



cecabank



Executive Summary





cecabank

20
22

2

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01 Cecabank in figures

Cecabank's key figures
as of December 2022.



• **Total assets**

14,413,647

thousands of euros

• **Common Equity**

1,189,200

thousands of euros

• **Result for the financial year**

65,380

thousands of euros

• **CET1**

30.79%

Balance sheet (thousands of euros)

2022

Total assets	14,413,647
Cash and cash balances at central banks and other demand deposits	7,853,926
Held-for-trading financial assets	857,046
Financial assets at fair value through other comprehensive income	2,339,005
Financial assets at amortised cost	2,542,129
Held-for-trading financial liabilities	616,748
Financial liabilities at amortised cost	12,447,027
Total equity	1,189,200

Income statement (thousands of euros)

2022

Gross margin	311,754
Profit/(loss) before tax	92,143
Profit/(loss) for period	65,380

Solvency and liquidity

2022

CET1 ratio	30.79%
Core capital	793,720
LCR	188%

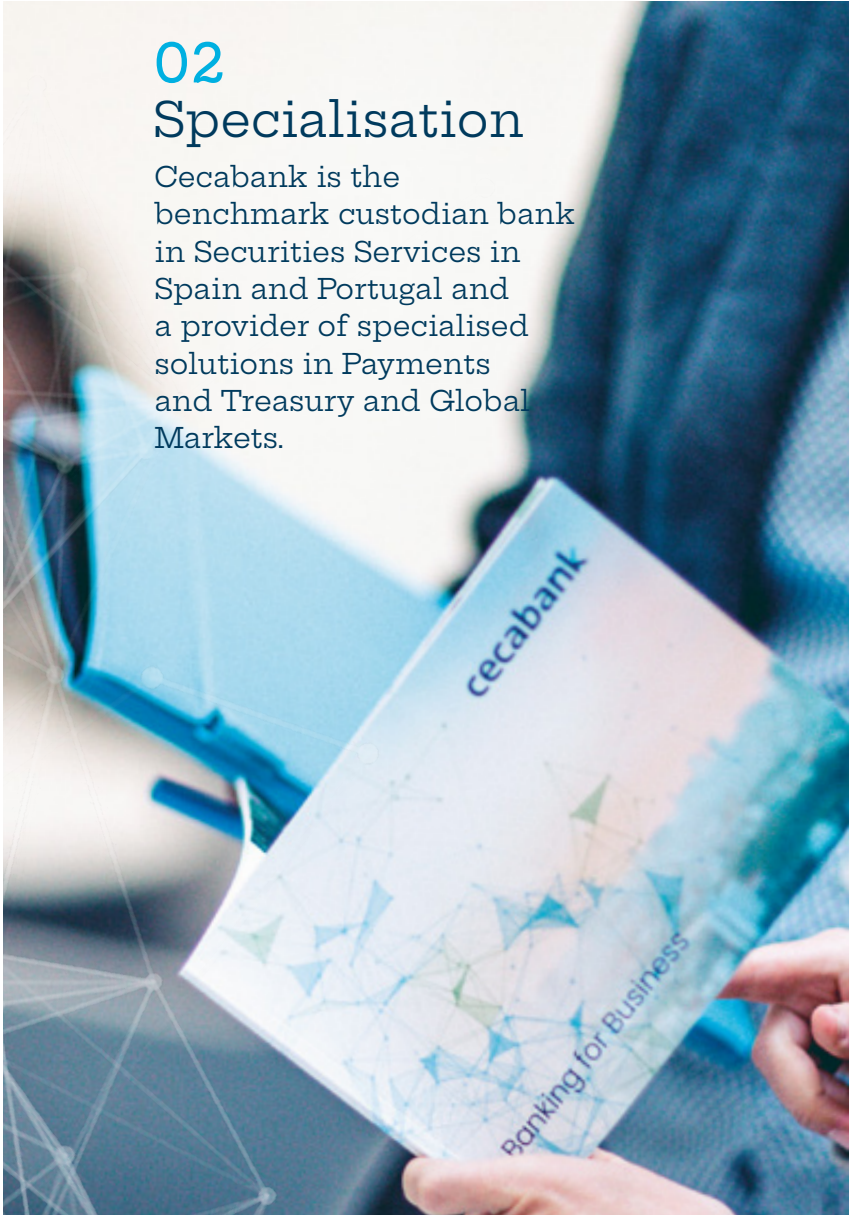
Cecabank rating

2022

	Short term	Long term	Outlook
Moody's	P-2	Baa2	Stable
Fitch	F-3	BBB	Stable
Standard & Poor's	A-2	BBB+	Stable

02 Specialisation

Cecabank is the benchmark custodian bank in Securities Services in Spain and Portugal and a provider of specialised solutions in Payments and Treasury and Global Markets.





Securities Services

Depository
Services

Securities
Custody and
Settlement

Integrated
Securities
Services



Treasury and Global Markets

Financial
Markets

Debt Capital
Markets

Banknotes



Payments

Card Payment
Processing

Processing in
Clearing Houses
and Payment
Schemes

Digital
Payment
Solutions

Digital
Platforms and
FX Platform



Technology Platforms

Digital Banking
Solutions

Risk Management
and Reporting as
a Service

Technological
Outsourcing



2.1. Securities Services

Cecabank closes another year as the main provider of Securities Services in Spain.

The company encompasses all post-trading services of negotiable securities and financial instruments such as depositary, registry-custody, clearing and settlement of securities, and it is the largest independent national depositary for collective investment institutions, pension funds, Voluntary Social Welfare Entities and private equity entities, and the leading national provider of settlement and custody services.



In 2022, new customers were brought on board, increasing the volume of Securities Services' business with existing customers. Furthermore, for the sixth consecutive year, the magazine Global Banking & Finance Review has awarded Cecabank the accolade of Best Custodian Bank Spain 2022.



This year, the 8th Securities Services Conference *“Opportunities for post-trading in a sustainable and digital context”*, was also held, an event in which banks, fund managers, supervisors and technology companies engaged in enriching dialogue with the purpose of analysing the impact of technological, digital, regulatory and sustainability changes on the collective investment industry.

Depository Services

Assets under
depository
202,000
million euros

Distributed in
+1,000
vehicles
(Collective Investment
Institutions, Pension Funds,
Venture Capital Firms and
Voluntary Social Welfare
Entities)

Managed by
47
companies

Securities Custody and Settlement

Assets under custody
275,376
million euros

Settled transactions
1,513,655

Integrated Securities Services

Asset Distribution Platform

Digital response to strengthen customers' ability to sell and distribute investment products. In 2022, close to 2,000 international funds have been marketed as part of the partnership agreement with Allfunds.

BPO for Securities

Outsourcing of securities service administration tasks linked to domestic and international securities settlement, brokerage and agent of payment services.

Equity Execution Service

Brokerage of equities for institutional customers in the main global markets through operational circuits that rely on the infrastructures of global investment banks, with the latest technology and adaptation to the requirements of MiFID II.

Futures and Options Settlement in Organised Markets (ETD)

Access to futures and options settlement for customers, enabling automated and efficient management. Cecabank is an individual clearing member of BME Clearing for the derivatives segment and Registered Customer of Eurex Clearing.

Contracts settled
+8.1
million



2.2. Treasury and Global Markets

The Cecabank Trading Room carries out operations on the main (public and private) bond, currency, equity and derivatives markets.

Operations are always carried out according to our guidelines which guarantee a high degree of both liquidity and solvency.

In 2022, the company took part in 16 Next Generation EU syndicated issues and in three Spanish Treasury issues as co-lead, also participating in the contracting of MREL-eligible deposits with 16 banks.

As part of the T2-T2S transition, Cecabank will represent a number of banks in their obligation to manage the minimum reserves required by the Bank of Spain.

Cecabank was incorporated by the MEFF futures market as the leading market maker for institutional clients in the financial sector in 2021, specifically in the xRolling FX contract. In 2022, product operations have been consolidated in the retail segment and the foundations have been laid to make the leap to the institutional segment.



Financial Markets

The Markets Room carries out operations on the main national and international (public and private) bond, currency, equity and derivatives markets. In particular, in the FX segment it is one of the leading players in the domestic market.

The bank is a direct member of the leading Central Clearing Houses and a market maker in futures in organised markets for the xRolling FX product.

Trades per year
+10,000

FX #3 of Spain
in volume of contracts

Debt Capital Markets

The positive entry of interest rates coupled with the movement of the deposit facility towards increasingly higher environments has led DCM's activity to diversify towards operations of greater added value for the bank, opening a specific funding facility to meet the capital demands of the venture capital funds.

Cecabank has continued to provide support for the financing of corporations and Autonomous Regions, both for their ordinary financing processes and for existing-debt restructuring operations.

11

Primary market offerings
+1.000
million of euros

Banknotes

Wholesale market leader in Spain for foreign banknotes. We serve almost all the country's financial institutions.

Served directly
+12,000
bank branches



2.3. Payments

Cecabank offers flexible and innovative solutions for processing card, e-commerce and mobile payments, backed by more than 30 years' experience.

In 2022, new customers were brought on board in the areas of card payments, instant payments and channelling of international payments clearing, among others. In the operational field, the necessary adaptations have been made to allow the processing of 8-digit BINs.

Furthermore, new features of the retail financing project of the national payment scheme known as PlazoX were addressed and the pilot of the Tiquex solution for the digitisation of merchant receipts was launched.

Also during the year, Cecabank conducted a regulatory impact analysis and set up a task force with 360 security entities in payments to review all the bank's security solutions and tools.

Card Payment Processing

Processed transactions

+1,300
million

Cards

+7.2
million

Businesses processed

+109,000

Average daily amount settled

140
million of euros

Processing in Clearing Houses and Payment Schemes

120 million
Bizum C2C
transactions
processed

1.5 million
Bizum C2eR
transactions
processed

1 million
iSTC Core
transactions
processed

60,355
cheques exchanged
cross-border/Currency
Exchange

1,051,243
non-SEPA
managed fund transfers
(TARGET/EBA) orders

6,534,968
SWIFT messages
processed with BIC Cecabank

348,825,453
SEPA
interchange transactions
(EBA and SNCE)

13

Digital Payment Solutions

Cecabank is a payment hub, specialising in card payment processing, e-commerce and mobile payment solutions. The following are of note:

Application for
operational and
commercial
management of card
networks, POS
terminals and ATMs.
DCC Solutions.

Secure e-commerce
customer
authentication
solution: TRA, BNPL
and virtual cards,
among others.

Mobile payment
solutions, proprietary
HCE solution for Xpays.

Digital Platforms and FX Platform

+80
countries

Coverage of
24
different currencies



2.4 Technology Platforms

Cecabank is a benchmark bank in the provision of online banking services, including solutions such as the multi-device online platform, fraud monitoring and digital identity services, among others.

In 2022, it developed an integrated solution in the Treasury and Global Markets and Risk Platform that enables it to meet the requirements set out in Regulation 2016/2251. It also carried out an adaptation to the EBA 3.2 reporting frameworks.

This year, new customers were brought on board to the online banking platform and to the remittance generation service. Furthermore, REGIS-TR adds Cecabank to its collaboration programme with leading intermediaries in the field of regulatory reporting.



Digital Banking Solutions

Online banking transactions

3,287
million

Invoices

+18
million

Remittance of payments and collections

+10
million

Risk Management and Reporting as a Service

27

financial institutions, Public Administrations, Management Companies of the Collective Investment Scheme (SGIIC) and corporates

We manage collateral contracts of

9
financial entities

Pyramid Reporting

15

An EBA-compliant solution that works based on the Data Point Model (DPM) 15 and which has three main lines of action as follows: Reporting, Analytics y Data Quality and Governance.

40

financial institutions

Technological Outsourcing

Outsourcing of technological infrastructures for financial institutions, insurance companies and fintech companies.

We have experienced significant growth in the scope of service to payment processors thanks to being a certified operating centre under the PCI-DSS standard.

+20 years

of experience in relevant outsourcing projects

2.5. International business

Cecabank is present in Portugal, the United Kingdom and Germany through its branch Lisbon and its Representative Offices in London and Frankfurt..

The Cecabank International Network carries out its own business development consisting of Global FX Payments and International Pensions. These services have a global scope and are rendered to both Spanish and foreign entities.

In addition to its contribution in search of business in Portugal, the Lisbon branch continues to support the day-to-day operations of depositary services while ensuring compliance with the control and reporting obligations before supervisors and regulators.

Branch

Portugal

Avenida Engenheiro
Duarte Pacheco,
Torre 1 - Piso 6 - Sala 3
1070 - 101 Lisbon.

Representation branches

Germany

Darmstädter Landstraße, 116
D-60598 Frankfurt am Main.

United Kingdom

14 Curzon Street
London W1J5HN.



**Citi's 2017 Performance
Excellence Award**

**10 years of experience in FX
Sharing programmes with
banks with worldwide coverage**

2.6. Excellence with the customer

Cecabank provides services to over 300 customers, including financial institutions, banks, asset managers and other companies, extending a customer-oriented culture focused on ongoing improvement throughout the organisation.

ISO 9001 Collections and Payments



ISO 9001 Securities and Depositary



ISO 27001 SEPA Credit Transfers and Direct Debits



ISO 19601 Penal Compliance Management System



In 2022, the satisfaction rate of our customers stood at 8.5 out of 10. A total of 81% of them expressed their willingness to continue to rely on Cecabank for new solutions. Furthermore, 87% say that Cecabank's range of services sufficiently meets their needs.

The bank has improved the quality assessment process for services executed by suppliers in order to further integrate it within the corporate approval and assessment processes.

In its commitment to quality and the customer experience, Cecabank is a member of the Spanish Association for Quality, having increased and diversified its activity during 2022.

03 Sustainability

The company is aware of the importance of the transition to a low-carbon economy and of our role as part of the financial sector.



3.1. Alliances

Cecabank displays a strong commitment to the attainment of Sustainable Development Goals (SDGs). It has therefore built a network of partnerships in order to contribute to the collective debate, engage in the sustainability finance agenda —both nationally and internationally— and to foster platforms for exchange and dialogue.

In 2022 the organisation took part in the following initiatives:



Pacto Mundial
Red Española

spainSIF



seres
fundación sociedad
y empresa responsable

Commitments acquired:

19



Cecabank joined the “Business Leaders Declaration for Renewed Global Cooperation”.



In 2019, during COP25 in Madrid, Cecabank signed up to the “Collective Commitment to Climate Action” promoted by UNEP FI.



In 2020 the organisation became part of the “Alliance for Green Recovery”.

3.2. Sustainable finance

As a wholesale bank, and as stipulated in its sustainability plan, its goal in this field is to accompany customers in the process of transformation towards a model of sustainable finance.



Securities Services

Proxy Voting: in 2022, upwards of 3,200 meetings were communicated in 73 countries on five continents and more than 11,000 voting instructions were sent to the market.

SRI verification of the funds: at year-end 2022, the assets of funds deposited with the organisation that support environmental or social characteristics or whose purpose is sustainable investment exceeds 70 billion euros.



Treasury and Global Markets

At December 2022, Cecabank held 18 ESG bond positions worth 150 million euros. This is an increase of 33% compared to 2021.

A member of the European Primary Dealer Network since 2021.

In 2023, the organisation will work on a responsible investment policy.



Payments and Technology Platforms

Electronic invoicing that eliminates paper invoices and brings about considerable efficiencies for the organisation and its customers. The solution generates and stores more than 2.5 million invoices per month.

Digitised signature to bring legal certainty to the digital signature of contracts in the office by replacing paper with a signature on a tablet. It has been rolled out in more than 50% of the financial system's branches in Spain and approximately 15% of the insurance sector.

A project to digitalise card slips has been launched at one of Spain's largest retailers.

3.3. Carbon footprint and environmental impact

Cecabank is firmly committed to operating in an environmentally friendly way, working under the precautionary principle and mitigating environmental impact, both in its activity and in its sphere of influence.



Carbon neutral in own operations

188 tCO₂
offset since 2021

92.5%
reduction in emissions since 2017

Certification
ISO 50001:2018

21

Cecabank has been calculating and managing its carbon footprint since 2017. An inventory of greenhouse gas emissions verified by AENOR is prepared annually. Furthermore, the organisation is seeking to reduce its impact by implementing measures to reduce consumption and promote energy efficiency.



Most noteworthy is the offsetting of all emissions that are not successfully reduced. The measures taken to manage the carbon footprint are accredited by the *calculo, reduzco y compenso* (calculate, reduce and offset) seal of the Ministry of Ecological Transition and the Demographic Challenge.

3.4. Talent management

One of the lines of action set forth in Cecabank's Sustainability Plan is the responsible and sustainable management of talent.

Developing people

Cecabank places great importance on the specialisation of its staff. To do so, it runs training plans, is committed to participation in multidisciplinary projects and fosters the attraction and retention of customers.

476
employees

51%
women in
the workforce

988 euros
training per
employee

Work-life balance and equality

Within the Human Resources Plan linked to the 2022-2024 Strategic Plan, the company has encouraged the implementation of a system with flexible schedules and remote working.

Cecabank has also introduced a Gender Equality Plan and work-life balance measures.

Work has been undertaken to obtain the EFR Certificate Family-Responsible Company), obtaining the concession in 2021 and achieving the favourable assessment report in the AENOR EFR external audit in May 2022.

This year, the organisation continues to adhere to Empowering Women's Talent and has achieved acknowledgement as a Diversity Leading Company.





3.5. Social action

Cecabank pursues its social commitment through the implementation of initiatives in line with corporate characteristics and objectives.

On the occasion of the 8th edition of the programme in 2022, a total of 24 projects were presented by various associations (17 social, 4 environmental and 3 cultural). Cecabank showed its support with assistance worth 100,000 euros.



Tú eliges
Acción Social

24 projects
100,000 euros
in social programmes



We also wish to highlight the following initiatives carried out in 2022:



Humanitarian emergencies

Cecabank is part of the Emergency Committee's network of collaborating companies. The organisation's core action in 2022 was to support people affected by the war in Ukraine, raising 18,560 euros in a special campaign among employees. Cecabank doubled the figure to a total of 37,120 euros.



Computer classrooms - ICT classrooms

Cecabank 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 IT rooms for this purpose. In 2022, Cecabank contributed by donating 22,000 euros towards the maintenance and organisation of training staff for the most disadvantaged groups in these classrooms.



Cruz Roja

Blood donation campaign with Cruz Roja



On Cecabank Charity Day, employees organised a blood donation campaign. According to the transfusion centre of Salud Madrid and Spain's Cruz Roja, 25 of these donations helped to improve the lives of 87 patients.



Collaboration with the Banco de Alimentos de Madrid

In 2022, Cecabank continued its partnership with Madrid's food bank, increasing the donation and sponsorship from the previous year to 15,000 euros. It also collaborated with the Christmas campaign Operation Kilo, raising 3,780 euros among all employees. This amount was doubled by Cecabank, making a donation of 7,560 euros, representing 6,804 kg of food.

04 Solvency

One characteristic that identifies Cecabank is its high level of solvency. Upholding a high level of solvency is one of the bank's strategic goals.



4.1. CET1

Cecabank maintains levels of solvency that are significantly higher than the legal requirements and the market average, which contributes to customer confidence.



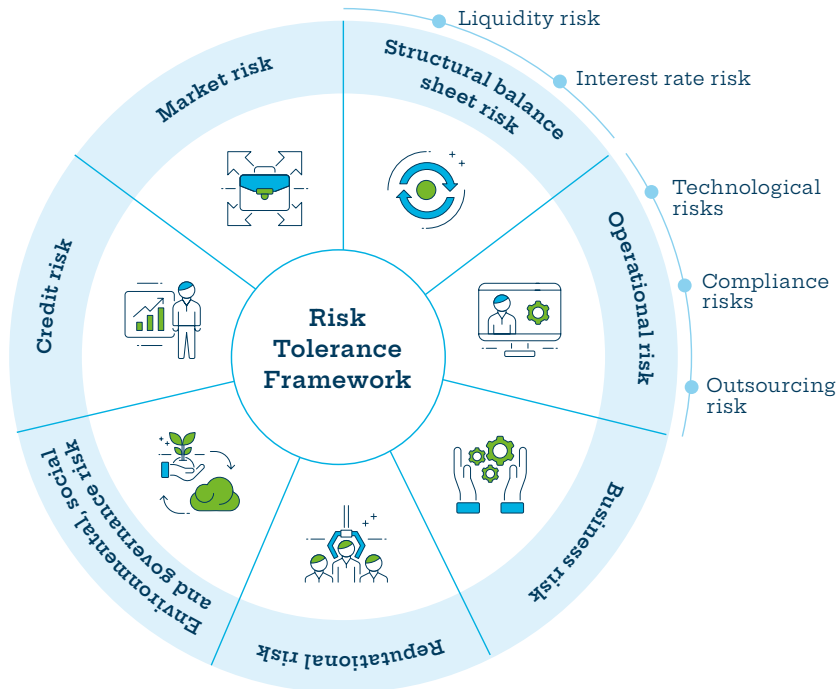
CET1
30.79%
December 2022

27

4.2. Risk tolerance framework

The Board of Directors of Cecabank has ultimate responsibility for the management of the risks assumed by the bank in the course of its activities.

It is therefore this body that establishes the general policies with regard to the assumption of risks. Similarly, the body is the driving force in the corporate risk culture, which focuses on guaranteeing efficient internal control systems and rigorous and comprehensive risk management and measurement processes.





05 Commitment

Cecabank's commitment is underpinned by a strong governance model that allows for long-lasting relationships based on trust.

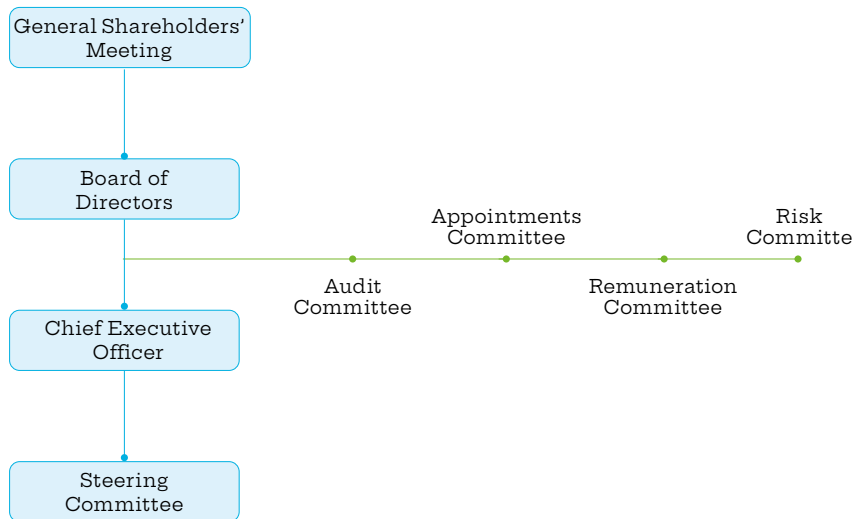


5.1. Executive team

Cecabank applies the highest standards of good governance, ethics, compliance and responsibility, both among its professionals and in its relations with its stakeholders.

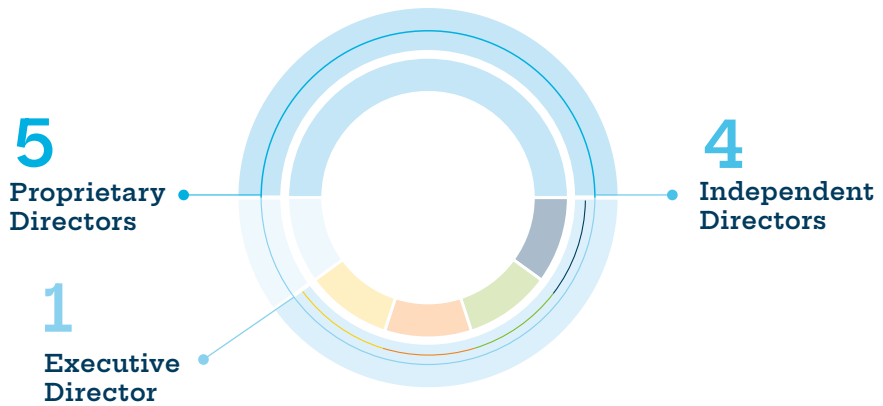
5.2. Corporate governance

Cecabank's Corporate Governance consists of a series of standards, principles and policies that govern the composition, structure and operation of the governing bodies (General Shareholders' Meeting, Board of Directors and its Committees), which are continuously updated to adjust to the best national and international practices.



Board of Directors

No changes were made to the composition of the Board of Directors during 2022. At 31 December, the Board comprised ten members, of whom five are proprietary directors, four are independent directors and one is an executive director.



Appointments Committee

Chairperson

Julia Salaverría Monfort

Independent Board Member

Risk Committee

Chairperson

Carmen Motellón García

Independent Board Member

Remuneration Committee

Chairperson

Santiago Carbó Valverde

Independent Board Member

Audit Committee

Chairperson

María del Mar Sarro Álvarez

Independent Board Member



cecabank



Business Report



Consolidated
Accounts



Non-financial
Information Statement

