2023

Annual accounts

cecabank

Annual accounts

Independent Auditor's Report on Consolidated Financial Statements

Consolidated Financial Statements

Annual report

Director's report

Appendix, Non-financial information

Formulation of the Annual Accounts

Cecabank, S.A. and subsidiaries

Auditor's Report,
Consolidated Financial Statements
and Consolidated Management Report
as of 31 December 2023

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 Cecabank, S.A.:

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Cecabank, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, and the profit or loss account, statement of 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 31 December 2023, 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.

Key audit matters	How our audit addressed the key audit matters
Third party securities depository and custody As described in note 1, the Group is a wholesale bank specialising in securities services, one of its main businesses being the depository and custody of securities. As at 31 December 2023, the Group has recorded in its memorandum accounts financial instruments entrusted by third parties amounting to 305,321,834 thousand euros, deriving from the depository and custody operations provided to various financial institutions, as detailed in note 27.3. Likewise, for the provision of the aforementioned depository and custody services, the Group received commissions of 168,000 thousand euros in 2023, as detailed in note 31, being, therefore, the most relevant business in terms of revenue for the Group. We consider this business to be a key audit matter, given its relevance for the annual accounts as a whole, as well as the significance of the income received from it.	Our work has focused on the analysis, evaluation and verification of internal control, as well as the performance of detailed tests. With regard to internal control, we focused on the design and operability of the controls of the depository and custody business, mainly on checking the reconciliations of securities and assets deposited and held in custody for third parties, as well as the commissions accrued for this activity. In addition, we performed detailed tests consisting of the following: • Obtaining and analysing, for a sample, the contractual documentation governing the provision of services between the Group and its depository and custodial customers and matching it with the accounting records. • Recalculation of a sample of depository fees and a sample of custodian fees received during the financial year 2023. • Verification of the reconciliations of securities carried out by the Group's management and analysis of reconciling items as at 31 December 2023. • External confirmation of all counterparties deposited and held in custody as at 31 December 2023. • Verification of the correct accounting of the breakdowns of the balances disclosed in the Group's annual accounts at 31 December 2023. • Third-party confirmation procedures for a sample of customer securities as at 31 December 2023. As a result of the procedures described above, no significant issues affecting this key audit matter have been identified.

Key audit matters	How our audit addressed the key audit matters
Valuation of financial instruments As at 31 December 2023, the Group held investments in various types of financial instruments amounting to EUR 3,902,336 thousand of assets and EUR 687,596 thousand of liabilities. At year-end, these balances represented 27% of total assets and 5% of total liabilities in the balance sheet of the accompanying annual accounts. For valuation purposes, these financial instruments are classified as level 1, level 2 and level 3. As detailed in note 21, the fair value of financial instruments is determined as follows: • Level 1: quoted price in active markets. • Level 2: valuation techniques where significant inputs are based on directly or indirectly observable market data. • Level 3: valuation techniques where significant inputs are based on unobservable market data. In addition, the valuation of financial instruments is one of the most significant estimates made by the Group's management, using different valuation techniques and methodologies depending on each type of instrument, as explained in notes 2.2, 2.9 and 21 to the accompanying financial statements. In view of the above, we consider the valuation of financial instruments to be a key audit issue due to their representativeness in the annual accounts and the high degree of professional judgement required.	We have obtained an understanding of management's estimation process in collaboration with our financial instrument valuation experts. With regard to internal control, we have focused on the evaluation of the design and operability of the controls of the following processes: • Calculation methodologies applied by management, verifying that they are in line with applicable accounting regulations. • Compliance with regulations and the functioning of the internal models approved by management. • Reliability of the data sources used in the calculations and the appropriateness of the models, taking into account the circumstances. In addition, we have carried out detailed tests consisting of: • Verification that the methodology of the valuation process carried out by management is in line with applicable accounting standards, market practice and industry-specific expectations. • Verification of the classification of financial instruments by levels, based on observable prices in active markets. • Testing and re-performance of the valuation performed by the Group's management, based on their classification, for different samples of the financial instrument portfolios. • Contrast and re-performance of the effectiveness test for a sample of accounting hedging files.

Key audit matters	How our audit addressed the key audit matters
Matters associated with computer systems	
Given its operations, the Group uses complex IT systems, both in its own activities and in the calculations, processing, recording, storage, preparation and presentation of its financial and accounting information. Therefore, adequate control over these systems and the protocols for accessing applications and databases is therefore essential to guarantee the correct processing of financial information. In this context, the knowledge, evaluation and verification of the controls established by the Group on the maintenance and development of the applications, the physical and logical security and the exploitation of the systems, to ensure the integrity of the financial information constitute a key audit issue.	The main audit procedures carried out on the information systems considered relevant in the process of generating financial information are described below. In order to carry out this work, we have collaborated with specialists in systems and processes auditing. • Verification of IT general controls (ITGCs), focusing on the following areas: access to programmes and data, programme changes and IT operations of the main platforms containing information that may have a significant impact on the annual accounts. • Verification of the existence of tools for the management and control of automated processes and the monitoring and management of incidents. • Understanding of the key business processes, identifying the key automatic controls in place and checking these. • Understanding of the process of recording transactions and closing the accounts, as well as tests of the extraction and filtering of entries, taking into account audit risk criteria. No material issues have been identified that materially affect the financial information included in the accompanying annual accounts.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2023 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 legislation governing the audit practice, is to:

a) Verify only that the consolidated statement of non-financial information has been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2023 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit commission 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 IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the aforementioned 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 aforementioned 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 commission 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 and 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 commission 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 Parent company's audit commission with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the aforementioned 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 commission, 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

Report to the audit commission of the Parent company

The opinion expressed in this report is consistent with the content of our additional report to the audit commission of the Parent company dated 21 February 2024.

Appointment period

The General Ordinary Shareholders' Meeting held on 3 April 2023 appointed us as auditors of the Group for a period of one year, for the year ended 31 December 2023.

Previously, we were appointed by resolution of the General Ordinary Shareholders' Meeting for a period of tres years and we have audited the accounts continuously since the year ended 31 December 2019.

Services provided

Services provided to the Group for services other than the audit of the accounts are disclosed in note 36 to the consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Amagoia Delgado Rodríguez (22009)

21 February 2024

2023 cecabank

Annual accounts

Cecabank, S.A. and subsidiaries composing the Cecabank Group

Financial Statements and Directors' Report for the year ended 31 December 2023

Cecabank, S.A. and subsidiaries composing the Cecabank Group

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2023

(Expressed in thousands of euros)

ASSETS	2023	2022 (*)
Cash, cash balances at central banks and other demand deposits (Note 7)	**7,198,787**	**7,854,339**
Financial assets held for trading (Note 8.1)	**1,207,618**	**857,046**
Derivatives	401,078	447,469
Equity instruments	221,158	102,253
Debt securities	585,382	307,324
Loans and advances	-	-
Memorandum item: lent or delivered as guarantee with a right of sale or pledged	*179,149*	*104,631*
Non-trading financial assets mandatorily at fair value through profit or loss (Note 8.2)	**20,477**	**14,939**
Equity instruments	5,636	5,804
Debt securities	12,370	9,135
Loans and advances	2,471	-
Memorandum item: loanedor advanced as collateral with right to sell or pledge	-	-
Financial assets designated at fair value through profit or loss (Note 8.3)	**-**	**-**
Financial assets at fair value through other comprehensive income (Note 9)	**2,284,120**	**2,339,005**
Equity instruments	2,594	2,733
Debt securities	2,281,526	2,336,272
Loans and advances	-	-
Memorandum item: lent or delivered as guarantee with a right of sale or pledged	379,980	1,414,785
Financial Assets at amortised cost (Note 10)	**3,322,295**	**2,543,772**
Debt securities	306,817	307,273
Loans and advances	3,015,478	2,236,499
Central banks	8,091	1
Credit institutions	2,151,370	1,352,991
Customers	856,017	883,507
Memorandum item: lent or delivered as guarantee with a right of sale or pledged	*96,743*	*286,089*
Derivatives - hedge accounting (Note 11)	**83,304**	**196,441**
Investment in subsidiaries, joint ventures and associates	**-**	**-**
Joint Ventures	-	-
Associates	-	-
Property, plant and equipment (Note 13)	**63,479**	**53,906**
Property, plant and equipment	54,676	44,856
For own use	54,676	44,856
Leased under operating lease	-	-
Assigned to welfare projects	-	-
Investment property	8,803	9,050
Of which: Leased out under an operating lease	-	-
Memorandum item: acquired in finance lease	*944*	*1,303*
Intangible assets (Note 14)	**324,028**	**401,168**
Goodwill	-	-
Other intangible assets	324,028	401,168
Tax assets (Note 20)	**62,899**	**86,960**
Current tax assets	756	368
Deferred tax assets	62,143	86,592
Other assets (Note 15.1)	**62,927**	**67,321**
Remainder of other assets	62,927	67,321
Non-current assets and disposable groups of items classified as held for sale (Note 12)	**623**	**623**
TOTAL ASSETS	**14,630,557**	**14,415,520**

(*) It is presented solely and exclusively for comparative purposes.

Cecabank, S.A. and subsidiaries composing the Cecabank Group

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2023

(Expressed in thousands of euros)

LIABILITIES AND EQUITY	2023	2022 (*)
LIABILITIES		
Financial liabilities held for trading (Note 8.1)	**629,948**	**616,748**
Derivatives	427,672	482,354
Short positions	202,276	134,394
Deposits	-	-
Debt securities issued	-	-
Other financial liabilities	-	-
Financial liabilities designated at fair value through profit or loss (Note 8.3)	-	-
Financial liabilities at amortised cost (Note 16)	**12,486,984**	**12,447,904**
Deposits	12,266,678	12,071,295
Central Banks	-	3,843
Credit Institutions	1,589,091	1,517,129
Customers	10,677,587	10,550,323
Debt securities issued	-	-
Other financial liabilities	220,306	376,609
Derivatives - hedge accounting (Note 11)	**57,648**	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-
Provisions (Note 17)	**71,251**	**71,813**
Pensions and other post-employment defined benefit obligations	4,634	-
Other long-term employee benefits	26,278	33,569
Pending legal issues and tax litigations	7,160	6,719
Commitments and guarantees given	298	413
Other provisions	32,881	31,112
Tax liabilities	**15,144**	**17,984**
Current liabilities	4,925	7,026
Deferred tax liabilities (Note 20)	10,219	10,958
Share capital repayable on demand	-	-
Other liabilities (Note 15.2)	**79,500**	**70,945**
Liabilities included in disposal groups classified as held for sale	-	-
TOTAL LIABILITIES	**13,340,475**	**13,225,394**
Shareholders' equity	**1,312,060**	**1,252,915**
Share capital	112,257	112,257
Paid up capital (Note 19)	112,257	112,257
Called-up uncalled capital	-	-
Memorandum item: uncalled capital	-	-
Retained earnings (Note 19)	615,493	615,493
Issued equity instruments other than capital	-	-
Other equity items	-	-
Retained earnings	496,469	444,831
Revaluation reserves	-	-
Other reserves (Note 19)	14,894	14,894
(-) Treasury shares	-	-
Profit attributable to parent company	72,947	65,440
(-) Interim dividends	-	-
Accumulated other comprehensive income	**(21,978)**	**(62,789)**
Items that will not be reclassified to profit or loss	3,820	11,555

Cecabank, S.A. and subsidiaries composing the Cecabank Group

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2023

(Expressed in thousands of euros)

Actuarial gains or losses on defined benefit pensions plans (Note 18)	2,479	10,126
Non-current assets and disposable groups of items that have been classified as held for sale	-	-
Changes of fair value of equity instruments measured at fair value through other comprehensive income	1,341	1,429
Ineffectiveness of fair value hedges of equity instruments measured at fair value through other comprehensive income	-	-
Changes in the fair value of financial liabilities at fair value through profit or loss attributable to changes in credit risk in profit or loss attributable to changes in credit risk	-	-
Items that may be reclassified to profit or loss	(25,798)	(74,344)
Hedging of net investments in foreign businesses	-	-
Currency conversion	-	-
Hedging derivatives. Cash flow hedge reserve	-	-
Changes of fair value of debt instruments measured at fair value through other comprehensive income (Note 18)	(25,798)	(74,344)
Hedging instruments	-	-
Non-current assets and disposal groups that have been classified as held for sale (Notes 12 and 18)	-	-
Non-controlling shareholdings - Other items	-	-
TOTAL EQUITY	1,290,082	1,190,126
TOTAL LIABILITIES AND EQUITY	14,630,557	14,415,520
Memorandum item	-	-
Commitments from loans granted (Note 27.1)	**673,248**	**503,859**
Financial guarantees granted (Note 27.1)	**-**	**-**
Other obligations granted (Note 27.1)	**66,612**	**174,353**

(*) It is presented solely and exclusively for comparative purposes.

Cecabank, S.A. and subsidiaries composing the Cecabank Group

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Euros)

	2023	2022 (*)
Interest income (Note 28)	**460,790**	**143,914**
Financial assets at fair value through other comprehensive income	48,919	31,165
Financial assets at amortised cost	87,603	21,162
Other interest income	324,268	91,587
Interest expenses (Note 29)	(408,199)	(140,417)
Interest income	**52,591**	**3,497**
Dividend income (Note 30)	7,141	4,915
Fee and commission income (Note 31)	224,079	225,465
Fee and commission expenses (Note 32)	(36,925)	(35,097)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net (Note 33)	(62,647)	(26,110)
Financial assets at amortised cost	1	2
Financial liabilities at amortised cost	(62,648)	(26,112)
Other financial assets and liabilities	75,704	35,032
Gains or losses on financial assets and liabilities held for trade, net (Note 33)	75,704	35,032
Gain or losses on non-trading financial assets mandatorily at fair value through profit or loss, net (Note 33)	11	(687)
Other financial assets and liabilities	11	(687)
Profit or (-) loss from financial assets and liabilities designated at fair value through profit or loss, net (Note 33)	-	-
Gains or losses from hedge accounting, net (Note 33)	(760)	3,081
Exchange differences, net	49,352	62,036
Other operating income (Note 34)	59,299	56,365
Other operating expenses (Note 37)	(20,213)	(16,173)
GROSS INCOME	**347,632**	**312,324**
Administrative expenses	(149,463)	(136,530)
Staff costs (Note 35)	(54,669)	(48,624)
Other administrative expenses (Note 36)	(94,794)	(87,906)
Amortisation (Note 39)	(92,551)	(87,483)
Provisions or reversal of provisions (Note 17)	(2,119)	4,759
Impairment or reversal of impairment and gains or losses due to changes in cash flows of financial assets not measured at fair value through profit or loss or net gains or losses (-) due to changes (Notes 22 and 38)	(695)	(861)
Financial assets at fair value through other comprehensive income	(331)	(738)
Financial Assets at amortised cost	(364)	(123)
Impairment of value or reversal of impairment of value of investments in joint ventures or associates	-	-
Impairment or reversal of impairment of non-financial assets	-	-
Tangible Assets (Note 13)	-	-
Intangible Assets (Note 14)	-	-
Other	-	-
Gains or losses on derecognition of non-financial assets and investments, net (Note 13)	(17)	(5)
Negative goodwill recognised in profit or loss	-	-
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (Note 12)	-	-
PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS	**102,787**	**92,204**
Tax expense or income related to profit or loss from continuing operations (Note 20.2)	(29,840)	(26,764)
PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS	72,947	65,440
Profit or loss after tax from discontinued operations	-	-
PROFIT FOR THE YEAR	**72,947**	**65,440**
Attributable to minority interests (controlling interests)	-	-
Attributable to the owners of the dominant	72,947	65,440

(*) It is presented solely and exclusively for comparative purposes.

Cecabank, S.A. and subsidiaries composing the Cecabank Group

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of euros)

a) CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE

	2023	2022 (*)
PROFIT FOR THE YEAR	**72,947**	**65,440**
OTHER COMPREHENSIVE INCOME	**40,811**	**(72,759)**
Items that will not be reclassified to profit or loss	**(7,735)**	**392**
Actuarial gains or losses on defined benefit pension plans (Note 35) and (Note 20.4)	(10,924)	671
Non-current assets and disposal groups held for sale	-	-
Changes of fair value of equity instruments measured at fair value through other comprehensive income (Notes 7 and 20.4)	(126)	(112)
Tax on gains related to the items that will not be reclassified (Note 20.4)	3,315	(167)
Items that may be reclassified to profit or loss	**48,546**	**(73,151)**
Foreign currency translation	-	-
Translation gains or losses taken to equity	-	-
Cash flow hedges	-	-
Valuation gains or losses taken to equity	-	-
Transferred to profit or loss	-	-
Debt instruments at fair value through other comprehensive income (Note 20.4)	69,351	(104,501)
Valuation gains or losses taken to equity	6,703	(130,613)
Transferred to profit or loss (Notes 7 and 20.4)	62,648	26,112
Tax on gains related to the items that may be reclassified in profit or loss (Note 20.4)	(20,805)	31,350
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**113,758**	**(7,319)**
Attributable to non-controlling interests	**-**	**-**
Attributable to parent company shareholders	**113,758**	**(7,319)**

(*) It is presented solely and exclusively for comparative purposes.

Cecabank, S.A. and subsidiaries composing the Cecabank Group

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of euros)

b) CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL EQUITY

	SHAREHOLDERS' EQUITY									
	Share capital (Note 19)	Share premium (Note 19)	Retained earnings	Other reserves (Note 19)	(-) Treasury shares	Profit for the year (Note 4)	(-) Interim dividends	Accumulated other comprehensive income (Note 18)	Non-controlling interests	Total equity
Closing balance at 31 December 2021	112,257	615,493	389,924	14,889	-	69,058	-	9,970	-	1,211,591
Effects of corrections of errors	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Opening balance at 1 January 2022 (*)	112,257	615,493	389,924	14,889	-	69,058	-	9,970	-	**1,211,591**
Total comprehensive income for the year	-	-	-	-	-	65,440	-	(72,759)	-	**(7,319)**
Other changes in equity	-	-	54,907	5	-	(69,058)	-	-	-	**(14,146)**
Capital reduction	-	-	(14,144)	-	-	-	-	-	-	(14,144)
Dividends (or remuneration of members)	-	-	-	-	-	-	-	-	-	-
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	-	-	-
Transfers among components of equity	-	-	69,058	-	-	(69,058)	-	-	-	-
Other increase or decrease in equity	-	-	(7)	5	-	-	-	-	-	(2)
Closing balance at 31 December 2022 (*)	112,257	615,493	444,831	14,894	-	65,440	-	(62,789)	-	**1,190,126**
Effects of corrections of errors	-			-	-	-	-	-	-	-
Effects of changes in accounting policies	-			-	-	-	-	-	-	-
Opening balance at 1 January 2023	112,257	615,493	444,831	14,894	-	65,440	-	(62,789)	-	**1,190,126**
Total comprehensive income for the year	-		-	-	-	72,947	-	40,811	-	**113,758**
Other changes in equity	-		51,638	-	-	(65,440)	-	-	-	**(13,802)**
Capital reduction	-		-	-	-	-	-	-	-	-
Dividends (or remuneration of members)	-		(13,807)	-	-	-	-	-	-	(13,807)
Sale or cancellation of treasury shares	-		-	-	-	-	-	-	-	-
Transfers among components of equity	-		65,440	-	-	(65,440)	-	-	-	-
Other increase or decrease in equity	-		5	-	-	-	-	-	-	5
Closing balance at 31 December 2023	112,257	615,493	496,469	14,894	-	72,947	-	(21,978)	-	**1,290,082**

(*) It is presented solely and exclusively for comparative purposes.

Cecabank, S.A. and subsidiaries composing the Cecabank Group

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of euros)

	2023	2022(*)
CASH FLOWS FROM OPERATING ACTIVITIES	**(613,449)**	**(768,957)**
Profit for the year	**72,947**	**65,440**
Adjustments made to obtain the cash flows from operating activities	**113,588**	**132,207**
Amortisation	92,551	87,483
Other adjustments	21,037	44,724
Net (increase)/decrease in operating assets	**851,913**	**(1,807,031)**
Financial assets held for trading	311,399	(554,454)
Non trading financial Assets mandatory measured at fair value through profit and loss	5,433	(13,495)
Financial assets designated at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	(291,711)	(648,201)
Financial assets at amortised cost	761,384	(620,345)
Other operating assets	65,408	29,464
Net increase/(decrease) in operating liabilities-	**77,630**	**(2,757,451)**
Financial liabilities held for trading	13,200	(468,388)
Pasivos financieros designados a valor razonable con cambios en resultados	-	-
Financial liabilities at amortised cost	39,080	(2,279,779)
Other operating liabilities	25,350	(9,284)
Income tax recovered/(paid)	**(25,701)**	**(16,184)**
CASH FLOWS FROM INVESTING ACTIVITIES	**(28,296)**	**(42,316)**
Payments:	**(28,296)**	**(42,316)**
Tangible assets	(15,676)	(4,692)
Intangible assets	(12,620)	(37,624)
Investments in subsidiaries, joint ventures and associates	-	-
Non-current assets and liabilities classified as held for sale	-	-
Other payments related to investment activities	-	-
Proceeds:	-	-
Tangible assets	-	-
Intangible assets	-	-
Investments in subsidiaries, joint ventures and associates	-	-
Non-current assets and liabilities classified as held for sale	-	-
Other payments related to investment activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	**(13,807)**	**(14,144)**
Payments:	**(13,807)**	**(14,144)**
Dividends	(13,807)	(14,144)
Subordinated liabilities	-	-
Redemption of own equity instruments	-	-
Acquisition of own equity instruments	-	-
Proceeds:	-	-
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(655,552)**	**(825,417)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,854,339	8,679,756
CASH AND CASH EQUIVALENTS AT END OF YEAR	7,198,787	7,854,339
MEMORANDUM ITEM	-	-
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF YEAR	-	-
Cash	118,613	176,776
Cash balances at central banks	6,924,810	7,548,434
Other demand deposits	155,364	129,129
Less: Bank overdrafts refundable on demand	-	-

(*) It is presented solely and exclusively for comparative purposes.

Annual accounts

Cecabank, S.A. and subsidiaries composing the Cecabank Group

Notes to the Consolidated Financial Statements for the year Ended 31 December 2023

1. Introduction, basis of presentation of the consolidated financial statements and other information

1.1. Introduction

Cecabank, S.A. (the "Bank" or the "Entity") is a financial institution established on 17 October 2012 by virtue of a public document executed by the Notary Mr. Manuel Richi Alberti. The Bank has been recorded in the Commercial Registry since 12 November 2012 and the Bank of Spain Register of financial institutions with code number 2000.

As from the entry into force of the Single Supervisory Mechanism ("SSM") on 4 November 2014, the European Central Bank ("ECB") assumed responsibility for supervising European credit institutions, one of which is the Bank. The SSM is a new banking supervision system that includes the ECB and the national supervisors (the Bank of Spain in this case). The ECB is empowered to determine and monitor the application of the supervision criteria by the bank, in close cooperation with the Bank of Spain. Therefore, the Bank of Spain is responsible for supervising the Bank directly, while the ECB supervises it indirectly since it has ultimate responsibility for ensuring that the SSM works correctly.

The Bank's headquarters is located in Madrid, at Calle Alcalá, 27. The Bank's bylaws are available either at this address or on its website (www.cecabank.es), together with other relevant legal information.

The Confederación Española de Cajas de Ahorros ("CECA") holds 89% of the bank's share capital, as a result of the Confederacion's spin-off of all its assets and liabilities to Cecabank, S.A., except for certain assets and liabilities relating to its community project fund. The Bank was thus created in that year and it subrogated to all the rights and obligations held by CECA until then.

The Bank is therefore part of the group, of which the Confederación Española de Cajas de Ahorros is the parent, together with its associates that are also shareholders of the Bank and with which it carries out significant transaction volumes.

Cecabank, S.A. specialises in securities services, including acting as a depository entity for investment funds and pension plans, the custody of securities and other financial assets, as well as the execution and settlement of transactions involving those assets.

The Bank bylaws set out the activities that it may engage in and establish its corporate purpose:

a. The performance of all type of activities, transactions and services inherent to the Banking business in general or directly or indirectly related to that business, when permitted by current legislation, including investment and auxiliary services and those related with insurance brokering.

b. The rendering of technological, administrative or assessment services to Public Administrations or to any other public or private entity; and

c. The acquisition, possession and disposal of any real estate instrument.

The Cecabank Group (the “Group” or the “Cecabank Group”) consisted of Cecabank, S.A. as the parent and Trionis (subsidiary) at 31 December 2023 and 2022.

Appendix I hereto includes certain relevant financial information on this company at 31 December 2023 and 2022. Also, note 3 contains the Bank's condensed financial statements for 2023, which include comparative information for 2022. At 31 December 2023 and 2022, the Group did not have any investments in associates or jointly controlled entities.

Cecabank S.A. offers international coverage for its customers, payment in the payment business, through two levers: its foreign network and its network of correspondent banks.

The foreign network, with an operational office as of December 31 in Lisbon and representation in Frankfurt and London, has the following functions:

- Support for the entity’s strategic plan and its key businesses: Securities Services, Treasury and Payments.
- Knowledge of the market and local support.
- Expertise in the processing of trans-frontier payment orders relating to FX.
- Collaboration with different international pension payment processors and data management for more than 210 international mutual societies for benefits, pensions, compensation and supplementary payments.
- Significant institutional representation before European organisations.
- Foreign trade promotion services (market information, selection of intermediaries, commercial reports and claims, business centre, collections, legal counsel, tax representation and VAT recovery, trade missions, creation of branch offices and subsidiaries, trade show visits, etc.)

1.2. Basis of presentation of the financial statements

The Group's consolidated financial statements for the year 2023 were authorized for issue by its directors at the Board of Directors meeting held on 13 February 2024. The Group´s financial statements for 2022 were approved by shareholders at the General Meeting held on 3 April 2023. The Bank's financial statements for 2023 have yet to be approved by shareholders at a General Meeting. However, the Bank's Board of Directors believes that they will be approved without any significant change being made.

Taking into consideration the eleventh final provision of Law 62/2003, of December 30, on fiscal, administrative and social measures with respect to the legislative accounting framework applicable to the preparation of consolidated annual accounts which has been applied by the Entity’s Directors, the Group’s consolidated financial statements are presented in accordance with International Financial Reporting Standards as adopted by the European Union at 31 December 2021 (“EU-IFRSs”), taking into account Bank of Spain Circular 4/2017, of 27 November, applicable to credit institutions, on public and confidential financial reporting rules and formats, as well as successive modifications (“Circular 4/2017”). Bank of Spain Circular 4/2017 implements and adapts for the Spanish credit institution sector the International Financial Reporting Standards approved by the European Union.

The Group's consolidated financial statements for 2023 have been prepared taking into account all the principles, accounting standards and measurement criteria of mandatory application, so that they present fairly the equity and financial position of the Group as of 31 December 2023 and the results of its operations and cash flows in the financial year then ended, in accordance with the applicable financial reporting framework to which reference has been made in the previous paragraph and, in particular, with the principles and accounting criteria contained therein.

The consolidated financial statements were prepared from the accounting records kept by the Bank and by the other Group entities. However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2023 may differ from those used by certain Group entities, the required adjustments and reclassifications are made on consolidation to unify such policies and bases and to make them compliant with the EU-IFRSs used by the Group in the preparation of its consolidated financial statements.

The accounting principles and policies described in Note 2 were applied in the preparation of all the Group consolidated financial statements.

1.3. Responsibility for the information and use of estimates

The information in these financial statements is the responsibility of the Bank's Directors.

In the preparation of the Group's financial statements for 2023 estimates were made by its Directors in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- Impairment losses on certain assets (see Notes 2.9, 2.13, 2.14 and 2.16).
- Assumptions used in the actuarial calculation of the post-employment benefit liabilities and obligations and other non-current obligations to employees (see Note 2.11).
- Calculation of the provisions, if any, to be recognised to cover certain risks arising from the Bank’s activity (see Notes 2.10 and 2.15).
- The useful life of property, plant and equipment and intangible assets (see Notes 2.13 and 2.14).
- The fair value of certain unlisted financial instruments (see Note 2.2.3).
- The assumptions used in the estimates of the probability of recovery of the deferred tax assets recognised by the Bank (see Note 2.12).

1.4. Information relating to 2022

The Board of Directors of the Group presents, for comparative purposes with each of the figures disclosed in these consolidated annual accounts, the figures for the financial year 2022.

1.5. Agency agreements

Neither at 2023 nor 2022 year-end nor at any other time during those years did the Group have any agency agreements in force, as defined in Article 21 of Royal Decree 84/2015, of 13 February, implementing Law 10/2014, of 26 June, on the regulation, supervision and capital adequacy of credit institutions.

1.6. Investments in the share capital of credit institutions

At 31 December 2023 and 2022 the Group did not hold any ownership interests of 5% or more in the share capital or voting rights of any Spanish or foreign credit institutions.

1.7. Environmental impact

In view of the business activities carried on by the Group, it does not have a significant impact on the environment. However, Cecabank is committed to the responsible and sustainable management of material resources, promoting efficiency in consumption and the impact on the social and environmental environment, both in its activity and in its sphere of influence.

Therefore, it was not necessary to recognise any provision in this connection the Group's consolidated financial statements for 2023 and they do not contain any disclosures on environmental issues.

1.8. Capital management objectives, policies and processes

On 2 February 2016, Bank of Spain Circular 2/2016, was published for credit institutions and concerns supervision and solvency. This Circular covers the Spanish adaptation of Directive 2013/36/EU and Regulation (EU) 575/2013, which are applicable to the Group and which was amended by Bank of Spain Circular 5/2021 of 22 November.

EU Regulation (EU) 575/2013 laid down uniform rules that must be complied with by entities in relation to: 1) own funds requirements relating to elements of credit risk, market risk, operational risk and settlement risk; 2) requirements limiting large exposures; 3) liquidity risk coverage relating to entirely quantifiable, uniform and standardised elements of liquidity risk, after the Commission delegated act has entered into force; 4) the setting of the leverage ratio; and 5) public disclosure requirements.

The aforementioned EU Regulation introduces a review of the concept and of the components of the regulatory own funds required of entities. These consist of two elements: Tier 1 capital and Tier 2 capital. In turn, Tier 1 capital comprises Common Equity Tier 1 and Additional Tier 1 capital. Therefore, Tier 1 capital consists of instruments that are able to absorb losses when the entity is a going concern, while the elements of Tier 2 capital will absorb losses primarily when the entity is not viable.

Institutions must generally satisfy the following own funds requirements at all times:

I. A Common Equity Tier 1 capital ratio of 4.5% (CET 1).

II. A Tier 1 capital ratio (Common Equity plus Additional Tier 1) of 6%.

III. A total capital ratio of 8%.

In addition to these requirements, pursuant to the aforementioned legislation the Group must comply with the following capital requirements:

- Maintain a capital preservation buffer of 2.5% consisting of ordinary tier 1 capital.

- Maintain an anti-cyclical capital buffer that may total up to 2.5% of ordinary tier 1 capital. Since 2016, the level that this buffer must attain has been set on a quarterly basis by Spanish authorities based on macroeconomic variables when excessive credit growth that may be a source of systemic risk has been observed. Since its effective implementation on 1 January 2016 the Bank of Spain has maintained the capital buffer at 0% for credit exposures located in Spain.

- The Group has not been designated as a systemic entity and no capital buffer has therefore been established.

In addition to the above requirements, Law 10/2014 of 26 June 2014 on the regulation, supervision and solvency of credit institutions establishes powers for the Bank of Spain to require institutions to maintain capital levels higher than those indicated above. In this regard, on 17 December 2023, the Bank of Spain notified Cecabank, S.A. that it complied with the requirements of article 92.1 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, setting the Entity a requirement to maintain an overall consolidated and individual capital ratio of no less than 10.90% (TSCR ratio) (10.27% in its communication for the 2022 financial year), with the Entity and its Group also being subject to the total capital requirements (OCR) as defined in section 1.2 of the EBA/GL/2014/13 Guidelines which include, in addition to the TSCR ratio, the combined buffer requirement as defined in article 43 et seq. of Law 10/2014 and its implementing regulations.

This requirement is required as of 1 January 2024. At 31 December 2023, as well as during the financial year 2023, the consolidated and individual capital level of the Entity and its Group were above the requirement for that year.

The strategic capital management objectives set by Group management are as follows:

- To comply, at all times with the applicable regulations on minimum capital requirements.

- To seek maximum capital management efficiency so that, together with other profitability and risk variables, the use of capital is considered to be a key variable in any analysis related to the Group's investment decisions.

To meet these objectives, the Group has in place a series of capital management policies and processes, the main cornerstones of which are as follows:

- In the Group's strategic and operational planning, and in the analysis and follow-up of the operations of the Group to which it belongs, the impact of decisions on the Group's eligible capital and the use-profitability-risk relationship is considered to be a key decision-making factor.

- As part of its organisational structure the Group has monitoring and control units which at all times analyses the level of compliance with the applicable regulations on capital, with alerts in place to guarantee compliance with the applicable regulations.

On 20 May 2019, the new regulatory package was adopted, which is articulated through Regulation 2019/876 (hereinafter CRR II) and Directive 2019/878 (hereinafter CRD V). As a general rule, CRR II will enter into force as of 28 June 2021, with the exception of certain provisions that will enter into force over a period of time that began on 1 January 2019 and will end on 28 June 2023.

These provisions include the entry into force on 27 June 2019 of the main changes in the areas of own funds, capital deductions, standardised credit risk and IRB and authorisations. On June 27, 2019, CRD V came into force, which has been transposed by Circular 3/2022 of the Bank of Spain into the national legal system. CRD V includes significant changes such as the regulation of Pillar 2G ('guidance').

The Group's management of its capital, as far as conceptual definitions are concerned, is in keeping with Regulation (EU) No 575/2013. With a view to ensuring that the aforementioned objectives are met, the Group performs integrated management of these risks, in accordance with the policies and processes indicated above.

The Group's Common Equity Tier 1 capital and its CET 1 plus Additional Tier 1 capital amounted to EUR 944,684 thousand at 31 December 2023, in both cases (31 December 2022: EUR 793,720 thousand), while total capital totalled equally EUR 944,684 thousand at that date (31 December 2022: EUR 793,720 thousand),representing a Tier 1 capital adequacy ratio and a total capital ratio of 35.32%, at 31 December 2023 (31 December 2022: 30.79%), above the minimum requirements.

Common Equity Tier 1 capital includes mainly share capital, share premium and the Group's reserves net of deductions (intangible assets) and the results of the year not distributable.

1.9. Minimum reserve ratio

Throughout 2023 and 2022, the Bank, only entity in the Group subject to this requirement, met the minimum reserve ratio required by applicable legislation.

At 31 December 2023 and 2022 the Group's cash balance with Bank of Spain for these purposes amounted to EUR 6,924,810 and 7,548,434 thousand respectively (see Note 7). This ratio is calculated on the basis of the daily ending balance held by the Group in this account during the required period.

1.10 Deposit guarantee fund and Single Resolution Fund

Deposit guarantee fund

The Group participates in the Deposit Guarantee Fund ("DGF"). The annual contribution to be made to this Fund, established by Royal Decree-Law 16/2011, of 14 October, creating the DGF, as amended by Final Provision Ten of Law 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment services firms (in force since 20 June 2015), is determined by the Managing Committee of the DGF and is calculated based on the amount of each entity's guaranteed deposits and its risk profile.

The purpose of the DGF is to guarantee deposits at credit institutions up to the limit envisaged in the aforementioned Royal Decree-Law. In order to achieve its objectives, the DGF is funded by the aforementioned annual contributions, the extraordinary levies the Fund makes on member entities and by the funds obtained in the securities markets, loans and any other debt transactions.

Taking the foregoing into account, in order to reinforce the equity of the DGF, Royal Decree-Law 6/2013, of 22 March, on protection of holders of certain savings and investment products and other financial measures (in force since 24 March 2013), established an extraordinary levy equal to 3 per mil of the institutions' deposits at 31 December 2012. This extraordinary levy was paid in two tranches:

i. Two-fifths to be paid within 20 business days from 31 December 2013. The Group paid this contribution, which amounted to EUR 7 thousand, in the first few days of January 2014.

ii. Three-fifths to be paid within seven years in accordance with the payment schedule established by the Managing Committee of the DGF. In this regard, based on the contribution schedule approved by the Managing Committee of the DGF, the Group paid one-seventh of this second tranche on 30 September 2014, and on 17 December 2014 the Managing Committee approved payment of the remainder of the second tranche in two disbursements on 30 June 2015 and 2016 (which were settled on those dates).

In addition, the FGD Management Committee, at its meeting of 28 March 2023, pursuant to the provisions of article 6 of Royal Decree-Law 16/2011 of 14 October, which created the FGD, and article 3 of Royal Decree 2606/1996 of 20 December, on deposit guarantee funds for credit institutions, set the annual contributions of the institutions attached to the FGD for 2023 in the following terms:

a. The total annual contribution of all the institutions adhered to the deposit guarantee compartment of the DGF was set at 1.75 /1,000 of the calculation base, made up of the guaranteed money deposits as indicated in section 2.a) of article 3 of Royal Decree 2606/1996 existing at 31 December 2022, with the contribution of each institution being calculated according to the amount of the guaranteed deposits and its risk profile.

b. The annual contribution of the institutions adhering to the FGD's deposit guarantee compartment was set at 2/1,000 of the calculation base, made up of 5% of the amount of the guaranteed securities as indicated in section 2.b) of Article 3 of Royal Decree 2606/1996 existing at 31 December 2023.

The expense incurred for the contributions accruing to the DGF during 2023 amounted to EUR 315 thousand (2022: EUR 154 thousand), which were recognised under “Other Operating Expenses” in the accompanying consolidated income statement.

b) Single Resolution Fund

In March 2014, the European Parliament and the Council reached a political agreement for the creation of the second pillar of the Banking Union, the Single Resolution Mechanism (“SRM”). The SRM's main purpose is to ensure an orderly resolution of failing banks in the future with minimal costs to taxpayers and to the real economy. The SRM's scope of activity is identical to that of the SSM, i.e., a central authority, the Single Resolution Board (“SRB”), is ultimately responsible for deciding whether to initiate the resolution of a bank, while the operational decision is implemented in cooperation with the national resolution authorities. The SRB commenced its work as an independent EU agency on 1 January 2015.

The purpose of the rules governing banking union is to ensure that bank resolutions will be financed first of all by the banks and their shareholders and, if necessary, partly by the bank's creditors. However, another source of funding will also be available to which recourse can be had if the contributions of the shareholders and of the bank's creditors are not sufficient. This is the Single Resolution Fund (“SRF”), which is administered by the SRB. The legislation requires banks to make the contributions to the SRF over eight years.

In this regard, on 1 January 2016, Regulation (EU) No 806/2014 of the European Parliament and of the Council, of 15 July 2014, came into force. Under this Regulation the SRB replaces the national resolution authorities with respect to the management of financing arrangements for the resolution mechanisms for credit institutions and certain investment firms within the framework of the SRM. As a result, the SRB is now responsible for administering the SRF and for calculating the ex-ante contributions of institutions within its scope of application.

The SRB calculates the contributions to be paid by each institution in accordance with the information sent to each institution in an official form for the calculation of the ex-ante contribution. The amount was the result of applying the calculation methodology specified in Commission Delegated Regulation (EU) 2015/63, of 21 October 2014, based on the uniform conditions of application indicated in Council Implementing Regulation (EU) 2015/81, of 19 December 2014.

The target level for all the contributions has been set at one-eighth of 1.05% of the quarterly average of covered deposits in the eurozone in 2015, resulting in a Europe-wide contribution target for the Fund of EUR 7,008 million in 2016. Article 69 of Regulation (EU) No 806/2014 establishes that the available financial means of the Fund (at least 1% of the amount of covered deposits) must be reached within eight years from 1 January 2016.

Article 8.1 of Council Implementing Regulation (EU) 2015/81 stipulates that 60% of the contributions shall be calculated on a national basis and the remaining 40% on a basis common to all participating member States.

The expense incurred by the Group in relation to the contribution made to the SRF in 2023 totalled EUR 10,697 thousand (2022: EUR 9,390 thousand) and is recognised under “Other Operating Expenses” in the accompanying consolidated income statement.

1.11. Changes in accounting policies

There have been no changes in accounting policies during 2023. The changes that have occurred in relation to the new regulations that apply to the Group are described in section 1.12 below.

1.12. Main regulatory changes during the period from 1 January to 31 December 2022

1.12.1. New Bank of Spain Circulars

Following is a summary of the main Bank of Spain Circulars issued in 2023:

Circular 3/2023, of October 31, of the Bank of Spain, which modifies Circular 2/2016, of February 2, to credit institutions, on supervision and solvency, which completes the adaptation of the Spanish legal system to Directive 2013/36/EU and Regulation (EU) No. 575/2013, and Circular 1/2022, of January 24, to financial credit establishments, on liquidity, prudential standards and reporting obligations.

1.12.2. Amendments to and adoption of new International Financial Reporting Standards and interpretations issued

The accounting polices used in preparing the consolidated financial statements for the year ended 31 December 2023 are the same as those applied in the consolidated financial statements for the year ended 31 December 2022, except for the standards and interpretations that have entered into force for use in the European Union, applicable to the years beginning on or after 1 January 2023, which are as follows:

IFRS 17 “Insurance contracts”:

IFRS 17 has replaced IFRS 4 "Insurance Contracts", which allowed a wide variety of accounting practices. 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 intended to facilitate the implementation of the new standard, although the fundamental principles of the standard were not changed.

The entry into force of this standard on January 1, 2023 has not had a significant impact on the consolidated annual accounts.

IFRS 17 (Amendment) "Initial application of IFRS 17 and IFRS 9 - Comparative information":

The IASB published an amendment to IFRS 17 that introduces limited scope modifications to the transition requirements of IFRS 17, “Insurance Contracts”, and does not affect any other requirements of IFRS 17, IFRS 17 and IFRS 9 “Financial instruments” have different transition requirements. For some entities, these differences can cause specific accounting asymmetries between financial assets and liabilities for insurance contracts in the comparative information they present in their financial statements when they apply IFRS 17 and IFRS. 9 for the first time. The amendment will help insurers avoid these asymmetries and will therefore improve the usefulness of comparative information for investors.

The entry into force of this standard on January 1, 2023, has not had a significant impact on the consolidated annual accounts.

IAS 1 (Modification) "Breakdown of accounting policies":

IAS 1 has been amended to improve the disclosures of accounting policies so that they provide more useful information to investors and other primary users of financial statements.

The entry into force of this standard on January 1, 2023, has not had a significant impact on the consolidated annual accounts.

IAS 8 (Amendment) "Definition of accounting estimates":

IAS 8 has been amended to help distinguish between accounting estimate changes and accounting policy changes.

The entry into force of this standard on January 1, 2023, has not had a significant impact on the consolidated annual accounts.

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 about whether the exemption applied to transactions such as leases and decommissioning obligations, transactions for which both an asset and a liability are recognized at the time of initial recognition.

The modification clarifies that the exemption does not apply and that, therefore, there is an obligation to recognize deferred taxes on such transactions. The entry into force of this standard on December 31, 2023, has not had a significant impact on the consolidated annual accounts.

IAS 12 (Amendment) "International tax reform: Second Pillar of the OECD":

In October 2021, more than 130 countries, representing more than 90% of global GDP, agreed to implement a minimum tax regime for multinational companies, the "Second Pillar", In December 2021, the Organization for Cooperation and Development (OECD) published Second Pillar model rules to reform international corporate taxation. Affected large multinational companies must calculate their effective GloBE tax rate (acronym for "Global Anti-Base Erosion") for each jurisdiction in which they operate. Companies will be required to pay an additional tax for the difference between their GloBE effective tax rate by jurisdiction and the minimum rate of 15%.

In May 2023, the IASB issued limited scope amendments to IAS 12, A temporary exception is provided from requirement to recognize and disclose deferred taxes arising from an approved or substantially approved tax law that implements the Second Pillar model rules published by the OECD.

- The amendments also introduce the following specific disclosure requirements for affected companies:

- The fact of having applied the temporary exception to the recognition and disclosure of information on deferred tax assets and liabilities related to the income tax arising from the Second Pillar,

- Your current tax expense (if any) related to the income tax profits arising from the Second Pillar,

- During the period between the approval or substantial approval of the legislation and the entry into force of the legislation, entities are required to disclose known or reasonably estimable information that would help users of the financial statements to understand the entity's exposure to income tax arising from the Second Pillar.

On the one hand, the amendment to IAS 12 is required to be applied immediately and retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", including the requirement to disclose the fact that the amendment has been applied. mentioned temporary exception, if relevant, On the other hand, the breakdowns related to the current tax expense and the known or reasonably estimable exposure to Second Pillar income tax are mandatory for annual periods beginning on or after January 1, 2023, However, disclosure of this information is not required in the interim financial statements for any interim period ending on or before December 31, 2023.

Standards, amendments, and interpretations issued but not yet effective.

At the date of preparation of these financial statements, the following are the most significant standards and interpretations that had been issued by the IASB but had not yet become effective, 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:

New regulations, amendments, and interpretations		
Approved for use in 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 modifications clarify the accounting treatment of sales and contributions of assets between an investor and its associates and joint ventures, which will depend on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business." The investor will recognize 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 the gain or loss to the extent of the interests of other investors. The modifications will only apply when an investor sells or contributes assets to its associate or joint business. The entry into force of this standard is not expected to have a significant impact on the consolidated annual accounts in future years.	A broader review that may result in the simplification of the accounting for these transactions and other aspects of the accounting for associates and joint ventures.
IFRS 16 (Amendment) "Lease liability in a sale and leaseback"	IFRS 16 includes requirements on how to account for a sale and leaseback on the date the transaction takes place. However, it did not specify how to record the transaction after that date. This amendment explains how a company should account for a sale and leaseback after the date of the transaction.	The effective date of this modification is January 1, 2024, although its early adoption is permitted. This modification is pending approval by the European Union.
IAS 1 (Modification) "Non-current liabilities with conditions ("covenants")"	The IASB has issued an amendment to IAS 1 "Presentation of Financial Statements", in response to concerns raised about the application of previous amendments to it (in January and July 2020) in relation to the classification of liabilities as current or non-current, which would have come into force for the years beginning on January 1, 2023. The new modification aims to improve the information provided when the right to defer payment of a liability is subject to compliance with conditions ("covenants"). ") within twelve months after the financial year on which it is reported.	The new modification is effective for fiscal years beginning on or after January 1, 2024 and cancels previous modifications. Early application of the modification is allowed, although it is pending approval by the European Union.
IAS 7 and IFRS 7 (Modification) "Supplier financing agreements (confirming)"	The IASB has amended IAS 7 and IFRS 7 to improve disclosures on supplier financing arrangements (confirming) and their effects on a company's liabilities, cash flows and liquidity risk exposure. The amendment responds to investor concerns that some companies' supplier financing arrangements are not visible enough. This modification is effective for fiscal years beginning on or after January 1, 2024. Early application of the modification is permitted, although it is pending approval by the European Union.	January 1, 2024
IAS 21 (Amendment) Lack of interchangeability	The IASB has amended IAS 21 to add requirements to help entities determine whether a currency is interchangeable with another currency and the spot exchange rate to use when it is not. When a currency cannot be exchanged for another currency, it is necessary to estimate the spot exchange rate on a valuation date in order to determine the rate at which an orderly exchange transaction would take place on that date between currency participants. market under prevailing economic conditions. When an entity applies the new requirements for the first time, it is not permitted to restate comparative information. Instead, the affected amounts are required to be converted to spot exchange rates estimated on the date of initial application of the modification, with an adjustment against reserves. This modification is effective for fiscal years beginning on or after January 1, 2025. Early application of the modification is permitted, although it is pending approval by the European Union.	January 1, 2025
Not yet approved for use in the European Union		
IAS 7 and IFRS 7 (Modification) "Supplier financing agreements (confirming)"	The IASB has amended IAS 7 and IFRS 7 to improve disclosures on supplier financing arrangements (confirming) and their effects on a company's liabilities, cash flows and liquidity risk exposure. The amendment responds to investor concerns that some companies' supplier financing arrangements are not visible enough.	January 1, 2024

New regulations, amendments, and interpretations		
	This modification is effective for fiscal years beginning on or after January 1, 2024. Early application of the modification is permitted, although it is pending approval by the European Union.	
IAS 21 (Amendment) Lack of interchangeability	The IASB has amended IAS 21 to add requirements to help entities determine whether a currency is interchangeable with another currency and the spot exchange rate to use when it is not. When a currency cannot be exchanged for another currency, it is necessary to estimate the spot exchange rate on a valuation date in order to determine the rate at which an orderly exchange transaction would take place on that date between currency participants. market under prevailing economic conditions. When an entity applies the new requirements for the first time, it is not permitted to restate comparative information. Instead, the affected amounts are required to be converted to spot exchange rates estimated on the date of initial application of the modification, with an adjustment against reserves. This modification is effective for fiscal years beginning on or after January 1, 2025. Early application of the modification is permitted, although approval by the European Union is pending.	January 1, 2025

2. Accounting policies and measurement bases

The accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for the financial year 2023 were as follows:

2.1 Consolidation principles

2.1.1 Subsidiaries

“Subsidiaries” are defined as entities over which the Group has the capacity to exercise control; control is, in general but not exclusively, presumed to exist when the Entity owns directly or indirectly half or more of the voting rights of the investee or, even if this percentage is lower or zero, when there are other circumstances or agreements that give the Entity control.

As provided for in IFRS 10, “Consolidated Financial Statements”, an entity controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Annex I of this consolidated report provides relevant information on these companies.

The financial statements of the subsidiaries are consolidated with those of the Group using the full consolidation method as defined in IFRS 10. Consequently, the following methods, inter alia, were applied in the consolidation process:

1. All material balances and transactions between the consolidated companies, and any material gains or losses on intra-Group transactions not realised vis-à-vis third parties, were eliminated on consolidation.

2. The value of minority interests in equity and income of subsidiaries is presented in the "Minority Interests" caption on the liability side of the consolidated balance sheet and in the "Attributable to Minority Interest" caption in the loss account and consolidated earnings, respectively, if any.

3. The variation recorded from the date of acquisition in the net assets of the consolidated subsidiaries, which is not attributable to results for the year or to changes in their measurement adjustments, is included under "Other Reserves" in the consolidated balance sheet.

4. The consolidation of the results generated by the subsidiaries acquired in a fiscal year is carried out taking into account only those corresponding to the period between the date of acquisition and the close of that year. At the same time, the consolidation of the results generated by the subsidiaries disposed of in the year is carried out taking into account only those relating to the period between the beginning of the year and the date of disposal.

2.1.2. Joint ventures

"Joint ventures" are deemed to be ventures that are not subsidiaries but which are jointly controlled by two or more unrelated entities. This is evidenced by contractual arrangements whereby two or more entities ("venturers") acquire interests in entities ("jointly controlled entities") or undertake operations or hold assets so that strategic financial and operating decisions affecting the joint venture require the unanimous consent of the venturers.

Interests in joint ventures are accounted for using the equity method as defined by IAS 28.

At 31 December 2023 and 2022, the Group does not have, and has not had during those years, any interests in joint ventures.

2.1.3. Associated Entities

Associates are companies over which the Group has the capacity to exercise significant influence, but not control or joint control. Frequently, this ability is evidenced by a participation (direct or indirect) of 20% or more of the voting rights of the investee.

However, investments in associates that qualify for classification as non-current assets held for sale are presented and, where appropriate, recognised under "Non-current assets and disposal groups classified as held for sale" in the consolidated balance sheet and are measured in accordance with the criteria applicable to these assets (see Note 2.16).

At 31 December 2023 and 2022, the Group does not have, and has not had during those years, any classified investments in associates.

2.2. Financial instruments - Initial recognition, derecognition, definitions of fair value and amortised cost and classification categories and measurement of financial assets and liabilities

2.2.1. Initial recognition of financial instruments

Financial instruments are initially recognised in the balance sheet when the Group becomes a party to the contract originating them in accordance with the terms and conditions thereof. Specifically, debt instruments, such as loans and cash deposits, are recognised from the date on which the legal right to receive or the legal obligation to pay cash arises. Derivative financial instruments are generally recognised from the trade date.

A regulated purchase or sale of financial assets, defined as one in which the parties' reciprocal obligations must be discharged within a time frame established by regulation or convention in the marketplace and that may not be settled net, such as stock market and forward currency purchase and sale contracts, is recognised on the date from which the rewards, risks, rights and duties attaching to all owners are for the purchaser, which, depending on the type of financial asset purchased or sold, may be the trade date or the settlement or delivery date. In particular, transactions performed in the spot currency market are recognised on the settlement date; equity instruments traded in Spanish secondary securities markets are recognised on the trade date and debt instruments traded in these markets are recognised on the settlement date.

2.2.2. Derecognition of financial instruments

A financial asset is derecognised when:

- The contractual rights to the cash flows from the financial asset expire; or
- The financial asset is transferred and substantially all its risks and rewards are transferred or, although these are not substantially transferred or retained, control over the financial asset is transferred (see Note 2.8).

Also, a financial liability is derecognised when the obligations it generates have been extinguished or when it is purchased by the Group, with the intention either to re-sell it or to cancel it.

2.2.3. Fair value and amortised cost of financial instruments

The fair value of a financial instrument on a given date is considered to be the amount for which it could be bought or sold on that date by two 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 for it on an organised, transparent and deep market ("quoted price" or "market price").

If there is no market price for a given financial instrument, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments and, in the absence thereof, of measurement techniques commonly used by the financial community, taking into account the specific features of the instrument to be measured and, particularly, the various types of risk associated with it.

Specifically, the fair value of financial derivatives included in the portfolios of financial assets or liabilities held for trading which are traded in organised, transparent and deep markets is deemed to be their daily quoted price and if, for exceptional reasons, the quoted price at a given date cannot be determined, these financial derivatives are measured using methods similar to those used to measure OTC derivatives.

The fair value of OTC derivatives or derivatives traded in thin or scantly transparent organised markets is taken to be the sum of the future cash flows arising from the instrument, discounted to present value at the date of measurement ("present value" or "theoretical close") using measurement techniques recognised by the financial markets: "net present value" (NPV), option pricing models, etc.

Amortised cost is understood to be the acquisition cost of a financial asset or liability plus or minus, as appropriate, the principal and interest repayments and the cumulative amortisation (taken to the income statement), calculated using the effective interest method, of the difference between the initial cost and the maturity amount of such financial instruments. In the case of financial assets, amortised cost furthermore includes any reductions for impairment or uncollectibility.

The Group has contracted at 31 December 2023 and 2022 various reverse repurchase loan operations (see Note 10), for which it must return the securities making up the collateral to the former owner at expiration. At 31 December 2023 and 2022 the fair value of the securities received as collateral in these repo transactions does not differ significantly from the carrying amount of these operations.

The effective interest rate is the discount rate that exactly matches the initial amount of a financial instrument to the present value of all its estimated cash flows of all kinds during its remaining life, disregarding future losses from credit risk. For fixed rate financial instruments, the effective interest rate coincides with the contractual interest rate established on the acquisition or arrangement date adjusted, where applicable, for the fees, premiums, discounts and transaction costs that must be included in the calculation of the effective interest rate. In the case of floating rate financial instruments, the effective interest rate is determined using a method similar to that for fixed rate transactions and is recalculated on each contractual interest reset date, taking into account any changes in the future cash flows.

2.2.4. Classification and measurement of financial assets and liabilities

Pursuant to IFRS 9, the classification and measurement of the financial assets is performed according to the business model considered by the Group for the management and the features of the contractual flows, as defined below:

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

- The characteristics of the contractual cash flows of financial assets can be those whose contractual terms and conditions provide, on determined dates, cash flows and consist only of payments of principal and interest on the outstanding principal, commonly known as "Solely Payments of Principal and Interest (SPPI)", or those who do not comply such characteristic.

a) Business models

There are three types of business models, which are based on the treatment of cash flows for financial instruments:

- Amortised cost - collection of contractual cash flows: consists of holding assets for the purpose of collecting contractual cash flows (interests) during the term of the instrument.
- Mixed - collection of contractual cash flows and the disposal of financial assets: this mixed business model combines the objective of holding assets to collect contractual cash flows and the disposal of these assets.
- Trade - sale of financial assets: the business model consists of purchasing and disposal of assets. The Group makes its decisions based on the fair value of the assets and manages these in order to obtain their fair value.

b) Test SPPI

The purpose of the SPPI test is to determine whether or not, 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.

The main function of the test is to differentiate which products covered by the "collection of contractual cash flows" and "collection of contractual cash flows and the disposal of financial assets" business models can be measured at amortised cost and at fair value through other comprehensive income, respectively, or, on the contrary, that must be measured at fair value through profit or loss. Debt instruments that are measured at fair value through profit or loss, as well as equity instruments, are not subject to this analysis.

Specifically, financial assets based on its business model and the SPPI test can be classified as:

- Financial assets at amortised cost: when the instrument is managed in order to generate cash flows in the form of contractual collections during the life of the instrument while passing the SPPI test.

- Financial assets at fair value through other comprehensive income: when the instrument is managed to generate cash flows, i) in the form of contractual collections during the life of the instrument and ii) through their sale while passing the SPPI test. Moreover, it will be recorded in this portfolio those equity instruments that the Group voluntary and irrevocably designated from the beginning.

- Financial assets held at fair value through profit or loss: when the instrument is managed to generate cash flows through their sale or when it does not pass the SPPI test based on the business models of the previous sections. There are two categories for these assets:

a) Financial assets held for trading: This subcategory includes instruments that have any of the following characteristics: i) they are held for the purpose of converting them into cash in the short term; ii) they are part of a group of financial instruments identified and jointly managed and there is evidence of recent actions to achieve short-term profit taking and iii) they are derivative instruments that do not meet the definition of a financial guarantee agreement nor have they been classified as hedging instruments.

b) Non-traded financial assets designated at fair value through profit or loss: This subcategory includes the rest of financial assets.

The Group may decide at the time of initial recognition, and irrevocably, to include any equity instruments that cannot be classified as held for trading in the "Financial assets at fair value through other comprehensive income" portfolio. This option will be carried out on an instrument by instrument basis. Also, during the initial recognition, and irrevocably, the Group may choose to designate any financial asset as fair value through profit or loss, and by doing so eliminates or significantly reduces any inconsistency in the measurement or recognition (accounting asymmetry) that would otherwise arise, for the measurement of assets or liabilities, or the recognition of their gains and losses, on different bases.

Regardless of the frequency and importance of sales, certain types of sales are not incompatible with the category held to receive contractual cash flows: such as sales due to a reduction in credit quality, sales close to the expiration of operations, so that any changes to market prices would not have a significant effect on the cash flows of the financial asset, sales in response to a change in the regulatory or taxation rules, sales in response to an internal restructuring or significant business combination, derivative sales during the execution of a liquidity crisis plan when the crisis event is not reasonably expected.

The Group has defined the business models and has segmented its financial instrument portfolio for the purposes of performing the SPPI test, making a distinction between: i) families of instruments that group together fully homogeneous products ("umbrella families") in such a way that, while testing a sample of portfolio products, a conclusion could be drawn whether or not other products of the same family pass the test and ii) products, due to their nature, requiring an individual analysis ("case by case") that the Group has to make for all the SPPI tests.

Nevertheless, financial instruments that should be considered as non-current assets and disposal groups classified as held for sale are recognised in the financial statements as explained in section 2.16 of this Note.

As for the classification of financial liabilities, they are included for the purpose of measurement in some of the following three portfolios:

- Financial liabilities at fair value through profit or loss: this category includes financial liabilities designated as such from initial recognition, the fair value of which may be determined reliably, and which meet the same conditions than for the financial assets at fair value with changes in profit or loss previously described.

- Financial liabilities held for trading: include those that have been issued with an intention to repurchase them in the near term or that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking; short positions arising from sales of temporary purchased assets under non-optional repurchase agreements or borrowed securities, and derivatives other than as hedging instruments.

- Financial liabilities at amortised cost: this category includes all financial instruments except for those qualified for being included in the other portfolios.

2.3. Reclassification between financial instrument portfolios

These occur only and exclusively when there is a change in the business model that manages financial assets, in accordance with the regulations in force. This reclassification is done prospectively on the date of reclassification, without it being appropriate to state any gains, losses or interests previously recognised again. Generally, the business model is not changed very often.

There have been no reclassifications between portfolios during the years 2023 and 2022.

2.4. Hedge accounting and mitigation of risk

The Group uses financial derivatives as part of its strategy to reduce its exposure to interest rate. When these transactions meet the requirements stipulated in IAS 39, they qualify for hedge accounting.

When the Group designates a transaction as a hedge it does so upon initial recognition of it, documenting it 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 life, taking into account the risk to be hedged.

The Group only applies hedge accounting for hedges that are considered highly effective over their entire lives. A hedge is considered to be highly effective if, during its expected life, 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 fully offset by changes in the fair value or cash flows, as appropriate, of the hedging instrument(s).

To measure the effectiveness of hedges defined as such, the Group analyses whether, from the beginning to the end of the term defined for the hedge, the Group can expect, prospectively, that the changes in 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 are within a range of 80% to 125% of the results of the hedged item.

The hedging operations carried out by the Group are classified in the fair value hedge category. These cover exposure to changes in the fair value of financial assets and liabilities or firm commitments not yet recognized, or an identified portion of such assets, liabilities or commitments, attributable to a particular risk and whenever they affect to the consolidated income statement.

In relation to the financial instruments designated as hedged items and hedge accounting in fair value hedges such as those made by the Group, the differences produced in fair value, both in the hedged items and in the hedged items (in this case, those associated with the risk covered) are recognised directly under "Gains or losses arising from the accounting of hedges, net" in the consolidated income statement (Note 33).

The Group discontinues hedge accounting when the hedging instrument expires or is sold, when the hedge no longer meets the requirements for hedge accounting or the designation as a hedge is revoked.

When, as explained in the preceding paragraph, hedge accounting is discontinued for a fair value hedge, in the case of hedged items carried at amortized cost, the value adjustments made as a result of the hedge accounting described above are recognized in the consolidated income statement through maturity of the hedged items, using the effective interest rate recalculated as at the date of discontinuation of hedge accounting.

Note 11 details the nature of the main positions hedged by the Group, as well as the financial instruments used for hedging.

2.5 Foreign currency transactions

2.5.1 Functional currency

The functional and reporting currency of the Group is the euro. Therefore, all balances and transactions denominated in currencies other than the euro are deemed to be denominated in “foreign currency”.

The detail, by currency and item, of the equivalent value in thousand euros of the main asset and liability balances denominated in foreign currencies in the consolidated balance sheets at 31 December 2023 and 2022, taking into account the nature of the items involved and the most significant currencies in which they are denominated, is as follows:

Equivalent Value in Thousand euro (*)

Nature of Foreign Currency Balances:	2023 Assets	2023 Liabilities	2022 Assets	2022 Liabilities
Amount in US Dollars-			-	-
Cash	45,673	-	75,967	-
Financial assets and liabilities held for trading	458	451	1,301	1,298
Financial assets at fair value through other comprehensive income	94,346	-	95,385	-
Demand deposits and financial assets at amortised cost	612,693	-	742,910	-
Financial liabilities at amortised cost	-	2,455,122	-	2,853,284
Derivatives - hedge accounting	-	-	-	-
Other assets and liabilities	32	-	-	5
	753,202	**2,455,573**	**915,563**	**2,854,587**
Balances in Japanese yen-				
Cash	566	-	426	-
Demand deposits and financial assets at amortised cost	70,981	-	63,293	-
Financial liabilities at amortised cost	-	274,231	-	366,072
Other assets and liabilities	-	-	-	-
	71,547	**274,231**	**63,719**	**366,072**
Balances in pounds sterling-				
Cash	23,050	-	42,582	-
Financial assets/liabilities held for trading	-	-	-	-
Demand deposit and financial assets at amortised cost	136,876	-	108,238	-
Financial liabilities at amortised cost	-	112,997	-	162,366
Other assets and liabilities	27,344	-	25,368	3
	187,270	**112,997**	**176,188**	**162,369**
Balances in Swiss francs-				
Cash	2,395	-	4,086	-
Demand deposit and financial assets at amortised cost	5,865	-	2,083	-
Financial liabilities at amortised cost	-	48,059	-	50,989
Other assets and liabilities	-	-	-	-
	8,260	**48,059**	**6,169**	**50,989**
Balances in Norwegian krone-				
Cash	32	-	1,403	-
Demand deposit and financial assets at amortised cost	1,424	-	1,388	-
Financial liabilities at amortised cost	-	12,232	-	20,160
	1,456	**12,232**	**2,791**	**20,160**
Balances in Swedish krone-				
Cash	53	-	1,182	-
Demand deposit and financial assets at amortised cost	1,393	-	5,090	-
Financial liabilities at amortised cost	-	22,488	-	22,899
Other assets and liabilities	-	-	-	-
	1,446	**22,488**	**6,272**	**22,899**
Balances in other currencies-				
Cash	5,262	-	8,329	-
Demand deposits and loans and receivables	53,447	-	62,161	-
Financial liabilities at amortised cost	-	41,851	-	106,877
Other assets and liabilities	-	-	-	-
	58.709	**41,851**	**70,490**	**106,877**
Total foreign currency balances	**1,081,890**	**2,967,431**	**1,241,192**	**3,583,953**

(*) Equivalent value calculated by applying the exchange rates at 31 December 2023 and 2022 respectively.

In addition to the currency positions recognised in the consolidated balance sheets at 31 December 2023 and 2022 shown in the preceding table, the Group recognised various currency derivatives and forward foreign currency contracts which are used to manage the exchange rate risk to which it is exposed and which should be considered together with the consolidated balance sheets positions for a correct understanding of the Group's exposure to such risks (see Note 23).

2.5.2. Translation of foreign currency balances

Translation of foreign currency to the functional currency: foreign currency transactions performed by Group companies are initially recognised in the financial statements at the equivalent value in their functional currencies, translated using the exchange rates prevailing at the transaction date. Subsequently, the following rules are applied:

- Monetary assets and liabilities are translated at the closing rate, which is taken to be the average spot exchange rate at the date of the financial statements.
- Non-monetary items measured at historical cost are translated to the functional currency at the exchange rate at the date of acquisition.
- Non-monetary items measured at fair value are translated to the functional currency at the exchange rate at the date when the fair value was determined.
- Incomes and expenses are translated at the exchange rate prevailing at the transaction date.

2.5.3. Exchange rates

The exchange rates used by the Group in translating the foreign currency balances to euros for the purpose of preparing the consolidated financial statements, taking into account the methods mentioned above, were those published by the European Central Bank.

2.5.4. Recognition of exchange differences

The exchange differences arising on the translation of foreign currency balances, in accordance with the aforementioned methods, to the Group 's functional currency are generally recognised at their net amount under "Exchange Differences, Net" in the consolidated income statement, except for exchange differences arising on financial instruments designated at fair value through profit or loss, which are recognised, without distinguishing them from other changes in the instruments' fair value, under "Gains or Losses on Financial Assets and Liabilities Recognised at fair value through Profit or loss, Net" in the consolidated income statement, according to the category in which the instruments are classified.

However, exchange differences arising on non-monetary items measured at fair value through equity are recognised, where appropriate, in equity under "Accumulated Other Comprehensive Income – Items that May Be Reclassified to Profit or Loss" in the consolidated balance sheet until they are realised. Exchange differences recognised in the Group's equity are taken to the consolidated income statement when realised.

2.6. Recognition of income and expenses

The most significant accounting criteria used by the Group to recognise its income and expenses are summarised as follows:

2.6.1. Interest income, interest expense, dividends and similar items

Interest income, interest expense and similar items are generally recognised on an accrual basis using the effective interest method. Dividends received from other companies, are recognised as income when the Group's right to receive them arises.

2.6.2. Commissions, fees and similar items

Fees and commission income and expenses that are not to be included in the calculation of the effective interest rate of transactions and/or are not included in the acquisition cost of financial assets or liabilities other than those classified as at fair value through profit or loss are recognised in the income statement using criteria that vary according to their nature. The main criteria are as follows:

- The ones relating to the acquisition of financial assets and liabilities measured at fair value through profit or loss are recognised in the income statement when collected or paid.

- Those arising from transactions or services that are performed over a period of time such as fee and commission income for securities depository services are recognised in the income statement over the life of these transactions or services.

- Those relating to a single act are recognised in the income statement when the single act is carried out.

2.6.3. Non-finance income and expenses

These are recognised for accounting purposes on an accrual basis.

2.7. Offsetting

Asset and liability balances are offset, i.e. reported in the balance sheet at their net amount, when, and only when, they arise from transactions in for which the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

In this regard, the presentation required by the applicable legislation in these consolidated financial statements in respect of the financial assets subject to measurement adjustments for decline in value or impairment, i.e. net of these adjustments, is not deemed to be “offsetting”.

2.8. Transfers and derecognition of financial assets and liabilities

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 Group transfers substantially all the risks and rewards of the transferred assets to third parties - unconditional sale of financial assets, sale of financial assets with a repurchase agreement at its fair value at the repurchase date, sale of financial assets with a purchased call option or written put option that is deeply out of the money, securitization of assets in which the transferor does not retain a subordinated debt or grant any credit enhancement to new holders and other similar cases, the transferred financial asset is derecognized and any rights or obligations retained or created in the transfer are recognized simultaneously.

- It is considered that the Group substantially transfers the risks and benefits if the risks and rewards transferred represent the majority of the total risks and rewards of the transferred assets.

- If the Group retains substantially all the risks and rewards associated with the transferred financial asset -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 a subordinated debt or another type of credit enhancement is retained that absorbs substantially all the credit losses on the securitized assets, and other similar cases-, the transferred financial asset 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, if the aforementioned requirements for classification of other financial liabilities at fair value through profit or loss are met, at fair value, in accordance with the aforementioned criteria for this type of financial liability (see Note 2.2.4).

- The income from the transferred financial asset 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 transferred financial asset -sale of financial assets with a purchased call option or written put option that is not deeply in or out of the money, securitization of financial assets in which the transferor retains a subordinated debt or another type of credit enhancement for a portion of the transferred asset, and other similar cases- the following distinction is made:

    - If the transferor does not retain control, the transferred financial asset is derecognized and any right or obligation retained or created in the transfer is recognized.

    - If the transferor retains control, it continues to recognize the transferred financial asset in 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 carrying amount of the transferred asset and the associated liability is the amortized cost of the rights and obligations retained, if the transferred asset is measured at amortized cost, or the fair value of the rights and obligations retained, if the transferred asset is measured at fair value.

Accordingly, financial assets are only derecognized when the cash flows they generate have been extinguished or when substantially all the significant inherent risks and rewards have been transferred to third parties.

Notes 27.2 and 27.4 contain a summary of the main circumstances of the principal transfers of assets outstanding at 2023 and 2022 year-end which did not lead to the derecognition of the related assets (securities lending transactions and repurchase agreements under non-optional repurchase agreements).

2.9. Impairment of financial assets

A financial asset is considered to be impaired -and therefore its carrying amount is adjusted to reflect the effect of impairment- when there is objective evidence that events have occurred which:

- In the case of debt instruments (loans and debt securities), give rise to an adverse impact on the future cash flows that were estimated at the transaction date.

- In the case of equity instruments, mean that their carrying amount may not be fully recovered.

As a general rule, the carrying amount of impaired financial instruments is adjusted with a charge to the consolidated income statement for the period in which the impairment becomes evident. Except for financial assets at fair value through other comprehensive income, which accounting will be recognised against "other comprehensive income". The reversal, if any, of previously recognised impairment losses is recognised in the consolidated income statement for the period in which the impairment is reversed or reduced to "accumulated other comprehensive income".

When the recovery of any recognised amount is considered unlikely, the amount is written off ("written-off asset"), without prejudice to any actions that the Group may initiate to seek collection until their contractual rights are extinguished due to expiry of the statute-of-limitations period, forgiveness or any other cause.

The criteria applied by the Group to determine possible impairment losses in each of the various financial instrument categories and the method used to recognise such impairment losses are as follows:

2.9.1. Debt instruments carried at amortised cost

The amount of an impairment loss incurred on a debt instrument carried at amortised cost is equal to the positive difference between its carrying amount and the all the cash flows at the effective original interest rate. The market value of quoted debt instruments is deemed to be a reliable estimate of the present value of their future cash flows.

The expected credit losses will be the weighted average of the credit losses, using as weights the respective risks of default events. The following distinction will be taken into account: i) Expected credit losses in the life of the operation: these are the expected credit losses resulting from all possible events of default during the entire expected life of the operation. ii) Expected credit losses in twelve months: they are the part of the credit losses expected during the life of the operation that corresponds to the expected credit losses resulting from the events of default that may occur in the operation in the following twelve from the reference date.

The hedging amount for impairment shall be calculated according to whether or not there has been a significant increase in the credit risk since initial recognition and whether or not default has occurred. Accordingly, impairment hedging shall be equal to:

- The expected twelve-month credit losses when the risk of default has not significantly increased since initial recognition.

- The lifetime expected credit losses if the risk of default has significantly increased since initial recognition.

- Expected credit losses when default has occurred.

Financial instruments are grouped into three categories based on the impairment method applied, in accordance with the following structure:

- Stage 1 – Normal risk: those transactions the credit risk of which has not significantly increased since initial recognition. Impairment hedging shall be equal to the twelve-month expected credit losses. Interest revenue shall be calculated applying the effective interest rate to the gross carrying amount of the transaction.

- Stage 2 – Normal risk under special surveillance: those transactions the credit risk of which has significantly increased since initial recognition, but without default. Impairment hedging shall be equal to the lifetime expected credit losses of the transaction. Interest revenue shall be calculated applying the effective interest rate to the gross carrying amount of the transaction.

- Stage 3 – Non-performing: credit-impaired transactions, i.e. there has been default. Hedging shall be equal to the expected credit losses. Interest revenue shall be calculated by applying the effective interest rate at amortised cost (i.e. adjusted for an impairment allowance) of the financial instrument.

The measurement of whether or not there has been any significant increase in credit risk must be based on reasonable and supportable information that is available free of charge or disproportionate effort, which shall indicate the credit risk increases since initial recognition and must reflect historical, actual and forward-looking information.

The definitions established to measure the significant credit risk are in keeping with the following criteria:

- Adverse changes in the financial situation, such as a significant increase in debt levels, as well as significant increases in debt service ratios.

- Significant falls in turnover or, in recurring cash flows.
- Significant narrowing of operating margins.
- Significant changes in the cost of credit risk, due to changes in this risk subsequent to initial recognition.
- A real or expected reduction of the internal or external credit rating of the operation or of the owner thereof.
- Adverse changes in the economy, in market conditions or worsening of the operation owner's financing terms.
- Business slowdown or unfavourable trends in the owner's operations, which may cause a significant change in their ability to meet their payment obligations.
- For operations with real guarantee, significant worsening of the relationship between the risk amount and the value of the guarantee.
- Significant increases in the credit risk of other operations of the same owner.

In any case, Stage 2 is considered with respect to instruments in which any of the following circumstances occur:

- Defaults of over 30 days.
- Financial instruments that are subject to special surveillance by the risk units because they show negative signs in their credit quality, although there is no objective evidence of impairment.
- Refinances or restructuring operations that do not show impairment evidence.

Measurement process for possible impairment losses

The measurement process for possible impairment losses for these instruments that involve the risk of insolvency for obligors (credit risk) is done:

Individually, for all debt instruments classified as doubtful risks and which are significant by exceeding a certain threshold or for which specific information from the borrower that allows carrying out its evaluation is available.

Collectively, for operations classified as normal risk, by applying the alternative solutions contained in Appendix 9 to Circular 4/2017, calculated on the bases of the parameters established by Bank of Spain based on sector information and its accrued experience.

The amount for impairment losses, estimated in accordance with the criteria set forth above, are registered in the headings “Impairment losses or reversals on financial assets not at fair value through profit or loss – Financial assets at amortised cost”.

2.9.2. Debt instruments classified as financial assets at fair value through other comprehensive income

The amount of the impairment losses on debt instruments included in the portfolio of financial assets at fair value through other comprehensive income is determined on the basis of the criteria described in section 2.9.1 above for debt instruments carried at amortised cost, and is recognised in “Other Comprehensive Income - Items that May Be Reclassified to Profit or Loss - Fair Value Changes of Debt Instruments Measured at Fair Value through Other Comprehensive Income”.

The amount of any impairment losses on equity instruments included in the portfolio of financial assets at fair value through other comprehensive income is the positive difference between their acquisition cost and their fair value less any impairment loss previously recognised in the consolidated income statement. Any impairment losses must be recognised under “Other Comprehensive Income - Items that Will not Be Reclassified to Profit or Loss - Fair Value Changes of Equity Instruments Measured at Fair Value through Other Comprehensive Income”.

2.10. Financial guarantees and provisions for financial guarantees

“Financial guarantees” are contracts whereby an entity undertakes to pay specific amounts on behalf of a third party if the latter fails to do so, irrespective of the form in which the obligation is instrumented: guarantee, financial guarantee, irrevocable documentary credit issued or confirmed by the Group, etc.

In accordance with EU-IFRS, financial guarantee contracts provided by the Group are treated as financial instruments.

Upon initial recognition, the Group recognises financial guarantees provided on the liability side of the consolidated balance sheet at fair value plus directly attributable transaction costs, which generally equals the amount of the premium received plus, where applicable, the present value of the fee and commission income, the present value of the fee and commission income receivable on these contracts over their term, with a balancing entry, on the asset side of the consolidated balance sheet, for the amount of fees and similar income collected at the inception of the transactions and receivables for the present value of the fees and commissions receivable. Subsequent to their initial recording, these contracts are valued on the liabilities 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 holder, instrumentation or other circumstances, are analysed periodically in order to determine the credit risk to which they are exposed and, where appropriate, to estimate the need to recognise a provision for them, which is determined by applying criteria similar to those established for quantifying impairment losses on debt instruments measured at amortised cost as explained in Note 2.9. above.

- The amount initially recognised for these instruments, less the amortisation of this amount which, in accordance with IFRS 15, is taken to the consolidated income statement on a straight-line basis over the term of these contracts.

Provisions made for these transactions are recorded under "Provisions - Commitments and guarantees given" on the liability side of the consolidated balance sheet (see Note 17). These provisions are recognised and reversed with a balancing entry under "Provisions or reversal of provisions" in the consolidated income statement.

In case of, as indicated above, a provision is required for these financial guarantees, the unearned commissions associated with these transactions, which are recognised under "Financial liabilities at amortised cost - Other financial liabilities" on the liability side of the consolidated balance sheet, are reclassified to the related provision.

2.11. Personnel Expenses

2.11.1. Short-term remuneration

Short-term employee remuneration consists of monetary and non-monetary remuneration such as wages, salaries and social security contributions earned in the year and paid or payable to employees in the twelve months following the end of the reporting period.

Short-term employee remuneration is generally recognised as staff costs in the income statement for the period in which the employees have rendered their services. It is measured at the undiscounted amount payable for the services received, and it is recognised while the employees render their services at the Group, as an accrued expense after deducting any amounts already paid.

2.11.2. Post-employment obligations

Under the Collective Agreement currently in force and some labour intern agreement, the Group is required to supplement the social security benefits accruing to its employees or their beneficiary right holders in the event of retirement, window(er)hood and death of its serving employees.

- The Group's post-employment obligations to its employees are deemed to be "defined contribution plans" when it makes pre-determined contributions to a separate entity and will have no legal or effective obligation to make further contributions if the separate entity cannot pay the employee benefits relating to the service rendered in the current and prior periods.

- Post-employment obligations that do not meet the aforementioned conditions are classified as "defined benefit plans".

To cover its pension commitments to employees, the Group promoted a pension plan called the Cecabank Employees' Pension Plan, under the Pension Plans and Funds Act and its implementing legislation.

The Management Company of the "Cecabank Employees' Pension Plan" is Caser Pensiones, Entidad Gestora de Fondos de Pensiones, S.A. This pension plan is attached to the Cecabank Employees' Pension Fund AD, Pension Fund and to the Cecabank Employees' Pension Fund PD, Pension Fund.

The Cecabank Employees Pension Plan includes three sub-plans:

- Sub-plan 1 is a defined benefit plan for all its contingencies and includes all beneficiaries under the defined benefit scheme who were born before 1 January 2019. All benefits are insured with an external insurance company whose policyholder is the Control Committee of the Cecabank Employees' Pension Plan.

  In 2010, the Control Committee of the CECA Employees' Pension Plan, pursuant to the obligations previously acquired, resolved to take out an insurance policy to cover the supplementary vested pension income payable to the beneficiaries of the pension plan of defined benefit. The policy is in line with the benefits payable to the group of beneficiaries of the pension plan in order to ensure these obligations are met.

- Sub-plan 2 is a defined contribution plan for the retirement contingency and includes employees who joined CECA after 30 May 1986 and up to 11 November 2012, as well as employees who joined Cecabank, S.A. after 12 November 2012. This subplan also includes participants who joined CECA prior to 30 May 1986 and who, in accordance with the provisions of the Labour Agreement of 27 January 2010, voluntarily opted to remain in Subplan 2.

  This subplan is a defined benefit plan for the contingencies of death and disability of active employees. These defined benefits are covered by an insurance policy taken out by the Cecabank Employees' Pension Plan Control Committee.

- Finally, subplan 3 covers all employees who joined CECA before 29 May 1986 and who, not being entitled to take advantage of the early retirement plan established in the collective labour agreement for specific matters dated 2 April 2001, voluntarily and irreversibly requested to be included in the plan.

  This subplan is a defined contribution plan for the contingency of retirement and a defined benefit plan for the contingencies of death and disability of active personnel. These defined benefits are insured through an insurance policy taken out by the Control Committee of the Cecabank Employees' Pension Plan.

In 2019, the Group and all labour representatives reached a labour agreement that led to significant changes in the regulation of the Cecabank Employees' Pension Plan. Following the signing of this labour agreement, the system of death and disability benefits was changed, which are no longer linked to the pension recognised by the Social Security and are now linked to the salary of each participant.

Likewise, subplan 1 was closed to the group of pensioners existing at 31 December 2018, and active members remaining in defined benefit subplan 1 were transferred to subplan 3.

Finally, as regards the contributions for the defined contribution retirement contingency, these are improved, at least until 2025 for subplan 2, thanks to a labour agreement signed on 6 August 2021.

In addition, the Group has taken out various insurance policies suitable for externalising pension commitments, whether or not supplementary to the Cecabank Employees' Pension Plan.

The accompanying Note 35 provides additional information on these commitments, relating to reconciliations, sensitivities and other information required by the regulations applicable to the Group.

As at 31 December 2023, the total amount of the Group's accrued unearned pension commitments and accrued pension commitments amounted to EUR 112,606 thousand (31 December 2022: EUR 110,533 thousand), which are hedged with the external pension fund whose fair value as at 31 December 2023 amounts to EUR 107,970 thousand (31 December 2022: EUR 116,896 thousand), and the Group has therefore recognised EUR 4,634 thousand and EUR 6,363 thousand, respectively, under "Other assets - Rest of Other assets" in the accompanying consolidated balance sheets at 31 December 2023 and 2022 (see Notes 15.1 and 35).

Recognition of defined benefit post-employment obligations

The accounting treatment of the defined benefit obligations is as follows:

a) The legal obligations assumed by the Group are taken into consideration according to the formal terms and conditions of the plans.

b) The present value of the legal obligations is calculated at the reporting date by a qualified actuary, together with the fair value estimates of the plan assets.

c) The fair value of the plan assets, which, pursuant to the requirements established in the applicable legislation, meet this definition at the reporting date, is deducted from the present value of the obligations.

d) If the figure obtained in c) above is positive, it is recognised as a provision for defined benefit pension funds.

e) If the figure obtained in c) above is negative, it is recognised as "Other assets-Rest of other assets". The Group measures, where appropriate, the recognised asset at the lower of the following two values:

   i. The figure obtained in c) above, in absolute terms.

   ii. The present value of the cash flows available to the Group, in the form of plan redemptions or reductions in future contributions to the plan.

f) Any changes in the recognised provision are recognised when they occur in line with d) above (or, where appropriate, the asset according to c) above) as follows:

   i. In the consolidated income statement: the cost of the services rendered by the employees, those referring to both the year in question and prior years not recognised in those years, the net interest on the provision, and the gain or loss arising upon settlement. When these amounts are to form part of the cost of an asset pursuant to applicable legislation, these amounts are recognised additionally as "other operating income".

ii. In the statement of changes in equity: the new measurements of the provision as a result of the actuarial gains and losses, of the return on any plan assets not included in the net interest on the provision, and changes in the present value of the asset as a result of the changes in the present of the cash flows available to the entity, which are not included in the net interest on the provision. The amounts recognised in the statement of changes in equity should not be reclassified to the income statement in a future year.

As regards the preceding paragraph, it should be noted that due to application of the regulatory changes in the legislation applicable to the Group contained in Bank of Spain Circular 5/2013, since 2013, the actuarial gains and losses arising on the measurement of the defined benefit pension obligations have been recognised by the Group in the period in which they arise with a charge or credit, as applicable, to "Accumulated Other Comprehensive Income – Items that Will Not Be Reclassified to Profit or Loss" in the accompanying consolidated balance sheets.

The defined contribution obligations are generally recognised at the amount of the contributions made by the Group in the year in exchange for the services rendered by employees in the same period and are recognised as an expense for the year. In 2023 the portion of the accrued expense for the contributions to the external pension fund relating to defined contribution obligations amounted to EUR 468 thousand (2022: EUR 594 thousand), and this amount was recognised under "Administrative Expenses - Staff Costs" in the consolidated income statement (see Note 35).

There are no active recipients of the defined benefits at the end of 2023 since they were moved to defined contributions (Subplan 3) on 31 December 2018.

Furthermore, contributions to the pension plan in excess of the current legal and tax ceilings are covered by two insurance policies taken out with Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros, S.A. ("Caser") and no premium accrued or was paid in 2023 and 2022.

Additionally, the premiums on these policies and on other insurance policies covering pension obligations and other obligations to employees totalled EUR 243 thousand in 2023 (2022: EUR 263 thousand), and this amount was recognised under "Administrative Expenses - Staff Costs" in the consolidated income statement (see Note 35).

2.11.3. Other long-term benefits

2.11.3.1. Early retirements

Through several agreements entered into in previous years by the Group and CECA (to which the bank was subrogated by virtue of the spin-off of Bank's activity as indicated in Note 1.1 above) and the Workplace Trade Union Branch and the representatives of the Works Council, various pre-retirement offers were made to the employees. The following paragraphs contain a summary of the main features of these agreements:

Pre-retirement agreements in 2012

25 June 2012, an agreement was entered into between the entity, the Workplace Trade Union Branch and the representatives of the Works Council, under which a Pre-Retirement Plan was established for all employees who at 31 December 2012 were at least 53 years of age and had been in the entity's employ for at least ten years. The general registration period for employees wishing to participate in this plan ended on 20 July 2012. This agreement also includes other measures such as termination benefits for the group of employees not included in the pre-retirement plans mentioned above (for which the deadline for participating was 30 September 2012), unpaid leave and reduced working hours (the deadline for participating was 30 October 2012).

Commitments under this plan have ended on 31 March 2023.

Pre-retirement agreements in 2013

On 29 October 2013, another agreement was entered into between the Group, the Workplace Trade Union Branch and the representatives of the Works Council, to extend the agreement entered into on 25 June 2012 for a maximum of 129 employees who at 31 December 2013 were at least 50 years of age and had been in the entity's employ for at least ten years. The general registration period for employees wishing to participate in this plan ended on 12 November 2013. 54 employees availed themselves of this offer. The pre-retirements are taking effect between 1 December 2013 and 31 March 2014. The period of pre-retirement begins on the date of termination of the employment contract and ends on the date on which the employee reaches 63 years of age, with a limit of nine years from the pre-retirement date, whichever occurs first.

The amount receivable by the employee during pre-retirement is equal to 75% of his/her annual gross fixed remuneration while in employment, with a maximum annual benefit limit of EUR 150,000 and a minimum annual limit of EUR 27,119. At the discretion of the pre-retired employee, this benefit may be received either in a single lump sum payment or in 14 monthly payments up until the age established in the Agreement. In addition, regardless of the chosen form of payment, the employees who avail themselves of this offer are entitled to receive a gross incentive of EUR 16,000 in a single payment. Also, any employees who would have been paid a 25-year service bonus had they remained in the entity's employ until 31 March 2014 continue to be entitled to receive this bonus.

For the participants of pension sub-plans two and three integrated in ‘Cecabank employees Pensions plan, the Group will continue to make contributions to the employee pension plan and the policies provided for in the insurance protocol relating to this plan, where appropriate, solely for retirement cover. The amount of this contribution will be the same as that made in the year immediately prior to the pre-retirement and will be made until the employee reaches 63 years of age, with a limit of nine years from the pre-retirement date, whichever occurs first. In particular, the participants of sub-plan three will continue to be entitled to the contributions provided for in the Caser policy, for past service, until the age of 65. In the case of the employees who are participants in defined benefit sub- plan one, for retirement cover, the Group will continue to make the contributions required to maintain coverage of the retirement benefit established by the Group until the date on which pre- retirement benefits cease to be paid, and the benefits received in the twelve months prior to retirement. Alternatively, participants in sub-plan one who take pre-retirement pursuant to the pre- retirement plan may transfer their consolidated rights in the plan at the pre-retirement date to sub- plan three and convert the benefit regime into a defined contribution regime. For these participants, contributions are not payable to the Caser policy provided for in the insurance protocol of the group's Employees’ Pension Plan.

Social Security Special Agreement payments are payable by the employees, although the Group will pay these amounts into the employees' salary until they meet the established age requirements and limits. The Special Agreement will be entered into at the employees' maximum contribution rate on the date immediately preceding the retirement date, with a maximum limit of the contribution base that would have been applicable to the employees had they remained in the bank's employ.

Pre-retirement agreements in 2015

On 18 December 2015, the Board of Directors of the Cecabank approved a formal pre-retirement plan for certain employees of the bank who met certain requirements, and this fact was communicated to all the employees on 23 December 2015 by the Works Council.

This plan was formalised in a collective agreement signed in 2016 between the bank, the Workplace Trade Union Branch and the representatives of the Works Council, using as a basis the pre-retirement plan of 29 October 2013, which established a three-year period (2016-2018) for pre-retirements to take place. Employees aged 56 or over prior to 31 December 2018 with at least ten years' service at the date of departure from the group can avail themselves of the plan.

The amount receivable by the employee during pre-retirement is equal to 75% of his/her annual gross fixed remuneration while in employment, with a maximum annual benefit limit of EUR 150,000 and a minimum annual limit of EUR 27,119. At the discretion of the pre-retired employee, this benefit may be received either in a single lump sum payment or in 14 monthly payments up until the age established in the Agreement.

With regard to the accounting criteria applied to these aforementioned pre-retirement obligations, it should be noted that they are the same as those explained in Note 2.11.2 for the defined benefit post-employment obligations, except for the fact that the actuarial gains and losses are recognised directly in the Group's consolidated income statement in the year in which they are disclosed.

The obligations in respect of future salaries, future social security costs and study aids relating to early retirees corresponding to commitments given in the preceding paragraphs as well as the obligations for future contributions to the Pension Plan (all of which were considered as defined benefit obligations) were covered by an internal provision amounting to EUR 26,276 thousand (EUR 33,569 thousand at 31 December 2022), which was recognised under “Provisions - Other long-term employee benefits” in the consolidated balance sheet (see Notes 16 and 35) and related to early retirement obligations incurred as a result of the aforementioned Agreement dated 7 April 2011, 25 June 2012, 29 October 2013 and 18 December 2015. At 31 December 2023 and 2022 this provision covered the full amount of the Group's early retirement obligations at those dates.

Note 35 to these notes to the financial statements includes additional information relating to these obligations.

2.11.3.2. Death and disability

The commitments assumed by the Group for death or disability of current employees for the period they remain active are included in the benefits covered by the Cecabank Employee Pension Plan, in accordance with its rules and they are fully covered by a policy obtained by the Control Committee of the Pension Plan from an insurance company.

2.11.3.3. Long-service bonuses

The Group has undertaken to pay a bonus to employees reaching 25 years of service at the Group.

The amount paid in this connection at 2023 year-end was approximately EUR 60 thousand (2022 year- end: EUR 66 thousand) and is recognised under “Administrative Expenses - Staff Costs” in the accompanying consolidated income statement.

2.11.4. Termination benefits

Any termination benefits are recognised as a staff cost only when the Entity is demonstrably committed to terminating the employment relationship with an employee or group of employees.

The termination benefit expense charged to profit or loss in 2023, amounting to EUR 4,309 thousand, is recognised under “Administrative Expenses - Staff Costs” in the consolidated income statement (see Note 35). At 31 December 2022, EUR 672 thousand expenses were recognised in this connection.

On August 6, 2021, the Group and the majority of the Bank's labor representation reached an agreement on collective dismissal by means of which Cecabank could terminate up to a total of 85 employment contracts.

Mentioned labor agreement contemplated voluntary adherence to the collective dismissal process, establishing the prevalence of greater seniority as a criterion for admission to the process in the event of over-demand.

In accordance with the membership requests made, the Group will extinguish 85 jobs through a system of early retirement in which the Bank assumes the payment of severance pay, as well as the cost of the special agreement with social security up to 63 years of age or a maximum of 7 years duration.

In turn, the Group will make a contribution to the employment pension plan and a retirement premium at the time the early retirement period ends, as long as the member has not been a recipient of the non-contributory unemployment subsidy.

The Group has not made provisions during 2023 to meet these commitments and the provision made in 2022 amounted to a total of 535 thousand euros. In this sense, it is worth mentioning that at the end of the 2023 financial year, all the exits established in said labor agreement regarding collective dismissal have already materialized, with all of the commitments assumed being met.

Also, the Group has agreements with some of its executives and/or directors to pay them certain benefits in the event that they are terminated without just cause. The amount of the benefit, which in any case would not have a material effect on the Group, would be charged to the consolidated income statement when the decision to terminate the employment of the executive or director was made.

Under current legislation, the Group is required to pay termination benefits to employees terminated under certain conditions. Therefore, termination benefits that can be reasonably quantified are recognised as an expense in the year in which the decision to terminate the employment relationship is taken.

2.11.5. Loans to employees

Pursuant to the Collective Bargaining Agreement in force and the additional agreements entered into with the Group's employees in 2021, employees may apply to the Bank for mortgage loans, for which a mortgage guarantee is required, for periods of up to 40 years and at a variable interest rate which shall remain fixed during each half-year and which may not be extended beyond the applicant's 70th birthday.

Employees, in accordance with the applicable sectoral Collective Bargaining Agreement and collective agreements negotiated with the Group in implementation thereof, may request Social Advances, in specific cases, apply for interest free advances and other “welfare” loans or loans for the expansion of their residence, with a repayment period of 10 and 15 years, respectively, at the 12-month Euribor interest rate.

In the event of exceptional circumstances requiring an employee of the Group to apply for a type of loan that does not fully or partially comply with the regulations stipulated in the industry collective labour agreement, or its implementing regulations, the employee may apply for the loan indicating the exceptional circumstances.

These loans are recognised at amortised cost under “Financial assets at amortised cost - Loans and Advances to Customers” in the consolidated balance sheet.

2.12. Income tax

The income tax expense is recognised in the consolidated income statement, except when it results from a transaction recognised directly in the equity, in which case the income tax is also recognised in the Group’s equity.

The current income tax expense is calculated as the tax payable with respect to the taxable profit for the year, adjusted by the amount of the changes in the year in the assets and liabilities (deferred taxes) recognised as a result of temporary differences and tax credit and tax loss carry forwards (see Note 20).

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 expected to reverse in the future. 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 tax authorities. A deductible temporary difference is one that will generate a right for the Group to a refund or a reduction in its tax charge in the future.

Tax credit and tax loss carry forwards are amounts that, after performance of the activity or obtainment of the profit or loss giving entitlement to them, are not used for tax purposes in 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 balance sheet date. Deferred tax assets and liabilities are the taxes that are expected to be recoverable from or payable to the related tax authorities in over 12 months from the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences. However, deferred tax liabilities arising from the initial recognition of goodwill are not recognised.

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

- If it is considered probable that the Group will obtain sufficient future taxable profit against which the deferred tax assets can be utilised; or they are deferred tax assets that the Group might in the future have the right to convert into credits receivable from the tax authorities pursuant to Article 130 of Spanish Income Tax Law 27/2014, of 27 November (called “monetizable tax assets”); and

- In the case of any deferred tax assets arising from tax loss carryforwards, the tax losses result from identifiable causes which are unlikely to recur.

No deferred tax assets or liabilities are recognised if they arise from the initial recognition of an asset or liability, not arising from a business combination and that at the time of recognition affects neither accounting profit nor taxable profit.

The deferred tax assets and liabilities recognised are reassessed at each balance sheet date in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

The Group files consolidated tax returns pursuant to Chapter VI of Title VII of Spanish Income Tax Law 27/2014, of 27 November, as part of tax group 0508/12, the parent of which is CECA. For each entity that files consolidated tax returns, the Group Confederación Española de Cajas de Ahorro recognises the income tax expense that the entity would have had to pay if it had filed an individual tax return, adjusted for the tax losses generated by each entity from which other Group entities benefit, taking into consideration the consolidated tax adjustments to be made.

2.13. Property, plant and equipment

2.13.1. Property, plant and equipment for own use

Property, plant and equipment for own use includes the assets that are held by the Group for present or future administrative purposes other than those of community projects, or for the production or supply of goods and services and which are expected to be used for more than one year. Property, plant and equipment for own use is stated in the consolidated balance sheet at cost less:

- The related accumulated depreciation, and

- Any estimated impairment losses (net carrying amount higher than recoverable amount).

Depreciation is calculated by the straight-line method on the basis of the acquisition cost of the assets less their residual value. The land on which the buildings and other structures stand has an indefinite life and, therefore, is not depreciated.

The annual provisions of tangible asset depreciation charge is recognised under “Amortisation” in the consolidated income statement and is calculated basically using the following depreciation rates (based on the average years of estimated useful life of the various assets):

	Annual rate
Property	2% to 4%
Furniture and office equipment	10% to 15%
Computer hardware	15% to 25%
Fixtures	8% to 12%
Transport equipment	16%

The Group assesses at the reporting date whether there is any internal or external indication that an asset may be impaired (i.e. its carrying amount exceeds its recoverable amount). If this is the case, the carrying amount of the asset is reduced to its recoverable amount and future depreciation charges are adjusted in proportion to the revised carrying amount and to the new remaining useful life (if the useful life must be re-estimated). When necessary, the carrying amount of property, plant and equipment for own use is reduced with a charge to “Impairment or Reversal of Impairment on Non-Financial Assets” in the consolidated income statement.

Similarly, if there is an indication of a recovery in the value of a previously impaired tangible asset, the Group recognises the reversal of the impairment loss recognised in prior periods with the related credit to “Impairment or Reversal of Impairment on Non-Financial Assets” in the consolidated income statement and adjusts the future depreciation charges accordingly. In no circumstances may the reversal of an impairment loss on an asset raise its carrying amount above that which it would have if no impairment losses had been recognised in prior years.

The estimated useful lives of the items of property, plant and equipment 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 depreciation charge to be recognised in the consolidated income statement in future years on the basis of the new useful lives.

Upkeep and maintenance expenses relating to property, plant and equipment for own use are recognised as an expense under “Administrative Expenses – Other General Administrative Expenses” in the consolidated income statement in the year in which they are incurred.

Assets for own use that are no longer intended for such use and for which there is a sale plan by the Management, which is estimated to be carried out within a maximum period of one year, are classified as non-current assets held for sale and are valued according to the criteria indicated in Note 2.16.

2.13.2. Investment property

“Property, plant and equipment - Investment Property” in the consolidated balance sheet reflects the net values of the land, buildings and other structures held either to earn rentals or for capital appreciation.

The criteria used to recognise the acquisition cost of investment property, to calculate its depreciation and its estimated useful life and to recognise any impairment losses thereon are consistent with those described in relation to property, plant and equipment for own use (see Note 2.13.1).

2.14. Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance which arise as a result of a legal transaction or which are developed internally by the Bank. Only intangible assets whose cost can be estimated reasonably objectively and from which the Group considers it probable that future economic benefits will be generated are recognised.

Intangible assets are recognised initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses.

The annual intangible asset amortisation charge is recognised under “Amortisation” in the income statement.

2.14.1. Other intangible assets

Intangible assets other than goodwill are recognised in the consolidated balance sheet at acquisition or production cost, less the related accumulated amortisation and any accumulated impairment losses.

"Intangible Assets - Other Intangible Assets" includes, primarily, the acquisition cost, net of accumulated amortisation and when applicable impairment.

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives, which range from three to ten years for computer software, depending on the asset concerned.

For their part, the management rights of the depository business recognised as intangible assets are amortised over the term of the contracts in which they are acquired, using the straight-line method or a diminishing balance method, depending on the estimated revenue associated with these contracts over time.

The Group assesses at the reporting date whether there is any internal or external indication that an intangible asset may be impaired (i.e. its carrying amount exceeds its recoverable amount). If this is the case, the carrying amount of the asset is reduced to its recoverable amount and future amortisation charges are adjusted in proportion to the revised carrying amount and to the new remaining useful life (if the useful life has to be re-estimated). This reduction of the carrying amount of intangible assets is recognised, if necessary, with a charge to “Impairment or Reversal of Impairment on Non-Financial Assets” in the consolidated income statement. The criteria used to recognise the impairment losses on these assets and, where applicable, the reversal of impairment losses recognised in prior years are similar to those used for property, plant and equipment for own use (see Note 2.13.1).

2.15. Provisions and contingent liabilities

The Group’s financial statements include all the material provisions, if any, required to cover certain risks to which the Group is exposed as a result of its business activity, and which are certain as to their nature but uncertain as to their amount and/or timing. Contingent liabilities are not recognised in the financial statements, but rather are disclosed, if there.

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are reviewed its case and adjusted at the end of each year, are used to cater for the specific obligations for which they were originally recognised. Provisions are fully or partially reversed when such obligations cease to exist or are reduced.

The provisions considered necessary pursuant to the foregoing criteria and their eventual reversal, should the reasons for their recognition disappear, are recognised with a charge or credit, respectively, to “Provisions or reversal of provisions” in the consolidated income statement.

2.15.1. Litigation and/ or claims in process

At the end of 2023 certain litigation and claims were in process against the Group arising from the ordinary course of its operations. The Group's legal advisers and directors consider that the outcome of the litigation and claims will not have a material effect on the financial statements for the years in which they are settled.

2.16. Non-current assets and Disposal Groups Classified as Held for Sale

"Non-Current Assets Held for Sale and Disposal Groups Classified as Held for Sale" in the consolidated balance sheet includes the carrying amount of items - individual items, disposal groups or items forming part of a business unit earmarked for disposal ("discontinued operations") - which, because of their nature, are estimated to have a realisation or recovery period exceeding one year, but are earmarked for disposal by the Group and whose sale in their present condition is highly probable to be completed within one year from the date of the financial statements.

Investments in associates or joint ventures that meet the requirements set forth in the foregoing paragraph are also considered to be non-current assets held for sale.

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

Specifically, property or other non-current assets received by the Group as total or partial settlement of its debtors' payment obligations to it are deemed to be non-current assets held for sale, unless the Group has decided use them and classify them as investment property (see Note 2.13.2).

In general, non-current assets held for sale and disposal groups classified as held for sale are measured at the lower of their carrying amount calculated as at the classification date and their fair value less net estimated costs to sell. Tangible and intangible assets that are depreciable and amortisable by nature are not depreciated or amortised during the time they remain classified in this category.

If the carrying amount of the assets exceeds their fair value less costs to sell, the Group adjusts the carrying amount of the assets by the amount of the excess with a charge to "Gains/(Losses) on Non- Current Assets Held for Sale not Classified as Discontinued Operations" in the consolidated income statement. If the fair value of such assets subsequently increases, the Group reverses the losses previously recognised and increases the carrying amount of the assets without exceeding the carrying amount prior to the impairment, with a credit to "Gains/(Losses) on Non-Current Assets Held for Sale not Classified as Discontinued Operations" in the consolidated income statement.

The gains or losses arising on the sale of non-current assets held for sale are presented under "Profit or Loss from Non-Current Assets and Disposal Groups Classified as Held for Sale Not Qualifying as Discontinued Operations" in the consolidated income statement.

Despite the foregoing, financial assets, assets arising from remuneration to employees and any deferred tax assets that are part of a disposal group or of a discontinued operation are not measured as described in the preceding paragraphs, but rather in accordance with the accounting policies and rules applicable to these items, which were explained in previous sections of Note 2.

2.17. Consolidated cash flow statements

The following terms are used in the consolidated cash flow statements with the meanings specified:

- 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.

- Operating activities: the principal revenue-producing activities of credit institutions and other activities that are not investing or financing activities. Operating activities also include interest paid on any financing received, even if this financing is considered to be financing activity. Activities performed with the various financial instrument categories detailed in Note 2.2.4 above are classified, for the purpose of this statement, as operating activities.

- Investing activities: the acquisition, sale or disposal by other means of long-term assets and other investments not included in cash and cash equivalents, such as Property, plant and equipment, intangible assets, investments, non-current assets held for sale and associated liabilities, equity instruments classified as financial assets at fair value through other comprehensive income which are strategic investments if any.

- Financing activities: includes the cash flows from activities that result in changes in the size and composition of the equity and liabilities that are not operating activities.

For cash flow statement preparation purposes, the balance of "Cash, Cash Balances at Central Banks and other demand deposits" on the asset side of the consolidated balance sheet, disregarding any impairment losses, was considered to be "cash and cash equivalents".

2.18. Consolidated statement of changes in equity

The consolidated statement of changes in equity presented in these financial statements shows the consolidated total changes therein in equity during the year. This information is disclosed to turn in two statements: the consolidated statement of comprehensive income and the consolidated statement of changes in equity. The following explains the main features of the information contained in both parts of the statement:

2.18.1. Consolidated statement of recognised income and expense

The consolidated statement of recognised income and expense presents the income and expenses generated by the Group as a result of its business activity in the year, and a distinction is made between the income and expenses recognised in the consolidated income statement for the year and the other income and expenses recognised, in accordance with current regulations, directly in equity, making a distinction among the latter, in turn, between items that may be reclassified to the income statement, pursuant to applicable legislation, and those that may not.

Accordingly, this statement presents:

a) Profit for the year.

b) The net amount of income and expense recognised that will not be reclassified into income.

c) The net amount of income and expenses recognised that can be reclassified into income.

d) The total of income and expense recognised, calculated as the sum of (a+b+c).

Changes in income and expenses recognised in equity as items that can be reclassified to income are broken down as follows:

a. Measurement gains or losses taken to equity: includes the amount of the income, net of the expenses incurred in the year, recognised directly in equity. The amounts recognised in equity in the year remain under this item, even if in the same year they are transferred to the consolidated income statement or to the initial carrying amount of assets or liabilities or are reclassified to another line item.

b. Amounts transferred to the income statement: includes the amount of the restatement gains and losses previously recognised in equity, albeit in the same year, which are recognised in the consolidated income statement.

c. Amount transferred to the initial carrying amount of hedged items: includes the amount of the restatement gains and losses previously recognised in equity, albeit in the same year, which are recognised in the initial carrying amount of the assets or liabilities as a result of cash flow hedges.

d. Other reclassifications: includes the amount of the transfers made in the year between measurement adjustment items in accordance with current regulations.

The amounts of these items are presented gross, and the corresponding income tax is included in a separate line item both at the end of the items that may be reclassified to profit or loss and at the end of those that will not.

2.18.2. Consolidated statement of changes in total equity

The consolidated statement of changes in total equity presents all the changes in equity, including those arising from changes in accounting policies and from the correction of errors. Accordingly, this statement presents a reconciliation of the carrying amount at the beginning and end of the year of all the equity items, and the changes in the year are grouped together on the basis of their nature into the following items:

a) Effects of corrections of errors and changes in accounting policies: this category includes the adjustments to equity arising as a result of the retrospective restatement of the financial statements, making a distinction between the adjustments that relate to changes in accounting policies and those relating to corrections of errors.

b) Total comprehensive income for the year: this category includes the amount of the line item with the same name in the statement of recognised income and expense relating to the same date.

c) Other changes in equity: includes the changes recognised directly in equity relating to increases and reductions in capital or other equity instruments (including the expenses incurred in such transactions), the distribution of dividends or shareholder remuneration, the reclassification of financial instruments from equity to liabilities or vice-versa, transfers among equity items which, due to their nature, were not included in other line items, increases or decreases in equity resulting from business combinations, share-based payments, and any other increase or decrease in equity that cannot be included in the aforementioned categories.

3. Cecabank, S.A.

Cecabank is the parent of the Group. Its separate financial statements are prepared by applying the accounting principles and rules included in Bank of Spain Circular 4/2017, of 27 November, to credit institutions, on public and confidential financial reporting rules and formats and subsequent amendments.

The financial statements of the Bank, the head of the group for 2023 and 2022, for informative purpose, are as follows:

Balances:

Thousand euros

ASSETS	2023	2022
Cash, cash balances at central banks and other demand deposits	**7,197,856**	**7,853,926**
Financial assets held for trading	**1,207,618**	**857,046**
Derivatives	401,078	447,469
Equity instruments	221,158	102,253
Debt securities	585,382	307,324
Memorandum item: loanedor advanced as collateral with right to sell or pledge	179,149	104,631
Non-trading financial assets mandatorily at fair value through profit or loss	**20,477**	**14,939**
Equity instruments	5,636	5,804
Debt securities	12,370	9,135
Loans and advances	2,471	-
Memorandum item: loanedor advanced as collateral with right to sell or pledge	-	-
Financial assets designated at fair value through profit or loss	**-**	**-**
Financial assets at fair value through other comprehensive income	**2,284,120**	**2,339,005**
Equity instruments	2,594	2,733
Debt securities	2,281,526	2,336,272
Loans and advances	-	-
Memorandum item: lent or delivered as guarantee with a right of sale or pledged	379,980	1,414,785
Financial Assets at amortised cost	**3,319,987**	**2,542,129**
Debt securities	306,817	307,273
Loans and advances	3,013,170	2,234,856
Central banks	8,091	1
Credit institutions	2,151,370	1,352,991
Customers	853,709	881,864
Memorandum item: lent or delivered as guarantee with a right of sale or pledged	96,743	286,089
Derivatives - hedge accouting	**83,304**	**196,441**
Fair value changes of hedged items in portfolio hedge of interest rate risk hedge of interest rate risk	**-**	**-**
Investment in subsidiaries, joint ventures and associates	**312**	**312**
Subsidiaries	312	312
Joint Ventures	-	-
Associates	-	-
Tangible assets	**63,429**	**53,843**
Property, plant and equipment	54,626	44,793
For own use	54,626	44,793
Investment property	8,803	9,050
Of which: assigned in operating lease	-	-
Memorandum item: acquired in finance lease	944	1,303
Intangible assets	**323,966**	**401,117**
Goodwill	-	-
Other intangible assets	323,966	401,117
Tax assets	**62,899**	**86,960**
Current tax assets	756	368
Deferred tax assets	62,143	86,592
Other assets	**62,888**	**67,306**
Contratos de seguros vinculados a pensiones	-	-
Existencias	-	-
Remainder of other assets	62,888	67,306
Non-current assets and disposable groups of items classified as held for sale	**623**	**623**
TOTAL ASSETS	14,627,479	14,413,647

LIABILITIES AND EQUITY	2023	2022
LIABILITIES		
Financial liabilities held for trading	**629,948**	**616,748**
Derivatives	427,672	482,354
Short positions	202,276	134,394
LIABILITIES AND EQUITY	-	-
Deposits	-	-
Debt securities issued	-	-
Other financial liabilities	-	-
Financial liabilities designated at fair value through profit or loss	-	-
Financial liabilities at amortised cost	**12,484,870**	**12,447,027**
Deposits	12,266,793	12,071,335
Central Banks	-	3,843
Credit Institutions	1,589,091	1,517,129
Customers	10,677,702	10,550,363
Other financial liabilities	218,077	375,692
Derivatives - hedge accounting	**57,648**	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-
Provisions	**71,251**	**71,813**
Other remuneration to long-term employees obligations	30,912	33,569
Pending legal issues and tax litigations	7,160	6,719
Commitments and guarantees given	298	413
Other provisions	32,881	31,112
Tax liabilities	**15,144**	**17,983**
Current liabilities	4,925	7,025
Deferred tax liabilities	10,219	10,958
Other liabilities	**79,465**	**70,876**
Liabilities included in disposal groups classified as held for sale	-	-
TOTAL LIABILITIES	**13,338,326**	**13,224,447**

LIABILITIES AND EQUITY	2023	2022
Shareholders' equity	**1,311,131**	**1,251,989**
Share capital	**112,257**	**112,257**
Paid up capital	112,257	112,257
Called-up share capital not paid	-	-
Pro memoria: uncalled share capital	-	-
Share premium	615,493	615,493
Equity instruments issued other than capital	-	-
Other components of equity	-	-
Retained earnings	495,538	443,965
Revaluation reserves	-	-
Other reserves	14,894	14,894
(-) Treasury shares.	-	-
Profit for the year	72,949	65,380
(-) Dividends on account	-	-
Revaluation reserves	-	-
Accumulated other comprehensive income	**(21,978)**	**(62,789)**
Items that will not be reclassified to profit or loss	**3,820**	**11,555**
Actuarial gains or losses on defined benefit pensions plans	2,479	10,126
Non-current assets and disposal groups classified as held for sale.	-	-
Changes of fair value of equity instruments measured at fair value through other comprehensive income	1,341	1,429
Ineffectiveness of fair value hedges of equity instruments measured at fair value with changes in other comprehensive income.	-	-
Changes in fair value of financial liabilities at fair value through profit or loss attributable to changes in credit risk	-	-
Items that may be not reclassified to profit or loss	(25,798)	(74,344)
Net investment hedge in foreign businesses	-	-
Currency translation	-	-
Hedging derivatives. Cash flow hedge reserve	-	-
Changes of fair value of debt instruments measured at fair value through other comprehensive income	(25,798)	(74,344)
Hedging instruments	-	-
Non-current assets and disposal groups classified as held for sale	-	-
TOTAL EQUITY	**1,289,153**	**1,189,200**
TOTAL LIABILITIES AND EQUITY	**14,627,479**	**14,413,647**
MEMORANDUM ITEM		
Commitments from loans granted	**673,248**	**503,859**
Financial guarantees granted	**-**	**-**
Other obligations granted	**66,612**	**174,353**

Income Statements (thousand euros):

	2023	2022
Interest income	**460,790**	**143,914**
Financial assets at fair value through other comprehensive income	48,919	31,165
Financial assets at amortised cost	87,603	21,162
Other interest income	324,268	91,587
Interest expenses	**(408,195)**	**(140,413)**
NET INTEREST INCOME	**52,595**	**3,501**
Dividend income	7,141	4,915
Fee and commission income	225,328	226,641
Fee and commission expenses	(36,925)	(35,097)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	(62,647)	(26,110)
Financial assets at amortised cost	1	2
Financial liabilities at amortised cost	-	-
Other financial assets and liabilities	(62,648)	(26,112)
Gains or losses on financial assets and liabilities held for trade, net	75,704	35,032
Other gains or losses	75,704	35,032
Gain or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	11	(687)
Other gains or losses	11	(687)
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net	-	-
Gains or losses from hedge accounting, net	(760)	3,081
Exchange differences, net	49,352	62,036
Other operating income	48,700	48,260
Other operating expenses	(11,393)	(9,818)
GROSS INCOME	**347,106**	**311,754**
Administrative expenses	**(148,995)**	**(136,056)**
Staff costs	(54,331)	(48,301)
Other administrative expenses	(94,664)	(87,755)
Amortisation	(92,501)	(87,444)
Provisions and reversal of provisions	(2,119)	4,759
Impairment or reversal of impairment and gains or losses due to changes in cash flows of financial assets not measured at fair value through profit or loss or net gains or losses (-) due to changes	**(686)**	**(857)**
Financial assets at fair value through other comprehensive income	(331)	(738)
Financial Assets at amortised cost	(355)	(119)
Impairment loss or reversal of impairment loss of investments in subsidiaries, joint ventures or associates	-	-
Impairment loss or reversal of impairment loss of non-financial assets	-	-
Tangible assets	-	-
Intangible assets	-	-
Others	-	-
Gains or losses on derecognition of non-financial assets and investments, net	**(17)**	**(13)**
Negative goodwill recognised in profit or loss	-	-
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	-	-
PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS	**102,788**	**92,143**
Tax expense or income related to profit or loss from continuing operations	(29,839)	(26,763)
PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS	**72,949**	**65,380**
Profit or loss after tax from discontinued operations	-	-
PROFIT FOR THE YEAR	**72,949**	**65,380**

Statements of recognised income and expense (thousand euros):

	2023	2022
PROFIT FOR THE YEAR	**72,949**	**65,380**
OTHER COMPREHENSIVE INCOME	**40,811**	**(72,759)**
Items that will not be reclassified to profit or loss	**(7,735)**	**392**
Actuarial gains or losses on defined benefit pension plans	(10,924)	671
Non-current assets and disposal groups held for sale	-	-
Changes of fair value of equity instruments measured at fair value through other comprehensive income	(126)	(112)
Tax on gains related to the items that will not be reclassified	3,315	(167)
Items that may be reclassified to profit or loss	**48,546**	**(73,151)**
Foreign currency translation	-	-
Translation gains or losses taken to equity	-	-
Cash flow hedges	-	-
Valuation gains or losses taken to equity	-	-
Transferred to profit or loss	-	-
Debt instruments at fair value through other comprehensive income	69,351	(104,501)
Valuation gains or losses taken to equity	6,703	(130,613)
Transferred to profit or loss	62,648	26,112
Tax on gains related to the items that may be reclassified in profit or loss	(20,805)	31,350
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**113,760**	**(7,379)**

Statement of changes in equity (Thousand euros):

	SHAREHOLDERS' EQUITY								
	Sharecapital	Sharepremium	Retained earnings	Other reserves	(-) Treasury shares	Profit forthe year(Note 3)	(-) Interim dividends	Accumulated other comprehensive income	Total equity
Closing balance at 31 December 2021	112,257	615,493	388,891	14,889	-	69,218	-	9,970	1,210,718
Effects of corrections of errors	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-
Opening balance at 1 January 2022	112,257	615,493	388,891	14,889	-	69,218	-	9,970	1,210,718
Total comprehensive income for the year	-	-	-	-	-	65,380	-	(72,759)	(7,379)
Other changes in equity	-	-	55,074	5	-	(69,218)	-	-	(14,139)
Dividends (or remuneration of members)	-	-	(14,144)	-	-	-	-	-	(14,144)
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	-	-
Transfers among components of equity	-	-	69,218	-	-	(69,218)	-	-	-
Other increase or decrease in equity	-	-	-	5	-	-	-	-	5
Closing balance at 31 December 2022	112,257	615,493	443,965	14,894	-	65,380	-	(62,789)	1,189,200
Effects of corrections of errors	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-
Opening balance at 1 January 2023	112,257	615,493	443,965	14,894	-	65,380	-	(62,789)	1,189,200
Total comprehensive income for the year	-	-	-	-	-	72,949	-	40,811	113,760
Other changes in equity	-	-	51,573	-	-	(65,380)	-	-	(13,807)
Dividends (or remuneration of members)	-	-	(13,807)	-	-	-	-	-	(13,807)
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	-	-
Transfers among components of equity	-	-	65,380	-	-	(65,380)	-	-	-
Other increase or decrease in equity	-	-	-	-	-	-	-	-	-
Closing balance at 31 December 2023	112,257	615,493	495,538	14,894	-	72,949	-	(21,978)	1,289,153

Cash Flow Statement

(Thousand euros)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES	(614,014)	(768,499)
Profit for the year	**72,949**	**65,380**
Adjustments made to obtain the cash flows from operating activities	**113,522**	**132,158**
Amortisation	92,501	87,444
Other adjustments	21,021	44,714
Net (increase)/decrease in operating assets	**851,215**	**(1,807,553)**
Financial assets held for trading	311,399	(554,454)
Non trading financial Assets mandatory measured at fair value through profit and loss	5,433	(13,495)
Financial assets designated at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	(291,711)	(648,201)
Financial assets at amortised cost	760,710	(620,871)
Other operating assets	65,384	29,468
Net increase/(decrease) in operating liabilities-	**76,431**	**(2,757,406)**
Financial liabilities held for trading	13,200	(468,388)
Financial liabilities at amortised cost	37,843	(2,279,798)
Other operating liabilities	25,388	(9,220)
Income tax recovered/(paid)	**(25,701)**	**(16,184)**
CASH FLOWS FROM INVESTING ACTIVITIES	(28,249)	(42,224)
Payments:	**(28,249)**	**(42,224)**
Tangible assets	(15,672)	(4,625)
Intangible assets	(12,577)	(37,599)
Investments in subsidiaries, joint ventures and associates	-	-
Other business units	-	-
Non-current assets and liabilities classified as held for sale	-	-
Other payments related to investment activities	-	-
Proceeds:	-	-
Tangible assets	-	-
Intangible assets	-	-
Investments in subsidiaries, joint ventures and associates	-	-
Other business units	-	-
Non-current assets and liabilities that are classified as held for sale	-	-
Other charges related to investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	(13,807)	(14,144)
Payments:	**(13,807)**	**(14,144)**
Dividends	(13,807)	(14,144)
Subordinated liabilities	-	-
Redemption of own equity instruments	-	-
Acquisition of own equity instruments	-	-
Other payments related to financing activities	-	-
Proceeds:	-	-
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(656,070)	(824,867)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,853,926	8,678,793
CASH AND CASH EQUIVALENTS AT END OF YEAR	7,197,856	7,853,926
MEMORANDUM ITEM	-	-
COMPONENTS OF CASH AND CASH EQUIVALENTS AT END OF YEAR	-	-
Cash	118,612	176,775
Cash balances at central banks	6,924,810	7,548,434
Other demand deposits	154,434	128,717
Less: Bank overdrafts refundable on demand	-	-

4. Distribution of the Bank's profit

The proposal for the distribution of the parent´s company net profit for 2023, which the Board of Directors will propose to the General Shareholders' Meeting for approval, as well as the already approved distribution for the financial year 2022, is presented below:

Thousand euro

	2023	2022
Voluntary Reserve	56,784	51,573
Dividends	16,165	13,807
Net profit for the year	**72,949**	**65,380**

5. Information by business segments

Cecabank, S.A.'s wholesale business, which is carried on in Spain, represents substantially all the Group's activities, of which the retail business accounts for less than 1%.

Below is a breakdown of the main revenues for 2023 and 2022 of customers external to the Group broken down by geographical areas in which they have their origin:

2023:

Thousand euro

	Spain	Rest of Europe	Rest of the World	Total
Interest income (Note 28)	460,790	-	-	460,790
Commission income (Note 31)	224,079	-	-	224,079
Gains/losses on financial assets and liabilities (net) (Note 33)	12,308	-	-	12,308
Other operating income (Note 34)	48,700	10,599	-	59,299

2022:

Thousand euro

	Spain	Rest of Europe	Rest of the World	Total
Interest income (Note 28)	143,914	-	-	143,914
Commission income (Note 31)	225,465	-	-	225,465
Gains/losses on financial assets and liabilities (net) (Note 33)	11,316	-	-	11,316
Other operating income (Note 34)	48,260	8,105	-	56,365

Note 26 contains information on geographical distribution, by counterparty, of the Group's main activities.

At 31 December 2023 and 2022 and in those years, the Group did not have any single customer which individually accounted for 10% or more of its revenue.

6. Remuneration of directors and senior executives

6.1. Remuneration of the Board of Directors

The members of the Bank's Board of Directors receive an attendance fee for attending meetings of the Board and its support committees, the detail of which for 2023 and 2022 is shown in the following table:

Thousand euro

	2023	2022
Azuaga Moreno, Manuel	25,7	22,8
Carbó Valverde, Santiago	69,8	57,9
García Lurueña, Francisco Javier	28,8	41,4
Iglesias Ruiz, Víctor Manuel	46,7	37,2
Méndez Álvarez-Cedrón, José María	25,7	22,8
Motellón García, Carmen	67,0	55,9
Pano Riera, Javier	30,8	26,9
Ruiz de Gordejuela Palacio, Eduardo	10,2	-
Salaverría Monfort, Julia	58,5	53,8
Sarro Álvarez, María del Mar	78,3	64,1
	441,5	**382,8**

As of July 18, 2023, director Francisco Javier García Lurueña is no longer part of the Board of Directors. In his place, Eduardo Ruiz de Gordejuela Palacio has been part of the Board of Directors since October 25, 2023.

Additionally, one of the directors does not receive fees for attending the Board of Directors and its supporting committees.

Note 40 details the remaining balances with directors and persons related to them.

6.2. Remuneration of senior executives and of members of the Board of Directors

For the purposes of the preparation of these financial statements, the Bank's senior executives were considered to be the members of the Management Committee, which comprised 8 members at 31 December 2023 and 2022.

The remuneration earned by the senior executives and the members of the Board of Directors in their capacity as executives of the Bank totalled EUR 2,574 thousand in 2023, of which EUR 2,297 thousand related to short-term remuneration for 2023, including the amount that will be paid by Phantom Shares and EUR 277 thousand related to post-employment benefits (EUR 2,402 thousand in 2022, of which EUR 2,133 thousand related to short-term remuneration and EUR 269 thousand to post-employment benefits).

The amount of the consolidated pension rights for senior management and the members of the Board of Directors in their capacity as Bank executives at 31 December 2023 totals EUR 3,753 thousand (EUR 3,380 thousand at 31 December 2022).

The Group has taken out accident insurance for directors and third-party liability insurance for directors and senior executives under the customary terms and conditions for these insurance policies. The premium for 2023 amounted to EUR 293 thousand (2022: EUR 287 thousand).

Note 40 to these financial statements provides disclosures of the amounts of the demand deposits held with the Group by senior executives and Board members and of the loans granted to them by the Group.

6.3. Transparency obligations

Article 229 of the Consolidated Spanish Limited Liability Companies Law establishes that the directors must disclose any direct or indirect conflict they might have with the interests of the company in which they discharge their duties as directors.

During financial year 2023, there were three occasions on which certain directors of Cecabank, S.A. abstained from participating in the deliberation and/or voting on a matter. The breakdown of the three occasions is as follows: on two occasions resolutions were adopted on the formalisation of financial transactions and on another occasion a resolution was adopted to review the remuneration of the executive director.

During financial year 2022, there were two occasions in which some Directors of Cecabank SA abstained from participating in the deliberation and/or voting on a matter. The breakdown of the two occasions is as follows: on one occasion an agreement was adopted on the completion of a financial operation and on another occasion an agreement was adopted to review the remuneration of the Executive Director

7. Cash, Cash Balances at Central Banks and other demand deposits

The breakdown of the balance of “Cash, Cash Balances at Central Banks and other demand deposits” in the balance sheets at 31 December 2023 and 2022 is as follows:

		Thousand euro
	2023	**2022**
Cash in euro	41,579	42,800
Cash in foreign currency	77,033	133,975
Cash balances at central banks (Note 1.9) (*)	6,924,810	7,548,434
Other sight deposits in euro	155,434	129,202
Of which: in foreign currency	*129,153*	*92,270*
Of which: in Euros	*26,281*	*36,932*
Doubtful credit institutions (Notes 22.4.2 and 22.7)	38	16
Valuation adjustments -		
Impairment losses (Note 22.4.2)	(107)	(88)
	7,198,787	**7,854,339**

(*) Este saldo corresponde íntegramente al saldo en efectivo en Banco de España.

As of December 31, 2023, doubtful positions with correspondents are classified under this heading. Additionally, impairment losses include 17 thousand euros of individually assessed value adjustments, 63 thousand euros of collectively assessed value adjustments, and 27 thousand euros for country risk adjustments.

At 31 December 2022, doubtful positions with correspondents were classified under this heading. Impairment losses also include EUR 7 thousand of individually assessed impairment losses, EUR 38 thousand collectively assessed impairment losses and EUR 43 thousand in country risk allowances.

8.1. Financial instruments held for trading-assets and liabilities

8.1.1. Financial assets and liabilities held for trading - Breakdown

Following is a detail of the balances of "Financial Assets/Liabilities Held for Trading" in the balance sheets at 31 December 2023 and 2022:

Thousand euro

	Debtor balances		Creditor balances	
	2023	2022	2023	2022
Debt securities	**585,382**	**307,324**	**-**	**-**
Government securities	252,059	118,332	-	-
Treasury Bills	31,890	799	-	-
Other public entities	20,335	8,264	-	-
Non-resident public administrations	30,129	44,061	-	-
Spanish credit institutions	146,471	70,020	-	-
Private sector (Spain)	99,543	64,790	-	-
Private sector (rest of the world)	4,955	1,058	-	-
Doubtful assets	-	-	-	-
Equity instruments	**221,158**	**102,253**	**-**	**-**
Shares listed on the Spanish Market	209,489	101,188	-	-
Shares listed on markets in the rest of the world	11,669	1,065	-	-
Derivatives held for trading-	**401,078**	**447,469**	**427,672**	**482,354**
Derivatives traded on organized markets	113	1,195	27	-
Derivatives not traded on organized markets	400,965	446,274	427,645	482,354
Short securities positions	**-**	**-**	**202,276**	**134,394**
	1,207,618	**857,046**	**629,948**	**616,748**

Note 22 provides information on the credit risk assumed by the Group in relation to the financial assets, other than equity instruments, included in this category. In addition, notes 23 and 24 include information on the market and liquidity risks, respectively, associated with the financial instruments included in this category.

Note 21 provides information on the fair value of the financial instruments included in this category. Note 26 includes information on the concentration of risk relating to the financial assets held for trading. Note 25 shows information on the exposure to interest rate risk.

8.1.2. Trading derivatives (assets and liabilities)

Following is a breakdown, by type of risk, of the fair value of the trading derivatives arranged by the Group and of their notional amount (on the basis of which the future payments and collections on these derivatives are calculated) at 31 December 2023 and 2022:

Thousand euro

	2023			2022		
	Fair Value			Fair Value		
	Asset balances	Liability balances	Notional amount	Asset balances	Liability balances	Notional amount
Interest rate risk	365,394	352,670	16,296,979	401,069	410,040	17,170,545
Foreign currency risk	35,521	74,976	5,877,891	44,701	71,856	6,089,307
Share price risk	113	26	244,431	1,196	324	167,561
Credit risk	50	-	300,000	503	134	115,000
	401,078	427,672	22,719,301	447,469	482,354	23,542,413

The notional amount of the contracts entered into does not reflect the actual risk assumed by the Group for these contracts, since the net position in these financial instruments is the result of offsetting and/or combining them and of offsetting and/or combining them with other asset or liability positions.

8.1.3. Financial liabilities held for trading - Short positions

The detail, by type of transaction, of the balance of this item in the balance sheets at 31 December 2023 and 2022, is as follows:

Thousand euro

	2023	2022
Classification:		
Debt securities	202,276	134,394
	202,276	134,394

“Short Positions - Short Sales – Equity Instruments” and “Short positions - Overdrafts on disposals- repurchase agreement - Debt securities” in the foregoing table includes the fair value of the Group’s debt instruments purchased under repurchase agreements and, therefore, under non-optional resale as such not recognised on the asset side of the balance sheet, which have been sold and will be repurchased by the Group before maturity of the repurchase agreement in which they are used as collateral, in order for the Group to return them to his owner at the maturity date.

8.2. Non trading financial asset mandatorily at fair value through profit or loss

The detail, by nature, of the financial assets included in “Non trading financial asset mandatorily at fair value through profit or loss” in the balance sheets at 31 December 2023 and 2022 is as follows:

Thousand euro

	2023	2022
Equity instruments	**5,636**	**5,804**
Unquoted shares	5,636	5,804
Debt securities	**12,370**	**9,135**
Private sector (Spain)	7,398	-
Private sector (rest of the world)	4,972	9,135
Loans and advances	**2,471**	**-**
	20,477	**14,939**

Note 22 includes information on the Group’s exposure to credit risk at 31 December 2023 and 2022 associated with these financial instruments other than equity instruments.

Note 21 includes information on the fair value of these financial instruments at 31 December 2023 and 2022. Note 25 includes information about the exposure to interest rates.

Note 24 contains information on the liquidity risk associated with the financial instruments owned by the Group at 31 December 2023 and 2022.

Note 26 includes information on the concentration risk relating to these financial instruments at 31 December 2023 and 2022.

8.3. Financial assets and liabilities designated at fair value through profit or loss

At 31 December 2023 and 2022 there are no assets or liabilities in this heading.

9. Financial assets at fair value through other comprehensive income

Following is a detail of the balances of "Financial assets at fair value through other comprehensive income" in the consolidated balance sheets at 31 December 2023 and 2022:

		Thousand euro
	2023	2022
Debt securities		
Securities - Spanish Public Administrations	226,566	913,179
Treasury Bills	-	400,332
Government debt	226,566	512,847
Non-resident public institutions	1,229,316	1,008,788
Spanish credit institutions	218,523	142,597
Credit institutions not residing in Spain	165,836	76,526
Private sector (Spain)	113,252	150,445
Private sector (rest of the world)	330,549	296,961
	2,284,042	**2,588,496**
Measurement adjustments-		
Accrued interest	22,118	11,810
Results due to measurement and other	(21,941)	(259,223)
Impairment losses (Notes 22.4)	(2,693)	(4,811)
	(2,516)	(252,224)
	2,281,526	**2,336,272**
Equity instruments-		
Shares not traded on organised markets	10,825	10,826
Measurement adjustments-		
Results due to measurement and other	2,026	2,164
Impairment losses (Notes 22.8 and 38)	(10,257)	(10,257)
	(8,231)	(8,093)
	2,594	**2,733**
	2,284,120	**2,339,005**

Note 21 contains certain information on the fair value of the financial instruments included in this category.

Note 22 includes information on the credit risk to which the debt instruments included in this financial instrument category are subject.

Note 23 shows certain information on the market risk to which the Group is exposed in relation to these financial assets. Note 25 discloses certain information on interest rate risk.

Note 26 shows information on the concentration risk associated with these financial assets.

10. Financial assets at amortised cost

Following is a detail of the financial assets included in "Loans and Receivables" in the consolidated balance sheets at 31 December 2023 and 2022:

	Thousand euro	
	2023	2022
Debt instruments-		
Debt securities issued by Spanish Public Administrations	199,991	199,985
Debt securities issued by entities other than Spanish Public Administrations	105,449	106,134
Doubtful assets	-	-
	305,440	**306,119**
Measurement adjustments-		
Impairment losses (Notes 22.4)	(288)	(352)
Accrued interest	1,665	1,506
	1,377	**1,154**
	306,817	**307,273**
Loans and advances to central banks		
Non-loan advances	8,052	-
Valuation adjustments -	**8,052**	-
Impairment losses	-	-
Accrued interest	39	1
	39	**1**
	8,091	**1**
Loans and prepayments to credit institutions-		
Reverse repurchase agreements	1,175,730	360,754
Other term loans	252,094	292,712
Advances different from loans	709,714	697,008
Non-performing assets	-	25
	2,137,538	**1,350,499**
Measurement adjustments-		
Impairment losses (Notes 22.4)	-	(25)
Accrued interest	13,832	2,517
	13,832	**2,492**
	2,151,370	**1,352,991**
Loans and prepayments to customers-		
On demand	2,877	8,258
Credit card debt	592	604
Trade receivables	3,162	2,303
Reverse repurchase agreements	136,872	1,046
Other term loans	484,429	206,180
Advances different from loans	214,316	650,083
Non-performing assets	299	378
	842,547	**868,852**
Measurement adjustments-		
Impairment losses (Note 22.4)	(856)	(378)
Acquisition Premium	7,716	11,248
Accrued interest	6,610	3,785
	13,470	**14,655**
	856,017	**883,507**
	3,322,295	**2,543,772**

"Financial Assets at Amortised Cost - Loans and Advances to Customers" includes mortgage loans to customers with a carrying amount of EUR 34,718 thousand at 31 December 2023 (31 December 2022: EUR 37,483 thousand).

In Note 21 there is information about the fair value of included in this category of financial assets at 31 December 2023 and 2022. Note 22 includes information about the credit risk in this category of financial assets at 31 December 2023 and 2022.

Note 24 contains information on the liquidity risk associated with the Group's financial instruments.

Note 26 includes information on the concentration risk associated with the financial assets included in this category at 31 December 2023 and 2022. Note 25 includes information on the interest rate risk.

In addition, the Group applies the following average interest rates for loans (both mortgage and non-mortgage) for the years ending 2023 and 2022:

	2023	2022
Average interest rates:		
Energy efficiency	Annual Euribor	Annual Euribor
Agreement mortgage	Annual Euribor with limit maximum +5.25% and minimum 0.50%	Annual Euribor with limit maximum +5.25% and minimum 0.50%
Free disposal mortgage	Annual Euribor + 0.40%	Annual Euribor + 0.40%
Free consumption disposal	Annual Euribor + 2%	Annual Euribor + 2%
Extension house	Annual Euribor	Annual Euribor
Social	Annual Euribor	Annual Euribor

11. Hedging derivatives

The Group has entered into financial derivatives transactions with various counterparties of recognised creditworthiness which are considered fair value and cash flow hedges of certain balance sheet positions against fluctuations in market interest rates and also to comply with the requirements of the applicable regulation.

The Group's hedged consolidated balance sheet positions relate to fixed-rate debt instruments (guaranteed issues, government bonds and treasury bills). These securities are issued by the Spanish government, Spanish private sector financial institutions and other resident sectors.

Given that the positions giving rise to the risk are long-term transactions tied to a fixed interest rate, the main aim of the hedge is to change the returns of the hedged items from fixed to floating and, accordingly, their performance to changes in market interest rates. To this end, the Group uses OTC interest rate derivatives (basically swaps such as call money swaps).

The Group uses call money swaps to hedge each group of debt instruments, which are grouped on the basis of their sensitivity to changes in interest rates, and documents the related efficiency analyses of the hedges to verify that, at inception and throughout the life of these hedges, the Bank can expect, prospectively, that the changes in fair value of the hedged items attributable to the hedged risk will be almost fully offset by changes in the fair value of the hedging instruments and, retrospectively, that the actual results of the hedge are within a range of 80% to 125% of the results of the hedged item. The aforementioned hedges are highly effective.

Following is a detail, by instrument, of the fair value of the hedging instruments in fair value hedges:

Thousand euros

	2023		2022	
	Asset balances	Liability balances	Asset balances	Liability balances
Hedged instrument				
Financial assets at fair value through other comprehensive income	83,304	57,648	196,441	-
	83,304	57,648	196,441	-

Gains/losses on hedging instruments and hedged items are recognised under "Gains/Losses on Financial Assets and Liabilities (Net)" in the income statement of the Group (see Note 33).

The Note 21 discloses information on the fair value of these hedging derivatives at 31 December 2023 and 2022. Note 22 includes certain information on the credit risk associated with these derivatives at 31 December 2023 and 2022.

12. Non-current assets and disposal groups classified as held for sale

The breakdown of the balance of "Non-Current Assets Held and Disposal Groups Classified as Held for Sale" in the consolidated balance sheets at 31 December 2023 and 2022 is as follows:

Thousand euro

	2023	2022
Real properties	623	623
Equity instruments	-	-
	623	623

The changes in 2023 and 2022 in the items included in this heading in the consolidated balance sheets, and the related impairment losses, were as follows:

Thousand euro

	2023	2022
Cost:		
Balances at 1 January 2022	623	4,943
Additions	-	-
Disposals	-	-
Transfers	-	(4,420)
Balances at 31 December 2022	**623**	**623**
Impairment losses:		-
Balances at 1 January 2023	-	(1,868)
Additions	-	-
Disposals	-	1,868
Transfers	-	-
Balances at 31 December 2023	**-**	**-**
Net Balances at 31 December 2023	**623**	**623**

Properties

The Group continues to actively manage the items included in this heading and those that were initially recorded more than one year ago (consisting entirely of properties) in order to proceed with their sale in the short-term. Although the real estate market situation in Spain makes it difficult to dispose of these assets, the Group's management of them is intended to procure their sale in the short-term and it has reasonable expectations in this respect. Accordingly, since all of the other requirements established in Circular 4/2017 are met, they continue to be classified and measured as non-current assets held for sale.

13. Property, plant and equipment

The changes in 2023 and 2022 in "Property, plant and equipment" in the consolidated balance sheets were as follow:

Thousand euro

	Property, Plant and Equipment for Own Use				
	Land and Buildings	Furniture, Fixtures and Vehicles	IT Equipment and Related Fixtures	Investment Property	Total
Cost:					
Balance at 1 January 2022	**61,162**	**26,060**	**19,067**	**15,409**	**121,698**
Additions	126	3,752	814	-	4,692
Disposals	(273)	(1,004)	(423)	-	(1,700)
Transfers	6,576	808	-	-	7,384
Balance at 31 December 2022	**67,591**	**29,616**	**19,458**	**15,409**	**132,074**
Additions	147	889	14,640	-	15,676
Disposals	(102)	(5,975)	(7,903)	-	(13,980)
Transfers	-	-	-	-	
Balance at 31 December 2023	**67,636**	**24,530**	**26,195**	**15,409**	**133,770**
Accumulated depreciation:					
Balance at 1 January 2022	**(26,914)**	**(22,505)**	**(14,999)**	**(6,112)**	**(70,530)**
Charge for the year (Note 39)	(1,244)	(986)	(1,889)	(247)	(4,366)
Disposals	260	1,005	419	-	1,684
Transfers	(4,274)	(682)	-	-	(4,956)
Balance at 31 December 2022	**(32,172)**	**(23,168)**	**(16,469)**	**(6,359)**	**(78,168)**
Charge for the year (Note 39)	(1,272)	(1,172)	(3,399)	(246)	(6,089)
Disposals	102	5,967	7,897		13,966
Transfers	-	-	1	(1)	-
Balance at 31 December 2023	**(33,342)**	**(18,373)**	**(11,970)**	**(6,606)**	**(70,291)**
Property, plant and equipment, net:					
Net balance at 31 December 2022	**35,419**	**6,448**	**2,989**	**9,050**	**53,906**
Net balance at 31 December 2023	**34,294**	**6,157**	**14,225**	**8,803**	**63,479**

At 31 December 2023 and 2022, property, plant and equipment for own use totalling (gross) approximately EUR 19,904 and 31,269 thousand had been depreciated in full. The Group insures property, plant and equipment for own use through insurance policies.

Either at 31 December 2023 or at 31 December 2022, the Property, plant and equipment owned by the Group were not impaired or there were no changes in this connection in those years.

In 2023 the rental income earned from investment property owned by the Group amounted to EUR 2,287 thousand (2022: EUR 1,790 thousand) (see Note 34).

In 2023 and 2022, the losses on disposals arising under "Property, Plant and Equipment – For Own Use" totalled EUR 14 thousand, recognised under "Gains or Losses on Derecognition of Non-Financial Assets and Investments, Net" in the consolidated income statement for 2023 (2022: income of EUR 16 thousand).

While the Group is exposed to changes in residual value at the end of existing leases, the Bank generally enters into new operating leases and therefore will not immediately experience any reduction in residual value at the end of these leases. Expectations about future residual values are reflected in the fair value of the properties.

The minimum lease payments receivable on investment property leases are as follows:

	Thousands of euros	
	2023	2022
Less than a year	2,287	1,790
Between one and five years	6,391	5,133
More than five years	7,600	6,117

Right of use:

The Group holds rights of use by lease mainly on offices in the foreign network for the conduct of its business abroad, as well as, to a lesser extent, for equipment for information processing. As at 31 December 2023 and 2022, the leasehold rights of use amount to EUR 944 thousand and EUR 1,303 thousand, respectively.

Furthermore, the Group has decided to use a building located at 29 Antonio Cabezon Street for its own needs, and therefore it has been accounted for in the respective category at the end of the 2022 fiscal year. This decision was made after conducting an analysis of the applicable regulations, and it has had no impact on the income statement.

14. Intangible assets

14.1. Other intangible assets

The balance of this heading includes basically rights arising from the acquisition of certain depository businesses and custody of third party securities relating to collective investment undertakings and pension funds, as well as, to a lesser extent, computer software developed by the Group, which is amortised as indicated in Note 2.14 above. The detail of "Other Intangible Assets" in the consolidated balance sheets as at 31 December 2023 and 2022 is as follows:

	Thousand euro	
	2023	2022
Intangible assets with finite useful life	**691,357**	**705,335**
Of which for acquired depository business	688,718	701,569
Of which by computer applications	2,639	3,766
Accumulated amortisation	**(367,329)**	**(304,167)**
Of which for acquired depository business	(365,200)	(301,209)
Of which by computer applications	(2,129)	(2,958)
Total net	**324,028**	**401,168**

At 31 December 2023, the balance of fully amortized intangible assets (computer applications) and in use was 2,129 thousand euros (3,097 thousand euros at 2022).

The changes in 2023 and 2022 in the consolidated balance sheets were as follows:

	Thousand euro
Cost:	
Balance at 1 January 2022	**698,089**
Additions and transfers	37,624
Disposals	(30,378)
Balance at 31 December 2022	**705,335**
Additions and transfers	12,620
Disposals and other movements	(26,598)
Balance at 31 December 2023	**691,357**
Accumulated amortisation:	
Balance at 1 January 2022	**(251,427)**
Charge for the year (Note 39)	(83,117)
Disposals and other movements	30,377
Balance at 31 December 2022	**(304,167)**
Charge for the year (Note 39)	(86,462)
Disposals and other movements	23,300
Balance at 31 December 2023	**(367,329)**
Intangible assets, net:	
Net balance at 31 December 2022	**401,168**
Net balance at 31 December 2023	**324,028**

The additions in the years 2023 and 2022 in the above table mainly correspond to the capitalization of costs related to new custody management contracts resulting from the renewal of rights and obligations derived from custody and securities custody businesses entrusted by third parties acquired in previous years. The amount for the year 2023 is 12,620 thousand euros (37,624 thousand euros at 2022).

The withdrawals correspond to variable payments made upon achieving certain contractual objectives and the inclusion of guaranteed amounts in the cost related to these businesses. The amount for the year 2023 is 26,598 thousand euros (30,378 thousand euros at 2022). Concurrently with this capitalization, during the years 2023 and 2022, the Bank has derecognized the amortization and impairment associated with contracts that have been renewed or terminated, which were fully amortized.

In August 2021, the Group reached a mediation agreement with Dunas Capital España, S.L. by which Cecabank was appointed Depository Entity for investment funds, SICAVs, venture capital entities and pension funds that were deposited with Dunas Capital España, S.L. The provision of the depositary service will begin to be provided to Dunas Capital España, S.L. in the month of February 2022.

At the time of each accounting closing, the Group determines whether or not there are any indications that the net value of its intangible assets (deposit and custody contracts) exceeds their recoverable value. If so, the carrying amount of the asset concerned is reduced to the recoverable value and future amortisation charges are adjusted in proportion to the adjusted carrying amount and the new remaining useful life, if a new estimate is required. The criteria for recognising the impairment of these assets and, if appropriate, any recovery of impairment losses recognised in prior years, are based on actual and projected equity, revenue, cost and variable payment figures, as well as the fixed price paid by Cecabank:

- The actual amount on deposit at the closing in December of the year being analysed and then the equity figures are taken into consideration based on the revenue estimated in the business plan for each transaction.

- Revenue is obtained from the business plan, which includes the accumulated amount of depository fees effectively collected by Cecabank in the year being analysed and reflecting the expected income based on the business plan.

- Variable payments relate to the amounts paid to customers in accordance with the revenue effectively obtained each year and the projections indicate the maximum amounts payable in the event that the business plan revenue projections are met, as is stipulated in the contracts.

- The net present value is calculated based on the consideration of different rates to update the expected future cash flows of the depository business. At the end of this fiscal year, the values or intervals used by the entity are those resulting from the calculation of the following rates: ROE of the entity at the end of December, the Capital Asset Pricing Model, the Price Earnings Ratio, the Price to Book Value, as well as their averages and the averages without extremes. From these, the entity proceeds to estimate the vaporization of each of the depository businesses, comparing the results with the book value.

15. Other assets and liabilities

15.1. Other assets

The breakdown of the balance of “Other Assets” and “Other Liabilities” in the consolidated balance sheets at 31 December 2023 and 2022 is as follows:

Thousand euro

	2023	2022
Other assets-		
Prepayments-		
Fees and commissions receivable	15,504	16,078
Non-accrued expenses	470	1,129
Other prepayments	1,451	1,260
Other assets-		
Transactions in transit	31,927	30,750
Nets Assets Post-Employment plans (Notes 2.11.2 and 35)	-	6,363
Other	13,575	11,741
	62,927	**67,321**

“Other assets - Prepayments and Accrued Income – Fees and Commissions Receivable” in the preceding table includes the accrued commissions receivable by the Group in relation to various services provided, basically in relation to the payment methods business and the custody business for collective investment undertakings and pension funds.

“Other - Other Assets - Transactions in Transit” and “Other liabilities – Transactions in Transit” mainly include temporary balances which relate basically to securities underwriting transactions and other unsettled OTC transactions.

15.2. Other liabilities

The composition of the balance in the consolidated balance sheets at 31 December 2023 and 2022 is as follows:

		Thousand euro
	2023	2022
Accrued expenses and deferred income-		
Fees and commissions payable	5,191	2,621
Accrued expenses	49,361	43,502
Accrued revenues	170	165
Other liabilities-		
Transactions in transit	21,676	20,557
Other	3,102	4,100
	79,500	**70,945**

The balance of the heading "Accruals - Accrued expenses " of "Other liabilities" in the foregoing table includes, among other items, as of December 31, 2023, balances amounting to EUR 15,068 thousand (EUR 13,402 thousand at 31 December 2022) that originate in variable remuneration paid by the outstanding staff.

“Other Liabilities - Transactions in Transit” in the above table relates mainly to temporary balances consisting basically of share subscription transactions and other transactions performed on organised markets pending settlement.

16. Financial liabilities at amortised cost

16.1. Breakdown

The detail of the items composing this heading in the consolidated balance sheets at 31 December 2023 and 2022 is as follows:

		Thousand euro
	2023	2022
Deposits-		
Central Banks	-	3,840
Credit institutions	1,583,227	1,515,747
Customer deposits	10,655,219	10,541,890
	12,238,446	**12,061,477**
Measurement adjustments	28,232	9,818
	12,266,678	**12,071,295**
Other financial liabilities	220,306	376,609
	12,486,984	**12,447,904**

*Includes accrued interest amounting to 28,232 thousand euros as of December 31, 2023 (9,818 thousand euros as of December 31, 2022).

Note 21 provides information on the fair value of these financial liabilities.

As of 31 December 2023, the maturities of these liabilities are as follows:

	Total balance	1 Day	More than 1 day and up to 7 days	More than 1 week and up to 1 month	More than 1 month and up to 3 months	More than 3 months and up to 9 months	More than 9 months and up to 1 year	More than 1 year and up to 2 years	More than 2 years and up to 5 years	More than 5 years
Total outflows	**12,741,235**	**11,823,316**	**474,114**	**36,136**	**22,222**	**5,381**	**310**	**117,385**	**123,766**	**138,605**
Liabilities arising from securities issued (if not treated as retail deposits)	-	-	-	-	-	-	-	-	-	-
Liabilities arising from collateralised lending and capital market related operations secured by:	451,993	-	196,468	2,298	100	5,381	310	5,774	103,057	138,605
Level 1 marketable assets	451,049	-	195,524	2,298	100	5,381	310	5,774	103,057	138,605
Level 2A marketable assets	-	-	-	-	-	-	-	-	-	-
Level 2B marketable assets	-	-	-	-	-	-	-	-	-	-
Other marketable assets	944	-	944	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Liabilities not disclosed in 1.2 arising from deposits received, except deposits received as collateral	11,999,206	11,591,945	264,639	31,011	-	-	-	111,611	-	-
Foreign exchange swaps at maturity	-	-	-	-	-	-	-	-	-	-
Amount payable for derivatives other than those disclosed in 1.4	58,665	-	13,007	2,827	22,122	-	-	-	20,709	-
Other outflows	231,371	231,371	-	-	-	-	-	-	-	-
Total inflows	**7,547,368**	**1,237,997**	**388,260**	**350,053**	**211,696**	**600,217**	**461,114**	**800,206**	**1,326,200**	**2,171,625**
Amounts falling due resulting from collateralised lending and capital market related operations guaranteed by:	5,819,549	-	263,978	185,100	203,559	568,777	433,445	792,190	1,258,794	2,113,706
Level 1 marketable assets	3,611,648	-	263,906	125,324	114,272	383,535	189,561	491,656	714,674	1,328,720
Level 2A marketable assets	-	-	-	-	-	-	-	-	-	-
Level 2B marketable assets	539,714	-	-	865	2,808	81,299	2,220	17,532	130,613	304,377
Other marketable assets	1,668,187	-	72	58,911	86,479	103,943	241,664	283,002	413,507	480,609
Other assets	-	-	-	-	-	-	-	-	-	-
Overdue amounts not disclosed in 2.1 resulting from loans and advances granted to:	408,505	3,130	99,819	164,560	8,137	10,369	23,073	3,098	67,406	28,913
Foreign exchange swaps at maturity	-	-	-	-	-	-	-	-	-	-
Amount receivable on derivatives other than those disclosed in 2.3	84,447	-	24,463	393	-	21,071	4,596	4,918	-	29,006
Notes in own portfolio at maturity	-	-	-	-	-	-	-	-	-	-
Other inflows	1,234,867	1,234,867	-	-	-	-	-	-	-	-
Net contract deficit	(5,193,867)	(10,585,319)	(85,854)	313,917	189,474	594,836	460,804	682,821	1,202,434	2,033,020
Cumulative net contract deficit	-	(10,585,319)	(10,671,173)	(10,357,256)	(10,167,782)	(9,572,946)	(9,112,142)	(8,429,321)	(7,226,887)	(5,193,867)

As of 31 December 2022, the maturities of these liabilities are as follows:

	Total balance	1 Day	More than 1 day and up to 7 days	More than 1 week and up to 1 month	More than 1 month and up to 3 months	More than 3 months and up to 9 months	More than 9 months and up to 1 year	More than 1 year and up to 2 years	More than 2 years and up to 5 years	More than 5 years
Total outflows	**12,681,399**	**11,463,950**	**691,712**	**154,464**	**32,378**	**8,746**	**449**	**152,659**	**36,657**	**140,384**
Liabilities arising from securities issued (if not treated as retail deposits)	-	-	-	-	-	-	-	-	-	-
Liabilities arising from collateralised lending and capital market related operations secured by:	828,608	-	564,837	77,570	-	4,141	449	4,570	36,657	140,384
Level 1 marketable assets	828,608	-	564,837	77,570	-	4,141	449	4,570	36,657	140,384
Level 2A marketable assets	-	-	-	-	-	-	-	-	-	-
Level 2B marketable assets	-	-	-	-	-	-	-	-	-	-
Other marketable assets	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Liabilities not disclosed in 1.2 arising from deposits received, except deposits received as collateral	11,573,148	11,227,979	126,417	68,566	1,752	345	-	148,089	-	-
Foreign exchange swaps at maturity	-	-	-	-	-	-	-	-	-	-
Amount payable for derivatives other than those disclosed in 1.4	43,672	-	458	8,328	30,626	4,260	-	-	-	-
Other outflows	235,971	235,971	-	-	-	-	-	-	-	-
Total inflows	**14,090,900**	**8,810,807**	**283,724**	**543,815**	**241,216**	**612,623**	**67,030**	**465,961**	**1,360,327**	**1,705,397**
Amounts falling due resulting from collateralised lending and capital market related operations guaranteed by:	4,663,719	-	214,045	290,001	235,582	585,745	57,047	430,376	1,267,198	1,583,725
Level 1 marketable assets	3,052,103	-	214,045	253,760	145,956	473,276	6,898	235,864	676,349	1,045,955
Level 2A marketable assets	-	-	-	-	-	-	-	-	-	-
Level 2B marketable assets	399,877	-	-	621	5,646	2,580	1,237	5,738	152,925	231,130
Other marketable assets	1,211,739	-	-	35,620	83,980	109,889	48,912	188,774	437,924	306,640
Other assets	-	-	-	-	-	-	-	-	-	-
Overdue amounts not disclosed in 2.1 resulting from loans and advances granted to:	7,927,819	7,556,113	51,279	253,450	5,634	13,919	2,317	3,645	9,910	31,552
Foreign exchange swaps at maturity	-	-	-	-	-	-	-	-	-	-
Amount receivable on derivatives other than those disclosed in 2.3	244,668	-	18,400	364	-	12,959	7,666	31,940	83,219	90,120
Notes in own portfolio at maturity	-	-	-	-	-	-	-	-	-	-
Other inflows	1,254,694	1,254,694	-	-	-	-	-	-	-	-
Net contract deficit	1,409,501	(2,653,143)	(407,988)	389,351	208,838	603,877	66,581	313,302	1,323,671	1,565,013
Cumulative net contract deficit	-	(2,653,143)	(3,061,131)	(2,671,780)	(2,462,942)	(1,859,065)	(1,792,484)	(1,479,182)	(155,512)	1,409,501

16.2. Financial liabilities at amortised cost - Deposits - Central Banks

The breakdown, by geographical area of residence of the counterparty and type of instrument, of the balances of this item in the consolidated balance sheets at 31 December 2023 and 2022 are as follows:

		Thousand euro
	2023	2022
By geographical location:		
Spain	-	3,843
	-	**3,843**
By type of instrument:		
Time deposits		
Time deposits	-	3,840
	-	**3,840**
Measurement adjustments	-	3
	-	**3,843**

In financial year 2023, no deposits were found with the Bank of Spain (3,840 thousand euros as of December 31, 2022).

16.3. Financial liabilities at amortised cost - Deposits - Credit institutions

The breakdown, by geographical area of residence of the counterparty and type of instrument, of the balances of this item in the consolidated balance sheets at 31 December 2023 and 2022 are as follows:

		Thousand euro
	2023	2022
By geographical location:		
Spain	1,373,045	1,193,795
Other EMU countries	114,988	285,827
Rest of the world	101,058	37,507
	1,589,091	**1,517,129**
By type of instrument:		
Demand deposits and other-		
Other accounts	1,124,669	909,813
Time deposits-		
Time deposits	429,983	350,123
Repurchase agreements	28,575	255,811
	1,583,227	**1,515,747**
Measurement adjustments	5,864	1,382
	1,589,091	**1,517,129**

16.4. Financial liabilities at amortised cost - Customer deposits

The breakdown, by geographical area of residence of the counterparty, type of instrument and type of Counterparty, of the balances of this item in the consolidated balance sheets at 31 December 2023 and 2022 are as follows:

Thousand euro

	2023	2022
By geographical location:		
Spain	10,614,782	10,357,369
Other EMU countries	52,913	180,245
Rest of the world	9,892	12,709
	10,677,587	**10,550,323**
By counterparty:		
Resident public sector	46,471	167,502
Non-resident public sector	10,545,985	10,181,467
Other resident sectors	62,762	192,921
Other non-resident sectors	**10,655,218**	**10,541,890**
	22,369	8,433
Measurement adjustments	**10,677,587**	**10,550,323**
By type of instrument:	9,761,125	9,205,569
Current accounts	-	-
Other demand deposits	742,365	1,044,807
Fixed-term deposits	174,097	299,947
Repurchase agreements	**10,677,587**	**10,550,323**
	-	-
	10,677,587	**10,550,323**

16.5 Financial liabilities at amortised cost - Other financial liabilities

The breakdown of the balance of this item in the consolidated balance sheets at 31 December 2023 and 2022 is as follows:

Thousand euro

	2023	2022
Payment obligations	1,816	1,850
Liabilities associated with rights-of-use assets	1,078	1,462
Collateral received	99,545	245,914
Special accounts	27,116	30,556
Other	90,751	96,827
	220,306	**376,609**

These items arise from operations carried out by certain credit institutions through the Bank. They are of a transitional nature and are settled on the first is this day following the date of origination.

The balance account “Other items” in the preceding table essentially records balances totalling EUR 43,033 thousand in repayments of loans granted to public administrations at 31 December 2023 (EUR 38,434 thousand at 31 December 2022). The most significant amount at 31 December 2023 after repayments of loans granted to Public Administrations amounts to EUR 1,105 thousand items due to credit institutions (EUR 894 thousand at 31 December 2022).

17. Provisions

The changes in the balances of these items in the consolidated balance sheets at 31 December 2023 and 2022 were as follows:

Thousand euro

	Other long-term employee remuneration (Note 35)	Commitments and guarantees granted (Notes 2.10, 22 and 27.1)	Litigation proceedings	Other provisions
Balances at 1 January 2022	**45,426**	**262**	**4,213**	**36,862**
Net addition/ (reversal) charged/ (credited) to income	(1,666)	151	2,506	(5,750)
Other net movements	(10,191)	-	-	-
Balances at 31 December 2022	**33,569**	**413**	**6,719**	**31,112**
Net addition/ (reversal) charged/ (credited) to income	2,132	(115)	443	1,769
Other net movements	(4,789)	-	(2)	-
Balances at 31 December 2023	**30,912**	**298**	**7,160**	**32,881**

On August 6, 2021, an agreement was reached with the workers' representatives for the execution of an employment regulation file. The estimated global impact associated with said agreement, recorded as a provision charged to results, which amounts to 24,763 thousand euros, and basically includes the cost associated with the voluntary employment regulation file affecting 85 employees, as well as other modifications of conditions of the current labor framework, especially those that affect social commitments (see note 35). As of December 31, 2023, the balance of the Employment Termination Plan (ERE) within "Other long-term employee benefits" amounts to 17,629 thousand euros (20,910 thousand euros as of December 31, 2022).

Additionally, the chapter "Other long-term employee benefits" as of December 31, 2023 includes an amount of 4,634 thousand euros as a variation in the value of post-employment benefits (as of December 31, 2022, the variation was recorded in the heading "Other assets - Rest of other assets" (see Note 35).

The heading “Litigation” includes provisions that have been recognised to cover potential litigation deriving from the Group’s business activity. “Other Provisions” at 31 December 2023 and 2022 includes basically the amount recorded, based on an internal model developed by the bank, to cater for the operational risk to which the directors consider the Group to be exposed as a result of the provision of custody and depository services for securities entrusted by third parties, as well as the provisions recognised in relation to operations involving certain interest rate derivatives.

In accordance with the control environment and the operational risk management systems in place, Cecabank calculates its capital requirements for operational risk using the standardised approach as the estimation methodology, and this Control Framework ensures compliance with the requirements established for this purpose in Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. The Operational Risk Unit has developed an internal qualitative assessment model. Risks and mitigation control points are systematically assessed to derive the residual operational risk in the various activities, products and services, using qualitative techniques. Residual risk is understood to be that part of the risk not covered by the entity's internal control structure or insurance contracted with third parties, i.e. that part of the risk which, with a certain probability, may have a negative impact. In addition, the assessments are periodically checked on the basis of the results of the controls carried out by the second and third level control units.

In addition, apart from the qualitative assessment, the Group has a Loss Database, which functions as a repository of operational loss events, classified by organisational areas and types of risk, and whose objective is to identify the source of the loss in order to establish mitigating measures to prevent it from occurring.

Moreover, there is a series of risk indicators to provide the risk profile, both individually and grouped in baskets by risk type.

Moreover, there is a series of risk indicators to provide the risk profile, both individually and grouped in baskets by risk type.

The main assumptions and variables used in the new model are as follows:

- International assets held in custody by delegation in a third party: 149,681,000 thousand euros at the end of February 2023.

- K-ASA factor: 0.04%.

- Loss component (LC), product of the average operating loss over the last 10 years multiplied by 15, resulting in an LC of 1.12 at 31 December 2023 (2022: 1.08).

Based on the aforementioned methodology, Cecabank has recorded an amount of EUR 24,394 thousand as a provision for operational risk at 31 December 2023 (2022: EUR 29,290 thousand).

In addition, the internal control and operational risk management regularly performs sensitivity analyses and stress tests on the model for calculating the provision for this item, as a result of which no additional provisioning needs have been identified, even in the most restrictive scenario, to those established at 31 December 2023.

18. Other accumulated net income

18.1. Items that may be reclassified to profit or loss - Changes of fair value of debt instruments measured at fair value through other comprehensive income

This item in the consolidated balance sheets at 31 December 2023 and 2022 includes the amount, net accumulated of the related tax effect, of changes in the fair value of debt instruments measured at fair value through other comprehensive income (see Note 9) which, as stated in Note 2.2, should be recognised in the Group's equity; these changes are recognised in the consolidated income statements when the assets which gave rise to them are sold or when these assets become impaired. The accompanying consolidated statements of recognised income and expense show the changes in 2023 and 2022 in this item in the consolidated balance sheets at 31 December 2023 and 2022.

18.2. Items that will not be reclassified to profit or loss – Actuarial gains and losses from defined benefit pension obligations

This heading in the consolidated balance sheets at 31 December 2023 and 2022 included the net cumulative amount, adjusted for the related tax effect, of the actuarial gains and losses arising from the measurement of the provision for defined benefit pension obligations (see Notes 2.11.2 and 35). The accompanying consolidated statement of changes of equity shows the changes in 2023 and 2022 in this item in the consolidated balance sheets at 31 December 2023 and 2022.

18.3. Items that will not be reclassified to profit or loss - Changes of fair value of debt instruments measured at fair value through other comprehensive income

This heading in the balance sheets as at 31 December 2023 and 2022 includes the net accumulated amount, adjusted by the related tax effect, of changes in the fair value of equity instruments classified as financial assets measured at fair value through other comprehensive income since their acquisition (see Note 9), which, as indicated in Note 2.2, should be classified in the Group's equity. These changes are recognised under "Other Reserves" when the assets which gave rise to the changes are sold. The accompanying consolidated statement of changes in equity reflects the changes that took place in this heading of the consolidated balance sheets as at 31 December 2023 and 2022.

19. Share Capital, Share Premium and Minority

19.1. Share capital

The Bank was incorporated effective 1 January 2012 (see Note 1.1) with an initial share capital of EUR 100,000,000, represented by 100,000,000 registered shares with a par value of 1 euro each, and its single shareholder at the time of incorporation was CECA.

Subsequently, on 13 November 2012, under the spin-off process conducted by CECA in favour of the Bank (see Note 1.1), a capital increase amounting to EUR 78,932,117.60 was carried out by issuing 12,256,540 new shares with the same voting and economic rights and with the same par value of 1 euro and a share premium of EUR 5.44 per share. These shares were fully subscribed and paid by the previous owners of the non-voting equity units that were part of the equity of CECA, following acceptance of CECA's offer to repurchase the non-voting equity units and CECA's waiver of its pre-emptive subscription right on shares of the Bank. CECA thus retained an 89% ownership interest in the Bank's share capital.

In this regard, at 31 December 2023 and 2022, the Bank's share capital consisted of 112,256,540 fully subscribed and paid registered shares of EUR 1 par value each, all with the same dividend and voting rights. At 31 December 2023 and 2022, 89% of the Bank's share capital was held by Confederación Española de Cajas de Ahorros. The remaining 11% is owned by the entities that were holders of the non-voting equity units of CECA and accepted the repurchase offer mentioned above.

The Bank carried out a significant volume of transactions with its controlling shareholder, the Group of which it forms part (see Note 40) and with other shareholders.

The Bank's shares are not listed on official stock markets. Except for CECA's 89% ownership interest in the Bank's share capital, no entity owns more than 10% of the Bank. There are no rights on founder's shares, "rights" bonds, convertible debentures or similar securities or rights issued by the Bank or the Group. There are no payments payable on the Bank's shares, amounts authorised by the General Meeting for carrying out capital increases, or capital increases in progress. During the 2023 and 2022 years there were no increases in the number of shares issued by the Bank.

19.2 Retained earnings and Other reserves

An analysis of the balances of these captions in the consolidated balance sheets at 31 December 2023 and 2022 is as follows:

19.2.1 Retained earnings

This heading records the net amount of accumulated consolidated profit/(loss) recognized in prior years through the income statement that is pending distribution, or that will be taken to equity during the distribution of profits.

Legal Reserve

The Spanish Companies Act stipulates that companies that obtain profits during a year must apply at least 10% to the creation of the legal reserve. Appropriations must be made until the legal reserve reaches 20% of paid-up share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Other than to increase capital, the legal reserve may only be used to offset losses provided that no other reserves are available. The legal reserve is fully funded at 31 December 2023 and 2022 with a balance of 22,451 thousand euros.

Capitalisation reserve

By virtue of Article 25 of Law 27/2014 (27 November), on Corporate Income Tax, at 31 December 2023 the Bank maintains a reserve that is restricted during 5 years after its allocation in 2016 and totals 19,812 thousand euros (20,669 thousand euros at 31 December 2022).

Voluntary reserves

These reserves are freely available to the Bank since there is no legal or bylaw restriction on their use. The balance at 31 December 2023 amounts to 453,275 thousand euros (400,845 thousand euros at 31 December 2022).

19.2.2. Other reserves

This heading includes the amount of reserves not recognized in other items, such as amounts resulting from permanent adjustments made directly to equity as a result of expenses in the issuance or reduction of own equity instruments, disposals of own equity instruments, and the retroactive restatement of financial statements due to errors and changes in accounting policies, net of any tax effect.

19.3 Earnings per share

Basic earnings per share are calculated by dividing the net earnings by the weighted average number of outstanding shares for the year, excluding the average number of treasury shares held during the year.

The dilution result per share is due to dividing net earnings by the weighted average number of outstanding shares during the year, adjusting for the dilution effect, which is deemed to be the existence of convertible debt and stock options. The Bank has not issued instruments with a potential dilution effect at 31 December 2023 and 31 December 2022.

The earnings per share at 31 December 2023 and 31 December 2022 are set out below according to IAS 33:

		Thousand euro
	2023	2022
Profit/(loss) for the year	72,949	65,380
Weighted average number of shares	112,256,540	112,256,540
Basic earnings per share	**0.000649842**	**0.000582416**
Profit/(loss) for the year	72,949	65,380
Corrections to results due to issues of convertibles/options	-	-
Adjusted profit/(loss)	72,949	65,380
Weighted average number of shares	112,256,540	112,256,540
Diluted earnings per share	**0.000649842**	**0.000582416**

20. Tax matters

The Group is part of the Tax Consolidation Group number 508/12 established on 1 January 2012, parented by the Confederación Española de Cajas de Ahorros.

The companies in the Group files its tax returns, according to the tax legislation.

20.1. Years open for review by the tax authorities

As of 31 December 2023, the returns filed by the Group for the last four financial years since the end of the voluntary filing period for corporate income tax and other taxes are subject to inspection by the tax authorities.

Without prejudice to the foregoing, it should be noted that Royal Decree 463/2020, of 14 March, suspended from 14 March the computation of prescription and expiry periods for any actions and rights provided for in the tax regulations, with effect from 4 June 2020, by virtue of Royal Decree 537/2020, of 22 May.

Due to the different interpretations which may be given to certain tax rules applicable to the Group's operations for the years not yet audited, the Directors of the Bank consider that the impact of such possible different interpretations would not be material to the figures recorded in these annual accounts.

20.2. Tax expense or income related to profit or loss from continuing operation

The detail of “Tax expense or income related to profit or loss from continuing operation” in the consolidated income statements for 2023 and 2022 is as follows:

	Thousand euro- Expenses/(Revenues)	
	2023	2022
Income tax expense for the year (Note 20.3)	29,897	27,027
Prior years’ and other adjustments	(57)	(263)
	29,840	26,764

20.3. Reconciliation of accounting profit to taxable profit

The reconciliation of the income tax expense recognised for 2023 and 2022 to the consolidated accounting profit before tax multiplied by the tax rate applicable to the Bank, and the income tax charge recognised at 31 December 2023 and 2022 is as follows:

Thousand euro

	2023	2022
Accounting profit before tax	102,787	92,204
Tax rate	30%	30%
	30,836	27,661
Permanent differences:		
Increases	661	964
Decreases	(1,600)	(1,598)
Total	**29,897**	**27,027**
(Tax credits)/(Tax relief)	-	-
Income tax expense for the year (Note 20.2)	**29,897**	**27,027**
Temporary differences effect:		
Increases	7,656	3,517
Decreases	(5,818)	(9,082)
Tax with holdings and prepayments	(19,143)	(13,394)
Limitation of 25% of the taxable base Group after integration of DTAs	(7,667)	(4,437)
Income tax charge for the year	**4,925**	**3,631**

The current income tax charge shown in the above table is recognised under “Tax Liabilities - Current Tax Liabilities” in the balance sheet attached at 31 December 2023 and under the heading “Tax Assets -Current Tax Assets” for the year 2022.

20.4. Tax recognised in equity

In addition to the income tax recognised in the consolidated income statement, in 2023 and 2022 the Group recognised the following deferred amounts of income tax in equity during those periods:

Thousand euro

	Increase/Decrease in Equity	
	2023	2022
Tax effect of actuarial gains and losses on pension plans to defined benefit	3,277	(201)
Tax effect of unrealised gains or losses on equity instruments at fair value through other comprehensive income	38	34
Tax effect of unrealised gains or losses on debt instruments measured at fair value through other comprehensive income	(20,805)	31,350
	(17,490)	**31,183**

20.5. Deferred taxes

Pursuant to tax legislation in force, in 2023 and 2022 certain temporary differences arose that must be taken into account when quantifying the related income tax expense. The deferred taxes recognised in the consolidated balance sheets at 31 December 2023 and 2022 were as follows:

	Thousand euro	
	2023	2022
Deferred tax assets arising from:		
Additions and contributions to pension provisions and funds and other long-term obligations to employees	10,268	8,583
Additions to provisions	9,798	9,601
Impairment losses	22,709	30,658
Anticipated benefits from valuation adjustments	12,512	32,534
Other	6,856	5,216
	62,143	**86,592**

EUR 12,072 thousands of the total deferred tax assets recognised at 31 December 2023 (31 December 2022: EUR 19,529 thousand) relate to assets that meet the conditions of Article 130 of Spanish Income Tax Law 27/2014, of 27 November, to give rise to a possible right to convert them into credits receivable from the tax authorities.

The Group expects to recover non-monetizable deferred assets over the coming 10 years, in accordance with the projections made in Group's budgets and projections of the future.

Besides, as at 31 December 2023 the Group has reassessed the ability to generate future taxable profits in relation to the recoverability of the deferred tax assets recognised and concluded that there is no impact to be recognised in the financial statements.

Although the estimates have been made on the basis of the best information available at the end of 2023 and 2022, future events, if any, may make it necessary to change these estimates, upwards or downwards, in future years, which would be done in accordance with the applicable regulations, on a prospective basis.

	Thousand euro	
	2023	2022
Deferred tax liabilities arising from:		
Restatement of property	8,188	7,765
Additions and contributions to pension provisions and funds and to provisions for other long-term obligations to employees	-	1,909
Other	2,031	2,284
	10,219	**10,958**

20.6. Restatement of assets

The Group has not availed itself of the process for restating the tax value of certain properties as defined by Law 16/2012, of 27 December, adopting various tax measures aimed at consolidating public finances and boosting economic activity, which enables entities to restate certain assets on their balance sheets, provided certain requirements are met.

21. Fair value

21.1. Fair value of financial assets and liabilities

The fair value of the Group's financial instruments at 31 December 2023 and 2022 is broken down, by class of financial asset and liability into the following levels:

- TIER 1: financial instruments whose fair value is determined by reference to their quoted price in active markets.

- TIER 2: financial instruments whose fair value is estimated by reference to quoted prices in organised markets for similar instruments or using other measurement techniques in which all the significant inputs are based on directly or indirectly observable market data.

- TIER 3: instruments whose fair value is estimated using measurement techniques in which certain significant inputs are not based on observable market data.

The most objective reference for the fair value of a financial instrument is the price that would be paid for it on an active, transparent and deep market (quoted price or market price). If there is no market price for a given financial instrument, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments and of commonly used measurement techniques.

The methodology used to calculate fair value for each class of financial assets and liabilities is as follows:

- Trading derivatives and hedging derivatives:

    - Financial derivatives traded in organised, transparent and deep markets: fair value is deemed to be their daily quoted price.

    - OTC derivatives or derivatives traded in scantly deep or transparent organised markets: fair value is taken to be the sum of the future cash flows arising from the instrument, discounted to present value at the date of measurement ("present value" or "theoretical close") using measurement techniques accepted in the financial markets: "net present value" (NPV), option pricing models, etc.

- Debt instruments:

    - Quoted debt instruments: their fair value is generally determined on the basis of price quotations on official markets, at the Bank of Spain Book-Entry Trading Central Office, on the Spanish AIAF fixed-income market, etc., or by applying prices obtained from information service providers, mainly Bloomberg and Reuters, which construct their quotes on the basis of prices reported by contributors.

    - Unquoted debt instruments: their fair value is determined theoretically on the basis of discounted future cash flows and by using, for the specific instrument concerned, the corresponding measurement model recognised by the financial markets.

- Equity instruments:

    - Quoted equity instruments: their fair value was determined taking into account their price quotations on official markets.

    - Unquoted equity instruments: their fair value was determined taking into consideration valuations performed by independent experts, including intern control over their measurement, or directly using intern valuations. In both cases, there has been used:

- Discounted cash flows.
- Multiples of comparable listed companies.
- Adjusted Net Asset Value (NAV).

- Loans and prepayments to customers:
  - The Group considered the fair value of these financial assets to be the same as their carrying amount, since, as a result of their maturity and interest rate features and the early repayment clause of most transactions, there are no material differences between the two values.

- Financial liabilities at amortised cost:
  - The Group considered the fair value of these financial liabilities to be the same as their carrying amount, since, as a result of their maturity and interest rate features, there are no material differences between the two values.

For the purposes of Tiers 2 and 3, the prices were obtained using standard quantitative models fed by market data, which are either directly observable or can be calibrated or calculated using observable data. The most widely used models are the Shifted lognormal, Libor Market and Hull-White models for derivates over interest rates, the Black Scholes model for derivates over equities and foreign currency, and the Jarrow-Turnbull, Black adapted to credit and LHP models for credit products; the most common directly observable data are the interest rate, exchange rate and certain implied volatilities, and correlations.

The fair value of the Group's financial instruments at 31 December 2023 and 2022, broken down as indicated above, is as follows:

Financial assets and liabilities – fair value at 31 December 2023

	Fair value hierarchy			Changes in fair value for the period		Accumulated change in fair value before taxes		
	Tier 1	Tier 2	Tier 3	Tier 2	Tier 3	Tier 1	Tier 2	Tier 3
ASSETS								
Financial assets held for trading	586,208	611,517	9,893	(48,713)	3,623	32,266	391,291	9,893
Derivatives	113	391,072	9,893	(48,932)	3,623	113	391,072	9,893
Equity instruments	221,158	-	-	-	-	20,016	-	-
Debt securities	364,937	220,445	-	219	-	12,137	219	-
Financial assets not held-for-trading mandatorily classified at fair value through profit or loss	7,398	13,079	-	(101)	-	180	638	-
Equity instruments	-	5,636	-	(169)	-	-	696	-
Debt securities	7,398	4,972	-	140	-	180	14	-
Loans and prepayments	-	2,471	-	(72)	-	-	(72)	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	2,132,442	151,678	-	2,104	-	(20,729)	813	-
Equity instruments	-	2,594	-	-	-	-	2,025	-
Debt securities	2,132,442	149,084	-	2,104	-	(20,729)	(1,212)	-
Derivatives - Hedge accounting	-	83,304	-	(48,418)	-	-	83,304	-
LIABILITIES								
Financial liabilities held for trading	202,302	418,300	9,346	59,454	(5,070)	(6,586)	418,300	9,346
Derivatives	26	418,300	9,346	59,454	(5,070)	26	418,300	9,346
Short positions	202,276	-	-	-	-	(6,612)	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-	-	-
Derivatives - Hedge accounting	-	57,648	-	(61,685)	-	-	57,648	-

Financial assets and liabilities - fair value at 31 December 2022

	Fair value hierarchy			Changes in fair value for the period		Accumulated change in fair value before taxes		
	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2
ASSETS								
Financial assets held for trading	329,582	521,194	6,270	(324,553)	(10,450)	(100)	439,938	6,270
Derivatives	1,195	440,004	6,270	(324,488)	(10,450)	1,195	440,004	6,270
Equity instruments	102,253	-	-	-	-	(3,414)	-	-
Debt securities	226,134	81,190	-	(65)	-	2,119	(66)	-
Financial assets not held-for-trading mandatorily classified at fair value through profit or loss	-	14,939	-	1,231	-	-	844	-
Equity instruments	-	5,804	-	1,255	-	-	865	-
Debt securities	-	9,135	-	(24)	-	-	(21)	-
Loans and prepayments	-	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	2,205,758	133,247	-	-	-	(255,411)	(1,649)	-
Equity instruments	-	2,733	-	-	-	-	2,164	-
Debt securities	2,205,758	130,514	-	-	-	(255,411)	(3,813)	-
Derivatives - Hedge accounting	-	196,441	-	188,116	-	-	196,441	-
LIABILITIES								
Financial liabilities held for trading	134,718	477,753	4,277	310,950	12,399	7,052	477,753	4,277
Derivatives	324	477,753	4,277	310,950	12,399	324	477,753	4,277
Short positions	134,394	-	-	-	-	6,728	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-	-	-
Derivatives - Hedge accounting	-	-	-	-	-	-	-	-

For the purposes of the criteria explained in the foregoing paragraphs, an input is considered to be significant if it is important in determining the fair value in its entirety.

The level of the aforementioned fair value hierarchy (tiers 1, 2 or 3) within which the measurement of each of the Bank's financial instruments is categorised is determined on the basis of the lowest level input that is significant to the estimate of its fair value.

The breakdown of the securities portfolio with respect to debt securities is also included:

At 31 December 2023:

	Carrying amount		Latent capital losses				
	Total	Acquisition price corrected	Accumulated losses in fair value due to credit risk	Accumulated losses in fair value not due to credit risk	Latent capital gains €	Accumulated Impairment	Memorandum: Repurchase agreement
Debt securities	-	-	-	-	-	-	-
Financial assets held for trading	585,382	585,382	-	-	-	-	146,588
Financial assets not held-for-trading mandatorily classified at fair value through profit or loss	12,370	12,370	-	-	-	-	-
Financial assets at fair value through other comprehensive income	2,281,526	2,306,159	-	(96,713)	74,773	-	379,980
Financial assets at amortised cost	306,817	307,105	-	(14,875)	-	-	-
Total	**3,186,095**	**3,211,016**	**-**	**(111,588)**	**74,773**	**-**	**526,568**
Of which: Spanish Public Administrations	722,367	732,460	-	(21,064)	2,850	-	254,848
Financial assets held for trading	304,284	304,284	-	-	-	-	146,588
Financial assets at fair value through other comprehensive income	218,092	228,185	-	(12,943)	2,805	-	108,260
Financial assets at amortised cost	199,991	199,991	-	(8,121)	-	-	-
Of Which: Non-resident public administrations in Spain	1,255,996	1,238,607	-	(38,556)	-	-	145,234
Financial assets held for trading	30,130	30,130	-	-	-	-	-
Financial assets at fair value through other comprehensive income	1,143,352	1,125,963	-	(36,713)	-	-	145,234
Financial assets at amortised cost	82,514	82,514	-	(1,843)	-	-	-

At 31 December 2022:

	Carrying amount		Latent capital losses				
	Total	Acquisition Price corrected	Accumulated losses in fair value due to credit risk	Accumulated losses in fair value not due to credit risk	Latent capital gains €	Accumulated Impairment	Memorandum: Repurchase agreement
Debt securities	-		-	-	-	-	-
Financial assets held for trading	307,324	307,324	-	-	-	-	102,369
Financial assets not held-for-trading mandatorily classified at fair value through profit or loss	9,135	9,135	-	-	-	-	-
Financial assets at fair value through other comprehensive income	2,336,272	2,600,307	-	(260,078)	854	(4,811)	1,414,785
Financial assets at amortised cost	307,273	307,625	-	-	-	(352)	10,040
Total	**2,960,004**	**3,224,391**	**-**	**(260,078)**	**854**	**(5,163)**	**1,527,194**
Of which: Spanish Public Administrations	1,208,249	1,245,545	-	(37,402)	106	-	971,142
Financial assets held for trading	127,395	127,395	-	-	-	-	102,369
Financial assets at fair value through other comprehensive income	880,869	918,165	-	(37,402)	106	-	868,773
Financial assets at amortised cost	199,985	199,985	-	-	-	-	-
Of which: Public administrations not residing in Spain	900,468	1,022,371	-	(121,903)	-	-	474,963
Financial assets held for trading	44,061	44,061	-	-	-	-	-
Financial assets at fair value through other comprehensive income	772,609	894,512	-	(121,903)	-	-	464,923
Financial assets at amortised cost	83,798	83,798	-	-	-	-	10,040

21.2. Fair value of Property, plant and equipment

The only Property, plant and equipment (own-use properties and property investments) held by the Group whose fair value differs from their carrying amount are the properties owned by it. At 31 December 2023, the carrying amount of these properties amounted to EUR 42,737 thousand (31 December 2022: EUR 34,472 thousand) and their estimated fair value at that date was EUR 69,727 and 67,867 thousand at 31 December 2023 and 2022, respectively.

The aforementioned fair value was estimated by Instituto de Valoraciones, S.A. using generally accepted measurement techniques.

22. Exposure to credit risk

22.1. Credit risk management objectives, policies and processes

Credit risk is defined as the risk that affects, or might affect, results or capital as a result of non-compliance by a borrower with its contractual obligations, or of the borrower failing to act as agreed.

The Group has established certain procedures for the correct management of credit risk, the main features of which are as follows:

Credit risk analysis

At the Group, the process of assessing the credit quality of counterparties is closely linked with the assignment of limits. Thus, the Group assigns internal ratings to the various potential counterparties. This internal rating, together with the external agencies' ratings, contributes to the establishment of the maximum risk to be assumed with each entity. It also constitutes the basis for the acceptance and monitoring of risk.

The rating is the result of an analysis of various quantitative and qualitative factors which are assessed independently and receive a specific weighting for the calculating of the final rating. The final rating results from an independent assessment performed by the Group's analysts, which brings together the perception of the credit quality of the entities with which the Group wishes to transact business.

Credit risk monitoring and control

Credit risk is monitored through active portfolio management. The main aim is to detect, sufficiently in advance, any counterparties whose creditworthiness might be deteriorating. Systematic monitoring allows the whole of the portfolio to be classified into standard risk counterparties and counterparties under special surveillance.

As in risk analysis, ratings constitute another element for the risk monitoring process together with other variables including the country and type of business, among others.

In addition, as part of the monitoring of the credit risk and the adequacy of the contractual documentation supporting these operations is actively managed and monitored in conjunction with the Legal Department.

The control process comprises all the activities relating to the permanent checking of compliance with the established credit, counterparty and settlement risk limits, the management and reporting of overruns and the maintenance and update of parameterisations of products, customers, countries, economic groups, ratings, contractual offsetting agreements and financial guarantees in the control tools.

Risk limit structure

The Group's general credit risk limit structure is divided into two major groups. On one hand, there are the limits individually assigned to a counterparty. There are also a series of limits associated with certain activities, as country risk limits and operating limits for private-sector fixed-income securities and equity securities, among others.

Credit Risk Measurement Methodology

Cecabank calculates credit risk exposure by applying the standardised approach provided in current regulations. Also, for products subject to counterparty risk, the Entity values the position at the market prices of the various transactions, to which it adds certain add-ons which, applied to the notional amounts, include in the measurement the potential risk of each transaction until maturity.

The management tools provide real-time information on the utilisation of credit risk limits for each counterparty and economic group, thus facilitating the ongoing monitoring of any change and/or overrun of these limits.

In accordance with current legislation, the existence of guarantees and collateral reduces the credit risk of transactions for which they are provided.

Concentration risk

Concentration risk measures the degree of concentration of credit risk portfolios under different relevant dimensions: geographical areas and countries, economic sectors, products and customer groups.

Concentration risk, within the scope of credit risk, constitutes an essential management element. Continuous monitoring is carried out of the degree of concentration of credit risk under different relevant classifications: countries, ratings, sectors, economic groups, guarantees, etc.

The Group uses conservative risk criteria for the management of concentration risk which enable it to manage the available limits sufficiently comfortably with respect to the legally established concentration limits.

According to the regulations in force, as at 31 December 2023 the Group does not held positions with counterparties with which the large exposures threshold is exceeded (as at 31 December 2022, it also did not held positions with counterparties that exceeded the large risk threshold). At 31 December 2023, with regard to distribution by country, the largest exposure was located in Spain (77%), followed by the other European Union countries (20%) rising the exposure in the other countries of the world to 3%. At 31 December 2022, the distribution by country was 84%, 13%, and 3% respectively.

In Note 26 information on the risk of geographical concentration of the Group as of December 31, 2023 and 2022 is presented.

Regarding the high level of industry concentration, it is due to the Group's focus and the conducting of many activities, operations and services within the banking business in general, or indirectly related to it. Also, the risks in the financial services industry account for more than 83% of the total risk exposure at 31 December 2023 (2022: 77% of the total risk exposure) (excluding government exposure), although when evaluating this level of industry concentration, it should be taken into account that this exposure is to a highly regulated and supervised segment.

22.2. Maximum credit risk exposure level

The maximum level of credit risk exposure assumed by the Group at 31 December 2023 and 2022 for each class and category of financial instrument is indicated in each of the notes to the various portfolios in the balance sheet included in these notes to the financial statements.

Contingent liabilities are presented at the maximum amount guaranteed by the Group. In general, it is considered that most of these balances will expire without any actual financing obligation arising for the Bank. The collateral on these transactions must also be taken into account (see Note 22.3 below). The balances of contingent liabilities are presented at the maximum amounts available by counterparties.

22.3. Collateral received and other credit enhancements

The general policy with regard to the arrangement of transactions involving financial derivative products, repos, sell/buy backs and securities lending is to enter into contractual netting agreements drafted by national or international associations. These agreements enable the transactions performed thereunder to be terminated and settled early in the event of default by the counterparty in such a way that the parties can only claim the net balance resulting from the settlement of such transactions.

Derivative financial instruments are arranged using ISDA Master Agreements, which are subject to the laws of England and Wales or the State of New York, or the Framework Agreement for Financial Transactions (CMOF) which is subject to Spanish law, depending on the counterparty. Financial guarantee agreements, namely the Credit Support Annex for ISDA Master Agreements and Appendix III for CMOFs, are entered into to hedge derivative financial instruments exceeding certain risk levels.

Standard Global Master Repurchase Agreements (GMRA) are entered into for repo and sell/buy back transactions, while standard European Master Agreement (EMA) or Global Master Securities Lending Agreements (GMSLA) are used for securities lending transactions. The clauses of these types of contractual netting agreements include regulations on the financial guarantees or spreads on the transactions.

Details of the item “Loans and prepayments” are set out below, indicating the maximum amount of the real or personal guarantee that may be taken into consideration for each of the exposures at 31 December 2023 and 2022:

31 December 2023:

	Maximum amount of real or personal guarantees that may be considered				
	Loans secured by property		Other secured loans		
	Residential properties	Commercial properties	Cash (debt instruments issued)	Equity instruments and debt securities	Financial guarantees granted
Loans and prepayments	**34,455**	**-**	**-**	**1,491,942**	**31**
Of which doubtful	228	-	-	-	-
Of which: Other financial companies	-	-	-	142,732	-
Of which: Non-financial companies	-	-	-	-	-
Of which: Households	34,455	-	-	-	31
Of which: Home acquisition loans	34,270	-	-	-	31
Of which: consumer credit	-	-	-	-	-

31 December 2022:

	Maximum amount of real or personal guarantees that may be considered				
	Loans secured by property		Other secured loans		
	Residential properties	Commercial properties	Cash (debt instruments issued)	Equity instruments and debt securities	Financial guarantees granted
Loans and prepayments	**37,139**	-	-	**617,377**	**50,039**
Of which doubtful	301	-	-	-	-
Of which: Other financial companies	-	-	-	11,549	-
Of which: Non-financial companies	-	-	-	-	-
Of which: Households	37,139	-	-	-	39
Of which: Home acquisition loans	36,846	-	-	-	39
Of which: consumer credit	-	-	-	-	-

22.4. Credit quality of unimpaired, non-past-due financial assets

22.4.1. Analysis of credit risk exposure by credit rating

At 31 December 2023, 73.1% of the exposure had been rated by a credit rating agency recognised by the Bank of Spain (78.7% at 31 December 2022). The distribution, by rating, of the rated exposure is as follows:

Tier	Rating (*)	Percentage	
		2023	2022
1	AAA-AA	2,9%	1,6%
2	A	47,4%	39,1%
3	BBB	45,9%	54,1%
4	BB	3,8%	4,5%
5	B	-	0,7%
6	CCC and below	-	-
		100%	100%

(*) The exposures were classified taking the most conservative of the ratings granted by the two rating agencies used to manage the Bank's risk: Moody's and S&P.

This distribution of rated exposure excludes positions in government debt securities and guaranteed debt, debt of regional administrations and other public organisms, and that corresponding to central counterparties, all of which are exempt for the purposes of the limits to the great risks.

22.4.2. Classification of credit risk exposure by counterparty

The maximum credit risk exposure level (excluding impairment losses recognised and all other valuation adjustments) classified on a counterparty basis as at 31 December 2023 and 2022 for those credit risk exposures that were neither past due nor impaired as at 31 December 2023 and 2022 is presented below:

31 December 2023:

	Gross carrying amount							
	Total	Of which: held for trading	Of which: Non-trading financial assets mandatorily measured at fair value through profit or loss (Note 6.2)	Of which: financial assets susceptible to impairment	Of which: restructured or refinanced debt	Of which: doubtful	Accumulated impairment (including stage 1)	Accumulated negative changes in impairment due to credit risk deriving from doubtful exposures
Derivatives	**484,382**	**401,078**	**-**	**83,304**	-	-	-	-
Of which: credit institutions	287,173	203,869	-	83,304	-	-	-	-
Of which: other financial companies	196,313	196,313	-	-	-	-	-	-
Of which: other	896	896	-	-	-	-	-	-
Equity instruments	**229,388**	**221,158**	**5,636**	**2,594**	**-**	**-**	**-**	-
Of which: credit institutions	65,191	59,555	5,636	-	-	-	-	-
Of which: other financial companies	5,639	4,257	-	1,382	-	-	-	-
Of which: other non-financial companies	158,558	157,346	-	1,212	-	-	-	-
Cash balances at central banks and other demand deposits (Note 7)	**7,080,282**	**-**	**-**	**7,080,282**	**-**	**38**	**(107)**	-
Debt securities (Notes 8, 9 and 10)	**3,211,017**	**585,382**	**12,370**	**2,613,265**	**-**	**-**	**(2,981)**	-
Central banks	111,874	-	-	111,874	-	-	-	-
Public administrations	1,971,066	334,413	-	1,636,653	-	-	-	-
Credit institutions	537,829	146,471	-	391,358	-	-	-	-
Other financial companies	183,502	-	4,972	178,530	-	-	(1,212)	-
Non-financial companies	406,746	104,498	7,398	294,850	-	-	(1,769)	-
Loans and prepayments	**3,018,805**	**-**	**2,471**	**3,016,334**	**266**	**299**	**(837) -**	-
Central banks (Note 7)	8,091	-	-	8,091	-	-	-	-
Public administrations	363,649	-	-	363,649	-	-	-	-
Credit institutions (Note 7 and 9)	2,151,369	-	-	2,151,369	-	-	-	-
Other financial companies	399,573	-	-	399,573	-	25	(398)	-
Non-financial companies	57,795	-	2,471	55,324	-	-	(317)	-
Of which: small and medium sized companies	1,812	-	-	1,812	-	-	(11)	-
Households	38,328	-	-	38,328	266	274	(122)	-
Of which: loans secured by residential properties	34,744	-	-	34,744	237	237	(26)	-
Of which: consumer loans	1,723	-	-	1,723	-	3	(29)	-

31 December 2022:

	Gross carrying amount							
	Total	Of which: held for trading	Of which: Non-trading financial assets mandatorily measured at fair value through profit or loss (Note 6.2)	Of which: financial assets susceptible to impairment	Of which: restructured or refinanced debt	Of which: doubtful	Accumulated impairment (including stage 1)	Accumulated negative changes in impairment due to credit risk deriving from doubtful exposures
Derivatives	643.910	447.469	-	196.441	-	-	-	-
Of which: credit institutions	434.181	237.740	-	196.441	-	-	-	-
Of which: other financial companies	209.729	209.729	-	-	-	-	-	-
Equity instruments	110.790	102.253	5.804	2.733	-	-	-	-
Of which: credit institutions	28.629	28.629	-	-	-	-	-	-
Of which: other financial companies	3.707	2.325	-	1.382	-	-	-	-
Of which: other non-financial companies	78.454	71.299	5.804	1.351	-	-	-	-
Cash balances at central banks and other demand deposits (Note 7)	7.677.636	-		7.677.636	-	16	(88)	-
Debt securities (Notes 8, 9 and 10)	3,224,390	-	-	2,907,931	-	-	(5,163)	-
Central banks	115,616	-	-	115,616	-	-	-	-
Public administrations	2,267,916	171,456	-	2,267,916	-	-	-	-
Credit institutions	290,830	70,020	-	290,830	-	-	-	-
Other financial companies	149,843	4,995	9,135	149,843	-	-	(970)	-
Non-financial companies	409,189	60,853	-	409,189	-	-	(4,193)	-
Loans and prepayments	2,236,902	-	-	2,236,902	289	403	(393)	-
Central banks (Note 7)	1	-	-	1	-	-	-	-
Public administrations	532,623	-	-	532,623	-	-	-	-
Credit institutions (Note 7 and 9)	1,353,016	-	-	1,353,016	-	25	(25)	-
Other financial companies	307,241	-	-	307,241	-	-	(186)	-
Non-financial companies	2,166	-	-	2,166	-	-	(14)	-
Of which: small and medium sized companies	1,706	-	-	1,706	-	-	(12)	-
Households	41,855	-	-	41,855	289	378	(168)	-
Of which: loans secured by residential properties	37,525	-	-	37,525	255	324	(42)	-
Of which: consumer loans	2,159	-	-	2,159	-	14	(47)	-

22.5. Information on non-performing loans ratios

In view of the activities carried on by the Group and the risk profile assumed by it, its non- performing loans ratios, measured as non-performing assets as a percentage of total credit risk, is 0.01% at 31 December 2023 (0.003% at 31 December 2022).

22.6. Financial assets renegotiated in the year

At 31 December 2023, the Group had five refinanced transactions with employees, motivated by the non-payment of instalments of loans they had granted with the entity. The gross carrying amount of these transactions at 31 December 2023 was EUR 266 thousand (2022: EUR 289 thousand) and with a specific hedge of EUR 38 thousand in 2023 (2022: EUR 57 thousand).

22.7. Impaired assets

Following is a detail, by method used to calculate impairment losses (non-performing assets), of the financial assets at 31 December 2023 and 2022:

At 31 December 2023:

Book value

	Assets with no significant increase incredit risk since initialrecognition (stage 1)			Assets with a significantincrease in credit risk since initial recognition, but with no credit impairment (stage 2)			Assets with credit impairment (stage 3)		
	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
TOTAL DEBT INSTRUMENTS	**358**	**-**	**-**	**-**	**54**	**-**	**-**	**-**	**228**
Debt securities	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-
Public administrations	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial companies	-	-	-	-	-	-	-	-	-
Non-financial companies	-	-	-	-	-	-	-	-	-
Loans and prepayments	358	-	-	-	54	-	-	-	228
Central banks	-	-	-	-	-	-	-	-	-
Public administrations	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial companies	358	-	-	-	54	-	-	-	-
Non-financial companies	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	228
Loans and prepayments for products, real guarantees and subordinated items	-	-	-	-	-	-	-	-	-
Sight and with brief notice periods (current account)	358	-	-	-	54	-	-	-	-
Credit card debt	-	-	-		-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-	-	-	-
Reverse repo loans	-	-	-	-	-	-	-	-	-
Other term loans	-	-	-	-	-	-	-	-	228
Prepayments other than loans	-	-	-	-	-	-	-	-	-
Of which: loans secured by property	-	-	-	-	-	-	-	-	228
Of which: other loans with real guarantees	-	-	-	-	-	-	-	-	-
Of which: consumer credit	-	-	-	-	-	-	-	-	-
Of which: home acquisition loans	-	-	-	-	-	-	-	-	163
Of which: project financing loans	-	-	-	-	-	-	-	-	-

At 31 December 2022:

Book Value

	Assets with no significant increase incredit risk since initial recognition (stage 1)			Assets with a significantincrease in credit risk since initial recognition, but with no credit impairment (stage 2)			Assets with credit impairment (stage 3)		
	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days	≤ 30 days	> 30 days ≤ 90 days	> 90 days
TOTAL DEBT INSTRUMENTS	**5,126**	**-**	**-**	**-**	**116**	**-**	**-**	**-**	**302**
Debt securities	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-
Public administrations	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-
Other financial companies	-	-	-	-	-	-	-	-	-
Non-financial companies	-	-	-	-	-	-	-	-	-
Loans and prepayments	5,126	-	-	-	116	-	-	-	302
Central banks	-	-	-	-	-	-	-	-	-
Public administrations	-	-	-	-	-	-	-	-	-
Credit institutions (Note 5)	16	-	-	-	-	-	-	-	-
Other financial companies	5,081	-	-	-	-	-	-	-	-
Non-financial companies	-	-	-	-	-	-	-	-	-
Households	29	-	-	-	116	-	-	-	302
Loans and prepayments for products, real guarantees and subordinated items	5,126	-	-	-	116	-	-	-	302
Sight and with brief notice periods (current account)	5,126	-	-	-	-	-	-	-	-
Credit card debt	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-	-	-	-
Reverse repo loans	-	-	-	-	-	-	-	-	-
Other term loans	36	-	-	-	116	-	-	-	302
Prepayments other than loans	-	-	-	-	-	-	-	-	-
Of which: loans secured by property	21	-	-	-	116	-	-	-	302
Of which: other loans with real guarantees	-	-	-	-	-	-	-	-	-
Of which: consumer credit	-	-	-	-	-	-	-	-	-
Of which: home acquisition loans	21	-	-	-	116	-	-	-	237
Of which: project financing loans	-	-	-	-	-	-	-	-	-

In connection with the information provided in the foregoing tables, it should be noted that financial assets classified as at fair value through profit or loss which might be impaired due to credit risk were not included, since when such assets are measured at fair value, any impairment losses are recognised as an adjustment to fair value in the Bank’s financial statements.

Details of impaired financial assets (doubtful) and not doubtful are presented below based on their maturity dates.

Gross book value / nominal amount

As of 31 December 2023	Not doubtful				Doubtful								
	TOTAL	Total not doubtful	Not due or outstanding ≤ 30 days	Outstanding > 30 days ≤90 days	Total doubtful	Improbable payment not due or outstanding ≤ 90 days	Outstanding > 1 year ≤ 2 years	Outstanding > 2 years ≤ 5 years	Outstanding > 5 years ≤ 7 years	Of which: unpaid	Of which: impaired	Real guarantees received on non- doubtful exposures	guarantees received on doubtful exposures
Debt instruments at amortised cost	10,403,721	10,403,384	10,403,323	10,401,693	337	43	-	269	-	337	308	1,526,169	228
Cash balances at central banks and other demand deposits	7,080,282	7,080,244	7,080,244	7,080,244	38	38	-	-	-	38	38	-	-
Debt securities	307,105	307,105	307,105	305,475	-	-	-	-	-	-	-	-	-
Public Administrations	282,505	282,505	282,505	282,505	-	-	-	-	-	-	-	-	-
Other financial companies	24,600	24,600	24,600	22,970	-	-	-	-	-	-	-	-	-
Loans and advances	3,016,334	3,016,035	3,015,974	3,015,974	299	5	-	269	-	299	270	1,526,169	228
Central Banks (Note 8)	8,091	8,091	8,091	8,091	-	-	-	-	-	-	-	-	-
Public Administrations	363,649	363,649	363,649	363,649	-	-	-	-	-	-	-	-	-
Credit institutions (Note 8)	2,151,369	2,151,369	2,151,369	2,151,369	-	-	-	-	-	-	-	1,349,210	-
Other financial companies	399,573	399,548	399,487	399,487	25	-	-	-	-	25	25	142,732	-
Non-financial corporations	55,324	55,324	55,324	55,324	-	-	-	-	-	-	-	-	-
Of which: small and medium-sized enterprises	1,812	1,812	1,812	1,812	-	-	-	-	-	-	-	-	-
Households (Note 8)	38,328	38,054	38,054	38,054	274	5	-	269	-	274	245	34,227	228
Of which: loans secured by residential property	34,744	34,507	34,507	34,507	237	-	-	237	-	237	237	34,227	228
Of which: consumer credit	1,723	1,720	1,720	1,720	3	3	-	-	-	3	3	-	-
Debt instruments at fair value through other comprehensive income	2,306,161	2,306,161	2,306,161	2,306,161	-	-	-	-	-	-	-	-	-
Debt securities	2,306,161	2,306,161	2,306,161	2,306,161	-	-	-	-	-	-	-	-	-
Central banks	111,874	111,874	111,874	111,874	-	-	-	-	-	-	-	-	-
Public Administrations	1,354,148	1,354,148	1,354,148	1,354,148	-	-	-	-	-	-	-	-	-
Credit institutions	391,358	391,358	391,358	391,358	-	-	-	-	-	-	-	-	-
Other financial companies	153,931	153,931	153,931	153,931	-	-	-	-	-	-	-	-	-
Non-financial corporations	294,850	294,850	294,850	294,850	-	-	-	-	-	-	-	-	-
Non-trading debt instruments mandatorily measured at fair value through profit or loss or designated at fair value through profit or loss	14,841	14,841	14,841	-	-	-	-	-	-	-	-	-	-
Debt securities	12,370	12,370	12,370	-	-	-	-	-	-	-	-	-	-
Other financial companies	4,972	4,972	4,972	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	7,398	7,398	7,398	-	-	-	-	-	-	-	-	-	-
Loans and advances	2,471	2,471	2,471	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	2,471	2,471	2,471	-	-	-	-	-	-	-	-	-	-
Debt instruments other than those held for trading	12,721,465	12,721,128	12,721,067	12,704,596	337	43	-	269	-	337	308	1,526,169	228
Off-balance sheet exposures	739,860	739,860	-	739,860	-	-	-	-	-	-	-	37,068	-
Loan commitments granted	673,248	673,248	-	673,248	-	-	-	-	-	-	-	-	-
Public Administrations	600,000	600,000	-	600,000	-	-	-	-	-	-	-	-	-
Credit institutions	15,000	15,000		15,000									
Other financial companies	33,326	33,326	-	33,326	-	-	-	-	-	-	-	-	-
Non-financial corporations	20,978	20,978	-	20,978	-	-	-	-	-	-	-	-	-
Households	3,944	3,943	-	3,943	-	-	-	-	-	-	-	-	-
Other commitments given	66,612	66,612	-	66,612	-	-	-	-	-	-	-	37,068	-
Public Administrations	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	62,579	62,579	-	62,579	-	-	-	-	-	-	-	37,068	-
Other financial companies	1,438	1,438	-	1,438	-	-	-	-	-	-	-	-	-
Non-financial corporations	2,551	2,551	-	2,551	-	-	-	-	-	-	-	-	-
Households	44	44	-	44	-	-	-	-	-	-	-	-	-

Gross book value / nominal amount

As of 31 December 2022	No dudosas				Dudosas								
	TOTAL	Total not doubtful	Not due or outstanding ≤ 30 days	Outstanding > 30 days ≤90 days	Total doubtful	Improbable payment not due or outstanding ≤ 90 days	Outstanding > 1 year ≤ 2 years	Outstanding > 2 years ≤ 5 years	Outstanding > 5 years ≤ 7 years	Of which: unpaid	Of which: impaired	Real guarantees received on non- doubtful exposures	guarantees received on doubtful exposures
Debt instruments at amortised cost	10,221,862	10,221,443	10,221,232	10,217,940	419	20	2	293	77	419	385	654,215	302
Cash balances at central banks and other demand deposits	7,677,636	7,677,620	7,677,224	7,677,224	16	16	-	-	-	16	16	-	-
Debt securities	307,324	307,324	307,626	305,924	-	-	-	-	-	-	-	-	-
Public Administrations	283,481	283,481	283,783	283,783	-	-	-	-	-	-	-	-	-
Other financial companies	23,843	23,843	23,843	22,141	-	-	-	-	-	-	-	-	-
Loans and advances	2,236,902	2,236,499	2,236,382	2,234,792	403	4	2	293	77	403	369	654,215	302
Central banks	1	1	1	1	-	-	-	-	-	-	-	-	-
Public Administrations	532,623	532,623	532,623	532,623	-	-	-	-	-	-	-	-	-
Credit institutions (Note 9)	1,353,016	1,352,991	1,352,991	1,352,991	25	-	-	-	-	25	25	605,828	-
Other financial companies	307,241	307,241	307,241	307,241	-	-	-	-	-	-	-	11,549	-
Non-financial corporations	2,166	2,166	2,166	2,166	-	-	-	-	-	-	-	-	-
Of which: small and medium-sized enterprises	1,706	1,706	1,706	1,706	-	-	-	-	-	-	-	-	-
Households (Note 10)	41,855	41,476	41,360	41,360	378	4	2	293	77	378	344	36,838	302
Of which: loans secured by residential property	37,525	37,201	37,085	37,085	324	-	-	255	69	324	324	36,838	302
Of which: consumer credit	2,159	2,145	2,145	2,145	14	2	-	-	9	14	14	-	-
Debt instruments at fair value through other comprehensive income	3,251,255	3,251,255	3,251,255	2,590,239	-	-	-	-	-	-	-	-	-
Debt securities	3,251,255	3,251,255	3,251,255	2,590,239	-	-	-	-	-	-	-	-	-
Central banks	115,616	115,616	115,616	115,616	-	-	-	-	-	-	-	-	-
Public Administrations	2,267,916	2,267,916	2,267,916	1,812,677	-	-	-	-	-	-	-	-	-
Credit institutions	290,830	290,830	290,830	220,810	-	-	-	-	-	-	-	-	-
Other financial companies	131,708	131,708	131,708	102,871	-	-	-	-	-	-	-	-	-
Non-financial corporations	409,185	409,185	409,185	338,265	-	-	-	-	-	-	-	-	-
Non-trading debt instruments mandatorily measured at fair value through profit or loss or designated at fair value through profit or loss	9,135	9,135	9,135	-	-	-	-	-	-	-	-	-	-
Debt securities	9,135	9,135	9,135	-	-	-	-	-	-	-	-	-	-
Other financial companies	9,135	9,135	9,135	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt instruments other than those held for trading	13,446,252	13,445,833	13,445,622	12,809,769	419	20	2	293	77	419	385	654,215	302
Off-balance sheet exposures	678,212	678,212	-	678,212	-	-	-	-	-	-	-	144,952	-
Loan commitments granted	503,859	503,859	-	503,859	-	-	-	-	-	-	-	-	-
Public Administrations	400,000	400,000	-	400,000	-	-	-	-	-	-	-	-	-
Other financial companies	30,373	30,373	-	30,373	-	-	-	-	-	-	-	-	-
Non-financial corporations	71,113	71,113	-	71,113	-	-	-	-	-	-	-	-	-
Households	2,373	2,373	-	2,373	-	-	-	-	-	-	-	-	-
Other commitments given	174,353	174,353	-	174,353	-	-	-	-	-	-	-	144,952	-
Public Administrations	1,657	1,657	-	1,657	-	-	-	-	-	-	-	-	-
Credit institutions	169,567	169,567	-	169,567	-	-	-	-	-	-	-	144,952	-
Other financial companies	525	525	-	525	-	-	-	-	-	-	-	-	-
Non-financial corporations	2,557	2,557	-	2,557	-	-	-	-	-	-	-	-	-
Households	47	47	-	47	-	-	-	-	-	-	-	-	-

The transactions considered to be impaired (doubtful assets) by the Group at 31 December 2023 that are classified into the categories of “Loans and prepayment to credit institutions” and “Loans and prepayments to customers” total EUR 337 thousand (EUR 420 thousand at 31 December 2022).

22.8. Changes in, and distribution of, impairment losses

Following are the changes in the impairment losses due to credit risk recognised by the Group in 2023 and 2022. Excluding value adjustments for overnight deposits in Note 5:

At 31 December 2023:

	Opening balance	Origination and acquisition increases	Decreases due to derecognition of accounts	Changes to the variance in credit risk	Changes due to modifications without derecognition (net)	Decrease in the value adjustment account for written-off write-offs	Other adjustm ents	Closing balance
Total adjustment for debt instruments	**(5,642)**	**(1,869)**	**3,573**	**106**	**-**	**9**	**(40)**	**(3,863)**
Adjustments for financial assets without an increase in credit risk since initial recognition (stage 1)	**(2,871)**	**(1,863)**	**1,112**	**28**	**-**	**-**	**(42)**	**(3,636)**
Cash balances at central banks and other demand deposits	(42)	-	-	16	-	-	-	(26)
Debt securities (Note 8)	(2,493)	(1,338)	960	43	-	-	(3)	(2,831)
Loans and prepayments (Note 9)	(336)	(525)	152	(31)	-	-	(39)	(779)
Adjustments due to debt instruments with a significant increase in credit risk since initial recognition, but without credit impairment (stage 2)	**(2,670)**	**(6)**	**2,449**	**69**	**-**	**-**	**2**	**(156)**
Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
Debt securities (Notes 9 and 10)	(2,670)	-	2,449	69	-	-	2	(150)
Loans and prepayments (Note 10)	-	(6)	-	-	-	-	-	(6)
Adjustments due to debt instruments with credit impairment (stage 3)	**(67)**	**-**	**12**	**4**	**-**	**9**	**-**	**(42)**
Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-	-
Loans and prepayments (Note 10)	(67)	-	12	4	-	9	-	(42)
Rights for financial assets acquired or originated with credit impairment	**(34)**	**-**	**-**	**5**	**-**	**-**	**-**	**(29)**
Cash balances in central banks and other demand deposits	-	-	-	-	-		-	-
Debt securities	-	-	-	-	-		-	-
Loans and prepayments (Note 10)	(34)	-	-	5	-	-	-	(29)

At 31 December 2022:

	Opening balance	Origination and acquisition increases	Decreases due to derecognition of accounts	Changesto the variancein credit risk	Changes due to modifications without derecognition (net)	Decrease in the value adjustment account forwritten-offwrite-offs	Other adjustments	Closing balance
Total adjustment for debt instruments	**(4,789)**	**(897)**	**401**	**(302)**	**-**	**-**	**(55)**	**(5,642)**
Adjustments for financial assets without an increase in credit risk since initial recognition (stage 1)	**(2,082)**	**(894)**	**401**	**(275)**	**-**	**-**	**(21)**	**(2,871)**
Cash balances in central banks and other demand deposits	-	-	-	-	-	-	(42)	(42)
Debt securities (Notes 6, 7 and 8)	(1,895)	(617)	321	(305)	-	-	3	(2,493)
Loans and prepayments (Note 8)	(187)	(277)	80	30	-	-	18	(336)
Adjustments due to debt instruments with a significant increase in credit risk since initial recognition, but withoutcredit impairment (stage 2)	**(2,627)**	**-**	**-**	**(43)**	**-**	**-**	**-**	**(2,670)**
Cash balances in central banks and other demand deposits	-	-	-	-	-	-	-	-
Debt securities (Notes 6, 7 and 8)	(2,627)	-	-	(43)	-	-	-	(2,670)
Loans and prepayments (Note 8)	-	-	-	-	-	-	-	-
Adjustments due to debtinstruments with credit impairment (stage 3)	**(80)**	**(3)**	**-**	**16**	**-**	**-**	**-**	**(67)**
Cash balances in central banks and other demand deposits	-	-	-	-	-	-	-	-
Debt securities (Notes 6, 7 and 8)	-	-	-	-	-	-	-	-
Loans and prepayments (Note 8)	(80)	(3)	-	16	-	-	-	(67)
Rights for financial assets acquired or originated with credit impairment	**-**	**-**	**-**	**-**	**-**	**-**	**(34)**	**(34)**
Cash balances in central banks and other demand deposits	-	-	-	-	-	-	-	-
Debt securities (Notes 6, 7 and 8)							-	-
Loans and prepayments (Note 8)	-	-	-	-	-	-	(34)	(34)

Phase 2 debt securities include impairment losses on financial assets at fair value through other comprehensive income as well as at amortised cost.

Phase 3 includes allowances for loans and advances to credit institutions and the portion of impairment losses on loans and advances to customers of doubtful assets.

At 31 December 2023:

	Gross carrying amount/ nominal amount					
	Transfers between stage 1 and stage 2		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 3	
	To stage 2 from stage 1	To stage 1 from stage 2	To stage 3 from stage 2	To stage 2 from stage 3	To stage 3 from stage 1	To stage 1 from stage 3
Total debt instruments	60	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Central banks	-	-	-	-	-	-
Public administrations	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-
Other financial companies	-	-	-	-	-	-
Non-financial companies	-	-	-	-	-	-
Loans and prepayments	60	-	-	-	-	-
Central banks	-	-	-	-	-	-
Public administrations	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-
Other financial companies	60	-	-	-	-	-
Non-financial companies	-	-	-	-	-	-
Households	-	-	-	-	-	-
Commitments and financial guarantees granted	-	-	-	-	-	-

At 31 December 2022:

	Gross carrying amount/ nominal amount					
	Transfers between stage 1 and stage 2		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 3	
	To stage 2 from stage 1	To stage 1 from stage 2	To stage 3 from stage 2	To stage 2 from stage 3	To stage 3 from stage 1	To stage 1 from stage 3
Total debt instruments	-	-	-	-	5	6
Debt securities	-	-	-	-	-	-
Central banks	-	-	-	-	-	-
Public administrations	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-
Other financial companies	-	-	-	-	-	-
Non-financial companies	-	-	-	-	-	-
Loans and prepayments	-	-	-	-	5	6
Central banks	-	-	-	-	-	-
Public administrations	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-
Other financial companies	-	-	-	-	-	-
Non-financial companies	-	-	-	-	-	-
Households	-	-	-	-	5	6
Commitments and financial guarantees granted	-	-	-	-	-	-

22.9. Past-due but not impaired assets

At 31 December 2023 and 2022 the Group had not recognised any material past-due but not impaired assets in its financial statements.

22.10. Write-off of impaired financial assets

At 31 December 2023 and 2022 the Group did not have any material financial assets that, pursuant to the criteria set forth in Note 2, had been written off due to credit risk, and there were no significant changes in this connection during those years.

Likewise, during fiscal year 2023 there have been three cancellations of loans (one cancellation in fiscal year 2022) because it is considered that there are no reasonable expectations of recovery.

22.11. Exposure to real estate risk

The only operations granted by the Group at 31 December 2023 and 2022 concerning real state exposure are those loans intended to be used for housing acquisition, which are granted to its employees. Following is a detail of the latter:

At 31 December 2023:

		Carrying amount					
	Gross carrying amount	Central banks	Public administrations	Credit institutions	Other financial companies	Non-financial companies	Households
LOANS AND PREPAYMENTS	**10,095,828**	**6,932,901**	**363,649**	**2,305,804**	**399,174**	**55,150**	**38,208**
Real guarantees	-	-	-	-	-	-	-
Of which: loans secured by property	34,744	-	-	-	-	-	34,718
Of which: other loans with real guarantees	1,499,048	-	-	1,353,192	145,773	-	-

At 31 December 2022:

		Carrying amount					
	Gross carrying amount	Central banks	Public administrations	Credit institutions	Other financial companies	Non-financial companies	Households
LOANS AND PREPAYMENTS	**9,912,552**	**7,548,435**	**532,623**	**1,481,708**	**305,401**	**2,152**	**41,686**
Real guarantees	-	-	-	-	-	-	-
Of which: loans secured by property	37,525	-	-	-	-	-	37,483
Of which: other loans with real guarantees	637,231	-	-	621,590	15,611	-	-

Following is the breakdown of credit with mortgage guarantee to households for house purchase, according to the phase in which they are classified as at 31 December 2023 and 2022:

At 31 December 2023:

Carrying amount

	Assets without a significant increase in credit risk since initial recognition (phase 1)			Assets with a significant increase in credit risk since initial recognition, but no credit deterioration (phase 2)			Credit impaired assets (phase 3)		
	≤ 30 days	≤ 30 days	≤ 30 days	≤ 30 days	≤ 30 days	≤ 30 days	≤ 30 days	≤ 30 days	≤ 30 days
Real guarantees	-	-	-	-	-	-	-	-	-
Other term loans	-	-	-	-	-	-	-	-	228
Of which: loans secured by property	-	-	-	-	-	-	-	-	228
Of which: other loans with real guarantees	-	-	-	-	-	-	-	-	163

At 31 December 2022:

Carrying amount

	Assets without a significant increase in credit risk since initial recognition (phase 1)			Assets with a significant increase in credit risk since initial recognition, but no credit deterioration (phase 2)			Credit impaired assets (phase 3)		
	≤ 30 days	≤ 30 days	≤ 30 days	≤ 30 days	≤ 30 days	≤ 30 days	≤ 30 days	≤ 30 days	≤ 30 days
Real guarantees	-	-	-	-	-	-	-	-	-
Other term loans	21	-	-	-	116	-	-	-	301
Of which: loans secured by property	21	-	-	-	116	-	-	-	301
Of which: other loans with real guarantees	21	-	-	-	116	-	-	-	237

22.12. Other disclosures on credit risk

The amount of accrued, past-due uncollected receivables on impaired financial assets was not material at 31 December 2023 and 2022 or in the years then ended.

For its part, during financial year 2023, a mortgage guarantee associated with a loan has been executed to guarantee its collection. The amount charged for the execution was 72 thousand euros. During financial year 2022, no guarantee associated with the assets has been executed.

23. Exposure to market risk

Market risk is defined as the risk that affects results or capital as a result of adverse changes in the prices of bonds, securities and commodities and in the exchange rates of transactions recognised in the trading book. This risk arises in market making and trading activities and the taking of positions in bonds, securities, foreign currencies, commodities and derivatives (on bonds, securities, currencies and commodities). This risk includes foreign currency risk, which is defined as the actual or potential risk that affects results or capital as a result of adverse changes in exchange rates in the banking book.

The exposure direct to market risk arises from several financial factors affecting market prices. These factors include mainly, but not only, the following:

Interest rates risk

Interest rate risk is the exposure to market fluctuations due to changes in the general level of interest rates.

Currency risk

The currency risk to which the Group is exposed arises from its FX activities in the international capital markets.

Variable income

Represents the risk of incurring losses as a result of a change in stock prices.

Value at Risk ("VaR") provides an integrated measure of market risk and encompasses the basic elements thereof: interest rate risk, foreign currency risk, equity risk and the risk of volatility of the foregoing factors.

The distribution of the VaR of the trading book by desk at 31 December 2023 and 2022 is as follows:

Thousand euro

	2023	2022
Money and currency markets	607	831
Forex products	342	275
Debt table	121	85
Variable income table	120	179
Derivatives products	100	102
Credit table	119	274
Banknotes	14	34

For the operation in certain types of complex exotic options, for which risk management and measurement is very complicated, the general policy is to eliminate this portfolio risk by contracting back to back operations (mirror) in the market.

The Board of Directors establishes global limits as part of the establishment of the risk tolerance framework. The limit structure is based on the VaR methodology mentioned above and on the values of maximum real loss authorised with different time horizons.

24. Liquidity risk

Liquidity risk is defined as:

The uncertainty regarding the availability, at reasonable prices, of funds to enable the Group to meet its commitments when recourse to external financing is difficult for a particular period of time.

The maintenance or generation of levels of liquidity required to finance future business growth.

In other words, this risk reflects the probability of incurring losses or having to reject new business or growth in current business as a result of being unable to meet commitments normally when they fall due or being unable to finance additional needs at market rates. In order to mitigate this risk, the Group periodically monitors its liquidity conditions and assesses any action that may be required. Furthermore, the Group has planned measures to enable it to restore the Group's overall financial equilibrium in the event of a possible shortfall in liquidity.

Liquidity risk management consists of ensuring the availability at all times of the instruments and processes that will enable the Group to meet its payment commitments on a timely basis, in such a manner that it will have the resources required to maintain sufficient liquidity levels to meet its payments without significantly compromising the Group's results, and maintain the mechanisms which will enable it to meet those payment commitments if various possible scenarios should arise.

Generally speaking, the Group has traditionally had various means of raising liquidity, including that of attracting customer deposits, the use of various cash facilities made available by official agencies, and the obtainment of liquidity through the interbank market.

The liquidity gap is the profile of maturities and settlements by risk type (assets and liabilities classified by residual maturity plus the interest flows arising from all the balance sheet aggregates) and shows the mismatch structure in the balance sheet in terms of cash inflows and outflows.

The Group also monitors the available liquid assets in order to identify possible sources of liquidity to be used in the event of a liquidity contingency.

The Board of Directors, as part of its oversight function, establishes a framework of liquidity risk limits geared towards ensuring that the Bank complies comfortably with regulatory requirements vis-à-vis its liquidity position, and that it continues to perform transactions on the markets and conduct its business activity in such a way as to ensure the sufficient diversification of its sources of funds. These limits are set on the basis of a series of liquidity ratios whose purpose is to assess and measure the Group's on-balance-sheet liquidity.

Stress tests are also carried out, combining various scenarios involving restricted access to capital markets, a mass withdrawal of demand deposits, the drawdown of contingent liquidity commitments, and other external market conditions.

In addition, a series of liquidity-crisis early-warning and intensity indicators are monitored on a daily basis and a detailed, permanently updated inventory is kept of the on-balance-sheet assets that are readily convertible into cash.

25. Interest rate risk

Structural on-balance-sheet interest rate risk can be defined as the exposure of an entity's financial and economic position to adverse changes in interest rates, resulting from timing mismatches between the maturity and repricing dates of global balance sheet items. This risk is a quintessential element of the banking business and can have a major effect on the financial margin and the economic value of equity. Consequently, a risk management capable of maintaining interest rate risk at prudent levels is indispensable in order to safeguard and bolster the Group's position (see Notes 2.4 and 11).

The Group's business and management efforts focus on achieving a stable, recurring earnings structure and are geared towards preserving the economic value of equity, with a view to guaranteeing the orderly growth of the Group in the long term.

To attain the objectives described above the Group has created an on-balance-sheet structural risk limit structure to guarantee that risk exposure levels are within the tolerance level set by senior management. The Board of Directors defines the general framework for the management of the balance sheet and approves the risk limits based on its risk tolerance. Structural risks are managed at short, medium- and long-term using limits that are approved by the Board itself and monitored on a monthly basis.

Thus, certain limits are set in terms of sensitivity to changes in market interest rates. These changes affect both net interest income and economic value.

Senior management is actively involved in on-balance-sheet risk management through the Asset-Liability Committee (ALCO). This committee is responsible for taking the action required to correct any possible on-balance-sheet risk imbalances.

In order to measure, analyse and control the structural risk management of the balance sheet, an analysis is carried out to measure the excess or defect of the volume of sensitive assets against the sensitive liability, such as unmatched volume (and therefore not covered) and subject to possible variations in interest rates. In this way, exposure to risk is identified by studying the concentration of masses with risk of repricing for temporarily significant periods.

Similarly, in order to include a dynamic analysis of the balance sheet with respect to various interest rate scenarios, it performs simulations of the performance of the net interest margin over a time horizon of one year. This enables it to analyse the effect of changes due to fluctuations in interest rates based on the repricing gaps of the various balance sheet items.

To complete these sensitivity measures, a methodology which is similar to Market VaR is applied to allow the economic value of the capital at risk to be calculated for a one-month time horizon with a confidence level of 99%, taking into account all the risk factors which affect the balance sheet.

26. Risk concentration

26.1 Risk concentration by activity and geographical area

Following is a detail, by geographical area of counterparty residence and type and category of financial instrument, of the distribution of the carrying amount of the Group’s financial assets at 31 December 2023 and 2022 (including measurement adjustments):

Risk Concentration by activity and geographical area. Total activity (book value):

31 December 2023:

Thousand euro

	Total	Spain	Rest of the European Union	America	Rest of the world
Central banks and credit institutions	**10,255,669**	**8,808,442**	**1,118,564**	**182,468**	**146,195**
Public institutions	**2,342,024**	**1,085,940**	**1,228,673**	**76**	**27,335**
Central administration	1,815,347	559,263	1,228,673	76	27,335
Other public administrations	526,677	526,677	-	-	-
Other financial institutions	**783,436**	**453,984**	**248,483**	**14,712**	**66,257**
Non-financial companies and individual businesses	**611,742**	**423,067**	**158,861**	**18,791**	**11,023**
Other purposes	611,742	423,067	158,861	18,791	11,023
Large companies	588,643	400,073	158,833	18,714	11,023
SME's and self-employed	23,099	22,994	28	77	-
Other homes	**38,251**	**38,251**	**-**	**-**	**-**
Homes	35,651	35,651	-	-	-
Consumption	1,694	1,694	-	-	-
Other purposes	906	906	-	-	-
Total	**14,031,122**	**10,809,684**	**2,754,581**	**216,047**	**250,810**

31 December 2022:

Thousand euros

	Total	Spain	Rest of the European Union	America	Rest of the world
Central banks and credit institutions	**9,897,294**	**8,964,600**	**673,085**	**130,896**	**128,713**
Public institutions	**2,641,533**	**1,690,833**	**925,253**	**79**	**25,368**
Central administration	2,078,149	1,127,449	925,253	79	25,368
Other public administrations	563,384	563,384	-	-	-
Other financial institutions	**642,413**	**507,107**	**85,532**	**14,265**	**35,509**
Non-financial companies and individual businesses	**439,724**	**270,434**	**115,647**	**44,640**	**9,003**
Other purposes	439,724	270,434	115,647	44,640	9,003
- Large companies	419,922	250,728	115,551	44,640	9,003
- SME's and self-employed	19,802	19,706	96	-	-
Other homes	**41,733**	**41,733**	-	-	-
Homes	38,625	38,625	-	-	-
Consumption	2,112	2,112	-	-	-
Other purposes	996	996	-	-	-
Total	**13,662,697**	**11,474,707**	**1,799,517**	**189,880**	**198,593**

Risk Concentration by activity and geographical area

Total activity (book value):

31 December 2023:

Thousand euro

		Autonomous communities								
	Total	Andalucía	Aragón	Asturias	Baleares	Canarias	Cantabria	Castilla La Mancha	Castilla y León	Cataluña
Credit Institutions	**8,808,442**	**293,028**	**26,506**	-	**2,176**	-	**436,463**	-	-	-
Public Administrations	**1,085,940**	**128,422**	**56,847**	-	**82,026**	-	-	**68,495**	**14,576**	**22,990**
· Central Administration	559,263	-	-	-	-	-	-	-	-	-
· Other	526,677	128,422	56,847	-	82,026	-	-	68,495	14,576	22,990
Other Credit Institutions	**453,984**	**17,757**	-	-	-	-	-	-	**6,159**	**1,637**
Non- financial societies and individual entrepreneurs	**423,067**	-	-	-	**9,682**	-	-	**1,006**	-	**69,192**
· Construction and property development	-	-	-	-	-	-	-	-	-	-
· Construction of CivilWorks	-	-	-	-	-	-	-	-	-	-
· Other purposes	423,067	-	-	-	9,682	-	-	1,006	-	69,192
- Large companies	400,073	-	-	-	4,714	-	-	-	-	68,411
SMEs and Individualentrepreneurs	22,994	-	-	-	4,968	-	-	1,006	-	781
Rest of households	**38,251**	**7**	-	-	-	-	-	**830**	**223**	**1**
· Houses	35,651	-	-	-	-	-	-	812	219	-
· Consumption	1,694	7	-	-	-	-	-	18	2	-
· Other purposes	906	-	-	-	-	-	-	-	2	1
Total	**10,809,684**	**439,214**	**83,353**	-	**93,884**	-	**436,463**	**70,331**	**20,958**	**93,820**

Thousand euro

	Autonomous communities								
	Extremadura	Galicia	Madrid	Murcia	Navarra	Com. Valenciana	País Vasco	La Rioja	Ceuta y Melilla
Credit Institutions	**52**	**86,004**	**7,230,237**	**-**	**-**	**291,239**	**442,737**	**-**	**-**
Public Administrations	**56,344**	**-**	**196**	**18,299**	**2,586**	**42,744**	**-**	**33,152**	**-**
· Central Administration	-	-	-	-	-	-	-	-	-
· Other	56,344	-	196	18,299	2,586	42,744	-	33,152	-
Other Credit Institutions	**-**	**11,770**	**396,654**	**-**	**-**	**-**	**20,007**	**-**	**-**
Non- financial societies and individual entrepreneurs	**-**	**55,063**	**218,250**	**-**	**-**	**34**	**69,786**	**54**	**-**
· Construction and property development	-	-	-	-	-	-	-	-	-
· Construction of CivilWorks	-	-	-	-	-	-	-	-	-
· Other purposes	-	55,063	218,250	-	-	34	69,786	54	-
- Large companies	-	55,063	207,087	-	-	-	64,798	-	-
· SMEs and Individualentrepreneurs	-	-	11,163	-	-	34	4,988	54	-
Rest of households	**-**	**-**	**37,189**	**-**	**-**	**1**	**-**	**-**	**-**
· Houses	-	-	34,620	-	-	-	-	-	-
· Consumption	-	-	1,666	-	-	1	-	-	-
· Other purposes	-	-	903	-	-	-	-	-	-
Total	**56,396**	**152,837**	**7,882,526**	**18,299**	**2,586**	**334,018**	**532,530**	**33,206**	**-**

31 December 2022:

Thousand euro

		Autonomous communities								
	Ttotal	Andalucía	Aragón	Asturias	Baleares	Canarias	Cantabria	Castilla La Mancha	Castilla y León	Cataluña
Credit Institutions	**8,964,600**	**320,941**	**19,139**	**-**	**3,084**	**-**	**469,189**	**-**	**-**	**22**
Public Administrations	**1,690,833**	**70,191**	**75,481**	**-**	**92,283**	**-**	**-**	**77,138**	**29,298**	**22,659**
· Central Administration	1,127,449	-	-	-	-	-	-	-	-	-
· Other	563,384	70,191	75,481	-	92,283	-	-	77,138	29,298	22,659
Other Credit Institutions	**507,107**	**17,775**	**-**	**-**	**-**	**-**	**-**	**-**	**9,267**	**8,834**
Non- financial societies andindividual entrepreneurs	**270,434**	**-**	**-**	**-**	**192**	**-**	**-**	**1,060**	**-**	**23,458**
· Construction and property development	-	-	-	-	-	-	-	-	-	-
· Construction of CivilWorks	-	-	-	-	-	-	-	-	-	-
· Other purposes	270,434	-	-	-	192	-	-	1,060	-	23,458
- Large companies	250,728	-	-	-	191	-	-	-	-	22,828
SMEs and Individualentrepreneurs	19,706	-	-	-	1	-	-	1,060	-	630
Rest of households	**41,733**	**8**	**-**	**-**	**-**	**-**	**-**	**1,083**	**-**	**1**
· Houses	38,625	-	-	-	-	-	-	1,037	-	-
· Consumption	2,112	8	-	-	-	-	-	46	-	-
· Other purposes	996	-	-	-	-	-	-	-	-	1
Total	**11,474,707**	**408,915**	**94,620**	**-**	**95,559**	**-**	**469,189**	**79,281**	**38,565**	**54,974**

Thousand euro

	Autonomous communities								
	Extremadura	Galicia	Madrid	Murcia	Navarra	Com. Valenciana	País Vasco	La Rioja	Ceuta y Melilla
Credit Institutions	**48**	**95,381**	**7,835,331**	**-**	**-**	**191,156**	**30,309**	**-**	**-**
Public Administrations	**81,971**	**-**	**196**	**18,627**	**262**	**53,770**	**3,019**	**38,489**	**-**
· Central Administration	-	-	-	-	-	-	-	-	-
· Other	81,971	-	196	18,627	262	53,770	3,019	38,489	-
Other Credit Institutions	**-**	**12,279**	**451,883**	**-**	**-**	**-**	**7,069**	**-**	**-**
Non- financial societies andindividual entrepreneurs	**-**	**21,008**	**180,486**	**-**	**-**	**38**	**44,138**	**54**	**-**
· Construction and property development	-	-	-	-	-	-	-	-	-
· Construction of CivilWorks	-	-	-	-	-	-	-	-	-
· Other purposes	-	21,008	180,486	-	-	38	44,138	54	-
- Large companies	-	16,013	172,538	-	-	-	39,158	-	-
SMEs and Individualentrepreneurs	-	4,995	7,948	-	-	38	4,980	54	-
Rest of households	**-**	**-**	**40,634**	**-**	**-**	**7**	**-**	**-**	**-**
· Houses	-	-	37,588	-	-	-	-	-	-
· Consumption	-	-	2,051	-	-	7	-	-	-
· Other purposes	-	-	995	-	-	-	-	-	-
Total	**82,019**	**128,668**	**8,508,530**	**18,627**	**262**	**244,971**	**84,535**	**38,543**	**-**

Furthermore, the invasion of Ukraine by Russia is causing, among other effects, a variation in the price of certain commodities and energy costs, as well as the maintenance of sanctions, embargoes, and restrictions towards Russia that impact the economy in general and companies operating with and in Russia specifically. The extent to which this military conflict impacts the portfolios and operations of the Bank will depend on the development of future events that cannot be reliably predicted as of the date of these annual accounts. However, as of December 31, 2023 and 2022, the Bank has no exposure in either Ukraine or Russia.

26.2 Concentration of equity instruments

Following is a detail, by type of market listing, if any, and issuer, of the equity instruments held by the Group at 31 December 2023 and 2022. Details of financial instruments classified according to the market on which they are listed are provided in Notes 8, 9 and 12, respectively.

31 December 2023:

Thousand euro

	Financial assets held for trading (Note 8.1)	Non-trading financial assets mandatorily at fair value through profit or loss (Note 8.2)	Financial assets at fair value through other comprehensive income (Note 9)	Non-current assets and disposable groups of items classified as held for sale (Note 12)	Total
Depending on the type of issuer					
Spanish financial institutions	59,555	5,636	-	-	65,191
Other Spanish companies	159,868	-	2,151	-	162,019
Other foreign companies	1,735	-	443	-	2,178
	221,158	**5,636**	**2,594**	**-**	**229,388**

31 December 2022:

Thousand euro

	Financial assets held for trading (Note 8.1)	Non-trading financial assets mandatorily at fair value through profit or loss (Note 8.2)	Financial assets at fair value through other comprehensive income (Note 9)	Non-current assets and disposable groups of items classified as held for sale (Note 12)	Total
Depending on the type of issuer					
Spanish financial institutions	28,629	5,804	-	-	34,433
Other Spanish companies	72,559	-	2,289	-	74,848
Other foreign companies	1,065	-	444	-	1,509
	102,253	**5,804**	**2,733**	**-**	**110,790**

27. Other significant disclosures

27.1 Commitments and Contingent liabilities

"Financial Guarantees Provided" are defined as the amounts that would be payable by the Group on behalf of third parties as a result of the commitments assumed by the Group in the course of its ordinary business, if the parties who are originally liable to pay fail to do so.

Also, contingent commitments are possible obligations for the Group that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group and that may give rise to the recognition of financial assets.

The breakdown of the balance of Memorandum Items in the consolidated balance sheets at 31 December 2023 and 2022 is as follows:

Thousand euro

	2023	2022
Loan commitments granted		
Public administrations	600,000	400,000
Credit institutions	15,000	-
Other financial companies	33,325	30,373
Non-financial companies	20,978	71,113
Households	3,945	2,373
	673,248	**503,859**
Financial guarantees granted		
Credit institutions	-	-
	-	-
Other commitments granted		
Credit institutions	62,579	169,567
Public entities	-	1,657
Other financial companies	1,438	525
Non-financial companies	2,551	2,557
Households	44	47
	66,612	**174,353**
	739,860	**678,212**

A significant portion of these guarantees will expire without any payment obligation materialising for the Group and, 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.

The heading "Other commitments granted" mainly includes commitments for the purchase of simultaneous and deposits lent in the amount of EUR 28,065 thousand as at 31 December 2023 (EUR 131,599 thousand as at 31 December 2022).

Furthermore, financial guarantees and surety in the amount of EUR 33,151 thousand are also recorded at 31 December 2023 (EUR 33,932 at 31 December 2022).

Fee and commission income received in connection with these guarantees granted is recognised under "Fee and commission income" in the consolidated income statement on an accruals basis (see Note 31).

The provisions made to cater for the financial guarantees provided, which were calculated using criteria similar to those applied in the calculation of the impairment of financial assets measured at amortised cost, of which amounted to EUR 298 thousand at 31 December 2023 (31 December 2022: EUR 413 thousand), were recognised under "Provisions - Provisions for Contingent Liabilities and Commitments" in the consolidated balance sheet (see Note 17).

Note 22 contains disclosures relating to the credit risk assumed by the Group in connection with such financial guarantees provided and contingent commitments made.

27.2. Assets delivered as security

At 31 December 2023 and 2022, assets owned by the Group had been provided as security for transactions performed by it, as well as for various liabilities and contingent liabilities assumed by the Group. The nominal amount, of the financial assets delivered as security for these liabilities, contingent liabilities and similar items at 31 December 2023 and 2022 was as follows:

	Thousand euro	
	2023	2022
Other Assets classified as financial assets at fair value through other comprehensive income	102,353	510,618
Spanish Public Debt classified as financial Assets Held for Trading	135,000	253,000
Issued securities by other public organisms classified as financial assets at fair value through other comprehensive income	-	-
Issued securities by other public organisms classified as financial Assets Held for Trading	-	12,500
Issued Public Debt by no resident public administrations classified as financial assets at fair value through other comprehensive income	-	-
Issued Public Debt by no resident public administrations classified as financial Assets Held for Trading	-	-
Other Assets classified as financial assets at fair value through other comprehensive income	-	380,000
	237,353	1,156,118

At 31 December 2023 and 2022, the Group had securities with a face value of EUR 11,956 and 16,245 thousand respectively as security for the performance of the Group's obligations relating to transactions with the clearing and settlement services.

In addition, at 31 December 2023, the Group had entered into repurchase agreements for securities in its portfolio and reverse repurchase agreements for a total amount of EUR 655,872 thousand (31 December 2022: EUR 1,805,505 thousand). "Memorandum Item: Loaned or Advanced as Collateral", which is shown in each of the Bank's financial asset categories in the balance sheets at 31 December 2023 and 2022, includes the amount of financial assets transferred, lent out or delivered as security in which the assignee is entitled, contractually or by custom, to retransfer them or pledge them as security, such as securities lending transactions or sales of financial assets under an agreement to repurchase them at a fixed price or at the sale price plus interest.

27.3. Transactions on account of third parties

The breakdown of the most significant transactions on account of third parties at 31 December 2023 and 2022 is as follows:

		Thousand euro
	2023	2022
Financial instruments granted to third parties-		
Debt instruments	112,097,617	109,591,498
Equity instruments	193,224,217	163,372,320
	305,321,834	**272,963,818**
Other financial assets	29,943,997	31,449,403
	335,265,831	**304,413,221**
Conditional bills and other securities received	126,342	114,072
Borrowed securities (Note 28.4)	-	-
	335,392,173	**304,527,293**

“Financial Instruments Entrusted by Third Parties” in the foregoing table includes mainly the debt securities and equity instruments held by the Group under the contracts in force for third-party security depository and custody services.

27.4 Financial assets lent and borrowed

Pursuant to current legislation, the securities received by the Group in securities lending transactions are not recognised in the consolidated balance sheet unless the Group sells these securities in short sales transactions, in which case they are recognised as financial liabilities under “Financial Liabilities Held For Trading - Short Positions” on the liability side of the consolidated balance sheet.

Similarly, securities lending transactions in which the Group lends securities to third parties are not recognised in the consolidated balance sheet. The securities lent can be securities previously lent to the Group or securities owned by it, and in the latter case these are not derecognised.

Deposits provided or received as security or guarantee for the securities received or lent by the Group, respectively, are accounted for as a financial asset or a financial liability, respectively, and the interest associated therewith is recognised as interest and similar income or as interest expense and similar charges, respectively, in the consolidated income statement, by applying the corresponding effective interest rate.

Following is a detail of the fair value of the financial assets borrowed by the Group at 31 December 2023 and 2022:

		Thousand euro
	2023	2022
Equity instruments	-	-
Debt instruments	241,878	233,176
	241,878	**233,176**

27.5 The Group's Customer Care Service

Set forth below is a summary of the complaints and claims received by the Group's Customer Care Service in 2023 and 2022. Certain claims submitted to the Service were not admitted for consideration in 2023 and 2022 because they were claims that affected entities other than the Group:

	2023	2022
Number of complaints and claims received	**3**	**1**
Number of complaints and claims not admitted for processing	2	1
Number of complaints and claims admitted for processing	1	-
Number of complaints and claims resolved	1	-
Number of resolutions in favour of claimants	-	-
Number of resolutions against claimants	1	-
Amount of the indemnity for favourable resolutions (euro)	-	-
Number of pending complaints and claims	-	-

28. Interest income

The breakdown of the most important interest income earned by the Group in 2023 and 2022, by type of instrument giving rise to it, is as follows:

		Thousand euro
	2023	2022
Financial assets at amortized cost - Central banks (*)	209,803	28.303
Financial assets at amortized cost	87,603	21.162
Derivatives - hedge accounting, interest rate risk	81,549	20,089
Financial assets at fair value through other comprehensive income	48,919	31,165
Financial assets held for trading	23,558	14,359
Interest income from liabilities	1,946	26,594
Financial assets not intended for trading obligatorily valued at fair value through profit or loss	675	471
Financial assets designated at fair value through profit or loss	-	-
Interest income from liabilities	1,946	26,594
Other assets (*)	6,737	1,711
	460,790	**143,914**

(*) The accounts with the central banks have been remunerated in fiscal year 2023 at 4% (2% in fiscal year 2022).

"Interest Income on Financial Liabilities" in the table above includes the income arising in 2023 and 2022, respectively, from the Group's on-consolidated balance-sheet financial liabilities that bore negative interest rates.

29. Interest expense

The detail of the balance of "Interest Expense" in the consolidated income statement for 2023 and 2022, by type of instrument giving rise to them, is as follows:

Thousand euro

	2023	2022
Financial liabilities held for trading	7,543	5,783
Financial liabilities at amortised cost	345,198	71,330
Derivatives - hedge accounting, interest rate risk	40,559	20,334
Interest Expense on financial assets / other liabilities	11,644	42,073
Interest cost of pension funds (Note 35)	3,255	897
	408,199	**140,417**

"Interest Expense on Financial Assets / other liabilities" in the table above includes the expenses arising in 2023 and 2022 from the Group's on consolidated balance-sheet financial assets that bore negative interest rates.

30. Income from dividends

Below is a breakdown of this caption in the consolidated income statement for 2023 and 2022:

Thousand euro

	2023	2022
Financial assets held for trading	6,541	4,596
Non-trading financial assets mandatorily at fair value through profit or loss	403	175
Financial assets at fair value through other comprehensive income	197	144
	7,141	**4,915**

31. Commission income

Following is a detail of the commission income earned in 2023 and 2022, classified on the basis of the main items giving rise thereto:

Thousand euro

	2023	2022
Commissions arising from contingent liabilities (Note 27.1)	152	152
Commissions for contingent commitments	1,043	1,043
Commissions arising from collection and payment services	27,831	29,217
Commissions arising from securities services	184,725	184,725
Commissions arising from foreign exchange and foreign banknotes	190	190
Other commissions	10,138	10,138
	224,079	**225,465**

The balance of "Fees and Commissions Arising from Securities Services" in the foregoing table includes, inter alia, EUR 168,000 thousand earned in 2023 (2022: EUR 169,853 thousand) relating to the depository and custody services in connection with securities of third parties deposited at the Group.

32. Commission expenses

Following is a detail of the commission expenses incurred in 2023 and 2022, classified on the basis of the main items giving rise thereto:

		Thousand euro
	2023	2022
Commissions assigned to other entities and correspondents	9,763	9,984
Commission expenses on securities transactions	27,162	25,113
	36,925	35,097

33. Net gains/losses on financial assets and liabilities

The breakdown of the balance of "Gains/Losses on Financial Assets and Liabilities" in the consolidated income statement for the exercise 2023 and 2022, by type of financial instrument giving rise to them, is as follows:

		Thousand euro
	2023	2022
Net gains/losses on financial assets and liabilities held for trading	75,704	35,032
Gains (losses) on non-trading financial assets mandatorily at fair value through profit or loss, net	11	(687)
Net gains/losses from unsubscribe financial assets and liabilities not valued at fair value through profit or loss, net-	(62,647)	(26,110)
Financial assets at fair value through other comprehensive income	(62,648)	(26,112)
Financial assets at amortised cost	1	2
Financial liabilities at amortised cost	-	-
Net gains/losses on financial assets and liabilities designated at fair value through profit or loss	(760)	3,081
	12,308	11,316

Note 5 includes information on the breakdown by geographic area in which these "Gains/Losses on Financial Assets and Liabilities, net" originate.

34. Other operating income

The breakdown of the balance of "Other Operating Income" in the consolidated income statement for exercise 2023 and 2022 is as follows:

		Thousand euro
	2023	2022
Rental income (Note 13)	2,287	1,790
Income from expenses charged	13,940	13,535
Other income	43,072	41,040
	59,299	56,365

The balance of "Other income" in the foregoing table includes the dues collected from the services given to the Confederación Española de Cajas de Ahorros, which amounts in 2023 EUR 10,051 thousand (9,411 thousand in 2022) (see Note 40). This item also records the income from the different services that Cecabank provide to its customers (Kondor, e-banking, Business Inteligence, among others).

35. Administrative expenses – Staff Costs

The detail of "Administrative Expenses – Staff Costs" in the consolidated income statement for 2023 and 2022 is as follows:

	Thousand euro	
	2023	2022
Wages and salaries	40,919	38,864
Social security costs	7,985	7,434
Insurance premiums (Note 2.11.2)	243	263
Termination Benefits (Note 2.11.4 and 17)	4,309	672
Contributions to defined contribution plans (Note 2.11.2)	468	594
Normal cost for the year of defined benefit obligations	-	-
Training expenses	321	290
Other staff costs	424	507
	54,669	**48,624**

As a result of the obligations imposed by Spanish law on the regulation and supervision of credit institutions and its enabling regulations, and by the EBA guidelines on sound remuneration policies, the Group pays a portion of the annual variable remuneration of certain employee groups through non-monetary instruments linked to the Group's value.

The number of the aforementioned equity instruments to be granted to certain members of the identified staff will be conditional on: (i) the annual variable remuneration granted to them; and (ii) the change in the Group's measurement from the instruments' grant date. Once the amount of the annual variable remuneration has been determined for each member of the identified staff, 50% thereof will be granted in Phantom shares.

These instruments will be settled once any retention and deferral periods have elapsed, in accordance with the policy for each member of the identified staff. Following the retention period, the Phantom shares will be settled in cash on each of the settlement dates based on the Group's value at each of these dates. The measurement method used to measure the Entity's value for the purpose of the variable remuneration to be paid through instruments must be based on the equity at 31 December of each year (considering as such the sum of capital, reserves and the portion of profit for the year attributable to reserves).

The settlement schedule for the Phantom shares will be the schedule applicable under the policy in force at the time for each member of the identified staff, on completion of each of the deferral and retention periods applicable in each case.

The balance recorded as of December 31, 2023 in the "Termination compensation" heading amounts to 4,309 thousand euros, of which 3,841 thousand euros correspond to the provision of an incentivized dismissal process that will materialize in 2024. As of December 31, 2022 the balance amounted to 672 thousand euros, of which 535 thousand euros correspond to the provisioning cost of the variation in the termination dates of the employment contracts of the workers adhered to the ERE 2021, respectively those initially planned.

Additionally CECA and the trade unions reached an agreement on the text of the collective bargaining agreement for savings banks and financial institutions for the years 2019 to 2023, whose main novelty lies in the area of remuneration for active and passive staff; the agreement associates wage increases to a fixed percentage plus additional payments that can reach up to 0.5% of basic salary, instead of being indexed to the CPI as was the case in previous agreements.

In 2023 and 2022, the average number of employees at the Group, by level, was as follows:

Professional levels	2023			2022		
	Men	Women	Total	Men	Woman	Total
1 - LEV.I	5	3	8	5	3	8
1 - LEV.II	4	3	7	3	2	5
1 - LEV.III	18	10	28	18	12	30
1 - LEV.IV	24	16	40	26	15	41
1 - LEV.V	33	27	60	34	29	63
1 - LEV.VI	49	43	92	52	48	100
1 - LEV.VII	32	42	74	29	39	68
1 - LEV.VIII	31	53	84	30	58	88
1 - LEV.IX	5	8	13	8	14	22
1 - LEV.X	8	9	17	9	7	16
1 - LEV.XI	6	9	15	5	6	11
1 - LEV.XII	14	11	25	13	13	26
1 - LEV.XIII	1	1	2	-	1	1
1 -LEV. XIV	1	-	1	1	-	1
2 - LEV.I	1	-	1	1	-	1
2 - LEV.II	1	-	1	2	-	2
2 - NIV.IV	1	1	2	1	1	2
OTHER	4	2	6	4	2	6
	238	238	476	241	250	491

At the end of 2023, the Group had two contracted employees with a disability greater than or equal to 33%, although at the end of 2022 there was one. The commitments assumed in terms of disabled personnel are complemented through alternative measures duly authorized by the Community of Madrid.

At 31 December 2023, the total number of employees was 472 (2022: 478), of whom 237 were men (2022: 236) and 235 women (2022: 242), representing 50,21% and 49,79%, respectively (49,37% and 50,63% respectively, at 31 December 2022).

With respect to defined benefit post-employment obligations and long-term pre-retirement obligations (pre-retirements) to current and former employees of the Bank described in Note 2.11 above, a detail of these obligations is presented below, making a distinction between those that are arranged, in full or in part, in pension funds and insurance policies, and those that are not arranged through this type of instrument and where the associated obligation is covered by the recognition of provisions by the Bank:

At 31 December 2023:

Thousand euro

	Post-employment benefits			Long-term pre-retirement obligations			
	Value of the obligation (I)	Value of the plan assets (II)	Total (III = I - II) (*)	Value of the obligation (IV)	Value of the plan assets (V)	Total (VI = IV - V) (*)	Total (III + VI)
Instrumented in external pension plans and/or insurance policies	112,606	107,972	4,634	-	-	-	4,634
Not instrumented in pension plans or insurance policies	-	-	-	26,278	-	26,278	26,278
Total at 31 December 2023	**112,606**	**107,972**	**4,634**	**26,278**	**-**	**26,278**	**30,912**

(*) This amount is recognised under "Provisions – Other Long-Term Employee Benefits" on the liability side of the balance sheet as at 31 December 2023 (see Note 17).

At 31 December 2022:

Thousand euros

	Post-employment benefits			Long-term pre-retirement obligations			
	Value of the obligation (I)	Value of the plan assets (II)	Total (III = I - II) (**)	Value of the obligation (IV)	Value of the plan assets (V)	Total (VI = IV - V) (*)	Total (III + VI)
Instrumented in external pension plans and/or insurance policies	110,533	116,896	(6,363)	-	-	-	(6,363)
Not instrumented in pension plans or insurance policies	-	-	-	33,569	-	33,569	33,569
Total at 31 December 2022	**110,533**	**116,896**	**(6,363)**	**33,569**	**-**	**33,569**	**27,206**

(*) This amount is recognised under "Provisions – Other Long-Term Employee Benefits" on the liability side of the balance sheet as at 31 December 2022 (see Note 17).

(**) This amount is recognised under "Other Assets – Other" in the balance sheet as at 31 December 2022 (see Note 15.1).

As can be seen in the table above, a significant proportion of the Bank's pension and other long- term obligations are arranged through external pension plans or are covered by insurance policies and, therefore, in the coming years, the settlement of these obligations is not expected to have a material effect on the Bank's future cash flows. However, the following sections include a sensitivity analysis of the impact that a change in certain variables included in the measurement would have on the amounts presented in these financial statements. It should be noted that the average duration of the pension commitments set out in the preceding tables at 31 December 2022 was 9.04 years for retired employees and there are no active employees at the end of 2023 and 2022 (at 31 December 2022, 8.89 years for serving employees and there are no active employees at the end of 2022).

Following is the reconciliation of the beginning and ending balances in 2023 and 2022 of the present value of the defined benefit post-employment obligations and long-term pre-retirement obligations, showing separately the plan assets, the present value of these obligations and the items triggering the changes in these items in these years.

Year 2023:

Thousand euro

	Post-employment benefits			Long-term pre- retirement obligations			
	Value of the obligation (I)	Value of the plan assets (II)	Total (III = I - II)	Value of the obligation (IV)	Value of the plan assets (V)	Total (VI = IV - V)	Total (III + VI)
1. Amount at 1 January 2022	**110,533**	**116,896**	**(6,363)**	**33,569**	**-**	**33,569**	**27,206**
2. Current service cost	-	-	-	1,159	-	1,159	1,159
3. Expected return on plan assets	-	3,182	(3,182)	-	-	-	(3,182)
4. Interest cost	3,254	-	3,254	878	-	878	4,132
5. Contributions made by the participants of the plan	-	-	-	-	-	-	-
6. Contributions made by the Bank	-	-	-	-	-	-	-
7. Effect of the recalculation on the measurement of the net obligations:	8,019	(2,906)	10,925	22	-	22	10,947
7.1 Actuarial gains and losses arising as a result of changes in the demographic assumptions	1,193	1,379	(186)	-	-	-	(186)
7.2 Actuarial gains and losses arising as a result of changes in the financial assumptions	6,826	(4,285)	11,111	-	-	-	11,111
7.3 Effect of the change in return on plan assets	-	-	-	-	-	-	-
8. Benefits paid	(9,200)	(9,200)	-	(9,350)	-	(9,350)	(9,350)
9. Past service cost	-	-	-	-	-	-	-
10. Business combinations	-	-	-	-	-	-	-
11. Plan reductions	-	-	-	-	-	-	-
12. Plan settlements	-	-	-	-	-	-	-
13. Limits on the recognition of net assets for exceeding the maximum available economic benefits	-	-	-	-	-	-	-
14. Early retirement commitments in Exercise	-	-	-	-	-	-	-
15. Other movements	-	-	-	-	-	-	-
Amount at 31 December 2023	**112,606**	**107,972**	**4,634**	**26,278**	**-**	**26,278**	**30,912**

Year 2022:

Thousand euro

	Post-employment benefits			Long-term pre- retirement obligations			
	Value of the obligation (I)	Value of the plan assets (II)	Value of the obligation (I)	Value of the plan assets (II)	Value of the obligation (I)	Value of the plan assets (II)	Total (III + VI)
1. Amount as of January 1, 2022	150,975	156,698	(5,723)	45,426	-	45,426	39,703
2. Cost of services for the current year	-	-	-	543	-	543	543
3. Expected return on plan assets	-	866	(866)	-	-	-	(866)
4. Interest cost	897	-	897	(20)	-	(20)	877
5. Contributions made by plan participants	-	-	-	-	-	-	-
6. Contributions made by the Bank	-	-	-	-	-	-	-
7. Effect of recalculation on the valuation of net commitments:	(32,453)	(31,782)	(671)	(1,642)	-	(1,642)	(2,313)
7.1 Actuarial gains/losses arising as a result of changes in demographic assumptions	(1,465)	(1,407)	(58)	-	-	-	(58)
7.2 Actuarial gains/losses arising from changes in financial assumptions	(30,988)	(30,375)	(613)	-	-	-	(613)
7.3 Effect of the change in the returns of the assets affected by the plan	-	-	-	-	-	-	-
8. Paid benefits	(8,886)	(8,886)	-	(10,714)	-	(10,714)	(10,714)
9. Cost of past services	-	-	-	-	-	-	-
10. Business combinations	-	-	-	-	-	-	-
11. Plan reductions	-	-	-	-	-	-	-
12. Plan settlements	-	-	-	-	-	-	-
13. Limits on the registration of net assets for exceeding the maximum available economic benefits	-	-	-	-	-	-	-
14. Provision for early retirement commitments acquired during the year	-	-	-	-	-	-	-
15. Other movements	-	-	-	(24)	-	(24)	(24)
Amount as of December 31, 2022	110,533	116,896	(6,363)	33,569	-	33,569	27,206

In addition, the Group recognized the net amount of the expected return on plan assets and the interest cost of the value of the obligation, which amounted to EUR 3,255 thousand in 2023, under "Interest Expenses" in the income statement (having recognized EUR 897 thousand in the same connection under "Interest Expenses" in the income statement for 2022) (see Note 29).

In the year 2023, the Group has recorded a provision of 2,132 in the category "Provisions or reversal of provisions" in the income statement (2022: EUR 1,666 thousand).

Additionally, on August 6, 2021, the entity reached an agreement to approve an employment regulation file, making an allocation whose balance as of December 31, 2021 amounted to 24,763 thousand euros, which represents the cost of said agreement (See note 17).

During 2023 and 2022, the Bank recognised the net amount, adjusted for the related tax effect, of the actuarial gains and losses arising from the valuation of the provision for defined benefit pension obligations amounting to EUR 7,647 and EUR 496 thousand under "Other comprehensive income. Items not to be reclassified to profit or loss. Actuarial gains or losses on defined benefit pension plans" in the Bank's equity (see Notes 2.11.2 and 18.2). The movement in this equity item is presented in the accompanying statement of changes in equity.

The assumptions used in the actuarial calculations at 31 December 2023 and 2022 of the defined-benefit pension obligation and the assets used to cover them, included in the foregoing table, were as follows:

Pension obligations at 31 December 2023 and 2022:

The assumptions applied, both for the quantification of the obligations and for the quantification of the fair value of the related assets, are as follows:

- Pension reversal rate used for the valuation of obligations: 2.50%
- Rate of revaluation of pensions used for the valuation of assets: 1.20%
- The discount rate: 3.324%

  The interest rate applied to obtain the present value of the accounting obligation is the market rate according to the financial duration of the flows of the commitments (9.4 years), and according to the corresponding Iboxx rate curve as of December 31, 2023 to corporate bonds with a high credit rating (AA).

  The interest rate applied to obtain the fair value of the affected assets coincides with the interest rate used to obtain the current value of the obligation.

Other long-term obligations at 31 December 2023 and 2022:

The hypotheses applied to determine the current value of the obligations for salary costs, contributions, future contributions, specific incentive and study aid and that apply to labor agreements for the years 2013, 2016, compensation plan for termination as well as to the agreement of the ERE for the year 2021 for the year ended December 31, 2023 and, additionally, the labor agreement for the year 2012 for the year 2022, are the following:

- Type of update: 3.3885% for all plans except for the ERE plan which is 3.3335%.
- Market rate according to the financial duration of the commitment flows for this group together with the groups of early retirees (1.87 years) (2.07 years for the ERE plan) and according to the corresponding Iboxx rate curve as of December 13, 2021 to corporate bonds with a high credit rating (AA).
- Salary growth rate: 0% for all plans.
- Growth rate of contributions in the 2013, 2016 plans (and 2012 plan for fiscal year 2022): 1.85%.
- Disability applies to Cessation 2013, 2016 and ERE plans and is divided for all in the same way. Between the ages of 15 and 44 years the percentage is 0.05%, from 45 to 54 years of age 0.10% and from 55 years of age (inclusive) the percentage is 0.25%.
- Growth rate of contribution bases: 4.5% except for the ERE plan set at 0%.
- Growth rate of study aid: 2.5% except for the ERE plan set at 0%.

Post-employment benefits

A 50-basis point upward/downward shift in the discount rate used at 31 December 2023 would give rise to a reduction/increase of EUR 4,904 thousand and EUR 5,300 thousand, respectively, in the value of the obligations (at 31 December 2022: EUR 4,748 and EUR 5,126 thousand, respectively).

A 50-basis point upward/downward shift in the pension discount rate at 31 December 2023 would give rise to a EUR 4,079 thousand reduction and a EUR 4,389 thousand increase, respectively, in the value of the obligations (At 31 December 2022: EUR 4,573 thousand reduction and a EUR 4,932 thousand, respectively).

Long-term pre-retirement obligations

A 50 basis point upward/downward shift in the discount rate used would give rise to a EUR 238 thousand reduction and a EUR 243 thousand increase, respectively at 31 December 2023 (At 31 December 2022: EUR 355 and EUR 363 thousand, respectively).

With regard to the sensitivity analysis described above, it should be noted that, for the other actuarial assumptions used in the measurement of the obligations at 31 December 2023, changes that might significantly affect the value of the obligations in the future are not considered likely to occur.

The breakdown of the assets allocated to the coverage of the defined benefit pension commitments and the Bank's other long-term commitments at 31 December 2023 and 2022 shown in the previous tables is shown below, taking into account the nature of the same:

Thousand euro

	2023			2022		
	Pension obligations	Other long-term obligations	Total	Pension obligations	Other long-term obligations	Total
Pension fund	7,357	-	7,357	8,732	-	8,732
Insurance policies taken out with CASER	100,615	-	100,615	108,164	-	108,164
	107,972	-	107,972	116,896	-	116,894

The pension fund referred to in the above table is the Cecabank Employees' Pension plan ("Plan de Pensiones de los Empleados de Cecabank"), which forms part of the pension fund for the employees of the Spanish Confederation of Savings Banks. The latter comprises the defined contribution and defined benefit obligations to CECA´s current and former employees which were transferred to the Bank in year 2012 (see Note 2.11).

The detail, by principal asset category and related fair value, of this fund's assets at 31 December 2023 and 2022, is as follows:

	2023	2022
Quoted Spanish government debt	26.88%	23.88%
Quoted private fixed-income securities	50.79%	50.71%
Quoted equity securities	16.44%	18.59%
Cash and bank balances	5.90%	6.81%
Other assets (1)	0.00%	0.00%
	100%	100%

(1) The fund's assets do not include properties or items of property plant and equipment. The assets classified under this item are private equity funds.

With regard to the assets of the pension fund included in the above table, it should be noted that at 31 December 2023 and 2022 there were no financial assets relating to assets issued by the Group.

There are no active personnel in the defined benefit plan as of the end of the 2023 and 2022 fiscal years, as they were converted to the defined contribution plan (Subplan 3) on January 1, 2019. Therefore, the pension plan does not assume any actuarial risk.

36. Administrative expenses - Other general administrative expenses

The detail of this heading in the consolidated income statements for 2023 and 2022 is as follows:

		Thousand euro
	2023	2022
Property, fixtures and supplies	2,703	2,368
IT equipment	27,666	22,435
Communications	1,691	1,849
Advertising and publicity	464	392
Technical reports	2,675	4,331
Surveillance and cash courier services	6,560	5,712
Insurance and self-insurance premiums	1,040	871
Outsourced administrative services	40,772	35,877
Levies and taxes	6,251	6,633
Entertainment and travel expenses	435	256
Association membership fees	1,817	1,636
External personnel	856	1,363
Subscriptions and publications	1,339	3,499
Other administrative expenses	525	684
	94,794	**87,906**

The balance under “Technical reports” records the 2023 and 2022 fees for the services rendered by the Group’s auditor, PricewaterhouseCoopers Auditores, S.L., as follows:

		Thousand euro
	2023	2022
Audit services	312	299
Other attest services	99	101
Total audit and related services	**411**	**400**
Tax counselling services	-	-
Other services	-	-
Total professional services	**411**	**400**

The services commissioned by the Group meet the independence requirements of the Spanish Audit Law and its enabling regulations and did not involve the performance of any work that is incompatible with the audit function.

Information on deferred payments to suppliers. Additional Provision Three. “Disclosure obligation” provided for in Law 15/2010, of 5 July.

Relating to the information to be included in the notes to the consolidated financial statements regarding deferrals of payments to suppliers in commercial transactions calculated on the basis of the Resolution dated 29 January 2016 by the Audit and Accounting Institute, details of the average payment period for the Group’s suppliers in 2023 and 2022 are as follows:

		Thousand euro
	2023	2022
	DAYS	DAYS
Average period of payment to suppliers	44,5	50,1
Ratio of transaction settled	44,9	50,7
Ratio of transaction not yet settled	20,4	19,6
		Thousand euro
Total payments made	124,167	97,047
Total payments outstanding	2,099	1,772

It should be noted that although under Law 3/2004, of 29 December, the maximum period for payment to suppliers is 60 days, Law 11/2013, of 26 July, established a maximum payment period of 30 days, extendable by agreement between the parties to a maximum of 60 days.

Furthermore, in compliance with Law 18/2022, of September 28, on the creation and growth of companies, which amended the Third Final Provision of Law 15/2010, of July 5, non-listed commercial companies that do not present abbreviated financial statements will publish their average payment period to suppliers, the monetary volume and number of invoices paid within a period shorter than the maximum established in the delinquency regulations, and the percentage they represent in terms of the total number of invoices and the total monetary value of payments to their suppliers. The following data related to the 2023 fiscal year are published:

	2023	2022
Monetary volume of invoices paid within a period shorter than the maximum established delinquency regulations.	104,725	74,534
Number of invoices paid within a period shorter than the maximum established in the delinquency regulations.	8,088	7,557
Percentage they represent in terms of the total monetary value of payments to suppliers.	84%	77%
Percentage they represent in terms of the total number of invoices.	84%	82%

37. Other operating expenses

The breakdown of the balance of “Other Operating Expenses” in the consolidated income statement for 2023 and 2022 is as follows:

	Thousand euro	
	2023	2022
Contribution to the Deposit Guarantee Fund (Note 1.10 a)	315	154
Contribution to the Single Resolution Fund (Note 1.10 b)	10,697	9,390
Other Concepts	9,201	6,629
	20,213	16,173

Other operating expenses - Other items mainly include expenses related to the Bank's securities operations.

Contributions to the Deposit Guarantee Fund and the Single Resolution Fund amounted to EUR 11,012 thousand at 31 December 2023 and EUR 9,544 thousand at 31 December 2022 (see note 1.10).

The balance under “Other items” in 2023 and 2022 includes the eliminations that arise due to the effect of the consolidation of Cecabank, S.A. and Trionis S.C.L., the amount of which in 2023 is 8,820 thousand (6,355 thousand euros in 2022).

38. Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss

The breakdown of the balance in the consolidated income statement for 2023 and 2022 is as follows:

	Thousand euro	
	Net (Additions)/ Reversals (Charged)/ Credited to Income	
	2023	2022
Financial assets at fair value through other comprehensive income		
Debts instruments	331	738
Equity instruments	-	-
	331	738
Financial assets at amortised cost	364	123
	364	123
	695	861

In relation to the item of financial assets at amortised cost, the main movement is due to an increase in the provisioning of some securities up to an amount of 563 and 395 thousand euros at 31 December 2023 and 31 December 2022, respectively, the remaining movement being caused by the movements made by the Bank when making provisions and reversals of provisions in relation to the generic provision or the country risk fund.

39. Amortisation

The detail of “Amortisation” in the consolidated income statement for 2023 and 2022 is as follows:

	Thousand euro	
	2023	2022
Depreciation of Property, plant and equipment (Note 13)	6,089	4,366
Amortisation of intangible assets (Note 14)	86,462	83,117
	92,551	87,483

40. Related parties

Agreement for the Provision of Services between the Confederación Española de Cajas de Ahorros (CECA) and Cecabank, S.A.

As part of the process to create Cecabank, S.A. and the spin-off carried out by CECA in favour of this entity in 2012 (see Note 1.1), the "Internal protocol of relations between Confederación Española de Cajas de Ahorros and Cecabank, S.A." was established. This protocol identified the services provided by Cecabank to CECA and established the general criteria for intra-group transactions and services.

As a result of CECA losing its status as a credit institution, on 19 December 2014 a new "Agreement for the Provision of Services between the Confederación Española de Cajas de Ahorros (CECA) and Cecabank, S.A." was signed. This agreement redefines the services that Cecabank, S.A. renders to CECA in accordance with its new status.

Once CECA ceased to be a credit institution the process for CECA to join the Association of Savings Banks for Labor Relations (ACARL) was started. A public document "Overall Assignment of ACARL Assets and Liabilities to CECA" was executed on 30 September 2016 and the latter began to perform the duties falling to ACARL with respect to the negotiation of the Collective Bargaining Agreement for Savings Banks, among others.

In October 2022, a Novation Agreement was signed to modify the service contract between Cecabank, S.A. and CECA, aiming to include a price revision mechanism linked to the evolution of the Consumer Price Index (IPC) published by the National Institute of Statistics, with effect from January 1, 2023.

The services that are rendered by Cecabank, S.A. to CECA after this agreement was signed are listed below:

- Rendering of association services:
    - Regarding regulatory and interest representation matters
    - Regarding financial and economic matters
    - Regarding cooperation matters
    - Regarding communication matters
    - Regarding Community Projects Fund matters
    - Regarding customer service matters
    - Regarding financial education matters
    - Regarding institutional relationship matters
    - Regarding knowledge management matters
    - Regarding technological matters
    - Regarding quality matters

- Regarding CSR matters
- Regarding regulatory compliance matters

- Rendering of support services:
  - Regarding legal, tax and governing body support matters
  - Regarding financial planning matters
  - Regarding internal audit matters
  - Regarding computer security matters
  - Regarding operating risk and control matters
  - Regarding resource matters
  - Regarding protocol matters
  - Regarding technological matters
  - Regarding external network support matters

The income received by the Bank for these services provided to the CECA, the amount of which has amounted to 10,051 thousand euros in fiscal year 2023 and 9,411 thousand euros in fiscal year 2022, is recorded in the heading “Other operating income” of the attached consolidated profit and loss accounts for the years 2023 and 2022 (see Note 34).

Likewise, the interest corresponding to the demand accounts that the CECA maintain with the Bank is included in the heading “Interest income” of the consolidated profit and loss account for a value of 85 thousand euros as of December 31, 2022. No balance has been recorded for this concept in fiscal year 2023 and “Interest expenses” amounting to 986 thousand euros as of December 31, 2023 (91 thousand euros as of December 31, 2022). The amount of said demand accounts, without including accruals, amounted to 29,103 and 23,865 thousand euros as of December 31, 2023 and 2022, respectively.

The amount of the Bank's commission income accrued to CECA has amounted to 4 thousand euros as of December 31, 2023 (4 thousand euros in 2022).

The amount that, as of December 31, 2023 and 2022, the Senior Management staff and the members of the Board of Directors of the Bank, and the entities or persons linked to them, maintain in demand accounts amounts to 539 and 921 thousand euros respectively. These balances have accrued interest in fiscal year 2023 for an amount of 16 thousand euros (3 thousand euros in fiscal year 2022). Likewise, the debt contracted for loans amounts to 835 and 602 thousand euros, respectively. These amounts have accrued interest in the years 2023 and 2022, for an amount of 19 and 3 thousand euros respectively, recorded under the heading “Interest income” of the consolidated profit and loss account for the year. In the years 2023 and 2022, no balance has been recorded for other commitments granted.

41. Subsequent events

The Constitutional Court has declared unconstitutional Royal Decree - Law 3/2016, of December 2, which adopts measures in the tax field aimed at the consolidation of public finances and other urgent measures in the social field, which modifies Law 27/2014, of November 27, on Corporate Tax and establishes that the limitation coefficient of the tax base after integration of deferred tax assets is 70%. After evaluating this issue, the Company's Board of Directors has concluded that there is no significant impact on the Company's annual consolidated accounts as of December 31, 2023, and therefore the estimate of Corporate Tax has not been modified.

Subsequent to December 31, 2023 and the date of formulation by the Group's Board of Directors of these consolidated annual accounts, no other significant event has occurred that must be included in the attached consolidated annual accounts so that they adequately show the true image of the assets, financial situation, results of its operations, changes in net equity and cash flows of the Group.

42. Explanation added for translation to English

These financial statements are presented on the basis of the Bank of Spain Circular 4/2017. Certain accounting practices applied by the Bank that conform with the Circular may not conform with other generally accepted accounting principles.

Appendix I – Subsidiaries included in the Group

At 31 december 2023

Thousand euro

			Proportion of ownershipInterest (%)			Entity data at 31 December 2023(*)			
Entity	Location	Line of business	Direct	Indirect	Total	Assets	Liabilities	Equity	Profit for the year
Trionis, S.C.R.L.	Brussels	Development and maintenance of the international payment services operative	100	-	100	4,405	3,145	1,260	8

(*) Financial information pending approval by the General Meeting.

At 31 december 2022

Thousand euro

			Proportion of ownershipInterest (%)			Entity data at 31 December 2022			
Entidad	Location	Line of business	Direct	Indirect	Total	Assets	Liabilities	Equity	Profit for the year
Trionis, S.C.R.L.	Brussels	Development and maintenance of theinternational payment services operative	100	-	100	2,929	1,681	1,248	65

Appendix II – Information for compliance with Article 87 of Law 10/2014, of 26 June, on the regulation, supervision and capital adequacy of credit institutions.

Annual Banking Report

This information is published in compliance with the provisions of Article 87 of Law 10/2014, of 26 June, on the regulation, supervision and capital adequacy of credit institutions which, in turn, transposes 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, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

Pursuant to the aforementioned legislation, credit institutions will be obliged to publish the following information on a consolidated basis relating to the end of the latest reporting period:

a) Name(s), nature of activities and geographical location:

Cecabank, S.A. ("the Bank" or "the Entity") is a bank that was incorporated by public deed executed in Madrid on 17 October 2012. The Entity has been registered at the Mercantile Registry since 12 November 2012 and in the Bank of Spain's Register of Credit Institutions under code 2000. Cecabank, S.A. forms part of the Cecabank Group. Its registered office is at street Alcalá no. 27, Madrid. The Bank's company object is:

a) The performance of all manner of activities, operations and services inherent to the banking business in general or directly or indirectly related thereto which it is authorised to carry on by current legislation, including the provision of investment and ancillary services and the performance of insurance brokerage activities.

b) The provision of technological, administrative and advisory services to public authorities, as well as to any other public or private-sector entity; and

c) The acquisition, holding, use and disposal of all types of marketable securities.

The Cecabank Group carries on its activity in Spain. However, it has a branch in Lisbon (Portugal), two representative offices in Frankfurt (Germany) and London (United Kingdom) and a subsidiary in Belgium.

The Cecabank Group is composed, in addition to the Parent, Cecabank, S.A. of Trionis S.C.R.L., incorporated in 1990, set in Brussels (Belgium) whose company object is the development and maintenance of the international payment services operative.

b) Turnover:

Turnover at the Cecabank Group is defined as gross income, which amounted to EUR 347,632 thousand in 2023 and EUR 312,324 thousand in 2022.

c) Number of employees on a full-time equivalent basis:

At 31 December 2023, the Cecabank Group had 472 full-time employees (a further seven had reduced working hours and four worked part-time). At 31 December 2022, the Group had 478 full-time employees (a further eight had reduced working hours and four worked part-time).

d) Gross profit or loss before tax:

The Cecabank Group's gross profit before tax at 2023 year-end amounted EUR 102,787 thousand (2022: EUR 92,204 thousand).

e) Tax on profit or loss:

Tax on the profit for the year ended 31 December 2023 amounted to EUR 29,840 thousand (2022: EUR 26,764 thousand).

f) Public subsidies received:

The entity has not received any subsidies during the year 2023 and 2022.

g) In order to comply with Article 87.3 of the aforementioned Law, it is stated that the return on the Group's assets, calculated as the result of dividing the Group's consolidated profit for 2023 by the total balance sheet, was 0.50% at 31 December 2023 (31 December 2022: 0.40%).

cecabank

Annual accounts

Cecabank Group and Subsidiary Companies

Consolidated Management Report for the annual period ended December 31, 2023

Cecabank, S.A. (Cecabank) is the parent company of the Cecabank Group, with the companies mentioned in Note 1.1 of the consolidated financial statements for the annual period ended December 31, 2023, comprising the group. Cecabank represents 99.98% of the total consolidated balance.

Due to the limited relevance of the other entities within the aforementioned group, this document focuses on the activities of Cecabank. The main objective of this Management Report is to disseminate the most significant events that occurred in 2023, present the results achieved compared to the current year's budget, and highlight the key aspects regarding risk management, as well as the activities to be undertaken to fulfill the strategic objectives defined for the year 2024 in the Strategic Plan.

1.- Strategic Plan 2022-2024 and Business Evolution in 2023

Cecabank has passed the halfway point of the 2022-2024 Strategic Plan this year, with a firm commitment to consolidating the business as a custodian bank and provider of specialized solutions. In 2023, the deployment of the strategy defined through the development and monitoring of the four areas into which the Plan is divided has continued:

1. Business model: based on three main lines of business, namely Securities Services, Treasury, and Payments. Within this model, a distinction is made between regular business activities (Business As Usual - BAU), incremental initiatives that will be developed throughout the Plan, and potential business opportunities that will be analyzed in each of the business areas to determine whether or not to pursue them over the three-year period.

2. Growth vectors: areas where opportunities may arise based on Cecabank's characteristics and where it can expand.

3. Enablers: levers that will enable the entity to achieve both financial and non-financial objectives.

4. Corporate opportunities: Cecabank will continually analyze different options that can create value for all stakeholders.

Next, we will delve into the performance of each of these components in the year 2023.

1.1 Business Model

1.1.1 Securities Services

The Securities Services activity is based on three major lines of business:

- Depository services for collective investment institutions and pension funds
- Securities custody and settlement
- Other value-related services

Throughout 2023, the market has experienced a growing trend in fund assets, in the first half driven by the notable returns provided by the financial markets, both variable income and fixed income, and in the second half more supported in the contributions made by the participants. Likewise, savings have shifted towards investment funds with a more conservative vocation, which are the ones that have recorded the greatest increases in their assets throughout the year. Cecabank's client entities have not been immune to market trends, which has allowed the Entity to maintain, at the end of the year, the leadership position in the national market with a volume of more than €300,000 million of assets under custody and more than €220,000 million deposited.

The different services have continued to incorporate new medium and small-sized clients, have increased the relationship with existing ones and have responded to new client needs through the development of new services that complete Cecabank's added value offer. Additionally, the Strategy Committee has approved the inclusion of a new initiative that will improve the global offering of services for clients and will complete its deployment during the next year.

With regard to the initiatives and business opportunities defined in the Plan, which imply a more complex and/or differential deployment, significant progress is being made.

1.1.2 Treasury

The Treasury activity consists of 2 main lines of business:

- Financial activity
- Banknotes

With regard to financial activity, the year 2023 has been characterized by a context of rising interest rates and inflation, continuing with the rise in energy and food prices, as well as geopolitical conflicts (ie: war in Ukraine, Israel and Hamas), which has led to great uncertainty that has generated episodes of high volatility. The main advanced economies have begun to show signs of cooling, mainly through their inflation rates, which fuels expectations that Central Banks will stop or slow down rate increases, although there is still a lack of visibility on the degree of deterioration that the global economy will suffer in the coming months. This has caused a very pronounced drop in medium and long-term bond yields in the last 3 months of the year.

Moments of volatility in the markets have encouraged more active portfolio management, generating investment opportunities and capital gains. All business lines related to financial activity have had a positive performance in their gross margin.

The Ticket activity has continued the path of gradual business recovery after the pandemic thanks to the favourable evolution of tourism, which is already at similar levels to the years prior to the pandemic. Foreign currency volumes have not reached 2019 levels, probably as a result of the shift in the use of cash towards other alternative payment methods, but this has been offset by greater activity in the euro cash service for ATMs, both in Spain as in Portugal.

The initiatives in the area of Treasury have contributed positively to expanding the product offering and also increasing the customer base. Highlighting the financing activity of venture capital funds, which has contributed greatly to the margin and also to establishing new relationships with managers specialized in venture capital.

1.1.3 Payments

The Payments line includes businesses related to all types of payments (Payments with Cards and accounts, Digital and Electronic Commerce Payments, compensation and discounts, Swift Payments, FX Sharing, Remittances or Pensions) and those related to Technological Platforms (Digital Banking Services, Treasury and Risk Platform, Reporting and Technological Outsourcing, as well as Trust Services: electronic invoice, mandates, payment remittances, digital custody). The behavior of payments in fiscal year 2023 has been positive, supported by the recovery of household consumption and the increasingly widespread use of alternative payments to cash both between people and in businesses. Among the main operational milestones throughout the year, it is worth highlighting:

- New Bizum functionalities (ie: Bizum digital identifier, new electronic commerce functionalities, as well as the beginning of the project for payment with Bizum in face-to-face commerce)
- Implementation of market solutions of the domestic STMP scheme (PlazoX for clients to split their purchases, TiqueX for the digitalized generation of the receipt or document associated with the purchase, new settlement systems)
- Implementation of new solutions from the main card brands (Visa and MasterCard) such as click2pay
- New products in the purchasing environment in face-to-face stores and electronic commerce
- Deployment of the ATM process and software in Portugal
- Evolution of the risk and fraud management platform in card payments (evolution towards a 360 approach, Daily retraining -DAM [1]- and Fraud Data Dashboard in ESPIA)
- Implementation of a digital Ticket solution for large businesses, supported by card payment solutions. Analysis of regulatory impacts derived from PCI PIN[2], PCI DSS 4.0[3], PCI 3DS[4]
- Implementation of T2/T2S Consolidation: March 20, 2023
- Development of swift contingency solutions

In the case of technological platforms, the evolution has also been positive. Among the main operational milestones throughout the year, it is worth highlighting:

- New functionalities in the digital banking platform
- Improvement of trust services that allow remote contracting with a better user experience and greater security
- Implementation in the reporting platform of new functionalities and services, among which new Frameworks stand out EBA reporting, Code of Good Practices, Guaranteed Bonds and Ex-ante contribution

Of the initiatives and opportunities proposed in the Plan, those included in the technology platform businesses and payments have evolved positively. One of the opportunities has matured enough to be

[1] DAM (Daily Adaptive Model)

[2] PCI PIN (Payment Card Industry PIN Security)

[3] PCI DSS (Payment Card Industry Data Security Standard)

[4] PCI 3DS (Payment Card Industry Data Standard de 3 dominios)

included in the initiatives. Likewise, the Strategy Committee has approved the creation of a new opportunity in this area. All initiatives and opportunities will continue to be promoted throughout 2024.

1.2 Growth vectors

The Strategic Plan is made up of three growth vectors (Digital Assets, ESG[5] and Regulation) through which Cecabank aims to identify new business opportunities and achieve a more relevant market positioning.

These vectors are in different stages of evolution, the most advanced being those related to Regulation and Digital Assets with several open initiatives, while in the area of ESG the Sustainability Plan is being executed as planned and exploring the possibility of incorporating it into one of the businesses that the Entity has.

1.3 Facilitators

The 2022-2024 Strategic Plan is committed to the transformation of Cecabank to consolidate the business growth of previous plans. This transformation is channeled through three facilitators that constitute the main areas of business support and that require the implementation of specific transformation plans to adapt to the present and future needs of the Entity that allow the achievement of both financial and non-financial objectives set for 2024.

I. The first facilitator is the Human Resources facilitator, based on a plan called "Plan Crece +," which consists of four main pillars. The objectives include talent renewal to adapt to new and existing businesses, cultural transformation of the organization, and the promotion of diversity and sustainability. These plans have already been initiated and are being executed according to the established roadmap.

II. The second facilitator is the Technology Plan. It is a complex plan that requires a longer timeframe than the Strategic Plan 2022-2024 itself, extending one year beyond it. The goal of this plan is to transform technology to achieve greater maturity and possess the necessary technological capabilities to drive the business, generate efficiency, and enhance resilience. In 2023, the transformation of the technological infrastructure stands out, with the acquisition of two next-generation IBM z16 servers that will provide the entity with pre-quantum cryptographic capabilities, improvements in transaction processing and the reduction of energy consumption, betting on sustainability. In general terms, at the end of 2023, 70% of the initiatives included in the Plan have been addressed, including all those classified as high priority, and are being executed in accordance with the planned plans.

III. The last facilitator relates to Governance. Under the plan designed for this facilitator, Cecabank has established different actions for each of the three main lines of defense: Internal Audit, Risk and Compliance, and Front Office (the third, second, and first lines of defense, respectively).

1.4 Corporative operations

Corporate Operations represent an additional alternative for Cecabank, in addition to organic business development, through the exploration of growth opportunities that may involve either business acquisitions or inorganic corporate acquisitions.

Throughout the year 2023, various opportunities were analyzed (some of which are still ongoing) across different lines of business.

[5] ESG: Enviromental, Social, Governance

1.5 Business comercial objectives

In addition to the Strategic Plan and Entity's budget, annual commercial objectives are defined to promote and intensify the commercial activity of the Entity, aiming to achieve the greatest possible impact on the income statement through client diversification and increased client engagement.

These objectives are followed monthly in different committees of the Entity (Commercial Committee, Strategy Committee and Management Committee) and are reported to the Board quarterly. All of this allows for close monitoring of commercial activity, as well as greater knowledge of the customer.

In general terms, the commercial objectives set for 2023 have been achieved and exceeded, across the board. In this year, the focus has been maintained on customer loyalty, and on attracting new business, which translates into an increase in incremental sales and the average "ticket" per contract.

The table below provides the details of each objective, including the annual target set for each indicator and the degree of achievement compared to the target.

New billing		New revenues		Contracted negotiations		New customers	
Goal	Level of fulfilment	Goal	Level of fulfilment	Goal	Level of fulfilment	Goal	Level of fulfilment
7,7M€	**102%**	**6,6 M€**	**134%**	**91**	**103%**	**27**	**59%**

- **New Billing** - This indicator reflects the estimated and annualized billing of new contracts signed during the period. It has significantly exceeded the set target, reaching a figure of 7.8 million euros, largely due to client engagement.

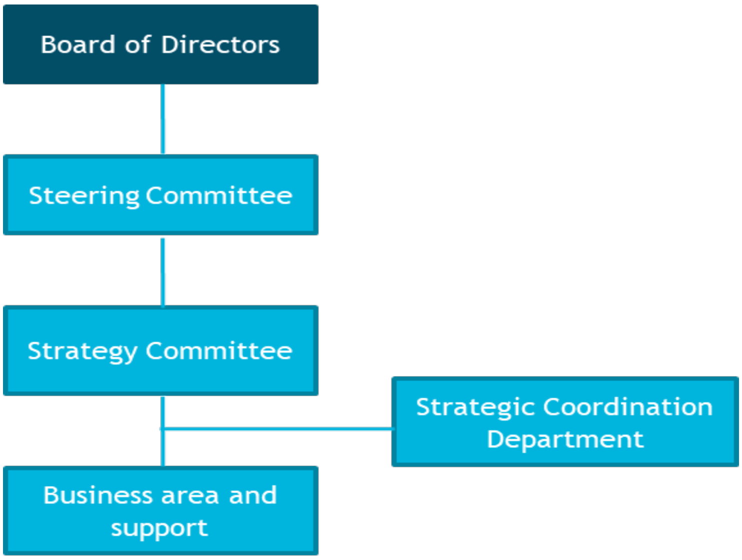
- **New Revenues** - This represents the actual impact on the income statement from new contracts during the current fiscal year 8.9 million euros. The majority of these revenues are recurring in nature.

- **Contracted Negotiations** - This includes all successfully closed new negotiations or renegotiations with estimated annual revenues exceeding 25,000 euros. The target for the year was 91 negotiations, and the fiscal year ended with a total of 94 contracted negotiations.

- **New Clients** - This indicates the number of clients who have contracted a service or product exceeding EUR 25,000 and have not received any services from Cecabank or had any contracts with the bank for the past 3 years. This is the only indicator that fell below the set target.

1.6 Governance Model of the Strategic Plan

In 2021, the governance model of the Strategic Plan was reviewed to align it with the monitoring of the new Plan and facilitate decision-making by the governing bodies:



The Board of Directors receives a quarterly progress report on the overall objectives (financial and non-financial), key developments, and deviations in the Business As Usual (BAU) performance, initiatives and opportunities, facilitators, growth vectors, and corporate opportunities. These reports are discussed in the Board of Directors meetings.

The Strategy Committee, on the other hand, has held monthly meetings throughout 2023 with a triple objective:

1. Review the Strategic Plan comprehensively using the approved monitoring methodology for periodic reporting to the Board of Directors.

2. Identify deviations and make tactical decisions to ensure the achievement of strategic objectives. This is supported by a monthly Dashboard with defined Key Performance Indicators (KPIs) for the different components of the Strategic Plan.

3. Conduct specialized analyses of various strategic areas and any other matters considered relevant for the development and implementation of the strategy.

2. Consolidated Income Statement 2023

	Real 2023 (*)	Budget 2023 (*)	Deviation	
			Amount (*)	%
Net interest income (**)	121,396	81,000	40,396	50
Commission and operating income (***)	225,710	223,116	2,594	1
Gross margin	**347,106**	**304,116**	**42,990**	**14**
Operating expenses (including provisions) (****)	(244,301)	(233,867)	(10,434)	(4)
Operating profit	**102,805**	**70,249**	**32,556**	**46**
Other results	(17)	-	(17)	-
Profit before tax	**102,788**	**70,249**	**32,539**	**46**
Corporate income tax	(29,839)	(20,021)	(9,818)	(49)
Result of the year	**72,949**	**50,228**	**22,721**	**45**

(*) Amounts in thousands of euros.

(**)Includes net interest income, dividend income, gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, gains or losses on financial assets and liabilities held for trading, gains or losses on financial assets and liabilities designated at fair value through profit or loss, gains or losses arising from hedge accounting, foreign exchange differences and gains or losses on non-trading financial assets mandatorily measured at fair value through profit or loss.

(***) Includes fee and commission income, fee and commission expense, other operating income and other operating expenses.

(****) Includes administrative expenses, amortisation, provisions or reversal of provisions and impairment or reversal of impairment of financial assets not measured at fair value through profit or loss.

Next, the income statement is analyzed in the different headings that make it up:

- **Financial margin**: it presents a notable positive deviation from the budget of 50%, in obtaining it the increase in the performance of the assets on the balance sheet has played an important role. and taking advantage of the spikes in the level of volatility of the markets (currency, fixed income and equities) through different trading operations, such as futures and options. Also worth highlighting is the increase in the level of intermediation with clients, throughout the year, with additions of new clients, as well as the reactivation of activities such as the temporary acquisition of assets.

- **Commissions and operating products**: with a favourable behavior with respect to the budget, presenting a deviation of 1.2%. In the Securities Services line, the better performance of the Custody of other entities stands out; in the Treasury, higher income in brokerage and banknote commissions; in Payments, a greater contribution from Card Payments and Digital Payments and, finally, in the line of Technological Platforms, the greatest contribution from Digital Banking and Technological Outsourcing stands out.

  On the other hand, the contribution to the FUR has meant a greater burden compared to the budgeted figure, generating a deviation of -0.6 million euros.

- **Gross margin**: it reflects all the net income obtained from the operating activity, reaching the figure of 347.1 million euros, 14% above the established budget, for the reasons indicated above.

- **Operating expenses**: they are 4% higher than the budgeted figure, due to an increase in personnel expenses and provisions. Specifically, personnel expenses have risen 12% above the budget, due to an expansion of the actions deployed in the People Plan. Other administrative expenses are 2% below the budget, mainly due to lower expenses in contributions and taxes, representation and travel expenses, and surveillance and fund transfer services. In the case of amortization, its deviation of 2% has its origin in the accrual of a lower variable payment of the Depository businesses. Finally, there has been a net allocation of the total volume of provisions and impairment of assets originating from operational risk that was not foreseen.

- **Result for the year**: the net result after taxes is 72.9 million euros, 45% higher than the budget.

3. External rating

The ratings assigned to Cecabank as of December 31, 2023, by international agencies are as follows:

	Short term	Long term
FITCH RATINGS	F-3	BBB
MOODYS	P-2	Baa2
STANDARD & POOR’S	A-2	BBB+

Throughout 2023, the three rating agencies have reaffirmed the long and short-term rating assigned to Cecabank and have kept the Outlook stable.

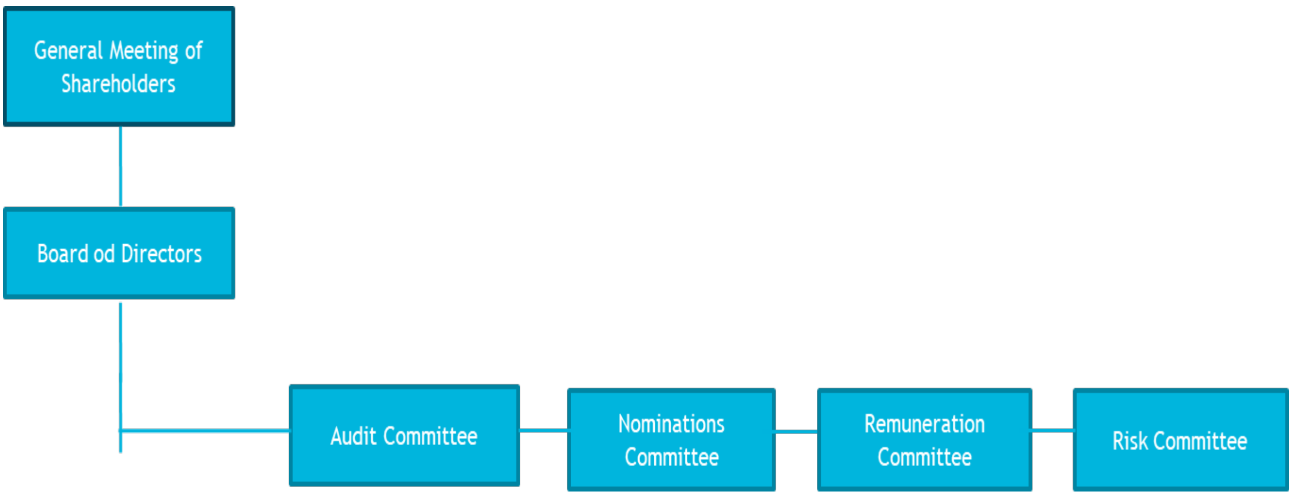
4. Risk management

The financial risk profile during the year has maintained the strategy of recent years, showing good results during the year and its resistance, in the face of a year with events that have generated notable moments of volatility. Management has been very prudent, following the policies defined by the Council, with controlled levels and always remaining within the levels and profile defined in the MTR.[6]

Notes 22, 23, 24, 25 and 26 of the Entity's report reflect information related to the Entity's risk management objectives, policies and procedures, as well as its exposure by type of risk.

5. Corporate Governance of Cecabank during 2023

The corporate governance of Cecabank is governed by a set of rules, principles, and policies that regulate the composition, structure, and functioning of the Governance Bodies (General Shareholders' Meeting, Board of Directors, and its Committees), which are periodically reviewed and updated to align with the best national and international practices.



On April 3, 2023, Cecabank held the Ordinary General Shareholders' Meeting at its registered office and in person, with 99.42% of its shareholders present and represented. The Meeting was held to approve, among other matters, the annual accounts, the statement of non-financial information, the renewal of the annual

[6] MTR (Risk Tolerance Framework)

accounts auditors for the 2022 financial year and the re-election of two directors (Mr. Francisco Botas and Ms. Carmen Motellón).

On October 25, 2023, Cecabank held an Extraordinary General Meeting at its registered office and in person, with 99.42% of its shareholders present and represented. The Meeting was held, on this occasion, to approve the appointment of a proprietary director (D. Eduardo Ruiz de Gordejuela) as proprietary director and the re-election of another proprietary director (D. Víctor Iglesias Ruiz).

As for the Board of Directors, it is responsible for the administration, management and representation of Cecabank. The Board of Directors has the broadest powers for the administration of the Entity and, except in matters reserved for the competence of the General Meeting of Shareholders, in accordance with the provisions of the applicable legislation and the Statutes, it is the maximum decision-making body and the person responsible for the risks assumed by the Entity.

In relation to the Board of Directors, the General Shareholders' Meeting held on March 29, 2022 agreed to set its composition at ten members. As of December 31, 2023, the Board is made up of ten members, of which five are proprietary directors, four independent directors and one executive director.

The Board of Directors meets, on an ordinary basis, monthly in accordance with the work plan that is approved annually, as well as in an extraordinary manner when considered necessary. During this year, the Board of Directors held eleven meetings, all of them in person and at its registered office, except for one of them that was held in Barcelona.

Among the matters dealt with by the Board of Directors during 2023, the review of economic and financial information, the analysis of the regulatory environment and business aspects, the monitoring of the development of the 2022-2024 Strategic Plan, as well as the approval of the 2022-2024 Sustainability Plan.

Furthermore, in compliance with the regulations on capital companies and on matters of organization, supervision and solvency of credit institutions, Cecabank has established four committees (Audit Committee, Nominations Committee, Remuneration Committee and Risk Committee), made up of non-executive directors and all of them chaired by independent directors. The Committees, with their supervisory and advisory powers, assist the Board of Directors in the exercise of their assigned powers. During fiscal year 2023, the different committees held a total of nineteen meetings.

All the details about the composition, functions and operation of the different governing bodies can be found in both the Bylaws and their Operating Regulations, which are available in the “corporate information” space on the Cecabank website.

6. Significant events after the close of the fiscal year

The Constitutional Court has declared unconstitutional Royal Decree - Law 3/2016, of December 2, which adopts measures in the tax field aimed at the consolidation of public finances and other urgent measures in the social field, which modifies Law 27/2014, of November 27, on Corporate Tax and establishes that the limitation coefficient of the tax base after integration of deferred tax assets is 70%. After evaluating this issue, the Company's Board of Directors has concluded that there is no significant impact on the Company's annual accounts as of December 31, 2023, and therefore the estimate of Corporate Tax has not been modified.

After December 31, 2023 and until February 13, 2024, the date of formulation by the Entity's Board of Directors of these consolidated annual accounts, no other significant event has occurred that should be included in the attached annual accounts so that they adequately show the true image of the assets, the financial situation, the results of its operations, the changes in the net assets and the cash flows of the Entity.

7. Business objectives for the year 2024

In setting the commercial objectives for 2024, the following premises were considered:

- Alignment with the 2024 budget and the Strategic Plan.
- Maintaining a consistent level of contribution to the entity.
- Setting challenging objectives with a significant impact on the income statement and a high threshold of performance.

The commercial activity objectives for 2024 are as follows:

+7.9 million euros of new billing, or in other words, potential annual billing from new contracts. The objective established for this indicator does not consider any corporate operations and is slightly higher than the objective set in the previous year, in line with the business consolidation strategy.

+7.6 million euros of new income in the year, which means the entry of real income in 2024 from new contracts. It is the most ambitious indicator compared to the previous year. It is also the most relevant indicator since it reflects the impact of the commercial successes that will materialize throughout the year.

~90 contracted negotiations or renewals for an amount greater than €25,000.

+20 new clients. Despite the difficulty of maintaining growth in this indicator, the objective established for 2024 reaffirms the commitment to diversify Cecabank's already extensive customer base with more than 300 active clients.

8. Repurchase of own shares

During the period from January 1st to December 31st, 2023, there were no treasury shares in the balance sheet of the Bank.

9. Supplier payment

In compliance with Article 262 of the Consolidated Text of the Spanish Capital Companies Act, information regarding deferred payment arrangements with suppliers is disclosed in Note 36 of the Entity's financial statements.

10. Non-financial information statement

In accordance with the provisions of Law 11/2018, of December 28, which modifies the Commercial Code, the consolidated text of the Capital Companies Law approved by Royal Legislative Decree 1/2010, of December 2 July, and Law 22/2015, of July 20, on Account Auditing, regarding non-financial information and diversity, the Consolidated Non-Financial Information Statement for the year 2023 has been prepared, which is included as a separate document attached to the Consolidated Management Report for the 2023 financial year of the Cecabank Group, as established in article 44 of the Commercial Code.

As described in the previous paragraph, and in accordance with the aforementioned regulations, the information in the Non-Financial Information Statement corresponding to Cecabank, SA has been included in the aforementioned Consolidated Non-Financial Information Statement, which will be deposited in the Commercial Registry of Madrid.

In said State, information related to investment in I+D+I and personnel with disabilities is collected.

cecabank

Annual accounts

Independent Auditor’s Report on Consolidated Financial Statements

Consolidated Financial Statements

Annual report

Director’s report

Appendix, Non-financial information

Formulation of the Annual Accounts

Annex. Non-Financial Information Statement in accordance with Law 11/2018 of December 28 on non-financial information and diversity

Letter from José María Méndez

We are pleased to present the 2023 Non-Financial Information Statement, which includes the progress and achievements achieved by Cecabank in the field of sustainability.

At a global level, fiscal 2023 ends with an improving trend, supported by the moderation of inflation rates and a positive balance of the markets. In the last quarter, expectations that interest rates had peaked increased risk appetite, boosting stock markets and reducing debt yields. Geopolitical conflicts such as the one still ongoing between Ukraine and Russia or Palestine and Israel, as well as tensions caused by inflation, have triggered greater uncertainty in the markets.

In this context, Cecabank has continued to maintain good economic performance, supported by three fundamental pillars: the diversification of our businesses, our robust governance model and the dedication of the professionals who make up Cecabank. This year we have achieved a result of 72.95 million euros, maintaining a high solvency ratio, with a CET1 of 29.3%[7]

. These results have been possible thanks to the effort and commitment of the entire staff and their professional and human quality, which means that every year we strive to achieve the goals we set and that in 2023 we have even surpassed.

Our business lines; Securities Services, Technological Services and Treasury are synergistic with each other, which allows us to provide a more complete and global service to our clients, as well as favoring the balance between our sources of income.

In 2023, in the field of Securities Services, it is worth noting that Cecabank has been chosen for the sixth consecutive year as the best custodian bank in Spain 2023 by the specialized magazine Global Banking and Finance Review and at the end of the year. Likewise, we have consolidated our leadership position in the national market, with a volume of more than 300,000 million euros under custody. This makes us the Iberian leader also in depository (investment, pension and venture capital funds), where we have reached a deposited assets that amounts to more than 220,000 million euros, exceeding the previous maximum recorded by more than 5,000 million euros in December 2021.

In the Technological Services line, in 2023 we have reached a volume of nearly 3.3 billion processed electronic banking operations and 1.4 billion with cards, with hardly any incidents, which has once again placed us in a privileged position in the market.

For its part, the Treasury business has exceeded the income target set at the beginning of the year by 153%, all despite the high volatility of the environment, with an increase in the financial margin thanks to the good performance of fixed income and variable. In this line of business, new services have been launched, such as the activity of lending lines of credit to venture capital funds, which has been very well received by our depository clients and encourages greater loyalty.

It has also been a year of great relevance in terms of Sustainability. The 2022-2024 Sustainability Plan, which accompanies our Strategic Plan, has allowed us to advance in key areas in its 4 defined blocks of action: People, Planet, Governance and Prosperity.

[7] As of September, 2023

In the area of People we have worked on our Crece+ Plan. In 2023, our focus has continued on strategic issues for the bank such as attracting talent, the development and specialization of our professionals, with the deployment of training itineraries in areas such as technology, cybersecurity or sustainability and the start of initiatives of our Culture Plan. It is worth highlighting the signing of our third Equality Plan and obtaining, for yet another year, the Family Responsible Company certification, awarded by the Más Familia Foundation.

This 2023 we have continued with our social action program, which is part of our hallmark and reinforces the pride of belonging of our employees. In 2023 we have celebrated the IX edition of the You Choose program. This initiative allows all of us who work at Cecabank to vote for a solidarity project that receives a subsidy from the bank. In this edition, a record staff participation figure of 88.68% was reached.

In the Planet block, we have once again achieved significant reductions in our consumption and emissions of Greenhouse Gases, reaching a 98% reduction in the latter, compared to 2017[8], the year in which we began to measure and manage this indicator. In addition, this year 2023 we have worked on the methodological development of calculating the carbon footprint of our portfolio, specifically in the field of investments, aligning ourselves with the best practices to achieve the joint objective of net zero emissions in the year 2050.

In the area of Governance, I would like to highlight the updating and review of our policies linked to sustainability, in order to align them with the best market practices and the current context of our entity.

At Prosperity, our efforts to continually improve have paid off. In 2023, we have improved our customer satisfaction, having reached 8.7 out of 10 in this indicator. Additionally, each of the entity's businesses has worked to incorporate ESG aspects into its model. Our ambition in this area is to be the reference partner, accompanying our clients in their transformation process towards a sustainable economy.

We all face a major challenge. The objective is, neither more nor less, to undertake a structural transformation of the economic system, to adopt a productive model compatible with the preservation of the environment and responsible economic activity. At Cecabank we are aware that the financial system is at the forefront of this change. That is why we maintain our commitment to sustainable finances and compliance with the highest sustainability standards, through our businesses, our ways of working and the entity's culture.

Cecabank in Figures: 2023 at a Glance

Prosperity:

- Total Assets: 14,630 million euros
- Total Equity: 1,290 million euros
- Net Income: 72.95 million euros

[8] Range 1+2

- CET1 Ratio[9]: 29.3%

Business:

- Securities Services: Deposited assets: >220,000 million euros: Assets under custody >300,000 million euros and award seal for the best custodian bank of 2023
- Treasury: Public treasury market maker; leaders of the wholesale market for foreign currency in Spain in banknotes; More than 12,000 bank branches served directly
- Payments and Technological Platforms: 1,425 million card operations processed; more than 80 countries; Number of electronic banking operations: 3,354 million

People:

- 466 employees in Spain
- 50% female and 50% male workforce
- 100% permanent contracts
- 985 euros per employee spent on training
- 3,917 euros per employee invested in social benefits
- 100% of employees covered by collective agreement
- "Tú Eliges": 100,000 euros in social programs

Planet:

- Carbon neutral in own operations
- 270 tCO_2 offset in 2022
- 98% reduction in emissions since 2017[10] 10
- ISO 50001:2018 certification

Governance:

- 89% compliance with Sustainability Plan
- 0 reports in the ethical channel
- UNE 19601:2017 certification for Compliance with Criminal Law

[9] As of September, 2023

[10] Range 1+2

- 100% of employees trained in cybersecurity
- 82.4% local procurement

1. Get to know Cecabank

1.1. Our business model

Transforming the present with the best solutions for a sustainable future

Cecabank is a Spanish wholesale bank that offers innovative financial solutions and accompanies its clients in achieving their business objectives.

We have a presence in major European financial centers. Based in Madrid, we have an External Network consisting of an operational branch in Lisbon and representative offices in Frankfurt and London.

The entity's products and services are grouped into four business lines:

1. Securities Services: This service includes custody and depositary services for securities, as well as value-added services in the post-trading chain for securities and currencies. Our clients, including investment management companies, pension funds, venture capital entities, and social security funds, benefit from the expertise of the leader in custody services in Spain and Portugal.

   The business currently operates with more than EUR 300 billion in assets under custody and more than EUR 220 billion deposited in nearly 1,000 investment vehicles managed by more than 40 investment managers.

2. Treasury: This business line focuses on operations in major national and international markets for equities, fixed income (public and private), currencies, and derivatives. Our operations are carried out with criteria that ensure ample liquidity and high solvency.

   The business stands out as a primary dealer of Spanish public debt, actively participating in auctions and syndicates, and providing liquidity in the secondary market. In 2021, Cecabank was designated by the European Union as a member of the European Primary Dealer Network.

3. Payments and Technology Platforms. Payments, comprising card payment processing services throughout the chain, processing in payment chambers and schemes, digital payment solutions (payment gateway, customer authentication, DCC solutions, etc.) and digital platforms and FX platform, for which we have an international payments service with currency exchange that provides high added value to our customers. Technological platforms, which include digital banking solutions, treasury services, risk and reporting and technological outsourcing, where we provide outsourcing services of technological infrastructures for financial institutions, insurance companies and fintech, in accordance with banking regulations.

In addition, Cecabank provides associative services to support the proper functioning of the CECA banking association, focused on the dissemination, defense, and representation of the interests of its member entities.

More information about Cecabank and the services we offer can be found on the entity's corporate website.[11]

In 2023, the entity continues with its Strategic Business Plan for 2022-2024, which is committed to transformation to consolidate growth. This Strategic Plan, approved by the Board of Directors, establishes the business model that incorporates the businesses described, three growth vectors, which includes the ESG vector and three facilitators necessary in the transformation process (Human Resources, Technology and Governance).

The Strategic Plan has set financial and non-financial objectives. Among the non-financial objectives are those related to strengthening leadership, maintaining quality levels, transforming talent and technology,

[11] https://www.Cecabank.es

as well as meeting the expectations of interest groups in the three basic pillars of sustainability (Environmental, Social and Government).

In parallel to the Strategic Plan, Cecabank launched three ambitious plans on three levers that are key to achieving the business objectives: Technology, Talent and Sustainability.

Technology Plan	This is an ambitious and complex plan with the objective of transforming technology to achieve greater maturity and have the necessary technological capabilities, driving the business, generating efficiency and enhancing resilience. In 2023, the transformation of the technological infrastructure stands out, with the acquisition of two next-generation IBM z16 servers that will provide the entity with pre-quantum cryptographic capabilities, improvements in transaction processing and the reduction of energy consumption, betting on sustainability. In general terms, at the end of 2023, 70% of the initiatives included in the Plan have been addressed, including all those that were classified as high priority, and are being executed in accordance with the planned plans.
“Crece” Plan +	CRECE + is defined as the Plan that allows Talent Management to be the Facilitator of the Transformation of Cecabank and it integrates different initiatives that aim to advance in the different phases of the Human Resources management cycle, promoting growth and professional development of its employees, giving them the opportunity to learn about new ways of working, acquire knowledge in different areas, enhance their development, facilitate personal and professional conciliation, generate and share our values, promote initiatives that favor equality, renew our talent and make our processes more efficient. Throughout 2023, the deployment of actions and initiatives specific to the CRECE + Plan has continued, a project that allows Talent Management to be the Facilitator of the Transformation of Cecabank and an essential lever for achieving the objectives of the entity's Strategic Plan. During this period, said Plan has focused on strategic issues for the bank such as attracting and developing new talent, promoting female leadership, deploying specialized training itineraries (Cybersecurity, Technology, Criminal Risk and Sustainability), signing of the third Plan.
Sustainability Plan	Structured in 4 work blocks and 70 actions, with three fundamental objectives: consolidate our leadership in the market, orient our ESG service proposal, anticipating the needs of our customers and generate a positive impact on our environment and Stakeholders. It is a transversal plan in which 100% of the Bank's areas participate and which, in 2023, has achieved a compliance rate of 89%.

1.2. Our corporative culture

Mission

To support financial institutions and other corporations with the experience of a Spanish wholesale bank with international projection.

Vision

- Cecabank aims to consolidate its leading position as a custodian bank and provide specialised solutions for all types of financial institutions and national and international corporations.
- To accompany its customers, building lasting relationships, so that every decision is the result of mutual trust.

Our values:

- Specialisation: our financial, technological and business expertise makes it possible to offer our clients solutions with high added value for their business.
- Solvency: Cecabank's capital ratio is among the highest in the market.
- Commitment to our customers, shareholders, employees and all our stakeholders.
- Sustainability: Through a responsible business model, our commitment to sustainable finance and our environment.

For Cecabank, corporate culture and values are a priority and form part of our behaviour, our way of relating to customers and the bank's internal policies.

Cecabank's new strategic framework incorporates the challenge of defining a common and shared purpose and fostering new values with which customers, employees and governing bodies feel strongly identified and committed.

The new talent incorporated into the company and Cecabank's ambition to define a common and shared purpose with its stakeholders has led the bank to work on the Culture Model. This project began in 2022 and forms part of the Crece + Plan. The aim is to raise awareness, disseminate and comply with the new values defined for Cecabank, identify the necessary cultural changes and implement specific actions to successfully address the transformation proposed in the new strategic period.

In 2023, progress has been made in this culture model, starting work groups and reflections in each case. It is worth highlighting the progress made in the “effective meetings” group, which has established guidelines to make meetings more efficient, as well as outreach and awareness-raising efforts for employees. Additionally, the corporate ethics working group has begun the necessary reflection to update Cecabank's Code of Conduct to the new context in which the entity finds itself.

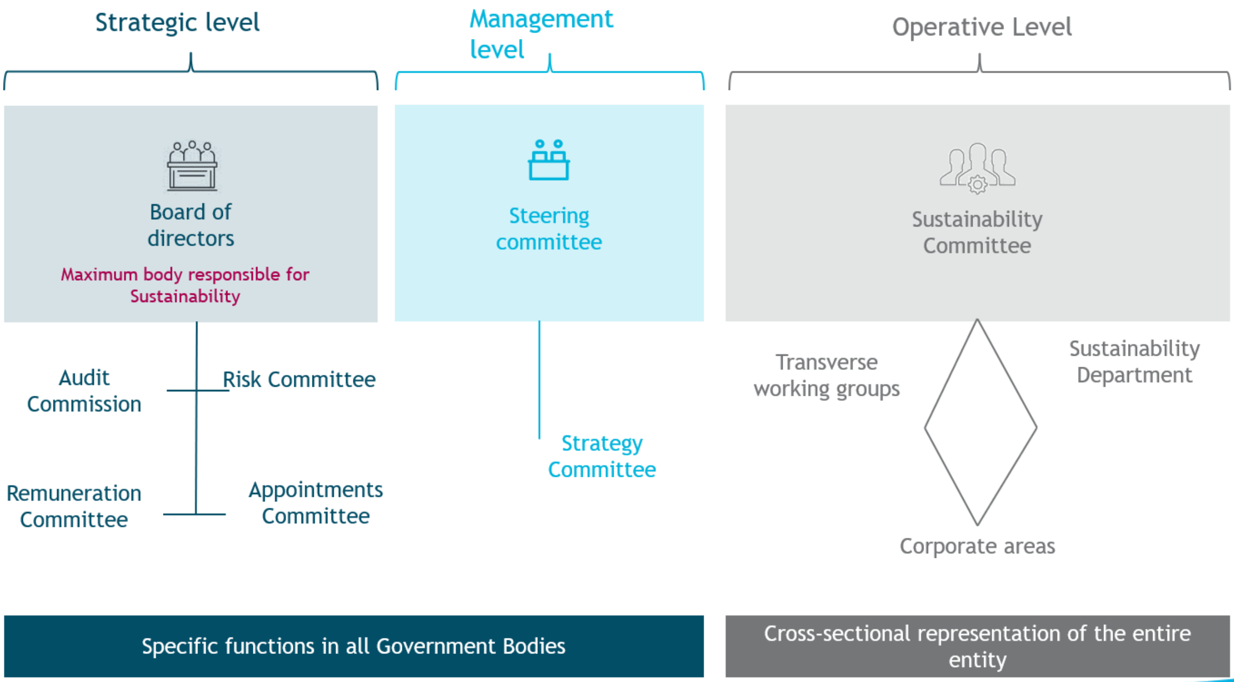
1.3. Our approach to sustainability management

Cecabank has implemented a sustainability management model that allows us to incorporate social, environmental and governance aspects in the development of our activity. As members of the financial sector, we understand that our role in the transformation towards a sustainable and low-carbon economy is of great relevance, supporting activities that favour the transition, and contributing to the construction of an inclusive economy, with low environmental impact and positive impact in the social environment.

Cecabank has a strong banking tradition linked to the social dimension, which is complemented by its vocation for the future, where we seek to establish lasting and trusting relationships with our stakeholders.

ESG Governance Model

Cecabank has a governance structure at the highest level that is structured transversally throughout the entire entity at different levels.



Sustainability is articulated at Cecabank under a solid governance model structured at three levels: A strategic level where the Board of Directors is the highest responsible body, which relies on the Audit Committee to supervise these aspects and adds specific functions in all Government Bodies.

The Board of Directors is responsible for overseeing internal and external sustainability commitments. These include those assumed in the Sustainability Policy, the Corporate Code of Conduct, the Risk Tolerance Framework, supervisory expectations or regulatory commitments.

- Audit Commission: It is the body designated by the Board of Directors to supervise compliance with the internal and external commitments assumed by the entity, such as those established in the Sustainability Policy, as well as the supervision of the Sustainability Plan.

- Risk Committee: supervises all aspects related to ESG risks, with special attention to environmental and climate risks.

- Appointments Committee and Remuneration Committee: they monitor ESG aspects within their scope of competence.

At management level, the Steering Committee primarily supervises the ESG aspects reported by the Sustainability Committee. Other Committees such as the Compliance and Operational Risk Committee, the Strategy Committee or the New Products Committee supervise specific aspects such as the sustainability initiatives proposed within the ESG growth vector or how ESG analysis is incorporated into the evaluation of new products.

In section 5.1. Good Corporate Governance provides greater detail on the responsibilities, composition and performance in 2023 by the Governing Bodies.

Finally, at an operational level, the Sustainability Committee articulates all the actions carried out in this matter. This Committee is made up of representatives from all corporate and business areas and reports directly to the Management Committee and the Strategy Committee. He is responsible for, among other functions, defining ESG initiatives, monitoring the Sustainability Plan, and coordinating transversal activities within the organization.

- Internal Audit

- General Secretariat

- Association Services and Resources Area
- Planning Area
- Risk and Compliance Area
- Securities Services Area
- Technological Services Area
- Financial Area

During 2023, the Sustainability Committee has met on 3 occasions and has discussed matters related to:

- Monitoring of the Sustainability Plan, key ESG indicators and other complementary actions carried out. - New business proposal: ESG growth vector.
- Monitoring of Corporate Reporting.
- Review of aspects related to Climate Risk and supervisory expectations.
- Monitoring of regulatory developments.
- Progress in transversal work groups.
- Aspects related to social impact, alliances and sector participation.

For its part, Cecabank's Sustainability department is responsible for energizing, coordinating and executing, when appropriate, ESG actions in our entity, providing transversal support throughout the organization.

Sustainability Policy

The entity's Board of Directors approved its Sustainability Policy in 2019. This document aims to ensure lasting relations between the entity and its stakeholders, maximising the creation of value. In this regard, the entity identified those areas of action that contribute to this effect. The Sustainability Policy establishes 5 objectives on which our management model is based.

In 2023 and as part of the actions planned in the Sustainability Plan, the entity has begun a reflection process to update its Sustainability Policy and align it with the entity's new commitments and objectives, as well as with the best practices identified. The new Policy is currently in the approval process and is expected to be published during fiscal year 2024.

Objective 1	Objective 2	Objective 3	Objective 4	Objective 5
Support for the Strategic Plan	Align business and corporate governance with the responsible practices of our partners and customers	Monitoring and implementation of best practices Search for new opportunities	Search for new opportunities	Stakeholder relations
Our tools				
Sustainability is one of the values of the bank's Strategic Plan, as well as one of its growth vectors, seeking to drive the transformation of the financial sector towards an ESG model	We seek to align ourselves with best practices and benchmark standards in Sustainability, responding to the demands of our stakeholders in a proactive manner	Beyond the regulatory sphere, Cecabank seeks to adapt its model to the best market practices, voluntarily submitting to greater requirements	The ESG growth vector incorporated in the Strategic Plan seeks to identify and seize opportunities and respond to the potential needs of our customers in the area of sustainability	Cecabank seeks to maintain lasting relationships with stakeholders by generating shared value

Alliances and commitments

Cecabank is firmly committed to achieving the SDGs. The United Nations 2030 Agenda for Sustainable Development sets the Objectives for the year 2030 and proposes solutions to global priority problems, establishing 17 Sustainable Development Goals (SDGs) and 169 specific targets as a framework for action.

By conducting our business responsibly, we are contributing to the achievement of these Goals, to which we are strongly committed. In addition, the Sustainability Plan has been aligned with this universal framework. The SDGs where the greatest impact has been identified are:

- **SDG 5: Gender equality**

  Cecabank is committed to gender equality. It has an equality plan, as well as a work-life balance programme for the bank's employees. In this regard, it is worth highlighting the EFR (Family Responsible Company) certification, which accredits quality in employment, work-life balance, equal opportunities and professional development.

  In 2023, progress continued to be made in this area through detailed studies on the gender gap, diagnosis of the situation, and training actions to raise awareness and provide information for the entire workforce.

- **SDG 8: Decent work and economic growth**

  Cecabank has a set of internal policies and regulations that guarantee the rights of its employees. Cecabank works to protect the labour rights of its employees, as well as to maintain good working conditions for its employees.

In terms of economic growth, the bank maintains high levels of solvency. Cecabank's capital ratio is among the highest in the market, which favours stability and transmits security to the market.

- **SDG 10: Reducing inequalities**

  Cecabank is an institution with a strong tradition of social contribution. The bank implements numerous initiatives in collaboration with social organisations aimed at improving the quality of life of disadvantaged groups, as well as promoting culture and environmental protection.

- **SDG 13: Climate action**

  Although the bank's direct environmental impact can be considered insignificant, Cecabank works actively to minimise its direct impact, improving efficiency in the use of resources in its facilities, as well as calculating, reducing and offsetting its carbon emissions. The bank has currently implemented an Energy Management System in accordance with ISO 50.001, achieving significant reductions in energy consumption.

  In addition, Cecabank has worked in 2023 to calculate its indirect impacts by measuring the carbon footprint of its investments, including both public and private fixed income and equities.

- **SDG 16: Peace, Justice and Strong Institutions**

  Cecabank is a critical infrastructure in Spain that aims to ensure the stability of the Spanish financial system. Ethics, transparency and good corporate governance are Cecabank's hallmarks, which enable it to maintain relationships based on trust.

  Cecabank maintains high standards in terms of ethics, compliance, prevention of corruption and bribery throughout its operations. In addition, it voluntarily assumes the best practices and recommendations in the area of corporate governance.

Cecabank has built a network of alliances in which it seeks to contribute to the collective debate, participate in the issues of the financial sustainability agenda (both national and international) and promote platforms for exchange and dialogue.

In 2023, the bank was part of the following initiatives:

- Global Compact (through the Spanish Global Compact Network): in 2023, we renewed our commitment to the Global Compact and its 10 principles. Cecabank has also continued to work to disseminate the 17 Sustainable Development Goals of the United Nations.

- Spainsif: is a non-profit organisation that promotes Socially Responsible Investment (SRI), fostering corporate responsibility, the integration of environmental, social and good corporate governance criteria through dialogue between different groups.

- Forética: association of companies and professionals in corporate social responsibility and sustainability operating in Spain and Latin America, whose mission is to promote the integration of social, environmental and good governance aspects in the strategy and management of companies and organisations.

- Seres Foundation: Seres promotes the commitment of companies to improving society through responsible actions aligned with the company's strategy and generating value for all.

In addition, the bank is committed to various initiatives in this area:

- Cecabank joined the "Business Leaders' Declaration for Renewed Global Cooperation" at the invitation of Sanda Ojiambo, who in June 2020 was appointed by the UN Secretary-General as the new Executive Director of the Global Compact.

- In December 2019, during COP 25 in Madrid, Cecabank joined the "Collective Commitment to Climate Action" promoted by UNEP FI, in which it committed to reduce the carbon footprint of its balance sheets in line with the Paris Agreement.

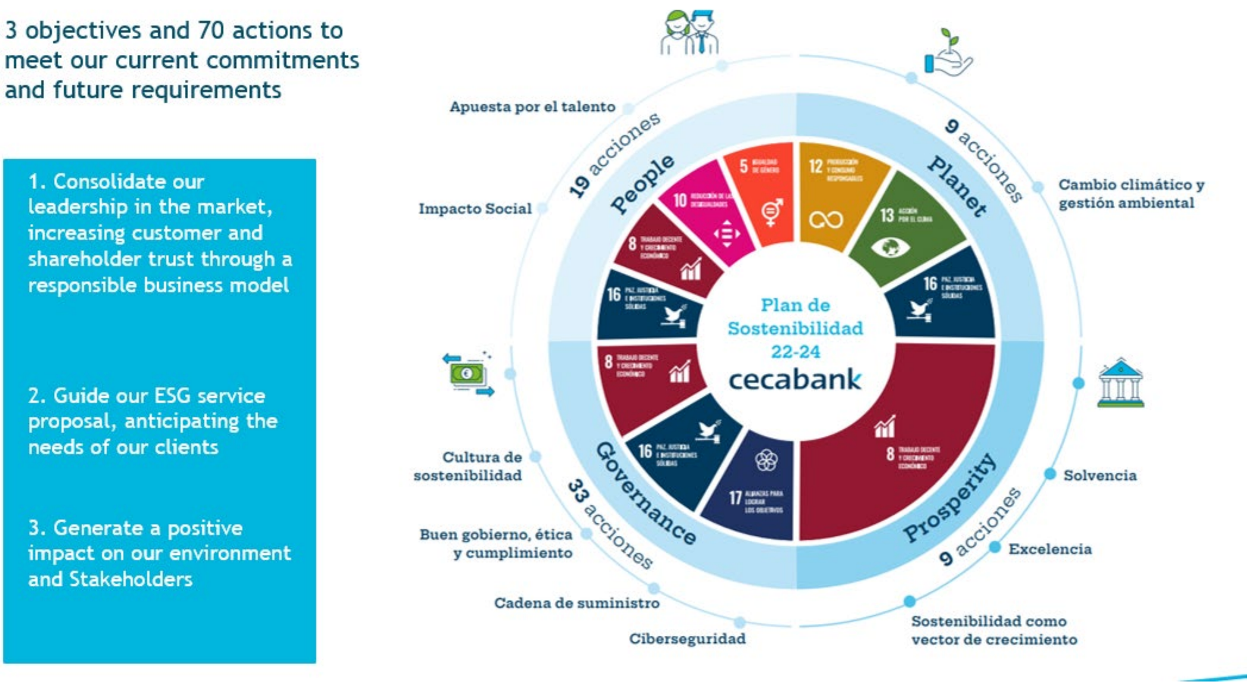
- In 2020, Cecabank joined the Green Recovery Alliance, an initiative promoted by Pascal Canfin, chairman of the European Parliament's Environment Committee, which seeks a global pact to end the pandemic and promote a sustainable economic recovery.

- Through CECA, we support the UNEP FI Principles for Responsible Banking.

Sustainability Plan

The 2022-2024 Sustainability Plan, approved by the Board of Directors in 2022, aims to accompany the entity's Strategic Plan to consolidate growth and sets three objectives.

A total of 4 blocks, 10 lines of work, 70 actions and more than 360 milestones make up this work plan designed to respond to two aspects: what is Cecabank?, with the People, Planet and Governance blocks and what do we offer? to the market?, which includes the Prosperity block.



The Plan has been designed considering our impacts on the environment as well as the ESG aspects of our business model, taking into account potential risks and opportunities:

- Bet on talent: human capital as a differential value of the entity: diverse, committed and specialized.

- Social impact: contribute to sustainable development in our environment, with the participation of our employees, generating pride of belonging.

- Climate change and environmental management: advance best practices and respond to the commitments made regarding climate-related risks and objectives, as well as achieving maximum efficiency in the management of direct environmental impacts.

- Culture of sustainability: consolidate the ESG governance of the organization, integrating the new corporate value transversally in the entity.

- Good governance, ethics and compliance: comply with the best practices in corporate governance, ensuring compliance with legal requirements and assumed corporate commitments.

- Supply chain: alignment of our suppliers with the values and objectives of Cecabank.

- Cybersecurity: stay at the forefront of cybersecurity.

- Excellence: through innovation and digital transformation and maintenance of satisfaction levels.

- Sustainability as a vector of growth: anticipation of our clients' needs in ESG matters.

- Solvency: achieve the solvency levels established for the strategic horizon (2022: 24-25%).

In 2023, the Sustainability Plan has reached 89% compliance with the established milestones.

Block	**Relevant actions carried out**
People	• Analysis of new indicators regarding equal pay. • Formation of transversal work groups to advance corporate culture. • ESG awareness and training plan for the entire workforce. • Development of new policies in areas such as volunteering or Human Rights (in the approval process).
Planet	• Preparation of the first Climate and Environmental Risks report. • Monitoring and progress regarding supervisory expectations regarding Climate and Environmental Risks. • Methodological development and measurement of the Carbon Footprint of the investment portfolio. • Progress in the work groups to comply with voluntary aspects for the entity: environmental taxonomy, where Cecabank has begun with the calculation of eligibility and alignment for the year 2023 and in environmental management, where work is being done to implement a management system based on the ISO 14001 standard.
Governance	• ESG training plan for Governing Bodies • Development of ESG content on the corporate website and intranet for employees. • Incorporation of ESG aspects into the work plans of the Governing Bodies. • Start of work for the development of a responsible and sustainable investment policy (currently in the approval process).
Prosperity	• Development of the Objective Quality measurement system. • Implementation of quality improvement plans at the entity level. • Implementation of a new Customer Experience platform, to manage the process, exploit and distribute the data.

	• Progress in the growth vector: In 2023, different ESG business development proposals have been evaluated in the Sustainability Committee and the Strategy Committee.

The Sustainability Committee is in charge of promoting and monitoring the progress of the Sustainability Plan, as well as reporting to the Governing Bodies. To facilitate the monitoring and supervision of these aspects, the entity has established a scorecard of ESG indicators, complementary to the essential scorecard of non-financial indicators established in the Strategic Plan. Through the complementary scorecard, the evolution of the entity is monitored in all the aforementioned lines of action that make up the Sustainability Plan. Throughout 2023, the Governing Bodies have monitored these indicators within the scope of their powers.

Work plan for the definition of the Sustainability Plan: Materiality

The entity prepared its latest materiality study in 2021 as part of the strategic reflection initiated within the framework of the Strategic Plan and the 2022-2024 Sustainability Plan. From this study, a list of material aspects for Cecabank has been obtained and their prioritization based on the importance they have for business objectives and interest groups.

Cecabank used its own 3-step methodology, based on the recommendations of the GRI (Global Reporting Initiative) standard and other best practices and recommendations.

1.	2.	3.
Review of Stakeholders, communication channels and expectations	Identification of relevant aspects: Internal and external analysis	Materiality matrix and impact analysis

Review of Stakeholders and established communication channels:

Cecabank seeks to maintain long-term relationships with our stakeholders, as established in our Sustainability Policy. Maintaining a fluid dialogue with each of them is a fundamental part of our management model. which seeks to identify their needs, requirements and expectations, as well as efficiently communicate our performance and response to their requirements.

In 2023, Cecabank has updated its map of interest groups, integrating the detailed identification that the entity carries out in each of the business areas. This new map identifies groups at 3 levels of aggregation and serves as a basis for establishing action plans and improving relationships with them.

Process for identifying relevant aspects

Cecabank identified relevant aspects through an internal and external analysis in which issues of interest for the sector and for the entity, ESG trends and commitments undertaken were identified. Depending on the availability of information, this analysis was carried out incorporating the medium-long term perspective.

From this analysis, a total of 15 themes were identified as relevant for the current strategic period.

Internal analysis, where the following were analysed, among others:

- The strategic priorities of the new period where sustainability is incorporated as a corporate value, Objective and within the entity's growth vectors.
- The commitments assumed by the entity with its stakeholders in ESG matters: through policies, codes, regulations and working procedures, as well as the mission, vision and values that define and describe Cecabank's behaviour.
- Information obtained through communication channels with stakeholders: questionnaires, interviews, committees, among others.

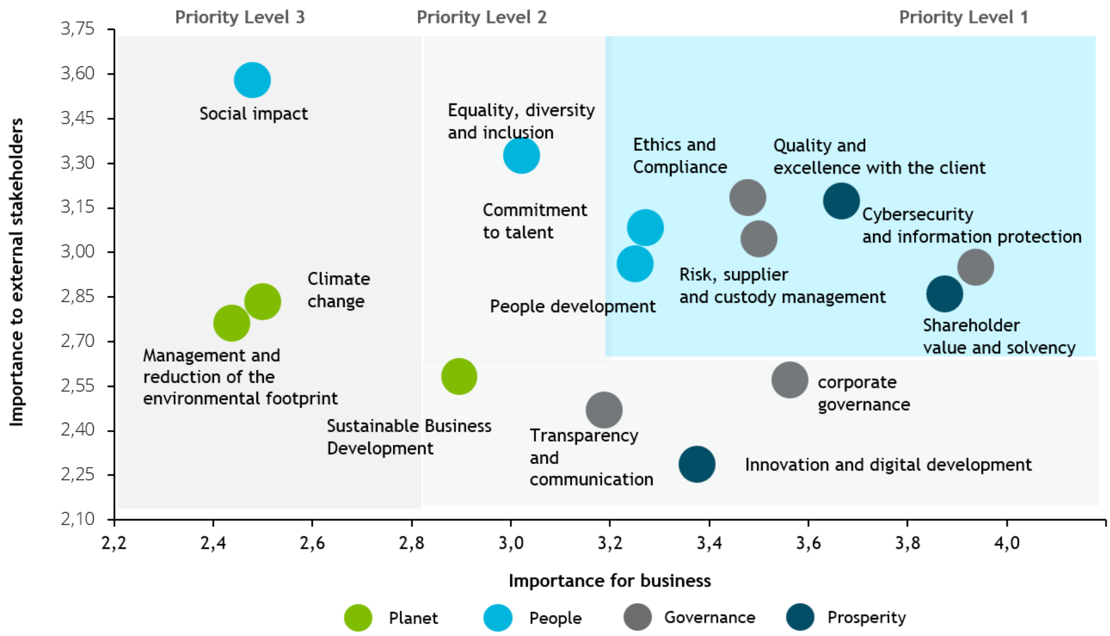
External analysis, where the following were analysed, among others:

- Demand for ESG information and transparency: sustainability standards, analysts, media analysis, among others.
- Trends in sustainability and sectoral best practices.
- Current regulations and ongoing regulatory initiatives in sustainable finance and sustainability.

Process of prioritisation of material aspects and preparation of the materiality matrix

The process of prioritizing relevant topics also took into consideration the internal and external perspective. According to this, the importance of each of the 15 aspects was analyzed based on the recurrence of the themes identified in the interest groups for the external perspective and in the internal analysis carried out by the Management of Cecabank (Steering Committee and Commission of Audit).

The results obtained are represented in the following materiality matrix and are classified into 3 priority levels. As the matrix shows, all the material issues identified are of high importance for the entity and its stakeholders. Priority 1 topics are those related to the strategic aspects of generating value for clients and shareholders, positioning as a trusted third party in the face of the new regulatory and risk management framework, as well as the attraction and retention of diverse, specialized and committed talent.



In 2024, the entity will begin a new period of strategic reflection and, therefore, will work on developing and updating the list of relevant aspects taking into account the new objectives, the new context and the progress made by Cecabank in terms of sustainability.

This analysis is completed with the analysis of impacts and risks and opportunities in priority 1 issues. Cecabank understands that these issues contribute to a greater extent to the creation of long-term value and incorporates a double perspective: impact of the social and environmental environment on Cecabank and Cecabank's impact on the environmental and social environment.

Aspects of priority 1	Environmental impact	Risk and opportunities	Cecabank's response
Cybersecurity and Information Protection	Information protection and cybersecurity are key to ensuring business objectives and positioning with stakeholders, generating confidence in regulators, investors, customers and society. To maintain Cecabank's high level of performance and given the rapid evolution of these aspects, it is necessary to constantly invest in new cybersecurity solutions and in training for the specialisation of the human team.	The bank's good performance in these aspects has a direct impact on stakeholders, as it enables it to maintain the trust of regulators, customers, associates, etc. in Cecabank and protect their interests. For their part, employees and suppliers perceive a high level of demand and need for specialisation. Impact on SDGs 8 and 9.	- Cybersecurity Plan. - Continuous training and information for employees. - Continuous monitoring of indicators by senior management.
Shareholder Value and Solvency	Generating value and retaining the trust of customers and shareholders is essential for Cecabank, which is why one of its strategic objectives is to maintain a high level of solvency.	Maintaining a good performance in this aspect has an impact on all of the entity's stakeholders, generating value, wealth and security for them. Impact on SDGs 8 and 11.	- Strategic Plan. - Risk Management Framework and model based on 3 lines of defence.
Quality and Customer Excellence	Customer satisfaction is a priority for Cecabank. The good performance of this aspect has enabled it to build customer loyalty and increase its customer base, favouring long-lasting relationships based on trust. However, maintaining the current level requires investment in innovation, training and implementation of continuous improvement plans.	Offering a service based on excellence to customers has a direct impact on building long-term relationships and satisfying their demands. In the rest of the stakeholders, the impact on shareholders stands out, where quality and excellence translate into greater profitability. In turn, employees and suppliers perceive a high level of demand and need for specialisation. Impact on SDGs 8 and 17.	- Quality Management Systems. - Continuous communication with clients. - Training and specialisation of employees in different areas. - Customer Service Department (SAC).

Aspects of priority 1	Environmental impact	Risk and opportunities	Cecabank's response
Ethics and Compliance	Cecabank applies the highest standards of good governance, ethics, compliance and responsibility, both among its professionals and in its relations with its stakeholders. This enables it to establish lasting relationships based on trust. It also minimises reputational and criminal risks, which are already considered by the bank in its risk model.	Maintaining corporate requirements in terms of ethics and compliance generates relationships of trust with the entity, as stakeholders identify alignment with its values and objectives. We highlight employees, who enhance their sense of belonging. In addition, this behaviour has an impact on increasing shareholder value, as it reduces the likelihood of occurrence of criminal and/or reputational risk events. Impact on SDGs 8, 10 and 16.	- Criminal Compliance Management System. - Corporate Code of Conduct and its complaints mechanism.
Risk management, suppliers and custody	Adequate management of these aspects enables a stable, recurrent and value-oriented earnings structure to be maintained in order to ensure the entity's orderly growth in the long term, as well as maintaining adequate capital planning and maintaining resources to meet its commitments in the short and long term. Otherwise, the materialisation of unmanaged risk events could lead to a reduction in performance.	The management of this aspect has a direct impact on shareholders, as proper risk management provides security and protection of their capital. For other stakeholders such as employees or society, this translates into greater job stability and wealth generation. Impact on SDGs 8, 12, 16 and 17.	- Risk Management Framework and model based on 3 lines of defence. - Outsourcing Policy and contracting of Services and Functions. - Custody function monitoring policy. - Risk Tolerance Framework. - ESG risk integration.

Aspects of priority 1	Environmental impact	Risk and opportunities	Cecabank's response
Commitment to talent	Cecabank maintains relationships with its employees that favour integrity, respect among people, health and safety at work, professional development, equal opportunities and non-discriminatory treatment, among others. These aspects and the working conditions offered to the bank's employees allow for a low turnover rate and, therefore, greater operational efficiency, reducing the costs associated with attracting and training them.	Cecabank employees enjoy advantageous working conditions in areas such as finance, life insurance, health insurance and work-life balance, among others. The retention of talent in turn ensures good financial results for shareholders and a higher level of service, as a result of high levels of employee satisfaction. Impact on SDGs 3, 5, 8 and 10.	- Plan Crece+. - Culture Plan. - Family-Responsible Company Certification. - 100% of employees under corporate agreement. - Communication channels with employees. - Remuneration and Social Benefits Plan.
People development	One of Cecabank's corporate values is the specialisation of its human team. To this end, it carries out training plans, and is committed to participation in multidisciplinary projects, favouring the attraction and retention of customers.	Actions in this area have a direct impact on Cecabank employees, enabling them to grow professionally and providing them with the tools to achieve their professional objectives. In turn, specialisation favours greater profitability derived from better results and an improvement in the level of service perceived by customers. Impact on SDGs 4, 5, 8 and 10.	- Plan Crece+ - Ongoing training programmes in various subjects and personal skills.

2. People

Responsible talent management and our social commitment are fundamental pieces of Cecabank culture

2.1. Our talent

Talent

Cecabank's Sustainability Plan defines among its lines of action the "commitment to talent", understanding that human capital is a differential value of the entity, and seeking to maintain diverse, committed and specialized talent.

For this reason, the different policies related to talent management establish the principles of equality, integration and non-discrimination in the workplace.

At the end of the 2023 financial year, Cecabank has 466 employees in Spain, to which are added 4 more employees in the foreign branch network (1 employee in Frankfurt, 1 employee in London and 2 employees in Lisbon).[12]

Cecabank's employees in Spain are distributed as follows:

	2022	2023
Women	240	233
Men	232	233
Total	**472**	**466**

Distribution by age and level:[13]

Age Range	Women	Men	Total
> 50	**64**	**64**	**128**
30 - 50	**161**	**144**	**305**
<30	**8**	**16**	**24**
Total	**233**	**233**	**466**

[12] In the report of the other indicators of the State of Non-Financial Information related to the "Our Talent" section, the data related to employees from offices located outside of Spain have been excluded, which represent only 0.85% of the total. of Cecabank employees. Also, the 2 Trionis employees are not included.

[13] The comparison with the year 2022 of the most relevant employee tables can be consulted in annexes II and III.

Professional level	Women	Men	Total
GROUP 1 - LEVEL I	3	5	8
GROUP 1 - LEVEL II	3	5	8
GROUP 1 - LEVEL III	10	17	27
GROUP 1 - LEVEL IV	16	25	41
GROUP 1 - LEVEL V	27	31	58
GROUP 1 - LEVEL VI	42	50	92
GROUP 1 - LEVEL VII	47	33	80
GROUP 1 - LEVEL VIII	48	30	78
GROUP 1 - LEVEL IX	8	4	12
GROUP 1 - LEVEL X	9	9	18
GROUP 1 - LEVEL XI	10	5	15
GROUP 1 - LEVEL XII	8	15	23
GROUP 1 - LEVEL XIII	1	1	2
GROUP 1 - LEVEL XIV	0	0	0
GROUP 2 - LEVEL I	0	1	1
GROUP 2 - LEVEL II	0	1	1
GROUP 2 - LEVEL IV	1	1	2
Total	233	233	466

All Cecabank employees enjoy an indefinite contract[14], 462 work full-time and 4 part-time[15].

During the year 2023, there have been 4 layoffs, 1 woman and 3 men[16]. During 2023, there have been 15 new employees[17], 11 men and 4 women.

Gender	ERE	Voluntary severance	Dismissal	Suspension of Contract	Failure to pass the probationary period	Voluntary Disengagement	Retirement	Total
Women	7	2	1	0	0	1	0	11
Men	3	1	3	0	1	2	0	10
Total	10	3	4	0	1	3	0	21

[14] The CEO is linked to the entity by a commercial contract not subject to labor legislation.

[15] Only four of the Directors have a part-time contract when working at CECA and Cecabank.

[16] A comparison of dismissals by sex and age in 2022 and 2023 is attached in the tables in Annex II.

[17] All from Group 1.

Age range	ERE	Voluntary severance	Dismissal	Suspension of Contract	Failure to pass the probationary period	Voluntary Disengagement	Retirement	Total
> 50	10	0	1	0	0	3	0	14
30 - 50	0	1	3	0	1	0	0	5
< 30	0	2	0	0	0	0	0	2
Total	**10**	**3**	**4**	**0**	**1**	**3**	**0**	**21**

Additions

GROUP & LEVEL	< 30	30 - 50	> 50	Total
GROUP 1 - NIV.I	0	0	0	0
GROUP 1 - NIV.II	0	0	0	0
GROUP 1 - NIV.III	0	0	0	0
GROUP 1 - NIV.IV	0	0	0	0
GROUP 1 - NIV.V	0	0	0	0
GROUP 1 - NIV.VI	0	0	0	0
GROUP 1 - NIV.VII	0	6	0	6
GROUP 1 - NIV.VIII	2	3	0	5
GROUP 1 - NIV.IX	0	0	0	0
GROUP 1 - NIV.X	0	1	0	1
GROUP 1 - NIV.XI	0	0	0	0
GROUP 1 - NIV.XII	2	0	0	2
GROUP 1 - NIV.XIII	0	0	0	0
GROUP 1 - NIV.XIV	1	0	0	1
Total	5	10	0	15

Throughout 2023, the deployment of actions and initiatives specific to the CRECE+ Plan has continued, a project that allows Talent Management to be the facilitator of the transformation of Cecabank and an essential lever for achieving the objectives of the entity's Strategic Plan.

The priority initiative of the CRECE+ Plan has been the Talent Acquisition Plan, which is currently more than 97% executed. This Plan has allowed 15 new profiles to be incorporated into the entity in 2023, in this way it has been possible to integrate new multi-purpose and digital profiles, with skills and competencies that guarantee: excellence, innovation, commitment and enthusiasm.

During 2023 there have been 6 internal movements in the entity, of which 1 has been a woman and 5 have been men.

Internal movements

Age range	Men	Women	Total
> 50	4	0	4
30 - 50	1	1	2
<30	0	0	0
Total	**5**	**1**	**6**

Working conditions

Training

Linked to the Strategic Plan and, specifically, to the Crece+ Talent Management initiative, Cecabank's annual Development and Training plan was created, which starts by analysing the needs of our professionals, with the aim of implementing improvements and continuing to evolve so that all of them are prepared for the needs and demands of the market, customers and regulatory bodies. It integrates different areas of knowledge, covering multiple fields such as regulation and standards, finance, IT, digital skills, management, health and wellness, and languages.

During the 2023 financial year, we have reactivated face-to-face training, taking advantage of the return to offices and the new spaces designed for working and training, without forgetting that we now have a hybrid model in which face-to-face work and teleworking coexist, which requires the same bimodality in the training actions we launch.

We have consolidated programs such as Liderar Dejando Huella, whose objective is to develop the management skills of the bank's managers, and Female Leadership, helping to make visible women with projection and talent in the organization. In addition, we have launched new editions of highly valued training courses such as the Digital Transformation Program in the Financial Environment, of which we have held the 6th edition, or the 3rd edition of the Blockchain and Cryptoassets course.

As a novelty compared to last year, in 2023 specific training plans have been carried out for specific and strategic areas of knowledge for the entity: Cybersecurity, Development of cloud systems and Criminal risks. In addition, we have continued to offer content that prioritizes the emotional health of workers.

In addition, and linked to our Talent Recruitment plan, Cecabank has an onboarding programme to welcome new recruits. This programme includes a series of mandatory and voluntary online training courses on aspects such as the Code of Conduct, Cybersecurity, Occupational Risk Prevention, Energy Efficiency, Gender Equality and Diversity, among others, and a face-to-face team building session with augmented reality in which aspects of collaboration, uncertainty management and high-performance teams are worked on.

During 2023 we have increased the range of content on offer, as well as continuing to promote in-company specialisation programmes, demonstrating that this approach means greater adaptation to our needs, a reduction in training hours and an increase in budget efficiency, without reducing the quality of the programmes or the level of student satisfaction. Throughout this process, we continue to rely on our Learning Cloud platform, which is integrated with the training website, where all the training activities carried out by professionals working at Cecabank are recorded. It also integrates all this activity into their curriculum and allows managers to view the courses requested by their teams and their current status.

For the third consecutive year we have renewed our alliance with the “Empowering Women's Talent” program and with “Diversity Leading Company”, thus reinforcing our objective of raising awareness throughout the organization about the wealth of having diverse workforces, as well as promoting the emergence of female talent to positions of responsibility.

When designing the training plan, the pillars of sustainability are also taken into account, which is why we design courses in the three areas; environmental protection, economic growth and social development.

Within the environmental area we seek to raise awareness among our employees and to do so we have courses such as energy efficiency that gives them keys to contribute to this challenge when they are in the office, or sustainability that explains how to live sustainably by avoiding behaviors harmful to the planet.

In the economic field we have courses on sustainable investments, aspects of governance and code of ethics, and everything related to cybersecurity and anti-corruption.

Lastly, we do not forget the social aspects, which at Cecabank we take special care of and in a very transversal way, proof of which is the Equality Week and the Healthy Week that we celebrate every year.

In addition, the training catalog has a wide offer, including different courses on personal, physical and emotional care, such as Mindfulness, disconnection digital, feel good, increase your vitality and everything related to the prevention of labor and psychosocial risks in the workplace, as well as issues of diversity and inclusion, gender equality and identification of biases.

Below are the training hours distributed by professional category according to the agreement, which amounted to a total of 19,505 hours in 2023:

HOURS OF TRAINING BY LEVEL[18]

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	Total
Group 1	215	444	1.043	1.645	1.991	3.344	4.394	2.588	351	855	632	1.780	61	0	19.343
Group 2	5	10	0	147	0	0	0	0	0	0	0	0	0	0	162
Total															19.505

Description of the indicator	Indicator Units	2022	2023
% of higher and medium university graduates (Engineers, graduates or diploma holders)	Percentage (%)	88%	90%
Employee training hours Cecabank Spain	Hours per employee	41	42
Investment in employee training in Spain	Euros per employee	883[19] €	985 €

As part of Cecabank's commitment to promote employment and renew internal talent, we have renewed for another year the collaboration with university centers and business schools to carry out university internships, formalizing 8 end-of-degree scholarships. In November we launched the third edition of the Nido Program, with an excellent reception from institutions and students. In total, 10 students have joined the internship program, joining the 18 young people from the two previous editions. For 9 months they will receive specific training and will be able to collaborate in the entity's operations, participating in its daily activity.

ProgramaNido

Remuneration

Cecabank has a General Remuneration Policy, approved by the Board of Directors, which establishes, among other aspects, the general principles of the remuneration system, as well as its essential characteristics, the specific requirements of each group and the governance model.

For the calculation of the remuneration data, as well as for the calculation of the salary gap, the data of 100% of the staff who have provided services for the Entity during the year 2023 through an employment relationship have been taken into account, applying the methodology established by the Ministry of Equality through its tool for the calculation of the remuneration register [20]

in accordance with the obligation established in article 27 of the Workers' Statute.

The average remuneration by gender, age and level of professional category according to collective agreement and according to differentiation between group 1 and group 2 is shown below.

[18] The comparison with the year 2022 of training hours can be seen in Annex III.
[19] The 2022 figure has been recalculated due to an adjustment in the criteria for calculating expenses.
[20] https://www.igualdadenlaempresa.es/asesoramiento/herramientas-igualdad/home.htm.

Average remuneration by gender	2022	2023
Men	80,708€	87,677€
Women	66,783€	71,465€
Total Average	73,732€	79,537€

Average remuneration by professional category	2022	2023[21]
Level I	227,860€	275,291€
Level II	123,640€	170,953€
Level III	151,300€	157,011€
Level IV	89,491€	100,047€
Level V	87,219€	87,512€
Level VI	73,470€	78,694€
Level VII	62,217€	65,294€
Level VIII	53,061€	58,851€
Level IX	55,640€	50,814€
Level X	40,532€	48,212€
Level XI	35,145€	44,641€
Level XII	29,818€	37,691€
Level XIII	-[22]	31,623€
Level XIV	-[23]	-

[21] There are 4 employees of professional group 2 (various occupations) who have been excluded in the 2023 calculations for confidentiality reasons, since they do not correspond to any of the mentioned categories.

[22] Due to confidentiality issues, salary information for this category is not included, since it is made up of a single person.

[23] Due to confidentiality issues, salary information for this category is not included, since it is made up of a single person.

Average remuneration by age group	2022	2023
<30	29,246€	35,908€
30-50	71,830€	76,216€
>50	83,444€	91,311€

Cecabank has proceeded to calculate the salary gap taking into account the average effective remuneration by sex. In 2023 the wage gap was 18% (17% in 2022).

Additionally, in 2023 Cecabank has carried out a study to calculate the adjusted wage gap indicator in order to know and measure whether men and women receive equal remuneration for equal or substantially similar work. That is, if both groups receive the “same salary for the same work.”

The calculation of this indicator requires the development of econometric models with regression analysis after taking into account certain factors that affect remuneration such as position, experience, different schedules, etc. For 2023 the adjusted wage gap was 4.5%.

At the end of the year there are 10 directors at Cecabank, including the CEO, of which 7 are men and 3 women. Cecabank's non-executive directors only receive, through their role as directors, the entity's income from attendance fees for both the Board of Directors and the Committees. In fiscal year 2023, the average amount charged by each director was 33,968 euros for men (in 2022 it was 34,828 euros) and 67,941 euros for women (in 2022 it was 57,931 euros), depending on the sessions to which they attended. However, one of the directors does not charge fees for attending the Council or the Committees.

Regarding Senior Management, Cecabank has 7 executives[24], of which 4 are men and 3 are women. The average remuneration amounted to 241 thousand euros in the case of women (201 in 2022) and 300 thousand euros in the case of men (207 in 2022).

The representation of women in Senior Management and on the Board will tend to evolve upwards in order to achieve a balanced presence of men and women, taking into account any vacancies that may arise.

Social Benefits

Cecabank offers social benefits for its employees in order to motivate, retain and build employee loyalty.

The main social benefits that Cecabank offers its employees are as follows:

The investment per employee in social benefits made by the entity in 2023 amounts to a total of 3,917 euros.

In addition, since 2018 Cecabank has had a flexible remuneration plan for its staff members that allows them to contract products and services with preferential conditions and in some cases with tax benefits, when tax regulations so provide.

Currently, the products that form part of the Ckb.Flex flexible remuneration plan are as follows:

- Preferential financial conditions.
- Pension Plan for all members of staff.

[24] Cecabank has 7 executives, excluding the CEO who is linked to the entity by a commercial contract not subject to labor legislation.

- Group life insurance.
- Health care policy for staff members.
- Childcare and training allowances for staff members' children.
- Aid for the employee's own training.
- Christmas gift for staff members' children.
- Christmas hamper.

Childcare voucher.

Training cheque.

Transport card.

Meal card.

Health insurance for spouses, partners and children of the employed person.

The implementation of Ckb.Flex has been firmly consolidated in the workforce in such a way that 62% have at least one product contracted through the flexible remuneration system, with the total number of products contracted at the end of fiscal year 2023 being 701 contracts.

The most popular are the following:

Health insurance for employees' family members: 54% of staff members take out health insurance.

Transport card: contracted by 19 % of the workforce.

Likewise, the possibility of applying this system to the financing of training actions is becoming more and more widely known among the institution's staff.

Work-life balance and equality

Work-life balance

As part of the Human Resources Plan linked to the 2022-2024 Strategic Plan, the bank has promoted the implementation of a flexible working hours and teleworking system of flexible working hours and teleworking through the signing of two agreements between the entity and the legal representation of employees (RLPT), thus favouring the reconciliation of the personal, family and working life of its staff.

The teleworking agreement came into force on January 1, 2022 and complies with all the requirements that the Remote Work Law establishes, applying at Cecabank regardless of whether or not the teleworking modality exceeds 30% of the working day. The teleworking modality is also contemplated for pregnant women, who will be able to enjoy it throughout the entire pregnancy period.

As a novelty, the agreement includes a regulation of the right to digital disconnection, which in turn was regulated for the first time in the collective agreement of the Savings Banks and Financial Entities for the period 2019-2023 and which came into force on December 3 of 2020.

It should be noted that the sectoral collective bargaining agreement includes new measures to promote aspects of work-life balance, with the following measures having been agreed:

- Possibility of applying the reduction in working hours only to afternoons of effective work in the unified timetable in the case of care or legal guardianship of children under 12 years of age or a person with a disability who does not perform a paid activity for the general timetable.

- 15 days of breastfeeding leave to be accumulated after maternity leave.

- Creation of paid leave of up to 3 months in the case of cases of gender violence involving a change of address.

- Computation of all leave (with the exception of marriage leave) in working days.

100% of the entity's workforce is covered by the agreement.

Regarding permits, Cecabank has updated the catalog published for the entire workforce, including the latest ones approved by Royal Decree – Law 5/2023, of June 28. These are leave due to an accident or serious illness of family members or cohabitants, absence due to force majeure and parental leave.

In terms of parental leave, the employees who have taken parental leave are as follows:

	Women	Men	Total
2023	5	10	15
2022	3	4	7

Cecabank also has the Cecabank Employees' Cultural Association or "Company Group". The purpose of this association is to develop and organise all kinds of activities aimed at promoting leisure and education in the free time of associates and their families through the development of cultural, sporting, children's, family and tourist activities. The aim of all the activities promoted by the Association is to establish bonds of friendship and companionship between all members, to positively encourage interpersonal relationships between all members, and to help to improve and reconcile work and family life.

Equality

Cecabank has an Equal Treatment and Opportunities Plan for women and men signed between the bank and the RLPT for the years 2022-2026, complying with all current legal requirements. The bank has had an equality plan since 2010, an update in 2017 and the current one. During these years, work has continued in this area through detailed studies on the gender gap, diagnosis of the situation, and work has been carried out on training actions to raise awareness and provide information for the entire workforce.

The Equality Plan regulates the functions of the Equality Committee, establishes positive action measures and includes the improvements in measures for reconciling work and family life that have been agreed between the workers' representatives and the bank.

In addition, Cecabank has a protocol for action in the event of a complaint of harassment at work, sexual harassment and harassment based on gender in Cecabank. It is a labour agreement signed with all the staff's labour representatives and regulates, for the first time, harassment in the workplace.

Cecabank also has the following agreements in this area:

- Labour agreement on teleworking and the right to digital disconnection.
- Agreement on flexible working hours.
- Practical guide to inclusive language.
- Guide to measures, aid and benefits.

As part of the action plan to obtain recognition in this area, work has been carried out to obtain the EFR (Family-Responsible Company) Certificate awarded by the Másfamilia Foundation, obtaining the award in 2021 and obtaining the favourable evaluation report in the EFR Aenor external audit in May 2023 and 2022.

One of the lines of action of the Sustainability Policy is the responsible management of the workforce, the entity's main resource and contributing to improving the reconciliation of family, personal and work life and the pride of belonging, guaranteeing equal opportunities. favoring the attraction and retention of talent and taking advantage of the richness of diversity in all its forms.

To close the first cycle of certification, in December 2023 a survey was launched among the entire workforce to give employees a voice and learn about the use and assessment of conciliation measures linked to the EFR seal. Of the results obtained, it is worth highlighting the greater participation compared to the first survey launched in 2021 (beginning of the cycle) and the equal participation between men and women. The best valued measures have been those related to teleworking and flexible hours and a percentage of 72% believe that Cecabank is equally or better placed in terms of conciliation than other entities.

The validity of the badge is three years, so work is being done to renew it.

In 2022 and 2023 we have also obtained the "Empowering Women's Talent" and "Diversity Leading Company" seals awarded by Teams and Talent. Cecabank has also been a signatory of the Diversity Charter since 2021.

The entity has incorporated the diversity component in its selection processes, both in the workforce and through ETTs. In 2023, Cecabank had four people with disabilities on staff and three people through ETTs, in 2022 there will be three people on staff and two people providing services through ETTs. In addition, Cecabank collaborates with entities that promote the inclusion of people with disabilities in the work environment.

Description of the indicator	Units	2022	2023
Total number of employees in Cecabank Spain	Number	472	466
Percentage of women in Cecabank Spain	Percentage (%)	51%	50%

Health and Safety

In accordance with applicable legislation, responsibility for the implementation, application and integration of the Occupational Risk Prevention System lies with the company's management. At Cecabank, the organisation of the resources necessary for the development of preventive activities has been designed in accordance with the External Prevention Service modality, which covers the preventive specialities of: Industrial Hygiene and Ergonomics and Applied Psychosociology, Occupational Medicine and Occupational Safety.

Cecabank has a Prevention Plan which establishes a set of rules and procedures through which the mechanisms for the management and integration of occupational risk prevention are developed, including the different actions in preventive matters, such as Policy, Objectives and goals, organisational structure of occupational risk prevention, responsibilities and functions within the organisation and monitoring and control at the level of integration.

As for the operational procedures included in the Prevention Plan, there are the procedures for contracting, material and human resources, contracts and subcontracts, information and training procedures, consultation and participation of workers, action in the event of an emergency, etc.

Cecabank, S.A. has contracted the speciality of Occupational Medicine with the External Prevention Service of QUIRON PREVENCIÓN, S.L.U., whose activities include monitoring the health of workers in relation to risks derived from work, analyses, medical examinations and epidemiological studies of the results of health examinations in order to investigate and analyse the possible relationships between exposure to occupational risks and damage to health.

In addition, the company has a doctor, external personnel subcontracted by the External Prevention Service, located at the work centre, where he carries out medical care work.

Accidents at work and occupational illnesses of employees are covered by MC Mutual, a mutual insurance company for accidents at work and occupational illnesses.

Cecabank also provides training and information for its employees through its Training Department, which runs courses on occupational hazards and preventive measures for all employees, data display screens, as well as training for intervention teams in fire-fighting and first aid measures.

In this regard, during 2023, new emergency brigade teams have been formed, which have received specific practical training on fire and evacuation.

Likewise, in May 2023, an evacuation drill was carried out with the participation of the entire workforce. Also during the year 2023, the voluntary medical check-up campaign was launched for all members of the organisation's staff, with the percentage of medical check-ups carried out being 50.64% of the total staff. This year, as a novelty, a self-appointment system was introduced so that employees could choose the medical centre and the day of the check-up.

In addition, a preventive seasonal flu vaccination campaign was launched in October 2023, with 13.95% of the workforce having been vaccinated. With regard to prevention for the detection and containment of the impact of Covid-19, Cecabank has implemented a procedure whereby any employee with symptoms of the disease goes to the Medical Service for an antigen test. If the result is positive, the person leaves the bank's premises to telework for a week (if the disease is not associated with health complications). After this period, before returning to Cecabank's premises, the affected person must undergo a new antigen test at the Medical Service to verify that there is no risk of contact with the rest of the staff.

The company's Prevention Service, together with the Medical Service and the Personnel Department, has carried out exhaustive monitoring of all cases of COVID in the company, putting into practice all the recommendations of the health authorities.

In 2018, Cecabank launched the Ckbe-Well Plan, which encompasses a series of actions to promote healthy behaviours and habits aimed at improving the wellbeing of our employees. Since its inception, a Physiotherapy service has been promoted to improve health through the prevention and treatment of work-related injuries, a nutrition and dietetics service for employees, back school courses, training in healthy eating, etc.

In 2023, 100% of employees were represented on the Health and Safety Committee, a joint body that meets quarterly and is governed by the regulations of the Health and Safety Committee.

Employees covered by collective bargaining agreement in Spain: 100%.

Absenteeism[25] hours in the entity in Spain:

2023	17,704
2022	15,025

Based on the above, the absence rate in 2023 is 1.88%.

As in the previous year, in 2023 there were no occupational illnesses among the workforce. In 2023, excluding COVID cases, there were two occupational accidents with sick leave.

As a result of these policies, we can highlight that the workforce has been retained as a means of retaining value and knowledge.

In terms of social dialogue, the entity has a Works Committee with 13 members in which 3 trade union sections are represented and which meet every two months. The last trade union elections were held on 30 November 2022.

The Works Council carries out its trade union and company dialogue activities through a series of working committees:

- Health and Safety Committee
- Equality
- Timetables
- Loans
- Training
- Search
- Teleworking

In addition, all labour agreements signed with labour representatives have their own monitoring committee to ensure that they are complied with.

2.2. Social commitment

With our environment

Cecabank develops its social commitment through initiatives in line with its corporate characteristics and objectives. The bank and its staff are aware of social problems and specifically those affecting the most disadvantaged groups. The entity implements specific contribution actions, which also foster pride of belonging among the people of the entity. For this reason, the entity implements contribution actions, which fulfil the double objective of satisfying the social demands of the staff and which, therefore, foster pride of belonging among the people of the entity, and those of the entity itself, committed to its environment.

Every year, Cecabank launches the "Tú Eliges" (You Choose) programme, in which the bank's staff present various social, environmental or cultural projects and Cecabank undertakes to finance those selected after an internal voting process.

[25] To measure hours of absenteeism, in accordance with the stipulations of indicator 403-2 of the GRI standard, only hours of sick leave due to COVID, illness and IT accidents have been taken into account.

In 2023, the 9th edition of the programme was held, in which a total of 29 projects from various associations were presented (21 in the social sphere, 4 in the environmental sphere and 4 in the cultural sphere), which Cecabank supported with a grant of 100,000 euros.

These are the 29 projects submitted by Cecabank employees to the 9th call of the "Tú Eliges" programme:

SOCIAL PROJECTS

FAMILIAS QUE AYUDAN A FAMILIAS. NADIESOLO VOLUNTARIADO
Fundación Desarrollo y Asistencia
AYUDA A ESCUELAS EN GAMBIA
ONG ITT Gambia
ALEPH-TEA POR UN OCIO INCLUSIVO
Asociación ALEPH-TEA
TODOS MERECEMOS UNA SEGUNDA OPORTUNIDAD
Fundación Segunda Parte
ARIADNA COSIENDO ILUSIONES
Asociación Ariadna Cosiendo Ilusiones
INTEGRA TECH
Fundación Integra
UNIDAD CRIS DE NUEVAS TERAPIAS EXPERIMENTALES HOSPITALARIAS
Fundación Cris contra el Cáncer
Y DESPUES DE LA CARCEL ¿QUE?
Asociación Apromar
INHIJAMBIA 111
Asociación AGIL (Apoyo Global para Iniciativas Locales)
RURAL TEC. ROMPER LA BRECHA DIGITAL EN MENORES
Fundación Sanders
SU OPORTUNIDAD ERES TÚ
Fundación AYO (Accelerating Youth Opportunities)
HOGAR PARA PERSONAS CON DISCAPACIDAD INTELECTUAL
Fundación El Arca Madrid
CONSTRUCCIÓN ESCUELA SECUNDARIA EN UGANDA
Babies Uganda ONG
ASALBO. ASOCIACION ALMERIENSE SINDROME BOHRING OPITZ
Asociación Asalbo
CAMINA CONMIGO. UNIDAD DE FISIOTERAPIA ROBOTICA
Fundación Aenilce
AFANIAS. CENTRO EDUCACIÓN ESPECIAL ESTUDIO3
Asociación Afanias
INVESTIGACION CANCER INFANTIL
Fundación Siempre Fuertes
DEBRA EN CASA. PIEL DE MARIPOSA
Asociación Piel de Mariposa
ACOMPAÑAMIENTO FAMILIAR, VIVIENDA PRODIS
Fundación Prodis
FENIX TT EN MOVIMIENTO
Asociación Fenix TT
FUNDACION AVA. TODOS SOMOS ATLETAS
Fundación AVA

ENVIRONMENTAL PROJECTS

ESPACIOS NATURALES SIN BARRERAS
Asociación Reforesta
SALVAR AL VISÓN EUROPEO
Fundación para la investigación en Etología y Biodiversidad FIEB
AYUDANOS A COMPRAR UN BOSQUE GALLEGO

Fundación Fundem
FUNDACION BIGOTES
Fundación Bigotes

CULTURAL PROJECTS

CON VOZ PROPIA
Organización Musicus. Folie Producciones
CULTURA EN VENA. ARTE EN HOSPITALES Y ESPAÑA RURAL
Fundación Cultura en Vena
COLONIAS ASEM. SEMANA DE RESPIRO FAMILIAR
Federación Española de Enfermedades Neuromusculares (ASEM)
EL 12 EN FUTURO. ÁREA DE CULTURA Y CIENCIA
Hospital Universitario 12 de Octubre. Área de Cultura y Ciencia

In this edition, participation reached 88.87%, exceeding last year's 78.94% and demonstrating once again, not only Cecabank's commitment to its Social Action Plan, which is part of the bank's Sustainability Policy, but also that of all its employees to promoting the well-being of society and its impact on the community.

The finalists of the "Tú Eliges"[26] programme are shown below:

Category	Beneficiary association	Aid amount
Social	Investigación Cáncer Infantil	15,000 €
Social	ALEPH-TEA	13,000 €
Social	Todos merecemos una segunda oportunidad	10,000 €
Social	Y después de la cárcel ¿Qué?	7,500 €
Social	Ariadna cosiendo ilusiones	7,500 €
Environmental	Espacios Naturales Sin Barreras	7,500 €
Social	Unidad Cris de Nuevas Terapias Experimentales Hosp	7,500 €
Social	INHIJAMBIA 111	5,000 €
Cultural	CON VOZ PROPIA	5,000 €
Social	Fundación AVA: Todos somos atletas	5,000 €
Social	SU OPORTUNIDAD ERES TÚ	5,000 €
Social	CAMINA CONMIGO: Unidad de Fisioterapia Robótica	3,000 €
Social	HOGAR PARA PERSONAS CON DISCAPACIDAD INTELECTUAL	3,000 €
Cultural	El 12 en futuro, Área de Cultura y Ciencia	3,000 €
Social	Construcción Escuela Secundaria en Uganda	3,000 €

In addition, we would like to highlight the following initiatives carried out in 2023:

a. **Humanitarian emergencies**: Cecabank has been part of the network of companies collaborating with the Spanish Emergency Committee since 2018. The Committee is a pioneer in Spain for uniting companies, the media and international NGOs specialising in humanitarian aid (SOS Children's Villages,

[26] The You Choose Program for the year 2022 is attached in Annex IV.

Educo, Intermón Oxfam, Doctors of the World, Plan International and World Vision) under a single voice to raise funds in emergencies.

This year has been especially significant in disasters and humanitarian emergencies and Cecabank has collaborated in all of them with the help of the Emergency Committee in three of them, when it was activated in the earthquake in Turkey and Syria, the Moroccan Earthquake, and the Crisis in the East Medium in Gaza and hand in hand with Action Against Hunger in the Libyan floods since the Emergency Committee was not activated in that case.

Humanitarian emergency Turkey and Syria

On February 6, the Turkish and Syrian earthquakes took place in the area of Southeastern Turkey and Northern Syria. The earthquake, of magnitude 7.8, left tens of thousands of people dead, injured and missing. From February 7 to 16, Cecabank launched a campaign among staff to raise funds to help alleviate the effects of the emergency.

Thanks to the generous response of the people who make up Cecabank, 195 donations have been received and 13,423 euros have been raised, which added to the equivalent amount that Cecabank will donate, a total of 26,846 euros have been contributed.

Humanitarian emergency Morocco

On September 8, a strong earthquake of magnitude 6.8 shook Morocco, severely affecting the city of Marrakech and the provinces of Al-Haouz and Taroudant. It was the most severe earthquake in the last 100 years in that area, and left thousands of people dead and injured, destroying a large number of buildings. From September 11 to 21, Cecabank launched a campaign among staff to raise funds to help alleviate the effects of the emergency.

Thanks to the generous response of the people who make up Cecabank, 103 donations have been received and 5,800 euros have been raised, which added to the equivalent amount that Cecabank will donate, a total of 11,600 euros have been contributed.

Humanitarian Emergency Libya

On September 12 and in parallel with the launch of our Humanitarian Emergency recruitment campaign to help Morocco, the devastating floods caused by Storm Daniel occurred, devastating eastern Libya. Tens of thousands of people were reported dead and missing.

Because the Emergency Committee was not activated in this case due to not having a presence in the area, Cecabank, together with Action Against Hunger, which, if it had a presence in the area, wanted to collaborate in the humanitarian aid campaign by donating amount of 3,000 euros.

On this occasion, the campaign was not launched to employees, but rather the donation was made directly by Cecabank.

Emergency in the Middle East

On October 7, the terrorist group Hamas launched the worst terrorist attack in the history of Israel, leaving more than 1,200 people murdered, as well as hundreds injured and kidnapped. As of October 9, and in retaliation for the previous events, the blockade and bombing of the Gaza Strip by Israel begins, leaving thousands of Palestinian dead and injured in addition to hundreds of thousands of people affected to date.

From October 23 to November 2, Cecabank launched a campaign among staff to raise funds to help alleviate the effects of the emergency.

Thanks to the response of the people who make up Cecabank, 51 donations have been received and the amount of 2,775 euros has been raised, which added to the equivalent amount donated by Cecabank, a total of 5,550 euros will have been contributed.

b. Solidarity Market:

The Solidarity Market is a much-anticipated and much-loved event by Cecabank staff, inviting some associations and foundations known from previous years and which this year were unable to take part in the "Tú Eliges" Programme. As on other occasions, the various associations and foundations were able to sell their products and their own products, which they use to partially fund their activities. Among the associations invited this year were the Adisli Foundation, the Esperanza y Alegría Foundation, the Bobath Foundation, the Kyrios Foundation and the Spanish Emergency Committee.

Both the Solidarity Market and the blood donation campaign were held at the Cecabank Solidarity Day, taking advantage of the "You Choose" Program Awards ceremony. At the end of the awards event, we were lucky enough to be able to enjoy some pieces chosen by the San Pablo CEU Choir.

c. Blood Donation Campaign with the Red Cross:

This year, 2023, two blood donation campaigns have been carried out together with the Madrid Red Cross.

These campaigns have been made to coincide with designated dates such as the Healthy Week held from May 22 to 26 and the awards ceremony for the You Choose Program and Solidarity Market held on September 18.

According to the Madrid Health and Red Cross transfusion center, the result of these blood donations helped improve the lives of 108 and 48 patients in the different campaigns. Total 156 lives saved.

d. Collaboration with Banco de Alimentos de Madrid: since its inception, Cecabank has maintained a strong commitment to Banco de Alimentos, collaborating with this organisation by sponsoring Calle Cecabank at its headquarters in Colegio San Fernando and Avenida Cecabank at its logistics centre. Given the link and the history of collaboration between the two entities since 2020, Cecabank Street was replaced by Cecabank Avenue and the Avenue was converted into Cecabank Plaza with the consequent pride and satisfaction for Cecabank. In 2023, the bank has continued to collaborate in this sense, even increasing the donation and sponsorship from the previous year to €15,000.

- **Operation Kilo for the Food Bank**: In parallel to the sponsorship of the Avenida y Plaza Cecabank, the Food Bank of Madrid also continued with the "Operation Kilo" campaign - Christmas campaign - where Cecabank employees were able to make their most charitable purchases, helping the neediest families in the Community (the homeless, the elderly, children, the unemployed, among others). This year, the campaign was launched from 27 November to 8 December, raising a total of 3,100 euros from employees. This amount was doubled by Cecabank, resulting in the donation of a total of 6,200 euros, representing 5,945 kg of food. Thanks to food donations, **the Fundación Banco de Alimentos de Madrid** provides a daily meal to more than 190,000 people through 560 charities.

e. Madre Coraje Clothes and Shoes Container: Since 2019, the entity has made a container available to employees for the donation of clothes and shoes. In 2023, more than 260 kg have been accounted for, exceeding the amount donated last year. This association is responsible for giving a second life to the products, through donations to communities, sales at charity markets, or their delivery to external companies, generating funds for social, educational and cooperation associations. This year, 2023, it has changed its legal form and ceases to be an association to become Fundación Madre Coraje, an NGO certified by Fundación Lealtad.

f. Computer classrooms-ICT classrooms sponsored by Cecabank: The bank is committed to financial education, digitalisation and social action. Since 2019, it has collaborated with the Sanders Foundation and the Community of Madrid in the construction of computer rooms for this purpose. In 2023, Cecabank contributed with a donation of 16,200 euros for the maintenance and organisation of training courses for the most disadvantaged groups in these classrooms.

- The first computer classroom in the Royal Oratory of Caballero de Gracia, aimed at groups of elderly people, immigrants and the unemployed.
- The second computer classroom in the school of the Bobath Foundation, aimed at people with cerebral palsy to varying degrees, both children and adults.
- The third computer room or ICT room was inaugurated in the first half of 2022 at the Adisli Foundation, focused on training and providing support and opportunities for people with mild disabilities or borderline intelligence to develop their life projects and a network of support.
- The fourth computer classroom was opened in the second half of 2022 at the Senara Foundation to help vulnerable people. In particular, it focuses on and offers job orientation and training for women and their families, improving their work-life balance.
- The fifth IT classroom is scheduled to open in the first quarter of 2023 at the Integra Foundation, which supports people in social exclusion and with disabilities to regain control of their lives, mainly through job placement.
- The sixth classroom, this time a social classroom that was inaugurated at the end of 2023 at the Ariadna Cosiendo Ilusiones Association, helping women at risk of exclusion from poverty or social marginalization, providing paid training scholarships in workshop schools of the brand created at effect with the name of Mary and her battles.

g. Donation of computer equipment

- The collaboration and donation of Surfaces by Cecabank to the Sanders Foundation has become the final piece for the beginning of the pilot in communities and municipalities with less than 15,000 inhabitants, where the work of carrying out the technology to the most distant corners of the Community of Madrid. These actions are part of a larger project against the digital divide, equality and against depopulation.
- The collaboration between Cecabank and the Coni Association has made it possible that in a few months a container of computers can be sent to the rural areas of Guatemala with the aim of creating more than 20 digital classrooms in rural schools. Thanks once again to the screens and computers donated by Cecabank to the Coni Association along with other donors, in less than 5 years more than 10,000 boys and girls living in the most impoverished areas of Guatemala will be reached. Without also forgetting the digital literacy programs for women.

h. Volunteering

At Cecabank we want to promote a culture of social commitment and shared values among our staff and we consider that corporate volunteering is a fundamental tool to generate social impact. The Sustainability department has coordinated the volunteer activities of the staff this year 2023, which with an altruistic and supportive nature have been carried out without financial compensation from the volunteers.

Among the main lines of action this year, social volunteering and financial education activities have been carried out by Junior Achievement and its “advantages of staying in school” program, raising awareness among students of the importance of continuing to study, while discovering key skills for their future.

Regarding environmental volunteering, in 2023, a visit and planting day was held in Mijares (Ávila) in the Iruelas Valley with the help of Sustainable Forests, where in recent years we have been offsetting part of our carbon footprint in the repopulation of these areas. punished by fires.

Another line of volunteering, this time developed by managers of our Technological area, has been carried out with the help of the Integra Foundation and in our Cecabank digital classroom. The “strengthening school” program has provided support to different people at risk of exclusion, focusing on working on basic digital skills to search for employment.

The last volunteer action of the year carried out by our employees was carried out by the Adopta un Abuelo Foundation, with the campaign “A letter for a grandfather”, where Cecabank volunteers wrote letters to elderly people who suffer from loneliness, on the occasion of congratulating them on Christmas.

Finally, it should be noted that no relevant risks have been detected in social issues.

With Human Rights

Cecabank has been a partner of the Spanish United Nations Global Compact Network since 2017, assuming the commitment to incorporate the ten principles in the development of its activities, based on human rights, labor rights, environmental rights and the fight against corruption. Likewise, the entity is committed to the dissemination and promotion of these principles. This year, 2023, Cecabank has supported various campaigns regarding Human Rights on Social Networks.

Given the nature of the entity's activities and its presence in Spain and different European countries through its operational and representative offices, the entity has therefore not identified relevant risks in these matters. From compliance, risks and internal audit, the necessary controls are carried out to comply with applicable laws and prevent crimes.

In 2020, the entity adhered to the “Declaration of business leaders for renewed international cooperation” promoted by the Global Compact, which aims to unite companies in favor of international cooperation (based on Human Rights) and Sustainable Development.

During the celebration of the General Assembly in June 2022, Sanda Ojiambo, Undersecretary General of the United Nations and CEO of UN Global Compact, presented Cecabank with the bronze medal in the Contigo Somos+ Recognition. The bronze badge is awarded to those member companies that managed to incorporate between one and four partners into the Global Compact during one year.

As part of the actions planned within the framework of the Sustainability Plan, Cecabank has initiated a reflection to develop a specific policy on Human Rights. This policy aims to specify and develop Cecabank's commitment to Human Rights so that they are respected within the entity, in accordance with international protocols and standards. This policy is currently in the approval process.

Human Rights	
Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence.	The Corporate Code of Conduct ensures compliance with and defence of Human Rights. The Corporate Conduct Channel is available to employees and other stakeholders on the corporate website and allows them to submit queries or report any behaviour that may violate human rights. As in recent years, no complaints were received in 2023 regarding Human Rights or any other type. The Risk and Compliance and Internal Audit areas ensure strict compliance with applicable regulations. The Criminal Compliance Policy and reputational reporting to stakeholders also ensure compliance with legislation, due diligence and non-violation of human rights. For more information see the Ethics and Compliance section of the EINF.
Principle 2 Businesses should make sure that they are not complicit in human rights abuses.	

Labour Standards	
Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. **Principle 4** Businesses should support the elimination of all forms of forced and compulsory labour. **Principle 5** Businesses should support the elimination of child labour. **Principle 6** Businesses should support the elimination of discrimination in respect of employment and occupation.	The people who work at Cecabank are its main asset. For this reason, various policies and initiatives are developed to promote physical integrity and respect among people, health and safety at work, professional development, equal opportunities and non-discriminatory treatment, among others. Cecabank's work organisation is based on the collective bargaining agreement for savings banks and financial institutions, improving conditions by contract and applying compensatory measures to employees with special conditions. Moreover, Cecabank holds the EFR (Family Responsible Company) Certificate awarded by the Másfamilia Foundation, which will be renewed in 2023. Cecabank has a Plan for Equality between women and men and reconciliation of family and work life. It also includes a Protocol for action in the event of a complaint of harassment at work, sexual harassment and harassment based on gender in Cecabank. In 2023, mandatory training on the subject was additionally provided to all employees. For more information, see the People Section on Reconciliation and Equality.

Environment	
Principle 7 Businesses should maintain a precautionary approach to environmental challenges. **Principle 8** Businesses should encourage initiatives that promote greater environmental responsibility. **Principle 9** Businesses should encourage the development and diffusion of environmentally friendly technologies.	Environmental protection and responsible management of resources govern Cecabank's environmental policy, which seeks to operate under an efficient model, minimising the impact on the environment. Cecabank has implemented an Energy Management System in accordance with the ISO 50001 standard, ensuring continuous improvement in energy management. One of the objectives of this framework is to guide energy performance towards savings, optimisation of consumption and continuous improvement. In terms of climate change, Cecabank calculates and manages its carbon emissions, having achieved significant reductions in emissions in recent periods through efficiency measures. Since 2020, the entity has offset scope 1+2 emissions and part of scope 3 emissions, collaborating through other organizations on national and international projects. In 2023, the bank has gone a step further by calculating the carbon footprint of its investment portfolio for the years 2020 and 2021 and is in the process of calculating it for the years 2022 and 2023. Likewise, in 2023, Cecabank published its first climate report, which analyzes the detail of the management of climate-related aspects. For more information, see the section on "Carbon Footprint and Management of Climate Related Aspects".

Anti-corruption	
Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.	In addition to the Code of Conduct, which incorporates aspects related to the prevention of corruption and bribery, Cecabank was certified by AENOR in 2023 in accordance with the UNE 19601 Criminal Compliance Standard. The company also has procedures in place for the Prevention and Money Laundering. For more information, see Section 07. Anti-corruption and anti-bribery issues.

3. Planet

Cecabank maintains a strong commitment to protecting our environment. The entity seeks to operate responsibly both in its activity and in its sphere of influence through the products and services it offers and in its supply chain.

The commitment to work under a responsible management model is included in Cecabank's Sustainability Policy. Additionally, the entity undertakes to operate under the precautionary principle and complying with applicable regulations and requirements in environmental matters. In this way, the entity manages, in a responsible and sustainable manner and through specific initiatives, the material resources and consumption that derive from its activity.

The 2022-2024 Sustainability Plan, approved by the Board of Directors, includes specific actions in environmental matters under the line of work of "Climate Change and Environmental Management". The entity's objective in this matter is, on the one hand, to achieve maximum efficiency in the management of direct environmental impacts and, on the other, to advance best practices in relation to climate-related aspects. The actions established are supervised by the governing bodies and in the first instance by the Sustainability Committee.

In 2023, the first Report on climate change was developed voluntarily based on recommendations from the TFCD (Task Force for Climate-Related financial disclosures), and within the framework of Cecabank's commitment to transparency and disclosure of Climate, Social and Governance aspects. (ESG for its acronym in English). It includes information on the entity's global strategy, governance of climate-related risks and opportunities, as well as the metrics used to assess our compliance with climate commitments.

Additionally, within the framework of the Sustainability Plan, Cecabank launched an internal working group that encompasses the areas of Sustainability, Risk, Planning, Internal Audit and Regulation. This working group has begun to work, on a voluntary basis, in 2023 on the calculation of indicators related to the EU Taxonomy based on the objectives of adaptation and mitigation of climate change.

3.1. Carbon footprinting and climate management

Carbon Footprint management is a priority aspect in environmental matters.

- Calculation:

  o Since 2017, Cecabank annually calculates its inventory of Greenhouse Gas (GHG) emissions taking into account scopes 1, 2 and 3. This calculation is verified by an independent third party (Aenor), which issues its report emissions in accordance with the reference standard ISO 14.064.

• Management and reduction:

o Cecabank has reduced 98% of its emissions in the period 2017-2023 through the implementation of efficiency measures and good practices.

o The implementation and maintenance of the Energy Management System according to ISO 50,001:2018 has allowed us to improve energy efficiency and reduce consumption.

o Promotion of good habits in the workforce through training actions.

o 100% of the electrical energy acquired is certified of renewable origin, both for data processing centers and corporate buildings.

- Compensation:

o Cecabank offsets 100% of its scope 1+2 emissions and some of its scope 3 emissions since 2020. Cecabank has collaborated with several national and international projects to offset emissions in 2022.

▪ 95 tons corresponding to scope 1+2 of emissions that have been offset through the Sustainable Forests Foundation with a repopulation project in the Sierra de Gredos (Ávila), specifically in the Valle de Iruelas project for reforestation of burned areas.

▪ 100 tons, corresponding to scope 3, have been compensated through an Amazon Conservation project in Madre de Dios in Peru, through the Ecodes Foundation. This project has made it possible to have the necessary resources to monitor areas of the Amazon, avoiding illegal deforestation practices, as well as sustainable forest management in the area.

▪ 75 tons, also corresponding to scope 3, have been compensated in the project "Improved kitchens and clean water in Guatemala" through the Ecodes foundation. This project improved accessibility to affordable energy for cooking, as well as the installation of ecofilters to improve the quality of life and health in the area.

These offset projects not only contribute to mitigating the entity's impacts on climate change, but also incorporate a social component and a broader environmental contribution. With these actions, Cecabank has reinforced its commitment to SDG 13 (Climate Action), SDG 15 (Life of terrestrial ecosystems), and SDG 6 (Clean water and sanitation). The 2023 emissions will be offset throughout fiscal year 2024, after recalculation and subsequent verification of the fiscal year data.

Below are the results of the 2023 emissions calculation for categories 1 and 2 based on the information available as of the date of presentation of this report. However, the entity recalculates its emissions later, publishing its verified emissions report throughout the year.

Emissions (tCO2eq)	2022[27]	2023
Scope 1	94,62	25,14[28]

[27] The 2022 emissions (scopes 1 and 2) have been modified with respect to the EINF 2022. Cecabank calculates its carbon footprint based on the three scopes, updating the emission factors and verifying its carbon footprint in accordance with the ISO 14064 standard. -1:2018 (official version, in Spanish, of the European Standard EN ISO 14064-1:2019). This calculation has been verified in the month of September by AENOR.

[28] In the estimation of the footprint calculation for the year 2023, no leaks of SF6 and other greenhouse refrigerant gases have been identified and, therefore, no associated emissions have been consolidated. Emissions associated with the use of generating sets are excluded from the calculation of the exercise, given that their contribution to the entity's Carbon Footprint is less than the established materiality (5%).

Scope 2[29]	0,0	0,0
Scope 3	174,13[30]	-[31]

In 2023, Cecabank has experienced a significant decrease in its carbon emissions associated with the reduction of energy consumption in the entity's facilities, as well as the absence of leaks in refrigeration equipment, which, in 2022, increased the company's emissions in a timely manner.

The entity's carbon footprint management actions are accredited by obtaining the "calculate, reduce and compensate" seal awarded by the Spanish Climate Change Office, of the Ministry for the ecological transition and the demographic challenge. In 2022, Cecabank has obtained this accreditation, for the years 2017 to 2021. The 2022 seal is in the process of being processed at the date of preparation of this report.

Carbon Footprint of the portfolio

Contributing to the financing of a sustainable, low-carbon economy, in line with international commitments on the matter, is one of the entity's objectives. In 2022, the entity launched an internal working group that brings together the Financial, Risk, Planning and Sustainability areas, to respond to this commitment and advance in the measurement and calculation of emissions.

Cecabank is a Spanish wholesale bank, dedicated to providing services to other financial entities, as well as large companies. The investment portfolio is essentially made up of investments in public debt (sovereign and similar risks) and private fixed income. Also, to a lesser extent, through loans, credits and other financing to public organizations and large companies (corporates). Finally, in a much more limited way, guarantees and guarantees are provided, and investments are made in variable income. That is, the wholesale strategy developed determines that these investments are, fundamentally, in public debt of the Eurozone countries, and in private fixed income of supervised entities and corporates.

Throughout 2023, the entity has worked on the calculation of its portfolio emissions based on its own methodology, prepared and audited internally by the entity. This methodology was developed based on the calculation methodology proposed by PCAF (Partnership for Carbon Accounting Financials) and the collaborative work carried out in Spain promoted by banking employers' associations.

Given the current composition of Cecabank's portfolio, the entity prioritizes the calculation of the Carbon Footprint in its investment portfolio, compared to the financing portfolio. Cecabank has carried out the calculation of the Carbon Footprint of its portfolio for the years 2020 and 2021, in order to have a history

[29] Market focus.

[30] Employee travel from home to work, waste (WEEE), as well as electrical energy in CPDs, which has been obtained from renewable sources.

[31] In calculation process.

that allows the corresponding analyzes to be carried out and is currently in the process of calculating the years 2022 and 2023. This calculation, as well as the methodology used, has been reviewed internally. In 2021, the emissions obtained based on the methodological adaptation proposed for Cecabank in public fixed income (sovereign debt and municipal/regional bonds) amount to 0.596 MtCO2eq, while private fixed income and variable income were a total of 0.17MtCO2eq.

In the long term, Cecabank is committed to the decarbonization of its investment portfolios and the achievement of the objectives of achieving climate neutrality by 2050. In the case of emissions associated with public debt, which account for more than 75% of total emissions As methodological advances make it possible, we will be able to set intermediate decarbonization objectives. Cecabank is in the process of approving its responsible investment policy, which will help guide the investment strategy to meet these objectives.

3.2. Environmental management at Cecabank

The entity's efforts to improve its environmental performance have materialized in an annual reduction in consumption, both energy, water and paper.

In energy matters, Cecabank has implemented an Energy Management System in accordance with the UNE/ISO 50001:2011 standard, since 2018 for the corporate buildings where it carries out its activity. In 2020, the adaptation to the UNE/ISO 50001:2018 standard was carried out and, in 2023, the entity obtained AENOR certification (GE-2011/0038) until 2024.

Cecabank's energy policy is the framework for which the entity establishes actions, objectives and goals for energy savings and efficiency. Among the objectives of this framework, it seeks to guide energy performance towards savings, optimization of consumption and continuous improvement, promoting the adaptation of facilities and compliance with legal objectives. This policy is promoted and led by Senior Management and applies to all personnel who carry out activities within Cecabank facilities.

The training and awareness of employees on the matter is an important aspect to achieve the set objectives. In this way, Cecabank employees receive mandatory training in efficient energy management. Additionally, awareness-raising actions are carried out through the Good Practices guide for the use of Energy or through the Employee Portal where the Energy Efficiency Portal is located where the best practices, energy performance and certificates are shown.

The measurement and monitoring of consumption is carried out using an automated tool (Smarkia), this allows better management of indicators and optimization of energy consumption. As a result, the entity has experienced a reduction in electricity and gas consumption compared to the reference year 2019. Additionally, compared to 2022, the reduction in the entity's energy consumption has been very significant. This reduction has been achieved due to the optimization of spaces carried out in recent years and the subsequent rental of areas to third parties.


IQNet
THE INTERNATIONAL CERTIFICATION NETWORK
CERTIFICATE
AENOR has issued an IQNet recognized certificate that the organization:
CECABANK, S.A.
Calle de Alcalá, 27. 28014 - MADRID
Calle CABALLERO DE GRACIA, 28-30. 28013 - MADRID
has implemented and maintains a
Energy Management System
for the following scope:
For the energy management activities of Cecabank's headquarter buildings located at 27 Alcalá str. And 28-30 Caballero de Gracia str in Madrid, where Cecabank develops its wholesale banking activity comprising financial and technological services specialized in Securities Services, Treasury and Banking Services
which fulfils the requirements of the following standard
ISO 50001:2018
First issued on: 2018-12-14 Last issued: 2021-12-14 Validity date: 2024-12-14
Registration Number:
Alex Stoichitoiu
President of IQNet
Rafael GARCÍA MEIRO
Chief Executive Officer
AENOR


AENOR
Confía
Certificado del
Sistema de Gestión Energética
GE-2018/0038
CECABANK, S.A.
Fecha de primera emisión 2018-12-14
Fecha de última emisión 2021-12-14
Fecha de expiración 2024-12-14
Rafael GARCÍA MEIRO
Director General

The evolution of the main environmental indicators is shown below:

Building consumption		Year	
	Unit of measurement	2022	2023
Energy (Electricity)[32]	GJ	6,193	4,071
Energy (Natural Gas) [33]	GJ	973	447[34]
Paper (Ecological- Ecolabel)	Kg	7,645	5,138
Water	M3	1,347	1,847

Cecabank has worked to solve a fault registered in one of the water meters. Due to this, the water consumption recorded in 2023 for this meter is estimated and the increase recorded with respect to 2022 should not be taken into consideration. The rest of the meters maintain stable consumption.

Regarding paper consumption, organizational efforts are made to reduce and rationalize the use of printing equipment, which has resulted in significant savings in printing toner and in the number of packages DIN-A4 80 gr, DIN-A4 100 gr, DIN -A3 80 gr and DIN-A3 100 gr consumed. The entity continues with its Paper 0 program that calls on all departments not to print documents on paper and to digitize information to reduce paper consumption and recycling.

On the other hand, the entity also tries to reduce the environmental impact through waste collection processes, differentiating between paper and cardboard, glass and hazardous waste, among others, which are collected by authorized third parties and managed in specialized plants.

Waste generated (tonnes)		
	2022	2023
Paper and Cardboard	27.10	27.87
Mix	19.10	32.68
WEEE (waste with hazardous components)[35]	4.06	6.60
Plastics	1.58	9.10
Construction and demolition	46.38	59.28

In 2023 Cecabank has carried out interior refurbishments of its offices which have generated significant amounts of construction and demolition waste. The management of the works included the reuse of many

[32] The source for the conversion of energy consumption from indirect emissions as a consequence of the entity's electricity consumption is: "Emission factors – Ministry for Ecological Transformation": www.miteco.gob.es/es/cambio-climatico/temas/mitigation-politics-and-easures/factoresemision_tcm30-479095.pdf.

[33] The source for the conversion of energy consumption from direct emissions from the entity's natural gas consumption is: "Emission factors – Ministry for Ecological Transformation": www.miteco.gob.es/es/cambio-climatico/temas /mitigacion-politicas-y-meidas/factoresemision_tcm30-479095.pdf.

[34] The data of one of the meters in the Alcalá building has been estimated based on the physical measurements taken daily by the maintenance personnel since a meter change was made on a device that was not registering correctly.

[35] WEEE is electrical and electronic equipment that in a small proportion includes hazardous waste.

existing materials to minimise the impact of waste. For example, all existing chairs have been refurbished to prevent them from becoming waste.

In 2023, Cecabank completed the works it was carrying out, which is why greater quantities of construction and demolition waste were recorded. On the other hand, Cecabank continues to take measures to use furniture to minimize the impact of waste, such as reconditioning existing chairs to prevent them from becoming waste. Throughout 2023, the entity has created a working group made up of different areas: Organization, Real Estate, Sustainability, Training, Quality and Internal Audit. The objective of this working group is the implementation of a management system that covers the different environmental vectors.

In 2023 the group has worked on the definition of a new Environmental Policy, the identification of environmental aspects and the establishment of objectives and goals. These works are still underway and approval is expected throughout the year 2024. The working group has received specific training in environmental management according to the ISO 14,001 standard.

4. Prosperity

Cecabank is focused on consolidating its leadership position as an independent custodian and depository bank, along with the provision of specialized services in order to attract new clients and increase ties with current clients.

4.1. Our Clients

Customers are the key to Cecabank's business. The entity guides its model to offer new solutions and attract new clients, building alliances and lasting relationships based on trust. This model is based on transparency and continuous dialogue.

In 2023, Cecabank has continued to provide services to more than 300 clients, including top-level traditional financial entities, investment service companies and managers, large corporations, venture capital managers, insurers, securities companies and agencies, fintechs, public administrations and new actors, with a differentiated service offering.

Likewise, this year the deployment of the 2022-2024 Strategic Plan has continued, which among its objectives establishes income diversification, understanding this from different perspectives: customers, new services and market segments. This diversification seeks to strengthen the entity from economic cycles, an objective on which it has been working for more than ten years, since the constitution of the entity.

Annually, Cecabank defines commercial objectives with the involvement of senior management, which are followed and integrated into the monitoring of the Strategic Plan. The entity has a Strategy Committee and a Commercial Committee that monitor on a monthly basis the fulfillment of commercial objectives and main activity indicators, with the aim of anticipating possible deviations and adopting corrective measures. Likewise, every quarter the Board of Directors is informed of the most important developments in commercial activity.

Additionally, the entity has the New Products, Services and Prices Committees, which are responsible for analyzing new initiatives, opportunities and business profitability, thus completing the governance of commercial management.

Business diversification

At the end of 2023, the contribution to gross income of the bank's 3 core business lines shows a diversified picture of service revenues.

- Securities Services: 44%.
- Treasury: 36%.

- Payments and Technology platforms: 17%.

NOTE: Rest (associative services and others): 3%

Client diversification

The search for new clients to increase diversification extends to all the entity's business lines and is continuously monitored by the entity. As a result of these efforts, among the advances in 2023, it is worth highlighting:

- In the area of Securities Services (Deposit, Custody and Settlement of Securities and Equity Sales), in addition to having increased the degree of loyalty of current clients, new clients have been attracted, consolidating a solid base of more than 135.

- Treasury (Treasury and Banknote Room) attracts an average of more than 10 clients per year. Additionally, Cecabank seeks to establish alliances to grow outside the national banknote market. The operation of the Treasury Room allows both to attract new clients and to link existing ones through, for example, in the field of venture capital, the financing of “capital calls” of investments.

- Payments (Means of Payments, Payment Systems Clearing and Discounting, Electronic Commerce, Digital Payments, FX Sharing and Remittances or Pensions) and Technological Platforms (Digital Banking, Treasury and Risk Platform, Reporting and Technological Outsourcing), have focused on advance in the degree of customer engagement, for example through new developments or regulatory updates, and in attracting new medium-small size customers from outside the traditional scope to the wide range of products and services.

Segment diversification

Cecabank's client portfolio differentiates into 4 large sectors of activity, on which the distribution of clients and opportunities is monitored.

- Savings sector: entities associated with CECA.

- Banks: both national and international.

- Managers, insurers and investment services companies (ESIs).

- Rest: includes public sector, corporates, non-traditional financial entities, among others.

In order to establish lasting relationships with its clients, Cecabank focuses on establishing long-term agreements.

The entity has continued working in 2023 on four major work focuses:

• **Quality Management Systems**: Maintenance and implementation of management systems for continuous improvement in those areas where certification provides differential value.

During 2023, the Collections and Payments certification was renewed until January 2027 and the Securities and Depository certification was maintained under the criteria of the ISO 9001:2015 standard. On the other hand, in the areas certified according to ISO 9001:2015, continuous improvement and the development of principles have been deepened, beyond compliance with the requirements of the standard itself, as well as the simplification of workflows. work and the adoption of agile methodologies.

Furthermore, in January 2023, the Director of AENOR delivered the Securities and Depository certificate to the Area Management.

• **Objective quality project**: Analysis and adjustments of objective indicators in services with impact on clients to measure objective quality and contrast it with client perception.

This indicator will be presented in 2024 for monitoring by Senior Management.

• **Measurement and Analysis of the Customer's Voice**: To understand their needs and expectations, so that these are taken into account in decision making.

In 2023, the personalization of surveys for external Clients has been further developed, maximizing precision in obtaining and presenting information. The survey cycle has also been brought forward, improving participation rates.

• **Improvement Plans**: Aimed at achieving the entity's strategic objectives in terms of customer loyalty and establishing long-term relationships:

a. Improve the quality of our processes.

b. Improve customer experience.

Throughout 2023, the integration of the customer experience measurement model has continued with the definition and monitoring of improvement plans perfectly suited to each service.

Regarding the satisfaction index, the recommendation index and the willingness to continue trusting Cecabank in new solutions are shown below:

	Overall Satisfaction (Average 0-10)	NPS	Likelihood to continue contracting (% of customers scoring 8 to 10)
2023	8.7	61	88%
2022	8.5	52	81%

Cecabank has a Customer Service[36]. In 2023, the entity has received three claims, two were not admitted for processing because the claimants were not clients or users of Cecabank's financial services and the third was admitted and resolved in favor of Cecabank.

4.2. Sustainable finance

Cecabank is aware of its role in the financial sector and in sustainable finance. As a wholesale bank and as set out in our sustainability plan, our objective in this area is to support our customers in their transformation process towards a sustainable finance model.

The bank's 2022-2024 Strategic Plan established ESG aspects as a vector for growth. This measure is also contemplated in the bank's Sustainability Plan, which establishes the Sustainability Committee, in which the bank's businesses are integrated, as the body responsible for identifying and monitoring initiatives. The Sustainability Committee reports its conclusions to the Strategy Committee.

In this way, we closely follow regulatory developments and work hand in hand with our customers to understand their needs and seek solutions that can meet their sustainable finance needs.

[36] In accordance with Order ECO/734/2004 of March 11, on Customer Service Departments or Services and on the Customer Ombudsman of financial entities.

In the area of sustainable finance, Cecabank offers a range of services:

- In the Securities Services area, the following services stand out:

    - Proxy voting service: Cecabank has different alternatives for Proxy Voting services, which include communication, vote execution, traceability of operations and assistance for agreements with proxy-advisory (voting advisors) if necessary. It is a flexible and tailor-made service: the final model is designed according to the preferences of each client and the possible agreements they may have with proxy-advisory providers.

      In 2023, we communicated more than 3,500 boards in 73 countries across five continents and successfully sent more than 12,000 voting instructions to the market.

    - SRI verification of funds: Cecabank, in its role as depositary, verifies that the financial vehicles that are SRI and are under its supervision really comply with the levels of socially responsible investment that correspond to them, giving the end customer the certainty that they are really accessing an SRI product. To carry out this monitoring, Cecabank has created an ecosystem together with leading financial information providers, specialised in the area and monitoring of SRI criteria.

      At the close of the 2023 financial year, the assets of funds deposited in the entity that promote environmental or social characteristics, or have sustainable investments as their Objective, exceed 99,000 million euros. For the latter, the weighting of the total assets of vehicles deposited with Cecabank at year-end, in accordance with the classification established by the Sustainable Finance Disclosure Regulation (SFDR), is shown below[1]:

Article 8 Promote social and environmental initiatives alongside traditional outcome objectives	Article 9 Investment products with explicit sustainability objectives.
41%	3%

- In the area of technology, the bank incorporates ESG aspects to improve customer services:

    - Cecabank thus has an electronic invoicing solution that enables it to eliminate paper invoices and generate notable efficiencies for both the entity itself and the customers of the solution. Cecabank's solution generates and stores more than 2.5 million invoices a month, 30 million a year. During 2023, the bank has worked on improving this application and adapting it to the new e-invoicing regulations.

    - Cecabank's digitised signature solution provides legal security for the digital signature of contracts in the office by replacing paper with a solution where the customer signs on a tablet that digitises the process. The solution is implemented in more than 50% of the financial system's branches in Spain, as well as in approximately 15% of the insurance sector. During 2023, Cecabank has worked to extend and improve the functionalities of this service, allowing its use to cover more cases. By improving the digitalisation of procurement processes, we achieve a reduction in paper consumption for the bank's customers.

[1] For IICs and ECR's, information on SFDR items obtained from vehicle brochures. For FP's and EPSV's, information on SFDR articles obtained from the managers.

- In 2022, Cecabank started a project for the digitization of card slips in one of the largest retailers in Spain. In 2023, the nationwide rollout and implementation of a digital ticketing tool has been completed and is in the pilot phase in a geographical area, with plans for its possible expansion.

- In the financial area, the bank incorporates ESG criteria in its operations. In this way:

    - As of December 31, 2023, Cecabank held 19 positions in ESG (Environmental, Social and Governance) Bonds, worth 149.5 million euros. This represents a decrease of 0.33% compared to the end of 2022, in which the entity held positions worth 150 million euros.

    - During the 2023 period, the Risk Area has implemented monitoring of the portfolio's ESG-rated exposures, both in equities and loans. As of December 31, 2023, 65% of issuers in Variable Income and 15% in loans to the private sector had an ESG rating.

    - Cecabank has been a member of the European Union market makers network since 2021 (Primary Dealer Network). EU issuances have continued in 2023 with more than 114,000 million euros in bonds placed on the market with the active participation of Cecabank. This debt finances the Next Generation EU Recovery Fund, the aid package for the economic, ecological and digital transformation of Europe endowed with 800 billion euros.

    - 2023 has been an exercise in consolidating the model for integrating ESG factors in credit risk assessment. On the one hand, this information and its impact on credit risk have been incorporated into the counterparty reports that support the admission process or annual reviews. On the other hand, information from external providers, on these same aspects, has been integrated into the credit risk evaluations that result from applying the rating models.

    - Additionally, it is worth noting that, during the year, the entity has worked on the development of a Responsible and Sustainable Investment Policy, which is currently in the approval process. To this end, Cecabank has created a transversal working group in charge of analyzing best practices in the matter, reference information, as well as ensuring that the necessary commitments are included to meet the entity's objectives in ESG matters. This policy will be approved in 2024 and will, among other objectives, promote sustainable business in the entity, as well as establish the principles of action regarding ESG risks in our investment portfolio.

5. Governance

Good governance as a hallmark of Cecabank's identity. Our commitment to our stakeholders is based on a solid governance model that allows us to maintain long-lasting relationships based on trust.

5.1. Good corporate governance

Cecabank's corporate governance consists of a set of rules, principles and policies that regulate the composition, structure and operation of the governing bodies (the General Shareholders' Meeting, the Board of Directors and its committees), which are periodically reviewed and/or updated to adapt to national and international best practices.

Cecabank's General Shareholders' Meeting is the highest body for the representation and participation of shareholders in the bank. The General Meeting is responsible, among other functions provided for in the Articles of Association, for appointing and dismissing the Directors, approving the Annual Accounts and applying the result. As of December 31, 2023, Cecabank's shareholder portfolio is made up of the following entities:

Entity	No. of shares	% share
CECA	100,000,000	89.08 %
CaixaBank, S.A.	5,907,921	5.26 %
Kutxabank, S.A.	1,352,325	1.20 %
Unicaja Banco, S.A.	2,188,398	1.95 %
Ibercaja Banco, S.A.	765,561	0.68 %
Abanca Corporación Bancaria, S.A.	712,677	0.63 %
Banco Bilbao Vizcaya Argentaria, S.A.	644,683	0.57 %
Banco Sabadell, S.A.	574,171	0.51 %
C.A. y M.P. Ontinyent	57,920	0.05 %
Caixa D'Estalvis de Pollença	52,884	0.05 %

- **Board of Directors**

The Board of Directors has the broadest powers for the administration of the Entity and, except in matters reserved for the competence of the General Meeting, in accordance with the provisions of the applicable legislation and the Statutes, it is the highest governing body. decision and the person responsible for the risks assumed by the Entity. Additionally, the Board of Directors is the highest governing body in ESG matters.

The Board of Directors of Cecabank is made up of the number of members designated by the General Meeting of Shareholders and which, in accordance with the regulations applicable to capital companies, may not be less than 5 nor more than 15. The General Meeting of Shareholders held on March 29, 2022, agreed, among other matters, to set the number of members of the Board of Directors at ten members.

At the Extraordinary General Meeting of Shareholders held in October 2023, the appointment of a proprietary director was agreed to fill the vacancy caused by the resignation of another proprietary director. Notwithstanding the above, there have been no changes in the composition of the Board of Directors, remaining as of December 31, composed of ten members, of which five of them are proprietary directors, four independent directors and one executive director, which represents that the Board of Directors of Cecabank has 40% independent directors.

In this way, the Board of Directors is made up of the following members as of December 31, 2023:

- **Composition:**
  - Mr. Manuel Azuaga Moreno: President (Dominical)
  - Mr. Javier Pano Riera: Vicepresident (Dominical)
  - Mr. José Mª Méndez Álvarez-Cedrón: CEO (Executive)
  - Mr. Francisco Botas Ratera: Vocal (Dominical)
  - Mr. Víctor Manuel Iglesias Ruiz: Vocal (Dominical)
  - Mrs. María del Mar Sarro Álvarez: Vocal (Independent)
  - Mr. Santiago Carbó Valverde: Vocal (Independent)
  - Mrs. Julia Salaverría Monfort: Vocal (Independent)

  - Mrs. Carmen Motellón García: Vocal (Independent)
  - Mr. Fernando Conlledo Lantero: Non-Counselor Secretary

- **Meetings and attendance:** during financial year 2023, the Board of Directors held eleven meetings, all of which were ordinary meetings in accordance with the provisions of its Work Plan. In terms of attendance at meetings, there was 97% attendance by its members, reaching 100% attendance with proxies for attendance and voting.

In terms of ESG, in 2023 the Board of Directors oversaw the monitoring of the Sustainability Plan.

Furthermore, in compliance with the regulations governing capital companies and the regulation, supervision and solvency of credit institutions, Cecabank has set up four committees: the Audit Committee, the Appointments Committee, the Remuneration Committee and the Risk Committee.

These four committees assist the Board of Directors in the exercise of their powers. They are composed entirely of non-executive directors, in line with the provisions of the regulations for each of them and with the functions set out in their respective rules of procedure.

- **Audit Comission:**
  - **Functions:** among others, supervises and assesses the effectiveness of the entity's internal control, internal audit and risk management systems, as well as supervises the process of preparing and presenting the mandatory financial information and submitting recommendations or proposals to the management body, aimed at safeguarding its integrity.
  - **Composition**
    - Mrs. María del Mar Sarro Álvarez: President (Independent)
    - Mr. Santiago Carbó Valverde: Vocal (Independent)
    - Mrs. Carmen Motellón García: Vocal (Independent)
    - Mr. Francisco Botas Ratera: Vocal (Dominical)
    - Mr. Víctor Iglesias Ruiz: Vocal (Dominical)
    - Mr. Fernando Conlledo Lantero: Non-Counselor Secretary

    Based on the above, the Audit Committee is made up of three independent members and two proprietary members, which represents 60% of the total number of independent directors.

  - **Meetings and Attendance**: during financial year 2023, the Audit Committee held six meetings, all of which were of an ordinary nature in accordance with the provisions of its Work Plan. As regards attendance at the meetings, 90% of its members attended, reaching 100% attendance, taking into account the attendance and voting delegations.

    Sustainability: This Committee is the body assigned by the Board in ESG matters, responsible for supervising compliance with the Sustainability Policy and the commitments assumed by the entity. During 2023, the Audit Committee supervised the monitoring of the Sustainability Plan, the bank's performance through the ESG scorecard, as well as the evolution and progress in terms of the Carbon Footprint of the bank's investment portfolio.

- **Risk Committee:**
  - **Functions:** among others, it advises the Board on setting and monitoring the entity's risk tolerance levels and assesses the application of this strategy by senior management and its

results, as well as being aware of and periodically analysing the solvency, liquidity and, in general, risk situation of the entity.

- **Composition:** In accordance with the provisions of the regulations applicable to credit institutions as well as the Bylaws and the regulations of the Risk Committee, said Committee will be composed of a minimum of three and a maximum of five members, who will all have the status of non-member directors. executives and at least one third of them and, in any case, the President, must be independent directors.

  - Mrs. Carmen Motellón García: President (Independent)
  - Mrs. Julia Salaverría Monfort: Vocal (Independent)
  - Mrs. María del Mar Sarro Álvarez: Vocal (Independent)
  - Mr. Víctor Manuel Iglesias Ruiz: Vocal (Dominical)
  - Mr. Fernando Conlledo Lantero: Non-Counselor Secretary

  Based on the above, the Audit Committee is made up of three independent members and two proprietary members, which represents 60% of the total number of independent directors.

- **Meetings and Attendance:** during financial year 2023, the Risk Committee held five meetings, all of which were of an ordinary nature in accordance with the provisions of its Work Plan. In terms of attendance at meetings, there was 96% attendance by its members.

  Sustainability: It is the Committee appointed by the Board of Directors, responsible for monitoring the bank's risk profile, including ESG risks, and integrating them into risk management processes. During 2023, the Risk Committee monitored on a quarterly basis the evolution of the bank's performance in the key indicators set, as well as the progress made in complying with the action plans in terms of supervisory expectations.

- **Remuneration Committee**

  - **Functions:** among others, advises the Board on the entity's remuneration policies (remuneration policies for Directors and senior management), and the alignment of these policies with the maintenance of risk tolerance levels.

  - **Composition:** In accordance with the provisions of the regulations applicable to credit institutions, as well as the Bylaws and the regulations of the Remuneration Committee, said Committee will be composed of a minimum of three and a maximum of five members, who will all have the status of directors. non-executive directors and at least one third of them and, in any case, the Chairman, must be independent directors.

    - Mr. Santiago Carbó Valverde: President (Independent)
    - Mrs. María del Mar Sarro Álvarez: Vocal (Independent)
    - Mr. Francisco Botas Ratera: Vocal (Dominical)
    - Mr. Fernando Conlledo Lantero: Non-Counselor Secretary

  - **Meetings and attendance:** during financial year 2023, the Remuneration Committee held four meetings, two of them were extraordinary in nature with respect to the provisions of its Work Plan. In 2023, 100% attendance at the meetings of this Committee has been achieved.

- **Appointments Committee**

  - **Functions:** inter alia, advises the Board on candidates for vacant positions on the Board of Directors, as well as assesses the balance of knowledge, skills, diversity and experience of the Board and the suitability requirements of Board members.

  - **Composition:** In accordance with the provisions of the regulations applicable to credit institutions, as well as the Bylaws and the regulations of the Remuneration Committee, said Committee will be composed of a minimum of three and a maximum of five members, who will all have the status of directors. non-executive directors and at least one third of them and, in any case, the Chairman, must be independent directors.

    - Mrs. Julia Salaverría Monfort: President (Independent)
    - Mr. Santiago Carbó Valverde: Vocal (Independent)
    - Mr. Javier Pano Riera: Vocal (Dominical)
    - Mr. Fernando Conlledo Lantero: Non-Counselor Secretary

The Appointments Committee is made up of two independent members and two proprietary members, which represents 50% of the total independent directors.

  - **Meetings and attendance:** During fiscal year 2023, the Appointments Committee has held four meetings, three of them ordinary in accordance with the provisions of its Work Plan and one extraordinary meeting. In 2023, 100% attendance has been achieved at the meetings of this Committee.

  - **Sustainability**: Among its functions is the supervision of ESG indicators within the scope of its powers. During 2023, the Remuneration Committee has monitored the evolution of the entity's performance in these established key indicators.

Full details of the composition, functions and operation of the General Shareholders' Meeting, the Board of Directors and the Committees can be found in both the Articles of Association and their operating regulations, which are available in the "corporate information" section of Cecabank's website.[37]

Training Plan

On an annual basis, the Appointments Committee designs a training plan that includes, among others, topics related to the main activities carried out by the Entity. Furthermore, when a Director considers it appropriate, he or she may request from the Entity a training program or session adapted to the real and specific needs of the moment, in accordance with the Policy for access to individual training courses by members of the Board of Directors.

The Training Plan for fiscal year 2023 consisted of a total of three training sessions, taught by external experts and lasting approximately one hour each, and six induction sessions, all of them taught by Directors of the Entity and with an approximate duration of no more than thirty minutes.

In addition to the Training Plan, it should be noted that during the meetings of the Board of Directors, approximately thirty minutes are dedicated to presenting all the new developments in the regulatory field and monitoring is carried out on regulatory projects that, both at the national and European level, could affect the banking and financial sector.

[37] Corporate governance and remuneration policy.

In this sense, as part of the documentation that is sent to the directors prior to each meeting, a document called “regulatory overview” is delivered that includes all the sector regulations approved during the month as well as the monitoring of regulatory projects.

In total, the number of hours dedicated by directors within the framework of Cecabank's annual training plan and in regulatory matters is approximately eleven and a half hours.

The percentage of directors' attendance at the training and induction sessions of the annual training plan of the Board of Directors has been 95.5%.

Likewise, it should be added that the Directors of the Entity are, in turn, members of the Boards of Directors of other entities and that, for their part, they also receive their respective training plans.

- Training sessions with external experts: 3 of 60 minutes.
- Induction sessions with internal experts: 6 sessions of 30 minutes.
- Regulatory overview meetings: 11 30-minute meetings.
- Attendance of Directors in the training program: 95.5%.

It should be noted that in 2023 the Board of Directors has included two sessions (one for induction and one for training) in the area of sustainability.

- **Training session: “Sustainable finance: progress, challenges and opportunities”**: This session, given by an external speaker, and lasting one hour, focused on the applicable regulation, the performance of supervisors in ESG matters and with a focus on key areas for the sector such as the EU Taxonomy and the role of the sector in decarbonization.
- **Induction session: “Sustainability at Cecabank”**: This session was given by a director of the entity and incorporated all the detailed aspects of the actions carried out in the Cecabank Sustainability Plan and the monitoring of the implementation of regulatory initiatives, the best practices identified and the entity's commitments on the matter.

Suitability Policy

In applying the Suitability Policy, Cecabank recognises the value of diversity in the composition of the Board of Directors and the importance of having directors capable of contributing diverse points of view, perspectives, skills, experience and professional backgrounds, both in debates within the Board and in its decision-making processes, which ultimately leads to an improvement in the Board's decisions.

In this respect, Cecabank encourages diversity on the Board of Directors, so that its composition reflects a diverse group, taking into account the structure of the CECA-Cecabank group, in which the majority shareholder is CECA.

In the selection procedure for Board members, an effort is made, as far as possible, to incorporate a wide range of qualities and competencies in order to achieve a diversity of views and experiences and to promote independent opinions and sound decision-making within the Board of Directors.

To this end, the following diversity aspects, among others, are taken into account: academic and professional profile, age and gender. With regard to gender, Cecabank ensures that the principle of non-discrimination and equal treatment is respected in the selection and evaluation processes and that they do not suffer from implicit biases that hinder the selection of women and that measures are adopted to include among potential candidates, women who meet the professional profiles sought.

On the other hand, the figure of the independent director is considered essential in corporate governance matters, as a means of channelling the supervisory functions of the Board of Directors.

The regulations in force give special weight to this type of director, establishing that in the Appointments, Remuneration and Risk Committees, at least one third of its members and, in any case, the chairman must be independent directors and, in the case of the Audit Committees, where it is established that they shall be composed exclusively of non-executive directors, the majority of whom, at least, must be independent directors and one of whom must be appointed on the basis of their knowledge and experience. In order for the Board of Directors to be enriched both by the presence of independent directors and by the diversity of its composition, it is considered advisable to ensure that a sufficient percentage of women, especially independent female directors, is reached on the Board of Directors, without prejudice to compliance with the applicable suitability requirements.

The entity has set the Objective of representation of women on Cecabank's Board of Directors at least 50% of the independent directors. For the calculation of this percentage, in the event that the number of independent directors is odd, it will be rounded up to the next integer.

In addition, the representation of women on Cecabank's Board of Directors will tend to increase with the ultimate objective of achieving a balanced presence of men and women. In order to achieve this, vacancies on the board and on the various board committees will be taken into account.

Below is the evolution of the presence of female directors with respect to the composition of the Board, as well as a comparison with respect to independent directors since 2016. According to the tables set out below, the evolution of the number of female directors and the evolution of independent female directors have remained unchanged during 2023 compared to 2022.

Evolution of Directors who make up the Board of Directors:

Órgano de Gobierno	2016	2019 y 2020	2021 a 2023
Board of Directors	16,67%	25%	**30%**
Appointments Committee	25%	25%	**25%**
Audit Committee	25%	40%	**40%**
Risk Committee	25%	60%	**60%**
Remuneration Committee	25%	33,3%	**33,3%**

Evolution of independent female directors with respect to the total number of independent directors:

2016	2017 y 2018	2019 y 2020	2021 a 2023
50%	60%	75%	**75%**

Fit and proper exercise to assess the suitability of directors and the Board as a whole

Law 10/2014 of 26 June 2014 on the regulation, supervision and solvency of credit institutions (hereinafter Law 10/2014) and Royal Decree 84/2015 of 13 February 2015 implementing it (hereinafter RD 84/2015) establish that credit institutions must have a Board of Directors made up of persons who meet the suitability requirements necessary to hold office. They must also have adequate internal units and procedures to carry out the annual selection and assessment of the positions subject to the suitability regime established in the aforementioned regulations.

For this reason, in accordance with the provisions of the Policy for the Selection and Evaluation of the Suitability of the members of the Board of Directors and the General Director or similar, approved by the Board in November 2018, the Appointments Committee agreed at its meeting of November 15, 2023, carry out the annual evaluation exercise of the suitability of the directors and the Board as a whole corresponding to the 2023 financial year.

The conclusion reached after this exercise is reflected in the annual suitability evaluation report, where It is evident that the directors of the entity meet the criteria of commercial and professional honorability, knowledge and experience and good governance, so all of them must be considered, on an individual level, suitable for the performance of their duties as directors of Cecabank and, except in the case of the executive director, members of any of its Committees. Likewise, it is concluded that the Board of Directors, considered as a whole, has sufficient professional experience in the governance of credit institutions to ensure its effective capacity to make decisions independently and autonomously for the benefit of the entity.

Evaluation exercise of the Board of Directors and its Committees

Pursuant to the provisions of Law 10/2014 and RD 84/2015, the Board of Directors has the non-delegable function of monitoring, controlling and periodically evaluating the corporate governance system, attributing to the Appointments Committee the function, among others, of periodically evaluating, at least once a year, the structure, size, composition and performance of the Board of Directors, making recommendations to the Board with respect to possible changes. In addition, in accordance with the recommendations of both the Basel Committee on Banking Supervision of 2015, applicable to banks, and the CNMV's Code of Good Governance of 2020 for listed companies, it is suggested that at least every three years the self-assessment exercise should be supported by an external consultant.

In this regard, considering that the self-assessment exercise of the functioning of the Board and its Committees for the financial year 2022 was carried out with the support of an external consultant, the Appointments Committee at its meeting held on 15 November 2023 agreed to carry out this self-assessment exercise internally through the system of sending questionnaires for each governing body and completing them anonymously.

As part of this process, a review has also been carried out of the documentation reflecting, among other matters, the functioning of these bodies, frequency of meetings, main matters dealt with or attendees at meetings, which have been included in the annual reports on the activities of the Board and the Committees for financial year 2023.

The self-evaluation of the Board and its Committees concludes that both the Board of Directors and its Committees have performed their functions adequately, attending to the specific needs of the entity and shows a very positive assessment by the directors of the functioning of the Board of Directors, the Committees, as well as the positions held on them.

Annual Plans

Board of directors

The Council's Action Plan is prepared on an annual basis, taking into account the feedback obtained in the self-evaluation exercises of previous years, which highlight the Council's strengths and also opportunities or aspects for improvement identified in the exercise. The Action Plan includes concrete actions for all governing bodies as well as for specific positions.

Said Committee, made up of the main executives of the entity, is chaired by the CEO, with the General Secretary and Secretary of the Board of Directors serving as secretary of said Committee. However, those other employees of the entity who are required by the President of the Committee may attend its meetings, with voice and without vote.

In 2023, the entity's Management Committee has supervised aspects related to Non-Financial Information, the Sustainability Plan and ESG performance indicators. Additionally, this Committee has received training in Sustainability in 2023, a total of two training and induction sessions.

5.2. Ethics and Compliance: corruption and bribery

Ethics and compliance are hallmarks of Cecabank, which allow us to maintain relationships of trust with our stakeholders.

Maintaining strict compliance with the law and established internal regulations is one of Cecabank's priorities, in order to fight against corruption, bribery and any potential crimes attributable to legal entities or that may be committed within this. To this end, the entity maintains the necessary control, monitoring, communication and supervision mechanisms.

The entity has a Code of Corporate Conduct that formalizes the commitment of all professionals to the highest standards of integrity and professional ethics in order to prevent, among others, criminal risk. The values and standards contained therein are mandatory and of global application to all members of the Board of Directors, to all employees and other affiliated entities of its consolidated group, either directly or through its suppliers, and must permeate relations with interest groups.

The Corporate Code of Conduct incorporates, among other aspects, conduct guidelines on aspects related to corruption, prevention of money laundering and financing of terrorism, confidential information, free competition, conflicts of interest, among others.

In 2023 and within the framework of the culture project, Cecabank has launched a transversal working group that encompasses different areas of the entity; Compliance, the Financial area, Legal Advice, Human Resources, Internal Audit and Sustainability, in order to initiate a reflection to update the Corporate Code of Conduct and its adaptation to best practices and the current context of the entity.

In relation to this Code, Cecabank has a Corporate Conduct Channel through which all persons subject to it can file complaints of possible non-compliance, as well as make pertinent queries derived from its interpretation. The treatment of complaints is confidential and/or anonymous. In 2023, no complaints have been received through this channel.

In addition, Cecabank has other instruments that promote exemplary conduct as an institution:

- Criminal risk organization and management system. The system has been certified again by AENOR in 2023 in accordance with UNE 19,601 Criminal Compliance Standard.
- Backbone document of the criminal risk organization and management system.
- Money laundering and terrorist financing prevention procedures and control structure.
- Internal regulations of conduct in the field of the securities market.
- Policies for the provision of investment services or MiFID policies. These policies are included in three blocks: related to transparency and reporting (Transparency Policy and TR Governance Framework), related to structural market issues (Record Maintenance Policy, Product Governance and Algorithmic Trading Policy) and investor protection (Best Execution Policy, Asset Safeguarding and Incentive Policy). The main objective of these policies is the adequate compliance, by the Bank, with the standards of conduct and organizational requirements linked to the provision of investment services.

Cecabank reviews its Criminal Compliance system annually, establishing actions to ensure the continuous improvement of the system.

Description of the indicator	2023	2022
Ongoing actions (corrective, improvement, preventive) deriving from the Criminal Compliance system	3	2
Internal Audit recommendations on the system	1	1

Cecabank has a money laundering and terrorist financing prevention manual that seeks to enable the entity and its employees to prevent illicitly obtained funds from accessing the financial system through Cecabank. The entity's computer systems allow the analysis of its own and intermediary operations, in order to detect possible operations linked to these aspects. For these purposes, comparisons are carried out against lists of financial sanctions, and there are specific scenarios for detecting suspicious operations. Additionally, there are tools and processes that allow for exhaustive knowledge of the client and monitoring of the relationship with them.

The organizational structure and internal control mechanisms developed by Senior Management are aligned with the nature of Cecabank's strategy and business model, with well-defined, transparent and coherent lines of responsibility, aimed at guaranteeing effective and efficient operations; prudent management of the business; adequate identification, measurement and mitigation of risks; reliable internal and external published financial and non-financial information; sound administrative and accounting procedures; and compliance with laws, regulations, supervisory requirements and internal policies, processes, standards and decisions of the entity.

This structure is characterized by developing comprehensive and specialized management, with specific management and control units for the different risks; because it is based on a Committee structure; for being a structure that guarantees the independence of the units that perform control functions with respect to the areas, units or functions on which their verification revolves; and for being based on the three lines of defense model.

During 2023, the entity has consolidated the definition of the relevant indicator on operations analyzed in relation to the risk of corruption, as well as the associated controls. In this sense, the number of operations evaluated in 2023 remains in line with the data for 2022, standing at 28,671 operations.

Description of the indicator	2022	2023
No. of operations assessed for corruption-related risks	28,545	28,671
Confirmed cases of corruption and measures taken	0	0

5.3. Risk Management

As established by Cecabank's Risk Tolerance Framework, the management and control of risks, both financial and non-financial, is a fundamental aspect.

The entity maintains a conservative risk profile, based on rigorous prudential criteria, highlighting high levels of solvency and a comfortable liquidity situation. The risk management model seeks to guarantee efficient use of the capital assigned to the business units, consistent with the commercial strategy.

The Board of Directors of Cecabank establishes the business objectives of the entity and is ultimately responsible for the risks that it assumes in the development of its activities. Thus, it is this body that determines the general policies regarding risk assumption, as well as updating and approving the Risk Tolerance Framework. Likewise, the Board is the first promoter of the corporate risk culture, aimed at ensuring efficient internal control systems and rigorous and complete risk management and measurement processes. It is also the responsibility of the Board to monitor its risk profile, within the parameters established within the Risk Tolerance Framework. To do this, it is supported by the work carried out by the Risk Committee and the Audit Committee.

The Risk Committee, as a delegated Committee of the Board of Directors, has, among other functions, to advise the Board on the overall risk propensity, current and future, of the entity and its strategy in this area. He is responsible for monitoring the entity's risk profile, including ESG risks and their integration into the risk management processes, the Risk Tolerance Framework and the General Risk Management Framework, among others.

On the other hand, the Audit Committee's functions include the evaluation and supervision of the preparation process and the integrity of financial and non-financial information, as well as the function of supervising the entity's internal control systems and management systems. of risks. Among its functions is monitoring compliance with the Sustainability Plan.

The bank has established various mechanisms to control and manage non-financial risks. Of note are:

Non financial Risks	Main control and management mechanisms
Cybersecurity and technological risk	Cecabank voluntarily assumes the highest standards and all the recommendations on technological risk assessment (ICT) proposed by the EBA, including in its scope the risks of security, cybersecurity, change, integrity, continuity and outsourcing, all of which are included in the risk management policy. Likewise, the services offered by Cecabank are largely based on a high level of sophisticated technological support that guarantees data privacy and business continuity. For more information, see section: Cybersecurity.
Risk related to compliance and prevention of bribery and corruption	Cecabank has implemented a Criminal Compliance System based on the UNE 19601 standard and verified by an independent third party. The system incorporates a mandatory Criminal Compliance Policy, which is one of its fundamental pillars. This policy develops the provisions of Cecabank's Code of Corporate Conduct and, consequently, is linked to its ethical and corporate values, ratifying Cecabank's desire to maintain conduct that respects both the rules and these values, defining its framework of principles in the area of Criminal Compliance. In relation to the risk of money laundering and terrorist financing, the entity, in its capacity as an obliged entity, maintains at all times a robust management and control framework, adjusted to the level of risk of the client and the service provided, which ensures that a medium-low overall risk profile is maintained. Specifically, the entity takes the necessary measures to prevent its products and services from being used for money laundering or terrorist financing. It also guarantees that the restrictions and controls derived from the financial sanctions programmes agreed by the United Nations, the European Union and, where appropriate, the Spanish authorities or those of the countries in which it operates are fully applied. The social initiatives carried out by the entity, which involve the disbursement of funds, are subject to control mechanisms in order to ensure compliance with internal and external procedures and regulations in the operational sphere, the safeguarding of assets and financial accounting information.
Reputational Risk	Reputational risk comes from a wide variety of sources and is characterized by having a very variable perception in its understanding by the various interest groups. Its evaluation will revolve around monitoring the evolution of various indicators that belong to the financial, strategic, operational and sustainability spheres, all of them grouped within the entity's reputational risk scorecard. The result is a quantitative indicator (Global reputational risk indicator). This reputational analysis is completed with that carried out on all those clients with whom the entity intends to establish some type of relationship.
Climate and Environmental Risks	Cecabank considers climate and environmental risk at all stages of its risk management model. They are also incorporated into the bank's organisational structure, in accordance with the three lines of defence model.

Non financial Risks	Main control and management mechanisms
	The entity has a Climate and Environmental Risks roadmap, in which it identifies and assesses those risks which, due to our business model, may have an impact on the entity. The entity has established voluntary improvement plans and plans to meet the expectations of regulators and supervisors. These measures have been incorporated into the bank's Sustainability Plan, which includes actions in the Planet block that will enable progress to be made in identifying and managing this type of risk. It should be noted that the bank manages its climate and environmental risks in the various processes: • **Customer assessment and admission**: the bank includes ESG factors in its customer analysis and management procedures (through credit risk admission and monitoring reports and customer reputational risk reports), as well as in its supplier and service analysis reports. Thus, the MTR (Risk Tolerance Framework) establishes a qualitative limit that allows control over them. Overall, the climate and environmental risks in the bank may not exceed the medium-low risk threshold. In addition, these risks are taken into account in the analysis of services. • Classification and monitoring: Cecabank has a dashboard of ESG indicators that include factors linked to environmental and climate risks. These indicators are reported regularly to both the internal bodies of the entity and the delegated committees of the Board of Directors. In 2023, Cecabank has continued working on measuring the carbon footprint indicator in its investment portfolio. The entity has worked on the development of its Responsible Investment Policy, which is in the process of approval by the governing bodies, and contemplates, among others, climate change and environmental aspects. In 2023, the entity has worked to incorporate relevant ESG indicators into the framework of the Data Office, improving their governance, definition and management. For more information see section: Carbon Footprint and management of climate-related aspects. As part of the process of reviewing its policies and procedures, Cecabank has incorporated a qualitative threshold for climate and environmental risks (within the Risk Tolerance Framework) that enables it to monitor these risks. These controls are reported to the bank's management and governance bodies. • Throughout 2023, the entity plans to work on the development and implementation of a Responsible Investment Policy that takes into account Climate Change and Environmental aspects.
Social and governamental risk	The Corporate Code of Conduct, the Criminal Compliance Policy, the Equality and Conciliation Policy, among other policies of the entity, ensure that ethical principles, equality and diversity are maintained. Specifically, the Equality and Conciliation Policy aims, among others, to promote the possibilities for women to access decision-making positions or functions, or to improve the reconciliation of family and work life. In terms of reporting, Cecabank has started an ambitious plan to improve transparency. It should be noted that in 2021 the entity developed the Non-Financial Information State Control Framework. In this Framework, the entity established three levels of control in the contents of non-financial information: the Sustainability and Relations with Stakeholders department, responsible for preparing the Report, a secondary control carried out by the Coordination

Non financial Risks	Main control and management mechanisms
	and Transversal Risks Unit, integrated within the Risk and Compliance area and a tertiary control carried out by Internal Audit. For more information see sections: Good Corporate Governance, Ethics and Compliance and Our Talent.

Further information on the Bank's risk policy can be found in the Organisational Structure and Governance Practices report, the Bank's Consolidated Management Report, the Information of Prudential Relevance (IRP) report, available on the corporate website, and the General Control Framework.[38]

Cybersecurity

Cecabank is a critical infrastructure in Spain that aims to ensure the stability of the Spanish financial system. For this reason, cybersecurity is understood as a fundamental pillar of the service and as a key part of the entity's Strategic Technology Plan.

In 2023, work has been carried out on the development of the security actions established in the strategic technology plan, as well as other improvement actions related to internal audits and testing exercises (red team). Security projects have also been carried out related to the new regulations that have recently appeared and to new modalities of security events and technological risks observed through the entity's digital surveillance mechanisms.

Security governance and technological risk

These aspects are periodically monitored by different governing bodies. In this way, the Security and Technological Risk Committee and the Compliance and Operational Risk Committee are responsible for supervising the entity's security in detail, while the Risk Committee and the Audit Committee are responsible for supervising Technology Risk at the highest level of the organization.

The cybersecurity and technology risk action plan is aligned with the strategic technology plan. This plan is monitored through the Digitalisation and Technology Committee. The convergence of both plans is ensured by the participation in this committee of staff from the Risk Area.

Three lines of defence model

In terms of technological and information security risks, Cecabank has a governance model structured in a solid system of three lines of defense, which incorporates the implementation of mechanisms aimed at the detection, mitigation and resolution of security events, including the definition of resilience mechanisms against potential incidents.

The entity's three lines of defence are based on industry governance best practices. The first line of defence, established at the level of the operational and technology departments, maintains the functions associated with the operation and implementation of technical security measures and the execution of corrective and mitigating actions arising from the occurrence of incidents.

The second line of defence is aimed at implementing alerts, monitoring security and managing early warnings, developing and coordinating security projects and reporting incidents.

Finally, the third line, carried out by Internal Audit, has a team specialised in the assessment of cybersecurity and technological risk.

[38] Financial reports

Security Mechanism

The year 2023 has seen the implementation of different actions, among which we should highlight the implementation of the entity's current anti-phishing system, the enrollment of all the entity's devices in an MDM, the implementation of a proxy service at the level of all infrastructures or the strengthening of access systems to the entity's intranet and access managed through Wi-Fi. Regarding security governance, improvements have also been made, such as the implementation of procedures for monitoring security in projects from design.

The technological risk measurement system has also been improved through the review of management indicators, and the governance model of risk indicators has been consolidated with systematic reporting to the different governing bodies of the entity. responsible for security risk, (Security and Technological Risk Committee, Compliance and Operational Risk Committee, Risk Committee).

Training and Awareness Raising

In addition to the training and awareness actions that are carried out regularly among the entity's staff, in 2023 group training actions have been carried out focused on specific personnel, made up of employees with privileged users, personnel with access to information confidential, administrative staff with frequent handling of data classified as sensitive, etc. The effectiveness of these training plans is verified through metrics that allow the degree of staff awareness to be evaluated, the results of which are periodically notified to the entity's governing bodies responsible for the entity's cybersecurity.

To carry out this training activity, a specific indicator has been developed that allows us to observe both the sensitivity of employees to security events. This indicator, which is generated quarterly, allows monitoring of the key aspects to be taken into account for the annual training plan.

Additionally, Cecabank carries out monographic training and induction sessions that include the entity's senior management, as well as other periodic communication sessions such as the publication of a monthly cybersecurity bulletin.

By 2023, 100% of employees have received cybersecurity training.

5.4. Responsible supply chain

Cecabank strives to establish fair and stable business relationships based on responsibility, transparency and communication.

5.4.1. Management and governance model

Cecabank has a regulatory framework that guarantees establishing quality relationships with suppliers, as well as control elements that minimize possible risks associated with the supply chain. It is worth highlighting the “Contracting services with suppliers” Standard, which aims to guarantee concurrence in each supply process and the adequate evaluation of suppliers. This standard has been modified in 2023 and approved by the Management Committee, to incorporate the contracting process, as well as the incorporation of all additional questionnaires to analyze the service, the provider and its selection according to the criteria defined by Cecabank.

On the other hand, the entity has the “Policy for outsourcing and contracting services and functions” (the last update of which was approved by the Board of Directors on October 25, 2023), which establishes the mandatory principles, rules and procedures. compliance in the different phases of the process of contracting any service from a supplier. Aspects related to suppliers are supervised at the highest level in the entity, since they are an essential link in its product and service offering.

The Non-Financial Risks and Compliance Division has the function of periodically reporting to the Compliance and Operational Risk Committee and, annually, to the Audit Committee and the Board of Directors of the results of supplier monitoring and to communicate material outsourcing to the competent authorities. Likewise, the supervision of approved outsourcing and possible incidents that may be detected are supervised by the Management Committee.

The Organizational Development Department is in charge of comprehensive supplier management. Among the main objectives of the area is monitoring the continuity of the services provided and the analysis and monitoring of suppliers through the approval process.

In 2023, the entity has continued working on the continuous improvement of processes, trying to streamline purchasing operations, advising the different departments on their outsourcing and participating in centralized negotiation. In 2023, new criteria and controls have been implemented in the approval processes to improve the analysis and management of associated risks and adapt to new regulatory requirements.

5.4.2. Supplier management process

Our Corporate Code of Conduct reflects the entity's aspiration to maintain fair and long-term relationships with our suppliers, based on transparency, communication and responsibility.

Cecabank seeks to transfer its principles and commitments to the value chain, ensuring that the entity's ethical values are shared and respected. To do this, the entity incorporates controls in the different processes:

- **Supplier Approval:**

Cecabank evaluates the suitability of the suppliers with which it works, through the homologation process, which applies both to outsourced service providers and to contracts of relevant amounts. This process assesses the productive, technical and financial capacity of the supplier, as well as its alignment with the ethical values and sustainability criteria of the entity.

In 2023, the entity has worked to incorporate new criteria to be assessed in the approval process, having modified the requirements for suppliers to adapt to the new requirements in terms of banking supervision in terms of records and resolution, making the approval become more rigorous and severe.

These criteria allow us to ensure that our suppliers are aligned with our ESG policies, incorporating new aspects such as:

Social Aspects	Environmental Aspects	Corporate Governance Aspects
Aspects such as health and safety policies, Human Rights, diversity and equality, labor practices, among others, are valued.	It incorporates criteria related to policies in relation to the environment, management models, Carbon Footprint, climate change risks, etc.	It includes issues related to the governance structure, anti-corruption policies, prevention and money laundering, ethics and adherence to relevant initiatives, among others.

The double requirement implemented to obtain approval is maintained with the need to pass minimum scores for:

- o The general approval questionnaire, and
- o In the modules related to ESG/Corporate Governance.

Cecabank has a corporate application through which it manages the process of evaluating the quality of service provided by suppliers in an integrated manner with the approval and evaluation processes. Approvals are renewed whenever those responsible consider necessary and at least every two years.

- **Operational control audits**

Additionally, for those suppliers that are considered critical, the aspects and requirements of the approval process are analyzed in greater detail.

- **Contracting clauses**

The supplier contracting process incorporates clauses related to the prevention of criminal risks and compliance with the principles included in the Corporate Code of Conduct.

5.4.3. Main magnitudes

Key figures	2022	2023
Registered Suppliers	534	590
General Approvals	68	106
Approvals by Service	5	9
Tendering	16	63
Register of Outsourcing	73	98

In 2023, the entity has worked on new ESG risk indicators in suppliers, which are supervised at the highest level of the organization.

Average supplier score by invoiced amount	Percentage of active suppliers approved with medium ESG score with low/medium low risk
79/100	94%

On the other hand, the entity materializes its commitment to local employment and communities through the hiring of local suppliers. In this sense, in 2023, local suppliers represented 82.40% (82.65% in 2022).[39]

5.5. Fiscal Responsibility

Cecabank's tax policy seeks to comply with regulations and eliminate any risk that might arise from non-compliance with regulations.

In this regard, the company has a Tax Committee responsible for analysing and interpreting the regulations applicable to Cecabank's activity and for monitoring compliance with formal obligations in the investigation, evaluation and monitoring of possible risks related to this matter. This Committee reports to the Compliance and Operational Risk Committee (CCRO), which in turn regularly reports to the Management Committee and the Board of Directors, through the Audit Committee, on the entity's tax situation.

The consolidated Profit Before Tax (BAI) amounted to 102,787 thousand euros in 2023, and in 2022 it was 92,204 thousand euros, with the following breakdown:

	(thousands of euros) 2022	2023
Spain	92.128	102,876

[39] The 2022 data has been recalculated with respect to that reported in the 2022 EINF due to an improvement in the information systems that has allowed a methodological change in the way the data is calculated.

Belgium	61	(1)
Portugal	15	(88)

Regarding the tax contribution related to profit tax (corporation tax) in 2023, it amounted to 25,701 thousand euros (16,184 thousand euros in 2022) according to the following breakdown:

	(thousands of euros)
Spain	25,701

For further information on income tax, see note 2.12 to the financial statements of Cecabank, S.A. and its subsidiaries comprising the Cecabank Group.

In 2023, Cecabank has received 3,562 euros in public subsidies for the installation of electric vehicle chargers in its facilities. In 2022, Cecabank did not receive public subsidies.

Appendixes

Appendix I: About this Report

This report on Cecabank's Consolidated Statement of Non-Financial Information is prepared and published in compliance with Law 11/2018, of 28 December, which amends the Commercial Code, the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on the Auditing of Accounts, in relation to non-financial information and diversity.

For the preparation of this Statement of Non-Financial Information, the internationally recognised Global Reporting Initiative (GRI) Sustainability Reporting Guidelines have been used as a reference standard, following the principles and content defined by the most updated version of the guide, GRI Standards.

In this context, through the Statement of Non-Financial Information, the entity has the objective of reporting on environmental, social, personnel, human rights and anti-corruption and anti-bribery issues that are relevant to the entity in the execution of its business activities. In order to determine these issues, Cecabank carried out a materiality study which can be found in section 1.3. Our Sustainability Management of this Non-Financial Information Statement.

Furthermore, and in accordance with the provisions of Law 11/2018 of 28 December, we hereby inform you that this Statement of Non-Financial Information forms part of the Cecabank Group's Consolidated Management Report and is presented in a separate document.

Appendix 2: Comparison of the number of employees by professional category in 2023 and 2022

Number of employees by age

<30		30-50		>50	
2022	2023	2022	2023	2022	2023
26	24	318	305	128	137

Number of employees by professional category

	Level I		Level II		Level III		Level IV		Level V		Level VI		Level VII		Level VIII		Level IX		Level X		Level XI		Level XII		Level XIII		Level XIV	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Group 1																												
Men	5	5	3	5	18	17	23	25	35	31	49	50	30	33	30	30	7	4	8	9	6	5	13	15	1	1	1	-
Women	3	3	2	3	11	10	17	16	27	27	46	42	36	47	58	48	10	8	8	9	7	10	14	8	-	1	-	-
Group 2																												
Men	1	1	1	1	-	-	1	1	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-
Women	-	-	-	-	-	-	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Leave by gender

Period	Gender	ERE	Voluntary termination	Does not pass trial period	Dismissal	Voluntary leave and contract suspension	Terminations	Retirement	Total
2022	Female	20	0	1	0	0	0	0	**21**
	Male	15	5	5	1	1	1	1	**29**
2023	Female	7	2	0	1	0	1	0	**11**
	Male	3	1	1	3	0	2	0	**10**

Dismissals for gender

Gender	2022	2023
Female	0	1
Male	1	3
Total	**1**	**4**

Layoffs by age group

Age Range	2022	2023
> 50	1	1
30 - 50	0	3
Total	**1**	**4**

Layoffs by professional category

Age Range	2022	2023
Group 1. Level V	0	3
Group 1. Level VI	1	0
Group 1. Level X	0	1
Total	**1**	**4**

Appendix III: Comparison of training hours in 2023 and 2022

TRAINING HOURS PER LEVEL 2023

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
Group 1	215	444	1,043	1,645	1,991	3,344	4,394	2,588	351	855	632	1,780	61	0
Group 2	5	10	0	147	0	0	0	0	0	0	0	0	0	0
Total	220	454	1,043	1,792	1,991	3,344	4,394	2,588	351	855	632	1,780	61	0

TRAINING HOURS PER LEVEL 2022

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV
Group 1	239	364	2.610	2.222	2.505	2.963	2.006	2.659	586	886	728	1.050	86	22
Group 2	2	3	0	252	0	0	0	0	0	0	0	0	0	0
Total	241	367	2.610	2.474	2.505	2.963	2.006	2.659	586	886	728	1.050	86	22

Appendix IV: Comparison of the Tú eliges 2022

Category	Beneficiary association	Amount
Social	Fundación INTHEOS	15,000 €
Social	Asociación Española de Esclerosis Lateral Amiotrófica (adELA)	13,000 €
Social	STOP HATERS	10,000 €
Social	Fundación Luz Casanova	7,500 €
Social	Fundación Menudos Corazones	7,500€
Social	ANPE, Asociación Nacional de Personas con Epilepsia	7,500 €
Social	Casa San Cristóbal Fundación Montemadrid	7,500 €
Social	Asociación Española de Discinesia Ciliar Primaria	5,000 €
Social	Asociación ASEMPA	5,000 €
Social	Fundación UNICAP	5,000 €
Social	Fundación Emalaikat	5,000 €
Cultural	Fundación Osos del Pardo Rugby Club	3,000 €
Social	Asociación Amigos de la Pouponniere Medina-Dakar	3,000 €
Environmental	BRINZAL	3,000 €
Cultural	33% Cultura Sin Límites	3,000 €
Total Aid		100,000€

Appendix V: Table of compliance with Law 11/2018 (28 December)

Below, a table of compliance with Law 11/2018 is reported, the objective of which is to detail in which section of this Statement of Non-Financial Information the requirements of the same is answered, as well as to identify the reporting standard that has been used for this objective.

Contents of Law 11/2018 INF	Chapter of the NFS where the information is collected	Associated GRI indicator
Business Model		
Business environment and business model	1.1.Our Business Model	GRI 2-1 GRI 2-2 GRI 2-6 GRI 2-22
Organisation and structure	1.1. Our Business Model	
Markets in which it operates	1.1. Our Business Model	
Objectives and strategies	1.1. Our Business Model	
Main factors and trends that may affect its future development	1.1. Our Business Model 1.2. Our corporate culture 1.3. Our sustainability management 4.2. Sustainable Finances	
Policies	They are detailed in each of the corresponding sections of this report, by virtue of the subject matter covered.	GRI 3
Main risks	5.3. Risk Management	GRI 205-1 GRI 413-1
Environmental Issues		
Global		
Environmental, health and safety impacts of the company's activities and environmental assessment or certification procedures;	3. Planet	GRI 3
Precautionary principle, the number of provisions and safeguards for environmental risks	3. Planet	GRI 2-23
Resources dedicated to environmental risk prevention	3. Planet	GRI 2-23
Pollution		
Measures to prevent, reduce or remediate carbon emissions that seriously affect the environment, taking into account any form of activity-specific air pollution, including noise and light pollution	3.2. Environmental management at Cecabank	GRI 305-5
Circular economy and waste prevention and management		

Contents of Law 11/2018 INF	Chapter of the NFS where the information is collected	Associated GRI indicator
Circular economy and measures for waste prevention, recycling, reuse, other forms of recovery and disposal.	3.2. Environmental management at Cecabank	GRI 306-1
Actions to combat food waste	Not Material	GRI 3
Sustainable use of resources		
Water consumption and water supply according to local limitations	3.2. Environmental management at Cecabank	GRI 303-5
Consumption of raw materials and the measures taken to improve the efficiency of their use	3.2. Environmental management at Cecabank	GRI 301-1
Energy: Consumption, direct and indirect; Measures taken to improve energy efficiency, Use of renewable energy	3.2. Environmental management at Cecabank	GRI 302-1
Climat change		
Emissions of greenhouse gases	3.1. Carbon Footprint and management of climate-related aspects	GRI 305-1 GRI 305-2
Measures adopted to adapt to the consequences of Climate Change	3.1. Carbon Footprint and management of climate-related aspects	GRI 3
Reduction goals voluntarily established in the medium and long term to reduce GHG emissions and means implemented to this end.	3.1. Carbon Footprint and management of climate-related aspects	GRI 3
Protection of biodiversity		
Measures taken to preserve or restore biodiversity	No Material	GRI 3
Impacts caused by activities or operations in protected areas	No Material	
Social and personnel issues		
Employment		
Total number and distribution of employees by sex, age, country and professional classification	2.1. Our talent	GRI 2-7
Total number and distribution of employment contract types	2.1. Our talent	GRI 2-7
Annual average of indefinite, temporary and part-time contracts by sex, age and professional classification	2.1. Our talent	GRI 2-7
Number of dismissals by sex, age and professional classification	2.1. Our talent	GRI 401-1
Average salaries and their evolution disaggregated by sex, age and professional classification or equal value	2.1. Our talent	GRI 405-2

Contents of Law 11/2018 INF	Chapter of the NFS where the information is collected	Associated GRI indicator
Wage Gap, the remuneration of equal or average jobs in society	2.1. Our talent: Working conditions (Remuneration) (Social benefits)	GRI 405-2
Average remuneration of directors and executives, including variable remuneration, allowances, compensation, payment to long-term savings pension systems and any other perception disaggregated by sex	2.1. Our talent: Working conditions (Remuneration)	GRI 2-19 GRI 2-20 GRI 2-21
Implementation of work disconnection measures	2.1. Our talent: Conciliation and equality	GRI 3
Employees with disabilities	2.1. Our talent: Conciliation and equality	GRI 405-1
Organization of working time		
Organization of working time	2.1. Our talent: Working Conditions	GRI 3
Number of hours of absenteeism	2.1. Our talent: Working Conditions	GRI 403-9 GRI 403-10
Measures aimed at facilitating the enjoyment of work-life balance and encouraging the co-responsible exercise of these by both parents.	2.1. Our talent: Working Conditions	GRI 3
Safety and health		
Health and safety conditions at work	2.1. Our talent: Security and health	GRI 3
Work accidents (frequency and severity) disaggregated by sex	2.1. Our talent: Security and health	GRI 403-9 GRI 403-10
Occupational diseases (frequency and severity) disaggregated by sex	2.1. Our talent: Security and health	GRI 403-9 GRI 403-10
Social Relationships		
Organization of social dialogue, including procedures for informing, consulting and negotiating with staff	2.1. Our talent: Working Conditions	GRI 3
Mechanisms and procedures that the company has to promote the involvement of workers in the management of the company, in terms of information, consultation and participation.	2.1. Our talent: Working Conditions	GRI 3
Percentage of employees covered by collective agreement by country	2.1. Our talent: Working Conditions	GRI 2-30
Balance of collective agreements, particularly in the field of health and safety at work	2.1. Our talent: Working Conditions	GRI 403-4
Training		
Policies implemented in the field of training	2.1. Our talent: Working conditions (Training)	GRI 3

Contents of Law 11/2018 INF	Chapter of the NFS where the information is collected	Associated GRI indicator
Total number of training hours by professional categories	2.1. Our talent: Working conditions (Training)	GRI 404-1
Total number of training hours by professional categories	2.1. Our talent: Working conditions (Training)	GRI 3
Equality		
Measures adopted to promote equal treatment and opportunities between men and women	2.1. Our talent: Conciliation and equality	GRI 3
Equality plans, measures adopted to promote employment, protocols against sexual and gender-based harassment and the integration and universal accessibility of people with disabilities	2.1. Our talent: Conciliation and equality	GRI 3
Policy against all types of discrimination and, where appropriate, diversity management	2.1. Our talent: Conciliation and equality	GRI 3
Human rights		
Application of due diligence procedures in human rights	2.2. Social Commitment: with Human Rights	GRI 3
Prevention of the risks of violation of human rights and, where appropriate, measures to mitigate, manage and repair possible abuses committed	2.2. Social Commitment: with Human Rights	GRI 3
Complaints for cases of human rights violations	2.2. Social Commitment: with Human Rights	GRI 406-1
Promotion and compliance with the provisions of the fundamental ILO Conventions related to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labor and the effective abolition of child labor	2.2. Social Commitment: with Human Rights	GRI 3
Corrupción y soborno		
Measures adopted to prevent corruption and bribery	5.2. Ethics and compliance: corruption and bribery	GRI 2-23 GRI 2-26 GRI 205-1 GRI 205-3
Measures to combat money laundering	5.2. Ethics and compliance: corruption and bribery	GRI 205-2
Contributions to foundations and non-profit entities	5.2. Ethics and compliance: corruption and bribery	GRI 413-1
Society		

Contents of Law 11/2018 INF	Chapter of the NFS where the information is collected	Associated GRI indicator
Company commitments to sustainable development		
Impact of the society's activity on employment and local development, local populations and the territory	2.2. Social Commitment: with our environment	GRI 413-1
Relationships maintained with local community actors and the modalities of dialogue with them	2.2. Social Commitment: with our environment	GRI 2-29
Association or sponsorship actions	2.2. Social Commitment: with our environment	GRI 2-28
Subcontracting and suppliers		
Inclusion in the purchasing policy of social, gender equality and environmental issues	5.4. Responsible supply chain	GRI 2-6
Consideration in relationships with suppliers and subcontractors of their social and environmental responsibility	5.4. Responsible supply chain	GRI 308-1 GRI 414-1
Supervision and audit systems and their results	5.4. Responsible supply chain	GRI 3
Consumers		
Measures for the health and safety of consumers	No Material	GRI 3
Complaint systems, complaints received and their resolution	4.1. Our clients	GRI 416-2
Fiscal Information		
Benefits obtained by country	5.5. Fiscal responsability	GRI 3
Taxes on profits paid	5.5. Fiscal responsability	GRI 3
Public subsidies received	5.5. Fiscal responsability	GRI 201-4

Annual accounts

Independent Auditor's Report on Consolidated Financial Statements

Consolidated Financial Statements

Annual report

Director's report

Appendix, Non-financial information

Formulation of the Annual Accounts

Authorisation for issue of the consolidated financial statements and directors' report

Certificate* to attest that the Board of Directors of Cecabank, S.A., at the meeting held on 13 February 2024, authorised for issue the consolidated Financial Statements and Directors' Report of Cecabank, S.A. and subsidiaries composing the Cecabank Group for 2023, which documents were transcribed, including this certificate, on the obverse of 235 sheets of officially stamped paper, signed below by all the members of the Board of Directors of Cecabank, S.A.

* This Diligence consists of 10 correlative pages, each signed by a Director. Diligence 1 /10 - Mr. Azuaga

Madrid, 13 February 2024

Mr. Manuel Azuaga Moreno

Non-executive chairman

Authorisation for issue of the consolidated financial statements and directors' report

Certificate* to attest that the Board of Directors of Cecabank, S.A., at the meeting held on 13 February 2024, authorised for issue the consolidated Financial Statements and Directors' Report of Cecabank, S.A. and subsidiaries composing the Cecabank Group for 2023, which documents were transcribed, including this certificate, on the obverse of 235 sheets of officially stamped paper, signed below by all the members of the Board of Directors of Cecabank, S.A.

* This Diligence consists of 10 correlative pages, each signed by a Director. Diligence 2 /10 - Mr. Méndez

Madrid, 13 February 2024

Mr. José María Méndez Álvarez-Cedrón

Executive Director

Authorisation for issue of the consolidated financial statements and directors' report

Certificate* to attest that the Board of Directors of Cecabank, S.A., at the meeting held on 13 February 2024, authorised for issue the consolidated Financial Statements and Directors' Report of Cecabank, S.A. and subsidiaries composing the Cecabank Group for 2023, which documents were transcribed, including this certificate, on the obverse of 235 sheets of officially stamped paper, signed below by all the members of the Board of Directors of Cecabank, S.A.

* This Diligence consists of 10 correlative pages, each signed by a Director. Diligence 3 /10 - Mr. Pano

Madrid, 13 February 2024

Mr. Javier Pano Riera

Vice president

Authorisation for issue of the consolidated financial statements and directors' report

Certificate* to attest that the Board of Directors of Cecabank, S.A., at the meeting held on 13 February 2024, authorised for issue the consolidated Financial Statements and Directors’ Report of Cecabank, S.A. and subsidiaries composing the Cecabank Group for 2023, which documents were transcribed, including this certificate, on the obverse of 235 sheets of officially stamped paper, signed below by all the members of the Board of Directors of Cecabank, S.A.

* This Diligence consists of 10 correlative pages, each signed by a Director. Diligence 4 /10 - Mrs. Sarro

Madrid, 13 February 2024

Mrs. María del Mar Sarro Álvarez

Non-executive director

Authorisation for issue of the consolidated financial statements and directors' report

Certificate* to attest that the Board of Directors of Cecabank, S.A., at the meeting held on 13 February 2024, authorised for issue the consolidated Financial Statements and Directors' Report of Cecabank, S.A. and subsidiaries composing the Cecabank Group for 2023, which documents were transcribed, including this certificate, on the obverse of 235 sheets of officially stamped paper, signed below by all the members of the Board of Directors of Cecabank, S.A.

* This Diligence consists of 10 correlative pages, each signed by a Director. Diligence 5 /10 - Mr. Ruiz de Gordejuela

Madrid, 13 February 2024

Mr. Eduardo Ruiz de Gordejuela Palacio

Non-executive director

Authorisation for issue of the consolidated financial statements and directors' report

Certificate* to attest that the Board of Directors of Cecabank, S.A., at the meeting held on 13 February 2024, authorised for issue the consolidated Financial Statements and Directors' Report of Cecabank, S.A. and subsidiaries composing the Cecabank Group for 2023, which documents were transcribed, including this certificate, on the obverse of 235 sheets of officially stamped paper, signed below by all the members of the Board of Directors of Cecabank, S.A.

* This Diligence consists of 10 correlative pages, each signed by a Director. Diligence 6 /10 - Mrs. Salaverría

Madrid, 13 February 2024

Mrs. Julia Salaverría Monfort

Non-executive director

Authorisation for issue of the consolidated financial statements and directors' report

Certificate* to attest that the Board of Directors of Cecabank, S.A., at the meeting held on 13 February 2024, authorised for issue the consolidated Financial Statements and Directors' Report of Cecabank, S.A. and subsidiaries composing the Cecabank Group for 2023, which documents were transcribed, including this certificate, on the obverse of 235 sheets of officially stamped paper, signed below by all the members of the Board of Directors of Cecabank, S.A.

* This Diligence consists of 10 correlative pages, each signed by a Director. Diligence 7 /10 - Mr. Botas

Madrid, 13 February 2024

Mr. Francisco Botas Ratera

Non-executive director

Authorisation for issue of the consolidated financial statements and directors' report

Certificate* to attest that the Board of Directors of Cecabank, S.A., at the meeting held on 13 February 2024, authorised for issue the consolidated Financial Statements and Directors' Report of Cecabank, S.A. and subsidiaries composing the Cecabank Group for 2023, which documents were transcribed, including this certificate, on the obverse of 235 sheets of officially stamped paper, signed below by all the members of the Board of Directors of Cecabank, S.A.

* This Diligence consists of 10 correlative pages, each signed by a Director. Diligence 8 /10 - Mrs. Motellón

Madrid, 13 February 2024

Mrs. Carmen Motellón García

Non-executive director

Authorisation for issue of the consolidated financial statements and directors' report

Certificate* to attest that the Board of Directors of Cecabank, S.A., at the meeting held on 13 February 2024, authorised for issue the consolidated Financial Statements and Directors' Report of Cecabank, S.A. and subsidiaries composing the Cecabank Group for 2023, which documents were transcribed, including this certificate, on the obverse of 235 sheets of officially stamped paper, signed below by all the members of the Board of Directors of Cecabank, S.A.

* This Diligence consists of 10 correlative pages, each signed by a Director. Diligence 9 /10 - Mr. Iglesias

Madrid, 13 February 2024

Mr. Víctor Manuel Iglesias Ruiz

Non-executive director

Authorisation for issue of the consolidated financial statements and directors' report

Certificate* to attest that the Board of Directors of Cecabank, S.A., at the meeting held on 13 February 2024, authorised for issue the consolidated Financial Statements and Directors' Report of Cecabank, S.A. and subsidiaries composing the Cecabank Group for 2023, which documents were transcribed, including this certificate, on the obverse of 235 sheets of officially stamped paper, signed below by all the members of the Board of Directors of Cecabank, S.A.

* This Diligence consists of 10 correlative pages, each signed by a Director. Diligence 10 /10 - Mr. Carbó

Madrid, 13 February 2024

Mr. Santiago Carbó Valverde

Non-executive director