UNICAJA BANCO, S.A.
AND SUBSIDIARY COMPANIES
(UNICAJA BANCO GROUP)

Consolidated financial statements
and consolidated management report
as at December 31, 2021

Unicaja Banco, S.A. and its subsidiaries (Unicaja Banco Group)

Audit report
Consolidates annual accounts at December 31, 2021
Consolidated director’s report

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent auditor's report on the consolidated annual accounts

To the shareholders of Unicaja Banco, S.A.:

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Unicaja Banco, S.A. (the Parent company) and its subsidiaries (the Unicaja Banco Group or the Group), which comprise the balance sheet as at December 31, 2021, and the income statement, statement of other comprehensive income, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at December 31, 2021, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. 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 relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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.

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Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

Key audit matters	How the matter was addressed in the audit
Merger by absorption of Liberbank by Unicaja Banco On December 29, 2020, the Boards of Directors of Unicaja Banco, SA and Liberbank, SA agreed to approve and sign the Common Plan for the Merger by absorption of Liberbank (absorbed company) by Unicaja Banco (absorbing company). After approval by the general meetings of shareholders of both entities on March 31, 2021, and once the necessary conditions precedent have been met, the deed of merger has been registered in the Mercantile Registry of Malaga on July 30, 2021. The date of accounting effects of the operation has been established as July 31, 2021. In accordance with IFRS 3, the Unicaja Banco Group (as absorbing entity) has recorded the identifiable assets acquired and the liabilities assumed at fair value in the allocation exercise of the cost of the business combination ("Purchase Price Allocation" or PPA). This fair value measurement process requires accounting estimates that are subject to a high component of judgment by the Group. In this sense, the Unicaja Banco Group has had the support of an independent expert to estimate the adjustments for putting them at fair value. In accordance with the provisions of paragraph 45 of IFRS 3, the acquiring entity has a measurement period of one year to record the business combination and specifically to allocate the cost of the combination to the fair value of the assets and acquired liabilities. This aspect is considered a key audit issue as it is a significant event that has taken place during the audited year and as it is one of the most significant and complex accounting estimates to be made by the Group in the preparation of the accompanying consolidated annual accounts. See note 1.14 Merger by absorption of Liberbank by Unicaja Banco in the attached consolidated annual accounts.	In relation to the described merger by absorption operation, we have carried out the following audit procedures: • Obtaining and reading the corresponding minutes of approval by the Boards of Directors and by the General Shareholders' Meetings. • Verification of the authorizations received from the competent bodies. • Obtaining and reading the deed of merger by absorption and the certificate of registration in the Mercantile Registry. • Analysis of the reasonableness of the treatment and date of accounting effects of the operation, based on the applicable financial information framework. • Understanding and evaluation of the allocation of the cost of the business combination to the assets and liabilities acquired from the Liberbank Group. • Evaluation, in collaboration with our specialists and experts, of the methodology applied by the Unicaja Banco Group to estimate the fair value of the assets and liabilities acquired in the merger, as well as the main assumptions and hypotheses used for such estimation. • Verification of the information provided in the accompanying consolidated annual accounts on the aforementioned merger operation. As a result of the work carried out, no differences have been identified, above a reasonable range, in the amounts recorded in the accompanying consolidated annual accounts.

Key audit matters	How the matter was addressed in the audit
Impairment losses on loans and receivables and assets acquired in settlement of debts Unicaja Banco Group regularly evaluates the estimate of impairment of the loan portfolio and real-estate assets derived from repossessions or other debt recovery processes, recording the relevant provisions when there is evidence of impairment due to one or more events occurring since initial recognition that impact the estimated cash flows. These estimates have been affected by the high level of uncertainty that exists as a result of the Covid-19 crisis. The determination of impairment due to credit risk and risk related to real estate assets derived from debt recovery processes is one of the most significant and complex estimates in the preparation of the accompanying consolidated annual accounts and, therefore, has been considered a key audit matter. The process for evaluating and calculating potential losses due to the impairment of these assets is carried out: • Individually, for all significant debt instruments and those which, though not significant, cannot be classified into uniform groups of instruments of a similar type, by kind of instrument, debtor's business sector and geographical area of the debtor's activity, guarantee type, age of past due amounts, etc. • Collectively, for the other debt instruments, establishing different classifications for the operations based on the nature of the liable parties, the situation of the transaction, the existence of significant increase in credit risk, the type of guarantee, the age of past due amounts, etc., setting for each of these risk groups the impairment losses to be recognised in the consolidated annual accounts.	Our work on the estimation of the valuation adjustments due to impairment have focused on the analysis, assessment and verification of the internal control system, as well as on detail testing of the estimates made by Unicaja Banco. In relation to internal control, we have carried out, among others, the following audit procedures: • Verification of general IT controls over relevant systems affecting the financial information for the area, as well as the main aspects relating to the IT systems security environment included in the calculation of the impairment provisions. • Verification that policies and procedures and the approved internal models comply with applicable regulatory requirements. • Understanding of the internal control environment in the construction of the main models, identification and validation of the main key controls, both automated and manual. The evaluation of the control environment has included checking the reliability of data sources used in the calculations. • Verification of the periodic evaluation of monitoring alerts made by Unicaja Banco to identify assets with significant increase in credit risk (Stage 2) or impaired (Stage 3). • Verification of the different expected credit losses calculation methodologies, including forward-looking information scenarios, as well as retrospective checks.

Key audit matters	How the matter was addressed in the audit
Collective provisions are calculated using internal methodologies based on experience of historical losses for assets with similar risk characteristics, adjusted on the basis of observable data, in order to reflect the effect of current conditions that do not affect the period from which the historical experience is taken, as well as to suppress the effects of the conditions of the historical period that do not exist at present. The internal valuation models and methodologies entail a major judgment component when estimating the impairment losses, considering aspects such as: • Classification of the transactions and real-estate assets in the different portfolios, depending on their risk characteristics. • Identification of impaired assets. • Use of significant assumptions such as interest rate fluctuations, unemployment rates, future income levels, etc. • Inclusion of qualitative adjustments in the calculation of provisions due to economic or judgement factors, such as internal rating policies or future economic expectations, among others. • Consideration of effective guarantees. The evaluation of the recoverable amount of guarantees is subject to an estimate of their fair value less associated costs to sell, adjusted by a discount to the reference value calculated based on its historical experience. The Unicaja Banco Group has developed internal methodologies for estimating discounts to be applied to reference values and estimated costs to sell.	• Obtaining and reading of internal validation reports on internal methodologies developed for collective impairment estimate. • Understanding and evaluation of the regular review of records conducted by Unicaja Banco, aimed at monitoring their classification and, where appropriate, recording the corresponding impairment. • Understanding of the control environment, identification of key automatic and manual controls and validation thereof, in relation to the measurement of collateral and real estate assets from debt recovery. Additionally, we have also carried out, among others, the following tests of detail: • Verification of a sample of records of individual borrowers to assess their proper classification and, where appropriate, recognition of the relevant impairment. • Verification of a sample of real-estate assets from debt recovery processes to assess their proper classification and, where appropriate, recognition of the relevant impairment. • Selective testing to verify data quality by checking with supporting documentation for the information contained in systems that serves as the basis for the classification of transactions and, any relevant impairment, where appropriate, as well as for estimating necessary real-estate asset provisions.

Key audit matters	How the matter was addressed in the audit
See note 1.4 Responsibility for the information and estimates made; note 1.13 Impacts of Covid-19; note 2.7 Impairment of the value of financial assets; note 10 Financial assets at amortized cost; and note 16 Non-current assets and disposal groups of items that have been classified as held for sale, of the attached consolidated annual accounts.	• Selective verifications with respect to: i) methods of calculation and segmentation of borrowers and real-estate assets into different categories; ii) historical loss rates in the estimate of future cash flows and of historical discount rates in sales of real-estate assets derived from debt recovery processes compared with the appraisal value; iii) the correct classification of lending operations and real-estate assets in the relevant categories. • Recalculation of collective provisions and real-estate assets derived from debt recovery processes. • Monitoring and verification, through selective testing, of impairment losses actually incurred against those estimated in previous periods. As a result of the work carried out, no differences have been identified, above a reasonable range, in the amounts recorded in the attached annual accounts.
Recoverability of deferred tax assets	
The Unicaja Banco Group regularly evaluates the recoverability period of deferred tax assets, considering the estimates made in its business plan. These estimates have been updated based on the 2022-2024 Strategic Plan approved by the Board of Directors of Unicaja Banco.	In the course of our audit, we have verified the process for estimating deferred tax assets and their future recoverability. To carry out the audit work in this area, we have received the assistance of our tax specialists. The main audit procedures carried out are described below: • Verification of policies and assumptions considered in the calculation of the deferred tax assets, and the understanding on the control environment in this area.

Key audit matters	How the matter was addressed in the audit
The evaluation of the recoverability of deferred tax assets requires a high degree of judgment and estimation. Our objective as auditors is to obtain sufficient and adequate evidence that the evaluation performed by the Group based on the projections under its business plan is reasonable and that the relevant information disclosed in the consolidated annual accounts is appropriate in the context of the applicable financial reporting framework. See Note 1.4 Responsibility for information and estimates made and Note 24.4 Temporary differences in the notes to the accompanying consolidated annual accounts.	• Obtainment and verification of the information used by the Group in the estimate and subsequent recoverability of the deferred tax assets. As the most relevant information for the estimate of the recoverability of the deferred tax assets, we have obtained the business plan drawn up by the Group and approved by the Parent company's Board of Directors and have verified the reasonableness of the assumptions included therein, in collaboration with out tax experts, by means of the following audit procedures: • Verification of the consistency of the business plan with the Group's budgets for the coming years, risk appetite framework and other documents on which the Group's strategy is based. • Verification of the consistency of the business plan in the application of the sensitivity analysis and stress exercises on the main variables. • Verification of the reasonableness of the assumptions on which the Group's business plan is based and, in the case of macroeconomic variables, verification that they are aligned with the latest forecasts on the performance of the Spanish economy (all in collaboration with our internal experts). • Evaluation of the accuracy of the projections carried out by the Group in the past, by retrospective analysis. • Verification of the reasonableness of the assumptions made in relation to the tax treatment of projected earnings and the reversibility of tax assets. As a result of the work carried out, no differences have been identified, above a reasonable range, in the amounts recorded in the accompanying consolidated annual accounts.

Key audit matters	How the matter was addressed in the audit
Provisions	
The Unicaja Banco Group records provisions to cover potential contingencies arising in the normal course of its business, such as those derived from legal proceedings or claims in which it is involved or others of a tax, legal, labour and/or regulatory nature. The Group's directors and management make the estimates applying prudent criteria and considering the best available information on the facts analysed, although in general these procedures involve uncertainty and take a considerable length of time, resulting in complex processes. As a result, the recognition of these provisions requires a major component of judgement and estimation and has therefore been considered a key audit matter. Our objective as auditors is to obtain sufficient and adequate audit evidence that the accounting estimates are reasonable and the relevant information disclosed in the annual accounts is appropriate in the context of the applicable financial reporting framework. See note 1.4 Responsibility for information and estimates made; note 2.18 Provisions and contingent liabilities; and note 18 Provisions, in the notes to the accompanying consolidated annual accounts.	In the course of our audit we have verified the policies and processes established in the Group to estimate provisions for litigation and proceedings in progress, having carried out the following audit procedures: • Understanding of the internal control environment and the policy for classifying claims and litigation, as well as, where appropriate, the allocation of provisions, in accordance with applicable accounting regulations. • Analysis of the main lawsuits, both individual and, if applicable, collective. • Obtainment of letters of confirmation from external lawyers and tax advisers that work with the Group to check their evaluation of the expected outcomes of the lawsuits, the proper recognition of the provision and the identification of potential omitted liabilities. • Follow-up of tax inspections to the Group that are in progress. • Evaluation of possible contingencies in relation to compliance with tax obligations for all periods open to inspection. • With the assistance of our internal experts, analysis of the reasonableness of the estimate of the expected outcome of the most significant fiscal and legal procedures. • Verification of the recognition, estimate and movements of accounting provisions. As a result of the work carried out, no differences have been identified, above a reasonable range, in the amounts recorded in the accompanying consolidated annual accounts.

Key audit matters	How the matter was addressed in the audit
Matters related to automated financial information systems and access thereto Given the operations it carries out, the Unicaja Banco Group uses complex information systems in both the performance of its business activity and the processing, recording, storage, preparation and presentation of its financial and accounting information. Therefore, adequate control over them and the access protocols for applications and databases are essential to ensure the proper processing of information. In this context, knowledge, evaluation and validation of general controls relating to the financial information systems, including accesses to applications and databases, is a key area of our work. In addition, the effectiveness of the general internal control framework for information systems related to the accounting recognition and closing process is essential for the performance of certain audit procedures based on internal control. It should be noted that, within the framework of the merger by absorption of Liberbank, SA (as the absorbed entity) by Unicaja Banco, SA (as the absorbing entity), at the end of the 2021 financial year the Group had two different IT platforms, which will coexist until that the computer and operational integration be carried out.	As part of our overall approach, we have carried out the validation of the general IT controls and automated controls over applications that support the key business processes. To carry out the audit work in this area, we have received the assistance of our IT systems specialists. The main audit procedures carried out on the information systems considered relevant to the process for generating financial information are as follows: • Validation of general organisation and management control mechanisms, including policies and procedures relating to the control functions, and the appropriate segregation of functions. • Validation of controls for the management of access authorisations to the financial information systems, for managing users and for making changes in the information systems. • Validation of development controls and maintenance of the application systems. • Concerning key IT applications, validation of entry and exit controls and controls over system processing and files. • Understanding and evaluation of the Group's controls in the IT security area. • Understanding of key business processes, identification of key automated controls therein and validation of these controls.

Key audit matters	How the matter was addressed in the audit
	• Understanding and verification of the process for generating manual entries and tests of extraction and filtering of entries included manually in the financial information systems. As a result of the work carried out, no relevant aspects have been identified that could significantly affect the financial information included in the accompanying consolidated annual accounts.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2021 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with what is required by the regulations governing the activity of auditing accounts, consists of:

a) Check only that the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, to which the Accounts Audit Law refers, has been provided in the manner provided in the applicable regulations and, in otherwise, to inform about it.

b) Evaluate and report on the concordance of the rest of the information included in the consolidated management report with the consolidated annual accounts, based on the knowledge of the Group obtained during the audit of the aforementioned accounts, as well as evaluate and report on if the content and presentation of this part of the consolidated management report are in accordance with the applicable regulations. If, based on the work we have done, we conclude that there are material misstatements, we are obliged to report it.

Based on the work carried out, as described above, we have verified that the information mentioned in section a) above is provided in the manner provided for in the applicable regulations and that the rest of the information contained in the consolidated management report agrees with that of the consolidated annual accounts for the year 2021 and their content and presentation are in accordance with the applicable regulations.

Responsibility of the directors and the Audit and Compliance Committee for the consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent company's directors 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent company's Audit and Compliance Committee is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

Responsibility of the directors and the Audit and Compliance Committee for the consolidated annual accounts

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In preparing the consolidated annual accounts, the Parent company's directors 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent company's Audit and Compliance Committee is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

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 legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

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

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.

- Conclude on the appropriateness of the Parent company's directors' 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 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 fair presentation.

- 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 Parent company's Audit and Compliance Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Unicaja Banco's Audit and Compliance Committee of the Parent company with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the Audit and Compliance Committee those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Parent company's Audit and Compliance Committee, 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.

Report on other legal and regulatory requirements

European Single Electronic Format

We have examined the digital files of the European Single Electronic Format (ESEF) of Unicaja Banco, S.A. and subsidiaries for financial year 2021, which comprise the XHTML file that includes the consolidated annual accounts for the financial year and the XBRL files with the labeling carried out by the entity, which will form part of the annual financial report.

The administrators of the Unicaja Banco, S.A. are responsible for presenting the annual financial report for the 2021 financial year in accordance with the format and marking requirements established in the Delegated Regulation (EU) 2019/815, of December 17, 2018, of the European Commission (hereinafter ESEF Regulation).

Our responsibility is to examine the digital files prepared by the administrators of the Parent Company, in accordance with the regulations governing the activity of account auditing in force in Spain. Said regulations require that we plan and execute our audit procedures in order to verify whether the content of the consolidated annual accounts included in the aforementioned digital files fully corresponds to that of the consolidated annual accounts that we have audited, and whether the format and marking of the same and the aforementioned files has been carried out in all significant aspects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined fully correspond to the audited consolidated annual accounts, and these are presented and have been marked, in all their significant aspects, in accordance with the requirements established in the ESEF Regulation.

Report to the Parent company's Audit and Compliance Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent company's Audit and Compliance Committee dated February 16, 2022.

Appointment period

The Ordinary General Shareholders' Meeting of the parent Company, at its meeting held on March 31, 2021, appointed us as auditors of the Group for a period of three years, corresponding to the year ended December 31, 2021.

Previously, we were appointed as auditors by resolutions of the General Meeting of Shareholders of the Parent Company, or of the General Assembly of the predecessor entity, and we have been carrying out the work of auditing the accounts of the Group, without interruption, since the year ended December 31, 2002.

Services provided

The services, other than the auditing of accounts, that have been provided to the audited Group are detailed in note 41.2 of the accompanying consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish signed by
Carlos Caballer Fernández-Manrique (23390)

February 16, 2022

UNICAJA BANCO, S.A. AND SUBSIDIARIES (UNICAJA BANCO GROUP)

CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31, 2021 AND 2020
(Thousands of Euros)

ASSETS	Note	2021	2020
CASH, CASH BALANCES WITH CENTRAL BANKS, AND OTHER DEMAND DEPOSITS	7	21,297,503	6,667,189
FINANCIAL ASSETS HELD FOR TRADING	8.1	44,741	192,834
Derivatives		31,134	5,916
Equity instruments		12,592	14,954
Debt securities		1,015	171,964
Loans and advances		-	-
Central banks		-	-
Credit institutions		-	-
Customers		-	-
Pro memoria: lent or given as collateral with the right to sell or pledge		-	-
NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS	8.2	228,227	91,279
Equity instruments		41	-
Debt securities		93,822	91,279
Loans and advances		134,364	-
Central banks		-	-
Credit institutions		-	-
Customers		134,364	-
Pro memoria: lent or given as collateral with the right to sell or pledge		-	-
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-
Debt securities		-	-
Loans and advances		-	-
Central banks		-	-
Credit institutions		-	-
Customers		-	-
Pro memoria: lent or given as collateral with the right to sell or pledge		-	-
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	9.1	1,297,820	1,494,464
Equity instruments		627,119	403,005
Debt securities		670,701	1,091,459
Loans and advances		-	-
Central banks		-	-
Credit institutions		-	-
Customers		-	-
Pro memoria: lent or given as collateral with the right to sell or pledge		*29,296*	*346,097*
FINANCIAL ASSETS AT AMORTIZED COST	10	81,991,738	51,548,558
Equity instruments		-	-
Debt securities		24,849,659	22,157,383
Loans and advances		57,142,079	29,391,175
Central banks		-	-
Credit institutions		1,118,984	1,762,178
Customers		56,023,095	27,628,997
Pro memoria: lent or given as collateral with the right to sell or pledge		*24,200,623*	*13,636,465*
DERIVATIVES - HEDGE ACCOUNTING	11	815,044	617,130
CHANGES IN FAIR VALUE OF HEDGED ITEMS OF A PORTFOLIO WITH HEDGED INTEREST RATE RISK	11	99,301	-
INVESTMENT IN JOINT VENTURES AND ASSOCIATES	12	1,052,033	361,830
Joint ventures		72,499	35,360
Associates		979,534	326,470
ASSETS COVERED BY INSURANCE OR REINSURANCE CONTRACTS	20	1,949	1,831
TANGIBLE ASSETS	13	2,249,296	1,144,501
Tangible fixed assets		1,392,916	837,060
Own use		1,392,916	837,060
Loaned under operating lease		-	-
Investment property		856,380	307,441
Of which: loaned under operating lease		*646,911*	*198,016*
Pro memoria: acquired under a finance lease		*90,747*	*40,833*
INTANGIBLE ASSETS	14	79,806	74,095
Goodwill		38,333	44,502
Other intangible assets		41,473	29,593

(continued on next page)

ASSETS	Note	2021	2020
TAX ASSETS	24	5,250,087	2,741,136
Current tax assets		482,444	37,018
Deferred tax assets		4,767,643	2,704,118
OTHER ASSETS	15	442,359	365,102
Insurance contracts linked to pensions		31,060	31,679
Inventories		159,261	185,138
Other assets		252,038	148,285
NON-CURRENT ASSETS AND DISPOSAL GROUPS OF ITEMS CLASSIFIED AS HELD FOR SALE	16	700,089	244,316
TOTAL ASSETS		**115,549,993**	**65,544,265**

(*) Shown solely and exclusively for comparative purposes (Note 1.5).
Notes 1 to 49 described in the Financial Statement and Annexes I, II, III, IV, V, VI, and VII form an integral part of the consolidated balance sheet as at December 31, 2021.

LIABILITIES	Note	2021	2020
FINANCIAL LIABILITIES HELD FOR TRADING	8.1	31,123	11,634
Derivatives		31,123	11,634
Short positions		-	-
Deposits		-	-
Central banks		-	-
Credit institutions		-	-
Customers		-	-
Debt securities issued		-	-
Other financial liabilities		-	-
FINANCIAL LIABILITIES VALUED AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-
Deposits		-	-
Central banks		-	-
Credit institutions		-	-
Customers		-	-
Debt securities issued		-	-
Other financial liabilities		-	-
Pro memoria: subordinate liabilities		-	-
FINANCIAL LIABILITIES AT AMORTIZED COST	17	105,475,581	59,052,887
Deposits		101,110,937	57,504,176
Central banks		10,291,702	4,998,096
Credit institutions		6,665,025	3,805,469
Customers		84,154,210	48,700,611
Debt securities issued		2,497,755	362,926
Other financial liabilities		1,866,889	1,185,785
Pro memoria: subordinate liabilities		*623,658*	*302,932*
DERIVATIVES - HEDGE ACCOUNTING	11	999,690	609,030
CHANGES IN FAIR VALUE OF HEDGED ITEMS OF A PORTFOLIO WITH HEDGED INTEREST RATE RISK		-	-
LIABILITIES COVERED BY INSURANCE OR REINSURANCE CONTRACTS	20	580,053	612,472
PROVISIONS	18	1,428,127	798,622
Pensions and other benefit obligations defined as post-employment		178,798	56,633
Other long-term employee benefits		188,566	176,619
Outstanding tax litigation and procedural matters		-	-
Commitments and guarantees granted		106,348	119,629
Remaining provisions		954,415	445,741
TAX LIABILITIES	24	389,104	257,941
Current tax liabilities		19,667	21,477
Deferred tax liabilities		369,437	236,464
OTHER LIABILITIES	19	320,274	196,487
LIABILITIES INCLUDED IN DISPOSABLE GROUPS OF ITEMS CLASSIFIED AS HELD FOR SALE		-	-
TOTAL LIABILITIES		**109,223,952**	**61,539,073**

(*) Shown solely and exclusively for comparative purposes (Note 1.5).
Notes 1 to 49 described in the Financial Statement and Annexes I, II, III, IV, V, VI, and VII form an integral part of the consolidated balance sheet as at December 31, 2021.

NET EQUITY	Note	2021	2020
SHAREHOLDERS' EQUITY	22 and 23	**6,415,719**	**4,000,562**
SHARE CAPITAL		663,708	1,579,761
Paid-up capital		663,708	1,579,761
Non paid-up capital required		-	-
Pro memoria: unclaimed capital		-	-
SHARE PREMIUM		1,209,423	1,209,423
EQUITY INSTRUMENTS ISSUED OTHER THAN SHARE CAPITAL		547,385	47,429
Net equity component of compound financial instruments		547,385	47,429
Other equity instruments issued		-	-
OTHER NET EQUITY ITEMS		-	-
ACCUMULATED EARNINGS	23.1	2,743,437	959,533
REVALUATION RESERVES		-	-
OTHER RESERVES		142,010	126,764
Cumulative reserves or losses on investments in joint ventures and associates		(109,517)	(127,721)
Other		251,527	254,485
(-) OWN SHARES		(3,446)	(179)
PROFIT ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY		1,113,202	77,831
(-) INTERIM DIVIDENDS		-	-
ACCUMULATED OTHER COMPREHENSIVE INCOME		**(90,104)**	**4,157**
ELEMENTS THAT WILL NOT BE RECLASSIFIED AS INCOME		115,328	79,000
Actuarial gains or (-) losses on defined benefit pension plans		9,220	2,694
Non-current assets and disposable groups of items classified as held for sale		-	-
Stake in other recognized income and expenses of investments in joint ventures and affiliates		22,181	9,979
Changes in fair value of equity instruments at fair value through other comprehensive income	9.3	83,927	66,327
Inefficiency of fair value hedges of equity instruments at fair value through other comprehensive income		-	-
Changes in fair value of equity instruments at fair value through other comprehensive income (hedged item)		-	-
Changes in fair value of equity instruments at fair value through other comprehensive income (hedge instrument)		-	-
Changes in fair value of financial liabilities at fair value through profit or loss attributable to changes in credit risk		-	-
ITEMS THAT CAN BE RECLASSIFIED TO PROFIT OR LOSS		(205,432)	(74,843)
Hedges of net investments in foreign transactions (efficient part)		-	-
Conversion of foreign currency		(67)	(22)
Hedging derivatives. Cash flow hedging reserve (effective portion)		(304,535)	(151,376)
Changes in fair value of debt instruments at fair value through other comprehensive income	9.2	26,757	48,147
Hedging instruments (non-designated elements)		-	-
Non-current assets and disposable groups of items classified as held for sale		-	-
Stake in other income and expenses recognized in investments in joint ventures and affiliates	23	72,413	28,408
NON-CONTROLLING INTERESTS (NON-SIGNIFICANT HOLDINGS)	21	**426**	**473**
ACCUMULATED OTHER COMPREHENSIVE INCOME		-	-
OTHER ENTRIES		426	473
TOTAL NET EQUITY		**6,326,041**	**4,005,192**
TOTAL NET WORTH AND LIABILITIES		**115,549,993**	**65,544,265**
PRO MEMORIA: OFF-BALANCE SHEET EXPOSURES			
COMMITMENTS FOR LOANS GRANTED	31.3	5,050,202	2,429,312
FINANCIAL GUARANTEES GRANTED	31.1	214,717	62,306
OTHER COMMITMENTS GRANTED	31.1	6,023,042	1,902,936

(*) Shown solely and exclusively for comparative purposes (Note 1.5).

Notes 1 to 49 described in the Financial Statement and Annexes I, II, III, IV, V, VI, and VII form an integral part of the consolidated balance sheet as at December 31, 2021.

UNICAJA BANCO, S.A. AND SUBSIDIARIES (UNICAJA BANCO GROUP)

CONSOLIDATED INCOME STATEMENT
FOR THE FISCAL YEARS ENDING
DECEMBER 31, 2021 AND 2020
(Thousands of Euros)

	Note	(debits) credits 2021	2020
INTEREST INCOME	32	852,123	724,724
Financial assets at fair value through other comprehensive income		3,334	3,759
Financial assets at amortized cost		988,319	590,573
Others		(139,530)	130,392
INTEREST EXPENSE	33	(122,004)	(146,531)
EXPENSES FOR SHARE CAPITAL REPAYABLE ON DEMAND		-	-
NET INTEREST MARGIN		**730,119**	**578,193**
DIVIDEND INCOME	34	19,298	14,929
PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	35	40,270	35,377
FEE REVENUE	36	395,674	254,711
FEE EXPENSES	37	(33,208)	(21,843)
NET GAINS OR LOSSES FOR DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	38	38,967	92,021
NET GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING	38	12,687	(2,948)
NET GAINS OR (-) LOSSES FROM NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS	38	(2,014)	664
NET GAINS OR LOSSES ON NET FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	38	-	-
NET GAINS OR LOSSES RESULTING FROM HEDGE ACCOUNTING	38	(1,403)	2,712
NET EXCHANGE DIFFERENCES (PROFIT OR LOSS)	2.4	3,996	(9)
OTHER OPERATING INCOME	39	61,749	95,591
OTHER OPERATING EXPENSES	39	(188,261)	(113,773)
INCOME FROM ASSETS COVERED BY INSURANCE OR REINSURANCE CONTRACTS	40	63,004	70,446
EXPENSES FROM LIABILITIES COVERED BY INSURANCE OR REINSURANCE CONTRACTS	40	(41,560)	(51,241)
GROSS MARGIN		**1,099,318**	**954,830**
ADMINISTRATIVE EXPENSES	41	(637,904)	(521,966)
Personnel expenses		(437,462)	(366,625)
Other administration expenses		(200,442)	(155,341)
AMORTIZATION	13 and 14	(68,922)	(49,931)
(PROVISIONS OR REVERSAL OF PROVISIONS)	18	(468,791)	(43,131)
(IMPAIRMENT OF VALUE OR REVERSAL OF IMPAIRMENT OF FINANCIAL ASSETS NOT AT FAIR VALUE THROUGH PROFIT OR LOSS AND NET GAINS OR LOSSES DUE TO CHANGES)	10 and 27	(181,993)	(241,927)
Financial assets at fair value through other comprehensive income		373	(22)
Financial assets at amortized cost		(182,366)	(241,905)
PROFIT OR LOSS FROM OPERATING ACTIVITY		**(258,292)**	**97,875**
IMPAIRMENT OF VALUE OR REVERSAL OF INVESTMENTS IN JOINT VENTURES OR ASSOCIATES	42	213	-
IMPAIRMENT OF VALUE OR REVERSAL OF NON-FINANCIAL ASSETS	42	(11,847)	(2,700)
Tangible assets		(4,636)	2,575
Intangible assets		(6,773)	(6,773)
Others		(438)	1,498
NET GAINS OR LOSSES ON DERECOGNITION OF NON-FINANCIAL ASSETS AND HOLDINGS	43	6,922	2,614
NEGATIVE GOODWILL RECOGNIZED IN PROFIT OR LOSS	1.14	1,301,333	-
GAINS OR LOSSES FROM NON-CURRENT ASSETS AND DISPOSABLE GROUPS OF ITEMS CLASSIFIED AS HELD FOR SALE THAT ARE INADMISSIBLE AS DISCONTINUED OPERATIONS	44	(16,896)	1,309
GAINS OR LOSSES BEFORE TAX FROM CONTINUING OPERATIONS		**1,021,433**	**99,098**
EXPENSE OR INCOME FROM TAX ON GAINS FROM CONTINUING OPERATIONS	24	91,765	(21,272)
GAINS OR LOSSES AFTER TAX FROM CONTINUING OPERATIONS		**1,113,198**	**77,826**
GAINS OR LOSSES AFTER TAX FROM DISCONTINUED OPERATIONS	2.22	**-**	**-**
PROFIT OR LOSS FOR THE YEAR		**1,113,198**	**77,826**
Attributable to non-controlling interests (non-significant holdings)	21	(4)	(5)
Attributable to the owners of the parent company		1,113,202	77,831
EARNINGS PER SHARE			
Basic earnings per share (Euros)	3	0.544	0.045
Diluted earnings per share (Euros)	3	0.544	0.045

(*) Shown solely and exclusively for comparative purposes (Note 1.5).
Notes 1 to 49 described in the Financial Statement and Annexes I, II, III, IV, V, VI, and VII form an integral part of the consolidated income statement for the fiscal year 2021.

UNICAJA BANCO, S.A. AND SUBSIDIARIES (UNICAJA BANCO GROUP)

CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSE FOR THE FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020
(Thousands of Euros)

	Note	Year 2021	Year 2020
PROFIT OR LOSS FOR THE YEAR		**1,113,198**	**77,826**
OTHER COMPREHENSIVE INCOME		**(94,261)**	**5,206**
Elements that will not be reclassified as income		**36,328**	**54,063**
Actuarial gains (losses) on defined benefit pension plans	41	9,323	4,973
Non-current assets and disposal groups classified as held for sale		-	-
Stake in other recognized income and expenses of investments in joint ventures and affiliates		17,431	901
Changes in fair value of equity instruments at fair value through other comprehensive income		25,143	71,358
Net gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive income		-	-
Changes in fair value of equity instruments at fair value through other comprehensive income (hedged item)		-	-
Changes in fair value of equity instruments at fair value through other comprehensive income (hedging instrument)		-	-
Changes in fair value of financial liabilities at fair value through profit or loss attributable to changes in credit risk		-	-
Tax on gains related to the items that will not be reclassified	24.3	(15,569)	(23,169)
Items that can be reclassified as income		**(130,589)**	**(48,857)**
Hedges of net investments in foreign transactions (efficient part)		-	-
Value gains or (-) losses entered under net equity		-	-
Transferred to profit or loss		-	-
Other reclassifications		-	-
Conversion of foreign currency	2.4	(64)	(10)
Gains or (-) losses as a result of currency exchange entered under equity		(5,775)	3
Transferred to profit or loss		5,711	(13)
Other reclassifications		-	-
Cash flow hedging (efficient part)	11	(218,799)	(81,138)
Value gains or (-) losses entered under net equity		9,930	(167,773)
Transferred to profit or loss		(228,729)	86,635
Transferred to the original book value of the hedged items		-	-
Other reclassifications		-	-
Hedging instruments (non-designated elements)		-	-
Gains or (-) losses as a result of currency exchange entered under equity		-	-
Transferred to profit or loss		-	-
Other reclassifications		-	-
Debt instruments at fair value through other comprehensive income	9	(30,557)	2,385
Value gains or (-) losses entered under net equity		(35,226)	4,261
Transferred to profit or loss		4,669	(1,876)
Other reclassifications		-	-
Non-current assets and disposal groups classified as held for sale	16	-	-
Value gains or (-) losses entered under net equity		-	-
Transferred to profit or loss		-	-
Other reclassifications		-	-
Stake in other recognized income and expenses of investments in joint ventures and affiliates	23	62,864	8,967
Tax on gains related to the items that will not be reclassified as gains or losses	24.3	55,967	20,939
Total overall profit or loss for the year		**1,018,937**	**83,032**
Attributable to non-controlling interests (non-significant holdings)		(4)	(5)
Attributable to the owners of the parent company		1,018,941	83,037

(*) Shown solely and exclusively for comparative purposes (Note 1.5).
Notes 1 to 49 described in the Financial Statement and Annexes I, II, III, IV, V, VI, and VII form an integral part of the consolidated statement of recognized income and expenditure for the fiscal year 2021.

UNICAJA BANCO, S.A. AND SUBSIDIARIES (UNICAJA BANCO GROUP)

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY IN THE FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020

(Thousands of Euros)

	Share capital	Share premium	Equity instruments issued other than share capital	Other net equity items	Accumulated earnings	Revaluation reserves	Other reserves	Own shares (-)	Profit attributable to the owners of the parent company	Interim dividends (-)	Other cumulative overall income	Minority interest		Total
												Other cumulative overall income	Other entries	
Opening balance at 12/31/2020	**1,579,761**	**1,209,423**	**47,429**	**-**	**959,533**	**-**	**126,764**	**(179)**	**77,831**	**-**	**4,157**	**-**	**473**	**4,005,192**
Effects of error correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes to accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance at 01/01/2021	**1,579,761**	**1,209,423**	**47,429**	**-**	**959,533**	**-**	**126,764**	**(179)**	**77,831**	**-**	**4,157**	**-**	**473**	**4,005,192**
Total overall profit or loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,113,202**	**-**	**(94,261)**	**-**	**(4)**	**1,018,937**
Other changes in net equity	**(916,053)**	**-**	**499,956**	**-**	**1,783,904**	**-**	**15,246**	**(3,267)**	**(77,831)**	**-**	**-**	**-**	**(43)**	1,301,912
Issue of common shares	1,075,072	-	-	-	-	-	-	-	-	-	-	-	-	1,075,072
Issue of preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of other equity instruments	-	-	500,000	-	-	-	(3,061)	-	-	-	-	-	-	496,939
Exercising or expiry of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt into net equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share capital decrease	(1,991,125)	-	-	-	1,991,125	-	-	-	-	-	-	-	-	-
Dividends (or shareholder remuneration) (Note 3)	-	-	-	-	(23,492)	-	-	-	-	-	-	-	-	(23,492)
Purchase of own shares	-	-	-	-	-	-	-	(55)	-	-	-	-	-	(55)
Sale or cancellation of own shares	-	-	-	-	-	-	-	15	-	-	-	-	-	15
Reclassification of financial instruments from net equity to liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to net equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between components of net equity (Note 3)	-	-	-	-	61,185	-	16,646	-	(77,831)	-	-	-	-	-
Increase or (-) decrease in net equity resulting from business combinations (Note 1.14)	-	-	-	-	(244,579)	-	1,652	(3,227)	-	-	-	-	-	(246,154)
Stock-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other increases (decreases) in net equity	-	-	(44)	-	(335)	-	9	-	-	-	-	-	(43)	(413)
Closing balance at 12/31/2021	**663,708**	**1,209,423**	**547,385**	**-**	**2,743,437**	**-**	142,010	**(3,446)**	**1,113,202**	**-**	**(90,104)**	**-**	**426**	**6,326,041**

Notes 1 to 49 described in the Financial Statement and Annexes I, II, III, IV, V, VI, and VII form an integral part of the statement of changes in consolidated net equity in the fiscal year 2021.

UNICAJA BANCO, S.A. AND SUBSIDIARIES (UNICAJA BANCO GROUP)

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY IN THE FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020

(Thousands of Euros)

	Share capital	Share premium	Equity instruments issued other than share capital	Other net equity items	Accumulated earnings	Revaluation reserves	Other reserves	Own shares (-)	Profit attributable to the owners of the parent company	Interim dividends (-)	Other cumulative overall income	Minority interest		Total
												Other cumulative overall income	Other entries	
Opening balance at 31/12/2019	**1,610,302**	**1,209,423**	**47,574**	**-**	**915,492**	**-**	**30,759**	**(14,865)**	**172,281**	**-**	**(1,049)**	**-**	**478**	**3,970,395**
Effects of error correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes to accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance at 1/1/2020	**1,610,302**	**1,209,423**	**47,574**	**-**	**915,492**	**-**	**30,759**	**(14,865)**	**172,281**	**-**	**(1,049)**	**-**	**478**	**3,970,395**
Total overall profit or loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**77,831**	**-**	**5,206**	**-**	**(5)**	**83,032**
Other changes in net equity	**(30,541)**	**-**	**(145)**	**-**	**44,041**	**-**	**96,005**	**14,686**	**(172,281)**	**-**	**-**	**-**	**-**	**(48,235)**
Issue of common shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercising or expiry of other equity instruments issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt into net equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share capital decrease	(30,541)	-	-	-	-	-	-	-	-	-	-	-	-	(30,541)
Dividends (or shareholder remuneration) (Note 3)	-	-	-	-	(6,850)	-	-	-	-	-	-	-	-	(6,850)
Purchase of own shares	-	-	-	-	-	-	-	(15,887)	-	-	-	-	-	(15,887)
Sale or cancellation of own shares	-	-	-	-	-	-	-	30,573	-	-	-	-	-	30,573
Reclassification of financial instruments from net equity to liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to net equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between components of net equity (Note 3)	-	-	-	-	76,276	-	96,005	-	(172,281)	-	-	-	-	-
Increase (decrease) in equity resulting from business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other increases (decreases) in net equity	-	-	(145)	-	(25,385)	-	-	-	-	-	-	-	-	(25,530)
Closing balance at 12/31/2020	**1,579,761**	**1,209,423**	**47,429**	**-**	**959,533**	**-**	**126,764**	**(179)**	**77,831**	**-**	**4,157**	**-**	**473**	**4,005,192**

(*) Shown solely and exclusively for comparative purposes (Note 1.5).

Notes 1 to 49 described in the Financial Statement and Annexes I, II, III, IV, V, VI, and VII form an integral part of the statement of changes in consolidated net equity in the fiscal year 2021.

UNICAJA BANCO, S.A.
AND SUBSIDIARIES (UNICAJA BANCO GROUP)

CONSOLIDATED CASH FLOW STATEMENT FOR THE FISCAL YEARS ENDED DECEMBER 31, 2021 AND 2020
(Thousands of Euros)

	Note	Year 2021	Year 2020
A) CASH FLOWS FROM OPERATING ACTIVITIES		**13,958,602**	**2,027,910**
Profit or loss for the year		**1,113,198**	**77,826**
Adjustments to obtain the cash flows from operating activities		**1,131,210**	**(46,358)**
Amortization	13 and 14	68,922	49,931
Other adjustments	2.26	1,062,288	(96,289)
Net increase/decrease in operating assets		**4,590,911**	**(6,842,248)**
Financial assets held for trading	8.1	149,979	(157,524)
Non-trading financial assets mandatorily at fair value through profit or loss	8.2	2,557	1,385
Financial assets at fair value through profit or loss		-	-
Financial assets at fair value through other comprehensive income	9.1	529,378	391,685
Financial assets at amortized cost	10	7,627,786	(6,894,845)
Other operating assets		(3,718,789)	(182,949)
Net increase/decrease in operating liabilities:		**7,514,449**	**8,868,170**
Financial liabilities held for trading	8.1	17,900	(13,482)
Financial liabilities valued at fair value with changes in income		-	-
Financial liabilities at amortized cost	17	7,302,038	8,848,209
Other operating liabilities		194,511	33,443
Tax on gains collections/payments		**(391,166)**	**(29,480)**
B) CASH FLOWS FROM INVESTMENT ACTIVITIES		**195,288**	**103,168**
Payments		**(38,842)**	**(51,285)**
Tangible assets	13	(18,732)	(25,857)
Intangible assets	14	(12,799)	(14,635)
Investment in joint ventures and associates	12	(7,311)	(10,793)
Subsidiaries and other business units		-	-
Non-current assets and liabilities classified as held for sale	16	-	-
Other payments related to investment activities		-	-
Collections		**234,130**	**154,453**
Tangible assets	13	40,369	24,534
Intangible assets	14	1,272	-
Investment in joint ventures and associates	12	2,285	56,535
Subsidiaries and other business units		-	-
Non-current assets and liabilities classified as held for sale	16	190,204	73,384
Other charges related to investment activities		-	-

(continued on next page)

(*) Shown solely and exclusively for comparative purposes (Note 1.5).
Notes 1 to 49 described in the Financial Statement and Annexes I, II, III, IV, V, VI, and VII form an integral part of the consolidated cash flow statement for the fiscal year 2021.

	Note	Year 2021	2020
C) CASH FLOWS FROM FINANCING ACTIVITIES		**476,424**	**(22,704)**
Payments		**(23,591)**	**(22,731)**
Dividends	3	(16,909)	-
Subordinated liabilities	17	-	-
Amortization of equity instruments		(44)	-
Acquisition of equity instruments		(55)	(15,881)
Other payments related to financing activities		(6,583)	(6,850)
Collections		**500,015**	**27**
Subordinated liabilities	17	-	-
Issuance of equity instruments		500,000	-
Disposal of equity instruments		15	27
Other collections related to financing activities		-	-
D) EFFECT OF EXCHANGE RATE VARIATIONS		**-**	**-**
E) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT (A + B + C + D)		**14,630,314**	**2,108,374**
F) CASH AND EQUIVALENT AT THE START OF THE PERIOD		**6,667,189**	**4,558,815**
G) CASH AND EQUIVALENT AT THE END OF THE PERIOD		**21,297,503**	**6,667,189**
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD		**21,297,503**	**6,667,189**
Cash	2.27	581,804	339,299
Balances equivalent to cash in central banks	2.27	20,560,121	6,106,672
Other financial assets	2.27	155,578	221,218
Minus: bank overdrafts repayable on demand		-	-
TOTAL CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD	2.27	**21,297,503**	**6,667,189**
Of which: in hands of Group companies but not available to the Group		-	-

(*) Shown solely and exclusively for comparative purposes (Note 1.5).
Notes 1 to 49 described in the Financial Statement and Annexes I, II, III, IV, V, VI, and VII form an integral part of the consolidated cash flow statement for the fiscal year 2021.

UNICAJA BANCO, S.A. AND SUBSIDIARIES
(UNICAJA BANCO GROUP)

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2021.
(Expressed in thousands of Euros)

1. Nature of the Company and Group, basis of presentation of the consolidated financial statements and other information

1.1 Nature of the Parent Company and Group

Unicaja Banco, S.A. (hereinafter, Unicaja Banco, the Parent Company, or the Bank) is a credit institution incorporated for an indefinite period of time on December 1, 2011. Its operations started as a consequence of the approval by the General Assembly of Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén - Unicaja (now, Fundación Bancaria Unicaja) of the indirect exercise of the financial activity through a bank.

The Bank is an entity subject to the rules and regulations on banking entities operating in Spain. Other public information about the Bank is available both on its corporate website (www.unicajabanco.com) and at its registered office (Avenida de Andalucía, 10 y 12, Málaga).

The Bank's object is to carry out all kinds of activities, operations, acts, contracts and services typical of the banking business in general or which are directly or indirectly related or supplementary thereto or are carried out by it, provided that their performance is permitted or not forbidden by current legislation.

The Bank's object includes the provision of investment services and other auxiliary services, as well as the performance of activities typical of insurance agents, as an exclusive or linked operator, the simultaneous exercise of both not being admissible.

In accordance with its Bylaws, such activities, which meet the requirements of Law 10/2014, of June 26, on the regulation, supervision and solvency of credit institutions, and which comprise its object, may be carried out in part of in full, indirectly, in any of the forms permitted by law and, in particular, through the ownership of shares or equity interests in companies or through participation in other entities whose object is identical, similar or supplementary to its activities.

The Bank is registered in the Mercantile Registry of Málaga and, as a credit institution, in the Special Registry of the Bank of Spain under number 2103. In addition, the Bank holds a license to exercise banking activity granted in accordance with the provisions of Article 1 and concordant provisions of Royal Decree 1245/1995, a rule that was replaced by the current Royal Decree 84/2015, of February 13, implementing Law 10/2014, of June 26, on the regulation, supervision and solvency of credit institutions.

The consolidated financial statements of the Liberbank Group, those of the Bank and those of the other entities in the Group for the 2021 fiscal year have yet to be approved by their respective Shareholders in a General Meeting. Nonetheless, the Bank's Board of Directors expects the financial statements to be approved without significant changes.

It should be noted that on July 31, 2021, the merger by absorption of Liberbank S.A. (as absorbed entity) by Unicaja Banco, S.A. (as absorbing entity) took place, as detailed in Note 1.14.

1.2 Consolidated group

Unicaja Banco, S.A. is the parent company of a group of subsidiaries engaged in various activities and which make up the Unicaja Banco Group.

Pursuant to article 6 of Royal Decree 1159/2010, of September 17, which approves the Rules for the Preparation of Consolidated Financial Statements and amends the General Accounting Plan approved by Royal Decree 1514/2007, of November 16, and the General Accounting Plan for Small and Medium-Sized Companies approved by Royal Decree 1515/2007, of November 16, the Bank is obliged to prepare consolidated financial statements when it has issued securities admitted to trading on a regulated market in any European Union Member State, applying the International Financial Reporting Standards adopted by European Union Regulations. Consequently, in addition to its own financial statements, the Bank has prepared the consolidated financial statements of Unicaja Banco, S.A. and its subsidiaries (Unicaja Banco Group) in accordance with current legislation.

The Bank has its registered office and residence in Malaga and is subject to Spanish law, submitting its financial statements to the Commercial Registry of that city. The latest consolidated financial statements of the Unicaja Banco Group that have been prepared are those for the fiscal year ended December 31, 2020 and have been filed with the Commercial Registry of Malaga.

The entities forming part of the Unicaja Banco Group as of December 31, 2021 are as follows:

Company name	Activity
Alqlunia Duero, S.L.U.	Real estate development
Analistas Económicos de Andalucía, S.L.U.	Economic activity study and analysis
Andaluza de Tramitaciones y Gestiones, S.A.U.	Management and settlement of documents and deeds
Banco Europeo de Finanzas, S.A.U.	Banking, financial activities
Gestión de Inmuebles Adquiridos, S.L.U.	Real estate development
La Algara Sociedad de Gestión, S.L.U.	Real estate development
Parque Industrial Humilladero, S.L.	Industrial land development
Propco Blue 1, S.L.U.	Real estate development
Segurándalus Mediación, Correduría de Seguros, S.A.U.	Insurance broker
Unicaja Banco, S.A.	Credit institution
Unicaja Gestión de Activos Inmobiliarios, S.A.U.	Real estate holding company
Unicartera Gestión de Activos, S.L.U.	Debt collection and litigation management
Unicorp Patrimonio, Sociedad de Valores, S.A.U.	Asset management
Unigest, S.G.I.I.C., S.A.U.	Collective investment institution manager
Unimediación, S.L.U.	Insurance broker
Unión del Duero, Compañía Seguros de Vida, S.A.U.	Life insurance
Uniwindet, S.L.U.	Renewable energies
Viproelco, S.A.U.	Real estate development
Administradora Valtenas, S.L.U. (*)	Advice
Análisis y Gestión de Innovación Tecnológica, S.L.U. (*)	Real estate business
Arco Explotaciones, S.L.U. (*)	Property development
Asturiana de Administración de Valores Mobiliarios, S.L.U. (*)	Advice
Banco de Castilla la Mancha Mediación, Operador de Banca Seguros Vinculado, S.A.U. (*)	Insurance broker
Briareo Gestión, S.A.U. (*)	Business consulting
Caja Castilla La Mancha Conecta, S.A.U. (*)	Combined administrative services
Caja Castilla La Mancha Finance, S.A.U. (*)	Financial adviser
Caja Castilla La Mancha Iniciativas Industriales, S.L.U. (*)	Holding company activities
Camín de la Mesa, S.A.U. (*)	Advice
Camping Alto Gallego, S.L.U. (*)	Catering
Cánovas Explotaciones, S.L.U. (*)	Catering
Cantábrica de Inversiones de Cartera, S.L.U. (*)	Advice
CCM Brokers 2007, Correduría de Seguros, S.A.U. (*)	Insurance broker
Concejo Explotaciones, S.L.U. (*)	Property development
Corporación Empresarial Caja Extremadura, S.L.U. (*)	Holding company
Ercávica Desarrollos, S.L.U. (*)	Property development
Explotaciones Forestales y Cinegéticas Alta- Baja, S.A.U. (*)	Forestry activities
Explotaciones Santa Isabel, S.L.U. (*)	Property development
Factoría de Transformación de Operaciones y Servicios, S.L.U. (*)	IT services
Finca Las Huelgas, S.A.U. (*)	Farming
Grafton Investments, S.L.U. (*)	Catering
Hoteles Layos, S.L. (*)	Catering
Instituto de Economía y Empresa, S.L.U. (*)	Other support activities for companies NEC

Company name	Activity
Liberbank Capital, S.A.U. (*)	Holding company
Liberbank Contact, S.L.U. (*)	Call center activities
Liberbank Digital, S.L.U. (*)	IT services
Liberbank Ebusiness, S.L.U. (*)	IT services
Liberbank Gestión, S.G.I.I.C. S.A.U. (*)	Collective investment institution manager
Liberbank I.T., S.L.U. (*)	IT services
Liberbank Mediación, Operador de Banca Seguros Vinculado, S.L.U. (*)	Insurance broker
Liberbank Pensiones, Sociedad Gestora de Fondos de Pensiones, S.A.U. (*)	Pension fund manager
Liberbank Servicios Auxiliares de Bancaseguros, A.I.E. (*)	Auxiliary services
Liberbank Servicios Financieros, S.A.U. (*)	Holding company
Lisson Directorship, S.L.U. (*)	Property development
Midamarta, S.L.U. (*)	Independent purchase and sale of real estate assets
Mosacata, S.L.U. (*)	Property development
Norteña Patrimonial, S.L.U. (*)	Advice
Peña Rueda, S.L.U. (*)	Advice
Pico Cortés, S.L.U. (*)	Advice
Pico Miravalles, S.L.U. (*)	Advice
Planes e Inversiones CLM, S.A.U. (*)	Real estate development
Pomarada Gestión, S.L.U. (*)	Advice
Procesa Recuperación de Activos, S.A.U. (*)	Advice
Promociones Miralsur, S.L.U. (*)	Real estate development
Puertu Maravio, S.L.U. (*)	Advice
Puntida, S.L.U. (*)	Holding company
Segóbriga Desarrollos, S.L.U. (*)	Property development
Sierra del Acebo, S.L.U. (*)	Advice
Tiatordos, S.A.U. (*)	Advice
Urbe Cantabria, S.L.U. (*)	Property development
Viacava – Incós de Energía, S.A.U. (*)	Catering

(*) Companies incorporated into the Group as a result of the merger by absorption of Liberbank by Unicaja Banco (Note 1.14).

The most significant changes that took place in 2021 in the composition of the Unicaja Banco Group are as follows:

- On July 26, 2021, the deed of merger by absorption of Unicaja Banco, S.A. with Liberbank, S.A. was signed, incorporating into the scope of consolidation on the date of the business combination (July 31, 2021) all the shareholdings held by the aforementioned entity, and the companies previously identified became part of the Unicaja Banco Group (Note 1.14).

- On December 28, 2021, the capital of Parque Industrial Humilladero, S.L. was increased and the Group now holds a 92.00% interest.

The most significant changes in the composition of the Unicaja Banco Group during 2020 were as follows:

- During the 2020 fiscal year, the following entities left the Unicaja Banco Group: Finanduero Sociedad de Valores, S.A.U., liquidated on January 10, 2020; Alteria Corporación Unicaja, S.L.U., liquidated on December 15, 2020; and Desarrollo de Proyectos de Castilla y León S.L.U., liquidated on January 29, 2020.

- Prior to the liquidation of the group company Alteria Corporación Unicaja, S.L.U., its direct shareholdings in the companies: Unigest, S.A., S.G.I.I.C., Andaluza de Tramitaciones y Gestiones, S.A.U., Unimediación, S.L., Uniwindet, S.L., Segurándalus Mediación Correduría de Seguros, S.A. and Unicorp Patrimonio Sociedad de Valores, S.A., were all transferred to Unicaja Banco, S.A.

- In addition, the companies Inmobiliaria Acinipo, S.L.U., Inmobiliaria Uniex Sur, S.L.U., and Pinares del Sur, S.L.U. also left the Unicaja Banco Group, as they were absorbed by Gestión de Inmuebles Adquiridos, S.L.U. on September 2, 2020.

In accordance with current legislation, the Board of Directors of the Parent Company has prepared the Bank's individual financial statements. The effect of consolidation on the balance sheet as of December 31, 2021 and

2020, the income statement, the statement of changes in equity and the statement of cash flows for the years 2021 and 2020 are summarized below:

	Thousands of Euros			
		2021		2020
	Individual	Consolidated	Individual	Consolidated
Assets	115,963,199	115,549,993	65,260,057	65,544,265
Net equity	6,470,579	6,326,041	4,214,589	4,005,192
Profit or loss for the year	1,084,845	1,113,198	163,927	77,826
Total revenues and expenditures of the statement in changes in equity	954,868	1,018,937	159,505	83,032
Net increase or (-) decrease in cash or equivalent	14,629,099	14,630,314	2,103,394	2,108,374

Appendix I presents a summary of the Parent Company's individual balance sheet, individual income statement, individual statement of changes in equity and individual cash flow statement for the fiscal years ended December 31, 2021 and 2020, prepared in accordance with the same accounting principles and rules and valuation criteria included in Bank of Spain Circular 4/2017, as subsequently amended, which do not differ significantly from those applied in these consolidated financial statements of the Group.

1.3 Basis for presentation of the consolidated financial statements

The Group's consolidated financial statements are presented in accordance with the International Financial Reporting Standards adopted by the European Union (hereinafter, "EU-IFRS"), taking into consideration Bank of Spain Circular 4/2017 of November 27 (and its subsequent amendments), which constitutes the development and adaptation to the Spanish credit institution sector of the International Financial Reporting Standards approved by the European Union.

The abbreviations “IAS” and “IFRS” are used throughout this report to refer to the International Accounting Standards and International Financial Reporting Standards, respectively. The abbreviations “IFRIC” and “SIC” are used throughout these notes to refer to the interpretations issued by the International Financial Reporting Interpretations Committee and the former Standing Interpretations Committee, respectively. All these standards and interpretations have been adopted by the European Union and were applied in the preparation of the consolidated financial statements.

These consolidated financial statements have been prepared taking into account all the mandatory accounting principles and rules and measurement criteria that have a significant effect on them, so that they present a faithful image of the Group's equity and financial position at December 31, 2021 and the results of its operations, the changes in consolidated equity and the consolidated cash flows that have occurred in the Group in the year then ended.

Note 2 summarizes the most significant accounting principles and policies and valuation criteria applied in the preparation of the Group's consolidated financial statements for the fiscal year 2021.
The consolidated financial statements have been prepared on the basis of the accounting records kept by the Bank and by the other entities comprising the Group. Nevertheless, since the accounting policies and measurement criteria used in preparing the Group’s consolidated financial statements for the 2021 fiscal year may differ from those used by certain Group entities, the required adjustments and reclassifications were made on consolidation to unify such policies and criteria and make them compliant with the EU-IFRS used by the Entity.

Unless otherwise stated, these consolidated financial statements are presented in thousands of Euros.

1.4 Responsibility for the information and estimates made

The information in these consolidated financial statements is the responsibility of the Parent Company's directors.

In the Group's 2021 consolidated financial statements, estimates, assumptions, and opinions were occasionally made by the Group Directors to quantify certain assets, liabilities, income, expenses and commitments recognized therein. These estimates, opinions, and assumptions are mainly in relation to:

- Impairment losses on certain assets (Notes 10, 12, 13, 14, 15 and 16), especially with respect to the individual and collective estimation of credit losses in the portfolio of loans and advances to customers, and the determination of when there is a significant increase in credit risk (Note 2.7).

- The hypotheses used in the actuarial calculation of post-employment benefit liabilities and commitments and other long-term commitments to employees (Notes 2.12 and 41),

- The useful lives of tangible and intangible assets (Notes 2.14, 2.15, 13 and 14).

- The measurement of consolidation goodwill (Notes 2.16 and 14).

- The estimate of the probability of occurrence of those events considered as contingent liabilities and, if applicable, the estimate of the provisions required to cover these events (Notes 2.18 and 18).

- The reversal period and recoverability of deferred tax assets of temporary differences (Notes 2.13 and 24).

- The fair value of certain unlisted assets (Note 26).

- The fair value of certain guarantees assigned to the collection of assets (Note 47).

- The fair value of the assets and liabilities acquired through the merger by absorption of Liberbank by Unicaja Banco (Note 1.14).

These estimates were drawn up on the basis of the best information available at December 31, 2021, on the analyzed events. However, considering the uncertainties existing on that date due to the impact of COVID-19 on the current economic environment, it is possible that future events may require them to be significantly modified (upwards or downwards) in subsequent years. If required, this would be carried out prospectively in accordance with IAS 8, recognizing the impact of the changes in estimates on the corresponding consolidated income statement for the fiscal years affected.

In each of the notes to the consolidated financial statements identified above, and whenever applicable, the effect of COVID-19 on estimates is disclosed, especially with respect to Note 10 on "Financial assets at amortized cost", due to the impact of COVID-19 on the classification of credit exposures based on their credit risk and on the estimation of the hedges required to cover such risk.

1.5 Changes in accounting criteria, errors and comparability of information

1.5.1 Changes in accounting policies and errors

The regulatory changes introduced in 2021 (Note 1.12) have not affected the comparability of the Group's financial information, so it has not been necessary to adapt or reclassify the quantitative information for 2020 that was published in the consolidated financial statements of the previous year. There were also no errors that required rectification of the comparative information for fiscal year 2020.

1.5.2 Comparison of information

In accordance with AIS 1, the information contained in these consolidated financial statements for the 2020 fiscal year is shown solely and exclusively for comparative purposes with the information for the fiscal year ending December 31, 2021 and, therefore, does not constitute the Group's consolidated financial statements for the 2020 financial year.

It should be noted that, with accounting effects as of July 31, 2021, the merger by absorption of Liberbank, S.A. (as absorbed entity) by Unicaja Banco, S.A. (as absorbing entity) into Unicaja Banco, S.A. took place, which means that the figures corresponding to the consolidated balance sheet and the consolidated income statement, as well as the consolidated recognized income and expenditure statement, the consolidated statement of changes in equity and the consolidated cash flow statement, are not fully comparable. In this regard, it should be noted that the consolidated income statement of the Unicaja Banco Group for the year ended December 31, 2021 includes the results from the business acquired from the Liberbank Group only from August 1, 2021.

In this regard, as required by paragraph B64, paragraph (q), point (ii) of IFRS 3, Note 1.14 presents a consolidated income statement for the full year beginning on January 1, 2021 and ending on December 31, 2021, as if the acquisition date had occurred at the beginning of that period (i.e. January 1, 2021).

Lastly, it should be noted that these consolidated financial statements include the movements of certain items in the consolidated balance sheet of the Unicaja Banco Group between January 1, 2021 and December 31, 2021. In order to prepare this information, the Group has included a general heading in the movement tables detailing the "Effect of the Liberbank merger". This effect is determined on the basis of the Liberbank Group's balances on the date of the merger accounting effect (July 31, 2021), after applying the fair value adjustments of the assets acquired and liabilities assumed (PPA exercise), if applicable (see Note 1.14).

1.6 Holdings in the share capital of credit institutions

Pursuant to the provisions of Article 28 of Royal Decree 84/2015, of February 13, implementing Law 10/2014, of June 26, on the regulation, supervision and solvency of credit institutions, the following is a list of holdings in the capital of other credit institutions, domestic and foreign, held by the Bank as at December 31, 2021 and 2020 that exceed 5% of their capital or voting rights:

	% holding	
Entity	**2021**	**2020**
Banco Europeo de Finanzas, S.A.U.	100.00%	100.00%

As at December 31, 2021 and 2020, no domestic or foreign credit institution (or groups, as defined in Article 4 of the Securities Market Act, in which any domestic or foreign credit institution is integrated) holds an interest of more than 5% of the capital or voting rights of any credit institution that should be considered as an entity of the Unicaja Banco Group.

1.7 Agency agreements

Annex II of the consolidated statement includes the list of agents of the Group Parent Company as at December 31, 2021, meeting the requirements of Article 21 of Royal Decree 84/2015, of February 13, implementing Law 10/2014 of June 26, on the organization, supervision and solvency of credit institutions, and in Circular 4/2010 of the Bank of Spain.

1.8 Environmental impact and climate risk management

The global operations of Unicaja Banco Group companies are governed by laws relating to the protection of the environment (Environmental Laws). The Parent Company considers that the Group substantially complies with such laws and maintains procedures designed to ensure and promote compliance with them.

The Parent Company considers that the Group has adopted the appropriate measures in relation to the protection and improvement of the environment and the minimization, where appropriate, of environmental impact, complying with current legislation in this regard. During fiscal years 2021 and 2020, the Group did not make any significant investments of an environmental nature and did not consider it necessary to record any provision for environmental risks and charges, nor does it consider that there are any significant contingencies related to the protection and improvement of the environment.

The Unicaja Banco Group has a "Corporate Social Responsibility Policy" (hereinafter, CSR), the latest version of which was approved by the Bank's Board of Directors in the 2021 fiscal year. The purpose of this policy is to define the basic principles of action defined by their voluntary nature, which contribute to the creation of value in a sustainable manner for stakeholders, through effective management and a culture of ethical, responsible and transparent banking. In turn, the "Sustainability Policy", approved in the same year, establishes the principles aimed at complying with regulations and responding to supervisory expectations, with an impact on strategy and general objectives, on corporate, business and risk management, and on the design and marketing of financial products and services.

The Entity has a Sustainability and CSR Committee, with coordination, advisory, consultative and proposal responsibilities in CSR, sustainability, climate change and environmental matters. The Committee incorporates these areas as objectives, ensuring their effective implementation and monitoring their inclusion in the Entity's strategy.

During the 2021 fiscal year, work continued on the Unicaja Banco Group's CSR Master Plan and on an adequate integration of environmental, social and corporate governance (ESG) factors in the risk area. Throughout 2022, work will continue on the EU environmental taxonomy to facilitate the identification of an activity or financial product as environmentally sustainable or not, as well as to report certain metrics and indicators.

In addition, in 2021 the Bank's Board of Directors approved the "Unicaja Banco Group Environmental, Energy and Climate Change Policy", which is aligned with the Ten Principles of the United Nations Global Compact and with achieving the 2030 Agenda Sustainable Development Goals (SDGs). This policy, within the more general framework of action defined by the "CSR Policy" and the "Sustainability Policy", aims to establish the basic principles of action in environmental, energy efficiency and climate change management matters, in order to reduce the Group's impact and contribute to the protection and conservation of the environment, the preservation of biodiversity and the fight against climate change.

The Group establishes this policy in accordance with its deep-rooted commitment to the environment and with the purpose of collaborating with sustainable development, minimizing the direct and indirect environmental impact of its activity and significant uses of energy, and consequently, focusing on improving energy performance and promoting information and training, both internal and external, in these matters. Aware of the possible risks associated with climate change and environmental deterioration, the Unicaja Banco Group takes into consideration physical and transition risks and the impact of its activity on society and the impact of the latter on the Bank in its day-to-day management.

In this regard, the Group regularly conducts analyses to identify aspects that are most relevant to its various stakeholders. This process takes into account certain aspects related to the environment, such as climate change itself, the sustainable use of resources, the circular economy, and the impact of environmental and social criteria on the business. In addition, savings measures, energy uses that determine the energy efficiency of its facilities and energy performance are analyzed.

In relation to internal environmental management, the Group's commitment is put into action through three fundamental pillars: the integration of environmental issues into the business model, the development of environmental management and energy efficiency actions, and the promotion of environmental and energy responsibility. The Group promotes management systems based on internationally accepted regulatory standards, continuous improvement and integrated management models (ISO standards) that contribute to reducing environmental and energy impacts.

With regard to climate change, the company has adopted climate change mitigation commitments, establishing of greenhouse gas emission reduction targets, which require the definition and implementation of actions aimed at reducing the carbon footprint of its activity.

It also promotes funding for projects that contribute to improving energy efficiency and achieving greater long-term environmental sustainability, in addition to integrating environmental and social risks into the risk analysis of investment project financing.

Finally, a responsible attitude among the workforce and society in general is encouraged, with the publication of recommendations and good practices in the area of recycling and the incorporation of clauses related to environmental commitment in contracting with suppliers.

1.9 Minimum requirements

1.9.1 Minimum Own Funds Requirements

Applicable regulations

Regulatory capital for financial institutions is regulated by Regulation 575/2013 (CRR) and Directive 2013/36/EU of the European Parliament and of the Council (CRD IV) which transposed the Basel III regulatory framework (BIS III) in the European Union. While the CRR was directly applicable in Spain, the CRD IV was transposed into Spanish law through Law 10/2014 on the regulation, supervision and solvency of credit institutions and its subsequent regulatory implementation through Royal Decree 84/2015 and Bank of Spain Circular 2/2016. Regulatory capital is the metric required by regulators and used by analysts and investors to compare financial institutions. Furthermore, subsequent to the 2013 European legal transposition, the Basel Committee and other competent bodies have published additional standards and documents, with new specifications in the calculation of equity. This entails a state of permanent development, whereby the Group is continuously adapting processes and systems to ensure that the calculation of capital consumption and equity deductions is fully aligned with the newly established requirements.

In addition, Bank of Spain Circular 2/2016, of February 2, for Credit Institutions regarding monitoring and solvency, came into force on February 10, 2016. This standard, designed to complete the adaptation of the Spanish legal system to Directive 2013/36/EU and Regulation 575/2013, repealed Bank of Spain Circular 3/2008.

On May 20, 2019, the European Parliament and the Council of the European Union approved Regulation (EU) 2019/876, which modified the CRR in relation to the following areas: leverage ratio, net stable financing ratio, eligible own funds and liabilities, counterparty credit risk, market risk, exposure to central counterparty entities, exposure to collective investment bodies, and high exposure in addition to the requirements in relation to the presentation and disclosure of the information and Regulation (EU) 648/2012.

On June 24, 2020, the European Parliament and the Council of the European Union approved Regulation 2020/873, amending Regulation 575/2013, and Regulation 2019/876, amending the CRR and CRR II in terms of certain adjustments in response to the COVID-19 pandemic ("quickfix"). The main amendments are established in the following areas: credit risk hedges (temporary provisions IFRS 9, etc.), the leverage ratio, exposure granted to employees/pensioners, the factor of support for SMEs, exemption from deductions on certain software assets, and also establishing a temporary prudential filter to neutralize the impact of losses not occurring in public debt and market risk.

The aforementioned Regulation (EU) No. 575/2013 lays down consistent standards to be met by entities regarding: 1) equity requirements as to credit risk, market risk, operating risk and settlement risk elements; 2) requirements aimed at limiting major risks; 3) liquidity risk coverage regarding fully quantifiable, consistent and standardized items, once developed by virtue of a Commission delegated action; 4) setting of the leverage ratio; and 5) information and public disclosure requirements.

With regard to equity requirements, the aforementioned Regulation introduced a review of the concept and the components of equity required from entities by regulation. They consist of two elements: Tier 1 capital and Tier 2 capital. In addition, Tier 1 capital is equal to the sum of common equity Tier 1 capital and additional Tier 1 capital. In other words, Tier 1 capital consists of those instruments capable of absorbing losses when the entity is in operation, while the elements of Tier 2 capital will absorb losses mainly when the entity is not feasible.

Additionally, the regime under Directive 2014/59/EU (BRRD) and Regulation 806/2014/EU (SRM) of the European Parliament and of the Council establishing a framework for the restructuring and resolution of credit institutions and investment firms, which was implemented in Spain through Law 11/2015 and Royal Decree 1012/2015, states that banks must have a minimum level of eligible capital and liabilities (MREL). With the application of this regulatory reform, the MREL requirement is expressed as a percentage of risk-weighted assets and exposure for the calculation of the leverage ratio.

All this constitutes the current regulations that govern the equity that Spanish credit institutions must maintain, both individually and as a consolidated group, and the manner in which such capital must be determined, as well as the different capital self-assessment processes that must be carried out and the public information that must be disclosed to the market.

Minimum capital requirements

In accordance with these regulations, the capital ratios required for 2021 are as follows:

- A common equity Tier 1 capital ratio of 4.5%.
- A Tier 1 capital ratio (common plus additional) of 6%.
- A total capital ratio (including Tier 2) of 8%.
- An additional capital conservation buffer of 2.5%.

With regard to the countercyclical capital buffer, established in Article 45 of Law 10/2014, the Bank of Spain has agreed to set this buffer at 0% for credit exposures in Spain from January 1, 2016.

For the 2021 fiscal year, in the context of the Supervisory Review and Evaluation Process (SREP), the European Central Bank has required the Unicaja Banco Group to comply with a minimum total capital ratio of 12.25% *phase-in* (the result of adding the minimum required by Pillar 1 of 8%, plus a Pillar 2 requirement of 1.75% and the capital conservation buffer of 2.5%) and a minimum common equity Tier 1 (CET 1) *phase-in* ratio of 7.98% (the sum of the minimum Pillar 1 requirement of 4.5%, plus a Pillar 2 requirement of 0.98% (to cover at least three quarters of the Pillar 2 regulatory requirement through CET1 and at least three quarters through T1) plus the capital conservation buffer of 2.5%). In this regard, it should be noted that the Bank has yet to receive the SREP capital requirements for the Unicaja Banco Group for 2022, which will already take into account the effect of the merger by absorption of Liberbank (see Note 1.14).

As a consequence of these requirements, the CET1 *phase-in* and total capital *phase-in* ratios mentioned above are also established as the minimum levels below which Unicaja Banco would be obliged to calculate the maximum distributable amount (MDA) that would limit its distributions in the form of dividends and variable remuneration.

The CET1 capital ratio of the Unicaja Banco Group as of December 31, 2021 is 13.61%, while the total capital ratio amounts to 16.82% (both including retained earnings for the year). Consequently, with the current levels of capital, the Unicaja Banco Group has covered the capital requirements set by the European Central Bank and, therefore, has no limitations to the distributions of results of those referred to in Regulation (EU) No. 575/2013.

Below is a breakdown of the main figures related to capital ratios applicable to the Group, as established in Regulation (EU) No. 575/2013, as at Friday, December 31, 2021 and 2020:

	Thousands of Euros	
	2021	**2020**
Computable Common Equity Tier 1 Capital (a)	4,802,028	3,739,635
Computable Additional Tier 1 Capital (b)	547,385	47,429
Computable Tier 2 Capital (c)	586,446	300,000
Risks (d)	35,291,236	22,492,427
Common Equity Tier 1 Capital Ratio (CET 1) (A) = (a)/(d)	13.61%	16.63%
Additional Tier 1 Capital Ratio (AT 1) (B) = (b)/(d)	1.55%	0.21%
Tier 1 Capital Ratio (Tier 1) (A)+ (B)	15.16%	16.84%
Tier 2 Capital Ratio (Tier 2) (C)=(c)/(d)	1.66%	1.33%
Total capital Ratio (A) + (B) + (C)	**16.82%**	**18.17%**

Note 1: At December 31, 2021 and December 31, 2020, common equity tier 1 capital basically included capital, additional paid-in capital, the Bank's reserves net of deductions (intangible assets) and the portion of consolidated income for 2021 and 2020, respectively, that will be allocated to reserves once the distribution of income has been approved. Tier 2 capital basically includes subordinated debt issues.

Note 2: The figures in this table include the retained earnings for the year 2021, whose calculation for solvency purposes is pending approval by the European Central Bank.

The leverage ratio is a regulatory measure complementary to capital that seeks to guarantee the soundness and financial strength of entities in terms of indebtedness. This measure estimates the percentage of assets and off-balance sheet items that are financed with Tier 1 capital, with the carrying value of the assets adjusted to reflect the Group's current or potential leverage with a given balance sheet position (referred to as "Exposure").

Below is the composition of the leverage ratio, calculated in accordance with the CRR, as of December 31, 2021 and 2020:

	Thousands of Euros	
	2021	**2020 (*)**
Tier 1 Capital (a)	5,349,413	3,787,064
Exposure (b)	98,293,020	62,108,387
Leverage Ratio (a)/(b)	**5.44%**	**6.10%**

Note 1: The leverage ratio, although comparable in regulatory terms, has undergone a transitional adjustment in the calculation of the denominator, introduced by the quickfix (Article 500b introduced in the CRR through Regulation (EU) 2020/873), and extended by ECB Decision 2021/1074, whereby until March 31, 2022 institutions may exclude from the measure of their total exposure the following positions vis-à-vis the entity's central bank: (a) coins and banknotes that are legal tender within the central bank's territorial jurisdiction; and (b) assets representing claims on the central bank, including reserves at the central bank. The amount excluded by the entity may not exceed the average daily amount of the exposures listed in (a) and (b) throughout the most recent reserve maintenance period of the entity's central bank.

Note 2: The figures in this table include the retained earnings for the year 2021, whose calculation for solvency purposes is pending approval by the European Central Bank.

The total capital surplus, taking into account the equity requirements in accordance with the regulation of Directive 2013/36/ EU (CRD-IV) and EU Regulation no. 575/2013 (CRR) (Pillar 1), the additional requirements demanded of the Unicaja Banco Group as a result of the 2021 SREP (Pillar 2), and the capital conservation buffer of 2.5%, amount to EUR 1,612,682 thousand as of December 31, 2021. Similarly, the CET1 surplus taking into account all the above requirements, applied at the CET1 level, amounts to EUR 1,984,243 thousand as of December 31, 2021.

On June 28, 2021, Unicaja Banco received authorization from the European Central Bank to use internal models to calculate its solvency ratios. Specifically, the Governing Council of the European Central Bank granted Unicaja Banco the authorization to apply the A-IRB models to the calculation of capital requirements for credit risk of its retail portfolio (not SMEs), except for the part of the portfolio acquired in the merger with Liberbank (Note 1.14).

Solvency risk management

Solvency risk responds to the potential restriction in the Group's ability to adapt its volume of equity to regulatory requirements or to changes in its risk profile.

As regards the capital self-assessment process and solvency risk management, the Unicaja Banco Group pays strict attention to maintaining the following basic principles as regards risk management processes:

- Rigorous attention to permanently maintaining a prudent and balanced risk profile, preserving the objectives of solvency, profitability and adequate liquidity.
- Active participation and supervision of Senior Management, who approve the Entity's general business strategies and policies and set the general guidelines for risk management and control in the entity.
- General internal control environment.
- Segregation of functions, with the entity's risk measurement and control process being completely independent of the risk-taking function.
- Prudent management of credit risk exposure, in particular by avoiding projects of uncertain viability and limiting the amount of investment based on sufficient collateral parameters.
- Selection of appropriate methodologies for measuring the risks incurred.

In the Group, the policies, methods and procedures related to Global Risk Management are approved by the Parent Company's Board of Directors. The governing bodies and management of Unicaja Banco, as the Group's Parent Company, are responsible for ensuring proper compliance with these policies, methods and procedures, ensuring that they are adequate, effectively implemented and reviewed on a regular basis.

1.9.2 Minimum reserve ratio

In fiscal years 2021 and 2020, the Bank complied with the minimum requirement for this ratio under applicable Spanish regulations.

1.10 Deposit guarantee fund

Unicaja Banco is integrated into the Credit Institution Deposit Guarantee Fund. The ordinary annual contribution to be made by the entities in this fund, established by Royal Decree-Law 16/2011, of October 14, creating the Deposit Guarantee Fund, is determined by the Fund Management Committee based on the guaranteed deposits of each entity and their risk profiles.

The purpose of the Credit Institution Deposit Guarantee Fund is to ensure the reimbursement of guaranteed deposits whenever the depository entity declares insolvency proceedings or upon deposit default, provided that no entity resolution process had been agreed up to the limit established in the aforementioned Royal Decree. To meet these objectives, the Fund if financed by the annual contributions, extraordinary fees the Fund receives from member entities and the funds raised in the securities markets, loans and other debt operations.

During 2021 and 2020, the expense incurred for ordinary and additional contributions and extraordinary fees paid to this body amounted to EUR 88,688 thousand and EUR 53,488 thousand, respectively, recorded under "Other operating expenses" in the consolidated income statement (Note 39.2).

With regard to ordinary contributions, on November 7, 2015, Royal Decree 1012/2015, on November 6, was published, implementing Law 11/2015, on June 18, on the recovery and resolution of credit institutions and investment services companies, and amending Royal Decree 2606/1996, dated December 20, on deposit guarantee funds of credit institutions. Among the amendments incorporated, the definition of the assets of the Deposit Guarantee Fund for Credit Institutions (hereinafter, FGDEC) is changed, indicating that the Management Committee will determine the annual contributions of the entities assigned to the Fund, in accordance with the criteria established in Article 6 of Royal Decree-Law 16/2011, of October 14, which created the FGDEC. For this purpose, the basis for calculating the contributions that the entities must make to each compartment of the Fund will be as follows:

a) In the case of contributions to the Deposit Guarantee Compartment, guaranteed deposits, as defined in Article 4.1.

b) In the case of contributions to the securities guarantee compartment, 5% of the market price on the last trading day of the year, in the corresponding secondary market, of the guaranteed securities, as defined in Article 4.2, existing at the end of the fiscal year. When the latter include securities and financial instruments not traded in a secondary market, whether Spanish or foreign, their calculation will be based on their nominal or redemption value, whichever is more appropriate for the type of security or financial instrument in question, unless another more significant value has been declared or is recorded for the purposes of their deposit or registration.

For fiscal year 2021, the FGDEC's Management Committee, pursuant to the provisions of Article 6 of Royal Decree-Law 16/2011 and Article 3 of Royal Decree 2606/1996, has set the annual contributions of the entities assigned to the FGDEC as follows:

- Annual contribution to the deposit guarantee compartment of the FGDEC equal to 1.7 per thousand of the calculation basis of the contributions to this compartment defined in Article 3.2.a) of Royal Decree 2606/1996, existing as of December 31, 2020, with the contribution of each entity calculated on the basis of the amount of guaranteed deposits and its risk profile.
- Annual contribution to the Securities Guarantee Compartment of the FGDEC equal to 2.0 per thousand of the calculation base, made up of 5 percent of the amount of the guaranteed securities as indicated in Article 3.2.b) of Royal Decree 2606/1996, existing at December 31, 2021.

In addition, with regard to extraordinary contributions, the Management Committee of the FGDEC, in order to restore the sufficiency of the Fund's assets in accordance with the provisions of Article 6.2 of Royal Decree-Law 16/2011, of October 14, it was agreed on July 30, 2012, to receive an extraordinary fee from the member institutions, distributed on the basis of the calculation of contributions at December 31, 2011, to be paid in 10 equal annual installments. The amount of the installments to be paid on each date may be deducted from the ordinary annual contribution, if any, paid by the entity on that same date, up to the amount of the ordinary dues. At December 31, 2021, the actual value of these contributions amounted to EUR 5,496 thousand (EUR 10,992 thousand at December 31, 2020).

1.11 Contributions to the Single Resolution Fund

In March 2014, the Parliament and the European Council reached a political agreement on the creation of the banking union’s second pillar: the Single Resolution Mechanism ("SRM") which began work as an independent body of the European Union on January 1, 2015.

The main objective of the SRM is to ensure that bank failures in the European banking union are managed efficiently, with minimum costs for the taxpayer and the real economy. The scope of action of the SRM is identical to that of the Single Supervisory Mechanism (SSM), i.e. a central authority. The Single Resolution Board ("SRB") is ultimately responsible for the decision to begin the resolution of a bank, although the operating decision to carry out a resolution will be applied in conjunction with the national resolution authorities.

The rules governing the banking union are intended to ensure first, that banks and their shareholders are the ones to finance resolutions and also partially the bank's creditors, if necessary. However, another source of financing is also available, to which banks may have recourse if the contributions of the bank's shareholders and creditors are not sufficient. This is the Single Resolution Fund ("FUR"), which is managed by the "JUR". The legislation provides that banks must make contributions to the "SRF" over a period of eight years.

In this regard, on January 1, 2016, the Single Resolution Fund came into operation, which has been implemented by Regulation (EU) No. 806/2014 of the European Parliament and of the Council, and is managed by the Single Resolution Board, which is responsible for the calculation of the contributions to be made by the credit institutions and investment services companies defined in Article 2 of the aforementioned Regulation, in compliance with the rules defined in Commission Delegated Regulation (EU) 2015/63 of 21 October 2014 supplementing Directive 2014/59/EU of the European Parliament and of the Council as regards ex ante contributions to resolution financing arrangements.

In accordance with Article 4 of Delegated Regulation (EU) 2015/63, resolution authorities shall determine the annual contributions to be paid by each institution in proportion to its risk profile on the basis of the information provided by the institution in accordance with Article 14 of that Delegated Regulation and applying the methods described therein. The resolution authority shall determine the annual contribution on the basis of the annual funding level of the resolution financing mechanism and taking into account the funding level to be reached by 31 December 2024 at the latest, in accordance with Article 102(1) of Directive 2014/59/EU, and on the basis of the average amount of guaranteed deposits for the preceding year, calculated on a quarterly basis, of all institutions authorized in its territory.

Furthermore, in accordance with Article 103 of Directive 2014/59/EU, the available financial resources to be taken into account to reach the target level for the Single Resolution Fund may include irrevocable payment commitments fully backed by collateral of low-risk assets unencumbered by third-party claims, freely available and allocated for the exclusive use of resolution authorities for the purposes specified in the Directive itself. The portion of irrevocable payment commitments will not exceed 30% of the total amount collected through ex ante contributions.

During 2021, the contributions made by the Group to the resolution funds corresponding to the 2021 contribution period itself amounted to EUR 30,079 thousand, of which EUR 16,036 thousand was recorded under "Other operating expenses" in the consolidated income statement (Note 39.2), while those corresponding to 2020 amounted to EUR 15,723 thousand. In this regard, Liberbank, S.A. made contributions to the Single Resolution Fund during the first half of 2021 and, therefore, prior to the date of accounting effects of the merger by absorption of this entity, amounting to EUR 14,043 thousand, which do not form part of the consolidated income statement precisely because they were recorded prior to the merger.

1.12 Changes in International Financial Reporting Standards

During the 2021 financial year, the following International Financial Reporting Standards and their interpretations became mandatory and were, therefore, applied in the preparation of the consolidated financial statements of the Unicaja Banco Group for the 2021 financial year:

Standards, modifications and interpretations (Note 1.12.1)	**Description**	**Mandatory application years beginning on or after**
Amendment IFRS 9, IFRS 39, IFRS 7, IFRS 4 and IFRS 16	Benchmark interest rate reform - Phase 2	Friday, January 1, 2021
Amendment IFRS 4	Extension of the temporary exemption from application of IFRS 9	Friday, January 1, 2021
Amendment IFRS 16	COVID-19 related rent reductions beyond June 30, 2021	Friday, January 1, 2021

At the date of preparation of these consolidated financial statements, the following standards and interpretations (the most relevant adopted at that date) that had been issued by the IASB had not yet come into force, either because their effective date is subsequent to the date of the consolidated financial statements or because they have not yet been adopted by the European Union:

Standards, modifications and interpretations (Note 1.12.2)	**Description**	**Mandatory application years beginning on or after**

Amendment to IAS 16	Revenues earned before intended use	Saturday, January 1, 2022
Amendment to IAS 37	Onerous contracts - cost of fulfilling a contract	Saturday, January 1, 2022
Amendment IFRS 3	Reference to the Conceptual Framework	Saturday, January 1, 2022
IFRS Annual Improvements	2018-2020 period	Saturday, January 1, 2022
NIIF 17	Insurance contracts	Sunday, January 1, 2023
Amendment to IAS 1	Classification of liabilities as current or non-current	Sunday, January 1, 2023
Amendment to IAS 8	Definition of accounting estimates	Sunday, January 1, 2023
Amendment to IAS 1	Breakdown of accounting policies	Sunday, January 1, 2023
Amendment to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	Sunday, January 1, 2023
Amendment to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associates or joint ventures	(*)

(*) Originally, the amendments to IFRS 10 and IAS 28 were effective for annual periods beginning on or after January 1, 2016. However, at the end of 2015, the IASB decided to postpone their effective date (without setting a new specific date), as it is planning a broader review that may result in simplifying the accounting for these transactions and other aspects of accounting for associates and joint ventures.

The Parent Company's directors understand that the application of most of these standards will not have a material impact on the Group's consolidated financial statements.

1.12.1 Standards and interpretations in effect during the reporting period

The following amendments to IFRS or interpretations of IFRS (hereinafter "IFRIC") came into force in 2021:

- IFRS 9 (Amendment), IAS 39 (Amendment), IFRS 7 (Amendment), IFRS 4 (Amendment) and IFRS 16 (Amendment) "Reform of benchmark interest rates: Phase 2": The IASB has undertaken a two-stage project to consider what exemptions, if any, to make for the effects of interest rate reference rate reform ("IBOR"). The Phase 1 amendments, issued in September 2019, provided temporary exemptions from the application of specific hedge accounting requirements to relationships affected by uncertainties arising as a result of IBOR reform ("the Phase 1 exemptions"). Phase 2 amendments address issues arising from the implementation of the reforms, including the replacement of one reference rate with an alternative one. The amendments apply to annual periods beginning on or after January 1, 2021.

- IFRS 4 (Amendment) "Extension of the temporary exemption from application of IFRS 9": In accordance with the deferral of the effective date of IFRS 17 "Insurance Contracts", the amendment changes the expiration date for the temporary exemption in IFRS 4 "Insurance Contracts" regarding the application of IFRS 9 "Financial Instruments", requiring entities to apply IFRS 9 for annual periods beginning on or after January 1, 2023, instead of January 1, 2021.

- IFRS 16 (Amendment) "Rent reductions related to COVID-19 beyond June 30, 2021": The IASB has extended by one year the application period of the practical option of IFRS 16 "Leases" to assist lessees in accounting for lease concessions related to COVID-19. Accordingly, this practical option applies to lease concessions that occur as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in a revised lease consideration that is substantially equal to, or less than, the consideration immediately prior to the change;
- Any reduction in lease payments affects only payments due through to June 30, 2022; and
- There is no material change in other terms and conditions of the lease.

The application of the aforementioned accounting standards and interpretations has not had a significant effect on the Group's consolidated financial statements.

1.12.2 Standards and interpretations issued and not yet in force

At the date of preparation of these consolidated financial statements, new International Financial Reporting Standards had been published, as well as interpretations thereof, which are not mandatory for 2021 and which the Group has not applied at that date. At the present date, the analysis of future impacts, if any, that could result from the adoption of these standards has not yet been completed, although no significant impacts are expected to arise from their implementation. These standards are as follows:

- IAS 16 (Amendment) "Property, plant and equipment - Revenue before intended use": Any revenue from the sale of items produced while the entity is preparing the asset for its intended use may not be deducted from the cost of an item of property, plant and equipment . Revenues from the sale of such samples, together with production costs, are now recognized in income. The amendment also clarifies that an entity is testing whether the asset is functioning properly when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Therefore, an asset could be capable of operating as intended by management and be subject to depreciation before it has reached the level of operating performance expected by management. The effective date of these amendments is January 1, 2022, although earlier application is permitted.

- IAS 37 (Amended) "Onerous contracts - cost of fulfilling a contract": The amendment explains that the direct cost of fulfilling a contract includes the incremental costs of fulfilling the contract and the assignment of other costs directly related to the fulfillment of the contracts. It also clarifies that before a separate provision is created as a result of an onerous contract, the Bank will recognize any impairment loss that may have occurred in relation to the assets used to fulfill the contract, instead of the assets dedicated to said contract. The effective date of these amendments is January 1, 2022, although earlier application is permitted.

- IFRS 3 (Amended) "Reference to the Conceptual Framework": IFRS 3 has been updated to refer to the 2018 Conceptual Framework in order to determine what constitutes an asset or liability in a combination of businesses (it previously referred to the 2001 Conceptual Framework). Additionally, a new exception has been added to IFRS 3 for liabilities and contingent liabilities. The effective date of these amendments is January 1, 2022, although earlier application is permitted.

- Annual Improvements to IFRS - Cycle 2018-2020: The amendments affect IFRS 1, IFRS 9, IFRS 16 and IAS 41 and apply to the fiscal years starting January 1, 2022, although early application is permitted. The main amendments refer to:

  - IFRS 1 "Adoption of the IFRS for the first time": IFRS 1 allows an exemption if a subsidiary adopts the IFRS on a date subsequent to the parent company. This amendment allows entities that have taken advantage of this exemption to also measure the accumulated conversion differences using the amounts calculated by the parent company, depending on the date of transition of the latter to the IFRSs.

- IFRS 9 "Financial instruments": This amendment addresses what costs should be included in the flow discounts compared to analyze whether or not a financial liability can be derecognized. The flows before and after the sale must differ by at least 10% for derecognition in the financial liability accounts. The costs or fees could be paid to third parties or to the lender. According to the amendment, costs or fees paid to third parties are not to be included in the 10% test.

- IFRS 16 "Leases": Illustrative example 13 that accompanies IFRS 16 was modified to eliminate the illustration of lessor payments in relation to lease improvements, thus eliminating any possible confusion regarding the recording of lease incentives.

- IAS 41 "Agriculture": This amendment eliminates the requirement to exclude cash flows for taxes when measuring fair value according to IAS 41.

The "Annual Improvements to IFRS - Cycle 2018-2020" issued by the IASB incorporate amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41. These Annual Improvements approved by the European Union only refer to IFRS 1, IFRS 9 and IAS 41. This is because, in relation to IFRS 16 "Leases", Illustrative Example 13 of the standard has been amended, and the illustrative examples accompany, but are not part of, the IFRS.

o IFRS 17 “Insurance Contracts”: IFRS 17, which replaces IFRS 4 “Insurance Contracts”, sets out the principles to be applied by an entity to recognize insurance contracts. The new standard fundamentally changes the accounting for all entities that issue insurance contracts and investment contracts with discretionary participation components. In June 2020, the IASB modified the standard, developing specific amendments and clarifications aimed at facilitating the implementation of the new standard, although the fundamental principles of the standard did not change. The standard is effective for annual periods beginning on or after January 1, 2023, with earlier application permitted if IFRS 9 "Financial Instruments" is applied on or before the date of initial application of IFRS 17.

o IAS 1 (Amendment) "Classification of liabilities as current or non-current": The initial amendment to IAS 1 clarifies that liabilities are classified as current or non-current, depending on the rights that exist at the end of the reporting period. The classification is not affected by the entity's expectations or events after the reporting date (e.g., receipt of a waiver or covenant breach). The amendment also clarifies what IAS 1 means when it refers to the "settlement" of a liability. The effective date of this amendment is January 1, 2022, although early adoption is permitted. However, in July 2020 an amendment was passed to change the effective date of the amendment to January 1, 2023. These amendments have not yet been adopted by the European Union.

o IAS 1 (Amendment) "Disclosure of accounting policies": IAS 1 has been amended to improve disclosures about accounting policies to provide more useful information to investors and other primary users of financial statements. The effective date of these amendments is January 1, 2023. The amendment is pending approval by the European Union.

o IAS 8 (Amendment) "Definition of accounting estimates": IAS 8 has been amended to help distinguish between changes in accounting estimates and changes in accounting policies. The effective date of these amendments is January 1, 2023. The amendment is pending approval by the European Union.

- IAS 12 (Amendment) "Deferred tax related to assets and liabilities arising from a single transaction": In certain circumstances under IAS 12, companies are exempt from recognizing deferred taxes when they first recognize assets or liabilities ("initial recognition exemption"). Previously, there was some uncertainty as to whether the exemption applied to transactions such as leases and decommissioning obligations, transactions for which both an asset and a liability are recognized upon initial recognition. The amendment clarifies that the exemption does not apply and, therefore, there is an obligation to recognize deferred taxes on such transactions. This amendment comes into effect for the fiscal years starting at or after January 1, 2023, though earlier application is permitted. This amendment is pending approval by the European Union.

- IFRS 10 (Amendment) and IAS 28 (Amendment) "Sale or contribution of assets between an investor and its associates or joint ventures": These amendments clarify the accounting treatment of sales and contributions of assets between an investor and its associates and joint ventures depending on whether the non-cash assets sold or contributed to an associate or joint venture constitute a "business". The investor shall recognize the full gain or loss when the non-monetary assets constitute a "business". If the assets do not meet the definition of a business, the investor recognizes gain or loss to the extent of the interests of other investors. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. Originally, these amendments to IFRS 10 and IAS 28 were prospective and effective for annual periods beginning on or after January 1, 2016. However, at the end of 2015, the IASB decided to postpone their effective date (without setting a new specific date), as it is planning a broader review that may result in simplifying the accounting for these transactions and other aspects of accounting for associates and joint ventures.

The Bank's directors believe that the application of most of these standards will not have a material impact on the Group's consolidated financial statements.

1.13 COVID-19 impacts

Faced with the situation caused by the COVID-19 pandemic since March 2020, Unicaja Banco and its Group activated the necessary contingency plans that have favored business continuity. These actions have allowed the Group to continue its activities without putting its business in a critical situation and without affecting management's ability to keep adequate accounting records. In this regard, the Group has not had and does not foresee the impossibility of complying with relevant contractual obligations and, therefore, no significant consequences are expected to arise from lack of contractual compliance due to COVID-19.

Although at the date of preparation of these consolidated financial statements the possibility of economic recovery and the pace of its materialization are uncertain, and depend, among other matters, on the macroeconomic measures adopted by the Spanish, European and international authorities, the effectiveness of the vaccines and the evolution of the new strains or variants of COVID-19, the Parent Company's directors consider that the application of the going concern basis of accounting is still valid in these circumstances.

The main effects of COVID-19 on the accounting estimates included in these consolidated financial statements for the year 2021 are detailed in the notes corresponding to the headings of the financial statements where COVID-19 has a relevant impact, especially in Note 10 on "Financial assets at amortized cost", due to the effect of COVID-19 on the classification of credit exposures based on their credit risk and on estimate of hedges of these exposures.

1.14 Merger by absorption of Liberbank by Unicaja Banco

On December 29, 2020, the Boards of Directors of Unicaja Banco, S.A. and Liberbank, S.A. agreed to approve and sign the Common Merger Plan by absorption of Liberbank (absorbed company) by Unicaja Banco (absorbing company).

As described in the common merger project, the context of the health and economic crisis caused by COVID-19, together with other structural challenges to which Spanish and European credit institutions were already exposed, such as the low interest rate environment and the digital transformation of the sector, which new technological competitors have joined, make the merger between Unicaja Banco and Liberbank a strategic opportunity for the consolidation of the positioning of both institutions. This strategic opportunity also arises at a time when there is a clear preference and boost by the Single Supervisory Mechanism (SSM) for concentration operations such as the present one, which, in addition to having a strategic rationale, allow the challenges of the sector to be addressed in better conditions.

After the merger, as highlighted in the Common Merger Plan:

- Based on publicly available information, the combined entity becomes the fifth largest credit institution in the Spanish market in terms of assets and deposits, as well as the sixth largest in terms of gross loans and advances to customers (considering, in all cases, the recent merger between CaixaBank and Bankia).

- From the commercial point of view, the integration of Unicaja Banco and Liberbank allows the combined entity to extend its presence to 80% of the Spanish territory, with a reduced overlap in the geographical areas where both entities, with a long history, were present. In addition, the complementary nature of the branch network and area of operation of both entities allows the combined entity to take leading market shares in at least four autonomous communities.

In short, as indicated in the joint merger plan, the merger between the two entities also has a very strong strategic fit, taking into account: (i) the regional leadership of Unicaja Banco and Liberbank in their respective areas of origin, (ii) the strong brand recognition of both entities, (iii) their very robust and comfortable liquidity structure, and (iv) their strong solvency position. In addition, the type of retail banking business on which both entities have been focusing their activity, with a high concentration in the retail mortgage sector and important business with small and medium-sized companies, makes the cultural fit of both entities facilitate the integration.

The exchange ratio of the shares of the entities participating in the merger, which was determined on the basis of the real value of the equity of Unicaja Banco and Liberbank, was 1 newly issued Unicaja Banco share, with a par value of EUR 1 each, with the same characteristics and the same rights as the Unicaja Banco shares existing at the time of issue, for every 2.7705 Liberbank shares, with a par value of EUR 2 cents each.

Pursuant to the second paragraph of article 34.1 of Law 3/2009 on structural modifications of mercantile companies, Unicaja Banco and Liberbank requested that the Commercial Registry of Malaga appoint an independent expert to prepare a report on the common merger project, withing the scope of article 34.3 of the aforementioned Law. On January 18, 2021, the Commercial Registrar of Malaga appointed BDO Auditores, S.L.P. as independent expert, who accepted its appointment on January 22, 2021, issuing its report on February 25, 2021.

Following the mandate of Article 33 of the Structural Modifications Act, on March 25, 2021 the directors of Unicaja Banco and Liberbank drafted their respective reports on the Common Merger Plan, in which its legal and economic aspects are justified and explained in detail, with special reference to the share exchange ratio, as well as the implications of the merger for shareholders, creditors and employees. These reports include as an annex the respective fairness opinions issued by the financial advisors on the fairness of the exchange ratio.

In accordance with the provisions of Article 36.3 of the Structural Modifications Act, the merger balance sheets of Unicaja Banco and Liberbank have been replaced by their respective half-yearly financial reports required by securities market legislation, closed as of June 30, 2020 and made public by Unicaja Banco and Liberbank.

Pursuant to Article 89.1 of Law 27/2014, of November 27, on Corporate Income Tax, the merger is subject to the Tax Regime established in Chapter VII of Title VII and in the Second Additional Provision of said Act, as well as in Article 45, paragraph I.B.10 of Royal Legislative Decree 1/1993, of September 24, approving the Consolidated Text of the Transfer Tax and Stamp Duty Act; a regime that allows corporate restructurings to be carried out under the concept of tax neutrality, provided that such transactions are carried out for valid economic reasons, such as those set forth in the Common Merger Plan.

The merger between Unicaja Banco and Liberbank was approved by the general shareholders' meetings of both entities held on March 31, 2021.

The effectiveness of the merger was subject to the following conditions precedent:

- The authorization of the Minister of Economic Affairs and Digital Transformation, in accordance with the provisions of the twelfth additional provision of Law 10/2014, of June 26, on the regulation, supervision and solvency of credit institutions.

- The authorization of the National Markets and Competition Commission for the economic concentration resulting from the merger, in accordance with the provisions of Law 15/2007, of July 3, on the defense of competition and concordant regulations.

- Obtaining the remaining authorizations or declarations of non-opposition that may be necessary or advisable to obtain from the European Central Bank, the Bank of Spain, the National Securities Market Commission, the Directorate General of Insurance and Pension Funds and any other administrative or supervisory body prior to the effectiveness of the merger, including, in particular, the European Central Bank's non-opposition to the increase in the stake of Fundación Bancaria Unicaja in Unicaja Banco as a consequence of the capital reduction of the latter registered on November 18, 2020, so that, even temporarily until the merger is completed, said shareholder is authorized to maintain a percentage higher than 50% of the capital of Unicaja Banco.

The conditions precedent necessary for the execution of the merger by absorption were fulfilled as of July 26, 2021 (except for the non-opposition of the European Central Bank to the increase in the stake of Fundación Bancaria Unicaja in Unicaja Banco as a result of the capital reduction of the latter registered on November 18, 2020, which has been waived, since such non-opposition was not mandatory), at which time it was considered that control over the assets and liabilities of the Liberbank Group had been taken. In this regard, on June 29, 2021, authorization was received from the National Markets and Competition Commission, and on July 16, 2021, authorization was obtained from the Ministry of Economic Affairs and Digital Transformation, in addition to having obtained until July 26, 2021, the resolutions of non-opposition to the acquisition of various significant shareholdings in Unicaja Banco, S.A. and in other regulated companies and the non-objection to the appointment of the members of the Board of Directors.

The deed of merger by absorption was registered in the Commercial Registry of Malaga, thus giving legal effectiveness to the operation, on July 30, 2021.

The date of the accounting effective of the transaction was established as July 31, 2021. In this regard, the effect on shareholders' equity and income of using the aforementioned convenience date for the accounting records of the business combination with respect to the effective date of the acquisition of control is not significant.

In accordance with the exchange ratio determined and the valuation of Unicaja Banco shares at July 30, 2021, the value of the consideration delivered by Unicaja Banco amounts to EUR 830,493 thousand, which corresponds to the exchange of Unicaja Banco shares subscribed by holders of Liberbank shares (1,075,072,455 shares at a price of EUR 0.7725 per share).

Total net adjustments at fair value on the date on which control was taken of the Liberbank net equity amounts to EUR 993,531 thousand (hereinafter, this exercise of allocating the cost of the business combination to the assets and liabilities acquired from the Liberbank Group will be referred to as purchase price allocation (PPA)). The breakdown of these adjustments between the various asset, liability and equity items is as follows:

Thousands of Euros						
ASSETS	**Unicaja Group**	**Liberbank**	**Aggregate**	**Eliminate./ Reclassif. (*)**	**Adjustments PPA**	**Fair value after PPA**
Cash, cash balances with central banks, and other demand deposits	4,404,557	2,699,046	7,103,603	-	-	7,103,603
Financial assets held for trading	107,490	1,898	109,388	-	-	109,388
Non-trading financial assets mandatorily at fair value through profit or loss	63,787	139,960	203,747	108,588	-	312,335
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	1,023,895	339,649	1,363,544	6,159,668	(6,895)	7,516,317
Financial assets at amortized cost	53,719,387	38,508,054	92,227,441	(9,984,505)	(402,445)	81,840,491
Derivatives - Hedge accounting	563,665	144,381	708,046	-	-	708,046
Changes in the fair value of the items covered in a portfolio with interest rate risk coverage	-	164,686	164,686	-	-	164,686
Investment in joint ventures and associates	365,007	642,401	1,007,408	-	(9,007)	998,401
Assets covered by insurance or reinsurance contracts	1,659	-	1,659	-	-	1,659
Tangible assets	1,118,343	1,217,981	2,336,324	-	(54,780)	2,281,544
Intangible assets	76,441	167,014	243,455	-	(159,736)	83,719
Tax assets	2,776,708	1,841,839	4,618,547	-	117,310	4,735,857
Other assets	680,171	136,195	816,366	-	(10,728)	805,638
Non-current assets and disposable groups of items classified as held for sale	233,049	650,521	883,570	-	(134,007)	749,563
TOTAL ASSETS	**65,134,159**	**46,653,625**	**111,787,784**	**(3,716,249)**	**(660,288)**	**107,411,247**

LIABILITIES	Unicaja Group	Liberbank	Aggregate	Eliminate./ Reclassif. (**)	Adjustments PPA	Fair value after PPA
	Thousands of Euros					
Financial liabilities held for trading	28,177	1,589	29,766	-	-	29,766
Financial liabilities valued at fair value with changes in income	-	-	-	-	-	-
Financial liabilities at amortized cost	58,246,368	42,700,184	100,946,552	(3,716,249)	111,206	97,341,509
Derivatives - Hedge accounting	810,208	349,836	1,160,044	-	-	1,160,044
Changes in the fair value of the items covered in a portfolio with interest rate risk coverage	-	-	-	-	-	-
Liabilities covered by insurance or reinsurance contracts	587,140	5,815	592,955	-	-	592,955
Provisions	710,560	224,388	934,948	-	202,453	1,137,401
Tax liabilities	267,924	118,044	385,968	-	19,584	405,552
Capital repayable on demand	-	-	-	-	-	-
Other liabilities	603,751	128,412	732,163	-	-	732,163
Liabilities included in disposable groups of elements that have been classified as held for sale	-	-	-	-	-	-
TOTAL LIABILITIES	**61,254,128**	**43,528,268**	**104,782,396**	**(3,716,249)**	**333,243**	**101,399,390**

EQUITY	Unicaja Group	Liberbank	Aggregate	Eliminate./ Reclassif. (**)	Adjustments PPA	Fair value after PPA
	Thousands of Euros					
Shareholders' equity	**4,030,779**	**2,811,002**	**6,841,781**	-	**(679,176)**	**6,162,605**
Capital or endowment fund	1,579,761	59,582	1,639,343	-	1,015,490	2,654,833
Share premium	1,209,423	500,000	1,709,423	-	(500,000)	1,209,423
Equity instruments issued other than share capital	47,391	-	47,391	-	-	47,391
Other elements of net equity	-	-	-	-	-	-
Accumulated earnings	962,342	193,892	1,156,234	-	(438,471)	717,763
Revaluation reserves	-	-	-	-	-	-
Other reserves	162,100	2,123,109	2,285,209	-	(2,123,108)	162,101
Minus: Own shares	(4,393)	-	(4,393)	-	-	(4,393)
Profit attributable to the owners of the parent company	74,155	(65,581)	8,574	-	1,366,913	1,375,487
Minus: Interim dividends	-	-	-	-	-	-
Other cumulative overall income	**(151,268)**	**314,355**	**163,087**	-	**(314,355)**	**(151,268)**
Non-controlling interests (non-significant holdings)	**520**	**-**	**520**	**-**	**-**	**520**
TOTAL NET EQUITY	**3,880,031**	**3,125,357**	**7,005,388**	**-**	**(993,531)**	**6,011,857**
TOTAL LIABILITIES AND NET EQUITY	**65,134,159**	**46,653,625**	**111,787,784**	**(3,716,249)**	**(660,288)**	**107,411,247**

(*) Includes the effect of the adaptation to the Unicaja Banco Group's business models, which generates a reclassification of EUR 6,159,668 thousand between the heading of financial assets at amortized cost and the heading of financial assets at fair value through other comprehensive income, as well as the effect of homogenization with the criteria used by the Unicaja Banco Group for the SPPI tests, which caused a reclassification of EUR 108,588 thousand between the heading of financial assets at amortized cost and the heading of non-trading financial assets mandatorily at fair value through profit or loss. It also includes the elimination of transactions between the Unicaja Banco Group and the Liberbank Group that were in force at the date of accounting effects of the business combination, with a total amount of EUR 3,716,249 thousand Euros. These balances consist of: (i) debt securities issued by Unicaja Banco and acquired by Liberbank for an amount of EUR 25,514 thousand, and (ii) temporary asset acquisitions/dispositions contracted between Unicaja Banco and Liberbank for an amount of EUR 3,690,735 thousand (these are temporary asset acquisitions for the Unicaja Banco Group, which were recorded under "Financial Assets at Amortized Cost", and temporary asset dispositions for the Liberbank Group, which were recorded under "Financial Liabilities at Amortized Cost" until the date of the accounting effects of the business combination). This represents an elimination of balances under financial assets at amortized cost of EUR 3,716,249 thousand, with a corresponding entry under financial liabilities at amortized cost.

(**) Includes the elimination of transactions between the Unicaja Banco Group and the Liberbank Group that were in force at the date of accounting effects of the business combination, with a total amount of EUR 3,716,249 thousand.

The main adjustments made in connection with the business combination under the Liberbank Group's PPA are as follows:

(1) **Capital increase**: The exchange ratio has been set at 2.7705 Liberbank shares for each Unicaja Banco share. Considering the total number of Liberbank shares outstanding at the date of the business combination (i.e. 2,979,117,997 shares with a par value of EUR 2 cents each), the number of Unicaja Banco shares issued to cover the merger exchange amounts to 1,075,072,455 Unicaja Banco ordinary shares with a par value of EUR 1 each. Taking the aforementioned number of shares of the capital increase and the share price of Unicaja Banco at the date of the business combination, the cost of the business combination amounts to EUR 830,493 million.

The fair value adjustments included in the consolidated balance sheet reflect an increase in share capital to the amount of EUR 1,075,072 thousand, corresponding to the par value of the new shares issued by Unicaja Banco, and a reduction in reserves to the amount of EUR 244,579 thousand, as a difference between the listed price (EUR 0.7725 per share) and the par value of the new shares issued (EUR 1 per share). These adjustments have been recorded, respectively, with a credit to "Shareholders' equity - Capital" and a charge to "Shareholders' equity - Accumulated earnings" in the consolidated balance sheet.

In addition, the elimination of the Liberbank Group's net equity at the date of the business combination, amounting to EUR 3,125,357 thousand, is included as an adjustment.

(2) **Adjustments for fair value of financial assets**: In accordance with IFRS 3 "Business combinations", the value of the loan portfolio classified as financial assets at amortized cost has been adjusted to reflect its fair value compared to the hedges established by the Liberbank Group at the date of the business combination, recorded in accordance with IFRS 9 "Financial instruments". This adjustment includes the effect of adjusting the expected loss over the lifetime of the operation. It also includes the effect of fair value measurement of certain fixed-rate loans that were subject to macro-hedges recorded as fair value hedges and that have been discontinued by the Liberbank Group. The total negative adjustment made to financial assets at amortized cost amounted to EUR 373,611 thousand and was recorded under "Financial Assets at Amortized Cost" in the consolidated balance sheet with a charge to net equity, deducting the related tax effect, amounting to EUR 261,527 thousand.

Also, in relation to the loans and advances portfolio, EUR 102 million of purchased or originated financial assets with credit impairment (hereinafter "POCIs") were recognized, with credit impairment allowances of EUR 97 million at the date of the business combination, resulting in a net recognition of these assets to the amount of EUR 5 million. These are assets that are credit-impaired at the time of initial recognition because the credit risk is very high and because they were acquired at a significant discount.

In addition, the fair value of debt securities recorded in the financial asset portfolio at amortized cost has been determined based on the quoted prices of such assets at the date of the business combination. As a result, a negative adjustment of EUR 28,834 thousand was recorded in the heading "Financial Assets at Amortized Cost" in the consolidated balance sheet, with a charge to net equity, deducting the related tax effect, to the amount of EUR 20,184 thousand to equity.

Finally, in relation to other comprehensive income, the valuation criteria of the absorbed entity have been unified with those existing in the absorbing entity, with a negative effect of EUR 6,895 thousand, which has been recorded under the heading "Financial assets at fair value through other comprehensive income - Equity instruments" in the consolidated balance sheet, fully against reserves as it has no tax effect.

(3) **Investment in joint ventures and associates**: The Group has adjusted the value of holdings in joint ventures and associates based on their fair value at the date of the business combination. For this purpose, valuation methodologies generally accepted in the market have been used and discounts for illiquidity in certain investments have been considered, giving rise to a negative adjustment of EUR 9,007 thousand, recorded under the heading "Investments in joint ventures and associates" in the consolidated balance sheet, fully against reserves as it has no tax effect.

(4) **Adjustments for the fair value of tangible real estate assets**: The Group has adjusted the value of tangible real estate assets, mainly for assets classified as non-current assets held for sale. In determining the fair value of these assets at the date of the business combination, market proxies, such as sales experience, have been considered and the manner in which the combined entity is expected to divest these non-current assets has been taken into account. The negative adjustment recorded for this item, depending on the accounting caption to which it relates, is as follows:

- Under the heading "Non-current assets and disposal groups classified as held for sale", the fair value adjustment amounted to EUR 134,007 thousand and was charged to net equity, deducting the related tax effect, to the amount of EUR 93,805 thousand.

- Under "Tangible Assets - Real Estate Investment", the adjustment amounted to EUR 54,780 thousand and was also charged to net equity, deducting the related tax effect, to the amount of EUR 38,346 thousand.

- Under the heading "Other Assets - Inventories", the adjustment recorded amounted to EUR 10,728 thousand, charged to net equity, deducting the related tax effect, to the amount of EUR 7,510 thousand.

(5) **Adjustments related to intangible assets**: In accordance with the provisions of IFRS 3 "Business Combinations" and IAS 38 "Intangible Assets", only acquired intangible assets that meet the identifiability requirements and on which the entity expects to obtain future economic benefits may be recognized in a business combination. In the context of the merger by absorption of Liberbank by Unicaja Banco, and the future technological integration between both entities, an adjustment has been estimated to the value of the Liberbank Group's intangible assets, mainly comprising specific developments of proprietary computer applications. This represents a gross negative impact of EUR 137,025 thousand, which has been recorded at its gross amount under "Intangible Assets - Other Intangible Assets" in the consolidated balance sheet, with a charge to net equity, deducting the related tax effect, amounting to EUR 95,917 thousand.

In addition, a negative valuation adjustment was made to the value of goodwill associated with holdings in joint ventures and associates amounting to EUR 22,711 thousand, taking into account the activity of these entities in the new context arising from the merger by absorption of Liberbank by Unicaja Banco. This negative adjustment was recorded under "Intangible Assets - Goodwill" in the consolidated balance sheet, with a charge to net equity, deducting the related tax effect, amounting to EUR 15,898 thousand.

(6) **Adjustments for fair value of financial liabilities**: The Group has adjusted the fair value of financial liabilities at amortized cost generated by wholesale issues for which there are sufficient references to determine their fair value based on a quoted price in an active market at the date of the business combination, within the meaning of IFRS 13. This represents a gross adjustment with a negative impact of EUR 111,206 thousand, which has been recorded by increasing the value of the heading "Financial liabilities at amortized cost" in the consolidated balance sheet, with a charge to net equity, deducting the related tax effect, amounting to EUR 77,844 thousand.

(7) **Adjustments to provisions for contingencies and other obligations**: Although IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" establishes that, as a general criterion, contingent liabilities are not recorded as liabilities, in the case of business combinations, in accordance with IFRS 3 "Business Combinations", the contingent liabilities of the acquired entity must be recognized and measured at their fair value at the acquisition date, if they are a present obligation arising from past events and their fair value can be measured reliably. Based on these criteria, the fair value of contingent liabilities and other obligations of a legal, tax and/or labor nature, as well as contingencies arising from contractual requirements caused by the process of merger by absorption of Liberbank itself, have been recognized in the consolidated balance sheet. The adjustment recorded in this connection under "Provisions - Other Provisions" in the consolidated balance sheet amounted to EUR 202,453 thousand with a charge to net equity, deducting the related tax effect, amounting to EUR 141,717 thousand.

(8) **Adjustments to deferred tax assets and liabilities**: As a direct consequence of the fair value adjustments recorded in the business combination, the following tax effects have become apparent:

- Tax assets increased by EUR 342,191 thousand under "Tax assets - Deferred tax assets" in the consolidated balance sheet.
- Deferred tax liabilities increased by EUR 19,584 thousand under "Tax liabilities - Deferred tax liabilities" in the consolidated balance sheet.

In addition, the value of deferred tax assets (corresponding to non-monetizable assets) has been adjusted by EUR 224,881 thousand, in accordance with IFRS 3, taking into account the estimates of recoverability made in the context of the combined entity.

(9) **Negative goodwill**: As a result of recording these assets and liabilities at fair value, a negative difference between the acquisition cost and the fair value of the assets and liabilities acquired amounting to EUR 1,301,333 thousand Euros has been recorded under "Negative goodwill recognized in income" in the consolidated income statement.

The calculation of this negative goodwill is as follows:

Thousands of Euros	
Cost of business combination (A)	**830,493**
Liberbank Group equity adjusted by PPA (B)	**2,131,826**
Consolidated net equity of the Liberbank Group	3,125,357
Non-controlling interests (non-significant holdings)	-
Adjustments for fair value recognition and other	(993,531)
Adjustments for fair value of financial assets and holdings	*(297,613)*
Adjustments for fair value of tangible real estate assets	*(139,661)*
Adjustments related to intangible assets	*(111,815)*
Adjustments for fair value of financial liabilities	*(77,844)*
Adjustments to provisions for contingencies and other obligations	*(141,717)*
Adjustments to non-monetizable deferred tax assets	*(224,881)*
NEGATIVE GOODWILL RECOGNIZED IN PROFIT OR LOSS (A-B)	**1,301,333**

To determine the amount of these adjustments, the Unicaja Banco Group has used generally accepted valuation methodologies in accordance with criteria for determining the fair value of assets and liabilities that are in line with those described in Note 26 "Fair value" to these consolidated financial statements. In addition, the Group has had the support of an independent expert to estimate the aforementioned fair value adjustments.

In accordance with paragraph 45 of IFRS 3, the acquiring entity has a measurement period of one year to record the business combination and specifically to allocate the cost of the combination to the fair value of the assets and liabilities acquired (FVTPL).

In addition, the amount of ordinary income (consolidated gross margin) contributed by the Liberbank Group (as the acquired entity) since the acquisition date amounts to EUR 249,090 thousand, the total ordinary income of the Unicaja Banco Group since the acquisition date being EUR 294,025 thousand. The ordinary income obtained by the Liberbank Group during the period from January 1, 2021 to the date of the business combination amounted to EUR 400,456 thousand. In this regard, ordinary income is understood to be the gross margin obtained by the Liberbank Group in that period.

In compliance with paragraph B64 (q) (ii) of IFRS 3, a consolidated income statement is presented below for the full year beginning on January 1, 2021 and ending on December 31, 2021, as if the acquisition date had occurred at the beginning of that period (i.e. January 1, 2021):

	Thousands of Euros				
CONSOLIDATED INCOME STATEMENT PRO FORMA SUMMARY	**Unicaja Banco Group 12/31/2021 (*)**	**Group Liberbank 7/31/2021**	**Aggregate**	**Impact PPA Adjustments**	**Pro forma**
Interest income (**)	852,123	336,797	1,188,920	(5,638)	1,183,282
Interest expenses (**)	(122,004)	(38,834)	(160,838)	21,970	(138,868)
NET INTEREST MARGIN	**730,119**	**297,963**	**1,028,082**	**16,332**	**1,044,414**
Dividend income	19,298	4,230	23,528	-	23,528
Profit or loss of entities accounted for using the equity method	40,270	17,752	58,022	-	58,022
Fee revenue	395,674	136,675	532,349	-	532,349
Fee expenses	(33,208)	(10,026)	(43,234)	-	(43,234)
Net gains or losses on the derecognition of financial assets and liabilities not at fair value through profit and loss	38,967	9,115	48,082	-	48,082
Net gains or losses on financial assets and liabilities held for trading	12,687	(218)	12,469	-	12,469
Net gains or losses on non-trading financial assets mandatorily at fair value through profit or loss	(2,014)	(1,750)	(3,764)	-	(3,764)
Net gains or losses on financial assets and liabilities at fair value through profit or loss	-	-	-	-	-

Thousands of Euros					
CONSOLIDATED INCOME STATEMENT PRO FORMA SUMMARY	**Unicaja Banco Group 12/31/2021 (*)**	**Group Liberbank 7/31/2021**	**Aggregate**	**Impact PPA Adjustments**	**Pro forma**
Net gains or losses resulting from hedge accounting	(1,403)	(13,498)	(14,901)	-	(14,901)
Net exchange differences (profit or loss)	3,996	849	4,845	-	4,845
Other operating income	61,749	29,191	90,940	-	90,940
Other operating expense	(188,261)	(69,827)	(258,088)	-	(258,088)
Assets covered by insurance and reinsurance contracts	63,004	-	63,004	-	63,004
Expenses from liabilities covered by insurance or reinsurance contracts	(41,560)	-	(41,560)	-	(41,560)
GROSS MARGIN	**1,099,318**	**400,456**	**1,499,774**	**16,332**	**1,516,106**
Administrative expenses	(637,904)	(202,649)	(840,553)	-	(840,553)
Personnel expenses	(437,462)	(133,599)	(571,061)	-	(571,061)
Other administration expenses	(200,442)	(69,050)	(269,492)	-	(269,492)
Amortization (***)	(68,922)	(27,212)	(96,134)	7,300	(88,834)
Provisions or reversal of provisions	(468,791)	(172,534)	(641,325)	-	(641,325)
Impairment of value or reversal of impairment of value of financial assets designated at fair value through profit or loss and net gains or losses due to changes	(181,993)	(88,564)	(270,557)	-	(270,557)
PROFIT OR LOSS FROM OPERATING ACTIVITY	**(258,292)**	**(90,503)**	**(348,795)**	**23,632**	**(325,163)**
(Impairment loss or reversal of impairment loss on investments in joint ventures or associates)	213	-	213	-	213
(Impairment of value or reversal of impairment of value of non-financial assets)	(11,847)	(1,639)	(13,486)	-	(13,486)
Net gains or losses on derecognition of non-financial assets	6,922	4,012	10,934	-	10,934
Negative goodwill recognized in profit or loss	1,301,333	-	1,301,333	-	1,301,333
Gains or losses on non-current assets and disposable groups of items classified as held for sale and not eligible for sale as discontinued operations	(16,896)	(10,191)	(27,087)	-	(27,087)
INCOME BEFORE TAXES FROM CONTINUING OPERATIONS	**1,021,433**	**(98,321)**	**923,112**	**23,632**	**946,744**
Tax expense or (-) income on gains from continuing operations	91,765	32,845	124,610	(7,090)	117,520
RESULT AFTER TAXES FROM CONTINUING OPERATIONS	**1,113,198**	**(65,476)**	**1,047,722**	**16,542**	**1,064,264**
Gains or (-) losses after tax from discontinued operations	-	-	-	-	-
PROFIT OR LOSS FOR THE YEAR	**1,113,198**	**(65,476)**	**1,047,722**	**16,542**	**1,064,264**
Income attributable to minority interest	(4)	-	(4)	-	(4)
Results attributed to parent company	1,113,202	(65,476)	1,047,726	16,542	1,064,268

(*) Does not include the results obtained by the Liberbank Group up to the date of accounting effects of the business combination, i.e. until July 31, 2021, which are included in the following column.

(**) The "Impact of PPA Adjustments" column under "Interest Income" and "Interest Expense" includes the effect on interest income and interest expense that the fair value of the Liberbank Group's financial assets and liabilities would have had if the business combination had been recorded on January 1, 2021.

(***) The "Impact of PPA Adjustments" column under "Amortization" includes the effect on the amortization expense that the fair value of the Liberbank Group's intangible assets would have had if the business combination had been recognized on January 1, 2021.

1.15 Subsequent events

On January 19, 2022, Unicaja Banco issued subordinated debt bonds amounting to 300,000 thousands of Euros, with the following characteristics:

- Price: 99.714% of their par value, the unit par value of the bonds being 100 thousands of Euros. These bonds are listed on the Spanish AIAF fixed income market.

- Maturity: July 19, 2032, with the possibility of early redemption at the Bank's discretion at any given time between January 19, 2027 and June 19, 2027.

  In this regard, the bonds may be redeemed at the Bank's discretion, in full, together with any accrued and unpaid interest, subject to the conditions set forth in the prospectus, which include the prior approval of the competent authority, upon the occurrence of certain circumstances relating to tax events, capital events or events disqualifying the bonds for their computability for MREL purposes. Likewise, the Bank has the option, subject to the conditions set forth in the prospectus and the prior authorization of the competent authority, to redeem the bonds in full, at any given time between January 19, 2027 and the reset date (July 19, 2027), for their outstanding principal amount and any interest accrued and unpaid thereby.

- Coupon: Bonds yield an interest at a rate of 3.125% per annum until July 19, 2027, and thereafter (said date inclusive), the Bonds will yield an interest at an annual rate equal to the 5-year Mid-Swap rate plus a margin of 3.050% per annum. Interest is payable annually for interest periods due on July 19 of each year.

Likewise, on February 7, 2022, Unicaja Banco informed the holders of the subordinated debt issue called "Euro 300.000.000 Fixed Rate Reset Subordinated Notes due 14 March 2027" of its irrevocable decision to redeem early and in full the bonds belonging to such issue, pursuant to the terms set forth in the Prospectus and after receiving the mandatory authorization from the European Central Bank. The total early redemption date will be March 14, 2022, and the redemption price for each subordinated debenture will be 100% of its par value (€100,000), the accrued and unpaid coupon, as applicable, being likewise paid pursuant to the terms and conditions of the issue.

In the period between year-end December 31, 2021 and the date of preparation of these consolidated financial statements, there have been no other events of special significance that are not disclosed in the notes to the consolidated financial statements.

2. Accounting principles and policies, and measurement criteria applied

The accounting principles and policies and measurement criteria applied in preparing the consolidated financial statements for the Group for 2021 and 2020 fiscal years were as follows:

2.1 Consolidation

2.1.1 Subsidiaries

"Subsidiaries" are defined as entities over which the Entity has the capacity to exercise control. Control is, in general but not exclusively, presumed to exist when the Parent Company directly or indirectly owns over 50% of the voting rights of the subsidiaries or, even when this percentage is lower or zero, when there are, for example, agreements with their shareholders that give the Entity control.

In accordance with IFRS 10, control is defined as the power to govern the financial and operating policies of a company so as to obtain benefits from its activities. In accordance with IFRS 10, an investee is considered to be controlled if and only if it has all of the following elements: (i) power over the investee, (ii) exposure, or entitlement, to variable returns from its involvement with the investee, and (iii) ability to use its power over the investee to influence the amount of the investor's returns.

At December 31, 2021 and 2020, subsidiaries are considered to be those entities controlled by a subsidiary, which, taking into account the Group's interest in such subsidiary, are considered to be controlled by the Group (see detail in Appendix III).

The financial statements of subsidiaries are consolidated with those of the Entity by application of the full consolidation method, in accordance with the consolidation procedure described in IFRS 10. Consequently, all significant balances arising from transactions between the companies consolidated by this method have been eliminated in the consolidation process. In addition, the participation of third parties in:

- The Group's equity is presented under "Minority interests" in the consolidated balance sheet (Note 21).

- The consolidated results for the year are presented under "Profit attributable to minority interests" in the consolidated income statement (Note 21).

The profit or loss from subsidiaries acquired during a fiscal year are consolidated by only considering those for the period between the acquisition date and year-end. At the same time, the profit or loss of subsidiaries divested during the year are consolidated by only considering those in the period between the start of the year and the sale date.

At December 31, 2021 and 2020 the Unicaja Banco Group had no outstanding balances of securitizations or any other type of transfer of financial assets or holding in unconsolidated structured entities.

Note 12.2 provides information on the most significant acquisitions, disposals and movements of subsidiaries that took place during fiscal years 2021 and 2020.

Relevant information on subsidiaries is provided in Annex III.

2.1.2 Joint ventures (jointly controlled entities)

A “joint venture” is a contractual arrangement whereby two or more entities (“venturers”) undertake a business activity which is subject to joint control, i.e., a contractual arrangement to share the power to govern the financial and operating policies of an entity, or another business activity, in order to benefit from its operations, whereby strategic financial and operating decisions require the unanimous consent of all the venturers. Likewise, investments in companies that are not subsidiaries, but which are jointly controlled by two or more unrelated companies, are considered to be joint ventures.

In accordance with IFRS 11 "Joint Arrangements", a participant in a joint venture shall recognize its interest in a joint venture as an investment and account for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures".

Note 12.2 provides information on the most significant acquisitions, disposals and movements that took place in these companies during fiscal years 2021 and 2020.

Relevant information on these joint ventures is provided in Annex IV.

2.1.3 Associates

"Associates" are defined as companies over which the Entity is in a position to exercise significant influence, but not control or joint control. This power is usually reflected by means of a holding (direct or indirect) of no less than 20% of the voting rights of the investee company, although other quantitative and qualitative measures may be applied to determine the existence of a significant influence exercised by an entity over an investee:

a) Potential voting rights: potential voting rights held by the investor or other investors shall be taken into account.
b) Representation on the Board of Directors or equivalent management body of the investee.
c) Involvement in the policy establishing processes.
d) Transactions of relative importance between the investor and the investee.
e) Exchange of management personnel; or provision of essential technical information.
f) Right of veto over significant decisions.
g) Debt security, extension of credit, holding warrants, debt obligation and other securities.

In this sense, the Group analyzes each fact arising during the transactions and, by means of an individualized analysis, determines their accounting classification.

In the consolidated financial statements, investments in associates are accounted for using the equity method, as defined by IAS 28.

If, as a result of losses incurred by an associate, its net equity is negative, the investment would be presented in the Group's consolidated balance sheet with a zero value, unless the Group is obliged to give it financial support.

Note 12.2 provides information on the most significant acquisitions, disposals and movements of associates that took place in 2021 .

Relevant information on these companies is provided in Annex V.

2.2 Financial instruments

A financial instrument is a contract that simultaneously generates a financial asset in one company and a financial liability or equity instrument in another one.

An equity instrument is a legal business arrangement that demonstrates a residual interest in the assets of the issuing entity after deducting all of its liabilities.

A financial derivative is a financial instrument the value of which changes in response to a change in an observable market variable (such as an interest rate, exchange rate, financial instrument price or market index) and the initial investment of which is very small compared to other financial instruments with a similar response to changes in market factors, and which is generally settled at a future date.

Hybrid financial instruments are contracts that simultaneously include a main contract that is not a derivative together with a financial derivative, called an embedded derivative that is not individually transferable and means that some cash flows of the hybrid contract vary in the same way as the embedded derivative would do on its own.

Compound financial instruments are contracts that allow the issuer to simultaneously create a financial liability and an equity instrument, (such as, for example, convertible bonds which grant the holder the right to convert them into equity instruments for the issuing entity).

The following transactions are not treated as financial instruments for accounting purposes: (i) investments in joint ventures and associates, (ii) rights and obligations arising from employee benefit plans, (iii) financial assets and liabilities arising from lease agreements except those arising from sale and leaseback transactions.

2.2.1 Classification of financial assets

Financial assets are classified on the basis of the following aspects:

- In the case of debt instruments:

  - The business models approved by the Group for the management of these assets.

    The business model for the management of financial assets is the mechanism whereby the Group jointly manages the groups of financial assets to generate cash flows. This model may consist in holding onto these financial assets so as to receive their contractual cash flows, selling these assets or a combination of both objectives.

  - Compliance or non-compliance, in accordance with the contractual flows of the asset, with the so-called "SPPI test" (Solely Payment of Principal and Interest, i.e. contracts that only generate payment of principal and interest), described later in this same note to the consolidated financial statements.

- In the case of equity instruments, it depends on the Group's irrevocable decision to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that, being within the scope of IFRS 9, is not held for trading.

As a consequence of these aspects, debt instruments will be included, for valuation purposes, in one of the following portfolios: financial assets at amortized cost, financial assets at fair value through other comprehensive income or financial assets measured at fair value through profit or loss.

The classification of debt securities in an amortized cost or fair value category must pass two tests: the business model and the SPPI test. The purpose of the test is to determine whether, in accordance with the contractual characteristics of the instrument, cash flows are representative of only the repayment of the principal and interest, essentially understood as being the compensation for the time value of money and the credit risk of the debtor.

- A financial instrument will be classified in the amortized cost portfolio when it is managed under a business model whose objective is to hold financial assets to receive contractual cash flows, and also meets the SPPI test.

- A financial instrument shall be classified in the financial asset portfolio at fair value through other comprehensive income if it is managed under a business model whose objective combines the perception of contractual cash flows and sales, and also meets the SPPI test.

- A financial instrument is classified at fair value through profit or loss whenever, due to the Group's business model for its management or the characteristics of its contractual cash flows, it is not appropriate to classify it in any of the portfolios described above.

With regard to the assessment of the business model whose objective is to hold financial assets to receive contractual cash flows, this does not depend on the intentions for an individual financial instrument, but is determined for a group of instruments, taking into consideration the frequency, amount and timing of sales in previous years, the reasons for such sales and expectations regarding future sales. Infrequent or insignificant sales, those close to the maturity of the asset and those motivated by increases in the credit risk of financial assets, among others, may be compatible with the model of holding assets to receive contractual cash flows.

The Group segments the financial instruments portfolio for SPPI testing purposes, differentiating those products with standard contracts (all instruments have the same contractual features), for which the Group performs the SPPI test by reviewing the standard master contract and the particular contractual features. For its part, financial instruments with specific contractual characteristics are analyzed individually.

Financial assets that do no comply with the SPPI test are not accounted for based on the characteristics of the business model in which they are located, but are recorded at fair value through profit or loss.

Criteria used for SPPI tests

The Unicaja Banco Group has an accounting policy for the classification of financial assets, which establishes the criteria to be applied in the SPPI tests, considering the information available in the corporate databases, the contractual documentation of the transactions and the quantitative and qualitative conclusions of the individualized analyses. The information used is subject to the controls of the Bank's information systems and to the reviews of the second and third lines of defense. Among the controls applied, data quality checks are carried out.

In this accounting policy, the Group defines the fair value of the financial asset at initial recognition as principal. This amount may change during the life of the financial asset, for example, if there is amortization of principal.

With regard to interest, understood as the implicit and explicit yields paid as consideration for a transfer of principal, the Group considers the following items:

- Time value of money: is the element of interest that considers only the passage of time, without regard to other risks or costs associated with holding the financial asset. In assessing whether the item considers only the passage of time, the judgment of the Group's management is applied and relevant factors such as the currency in which the financial asset is presented and the period for which the interest rate is fixed are considered.

- Credit risk: can be defined as the loss that would result from the possible non-payment or loss of solvency of a debtor, i.e., the probability that, when the collection right is due, it will not be met.

- Other basic risks and costs: incorporates risks such as liquidity or administration costs.

- Profit margin: the additional margin charged by the creditor for a credit operation.

Based on the above, the Group assesses the contractual and financial characteristics of financial assets to analyze compliance with the definitions of principal and interest, assessing factors such as the time value of modified cash, contractual terms that may change the timing or amount of cash flows, the linkage of contractual flows to specific projects or assets rather than to the borrower's ability to return, and the effects of contractually linked instruments.

To complete the analysis and reach the final conclusion, the Group assesses the effect of these factors on the contract and defines a tolerance threshold through the consideration of the "de minimis" effect, establishing a level of acceptable percentage difference on the overall flows (section B4.1.9C of IFRS 9), and of the "non-genuine" effect (section B4.1.18 of IFRS 9), which becomes apparent when it is estimated that the probability of the clause or financial effect materializing is remote (in the terms of section B4.1.18 mentioned above, remote should be understood as meaning that it would be an extremely exceptional, highly anomalous and highly improbable event).

In this regard, the Group considers that the impact of a clause that is not aligned with the requirements linked to the SPPI test will have a material impact on the contractual cash flows of the transaction when the difference with the cash flows of the same transaction without such default being greater than 5%.

2.2.2 Classification of financial liabilities

Financial liabilities are included for valuation purposes in the following categories: financial liabilities at amortized cost, financial liabilities held for trading and financial liabilities designated at fair value with changes in income.

- The portfolio of financial liabilities held for trading includes all financial liabilities that meet any of the following characteristics: (i) have been issued with the intention of repurchasing them in the near future, (ii) are short positions of securities, (iii) are part of a portfolio of identified and jointly managed financial instruments for which there is evidence of recent actions to obtain short-term gains, or (iv) are derivative instruments that do not meet the definition of a financial guarantee contract and have not been designated as hedging instruments. The fact that a financial liability is used to finance trading activities does not in itself imply its inclusion in this category.

- The financial liabilities portfolio designated at fair value with changes in income includes financial liabilities that meet any of the following characteristics: (i) have been irrevocably designated upon initial recognition by the Group, or (ii) have been designated upon initial recognition or subsequently by the Group as a hedged item for credit risk management through the use of a credit derivative measured at fair value through profit or loss.

- If the conditions described above are not met, financial liabilities are classified in the portfolio of financial liabilities at amortized cost.

2.2.3 Initial valuation of financial instruments

Upon initial recognition, all financial instruments are recorded at fair value. For financial instruments that are not recorded at fair value through profit or loss, the fair value amount is adjusted by adding or deducting transaction costs directly attributable to their acquisition or issue. In the case of financial instruments at fair value through profit or loss, directly attributable transaction costs are recognized immediately in the consolidated income statement.

In the absence of evidence to the contrary, the fair value at initial recognition is the transaction price, which is equivalent to the fair value of the consideration given.

2.2.4 Subsequent valuation of financial instruments

After initial recognition, the Group measures financial instruments at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss.

The accounting treatment of changes in valuation for each of the financial instrument portfolios held by the Group is as follows:

- **Financial assets and liabilities at fair value through profit or loss:** this category includes the following financial instruments: (i) assets and liabilities held for trading, (ii) non-trading financial assets mandatorily measured at fair value through profit or loss, and (iii) financial assets and liabilities designated at fair value through profit or loss.

  Financial instruments classified at fair value through profit or loss are initially measured at fair value, with directly attributable transaction costs recognized immediately in the profit and loss account.

  Income and expenses of financial instruments at fair value through profit or loss are recognized in accordance with the following criteria:

  - Changes in fair value are recorded directly in the consolidated income statement, distinguishing, for instruments other than derivatives, between the portion attributable to accrued returns on the instrument, which are recorded as interest or dividends depending on their nature, and the remainder, which is recorded as gains/losses on financial transactions with a balancing entry under "Gains/losses on financial assets and liabilities held for trading (net)", "Gains/losses on financial assets not held for trading mandatorily measured at fair value through profit or loss (net)" and "Gains/losses on financial assets and liabilities designated at fair value through profit or loss (net)" in the consolidated income statement.

  - Accrued interest on debt instruments is calculated using the effective interest rate method.

- **Financial assets at fair value through other comprehensive income:** Instruments included in this category are initially measured at fair value, adjusted by the amount of transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent to acquisition, financial assets included in this category are measured at fair value through other comprehensive income.

Income and expenses from financial assets at fair value through other comprehensive income are recognized in accordance with the following criteria:

  - Accrued interest or, when applicable, accrued dividends are recognized in the consolidated income statement.

  - Exchange differences are recognized in the consolidated income statement in the case of monetary financial assets, and in other comprehensive income, net of the tax effect, in the case of non-monetary financial assets.

  - In the case of debt instruments, impairment losses or gains on subsequent recovery are recognized in the consolidated income statement.

  - Other changes in value are recognized, net of the tax effect, in other comprehensive income.

When a debt instrument at fair value through other comprehensive income is derecognized from the balance sheet, the cumulative gain or loss in accumulated other comprehensive income is reclassified to profit or loss for the period. On the other hand, when an equity instrument at fair value through other comprehensive income is derecognized, the amount of the gain or loss recorded in accumulated other comprehensive income is not reclassified to the income statement, but to a reserve item.

- **Financial assets at amortized cost:** Financial assets included in this category are initially measured at fair value, adjusted by the amount of transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent to acquisition, assets included in this category are measured at amortized cost using the effective interest method.

  Income and expenses of financial instruments at amortized cost are recognized using the following criteria:

  - Accrued interest is recorded under "Interest income" in the consolidated income statement, using the effective interest rate of the gross book amount transaction (except in the case of doubtful assets, which is applied to the net book value).

  - Other changes in value are recognized as income or expense when the financial instrument is removed from the balance sheet; when it is reclassified; and when there are impairment losses or gains on subsequent recovery.

- **Financial liabilities at amortized cost:** The financial liabilities included in this category are valued at amortized cost, calculated by applying the effective interest rate method. Accrued interest on these securities, calculated using the interest method, is recorded under "Interest expense" in the consolidated income statement.

2.2.5 Fair value and amortized cost of financial instruments

The fair value of a financial instrument on a specified date is the amount for which it could be bought or sold on that date by two duly informed knowledgeable 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 in an organized, transparent and deep market ("quoted price" or "market price").

When no market price is available for a given financial instrument, fair value is estimated on the basis of recent arm’s length transactions in similar instruments or, where such information is unavailable, on the basis of valuation methodologies generally accepted 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.

Specifically, the fair value of financial derivatives traded on organized, transparent and deep markets included in the trading portfolios is assimilated to their daily quotation and if, for exceptional reasons, it is not possible to establish their quotation on a given date, they are valued using methods similar to those used to value derivatives not traded on organized markets.

The fair value of derivatives not traded on organized markets or traded on shallow or transparent organized markets is assimilated to the sum of the future cash flows originating from the instrument, discounted at the valuation date (“present value” or “theoretical closing”), using methods recognized by the financial markets in the valuation process: "net present value", option pricing models, etc.

All investments in equity instruments and contracts on these instruments are valued at fair value. However, in certain circumstances the Group believes that cost is an appropriate estimate of the fair value of these instruments, when recent available information is insufficient to determine fair value or when there are a number of possible valuations for which cost represents the best estimate.

Amortized cost is the amount at which a financial asset or liability is measured at initial recognition, adjusted for principal repayments and the cumulative amortization of any difference between the initial amount and the maturity amount of such financial instruments, using the effective interest rate method. In the case of financial assets, the amortized cost also includes corrections to their value due to impairment losses.

The effective interest rate is the discount rate that equals the gross book amount of a financial asset or the book amount of a financial liability to the estimated cash flows over the expected life of the instrument, based on its contractual terms, without considering expected credit losses. For fixed rate financial instruments, the effective interest rate coincides with the contractual interest rate established at the time of acquisition, adjusted, where appropriate, for fees and transaction costs which, in accordance with current regulations, form an integral part of the effective yield or cost of the instrument and must therefore be included in the calculation of the effective interest rate. For floating rate financial instruments, the effective interest rate is estimated in a manner similar to fixed rate transactions and is recalculated at each contractual interest rate reset date of the transaction based on changes in the future cash flows of the transaction.

2.2.6 Reclassification of financial instruments

Exclusively when the Group changes its business model for financial asset management, it reclassifies all affected financial assets in accordance with the following guidelines.

Such reclassification is made prospectively from the date of reclassification, without restatement of previously recognized gains, losses or interest. Generally, the business model is not changed very often.

- When the Group reclassifies a debt instrument from amortized cost to fair value through profit or loss, the Group estimates its fair value at the reclassification date. Any gain or loss arising from the difference between the previous amortized cost and the fair value is recognized in the consolidated income statement for the corresponding period.

- When the Group reclassifies a debt instrument from the fair value portfolio through profit or loss to amortized cost, the fair value of the asset at the reclassification date becomes its new gross book amount.

- When the Group reclassifies a debt instrument from the amortized cost portfolio to fair value through other comprehensive income, the Group estimates its fair value at the reclassification date. Any gain or loss arising from differences between the previous amortized cost and fair value is recognized in other comprehensive income. The effective interest rate and the estimate of expected credit losses are not adjusted as a result of the reclassification.

- When the Group reclassifies a debt instrument from the fair value portfolio through other comprehensive income to amortized cost, the financial asset is reclassified at fair value at the reclassification date. The cumulative gain or loss at the date of reclassification to accumulated other comprehensive income in net equity is reversed using the book amount of the asset at the date of reclassification as the balancing entry. Thus, the debt instrument is valued at the reclassification date as if it had always been valued at amortized cost. The effective interest rate and the estimate of expected credit losses are not adjusted as a result of the reclassification.

- When the Group reclassifies a debt instrument from the fair value portfolio through profit and loss to fair value through other comprehensive income, the financial asset continues to be measured at fair value, without any change in the accounting for changes in value previously recorded.

- When the Group reclassifies a debt instrument from the fair value portfolio through profit and loss to fair value through other comprehensive income, the financial asset continues to be valued at fair value. The cumulative gain or loss previously accumulated under "Other cumulative overall income" in net equity is transferred to profit or loss of the period at the date of reclassification.

2.2.7 Derecognition of financial instruments

A financial asset is derecognized from the consolidated balance sheet when one of the following circumstances occurs:

- The contractual rights on the cash flow from the financial asset expire; or

- the financial asset is transferred and substantially all its risks and rewards are transferred.

For its part, a financial liability is derecognized from the balance sheet when the obligations it generates have been extinguished or when it is reacquired by the Group.

In this regard, IFRS 9 establishes that regular way purchases or sales of financial assets shall be recognized and derecognized according to the trade date or settlement date. The Unicaja Banco Group has opted to make such registration on the settlement date.

2.3 Accounting hedges and risk mitigation

In trying to align accounting with economic risk management, IFRS 9 allows the application of hedge accounting to a greater variety of risk and hedging instruments. The standard does not address the accounting of so-called macro-hedging strategies. In order to avoid any conflict between the current macro hedge accounting and the general system of hedge accounting, IFRS 9 includes an accounting policy option to continue to apply hedge accounting according to IAS 39.

The governing bodies of the Unicaja Banco Group have analyzed the accounting implications of IFRS 9 on hedge accounting and have decided, for the time being, to maintain the accounting of these financial instruments in accordance with IAS 39.

The Group uses financial derivatives as part of its strategy to reduce its exposure to interest rate, market and foreign currency exchange rate risks, among others. When these transactions meet certain requirements stipulated in IAS 39, they qualify for hedge accounting.

When the Group designates a transaction as a hedge, it does so from the initial date of the transactions or instruments included in the hedge, and the hedging transaction is documented appropriately. The hedge accounting documentation includes identification of the hedged item(s) and the hedging instrument(s), the nature of the risk to be hedged and the criteria or methods used by the Group to assess the effectiveness of the hedge over its entire lifespan, taking into account the risk to be hedged.

The Group only applies hedge accounting for hedges that are considered to be highly effective over their entire term. A hedge is considered to be highly effective if, during its expected lifespan, the changes in fair value or cash flows of the hedged item that are attributable to the risk hedged in the hedging of the financial instrument(s) are almost completely offset by changes in the fair value or cash flows, as appropriate, of the hedging instrument(s).

To measure the effectiveness of hedges designated as such, the Group analyses whether, from the beginning to the end of the term defined for the hedge, it can expect, prospectively, that the changes in the fair value or cash flows of the hedged item that are attributable to the hedged risk will be almost fully offset by changes in the fair value or cash flows, as appropriate, of the hedging instrument and, retrospectively, that the actual results of the hedge will have been within a range of 80% to 125% of the results of the hedged item.

The hedge transactions performed by the Group are classified as follows:

- Fair value hedges: these hedge the exposure to changes in the fair value of financial assets or liabilities or as yet unrecognized firm commitments, or of an identified portion of such assets, liabilities, or firm commitments that is attributable to a particular risk, provided it affects the consolidated income statement.

- Cash flow hedges: these hedge the changes of cash flows attributed to a specific risk related to a financial asset or liability or a highly probable transaction, as long as it may affect the consolidated financial statement.

In the specific case of financial instruments designated as hedged items or qualifying for hedge accounting, gains and losses are recorded according to the following criteria:

- In fair value hedges, the gains or losses arising on both the hedging instrument and the hedged item attributable to the type of risk being hedged are recognized directly in the consolidated income statement.

  In fair value hedges of the interest rate risk of a portfolio of financial instruments, gains or losses arising as a result of the valuation of the hedging instrument are recognized directly in the consolidated income statement with a balancing entry under "Derivatives - Hedge accounting" on the asset or liability side of the consolidated balance sheet, as appropriate.

  Gains or losses arising from changes in the fair value of the hedged item are recognized under "Gains (losses) arising from hedge accounting, net" in the consolidated income statement, with a balancing entry under "Changes in fair value of hedged items in a portfolio hedged for interest rate risk" on the asset or liability side of the consolidated balance sheet, as appropriate.

  In cash flow hedges, valuation differences arising on the effective hedging portion of the hedged items are recognized temporarily in equity under "Other accumulated other comprehensive income - Items that may be reclassified to profit or loss - Hedging derivatives". Cash flow hedges (effective position)". The financial instruments hedged in this type of hedging transactions are recorded in accordance with the criteria explained in Note 2.2 without any modification in them due to the fact that they have been considered as such hedged instruments.

  In cash flow hedgings, in general, differences in valuation of hedging instruments, in the effective portion of the hedge, are not recognized as income in the consolidated income statement until the gains or losses on the hedged item are recognized in income or, if the hedge relates to a highly probable forecast transaction that will result in the recognition of a non-financial liability asset, they are recognized as part of the acquisition or issue cost when the asset is acquired or assumed.

  Differences in valuation of the hedging instrument corresponding to the ineffective portion of cash flow hedges are recognized directly in gains (losses) on financial assets and liabilities in the consolidated income statement.

The Group discontinues accounting for hedging transactions as such when the hedging instrument expires or is sold, when the hedging transaction ceases to meet the requirements to be considered as such, or the consideration of the transaction as a hedge is revoked.

When, in accordance with the provisions of the preceding paragraph, the fair value hedging transaction is discontinued, in the case of hedged items measured at amortized cost, the adjustments to their value made as a result of the application of hedge accounting described above are taken to the consolidated income statement until maturity of the hedged instruments, applying the effective interest rate recalculated at the date of discontinuation of the hedging transaction.

In the event that a cash flow hedging transaction is discontinued, the cumulative gain or loss on the hedging instrument recorded under "Net Equity - Accumulated other comprehensive income" in net equity in the consolidated balance sheet will remain recorded under that heading until the forecast hedged transaction occurs, at which time it will be charged to the income statement, or the acquisition cost of the asset or liability to be recorded will be adjusted, if the hedged item is a forecast transaction that culminates in the recording of a non-financial asset or liability.

2.4 Foreign currency transactions

2.4.1 Functional currency

The Group's functional currency is the Euro. Consequently, all balances and transactions denominated in currencies other than the Euro are considered to be denominated in a foreign currency.

The Euro equivalent value of total foreign currency assets and liabilities held by the Group at December 31, 2021 amounts to €202,652 thousand and €186,522 thousand, respectively (€105,529 thousand and €94,919 thousand, respectively, at December 31, 2020). 68% and 74%, respectively, at December 31, 2021 correspond to the U.S. dollar (57% and 59%, respectively, at December 31, 2020), 27% and 24%, respectively, at December 31, 2021 correspond to the British pound (4% and 3%, at December 31, 2020) 3% and 1%, respectively, at December 31, 2021 correspond to the Swiss franc (33% and 35%, respectively, at December 31, 2020), and the remainder are all other currencies traded on the Spanish market.

2.4.2 Conversion criteria for foreign currency balances

Transactions in foreign currencies carried out by the Group are initially recorded in the financial statements at the equivalent Euro value resulting from applying the exchange rates in effect on the dates on which the transactions are carried out. Subsequently, the Group translates monetary balances in foreign currencies into its functional currency using the year-end exchange rate. Likewise:

- Non-monetary items measured at historical cost are translated to the functional currency at the exchange rate on the date of acquisition.

- Non-monetary items measured at fair value are translated to the functional currency at the exchange rate on the date on which the fair value was determined.

2.4.3 Applied exchange rates

The exchange rates used by the Group to translate balances denominated in foreign currencies into Euros for the purpose of preparing the consolidated financial statements are the market rates as of December 31, 2021 and 2020, as published by the European Central Bank at each of those dates.

2.4.4 Recognition of exchange differences

Exchange differences arising on the conversion of foreign currency balances to the functional currency of consolidated companies are generally recognized at their net value under "Net exchange differences (gain or loss)", in the consolidated income statement, except for exchange differences arising in financial instruments classified at fair value through profit or loss, which are recorded in the consolidated income statement without distinguishing these from other variations at their fair value under "Gains or losses on financial assets and liabilities at fair value through the net profit or loss" in the consolidated income statement.

During the 2021 financial year, the amount of exchange differences recorded in the Group's consolidated income statement amounted to EUR 3,996 thousand of gain (net), while during the 2020 financial year it amounted to EUR 9 thousand of loss (net).

However, in the case of financial instruments classified in the "Financial assets at fair value with changes in other comprehensive income" portfolio, the treatment is as follows:

- In the case of debt securities (monetary items), adjustments for exchange differences are recognized directly in the consolidated income statement under "Exchange differences (profit or loss), net".

- In the case of equity instruments (non-monetary items), adjustments for exchange differences are recognized in other comprehensive income and are not reclassified to profit or loss when realized, but are adjusted directly against net equity reserves, without going through the consolidated income statement.

During the financial year 2021, the net amount of exchange differences that have been charged in the consolidated statement of recognized income and expense as "Foreign currency translation" amounts to 64 thousand Euros (net) loss, while during the financial year 2020 it amounted to 10 thousand Euros (net) loss.

2.5 Recognition of Income and Expense

The most significant accounting criteria used by the Group to recognize its income and expenses are summarized below:

2.5.1 Income and expenses for interest, dividends and similar concepts

In general, interest income, interest expense and similar items are recognized on an accrual basis using the effective interest method as defined in IFRS 9.

Dividends received from other companies are recognized as income when the consolidated companies' right to receive them arises.

2.5.2 Commissions, fees and similar concepts

Income and expenses from commissions and similar fees, which should not form part of the calculation of the effective interest rate of transactions and/or which do not form part of the acquisition cost of financial assets or liabilities other than those classified as at fair value through profit or loss, are recognized in the consolidated income statement using different criteria depending on their nature. The most significant are:

- Those related to the acquisition of financial assets and liabilities measured at fair value through losses and gains, which are recognized in the consolidated income statement at the time of payment.

- Those arising from transactions or services that are prolonged over time, which are recorded in the consolidated income statement over the life of such transactions or services.

- Those arising from a single act, which are charged to the consolidated income statement when the act giving rise to them occurs.

2.5.3 Non-financial income and expenses

They are recognized in accounting according to the accrual criterion.

2.5.4. Contributions to the Deposit Guarantee Fund for Credit Institutions (FGDEC) and the Single Resolution Fund (FUR)

In accordance with IFRIC 21 "Liens", the event that generates the obligation that gives rise to a liability to pay a lien is the activity that produces the payment of the lien, in the terms established by law. Consequently, the recognition of the expense and payment obligation in the case of contributions to the Deposit Guarantee Fund for Credit Institutions (FGDEC) and the Single Resolution Fund (FUR) is made upon receipt of the payment notification.

2.6 Offsetting of balances

Asset and liability balances are offset, i.e., reported on the consolidated balance sheet at their net amount, when, and only when, they arise from transactions in which a contractual or legal right to offset exists and the Group intends to settle these on a net basis, or simultaneously realize the asset and settle the liability.

In this regard, the presentation according to the IFRS-EU of these consolidated annual accounts regarding the financial assets subject to valuation adjustments due to amortization or impairment, net of these concepts, is not considered "offsetting".

2.7 Impairment of value of financial assets

The criteria described in this section are applicable both to debt instruments (loans and advances, and debt securities) valued at amortized cost or at fair value with changes in other comprehensive income, as well as to other exposures that carry credit risk (loan commitments granted, financial guarantees granted and other commitments granted).

For this purpose, and in accordance with IFRS 9, the Bank has developed its own methodologies to make individualized estimates on significant borrowers, internal models for the collective estimation of provisions and internal models for the estimation of cutbacks on the reference values of real estate collateral and awarded assets.

Impairment losses on debt instruments at amortized cost are recognized against an allowance account that reduces the book amount of the asset. Impairment losses recorded on these instruments in each period are recognized as an expense under the heading “Impairment or reversal of impairment in value of financial assets not measured at fair value through profit or loss and net gains or losses due to modification ” of the consolidated income statement.

Impairment losses on debt instruments at fair value through other comprehensive income are also recognized as an expense under "Impairment or reversal of impairment of financial assets not valued at fair value through profit or loss and net gains or losses on modification" in the consolidated income statement.

Hedging for impairment losses on other exposures that entail credit risk other than debt instruments are recorded as a provision under "Provisions - Commitments and guarantees granted" on the liability side of the consolidated balance sheet. Provisions and reversals of these hedges are recorded under "Provisions or reversal of provisions" on the consolidated income statement.

When the recovery of any recorded amount is considered unlikely, this amount is removed from the consolidated balance sheet and kept on the memorandum accounts until its rights have been definitively extinguished, either due to the expiry of the statute of limitations period, debt forgiveness, or other causes.

The Group recognizes expected credit losses on transactions for the purpose of recording impairment loss coverage. Distinction is made between:

- Expected credit losses over the life of the transaction: are the expected credit losses resulting from all possible default events during the entire expected life of the transaction.

- Twelve-month expected credit losses: are the portion of the expected credit losses during the life of the transaction that corresponds to the expected credit losses resulting from events of default that may occur in the transaction in the twelve months following the reference date.

Credit losses correspond to the difference between all contractual cash flows due to the Group under the financial asset contract and all cash flows expected to be received by the Group (i.e. the entire cash flow shortfall), discounted at the original effective interest rate or, for financial assets purchased or originated with credit impairment, at the effective interest rate adjusted for credit quality financial assets purchased or originated with credit deterioration, at the effective interest rate adjusted for credit quality.

In the case of commitments for loans granted, a comparison is made between the contractual cash flows that would be due to the Group in the event of drawdown of the loan commitment and the cash flows that the Group expects to receive if the commitment is drawn down. In the case of financial guarantees granted, the payments that the Group expects to make are considered less the cash flows that it expects to receive from the guaranteed holder.

The Group estimates the cash flows of the transaction over its expected life taking into account all contractual terms and conditions of the transaction (such as early amortization, extension, redemption and similar options). It is assumed that the expected life of an operation can be reliably estimated. However, in exceptional cases where it is not possible to estimate it reliably, the Group uses the remaining contractual term of the transaction, including extension options. Among the cash flows taken into account, the Group includes cash flows from the sale of collateral received or other credit enhancements that form an integral part of the contractual terms, such as financial guarantees received.

Credit exposures are classified, based on credit risk, in the following categories:

- Normal risk (Stage 1). Comprises those transactions for which their credit risk has not increased significantly since their initial recognition. Impairment hedging is equal to the expected credit losses over twelve months. This category includes transactions identified as having a low credit risk, as defined in this note.

- Normal risk in special surveillance (Stage 2). Includes those transactions for which the credit risk has increased significantly since initial recognition, but do not present a default event. Impairment hedging is equal to the expected credit losses over the life of the transaction.

- Doubtful risk (Stage 3). Includes those transactions with credit impairment, i.e., those that present an event of default. Hedging is equal to the expected credit losses over the life of the transaction.

- Write-offs. This category includes transactions for which there are no reasonable expectations of recovery. This classification reflects a recognition of losses for the book amount of the transaction and the write-off of the assets.

The amount of the allowance for impairment losses is calculated based on their classification according to credit risk and whether or not an event of default has occurred. Thus, the hedging for impairment losses on transactions is equal to:

- Expected credit losses in twelve months, when the risk is classified as "Normal risk" (Stage 1).
- Expected credit losses over the life of the operation, if the risk is classified as "Normal risk under special surveillance" (Stage 2).
- Expected credit losses over the life of the transaction, when a default event has occurred and has therefore been classified as "Doubtful risk" (Stage 3).

Likewise, in the context of the business combination derived from the merger by absorption of Liberbank, S.A. (as the absorbed entity) by Unicaja Banco, S.A. (as the absorbed entity) described in Note 1.14, the Unicaja Banco Group considers financial assets purchased or originated with credit impairment (hereinafter, POCIs) to be those assets acquired at a significant discount reflecting credit losses incurred at the time of the transaction. Since such discount reflects incurred losses, no separate hedge for credit risk is recorded at initial recognition of the POCIs. Subsequently, changes in expected losses over the life of the transaction from initial recognition are recognized as hedges for credit risk of the POCIs. Income from interest on these assets is calculated by applying the effective interest rate adjusted for credit quality to the amortized cost of the financial asset.

With regard to the classification of financial assets, the Unicaja Banco Group has developed automatic classification criteria that form part of the classification algorithm and enable it to identify situations of objective default (i.e. transactions with amounts overdue more than 90 days), bankruptcies, refinancing criteria, as well as the carryforward effect (whereby all transactions of a holder are considered doubtful when transactions with overdue amounts more than 90 days old exceed 20% of the outstanding amounts receivable).. In addition, the Group has established individual and collective triggers that allow early identification of weaknesses and objective evidence of impairment.

Based on the collective classification indicators that the Group has developed within the framework of the internal methodologies for estimating provisions, debt instruments that do not meet the criteria to be classified as doubtful risk or write-off, but for which there has been a significant increase in risk since they were granted, are considered to be part of Stage 2 (normal risk under special surveillance).

To determine the significant increase in risk, the Group uses both automatic triggers, which involve direct classification in the category of normal risk in special surveillance (or doubtful), and synthetic triggers, which may involve objective indications or evidence that a significant increase in risk or an impairment event has occurred (the latter may occur independently by the application of a trigger or in combination by the joint action of several triggers).

The triggers defined by the Unicaja Banco Group include factors such as the existence of defaults, the presence of high levels of indebtedness above those existing at the date of formalization of the transaction, drop in turnover, narrowing of the borrower's operating margins, scoring model of individuals below a certain threshold, belonging of the holder to sectors in difficulties, significant annotations in individual solvency sources and others.

The Group does not rebut the presumption that a significant increase in risk has occurred when contractual payments are overdue by more than 30 days.

In addition, the Group has developed collective rating indicators to reflect the significant increase in risk through the worsening of the probabilities of default over the life of the transaction, taking as a reference the first estimate of the PD (probability of default) of the transactions over the life of the transaction, taking as a reference the first estimate of the PD (probability of default) of the transactions.

Likewise, the Group has implemented objective criteria for the classification in Stage 3 (doubtful risk) of debt instruments and other credit exposures in which any of the following circumstances are present:

- Risks with defaults of more than 90 days (plus the so-called "carryforward effect").
- A 50% drop in the Shareholders’ equity as a result of losses in the last financial year or negative net equity.
- Continued losses or material decline, or significantly inadequate economic-financial structure.
- Generalized delay of payments or insufficient cash flows.
- Credit rating by a specialized company showing that the borrower is in default or close to default.
- Overdue commitments to public agencies or employees.
- Balances claimed or that it has been decided to claim their reimbursement judicially.
- Creditors in insolvency proceedings.

In view of the various pronouncements published, among others, by the European Banking Authority (EBA), the European Central Bank (ECB), the European Securities and Markets Authority (ESMA), the International Accounting Standards Board (IASB), the Basel Committee on Banking Supervision (BCBS) and the Bank of Spain, the Unicaja Banco Group has updated its policy on the interpretation of the regulations governing aspects such as the assessment and recognition of significant increases in credit risk or the impact of refinancing on this assessment, on the interpretation of the regulations governing aspects such as the assessment and recognition of significant increases in credit risk or the impact of refinancing on this assessment, the Unicaja Banco Group has updated its policy regarding what is considered a significant increase in risk, differentiating those cases that present temporary liquidity problems as a consequence of the Covid-19 crisis, from structural problems whose origin cannot be exclusively linked to the Covid-19 crisis.

Taking into account the above pronouncements, the Unicaja Banco Group has adapted its criteria for identifying and recognizing the significant increase in risk to distinguish between borrowers who suffer temporary liquidity restrictions and those who actually have exposures whose credit risk has increased significantly. Accordingly, and based on triggers that reflect the situation of borrowers prior to the declaration of the State of Alarm due to Covid-19 (March 14, 2020), the Group maintains the classification of transactions as normal risk (Stage 1) unless there are specific indicators that determine that there has been a significant increase in the risk of the transaction.

Low credit risk

In accordance with paragraph 5.5.10 of IFRS 9, the Group considers that the credit risk of an instrument has not increased significantly since initial recognition if the credit risk of that instrument at the reporting date is determined to be low.

Unless there are specific circumstances that cause this rating to change, the Unicaja Banco Group considers that transactions with low credit risk correspond to:

a) transactions with central banks;
b) transactions with Public Administration Bodies of European Union countries, including those derived from reverse repurchase loans of debt securities of public debt;
c) transactions with Central Administrations of countries classified in Group 1 for country-risk purposes according to the sector regulations applicable to Spanish credit institutions;
d) transactions on behalf of deposit guarantee funds and resolution funds, provided that they are comparable in terms of credit quality to those of the European Union;
e) transactions in the name of credit institutions and financial credit institutions of European Union countries and, in general, of countries classified in Group 1 for country-risk purposes;
f) transactions with Spanish mutual guarantee companies and with public agencies or companies of other countries classified in Group 1 for country-risk purposes whose main activity is the underwriting or guaranteeing of credit;
g) transactions with non-financial corporations that are considered to be in the public sector;
h) advances on pensions and payrolls corresponding to the following month, provided that the paying entity is a public administration body and they are domiciled in the company; and
i) advances other than loans.

In all these cases, the Unicaja Banco Group considers that the definition of low credit risk established in paragraph B5.5.22 of IFRS 9 is met, which indicates that the credit risk of a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong ability to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the long term may reduce, but not necessarily reduce, the borrower's ability to meet its contractual cash flow obligations.

On the other hand, it should be noted that, for debt securities that are not rated as low credit risk, the Group considers that there has been a significant increase in credit risk, classifying the exposure as stage 2 or normal risk under special surveillance, if the following triggers are present at the reference date:

a) The external rating of the issue or of the issuer suffers a significant decrease with respect to the origin or with respect to the previous year (decrease of 3 or more rating steps), or is below speculative grade (that is, when it goes from BBB- to BB+ on the Fitch and S&P rating scale or when it goes from Baa- to Ba+ on the Moody's rating scale).

b) That the securities suffer a drop in valuation (share price) with respect to the previous year or since initial recognition equal to or greater than 20% (if greater than 40%, they would be classified in Stage 3).

c) The price of the CDS on the security decreases, with a significant deterioration with respect to the previous year or with respect to the origin, with a decrease equal to or greater than 60% or that exceeds the threshold set at 400 basis points (inclusive).

Estimated impairment losses

Impairment is calculated by the Group: (i) on an individual basis for those exposures that, showing evidence of impairment or significant increase in risk, are held with individually significant borrowers, (ii) on a collective basis for the main modelable portfolios and (iii) by methodologies based on sector parameters, obtained on the basis of the experience and information that the Bank of Spain has on the Spanish banking sector, for the rest of the exposures. For these purposes, transactions are grouped based on shared credit risk characteristics, indicative of the ability of the holders to pay all amounts, principal and interest, in accordance with the contractual terms.

- Hedges are estimated on a case-by-case basis using discounted future cash flow techniques. For this purpose, the Group has updated and reliable information on the solvency and payment capacity of the holders or guarantors. In the individualized es estimation of coverage for non-performing loans, not only credit losses (LGD) but also probabilities of default (PD) are taken into account. When the estimate of the contractual cash flows receivable from the holders or guarantors is highly uncertain, the individualized estimation of coverage of doubtful transactions is made by estimating the amounts to be recovered from the effective collateral received.

- The collective estimation of coverage is performed using models based on the following parameters: PD (probability of default), LGD (loss given default) and EAD (exposure at default). The methodology and assumptions used to estimate expected credit losses through these models are periodically reviewed by the Group to reduce any differences that may exist between estimated and actual losses.

In this regard, the Unicaja Banco Group has defined its system of thresholds for considering a transaction as significant for the purposes of classification analysis and estimation of hedges. According to this system, a transaction is considered significant when it exceeds any of the following thresholds:

- Creditors classified as doubtful, those with an exposure of more than 2 million Euros (or 5% of the Company's equity) and provided that their doubtful risk accounts for more than 20% of their total exposure.

- Accredited classified as normal in special surveillance, those not doubtful with an exposure of more than 3 million Euros (or 5% of the Company's equity) and provided that their normal risk in special surveillance and/or doubtful accounts for more than 20% of their total exposure.

- Creditors classified as normal, those with a total exposure of more than 5 million Euros (or 5% of the Company’s equity) and provided they are not in any of the two previous categories.

The Group estimates the expected credit losses of a transaction so that these losses reflect: (i) a weighted, unbiased amount determined by evaluating a range of possible outcomes; (ii) the time value of money; and (iii) reasonable and supportable information that is available at the reporting date, without unreasonable cost or effort, about past events, current conditions and forecasts of future economic conditions.

In addition, to determine impairment allowances for exposures with low credit risk, the Unicaja Banco Group applies individualized estimation methodologies, calculating the allowance as the difference between the gross book amount of the exposure and the present value of the estimated cash flows expected to be collected, multiplied by the estimated probability of default of the exposure and discounted using the effective interest rate.

In application of paragraph 5.5.18 of IFRS 9, in this estimate the Unicaja Banco Group always reflects the possibility of a credit loss occurring or not occurring, even if the most likely outcome is that there will be no credit loss, and discarding only remote scenarios. In this regard, the Group reserves the application of the 0% hedge percentage for those exceptional cases in which its use is duly justified.

Estimates of changes in future cash flows reflect and are consistent with expected changes in observable variables. The variables on which forecasts were made were selected on the basis of their explanatory power for the behavior of the volumes and prices of the main balance sheet items: loans and credit for customers, fixed rate and equity portfolios, liquid assets and other assets. Based on the above, the variables fall into two groups: (i) representative of the context of the Spanish economy; (ii) referring to the financial environment.

With regard to the variables representative of the economic context, the Group starts from the macroeconomic picture published by the main national and European organizations. To avoid potential problems of over-parameterization in the projections, we chose those which, taking as a reference the statistical information available for Spanish deposit institutions as a whole published by the Bank of Spain, show a higher correlation and explain, for the most part (by means of principal component and regression analysis), the variance of the financial losses of the credit investment portfolio: (i) year-on-year variation rate of Gross Domestic Product (GDP), measured in terms of trend-adjusted chained volume index, (ii) unemployment rate, defined in terms of "Unemployed Population/Labor Force", and (iii) year-on-year rate of change of the Harmonized General Index of Consumer Prices (HICP). Likewise, due to its relevance in the evolution of credit investments with collateral, the inter annual variation rate of the General Index of Housing Prices (IGPV) has been added. The remaining variables are considered as instrumental and control variables to capture the occurrence of idiosyncratic events and improve the goodness of fit, or they are discarded once they have been found to be statistically insignificant or if they result in autocorrelation problems.

With regard to the variables referring to the financial environment, the following are selected (expressed in percentage terms) relating to interest rates: European Central Bank Intervention interest rate, 1-month Euribor, 3-month Euribor, 6-month Euribor, 12-month Euribor, 3-year Spanish government bonds, 5-year Spanish government bonds and 10-year Spanish government bonds.

As regards the impact of climate change and other environmental risks on the expected credit loss models developed by the Unicaja Banco Group at December 31, 2021, the Management of the Unicaja Banco Group understands that these risks are already considered in the forward-looking projections of the main macroeconomic variables described above, expecting that the real effect of these risks over the next three years (the time horizon on which the forward-looking models are based) will not be significant.

In addition to the base scenario, based on the results obtained, two complementary scenarios are defined: adverse scenario and optimistic scenario.

In financial year 2020, considering the impact of Covid-19 on the volatility of the forecasts of the main macroeconomic variables used in the collective hedge estimation models, the Group supplemented the estimates made through internal models with an adjustment (hereinafter "post model adjustment" or PMA) to incorporate the effect of the forecasts on future macroeconomic conditions in a scenario of high uncertainty. In this regard, the Group opted to incorporate the macroeconomic deterioration caused by Covid-19 through adjustments to the base model (PMA), so that the base model itself no longer had a "forward looking" effect, which was incorporated exclusively through the PMA itself.

For the 2021 financial year, the Unicaja Banco Group has considered that the level of uncertainty caused by the Covid-19 pandemic is lower than in the previous year and has decided to incorporate again the forward looking effect in its base models for the estimation of expected credit losses. In this regard, the projections of macroeconomic variables made by Unicaja Banco at December 31, 2021 in the three aforementioned scenarios (base, adverse and optimistic) are detailed below:

			%
	2022	**2023**	**2024**
Base Scenario			
Real GDP (% year-on-year change, annual average)	6.0	2.1	1.8
Unemployment rate (%, annual average, EPA)	14.4	13.6	13.2
CPI (%, annual average)	2.2	1.3	1.3
Housing prices (% year-on-year change, end of period)	2.2	1.4	0.9
Adverse Scenario			
Real GDP (% year-on-year change, annual average)	4.9	0.9	0.6
Unemployment rate (%, annual average, EPA)	15.6	15.3	15.3
CPI (%, annual average)	1.5	0.6	0.6
Housing prices (% year-on-year change, end of period)	(0.1)	(1.4)	(2.1)
Optimistic Scenario			
Real GDP (% year-on-year change, annual average)	7.1	3.1	2.9
Unemployment rate (%, annual average, EPA)	13.2	11.9	11.1
CPI (%, annual average)	2.9	2.1	2.1
Housing prices (% year-on-year change, end of period)	4.4	4.2	3.9

Taking into account the uncertainty still existing in relation to the economic impacts of the health crisis caused by Covid-19, and the worsening of the estimates of certain variables, such as GDP, in the latest macroeconomic projections made by the Bank of Spain in December 2021, Unicaja Banco has assigned a 100% weight to the adverse scenario in the determination of the "forward looking" effect of its models for the end of this financial year.

2.8 Financial guarantees and provisions established thereon

Guarantees granted are defined as contracts whereby an entity undertakes to make specific payments on behalf of a third party if the latter fails to do so, irrespective of the various legal forms they may take such as deposits, financial guarantees, irrevocable documentary credits issued or confirmed by the entity, etc.

In accordance with EU-IFRS, the Group generally considers financial guarantee contracts provided to third parties as financial instruments within the scope of IFRS 9.

On initial recognition, the Group recognizes financial guarantees provided on the liability side of the consolidated balance sheet at their fair value plus directly attributable transaction costs, which is generally equal to the amount of the premium received plus, where applicable, the current value of the fees and commissions receivable on these contracts over their term, with a balancing entry, on the asset side of the consolidated balance sheet, of the amount of fees and similar income collected at inception of the transactions and receivables for the current value of the fees and commissions receivable. Subsequently, these contracts are recognized on the liability side of the consolidated balance sheet at the higher of the following two amounts:

- The amount determined in accordance with IAS 37. In this regard, financial guarantees, regardless of their ownership, instrumentation or other circumstances, are analyzed periodically in order to determine the credit risk to which they are exposed and, where appropriate, to estimate the need to establish a provision for them, which is determined by applying criteria similar to those established for quantifying impairment losses on debt instruments measured at amortized cost.

- The amount initially recognized for these instruments, less the amortization of this amount, which is taken on a straight-line basis over the term of these contracts to the consolidated income statement.

Provisions, if any, for these instruments are recognized under "Provisions - Commitments and guarantees given" on the liability side of the consolidated balance sheet. The provisioning and recovery of such provisions is recognized with a balancing entry under "Provisions or reversal of provisions" in the consolidated income statement.

In the event that, in accordance with the above, a provision is required for these financial guarantees, the unearned commissions associated with these transactions, which are recognized under "Financial liabilities at amortized cost - Other financial liabilities" on the liability side of the consolidated balance sheet, are reclassified to the corresponding provision.

2.9. Entering into the accounts of lease transactions

2.9.1 When consolidated entities act as lessors

In the lessor's accounting treatment, a lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, whereas a lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

When the consolidated entities act as lessors in operating leases, they present the acquisition cost of the leased assets under "Tangible assets", either as "Investment property" or "Loaned under operating lease", depending on the nature of the leased assets. These assets are depreciated in accordance with the policies adopted for similar property, plant and equipment for own use and income from lease contracts is recognized in the consolidated income statement on a straight-line basis under "Other operating income".

In the case of finance leases in which the consolidated entities act as lessors, the Group recognizes the assets held under such finance leases in its consolidated balance sheet and presents them as a receivable under "Financial assets at amortized cost" in the consolidated balance sheet. Subsequent to initial recognition, the Group uses the interest rate implicit in the lease to measure the net investment in the lease and recognizes financial income over the lease term using the effective interest rate method, recording such income under "Interest income" in the consolidated income statement.

2.9.2 When consolidated entities act as lessees

When the consolidated companies act as lessees in leasing transactions, and after the entry into force of IFRS 16, the accounting principles and valuation standards adopted by the Group are those described below:

- *Lease term*: The lease term is equal to the noncancellable 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 the periods covered by the option to terminate the lease, if it is reasonably certain that the lessee will not exercise that option.

- *General recognition criteria*: Assets and liabilities arising from leases are recognized at the lease commencement date, which is the date on which the lessor makes the leased asset available for use by the lessee.

- *Initial valuation of lease liabilities*: At the lease commencement date, the Group recognizes a lease liability for the present value of the lease payments that are not paid at that date.

  To calculate the present value of these payments, the discount rate is taken as the interest rate that the lessee would have to pay to borrow, with a similar term and collateral, the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment (additional financing rate).

  These liabilities are recorded under "Financial liabilities at amortized cost - Other financial liabilities" in the consolidated balance sheet.

- *Initial valuation of the right-of-use asset*: At the contract inception date, the Group recognizes a right of use asset which is measured at cost, comprising:

  a) The amount of the initial valuation of lease liabilities, as described above.

  b) Any lease payments made on or before the commencement date, less any payments received from the lessor (such as inducements received for signing the lease).

  c) The initial direct costs borne by the lessee. These include, among others, those costs directly related to the location of a tangible asset in the place and under the conditions necessary for the lessee to operate it.

  d) Costs estimated to be incurred to dismantle and dispose of the leased property, rehabilitate the site on which it is located or return the property to the condition required under the lease, except if such costs are incurred for the production of inventories. These costs are recognized as part of the cost of the right of use asset when the Group acquires the obligation to bear them.

  For presentation purposes, right of use assets are classified as tangible or intangible assets depending on the nature of the leased asset.

- *Subsequent valuation of lease liabilities*: Subsequent to initial recognition, the Group values the lease liability for:

  a) Increase its book amount by reflecting accrued interest, which is calculated by applying the interest rate used in the initial valuation to the balance of the liability.

  b) Reduce its book amount by reflecting lease payments made.

  c) Reflect the update of: (i) the lease term as a result of a change in the assessment of the exercise of options to extend or terminate the lease, (ii) the lease term and lease payments as a result of a change in the assessment of the exercise of the option to purchase the leased property, (iii) the lease payments as a result of a change in the assessment of the amounts expected to be paid under the residual value guarantee, (iv) the amounts of future variable lease payments that depend on an index or rate, as a result of a change in the latter.

d) To reflect any modification of the lease.

e) To reflect lease payments that had not been considered unavoidable, such as those that depend on events whose occurrence was previously uncertain, but which at the reporting date are considered to be fixed in substance because they are unavoidable.

Variable lease payments not included in the valuation of the lease liability are recognized in profit and loss account for the year in which the event or circumstance giving rise to such payments occurs.

- *Subsequent valuation of the right of use asset*: Subsequent to initial recognition, the Bank measures the right of use asset at cost:

  a) Less accumulated amortization and any accumulated impairment losses. If ownership of the leased asset is transferred at the end of the lease term or if the initial measurement of the cost of the right of use asset reflects that the lessee will exercise the purchase option, the right-of-use asset is depreciated over the useful life of the leased asset. In all other cases, amortization is provided over the shorter of the useful life of the asset or the lease term.

  b) Adjusted to reflect changes in the present value of lease payments to be made in accordance with the above.

- *Simplified treatment for recognition and valuation*: The Bank records as expenses lease payments for:

  a) Short term leases (understood as those with a term of twelve months or less at the commencement date), provided that they do not include a purchase option.

  b) Leases in which the leased property is of low value, provided that the property can be used without relying heavily on (or being closely related to) other property and the lessee can derive benefits from using the property alone (or in conjunction with other readily accessible resources). The value appraisal of the leased asset is made in absolute terms based on its value as new.

  In both cases, they are charged to the consolidated income statement on a straight-line basis over the term of the lease.

- *Modification of the lease*: The Bank accounts for the modification of a lease by separately recording a new lease if such modification expands the scope of the lease (by adding one or more leased assets) in exchange for an increase in the consideration in an amount similar to the specific price that would be paid if a separate lease were made on the assets added to the lease.

  In the event that these requirements are not met, on the date on which the parties agree to the amendment, the Bank: (a) allocates the modified lease consideration between the lease and nonlease components, (b) determines the term of the modified lease, (c) remeasures the lease liability, discounting the revised lease payments using a revised discount rate determined for the remaining lease term and at the date of the modification, and (d) accounts for the remeasurement of the lease liability.

2.10 Assets under management

Assets under management by consolidated companies that are owned by third parties are not included in the consolidated balance sheet. Commissions generated by this activity are included in the balance of the "Fee revenue" caption in the consolidated income statement. Note 31.4 provides information on third-party assets managed by the Group as of December 31, 2021 and 2020.

2.11 Investment and pension funds managed by the Group

The mutual funds and pension funds managed by the consolidated companies are not shown in the Group's consolidated balance sheet, as their assets are owned by third parties. The fees accrued in the year for the services rendered by the Group companies to these funds (asset management and custody services, etc.) are recognized under the heading "Fee and commission income" on the consolidated income statement.

2.12 Commitments to employees

2.12.1 Post-employment commitments

2.12.1.1 General description of commitments

In accordance with the prevailing labor agreement, the Group must supplement the social security payments due to its employees, or their beneficiaries, in the event of retirement, widowhood, orphanhood, permanent disability or severe disability.

During 2002, Unicaja reached an agreement with its employees to modify and transform the complementary social welfare system existing up to that date, with respect to retirement contingencies and their derivatives and activity risk contingencies. As a result of this agreement, an occupational pension plan was formalized, which was externalized in Unifondo Pensiones V, Fondo de Pensiones, of part of the pension commitments accrued with the personnel. The remaining pension commitments included in the internal funds at December 31, 2001 were insured by policies during 2004 and 2005 (Note 41.1).

The fundamental terms of this agreement are based on the transition to a mixed model of social welfare by contemplating defined contribution and defined benefit groups. Consequently, the Plan contemplated by the aforementioned agreement comprises six groups of employees according to their seniority, relationship and the Collective Bargaining Agreement to which they are subject. Depending on each of the groups, the benefits are minimum guaranteed benefit for death and disability contingencies and defined contribution or defined benefit for retirement contingencies.

As a consequence of the merger of Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga and Antequera (now Fundación Bancaria Unicaja) and Caja Provincial de Ahorros de Jaén (Caja de Jaén), on April 13, 2011 the "Labor Agreement for the Integration of the Employment Pension Plans in Monte de Piedad and Caja de Ahorros de Ronda, Cadiz, Almeria, Malaga, Antequera and Jaen", which was complied with through the "Labor Agreement on the Procedure for the Integration of the Employment Pension Plans in Monte de Piedad y Caja de Ahorros de Ronda, Cadiz, Almeria, Malaga, Antequera and Jaen" dated July 26, 2011.

The purpose of this agreement was to establish the bases regulating the Employment Pension Plan that governs all Unicaja employees as a result of the merger and the procedure for the unification of the Employment Plans existing in both entities, carried out through the integration into the Unicaja Employees' Pension Plan of the Employees' Pension Plan of Caja de Jaén, which has led to the termination and liquidation of the latter, creating a new group composed of the employees of the aforementioned entity.

On September 20, 2011, the Control Committee of the Unicaja Employees' Pension Plan approved the modification of the Pension Plan Specifications adjusted to the wording established in the labor agreement described above, immediately accepting the integration of the participants and their vested rights and of the beneficiaries from the Caja de Jaén Employees' Pension Plan, who were registered on October 26, 2011.

On the other hand, on the occasion of Unicaja's bankarization process, the Control Committee of the Unicaja Employees' Pension Plan agreed to modify this plan into a Joint Promotion Plan whose specifications were updated in November 2016.

During 2014, the Unicaja Banco Group acquired a majority shareholding in the capital of Banco de Caja España de Inversiones, Salamanca y Soria, S.A. (EspañaDuero), which, in accordance with the corresponding labor agreements in force, must supplement the social security benefits corresponding to its employees, or their beneficiaries, in the event of retirement, widowhood, orphanhood, permanent disability or severe disability. The Group's post-employment commitments maintained by EspañaDuero with its employees are considered “Defined contribution commitments” when it makes pre-determined contributions to a separate entity and has no legal or constructive obligation to make further contributions if the separate entity is unable to pay the employee remuneration relating to the service rendered in the current and prior periods. Post-employment commitments that do not meet the above conditions are considered as "Defined benefit commitments".

During 2021, as a result of the merger by absorption of Liberbank, S.A. into Unicaja Banco, S.A. (Note 1.14), a series of post-employment commitments are contributed to the Unicaja Banco Group depending on the entity in which they originated, as described below:

Commitments from Caja de Ahorros de Asturias (Cajastur):

- On August 24, 1989, the Board of Directors of Caja de Ahorros de Asturias resolved to apply Pension Plan Act 8/1987, of June 8, and integrate its pension fund into an external one.
- For that purpose, in 1990, a pension plan was created called Caja de Ahorros de Asturias Employees’ Pension Plan, PECAJASTUR, where Caja de Ahorros de Asturias was the sponsor. This pension plan joined the Fondo de Pensiones de Empleados de la Caja de Ahorros de Asturias (FPCAJASTUR). The plan was underwritten by Caser Ahorrovida, Compañía de Seguros y Reaseguros, S.A.
- The PECAJASTUR Plan had three subplans. Employees who joined before May 30, 1986, belonged to Subplan I and those who joined after May 29, 1986 belonged to Subplan II. Employees who had freely decided to belong to Subplan I or II before December 16, 2011, also belonged to Subplan III.
- Subplan II, for the retirement contingency, and Subplan III are defined contribution. Subplan I was defined benefit and Subplan II, for the other contingencies, is defined benefit.
- On September 16, 2013, Liberbank,S.A., and the workers' representatives of Caja de Ahorros de Asturias signed a collective bargaining agreement to transform the commitments of the

pension plans for employees of Caja de Ahorros de Asturias– Pecajastur from a defined benefit retirement system for the Subplan I assets to a defined contribution model, and the risks were changed in accordance with the signed agreements. This agreement also states that, after deducting the agreed allocations for plans II and III, the surplus existing at the time of the transformation will be used to finance the Bank's future defined contribution commitments with the plan's participants. At December 31, 2021, the surplus amounts to 47,814 thousand Euros.

Commitments from Caja de Ahorros y Monte de Piedad de Extremadura:

- On January 15, 2002, Caja de Ahorros y Monte de Piedad de Extremadura and the workers' legal representation signed the "Company Collective Bargaining Agreement for the Replacement of the Current System of Complementary Social Provisions and for the Adaptation of the Workforce of Employees of Caja de Extremadura", ratified by the Pension Plan Control Committee on January 31, 2002.
- The specifications of said Pension Plan establish a mixed system of defined contributions for retirement contingencies and minimum defined benefits for death and disability contingencies. At December 31, 2021, the surplus amounts to 3,633 thousand Euros.

Commitments from Caja de Ahorros de Santander y Cantabria:

- In the 2002 Company Pact, Caja de Ahorros de Santander y Cantabria and the workers' legal representation agreed to replace the established employee benefit model, moving to a mixed system for the participants involved at that time.
- Said system is defined contribution for the retirement contingencies and defined benefit for the contingencies of disability, survivors' pensions, and orphanhood. Additionally, the plan also includes the beneficiaries of income from annuities generated previously (defined benefit) for whom the plan itself contracts insurance for these benefits. At December 31, 2021, the surplus amounts to 12,304 thousand Euros.

Commitments from Banco de Castilla-La Mancha, S.A. (BCLM). (BCLM):

- On September 16, 2003, Caja de Ahorros de Castilla La Mancha signed a new Collective Bargaining Agreement with its employees for a welfare provision system with the aim of outsourcing the pension commitments arising from complying with the collective bargaining agreement in force.
- By virtue of this agreement, a new supplementary social welfare system was created, established for all BCLM employees, defining the contribution to the retirement plan as a single percentage of each employee's actual salary. The benefits for the risk contingencies were also defined to protect against situations arising as a result of the death or disability of BCLM employees. As at December 31, 2021, there was an internal provision for this commitment in the amount of 1,388 thousand Euros.

On the other hand, and as regards the assumptions applied in the accounting quantification of the Unicaja Banco Group's pension commitments, these are none other than those resulting from the analysis carried out last year 2020, based both on the provisions of the Collective Bargaining Agreement for savings banks and financial institutions in articles 42 and 71 relating to salary growth and pension growth, respectively, and on the stipulations for each of the pension commitments, insofar as they are linked either to the CPI without further ado or to the provisions of the agreement.

In this regard, and depending on the origin of the aforementioned pension commitments, these are linked to the variables indicated, as follows:

- The Group's commitment regarding the revaluation of annuity beneficiaries' pensions, depending on their origin, is linked to the CPI (groups from Unicaja Banco) or is linked to that specified in the aforementioned agreement (commitments from España Duero). In both cases, these are long-term commitments.

- With respect to the salary variable and its future growth, this affects a small number of employees who have not yet retired and are in the defined benefit retirement mode, taking the employee's pensionable salary as the basis for its calculation (all of them from Unicaja Banco). Additionally, it affects the commitment called "loyalty reward".

At the present time, at the close of the 2021 financial year, observing the behavior of the CPI applicable in said financial year and observing the stipulations of the agreement with respect to salary growth for the next fiscal years (0.75% for 2022 and 1% for 2023), it has been considered that the hypothesis regarding the evolution of the salary and pension variables continues to be consistent with the hypothesis applied.

Thus, the wage and pension assumptions continue to be as follows:

- Pension revaluation rate for CPI-linked commitments: 1.5% per annum, except for commitments with Banco de Castilla-La Mancha, S.A. whose rate is set at 1.60%.

- Pension revaluation rate for commitments linked to collective bargaining agreements: 2% per annum, except for commitments originating from Liberbank, whose rate is set at 0% in 2021, 0.75% in 2022 and 1% from 2023 onwards.

- Wage growth rate: 2.5% per annum (one percentage point higher than the growth of CPI-linked pensions), except for commitments with Liberbank origin whose rate is set at 0% in 2021, 0.75% in 2022 and 1% from 2023 onwards.

It should be mentioned that, once the CPI for 2021, set at 6.5% in January 2022, is known, we must indicate that in 2022 there will be a negative deviation between the calculation hypothesis and the actual behavior of the pensions affected by this variable in that year. Since the commitments affected by this variable are life annuities, i.e. long-term commitments, the negative deviations of a year will be offset by the positive deviations that have occurred in past years, and their net effect will be recorded under "Actuarial gains and losses" in consolidated shareholders' net equity.

However, on an ongoing basis, year by year, it will be necessary to analyze whether this behavior of the CPI in 2021 is only a one-off event or whether it may continue to occur in future years, to determine whether the accounting assumptions currently applicable are still consistent or whether any adjustments should be made.

Finally, with regard to the biometric tables applied in the accounting quantification of pension commitments, it should be noted that these tables are the PERMF 2020 1st order tables, as indicated in the Resolution of December 17, 2020, of the Directorate General of Insurance of Pension Plans and Funds, for each and every one of the commitments, regardless of their origin and regardless of the effect that these tables have on them.

As of December 31, 2021 and 2020, the actuarial calculations for the defined benefit plans have been made using the following assumptions:

Plan 1 Unicaja Banco	2021	2020
Salary growth	2.5%	2.5%
Growth in Social Security coverage (Contribution bases)	0%	1.5%
Pension review rate	1.5%	1.5%
Mortality tables	PERMF 2020 1st Order	PERMF 2000-P

Plan 2 Unicaja Banco	2021	2020
Salary growth	0% (*)	0% (*)
Growth in Social Security coverage (Contribution bases)	0% (*)	0% (*)
Pension review rate	1.5%	1.5%
Mortality tables	PERMF 2020 1st Order	PERMF 2000-P

(*) As of December 31, 2021 and 2020, there is no group of assets in this Plan, so the effect of salary growth and Social Security coverage is nil.

Plan 1 EspañaDuero	2021	2020
Salary growth	0%	0%
Growth in Social Security coverage (Contribution bases)	0%	0%
Pension review rate	1.5%-2%	1.5%-2%
Mortality tables	PERMF 2020 1st Order	PERMF 2000-P/ 2020 1st Order

Plan 2 EspañaDuero	2021	2020
Salary growth	0%	0%
Growth in Social Security coverage (Contribution bases)	0%	0%
Pension review rate	2%	2%
Mortality tables	PERMF 2020 1st Order	PERMF 2000-P/ 2020 1st Order

Liberbank Origin Plans	2021	2020
Salary growth	0.88%	n/a
Growth in Social Security coverage (Contribution bases)	1.40%	n/a
Pension review rate	(*)	n/a
Mortality tables	PERMF 2020 1st Order	n/a

(*) The revisable salary growth rate remains at 0% for financial year 2021, rising to 0.75% for financial year 2022 and 1% for the following years for all commitments with Liberbank origin, except for plans with BCLM origin whose rate is set at 1.6%.

The commitments accrued by Unicaja Banco's personnel liabilities at December 31, 2021 and 2020 are externalized in Unifondo Pensiones V, Fondo de Pensiones and are covered by an insurance policy taken out on the basis of an insured interest rate of 1.43% and the PERMF 2020 first-order mortality tables.

As of December 31, 2021, the commitments accrued by the personnel liabilities originating from Liberbank are externalized, taking into account their originating entity, as follows:

- The employees with origin Caja de Ahorros de Asturias (Cajastur) are externalized in the Caja de Ahorros de Asturias employee pension plan, covered in policies 14785 and 55060 contracted with for subplans 1 and 2, with life annuities revalued at 1.5% per year, and in the policies contracted with CCM and Vida Caixa Mediación, Sociedad de Agencia de Seguros Vinculada, for subplan 3, with constant insured life annuities.

- Employees with Caja de Ahorros y Monte de Piedad de Extremadura origins generated under the defined benefit plan because they were hired before January 1, 2002, are covered by the Caja de Ahorros de Extremadura Employees' Pension Plan through two insurance policies taken out in which the insured interest rates range from 0.54% to 6%.

- The employees of Caja de Ahorros de Santander y Cantabria are externalized in the Caja Cantabria Employees' Pension Plan, P.P. This plan, in order to insure the risk derived from the group of beneficiaries under the defined benefit plan, has taken out insurance policy 52493.

- The commitments accrued by retired personnel with origin Banco de Castilla-La Mancha, S.A. are supported by the Employment Pension Plan of Caja de Ahorros de Castilla-La Mancha. It is a mixed defined contribution plan for retirement and defined benefit for risk. It is also instrumented in an excess policy that includes the commitments of the contributions exceeding the legal maximum limit of the C.C.M. Employment Plan plan, contracted on the basis of an insured interest rate of 0.8%.

- Defined contribution commitments

The contribution accrued during the financial year for this item is recorded under "Administrative expenses - Personnel expenses" in the consolidated income statement.

As of December 31, 2021 and 2020, there were no outstanding amounts to be contributed to external defined contribution plans.

- Defined benefit commitments

The Group recognizes under "Provisions - Pensions and other post-employment defined benefit obligations" on the liability side of the consolidated balance sheet (or on the asset side, under "Other assets - Insurance contracts linked to pensions" depending on the sign of the difference and provided that the conditions established in IAS 19 and IFRIC 14 are met, for their recording) the present value of the defined benefit pension obligations, net, as explained below, of the fair value of the assets that meet the requirements to be considered as "Plan assets" and of the "Past service cost".

"Plan assets" are considered to be those linked to a specific defined benefit obligation with which these obligations will be directly settled and which meet each and every one of the following conditions:

- They are not owned by the Group, but by a legally separate third party that is not a related party of the Group.
- They are only available to pay or finance post-employment remuneration of employees.
- They cannot be returned to the Group, except when the assets remaining in the plan are sufficient to meet all of the plan's or entity's obligations related to current or past employee benefits or to reimburse employee benefits already paid by the Group.
- They are not non-transferable financial instruments issued by the Group.

If the Group can require an insurer to pay some or all of the expenditure required to settle a defined benefit obligation and it is virtually certain that the insurer will reimburse some or all of the expenditure required to settle the obligation, but the insurance policy does not qualify as a plan asset, the Group records its right to reimbursement on the asset side of the consolidated balance sheet under "Other assets - Insurance contracts linked to pensions", which is otherwise treated as a plan asset.

"Actuarial gains or losses" are considered to be those arising from differences between previous actuarial assumptions and reality, as well as changes in the actuarial assumptions used.

In accordance with IAS 19, the Group records the actuarial gains or losses that may arise in relation to its post-employment obligations to employees in the year in which they arise, through the corresponding charge or credit to the consolidated statement of recognized income and expense, under "Actuarial gains (losses) on defined benefit pension plans", which are treated for these purposes as items that will not be reclassified to profit or loss.

Past service cost, which arises from changes in existing post-employment remuneration or the introduction of new benefits, is the cost of improved benefits corresponding to the years of service rendered by each employee on a straight-line basis using the projected unit credit method, which is recognized immediately in the consolidated income statement in the year in which it is incurred.

Post-employment remuneration is recognized in the consolidated income statement as follows:

- Costs of these obligations are recognized on the consolidated income statement and include the following components:

    - Cost of services for the current period, defined as the increase in the present value of the obligations arising from services rendered during the year by employees, under the "Administrative expenses - Personnel expenses" caption in the consolidated income statement.

- The cost of past services, arising from amendments to the existing post-employment benefits or the introduction of new benefits and includes the reduction costs recognized under “Provisions or reversal of provisions”.

- Any gain or loss arising from a settlement of the plan is recognized under the caption "Provisions or reversal of provisions".

- The interest cost, understood as the increase in the current value of the obligations during the year as a result of the passage of time, is recorded under "Interest expense" in the consolidated income statement. When the obligations are presented as liabilities, net of plan assets, the cost of the liabilities recognized in the profit and loss account will be exclusively that corresponding to the obligations recorded as liabilities.

- The expected return on the assets allocated to hedge the commitments and the consolidated profit or loss on their value, less any costs arising from their administration and taxes affecting them, is recorded under "Interest income" in the consolidated income statement.

- The recalculation of the net liability (asset) for defined benefits is recognized under the "Other accumulated comprehensive income" item of the consolidated net equity and includes:

  - Actuarial gains and losses generated in the year arising from differences between actuarial forecasts and actual performance and changes in the actuarial assumptions used.

  - The return on the plan assets, excluding the amounts included in the net interest on the liability (asset) for defined benefits

  - Any change in the effects of the asset limit, excluding the amounts included in the net interest on the liability (asset) for defined benefits.

2.12.1.2 Criteria used for post-employment remuneration

Regarding the criteria used and the method for determining the discount rates applied for post-employment remuneration, the following should be considered:

- **For insured commitments**: The criteria used are those set forth in IAS 19 and in Bank of Spain regulations, specifically, for the determination of the update rate, the criteria set forth in letter d) of point 14 of Rule Thirty-Fifth of Bank of Spain Circular 4/2017. At the end of the 2021 and 2020 financial years, for the insured commitments in insurance policies, the fair value of the assets and obligations has been calculated by applying a discount rate based on the average duration of the commitments.

- **For insured commitments**: The market reference rate used is that corresponding to highly rated corporate bond and debenture issues, taking as a reference the IBOXX AA Corporate curve (i.e., that corresponding to highly rated corporate bonds in the Euro Zone) as of December 31, 2021.

2.12.1.3 Defined post-employment benefit obligations

The defined benefit post-employment obligations held by Unicaja Banco at the end of 2021 are grouped into the following plans:

Plan 1 Unicaja Banco

a) Defined post-employment remuneration benefits externalized through a pension plan of the employment system called "Joint Promotion Pension Plan for the employees of Unicaja Banco S.A. and Fundación Bancaria Unicaja", including both active personnel and beneficiary personnel who are already receiving the post-employment benefit.

b) Defined post-employment remuneration benefits externalized through an insurance policy suitable for the externalization of commitments according to Royal Decree 1588/1999, to the extent that the legal limits on contributions to pension plans do not allow their financing within the Pension Plan itself.

Plan 2 Unicaja Banco

a) Defined post-employment remuneration benefits externalized through an insurance policy suitable for the externalization of commitments in accordance with Royal Decree 1588/1999, to cover pension commitments arising from the Collective Agreement of Savings Banks and the Collective Agreement of Private Banking corresponding to employees who are not members of the "Joint Promotion Pension Plan for Employees of Unicaja Banco, S.A. and Fundación Bancaria Unicaja".

b) Defined post-employment remuneration benefits externalized through an insurance policy suitable for the externalization of commitments according to Royal Decree 1588/1999, to cover pension commitments corresponding to a group of early retirees.

c) Defined post-employment remuneration benefits externalized through an insurance policy suitable for the externalization of commitments according to Royal Decree 1588/1999, to cover pension commitments corresponding to two groups of liabilities.

Plan 1 EspañaDuero

All of the commitments under this plan come from Caja de Ahorros de Salamanca y Soria.

a) Defined post-employment remuneration benefits externalized through a pension plan of the employment system for employees of Caja de Ahorros de Salamanca y Soria, called "Pension Plan for Employees of Caja de Ahorros de Salamanca y Soria", including both active personnel and beneficiary personnel who are already receiving post-employment benefits.

b) Defined post-employment remuneration benefits externalized through an insurance policy suitable for the externalization of commitments according to Royal Decree 1588/1999, policy number PD80 01/000002 and PD80 01/000003, to the extent that the legal limits of contributions to pension plans do not allow their financing within the Pension Plan itself.

Plan 2 EspañaDuero

Caja de Ahorros de Salamanca y Soria commitments:

a) Defined post-employment remuneration benefits externalized through insurance policies suitable for the externalization of commitments according to Royal Decree 1588/1999, policies number PD 80 1/000002, PD80 1/000003, number RV80 02/000002 and number PD80 07/000072.

b) Defined post-employment remuneration benefits in internal fund for annuity liabilities.

Commitments from Caja España de Inversiones, Caja de Ahorros y Monte de Piedad:

a) Defined post-employment remuneration benefits externalized through an insurance policy for the externalization of commitments in accordance with Royal Decree 1588/1999, policy number 8,118, in which the benefits to be paid correspond, both in amount and payment schedule, to the cash flows of the related financial assets *(cash flow matching)*.

b) Defined post-employment remuneration benefits externalized through an insurance policy suitable for the externalization of commitments in accordance with Royal Decree 1588/1999, policy PCP - 1001, in which the benefits to be paid correspond, both in amount and payment schedule, to the cash flows of the related financial assets*(cash flow matching)*.

Defined post-employment commitments held by Liberbank are grouped into the following plans:

Caja de Ahorros de Asturias Employees' Pension Plan

a) Defined post-employment remuneration benefits externalized through a pension plan of the employment system called "Caja de Ahorros de Asturias Employees' Pension Plan"

b) Defined post-employment remuneration benefits externalized through insurance policies suitable for the externalization of commitments according to Royal Decree 1588/1999, policies number 14785 and 55060 contracted with Caser for subplans 1 and 2, policies contracted with CCM and Vida Caixa Mediación, Sociedad de Agencia de Seguros Vinculada, for subplan 3.

Caja de Ahorros de Extremadura Employees' Pension Plan

a) Defined post-employment remuneration benefits externalized through a pension plan of the employment system called "Caja de Ahorros de Extremadura Employees' Pension Plan".

b) Defined post-employment remuneration benefits externalized through insurance policies number CPC 1035 and CRSK 1002/2002, which are part of the aforementioned Plan.

c) Defined post-employment remuneration benefits externalized through insurance policies suitable for the externalization of commitments according to Royal Decree 1588/1999, policy number 54,136.

Caja Cantabria Employees' Pension Plan

a) Defined post-employment remuneration benefits externalized through a pension plan of the employment system called "Caja Cantabria Employees' Pension Plan". All of these salaries correspond to beneficiary personnel who are already receiving post-employment benefits. To insure the risk derived from this group, the pension plan has taken out insurance policy 52493.

b) Defined post-employment remuneration benefits externalized through insurance policy number 52907 suitable for the externalization of commitments according to royal decree 1588/1999.

Caja de Ahorros de Castilla-La Mancha Employment Pension Plan

a) Defined post-employment remuneration benefits externalized through a pension plan of the employment system called "Caja de Ahorros de Castilla La Mancha Employment Pension Plan" including both active personnel and beneficiaries who have already received post-employment benefits.

b) Defined post-employment remuneration benefits externalized through an insurance policy suitable for the externalization of commitments in accordance with Royal Decree 1588/1999, to the extent that the legal limits on contributions to pension plans do not allow their financing within the Caja de Ahorros de Castilla La Mancha Employment Pension Plan.

2.12.2 Other long-term remuneration

During fiscal years 2021 and 2020, the Group reached a series of individual agreements consisting mainly of early retirements through contract terminations, whose commitments are adequately covered at each of the dates mentioned.

In calculating the commitments to employees arising from these agreements, the Group has based itself on assumptions applied in accordance with market conditions and the characteristics of the group covered.

2.12.3 Voluntary severance plans

Plans for employees with Unicaja Banco origin

On December 21, 2015, Unicaja Banco implemented a voluntary severance plan, which contemplates the continuity of the existing early retirement scheme, as well as the possibility of leaving the Bank by mutual agreement. The voluntary severance plan is voluntary for Unicaja Banco employees. In the case of early retirements, Unicaja Banco employees who reach the age of 58 years or older within two years as from January 1, 2016 are eligible. In the event of termination of the employment contract by mutual agreement, employees who, for reasons of age, are unable to apply for early retirement may be eligible.

On December 17, 2018, Unicaja Banco reached an agreement with the majority of the Workers' Legal Representation, which regulates a voluntary and progressive process of voluntary and progressive voluntary severance through compensated resignations and early retirements with termination of contract until December 31, 2021, with the same conditions as those included in the previous plan, and which affects the whole of the Bank's workforce.

On September 30, 2020, Unicaja Banco launched a new voluntary early retirement plan, which is open to employees who reach the age of 58 years or older on December 31, 2022 and are not covered by any of the current severance plans.

Voluntary severance indemnities of employees with Liberbank origin

On June 21, 2017, Liberbank, S.A. and Banco de Castilla-La Mancha, S.A. signed a labor agreement with the majority of the trade union for the purpose of addressing a restructuring process allowing for a leaner, more agile and efficient structure. One of the main measures agreed in this agreement was to establish a voluntary severance plan for a maximum of 525 workers and a reduction in working hours for all workers.

At December 31, 2021, the Group has recorded a provision for this commitment amounting to 464 thousand Euros, which is recognized under "Provisions - Pensions and other post-employment defined benefit obligations".

2.12.4 Other employee termination plans

On December 3, 2021, the consultation period for the collective dismissal, geographic mobility and substantial modification of working conditions, provided for in Articles 51, 40 and 41 of the Workers' Statute at Unicaja Banco, S.A., was concluded with the agreement between the Management and the Workers' Representatives, whereby a restructuring process was initiated, mainly derived from the need to resolve the duplicities and overlaps resulting from the process of merger by absorption of Liberbank by Unicaja Banco. To cover the effect of this agreement, the Unicaja Banco Group has a provision of 368 million Euro at December 31, 2021 (see Note 18).

2.12.5 Death and disability

The commitments assumed by the Group to cover the contingencies of death and disability of employees during the period in which they remain in active service and which are covered by insurance policies underwritten by the Pension Plan (Note 2.12.1) taken out with Unicorp Vida, Compañía de Seguros y Reaseguros, S.A. and with Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A. (CASER), are recorded in the consolidated income statement for an amount equal to the amount of the premiums of such insurance policies accrued in each year.

2.12.6 Seniority awards

Unicaja Banco has undertaken with its employees the commitment to pay a benefit of 1,668.08 Euros and 2,065.70 Euros, in the event that the employee reaches 20 and 35 years of service in the Bank, respectively.

Pursuant to the labor agreement dated December 3, 2021, Liberbank personnel who have been granted a dedication or loyalty award for length of service will be paid in the January 2022 payroll the amount accrued according to the period of service elapsed until December 31, 2021. At December 31, 2021, the Group had recorded a liability to meet this obligation in the amount of 2,969 thousand Euros under "Financial liabilities at amortized cost" in the consolidated balance sheet. From that moment on, they begin to accrue the regulated loyalty price at Unicaja Banco.

Commitments for seniority awards or loyalty bonuses are treated for accounting purposes, in all applicable aspects, using the same criteria as those explained above for defined benefit commitments.

2.13 Income tax

The Bank, as the parent company of the Tax Group, is taxed under the tax consolidation regime contemplated in Title VII of Law 27/2014, of November 27, on Corporate Income Tax. The criterion applied by the Group is to record, for each entity taxed under this regime, the income tax expense that would have corresponded had it filed its tax return individually, adjusted by the amount of the tax loss carryforwards, deductions or allowances generated by each company that are used by other Group companies, considering the tax consolidation adjustments to be made.

Income tax expense is recognized on the consolidated income statement, unless it arises from a transaction the result of which is recognized directly in net equity, in which case the income tax is also recognized with a charge or credit to the Group's net equity.

The income tax expense for the financial year is calculated as the tax payable with respect to the taxable income for the year, adjusted by the amount of the changes during the year in the recognized assets and liabilities arising from temporary differences, tax credits and tax relief and possible tax loss carryforwards (Note 24).

The Group considers that there is a temporary difference when there is a difference between the carrying amount of an asset or liability and its tax base. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. A taxable temporary difference is one that will generate a future obligation for the Group to make a payment to the related authorities. A deductible temporary difference is one that will generate a right for the Group to a refund or a reduction in the tax charge in the future.

Tax credits and tax loss carryforwards are amounts that, after performance of the activity or obtainment of the profit or loss giving entitlement to these, are not used for tax purposes on the related tax return until the conditions for doing so established in the tax regulations are met, and the Group considers it probable that they will be used in future periods.

Current tax assets and liabilities are the taxes that are expected to be recoverable from or payable to the related tax authorities within 12 months from the date they are recognized. Deferred tax assets and liabilities are the taxes that are expected to be recoverable from or payable to, respectively, the corresponding tax authorities in future years.

Deferred tax liabilities are recognized for all the taxable time differences. Notwithstanding the foregoing, no deferred tax liabilities arising from the recognition of goodwill are recorded.

The Group only recognizes deferred tax assets arising from deductible temporary differences and from tax credits and tax loss carryforwards when the following conditions are met:

- Deferred tax assets are only recognized if it is considered probable that the consolidated companies will have sufficient future taxable profits against which they can be utilized; or they are guaranteed in accordance with the provisions of Royal Decree Law 14/2013, of November 20, on urgent measures for the amendment of Spanish law to comply with European Union regulations on the supervision and solvency of financial institutions, as detailed below; and

- in the case of deferred tax assets due to tax loss carryforwards, the tax losses result from identified causes that are unlikely to recur.

On November 30, 2013, Royal Decree-Law 14/2013, of November 29, on urgent measures for the adaptation of Spanish law to European Union regulations on the supervision and solvency of financial institutions was published in the Official State Gazette, which, among other aspects, introduced amendments to the revised text of the Corporate Income Tax Law approved by Royal Legislative Decree 4/2004, of March 5, establishing, for tax periods beginning on or after January 1, 2011, a new treatment relating to the inclusion in the tax bases, with certain limits, for tax periods beginning in or after 2014, certain temporary differences arising from provisions for impairment of loans or other assets deriving from possible insolvencies of debtors not related to the taxpayer and those corresponding to provisions for contributions to social welfare systems and, where applicable, pre-retirement, it also establishes the possibility, in addition, that these temporary differences may be exchanged for government debt securities and deferred tax assets once the period for offsetting tax loss carryforwards established in the applicable regulations has elapsed.

Deferred tax assets and liabilities are reviewed at the end of each reporting period to check that they are still effective, and the appropriate adjustments are made on the basis of the results of the review.

2.14 Tangible assets

2.14.1 Tangible fixed assets for own use

Tangible fixed assets for own use include those assets, owned or acquired under finance leases, as well as rights of use that meet the conditions established in IFRS 16, which the Group has for current or future use for administrative purposes other than those of the Welfare Projects or for the production or supply of goods and which are expected to be used for more than one financial year. This category includes, inter alia, tangible assets received by the consolidated entities in full or partial satisfaction of financial assets representing receivables from third parties, where these assets are intended to be held for continuing own use.

Tangible fixed assets for own use, excluding rights of use, are stated in the consolidated balance sheet at acquisition cost, consisting of the fair value of any consideration given plus all cash payments made or committed, less accumulated amortization and, if applicable, estimated impairment losses (carrying amount higher than recoverable amount). The acquisition cost of tangible fixed assets for own use includes the valuation made at January 1, 2004 at fair value. This fair value as at January 1, 2004 was obtained based on appraisals performed by independent experts. The rights of use are valued in accordance with Note 2.9.2. on operating leases.

For this purpose, the acquisition cost of assets form foreclosure, included in the Group's tangible fixed assets for own use, is the same as the carrying amount of the financial assets settled through foreclosure.

Amortization is calculated, applying the straight-line method, on the acquisition cost of the assets less their residual value; it being understood that the land on which the buildings and other constructions stand have an indefinite life and, therefore, are not subject to amortization.

The annual provisions for amortization of tangible assets are made with a balancing entry under "Amortization" of the consolidated income statement and, basically, are equivalent to the following amortization percentages (determined based on the years of the estimated useful life, as an average, of the different elements):

	Annual percentage
Real Estate	1% a 5%
Furniture and fixtures	8% a 15%
Machinery and electronic equipment	13% a 27%
Others	10% a 16%

The annual allowance for leasehold rights of use is calculated as described in Note 2.9.2.

At the end of each reporting period, the consolidated companies analyze whether there is any internal or external indication that the book amount of their tangible fixed assets exceeds their recoverable amount (Note 2.14.4); if so, they reduce the carrying amount of the asset concerned to its recoverable amount and adjust future amortization charges in proportion to their adjusted book amount and to their new remaining useful life, if it is necessary to re-estimate it. This reduction in the book value of tangible assets for own use is charged, if necessary, under "Impairment or reversal of impairment of non-financial assets - Tangible assets" in the consolidated income statement.

Similarly, when there is an indication of a recovery in the value of an impaired tangible asset, the consolidated companies record the reversal of the impairment loss recognized in prior periods with a corresponding credit to “Impairment losses or reversal of impairment losses of non-financial assets - tangible assets” in the consolidated income statement and adjust the future amortization charges accordingly. In no case may the reversal of an impairment loss on an asset raise its carrying amount above that which it would have had if no impairment losses had been recognized in prior years.

The estimated useful lives of tangible fixed assets for own use are reviewed at least once a year with a view to detecting significant changes therein. If changes are detected, the useful lives of the assets are adjusted by correcting the amortization charge to be recognized on the consolidated income statement in future years on the basis of the new useful lives.

Maintenance and upkeep expenses for tangible assets for own use are charged against profit or loss for the financial year in which they are incurred under “Administrative expenses - other general administrative expenses” on the consolidated income statement. Finance costs incurred as a result of the financing of tangible fixed assets for own use are charged to the consolidated income statement as they accrue and are not included in their acquisition cost.

Tangible assets that require more than twelve months to be readied for use include as part of their acquisition or production cost the borrowing costs incurred before the assets are ready for use and which have been charged by the supplier or relate to loans or other types of borrowings directly attributable to their acquisition, production or construction. Capitalization of borrowing costs is suspended, if appropriate, during periods in which the development of the assets is interrupted, and ceases when substantially all the activities necessary to prepare the asset for its intended use are complete.

2.14.2 Investment property

The "Investment Property" caption in the consolidated balance sheet includes the net values of land, buildings and other structures held either to operate them on a rental basis or to obtain a capital gain on their sale as a result of future increases in their respective market prices.

The criteria applied for the recognition of the acquisition cost of investment property, for its amortization, for the estimation of their respective useful lives coincide with those described in relation to tangible assets for own use (Note 2.14.1).

2.14.3 Tangible assets - Leased under operating leases

The heading "Tangible assets - Loaned under operating leases" in the consolidated balance sheet includes the net values of tangible assets other than land and real estate leased by the Group under operating leases.

The criteria applied for recognizing the acquisition cost of leased assets, for their amortization, for estimating their respective useful lives and for recording possible impairment losses coincide with those described in relation to property, plant and equipment for own use (Note 2.14.1).

2.14.4 Recoverable amount of tangible assets

Both tangible fixed assets for own use and investment property are valued at acquisition cost, recording valuation adjustments due to impairment in the event that the recoverable amount of the assets is lower than such cost.

In accordance with IAS 36, the recoverable amount is the higher of the fair value less costs to sell and the value in use of the assets. When a reliable measure of fair value is not available, the recoverable amount is taken to be the "value in use" of such assets, which involves estimating the future cash inflows and outflows arising from their continuing operation and from their disposal and applying an appropriate discount rate to these cash flows.

In accordance with IAS 36, the following general guidelines should be followed to determine the value in use of an asset:

- Projections of future cash flows should be based on reasonable and supportable assumptions that represent management's best estimate of the overall economic conditions that will exist over the remaining useful life of the asset and on the most recent financial budgets or forecasts approved by management, excluding any estimated future cash inflows or outflows expected to arise from future restructuring or improvements on originally planned return on assets. Estimates based on these budgets or forecasts shall cover a maximum period of five years, unless a longer period can be justified.

- Cash flow projections beyond the period covered by the most recent budgets or financial forecasts, up to the end of the useful life of the asset, should be estimated by extrapolating the aforementioned projections, using a constant or decreasing growth rate, unless the use of an increasing rate can be justified, which in any case should not exceed the long-term average growth rate for the products or industries, as well as for the country in which the entity operates and for the market in which the asset is used, unless a higher growth rate can be justified.

The discount rate used is a pre-tax rate that reflects the current market assessment of the time value of money and the specific risks of the asset that have not already been adjusted for in the estimates of future cash flows.

In this regard, a rate that reflects the current market assessment of the time value of money and the specific risks of the asset is considered to be the return that investors would demand if they were to choose an investment that generates cash flows of amounts, timing and risk profile equivalent to those that the Group expects to obtain from the asset in question. This discount rate is estimated based on the rate implicit in current market transactions for similar assets. When the discount rate for a specific asset is not available directly from the market, surrogates are used to estimate the discount rate.

2.15 Intangible assets

Intangible assets are identifiable non-monetary assets, although without physical appearance, that arise as a result of a legal transaction or have been developed internally by consolidated companies. Only intangible assets the cost of which can be estimated in a reasonably objective manner and from which the consolidated companies believe they will likely obtain future economic benefits are recognized.

Intangible assets, other than goodwill, are initially recognized in the consolidated balance sheet at acquisition or production cost and subsequently measured at cost less, as appropriate any accumulated amortization and any accumulated impairment losses.

Intangible assets may have an "indefinite useful life" when, based on an analysis of all relevant factors, it is concluded that there is no foreseeable limit to the period over which they are expected to generate net cash flows for the consolidated companies, or a "finite useful life" in other cases (using a period generally not exceeding 5 years).

Intangible assets with indefinite useful lives are not amortized; however, at each balance sheet date, the consolidated companies review their respective remaining useful lives to ensure that they continue to be indefinite or, if not, to proceed accordingly.

Intangible assets with a defined life are amortized based on it, applying criteria similar to those adopted for the amortization of tangible assets. The annual amortization of intangible assets with finite useful lives is recorded under "Amortization - Intangible assets" in the consolidated statement of income.

At each reporting date, consolidated entities test for indications, either internal or external, that the carrying amount of its intangible assets exceeds their recoverable value. If so, the carrying amount of the asset is reduced to its recoverable value and the future depreciation expense is reduced to take account of its new value and, where necessary, its revised useful life. When necessary, the book value of intangible assets is reduced with a charge to “Impairment losses or reversal of impairment losses of non-financial assets - intangible assets” on the consolidated income statement

Similarly, if there is an indication of a recovery in the value of an impaired intangible asset item, the consolidated entities recognize the reversal of the impairment loss recognized in prior periods by crediting “Impairment losses or reversal of impairment losses of non-financial assets - intangible assets” on the consolidated income statement and adjusting the future depreciation charges accordingly. In no case may the reversal of an impairment loss on an asset raise its carrying amount above that which it would have had if no impairment losses had been recognized in prior years.

The criteria for recognizing impairment losses on these assets and, if applicable, recoveries of impairment losses recorded in prior years are similar to those applied to property, plant and equipment for own use (Note 2.14.1).

2.16 Goodwill

Positive differences between the cost of equity investments in consolidated companies accounted for by the equity method and the corresponding underlying book values acquired, adjusted at the date of first consolidation, are recognized as follows:

- If they are allocable to specific assets and liabilities of the acquired companies, by increasing the value of the assets (or reducing the value of the liabilities) whose fair values are higher (lower) than the net book values at which they appear in the balance sheets of the acquired companies.

- If they are allocable to specific intangible assets, recognizing them explicitly in the consolidated balance sheet provided that their fair value at the date of acquisition can be reliably determined.

- The remaining differences are recorded as goodwill, which is allocated to one or more specific cash generating units.

Goodwill, which is only recorded when acquired for consideration, therefore represents prepayments made by the acquiring company for future economic benefits derived from the assets of the acquired company that are not individually and separately identifiable and recognizable.

On the occasion of each accounting closing, it is proceeded to estimate whether any impairment has occurred that reduces its recoverable value to an amount lower than the recorded net cost and, if so, its appropriate write-down is carried out, charged to the heading " Impairment of value or reversal of the impairment of the value of non-financial assets - Intangible assets" of the consolidated profit and loss account.

Impairment losses related to goodwill are not subject to subsequent reversal.

2.17 Inventories

This item on the consolidated balance sheet includes non-financial assets held by the consolidated companies:

-held for sale in the ordinary course of business,
-in the process of production, construction, or development for sale, or
-scheduled to be consumed in the production process or in the rendering of services.

Consequently, inventories include land and other property held for sale or for inclusion in a property development.

Inventories are measured at the lower amount between their cost, which comprises all purchase costs, conversion costs, and direct and indirect costs incurred in bringing the inventories to their present location and condition, as well as the directly attributable borrowing costs, provided the inventories require more than one year to be sold, taking into account the criteria set forth above for the capitalization of borrowing costs relating to tangible fixed assets for own use, and their "net realizable value". The net realizable value of the inventories is understood as the estimated price of their sale during the ordinary course of business, minus the estimated costs to finish the production thereof and those inherent in the sale thereof.

Any write-downs of the carrying amount of inventories to net realizable value and any subsequent reversals of write-downs are recognized under “Impairment losses or reversal of impairment losses of non-financial assets - others” on the consolidated income statement for the year in which the write-down or reversal occurs.

Assets acquired by the Group through foreclosure, which are deemed to be the assets received by the Group from its borrowers or other debtors as total or partial payment for financial assets representing receivables from them, regardless of how they were acquired, and which, on the basis of their nature and intended purpose, are classified as inventories by the Group, are initially recognized at acquisition cost, which is the carrying amount of the liability incurred to acquire the asset, which is calculated in accordance with the legislation applicable to the Group. Subsequently, the foreclosed assets are subject to the estimation of the corresponding impairment losses that may occur on them, calculated in accordance with the criteria described in Note 2.20.

2.18 Provisions and contingent liabilities

At the time of preparing the consolidated annual accounts, the Group differentiates between:

-Provisions: credit balances that cover present obligations at the date of the consolidated balance sheet arising as a result of past events that may give rise to financial losses for the companies, which are considered probable in terms of their occurrence; specific as to their nature, but undetermined as to their amount and/or time of cancellation.

-Contingent liabilities: possible obligations arising as a result of past events, the materialization of which is conditional on the occurrence, or not, of one or more future events independent of the will of the consolidated companies.

The Group's consolidated financial statements include all the material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognized on the consolidated annual financial statements, but are disclosed, as required by IAS 37 (Note 18).

Provisions are measured based on the best information available regarding the consequences of the events giving rise to them and re-measured at each balance sheet date. They are used to meet the specific obligations for which they were originally recognized, and may be wholly or partly reversed if these obligations cease to exist or diminish.

The appropriation and release of provisions that are considered necessary according to the above criteria are recorded with a charge or credit to the “Provisions or reversal of provisions” caption in the consolidated income statement.

At the end of the 2021 and 2020 financial years, various legal proceedings and claims filed against the consolidated companies arising from the normal development of their activities were in progress. Both the Group's legal advisors and its Directors understand that the conclusion of these procedures and claims will not have a significant effect on the consolidated annual accounts for the years in which they end.

Paragraph 92 of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" allows that, in cases where the disclosure in the financial statements of detailed information on certain provisions or contingent liabilities for disputes with third parties could affect them or seriously prejudice the position of the Entity, the Entity may choose not to disclose such information in detail.

2.19 Transfers of financial assets

The accounting treatment of transfers of financial assets depends on the extent to which the risks and rewards associated with the transferred assets are transferred to third parties:

- If the risks and rewards of the transferred assets are substantially transferred to third parties - case of unconditional sales, sales with a repurchase agreement for their fair value on the date of repurchase, sales of financial assets with a purchase option acquired or sale issued deeply out-of-the-money, of asset securitizations in which the assignor does not retain subordinated financing or grant any type of credit enhancement to the new holders and other similar cases -, similar -, the transferred financial asset is given removed from the balance sheet, consolidated balance sheet, simultaneously recognizing any right or obligation retained or created as a result of the transfer.

- If the group retains substantially all the risks and rewards associated with the financial asset transferred (such as in the sale of financial assets under an agreement to repurchase them at a fixed price or at the sale price plus interest, a securities lending agreement in which the borrower undertakes to return the same or similar assets, securitization of financial assets in which subordinated debts or other types of credit enhancement are retained that absorb substantially all the expected credit losses for the securitized assets, and other similar cases), the financial asset transferred is not derecognized and continues to be measured by the same criteria as those used before the transfer. However, the following items are recognized, without offsetting:

  - An associated financial liability, for an amount equal to the consideration received; this liability is subsequently measured at amortized cost, or at fair value if the aforementioned requirements are met for classification as other financial liabilities at fair value through profit or loss, in accordance with the aforementioned criteria for this type of financial liability.

  - The income from the financial asset transferred, but not derecognized, and any expense incurred on the new financial liability.

- If the Group neither transfers nor retains substantially all the risks and rewards associated with the financial asset transferred – sale of financial assets with a purchased call option or issued put option that is not considerably in or out-of-the-money, securitization of financial assets in which the transferor retains a subordinated debt or other type of credit enhancement for a portion of the transferred asset, and other similar cases – the following distinction is made:

  - If the transferring entity does not retain control of the transferred financial asset: in this case, the transferred asset is removed from the balance sheet and any right or obligation retained or created as a result of the transfer is recognized.

  - If the transferor retains control: it continues to recognize the transferred financial asset on the consolidated balance sheet for an amount equal to its exposure to changes in value and recognizes a financial liability associated with the transferred financial asset. The net amount of the asset transferred and the associated liability will be the amortized cost of the rights and obligations retained, if the asset transferred is measured at amortized cost, or the fair value of the rights and obligations retained, if the asset transferred is measured at fair value.

In accordance with the foregoing, financial assets are only derecognized from the balance sheet when the cash flows they generate have been extinguished or when the implicit risks and benefits have been substantially transferred to third parties.

2.20 Non-current assets and liabilities included in disposal groups of items that have been classified as held for sale

The heading "Non-current assets and disposal groups that have been classified as held for sale" in the consolidated balance sheet includes the book value of the items, individual or integrated in a set, "disposal group", or that form part of a business unit that is intended to be disposed of “interrupted operations”, the sale of which is highly likely to take place, in the conditions in which such assets are currently found, within a period of one year from the date to which the referred to in these consolidated annual accounts.

Shareholdings in associates and joint ventures that meet the conditions set forth in the foregoing paragraph are also considered to be non-current assets and disposal groups that have been classified as held for sale.

Therefore, the carrying amount of these items, which can be of a financial nature or otherwise, will foreseeably be recovered from sale rather than from continuing use.

Specifically, the real estate assets or other non-current assets received by the consolidated companies to satisfy, in whole or in part, their debtors' payment obligations to them are considered non-current assets held for sale; unless the Group has decided, based on their nature and the use to which these assets will be put, to make continued use of those assets (Note 15).

Symmetrically, the heading "Liabilities included in disposal groups of items classified as held for sale" in the consolidated balance sheet includes, if any, the balances payable associated with disposal groups or discontinued operations that the Group may have.

In general, assets classified as non-current assets held for sale are initially measured at the lower of their carrying amount at the time they are considered as such and their fair value, net of estimated costs to sell. To determine these values, the Group has developed certain internal methodologies, which allow estimating the fair value of the assets at the present time, based on the latest appraisals received, the Group's sales experience and expected sales costs. This estimate is made by the Group separately for each type of asset, separating them into relevant segments. While they remain classified in this category, assets are not amortized.

After initial recognition, these real estate assets foreclosed or received in payment of debts, classified as "Non-current assets and disposal groups of items that have been classified as held for sale" and the liabilities included in said groups are valued at the lower amount between: its updated fair value less the estimated cost of its sale and its book value, being able to recognize an impairment or reversal of impairment for the difference, which will be included in the heading "Gains or losses from non-current assets and groups disposal of items classified as held for sale not admissible as discontinued operations" of the consolidated profit and loss account.

The results from the sale of non-current assets held for sale are presented under the heading "Gains or losses from non-current assets and disposal groups of items classified as held for sale not eligible as discontinued operations" of the income statement and consolidated earnings.

Notwithstanding the foregoing, financial assets, assets from employee benefits, deferred tax assets and assets from insurance contracts that are part of a disposal group or a discontinued operation are not valued in accordance with the provisions of the preceding paragraphs, but in accordance with the principles and rules applicable to these items, which have been explained in the preceding sections of Note 2.

2.21 Insurance or reinsurance contracts

The accounting policies applied by the Unicaja Banco Group on assets and liabilities covered by insurance or reinsurance contracts are as follows:

- *Assets covered by insurance or reinsurance contracts*: Amounts that the Group is entitled to receive under insurance or reinsurance contracts are recorded under assets as "Assets covered by insurance or reinsurance contracts". The Group tests whether such assets are impaired, in which case it recognizes the related loss in the consolidated statement of income directly against such assets. In this sense, the Group understands that an asset or group of assets under insurance or reinsurance contracts is impaired if there is objective evidence, as a result of an event occurring after the initial recognition of such asset, that the entity may not receive all the amounts established in the terms of the contract, and the amount that will not be received can be reliably quantified.

- *Liabilities covered by insurance or reinsurance contracts*: A distinction is made between technical provisions (which include provisions for life insurance, provision for benefits and provision for profit sharing and returns) and liabilities for accounting mismatches.

    - *Provisions for life insurance*: A distinction is made between provisions for unearned premiums, provisions for unexpired risks, mathematical provisions and life insurance provisions when the investment risk is borne by the policyholder.

        - *Provisions for unearned premiums*: This includes the portion of the premium allocated to the fulfillment of future obligations not extinguished at the end of the current fiscal year. The provision for unearned premiums is calculated for each type of insurance, based on the premium rates earned during the year and taking a uniform distribution of claims. The Group uses the "policy-to-policy" procedure to calculate the provision in those modalities that generate it.

- *Provisions for risks in progress*: The provision for unexpired risks supplements the provision for unearned premiums to the extent that its amount is not sufficient to reflect the valuation of all risks and expenses to be covered corresponding to the period of coverage not elapsed at the year-end date. As of December 31, 2021 and 2020, no significant provisions had to be recorded for this item, since the provisions for unearned premiums were sufficient.

- *Mathematical provisions*: They represent the value of the Group's obligations net of the policyholder's life insurance obligations at the closing date of each fiscal year. Life insurance provisions for insurance policies with a coverage period of one year or less are shown as "Provision for unearned premiums" and for all other policies under the heading "Mathematical provisions".

  The mathematical provision represents the difference between the actuarial present value of the Group's future obligations and those of the policyholder or, if applicable, the insured. The calculation is made "policy by policy", based on the formulas, mortality tables and technical interest rates specified in the technical notes for each type of policy. The basis for calculating the mathematical provision is the inventory premium accrued in each year.

- *Life insurance provisions when the investment risk is assumed by the policyholder*: Provisions for life insurance policies in which it has been contractually stipulated that the investment risk will be borne entirely by the policyholder, are calculated on a "policy by policy" basis and are valued on the basis of the assets specifically earmarked to determine the value of the rights.

o *Provision for benefits*: They represent the best estimate of the total amounts of the Group's outstanding obligations arising from claims incurred prior to the closing date of each year, which is equal to the difference between their total estimated or certain cost, including external and internal expenses for the management and administration of the files, and the total amounts already paid in respect of such claims.

  In order to determine the amount, claims are classified by years of occurrence and by insurance lines, and each claim is valued individually. These provisions are divided into those pending settlement or payment, those pending declaration and those for internal claims settlement expenses.

- The calculation of the provision for claims pending reporting is based on the information and experience of previous years of the Group's insurance companies. Its calculation is made by multiplying the average number of claims pending declaration by the average cost thereof referred to the last fiscal year and estimated in accordance with the regulations.

- The purpose of the provision for internal claims settlement expenses is to allocate a sufficient amount to cover the internal expenses of the Group's insurance companies necessary for the full settlement of claims to be included in the provision for benefits.

o *Provision for profit sharing and returns*: This provision includes the amount of benefits accrued in favor of policyholders, insured persons or beneficiaries, and the amount of premiums to be refunded to policyholders or insured persons. The calculation is made in accordance with the provisions of Article 38 of the Regulations for the Organization and Supervision of Private Insurance, approved by Royal Decree 2486/1998, of November 20. It also includes the amount of the policies' participation in the yields obtained from the investments used to cover the provisions. The calculation is made in accordance with the specific terms of each contract.

o *Liabilities for accounting asymmetries*: In order to mitigate accounting asymmetries resulting from the application of different valuation methods for certain assets and liabilities, losses or gains recognized in the income statement or in shareholders' equity from certain financial assets valued at fair value and assigned to certain insurance operations are recognized symmetrically in the income statement or in shareholders' equity with a balancing entry in the valuation of technical provisions or in the "Liabilities under insurance or reinsurance contracts - Liabilities due to accounting asymmetries" account.

In general, income and expenses from insurance or reinsurance contracts are recorded for accounting purposes by the Group on an accrual basis, being recorded on the basis of the actual flow of goods and services they represent and regardless of the model in which the monetary or financial flow derived therefrom is produced, taking into account the correlation between the income generated and the corresponding expenses. Insurance and reinsurance premiums are accounted for on an accrual basis, including premiums earned and ceded during the year and changes in the corresponding technical provisions for unearned premiums. Technical expenses for claims, which are recorded on an accrual basis, reflect the payments for benefits derived from insurance contracts and the expenses paid attributable to the settlement of such contracts; they also include the variations in the corresponding technical provisions for benefits.

Finally, it should be noted that, with respect to the financial assets related to these insurance or reinsurance contracts, the Unicaja Banco Group applies the same accounting criteria and valuation standards as to the rest of the Group's financial assets, since it has not availed itself of the temporary exemption of IFRS 4 "Insurance contracts" following its amendment with the entry into force of IFRS 9.

2.22 Gains/losses after tax from discontinued operations

Income and expenses, whatever their nature, including those relating to impairment losses, generated in the year by the operations of a Group component which have been classified as discontinued operations, even if they were generated prior to such classification, are presented, net of the tax effect, in the consolidated income statement as a single amount under "Profit/loss after tax from discontinued operations," whether the component remains in the consolidated balance sheet or has been removed from it, also including in this item the results obtained on its sale or disposal.

During the 2021 and 2020 financial years, the Group did not have any gains/losses from discontinued operations that should be recorded under this caption in the consolidated statement of income.

2.23 Business combinations

Business combinations are considered to be those transactions by which two or more entities or economic units are merged into a single entity or group of companies.

Business combinations carried out after January 1, 2004 by which the Group acquires control of an entity are accounted for as follows:

-The Group estimates the cost of the business combination, defined as the fair value of the assets delivered, the liabilities incurred and the equity instruments issued, if any, by the acquirer.

-The fair value of the assets, liabilities and contingent liabilities of the acquired entity is estimated, including those intangible assets that may not be recorded by the acquired entity, which are included in the consolidated balance sheet at those values.

- The difference between the net fair value of the assets, liabilities and contingent liabilities of the acquired entity or economic unit and the cost of the business combination is recorded in the consolidated financial statements as follows:

- If the difference between the net fair value of the assets, liabilities and contingent liabilities of the entity or economic unit acquired and the cost of the business combination is negative, it will be recognized in the consolidated income statement as income, under "Negative goodwill recognized in income", after reassessing the fair values assigned to all the assets and liabilities and the cost of the business combination.

- If the difference between the net fair value of the net fair value of the assets, liabilities and contingent liabilities of the entity or economic unit acquired and the cost of the business combination is positive, goodwill in consolidation will be recorded, which in no case will be amortized, but will be subject to the impairment analysis established in International Financial Reporting Standards on an annual basis.

In acquisitions of staged participations in a certain entity, whereby, by virtue of one of the purchases made, control over the investee is acquired, the following accounting criteria are applied by the Group:

-The cost of the business combination is the sum of the cost of each of the individual transactions.

-For each of the acquisitions of shareholdings made up to the time that control over the acquired entity is acquired, goodwill or the negative consolidation difference is calculated separately for each transaction, applying the procedure described earlier in this Note.

-The difference that may exist between the fair value of the acquired entity's assets and liabilities at each successive acquisition date and their fair value at the date on which control over such interest is acquired is recorded as a revaluation of such assets and liabilities.

2.24 Treasury stock and other equity instruments

The value of equity instruments issued by the Bank’s entities and in the possession of the Bank and/or Group entities is recorded, net of consolidated equity, under “Shareholders’ equity – treasury shares” of the consolidated balance sheet.

These own equity instruments are recorded at their acquisition cost and the gains and losses generated on their disposal are credited or charged, as appropriate, under the heading "Equity - Other reserves" in the consolidated balance sheet.

Changes in the value of instruments classified as shareholders' equity are not recorded in the financial statements.

2.25 Consolidated statement of recognized income and expense

This financial statement presents the income and expenses generated by the Group as a result of its activity during the year, distinguishing those recorded as results in the consolidated profit and loss account for the year and the other income and expenses recorded, in accordance with the provided for in the current regulations, directly in the consolidated equity, distinguishing between the latter, in turn, between those items that may be reclassified to results in accordance with the provisions of the applicable regulations and those that cannot. Accordingly, this statement presents:

a) The consolidated profit or loss for the year.
b) The net amount of income and expenses recognized directly and temporarily during the year as "Accumulated other comprehensive income" in shareholders' equity.
c) The net amount of income and expenses recognized during the year directly and definitively recorded in shareholders' equity as "Accumulated other comprehensive income".
d) Income tax accrued for the items indicated in letters b) and c) above, except for valuation adjustments originating from shares in associated companies or joint ventures valued using the equity method, which are presented in net terms.
e) The transfer to the consolidated income statement of income and expenses recognized temporarily under "Accumulated other comprehensive income".
f) Total recognized income and expenses, calculated as the sum of letters a) to d) above, showing separately the amount attributed to the parent company and the amount corresponding to minority interests.

The amount of income and expenses corresponding to entities accounted for using the equity method recorded directly against consolidated equity is presented in this statement, whatever its nature, under the heading "Share in other recognized income and expenses of investments in joint ventures and associates."

Variations in income and expenses recognized in equity as "Accumulated other comprehensive income" temporarily until their reversal in the profit and loss account are broken down into:

-Gains (losses) from valuation: includes the amount of income, net of expenses originating in the year, recognized directly in equity. The amounts recognized in the year as "Other accumulated comprehensive income" are recorded in this item, even if in the same year they are transferred to the consolidated profit and loss account, at the initial value of other assets or liabilities or are reclassified to another item.

-Amounts transferred to the consolidated profit and loss account: includes the amount of valuation gains or losses previously recognized in consolidated equity, even in the same year, which are recognized in the consolidated profit and loss account for the year.

-Amounts transferred to the initial value of the hedged items: this comprises the revaluation gains and losses previously recognized in consolidated equity, even in the same period, which are recognized in the initial carrying amount of the assets and liabilities as a result of cash flow hedges.

-Other reclassifications: includes the amount of the transfers made in the year between items of "Accumulated other comprehensive income" in accordance with the criteria established in current regulations.

The amounts of these items are presented by their gross amount, showing their corresponding tax effect in the “Income Tax” headings of the state.

2.26 Consolidated statement of changes in total equity

The consolidated statement of changes in equity presents all changes in equity, including those originating from changes in accounting criteria and corrections of errors. This statement thus shows a reconciliation of the book value at the beginning and at the end of the year of all the items that make up the equity, grouping the movements according to their nature in the following items:

-Effects of the correction of errors and changes in accounting policies: which includes changes in equity that arise as a result of the retrospective restatement of the balances of the financial statements originating from changes in accounting criteria or in the error correction.

-Total comprehensive income for the year: includes, in aggregate, the total of the previously indicated items recorded in the statement of recognized income and expenses.

-Other changes in equity: includes the rest of the items recorded in equity, such as the distribution of results, operations with own equity instruments, payments with equity instruments, transfers between equity items and any other increase or decrease in net worth.

2.27 Consolidated cash flow hedges statement

In the Group's consolidated statements of cash flows for the years 2021 and 2020, the following expressions are used in the following senses:

-Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value and, exclusively, since they form part of cash management, bank overdrafts repayable on demand, which reduce the amount of cash and cash equivalents.

-Operating activities: the typical activities of credit institutions, as well as other activities that cannot be classified as investment or financing. Interest paid for any financing received, even where this is considered a financing activity, is also considered an operating activity.

-Investment activities: activities that involve the acquisition, sale or disposal by other means of long-term assets and other investments that are not considered to be cash and cash equivalents.

-Financing activities: activities that cause changes to the size and composition of the net equity and liabilities that are not considered operating activities, such as subordinated liabilities.

Certain adjustments are included as part of the cash flows from operating activities in order to obtain the amount of such cash flows from the consolidated income for the year. As of December 31, 2021 and 2020, in addition to amortization, "Other adjustments" are included, which correspond to items in the consolidated income statement that do not generate cash flows.

In preparing the consolidated cash flow statements, “Cash and cash equivalents” were considered to be short-term, highly liquid investments that are subject to a negligible risk of changes in value. In this way, the Unicaja Banco Group considers cash or cash equivalents, the following financial assets and liabilities:

-Cash owned by the Group, which is recorded under "Cash, cash balances at central banks and other demand deposits" in the consolidated balance sheet. The amount of cash owned by the Group at December 31, 2021 amounts to 581,804 thousand Euros (339,299,000 Euros as of December 31, 2020) (Note 7).

-The balances held with central banks, which are recorded under "Cash, cash balances at central banks and other demand deposits" in the consolidated balance sheet, which at December 31, 2021 amounted to 20,560,121,000 Euros (6,106,672,000 Euros as of December 31, 2020) (Note 7).

-Demand balances held with credit institutions, other than balances held with Central Banks and except for mutual accounts. Demand debit balances held with credit institutions other than central banks are recorded, among other items, under the heading "Cash, cash balances in central banks and other demand deposits" of the consolidated balance sheet, increasing their amount as of December 31, 2021 to 155,578,000 Euros (221,218,000 Euros as of December 31, 2020) (Note 7).

3. Distribution of Parent Company's results and earnings per share

3.1 Distribution of Parent Company's income (loss)

The Parent Entity's net profit distribution proposal for financial year 2021 that its Board of Directors will submit to the approval of the General Shareholders' Meeting, together with the one already approved for financial year 2020, is as follows:

	Thousands of Euros	
	Proposal 2021	**Approved 2020**
Dividends - Dividend assets	67,338	16,909
Reserves - Legal reserve	-	16,393
Reserves - Capitalization reserve Law 27/2014	-	7,700
Reserves - Voluntary reserves	1,017,507	122,925
Net income for the year	**1,084,845**	**163,927**

The proposed distribution of the profit for 2021 includes an active dividend of 67,338 thousand Euros.

Dividends for 2020, amounting to 16,909,000 Euros, were divided into two tranches:

- The payment of tranche one of the dividend, amounting to 11,544,00 Euros was conditional upon the approval by the General Meeting of Liberbank of a dividend distribution of 7,857,000 Euros charged to the profit for 2020, in order to ensure the neutrality of this dividend with the exchange ratio established in the Common Merger Plan entered into between Unicaja Banco and Liberbank on December 29, 2020. This condition precedent was lifted with the approval of their respective merger agreements by the Extraordinary General Meetings of Unicaja Banco and Liberbank. The payment of the first tranche of the dividend was made on April 16, 2021.

- 5,365,000 was paid on September 19, 2021, once the merger with Liberbank, S.A. had been registered at the Mercantile Registry of Málaga.

In accordance with Royal Legislative Decree 1/2010, of July 2, which approves the Consolidated Text of the Capital Companies Law, entities that obtain profits in a financial year must provide 10% of the profit for the year to the legal reserve. These allocations must be made until the legal reserve reaches at least 20% of the paid-up share capital. The legal reserve may be used to increase the capital stock in the part of its balance that exceeds 10% of the capital stock already increased. As long as it does not exceed 20% of the capital stock, the legal reserve may only be used to offset losses, provided that sufficient other reserves are not available for this purpose. In the proposal for the distribution of the profit for the year 2021, the allocation of the legal reserve is not proposed as it has already reached 20% of the paid-up capital stock as of December 31, 2021. In 2020, 16,393,000 Euros were allocated to the legal reserve.

The proposed distribution of the Parent Company's profit for the previous year included the allocation to the Capitalization Reserve regulated by Article 25 of Law 27/2014, of November 27, 2014, on Corporate Income Tax.

3.2 Earnings per share

The basic profit per share is determined by dividing the net income for the year attributed to the Bank by the weighted average number of shares outstanding during that year, excluding the average number of treasury shares held throughout the year.

Diluted earnings per share are determined similarly to basic earnings per share, but the weighted average number of shares outstanding is adjusted to take into account the potential dilutive effect of stock options, warrants and convertible debt outstanding at year-end.

The basic and diluted earnings per share of the Unicaja Banco Group for the years ended December 31, 2021 and 2020 are presented below:

	2021	2020
Profit/loss attributed to the dominant entity (in thousands of Euros)	1,113,202	77,831
Adjustments: Remuneration of contingently convertible instruments (thousands of Euros)	(6,850)	(6,850)
Adjusted income (in thousands of Euros)	1,106,352	70,981
Of which: Income (loss) from continuing operations (in thousands of Euros)	*1,106,352*	*70,981*
Of which: Income (loss) from discontinued operations (in thousands of Euros)	-	-
Weighted average number of common shares outstanding minus the weighted average number of common shares outstanding for treasury stock (in thousands)	2,033,709	1,582,947
Basic earnings per share in continuing operations (in Euros)	0.544	0.045
Basic earnings per share in discontinued operations (in Euros)	-	-
Total basic earnings per share (in Euros)	**0.544**	**0.045**

	2021	2020
Profit/loss attributed to the dominant entity (in thousands of Euros)	1,113,202	77,831
Adjustments: Remuneration of contingently convertible instruments (thousands of Euros)	(6,850)	(6,850)
Adjusted income (in thousands of Euros)	1,106,352	70,981
Of which: Income from continuing operations (net of minority interests)	*1,106,352*	*70,981*
Of which: Income from discontinued operations (net of minority interests)	-	-
Weighted average number of common shares outstanding reduced by treasury stock (in thousands)	2,033,709	1,582,947
Average number of shares resulting from conversion of bonds (in thousands)	-	-
Adjusted average total number of shares for the calculation of the benefit diluted per share (in thousands)	2,033,709	1,582,947
Diluted earnings per share from continuing operations (in Euros)	0.544	0.045
Diluted earnings per share in discontinued operations (in Euros)	-	-
Total diluted earnings per share (in Euros)	**0.544**	**0.045**

At December 31, 2021 and 2020, the Unicaja Banco Group has issued Perpetual Contingent Convertible Bonds (PeCoCos) recorded under the caption "Equity instruments issued other than capital" whose discretionary remuneration is conditioned to the fulfillment of a series of conditions (Note 22.2).

In application of IAS 33 "Earnings per share", the average number of shares outstanding during fiscal years 2021 and 2020 has been used.

Contingent Convertible Perpetual Debentures (PeCoCos) have no impact on the calculation of diluted earnings as their conversion is remote. In the event of considering the convertibility of these instruments, at December 31, 2021 they would have a dilutive effect, as earnings per share would be reduced to €0.537 per share in the event of conversion of PeCoCos into shares (at December 31, 2020 they had an anti-dilutive effect, as earnings per share would increase to €0.048 per share).

3.3 Dividends paid

Based on the foregoing, the dividends paid by Unicaja Banco, S.A. during the years ended December 31, 2021 and 2020 are as follows:

						Thousands of Euros
			2021			2020
	% of nominal	Euros per share	Amount	% of nominal	Euros per share	Amount
Ordinary shares	1.07%	0.01	16,909	-	-	-
Other shares (with no vote, redeemable, etc.)	-	-	-	-	-	-
Total dividends paid	**1.07%**	**0.01**	**16,909**	**-**	**-**	**-**
a) Dividends charged to profit or loss			16,909			-
b) Dividends charged to reserves or issue premium			-			-
c) Dividends in kind			-			-

The above calculation has been made taking into account the number of shares existing at the date on which the distribution of income occurred, without taking into account convertible instruments with dilutive effect.

4. Goodwill in entities accounted for using the equity method

At December 31, 2021 and 2020, the Bank held goodwill in entities accounted for using the equity method amounting to €53,708,000 and €2,024,000, respectively. This goodwill was generated mainly on the basis of the comparison with the net fair value of the assets, liabilities and contingent liabilities acquired by the Entity in the acquisition of the ownership interest in Hidralia, Gestión Integral de Aguas de Andalucía, S.A., Liberbank Vida y Pensiones, Seguros y Reaseguros, S.A. and CCM Vida y Pensiones de Seguros y Reaseguros, S.A.

As of December 31, 2021 and 2020, goodwill is recorded as part of the acquisition cost of the acquired entities under "Investments in joint ventures and associates" in the consolidated balance sheet. The amounts pending impairment in each of the years are based on the profits of the acquired entities expected by the Parent Company's directors, considering the strength of its customer base and the average revenue per customer figures.

Pursuant to Note 2.16, the goodwill in the company "Hidralia, Gestión Integral de Aguas de Andalucía, S.A." has been impaired by 604 thousand Euros in 2021 and 2020, being recorded under the heading "Impairment or reversal of non-financial assets - Intangible assets" in the consolidated income statement (Note 42).

Below is a table showing the initial recognition date of goodwill in these companies and its initial gross amount, as well as the amounts impaired since their origin (accumulated write-downs) and the net amount of goodwill as of December 31, 2021 and 2020:

						Thousands of Euros
			Accumulated write-downs		Net amount	
	Initial amount	Initial registration date	2021	2020	2021	2020
Hidralia, Gestión Integral de Aguas de Andalucía, S.A.	20,467	Sep. 2005	19,047	18,443	1,420	2,024
Vida y Pensiones , Seguros y Reaseguros, S.A.	7,752	Jul. 2021	-	-	7,752	-
CCM Vida y Pensiones de Seguros y Reaseguros, S.A.	44,536	Jul. 2021	-	-	44,536	-
	72,755		**19,047**	**18,443**	**53,708**	**2,024**

In the case of Hidralia, Gestión Integral de Aguas de Andalucía, S.A., since the goodwill is linked to administrative concessions and licenses of the acquired entity for a certain period of time, the Bank's directors consider that, unless there is other evidence of impairment, the recoverable amount of the goodwill recorded is reduced in proportion to the number of years remaining until the end of the administrative concession or license. In this regard, the Group performs a periodic valuation of goodwill, based on its recoverable amount, in order to verify whether an additional impairment is necessary over time, in accordance with IAS 36.

In the case of Liberbank Vida y Pensiones, Seguros y Reaseguros, S.A. and CCM Vida y Pensiones de Seguros y Reaseguros, S.A., the implicit goodwill is subject to periodic valuation by the Group, in order to determine the recoverable amount and verify whether it is necessary to make value corrections for impairment on the shareholding.

5. Segment reporting

The Group's main activity is retail banking, carrying out practically all of its activity in Spain, and the Directors consider that the type of customers is similar throughout its territorial scope of action. Therefore, in accordance with the provisions of the regulations, it is considered that the information corresponding to the segmentation of the Group's operations into different business lines and geographic segments is not relevant.

The information is reported using these segments, in line with the definition of operating segments in IFRS 8, and because it is considered to be the most relevant information in terms of providing the information required under IFRS 8.

The following segments identified were used as the basis upon which to report the information required under IFRS 8:

- Credit and insurance entities: these are the activities of the Bank and other Group companies that carry out financial services activities, as well as other activities of an ancillary nature carried out by the Group and for non-relevant amounts, and central or general services that are not have been allocated to any segment.

- Other entities, which includes the activities carried out by the rest of the Group companies that have not been included in the previous section.

Information by sector (products and services)

The following is the consolidated balance sheet of the Unicaja Banco Group with a breakdown by sector as of December 31, 2021 and 2020, with the same breakdown as the sector information reported to the Bank of Spain.

As of December 31, 2021 and 2020, the credit institutions and insurance sector accounts for almost all of total consolidated assets and consolidated equity.

a) Consolidated balance as of December 31, 2021:

	Distribution (thousands of Euros)			
ASSETS	**Total**	**Entities credit and insurance**	**Other entities**	**Adjustments and deletions**
Cash, cash balances with central banks and other deposits at a glance	21,297,503	21,307,227	3,702	(13,426)
Financial assets held for trading	44,741	44,741	-	-
Non-trading financial assets mandatorily valued at fair value through income	228,227	228,227	-	-
Financial assets designated at fair value with changes in profit or loss	-	-	-	-
Financial assets at fair value with changes in other results global	1,297,820	1,299,221	205	(1,606)
Financial assets at amortized cost	81,991,738	82,020,152	44,542	(72,956)
Derivatives - Hedge accounting	815,044	815,044	-	-
Changes in the fair value of the items covered in a portfolio with interest rate risk coverage	99,301	99,301	-	-
Investment in joint ventures and associates	1,052,033	1,255,104	-	(203,071)
Assets covered by insurance and reinsurance contracts	1,949	1,949	-	-
Tangible assets	2,249,296	2,157,955	90,433	908
Intangible assets	79,806	35,833	5,640	38,333
Tax assets	5,250,087	5,241,522	7,877	688
Other assets	442,359	440,055	7,902	(5,598)
Non-current assets and disposable groups of items classified as held for sale	700,089	700,089	-	-
Total assets	**115,549,993**	**115,646,420**	**160,301**	**(256,728)**

	Distribution (thousands of Euros)			
LIABILITIES AND NET EQUITY	**Total**	**Entities credit and insurance**	**Other entities**	**Adjustments and deletions**
Financial liabilities held for trading	31,123	31,122	-	1
Financial liabilities at amortized cost	105,475,581	105,483,805	60,138	(68,362)
Derivatives - Hedge accounting	999,690	999,690	-	-
Liabilities covered by insurance or reinsurance contracts	580,053	567,400	-	12,653
Provisions	1,428,127	1,427,249	2,146	(1,268)
Tax liabilities	389,104	389,048	56	-
Other liabilities	320,274	337,446	1,541	(18,713)
Total liabilities	**109,223,952**	**109,235,760**	**63,881**	**(75,689)**
Shareholders' equity	6,415,719	6,440,638	96,420	(121,339)
Other cumulative overall income	(90,104)	(29,978)	-	(60,126)
Non-controlling interests (non-significant holdings)	426	-	-	426
Total net equity	**6,326,041**	**6,410,660**	**96,420**	**(181,039)**
Total liabilities and net equity	**115,549,993**	**115,646,420**	**160,301**	**(256,728)**

b) Consolidated balance as of December 31, 2020:

ASSETS	Distribution (thousands of Euros) Total	Entities credit and insurance	Other entities	Adjustments and deletions
Cash, cash balances with central banks and other deposits at a glance	6,667,189	6,677,416	30,732	(40,959)
Financial assets held for trading	192,834	192,834	-	-
Non-trading financial assets mandatorily valued at fair value through income	91,279	91,279	-	-
Financial assets designated at fair value with changes in profit or loss	-	--	-	-
Financial assets at fair value with changes in other results global	1,494,464	1,496,018	47	(1,601)
Financial assets at amortized cost	51,548,558	51,522,085	35,597	(9,124)
Derivatives - Hedge accounting	617,130	617,130	-	-
Investment in joint ventures and associates	361,830	506,303	-	(144,473)
Assets covered by insurance and reinsurance contracts	1,831	1,831	-	-
Tangible assets	1,144,501	1,143,611	890	-
Intangible assets	74,095	29,515	78	44,502
Tax assets	2,741,136	2,720,915	12,435	7,786
Other assets	365,102	406,338	4,926	(46,162)
Non-current assets and disposable groups of items classified as held for sale	244,316	244,316	-	-
Total assets	**65,544,265**	**65,649,591**	**84,705**	**(190,031)**

LIABILITIES AND NET EQUITY	Distribution (thousands of Euros) Total	Entities credit and insurance	Other entities	Adjustments and deletions
Financial liabilities held for trading	11,634	11,857	-	(223)
Financial liabilities at amortized cost	59,052,887	59,055,247	52,665	(55,025)
Derivatives - Hedge accounting	609,030	609,030	-	-
Liabilities covered by insurance or reinsurance contracts	612,472	604,716	-	7,756
Provisions	798,622	795,648	3,020	(46)
Tax liabilities	257,941	257,942	1	(2)
Other liabilities	196,487	206,748	15,696	(25,957)
Total liabilities	**61,539,073**	**61,541,188**	**71,382**	**(73,497)**
Shareholders' equity	4,000,562	4,025,963	13,332	(38,733)
Other cumulative overall income	4,157	82,440	(9)	(78,274)
Non-controlling interests (non-significant holdings)	473	-	-	473
Total net equity	**4,005,192**	**4,108,403**	**13,323**	**(116,534)**
Total liabilities and net equity	**65,544,265**	**65,649,591**	**84,705**	**(190,031)**

Information on geographical areas

The Unicaja Banco Group operates in Spain, with similar customer typology throughout the country. Therefore, the Group considers a single geographical segment for its operations, and the breakdown of the information required in paragraph 33 of IFRS 8 is not applicable.

For illustrative purposes, the distribution of interest income by geographic area for the years ending December 31, 2021 and 2020 is presented below.

	Thousands of Euros			
	Distribution of interest income by geographic area			
	Individual		Consolidated	
	2021	2020	2021	2020
Domestic market	864,515	724,247	852,123	724,724
Export				
European Union	-	-	-	-
OECD countries	-	-	-	-
Other countries	-	-	-	-
Total	**864,515**	**724,247**	**852,123**	**724,724**

Information on main customers

The Unicaja Banco Group is mainly engaged in the retail banking business and there are no customers that account for more than 10 percent of the Group's ordinary revenues, so the Group considers that the disclosure required by paragraph 34 of IFRS 8 is not applicable.

6. Remuneration of the Board of Directors and Senior Management

6.1 Remuneration to the Parent Company's Board of Directors

The following table shows a detail of the remuneration accrued in favor of the members of the Board of Directors of the Parent Company, Unicaja Banco, S.A., exclusively in their capacity as Board Members during the fiscal years 2021 and 2020, which correspond to the amounts accrued as attendance fees, as well as fixed remuneration solely for their condition as Board Members.

	Thousands of Euros	
	2021	2020
Manuel Azuaga Moreno	60	59
Ángel Rodríguez de Gracia	34	59
Juan Fraile Cantón	87	83
Victorio Valle Sanchez	62	98
Isabel Martín Castellá	59	97
Teresa Sáez Ponte	89	87
Ana Bolado Valle	90	80
Manuel Conthe Gutiérrez	85	80
Petra Mateos-Aparicio Morales	80	77
Agustin Molina Morales	48	79
Manuel Muela Martín-Buitrago	79	77
María Luisa Arjonilla López	84	74
Jorge Delclaux Bravo	37	-
Felipe Fernández Fernández	31	-
María Garaña Corces	33	-
Manuel González Cid	35	-
Manuel Menéndez Menéndez	25	-
Ernesto Luis Tinajero Flores	28	-
David Vaamonde Juanatey	-	-

6.2 Remuneration of the Parent Company's Senior Management

For the purpose of preparing these financial statements, Unicaja Banco's Senior Management has been considered to include twenty-five people (fifteen in 2020), including three Executive Board Members (two in 2020). The remuneration received by the members of this group in 2021 and 2020 amounted to 4,419,000 and 3,907,000 Euros, respectively. On the other hand, the obligations incurred, based on the aforementioned schemes, in respect of post-employment benefits, arising exclusively from their status as employees or executives of the Bank, amounted 570,000 in 2021, with €567,000 having been charged in 2020, amounts fully covered by the related funds.

6.3 Other operations carried out with the members of the Board of Directors and with Senior Management

Note 45 "Related parties" includes the asset and liability balances as of December 31, 2021 and 2020 corresponding to transactions with the members of the Board of Directors and the Bank's Senior Management indicated above, as well as the detail of the income and expenses recorded in the income statement for both years for transactions carried out by these groups with the Bank, other than those included in Notes 6.1 and 6.2.

6.4 Post-employment benefits of former members of the Parent Company's Board of Directors and Senior Management

No charge has been made in the consolidated statement of income for 2021 and 2020 for pension commitments and similar obligations held by the Bank with former members of the Board of Directors and Senior Management of the Bank, since such commitments were fully covered in previous years through insurance policies.

7. Cash, cash balances with central banks, and other demand deposits

The breakdown of the balance of this heading in the consolidated balance sheets as of December 31, 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	**2020**
Cash	581,804	339,299
Deposits at the Bank of Spain	20,560,121	6,106,672
Other demand deposits	155,578	221,218
Valuation adjustments - accrued interest	-	-
	21,297,503	**6,667,189**

No interest has been accrued on these balances during fiscal years 2021 and 2020.

8. Financial assets and liabilities at fair value through profit or loss

8.1 Financial assets and liabilities held for trading

8.1.1 Composition of the balance and maximum credit risk - debit balances

Below is a breakdown of the financial assets included in this category as of December 31, 2021 and 2020, classified by class of counterparty and type of instrument:

	Thousands of Euros	
	2021	**2020**
By classes of counterparties -		
Credit institutions	32,149	71,400
Resident Public Administrations	-	-
Non-Resident Public Administrations	-	-
Other resident sectors	12,592	52,049
Other non-resident sectors	-	69,385
	44,741	**192,834**
By instrument type -		
Listed shares	12,592	14,954
Obligations and listed bonds	1,015	171,964
Derivatives traded in organized markets	-	-
Derivatives not traded in organized markets	31,134	5,916
	44,741	**192,834**

The carrying value recorded in the above table represents the Group's level of exposure to credit risk at the end of those years in relation to the financial instruments included therein.

The interest accrued during the years 2021 and 2020 for the debt instruments classified in the portfolio of financial assets held for trading were 36,000 and 347,000, respectively, and are included under the heading "Interest income" of the consolidated profit and loss account (Note 32).

The average effective interest rate of the debt instruments classified in this portfolio and in the rest of the portfolios at fair value through profit or loss as of December 31, 2021 was 2.77% (1.63% as of December 31, 2020).

The positive cash flow included in the consolidated statement of cash flows for the 2021 fiscal year for the debit balances of the portfolio of financial assets held for trading amounts to 149,979,000 Euros (negative cash flow of 157,524,000 Euros in the 2020 fiscal year).

8.1.2 Composition of the balance - credit balances

Below is a breakdown of the financial liabilities included in this category as of December 31, 2021 and 2020, classified by class of counterparty and type of instrument:

	Thousands of Euros	
	2021	**2020**
By classes of counterparties -		
Credit institutions	20,596	7,822
Other resident sectors	10,527	3,812
	31,123	**11,634**
By instrument type -		
Derivatives traded in organized markets	-	-
Derivatives not traded in organized markets	31,123	11,634
	31,123	**11,634**

The positive flow included in the consolidated statement of cash flows for the year 2021 for the credit balances of the portfolio of financial liabilities held for trading amounts to 17,900,000 Euros (negative flow of 13,482,000 Euros in the year 2020).

8.1.3Financial derivatives held for trading

Below is a breakdown, by derivative class, of the fair value of the Group's financial derivatives held for trading, as well as their notional value (amount based on which future payments and receipts of these derivatives are calculated) as of December 31, 2021 and 2020:

	Thousands of Euros							
	2021				2020			
	Receivables		Payables		Receivables		Payables	
	Fair value	Notional Amount	Fair value	Notional Amount	Fair value	Notional Amount	Fair value	Notional Amount
Purchase and sale of unexpired currencies:	**748**	**30,475**	**872**	**91,064**	**1,328**	**48,467**	**1,306**	**228**
Purchases of foreign currencies against Euros	-	1,119	723	29,346	1,247	24,614	-	114
Sales of foreign currencies against Euros	748	29,356	149	61,718	81	23,853	1,306	114
Securities and interest rate futures:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Purchased	-	-	-	-	-	-	-	-
Sold	-	-	-	-	-	-	-	-
Security options:	**-**	**-**	**956**	**748,316**	**-**	**-**	**2,744**	**1,161,781**
Purchased	-	-	-	-	-	-	-	-
Issued	-	-	956	748,316	-	-	2,744	1,161,781
Interest rate options:	**48**	**14,628**	**119**	**57,330**	**-**	**187,998**	**155**	**49,248**
Purchases	48	14,628	-	-	-	9,302	-	-
Sales	-	-	119	57,330	-	178,696	155	49,248
Other Securities Operations	**-**	**-**	**-**	**-**	**-**	**-**	**2,470**	**-**
Financial swaps on securities	-	-	-	-	-	-	-	-
Term operations	-	-	-	-	-	-	2,470	-
Currency options	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Purchased	-	-	-	-	-	-	-	-
Issued	-	-	-	-	-	-	-	-
Other foreign exchange operations					**-**	**-**	**-**	**-**
Currency swaps	-	-	-	-	-	-	-	-
Other interest rate transactions	**30,338**	**131,404**	**29,176**	**132,103**	**4,588**	**28,864**	**4,959**	**149,259**
Financial swaps on interest rates Interest (IRS)	30,338	131,404	29,176	132,103	4,588	28,864	4,959	149,259
Other products	-	-	-	-	-	-	-	-
	31,134	**176,507**	**31,123**	**1,028,813**	**5,916**	**265,329**	**11,634**	**1,360,516**

The notional amount of the contracts entered into does not reflect the actual risk assumed by the Group, since the net position in these financial instruments is the result of offsetting and/or combining these.

The methods applied by the Group in the valuation of financial instruments classified in this category are detailed in Note 11.

8.2 Financial assets not held for trading compulsorily valued at fair value through profit or loss

Below is a breakdown of the financial assets included in this category as of December 31, 2021 and 2020, classified by class of counterparty and type of instrument:

	Thousands of Euros	
	2021	**2020**
By classes of counterparties -		
Credit institutions	81,737	50,924
Resident Public Administrations	18,108	18,108
Non-Resident Public Administrations	-	-
Other resident sectors	129,191	37,137
Other non-resident sectors	2,823	3,218
(Impairment losses)	(19,031)	(18,108)
Other valuation adjustments	15,399	-
	228,227	**91,279**
By instrument type -		
Debt securities:	93,822	91,279
Spanish public debt	-	-
Treasury Bills	-	-
Government bonds	-	-
Other Spanish public administrations	18,108	18,108
Foreign Public debt	-	-
Issued by financial institutions	81,737	91,279
Other fixed-income securities	12,085	-
(Impairment losses)	(18,108)	(18,108)
Other valuation adjustments	-	-
Loans and receivables	134,364	-
Loans and advances to customers	*119,888*	-
(Impairment losses)	*(923)*	-
Other valuation adjustments	*15,399*	-
Other equity instruments:	41	-
Shares of listed Spanish companies	-	-
Shares of unlisted Spanish companies	41	-
Shares of listed foreign companies	-	-
Shares of unlisted foreign companies	-	-
Other investments	-	-
	-	
	228,227	**91,279**

The interest accrued on the debt securities classified in this portfolio of financial assets during the years 2021 and 2020 amounted to 3,210,000 Euros and 3,808,000 Euros, respectively, which are recorded under the heading "Interest income". of the consolidated profit and loss account (Note 32).

The average effective interest rate of the debt instruments classified in this portfolio and in the rest of the portfolios at fair value through profit or loss as of December 31, 2021 and 2020 was 2.55% and 1.64%, respectively.

The positive flow included in the consolidated statement of cash flows for the year 2021 for the debit balances of the portfolio of financial assets not intended for trading, valued compulsorily at fair value through profit or loss, amounts to 2,557,000 Euros (positive flow of 1,385,000 Euros in the 2020 financial year).

9. Financial assets at fair value through other comprehensive income

9.1 Composition of balance and maximum credit risk

Below is a breakdown of the financial assets included in this category as of December 31, 2021 and 2020, classified by class of counterparty and type of instrument:

	Thousands of Euros	
	2021	**2020**
By classes of counterparties -		
Credit institutions	52,608	61,106
Resident Public Administrations	587,443	982,986
Non-Resident Public Administrations	24,999	18,362
Other resident sectors	548,389	405,953
Other non-resident sectors	84,381	25,265
	1,297,820	1,493,672
(Impairment losses) (*)	-	-
Other valuation adjustments	-	792
	1,297,820	**1,494,464**
By instrument type -		
Debt securities:	670,701	1,091,459
Spanish public debt	555,374	967,584
Treasury Bills	-	*358,100*
Government bonds	555,374	*609,484*
Other Spanish public administrations	18,189	15,404
Foreign Public debt	24,999	18,362
Issued by financial institutions	50,769	57,309
Other fixed-income securities	21,370	32,008
(Impairment losses)	-	-
Other valuation adjustments	-	792
Other equity instruments:	627,119	403,005
Shares of listed Spanish companies	29,208	6,226
Shares of unlisted Spanish companies	501,348	197,693
Shares of listed foreign companies	-	52,498
Shares of unlisted foreign companies	-	27
Other investments	96,563	146,561
	1,297,820	**1,494,464**

The carrying value recorded in the above table represents the Group's level of exposure to credit risk at the end of those years in relation to the financial instruments included therein.

All debt instruments at fair value through other comprehensive income are classified as normal risk (Stage 1) for credit risk purposes.

In 2021, the most significant movements in the portfolio of equity instruments classified as financial assets at fair value through other comprehensive income include the following transactions by the Group:

-Acquisition of 718,661 shares of Caser Seguros, S.A. for 115,177,000 Euros. (*)
-Acquisition of 1 share of CECA Association Shares in the amount of 62,609,000 Euros. (*)
-Acquisition of 888,958 shares of Cecabank, S.A. for an amount of 6,674,000 Euros. (*)
-Acquisition of 1,674,550,313 shares of Corporación Alimentaria Peñasanta, S.A. for 39,682,000 Euros. (*)
-Acquisition of 598,000 securities of iShares Core Euro Stoxx 50 UCITS ETF EUR in the amount of 24,237,000 Euros.
-Acquisition of 162,800 shares of Sanofi, S.A, for an amount of 13,992,000 Euros.
-Acquisition of 212,000 shares of Lyxor MSCI EMU Value (DR) UCITS ETF for 24,263,000 Euros.
-Acquisition of 410,000 shares of Deutsche Telekom AG for 7,020,000 Euros.
-Acquisition of 239,000 AT1 Capital Bond UCITS ETF Acc shares for 5,016,000 Euros.
- Acquisition of 261,000 Euro Stoxx Quality Dividend UCITS ETF 1D securities for 5,014,000 Euros.
- Acquisition of 56,240 securities of iShares JP Morgan JP Morgan $ EM Bond EUR Hedged UCITS ETF (Dist) for 5,001,000 Euros.
- Disposal of 1,355,877 shares of Deutsche Telekom AG for EUR 21,012,000 which gave rise to a gain of EUR 694,000.
- Disposal of 306,360 shares of Bayer AG, amounting to EUR 20,374,000, which gave rise to a loss of EUR 5,052,000.
- Disposal of 2,345,380 Euro Stoxx Quality Dividend UCITS ETF 1D securities, amounting to 42,716,000 Euros, which generated a positive result of 5,684,000 Euros.
- Disposal of 4,703 securities of Cajas Españolas de Ahorros SICAV Class IV Distribution, amounting to EUR 28,078,000 which gave rise to a loss of EUR 6,078,000.
- Disposal of 107,300 shares of Sanofi S.A., for an amount of 9,222,000 Euros, which generated a positive result of 156,000 Euros.
- Disposal of 280,281 Total Energies SE shares for 12,621,000 Euros, which generated a negative result of 652,000 Euros.

(*) These shares arise from the merger by absorption of Liberbank (Note 1.14).

In 2020, the most significant movements in the portfolio of equity instruments classified as financial assets at fair value through other comprehensive income included the following transactions by the Group:

- Acquisition of 2,724,700 shares of the Lyxor ETF Euro Stoxx 50 Fund, in the amount of 77,200,000 Euros.
- Acquisition of 2,018,380 securities of the Euro Stoxx Quality Dividend Fund, amounting to 35,731,000 Euros.
- Acquisition of 1,650,000 Invesco AT1 Cap Bond ETF securities, in the amount of 32,672,000 Euros.
- Acquisition of 1,818,200 shares of Lyxor ETF Euro Stoxx 50 Daily (1-x), in the amount of 29,463,000 Euros.
- Disposal of 7,420,799 shares of Lyxor ETF Euro Stoxx 50 Daily (1-x), amounting to EUR 116,096,000 which generated a loss of EUR 9,879,000.
- Disposal of 2,724,700 shares of the Lyxor ETF Euro Stoxx 50 Fund, amounting to EUR 89,005,000 which generated a gain of EUR 11,633,000.
- Disposal of 223,458 Sanofi shares for 19,601,000 Euros, which generated a gain of 1,877,000 Euros.
- Disposal of 304,973 Unilever shares, amounting to 14,946,000 Euros, which generated a positive result of 323,000 Euros.
- Disposal of 1,581,149 Iberdrola shares, amounting to EUR 14,071,000, which generated a gain of EUR 4,063,000.

In 2021 and 2020 the results generated by sales of equity instruments have not been recorded in the consolidated income statement, in accordance with the provisions of IFRS 9 in this regard. Instead, they have been transferred from the "Accumulated other comprehensive income" section directly to the equity reserves caption.

The interest accrued during the years 2021 and 2020 for the debt instruments classified in this portfolio amounted to 3,334,000 Euros and 3,759,000 Euros, respectively, and is included under the heading "Interest income" in the income statement. and consolidated earnings (Note 32).

The average effective interest rate of debt securities in this portfolio as at Friday, December 31, 2021, was 1.00% (0.15% as at Thursday, December 31, 2020).

The positive flow included in the consolidated statement of cash flows for the 2021 financial year for the financial assets classified in this portfolio amounts to 529,378,000 Euros (positive flow of 391,685,000 Euros in the 2020 financial year).

9.2 Accumulated other comprehensive income - Items that may be reclassified to earnings

The reconciliation of the opening and closing balances of accumulated other comprehensive income for the portion that refers to this portfolio, and for the items that can be reclassified to profit or loss, of equity in the consolidated balance sheet for the years 2021 and 2020, to the amounts recorded in the consolidated statement of income for the years 2021 and 2020 as result on financial operations and impairment losses on financial assets, and to the amounts recorded in the consolidated statement of recognized income and expense, is presented below.

	Thousands of Euros	
	2021	**2020**
Accumulated other comprehensive income - Items that can be reclassified as results - Balance at the end of the previous year	**48,147**	**46,477**
Transfers to results	**4,669**	**(1,876)**
Portion allocated in the consolidated profit and loss account	4,669	(16,679)
Variation in the fair value of the securities sold in the year from January 1 or from the date of purchase to the date of sale thereof	-	14,803
Fair value changes	**(35,226)**	**4,261**
Other changes	**-**	**-**
Income tax	**9,167**	**(715)**
Accumulated other comprehensive income - Items that can be reclassified as results - Balance at the end of the current fiscal year	**26,757**	**48,147**

The breakdown of transfers to income recognized in the consolidated income statement in 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Results of financial operations (Note 38)	4,669	(16,679)
Cash flow hedging due to revenue recognition	-	-
Exchange differences	-	-
Impairment of financial assets at fair value with changes in other comprehensive income	-	-
	4,669	**(16,679)**

9.3 Other accumulated comprehensive income - Items that cannot be reclassified in results

The reconciliation of the opening and closing balances of accumulated other comprehensive income - Items that cannot be reclassified to profit or loss - Financial assets at fair value through other comprehensive income to equity in the consolidated balance sheet for the years 2021 and 2020, based on the amounts recorded in the consolidated statement of recognized income and expense, is presented below.

	Thousands of Euros	
	2021	2020
Accumulated other comprehensive income - Items that cannot be reclassified as results - Balance at the end of the previous year	**66,327**	**16,376**
Fair value changes	25,143	71,358
Other changes	-	-
Income tax	(7,543)	(21,407)
Accumulated other comprehensive income - Items that cannot be reclassified as results - Balance at the end of the current fiscal year	**83,927**	**66,327**

10. Financial assets at amortized cost

Below is a breakdown of the financial assets included in this category as of December 31, 2021 and 2020, by nature of exposure:

	Thousands of Euros	
	2021	2020
Debt securities	24,849,659	22,157,383
Loans and advances	57,142,079	29,391,175
Central banks	-	-
Credit institutions	1,118,984	*1,762,178*
Customers	56,023,095	*27,628,997*
	81,991,738	**51,548,558**

10.1 Composition of balance and maximum credit risk

Below is a breakdown of the financial assets included in this category as of December 31, 2021 and 2020, classified by class of counterparty and type of instrument:

	Thousands of Euros	
	2021	**2020**
By classes of counterparties -		
Credit institutions	2,813,587	3,030,038
Resident Public Administrations	19,830,831	11,374,745
Non-Resident Public Administrations	8,699,767	8,486,602
Other resident sectors	50,891,769	28,484,218
Other non-resident sectors	918,365	703,636
(Impairment losses)	(1,366,660)	(797,122)
Other valuation adjustments	204,079	266,441
Accrued interest	73,996	27,058
Micro hedge operations	(170,770)	233,403
Commissions pending accrual	(69,580)	(55,954)
Other products and discounts in assumption	370,433	61,934
	81,991,738	**51,548,558**
By instrument type -		
Credits and loans at variable interest rate	30,844,980	19,004,192
Credits and loans at a fixed interest rate	24,517,731	7,927,533
Debt securities	25,093,354	21,982,612
Temporary acquisitions of assets	971,306	2,460,920
Term deposits with credit institutions	27,818	11,358
Other deposits into credit institutions	-	-
Other financial assets	1,699,130	692,624
(Impairment losses)	(1,366,660)	(797,122)
Other valuation adjustments	204,079	266,441
	81,991,738	**51,548,558**

The carrying value recorded in the above table represents the Group's level of exposure to credit risk at the end of those years in relation to the financial instruments included therein.

Loans and advances with credit institutions, consisting mainly of deposits with these types of institutions, are classified entirely at normal risk (Stage 1). The breakdown by stages of the remaining exposures under this caption is detailed in Notes 10.2 and 10.3.

The interest accrued during the years 2021 and 2020 for the credit to customers has been 559,393,000 Euros and 447,935,000 Euros, respectively (including doubtful), and is included in the heading of "Interest income" of the account of consolidated profit and loss (Note 32). 1,275,000 and 1,228,000, respectively, and are also included under the "Interest Income" caption in the accompanying statement of income (Note 32).

The interest accrued during the years 2021 and 2020 for the debt instruments classified in the portfolio of financial assets at amortized cost was 427,651,000 Euros and 141,410,000 Euros, respectively, and is included under the heading "Interest income ” of the consolidated profit and loss account (Note 32).

The average effective interest rate on debt instruments classified in this portfolio at December 31, 2021 for loans and advances to customers was 0.98% (December 31, 2020: 1.06%) and for deposits with credit institutions was 0.19% (December 31, 2020: 0.19%).

The positive cash flow included in the consolidated cash flow statement for 2021 from financial assets at amortized cost recorded under this heading amounts to 7,627,786,000 Euros (negative cash flow of 6,894,845,000 Euros in 2020).

10.2 Loans and advances

The breakdown by counterparty of the gross amount of loans and advances recorded at amortized cost as of December 31, 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	**2020**
Credit institutions	1,118,531	1,762,033
Resident Public Administrations	5,476,555	2,039,442
Non-Resident Public Administrations	100,000	-
Other resident sectors	50,673,155	26,072,425
Other non-resident sectors	692,724	204,117
	58,060,965	**30,078,017**

The movement during 2021 of loans and advances recorded at amortized cost classified by credit risk levels (stages) (excluding impairment losses and other valuation adjustments) is as follows:

					Thousands of Euros
	Stage 1	**Stage 2**	**Stage 3**	**POCI (*)**	**Total**
Balance at beginning of year	**27,117,969**	**1,779,007**	**1,181,041**	**-**	**30,078,017**
Effect of the merger by absorption of Liberbank	26,038,250	1,887,312	738,960	5,201	28,669,723
Transfers between stages:	(696,850)	240,375	456,475	-	-
At normal risk (stage 1)	402,322	(387,712)	(14,610)	-	-
To special surveillance (stage 2)	(902,972)	952,961	(49,989)	-	-
A doubtful (stage 3)	(196,200)	(324,874)	521,074	-	-
Additions of new financial assets	7,838,761	35,945	5,149	-	7,879,855
Write-downs of financial assets (excluding bad debts)	(7,790,716)	(374,739)	(178,498)	(336)	(8,344,289)
Reclassification to write-downs	13	30	(102,074)	(484)	(102,515)
Asset Foreclosures	-	-	(117,449)	-	(117,449)
Other changes	-	-	(3,191)	814	(2,377)
Closing balance	**52,507,427**	**3,567,930**	**1,980,413**	**5,195**	**58,060,965**

(*) POCIs should be understood as financial assets purchased or originated with credit impairment as described in Note 2.7.

The detail as of December 31, 2020 and January 1, 2020 and the movement during 2020 is as follows:

	Thousands of Euros			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of year	**26,082,184**	**1,258,573**	**1,350,572**	**28,691,329**
Transfers between stages:	(878,060)	724,833	153,227	-
At normal risk (stage 1)	140,137	(134,852)	(5,285)	-
To special surveillance (stage 2)	(940,083)	978,996	(38,913)	-
A doubtful (stage 3)	(78,114)	(119,311)	197,425	-
Additions of new financial assets	5,123,481	-	-	5,123,481
Write-downs of financial assets (excluding bad debts)	(3,209,636)	(204,399)	(203,364)	(3,617,399)
Reclassification to write-downs	-	-	(46,985)	(46,985)
Asset Foreclosures	-	-	(72,409)	(72,409)
Other changes	-	-	-	-
Closing balance	**27,117,969**	**1,779,007**	**1,181,041**	**30,078,017**

10.3 Debt securities

The breakdown by counterparty and type of issue of debt securities recorded at amortized cost as of December 31, 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	**2020**
By classes of counterparties -		
Credit institutions	1,694,520	1,268,981
Resident Public Administrations	14,151,211	9,509,896
Non-Resident Public Administrations	8,561,795	8,486,602
Other resident sectors	216,835	2,528,027
Other non-resident sectors	225,298	363,877
	24,849,659	**22,157,383**
By instrument type -		
Spanish public debt	9,319,782	8,988,458
Treasury Bills	-	-
Government bonds	9,319,782	8,988,458
Other Spanish public administrations	4,831,429	521,438
Foreign Public debt	8,561,795	8,486,602
Issued by financial institutions	1,694,520	1,268,981
Other fixed-income securities	442,133	2,891,904
	24,849,659	**22,157,383**

The breakdown of debt securities recorded under this caption as of December 31, 2021 based on the credit rating of the issue and the level of credit risk (excluding valuation adjustments) is as follows:

	Thousands of Euros		
	Stage 1	**Stage 2**	**Stage 3 (*)**
Rating Aaa	639,303	-	-
Rating Aa1-Aa3	213,504	-	-
Rating A1-A3	14,518,738	-	-
Rating Baa1-Baa3	9,378,134	-	-
Rating Ba1-Ba3	99,980	-	-
Rating B1-C	-	-	-
No credit rating	-	-	-
	24,849,659	**-**	**-**

(*) No debt securities have been identified as purchased or originated financial assets with credit impairment (POCIs).

The breakdown of debt securities recorded under this caption as of December 31, 2020 (excluding valuation adjustments) is as follows:

	Thousands of Euros		
	Stage 1	**Stage 2**	**Stage 3**
Rating Aaa	81,475	-	-
Rating Aa1-Aa3	192,791	-	-
Rating A1-A3	12,636,710	-	-
Rating Baa1-Baa3	9,232,991	-	-
Rating Ba1-Ba3	10,155	-	-
Rating B1-C	-	3,261	-
No credit rating	-	-	-
	22,154,122	**3,261**	**-**

10.4 Refinancing, refinanced and restructured operations

The balances of refinancing and restructuring as of December 31, 2021 and 2020 are as follows:

	Thousands of Euros			
	2021		**2020**	
	Total	**Of which: Stage 3 (*)**	**Total**	**Of which: Stage 3**
Gross	**1,409,910**	**816,447**	**1,223,021**	**645,680**
Value corrections due to the impairment of assets	**480,566**	**413,660**	**503,709**	**332,575**
Of which: collective	311,251	269,506	393,929	243,708
Of which: individual	169,315	144,154	109,780	88,867
Net amount	**929,344**	**402,787**	**719,312**	**313,105**
Of which: granted to the customers	929,344	402,787	719,312	313,105
Maximum value of guarantees received	**1,002,638**	**611,779**	**841,734**	**506,975**
Of which: value of guarantees	967,324	608,798	827,553	504,868
Of which: value of other guarantees	35,314	2,981	14,181	2,107

(*) No refinanced transactions have been identified as purchased or originated financial assets with credit impairment (POCIs).

On the other hand, the reconciliation of the carrying value of refinanced and restructured operations as of December 31, 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Opening balance	**719,312**	**816,086**
Effect of the merger by absorption of Liberbank	218,012	-
Refinancing and restructuring for the period	148,850	276,951
Debt repayments	(102,258)	(132,384)
Asset Foreclosures	(2,553)	(36,708)
Derecognition from balance sheet (reclassification to non-performing)	(45)	(5,743)
Other changes	(51,974)	(198,890)
Of which: Changes in the gross balance	(48,623)	(144,979)
Of which: Variations in credit loss coverage	(3,351)	(53,911)
Balance at the end of the period	**929,344**	**719,312**

The changes in the gross balance of the "Other changes" caption correspond mainly to derecognitions of the inventory of refinanced transactions as a result of the application of the cure criteria described below. The effect on provisions is not significant since most of these transactions were classified in the normal risk category, and only the refinancing mark has been eliminated, in compliance with the cure criteria indicated below.

As of December 31, 2021, the detail of refinanced and restructured operations is as follows:

	Thousands of Euros						
	Friday, December 31, 2021						
	Total						
	Secured				Unsecured		
			Maximum amount of collateral that may be considered				
	No. of operations	Gross	Real estate guarantee	Other guarantees	No. of operations	Gross	Accumulated impairment or fair value losses due to credit risk
Credit institutions	-	-	-	-	-	-	-
Public Administration Bodies	11	15,741	5,307	10,434	6	8,403	(795)
Other financial companies and individual employers (business activity financial)	4	189	136	-	4	2,531	(2,129)
Non-financial corporations and individual employers (business activity not financial)	2,266	557,200	449,767	24,844	1,508	255,661	(269,267)
Of which: financing of the construction and development real estate (including land)	354	112,709	92,189	8,993	29	12,458	(55,824)
Other household	7,485	554,450	512,114	36	1,808	15,736	(208,375)
	9,766	**1,127,580**	**967,324**	**35,314**	**3,326**	**282,330**	**(480,566)**
Additional information							
Financing classified as non-current assets and groups disposable items that have been classified as held for sale	11	3,134	2,908	-	-	-	(91,512)

	Thousands of Euros						
	Friday, December 31, 2021						
	Of which: Doubtful (Stage 3)						
	Secured				Unsecured		
			Maximum amount of collateral that may be considered				
	No. of operations	Gross	Real estate guarantee	Other guarantees	No. of operations	Gross	Accumulated impairment or fair value losses due to credit risk
Credit institutions	-	-	-	-	-	-	-
Public Administration Bodies	5	8	8	-	-	-	-
Other financial companies and individual employers (business activity financial)	3	133	80	-	4	2,531	(2,129)
Non-financial corporations and individual employers (business activity not financial)	1,413	335,386	287,116	2,968	754	86,842	(224,267)
Of which: financing of the construction and development real estate (including land)	234	77,619	66,544	195	17	10,366	(51,866)
Other household	4,534	382,968	321,594	13	1,102	8,579	(187,264)
	5,955	**718,495**	**608,798**	**2,981**	**1,860**	**97,952**	**(413,660)**
Additional information							
Financing classified as non-current assets and groups disposable items that have been classified as held for sale	11	3,134	2,908	-	-	-	(1,512)

As of December 31, 2020, the detail of refinanced and restructured operations was as follows:

	Thousands of Euros						
	Thursday, December 31, 2020						
	Total						
	Secured				Unsecured		
			Maximum amount of collateral that may be considered				
	No. of operations	Gross	Real estate guarantee	Other guarantees	No. of operations	Gross	Accumulated impairment or fair value losses due to credit risk
Credit institutions	-	-	-	-	-	-	-
Public Administration Bodies	12	10,804	3,225	7,579	6	5,241	(356)
Other financial companies and individual employers (business activity financial)	5	404	378	-	4	2,558	(2,003)
Non-financial corporations and individual employers (business activity not financial)	2,337	466,440	393,538	4,753	1,282	246,878	(237,162)
Of which: financing of the construction and development real estate (including land)	344	87,090	76,245	1,190	28	17,627	(38,651)
Other household	6,490	480,416	430,412	1,849	1,016	10,280	(264,188)
	8,844	**958,064**	**827,553**	**14,181**	**2,308**	**264,957**	**(503,709)**
Additional information							
Financing classified as non-current assets and groups disposable items that have been classified as held for sale	-	-	-	-	-	-	-

	Thousands of Euros						
	Thursday, December 31, 2020						
	Of which: Doubtful (Stage 3)						
	Secured				Unsecured		
			Maximum amount of collateral that may be considered				
	No. of operations	Gross	Real estate guarantee	Other guarantees	No. of operations	Gross	Accumulated impairment or fair value losses due to credit risk
Credit institutions	-	-	-	-	-	-	-
Public Administration Bodies	9	23	23	-	1	238	(143)
Other financial companies and individual employers (business activity financial)	4	339	313	-	3	2,528	(2,003)
Non-financial corporations and individual employers (business activity not financial)	1,500	237,107	208,590	523	544	65,607	(156,726)
Of which: financing of the construction and development real estate (including land)	233	47,994	39,265	201	18	15,354	(36,275)
Other household	4,292	336,016	295,942	1,584	419	3,822	(173,703)
	5,805	**573,485**	**504,868**	**2,107**	**967**	**72,195**	**(332,575)**
Additional information							
Financing classified as non-current assets and groups disposable items that have been classified as held for sale	-	-	-	-	-	-	-

The Group has a policy of refinancing, restructuring, renewal and renegotiation of operations, which details the requirements, conditions and situations under which a range of measures are offered to assist the entity's customers who are experiencing financial difficulties.

In general terms, these renegotiated transactions do not include modifications of conditions considered substantial, other than extensions of the terms thereof, inclusions or extensions of grace periods, or improvements in the guarantees associated with such transactions, and therefore, for accounting purposes, they do not entail the derecognition of the original assets and the subsequent recognition of new assets at their fair value.

The policies and procedures applied in risk management allow for individual monitoring of credit operations. In this regard, any transaction that may require modifications in its conditions as a result of deterioration in the borrower's creditworthiness, already has, at the date of novation, the corresponding provision for impairment. Therefore, since the transactions are correctly valued, no additional impairment provision requirements are evidenced on the refinanced loans.

Renegotiated or refinanced assets are classified according to their risk based on aspects such as the determination of the borrowers' ability to pay, the updated valuation of the collateral provided and, additionally, other factors such as the grace periods of the transactions or the number of times a transaction has been restructured.

Subsequent to the initial rating, there are prudent cure criteria, so that the subsequent development of the operations may allow their reclassification to normal risk. These criteria are based on the effective repayment of the refinanced transactions, so that doubts about collection are removed, taking into account both the amount repaid and the length of time the borrower has been in compliance with its payment obligations.

The Group's refinancing cure criteria are consistent with what is indicated in IFRS 9, in the European Banking Authority (EBA) Guidelines and in Annex 9 of Bank of Spain Circular 4/2017after its amendment by Bank of Spain Circular 3/2020. A summary of these criteria is presented below:

To reclassify the exposure from doubtful risk (stage 3) to normal risk in special surveillance (stage 2):

- That all the criteria that, in general, determine the classification of transactions in this category are verified (Note 2.7).

- A period of one year has elapsed since the date of refinancing or restructuring.

- The borrower must have settled the principal and interest, reducing the renegotiated principal, since the date on which the restructuring or refinancing transaction was formalized or, if this was subsequent, since the date on which it was reclassified to non-performing. As a result, the operation must not show any amounts overdue. Additionally, it will be necessary that the holder has paid through regular payments an amount equivalent to all the amounts, principal and interest, that were due at the date of the restructuring or refinancing operation, or that were written off as a consequence thereof, or when it is more appropriate in view of the characteristics of the operations, that other objective criteria have been verified that demonstrate the holder's payment capacity.

- The borrower must not have any operation with amounts overdue by more than 90 days on the date of reclassification of the refinancing, refinanced, or restructured operation to the underperforming category.

To reclassify the exposure from normal risk in special surveillance (stage 2) to normal risk (stage 1):

- As long as they remain identified as such, refinancing, refinanced or restructured transactions that should not be classified as doubtful risk shall be included in the normal risk category under special surveillance, unless it is justified that no significant increase in their credit risk has been identified since initial recognition, in which case the transaction shall be classified as normal risk.

For the exposure to cease to be considered as a refinancing, refinanced or restructured transaction:

- That it has been concluded, after an exhaustive review of the holder's assets and financial situation, that it is not foreseeable that they may have financial difficulties and that, therefore, it is highly probable that they will be able to meet their obligations to the entity on time and in the correct form.

- That a minimum period of two years has elapsed from the date of formalization of the restructuring or refinancing operation or, if later, from the date of reclassification from the doubtful risk category.

- That the holder has paid the accrued installments of principal and interest from the date on which the restructuring or refinancing operation was formalized or, if later, from the date of reclassification from the doubtful category. In addition, the holder must have paid through regular payments an amount equivalent to all the amounts (principal and interest) that were due or written off on the date of the restructuring or refinancing operation, or that were written off as a result of itor that were written off as a result of the restructuring or refinancing operationor, when more appropriate in view of the characteristics of the transactions, that other objective criteria have been verified to demonstrate the holder's ability to pay.

- The holder has no other transaction with amounts overdue by more than 30 days at the end of the trial period.

10.5 Measures adopted by Covid-19: moratorium and financing operations with ICO Guarantee COVID-19

On March 18, 2020, Royal Decree-Law 8/2020 on urgent measures to deal with the economic and social impact of Covid-19 was published (see Note 1.13).

One of the measures of said Royal Decree-law is aimed at ensuring the protection of mortgage debtors in a situation of vulnerability, establishing a moratorium on the payment of their mortgage on their primary residence. The scope of application was extended with the publication on April 1, 2020 of Royal Decree-Law 11/2020, so that, in addition to contracts entered into for the purchase of a primary residence, loan contracts secured by real estate used for economic activity and those secured by housing that was intended for rental purposes and in which the debtor has ceased to receive rent due to the COVID-19 situation are also included. Likewise, the scope of the moratorium is extended to include loan and credit agreements without mortgage guarantee, including those intended for consumption. Finally, the legislative moratoriums were extended to the tourism sector through Royal Decree-Law 25/2020 and to the transport sector (Royal Decree-Law 26/2020).

In addition, the measures adopted in these Royal Decrees seek to address the difficult economic situation that both companies and the self-employed will have to face as a result of the healthcare crisis. One of the measures is the creation of a line of guarantees of 100 billion on behalf of the State to guarantee part of the financing that credit institutions grant to companies and the self-employed to meet their liquidity needs. This line will be managed by the Instituto de Crédito Oficial (ICO) and its objective is to facilitate the granting of sufficient liquidity to maintain employment and mitigate the economic effects of COVID-19.

In this context, the Group has been granting its customers both public moratoriums included in the aforementioned Royal Decrees, and sector moratoriums, under the sector agreement signed by the entities associated with the Spanish Confederation of Savings Banks (CECA) on April 16, 2020. In addition, since March 2020, the Group has been granting operations for which it has received guarantees from the ICO COVID-19 line and for which certain commissions are paid to the ICO depending on the characteristics of the operation: applicable aid scheme, type of borrower and term.

The detail of the operations with moratorium in effect as of December 31, 2021 is as follows:

					Thousands of Euros
	Total data		**Breakdown of outstanding balance by risk stages (*)**		
	Number of operations granted	**Outstanding balance**	**Stage 1**	**Stage 2**	**Stage 3**
Legal moratorium	**127**	**14,991**	**6,233**	**2,001**	**6,757**
Households	107	7,552	1,931	1,439	4,182
Small and medium-sized companies	20	7,439	4,302	562	2,575
Sector moratorium	**177**	**11,892**	**9,389**	**1,869**	**634**
Households	177	11,892	9,389	1,869	634
Small and medium-sized companies	-	-	-	-	-

(*) No operations with current moratoriums have been identified that have the status of purchased or originated financial assets with credit impairment (POCIs).

The detail of the operations with moratoriums in effect as of December 31, 2020 was as follows:

	Thousands of Euros				
	Total data		Breakdown of outstanding balance by risk stages		
	Number of operations granted	Outstanding balance	Stage 1	Stage 2	Stage 3
Legal moratorium	**55**	**11,833**	**1,156**	**9,716**	**961**
Households	-	-	-	-	-
Small and medium-sized companies	55	11,833	1,156	9,716	961
Sector moratorium	**7,235**	**555,240**	**343,297**	**186,796**	**25,147**
Households	7,235	555,240	343,297	186,796	25,147
Small and medium-sized companies	-	-	-	-	-

The detail of operations with ICO COVID-19 guarantee as of December 31, 2021 is as follows:

	Thousands of Euros						
	Total data				Breakdown of outstanding balance by risk stages (*)		
	Number of operations granted	Funded limit	Amount guaranteed	Outstanding Balance	Stage 1	Stage 2	Stage 3
ICO COVID-19 Guarantees	**45,167**	**3,261,703**	**1,917,764**	**2,519,645**	**1,810,078**	**565,335**	**144,232**
Self-employed	12,697	307,179	197,150	246,773	196,175	42,737	7,862
Small and medium-sized companies	30,159	2,089,906	1,352,493	1,710,871	1,234,848	392,176	83,847
Other Companies	2,311	864,618	368,121	562,001	379,055	130,422	52,523

(*) No transactions have been identified with ICO COVID-19 guarantees that have the status of purchased or originated financial assets with credit impairment (POCIs).

For its part, the detail of the operations with ICO COVID-19 guarantee as of December 31, 2020 was as follows:

	Thousands of Euros						
	Total data				Breakdown of outstanding balance by risk stages		
	Number of operations granted	Funded limit	Amount guaranteed	Outstanding Balance	Stage 1	Stage 2	Stage 3
ICO COVID-19 Guarantees	**21,808**	**897,190**	**444,759**	**578,424**	**442,706**	**126,913**	**8,805**
Self-employed	5,810	108,240	69,965	87,802	80,738	6,932	132
Small and medium-sized companies	14,593	523,683	307,899	388,847	302,891	82,757	3,199
Other Companies	1,405	265,267	66,895	101,775	59,077	37,224	5,474

As of December 31, 2021, the legislative moratorium measures in force affect a total of 127 transactions, with an outstanding balance of €14,991,000, with 55 transactions and an outstanding balance of €11,833,000 as of December 31, 2020.

The legislative moratorium measures granted during the 2021 financial year had an impact of 439,000 Euros (2,659,000 Euros at December 31, 2020), under the heading "Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss and net gains or losses on changes in value - Financial assets at amortized cost" in the Group's consolidated income statement.

The sectoral moratorium applies to borrowers who cannot take advantage of the moratorium established by the Government (legislative moratorium) and whose financial situation has deteriorated as a result of COVID-19. In these cases, under the provisions of the sector agreement signed on April 16, 2020, and with the commitment to support them, the Group facilitates their payments by temporarily reducing them for both mortgage loans and personal loans. Under the terms of the sector agreement, the borrower could not have transactions with defaults of more than two receipts or installments on March 14, 2020. The term of the moratorium is a maximum of 12 months for loans or credits with mortgage guarantee, and a maximum of 6 months for personal loans or credits (with the possibility of extension after modification of the sectoral agreement).

On June 22, 2020, considering the new directives of the European Banking Authority (EBA), the sectoral agreement to which the Bank subscribes was modified, extending the term of this sectoral agreement until September 29, 2020. Also, on December 15, 2020, an addendum was signed providing for the possibility of requesting new moratoriums until March 31, 2021 at the latest, with a maximum term equivalent to nine months for mortgage loans or credits and six months for personal loans or credits.

In this case, the effect of the deferral only affects the repayment of the loan principal during the term of the moratorium. At December 31, 2021, the sectoral moratorium measures in force affect 177 transactions, with an outstanding balance of €11,892,000 (7,235 transactions, with an outstanding balance of €555,241,000 at December 31, 2020). The effect of the changes on the Group's consolidated statement of income was not significant.

With regard to financing that has guarantees from the ICO COVID-19 Line, until December 31, 2021, the main guarantee lines that have been activated by the Government constitute the full amount of the guarantee line, which is divided into four lines, approved by Agreement of the Council of Ministers on March 24, April 10, May 5, May 19, 2020 and June 16, whose total amounts are allocated 67,500 million Euros to SMEs and the self-employed and 25 billion Euros to non-SME companies, 4 billion Euros to cover promissory notes from the Alternative Fixed Income Market (MARF), 2.5 billion Euros for the self-employed and SMEs in the tourism sector and related activities, 500 million Euros to reinforce the guarantees granted by the Compañía Española de Reafianzamiento (CERSA) and 500 million Euros for the self-employed and companies for the acquisition or operating financial lease of road transport motor vehicles used professional.

In addition to the aforementioned guarantees, Royal Decree-Law 25/2020, dated July 3, approved a 40 billion Euro Guarantee Line, from the Ministry of Economic Affairs and Digital Transformation, with the purpose of guaranteeing the financing granted to companies and the self-employed to mainly meet their financial needs arising from the implementation of new investments. Part of this line was approved by resolutions of the Council of Ministers on July 28, 2020 and November 24, 2020.

The number of transactions approved by the Group for the self-employed amounts to 12,697, with a financing limit of 307,179,000 Euros, an ICO guarantee amount of 197,150,000 Euros, and an outstanding balance at December 31, 2021 of 246,773,000 Euros (5,810 transactions, with a financing limit of 108,240,000 Euros, an ICO guarantee amount of 69,965,000 Euros, and an outstanding balance of 87,802,000 Euros at December 31, 2020).

For its part, the number of operations approved by the Group for companies amounts to 32,470, with a financing limit of 2,954,523,000 Euros, an amount of ICO guarantee of 1,720,614,000 Euros, and an outstanding balance at December 31, 2021 of 2,272,872,000 Euros (15,998 operations, with a financing limit of 788,950,000 Euros, an amount of ICO guarantee of 374,794,000 Euros, and an outstanding balance of 490,622,000 Euros as of December 31, 2020).

The Group considers that the ICO COVID-19 guarantees are substantially part of the secured financing (integral guarantee), since they are in all cases new operations or renewals of existing credit lines with substantial modifications to the original conditions. Therefore, the accounting treatment applied to them is based on the following premises: (i) the commission paid by the Bank to the ICO is incorporated as an incremental cost in the calculation of the effective interest rate of the transaction as indicated in paragraph B5.4.1 of IFRS 9, and (ii) the flows expected to be obtained as a result of the execution of the guarantee are taken into account in the calculation of the expected loss of the transaction as indicated in paragraph B5.5.55 of IFRS 9.

10.6 Past due and impaired assets

Below is a detail of those financial assets classified as financial assets at amortized cost and considered as impaired due to their credit risk at December 31, 2021 and 2020, as well as those which, without being considered as impaired, have an amount past due at those dates, classified by counterparty, as well as according to the period elapsed since the maturity of the oldest past due amount of each transaction:

Impaired assets as of December 31, 2021 (*)

	Thousands of Euros				
	Up to 180 days	**Between 180 days and 1 year**	**Between 1 and 2 years**	**More than 2 years**	**Total**
By classes of counterparties -					
Public Administration Bodies	620	-	-	13,684	14,304
Credit institutions	-	-	1	13	14
Other financial corporations	32,230	-	4	2,521	34,755
Non-financial corporations	499,724	41,962	58,140	211,512	811,338
Households	442,853	84,236	94,821	503,287	1,125,197
	975,427	**126,198**	**152,966**	**731,017**	**1,985,608**

(*) The amount of impaired assets includes purchased or originated credit-impaired financial assets (POCIs) for an amount of 5,195,000 Euros from the business combination resulting from the merger by absorption of Liberbank, S.A. (as absorbed entity) by Unicaja Banco, S.A. (as absorbing entity) (Note 10.2).

Impaired assets as of December 31, 2020

	Thousands of Euros				
	Up to 180 days	**Between 180 days and 1 year**	**Between 1 and 2 years**	**More than 2 years**	**Total**
By classes of counterparties -					
Public Administration Bodies	337	-	132	12,990	13,459
Credit institutions	77	-	-	11	88
Other financial corporations	-	-	-	2,505	2,505
Non-financial corporations	236,138	25,726	28,245	108,650	398,759
Households	255,687	72,677	84,802	353,064	766,230
	492,239	**98,403**	**113,179**	**477,220**	**1,181,041**

Unimpaired past due assets as of December 31, 2021

	Thousands of Euros			
	Less than one month	Between 1 and 3 months	More than 3 months	Total
By classes of counterparties -				
Public Administration Bodies	2,923	12	-	2,935
Credit institutions	6	-	-	6
Other financial corporations	276	2	-	278
Non-financial corporations	174,631	23,272	-	197,903
Households	490,928	106,547	-	597,475
	668,764	**129,833**	**-**	**798,597**

Unimpaired past due assets as of Thursday, December 31, 2020

	Thousands of Euros			
	Less than one month	Between 1 and 3 months	More than 3 months	Total
By classes of counterparties -				
Public Administration Bodies	2,932	12	-	2,944
Credit institutions	6	-	-	6
Other financial corporations	4,136	-	-	4,136
Non-financial corporations	30,675	7,593	-	38,268
Households	349,420	88,662	-	438,082
	387,169	**96,267**	**-**	**483,436**

10.7 Credit risk hedging

The movement in impairment losses recorded to hedge credit risk and the cumulative amount thereof at the beginning and end of 2021 and 2020 of those debt instruments classified as loans and receivables are presented below.

The movement in impairment losses for each of the levels (stages) in which the Group's credit risk exposures are classified for the year 2021 is as follows:

	Thousands of Euros				
					2021
	Stage 1	Stage 2	Stage 3	POCI (*)	Total
Balance at the beginning of the period	**59,634**	**195,061**	**541,792**	**-**	**796,487**
Effect of the merger by absorption of Liberbank (**)	117,656	156,541	336,228	-	610,425
Transfers between stages:	(1,019)	11,819	(10,800)	-	-
At normal risk (stage 1)	14,904	(13,076)	(1,828)	-	-
To special surveillance (stage 2)	(6,318)	47,202	(40,884)	-	-
A doubtful (stage 3)	(9,605)	(22,307)	31,912	-	-
For additions of new financial assets	25,405	-	-	-	25,405
Changes in parameters	(64,209)	(26,494)	259,203	3,254	171,754
Changes in methodologies	882	(196)	1,052	-	1,738
Write-downs of financial assets (excluding bad debts)	(17,593)	(8,350)	(42,466)	-	(68,409)
Reclassifications to bad debts	-	-	(80,231)	(98)	(80,329)
Awarded	-	-	(67,358)	-	(67,358)
Other changes	7,362	(10,070)	(20,980)	(3)	(23,691)
Balance at the end of the period	**128,118**	**318,311**	**916,440**	**3,153**	**1,366,022**
Of which:					
Individually determined	729	44,457	192,150	1	237,337
Collectively determined	127,389	273,854	724,290	3,152	1,128,685
	128,118	**318,311**	**916,440**	**3,153**	**1,366,022**

(*) POCIs should be understood as financial assets purchased or originated with credit impairment as described in Note 2.7.

(**) The amount of the heading "Effect of the merger by absorption of Liberbank" includes the effect of the fair value adjustments of the loans and advances to customers as described in Note 1.14.

The changes in impairment losses for 2020 are as follows:

	Thousands of Euros			
				2020
	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the period	48,270	95,124	585,313	728,707
Transfers between stages:	(10,144)	26,943	(16,799)	-
At normal risk (stage 1)	5,342	(4,362)	(980)	-
To special surveillance (stage 2)	(12,133)	36,660	(24,527)	-
A doubtful (stage 3)	(3,353)	(5,355)	8,708	-
For additions of new financial assets	7,941	-	-	7,941
Changes in parameters	21,186	132,768	52,805	206,759
Changes in methodologies	(859)	830	4,126	4,097
Write-downs of financial assets (excluding bad debts)	(6,760)	(4)	(4,285)	(11,049)
Reclassifications to bad debts	-	-	(39,943)	(39,943)
Awarded	-	-	(39,425)	(39,425)
Other changes	-	(60,600)	-	(60,600)
Balance at the end of the period	59,634	195,061	541,792	796,487
Of which:				
Individually determined	-	32,254	116,438	148,692
Collectively determined	59,634	162,807	425,354	647,795
	59,634	**195,061**	**541,792**	**796,487**

11. Derivatives - Hedge accounting (accounts receivable and accounts payable)

As of December 31, 2021 and 2020, the derivatives contracted designated as hedging items and their hedged items were mainly the following:

- Interest Rate Swaps, which hedge mortgage bonds issued by the Entity and bonds issued by third parties acquired by the Group.

- Futures and options on listed securities, which hedge changes in the market price of securities prior to the sale of such securities.

The Group applies fair value hedge accounting mainly to those transactions that are exposed to changes in the fair value of certain assets and liabilities that are sensitive to changes in interest rates, i.e. mainly assets and liabilities referenced to a fixed interest rate, which are converted to a floating interest rate through the corresponding hedging instruments. Cash flow hedges are generally contracted to exchange a variable interest rate for a fixed interest rate.

The valuation methods used to determine the fair values of OTC derivatives were the discounted cash flow method for interest rate derivative valuations and the Monte Carlo simulation technique for valuations of structured products with an optional component. For those transactions admitted to official listing, the quoted price has been considered as an indicator of their fair value.

The Group has performed an analysis to assess the extent to which volatility in the financial markets may have had an effect on the effectiveness of the accounting hedges recorded in the consolidated financial statements as of December 31, 2021 in accordance with IAS 39.

The Group has not identified any accounting hedges that should be modified due to the effect of the volatility of the financial markets.

The following is a detail of the maturities of the notional amounts of the hedging instruments used by the Group as of December 31, 2021:

	Thousands of Euros					
	2021					
	Up to 1 month	**Between 1 and 3 months**	**Between 3 months and 1 year**	**Between 1 and 5 years**	**More than 5 years**	**Total**
Fair value hedge:	**5,758,413**	**-**	**-**	**3,101,703**	**7,962,721**	**16,822,837**
Futures on securities and types of interest	**-**	**-**	**-**	**-**	**-**	**-**
Future sales on interest rates	-	-	-	-	-	-
Other Securities Operations	**5,758,413**	**-**	**-**	**-**	**-**	**5,758,413**
Financial swaps on securities	-	-	-	-	-	-
Security options	-	-	-	-	-	-
Term operations	5,758,413	-	-	-	-	5,758,413
Currency options	**-**	**-**	**-**	**-**	**-**	**-**
Currency options issued	-	-	-	-	-	-
Other operations on types of interest	**-**	**-**	**-**	**3,101,703**	**7,962,721**	**11,064,424**
Interest rate swaps (IRS bonds)	-	-	-	2,743,903	1,910,000	4,653,903
Interest rate swaps (IRS Customer loans)	-	-	-	57,800	290,000	347,800
Interest rate swaps (IRS loan portfolio)	-	-	-	-	1,424,864	1,424,864
Interest rate swaps (IRS central bank deposits)	-	-	-	-	-	-
Subordinated liabilities	-	-	-	300,000	-	300,000
Interest rate swaps (IRS fixed income)	-	-	-	-	4,337,857	4,337,857
Cash flow hedging:	**67**	**400,000**	**-**	**3,220,405**	**3,687,801**	**7,308,274**
Other operations on types of interest	**67**	**400,000**	**-**	**3,220,405**	**3,687,801**	**7,308,274**
Interest rate swaps (IRS loan portfolio)	67	-	-	555,405	65,792	621,264
Interest rate swaps (IRS deposits in banks central)	-	-	-	-	-	-
Interest rate swaps (IRS fixed income)	-	400,000	-	2,665,000	3,622,009	6,687,009
Total	**5,758,480**	**400,000**	**-**	**6,322,108**	**11,650,522**	**24,131,111**

The detail of maturities of the notional amounts of the hedging instruments used by the Group as of December 31, 2020 was as follows:

	Thousands of Euros					
	2020					
	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Total
Fair value hedge:	**1,644,132**	**100,000**	**-**	**1,490,780**	**5,516,150**	**8,751,062**
Futures on securities and types of interest	**-**	**-**	**-**	**-**	**-**	**-**
Future sales on interest rates	-	-	-	-	-	-
Other Securities Operations	**1,644,132**	**-**	**-**	**-**	**-**	**1,644,132**
Financial swaps on securities	-	-	-	-	-	-
Security options	-	-	-	-	-	-
Term operations	1,644,132	-	-	-	-	-
Currency options	**-**	**-**	**-**	**-**	**-**	**-**
Currency options issued	-	-	-	-	-	-
Other operations on types of interest	**-**	**100,000**	**-**	**1,490,780**	**5,516,150**	**7,106,930**
Interest rate swaps (IRS bonds)	-	100,000	-	856,980	1,490,000	2,446,980
Interest rate swaps (IRS loan portfolio)	-	-	-	277,500	3,976,150	4,253,650
Interest rate swaps (IRS fixed income)	-	-	-	-	-	-
Interest rate swaps (IRS on IPF)	-	-	-	56,300	50,000	106,300
Subordinated liabilities	-	-	-	300,000	-	300,000
Cash flow hedging:	**29,077**	**67**	**-**	**1,985,377**	**5,350,902**	**7,365,423**
Other operations on types of interest	**29,077**	**67**	**-**	**1,985,377**	**5,350,902**	**7,365,423**
Interest rate swaps (IRS loan portfolio)	-	67	-	320,377	60,506	380,950
Interest rate swaps (IRS deposits in banks central)	-	-	-	-	-	-
-Interest rate swaps (IRS fixed income)	29,077	-	-	1,665,000	5,290,396	6,984,473
Total	**1,673,209**	**100,067**	**-**	**3,476,157**	**10,867,052**	**16,116,485**

As of December 31, 2021 and 2020, the Unicaja Banco Group has not recorded any financial instruments that should be classified as hedges of the net investment in foreign businesses.

The following is a detail of the fair value and cash flow hedging instruments the detail of the fair value and cash flow hedging instruments used by the Group as of December 31, 202, is as follows hedging instruments used by the Group as of December 31, 2021:

					2021
	Debtor fair value	**Creditor fair value**	**Notional Amount**	**Change in fair value used to calculate hedge ineffectiveness**	**Hedged item**
Fair value hedge:	**711,568**	**303,600**	**16,822,837**	**407,968**	
Futures on securities and interest types	**-**	**-**	**-**	**-**	
Future sales on interest rates	-	-	-	-	
Other Securities Operations	**65,946**	**35,823**	**5,758,413**	**30,123**	
Financial swaps on securities	-	-	-	-	
Security options	-	-	-	-	
Term operations	65,946	35,823	5,758,413	30,123	Debt securities
Currency options	**-**	**-**	**-**	**-**	
Purchased currency options	-	-	-		
Currency options issued	-	-	-	-	
Other operations on types of interest	**645,622**	**267,777**	**11,064,424**	**377,845**	
Interest rate swaps (IRS bonds)	447,048	1,798	4,653,903	445,250	Issued bonds and securities
Interest rate swaps (IRS IPF customers)	424	79,105	347,800	(78,681)	Loans and advances
Interest rate swaps (IRS loan portfolio)	520	103,221	1,424,864	(102,701)	Loan portfolio
Interest rate swaps (IRS on IPF)	-	-	-	-	
Subordinated liabilities	-	401	300,000	(401)	Subordinated issue
Interest rate swaps (IRS fixed income)	197,630	83,252	4,337,857	114,378	Debt securities
Interest rate swaps (Structured Terms)	-	-	-	-	
Cash flow hedging:	**103,476**	**696,090**	**7,308,274**	**(592,614)**	
Other Securities Operations	-	-	-	-	
Financial swaps on securities	-	-	-	-	
Security options	-	-	-	-	
Term operations	-	-	-	-	
Other operations on types of interest	**103,476**	**696,090**	**7,308,274**	**(592,614)**	
Interest rate swaps (IRS loan portfolio)	106	15,184	621,265	(15,078)	Coverage of loans to customers
Interest rate swaps (IRS deposits in central banks)	-	-	-	-	
Interest rate swaps (IRS fixed income)	103,370	680,906	6,687,009	(577,536)	Debt securities
Total	**815,044**	**999,690**	**24,131,111**	**(184,646)**	

The detail of the fair value and cash flow hedging instruments used by the Group as of December 31, 2020 is as follows:

					2020
	Debtor fair value	Creditor fair value	Notional Amount	Change in fair value used to calculate hedge ineffectiveness	Hedged item
Fair value hedge:	**477,847**	**243,168**	**8,751,062**	**227,277**	
Futures on securities and interest types	**-**	**-**	**-**	**-**	
Future sales on interest rates	-	-	-	-	
Other Securities Operations	**1,508**	**30,476**	**1,644,132**	**(28,968)**	
Financial swaps on securities	-	-	-	-	
Security options	-	-	-	-	
Term operations	1,508	30,476	1,644,132	(28,968)	Debt securities
Currency options	**-**	**-**	**-**	**-**	
Purchased currency options	-	-	-	-	
Currency options issued	-	-	-	-	
Other operations on types of interest	**476,339**	**212,692**	**7,106,930**	**256,245**	
Interest rate swaps (IRS bonds)	472,083	-	2,446,980	464,681	Issued bonds and securities
Interest rate swaps (IRS loan portfolio)	**-**	**-**	**-**	**-**	
Interest rate swaps (IRS IPF customers)	-	7,498	106,300	(7,498)	Loans and advances
Interest rate swaps (IRS fixed income)	1,071	205,194	4,253,650	(204,123)	Debt securities
Interest rate swaps (IRS on IPF)	**-**	**-**	**-**	**-**	
Interest rate swaps (IRS on subordinated liabilities)	3,185	-	300,000	3,185	Subordinated Issue
Cash flow hedging:	**139,283**	**365,862**	**7,365,423**	**(226,579)**	
Other Securities Operations	**-**	**-**	**-**	**-**	
Financial swaps on securities	-	-	-	-	
Security options	-	-	-	-	
Term operations	-	-	-	-	
Other operations on types of interest	**139,283**	**365,862**	**7,365,423**	**(226,579)**	
Interest rate swaps (IRS loan portfolio)	1,574	12,970	380,950	(11,396)	Coverage of loans to customers
Interest rate swaps (IRS deposits in central banks)	-	-	-	-	
Interest rate swaps (IRS fixed income)	137,709	352,892	6,984,473	(215,183)	Debt securities
Total	**617,130**	**609,030**	**16,116,485**	**698**	

The following is a detail of the detail of the items covered by the Group as of December 31, 2021 hedged by the Group as of December 31, 2021 through the hedging instruments detailed above:

						2021
	Carrying amount of the hedged instrument		Accumulated fair value adjustment on the hedged instrument		Change in fair value used to calculate hedge effectiveness	Cash flow hedge reserve
	Assets	Liabilities	Assets	Liabilities		
Fair value hedge	**11,046,077**	**5,546,788**	**(240,036)**	**587,865**	**(402,557)**	**-**
Debt securities	10,609,581	-	(35,823)	65,946	(243,225)	-
Balances in foreign currency	857	-	-	-	-	-
Issued bonds and securities	-	5,253,082	(21,387)	301,981	(324,722)	-
Customer deposits	-	-	-	-	-	-
Deposits from credit institutions	-	293,706	-	-	(6,365)	-
Loans to customers	435,639	-	(182,826)	219,938	171,755	-
					-	-
Cash flow hedging	**50,204,591**	**-**	**456,060**	**11,772**	**444,288**	**(444,288)**
Deposits with credit institutions	-	-	-	-	-	-
Debt securities	50,204,591	-	456,060	11,772	444,288	(444,288)
Total	**61,250,668**	**5,546,788**	**216,024**	**599,637**	**41,731**	**(444,288)**

The detail of the items hedged by the Group as of December 31, 2020 through the hedging instruments described above is as follows:

						2020
	Carrying amount of the hedged instrument		Accumulated fair value adjustment on the hedged instrument		Change in fair value used to calculate hedge effectiveness	Cash flow hedge reserve
	Assets	Liabilities	Assets	Liabilities		
Fair value hedge	**5,734,265**	**3,129,337**	**235,106**	**441,610**	**(210,143)**	**-**
Debt securities	5,312,407	-	235,106	178	173,016	-
Balances in foreign currency	857	-	-	-	-	-
Issued bonds and securities	-	2,841,856	-	440,361	(428,127)	-
Customer deposits	-	-	-	-	-	-
Deposits from credit institutions		287,481	-	-	(12,234)	-
Loans to customers	421,001	-	-	1,071	57,202	-
Cash flow hedging	**8,535,399**	**-**	**260,947**	**42,957**	**217,990**	**(217,990)**
Deposits with credit institutions	-	-	-	-	-	-
Debt securities	8,535,399	-	260,947	42,957	217,990	(217,990)
Total	**14,269,664**	**3,129,337**	**496,053**	**484,567**	**7,847**	**(217,990)**

The Unicaja Banco Group considers as “hedging operations” only those that are considered highly effective throughout their duration. A hedge is considered highly effective if, during the expected term of the hedge, the variations that occur in the fair value or in the cash flows attributed to the hedged risk in the hedging operation of the hedged financial instruments are compensated in almost entirely due to variations in the fair value or in the cash flows, as the case may be, of the hedging instruments.

The balance of the caption "Changes in fair value of hedged items in a portfolio hedged for interest rate risk" includes the accumulated valuation adjustments corresponding to the portfolio of loans and receivables that are hedged through macro hedges to mitigate interest rate risk, amounting at December 31, 2021 the balance of this caption to 99,301,000 Euros (no balance at December 31, 2020).

Hedges designated as "fair value hedges" are those that hedge exposure to changes in the fair value of financial assets and liabilities or firm commitments not yet recognized, or of an identified portion of such assets, liabilities or commitments in firm, attributable to a particular risk and provided that they may affect the consolidated profit and loss account. The information required by paragraph 24 of IFRS 7 in relation to these fair value hedges is presented below:

- Profit and loss of the hedging instrument: See table below for a breakdown of the gains and losses for 2021 and 2020 associated with the hedging instrument.
- Gains and losses on the hedged item that are attributable to the hedged risk: See table below for a breakdown of the gains and losses for 2021 and 2020 associated with hedged instruments that are effectively attributable to the hedged risk.

Hedges designated as "cash flow hedges" are those that hedge the variation in cash flows that is attributed to a particular risk associated with a financial asset or liability or a highly probable forecast transaction, provided that it may affect the account. consolidated profit and loss. The information required by paragraph 23 of IFRS 7 in relation to these cash flow hedges is presented below:

- Exercises in which the flows are expected to occur: The flows associated with the debt securities will occur until November 2030.
- Years in which it is expected to affect the results for the year: They coincide with the years in which the cash flows are expected to occur.
- Amount recognized during the last fiscal year under "Interest income" in the consolidated statement of income as an adjustment to income from hedging transactions: negative adjustment of 239,584,000 Euros (positive adjustment of 77,835,000 Euros in 2020) (Note 32).
- Amount recognized during the last financial year under the heading "Interest expenses" in the consolidated income statement as rectification of expenses for hedging operations: negative rectification of 89,232,000 Euros (negative rectification of 105,717,000 Euros in 2020) (Note 33).
- Ineffectiveness recognized in income for the year arising from cash flow hedges: No inefficiencies have been recorded during fiscal years 2021 and 2020.

In both cases, the Group contemplates that the sources of ineffectiveness of fair value or cash flow hedges may be as follows:

- Possible economic events affecting the Entity (e.g., defaults).
- Possible movements or differences relative to the market in the collateralized and uncollateralized curves used in the valuation of derivatives and hedged items.
- Possible differences between the nominal value, settlement/repricing dates and credit risk of the hedged item and the hedged item.

The following table presents the detail of the impact on the consolidated statement of income and on the consolidated statement of recognized income and expense of the hedging relationships designated by the Group as of December 31, 2021 and 2020:

Fair value hedges

								Thousands of Euros
				2021				2020
		Results in hedging instruments		Results on covered instruments		Results in hedging instruments		Results on covered instruments
	Losses	Benefit	Losses	Benefit	Losses	Benefit	Losses	Benefit
Futures on securities and types of interest	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Futures sales on interest rates interest	-	-	-	-	-	-	-	-
Currency options	**-**	**-**	**424**	**70,945**	**-**	**-**	**-**	**1,897**
Currency options issued	-	-	424	70,945	-	-	-	1,897
Other operations on interest types	**292,096**	**426,880**	**416,226**	**210,921**	**56,743**	**21,663**	**33,210**	**66,393**
Financial swaps on interest rates (IRS bonds)	163,690	-	566	162,376	-	21,663	33,210	-
Financial swaps on interest rates (IRS deposits credit institutions)	70,422	991	-	-	-	-	-	-
Financial swaps on interest rates (IRS of IPF customers)	48,545	-	-	48,545	2,972	-	-	-
Financial swaps on interest rates (IRS fixed income)	-	360,195	132,376		9,204	-	-	51,941
Options on types of interest (fixed income)	9,439	65,694	283,284	-	44,567	-	-	14,452
	292,096	**426,880**	**416,650**	**281,866**	**56,743**	**21,663**	**33,210**	**68,290**

Cash flow hedging

						Thousands of Euros
			2021			2020
	Change in the value of the hedged item recognized in other comprehensive income	Amount reclassified from equity to income		Change in the value of the hedged item recognized in other comprehensive income	Amount reclassified from equity to income	
		Coverage interruption	Recognition in income of the hedged transaction		Coverage interruption	Recognition in income of the hedged transaction
Other transactions on types of interest	**(437,693)**	-	**(219,629)**	**(216,773)**	**-**	**92,237**
Swaps on interest types (IRS deposits in central banks)	-	-	-	-	-	-
Swaps on interest types (IRS fixed income)	(437,693)	-	(219,629)	(216,773)	-	92,237
Total	**(437,693)**	**-**	**(219,629)**	**(216,773)**	**-**	**92,237**

12. Investment in joint ventures and associates

12.1 Participation in entities valued by the equity method

Exhibits IV and V show a detail of the interests in joint ventures and associates as of December 31, 2021 and 2020, and recorded in the consolidated financial statements using the equity method, together with other relevant information thereon.

The contribution of the main entities accounted for using the equity method to the balance of "Investments in joint ventures and associates" in the consolidated balance sheet as of December 31, 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	**2020**
Unicorp Vida, Compañía de Seguros y Reaseguros, S.A.	223,167	207,619
Hidralia, Gestión Integral de Aguas de Andalucía, S.A.	19,266	21,711
Propco Eos, S.L.U.	15,698	21,017
Madrigal Participaciones, S.A.	16,853	17,023
Propco Epsilon, S.L.	11,483	16,541
Sociedad Municipal de Aparcamientos y Servicios, S.A.	11,070	10,810
Propco Malagueta, S.L.	3,667	9,711
Muelle Uno-Puerto de Málaga, S.A.	9,499	9,475
Ingeniería de Suelos y Explotación de Recursos, S.A.	10,780	8,566
Parque Científico-Tecnológico de Almería, S.A.	8,085	7,499
Proyecto Lima, S.L.	2,661	7,125
Propco Orange 1, S.L.	4,665	6,271
Espacio Medina, S.L.	4,266	4,993
Sociedad de Gestión San Carlos, S.A.	4,073	3,868
Participaciones Estratégicas del Sur, S.L.	3,800	3,746
Lico Leasing, S.A. (*)	5,124	-
Liberbank Vida y Pensiones, Seguros y Reaseguros, S.A. (*)	37,043	-
Hostelería Asturiana, S.A. (*)	2,286	-
Sociedad Regional de Promoción del Principado de Asturias, S.A. (*)	18,277	-
Global Berbice, S.L. (*)	9,302	-
Oppidum Capital, S.L. (*)	431,294	-
CCM Vida y Pensiones de Seguros y Reaseguros, S.A. (*)	79,181	-
Sociedad de Gestión y Promoción de Activos, S.L. (*)	33,807	-
Experiencia Peñíscola, S.L. (*)	4,563	-
Desarrollos Inmobiliarios Peña Vieja, S.L. (*)	14,197	-
Convivenzia Projet, S.L. (*)	2,860	-
Zedant Desarrollos, S.L. (*)	3,148	-
Cartera de activos H&L, S.L. (*)	1,681	-
Druet Real Estate, S.L. (*)	8,062	-
Griffin Real Estate Developments, S.L. (*)	3,920	-
Desarrollos Inmobiliarios Ronda Sur, S.L. (*)	2,543	-
Pryconsa Ahijones, S.L. (*)	16,659	-
Desarrollos Inmobiliarios Navalcan, S.L. (*)	4,636	-
Baraka Home 20, S.L. (*)	4,429	-
Azoe Inmuebles, S.L. (*)	5,536	-
Other entities	14,452	5,855
	1,052,033	**361,830**

(*) Holdings from the merger by absorption of Liberbank (Note 1.14).

A reconciliation between the opening and closing balance of "Investments in joint ventures and associates" in the consolidated balance sheet for the years 2021 and 2020 is presented below:

	Thousands of Euros	
	2021	**2020**
Net book value as of January 1	**361,830**	**363,347**
Effect of the take-over merger of Liberbank (*)	633,394	-
Recognitions in the year	7,311	10,793
Losses from the fiscal year	(2,109)	(30,426)
Income from companies accounted for by the equity method	40,483	35,377
Impairment of investments in joint ventures or associates (Note 42)	213	-
Dividends distributed	(22,222)	(26,109)
Valuation adjustment differences	56,336	6,751
Other changes	(23,203)	2,097
Net fair value as at 31 December	**1,052,033**	**361,830**

(*) The amount of the heading "Effect of the merger by absorption of Liberbank" includes the effect of the fair value adjustments of the portfolio of investments in joint ventures and associates as described in Note 1.14.

The detail of dividends received from joint ventures and associates during 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	**2020**
Ahorro Andaluz, S.A.	-	257
Hidralia, Gestión Integral de Aguas de Andalucía, S.A.	1,622	2,596
Advanced Engineering and Integration, S.A.	-	146
Ingeniería de Suelos y Explotación de Recursos, S.A.	600	720
Sociedad Municipal de Aparcamientos y Servicios, S.A.	-	481
Unicorp Vida, Compañía de Seguros y Reaseguros, S.A.	20,000	21,909
	22,222	**26,109**

The provisions made during 2021, amounting to 213 thousand Euros, are recorded under the heading "Impairment or reversal of investments in joint ventures or associates" in the consolidated income statement. During 2020, the Group did not make any write-downs for these companies.

The caption "Other changes" includes mainly capital increases and reductions in joint ventures and associates, which are not computed as additions or disposals for the purposes of this caption if the percentage of ownership in the company does not change.

The balance of "Investments in joint ventures and associates" in the consolidated balance sheets at December 31, 2021 and 2020 includes 53,708,000 Euros and 2,024,000 Euros, respectively, relating to goodwill associated with this type of investments. Various disclosures relating to these goodwill are provided in Note 4.

12.2 Notifications on acquisition and disposal of equity investments

The following are the notifications on the acquisition and sale of shares in the capital of Group, multi-group and associated companies, in compliance with the provisions of the Capital Companies Act and article 53 of Law 24/1988, on the Securities Market.

During 2021 and 2020, the main acquisitions and disposals of investments in subsidiaries and entities accounted for using the equity method were as follows:

<u>Acquisitions of equity interests during 2021</u>

Name of the entity	Category	Date operation effective	Net cost of acquisition	% of voting rights acquired	% of total voting rights in the entity after the acquisition
			Thousands of Euros		
Administradora Valtenas, S.L.U.	Group	7/31/2021	248	100.00%	100.00%
Análisis y Gestión de Innovación Tecnológica, S.L.U.	Group	7/31/2021	4,588	100.00%	100.00%
Arco Explotaciones, S.L.U.	Group	7/31/2021	23,238	100.00%	100.00%
Asturiana de Administración de Valores Mobiliarios, S.L.U.	Group	7/31/2021	429	100.00%	100.00%
Banco de Castilla La Mancha Mediación, Operador de Banca Seguros Vinculado, S.A.U.	Group	7/31/2021	-	100.00%	100.00%
Briareo Gestión, S.A.U.	Group	7/31/2021	10,201	100.00%	100.00%
Caja Castilla La Mancha Conecta, S.A.U.	Group	7/31/2021	123	100.00%	100.00%
Caja Castilla La Mancha Iniciativas Industriales, S.L.U.	Group	7/31/2021	3,953	100.00%	100.00%
Caja Castilla La Mancha Finance, S.A.U.	Group	7/31/2021	9,668	100.00%	100.00%
Camín de la Mesa, S.A.U.	Group	7/31/2021	62	100.00%	100.00%
Camping Alto Gallego, S.L.U.	Group	7/31/2021	2,239	100.00%	100.00%
Cánovas Explotaciones, S.L.U.	Group	7/31/2021	2,312	100.00%	100.00%
Cantábrica de Inversiones de Cartera, S.L.U.	Group	7/31/2021	1,903	100.00%	100.00%
CCM Brokers 2007, Correduría de Seguros, S.A.U.	Group	7/31/2021	71	100.00%	100.00%
Concejo Explotaciones, S.L.U.	Group	7/31/2021	3,426	100.00%	100.00%
Corporación Empresarial Caja Extremadura, S.L.U.	Group	7/31/2021	17,171	100.00%	100.00%
Ercávica Desarrollos, S.L.U.	Group	7/31/2021	5	100.00%	100.00%
Explotaciones Forestales y Cinegéticas Alta- Baja, S.A.U.	Group	7/31/2021	4,125	100.00%	100.00%
Explotaciones Santa Isabel, S.L.U.	Group	7/31/2021	3,864	100.00%	100.00%
Factoría de Transformación de Operaciones y Servicios, S.L.U.	Group	7/31/2021	6,903	100.00%	100.00%
Finca Las Huelgas, S.A.U.	Group	7/31/2021	89	100.00%	100.00%
Grafton Investments, S.L.U.	Group	7/31/2021	35,872	100.00%	100.00%
Hoteles Layos, S.L.U.	Group	7/31/2021	13,499	100.00%	100.00%
Instituto de Economía y Empresa, S.L.U.	Group	7/31/2021	39	100.00%	100.00%
Liberbank Capital, S.A.U.	Group	7/31/2021	260,672	100.00%	100.00%
Liberbank Contact, S.L.U.	Group	7/31/2021	-	100.00%	100.00%
Liberbank Digital, S.L.U.	Group	7/31/2021	167	100.00%	100.00%
Liberbank Ebusiness, S.L.U.	Group	7/31/2021	264	100.00%	100.00%
Liberbank Gestión, S.G.I.I.C., S.A.U.	Group	7/31/2021	7,953	100.00%	100.00%
Liberbank I.T., S.L.U.	Group	7/31/2021	6,971	100.00%	100.00%
Liberbank Mediación, Operador de Banca-Seguros Vinculado, S.L.U.	Group	7/31/2021	-	100.00%	100.00%
Liberbank Pensiones, Sociedad Gestora de Fondos de Pensiones, S.A.U.	Group	7/31/2021	1,929	100.00%	100.00%
Liberbank Servicios Auxiliares Bancaseguros, A.I.E.	Group	7/31/2021	600	100.00%	100.00%
Liberbank Servicios Financieros, S.A.U.	Group	7/31/2021	16,687	100.00%	100.00%
Lisson Directorship, S.LU.	Group	7/31/2021	2,884	100.00%	100.00%
Midamarta, S.L.U.	Group	7/31/2021	65,371	100.00%	100.00%
Mosacata, S.L.U.	Group	7/31/2021	67,642	100.00%	100.00%
Norteña Patrimonial, S.L.U.	Group	7/31/2021	601	100.00%	100.00%
Peña Rueda, S.L.U.	Group	7/31/2021	18	100.00%	100.00%
Pico Cortés, S.L.U.	Group	7/31/2021	444	100.00%	100.00%
Pico Miravalles, S.L.U.	Group	7/31/2021	38	100.00%	100.00%
Planes e Inversiones CLM, S.A.U.	Group	7/31/2021	71	100.00%	100.00%
Pomarada Gestión, S.L.U.	Group	7/31/2021	15	100.00%	100.00%
Procesa Recuperación de Activos, S.A.U.	Group	7/31/2021	7,690	100.00%	100.00%
Promociones Miralsur, S.L.U.	Group	7/31/2021	3	100.00%	100.00%
Puertu Maravio, S.L.U.	Group	7/31/2021	52	100.00%	100.00%
Puntida, S.L.U.	Group	7/31/2021	8,066	100.00%	100.00%
Segóbriga Desarrollos, S.L.U.	Group	7/31/2021	4	100.00%	100.00%

Name of the entity	Category	Date operation effective	Thousands of Euros Net cost of acquisition	% of voting rights acquired	% of total voting rights in the entity after the acquisition
Sierra del Acebo, S.L.U.	Group	7/31/2021	89	100.00%	100.00%
Tiatordos, S.A.U.	Group	7/31/2021	114	100.00%	100.00%
Urbe Cantabria, S.L.U.	Group	7/31/2021	1,063	100.00%	100.00%
Viacava – Incós de Energía, S.A.U.	Group	7/31/2021	500	100.00%	100.00%
Parque Industrial Humilladero, S.L.	Group	12/28/2021	-	2.23%	92.00%
Instituto de Medicina Oncológica y Molecular de Asturias, S.A.	Multigroup	7/31/2021	3,325	33.33%	33.33%
Vida y Pensiones , Seguros y Reaseguros, S.A.	Multigroup	7/31/2021	37,231	50.00%	50.00%
Polígono Romica, S.A.	Multigroup	7/31/2021	1,090	50.00%	50.00%
Promociones 2020 San Lázaro, S.L.	Multigroup	7/31/2021	1	20.00%	20.00%
Sociedad de Gestión San Carlos, S.A.	Multigroup	7/23/2021	-	0.54%	62.20%
Alanja Desarrollos, S.L.U.	Associated	7/31/2021	413	20.00%	20.00%
Área Logística Oeste, S.L.	Associated	7/31/2021	3,277	27.28%	27.28%
Azoe Inmuebles, S.L.	Associated	7/31/2021	5,676	48.40%	48.40%
Baraka Home 20, S.L.	Associated	7/31/2021	4,504	29.96%	29.96%
Cantabria Capital S.G.E.I.C. S.A.	Associated	7/31/2021	64	20.00%	20.00%
Cartera de Activos H&L, S.L.	Associated	7/31/2021	1,743	27.54%	27.54%
CCM Vida y Pensiones de Seguros y Reaseguros, S.A.	Associated	7/31/2021	77,417	50.00%	50.00%
Convivenzia Projet, S.L.	Associated	7/31/2021	2,919	49.94%	49.94%
Desarrollos Inmobiliarios Navalcan, S.L.	Associated	7/31/2021	4,627	48.79%	48.79%
Desarrollos Inmobiliarios Peña Vieja, S.L.	Associated	7/31/2021	14,641	48.94%	48.94%
Desarrollos Inmobiliarios Ronda Sur, S.L.	Associated	7/31/2021	2,545	37.14%	37.14%
Druet Real Estate, S.L.	Associated	7/31/2021	8,062	49.23%	49.23%
Electra de Malvana, S.A.	Associated	7/31/2021	232	20.00%	20.00%
Electra de Sierra de San Pedro, S.A.	Associated	7/31/2021	300	20.00%	20.00%
Euro 6000, S.A.	Associated	7/31/2021	-	23.20%	23.20%
Experiencia Peñíscola, S.L.	Associated	7/31/2021	4,587	47.63%	47.63%
Fitex Ilunion, S.A.	Associated	7/31/2021	156	25.00%	25.00%
Global Berbice, S.L.	Associated	7/31/2021	12,645	20.00%	20.00%
Griffin Real Estate Developments, S.L.	Associated	7/31/2021	4,004	40.83%	40.83%
Hormigones y Áridos Aricam, S.L. (b)	Associated	7/31/2021	-	25.00%	25.00%
Hostelería Asturiana, S.A.	Associated	7/31/2021	2,343	40.42%	40.42%
Industrializaciones Estratégicas, S.A.	Associated	7/31/2021	3,481	35.00%	35.00%
Leche de Occidente de Asturias, S.A.	Associated	7/31/2021	-	33.34%	33.34%
Lico Leasing, S.A.	Associated	7/31/2021	-	34.16%	34.16%
Mastercajas, S.A.	Associated	4/28/2021	333	10.17%	42.64%
Mastercajas, S.A.	Associated	7/31/2021	994	30.11%	72.75%
Oppidum Capital, S.L.	Associated	7/31/2021	376,711	44.13%	44.13%
Pryconsa- Ahijones, S.L.	Associated	7/31/2021	16,659	32.94%	32.94%
Sedes, S.A.	Associated	7/31/2021	822	39.85%	39.85%
Sociedad Astur-Castellano Leonesa de Navegación, S.A.	Associated	7/31/2021	-	23.05%	23.05%
Sociedad de Gestión General y Promoción de Activos, S.L.	Associated	7/31/2021	24,027	49.73%	49.73%
Sociedad Regional de Promoción del Principado de Asturias, S.A.	Associated	7/31/2021	18,385	29.33%	29.33%
World Trade Center Santander, S.A.	Associated	7/31/2021	-	31.50%	31.50%
Zedant Desarrollos, S.L.	Associated	7/31/2021	3,180	45.11%	45.11%

Acquisitions of equity interests during 2020

Name of the entity	Category	Date operation effective	Thousands of Euros Net cost of acquisition	% of voting rights acquired	% of total voting rights in the entity after the acquisition
Participaciones Estratégicas del Sur, S.L.	Associated	6/4/2020	-	30.00%	30.00%
Sociedad de Gestión San Carlos, S.A. (*)	Multigroup	-	-	1.48%	61.66%

(*) The % of voting rights is increased due to a capital increase

Disposals of investments during 2021

Name of the entity	Category	Date operation effective	Thousands of Euros % of voting rights disposed of or canceled	% of total voting rights in the entity after disposal	Profit/ (loss) generated
Ahorro Andaluz, S.A.	Associated	4/21/2021	50.00%	0.00%	-
Creation of Soils and Infrastructures, S.L.	Associated	6/7/2021	24.98%	0.00%	-
Electra de Sierra de San Pedro, S.A.	Associated	12/30/2021	20.00%	0.00%	-
Engineering and Advanced Integration, S.A.	Associated	7/13/2021	40.00%	0.00%	1,789

Disposals of investments during 2020

Name of the entity	Category	Date operation effective	Thousands of Euros % of voting rights disposed of or canceled	% of total voting rights in the entity after disposal	Profit/ (loss) generated
Finanduero Sociedad de Valores, S.A.U.	Group	1/10/2020	100.00%	0.00%	-
Development of projects of Castilla y León, S.L.	Group	1/29/2020	100.00%	0.00%	-
Four Stations INM Siglo XXI, S.L.	Associated	7/20/2020	20.00%	0.00%	-
Inmobiliaria Acinipo, S.L.	Group	9/2/2020	100.00%	0.00%	-
Real Estate Uniex Sur, S.L.U.	Group	9/2/2020	100.00%	0.00%	-
Pinares del Sur, S.L.	Group	9/2/2020	100.00%	0.00%	-
Perseids Portfolio, S.L.	Multigroup	11/17/2020	45.27%	0.00%	-
Alteria Corporación Unicaja, S.L.	Group	12/15/2020	100.00%	0.00%	-
Cerro del Baile, S.A.	Multigroup	12/3/2020	80.00%	0.00%	-

13. Tangible assets

13.1 Tangible fixed assets

The breakdown of the balance of this line item in the consolidated balance sheets as at December 31, 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	**2020**
Tangible fixed assets	1,392,916	837,060
Own use	1,392,916	837,060
Loaned under operating lease	-	-
Of which: Leasehold rights of use	*90,747*	*40,833*
Investment property	856,380	307,441
	2,249,296	**1,144,501**

13.1.1 Movement in property, plant and equipment

The movement in the heading "Property, plant and equipment" of the Group's consolidated balance sheet during the years 2021 and 2020 has been as follows:

	Thousands of Euros		
	Own use	**Investment property**	**Total**
Cost			
Balances as at Thursday, December 31, 2020	**1,777,818**	**515,005**	**2,292,823**
Effect of the merger by absorption of Liberbank	1,096,168	1,011,014	2,107,182
Other additions	15,867	2,865	18,732
Additions for leasehold rights of use	30,155	-	30,155
Disposals due to other means	(25,717)	(40,284)	(66,001)
Disposals of leasehold rights of use	(34,940)	-	(34,940)
Other transfers and other movements	(30,430)	45,113	14,683
Balances as at Friday, December 31, 2021	**2,828,921**	**1,533,713**	**4,362,634**
Accumulated amortization:			
Balances as at Thursday, December 31, 2020	**(909,027)**	**(90,404)**	**(999,431)**
Effect of the merger by absorption of Liberbank	(462,454)	(77,105)	(539,559)
Disposals due to other means	23,057	2,575	25,632
Endowments	(34,962)	(11,898)	(46,860)
Allocations for leasehold use rights	(8,953)	-	(8,953)
Other transfers and other movements	7,540	(5,926)	1,614
Balances as at Friday, December 31, 2021	**(1,384,799)**	**(182,758)**	**(1,567,557)**
Impairment losses			
As at December 31, 2021	**(51,206)**	**(494,575)**	**(545,781)**
Net tangible fixed assets			
Balances as at Friday, December 31, 2021	**1,392,916**	**856,380**	**2,249,296**

	Own use	Investment property	Total
			Thousands of Euros
Cost			
Balances as at Tuesday, December 31, 2019	**1,815,158**	**503,295**	**2,318,453**
Other additions	12,691	13,166	25,857
Additions for leasehold rights of use	5,689	-	5,689
Disposals due to other means	(32,545)	(25,923)	(58,468)
Disposals of leasehold rights of use	(4,562)	-	(4,562)
Other transfers and other movements	(18,613)	24,467	5,854
Balances as at Thursday, December 31, 2020	**1,777,818**	**515,005**	**2,292,823**
Accumulated amortization:			
Balances as at Tuesday, December 31, 2019	**(900,899)**	**(92,923)**	**(993,822)**
Disposals due to other means	19,281	4,866	24,147
Endowments	(28,422)	(6,724)	(35,146)
Allocations for leasehold use rights	(7,226)	-	(7,226)
Other transfers and other movements	8,239	4,377	12,616
Balances as at Thursday, December 31, 2020	**(909,027)**	**(90,404)**	**(999,431)**
Impairment losses			
As at Thursday, December 31, 2020	**(31,731)**	**(117,160)**	**(148,891)**
Net tangible fixed assets			
Balances as at Thursday, December 31, 2020	**837,060**	**307,441**	**1,144,501**

The above tables identify "Other transfers and other movements" are identified in both the cost and accumulated depreciation of assets. The breakdown by nature of these movements for fiscal years 2021 and 2020 is as follows:

	2021		2020	
	Own use	Investment property	Own use	Investment property
				Thousands of Euros
Transfers from non-current assets held for sale	-	16,067	-	17,577
Transfers between own use and real estate investments	(23,095)	23,095	(10,336)	10,336
Transfers from stock	-	25	-	1,334
Other changes	205	-	(38)	(403)
	(22,890)	**39,187**	**(10,374)**	**28,844**

The Group has contracted several insurance policies to cover the risks to which its property, plant and equipment are subject. The coverage of these policies is considered sufficient.

Net collections recorded in the consolidated statement of cash flows for 2021 for tangible assets recorded under this caption amount to 21,637 thousand Euros (net payments of 1,323 thousand Euros in 2020).

13.1.2Property, plant and equipment for own use

The breakdown of the items that make up the ban ace of this item of the consolidated balance sheets as at Friday, December 31, 2021 and 2020, is as follows:

	Cost	Accumulated amortization:	Impairment losses	Net balance
				Thousands of Euros
Computer hardware and installations	226,848	(176,999)	-	49,849
Furniture, vehicles, and other fixtures	892,363	(822,373)	-	69,990
Buildings	1,521,477	(334,622)	(31,908)	1,154,947
Construction in progress	5,595	-	-	5,595
Others	182,638	(50,805)	(19,298)	112,535
Balances as at Friday, December 31, 2021	**2,828,921**	**(1,384,799)**	**(51,206)**	**1,392,916**

	Cost	Accumulated amortization:	Impairment losses	Net balance
				Thousands of Euros
Computer hardware and installations	132,199	(95,895)	-	36,304
Furniture, vehicles, and other fixtures	607,988	(565,561)	(20,456)	21,971
Buildings	872,696	(205,594)	(11,275)	655,827
Construction in progress	-	-	-	-
Others	164,935	(41,977)	-	122,958
Balances as at Thursday, December 31, 2020	**1,777,818**	**(909,027)**	**(31,731)**	**837,060**

As part of the net balance at December 31, 2021 and 2020 shown in the table above, there are no items of net value corresponding to property, plant and equipment that the Group companies are acquiring under finance leases.

At December 31, 2021 and 2020, there are property, plant and equipment for own use that were fully depreciated for a gross amount of EUR 963,055,000 and EUR 643,600,000 respectively.

13.2 Investment property

The "Investment property" heading of the consolidated balance sheet generally includes the net value of the land, buildings and other constructions that are held for rental purposes. Investment property is stated in the consolidated balance sheet at acquisition cost, consisting of the fair value of any consideration given plus all cash payments made or committed, less the related accumulated depreciation and, if applicable, estimated losses resulting from comparing the net value of each item with its corresponding recoverable amount. In accordance with IAS 36, the recoverable amount is the higher of the fair value less costs to sell and the value in use of the assets.

Since these are assets that generate rental income and their value in use can be estimated, the Group does not follow the same criteria for updating appraisals as is required for irregular properties that are intended exclusively for sale. The Group calculates the recoverable amount of investment property based on the value in use derived from the income generated by the assets.

Unicaja Banco Group does not have a reliable measure of the fair value of real estate investments. In the absence of a reliable measure of the fair value of investment property, the Group does not report the requirements of paragraph 75 (d) and (e) of IAS 40.

The expenses recorded in the consolidated income statements for 2021 and 2020 for direct operating expenses (including repairs and maintenance) associated with investment property, with a separation between those that generate income and those that do not, are as follows:

	Thousands of Euros	
	2021	2020
Expenses associated with investment property that generates income (Note 39.2)	6,720	2,055
Expenses associated with real estate investments that do not generate income	1,500	160
	8,220	**2,215**

With respect to real estate investments in which the Group acts as lessor, the conditions of the regulations applicable to each lease are respected, especially with respect to Law 29/1994, of November 24, 1994, on Urban Leases, and Law 4/2013, of June 4, 2013, on measures to make the housing rental market more flexible and promote it.

Rental income from investment property owned by Group companies in 2021 and 2020 amounted to 25,316 thousand Euros and 18,313 thousand Euros, respectively, and was recorded under “Other operating income” (Note 39.1).

For the valuation of the Unicaja Banco Group’s investment property, the accounting criteria set forth in IAS 40 “Investment Property” are followed, specifically in section 53 thereof, which establishes that the entity shall value the assets of the investment property portfolio by applying the cost model provided in IAS 16 “Property, Plant and Equipment” until the time of sale or disposal of the investment property, when certain conditions are met, including that the property becomes investment property after a change in use. In this sense, the investment property held by the Group is either properties for its own use or properties acquired in debt recovery.

Investment property is stated in the consolidated balance sheet at acquisition cost, consisting of the fair value of any consideration given plus all cash payments made or committed, less the related accumulated depreciation and, if applicable, estimated losses resulting from comparing the net value of each item with its corresponding recoverable amount. In accordance with IAS 36 “Impairment of assets,” the recoverable amount is either the fair value less sales costs or the value-in-use of the assets, whichever is less. As these are assets that primarily generate rental income, the Group calculates the recoverable amount of investment property based on the value-in-use derived from the rents generated by the assets and does not have a reliable measure of the fair value of investment property.

In any case, as of December 31, 2021 and 2020, the following is a breakdown of investment property according to its nature, indicating its carrying value and the best estimate that the Group can reach of its fair value at that same date:

	Thousands of Euros				
Friday, December 31, 2021	**Gross carrying amount**	**Accumulated amortization:**	**Valuation adjustments due to impairment**	**Carrying amount**	**Estimated fair value**
Premises and warehouses	688,358	(126,909)	(149,184)	412,265	445,557
Completed housing	661,408	(29,875)	(276,884)	354,649	441,292
Parking and storage rooms	50,185	(2,767)	(21,067)	26,351	31,848
Developed plots	14,848	(3)	(5,602)	9,243	12,113
Rural properties	14,556	(272)	(4,397)	9,887	14,313
Others	104,358	(22,932)	(37,441)	43,985	59,019
Total	**1,533,713**	**(182,758)**	**(494,575)**	**856,380**	**1,004,142**

Thousands of Euros

Thursday, December 31, 2020	Gross carrying amount	Accumulated amortization:	Valuation adjustments due to impairment	Carrying amount	Estimated fair value
Premises and warehouses	294,243	(58,844)	(53,224)	182,175	171,901
Completed housing	95,422	(9,412)	(18,943)	67,067	88,304
Parking and storage rooms	3,694	(525)	(1,562)	1,607	1,946
Developed plots	7,865	-	(3,490)	4,375	7,249
Rural properties	1,823	(8)	(57)	1,758	2,578
Others	111,958	(21,615)	(39,884)	50,459	63,931
Total	**515,005**	**(90,404)**	**(117,160)**	**307,441**	**335,909**

The fair value was estimated mainly based on the latest appraisal reports received for each of the assets included under “Investment property”.

In this regard, the Unicaja Banco Group has a corporate policy that guarantees the professional competence, independence, and objectivity of the external measurement companies, in accordance with the regulations, which requires the appraisal companies to comply with neutrality and credibility requirements so that the use of their estimates does not undermine the reliability of their measurements. This policy states that all the appraisal companies with which the Unicaja Banco Group works in Spain must be registered in the Official Register of the Bank of Spain and their measurements must be carried out following the methodology established in Ministry of Economy Order ECO/805/2003 of March 27 on measurement standards for real property and specific rights for certain financial purposes.

13.3 Valuation adjustments due to impairment of tangible assets

A summary of the movements that affected the valuation adjustments due to impairment of these line items in 2021 and 2020 is shown below:

			Thousands of Euros
	Own use	**Investment property**	**Total**
Balances as at Tuesday, December 31, 2019	**34,050**	**128,627**	**162,677**
Endowments	-	(5,309)	(5,309)
Recoveries on sales	(48)	(10,752)	(10,800)
Other recoveries	-	-	-
Remaining transfers and reclassifications	(2,271)	4,594	2,323
Balances as at Thursday, December 31, 2020	**31,731**	**117,160**	**148,891**
Effect of the take-over merger of Liberbank (*)	21,394	383,028	404,422
Endowments	-	4,637	4,637
Recoveries on sales	(1,082)	(14,043)	(15,125)
Other recoveries	(335)	-	(335)
Remaining transfers and reclassifications	(502)	3,793	3,291
Balances as at Friday, December 31, 2021	**51,206**	**494,575**	**545,781**

(*) The amount of the heading “Effect of the take-over merger of Liberbank” includes the effect of the fair value adjustments of the tangible asset portfolio as described in Note 1.14.

The endowments made are recorded under “Impairment or reversal of non-financial assets” in the consolidated income statement.

13.4 Rights of use by lease

The Group holds rights of use by lease mainly on buildings, premises and offices for carrying out its business, as well as, to a lesser extent, vehicles, information processing equipment and parking lots.

The following is a breakdown of rights of use by lease and the movements thereunder during 2021 and 2020 financial years:

	Thousands of Euros		
	Land and buildings	**Others**	**Total**
Balances as at Wednesday, January 1, 2020	**46,458**	**-**	**46,458**
Recognitions	5,689	-	5,689
Write-downs	(3,889)	-	(3,889)
Amortization	(7,226)	-	(7,226)
Other changes	(199)	-	(199)
Balances as at Thursday, December 31, 2020	**40,833**	**-**	**40,833**
Effect of the merger by absorption of Liberbank	56,730	2,447	59,177
Recognitions	29,617	538	30,155
Write-downs	(34,365)	(574)	(34,939)
Amortization	(8,868)	(85)	(8,953)
Other changes	4,474	-	4,474
Balances as at Friday, December 31, 2021	**88,421**	**2,326**	**90,747**

With respect to the lease liabilities associated with the rights of use (which are recorded under "Financial liabilities at amortized cost"), the details of the balances as of December 31, 2021 and 2020 are presented below:

	Thousands of Euros	
	2021	**2020**
Lease liabilities:		
Current leases	1,842	-
Non-current leases	60,926	44,445
	62,768	**44,445**

Lease liabilities held by the Group as of December 31, 2021 are broken down by maturity as follows:

	Thousands of Euros					
	Up to 1 month	**Between 1 and 3 months**	**Between 3 months and 1 year**	**Between 1 and 5 years**	**More than 5 years**	**Total**
Lease liabilities	666	1,314	6,145	29,952	24,691	62,768

On the other hand, the impact on the income statement for the Bank's rights of use by lease as of December 31, 2021 and 2020 is:

	Thousands of Euros	
	2021	**2020**
Expenses for amortization of rights of use	8,953	7,226
Land and buildings	*8,868*	*7,226*
Others	*85*	*-*
Interest expense on lease liabilities	1,132	834
	10,085	**8,060**

Finally, the Group has made exceptions to the general treatment of leases for those contracts for 12 months or less, as well as those contracts where the value of the leased item is low. Although these exceptions were not for a significant amount, their impact on the Group's income statement as of December 31, 2021 and 2020 is presented below:

	Thousands of Euros	
	2021	**2020**
Short-term lease expenses	146	99
Expenses for low-value leases	396	373
	542	**472**

14. Intangible assets

As of December 31, 2021 and 2020, the breakdown by item of "Intangible assets" in the consolidated balance sheet is as follows:

	Thousands of Euros	
	2021	**2020**
Goodwill	38,333	44,502
Other intangible assets	41,473	29,593
	79,806	**74,095**

"Other intangible assets" includes mainly computer software used in the development of the activities of the Unicaja Banco Group companies.

The movements under “Intangible assets” in the consolidated balance sheet during the years ended December 31, 2021 and 2020 are as follows:

	Thousands of Euros		
	Cost	Accumulated amortization:	Carrying amount
Balance as at December 31, 2019	**70,631**	**(4,406)**	**66,225**
Cost/ amortization recognitions	14,400	(7,559)	6,841
Cost/ amortization derecognitions	(265)	501	236
Other changes	793	-	793
Balance as at Thursday, December 31, 2020	**85,559**	**(11,464)**	**74,095**
Effect of the take-over merger of Liberbank (*)	9,509	(2,217)	7,292
Cost/ amortization recognitions	12,801	(13,109)	(308)
Cost/ amortization derecognitions	(1,273)	-	(1,273)
Other changes	-	-	-
Balance as at Friday, December 31, 2021	**106,596**	**(26,790)**	**79,806**

(*) The amount of the heading “Effect of the take-over merger of Liberbank” includes the effect of the fair value adjustments of the intangible assets as described in Note 1.14.

The amounts recorded under “Amortization” in the consolidated income statement amount to 13,109 thousand Euros in the year ended December 31, 2021 (7,559 thousand Euros in the year ended December 31, 2020). During the year 2020, the amounts recorded as “Other movements” correspond mainly to changes in the Group’s scope of consolidation.

The amount of fully amortized intangible assets in use at December 31, 2021 and 2020 amounts to 2,188 thousand Euros and 1,560 thousand Euros, respectively.

Net payments recorded in the consolidated statement of cash flows for 2021 for intangible assets recorded under this line item amount to 11,527 thousand Euros (net payments of 14,635 thousand Euros in 2020).

The breakdown of “Goodwill” at December 31, 2021 and 2020, by each of the companies generating goodwill, is as follows:

	Thousands of Euros	
	2021	2020
Unión del Duero, Compañía de Seguros de Vida, S.A.U.	38,333	44,502
	38,333	**44,502**

Detailed information on goodwill is presented below:

			Thousands of Euros			
			Accumulated write-downs		Net amount	
	Initial amount	Initial registration date	2021	2020	2021	2020
Unión del Duero, Company de Seguros de Vida, S.A.U.	63,009	March 2018	(24,676)	(18,507)	38,333	44,502

The goodwill recorded in Unión del Duero, Compañía de Seguros de Vida, S.A.U. corresponds to the price paid in the acquisition of a 50% stake in this company and in Duero Pensiones, E.G.F.P., S.A.U.

(subsequently absorbed by the former) in March 2018, in relation to a portfolio of insurance contracts that is in "run-off". In order to compare the value of this goodwill, the Group performs a periodic analysis of the fair value of the business, considering, among other factors, the average financial duration of such contracts at the year-end date.

The impairment of this goodwill in 2021 and 2020 amounts to 6,169 thousand Euros in both years. These amounts are recorded under "Impairment or reversal of non-financial assets - Intangible assets" in the consolidated income statement (Note 42).

15. Other assets

The breakdown of this line item in the consolidated balance sheets as at December 31, 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	**2020**
Insurance contracts linked to pensions	31,060	31,679
Inventories	159,261	185,138
Others	252,038	148,285
	442,359	**365,102**

At December 31, 2021 and 2020, the "Insurance contracts linked to pensions" line item on the asset side of the consolidated balance sheet amounted to 31,060 thousand Euros and 31,679 thousand Euros, respectively, relating to post-employment benefits (Note 41).

At December 31, 2021 and 2020, the item "Other" in this line of the consolidated balance sheet mainly includes asset accrual accounts.

The "Inventories" line in the consolidated balance sheet includes the non-financial assets that the consolidated companies hold for sale in the ordinary course of their business, have in process of production, construction or development for such purpose, or expect to consume in the production process or in the rendering of services. Consequently, inventories include land and other property held for sale or for inclusion in a property development.

Inventories are measured at the either their cost (which comprises all purchase costs, conversion costs, and direct and indirect costs incurred in bringing the inventories to their present location and condition, as well as the directly attributable finance costs, provided the inventories require more than one year to be sold) or their net realizable value, whichever is less. The net realizable value of the inventories is understood as the estimated price of their sale during the ordinary course of business, minus the estimated costs to finish the production thereof and those inherent in the sale thereof.

Pursuant to section 36 of IAS 2 on "Inventories," any write-downs of the carrying amount of inventories to net realizable value and any subsequent reversals of write-downs are recognized under -"Impairment losses or reversal of impairment losses of non-financial assets - Other" in the consolidated income statement for the year in which the write-down or reversal occurs.

The breakdown by company of the balance of “Inventories” in the consolidated balance sheet as at December 31, 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	**2020**
Gestión de Inmuebles Adquiridos, S.L.U.	145,057	180,890
Mosacata, S.L.U.	9,502	-
Parque Industrial Humilladero, S.L.	4,210	-
Other companies	492	4,248
	159,261	**185,138**

Movements under “Inventories” in the consolidated balance sheet during the 2021 and 2020 financial years are as follows:

	Thousands of Euros	
	2021	**2020**
Net book value as of January 1	**185,138**	**205,004**
Effect of the take-over merger of Liberbank (*)	23,193	-
Recognitions in the year	13,102	18,860
Derecognitions for disposals or other transfers	(78,781)	(65,360)
Transfers to investment property	(25)	(1,866)
Transfers from non-current assets held for sale (Note 16)	(14,624)	-
Transfers from own use	-	5,455
Change in impairment adjustments	30,878	23,246
Other changes	380	(201)
Net fair value as at 31 December	**159,261**	**185,138**

(*) The amount of the heading “Effect of the take-over merger of Liberbank” includes the effect of the fair value adjustments of the inventories portfolio as described in Note 1.14.

Impairment losses associated with the “Inventories” line are recorded under “Impairment or reversal of non-financial assets - Other” in the consolidated income statement.

The following is a breakdown of the sales of inventories made during fiscal years 2021 and 2020 by the Unicaja Banco Group, indicating the sales price, cost of sales, use of impairment and other items:

	Thousands of Euros	
	2021	**2020**
Sales price	48,630	42,334
Cost of sales	(78,781)	(65,360)
Use of impairments	1,251	725
Commissions on sales	(1,260)	(927)
	(30,160)	**(23,228)**

With respect to the appraisals of the properties recorded under “Inventories,” in accordance with the provisions of the regulations in force on the use of appraisal values, the policy followed by the Unicaja Banco Group on the appraisal of real property is based on the following criteria:

- In general, appraisals used by the Bank and its Group, both for real property used to secure credit transactions and for foreclosed assets or assets received in payment of debts, must be performed by an appraisal company approved by the Bank of Spain and in accordance with the requirements established in Order ECO/805/2003, of March 27.

- As a general rule, the Bank requests appraisals when granting transactions, providing the necessary documentation for all the assets used as collateral for the transaction.

- The Unicaja Banco Group has a procedure for the selection of appraisal companies that restricts appraisal assignments, among other requirements, to those that are made exclusively by telematic means and that have an internal code of conduct with the requirements established in the regulations in force.

- As regards the review of the quality of the appraisals, the Unicaja Banco Group has established procedures that allow the appraisal report to be reviewed, especially with respect to the conditions and, if there are doubts as to the appraisal value and/or its conditions, same is compared with that recently obtained in properties with similar characteristics and/or in the same area. Internal controls have also been implemented to review the consistency and adequacy of the valuations made by each appraiser.

- Within the framework of the professional relationship with the appraisal companies, and in order to safeguard the independence of the appraisers and avoid conflicts of interest, the Group has developed sufficient mechanisms and barriers to prevent the possibility that their activity may be influenced, for purposes other than ensuring the quality of the appraisal, by the Bank's operating units or its subsidiaries.

- With regard to the frequency of review of appraisals, we proceed to update, in compliance with the requirements of Bank of Spain Circular 4/2017, based on the status of the transaction and the type of asset, the value of assets subject to mortgage collateral, foreclosed assets and those received in payment of debts by the Group.

- For appraisals that do not have to comply with the requirements of Circular 4/2017, the Credit Committee is responsible for establishing a procedure that can combine appraisals under Order ECO 805/2003 without an interior visit to the property and the appraisal value estimate using statistical methods or others covered in regulations.

Finally, as of December 31, 2021 and 2020, the Unicaja Banco Group has no inventories in the consolidated balance sheet that are pledged to guarantee the fulfillment of debts.

16. Non-current assets and disposable groups of items classified as held for sale

The details of "Non-current assets and disposal groups classified as held for sale" in the consolidated balance sheet, which includes the carrying amount of assets that do not form part of the Group's operating activities and whose carrying amount will foreseeably be recovered through the price obtained on disposal, are as follows. The amount of these assets at December 31, 2021 amounts to 700,089 thousand Euros (244,316 thousand Euros at December 31, 2020).

The breakdown of non-current assets held for sale classified according to their purpose at the end of 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Residential assets	**194,039**	**168,086**
Finished properties	**227,984**	**66,910**
Housing	101,295	19,428
Others	126,689	47,482
Properties under construction	**72,998**	**3,364**
Housing	62,126	3,344
Others	10,872	20
Land	**192,759**	**5,956**
Other assets	**12,309**	**-**
Loans and advances	12,259	-
Equity instruments	-	-
Non-property assets and other	50	-
	700,089	**244,316**

During fiscal years 2021 and 2020 there were no gains/losses recorded in the consolidated statement of recognized income and expense for equity instruments classified as non-current assets held for sale.

A reconciliation between the opening and closing balances of property assets classified under “Non-current assets and disposal groups classified as held for sale” in the balance sheet for 2021 and 2020 is presented below:

	Thousands of Euros		
	Gross	**Valuation adjustments due to impairment**	**Carrying amount**
Balances as at Tuesday, December 31, 2019	**360,226**	**(55,753)**	**304,473**
Recognitions in the year	43,714	-	43,714
Derecognitions for disposals or other transfers	(90,450)	17,066	(73,384)
Charge to income (Note 44)	-	(9,297)	(9,297)
Transfers to inventories	-	-	-
Transfers to investment property	(20,205)	2,570	(17,635)
Transfers to own use	-	-	-
Changes in accounting classification (Note 12.1)	-	-	-
Other changes	(3,553)	-	(3,553)
Balances as at Thursday, December 31, 2020	**289,732**	**(45,414)**	**244,318**
Effect of the take-over merger of Liberbank (*)	1,250,645	(754,388)	496,257
Recognitions in the year	133,236	(57,988)	75,248
Derecognitions for disposals or other transfers	(183,316)	109,710	(73,606)
Charge to income (Note 44)	-	(34,518)	(34,518)
Transfers to inventories (Note 15)	29,558	(14,935)	14,623
Transfers to investment property	(38,736)	22,669	(16,067)
Transfers to own use	-	-	-
Changes in accounting classification (Note 12.1)	-	-	-
Other changes	(14,553)	(3,921)	(18,474)
Balances as at Friday, December 31, 2021	**1,466,566**	**(778,785)**	**687,781**

(*) The amount of the heading “Effect of the take-over merger of Liberbank” includes the effect of the fair value adjustments of the portfolio of non-current assets held for sale as described in Note 1.14.

The endowments made on non-current assets under this line are recorded under “Gains (losses) on non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations” in the consolidated income statement.

Net collections recorded in the statement of cash flows for 2021 for non-current assets held for sale recorded under this line item amounted to 190,204 thousand Euros (net collections recorded in 2020 amounted to 73,384 thousand Euros)

The impairment losses recognized in the consolidated income statements for 2021 and 2020 for the hedging of non-current assets held for sale amount to 34,518 thousand Euros and 9,297 thousand Euros, respectively, which have been recognized under “Gains (losses) on non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations” (Note 44).

Fair value hierarchy

With regard to the valuation of "Non-current assets and disposal groups classified as held for sale", the Unicaja Banco Group establishes the fair value hierarchy levels indicated in section 93 of IFRS 13 "Fair value measurement". Thus, residential assets and finished properties, which form the majority of non-current assets held for sale, were considered Level 2 in the fair value hierarchy established by IFRS 13, characterized by the use of observable variables in market data, such as the price per square meter of comparable assets, while properties under construction and land were considered Level 3, since they use unobservable variables.

In this regard, the Unicaja Banco Group has a corporate policy that guarantees the professional competence, independence, and objectivity of the external measurement companies, in accordance with the regulations, which requires the appraisal companies to comply with neutrality and credibility requirements so that the use of their estimates does not undermine the reliability of their measurements. This policy states that all the appraisal companies with which the Group works in Spain must be registered in the Official Register of the Bank of Spain and their measurements must be carried out following the methodology established in Order ECO/805/2003 of March 27.

The measurement criteria used by the appraisal companies for properties under construction and land, which are classified in Level 3 in the fair value hierarchy, are those established in Order ECO/805/2003, using the methods indicated in Article 15 of the Order, depending on the assets' situation. In order to determine the appraised value, the necessary verifications are made to ascertain the characteristics and real situation of the asset, which include, according to Article 7 of the Order: (i) physical identification of the property, by means of its location and visual inspection, verifying the surface area and other observable characteristics, the existence of visible easements and its apparent state of construction or conservation, (ii) the state of occupancy of the property and the use or exploitation for which it is intended, (iii) the public and architectural protection regime, and (iv) the degree to which the property is adapted to the urban planning in force, and if applicable, the existence of the right to the urban development that is being valued. It must be pointed out that in the specific case of properties under construction, the measurement is carried out considering the property's current situation and not its final value.

In accordance with Order ECO/805/2003, the appraiser may apply the following methods:

- Cost method: The cost method is applicable to the valuation of all types of buildings and building elements, whether they are under design, under construction, being rehabilitated or completed. Using this method, a technical value is calculated, which is called the replacement value. Such value may be gross or net. To calculate the gross replacement value, the following investments are added together: (i) the value of the land on which the building is located or that of the building to be rehabilitated, (ii) the cost of the building or of the rehabilitation work, and (iii) the expenses necessary to carry out the replacement. To calculate the net replacement value, the physical and functional depreciation of the finished building is subtracted from the gross replacement value.

- Comparison method: The comparison method is applicable to the valuation of all types of real property provided the requirements established in Article 21 of Order ECO/805/2003 are met: (i) a representative market exists for comparable properties, (ii) sufficient data is available on transactions or offers to allow, in the area in question, the identification of adequate parameters to carry out the homogenization of comparable properties, and (iii) sufficient information is available on at least six transactions or offers of comparable properties that adequately reflect the current situation of such market. The following general rules are used to calculate the value by comparison:

    - The qualities and characteristics of the appraised property that influence its value are established. In the case of buildings of historic or artistic character, in order to establish such qualities and characteristics, the particular value of the elements of the building that confers such character shall also be taken into account.

    - The comparable property market segment is analyzed and, based on concrete information on actual transactions and firm offers appropriately corrected where appropriate, current purchase and sales prices of such properties are obtained.

- A representative sample of the prices obtained after the analysis described above is selected from those corresponding to comparable properties, to which the necessary homogenization procedure is applied. In the aforementioned selection, those prices that are abnormal are previously contrasted in order to identify and eliminate both those from transactions and offers that do not meet the conditions required in the definition of market value of the assets concerned and, in the case of a valuation for the purpose set forth in Order ECO/805/2003, those that may include speculative elements.

- The comparable properties are homogenized using the criteria, coefficients and/or weightings that are appropriate for the property in question.

- The value of the property, net of marketing expenses, is assigned on the basis of the homogenized prices, after deducting the easements and limitations of the domain that apply to it that were not taken into account in the application of the preceding rules.

- Income restatement method: The income restatement method is applicable, provided that the requirements established in Article 25 of Order ECO/805/2003 are met, to the valuation of all types of properties capable of producing income. At least one of the following requirements must be met in order to use the restatement method: (i) a rental market exists that is representative of the comparable properties, (ii) there is a lease contract on the property being valued, or (iii) the property being valued is producing or is likely to produce income as a property linked to an economic activity and there is also sufficient accounting data from the operation or adequate information on average structural ratios of the corresponding branch of activity. The calculation of the restatement value requires the appraiser to estimate the cash flows, estimate the value of the reversal, choose the restatement rate and apply the calculation formula for discounting the estimated cash flows.

- Residual method: The value by the residual method is calculated using one of the following procedures: investment analysis procedure with expected values (dynamic residual method) or investment analysis procedure with present values (static residual method). The residual method can be applied by the dynamic procedure to the following properties: urban or developable land, whether or not built on, or buildings under design, construction or rehabilitation, even if the work is at a standstill. The residual method can only be applied by means of the static procedure to lots and properties under rehabilitation in which construction or rehabilitation can begin within a period of no more than one year, as well as to built-up lots. To calculate the residual value using the dynamic calculation procedure, the following steps are followed: the cash flows are estimated, the restatement rate is chosen and the calculation formula is applied. The following are taken as cash flows: the collections and, if applicable, the loan payments expected to be obtained from the sale of the property to be developed; and the payments expected to be made for the various costs and expenses during construction or rehabilitation, including the payments for the loans granted. Such collections and payments are applied on the scheduled dates for the commercialization and construction of the property.

The main appraisal company that issues reports on the assets of the Unicaja Banco Group is Tasaciones Inmobiliarias, S.A. (Tinsa). Other companies that issue appraisal reports on these assets are, mainly, UVE Valoraciones, S.A., Instituto de Valoraciones, S.A., Agrupación Técnica de Valor, S.A. and Tasaciones Andaluzas, S.A. (Tasa). In this regard, the Unicaja Banco Group complies with the requirements of independence and rotation of appraisal companies indicated in points 78 and 166 of Annex 9 of Bank of Spain Circular 4/2017.

17. Financial liabilities at amortized cost

17.1 Deposits from central banks

The breakdown of the balances of this line item in the consolidated balance sheets as at December 31, 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	**2020**
Other central banks	10,447,180	5,025,100
Valuation adjustments	(155,478)	(27,004)
	10,291,702	**4,998,096**

At December 31, 2021 and 2020, the amounts recorded under "Other central banks" relate to financing taken by the Group through the third series of targeted longer-term refinancing operations (TLTROs III).

On June 6, 2019, the European Central Bank announced a new program of targeted longer-term refinancing operations (TLTROs III). On April 30, 2020, the Governing Council of the European Central Bank made a number of amendments to the terms and conditions of these financing operations in order to further support the provision of credit to households and businesses in the face of the current economic turmoil and increased uncertainty. These amendments reduce the interest rate on transactions by 25 basis points to -0.5% from June 2020 to June 2021, and provide that, for entities meeting a certain volume of eligible loans, the interest rate may be -1% for the period from June 2020 to June 2021. In addition, these conditions were extended on December 10, 2020 for operations contracted between October 1, 2020 and December 31, 2021, including the option to cancel or reduce the amount of financing prior to maturity in windows coinciding with interest rate review and adjustment periods.

Section B5.4.4 of IFRS 9 indicates that, for the recording of amortized cost, an entity shall use a shorter period when fees, basis points paid or received, transaction costs, premiums or discounts relate to it, this being the case when the variable to which the fees, basis points paid or received, transaction costs, discounts or premiums relate is adjusted to market rates prior to the expected maturity of the financial instrument. In this case, the appropriate amortization period is the period until the next adjustment date.

In this case, the applicable interest rate of 1% applicable from June 2020 to June 2021 (resulting from the April 2020 program amendment) and from June 2021 to June 2022 (resulting from the December 2020 program amendment) corresponds to a specific period after which the funding is adjusted to market rates (namely the average rate applied in the Eurosystem's main financing operations) and should therefore be accrued until the next adjustment date. The early repayment windows of this financing program are substantive conditions, given that, at that moment of adjustment of the cost of the financing to the market, the entity may opt for renewal or cancellation and obtain new financing at more favorable terms.

In view of this situation, the Unicaja Banco Group opted to accrue interest in accordance with the specific periods of adjustment to market rates, so that the interest corresponding to that period (i.e. 1%) will be recorded in the consolidated income statement in the period from June 2020 to June 2022, understanding that the threshold of eligible loans that gives rise to the extra rate has been met. During the 2021 financial year, there were no changes in the estimated cash flows due to changes in the assessment of compliance with these thresholds, as the Group had also previously estimated that it would meet these thresholds.

During 2021, these operations have accrued interest income of 76,612 thousand Euros, which corresponds to the interest accrued on TLTROs III issues (in 2020, the income accrued on this type of issues amounted to 33,405 thousand Euros), included under "Interest income - Deposits at Central Banks" in the consolidated income statement (Note 32).

No interest expense associated with these deposits was accrued during 2021 and 2020 (Note 33).

17.2 Deposits from credit institutions

The breakdown of the balances included in this item of the consolidated balance sheets as at December 31, 2021 and 2020, in accordance with the nature of the operations, is as follows:

	Thousands of Euros	
	2021	**2020**
Mutual accounts	-	62
Term deposits	449,519	478,810
Temporary assignment of assets	6,146,001	3,192,921
Other accounts	76,128	121,800
Valuation adjustments	(6,623)	11,876
	6,665,025	**3,805,469**

The interest accrued during the 2021 and 2020 financial years on these deposits amounted to 2,381 thousand Euros and 2,453 thousand Euros, respectively, and was recorded under “Interest expense” of the consolidated income statement (see Note 33).

The average effective interest rate of debt securities in this item as at December 31, 2021 was 0.07% (0.11% as at December 31, 2020).

17.3. Customer deposits

The breakdown of the balance included in this item of the consolidated balance sheets as at December 31, 2021 and 2020, in accordance with the nature of the counterparties of the operations, is as follows:

	Thousands of Euros	
	2021	**2020**
By type -		
Current accounts	24,316,100	16,398,388
Savings accounts	43,149,427	20,158,989
Term deposits	10,870,988	7,819,165
Temporary asset transfers	4,714,680	3,675,065
Others	658,010	36,638
Valuation adjustments	445,005	612,366
Of which:		
Micro hedge transactions	*325,881*	*485,170*
Accrued interest	*206,274*	*233,621*
Other adjustments	*(87,150)*	*(106,403)*
	84,154,210	**48,700,611**
By counterparty -		
Resident Public Administrations	9,258,995	3,264,999
Other resident sectors	74,218,175	44,593,313
Other non-resident sectors	232,035	229,933
Valuation adjustments	445,005	612,366
Of which:		
Micro hedge transactions	*325,881*	*485,170*
Accrued interest	*206,274*	*233,621*
Other adjustments	*(87,150)*	*(106,425)*
	84,154,210	**48,700,611**

The interest accrued during the 2021 and 2020 financial years on these deposits amounted to 161,392 thousand Euros and 228,837 thousand Euros, respectively, and was recorded under "Interest expense" of the consolidated income statement (Note 33).

The average effective interest rate of debt securities in this item as at December 31, 2021 was 0.15% (0.29% as at December 31, 2020).

The “Time deposits” heading includes individual mortgage bonds issued pursuant to Law 2/1981, of March 25, on the Regulation of the Mortgage Market, as follows:

			Thousands of Euros	
Issue date	**Maturity date**	**Nominal interest rate**	**Nominal 12/31/2021**	**Nominal 12/31/2020**
5/18/2005	5/21/2025	(a) 3.875%	200,000	200,000
5/18/2005	5/21/2025	3.875%	300,000	-
6/28/2005	6/28/2025	(a) 3.754%	76,923	76,923
6/28/2005	6/28/2025	(b) 3.754%	76,923	76,923
6/28/2005	6/28/2025	3.754%	128,205	128,205
11/16/2005	5/21/2025	(a) 3.875%	200,000	200,000
11/16/2005	5/21/2025	3.875%	300,000	-
12/12/2005	12/12/2022	(a) 3.754%	51,852	51,852
12/12/2005	12/12/2022	(b) 3.754%	100,000	100,000
12/12/2005	12/12/2022	3.754%	32,407	-
12/12/2005	12/12/2022	3.754%	77,778	-
3/22/2006	3/22/2021	(a) 4.005%	-	100,000
4/6/2006	4/8/2021	(a) 4.125%	-	200,000
4/6/2006	4/8/2031	4.250%	300,000	-
5/25/2006	4/8/2021	4.125%	-	100,000
10/23/2006	10/23/2023	(b) 4.254%	200,000	200,000
10/23/2006	10/23/2023	4.254%	100,000	100,000
10/23/2006	10/23/2023	4.254%	150,000	-
11/23/2006	4/8/2031	4.250%	300,000	300,000
11/23/2006	4/8/2031	4.250%	100,000	100,000
3/23/2007	3/26/2027	(b) 4.250%	150,000	150,000
3/23/2007	3/26/2027	4.250%	350,000	-
3/23/2007	4/8/2031	4.250%	100,000	100,000
3/23/2007	4/8/2031	4.250%	250,000	-
4/20/2007	4/8/2021	(a) 4.125%	-	200,000
5/23/2007	5/23/2027	(a) 4.755%	50,000	50,000
5/23/2007	5/23/2027	(b) 4.755%	100,000	100,000
5/23/2007	5/23/2027	(a) 4.755%	50,000	50,000
5/23/2007	5/23/2027	4.755%	200,000	-
6/29/2007	4/8/2031	(a) 4.250%	400,000	400,000
7/17/2007	7/18/2022	5.135%	200,000	-
7/20/2007	3/26/2027	4.250%	100,000	100,000
10/19/2007	4/8/2021	4.125%	-	60,000
10/19/2007	3/26/2027	4.250%	110,000	110,000
10/19/2007	4/8/2031	4.250%	180,000	180,000
			4,934,088	**3,433,903**

(a) The fixed interest rate borne by the Group was converted to a variable rate by contracting financial swaps on the nominal amount.
(b) The fixed interest rate borne by the Group was converted to a variable rate by contracting financial swaps on the nominal amount. These financial swaps have subsequently been canceled.

17.4 Debt securities issued

The breakdown of the balance of this line item in the consolidated balance sheets as at December 31, 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Mortgage bonds	4,714,516	60,000
Non-convertible subordinated debt	607,421	300,000
Other non-convertible bonds	659,944	-
Treasury shares	(3,500,000)	-
Valuation adjustments - accrued interest	19,859	1,152
Valuation adjustments - micro-hedges	(1,159)	2,998
Valuation adjustments - Other	(2,826)	(1,224)
	2,497,755	**362,926**

The interest accrued during 2021 and 2020 on the debt securities issued amounts to 19,176 thousand Euros and 9,164 thousand Euros, respectively. This interest is recorded under “Interest expense” in the consolidated income statement (Note 33).

The average effective interest rate of debt securities classified under this item as at December 31, 2021 was 4.14% (2.99% as at December 31, 2020).

The details and movement of issues, repurchases or repayments of debt securities, including convertible subordinated liabilities, carried out in 2021, both by the Parent Company itself and by other Group companies, are as follows:

	Thousands of Euros				
	Balance as at 1/1/2021	Issues and effect of the merger	Repurchases/ repayments	Exchange rate and other adjustments	Balance as at 12/31/2021
Debt securities issued in a member state of the European Union that required the filing of a prospectus informative	362,926	2,118,955	-	15,874	2,497,755
Debt securities issued in a member state of the European Union that did not require the registration of a prospectus informative	-	-	-	-	-
Other debt securities not issued in a member state of the European Union	-	-	-	-	-
	362,926	**2,118,955**	**-**	**15,874**	**2,497,755**

The details and movement of issues, repurchases or repayments of debt securities, including convertible subordinated liabilities, carried out in 2020, both by the Parent Company itself and by other Group companies, are as follows:

	Thousands of Euros				
	Balance as at 1/1/2020	Issuances	Repurchases/ repayments	Exchange rate and other adjustments	Balance as at 12/31/2020
Debt securities issued in a member state of the European Union that required the filing of a prospectus informative	357,907	-	-	5,019	362,926
Debt securities issued in a member state of the European Union that did not require the registration of a prospectus informative	-	-	-	-	-
Other debt securities not issued in a member state of the European Union	-	-	-	-	-
	357,907	**-**	**-**	**5,019**	**362,926**

In the 2020 financial year no debt securities were issued by associates or jointly-controlled entities accounted for using the equity method or by entities outside of the Group that are not secured by a Group company.

Mortgage bonds

The details of mortgage securities (mainly mortgage bonds) issued by the Unicaja Banco Group as of December 31, 2021 and 2020 are as follows:

Issue	ISIN Code	Issue date	Issue amount (Thousands of Euros)	Balance as at 12/31/2021 (Thousands of Euros)	Balance as at 12/31/2020 (Thousands of Euros)	Maturity date	Interest rate
9th Issue Unicaja	ES0464872086	12/17/2009	30,000	-	30,000	12/17/2021	Euribor 6m + 0.75%
3rd Issue Unicaja	ES0458759026	11/22/2010	30,000	30,000	30,000	11/22/2022	Euribor 6m + 2.00%
Liberbank – July 2017	ES0468675014	7/25/2017	2,000,000	2,000,000	-	7/25/2024	Euribor 3M + 0.35%
Liberbank - December 2018	ES0468675022	12/19/2018	1,500,000	1,500,000	-	12/19/2025	Euribor 3M + 0.65%
Liberbank - September 2019	ES0468675030	9/25/2019	1,000,000	987,096	-	9/25/2029	0.25%
Liberbank - September 2019 (1st extension)	ES0468675030	6/2/2020	50,000	49,355	-	9/25/2029	0.25%
Liberbank - September 2019 (2nd extension)	ES0468675030	6/3/2020	150,000	148,065	-	9/25/2029	0.25%
				4,714,516	**60,000**		

These issues are admitted to trading on the AIAF fixed-income market and are secured by mortgages on all issues that at any time are registered in favor of the issuing entity and are not subject to mortgage bond issues, or are mobilized through mortgage participations or mortgage transfer certificates, without prejudice to the issuer's universal asset liability.

As of December 31, 2021, the amount of mortgage securities issues repurchased by the Bank amounted to 3,500,000 thousand Euros, corresponding to the "Liberbank July 2017" and "Liberbank December 2018" mortgage bond issues.

Non-convertible subordinated debt

The details of outstanding bonds and debentures issued by the Unicaja Banco Group as of December 31, 2021 are as follows:

			Thousands of Euros				
Issue	**ISIN Code**	**Issue date**	**Issue amount**	**Balance as at 12/31/2021**	**Balance as at 12/31/2020**	**Maturity date**	**Interest rate**
Unicaja Banco - Subordinated debentures	ES0280907017	11/13/2019	300,000	300,000	300,000	11/13/2029	2.875%
Liberbank - Subordinated debentures	ES0268675032	3/14/2017	300,000	307,421	-	3/14/2027	6.875%
				607,421	**300,000**		

The subordinated debentures of Unicaja Banco were issued on November 13, 2019, in the amount of 300,000 thousand Euros, which coincides with their nominal value. As described in the terms and conditions of the issue prospectus, unless previously redeemed, the debentures will be repaid at their principal amount on November 13, 2029. The Bank may choose to repay the debentures in full, at their outstanding principal amount, together with any accrued and unpaid interest, subject to a number of conditions including, among others, obtaining prior approval from the supervisory authority, upon the occurrence of any of the events described in the issue prospectus linked to tax events or capital events. In addition, subject to the conditions set forth in the prospectus, which also include obtaining prior regulatory approval, the Bank may choose to redeem all of the debentures on a reset date (set for November 13, 2024), at their outstanding principal amount, together with any accrued and unpaid interest to that date.

Unicaja Banco's subordinated debentures accrue interest on their outstanding principal: (i) at a fixed interest rate of 2.875% per annum from the date of issue until the reset date, payable annually on November 13 of each year, with the first interest payment date set for November 13, 2020, and (ii) from the reset date (November 13, 2024), at the reset interest rate (5-year Mid-Swap plus a margin of 3.107% per annum), payable annually on November 13 of each year, with the first interest payment date after the reset date set on November 13, 2025.

In turn, the issue of subordinated debentures from Liberbank recorded in the consolidated financial statements of the Unicaja Banco Group on the date of accounting effects of the take-over merger (Note 1.14), was carried out on March 14, 2017, for an amount of 300,000 thousand Euros, which is the nominal value thereof. Unless previously redeemed, the subordinated debentures will be redeemed at maturity on March 14, 2027. In this regard, the Bank may choose to repay the debentures in full at their outstanding principal amount, based on a number of conditions set forth in the prospectus, which require the prior approval of the Regulatory Authority, upon the occurrence of any of the events described in the prospectus linked to tax events or capital events. In addition, subject to the terms and conditions set forth in the prospectus and to the prior approval of the Regulator, the Bank may choose to redeem the debentures in full on the reset date (March 14, 2022) for the outstanding principal and any accrued and outstanding interest at that date.

The subordinated debentures from Liberbank accrue the following: (i) a fixed interest rate of 6.875% per annum from issuance until the reset date (March 14, 2022), payable annually on March 14 of each year, with the first interest payment date set on March 14, 2018, and (ii) an interest rate equal to the 5-year Mid-Swap plus a margin of 6.701% per annum, payable annually on March 14 of each year, with the first interest payment date after the reset date set on March 14, 2023.

Other non-convertible bonds

The details of “Other non-convertible securities” issued by the Unicaja Banco Group as of December 31, 2021 and 2020 are as follows:

			Thousands of Euros				
Issue	**ISIN Code**	**Issue date**	**Issue amount**	**Balance as at 12/31/2021**	**Balance as at 12/31/2020**	**Maturity date**	**Interest rate**
Unicaja Banco - Senior Debt Dec. 2026	ES0380907040	12/1/2021	600,000	600,000	-	12/1/2026	1.000%
Unicaja Banco - Senior Debt Dec. 2026 (Extension)	ES0380907040	12/22/2021	60,000	59,944	-	12/1/2026	1.000%
				659,944	**-**		

On December 1, 2021, Unicaja Banco issued senior debt in the amount of 600,000 thousand Euros. Subsequently, on December 22, 2021, Unicaja Banco increased this issue by an additional 60,000 thousand Euros, subject to the same issue conditions. The unit nominal value of the bonds is 100 thousand Euros each. These bonds are listed on the Spanish AIAF fixed income market.

As described in the terms and conditions of the issue prospectus, unless previously redeemed, the senior bonds will be redeemed at maturity on December 1, 2026. In this regard, the Bank has the option of redeeming the entire outstanding principal of the bonds, together with any accrued and unpaid interest, upon the occurrence of certain circumstances related to tax events or disqualification events associated with the treatment of the issue for MREL purposes, provided that certain conditions are met and regulatory approvals are obtained. In addition, the Bank has the option to redeem the bonds, on the same terms and subject to the required regulatory approval, on the reset date (December 1, 2025).

The senior debt bonds issued by Unicaja Banco in December 2021 accrue: (i) a fixed interest rate of 1.00% per annum from the date of issuance until the reset date, payable annually on December 1 of each year, with the first interest payment date being December 1, 2022, and (ii) from the reset date, an interest rate equal to the 1-year Mid-Swap plus a margin of 1.15% per annum, payable on December 1, 2016.

17.5 Other financial liabilities

The breakdown of the balance of this line item in the consolidated balance sheets as at December 31, 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	**2020**
Debentures to be paid (*)	301,028	227,778
Tax collection accounts	622,214	431,130
Special accounts	359,640	134,179
Financial guarantees	4,411	935
Deposits received and other	579,596	391,763
	1,866,889	**1,185,785**

(*) Includes a balance of 94,184 thousand Euros as of December 31, 2021 (64,480 thousand Euros at December 31, 2020) corresponding to the outstanding balance of ordinary and extraordinary contributions to the Deposit Guarantee Fund for Credit Institutions (Note 1.10).

The amount recorded by the Group as of December 31, 2021 and 2020 under “Deposits received and other” includes guarantees in favor of the Group deposited with other financial institutions as a result of its operations with derivative instruments and simultaneous transactions.

The positive cash flow included in the consolidated cash flow statement for 2021 for financial liabilities at amortized cost amounts to 7,302,038 thousand Euros (positive cash flow of 8,848,209 thousand Euros in 2020).

18. Provisions

The movements in 2021 and 2020 and the purpose of the provisions recorded under these headings in the consolidated balance sheet as of December 31, 2021 and 2020 are shown below:

	Thousands of Euros				
	Provision for pensions and similar obligations	**Other long-term employee benefits**	**Provisions for commitments and guarantees granted**	**Remaining provisions**	**Total**
Balances as at Tuesday, December 31, 2019	**62,716**	**203,696**	**128,247**	**526,475**	**921,134**
Endowment charged to profit or loss:	362	7,988	21,832	42,703	72,885
Endowments to provisions (*)	*88*	*7,917*	*21,832*	*42,703*	*72,540*
Interest cost (Note 33)	*274*	*71*	-	-	*345*
Recovery charged to profit or loss	-	-	(28,590)	(819)	(29,409)
Use of funds	(3,279)	(35,058)	-	(198,376)	(236,713)
Other changes	(3,166)	(7)	(1,860)	75,758	70,725
Balances as at Thursday, December 31, 2020	**56,633**	**176,619**	**119,629**	**445,741**	**798,622**
Effect of the take-over merger of Liberbank (**)	2,778	2,933	25,706	395,829	427,246
Endowment charged to profit or loss:	141,579	(1,051)	20,747	479,105	640,380
Endowments to provisions (*)	*141,601*	*(742)*	*20,747*	*479,105*	*640,711*
Interest cost (Note 33)	*(22)*	*(309)*	-	-	*(331)*
Recovery charged to profit or loss	(105)	-	(18,255)	(153,560)	(171,920)
Use of funds	(20,680)	(44,540)	-	(196,910)	(262,130)
Other changes	(1,407)	54,605	(41,479)	(15,790)	(4,071)
Balances as at Friday, December 31, 2021	**178,798**	**188,566**	**106,348**	**954,415**	**1,428,127**

(*) See Note 2.12 in relation to endowments for pension funds and similar obligations.

(**) The amount of the heading “Effect of the take-over merger of Liberbank” includes the effect of the fair value adjustments in the provisions for contingencies as described in Note 1.14.

The provisions recorded by the Group represent the best estimate of future obligations. The Bank’s directors believe there is no significant risk that the materialization of these estimates, taking into account the amount of these provisions, will result in a material adjustment to the carrying amounts of the Group’s assets and liabilities in the next accounting period. The estimated financial effect on the calculation of provisions was not significant during fiscal years 2021 and 2020.

The Bank measures provisions based on the best information available regarding the consequences of the events giving rise to them and re-measured at each balance sheet date. They are used to meet the specific obligations for which they were originally recognized, and may be wholly or partly reversed if these obligations cease to exist or decrease.

The Group regularly reassesses the risks to which its business is exposed in accordance with the economic context in which it operates. Once the valuation and initial recording of the provisions have been made, they are reviewed at each balance sheet date and adjusted, if necessary, to reflect the best estimate existing at that time.

Recorded provisions are used to meet the specific obligations for which they were originally recognized and are reversed, in whole or in part, when such obligations cease to exist or decrease.

Pensions and other benefit obligations defined as post-employment

This heading corresponds to the amount of the commitments assumed by the Group with its employees as described in Notes 2.12 and 41.1.

Provisions for commitments and guarantees granted

This line item in the consolidated balance sheet includes the amount of provisions recorded to hedge contingent commitments, defined as those transactions in which the Group guarantees obligations of a third party, arising as a result of financial guarantees granted or other types of contracts, and contingent commitments, defined as irrevocable commitments that may give rise to the recognition of financial assets.

The details by nature of the balances recorded under “Provisions for commitments and guarantees granted” as of December 31, 2021 and 2020 are as follows:

	Thousands of Euros	
	2021	**2020**
Provisions for contingent liabilities	99,802	115,620
Provisions for contingent commitments	6,546	4,009
	106,348	**119,629**

The item “Provisions for contingent liabilities” includes the amount of provisions made to hedge contingent liabilities, defined as those transactions in which the Group guarantees obligations of a third party, arising as a result of financial guarantees granted or other types of contracts, while the item “Provisions for contingent commitments” includes provisions to hedge irrevocable commitments that may give rise to the recognition of financial assets.

Remaining provisions

The detail by nature of the balances recorded under “Other provisions” as of December 31, 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	**2020**
Hedges for legal and similar contingencies	309,365	197,349
Hedges associated with investees	8,824	8,824
Hedges for other contingencies	636,226	239,568
	954,415	**445,741**

The main items included in “Other provisions” are as follows:

- “Hedges for legal and similar contingencies”: This item includes provisions for legal proceedings, as well as others of a similar nature, in which the Group is considered likely to have to dispose of resources including profit. This item mainly hedges customer claims and other litigation. The final date of the outflow of resources depends on each of the contingencies, so that, in some cases, the obligations do not have a fixed settlement date and, in others, they depend on the legal proceedings in progress. The amounts to be provisioned are calculated according to the best estimate of the amount necessary to settle the claim in question, based, among others, on the individualized analysis of the facts and legal opinions of internal and external advisors.

In this respect, the heading “Hedges for legal and similar contingencies” includes hedges for litigation and claims related to agreements to limit interest rate fluctuations to 161 million Euros. In the opinion of the Group’s management, at year-end the necessary hedges were in place to hedge the risks and contingencies that could arise from these processes.

- “Hedges associated with investees” Includes contingencies related to the Group’s investment portfolio that are not due to impairment due to a decrease in the fair value or recoverable amount of the investments, but to other types of contingencies that may arise from the holding of such investments. The timing of the outflow of resources depends on each particular contingency and is estimated by Group management based on the best information available at the year-end date.

- “Hedges for other contingencies”: This includes hedges of miscellaneous risks, for which provisions have been created to hedge unresolved issues for which the Group estimates a probable disbursement, as well as hedges of probable disbursements that the Group estimates it will have to face as a result of its normal business activity. The amounts to be provisioned are calculated based on the best estimate of the economic resources that the Group will have to use to meet the identified contingencies, taking into account the estimated timing of the outflows of resources that the obligation is expected to produce.

  At December 31, 2021, this heading includes the provisions created by the Group following the agreement reached on December 3, 2021 with the employees’ legal representatives in connection with a collective dismissal, geographic mobility and substantial modification of working conditions plan. In accordance with the provisions of this labor agreement, the maximum number of workers affected by the collective dismissal will be 1,513 people. In general, the term of execution of the measures provided for in the agreement will be until December 31, 2024. As a result of this agreement, the Unicaja Banco Group has recorded provisions amounting to 368 million Euros.

  This heading also includes the remaining estimated costs of the restructuring process, associated with the technological integration and reorganization of the network, and arising from the take-over merger of Liberbank, for a total amount of 88 million Euros.

  At December 31, 2020, this heading included the restructuring provisions set up under previous plans approved by Unicaja Banco’s Board of Directors, the balance of which at that date was 130 million Euros.

Agreements to limit interest rate fluctuations

In relation to the Unicaja Banco Group’s credit operations in the retail mortgage segment that have interest rate fluctuation limits, consideration should be given to the rulings that are taking place at different judicial instances regarding the validity of these agreements with respect to specific entities following the Supreme Court ruling dated May 9, 2013 and following the rulings of said Court dated July 16, 2014 and March 25, 2015. According to these rulings, once declared null and void by means of a court judgment, under those agreements limiting the interest rate fluctuations that lack transparency, the borrower shall be reimbursed the interest differential paid under such agreement as from the date of publication of the ruling of May 2013.

In particular, we should consider, on the one hand, the ruling of Madrid Commercial Court No. 11, dated April 7, 2016, following the class action filed on November 11, 2010 by the Association of Users of Banks, Savings Banks and Insurance Companies of Spain (ADICAE) and a large number of additional plaintiffs, against practically all the entities of the financial system (including Unicaja Banco, directly and as a consequence of the EspañaDuero merger) that included this type of agreements in their mortgage loan contracts with individuals, which obliges financial institutions to eliminate certain interest rate fluctuation limits that are not transparent, due to their being unfair, and to return to consumers the amounts unduly paid as from the date of publication of the Supreme Court's Ruling of May 9, 2013, with the legally applicable interest. On the other hand, consideration should be given to the judgment of April 13, 2016, now final, of the Provincial Court of León, following the collective action that, by the Association of Users of Banking Services (AUSBANC), is followed against EspañaDuero in relation to this type of agreements included in the mortgage loan contracts formalized at the time by Caja España de Inversiones and which requires the certain interest rate fluctuation limits contained in the loan contracts signed by Caja España de Inversiones be annulled, due to a lack of transparency.

These rulings corroborated the criterion that, once a certain agreement limiting interest rate fluctuations has been declared null and void, restitution to the borrower must be made for the interest differential from the date of publication of the Supreme Court ruling of May 2013. However, on December 21, 2016, the Court of Justice of the European Union issued a judgment stating, contrary to the doctrine of the Supreme Court, that the time limit on the effects of the declaration of nullity of the floor clauses deprives Spanish consumers who entered into a mortgage loan contract before the date of the pronouncement of the judgment of the Supreme Court of the right to obtain restitution of the amounts they unduly paid to the banks.

These rulings of the Madrid and Leon Courts were appealed before their corresponding Provincial Courts and, in the case of the Leon Court, confirmed before the Supreme Court, with the Madrid Court ruling still pending before said Court.

In any case, regarding the scope of the judgments issued in proceedings in which a class action is exercised, the contents of the judgments of the Constitutional Court of September 19, 2016 and December 12, 2016 must be pointed out. These judgments indicate that the automatic extension of a *res judicata* effect of upholding a class action, in addition to not being provided for in the rules regulating such collective action, may go so far as to infringe on the autonomy of the will of the consumer who does not wish such nullity in his contract, or curtail the possibilities of his individual challenge if the class action were to be dismissed. Therefore, in order to effectively reimburse the affected consumers, they must take direct action against the entity and obtain the corresponding judicial resolution.

Without prejudice to the aforementioned rulings, the Unicaja Banco Group generally believes that the agreements in its mortgage loan deeds that establish interest rate fluctuation limits are fully in accordance with the law and, in any case, may be analyzed in terms of transparency of the contract, on a case by case basis.

On January 21, 2017, Royal Decree-Law 1/2017, dated January 20, was published in the Official State Gazette, establishing measures aimed at protecting consumers with interest rate fluctuation limits in their mortgage loan contracts, with the aim of facilitating agreements with credit institutions that resolve disputes that may arise as a result of the latest judicial pronouncements on this matter. These are measures are in addition to those established in the legal system, which provide for an out-of-court settlement procedure to which consumers may voluntarily submit themselves, without incurring additional costs. The Unicaja Banco Group effectively availed itself of this option.

On July 9, 2020, the Court of Justice of the European Union (CJEU) passed judgment in relation to preliminary matters raised by various courts of first instance regarding the validity private agreements for the removal of floor clauses. The sentence in question, in line with the argument made by the General Attorney, establishes that it is illegal for a clause of an agreement signed between a professional and a consumer, the unfair nature of which can be legally declared, to constitute the object of a novation agreement between said professional and said consumer. Additionally, said Sentence determines that a clause that includes the mutual waiving of the right to exercise any legal action, in the framework of an agreement the purpose of which is the resolution of a dispute regarding the validity of the clause of an agreement that binds the two parties, can constitute the main object of the agreement and, as a result, not be taken into account in the consideration of its possible abusive nature, provided it is set out clearly and comprehensively.

Following the ruling of the CJEU, the Supreme Court passed several sentences dated November 5, 2020, November 11, 2020, and December 15, 2020, that confirm the validity of the novation agreements reached by the entities with their customers, classifying these as transitional when there is a waiver in relation to the claims arising from the interest rate limits, provided the consumer has been made sufficiently aware of the economic and legal consequences of their waiver.

As of December 31, 2021, the provisions deemed necessary to cover possible losses on assets and to cover the outcome of risks and contingencies that could affect the Group have been recorded. In this respect, the Group has set up a provision of 161 million Euros at December 31, 2021 (123 million Euros at December 31, 2020).

IRPH clause

The Unicaja Banco Group maintains a portfolio of mortgage loan contracts indexed to the Mortgage Loan Reference Index (IRPH), an official index published by the Bank of Spain, in accordance with article 27 of Order EHA/2899/2011, of October 28, on banking service transparency and customer protection and with Bank of Spain Circular 5/2012, of June 27, to credit institutions and payment service providers, on transparency of banking services and responsibility in the granting of loans.

In this regard, several proceedings have been initiated against most Spanish credit institutions, alleging that the clauses linking the interest rate of mortgage loan transactions to the IRPH did not comply with European transparency regulations. In Ruling 669/2017, dated December 14, 2017, the Supreme Court confirmed the validity of these clauses as it is an official index and, therefore, not subject to transparency control.

Following the submission of several questions for preliminary rulings by Spanish Courts, the Court of Justice of the European Union (CJEU) decided to open Case C-125/18. In said case the most important milestones include the issuance of a report by the European Commission, dated May 31, 2018, where it proposes to the CJEU to answer the questions referred for a preliminary ruling, upholding the possibility of analyzing the use of the index in terms of unfairness (Directive 93/12), as well as the opinion of the Advocate General of the CJEU, dated September 10, 2018, which considers that the clause incorporating the IRPH is subject to an unfairness check.

On March 3, 2020, the CJEU issued a judgment in the aforementioned Case C-125/18, which states, in line with previous reports, that the clauses incorporating the IRPH in mortgage loan contracts entered into with consumers fall within the scope of application of the Unfair Terms Directive, indicating in turn that the Spanish courts must verify that the clauses of these characteristics are of a clear and understandable nature, and that they do not involve a significant imbalance for the consumer (unfairness). If these courts conclude that these clauses are unfair, they may replace them with a statutory index applicable on a supplementary basis, in order to protect the consumers in question from the particularly harmful consequences that could result from the annulment of the loan contract.

On November 12, 2020, the First Chamber of the Supreme Court issued several rulings resolving four cassation appeals in relation to the IRPH index, and whose matters were deliberated in the Plenary Session of the Supreme Court on October 21, 2020, the date on which the ruling was handed down. In these rulings, the Plenary Session analyzed the CJEU ruling of March 3, 2020 and found that the preliminary question raised by the 38th Court of First Instance of Barcelona, which gave rise to that ruling, erroneously transferred the meaning of the case law of the First Chamber to the CJEU. Contrary to what was upheld in the request for a preliminary ruling, this chamber had upheld both the contractual nature of the clause establishing the IRPH as the reference rate of the loan and the need to apply the transparency control to said clause. Therefore, the fact that the CJEU affirms that the clause in question is not excluded from Directive 93/13 does not imply that the case law of the court, which was in line with that ruling, should be modified.

In the analysis of the impact of the CJEU ruling on the control of the transparency of the clauses in question, the Plenary Session starts from the fact that the CJEU considered that the publication of the IRPH in the BOE allowed the average consumer to understand that the referred index was calculated according to the average rate of mortgage loans over three years for the purchase of a home, thus including the differentials and expenses applied by such entities, so that this publication meets, in all cases, the transparency requirements in terms of the composition and calculation of the IRPH.

The second transparency parameter established by the CJEU is the information provided by the lender to the consumer on the past evolution of the index. In the event that the lack of direct information on the evolution of the IRPH in the two previous years determines the lack of transparency of the clause in question, such lack of transparency does not necessarily determine its nullity. According to settled case law of the CJEU, the effect of the lack of transparency of the clauses defining the main subject matter of the contract is not its nullity, but the possibility of making the judgment of unfairness, that is, it allows for the assessment of whether it is a clause that, contrary to the requirements of good faith, causes, to the detriment of the consumer and user, a significant imbalance of the rights and obligations of the parties arising from the contract.

The Chamber, in making this judgment of unfairness in accordance with the parameters of the CJEU, considers that the offer by the bank of an official index, approved by the banking authority, cannot in itself violate good faith. In addition, the Central Government and several regional governments have been considering, through regulatory standards, that the IRPH index was the most appropriate index to use as a reference index in the area of financing subsidized housing, so it is illogical to consider the incorporation of this same index to loans arranged outside this area of official financing an action contrary to good faith.

Therefore, as of December 31, 2021, the Unicaja Banco Group does not expect any contingencies in relation to litigation and potential IRPH claims.

Revolving credit cards

On March 4, 2020, Court No. 1 of the Supreme Court passed sentence number 149/2020, dismissing the appeal for reversal submitted by a credit entity (not belonging to the Unicaja Banco Group) against a sentence that had declared the nullity of a revolving credit contract because it considered the remunerative interest to be extortionate. The Group's management and directors have assessed the potential impact of the aforementioned ruling on the portfolio of products of this nature held by the Unicaja Banco Group at December 31, 2021, concluding that the potential losses from lawsuits that may be filed against the Group regarding this matter are not significant.

Mortgage loan origination fees

On December 23, 2015, the Plenary Session of the Civil Chamber of the Supreme Court issued a Ruling in relation, among other aspects, to the attribution to the consumer of certain expenses of a mortgage loan transaction based on what is indicated in one of the clauses of the contract. From that moment on, non-significant claims were filed against the Unicaja Banco Group before the Customer Service Department and lawsuits were filed, seeking the refund of expenses and taxes borne by the customers when creating the mortgage.

Subsequently, various rulings have been issued by national and European courts, including the Supreme Court Rulings of March 15, 2018, January 23, 2019 and January 27, 2021, and the Judgment of the Court of Justice of the European Union (CJEU) of July 16, 2020.

In its latest Ruling of January 27, 2021, the Supreme Court ruled on the consequences of the nullity of clauses that impose mortgage loan origination fees on consumers. This doctrine means that consumers are entitled to restitution of all expenses paid for property registration, agency and appraisal fees, as well as half of notary fees. Only the Tax on Documented Legal Acts, in which the tax regulations establish that the main taxpayer is the borrower, is borne by consumers.

As of December 31, 2021, the Unicaja Banco Group has provisions to cover all the claims and complaints received from customers for this concept.

19. Other liabilities

The breakdown of the balance of this line item in the consolidated balance sheets as at December 31, 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	**2020**
Accrued expenses	109,028	51,352
Operations underway	129,143	48,550
Others	82,103	96,585
	320,274	**196,487**

As of December 31, 2021 and 2020, “Other” in this heading in the consolidated balance sheet mainly includes liability accrual accounts.

20. Assets and liabilities covered by insurance or reinsurance contracts

At December 31, 2021 and 2020, the Group has balances recorded under “Assets covered by insurance or reinsurance contracts” on the asset side of the consolidated balance sheet amounting to 1,949 thousand Euros and 1,831 thousand Euros, respectively.

The breakdown of the balance of “Liabilities under insurance or reinsurance contracts” in the consolidated balance sheets as of December 31, 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	**2020**
Provisions for life insurance	500,957	523,988
Provision for benefits	13,687	14,756
Provision for profit sharing and rebates	506	629
Provision for accounting mismatches	53,169	65,645
Others	11,734	7,454
	580,053	**612,472**

At December 31, 2021 and 2020, “Other” includes the amount corresponding to insurance or reinsurance contracts as defined in the applicable accounting regulatory framework.

21. Minority interests and income attributable to minority interests

The detail, by consolidated company, of the balance of “Minority interests (Non-controlling interests)” in the consolidated balance sheet as of December 31, 2021 and 2020 and “Income for the year attributable to minority interests (Non-controlling interests)” in the consolidated income statement for 2021 and 2020 is as follows:

	Thousands of Euros			
	2021		2020	
	Minority interest	Income attributable to minority interest	Minority interest	Income attributable to minority interest
Parque Industrial Humilladero, S.L.	426	(4)	473	(5)
	426	**(4)**	**473**	**(5)**

With regard to section B10 of IFRS 12, the Group defines significant non-controlling interests as those that generate minority interests of more than 0.5% of consolidated equity, i.e. more than 31,630 thousand Euros at December 31, 2021 (20,026 thousand Euros at December 31, 2020).

As of December 31, 2021 and 2020, there are no significant non-controlling interests.

During 2021 and 2020, Parque Industrial Humilladero, S.L. did not distribute any dividends.

22. Capital, issue premium and other equity instruments issued

The details and movement recorded under “Equity” in the consolidated balance sheet during the years ended December 31, 2021 and 2020 is presented in the accompanying consolidated statements of changes in equity, with an explanation of all the movements therein during such years.

22.1 Capital and share premium

At December 31, 2021, the Bank’s capital stock amounted to 663,708 thousand Euros, consisting of 2,654,833,479 fully subscribed and paid-up ordinary shares with a par value of 0.25 Euros.

As of December 31, 2020, the Bank’s capital stock amounted to 1,579,761 thousand Euros, consisting of 1,579,761,024 fully subscribed and paid-in ordinary shares with a par value of 1 Euro. At that date, 50.81% of the share capital corresponded to Fundación Bancaria Unicaja.

On July 30, 2021, as a result of the take-over merger of Liberbank, Unicaja Banco increased the number of ordinary shares by 1,075,072,455 shares, which were fully subscribed by holders of Liberbank shares (Note 1.14).

On the other hand, on December 14, 2021, the share capital, which amounted to 2,654,833 thousand Euros, divided into 2,654,833,479 shares with a par value of 1 Euro, was set at 663,708 thousand Euros, divided into 2,654,833,479 shares with a par value of 0.25 Euros per share, and the amount of the capital reduction (1,991,125 thousand Euros) was used to increase the Company’s voluntary reserves, creating an unavailable voluntary reserve that can only be used in accordance with the requirements for share capital decreases. This capital decrease was registered with the Commercial Registry on January 13, 2022.

The share premium at December 31, 2021 and 2020 amounts to 1,209,423 thousand Euros in both years.

Since June 30, 2017, all of the Bank’s shares have been admitted to official trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, and are included in the Sistema de Interconexión Bursátil (S.I.B.E. or Continuous Market).

As of December 31, 2021, 30.24% of the Bank's share capital belongs to Fundación Bancaria Unicaja, an entity resulting from the transformation into a banking foundation of Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén (Unicaja), having ceased to be the Bank's parent entity as a result of the merger process between Unicaja Banco, S.A. and Liberbank S.A. (Note 1.14).

22.2 Equity instruments issued other than share capital

The line item "Equity instruments issued other than capital" at December 31, 2021 includes the outstanding balance of the issues of Perpetual Contingently Convertible Bonds (PeCoCos) and Contingently Redeemable Preferred Stock of Unicaja Banco (in 2020 it only included the first of the issues). The breakdown of these issuances as at December 31, 2021 and 2020 is as follows:

		2021			2020				
			Euros	Thousands of Euros		Euros	Thousands of Euros		
Issue	**ISIN Code**	**Number of securities issued**	**Nominal amount Total**	**Closing balance**	**Number of securities issued**	**Nominal amount Total**	**Closing balance**	**Nominal interest**	**Maturity**
Perpetual Contingently Convertible Bonds (PeCoCos)	ES0280907009	47,384,678	47,384,678	47,385	47,429,435	47,429,435	47,429	13.8824%	Perpetual
Contingently Redeemable Preferred Stock	ES0880907003	2,500	500,000,000	500,000	-	-	-	4.875%	Perpetual
				547,385			**47,429**		

Perpetual Contingently Convertible Bonds (PeCoCos)

PeCoCos are bonds convertible into common shares of Unicaja Banco, belonging to a single class and series, represented by book entries. The conversion ratio of these bonds will be the result of the quotient between the unit par value of each of the bond issues and the value attributed to the common shares of Unicaja Banco, which is set at 1.18827 Euros per share, with the difference between the par value of the bonds to be converted and the par value of the shares received as consideration being considered the issue premium. As of December 31, 2021 and 2020, this issue is not listed for trading on any secondary market.

The bonds entitle their holders to discretionary, predetermined and non-cumulative remuneration, to conversion into common shares of Unicaja Banco, subject to certain conversion assumptions and to the political rights deriving from membership in the respective bondholders' syndicates. The shares into which the aforementioned bonds are eventually converted will grant their holders the same rights as the shares of Unicaja Banco currently in circulation.

The accrual of discretionary compensation is conditional upon the simultaneous fulfillment of the following four conditions: (i) the existence of distributable profit, once the provisions set forth by law and the Bylaws of Unicaja Banco have been covered; (ii) there are no limitations imposed by current or future applicable Spanish or European equity regulations; (iii) the Board of Directors of Unicaja Banco, at its sole discretion, taking into account the solvency situation of Unicaja Banco or the Unicaja Banco Group, has not decided to declare a of non-remuneration scenario, deeming it necessary not to proceed with the payment of remuneration for an unlimited period of time, considering in any case that the unpaid interest shall not be cumulative; and (iv) the Bank of Spain has not demanded the cancellation of the payment of the remuneration based on the financial and solvency situation of Unicaja Banco or the Unicaja Banco Group, in accordance with the applicable regulations. In the event that the conditions set forth in Sections (i) to (iv) above are partially applicable, Unicaja Banco may proceed, at its sole discretion, to pay the remuneration partially or to declare a scenario of non-remuneration. If for any reason all or part of the remuneration is not paid to the bondholders on a payment date, the bondholders will not have the possibility to claim such remuneration.

PeCoCos will be necessarily converted into shares, in their entirety, in the cases indicated hereinafter, and partially, in the amount necessary to recover, if applicable, the equity balance in the amount established by the competent authority, in the remaining cases:

- Total mandatory early conversion: The bonds will be converted into shares in the following cases: (i) if Unicaja Banco adopts any measure tending to its dissolution and liquidation, voluntary or involuntary, or if it is declared bankrupt, or (ii) if Unicaja Banco adopts any measure that results in the approval of a reduction of capital stock in accordance with the provisions of Articles 320 and following of the Capital Companies Act, or Article 343 by reference to Article 418.3 of the Capital Companies Act.

- Contingency events: The bonds will be converted into shares in those cases in which the capital ratios of the Unicaja Banco Group, calculated on a quarterly basis, are below the limits indicated in the securities note related to the issuance of these instruments.

- Feasibility events: The bonds will be converted into shares in the following cases: (i) if the Bank of Spain determines that, without the conversion of the instrument, the Entity would not be viable, or (ii) if a decision is adopted to inject public capital or any other financial support measure, without which the Entity would not be viable.

- Regulatory event: The bonds will be converted into shares in the following cases: (i) if with the entry into force and in application of the Basel III capital eligibility rules (CRD IV/ CRR) in 2014, the bonds would cease to be eligible at least as Additional Tier 1 capital; (ii) if the bonds would cease to be eligible as principal capital; or (iii) if the bonds would cease to be eligible as common equity.

In view of the foregoing, the Parent Company’s directors believe that these convertible instruments do not represent an unconditional contractual obligation to deliver cash or other financial asset, or to exchange financial assets or financial liabilities on terms that are potentially unfavorable to the Group and that therefore they should be classified as equity instruments and recorded in full in equity under “Equity instruments issued other than equity” in the consolidated balance sheet. The discretionary remuneration of the PeCoCos is recorded directly against the Group’s equity.

During the 2021 financial year, the discretionary remuneration paid by the Group for this issue of Perpetual Contingently Convertible Bonds (PeCoCos) amounts to 6,580 thousand Euros, which was paid on March 28, 2021, and recorded directly against the Group’s equity (during the 2020 financial year, the discretionary remuneration was also 6,580 thousand Euros).

Contingently Redeemable Preferred Stock

On November 18, 2021, Unicaja Banco issued Contingently Redeemable Preferred Stock for an amount of 500,000 thousand Euros, which is the nominal value thereof. The Preferred Stock has a unit par value of 200 thousand Euros. These bonds are listed on the Spanish AIAF fixed income market. The issue qualifies as an Additional Tier 1 Capital Instrument (AT1) for regulatory capital purposes.

As described in the issue prospectus, the Preferred Stock accrues a discretionary remuneration on their outstanding principal amount consisting of: (i) a rate of 4.875% per annum until the first reset date (May 18, 2027), and (ii) a rate equivalent to the sum of the 5-year Mid-Swap rate plus an initial margin of 5.020% as from that date. Subject to the fulfillment of certain conditions, this remuneration will be payable quarterly on February 18, May 18, August 18 and November 18 of each year, with the first distribution scheduled for February 18, 2022.

In connection with the remuneration of the Preferred Stock described above, the Bank may, in its sole and absolute discretion, cancel the payment of the remuneration, in whole or in part, at any time it deems necessary or desirable, and for any reason whatsoever. In addition, without prejudice to the Bank's right to cancel payments of any distribution: (a) distribution payments will only be made to the extent that there are sufficient "Distributable Items", (b) if the Competent Authority requires the Bank to cancel any distribution, in whole or in part, the Bank will not pay it or will pay it only in part, (c) the Bank may make a partial, or as the case may be, no distribution payment if, and to the extent that, the payment of any distribution would exceed the Maximum Distributable Amount, and (d) if a "trigger event" occurs, any accrued and unpaid distribution will be automatically canceled.

A "Trigger Event" occurs if, at any time, as determined by the Bank or the Competent Authority (or any other agent designated for such purpose by the Competent Authority), the CET1 ratio of the Bank and/or the Group is less than 5.125%. If a trigger event occurs, the Bank: (i) will immediately notify the Competent Authority; (ii) as soon as reasonably practicable, will deliver a Notice of Amortization to the Holders; (iii) will cancel any accrued and unpaid Distributions; and (iv) irrevocably and obligatorily (and without the need for the Holders' consent) without delay, and no later than one month after the occurrence of the relevant Trigger Event, will reduce the then outstanding principal amount of each Preferred Stock by the relevant amortization amount as set forth in the Prospectus (known as a loss absorption mechanism). The outstanding principal of the Preferred Stock may be subsequently reinstated, in whole or in part, at the Bank's sole and absolute discretion, subject to certain conditions, and provided that both the Bank and its Group record a Net Positive Profit.

In view of the foregoing, the Parent Company's directors believe that the Contingently Redeemable Preferred Stock do not represent an unconditional contractual obligation to deliver cash or other financial asset, or to exchange financial assets or financial liabilities on terms that are potentially unfavorable to the Group and that therefore they should be classified as equity instruments and recorded in full in equity under "Equity instruments issued other than equity" in the consolidated balance sheet. The discretionary remuneration of the Preferred Stock is recorded directly against the Group's equity.

Due to their recent issuance, no discretionary remuneration was paid during 2021 in relation to the Contingently Convertible Preferred Stock.

22.3 Own shares

As of December 31, 2021, the Group held 4,161,736 own shares (178,589 own shares as of December 31, 2020) amounting to 3,446 thousands of Euros (179 thousand of Euros as of December 31, 2020). The cumulative portion of this treasury stock which was directly acquired by Unicaja Banco amounted as of December 31, 2021 to 4,331,832 own shares (92,296 own shares as of December 31, 2020).

The breakdown of own Shares as of December 31, 2021 and 2020 is as follows:

	2021		2020	
	Number of Shares	**Thousands of Euros**	**Number of shares**	**Thousands of Euros**
Balance of Own Shares at the Beginning of the Period	**178,589**	**179**	**14,865,086**	**14,865**
Effect of the merger by absorption of Liberbank	4,069,440	3,227	-	-
Unicaja Banco's direct acquisitions	99,020	55	15,887,216	15,887
Redemption of Unicaja Banco's own shares	-	-	(30,541,097)	(30,541)
Unicaja Banco's direct sales	(15,130)	(15)	(26,851)	(26)
Sales of other Group entities	-	-	(5,765)	(6)
Balance of Own Shares at the Beginning of the Period	**4,331,919**	**3,446**	**178,589**	**179**

The net acquisitions of treasury shares made by Unicaja Banco during the 2021 fiscal year were carried out for a price of 40 thousands of Euros (15,861 thousands of Euros in the 2020 fiscal year).

23. Other net equity items

23.1 Retained earnings and other reserves

The breakdown of retained earnings and other reserves as of December 31, 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	**2020**
Accumulated earnings	2,743,437	959,533
Revaluation reserves	-	-
Other reserves	142,010	126,764
Cumulative reserves or losses on investments in joint ventures and associates	*(109,517)*	*(127,721)*
Other reserves	*251,527*	*254,485*
	2,885,447	**1,086,297**

"Retained Earnings" includes the net amount of retained earnings (profit or loss) recognized in prior years through the consolidated income statement that, in the distribution of the Parent Company's profit or that of the other Group companies, were allocated to equity. Therefore, it includes legal, statutory and voluntary reserves arising from the distribution of profits.

"Other reserves" includes reserves or accumulated losses from investments in entities accounted for using the equity method (joint ventures and associates), as well as other reserves not included in other equity items.

The breakdown of these headings according to the origin and nature of the reserves is as follows:

	Thousands of Euros	
	2021	2020
Parent company reserves	3,122,988	1,240,134
Legal reserve	*132,742*	*139,539*
Reserves for regularizations and restatements	*31,301*	-
Capitalization reserve	*1,991,125*	*23,601*
Unrestricted reserves	*967,820*	*1,076,994*
Consolidation reserves attributable to the parent company, to consolidated companies and to investments in joint ventures and associates	(237,541)	(153,837)
	2,885,447	**1,086,297**

23.2 Other income and expenses recognized in investments in joint ventures and associates

The breakdown of the balance in the consolidated balance sheet as of December 31, 2021 and 2020 of the share in other recognized income and expense in investments in joint ventures and associates included in the consolidated balance sheet and in the consolidated statement of recognized income and expense for 2021 and 2020 due to the effect of entities accounted for using the equity method is as follows:

	Thousands of Euros			
	Balance on consolidated balance sheet		Gains (losses) by valuation	
	2021	2020	2021	2020
Unicorp Vida, Compañía de Seguros y Reaseguros, S.A.	45,781	38,538	10,564	10,083
Oppidum Capital, S.L.	54,133	-	77,332	-
Vida y Pensiones, Seguros y Reaseguros, S.A.	(3,390)	-	(4,844)	-
CCM Vida y Pensiones de Seguros y Reaseguros, S.A.	(1,930)	-	(2,757)	-
Hidralia, Gestión Integral de Aguas de Andalucía, S.A.	-	(151)	-	(215)
	94,594	**38,387**	**80,295**	**9,868**

24. Tax situation

24.1 Consolidated Tax Group

Unicaja Banco, S.A., is the parent entity of Tax Consolidation Group number 660/10, taxed for Corporation Tax purposes under the Special Tax Consolidation Regime, regulated in Chapter VI of Title VII of Law 27/2014, of November 27, on Corporation Tax (hereinafter, “LIS”).

24.2 Years open to review by the tax authorities

At the date of preparation of these financial statements, the consolidated tax group of Unicaja Banco has all its tax obligations of state management for the years 2017 to 2021, both inclusive, subject to verification by the tax authorities.

Also, as a result of the take-over merger of Liberbank (Note 1.14), Unicaja Banco assumed all tax obligations and took over the exercise of all tax rights and actions corresponding to the absorbed entity. Liberbank and the companies of the consolidated Tax Group that will be extinguished with the aforementioned merger, maintain the years 2011 to 2021 open to inspection for Corporation Tax, except for the aspects that were deemed compliant by the State Tax Administration Inspection in the verification actions carried out on the Corporation Tax returns for the years 2011 to 2015.

In the case of regional and local taxes, the obligations for the years 2018 to 2021, also inclusive, would be subject to verification.

Due to the different interpretations that can be made of the tax regulations applicable to the transactions carried out by different Group entities, the results of future audits by the tax authorities for the years subject to verification may give rise to tax liabilities, the amount of which cannot be objectively quantified at the present time. However, the opinion of the Directors and the Group's tax advisors is that the possibility of material liabilities arising from this matter, in addition to those recorded, is remote.

During the 2021 financial year, having completed the audit procedure mentioned in Note 24.2 of the notes to the consolidated financial statements for the year ended December 31, 2020, the main tax assessments in respect of the taxes applicable to the tax group during the 2014 to 2016 financial years were regularized. The regularized items have been included in the conformity assessments, except for one related to the reduction in the deduction, against which an Economic-Administrative Claim was filed before the Central Economic-Administrative Court. The regularization of the aforementioned tax assessments for the years 2014 to 2016, derived from the aforementioned conformity and non-conformity assessments, did not have a significant impact on the consolidated income statement.

Also, on March 26, 2021, the Entity received notification of the opening of partial verification proceedings in respect of Corporation Tax for 2017 and 2018, limited to the verification of tax loss carryforwards and other tax credits transferred to the Unicaja tax group, as a result of the acquisition and subsequent merger of Banco de Caja España de Inversiones, Salamanca y Soria S.A. (EspañaDuero).

As a result of this verification, the inspection team of the State Tax Administration Agency (AEAT) has notified an adjustment proposal resulting in the derecognition of deferred tax credits from tax loss carryforwards of EspañaDuero amounting to 68,204 thousand Euros, against which the Bank has filed allegations with the Technical Office of the AEAT. Whether the initial tax assessment proposal will be confirmed is pending resolution as of the date of preparation of these consolidated financial statements.

It should be stated that, in the opinion of the Bank's directors and tax advisors, the treatment given to the transfer of EspañaDuero's tax loss carryforwards in the Corporation Tax settlements for the 2017 and 2018 fiscal years is strictly based on the binding reports issued by the Directorate General of Taxation of the Ministry of Finance and Public Function, within the framework of the resolution and integration of EspañaDuero into the Unicaja Group, having applied the regime regulated in the 33rd Transitional Provision of the then current Consolidated Text of the Corporation Tax Law, approved by Royal Legislative Decree 4/2004, of March 5.

In view of the specific analysis carried out, both internally and with the support of its external advisors, the Entity has considered that the proposed regularization should not be successful due to the solid defense arguments based, among other matters, on the aforementioned binding reports. In the unlikely event that the Bank's claims are not upheld, the recording of the write-off of deferred tax assets arising from tax loss carryforwards would have no impact on regulatory capital ratios.

24.3 Reconciliation of accounting profit/(loss) to tax profit/(tax loss)

The reconciliation between the income tax expense resulting from applying the general tax rate in force in Spain and the income tax expense recorded in 2021 and 2020 is presented below:

	Thousands of Euros	
	2021	**2020**
Income before Taxes	1,021,433	99,098
Income tax (30%)	306,430	29,729
Due to eliminations in the consolidation process	(10,435)	(5,796)
For permanent positive differences	3,828	637
For permanent negative differences	(393,295)	(4,824)
Effect of Royal Decree-Law 3/2016	2,025	2,081
Deductions and tax credits		
Other deductions	(316)	(555)
Income tax expense/(income)	**(91,765)**	**21,272**

Permanent negative differences include the partial exemption regime for dividends and capital gains from qualifying holdings, regulated by Law 27/2014, of November 27, on Corporation Tax.

As regards the breakdown of the main components of the income tax expense, the entire amount recorded in the consolidated income statements for 2021 and 2020 for this item (amounting to 91,765 thousand Euros of income in 2021 and 21,272 thousand of Euros of expense in 2020) corresponds to the current income for the year. No amounts are recorded for current or deferred tax adjustments for the current or prior years, or for other circumstances provided for in tax regulations.

The components of income tax expense/(income) recorded in the Bank’s consolidated income statements for the years 2021 and 2020 are as follows:

	Thousands of Euros	
	2021	**2020**
Expense/ (income) from the creation of temporary differences	(176,429)	23,860
Expense/ (income) from negative tax bases to be offset	84,347	(2,588)
Expense/ (income) for deductions credited and not applied	317	-
Total income tax expense/ (income)	**(91,765)**	**21,272**

With regard to the income tax recorded in the consolidated statements of recognized income and expense for 2021 and 2020, the Group has charged to its consolidated equity an amount of 40,378 thousand Euros and a negative amount of 2,230 thousand Euros, respectively, for the following items:

	Thousands of Euros	
	2021	2020
Actuarial gains and losses in defined benefit plans	(15,569)	(23,169)
Measurement of financial assets at fair value through other comprehensive income		
other comprehensive income	9,167	(715)
Valuation of cash flow hedging derivatives	65,640	24,341
Measurement of exchange differences	19	3
Measurement of non-current assets held for sale	-	-
Valuation of entities accounted for using the equity method	(18,859)	(2,690)
Total income/ (expense) for income tax	**40,398**	**(2,230)**

No lower rate has been applied in any of the aforementioned adjustments, nor are there any deductible temporary differences, tax losses or tax credits for which deferred tax assets have not been recognized in the balance sheet.

24.4 Temporary differences

In the consolidated balance sheets at December 31, 2021 and 2020, deferred tax receivables amount to 4,767,643 thousand Euros and 2,704,118 thousand Euros, respectively, and deferred tax payables amount to 369,437 thousand Euros and 236,464 thousand Euros, respectively.

In application of the regulatory framework, deferred tax assets and liabilities are quantified by applying to the temporary difference or credit, the tax rate at which it is expected to be recovered or settled, which is currently 30%.

Details of current and deferred tax assets and liabilities recorded in the consolidated balance sheet as of December 31, 2021 and 2020 are as follows:

	Thousands of Euros			
	2021		2020	
	Assets	Liabilities	Assets	Liabilities
Current taxes	**482,444**	**19,667**	**37,018**	**21,477**
Deferred taxes	4,767,643	369,437	**2,704,118**	**236,464**
For tax loss carryforwards	1,126,767	-	662,090	-
Outstanding deductions	32,656	-	-	-
Temporary differences - insolvencies	2,569,373	-	1,421,987	-
Temporary differences - pensions	128,276	-	128,276	-
Temporary differences - foreclosed	9,461	-	71,896	-
Other	901,110	-	419,869	-
Revaluations	-	369,437	-	236,464
	5,250,087	**389,104**	**2,741,136**	**257,941**

The current tax balance at December 31, 2021 includes the credit against the Public Treasury derived from Treasury receipts made by the Entity, amounting to 395,344 thousand Euros (at December 31, 2020 most of the balance also corresponded to this item), in respect of corporation tax installment payments, pursuant to Additional Provision 14 of Law 27/2014, of November 27, on Corporation Tax. This receivable is expected to be recovered in less than one year, on the occasion of the 2021 Corporation Tax settlement.

Following the entry into force of IFRIC 23 as of January 1, 2019, the impact on the Unicaja Banco Group is currently limited to the procedure for the recovery of “Tax Lease” state aid for ship financing by the European Commission. The Unicaja Banco Group has made a provision of 7,789 thousand Euros for this circumstance (Note 24.7).

In accordance with IFRIC 23, the amounts affected by these uncertainties were classified under “Current tax liabilities” in the Group’s consolidated balance sheet.

The Group’s directors consider that the deferred tax assets recorded will be realized in future years to the extent that the tax group to which it belongs obtains taxable income, as is expected to occur in the next few years. Most of the tax loss carryforwards pending offset by the Group are due to losses recorded in prior years by credit institutions that were absorbed by Unicaja Banco. These losses were extraordinary and non-recurring, mainly due to the write-off of loans and property assets. In accordance with the 2022-2024 Strategic Plan of the Unicaja Banco Group, approved by the Parent Company’s Board of Directors, and in accordance with the projections of tax results derived from said Strategic Plan, as well as the forecast of absorption of deferred tax assets adjusted to the latest changes in tax regulations, the Bank and its tax group will obtain tax gains in the coming years that allow their recovery in a reasonably short period of time (no more than 14 years), with no risk of forfeiture of the right to use the deferred tax assets for tax loss carryforwards, as the maximum compensation period has been eliminated.

The evaluation of the recoverability of deferred tax assets is based on the most relevant estimates: (i) the expected income before taxes for each of the years included in the forecasts, which are consistent with the various reports used by the Group for its internal management and for reporting to supervisors, and (ii) the reversibility of the main tax assets recorded in the consolidated balance sheet, taking into account current tax regulations and especially the provisions of Section 5 of Article 130 of the Corporation Tax Law. The macroeconomic projections considered for the financial forecasts of the Unicaja Banco Group’s Strategic Plan are in line with the base scenario used in the models for estimating the credit losses described in Note 2.7.

The entry into force of Royal Decree-Law 14/2013, of November 29, on urgent measures for the adaptation of Spanish law to European Union regulations on the supervision and solvency of financial institutions, basically means that certain deferred tax assets recorded in the accompanying consolidated balance sheet may, under certain conditions, become receivables from the tax authorities.

Effective as of 2016, continuity has been given to this regime through the introduction of an equity benefit that will basically entail the payment of an annual amount of 1.5% of the assets susceptible to be guaranteed by the Spanish State generated prior to 2016.

On December 3, 2016, Royal Decree-Law 3/2016 of December 2 was published, adopting certain tax measures, including a new limit on the offsetting of tax losses for large companies with net sales of at least 20 million Euros, the reversal of impairment losses on holdings that were tax deductible in tax periods prior to 2013 and the non-deductibility of losses realized on the transfer of holdings in entities.

The Unicaja Banco Group has made an initial estimate of the amount of deferred tax assets susceptible of becoming a receivable from the tax authorities and which are, therefore, guaranteed by the Spanish authorities, resulting in an amount of 2,707,105 thousand Euros at December 31, 2021 (1,622,159 thousand Euros at December 31, 2020). The asset benefit accrued by the Group in 2021 and 2020 in relation to the monetization of these deferred tax assets amounts to 19,317 thousand Euros and 15,360 thousand Euros, respectively, and is recorded under “Other operating expenses” (Note 39.2).

24.5 Information obligations arising from segregation

a) Information on the Special Tax Regime for Segregations in Corporation Tax

In 2011, the General Assembly of Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera y Jaén (Unicaja), which agreed the indirect exercise of its financial activity through Unicaja Banco S.A. and its incorporation by segregation of part of its assets, adopted the resolution to submit the segregation transaction to the Special Regime for Mergers, Divisions, Asset Contributions and Exchange of Securities, regulated in Chapter VII of Title VII of the Corporation Tax Law (previously, at the time of its application, Chapter VIII of Title VII of the Consolidated Text of the Corporation Tax Law).

The option for the Special Tax Regime was notified to the State Tax Administration Agency, in accordance with the provisions of Article 42 of the Corporation Tax Regulations.

b) Accounting obligations

The Bank acted as the acquiring entity in respect of the aforementioned corporate restructuring transaction subject to the special regime for mergers, divisions, contributions of assets and exchange of securities provided for in Chapter VII of Title VII of the Spanish Corporation Tax Law. The information requirements established by the aforementioned standard are included in the notes to the 2011 financial statements of the entities involved.

24.6 Transactions under Chapter VII of Title VII of the Corporation Tax Law

The General Shareholders' Meetings of Unicaja Banco, S.A. and Liberbank, S.A. held on March 31, 2021, agreed to the take-over merger between Unicaja Banco, S.A. (as the absorbing company) and Liberbank, S.A. (as the absorbing company). Unicaja Banco, S.A. and Liberbank, S.A. adopted the resolution to submit the transaction to the Special Tax Regime established in Chapter VII of Title VII of Law 27/2014, of 27 November, on Corporation Tax.

The accounting information obligations established in Article 86 of Law 27/2014, of November 27, on Corporation Tax are incorporated in Appendix VI of Unicaja Banco's individual financial statements for fiscal year 2021.

Information relating to transactions subject to the special tax regime in prior years is included in the tax notes to the Bank's financial statements for prior years.

Information relating to transactions subject to the special tax regime in prior years is included in the tax notes to the financial statements of EspañaDuero and Liberbank for the corresponding years.

On April 26 and 27, 2018, the General Shareholders' Meetings of EspañaDuero and Unicaja Banco, respectively, agreed to the take-over merger of Banco de Caja España de Inversiones, Salamanca y Soria, S.A. (as the absorbed entity) by Unicaja Banco, S.A. (as the absorbing entity). EspañaDuero and Unicaja Banco adopted the agreement to submit the transaction to the Special Tax Regime established in Chapter VII of Title VII of Law 27/2014, of November 27, on Corporation Tax.

With respect to the accounting information obligations established by Article 86 of Law 27/2014, of November 27, on Corporation Tax, this information is included in the individual financial statements of Unicaja Banco, S.A. for the 2018 fiscal year.

24.7 Information on the procedure for recovery of State Aid from the "Tax Lease" of Ship Financing by the European Commission

On October 30, 2013, the Bank received formal notification from the Directorate General for Competition of the European Commission, informing Unicaja Banco of the final decision adopted on July 17, 2013 on the tax regime applicable to certain financial leasing contracts, also known as the Spanish tax leasing system, classifying such regime as "State Aid" and urging the Kingdom of Spain to take steps to repay such aid among the beneficiaries, including Unicaja Banco.

The Bank, together with the Kingdom of Spain and other affected institutions, filed an appeal against this decision before the Court of Justice of the European Union, which is pending resolution.

The General Court of the European Union, in a judgment of December 17, 2015, annulled the decision of the European Commission regarding the consideration of the Spanish Tax Lease tax regime for the financing of ships as "State Aid". This judgment was appealed by the European Commission to the High Court of Justice of the European Union.

On July 25, 2018, the Court of Justice of the European Union, issued a judgment regarding the cassation appeal brought by the European Commission against the Judgment of the General Court of December 17, 2015, and proceeded to cassate and annul the judgment of the General Court of the European Union of December 17, 2015, sending the case back to the General Court of the European Union to examine the grounds for annulment raised, which it did not analyze at the time.

With the Judgment of the General Court of the European Union annulled, the European Commission's decision on the Tax Lease regains its validity, which has led to the reactivation of the State aid recovery procedures by the Tax Agency, which were interrupted in 2015 by the Judgment of the General Court of the European Union.

The State Tax Administration Agency has already initiated the procedures for the recovery of the aforementioned State Aid, with inspection reports on the structured entities, and the amount of the repayment of the State Aid corresponds to the amount provisioned by the Bank.

The opinion of the Group's directors and tax advisors is that the possibility of material liabilities arising from this procedure, in addition to those already recorded, is remote.

25. Financial instrument liquidity risk

The Assets and Liabilities Committee (COAP) manages the liquidity risk inherent in the Group's business activity and financial instruments in order to ensure that it will always have sufficient liquidity to meet the payment commitments associated with the settlement of its liabilities, at their respective maturity dates, without compromising the Group's capacity to respond quickly to strategic market opportunities.

The Group uses a decentralized approach to liquidity risk management, applying integrated IT tools to perform liquidity risk analyses based on the cash flows estimated by the Group for its assets and liabilities, as well as any additional guarantees or instruments available to secure additional sources of liquidity that may be required (for example, liquidity lines not used by the Group). The Group's liquidity risk position is established on the basis of various scenario analyses. The analyses of various scenarios take into account not only normal market situations, but also extreme conditions that may arise and that could affect the flow of collections and payments, due to market factors or internal Group factors.

Regarding compliance with the disclosure requirements of IFRS 7 “Financial Instruments: Disclosures”, below, is a table on maturities as of December 31, 2021, which includes the actual remaining contractual cash flows, principal and interest based on the various contracts and agreements signed by the Group:

	On demand	Up to one month	Between one and three months	Between three months and one year	Between one and two years	Between two and five years	More than 5 years	Total balance
NEW RECOGNITIONS	**21,277,861**	**1,146,919**	**3,649,297**	**5,397,326**	**10,421,189**	**18,325,966**	**47,989,742**	**108,208,300**
Reverse repurchase agreements and securities lending (borrower)	**92,660**	**557,620**	**221,686**	**100,000**	**-**	**-**	**-**	**971,966**
Loans and advances	**21,185,165**	**492,121**	**1,377,881**	**4,663,338**	**6,282,006**	**13,464,346**	**32,309,264**	**79,774,121**
Retailers	1,211,461	321,537	746,548	2,919,801	3,527,523	8,962,935	27,605,773	45,295,578
Non-financial customers including public administrations	11,194	60,693	157,913	480,791	852,830	2,281,853	1,085,871	4,931,145
Credit institutions and other financial institutions	111,164	14,538	12,761	33,175	97,251	78,567	383,816	731,272
Central banks	19,832,384	-	-	-	-	-	-	19,832,384
Others	18,962	95,353	460,659	1,229,571	1,804,402	2,140,991	3,233,804	8,983,742
Asset derivatives	**-**	**-**	**438**	**1,222**	**1,655**	**3,672**	**83**	**7,070**
Settlement of securities portfolio	**36**	**77,886**	**2,042,659**	**575,869**	**4,136,411**	**4,857,948**	**15,680,395**	**27,371,204**
Other new recognitions	**-**	**19,292**	**6,633**	**56,897**	**1,117**	**-**	**-**	**83,939**
DERECOGNITIONS	**67,735,216**	**9,588,932**	**2,143,571**	**5,208,527**	**11,648,357**	**2,932,971**	**5,595,148**	**104,852,722**
Issues of securities	**-**	**54,815**	**49,396**	**640,907**	**689,367**	**2,559,091**	**5,577,976**	**9,571,552**
Unsecured bonds and issues	-	-	8,622	34,491	39,578	778,734	1,212,838	2,074,263
Bonds	-	54,815	40,774	606,416	649,789	1,780,357	4,357,077	7,489,228
Securitizations	-	-	-	-	-	-	8,061	8,061
Financing with securities collateral	**92,038**	**8,787,530**	**831,332**	**650,000**	**10,428,295**	**-**	**-**	**20,789,195**
Customer deposits not included in the preceding categories	**67,643,178**	**744,636**	**1,258,226**	**3,755,303**	**530,695**	**373,880**	**17,172**	**74,323,090**
Stable retail deposits	41,629,873	416,612	808,871	2,432,988	298,277	18,066	317	45,605,004
Other retail deposits	9,577,361	175,567	351,128	993,426	144,734	11,641	1,161	11,255,018
Wholesale operating deposits	10,271,035	-	-	-	-	-	-	10,271,035
Non-operating deposits	6,164,909	152,457	98,227	328,889	87,684	344,173	15,694	7,192,033
Liability derivatives	**-**	**-**	**152**	**-**	**-**	**-**	**-**	**152**
Other derecognitions	**-**	**1,951**	**4,465**	**162,317**	**-**	**-**	**-**	**168,733**
GAP	**(46,457,355)**	**(8,442,013)**	**1,505,726**	**188,799**	**-1,227,168**	**15,392,995**	**42,394,594**	**3,355,578**
ACCUMULATED GAP	**(46,457,355)**	**(54,899,368)**	**(53,393,642)**	**(53,204,843)**	**(54,432,011)**	**(39,039,016)**	**3,355,578**	**-**
PRO MEMORIA								
Derecognitions resulting from committed facilities	954,604	13,833	857,950	883,323	236,796	692,363	1,078,689	4,717,558
TOTAL CONTINGENT LIABILITIES AVAILABLE FOR THIRD PARTIES	**954,604**	**13,833**	**857,950**	**883,323**	**236,796**	**692,363**	**1,078,689**	**4,717,558**

Below is a table on maturities as of December 31, 2020, which includes the actual remaining contractual cash flows, principal and interest, based on the various contracts and agreements signed by the Group:

	On demand	Up to one month	Between one and three months	Between three months and one year	Between one and two years	Between two and five years	More than 5 years	Total balance
NEW RECOGNITIONS	**6,562,494**	**2,893,929**	**3,032,791**	**5,211,885**	**3,408,313**	**11,453,043**	**27,804,093**	**60,366,548**
Reverse repurchase agreements and securities lending (borrower)	**92,472**	**2,165,422**	**203,498**	**-**	**-**	**-**	**-**	**2,461,392**
Loans and advances	**6,470,022**	**247,608**	**560,585**	**2,284,558**	**2,455,852**	**7,079,974**	**15,043,155**	**34,141,754**
Retailers	705,479	198,271	411,638	1,646,482	1,882,116	4,949,490	12,980,901	22,774,377
Non-financial customers including public administrations	6,474	29,062	106,552	253,535	393,499	1,391,943	940,474	3,121,539
Credit institutions and other financial institutions	42,613	14,170	4,919	26,258	7,467	39,241	260,055	394,723
Central banks	5,715,037	-	-	-	-	-	-	5,715,037
Others	419	6,105	37,476	358,283	172,770	699,300	861,725	2,136,078
Asset derivatives	**-**	**-**	**423**	**1,388**	**1,806**	**5,303**	**109**	**9,029**
Settlement of securities portfolio	**-**	**476,787**	**2,266,031**	**2,901,205**	**950,655**	**4,367,766**	**12,760,829**	**23,723,273**
Other new recognitions	**-**	**4,112**	**2,254**	**24,734**	**-**	**-**	**-**	**31,100**
DERECOGNITIONS	**36,864,884**	**6,776,192**	**1,128,312**	**3,895,496**	**846,240**	**6,578,478**	**2,408,518**	**58,498,120**
Issues of securities	**-**	**-**	**118,989**	**719,550**	**304,984**	**1,306,126**	**2,291,336**	**4,740,985**
Unsecured bonds and issues	-	-	-	8,622	8,625	25,875	334,500	377,622
Bonds	-	-	118,989	710,928	296,359	1,280,251	1,956,836	4,363,363
Securitizations	-	-	-	-	-	-	-	-
Financing with securities collateral	**92,020**	**6,152,563**	**253,541**	**362,262**	**-**	**4,998,096**	**-**	**11,858,482**
Customer deposits not included in the preceding categories	**36,772,864**	**619,322**	**748,279**	**2,721,591**	**541,256**	**274,256**	**117,182**	**41,794,750**
Stable retail deposits	21,911,227	342,470	422,146	1,575,964	232,973	20,747	635	24,506,162
Other retail deposits	6,594,079	188,698	239,852	834,034	172,657	14,284	211	8,043,815
Wholesale operating deposits	4,893,508	-	-	-	-	-	-	4,893,508
Non-operating deposits	3,374,050	88,154	86,281	311,593	135,626	239,225	116,336	4,351,265
Liability derivatives	**-**	**-**	**164**	**-**	**-**	**-**	**-**	**164**
Other derecognitions	**-**	**4,307**	**7,339**	**92,093**	**-**	**-**	**-**	**103,739**
GAP	**(30,302,390)**	**(3,882,263)**	**1,904,479**	**1,316,389**	**2,562,073**	**4,874,565**	**25,395,575**	**1,868,428**
ACCUMULATED GAP	**(30,302,390)**	**(34,184,653)**	**(32,280,174)**	**(30,963.78)**	**(28,401,712)**	**(23,527,147)**	**1,868,428**	**-**
PRO MEMORIA								
Derecognitions resulting from committed facilities	822,355	43,497	175,661	411,995	98,225	504,529	374,795	2,431,057
TOTAL CONTINGENT LIABILITIES AVAILABLE FOR THIRD PARTIES	**822,355**	**43,497**	**175,661**	**411,995**	**98,225**	**504,529**	**374,795**	**2,431,057**

The detail of the contractual maturities of derivative and non-derivative financial liabilities at the end of 2021 and 2020 is as follows:

							Thousands of Euros
Friday, December 31, 2021	**On demand**	**Up to one month**	**Between one and three months**	**Between three months and one year**	**Between one and five years**	**More than 5 years**	**Total**
Non-derivative financial liabilities	**69,297,756**	**9,588,936**	**2,145,079**	**5,127,372**	**14,585,152**	**4,837,634**	**105,581,929**
Financial liabilities at amortized cost (including embedded derivatives)	69,203,338	9,588,933	2,143,570	5,126,529	14,581,332	4,831,879	105,475,581
Financial guarantees issued	94,418	3	1,509	843	3,820	5,755	106,348
Derivative financial liabilities	**38,195**	**2**	**276**	**5,468**	**240,179**	**746,693**	**1,030,813**
	69,335,951	**9,588,938**	**2,145,355**	**5,132,840**	**14,825,331**	**5,584,327**	**106,612,742**

							Thousands of Euros
Thursday, December 31, 2020	**On demand**	**Up to one month**	**Between one and three months**	**Between three months and one year**	**Between one and five years**	**More than 5 years**	**Total**
Non-derivative financial liabilities	**37,750,493**	**6,776,215**	**1,048,693**	**3,895,970**	**7,427,441**	**2,410,394**	**59,309,206**
Financial liabilities at amortized cost (including embedded derivatives)	37,636,819	6,776,195	1,047,963	3,895,502	7,424,718	2,408,518	59,189,715
Financial guarantees issued	113,674	20	730	468	2,723	1,876	119,491
Derivative financial liabilities	**-**	**32,946**	**-**	**-**	**83,155**	**504,786**	**620,887**
	37,750,493	**6,809,161**	**1,048,693**	**3,895,970**	**7,510,596**	**2,915,180**	**59,930,093**

The criteria on which these maturity statements are presented are as follows:

- The data presented are static and do not take into consideration scenarios of business growth, early cancellations or renewal of operations. They only incorporate the contractual flows of operations currently contracted and recorded for accounting purposes in the consolidated balance sheet.
- The data presented correspond to actual remaining contractual cash flows, i.e. they systematically reflect the cash flows of the operation.
- The cash outflows indicated in the maturity table are those established in contracts.
- The Unicaja Banco Group incorporates, within the framework of its liquidity management, certain assumptions regarding the disposal of available balances by third parties, but, based on historical experience, this does not significantly affect the Group's structural maturity profile.

The Group manages its liquidity risk to ensure compliance with its payment commitments by adequately controlling its cash flows and the assets available to meet possible liquidity shortfalls. For this reason, the Group considers the aforementioned maturity tables to be the most relevant presentation of its liquidity statement as of a given date.

The Entity establishes prudent policies and objectives that contemplate not only normal market conditions but also contingency plans for stress or crisis situations, both its own and those of the market. To meet its objectives, three fundamental aspects are combined:

- Asset management: maturity analysis, possibility of sale, degree of liquidity, potential use as collateral, among others.
- Liability management: maturity analysis, diversification of business sources, maturities different from contractual maturities, behavior in the face of interest rate movements, etc.
- Access to markets: financing capacity in wholesale markets and time required to obtain financing, among others.

The Group maintains a significant volume of liquid assets on the assets side of its consolidated balance sheet, which allows it to comfortably manage liquidity risk, the main ones being as follows:

- Demand balances with central banks and credit institutions.
- Short-term temporary acquisitions of assets.
- Discountable fixed-income securities at the European Central Bank.
- Listed equity securities.

In addition, it should be noted that the Group has the capacity to issue mortgage and land bonds, which would enable it to raise new funds if needed.

26. Fair value

26.1 Fair value of financial assets and liabilities not recorded at fair value

As of December 31, 2021 and 2020, the fair value of financial assets and liabilities shown in the balance sheet at amortized cost is estimated by the Entity as follows:

- For those financial assets and liabilities referenced to variable interest rates, the Group has estimated that their carrying amount does not differ significantly from their fair value since the initial credit risk conditions of the counterparties have not been significantly modified.

- In the case of financial assets and liabilities at fixed interest rates that are not hedged, the fair value for each of the years was obtained through cash flow discounting techniques, using the risk-free interest rate (corresponding to the Spanish Public Debt) as the discount rate at all maturities, adjusted by the credit spread corresponding to the element. Considering the maturity and the relative balance of these instruments, the difference between the amortized cost and the fair value of these products is not significant at December 31, 2021 and 2020.

- In the case of the “Loans and Advances” caption, it is estimated that there are no significant differences between their carrying amount and their fair value, since the Group has quantified the level of provisions for credit risk for its credit risk portfolio in accordance with the applicable accounting standards, which is considered sufficient to cover such credit risk.

However, in the current context of economic and financial crisis, and given that there is no market for such financial assets, the amount for which such assets could be exchanged between interested parties could differ from their net recorded value.

26.2 Instruments at amortized cost admitted to trading in markets

The estimate at December 31, 2021 and 2020 of the fair value of financial assets and liabilities that are measured at amortized cost in the balance sheet but are admitted to trading in markets does not differ significantly from the carrying amount of the instruments.

The details as of December 31, 2021 and 2020 of the carrying amount and fair value of the Unicaja Banco Group’s financial instruments valued at amortized cost that are admitted to trading in markets are as follows:

		Thousands of Euros			
		2021		2020	
Balance sheet heading	**Type of instrument**	**Book value**	**Fair value**	**Book value**	**Fair value**
Financial assets at amortized cost amortized cost	Debt securities securities	24,849,659	25,688,366	22,157,383	23,222,878
Financial liabilities at amortized cost amortized cost	Marketable debt securities securities	2,497,755	2,497,755	362,926	362,926

26.3 Information on equity instruments

At the end of fiscal years 2021 and 2020, there are no listed equity instruments for which the quoted price has not been taken as a reference for their fair value.

26.4 Fair value of financial assets and liabilities recorded at fair value

The following is a breakdown of the fair values of the consolidated balance sheet headings as of December 31, 2021 and 2020 by class of assets and liabilities and at the following levels.

- Level 1: Financial instruments whose fair value is determined by taking quoted prices in active markets or that correspond to recent transactions (last 12 months) that have been restated to current conditions.

- Level 2: Financial instruments the fair value of which is estimated through reference to quoted prices on organized markets for similar instruments or using other valuation techniques in which all the significant inputs are based on directly or indirectly observable market data.

- Level 3: Financial instruments the fair value of which is estimated by using valuation techniques in which at least one input is not based on observable market data.

Financial instruments at fair value and determined by published prices in active markets (i.e. those classified in Level 1 of the fair value hierarchy) comprise government debt, private debt, exchange-traded derivatives, securitized assets, shares, short positions and issued fixed income.

In cases where quotations cannot be observed, Group management makes its best estimate of the price that the market would set 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). Various techniques are used to make this estimate, including the extrapolation of observable market data. The best evidence of the fair value of a financial instrument at the initial time is the transaction price, unless the value of such instrument can be obtained from other transactions carried out in the market with the same or a similar instrument, or valued using a valuation technique where the variables used include only data observable in the market, mainly interest rates.

When a financial instrument can no longer be measured using Level 1 or 2 criteria, it is moved to the next level of the fair value hierarchy. Likewise, when the instruments begin to be quoted in active securities markets or when observable market inputs are obtained, the instruments move from Level 3 to lower levels of the fair value hierarchy. Detailed information on the classification of financial instruments by level of the fair value hierarchy as of December 31, 2021 and 2020 is included below.

	Thousands of Euros				
	2021				
	Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3
Assets					
Financial assets held for trading negotiate	44,741	44,741	13,607	31,134	-
Debt securities	1,015	1,015	1,015	-	-
Equity instruments	12,592	12,592	12,592	-	-
Derivatives	31,134	31,134	-	31,134	-
Non-trading financial assets mandatorily at fair value through profit or loss	228,227	228,227	84,368	9,454	134,405
Equity instruments	41	41	-	-	41
Debt securities	93,822	93,822	84,368	9,454	-
Loans and advances	134,364	134,364	-	-	134,364
Financial assets at fair value through through other comprehensive income	1,297,820	1,193,539	835,457	230,348	127,734
Equity instruments	627,119	522,838	164,756	230,348	127,734
Debt securities	670,701	670,701	670,701	-	-
Hedging derivatives	815,044	815,044	-	815,044	-
Liabilities					
Financial liabilities held for trading negotiate	31,123	31,123	-	31,123	-
Derivatives	31,123	31,123	-	31,123	-
Hedging derivatives	999,690	999,690	-	999,690	-

	Thousands of Euros				
	2020				
	Carrying				Fair value
	amount	Total	Level 1	Level 2	Level 3
Assets					
Financial assets held for trading negotiate	192,834	192,834	186,918	5,916	-
Debt securities	171,964	171,964	171,964	-	-
Equity instruments	14,954	14,954	14,954	-	-
Derivatives	5,916	5,916	-	5,916	-
Non-trading financial assets mandatorily at fair value through profit or loss	91,279	91,279	53,387	37,892	-
Equity instruments	-	-	-	-	-
Debt securities	91,279	91,279	53,387	37,892	-
Loans and advances	-	-	-	-	-
Financial assets at fair value through through other comprehensive income	1,494,464	1,295,203	1,294,191	1,012	-
Equity instruments	403,005	203,744	203,744	-	-
Debt securities	1,091,459	1,091,459	1,090,447	1,012	-
Hedging derivatives	617,130	617,130	-	617,130	-
Liabilities					
Financial liabilities held for trading negotiate	11,634	11,634	-	11,634	-
Derivatives	11,634	11,634	-	11,634	-
Hedging derivatives	609,030	609,030	-	609,030	-

The following table presents the movement during 2021 and 2020 of the fair value of the different types of financial instruments classified in Level 3 under IFRS 13:

	Non-trading financial assets mandatorily at fair value through profit or loss			Financial assets at fair value through other comprehensive income	
	Equity instruments	**Debt securities**	**Loans and advances**	**Equity instruments**	**Debt securities**
					Thousands of Euros
Balance as at 12/31/2020	**-**	**-**	**-**	**-**	**-**
Instrument recognitions	-	-	-	-	-
Instrument derecognitions	-	-	-	-	-
Changes in fair value recognized in profit or loss	-	-	-	-	-
Changes in fair value recognized in equity	-	-	-	-	-
Inter level transfers	-	-	-	-	-
Transfer to loans and receivables	-	-	-	-	-
Transfer to investments held until maturity	-	-	-	-	-
Effect of take-over merger of Liberbank	41	-	134,364	127,734	-
Balance as at 12/31/2021	**41**	**-**	**134,364**	**127,734**	**-**

	Non-trading financial assets mandatorily at fair value through profit or loss			Financial assets at fair value through other comprehensive income	
	Equity instruments	**Debt securities**	**Loans and advances**	**Equity instruments**	**Debt securities**
					Thousands of Euros
Balance as at 12/31/2019	**-**	**2,868**	**-**	**-**	**-**
Instrument recognitions	-	-	-	-	-
Instrument derecognitions	-	-	-	-	-
Changes in fair value recognized in profit or loss	-	(2,868)	-	-	-
Changes in fair value recognized in equity	-	-	-	-	-
Inter level transfers	-	-	-	-	-
Transfer to loans and receivables	-	-	-	-	-
Transfer to investments held until maturity	-	-	-	-	-
Balance as at 12/31/2020	**-**	**-**	**-**	**-**	**-**

Changes in fair value recognized in profit or loss are recorded in the consolidated income statement under gains/losses on financial transactions, while fair value adjustments recognized in equity are recorded in the consolidated statement of recognized income and expense.

For the valuation of Level 3 financial instruments in the fair value hierarchy, characterized because they use unobservable inputs in market data, the Bank uses models and methods that are generally accepted as standard among credit institutions, notably including the Hull & White Model, the Longstaff and Schwartz Method, the Monte Carlo Method and the Black-Scholes Model.

These theoretical valuation models are largely fed with data directly observed from the market through connections with Bloomberg and Reuters, in relation to the volatility of the underlying assets, interest rate curves, correlations between the underlying assets, dividends and CDS (Credit Default Swaps), etc. Regarding unobservable data, the Group uses assumptions generally accepted in the market for their estimation, which include, among others:

- Use implied volatilities obtained from stock options.
- Determine the zero coupon curves from the deposits and swaps quoted in each currency using a bootstrapping process.
- Obtain the discount factors or implicit rates required for valuations under an Absence of Opportunity to Arbitrage (AOA) assumption.
- Use historical data for the evaluation of correlations, generally using weekly returns of the underlying assets over a historical period between 1 and 4 years.
- Construct the estimated dividend curve from the asset’s dividend futures if they are listed and liquid.
- Estimate dividends based on the implied dividends in the options on that asset (stock or index) listed in the market.
- Use dividends forecast by market providers (Bloomberg, Reuters or DataStream) if there are no dividend futures or option quotes on the asset.

When measuring Level 3 financial instruments, the effect on their fair value of a variation, within a reasonable range, in the assumptions used in the valuation is measured. In all cases the conclusion was that the sensitivity of the fair value to changes in unobservable variables is not significant at December 31, 2021 and 2020. Therefore, the disclosures in the notes on reasonably possible alternative assumptions in the valuation are not applicable.

26.5 Valuation methods used

The methods used by the Unicaja Banco Group to calculate the fair value of the main financial instruments recognized in the balance sheet are as follows:

- **Debt securities**: The fair value of listed debt instruments is determined on the basis of quoted prices in official markets (Central de Anotaciones de Banco de España), AIAF, AIAF panels (credit institutions) or by applying prices obtained from information service providers, mainly Bloomberg and Reuters, which construct their prices on the basis of prices reported by contributors.

- **Equity instruments**: The fair value of listed equity instruments has been determined based on official market listings. For unlisted securities, their fair value has been determined taking into account valuations by independent experts. Said valuation used the following, among others:

    - Discounted cash flows (free cash flows from operations or dividends), discounted at a rate associated with the operating and financial risk of each investee, calculated based on the risk-free rate and incorporating a risk premium.

    - Multiplier of comparable listed companies (EV/EBITDA, PER, Price/Book Value, Price/Premium), less a discount for illiquidity.

- NAV (Adjusted Net Asset Value): It is calculated by the adding accounting own funds and capital gains, the latter being the difference between the market value of the assets and their carrying amount. For venture capital entities, the NAV was calculated by the managers and estimated, generally, taking into account the rules of the European Venture Capital Association and the provisions of Circular 5/2000, dated September 19, of the Comisión Nacional del Mercado de Valores (Spanish Securities and Exchange Commission).

- Price resulting from market transactions or acquisition offers, made or received at a time close to the valuation date.

- **Derivative instruments**: The fair value of interest rate derivatives is determined, for financial instruments without optional conditions, mainly swaps, by discounting future cash flows using the implicit money market curves and the swap curve, and for optional interest rate derivatives, using generally accepted valuation methods based on the Black-Scholes model and implied volatility matrices. For derivatives on equity instruments or stock market indexes contracted to hedge the risk of structured customer deposits containing an embedded derivative, and for currency derivatives without optional components, the fair value has been obtained by discounting cash flows estimated from the forward curves of the respective underlying instruments listed in the market, and for options, using generally accepted methods based on the Black-Scholes model, which allow, by means of a closed formula and using exclusively market inputs, the valuation of options on these underlying instruments. Where applicable, models and severities in line with the market have been used to calculate the CVA and DVA. In order to obtain the proprietary spread, generic spread vs. swap curves by rating of different debt issues of Spanish financial institutions with different seniority levels, including senior debt, are calibrated on a recurring basis.

26.6 Fair value of tangible assets

On January 1, 2004, the Group applied the provisions of IFRS 1 “First-time Adoption of International Financial Reporting Standards,” by virtue of which it revalued most of its property assets, generating a gross capital gain of 227,811 thousand Euros.

Subsequently, on June 21, 2013, revaluation reserves recorded upon the entry into force of Bank of Spain Circular 4/2004, corresponding to 516 properties for own use, with an associated revaluation of 54,850 thousand Euros, already recorded in shareholders’ equity, were granted tax efficiency.

As of December 31, 2021 and 2020, the Group estimates that there are no significant differences between the carrying amount and fair value of the tangible assets.

27. Credit risk exposure

Credit risk represents the losses that the Group would suffer if a customer or counterparty were to default on its contractual payment obligations. This risk is inherent to the financial system in the traditional banking products of the entities (loans, credits, financial guarantees provided, etc.), as well as in other types of financial assets.

Credit risk affects both financial assets carried at amortized cost in the financial statements and assets carried at fair value in the financial statements. Regardless of the accounting criteria by which the financial assets of the Unicaja Banco Group have been recorded in these financial statements, the Group applies the same credit risk control policies and procedures to them.

The Group's policies, methods and procedures related to credit risk control are approved by the Parent Company's Board of Directors. The Audit and Regulatory Compliance Committee, the Risk Committee, the Internal Audit Department and the Global Risk Control Department of Unicaja Banco are responsible for making sure that these policies, methods and procedures are properly complied with, ensuring that they are adequate, effectively implemented and regularly reviewed.

Credit risk control activities in the Parent Company are carried out by the Global Risk Control Department, dependent upon the General Directorate Assigned to the Chairman, Control and Relations with Unicaja Banco Supervisors. This unit is responsible for implementing the credit risk control policies, methods and procedures approved by the Bank's Board of Directors. It performs counterparty risk tasks, in accordance with the Parent Company's internal policies and the regulations that apply thereto. This unit is also responsible for applying Unicaja Banco's risk concentration limits, approved by the Board of Directors.

The Unicaja Banco Group has policies and procedures that limit the concentration of credit risk by counterparties, both individually and by economic groups. The Group establishes risk concentration limits taking into account factors such as the activities in which the counterparties are engaged, their rating, as well as other common characteristics to them. The Group performs sensitivity analyses to estimate the effects of possible variations in the delinquency rates of the different risk concentration groups.

The Group has no major risk concentrations as of December 31, 2021 and 2020. The total risk held by the Group with mortgage guarantee with the private sector of residents in Spain amounts to €35,549,124,000 and €17,605,417,000 at December 31, 2021 and 2020, respectively.

The Unicaja Banco Group also has tools that allow for an adequate risk classification. These are Scoring and Rating models that enable admission and follow-up processes. PD, LGD and EAD estimates, as part of the expected loss calculation, are involved in efficient risk management. The Parent Company's Governing Bodies and Senior Management approve the criteria on which these models and estimates are based, with the necessary review systems in place to make sure that they are always appropriately updated.

The maximum credit risk to which the Group is exposed is measured at nominal or fair value based on the accounting valuation of financial assets. In measuring the maximum credit risk to which the Group is exposed, the existence of certain netting agreements entered into by and between the Group and certain counterparties has been considered.

Information on the maximum credit risk to which the Group is exposed is provided in Notes 8, 9 and 10. It should be noted that, since the information provided in these Notes on the credit risk to which the Group is exposed does not consider the existence of guarantees received, credit derivatives contracted to hedge this risk and other similar hedges, these data differ from the analysis of the Group's internal credit risk exposure.

The Group internally classifies financial assets subject to credit risk based on the characteristics of the transactions, considering, among other factors, the counterparties with which the transactions have been contracted and the guarantees provided by the transaction.

The cumulative amount of past-due and uncollected financial assets that, in accordance with the criteria explained in Note 2.7, have not been accrued for accounting purposes at December 31, 2021 and 2020, amounts to €38,835,000 and €48,932,000, respectively.

Responsible consumer lending and credit practices

Order EHA/2899/2011 of October 28, on transparency and protection of customers of banking services, develops the general principles set forth in Law 2/2011 on Sustainable Economy with regard to the responsible granting of loans and credits to consumers, such that the corresponding obligations are introduced so that the Spanish financial system, for the benefit of customers and market stability, improves prudential levels when granting these types of transactions.

Banco de España Circular 5/2012, dated June 27, develops the concept of "responsible lending," establishing the responsible lending policies and procedures summarized below:

- When offering and granting loans or credits to customers, institutions must act honestly, impartially and professionally, taking into account their customers personal and financial situation and preferences and objectives.

- Entities that grant loans or credits to clients referred to in Rule Two of Circular 5/2012 must have specific policies, methods and procedures for studying and granting loans or credits to such customers, properly documented and justified, approved by the entity's Board of Directors or equivalent body, which integrate the general principles mentioned in Annex 6 of said Circular. The aforementioned duly updated policies, methods and procedures, as well as the documents justifying them and the accreditation of their approval by the institution's Board of Directors or equivalent body, must be kept at the disposal of Banco de España at all times.

- The general principles referred to in the preceding paragraph must be responsibly applied by institutions and understood by their customers, such that the latter is responsible for providing the former with complete and truthful information on their financial situation and on their wishes and needs in relation to the purpose, amount and other conditions of the loan or credit. In turn, institutions must inform their customers appropriately about the characteristics of those of their products that are suitable for what they have requested.

In this regard, Unicaja Banco has detailed policies, methods and procedures to ensure the responsible granting of loans and credit to consumers. The principles developed for this purpose are aligned with the "Manual of credit risk policies, functions and procedures" approved by the Bank's Board of Directors on December 29, 2017, and with the regulatory requirements established by the Banco de España, including the points listed below:

- The granting criteria associated with the debtor's ability to pay.
- A transaction amortization plan that is adapted to the customer.
- A prudent ratio of the amount of the transaction to the value of its collateral.
- An transaction marketing policy.
- A collateral valuation policy.
- Considering the interest rate and exchange rate variability in the granting of loans denominated in foreign currency.
- The Interest rate risk cover.
- The exceptions policy on the terms and conditions of transactions.
- A warning to the customer about their failure to compliance with their payment obligations.
- A debt renegotiation policy.
- Information on the cost of services related to the granting of the credit transaction.
- The obligation to provide information to home buyers by subrogation of a developer loan.
- Other aspects of responsible lending policies and procedures.

In order to ensure compliance with these principles and criteria, the Group has implemented various control procedures in its risk management, of particular importance being the existence of different sanction areas that ensure adequate levels of contrast in decisions based on the complexity of transactions, and the correct evaluation of the client's risk profile and payment capacity.

Sovereign risk exposure

With respect to sovereign risk, the breakdown of credit risk exposures to central governments held by the Group as of December 31, 2021 and 2020, is as follows:

	Thousands of Euros 2021			
	Financial assets held for trading	**Other financial instruments at fair value through profit or loss**	**Financial assets at fair value through other comprehensive income**	**Financial assets at amortized cost**
Spain	-	-	556,980	14,151,211
Italy	-	-	38,777	7,692,920
United States	-	-	-	639,081
Portugal	-	-	2,117	209,670
Others	-	-	689	20,123
	-	**-**	**598,563**	**22,713,005**

	Thousands of Euros 2020			
	Financial assets held for trading	**Other financial instruments at fair value through profit or loss**	**Financial assets at fair value through other comprehensive income**	**Financial assets at amortized cost**
Spain	-	-	982,450	9,509,896
Italy	-	-	17,634	8,110,394
Portugal	-	-		303,089
Others	-	-	727	73,019
	-	**-**	**1,000,811**	**17,996,498**

Credit quality of debt securities

The accounting classification of the Unicaja Banco Group's debt securities at December 31, 2021 and 2020, classified in the different accounting portfolios, is listed below:

	Thousands of Euros	
	2021	**2020**
Financial assets held for trading (Note 8.1)	1,015	171,964
Non-trading financial assets mandatorily valued at fair value through profit or loss (Note 8.2)	93,822	91,279
Financial assets at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income (Note 9.1)	670,701	1,091,459
Financial assets at amortized cost (note 10)	24,849,659	22,157,383
	25,615,197	**23,512,085**

At December 31, 2021 and 2020, the balances included in the table above were not classified as doubtful, having recorded valuation adjustments due to impairment amounting to €18,578,000 and €18,745,000 Euros, respectively.

The classification of these securities by rating tranches as of December 31, 2021 and 2020, is as follows:

	Thousands of Euros	
	2021	2020
Rating Aaa	639,993	991
Rating Aa1-Aa3	227,493	672,021
Rating A1-A3	15,073,071	13,278,784
Rating Baa1-Baa3	9,504,953	9,526,557
Rating Ba1-Ba3	155,191	10,155
Rating B1-C	11,225	17,256
No Credit Rating	3,271	6,321
	25,615,197	**23,512,085**

Quality of loans to customers

The Unicaja Banco Group determines the credit quality of loans and advances to customers mainly on the basis of accounting classification, sectorization, the existence of defaults, the level of coverage, the guarantees received and their relation to the amount of debt (LTV ratio).

The credit quality of the portfolio of loans and receivables from customers as of December 31, 2021 and 2020, is detailedbelow:

	Thousands of Euros				
	2021				
	Stage 1	**Stage 2**	**Stage 3**	**POCI (*)**	**Total**
Gross	**51,826,821**	**3,578,941**	**1,978,014**	**5,195**	**57,388,971**
Value corrections due to the impairment of assets	**127,971**	**318,311**	**916,440**	**3,153**	**1,365,875**
Of which: calculated collectively	127,389	273,854	724,290	3,152	1,128,685
Of which: calculated individually	582	44,457	192,150	1	237,190
Net amount	**51,698,850**	**3,260,630**	**1,061,574**	**2,042**	**56,023,096**

(*) POCIs should be understood as financial assets purchased or originated with credit impairment as described in Note 2.7.

	Thousands of Euros			
	2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross	**25,465,434**	**1,779,008**	**1,181,041**	**28,425,483**
Value corrections due to the impairment of assets	**59,634**	**195,061**	**541,792**	**796,487**
Of which: calculated collectively	59,634	162,807	425,354	647,795
Of which: calculated individually	-	32,254	116,438	148,691
Net amount	**25,405,800**	**1,583,947**	**639,250**	**27,628,997**

On the other hand, as of December 31, 2021 and 2020, the guarantees received and the financial guarantees grantedare detailed below:

	Thousands of Euros	
Guarantees received	**2021**	**2020**
Value of collateral	35,197,961	17,390,727
Of which: Guarantees doubtful risks	*1,017,110*	*417,658*
Value of other guarantees	3,482,358	2,135,723
Of which: Guarantees doubtful risks	*190,170*	*124,881*
Total value of guarantees received	**38,680,319**	**19,526,450**

	Thousands of Euros	
Financial guarantees granted	**2021**	**2020**
Loan commitments granted	5,051,447	2,429,312
Of which: amount classified as doubtful	*13,897*	8,327
Amount recorded as a liability on the balance sheet	*6,541*	*3,986*
Financial guarantees granted	214,717	62,306
Of which amount classified as doubtful	*12,591*	-
Amount recorded as a liability on the balance sheet	*12,264*	-
Other commitments granted	6,027,588	1,902,936
Of which: amount classified as doubtful	*336,117*	*221,883*
Amount recorded as a liability on the balance sheet	*87,535*	*115,643*
Total value of financial guarantees granted	**11,293,752**	**4,394,554**

Risk concentration by activity and geographical area

The carrying value of the Unicaja Banco Group's total financing granted to its customers as of December 31, 2021 and 2020, excluding exposures held with public administrations, broken down by type of counterparty, type of guarantee and LTV ratio, is presented below.

	Thousands of Euros							
				LTV ratio of collateralized loans (e)				
Friday, December 31, 2021	**Total (a)**	**Of which: Real estate guarantee (d)**	**Of which: Other collateral (d)**	**Less than or equal to 40%**	**More than 40% and less than or equal to 60%**	**More than 60% and less than or equal to 80%**	**More than 80% and less than or equal to 100%**	**More than 100%**
Financial Institutions	1,366,603	89,355	823,783	76,683	16,572	24,259	169	795,455
Non-financial corporations and individual employers	13,637,094	3,640,133	537,366	1,559,311	1,316,684	577,547	157,139	566,818
Construction and development real estate (b)	712,398	570,079	49,995	232,255	186,575	121,995	43,647	35,602
Civil engineering construction	99,396	1,535	34	180	399	990		
Other purposes	12,825,300	3,068,519	487,337	1,326,876	1,129,710	454,562	113,492	531,216
Large companies (c)	5,651,958	357,600	126,272	96,225	65,262	20,621	696	301,068
SMEs and individual employers (c)	7,173,342	2,710,919	361,065	1,230,651	1,064,448	433,941	112,796	230,148
Other homes and ISFLSH	34,804,908	31,819,636	63,395	7,975,808	9,997,674	12,828,465	682,797	398,287
Housing	31,268,333	30,876,011	6,404	7,472,002	9,732,579	12,686,203	647,159	344,472
Consumption	1,113,865	35,604	8,251	25,720	9,799	3,841	2,649	1,846
Other purposes	2,422,710	908,021	48,740	478,086	255,296	138,421	32,989	51,969
Total	**49,808,605**	**35,549,124**	**1,424,544**	**9,611,802**	**11,330,930**	**13,430,271**	**840,105**	**1,760,560**
Pro memoria: Refinancing refinanced and restructured transactions	**910,312**	**709,744**	**53,620**	**212,155**	**212,861**	**155,508**	**71,307**	**111,533**

Thursday, December 31, 2020	Total (a)	Of which: Real estate guarantee (d)	Of which: Other collateral (d)	LTV ratio of collateralized loans (e): Less than or equal to 40%	More than 40% and less than or equal to 60%	More than 60% and less than or equal to 80%	More than 80% and less than or equal to 100%	More than 100%
								Thousands of Euros
Financial Institutions	1,527,459	17,720	1,141,841	2,101	596	14,948	-	1,141,916
Non-financial corporations and individual employers	6,713,594	2,153,807	85,780	859,025	745,727	285,966	88,257	260,612
Construction and development real estate (b)	635,840	517,637	8,715	182,865	187,738	114,275	17,677	23,797
Civil engineering construction	68,119	1,918	89	232	659	1,061	25	30
Other purposes	6,009,635	1,634,252	76,976	675,928	557,330	170,630	70,555	236,785
Large companies (c)	2,735,738	268,657	4,651	51,043	19,366	7,964	1,216	193,719
SMEs and individual employers (c)	3,273,897	1,365,595	72,325	624,885	537,964	162,666	69,339	43,066
Other homes and ISFLSH	17,287,183	15,433,890	39,529	4,635,091	5,531,193	4,533,486	442,048	331,601
Housing	14,997,338	14,711,516	5,846	4,234,986	5,349,021	4,445,667	415,409	272,279
Consumption	400,454	12,036	1,974	10,692	2,138	672	164	344
Other purposes	1,889,391	710,338	31,709	389,413	180,034	87,147	26,475	58,978
Total	**25,528,236**	**17,605,417**	**1,267,150**	**5,496,217**	**6,277,516**	**4,834,400**	**530,305**	**1,734,129**
Pro memoria: Refinancing refinanced and restructured transactions	**681,915**	**549,514**	**25,860**	**169,346**	**162,461**	**101,265**	**55,620**	**86,682**

(a) The definition of loans and advances to customers and the scope of the information in this table are those used in the preparation of the balance sheet. The amount shown is the carrying amount of the transactions, i.e., after deducting the value adjustments made to hedge the specific transactions.

(b) This item includes all activities related to construction and property development, including that related to the financing of land for property development.

(c) Non-financial companies are classified as “Large companies” and “SMEs” according to the definition applicable to the latter for the purposes of calculating shareholders’ equity. The activity of individual employers is considered to be that which is carried out by individuals in exercising their business activities.

(d) The book value of all transactions with real estate and other collateral, regardless of their loan to value are included.

(e) The loan to value is the ratio resulting from dividing the book value of transactions at the date of the statement by the amount of the latest available appraisal or valuation of the collateral.

Below is aggregate information as of December 31, 2021 and 2020, on the risk concentration of the Unicaja Banco Group, broken down by geographical area of action and activity segment, excluding exposures held with public administrations.

Friday, December 31, 2021	Total (a)	Spain	Other EU countries	The Americas	Rest of the world
					Thousands of Euros
Credit institutions	24,279,641	22,878,358	1,005,571	311,013	84,699
Other financial institutions	3,223,645	2,818,960	353,596	83	51,006
Non-financial corporations and individual employers	17,282,824	16,788,780	336,727	133,280	24,037
Construction and development real estate (b)	845,424	845,419	-	-	5
Civil engineering construction	194,634	194,634	-	-	-
Other purposes	16,242,766	15,748,727	336,727	133,280	24,032
Large companies (c)	8,337,859	7,877,413	321,013	125,627	13,806
SMEs and individual employers (c)	7,904,907	7,871,314	15,714	7,653	10,226
Other homes and ISFLSH	35,067,214	34,891,416	77,282	35,022	63,494
Housing	31,271,301	31,099,082	76,021	34,130	62,068
Consumption	1,113,885	1,112,799	620	182	284
Other purposes	2,682,028	2,679,535	641	710	1,142
	79,853,324	**77,377,514**	**1,773,176**	**479,398**	**223,236**

					Thousands of Euros
Thursday, December 31, 2020	Total (a)	Spain	Other EU countries	The Americas	Rest of the world
Credit institutions	9,937,468	7,890,196	1,851,204	155,963	40,105
Other financial institutions	4,901,689	4,277,247	592,028	4,136	28,278
Non-financial corporations and individual employers	8,645,709	8,361,487	227,718	35,788	20,716
Construction and development real estate (b)	729,492	729,465	15		12
Civil engineering construction	150,804	150,804			
Other purposes	7,765,413	7,481,218	227,703	35,788	20,704
Large companies (c)	4,122,849	3,842,653	227,703	35,075	17,418
SMEs and individual employers (c)	3,642,564	3,638,565		713	3,286
Other homes and ISFLSH	17,287,200	17,142,114	77,431	12,779	54,876
Housing	14,997,338	14,871,986	60,347	12,657	52,348
Consumption	400,471	400,003	237	26	205
Other purposes	1,889,391	1,870,125	16,847	96	2,323
	40,772,066	**37,671,044**	**2,748,381**	**208,666**	**143,975**

(a) The risk definition includes the following balance sheet items: Deposits with credit institutions, Loans and advances to customers, Debt securities, Equity instruments, Trading derivatives, Hedging derivatives, Participating interests and Contingent liabilities. The amount shown for assets is the carrying amount of the transactions, i.e., after deducting the value adjustments made to hedge the specific transactions. The distribution of activity by geographical area is based on the country or autonomous community of residence of the borrowers, issuers of securities and counterparties to derivatives and contingent risks.

(b) This item includes all activities related to construction and property development, including that related to the financing of land for property development.

(c) Non-financial companies are classified as "Large companies" and "SMEs" according to the definition applicable to the latter for the purposes of calculating shareholders' equity. The activity of individual employers is considered to be that which is carried out by individuals in exercising their business activities.

Below is a breakdown of Unicaja Banco Group's loans and advances to customers at December 31, 2021 and 2020, by autonomous community and by business segment, excluding exposures to public administrations.

							Thousands of Euros
Friday, December 31, 2021	Total (a)	Andalusia	Madrid	Castilla (*)	Levante (*)	Asturias	Other autonomous communities
Credit institutions	22,878,358	-	22,877,303	-	1,044	-	11
Other financial institutions	2,818,960	704,100	1,959,669	95,720	1,295	52,058	6,118
Non-financial corporations and individual employers	16,788,780	4,216,429	5,378,326	2,335,702	1,202,729	1,431,324	2,224,270
Construction and development real estate (b)	845,419	438,718	153,652	123,401	28,579	38,616	62,453
Civil engineering construction	194,634	38,691	118,931	15,653	3,170	2,107	16,082
Other purposes	15,748,727	3,739,020	5,105,743	2,196,648	1,170,980	1,390,601	2,145,735
Large companies (c)	7,877,413	1,528,461	3,692,738	272,692	830,606	801,994	750,922
SMEs and individual employers (c)	7,871,314	2,210,559	1,413,005	1,923,956	340,374	588,607	1,394,813
Other homes and ISFLSH	34,891,416	10,230,934	7,145,091	7,451,570	2,868,321	2,265,554	4,929,946
Housing	31,099,082	8,745,634	6,881,271	6,532,933	2,788,018	1,838,141	4,313,085
Consumption	1,112,799	280,722	79,211	302,568	39,322	179,346	231,630
Other purposes	2,679,535	1,204,578	184,609	616,069	40,981	248,067	385,231
	77,377,514	**15,151,463**	**37,360,389**	**9,882,992**	**4,073,389**	**3,748,936**	**7,160,345**

Thursday, December 31, 2020	Total (a)	Andalusia	Madrid	Castilla (*)	Levante (*)	Asturias	Other autonomous communities
							Thousands of Euros
Credit institutions	7,890,196	-	7,890,130	-	66		-
Other financial institutions	4,277,247	449,815	3,817,974	9,374	32	7	45
Non-financial corporations and individual employers	8,361,487	4,350,098	2,108,387	1,137,106	393,217	30,558	342,121
Construction and development real estate (b)	729,465	576,851	64,678	64,821	737	5,100	17,278
Civil engineering construction	150,804	75,287	54,016	13,570	1,431	342	6,158
Other purposes	7,481,218	3,697,960	1,989,693	1,058,715	391,049	25,116	318,685
Large companies (c)	3,842,653	1,485,117	1,755,814	122,843	354,690	6,389	117,800
SMEs and individual employers (c)	3,638,565	2,212,843	233,879	935,872	36,359	18,727	200,885
Other homes and ISFLSH	17,142,114	9,284,867	2,045,347	4,053,063	309,191	128,158	1,321,488
Housing	14,871,986	7,835,760	1,905,354	3,524,386	289,139	117,487	1,199,860
Consumption	400,003	281,168	9,275	90,004	1,590	1,047	16,919
Other purposes	1,870,125	1,167,939	130,718	438,673	18,462	9,624	104,709
	37,671,044	**14,084,780**	**15,861,838**	**5,199,543**	**702,506**	**158,723**	**1,663,654**

(*) The geographical area identified as “Castilla” corresponds to the autonomous communities of Castilla-La Mancha and Castilla y León, while the geographical area of “Levante” includes the autonomous communities of Cataluña, Comunidad Valenciana and Murcia.

(a) The risk definition includes the following balance sheet items: Deposits with credit institutions, Loans and advances to customers, Debt securities, Equity instruments, Trading derivatives, Hedging derivatives, Participating interests and Contingent liabilities. The amount shown for assets is the carrying amount of the transactions, i.e., after deducting the value adjustments made to hedge the specific transactions. The distribution of activity by geographical area is based on the country or autonomous community of residence of the borrowers, issuers of securities and counterparties to derivatives and contingent risks.

(b) This item includes all activities related to construction and property development, including that related to the financing of land for property development.

(c) Non-financial companies are classified as “Large companies” and “SMEs” according to the definition applicable to the latter for the purposes of calculating shareholders’ equity. The activity of individual employers is considered to be that which is carried out by individuals in exercising their business activities.

Leasing transactions

In relation to Unicaja Banco’s leasing activity, quantitative information as of December 31, 2021 and 2020, is detailed below:

(i) The reconciliation between the gross investment (including the purchase option, if any) and the present value as of December 31, 2021 and 2020, is as follows:

	Thousands of Euros	
	2021	**2020**
Nominal value of accounts receivable	188,848	90,690
Nominal value of purchase transactions	16,407	7,203
Total nominal value at closing	205,255	97,893
Unearned financial income	3,158	3,683
Present value at closing	**208,413**	**101,576**

(ii) The present value of the minimum payments as of December 31, 2021 and 2020, and their distribution by residual terms, is as follows:

	Thousands of Euros	
	2021	**2020**
Less than 1 year	6,553	177
Between 1 and 5 years	131,543	88,518
More than 5 years	70,317	12,881
	208,413	**101,576**

(iii) Unsecured residual values in favor of the lessor amount to €16,407,000 at December 31, 2021 (€7,203,000 at December 31, 2020).

(iv) The accumulated value adjustments for bad debts on minimum outstanding receivables at December 31, 2021, amount to €10,136,000 (€2,419,000 at December 31, 2020).

Financial assets written off from the balance sheet

The movement during 2021 and 2020 of the Unicaja Banco Group's impaired financial assets that are not recorded in the consolidated balance sheet because there is no reasonable expectation of recovery, although the Group has not discontinued actions to recover the amounts owed, is shown below.

	Thousands of Euros	
	2021	**2020**
Balance of financial assets written off from the balance sheet as of January 1	**784,622**	**1,312,579**
Effect of the merger by absorption of Liberbank	**1,704,358**	**-**
Additions	**249,670**	**45,240**
Charged to value adjustments due to the impairment of assets	95,869	30,840
Charged to direct restructuring on the income statement	61,126	14,400
Uncollected past-due products	88,199	-
Other	4,476	-
Recoveries	**(51,322)**	**(32,800)**
Balances recovered during the year from cash collections	(40,268)	(30,200)
For adjudication of assets	(11,054)	(2,600)
Write-downs	**(51,597)**	**(540,397)**
For sale of bad debts	(10,296)	(500,300)
For other reasons	(41,301)	(40,097)
Balance of financial assets written off from the balance sheet as of December 31	**2,635,731**	**784,622**

During the 2021 financial year, the Bank formalized sales of bad debts amounting to €11,059,000, arranged with individuals and small and medium-sized companies (this amount included non-manageable bad debts amounting to €295,000). The unrecovered portion is included as "write-downs of bad debts," while the collections recorded for these sales are included under the caption "balances recovered during the year for cash collections."

During the 2020 financial year, the Group sold bad debts amounting to €501,493,000 to individuals and small and medium-sized companies (this amount included unmanageable bad debts amounting to €296,131,000. The unrecovered portion was included as "write-downs of bad debts," while the collections recorded for these sales are included under the caption "balances recovered during the year for cash collections."

The net amount included in the consolidated income statement for 2021 and 2020 as a result of the changes in these assets amounts to a negative amount of €20,858,000 (a positive amount of €15,800,000 in 2020). These amounts are mainly due to:

- Transactions that have been classified in the period as "written-off assets" and which did not have a sufficient allowance for this purpose, and therefore their removal from the consolidated balance sheet is taken directly to the income statement, with a negative effect of €61,126,000 and €14,400,000 in 2021 and 2020, respectively.

- Transactions that in the previous period were classified as "written-off assets" and on which collections have been made, with a positive effect of €40,268,000 and €30,200,000 in 2021 and 2020, respectively.

With respect to the criteria used to write off transactions from the inventory of written-down assets, the Unicaja Banco Group records these write-downs when there are no chances of recovering them. For this purpose, there are a series of attributions that depend on the type and volume of the transactions involved. The Group periodically monitors these balances to determine whether the requirements for write-off have been met, and to evaluate whether there are new circumstances that change the recoverability of the balances.

In the fiscal years of 2021 and 2020, the write-off movement identified as "for other reasons" mainly includes transactions that are no longer recorded as written-off assets, since the Group has rejected any possibility of recovery (concept known as "unmanageable").

28. Interest rate risk exposure

Balance-sheet interest rate risk is the risk of variations in market interest rates negatively affecting the financial situation of the Group. Essentially, this risk derives from interest rate sensitivity of the assets and liabilities spread based on their maturity period, impacting on all the sensitive financial assets and liabilities on the Group's balance sheet and any operations off the consolidated balance sheet acting as hedges.

Interest rate risk management is carried out in an integrated manner by the Assets and Liabilities Committee (ALCO). This committee is responsible for implementing the procedures to ensure that the Unicaja Banco Group complies at all times with the interest rate risk control and management policies established by the Board of Directors.

In the analysis, measurement and control of the interest rate risk assumed by the Group, sensitivity measurement techniques and analysis of scenarios that could significantly affect it are used.

The Group uses hedging operations for the global management of the interest rate risk of all those financial instruments that can significantly expose it to this risk, thus reducing this type of risk.

The following table shows a matrix of maturities or revisions grouping the carrying amounts of financial assets and liabilities according to the interest rate revision or maturity dates, depending on which is closer in time, corresponding to the balances of the Group's main entities at December 31, 2021 and 2020.

Friday, December 31, 2021								**Thousands of Euros**
Assets	**Up to 1 month**	**Between 1 and 3 months**	**Between 3 and 12 months**	**Between 1 and 2 years**	**Between 2 and 3 years**	**Between 3 and 4 years**	**Between 4 and 5 years**	**More than 5 years**
Financial assets	29,788,213	11,295,918	15,686,696	7,829,729	5,308,331	3,753,434	4,772,056	26,678,850
After hedge adjustments	30,409,270	11,905,318	17,390,403	9,781,304	6,068,484	5,449,204	4,865,342	19,956,827

Friday, December 31, 2021								**Thousands of Euros**
Liabilities	**Up to 1 month**	**Between 1 and 3 months**	**Between 3 and 12 months**	**Between 1 and 2 years**	**Between 2 and 3 years**	**Between 3 and 4 years**	**Between 4 and 5 years**	**More than 5 years**
Financial liabilities	13,571,437	2,475,926	5,248,233	11,111,690	1,468,359	320,165	2,386,842	4,945,900
After hedge adjustments	13,471,437	2,265,926	656,182	11,561,690	1,968,359	2,262,216	2,486,842	6,855,900

Thursday, December 31, 2020								**Thousands of Euros**
Assets	**Up to 1 month**	**Between 1 and 3 months**	**Between 3 and 12 months**	**Between 1 and 2 years**	**Between 2 and 3 years**	**Between 3 and 4 years**	**Between 4 and 5 years**	**More than 5 years**
Financial assets	11,590,138	6,818,706	14,682,910	5,121,175	2,319,217	1,944,660	961,828	13,342,164
After hedge adjustments	11,706,138	7,311,093	17,469,266	5,125,395	2,668,257	1,916,935	2,630,387	8,825,831

Thursday, December 31, 2020								**Thousands of Euros**
Liabilities	**Up to 1 month**	**Between 1 and 3 months**	**Between 3 and 12 months**	**Between 1 and 2 years**	**Between 2 and 3 years**	**Between 3 and 4 years**	**Between 4 and 5 years**	**More than 5 years**
Financial liabilities	8,116,720	1,179,037	8,726,473	692,202	341,118	886,362	29,459	2,059,544
After hedge adjustments	8,016,720	969,037	6,389,493	744,054	341,118	1,386,362	634,587	3,549,544

The tables above show, for each of the maturities, the adjustments to the fixed-rate items arising from hedges of such items made with derivative instruments by the Group, in order to reflect the overall exposure to interest rate fluctuations.

At December 31, 2021 and 2020, the sensitivity of the entity's balance sheet to an unfavorable parallel shift of the yield curve by 100 basis points and in a no balance sheet scenario is as follows:

	2021	**2020**
Expected 12-month net interest margin	Less than 11%	Less than 4%
Economic value	Less than 2%	Less than 5%

29. Exposure to other market risks

29.1 Market risk

The market risk represents the losses that the Group would suffer due to the change in value of positions in the portfolios of financial assets and liabilities held for trading, non-trading financial assets mandatorily at fair value through profit or loss, financial assets at fair value with changes in other comprehensive income and financial assets at fair value through other comprehensive income as a result of adverse movements in market price levels or in the volatility thereof, or due to changes in currency exchange rates.

This risk essentially materializes when the Group acts on its own account in the financial markets, using financial instruments, either equity instruments (shares or ownership interest), debt securities (fixed-income securities), or derivative instruments.

These changes in value will sometimes be defined on the basis of their primary drivers, such as credit risk and interest rates for the price of fixed-income instruments. As for options, there will be several risk factors to take into account, volatility being one of the fundamental ones.

The Group's policy, methods and procedures related to market risk control are approved by the Parent Company's Board of Directors. The functions of the Parent Company's Global Risk Control Department include ensuring proper compliance with the group's risk control policies, methods and procedures, ensuring that they are adequate, effectively implemented and regularly reviewed.

The unit responsible for monitoring and controlling financial risks is the Global Risk Control Department, which is mainly in charge of making sure that the risks taken are correctly identified, analyzed, valued and reported, using appropriate risk management tools, improving the position valuation models so that they are adjusted in the most appropriate way to the reality of the markets and controlling the consumption of defined risk limits. It also carries out a permanent and systematic control and follow-up of the Treasury and Capital Markets transactions.

For adequate market risk management, the Group has tools that allow the definition, calculation and monitoring of market risks and the limits authorized for the same, in particular "Value at Risk" (VaR) and operating limits for credit/counterparty risk that affect the Unicaja Banco Group's operations in capital markets.

29.2 Risk of the price of equity instruments

Price risk is the risk that the fair value of equity instruments will change as a result of changes in index or share prices. Price risk arises on positions classified in the portfolio of financial assets and liabilities held for trading, non-trading financial assets mandatorily at fair value through profit or loss, financial assets designated at fair value through profit or loss and financial assets at fair value through other comprehensive income.

The following is a sensitivity analysis of the price risk arising from the Group's equity instruments in the financial markets as of December 31, 2021 and 2020:

	Thousands of Euros		
Drop in market price (quote)	**Impact on profit and loss**	**Impact on other comprehensive income**	**Impact on total net equity**
Impact as of December 31, 2021, of a 1% drop in the market price	126	1,192	1,318
Impact as of Thursday, December 31, 2020, of a 1% drop in the market price	-	1,899	1,899

A variation of 1% in the relevant risk variables of price variation of equity instruments has been considered because this "impact" is a standard measure, both in the financial industry and in the Unicaja Banco Group, allowing us to know the level of exposure to risk.

In the current context of high market volatility, it is very difficult to determine what constitutes a "reasonably possible change" in risk variables. However, we have considered it appropriate to report the sensitivity to a 1% "impact" so that users of public information can rescale this effect according to their market expectations.

29.3 Exchange rate risk

The structural exchange rate risk arises mainly from exposure to changes in exchange rates arising from investments in securities in currencies other than the Euro.

The structural exchange rate risk management in the Unicaja Banco Group is aimed at minimizing the potential negative impacts derived from exchange rate fluctuations on solvency ratios and on the contribution to results of foreign currency investments.

At December 31, 2021 and 2020, the exchange rate risk in the Unicaja Banco Group is not significant, since there are no assets or liabilities of significant volume in the consolidated balance sheet that are denominated in currencies other than the Euro. In this regard, the Euro equivalent value of total foreign currency assets and liabilities held by the Group as of December 31, 2021 and 2020, is as follows:

	Thousands of Euros	
	2021	**2020**
Equivalent value of foreign currency assets	**202,652**	**105,529**
Of which: % in U.S. dollars	68%	57%
Of which: % in pounds sterling	27%	4%
Of which: in Swiss francs	3%	33%
Of which: % in other currencies traded in the Spanish market	2%	6%
Equivalent value of foreign currency liabilities	**186,522**	**94,919**
Of which: % in U.S. dollars	74%	59%
Of which: % in pounds sterling	24%	3%
Of which: in Swiss francs	1%	35%
Of which: % in other currencies traded in the Spanish market	1%	3%

The Euro equivalent of foreign currency assets represents 0.18% and 0.16% of total consolidated assets at December 31, 2021 and 2020, respectively, while the Euro equivalent of foreign currency liabilities represents 0.17% and 0.15% of total consolidated liabilities at each respective date.

30. Duties of loyalty of the Parent Company's Directors

In accordance with the provisions set forth in Article 229 of Law 31/2014, of December 3, amending the Consolidated Text of the Capital Companies Act to improve corporate governance, and in order to strengthen the transparency of public limited companies, the directors have notified the entity that, during the 2021 financial year, they or their affiliates, as defined in Article 231 of the Consolidated Text of the Capital Companies Act:

a) They have not carried out transactions with the entity, without taking into account ordinary transactions, carried out under standard conditions for customers and of little relevance, understood as those whose information is not necessary to express the true image of equity, the financial situation and earnings of the entity.

b) They have not used the name of the entity or invoked their status as administrators to unduly influence the performance of private transactions.

c) They have not made use of corporate assets, including the entity's confidential information, for private purposes.

d) They have not taken advantage of the entity's business opportunities.

e) They have not obtained advantages or remuneration from third parties other than the Company and the group thereof due to their performance in their position, except for actions taken out of mere courtesy.

f) They have not carried out activities on their own account or on behalf of third parties that entail effective competition, either specific or potential, with the entity or that, in any other manner, place them in a permanent conflict of interest with the entity.

31. Other significant information

31.1 Financial guarantees and other commitments granted

The financial guarantees and other commitments granted at the end of 2021 and 2020, whose nominal value is recorded in memorandum accounts, is broken down below:

	Thousands of Euros	
	2021	**2020**
Financial guarantees granted	**214,717**	**62,306**
Financial endorsements	214,717	62,306
Other commitments granted	**6,023,042**	**1,902,936**
Technical endorsements	1,422,175	1,052,915
Irrevocable documentary credits	32,731	8,752
Other commitments	4,568,136	841,269
	6,237,759	**1,965,242**

As of December 31, 2021 and 2020, “Other commitments” mainly includes commitments for simultaneous transactions and transactions in organized markets within market parameters that have not yet been formalized. Likewise, during the 2021 financial year, debit orders received from customers who are within the reimbursement period allowed by the SEPA regulation amounting to €2,715,110,000 are also collected. Pursuant to Article 43 of Royal Decree-Law 19/2018, of November 23, on payment services and other urgent financial measures, the maximum return period is 13 months from the debit date.

A significant portion of these guarantees under this heading will expire without any payment obligation materializing for the consolidated entities. Therefore, the aggregate balance of these commitments cannot be considered as an actual future need for financing or liquidity to be provided by the Group to third parties.

Income from guarantee instruments is recognized under “Fee income” and “Interest income” (at the amount relating to the revalued commission income) on the consolidated income statement for 2021 and 2020 is calculated by applying the rate established in the related contract to the nominal amount of the guarantee.

The provisions recorded to cover these guarantees provided, which have been calculated applying criteria similar to those applied to calculate the impairment of financial assets valued at their amortized cost, have been recorded under the heading "Provisions – Commitments and guarantees granted” of the consolidated balance sheet (Note 18).

31.2 Assets assigned and received as collateral

As of December 31, 2021 and 2020, assets owned by the Group guaranteed transactions carried out by the Group, as well as various liabilities and contingent liabilities assumed by the Group. At both dates, the carrying value of the Group's financial assets pledged as collateral for such liabilities or contingent and similar liabilities was as follows:

	Thousands of Euros	
	2021	**2020**
Pledging of securities	10,959,036	6,527,908
Pledging of non-mortgage loans	-	-
	10,959,036	**6,527,908**

At December 31, 2021 and 2020 these amounts correspond, for the most part, to pledging of securities and non-mortgage loans, through a Banco de España policy, as a pledge to obtain long-term financing maturing in 2021 and 2020.

With respect to the terms and conditions of the pledge, the guarantees constituted by the Group in favor of Banco de España shall not be affected, and are extended, as expressly and irrevocably agreed by the parties, to any extensions, renewals or novations of any kind, tacit or express, that may occur in the guaranteed obligations and shall remain in force until the total cancellation of these and any others that may replace or substitute them.

The Group has not received assets as collateral for which it is authorized to sell or pledge them regardless of whether the owner of the assets has defaulted on payment. Therefore, the disclosure required by paragraph 15 of IFRS 7 is not applicable.

31.3 Drawable by third parties

As of December 31, 2021 and 2020, the limits of financing contracts granted and the amounts drawn from said financing contracts for which the Group had assumed a credit commitment greater than the amount recorded in the assets of the consolidated balance sheet at those dates were the following:

	Thousands of Euros			
	2021		**2020**	
	Amount to be drawn down	**Limit granted**	**Amount to be drawn down**	**Limit granted**
Immediate availability	**3,481,899**	**5,290,731**	**1,827,735**	**2,528,291**
Credit institutions	140	146	1,061	1,118
Public Administration Sector	645,476	1,027,648	25,889	180,887
Other sectors	2,836,283	4,262,937	1,800,785	2,346,286
Conditional availability	**1,568,303**	**2,266,255**	**601,577**	**836,547**
Public Administration Sector	298,385	362,489	20,551	37,067
Other sectors	1,269,918	1,903,766	581,026	799,480
	5,050,202	**7,556,986**	**2,429,312**	**3,364,838**

31.4 Third-party funds managed and marketed by the Group and by a custodian of securities

The breakdown of the off-balance-sheet funds managed and marketed by the Group as at Friday, December 31, 2021 and 2020, is as follows:

	Thousands of Euros	
	2021	2020
Mutual fund portfolios	9,978,457	5,405,463
Portfolios of other collective investment schemes	125,898	97,822
Other financial instruments	1,273,360	1,066,670
Assets under management	1,049,272	886,999
	12,426,987	**7,456,954**

Below is a detail of the off-balance sheet customer funds that have been marketed, but not managed, by the Group in 2021 and 2020:

	Thousands of Euros	
	2021	2020
Real Estate Investment Funds portfolios	12,260,252	5,488,188
Other Collective Investment Schemes	125,898	97,822
Pension fund portfolios	4,032,898	2,384,367
Assets under management	1,049,272	886,999
Insurance products	4,545,982	4,030,428
	22,014,302	**12,887,804**

In addition, below is a detail of the fair value of third-party funds deposited with the Group as of December 31, 2021 and 2020:

	Thousands of Euros	
	2021	2020
Debt securities and equity instruments	8,223,570	4,972,520
Other financial instruments	7,114	2,486
	8,230,684	**4,975,006**

31.5. Reclassifications of financial instruments

During the fiscal years of 2021 and 2020, the Group has not made reclassifications between portfolios of financial instruments.

31.6 Asset securitization

Since, as a result of the conditions agreed upon for the transfer of assets, the Group retains substantial risks and rewards of the securitized assets, these were not written off from the consolidated balance sheet, and an associated financial liability was recognized, as established by the regulations, for an amount equal to the consideration received, which is measured at amortized cost. Also, the Group recognizes the bonds issued for the asset securitization funds arranged in each of these transactions, net of the aforementioned financial liability.

Below is a breakdown of the amounts recorded on the balance sheet of the Group as at December 31, 2021 and 2020, of the assets transferred in these transactions, together with the debt securities issued by the securitization funds owned by the Group and shown on the consolidated balance sheet at such date, decreasing the amount of recognized financial liabilities by the consideration received:

	Thousands of Euros	
	2021	**2020**
Securitized assets:		
Loans and advances - customers	596,907	-
Associated liabilities:		
Financial liabilities at amortized cost – customer deposits	591,614	-

Below is the effective amount held by the Group in the bond portfolio issued as a result of the securitization funds recognized in full on the balance sheet. This amount is presented by offsetting the "Investments issued" under the heading "Financial liabilities at amortized cost - customer deposits" on the consolidated balance sheet:

	Thousands of Euros	
	2021	**2020**
Singular securitizations:		
AyT CajaCantabria Maturity 2048 Sr A	69,391	-
AyT CajaCantabria Maturity 2048 Sr B	9,954	-
AyT CajaCantabria Maturity 2048 Sr C	8,079	-
AyT CajaCantabria Maturity 2048 Sr D	2,741	-
IM CajAstur MBS Maturity 2052 Sr A	141,489	-
IM CajAstur MBS Maturity 2052 Sr B	94,326	-
AyT CCM I. E/12-07 SR. A	181,634	-
AyT CCM I. E/12-07 SR. B	45,600	-
AyT CCM I. E/12-07 SR. C	28,000	-
AyT CCM I. E/12-07 SR. D	10,400	-
	591,614	**-**

Additionally, there are securitized assets written off due to the significant transfer of the risks and benefits related thereto. As at December 31, 2021, the outstanding balance of the securitized assets written off from the consolidated balance sheet amount to €34,612,000, respectively.

The securitizations were received by the Unicaja Banco Group as a result of the merger by absorption of Liberbank (Note 1.14). As of December 31, 2020, there were no transfers of financial assets in the Group through securitization instruments.

31.7 Compensation agreements and guarantees

In addition to the amounts that can be offset for accounting purposes in accordance with IAS 32, there are other netting agreements and guarantees that, although they do not entail accounting netting because they do not meet the necessary criteria, represent an effective reduction in credit risk.

Below is a detail as of December 31, 2021 and 2020 of the derivative financial instruments (Note 11) that are in the described situation, with a separate breakdown of the effects of these agreements, as well as the collateral received and/or delivered by the Group.

	Thousands of Euros			
	2021		2020	
Derivative financial instruments	**Financial**	**Liabilities**	**Financial**	**Liabilities**
Gross exposure (book value)	**829,544**	**1,015,045**	**621,717**	**620,887**
Compensation agreements and guarantees	**(320,900)**	**(956,295)**	**(370,296)**	**(521,721)**
Compensation agreements	-	-	-	-
Collateral received/delivered	(320,900)	(956,295)	(370,296)	(521,721)
Net exposure	**508,644**	**58,750**	**251,421**	**99,166**

Gross exposure includes the carrying value of asset and liability derivative financial instruments held by the Group, while netting and collateral agreements include guarantees, deposits and other collateral associated with such asset and liability exposures (i.e., liability guarantees are included in the asset column and vice versa).

The amounts related to cash collateral and financial instruments reflect their fair values. Offsetting rights relate to collateral in cash and financial instruments and depend on the default of the counterparty.

In addition, within the framework of the acquisition and repurchase transactions carried out by the Group, there are other agreements that have involved the receipt and/or delivery of the following guarantees in addition to those implicit in such transactions:

	Thousands of Euros			
	2021		2020	
Guarantees associated with temporary asset acquisitions and disposals	**Delivered**	**Received**	**Delivered**	**Received**
Cash	158,805	9,035	85,341	6,976
In securities	300,660		200,000	-
	459,465	**9,035**	**285,341**	**6,976**

32. Interest income

The breakdown by source of interest income accrued by the Group in 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Deposits into credit institutions (Note 10.1)	1,275	1,228
Loans to customers (Note 10.1)	544,296	434,874
Doubtful assets (Note 10.1)	15,097	13,061
Debt securities at amortized cost (Note 10.1)	427,651	141,410
Deposits with Central Banks (Note 17.1)	76,612	33,405
Rectification of income as a result of hedge accounting (Note 11)	(239,584)	77,835
Pension insurance yields linked to pensions and similar obligations	1	-
Other returns	26,775	22,911
	852,123	**724,724**

Likewise, below is a breakdown of the amounts recorded under the heading "Interest income" of the consolidated profit and loss accounts for the fiscal years of 2021 and 2020, classified according to the portfolio of financial instruments that have originated them:

	Thousands of Euros	
	2021	2020
Financial assets held for trading (Note 8.1)	36	347
Non-trading financial assets mandatorily valued at fair value through profit or loss (Note 8.2)	3,210	3,808
Financial assets at fair value through other comprehensive income (Note 9.1)	3,334	3,759
Financial assets at amortized cost (note 10)	988,319	590,573
Rectification of income as a result of hedge accounting (Note 11)	(239,584)	77,835
Other returns	96,808	48,402
	852,123	**724,724**

33. Interest expense

The breakdown of the balance of this heading on the consolidated income statements for 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Deposits into credit institutions (Note 17.2)	2,381	2,453
Customer deposits (Note 17.3)	161,392	228,837
Subordinated liabilities (Note 17.4)	1,738	67
Others marketable debt securities (Note 17.4)	17,438	9,097
Rectification of costs as a result of hedge accounting (Note 11)	(89,232)	(105,717)
Cost attributable to pension funds established (Note 18)	(331)	345
Other interest	28,618	11,449
	122,004	**146,531**

Likewise, below is a breakdown of the amounts recorded under the heading "Interest Expenses" of the consolidated profit and loss accounts for the fiscal years of 2021 and 2020, classified according to the portfolio of financial instruments that have originated them:

	Thousands of Euros	
	2021	2020
Financial liabilities at amortized cost	182,949	240,454
Rectification of costs as a result of hedge accounting	(89,232)	(105,717)
Others	28,287	11,794
	122,004	**146,531**

34. Dividend income

The breakdown of the balance of this heading in the consolidated profit and loss accounts for the years 2021 and 2020 by portfolio and by nature of the financial instruments is as follows:

	Thousands of Euros	
	2021	**2020**
Equity instruments classified as:		
Financial assets held for trading	-	-
Financial assets at fair value through other comprehensive income	19,298	14,929
	19,298	**14,929**
Equity instruments in the nature of:		
Shares	19,298	14,929
Other equity instruments	-	-
	19,298	**14,929**

35. Profit or loss of entities accounted for using the equity method

The breakdown by companies of the balance of this heading on the consolidated income statements for 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	**2020**
Unicorp Vida, Compañía de Seguros y Reaseguros, S.A.	30,961	28,948
Hidralia, Gestión Integral de Aguas de Andalucía, S.A.	2,295	1,612
Sociedad Municipal de Aparcamientos y Servicios, S.A.	273	9
Ingeniería e Integración Avanzadas, S.A. (Ingenia)	104	519
Madrigal Participaciones, S.A.	(87)	3,224
Ingeniería de Suelos y Explotación de Recursos, S.A.	2,734	2,215
Propco Malagueta, S.L.	(2,045)	(1,147)
Proyecto Lima, S.L.	(1,839)	(1,186)
Santa Justa Residencial, S.L.	(6)	404
Espacio Medina, S.L.	1,076	861
CCM Vida y Pensiones de Seguros y Reaseguros, S.A.	3,694	-
Liberbank Vida y Pensiones Seguros y Reaseguros, S.A.	3,203	-
Oppidum Capital, S.L.	449	-
Sociedad de Gestión General y Promoción de Activos, S.L.	(460)	-
Sociedad Regional de Promoción del Principado de Asturias, S.A.	(108)	-
Global Berbice, S.L.	(120)	-
Other entities	146	(82)
	40,270	**35,377**

36. Fee revenue

Below is the amount of fee income accrued in the years 2021 and 2020, classified according to the main concepts for which they originated, as well as the headings of the consolidated profit and loss accounts of said fiscal years in which have been counted:

	Thousands of Euros	
	2021	**2020**
Interest income		
Study and opening fees	24,872	22,130
	24,872	**22,130**
Fee revenue		
Fees for contingent liabilities	11,450	9,509
Fees for contingent commitments	2,729	2,331
Fees for collection and payment services	222,799	136,575
Fees for securities services	46,417	38,862
Foreign exchange and currency exchange fees	116	114
Fees for marketing of non-banking financial products	104,516	61,951
Other	7,647	5,369
	395,674	**254,711**
Other operating income		
Compensation fees for direct costs (Note 39)	2,511	2,714
	2,511	**2,714**

37. Fee expenses

Below is the amount of fee expense accrued in the years 2021 and 2020, classified according to the main concepts for which they originated, as well as the headings of the consolidated profit and loss accounts of said fiscal years in which have been counted:

	Thousands of Euros	
	2021	**2020**
Interest expense		
Commissions assigned to intermediaries	2,514	997
Other fees and commissions	89	298
	2,603	**1,295**
Fee expenses		
Active and passive transactions	4,184	2,650
Commissions assigned to other entities and correspondents	11,692	9,653
Commissions paid on securities transactions	3,189	2,825
Other fees and commissions	14,143	6,715
	33,208	**21,843**

38. Gains and losses on financial transactions

The breakdown of the balance of these headings of the consolidated profit and loss accounts corresponding to the fiscal years of 2021 and 2020, based on the portfolios of financial instruments that originate them, is as follows:

	Thousands of Euros	
	2021	**2020**
Gains or losses on write off of financial assets and liabilities not measured at fair value through profit or loss (net)	38,967	92,021
Financial assets at amortized cost (*)	43,636	75,342
Financial assets at fair value through comprehensive income (Note 9.2)	(4,669)	16,679
Net gains or losses on financial assets and liabilities held for trading (net)	12,687	(2,948)
Reclassification of financial assets at fair value through other comprehensive income	-	-
Reclassification of financial assets at amortized cost	-	-
Other profit and loss	12,687	(2,948)
Gains or losses on financial assets not held for trading compulsorily measured at fair value through profit or loss (net)	(2,014)	664
Reclassification of financial assets at fair value through other comprehensive income	-	-
Reclassification of financial assets at amortized cost	337	-
Other profit and loss	(2,351)	664
Gains or losses on financial assets and liabilities at fair value through profit and loss (net)	-	-
Net gains or losses resulting from hedge accounting (net)	(1,403)	2,712
	48,237	**92,449**

(*) The sales of financial assets at amortized cost made during fiscal years 2021 and 2020 comply with the provisions of the Unicaja Banco Group's policies to consider them as infrequent sales and/or of insignificant value.

39. Other operating income and others expenses

39.1 Other operating income

The breakdown of the balance of this heading on the consolidated income statements for 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	**2020**
Income from investment properties (Note 13.2)	25,316	18,313
Compensation fees for direct costs (Note 36)	2,511	2,714
Sales and income from the provision of non-financial services	9,647	3,933
Compensation income from insurance companies	3,130	6,419
Revenue from insurance companies	671	-
Other	20,474	64,212
	61,749	**95,591**

The "Other items" caption includes other income from operating activities not included in other captions under this caption, such as compensation for certain expenses, indemnities received, income from various services rendered by the Bank or the Group's subsidiaries, etc.

The items included in “Other items” in the fiscal year ended December 31, 2020 included the consideration obtained by the Group as part of the process of acquisition of control of Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros (“Caser”) by Helvetia Schweizerische Versicherungsgesellschaft AG (hereinafter, “Helvetia”). This consideration was obtained as a result of the execution, on January 23, 2020, of an agreement with Helvetia whereby it undertook to waive its right to exercise its right to terminate the insurance distribution agreement entered into with Caser, in exchange for an amount of €46.87 million.

39.2 Other operating expense

The breakdown of the balance of this heading on the consolidated income statements for 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Expense associated with investment property (Note 13.2)	6,720	2,055
Contribution to the Deposit Guarantee Fund (Note 1.10)	88,688	53,488
Contribution to the Single Resolution Fund (Note 1.11)	16,036	15,723
Expenses of companies with real estate activity	16,022	1,623
Other	60,795	40,884
	188,261	**113,773**

In 2021 and 2020, “Other items” includes the equity benefit accrued by the Group for the monetization of deferred tax assets, amounting to €19,317,000 and €15,360,000, respectively (Note 24.4).

40. Income and expenses from insurance or reinsurance contracts

The breakdown of the balance of these headings on the consolidated income statements for 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Income from insurance or reinsurance contracts	**63,004**	**70,446**
Insurance and reinsurance premiums collected	29,849	31,180
Reinsurance income	-	1
Financial income	33,155	39,265
Expenses from insurance or reinsurance contracts	**(41,560)**	**(51,241)**
Benefits paid	(68,804)	(74,274)
Net allocations to technical provisions	26,310	22,387
Insurance and reinsurance premiums paid	934	646
	21,444	**19,205**

41. Administrative expenses

41.1 Personnel expenses

The composition of the heading "Personnel expenses" in the consolidated profit and loss accounts for the years 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	**2020**
Wages and salaries	320,381	268,712
Social security	88,365	72,955
Provisions allocated to defined benefit pension plans	108	80
Provisions to defined contribution pension plans	17,921	13,718
Indemnities	166	818
Training expenses	647	551
Other personnel expenses	9,874	9,791
	437,462	**366,625**

The average number of employees of the Group, distributed by professional category, as of December 31, 2021 and 2020, is as follows:

	Average number of people			
	2021		2020	
	Men	**Women**	**Men**	**Women**
Group 1	**3,416**	**3,643**	**2,954**	**2,913**
Level I	26	6	18	3
Level II	48	13	36	7
Level III	236	80	211	69
Level IV	480	194	419	159
Level V	1,085	720	965	570
Level VI	149	134	137	105
Level VII	487	702	437	523
Level VIII	472	888	364	696
Level IX	154	349	93	223
Level X	193	419	145	331
Level XI	63	107	109	197
Level XII	18	25	17	28
Level XIII	5	5	3	2
Level XIV	-	1	-	-
Group 2	**20**	**9**	**18**	**5**
Level I	-	-	-	-
Level II	19	9	18	5
Level III	1	-	-	-
Level IV	-	-	-	-
Level V	-	-	-	-
Cleaning personnel	**-**	**3**	**-**	**4**
Total Parent Company	**3,436**	**3,655**	**2,972**	**2,922**
Other Group companies	**290**	**347**	**161**	**146**
Total Unicaja Banco Group	**3,726**	**4,002**	**3,133**	**3,068**

The following is a breakdown by item of the amounts recorded under “Provisions - Pensions and other post-employment defined benefit obligations,” “Provisions - Other long-term employee benefits” and “Insurance contracts linked to pensions” in the consolidated balance sheets as of December 31, 2021 and 2020:

	Thousands of Euros	
	2021	**2020**
Provisions - Provisions for pensions and similar obligations (Notes 18)	**367,364**	**233,252**
Pensions and other benefit obligations defined as post-employment	178,798	56,633
Other long-term employee benefits	188,566	176,619
Insurance contracts linked to pensions (Notes 15)	**31,060**	**31,679**
Post-employment benefits	31,060	31,679

The changes in provisions recorded by the Group during the fiscal years ended December 31, 2021 and 2020 are detailed in Note 18.

41.1.1 Post-employment commitments

During 2002, the Parent Company reached an agreement with its employees for the modification and transformation of its complementary social welfare system into a mixed defined contribution and defined benefit model, whereby an occupational pension plan externalized in Unifondo Pensiones V, Fondo de Pensiones was formalized. In order to carry out this modification and transformation, the entity rescinded the insurance policies that, at that time, covered the actuarial liabilities. Simultaneously, an endowment was made to the internal pension fund and a portion of the endowment amount was subsequently contributed to Unifondo Pensiones V, Fondo de Pensiones.

At December 31, 2021 and 2020, the position account of Unifondo Pensiones V, Fondo de Pensiones amounted to €291,963,000 and €292,020,000, respectively. This amount includes both the defined contribution and defined benefit requirements which were calculated according to the criteria indicated in Note 2.12.

Those corresponding to Caja Cantabria employees are externalized in the Caja Cantabria Employees’ Pension Plan, P.P. This plan, in order to insure the risk derived from the group of beneficiaries under a defined benefit scheme, has taken out insurance policy 52493 with an insured interest rate with a range between 0.35% and 5.9%

During 2014, the Unicaja Banco Group acquired a majority shareholding in the capital of Banco de Caja España de Inversiones, Salamanca y Soria, S.A. (EspañaDuero), which, in accordance with the corresponding labor agreements in force, must supplement the social security benefits corresponding to its employees, or their beneficiaries, in the event of retirement, widowhood, orphanhood, permanent disability or severe disability.

During the fiscal year of 2021, as a result of the merger by absorption of Liberbank, S.A. by Unicaja Banco, S.A. (Note 1.14), a series of post-employment commitments and long-term remuneration will be contributed to the Unicaja Banco Group, which are detailed in the following sections of this note.

41.1.1.1 General information on post-employment commitments

Below is a detail of the various defined benefit and defined contribution post-employment obligations assumed by the Group:

Defined contribution plans

The contributions made by the Unicaja Banco Group in 2021 to the external pension fund amounted to €17,921,000 (€13,718,000 in 2020), which are recognized under "Administrative Expenses - Personnel Expenses" in the consolidated income statements for those fiscal years.

Defined benefit plans

The current value of the commitments has been determined by qualified actuaries, who have applied the following criteria to quantify them:

- Valuation method: "projected unit credit method," which sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately.

- Actuarial assumptions used: unbiased and mutually compatible. The most significant actuarial assumptions considered in the calculations are detailed in Note 2.12.

- Estimated retirement age of employees: which is calculated for each employee based on the best information available at the date of the financial statements.

The fair value of the assets used to cover unaffected pension commitments includes the fair value of the insurance policies contracted by the Group with Unicorp Vida, Compañía de Seguros y Reaseguros, S.A. and with Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A. -CASER- CCM Vida y Pensiones de Seguros y Reaseguros, S.A. and Vida Caixa Mediación, Sociedad de Agencia de Seguros Vinculada, to cover the commitments assumed with employees who are guaranteed a supplementary benefit at the time of their retirement, as explained above. These insurance policies, since they are contracted with a company that is related to the Entity (Note 12), are recorded at fair value under "Insurance contracts linked to pensions" on the asset side of the balance sheet, since they are not considered to be an "asset assigned" for accounting purposes. The fair value of these policies has been calculated using actuarial methods, discounting the payment flows foreseen in the policy at the corresponding discount rate according to the IBOXX AA Corporate curve, based on the financial duration of the commitments.

As of December 31, 2021 and 2020, the fair value of the assets assigned to the post-employment compensation hedge was broken down as follows:

	Thousands of Euros	
	2021	**2020**
Nature of the Assets subject to Commitment Coverage		
Plan assets covered by insurance policy	458,544	166,482
Insurance policies contracted by the Plan linked to the coverage of defined benefit obligations	31,060	31,679
External defined contribution pension plan	772,456	381,058
	1,262,060	**579,219**

41.1.1.2 Information on defined contribution post-employment benefit obligations

Pension commitments materialized in defined contribution plans are settled by means of annual payments made by the Group to the beneficiaries of these plans, almost exclusively active employees of the Group. These contributions are accrued with a charge to the consolidated income statement for the year (Note 2.12.1) and, therefore, do not give rise to the recognition of a liability in this connection in the accompanying consolidated balance sheets.

The amounts recorded in the accompanying consolidated income statements for the contributions made to these plans in 2021 and 2020 were €17,921,000 and €13,718,000, respectively (Note 41.1).

41.1.1.3 Information on defined benefit post-employment benefit plans

The total amount of actuarial gains and losses recognized in the consolidated statement of recognized income and expense for 2021 that will not be reclassified to profit or loss amounts to €9,323,000 gross loss (€4,973,000 gross loss in 2020), which after the related tax effect amounts to €6,526,000 net loss (€3,481,000 net loss in 2020).

The reconciliation between the opening and closing balances of the present value of the Unicaja Banco Group's defined benefit obligation for 2021 and 2020 is presented below:

2021	Plan 1 Unicaja	Plan 2 Unicaja	Plan 1 Spain Duero	Plan 2 Spain Duero	Plans BCLM	Cantabria Plans	Extremadura Plans	Cajastur Plans	Total
									Thousands of Euros
Present value of obligations as of Friday, January 1, 2021	**83,818**	**28,116**	**6,796**	**75,267**	**-**	**-**	**-**	**-**	**193,997**
Effect of the merger by absorption of Liberbank	-	-	-	-	36,272	44,230	11,773	151,258	243,533
(i) Service cost for the current year	10	-	-	-	-	-	-	-	10
(ii) Interest cost	202	80	15	165	135	156	44	544	1,341
(iii) Contributions made by participants	-	-	-	-	-	-	-	-	-
(iv) Actuarial gains and losses	378	4	(317)	1,578	459	(2,941)	564	5,926	5,651
iv.1. Due to changes in assumptions (demographics)	1,705	458	(212)	2,869	1,597	1,489	569	4,363	12,838
iv.2. Due to changes in assumptions (financial)	(1,327)	(454)	(105)	(1,291)	(192)	(223)	(64)	(938)	(4,594)
iv.3. Experience Adjustments	-	-	-	-	(946)	(4,207)	59	2,501	(2,593)
(v) Exchange rate changes	-	-	-	-	-	-	-	-	-
(vi) Benefits paid	(5,269)	(1,359)	(461)	(5,172)	(1,730)	(1,319)	(563)	(6,198)	(22,071)
(vii) Cost of past services	-	-	-	-	-	-	-	-	-
(viii) Business combinations	14	-	(226)	226	-	-	-	-	14
(ix) Reductions	(2,206)	-	-	-	-	-	-	-	(2,206)
(x) Plan settlements	-	-	-	-	-	-	-	-	-
Present value of obligations as of December 31, 2021	**76,947**	**26,841**	**5,807**	**72,064**	**35,136**	**40,126**	**11,818**	**151,530**	**420,269**

2020	Plan 1 Unicaja	Plan 2 Unicaja	Plan 1 Spain Duero	Plan 2 Spain Duero	Plans BCLM	Cantabria Plans	Extremadura Plans	Cajastur Plans	Total
									Thousands of Euros
Present value of obligations as of Wednesday, January 1, 2020	**85,853**	**33,920**	**6,145**	**82,718**	**-**	**-**	**-**	**-**	**208,636**
(i) Service cost for the current year	44	-	-	-	-	-	-	-	44
(ii) Interest cost	473	212	31	444	-	-	-	-	1,160
(iii) Contributions made by participants	-	-	-	-	-	-	-	-	-
(iv) Actuarial gains and losses	4,748	(4,616)	1,118	(2,439)	-	-	-	-	(1,189)
iv.1. Due to changes in assumptions (demographics)	(547)	151	654	(317)	-	-	-	-	(59)
iv.2. Due to changes in assumptions (financial)	5,295	(4,767)	464	(2,122)	-	-	-	-	(1,130)
iv.3. Experience Adjustments	-	-	-	-	-	-	-	-	-
(v) Exchange rate changes	-	-	-	-	-	-	-	-	-
(vi) Benefits paid	(5,862)	(1,400)	(498)	(5,456)	-	-	-	-	(13,216)
(vii) Cost of past services	-	-	-	-	-	-	-	-	-
(viii) Business combinations	88	-	-	-	-	-	-	-	88
(ix) Reductions	(1,526)	-	-	-	-	-	-	-	(1,526)
(x) Plan settlements	-	-	-	-	-	-	-	-	-
Present value of obligations as of Thursday, December 31, 2020	**83,818**	**28,116**	**6,796**	**75,267**	**-**	**-**	**-**	**-**	**193,997**

The reconciliation between the opening and closing balances of the fair value of plan assets and the opening and closing balances of any reimbursement rights recognized as assets by the Unicaja Banco Group for fiscal years 2021 and 2020 is presented below:

									Thousands of Euros
2021	**Plan 1 Unicaja**	**Plan 2 Unicaja**	**Plan 1 Spain Duero**	**Plan 2 Spain Duero**	**Plans BCLM**	**Cantabria Plans**	**Extremadura Plans**	**Cajastur Plans**	**Total**
Fair value of assets as of Friday, January 1, 2021	**83,398**	**27,207**	**5,955**	**60,137**	**-**	**-**	**-**	**-**	**176,697**
Effect of the merger by absorption of Liberbank	-	-	-	-	34,909	51,777	15,220	201,122	303,028
(i) Service cost for the current year (contributions)	-	-	-	-	-	-	-	-	-
(ii) Interest cost (expected profitability of assets)	174	76	121	132	128	173	59	650	1,513
(iii) Contributions made by participants	204	-	-	164	-	-	-	-	368
(iv) Actuarial gains and losses	1,409	281	215	2,135	831	1,798	735	7,538	14,942
iv.1. Due to changes in assumptions (demographics)	2,338	332	274	2,684	1,420	1,952	825	5,740	15,565
iv.2. Due to changes in assumptions (financial)	(929)	(51)	(59)	(549)	(173)	(314)	(91)	(1,196)	(3,362)
iv.3. Experience Adjustments	-	-	-	-	(416)	160	1	2,994	2,739
(v) Exchange rate changes	-	-	-	-	-	-	-	-	-
(vi) Benefits paid	(5,269)	(1,359)	(461)	(3,746)	(1,722)	(1,318)	(563)	(9,191)	(23,629)
(vii) Cost of past services	-	-	-	-	-	-	-	-	-
(viii) Business combinations	-	-	-	-	-	-	-	-	-
(ix) Reductions	(2,206)	-	-	-	-	-	-	-	(2,206)
(x) Plan settlements	-	-	-	-	-	-	-	-	-
Fair value of assets as of December 31, 2021	**77,710**	**26,205**	**5,830**	**58,822**	**34,146**	**52,430**	**15,451**	**200,119**	**470,713**

2020	Plan 1 Unicaja	Plan 2 Unicaja	Plan 1 Spain Duero	Plan 2 Spain Duero	Plans BCLM	Cantabria Plans	Extremadura Plans	Cajastur Plans	Total
									Thousands of Euros
Fair value of assets as of Wednesday, January 1, 2020	**86,684**	**27,219**	**6,421**	**62,588**	**-**	**-**	**-**	**-**	**182,912**
(i) Service cost for the current year (contributions)	-	-	-	-	-	-	-	-	-
(ii) Interest cost (expected profitability of assets)	439	170	(38)	336	-	-	-	-	907
(iii) Contributions made by participants	550	-	-	-	-	-	-	-	550
(iv) Actuarial gains and losses	3,113	1,218	69	1,202	-	-	-	-	5,602
iv.1. Due to changes in assumptions (demographics)	(198)	169	(81)	184	-	-	-	-	74
iv.2. Due to changes in assumptions (financial)	3,311	1,049	150	1,018	-	-	-	-	5,528
iv.3. Experience Adjustments	-	-	-	-	-	-	-	-	-
(v) Exchange rate changes	-	-	-	-	-	-	-	-	-
(vi) Benefits paid	(5,862)	(1,400)	(497)	(3,989)	-	-	-	-	(11,748)
(vii) Cost of past services	-	-	-	-	-	-	-	-	-
(viii) Business combinations	-	-	-	-	-	-	-	-	-
(ix) Reductions	(1,526)	-	-	-	-	-	-	-	(1,526)
(x) Plan settlements	-	-	-	-	-	-	-	-	-
Fair value of assets as of December 31, 2021	**83,398**	**27,207**	**5,955**	**60,137**	**-**	**-**	**-**	**-**	**176,697**

The reconciliation of the present value of the defined benefit post-employment obligation and the fair value of the related assets (excluding insurance contracts linked to pensions) to the assets and liabilities recognized in the consolidated balance sheet of the Unicaja Banco Group at December 31, 2021 and 2020 is presented below:

2021	Plan 1 Unicaja	Plan 2 Unicaja	Plan 1 Spain Duero	Plan 2 Spain Duero	Plans BCLM	Cantabria Plans	Extremadura Plans	Cajastur Plans	Total
									Thousands of Euros
Present value of obligations as of December 31, 2021	**76. 947**	**26,841**	**5,807**	**72,064**	**35,136**	**40,126**	**11,818**	**151,530**	**420,269**
(i) Cost of past services not rendered in the balance sheet	-	-	-	-	-	-	-	-	-
(ii) Any amount not recognized as assets	-	-	-	6,017	-	-	-	-	6,017
(iii) Fair value of any right of reimbursement recognized as an asset	269	-	-	2,401	(17)	-	-	-	2,653
(iv) Other amounts recognized in the balance sheet	-	(26,841)	(103)	(25,495)	(1,371)	12,304	3,633	48,589	10,716
Fair value of assets as of December 31, 2021	**77,216**	**-**	**5,704**	**54,987**	**33,748**	**52,430**	**15,451**	**200,119**	**439,655**

2020	Plan 1 Unicaja	Plan 2 Unicaja	Plan 1 Spain Duero	Plan 2 Spain Duero	Plans BCLM	Cantabria Plans	Extremadura Plans	Cajastur Plans	Total
									Thousands of Euros
Present value of obligations as of Thursday, December 31, 2020	**83,818**	**28,116**	**6,796**	**75,267**	**-**	**-**	**-**	**-**	**193,997**
(i) Cost of past services not rendered in the balance sheet	-	-	-	-	-	-	-	-	-
(ii) Any amount not recognized as assets	-	-	-	5,960	-	-	-	-	5,960
(iii) Fair value of any right of reimbursement recognized as an asset	-	-	-	1,692	-	-	-	-	1,692
(iv) Other amounts recognized in the balance sheet	(894)	(28,116)	(983)	(26,641)	-	-	-	-	(56,634)
Fair value of assets as of Thursday, December 31, 2020	**82,924**	**-**	**5,813**	**56,278**	**-**	**-**	**-**	**-**	**145,015**

The amounts for the year 2021, and for the four preceding annual periods, are presented below for the present value of the defined benefit obligation, the fair value of plan assets and the experience adjustments arising from plan assets and liabilities.

									Thousands of Euros
									Current value of obligations
	Plan 1 Unicaja	**Plan 2 Unicaja**	**Plan 1 Spain Duero**	**Plan 2 Spain Duero**	**Plans BCLM**	**Cantabria Plans**	**Extremadura Plans**	**Cajastur Plans**	**Total**
2017 financial year									
Experience Adjustments	-	-	-	-	-	-	-	-	-
Value as of December 31, 2017	95,990	35,365	7,907	92,057	-	-	-	-	231,319
2018 financial year									
Experience Adjustments	-	-	-	-	-	-	-	-	-
Value as of Monday, December 31, 2018	85,469	32,143	6,432	82,500	-	-	-	-	206,544
2019 financial year									
Experience Adjustments	-	-	-	-	-	-	-	-	-
Value as of Tuesday, December 31, 2019	85,854	33,919	6,145	82,717	-	-	-	-	208,635
2020 financial year									
Experience Adjustments	-	-	-	-	-	-	-	-	-
Value as of Thursday, December 31, 2020	83,818	28,116	6,796	75,266	-	-	-	-	193,996
2021 financial year									
Experience Adjustments	-	-	-	-	(946)	(4,207)	59	2,501	(2,593)
Value as of Friday, December 31, 2021	76,947	26,841	5,807	72,064	35,136	40,126	11,818	151,530	420,269

	Thousands of Euros								
	Fair value of assets								
	Plan 1 Unicaja	Plan 2 Unicaja	Plan 1 Spain Duero	Plan 2 Spain Duero	Plans BCLM	Cantabria Plans	Extremadura Plans	Cajastur Plans	Total
Experience Adjustments	-	-	-	-	-	-	-	-	-
Value as of December 31, 2017	98,148	27,869	7,141	68,139	-	-	-	-	201,297
2018 financial year									
Experience Adjustments	-	-	-	-	-	-	-	-	-
Value as of Monday, December 31, 2018	87,386	25,834	6,298	62,059	-	-	-	-	181,577
2019 financial year									
Experience Adjustments	-	-	-	-	-	-	-	-	-
Value as of Tuesday, December 31, 2019	86,684	27,219	6,421	62,588	-	-	-	-	182,912
2020 financial year									
Experience Adjustments	-	-	-	-	-	-	-	-	-
Value as of Thursday, December 31, 2020	83,398	27,207	5,955	60,137	-	-	-	-	176,697
2021 financial year									
Experience Adjustments	-	-	-	-	(416)	160	1	2,994	2,739
Value as of Friday, December 31, 2021	77,710	26,205	5,830	58,822	34,146	52,430	15,451	200,119	470,713

Below is a detail of the total expense recognized in shareholders' equity in 2021 and 2020, and the items in which they have been included.

Definition	Income statement item
a) Service cost for the current year	Personnel expenses
b) Interest cost	Interest expense
c) Expected return on assets	Interest income
d) Cost of past service recognized in the year	Provisions/ reversal

Thousands of Euros

2021	Plan 1 Unicaja	Plan 2 Unicaja	Plan 1 Spain Duero	Plan 2 Spain Duero	Liberbank Origin Plans	Total
a) Service cost for the current year	10	-	-	-	-	10
b) Interest cost	27	80	1	54	879	1,041
c) Expected return on assets	(1)	(77)	(107)	(10)	(1,009)	(1,204)
d) Gains and losses recognized during the year	(1,031)	(277)	(533)	(557)	(6,969)	(9,367)
e) Past service cost recognized in the year	14	-	-	-	-	14

Thousands of Euros

2020	Plan 1 Unicaja	Plan 2 Unicaja	Plan 1 Spain Duero	Plan 2 Spain Duero	Liberbank Origin Plans	Total
a) Service cost for the current year	44	-	-	-	-	44
b) Interest cost	37	213	69	148	-	467
c) Expected return on assets	(3)	(170)	-	(20)	-	(193)
d) Gains and losses recognized during the year	1,635	(5,834)	1,049	(1,750)	-	(4,900)
e) Past service cost recognized in the year	88	-	-	-	-	88

The main actuarial assumptions used by the Unicaja Banco Group as of December 31, 2021 are presented below.

Actuarial assumptions of Plan 1 Unicaja Banco:

- Updated tables: PERMF 2020 first order
- Type of update:
    - Market rate according to the financial duration of the commitment flows and according to the IBOXX AA Corporate curve as of December 1, 2021, corresponding to Euro Zone high credit rating corporate bonds.
    - The duration for each commitment ranges from 18.22 to 9.52 years for bonds and 12.58 to 1.13 years for assets.
    - The rates applied for each commitment range from 0.3560% to 0.2507% for bonds and 0.3077% to -0.2184% for assets.
- Rate of increase in salaries: 2.5%
- Type of pension revaluation: 1.5%
- Type of expected return on plan assets:
    - For assets subject to the coverage of obligations insured in the Collective III policy (Defined Benefit). Employees from Banco Urquijo), the rate applied is -0.1732%.
    - For assets assigned to the coverage of obligations insured in the Collective VI policy (Plan Beneficiaries) with cash-flow matching, the rate applied is 0.2375%.
    - For the assets assigned to the coverage of insured obligations in the policy of the Beneficiaries from Collective I (Mixed). General System), II and III that enjoy actuarial annuities, the rate applied is 0.3146%.

    - For assets assigned to the coverage of insured obligations in the policy corresponding to benefits not financed by the Plan due to contribution limits, the rate applied is -0.1732% for assets and 0.2783% for liabilities.
- Rate of return on any recognized reimbursement rights: 0
- Estimated retirement age: 65 years of age, except for participants for whom the anticipated retirement age is known.
- Rotation: No

Actuarial assumptions of Plan 2 Unicaja Banco:

- Updated tables: PERMF 2020 first order.
- Type of update:
    - Market rate according to the financial duration of the commitment flows and according to the IBOXX AA Corporate curve as of December 1, 2021, corresponding to Euro Zone high credit rating corporate bonds.
    - The duration for each commitment ranges from 14.74 to 7.94 years for both bonds and assets.
    - The rates applied for each commitment range from 0.3351% to 0.2050% for both bonds and assets.
- Type of pension revaluation: 1.5%
- Type of expected return on plan assets:
    - For assets used to cover obligations insured under the policy covering commitments arising from the Savings Banks and Banks Collective Bargaining Agreements, the rate applied is 0.3306%
    - For the assets assigned to the coverage of obligations insured in the policy for the early retirees' group (liabilities), the rate applied is 0.2917%.
    - The rate applied to the assets assigned to the coverage of insured obligations in the policy for the early retiree group (risk) is 0.3054%
    - For assets assigned to the coverage of obligations insured in the annuity policy, the rate applied is 0.2153%.
- Rate of return on any recognized reimbursement rights: 0%
- Estimated retirement age: 65 years.
- Rotation: No

Actuarial assumptions of Plan 1 EspañaDuero:

- Updated tables: PERMF 2020 first order.
- Type of update:
    - Market rate according to the financial duration of the commitment flows and according to the IBOXX AA Corporate curve as of December 1, 2021, corresponding to Euro Zone high credit rating corporate bonds.
    - The interest rates and financial durations of each group are as follows:
        - For beneficiary benefits covered under the Plan and not insured 0.1543% and 6.76 years respectively.
        - For beneficiary benefits covered under the Plan and insured under policy RV81 12000017, 0.3398% and 15.83 years, respectively.
        - For benefits of participants and beneficiaries 0.3236% and 13.55 years respectively for the obligations and assets of the Pension Plan and the insured capital in policy respectively for the assets.
- Rate of increase in salaries: 0%
- Growth rate of Social Security pensions: 0%
- Growth rate of contribution bases: 0%
- Pension revaluation rate: between 1.5% and 2%
- Type of expected return on plan assets:
    - For plan assets and liabilities 3.97%
    - For liabilities insured within the plan 0.3357%
    - For plan participants: -0.2632%

- For the Plan Excess Policy -0.2632%
- Estimated retirement age: 65 years
- Rotation: No

Actuarial assumptions of Plan 2 EspañaDuero:

Commitments from Caja Duero:

- Updated tables: PERMF 2020 first order.
- Discount rate:
  - Market rate according to the financial duration of the commitment flows and according to the IBOXX AA Corporate curve as of December 1, 2021, corresponding to Euro Zone high credit rating corporate bonds.
  - The interest rates and financial durations of each group are as follows:
    - For benefits of assets not adhered to the Pension Plan of the Caja Duero employment system, in reference to the rates applied 0.3458% for bonds and -0.2582% for assets, as well as a financial duration of 16.11 years for bonds and 1.84 years for assets.
    - For the 02/02 liability policy benefits, 0.1951% and 7.77 years, respectively.
    - For liability policy benefits 144001 0.1776% and 6.96 years respectively.
    - Internal Fund at 0.2406% and a financial duration of 10.14 years.
- Rate of increase in salaries: 0%
- Growth rate of Social Security pensions: 0%
- Growth rate of contribution bases: 0%
- Type of pension revaluation: 2%.
- Type of expected return on plan assets:
  - For non-plan assets -0.2681%
  - For policy 02/02 0.1250%
  - For liability policy 1440001: 0.1495%
- Estimated retirement age: 65 years
- Rotation: No

Commitments from Caja España:

- Updated tables: PERMF 2020 first order
- Discount rate:
  - Market rate according to the financial duration of the commitment flows and according to the IBOXX AA Corporate curve as of December 1, 2021, corresponding to Euro Zone high credit rating corporate bonds.
  - The interest rates and financial durations of each group are as follows:
    - Beneficiary benefits policy 8.118: 0.2604% (financial duration of 9.87 years).
    - Beneficiary benefits policy PCP-1.001: 0.2130% (financial duration of 8.19 years).
- Rate of increase in salaries: 0%
- Type of pension revaluation: 2.0%

- Type of expected return on plan assets:
    - For the assets subject to policy 8,118, it contemplates cash flow matching at a rate of 0.2513%
    - For the assets subject to policy 1,001, it contemplates cash flow matching at a rate of 0.1830%
- Estimated retirement age: 65 years
- Rotation: No

Actuarial assumptions of the Origen Liberbank Plans:

- Updated tables: PERMF 2020 first order
- Discount rate: To calculate the interest rates, the durations of each of the commitments are estimated, accumulating the obligation amounts of each commitment according to their nature. Once the duration is obtained, estimated probable flows corresponding to each duration are applied. This curve is constructed with AA quality bonds from the three main rating agencies S&P, Moody's and Fitch. The duration associated with the post-employment commitments of the Liberbank Origin Plans amounts to 9.20 years. The technical interest rate used in these post-employment commitments is 0.88%.
    - Inflation: The Consumer Price Index (CPI) estimated by the Bank for the commitment with origin Banco de Castilla-La Mancha, S.A. is used: 1.6%
- Growth of the insured fund: Depending on the particular conditions of each policy.
- Rate of increase in salaries: 0.00% until 2021, 0.75% in 2022, 1.00% thereafter.
- Growth rate of the maximum Social Security pension: 2%.
- Growth rate of Social Security contribution bases: 1.4%.
- Estimated retirement age: 65 years

Sensitivity data on the present value of the obligations at December 31, 2021 with respect to changes in the interest rate and salary growth are as follows:

	Percentage variation	
Fiscal Year 2021 - Unicaja Banco Plans	**Increase**	**Decrease**
Change in the present value of obligations due to a 0.5% variation in salaries	0.02%	(0.02%)
Change in the present value of obligations due to a 50 b.p. variation in the interest rate	(5.04%)	5.51%

	Percentage variation	
Fiscal year 2021 - SpainDuero Plans	**Increase**	**Decrease**
Change in the present value of obligations due to a 0.5% variation in salaries	0.00%	0.00%
Change in the present value of obligations due to a 50 b.p. variation in the interest rate	(4.73%)	5.14%

	Percentage variation	
Fiscal Year 2021 - BCLM Plans	**Increase**	**Decrease**
Change in the present value of obligations due to a 0.5% variation in salaries	0.00%	0.00%
Change in the present value of obligations due to a 50 b.p. variation in the interest rate	(4.17%)	4.51%

	Percentage variation	
Fiscal Year 2021 - Cantabria Plans	**Increase**	**Decrease**
Change in the present value of obligations due to a 0.5% variation in salaries	0.00%	0.00%
Change in the present value of obligations due to a 50 b.p. variation in the interest rate	(4.76%)	5.21%

Fiscal Year 2021 - Extremadura Plans	Percentage variation	
	Increase	**Decrease**
Change in the present value of obligations due to a 0.5% variation in salaries	0.00%	0.00%
Change in the present value of obligations due to a 50 b.p. variation in the interest rate	(4.26%)	4.18%

Fiscal year 2021 - Cajastur Plans	Percentage variation	
	Increase	**Decrease**
Change in the present value of obligations due to a 0.5% variation in salaries	0.00%	0.00%
Change in the present value of obligations due to a 50 b.p. variation in the interest rate	(4.76%)	5.18%

Data on the sensitivity of the present value of the obligations as of December 31, 2020 to changes in the interest rate and salary growth are as follows:

Financial Year 2020 - Unicaja Banco Collectives	Percentage variation	
	Increase	**Decrease**
Change in the present value of obligations due to a 0.5% variation in salaries	0.04%	(0.04%)
Change in the present value of obligations due to a 50 b.p. variation in the interest rate	(4.55%)	5.48%

Financial Year 2020 - EspañaDuero Collectives	Percentage variation	
	Increase	**Decrease**
Change in the present value of obligations due to a 0.5% variation in salaries	0.00%	0.00%
Change in the present value of obligations due to a 50 b.p. variation in the interest rate	(4.70%)	4.84%

Based on the mortality tables used, the remaining life expectancy for a person retiring at year-end 2021 is 27.97 years and 24.18 years (for Unicaja and EspañaDuero Plans) and 28.37 years and 24.64 years (for Origen Liberbank Plans), respectively for women and men (27.15 years and 22.66 years, respectively, at year-end 2020 in the case of Unicaja and EspañaDuero Plans). Likewise, the life expectancy since retirement for a person who would retire 20 years after the end of the 2021 financial year is 30.30 years and 26.75 years (for Unicaja and EspañaDuero Plans) and 30.76 years and 27.21 years (for Origen Liberbank Plans), respectively, for women and men (29.21 years and 24.95 years, respectively, at the end of the 2020 financial year in the case of Unicaja and EspañaDuero Plans).

The estimated payment of the various post-employment benefits for the next ten years is as follows:

Unicaja Banco	2022	2023	2024	2025	2026	2027-2031
						Thousands of Euros
Post-employment benefits	6,620	6,521	6,371	6,210	6,020	26,781
Other long-term benefits	48,538	42,778	36,238	27,315	17,388	10,922
Total benefits	**55,158**	**49,299**	**42,609**	**33,525**	**23,408**	**37,703**

SpainDuero	2022	2023	2024	2025	2026	2027-2031
						Thousands of Euros
Post-employment benefits	5,565	5,400	5,220	5,022	4,810	20,542
Other long-term benefits	1,669	631	44	-	-	-
Total benefits	**7,234**	**6,031**	**5,264**	**5,022**	**4,810**	**20,542**

Liberbank Origin Plans	2022	2023	2024	2025	2026	2027-2031
						Thousands of Euros
Post-employment benefits	17,662	16,920	16,169	15,535	14,747	61,876
Other long-term benefits	37,898	32,929	23,138	16,586	10,585	3,808
Total benefits	**55,560**	**49,849**	**39,307**	**32,121**	**25,332**	**65,684**

In relation to the estimated benefits for the following fiscal year:

- For the defined benefit retirement benefit, the amount of the contributions will be equal to the normal and supplementary cost, if any, resulting from the last actuarial valuation made by the Plan's Actuary at the close of the previous year.

- For the defined disability, widowhood and orphanhood benefits of the Defined Benefit groups, the amount equivalent to the annual premium required for coverage will be contributed through a Group Life Insurance Policy, the amount of which is budgeted on the basis of the amounts paid in the previous year.

- For the defined disability, widowhood and orphanhood benefits of the Defined Contribution groups, the cost of the insurance premium corresponding to these risk benefits established for this purpose with the Insurance Company will be contributed, in the part necessary to achieve said benefits, deducting the capitalization funds constituted. Generally, they are estimated based on the amounts paid in the previous year.

41.1.2 Death and disability

The amount of premiums paid for insurance policies covering death and disability of employees in 2021 amounted to €4,867,000 (€2,641,000 in 2020) and is recorded under “Administrative Expenses - Personnel Expenses” in the consolidated income statement (Note 2.12.3 and Note 41.1).

41.1.3 Seniority awards

The amounts recorded for the commitments reached with employees in the event that they reach 20 and 35 years of service with the Entity at the end of 2021 and 2020 amount to €6,101,000 and €6,407,000, and are recorded under “Provisions - Pensions and post-employment defined benefit obligations” in the consolidated balance sheets at those dates.

Pursuant to the labor agreement dated December 3, 2021, Liberbank personnel who have been granted a dedication or loyalty award for length of service will be paid in the January 2022 payroll the amount accrued according to the period of service elapsed until December 31, 2021. At December 31, 2021, the Group had recorded a liability to meet this obligation in the amount of €2,969,000 under "Financial liabilities at amortized cost" in the consolidated balance sheet. From that moment on, they begin to accrue the loyalty reward regulated by Unicaja Banco.

41.1.4 Agreed Compensated Leaves of Absence (EPC)

On June 1, 2016, Liberbank, S.A. reached a labor agreement with the union majority, with the aim of establishing the conditions so that the workers could take advantage of the agreed compensated leave of absence (hereinafter, EPC) or a compensated voluntary leave plan. Active employees born between 1956 and 1964 may avail themselves of the first modality. The situation would last until the end of the calendar year in which it arises, where such situation can be extended by mutual agreement for a calendar year and up to the age of 63, or before this age where this was an entitlement to retirement benefits. The employee would receive compensation as monthly amounts equal to 60% of the current gross salary, being limited to a minimum of 75% and a maximum of 80% of the net salary, where the resulting gross amount cannot exceed €50,000 per year or the proportionate part thereof for shorter periods.

The agreement contemplated the possibility of reincorporating the employees under this modality to the Bank, either at Liberbank's request due to organizational needs or at the employee's own will.

This agreement incorporated a guarantee clause in the event of a relevant change in the shareholding of Liberbank, S.A. Specifically, the clause states that should there be a major change in ownership of the Bank, active employees reinstated at the Bank's request after taking the mutually agreed paid leave of absence may terminate their employment relationship under the same economic terms envisaged in the agreement to suspend the contract for the time remaining until they are 63 years of age. As stated in the aforementioned guarantee clause, it was understood that there would be a loss of control when, as a result of a corporate operation, the shareholders that existed at that time (banking foundations) did not appoint the largest number of representatives on the Board from among the Sundays.

Prior to the merger of Liberbank with Unicaja Banco, a total of 636 employees of the Liberbank Group had taken this type of compensated leave of absence, while another 90 employees who had previously been on leave of absence had returned to work due to organizational needs.

The provision that the Unicaja Banco Group has recorded for this concept as of December 31, 2021 amounts to €124,507,000, which is the unused amount to date of the €142,572,000 allocated by the Liberbank Group prior to the date of accounting effects of the merger, considering the new scenario generated by the approval of the merger with Unicaja Banco, and the staff sizing needs, which made the need to reinstate the aforementioned group highly unlikely, and which covered the future cost of the 636 employees on compensated leave of absence, as well as the costs of termination of the contractual relationship of the 90 employees who were reinstated as active employees at the request of Liberbank.

41.1.5 Assumptions used in other long-term commitments

The amount of the commitments has been determined by qualified actuaries, who have applied the following criteria to quantify them:

Criteria for Unicaja Banco:

- Actuarial assumptions used: to calculate the commitments to employees arising from the aforementioned agreement, the Entity has applied the market rate according to the financial duration of the commitment flows and according to the IBOXX AA Corporate curve at December 1, 2021, corresponding to high credit rating corporate bonds in the Euro Zone.
- The duration for each commitment ranges from 9.79 years to 2.27 years.
- The rates applied for each commitment range from 0.2842% to -0.2025%.
- The estimated retirement age of each employee is as agreed.

Criteria for Spain Douro:

- Actuarial assumptions used: to calculate the commitments to employees arising from the aforementioned agreement, the Entity has applied the market rate according to the financial duration of the commitment flows and according to the IBOXX AA Corporate curve at December 1, 2021, corresponding to high credit rating corporate bonds in the Euro Zone.
- The duration for each commitment is 0.10 years.
- The rates applied for each commitment are -0.2550%.
- The estimated retirement age of each employee is as agreed.

Criteria for Liberbank:

- Actuarial assumptions used: To calculate the interest rates, the durations of each of the commitments are estimated, accumulating the obligation amounts of each commitment according to their nature. Once the duration is obtained, estimated probable flows corresponding to each duration are applied. This curve is constructed with AA quality bonds from the three main rating agencies S&P, Moody's and Fitch. The duration associated with the long-term commitments from Liberbank is 0.39 years for severance payments, and 2.23 years for the Compensated Agreed Leaves of Absence (EPC) group. The technical interest rate used in these commitments is 0.71% for seniority premiums and 0.00% for severance payments and collective EPC.
- The estimated retirement age of each employee is as agreed.

41.2 Other administration expenses

The breakdown of the balance of this heading on the consolidated income statements for 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	**2020**
Real estate and facilities	21,161	19,995
Leasing	1,713	903
Computing	51,872	33,228
Communications	17,987	15,338
Advertising	10,408	9,948
Legal expenses	1,001	697
Technical reports	15,694	12,374
Surveillance services	8,615	6,967
Insurance premiums	1,432	1,245
By governing bodies	4,629	2,273
Representation expenses	4,268	2,758
Association dues	9,212	7,428
Outsourced services	2,991	403
Taxes	32,216	26,882
Other	17,243	14,902
	200,442	**155,341**

The fees paid by the Group to PricewaterhouseCoopers Auditores, S.L. for the audit of its financial statements, amounting to €2,450,000 in 2021 (€1,954,000 in 2020). In addition, in 2021, fees for services provided to the Group by companies using the PricewaterhouseCoopers brand in relation to other accounting and regulatory verification work amount to €923,000 (€1,418,000 in 2020), and other services amounting to €9,000 (€101,000 in 2020).

42. Impairment in value or reversal of impairment in value of investments in joint ventures or associates and non-financial assets

The composition of these chapters of the consolidated profit and loss accounts for the years 2021 and 2020, is as follows:

	Thousands of Euros

	2021	2020
Impairment of value or reversal of investments in joint ventures or associated companies (Note 12)	**213**	**-**
Impairment of value or reversal of non-financial assets	**(11,847)**	**(2,700)**
Goodwill (Notes 4 and 14)	(6,773)	(6,773)
Other assets	(5,074)	4,073
	(11,634)	**(2,700)**

The following is a detail, by consolidated balance sheet line item, of “Impairment or reversal of non-financial assets - Other assets” for the years 2021 and 2020:

	Thousands of Euros	
	2021	**2020**
Impairment losses of property, plant and equipment	1,816	1,768
Impairment losses on investment property	(6,453)	807
Impairment losses on inventories	(2,785)	2,776
Impairment losses on other assets	2,348	(1,278)
	(5,074)	**4,073**

43. Gains or losses when derecognizing non-financial assets and participations in accounts

The breakdown of the balance of this heading on the consolidated income statements for 2021 and 2020 is as follows:

	Thousands of Euros			
	2021		**2020**	
	Profit	**Loss**	**Profit**	**Loss**
For sale of tangible assets	4,456	(373)	2,051	-
For sale of investments	4,621	(1,782)	2,789	(2,226)
	9,077	**(2,155)**	**4,840**	**(2,226)**

44. Gains or losses on non-current assets and disposable groups of items classified as held for sale and not eligible for sale as discontinued operations

The breakdown of the balance of this heading on the consolidated income statements for 2021 and 2020 is as follows:

	Thousands of Euros			
		2021		2020
	Profit	**Loss**	**Profit**	**Loss**
From sale of non-current assets	24,934	(9,014)	14,864	(4,259)
Provisions for value adjustments due to impairment of non-current assets held for sale (Note 16)	-	(34,518)	-	(9,297)
Other	1,835	(133)	-	-
	26,769	**(43,665)**	**14,864**	**(13,556)**

45. Linked parties

In addition to the information presented in Note 6 in relation to the balances and operations carried out with the members of the Board of Directors of the Parent Entity and with its Senior Management, the rest of the balances recorded in the consolidated balance sheets as of December 31, 2021 and 2020 and in the consolidated profit and loss accounts for the years 2021 and 2020 originating from transactions with related parties:

					Thousands of Euros
					2021
Expenses, income and other transactions	**Significant shareholders**	**Administrators and Managers**	**Individuals, companies or group entities**	**Other associates**	**Total**
Financial expense	-	(80)	(280)	(113)	(473)
Management or collaboration contracts	(983)	-	(1,627)	-	(2,610)
R&D transfers and licensing agreements	-	-	-	-	
Leasing	-	-	-	-	
Reception of services	-	-	(856)	(2,491)	(3,347)
Purchase of goods (finished or in process)	-	-	-	-	
Valuation allowances for doubtful or bad debts	-	-	-	-	-
Losses due to write-downs or disposal of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total Expenses	**(983)**	**(80)**	**(2,763)**	**(2,604)**	**(6,430)**
Financial income	-	4	3,083	884	3,971
Management or collaboration contracts	251	-	-	-	251
R&D transfers and licensing agreements	-	-	-	-	-
Dividends received	-	-	-	-	-
Leasing	-	-	49	-	49
Provision of services	-	-	-	-	-
Sale of goods (finished or in process)	-	-	-	-	-
Gains on retirement or disposal of assets	-	-	-	-	-
Other income	-	-	-	-	-
Total Earnings	**251**	**4**	**3,132**	**884**	**4,271**
Purchase of tangible, intangible or other assets	-	-	10,131	21	10,152
Financing agreements: credits and contributions from capital (lender)	-	1,873	235,585	121,759	359,217
Financial leasing contracts (lessor)	-	-	-	-	-
Amortization or cancellation of loans and loan agreements (lessor)	-	-	-	-	-
Sale of tangible, intangible or other assets	-	-	-	-	-
Financing agreements, loans and contributions from capital (borrower)	46,650	9,148	271,424	29,067	356,289
Financial lease agreements (lessee)	-	-	-	-	-
Amortization or cancellation of loans and lease agreements (lessee)	-	-	-	-	-
Guarantees and collateral provided	-	62	22,325	7,874	30,261
Guarantees and collateral received	-	-	-	-	-
Commitments assumed	-	92	18,339	18,155	36,586
Commitments/guarantees settled	-	-	-	-	-
Dividends and other distributed income	7,471	-	-		7,471
Other transactions	-	-	2,489	34	2,523
Total other transactions	**54,121**	**11,175**	**560,293**	**176,910**	**802,499**

Expenses, income and other transactions	Significant shareholders	Administrators and Managers	Individuals, companies or group entities	Other associates	Total
					Thousands of Euros
					2020
Financial expense	-	(11)	(303)	(33)	(347)
Management or collaboration contracts	(562)	-	(2,934)	-	(3,498)
R&D transfers and licensing agreements	-	-	-	-	-
Leasing	-	-	-	-	-
Reception of services	-	-	-	-	-
Purchase of goods (finished or in process)	-	-	-	-	-
Valuation allowances for doubtful or bad debts	-	-	-	-	-
Losses due to write-downs or disposal of assets	-	-	-	-	-
Other expenses	-	-	-	-	-
Total Expenses	**(562)**	**(11)**	**(3,237)**	**(33)**	**(3,846)**
Financial income	-	5	3,021	209	3,235
Management or collaboration contracts	253	-	2	-	255
R&D transfers and licensing agreements	-	-	-	-	-
Dividends received	-	-	-	-	-
Leasing	-	-	-	-	-
Provision of services	-	-	-	-	-
Sale of goods (finished or in process)	-	-	-	-	-
Gains on retirement or disposal of assets	-	-	-	-	-
Other income	-	-	-	-	-
Total Earnings	**253**	**5**	**3,023**	**209**	**3,492**
Purchase of tangible, intangible or other assets	-	-	4,949	-	4,949
Financing agreements: credits and contributions from capital (lender)	-	1,503	127,837	20,821	150,161
Financial leasing contracts (lessor)	-	-	-	-	-
Amortization or cancellation of loans and loan agreements (lessor)	-	-	-	-	-
Sale of tangible, intangible or other assets	-	-	-	-	-
Financing agreements, loans and contributions from capital (borrower)	46,696	8,511	243,594	4,737	303,538
Financial lease agreements (lessee)	-	-	-	-	-
Amortization or cancellation of loans and lease agreements (lessee)	-	-	-	-	-
Guarantees and collateral provided	-	165	48,550	224	48,939
Guarantees and collateral received	-	-	-	-	-
Commitments assumed	-	-	-	-	-
Commitments/guarantees settled	-	-	-	-	-
Dividends and other distributed income	-	-	-	-	-
Other transactions	-	-	343	-	343
Total other transactions	**46,696**	**10,179**	**425,273**	**25,782**	**507,930**

The information in the above table has been presented on an aggregate basis since, in all cases, related party transactions are not significant in terms of amount or relevance for a proper understanding of the financial information provided.

Transactions with related parties have been carried out under normal market conditions.

46. Mortgage market information

Article 12 of Law 2/1981, of March 25, on the Regulation of the Mortgage Market, amended by Law 41/2007, of December 7, and by Law 1/2013, of May 14, establishes that "the entity issuing the mortgage bonds will keep a special accounting record of the loans and credits that serve as collateral for the mortgage bond issues and, if they exist, of the replacement assets immobilized to cover them, as well as of the derivative financial instruments linked to each broadcast. For the purpose of calculating the limit established in article 16, this special accounting record must also identify the loans and credits that meet the conditions required in section two of this Law from among those recorded. The accounts of the issuing entity shall contain, in the form to be determined by regulation, the essential data of said registry."

The Board of Directors states that the Group has express policies and procedures that cover all the activities carried out in the field of mortgage market issues that guarantee strict compliance with the mortgage market regulations applicable to these activities.

The policies and procedures referred to include the following criteria:

- Relationship between the amount of the loan and the appraised value of the mortgaged property, as well as the influence of other guarantees and the selection of appraisal entities.

- Relationship between the debt and the income of the borrower, as well as the verification of the information provided by the borrower and its solvency.

- Avoid imbalances between the flows from the hedging portfolio and those derived from paying attention to the payments due on the securities issued.

Article 3 of Law 41/2007, of December 7, 2007, establishes that appraisal companies that provide their services to credit institutions of the same group must, provided that any of these credit institutions has issued and has mortgage securities in circulation, have adequate mechanisms to favor the independence of the appraisal activity and avoid conflicts of interest.

As of December 31, 2021 and 2020, the Unicaja Banco Group does not have an interest in any appraisal company.

As issuer of covered bonds and mortgage bonds, certain relevant information is presented below at the Unicaja Banco Group level in compliance with mortgage market regulations:

A) Active transactions

As of December 31, 2021 and 2020, the detail of the nominal value of mortgage loans and credits backing the issuance of mortgage bonds and covered bonds or that have been mobilized through mortgage participations or mortgage transfer certificates, is as follows:

	Thousands of Euros	
	2021	**2020**
Loans held as assets transferred	**631,519**	**-**
Mortgage participations	69,868	-
Mortgage transfer certificates	561,651	-
Mortgage loans pledged as security for financing received	**-**	**-**
Loans that back the issuance of bonds and mortgage bonds	**35,684,169**	**18,324,621**
Non-eligible loans	4,572,484	3,103,731
Meet the requirements for eligibility, except for the limit of article 5.1 of the Royal Decree 716/2009	2,985,873	1,193,065
Others	1,586,611	1,910,666
Eligible loans	31,111,685	15,220,890
Non-eligible amounts	37,620	47,723
Eligible amounts	31,074,065	15,173,167
Loans covering mortgage bond issues	*110,203*	-
Loans eligible for mortgage-backed securities coverage	*30,963,862*	*15,173,167*
	36,315,688	**18,324,621**

As of December 31, 2021 and 2020, the outstanding nominal value of the loans and mortgage loans backing the issuance of bonds and mortgage bonds amounts to €35,684,169,000 and €18,324,621,000, respectively, and the outstanding nominal value of the loans and mortgage loans that meet the characteristics of being eligible for the purpose of backing the issue of these mortgage bonds amounts to €31,111,685,000 and €15,220,890,000, respectively.

The nominal value of all non-eligible mortgage loans and credits that do not comply with the limits established in Article 5.1 of Royal Decree 716/2009 but nevertheless comply with the other requirements for eligible loans and credits, as indicated in Article 4 of said regulation, amounts to €2,985,873,000 and €1,193,065,000 at December 31, 2021 and 2020, respectively.

Below is a detail of the loans backing the issuance of bonds and mortgage bonds, classified according to different criteria, as of December 31, 2021 and 2020.

	Thousands of Euros	
	2021	
	Loans that back the issuance of bonds and mortgage bonds	**Of which: Eligible loans**
Nominal value of all loans and credits outstanding mortgages	**35,684,169**	**31,111,685**
According to origin:	35,684,169	31,111,685
- Arising from the Entity	32,604,319	28,316,673
- Subrogated from other entities	2,803,149	2,680,438
- Others	276,701	114,574
Depending on the currency:	35,684,169	31,111,685
- In Euros	35,661,651	31,089,248
- Other currencies	22,518	22,437
Depending on the payment situation:	35,684,169	31,111,685
- Normal payment situation	34,685,540	30,663,220
- Other situations	998,629	448,465
Based on average residual maturity:	35,684,169	31,111,685
- Up to 10 years	10,647,670	8,841,790
- More than 10 years and up to 20 years	11,495,884	10,473,822
- More than 20 years and up to 30 years	12,634,592	11,708,720
- More than 30 years	906,023	87,353
Depending on the type of interest:	35,684,169	31,111,685
- Fixed rate	8,000,375	7,533,558
- Variable rate	24,302,323	21,144,950
- A mixed type	3,381,471	2,433,177
Depending on holders:	35,684,169	31,111,685
- Legal entities and individual employers	5,910,128	4,266,852
Of which: real estate development	*513,050*	*224,640*
- Households	29,774,041	26,844,833
Depending on the type of guarantee:	35,684,169	31,111,685
- Assets/ buildings and other completed constructions	33,936,184	30,110,053
- Residential	31,877,863	28,591,337
Of which: government-subsidized housing units	*719,708*	*680,150*
- Commercial	1,827,398	1,371,192
- Others	230,923	147,524
- Assets/ buildings and other construction in progress	459,001	282,989
- Residential	302,627	166,521
Of which: government-subsidized housing units	*2,321*	*2,321*
- Commercial	131,130	91,697
- Others	25,244	24,771
- Land	1,288,984	718,643
- Consolidated urban land	464,582	179,994
- Others	824,402	538,649

	Thousands of Euros	
	2020	
	Loans that back the issuance of bonds and mortgage bonds	**Of which: Eligible loans**
Nominal value of all loans and credits outstanding mortgages	**18,324,621**	**15,220,890**
According to origin:	18,324,621	15,220,890
- Arising from the Entity	18,191,810	15,106,232
- Subrogated from other entities	132,811	114,658
- Others	-	-
Depending on the currency:	18,324,621	15,220,890
- In Euros	18,323,805	15,220,312
- Other currencies	816	578
Depending on the payment situation:	18,324,621	15,220,890
- Normal payment situation	18,063,129	15,220,890
- Other situations	261,492	-
Based on average residual maturity:	18,324,621	15,220,890
- Up to 10 years	8,636,891	6,908,322
- More than 10 years and up to 20 years	6,262,579	5,433,058
- More than 20 years and up to 30 years	3,420,880	2,878,499
- More than 30 years	4,271	1,011
Depending on the type of interest:	18,324,621	15,220,890
- Fixed rate	488,700	354,749
- Variable rate	17,835,921	14,866,141
- A mixed type	-	-
Depending on holders:	18,324,621	15,220,890
- Legal entities and individual employers	2,521,358	1,375,516
Of which: real estate development	*333,898*	*118,901*
- Households	15,803,263	13,845,374
Depending on the type of guarantee:	18,324,621	15,220,890
- Assets/ buildings and other completed constructions	16,502,930	14,179,392
- Residential	15,981,031	13,846,021
Of which: government-subsidized housing units	*635,901*	*608,111*
- Commercial	434,759	279,063
- Others	87,140	54,308
- Assets/ buildings and other construction in progress	442,358	289,189
- Residential	428,494	278,573
Of which: government-subsidized housing units	*3,438*	*3,438*
- Commercial	13,374	10,190
- Others	490	426
- Land	1,379,333	752,309
- Consolidated urban land	498,377	172,085
- Others	880,956	580,224

As of December 31, 2021 and 2020, the breakdown of the nominal value of all eligible mortgage loans and credits, based on the percentages reached by the ratio between the amount of the transactions and the appraisal values corresponding to the latest available appraisal of the respective mortgaged assets, is as follows:

	Thousands of Euros 2021				
	Less than or equal to 40%	More than 40% and less than or equal to 60%	More than 60% and less than or equal to 80%	More than 80%.	Total
Eligible loans					
- On housing	7,692,612	9,426,185	11,352,687	-	28,471,484
- On other assets	1,351,344	1,159,404	129,453	-	2,640,201
	9,043,956	**10,585,589**	**11,482,140**	**-**	**31,111,685**

	Thousands of Euros 2020				
	Less than or equal to 40%	More than 40% and less than or equal to 60%	More than 60% and less than or equal to 80%	More than 80%.	Total
Eligible loans					
- On housing	4,541,335	5,452,264	4,130,995	-	14,124,594
- On other assets	565,756	509,735	20,805	-	1,096,296
	5,107,091	**5,961,999**	**4,151,800**	**-**	**15,220,890**

The following is information regarding the nominal value of loans and mortgage loans that have been written off or added to the portfolio in fiscal years 2021 and 2020:

	Thousands of Euros 2021		2020	
	Eligible loans	Non-eligible loans	Eligible loans	Non-eligible loans
Beginning balance for the fiscal year	**15,220,890**	**3,103,731**	**15,979,949**	**3,276,442**
Write-downs in the period	**(2,099,168)**	**(802,164)**	**(1,768,827)**	**(404,116)**
Settlements on maturity	(115,810)	(48,373)	(43,900)	(2,839)
Early settlement	(693,072)	(184,673)	(343,134)	(117,992)
Subrogations from other entities	(13,102)	(848)	(9,937)	(967)
Others	(1,277,184)	(568,270)	(1,371,856)	(282,318)
Additions in the period	**17,989,963**	**2,270,917**	**1,009,768**	**231,405**
Effect of the merger by absorption of Liberbank	15,443,002	1,909,594	-	-
Arising from the Entity	972,750	71,055	78,191	11,273
Subrogations from other entities	-	105	141	640
Others	1,574,211	290,163	931,436	219,492
Closing balance for the fiscal year	**31,111,685**	**4,572,484**	**15,220,890**	**3,103,731**

The movements included under “Other,” in the case of movements associated with “Disposals in the period,” mainly correspond to the following flows that generate a variation in the nominal balance in both eligible and non-eligible transactions and which are applicable to movements in both fiscal years 2021 and 2020:

- Transfers between the eligible and ineligible portfolio, such that they are additions to the “eligible loans” item and deletions to the “ineligible loans” portfolio or vice versa. This variation is common with the movements associated with “Additions in the period” (with opposite sign). Transfers are due to changes in compliance with eligibility requirements in accordance with applicable regulations (mainly due to change in LTV ratio due to loan drawdown/amortization or appraisal review/update).

- Amortization of transactions that are still outstanding with respect to the amount declared in the previous period and that, therefore, are not computed as cancellations at maturity or early cancellations.

On the other hand, the movements included under “Other,” in the case of movements associated with “Additions in the period,” mainly correspond to the following flows that generate a variation in the nominal balance in both eligible and ineligible transactions and are applicable to the movements of both fiscal years 2021 and 2020:

- Transfers between the eligible and ineligible portfolio, such that they are additions to the “eligible loans” item and deletions to the “ineligible loans” portfolio or vice versa. This variation is common with the movements associated with “Divestitures in the period” (with opposite sign). Transfers are due to changes in compliance with eligibility requirements in accordance with applicable regulations (mainly due to change in LTV ratio due to loan drawdown/amortization or appraisal review/update).

The available balance of the mortgage loans that support the issuance of mortgage bonds and covered bonds as of December 31, 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	**2020**
Potentially eligible	419,589	157,562
Non-eligible	260,915	178,564
	680,504	**336,126**

The nominal value of the available amounts (undrawn committed amounts) of all potentially eligible loans and mortgage loans at December 31, 2021 and 2020 corresponds to €419,589,000 and €157,562,000, respectively, while those potentially ineligible amount to €260,915,000 and €178,564,000, respectively.

As of December 31, 2021 and 2020, the Group does not have any replacement assets related to mortgage bonds and mortgage bonds issues.

B) Passive transactions

The breakdown as of December 31, 2021 and 2020 of the aggregate nominal value of outstanding mortgage bonds issued by the Group and of mortgage participations and mortgage transfer certificates outstanding at that date, based on their residual maturity, is as follows:

	Thousands of Euros	
	2021	**2020**
Outstanding mortgage bonds	**-**	**-**
Mortgage-backed securities issued	**9,664,088**	**3,493,903**
Issued through a public offering	-	-
- Residual maturity up to one year	-	-
- Residual maturity greater than 1 year and up to 2 years	-	-
- Residual maturity greater than 2 years and up to 3 years	-	-
- Residual maturity greater than 3 years and up to 5 years	-	-
- Residual maturity greater than 5 years and up to 10 years	-	-
- Residual maturity greater than 10 years	-	-
Other issuances	4,730,000	60,000
- Residual maturity up to one year	30,000	30,000
- Residual maturity greater than 1 year and up to 2 years	-	30,000
- Residual maturity greater than 2 years and up to 3 years	2,000,000	-
- Residual maturity greater than 3 years and up to 5 years	1,500,000	-
- Residual maturity greater than 5 years and up to 10 years	1,200,000	-
- Residual maturity greater than 10 years	-	-
Deposits	4,934,088	3,433,903
- Residual maturity up to one year	462,037	660,000
- Residual maturity greater than 1 year and up to 2 years	450,000	151,852
- Residual maturity greater than 2 years and up to 3 years	-	300,000
- Residual maturity greater than 3 years and up to 5 years	1,282,051	682,051
- Residual maturity greater than 5 years and up to 10 years	2,740,000	560,000
- Residual maturity greater than 10 years	-	1,080,000
Mortgage participations issued	**39,895**	**-**
Issued through a public offering	-	-
Other issuances	39,895	-
Mortgage transfer certificates Issued	**631,519**	**-**
Issued through a public offering	-	-
Other issuances	631,519	-
	10,335,502	**3,493,903**

47. Transparency of information regarding financing for construction, real estate development, financing for home purchases and assets acquired in payment of debts

47.1 Qualitative information

In relation to the minimum information to be disclosed by consolidated groups of credit institutions and by individual credit institutions that are not included in any of them, the following considerations should be taken into account:

- In relation to the financing of construction and real estate development, it is requested that the policies and strategies established by the entities to deal with the problematic assets of this sector, both in the short term and in the medium and long term, be made public. In addition, these exposures must be assessed in the context of the stress tests published before the summer, if the entities had participated in them.

- An assessment of the financing needs in the markets must be included, as well as the short, medium and long-term strategies implemented in this respect (without prejudice to the Banco de España being able to provide, at a later date, the details of the minimum information on financing and liquidity needs).

The Unicaja Banco Group, as part of its risk policy, and in particular that relating to construction and real estate development, has established a series of specific policies and strategies focused on favoring compliance with borrowers' obligations and mitigating the risks to which the Group is exposed. In this sense, alternatives are sought that allow the completion and sale of the projects, analyzing the renegotiation of the risks if the Group's credit position improves and with the basic purpose of allowing the borrower to maintain its business activity.

This takes into account previous experience with the borrower, the borrower's history of compliance, the borrower's manifest willingness to pay, the capacity to generate cash flow or the provision of new guarantees, before over-indebting the current ones.

In the first place, provided that there is a certain payment capacity and after having exhausted all possibilities for the recovery of the defaulted debt, the possibility of granting capital grace periods to allow the development of the financed land, the completion of the ongoing developments and the marketing of the finished units is studied. The analysis carried out prioritizes the viability of the projects, so that an increase in investment is avoided for those real estate assets for which a clear possibility of future sales is foreseen.

In the event that the support measures are not possible or sufficient, other alternatives are sought, such as giving in payment or the purchase of assets, the last option being the judicial claim and the subsequent adjudication of the properties by foreclosure of the mortgage guarantees. All irregular assets that become part of the Group's consolidated balance sheet are managed with the ultimate purpose of divesting or leasing them.

For this purpose, the Unicaja Banco Group has instrumental companies specialized in the management of urban development projects, real estate marketing and leasing of real estate assets. On the other hand, the Group has specific units to develop these strategies and coordinate the actions of the instrumental subsidiaries, the network of offices and the rest of the agents involved. Finally, the Group's website *www.unicajainmuebles.com*is one of the main tools used to inform the public interested in these assets.

47.2 Quantitative information

As of December 31, 2021 and 2020, the detail of financing for construction and real estate development and its hedges (1) is as follows:

	Thousands of Euros			
	2021			
	Gross book value (2)	Excess on the value of collateral (3)	Accumulated impairment losses (4)	Net amount
Financing for construction and property development (including land) (business in Spain)	**956,788**	**225,018**	**(88,047)**	**868,741**
Of which: Doubtful/ Stage 3	139,867	55,199	(72,087)	67,780
Pro-memoria				
Non-performing assets (5)	349,790			

	Thousands of Euros			
	2020			
	Gross book value (2)	Excess on the value of collateral (3)	Accumulated impairment losses (4)	Net amount
Financing for construction and property development (including land) (business in Spain)	**816,796**	**180,331**	**(46,545)**	**770,251**
Of which: Doubtful/ Stage 3	85,263	31,664	(41,512)	43,751
Pro-memoria				
Non-performing assets (5)	177,983			

Pro-memoria: Consolidated group data	Book value	
	2021	2020
Loans to customers, excluding general government (business in Spain) (carrying amount) (6)	48,969,592	24,184,451
Total consolidated assets (total business) (carrying amount) (7)	115,549,993	65,544,265
Impairment and provisions for normal classified exposures (total business) (8)	446,429	254,695

(1) The classification of financing in this statement will be made according to its purpose, and not according to the debtor's CNAE. This implies, for example, that if the debtor is: a) a real estate company, but devotes the financing granted to a purpose other than construction or real estate development, it will not be included in this statement, and b) a company whose principal activity is not construction or real estate development, but the credit is for the financing of real estate intended for real estate development, it will be included in this statement.

(2) Amount before deducting, if applicable, value adjustments for asset impairment.

(3) This is the amount of the excess of the gross carrying amount of each transaction over the value of any rights in rem received as collateral, calculated in accordance with the provisions of Circular 4/2017. Therefore, the value of the rights in rem is the result of weighting the lower of the cost of the assets and their appraisal value in their current condition weighted by the percentages corresponding to them according to the nature of the mortgaged assets.

(4) Amount allocated by the entity to cover construction and real estate development financing transactions.

(5) Gross amount of financing for construction and real estate development (business in Spain) written off as a result of having been classified as write-off.

(6) Includes all financing, in the form of loans, with or without mortgage guarantee, and debt securities, for construction and real estate development, corresponding to the activity in Spain (business in Spain).

(7) Amount recorded on the asset side of the balance sheet after deducting, if applicable, the amounts set up for hedging purposes.

(8) Total amount of value adjustments and provisions having the nature of generic coverage for credit risk constituted for risks classified as normal as indicated in Circular 4/2017, corresponding to its total activity (total business).

The breakdown of the caption of financing for construction and real estate development, transactions recorded by credit institutions (business in Spain), as of December 31, 2021 and 2020 is as follows:

	Thousands of Euros	
	Gross book value (6)	
	2021	2020
Without real estate guarantee (*)	286,989	264,303
With real estate guarantee (1)	669,799	552,493
Finished buildings and other constructions (2)	365,880	245,981
Housing	266,165	188,711
Others	99,715	57,270
Buildings and other constructions under construction (3)	134,307	159,310
Housing	123,857	146,604
Others	10,450	12,706
Land	169,612	147,202
Consolidated urban land	72,912	94,853
Other land	96,700	52,349
Total (4)	**956,788**	**816,796**

(*) As of December 31, 2021, the carrying amount of financing identified as "Without real estate collateral" includes €173,766,000 corresponding to real estate collateralized transactions that do not fully cover the exposure (€169,937,000 as of December 31, 2020) In addition, it includes secured transactions with public authorities amounting to €163,542,000 (€144,329,000 as of December 31, 2020).

(1) Amount before deducting accumulated impairment losses, if any.

(2) All transactions with real estate collateral are included, regardless of the form in which the collateral is instrumented, regardless of the percentage that the amount of the transaction represents of the amount of the latest available appraisal *(loan to value)*.

(3) If a building has both residential (housing) and other purposes, the financing is included in the category of the predominant purpose.

(4) This amount coincides with the gross carrying amount of the row "Construction and real estate development financing (including land) (business in Spain)" of statement PC 7-1.

Below is a detail of the guarantees received and financial guarantees granted in connection with financing for construction and real estate development, in the transactions recorded by credit institutions (business in Spain) as of December 31, 2021 and 2020:

	Thousands of Euros	
Guarantees received	**2021**	**2020**
Value of collateral	739,791	586,134
Of which: Non-compliant/ Doubtful	66,832	49,752
Value of other guarantees	-	-
Of which: Non-compliant/ Doubtful	-	-
Total value of guarantees received	**739,791**	**586,134**

Financial guarantees granted	Thousands of Euros 2021	2020
Financial guarantees granted in relation to real estate construction and development	10,397	-
Amount recorded as a liability on the balance sheet	5,543	-

As of December 31, 2021 and 2020, the breakdown of loans to households for home purchases, transactions recorded by credit institutions (business in Spain), is as follows:

	Thousands of Euros			
	2021		2020	
	Gross amount (2)	Of which: Non-compliant/ Doubtful	Gross amount (2)	Of which: Non-compliant/ Doubtful
Home purchase loans (1)	31,021,565	787,799	14,773,182	513,422
No real estate mortgage	209,311	2,637	152,442	1,889
With real estate mortgage (3)	30,812,254	785,162	14,620,740	511,533

(1) Loans, with or without real estate mortgage guarantee, to households for home purchases corresponding to businesses in Spain.

(2) Amount before deducting accumulated impairment losses, if any.

(3) All transactions secured by real estate mortgages are included, regardless of the percentage of the amount of the last available appraisal.

The breakdown of mortgage-backed loans to households for home purchases according to the percentage of the total risk of the amount of the last available valuation (LTV), transactions registered by credit institutions (business in Spain) as of December 31, 2021 and 2020 is as follows:

	December 31, 2021 (1)					
	LTV≤40%	40%<LTV≤60%	60%<LTV≤80%	80%<LTV≤100%	LTV>100%	Total
Gross book value (2)	**7,177,890**	**9,654,503**	**12,720,520**	**696,955**	**562,385**	**30,812,253**
Of which: Non-compliant / Doubtful (2)	97,621	150,721	213,058	113,401	210,361	785,162

	Thursday, December 31, 2020 (1)					
	LTV≤40%	40%<LTV≤60%	60%<LTV≤80%	80%<LTV≤100%	LTV>100%	Total
Gross book value (2)	**4,010,756**	**5,263,364**	**4,436,931**	**442,817**	**466,872**	**14,620,740**
Of which: Non-compliant / Doubtful (2)	47,992	69,248	120,951	80,191	193,151	511,533

(1) Loan to value is the ratio resulting from dividing the gross carrying amount of the transaction at the reporting date by the amount of the latest available appraisal.

(2) Amount before deducting accumulated impairment losses, if any. The amounts reported in the “Total” column for the “Carrying amount” and “Of which: doubtful” lines of this statement match the amounts reported in the “With real estate mortgage” line of statement PC 7-3.

The detail of assets foreclosed to consolidated group entities (businesses in Spain) (1) as of December 31, 2021 and 2020 is as follows:

						Thousands of Euros
			2021			2020
	Gross book value (2)	Accumulated impairment losses	Net amount	Gross book value (2)	Accumulated impairment losses	Net amount
Property awarded or received in payment of debts	**2,208,423**	**(1,384,525)**	**823,898**	**1,091,429**	**(686,049)**	**405,380**
Real estate assets from financing for construction and real estate development companies (3)	1,367,240	(908,171)	459,069	534,941	(375,838)	159,103
Finished buildings and other constructions	264,722	(155,371)	109,351	69,258	(37,276)	31,982
Housing	201,867	(118,642)	83,225	54,045	(27,433)	26,612
Others	62,855	(36,729)	26,126	15,213	(9,843)	5,370
Buildings and other constructions under construction	262,499	(169,730)	92,769	47,693	(30,394)	17,299
Housing	230,533	(148,568)	81,965	46,301	(29,478)	16,823
Others	31,966	(21,162)	10,804	1,392	(916)	476
Land	840,019	(583,070)	256,949	417,990	(308,168)	109,822
Consolidated urban land	462,477	(343,477)	119,000	313,765	(221,621)	92,144
Other land	377,542	(239,593)	137,949	104,225	(86,547)	17,678
Real estate assets from mortgage financing to households for house purchase	418,295	(224,023)	194,272	353,706	(171,240)	182,466
Rest of real estate assets foreclosed or received in payment of debts (4)	422,888	(252,331)	170,557	202,782	(138,971)	63,811
Equity instruments awarded or received in payment of debts	**30,945**	**(23,397)**	**7,548**	**-**	**-**	**-**
Investments in real estate entities	**166,232**	**(228)**	**166,004**	-	-	-
Equity instruments of entities holding real estate assets foreclosed or received in payment of debts (5)	115,619	-	115,619	-	-	-
Financing to entities holding real estate assets foreclosed or received in payment of debts (5)	50,613	(228)	50,385	-	-	-
	2,405,600	**(1,408,150)**	**997,450**	**1,091,429**	**(686,049)**	**405,380**

(1) This includes real estate assets foreclosed or received in payment of debts from financing granted in relation to businesses in Spain, as well as equity investments and financing to entities holding such assets, regardless of how ownership was acquired and the balance sheet item in which they are classified, except for those classified as property, plant and equipment for own use.

(2) Amount at which the assets are recorded in the consolidated balance sheet, as established in point 164 of Annex 9 of Circular 4/2017 of November 27, before deducting accumulated impairment.

(3) This includes all real estate assets from financing for construction and real estate development, regardless of the sector and main economic activity of the company or individual entrepreneur that delivered the asset.

(4) This includes real estate assets that do not derive from financing for construction and real estate development or mortgage financing to households for the acquisition of housing.

(5) All participations in the capital and financing to entities holding real estate assets awarded or received in payment of debts will be recorded.

As can be seen in the table above, at December 31, 2021 the gross acquisition cost of foreclosed real estate, therefore excluding equity instruments and investments in real estate entities, amounts to €2,208,423,000, with a total coverage of provisions of €1,384,525,000, representing a coverage level over the gross acquisition cost of 63% (€1,091,429,000 at December 31, 2020, with a total coverage of €686,049,000, which represented a coverage level of 63%).

48. Information on payment deferrals made to suppliers. Third additional provision - Duty of information of Law 15/2010, of July 5

In compliance with the provisions of Law 15/2010, of July 5, amending Law 3/2004, of December 29, establishing measures to combat late payment in commercial transactions, which has been developed by the Resolution of December 29, of the Spanish Accounting and Auditing Institute (ICAC), on the information to be included in the notes to the financial statements in relation to deferrals of payment to suppliers in commercial transactions, we hereby state that:

- In view of the activities in which the Group is basically engaged, the information relating to debt deferrals relates basically to payments to suppliers for the rendering of services and sundry supplies, other than payments to depositors and holders of securities issued by the Group, which were made in all cases in strict compliance with the contractual and legal deadlines established for each of them, whether they were payable on demand or with deferred payment.

- Payments made by the Unicaja Banco Group to suppliers exclusively for the rendering of services and the supply of sundry services in 2021 amounted to €569,543,000 (€374,238,000 in 2020), which were made within the legally and contractually established deadlines. The balance pending payment to suppliers as of December 31, 2021 and 2020 had a shorter term than the one established by Law 15/2010, of July 5.

In accordance with the provisions of the second final provision of Law 31/2014, of December 3, amending the third additional provision of Law 15/2010, and in relation to the information to be included in the notes to the consolidated financial statements on deferrals of payment to suppliers in commercial transactions calculated on the basis of the provisions of the Resolution of January 29, 2016, of the Spanish Accounting and Audit Institute, the average payment period to suppliers of the Group for the years 2021 and 2020 is 12.99 days and 8.64 days, respectively, while the ratio of transactions paid for those years amounts to 12.04 days and 8.22 days, respectively, and the ratio of transactions pending payment amounts to 16.83 days and 8.17 days, respectively.

The average payment period was within the legal limits set in the regulations, so the inclusion in the management report of the measures provided for in Section 1 of Article 262 of the Consolidated Text of the Capital Companies Act does not apply.

49. Customer Service

In compliance with the provisions of Article 17.2 of Order ECO/734/2004, of March 11, on customers service departments and services and the ombudsman of financial institutions, it should be noted from the contents of the report of the Bank’s Customer Service Department that 87.86% of the complaints and claims received in 2021 were resolved in that period (68.66% in 2020). The rest, pending at the end of 2021, are expected to be resolved within the maximum term established in the Regulations and in the Bank’s Customer Protection Regulations, depending on their type.

APPENDIX I
INDIVIDUAL FINANCIAL STATEMENTS OF UNICAJA BANCO

Individual balance sheets as of December 31, 2021 and December 31, 2020.

	Thousands of Euros	
	2021	2020
Cash, cash balances with central banks, and other demand deposits	21,295,899	6,666,800
Financial assets held for trading	15,514	177,880
Financial assets not held for trading compulsorily measured at fair value through profit or loss	228,227	91,279
Financial assets at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	566,099	775,647
Financial assets at amortized cost	83,906,848	51,827,202
Derivatives – Hedge accounting	815,044	615,801
Changes in the fair value of hedged items in a portfolio hedged against interest rate risk	99,301	-
Investments in subsidiaries, joint ventures and associates	1,682,612	657,832
Tangible assets	1,683,156	1,100,729
Intangible assets	35,939	29,508
Tax assets	5,022,357	2,853,153
Other assets	329,329	219,320
Non-current assets and disposable groups of items classified as held for sale	282,874	244,906
Total assets	**115,963,199**	**65,260,057**
Financial liabilities held for trading	15,355	11,857
Financial liabilities valued at fair value with changes in income	-	-
Financial liabilities at amortized cost	106,238,850	59,189,715
Derivatives – Hedge accounting	999,690	609,030
Changes in the fair value of hedged items in a portfolio hedged against interest rate risk	-	-
Provisions	1,528,710	786,492
Tax liabilities	339,215	198,060
Share capital repayable on demand	-	-
Other liabilities	370,800	250,314
Liabilities included in disposal groups that have been classified as held for sale	-	-
Total liabilities	**109,492,620**	**61,045,468**
Own funds:	**6,679,258**	4,293,291
Capital or endowment fund	663,708	1,579,761
Share premium	1,322,995	1,322,995
Equity instruments issued other than share capital	547,385	47,429
Accumulated earnings	2,803,600	917,786
Revaluation reserves	-	-
Other reserves	260,084	261,485
Minus: Own shares	(3,359)	(92)
Profit or loss for the year	1,084,845	163,927
Minus: Interim dividends	-	-
Other cumulative overall income:	**(208,679)**	(78,702)
Elements that will not be reclassified as income	95,596	72,288
Items that can be reclassified as income	(304,275)	(150,990)
Total net equity	**6,470,579**	**4,214,589**
Total liabilities and net equity	**115,963,199**	**65,260,057**
Commitments for loans granted	5,351,395	2,470,211
Financial guarantees granted	248,973	62,815
Other commitments granted	6,038,273	1,913,637

(*) Information presented, solely and exclusively, for comparative purposes.

APPENDIX I
INDIVIDUAL FINANCIAL STATEMENTS OF UNICAJA BANCO

Individual profit and loss accounts for the years 2021 and 2020:

	Thousands of Euros	
	2021	2020
Interest income	864,515	724,247
Interest expense	(121,900)	(146,345)
Net interest margin	**742,615**	**577,902**
Dividend income	46,715	157,966
Fee revenue	366,617	242,466
Fee expenses	(32,999)	(21,941)
Gains/losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	38,967	92,021
Gains/losses on financial assets and liabilities held for trading, net	12,661	(3,062)
Gains or (losses) on financial assets not held for trading measured at fair value through profit or loss, net	(1,987)	664
Gains/losses on financial assets and liabilities designated at fair value through profit or loss, net	-	-
Gains/losses resulting from hedge accounting, net	(1,403)	2,827
Gains/losses on write-off of non-financial asset accounts, net	-	-
Exchange differences/losses, net	3,998	(9)
Other operating income	35,188	26,882
Other operating expense	(172,094)	(110,018)
Gross margin	**1,038,278**	**965,698**
Administrative expenses	(609,633)	(490,496)
Amortization	(62,074)	(48,607)
(Provisions or reversal of provisions)	(498,720)	(52,015)
(Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss and net gains or losses from modification)	(178,605)	(237,360)
Profit or loss from operating activities	**(310,754)**	**137,220**
Impairment of value or reversal of investments in joint ventures or associated companies	(4,167)	47,487
Impairment of value or reversal of non-financial assets	(2,769)	(1,398)
Gains/ losses when writing off non-financial assets and participations in accounts, Net	5,130	(10,230)
Negative goodwill recognized in profit or loss	1,301,333	-
Gains/losses from non-current assets and disposal groups of items classified as held for sale not eligible as discontinued operations	(5,994)	1,438
Profit/loss before tax from continuing operations	**982,779**	**174,517**
Income/expenses for taxes on profits from continuing activities	102,066	(10,590)
Profit/loss after tax from continuing operations	**1,084,845**	**163,927**
Profit/loss after tax from discontinued operations	-	-
Profit or loss for the year	**1,084,845**	**163,927**

(*) Information presented, solely and exclusively, for comparative purposes.

APPENDIX I
INDIVIDUAL FINANCIAL STATEMENTS OF UNICAJA BANCO

Individual statements of recognized income and expense for fiscal years 2021 and 2020:

	Thousands of Euros	
	2021	2020
Profit or loss for the year	**1,084,845**	**163,927**
Other comprehensive income	**(129,977)**	**(4,422)**
Elements that will not be reclassified as income	**23,308**	**53,979**
Actuarial gains (losses) on defined benefit pension plans	9,321	4,973
Non-current assets and disposal groups classified as held for sale	-	-
Fair value changes of equity instruments measuring at fair value through other comprehensive income	23,977	72,140
Gains or (losses) resulting from accounting for hedges of equity instruments valued at fair value with changes in other comprehensive income, net	-	-
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in credit risk	-	-
Other valuation adjustments	-	-
Tax on gains related to the items that will not be reclassified	(9,990)	(23,134)
Items that can be reclassified as income	**(153,285)**	**(58,401)**
Hedges of net investments in foreign transactions (efficient part)	-	-
Conversion of foreign currency	-	-
Cash flow hedging (efficient part)	(218,799)	(81,137)
Hedging instruments (non-designated elements)	-	-
Debt instruments at fair value through other comprehensive income	(180)	(2,293)
Non-current assets and disposal groups classified as held for sale	-	-
Income tax in relation to the items that may be reclassified in gains or losses	65,694	25,029
Total overall profit or loss for the year	**954,868**	**159,505**

(*) Information presented, solely and exclusively, for comparative purposes.

APPENDIX I
INDIVIDUAL FINANCIAL STATEMENTS OF UNICAJA BANCO

Individual statements of changes in shareholders' equity for fiscal years 2021 and 2020:

	Capital and Additional paid-in capital	Equity instruments issued other than share capital	Accumulated earnings	Other reserves	Own shares	Profit or loss for the year	Other cumulative overall income	Total
Opening balance at 12/31/2020	**2,902,756**	**47,429**	**917,786**	**261,485**	**(92)**	**163,927**	**(78,702)**	**4,214,589**
Effects of error correction	-	-	-	-	-	-	-	-
Effects of changes to accounting policies	-	-	-	-	-	-	-	-
Opening balance at 01/01/2021	**2,902,756**	**47,429**	**917,786**	**261,485**	**(92)**	**163,927**	**(78,702)**	**4,214,589**
Total overall profit or loss for the year	**-**	**-**	**-**	**-**	**-**	**1,084,845**	**(129,977)**	**954,868**
Other changes in net equity	**(916,053)**	**499,956**	**1,883,537**	**(1,401)**	**(3)**	**(163,927)**	**-**	**1,301,121**
Issue of common shares	1,075,072	-	(244,579)	(3,061)	-	-	-	827,432
Issue of preferred shares	-	-	-	-	-	-	-	-
Issue of other equity instruments	-	500,000	-	-	-	-	-	**500,000**
Exercising or expiry of other equity instruments issued	-	-	-	-	-	-	-	-
Conversion of debt into net equity	-	-	-	-	-	-	-	-
Share capital decrease	(1,991,125)	-	1,991,125	-	-	-	-	-
Dividends (or remuneration of shareholders)	-	-	(23,492)	-	-	-	-	(23,492)
Purchase of own shares	-	-	-	-	(3,282)	-	-	**(3,282)**
Sale or cancellation of own shares	-	-	-	-	15	-	-	15
Reclassification of financial instruments from net equity to liabilities	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to net equity	-	-	-	-	-	-	-	-
Transfers between components of net equity	-	-	163,927	-	-	(163,927)	-	-
Increase (decrease) in equity resulting from business combinations	-	-	-	1,652	-	-	-	1,652
Stock-based payments	-	-	-	-	-	-	-	-
Other increases (decreases) in net equity	-	(44)	(1,167)	8	-	-	-	(1,203)
Closing balance at 12/31/2021	**1,986,703**	**547,385**	**2,803,600**	**260,084**	**(3,359)**	**1,084,845**	**(208,679)**	**6,470,578**

(*) Information presented, solely and exclusively, for comparative purposes.

	Capital and Additional paid-in capital	Equity instruments issued other than share capital	Accumulated earnings	Other reserves	Own shares	Profit or loss for the year	Other cumulative overall income	Total
Opening balance as of 12/31/2019 (*)	**2,933,297**	**47,574**	**904,492**	**261,485**	**(14,773)**	**125,572**	**(74,280)**	**4,183,367**
Effects of error correction	-	-	-	-	-	-	-	-
Effects of changes to accounting policies	-	-	-	-	-	-	-	-
Opening balance at 1/1/2020	**2,933,297**	**47,574**	**904,492**	**261,485**	**(14,773)**	**125,572**	**(74,280)**	**4,183,367**
Total overall profit or loss for the year	**-**	**-**	**-**	**-**	**-**	**163,927**	**(4,422)**	**159,505**
Other changes in net equity	**(30,541)**	**(145)**	**13,294**	**-**	**14,681**	**(125,572)**	**-**	**(128,283)**
Issue of common shares	-	-	-	-	-	-	-	-
Issue of preferred shares	-	-	-	-	-	-	-	-
Issue of other equity instruments	-	-	-	-	-	-	-	-
Exercising or expiry of other equity instruments issued	-	-	-	-	-	-	-	-
Conversion of debt into net equity	-	-	-	-	-	-	-	-
Share capital decrease	(30,541)	-	-	-	-	-	-	(30,541)
Dividends (or remuneration of shareholders)	-	-	(6,850)	-	-	-	-	(6,850)
Purchase of own shares	-	-	-	-	(15,886)	-	-	(15,886)
Sale or cancellation of own shares	-	-	-	-	30,567	-	-	30,567
Reclassification of financial instruments from net equity to liabilities	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liabilities to net equity	-	-	-	-	-	-	-	-
Transfers between components of net equity	-	-	125,572	-	-	(125,572)	-	-
Increase (decrease) in equity resulting from business combinations	-	-	-	-	-	-	-	-
Stock-based payments	-	-	-	-	-	-	-	-
Other increases (decreases) in net equity	-	(145)	(105,428)	-	-	-	-	(105,573)
Closing balance at 12/31/2020	**2,902,756**	**47,429**	**917,786**	**261,485**	**(92)**	**163,927**	**(78,702)**	**4,214,589**

(*) Information presented, solely and exclusively, for comparative purposes.

APPENDIX I
INDIVIDUAL FINANCIAL STATEMENTS OF UNICAJA BANCO

Statements of individual cash flows corresponding to the years 2021 and 2020:

	Thousands of Euros	
	2021	**2020**
Cash flows from operating activities	**13,963,284**	**1,839,402**
Profit or loss for the year	1,084,845	163,927
Adjustments to obtain the cash flows from operating activities	1,124,518	(114,770)
Increase/decrease net of operating assets	4,372,159	(6,852,656)
Increase/decrease net of operating liabilities	7,772,928	8,676,226
Income tax collections/(payments)	(391,166)	(33,325)
Cash flows from investment activities	**189,391**	**295,327**
Payments	(47,851)	(233,415)
Collections	237,242	528,742
Cash flows from financing activities	**476,424**	**(31,335)**
Payments	(23,591)	(31,362)
Collections	500,015	27
Effect of exchange rate variations	**-**	**-**
Net increase/ decrease in cash and cash equivalents	**14,629,099**	**2,103,394**
Cash and equivalents at the beginning of the period	6,666,800	4,563,406
Cash and cash equivalents at the end of the period	21,295,899	6,666,800

(*) Information presented, solely and exclusively, for comparative purposes.

APPENDIX II
AGENCY AGREEMENTS AS AT DECEMBER 31, 2021

Name	Geographic Scope
Actividad Empresarial del Sur, S.L.	Córdoba (Córdoba)
Adolfo Monreal Malpesa	Osa de la Vega (Cuenca)
Agencia Financiera F.J. Ramírez, S.L.	Topares (Almería)
Agencia Financiera F.J. Ramírez, S.L.	María (Almería)
Agencia Financiera F.J. Ramírez, S.L.	Vélez Blanco (Almería)
Alba Ardines Blanco	Nueva De Llanes (Asturias)
Alberto Pérez Rodríguez	Cornellana (Asturias)
Alberto Santiago López	El Puente Sanabria (Zamora)
Alejandro Ortiz Bernabé	Abla (Almería)
Alejandro Peña Becerra	Estepona-Cancelada (Málaga)
Alfonsa Sánchez Mulas	Cantalapiedra (Salamanca)
Alfonso Mínguez Pérez	Bonete (Albacete)
Alfredo Sánchez Martínez	El Torno (Cáceres)
Alicia García Prieto	Brazatortas (Ciudad Real)
Álvaro García González	Valderas (León)
Álvaro Rojo Flores	Mota del Marqués (Valladolid)
Amelia Fernández Ramos	Villanueva de la Jara (Cuenca)
Ana Belén Santamaría Vizan	Moraleja del Vino (Zamora)
Ana Chica Jiménez	Pegalajar (Jaén)
Ana Isabel Gómez Collazos	Torrejón el Rubio (Cáceres)
Ana Isabel Gutiérrez Antolín	Valladolid (Valladolid)
Ana María Ureña Asensio	Valenzuela de Calatrava (Ciudad Real)
Andrés Camacho Campoy	Moral de Calatrava (Ciudad Real)
Ángel Maigler Unguetti	Venta de los Santos-Montizón (Jaén)
Ángel Maigler Unguetti	Montizón (Jaén)
Ángel Martín Torrejón	Pinto (Madrid)
Ángel Puente Leguina	Santa María de Cayón (Cantabria)
Ángel Talavera Gómez	Casas de Ves (Albacete)
Ángel Villamor Rodríguez	Portillo (Valladolid)
Antonia Castellano Yeste	El Hijate (Almería)
Antonia María Manso Sánchez	Tahivilla (Cádiz)
Antonia Navarro Latorre	Palomares (Almería)
Antonio Ayuso Serrano	Torre de Juan Abad (Ciudad Real)
Antonio González Carcelén	El Salobral (Albacete)
Antonio González García	Ojén (Málaga)
Antonio Javier Ruiz Rodríguez	Tolox (Málaga)
Antonio Jesús Cano Aceituno	Frailes (Jaén)
Antonio José Fernández Sánchez	Almogia (Málaga)
Antonio Miguel Ruiz Jimenez	Navas de San Juan (Jaén)
Antonio Muñoz Muñoz	Illora (Granada)
Antonio Nicolás Hidalgo Reguera	San José del Valle (Cádiz)
Antonio Sánchez Ruiz	Villarrodrigo (Jaén)
Aplagest Consulting, S.L.	Campo de Criptana (Ciudad Real)
Aroa Araque Lezcano	Almodóvar del Pinar (Cuenca)
Asesores la Solana, S.C.	San Carlos del Valle (Ciudad Real)
Asesoría Tremp, S.L	Fregenal de la Sierra (Badajoz)
Ateex Seguridad, S.L.	Serradilla (Cáceres)
Bárbara Blanco San Emeterio	Arredondo (Cantabria)
Beatriz de Arriba Alonso	Barruecopardo (Salamanca)
Beatriz Nova Gómez	Arroyo del Ojanco (Jaén)
Beatriz Recio Ortega	La Rambla (Córdoba)
Belén Josefa Caballero Muñoz-Reja	Aldea del Rey (Ciudad Real)
Belén Martín Rivas	Coreses (Zamora)
Belén Requejo Fernández	La Espina (Asturias)
Benito Izquierdo Santos	Piedrabuena (Ciudad Real)
Benjamín Borja Encabo Obregón	Cabezon de Pisuerga (Valladolid)
Benzadonmuñoz, S.L.	Yunquera (Málaga)
Benzadonmuñoz, S.L.	El Burgo (Málaga)
Besana Gestión, S.L.	Guadamur (Toledo)
Bianca Ioana Oaches	Villar de Olalla (Cuenca)
Blanca Becerra Tabuyo	Montejaque (Málaga)
Borja Toraño Fernández	Colombres (Asturias)
Bretón Soluciones Financieras, S.L.	Madrid (Madrid)
Cacholas Servicios Financieros, S.L.	Aldeanueva de la Vera (Cáceres)
Campiña Asesores, S.R.L.	Beas (Huelva)
Carlos Antonio Gil Prieto	Tejeda de Tiétar (Cáceres)
Carlos Carrión Pérez	Alborea (Albacete)

APPENDIX II
AGENCY AGREEMENTS AS AT DECEMBER 31, 2021

Name	Geographic Scope
Carlos Estévez Hernández	Sotoserrano (Salamanca)
Carlos Estévez Hernández	Ledrada (Salamanca)
Carlos García Gómez	Villafranca del Bierzo (León)
Carlos Rojo Fructuoso	Villabragima (Valladolid)
Carlos Rufino Muñoz Muñoz	Pasarón de la Vera (Cáceres)
Carmen Fernández Cabrera	Pozoblanco (Córdoba)
Carmen Fraile García	Casas del Castañar (Cáceres)
Carmen Ruiz Lisbona	Benamocarra (Málaga)
Carolina Amador Rojo	Almuhey Bridge (León)
Cavar Mediacion, S.L.	Peñarroya-Pueblonuevo (Cordoba)
Cayfra Agentes Financieros, S.L.	Almaden (Ciudad Real)
Cecilio Esteban Rodríguez	La Maya (Salamanca)
Celia Marzal Luján	Enguídanos (Cuenca)
César Emilio Caro Royón	Mejorada (Toledo)
César Garrido Solana	Galisteo (Cáceres)
César Gutiérrez de Diego	Viveda (Cantabria)
CLT Asesores, S.L.	Jarandilla de la Vera (Cáceres)
Constantino Ramos Ruiz	Villanueva de la Fuente (Ciudad Real)
Construcciones y Promociones Taberno Real Estate Management, S.L.	Taberno (Almería)
Cristina Barba City	Torralba de Calatrava (Ciudad Real)
Cristina Corpas Martín	Almodovar del Rio (Córdoba)
Cristina García Sancho	Villaminaya (Toledo)
Cristina Perez Mora	Abenójar (Ciudad Real)
Cristina Perez Mora	Ballesteros de Calatrava (Ciudad Real)
Cristina Viejo Rodríguez	Zarza de Granadilla (Cáceres)
Cristóbal Lozano Quijada	Albalá (Cáceres)
CSP 2020 Agente Financiero, S.L.	Barcelona (Barcelona)
Daniel Bernardo Faus	Sueros de Cepeda (León)
Daniel Fernández Márquez	Boveda de Toro (Zamora)
David Álvarez Devesa	Viana de Cega (Valladolid)
David Bermejo Gómez	San Martín de Montalbán (Toledo)
David Contreras Sanz	Pedreña (Cantabria)
David García Bravo	Alcadozo (Albacete)
David González Hernández	Almonacid de Toledo (Toledo)
David Padilla Torres	Iznajar (Córdoba)
David Sanchez Sanz	San Pedro del Arroyo (Ávila)
David Sanchez Sanz	Mingorria (Ávila)
David Sancho Jiménez	El Saucejo (Seville)
Davinia González-Carrato García-Madrid	Villarta de San Juan (Ciudad Real)
Deferre Consulting, S.L.	Mayorga (Valladolid)
Despacho RBH León, S.L.	Laguna de Negrillos (León)
Despacho RBH León, S.L.	Almanza (León)
Dinamedia Asistencia de Gestión Tributaria, S.L.	Las Mesas (Cuenca)
Doble Zeta Europa, S.L.	Badalona (Barcelona)
Dolores Ayala Salguero	Pruna (Seville)
Dolores Solis Ferrete	Cañete la Real (Málaga)
Dominga Pilar Haro Rodríguez	Carrizosa (Ciudad Real)
Dominguez y Perrino, S.L.	Fuentes de Oñoro (Salamanca)
Elena Alonso Arienza	Gradefes (León)
Elías de Luis García	Carbayín (Asturias)
Elvira Rubio Cerezales	Villaseca de Laciana (León)
Emilio José Moreno de la Fuente	Mazarambroz (Toledo)
Emma Sola García	Chirivel (Almería)
Enrique Antonio Hueso Retamosa	Peraleda de la Mata (Cáceres)
Enrique Collado Fernández	Colunga (Asturias)
Enrique García Fernández	Casas de Benítez (Cuenca)
Ernesto Javier Fernández Arroyo	Castellar de Santiago (Ciudad Real)
Escandell & Escrihuela, C.B.	Castellón (Castellón)
Esmeralda Barba Redondo	Saceruela (Ciudad Real)
Esmeralda de Zuqueca Vallez Gómez	Granatula de Calatrava (Ciudad Real)
Estela Fernandez Fernandez	Horcajo de los Montes (Ciudad Real)
Esther Carrasco Nieto	Calzada De Calatrava (Ciudad Real)
Esther Puertas Martín	Zarza de Granadilla (Cáceres)
Eulalia Romero Baleta	Santiago-Pontones (Jaén)
Eutimio Rivas Cortés	Muros (Asturias)
Evangelina Inés Rodríguez Lahiguera	Villanubla (Valladolid)
Evangelina Martínez Romero	Iznatoraf (Jaén)

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Name	Geographic Scope
Fausto Sandoval Marin	Bogarra (Albacete)
Félix Domingo del Hierro	Villahermosa (Ciudad Real)
Félix Domingo del Hierro	Montiel (Ciudad Real)
Fernando Tejero Jiménez	Navamorcuende (Toledo)
Financaja Peligros, S.L.	Grenada (Grenada)
Financeco 3006, S.L.	Cedillo del Condado (Toledo)
Financial Services North of Spain, S.L.	La Cistérniga (Valladolid)
Finanzascorroto, S.L.	Sevilleja de la Jara (Toledo)
Francisca García Domínguez	Setenil (Cádiz)
Francisca Navarro Lao	Gergal (Almería)
Francisco Alejandro Navarro Molina	Las Gabias (Granada)
Francisco Alejandro Navarro Molina	Salobreña (Almería)
Francisco Antonio Pérez Gemar	Canillas de Aceituno (Málaga)
Francisco Antonio Ramírez Sánchez	Valle de Abdalajís (Málaga)
Francisco González Rodríguez	Trevías (Asturias)
Francisco Guillermo Gómez Sánchez	Cantalpino (Salamanca)
Francisco Javier Gutiérrez Menéndez	Santa Eulalia (Asturias)
Francisco Javier Rangel Torres	Cazalilla (Jaén)
Francisco Javier Serrano Martín	Recas (Toledo)
Francisco Jesús Jiménez Romero	La Guardia de Jaén (Jaén)
Francisco José Rueda Velasco	Bollullos de la Mitación (Sevilla)
Francisco Manuel Sánchez Menéndez	Infiesto (Asturias)
Francisco Miguel Nevado Chamorro	Alcuéscar (Cáceres)
Francisco Rubén Lara Quiñones	Pozo Alcón (Jaén)
Francisco Trujillo Carmona	Alozaina (Málaga)
Gaspar Navas Pastrana	Bornos (Cádiz)
Gema Ayala Lopez	Alhabia (Almería)
Gema Ayala Lopez	Alboloduy (Almería)
Gerardo Vicente Criado Bueno	Matilla de los Caños del Rio (Salamanca)
Gerardo Vicente Criado Bueno	Rollán (Salamanca)
Gestion 3 Uleila, S.L.	Sorbas (Almería)
Gestion 3 Uleila, S.L.	Uleila del Campo (Almería)
Fego Financial and Tax Managers	Villaobispo Reguera (León)
Gestoria Intercazorla, S.L	La Iruela (Jaén)
GJA Fresban, S.L.	Numancia de la Sagra (Toledo)
Gonzalo Siñeriz de Paz	Bárzana (Asturias)
H&O Recursos Económicos, S.L	Luque (Córdoba)
Inda Servicios Financieros, S.L.	Cobeja (Toledo)
Indalhome Inversiones, S.L.	Los Gallardos (Almería)
Inmaculada Fernández Giraldo	Berzocana (Cáceres)
Inmaculada Villarejo Becerra	Cuevas del Becerro (Málaga)
Prosur e Hijos, S.L. Real Estate.	Salobreña (Granada)
Intermediarios de Productos Para Empresas, S.L.	Villanueva de la Vera (Cáceres)
Inverseg 2016, S.L.	Salorino (Cáceres)
Inversiones Aguado Montoza, S.L.	Otura (Granada)
Inversiones Tomi 2020, S.L.	Sigüenza (Guadalajara)
Irene García Casero	Alcolea de Calatrava (Ciudad Real)
Isabel María Albarracín Garrido	Turre (Almería)
Isabel Perdiguero Rodríguez	Retuerta del Bullaque (Ciudad Real)
Isabena Consulting, S.L.	L'Hospitalet de Llobregat (Barcelona)
Ismael Barea Jimenez	Villaluenga del Rosario (Cádiz)
J.M. Gestión y Servicios, S.C.A	Laujar de Andarax (Almería)
J.M. Machón 82 Inversiones, S.L.	Borox (Toledo)
Javier Benito Manso	Mojados (Valladolid)
Javier Blanco del Rio	Matallana de Torio (León)
Javier Carretero Madrid	Talavera la Nueva (Toledo)
Javier Enrique García Serrano	Molinicos (Albacete)
Javier Gutiérrez García	Villarramiel (Palencia)
Javier Villasclaras Fernández	La Robla (León)
Jesús Carlos Corchero Retortillo	Cañaveral (Cáceres)
Jesús Díaz Fernández	Panes (Asturias)
Jesús Fernández Lara	Barrax (Albacete)
Jesús Fernández Salvador	Manganeses de la Lampreana (Zamora)
Jesús Ledesma Gutiérrez	Muga de Sayago (Zamora)
Jesús León Minaya	Escañuela (Jaén)
Jesús María Santos Clemente	Valdeobispo (Cáceres)
Jesus Moreno Moreno	Ibros (Jaén)

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Name	Geographic Scope
Joaquín Arregui Cuevas	Osuna (Seville)
Jorge Luis Montero Chacón	Camas (Seville)
Jorge Manuel García Cabrero	Campaspero (Valladolid)
Jorge Moreno Hernandez	Cañaveras (Cuenca)
José Andrés Campayo Olea	Torreperogil (Jaén)
José Antonio Arrebola Benítez	Estación de Salinas (Málaga)
José Antonio Calderón Zapata	Monesterio (Badajoz)
José Antonio Teba Barragan	La Palma del Condado (Huelva)
José Javier Pérez Rivera	Fuenlabrada (Madrid)
José López Jiménez	Liétor (Albacete)
José Luis Moreno Alcañiz	Zaragoza (Zaragoza)
José Luis Redondo Marcos	Gómara (Soria)
José Manuel Alcaraz Forte	Ragol (Almería)
José Manuel Alcaraz Forte	Instinción (Almería)
José Manuel Aragón Jiménez	Cádiz (Cádiz)
José Manuel García Montoya	Guarroman (Jaén)
José Manuel Orozco Pastor	Coripe (Seville)
José Manuel Rodríguez García	Jerez de los Caballeros (Badajoz)
José María Marqueño Rosa	Pozohondo (Albacete)
José María Ruíz Sánchez	Mestanza (Ciudad Real)
José Maximino Fernández Cordera	Sevares (Asturias)
José Miguel Berrón Hernández	Muñana (Ávila)
José Muñoz Muñoz	Gaucín (Málaga)
José Rafael Troyano García	Sierra de Yeguas (Málaga)
José Vicente Herrera	Calzada de Valdunciel (Salamanca)
Josefa Rojas Téllez	Barca de la Florida (Cádiz)
Juan Angel Arroyo Blanco	Cózar (Ciudad Real)
Juan Carlos Carrión Martínez	Fuentealbilla (Albacete)
Juan Carlos Hernández Nieves	Torrequemada (Cáceres)
Juan Carlos López Sánchez	Cabrerizos (Salamanca)
Juan Carlos Vicente Holgado	Babilafuente (Salamanca)
Juan Francisco Torres Torres	Alcalá del Júcar (Albacete)
Juan José Suárez Álvarez	La Camocha (Asturias)
Juan Liébana Jiménez	Jamilena (Jaén)
Juan Ruiz Moreno	Ólvega (Soria)
Judith González Martín	Cervera de Pisuerga (Palencia)
Julián de la Rosa García	Almagro (Ciudad Real)
Julio Asenjo Isabel	Rosalejo (Cáceres)
Julio Bonifacio Sanchez	Sierra de Fuentes (Cáceres)
Julio César Pablos Salgado	Piornal (Cáceres)
Julio Pedro Corchero Retortillo	Ibahernando (Cáceres)
Laura Durán López	Vega de Espinareda (León)
Laura López Félix	Villamayor de Calatrava (Ciudad Real)
Lauria Pérez López	Cantoria (Almería)
Lidia Blanco Macías	Linares de Riofrío (Salamanca)
Lorena Valor Rodriguez	Huertas de Ánimas (Cáceres)
Lucía Argudo Atienza	Carboneras de Guadazaón (Cuenca)
Lucía Sánchez García	Frigiliana (Málaga)
Luis Ángel Lorenzo Macho	Becerril de Campos (Palencia)
Luis Fernando Cabrero Beneitez	Fermoselle (Zamora)
Luis Martinez Fernandez	Serón (Almería)
Luis Miguel Segura Rodríguez	Benatae (Jaén)
Luis Salvador Antúnez Cabello	La Joya (Málaga)
Macaladeo, S.L.	Camarena (Toledo)
MAF Global XXI, S.L.	Pantoja (Toledo)
Magalí Rodríguez Sánchez	Pedroso de Armuña (Salamanca)
Mairena Moya Ballesteros	Puebla del Principe (Ciudad Real)
Manuel González Ibáñez	Nerpio (Albacete)
Manuel Hernández Villarroel	Santiago de Alcántara (Cáceres)
Manuel Jesús Jiménez Lara, S.L	Brenes (Seville)
Manuel Nieto Jiménez	Fontiveros (Ávila)
Manuel Vijande Quintana	Taramundi (Asturias)
Marcem Consultores, S.L.	Vigo (Pontevedra)
María Alegre Gilarte	Aldeanueva de la Vera (Cáceres)
María Álvarez Muñiz	Teverga (Asturias)
María Amalia Martos Pastor	Oria (Almería)
María Ángeles Martín Hernández	Villa del Campo (Cáceres)

APPENDIX II
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Name	Geographic Scope
María Antúnez Pereira	San Martín de Trevejo (Cáceres)
María Ares Lozano	Carbajosa de la Sagrada (Salamanca)
María Belén Valero Lozano	Fresno el Viejo (Valladolid)
María Collado Sáinz	Camargo (Cantabria)
María Cristina Salamanqués Rando	Castronuño (Valladolid)
María Cruz Rojo Hernández	Garrovillas de Alconétar (Cáceres)
María de la Luz Pérez Ramos	Torre del Bierzo (León)
Maria de la Paz Ortega Barreiro	Vega de Valcarce (León)
María de la Peña Rivas Domínguez	Hoyos (Cáceres)
María de los Ángeles González Alcaraz	Venta del Viso (Almería)
María de los Ángeles Granados López	Mures (Jaén)
María del Carmen Ballesteros Encinas	Burguillos de Toledo (Toledo)
María del Carmen Martos Miras	Albanchez (Almería)
María del Carmen Pomares Molina	Gador (Almería)
María del Carmen Teresa Pérez	Langa de Duero (Soria)
María del Mar González Arias	Ohanes (Almería)
María del Mar González Arias	Canjayar (Almería)
María del Pilar Carrión Corral	Purchena (Almería)
María del Pilar Salas García	Torre Alhaquime (Cádiz)
María del Pilar Salas García	El Gastor (Cádiz)
Maria del Sol de Fuente Cuervo	La Vecilla (León)
Maria del Sol de Fuente Cuervo	Barrio de Nuestra Señora (León)
Maria del Sol Ojeda Cazorla	Segura de la Sierra (Jaén)
María Dolores Asensio Águila	Bayarcal (Almería)
María Dolores Asensio Águila	Paterna del Rio (Almería)
María Dolores Ramírez Carmona	Santa Elena (Jaén)
María Dolores Valdés Martínez	Santibañez de Vidriales (Zamora)
María Elena Ortiz Gómez	Anero (Cantabria)
María Encarnación Cebrián Monteagudo	Casas de Juan Núñez (Albacete)
María Eugenia Sánchez Berjaga	Hornos de Segura (Jaén)
María Isabel Alonso Cruz	Viator (Almería)
María Isabel Carnero Salvador	Villanueva del Campo (Zamora)
María Isabel Caso Pardo	Carreña (Asturias)
María Isabel González Plaza	Calvarrasa de Abajo (Salamanca)
María Isabel Juárez Padilla	Rioja (Almería)
María Jesús Pérez Rubio	Sierro (Almería)
María José Tamargo Peláez	Cancienes (Asturias)
Maria Lucia Lourenço Pena	Quintana del Puente (Palencia)
María Luisa Jiménez López	Campo Lugar (Cáceres)
María Luisa Jiménez López	Madrigalejo (Cáceres)
María Luz Benítez Montero	Zahara de la Sierra (Cádiz)
María Nieves Rodríguez Cartón	Castrocontrigo (León)
María Pilar Quesada Blanco	Campillo de Arenas (Jaén)
María Rocío Martín Martín	Torquemada (Palencia)
María Soledad Martínez Martínez	Santa Ana (Albacete)
María Teresa Calderón Cordero	Alaraz (Salamanca)
María Teresa Martos García	Estación de Espeluy (Jaén)
María Victoria Astorga Rodríguez	Olloniego (Asturias)
Mario Padial Pérez	Maracena (Granada)
Marta Redondo Fernández	Cañamero (Cáceres)
Maskironava, S.L.	Nava (Asturias)
Mayo Abellán Berruezo	Mojácar (Almería)
Mercedes Villalabeitia Elguero	San Miguel de Meruelo (Cantabria)
Miguel Ángel Beltrán Pérez	Prado del Rey (Cádiz)
Miguel Ángel Macías Rabanal	Villamanín de la Tercia (León)
Miguel Ángel Macías Rabanal	Rioseco de Tapia (León)
Miguel Gordo Muñoz	Cortegana (Huelva)
Miguel Sánchez Méndez	La Caridad (Asturias)
Miplanfinanciero, S.C.	Antequera (Málaga)
Miplanfinanciero, S.C.	Cuevas Bajas (Málaga)
Miriam Rodríguez Ángel	Valdelacasa de Tajo (Cáceres)
Moises Herrera Perez	Sorihuela de Guadalimar (Jaén)
Moisés Pérez Abruña	Burganes de Valverde (Zamora)
Muriel Saiz de la Parte	Alar del Rey (Palencia)
Nancy Díaz Silva	Páramos del Sil (León)
Natalia Encabo Santos	Castañar de Ibor (Cáceres)
Natalia Fernández Llorente	La Adrada (Ávila)

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Name	Geographic Scope
Natalia Naranjo Fernández	Benamahoma (Cádiz)
Neftalí Gonzálvez Pérez	Santa Fe de Mondujar (Almería)
Neftalí Gonzálvez Pérez	Pechina (Almería)
Nelson Escribano Rodríguez	Tuilla (Asturias)
Nexion Consultores, S.L.	Camponaraya (León)
Nicodemus Inversiones, S.L.	Noblejas (Toledo)
Nieves Diges Inés	Cabanillas del Campo (Guadalajara)
Nogues & Soriano, S.L.	Torrent (Valencia)
Noventa y Tres AFI Innovation, S.L.	Camuñas (Toledo)
Olga Pozuelo Díaz	Villadangos del Paramo (León)
Omlobe Finance, S.L.	Yuncler (Toledo)
Pablo Fernández Enríquez	Alcolea (Almería)
Pablo Fernández Rivera	Fondón (Almería)
Pablo José Moreno Sánchez	Níjar (Almería)
Pablo Segurado Hernández	Carbajales de Alba (Zamora)
Pafiser, S.L.	San Vicente de la Barquera (Cantabria)
Pamela Checa Garrido	Vinuesa (Soria)
Patricia Alonso Salcedo	La Cavada (Cantabria)
Patricia Rivero Ortega	Alcaucín (Málaga)
Paylite, S.L.	Valdemoro (Madrid)
PB Asesores Economía y Empresa, S.L.	Valverde de Fresno (Cáceres)
PB Asesores Economía y Empresa, S.L.	Cilleros (Cáceres)
Peñas Albas Castro Barbero	Tornavacas (Cáceres)
Pilar Álamo Escalada	Villalba de la Sierra (Cuenca)
Pilar Molina Artero	Arquillos (Jaén)
Pilar Oreja Martin	Fuenteguinaldo (Salamanca)
Pinar Martín, S.L.	Villanueva de la Vera (Cáceres)
Professional Banking Services, S.L.	Pedrajas de San Esteban (Valladolid)
Punto Empresarial, S.L.	El Toboso (Toledo)
Rafael Jiménez Marchal	Valdepeñas de Jaén (Jaén)
Ramon Barrera Bodes	Casar de Cáceres (Cáceres)
Ramón Jodar Castro	Cazalla de la Sierra (Seville)
Raquel Cousidó Sandoval	Torres de Albanchez (Jaén)
Raquel Cuesta Calvo	Renedo de Esgueva (Valladolid)
Raquel García Prieto	Quintana de Rueda (León)
Raquel Moreno Rubio	Férez (Albacete)
Raquel Perez Garcia	Palanquinos (León)
Raul Acosta Gonzalez	Candeleda (Ávila)
Raúl Rojo González	Villoldo (Palencia)
Raúl Tirador Gutiérrez	Galizano (Cantabria)
René Rodríguez Alonso	Fuente de Domingo Florez (León)
Rhut Sehila García Cabas	Majadas (Cáceres)
Ricardo Herrero Herrero	Roiz (Cantabria)
Rocío Aparicio García	Fuentes de Nava (Palencia)
Rodrigo Domínguez Hoyas	Deleitosa (Cáceres)
Rodrigo Domínguez Hoyas	Bohonal de Ibor (Cáceres)
Rosa María Botelló Barrero	Olivenza (Badajoz)
Rosana Torrubia Godoy	Periana (Málaga)
Rosario Rivero Mansilla	Puebla de Don Rodrigo (Ciudad Real)
Samuel Ledesma Andrés	Los Cortijos (Ciudad Real)
Samuel Ledesma Andrés	Corral de Calatrava (Ciudad Real)
Sandra Ofelia García Álvarez	Proaza (Asturias)
Santiago Lomo Sánchez	El Barco de Ávila (Ávila)
Santos Cuesta López	Minaya (Albacete)
Sara Almudena Rodríguez Martín	Riofrio de Aliste (Zamora)
Sara Barrado Granado	Madroñera (Cáceres)
Sara González Sánchez	Fuente de Piedra (Málaga)
Sara Royuela Mora	Tragacete (Cuenca)
Sebastiana Barra Salas	Monroy (Cáceres)
Segurseñorío 2018, S.L.	Villaluenga de la Sagra (Toledo)
Segurtojar, S.L.	Almedinilla (Córdoba)
Segurtojar, S.L.	Fuente-Tojar (Córdoba)
Sergio Logrosán Moreno	Belvís de la Jara (Toledo)
Sergio López Moreno	Ayna (Albacete)
Servicios Administrativos Hispano-Lusos, S.L.	Mombuey (Zamora)
Servicios Financieros Baza Aguado, S.L.	Zaratan (Valladolid)
Servicios Financieros Martin & Asociados, S.L.	Miranda (Asturias)

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Name	Geographic Scope
Severo Enrique Marcos Sánchez	Nava del Rey (Valladolid)
Silvia Serrano Biener	Acehúche (Cáceres)
Simón & García Servicios Financieros, S.L	Zurgena (Almería)
Simón & García Servicios Financieros, S.L	Lubrín (Almería)
Sociedad de Asesoramiento Gonzalo Iglesias, S.L.	Rivas-Vaciamadrid (Madrid)
Sofia Corral Pereira	San Emiliano (León)
Sonia Barrero Fernández	Zarreu (Asturias)
Sonia Meléndez Román	Facinas (Cádiz)
Sonia Mínguez Pérez	Osorno (Palencia)
Sonia Pérez Jiménez	Benalup-Casas Viejas (Cádiz)
Sonia Prieto Miguel	Corrales del Vino (Zamora)
Susana Vozmediano Pizarro	Hinojosas de Calatrava (Ciudad Real)
Tanya Expósito Orcera	Chiclana de Segura (Jaén)
Tapias & Bellido Investment, S.L.	Cebreros (Ávila)
Teodoro Bernabéu Torrecillas	Carboneros (Jaén)
Trandal Swing, S.L.	El Alquián (Almería)
Trusan Gestión Financiera, S.L.	San Claudio (Asturias)
V.R. Financial 3093, S.L.	Las Ventas de Retamosa (Toledo)
Vanesa García Hernández	San Pedro Manrique (Soria)
Vanessa Gonzalez Gonzalez	Solórzano (Cantabria)
Velasdiano, S.C.	Solana del Pino (Ciudad Real)
Velasdiano, S.C.	Cabezarrubias del Puerto (Ciudad Real)
Veronica Rosado Chaparro	Valverde del Fresno (Cáceres)
Ruralsol Travel, S.L.	Villanueva de los Castillejos (Huelva)
Vicente Canuto Alamo	Viso del Marques (Ciudad Real)
Víctor Alonso Bravo Fernández	Malpartida de Plasencia (Cáceres)
Víctor García Díez	Quintanilla Onésimo (Valladolid)
Víctor Manuel Torres Tejerina	Aspariegos (Zamora)
Víctor Ovejero Martín	Dueñas (Palencia)
Victoria Ortiz López	Cortijos Nuevos (Jaén)
Vidal Gómez Collazos	Aliseda (Cáceres)
Virginia Prieto Casas	Villaralbo (Zamora)
Vladimir Rodríguez de Castro	Valdeverdeja (Toledo)
Yasmina González Martínez	Puente de Genave (Jaén)
Yeiber Basilio Caso Ramírez	Las Arenas (Asturias)
Yennifer Finistrosa Montes	Riaño (León)
Yolanda García Ruíz	Navelgas (Asturias)
Yolanda Sánchez Bartol	Aldeadavila de la Ribera (Salamanca)

APPENDIX III
GROUP ENTITIES AS AT DECEMBER 31, 2021

Company Name	Tax ID Number	Registered Office	Activity	% of Capital Owned by The Group		
				% of Equity Interest		Total Holding
				Direct	Indirect	
Administradora Valtenas, S.L.U.	B33473737	Plaza de la Escandalera, 2, Oviedo	Advice	100.00%	0.00%	**100.00%**
Alqlunia Duero, S.L.U.	B45541786	C/ Titán 8 - 2º, Madrid	Real estate development	100.00%	0.00%	**100.00%**
Análisis y Gestión de Innovación Tecnológica, S.L.U.	B91774422	Plaza de Santa María, 8, Cáceres	Real estate development	100.00%	0.00%	**100.00%**
Analistas Económicos de Andalucía, S.L.U.	B29714045	C/ San Juan de Dios, 1-2	Economic activity study and analysis	100.00%	0.00%	**100.00%**
Andaluza de Tramitaciones y Gestiones, S.A.U.	A29600178	C/ Angosta del Carmen 2 Entreplanta, Málaga	Management and settlement of documents and deeds	100.00%	0.00%	**100.00%**
Arco Explotaciones, S.L.U.	B10486348	Plaza de Santa María, 8, Cáceres	Real estate development	100.00%	0.00%	**100.00%**
Asturiana de Administración de Valores Mobiliarios, S.L.U.	B33473760	Plaza de la Escandalera, 2, Oviedo	Advice	100.00%	0.00%	**100.00%**
Banco de Castilla La Mancha Mediación, Operador de Banca Seguros Vinculado, S.A.U.	A45424553	C/ Sillería, 18, Planta 3, Toledo	Insurance broker	100.00%	0.00%	**100.00%**
Banco Europeo de Finanzas, S.A.U.	A78963816	C/ La Bolsa, 4, piso 1 Málaga	Banking, financial activities	100.00%	0.00%	**100.00%**
Briareo Gestión, S.A.U.	A86081718	Camino Fuente de la Mora, 5, Madrid	Business consulting	100.00%	0.00%	**100.00%**
Caja Castilla La Mancha Conecta, S.A.U.	A45685641	Camino Fuente de la Mora, 5, Madrid	Administrative services	100.00%	0.00%	**100.00%**
Caja Castilla La Mancha Finance, S.A.U.	A16244253	C/ Parque San Julián, 20, Cuenca	Financial adviser	100.00%	0.00%	**100.00%**
Caja Castilla La Mancha Iniciativas Industriales, S.L.U.	B45664224	Camino Fuente de la Mora, 5, Madrid	Holding company activities	100.00%	0.00%	**100.00%**
Camín de la Mesa, S.A.U.	A74014085	C/ San Francisco, 14, Planta 4, Oviedo	Advice	100.00%	0.00%	**100.00%**
Camping Alto Gallego, S.L.U.	B10488286	Plaza de Santa María, 8, Cáceres	Catering	0.00%	100.00%	**100.00%**
Cánovas Explotaciones, S.L.U.	B10488294	Plaza de Santa María, 8, Cáceres	Catering	100.00%	0.00%	**100.00%**
Cantábrica de Inversiones de Cartera, S.L.U.	B33473729	C/ Álvarez Garaya, 2, Planta 7, Gijón	Advice	100.00%	0.00%	**100.00%**
CCM Brokers 2007, Correduría de Seguros, S.A.U.	A45652260	C/ Sillería, 18, Planta 3, Toledo	Insurance broker	100.00%	0.00%	**100.00%**
Concejo Explotaciones, S.L.U.	B10488328	Plaza de Santa María, 8, Cáceres	Property development	100.00%	0.00%	**100.00%**

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Company Name	Tax ID Number	Registered Office	Activity	% of Capital Owned by The Group		
				% of Equity Interest		Total Holding
				Direct	Indirect	
Corporación Empresarial Caja Extremadura, S.L.U.	B10255404	Plaza de Santa María, 8, Cáceres	Holding company	100.00%	0.00%	**100.00%**
Ercávica Desarrollos, S.L.U.	B10490464	Plaza de Santa María, 8, Cáceres	Property development	100.00%	0.00%	**100.00%**
Explotaciones Forestales y Cinegéticas Alta- Baja, S.A.U.	A13023130	Camino Fuente de la Mora, 5, Madrid	Forestry activities	100.00%	0.00%	**100.00%**
Explotaciones Santa Isabel, S.L.U.	B10485043	Plaza de Santa María, 8, Cáceres	Property development	100.00%	0.00%	**100.00%**
Factoría de Transformación de Operaciones y Servicios, S.L.U.	B45847837	C/ Ocaña, 1, Toledo	IT services	100.00%	0.00%	**100.00%**
Finca Las Huelgas, S.A.U.	A33363920	Villamayor, Piloña	Farming	100.00%	0.00%	**100.00%**
Gestión de Inmuebles Adquiridos, S.L.U.	B92954197	C/ Mauricio Moro Pareto nº 6, 6ª planta, Edf. Eurocom, Málaga	Real estate development	0.00%	100.00%	**100.00%**
Grafton Investments, S.L.U.	B87977476	Camino Fuente de La Mora, 5, Madrid	Catering	100.00%	0.00%	**100.00%**
Hoteles Layos, S.L.	B10485472	Plaza de Santa María, 8, Cáceres	Catering	46.22%	53.78%	**100.00%**
Instituto de Economía y Empresa, S.L.U.	B02109999	Camino Fuente de la Mora, 5, Madrid	Business consulting	100.00%	0.00%	**100.00%**
La Algara Sociedad de Gestión, S.L.U.	B91933523	C/ Mauricio Moro Pareto nº 6, 4ª, Edf. Eurocom, Málaga	Real estate development	0.00%	100.00%	**100.00%**
Liberbank Capital, S.A.U.	A74188988	C/ San Francisco, 14, Planta 4, Oviedo	Holding company	100.00%	0.00%	**100.00%**
Liberbank Contact, S.L.U.	B02656924	Camino Fuente de la Mora, 5, Madrid	Call center activities	100.00%	0.00%	**100.00%**
Liberbank Digital, S.L.U.	B88074687	Camino Fuente de la Mora, 5, Madrid	IT services	100.00%	0.00%	**100.00%**
Liberbank Ebusiness, S.L.U.	B10490431	Camino Fuente de la Mora, 5, Madrid	Financial services	100.00%	0.00%	**100.00%**
Liberbank Gestión, S.G.I.I.C. S.A.U.	A87337374	Camino Fuente de la Mora, 5, Madrid	Collective investment institution manager	100.00%	0.00%	**100.00%**
Liberbank I.T., S.L.U.	B74365115	C/ San Francisco, 14, Planta 4, Oviedo	IT services	100.00%	0.00%	**100.00%**
Liberbank Mediación, Operador de Banca Seguros Vinculado, S.L.U.	B24242067	C/ Fruela, 8, Oviedo	Insurance broker	100.00%	0.00%	**100.00%**
Liberbank Pensiones, Sociedad Gestora de Fondos de Pensiones, S.A.U.	A81553398	Camino Fuente de la Mora, 5, Madrid	Pension fund manager	0.00%	100.00%	**100.00%**

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Company Name	Tax ID Number	Registered Office	Activity	% of Capital Owned by The Group		
				% of Equity Interest		Total Holding
				Direct	Indirect	
Liberbank Servicios Auxiliares Bancaseguros, A.I.E.	V74354168	C/ Fruela, 8, Oviedo	Financial services	0.00%	100.00%	**100.00%**
Liberbank Servicios Financieros, S.A.U.	A81404592	Camino Fuente de la Mora, 5, Madrid	Holding company	100.00%	0.00%	**100.00%**
Lisson Directorship, S.L.U.	B87977500	Camino Fuente de la Mora, 5, Madrid	Property development	100.00%	0.00%	**100.00%**
Midamarta, S.L.U.	B84921675	Camino Fuente de la Mora, 5, Madrid	Property development	100.00%	0.00%	**100.00%**
Mosacata, S.L.U.	B84921758	Camino Fuente de la Mora, 5, Madrid	Property development	100.00%	0.00%	**100.00%**
Norteña Patrimonial, S.L.U.	B33473745	Plaza de la Escandalera, 2, Oviedo	Advice	100.00%	0.00%	**100.00%**
Parque Industrial Humilladero, S.L.	B92503432	C/ Miguel Hernández, 1, Humilladero, Málaga	Industrial land development	0.00%	92.00%	**92.00%**
Peña Rueda, S.L.U.	B74022872	C/ San Francisco, 14, Planta 4, Oviedo	Advice	100.00%	0.00%	**100.00%**
Pico Cortés, S.L.U.	B74022898	C/ San Francisco, 14, Planta 4, Oviedo	Advice	100.00%	0.00%	**100.00%**
Pico Miravalles, S.L.U.	B74022880	C/ San Francisco, 14, Planta 4, Oviedo	Advice	100.00%	0.00%	**100.00%**
Planes e Inversiones CLM, S.A.U.	A16144917	Camino Fuente de la Mora, 5, Madrid	Real estate development	100.00%	0.00%	**100.00%**
Pomarada Gestión, S.L.U.	B01800796	Camino Fuente de la Mora, 5, Madrid	Advice	100.00%	0.00%	**100.00%**
Procesa Recuperación de Activos, S.A.U.	A33516410	C/ San Francisco, 14, Planta 4, Oviedo	Advice	100.00%	0.00%	**100.00%**
Promociones Miralsur, S.L.U.	B84180330	Camino Fuente de la Mora, 5, Madrid	Real estate development	100.00%	0.00%	**100.00%**
Propco Blue 1, S.L.U.	B93597904	C/ Mauricio Moro Pareto nº 6, 6ª planta, Edf. Eurocom, Málaga	Real estate development	0.00%	100.00%	**100.00%**
Puertu Maravio, S.L.U.	B74014069	C/ San Francisco, 14, Planta 4, Oviedo	Advice	100.00%	0.00%	**100.00%**
Puntida, S.L.U.	B39557269	Pasaje Puntida, 1, Santander	Holding company	100.00%	0.00%	**100.00%**
Segóbriga Desarrollos, S.L.U.	B10490449	Plaza de Santa María, 8, Cáceres	Property development	100.00%	0.00%	**100.00%**
Segurándalus Mediación, Correduría de Seguros, S.A.U.	A48484232	C/ Cuarteles nº 51 Ptl.1 Entreplanta Málaga	Insurance broker	100.00%	0.00%	**100.00%**

APPENDIX III
GROUP ENTITIES AS AT DECEMBER 31, 2021

Company Name	Tax ID Number	Registered Office	Activity	% of Capital Owned by The Group		
				% of Equity Interest		Total Holding
				Direct	Indirect	
Sierra del Acebo, S.L.U.	B74014077	C/ San Francisco, 14, Planta 4, Oviedo	Advice	100.00%	0.00%	**100.00%**
Tiatordos, S.A.U.	A74022864	C/ San Francisco, 14, Planta 4, Oviedo	Advice	100.00%	0.00%	**100.00%**
Unicaja Gestión de Activos Inmobiliarios, S.A.U.	A93229516	Avda. Andalucía, 10-12, Málaga	Real estate holding company	100.00%	0.00%	**100.00%**
Unicartera Gestión de Activos, S.L.U.	B84537356	C/ Bolsa nº 4, planta 5ª, Málaga	Debt collection and litigation management	100.00%	0.00%	**100.00%**
Unicorp Patrimonio, Sociedad de Valores, S.A.U.	A92067131	C/ Bolsa, Nº 4, 1ª planta, Málaga	Asset management	100.00%	0.00%	**100.00%**
Unigest, S.G.I.I.C., S.A.U.	A29558798	Avda. Andalucía, 10-12, Málaga	Collective investment institution manager	100.00%	0.00%	**100.00%**
Unimediación, S.L.U.	B92802271	C/ Bolsa nº 4, planta 2, Málaga	Insurance broker	100.00%	0.00%	**100.00%**
Unión del Duero Seguros de Vida, S.A.U.	A37042975	C/ Titán 8-11, Madrid	Life insurance	100.00%	0.00%	**100.00%**
Uniwindet, S.L.U.	B18602680	C/ Bolsa, Nº 4, 5ª planta, Málaga	Renewable energies	100.00%	0.00%	**100.00%**
Urbe Cantabria, S.L.U.	B39401179	Pasaje Puntida, 1, Santander	Property development	100.00%	0.00%	**100.00%**
Viacava – Incós de Energía, S.A.U.	A74235227	Plaza de Santa María, 8, Cáceres	Catering	0.00%	100.00%	**100.00%**
Viproelco, S.A.U.	A24501561	Av. Madrid 120, León	Real estate development	100.00%	0.00%	**100.00%**

APPENDIX IV
JOINTLY CONTROLLED ENTITIES AS AT DECEMBER 31, 2021

Company Name	Tax ID Number	Registered Office	Activity	% of Capital Owned by The Group			Individual Results as of The Analysis Date	Non-current Asset	Current Asset	Non-current Liability	Current Liability	Total Earnings	Total Expenses
				% of Equity Interest									
				Direct	Indirect	Total Holding							
Dolun Viviendas Sociales, S.L. (1)	B91701854	C/ Muñoz Olivé 1, portal 1-1-C - Sevilla	Real estate development	0.00%	40.00%	40.00%	-	140	125	-	-	-	-
Espacio Medina, S.L. (3)	B85186526	Paseo del Club Deportivo (Ed.11), 1 - PQ.E - Pozuelo de Alarcón - Madrid	Real estate development	0.00%	30.00%	30.00%	3,587	3,115	13,620	1,126	1,389	6,524	(2,936)
Instituto de Medicina Oncológica y Molecular de Asturias, S.A. (2)	A74234709	Avenida Jose Maria Richard Grandio, S/N, Latores	Medicine	0.00%	33.33%	33.33%	(606)	1,219	1,302	725	1,366	1,896	(2,492)
Lares Val de Ebro, S.L. (5)	A84076975	Avda. Talgo 155 Madrid	Real estate development	33.33%	0.00%	33.33%	(292)	-	19,277	2	21,381	-	(292)
Liberbank Vida y Pensiones, Seguros y Reaseguros, S.A. (3)	A74087081	C/ Fruela, 8, Oviedo	Insurance	50.00%	0.00%	50.00%	15,323	314,646	6,015	262,078	-	61,807	39,770
Madrigal Participaciones, S.A. (4)	A47538301	Avda. Madrid, 120 Ed.El Portillo - León	Investment in assets, securities and financial companies	75.70%	0.00%	75.70%	(115)	2,038	20,287	-	62	3	(117)
Muelle Uno-Puerto Málaga, S.A. (3)	A92674522	Avda. de Andalucía 21- Entreplanta, Málaga	Real estate development	0.00%	39.74%	39.74%	(191)	40,921	7,013	20,789	3,243	6,725	(6,916)
Polígono Romica, S.A. (3)	A02182715	C/ Parque San Julián, 20, Cuenca	Real estate development	0.00%	50.00%	50.00%	(14)	18	1,359	-	1	-	(14)

APPENDIX IV
JOINTLY CONTROLLED ENTITIES AS AT DECEMBER 31, 2021

Company Name	Tax ID Number	Registered Office	Activity	% of Capital Owned by The Group			Individual Results as of The Analysis Date	Non-current Asset	Current Asset	Non-current Liability	Current Liability	Total Earnings	Total Expenses
				% of Equity Interest		Total Holding							
				Direct	Indirect								
Promociones 2020 San Lázaro, S.L. (2)	B10488302	C/ López del Vallado, 2, Oviedo	Property development	0.00%	20.00%	20.00%	-	-	3,675	3,673	1	60	(60)
Rochduero, S.L. (6)	B11824430	C/ Armas 10-A Jerez de la Frontera (Cádiz)	Real estate development	54.09%	0.00%	54.09%	(359)	-	35,758	420	36,535	25	(385)
Sociedad de Gestión San Carlos, S.A. (3)	A11504842	Avda. San Juan Bosco,46. San Fernando - Cádiz	Real estate development	0.00%	62.20%	62.20%	(362)	-	14,649	7,738	705	-	(362)

(1) Company in liquidation
(2) Financial data as of September 30, 2021
(3) Financial data as of Friday, December 31, 2021
(4) Financial data as of June 30, 2021. Company in liquidation.
(5) Financial data as of Thursday, June 30, 2016. Company in liquidation.
(6) Financial data as of Wednesday, August 31, 2016. Company in liquidation.

Note: The financial information used for the equity method for the equity interest in the jointly controlled entities listed herein is the latest information available to the Bank as of the date of preparation of these financial statements. When this financial information does not correspond to December 31, 2021, it is because information relating to a date very close to the end of 2021 has been used instead or because the jointly controlled entity has no relevant activity that could have a significant bearing on these financial statements (either because it is in liquidation or for other reasons with similar effects).

ANNEX V
ASSOCIATED COMPANIES AS AT DECEMBER 31, 2021

Company Name	Tax ID Number	Registered Office	Activity	% of Capital Owned by The Group			Financial Statements as of The Analysis Date				
				% of Equity Interest		Total Holding	Total Assets at End of Year	Equity	Company Results	Liabilities	Operating Income
				Direct	Indirect						
Ala Ingeniería y Obras, S.L. (13)	B85294536	Crta. de la Estación, naves 7 y 8 - Meco (Madrid)	Manufacture of metal structures	0.00%	26.49%	26.49%	8,889	(5,005)	(1,178)	13,894	(1,275)
Alanja Desarrollos, S.L. (3)	B10490191	C/ Albacete, 3, Planta 5, Cáceres	Property development	2.07%	17.93%	20.00%	1,459	1,383	(51)	76	5
Andalucía Económica, S.A. (6)	A41397514	C/ Diego de Riano nº 11, Piso 2º, Seville	Publishing, graphic arts and television	23.80%	0.00%	23.80%	776	595	121	181	121
Área Logística Oeste, S.L. (1)	B85273514	C/ Príncipe de Vergara, 15, Madrid	Real estate development	0.00%	27.28%	27.28%	-	-	-	-	-
Azoe Inmuebles, S.L. (2)	B09606005	C/ Alfonso XI, 18, Planta 5, Burgos	Property development	0.00%	48.40%	48.40%	18,100	11,438	(75)	6,661	(9)
B.I.C. Euronova, S.A. (2)	A29534765	Avenida Juan López Peñalver, 21 (Parque Tecnológico Andalucía), Campanillas, Málaga	Investment and promotion services	20.00%	0.00%	20.00%	2,054	1,398	200,125	656	196
Baraka Home 20, S.L. (5)	B01998855	Carretera de Fuencarral, Campus Tribeca, Edificio 6, Alcobendas	Property development	0.00%	29.96%	29.96%	15,262	14,784	(102)	478	(80)
Camping El Brao, S.A. (11)	A33357484	C/ Uría, 56 - 2 C, Oviedo (Asturias)	Camping	25.00%	0.00%	25.00%	5	(10)	(4)	15	(4)
Cantabria Capital S.G.E.I.C., S.A. (2)	A39548110	C/ Gándara, 6, Santander	Financial adviser	20.00%	0.00%	20.00%	357	286	(32)	72	20
Cartera de Activos H&L, S.L. (2)	B88625686	C/ Zurbano, 76, Planta 8, Madrid	Real estate development	5.69%	21.85%	27.53%	6,539	6,105	(239)	434	(196)
CCM Vida y Pensiones de Seguros y Reaseguros, S.A. (2)	A16029191	C/ Carretería, 5, Cuenca	Insurance	50.00%	0.00%	50.00%	785,934	69,291	7,376	716,643	20,105
Convivenzia Projet, S.L. (4)	B01993781	Plaza Nueva, 8, Planta 4, Sevilla	Real estate development	43.26%	6.68%	49.94%	5,909	5,725	(112)	183	(47)
Desarrollo Urbanísticos Cerro de Medianoche, S.L. (2)	B23532252	Plaza Jaén por la Paz, 2, Jaén	Real estate development	0.00%	24.72%	24.72%	3,496	3,429	9	67	7
Desarrollos Inmobiliarios Navalcan, S.L. (5)	B01674704	Carretera Nacional V, Kilometro 107.5, Toledo	Real estate development	0.00%	48.80%	48.80%	10,537	9,500	56	1,037	(3)
Desarrollos Inmobiliarios Peña Vieja, S.L. (2)	B39889258	Paseo Pereda, Planta 1, Santander	Real estate development	15.16%	33.78%	48.94%	30,305	29,009	(146)	1,295	(181)
Desarrollos Inmobiliarios Ronda Sur, S.L. (5)	B74469313	C/ López del Vallado, 9, Oviedo	Property development	0.00%	37.14%	37.14%	6,937	6,847	-	90	-
Druet Real Estate, S.L. (5)	B02871390	C/ Príncipe de Vergara, 15, Madrid	Real estate development	0.00%	49.23%	49.23%	25,978	16,374	-	9,604	114
Electra de Malvana, S.A. (2)	A10348100	C/ Periodista Sánchez Asensio, 1, Cáceres	Renewable energies	0.00%	20.00%	20.00%	24	21	(4)	3	19
Euro 6000, S.L. (4)	B87990552	C/ Alcalá 27, Madrid	Activities auxiliary to financial services	23.20%	0.00%	23.20%	3,938	3,421	1,081	516	1,083
Experiencia Peñíscola, S.L. (2)	B02975605	Avenida de España, 17, Peñíscola	Real estate development	47.63%	0.00%	47.63%	10,744	9,581	(51)	1,163	(87)
Fitex Ilunion, S.A. (5)	A10233211	Avenida de la Universidad, Cáceres	Services	0.00%	25.00%	25.00%	4,795	4,513	132	282	241

ANNEX V
ASSOCIATED COMPANIES AS AT DECEMBER 31, 2021

Company Name	Tax ID Number	Registered Office	Activity	% of Capital Owned by The Group			Financial Statements as of The Analysis Date				
				% of Equity Interest		Total Holding	Total Assets at End of Year	Equity	Company Results	Liabilities	Operating Income
				Direct	Indirect						
Gestión e Investigación de Activos, S.A. (7)	A79332367	Paseo General Martinez Campos, 46, 2ª planta, Madrid	Real estate sector	31.71%	18.29%	50.00%	498	497	(2)	1	(2)
Global Berbice, S.L. (3)	B87959219	C/ Albacete, 3, Madrid	Holding company	5.28%	14.72%	20.00%	49,040	46,512	(598)	2,528	(2,665)
Griffin Real Estate Developments, S.L. (5)	B52579299	C/ Alvarez Garaya, 12, Gijón	Real estate development	0.00%	40.83%	40.83%	9,878	9,601	(3)	277	(132)
Hidralia, Gestión Integral de Aguas de Andalucía, S.A. (2)	A41461856	C/ Alisios, Edf Ocaso, nº 1, Sevilla	Comprehensive water cycle management	20.00%	0.00%	20.00%	235,157	89,183	11,314	145,974	18,099
Hormigones y Áridos Aricam, S.L. (1)	B83221598	Carretera de Fuenlabrada, Kilometro 18.500, Pinto	Sand and gravel mining	25.00%	0.00%	25.00%	-	-	-	-	-
Hostelería Asturiana, S.A. (2)	A33013160	C/ Gil de Jaz ,16, Oviedo	Catering	40.42%	0.00%	40.42%	7,303	5,656	(141)	1,647	(20)
Industrializaciones Estratégicas, S.A. (2)	A45601580	Cuesta Carlos V, 5, Planta 2, Madrid	Real estate development	0.00%	35.00%	35.00%	3,822	2,413	(173)	1,409	(168)
Ingeniería de Suelos y Explotación de Recursos, S.A. (8)	A21102157	Paseo del Coso S/N, Minas de Riotinto, Huelva	Mining industry	30.00%	0.00%	30.00%	89,172	35,200	9,115	53,972	12,264
Inversiones Alaris, S.L. (3)	B31881055	Avda. Diagonal, 621, Barcelona	Share holdings	33.33%	0.00%	33.33%	13,641	5,276	(511)	8,365	(511)
La Reserva de Selwo Golf, S.L. (8)	B18671784	Pasaje Linaje 3, Planta 1, Piso 1, Málaga	Real estate development	0.00%	35.00%	35.00%	63	(3,875)	-	3,938	-
Leche del Occidente de Asturias, S.A. (1)	A33411109	C/ Arguelles, 27, Oviedo	Food industry	33.34%	0.00%	33.34%	-	-	-	-	-
Lico Leasing, S.A. (3)	A28167799	Pº General Martínez Campos, 46 - 2, Madrid	Financial leasing	34.16%	0.00%	34.16%	46,489	14,999	(2,600)	31,490	(2,515)
Malagaport, S.L. (2)	B92635192	Muelle Canovas s/n, Edif. Inst. Estudios Portuarios del Puerto de Málaga, Málaga	Transportation and warehousing services	26.77%	0.00%	26.77%	361	268	(116)	93	(116)
Mastercajas, S.A. (3)	A81584369	C/ Alcalá 27, Madrid	Banking, financial activities	72.75%	0.00%	72.75%	3,363	3,369	103	(6)	120
Mejor Campo Abonos y Cereales, S.A. (11)	A24371866	Callejón de San Francisco, 1 - Bajo, Medina del Campo, Valladolid	Fertilizer and feed sales	27.00%	0.00%	27.00%	3	(58)	-	61	-
Oppidum Capital, S.L. (2)	B74341678	C/ Cimadevilla, 8, Oviedo	Holding company	44.13%	0.00%	44.13%	1,742,458	977,259	1,014	765,199	(40,043)
Parque Científico-Tecnológico de Almería S.A. (2)	A04418067	Avda. de la Innovación, nº 15, Edificio Pitágoras, Almería	Real estate development	0.00%	30.13%	30.13%	43,762	27,432	52	16,329	410
Participaciones Estratégicas del Sur, S.L. (3)	B90471350	C/ Luis Montoto Nº 65, 1º B	Other financial services	0.00%	30.00%	30.00%	15,671	12,666	240	3,005	(51)
Patrimonio Inmobiliario Empresarial, S.A. (12)	A83458067	C/ Santa Engracia, 69, Madrid	Real estate development	29.09%	0.00%	29.09%	26,857	(21,423)	(566)	48,280	-
Propco Eos, S.L.U. (3)	B93673291	C/ Goya, 6, 2ª planta, Madrid	Real estate development	0.00%	20.00%	20.00%	81,439	78,492	2,642	2,947	2,794
Propco Epsilon, S.L. (3)	B93673283	C/ Goya, 6, 2ª planta, Madrid	Real estate	0.00%	20.00%	20.00%	59,900	57,416	1,573	2,484	1,669

ANNEX V
ASSOCIATED COMPANIES AS AT DECEMBER 31, 2021

Company Name	Tax ID Number	Registered Office	Activity	% of Capital Owned by The Group			Financial Statements as of The Analysis Date				
				% of Equity Interest		Total Holding	Total Assets at End of Year	Equity	Company Results	Liabilities	Operating Income
				Direct	Indirect						
			development								
Propco Malagueta, S.L. (2)	B93562940	C/ Mauricio Moro Pareto (Edificio Eurocom Norte), 6, Málaga	Real estate development	0.00%	25.00%	25.00%	14,834	14,662	(8,180)	172	(8,180)
Propco Orange 1 S.L. (2)	B93597896	C/ Mauricio Moro Pareto (Edificio Eurocom Norte), 6, Málaga	Real estate development	0.00%	49.00%	49.00%	31,893	9,520	1,407	22,373	1,947
Proyecto Lima, S.L. (2)	B93562957	C/ Mauricio Moro Pareto (Edificio Eurocom Norte), 6, Málaga	Real estate sector	0.00%	25.00%	25.00%	11,009	10,643	(7,358)	366	(7,358)
Pryconsa- Ahijones, S.L. (2)	B88560768	Glorieta de Cuatro Caminos, 6, Madrid	Real estate business	0.00%	32.94%	32.94%	58,251	50,573	-	7,678	(247)
Santa Justa Residencial, S.L. (2)	B93514453	C/ Mauricio Moro Pareto (Edificio Eurocom Norte), 6, Málaga	Real estate development	0.00%	49.50%	49.50%	1,250	554	(11)	696	(15)
Sedes, S.A. (3)	A33002106	C/ Arquitecto Galán, 2, Oviedo	Real estate and construction	39.85%	0.00%	39.85%	39,614	1,780	(282)	37,834	(129)
Sociedad Astur-Castellano Leonesa de Navegación, S.A. (1)	A33685306	Puerto del Musel, Gijón	Maritime transportation	23.05%	0.00%	23.05%	-	-	-	-	-
Sociedad de Gestión y Promoción de Activos, S.L. (2)	B74453432	C/ Fruela, 5, Oviedo	Real estate business	8.96%	40.77%	49.73%	91,568	67,984	(925)	23,584	(2,668)
Sociedad Municipal de Aparcamientos y Servicios, S.A. (2)	A29178902	Plaza Jesús "El Rico" 2-3, Málaga	Parking lots	24.50%	0.00%	24.50%	59,651	44,891	1,115	14,761	1,734
Sociedad Regional de Promoción del Principado de Asturias, S.A. (2)	A33055138	Parque Tecnológico de Asturias (Edificio Idepa), Llanera	Regional development company	29.33%	0.00%	29.33%	85,466	62,326	(368)	23,140	(539)

ANNEX V
ASSOCIATED COMPANIES AS AT DECEMBER 31, 2021

Company Name	Tax ID Number	Registered Office	Activity	% of Capital Owned by The Group			Financial Statements as of The Analysis Date				
				% of Equity Interest		Total Holding	Total Assets at End of Year	Equity	Company Results	Liabilities	Operating Income
				Direct	Indirect						
Uncro, S.L. (9)	B23545379	C/ Ibiza, 35, 5ª A, Madrid	Real estate development	0.00%	25.00%	25.00%	1,562	(8,784)	(2)	10,346	(2)
Unema Promotores Inmobiliarios, S.A. (10)	A92078013	C/ Strachan, 1, planta 1, Málaga	Real estate development	0.00%	40.00%	40.00%	37	(1,669)	-	1,706	-
Unicorp Vida, Compañía de Seguros y Reaseguros, S.A. (3)	A78804390	C/ Bolsa, 4, 3ª planta, Málaga	Insurance	50.00%	0.00%	50.00%	4,144,636	323,550	52,078	3,821,086	68,775
World Trade Center Santander, S.A. (1)	A39348156	C/ Carlos Haya, 23, Santander	Property development	31.50%	0.00%	31.50%	-	-	-	-	-
Zedant Desarrollos, S.L. (3)	B02865129	C/ Fernández de la Hoz, 62, Madrid	Real estate development	40.30%	4.81%	45.11%	9,956	6,979	(48)	2,978	(80)

(1) Company in liquidation.
(2) Financial data as of Friday, December 31, 2021
(3) Financial data as of Tuesday, November 30, 2021
(4) Financial data as of Sunday, October 31, 2021
(5) Financial data as of September 30, 2021
(6) Financial data as of Wednesday, June 30, 2021
(7) Financial data as of Sunday, February 28, 2021. Company in liquidation.
(8) Financial data as of December 31, 2020. Company in liquidation.
(9) Financial data as of Tuesday, June 30, 2020. Company in liquidation.
(10) Financial data as of Saturday, September 30, 2017. Company in liquidation.
(11) Financial data as of Saturday, December 31, 2016. Company in liquidation.
(12) Financial data as of Monday, March 31, 2014. Company in liquidation.
(13) Financial data as of Tuesday, December 31, 2013. Company in liquidation.

Note: The financial information used for the equity method for the equity interest in the associates listed herein is the latest information available to the Bank as of the date of preparation of these financial statements. When this financial information does not correspond to December 31, 2021, it is because information relating to a date very close to the end of 2021 has been used instead or because the associate has no relevant activity that could have a significant bearing on these financial statements (either because it is in liquidation or for other reasons with similar effects).

ANNEX VI
LAST BALANCE SHEET CLOSED BY THE LIBERBANK GROUP PRIOR TO THE DATE OF ACCOUNTING EFFECTS OF THE MERGER BY ABSORPTION

Within the framework of the merger by absorption of Liberbank, S.A. (absorbed entity) by Unicaja Banco, S.A. (absorbing entity) described in Note 1.14 to the report on these consolidated financial statements, the latest consolidated balance sheet closed by the absorbed entity, corresponding to July 31, 2021, is as follows:

ASSETS	7/31/2021
Cash, cash balances in central banks and other Demand deposits	**2,699,046**
Financial assets held for trading	**1,898**
Derivatives	1,898
Pro memoria: lent or given as collateral with the right to sell or pledge	-
Non-trading financial assets mandatorily valued at fair value through income	**139,960**
Equity instruments	41
Debt securities	-
Loans and advances to customers	139,919
Pro memoria: lent or given as collateral with the right to sell or pledge	-
Financial assets at fair value through income	**-**
Pro memoria: lent or given as collateral with the right to sell or pledge	-
Financial assets at fair value through other comprehensive income	**339,649**
Equity instruments	319,474
Debt securities	20,175
Pro memoria: lent or given as collateral with the right to Sale or pledge	-
Financial assets at amortized cost	**38,508,054**
Debt securities	9,772,483
Loans and advances to credit institutions	282,397
Loans and advances to customers	28,453,173
Pro memoria: lent or given as collateral with the right to sell or pledge	*1,458,292*
Derivatives - hedge accounting	**144,381**
Changes in fair value of hedged items of a portfolio with hedged interest rate risk	**164,686**
Investment in joint ventures and associates	**642,401**
Subsidiaries	-
Joint ventures	37,922
Associates	604,480
Assets covered by insurance or reinsurance contracts	**-**
Tangible assets	**1,217,981**
Tangible fixed assets	612,320
Own use	612,320
Loaned under operating lease	-
Investment property	605,661
Of which: loaned under operating lease	*471,614*
Pro memoria: acquired under a finance lease	59,255
Intangible assets	**167,014**
Goodwill	22.711
Other intangible assets	144,303
Tax assets	**1,841,839**
Current tax assets	23,515
Deferred tax assets	1,818,323
Other assets	**136,195**
Insurance contracts linked to pensions	403
Inventories	33,921
Other assets	101,871
Non-current assets and disposable groups of items classified as held for sale	**650,521**
TOTAL ASSETS	**46,653,626**

LIABILITIES AND NET EQUITY	7/31/2021
Financial liabilities held for trading	**1,589**
Derivatives	1,589
Financial liabilities at fair value through income	-
Pro memoria: subordinate liabilities	-
Financial liabilities at amortized cost	**42,700,184**
Deposits from central banks	4,885,038
Deposits from credit institutions	4,939,556
Deposits from customers	31,039,646
Debt securities issued	1,550,682
Other financial liabilities	285,263
Pro memoria: subordinate liabilities	*308,245*
Derivatives - hedge accounting	**349,836**
Changes in fair value of hedged items of the interest rate risk-hedged portfolio	**-**
Liabilities covered by insurance contracts	**5,815**
Provisions	**224,388**
Pensions and other benefit obligations defined as post-employment	2,778
Other long-term employee benefits	2,933
Outstanding tax litigation and procedural matters	2,653
Commitments and guarantees granted	25,301
Remaining provisions	190,723
Tax liabilities	**118,044**
Current tax liabilities	879
Deferred tax liabilities	117,165
Other liabilities	**128,412**
Liabilities included in disposable groups of elements that have been classified as held for sale	-
TOTAL LIABILITIES	**43,528,269**
Shareholders' equity	**2,811,003**
Share capital	59,582
Paid-up capital	59,582
Non paid-up capital required	-
Pro memoria: unclaimed capital	-
Share premium	500,000
Equity instruments issued other than share capital	-
Net equity component of compound financial instruments	-
Other equity instruments issued	-
Other elements of net equity	-
Accumulated earnings	193,793
Revaluation reserves	-
Other reserves	2,123,103
Cumulative reserves or losses on investments in joint ventures and associates	77,959
Other	2,045,145
Own shares	-
Profit attributable to the owners of the parent company	(65,476)
Interim dividends	-
Other cumulative overall income	**314,355**
Elements that will not be reclassified as income	64,890
Items that can be reclassified as income	249,464
Non-controlling interests (non-significant holdings)	-
Other cumulative overall income	-
Other entries	-
TOTAL NET EQUITY	**3,125,357**
TOTAL LIABILITIES AND NET EQUITY	**46,653,626**

PRO-MEMORIA: OFF-BALANCE SHEET EXPOSURES	
Loan commitments granted	1,886,740
Guarantees granted	134,671
Other commitments granted	3,503,039

ANNEX VII
ANNUAL BANKING REPORT FOR FISCAL YEAR 2021

Information for compliance with Article 89 of Directive 2013/36/EU of the European Parliament and its transposition into Spanish legal system by means of Law 10/2014

Pursuant to the provisions of Article 89 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, and in accordance with the provisions of Article 87 of Law 10/2014, of June 26, on the regulation, supervision and solvency of credit institutions, which transposes this directive to the Spanish legal system, attached hereinbelow is the information relating the annual banking report of Unicaja Banco Group for the fiscal year ended on December 31, 2021.

	Turnover (*) (thousands of Euros)	Number of Employees (**)	Income before Taxes (thousands of Euros)	Income tax (thousands of Euros)
Spain	1,099,318	7,728	1,021,433	91,795
Other EU countries	-	-	-	-
Rest of the world	-	-	-	-
Total	**1,099,318**	**7,728**	**1,021,433**	**91,795**

(*) Turnover is considered to be the gross margin of the consolidated income statement.
(**) Number of equivalent full-time employees obtained from the workforces of the Unicaja Banco Group companies operating in each jurisdiction.

As of December 31, 2021, the return of the Unicaja Banco Group's assets, calculated as the ratio of the "Consolidated profit for the year" in the consolidated income statement to the "Total assets" in the consolidated balance sheet was 0.96%.

Detailed information on the companies on the consolidation perimeter of the Unicaja Banco Group operating in each jurisdiction, including their name and geographical location and the nature of their activity, is available in Appendices III, IV and V hereto.

As can be seen in these appendices, almost all of the Group's business activity takes place in Spain and within the financial sector, the commercial banking activity carried out by the Unicaja Banco, S.A. (Unicaja Banco) credit institution standing out.

Unicaja Banco has not received any public subsidies or aid.

UNICAJA BANCO, S.A. AND SUBSIDIARIES (UNICAJA BANCO GROUP)

CONSOLIDATED MANAGEMENT REPORT FOR THE YEAR 2021

1. Introduction

This Management Report presents the data and facts which are relevant at year-end 2021 so that the situation of the Unicaja Banco Group (hereinafter, the Unicaja Banco Group, or the Group) and the evolution of its business may be ascertained. The consolidated financial statements for the 2021 fiscal year, which this Management Report supplements, have been prepared according to the International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and take into consideration the Bank of Spain's Circular 4/2017 of November 27 and its subsequent amendments.

Unicaja Banco, S.A. (hereinafter, Unicaja Banco, the Parent Company, or the Bank) is a credit institution incorporated for an indefinite period of time on December 1, 2011. The start of its activity has its origin in the indirect performance, through a bank, of the financial activity of the Monte de Piedad y Caja de Ahorros de Ronda, Cádiz, Almería, Málaga, Antequera and Jaén savings bank and pawnbroker, i.e. Unicaja (currently, the Unicaja Bank Foundation), as a result of the entry into force of Law 26/2013, of December 27.

The Bank is an entity subject to the rules and regulations on banking entities operating in Spain. Other public information about the Bank is available both on its corporate website (www.unicajabanco.com) and at its registered office (Avenida de Andalucía, 10 y 12, Málaga).

The Bank's object is to carry out all kinds of activities, operations, acts, contracts and services typical of the banking business in general or which are directly or indirectly related or supplementary thereto or are carried out by it, provided that their performance is permitted or not forbidden by current legislation.

The Bank's object includes the provision of investment services and other auxiliary services, as well as the performance of activities typical of insurance agents, as an exclusive or linked operator, the simultaneous exercise of both not being admissible.

In accordance with its Bylaws, such activities, which meet the requirements of Law 10/2014, of June 26, on the regulation, supervision and solvency of credit institutions, and which comprise its object, may be carried out in part of in full, indirectly, in any of the forms permitted by law and, in particular, through the ownership of shares or equity interests in companies or through participation in other entities whose object is identical, similar or supplementary to its activities.

The Bank is registered in the Mercantile Registry of Málaga and, as a credit institution, in the Special Registry of the Bank of Spain under number 2103. The Bank also holds a license to engage in banking activities granted by the Ministry of Economy and Finance, pursuant to Article 1 and other concordant provisions of Royal Decree 1245/1995.

As of December 31, 2021, Unicaja Banco S.A. is the parent company of the Unicaja Banco Group, whose main shareholder is the Unicaja Banking Foundation, with a 30.24% stake. The Bank is subject to Spanish law and files its annual accounts with the Mercantile Registry of Málaga. The Bank is also the head of a subgroup of subsidiaries and associates, which are engaged in various activities and make up the Unicaja Banco Group, as described in the consolidated financial statements corresponding at year-end 2021.

Balance Sheet and Turnover	Millions of Euros Dec-21	Millions of Euros Dec-20	Annual Var. Millions of Euros	Annual Var. %
Total assets[1]	115,550	65,544	50,006	76.3%
Performing loans and advances to customers[2]	53,522	52,281	1,241	2.4%
Deposits– customers[3]	78,502	75,868	2,634	3.5%
Off-balance sheet funds raised	22,038	19,750	2,288	11.6%
Managed resources[4]	108,230	103,231	4,999	4.8%
Of which: customers (not market)[5]	*96,007*	*87,894*	8,113	9.2%

(1) Source: Consolidated Public Balance Sheet. Data as of December 31, 2020, prior to the merger with Liberbank.
(2) Source: Loans and advances to customers of the Consolidated Public Balance Sheet, without valuation adjustments, active money market operations carried out through counterparties and other financial assets of other resident sectors.
(3) Source: Customer deposits from the Consolidated Public Balance Sheet, without valuation adjustments and mortgage bonds counted as deposits.
(4) Source: Customer deposits from the Consolidated Public Balance Sheet, plus debt securities issued, without valuation adjustments in both cases, plus off-balance sheet funds.
(5) Source: Customer deposits from the Consolidated Public Balance Sheet, excluding mortgage bonds counted as deposits and money market deposits made through counterparties, without valuation adjustments, plus off-balance sheet funds.

Income	Millions of Euros Dec-21	Millions of Euros Dec-20	Annual Var. Millions of Euros	Annual Var. %
Net interest margin*	1,028.1	1,123.1	(95.0)	(8.5%)
Gross margin*	1,516.8	1,632.2	(115.6)	(7.1%)
Operating margin *(before write-downs)**	580.1	675.7	(95.6)	(14.1%)
Write-downs and other results*	399.6	562.3	(162.7)	(28.9%)
Income before taxes*	180.5	113.4	67.1	59.1%
Consolidated income for the year*	137.5	93.4	44.1	47.2%
Profit/loss ascribed to the parent company[1]	1,113.2	77.8	1,035.4	1,330.3%

(*) Data calculated based on the pro-forma income statement, which includes the income generated by both Liberbank and Unicaja Banco throughout the year, discounting extraordinary merger adjustments and restructuring costs recorded by Liberbank prior to the merger.
(1) Data as of December 31, 2020, prior to the merger with Liberbank.

Profitability and Efficiency	% Dec-21	% Dec-20	Annual Var. Millions of Euros	Annual Var. %
ROE (Net Income/Shareholders' Equity)[1]	2.1%	2.3%	N/A	(0.2 ppt)
ROTE (Net Income/Tangible Common Shareholders' Equity)[1]	2.4%	1.4%	N/A	(1.0 ppt)
ROA (Net Income/Average Total Assets)[1]	0.1%	0.1%	N/A	-
RORWA (Net Income/Average Risk Weighted Assets)[1]	0.4%	0.4%	N/A	-
Efficiency Ratio (Operating Expenses with Amortization/Gross Margin)	61.8%	58.6%	N/A	3.2 ppt

(1) Data as of December 31, 2020, prior to the merger with Liberbank.

Solvency	Millions of Euros or % Dec-21	Dec-20	Annual Var. Millions of Euros	% ppt
Net equity	6,326	4,005	2,321	57.9%
Total capital	5,936	4,087	1,849	45.2%
Common Equity Tier 1 (CET1) capital	4,802	3,740	1,062	28.4%
Additional Tier 1 capital	547	47	500	1,054.1%
Tier 2 capital	586	300	286	95.5%
Average Risk Weighted Assets	35,291	22,492	12,799	56.9%
Total capital ratio	16.8%	18.2%	N/A	(1.4 ppt)
CET1 ratio	13.6%	16.6%	N/A	(3.0 ppt)
Fully-loaded CET1 ratio	12.5%	15.0%	N/A	(2.5 ppt)

Note: The figures in this table include the withheld earnings for the 2021 fiscal year, the calculation of which for solvency purposes is pending approval by the European Central Bank. Data as of December 31, 2020 prior to the merger with Liberbank.

Risk Control	Millions of Euros or % Dec-21	Dec-20	Annual Var. Millions of Euros	% ppt
Non-performing	1,961	1,986	(25)	(1.3%)
NPL ratio	3.5%	3.7%	N/A	(0.1 ppt)
Non-performing loan coverage ratio	68.5%	62.8%	N/A	5.7 ppt
Cost of credit risk	0.49%	0.76%	N/A	(0.3 ppt)
Foreclosed real estate available for sale (gross)	2,209	2,350	(141)	(6.0%)
Foreclosed real estate asset coverage ratio	62.7%	56.0%	N/A	6.7 ppt

Liquidity	Millions of Euros or % Dec-21	Dec-20	Annual Var. Millions of Euros	% ppt
Gross liquid assets[1]	49,841	29,562	20,279	68.6%
Net liquid assets[1]	28,211	16,845	11,366	67.5%
Net Liquid Assets/Total Assets[1]	24.4%	25.7%	N/A	(1.3 ppt)
LTD ratio[1]	75.0%	79.6%	N/A	(4.6 ppt)
Liquidity coverage ratio (LCR)[1]	307%	310%	N/A	(3.0 ppt)
Net stable funding ratio (NSFR)[1]	142%	142%	N/A	-

(1) Data as of December 31, 2020, prior to the merger with Liberbank.

Additional information	Units Dec-21	Dec-20	Annual Var. Number	%
Branches in Spain	1,368	1,524	(156)	(10.2%)
Automatic teller machines	2,679	2,717	(38)	(1.4%)
Average employees	7,728	6,201	1,527	24.6%

Credit Rating		Dec-21
Fitch	Short term	F3
	Long term	BBB-
	Perspective	Stable
Moody's	Long-term deposits	Baa3
	Short term	Prime-3
	Perspective	Stable

2. Economic and Financial Scenario

According to the latest OECD Economic Outlook, economic activity continues to recover globally, reaching pre-pandemic levels, although it is uneven across major geographic areas. During the latter part of 2021, there was a loss of momentum in production and commercial activity, largely due to the emergence of the Omicron variant, imbalances resulting from tensions in global production chains and the rising cost of raw materials and other intermediate goods. The OECD estimates that, by 2021 as a whole, the world economy will have grown 5.6%, while it expects output to increase 4.5% by 2022.

In this context, the Central Banks of the United States, Canada and Australia have made changes to their monetary policy stance, gradually reducing their asset purchase programs and announcing increases in their policy rates.

As for the European economy, according to the European Commission's Autumn Forecast report, activity has recovered to higher than expected levels, intensifying as the vaccination campaigns have progressed and certain restrictions have been relaxed. In 3Q 2021, Europe's economy reached its pre-pandemic level of output, after posting the highest year-on-year growth rate since 1999 (14.4%) during the second quarter. It is estimated that the EU economy increased 5.2% in 2021 as a whole, a 4.3% growth having been forecast for 2022, which is underpinned by the strength of domestic demand and the recovery of public and private investment, boosted by funds from the EU's Recovery and Resilience Facility.

At its last meeting in December 2021, the European Central Bank decided to maintain the main refinancing operations, marginal lending facility and deposit facility rates at 0.00%, 0.25% and -0.50% respectively. Likewise, it approved a slow down in the pace of net purchases under its pandemic emergency purchase program (PEPP) from the previous quarter. It confirmed the interruption of this program at the end of March 2022—with the possibility of resuming it if necessary—and instead decided to increase the monthly purchases under its APP program.

In Spain, the latest Quarterly National Accounting data relating to the 4Q 2021 show that the Spanish GDP saw a 2.0% quarter-on-quarter growth, the year-on-year rate of change standing at 5.2% compared to 3.4% in the previous quarter. The overall growth rate in 2021 was 5.0%.

In this context, the Consumer Price Index experienced a remarkable increase (3.1%) in annual average terms in 2021. The main reason for this was the increase in energy, food and accommodation service prices. The leading indicator for January 2022 points to an annual variation of 6.0%, i.e. half a percentage point lower than that seen in the previous month. Prices are expected to rise 3.7% on average in 2022 and rise more moderately in 2023.

The evolution of labor market indicators has mirrored the improvement in the country's economic activity. According to the Labor Force Survey (LFS), 840,000+ net jobs were created in 2021, bringing the employed population figure to around 20.2 million (the highest figure since the end of 2008). Please note, however, that this figure includes workers affected by a temporary labor force adjustment plan (ERTE) (102,548 as of December 31). Meanwhile, the unemployment rate in the 4Q 2021 stood at 13.3%, half a percentage point lower than in the same period of 2019.

According to the latest data from the Financial Accounts of the Spanish Economy, the gross debt of Spanish companies and households reached €1,936 billion in 3Q 2021, an 2.2% year-on-year increase—mostly due to the growth of the debt of non-financial corporations (3.3%). The debt-to-GDP ratio stood at 164.7%, down half a percentage point from 3Q 2020.

In the specific case of households, net financial wealth (total financial assets minus liabilities) reached €1,697 billion at the end of 3Q 2021, an 8.0% increase compared to the same period of 2020. The financial assets of households and NPISHs stood at around €2,500 billion, the year-on-year growth being 5.8%. By instrument, 41.2% of financial assets were cash and deposits, followed by equity investments (24.5%), mutual fund shares (15.7%) and insurance and pension funds (15.6%). Mutual fund shares were the component that experienced the greatest relative weight increase.

On the other hand, the outstanding balance of the financing received by non-financial corporations grew by 2.3% year-on-year, and by households, by 0.9%. As far as the aim of the credit financing is concerned, the balance in October of secured term debtors decreased 0.8% compared to the increase in the number of demand debtors (3.9%), commercial credit (9.7%) and financial leases (1.7%).

Between January and November 2021, financial institutions approved new credit operations amounting to €355,164 million, which equates to a 12.2% year-on-year drop. Of the aforementioned balance, non-financial corporations applied for €260,310 million (-19.9%). On the other hand, households got €94,854m (+18.7% year-on-year) in loans, of which €53,603 million (+39.1%) went to housing, €26,049 million (+8.0%) to purchases and €15,202 million (-12.0%) to other purposes.

The slowdown in the activity in the fourth quarter of the year with respect to previous months recently led the main international organizations and national research services to revise their growth outlook downward. The latest macroeconomic forecasts from the Bank of Spain point to an accelerated recovery in 2022, where it expects the country's GDP to growth by 5.4%. However, at least in the short term, these forecasts are subject to a high degree of uncertainty as they depend on the evolution of the pandemic and its effects on the economic sectors and employment, the impact on the economic activity of temporary disruptions in global supply chains and rising inflation, as well as on the channeling and use of European funds and the economic policies that are adopted.

3. Milestones in 2021

A new Strategic Plan was approved for the 2022-2024 period with the aim of achieving a ROTE in excess of 8%, a pay-out of 50% and a maximum quality capital of at least 12.5%

On December 10, 2021, Unicaja Banco presented its Strategic Plan, which hinges on five priorities:

- Greater **specialization** to accelerate commercial activity;
- improving its **efficiency** through operational excellence;
- advanced risk management with a **conservative profile**;
- improving and increasing its **digital banking** capabilities;
- committing to **sustainability** in all of its lines of business.

The Plan has, among other financial objectives, that of achieving a ROTE (return on tangible shareholders' equity) greater than 8% at the end of the year, paying out to shareholders at least 50% of the profits the bank makes (pay-out ratio) and maintaining a minimum fully-loaded capital ratio of 12.5%.

Positive balance of the bank's commercial activity in 2021

Customer funds grew by 9.2% throughout the year, both *on-balance sheet customer deposits* (3.5%) and especially *off-balance sheet customer funds* (11.6%) improving.

Customer deposits (€83,709 million) constituted the bulk of the customer funds raised, of which €58,424 million were private-sector demand deposits, €11,312 Euros were term deposits, including €5,207 million in mortgage bonds, and €4,715 million were temporary assignments of assets, mainly through clearing houses.

The funds managed through off-balance sheet instruments and savings insurance accounted for €22,038 million, the main product being mutual funds (€12,410 million), followed by savings insurance (€4,546 million) and pension funds (€4,033 million).

Investment savings products, and more specifically mutual funds, grew significantly over the year (+23.3%), with net subscriptions three times higher than in the previous year.

In terms of the origin of the funds, 88.7% corresponds to the retail business (€96,007 million), while the remaining 11.3% (€12,222 million) are funds raised in wholesale banking markets through issues, multi-currency covered bonds and temporary assignments of assets.

Funds Managed *Figures in millions of Euros without valuation adjustments*	**Dec-21**	**Compos.**	**Dec-20**	**Annual Var.**	**% Annual Var.**
Balance sheet funds	**86,192**	**79.6%**	**83,482**	**2,710**	**3.2%**
Customer deposits	**83,709**	**77.3%**	**81,529**	**2,180**	**2.7%**
Public Administration Bodies	**9,259**	**8.6%**	**5,575**	**3,684**	**66.1%**
Private sector	**74,450**	**68.8%**	**75,955**	**(1,504)**	**(2.0%)**
Demand deposits	58,424	54.0%	54,343	4,081	7.5%
Term deposits	11,312	10.5%	13,697	(2,385)	(17.4%)
Temporary assignment of assets	4,715	4.4%	7,915	(3,200)	(40.4%)
Issuances	**2,482**	**2.3%**	**1,952**	**530**	**27.2%**
Mortgage bonds	1,215	1.1%	1,257	(43)	(3.4%)
Other values	660	0.6%	95	565	594.7%
Subordinated liabilities	608	0.6%	600	8	1.3%
Off-balance sheet funds	**22,038**	**20.4%**	**19,750**	**2,288**	**11.6%**
TOTAL FUNDS MANAGED	**108,230**	**100.0%**	**103,231**	**4,999**	**4.8%**
Of which:					
Customer funds managed (retail)	**96,007**	**88.7%**	**87,893**	**8,113**	**9.2%**
On-balance sheet	*73,969*	*68.3%*	*68,144*	*5,825*	*8.5%*
Off-balance sheet	*22,038*	*20.4%*	*19,750*	*2,288*	*11.6%*
Markets	**12,222**	**11.3%**	**15,338**	**(3,116)**	**(20.3%)**

Performing loans (excluding reverse repurchase agreements) increased 2.4% over the year and maintained a low risk profile, mortgages to individuals (57%) and loans to public administrations (10%) being significant.

Performing loans to individuals increased by 2.9% over the year driven by the mortgage portfolio (3.1%), which is made up of transactions financing first homes (92%), with low LTV ratios (91% of cases are below 80%). Corporate lending is highly diversified by sector of activity.

Loans and Advances to Customers *Figures in millions of Euros without valuation adjustments*	**Dec-21**	**Compos.**	**Dec-20**	**Annual Var.**	**% Annual Var.**
PERFORMING CREDIT	**54,301**	**100.0%**	**53,423**	**878**	**1.6%**
1. Credit to public administration bodies	**5,563**	**10.2%**	**5,708**	**(145)**	**(2.5%)**
2. Credit to the private sector	**47,959**	**88.3%**	**46,573**	**1,386**	**3.0%**
Companies	**14,093**	**26.0%**	**13,674**	**419**	**3.1%**
Real estate development and construction	841	1.5%	1,020	(180)	(17.6%)
SMEs and self-employed workers	6,937	12.8%	7,290	(352)	(4.8%)
Other companies	6,315	11.6%	5,364	951	17.7%
Individuals	**33,866**	**62.4%**	**32,899**	**967**	**2.9%**
Housing	31,090	57.3%	30,168	921	3.1%
Others	2,776	5.1%	2,730	45	1.7%
3. Temporary assignments of assets (TAAs)	**779**	**1.4%**	**1,142**	**(363)**	**(31.8%)**
PERFORMING CREDIT without TAAs	**53,522**	**95.1%**	**52,281**	**1,241**	**2.4%**
Pro-memoria:					
TOTAL CREDIT	**55,483**		**54,266**	**1,216**	**2.2%**

13,087 million new loans and credits were granted in 2019, including 4,518 million mortgages, which represents a +34.6% increase over the previous year. Likewise, 5,844 million loans and credits were also granted to companies—a figure that was lower than in the previous year—thanks to the economic stimuli for fighting the deleterious effects of the pandemic (ICO guarantees), which led companies to anticipate their liquidity needs.

Despite the economic downturn, risk quality indicators remained positive

Non-performing assets (which include *non-performing loans* and *foreclosed real estate available for sale*) fell by 3.8% over the year and their degree of coverage stood at 65.5%, after growing 6.4 ppt over the last twelve months.

The Group managed to further get rid of its non-performing assets, bringing its balance thereof to €1,981 million at the end of December 2021, down 1.3% with regard to 2020 (a €25 million drop). The default rate decreased 13 ppt year-on-year to 3.5%, whereas the NPL coverage ratio increased 5.7 ppt year-on-year to 68.5%.

During the pandemic, extensions were granted to 5% of the mortgage portfolio—which have already expired, without this having led to an increase in the delinquency ratio (which remains at 3%). In addition, 16% of the corporate portfolio has ICO guarantees.

Credit Investment *Figures in millions of Euros*	**Gross Value**	**Value Adjustments**	**Carrying Amount**	**Coverage (%)**
Stage 1	49,952	129	49,823	0.3%
Stage 2	3,570	318	3,252	8.9%
Stage 3	1,961	896	1,065	45.7%
TOTAL Credit investment	**55,483**	**1,343**	**54,140**	**68.5%**

Risks under special monitoring (Stage 2) came to €3,570 million, i.e. 6.4% of the gross loan portfolio, with 8.9% coverages.

Foreclosed real estate available for sale saw an annual decrease of 6% in gross terms and amounted to €824 million in net book value, which represents 0.71% of the balance sheet.

Provisions on foreclosed real estate assets amounted to €1,385 million at year-end 2021, representing a coverage level of 62.7%, 6.7 ppt higher than at year-end 2020.

Foreclosed Real Estate Assets (classified according to management criteria) *Figures in millions of Euros*	**Gross Value**	**Value Adjustments**	**Carrying Amount**	**Coverage (%)**
Homes under construction	245	158	87	64.5%
Finished homes	702	389	313	55.4%
Building land, rural properties and other land	1,050	732	318	69.8%
Offices, premises, warehouses and other real estate	212	106	106	50.1%
TOTAL FORECLOSED REAL ESTATE ASSETS	**2,209**	**1,385**	**824**	**62.7%**

Note: The amount of the coverage includes both the impairment losses associated with the foreclosed real estate assets and the hedges in place prior to the acquisition thereof, which covered the impairment of the credit instruments which they stemmed from.

Most of these real estate assets (38.1% in terms of net book value) are finished houses.

Gross outflows of foreclosed assets for the year totaled €435 million, with no portfolio sales.

Out of all the sales in the fiscal year, 48% corresponded to housing, 32% to land and 20% to tertiary sector assets and construction work in progress, which have a positive impact on the income statement.

High levels of solvency and financial strength. Several issues were successfully carried out throughout the year to comply with MREL requirements

The Group maintains an excellent liquidity position, with a loan-to-deposit (LTD) ratio of 75.0%, a liquidity coverage ratio *(*LCR) of 307% and a net stable financial ratio *(*NSFR) of 142%.

Bankable liquid assets at the European Central Bank—net assets of all assets used—amounted to €28,211 million, a sum that represents 24.4% of the balance sheet total.

Bankable Liquid Assets *Figures in millions of Euros*	**Dec-21**
<u>Liquid Assets</u>	
Short-term cash surplus (1)	19,812
Reverse purchase agreements of bankable assets	795
Fixed-income portfolio and other bankable assets at the ECB	29,234
Total liquid assets (discounted value at the ECB)	**49,841**
<u>Liquid Assets Used</u>	
Taken out at the ECB	10,292
Assets sold under temporary assignments of assets and other pledges	11,338
Total liquid assets used	**21,630**
Available bankable liquid assets	**28,211**
Total loans and advances to customers	**24.4%**

(1) Interbank deposits + surplus balance at the ECB and operating accounts

Short-term issuance maturities are not significant.

Upcoming market issuance maturities (*) *Figures in millions of Euros*	**2022**	**2023**	**2024**	**>2024**	
AT1	-	-	-	500	500
Tier 2	300	-	300	-	600
Senior preferred debt	-	-	-	660	660
Mortgage-backed securities	192	450	-	5,222	5,864
	492	**450**	**300**	**6,382**	**7,624**

(*) It includes multi-currency covered bonds.

The highest quality capital (CET 1, or Common Equity Tier 1) in the phased-in period was 13.6%, the Tier 1 capital ratio was 15.2% and the total capital ratio was 16.8%. These ratios represent some leeway above the bank's required levels of 5.6 ppt in CET 1 and 4.6 ppt in total capital.

In fully-loaded terms, the CET1 ratio amounted to 12.5%, the Tier 1 capital ratio to 14.1% and the total capital ratio to 15.8%.

These figures include the retained earnings for 2021, the calculation of which for solvency purposes is pending approval by the European Central Bank

In the fourth quarter of the year, several issues were carried out, all of which were oversubscribed. Specifically, 500 million of AT1 perpetual debt and 660 million of senior preferred debt—maturing in 5 years—were issued to comply with MREL requirements.

After the merger with Liberbank S.A. Was complete, the consolidated result for the year amounted to €1,113 million

The consolidated result for the year includes the impact of the merger between Unicaja Banco S.A. and Liberbank S.A., which took place at the end of July, which resulted in a badwill of €1,301 million. Likewise, the income statement includes €17 million of acquisition expenses and €399 million of provisions for personnel, office and IT restructuring.

Prior to the merger, Liberbank had a €143 million provision for personnel restructuring.

For the purpose of analyzing the evolution of the business, a pro-forma income statement has been prepared (shown below), in which, in addition to adding the income and expenses generated by both Liberbank S.A. and Unicaja Banco S.A. during the twelve months of the year, the restructuring costs and merger adjustments mentioned in the above paragraphs have been deducted.

Aggregate Income Statement (pro-forma) **Unicaja Banco Group** *Figures in millions of Euros*	**Dec-21**	**Dec-20**	**Abs. V.**	**I.R.C.**
Net interest margin	**1,028.1**	**1,123.1**	**(95.1)**	**(8.5%)**
Commissions	489.1	409.3	79.9	19.5%
Dividends and other equity results	81.5	86.1	(4.6)	(5.3%)
RFO + exchange rate differences	46.7	98.2	(51.5)	(52.4%)
Other products/operating expenses	(128.7)	(84.5)	(44.2)	52.3%
Gross margin	**1,516.8**	**1,632.2**	**(115.5)**	**(7.1%)**
Operating expenses	936.7	956.5	(19.9)	(2.1%)
Operating margin *(before write-downs)*	**580.1**	**675.7**	**(95.6)**	**(14.1%)**
Write-downs and other results	399.6	562.3	(162.7)	(28.9%)
Income before Taxes	**180.5**	**113.4**	**67.1**	**59.1%**
Income tax	43.0	20.0	23.0	115.1%
Consolidated income for the year	**137.5**	**93.4**	**44.1**	**47.2%**
Pro-memoria:				
Basic Income (Net Interest Margin + Fees and Commissions - Operating Expenses)	**580.5**	**575.9**	**4.7**	**0.8%**

The pro-forma income statement shows a net profit of €137.5 million, 47.2% higher than in the previous year

The *net interest margin* decreased by 7.3% year-on-year (on a recurring basis), or 8.5% considering the total margin generated over the last two fiscal years. The main cause of this decline was the decrease in interest rates, which affected the profitability of loans and ended up being passed on to the margin in the last quarter of the year. In addition, the ALCO portfolio's contribution to the margin was lower than in the previous year.

Commissions grew by 21.3% year-on-year (in recurring terms), or 19.5% considering the total commissions generated over the last two fiscal years. This line in the income statement was driven by the bank's intense commercial activity. The increase in the equity managed in mutual funds and the active management of investment savings products improved the profitability of this business line, which experienced a 27.3% year-on-year growth. Equally significant was the growth of the insurance business (9.5%) and of services related to payment methods (27.8%).

Dividends and other results from investees were down €4.6 million from the previous year due to a decrease in the results of an associate and to extraordinary circumstances during the fiscal year that affected one of its investments.

The *Other products and operating expenses* item saw an annual decrease as a result of entering into the accounts in 2020 the profits from an agreement between Unicaja Banco S.A.'s shareholders and its investee Caser. This item includes the contribution to the Deposit Guarantee Fund (€89 million), the annual contribution to the Single Resolution Fund (€16 million), the equity provision on monetizable deferred tax assets (€19 million), expenses associated with real estate companies (€16 million) and other recurring and non-recurring income and expenses.

The Group kept on working to contain its *operating expenses*, which decreased by 2.1% over the entire year, the synergies arising from the integration still having to be entered into the accounts.

Finally, *write-downs and other results* amounted to €400 million. €271 million of this amount corresponded to credit write-downs and include extraordinary adjustments arising from, among other things, the entering of prudential provisions, in excess of those required by accounting regulations (*backstop*), into the accounts.

Detail of Write-downs and Other Results *Figures in millions of Euros*	**Dec-21**	**Dec-20**	**Abs. V.**
Credit write-off	270.6	415.1	-144.5
Foreclosed asset write-off	21.1	77.5	-56.4
Provisions and other results	108.0	69.7	38.2
TOTAL WRITE-DOWNS AND OTHER RESULTS	**399.6**	**562.3**	**-162.7**

4. Branch Network

The Unicaja Banco Group operates exclusively in Spain, mainly in Andalusia, Asturias, Cantabria, Castilla y León, Castilla-La Mancha, Extremadura and Madrid.

93% of its branches are concentrated in the autonomous communities of Andalusia (30%), Castilla-La Mancha (20%), Extremadura (19%), Castilla y León (16%) and Asturias (8%), the provinces of Málaga (10%), Asturias (8%), Cáceres (8%), Madrid (7%) and Toledo (7%) having the greatest specific weight.

As of December 31, 2021, the network comprised 1,369 branches: 1.368 branches in Spain and 1 foreign branch office in the U.K. (the branches are open to the public according to the criteria of the Bank of Spain, including itinerant customer service desks and offices open abroad).

DISTRIBUTION OF THE BUSINESS NETWORK

		Operational Branches as of 12/31/2021		Operational Branches as of 12/31/2020	
Country	**Autonomous Community**	**Number of Branches**	**Distribution (%)**	**Number of Branches**	**Distribution (%)**
SPAIN	Andalusia	411	30.0%	470	30.8%
	Aragón	2	0.1%	2	0.1%
	Asturias	109	8.0%	109	7.2%
	Cantabria	74	5.4%	74	4.9%
	Castilla y León	225	16.4%	321	21.1%
	Castilla-La Mancha	268	19.6%	268	17.6%
	Catalonia	9	0.7%	9	0.6%
	Ceuta	1	0.1%	1	0.1%
	Valencian Community	11	0.8%	11	0.7%
	Extremadura	142	10.4%	143	9.4%
	Galicia	10	0.7%	10	0.7%
	La Rioja	1	0.1%	1	0.1%
	Madrid	93	6.8%	93	6.1%
	Melilla	3	0.2%	3	0.2%
	Murcia	4	0.3%	4	0.3%
	Navarra	1	0.1%	1	0.1%
	Basque Country	4	0.3%	4	0.3%
Total Number of Offices in Spanish Territory		**1,368**	**99.9%**	**1,524**	**99.9%**
U.K.	London	1	100%	1	100%
Total Number of Branches Abroad		**1**	**0.1%**	**1**	**0.1%**
TOTAL NUMBER OF BRANCHES		**1,369**		**1,525**	

As of September 30, 2021, according to Statement FI-132 published by the Bank of Spain, the market share of deposits to the private sector was 5.2% in the country as a whole, and as follows by autonomous community: Andalusia (12.3%), Asturias (28.0%), Cantabria (25.9%), Castilla y León (20.8%), Castilla-La Mancha (19.9%) and Extremadura (24.3%).

Regarding the share of credit to the private sector, according to Statement FI-132 published by the Bank of Spain, it amounted to 4.4% in the country as a whole and to 9.6% in Andalusia, 23.1% in Asturias, 25.2% in Cantabria, 12.1% in Castilla y León, 16.3% in Castilla-La Mancha and 16.3% in Extremadura.

With respect to branches, the Unicaja Banco Group's presence in Andalusia corresponded to 11.6% of its branches, in Asturias, 20.2%, in Cantabria, 28.4%, in Castilla y León, 15.8%, in Castilla-La Mancha, 20.2% and in Extremadura, 18.6%, according to the latest available information from the Bank of Spain as of September 30, 2021. Its branches in the country as a whole represented 6.5% of all branches from all banks.

5. Risk Management

The risk management and control system in place at the Unicaja Banco Group revolves around the following basic lines:

- A system of governance and organization of the risk function based on the active involvement and supervision of the Top Management, which approves the Entity's general policies and business strategies and lays down the overall risk management and control guidelines.
- A Risk Appetite Framework (RAF), which the Group considers a fundamental instrument for the implementation of its risk policy.
- A prudent risk exposure management model to which the Unicaja Banco Group pays close attention so as to keep a prudent, balanced risk profile at all times in order to meet its solvency, profitability and appropriate liquidity objectives, which translates into a solid, consistent risk culture.
- A selection of suitable methodologies for the identification, measurement, management and control of risks, which undergo a continuous process of improvement and are in line with regulatory requirements. At the same time, the Group matches its equity requirements to the level of actual risks stemming from its banking activity.
- A supervisory model based on three lines of defense, something which is in line with the expectations of regulatory and supervisory authorities.

The Unicaja Banco Group's overall risk management and control policies, methods and procedures are approved and periodically revised its Board of Directors.

Based on the current regulatory framework, Unicaja Banco's organizational structure includes an Overall Risk Control Unit, which is accountable to the Vice President's Office, which is in charge of controlling and relations with supervisors and is functionally independent from the departments that create exposures. One of the functions of this unit is to take control, from a global perspective, of all the risks for the Entity. The organization of the Unicaja Banco Group's Top Management has a well-defined internal structure that supports this unit and enables it to implement all the decisions it makes.

5.1. Risk Appetite Framework

The Group's risk management and control is arranged via, among others, the Risk Appetite Framework (RAF), which is approved by the Bank's Board of Directors.

The Unicaja Banco Group uses this RAF as an instrument for implementing its risk policy and as a key management and control tool that allows it to: (i) Formalize its risk appetite statement; (ii) specify its risk objectives in line with its corporate strategy, whereby it acts as a reference for guiding the activities that are carried out; (iii) formalize the risk supervision and monitoring mechanism so as to ensure compliance with its risk appetite; (iv) integrate all risk control and management processes into a common framework; and (v) strengthen and disseminate its risk culture.

Developing this Framework as the Group's general risk policy is a key aspect to the Entity's management and control, thus providing the Board of Directors and the Top Management with a comprehensive framework for determining the risks that the Entity is willing to assume.

Therefore, the main aim of Unicaja Banco's RAF is for a set of principles, procedures, controls and systems by means of which the Bank's risk appetite can be defined, communicated and monitored to be established.

Risk appetite is understood as the risk level or profile that Unicaja Banco is willing to assume and maintain, both in terms of its type and its quantity, as well as its tolerance level, and must be oriented towards achieving the objectives of its strategic plan in accordance with the lines of action established therein.

The main goal in managing the different risks is to achieve a risk profile that falls within the desired risk appetite level, which is defined on the basis of the established limits, those management measures that are considered most appropriate to achieve this being taken.

In addition, this Framework establishes different metrics for the quantification, control and monitoring of risks, which permit reacting to certain levels or situations. These metrics characterize the objective behavior of the Unicaja Banco Group, are cross-functional to the organization, and make it possible to convey the risk-prone culture to all levels in the organization in a systematized and understandable way. In turn, they summarize the Group's objectives and limits, can be communicated, where appropriate, to its stakeholders and are homogeneous since they are applied throughout the organization.

The Group has a process for identifying material risks, in which methodologies for the quantification of all risks to which the Entity is exposed are used. Likewise, it defines a criterion for selecting those risks which are material and hence must be managed and controlled more proactively. This management and control involves, among other things, the allocation of capital within a Internal Capital Adequacy Assessment Process (ICAAP) or, in the case of the liquidity risk, the allocation of a liquidity management buffer, which is assessed within a Internal Liquidity Adequacy Assessment Process (ILAAP). The process of quantification and identification of material risks is carried out on a recurring basis, which allows the Entity to identify emerging risks at all times.

Based on this process, within the Risk Appetite Framework, at least for each of the material risks, the appetite and tolerance is established through a qualitative statement, risk indicators or metrics are selected and a calibration methodology is defined to set target thresholds, early warnings and limits.

The Overall Risk Control Unit monitors compliance with the Risk Appetite Framework via the existing metrics for each type of risk. Moreover, it submits the results of its monitoring to the Top Management and its governing bodies.

The Entity has integrated its Risk Appetite Framework with its strategy, its ICAAP and ILAAP, its corporate risk policies and its Recovery Plan, among others. The Entity ensures the observance of the established risk culture through the approval of the management framework, the development of strategies and policies and the monitoring of the limits established for managing each type of risk.

5.2. Governance

The Bank's risk management and control model requires a robust and efficient organizational structure. This requires the effective involvement of the Board of Directors and the Top Management, as well as adequate coordination throughout the organization.

The following is a list of the bodies that are directly involved in Governance, their main functions and responsibilities as regards risk management and control being indicated, without prejudice to the other functions envisaged in the Law and in the Entity's Bylaws and regulations and manuals, where applicable.

<u>The Board of Directors</u>

The overall risk management and control policies, methods and procedures are approved by the Entity's Board of Directors. Thus, with respect to this area, the main functions conferred on this body are as follows:

- Approving the risk control and management policy, including tax risks, as well as periodically monitoring all internal information and control systems.
- Approving the RAF and its subsequent modifications, at the Risk Committee's proposal.
- Taking the RAF into consideration in the day-to-day management of the Entity and, especially, in the making of strategic decisions.
- Being informed, at least on a quarterly basis, of the monitoring of the RAF by the Risk Committee, without prejudice to the information that it may request of the latter at any given time.
- Taking all relevant corrective measures when deemed appropriate.
- Specifically approving, where appropriate, the maintenance of situations that involve an exceedance of a limit.

<u>The Risk Committee</u>

The following are among its main functions:

- Advising the Board of Directors on the Entity's overall risk appetite—current and future—and its strategy in this area and helping it to monitor the implementation of this strategy.
- Ensuring that all risk control and management systems work properly and, in particular, that any significant risks that affect the Company are properly identified, managed, and quantified.
- Ensuring that all risk control and management systems properly mitigate the risks within the framework of the policy defined by the Board of Directors.
- Actively taking part in drawing up the Company's risk management policy, ensuring that it identifies at least the following:

    - The different types of financial and non-financial risks (including, among others: operational, technological, legal, social, environmental, political and reputational) that the Company faces, contingent liabilities and other off-balance sheet risks being counted among the financial and economic risks.
    - The level of risk that the Company considers acceptable.
    - The measures envisaged to mitigate the impact of the risks identified, should they materialize.
    - The information and internal control systems that will be used to control and manage the aforementioned risks, including all contingent liabilities and off-balance sheet risks.

- In particular, within the RAF:

    - Proposing to the Board of Directors the approval of the RAF and its subsequent modifications.
    - Informing the Board of Directors, at least quarterly or at any time at it requests it, on the monitoring of the RAF.
    - Requesting, when it deems it convenient, information about the RAF from the various units.
    - Proposing suitable remedial measures according to the protocol that is place to deal with the exceedance of limits.
    - Proposing to the Board of Directors, where appropriate, the maintenance of situations that involve the exceedance of a limit.

<u>The Regulatory Audit and Compliance Committee</u>

This Commission has functions pertaining to:

- Information and internal control systems, supervising, among others, the effectiveness of the internal financial information control system (IFICS).
- Internal audits.
- Accounts audits.
- Observance of corporate governance rules.
- Regulatory compliance-

- Those structural and corporate modification operations the Entity plans to carry out.

Among these functions, the assessment of all matter concerning the company's non-financial risks—including operational, technological, legal, social, environmental, political and reputational risks—stands out as far as risks are concerned.

The Technology and Innovation Commission

Among the functions conferred on this Commission is the monitoring of the technological risk in general.

The Steering Committee

Among its functions, the following related to the RAF stand out:

- Validating and, where appropriate, submitting to the Governing Bodies proposals for documents relating to the Entity's strategic planning, among which is the RAF.
- Conveying the RAF's main criteria, whether they be the initial criteria or their subsequent adaptations, to the rest of the Entity, through the units that are in charge of each area, with the aim of having a solid "risk culture" at Unicaja Banco.
- Evaluating the implications of the RAF, in their respective areas of competence, in coordination with the Entity's internal Committees, which will in turn inform the competent units of them if necessary.

5.3. Risk Control Model

The risk management and control model adopted by the Entity contemplates, among others, the following risks:

- Credit Risk and Concentration and Management of Nonperforming Loans
- Market risk.
- The operational risk.
- Technology and Cybersecurity Risk
- The interest rate risk in the banking book (IRRBB).
- Business and Strategic Risk
- Property Risk.
- The liquidity risk.
- All risks related to environmental, social and governance factors.

Credit Risk and Concentration and Management of Nonperforming Loans

The credit risk is defined as the risk of incurring losses as a result of a default on payments owed to the Entity. This risk is inherent to its operation.

Unicaja Banco has a Customer Credit Risk Policies, Functions and Procedures Manual—approved by the Board of Directors—which it has established as the framework for properly controlling and managing the credit risks inherent to its credit investment.

This manual defines all mandatory risk policies and procedures, details the activities and tasks to be performed, delimits the responsibilities of the different areas involved in the transaction granting and monitoring processes, establishes the risk appetite decided by the Entity and its articulation through risk limits and types of transactions and documents in a structured and unified manner all general and specific aspects related to most of the credit investment transactions.

Likewise, the Unicaja Banco Group has scoring and rating models integrated in its approval, monitoring and recovery processes. The PD (probability of default), LGD (loss given default) and EAD (exposure at default) estimates are taken into account in different uses, such as the granting of operations, the calculation of provisions or the classification of credit transactions.
In addition, it should be noted that Unicaja Banco was authorized by the European Central Bank in 2021 to use internal models relating to its retail portfolio (excluding SMEs) to calculate its solvency ratios.

Regarding the granting of credit transactions, Unicaja Banco has detailed policies, methods and procedures to ensure it grants loans and credit to consumers in a responsible manner.

The principles developed for this purpose are aligned with the Bank's current situation, through the Customer Credit Risk Policies, Functions and Procedures Manual and with the regulatory requirements established by current regulations and include the following aspects:

- The granting criteria associated with the debtor's ability to pay.
- A transaction amortization plan that is adapted to the customer.
- A prudent ratio of the amount of the transaction to the value of its collateral.
- An transaction marketing policy.
- A collateral valuation policy.
- Considering the interest rate and exchange rate variability in the granting of loans denominated in foreign currency.
- The Interest rate risk cover.
- The exceptions policy on the terms and conditions of transactions.
- A warning to the customer about their failure to compliance with their payment obligations.
- A debt renegotiation policy.
- Information on the cost of services related to the granting of the credit transaction.
- The obligation to provide information to home buyers by subrogation of a developer loan.

On the other hand, the Unicaja Banco Group has systems in place for complying with Law 5/2015 on the promotion of the business activity, which grants unwaivable rights to SMEs and self-employed workers in those cases where a credit institution decides to stop or reduce the flow of financing.

In addition, depending on the beneficiaries and their nature, amount, term, guarantees and characteristics, the granting of credit transactions must be subject to a decentralized approval process based on the collegiate powers of the following decision-making bodies:

- The Board of Directors
- The Credit Committee
- The Credit Committees of the Overall Credit Risk Unit
- The Corporate Banking Credit Committee
- The Credit Committees of Territorial Directorate "A"
- The Credit Committees of Territorial Directorate "B"
- The Branch Credit Commissions and Extended Branch Credit Commissions
-

Likewise, the credit risk control functions and methodologies are applied both during the credit transaction approval phase and the credit transaction follow-up and recovery phases. Follow-up consists in monitoring the evolution of the risk of the transaction itself and of the customer or, where applicable, the economic group. Thus, the credit risk of the financial investment is controlled and monitored by means of various checks:

- The preventive supervision of operations and credit receivers.
- The supervision of all impaired, doubtful or unpaid transactions.

Pursuant to current legislation, the Unicaja Banco Group has a transaction refinancing, restructuring, renewal and renegotiation policy in place.

In addition, it has methodologies, procedures, tools and rules of action for controlling and recovering irregular assets.

Unicaja Banco has adapted its policies, processes and tools for the identification and measurement of the credit risk in the context resulting from the coronavirus pandemic (COVID-19).

Market Risk

Market risk is defined as the possibility of the Entity incurring a loss from holding positions in the markets as a result of adverse movements of the financial variables or of risk factors that determine the value of such positions.

Even though market risk is assigned to trading positions for solvency purposes, the Unicaja Banco Group has developed policies, processes and tools for managing the market risk corresponding to its entire portfolio of securities entered at a fair value for accounting purposes.

In order to properly manage the market risk, the Structural and Non-Financial Risks Area, which is accountable to the Overall Risk Control Unit, has tools for measuring, calculating and controlling market risks, the limits set therefor by the Board of Directors, in particular the value at risk (VaR), and operating limits by credit/counterparty risk that affect the Unicaja Banco Group's operations in capital markets and which act as a means of diversification in order to avoid excessively concentrated exposures to market risk.

The Unicaja Banco Group carries out the measurement and control function by establishing a structure of quantitative limits and a system of powers in financial market operations. The Group has detailed information on the different subrisks and has assigned limits within its Risk Appetite Framework that allow it to adequate monitor and, if necessary, mitigate such risks.

The ultimate responsibility for risk identification and control lies with the Governing Bodies of the Unicaja Banco Group. Thus, the Top Management is responsible for and actively participates in the entire risk management process (planning, approval, assessment and control of all risks inherent in the positions taken by the Entity in financial markets).

Operational Risk

Operational risk is defined as the risk of suffering losses due to the unsuitability or failure of company procedures, people or systems or to external events, including the legal risk.

Unicaja Banco assumes the following types of operational risk, pursuant to Regulation 575/2013 (CRR), in order to maintain a uniform and parameterized management of risk:

- Internal fraud
- External fraud
- Employment and occupational health and safety practices
- Customers, products and business practices
- Damage to tangible physical assets
- Interruption of the activity and system failures
- Process execution, delivery and management

Likewise, within the operational risk, the following subtypes, among others, have been identified:

- Process, damage and external fraud risks are defined as losses resulting from the unsuitability or failure of internal processes or people or from external events or events caused by fraud. Excluding other subtypes, they are collectively known as the **operational risk.**
- **Legal risk** is defined as the possibility of suffering losses due to fines, sentences or punitive damages resulting from supervisory actions and from private settlements, except those included in the conduct risk.
- **Conduct risk** deals with the current or future risk of the Entity incurring losses arising from inadequate provision of financial services, including intentional and negligent cases. Internal fraud is also included therein. The Unicaja Banco Group ensures the correct creation, issuance and distribution of products and the proper provision of services while ensuring compliance with current legislation. Likewise, one of the Entity's objectives is to ensure that new products are subjected to all necessary analysis and review procedures in order to mitigate the risk of litigation as much as possible.
- Finally, due to its relationship with operational risk, **reputational risk** is defined as the risk of loss due to a deterioration of the Entity's image, either due to events inside the Entity itself or to external events (macro-environment) affecting the reputation of the bank industry in general.

The Unicaja Banco Group has traditionally been very demanding as regards aspects relating to reputational risk management. Customer satisfaction and the good image of the Entity are permanent goals of all its employees and of the Company's highest levels of governance and management.
This constant effort to maintain and reinforce it good image is rooted in its global culture and is embodied in, among other concrete manifestations:

- The Entity's strategic objectives.
- The Code of Conduct, the Corporate Social Responsibility Policy, the Sustainability Policy, Environmental, the Energy and Climate Change Policy and the Criminal Risk Prevention Program approved by the Board of Directors.
- The actions of the three lines of defense.
- Compliance with the general regulatory framework and, in particular, with the Markets in Financial Instruments Directive (MiFID) and financial service user protection regulations.
- The process of continuously training employees in all areas in which they work, including, specifically, training in ethical aspects, as established in the "Code of Conduct".

- **The risk of preventing money laundering and financing terrorism**is the risk that the Unicaja Banco Group may incur if used to those ends by criminal enterprises, giving rise to (i) a reputational risk that may result in negative publicity stemming to the Group's practices and relationships and leading to a lack of trust in the Group's integrity or (ii) a legal risk for which the entity and its employees may be subject to heavy penalties.

- **Model risk** is the risk arising from potential losses due to decisions based on an incorrect use of the models or on erroneous results thereof. Errors can arise in any phase of a model's life cycle, the development, implementation and usage phases being particularly relevant. This is a cross-functional risk for the Group, which therefore measures its potential impact on other risks the Entity is exposed to, such as the credit, IRRBB, market, business and reputational risks, among others.
  The Group has established a tiering of models established based on their relevance in its decision-making process, which can range from 1 to 3, the latter being the lowest relevance.

  The Models Committee is the management body in charge of supervising, approving and ratifying all those processes in the life cycle of the corporate models that require it. In the case of those models of greater relevance to the Group, a circuit and additional governing bodies have been defined through which they must go.

The Unicaja Banco Group has established a series of procedures for capturing operational loss events. These provide the Group with the necessary information to be able to implement the corresponding mitigation instruments of its operational risk management policy. Likewise, it has a Board of Directors-approved Operational Risk Framework.

The Group's operational risk management not only covers the recognition of loss-generating events and their correct entering into its accounts but also promotes its active control and management facet in order to minimize and reduce all losses and negative impacts arising from this type of risk.

The Unicaja Banco Group uses other operational risk mitigation measures to manage the operational risk. These measures include (i) the performance of self-assessment exercises and (ii) the system of key risk indicators (KRI) for measuring the evolution of risk factors.

Since December 2017, the Entity has been using the Standardized Approach as its method for quantifying its operational risk in terms of capital with the aim of improving how it manages this risk, which is in line with its risk culture.

Technology and Cybersecurity Risk

Technology and cybersecurity risk is defined in the "ICT and Security Risk Management Guidelines (EBA/GL/2019/04)" document as the risk of loss due to a breach of confidentiality, a system and data integrity failure, the unsuitability or unavailability of systems and data or an impossibility to replace information technologies (IT) within reasonable timeframes and at reasonable costs when the environment or business needs change (i.e. agility).

This risk includes security risks resulting from the unsuitability or failure of internal processes or from external events, including the risk of cyberattacks or the risk arising from poor physical security.

Unicaja Banco has a catalog of metrics for quantifying, controlling and monitoring such risk within its Risk Appetite Framework, which divides the risks that fall in this category into two control areas: technological risk and cybersecurity risk.

The Unicaja Banco Group makes sure it properly controls these risks in order to provide resilient, quality services to its customers, shareholders and other stakeholders.

Interest Rate Risk in The Banking Book (IRRBB)

Interest rate risk in the banking book (IRRBB) is defined as the current or future risk to both the earnings and economic value of the Entity arising from adverse interest rate fluctuations affecting interest rate sensitive instruments.

The control functions performed and methodologies employed by the Entity also include the control of the effectiveness of balance sheet coverages as mitigation instruments and the use of stress testing measures. Thus, in the analysis, measurement and control of the interest rate risk assumed by the Group, it uses sensitivity measurement and analysis techniques of a wide range of scenarios that could significantly affect it to capture the different sources of risk.

Based on the results of the structural interest rate risk exposure the Unicaja Banco Group obtained on each analysis date, a series of actions aimed at mitigating such exposure are implemented until it is brought back to the acceptable levels defined by the Entity's risk profile, should this be necessary.

The Board of Directors approves the Entity's overall risk management strategy and laid down the general and control guidelines of this management.
The Assets and Liabilities Committee (ALC) develops the strategy within the framework and limits established by the Board of Directors.

Business and Strategic Risk

Business and strategic risk is defined as the risk of incurring losses due to poor strategic decisions stemming from an incorrect analysis of the market in which the Entity operates, either due to a lack of knowledge of the latter or an inability to achieve its objectives, which could endanger the viability and sustainability of its business model.

Property Risk

This is the risk associated with the loss of value of real estate assets held on the Entity's balance sheet.

The Unicaja Banco Group sets limits to the real estate risk relating to assets received in payment for debts in order to control this exposure and keep it within adequate levels.

These assets are managed in the Entity with the ultimate purpose of divesting or leasing them. To this end, the Unicaja Banco Group has holding companies specializing in the management of urban development projects, the marketing of real estate and the leasing of real estate assets.
It also has specific units to develop these strategies and coordinate the actions of the instrumental subsidiaries and those carried out through an external manager.

In addition, the Entity has a decentralized governance structure that, through a framework of attributions, ensures this risk is properly managed and controlled.

Liquidity Risk

Liquidity risk can be defined differently since it is not a monodimensional concept. Typically liquidity risk has three different meanings, which we will define hereinbelow as:

- The cost of unwinding a position in a real or financial asset. It refers to the difficulties that may arise when unwinding or closing a position in the market, at a a particular point in time, without impacting the market price of the instruments or the cost of the transaction (market or asset liquidity).
- A mismatch between the degree of enforceability of liability operations and the degree of performance of asset operations (funding liquidity).
- A mismatch between the capabilities for growth of the investment activity arising from the impossibility of finding financing commensurate with the risk appetite to leverage asset growth strategies (strategic or structural liquidity).
  The Entity establishes prudent policies and goals that contemplate not only normal market conditions but also contingency plans for stress or crisis situations, both its own and of the market.

The Entity establishes prudent policies and goals that contemplate not only normal market conditions but also contingency plans for stress or crisis situations, both its own and of the market.
The Unicaja Banco Group has set limits to the liquidity risk to control its exposure thereto and maintain such exposure within authorized levels.

Generally speaking, liquidity is considered adequate if potentially liquid assets and funding capacity are greater than the needs arising from the business and the costs of refinancing in the markets. The greater this difference, the greater the available liquidity.

The Unicaja Banco Group also practices a diversification policy in order to avoid excessively concentrated exposures to the structural liquidity risk. Likewise, in its management of liabilities, it diversifies its sources of funding, ensuring that they are diversified by market, maturity and product, in order to steer away from difficulties at particular moments of crisis or of the markets.

Risks Related to Environmental, Social and Governance Factors

Environmental, social and governance (ESG) factors can have a material impact on the Entity's financial performance or solvency. The scope of these factors is extrapolated to those involved in the marketing of financial products and their exposure to the public, as well as to the Entity's own exposures.

The proper management of ESG factors by the Entity is conditioned, from a risk perspective, by the economic activity and by the classification of its assets (such as the sector and geographical location of its counterparties or issues of invested financial instruments) and liabilities (such as issues of financial instruments or investment profile).

ESG factors can affect the Entity's financial performance by manifesting themselves as prudential financial or non-financial risks, such as credit, market, operational, liquidity and interest rate risks, or as a reputational or liability risk, respectively. Therefore, while ESG factors can have positive or negative impacts, ESG risks are defined from a prudential perspective, in the context of the supervisory review,[1] as the negative materialization (on the Entity or its counterparties) of ESG factors.

Climate-related and environmental risks (environmental ESG factor) are risks arising from the Entity's exposure to counterparties that might potentially contribute to or be adversely affected by environmental factors, including factors resulting from climate change and other types of environmental degradation. These risks are generally considered to comprise two main risk factors affecting economic activities, which in turn have an impact on the financial system. These are:

- A **physical risk,** which refers to the financial impact of a changing climate, including more frequent extreme weather events and gradual changes in the climate, as well as of environmental degradation, such as air, water and land pollution, the loss of biodiversity and deforestation.
  Physical risk is in turn classified as:

  - "Severe," when it arises from extreme events, such as droughts, floods and storms, and,
  - "Chronic," when it arises from gradual changes, such as rising temperatures, sea level rise, land use change, habitat destruction and resource scarcity.

  This can directly cause, for example, damages to goods or a decrease in productivity and can also indirectly lead to further events, such as the disruption of supply chains.

  - The transition risk refers to the Entity's financial losses that might arise directly or indirectly from the process of adapting to a lower carbon and more environmentally sustainable economy.[2]

Physical and transition risks can also trigger further damages arising directly or indirectly from legal claims (liability risk) and a loss of reputation if the public, counterparties or investors associate the Entity or its customers—particularly corporate or institutional clients—with adverse environmental effects (reputational risk).

Accordingly, physical and transition risks are factors of the existing risk, in particular the credit risk, the operational risk, the market risk and the liquidity risk, as well as the risks outside Pillar 1, such as the migration risk, the credit spread risk in the investment portfolio, the real estate risk and the strategic risk.

In order to properly manage its ESG risks (which encompass climate-related and environmental risks), the Entity has launched a series of initiatives, including an Sustainable Finance Action Plan, approved in June 2020 and revised in April and November 2021, whose purpose is the in-depth measurement of the impact of such risks on its financial structure and to enable it to effectively act in this area in the medium and the long term.

Likewise, the Bank has availed itself of a structure for promoting sustainability, which currently comprises the ESG Business Unit and the Sustainability and Corporate Social Responsibility (CSR) Unit. The Sustainability and CSR Committee is the body that brings together, in addition to these two units, other Bank units with ESG factor management powers.

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[1] According to the "EBA Report on management and supervision of ESG risks for credit institutions and investment firms" (EBA/REP2021/18, June 2021).

[2] The European Union aims to achieve a neutral balance of greenhouse gas emissions by 2050 (see, e.g., the "European Green Pact," published by the European Commission in December 2019). This purpose has materialized in a binding normative text known as the "European Climate Law:" Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) 401/2009 and (EU) 2018/1999. As far as Spain is concerned, Law 7/2021, of May 20, on climate change and energy transition, which affects, among other aspects, transparency and disclosure of information by financial institutions, in general, and by banks, in particular, is worth highlighting.

The implementation of the aforementioned Sustainable Finance Action Plan has been included in Axis 5 of the 2022-2024 Strategic Plan approved by the Entity in December 2021. The new challenge of sustainability, in all its facets, is assumed by Unicaja Banco as an opportunity for development and improvement in its everyday management. To this end, the Bank will work on a renewed range of products and services and reducing its carbon footprint and, at the same time, will promote a culture of sustainability and identification and management of climate-related and environmental risks, which denotes a holistic approach to the management of such risks.
The Group has included in its Risk Appetite Framework a number of climate-related and environmental risk metrics that are indicators of the level of such risks.

6. Post-Year-End Events

On January 19, 2022, Unicaja Banco issued subordinated debt bonds amounting to 300,000 thousands of Euros, with the following characteristics:

- Price: 99.714% of their par value, the unit par value of the bonds being 100 thousands of Euros. These bonds are listed on the Spanish AIAF fixed income market.

- Maturity: July 19, 2032, with the possibility of early redemption at the Bank's discretion at any given time between January 19, 2027 and June 19, 2027.

  In this regard, the bonds may be redeemed at the Bank's discretion, in full, together with any accrued and unpaid interest, subject to the conditions set forth in the prospectus, which include the prior approval of the competent authority, upon the occurrence of certain circumstances relating to tax events, capital events or events disqualifying the bonds for their computability for MREL purposes. Likewise, the Bank has the option, subject to the conditions set forth in the prospectus and the prior authorization of the competent authority, to redeem the bonds in full, at any given time between January 19, 2027 and the reset date (July 19, 2027), for their outstanding principal amount and any interest accrued and unpaid thereby.

- Coupon: Bonds yield an interest at a rate of 3.125% per annum until July 19, 2027, and thereafter (said date inclusive), the Bonds will yield an interest at an annual rate equal to the 5-year Mid-Swap rate plus a margin of 3.050% per annum. Interest is payable annually for interest periods due on July 19 of each year.

Likewise, on February 7, 2022, Unicaja Banco informed the holders of the subordinated debt issue called "Euro 300.000.000 Fixed Rate Reset Subordinated Notes due 14 March 2027" of its irrevocable decision to redeem early and in full the bonds belonging to such issue, pursuant to the terms set forth in the Prospectus and after receiving the mandatory authorization from the European Central Bank. The total early redemption date will be March 14, 2022, and the redemption price for each subordinated debenture will be 100% of its par value (€100,000), the accrued and unpaid coupon, as applicable, being likewise paid pursuant to the terms and conditions of the issue.

In the period between year-end as of December 31, 2021 and the date of the drafting of this consolidated management report, there have been no other events of special significance other than those which have been disclosed in the report to the consolidated financial statements or in the consolidated management report.

7. Research and Development

The Unicaja Banco Group did not carry out any research and development activities of any significant amount during the 2020 and 2021 fiscal years.

8. Environmental Impact

The Group’s global operations are governed by laws relating to the protection of the environment (environmental laws). The Parent Company considers that it substantially complies with these laws and maintains procedures designed to ensure and promote their compliance.

The Parent Company considers that it has taken suitable measures in relation to the protection and improvement of the environment and the minimization, where applicable, of the environmental impact of its activities, thus complying with all applicable regulations. During 2020 and 2021 fiscal years the Group did not make any significant investments of an environmental nature or considered it necessary to record any provision for environmental risks and expenses, nor did it think that there were any significant contingencies related to the protection and improvement of the environment.

9. Own Shares

As of December 31, 2021, the Group held 4,161,736 own shares (178,589 own shares as of December 31, 2020) amounting to 3,446 thousands of Euros (179 thousand of Euros as of December 31, 2020). The cumulative portion of this treasury stock which was directly acquired by Unicaja Banco amounted as of December 31, 2021 to 4,331,832 own shares (92,296 own shares as of December 31, 2020).

The breakdown of own Shares as of December 31, 2021 and 2020 is as follows:

		2021		2020
	Number of Shares	Thousands of Euros	Number of Shares	Thousands of Euros
Balance of Own Shares at the Beginning of the Period	**178,589**	**179**	**14,865,086**	**14,865**
Effect of the merger by absorption of Liberbank	4,069,440	3,227	-	-
Unicaja Banco’s direct acquisitions	99,020	55	15,887,216	15,887
Redemption of Unicaja Banco’s own shares	-	-	(30,541,097)	(30,541)
Unicaja Banco’s direct sales	(15,130)	(15)	(26,851)	(26)
Sales of other Group entities	-	-	(5,765)	(6)
Balance of Own Shares at the Beginning of the Period	**4,331,919**	**3,446**	**178,589**	**179**

The net acquisitions of treasury shares made by Unicaja Banco during the 2021 fiscal year were carried out for a price of 40 thousands of Euros (15,861 thousands of Euros in the 2020 fiscal year).

10. Deferral of Payments to Suppliers

Payments made by the Unicaja Banco Group to suppliers exclusively for the provision of services and the supply of sundry services in the 2021 fiscal year amounted to 569,543 thousands of Euros (374,238 thousands of Euros in the 2020 fiscal year), which were made within the legally and contractually established timeframes. The balance pending payment to suppliers as of December 31, 2021 and 2020 had a shorter term than the one established by Law 15/2010, of July 5.

Pursuant to the second final provision of Law 31/2014, of December 3, amending the third additional provision of Law 15/2010, and in relation to the information to be included in the report of the annual statements on deferrals of payment to suppliers in commercial transactions calculated on the basis of the provisions of the Resolution of January 29, 2016, of the Spanish Accounting and Audit Institute, the average period for paying the Group’s suppliers during the 2020 and 2021 fiscal years was 8.64 days and 12.99 days respectively, while the ratio of transactions paid in said fiscal years amounted to 8.22 days and 12.04 days respectively and the ratio of transactions pending payment to 8.17 days and 16.83 days respectively.

The average payment period was within the legal limits set in the regulations, so the inclusion in the management report of the measures provided for in Section 1 of Article 262 of the Consolidated Text of the Capital Companies Act does not apply.

11. Consolidated Non-Financial Information Statement

Pursuant to the provisions of Law 11/2018, of December 28, which amends the Code of Commerce, the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, of July 2, and Law 22/2015, of July 20, on Auditing of Accounts, in terms of non-financial information and diversity, the Unicaja Banco Group has prepared the Consolidated Non-Financial Information Statement for the 2021 fiscal year, which, pursuant to the provisions of Article 44 of the Code of Commerce, is part of this consolidated management report and has been appended hereto as a separate document.

APPENDIX I
ALTERNATIVE PERFORMANCE MEASURES (APM)

The information contained herein has been prepared in accordance with International Financial Reporting Standards as adapted by the European Union (EU-IFRS). In addition, the Unicaja Banco Group considers that certain Alternative Performance Measures (APM), as defined in the Guideline on Alternative Performance Measures published by the European Securities Market Authority (ESMA) on October 5, 2015 (ESMA/2015/1415en), provide additional information that might be useful when analyzing the Group's financial performance.

The Group considers that the APMs included herein comply with said ESMA Guideline. These APMs have not been audited and under no circumstances replace the financial information prepared under the IFRSs. Likewise, the definition of these APMs that the Group uses may differ from similar measures calculated by other companies and therefore might not be comparable.

Following the recommendations of the aforementioned Guideline, the APMs used by the Unicaja Banco Group are listed below:

ALTERNATIVE PERFORMANCE MEASURES *(Millions of Euros)*		**Dec.21**	**Dec.20**
Loans and advances to customers (without valuation adjustments)	1. Non-trading financial assets mandatorily at fair value through income - Loans and advances to customers (Note 8.2)	134	131
	2. Financial assets at amortized cost - Loans and advances to customers (Note 10)	58,061	54,984
	3. Valuation adjustments. *Management figure (*)*	(881)	(755)
	4. Temporary acquisitions of assets. *Management figure (*)*	779	1,142
	5. Other financial assets. *Management figure (*)*	777	462
	Figure (1+2-3-4-5)	**55,870**	**54,266**
Objective: To know the total balance and evolution of credit risk in the field of loans and advances to customers.			

Performing credit	1. Loans and receivables portfolio. Gross amount (Note 10.2)	58,870	54,266
	2. Loans and receivables portfolio. Doubtful risk[(1)] (Note 10.2)	1,980	1,986
	Figure (1-2)	**60,850**	**52,281**
Objective: To know the total balance and evolution of the Group's healthy loans and advances (those in Stage 1 or Stage 2).			

(1) It excludes other nonperforming financial assets.

Managed resources	1. Financial liabilities at amortized cost. Customer deposits (without valuation adjustments) (Note 17.3)	83,711	81,529
	(+) Financial liabilities at amortized cost. Customer deposits (Note 17.3)	84,154	82,610
	(-) Valuation adjustments (Note 17.3)	(443)	(1,081)
	2. Debt securities issued (without valuation adjustments) (Note 17.4)	2,482	1,952
	(+) Debt securities issued (Note 17.4)	2,498	1,985
	(-) Valuation adjustments (Note 17.4)	(15)	(32)
	3. Funds managed through off-balance sheet instruments* (Note 31.4)	22,038	19,750
	Figure (1+2+3)	**108,230**	**103,231**
Objective: To know the total balance and the evolution of the funds managed by the Group, both on- and off-balance sheet.			

(*) This figure does not expressly appear in the consolidated financial statements or in the explanatory notes thereto but has instead been obtained from the records, databases or inventories of the Unicaja Banco Group.

ALTERNATIVE PERFORMANCE MEASURES		Dec.21	Dec.20
Managed resources. Customers (non-market)	1. Managed resources (see the specific APM)	108,230	103,231
	2. Individual mortgage bonds under the "Term Savings" item. Cash value. *Management figure (*)*	5,207	5,661
	3. Customer deposits. Repurchase agreements (without valuation adjustments) (Note 17.3)	4,715	7,915
	4. Debt securities issued (without valuation adjustments) (Note 17.4)	2,482	1,952
	5. Repurchase agreements of assets held by retail customers. *Management figure (*)*	182	192
	Figure (1-2-3-4+5)	**96,007**	**87,894**
Objective: Knowing the total balance and evolution of the funds managed by the Group, both on- and off-balance sheet, for the customer area, excluding market operations.			

Managed resources (Markets)	1. Individual mortgage bonds under the "Term Savings" item. Cash value. *Management figure (*)*	5,207	5,661
	2. Customer deposits. Repurchase agreements (without valuation adjustments) (Note 17.3)	4,715	7,915
	3. Debt securities issued (without valuation adjustments) (Note 17.4)	2,482	1,952
	4. Repurchase agreements of assets held by retail customers. *Management figure (*)*	182	192
	Figure (1+2+3-4)	**12,222**	**15,337**
Objective: Knowing the total balance and the evolution of the funds managed by the Group for the market operations area.			

Default rate	1. Loans and receivables portfolio. Doubtful risk (Note 10.2)	1,981	1,986
	2. Loans and receivables portfolio. Gross amount (Note 10.2)	55,870	54,266
	Ratio (1/2)	**3.5%**	**3.7%**
Objective: Measuring the quality of the loan portfolio, indicating the percentage of doubtful loans with respect to the total number of loans.			

Coverage of non-performing loans	1. Loans and receivables portfolio. Total number of valuation adjustments due to impairment of assets (Notes 10 and 27)(2)	1,343	1,248
	2. Loans and receivables portfolio. Doubtful risk (Note 10.2)	1,961	1,986
	Ratio (1/2)	**68.5%**	**62.8%**
Objective: Knowing the percentage of the doubtful portfolio that is covered by loan loss provisions. It is an indicator of the expected recovery of such assets.			

(2) It excludes valuation adjustments due to the impairment of other financial assets.

Coverage of foreclosed property assets	1. Accumulated impairment of foreclosed properties or properties received in payment of debts (Note 47.2)	1,385	1,316
	2. Gross carrying amount of real estate foreclosed or received in payment of debts (Note 47.2)	2,209	2,350
	Ratio (1/2)	**62.7%**	**56.0%**
Objective: Showing the level of coverage of foreclosed real estate assets classified for accounting purposes as available-for-sale assets or inventories.			

(*) This figure does not expressly appear in the consolidated financial statements or in the explanatory notes thereto but has instead been obtained from the records, databases or inventories of the Unicaja Banco Group.

ALTERNATIVE PERFORMANCE MEASURES		Dec.21	Dec.20

ROE	1. Consolidated income for the year (pro-forma consolidated profit and loss statement)	137.5	93.4
	2. Shareholders' equity (consolidated balance sheet)	6,416	4,001
	Ratio (1/2)	**2.1%**	**2.3%**
Objective: It measures the return obtained on funds invested/retained by/in the Group and hence is an indicator of ROE.			

ROTE	1. Consolidated income for the year (pro-forma consolidated profit and loss statement)	137.5	93.4
	2. Tangible common shareholders' equity (3-4-5-6)	5,735	6,547
	3. Shareholders' equity (consolidated balance sheet)	*6,416*	*6,885*
	4. Equity instruments issued other than capital (AT1) (consolidated balance sheet)	*547*	*47*
	5. Intangible assets (consolidated balance sheet)	*80*	*236*
	6. Goodwill on investments (Note 4)	*54*	*54*
	Ratio (1/2)	**2.4%**	**1.4%**
Objective: Measuring the return obtained by the Group's tangible equity and, hence, the Group's ability to remunerate its shareholders on the equity they have invested in the Bank once intangible assets have been discounted.			

ROA	1. Consolidated income for the year (pro-forma consolidated profit and loss statement)	137.5	93.4
	2. Total assets (consolidated balance sheet)(1)	115,550	113,065
	Ratio (1/2)	**0.1%**	**0.1%**
Objective: Measuring the profitability obtained by the Group's total assets, which reflects the Group's efficiency in generating profit with the assets to which it has applied its funds.			

(1) Figure as of Dec.20 of the public, consolidated aggregate assets of both entities.

RORWA (management)	1. Consolidated income for the year (pro-forma consolidated profit and loss statement)	137.5	93.4
	2. Risk-weighted assets (RWAs) (Note 1.9.1)	35,291	22,492
	Ratio (1/2)	**0.4%**	**0.4%**
Objective: RORWA is an evolution of ROA. It is used to measure the return obtained in relative terms on the total number of risk-weighted assets.			

Efficiency (Operating Expenses / Gross Margin)	1. Operating expenses (pro-forma consolidated profit and loss statement)	936.7	956.5
	2. Gross margin (pro-forma consolidated profit and loss statement)	1,516.8	1,632.2
	Ratio (1/2)	**61.8%**	**58.6%**
Objective: Knowing the percentage of funds used to generate the gross margin.			

Cost of risk	1. Impairment or (-) reversal of the impairment of the value of loans to and receivables from customers (pro-forma consolidated profit and loss statement)	270.6	412.7
	2. Balance at end of the period of loans and advances to customers (without valuation adjustments or TAAs) (Note 10.2)	55,483	54,266
	Ratio (1/2)	**0.49%**	**0.76%**
Objective: Knowing the Group's credit quality through the annual cost, in terms of impairment losses (write-downs of loans and receivables, entered in the accounts under the impairment of financial assets not valued at a fair value through income item) of each gross customer lending unit.			

ALTERNATIVE PERFORMANCE MEASURES		Dec.21	Dec.20
Loan to Deposits (LtD)	**NUMERATOR: Loans and advances without valuation adjustments (Note 10.2)**	**55,483**	**54,266**
	1. Financial liabilities at amortized cost. Customer deposits (without valuation adjustments) (Note 17.3)	83,709	81,529
	2. Individual mortgage bonds under the "Term Savings" item. Cash value. *Management figure (*)*	5,207	5,661
	3. Customer deposits. Repurchase agreements (without valuation adjustments) (Note 17.3)	4,715	7,915
	4. Repurchase agreements of assets held by retail customers. *Management figure (*)*	182	192
	DENOMINATOR: Customer deposits without valuation adjustments (1-2-3+4)	**73,969**	**68,145**
	Ratio (NUMERATOR/DENOMINATOR)	**75.0%**	**79.6%**

<u>Objective</u>: Measuring the ratio of the funds the Group has in its customer deposits to the volume of loans and advances.

Gross liquid assets	1. Short-term cash surplus (Interbank deposits + Excess balance in the ECB and operating accounts). *Management figure (*)*	19,812	5,822
	2. Reverse purchase agreements of bankable assets (Note 10.1)	971	2,461
	3. Fixed-income portfolio and other bankable assets at the ECB. *Management figure (*)*	29,234	21,279
	Figure (1+2+3)	**50,017**	**29,562**

Sum of:
- The excess/deficit of deposits in the Bank of Spain with respect to the minimum reserve ratio in effect as of that date and the excess/deficit in operating accounts with credit institutions with respect to the average over the last 12 months.
- The net position of interbank deposits with other credit institutions.
- The discountable fixed-income portfolio at the ECB, both firm and by means of reverse repurchase agreements, including the Bank's own portfolio issued for use as collateral at the ECB and all pledged loans, all valued at the discounted value at the ECB.

<u>Objective</u>: Knowing the total balance and evolution of the Group's high quality liquidity assets (HQLA).

Net liquid assets	1. Gross liquid assets (see APM above)	50,017	29,562
	2. Taken out at the ECB (Note 17.1)	10,292	4,998
	3. Temporary assignments of assets and other pledges. *Management figure (*)*	11,338	7,719
	Figure (1-2-3)	**28,387**	**16,845**

<u>Note</u>: The portion of gross liquid assets that is being used as collateral for financing, either against the ECB, through temporary assignments of assets or other pledges, is deducted from the gross liquid assets.

<u>Objective</u>: Knowing the total balance and evolution of the Group's high quality liquid assets (HQLA) by netting such assets that are being used as collateral for financing.

(*) This figure does not expressly appear in the consolidated financial statements or in the explanatory notes thereto but has instead been obtained from the records, databases or inventories of the Unicaja Banco Group.

APPENDIX II
SEPARATE REPORT ON NON-FINANCIAL INFORMATION

The separate report on non-financial information for the 2021 fiscal year corresponding to Unicaja Banco, S.A. and its subsidiaries (Unicaja Group), which has been prepared pursuant to the provisions of the Code of Commerce and other applicable regulations, is included hereinbelow. This report is an integral part of the consolidated management report.

APPENDIX III
ANNUAL CORPORATE GOVERNANCE REPORT

The Annual Corporate Governance Report of Unicaja Banco, S.A. for the fiscal year ended on December 31, 2021 has been appended hereto as an integral part hereof.

APPENDIX IV
ANNUAL REPORT ON DIRECTORS' REMUNERATION

The Annual Directors' Remuneration Report of Unicaja Banco, S.A. for the fiscal year ended on December 31, 2021 has been appended hereto as an integral part hereof.

UNICAJA BANCO, S.A. AND SUBSIDIARIES
(UNICAJA BANCO GROUP)

PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONSOLIDATED MANAGEMENT REPORT FOR THE FISCAL YEAR 2021

Having the Board of Directors of Unicaja Banco, S.A. met by telematic means on February 15, 2022 (meeting which is understood to have been held at its registered office), and in compliance with the requirements established in the legislation in force, said body resolves to prepare the Consolidated Annual Accounts of Unicaja Banco, S.A. and its subsidiaries (Unicaja Banco Group) for the 2021 fiscal year, which comprise the balance sheet as of December 31, 2021, the profit and loss statement, the statement of recognized income and expenses, the statement of total changes in equity, the statement of cash flows and the report, all of them consolidated, corresponding to the fiscal year ended on said date. Likewise, the Board of Directors resolves to prepare the Consolidated Management Report for the 2021 fiscal year, which includes the Annual Corporate Governance Report, the Annual Directors' Remuneration Report and the Consolidated Non-Financial Information Statement. All of the foregoing is contained on the obverse of the pages of State stamped paper, numbered correlatively from [●] to [●], all inclusive, of Series [●], 8th Class, of 3 Euro cents each.

To the best of our knowledge, the Consolidated Financial Statements corresponding the 2021 fiscal year give a true and fair view of the Group's net worth and financial position as of December 31, 2021, as well as of its consolidated results and cash flows for the year ended on said date, pursuant to International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions of the regulatory financial reporting framework applicable in Spain. Likewise, the Consolidated Management Report for the 2021 fiscal year includes a faithful analysis of the evolution, results and position of Unicaja Banco, S.A. and of the subsidiaries comprising the Unicaja Banco Group.

The resolution to prepare the Consolidated Financial Statements and the Consolidated Management Report for the 2021 fiscal year was adopted by the Board of Directors with the unanimous vote of all the directors, who are Mr. Manuel Azuaga Moreno (Executive Chairman), Mr. Manuel Menéndez Menéndez (Chief Executive Officer), Mr. Juan Fraile Cantón (Vice-Chairman), Mr. Manuel González Cid (Coordinating Director), Ms. Teresa Sáez Ponte (Secretary), Ms. María Luisa Arjonilla López (Member), Ms. Ana Bolado Valle (Member), Mr. Manuel Conthe Gutiérrez (Member), Mr. Jorge Delclaux Bravo (Member), Mr. Felipe Fernández Fernández (Member), Ms. María Garaña Corces (Member), Ms. Petra Mateos-Aparicio Morales (Member), Mr. Manuel Muela Martín-Buitrago (Member), Mr. Ernesto Luis Tinajero Flores (Member) and Mr. David Vaamonde Juanatey (Member). Due to the exceptional situation arising from the health emergency caused by COVID-19, which made it advisable to hold the meeting of the Board of Directors by telematic means, the Directors, who, with the exception of Mr. Manuel Azuaga Moreno and Mr. Juan Fraile Cantón, were not able to sign the aforementioned Consolidated Financial Statements and Consolidated Management Report, gave their consent to all of the foregoing by an e-mail sent to the e-mail addresses of the Chairman of the Board of Directors, the Secretary of the Board of Directors and the Vice-Secretary, who is not a director of the Board of Directors.

UNICAJA BANCO, S.A. AND SUBSIDIARIES
(UNICAJA BANCO GROUP)

PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONSOLIDATED MANAGEMENT REPORT FOR THE FISCAL YEAR 2021

By means of the signature hereof by the Non-Director Vice-Secretary, with the approval of the Chairman of the Board of Directors, it is hereby certified that the Consolidated Financial Statements of Unicaja Banco, S.A. and its subsidiaries (Unicaja Banco Group) for the fiscal year ended on December 31, 2021 and the Consolidated Management Report corresponding to the 2021 fiscal year (which includes the Annual Corporate Governance Report, the Annual Directors' Remuneration Report and the Consolidated Non-Financial Information Statement, both corresponding to the 2021 fiscal year) have been prepared in the terms indicated on page number [●] of Series [●], 8th Class, which also bear the Vice-Chairman's signature.

Málaga, February 15, 2022

Mr. Manuel Azuaga Moreno
Executive Chairman

Mr. Juan Fraile Cantón
Vice-Chairman

Mr. Vicente Orti Gisbert
Non-Director Vice-Secretary