

RATING ACTION COMMENTARY

Fitch Upgrades Union de Creditos Inmobiliarios to 'BBB+' on Parent Action; Outlooks Stable

Thu 13 Feb, 2025 - 8:00 ET

Fitch Ratings - Frankfurt am Main - 13 Feb 2025: Fitch Ratings has upgraded UCI S.A. (UCI) and its fully owned subsidiary, Union de Creditos Inmobiliarios S.A. E.F.C. (UCI EFC), Long-Term Issuer Default Ratings (IDRs) to 'BBB+' from 'BBB'. The Outlooks on the Long-Term IDRs are Stable. Fitch has also upgraded UCI's and UCI EFC's Shareholder Support Ratings (SSR) to 'bbb+' from 'bbb'.

The rating actions follow the recent rating actions on the parent bank, Banco Santander, S.A. (Santander; A/Stable/F1/a). Banco Santander's probability of support drives UCI's IDR's (see 'Fitch Upgrades Santander to 'A'; Outlook Stable' dated 11 February 2025 at www.fitchratings.com).

KEY RATING DRIVERS

Support Drives Ratings: UCI and UCI EFC ratings are based on Fitch's expectation of a high probability of support from Santander, which directly owns 50% of UCI's share capital. The other half is held by BNP Paribas S.A. (BNPP: A+/Stable/F1/a+), which holds 10% of the share capital directly and 40% through its fully owned consumer finance subsidiary, BNP Paribas Personal Finance SA.

UCI Complementary to Santander: Fitch views extraordinary support from Santander as highly probable. However, due to the joint venture ownership structure, Fitch believes UCI has limited strategic importance for Santander, and support is less certain for UCI than for Santander's fully owned core subsidiaries. This is reflected in UCI's Long-Term IDRs being notched down twice from Santander's 'a' Viability Rating (VR). UCI offers Santander's core product, residential mortgages, through real estate agents and online platforms in Spain and, to a lesser extent, in Portugal.

UCI Less Important to BNPP: Fitch views UCI as less strategically important to BNPP than it is to Santander, because it is non-core to BNPPs' strategy, due to limited overlap

in geographical and product coverage. However, BNPP continues to make capital injections in line with Santander, and both shareholders equally provide substantial funding for UCI. Fitch believes extraordinary support from BNPP is likely, but only in conjunction with Santander. We therefore anchor support for UCI's ratings to Santander's.

Short-Term IDRs: UCI's Short-Term IDR of 'F2' is the lower of the two options mapping to a Long-Term IDR of 'BBB+'. This is because in Fitch's view UCI's joint venture structure makes the timeliness of short-term liquidity support incrementally less predictable than for fully-owned subsidiaries.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

A downgrade of Santander's ratings would trigger a downgrade of UCI's.

A wider notching from Santander's VR may result from Fitch's reassessment of Santander's support propensity. This may be driven by UCI's residential mortgage sales channel becoming less strategically important for Santander, Santander materially reducing its equity stake in UCI, or a material reduction in available funding from its parents.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade of Santander's VR, in conjunction with UCI's sustained earnings growth and enhanced access to external funding, could lead to an upgrade of UCI's Long-Term IDR.

Santander acquiring a majority stake in UCI would be likely lead to narrower notching and therefore an upgrade of UCI's ratings.

A change in BNPP's ratings would not directly affect UCI's ratings, assuming BNPP's stake in UCI and the level of non-equity funding from BNPP remain broadly unchanged.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

UCI's IDR is driven by support from Santander.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ⚡	RATING ⚡			PRIOR ⚡
Union de Creditos Inmobiliarios S.A. E.F.C.	LT IDR	BBB+ Rating Outlook Stable		BBB Rating Outlook Stable
	Upgrade			
	ST IDR	F2	Affirmed	F2
	Shareholder Support	bbb+	Upgrade	bbb
UCI S.A.	LT IDR	BBB+ Rating Outlook Stable		BBB Rating Outlook Stable
	Upgrade			
	ST IDR	F2	Affirmed	F2
	Shareholder Support	bbb+	Upgrade	bbb

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Non-Bank Financial Institutions Rating Criteria \(pub. 31 Jan 2025\) \(including rating assumption sensitivity\)](#)

ADDITIONAL DISCLOSURES

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UCI S.A.

EU Issued, UK Endorsed

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