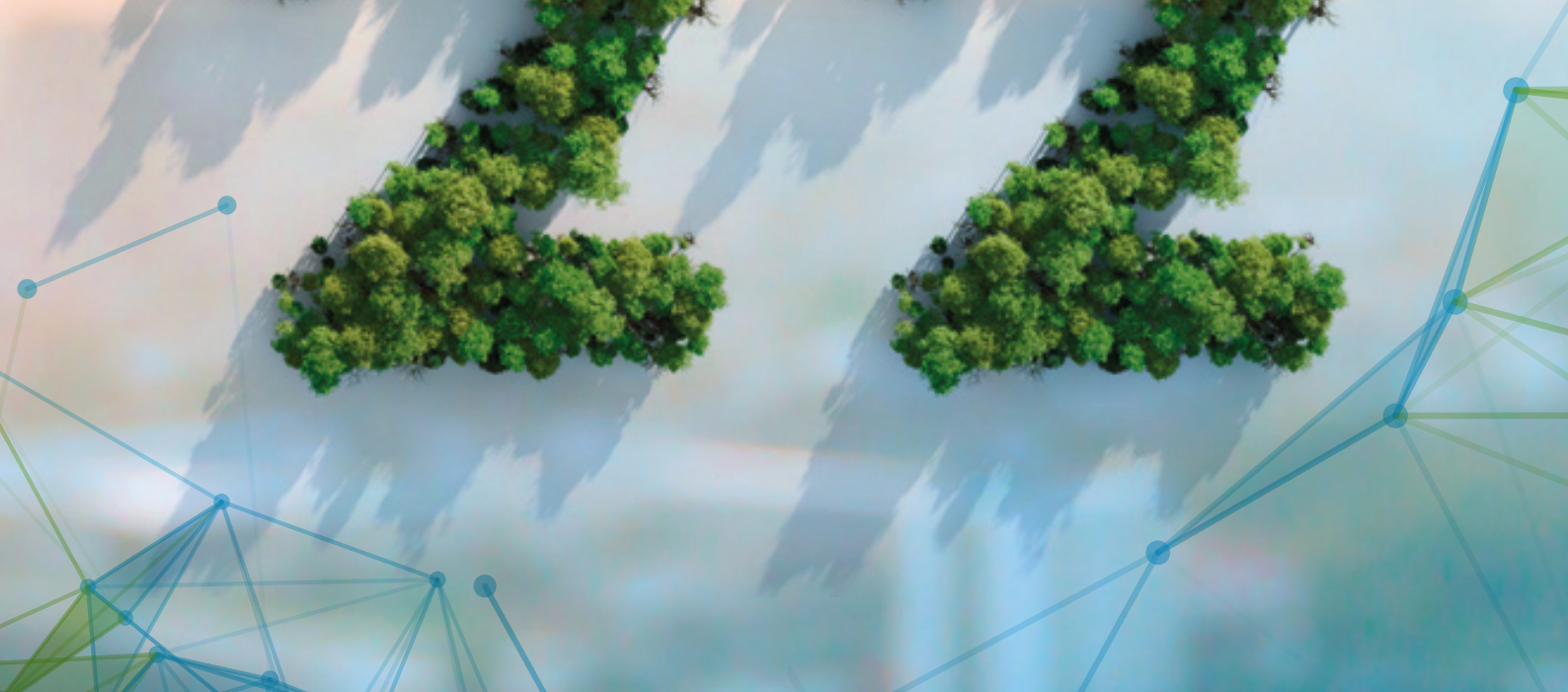




cecabank



# Business Report



20  
22



2

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# 01 Introduction





The first year of the 2022-2024 Strategic Plan, which is committed to transformation in order to consolidate growth and the bank's leadership position

We will remember 2022 for the uncertainty arising from the conflict between Russia and Ukraine, for the evolution of energy supplies and raw materials, and for the upward trend in inflation, which in turn has led to a drastic turnaround in monetary policy in most advanced countries.

Cecabank began its operations ten years ago, giving rise to a newly created bank in the midst of a complicated context such as the one we are experiencing in 2022, but very different. Despite the difficulties at the time, we could see the opportunities. The bank was launched with an innovative business model, providing highly specialised services and not marketing retail banking products. Since then, **Cecabank has become a benchmark in Securities Services in Spain and Portugal and a key provider of financial, payment and technology services**, all of which are synergistic businesses.

Throughout this decade, the bank has reached strategic agreements with leading partners and has strengthened its customer base and its portfolio of services in order to be at the forefront of new market requirements. All this has been made possible through a **high degree of specialisation** and the generation of value for our customers and society.

Notwithstanding the ever-changing environment, our strong governance model—which is based on the Bank's commitment to the highest standards of governance, ethics, compliance and accountability—the diversification of our synergistic businesses and our close proximity to customers have enabled us to maintain the good performance of previous years. We obtained a **profit of 65.4 million euros in 2022 and we have upheld high level of solvency, with a CET1 of 30.79%**, a ratio which is considerably higher than the legal requirements and the market average, which contributes to keeping the confidence of our customers.

These strengths have been acknowledged by the rating agency Fitch, which announced in June 2022 the upgrade of Cecabank's long-term rating to BBB with a stable outlook.

Additionally, for a sixth consecutive year, Cecabank has been named the best custodian bank in Spain by the specialist magazine Global Banking and Finance Review. This award once again recognises our leadership in depositary services and the outstanding position that the bank holds in the post-trading activity in Spain.

It is worth noting that this tenth anniversary also coincides with the first year of the **2022-2024 Strategic Plan**, which advocates transformation to consolidate the bank's growth and leadership position. The corporate roadmap is centred on continuing to foster and create value in the Securities Services, Payments and Treasury businesses, providing support to financial institutions and other corporations through the experience of a Spanish wholesale bank with international projection and investing in technology and innovation to promote sustained, sustainable and respectful growth over time.

As an accompaniment to the strategic plan, we are particularly pleased with the approval of the new **2022-2024 Sustainability Plan**, an ambitious project structured around three goals: (1) consolidating our market leadership, enhancing customer and shareholder confidence; (2) targeting our ESG service proposition, a criterion increasingly demanded by customers; (3) and generating a positive impact on our environment and on stakeholders.

This enables Cecabank to consolidate its position as an organisation committed to sustainable finance, work-life balance, equal opportunities and support for the most disadvantaged across society. We have also progressed towards a carbon neutral model, empowered female talent and invested in technology, innovation and social projects through the "Tú Eliges" (You Choose) social action programme of which we are extremely proud. All these actions have been undertaken with a common goal in mind: building a better tomorrow for everyone.

# 02

## Cecabank in figures

Cecabank's key figures  
as of December 2022.



## 2.1. Key figures

Total assets

**14,413,647**

thousand euros

Common Equity

**1,189,200**

thousand euros

Result for the financial year

**65,380**

thousand 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



## 2.2. Shareholders and shareholder structure

Cecabank's General Shareholders' Meeting is the highest representation and participation body of the institution's shareholders.

At 31 December 2022, Cecabank's shareholders are comprised by 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 %



## 2.3. Corporate shareholdings

At the close of 2022, Cecabank's shareholder structure, aimed at achieving the bank's targets, is made up of the following (solely stakes above 1%):

Company name	Current percentage
TRIONIS SCRL	100.00
EUFISERV PAYMENTS, SCRL	24.16
LICO LEASING SA	9.84
EURO 6000 SL	9.40
SOCIEDAD DE BANCOS ESPAÑOLES PARA COLABORACION EN PAGOS SL	8.33
SOCIEDAD ESPAÑOLA DE SISTEMAS DE PAGO	6.92
SISTEMA DE TARJETAS Y MEDIOS DE PAGO SA	1.29



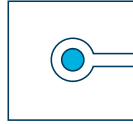
## 03 Specialisation

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.





## 3.1. Our business model



### Securities Services

Depository  
Services

Securities Custody  
and Settlement

Integrated Securities  
Services

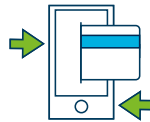


### Treasury and Global Markets

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

## 3.2. Securities Services

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



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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, EPSVs and private equity entities, and the leading national provider of settlement and custody services. It actively collaborates with management companies in regulatory, operational and business matters, guaranteeing non-competition with their customers.

Its differential position is based on **independence**, as it does not belong to any banking group with an integrated management company, meaning all customers receive the service of a depositary with optimised management of conflict of interests; on **neutrality**, as it does not have end customers, nor does it sell investment products; and

on **specialisation**, focusing its efforts on services where it brings greater added value to its customers.

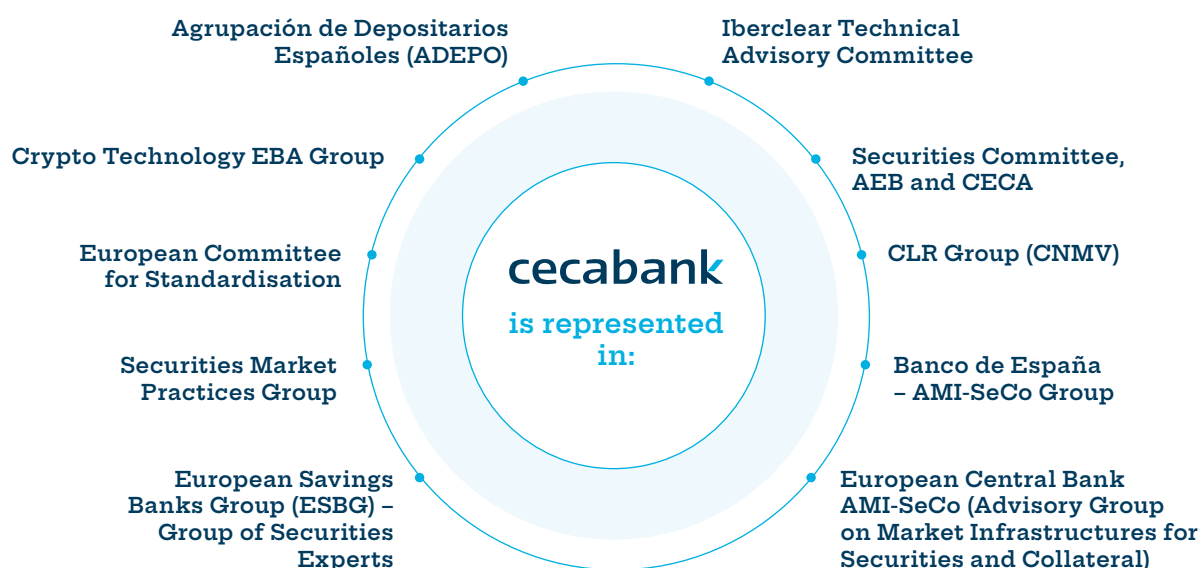
The Securities Services business this year focused on boosting innovation with operational and regulatory changes and new technologies that make processes more efficient and suited to the clients' needs. Custodians and depositaries must face a new reality and undertake a digital transformation process aimed at **increasing transparency towards employees, suppliers and customers** and adapting their products to the new needs. Given its importance, Cecabank has successfully undertaken a major **digital transformation of its Securities Services business**, thus **strengthening its value chain** by taking advantage of the opportunities presented by the new market realities and **providing innovative solutions** that respond to the needs of its customers.

## Experts in regulation

Cecabank has a recognised and outstanding degree of experience in the field of regulations. The many changes that have been implemented by supervisors and regulators in recent years have had two key goals: on the one hand, to harmonise the rules of engagement for collective investment and, on the other hand, to increase the transparency of the sector with a view to further improving the protection of investors and savers.

The aim of the current financial regulations is to simplify the management of banking crises and

minimise their impact on public finances (BRDD). The existence of a depositary, especially if it is independent, enables company assets to be clearly separated from their client's assets. This favours the interests of investors in the event of crises. The presence of Cecabank in all national and international specialised forums and our experience in the market help us provide added value to our clients and uphold a close collaboration with the authorities in implementing the new regulation. Following on from this, the bank is represented on:



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## The highlights of 2022

In 2022, the following entities have been brought on board as customers or have expanded their Securities Services business relationship: Unicaja, with the incorporation of Liberbank, Grupo Dunas, Quadriga Asset Managers, ELAND Private Equity, GFED (Gestión Fondo Endowment Agencia de Valores), Gesiuris, PKF Attest, Caixa Guissona, JB Capital and Mutter Ventura, as well as the integration of Liberbank-Unicaja and that of Novo Banco in ABANCA and the incorporation of new Vidacaixa portfolios. Furthermore, the bank has expanded its catalogue of services by reaching collaboration agreements with WTAX and extending the payment agency services for Euronext and Iberclear issues.

Additionally, we have partnered with management companies and marketers to design and implement the

operational integrations derived from the merger of fund managers from the same financial group, as in the cases of Unigest and Liberbank Gestión (Unicaja Group), Imantia Capital and Bankoia Gestión (Abanca Group).

We have grown the Comprehensive securities solution on the platform, a service that meets the requirements established by MiFID II for the marketing of assets on the Internet and affects how transactions are arranged and executed in the market, how professionals are trained and the tools used to communicate with customers. This year we have expanded our customer base, in addition to deepening and continuing to develop our commercial activities with Investment Services Firms, offering the different services we have available, especially the Portfolio Management Support service.





The **8th Securities Services Conference** was held on 24 February 2022 under the title “*Opportunities for post-trading in a sustainable and digital context*”, both in person and online. This year, banks, fund managers, supervisors and technology companies engaged in dialogue with the purpose of analysing the impact of technological, digital, regulatory and sustainability changes on the collective investment industry. Moreover, blocks were dedicated to developments in TARGET services in the ECB’s post-trade area and to IOSCO with its report on “*Environmental, Social and Governance (ESG), Ratings and Data Products Providers*”.

In the context of the development of Act 12/2022, of 30 June, regulating the promotion of occupational pension plans, **amending the revised text of the Pension Plans and Funds Regulation Act, approved by Royal Legislative Decree 1/2002, of 29 November**, Cecabank has been appointed, in representation of the depository institutions, as a member of the Technical Committee created to advise on the design and implementation of the Common Digital Platform.

Throughout 2022, the necessary changes were made to the **Securities Distribution Platform** in order to adapt it to the requirements laid down in the European Union Regulation, geared towards the provision of the key information document to retail investors to enable them to understand and compare the fundamental characteristics and risks of these products. Regulatory changes affecting the contracting of products by retail customers, effective 1 January 2023.

In February 2022, the **European Regulation 909/2014 on improving securities settlement in the European Union, as well as the Delegated Regulation 2018/1229, entered into force**. Under these rules, certain penalties for settlement delays are established, which are calculated daily and settled monthly between the participants in the settlement systems (hereinafter the depositories) for a net amount (the penalties to be collected minus the penalties to be paid).



### We strive for excellence

Cecabank ensures that excellence and quality of service continue to be one of the foundations of its Securities Services unit. This has been recognised for the sixth consecutive year by the magazine *Global Banking & Finance Review*, which **named Cecabank Best Custodian Bank Spain 2022**.

Cecabank is also **certified by AENOR** for its Collection and Payments, Securities and Depository Services, its SEPA Debit and Transfer Information Security Management System and other certified management systems including: the Criminal Compliance Management System.

## Solutions

### 01. Depositary Services

At Cecabank we offer our customers, CII and pension funds management companies (individual, associated and employment systems), venture capital firms and voluntary social welfare entities the experience of Spain's leader in depositary services.

We support management companies and marketers in the areas of regulations, operations and business, all on first-rate technological infrastructure, which combines efficiency, solidity, continuity and innovation.

Throughout 2022, market uncertainty (geopolitical tensions, rising inflation and accelerating interest rate hikes, inter alia) contributed to a 3.6% reduction in the

volume of mutual fund assets in the year, closing at 306,151 million euros, 11,396 million euros down on the close of 2021. For the year as a whole, the good investment performance brought net fundraising to 17,171 million euros.

The assets of mutual funds deposited with Cecabank fell in line with the broader market (3%). Total assets deposited fell by 5.4% to 202 billion. This drop, like the market data, has been partly offset by the fact that mutual funds are one of the favourite financial instruments for channelling investors' savings in the current scenario.

Assets under depositary

**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



### 02. Securities Custody and Settlement

Cecabank is one of the leading providers in the Spanish market for clearing, settlement and custody, both on its own account and for the account of third parties, in various markets through direct participation in Central Depositories or through global custodians which, together with Treasury services and information providers, offer an integrated framework of services that is unique in the market.

We serve as a single supplier to our customers and provide them with our white-label services, our own telematic services and ongoing information.

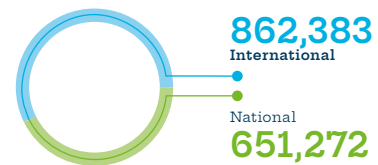
Cecabank is an ARCO participating institution, a General Clearing Member of BME Clearing and it provides its customers access to more than 50 international markets.

Additionally, Cecabank covers a wide range of needs in the field of securities, such as:

- Comprehensive management of corporate events.
- Comprehensive tax claim and accreditation service.
- Tax information services and generation of tax models.
- Securities lending and spot transactions.
- Class actions for US and Canadian securities.
- Proxy Voting Services with Global Coverage.
- Shareholder ledger and SICAV counterparty in MAB.
- ETDs broker fee management service.
- IRS support for American operations – QI.
- Access to class actions in the US market.
- Data feed to Bloomberg Portfolio and Risk Analysis (PORT).
- Global real-time marketflashes platform (strategic collaboration with Thomas Murray).
- Generation of customised reports in Power BI.

**Assets under custody**  
**275,376**  
million euros

**Settled transactions**  
**1,513,655**



### 03. Integrated Securities Services

#### Asset Distribution Platform

It is the digital response offered by Cecabank to financial institutions, banks, securities firms, securities agencies and fund managers of collective investment institutions that want to boost their capacity to sell and distribute investment products and to exhaustively adapt their strategy to the new demands derived from MiFID II.

The Securities Distribution Platform is a flexible, scalable, agile and efficient solution, the aim of which is to strengthen the business model of Cecabank customers and provide them with the most advanced technological and operational tools in the investment products market. This solution provides Cecabank customers with an advanced tool for distribution and management of national and international equity and fixed-rate securities, investment funds, ETFs, pensions funds and other investment funds, both through the branch network, as well as on smartphones, tablets or websites.

The companies' customers have cutting-edge tools to open products and to comprehensively and individually monitor their portfolios: profitability or risk, among others.

The trading conducted by customers is routed by Cecabank to the various trading centres with which it is connected. In the case of domestic equities, it is a market member for execution.

In the year, some 2,000 international funds distributed by Cecabank under the partnership agreement with Allfunds were marketed through the Securities Distribution Platform.



## BPO for Securities

Cecabank specialises in the provision of services related to the outsourcing of securities service management tasks linked national and international settlement services, brokerage and payment agent services, and which include functions resulting from the clearing, settlement and custody of securities and other related value-added 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, providing the desk with the latest technology and adaptation to the requirements of MiFID II. This operation has a quality of service that performs well above the industry benchmark, as supported by assessments of transaction cost and service consistency and availability indices.

Furthermore, the number of markets to which products can be traded was expanded during the year.

## Futures and Options Settlement in Organised Markets (ETD)

Cecabank gives its clients access to the settlement of futures and options, providing an efficient and automated management thereof. This activity is aimed at clients that require access to these products in different currencies and in different types of underlying assets: bonds, equity, currency, indexes, interest rates and commodities.

Cecabank is an individual clearing member of BME Clearing for the derivatives segment and Registered Customer of Eurex Clearing. It has access to international markets through agreements signed with Global Clearers. Among the services offered are the delegation of EMIR reporting, the management of execution fees and currency management.

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### 3.3. Treasury and Global Markets

Cecabank offers a wide range of financial assets, trading on the main national and international markets.



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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.

Cecabank supports the refinancing processes of several autonomous communities with which it maintains bilateral operations and takes part in the open process to provide the Deposit Guarantee Fund with an extraordinary mechanism for access to liquidity.

Additionally, Cecabank is the market leader in Spain for wholesale foreign banknotes in Spain and we provide services to almost all the country's financial institutions.



## The highlights

Particularly noteworthy in the year were the services provided to other institutions in the context of the T2-T2S transition in which Cecabank will represent a group of institutions in their obligation to manage the minimum reserves required by the Bank of Spain of credit institutions.

Also of note in the year was the management of counterparties and customers in order to adapt to the new interest rate and liquidity environment by recovering instruments that had almost fallen into disuse, such as the simultaneous deposit.

Additionally, during 2022, the high volatility triggered by the conflict between Russia and Ukraine and the sharp rise in interest rates has enabled the generation of ROF through portfolio rotation and trading activity.

The institution has also been involved in contracting MREL-eligible deposits with 15 institutions.



### Next Generation EU Recovery Funds

In 2021, the EU included Cecabank within the network of European institutions to place its bond and bill issues under the largest debt programme in the history of the EU. This year, the company took part in 16 Next Generation EU syndicated issues and in three Spanish Treasury issues as co-lead.

Thanks to this designation, the bank's customers will have access to primary market auctions and syndicated placements.

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### X-ROLLING® FX

In 2021, Cecabank was incorporated by the MEFF futures market as the first market maker for institutional customers in the financial sector, specifically in the xRolling FX contract (a perpetual futures contract on 17 currency pairs, traded on MEFF and settled on BME Clearing). In 2022, the product's retail operations were consolidated (upwards of 2,500 transactions closed) and, furthermore, the foundations were laid to take the leap to the institutional tranche, making the necessary developments to enable Cecabank's customers, in addition to providing them with liquidity, to execute this product on the MEFF market.

### Green issues

In terms of green issues, in 2022 the Spanish Treasury has not issued any new benchmark, but it has, on three occasions, reopened the sole green benchmark of the curve (SPGB 1% 07/42) in ordinary auctions which Cecabank has always attended, although it has not been successful. On the secondary market, a large number of trades have been executed, both with customers and with market counterparties.

The EU has also issued green bonds up to seven times in 2022. Three of these bonds were new issues in the form of syndications (17 billion euros), while the rest were reopenings in ordinary auctions (12,449 million euros). Cecabank has been awarded once in the primary (EU 0.4% 02/37), trading on several occasions in the secondary on green benchmarks.

## Solutions

### 01. 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, thanks to some intense activity with management firms. Operations are always carried out according to our guidelines which guarantee a high degree of both liquidity and solvency.

In addition Cecabank is the Spanish Treasury Public Debt market maker, participating actively in tender processes and providing the liquidity of the secondary market. In addition, it is a member of Market Makers network appointed by the EU to assist in debt issuance under the Next Generation EU programme. The bank is **also a direct member of the leading Central Clearing Houses** (Meffrepo, LCH Paris and Eurex) and a market maker in futures in organised markets for the xRolling FX product.

The bank has continued to broaden its customer base, increasing the number outside the traditional sphere, such as corporates, international investors and non-depository asset managers.

Trades per year  
**+10,000**

**FX #3 of Spain**  
in volume of contracts

### 02. Debt Capital Markets (DCM)

Throughout 2022, 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. However, the positive entry of interest rates at all maturities of the curves over the course of the year, 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.

This has allowed us both to expand the range of services provided to Cecabank's asset management customers and to conduct transactions with attractive margins in an uncertain environment of rising interest rates.

Primary market bids have been made for amounts in excess of 1 billion and financing lines have been opened with three venture capital managers that were not previously Cecabank customers.

Primary market offerings  
**+1,000**  
million euros



### 03. Banknotes

Cecabank is the **market leader in Spain for wholesale foreign banknotes** and we provide services to almost all the country's financial institutions. The bank has a wealth of experience in securities logistics and transportation, at both a national and international level. Thanks to our logistics structure and economies of scale, we can offer each customer a highly flexible, top-quality service adapted to their every need. Throughout 2022, Cecabank has assisted its customers in the gradual recovery of activity almost to pre-pandemic levels. Cecabank takes care of the transport, handling and insurance process, meaning the bank's clients have total flexibility for requesting any type of service and can even ask Cecabank to directly deliver banknotes to their branch network or to take them away, with the corresponding cost savings and improvement in service quality. Over **12,000 bank branches** are currently served directly by Cecabank this way.

Served directly  
**+12,000**  
bank branches



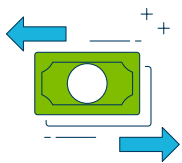
### 3.4. Payments

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



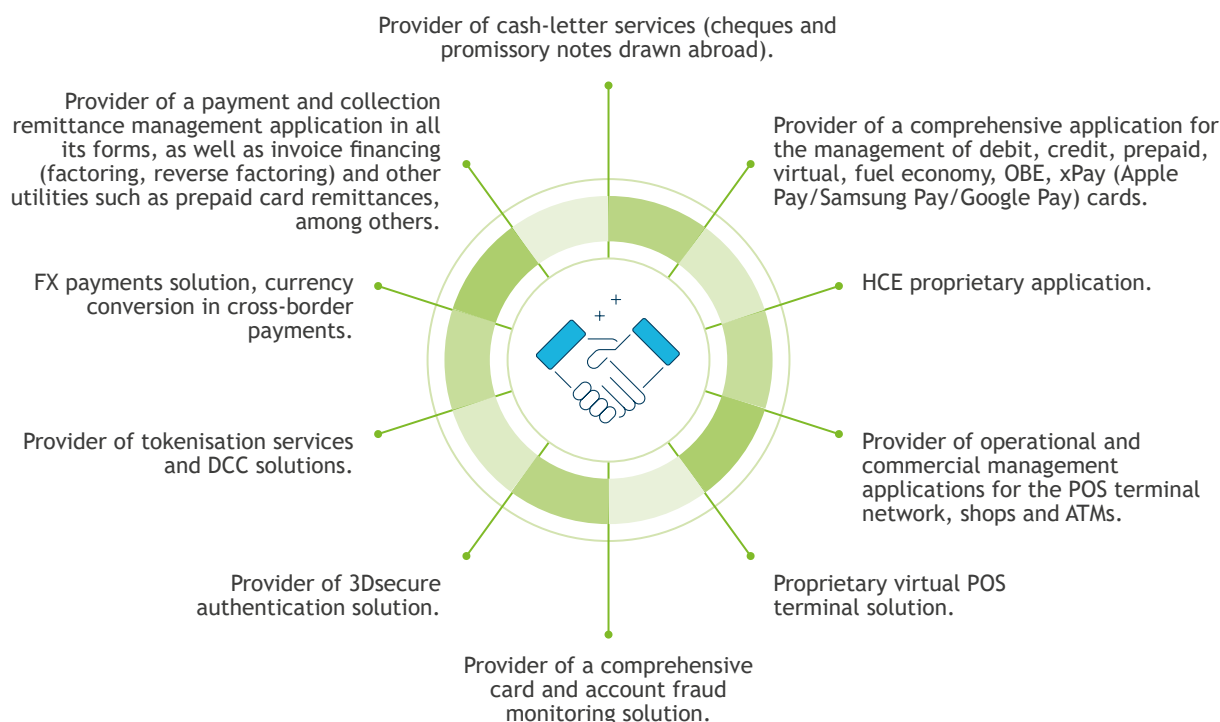
Its status as a bank guarantees the highest standards of security and regulatory compliance.

Cecabank is a one-stop shop offering wholesale processing of all payment instruments, including the following:



- Representation and processing in SNCE and SEPA: debits, transfers, immediate transfers and domestic sub-systems.
- Processing of instant transfers with connection to LTR (domestic), RT1 and TPIS (international SEPA area), including Bizum Payments in all its forms: C2C, C2eR and C2ONG, among others.
- Processing card payments through gateways with the main schemes (Visa, MasterCard, American Express, Diners and UPI, among others), covering the full transaction cycle: authorisation, submission and settlement, under various connection protocols and with contingency and continuity plans permanently activated. All of this is guaranteed by PCI-DSS certification and with our own and third-party systems for detecting and stopping fraud.
- International merchant and ATM processing network (Trionis).
- Swift Service Bureau: technical connectivity to the SWIFT network, enabling full use of all services available on the SWIFTNET network.
- It has its own network of correspondents for channelling payments abroad.

Furthermore, Cecabank provides SaaS (Software as a Service) solutions for the financial sector in the following areas:



## The highlights

In the field of card payments, new customers have been brought on board the Cecabank process through the bank's agreement with VISA in this area. These include: Revolutpay and Petroprix.

From an operational standpoint, during 2022 the necessary adaptations have been made to allow the processing of 8-digit BINs.

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

The bank has also implemented an ad-hoc digital ticketing solution for Mercadona, improved platforms and connections with AMEX, Discover and Diners, and implemented new card services for international brands (Visa Direct, MoneySend, Click to Pay and multi-currency settlement, among others).

During 2022, Cecabank conducted regulatory impact analyses of PCI PIN, PCI DSS 4.0, PCI 3DS, EBA Rulebook 2023 and adaptation to new markets with current customers.

A task force has been created with 360 security entities in payments to review all Cecabank's security solutions and tools.

In the field of instant payments and Bizum, the bank has incorporated new customers such as: N26, Andbank and Eurocaja Rural.

In the field of SWIFT and the channelling of international payments, new customers include Eurocaja Rural, Beka Finance and Singular Bank.

Furthermore, work has been undertaken to address the TARGET2/TARGET2 Securities Consolidation project, which with the delay in production start-up marked by the ECB will be realised in March 2023.

## Solutions

### 01. Card Payment Processing

Cecabank offers services that cover the entire card payment chain with the necessary quality and customisation, providing added value and efficiency where required, together with the customer's strategic vision as a partner and companion on the same journey through innovation and change.

The bank provides customers with flexible and innovative payment processing solutions. Furthermore, it also conducts processing of card payments via gateways with the main brands and ad-hoc solutions linked to this process.

The main card volumes were:

Processed transactions

**+1,300**

million

Cards

**+7.2**

million

Businesses processed

**+109,000**

Average daily amount settled

**140**

million euros

### 02. Processing in Clearing Houses and Payment Schemes

Cecabank offers comprehensive management solutions for payments, exchanges and discounting of bills: third-party representation in the SNCE (Spanish National Electronic Clearing System), EBA, TIPS, BIZUM, processing of cheques and channelling of payment orders, inter alia.

The strengths of our service are centred around four pillars: personalised service, flexibility and adaptation to the needs of our customers, confidentiality and neutrality.

The main ISCT/Bizum volumes were:

**120** million

**Bizum C2C transactions processed**

**1.5** million

**Bizum C2eR transactions processed**

**1** million

**iSCT Core transactions processed**



The main volumes in the field of Representation in Clearing Houses and Global Transaction Banking were:

**60,355**

checks 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)

**1,127,576**

SWIFT messages  
managed with other  
BICs

**4,945,364**

transactions exchanged  
in the scope of traditional  
SNCE

25

The main volumes of outstanding bills of exchange and guarantees were:

**2,588,132**

incoming bills  
of exchange

**4.921**

nominal value  
(in millions of euros)

**110,789**

deposited bills  
of exchange

**394.44**

nominal value  
(in millions of euros)

**162**

operations managed with  
outstanding guarantees

**33.93**

nominal value  
(in millions of euros)

### 03. Digital Payment Solutions

Cecabank is a payment hub, specialising in flexible and innovative card payment processing, e-commerce and mobile payment solutions. These solutions notably include:

- Application for operational and commercial management of cards networks, POS and ATMs. DCC Solutions.
- E-commerce, strong customer authentication, TRA, BNPL, virtual cards and PSD2 payment initiation.
- Virtual payment gateway for the remote sale for any business. Also available in SDK format available for app use.
- Mobile payment solutions, proprietary HCE solution, solutions for Xpays.

### 04. Digital Platforms and FX Platform

Cecabank has the FX Global Payment Solution platform, its solution for cross-border payment services.

The service of international payments with currency exchange contributes high added value to a standard correspondent banking relationship. The bank also has technical connectivity to the SWIFT network, enabling full use of all services available on the SWIFTNET network.

**+80**  
countries

**Coverage of**  
**24**  
different currencies



### 3.5. 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.



The organisation's Trading and Risk Services Centre provides SaaS (Software as a Service) related to support, maintenance, and development of various applications for the following activities: treasury management and capital market, monitoring of market, counterparty, and operational risk, and regulatory reporting.

This area also provides services for the comprehensive management of collateral and the RRaaS solution (Regulatory Reporting as a Service) to cover requirements related to EMIR, MiFID II, SFTR, Initial Margin, SA-CCR and FRTB regulations.

Pyramid is Cecabank's regulatory reporting solution. It is an end-to-end service that minimises the workload regarding the processing of information demanded by regulators (FINREP, COREP, CIRBE), including regulatory analysis, supply automation, data validation and the physical transfer of files (XBRL).

The company also provides technological infrastructure outsourcing services for financial institutions, insurance and fintech companies, in accordance with banking regulations.



## The highlights

Eurocaja Rural has joined Cecabank's electronic banking platform in 2022. Targobank has joined the remittance generation service as a customer.

This year, an integrated solution has been developed in the Treasury and Risk Platform to fulfil the requirements laid down in Regulation 2016/2251 related to calculating the Initial Margin, with the aim of being able to apply it to institutions that fall within phase VI (September 2022).



In the field of reporting, the key areas for action in 2022 were as follows:

- Adaptation to the EBA 3.2 reporting frameworks.
- The project to cover the evolution of Circular 4/2017 and the Conduct Circular.

In 2022, REGIS-TR added Cecabank to its collaboration programme with leading intermediaries in the field of regulatory reporting, after years of working together. This agreement helps Regulatory Reporting as a Service

customers to gain efficiency and to comply with EMIR, SFTR and EMIR REFIT requirements in a seamless and effective manner.



## Solutions

### 01. Digital Banking Solutions

Cecabank offers digital banking solutions: multi-device online banking in service mode, electronic invoicing platform, fraud monitoring and digital identity services, among others.

The number of online banking transactions carried out by the institutions served by Cecabank amounted to 3,287 million.

It has continued with improvements in the area of the electronic invoicing platform, where over 18 million invoices have been processed, issued and stored in 2022.

More than 10 million payment and collection remittances have been generated in the remittance generator service.

**Online banking transactions**  
**3,287**  
million

**Invoices**  
**+18**  
million

**Remittance of payments and collections**  
**+10**  
million

### 02. Risk Management and Reporting as a Service

Cecabank's Risk Management and Reporting as a Service provides services to all types of financial institutions, public administrations, collective investment institution management companies and corporates and access to standard computer applications specialising in the different activities of a Trading and Risk Rooms, run by leading providers in the domestic and international markets.

Cecabank has two clear competitive advantages in this field: the excellence of processes and the flexibility to take on board regulatory and market changes.

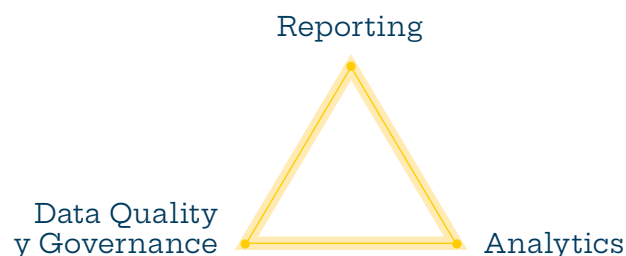
**27**  
Financial Institutions, Public Administrations, Management Companies of the Collective Investment Scheme (SGIIC) and corporates

**We manage collateral contracts of**  
**9**  
financial entities

Furthermore, Cecabank has a comprehensive solution that reduces regulatory costs, optimises the information transfer cycle (XBRL) and is compatible with EBA standards.

### 03. Pyramid Reporting

Pyramid Reporting is an EBA-compliant solution that works based on the Data Point Model (DPM), and whose three core lines of action are as follows:



At Pyramid, we understand regulatory reporting as the succession of aggregation and enumeration processes from multiple sets of information and calculation engines that converge in a central hub based on Data Protection Management (DPM) technology that homogenises the structure of the regulatory data, offers the transversal vision of the bank's reporting, builds the presentation format expected by the supervisor, sends the files and constitutes the starting point for the exploitation of the data.

40

financial institutions

31

### 04. Technological Outsourcing

Cecabank provides technological infrastructure outsourcing services for financial institutions, insurance and fintech companies, in accordance with banking regulations and designed to reach the most demanding levels of availability and security.

In 2022, Cecabank has continued its Technological Outsourcing services, experiencing 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

## 3.6. International business

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

Its international presence fulfils the dual purpose of extending Cecabank's services to companies outside Spain, as well as conducting the relentless search for trends and needs that are emerging in our industry. Subsequently, sharing this information with the organisation's other departments helps to adapt and develop our offering of services and products.

Being close to official bodies, regulators and supervisors allows us to adapt our commercial catalogue to the current regulations, as well as to detect future outsourcing needs by other financial institutions that allow us to propose scalable solutions to our customers.

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.

32

### Branch

#### Portugal

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

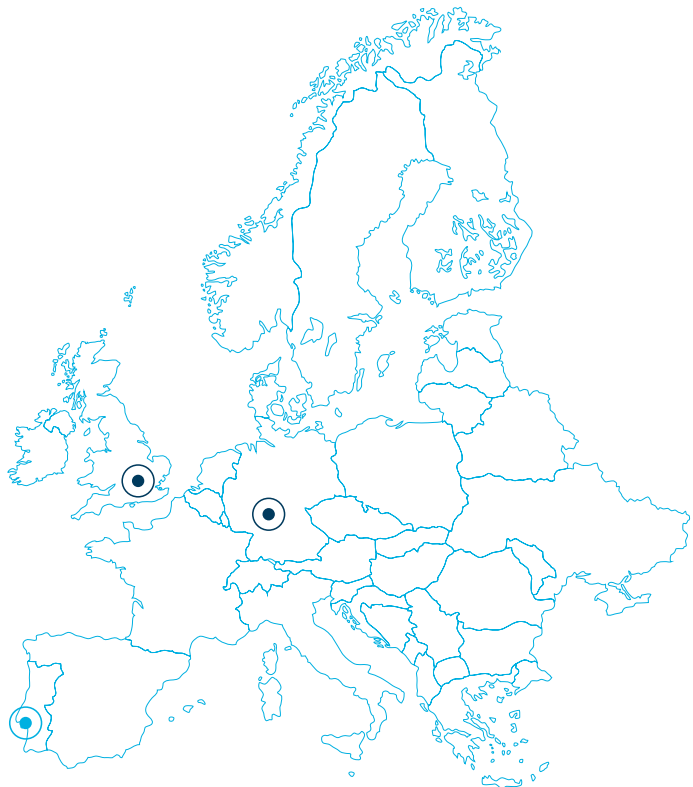
### Representation branches

#### 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**



### 3.7. Currency exchange office

Cecabank's Currency Exchange Office continues to purchase and sell foreign banknotes to the public at its location at Calle Caballero de Gracia, 30, Madrid.



33

It has **immediate availability of 40 currencies** in all types of denominations and amounts, without having to make an advance request. This means it can offer top quality banknotes at competitive prices and ample public opening hours, with the guarantee of Cecabank, the wholesale market leader in banknotes.

In 2022, the branch office has recovered its full pre-COVID-19 volume, taking advantage of an upturn in tourism.

### 3.8. Excellence with the customer

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

#### ISO 9001 Collections and Payments



#### ISO 9001 Securities and Depository



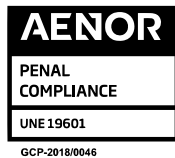
#### ISO 27001 SEPA Credit Transfers and Direct Debits



As a result of this effort to offer its clients the best service, Cecabank holds **AENOR Certificates** for Collection and Payment, Securities and Depository Services, in accordance with the criteria of standard ISO 9001:2015.

“Information Security Management System for SEPA Direct Debits and Transfers”, in accordance with the criteria of standard ISO 27001:2014.

#### UNE 19601 Penal Compliance Management System



Cecabank also has other certified management systems such as the Criminal Compliance Management System, accredited by AENOR pursuant to the UNE 19601:2017 standard.



Measuring and analysing the client’s voice, converting the extracted information into a key aspect when it comes to making business decisions.

A new system for collecting the customer’s voice and reporting the results has been implemented, enabling the bank to fully customise both the collection of information and its distribution for optimal use.

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



Setting up and monitoring improvement plans aimed at the quality of our processes and customer experience, as this is the basis for establishing long-lasting and trusting relationships.

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, taking advantage of the potential of the new customer experience measurement application.

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.

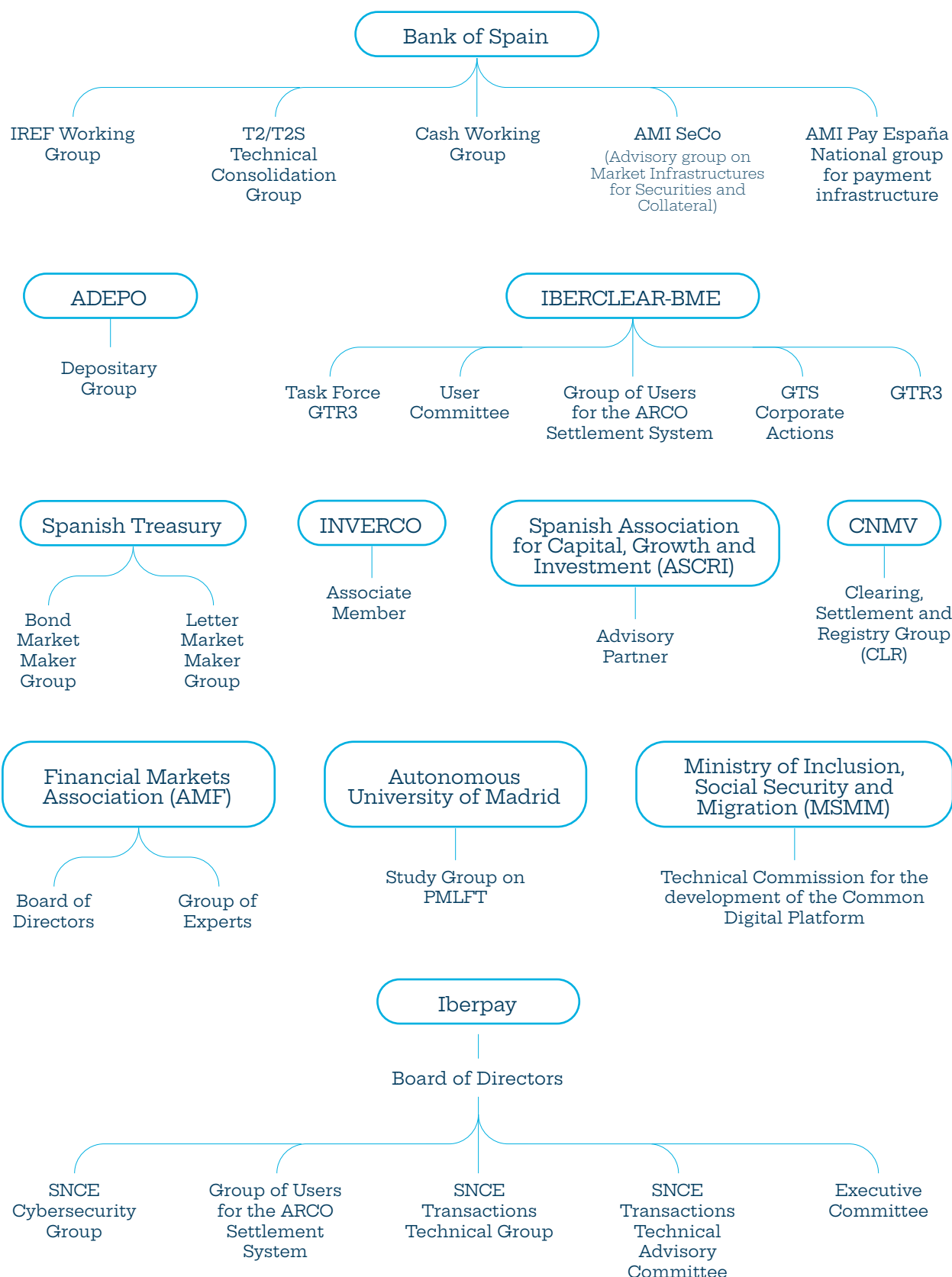


**Satisfaction  
of our  
customers**

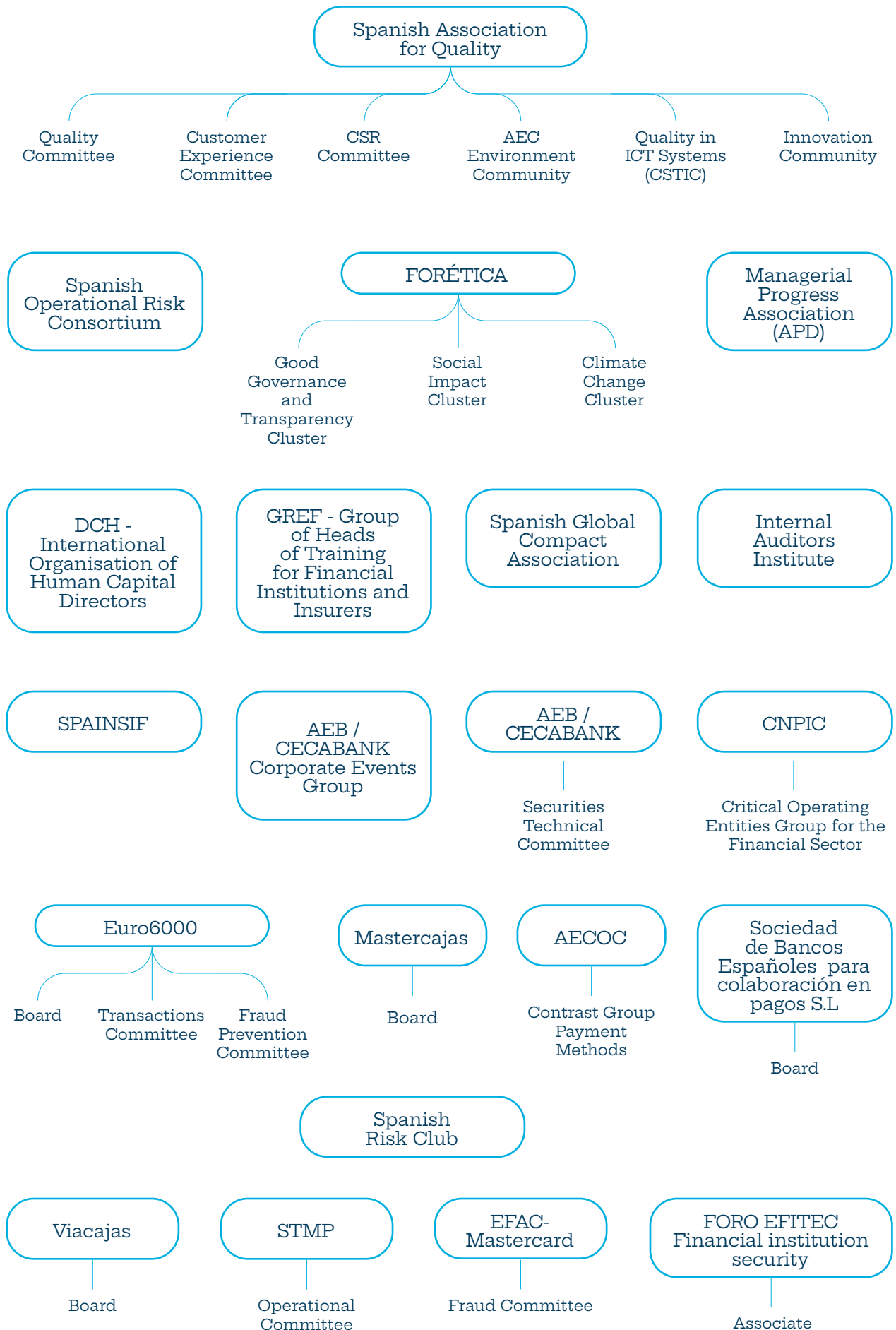
**8.5**

## 3.9. Presence in forums

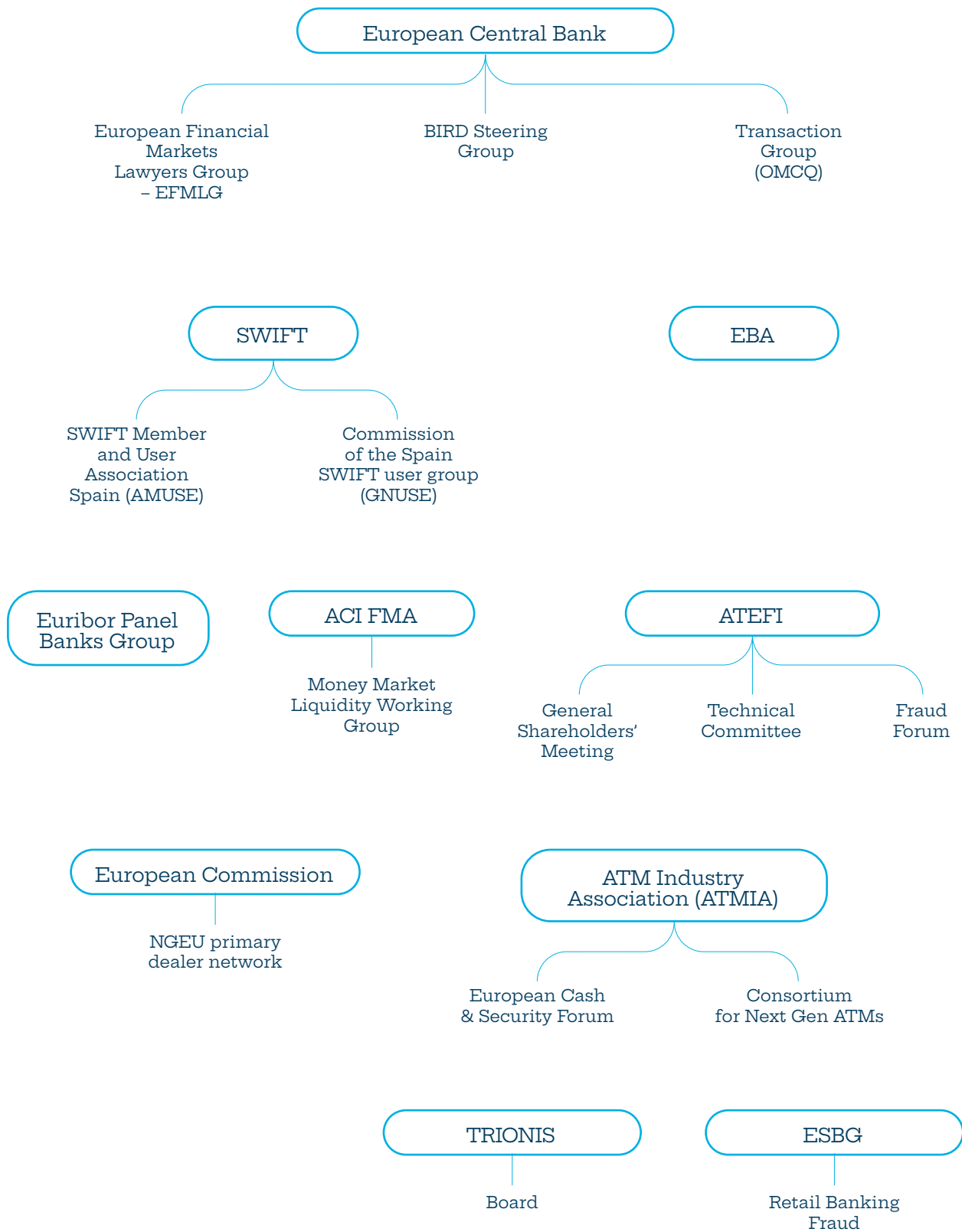
### National representation forums

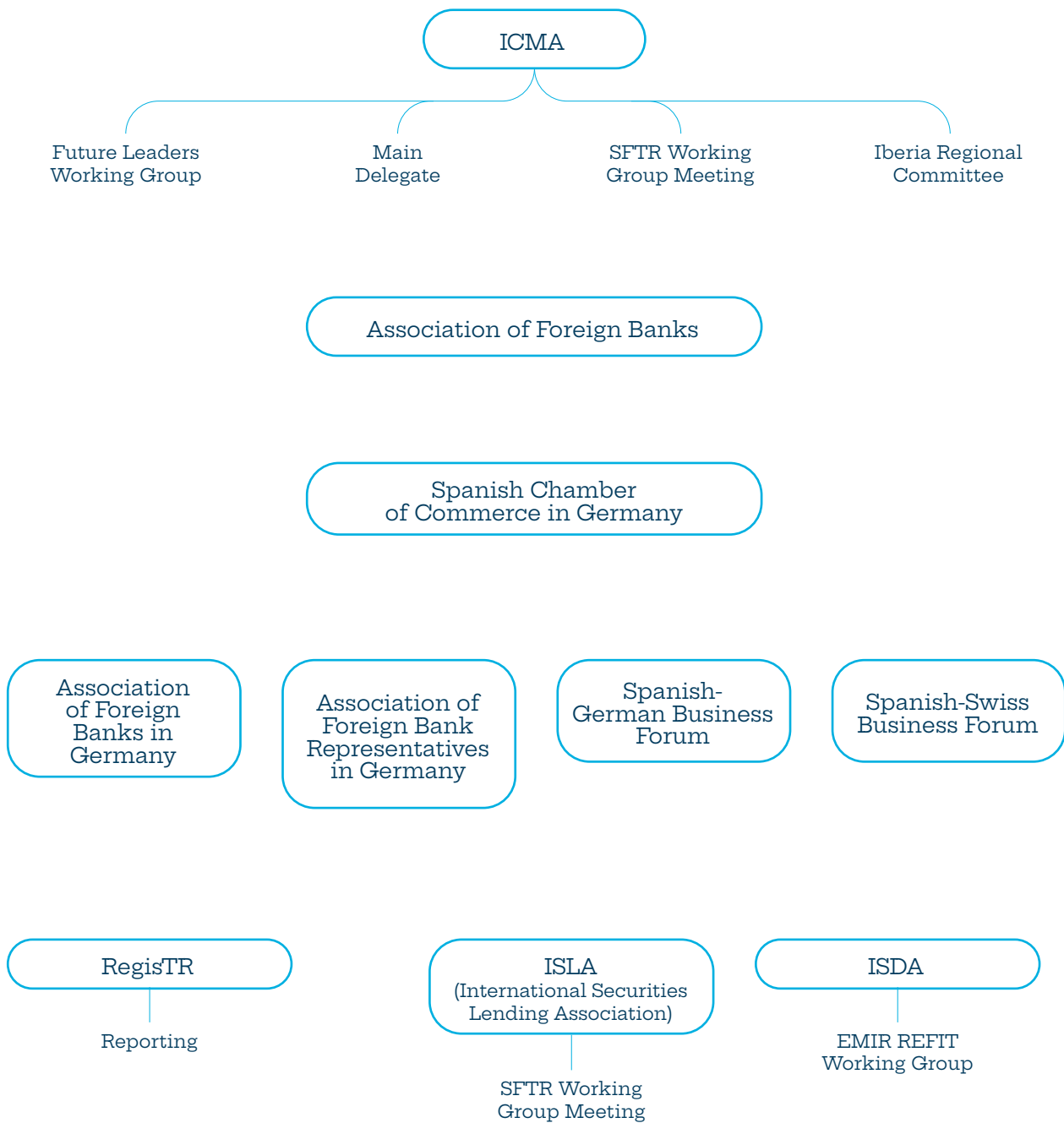






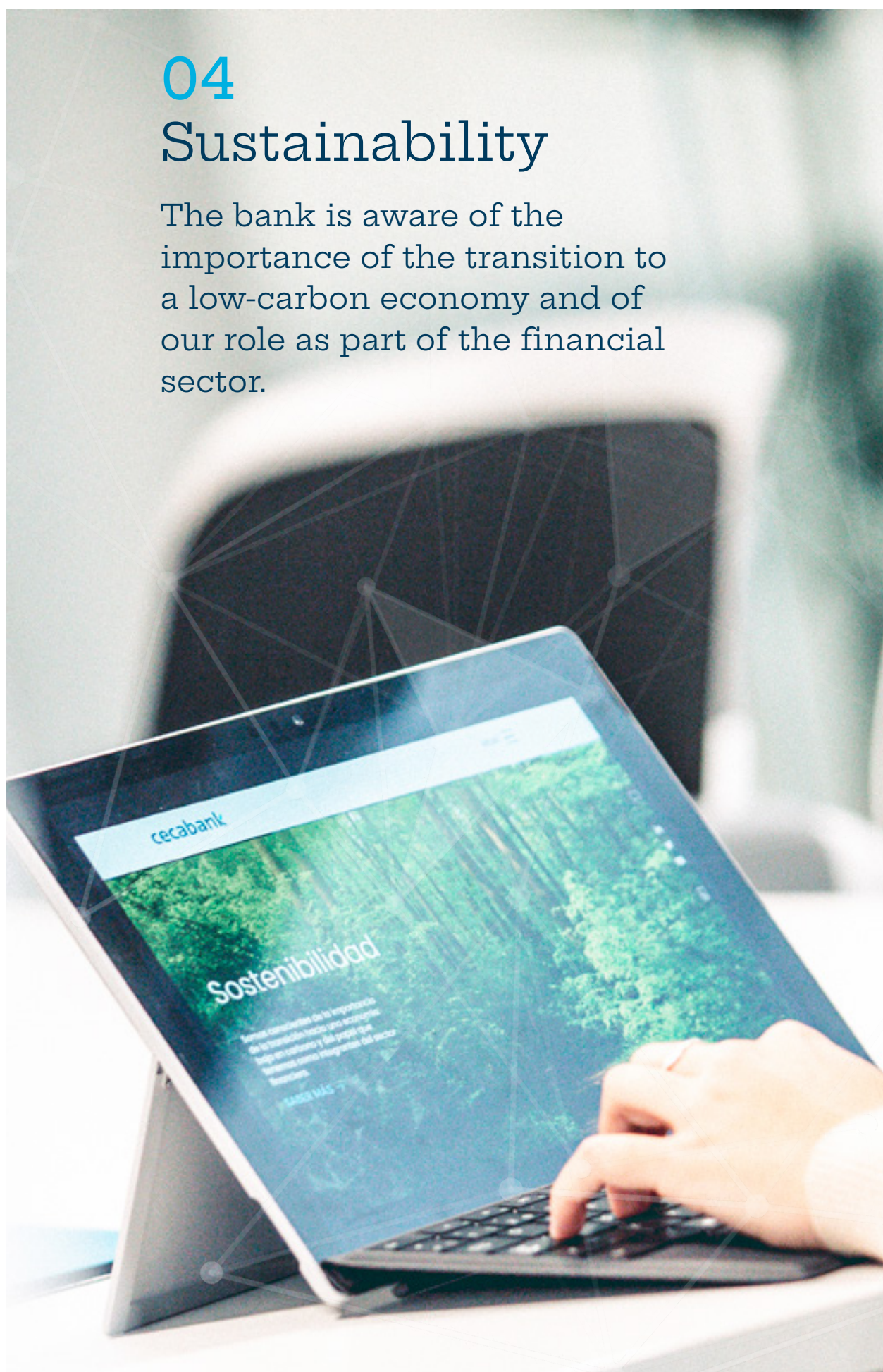
## International representation forums





## 04 Sustainability

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





## 4.1. Alliances

Cecabank has a firm commitment to achieve the Sustainable Development Goals (SDGs).

The United Nations 2030 Agenda for Sustainable Development sets the goals for the year 2030 and proposes solutions to priority problems at the global level, establishing 17 SDGs and 169 specific targets as a framework for action.

By conducting its business responsibly, the organisation contributes to achieving these goals, to which it is strongly committed. Furthermore, Cecabank's Sustainability Plan has been aligned with this universal framework.

In response to **SDG 17 (Partnerships for the goals)**, Cecabank has established a network of partnerships 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:

41



Cecabank renewed its commitment to the Global Compact and its 10 principles. Additionally, the bank has received the Contigo Somos + award, which acknowledges Global Compact partners that have successfully attracted new members.



It is a non-profit organisation that promotes Socially Responsible Investment (SRI), encouraging corporate responsibility and the integration of environmental, social and good corporate governance criteria through dialogue between different groups.



Association of companies and professionals in corporate social responsibility and sustainability operating in Spain and Latin America. Its mission is to foster the integration of social, environmental and governance issues into the strategy and management of companies and organisations.



Cecabank has joined as a partner of this foundation in 2022. Seres promotes companies' commitment to improving society, with responsible activities aligned with the strategy of each company and generating value for everyone.

Testament to the bank's commitment and links with these associations, Spainsif and the United Nations Global Compact Spain held their annual joint conference in April 2022 at Cecabank's headquarters. This conference, entitled "*Towards a sustainable finance plan: Sustainable and responsible investment, key for companies*", covered relevant topics of the sustainable finance agenda, such as the progress of the National Plan.

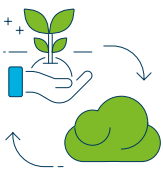
Furthermore, Forética chose the bank's headquarters to present its "*2022 Forética Report: Sustainability, the vision for an uncertain future*", in June 2022. This conference focused on the major trends and the three pillars of sustainability development: the regulatory environment, business activity and the citizen's vision.



#### Commitments acquired:



Cecabank joined the Statement of Business Leaders 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.



During the summer of 2020, Cecabank joined the Green Recovery Alliance, an initiative promoted by Pascal Canfin, Chairperson of the European Parliament's Environment Committee, which pursues a major global agreement to end the pandemic and foster sustainable economic recovery.



In December 2019, during the COP25 held in Madrid, Cecabank joined the Collective Commitment to Climate Action driven by UNEP FI (United Nations Environment Programme Finance Initiative), in which it pledged to cut the carbon footprint of its balance sheets in line with the Paris Agreement.

## 4.2. Sustainable finance

Cecabank is aware of its role in the financial sector and in sustainable finance.

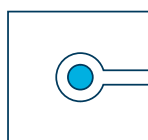
As a wholesale bank, and as stipulated in its Sustainability Plan, its goal in this field is to accompany customers in the process of transformation towards a model of sustainable finance.

The bank's 2022-2024 Strategic Plan established ESG aspects as a vector for growth. This measure is also included in the Sustainability Plan, which assigns responsibility to the Sustainability Committee, in which the bank's businesses are integrated in order to identify

and monitor various initiatives. The Sustainability Committee reports its findings to the Strategy Committee.

Accordingly, Cecabank closely monitors regulatory developments and works closely with customers in order to understand their needs and seek solutions to address them in the area of sustainable finance.

In connection with sustainable finance, Cecabank offers a range of services:



### Securities Services

The following are noteworthy in the area of Securities Services:

#### Proxy voting service:

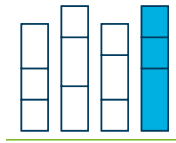
Cecabank has different options for Proxy Voting services, which include communication, execution of voting, traceability of the operation and assistance proxy-advisory agreement (voting advisers) if necessary. It is a flexible, bespoke service. The final model is designed according to the preferences of each customer and the possible agreements that they may have with proxy-advisory suppliers.

In 2022, upwards of 3,200 meetings were communicated in 73 countries across five continents and more than 11,000 voting instructions were successfully sent to the market.

#### SRI verification of the funds:

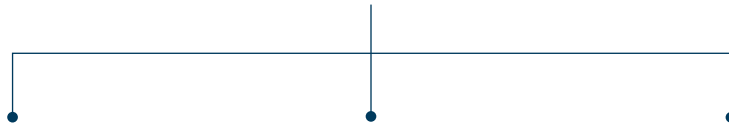
As a depositary, Cecabank verifies that financial vehicles, which are SRI and are under its supervision, really meet the corresponding levels of socially responsible investment, giving the end customer the certainty that he/she is really accessing an SRI product. To carry out this monitoring, Cecabank has created an ecosystem together with leading suppliers of financial information which specialise in the area and SRI monitoring criteria.

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

In the Treasury and Global Markets business, the bank incorporates ESG (Environmental, Social & Governance) criteria into its operations. In this sense:



At 31 December 2022, Cecabank held 18 **ESG bond** positions worth 150 million euros. This figure is 33% up on year-end 2021, in which the bank held positions worth 113 million euros.

Cecabank has been a member of the **European Primary Dealer Network** since 2021. The first EU issues in which it has participated are the macro debt issues that finance the **Next Generation EU Recovery Fund**, the 750 billion euro package of aid for Europe's economic, ecological and digital transformation.

With a view to formalising its commitment to sustainable finance, the bank will work on its **responsible investment policy** throughout 2023, as laid down in the Sustainability Plan.







## Payments and Technology Platforms

Regarding Payments and Technology Platforms, the bank incorporates ESG aspects to improve customer services:

Cecabank has an **electronic invoicing** solution that eliminates paper invoices and brings significant efficiencies both for the bank itself and for the customers of this service. Cecabank's solution generates and stores more than 2.5 million invoices per month, 30 million per year.

Cecabank's **digitised signature** solution makes it possible to bring legal certainty to the digital signing of contracts in the office by replacing paper with a solution whereby the customer signs on a tablet that digitises the process. The solution has been rolled out in more than 50% of the financial system's branches in Spain and approximately 15% of the insurance sector.

Cecabank has recently launched a project to digitalise card slips at one of Spain's largest retailers. The solution has now passed the pilot phase and is being rolled out nationally.



## 4.3. 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** tCO<sub>2</sub>  
offset since 2021

**92.5%**  
reduction in emissions since 2017

Certification  
**ISO 50001:2018**



Cecabank has been calculating and managing its carbon footprint since 2017. On an annual basis, the organisation prepares its greenhouse gas emissions inventory taking into account scopes 1, 2 and 3. This inventory is audited by an independent third party (AENOR), which issues its emissions report pursuant to the ISO 14064 reference standard.



The organisation tries to reduce its impact by applying measures to reduce consumption and promote energy efficiency in line with our Energy Policy, for which Cecabank is certified according to the ISO 50001 standard for energy management systems.



Most noteworthy is the fact that all emissions that we fail to reduce are offset with national and international projects, aiming for climate neutrality in Scope 1+2 and key Scope 3 categories.



The measures taken by the bank to manage its carbon footprint have been accredited by obtaining the “*calculo, reduzco y compenso* (calculate, reduce and offset)” seal awarded by the Spanish Office for Climate Change of the Ministry for Ecological Transition and the Demographic Challenge. In 2022, Cecabank has obtained this accreditation for the years 2017 to 2021.



Cecabank has also committed to the Spanish Collective Commitment to Climate Action promoted by UNEP-FI, pursuant to which we undertake to set emission reduction measures in our portfolio, in order to keep global temperatures in line with the Paris Agreement.

The bank is working to bring environmental and climate change issues into its risk model. This process seeks not only to introduce a new type of risk, but also to bring this sustainable approach to existing categories, integrating it into the risk management of the bank's various specialised units.

Cecabank also has a roadmap in place, aligned with the expectations of the Bank of Spain.

## 4.4. Talent management

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



This refers to the different policies relating to talent management set forth the equality, integration and non-discrimination policies in the workplace.

Cecabank had 458 employees in Spain and 3 in the international branch network (one employee in Frankfurt, one employee in London and two employee in Lisbon) at the end of 2022.

Cecabank fosters relationships with its employees that encourage the likes of integrity, respect between people, health and safety at work, professional development, equal opportunities and non-discriminatory treatment. These aspects and the working conditions provided to the bank's employees lead to a **low turnover rate** and thus to **enhanced operational efficiency**.

Cecabank staff have preferential working conditions in fields such as finance, life insurance, health insurance and work-life balance.

In turn, talent retention helps to ensure good financial results for shareholders and a higher level of service, driven by high levels of employee satisfaction.



**476**  
employees



**51%**  
women  
in the workforce



**3.450** euros  
of investment per employee  
in social benefits



## 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.

Measures taken in this regard have a direct impact on Cecabank employees, enabling them to grow professionally and providing them with the tools they need to achieve their professional goals.

In turn, specialisation leads to increased profitability stemming from better results and an improvement in the level of service perceived by customers.



**988 euros**  
training per employee

In connection with the Strategic Plan and, in particular, the “Crece+” talent management initiative, Cecabank’s Annual Development and Training Plan was created.

It began by analysing the needs of the bank’s professionals, seeking to implement improvements and continue to evolve to ensure that all of them are

prepared to meet the needs and demands of the market, customers and regulatory bodies. It encompasses different areas of knowledge, covering multiple fields such as: regulation and standards, finance, IT, digital skills, management, health and well-being and languages.

In 2022, in-person training has been relaunched, while online training sessions have been maintained. Furthermore, various programmes have been designed and implemented, such as:

- “Leading by making a mark” for developing managerial skills in managers.
- “Women’s leadership”, featuring the participation of 15 female employees.
- “Programme for Digital Transformation in the Financial Environment”.
- “Course on Blockchain and Cryptoassets”.



## 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. Both aspects have been agreed with Cecabank's worker representation by signing two labour agreements with the worker legal representation present in the organisation.

Cecabank has a Plan for Equality between women and men and work-life balance, for which in-depth research has been conducted on equality issues (pay gap, updating of the diagnosis of the situation and measures for work-life balance).

Elsewhere, Cecabank has a protocol for action in the event of a complaint of harassment at work, sexual harassment and harassment on grounds of sex. This labour agreement was signed by all workers' representatives and regulates, for the first time, workplace harassment.

Amongst the main goals of the Equality Plan are guaranteeing the effective implementation of the principle of gender equality, promoting the presence of the least represented gender in decision-making positions or functions, improving women's access to leadership positions, reducing inequalities and promoting the family, personal and professional life balance. In addition, it guarantees training plans that equally facilitate the development of skills and competences irrespective of gender.

In an effort to gain recognition in this area as prescribed by the Action Plan, we successfully obtained the Family-Responsible Company Certification (EFR in Spanish), awarded by the Masfamilia Foundation, obtaining the concession in 2021 and obtaining the favourable evaluation report in the AENOR EFR external audit in May 2022.



In 2022, Cecabank continues to adhere to Empowering Women's Talent and has achieved acknowledgement as a Diversity Leading Company, with both seals being awarded by Teams and Talent.



## 4.5. Social action

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

The bank and its staff are made aware of social problems, specifically those that affect the most disadvantaged. The bank fosters specific contribution actions, which also encourage pride of belonging among the people at the bank.

Every year, Cecabank launches the “Tú Eliges” (You Choose) programme, whereby the bank’s workforce presents various projects in the social, environmental

or cultural spheres. Cecabank commits to financing projects selected after an internal voting process.

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



51



*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 has been part of the network of collaborating companies of the Comité de Emergencia (Emergency Committee) since 2018. The organisation's core action as regards humanitarian emergencies 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.



### Charity market

The bank has invited several associations and foundations known from previous years that have not been able to apply for the "Tú Eliges" programme in 2022. The different participants were able to sell their products and their own creations with which they partly finance their activity. This year's invited associations include the likes of Fundación Adisli, Fundación Esperanza y Alegría, Fundación Bobath, Fundación Kyrios and Comité de Emergencia.



**Cruz Roja**

### Blood donation campaign with Cruz Roja

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







## Collaboration with the Banco de Alimentos de Madrid

The bank maintains a strong commitment to the Food Bank with which it collaborates by sponsoring Avenida Cecabank and Plaza Cecabank. In 2022, Cecabank continued its partnership, increasing the donation and sponsorship from the previous year to 15,000 euros.

- Operation Kilo for the Food Bank: we collaborated with the Christmas campaign Operation Kilo. This year a total of 3,780 euros was donated by all employees. This amount was doubled by Cecabank, making a donation of 7,560 euros, representing 6,804 kg of food.



## Madre Coraje Clothing and Footwear container

Since 2019, the bank has mobilised a container for employees to donate clothes and shoes. In 2022, over 290 kg have been accounted for, exceeding the amount donated in the previous year. This association is responsible for giving a second life to the products by donating them to communities, selling them at charity markets or handing them over to external companies in order to generate funds for social, educational and cooperation-based associations. This NGO primarily operates in Peru, Mozambique and Spain.



## 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.

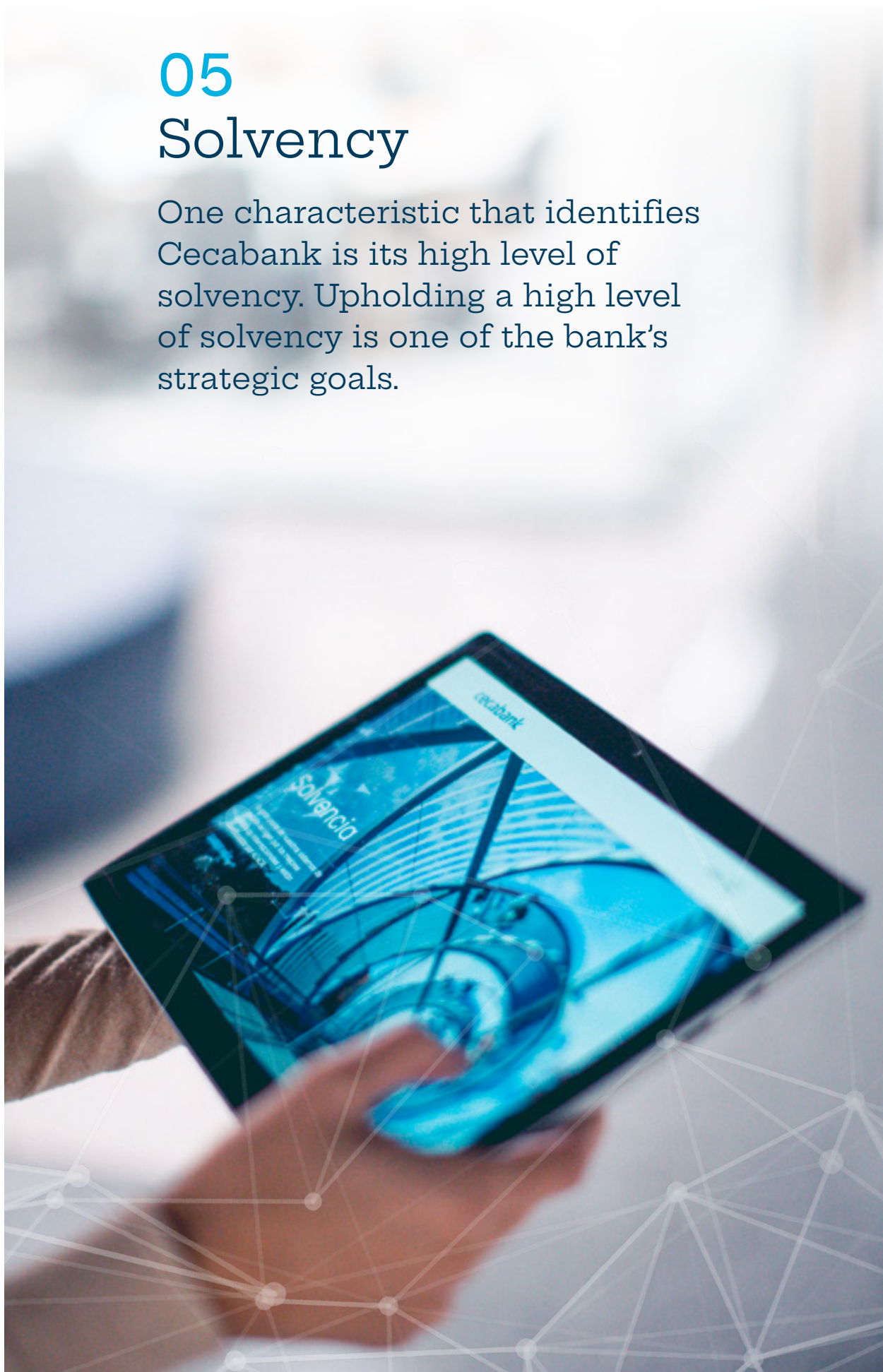
- The IT classroom is at the Royal Oratory of Caballero de Gracia, intended for groups of elderly people, immigrants and the unemployed.
- The IT classroom is at the Fundación Bobath school, intended for people with varying degrees of cerebral palsy, both children and adults.



- The ICT classroom at Fundación Adisli was inaugurated in the first half of 2022. It is geared towards training and facilitating support and opportunities for people with mild disabilities or borderline intellectual functioning to develop their life projects and a network of support.
- The ICT classroom at Fundación Senara was opened in the second half of 2022 to help vulnerable people. It specifically focuses on and offers job counselling and training to women and their families, improving their work-life balance.
- The fifth ICT classroom at Fundación Integra is expected to be inaugurated in the first quarter of 2023 to support people in social exclusion and with disabilities, enabling them to regain control of their lives through employment.

## 05 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.



## 5.1. CET1 ratio

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

## 5.2. 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.

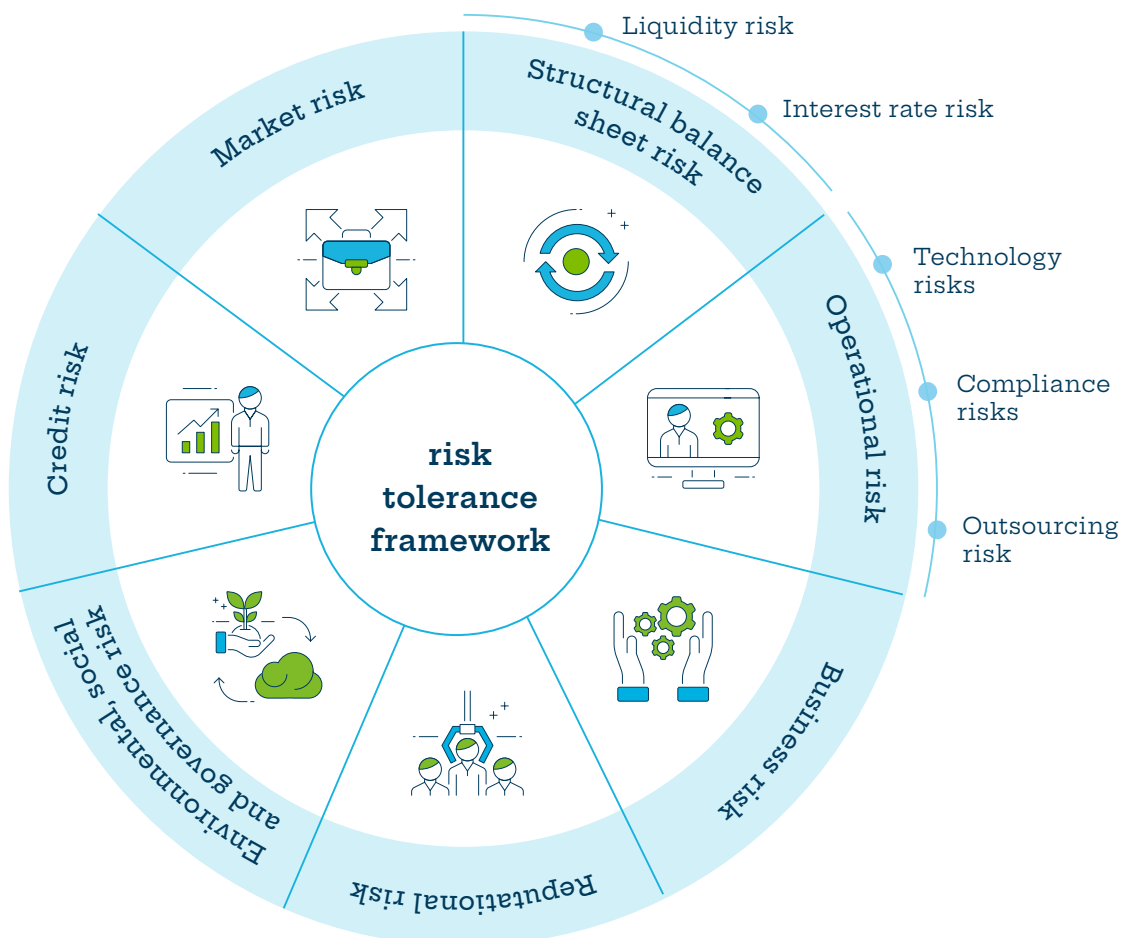
The risk management philosophy is based on rigorous criteria of prudence, in a manner consistent with commercial strategy, aiming to ensure the efficient use of the capital assigned to the business units.

Within the risk tolerance framework, the Board establishes the type and intensity of risks which it deems reasonable to assume in order to achieve

corporate objectives. The risk tolerance defined by the Board sets a conservative strategy which aims to maintain a moderate-low risk profile

This approach seeks to conserve both the quantity and the quality of capital, with solvency levels clearly above the minimum regulatory requirements, allowing us to anticipate that none of the risks identified could generate losses which could not be withstood within the normal operations of the bank.

In line with its risk tolerance framework, the bank considers the following main risks to be relevant, in accordance with its business model and the activities it carries out:







## Credit risk

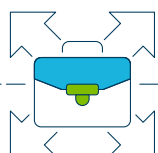
This is one of the risks to which Cecabank is exposed through its various business units. Credit Risk is defined as the risk which affects or could affect results or capital as a result of a breach by a borrower of the commitments set out in any contract, or the possibility that it might not act as agreed.



## Operational risk

Operational risk encompasses the management of loss risks due to inadequate or failed internal processes, people and systems or due to external events.

The following risk categories are therefore included in the operational risk.



## Market risk

This is defined as the risk affecting results or capital and resulting from adverse movements in the prices of bonds, securities and exchange rates in operations registered in the trading book. In addition, it includes foreign currency risk, defined as the current or potential risk affecting results or capital and resulting from adverse movements in exchange rates in the investment portfolio's operations.



## Structural balance sheet risk

Either due to:

- **Liquidity risk** is the risk affecting or potentially affecting results or capital as a result of the bank being incapable of meeting its payment obligations upon maturity, without incurring unacceptable losses.
- **Interest rate risk:** our operations as a wholesale bank result in a maturity mismatch between funding and investments when trying to obtain financial margin, which makes the balance sheet sensitive to interest rate movements.

- **Technology risks:** in accordance with the guidelines of the European Banking Authority (EBA) in its document EBA/CP/2016/14 entitled "Guidelines on ICT Risk Assessment under the Supervisory Review and Evaluation process (SREP)", technology risks include logical security risks, information integrity risks, software and hardware change risks, technology outsourcing risks, business continuity and availability risks and/or business support infrastructure risks.
- **Compliance risks:** risk of non-compliance with legal requirements or internal rules impacting the bank's income statement, either directly through administrative sanctions or adverse rulings, or indirectly by negatively affecting the bank's reputation. This risk encompasses, mainly, the prevention of money laundering and financing of terrorism, compliance with the rules of conduct related to activities in the securities markets and the protection of personal data, as well as criminal risk.
- **Outsourcing risk:** a consequence of delegating to a supplier, on an ongoing or recurring basis, a process, service or activity, albeit a non-banking one, that could otherwise reasonably be undertaken by the bank itself. This is a risk arising from not adequately assessing the supplier and the criticality of the service before integrating them into our supply chain or while providing the abovementioned services to Cecabank, as well as the risk of not having adequately planned the process for monitoring the outsourced service and for its replacement, where appropriate.



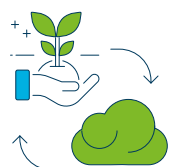
## Business risk

Qualitative risk linked to strategic planning and whose evolution also depends on the evolution of the markets in which the bank operates.



## Reputational risk

This is the risk derived from the perception held by stakeholders (interest groups) with whom an entity maintains a relationship in the course of its activity. This includes financial, strategic, operational or ESG aspects, among others, and assesses to what extent changes in such perceptions can cause an adverse material impact on results, capital or development expectations.



## Environmental, social and governance risk

ESG risks seek to contribute to a more sustainable and responsible economic and financial activity by promoting environmental protection and conservation, the pursuit of social concerns and human rights and the fight against corruption and bribery.







## 06 Commitment

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





## 6.1. 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. This enables us to establish lasting ties, based on trust.

Thus, good governance has been consolidated as a hallmark of Cecabank's identity. The bank's commitment to its stakeholder groups is underpinned by a strong governance model that allows for long-lasting relationships based on trust.

In order to achieve its self-imposed goals, the bank has, among other tools, a Corporate Code of Conduct which formalises the commitment of all professionals to the highest standards of integrity and professional ethics and which prevents –among other aspects– criminal risk, a field in which the bank is certified. In this regard, Cecabank's senior managers and managers with the highest exposure to risk also sign an annual criminal compliance commitment that requires them to ensure compliance with the measures that mitigate this specific risk.

The values and rules contained therein are mandatory for, and applicable to, all members of the Board of Directors, all employees and other member entities of its consolidated group, either directly or through its suppliers, and must also guide relations with stakeholders.

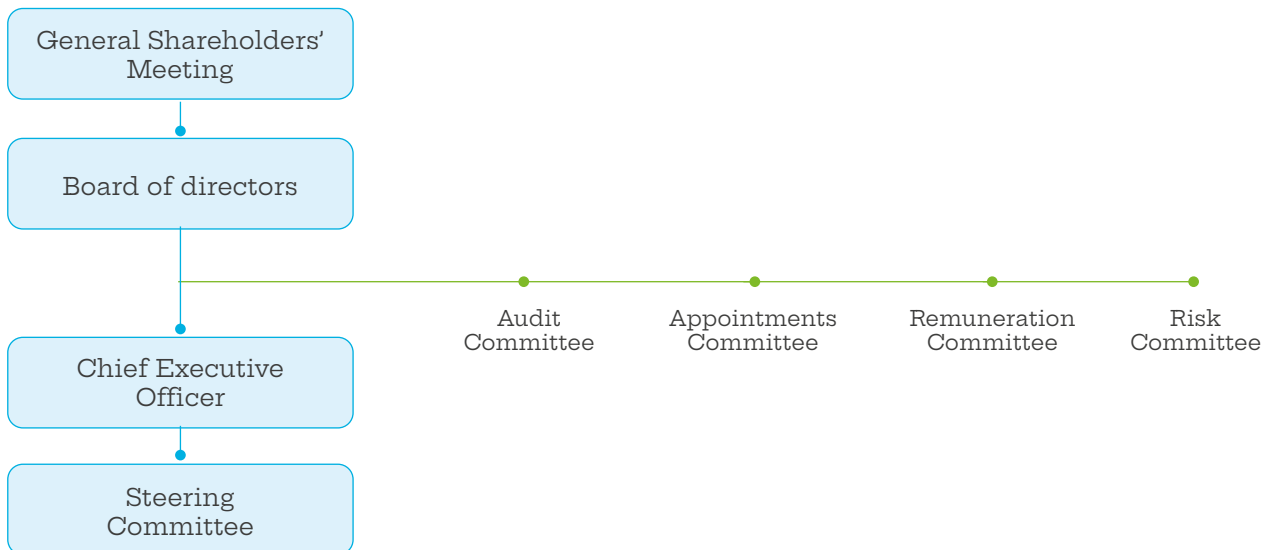
This code includes, among other aspects, guidelines of conduct on aspects related to corruption and bribery, the prevention of money laundering and the financing of terrorism, confidential information, free competition and conflicts of interest, among others.

With regard to this Code, Cecabank has a Corporate Conduct Channel through which all persons subject to the Code are able to report possible breaches, not only of the Code, but also of other matters, and to submit any queries arising from the interpretation of the Code. Complaints are processed confidentially.



## 6.2. 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.



All details regarding the composition, functions and operation of the General Shareholders' Meeting, the Board of Directors and the delegated Committees can be found in the organisation's By-laws and in its

Operating Regulations, which are available in the "corporate information" section of the Cecabank website<sup>1</sup>.

1. <https://www.Cecabank.es/>

## General Shareholders' Meeting

Cecabank's General Shareholders Meetings is the highest representation and participation body of the institution's shareholders.

On 29 March 2022, Cecabank held its Ordinary General Shareholders' Meeting at its registered office and in person, with all of its shareholders attending in person or by proxy.

The Meeting was held for the purpose of approving, among others, the Annual Accounts, the Non-Financial

Information Statement, the renewal of the annual auditors for 2022 and the setting of the number of members of the Board of Directors.

With regard to the Board of Directors, the General Shareholders' Meeting held on 29 March agreed to set its composition at ten members. At 31 December 2022, the Board comprised ten members, of whom five are proprietary directors, four are independent directors and one is an executive director.

## Board of Directors

The Board of Directors is entrusted with Cecabank's administration, management and representation. The Board has the widest powers to administer the entity and, except in matters reserved to the General Shareholders' Meetings in accordance with the provisions established in the applicable law and Articles of Association, it is the highest decision-making body and responsible for the risks assumed by the organisation.

The Board of Directors of Cecabank is composed of the number of members appointed by the General Shareholders' Meeting, which, in accordance with the regulations applicable to capital companies, may not be less than five or more than fifteen.

The Board of Directors meets on a monthly basis in accordance with the annually approved work plan, as well as in extraordinary meetings when deemed necessary.

The matters addressed by the Board of Directors during 2022 included reviewing the economic and financial information, analysing the regulatory environment and business aspects, monitoring the development of the 2022-2024 Strategic Plan, as well as approving the 2022-2024 Sustainability Plan.

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.

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### 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

The Board of Directors meeting held in April 2022 resolved to appoint the Executive Director, Mr. José María Méndez, as Chief Executive Officer of the bank. This appointment did not represent a material change as he already held the position of executive director with wide-ranging powers granted to him.

Accordingly, the Board of Directors comprises the following members as at 31 December 2022.

## Members

Name	Position	Category
D. Manuel Azuaga Moreno	Chairman	Proprietary
D. Javier Pano Riera	Deputy Chairman	Proprietary
D. José M <sup>a</sup> Méndez Álvarez-Cedrón	CEO	Executive
D. Francisco Javier García Lurueña	Member	Proprietary
D. Francisco Botas Ratera	Member	Proprietary
D. Víctor Manuel Iglesias Ruiz	Member	Proprietary
D <sup>a</sup> . María del Mar Sarro Álvarez	Member	Independent
D. Santiago Carbó Valverde	Member	Independent
D <sup>a</sup> . Julia Salaverría Monfort	Member	Independent
D <sup>a</sup> . Carmen Motellón García	Member	Independent
D. Fernando Conlledo Lantero	Non-director Secretary	

## Meetings

In 2022, the Board of Directors held eleven meetings, all of which were regular meetings in accordance with the provisions of its Work Plan.

## Committees

Pursuant to the regulations governing capital companies and the regulation, supervision and solvency of credit institutions, Cecabank has formed four committees, with their supervisory and advisory powers, which assist the board in the exercise of its powers. These include the Audit Committee, Appointments Committee, Remuneration Committee and Risk Committee.

They are comprised entirely of non-executive directors, as established in the regulations for each of them and with the functions set out in their operating regulations.

Under their respective rules of procedure, the committees carry out, inter alia, the following functions:

## Audit Committee

### Functions

Among other duties, it supervises and assesses the effectiveness of the bank's internal control, internal audit and risk management systems, and supervises the process of preparing and presenting the mandatory financial information and submitting recommendations or proposals to the management body with a view to safeguarding its integrity.

### Members

Name	Position	Category
D <sup>a</sup> . María del Mar Sarro Álvarez	Chair	Independent
D. Santiago Carbó Valverde	Member	Independent
D <sup>a</sup> . Carmen Motellón García	Member	Independent
D. Francisco Botas Ratera	Member	Proprietary
D. Víctor Iglesias Ruiz	Member	Proprietary
D. Fernando Conlledo Lantero	Non-member secretary	

### Meetings

In 2022, the Audit Committee held six meetings, all of which were regular meetings in accordance with the provisions of its Work Plan.

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## Risk Committee

### Functions

Among other aspects, this Committee advises the Board as to the establishment and monitoring of the risk appetite of the bank, and evaluates the application of this strategy by Senior Management and the results thereof, and it regularly examines and analyses the solvency, liquidity and, in general, risk situation of the organisation.

### Members

Name	Position	Category
D <sup>a</sup> . Carmen Motellón García	Chair	Independent
D <sup>a</sup> . Julia Salaverría Monfort	Member	Independent
D <sup>a</sup> . María del Mar Sarro Álvarez	Member	Independent
D. Francisco Javier García Lurueña	Member	Proprietary
D. Víctor Manuel Iglesias Ruiz	Member	Proprietary
D. Fernando Conlledo Lantero	Non-member secretary	

### Meetings

In 2022, the Risk Committee held five meetings, all of which were regular meetings in accordance with the provisions of its Work Plan



## Remuneration Committee

### Functions

Among other aspects, this body advises the Board with regard to the bank's remuneration policies (remuneration policies for directors and senior executives), and the alignment thereof with the maintenance of risk tolerance levels.

### Members

Name	Position	Category
D. Santiago Carbó Valverde	Chairman	Independent
D <sup>a</sup> . María del Mar Sarro Álvarez	Member	Independent
D. Francisco Botas Ratera	Member	Proprietary
D. Fernando Conlledo Lantero	Non-member secretary	

### Meetings

In 2022, the Remuneration Committee held three meetings, one of which was extraordinary in relation to its Work Plan.

## Appointments Committee

### Functions

Among other tasks, it advises the Board on candidates for vacant positions on the Board of Directors, and assesses the balance of knowledge, skills, diversity and experience on the Board and the suitability of Board members.

### Members

Name	Position	Category
D <sup>a</sup> . Julia Salaverría Monfort	Chair	Independent
D. Santiago Carbó Valverde	Member	Independent
D. Javier Pano Riera	Member	Proprietary
D. Francisco Javier García Lurueña	Member	Proprietary
D. Fernando Conlledo Lantero	Non-member secretary	

### Meetings

In 2022, the Appointments Committee held five meetings, four of which were regular meetings in accordance with the provisions of its Work Plan and on of which was an extraordinary meeting.

## Steering Committee

Cecabank has a Steering Committee that is responsible for deciding on matters submitted directly to it by the Board of Directors, or those matters submitted by the CEO prior to their approval by the Board of Directors, as well as approving the rules of conduct and internal regulations of the Bank which the Board of Directors is not responsible for approving.

This Committee, made up of the bank's senior executives, is chaired by the CEO, with the Secretary General and Secretary to the Board of Directors acting as the Committee's Secretary. Nonetheless, other company employees requested by the Chairman of the Committee may attend its meetings with a voice and without a vote.

In 2022, the Steering Committee held a total of 23 meetings.

The Steering Committee has the following basic responsibilities:



Deciding on issues directly submitted to the Board of Directors.

Deciding on matters which the CEO submits to it before they are approved by the Board of Directors.

Deciding on matters which the CEO submits to it on his or her own initiative.

Approving the rules of conduct and internal standards of the institution, where not subject to approval by the Board of Directors.

# 07 Annual accounts



## 7.1. Individual annual accounts

## 7.2. Consolidated annual accounts



**cecabank**