housing, responsible purchasing and the health and well-being of employees (17% in each of them).
Financial Consultants	Digital transformation (25%) to improve its relationship with clients and UCI. They value the support and training offered to them (17.5%). Financial autonomy (14.5%) and responsible purchasing (14%).
Customers	Flexibility and aid for the payment of their homes in a context complex economy like the current one (63%). Protection of the health and safety of the company's workers (13%).
Employees	They believe that UCI has been able to answer the needs of employees and customers during the pandemia. In the next year UCI should continue working to protect the health of employees (30%), offer solutions to customers in difficulties (14.5%) and boost digital transformation (14%).
External Experts	Responsible purchase (20%) and sustainable housing financing (20%) as two topics to continue developing in 2021 to answer the consequences of the pandemic.
Real Estate Agents	Responsible purchase of housing with solutions to customers in difficulties (56%), keep profitability and financing and enhance the digital transformation (13%).

4.2 Contribution to the SDG

We support our stakeholders to face the challenges of the agenda 2030.

We are aware that we must assume ambitious objectives, both environmental and of human rights, inclusion, diversity, equity and equality, to reach the best market practices of transparency and good governance.

During this year, we have tackled the analysis of UCI's contribution to the agenda 2030 in order to align and integrate it in our ESG framework and in projects and initiatives developed by the entity.

In order to determine the SDGs to which UCI contributes, an analysis has been made of more than 20 corporate sources, as well as of the regulation and strategy related to the Agenda 2030, sector trends and sustainability and of the sector companies.

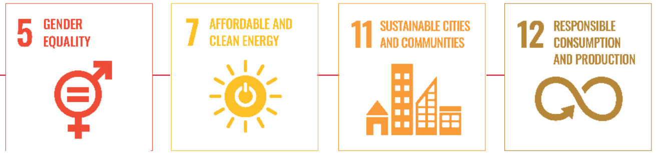
SDGs to which UCI contributes

Priority SDG's

UCI contributes to them directly with its activity and commitments

Interrelated SDG's

UCI contributes to them in a direct and/or indirect through projects and specific initiatives



Transversal SDG's

In all SDGs to which UCI contributes

UCI has analyzed the 2030 Agenda to identify the SDGs to which it contributes most significantly through:

+20 Internal and external information sources analyzed

As a result, they have been identified

5 SDGs priority

4 SDGs interrelated

1 SDGs transversal

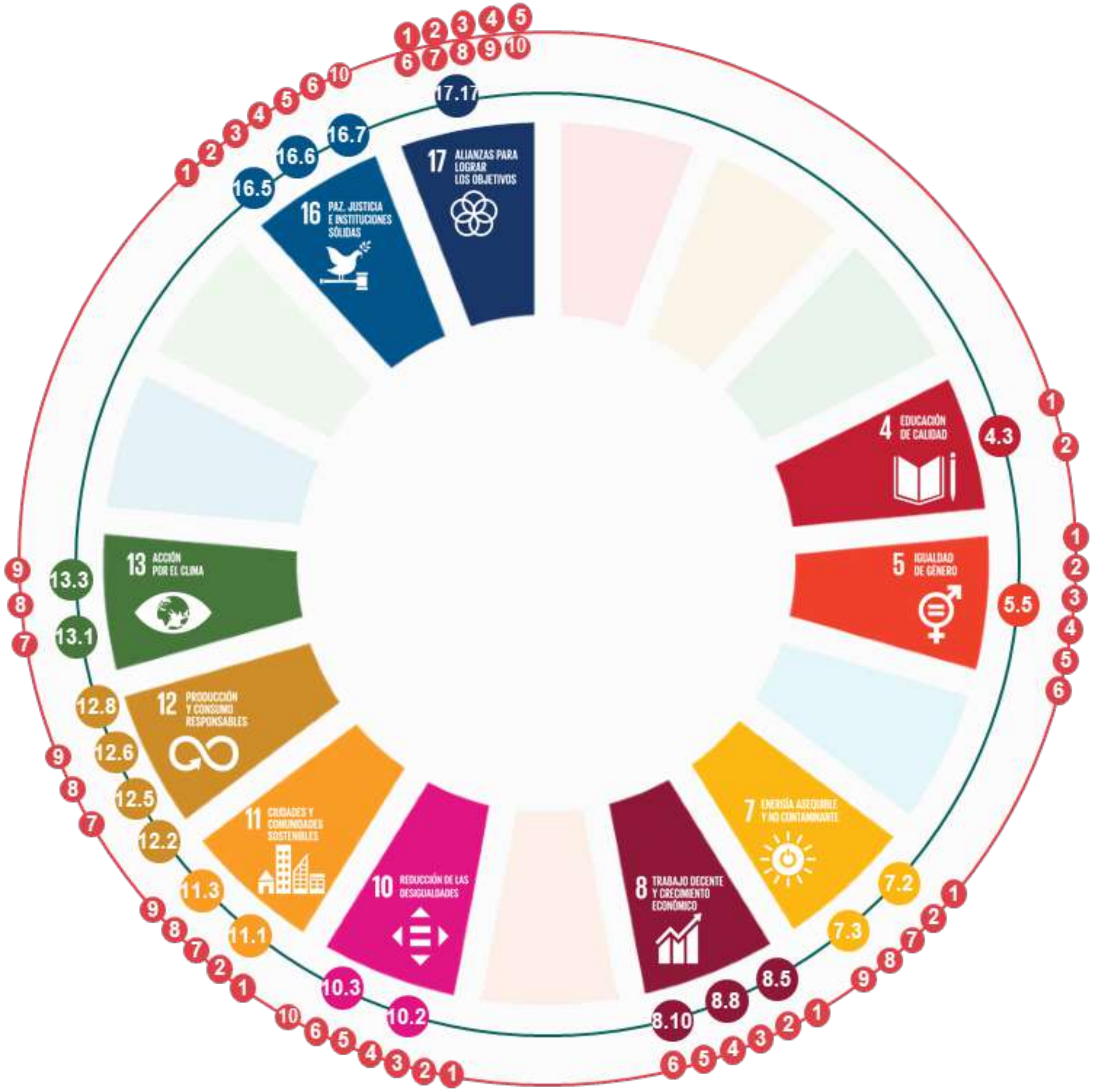
21 Goals wich UCI contributes to

From these SDGs

45 indicators have been selected to measure the annual contribution of the company

Somos también parte de la red del Pacto Mundial desde 2020, y por ello estamos comprometidos con sus 10 principios:

1	Support and respect the protection of internationally proclaimed human rights.
2	Ensure that business practices are not complicit in human rights abuses.
3	Uphold the freedom of association and the effective recognition of the right to collective bargaining.
4	Eliminate all forms of forced and compulsory labor.
5	The effective abolition of child labour.
6	The elimination of discrimination in respect of employment and occupation.
7	Businesses should support a precautionary approach to environmental challenges.
8	Undertake initiatives to promote greater environmental responsibility.
9	Encourage the development and diffusion of environmentally friendly technologies.
10	Businesses should work against corruption in all its forms, including extortion and bribery.



SDGs and goals to which UCI contribute and associated initiatives

SDG	Goals to which UCI contribute	Main initiatives
4 EDUCACIÓN DE CALIDAD	4.3. Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university	› Aprendizándome: dynamic ecosystem for employees with 16 areas of learning. › SIRA: attract, train and contribute to the development of the best real estate professionals to identify them in the sector for their capabilities, ethical commitment and quality of service. › Programa "Te acompañamos". Financial education for young people through the initiatives "Tus finanzas, tu futuro" (Junior Achievement) and Scholarship for extraordinary talent without resources (Fundación Dádoris).
8 TRABAJO DECENTE Y CRECIMIENTO ECONÓMICO	8.5. Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. 8.8. Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment. 8.10. Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.	› Well-being and safety of employees and flexible environments: Cuídate Corazón En Casa to improve the health and quality of life of the workforce, development of teleworking as prevention measure against Covid-19 and AENOR Covid-19 Certification. › Agreements with CEE: contracting of material and services for the employment of people with intellectual disability. › Customer relationship model: based on responsible purchasing, free choice, in-depth knowledge of the products and services to be contracted and support at each stage of the customer's life. including different digital tools and platforms.
10 REDUCCIÓN DE LAS DESIGUALDADES 5 IGUALDAD DE GÉNERO	10.2. Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status. 10.3. Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard. 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.	› "Te acompañamos" Educational and awareness programs for the inclusion of people with intellectual disabilities through Iniciativas Molonas with Fundación Prodis. › Guidance service on disability and dependency with Fundación Alares for UCI employees and their families. › Equality and diversity. Diversity white paper. Protocol against harassment in the workplace, inclusive language guide and equality plan.

SDG	Goals to which UCI contribute	Main initiatives
13 ACCIÓN POR EL CLIMA 7 ENERGÍA ASEQUIBLE Y NO CONTAMINANTE 11 CIUDADES Y COMUNIDADES SOSTENIBLES 12 PRODUCCIÓN Y CONSUMO RESPONSABLES	7.2. Increase substantially the share of renewable energy in the global energy mix. 7.3. Double the global rate of improvement in energy efficiency. 11.1. Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums. 11.3. Enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries. 12.2. Achieve the sustainable management and efficient use of natural resources. 12.5. Substantially reduce waste generation through prevention, reduction, recycling and reuse. 12.6. Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle. 12.8. Ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature. 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries. 13.3. Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	› Environmental management system: following the standards of ISO 14:001: 2015 (Spain and Portugal headquarters) to minimize the environmental impact and comply with the legal requirements and those derived from our interest groups. new organization with measurement tools based on homogeneous parameters for Spain and Portugal. › Green product range, Energy rehabilitation of buildings, Self-construction Create Mortgage and Photovoltaic. › Green bonds: RMBS Green Belem 1 and FT RMBS Prado VII.

SDG	Goals to which UCI contribute	Main initiatives
16 PAZ, JUSTICIA E INSTITUCIONES SÓLIDAS	16.5. Substantially reduce corruption and bribery in all their forms. 16.6. Develop effective, accountable and transparent institutions at all levels. 16.7. Ensure responsive, inclusive, participatory and representative decision-making at all levels.	› Corporate policies and robust internal governance to ensure proper management responsibility and ethics of the entity. › Client's interest protection: 9 principles that govern our professional activity. › Fight against corruption and bribery: criminal prevention device and money laundering prevention device. › Information security. › Annual report of financial and non-financial results of the company (report verified) › Promote and ensure responsible publicity and communication of products and services
17 ALIANZAS PARA LOGRAR LOS OBJETIVOS	17.17. Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.	› Green Alliances: EMF, GBCe, EDW, Gloval, Grupo BC, EMF, BEI, EDW, Consorci de Habitatge del Área Metropolitana de Barcelona, EMVS, CONCOVI, Colegio de Administradores de Fincas de España, Generalitat de Catalunya, Emvisesa municipal housing company of Seville, Barcelona City Council - Illa Eficient, CAF (Alicante, Seville, Huelva, Valencia, Barcelona), COAM, COAMU. › Business and sector alliances: AHE, ASNEF, Asociación Española de Calidad, alliance with NAR. › Sustainability and corporate responsibility alliances: Global Compact and DIRSE. › Agreements with Special Employment Centers: Prodis, Juan XXIII, La Amistad Montesol. › Agreements with social entities (Foundations, NGOs): Prodis, Dádoris, Junior achievement

4.3 Governance and Priorities

In the development of our business activity and of our commitments with the society, in addition to being linked to several international initiatives related to the sustainable development, we count with an internal regulatory framework, constituted by policies and action principles, that guides us to adopt responsible behaviours in the integration of the ESG criteria.

Policies that guide the integration of sustainability in our actions

Ethical Code	Sustainability Policy	Environmental Risk Management Policy	Diversity Policy	Customer Protection Policy
Establish a set of principles and conduct guidelines aimed at guaranteeing the ethical behavior and responsible for all UCI employees in the development of its activity.	Establish the sustainability general principles and commitments with our stakeholders for creating long-term value.	Specify the criteria and procedures to follow in connection with the grant loans to real estate assets that can have a bigger environmental impact.	Includes goals, principles and actions to ensure diversity and inclusive culture in the organization.	Details the 9 principles that must govern the relationship between UCI and its clients to respect their interests and inherent rights.

Other policies that support the development of our ESG strategy

Information Security Policy	Anti-corruption and Anti-bribery Policy	Clash of Interests General Policy	Supplier Contracting Principles and Procedure	Social Action Policy	Sustainable Events Guide
Collect the main lines of action to guarantee the confidentiality, integrity and availability of the UCI Group information.	Identify the most common cases of acts of corruption and what to do in these situations.	Set the guidelines to prevent and manage conflict of interests that can happen as a result of the activities of the employees, directors and entities of UCI Group	Set the general framework in relation to the selection, control and monitoring of service providers as well as the quality evaluation.	Set the action lines for donations made in the group, regardless of whether they are economic, in kind or through volunteering.	Rise awareness about tthe importance of incorporating sustainability criteria in the organization of events to minimize negative impacts.

5. We support the sustainable transition

“Sustainability is the challenge of the 21st century and credit institutions are called upon to play a catalytic role in the transition towards a more sustainable world. For a greener and more inclusive future”

4.1. Why?/How?/What?

As entity committed to the planet, we have integrated the ESG criteria as one of the pillars that guide our sustainability strategy.

ESG is the acronym of ‘environmental, social and governance’ and we call it:
We greenimise,

We accompany and We comply, and it covers the following matters:

E of Environmental › Greenizamos	About the effect that our activity has on the environment, directly or indirectly.
S of Social › Te Acompañamos	It includes our customer relationship model and the impact on the community, for example, in terms of diversity or human rights.
G of Governance › Cumplimos	About the corporate governance of the company, the composition of the Board of Directors or the transparency policies and codes of conduct applied.

Our ESG approach is continuously compared to our stakeholders’ expectations, and we actively participate in discussions to understand their different perspectives. This means being transparent on the costs and opportunities involved. Issues such as innovation, best market practices are essential for the evolution of the ESG framework.

Our PURPOSE?

We want to contribute to a better world.

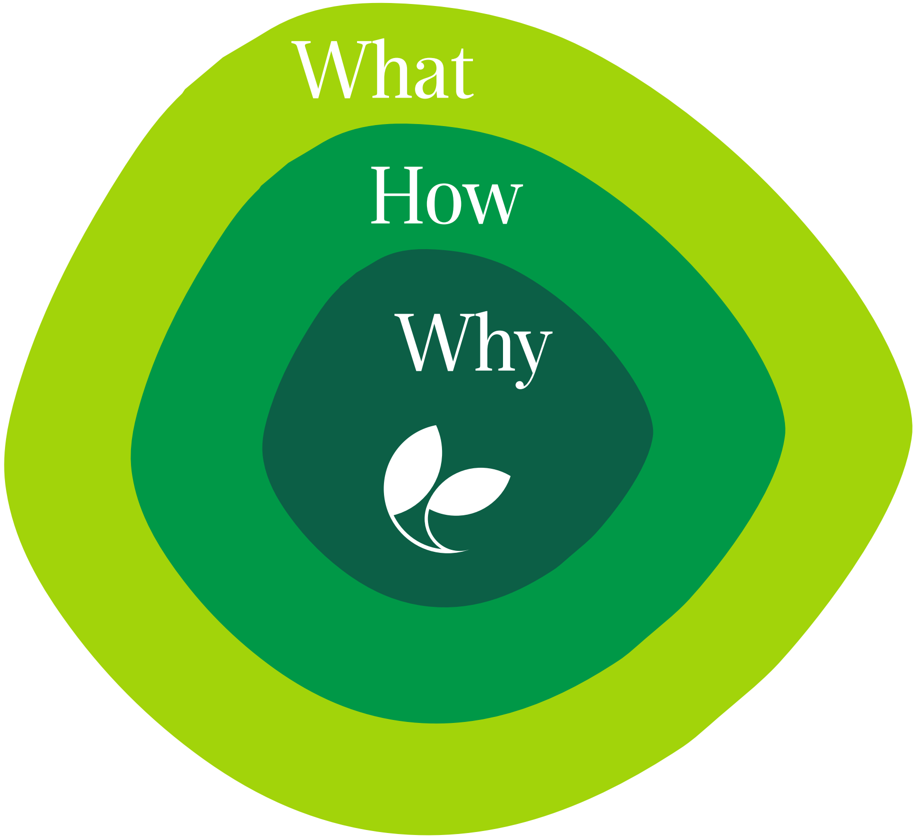
In an environment where consumption models can adapt to the new social and environmental risks, as a financial institution we have taken part in this challenge by launching initiatives and financial products that contribute to social welfare, sustainability and care for the environment.

HOW we do it?

We build sustainable and innovative financial solutions to support the transition towards a resilient and low-carbon economy. In addition, we promote a inclusive, diverse and egualitarian growth, working in a culture of Good Governance with an ethical, responsible approach and transparent criteria that meet the demands of ESG investors and regulators.

WHAT we offer?

We offer innovative, sustainable and responsible financing solutions, positive for people and for the planet and we help each client in their vital project, making the journey a simple and transparent process.



5.2. ‘We greenimise’

Our contribution to accelerate the change towards the environmental sustainability.

“Greenisation is the action we adopt to promote our stakeholders’ need to integrate sustainability in their business model and to accelerate the awareness towards energetically efficient homes.”

Greenizamos

Climate change implies one of the greatest disruptions in history, due to its global nature and deep economic and social impact in all areas. It therefore requires a decisive response from the governments, regulators, companies and the society as a whole.

We commit to fighting climate change. We support the climate change goals established by the Paris Agreement. Our ambition is to reach zero net emissions in 2050 and we are working in the establishment of our first decarbonisation goals.

Although the financial sector is characterised by a very limited level of direct CO2 emissions, credit institutions play an essential role to assist and accompany our clients in the transition towards a sustainable future, through financing.

Nuestras principales líneas de actuación en el eje Ambiental:

Activity	Carbon footprint Circular Economy Sustainable Consumption of Resources	↔	Committed to the environment protection, reducing/compensating our footprint to achieve carbon neutrality in 2050.
Business	Fight against climate change and global warming with responsible and sustainable products	↔	Apoyar a nuestros clientes en la transición verde y alinear nuestra cartes para cumplir con los objetivos de París con el desarrollo de una oferta completa de financiación verde y sostenible

Our commitment with the environmental sustainability and the fight against climate change are depicted in the ESG framework, focused on framing the entity's activity and organisation within the ESG parameters, and in the group's Sustainability Policy, both approved by the Board of Directors in 2021, as representation of its decisive will to contribute to the development of a more sustainable economy and financial activity, aligned with the principles, guidelines and regulations in force in this matter.

In addition to incorporating sustainability in a transversal manner in the business model and strategy, with regard to environmental matters, we guarantee the minimisation of its processes and installations and this is the pillar on which the environmental management system (SGA), implemented in 2020 following the global standard ISO 14001:2015, is based.

Concerning the organisation's transformation in connection to the environmental training and awareness, we have made available to all our staff an online green training course, which must be compulsorily followed by all employees from the different areas and departments. Additionally, in 2021, in order to accompany our clients in the transition process, UCI has launched a new specialised green course for the Financial Consultants function.

Moreover, the organisation's best practices and expertise are assessed through the internal platform Aprendizándome and with the internal communication channel, where employees can also make contributions and suggestions to improve environmental matters and of fight against the climate change.

With the above, the entity takes a further step in the exercise of its responsibility as accelerating agent towards a sustainable economy and in the fight against climate change as financial agent.

Furthermore, through our financial activity, we commit to:

Analyze the impact of climate change, detecting needs than the transition towards an economy decarbonized can to present, to answer with business solutions that support sustainability environmental.

Analyze the climatic and environmental risks, its impact on customers and their financial activity, its gradual integration in compliance with the regulatory requirements.

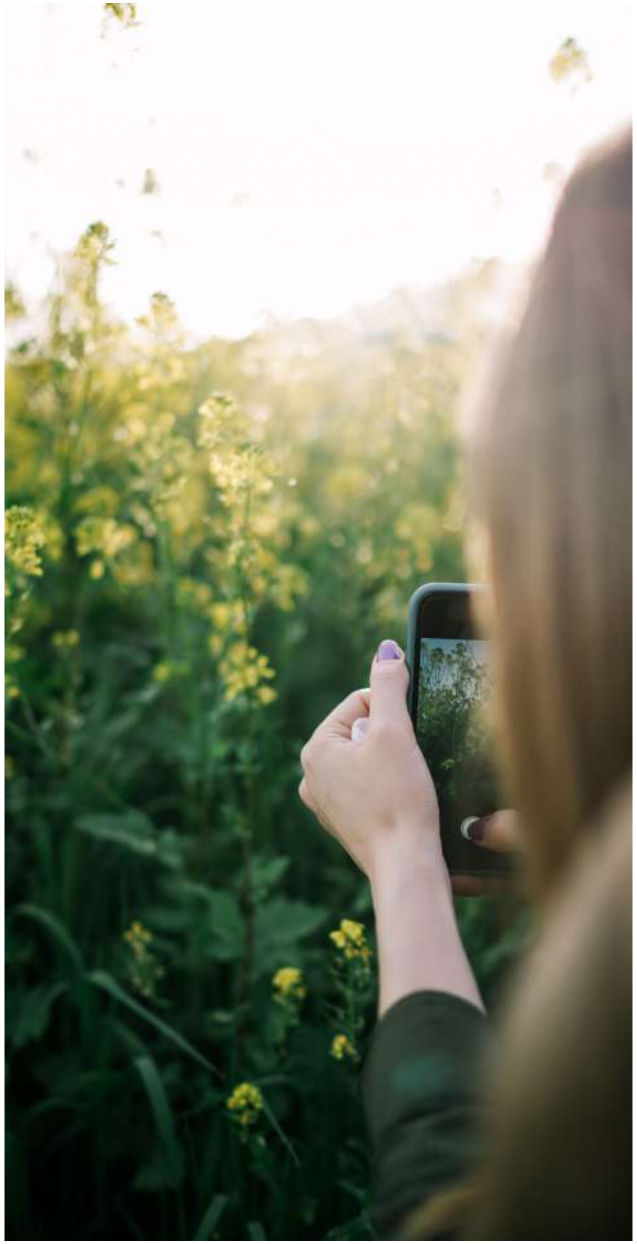
Communicate transparently our advances in environmental sustainability, increasing awareness internally and and externally for foster a sense of environmental responsibility.

Assume and endorse the main commitments national and international that help protect of the environment and fight change weather, working on your implementation.

E1- Internal axis: Environmental management system

The Environmental Management System (SGA) is implemented in the entity since 2020 and is externally certified by AENOR, which evidences the adequacy of the central services building to the requirements the Standard ISO 14001:2015. As required by this Standard, the entity has identified risks and opportunities derived from the system, as well as actions to be addressed for each risk.

AENOR
GESTIÓN AMBIENTAL
ISO 14001



Atmospheric emissions and climate change

Due to our activity, we have not directly generated a very significant volume of polluting emissions or environmental noise.

The most representative emissions are those indirectly originated from the consumption of electricity, as well as from the consumption of fossil fuels derived from the transportation of staff in work trips.

In order to minimise its impact, UCI continues managing lighting and conditioning installations, in particular in its headquarters.

Calculations of greenhouse gas emissions are given in equivalent tons of CO2, which already include the remaining greenhouse gases originated from the combustion of the different energy sources used at UCI. Such greenhouse gases are mainly CO2, N2O and CH4 (the Barcelona Premium office residually uses natural gas coming from boiler).

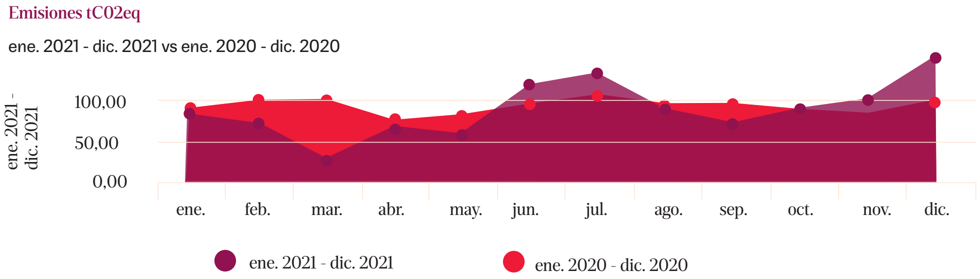
In 2021, UCI has implemented a new methodology to measure environmental matters, based on standards of reference: GRI, GHG Protocol, ISO 14001, ISO 14064 and CDP, which allows us to have a comprehensive solution to structure, consolidate and report all environmental information, increasing the efficiency and the reliability.

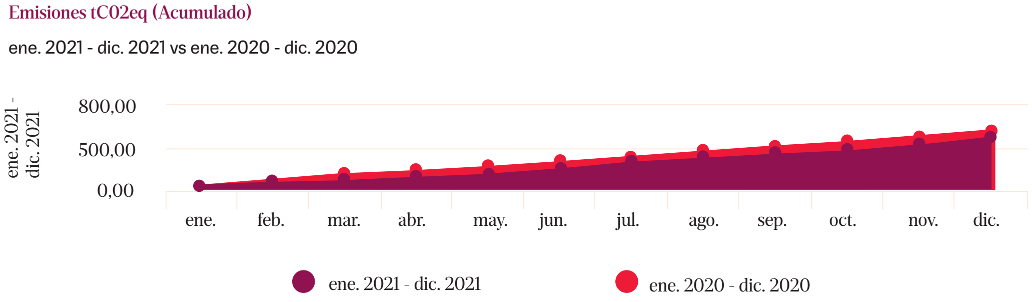
This software maintains the traceability of all data for audits or verifications, and allows us to objectively establish goals for the reduction of greenhouse gases in 2022.

The year used as 'base year' in comparisons of trends will be, in each case, the previous financial year.

	2021	2020
Total Carbon Footprint	514,97 t CO2	539 t CO2
Carbon footprint per employee	0,84 t CO2	0,86 t CO2

Emissions generated during the two last years are expressed in tons of CO2 and a decrease with regard to 2020 has been achieved:





Emissions by scope:

Aspect	2021			2020	
	tCO2eq	%		tCO2eq	%
Scope 1					
Natural gas consumption	1.5170	100.00		0.9981	100.00
Total scope	1.5170		Total	0.9981	
Scope 2					
Electricity consumption	115.4769	100.00		126.5809	100.00
Total scope	115.4769		Total	126.5809	
Scope 3					
Ink and toner cartridges	0.3965	0.10		0.0630	0.02
Diesel consumption A (A3)	93.1378	23.40		56.3755	13.58
Gasoline consumption (A3)	95.8298	24.08		56.4755	13.61
Business travel emissions (CO2)	34.5743	8.69		280.6204	67.61
Discarded equipment	0.0017	0.00		0.0000	0.00
Paper	0.2595	0.07		0.3554	0.09
Alkaline batteries	0.0003	0.00		0.0002	0.00
Plastic	0.0280	0.01		0.1115	0.03
Municipal waste	3.2038	0.81		7.1759	1.73
Business trips	170.5420	42.85		13.8859	3.35
Total scope	397.9738		Total	415.0632	
Total emissions **Total**	**514.9677**	**-5.10**	Total	**542.6423**	

SCOPE 1: DIRECT EMISSIONS clarify consumptions corresponding to this scope

It includes emissions generated by installations through the consumption of fuels, such as gasoil (in our HQ, we have a generator set that is activated when the power system fails). There is a minimum consumption, we only have the natural gas (at the Barcelona Premium Office).

SCOPE 2: INDIRECT EMISSIONS FROM ELECTRICITY

It includes emissions derived from the power consumption in Spain and Portugal. For Spain, in this scope, the contracting of clean/renewable energy with guarantee of origin is particularly relevant (we have the certificate of 100% renewable energy since 2020 for all offices that contract Energya – except for Avenida Córdoba, Palma, Marbella and Barcelona Premium-).

We have reduced around 9% of scope 2 emissions with regard to 2020:

SCOPE 3: OTHER INDIRECT EMISSIONS

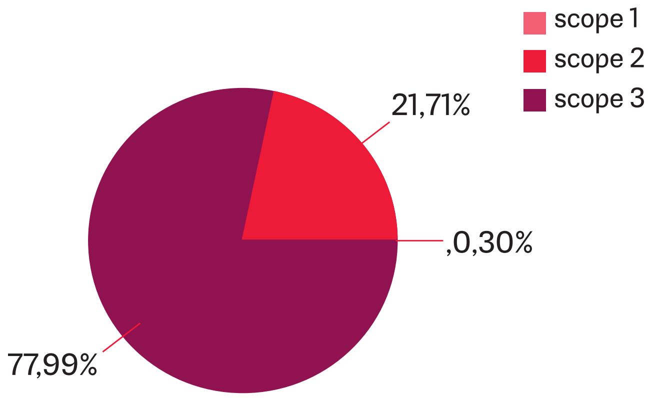
This scope includes other indirect activities in Spain and Portugal, such as emissions in trips made by train, plane, vehicle (except for company vehicles) and consumptions of paper and waste management in Spain and Portugal.

In this sense, in 2021, emissions of CO2 in tons (t) derived from these parameters amounted to a total of 397.97 t/CO2, with regard to 415.06 t/CO2 in 2020.

In relation to working trips, UCI usually applies environmental and expense rationalisation criteria, favouring the choice of transportation means with a lower level of CO2 emissions, and in work trips we promote the use of shared vehicles. The irruption of the COVID-19 pandemic has led, since March 2020, to the interruption of almost all trips within the group, although in 2021 part of the regular trips have been resumed.

The health emergency situation has implied a quantitative and qualitative leap, so that telework has become a reality in the daily work of almost all employees. There are multiple objectives and impacts from these changes, and range from a better balancing of the personal and professional life to evident savings of time, energy and emissions.

Furthermore, this same situation is reflected in the following graphic, where we may observe the significance assumed each one of the scopes of our carbon footprint:



Sustainable use of resources

UCI's objectives include the efficient consumption of resources, and it implements initiatives focused on their optimisation, particularly of those that are material for the group: water, energy and paper. special emphasis is also given to the awareness on their correct use.

	2021	2020
Total electricity consumption per employee	950 KWh	1030 KWh
Total water consumption per employee	1 m3	3,6 m3
Total paper consumption per employee	12 kgs	15 Kgs

Aspect	2021	2020	Var. %
Water			
Water consumption	668.779 m3	2,295.836 m3	-69.56%
	668.779	2,295.836	-69.56%
Gas			
Natural gas consumption	8,335.000 kWh	5,484.000 kWh	-51.99%
	8,335.000	5,484.000	-51.99%
Electricity			
Electricity consumption	580,619.697 kWh	650,285.909 kWh	-10.71%
	580,619.697	650,285.909	-10.71%
Emissions			
Emissions	514.968 t	542.642 t	-5.10%
	514.968	542.642	-5.10%

Aspect	2021	2020	Var. %
Indicators			
Diesel consumption A (A3)	37,922.570 l	22,954.180 l	65.21%
Gasoline consumption (A3)	42,704.903 l	25,167.341 l	69.68%
			67.55%
Raw Materials			
Paper consumption	7,280.100 kg	9,951.704 kg	-26.85%
Waste			
Ink and toner cartridges	0.164 t	0.026 t	528.85%
Discarded equipment	0.080 t	0.000 t	
Paper	12.189 t	16.670 t	-26.88%
Alkaline batteries	0.013 t	0.008 t	50.78 %
Plastic	1.314 t	5.232 t	-74.88%
Municipal waste	5.461 t	11.266 t	-51.52%
	19.221	33.202	-42.11%
Trips			
Business trips	816,754.060 km	81,964.249 km	896.48%
	816,754.060 km	81,964.249	896.48%

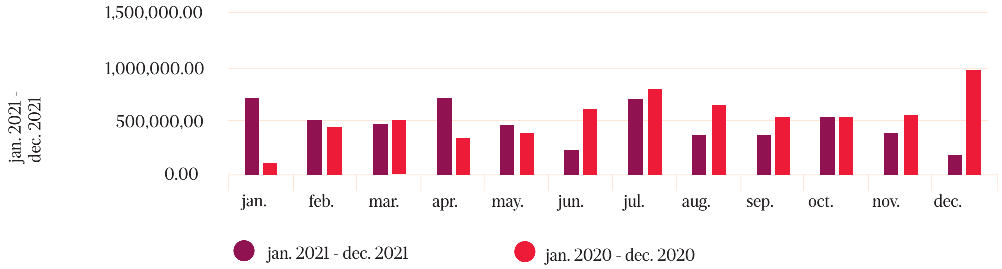
Electricity

The Group's main source of energy is the electricity. In 2021, we have consumed 580,619 KWh at consolidation level, with regard to the consumption of 650,285.90 KWh in 2020, which implies an important reduction in the electric power demand, which reflects, in addition to organisational changes caused by the extraordinary situation generated by the COVID-19 pandemic, since March 2020 (which gave rise to a situation of permanent telework for a great part of the staff), the ongoing programming of energetic efficiency actions and the sustainable development in the Group companies.

We reflect below this decreasing trend and the efficient use of energy:

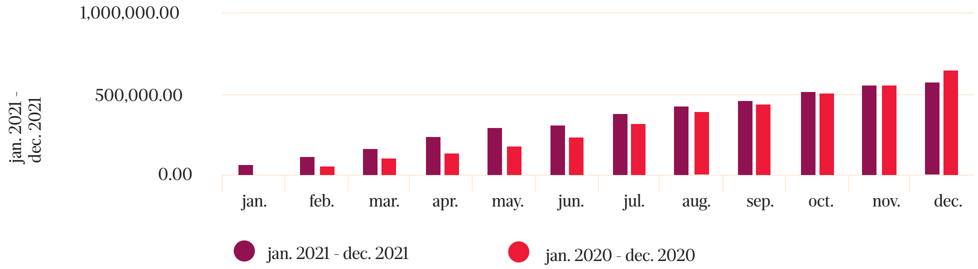
Electrical consuption kWh

jan. 2021 - dec. 2021 vs jan. 2020 - dec. 2020



Electrical consuption kWh (Accumulated)

jan. 2021 - dec. 2021 vs jan. 2020 - dec. 2020



Aspect	2021	2020	Var. %
Electricity			
Electricity consumption	580,619.697 kWh	650,285.909 kWh	-10.71%
	580,619.697	650,285.909	-10.71%

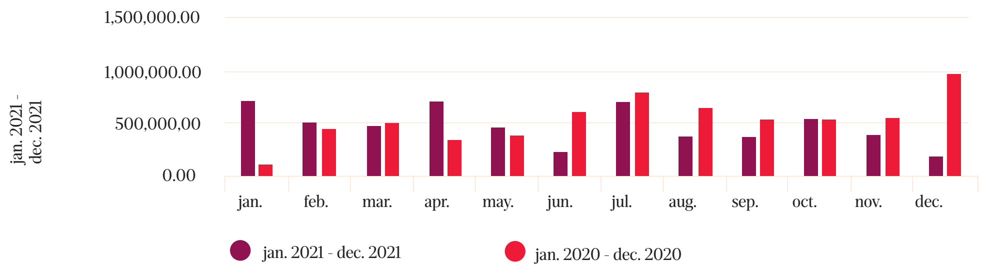
Water

The most relevant water consumptions at UCI correspond to UCI Spain (Building axesur) and UCI Portugal (Building Torre das Amoreiras) headquarters and to offices that have the greatest staff volume, all originating from network water; therefore, it is considered that there is no relevant affection to water sources.

Furthermore, we expose below the evolution of the consolidated water consumption in the last two years, expressed in m^3:

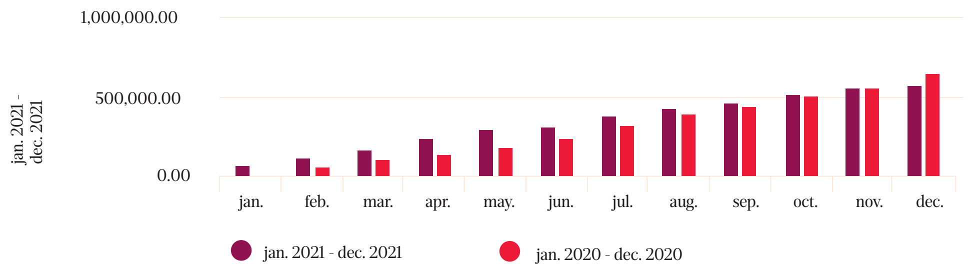
Electrical consuption kWh

jan. 2021 - dec. 2021 vs jan. 2020 - dec. 2020



Electrical consuption kWh (Accumulated)

jan. 2021 - dec. 2021 vs jan. 2020 - dec. 2020



Aspect	2021	2020	Var. %
Water			
Water comsumption	698.779 m3	2,295.836 m3	-69.56%
	668.779	2,295.836	-69.56%

Consumed water is not reused or recycled.

The following agencies/offices include the water consumption in the lease contract (and thus are not included in the global calculation of water consumption): Agency of Madrid Mortgages; Agency of Marbella; Agency of Murcia; Agency of Palma; Agency of Sabadell; Agency of Seville; Agency of Seville Mortgages; Agency of Príncipe de Vergara; Agency of Valencia; Agency of Vigo; Agency of Zaragoza; Agency of Coimbra; Agency of Algarve; Agency of Oeiras.

Circular economy and waste prevention and management

The concept of circular economy is one of the seven iconic initiatives that are part of the strategy Europe 2020 to favour the sustainable development. It is an economic concept interrelated with sustainability, and which objective is for the value of products, materials and resources (water, energy) to be maintained as long as possible in the economy, and to reduce the waste generation to the minimum level. The idea is to implement a new economy, circular -not linear-, based on the principle of «closing the life cycle» of products, services, waste, materials, water and energy.

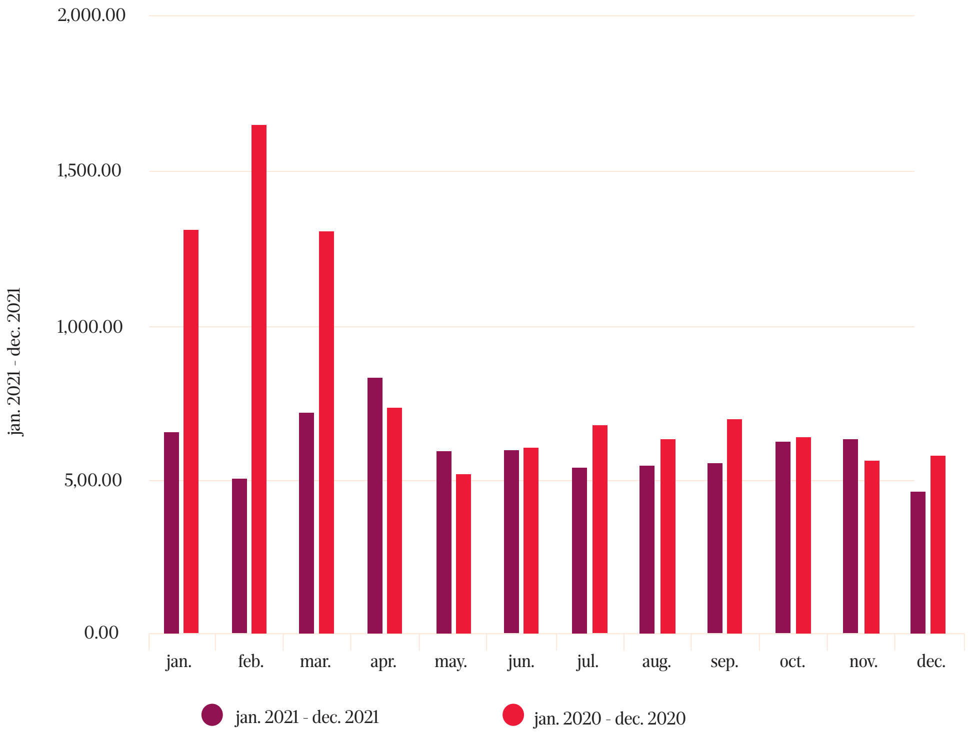
We count with internal procedures to ensure the withdrawal and recycling of 100% of paper and plastic through authorised waste managers. Corporate centres (headquarters) have a selective waste collection of packages, organic matter and batteries.

Paper and toners concentrate the main consumptions of materials used in our offices.

The paper consumption, furthermore, shows a reducing trend, achieved thanks to different policies, such as: digitalisation, reduction of printing points, reuse and use of recycled paper, etc. Below we observe this same trend, where paper consumption is expressed in Kg:

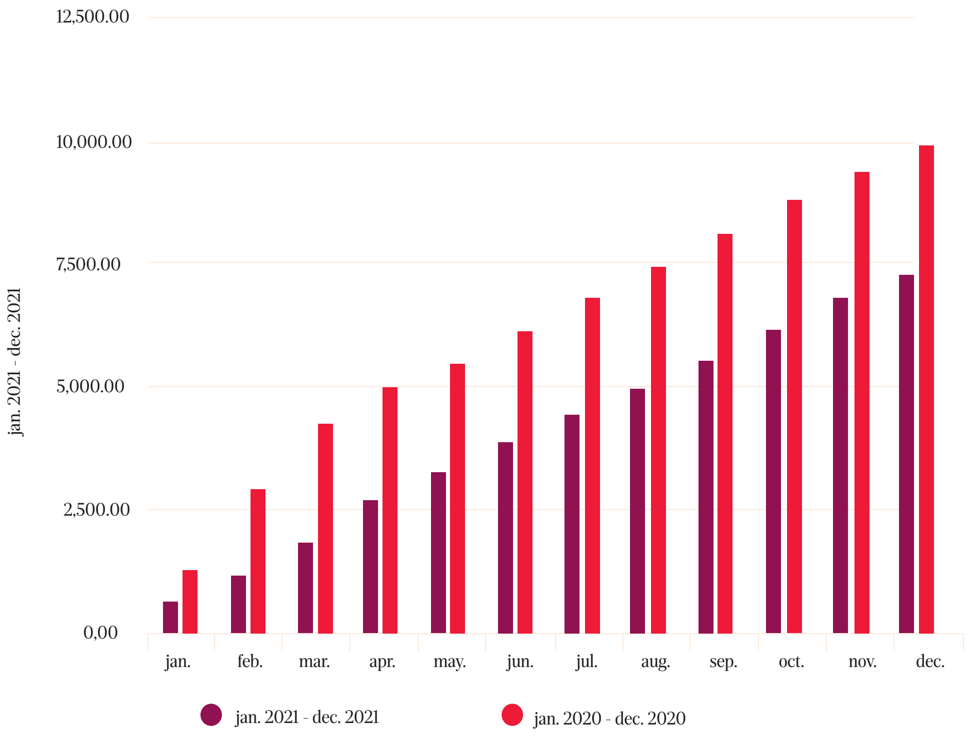
Paper consumption (Kg)

jan. 2021 - dec. 2021 vs jan. 2020 - dec. 2020



Paper consumption (Kg) (Accumulated)

jan. 2021 - dec. 2021 vs jan. 2020 - dec. 2020



Aspect	2021	2020	Var. %
Raw materials			
Paper consumption	7,280.100 kg	9,951.704 kg	-26,85%

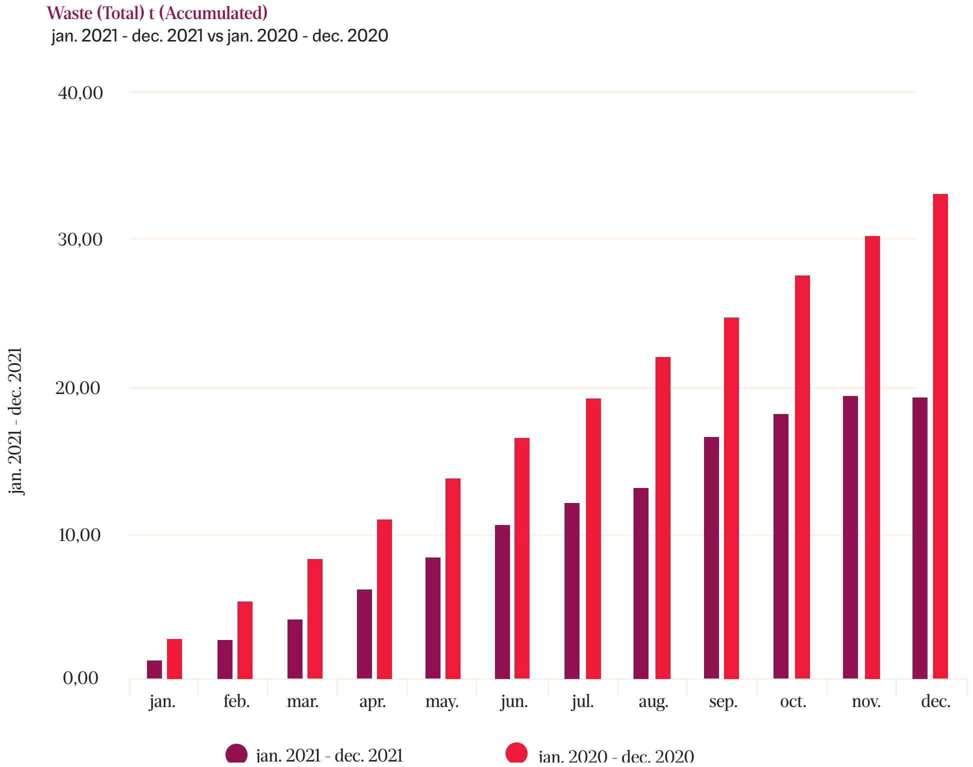
Throughout 2021, UCI has maintained the same line with initiatives aimed to substitute the postal mail by email in communications to clients, as well as the use of recycled paper (originated from sustainable forests – with Eco Label Certificate) for services that could not be digitalised and the use of the tool Postamail, which has undoubtedly allowed decreasing the paper and toner consumption.

As in the case of non-hazardous waste, most of the generated hazardous waste, and provided that there is a technological alternative, are aimed to recycling, thus contributing to the concept of circular economy indicated above, as the use of resources that are out of use and cannot be reused in our activity is eased.

Our method to eliminate all waste is verified through information collected in waste management control and monitoring documents (Waste Chronological Record), and through destruction certificates issued by the different suppliers and authorised managers. It is important to note that the supplier's treatment of waste from documentation, paper and cardboard, once shredded, selected and compacted, consists in sending them to paper and cardboard factories for their recycling.

We expose below waste generated by the UCI Group, verifying their clear decrease in 2021:

Aspect	2021	2020	Var. %
Waste			
Ink and toner cartridges	0.164 t	0.026 t	528.85%
Discarded equipment	0.080 t	0.000 t	
Paper	12.189 t	16.670 t	-26.88%
Alkaline batteries	0.013 t	0.008 t	50.78 %
Plastic	1.314 t	5.232 t	-74.88%
Municipal waste	5.461 t	11.266 t	-51.52%
	19.221	33.202	-42.11%



Environmental regulatory compliance

Our activity does not cause significant impacts with regard to lighting, noise or atmospheric, discharge and soil pollution, and therefore we have not received fines or non-monetary penalties for non-compliance of the environmental regulations. Additionally, we have not received claims related to the environmental management.

We detail below some specific actions by the Infrastructures Department in relation to the environmental regulatory compliance:

Date	Action
january 21	Review of 2020 indicators, creation and installation of 2021 indicators and respective internal controls
	Energy audit
	Obtaining the NIMA
march21	ISO 14001 online training
	Consultancy of environmental legal requirements
april 21	Headquarters air quality auditorium
	Creation of the chronological file of waste
	Vinyl head office recycling bins
june 21	Recycling of water bottles at headquarters and agencies under the concept of recycling and life cycle
september 21	Installation of air purifiers at headquarters and offices

It should be noted that, due to the health crisis of the Covid-19, most of the staff at UCI part has been teleworking, since March 2020, and therefore both 2020 and 2021 present atypical behaviours with regard to the consumption of resources, trips, and holding of onsite events.

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

Finally, concerning the fight against food waste, in 2021, UCI has not carried out any action or implemented measures in this sense.

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

Throughout 2021, we have continued our analysis on how we expect the climate change to affect the entity and how it will adapt to its consequences.

E2 - Business: Green Mortgages & Loans

At UCI, we promote financial solutions to ease the access to housing. Our purpose is to boost the responsible purchase of houses through customised loans and mortgages that put our clients and their vital projects at the core.

We contribute to rehabilitating houses and renewing the housing stock of Spain and Portugal under a sustainability criterion, energetic efficiency and respect for the environment, thus contributing to the challenges of the SDGs (Sustainable Development Goals).

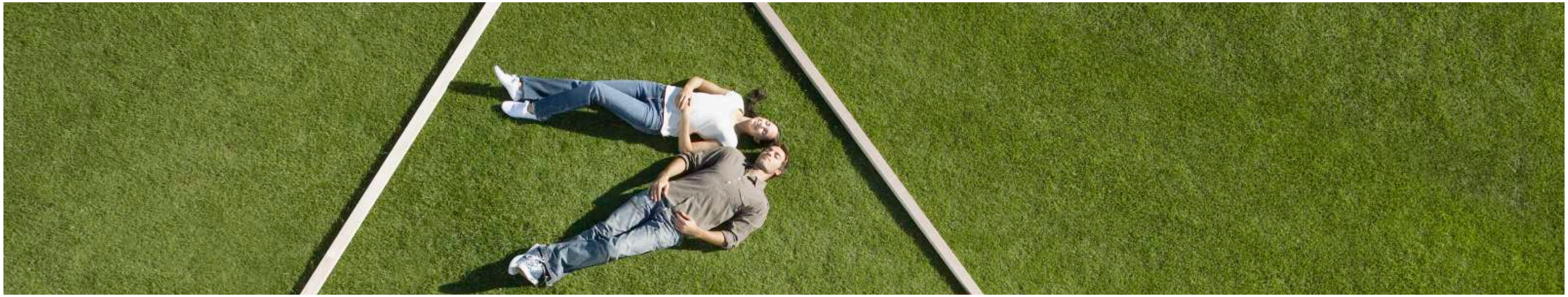
As financial entity, we address the challenge of energy efficiency and sustainability through Green Mortgages & Loans. The objective of this initiative is to promote the acquisition of energetically efficient homes and the rehabilitation of the housing stock.

Since 2018, we participate in the European programme as one of the credit institutions in the Green Mortgage initiative led by the European Mortgage Federation (EEMI – EMF) and, in 2021, within the EEML-EMF, we have been appointed to lead the Taxonomy working group, which objective is to align the standards of the EEML (Energy Efficient Mortgage Label) stamp with the European Union taxonomy.

We participate as members of the AUNA project, which objective is to promote the sustainable rehabilitation of buildings through smart financing (this project has received financing from t he research and innovation programme Horizonte 2020 of the European Union, by virtue of the Grant Agreement no. 957119 and is led by the Green Building Council Spain).

We have joined, during 2020, the European Investment Bank in the fight against the climate change, with the issuance of RBMS Green Belém (the first issuance of green bonds in Portugal) with a total of 385MM€, committing to energetically rehabilitate around 450,000 m2, and with estimated energy savings estimate by 43.7GWh/year.

In 2021 with the third prime RMBS of the Iberian peninsula since the beginning of the pandemic- Prado VIII, for an amount of 480MM€-, we joined again the European Investment Bank to decarbonise the housing stock. Total energy savings are expected by 57.3 GW/year.

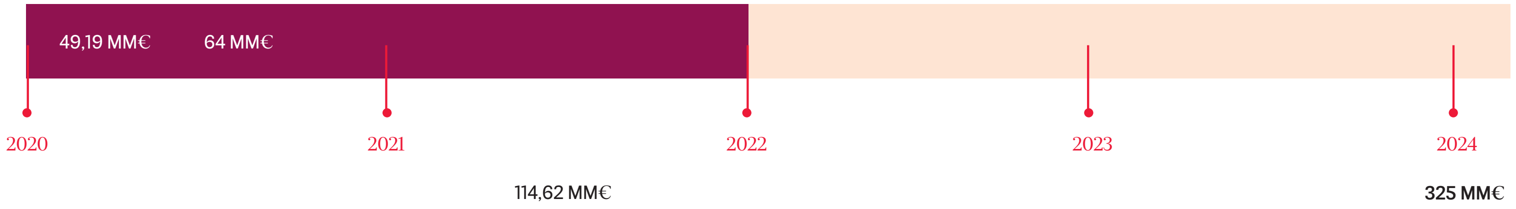


Our commitment of Green business and progress:

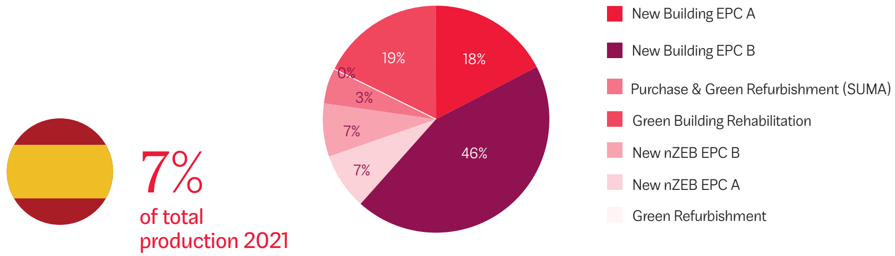
Our Green production in 2021 in Spain represents 7% and in Portugal 8%, with regard to 4% and 7% in Spain and Portugal in 2020, and we have reached 35% of our commitment.

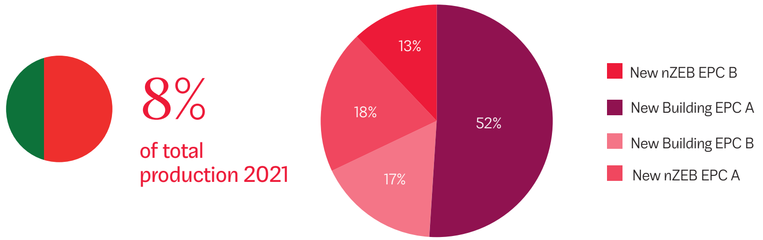
Our Green production has grown by 31% in 2021 with regard to 2020:

Commitments assumed

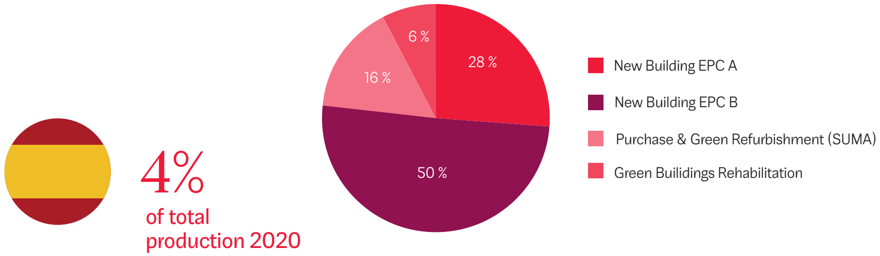


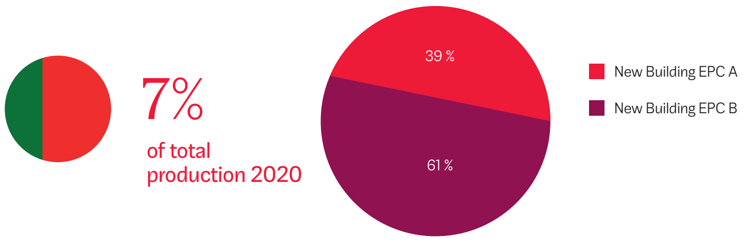
Green Production 2021





Green Production 2020

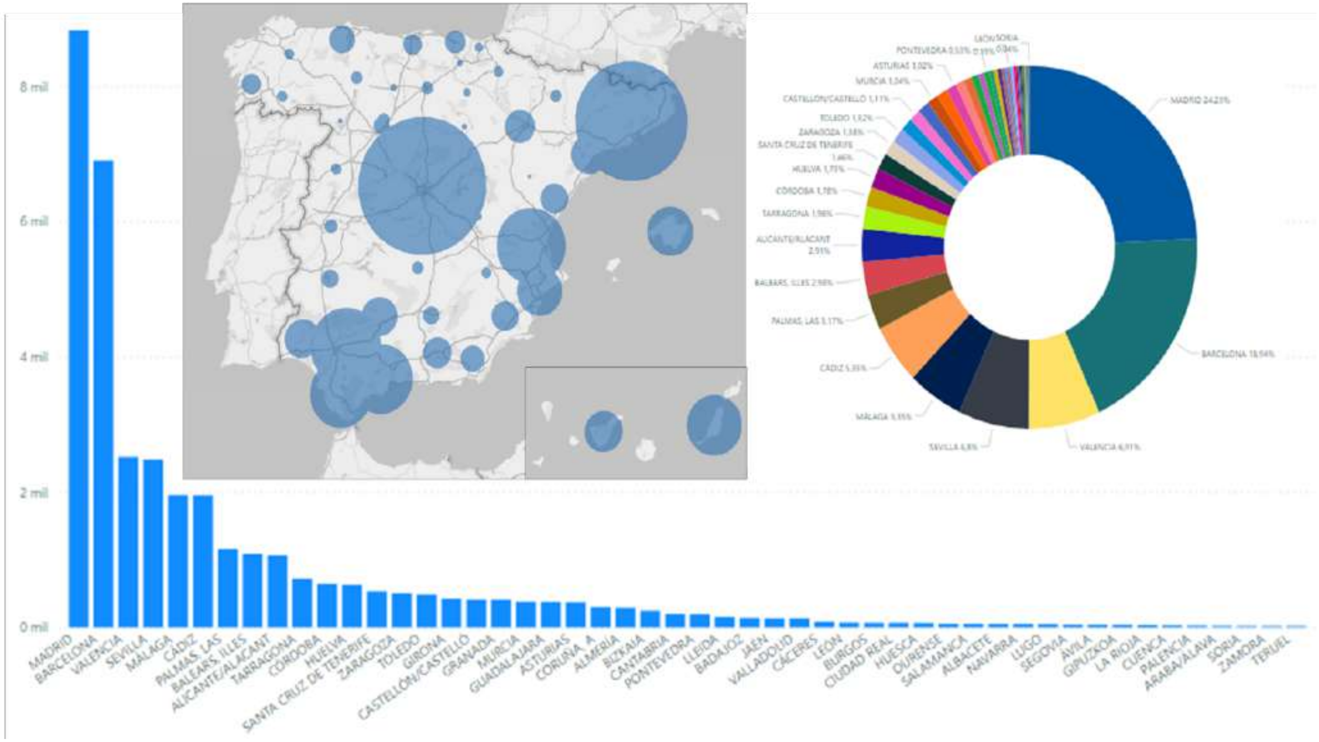




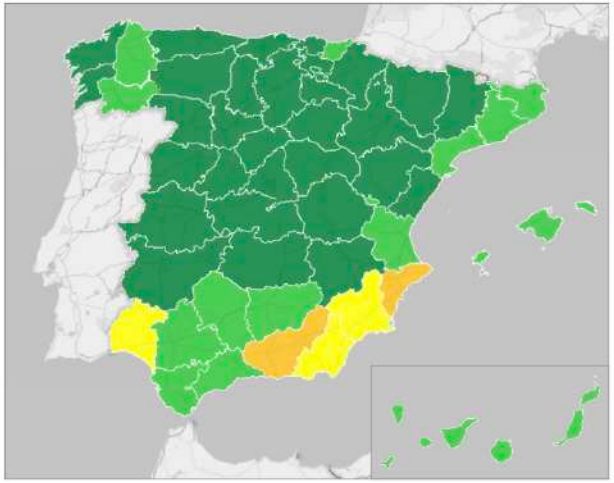
In line with the recommendations and expectations of the EBA and of the European Central Bank, we have incorporated ESG factors in the risk management, in particular the exposure of the measurement and analysis of physical risks in our portfolio in Spain, since 2010, to have a comprehensive and well documented view.

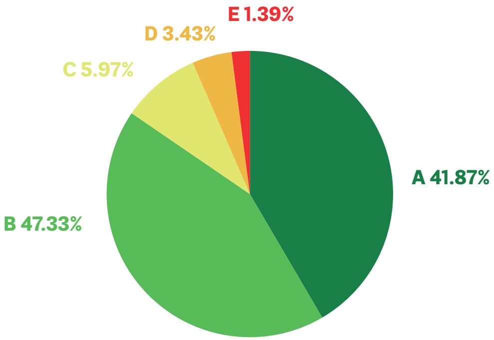
Furthermore, we expose below the analysis obtained from such assessment (only for Spain):

Location of the properties



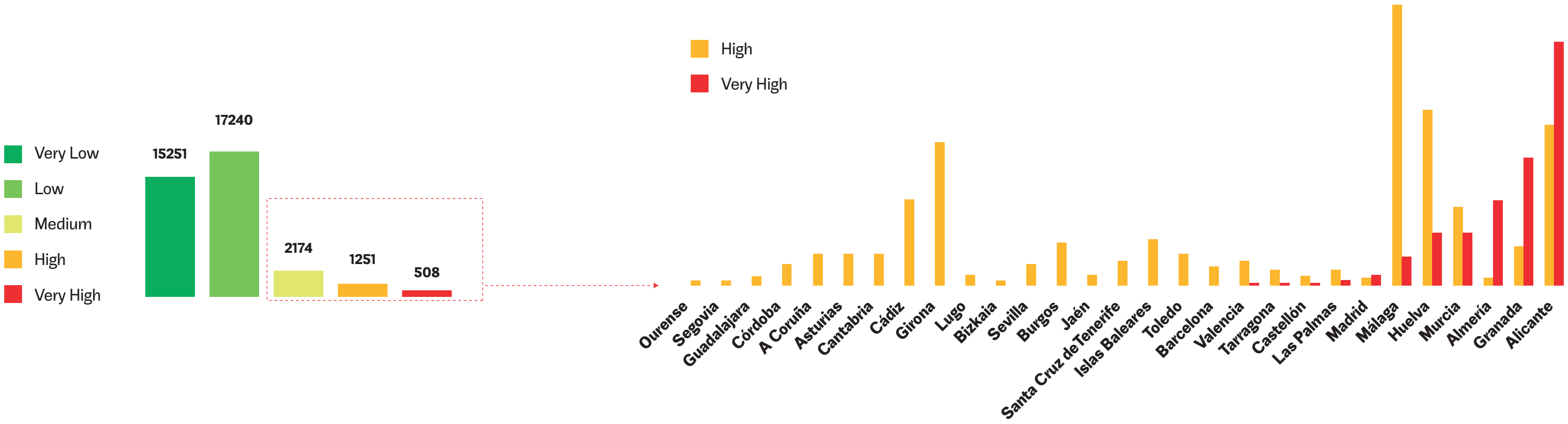
Seismic risk



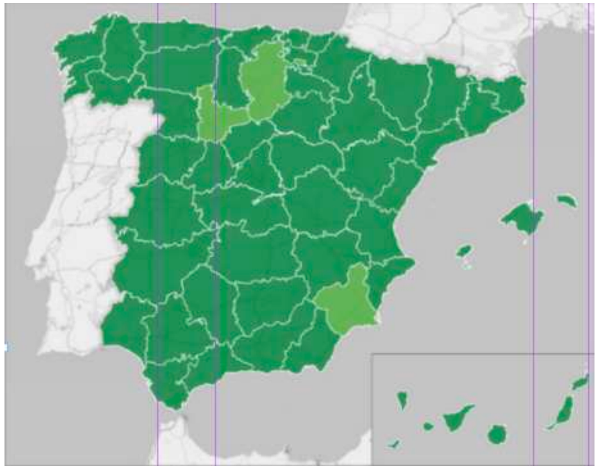


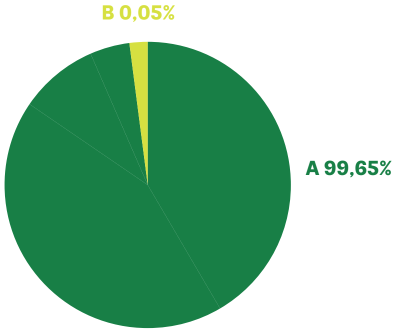
The seismic risk gradient has been calculated following the provisions based on the basic seismic acceleration, a scale that marks the intensity, being the parameter contemplated in the NCSE-02 Standard. The letters have been established according to the following scale, the letter gradients being:

Calification	A	B	C	D	E
Acceleration Gradient	ab › 0,04g	0,04g ‹ ab ‹ 0,08g	0,08g ‹ = ab ‹ 0,12g	0,12g ‹ = ab ‹ 0,16g	ab › 0,16g
Perception	Not Appreciable	Moderate	Strong	Strong to very Strong	Very Strong to Fierce
Potencial damage	Without Damage	Very Low	Low	Moderate	From Moderate to Strong



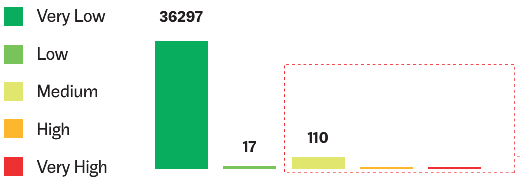
Risk of River Flood

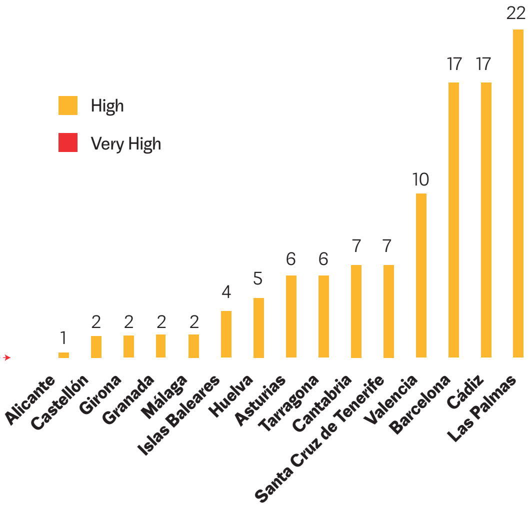




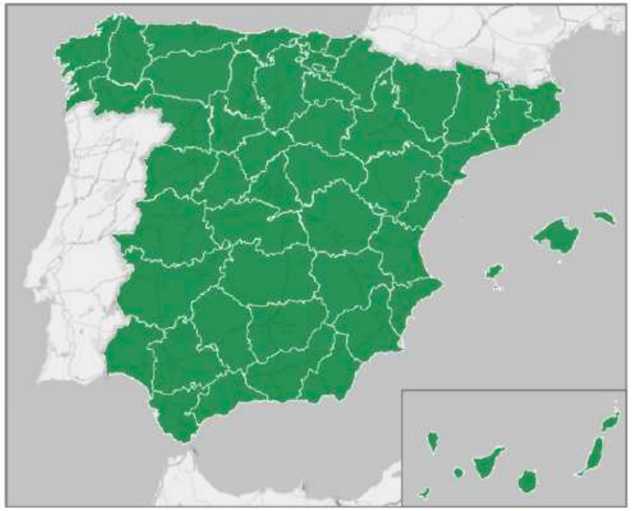
This parameter analyzes the potential danger of river flooding in a specific geographic location. As a flood zone, the definition and criteria set forth in the R.D. 849/1986, and R.D. 9/2008 laws have been followed. The classification has been made according to the evaluation that the river basin districts carry out of the risk of flooding:

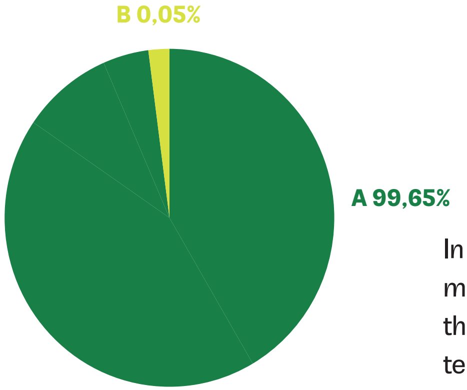
Calification	**A**	**B**	**C**	**D**	**E**
Flood Periodicity	**Very Low Probability** >= 500 años	**Low Probability** <500 y >=100 años	**Medium Probability** <100 y >=50 years	**High Probability** <50 y >= 10 years	**Very High Probability** <10 years





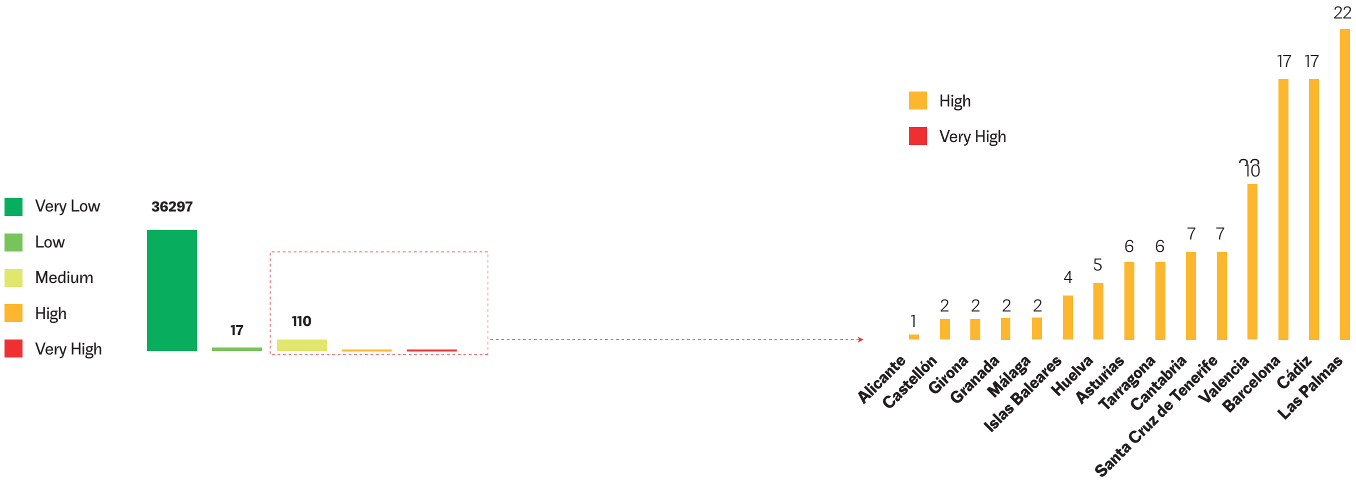
Risk of Marine Flooding



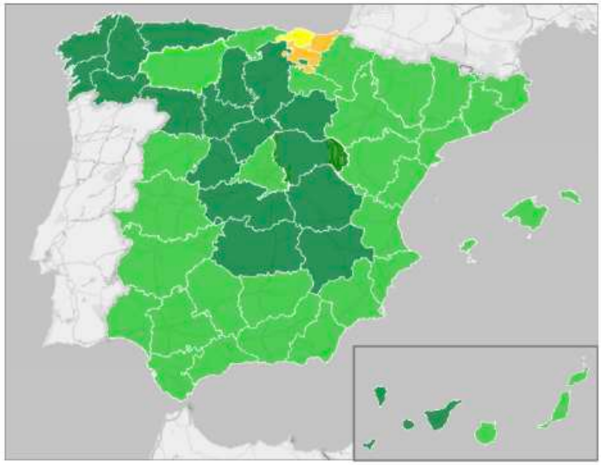


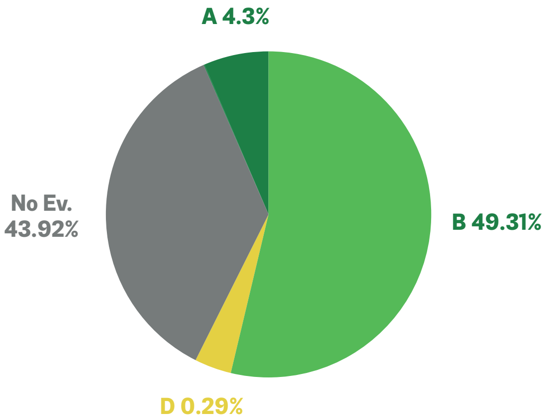
In a similar way to the risk of river flooding, the risk of flooding of marine origin has been analyzed, considering as flood zones those that are not caused by tides, since if so, they would form part of the terrestrial maritime public domain.

Calification	A	B	C	D	E
Flood Periodicity	**Very Low Probability** >= 500 años	**Low Probability** <500 y >=100 años	**Medium Probability** <100 y >=50 years	**High Probability** <50 y >= 10 years	**Very High Probability** <10 years



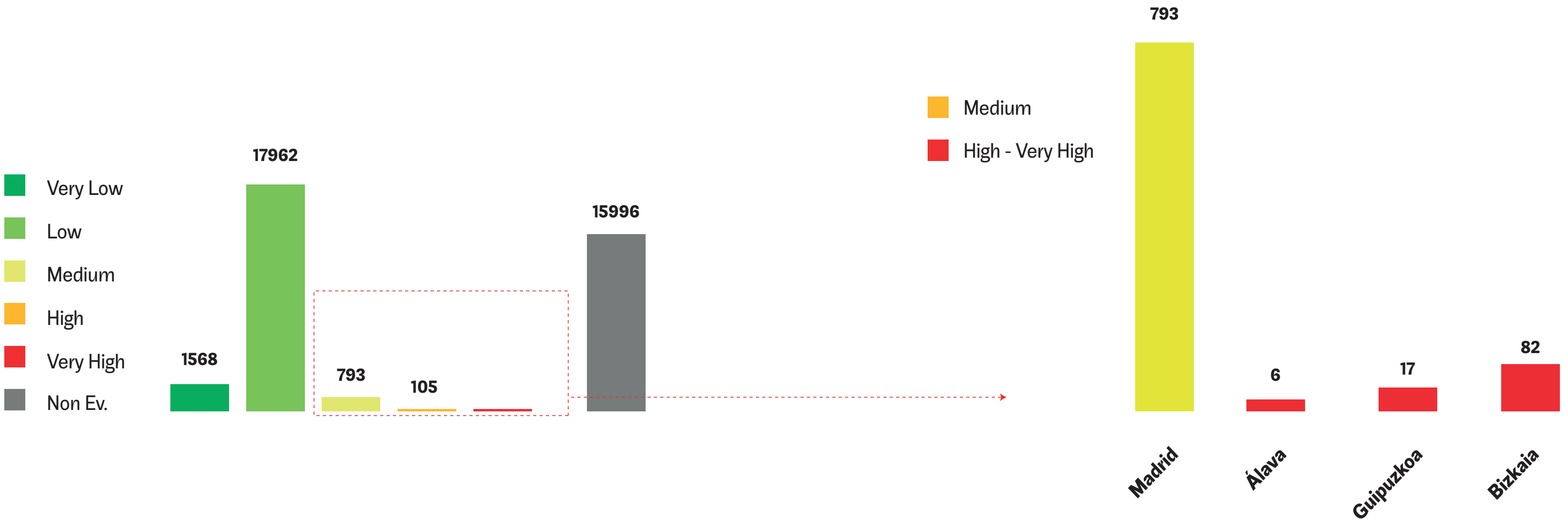
Risk of Air Pollution



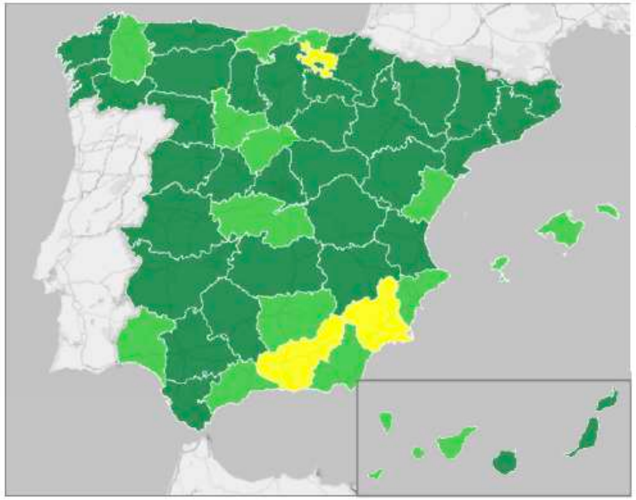


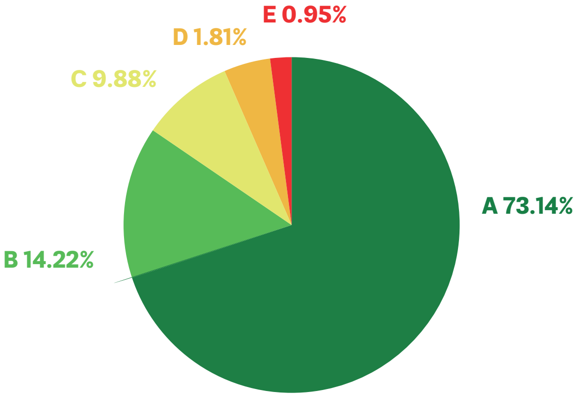
In this parameter the global air quality is categorized, based on the weighting of the ratios of evaluation of the compliance or non-compliance with the limit values or the legal objective values during the last decade, for the different concentrations in the ambient air of the substances. pollutants included in RD 102/2011, regarding the improvement of air quality.

The substances analyzed are: sulfur dioxide (SO2), nitrogen dioxide (NO2), particles (dust, ash, soot, metallic particles, cement and pollen) with an aerodynamic diameter equal to or less than 10 and 2.5 μm, lead (Pb), benzene (C6H6), carbon monoxide (CO), ozone (O3), arsenic (As), cadmium (Cd), nickel (Ni) and benzo (a) pyrene (C20H12).



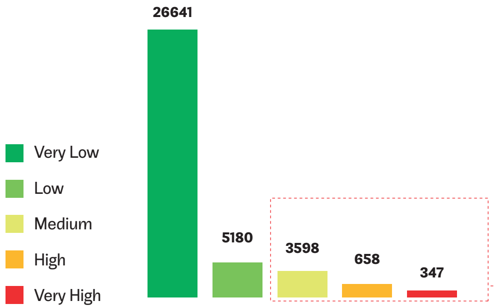
Risk of Extraordinary Claims

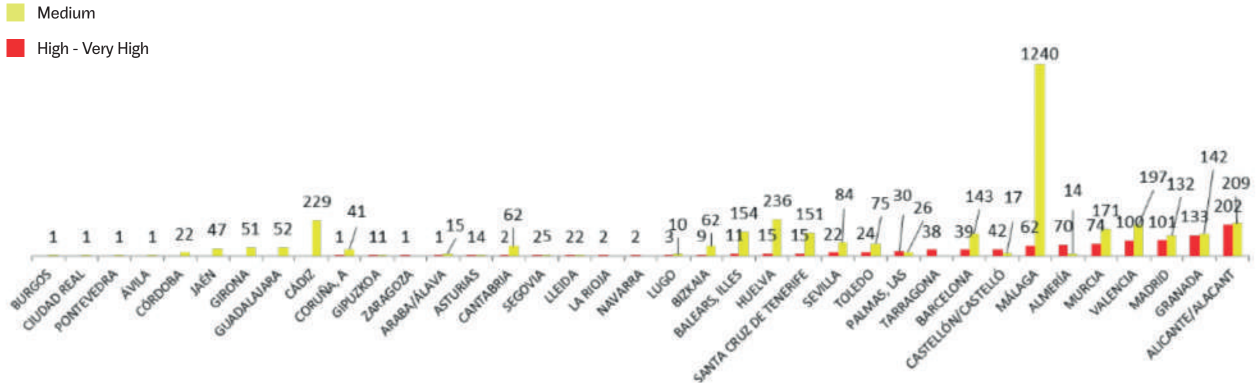




This parameter analyzes the number of extraordinary claims that have been registered on real estate during the last ten years, by municipality, expressed in number of claims per thousand inhabitants. Extraordinary risks are understood to be those not covered by a standard insurance policy. These risks include contingencies of natural origin and those caused by acts of violence.

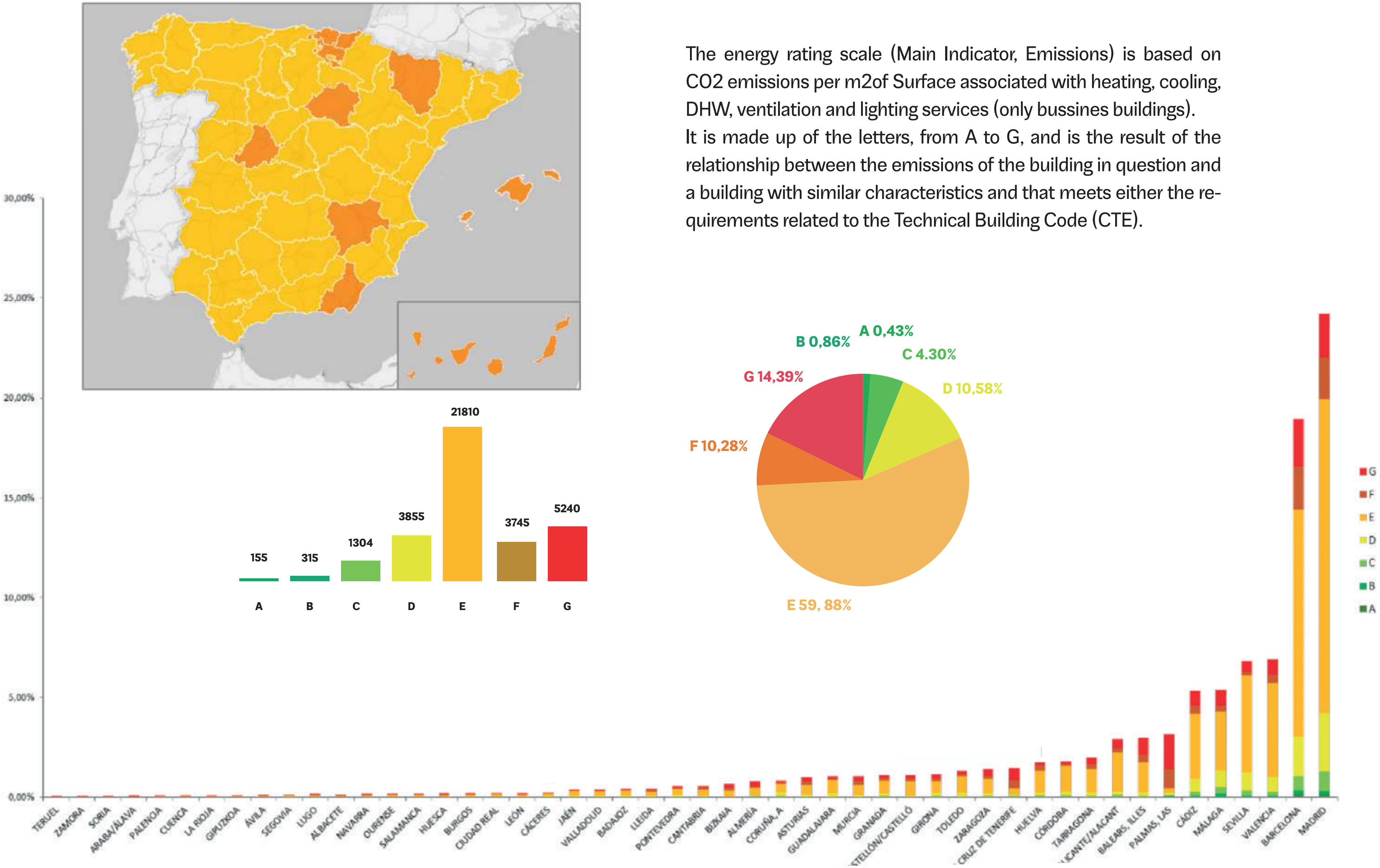
Calification	A	B	C	D	E
r = Number of incidents/100 inhabitats	r <= 0,5	0,5 < r < = 1	1 < r <=5	5 < r <=10	10 > r



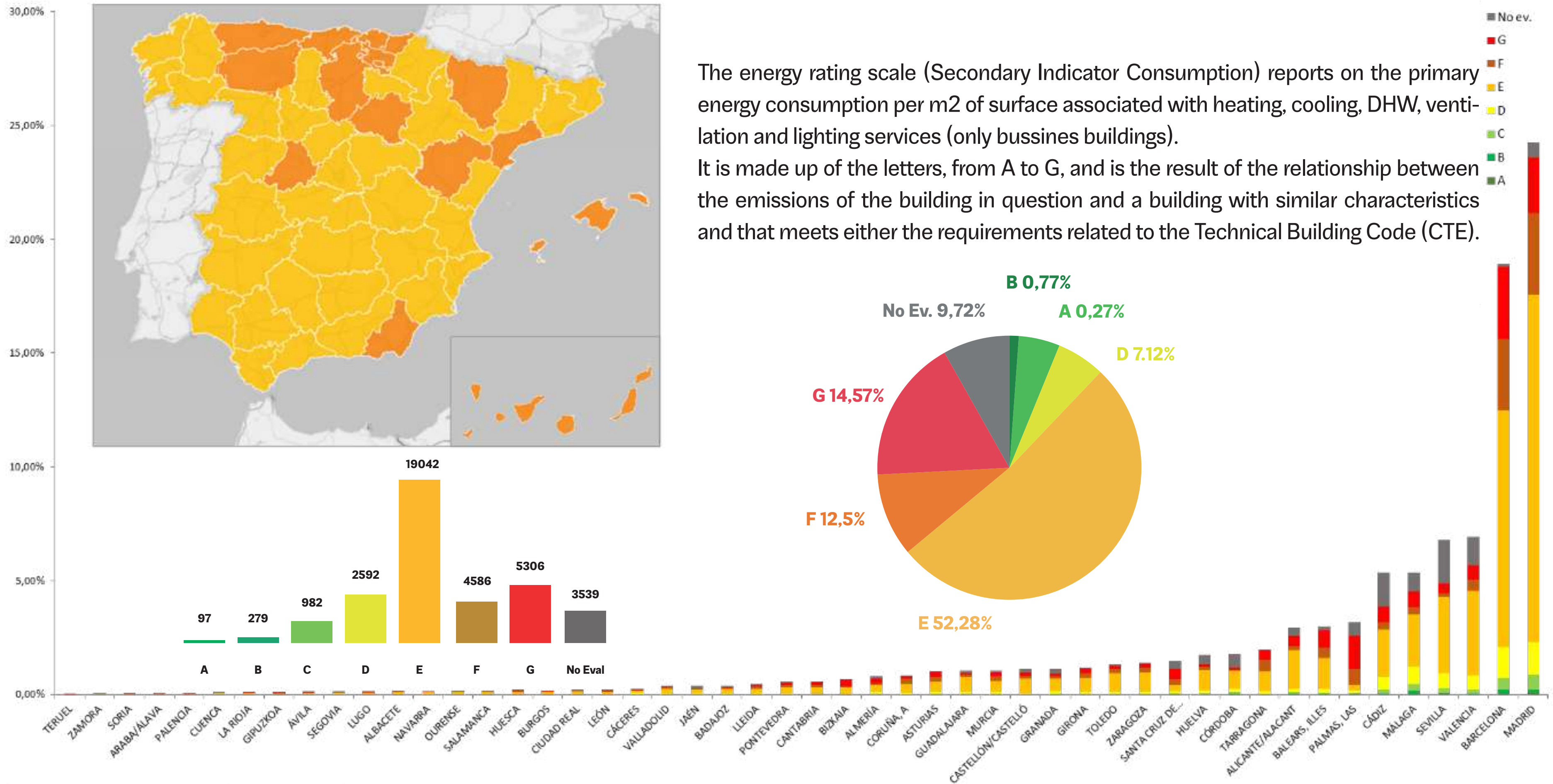


Energy Rating of the Property (Main Indicator, Emissions)

The energy rating scale (Main Indicator, Emissions) is based on CO2 emissions per m2of Surface associated with heating, cooling, DHW, ventilation and lighting services (only bussines buildings).
It is made up of the letters, from A to G, and is the result of the relationship between the emissions of the building in question and a building with similar characteristics and that meets either the requirements related to the Technical Building Code (CTE).



Energy Rating of the Property (Secondary Indicator, Consumption)



The energy rating scale (Secondary Indicator Consumption) reports on the primary energy consumption per m2 of surface associated with heating, cooling, DHW, ventilation and lighting services (only bussines buildings).
It is made up of the letters, from A to G, and is the result of the relationship between the emissions of the building in question and a building with similar characteristics and that meets either the requirements related to the Technical Building Code (CTE).

Atmospheric emissions and climate change

Finally, we do not count with provisions and guarantees for environmental risks.

Indicators related to “We greenimise” may be consulted in section 6.1 of the report- Indicators on Environmental Matters

5.3. ‘We accompany’

“We generate a positive impact in our stakeholders through the programme ‘we accompany’”

Te acompañamos

In a world that moves at breakneck speed, we need tolerance and support from all and to all.

“You scratch my back and I'll scratch yours: people at the heart”.

Our main objectives in the social axis of the ESG framework place people at the heart and our purpose for 2022 with the project “UCI NOW” is to connect/integrate the Social axis with all the areas within the entity.

“It starts and ends with the people”.

S1 - People First	S2 - Financial Social Engagement
Promote talent & Diversity, equality and inclusion among the organizational structure	Foster residential inclusion and financial education
S3 - Customer Centric	**S4 - Real Estate Activity Capabilities**
Client Support during the several stages of their journey.	Foster Real Estate professionalization and diversification.

S1- People First

“Our objective is to promote the talent, diversity, equity and inclusion”

Again, a great place to work

We specialise in homes, and work for our employees to feel at home when working in UCI.

In 2021, we have renewed the certification Great Place to Work®, which has recognised us as a great place to work, one of the most prestigious distinctions in the area Human Resources at national and international level.

The global trust index (Spain and Portugal) has been of 76%, which implies an increase of 4% with regard to 2020.

As relevant detail, we highlight the employees’ high participation and implication in both countries, with an index of 92% in Spain and 93% in Portugal.

Great Place To Work®
Certified
JUL 2021–JUL 2022
ESP ™

Great Place To Work®
Certified
JUL 2021 - JUL 2022
PORTUGAL ™

Training

We strive for the professional development of UCI employees through training and education, in order to boost the skills and abilities required by the organisation in a changing business environment that demands new challenges.

In 2021, in order to evolve learning at UCI and ease its agility in Spain, we have developed the project "**Aprendizándome**" as a key element of the leadership culture, where the employee is the main player responsible for their own learning and personal development. It is a dynamic and continuously growing ecosystem where each person may find their own path of development.

It is created to boost the learning culture, where the employee as main player has an active role in their own development. Also, the project is aligned with our business needs and offers an array of different learning resources. The employee establishes targets, objectives and expectations, while the entity finds a vehicle to manage the talent.

The objectives are the following:

- Promote the ongoing learning culture and develop the present talent and the one we will need in the future.
- Respond to the different development needs and concerns for the continuous improvement of people within the entity.
- Give opportunities based on the people's predisposition and achievements.
- Generate updated contents of interest, in response to the people's learning needs.
- Create an ecosystem to allow the development of detected needs to guarantee the entity's sustainability (upskilling and reskilling).
- Create an ongoing learning, training and improvement model, bespoke and adapted to each one's needs and to the highest value contribution to the entity.

The main results in 2021 have been the following:

145 reproduction lists.

more than 12.000 voluntary training hours.

132 people interested in presential resources, (the previous average was of 10-20)

Average of 1.500 accesses per month (›200% previous years).

The platform counts with compulsory and voluntary trainings, and their 15 themes cover such wide fields as the following: Sustainability, Digitalisation and Technology, Financial, Legal, IT, Clients, Marketing, Business, Risk, We share, Culture and RC, Skills, Languages, Leadership and More than work.

We note that, for this project, in 2021, in the survey GPTW, training and development have increased their assessment by 10 points with regard to 2020, reaching 80%

Talent

We have worked in the organisation's talent mapping to identify key people, skills and abilities of employees in the different profiles and, therefore, to be able to cover and adapt the different positions based on the entity's needs at every moment.

The talent mapping is based on different tests to objectively measure the potential and performance at work, which combination resulting in a talent degree that helps to make decisions in relation to the talent management.

Another notable issue is the performance assessment. In 2021, performance assessments have been made for 85% of people in Spain and 77% in Portugal. This assessment is made by managers to each direct collaborator and, therefore, it is a moment to work on the teams' talent and development. The continuous improvement is part of our commitment as leaders, and the assessment allows us to analyse the evolution and results from established objectives, as well as to measure behaviours and values that define our culture.

Recruitment

In Spain, during the year, 10 people have joined the payroll, out of whom **50%** are women and **50%** are men, and in Portugal 4 people have joined, all women. In turn, in Spain, 19 new internships have been made in 2021.
In the incorporation process, the candidate is provided with a satisfaction questionnaire, which global valuation has been of 4.64/5.

We also **promote the internal mobility**, which in 2021 reached **11.67% in Spain and 8.99% in Portugal**, as this is an essential element in the people development, allowing UCI professionals to have a global view of the organisation, extend their expertise and continue being trained.

Precisely in order to promote this mobility, we publish vacancies in the section "Muevete" of our internal Talent management application for interested employees to be able to apply the position and request the change. In 2021, in Spain, 11 vacancies have been published, and 3 positions have been covered through this system. In Portugal, 8 vacancies have been covered with internal staff.

10
people joined the company's workforce

50%
women

50%
men

11,67%
internal mobility
in 2021

19
interns

4,64/5
candidates
satisfaction

4
people joined the company's workforce

100%
women

8,99%
internal mobility
in 2021

Employment and remunera-

In Spain the totality of employees are covered by the sector bargaining agreement of ASNEF, the National Association of Credit Financial Establishments in Spain. Portugal does not apply a sector bargaining agreement.

99.43% of our payroll in Spain counts with an indefinite term contract. Out of the 10 people who joined us in 2021, 50% were with indefinite term contract, which represents our commitment with the generation of stable quality employment. In Portugal, 91% of contracts are indefinite term.

All our professionals benefit from a Remuneration Policy that guarantees an appropriate remuneration system and, also, at UCI we offer social benefits to our collaborators, such as the wellbeing and health management programmes, ergonomics at work, 29 working days of holidays, kindergarten cheques, life insurance, private health insurance, restaurant tickets, transport aids, no-interest Loans, financing in favourable conditions and flexible hours.

In 2021, we have elaborated a new remuneration policy to comply with regulatory developments applicable to our sector, for the purpose of guaranteeing compatible remuneration practices with an appropriate and efficient risk management in the Entity.

99% permanent contracts

50% joins with permanent contracts

91% indefinite contracts

This policy is based on the following general remuneration principles:

- Balance of remuneration components
- Transparency
- Proportionality and long-term sustainability
- Prudential risk management
- Link to results and recognition of excellence
- Strategy and time horizon
- Generation of commitment and motivation
- Internal equity and external competitiveness
- No discrimination

Also in 2021, we have worked in the Diagnosis of equality to adapt to the new requirements. This process includes a remuneration audit of UCI. All this contributes to the improvement of the quality of personal and professional life and to the work balancing.

Salary equality, a goal to keep working towards

At UCI, we are working to raise awareness and promote gender equality in all positions. The professional development, the balancing, the equality of opportunities and the salary gender equality are an issue to develop at the short term within the Entity.

Our strategy also prioritises the salary parity between men and women, which is measured through the gender salary gap and equity:

At UCI, there are fewer women than men in the senior management; int he remaining posts, the gender diversity is balanced.

Our position in 2021

🇪🇸	522 people	56,90% women	43,10% men
🇵🇹	89 people	59,55% women	40,45% men

Gender salary gap

The gender salary gap measures differences of remuneration between the average salary of men and women and is divided by the men's salary.

🇪🇸	20,36% 2021	20,44% 2022	-0,39% Variation 2020 - 2021 (%)
🇵🇹	39,55% 2021	37,70% 2022	4,91% Variation 2020 - 2021 (%)

Gender salary equity

The gender salary equity measures the existence of "equal salary for equal work" between women and men in the same professional category. The comparison does not take into account factors such as the permanence in the position, the years of service, the prior experience or the background.

Salary gap UCI Spain (1)

	2021	2020	Variation
Senior Management	32.79%	27.22%	20.46%
Management	3.21%	13.01%	-75.33%
Manager	8.31%	8.95%	-7.15%
Collaborator	2.73%	2.64%	3.41 %

(1) For the same professional category, the remuneration of men has been divided by that of women.

Average remuneration of the Board Members and Management

	2021		2020	
	Women	Men	Women	Men
Average remuneration Board Members(1)	-	18,312.50 €	-	14,000.00 €
Average remuneration of senior management (2)	83,177.42	152,995.82 €	86,895.19 €	149,854.18 €

(1) The single female Board Member and one male Board Member waived to perceiving remuneration and allowances.
(2) Senior management is the Executive Committee
Both in Board Members and in Senior management, the remuneration includes the totality of perceptions, both for salary and others.

Salary gap UCI Spain (1)

	2021	2020	Variation
Senior Management	53.03 %	55.52 %	-4.48%
Management			
Manager	9.37 %	11.87 %	-21.06%
Collaborator	-0.20 %	-4.10 %	-95.12 %

(1) For the same professional category, the remuneration of men has been divided by that of women.

Average remuneration of the Board Members and Management

	2021		2020	
	Women	Men	Women	Men
Average remuneration Board Members	N/A	N/A	N/A	N/A
Average remuneration of senior management (1)	36,617.00 €	77,963.71 €	34,688.00 €	77,982.37 €

(1) Directors constitute the Executive Committee

Organisation of the time of work and work-life balance

On March 2020, we implemented the telework modality to contribute to slow down the contagion of the Covid-19. During 2021, we continued using telework as measure of contention.

In order to ease the work-life balance and improve the staff's productivity and commitment, we count with flexible hours that benefit 72.41% of the staff in Spain and 78% in Portugal.
In this line, in 2021, 8 employees have adopted the parental leave in Spain.

Since the end of 2020 we count with a Digital Disconnection Policy that guarantees this right in order to combine the digital connectivity with the work-life balance in an efficient manner.

We note that, in the Great Place to Work, one of the items with greatest evolution has been the one lined to the work-life balance, with a valuation of 72%, increasing by 15 points with regard to 2020.

Health & Wellbeing

Because we care for our people

In order to continue caring for our staff, during 2021, 305 people have undergone the medical check (293 UCI and 12 medical checks to Executives), extending medical protocols in the annual medical checks.

The key initiatives developed in 2021 have been the following:

Contingency committee	UCI COVID Management	Initiative 'Cuídate Corazón'	Stimulus	Charity Runs	Andjoy	HUB Chats	Ergonomics in the workplace

Contingency committee to monitor the pandemic, take appropriate measures at each moment, according to the health evolution, and to report employees with regard to the health crisis. We have also design the returning plan under security and prudence criteria and based on the instructions from the health authorities.

UCI COVID Management Portal, site of reference for all matters related to the health crisis, the impacts in our company, and the employees' health status. It includes the protocols and procedures in force.

Initiative 'Cuídate Corazón' - launched in 2017- to help improve the quality of life of our employees and reduce the risk of cardiovascular accidents. This initiative helps to improve our personnel's health and covers a portfolio of comprehensive solutions on the care of the quality of life of people and their organisations.

Collaboration agreement with Stimulus, a company of reference in emotional care, to make available to employees and families a team of psychologists to help them to identify and better understand their emotions, thoughts and conducts at such a complicated moment. With this agreement, associated psychologists are made available to the staff and family members, for 1 year, from May 2021 to May 2022. From May to the end of 2021, 14 people used the service.

We have also resumed our agreement with **Andjoy**, chain of gyms, offered it to 100% of our staff, with the participation of 1.7%.

We have resumed the **Charity Runs,** trying to promote the exercise among the employees. **Online HUB Chats** have been held for 100% of our staff.

In particular, we have participated in these races:

Financial Education (28 participants)	Hearth Race (38 participants)	Companies Race (23 participants)	Santa Race (28 participants)

Theme HUB Chats:

Nutrition and healthy eating in telework: 138 participants (9.88%/10, satisfaction percentage)	False Myths in Nutrition: 147 participants (4.93%/5, satisfaction percentage)	Mental care: 163 participants (9.66%/10, satisfaction percentage)

Ergonomics in the workplace: As measures for the labour risk prevention, adapt work posts is one of the determining factors to ensure the good health and security at work, also from home. It is important to count with stable tables, without corners that could cause a bump, ergonomic chairs for a good posture when working, counting with an illuminated place to work and appropriate computer equipment. Being aware of the above, from the start of the pandemic, UCI provided ergonomic chairs to workers who did not have one at home, and also continued sending computer screens, laptops or headsets to count with all the necessary material and ease the remote work in full security.

In order to guarantee the integration and universal accessibility of disabled people, the following actions are performed:

Process for the adaptation and integration in HQ post: special chairs, evacuation chair, footrest, ergonomic pads, vertical mice, high-resolution screens, and screen lifters, and voice software.

The Prevention Service has provided footrests and/or special ergonomic chairs to achieve a better adaptation to the post.

During telework, pregnant workers have been provided with a protection lumbar cushion and a footrest.

At the headquarters, there is the possibility to lend a parking space to the sensitive worker, at their request, if it was available.

By means of a risk assessment in each working centre, specially relevant risks will be analysed for sensitive workers.

We are governed by the sector Bargaining Agreement ASNEF (National Association of Credit Institutions). Article 27 on Health surveillance indicates that entities will guarantee to employees the periodic voluntary surveillance of their health condition, based on risks to which the employee is exposed, with a particular valuation of risks that could affect female workers who are pregnant or have recently given birth, and staff particularly sensitive to certain risks, applying the Protocol of Health Examinations for PVD users of the Ministry of Health (visual function examinations, musculoskeletal symptoms, task's characteristics and assessment of the mental workload) or substituting regulations.

The HR area manages the application to the staff of the Annual Bargaining Agreement of ASNEF in relation to the health surveillance and, also, initiatives are implemented to cover needs detected in the staff or derived from special situations such as in the case of the pandemic. All these actions and initiatives are specified in this section of Health and Wellbeing and in the following Special Covid-19 section.

Moreover, visits have been made to new work centres to assess new openings after performing reforms or substantial modifications, in addition to preventing planning to implement corrective measures. Also, and in order to count with spaces protected against the COVID, UCI has implemented collective protection means, such as protection screens, signage, and individual protection means: masks, virucidal solutions, etc.), both for centres and for UCI employees, to guarantee their security and health.

In particular, during 2021, 6 work centres have been reviewed:

- Josep Tarradellas (New opening)
- Headquarters in floor 9 (m30) and floor 8 (training rooms) (reforms)
- Castellon (5 year review)
- Murcia (5 year review)
- Jerez (5 year review)
- Seville (New opening)

Special COVID-19

The care for the wellbeing, health and security of all employees has been particularly relevant since the beginning of the pandemic in 2020.

We have been certified by AENOR in our action protocols against the COVID-19. This certification guarantees an appropriate implementation and adaptation of security and hygiene measures at the entity's work centres certification. And, in 2021, we have renewed the certificate for the purpose of continuing working and implementing best practices against the pandemic.

The objective was to contrast that protocols applied by UCI follow an appropriate methodology, guaranteed by AENOR. This is based on the expertise of AENOR in the company's implementation of protocols related to best practices in the field of security and health at work; as well as in recommendations and requirements, issued by different bodies, such as the Ministry of Health or the National Institute of Security and Hygiene at Work.

Given the easiness of contagion of the coronavirus and the human interest of our personnel for their colleagues' wellbeing, it is necessary to train our employees in their health status, anonymously, but indicating the number of people within the team with symptoms, confined or recovered, during this pandemic, in addition to offer advice in the care and protection against the virus, performing 503 Covid-19 tests among the employees.

On a periodic basis, we have analysed, through different Committees, the evolution of the pandemic at level of the society in general, and at level of our company in particular, for the purpose of adopting appropriate preventive measures at each moment.

AENOR
PROTOCOLO
FRENTE AL COVID-19
UNIÓN DE CRÉDITOS
INMOBILIARIOS

Diversity, equality and inclusion
Eliminating discrimination at work

The world we live in is diverse and this must be reflected in the way in which companies interact with the society and with their own employees. At UCI, we consider that diversity & inclusion are essential pillars, and thus key matters of our corporate culture.

Our culture is aligned with our mission, which is based on contributing to the progress of people in general in a Responsible, Sustainable and Fair manner.

We believe that, in order for the society to prosper, we must commit to the diversity and inclusion, as synonyms of a company's cultural wealth. And, if we want to be fair in everything we do, we must contribute for all people to receive the same treatment, no matter their gender, origin, sexual orientation, disability or believes.

> "Diversity in the company enrichens us, makes us greater, stronger, more human.
>
> All different, all equal".

The diversity management transformed UCI into an entity with better commitment, with pride of belonging, with excellence at work, impact in the society and the customer experience.

The journey towards diversity we have marked in our diversity policy consists of progressively addressing the different realities to achieve an inclusive staff in gender, sexual diversity, culture, disabled people and generational diversity.

Nuestros datos son:

🇪🇸	56,9% of staff are women	26,32% of women in the senior management	46,5 years Average age of staff	0,77% of disabled people in staff
🇵🇹	59,55% of staff are women	16,67% of women in the senior management	43 years Average age of staff	

We note below certain matters from the GPTW survey related to the equality of treatment, both in Spain and in Portugal.

We detail below the percentage of employees who consider that we are fairly treated:

	🇪🇸	🇵🇹
Regardless of the age	87%	90%
Regardless of race	98%	98%
Regardless of gender	86%	96%
Regardless of the sexual orientation	96%	98%

The main initiatives performed have been the following:

A	During 2021, we have worked in an equality diagnosis based on the new requirements. In the first quarter of 2022, the actual Equality Plan, based on the analysis performed, is expected to be reformulated.
B	Guidelines on Inclusive Language were published, coordinating its dissemination to the different UCI Group's brands to promote the representation of all people.
C	Creation of a specific community was created on diversity in the internal social network.
D	Upwelling project with Alares. Working on the awareness within the entity in relation to functional diversity and, additionally, making available an advisory service on disability and dependence, both for employees and their relatives, not only for people with disability certificate, to enable them to detect new aids, but also for people who could have some kind of disability and who, for unawareness or other reasons, have not yet requested the certificate Also, this service is aimed to the advice and guiding on how to process the dependence degree, as well as available benefits.
E	Collaboration with special employment centres, such as Prodis, La Amistad Montesol and Foundation Juan XXIII Roncalli, for purchases or services, and thus to favour the indirect employment of intellectually disabled people.
F	"Desayunos molones" with students of Foundation Prodis to favour the relationship and knowledge of disabled people to the UCI employees through a motivating and different format, to break barriers and boost the inclusion of intellectually disabled people.
G	Adherence to Empowering Women's Talent, a project promoted by Teams&Talent, born for the purpose of developing the women's empowerment and leadership in the companies. This programme offers to all members the opportunity to inspire, learn and advance towards equality and diversity.
H	External equality awareness actions.

Dialogue and communication with the employees

The ongoing dialogue and active listening are elements that allow UCI placing its employees in the centre, knowing their opinions and needs, and also receiving proposals to contribute to the ongoing improvement.

In this sense we count with different channels to be able to inform our employees on different matters within the organisation, as well as to collect their opinion and suggestions and know their concerns to improve different processes and situations within UCI.

Our channels and initiatives are the following:
Virtual breakfasts with General Management: on a periodic manner, a breakfast is held between some employees (in a rotating way) and the CEO, in order to keep in touch with the management and be able to express their concerns and questions.

HUB chats: members of the management team share data with the totality of the payroll on the entity's evolution and actions that are being implemented. In these chats, any employee can formulate their questions to any management team member.

Corporate Intranet and the news portal which centralises all employees' services and makes available all corporate and business information, while we collect all news within the organisation, elaborated by the employees. This portal becomes a meeting point for the collaborators to know what is being done and how, and it is a channel to share knowledge and recognition.

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

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

"El Batido", the internal communication magazine which reports on the employees' more personal facets, in addition to the Entity's aspects. It is a support to create synergies within UCI, which is quarterly distributed to all staff.

Also, there are **annual events** held for managers (UCIWay) or to all staff (UCIDay).

In 2021, we have launched the '1st innovation campaign' with the theme, How could we improve our processes through the artificial intelligence and automation?'. With it, the employees, working as a team, have been able to propose improvement ideas for the entity's processes, through innovation, that have been assessed by the management team, resulting in a series of finalist ideas and one winner, which is currently being developed by the wining team, with the support of the organisation.

S2- Our Financial-social commitment

"Promoting the residential inclusion, the sustainable rehabilitation and contributing to the financial education"

Social Inclusion in the business and investment in society.

In 2021, we have helped more than 14,000 people in Spain and Portugal, representing almost the double than the total number of new clients in the year (7,666 new clients).

Main magnitudes of our Socio financial commitment:

Beneficiaries of the programme "We accompany"	2021		2020	
Clients in payment difficulties cleared in the year	9,584	68%	16,913	87%
Social Rehabilitation	2,400	17%	780	4%
Mortgages to young people	1,493	11%	1,585	8%
Financial education	432	3%	193	1%
Socioeconomic empowerment	225	2%	0	0%
Total	14,134	100%	19,471	100%

Social inclusion in the business

Mortgage Management of Critical Clients - "Because we always accompany"

In view of the extraordinary unprecedented situation of the health crisis derived from the COVID-19, homes have become a real shelter. In this sense, we have wanted to remain close to our clients in situations of payment difficulty, adopting solutions adapted to the greatest number of people in vulnerability situation. The recovery area performs best practices that allows us to anticipate the clients' defaults, with a bespoke monitoring in order to find solutions adapted to each client.

We have developed a set of tools to help our clients who have faced adverse social situations during the process of their mortgage and have financial difficulties. This set of tools helps clients not to impair their mortgage and to administer their loan in an efficient, sustainable and responsible manner.

UCI has established a Restructuring Acceptance

Policy and, in general, of solutions for clients with difficulties, adapted to the present and future circumstances expected from the clients. In this sense, we make a distinction between temporary restructuring operations, long-term solutions and definitive solutions.

The indicator we measure and duly monitor corresponds to the client's transformation rate from critical stage to regular management, without delay.

Furthermore, this indicator is considered:

1 Relevant, central and material for the general business of UCI, and of a great strategic significance for the current and/or future operations of the Entity. It measures the results from UCI's efforts to continue with moratoriums until our clients can pay their monthly instalments and, therefore, for them to prevent entering the stage of non-compliance. The objective is to reduce the number of clients with financial difficulties from our operations.

2 Measurable or quantifiable on a consistent methodological basis.

3 Able to measure the record. Considering an ambitious and proportional estimate, in order to balance the credit risk and/or the social object.

In 2021 (vs. 2020)

has been reduced

34%

defaults

98%

standstill agreements

has been increased

78%

definitive solutions

12%

number of rentals Social Housing Fund

Sustainable and social rehabilitation of buil-

This parameter is related both with the climate change and with social objectives. Furthermore, in order for a rehabilitation project to be eligible under this dimension, it must meet the following criteria:

1	"Eligible under sustainable energetic efficiency criteria": UCI, since 2018, has been developing a range of Green products, which count with the Energy Efficient Mortgage Label of the European Mortgage Federation.
2	"Eligible under social criteria related to the GDP level per capita in the project's province": rehabilitation projects in low-income areas are projects chosen for the green renovation and conversion of buildings into more comfortable and healthier houses, in order to reduce GHG emissions and fight against energy poverty.

Low-income or deprived areas are defined as those postal areas in which the average income is 25% below the average income of the "region" (Province in Spain) where they are located. Their calculation has taken data from the INE (Spanish National Institute of Statistics), observed in each province.

The following table has been designed to estimate how many people could be affected by this project in the following 5 years with the following considerations:

5 floors per building	4 houses per floor	3 people per house	Considering that UCI has financed 13 eligible social buildings in 2020 and 40 in 2021.

Also, this indicator is considered:

1	Relevant, central and material for the general business of UCI, and of a great strategic significance for the current and/or future operations of the Entity. It measures the results from UCI's efforts to improve and promote the amount of renovations of ecologic buildings in areas with economic issues in our operations.
2	Measurable or quantifiable in a quarterly monitoring by the Corporate Responsibility area, in order to verify the compliance with targets.
3	Able to measure the record. Considering an ambitious and proportional estimate, in order to balance the credit risk and/or the social object.

Access of young people to housing

This parameter focuses on providing mortgage financing to people below 35 years old, in order to promote the access to housing to these profiles.

The resulting indicator is measured by the number of natural persons below 35 years old who have contracted mortgage loans during the year. Multiple and single borrowers will be considered in this methodology.

Our investment in the Society

At UCI, we contribute to the economic and social development of the society through our own business activity and of our social commitment through the social investment in projects to support groups identified in our strategy. In this matter, our responsible commitments with the society are the following:

Support the progress of societies in which we are present, through the housing financing activity.

Support educational programmes, with special focus on financial education and future skills, in order to promote education in savings and responsible consumption.

Promote the guidance to young people for their professional experience and future work.

Boost the support to these specific groups: disabled people, people in residential exclusion risk and young people.

In 2021, and in order to materialise our commitments in actions, we have designed our programme "We accompany" for the purpose of developing initiatives to contribute to the social wellbeing of the groups of people mentioned above, aligned with our ESG strategy.

We have established 4 lines of action:

1	Education to young people, with a special focus on the financial education.
2	Inclusion of intellectually disabled people, through the "Iniciativas molonas" .
3	Residential inclusion of vulnerable groups of people.
4	Donation for global and/or health emergency in countries where UCI is present.

Education

This criterion includes the following:

The financial education programme "Tus Finanzas, Tu Futuro" in collaboration with Foundation Junior Achievement with which we have participated in 6 editions.

The support to Foundation Dádoris with internships of young people with an extraordinary talented and without resources.

Contribution to educational programmes of Foundation Prodis to promote and boost the inclusion of young people with intellectual disability. In 2021, the selected project was Conecta2 Expert Programme, which is an adapted online course on digital skills.

Socioeconomic Empowerment

This parameter includes actions related to socioeconomic matters, such as groups of people in risks of residential exclusion, for which, in 2022, we will collaborate with an entity in order to support and palliate these situations.

Also in order to promote the inclusion of intellectually disabled people, together with Foundation Prodis, we have developed “Iniciativas molonas”, which include “Desayunos molones” of which, in 2021, we have held 3 and which will continue performing in 2022. The main objective of these meetings among UCI employees with students of Foundation Prodis is to break barriers through specific actions of exchange of experiences and knowledge of different realities, which all have a place in our society. Diversity and inclusion are matters to work on in a daily basis and naturally in our personal and professional relationships.

We also include our campaigns in natural or health catastrophes in the countries where UCI is present. In particular, in 2021, we collaborated in the Red Cross initiative #ErupcionLaPalma to help residents affected by the volcano. In this case, UCI employees joined the campaign and their donations were summed to the amount contributed by UCI, achieving a multiplying effect.

Lastly, in the framework of Inmotionate, the greatest forum for real estate professionals of Spain, Inmosolidarios awards are given in recognition of the most charitable initiatives in the real estate sector. These awards consist of donations made by UCI to Foundations and NGOs with which it collaborates in awarded initiatives. Five realtors were awarded for their social contribution projects and help to vulnerable groups.

Our social commitment at a glance:

429
programme beneficiaries

199
participating volunteers

participation in
17
programs

48.715 €
NGO grants

S3- Client at the heart

In this work line, we commit with the mission of accompanying our clients in the different stages

A relational model with the client from the beginning to the end

We have financed a total

218,932	393,950
Homes	Clients

since the company was created

In 2021 we have helped the acquisition

5,000

Homes

in Spain and Portugal

(7% more than 2020)

The centre of our client relationship model is to accompany our clients from the beginning to the end and offer them a clear, natural and bespoke financing model, where the transparency, communication and information are the bases of the relationship.

Our value creation and the impact we generate in the people reside in the relationship model, as the purchase of the house is one of the most impacting decisions in the life and economy of anyone.

Thus, our customer relationship model focuses on maintaining a relationship that goes beyond the simple fact of contracting a loan or buying a state. Our commitment is to know the client and propose simple, logical solutions, adapted to the client's needs and project.

One of our main objectives is to respect the clients' interests and inherent rights. Therefore, the Consumer Protection is a relevant function within the Compliance area. In this framework, our entity ha established its Customer Protection Policy.

Also, and since we recognise that satisfied and loyal clients are essential for the sustainable growth and our ongoing success, we continue promoting the customer's satisfaction and recommendation. This is why the systematic collection of comments from our clients is an important matter in our customer-focused strategy, which is essential for our transformation initiatives. Additionally, we count with a customer care service to channel and solve claims received, and to offer an appropriate customer care. This service is compelled to provide a reasoned reply to claims formulated by clients within the maximum of one month. Its team counts with the necessary experience and tools to duly respond to claims received from UCI clients, Bank of Spain, the CIRBE, the Customer's Ombudsman (independent from UCI), OMIC and consumers' associations.

New clients

7,666

+7% first and second holders

Ekomi rating

9.75/10

79.93 %

recommendation

4.86/5

Aftersales

96.12 %

satisfaction level

89 %

recommendation

96 %

satisfaction level

94.5 %

recommendation

S4- Professionalisation of the real estate sector

"We promote the professionalisation and diversification of the Real estate sector".

The real estate professionals are our travel companions, our allies, who have allowed us to connect people to homes, for more than thirty years, and are essential in our commercial model. Currently, we collaborate with more than 2,000 real estate agencies.

The service delivered by real estate agents is essential for those who acquire a house and for the community where they exercise their profession. Their task requires high standards of quality, responsibility and training.

We contribute to the compliance with these increasing market demands, implementing initiatives and providing tools for the development and growth of real estate professionals in Spain and Portugal.

Our commitment focuses on ethics and training and originates from 2005, when we signed the agreement to become the local partner in Spain, Portugal and Brazil of RRC (Residential Real Estate Council), former CRS, non-profit organisation born from the National Association of Realtors (NAR), which integrates the best professionals specialised in residential housing, providing them with knowledge and tools for the development of their activity with the highest efficiency.

Subsequently, in 2016, we entered into an agreement with the NAR to act as their representatives in Spain, administer the REALTOR® designation, give their courses, as well as a code of ethics to protect the consumers' interests.

Also, through our area of development professional, SIRA (for its acronym Spanish International Realty Alliance, PIRA in Portugal), which belongs to the subsidiary UCI Servicios para Profesionales Inmobiliarios, we promote courses and training sessions that allow them to develop their business and to anticipate the future.

In 2019, the Law regulating Real Estate Credit Contracts came into force, entailing improvements for the consumer and a turning point in the professionals' work. The standard established a legal system and regulates requirements for the access to the activity and the supervisory regime over the professionals, providing security and transparency to the intermediation in the financing.

Within the annual training catalogue, UCI has offered courses together with Foundation of Financial Studies (FEF) to allow the professionals to obtain their certification as Real Estate Credit Informant. A total of 147 professionals decided to enrol during 2021.

In 2021, SIRA has organised 83 courses in Spain, with 1,506 attendees/day, which figure is lower than in 2020, but consolidates SIRA as one of the market leaders in the training for property agents.

We complemented these training courses with webinars and quarterly informative magazines, Revista Inmobiliarios, in Spain, and Real Estate, in Portugal.

In 2021, more than 80 webinars were organised in Spain. We know that every real estate professional is an agent of change. Therefore, we also promote their professional growth with initiatives such as Inmotionate, the greatest event of training and networking for professionals in the country.

On February, we were not able to organise the trip to Sell-A-Bration, given that the event was organised online. SIRA organised the event's visualisation, providing attendees with a live translation of the event and with sections therein to comment each lecture with sector experts. This time, as with this new format, we could incorporate 105 attendees to the event, mostly from Spain, but with representation of Portugal, Colombia, Ecuador, Mexico and Argentina.

On October 2021, we have held Inmotionate; the onsite event gathered 620 attendees in Madrid.

In 2020, a new communication channel was created, #InmocionateEnCasa. In 2021, 7 shows were broadcasted.

Following with our commitment to contribute to the sustainability of the planet and to the decarbonisation of cities, we consider that the real estate professional is a key intermediary in this transformation. In line with the entity's strategic axis, we organised the NAR Green course within Inmotionate in Madrid, with the attendance of 36 agents on October. We continue committing for Property agents to become leaders in the ecologic transition of houses in Spain and promote the rehabilitation and the creation of more efficient, healthy and sustainable estates.

No. of designations CRS

🇪🇸 906

+12% in 2021

🇵🇹 36

+29% in 2021

No. of memberships SIRA Spanish International Realty Alliance®

725

+18.46% in 2021

No. of memberships CRS SPAIN

1,116

-0.27% in 2021

No. of memberships PIR Portugal

94

+141% in 2021

No. of memberships CRS Portugal

62

+26% in 2021

S5- And Our suppliers

At UCI, we count with tools to supervise our suppliers' service quality. In order to comply with the different requirements, both regulation requirements and from internal and external audits, the Entity counts with two procedures:

› Principles and Contracting of Suppliers.

› Policy for the outsourcing of essential services.

Such procedures are framed within the corporate management framework, which establishes general action guidelines related to the selection, control and monitoring of external suppliers.

These procedures define the method used in UCI on purchase contracting and/or subcontracting necessary to deliver the service, in order to ensure that specified requirements are satisfied, focused on the improvement and creating value in the Organisation.

In the 2021 strategy, in our sustainable and responsible axis, one of the focuses of action of the strategic line related to ethics and values is the ethic management of purchases, tracing the line to be followed to include social, gender equality and environmental matters in the relationship with suppliers. During 2021, the suppliers' contracting procedure was reviewed and adapted, and the Supplier's Code of Conduct was implemented, covering action principles to be followed by suppliers who work with UCI. Such principles are the following: ethics and conduct; lack of conflict of interest; social area (human rights health and security, diversity, equality and inclusion); environment; confidentiality, privacy and continuity. During 2021, the Policy for the outsourcing of essential services was reviewed and adapted, including guidelines from Guide EBA/GL/2019/02 on outsourcing. Moreover, we count with a method that allows us to value the quality and delivery ability of suppliers and/or outsourced services, based on a series of criteria established for these suppliers' activities.

On an annual basis, an assessment is made of suppliers and/or outsourced services by the person in charge of their processes.

For such purpose, it is considered that they are within the scope of the certification ISO 9001 and/or ISO 14001 and that the criteria and assessment methodology documented in the corresponding procedures have been established.

Also, once assessed, they are in charge of communicating its result to the supplier, in order to establish actions for improvement to satisfy our clients' established requirements, needs and expectations, creating value for the Entity and our stakeholders.

During 2021, we have been working on the integration of environmental matters in the annual quality assessment, considering our "life cycle", with the following benefits:

- Performing assessments at the same moment and covering all these matters.
- Adequacy and documentation of criteria in all assessment procedures.
- Coherence and uniformity in the assessment methodology.
- Easiness in performing and communicating their results.
- Contributing value to the assessment and increasing the capacity of

In 2021, we have assessed 24 suppliers (11 of Quality and 5 of Environment and 8 of Quality and environment) and 28 Outsourced services, having assessed 13 of Quality and 12 of Quality and environment.

Result of the evaluation

Providers	Outsourced services
3.68	3.24
satisfying	globally satisfying

Indicators related to "We accompany" may be consulted in section 6.2 of the report- Indicators Social matters

5.4. 'We comply'

Cumplimos

We guide our business and our relationships with stakeholders through ethics, responsible and transparent criteria.

In this chapter we include pillars that govern UCI's action to reach a responsible and sustainable organisation management, generating value for its stakeholders and the society in general.

Corporate governance

One of our priorities is to strengthen the corporate governance framework and promote its effectiveness, to comply with our objectives marked in the Governance dimension of the ESG framework in the most responsible and sustainable manner possible.

Since May 2021, we count with a new Corporate governance policy that constitutes the framework that defines the Governance, Risk management and Compliance structure (GRC) both of Unión de Créditos Inmobiliarios S.A. Establecimiento Financiero de Crédito.

The main objectives of policy are the following:

- Promoting a transparent, independent, efficient and prudent management of the UCI Group
- Assigning responsibilities and competences, in a clear, defined, transparent and coherent manner, in the Entity and Group's internal control framework.
- Establishing efficient policies and procedures for the identification, analysis, assessment, treatment, monitoring, review and reporting of risks to which UCI S.A. E.F.C. is exposed.
- Establishing appropriate internal control mechanisms and remuneration policies and practices compatible with an appropriate and efficient risk management.
- Ensuring the Entity and the Group's interests, as well as that of their investors, clients, employees and, in general, their different stakeholders.

Additionally it takes into consideration the guidelines on internal governance of the European Banking Authority (EBA/GL/2017/11) which specifies internal governance systems, procedures and mechanisms that must be implemented by credit institutions and investment companies to guarantee an efficient and prudential management of the entity.

The Corporate governance policy is complemented with other standards to guarantee the correct management of the UCI Group:

Bylaws	Policy suitability of Board Members and of senior management members and other key function holders	Remuneration policy for members of the Board of Directors	Policy of conflicts of interest

Governing Bodies

UCI S.A. E.F.C has an appropriate and transparent organisational structure and operating management and control model, which aim is an efficient and proportional action to the nature, scale and complexity of risks inherent to its business model and activity and, in turn, in compliance with the principles of best corporate governance.

The organisation chart of UCI S.A., E.F.C. Is structured with three main bodies:

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

Sole Shareholder. UCI S.A.

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

Board of Directors

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

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

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

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

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

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

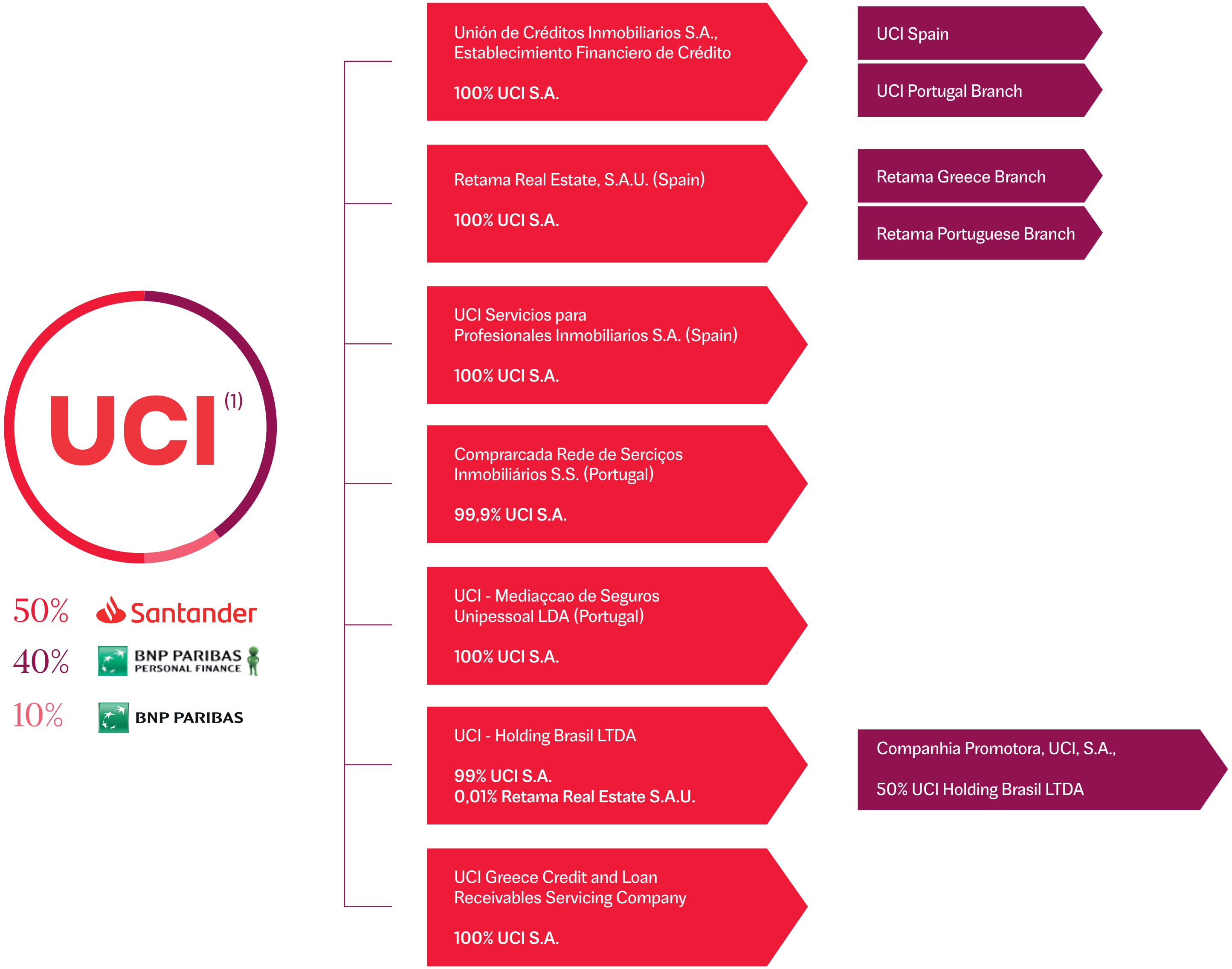
Internal Governance

The entity's governance comprises, at internal level, the management instances, which activity is reported to the Board of Directors and which first level corresponds to the General Management, with the support of a Management Committee, an Executive Committee and different sector committees, constituted to manage of certain matters and risks

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

Senior management, within the framework established by the Board of Directors and its Committees, plans and develops the entity's strategy, organises resources, leads the human capital and organises and controls processes.

Organisational structure of the Group



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.**

(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.

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

Management bodies (see annex 1)

Compliance and business ethics culture

Our culture of Compliance

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

We are a responsible company, which implies being aware of the Compliance as key tool in our daily activity and to provide legal security, and ensure the best ethical and professional practices in the entity.

We also rely on this culture as a decisive function for the prevention, management and risk control, configured as a necessary element for the entity's appropriate operation and for the value creation to our stakeholders and a the society as a whole.

The Culture of Compliance is transversal, which implies that it affects all levels within the entity and must be part of the daily operations of all employees; the best support is the awareness of all people within UCI. The implementation of the culture of compliance in the organisation entails preventing, detecting and managing risks of Compliance through the creation and development of specific programmes.

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

Compliance skills

The compliance skills include the promotion of the dissemination, knowledge, compliance with, the general and binding interpretation of the code of ethics, as well as the coordination of its application, and resolution of all consultations or doubts posed in relation to its content, interpretation, application or compliance and, in particular, to the application of disciplinary measures by the competent bodies.

Basic rules

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

The code of ethics that develops the principles included on the Group's Mission, Vision and Values in a global, complex and changing environment. It also establishes a set of conduct principles and guidelines to ensure the ethical responsible behaviour of all UCI employees in the development of their activity.

This code stipulates that the regulatory compliance and ethics covers the compliance with the legislation in force reflected in UCI Group's internal procedures. Therefore, all UCI Group's collaborators have the duty to adjust their actions to the regulations in force, following, in this sense, UCI Group's specific guidelines.The Code of Ethics in relation to the respect of the people's individualities and rights establishes that our labour objectives are the elimination of sexist behaviours, the discrimination for ethnicity, religion, nationality, civil status, sexual orientation and/or social class, as well as behaviours that could constitute an offence, such as the sexual and labour harassment. Ethics rules must be present in each one of us within the labour environment, and we are responsible for adapting them to the different situations that could arise each day. Everyone within the UCI Group has a moral commitment to report any of these conducts when witnessed, in order to collaborate in the achievement of a work environment according to the values, culture and customs of our Company.

When performing our activity, we adopt responsible behaviour guidelines, respecting and making others respect the human rights in the internal and external relationships, assuming commitments included in international rules and guidelines, such as the Declaration of the International Labour Organisation (ILO) related to the fundamental principles and rights at work, including the Fundamental labour rules of the ILO, the UN Guiding Principles on companies and human rights, and the ten Global Compact principles.

Also, we count with a criminal risk prevention system, which in 2020 has been reviewed by an external consultant, and which includes procedures and controls to prevent the performance, by employees, collaborators and/or people working on its environment, of actions and conducts that could be considered fraudulent or inappropriate. These procedures include the one aimed to the prevention of corruption and bribery. This procedure identifies aspects to be taken into account in the daily activity, to prevent such risk of corruption and bribery and, therefore, the risk of incurring in criminal liability for the legal entity.

The criminal risk prevention device is completed with other procedures and policies, such as:

- Criminal Risk Prevention Manual.
- Money Laundering Prevention Manual.
- Whistleblowing Channel Procedure.
- Catalogue of best and bad practices within UCI.
- Anticorruption and anti-bribery policy – Gift and invitations policy.
- Policy of relationships with the authorities and with Public Administrations.

Furthermore, we make available in the Intranet the exemplifying Catalogue of money laundering risk operations – real estate sector and credit institutions sector, published by the Treasury Department. Within the specific chapter of Money Laundering Prevention, we note the significance of the due control and compliance with obligations in this matter for the Entity. The non-compliance with obligations established by the legislation for this section could imply serious penalties, both economic and administrative, for the entity.

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

From the particular standpoint of the compliance with the money laundering prevention regulations, the essential working lines during 2021 have been the following:

- Follow-up of measures to improve the identification and knowledge of the final client (KYC), both in the financing activity and in the activity of sale of estates (KYC), and the knowledge of the supplier.
- Follow-up of the alert management system of potentially suspicious money laundering operations, both in financing and in the sale of estates, regardless of the subsequent detailed analysis of each file.
- Review of the money laundering prevention system by an External Expert, by virtue of Law 10/2010.
- Internal verification of the Money Laundering Prevention system by UCI's Internal Audit Department.
- Review and update of the risk self-assessment report, in relation to money laundering prevention.

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

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

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

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

Activity

The Group's Whistleblowing Channel is a procedure to report the non-compliance with regulations, allowing the Group's collaborators to confidentially communicate conducts that could imply a lack of compliance with the corporate governance system or the commission by any of the Group's collaborators of an action against law (in particular a criminal action) or against UCI's acting standards included on the Code of Ethics and in internal policies and procedures.

During 2021, no claim has been received through this channel in Spain, and no incident has been registered in the Gift policy.

Money Laundering Prevention Alerts analized during 2021

🇪🇸 **1.564** Alerts

15 communicated to the OCI (internal control body)

9 Communicated to SEPBLAC

We have continued with the ongoing portfolio review, in order to prevent money laundering

🇵🇹 **367** Alerts

None of which have been communicated to the local regulator.

🇬🇷 **9** Alerts

None of which have been communicated to the local regulator.

Awareness and training given in Regulatory compliance

Compliance training modules given during 2021 in UCI Group in Spain have been the following:

- Competition Law
- Criminal Risk Prevention
- Anticorruption and gift policy
- International Penalties and Seizures
- Money laundering prevention
- Data Protection
- Protection of the customer's interest
- Advertisement of banking products and services
- Volcker
- Validation and monitoring of products

The scope of all of them has covered all staff, except for the one related to the competition law, which was aimed for managers, including senior management. Concerning the training Volcker, it has been aimed to a given group of employees and directors.

In 2021, we have implemented the Supplier's Code of Conduct, as part of the document of "Suppliers' contracting principles and procedures". This Supplier's Code of Conduct aims to establish guidelines to be followed by suppliers with which UCI relates. Furthermore, we have implemented the Policy of relationships with the authorities and with Public Administrations, and have reviewed and updated the Corporate Governance Policy, the Policy of Conflicts of interest and the policy of outsourcing of essential services. We have also implemented the Guidelines of conduct standards with clients in situation of default.

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

- Policy of gifts and invitations
- Transparency with the client
- Culture of Compliance
- Ethics whistleblowing channel
- Cybersecurity and diligent use of email
- Policy of commercial communication (advertising)
- Internal record of advertisement (Circular 4/2020 of Bank of Spain)
- Guidelines of standards of conduct with clients in situation of default
- Policy of conflicts of interest
- Data protection and guarantee of digital rights
- Significance of the suppliers' contracting procedure
- Policy of outsourcing of essential services

In 2021, 39 information communications have been disseminated on regulatory developments in Spain.

Information security

EThe year 2020 and the pandemic boosted the transformation in the way we relate and the virtual world positioned itself in the front line, driving both the agility and closeness in relationships and rising the demand to be developed in secure environments.

Special emphasis has been made in remote working plans and in the management of its associated risks. We have adapted the ability of the remote access channels and systems, according to the operating needs, and have reinforced these connections' protection and control measures.

At UCI, technology is a facilitating vehicle for the relationship between the organisation and the different stakeholders, particularly with our clients, as we are a customer-focused organisation and the security and privacy of information is a relevant matter of the highest priority, with the Cybersecurity department as the area in charge of guaranteeing it.

In this sense, during 2021, we have reinforced our commitment in this matter and have defined strategic axes:

1	Development of the three-year Information security master plan with the collaboration of an external expert, Deloitte, to trace action lines to reach the following strategic objectives: › Identify the UCI Group's needs in Information Security, expressed in terms of Confidentiality, Integrity and Availability. › Manage Information security risks to keep them at the Acceptable Risk Level for UCI Group. › Integrate the Cyber-incidents Management process within the Business Continuity Process. › Guarantee the adherence to the legal framework in force in Information security.
2	Establish the figure of the Chief Information Security Officer (CISO) certificate by the ECC (EC-Council).
3	Shareholders' report to the CISO, since June 2021.

As we are aware of the significance of all these matters, we have launched the certification process under Standard ISO 27001 to implement best practices in this matter.

As a consequence, we have developed a new Information Security Policy, gathering the main action lines that are essential to guarantee the Confidentiality, Integrity and Availability, as strategic objective in information security.

We have implemented the Information Security Management System (SGSI) and have also launched the certification process ISO 27001, which has raised our maturity levels in Information Security Governance.

We have reinforced protection measures against information leaks, improved the management of risks associated to cloud operations and to the collaboration with third parties, analysing the maturity in their security.

We have strengthened the process of response against Cyber-incidents and have analysed the offenses. We have also carried out simulations of Cyber-incidents in order to optimise the abilities to detect and protect the processes and the security tools.

The Vulnerabilities Management process has been reinforced, both at perimetral security level and at internal level, and internal processes have also been integrated with the shareholders' processes.

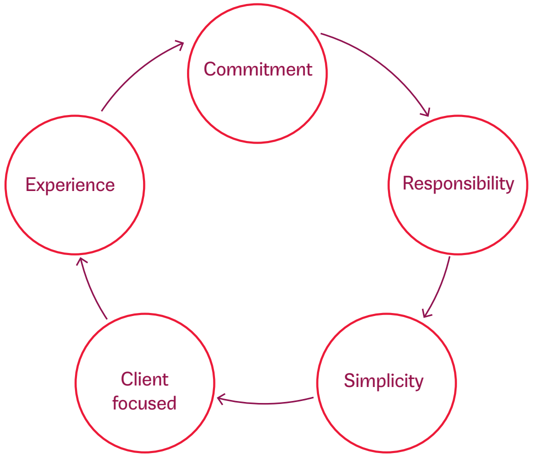
This entire improvement and transformation process has been paired with a new dimensioning of the Cybersecurity Department to face present and future needs, as well as the deployment of the training plan and of continuous training in information security, including initiatives as varied as training, UCI HUB, communications and phishing drills.

Comprehensive risk management

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

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

Our risk culture is defined through five principles:



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

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

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

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

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

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

Risk Management Function

The risk manager (FGR) is responsible for providing exhaustive meaningful information on risks and for advising the Board of Directors to understand the Entity’s global risk profile.

In general, the following functions have been allocated to the FGR:

› It counts with the appropriate authority, range and resources, taking into account the proportionality criteria to implement risk policies and the risk management framework.

› It has direct access to the management body in its supervisory function and to its committees.

› It has access to all business lines and internal units with potential to generate risks, as well as to the relevant subsidiaries and associates.

› The FGR staff has the appropriate expertise, skills and experience on risk management techniques and procedures, as well as on markets and products.

› It is independent from the business lines and units which risks are controlled, although it is true that they interact. The interaction among the operating functions and the FGR eases the objective for all of the entity’s staff to assume the risk management responsibility.

› It is a core element in the entity’s organisation, and is structured in a way to be able to control the risk management framework. The FGR plays an essential role in guaranteeing that the entity has implemented efficient risk management processes and actively participates in all important decisions related to risk management.

› It provides independent information, analysis and expert and pertinent criteria on risk exposures. It provides advice on risk-related proposals and decisions adopted by the business lines or internal units, and informs the management body on whether these are coherent with the entity’s risk strategy and appetite. The FGR recommends, through action plans, improvements in the risk management framework and corrective actions against any non-compliance with policies, procedures and risk limits.

Risk mapping

The risk mapping contemplates the risk families incurred by the operations of each different Business Unit comprised on UCI Group.

Each risk family is defined below:

Risk Family	Definition
Concentration	Lack of diversification from the standpoint of geographic exposure, client's typology, specific products or per sales channel. It also includes the client's individual exposure and the exposure per activity sectors.
Credit	It shows the possibility to suffer losses derived from debtors' non-compliance with their contractual obligations. It includes the risk of counterparty.
Structural interest rate	The interest rate risk is the exposure to which the Entity is subject as a consequence of interest rate's adverse movements. This sensibility is conditioned by gaps in maturity dates and interest rates' review dates of the different balance sheet items. Changes in interest rates impact the Entity's intermediation margin and affect the value of assets and liabilities held by the Entity. Therefore, an effective interest rate risk management is essential to delimit this risk and to ensure the Entity's economic value and profitability.
Solvency	Solvency from the financial standpoint is identified with an entity's ability to generate funds to face the agreed conditions, acquired commitments with third parties. Solvency is closely related to the concept of credit risk, as it represents the possible disruption that would be originated for the entity from the variation of conditions and characteristics that could alter the entity's ability to comply with the contractual terms of its operations.
Liquidity	The Liquidity Risk includes the possibility for the Entity to suffer losses for the absence of available liquid funds to face payment obligations, both at the short and at mid/long terms.

Family risk	Definition
Market	The Liquidity Risk includes the possibility for the Entity to suffer losses derived from adverse variations in market prices and/ or marketable instruments with which the Entity operates.
Operational	Risk of loss resulting from a lack of adaptation or failure in processes, personnel, internal systems, or external installations. This definition includes the legal risk and excludes the reputational risk.
Reputational	The Reputational Risk is defined as the body of the different Stakeholders' perceptions and opinions on the Entity. It is associated to changes of perception regarding the Group, or its brands, by stakeholders, where an action, event or situation could negatively or positively affect the organisation's reputation.
Strategic	The strategic risk is defined as the current and future impact in income and capital which could derive from adverse business decisions, undue application of decisions, or lack of ability to respond to changes. This risk is a compatibility function of the Entity's strategic objectives, strategies developed to reach those objectives, resources used, as well as the quality of their execution. The necessary resources to implement business strategies are assessed in relation to the impact of economic, technological, competitive and regulatory changes.
ESG	ESG criteria cover the following matters: -The environmental factor (E), to make decisions based on how the companies' activities affect the environment. -The social factor (S), to take into consideration the repercussion for the community from the entity's activities. -The governance factor (G), which studies the impact from the shareholders and management, and is based on matters such as the structure of boards of directors, the shareholders' rights, or the transparency, among others.

Risk profile

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

The RMS is implemented in accordance with the RIA methodology (Risk Identification and Assessment), which consists in the identification and assessment of the different types of risk, involving the different lines of defence in its execution, in order to reinforce the advanced proactive risk management, establishing management standards in compliance with regulatory requirements and which are aligned with the best market practices, also being a mechanism to transfer the risk culture.

The function comprises all risk identification and assessment processes, as well as their integration in the risk profile, its units and activities, also allowing the update of the risk mapping.

The final objective is to know the residual risk for risks and subfamilies and the risk profile for families and Units. The risk profile is determined by the interrelation between each block of the RIA:

1. Risk performance

It allows knowing the residual risk per type of individual risk, through a set of KRIs calibrated based on international or internally defined standards.

Each individual risk's residual risk is determined by one or several KRIs (sometimes, expert judgement), which risk assessment is framed within ranges defined into 4 risk levels. Also, the risk tolerance, risk limit and weighing are defined for each KRI.

The aggregated and weighed rating of each individual risk determines the risk profile for each risk family and Unit, which should be aligned with the risk appetite defined by the Entity for each risk family.

2. Control environment

It assesses the implementation degree of the objective management model established in agreement with advanced standards.

The assessment focuses on internal governance procedures and global controls in order to verify that they are appropriate for the Entity's risk profile, business model, size and complexity, and to identify the extent to which the Entity complies with requirements and best internal governance and risk control standards specified on applicable international and internal guidelines in this field.
This assessment is performed by three lines of defence in the Entity, in which its risk management and control model is based, in order to verify their alignment degree.

First line of defence	Business areas and all support areas that generate a risk exposure constitute the first line of defence against such risk. These areas are responsible for establishing a risk management environment to ensure their permanence within the approved appetite and defined limits.
Second line of defence	The second line of defence consists of the risk function (Risk Management department and Internal Control department) and the compliance function. These areas independently supervise and challenge the risk management activities performed by the first line of defence. These areas are responsible for ensuring that risks are managed in agreement with the risk appetite defined by top management, and for promoting a solid risk culture throughout the organisation. These areas also must provide guidelines, advice and expert judgement in all relevant risk-related matters.
Third line of defence	Internal audit, as third line of defence. On its ultimate control layer, internal audit performs periodic assessments to verify that policies, methods and procedures are appropriate and have been effectively implemented in the management and control of all risks.

4. Business Model Analysis (BMA)

Assessment of the Entity's business model and strategy. Unit's forward-looking analysis based on stress metrics and/or identification and valuation of the main threats or key vulnerabilities (Top risks) that could have a significant impact on the strategic plan or compromise the Entity's future feasibility, allowing the establishment of specific action plans to mitigate their potential impacts and monitor them.

The Entity will perform a periodic business model analysis (BMA) to assess the business and strategic risks and to determine:

The feasibility of the Entity's current business model, based on its ability to generate reasonable profitabilities in the 12 following months.	The sustainability of the Entity's strategy, based on its ability to generate reasonable profitabilities during a future period of at least 3 years, based on its strategic plans and financial forecasts.

Risk Appetite

UCI performs a comprehensive risk management, where the risk appetite's definition and control is a key element. The risk management function has access to all business areas and will be independent from those which risks are controlled; however, the interaction between operating functions and the risk management function eases the objective that all of the Entity's personnel assume the responsibility to manage risks.

This approach is aligned with the best market practices and recommendations from the main international regulators.

In this context, our Risk Appetite Framework (hereinafter, RAF) thus formalises the structuring of the decision-making with regard to risks, the definition, level and composition of risks to be assumed by the Group on its activity, as well as the risks' supervision mechanism and follow-up. Therefore, the risk management function is a focal element of the Entity's organisation and is structured in a way to ease the implementation of risk policies and control the risk management framework.

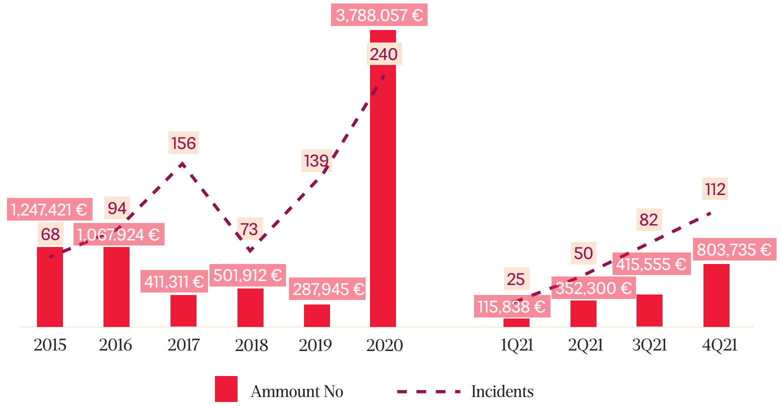
Thus, the risk management excellence is one of the strategic priorities we have established for ourselves. This implies consolidating a strong risk culture throughout the Organisation, a risk culture known and applied by all of our employees. Therefore, the risk management function is actively involved on the elaboration of the risk strategy and ensures the implementation of efficient risk management procedures, and also provides the board of directors with all risk-related relevant information in order to allow them to establish an appropriate risk appetite level for the Entity.

Once all elements were analysed, the risk appetite for UCI Group during 2021 was established as Medium-Low, mainly conditioned by the credit risk family (considered as the Group's main exposure). The risk profile closed the year as Medium-Law, as a consequence of establishing tolerances and limits adjusted to the supervisor's expectations.

Operational risk

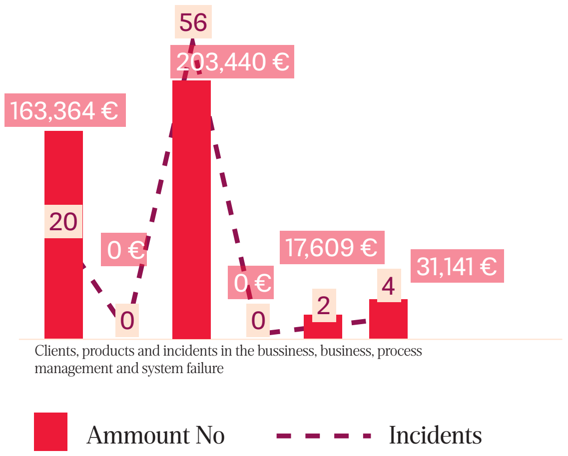
UCI’s operating risk is calculated according to the standard method (Bank of Spain)

Evolution of SGRO events.
Referring to the period (01/01/21 - 12/31/21)

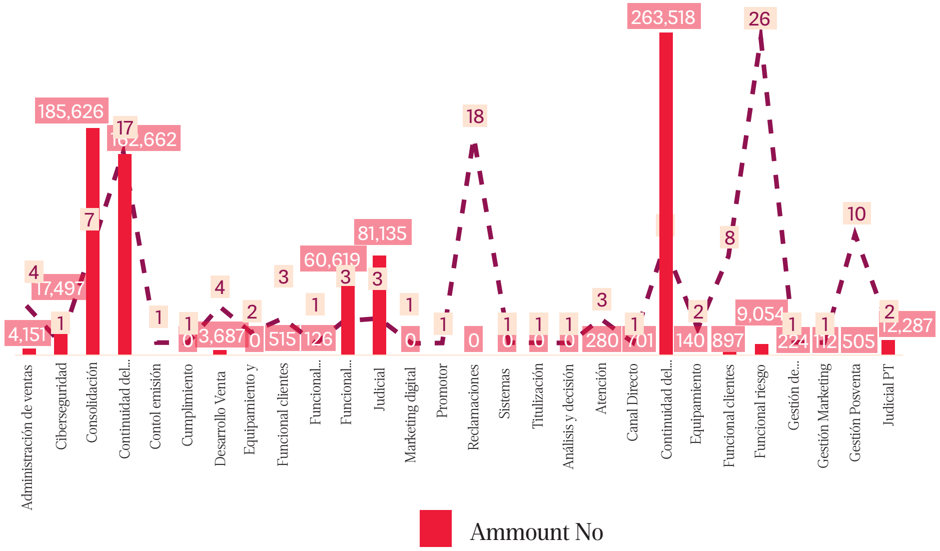


	Incidence		Cost€		Cases
	Open	Closed	Open	Closed	
UCI	25	112	7,010.00	803,734.86	3,931
🇪🇸	9	59	7,010.00	529,34.48	1,985
🇵🇹	16	53	0	274,394.38	1,946
🇬🇷	0	0	0	0	0

Events by RO subfamilies (BdE).
Referring to the period (01/01/21 - 12/31/21)



Threaded events (UCI)
Referring to the period (01/01/21 - 12/31/21)



Indicators related to “We comply” may be consulted in section 6.3 of the report- Indicators Governance matters and in Annex 1, Governing Bodies.

6. Indicators

6.1 Environmental matters

	Spain			Portugal		
	2020	2021	Variación 2020 - 2021 (%)	2020	2021	Variación 2020 - 2021 (%)
Greenhouse Gas Emissions (GHG)						
Total CO2 emissions (t / CO2)	271,95	330,26	21,44%	270,70	184,71	-31,77%
Scope 1 emissions (direct emissions) (t / CO2)	1,00	1,52	52,00%	0,00	0,00	0,00%
Scope 2 emissions (indirect emissions) (t / CO2)	106,92	97,38	-8,93%	19,66	18,11	-7,92%
Scope 3 emissions (indirect emissions) (t / CO2)	164,03	231,37	41,05%	251,03	166,61	-33,63%
Waste						
Total hazardous waste (ton)	0	0	-	0	0,08	-
Total non-hazardous waste (ton)	32,06	17,615	-45,06%	1,143	1,606	40,51%
Total recycled waste (ton)	20,79	12,15	-41,54%	1,143	1,526	33,51%
Consumption						
Total water consumption (m^3)	2.119,90	528,319	-75,08%	175,938	155,357	-11,70%
Water consumption per employee (m^3)	3,92	1,01	-74,17%	1,95	1,75	-10,71%
Total paper consumption (kg)	5.122,99	2.909,20	-43,21%	4.828,71	4.370,90	-9,48%
Paper consumption per employee (kg)	9,47	5,57	-41,15%	53,65	89,00	65,88%
Total energy use (kWh)	555.338,14	493.970,42	-11,05%	94.947,77	86.649,28	-8,74%
Total use of clean energy (kWh)	551.177,72	417.284,84	-24,29%	0	0	-
Share of clean energy used (%)	99,25%	84,48%	-14,89%	0	0	-
Energy use per employee (kWh / year)	1.026,50	946,30	-7,81%	1.054,98	973,59	-7,71%
Combating Climate Change						
Volume of green production (Sustainalytics / EEML criteria) (M€)	37,65	49,08	30,37%	11,54	14,99	29,92%
Total green operations (Sustainalytics / EEML criteria)	146	188	28,77%	56	69	23,21%
Total energy savings of the green product range (kWh / m^2 / year)	3.308,02	4.632,12	40,03%	163,1	77,30	-52,61%
Emission reductions from the green product range (ton / CO_2)	-	1.452,10	-	-	-	-

6.2. Social matters

	Spain			Portugal		
	2020	2021	Var. 2020 - 2021 (%)	2020	2021	Var. 2020 - 2021 (%)
Great Place to Work (GPTW)						
Índice Great Place to Work Index	71%	75%	5.63%	80%	83%	3.75
Training and Qualification						
Training hours per collaborator	10,977.77	11,491.52	4.68%	1986	2576	29.71%
Training hours per manager	2,882.19	4,960.49	72.11%	857	873	1.87%
Training hours per director	741.95	975.31	31.45%	152	386	154%
Training hours per management						
Total	**14,601.91**	**17,427.32**	**19.35%**	**2995**	**3835**	**28.05%**
Total training hours/annual employee	26.67	31.86	19.46%	30.88	41.24	33.55%
% voluntary training	48.86%	73.59%	50.61%	0	0	0.00%
% mandatory training	51.14%	26.41%	-48.36%	12.22%	16.85%	37.89%
% e-learning training	84%	99.52%	18.48%	75.30%	93.40%	24.04%
% face-to-face training	13%	0.48%	-96.31%	25.30%	6.60%	-73.91%
% internal training	28%	28.99%	3.54%	32%	31.26%	-2.31
% external suppliers training	72%	71%	-1.39%	69%	68.74%	-0.38%
% female participants	57%	65.34%	14.63%	58.24%	60.44%	3.78
% male participants	43%	34.66%	-19.40	41.76%	39.56%	-5.27%
level of satisfaction	4.5	4.54	0.89	0	0	0.00%
Rotation and Mobility						
Rotation index (1)	4.22%	5.46%	29.38%	5.11%	3.93%	-23.09%
Internal mobility index - nº people (2)	131	62	-52.67%	6	8	33.33%
Internal mobility index (2)	18.18%	11.67%	-35.81%	7%	9%	30.35%

(1) Percentage resulting from dividing two amounts: 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. Do not compute the end of temporary missions

	Spain			Portugal		
	2020	2021	Var. 2020 - 2021 (%)	2020	2021	Var. 2020 - 2021 (%)
Employees						
Employees per gender						
Women (nº total)	311	297	-4.50%	55	53	-3.64%
Women (%)	57.49%	56.90	-1.03·	61.11%	59.55%	-2.55
Men (nº total)	230	225	-2.17%	35	36	2.86%
Men (%)	42.51%	43.10%	1,.9%	39%	40.45%	4.01%
Total	**541**	**522**	**-3.51%**	**90**	**89**	**-1.11%**
Employees per age						
Employees ‹ 25 years (nº total)	1	2	100.00%	2	0	-100%
Employees ‹ 25 years (%)	0.18%	0.38%	111.11%	2.22%	0.00%	-100%
Employees 25-40 years (nº total)	122	88	-27.87%	25	25	-
Employees 25-40 years (%)	22.55%	16.86	-25.23%	27.78%	26.97%	-2.92%
Employees › 40 years (nº total)	418	432	3.35%	63	64	1.59%
Employees › 40 years (%)	77.26%	82.76%	7.12%	70%	73.03%	4.33%
Total	**541**	**522**	**-3.51%**	**90**	**89**	**-1.11%**
Employees per nacionality						
Nº of nationalities	12	13	8.33%	2	4	100%
Immigrant employees (nº total)	20	22	10.00%	1	4	300%
Immigrant employees (%)	3.70%	4.21%	13.78%	1.11%	4.49%	304.50%
Employees per disability						
Nº of employees with disability (nº total)	3	4	33.33%	0	0	-
Nº of employees with disability (%)	0.55%	0.77%	40%	0	0	-
Collaborator (%)						

	Spain			Portugal		
	2020	2021	Var. 2020 - 2021 (%)	2020	2021	Var. 2020 - 2021 (%)
No. of employees per professional classification						
Senior manager (nº total)	18	19	5.56%	7	7	-
Senior manager (%)	3.33%	3.64%	-9.40%	7.78%	6.74%	-13.35%
Management (nº total)	10	11	10.00%	0	1	100%
Management (%)	1.85%	2.11%	14.05%	0%	1.12%	-
Manager (nº total)	93	90	-3.23%	26	26	-
Manager (%)	17.19%	17.24%	0%	28,89%	29.21%	1.12%
Collaborator (nº total)	420	402	-4.29%	57	56	-1.75%
Collaborator (%)	77.63%	77.01%	-0.80%	63.33%	62.92%	-0.65%
Total	**541**	**522**	**-3.51%**	**90**	**89**	**-1.11%**
Contracting						
Modality of employment contracts						
FT temporary contracts - total no.	7	3	-57.14%	12	8	-33.33%
FT temporary contracts - %	1.29%	0.57%	-55.81%	13.48%	8.99%	-33.41%
PT temporary contracts - total no.	0	0	0,00%	0	0	-
PT temporary contracts - %	0%	0%	0,00%	0%	0%	-
FT indefinite contracts - total no.	531	517	-2.64%	77	81	5.19%
FT indefinite contracts - %	98.15%	99.04%	0.91%	85.39%	91.09%	6.68%
PT indefinite contracts - total no.	3	2	-33-33%	1	0	-100%
PT indefinite contracts - %	0.55%	0.38%	-30,91	1.12%	0.00%	-100%
Total	**541**	**522**	**-3.51%**	**90**	**89**	**-11.11%**

	Spain			Portugal		
	2020	2021	Var. 2020 - 2021 (%)	2020	2021	Var. 2020 - 2021 (%)
Annual average of contract modalities per gender						
Annual average FT temporary contracts - women	4.83	3	-37.89	8	6	-25%
Annual average PT temporary contracts - women	0	0	0,00%	0	0	-
Annual average FT indefinite contracts - women	302.17	300	-0.72%	43.75	47	7.43%
Annual average PT indefinite contracts - women	1.75	1	-42.86%	1	0	-100%
Total	**308.75**	**304**	**-1.54**	**52.75**	**53**	**0.47%**
Annual average FT temporary contracts - men	1.17	0.92	-21.37%	4	2	-50%
Annual average PT temporary contracts - men	0	0	0.00%	0	0	-
Annual average FT indefinite contracts - men	228.33	223.17	-226%	33	34	3.03%
Annual average PT indefinite contracts - men	1.42	1.58	11.27%	0	0	-
Total	**230.92**	**225.67**	**-2.27%**	**37**	**36**	**-2.70%**
Annual average of contract modalities per age						
Annual average FT temporary contracts - Less than 25 years old	0.17	0.92	441.18%	1	0	-100%
Annual average of PT temporary contracts - Less than 25 years old	0	0	0.00%	0	0	-
Annual average FT indefinite contracts - Less than 25 years old	2.08	0.75	-63.94	0	0	-
Annual average of PT indefinite contracts - Less than 25 years old	0	0	0.00%	0	0	-
Total	**2.25**	**1.67**	**-25.78%**	**1**	**0**	**-100%**
Annual average FT temporary contracts - From 25 to 40 years old	5	2.67	-46.60%	9	7	-22.22%
Annual average of PT temporary contracts - From 25 to 40 years old	0	0	0.00%	0	0	-
Annual average FT indefinite contracts- From 25 to 40 years old	124.25	100.25	-19.32	17	18	5.88%
Annual average of PT indefinite contracts - From 25 to 40 years old	1	1	-	0	0	-
Total	**130.25**	**103.92**	**-20.21%**	**26**	**25**	-
Annual average FT temporary contracts - More than 40 years old	0.83	0.33	-60.24	2	1	-50%
Annual average of PT temporary contracts - More than 40 years old	0	0	0.00%	0	0	-
Annual average FT indefinite contracts - More than 40 years old	404.17	422.17	4.45%	59.75	63	5.44%
Annual average of PT indefinite contracts - More than 40 years old	2.17	1.58	-27.19%	1	0	-
Total	**407.17**	**424.08**	**4.15%**	**62.75**	**64**	**1.99%**

	Spain			Portugal		
	2020	2021	Var. 2020 - 2021 (%)	2020	2021	Var. 2020 - 2021 (%)
Annual average of contract modalities per professional classification						
Annual average FT temporary contracts - Senior Management	0	0	0.00%	0	0	-
Annual average of PT temporary contracts - Senior Management	0	0	0.00%	0	0	-
Annual average FT indefinite contracts - Senior Management	18	18.92	5.11%	7	6	-14.29%
Annual average of PT indefinite contracts - Senior Management	0	0	0.00%	0	0	-
Total	**18**	**18.92**	**5.11%**	**7**	**6**	**-14.29%**
Annual average FT temporary contracts - Management	0	0	0.00%	0	0	-
Annual average of PT temporary contracts - Management	0	0	0.00%	0	0	-
Annual average FT indefinite contracts - Management	10	10.75	7.50%	0	0	-
Annual average of PT indefinite contracts - Management	0	0	0.00%	0	1	100%
Total	**10**	**10.75**	**7.50%**	**0**	**1**	**100%%**
Annual average FT temporary contracts - Manager	0	0	0.00%	0	0	-
Annual average of PT temporary contracts - Manager	0	0	0.00%	0	0	-
Annual average FT indefinite contracts - Manager	91.58	91.08	-0.55%	26	26	-
Annual average of PT indefinite contracts - Manager	0	0	0.00%	0	0	-
Total	**91.58**	**91.08**	**-0.55**	**26**	**26**	**-**
Annual average FT temporary contracts - Collaborator	6	3,92	-34.67	12	8	-33-33%
Annual average of PT temporary contracts - Collaborator	0	0	0.00%	0	0	-
Annual average FT indefinite contracts - Collaborator	410.92	402.42	-2.07%	43.75	48	9.71%
Annual average of PT indefinite contracts - Collaborator	3,17	2,58	-18.61	1	0	-100%
Total	**420.09**	**408.92**	**-2.66%**	**56.75**	**56**	**-1.32%**

In all tables of averages of employees of Portugal the calculation is made taking into account the number of employees at 2021 closing.
The systems do not provide the information of the totality of the staff that has been part of the company during the year.

	Spain			Portugal		
	2020	2021	Var. 2020 - 2021 (%)	2020	2021	Var. 2020 - 2021 (%)
Labour Relationships						
Collective bargaining agreements						
Total no. collective bargaining agreements	1	1	0%	N/A	N/A	-
% of employees covered	100%	100%	0%	N/A	N/A	-
Dismissals						
Classification of the number of dismissals						
No. dismissals per gender - women	1	7	600.00%	0	0	-
No. dismissals per gender - men	4	0	-100%	0	1	100.00%
No. dismissals per age - Less than 25 years old	0	0	-	0	0	-
No. dismissals per age - From 25 to 40 years old	1	2	100.00%	0	0	-
No. dismissals per age - More than 40 years old	4	5	25.00%	0	1	100.00%
No. dismissals per professional classification - Senior Management	0	0	-	0	0	-
No. dismissals per professional classification - Management	0	0	-	0	0	-
No. dismissals per professional classification - Manager	2	1	-50.00%	0	1	100.00%
No. dismissals per professional classification - Collaborator	3	6	100%	0	0	-
Total	**5**	**7**	**40.00%**	**0**	**0**	-
Salary Gap and Remuneration						
Average remuneration of employees						
Average remuneration per gender - women	28,732.80€	29,168.58 €	1.52%	18,446.26 €	19,795.25 €	7,31%
Average remuneration per gender - men	36,116.36 €	36,627.23 €	1.41%	31,302.92 €	31,930.20 €	2,00%
Average remuneration per age - Less than 25 years old	19,050.48 €	18,472.50 €	-3.03%	14,441.50 €	-	-
Average remuneration per age - From 25 to 40 years old	25,496.27 €	25,703.21 €	0.81%	15,818.47 €	16,797.59 €	6,19
Average remuneration per age - More than 40 years old	33,763.31 €	33,808.72 €	0.13%	27,166.90 €	27,150.81 €	-0,06%
Average remuneration per professional classification or equal value - Senior Management	95,818.81 €	93,514.08 €	-2.41 %	71,797.46 €	72,057.03 €	0,36%
Average remuneration per professional classification or equal value - Management	56,778.75 €	56,702.99 €	-0.13%	-	-	-
Average remuneration per professional classification or equal value - Manager	41,224.14 €	41,385.56 €	0.39%	27,122.27 €	26,953.22 €	-0,62%
Average remuneration per professional classification or equal value - Collaborator	26,267.36 €	26,813.42 €	1.31%	16,381.38 €	17,115.01 €	4,48%

	Spain			Portugal		
	2020	2021	Var. 2020 - 2021 (%)	2020	2021	Var. 2020 - 2021 (%)
Salary gap						
Senior Management - %	27.22%	32.79%	20.46%	55.22%	53.03%	-4.48%
Management - %	13.01%	3.21%	-75.33%			
Manager - %	8.95%	8.32%	-7.15%	11.87%	9.37%	-21.06%
Collaborator - %	2.64%	2.73%	3.41%	-4.10	-0.20%	-95.12%
(1) For the same professional category, the remuneration of men has been divided by that of women.						
Salary gap of gender (2)	20.44%	20.36%	-0.39	37.70%	39.55%	4.91%
(2) Percentage resulting from dividing 2 quantities: the difference between the average salary of men and the average salary of women, divided by the salary of men.						
Average remuneration of board members and senior management						
Average remuneration board members (1) - women	-	-	-	N/A	N/A	-
Average remuneration board members (1) - men	14,000.00€	18,312.50€	30.80%	N/A	N/A	-
Average remuneration of senior management - women	86,895.19€	83,1177.42€	-4.28%	34,688.00€	36,688.00€	5.56%
Average remuneration of senior management - men	149,854.18€	152,995.82€	2.10%	77,982.37€	77,963.71€	-0.02%
(1) The single female board member and one of the board members waive the receipt of remuneration and allowances.						
Alta Management is the Executive Committee in both Spain and Portugal.						
The average remuneration of Directors and Senior Management includes all salary and non-wage payments.						
Social benefits						
Total no. of social benefits	14	14	-	13	13	-
Work-life balance						
Flexiworking						
% of employees*	70.66%	72.41%	2.48%	76.67%	77.53%	1.12%
Commercial networks and of recoveries are not included in this policy.						

	Spain			Portugal		
	2020	2021	Var. 2020 - 2021 (%)	2020	2021	Var. 2020 - 2021 (%)
Absenteeism						
Rate of absenteeism in percentage (%)						
Accident	0.01	0.05	400.00%	0	0	-
Common illness	1.97%	2.97%	51%	0.07	0.02	-71%
Maternity	0.23	0.26	13%	1.93	0.53	-73%
Occupational illness	0	0	-	2	0.55	-72.50%
Total	**2.21**	**3.28**	**48.42%**	**2**	**0.55**	**-72.50%**
Professional contingencies (1)	0.01	0.05	400%	0	0	-
Common contingencies (1)	1.96	2.97	51.53%	1.51	0.2	-86.75%
(1) (Days of sick leave elapsed year *100) / $_2$ (Days month * Affiliated workers month)						
No. of hours of absenteeism						
Professional contingencies	32,216.00	50,000.00	52.20%	0.00	0.00	-
Common contingencies	208	800	284.62%	456	2,736	500%
Total	**32,424.00**	**50,800.00**	**56.67%**	**456.00**	**2,736.00**	**500%**
Occupational accidents						
Accidents at work and professional illnesses						
Frequency accidents at work - women (1)	1.87	1.97	5.35%	0	0	-
Frequency accidents at work - men (1)	2.53	0	-100.00%	0	0	-
Severity of accidents at work - women (2)	0.01	0.197	1,870.00%	0	0	-
Severity of accidents at work - men (2)	0.03	0	-100.00%	0	1	100%
Frequency professional illnesses - women	0	0	-	0	0	-
Frequency professional illnesses - men	0	0	-	0	0	-
Severity professional illnesses - women	0	0	-	0	0	-
Severity professional illnesses - men	0	0	-	0	0	-
(1) Frequency rate: (no. of accidents with leave, including accidents on the way to or from work/no. worked hours) x 1,000,000						
(2) Severity rate: (Days lost due to accidents at work, including those due to accidents on the way to or from work and relapses/no. hours worked) x 1.000						

	Spain			Portugal		
	2020	2021	Var. 2020 - 2021 (%)	2020	2021	Var. 2020 - 2021 (%)
No. of accidents at work per gender						
Women	1	1	0%	0	0	-
Men	1	0	-100%	0	1	100%
Total	**2**	**1**	**-50%**	**0**	**1**	-
Investment in Labour Risk Prevention (PRL) and protection against the COVID-19						
Economic investment						
Investment in protection measures against the Covid-19	215,835.00€	134,153.00 €	-37.84%	N/A	N/A	-
Investment in PRL and security of employees	45,017.00€	52,279.00€	16.13%	N/A	N/A	-
Total	**260,852.00€**	**186,432.00€**	**-28.53%**	N/A	N/A	-
Inclusion and diversity						
Women in leadership positions						
% Women in EC (1)	22%	26.32%	19.64%	16.67%	16.67%	0.00%
% Women in manager position (2)	41%	40%	-1.23%	42.31%	40.74%	-3.71%
(1) Percentage resulting from dividing 2 amounts, the total number of women by the total number of EC members, men and women						
(2) Percentage resulting from dividing 2 amounts: the total number of women managers by the total number of men and women managers (EC and managers)						
Relationship with clients						
Evolution of the number of clients						
Total no. clients per country (1)	-	356,057	-	-	37,893	-
(1) Number of different clients (1st and 2nd owner) who have signed with UCI since the beginning						
Total no. of new clients per country (2)	5,555.00	6,029.00	8.53%	1,628.00	1,637.00	0.55%
(2) Number of new different clients (1st and 2nd owner) per year						

	Spain			Portugal		
	2020	2021	Var. 2020 - 2021 (%)	2020	2021	Var. 2020 - 2021 (%)
Customer satisfaction - clients ekomi valuation (1)						
Clients UCI	9.62	9.71	0.94%	4.84	4.86	0.41%
Clients Hipotecas.com (Spain)/ Direct Channel (Portugal)	9.78	9.89	1.12%	4.77	4.94	3.56%
Clients International Buyers	9.7	9.82	1.24%	-	-	-
(1) Valuation over 10 in Spain and over 5 in Portugal.						
Global clients ekomi valuation (1)	9.66	9.75	0.93%	4.84	4.86	0.41%
(1) Annual ratio, not including international Buyers						
Total no. of client valuations (1)	2,307	2,479	7.46%	916	982	7.21%
(1) Not including IB valuations						
Measurement customer experience - Quality perceived After-Sales Clients						
Satisfaction level - Client without contact	91.80%	90.00%	-1.96%	N/A	N/A	-
Recommendation level - Client without contact	81.76%	82.45%	0.84%	N/A	N/A	-
Satisfaction level - Client with contact	96.84%	96.12%	-0.74	96.70%	96.00%	-0.72%
Recommendation level - Client with contact	83.82%	89.00%	6.18%	93.30%	94.50%	1.29%
Web Client Satisfaction	85.00%	88.00%	3.53%	86.20%	89.05%	3.31%
Client without contact: Clients who have not contacted the after-sales service by telephone for more than 1 year.						
Client with contact: Client who has contacted by the after-sales service by telephone on the previous month.						
Recommendation when signing the mortgage - ekomi						
Recommendation level*	-	79.93%	-	N/A	N/A	-
*New valuation in 2021						

	Spain			Portugal		
	2020	2021	Var. 2020 - 2021 (%)	2020	2021	Var. 2020 - 2021 (%)
Customer claims						
Total no. of admitted customer claims	4,022	3,408	-15.27	19	19	0.00%
No. claims solved in favour of the client	378	454	20.11%	12	8	-33.33%
No. claims solved against the client	3,316	2,910	-12.24	7	11	57.14%
No. claims to be solved	328	44	-86.59%	0	0	-
Adherences / requests from the Code of Best Practices						
Admitted requests	146	148	1.37%	N/A	N/A	-
Approved requests	88	79	-10.23%	N/A	N/A	-
Agreements with clients - Restructuring operations, definitive solutions and moratoriums						
Restructuring operations (1)	7,828	5,189	-33.71%	59	139	135.59%
Definitive solutions: debt property swaps	490	872	77.96%	1	1	-
Definitive solutions: mandates						
Total	8,318.00	6,061.00	-27.13%	60	140	133.33%
(1) Data on signed restructuring operations do not include moratoriums						
Legal moratoriums -RDL	4,310	73	-98.31%	0	1787	100.00%
Sector moratoriums	4,471	129	-97.11%	0	293	100.00%
Total	**8,781**	**202**	**-97.70%**	**0**	**2080**	**100.00%**
Total client solutions	17,099.00	6,263.00	-63.37%	60	140	133.33%
Prevention / regularisation of non-compliance						
PARI	N/A	N/A	-	1,179	4,701	299%
PERSI	N/A	N/A	-	1,403	2,844	103%

PARI: Plano de Ação para o Risco de Incumprimento

PERSI: Procedimento Extrajudicial para Regularização de Situações de Incumprimento

	Spain			Portugal		
	2020	2021	Var. 2020 - 2021 (%)	2020	2021	Var. 2020 - 2021 (%)
UCI adherence to the Housing Social Fund						
No. of leases	25	28	12%	N/A	N/A	-
Financial Social Engagement						
Social inclusion in the business						
No. of people benefiting from solutions to clients in difficulty of payment	16.608	9.397	-43,42%	305,00	187,00	-38,69%
No. of people benefiting from sustainable retrofitting of buildings in areas of low GDP per capita	780	2.400	207,69%	N/A	N/A	-
No. of young people with access to housing	1.082	1.098	1,48%	503	395	-21,47
Investment in the community						
Monetary contributions to non-profit entities						
Fundación Prodis - educational projects	15,000.00€	15.000.00€	-	N/A	N/A	-
Fundación Prodis - awareness projects	- €	950.00€	100%	N/A	N/A	-
Red Cross	18,305.00€	10.365.00€	-43.38%	N/A	N/A	-
Madrid Food Bank - covid-19 emergency / Banco Alimentar Portugal	5,000.00€	- €	-100.00%	2,000.00€	-	-100%
Fundación Dádoris - Student Scholarships	3,000.00€	3.000.00€	-	N/A	N/A	-
International Cooperation - Una sonrisa por Navidad	1,450.00€	- €	-100.00%	N/A	N/A	-
Fundación Junior Achievement - Tus finanzas, tu futuro	3,600.00€	4.400.00€	22.22%	-	5,500.00€	100%
Inmosolidarios Awards	1,000.00€	15.000.00€	1,400.00%	N/A	N/A	-
Instituto Português de Oncologia - I.P.O. Lisboa	N/A	N/A	-	-	5,000.00€	100%
ONG Crescer, Ser - Hogar Infantil	N/A	N/A	-	-	500.00€	100%
Total	**47,355.00€**	**48.715.00€**	**2.87%**	**2,000.00%**	**11,000.00€**	**450%**

	Spain			Portugal		
	2020	2021	Var. 2020 - 2021 (%)	2020	2021	Var. 2020 - 2021 (%)
Professionalisation and training of the real estate sector						
Memberships SIRA and CRS						
No. Memberships SIRA / PIR	612	725	18.46%	39	94	141.03%
No. Memberships CRS España	1119	116	-89.63%	62	78	25.81%
Membership SIRA: the Realtor distinction is obtained with this membership						
CRS Designations						
No. Designations CRS España	806	906	12.41%	20	36	80.00%
CRS: To be designated CRS, it is necessary to have SIRA membership (from 2020), be a CRS member, have been in the sector for 4 years, have participated in 35 sales/purchases, and have obtained 64 training credits having gone through the REAP (5 compulsory courses giving 8 credits each) and through complementary training, travel or attendance at events (which provide credits towards the 64 credits required).						
CRS Courses Spain						
No. of courses (1)	92	83	-9.78%	10	8	-20.00%
No. of attendees (2)	2,881	1,506	-47.73%	512	120	-76.56%
(1) Including CRS REAP (compulsory) and CRS Essentials (not compulsory) courses						
(2) The number of attendees in courses does not refer to unique attendees, as one single real estate professional may receive several courses.						
Valuation CRS training (1)						
Valuation CRS courses	9	9	-	8	7	-12.50%
Valuation CRS teachers	9.27	9.43	1.73%	8	7	-12.50%
(1) Valuation over 10, in both cases						
Other courses						
No. of Code of Ethics courses	10	7	-30.00%	1	1	0,00%
No. of attendees to the Code of Ethics course	297	146	-50.84%	36	12	-66.67%
No. of Green courses	1	1	-	0	1	-
No. of attendees to Green courses	184	45	-75.54%	0	18	-
No. of CIPS courses	N/A	N/A	-	1	1	0.00%

	Spain			Portugal		
	2020	2021	Var. 2020 - 2021 (%)	2020	2021	Var. 2020 - 2021 (%)
No. of attendees to CIPS courses	N/A	N/A	-	17	11.00	-35.29%
No. of courses of Assitentes Profissionais Imobiliários	N/A	N/A	-	0	2	-
No. of attendees to courses of Assitentes Profissionais Imobiliários	N/A	N/A	-	0	40	-
Course Code of Ethics: Course SIRA membership that gives access to being Realtor.						
GREEN Course: Sustainability course focused on the real estate world						
Attendees to professional events						
Inmociónate (1) / Inmociónate online (Portugal)	-	630	-	169	-	-
NAR Convention	-	-	-	-	-	-
CRS Sell-abration Convention	67	105	56.72%	-	-	-
(1) In 2020, #InmocionateEnCasa (March and July) was held, with more than 26,300 attendees in the different programmes, with an average of 752 unique attendees per afternoon						
Magazine						
Inmobiliarios (no. published magazines)	4	4	-	3	3	-
Scope: no. of real estate professionals who receive the magazine*	12,867	10,465	-18.67%	3,000	3,000	-
*Average of the 4 annual editions						

5.3. Governance matters

Ethics and Compliance						
Reports in the Whistleblowing channel						
No. Reports	0	0	-	0	0	-
Gift policy						
No. Incidents	0	0	-	0	0	-
	Spain			Portugal		
	2020	2021	Var. 2020 - 2021 (%)	2020	2021	Var. 2020 - 2021 (%)
Money Laundering Prevention Alerts						
Total no. of alerts	720	1.564	117%	226	367	62%
Communicated to the OCI (Internal Control Body)	5	15	200%	0	0	-
Communicated to the SEPBLAC (Spain) / Regulator in Portugal	2	4	100%	1	0	-
Training in Compliance						
Competition Law	1	1	-	-	-	-
Criminal Risk Prevention	1	1	-	-	-	-
Anti-corruption and gift policy	1	1	-	-	-	-
Sanctions and International Embargos	1	1	-	-	-	-
Money Laundering Prevention	1	1	-	-	1	100%
Data Protection	1	1	-	-	1	100%
Protection of the client's interest	-	1	-	-	-	-
Advertising of banking products and services	-	1	-	-	-	-
Volcker	1	1	-	-	-	-
Product validation and monitoring	-	1	-	-	-	-
Suspeição indicators	N/A	N/A	-	-	1	100%
Total	**7**	**10**	**42.86%**	-	3	100%
Awareness on compliance						
Gift and invitation policy	1	1	-	-	-	-
Transparency with the client	1	1	-	-	-	-
Catalogue of Bad Practices / Catalogue of Best Practices	1	0	-100%	-	1	100%
Compliance - Culture of Compliance	1	1	-	-	-	-
Importance of training on compliance	1	0	-100%	-	-	-
Sepblac Memorandum	1	0	-100%	-	-	-
Whistleblowing channel	0	1	100%	-	-	-

	Spain			Portugal		
	2020	2021	Var. 2020 - 2021 (%)	2020	2021	Var. 2020 - 2021 (%)
Cybersecurity and diligent use of email	0	1	100%	-	-	-
Commercial communication policy (advertising)	0	1	100%	-	-	-
Policy on outsourcing of essential services	0	1	100%	-	-	-
Internal advertising record (Circular 4/2020 - Bank of Spain)	0	1	100%	-	-	-
Guidance on standards of conduct with defaulting customers	0	1	100%	-	-	-
Policy on conflict of interests	0	1	100%	-	1	100%
Data protection and guarantee of digital rights	0	1	100%	-	-	-
Money laundering prevention manual	N/A	N/A	-	-	1	100%
The importance of the suppliers contracting procedure	0	1	-	-	-	-
Total	**6.00**	**12.00**	**100%**	**0,00**	**3.00**	**100%**
Corporate policies on ethical and responsible management						
No. of corporate policies for the responsible and ethical management of the organisation	7	7	-	7	7	-
No. reviews of communication and advertising pieces on products and services	173	178	2.89%	-	-	-

7. Complementary information

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

As established in article 49 of the Code of Commerce, in wording given by the Law of Non-Financial Information and Diversity (Law 11/2018, of 28 December, amending the Code of Commerce, the consolidated text of the Corporate Enterprises Act approved by Royal Decree Law 1/2010, 2 July, and Law 22/2015, of 20 July, of Audit, in relation to non-financial information and diversity), the UCI Group presents its Sustainability Report (Non-Financial Information Statement) corresponding to 2021. The purpose of this document is to clearly and concisely collect the non-financial information established in said article.

For such purposes, subject companies are compelled to incorporate in their Management Report or, as applicable, in a separate report corresponding to the same year, with the same content and requirements, "information at least related to environmental and social matters, as well as to the personnel, to the respect of human rights and the fight against corruption and bribery".

In its commitment with the non-financial information report, the UCI Group opts for elaborating a separate report, following in its development the criteria of the international standards of the UN Global Compact and the Global Initiative of the GRI Sustainability Reporting Standards.

In the process of elaborating and approving the content of this report, the Strategic Guidelines 2020-2022 issued by the European Securities and Markets Authority (ESMA) have been considered, including developments related to the financial innovation and sustainability. In this sense, the ESMA has published, jointly with the European Supervisory Authorities (ESAs) a consultation document to develop environmental, social and good governance (ESG) reporting standards in development of Regulation (EU) 2019/2088, on the reporting of information related to sustainability in the financial services sector (the Sustainable Finance Disclosure Regulation, SFDR), which will imply the obligation to disclose information at entity and product level.

Additionally, within the European field, we highlight the EBA's sustainable finance plan, which described the approach and schedule to comply with mandates related to environmental, social and governance factors, and the EBA's guidelines of loans origination and monitoring, which establishes the entities' obligation to include ESG matters in their risk policies, together with the consideration of transition and physical risks, as well as specific policies and procedures for green financing.

Moreover, the Regulation (EU) 2020/852 related to the establishment of a framework to facilitate sustainable investments and, therefore, amending Regulation (EU) 2019/2088, has introduced the obligation to incorporate, from December 31, 2021, in the Non-Financial Information Statement (NFIS) the report of activities related to the mitigation and adaptation to the climate change and, from December 31, 2022, information on the remaining environmental objectives: sustainable use and protection of hydric and sea resources; transition towards a circular economy; pollution prevention and control; protection and recovery of the biodiversity and ecosystems.

Furthermore, in the process of elaboration, we have taken into account the latest publications of the European Central Bank: Guidelines on climate and environmental risks, which explain the way in which the European Central Bank expects credit institutions to perform a prudential management of such risks and to communicate them with transparency, in accordance with the prudential framework in force and the report on the disclosure of information on the institutions' environmental and climate-related risks, published by the European Central Bank at the same date.

Lastly, at State level, we note the presentation of the Draft Law on Climate Change and Energy Transition (PLCCTE), which compels credit institutions to publish, from 2023, specific decarbonisation objectives of their loan and investment portfolio, and to include in the information with prudential relevance an annual report assessing the financial impact on the society of climate change-related risks generated from the exposure to its activity, including risks of transition towards a sustainable economy and measures adopted to face such risks.

To consult the correspondence of Law 11/2018 of Non-Financial Information and Diversity and the GRI reporting standards, consult annex 2.

7.1- External validation

UCI Group publishes, every year, its Sustainability Report. The last Report elaborated by UCI Group corresponds to the financial year 2020 (approved on February 27, 2020), which is verified by independent bodies, by virtue of Law 11/2018 and GRI guidelines. The present Report has been verified by MAZARS AUDITORES, S.L.P., as independent verification service provider, in accordance with the new wording given by Law 11/2018 to article 49 of the Code of Commerce.

Such verification includes the documentary verification of information collected in the present document, as well as the analysis of the quality of quantitative data used, justifying the coherence of reported information with results from the analysis of the stakeholders' needs and expectations.

For such purpose, MAZARS AUDITORES, S.L.P. adopts requirements established in 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 Guidelines on Verification Engagements of the Non-Financial Information Statement, issued by the Spanish Institute of Chartered Accountants.

Once verified, the Report is approved by the Board of Directors and the General Shareholders' Meeting of UCI.

ANEX

Anexo 1. Table of correspondence of Law 11/2018 of Non-Financial Information and Diversity and the GRI reporting standard

Information requested by Law 11/2018	Materiality	Page/section in the Report	Correspondence GRI	
General Information				
Brief description of the group's business model, including: its business environment	Material	2.Meet UCI	GRI 102-2	Activities, brands, products and services
Brief description of the group's business model, including: its organisation and structure	Material	5.4 We comply	GRI 102-18	Governance structure
Markets in which it operates	Material	2.Meet UCI	GRI 102-4	Location of headquarters
Objectives and strategies	Material	1.Our commitment	GRI 102-6	Markets served
Main factors and trends that could affect its future evolution	Material	4.A new business environment	GRI 102-15	Key impacts, risks and opportunities
Materiality	Material	4.1 Analysis of materiality and the power of dialogue	GRI 102-47	List of material topics

Information requested by Law 11/2018	Materiality	Page/section in the Report	Correspondence GRI	
Environmental matters				
Management approach: description and results from the environmental policies and main risks related to these matters, linked to the group's activities	Material	5.2 We greenimise	GRI 102-15 GRI 103-2	Key impacts, risks and opportunities Management Approach
Detailed information				
Current and foreseeable effects of the company's activities in the environment and, where applicable, health and security	Material	5. . We support the sustainable transition 5.2 We greenimise	GRI 102-15 GRI 103-2	Key impacts, risks and opportunities Management Approach
Environmental assessment or certification procedures	Material	5.2 We greenimise	GRI 102-11	Precautionary principle or approach
Resources dedicated to the environmental risk prevention	Material	5.2 We greenimise	GRI 103-2	Management Approach
Application of the precautionary principle	Material	5.2 We greenimise	GRI 102-11	Precautionary principle or approach
Provisions and guarantees for environmental risks	Material	5.2 We greenimise	GRI 103-2	Management Approach
Pollution				
Measures to prevent, reduce or repair carbon emissions that seriously affect the environment, taking into account any form of air pollution specific to an activity, including noise and light pollution.	Material	5.2 We greenimise	GRI 103-2	Management Approach
Including noise and light pollution	Not Material		N/A	
Circular economy and waste prevention and management				
Measures for the waste prevention, recycling, reuse, other forms of waste recovery and disposal	Material	5.2. We greenimise	GRI 103-2 GRI 301-2	Management Approach Recycled inputs
Actions to fight food waste	No material		N/A	
Water consumption and supply, according to local limitations	Material	5.2 We greenimise	GRI 303-1 (2018)	Interaction with water as a shared resource
Consumption of raw materials and measures adopted to improve the efficiency of their use	Material	5.2 We greenimise	GRI 301-1 GRI 301-2	Materials used per weight or volume. Recycled inputs

Information requested by Law 11/2018	Materiality	Page/section in the Report	Correspondence GRI	
Direct and indirect power consumption	Material	5.2 We greenimise	GRI 302-1	Power consumption within the organisation
			GRI 302-4	Reduction of energy consumption
Measures taken to improve the energy efficiency	Material	1.Our commitment 5.We support the sustainable transition	GRI 103-2	Management Approach
		5.2 We greenimise	GRI 302-4	Reduction of energy consumption
Use of renewable energies	Material	5.2 We greenimise	GRI 302-1	Power consumption within the organisation
Climate change				
Greenhouse gas emissions generated as a result from the company's activities, including the use of goods and services produced.	Material	5.2 We greenimise	GRI 305-1	Direct GHG emissions (scope 1)
			GRI 305-2	Indirect GHG emissions when generating energy (scope 2)
			GRI 305-1	Other indirect GHG emissions (scope 3)
Measures adopted to adapt to the consequences of climate change	Material	5.We support the sustainable transition 5.2 We greenimise	GRI 201-2	Financial implications and other risks and opportunities derived from the climate change
Reduction targets voluntarily established at mid and long term tor educe greenhouse gas emissions and measures implemented for such purpose	Material	5.2 We greenimise	GRI 103-2	Management Approach
Biodiversity protection				
Measures taken to preserve or restore the biodiversity	No material		N/A	
Impacts caused by activities or operations in protected areas	No material		N/A	

Information requested by Law 11/2018	Materiality	Page/section in the Report	Correspondence GRI	
Social and personnel matters				
Management approach: description and results from social and personnel-related policies and of the main risks related to these matters, linked to the group's activities	Material	5.3.We accompany	GRI 102-15 GRI 103-2	Key impacts, risks and opportunities Management Approach
Employment				
Total number and distribution of employees per gender, age, country and professional category	Material	5.3.We accompany S1 People First	GRI 102-8 GRI 405-1	Information on employees and other workers Diversity in governing bodies and employees
Total number and distribution of employment contract modalities	Material	5.3.We accompany S1 People First	GRI 102-8	Information on employees and other workers
Annual average of indefinite-term contracts, temporary contracts and part-time contracts per gender, age and professional category	Material	5.3.We accompany S1 People First	GRI 102-8	Information on employees and other workers
Number of dismissals per gender, age and professional category	Material	5.3.We accompany S1 People First	GRI 103-8	Management Approach
Average remuneration per gender, age and professional category	Material	5.3.We accompany S1 People First	GRI 405-2	Ratio of basic salary and remuneration of women vs. men
Salary gap	Material	5.3.We accompany S1 People First	GRI 405-2	Ratio of basic salary and remuneration of women vs. men

Information requested by Law 11/2018	Materiality	Page/section in the Report	Correspondence GRI	
Remuneration in equal work posts or average in the company	Material	5.3.We accompany S1 People First	GRI 405-2	Ratio of basic salary and remuneration of women vs. men
Average remuneration of the board members and directors per gender (including variable remuneration, allowances, severances, payment to savings systems)	Material	5.3.We accompany S1 People First	GRI 405-2	Ratio of basic salary and remuneration of women vs. men per professional category
Labour disconnection policies	Material	5.3.We accompany S1 People First	GRI 103-2	Management Approach
Disabled employees	Material	5.3.We accompany S1 People First	GRI 103-2	Diversity in governing bodies and employees
Work organisation				
Organisation of working time	Material	5.3.We accompany S1 People First	GRI 103-2	Management Approach
Number of hours of absenteeism	Material	5.3.We accompany S1 People First	GRI 403-9	Types of accidents and accident frequency rates, occupational diseases, lost days, absenteeism and number of deaths due to occupational accidents or diseases.
Measures to ease the enjoyment of balancing procedures and to promote the co-responsible exercise by both parents	Material	5.3.We accompany S1 People First	GRI 401-3	Parental leave

Information requested by Law 11/2018	Materiality	Page/section in the Report	Correspondence GRI	
Health and security				
Health and security conditions at work	Material	5.3.We accompany S1 People First	GRI 403-1; 430-2; 403-3; 403-5; 403-6; 403-7	Management Approach
Work accidents and professional illnesses per gender: frequency rate and severity	Material	5.3.We accompany	GRI 403-2	Types of accidents and accident frequency rates, occupational diseases, lost days, absenteeism and number of deaths due to occupational accidents or diseases.
		S1 People First	GRI 403-3	Workers with a high incidence or high risk of activity-related diseases
Social relationships				
Organisation of the social dialogue (including procedures to report and consult the staff and to negotiate with them)	Material	5.3.We accompany S1 People First	GRI 103	Management Approach
Percentage of employees covered by collective bargaining agreement per country	Material	5.3.We accompany S1 People First	GRI 02-41	Collective negotiation agreements
Balance of collective bargaining agreements, in particular in the area of health and security at work	Material	5.3.We accompany	GRI 403-1	Worker representation in formal worker-company health and safety committees
		S1 People First	GRI 403-4	Health and safety issues addressed in formal agreements with trade unions.

Information requested by Law 11/2018	Materiality	Page/section in the Report	Correspondence GRI	
Training				
Training policies implemented	Material	5.3.We accompany S1 People First	GRI 103	Management Approach
Total amount of training hours per professional category	Material	5.3.We accompany S1 People First	GRI 404-1	Average training hours per employee
Universal accessibility of disabled people				
Universal accessibility of disabled people	Material	5.3.We accompany S1 People First	GRI 103	Management Approach
Equality				
Measures adopted to promote equality of treatment and opportunities between women and men	Material	5.3.We accompany S1 People First	GRI 103	Management Approach
Equality plans, measures adopted to promote employment, protocols against sexual and gender harassment	Material	5.3.We accompany S1 People First	GRI 103	Management Approach
Integration and universal accessibility of disabled people	Material	5.3.We accompany S1 People First	GRI 103	Management Approach
Policy against any type of discrimination and management of diversity	Material	5.3.We accompany S1 People First	GRI 103	EManagement Approach

Information requested by Law 11/2018	Materiality	Page/section in the Report	Correspondence GRI	
Respect for Human Rights				
Management approach: description and results from policies on human rights and of the main risks related to these matters, linked to the group's activities	Material	5.4 We comply	GRI 102-15	Key impacts, risks and opportunities
			GRI 103-2	Management Approach
Application of due diligence procedures in human rights and prevention of the risk of breach of human rights and, where applicable, measures to mitigate, manage and repair possible abuses	Material	5.4 We comply	GRI 102-16	
			GRI 102-17	
			GRI 412-2	Employee training on human rights policies or procedures
Reports of human rights' breaches	Material	5.4 We comply	GRI 406-1	Cases of discrimination and remedial action taken
Promotion and compliance with provisions of fundamental agreements of International Labour Organisation related to the respect for the freedom of association and right to collective negotiation	Material	5.4 We comply	GRI 103-2	Management Approach
Elimination of the discrimination in employment and occupancy	Material	5.4 We comply	GRI 103-2	Management Approach
Elimination of forced or compulsory work	No Material		N/A	
Effective abolition of child labour	No Material		N/A	
Fight against corruption and bribery				
Management approach: description and results from policies on human rights and of the main risks related to these matters, linked to the group's activities	Material	5.4 We comply	GRI 102-15	Key impacts, risks and opportunities
			GRI 103-2	Management Approach
Measures adopted to prevent corruption and bribery	Material	5.4 We comply	GRI 103-2	Management Approach
			GRI 102-16	Values, principles, standards and norms of conduct
			GRI 205-1	Operations assessed for corruption-related risks
			GRI 205-2	Communication and training on anti-corruption policies and procedures
			GRI 205-3	Confirmed cases of corruption and measures taken

Information requested by Law 11/2018	Materiality	Page/section in the Report	Correspondence GRI	
Measures to fight against money laundering	Material	5.4. We comply	GRI 103-2	Management Approach
			GRI 102-16	Values, principles, standards and norms of conduct
Contributions to foundations and non-profit entities	Material	5.3.We accompany S2 Our financial-social commitment	GRI 201-1	Direct economic value generated and distributed
Information on the Company				
Management approach: description and results from policies on human rights and of the main risks related to these matters, linked to the group's activities	Material	4.3 Governance and Priorities 5.4 We comply	GRI 102-15	Key impacts, risks and opportunities
			GRI 103-2	Management Approach
Company's commitments with sustainable development				
Impact of the company's activity in employment and local development	Material	5.3.We accompany S2 Our financial-social commitment	GRI 103-2	Management Approach
			GRI 203-2	Significant indirect economic impacts
			GRI 204-1	Proportion of expenditure on local suppliers
Impact of the company's activity in local populations and in the territory	Material	5.We support the sustainable transition 5.2 We greenimise	GRI 103-2	Management Approach
			GRI 203-2	Significant indirect economic impacts
			GRI 204-1	Proportion of expenditure on local suppliers
Relations held with actors of local communities and modalities of such dialogue	Material	4.A new business environment 4.1 Analysis of materiality and the power of dialogue	GRI 102-43	Approaches to stakeholder engagement
Association or sponsorship actions	Material	5.2 We greenimise 5.3 We accompany	GRI 102-12	External initiatives
			GRI 102-13	Membership in associations

Information requested by Law 11/2018	Materiality	Page/section in the Report	Correspondence GRI	
Subcontracting and suppliers				
Inclusion of social, gender equality and environmental matters in the procurement policy	Material	5.3 We accompany	GRI 102-9	Supply chain
			GRI 308-1	Environmental assessment of suppliers
			GRI 414-1	Social assessment of suppliers
Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	Material	5.3 We accompany	GRI 102-9	Supply chain
			GRI 308-1	Environmental assessment of suppliers
			GRI 414-1	Social assessment of suppliers
Supervisory systems and audits and their results	Material	5.3 We accompany	GRI 102-9	Supply chain
Consumers				
Measures for the health and the security of the consumers	Material	5.3 We accompany S3 Client at the heart	GRI 416 -1	Health and safety impact assessment of product or service categories
			GRI 416 -2	Cases of non-compliance concerning health and safety impacts of product and service categories
			GRI 417 -1	Requirements for information and labelling of products and services
Claiming systems, complaints received and their resolution	Material	5.3 We accompany S3 Client at the heart	GRI 103 -2	Management Approach
			GRI 417 -2	Cases of non-compliance related to product and service information and labelling
Tax Information				
Profits obtained per country	Material	6.4 Tax information indicators	GRI 207-4 (2019)	Profit before tax
Profit tax paid	Material	6.4 Tax information indicators	GRI 207-4 (2019)	Tax on profit paid
Public grants received	No Material		N/A	

Annex 3) Alignment of UCI's financial products with the European Union (EU) taxonomy

"The European Green Deal demonstrates that that Europe has long dreamed of being decarbonised, resilient and digital."

One year before the European Green Deal came into existence, in 2018, Europe already counted with a programme to carry out all the necessary financial reforms required by an economic transformation of this depth. This roadmap was the Action Plan: financing the sustainable development, aimed to place the European financial sector in the course of the inclusive and sustainable growth. In particular, it indicated three large objectives related to finances in the Old Continent, specified in 10 actions with which to prevent the dream of a sustainable Europe from having feet of clay: refocus capital flows towards sustainable investments, integrate sustainability in the financial risk management, and promote transparency and the long term in the financial activities.

The environmental taxonomy grants all agents involved in financing and building a sustainable European economy with a common framework to operate under the same coordinates: it aims to be a classification of sustainable economic activities to help investors, companies and governments to speak the same language in the field of sustainability. In the first part of the workbook, we will analyse the six climate objectives established by Europe with the taxonomy. We will also go through the four criteria to be met by any economic activity that aims to be considered "sustainable" in view of this classification system. These two traits turn the taxonomy into the cornerstone of the entire Action Plan of 2018, without which it would be very difficult —or even impossible— to reach the climate, energetic and digital transition objectives throughout the continent.

The European environmental taxonomy basically aims to be a classification of economic activities according to their sustainability degree, from the environmental point of view. Its regulation entered into force on July 2020, indeed being configured as the first classification system of these characteristics in the world, and which also allows determining the sustainability degree of a given investment.

This classification aims to fight the greenwashing, that is to say, the danger for the governments, companies and investors to allocate a sustainable nature to their operations and activities, even if they lack it. In order to prevent this, the European Commission has clearly indicated, with its taxonomy, the criteria to be met by any economic activity to be able to be officially considered "sustainable"; thus, it will be neatly defined for all agents implied in its financing and execution. It undoubtedly implies a long-waited homogenisation of the sustainable discourse throughout the European territory.

The great milestone of the taxonomy has been to allocate the EU with six common climate targets to which any sustainable economic activity that searches for financing must necessarily contribute. It also indicates the four criteria that any sustainable economic activity must meet to be considered as such. With these two abovementioned traits, the taxonomy could be understood as a transparency tool with a scientific basis.

The EU Taxonomy Regulation establishes six environmental objectives

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

Mitigation of the climate change

As indicated in the introduction, on December 2015, 196 countries committed in Paris for the planet's temperature not to increase more than 2°C with regard to preindustrial areas, and to make an effort to limit it in 1.5°C (Regulation [EU] 2020/852 of the European Parliament and the Council of 18 June, on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 [hereinafter, Regulation [EU] 2020/852], art. 2.5). Among others, this commitment implies considerably reducing greenhouse gas emissions at global level, with all related efforts. The activities indicated by the European environmental taxonomy to mitigate the climate change include the generation, distribution and use of renewable energies, the improvement of the energetic efficiency, the clean mobility, the development of the carbon storage technology and, in general, the increase of carbon sinks (Regulation [EU] 2020/852, art. 10).

Adaptation to the climate change

Since 2010, the number of "climate refugees" has reached 21.5 million. In a given sense, the consequences from the planet's temperature increase are already a reality for millions of people. Adapting to the climate change implies "reducing or preventing the current adverse climatic impacts or those expected in the future" (Regulation [EU] 2020/852 of the European Parliament and the Council of 18 June, on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088). These are therefore measures that reinforce the European economic and social system against the consequences of a global temperature increase of the planet which, as a matter of fact, some see as unavoidable.

As mentioned above, the taxonomy focuses on classifying the economic activities and, in this sense, provides entities which declare themselves as sustainable with four criteria on which to base the sustainability of their activities and operations – and thus to evidence their contribution to the continent's climate transition.

Furthermore, an economic activity must meet the following four criteria to be considered sustainable from the environmental standpoint, in view of the European taxonomy in this field: to substantially contribute to one of the European climate targets, not to significantly damage any of the other five, to comply with minimum social guarantees and adapt to the technical selection criteria to be proposed by the EC for each one of the six climate targets (Regulation [EU] 2020/852, art. 3).

Criteria for an economy to be considered sustainable

- Contribute substantially to one of the European climate goals
- Not significantly harm any of the other five
- Comply with minimum social guarantees
- Adapt to the technical selection criteria that the EC will propose for each of the six climate objectives

In this context, we expose below the percentage of our assets/financial products that align with the taxonomy and that are characterised for being sustainable solutions for individual clients through: (1) financing to acquire homes with an energy efficiency rating of A or B; and (2) financing exclusively dedicated to build homes with the highest energy efficiency ratings (A and B):

Country	Product Green Taxonomy	Amount	
🇪🇸	Works A&B	19,100,528.79	7%
	New construction A&B	74,113,657.97	27%
	Self-construction A&B	6,081,650.61	2%
🇵🇹	Works A&B	151,852,622.65	55%
	New construction A&B	23,533,172.93	9%
	Total A&B	**274,681,632.94**	100%
	Total outstanding balance PT &SP	10,655,619,093.59	
	GAR Total	**2.6%**	
	Outstanding balance PT	1,199,130,161.31	
	Outstanding balance SP	9,456,488,932.28	
	GAR PT	**15%**	
	GAR SP	**1.1%**	

Finally, we know that ‘green’ is more than a colour. It symbolises nature and is associated to the care for the environment. A green future is necessary for the world to continue being as we know it today, and not as depicted by the worst omens. At UCI, we are aware of it, and thus will continue committing to green finances.

Annex 4) Tax information

Tax Information

UCI profits per country (Euros)

Profits (Euros)	2020	2021	Var 2020 - 2021 (%)
Spain	-22,241,353.12	25,484,540.47	-214.61%
Portugal	6,570,461.60	3,782,172.44	-42.28%
Greece	24,566.83	75,891.30	208.92%
Brazil	2,749.96	134,689.00	4,798%
Total consolidated profits	**-15,643,574.73**	**29,487,293.21**	**-288.49%**

Tax paid on profits (UCI Group)

Total consolidated profits	-15,643,574.73	29,487,293.21	-288.49%
Total paid taxes	1,681,916.31	1,322,975.64	-21.34%

During 2021, no grant has been received.

Annex 5) Alliances

At UCI, we consider that the establishment of alliances is essential for the development of our responsible and sustainable business model. Therefore, we have entered into agreements and conventions with several organisations. We show below the relationship with the main institutions with which we collaborate.

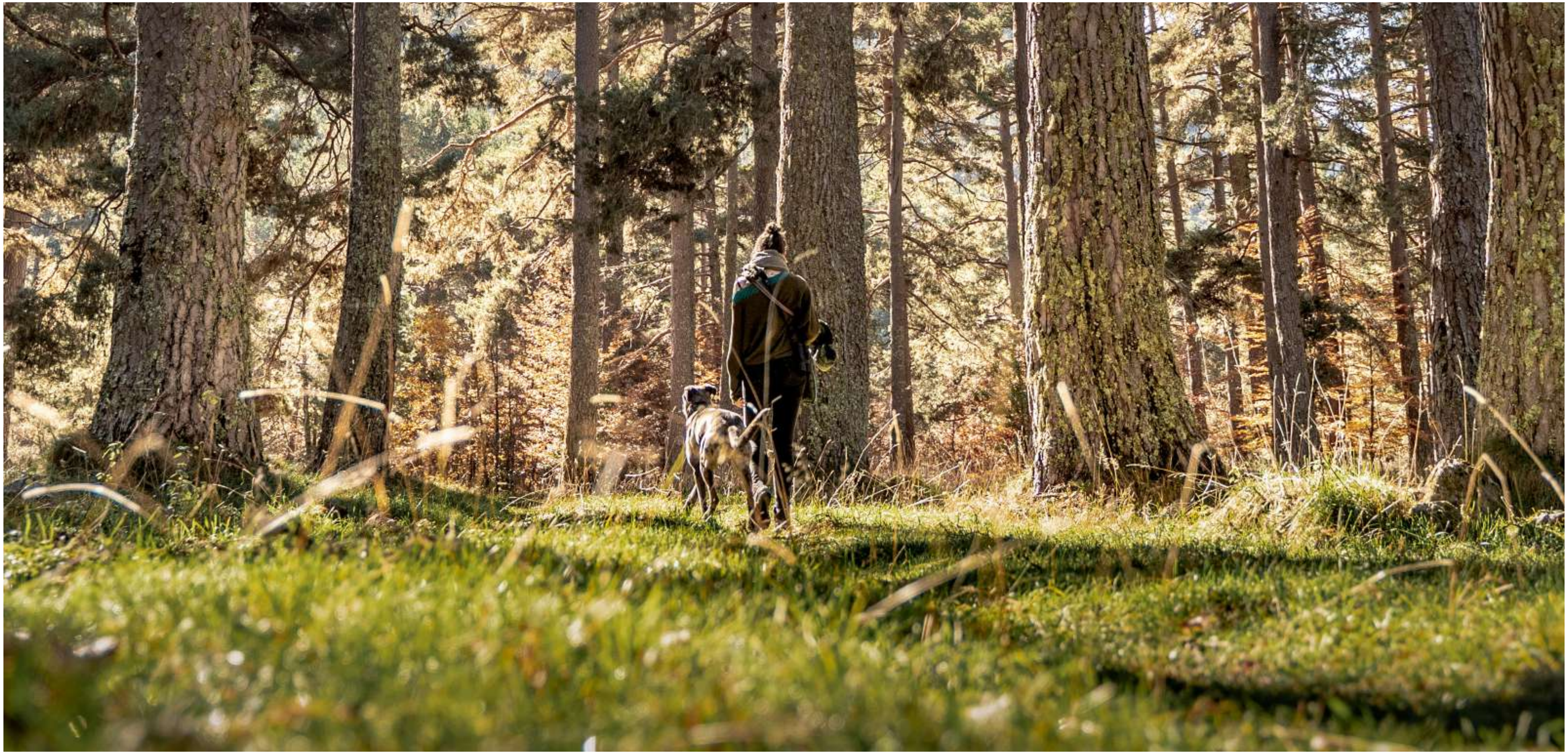
Green Alliances		
BEI - European Investment Bank	It is the world's largest multilateral financial institution and one of the largest providers of climate finance	www.eib.org/en
EMF -European Mortgage Federation	The European Mortgage Federation (EMF) is the voice of the European mortgage industry and represents the mortgage lenders' interests at European level.	www.hypo.org/emf
It aims to ensure a sustainable housing environment for the citizens of the European Union (EU).	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	www.eurodw.eu
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.	www.gloval.es
Brupo BC	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.	www.grupobc.com/es
GBCe - Green Building Council España	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.	www.gbce.es
CONCOVI - Confederación de Cooperativas de Viviendas de España	Contribute to the improvement of the energy efficiency of the existing building stock by means of public-private partnerships, through the use of financing the refurbishment of homeowners' associations.	www.concovi.org
IDAE - Instituto para la Diversifiación y Ahorro de Energía		www.idae.es
Consejo General de Colegios de Administradores de Fincas. España		www.cgcafe.org
Colegio de Administradores de Fincas (Alicante, Sevilla Huelga y Málaga)		
COAM - Colegio Oficial de Arquitectos de Madrid		www.coam.org

Green Alliances		
EMVS - Empresa Municipal de la vivienda y suelo de Madrid	Contribute to the improvement of the energy efficiency of the existing building stock by means of public-private partnerships, through the use of financing the refurbishment of homeowners' associations.	www.emvs.es
Generalitat de Catalunya		https://web.gencat.cat/ca/inici/
Consorci Habitatge del Área Metropolitana de Barcelona		www.amb.cat/s/home.html
Ayuntamiento de Barcelona - Illa Eficient		https://ajuntament.barcelona.cat/ca

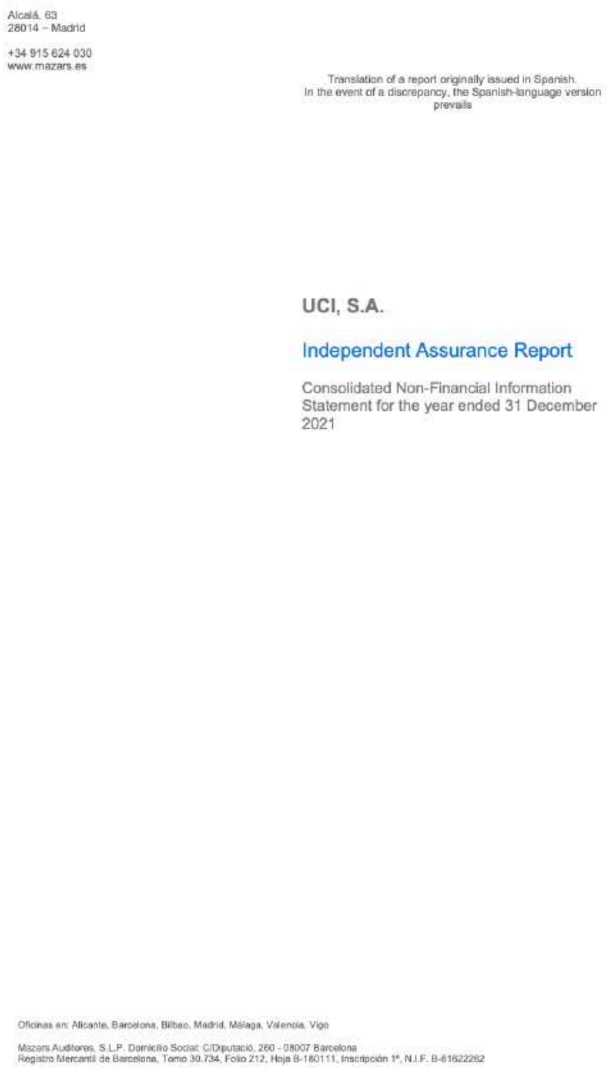
Business and Sector Alliances		
AHE	It is an organisation made up of the banks, credit cooperatives and financial credit establishments with the largest presence in the Spanish mortgage market. The Association members approximately hold 75 per cent of the mortgage lending market.	www.ahe.es
ASNEF - Asociación Nacional de Establecimientos Financieros de Crédito	Liaison between financial institutions specialising in consumer finance in Spain and public administrations, other Spanish and European professional associations, and users of financial products. Through its work, it facilitates access to consumer and production goods for consumers, professionals and entrepreneurs.	www.asnef.com
Asociación Española de la Calidad	A private non-profit organisation whose purpose is to promote Quality as a driver of competitiveness and sustainability for professionals, companies and the country.	www.aec.es
NAR - National Association of REALTORS ®	It is the largest professional association in the United States, with one million members, including institutes, companies and councils, involved in all aspects of the residential and commercial sectors. SIRA is the local partner in Spain.	www.siralia.com/sira

Sustainability and Corporate Responsibility Alliances		
UN Global Compact	International initiative of the United Nations that promotes sustainable development and corporate social responsibility.	www.pactomundial.org
DIRSE - Asociación Española de Directivos de Sostenibilidad (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.	www.dirse.es

Agreements with Foundations		
Fundación Dádoris	Support for talented high school students with brilliant results to access university studies and centres of excellence and who do not have financial resources.	www.fundaciondadoris.org
Fundación Prodis	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.	www.fundacionprodis.org



Independent Assurance Report



Alcalá, 63
28014 – Madrid

+34 915 624 030
www.mazars.es

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

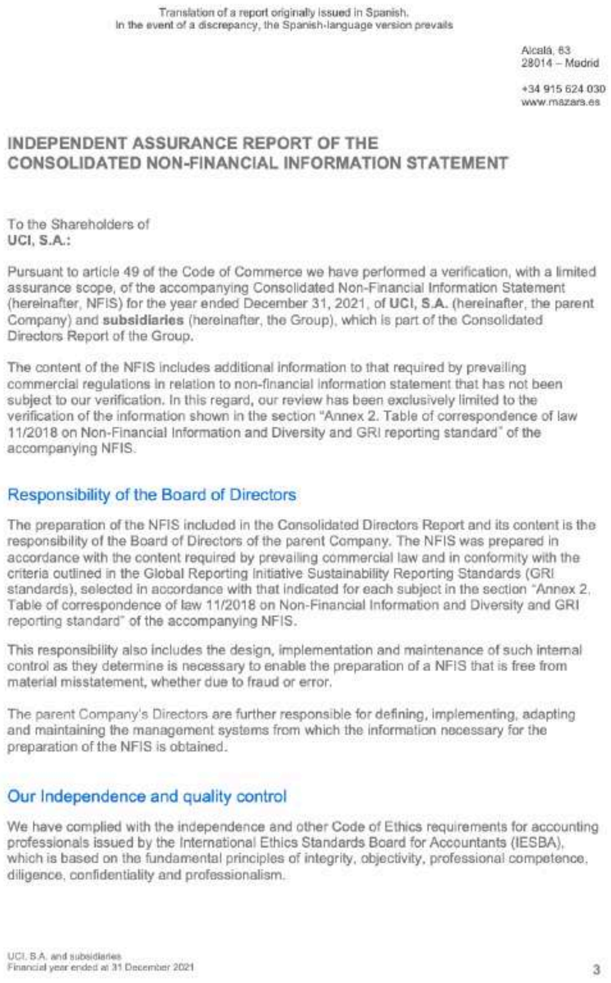
UCI, S.A.

Independent Assurance Report

Consolidated Non-Financial Information Statement for the year ended 31 December 2021

Oficinas en: Alicante, Barcelona, Bilbao, Madrid, Málaga, Valencia, Vigo

Mazars Auditores, S.L.P. Domicilio Social: C/Diputació, 260 - 08007 Barcelona
Registro Mercantil de Barcelona, Tomo 30.734, Folio 212, Hoja B-180111, Inscripción 1ª, N.I.F. 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

+34 915 624 030
www.mazars.es

INDEPENDENT ASSURANCE REPORT OF THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

To the Shareholders of
UCI, S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Non-Financial Information Statement (hereinafter, NFIS) for the year ended December 31, 2021, of **UCI, S.A.** (hereinafter, the parent Company) and **subsidiaries** (hereinafter, the Group), which is part of the Consolidated Directors Report of the Group.

The content of the NFIS includes additional information to that required by prevailing commercial regulations in relation to non-financial information statement that has not been subject to our verification. In this regard, our review has been exclusively limited to the verification of the information shown in the section "Annex 2. Table of correspondence of law 11/2018 on Non-Financial Information and Diversity and GRI reporting standard" of the accompanying NFIS.

Responsibility of the Board of Directors

The preparation of the NFIS included in the Consolidated Directors Report and its content is the responsibility of the Board of Directors of the parent Company. The NFIS was prepared in accordance with the content required by prevailing commercial law and in conformity with the criteria outlined in the Global Reporting Initiative Sustainability Reporting Standards (GRI standards), selected in accordance with that indicated for each subject in the section "Annex 2. Table of correspondence of law 11/2018 on Non-Financial Information and Diversity and GRI reporting standard" of the accompanying NFIS.

This responsibility also includes the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of a NFIS that is free from material misstatement, whether due to fraud or error.

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

Our Independence and quality control

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

Our Firm complies with the International Standard on Quality Control 1 (NICC 1) and thus maintains a global quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards, as well as applicable legal provisions and regulations.

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

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report, based on the work performed, exclusively referring to 2021.

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

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

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

- Meeting with the parent Company's personnel to know the business model, policies and management approaches applied, the main risks related to these matters, and to obtain the necessary information for our external review.
- Analysing the scope, relevance and integrity of the content included in the 2021 NFIS, based on the materiality analysis made by the parent Company presented in section "4.1 Analysis of the materiality and the power of dialogue" and considering the content required by prevailing commercial regulations.
- Analysing processes for gathering and validating data included in the 2021 NFIS.
- Reviewing the information on risks, policies and management approaches applied in relation to the material aspects included in the 2021 NFIS.
- Checking, through tests, based on a selection of a sample, information related to the content of the 2021 NFIS and its correct compilation from the data provided.
- Obtaining a representation letter from the parent Company's Board of Directors and Management.

Conclusion

Based on procedures performed in our verification and on the evidence obtained, no matter has come to our attention that would cause us to believe that the NFIS of **UCI, S.A. and its subsidiaries** for the year ended December 31, 2021 has not been prepared, in all material respects, in accordance with the contents required by prevailing commercial law and following the criteria of the selected GRI standards, selected as explained for each subject matter in the table named "Annex 2. Table of correspondence of law 11/2018 on Non-Financial Information and Diversity and GRI reporting standard" of the accompanying NFIS.

Emphasis of matter

The Regulation (EU) 2020/852 of the European Parliament and the Council, of 18 June, on the establishment of a framework to facilitate sustainable investment, establishes the obligation to disclose the manner and the extent to which the entity's investments are associated to eligible economic activities according to the Taxonomy for the first time for 2021, provided that the non-financial information statement is published from January 1, 2022. Accordingly, the accompanying NFIS has not included comparative information on this matter. Furthermore, information has been incorporated for which, at the date of formulation of the accompanying NFIS, the parent Company's directors have opted for applying criteria that, in their opinion, better enable the compliance with the new obligation and that are defined in Note "Annex 3. Alignment of UCI financial products with the European Union (EU) taxonomy" of the accompanying NFIS. Our conclusion has not been modified in relation to this matter.

Use and distribution

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

Madrid, 28 April 2022

MAZARS AUDITORES, S.L.P.

[Signed in original]

Oscar Herranz López

6. Risk Management

1. Risk management

The UCI Group believes risk is an inherent factor in the business it conducts. Its correct assessment, measurement and management contributes to the delivery of adequate margins and the maintenance of the Entity's solvency and liquidity. In the development of risk management systems and models, we take as benchmark the best market practices, including those carried out by our shareholders.

Our risk management function (RMF), through the implementation of a risk management system (RMS), manages the corporate risks to which the company is exposed in a holistic, organised and methodological manner, which calls on all levels of the organisation to collaborate. This makes the SGR a transversal, proactive and dynamic process.

Its main objective is to protect and create value in the company, improving decision making while contributing to the achievement of objectives, as it favours the anticipation of threats and opportunities. The end objective is to support strategic decisions in the definition of the different management policies.

The objectives of the SGR in each of its phases are:

- Identify 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 the business model to determine the risk profile of the Entity’s identified individual and global risks.

- Establish and monitor the risk appetites that the company considers reasonable to assume in the execution of its business strategy, as well as the definition and integration of the risk culture at all levels of the organization.

- Assessment of capital and liquidity requirements following the regulator's approach.

- Monitoring of risks, follow-up of action plans and reporting according to the standards established by the regulator or stakeholders.

1.1. Executive summary and highlights

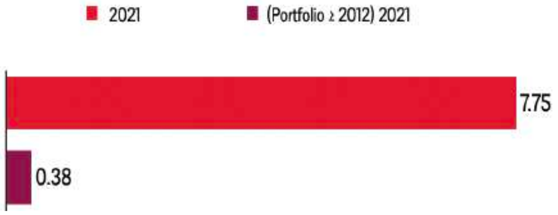
This section is a summary of the UCI Group's risk profile and management in 2021 through its main indicators and their performance.

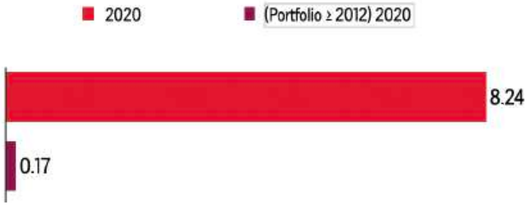
UCI Group’s global risk appetite in the last quarter of 2021 was set at medium-low. The increase in the risk profile compared to the previous year follows an accounting reclassification of part of the portfolio as a result of a supervisory recommendation from the Bank of Spain. The impact of this recommendation led to an increase in the bank's credit risk and capital profile. The remaining risks to which the Entity is exposed are low or medium-low in nature.

Credit and concentration risk

This is the main risk to which the Entity is exposed and stems from our business model which is the granting retail mortgage loans. The main exposure to credit risk comes from transactions underwritten before 2012, while the credit quality of mortgages signed after 2012 increased substantially. This has had a positive influence on the exposure to this risk because they increase their relative weight on the balance sheet.

One of the key indicators in terms of credit quality is the NPL ratio, which has improved over the course of 2021.

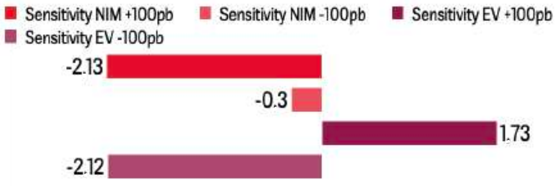




Concentration risk is linked to credit risk and does not have significant concentrations by geography, product, type of customer or sales channel. There any deviations from the regulatory ratios relating to sector or individual concentrations.

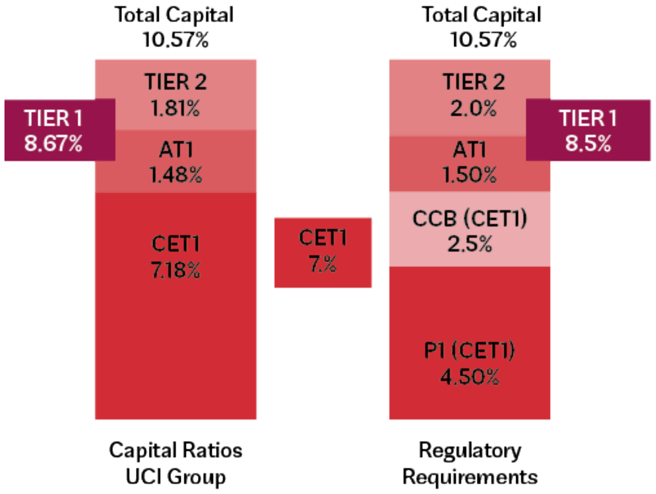
Structural interest rate

Structural interest rate risk assesses the impact on the balance sheet items that are sensitive to adverse changes in interest rates. No breaches of the internal limits as set by the board of directors have taken place.



Capital risk

The UCI Group meets the minimum requirements established for its ratios under the current applicable regulations. However, the requisite to reclassify part of the portfolio and its impact on RWAs has weakened the capital ratios, forcing the Entity to increase its share capital in order to comfortably meet the regulatory limits.



Liquidity and funding risk

UCI Group has issued two new securitisations in Spain during 2021 known as “RMBS Prado VIII” and “RMBS Prado IX”, both with the highest ratings allowed and were well received on the markets in a year of extraordinary uncertainty.

Throughout 2021, UCI has had its ratings renewed by DBRS (A low) and Fitch (BBB), keeping its Investment Grade status with both agencies, thus allowing it to expand its potential sources of funding on the capital markets.

At year-end the Entity was not subject to compliance with the LCR and NSFR indicators. However, in line with Basel III regulations, but adapted to its own business model, the Entity has established two internal liquidity indicators, STLR (587%) and LTLR (52.8%), exceeding the internal limits established by the board by 100% and 50%, respectively.

Market risks

The market risk is determined solely by price fluctuations linked to the "foreclosed assets" item on the Bank's balance sheet. The uptick in appraisals and the capital gains on the sale means that this risk is on a downward trend.

Operational risk

Our Operational Risk Management System (SGRO in the Spanish acronym) has unearthed a larger number of incidents, significantly reducing exposure to operational risk in line with the greater maturity of the system. The actions aimed at promoting an operational risk culture and the involvement of all functions and senior management have resulted in the finding and reporting of an increasing number of incidents, although losses show a downward trend.

The operational risk capital requirements at the end of 2021 for the UCI Group amounted to EUR 19.25 million.

Reputational risk

Reputational risk is determined by the inherent risk of the mortgage sector and is no different than that of its peers. The eKomi and GmB certification reveals a high customer satisfaction with the service and attention received.

GMB 4,8/5

Google My Business

Ekomi 9,8/10

Strategic risk

The strategic focus in 2021 was mainly on the economic recovery linked to the uncertainty generated by the emergence of new variants of the Covid-19 virus and the monitoring of our strategic projects’ performance. Financial indicators such as net income for the year and RoE show a good progression.

1.2. Top risks and emerging risks

We carried out a forward-looking analysis of the unit based on stress metrics and/or identification and assessment of the main threats or key vulnerabilities (top risks) that could have a significant impact on the strategic plan or jeopardise the company’s future viability. This allows us to establish specific action plans to monitor and mitigate their potential impacts.

The assessment of key vulnerabilities is based on the individual rating of the top risks which are grouped into 4 broad areas (weighted according to their importance in the company’s yearly strategic plan).

Macroeconomic and political risk

1. Health, safety and security amidst the continuing threat of Covid-19.

2. Macroeconomic and geopolitical uncertainty.

3. Business continuity, crisis management and disaster response.

4. Climate change and environmental sustainability.

5. Inflation and global fiscal tightening.

Competitive environment and customer relations

1. Communication, management and reputation.

2. Digital disruption, new technologies and AI.

3. Human capital, diversity and talent management.

4. Supply chain, subcontracting and the ‘nth' part risk.

5. Communications, reputation and stakeholder relations.

Regulatory event

1. Financial, liquidity and insolvency risks.

2. Changes in laws and regulations.

3. Organisational governance and corporate reporting.

4. Company culture.

5. Fraud, bribery and criminal use of disruption.

Threats to systems (cyber risk)

1. Cybersecurity and data security.

2. Risks of teleworking.

3. Phishing and spear phishing.

4. Ransomware.

5. Advanced persistent threat.

2. Risk management and control model

2.1. Risk principles and culture

A solid risk culture is of vital importance and one of the keys that will enable us to respond to changes in economic cycles, new customer demands and increased competition, positioning ourselves as an institution trusted by all our stakeholders.

Excellence in risk management is one of the company's strategic priorities. This entails consolidating a strong risk culture throughout the organisation, one that all UCI Group employees know and apply.

Our risk culture is defined through five principles:

1. Commitment. Risk culture is anchored on the commitment and participation of all units and employees (regardless of the function they perform), through their engagement and integrating it as a "lifestyle" rather than an imposition.

2. Responsibility. All units and employees must know and understand the risks involved in their daily activities and take responsibility for identifying, assessing, managing and reporting them in a comprehensive and transparent manner.

3. Simplicity. Adapt the risk culture to the Group's business model which is based on processes and decisions that are clear, documented and comprehensible to both employees and customers.

4. Customer focus. All risk actions are customer oriented, focusing on their long-term interests. The Group's vision is to be the leading expert in specialised real estate financing and earn the trust and loyalty of employees, customers, shareholders and society. The way to achieve this is by pro-actively contributing to the progress of our customers through excellent risk management.

5. Experience. Based on past experience, be able to foresee potential adverse events. This experience shall be acquired through a dynamic and evolutionary learning process, and shared and transferred to all levels.

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

2.2. Corporate risk map

The classification of the UCI Group's risks enables effective management, control and communication of risks. Our corporate risk map includes the following families:

Credit and concentration risk: is the risk of financial loss arising from the default or impairment in the credit quality of a customer or counterparty which the UCI Group has financed or where a contractual obligation has been signed.

The level of concentration indicates the lack of diversification in terms of geographic exposure, customer type, specific products or by sales channel.

Interest rate risk: is the risk the company is exposed to as a result of adverse movements in interest rates. This sensitivity is conditioned by the mismatch between the maturity and the interest rate review dates of different balance sheet items.

Capital risk: this is linked to entity's capacity to generate funds to meet, under the agreed terms and conditions, the commitments made with third parties.

Solvency is closely related to credit risk, as it represents the potential loss to the entity resulting from changes in conditions and characteristics that could impact the company's ability to meet the contractual terms of its operations. Liquidity and funding risk: the risk that sufficient liquidity will not be available to meet obligations as they fall due, or can only be obtained at a high cost.

Market risk: reflects the possibility of incurring losses due to adverse movements in market prices and/or marketable instruments in which the entity operates.

Operational risk: is the risk of incurring losses due to the inadequacy or failure of processes, staff, internal systems or due to external events. It includes legal, regulatory compliance and behavioural risks.

Reputational risk: is the risk of a real or potential negative economic impact due to an adverse perception of the bank by employees, customers, shareholders/investors and society at large.

Strategic risk: this the risk of loss or damage resulting from strategic decisions, or from their faulty implementation, that affect the medium- and long-term interests of our key stakeholders, or from an inability to adapt to changes in the environment.

2.3. Risk governance

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

Lines of defence

UCI Group has a model encompassing three lines of defence to effectively manage and control risks:

- First line: the business functions that take on or generate exposure to risk are the first line of defence. This first line identifies, measures, controls, monitors and reports the risks it engages and applies the internal regulations that govern risk management. Risk generation must be line with the approved risk appetite and associated thresholds.

- Second line: the risk management and compliance functions make up the second line of defence, which independently monitors and challenges the risk management activities carried out by the first line of defence. The second line of defence must ensure, within its respective areas of responsibility, that risks are managed in line 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 provide assurance to the board of directors and senior management on the quality and effectiveness of internal controls, governance and risk management systems. This helps protects our value, solvency and reputation.

The risk management, compliance and internal audit functions have an appropriate level of separation and independence. Each 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. In performing these functions, the board is supported by the risk oversight, regulatory and compliance committee and the UCI Group executive committee.

The Group’s chief risk officer (Group CRO) sets the risk management strategy, promotes an adequate risk culture and is responsible for overseeing all risks, as well as challenging and advising the business lines on their risk management.

The Group's CRO has direct access to and reports directly to the Audit and Risk Committee and the Board of Directors.

Risk governance keeps the control line separate from the risk-taking line:

	Board risk-audit committee	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 actions or transactions that may expose the entity to significant risk. The committee takes risk-taking decisions at the highest level, in accordance with the Group's risk appetite.	This committee is responsible for risk management and for providing a holistic view of 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 on the Group's risk profile.
Chaired by	Directors / CEO	Group CRO
Composition	Appointed executive directors and other members of senior management; the Risk Management, Compliance and Finance functions are also represented.	Members of senior management and the Risk Management, Compliance, Financial and Financial Comptroller functions.
Frequency	Every six months	Quarterly

2.4. Management processes and tools

Risk appetite and thresholds

At UCI Group, we run a comprehensive risk management system where the definition and control of risk appetite is key. Within this context, our RAF is the basis for coordinating the risk decision-making process; the definition, level and composition of the risks that the Group wants to assume as part of its business, as well as the mechanism for supervising and monitoring them.

A component of the RAF is the RAS (Risk Appetite Statement) which sets out in writing the aggregate level of the different risks that UCI Group is willing to avoid, reduce, share or assume in order to achieve its strategic objectives. The risk appetite for the entire Group is defined annually by the board of directors and the RMF is responsible for managing the risk profile in line with the risk appetite.

The main elements underpinning our risk appetite are:

- A medium-low and predictable target risk profile, focused primarily on granting mortgages to individuals.
- A sound capital and liquidity structure, with risk profiles that do not compromise the Group's viability.
- An independent risk management function with active engagement by senior management to strengthen a strong risk culture and a sustainable return on capital.
- A remuneration policy that aligns the interests of employees and executives with the Group's risk appetite and long-term performance.

Risk Profile Assessment (RPA)

At UCI Group we assess the entity's risk profile systematically using a unique and robust methodology that enables us to analyse all the risk to which we are exposed, in accordance with the corporate risk map. It produces 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 RPA methodology is based on the core principles of the risk identification and assessment model, including: self-assessment and suitability of the exercise, efficiency, holistic and comprehensive view of risk, by means of common methodologies, convergence and alignment for decision making purposes.

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

The risk profile assessment consist of the following:

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

During 2021, improvements have focused on reviewing and strengthening governance standards.

Scenario analysis

A paramount technique used to ensure robust risk management and control is the analysis of the possible impacts arising from the different scenarios in which the Group operates in order to determine capital and liquidity requirements.

In this regard, at UCI Group we conduct internal capital and liquidity adequacy (ICLAA) exercises in which the entity applies its methodology to assess capital and liquidity levels under different scenarios based on an adverse evolution of different macroeconomic variables (GDP, interest rates, employment and house prices).

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 reports on a recurring basis and consolidates risks so that appropriate decisions can be taken in a timely manner.

We have two types of risk reports:

1. Risk Management Report (quarterly): this quarterly report is presented to the Risk Management Committee and distributed to senior management.
2. Risk Management Report (Board): this report is submitted to the board's Risk-Audit Committee and distributed to the appointed executive directors and members of senior management.

3. Corporate risks

3.1 Credit and concentration risk

3.1.1 Credit and concentration risk management

This is our most important risk, both in terms of exposure and capital consumption, and includes credit risk in lending, on the balance sheet, in the analysis of the collateral and coverage.

Lending

Business strategies and risk policies ensure a comprehensive view of the portfolios, setting business objectives and defining concrete action plans in line with our risk appetite statement.

The risk approval criteria, included in our lending policy, reviews three key risk concepts: borrower, collateral and transaction. The main objective of the policy is to ensure the creditworthiness of the customer and the consistency of the transaction.

The first thing is to assess the borrower's ability to pay, to ensure that the financial obligations assumed are met in a timely manner as agreed, taking into account only the borrower's recurring income without relying on guarantors, or assets offered as collateral (considered as an exceptional means of recovery).

In order to assess the borrower's solvency and risk profile, UCI will have sufficient, precise and updated information prior to the signing of the loan agreement related to the purpose of the loan (employment, sources of income proving the ability to pay, composition of the household and dependents, commitments and periodic expenses associated with the latter). All these data will assess the personal guarantee of the parties to the loan.

As a second basic element of the transaction, UCI carries out an accurate valuation of the collateral with authorised appraisal companies. This valuation forms the basis for determining the ratio between the loan amount requested and the value of the collateral.

All the documents that have served as the basis or support for the decision will be adequately traceable in the entity's systems, with the double objective of complying with the regulatory framework and facilitating future reviews, both internally and by third parties. Likewise, all the documents used in the analysis of the transaction, as well as the data extracted from it and used to measure the feasibility and decide on the transaction, as well as the decision on the feasibility of the transaction taken jointly with the appropriate decision-making body, shall be recorded in an easily accessible computer format.

In order to analyse the ability of our customers to meet their contractual obligations, we use valuation and parameter estimation models in each of our segments.

1. Rating: the Client Rating model segments the portfolio classified as performing risk to default risk. This segmentation is based on predictive behavioural models, calculated on the basis of historical data from the UCI España Retail portfolio. Each transaction is assigned a risk rating, based on its current status 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 can estimate probabilities of non-payment by customers and assign a metric that allows borrowers to be compared and ranked according to their risk of default. The objective of these models is to find patterns of behaviour in the customer portfolio.

Changes to the terms and conditions and recovery management

The recoveries department follows the requirements set out in the EBA guidelines on the management of non-performing, refinanced and forborne exposures. Recovery management is divided into four stages: watchlist or early default, recovery of non-performing loans, write-offs and management of foreclosed assets. We are constantly looking for alternative solutions to court proceedings as a means of debt collection.

Based on the principle of customer protection, and in order to facilitate payment commitments, the recovery area carries out an important function in our risk management and control with respect to changes to the terms and conditions of a transaction. This is where a customer seeks an improvement in the financial conditions or is experiencing financial stress to meet full payment of the loan instalment.

If there is a modification in the financial terms of a client who wants to subrogate to another entity or improve the conditions of their current loan, UCI has different solutions to assess and renegotiate the terms and conditions of its loan. These can be applied to clients requesting enhancements following a review of both the transaction and the client.

Credit risk assessment, monitoring and control

Regular monitoring of the business performance against the strategic plans is essential to our risk management. The RMF regularly monitors and assesses credit risk indicators, enabling early detection of impacts on the evolution of risk and credit quality. Moreover, trends and deviations of key risk indicators are monitored in line with our risk appetite statement; action plans are implemented, parties in charge are identified and monitoring frequency is established.

Classification of transactions according to credit risk due to insolvency

Loans are granted under the premise that the debt will be repaid according to the conditions established in the deed. For this reason, when a loan is granted the transaction is classified as performing risk, and remains as such as long as the client meets its contractual obligations.

However, depending on the customer's payment performance, the classification of the debt may change if the customer's creditworthiness deteriorates. By the same token, the classification of the debt may improve if the client regains lost creditworthiness.

The criteria for the accounting classification and the level of provisioning required for each of the classifications are managed by the Financial Comptroller's department.

Coverage of credit risk loss due to insolvency

The main purpose of provisioning for loans is to make sure that the resources needed to cover the shortfall from possible losses expected from assets exist, and to anticipate their impact on the financial statements should these losses materialise.

The provisioning model is based around an estimation of the Expected Loss (EL) that may be incurred in the future on the loan if it reaches the end of its usual impairment cycle. It assesses the loans and provisions thereof for possible losses that might be incurred if the loan is reclassified in default, if there is a foreclosure or payment in lieu or execution on the collateral to cancel the customer's debt and finally, if UCI puts the Real Estate Owned (REOs) up for sale.

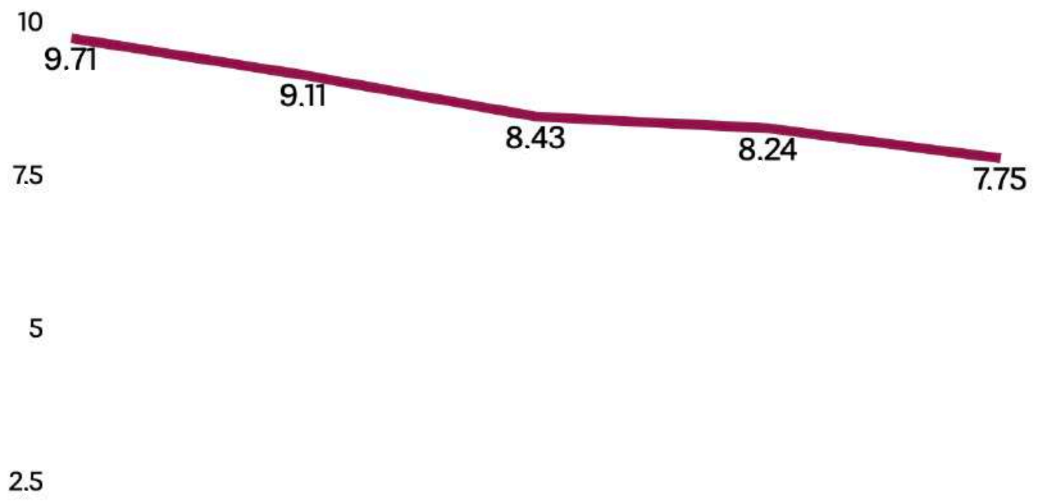
In accordance with current solvency regulations, credit risk is covered with existing own resources adequately managed and able to absorb the risks assumed, as well as by provisions set up to cover insolvencies. This coverage is classified into specific coverage for non-performing and delinquent loans (to cover exposures to defaults or transactions whose full repayment is in doubt) and for performing risk coverage. These, in turn, are further classified into performing risk coverage and watchlist performing risk. The latter correspond to coverage of transactions with weaknesses in their creditworthiness but do not raise doubts as to their full repayment.

3.1.2 Main metrics

In 2021, EUR 892 million were granted (+EUR 106 million compared to 2020), with satisfactory metrics in terms of lending: Loan to Value 66.30% (67.64% in 2020); rate of personal contribution 28.09% (25.39% in 2020); affordability rate 30.20% (29.09% in 2020); and cost of risk 0.10% (0.11% in 2020).

At December 2021, the NPL ratio for UCI Group stood at 7.75% (-49 bps against 2020).

UCI Group NPL ratio (90d)



Thanks to our business model, it is worth noting the high quality of the collateral concentrated almost exclusively in first home financing. At year-end, 97.4% of the value of the portfolio was covered by mortgage guarantees.

At year-end 2021, the Group's total provisions to cover potential bad debts on loans to customers amounted to EUR 362 million: EUR 8 million for performing risk, EUR 36 million for watchlist performing risk, EUR 76 million for non-performing loans and EUR 242 million for delinquent loans.

Total provisions held at 31 December 2021 linked to the lending portfolio of non-performing delinquent loans represents an NPL coverage ratio of 29.29 %.

In terms of credit risk concentration, UCI continuously monitors the degree of concentration under different relevant dimensions: sector, individual, geography, customer, product and channel.

With regard to sector concentration, the direct risk of the Entity will be grouped, without taking into account the risk of natural persons (except that arising from business activities), in the twelve economic activity categories established by the supervisor.

With respect to individual concentration, the Entity’s total direct exposure shall be itemized (following the same criteria used in the calculation of the sector concentration index) with the Entity’s 1,000 largest borrowers, regardless of their legal status or form. Where several borrowers are connected because they make up an economic group or decision-making unit, they shall be grouped together and considered as a single risk.

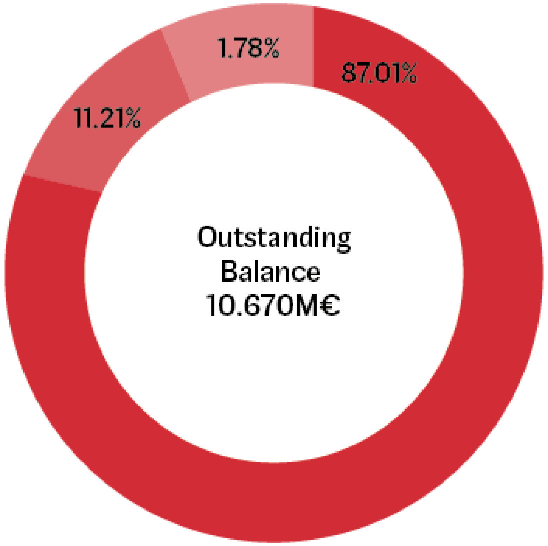
Sector and individual concentration ratios are within regulatory limits. ICI 0.107% (0.106% in 2020) and SCI 11% (10.87% in 2020).

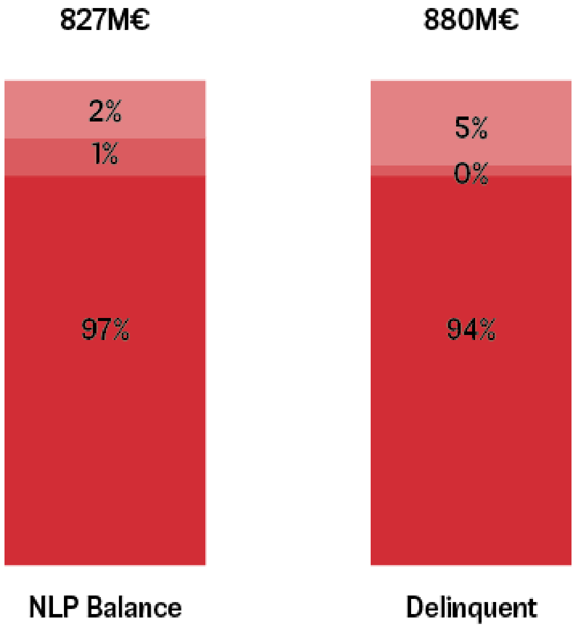
UCI Group is subject to the large exposure regulation of the CRR, according to which an institution's exposure to a client or a group of connected clients is considered as 'large exposure' when its value equals or exceeds 10% of its eligible capital.

In addition, in order to limit large exposures, no exposure to a client or group of connected clients may exceed 25% of their eligible capital, after taking into account the effect of the credit risk mitigation included in the rule.

At the close of December, after applying risk mitigation techniques, UCI does not reach the aforementioned thresholds. Regulatory credit exposure within the scope of large exposures represents 4.3% of credit risk at December 2021.

In geographical terms, credit risk is diversified in the main markets where we operate (Spain, Portugal, Greece and Brazil). In Spain and Portugal its business is concentrated on real estate loans and in Greece on the management and maintenance of loans awarded by financial institutions.





The geographical concentration of both the portfolio and the front book indicates that loans are granted throughout Spain. The level of concentration risk is considered low insofar as lending 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.

Its lending activity is distributed throughout Spain's different Autonomous Communities, with developer operations in Spain registering the highest level of concentration, where lending risk may amount to more than one million euros. This figure is nevertheless minimal compared to the total balance of the Entity's investment portfolio (0.12% of the portfolio's total balance).

3.2 Structural balance sheet interest rate risk

3.2.1 Structural balance sheet interest rate risk management

Interest rate risk arises from possible changes in interest rates that could negatively impact the value of a financial instrument, portfolio or the Group as a whole. It affects loans, deposits, debt securities and most assets and liabilities in the trading portfolios, as well as derivatives.

The ALM (Asset Liability Management) area is in charge of the internal active management of interest rate risk, based on monitoring the entity's exposure and taking positions aimed at mitigating this exposure, while complying with the limits established for the Group.

To assess the exposure to interest rate risk, the ALM area analyses the maturity or repricing gaps between assets and liabilities from a static point of view, i.e., based on the current balance sheet, with its maturity and renewal terms. In addition, the entity calculates the economic value of the balance sheet, i.e. the net present value of all expected balance sheet flows, assuming that the maturity is not renewed. Given the economic value, its sensitivity to different interest rate scenarios then is analysed. Dynamic analyses are also performed, which, as the name suggests, go beyond the current balance sheet to calculate simulations about the future. This simulates the net interest income and 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 clearly differentiated perspectives:

Interest rate gap

Gap analysis consists of grouping portfolio balances according to the maturity and repricing of assets and liabilities in time intervals in order to estimate the sensitivity of the balance sheet to changes in interest rates

- A positive gap is where more assets mature and/or reprice than liabilities, which is favourable in the face of rising interest rate. Where the balance sheet structure assimilates changes in interest rates on assets more quickly, the net interest margin is positively impacted by this circumstance, resulting in a greater interest income flows for the Entity.

- Negative gap is where more liabilities mature and/or reprice than assets, which is favourable in the face of falling interest rates. In this case, the greater speed with which liabilities assimilate changes in interest rates means that the net interest margin is favoured by lower interest rates, due to lower financial expenses.

- A reduced gap at all maturities will make net interest margin less sensitive to changes in interest rates. A maximum monthly gap, either (-) or (+) will contribute to this lower sensitivity, stabilizing the impact on the net interest margin and therefore on the institution's results.

Sensitivity of net interest margin

UCI regularly assesses the exposure of the gap to interest rate risk through simulations (projections) of the change on the net interest margin under different interest rate scenarios.

Sensitivity of economic value

The sensitivity of the economic value is a measure that complements the sensitivity of the net interest margin. It measures the impact of changes in interest rates in terms of the market value of the Company's equity-adjusted assets and liabilities. Therefore, the objective is to capture all the time effects generated on future flows arising from interest rate movements.

3.2.2 Key metrics

At 31 December 2021, the interest rate gap does not exceed any of the internally established thresholds for the different time periods considered.

The sensitivity of net interest margin to a scenario in which the yield curve moves by +/- 100bps is -2.13% and -0.30% respectively, which does not exceed the internal limit of +/- 8.5%.

The sensitivity of the economic value to a scenario in which the yield curve moves by +/- 100bps is -1.73% and -2.12% respectively, which does not exceed the internal limit of +/- 7.5%.

The above figures show that interest rate changes have not had an adverse impact on the Entity’s economic value and equity.

3.3 Capital risk

3.3.1 Capital risk management

Capital management and capital adequacy at UCI Group seeks to ensure solvency and profit maximization, while meeting internal capital targets and regulatory requirements. It is a key strategic tool for decision-making at corporate level.

The Group's capital management activities include:

- Setting solvency and capital contribution targets aligned with minimum regulatory requirements and internal policies in order to ensure a sound level of capital consistent with our risk profile, and an efficient use of capital to maximise shareholder value.

- Develop a capital plan to deliver on 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 the RAF also under stress scenarios.

- Internal capital reporting, as well as reporting to the supervisor and the market (ILAAP).

The development of the Group's capital function takes place at three levels:

Regulatory capital

Regulatory capital management is based on an 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 compliance with regulatory requirements.

Economic capital

The economic capital model aims to ensure that we correctly allocate our capital to all risks to which we are exposed as a result of our business and risk appetite. The aim is to optimise the Group's value creation.

Profitability and pricing

Create value and maximise profitability by carefully choosing the most appropriate strategies in terms of profitability while taking risk into account. That is why profitability and pricing are part of the key processes of the capital model.

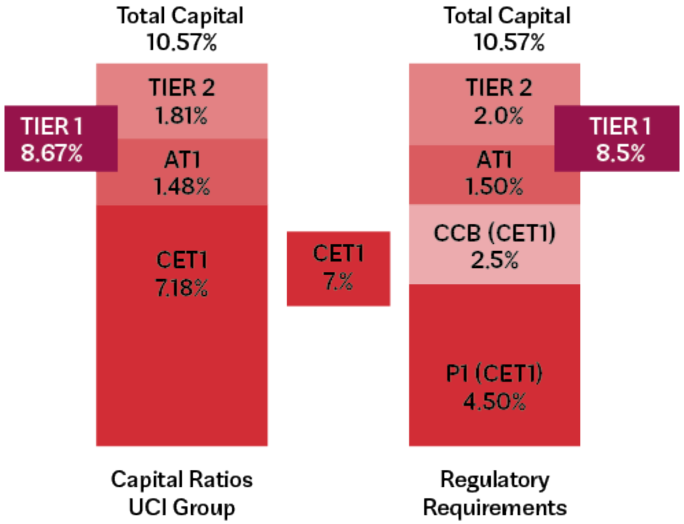
3.3.2 Key metrics

At UCI Group we have a capital position commensurate with our business model, balance sheet structure, risk profile and regulatory requirements.

At the close of the year, the CET1 ratio was 7.18%, higher the regulatory requirement of 7%. The increase of 2 bps in CET1 was thanks to the EUR 60 million capital increase, which asserts our shareholders' commitment to the bank. The growth in RWA, supported by an appropriate management and the recovery in the pace of securitisations, also contributed to the stability of the indicator.

AT1 (Additional Tier 1) represents 1.49% made up entirely of contingent convertible bonds or CoCos, i.e., hybrid issues with both debt and equity elements. Its main feature is that it can be converted into shares or equity if the CET1 capital ratio falls below a certain level. The CET1 ratio is therefore 8.67%, exceeding the regulatory requirement of 7%. Tier2, made up of subordinated debt, stands at 1.91%.

As a result, the total capital ratio at year-end 2021 stood at 10.57%, over and above the minimum regulatory requirement of 10.5%, ensuring a solid capital base and complying with the minimum regulatory ratios.



At the date of preparation of this report, a capital increase of €100m, an additional issue of €22m of AT1 and an increase of €45m in subordinated debt were carried out in order to strengthen the levels of solvency and to attain the proposed objectives.

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 different risk factors that fall within this risk. The objective is to have a minimum of liquid assets and a funding structure that satisfies the legal nature and business model.

Our funding plan consists mainly of issuing financial instruments in the capital markets (securitisation funds), credit lines with shareholders, own funds and external repo lines.

With respect to securitisations, the Entity has more than 25 years of experience and since 2015 has placed a total of 10 transactions with external investors under its Prado programme in Spain and Belem in Portugal.

The development of the financing plan begins with the transactions through the implementation of responsible lending and purchasing policies. These ensure the credit risk quality standards required by investors and rating agencies in the securitisation fund issues, which include criteria of charges on income and minimum personal contribution, among others. In turn, the commercial policy promotes the sale of an attractive range of simple, transparent and standardised products, free of scalability or options; these include different types of insurance sold without attachment to the Entity.

Regarding the terms and conditions of the issues, the UCI Group complies with the standards published by the regulator ESMA in 2017, on simplicity, transparency and standardisation

(STS compliant) and with the Capital Requirements Regulation (CRR). In terms of structuring, it also incorporates mechanisms to protect the senior tranche placed with investors, such as the step-up call on year 5, turbo amortisation, interest rate risk hedging and limits on the renegotiation of loan terms. Together, these all contribute to improving the Bank's funding capacity in the markets.

We have also developed an ESG framework that has enabled us to engage with international entities such as the European Investment Bank (EIB) to raise funding, through lending under Green standards.

In addition to securitisations, we have developed an active policy of using collateral for funding purposes through repos on our own bonds issues. This requires for collaboration with entities other than the shareholders.

We use the income generated by the business on a recurring basis to first fund new business activity and then use any surplus liquidity to reduce our exposure to the shareholders' lines of credit, while ensuring balanced compliance with the prudential obligations.

At year-end 2021, no specific liquidity regulation applies to the entity and therefore, in line with best market practices, we have developed internal indicators based on the regulatory indicators for risk management.

- STRL (Short Term Liquidity Ratio): based on the Basel III regulatory framework. It aims to promote the short-term resilience of the bank's risk profile by ensuring the availability of liquid assets to withstand a significant stress scenario (internal and market) for 30 calendar days. The risk appetite in relation to this indicator has been set by the board of directors at 100%.

- LTLR (Long Term Liquidity Ratio): based on the Basel III regulatory framework. This metric requires maintaining a stable funding profile in relation to the composition of its assets and off-balance sheet activities. In this case, the risk appetite sets the minimum level of the ratio at 55%.

We have lines of credit with the shareholders (Santander and BNP Paribas), which are reviewed at least once a year and at the same time with both shareholders, to adapt them to the needs of the business within the framework of the Entity's liquidity policy and structure. For assets not refinanced through securitisations placed on the market, we manage refinancing through these lines of credit: The branches in Portugal and Greece are funded directly through their parent company in Spain.

3.4.2 Key metrics

The amount of draw-downs from the credit lines fell by 8.73% in 2021 (4.35% in 2020), exceeding the target set in the strategic plan which aims to gradually increase funding autonomy. The STLR measures the bank's resilience to a liquidity crisis in the short term (30 days) through high quality assets. At 31 December 2021, the STLR stood at 587%.

The internal long-term liquidity ratio (LTLR), which complements the STLR, measures the institution's resilience to a liquidity crisis in the long term (1 year), i.e., the assurance that long-term assets are funded by at least a minimum of stable liabilities commensurate with its liquidity risk profiles. As at 31 December 2021, the LTRL ratio stood at 52.81%.

3.5 Market risk

3.5.1 Market risk management

Thus, the Entity's exposure to market risk is mainly determined by the existence of foreclosed assets in payment of debt classified as "Available for sale". Variations in home prices have a direct impact on the Entity's balance sheet and on the valuation of assets, which is reflected in the profit & loss account.

Any self-subscribed and retained bonds will remain on the balance sheet to maturity. Consequently, market price fluctuations would not imply any market risk.

The Entity's hedging derivatives are treated as cash flow hedging instruments designed to hedge liabilities against interest rate fluctuations, and are within the regulatory limits for hedge accounting.

Therefore, the variations in the price of these instruments in the market do not have any market risk since they are classified as "Held-to-maturity investment portfolio".

3.5.2 Key metrics

The marketing of foreclosed assets continues to yield positive results. In 2021, capital gains amounted to EUR 8.1, compared to EUR 7.3 million in 2020.

The coverage ratio of foreclosed real estate assets in payment of debt stood at 28.9% (25.1% if we include leased foreclosed assets) at the close of 2021 against 27.5% (24.4% if we include leased foreclosed assets) in 2020.

3.6 Operational risk

3.6.1 Operational risk management

The objective 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 pockets of risk, regardless of whether or not losses have been incurred. Measurement also contributes to the prioritisation of operational risk management. Operational risk is inherent to 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 that are found in their scope of work.

The Standard Approach (SA) is applied to minimum capital requirement declarations, establishing the mechanisms necessary to comply with the requirements specified in the ECB’s “Guide for applying the SA to determine equity for operational risk”.

With regard to operational risk, the organisational model adopted by the UCI Group, based on the three lines of defence, defines the following independent pillars or levels of responsibility:

- Business and support functions. They are responsible for identifying, assessing, managing, monitoring and reporting on the operational risks of their activity.

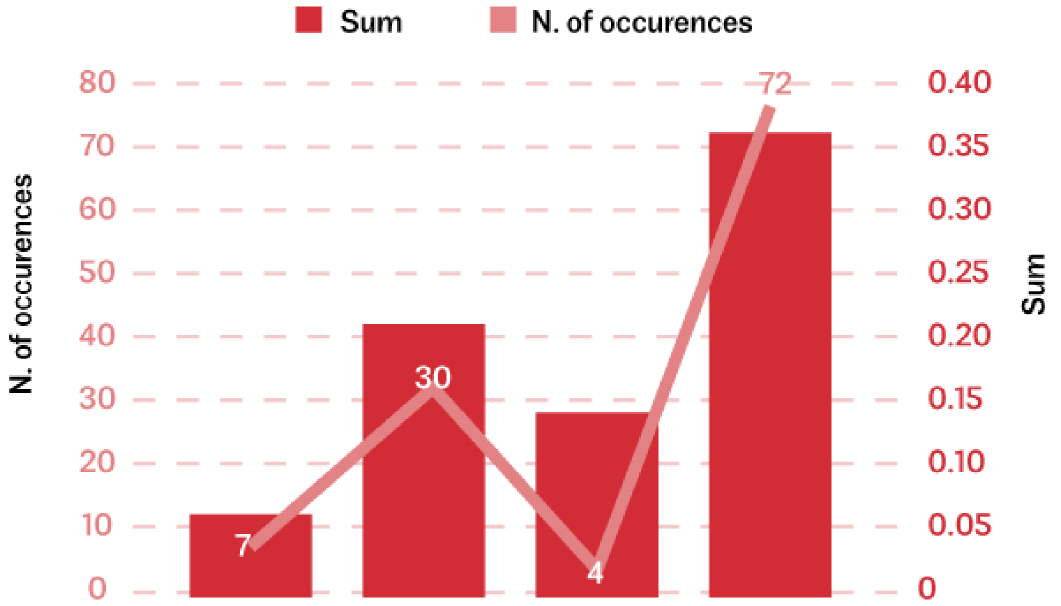
- Operational risk function. This function is in charge of defining the methodology and solutions to identify, measure, control and correctly manage the Group's operational risk and, additionally, control its correct deployment. It helps the business and support functions and consolidates information on the operational risks of the entire Group for reporting to senior management and the risk management committees involved.

- Internal audit function. In relation to operational risk, this is the area responsible for reviewing compliance with the established operational risk identification, measurement, control and management model.

The operational risk function analyses, reports and advises the business and support functions on the best way to assess operational risk. Its day-to-day responsibility falls on different areas and departments of the Entity. They have lines of communication with the operational risk function to obtain information and implement actions, as the case may be, in order to manage the risk. The interaction between the operational risk function and the rest of the areas and departments is defined by the manager in charge.

3.6.2 Key metrics

During the 2021 fiscal year, the Entity has verified operational risk events amounting to EUR 0.81 million, compared to EUR 3.43 million in 2020, which breakdown as follows:



Independently of the previous calculation, institutions applying the Basic Indicator Approach will have to record operational risk losses of more than €1 million or 0.5% of their equity, reporting among other things, the type of operational risk event.

In the course of 2021, UCI Group has not identified specific operational risk events that breach either the €1 million threshold or 0.5% of equity.

During the year, COVID-19 related loss events have been identified as:

- One-off additional costs, related to the increased use of digital services and teleworking to ensure business continuity.

- Costs arising from work related practices and workplace safety, which have been necessary for business continuity purposes. These include staffing/consultants to cover essential functions, one-off COVID-19 disinfections and medical services for risk prevention.

Capital requirements linked to operational risk amounted to EUR 19.3 million at year-end.

The change from BIA to SA has saved the institution EUR 0.2 million in equity in 2021, compared to EUR €4.1 million in 2020.

3.7 Reputational Risk

3.7.1 Reputational risk management

Reputational risk is the risk arising from all the perceptions and opinions that the different stakeholders have about the company. It is associated with changes in perception of the

Group or its brands on the part of stakeholders, where an action, event or situation may negatively or positively impact the reputation of the organisation.

The reputational risk management model is based on an eminently preventive approach, but also on crisis management processes. So, risk management encompasses both business and support activities.

Management of reputational risk is carried out considering two fundamental variables, namely corporate reputation and specific reputational risks that affect the company's operations. It includes reputational risks resulting from external and operational factors, from compliance and conduct issues as well as ICT risks.

This risk is particularly linked to the compliance function, given the strong reputational impact from potential sanctions, economic or otherwise, or 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 to market integrity. Likewise, it is closely linked to the risk of money laundering and financing of terrorism, the risk of any economic, administrative or even criminal damages caused from using the financial system for money laundering activities or the financing of criminal organisations, including those linked to terrorism.

During the risk management process, if the risks are identified as having negative economic impacts, the objective will be to reduce any related costs; if they are seen as opportunities, the focus will be on increasing the investment associated with the risk.

3.7.2 Key metrics

Key metrics for this risk show a high degree of customer satisfaction. The eKomi certification, a unique platform where consumers share real shopping experiences, yielded a score of 9.8 out of 10 at year-end. The Google My Business tool provided by Google to help businesses manage their online presence scored 4.8 out of 5 with around 1000 reviews. On the other hand, UCI's monitoring of the media indicates that 94% of the comments on social media have been made with a positive sentiment.

Finally, our materiality matrix, which aims to identify and prioritise the key issues for the company from a business and stakeholder perspective, shows that there is a high degree of alignment between delivery of stakeholder expectations and the material issues set for 2021

Based on the analysed information, following UCI's strategy and key industry trends on sustainability, the material topics have been classified according to their relationship with ESG criteria (Environment, Society and Governance).

3.8 Strategic risk

3.8.1 Strategic risk management

Strategic risk is defined as the loss or damage resulting from strategic decisions, or from their faulty implementation, that affect the long-term interests of our key stakeholders, or an inability to adapt to changes in the environment.

The company's business model is a key component of strategic risk. Potential current and future impact on results or on capital can arise from adverse business decisions, a mistaken application of strategic decisions or from the inability to respond to changes in the environment.

The management of strategic risk is transversal across the entire company and stems from other risks whose origin may be non-strategic but can still entail a significant impact on the company's business model and strategy.

The analysis of the strategic risk distinguishes between three individual risks:

- Business model risk: this is the risk associated with the entity's business model. It includes, among others, the risk of growing obsolete, becoming irrelevant and/or losing value to deliver on the desired results.

- Strategy design risk: is the risk associated with the strategy as reflected in the Group's long-term strategic plan (including the risk that the plan itself is inadequate), or the assumptions made therein, which could result in the failure to achieve the expected results.

- Strategy execution risk: is the risk linked with the implementation of the three-year financial plan, including potential impacts due to both internal and external factors, potential lack of responsiveness to changes in the business environment and risks associated with corporate development operations.

Strategic risk will be analysed by looking at the correct definition of the business model and of the strategy, together with their transposition in identifying priorities and strategic lines, linked to selecting the projects that are taken forward in order to reach the strategic goals set and rolled out in functional plans.

Assessing the efficiency and efficacy of each activity in the process, and its degree of communication, will help determine the company's exposure to strategic risk.

3.8.2 Key metrics

The entity closed the 2021 financial year with a net income of EUR 29.5 million euros, or 246% above the target defined in the annual strategic plan. The cost-to-income ratio stands at 34.15%, a good performance allowing the entity to be comfortably below the established threshold.

Moreover, the front book's RoE, for which a minimum value has been set at 10.5%, stood at 12.68% in 2021, consolidating the acceleration of the UCI group's global activity.

7. Economic & Financial Report

7.1. Consolidated Directors' Report for the year ended 31 December 2021

In financial year 2021, the UCI Group applied the financial reporting framework established by the rules applicable to Credit Financial Establishments in Spain, the accounts being determined by Bank of Spain Circular 4/2019 of 26 November. Until the financial year 2019, in compliance with the regulations applicable to the Group for its corporate accounts, it applied the criteria established in Circular 4/2004. In 2020, the Group will 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 comprising the International Financial Reporting Standards adopted in the European Union (EU-IFRS).

At year-end 2021, as explained in point 2.1 of these notes to the consolidated financial statements, the UCI Group changed its accounting criteria, essentially in relation to aspects linked to the classification of loans and receivables. Consequently, in accordance with Rule 17 of Bank of Spain Circular 4/2017, the Group has restated and adjusted the opening and closing balance sheets as if these criteria had always been applied. Unless otherwise stated, the comparisons and variations between 2020 and 2021 detailed in the body of this management report refer to changes in the amounts after these adjustments.

1. Economic Environment

The year 2021 has been marked by the prolongation of the health crisis generated by the covid-19 pandemic, and the correction of the adjustments that occurred in 2020 in economic activity in general. After the sharp economic slowdown in the world economy in 2020, with a decline in world GDP of 4.4% according to the IMF, the second year of decline since the beginning of the series in 1960, and close to the 5.1% drop experienced between 2008 and 2009, the world economy experienced growth of +5.9% in 2021, double the pace in 2019, the last pre-covid-19 year.

In the markets where UCI operates, the impact has also been very significant, although the starting point was lower as the contractions experienced in 2020 were greater: after a decline of 4.4% in 2020, the EU economy grew by 4.8% according to Eurostat estimates, and the euro zone by 4.6% after -5.1% in 2020. Despite significant growth over 2021, both in Spain (+5.2%) and Portugal (+5.8%), these two economies have yet to reach the levels they knew in 2019. On the other hand, the Greek economy had grown by 13.4% year-on-year by September 2021, reaching the 2019 level at that date.

The Spanish residential real estate market in 2021 compensated in 2021 for the declines experienced in the uncertainty phase of the first year of the pandemic: after an overall decline of 2.2% over the whole of 2020, prices grew by 4.4% until the 4th quarter of 2021 according to the index of the Ministry of Public Works.

After a year 2020 marked by 3 months of almost full confinement, which contributed to a 17% decline in the volume of housing sales compared to 2019, the housing market regained an upward trend, with sales 34.7% higher than the 2020 level by units, and thus by 11% compared to the 2019 total.

2. Commercial Activity Loans to Customers

The difficult healthcare environment, with its social and economic implications, has defined the scope of UCI's activities since the second quarter of 2020, regarding its customers, its employees and all its stakeholders in general. The 2021 financial year brought marked changes in the regulatory and social framework of the countries in which UCI operates. The Group has constantly sought to adapt its working environment as best as possible to these successive changes. This volatility has not altered the level of commitment and satisfaction of its employees: UCI confirmed in 2021 the valuable Great Place to Work certification, obtained for the first time in June 2020, with even higher levels of adherence. The high levels of service quality perceived by customers were also maintained in this challenging environment, with ratings of over 9.5 out of 10 on Ekomi and over 4.5 out of 5 on Google.

All this was compatible with the consolidation of the increase in commercial activity in 2021: the cumulative production of new mortgage loans by UCI, EFC, in 2021 amounted to €892 million, 14% higher than the €785 million formalised in 2020. However, the year saw two different rates of growth. Up to June 2021, the increase in production was 35.6% compared to the first half of 2020, which had been weighed down by the second quarter's confinement. In the second half of 2021, activity was only 8% higher than in the first half of 2021.

Activity remained buoyant in Spain, where UCI, EFC formalised 707 million new operations (+15.6%/2020) with increases in both the professional channel (+28.5%) and the direct channel, operating under the hipotecas.com brand (+1.7%). Portugal, with 185 million, grew 7.1% over 2020.

The strategic axes of the commercial offer of UCI, EFC in Spain have been maintained in 2021, with the emphasis on the strategy of responsible lending and sustainability, which in financial terms has found its translation in the high weight of fixed or mixed rate production with a first period at long fixed rate: 79%, after the level of 81% in 2020.

In both Spain and Portugal, the proportion of financial consultants in commercial activity has remained in the majority, with 73% in 2020 and 83% in 2021 (81% in Spain and 89% in Portugal).

In Greece, the portfolio of UCI, EFC, assigned since 2018 to UCI, EFC Spain, is managed by the Group company UCI Hellas LMS, a wholly owned subsidiary of UCI SA, with an asset management licence granted by the Bank of Greece.

The global loan portfolio managed over the three countries coincides as of March 2021 with the investment recorded in Unión de Créditos Inmobiliarios, SA, EFC, the main company of the UCI Group, following the cancellation of the UCI 9 securitisation fund, whose residual assets, after exercising the clean-up call, have been reincorporated in the balance sheet of this company. The outstanding portfolio managed by the UCI Group stood at EUR 10,670 million at the end of 2021,

The portfolio in Spain at the end of 2021 stood at 9,287 million being almost stable with respect to the balance sheet at the end of 2020 (+0.2%), while the portfolio in Portugal, 1,197 million, increased by +1.7% and the portfolio of UCI in Greece, managed by UCI Hellas LMS, whose balance is structurally decreasing, as there is no new production, with 190 million decreased by -6.4%.

3. Gross Margin

With respect to 2020, the consolidated gross margin obtained by the Group after restatement of the 2020 accounts stood at 149.5 million euros, a decline of 9.0% (-12.1 million) compared to 2020. In the absence of restatement, the decline would have been 3.9% (6.2 million).

The main component of the decline has been the absence of restructuring operations of UCI EFC's liabilities due to the secondary market purchase of asset-backed securities. Income was 9.4 million in 2020 against zero in 2021. Net of this point, the variation after restatement is a decrease of 5.1 million after restatement of the 2020 accounts, and an increase of 3.2 million in the absence of restatement.

The restatement process of the 2020 accounts has implied the recognition of income generated by doubtful assets net of hedging in the years 2020 and 2021. This amount has been reduced by 0.6 million euros between the restated 2020 and 2021 accounts. On the other hand, in the absence of restatement of the accounts, the full amount would have been recognised in 2021 for 7.8 million euros.

In addition, the accrual of income and expenses generated in the formalisation has experienced under both approaches a decrease of 3.3

million euros between 2020 and 2021, which constitutes the third component of the margin variation between 2020 and 2021 under the two accounting approaches.

UCI continued to finance its activity through its securitisation programme in Spain, granting loans to the securitisation funds Prado VIII in May and Prado IX in October, which together generated a cash-in of 857 million euros, without considering the 51 million euros that the company has subscribed with these securitisation funds to be used as collateral for future repo transactions. In addition, UCI exercised the clean-up call on the securitisation funds UCI 9 and UCI 10, which resulted in a joint disbursement of 157 million euros, and also exercised the step-up call on the Prado II and III funds, which represented a joint disbursement of 480 million euros.

At the same time, the two Investment Grade ratings that the subsidiary UCI, EFC has with the agencies Fitch and DBRS have enabled it to carry out repo transactions (repurchase agreements), with counterparties outside the shareholder groups, using as collateral asset-backed securities backed by company loans for an amount of around 514 million euros at the end of 2021.

In 2022, the UCI Group, through UCI EFC, plans to continue to develop its financing autonomy under conditions that enable it to maintain the competitiveness of its commercial offer and the expected growth in the production of new loans, both in Spain and Portugal.

4. General cost

In 2021, the UCI Group's expenses, excluding commissions paid to intermediaries, amounted to 49.6 million, an increase of 1.8 million (+3.8%) from the level in 2020, when a refund of undue income of 2.4 million had been received from the Portuguese tax authorities. Excluding this amount, UCI Group's overheads decreased in 2021 by 0.5 million (-1.0%). These figures have not been affected by the restatement process of the 2020 accounts.

The Group's headcount ended the year at 652 employees, a reduction of 27 compared to the end of 2020.

The Group's average headcount for the financial year 2021 is set at 652 employees, which is 27 fewer than the average for the financial year 2020.

The 2021 efficiency ratio stood at 34.5%, representing a decrease of 0.4%, in the restated 2020 accounts, without considering the extraordinary items in 2020 (impact of the liability repurchase operations, nor the one-off return of revenues in Portugal in 2020). Under the accounting criteria in force in 2020, the decrease would have been 2.2%.

5. Defaults and Hedging

The entry into force on 1 January 2020 for Credit Financial Institutions of Bank of Spain Circular 4/2019, which transferred to Spanish SCIs the European accounting framework comprising the International Financial Reporting Standards adopted in the European Union (EU-IFRS), had led to substantial changes in the classification of the Group's loan portfolio, in the calculation of impairment provisions and in the valuation of the associated collateral.

In addition, following the criteria of its regulators regarding the accounting classification of portfolios, in 2021 the UCI Group has changed its accounting criteria, which is why this report presents information with and without restatement of the balance sheet and income statement.

In turn, the outbreak of the pandemic in 2020 and its permanence in 2021 have meant, in the three countries in which the Group manages loan portfolios, the application of public, sectorial and private moratoriums, which UCI has formalised with its customers, according to the criteria established by the competent authorities of the respective countries, with these moratoriums ending during the financial year 2021.

Regarding the loan portfolio, the NPL ratio of the assets managed by the company, excluding subjective doubtful assets, continued to fall, standing at 7.82% at the end of 2021 compared to 8.34% at the end of 2020 based on restated accounts. This decrease reflects a decrease in the non-performing loans balance of 56 million, generalised in the three countries: 52 million in Spain, 3 million in Portugal, and 1 million in the Greek portfolio. The reduction in the non-performing loan balance over the 2020-2021 biennium occurred despite the economic crisis caused by the pandemic and the slowdown in judicial activity, as a result of the confinements and the measures to protect the most vulnerable customers adopted in the three countries. The reduction in the NPL ratio of 0.52% would have been very similar, 0.55% in the absence of the restatement of the 2020 accounts.

The subjective doubtful balance, after the change of accounting criteria, ended the year at 880 million euros, 8.2% of the total balance: 831 million in Spain, 3.3 in Portugal, and 46 in Greece. These levels represent an increase of EUR 368 million compared to the end of 2020 before the change of criteria: 330 million euros in Spain, 1 million euros in Portugal and 38 million euros in Greece.

However, based on the restated accounts, drawn up by retroactively applying the new accounting criteria, the subjective doubtful balance is 1290 million at the end of 2020, having therefore been reduced by 410 million based on the Group's new criteria during the financial year 2021. The overall doubtful assets ratio is therefore reduced from 20.4% to 16.1% during 2021, while it would have increased from 13.1% at the end of 2020 in the absence of restatement of the 2020 accounts.

Provisions for loan losses were determined based on the internal model under IFRS 9. However, in application of the principle of prudent valuation, the Group has chosen to provision its portfolio of subjective doubtful loans based on the alternative solution defined by its Circular 4/2019.

Loan loss provisions for the entire loan portfolio amounted to 362 million euros at year-end 2021, a reduction of 26 million euros compared to the levels recognised in 2020 prior to the change in accounting policy and 70 million euros compared to the restated 2020 accounts. Overall, provisions for bad debt risk hedges, losses not covered by hedges and legal expenses decreased from 143 million euros in 2020 to euros 38 million in 2021 following the change in accounting policy, and from 134 million euros to 83 million euros in the absence of the restatement of the 2020 accounts.

Loan loss provisions for the entire loan portfolio amounted to 362 million euros at year-end 2021, a reduction of 26 million euros compared to the levels recognised in 2020 prior to the change in accounting policy and 70 million euros compared to the restated 2020 accounts. Overall, provisions for bad debt risk hedges, losses not covered by hedges and legal expenses decreased from 143 million euros in 2020 to 38 million euros in 2021 following the change in accounting policy, and from 134 million euros to 83 million euros in the absence of the restatement of the 2020 accounts.

Foreclosed asset sales maintained strong activity despite the pandemic, and for the fourth consecutive year, generated a positive impact (8.1million euros after 7.3 million euros in 2020) on the income statement for the year, as a result of the high levels of provisions for these assets, as well as the good performance of the real estate market.

The coverage ratio of doubtful exposures, following the change in accounting policy and the restatement of the 2020 accounts, has remained broadly stable from 18.3% to 18.5%. Within this population, the coverage of the portfolio 90 days or more past due on the company's balance sheet has decreased from 33.3% to 29.6%, reflecting the positive impact of the results of the recovery teams, the good performance of the real estate market and the improved expectations for 2020.

The Group's transitional properties classified as available-for-sale assets stood at the end of 2021 at a value net of provisions of 225.2 million euros, compared to 263.4 million euros at the end of 2020. This decrease is the result of good results in the marketing of foreclosed properties, both for sale and lease.

The Real Estate Marketing Network in Spain managed the marketing of 1,066 properties owned by the Group (+14% on 2020), having helped 216 customers in payment difficulties in the marketing of their properties (+51%).

With a net balance of its transitory properties at minimum levels, 1.8 million euros, Portugal's stock has been reduced by 26% compared to 2020, in line with the trend of recent years. In Greece, the foreclosed assets portfolio has remained at very low levels: 0.8 million euros.

In 2022, the Group plans to maintain its strategy of responsible collection, compatible with a clear focus on reducing doubtful assets, both in the most aggravated portfolio, as well as those customers who, without being in a situation of default, have payment difficulties or are subject to moratoriums or temporary reductions in the amount of their instalments. And finally, consolidate the good results and positive economic impact of the real estate marketing activity.

6. Consolidated Results

The UCI Group has recognised, after restatement of the 2020 accounts, a net positive result of 29.5 million euros in 2021 against net losses of 30.5 million euros in 2020. In the absence of restatement of the 2020 accounts, the 2021 positive result would have been 1.7 million euros after losses of 25.7 million euros in 2020.

The trends are similar for the different results of the main subsidiary Unión de Créditos Inmobiliarios, SA, EFC: it recorded, after restatement of the 2020 accounts, a positive result after tax of 34.4 million euros, compared to a loss of 30.0 million euros in 2020. In the absence of restatement, the 2021 positive result would have been 6.6 million euros, and the 2020 loss would have been 24.9 million euros.

Retama Real Estate (UCI Group's asset management company) reduced its negative result for the third consecutive year to -1.3 million euros, following a loss of -1.5 million euros in 2020.

UCI SPPI recorded its sixth profitable year (167 thousand euros) after 66 thousand euros in 2020, following the company's business reorientation in 2015.

Both Comprarcasa Portugal and UCI LMS in Greece closed for the fourth consecutive year with positive figures, respectively 8 and 81 thousand euros.

7. Risks and uncertainties

Regarding the main risks and uncertainties, we note the following:

- Credit risk: due to the nature of the UCI Group's retail business and the large 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: the Group is subject to the financial, mortgage and real estate markets in the countries in which it operates, which have evolved favourably. The pandemic that appeared at the beginning of 2020 has not generated significant unfavourable impacts to date. As of the date of this document, the impacts arising from the armed conflict that began on 24 February 2022 in the Republic of Ukraine are difficult to identify and quantify.

- Operational risk: operational risks essentially fall within the risk systems of Unión de Créditos Inmobiliarios, S.A., 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 the management of the UCI Group's equity, operational risk has a consumption of 19.3 million euros, almost all of which corresponds to the company Unión de Créditos Inmobiliarios, EFC. The equivalent figure was 20.3 million in 2020.

- Litigation risk: in 2021, UCI continued to manage legal proceedings for claims for annulment of clauses, the most relevant grounds being the arrangement fees, the arrangement fee and the portfolio indexed to the IRPH benchmark. In relation to the first two grounds, the CJEU is pending a decision on the preliminary questions raised by the Supreme Court on the statute of limitations for the return of arrangement fees and the arrangement fee. Regarding the IRPH, it is worth highlighting the favourable rulings that have occurred in 2021 both in Spain and in the CJEU.

During 2021, the average payment period to UCI suppliers was 15 days, within the legally established period of 60 days. Given the activity in which the Company engages, there are no relevant issues of an environmental nature.

No investments in research and development were recorded during the year, although the Group continues to develop IT systems as part of innovation plans, which for reasons of prudence have been recorded under general expenses.

There were no acquisitions of treasury shares during the financial year 2021.

Subsequent to year-end, on 24 January 2022, the company 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% as a supplement to the solvency level required for the company and its subsidiary Unión de Créditos Inmobiliarios, S.A, EFC, as well as an additional P2G level.

As a result, the parent company UCI, SA proceeded to a capital increase of 100 million euros on 3 March and a subordinated debt issue of 45 million euros on 24 March, both issues having been subscribed by the company's shareholders in proportion to their stake in the company. In addition, the Board of Directors of UCI, S.A. on 24 February agreed the principle of issuance by the company of Contingently Convertible Bonds for 22 million, and their full subscription by its shareholders, during the second quarter of 2022.

8. Equity and Solvency Ratios

RDL 309/2020 of 11 February 2020 stipulated that the prudential regulations for credit institutions, in particular Regulation 575/2013 of the European Union (CRR), would generally apply to financial credit institutions. This regulation therefore came into force for the UCI Group on 1 July 2020, leading to a first solvency statement for 31 December 2020. This regulation included, on the one hand, a change in the level of solvency required under Pillar I: the percentage to which weighted average assets were subject was raised from 8% on 30 June 2020 to 10.50% as of 30 June 2020. It also included credit institutions in the scope of the SREP supervisory mechanism, under the supervision of Banco de España.

Under this mechanism, as explained in the previous point regarding events occurring after year-end, the UCI Group and its subsidiary Unión de Créditos Inmobiliarios have seen their own funds requirements revised upwards, in application of Pillar 2 (as communicated by their regulator, BdE), by incorporating a P2R of 2%, as well as an additional P2G.

At the end of 2021, the Group followed the requirements to which it was subject: with a solvency ratio of 10.57%, exceeding the minimum of 10.50% by 4.1 million euros. A year earlier, the ratio was 10.66%, and the Group was 14.9 million euros above the same minimum. If the result of the financial year 2021 after restatement of the 2020 accounts had been computed at that date, the ratio at the end of 2021 would have been 11.19% and the surplus would have been 33.5 million.

Tier 1 book equity stood at 477.4 million at the end of 2021 without incorporating the result for the year, i.e., 9.27% of the Group's risk-weighted assets. This level includes, as at the end of the previous financial year, 82 million contingently convertible bonds. Of the balance of 395.4 million euros, 60 million euros came from a capital increase of UCI, SA, contributed proportionally by its two shareholder groups, dated 22 December 2021. In addition, the UCI Group had 104.7 million euros of Tier2 capital, representing 1.90% of weighted assets.

Following the communication received from Pillar 2 of its supervisor, UCI, SA has proceeded to issue new shares for an amount of 100 million euros on 3 March 2022, and to issue new subordinated debt for an amount of 45 million euros on 24 March. After these operations, without incorporating the 2021 result as equity, and assuming conservatively stable risk-weighted assets, the estimated solvency ratio at the end of March 2022 would be 12.99%, and 10.26% based on Tier 1 capital alone. The incorporation of the 2021 result would bring these ratios to 13.53% and 10.80%.

In addition, following the completion of the 22 million euros issue of contingent convertible bonds approved by the Board of Directors of UCI, SA and currently being issued, which is expected to be completed before 30 June 2002, each ratio will see its value increased by 0.40% in absolute terms.

9. Group`s expected evolution

The health and economic context resulting from the pandemic interrupted the dynamism and improvement that the economies of the Iberian Peninsula had been experiencing since 2015. However, the UCI Group overcame this environment, with its trading performance continuing to improve, while the markets' reception of the securitisation funds' transactions, originated on the back of loans assigned by UCI EFC, continued to be very well received. In qualitative terms, the Euronext Lisbon award for the best transaction in 2020 in the Sustainable Finance category and the achievement in 2020 and confirmation in 2021 of the Great Place to Work certification underline the UCI Group's ability to adapt to the new environment.

The environment in which UCI operates, especially the evolution of the real estate market, has not been significantly affected by the pandemic two years after its onset.

The UCI Group will continue to actively manage its business, maintaining a sustainable and responsible management model, focused on meeting the real needs of its customers, and on quality and transparency in all processes. In the commercial activity in Spain, as a complement to its presence in the real estate professional channel, it will continue to develop the direct channel, especially through its "hipotecas.com" brand. In terms of products, the priority will be to develop financial solutions for the refurbishment 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 this compatible with appropriate management of spreads, and continuing to develop autonomy in refinancing.

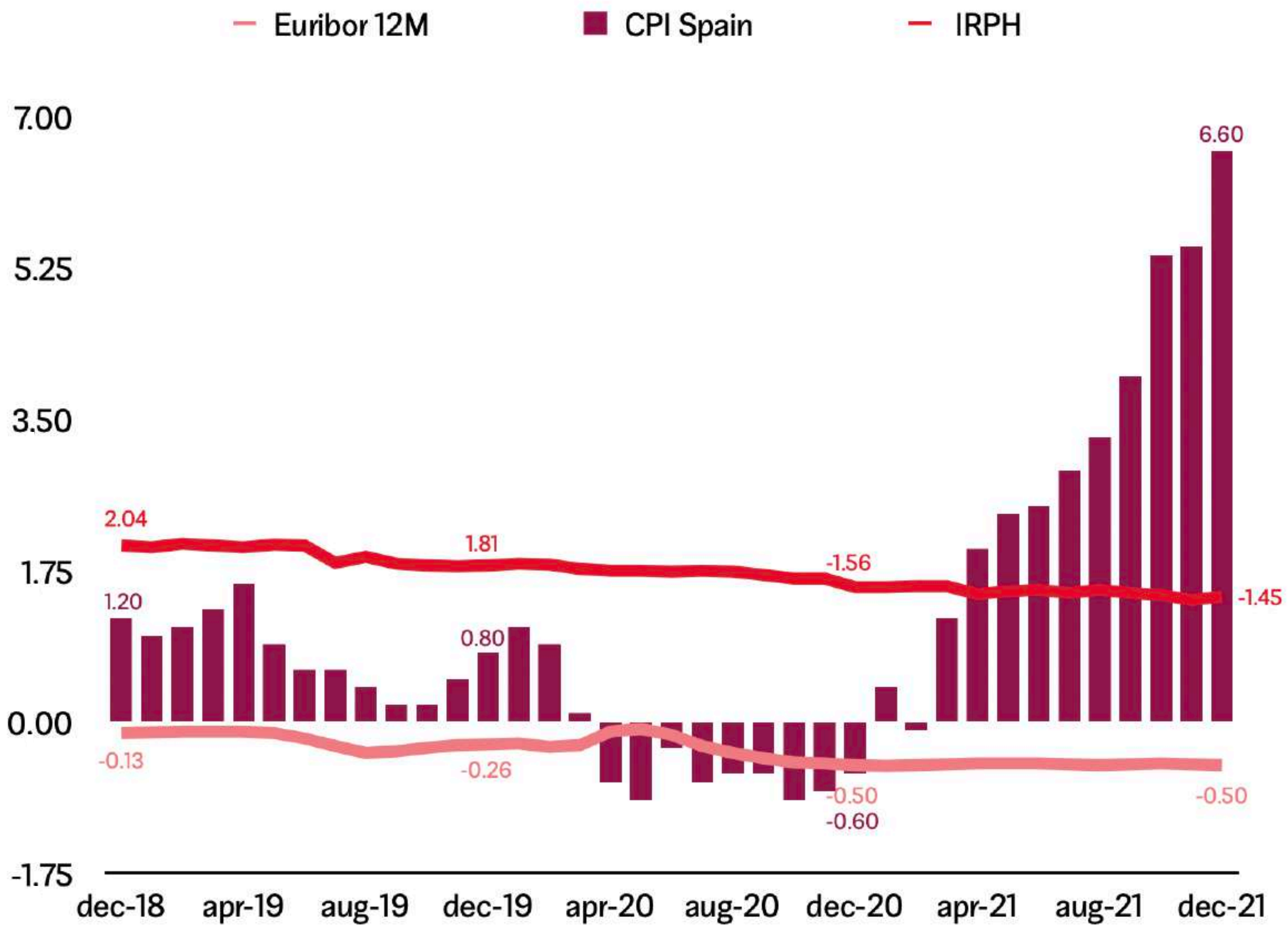
In portfolio management, customer satisfaction, cross-selling, efficiency in the responsible recovery of defaulted transactions, compatible with a clear focus on the reduction of non-performing assets, and the profitable divestment of foreclosed assets and cost control, will continue to be priorities.

UCI will continue to develop its refinancing policy on the markets in 2022, through the contribution of loans from its portfolio to the securitisation funds issued with the collateral of these guarantees, as well as through other sources of financing, accessible with the two 'Investment Grade' ratings obtained in 2018 and 2019 by the subsidiary UCI EFC with the agencies DBRS and Fitch respectively, as well as the rating obtained by the Group's holding company, UCI, SA, with the agency Fitch in 2019.

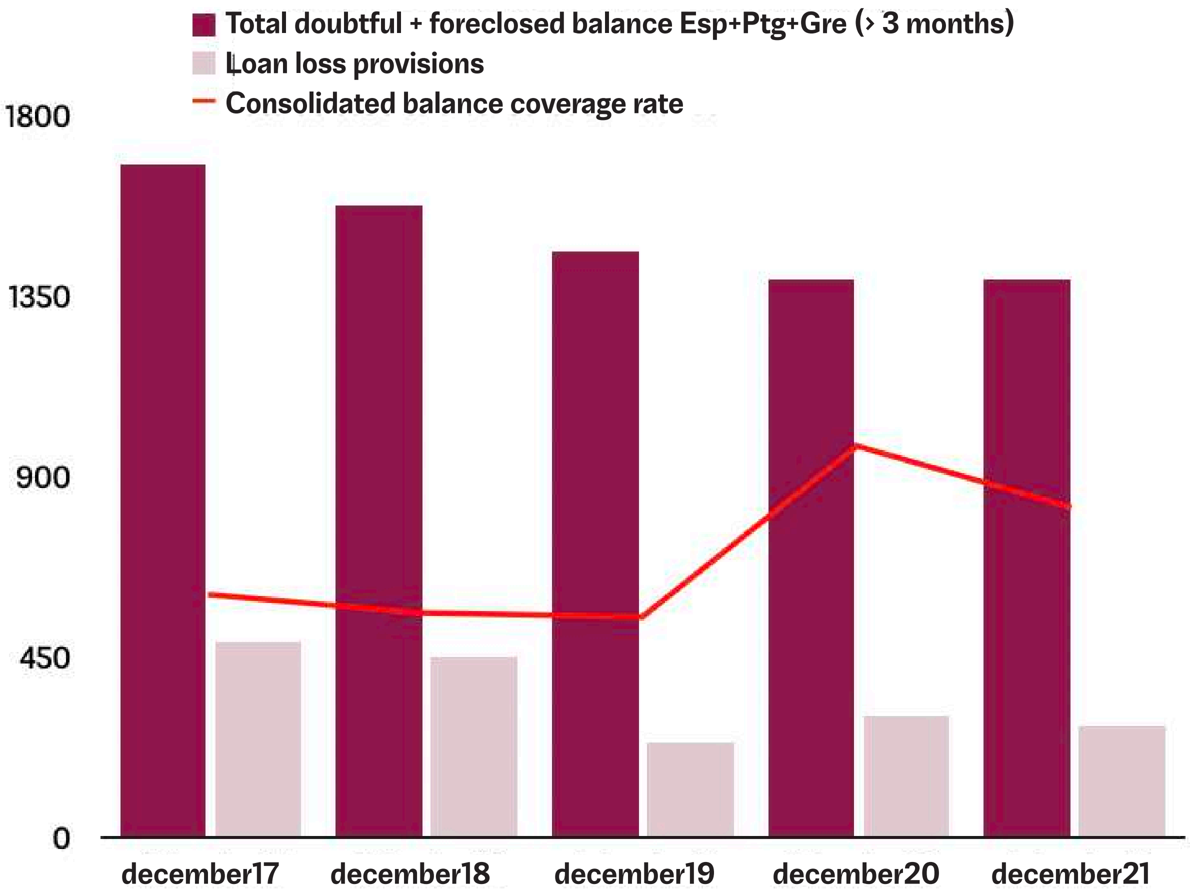
10. Non-Financial Reporting Statement

By virtue of Law 11/2018, of 28 December of non-financial information and diversity, UCI Group has elaborated the consolidated non-financial reporting statement related to 2020, which is included as a separate document attached to the consolidated directors' report of 2020, as established on article 44 of the Commercial Code.

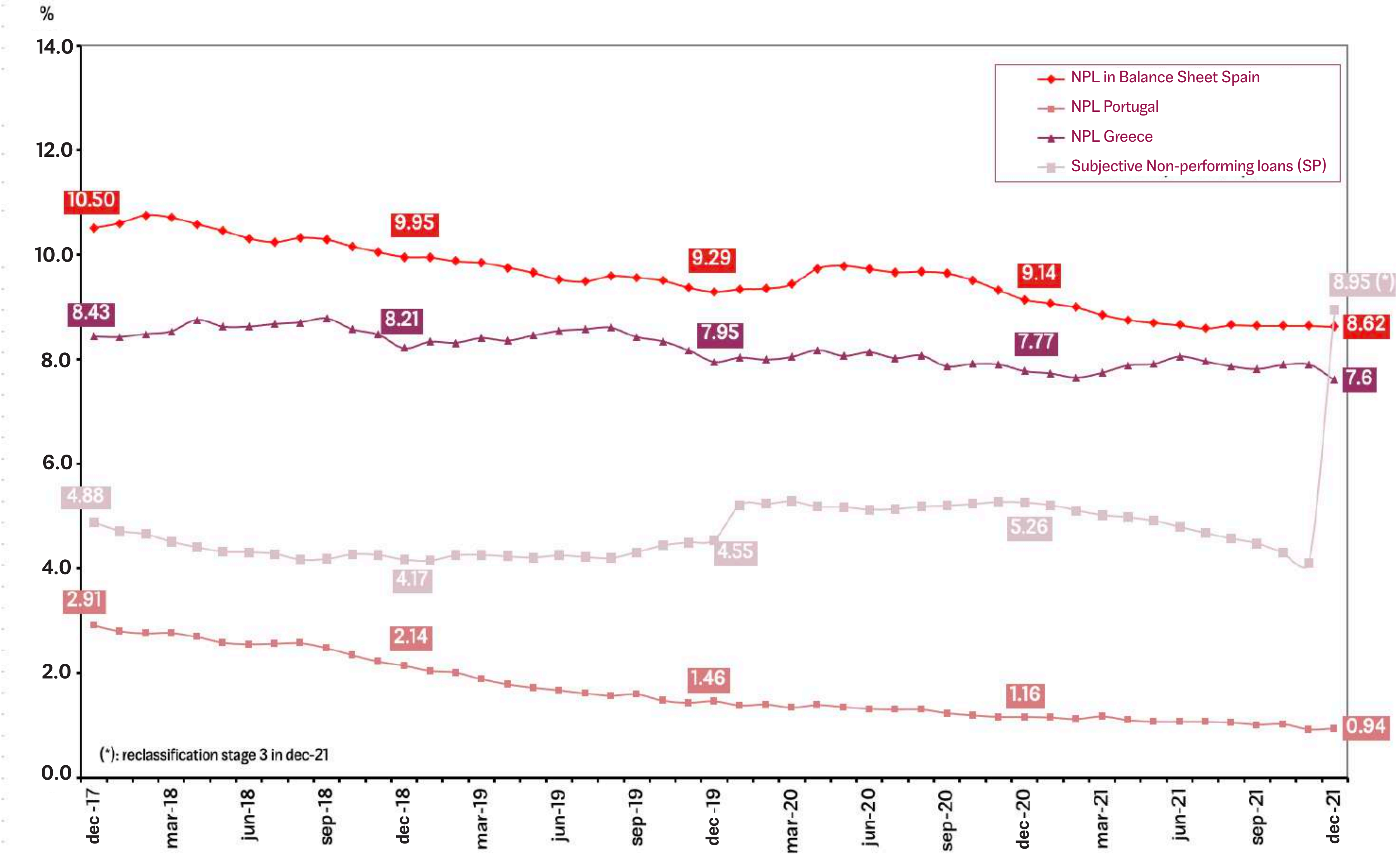
Historic Euribor 12 M - IRPH - CPI Spain



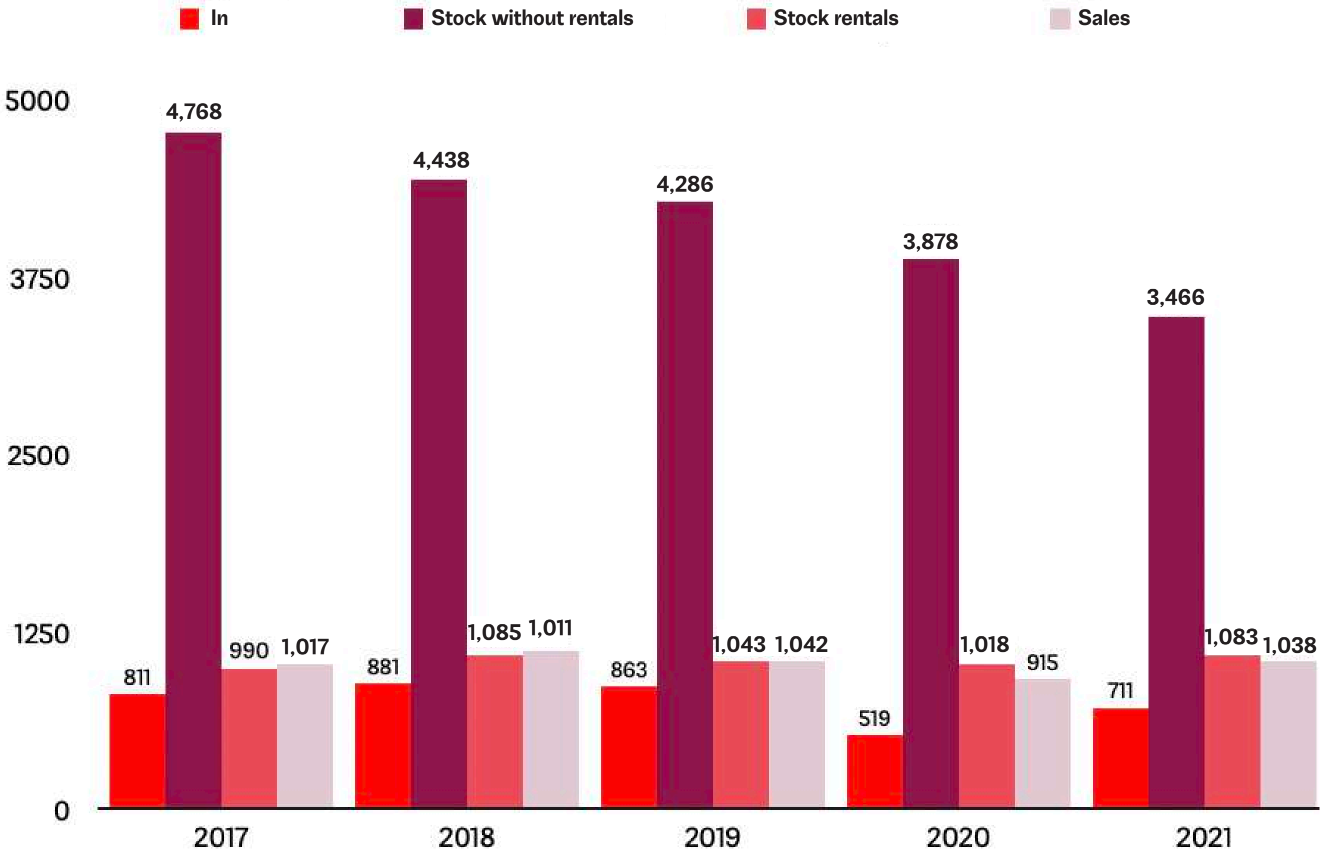
NPL Coverage (Spain+Portugal+Greece)



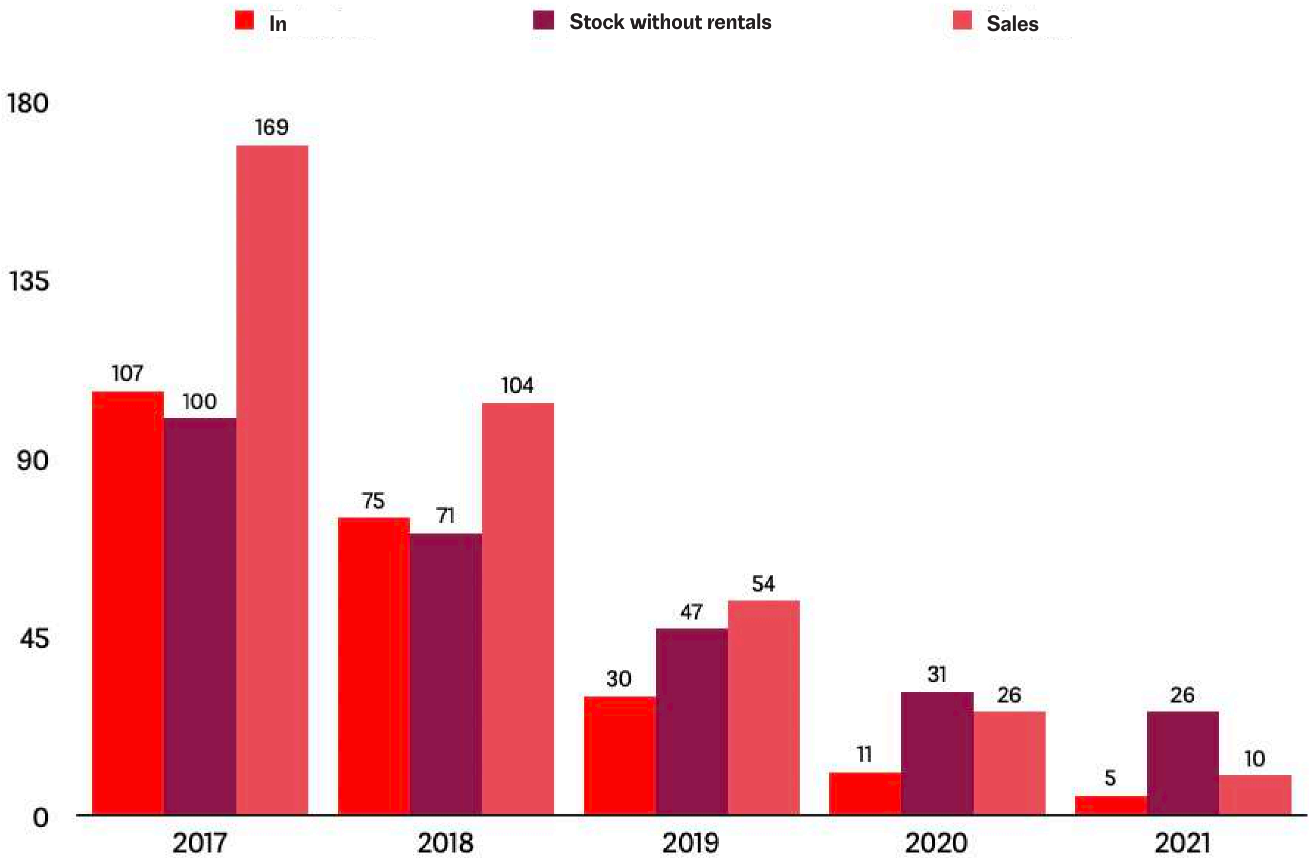
% NPL´s (+90days) In balance Sheet



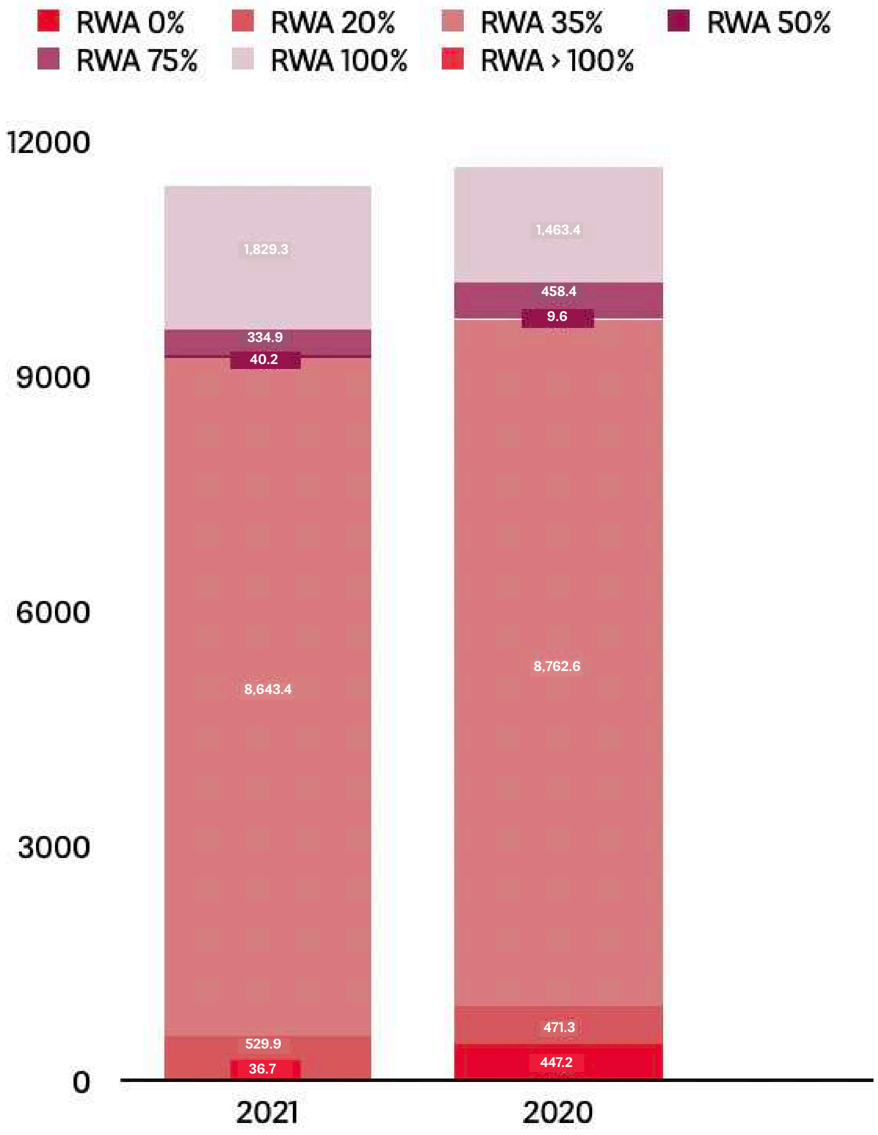
Spain: Nº REO HOMES: Tickets/Sales/Stock Property Adjudicated



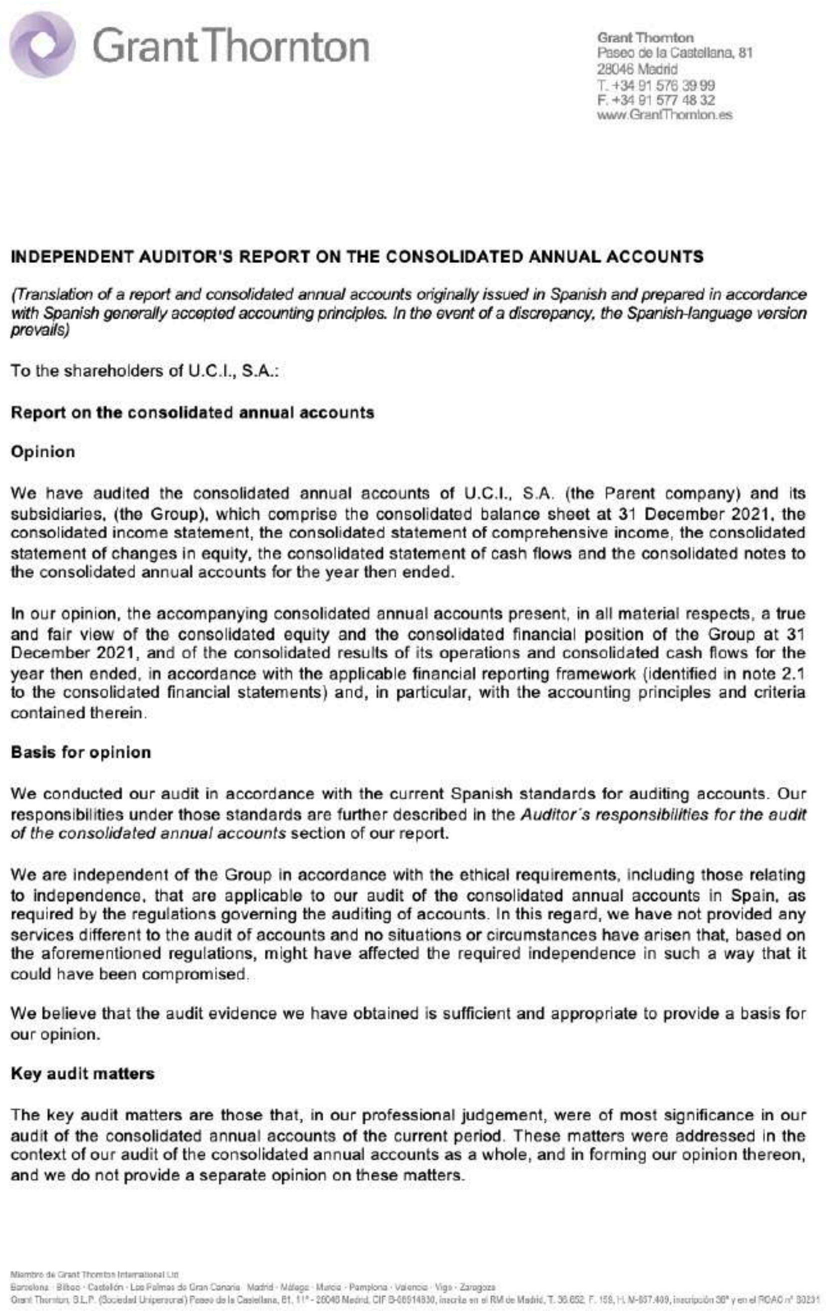
Portugal: Nº REO HOMES: T ickets/Sales/Stock Property Adjudicated



Coefficients of own resources UCI Group at 31/12/2021



7.2. Independent Auditor's Report on the Consolidated Annual Accounts



Grant Thornton
Paseo de la Castellana, 81
28046 Madrid
T. +34 91 576 39 99
F. +34 91 577 48 32
www.GrantThornton.es

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 2021, 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 2021, 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

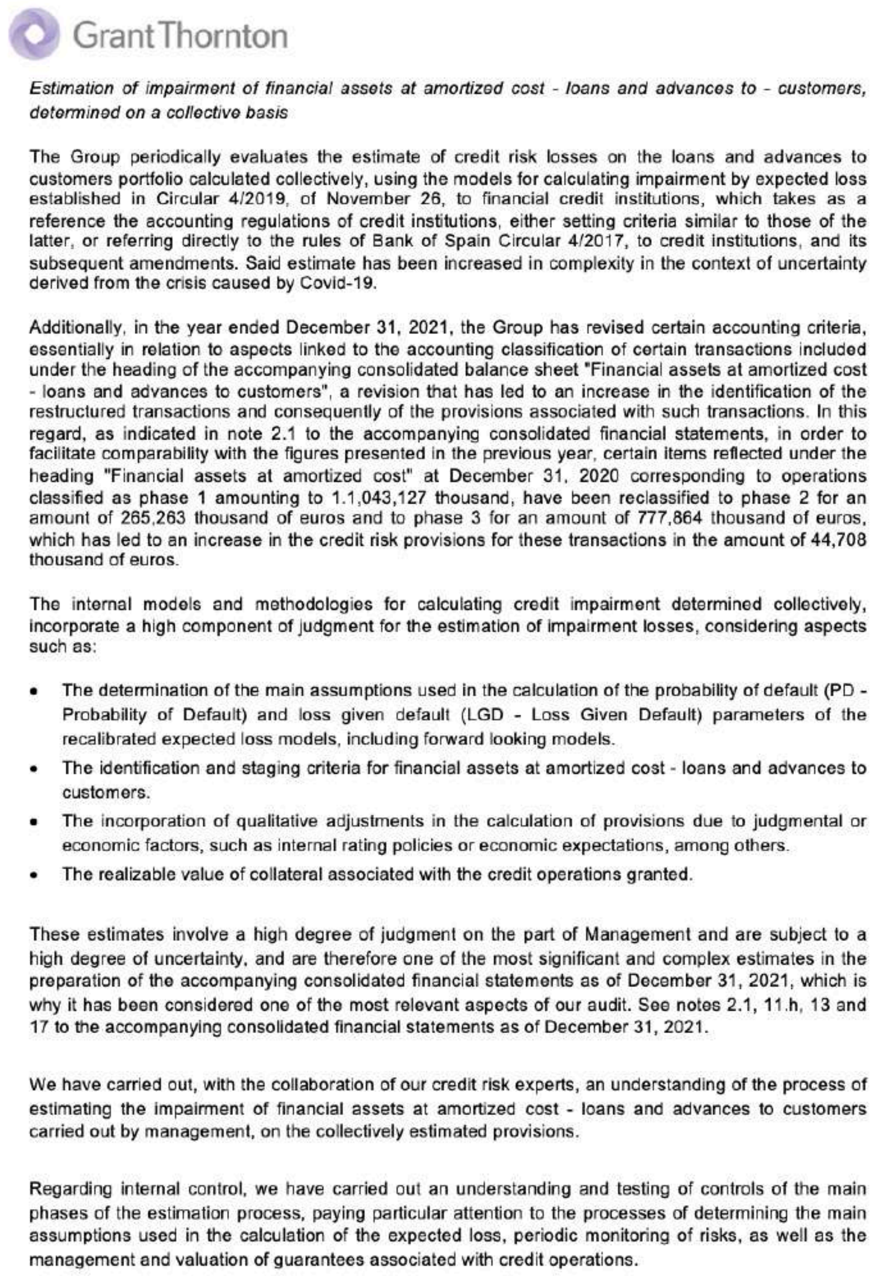
We conducted our audit in accordance with the current Spanish standards for auditing accounts. Our responsibilities under those standards are further described in the *Auditor´s responsibilities for the audit of the consolidated annual accounts* section of our report.

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

The key audit matters are those that, in our professional judgement, were of most significance in our audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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 loans and advances to customers portfolio calculated collectively, using the models for calculating impairment by expected loss established in Circular 4/2019, of November 26, to financial credit institutions, which takes as a reference the accounting regulations of credit institutions, either setting criteria similar to those of the latter, or referring directly to the rules of Bank of Spain Circular 4/2017, to credit institutions, and its subsequent amendments. Said estimate has been increased in complexity in the context of uncertainty derived from the crisis caused by Covid-19.

Additionally, in the year ended December 31, 2021, the Group has revised certain accounting criteria, essentially in relation to aspects linked to the accounting classification of certain transactions included under the heading of the accompanying consolidated balance sheet "Financial assets at amortized cost - loans and advances to customers", a revision that has led to an increase in the identification of the restructured transactions and consequently of the provisions associated with such transactions. In this regard, as indicated in note 2.1 to the accompanying consolidated financial statements, in order to facilitate comparability with the figures presented in the previous year, certain items reflected under the heading "Financial assets at amortized cost" at December 31, 2020 corresponding to operations classified as phase 1 amounting to 1.1,043,127 thousand, have been reclassified to phase 2 for an amount of 265,263 thousand of euros and to phase 3 for an amount of 777,864 thousand of euros, which has led to an increase in the credit risk provisions for these transactions in the amount of 44,708 thousand of euros.

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, including forward looking models.
- The identification and staging criteria for financial assets at amortized cost - loans and advances to customers.
- The incorporation of qualitative adjustments in the calculation of provisions due to judgmental or economic factors, such as internal rating policies or economic expectations, among others.
- The realizable value of collateral associated with the 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, 2021, which is why it has been considered one of the most relevant aspects of our audit. See notes 2.1, 11.h, 13 and 17 to the accompanying consolidated financial statements as of December 31, 2021.

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.

- Obtaining the detail and calculation of the expected loss on transactions reclassified at December 31, 2020 in the accompanying financial statements for the 2021 financial year, on the basis of which a selective classification check was performed for a sample of transactions and the recalculation of the amount of the credit impairment loss associated with the change in classification.

- 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.

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 matter

The consolidated annual accounts of U.C.I., S.A. and and its subsidiaries for the year ended December 31,2020, were audited by another auditor who expressed an unmodified opinion on those annual accounts on April 30, 2021.

Other information: Consolidated directors' report

Other information comprises exclusively the consolidated directors' report for the 2021 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 2021 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.

Grant Thornton

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

5 de mayo de 2022

AUDITORES
INSTITUTO DE CENSORES JURADOS
DE CUENTAS DE ESPAÑA

GRANT THORNTON, S.L.P.

2022 Núm. 01/22/01673
SELLO CORPORATIVO: 96,00 EUR

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

7.3. Annual accounts

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

CONSOLIDATED BALANCE SHEETS ON 31 DECEMBER 2021 AND 2020 (Expressed in thousands of euros)

ASSETS	Note	2021	2020 (*)
Cash, cash balances in central Banks and other on-demand deposits	**16**	**263,386**	**314,194**
Cash		3	3
Other on-demand deposits		268,383	314,191
Financial assets held for trading		**24,750**	**16,437**
Trading derivatives	**24**	24,750	16,437
Financial assets not held for trading compulsorily measured ar fair value profit and loss		-	-
Equity instruments		-	-
Debt securities		-	-
Loans and advances		-	-
Financial assets designated at fair value through profit and loss		-	-
Equity instruments		-	-
Debt securities		-	-
Loans and advances		-	-
Financial assets designated at fair value through other global results:		-	-
Debt securities		-	-
Loans and advances		-	-
Financial assets at amortized cost	**17**	**10,367,855**	**10,260,537**
Debt securities		-	-
Loans and advances		10,367,855	10,260,537

LIABILITIES AND EQUITY	Note	2021	2020 (*)
Financial liabilities held for trading		**29,168**	**22,778**
Derivatives	**24**	29,168	22,778
Short positions		-	-
Deposits		-	-
Financial liabilities designated at fair value through profit and loss		-	-
Financial liabilities at amortised cost	**23**	**10,625,929**	**10,693,221**
Deposits		7,461,168	7,518,748
Deposits of credit institutions		7,461,168	7,518,748
Debt securities		3,160,805	3,171,297
Other financial liabilities		3,956	3,177
Derivatives - hedge accounting	**25**	**19,475**	**106,627**
Provisions	**26**	**14,414**	**10,653**
Pensions and other post-employment defined benefit obligations		-	-
Other non-current remunerations to employees		-	-
Procedural matters and litigations for outstanding taxes		-	-
Commitments and guarantees granted		14,141	10,653
Tax liabilities	**21**	**2,649**	**1,472**
Current tax liabilities		1,418	1,472
Deferred tax liabilities		1,230	

ASSETS	Note	2021	2020 (*)
Hedging derivatives	**25**	**25**	**25**
Changes in the fair value of hedged elements of a portfolio with hedge of the interest rate risk		-	-
Investments in join ventures and associates		-	-
Property, plant and equipment	**19**	**128,809**	**124,389**
Tangible assets		8,186	7,815
Property investments		120,623	116,574
Intangible assets	**20**	**2,777**	**2,368**
Goodwill		-	-
Other intangible assets		2,777	2,368
Tax assets	**21**	**92,645**	**137,823**
Current tax assets		4,594	6,064
Deferred tax assets		88,051	131,759
Other assets		**23,147**	**18,570**
Insurance agreements linked to pensions		-	-
Inventories		-	-
Other assets	**22**	23,147	18,570
Non-current assets held for sale	**18**	**224,02**	**261,845**
TOTAL ASSETS		**11,127,498**	**11,36,187**

LIABILITIES AND EQUITY	Note	2021	2020 (*)
Other liabilities	**22**	**27,499**	**39,841**
Liabilities included in disposable groups of elements classified as held for sale		-	-
TOTAL LIABILITIES		**10,719,134**	**10,874,592**
EQUITY			
Equity	**29**	**422,371**	**422,371**
Capital		114,137	114,137
Paid		114,137	114,137
Share premium		43,882	43,882
Equity instruments issued other than capital		-	-
Other equity elements		-	-
Accumulated gains		234,864	234,864
Other reserves		-	-
Profit/(loss) for the period		29,488	29,488
Minus: Interim dividends		-	-
Other global accumulated results		**(14,007)**	**(75,443)**
Elements that will not be reclassified in results		-	-
Elements that could be reclassified in results		**(14,007)**	**(75,443)**
Hedging of net investments in businesses abroad		-	-
Currency exchange		-	-
Hedging derivatives. Cash flow hedge reserve	**28**	(14,007)	(75,443)
Changes in the fair value of debt instruments measured at fair value through other global results		-	-
TOTAL EQUITY		**408,364**	**261,595**
TOTAL EQUITY AND LIABILITIES		**11,127,498**	**11,136,187**
Memorandum item			
Contingent risks	**32**	-	-
Contingent commitments		33,267	22,452

(*) Presented solely and exclusively for comparison purposes. It should be noted that the balances have been restated with respect to those formulated in 2020 (see Note 2.1). The accompanying Notes 1 to 36 are an integral part of the consolidated balance sheet on 31 December 2021.

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

CONSOLIDATED PROFIT AND LOSS ACCOUNTS CORRESPONDING TO YEARS ENDED ON 31 DECEMBER 2021 AND 2020
(Expressed in thousands of Euros)

	Note	2021	2020 (*)
Income from interests	**33**	**188,893**	**215,755**
Financial assets at amortised cost		171,090	182,137
Derivatives - hedge accounting, interest rate risk		17,516	15,873
Other assets		287	17,745
(Expenses from interests)	**34**	**51,129**	**76,20**
INTEREST MARGIN		**137,764**	**139,735**
Income from dividends		-	-
Income from commissions		12,567	9,814
(Expenses for commissions)		(6,101)	(4,858)
Profit or (-) loss when writin g off financial assets and liabilities not measured at fair value through profit and loss, net		-	9,446
Financial liabilities at amortised cost		-	9,446
Profit or (-) loss for financial assets and liabilities held for trading, net		(474)	(374)
Profit or (-) loss for financial assets and liabilities held for negotiation, net		-	-
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		-	-
Other operating income		5,768	7,899
Other operating expenses		-	-
GROSS MARGIN		**149,524**	**161,662**
Administration expenses		**(79,267)**	**(83,449)**
Personnel costs	**35**	(33,948)	(34,179)
Other general administration expenses	**36**	(45,319)	(49,270)
Amortisation		**(6,923)**	**(6,007)**
Provisions or (-) reversal of provisions		**(732)**	**(735)**
Impairment or (-) reversal of the impairment of financial assets not measured at fair value through profit and loss		**4,404**	**(94,719)**
Financial assets at amortised cost		4,404	(94,719)
Financial assets at fair value through other global results		-	-
RESULTS FROM THE OPERATING ACTIVITY		**67,006**	**(23,248)**

	Note	2021	2020 (*)
Impairment or (-) reversal of the impairment of non-financial assets		**(1,830)**	**(3,300)**
Property, plant and equipment		-	-
Property investments		(1,830)	(3,300)
Intangible assets		-	-
Others		-	-
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**	(13,594)	(16,706)
RESULT BEFORE TAX		**51,860**	**(43,254)**
(Expenses or (-) income for income tax from continuing activities)		(22,372)	(12,732)
RESULT FROM THE YEAR FROM CONTINUING OPERATIONS		**29,488**	**(30,522)**
GaProfits (losses) after tax from discontinued activities		-	-
RESULTS FROM THE YEAR		**29,488**	**(30,522)**

(*) Presented solely and exclusively for comparison purposes. It should be noted that the balances have been restated with respect to those formulated in 2020 (see Note 2.1). The accompanying Notes 1 to 36 are an integral part of the consolidated balance sheet on 31 December 2021.

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY CORRESPONDING TO YEARS ENDED ON DECEMBER 31, 2021 AND 2020
(Expressed in thousands of Euros)

A) CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSES CORRESPONDING TO YEARS ENDED ON 31 DECEMBER 2021 AND 2020

	2021	2020 (*)
RESULTS FROM THE PERIOD	**29,488**	**(30,522)**
OTHER GLOBAL RESULTS	**61,436**	**(31,313)**
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	**61,436**	**(31,313)**
Hedging of net investments in businesses abroad (effective portion)	-	-
Currency exchange	-	-
Cash flow hedges (effective portion)	85,611	(44,732)
Profits (losses) registered in equity	85,661	(44,732)
Transferred to results	-	-
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	(24,175)	13,419
TOTAL RECOGNISED INCOME AND EXPENSES	**90,924**	**(61,835)**

(*) Presented solely and exclusively for comparison purposes. It should be noted that the balances have been restated with respect to those formulated in 2020 (see Note 2.1).
The accompanying Notes 1 to 36 are an integral part of the consolidated balance sheet at 31 December 2021.

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY CORRESPONDING TO YEARS ENDED AT DECEMBER 31, 2021 AND 2020

(Expressed in thousands of Euros)

B) CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY CORRESPOODING TO YEARS ENDED 31 DECEMBER 2021 AND 2020

	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 (31/12/2020)	**98,019**	-	**269,541**	-	-	**(30,522)**	-	**337,038**	**(75,443)**	**261,595**
Effects from error correction	-	-	-	-	-	-	-	-	-	-
Effects from changes in accounting policies	-	-	-	-	-	-	-	-	-	-
2. Adjusted opening balance	**98,019**	-	**269,541**	-	-	**(30,522)**	-	**337,038**	**(75,443)**	**261,595**
3. Total recognised income and expenses	-	-	-	-	-	**29,488**	-	**29,488**	61,436	**90,924**
4. Other variations in equity	**16,118**	**43,882**	**(34,677)**	-	-	**30,522**	-	**55,845**	-	**55,845**
4.1 Capital increases	16,118	43,882	-	-	-	-	-	60,000	-	60,000
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	-	-	(30,522)	-	-	(30,522)	-	-	-	-
4.10 Increases (reductions) for business combinations	-	-	-	-	-	-	-	-	-	-
4.11 Payments with equity instruments	-	-	-	-	-	-	-	-	-	-
4.12 Other increases (reductions) of equity	-	-	(4,155)	-	-	-	-	(4,155)	-	(4,155)
4.13 Exchange differences	-	-	-	-	-	-	-	-	-	-
5. Closing balance at (31/12/2021)	**114,137**	**43,882**	**234,864**	-	-	**29,488**	-	**422,371**	**(14,007)**	**408,364**

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY CORRESPONDING TO YEARS ENDED ON DECEMBER 31, 2021 AND 2020

(Expressed in thousands of Euros)

	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 (31/12/2020)	**98,019**	-	**336,650**	-	-	**12,882**	-	**447,551**	**(44,130)**	**403,421**
Effects from error correction	-	-	(22,963)	-	-	-	-	(22,963)	-	(22,963)
Effects from changes in accounting policies	-	-	(52,845)	-	-	-	-	(52,845)	-	(52,845)
2. Adjusted opening balance	**98,019**	-	**260,842**	-	-	**12,882**	-	**371,743**	**(44,130)**	**327,613**
3. Total recognised income and expenses	-	-	-	-	-	**(30,522)**	-	**(30,522)**	(31,313)	**(61,835)**
4. Other variations in equity	-	-	**8,699**	-	-	**(12,882)**	-	**(4,183)**	-	**(4,183)**
4.1 Capital increases	-	-	-	-	-	-	-	-	-	-
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	-	-	12,882	-	-	(12,882)	-	-	-	-
4.10 Increases (reductions) for business combinations	-	-	-	-	-	-	-	-	-	-
4.11 Payments with equity instruments	-	-	-	-	-	-	-	-	-	-
4.12 Other increases (reductions) of equity	-	-	(4,183)	-	-	-	-	(4,183)	-	(4,183)
4.13 Exchange differences	-	-	-	-	-	-	-	-	-	-
5. Closing balance at (31/12/2020)	**98,019**	-	**269,541**	-	-	**(30,552)**	-	**337,038**	**(75,443)**	**261,595**

(*) Presented solely and exclusively for comparison purposes. It should be noted that the balances have been restated with respect to those formulated in 2020 (see Note 2.1). The accompanying Notes 1 to 36 are an integral part of the consolidated balance sheet at 31 December 2021.

UCI S.A. y Sociedades Dependientes (UCI GROUP

CONSOLIDATED STATEMENTS OF CASH FLOWS CORRESPONDING TO YEARS ENDED ON 31 DECEMBER 2021 AND 2020
(Expressed in thousands of Euros)

	2021	2020 (*)
A. CASH FLOWS FROM OPERATING ACTIVITIES	**(182,673)**	**89,387**
Profit or loss for the period	**29,488**	**(30,522)**
Adjustments to profit or loss to obtain cash flows from operating activities	**(33,721)**	**165,349**
Depreciation and amortisation	6,923	3,390
Other adjustments	(40,644)	161,959
Net increase/decrease in operating assets	**(94,842)**	**410,818**
Financial assets held for trading	-	595
Financial assets designated at fair value through profit or los	-	-
Financial assets held for sale	-	-
Financial assets at amortised cost	(90,264)	(8,378)
Other assets	(4,578)	418,601
Net increase/decrease in operating liabilities	**(83,598)**	**(456,258)**
Financial assets held for trading	-	-
Financial liabilities at amortised cost	(67,292)	(448,159)
Other operating liabilities	(12,340)	(8,099)
Collections/payments for income tax	**(3,966)**	**-**
B. CASH FLOWS FROM INVESTING ACTIVITIES	77,982	49,412
Payments	(3,164)	(3,179)
Tangible assets	(2,131)	(1,942)
Intangible assets	(1,033)	(1,237)
Participations	-	-
Non-current assets held for sale and associated liabilities	-	-
Charges	81,146	52,591
Tangible assets	8,401	-
Non-current assets held for sale and associated liabilities	72,745	52,591
C. CASH FLOWS FROM FINANCING ACTIVITIES	**53,883**	**(6,100)**
Payments	**(6,117)**	**(6,100)**
Payment for dividends and other remuneration of liabilities	(6,117)	(6,100)
Charges	**60,000**	-
Issuance of equity instruments	**60,000**	

	2021	2020 (*)
D. EFFECT OF EXCHANGE RATE CHANGES	-	-
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (A+B+C+D)	(50,808)	132,699
CASH OR CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	314,194	181,495
CASH OR CASH EQUIVALENTS AT END OF THE PERIOD	263,386	314,194
MEMORANDUM ITEM:	-	-
COMPONENTS OF CASH OR CASH EQUIVALENTS AT END OF THE PERIOD	-	-
Cash	3	2
Balance of cash equivalent in central banks	-	-
Other on-demand deposits	263,383	314,192
Total cash or cash equivalents at end of the period	263,386	314,194

(*) Presented solely and exclusively for comparison purposes. It should be noted that the balances have been restated with respect to those formulated in 2020 (see Note 2.1). The accompanying Notes 1 to 36 are an integral part of the consolidated balance sheet at 31 December 2021.

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 30 March 2022 and are expected to be approved unchanged by the Shareholders. The individual and consolidated financial statements for 2020 were authorised for issue on 11 March 2021 and approved by the shareholders at the Annual General Meeting on 4 May 2021. The Entities comprising the Group are engaged in credit financing activities.

On December 31, 2021 and 2020, 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, 2021 and 2020, 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 2021 and 2020 (Expressed in thousands of Euros)

ASSET	Note	2021	2020 (*)
Cash, cash balances in central Banks and other on-demand deposits	**16**	**110,447**	**155,486**
Cash		2	2
Other on-demand deposits		110,445	155,484
Financial assets held for trading		**5,954**	**15,853**
Trading derivatives	**24**	5,954	15,853
Equity instruments		-	-
Debs securities		-	-
Loans and advances		-	-
Financial assets not held for trading compulsorily measured ar fair value profit and loss	**24**	**313,648**	**393,886**
Equity instruments		-	-
Debt securities		-	-
Loans and advances		313,648	393,886
Financial assets designated at fair value through profit and loss		-	-
Equity instruments		-	-
Debt securities		-	-
Loans and advances		-	-
Financial assets designated at fair value through other global results:		-	-
Equity instruments		-	-
Debt securities		-	-
Loans and advances		-	-
Financial assets at amortized cost	**17**	**10,438,662**	**10,638,742**
Debt securities		-	-
Loans and advances		10,438,662	10,638,742
Hedging derivatives	**25**	**25**	**25**

EQUITY AND LIABILITIES	Note	2021	2020 (*)
Financial liabilities held for trading		**20,806**	**2,451**
Derivatives	**24**	20,806	2,451
Short positions		-	-
Deposits		-	-
Financial liabilities designated at fair value through profit and loss		-	-
Deposits		-	-
Issued debt securities		-	-
Other financial liabilities		-	-
Financial liabilities at amortized cost	**23**	**10,742,708**	**11,239,502**
Deposits		**10,738,913**	**11,236,325**
Deposits of central bank		-	-
Deposits of credit institutions		7,269,197	7,371,860
Deposit of clients		3,469,716	3,864,465
Debt securities		-	-
Other financial liabilities		3,795	3,177
Derivatives – hedge accounting	**25**	**19,475**	**106,627**
Provisions	**26**	**11,746**	**9,855**
Pensions and other post-employment defined benefit obligations		-	-
Other non-current remunerations to employees		-	-
Procedural maters and litigations for outstanding taxe.		-	-
Commitments and guarantees granted		-	-
Other provisions		11,746	9,855
Tax liabilities	**21**	**2,221**	**1,143**
Current tax liabilities		1,106	1,143
Deferred tax liabilities		1,115	-

ASSET	Note	2021	2020 (*)
Changes in the fair value of hedged elements of a portfolio with hedge of the interest rate risk		-	-
Investments in join ventures and associates		-	-
Property, plant and equipament	**19**	**125,807**	**121,210**
ITangible assets		7,947	7,621
Property investments			
Of which: Assigned in operating lease		117,860	113,589
Intangible assets	**20**	**2,464**	**2,052**
Goodwill		-	-
Other intangible assets		2,464	2,052
Tax assets	**21**	**63,421**	**102,221**
Current tax assets		18	4
DEferred tax assets		63,403	102,217
Other assets	**22**	**24,227**	**29,337**
Insurance agreements linked to pensions		-	-
Inventories		-	-
Other assets		24,227	29,337
Non-current assets held for sale	**18**	**209,501**	**244,113**
TOTAL ASSETS		**11,294,156**	**11,702,924**
Pro-memory			
Contiguous risks		-	-
Contingent commitments	**32**	**33,267**	**22,452**

EQUITY AND LIABILITIES	Note	2021	2020 (*)
Other liabilities	**22**	**31,746**	**33,378**
Liabilities included in disposable groups of elements classifield as held for sale		-	-
TOTAL LIABILITIES		**10,828,702**	**11,392,956**
EQUITY			
Equity	**29**	**478,291**	**383,903**
Capital		52,534	45,852
Paid		52,534	45,852
Share premium		125,746	72,428
Equity instruments issued other tan capital		-	-
Other equity elements		-	-
Accumulated gains		-	-
Otras reserves		265,623	295,652
Profit/(los) for the period		34,388	(30,029)
Minus: interim dividends		-	-
Other global accumulated results		**(12,837)**	**(73,935)**
Elements that will not be reclassified in results		-	-
Elements that could be reclassifield in results		**(12,837)**	**(73,935)**
Hedging of net investements in businesses abroad		-	-
Currency exchange		-	-
Hedging derivatives. Cash Flow hedge reserve	**28**	(12,837)	(73,935)
Changes in the fair value of debit instruments measured at fair value through other global results		-	-
TOTAL EQUITY		**465,454**	**309,968**
TOTAL EQUITY AND LIABILITIES		**11,294,156**	**11,702,924**

UNION DE CREDITOS INMOBILIARIOS, S.A. ESTABLECIMIENTO FINANCIERO DE CREDITO SOCIEDAD UNIPERSONAL

Profit and los accounts corresponding to year ended at 31 December 2021 and 2020

(Expressed in thousands of Euros)

	Nota	2021	2020 (*)
Income from interests	**33**	**189,851**	**216,263**
Financial assets at amortized cost		172,132	182,137
Derivatives – hedge accounting, interest rate risk		17,516	15,873
Other assets		203	18,253
(Expenses from interests)	**34**	**(52,736)**	**(78,022)**
INTEREST MARGIN		**137,115**	**138,241**
Income from dividends		-	-
Income from commissions		12,420	9,795
(Expenses for commissions)		(5,652)	(4,858)
Profit or (-) loss when writing off financial assets and liabilities not measured at fair value through profit and los, net.		-	9,446
Profit and (-) los for financial liabilties hel for trading, net.		(474)	(374)
Profit and (-) los for financial assets not held for trading compulsory measured at fair value through profit and los, net.		(81)	-
Other operating income		3,687	5,315
Other operating expenses		-	-
GROSS MARGIN		**147,015**	**157,565**
Administration expenses	**37**	**(80,567)**	**(78,367)**
Personnel cost	**38**	(31,860)	(32,049)
Other general administration expenses		(48,707)	(46,318)
Amortization	**19.20**	**(6,691)**	**(5,855)**
Provisions or (-) reserval of provisions		**(714)**	**(735)**
Impairment or (-) reserval of the impairment of financial assets not measured at fair value through profit and loss		**3,780**	**(97,378)**
Financial assets at amortized cost		3,780	(97,378)
RESULTS FROM THE OPERATING ACTIVITY		**62,823**	**(24,770)**
Impairment or (-) reserval of the impairment of non-financial assets	**19**	**(1,831)**	**(3,120)**
Property, plant and equipment		-	-
Property investments		(1,831)	(3,120)
Intangible assets		-	-
Profito r (-) los when writing off non-financial assets, net		-	-
Profit or (-) los originated from non-current assets and disposable groups of elements classifield as held for sale not admisible as discontinued activities	**18**	(9,832)	(15,015)

	Nota	2021	2020 (*)
RESULT BEFORE TAX		**51,160**	**(42,905)**
(Expenses or (-) income for income tax from continuing activities)	**31**	(16,772)	(2,876)
RESULT FROM THE YEAR FROM CONTINUING OPERATIONS		**34,388**	**(30,029)**
Profits (losses) after tax from discontinued activities		-	-
RESULT FROM THE YEAR		**34,388**	**(30,029)**

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 2021 AND 2020
(Expressed in thousands of Euros)

	2021	2020
RESULTS FROM PERIOD	**34,388**	**(30,029)**
OTHER GLOBAL RESULTS	**61,098**	**(29,805)**
ELEMENTS THAT WILL NOT BE RECLASSIFIED IN RESULTS	-	-
Actuarial profits (losses) in defined benefit pensión 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 result, 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 ar fair value through profit and los 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	**61,098**	**(29,805)**
Hedging of net investments in businesses abroad (effective portion)	-	-
Currency exchange	-	-
Cash Flow hedges (effective portion)	87,283	(42,578)
Profits (losses) registered in equity	87,283	(42,578)
Transferred to results	-	-
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	-	-
Income Tax related to elements that could be reclassified in results	(26,185)	12,773
TOTAL RECOGNISED INCOME AND EXPENSES	**95,486**	**(59,834)**

STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of Euros)

	EQUITY								Other accumulated global results	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 (31/12/2020) (*)	**45,852**	**72,428**	**295,652**	-	-	**(30,029)**	-	**383,903**	**(73,935)**	**309,968**
Effects from error corretion	-	-	-	-	-	-	-	-	-	-
Effects from changes in accounting policies	-	-	-	-	-	-	-	-	-	-
2. Adjusted opening balance	**45,852**	**72,428**	**295,652**	-	-	**(30,029)**	-	**383,903**	**(73,935)**	**309,968**
3. Total recognised income and expenses	-	-	-	-	-	**34,388**	-	**34,388**	61,098	**95,486**
4. Other variations in equity	**6,682**	**53,318**	**(30,029)**	-	-	**30,029**	-	**60,000**	-	**60,000**
4.1 Capital increases	6,682	53,318	-	-	-	-	-	60,000	-	60,000
4.2 Capital decreases	-	-	-	-	-	-	-	-	-	-
4.3 Conversion of financial liabilities in capital	-	-	-	-	-	-	-	-	-	-
4.4 ncrease 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 dividens	-	-	-	-	-	-	-	-	-	-
4.8 Operations with equity instruments (net)	-	-	-	-	-	-	-	-	-	-
4.9 Transfers between equity items	-	-	(30,029)	-	-	30,029	-	-	-	-
4.10 Increases (reductions) for business combinations	-	-	-	-	-	-	-	-	-	-
4.11 Payments with equity instruments	-	-	-	-	-	-	-	-	-	-
4.12 Other increases (reductions) of equity	-	-	-	-	-	-	-	-	-	(4,155)
5. Closing balance at (31/12/2021)	**52,534**	**125,746**	**265,623**	-	-	**34,388**	-	**478,291**	**(12,837)**	**465,454**

UNION DE CREDITOS INMOBILIARIOS, S.A. ESTABLECIMIENTO FINANCIERO DE CREDITO SOCIEDAD UNIPERSONAL
STATEMENTS OF CASH FLOWS CORRESPONDING TO YEARS ENDED ON 31 DECEMBER 2021 AND 2020

	2021	2020 (*)
CASH FLOWS FROM OPERATING ACTIVITIES	**(99,517)**	**61,454**
Profit or loss for the period	**34,388**	**(30,029)**
Adjustments to profit or loss	**(20,482)**	**114,864**
Depreciation and amortisation	6,691	5,855
Other adjustments	(27,173)	109,009
Net increase/decrease in operating assets	**(366,649)**	**36,673**
Trading portfolio	9,899	(6,774)
Financial assets at fair value through profit or loss	(80,238)	-
Financial assets designated at fair value with changes in other global result	-	-
Financial assets at amortized cost	(291,370)	19,670
Other assets	(4,940)	23,777
Net increase/decrease in operating liabilities	**(480,072)**	**(60,054)**
Trading portfolio	18,355	(2,383)
Financial liabilities at amortised cost	(496,794)	(62,421)
Other operating liabilities	(1,632)	4,750
Collections/payments for income tax	-	-
CASH FLOWS FROM INVESTING ACTIVITIES	**(5,521)**	**(2,243)**
Payments	65,909	(47,925)
Tangible assets	1,712	(1,942)
Intangible assets	957	(1,237)
Non-current assets held for sale and associated liabilities	63,241	(44,746)
Charges	42,282	45,682
Tangible assets	-	-
Intangible assets	-	-
Non-current assets held for sale and associated liabilities	60,388	45,682
CASH FLOWS FROM FINANCING ACTIVITIES	**60,000**	**(10,000)**
Payments	-	**(10,000)**
Dividens	-	(10,000)
Charges		
Issuance of own equity instruments	**60,000**	-

	2021	2020 (*)
EFFECT OF EXCHANGE RATE CHANGES	-	-
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (A+B+C+D)	(45,038)	49,211
F. CASH OR CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	155,486	106,275
G. CASH OR CASH EQUIVALENTS AT END OF THE PERIOD	110,488	155,486
MEMORANDUM ITEM:	-	-
COMPONENTS OF CASH OR CASH EQUIVALENTS AT END OF THE PERIOD	-	-
Cash	2	2
Balance of cash equivalent in central banks	-	-
Other on-demand deposits	110,448	155,484
Total cash or cash equivalents at end of the period	110,448	155,484

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, 2021 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, 2021 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 2021 have been prepared by the Directors at the meeting of its Board of Directors held on 30 March 2021. The consolidated annual accounts of the Group and the annual accounts of the Group entities for the financial year 2021 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 2021. 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 2020 were prepared by the Directors at the Board of Directors' meeting held on 11 March 2021 and approved by the General Meeting of Shareholders held on 4 May 2021. 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 2019 on standards for public and confiden-

tial 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 2021 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 2021 are set out in Note 11. There are no accounting policies or measurement bases that have a material effect on the consolidated financial statements for 2021 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 2021, not commented above

The following is a summary of the main applicable Bank of Spain Circulars issued and which entered into force in the financial year 2021:

Bank of Spain Circular 1/2021 of 28 January amending Circular 1/2013 of 24 May on the Central Credit Register 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 30 January 2021).

The main objective of the circular is to adapt Banco de España Circular 1/2013 of 24 May on the Central Credit Register and Circular 5/2012 on the transparency of banking services and responsibility in the granting of loans, to the changes introduced in the regulation of the Central Credit Register (CCR), as well as the update of the official reference rates by Order ETD/699/2020 (amending Order ECO/697/2004 and Order EHA/2899/2011, on transparency and customer protection in banking services (OM)).

On 27 July the Official State Gazette (BOE) published the OM on revolving credit, which, among other regulations, amends Order ECO/697/2004, of 11 March, on the Central Credit Register (hereinafter, 'OM of the CIR'). One of the objectives of this order is to improve the information available to lenders to analyse the solvency of potential borrowers, so as to avoid over-indebtedness positions that lead borrowers to be unable to meet their financial obligations. Having the right information to make a sound assessment of creditworthiness to prevent over-indebtedness is particularly relevant in the context of the economic and social impact of the Covid-19 health crisis.

On the other hand, the exceptional situation created by covid-19 has made it necessary to implement various financial measures to mitigate the economic impact of the pandemic. These measures have been articulated in four royal decree-laws and facilitate the financing conditions for individuals, companies and the self-employed through the implementation of moratoriums and public guarantees, and through private moratoriums promoted by associations of institutions. In order to comply with the reporting obligations imposed on lenders by these Royal Decree-Laws and to support the Banco de España's supervisory and inspection tasks, the reporting institutions were asked to send the RIC certain information on the characteristics of the loans affected by the aforementioned measures.

In addition, the aforementioned Circular introduces, in its second rule, a modification of certain aspects of Circular 5/2012, in relation to official interest rates through the amendment of Order EHA/2899/2011. The aim of this change is, among other objectives, to increase the official interest rate alternatives available to institutions, both for use in granting loans and for inclusion as substitutes in such contracts. To this end, the list of interest rates that will be considered official reference rates is revised, the name of some of the existing ones is changed and their number is increased. In this respect, the circular updates the list of official rates envisaged in the OM on transparency and establishes the definition and procedure for determining the new indices.

The application of the Circular has not had any significant effects on the Group's consolidated financial statements.

Bank of Spain Circular 3/2021 of 13 May amending, regarding the definition of the reference interest rate based on the Euro short-term rate (euro STR), Circular 5/2012 of 27 June to credit institutions and payment service providers on transparency in banking services and responsibility in the granting of loans (BOE of 17 May 2021).

The main purpose of this circular is to adapt the definition of the euro short-term rate (euro STR) for the purposes of its consideration as an official rate, as set out in Annex 8, Section 6, of Circular 5/2012 of 27 June 2012 to credit institutions and payment service providers on transparency in banking services and responsible lending, following the publication of Guideline (EU) 2021/565 of the European Central Bank of 17 March 2021 amending Guideline (EU) 2019/1265 on the euro short-term interest rate (euro RTS) (ECB/2021/10), which provides for the compilation and daily publication, from 15 April 2021, of average composite euro RTS-based composite rates.

The application of the aforementioned Circular has not had any significant effects on the Group's consolidated financial statements.

Bank of Spain Circular 4/2021, of 25 November, to credit institutions and other supervised institutions, on models of confidential statements on market conduct, transparency and customer protection, and on the register of complaints (BOE of 1 December 2021).

The purpose of the aforementioned circular is to establish the content and frequency of the model confidential statements on market conduct, transparency and customer protection that must be submitted to the Banco de España. It also determines the minimum content of the information that these institutions must have at the disposal of the Banco de España regarding complaints.

The application of the aforementioned Circular has not had any significant effects on the Group's consolidated financial statements.
Banco de España Circular 5/2021, of 22 December, amending Circular 2/2016, of 2 February, 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. (BOE of 23 December 2021) (Correction of errors BOE of 30 December 2021).

This circular responds to the principles of necessity, effectiveness, proportionality, legal certainty, transparency and efficiency, as required by article 129 of Law 39/2015, of 1 October, on the Common Administrative Procedure of Public Administrations.

With regard to the principles of necessity and effectiveness, this circular is the necessary instrument for the development of the regime applicable to the new macroprudential tools available to Banco de España, in accordance with Royal Decree-Law 22/2018 and Royal Decree 102/2019, whose ultimate objective is to identify, prevent and mitigate the development of systemic risk and ensure a sustainable contribution of the financial system to economic growth:

1. Capital buffer requirements, as provided for in articles 43 to 49 of Law 10/2014.

2. The establishment of limits to sectoral concentration, in accordance with Article 69 Ter of Law 10/2014.

3. The setting of conditions on the granting of loans and other operations, pursuant to Article 69 quarter of Law 10/2014.

The application of the aforementioned Circular has not had any significant effects on the Group's consolidated financial statements.

Bank of Spain Circular 6/2021 of 22 December amending Circular 4/2017 of 27 November to credit institutions on public and confidential financial reporting standards and financial statement formats, and Circular 4/2019 of 26 November to financial credit institutions on public and confidential financial reporting standards and financial statement formats (BOE of 29 December 2021). The main objective of the circular is to update Circular 4/2017, of 27 November, for credit institutions, on public and confidential financial reporting standards and financial statement formats.

Firstly, the amendments that the aforementioned circular incorporates in Circular 4/2017, are fundamentally to reflect the changes in the international financial reporting standards adopted by the European Union (IFRS-EU), with regard to International Accounting Standard 39 and International Financial Reporting Standards 4, 7, 9 and 16. The aforementioned changes are the result of the project of the International Accounting Standards Board (IASB) to respond to the reform of the benchmark interest rate indices known as IBORs (InterBank Offered Rates).

Second, the templates and instructions for the preparation of the confidential financial statements known as FINREP have, inter alia, been amended by Commission Implementing Regulation (EU) 2021/451 of 17 December 2020 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council as regards supervisory reporting by institutions and repealing Implementing Regulation (EU) No 680/2014. Pursuant to this Implementing Regulation, changes have been introduced in FINREP, inter alia, regarding restructured, refinanced or refinancing transactions (forborne exposures). This circular incorporates adjustments to the treatment of restructured, refinanced or refinanced transactions set out in Annex 9, on 'Credit risk analysis and coverage', of Circular 4/2017 of 27 November, to keep it aligned with that of FINREP.

Third, the European Banking Authority (EBA) Guidelines on lending and loan monitoring (EBA/GL/2020/06) aim, inter alia, to improve practices, processes and procedures related to the granting of credit operations. These guidelines have been adopted by the Banco de España for both less significant credit institutions and financial credit institutions, and by the European Central Bank for significant credit institutions.

Fourth, the aforementioned circular amends Annex 9 of Circular 4/2017 of 27 November to update the alternative solutions for the collective estimation of credit risk loss allowances and discounts on the reference value of foreclosed assets or assets received in payment of debts. This update considers the evolution of the data on the transactions reported by the institutions to Banco de España and, in addition, in the case of the alternative solutions, incorporates updated forecasts on future macroeconomic conditions.

The main change introduced is the update of the alternative solutions for the collective estimation of credit risk loss allowances and discounts on the reference value of foreclosed assets or assets received in payment of debts. It should be noted that these changes will be applied as of 30 June 2022, as the first reference date, changes introduced in the tables relating to the coverage percentages, as an alternative solution, for the collective estimate of the coverage of transactions classified as normal risk and normal risk under special surveillance, as well as the coverage of doubtful risk and the percentage discounts on the reference value.

Fifth, Circular 4/2017 of 27 November is amended to update the statistical data requirements of the Economic and Monetary Union (EMU), in accordance with the amendments established by Regulation (EU) 2021/379 of the European Central Bank of 22 January on balance sheet items of credit institutions and of the monetary financial institutions sector (recast) (ECB/2021/2). The new information requested consists, on the one hand of additional data requirements to improve the analysis of monetary and credit developments and, on the other hand, of amendments to some of the existing data requirements and definitions to support better integration with other statistical datasets.

Lastly, specific amendments are made to the individual financial statements reserved in Circular 4/2017 of 27 November in order to introduce new data requirements to verify compliance with standards or to compile statistical information, as well as to make technical adjustments and corrections identified as necessary since the last update of that Circular.
The application of the aforementioned Circular has not had any significant effects on the Entity's annual accounts.

Main regulatory changes in the period comprised from January 1 to December 31, 2020, not commented above

On 2 December 2019 Banco de España Circular 4/2019 of 26 November 2019 on public and confidential financial reporting standards and financial statement formats was published in the Official State Gazette. This Circular, which came into force on 1 January 2020, takes the accounting regulations of credit institutions as a reference, either by setting criteria similar to those of credit institutions or by referring directly to the rules of Circular 4/2017 of 27 November on public and confidential financial reporting rules and financial statement formats.

In this way, the Banco de España is continuing the strategy of compatibility of the accounting regime of supervised institutions with the most advanced accounting criteria of the EU-IFRS, while respecting the principles of the Commercial Code. In particular, the criteria of IFRS-EU 9 on financial instruments included in Circular 4/2019, including the expected loss approach for the estimation of credit risk hedges, as well as the IFRS-EU 16 leasing standard, are incorporated into the accounting rules of financial credit institutions.

On 1 January 2020, regarding the classification, recording and valuation in accordance with Bank of Spain Circular 4/2019, the Group recognised the impact of these regulations on equity.

The most significant adjustments made by the Group as a result of the first-time impact on the 2020 financial statements are as follows:

1. In accordance with Annex IX (of Circular 4/2017), the impairment model for financial assets was applied for the first time, which is no longer based on incurred loss but on expected loss, for credit risk based on IFRS-EU 9, which implied:

a. Negative net impact on reserves of EUR 48.46 million.
b. Increase in valuation adjustments by 52.84 million euros (reducing the heading "Financial assets at amortised cost").
c. Increase of EUR 3.99 million in deferred tax assets.

2. In accordance with Circular 4/2019, credit financial institutions must apply for the first time, the accounting criteria for leases in sections 1 to 9 of the first transitional provision of Circular 2/2018, which replaces standard 33 on leases of Circular 4/2017 and incorporates the accounting criteria compatible with those of IFRS-EU 16, whose main difference lies in the accounting treatment for the lessee, maintaining without relevant changes, the accounting of these contracts by the lessor. The group quantified its best estimate of the impact, which was:

a. Increase in "Tangible assets" of 6.1 million euros due to the recognition of the right of use.
b. Increase of "Other financial liabilities" in the amount of 6.1 million euros due to the recognition of the obligations arising from the lease contract.

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 2019. Therefore, they do not necessarily correspond to the consolidated annual accounts formulated by the Entity in the previous year.

Bank of Spain Circular 4/2019 of 26 November 2009 generally requires the annual accounts to present comparative information. In this regard, and in accordance with commercial legislation, the Group's directors must present, for comparative purposes with each of the items in the balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the financial statements, in addition to the figures for 2021, the figures for the previous year, obtained by application of the aforementioned Circular. Consequently, the figures for the financial year 2020 in the notes to the financial statements are presented solely and exclusively for comparative purposes.

In this respect, certain amounts for the financial year 2020 have been adjusted in the consolidated financial statements to make them comparable with those of the current year.

The effect of these changes on the 2020 balance sheet is as follows:

BALANCE DE SITUACIÓN	Saldo 2020 formulado	Ajustes	Saldo 2020 reexpresado
Efectivo, saldos en efectivo en bancos centrales y otros depósitos a la vista	241.415	72.779	314.194
Activos financieros mantenidos para negociar	16.437	-	16.437
Activos Financieros a coste amortizado	10.305.245	(44.708)	10.260.537
Derivados - contabilidad de coberturas	25	-	25
Activos no corrientes y grupos enajenables de elementos que se han clasificado como mantenidos para la venta	261.845	-	261.845
Activos tangibles	124.389	-	124.389
Activos intangibles	2.368	-	2.368
Activos por impuestos	125.896	11.927	137.823
Otros activos	383.146	(364.576)	18.570
TOTAL ACTIVO	**11.460.766**	**(324.579)**	**11.136.187**
Pasivos financieros mantenidos para negociar	20.327	2.451	22.778
Pasivos financieros a coste amortizado	10.990.915	(297.694)	10.693.221
Derivados - contabilidad de coberturas	106.627	-	106.627
Provisiones	5.927	4.726	10.653
Pasivos por impuestos	1.472	-	1.472
Otros Pasivos	44.566	(4.726)	39.840
TOTAL PASIVO	**11.169.834**	**(295.242)**	**10.874.592**
FONDOS PROPIOS:	364.867	(27.829)	337.038
Capital	98.019	-	98.019
Otras Reservas	292.504	(22.963)	269.541
Resultado del ejercicio	(25.656)	(4.866)	(30.522)
AJUSTES POR VALORACIÓN	**(73.935)**	**(1.508)**	**(75.443)**
TOTAL PATRIMONIO NETO	**290.932**	**(29.337)**	**261.595**
TOTAL PASIVO Y PATRIMONIO NETO	**11.460.766**	**(324.579)**	**11.136.187**

The effect of the reclassifications under "Financial assets at amortised cost" in the balance sheet is as follows:

	Miles de euros		
	Saldo 2020 Formulado	Reclasificacion	Saldo 2020 reexpresado
Activos Fianacieros a Coste Amortizado. STAGE 1	8.850.105	8.850.105	7.806.978
Activos Fianacieros a Coste Amortizado. STAGE 2	400.699	400.699	665.962
Activos Fianacieros a Coste Amortizado. STAGE 3	1.394.383	1.394.383	2.172.247
TOTAL	**10.645.187**	-	**10.645.187**

At year-end 2021, the Group has revised certain accounting criteria, essentially in relation to aspects linked to the accounting classification of certain transactions included under the heading "financial assets at amortised cost - loans and advances to customers", which has led to an increase in restructured transactions and consequently in the provisions associated with these transactions. In this respect, in order to facilitate comparability with the figures presented in the previous year, the effect of this reclassification on the annual accounts prepared in the previous year is detailed.

Certain items reflected under "Financial assets at amortised cost" corresponding to operations classified as Stage 1 amounting to 1,043,127 thousand euros have been reclassified to Stage 2 for an amount of 265,263 thousand euros and to Stage 3 for an amount of 777,864 thousand euros.

As a result of the above, credit risk hedges on these transactions were increased by 44,708 thousand euros, of which 35,466 thousand euros were provided against reserves and 9,242 thousand euros were recorded against the restated consolidated income statement.

In addition, the accounting criteria for the consolidation of certain vehicles in which Unión de Créditos Inmobiliarios S.A., Based on rule 43 of Circular 4/ 2017, which considers that an entity controls another entity when it has the capacity to direct the relevant activities of the latter and is exposed to its variable returns, these vehicles, which were treated by Unión de Créditos Inmobiliarios S.A., E.F.C., were consolidated in accordance with the treatment defined in rule 23.10 of Circular 4/ 2017. The main impacts were on the balance sheet, as the accrued variable fee receivable amounting to 368 million euros, which was classified under "Other Assets", was eliminated, and the substitution of the shares issued (1,139.4 million euros) recorded for the securitisation bonds issued by the vehicles (1,297.4 million euros), with no significant impact on the income statement.

On the other hand, an amount of 4,726 thousand euros has been reclassified from "other liabilities" to "provisions" corresponding to "Provisions for taxes and other legal contingencies "deriving from the estimated resources which the entity will have to dispose of according to the estimates made, in relation to litigation originated by customers.

Finally, the Company has recognised an amount of 4,953 thousand euros for the recognition of accrued interest on loans classified as doubtful, of which 2,291 thousand euros has been recognised in the income statement for the year 2020.

The effect of the reclassifications on the profit and loss account is as follows:

Pérdidas y Ganancias	Saldo 2020 formulado	Ajustes	Saldo 2020 reexpresado
Ingresos por intereses	213.464	2.291	215.755
(Gastos por intereses)	(76.020)	-	(76.020)
A) MARGEN DE INTERESES	**137.444**	**2.291**	**139.735**
Ingresos por comisiones	9.814	-	9.814
(Gastos por comisiones)	(4.858)	-	(4.858)
Ganancias o (-) pérdidas al dar de baja en cuentas activos y pasivos financieros no valora-dos a valor razonable con cambios en resultados, netas	9.446	-	9.446
Ganancias o (-) pérdidas por activos y pasivos financieros mantenidos para negociar, netas	(374)	-	(374)
Otros ingresos de explotación	7.899	-	7.899
B) MARGEN BRUTO	**159.372**	**2.291**	**161.663**
(Gastos de administración)	(83.449)	-	(83.449)
(Amortización)	(6.007)	-	(6.007)
(-) (Provisiones o reversión de provisiones)	(735)	-	(735)
(-) (Deterioro del valor o reversión del deterioro del valor de activos financieros no valora-dos a valor razonable con cambios en resultados y pérdidas o (-) ganancias netas por modificación)	(85.477)	(9.242)	(94.719)
(-) (Deterioro del valor o reversión del deterioro del valor de activos no financieros)	(18.909)	15.609	(3.300)
(-) Ganancias o pérdidas procedentes de activos no corrientes y grupos enajenables de elementos clasificados como mantenidos para la venta no admisibles como actividades interrumpidas (600)	(1.097)	(15.609)	(16.706)
C) GANANCIAS O (-) PÉRDIDAS ANTES DE IMPUESTOS PROCEDENTES DE LAS ACTIVIDADES CONTINUADAS	**(36.302)**	**(6.952)**	**(43.254)**
(-) (Gastos o ingresos por impuestos sobre los resultados de las actividades continuadas)	10.646	2. 085	12.732
D) GANANCIAS O (-) PÉRDIDAS DESPUÉS DE IMPUESTOS PROCEDENTES DE LAS ACTIVIDADES CONTINUADAS	**(25.656)**	**(4.866)**	**(30.522)**
E) RESULTADO DEL EJERCICIO	**(25.656)**	**(4.866)**	**(30.522)**

In the profit and loss account for the year ended 31 December 2020 for comparability purposes, in addition to the amounts indicated above, an amount of 15,609 thousand euros from "Impairment or (-) reversal of impairment of non-financial assets" to "Gains or (-) losses on non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations" relating to provisions and recoveries of provisions for non-current assets held for sale.

There are no additional material issues that would significantly affect the comparability of the figures presented for the year with those for the previous year.

2.2 Management and impacts of the Covid-19 pandemic

The appearance of the Coronavirus COVID-19 in China and its global expansion to a large number of countries led to its qualification as global pandemic by the World Health Organisation on March 11, 2020. The pandemic has affected and continues adversely affecting the national and international activity and economic conditions, ultimately leading many countries to economic recession.

In view of this pandemic situation, the Group has focused on ensuring the continuity in the business' operating security, as a priority, and on monitoring impacts in the business and in the Group's risks (such as impacts in results, capital, the clients' solvency or liquidity). Additionally, since the beginning, the Group adopted a series of measures to support and ease the payment of loans to its clients, mainly to those sectors most strongly affected by the Covid-19

In order to mitigate the impact associated to the COVID-19, both Bank of Spain and the European Central Bank and other European and international institutions have made pronouncements aimed to allow more flexibility concerning the implementation of accounting and prudential frameworks. These pronouncements have been taken into consideration by the Group when elaborating its Financial Statements.

The main impacts derived from the pandemic are detailed in the following Notes:

- Note 3 includes information on the consideration of the COVID-19 pandemic in estimates.

- Note 17 includes information on initiatives carried out by the Entity to assist affected clients. This includes, among others, information related to the number of operations and the amount corresponding to moratoriums, both public and private, granted by the Group.

In addition, in 2020, a "Post-Model Adjustment" was used to calculate the provision for credit risk from the Group's internal model, based on "expert judgement" and in order to include extreme economic conditions, the uncertainty about the duration of the pandemic and the effectiveness of the measures adopted by the authorities for an amount of 8 million euros. In 2021, given the availability of more reliable information on macroeconomic scenarios, these have been updated, reversing the "Post Model Adjustment" recorded for this item.

Throughout 2020, and with the aim of mitigating the impact associated with Covid-19, both the Bank of Spain and the European Central Bank made pronouncements aimed at allowing greater flexibility in the implementation of accounting frameworks, mainly focused on avoiding the automatic use of those indicators and assumptions which, although reasonable to date, have proven to be inappropriate in the context of Covid-19. Thus the Bank of Spain, in line with the EBA's communications, has allowed greater use to be made of the flexibility regarding the classification of certain deferred or refinanced transactions that serves as the basis for estimating their credit risk coverage.

In line with these recommendations of the supervisory bodies, the Group classified in Stage 1 certain customers who have been granted moratoriums (deferrals) during the financial year 2020 and who before the impact of Covid-19 had good payment behaviour and as a result of the crisis generated by the pandemic are observed to have a transitory liquidity problem. Thus the Entity set certain thresholds to assess this good payment behaviour prior to Covid-19 and keep customers who meet these criteria in Stage 1, rather than Stage 2 or Stage 3.

In the year 2021, almost all of the moratoriums granted in the year 2020 have ended and therefore there is no differentiated accounting treatment for these types of operations.

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 2021:

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 IV	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
RMBS Green Belem I	Portugal	Securitisation

The relevant information of Group Entities' investments on December 31, 2021 and 2020 is the following:

NAME AND ADDRESS	SHARE CAPITAL 2021 (in thousands of Euros)	SHARE CAPITAL 2020 (in thousands of Euros)	SHAREHOLDING PERCENTAGE	ACTIVITY
UNIÓN DE CRÉDITOS INMOBILIARIOS, S.A. ESTABLE-CIMIENTO FINANCIERO DE CREDITO Sociedad Uniper-sonal C/ RETAMA 3 - MADRID	52,534	45,852	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 2021 has been the following:

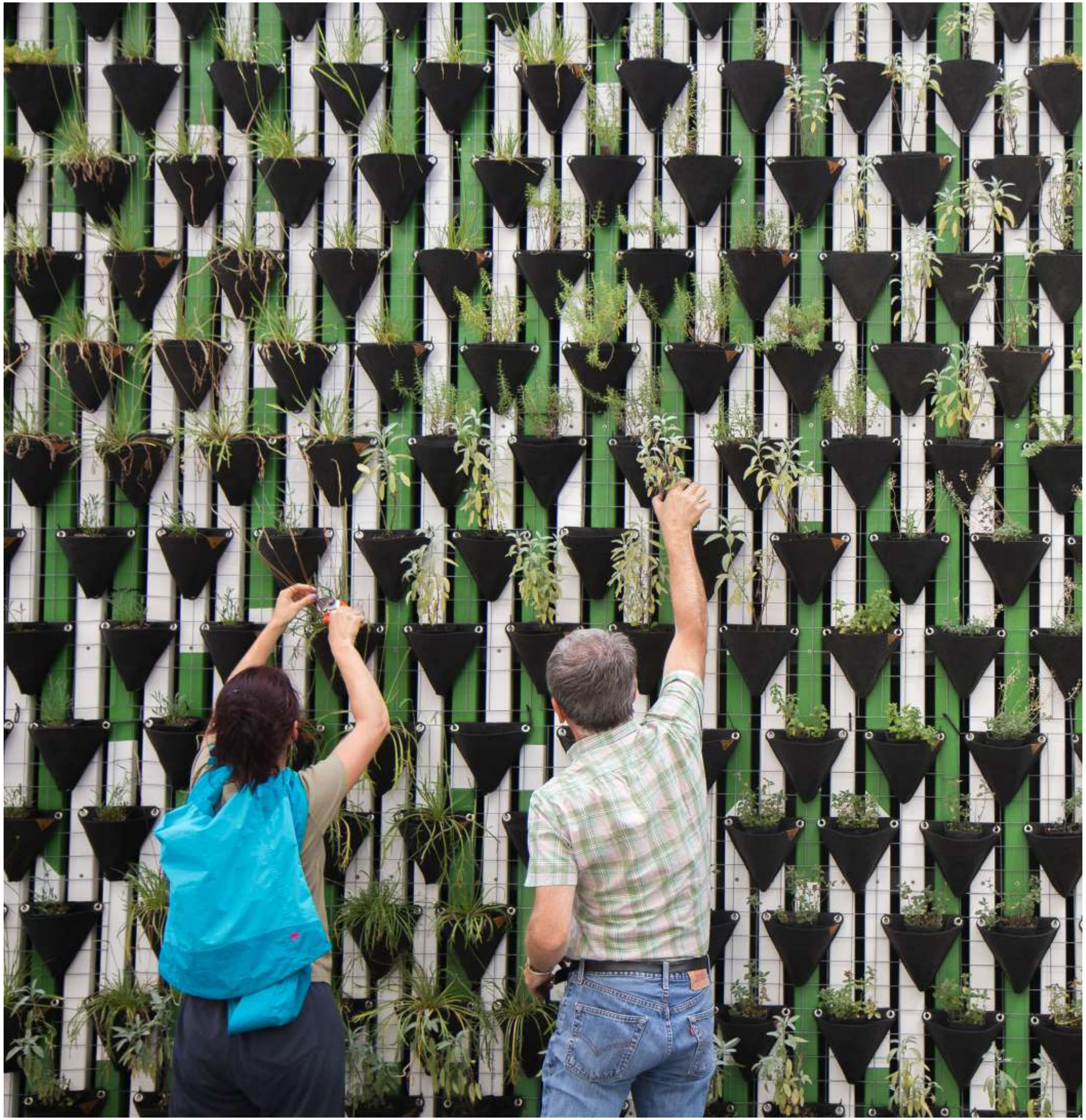
Unión de Créditos Inmobiliario, SA. EFC									
UCI, SA	Business in Spain	Business in Portugal and Greece	ComprarCasa, Rede de Serviços Imobiliários, S.A.	UCI Servicios para profesionales inmobiliarios S.A.	Retama Real Estate	UCI Mediación de seguros	UCI Holding Ltda	UCI Hellas Credit and Loan Receivables Servicing Company S.A.	Total Consolidado
(4,011)	30,169	4,219	8	167	(1,275)	2	134	75	29,488

The contribution to the Group’s results by each entity during 2020 has been the following:

Unión de Créditos Inmobiliario, SA. EFC									
UCI, SA	Business in Spain	Business in Portugal and Greece	ComprarCasa, Rede de Serviços Imobiliários, S.A.	UCI Servicios para profesionales inmobiliarios S.A.	Retama Real Estate	UCI Mediación de seguros	UCI Holding Ltda	UCI Hellas Credit and Loan Receivables Servicing Company S.A.	Total Consolidado
(854)	(40,753)	(10,724)	(4)	(66)	1,478	(7)	(3)	(51)	(30,522)

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 (Note 17 and 18)

- The useful life applied to tangible assets and intangible assets (Notes 19 and 20)

- The fair value of certain unlisted assets (Notes 24 and 25)

- Impairment losses on non-current assets held for sale and investment property (Note 18 and 20)

- The valuation of the provisions required to cover legal contingencies (Note 26)

- The recoverability of deferred tax assets (Note 29)

In updating the estimates described above, the Group has considered the current situation as a result of Covid-19, classified as a pandemic by the World Health Organisation, which is significantly affecting economic activity worldwide and, as a result, the Entity's operations and financial results, and which generates uncertainty in the Entity's estimates. Therefore, the Parent Company's management has made an assessment of the current situation based on the best information available to date, developing in the Notes to the main estimates made the potential impacts of Covid-19 on them during the period ended 31 December 2021 (see Note 2.2).

Although the estimates described above have been made on the basis of the best information available at year-end 2021, 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.

There are no additional aspects to those indicated in Note 2.1.

4. Distribution of income

The Board of Directors of the Parent shall propose to the General Meeting of Shareholders the approval of the losses for the year and their transfer to negative results of previous years.

The proposed appropriation of the profit for the financial year 2021 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 2020 approved by the General Meeting of Shareholders, is as follows:

	Thousands of euros	
	2021	2020 (*)
Net profit for the year	(5,794)	9,547
Application:		
To legal reserve	-	955
To voluntary reserve	-	8,592
To results of previous years	(5,794)	-
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.

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.

Finally, according to Royal Decree 309/2020, of 11 February, on article 29, the solvency regime will be applicable to financial credit establishments and consolidable groups of financial credit establishments set in title II of Law 10/2014, of 26 June, and in title II of Royal Decree 84/2015, of 13 February, in its developing standards, with the scope and specialities set in Law 5/2015, of 27 April, and in such Royal Decree.

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:

o 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.

o 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.

o 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 2021 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.

On 11 February 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 19 July, and Royal Decree 84/2015, of 13 February, implementing Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions, was approved and came into force on 1 July 2020.

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.

The Parent Company is responsible for the Bank of Spain's compliance with capital requirements at the consolidated level.

Below is a detail, classified into Tier 1 and Tier 2 capital, of the Group's capital on 31 December 2021 and 2020, 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), would be applicable to financial credit institutions.

The minimum capital requirements established by the aforementioned regulations are calculated on the basis of the Group's exposure to credit and dilution risk (based on the assets, commitments and other memorandum items that present these risks, taking into account their amounts, characteristics, counterparties, guarantees, etc.), counterparty risk and position and settlement risk corresponding to the trading book, foreign exchange risk (based on the net global position in foreign currencies) and operational risk. The Group is also subject to regulatory risk concentration limits.

Thousands of euros		
	2021	2020 (*)
Computable Capital	158,019	98,018
Computables Reserves	211,982	292,514
Result of the year	-	(25,658)
Other basic PRs according to national legislation	108,423	122,301
Other deductions from basic own resources	(1,016)	(2,369)
BASIC OWN RESOURCES	**477,408**	**456,934**
Standard subordinated financing and similar instruments	105,000	105,000
SECOND CATEGORY OWN RESOURCES	**105,000**	**105,000**
COMPUTABLE OWN RESOURCES	**582,408**	**561,934**
TOTAL, WEIGHTED AVERAGE ASSETS	**5,507,610**	**5,351,752**
TOTAL, OWN RESOURCES REQUIREMENTS	**578,299**	**561,934**
OWN RESOURCES SURPLUS (+) / DEFICIT (-)	**4,108**	**8,459**

(*) Figures not restated

Accordingly, the solvency ratios at year-end 2021 and 2020 would be as follows:

	2021	2020
About Common Equity	8.67%	7.11%
On basic own resources	8.65%	8.67%
On second category own resources	2.23%	1.99%
Of total own resources	**10.88%**	**10.66%**

On 31 December 2021 and 2020, 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 10.88% and 10.66%, respectively.

It should be mentioned that on 3 December 2021, the Group had received from the Bank of Spain the letter containing the conclusions of the inspection mission carried out by the Bank at the Company between November 2020 and April 2021 for Unión de Créditos Inmobiliarios, S.A., E.F.C. In this letter, the Bank of Spain required that the exposures from variable fees generated by securitisation funds receive the prudential treatment provided for in Article 32.1(b) of the CRR, and therefore be deducted in full from the amount of the own funds of the subsidiary Unión de Créditos Inmobiliarios S.A., E.F.C.

At year-end 2021, this amount represented 313.6 million euros. After this deduction, at year-end the subsidiary's Tier 1 book equity amounted to 155.9 million euros without incorporating the profit for the year, i.e., 2.82% of risk-weighted assets. With the inclusion of the second-tier equity of 113 million, the solvency ratio is 4.87%. The deduction of the variable fee alone reduces the solvency ratio by 5.68% and is responsible for the deficit of 311.1 million euros that the subsidiary reported in its solvency statement at the end of 2021.

Following the communication received from Pillar 2 of the supervisor (Note 10), the parent company U.C.I., S.A. has proceeded to capitalise its subsidiary Unión de Créditos Inmobiliarios, S.A., E.F.C. through the issue of new shares for an amount of 322 million euros on 3 March 2022, and a new subordinated debt issue for an amount of 45 million euros on 24 March. After these operations, without incorporating the result of 2021 as equity, based on the estimated amount of variable commission at the end of March 2022, and assuming conservatively stable risk-weighted assets, the estimated solvency ratio at the end of March 2022 would be 13.21%, and 10.40% based solely on Tier 1 equity. The incorporation of the 2021 result would put these ratios at 13.83% and 11.02%, so that this subsidiary would meet the established capital requirements.

The amount and speed of the recapitalisation of Unión de Créditos Inmobiliarios, S.A., E.F.C. by its sole shareholder UCI, S.A., in turn implicitly reflects the commitment of UCI, SA's own shareholders to the solvency of the UCI Group and of its main component, Unión de Créditos Inmobiliarios, S.A., E.F.C.

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 173 million euros and 191 million euros on December 31, 2020 and 2019 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 1,195 million euros and 1,176 million euros on 31 December 2021 and 2020 respectively.

c) Agency contracts

Neither at 2020 and 2019 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, 2020 and 2019, both the Group and the Parent Entity exempt are from complying with this coefficient, as they do not acquire responsible funds from the public.

7. Remuneration and duty to loyalty of the entity's directors and key management personnel

The remuneration for members of the Board of Directors is included under the heading Personnel Costs in the accompanying consolidated income statement for an amount of 102 thousand Euros (102 thousand Euros in 2020).

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

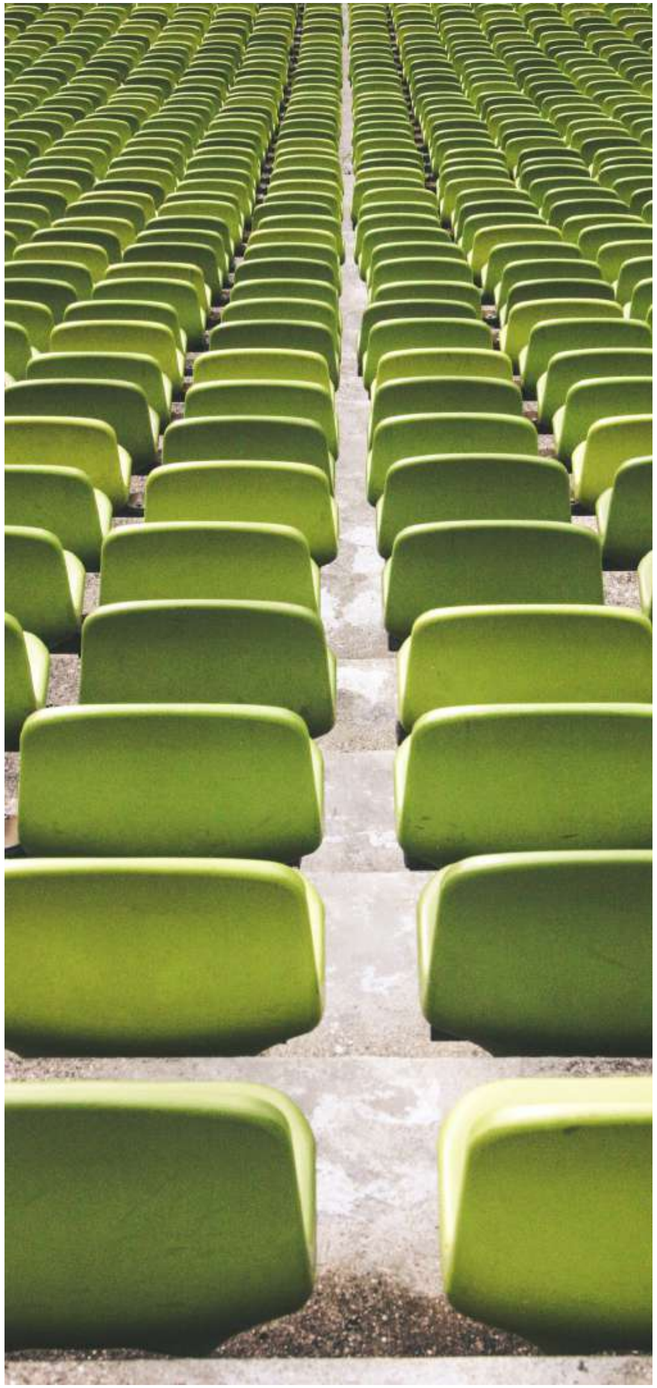
The salary remuneration received in financial year 2021 by the professionals who make up the Group's key personnel in their capacity as executives amounted to 2,782 thousand euros (2,683 thousand euros in financial year 2020), all of which corresponds to fixed remuneration. The Group's senior management 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.

There are no termination benefits for key personnel in the financial year 2021 and 2020.

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.
o 1.d) de la Norma 62ª de la 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 2020 and 2019, 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 2021, amounted to 109,900 euros (103,062 euros in the year 2020 corresponding to Mazars Auditores, S.L.). In the financial year 2021, no fees have been accrued by the auditor or other entities of its network for other services (18.8 thousand euros in the financial year 2020 corresponding to Mazars Auditores, S.L.), and regardless of their invoicing period.

10. Subsequent events

The conflict between Russia and Ukraine is causing, among other effects, an increase in the price of certain raw materials and the cost of energy, as well as the activation of sanctions, embargoes and restrictions towards Russia that affect the economy in general and companies with operations with and in Russia specifically. The extent to which this conflict will impact the Group's business will depend on the development of future events that cannot be reliably predicted at the date of preparation of these financial statements. In any case, despite the uncertainty, the directors of the parent company do not expect that this situation will lead to a breach of material contractual obligations on the part of the Group, nor will it affect compliance with the going concern principle.

In addition, on 24 January 2022, after the end of the year, Unión de Créditos Inmobiliarios, S.A., E.F.C. 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.

Consequently, the parent company UCI, S.A., the sole shareholder of Unión de Créditos Inmobiliarios, S.A., E.F.C., subscribed on 3 March 2022 to a capital increase of 322 million euros, and subscribed to a subordinated debt issue of 45 million euros on 24 March 2022.

Between 31 December 2021 and the date of authorisation for issue of these consolidated financial statements, no events other than those indicated in the preceding paragraphs have occurred that would materially 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:

1. 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).

2. 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, su-

fficient 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.

3. 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

1. 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.

2. 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.

3. 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, zother 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.

4.. 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 2021 and 31 December 2020, the Group did not hold any financial liabilities that, according to the applicable standards, should be classified in any other category.

5. 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.

f) 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:

1. 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.

2. 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.

3. 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 2021 and 2020 the Group has not transferred any financial instruments that have been removed from the balance sheet.

g) 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 2021 and 31 December 2020, there are no financial assets or liabilities for material amounts that have been offset in the balance sheet at that date.

h) 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 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. The use of these qualitative criteria is supplemented using experienced expert judgement, subject to appropriate governance where necessary.

- 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 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) IIncome 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 80.4 million euros at 31.12.21 and 98.4 million euros at 31 December 2020). 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. 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 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:

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.

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.

u) 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.

v) 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

Unión de Créditos Inmobiliarios S.A., E.F.C.

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 2021, the total number of complaints/complaints amounted to 5,339 (4,022 in 2020). The 5,339 claims are broken down as follows:

- 5,339 processed by Customer Services (3,778 in 2020).

- 264 processed by the Customer Ombudsman (232 in 2020).

- 1,931 processed and inadmissible (812 in 2020).

The complaints received and admitted for processing amounted to 3,408.

The most significant reasons for the total number of complaints filed during 2021 are as follows.

- Operation's processing expenses.

- Disagreement with the application of the IRPH as review reference.

- Delay interests, loan's early termination and commissions, including opening fees.

It should be noted that the above-mentioned reasons have been the subject of complaints either jointly or separately and, in some cases, reiterated by customers.

As of 31 December 2021, 3,364 complaints/complaints had been resolved, with 44 pending resolution (3,694 and 28 complaints respectively as of 31 December 2020).

It should also be noted that, of the complaints received, a total of 37 were submitted to the Bank of Spain's Department of Institutions (24 were submitted in 2020). Also, although they do not strictly speaking constitute complaints, 66 requests for information were submitted to the CIRBE service (in 2020 a total of 32 requests for information were submitted to the CIRBE service).

As of 31 December 2021, complaints/claims have been resolved as follows:

- Favourable to the customer: 454 (378 in 2020).

- Unfavourable to the customer: 2,910 (3,316 in 2020).

-Not accepted: 0.

Of the complaints resolved in favour of the customer, in 32 cases (37 in 2020) financial rights were recognised for the customer. In addition to the complaints handled by the customer service department and by the customer ombudsman (SAC), economic rights have been recognised for customers in other complaints for various reasons, handled directly by the Entity, which has entailed a cost, in 2021, of 14,573.07 euros (16,568.22 euros in 2020).

Criteria considered in the resolution of claims are mainly based on the following aspects:

- Adaptation and compliance with the applicable regulation in force at all times.

- Compliance with assumed contractual obligations, by each of the parties' signature in the contract (client and Entity).

- Information provided by the Entity to the client, both in the pre-contractual stage and throughout the contract's validity.

- Adaptation to banking best practices.

- Situation posed by the client, in particular in cases of vulnerability or risk of exclusion caused by the economic crisis or unforeseen situations.

Thus, when solving claims, not only objective facts are considered (such as the applicable standard and best banking practices), but also the personal situation communicated by the client, trying to reach a solution adapted to each client's specific circumstances.

With regard to claims posed by customers for payment difficulty, since the Entity adhered to the Best Practice Code, clients are informed and responded based on these regulations and best banking practices.

Additionally, a basic principle of the SAC is the protection of the client's interest and, in compliance with this principle, agreements have been offered and reached with clients to solve at their satisfaction pretensions considered on their claims. Furthermore, in cases where the claim has been escalated to the Entities Department (DCE) of Bank of Spain, specific actions performed by the SAC have also focused on rectifying the entity's performance, in favour of consumers. Accordingly, in 2021, the DCE has accepted the Entity's rectifications in 6 files, therefore adapting the entity's performance to best banking practices.

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

Lastly, it should be noted that the Entity has additionally received lawsuits from clients, which most significant reasons coincide with those filed before its customer care department. UCI Management considers that provisions allocated in relation to these procedures are appropriate at December 31, 2021.

Money laundering

Regulatory Compliance and Money Laundering Prevention

During 2021, 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 in order to maintain the good results in the number and treatment of complaints, and to establish internal policies that set 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, Ethics Alert Procedure (whistle-blowing), Money Laundering Prevention Manual, Catalogue of operations with risk of money laundering in credit institutions and real estate activity, Catalogue of good and bad practices in financing and real estate activity, Criminal Risk Prevention Manual, Customer Interest Protection Policy, Anti-corruption Policy and Gifts Policy. During 2021, the "Guide to standards of conduct with customers in default" and the Policy on relations with the authorities and Public Administrations and the Conflicts of Interest Policy have been incorporated. In addition, during 2021, the following training activities were carried out in the area of

Compliance (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 of content related to Compliance matters.

In relation to the money laundering prevention device, the fundamental working lines have been the following:

- Follow-up of measures intended to improve identification and knowledge of the end customer, both in financing and in the real estate sectors (KYC), in the knowledge of the supplier (KYS) and the knowledge of the intermediary (KYI). Adaptation and spreading of the KYS procedure, as well as adequacy and adaptation of the outsourcing procedure for essential services to the EBA guidelines. Review and adequacy of the Money Laundering Prevention Manual.

- Follow-up of an alert management system for operations potentially suspected as money laundering, on the financing and real estate sectors, notwithstanding subsequent detailed analysis of each file.

- During 2021, a total of 1,564 alerts have been analysed in Spain (720 in 2020), of which 15 were communicated to the OCI and 4 to SEPBLAC (5 and 2 respectively in 2020). In Greece, 9 alerts have been analysed during 2021 (14 in 2020), of which none were communicated to the local Regulator (none were communicated in 2020). In Portugal, 367 alerts have been analysed (226 in 2020), of which none have been communicated to the local Regulatory Body (1 in 2020).

- Continuous monitoring. In addition to the aforementioned alerts, during 2021 the continuous monitoring of lending operations in force in Spain was carried out. A total of 178,542 customers were monitored and 257 alerts from continuous monitoring were analysed.

- Training of the company's employees and new recruits in the prevention of money laundering.

- Review of the money laundering prevention system by an External Expert, in accordance with the provisions of Law 10/2010.

- Internal verification of the anti-money laundering system by UCI's Internal Audit Department.

In relation to the prevention of criminal risk for legal persons (Corporate Criminal), during 2020 the system implemented was reviewed and training was given to all staff (in order to provide adequate dissemination on this matter) and the processes defined to prevent this risk were monitored, in accordance with the provisions of the Criminal Risk Prevention Manual and the Code of Ethics.

13. Credit risk

Introduction

As the supreme management body, the Board of Directors establishes the Group's risk policy and supervises compliance with this. The Board of Directors determined the 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

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 2020.

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 its creation, one of UCI's most constant concerns has been to try and create a model for the performance of our loan portfolio. In 2015, the Entity set up in Spain the eighth version of the scoring model constructed in a historical record of homogeneous events since 1999.

This model, more granular in its scaling than the previous ones, makes it possible to discriminate between different categories in customers in respect of homogeneous payment behaviour, anticipating the probability of default.

Scoring forms an integral part of the selection parameters when it comes to selecting a given risk.

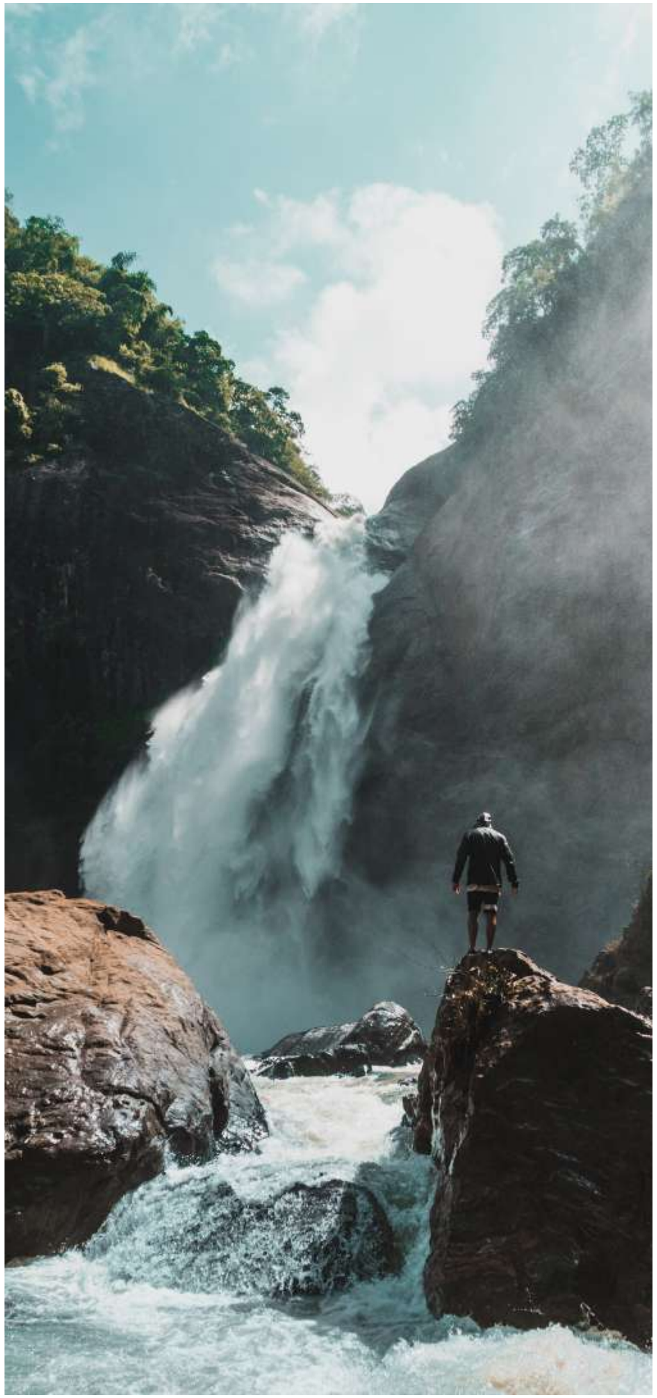
In order to complete the view of the risk associated with our dossiers, we have designed a provisional risk cost that allows us to quantify the expected loss on a dossier based on their score and the percentage of financing with regard to the guarantee's value.

Such risk cost is included in our pricing model so as to be able to manage individually the financial conditions to be assigned to the dossier based on its risk.

In Portugal, the fifth version of the scoring system specific to the retail business in Portugal, built on the experience of the actual payment behaviour of UCI's customers since its inception, was implemented in 2020. Portugal represented 7% of UCI, S.A., E.F.C.'s credit exposures at the end of 2008, 10.9% at the end of 2020 and 11.2% at the end of 2021.

In order to have forward-looking measures of credit risk by UCI, three basic elements are available: expected loss, probability of default and LGD.

The expected loss in percentage terms relative to the risk exposure is formulated as follows:



Expected loss % = Probability of Default % x 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 default. Its complementary aspect is the recovery rate, which can be calculated as the difference between 100% and the severity level. In addition to the effectiveness of the recovery process, the elements that affect this are the type of product involved and the guarantees linked with the transaction (mortgage or credit insurance in the case of UCI). In order to have estimates for severity it is necessary to have historical and homogenous databases that make it possible to 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 2020, 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 LGD broken down by portfolio. The expected loss on the portfolio of new mortgage loans generated in Spain in 2021 is 10 bp (8 bp in 2020).

Concentration Risk

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 2021 and 2020, 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 2021 is as follows:

CONCENTRATION RISK BY ACTIVITY AND GEOGRAPHICAL AREA (carrying values) TOTAL ACTIVITY	**TOTAL 31.12.2021**	**Spain**	**Rest of European Union**	**America**
1. Credit institutions	**263,386**	**259,554**	**3,832**	-
2. Public Administrations	-	-	-	-
3. Other financial institutions	-	-	-	-
4. Non-financial companies and individual employers	**7,572**	**7,572**	-	-
4.1 Real estate construction and development	**7,572**	**7,572**	-	-
4.2 Construction of civil works	-	-	-	-
4.3 Other purposes	-	-	-	-
4.3.1 Large companies	-	-	-	-
4.3.2 SMEs and individual employers	-	-	-	-
5. Other homes and non-profit institutions serving households	**10,360,283**	**8,983,742**	**1,376,541**	-
5.1 Homes	**10,360,168**	**8,983,628**	**1,376,541**	-
5.2 Consumption	-	-	-	-
5.3 Other purposes	**115**	**114**	-	-
TOTAL	**10,631,241**	**9,250,868**	**1,380,373**	-

The concentration of risks by activity and geographical area of the Group at 31 December 2020 was as follows:

CONCENTRATION RISK BY ACTIVITY AND GEOGRAPHICAL AREA (carrying values) TOTAL ACTIVITY	TOTAL 31.12.2021	Spain	Rest of European Union	America
11. Credit institutions	314,194	310,362	3,832	-
2. Public Administrations	-	-	-	-
3. Other financial institutions	-	-	-	-
4. Non-financial companies and individual employers	7,256	7,256	-	-
4.1 Real estate construction and development	7,256	7,256	-	-
4.2 Construction of civil works	-	-	-	-
4.3 Other purposes	-	-	-	-
4.3.1 Large companies	-	-	-	-
4.3.2 SMEs and individual employers	-	-	-	-
5. Other homes and non-profit institutions serving households	10,253,281	8,876,740	1,376,541	-
5.1 Homes	10,253,167	8,876,626	1,376,541	-
5.2 Consumption	-	-	-	-
5.3 Other purposes	114	114	-	-
TOTAL	10,574,731	9,194,358	1,380,373	-

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 2021 and 31 December 2020 are as follows:

	2020(*) TOTAL (Miles de euros)							
	Garantía hipotecaria inmobiliaria plena		Resto de garantías reales		Sin garantía real		Deterioro de valor acumulado o pérdidas acumuladas en el valor razonable debidos al riesgo de crédito	Importe máximo de la garantía real que puede considerarse
	Número de operaciones	Importe bruto	Número de operaciones	Importe bruto	Número de operaciones	Importe bruto		
1 – Entidades de Crédito	-	-	-	-	-	-	-	-
2 – Administraciones Públicas	-	-	-	-	-	-	-	-
3 – Otras sociedades financieras y empresarios individuales (actividad empresarial financiera)	-	-	-	-	-	-	-	-
4 – Sociedades no financieras y empresarios individuales (actividad empresarial no financiera)	5	1.061	-	-	-	-	537	333
De las cuales: Financiación a la construcción y promoción inmobiliaria (incluido suelo)	5	1.061	-	-	-	-	537	333
5 – Resto de hogares	22.933	2.654.508	-	-	883	21.609	367.895	1.071.895
Total	22.938	2.655.569	-	-	883	21.609	368.432	1.071.895

	2020(*) Del cual: DUDOSOS (Miles de euros)							
	Garantía hipotecaria inmobiliaria plena		Resto de garantías reales		Sin garantía real		Deterioro de valor acumulado o pérdidas acumuladas en el valor razonable debidos al riesgo de crédito	Importe máximo de la garantía real que puede considerarse
	Número de operaciones	Importe bruto	Número de operaciones	Importe bruto	Número de operaciones	Importe bruto		
1 – Entidades de Crédito	-	-	-	-	-	-	-	-
2 – Administraciones Públicas	-	-	-	-	-	-	-	-
3 – Otras sociedades financieras y empresarios individuales (actividad empresarial financiera)	-	-	-	-	-	-	-	-
4 – Sociedades no financieras y empresarios individuales (actividad empresarial no financiera)	**5**	**1.061**	-	-	-	-	**537**	**333**
De las cuales: Financiación a la construcción y promoción inmobiliaria (incluido suelo)	**5**	**1.061**	-	-	-	-	**537**	**333**
5 – Resto de hogares	**16.058**	**2.013.603**	-	-	**606**	**15.768**	**347.256**	**761.705**
Total	**16.063**	**2.014.664**	-	-	**606**	**15.768**	**347.793**	**762.038**

(*) Nótese que los saldos han sido reexpresados respecto de los formulados en el ejercicio2020 (Véase Nota 2.1)

The amount of transactions that, subsequent to refinancing or restructuring, have been classified as doubtful in the financial year 2021 and in the financial year 2020 is as follows:

SALDOS VIGENTES DE REFINANCIACIONES Y REESTRUCTURACIONES 31.12.2021	Garantía hipotecaria inmobiliaria plena		Resto de garantías reales		Sin garantía real		TOTAL	
	Nº oper.	Importe bruto	Nº oper.	Importe bruto	Nº oper.	Importe bruto	Nº oper.	Importe bruto
Hogares	**1.980**	**223.548**	-	-	**60**	**1.465**	**2.040**	**225.013**
De los cuales: préstamos garantizados por bienes inmuebles residenciales	1.980	223.548	-	-	60	1.465	2.040	225.013
Sociedades no financieras	**5**	**1.061**	-	-	-	-	**5**	**1.061**
De las cuales: pequeñas y medianas empresas	5	1.061	-	-	-	-	5	1.061
Total	**1.985**	**224.609**	-	-	**60**	**1.465**	**2.045**	**226.074**

SALDOS VIGENTES DE REFINANCIACIONES Y REESTRUCTURACIONES 31.12.2021	Garantía hipotecaria inmobiliaria plena		Resto de garantías reales		Sin garantía real		TOTAL	
	Nº oper.	Importe bruto	Nº oper.	Importe bruto	Nº oper.	Importe bruto	Nº oper.	Importe bruto
Hogares	**4.018**	**509.165**	-	-	**156**	**3.207**	**4.174**	**512.372**
De los cuales: préstamos garantizados por bienes inmuebles residenciales	4.018	509.165	-	-	156	3.207	4.174	512.372
Sociedades no financieras	**2**	**178**	-	-	-	-	**2**	**178**
De las cuales: pequeñas y medianas empresas	2	178	-	-	-	-	2	178
Total	**4.020**	**509.343**	-	-	**156**	**3.207**	**4.176**	**512.550**

Total lending to customers as at 31 December 2021 and 31 December 2020, broken down by counterparty, is as follows:

DISTRIBUCIÓN DEL CRÉDITO A LA CLIENTELA POR ACTIVIDAD (Valor en libros) A 31.12.2021				Crédito con garantía real. Loan to value				
	TOTAL	Del que: Garantía inmobiliaria	Del que: Resto de garantías reales	LTV<=40%	40%< LTV<=60 %	60%< LTV<=80%	80%< LTV<=100%	LTV>100%
1 Administraciones Públicas	-	-	-	-	-	-	-	-
2 Otras instituciones financieras	-	-	-	-	-	-	-	-
3 Sociedades no financieras y empresarios individuales	7.572	7.436	-	287	2.223	195	192	4.539
3.1 Construcción y promoción inmobiliaria	7.572	7.436	-	287	2.223	195	192	4.539
3.2 Construcción de obra civil	-	-	-	-	-	-	-	-
3.3 Resto de finalidades	-	-	-	-	-	-	-	-
3.3.1 Grandes empresas	-	-	-	-	-	-	-	-
3.3.2 Pymes y empresarios individuales	-	-	-	-	-	-	-	-
4 Resto de hogares e ISFLSH	10.360.283	10.207.714	-	1.802.402	2.782.330	2.850.023	1.819.233	953.726
4.1 Viviendas	10.360.168	10.207.714	-	1.802.402	2.782.330	2.850.023	1.819.233	953.726
4.2 Consumo	-	-	-	-	-	-	-	-
4.3 Otros fines	115	-	-	-	-	-	-	-
TOTAL	10.367.855	10.215.150	-	1.802.689	2.784.553	2.850.218	1.819.425	958.265
PRO MEMORIA	-	-	-	-	-	-	-	-
Operaciones de refinanciación, refinanciadas y reestructuradas	2.175.070	2.175.070	-	149.273	379.510	551.103	484.852	610.332

DISTRIBUCIÓN DEL CRÉDITO A LA CLIENTELA POR ACTIVIDAD (Valor en libros) A 31.12.2021				Crédito con garantía real. Loan to value				
	TOTAL	Del que: Garantía inmobiliaria	Del que: Resto de garantías reales	LTV<=40%	40%< LTV<=60 %	60%< LTV<=80%	80%< LTV<=100%	LTV>100%
1 Administraciones Públicas	-	-	-	-	-	-	-	-
2 Otras instituciones financieras	-	-	-	-	-	-	-	-
3 Sociedades no financieras y empresarios individuales	7.255	7.255	-	344	2.449	441	2.974	1.076
3.1 Construcción y promoción inmobiliaria	7.255	7.255	-	344	2.449	441	2.974	1.076
3.2 Construcción de obra civil	-	-	-	-	-	-	-	-
3.3 Resto de finalidades	-	-	-	-	-	-	-	-
3.3.1 Grandes empresas	-	-	-	-	-	-	-	-
3.3.2 Pymes y empresarios individuales	-	-	-	-	-	-	-	-
4 Resto de hogares e ISFLSH	10.253.282	10.167.636	-	1.456.631	2.693.891	2.866.991	1.979.492	1.170.630
4.1 Viviendas	10.253.167	10.167.636	-	1.456.631	2.693.891	2.866.991	1.979.492	1.170.630
4.2 Consumo	-	-	-	-	-	-	-	-
4.3 Otros fines	-	-	-	-	-	-	-	-
TOTAL	10.260.537	10.174.890	-	1.456.975	2.696.340	2.867.402	1.982.467	1.171.706
PRO MEMORIA	-	-	-	-	-	-	-	-
Operaciones de refinanciación, refinanciadas y reestructuradas	2.308.646	2.308.646	-	123.663	356.460	564.794	536.120	727.608

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 75.93% is at floating rate (79.90% on 31 December 2020), 14.81% (11.52% on 31 December 2020) with a first period at fixed rate and then revisions to floating rate, and 9.26% strictly at fixed rate 9.26% (8.58% on 31 December 2020).

Within the variable rate loans, 82.81% (82.50% as of 31 December 2020) review their rate half-yearly and 17.19% (17.50% as of 31 December 2020) 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).

Liquidity Risk

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

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

To mitigate liquidity risk, UCI has had a recurrent policy since its inception of tapping the capital markets through the securitisation of its credit assets. Thus the holders of the securitisation bonds placed on the capital markets hedge the liquidity of these operations until maturity. Since 1994, UCI has issued 28 securitisation funds in Spain (26 funds issued at 31 December 2020) for an initial aggregate amount of approximately EUR 19,218 million (EUR 18,257 million at 31 December 2020), mostly placed on the capital markets, including the issues of RMBS Prado I to Prado IX and the first issue of green bonds in Portugal with RMBS Greem Belem 1, all for an amount of EUR 4,418 million (3,257 million at 31 December 2020), mostly placed on the capital markets. 4,418 million (EUR 3,450 million as of 31 December 2020), which as of December 2021, represented EUR 4,581 million (EUR 4,996 million as of 31 December 2020) or 47.8% of the overall balance managed in Spain financed to maturity by the capital markets (50.88% in 2020).

In 2008, UCI proceeded with its first self-securitisation transaction, UCI 18, where UCI subscribed to all the bonds financing the mortgage loan portfolio, in particular those with the highest AAA rating that were eligible for liquidity operations with the ECB. On 18 June 2018, the mortgage units were purchased and sold and the Fund was subsequently extinguished.

More recently, on 15 June 2020, 15 September 2021 and 15 December 2021 respectively, the decision was taken to purchase the mortgage participations and subsequently to proceed with the extinction of the Prado I, Prado II and Prado III Funds.

As a consequence of the need to have two ratings with a minimum grade of at least "A" from two different rating agencies in order to qualify as eligible assets for ECB liquidity operations, most asset-backed securities have lost this status. However, the Prado IV (series A), V (series A), VI (series A), VII (series A), VIII (series A) and IX (series A) bonds as well as the series A and B bonds of Belem 1 are eligible assets.
For the remaining balance sheet assets, UCI manages refinancing with treasury lines with its two reference shareholders: BNP Paribas and Banco de Santander; UCI branch in Portugal is directly financed by its parent company in Spain.

The liquidity gap contemplates the classification of the outstanding capital of financial assets and liabilities by maturity terms, taking as references the outstanding periods between the corresponding date and their contractual maturity dates. On December 31, 2021 and 2020, the liquidity gap is the following:

31.12.2021	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	263,383	-	-	-	-	-	263,383
Financial assets at amortised cost	41,595	92,231	455,729	1,555,261	1,663,769	6,861,135	10,669,720
Loans and advances							
Total Assets	304,979	92,231	455,729	1,555,261	1,663,769	6,861,135	10,932,105
LIABILITIES:							
Deposits of Credit institutions	887,511	2,455,851	3,653,040	206,225	87,139	30,181	7,319,948
Debt securities issued	9,708	19,416	74,891	399,419	399,419	2,257,952	3,160,805
Subordinated liabilities	1,220	-	-	60,000	-	80,000	141,220
Other financial liabilities	5	26	26	1,166	973	1,760	3,956
Total Liabilities	898,444	2,475,293	3,727,957	666,811	487,532	2,369,892	10,625,929
Difference Assets minus Liabilities	(593,465)	(2,383,062)	(3,272,228)	888,450	1,176,238	4,491,243	307,176

31.12.2020	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	314,191	-	-	-	-	-	314,191
Financial assets at amortised cost	41,533	92,108	455,178	1,552,807	1,661,316	6,842,245	10,645,187
Loans and advances							
Total Assets	355,727	92,108	455,178	1,552,807	1,661,316	6,842,245	10,959,381
LIABILITIES:							
Deposits of Credit institutions	887,511	2,455,851	3,653,040	206,225	87,139	41,716	7,331,482
Debt securities issued	9,250	18,499	71,354	380,556	380,556	2,311,082	3,171,297
Subordinated liabilities	266					187,000	187,266
Other financial liabilities	5	26	150	99	30	2,867	3,177
Total Liabilities	897,032	2,475,293	3,724,544	586,880	467,724	2,542,665	10,693,221
Difference Assets minus Liabilities	(541,305)	(2,382,268)	(3,269,366)	965,927	1,193,592	4,299,580	266,160

15. Other market risk: 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

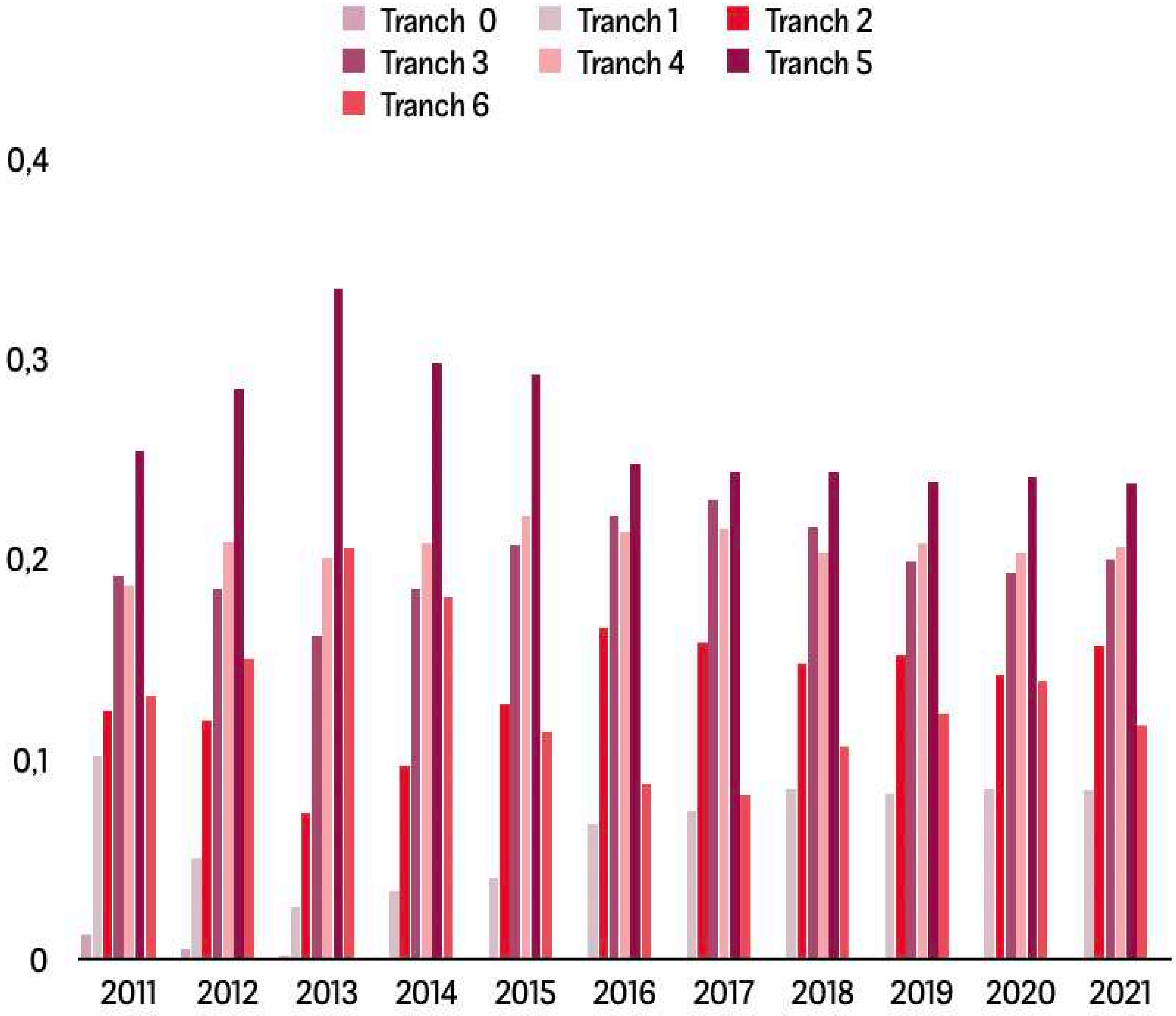
The composition of the balance of caption “Cash, cash balances in central banks and other on-demand deposits” is shown below:

	31.12.21	31.12.20
Cash	3	3
Other on-demand deposits	263,383	314,191
	263,386	**314,194**

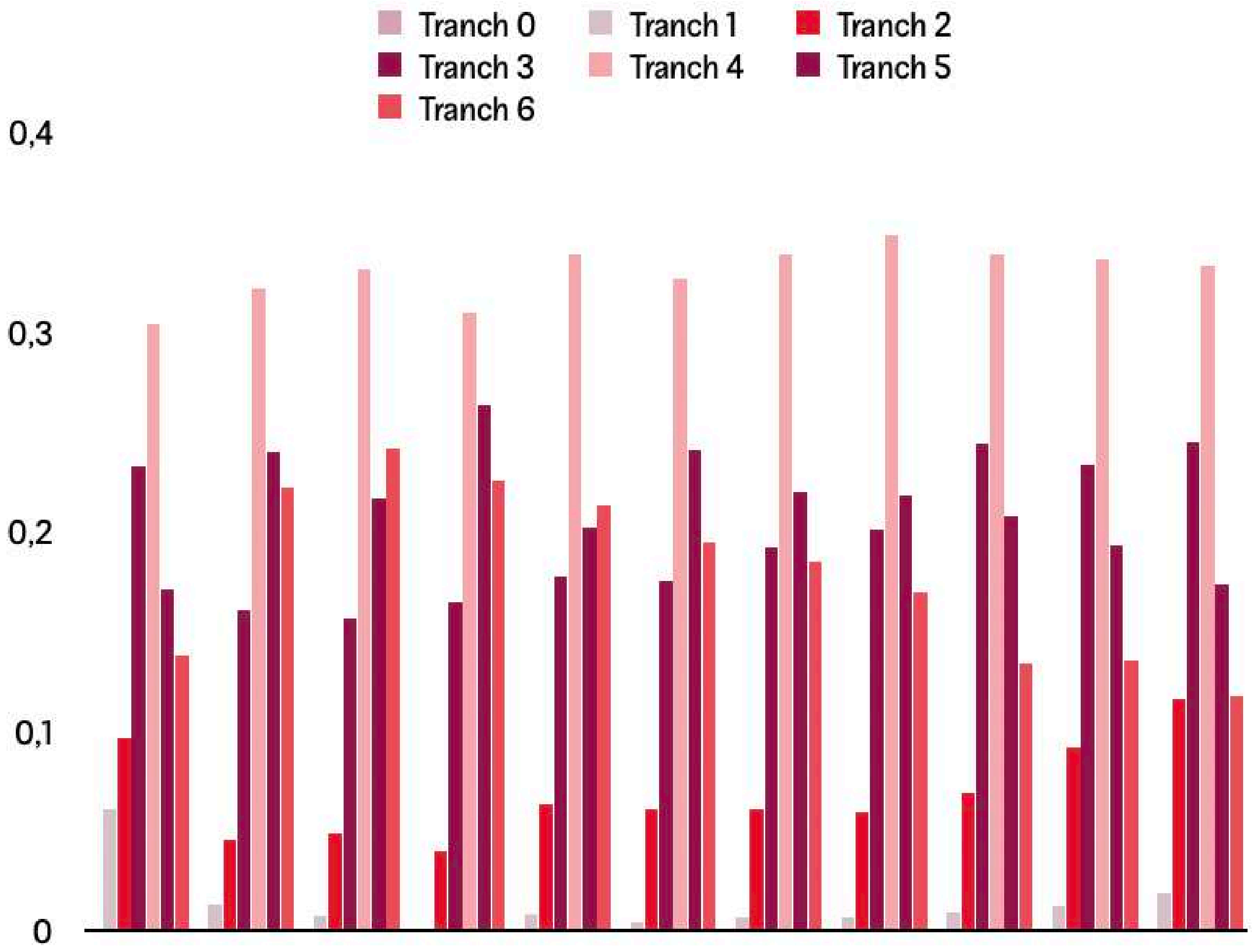
The totality of this caption’s amount per maturity of the residual term is considered on demand.

"Other demand deposits" includes accrued interest on deposits of 74 thousand euros as of 31 December 2021 (31 December 2020: 22 thousand euros).

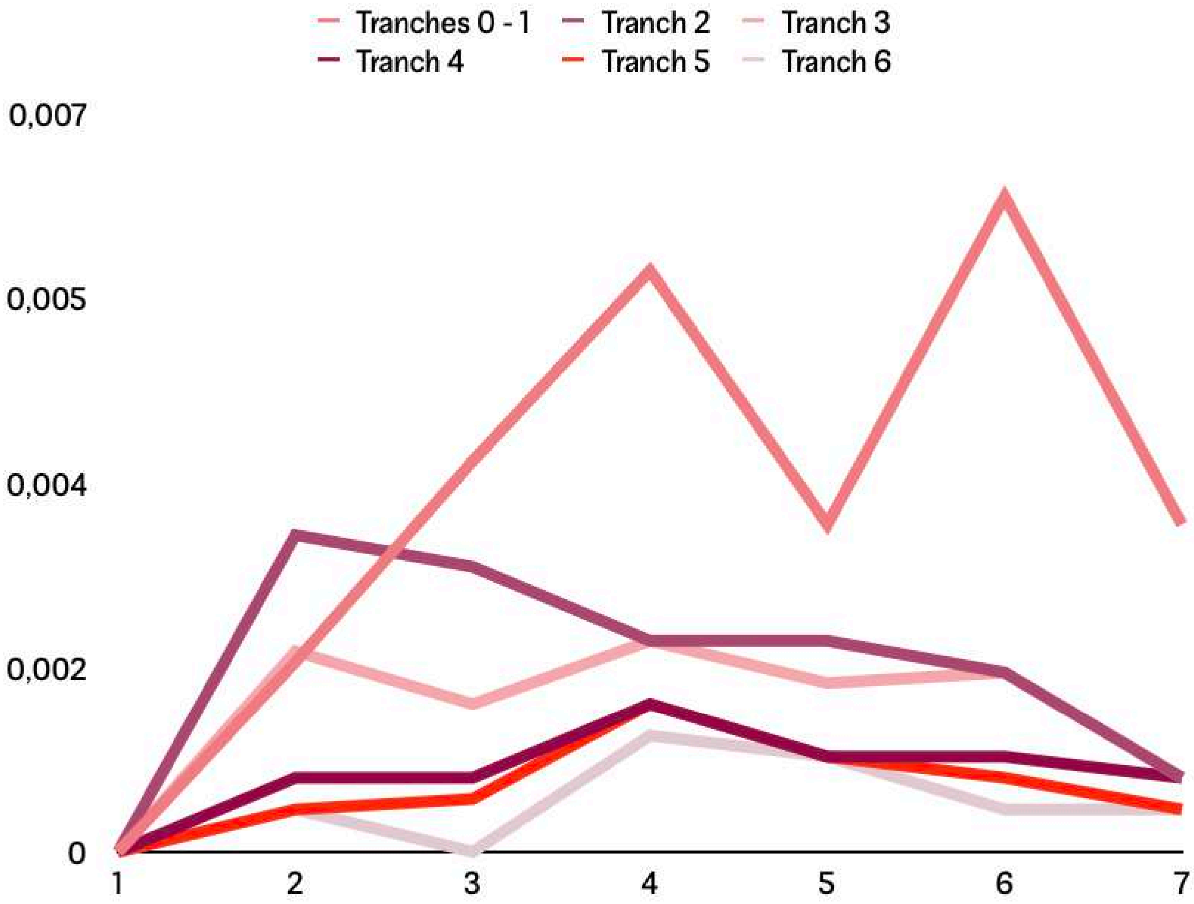
Spain: Score tranches distribution by Generation



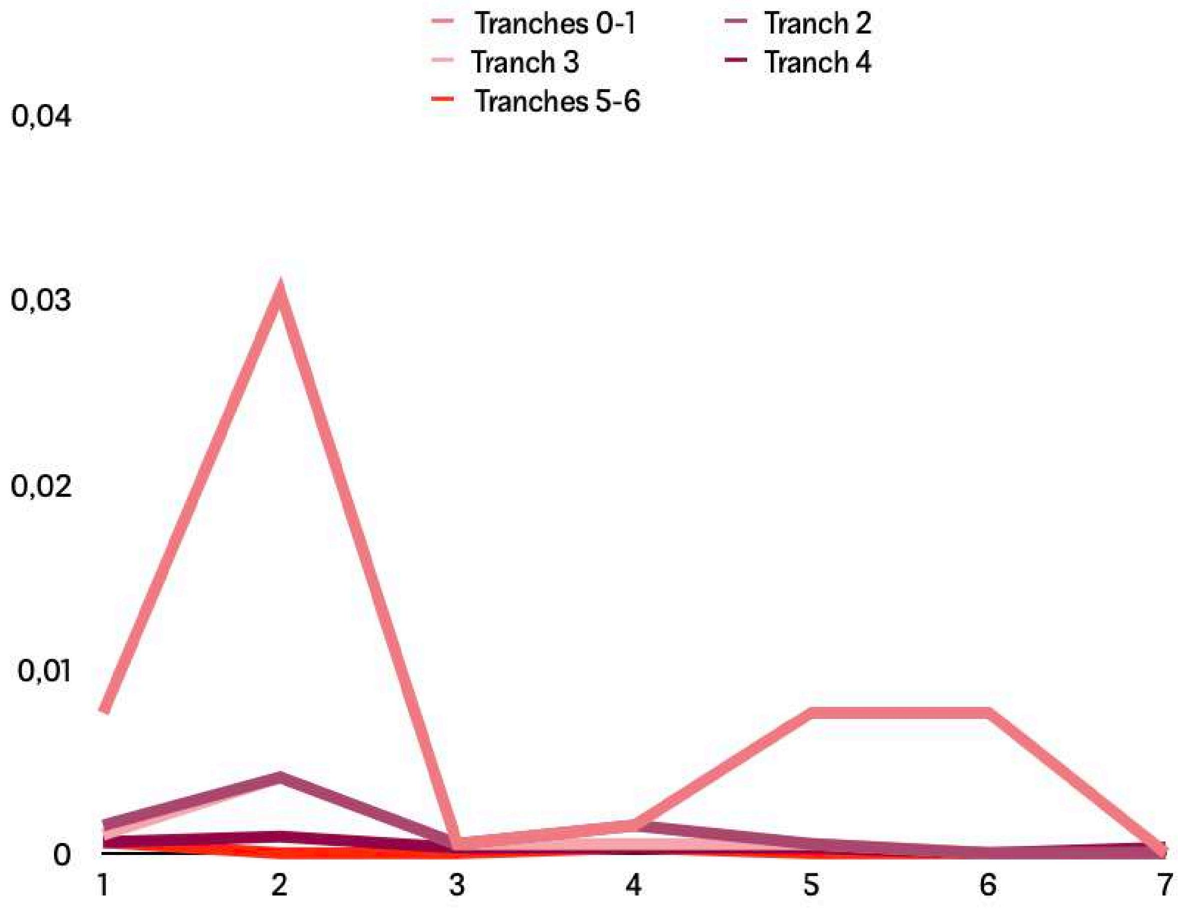
Portugal: Score tranches distribution by Generation



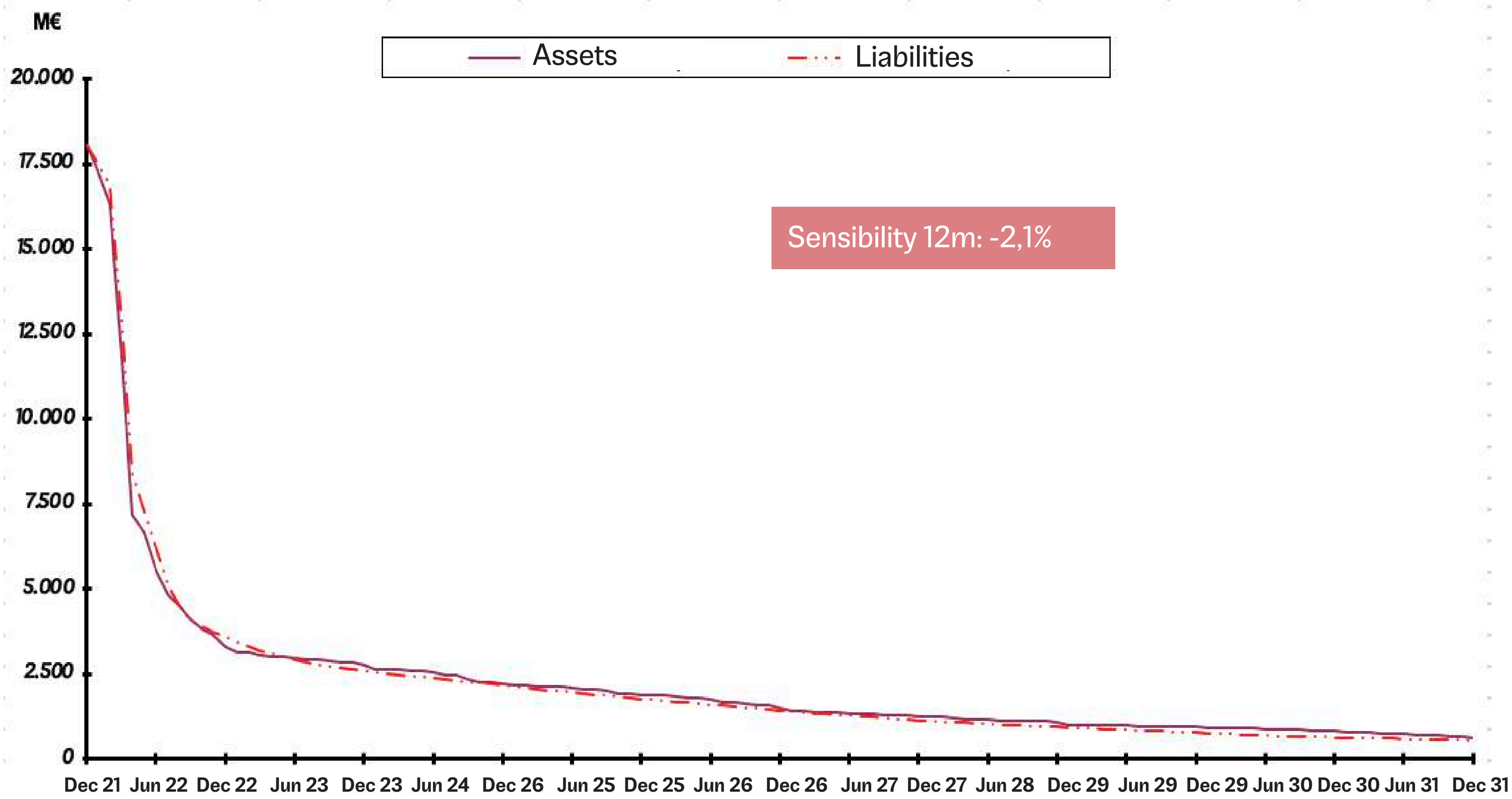
Spain: Probability of default by scoring tranches. Years 2011 - 2021



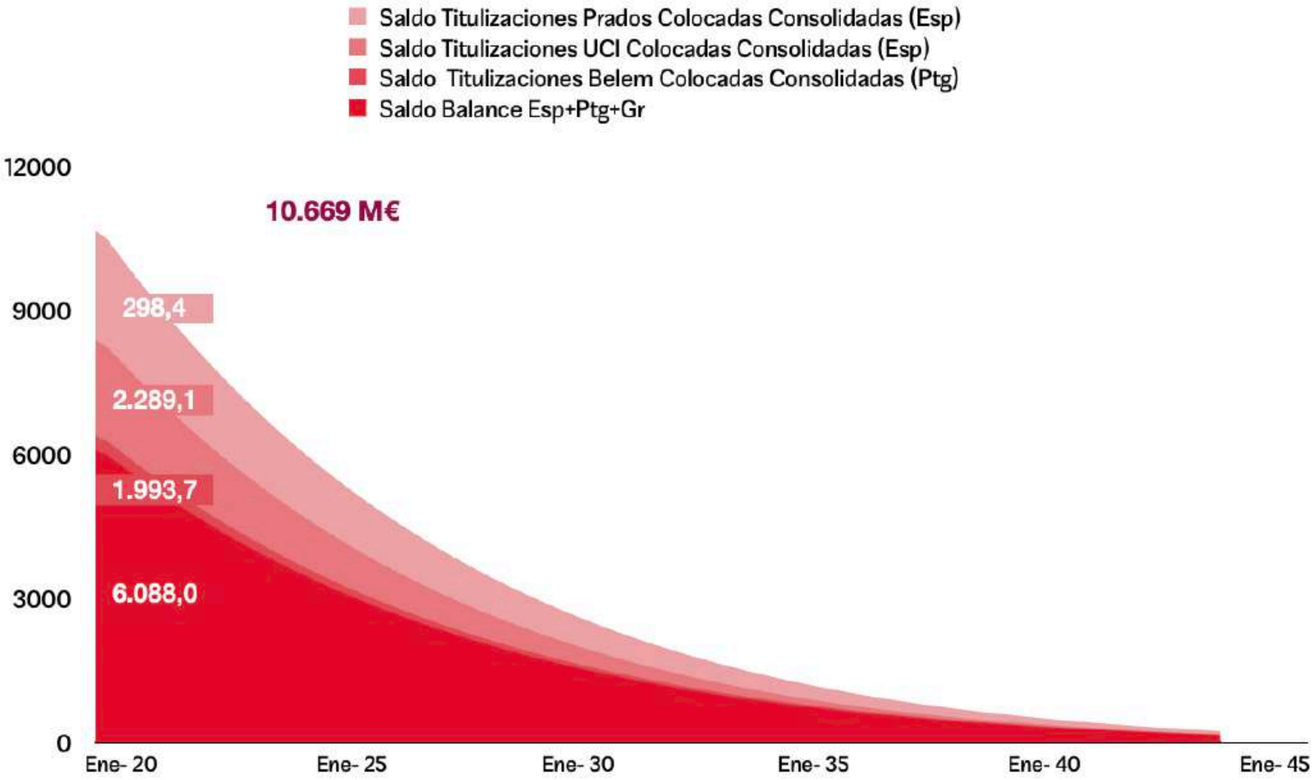
Portugal: Probability of default by scoring tranches. Years 2011 - 2021



Consolidated interest rate risk coverage at 31-12-21



Downbreak outstanding managed loans balance and securitized at 31-12-21



17. Financial assets at amortised cost

The breakdown of the balance of this heading, according to the type and status of the transactions, is shown below:

	31.12.21	31.12.20 (*)
Per modality and credit situation:		
Other term loans	8,963,556	8,472,940
Doubtful assets	1,706,164	2,172,247
	10,669,720	**10,645,187**
By sector of activity of the accredited party:		
Other resident sectors	8,920,863	8,982,084
Non-residents	1,748,857	1,663,103
	10,669,720	**10,645,187**
By geographical area:		
Spain	9,283,761	9,266,867
Rest of the European Union	1,385,959	1,378,320
	10,669,720	**10,645,187**
By interest rate mode:		
Interest-free financing	-	-
Financing with interest	10,669,720	10,645,187
	10,669,720	**10,645,187**
Value adjustments for impairment on assets	(362,511)	(432,766)
Valuation adjustments accrued interest	13,123	21,794
Commission valuation adjustments	47,523	26,322
	10,367,855	**10,260,537**

(*) Note that the balances have been restated from those formulated in 2020 (see Note 2.1).

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.

The detail of the balance of loans and advances to customers is as follows:

	31.12.21	31.12.20 (*)
Resident debtors with real garantee	7,314,979	6,936,484
Non-resident credit with real garantee	1,648,123	1,535,758
Doubtful debtors	1,706,164	2,172,247
Other term debtors	454	698
Debtors on demand and others	-	-
	10,669,720	**10,645,187**

(*) Note that the balances have been restated from those formulated in 2020 (see Note 2.1).

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 31.12.21 and 31.12.20, in thousands of euros, is as follows:

	31.12.21	31.12.20
On demand	41,594	36,200
From 1 to 3 months	92,231	78,211
From 3 to 6 months	455,730	378,098
From 6 months to 1 year	1,555,261	1,378,292
From 1 year to 5 years	1,663,769	1,448,017
More than 5 years	6,861,135	7,326,369
	10,669,720	**10,645,187**

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 2021 and the financial year 2020 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 2021	**7,806,978**	**665,962**	**2,172,247**	**10,645,187**
Movements				
Transfers:				
To Stage 2 from Stage 1	(258,910)	258,910	-	-
To Stage 3 from Stage 1	(28,212)	-	28,212	-
To Stage 1 from Stage 2	102,868	(102,868)	-	-
To Stage 3 from Stage 2	-	(234,049)	234,049	-
To Stage 1 from Stage 3	4,795	-	(4,795)	-
To Stage 2 from Stage 3	-	554,732	(554,732)	-
Net change in financial assets	235,670	(42,320)	(100,498)	92,852
Failed	-	-	(68,319)	(68,319)
Exchange rate differences and other movements	-	-	-	-
Balance at year-end 2021	**7,863,189**	**1,100,367**	**1,706,164**	**10,669,720**

	Thousands of Euros			
	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the financial year 2020	**7,721,604**	**1,011,572**	**1,873,683**	**10,606,859**
Movements				
Trransfers:				
To Stage 2 from Stage 1	(400,693)	400,693	-	-
To Stage 3 from Stage 1	(49,319)	-	49,319	-
To Stage 1 from Stage 2	200,768	(200,768)	-	-
To Stage 3 from Stage 2	-	(544,299)	544,299	-
To Stage 1 from Stage 3	3,804	-	(3,804)	-
To Stage 2 from Stage 3	-	164,164	(164,164)	-
Net change in financial assets	330,814	(165,400)	(80,985)	84,431
Failed	-	-	(46,103)	(46,103)
Exchange rate differences and other movements	-	-	-	-
Balance at year-end 2020(*)	7,806,978	665,962	2,172,247	10,645,187

(*) Note that the balances have been restated from those formulated in 2020 (see Note 2.1)..

During 2021 and 2020, 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 2021 and 31 December 2020, 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	
	31.12.21	31.12.20
Individuals:		
Real Garantee		
Mortgage	1,683,434	2,144,921
Values	-	-
Others	-	-
No guarantee	12,616	17,258
Promoters:		
Real Garantees		-
Mortgage	10,113	10,068
Total	**1,706,164**	**2,172,247**

(*) Note that the balances have been restated from those formulated in 2020 (see Note 2.1).

Measures adopted credit risk Covid-19 in relation to clients

The Entity took measures during 2020 to facilitate the payment of the customers most affected by Covid-19 by granting both public moratoriums in accordance with Royal Decree-Laws 8/2020 and 11/2020, and private moratoriums.

The amounts of both public and private (sectoral) moratoriums (current and terminated) granted by the Company, as well as the number of customers of both measures at the end of 2021 and 2020 are as follows:

31.12.2021 Public Moratoriums			
In force (millions of Euros)	Completed (millions of Euros)	Total	No. Customers
5	133	429	4,130

31.12.2021 Private Moratoriums			
In force (millions of Euros)	Completed (millions of Euros)	Total	No. Customers
3	583	597	5,761

31.12.2020 Public Moratoriums			
In force (millions of Euros)	Completed (millions of Euros)	Total	No. Customers
138	517	655	5,069

31.12.2020 Private Moratoriums			
In force (millions of Euros)	Completed (millions of Euros)	Total	No. Customers
586	23	609	4,890

Note 14 provides details of the maturities of the items comprising the balances of these headings in the accompanying balance sheets. The rates applicable to interest-bearing assets are also detailed in Note 14. The yield generated by these assets in 2021 and 2020 is shown in Note 33.

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:

	Pérdidas por deterioro (miles de euros)			
	Stage 1	Stage 2	Stage 3	Total
Saldos al 1 de enero de 2021 (*)	**(12.904)**	**(21.749)**	**(398.195)**	**(432.848)**
Dotaciones con cargo a resultados del ejercicio	(17.994)	(58.903)	(104.272)	(181.169)
Recuperaciones de dotaciones con abono a resultados	21.729	43.891	117.282	182.902
Dotaciones netas del ejercicio	**3.735**	**(15.012)**	**13.010**	**1.733**
De las que:				
Determinadas individualmente	-	-	-	-
Determinadas colectivamente	3.735	(15.012)	13.010	1.733
Aplicación	**203**	**868**	**67.533**	**68.604**
Saldo al 31 de diciembre de 2021	**(8.966)**	**(35.893)**	**(317.652)**	**(362.511)**

	Pérdidas por deterioro (miles de euros)			
	Stage 1	Stage 2	Stage 3	Total
Saldos al 1 de enero de 2021 (*)	**(12.904)**	**(21.749)**	**(398.195)**	**(432.848)**
Dotaciones con cargo a resultados del ejercicio	(17.994)	(58.903)	(104.272)	(181.169)
Recuperaciones de dotaciones con abono a resultados	21.729	43.891	117.282	182.902
Dotaciones netas del ejercicio	**3.735**	**(15.012)**	**13.010**	**1.733**
De las que:				
Determinadas individualmente	-	-	-	-
Determinadas colectivamente	3.735	(15.012)	13.010	1.733
Aplicación	**203**	**868**	**67.533**	**68.604**
Saldo al 31 de diciembre de 2021	**(8.966)**	**(35.893)**	**(317.652)**	**(362.511)**

(*) Nótese que los saldos han sido reexpresados respecto de los formulados en el ejercicio 2020 (Véase Nota 2.1).

The change in the item net write-offs due to defaults and other movements is mainly due to the sale of the defaulted portfolio that the Company carried out in 2020 and to the transfer to losses of interest and commissions generated with maturities of more than 90 days associated with contracts in default.

The profit and loss account heading "Impairment of assets at amortised cost" for a net reversal of 4,404 thousand euros on 31 December 2021 and a net provision of 94,719 thousand euros on 31 December 2020, includes the net effect of provisions and recoveries of provisions for credit risk amounting to Euros 2. 671 thousand on 31 December 2021 and an allocation of EUR 86,631 thousand euros on 31 December 2020, as well as 2,047 thousand euros corresponding to recoveries of written-off assets on 31 December 2021 and 1,305 thousand euros on 31 December 2020.

The movement in the gross amount of the allowance for loan losses and advances to customers recorded under the heading financial assets at amortised cost under Bank of Spain Circular 4/2019 for the financial year 2021 and the financial year 2020 is shown below:

	Millones de euros			
	Fase 1	Fase 2	Fase 3	Total
Saldo al inicio del ejercicio 2021	**12.904**	**21.749**	**398.195**	**432.848**
Traspasos:				
A Stage 2 desde Stage 1	(2.199)	4.376	-	2.177
A Stage 3 desde Stage 1	(351)	-	2.944	2.593
A Stage 1 desde Stage 2	808	(2.915)	-	(2.107)
A Stage 3 desde Stage 2	-	(9.331)	14.534	5.203
A Stage 1 desde Stage 3	8	-	(676)	(668)
A Stage 2 desde Stage 3	-	23.361	(42.507)	(19.146)
Variación neta de exposición y cambios en el riesgo de crédito (*)	(2.204)	(1.347)	(56.890)	(60.441)
Fallidos	-	-	2.052	2.052
Diferencias de cambio y otros movimientos	-	-	-	-
Saldo al 31 de diciembre de 2021	**(8.966)**	**(35.893)**	**(317.652)**	**(362.511)**

	Millones de euros			
	Fase 1	Fase 2	Fase 3	Total
Saldo al inicio del ejercicio 2020	**10.642**	**35.167**	**334.629**	380.438
Traspasos:				
A Stage 2 desde Stage 1	(939)	5.845	-	4.906
A Stage 3 desde Stage 1	(369)	-	4.515	4.146
A Stage 1 desde Stage 2	2.172	(5.657)	-	(3.485)
A Stage 3 desde Stage 2	-	(19.821)	43.294	23.473
A Stage 1 desde Stage 3	25	-	(350)	(325)
A Stage 2 desde Stage 3	-	6.487	(13.354)	(6.867)
Variación neta de exposición y cambios en el riesgo de crédito (*)	1.373	(354)	28.156	29.175
Fallidos	-	-	1.305	1.305
Diferencias de cambio y otros movimientos	-	-	-	-
Saldo al 31 de diciembre de 2020	**12.904**	**21.667**	**398.195**	**432.766**

During 2021 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 2021 and 31 December 2020, classified by class of financial instrument:

	Thousands of Euros	
	31.12.21	**31.12.20**
Per type of counterpart	**417**	**417**
Public Administrations	-	-
Other resident sectors	417	417
Other non-resident sectors	-	-
Total	**417**	**417**

Credit risk with real estate construction and development

At 31 December 2021 and 2020, financing for construction and property development amounted to 16,043 thousand euros and 17,483 thousand euros, respectively, of which EUR 10,113 thousand euros and 10,590 thousand euros were impaired assets, respectively.

The amounts above correspond to financing granted for construction and real estate promotion. As a consequence, and according to instructions from Bank of Spain, the debtor's CNAE has not been taken into account. This implies, for example, that if the debtor is: (a) a real estate company but dedicates the granted financing to other than construction or real estate promotion, it is not included on these charts; and (b) a company which main activity is not construction or real estate, but the credit is used to finance estates aimed to real estate promotion, it is included on these charts.

The quantitative information on real estate risk on December 31, 2021 is the following, in thousands of euros:

	Gross amount	Excess on guarantee value	Specific hedges
Credit risk	**12.931**	**5.803**	**5.359**
Defaulter	10.113	5.211	5.198
Subjective doubtful	-	-	-
Normal	2.818	592	161
Memorandum item	-	-	-
Generic coverage fund	-	-	-
Failed	-	-	-

The quantitative information on real estate risk on December 31, 2020 was the following, in thousands of Euros

	Gross amount	Excess on guarantee value	Specific hedges
Credit risk	**12,946**	**5,330**	**5,691**
Defaulter	10,068	4,967	5,512
Subjective doubtful	-	-	-
Normal	2,878	363	179
Memorandum item	-	-	-
Generic coverage fund	-	-	-
Failed	-	-	-

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

	31.12.21	31.12.20
Without specific guarantee	-	-
With mortgage guarantee	**12.931**	**12.946**
Finished buildings-houses	9.875	10.064
Finishes buildings-others	-	-
Buildings under construction-houses	424	250
Buildings under construction-other	-	-
Urbanised land	2.632	2.632
Land-rest	-	-

Retail mortgage portfolio risk

The quantitative information regarding the retail mortgage portfolio on December 31, 2021 and 2020 is the following:

	31.12.21	31.12.20 (*)
Credit to acquire houses	**10,656,454**	**10,630,761**
Without mortgage guarantee	68,227	73,278
Doubtful	12,616	17,258
With mortgage guarantee	10,588,227	10,557,484
Doubtful	1,683,435	2,142,846

(*) Note that the balances have been restated from those formulated in 2020 (see Note 2.1).

Ranges of loan to value (LTV) of the retail mortgage portfolio at December 31, 2021 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	1,803,588	2,790,142	2,880,106	1,893,753	1,220,638	10,588,227
Doubtful credits to acquire houses. With mortgage guarantee	72,408	184,505	338,413	363,269	724,839	1,683,435

Ranges of loan to value (LTV) of the retail mortgage portfolio at December 31, 2020 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	1,455,078	2,690,818	2,892,680	2,060,222	1,458,684	10,557,484
Doubtful credits to acquire houses. With mortgage guarantee	77,991	233,277	427,730	498,147	905,698	2,142,846

Failed assets

As of 31 December 2021, the total amount of 'non-performing assets' amounts to 591,363 million euros (31 December 2020: 590,666 million euros).

Securitisation operations

The securitisation transactions have been carried out by the subsidiary Unión de Créditos Inmobiliarios S.A., E.F.C.

On 31 December there are no assets securitised before 1 January 2004 that were derecognised as the UCI 9 Fund was cancelled in March 2021 (101,793 thousand euros on 31 December 2021).

In March 2021 and December 2021, the step-up call of the Prado II and Prado III Securitisation Funds, respectively, was exercised, resulting in their early cancellation.

In September 2021, the UCI 10 clean-up call was exercised, resulting in its early cancellation. On the other hand, in May 2021, the Prado VIII Securitisation Fund was set up for an amount of 480 million euro, 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 euro. The Company has also granted the fund a subordinated loan of 11 million euros.

In addition, in October 2021, the Prado IX Securitisation Fund was set up for an amount of 488 million euros, of which UCI EFC holds all the tranche B and C bonds and part of the tranche A bonds, for a total amount of 63.4 million euros. The Company has also granted the fund a subordinated loan of 10.5 million euros.

In April 2020, the "Belem 1" Green Securitisation Fund was set up in the Portuguese branch for an amount of 392 million euros, of which the Portuguese branch holds all the Tranche C bonds amounting to 35.2 million euros. In addition, the Company acquired part of Tranche B for an amount of EUR 25.5 million.

In addition, in November 2020, the Prado VII Securitisation Fund was set up for an amount of 515 million euros, of which the Company holds all the bonds of tranches B and C and a portion of the bonds of tranche A, amounting to a total of 108.1 million euros. In addition, the Company granted a subordinated loan of 11.1 million euros to the fund.

On the other hand, in June 2020, the Step-up call of the Prado I Securitisation Fund was exercised, resulting in the early cancellation of the Fund.

Below is a detail of the balances recorded in the accompanying consolidated balance sheets on 31 December 2021 and 2020 associated with securitisation transactions, where the Group has retained substantial risks and rewards:

	2021	2020
Asset Securitisation Fund UCI 10	-	78,256
Asset Securitisation Fund UCI 11	116,562	133,427
Asset Securitisation Fund UCI 12	169,411	195,963
Asset Securitisation Fund UCI 14	315,236	368,249
Asset Securitisation Fund UCI 15	390,773	444,423
Asset Securitisation Fund UCI 16	532,410	604,167
Asset Securitisation Fund UCI 17	471,463	526,820
Asset Securitisation Fund Prado II	-	373,601
Asset Securitisation Fund Prado III	-	312,209
Asset Securitisation Fund Prado IV	278,335	309,933
Asset Securitisation Fund Prado V	300,319	330,699
Asset Securitisation Fund Prado VI	324,453	362,044
Asset Securitisation Fund Prado VII	455,802	508,227
Asset Securitisation Fund Prado VIII	449,951	-
Asset Securitisation Fund Prado IX	480,241	-
Asset Securitisation Fund Belem 1	298,403	349,964
TOTAL	**4,583,359**	**4,897,982**

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 2021 and 2020 was the following:

	31.12.19	First application (*)	Additions	Reclassification	Write-offs	31.12.20	Additions	Reclassification	Write-offs	31.12.21
Foreclosed assets	406,098	-	45,792	(79,504)	(13,531)	358,855	65,805	(17,538)	(93,520)	313,602
Provisions foreclosed assets	(96,868)	(2,666)	(20,319)	21,848	995	(97,010)	(19,436)	1,614	25,332	(89,500)
	309,230	**(2,666)**	**25,473**	**(57,656)**	**(12,536)**	**261,845**	**46,369**	**(15,924)**	**(68,188)**	**224,102**

(*) First implementation of Circular 4/2017. See Note 2.

The amount recorded as reclassification relates to properties that have been reclassified to investment property in the balance sheet in 2021 and 2020 (Note 19).

The sale of the properties in 2021 resulted in a net gain on the net book value of 5,981 thousand euros (3,613 thousand euros gain in 2020). This amount is recognised 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 disposals, which includes both the gain on disposals and the provisions and recoveries of provisions for non-current assets held for sale.

Quantitative information relating to foreclosed assets as of 31 December 2021 is as follows:

	Accounting item value	Hedging
Property assets originated from financings to real estate construction and development companies	2,385	(1,275)
Finished buildings: housing or others	1,348	(656)
Buildings under construction: housing or others	-	-
Land: urbanised land and others	1,037	(619)
Property assets originated from mortgage financing to families to acquire houses	311,218	(88,226)
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, 2020 was the following:

	Accounting item value	Hedging
Property assets originated from financings to real estate construction and development companies	1,353	(632)
Finished buildings: housing or others	-	-
Buildings under construction: housing or others	-	-
Land: urbanised land and others	1,353	(632)
Property assets originated from mortgage financing to families to acquire houses	357,502	(96,378)
Other foreclosed property assets	-	-
Equity instruments, participations and financings to non-consolidated companies holding such assets	-	-

The classification of foreclosed assets, on December 31, 2021 and 2020, based on their nature and term of permanence in the balance sheet, is the following:

2021	Less than 3 years	More than 3 years	Total
Finished buildings	104,665	207,901	312,566
Buildings under construction	-	-	-
Land	183	854	1,037

2020	Less than 3 years	More than 3 years	Total
Finished buildings	216,520	140,982	357,502
Buildings under construction	-	-	-
Land	-	1,353	1,353

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 2021 are as follows: Gloval Valuation, S.A.U., Tinsa Tasaciones Inmobiliarias, S.A.U., Euroval, S.A., and Sociedad de tasación, S.A.

Details of carrying amount and appraised value for foreclosed assets and investment property held for sale as of 31 December 2021 and 2020 are as follows:

	31.12.2021		31.12.2020	
Concepto	Net book value	Appraised Value	Net book value	Appraised Value
Foreclosed assets	224,102	361,720	261,845	410,458
Total	**224,102**	**361,720**	**261,845**	**410,458**

During the financial years 2021 and 2020, as well as in previous years, the Group has carried out several transactions involving the sale of non-current assets held for sale and disposal groups, in which it has financed the amount required by the buyer to make this acquisition.

The amount of loans granted by the entity, during the financial year 2021, for the financing of this type of operations amounted to 59,218 thousand euros (59,100 thousand euros during the financial year 2020).

The outstanding balance of this type of financing on 31 December 2021 and 2020 amounted to 703,338 thousand euros and 688,958 thousand euros, respectively.

The average funded percentage of such transactions outstanding on 31 December 2021 and 31 December 2020 corresponds to that set by the Group in its credit risk policies.

19. Tangible assets

Property, plant and equipment

The breakdown of this item in the balance sheets as of 31 December 2021 and 2020 is as follows:

Cost	31.12.2020	Additions	Write-offs	31.12.2021
IT equipment and installations	13,691	1,544	(4,637)	10,598
Furniture, vehicles and other facilities	11,561	587	-	12,148
Buildings	414	-	-	414
Works in use	1,063	-	-	1,063
Rights of use	5,823	4,819	(2,135)	8,507
	32,552	**6,950**	**(6,772)**	**32,730**
Accumulated amortisation				
IT equipment and installations	(11,578)	(1,993)	4,584	(8,988)
Furniture, vehicles and other facilities	(10,225)	(434)	2	(10,657)
Buildings	(141)	(5)	-	(146)
Works in use	-	-	-	-
Rights of use	(2,792)	(2,400)	438	(4,754)
	(24,736)	**(4,832)**	**5,024**	**(24,545)**
Net total	**7,816**	**2,118**	**(1,748)**	**8,186**

Cost	31.12.2019	Additions	Write-offs	31.12.2020
IT equipment and installations	12,165	1,770	(244)	13,691
Furniture, vehicles and other facilities	11,088	691	(218)	11,561
Buildings	414	-	-	414
Works in use	1,063	-	-	1,063
Rights of use		9,230	(3,407)	5,823
	24,730	**11,691**	**(3,869)**	**32,552**
Accumulated amortisation				
IT equipment and installations	(10,860)	(962)	244	(11,578)
Furniture, vehicles and other facilities	(9,774)	(670)	218	(10,225)
Buildings	(120)	(21)	-	(141)
Works in use				
Rights of use	-	(2,742)	-	(2,792)
	(20,754)	**(4,445)**	**462**	**(24,736)**
Net total	**3,976**	**7,246**	**(3,407)**	**7,816**

The amount of fully depreciated assets totals 20,135 thousand euros (17,599 thousand euros in the year 2020).

A breakdown, according to their nature, of the items comprising the balance of this item in the balance sheet on 31 December 2021:

	Thousand of Euros		
	Cost	Accumulated amortisation	Net balance
IT equipment and installations	13,691	(11,578)	2,113
Furniture, vehicles and other facilities	11,561	(10,225)	1,336
Buildings	414	(141)	273
Works in use	1,063	-	1,063
Rights of use	5,823	(2,792)	3,030
Balances at 31 December 2020	**32,552**	**(24,736)**	**7,815**
IT equipment and installations	10,598	(8,987)	1,611
Furniture, vehicles and other facilities	12,148	(10,657)	1,491
Buildings	414	(146)	268
Works in use	1,063	-	1,063
Rights of use	8,507	(4,754)	3,753
Balances at 31 December 2021	**32,730**	**(24,545)**	**8,186**

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.

On 31 December 2021 and 2020, the Group has no tangible assets, either for own use or under construction, for which there are restrictions on title or which have been pledged as security for the fulfilment of debts.

On 31 December 2021 and 2020, the Group has no material asset purchase commitments with third parties.

In 2021 and 2020, 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 are temporarily out of service on 31 December 2021 and 2020.

No impairment of property, plant and equipment was recognised or reversed in 2021 and 2020.

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:

	31.12.19	First application (*)	Additions	Write-offs	31.12.20	Additions	Write-offs	31.12.21
Property investments	128,720	-	12,536	(11,579)	129,677	15,924	(9,612)	135,989
Accumulated amortisation of investment property	(5,006)	-	(1,684)	678	(6,012)	(1,466)	670	(6,808)
Impairment adjustments	(1,658)	(2,456)	(3,294)	317	(7,091)	(1,830)	363	(8,558)
Total	**122,056**	**(2,456)**	**7,558**	**(10,584)**	**116,574**	**12,628**	**(8,579)**	**120,623**

(*) First implementation of Circular 4/2019. See Note 2.

The additions in 2021 and 2020 relate to the reclassification of items that were recorded under non-current assets held for sale in the ba lance 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 2021 and 2020 are as follows:

	31.12.2021		31.12.2020	
Concept	Net book value	Valuation	Net book value	Valuation
Property investments	120,623	178,987	116,574	167,018
Total	**120,623**	**178,987**	**116,574**	**167,018**

Income from investment property held for lease amounted to 3.2 million recognised under "Other operating income" in the income statement (2.7 million euros on 31 December 2020) and operating expenses for all related items amounted to 5,568 thousand euros (5,997 thousand on 31 December 2020), of which 3,264 thousand euros related to depreciation and valuation adjustments (4,978 thousand euros at 31 December 2020). These operating expenses are presented in the accompanying income statement according to their nature.

The Group had taken out various 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 2021 and 2020 is as follows:

Cost	31.12.2020	Additions	Write-offs	31.12.2021
Software	8,222	1,034	-	9,256
	8,222	**1,034**	-	**9,256**
Accumulated Amortisation				
Software	(5,854)	(625)	-	(6,479)
	(5,854)	**(625)**	-	**(6,479)**
Net total	**2,368**	**409**	-	**2,777**

Cost	31.12.2019	Additions	Write-offs	31.12.2020
Software	6,813	1,475	(66)	8,222
			-	**8,222**
Accumulated Amortisation				
Software	(5,337)	(583)	66	(5,854)
	(5,337)	**(583)**	**66**	**(5,854)**
Net total	**1,476**	**892**	-	**2,368**

The amount of fully depreciated assets totals 4,875 thousand euros and 4,803 thousand euros in 2021 and 2020 respectively.

21. Tax assets and liabilities

The detail of these headings in the accompanying balance sheets on December 31, 2021 and 2020 is the following:

	Assets 2021	Assets 2020	Liabilities 2021	Liabilities 2020
Current taxes	**4,594**	**6,064**	**1,418**	**1,472**
Withholding taxes	4,020	5,412	-	-
IRPF	574	552	229	255
IVA	-	-	1,054	977
Others	-	100	135	242
Deferred taxes	**88,051**	**131,759**	**1,230**	**-**
For leases	1,140	918	1,126	-
For derivatives	6,004	31,687	-	-
For impairment corrections	56,772	58,603	-	-
Tax Credits	24,135	29,542	-	-
Others	-	11,009	104	-

As a result of the current corporate income tax regulations applicable to the Group, in 2021 and 2020 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 2021 and 2020 are as follows:

	Asset 2021	Asset 2020	Liabilities 2021	Liabilities 2020
Accruals	4,679	4,679	20,560	20,670
Debts with Group companies	1,474	1,474		
Other concepts	16,994	16,994	6,939	19,171
TOTAL	**23,147**	**18,570**	**27,499**	**39,841**

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.

	2021	2020
	Days	Days
Average payment period to suppliers.	15	15
Ratio of paid operations.	79.99%	75.51%
Ratio of operations payable.	20.01%	24.49%
	Amount (thousands of Euros)	Amount (thousands of Euros)
Total payments made.	71,600	60,851
Total outstanding payments.	17,915	18,272

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, 2021 and 2020 is the following:

	31.12.21	31.12.20
Deposits of credit institutions	**7,461,168**	**7,518,748**
Loans	6,803,795	3,776,780
BNP	3,370,966	3,465,537
Santander	3,432,829	3,400,979
Repos	513,591	500,489
Subordinated Loans	141,107	147,222
Accrued interest	2,675	4,521
Debt securities	**3,160,805**	**3,171,297**
Obligations Cocos	82,000	82,000
Bonds	3,078,805	3,089,297
Other financial liabilities	**3,956**	**3,177**
Total	**10,625,929**	**10,693,221**

The breakdown of financial liabilities at amortised cost by residual term as of 31 December 2021 and 2020 is as follows:

	31.12.21	31.12.20
Up to 1 month	898,444	897,032
1 to 3 Months	2,475,293	2,474,376
3 to 12 Months	3,727,957	3,724,544
1 to 3 years	666,811	586,880
3 to 5 years	487,532	467,724
More than 5 Years	2,369,892	2,542,665
Total	**10,625,929**	**10,693,211**

In 2021, interest rates on outstanding financial liabilities ranged from 1.812% to -0.125%.

In 2020, interest rates on outstanding financial liabilities ranged from 2.130% to -0.067%.

Subordinated Debt

The heading "Loans and advances to credit institutions" includes subordinated debt whose counterparty is the Parent's shareholders, i.e., Banco Santander and BNP Paribas and BNP Paribas Personal Finance. Specifically, they are included under this heading;

i) Subordinated debt issued by the UCI 10-17 securitisation funds with a balance on 31 December 2021 of 42.2 million (32.1 million at 31.12.20).

ii) Subordinated debt issued by UCI SA, amounting to 105 million on 31 December 2021 and 31 December 2020.

The detail of the loans subscribed and their main conditions as of 31 December 2021 and 31 December 2020 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	
BS	09/12/2030	Euribor + 2,8	Half-yearly	12,500	
BNPP PF	12/12/2029	Euribor + 2,5	Half-yearly	40,000	
BNPP Paris	09/12/2030	Euribor + 2,8	Half-yearly	12,500	
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	
BS	05/12/2046	Eur3 meses+2		701	
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	
BNPP PF	05/12/2046	Eur3 meses+2		701	
Total				**141,107**	

The interest paid on these loans is 2.1 million euros on 31 December 2021 and 1.8 million euros on 31 December 2020.

In December 2020, two new subordinated debt issues were made for amounts of 12.5 million each and granted by Banco Santander and BNP Paribas respectively, with a maturity of 10 years and benchmarked to Euribor 6M+280bp. In December 2019, the existing 80 million euros subordinated debt granted by Banco Santander and SAGIP was cancelled and a new issue was made for the same amount and subscribed in equal parts by Banco Santander and BNP Paribas Personal Finance, with a maturity of 10 years tied to Euribor 6M+250bp.

These loans are subordinated in order to be included in the calculation of the UCI Group's equity and cannot be repaid or repaid in advance without prior authorisation from the Bank of Spain. These loans have a maturity of 10 years and as indicated above, 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.

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

Securities are considered Additional Tier 1 Capital.

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

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

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

Expenses for remuneration of preference shares contingently convertible into ordinary shares amount to 6,100 thousand euros on 31 December 2021 (31 December 2020: 6,114 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 2021 and 2020 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:

	2021	2020
Asset Securitisation Fund UCI 10	-	69,268
Asset Securitisation Fund UCI 11	83,927	99,919
Asset Securitisation Fund UCI 12	92,415	109,390
Asset Securitisation Fund UCI 14	122,338	148,731
Asset Securitisation Fund UCI 15	162,375	189,629
Asset Securitisation Fund UCI 16	303,199	350,283
Asset Securitisation Fund UCI 17	217,886	252,327
Asset Securitisation Fund Prado II	-	213,486
Asset Securitisation Fund Prado III	-	185,036
Asset Securitisation Fund Prado IV	193,289	225,397
Asset Securitisation Fund Prado V	225,363	256,283
Asset Securitisation Fund Prado VI	248,691	286,612
Asset Securitisation Fund Prado VII	355,732	406,900
Asset Securitisation Fund Prado VIII	404,019	-
Asset Securitisation Fund Prado IX	419,040	-
Asset Securitisation Fund Belem 1	247,487	300,321
TOTAL (*)	**3,075,761**	**3,093,582**

(*) Excluding the amount of 3,024 thousand euros on 31 December 2021 (-3,846 thousand euros on 31 December 2020) relating to valuation adjustments of these Bonds (accrued interest, issue costs and issue premium).

This heading also includes an amount of 3,044 thousand euros on 31 December 2021 (4,285 thousand euros on 31 December 2020) relating to valuation adjustments of these bonds (accrued interest, issue costs and issue premium).

The accrued interest on these bonds issued in the market and not retained by the Group is 2.1 million euros on 31 December 2021 and 3.6 million euros on 31 December 2020.

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 2021 and 2020 is as follows:

Thousands of Euros	2021		2020	
	Assets	Liabilities	Assets	Liabilities
Trading derivatives	24,750	29,168	16,437	22,778
	24,750	**29,168**	**16,437**	**22,778**

The breakdown by currency, maturity and notional amount of the trading derivatives captions in the balance sheets as at 31 December 2021 and 2020 is as follows:

Thousands of Euros	2021		2020	
	Assets	Liabilities	Assets	Liabilities
Per currency: in Euros	24,750	29,168	16,437	22,778
	24,750	**29,168**	**16,437**	**22,778**

The breakdown of the balance of trading derivatives assets and liabilities as of December 31, 2021 is as follows:

Thousands of Euros	Notional value	2021 Fair value	
		Assets	Liabilities
Other operations on interest rates: Trading derivatives	2,566,064	24,750	29,168

The breakdown of the balance of trading derivatives assets and liabilities as of December 31, 2020 was as follows:

Thousands of Euros	Notional value	2021 Fair value	
		Assets	Liabilities
Other operations on interest rates: Trading derivatives	696,341	16,437	22,778

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 2021 and 2020:

	Notionals		Fair value (asset)		Fair value (Liabilities)	
Concept	2021	2020	2021	2020	2021	2020
By market type						
Unorganised markets	5,366,540	4,971,050	25	25	19,475	106,627
Total	**5,366,540**	**4,971,050**	**25**	**25**	**19,475**	**106,627**
By product type						
Forward transactions	-	-	-	-	-	-
Swaps	5,366,540	4,971,050	25	25	19,475	106,627
Options	-	-	-	-	-	-
Other products	-	-	-	-	-	-
Total	**5,366,540**	**4,971,050**	**25**	**25**	**19,475**	**106,627**
On the counterpart						
Credit institutions - Residents	2,455,290	2,491,750	25	25	4,365	51,565
Credit institutions - Non-residents	2,911,250	2,479,300	-	-	15,110	55,062
Rest						
Total	**5,366,540**	**4,971,050**	**25**	**25**	**19,475**	**106,627**

	Notionals		Fair value (asset)		Fair value (Liabilities)	
Concept	2021	2020	2021	2020	2021	2020
Per remaining term						
Up to 1 year	2,211,435	2,762,850	-	-	2,311	2,145
More than 1 year and up to 5 years	1,462,675	1,125,800	-	-	2,339	20,421
More than 5 years	1,692,430	1,082,400	25	25	14,825	84,061
Total	**5,366,540**	**4,971,050**	**25**	**25**	**19,475**	**106,627**
By type of covered risk						
Interest rate risk	5,366,540	4,971,050	25	25	19,475	106,627
Currencies	-	-	-	-	-	-
Credit	-	-	-	-	-	-
Total	**5,366,540**	**4,971,050**	**25**	**25**	**19,475**	**106,627**
By type of elements covered						
Financial assets at amortised cost (loans and advances)	5,366,540	4,971,050	25	25	19,475	106,627
Financial assets at amortised cost (debt securities)	-	-	-	-	-	-
Total	**5,366,540**	**4,971,050**	**25**	**25**	**19,475**	**106,627**

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 2021 and 2020 is as follows:

	31.12.2021			
	Result on hedging instrument		Result in hedged instrument	
Concept	Profit	Loss	Profit	Loss
Swaps	-	37,362	17,516	-
Other products	-	-	-	-
Total	**-**	**37,362**	**17,516**	**-**

	31.12.2020			
	Result on hedging instrument		Result in hedged instrument	
Concepto	Profit	Loss	Profit	Loss
Swaps	-	34,059	15,873	-
Other products	-	-	-	-
Total	**-**	**34,059**	**15,873**	**-**

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	
	2021	**2020**
Provisions for taxes and other legal contingencies	5,929	4,726
Other provisions	8,485	5,927
	14,414	**10,653**

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 5,929 thousand euros in 2021 (4,726 thousand euros in 2020). 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 2021 and 2020 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 2021 and 2020 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				
			2021		
	Book value	Fair value	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets					
Cash, cash balances at central banks and other demand deposits	263,386	263,386	-	3	263,383
Financial assets held for trading	24,750	24,750	-	24,750	-
Non-trading financial assets mandatorily measured at fair value through profit or loss					
inancial assets at amortised cost - Loans and advances	10,367,855	10,533,931	-	-	10,533,931
Derivados de cobertura	25	25	-	25	-
Non-current assets held for sale	224,102	224,102	-	-	224,102
Financial liabilities			-	-	
Financial liabilities held for trading	29,168	29,168	-	29,168	-
Financial liabilities at amortised cost	10,626,929	10,617,196	-	-	10,617,196
Hedging derivatives	19,475	19,475	-	19,475	-

		Thousands of Euros			
			2020		
	Book value	Fair value	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets					
Cash, cash balances at central banks and other demand deposits	314,194	314,194	-	3	314,191
Financial assets held for trading	16,437	16,437	-	16,437	-
Non-trading financial assets mandatorily measured at fair value through profit or loss					
inancial assets at amortised cost - Loans and advances	10,260,537	10,362,048	-	-	10,260,537
Derivados de cobertura	25	25	-	25	-
Non-current assets held for sale	261,845	261,845	-	-	261,845
			-	-	
Financial liabilities	22,778	22,778	-	22.778	-
Financial liabilities held for trading	10,693,221	10,684,383	-	-	10,684,383
Financial liabilities at amortised cost	106,627	106,627	-	106,627	-

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, 2021 and 2020 is the following:

In thousands of Euros	2021	2020
Available-for-sale financial assets:		
Debt securities	-	-
Cash flow hedges	(14,007)	(75,443)
Other valuation adjustments	-	-
Total	**(14,007)**	**(75,443)**

The breakdown of this item in the accompanying balance sheets on 31 December 2021 and 2020 is as follows:

In thousands of Euros	2021	2020
Cash flow hedges	(14,007)	(75,443)
Total	**(14,007)**	**(75,443)**

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 2021 and 2020 is as follows:

In thousands of Euros	2021	2020
Opening balance	(75,443)	(44,130)
Additions net	-	-
Value variations	61,436	(31,313)
Total	**(14,007)**	**(75,443)**

29. Equity

On 31 December 2021 and 2020, the share capital of the parent company consists of 43,730 thousand and 37,555 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 2021 and 2020 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 equity of UCI, S.A., E.F.C. and, in particular, its ordinary tier 1 capital at the individual level, the sole shareholder, UCI S.A. decided to increase the share capital by 6,681,840 euros by issuing 101,240 new shares with a par value of 66 euros each, numbered sequentially from 694,728 to 795,967, inclusive, which were created with a total share premium of 53,318,160 euros for the new set of newly issued shares. As a result, the subscribed capital on 31 December 2021 was represented by 795,967 shares with a par value of 66 euros each, fully subscribed and paid up.

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.

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 2021 and 2020, 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 31.12.19	Movement year	Implementation Circular 4/2019	Application Change in accounting principle	Balance 31.12.20	Aplicación Cambio criterio contable	Movement year	Balance 31.12.21
Parent Entity	130,489	5,978	-	-	36,467	-	(5,276)	31,191
Consolidated companies	306,161	2,721	(52,845)	(22,963)	233,074	(4,866)	(24,534)	203,674
Total	**336,650**	**8,699**	**(52,845)**	**(22,963)**	**269,541**	**(4,866)**	**(29,810)**	**234,865**

30. Balance and transactions with gruop companies

Balances with Group companies as of 31 December 2021 and 2020 are as follows:

	31.12.21	31.12.20
Cash, cash balances at central banks and other demand deposits		
Santander	70,012	125,606
BNP Paribas	6,190	15,305
Financial liabilities at amortised cost		
Loans	3,128,700	3,149,800
BNP Paribas España	242,610	316,174
BNP Paribas Paris	3,432,983	3,402,031
Santander		
Repos		
BNP Paribas Paris	91,011	49,303
Santander	-	80,000
Prestamos Subordinados		
BNP Paribas Personal Finance	40,000	40,000
BNP Paribas Paris	12,500	12,500
Santander	52,500	52,500
Debt securities issued		
BNP Paribas Personal Finance	41,000	41,000
Santander	41,000	41,000
Financial charges - loans		
BNP Paribas-préstamos	8,496	9,810
Santander- préstamos	3,561	8,777
Net financial result-Financial instruments		
Swap charges Santander	10,022	8,346
Swap charges BNP Paribas	9,824	9,821

31. Tax position

The Group has open for tax audit the years 2017 to 2020, both inclusive, in respect of all the taxes applicable to the Group, with the exception of Corporation Tax, which is open for inspection as from the year 2016.

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 2020 and 2019 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.

The calculation for the tax charge payable is the following:

	31.12.21	31.12.20 (*)
Accounting results before tax	51,860	(36,302)
Results from subsidiaries not incorporated in the tax consolidation	(7,280)	(8,660)
Consolidated accounting result before tax	(39,756)	6,953
Accounting profit before tax consolidated group	4,824	-
Permanent differences	3,737	(4,003)
Temporary differences	(6,104)	(11,716)
Convertible bonds	(6,100)	(6,117)
Tax base	(3,643)	(35,361)
Compensation of tax bases		
Tax rate	(1,093)	(10,608)
Compensation temporary differences (25%)	-	-
Compensation tax losses carried forward (25%)	-	-
Others		
Payments on account Corporate Income Tax	(3,965)	(5,344)
Tax payable	-	-

(*) The restatement in Note 2.1 has not been considered in the calculation of the tax payable for the previous year as it is taken into account with the settlement for the year 2021.

The calculation for the tax charge payable is the following:

	31.12.21	31.12.20
Accounting results before tax	51,860	(43,256)
Results from subsidiaries not incorporated in the tax consolidation	(7,280)	(8,660)
Consolidated accounting result before tax	44,580	(51,916)
Permanent differences	3,737	4,003
Total	48,317	(47,913)
Tax expense	14,495	(14,374)
Previous years' tax	51	381
Tax expense Branch in Portugal	1,250	1,300
Impairment of tax credits	6,500	0
Others	76	(39)
Current tax expense	22,372	(12,732)

On 31 December 2021, the Group has capitalised the taxable income generated by the Tax Group in 2021 in the amount of 1.1 million euros (10.6 million euros in 2020), and these tax credits are presented under "Deferred tax assets" on the asset side of the accompanying consolidated balance sheet. In addition, in 2021, the Group has made an impairment loss of 6,500 thousand euros in relation to the tax credits it had 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 positive 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 6,015 thousand euros on 31 December 2021 (31,679 thousand euros on 31 December 2020), 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 2021 and 2020 and their movement are as follows:

	2020	Altas	Bajas	Ajustes	2021
Allocation to the provision for impairment of non-deductible monetisable receivables	45,751	-	-	-	45,751
Provision for contingencies	-	-	-	-	-
Effects of the adoption of Circular 4/2019	-	-	-	-	-
Provision for impairment of non-deductible non monetisable loan	10,774	5,167	(7,463)	-	8,478
Non-deductible impairment on investment property	2,079	440	-	-	2,519
Other Assets (IFRS 16)	911	218	-	-	1,129
Other liabilities (IFRS 16)	(903)	(212)	-	-	(1,115)
Tax effect of restatement (Note 2.1)	11,927	-	-	(11,927)	-
Tax credits	29,542	1,093	(6,500)	-	24,135
	100,080	**6,706**	**(13,963)**	(11,927)	**80,896**

Details of deferred tax assets and liabilities, excluding the tax effect of the valuation of hedging derivatives, on 31 December 2019 and 2020 and their movement are as follows:

	2019	Altas	Bajas	Ajustes	2020
Allocation to the provision for impairment of non-deductible monetisable receivables	47,967	-	(2,216)	-	45,751
Provision for contingencies	-	-	-	-	-
Effects of the adoption of Circular 4/2019	1,904	8870	-	-	10,774
Provision for impairment of non-deductible non monetisable loan	489	1,590	-	-	2,079
Non-deductible impairment on investment property	-	911	-	-	911
Other Assets (IFRS 16)	-	(903)	-	-	(903)
Other liabilities (IFRS 16)	-	-	-	-	11,927
Tax effect of restatement (Note 2.1)	18,869	10,673	-	11,927 -	29,542
	69,229	**21,141**	**(2,216)**	11,927	**100,081**

The breakdown of the income tax expense for 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Current tax	15,089	(9,599)
Deferred tax	7,232	(3,515)
Tax expense	**22,321**	**(13,114)**

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:

	Thousands of Euros	
	2021	2020
Net credits (debits) to equity:	-	-
Valuation of cash flow hedging derivatives	**(24,175)**	**13,419**

32. Contingent commitments

The detail of this caption on December 31, 2021 and 2020 is the following:

	31.12.21	31.12.20
Commitments – available by third parties	33,267	22,452
For other resident sectors	**33,267**	**22,452**

As at 31 December 2021 and 2020, 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, 2021 and 2020 is as follows:

	31.12.21	31.12.20
Financial assets at amortised cost	171,090	182,137
Derivatives - hedge accounting, interest rate risk	17,516	15,873
Other assets	287	17,745
Total	188,893	215,755

34. Expenses from interests

The detail of this caption in the accompanying income statement for the financial years ended December 31, 2021 and 2020 is as follows:

	31.12.21	31.12.20
Financial liabilities at amortised cost	13,575	33,326
Derivatives - hedge accounting, interest rate risk	37,366	34,059
Other liabilities	188	8,635
Total	51,129	76,020

35. Expenses from interests

The breakdown of the balance of this item in the accompanying consolidated income statements is as follows:

	31.12.21	31.12.20
Wages and salaries	26,040	25,912
Employee benefits expense	7,907	8,267
Total	33,948	34,179

The number of employees of the Group as of 31 December 2021 and 2020, distributed by professional category, is as follows:

	31.12.21	31.12.20
Management and Leadership	58	56
Managers and Specialised Technicians	121	130
Technical and Administrative	473	493

The average number of employees of the Group by category and gender as of 31 December 2021 and 2020 was as follows:

	31/12/2021			31/12/2020		
	Men	Women	Total	Men	Women	Total
Group III						
A	108	192	300	111	194	305
B	33	62	95	37	60	97
C	33	45	78	35	56	91
Group II						
A	13	8	21	14	8	22
B	2	1	3	2	1	3
C	44	53	97	49	56	105
Group I						
A	19	5	24	19	4	23
B	24	5	29	24	5	29
C	1	4	5	1	3	4
Others	-	-	-			
Total	**277**	**375**	**652**	**292**	**387**	**679**

The number of the Group's employees by category and gender as of 31 December 2021 and 2020 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 4 (3 men and 1 woman) and they are distributed in the following categories.

	31/12/2021			31/12/2020		
	Men	Women	Total	Men	Women	Total
Group III						
A	1	1	2	-	-	-
B	-	-	-	2	-	2
C	1	1	2	1	1	2
Total	**2**	**2**	**4**	**3**	**1**	**4**

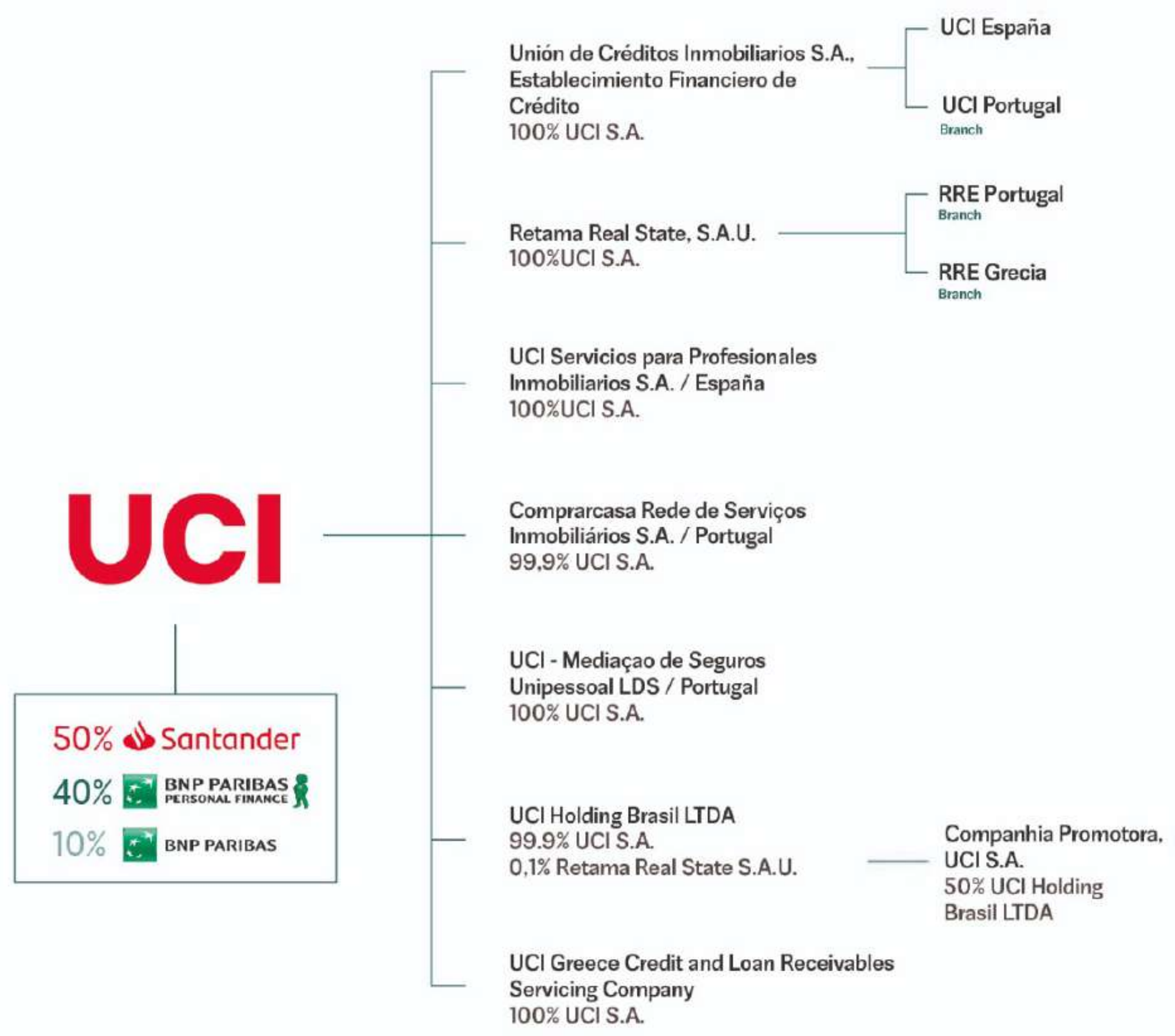
36. Administration costs

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

	31.12.21	31.12.20
On properties, installations and materials	5,823	2,767
Information technology	5,367	4,999
Communication	3,032	3,442
Advertising and Propaganda	3,195	3,955
Legal and lawyers' fees	9,091	10,660
Technical reports	853	739
Insurance premiums	496	478
Representation costs and trips	1,573	1,368
Membership fees	3,158	3,487
Sub-contracted administrative services	7,333	8,214
Local levies and taxes	5,398	9,161
	45,319	49,270

8. UCI Group Corporate Organization

UCI GROUP: Subsidiaries, Investees and Branches 2021



- UCI
  - 50% Santander
  - 40% BNP PARIBAS PERSONAL FINANCE
  - 10% BNP PARIBAS
- Unión de Créditos Inmobiliarios S.A., Establecimiento Financiero de Crédito 100% UCI S.A.
  - UCI España
  - UCI Portugal Branch
- Retama Real State, S.A.U. 100%UCI S.A.
  - RRE Portugal Branch
  - RRE Grecia Branch
- UCI Servicios para Profesionales Inmobiliarios S.A. / España 100%UCI S.A.
- Comprarcasa Rede de Serviços Inmobiliários S.A. / Portugal 99,9% UCI S.A.
- UCI - Mediaçao de Seguros Unipessoal LDS / Portugal 100% UCI S.A.
- UCI Holding Brasil LTDA 99.9% UCI S.A. 0,1% Retama Real State S.A.U.
  - Companhia Promotora, UCI S.A. 50% UCI Holding Brasil LTDA
- UCI Greece Credit and Loan Receivables Servicing Company 100% UCI S.A.

8.1 Composition of the Board of Directors

Composition of the Board of Directors	
UCI, S.A.	**Chair: Matías Rodríguez Inciarte.** Chair of Santander Universidades
	Board Member: Remedios Ruiz Maciá. Global Director of Risk Supervision and Consolidation in Banco Santander; board Member of Banco Santander Totta
	Board Member: Patrick Marie Alain Denis Miron de L Espinay. Delegate CEO of BNP Paribas Personal Finance
	Board Member: Michel Falvert. Director Large Agreements BNP Paribas Personal Finance
	Secretary of the Board of Directors: Eduardo Isidro Cortina Romero. Legal and Compliance Director
Unión de Créditos Inmobiliarios, S.A., Establecimiento Financiero de Crédito	**Chair: Matías Rodríguez Inciarte.** Presidente de Santander Universidades
	Board Member: Remedios Ruiz Maciá. Global Director of Risk Supervision and Consolidation in Banco Santander; board Member of Banco Santander Totta
	Board Member: Patrick Marie Alain Denis Miron de L Espinay. Delegate CEO of BNP Paribas Personal Finance
	Board Member: Michel Falvert. Director Large Agreements BNP Paribas Personal Finance
	Independent Member: Jean François Georges Marie Deullin. Independent Member of Findomestic Banca
	Secretary of the Board of Directors: Eduardo Isidro Cortina Romero. Legal and Compliance Director
Retama Real Estate, S.A.U.	**Sole Director: Roberto Colomer Blasco:** CEO of UCI

	Composition of the Board of Directors
UCI Servicios para Profesionales Inmobiliarios S.A.	**Chair: Roberto Colomer Blasco:** CEO of UCI
	Board Member: José Manuel Fernández Fernández. Deputy CEO Commercial Area of UCI
	Board Member: Philippe Laporte. Deputy CFO, Technology and Clients of UCI
	Board Member: José Antonio Borreguerro Herrera. IT Director of UCI
	Board Member: José Gerardo Duelo Ferrer. Chair General Council of COAPIS
	Board Member: Fernando García Erviti. Independent Real Estate Consultant
	Board Member and Secretary of the Board of Directors: Eduardo Isidro Cortina Romero. Legal and Compliance Director
CCPT - Comprarcasa Rede Serviços Imobiliários S.A.	**Chair: Roberto Colomer Blasco.** CEO of UCI
	Board Member: Pedro Megre Monteiro do Amaral. CEO of UCI Portugal
	Board Member: Luis Mário Saraiva Fonseca Nunes . CEO of Comprarcasa Portugal
	Board Member: Luis Carvalho Lima. Chair of the National Management of APEMIP
	Board Member: Vasco Morgadinho Reis. Deputy Chair of the National Management of APEMIP (Consultant)
	Secretary of the Board of Directors: Magda Andrade. Legal Director of UCI Portugal
UCI Mediaçao de Seguros Unipessoal, LDA	**Company's Director: Gregory Hervé Delloye.** CFO of UCI Portugal
	Company's Director: Pedro Megre Monteiro do Amaral. CEO of UCI Portugal
Holding Brasil L.T.D.A.	**Company's Director: Rui Filipe Amaral Lopes.** Sales Director
	Company's Director: Carla José Da Silva Moniz . CFO

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

Composition of Committees of the Board of Directors UCI Group	
UCI Group Audit and Risks Committee	**Chair: Michel Falvert .** Director Large Agreements BNP Paribas Personal Finance
	Member: Remedios Ruiz Maciá . Global Director of Risk Monitoring and Control in Banco Santander; Board Member of Banco Santander Totta
UCI Group Assessment, Suitability and Remunerations Committee	**Chair: Matías Rodríguez Inciarte .** Chair of Santander Universidades
	Member: Michel Falvert. Director Large Agreements BNP Paribas Personal Finance

Composition of Committees of the Board of Directors Unión de Créditos Inmobiliarios, S.A., Establecimiento Financiero de Crédito

Mixed Audit and Risk Committee	**Chair: Jean François Georges Marie Deullin .** Independent Member of Findomestic Banca
	Member: Michel Falvert. Director Large Agreements BNP Paribas Personal Finance
	Member: Remedios Ruiz Maciá . Global Director of Risk Monitoring and Control in Banco Santander; Board Member of Banco Santander Totta
Appointments and Remunerations Committee	**Chair: Jean François Georges Marie Deullin.** Independent Member of Findomestic Banca
	Member Matías Rodríguez Inciarte. Chair of Santander Universidades
	Member: Michel Falvert. Director Large Agreements BNP Paribas Personal Finance

Composition of the Management and Executive Committee

UCI Group Management Committee	**Roberto Colomer Blasco.** CEO of UCI
	José Manuel Fernández Fernández. Deputy CEO Commercial Area of UCI
	Philippe Laporte. Deputy CFO, Technology and Clients of UCI
	Ángel Aguilar Otero. HR Director
	Ruth Armesto Carballo. Direct Channel Director
	Rodrigo Malvar Soto. Risk Director
	Pedro Megre. CEO of UCI Portugal
	Olivier Rodríguez. General Intervention Director
UCI Group. Executive Committee	**Catia Alves.** Director of Sustainability and Corporate Responsibility
	Anabel del Barco del Barco. Communications Director
	José Antonio Borreguero Herrera. IT Director
	Eduardo Isidro Cortina Romero. Legal and Compliance Director
	Fernando Delgado Saavedra. Professional Marketing Director

UCI Portugal Executive Committee	**Francisco José Fernández Ariza.** Professional Services Director
	Cecilia Franco García. After Sales and Estates' Management Director
	José García Parra. Project Director of the Commercial Organisation of UCI
	Marta Pancorbo García. Simplification Director
	Tomás Luis de la Pedrosa Masip. Internal Audit Director
	Miguel Ángel Romero Sánchez. Customer Director
	Francisco Javier Villanueva Martínez. Risk Assessment and Quality Director
UCI Portugal Comité Ejecutivo	**Pedro Manuel Megre Monteiro do Amaral.** CEO of UCI Portugal
	Gregory Delloye. Risk and Financial Director
	José Portela. Operations Director
	Inês Silvestre. Customer Director
	Pedro Pereira. Direct Channel and Marketing Director
	Carlos Vintem. Sales Director.
UCI Greece Credit and Loan Receivables Servicing Entity, Executive Committee	**Pedro Manuel Megre Monteiro do Amaral.** CEO of UCI Portugal
	Aristidis Arvanitakis. CEO UCI Greece
	Christos Grammatikopoulos. Administrative and Financial Director
	Thanasis Philippou. Director of Operations and Recoveries.
	Evangelos Delis. Chief Portfolio Officer
Companhia Promotora UCI S.A. Executive Committee	**José Antonio Carchedi.** Chair
	Roberto Colomer Blasco. CEO UCI
	Luis Felipe Carlomagno Carchedi. CEO Companhia Promotora UCI S.A.
	Pedro Megre Monteiro do Amaral. CEO UCI Portugal

8. 2 List of UCI branch offices

Spain

UCI España Sede
Torre Ejesur
Calle Retama, 3,
7ª 28045 Madrid

Alicante
Av Maisonnave, 19,
4ºa 03003 Alicante

Almería
General Tamayo, 1,
2º 04004 Almería

Barcelona
Av. Josep Tarradellas, 20-30
– Roselló 1-13. Planta
3ª, puertas 7ª y 8ª
08029 Barcelona

Barcelona
Premium Pº de
Gracia, 6, 4º, 1ª
08007 Barcelona

Castellón
Mayor, 94, 4º
12001 Castellón

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

Gijón
Celestino Junquera, 2, Ofic 17
33202 Gijón

Gran Canaria
Venegas, 2, Ofc. 8, 9, 10
35003 Las Palmas de Gran Canaria

Jerez
Marqués de Casa Domeq, 15,
1º A 11403 Jerez

Madrid
Avda. Córdoba, 21, 3º,
1B 28026 Madrid
Príncipe de Vergara, 43 -
3º 28001 Madrid

Málaga
Trinidad Grund, 37,
1º 29001 Málaga

Marbella
Av. Ricardo Soriano, 19, 7º,
C-D 29601 Marbella
Murcia
Plaza de la Fuensanta, 2,
5ºB2
30008 Murcia

Palma de Mallorca
Av. Alejandro Rosseilo,
21, 3º 07002 Palma de
Mallorca

Sabadell
Av. Francesc Maciá, 30, Torre
A, 2º 2ª
08206 Sabadell

Sevilla
Plaza Nueva nº 3 – 3ª
planta 41001 Sevilla

Valencia
Colon, 60, 6º, C-D
46004 Valencia

Vigo
C/Manuel Núñez 2, pl 4 ofic.5
36203 Pontevedra

Zaragoza
Coso, 33, 3º Q
50+B6:C23003
Zaragoza

Portugal

UCI Portugal Sede
Av. Engenheiro Duarte,
Torre 1, 14º 1070 - 101
Lisboa

Algarve
Av. Vilampura XXI,
Edificio Portal, Bloco B,
1º D E E 8125-406
Quearteira

Almada
Almada Business Center.
Rua Marcos de Assunçao 4, 2º,
Sala 2,08
2805-290 Almada

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. Vilampura XXI,
Edificio Portal, Bloco B,
1º D E E 8125-406
Quearteira

Lisboa Norte
Av. Engenheiro Duarte, Torre
1, 14º Andar- Amoreiras
1070 Lisboa

Madeira
Rua Ivens 3, Edificio Dona
Mécia 1ºg
9000-046 Funchal

Oeiras
Taguspark. Parque de
Ciencia E Da Tecnología.
Nucleo Central 100,2,
Sala273
2740-122 Oeiras

Porto
Praça Do Bom Sucesso 123-
131, Edif. Península, 3º
Andar, Sala 306
4150-146 Porto

Greece

UCI Grecia
Aggelou Pirri Street, 5,
2nd Floor
11527 Atenas

8. 3 List of hipotecas.com branch offices

Spain

Barcelona
Rambla de Cataluña,
20, Entresuelo, 2ª
08007 Barcelona

Madrid
Goya, 9, 1º Izq.
28001 Madrid

Sevilla
Santa María de Gracia, 6, 2º
41002 Sevilla

Valencia
Plaza Los Pinazos, 2, Planta
2ª 46004 Valencia

8. 4 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
CRÉDITOS.COM	www.creditos.com
CRÉDITO HABITAÇÃO .com	www.creditohabitacao.com

RETAMA REAL ESTATE	www.retamarealstate.com
comprarcasa.	www.comprarcasa.com www.comprarcasa.pt
SIRA Spanish International Realty Alliance®	www.siralia.com www.inmocionate.com
CRS	www.crsspain.es

UCI

Hipotecas para vivir