

Annual Report | Executive summary

cecabank

The logo for the year 2018 is composed of stylized, colorful characters. The '2' is blue with a green base. The '0' is split vertically, with blue on the left and green on the right. The '1' is blue with a small light blue square on top and a green base. The '8' is split vertically, with green on the left and blue on the right.

2018

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Executive summary

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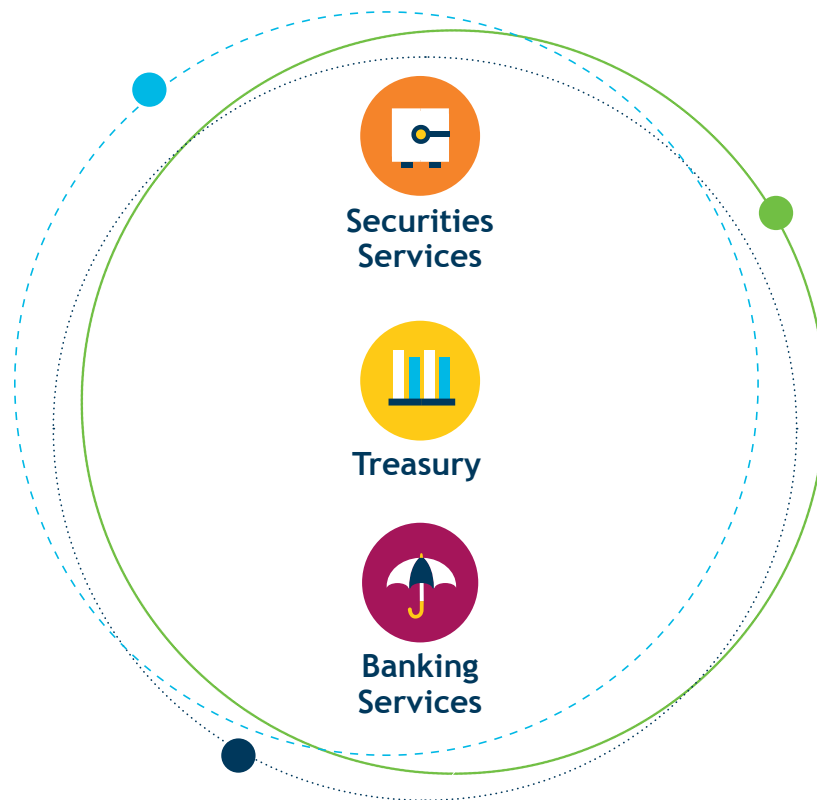


2017-2020 Strategic Plan

Cecabank is in the
halfway point of the
2020 Strategic Plan

Action plans

In 2018 it continued implementing the defined strategy, which consisted in **strengthening the main lines of business.**



Internal transformation plans

Work has been carried out on the internal transformation plans, achieving significant progress in its implementation.



Commercial Management Plan

Intense commercial activity
Standardised commercial monitoring



Innovation Plan

Conceptualisation of innovation
Innovation culture
Inizia project



Blockchain

Niuron
Impact analysis
Disclosure of technology



Systems Plan

Efforts aimed at incremental initiatives



CSR Plan

Materiality plan
CSR Committee
Social action policy



Corporate Governance

Implementation of the Plan for Continuity and Succession
EBA guideline on internal government



Quality Plan

New quality certifications
Customer journey
Customer experience



Efficiency Plan

Process analysis
Robotics



Communications Plan

Internal communications
Social networks
Events and sponsorship

2020 Plan Objectives

The bank intends to achieve the following objectives in 2020:

Gross income

270

million euros

Return
(ROE)

9-11%

Efficiency
(without amortisation)

40-45%

Solvency
(TIER 1 capital ratio)

20-25%

Main milestones achieved in 2018

During the second year of implementation of the 2020 Strategic Plan, the following milestones were achieved:

Gross income

2020
270
million euros

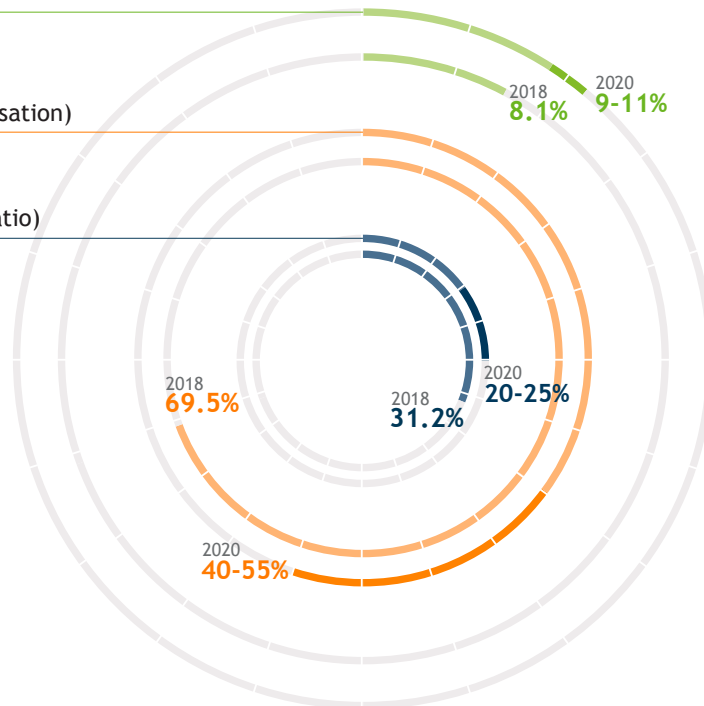


2018
249
million euros

Return (ROE)

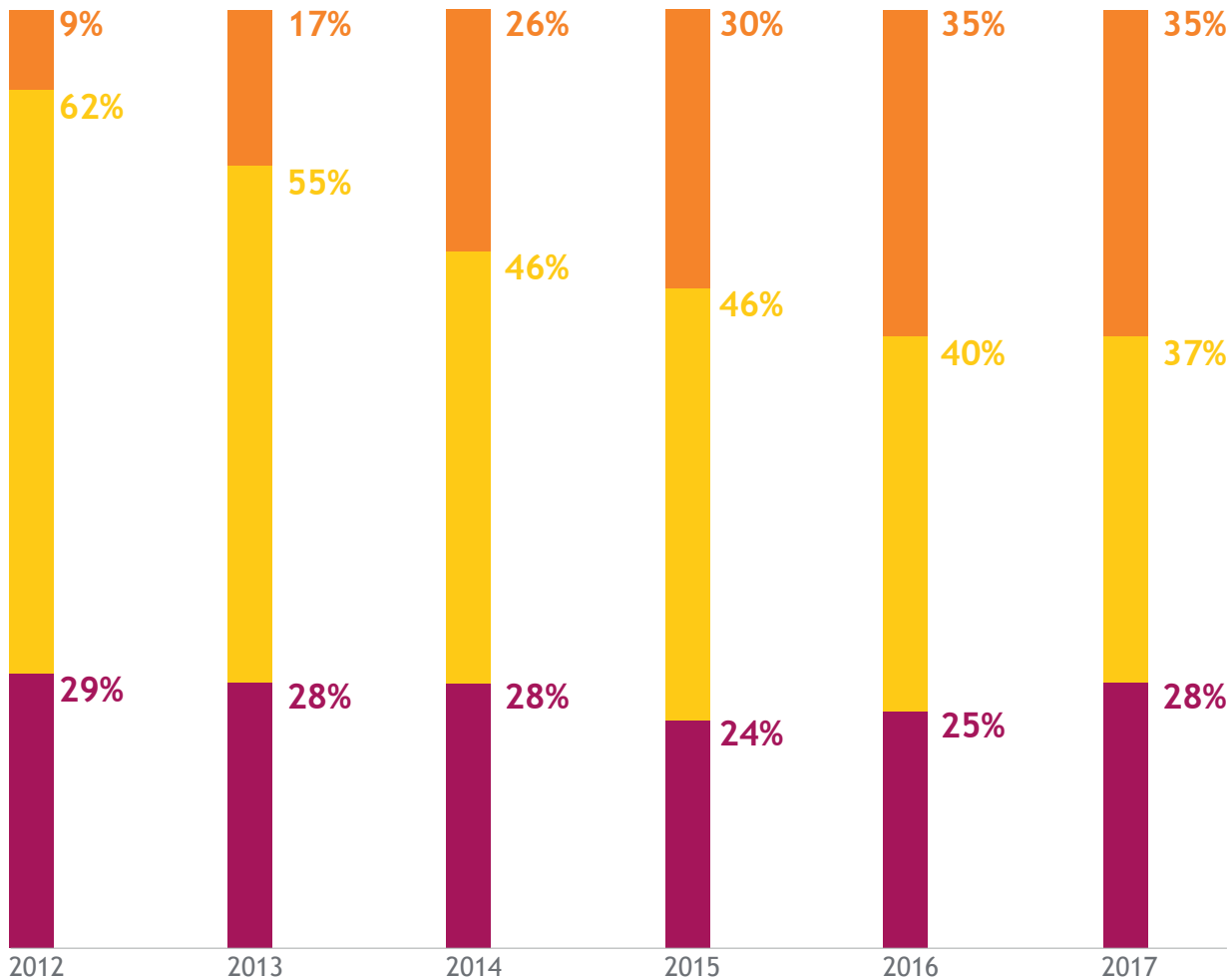
Efficiency (without amortisation)

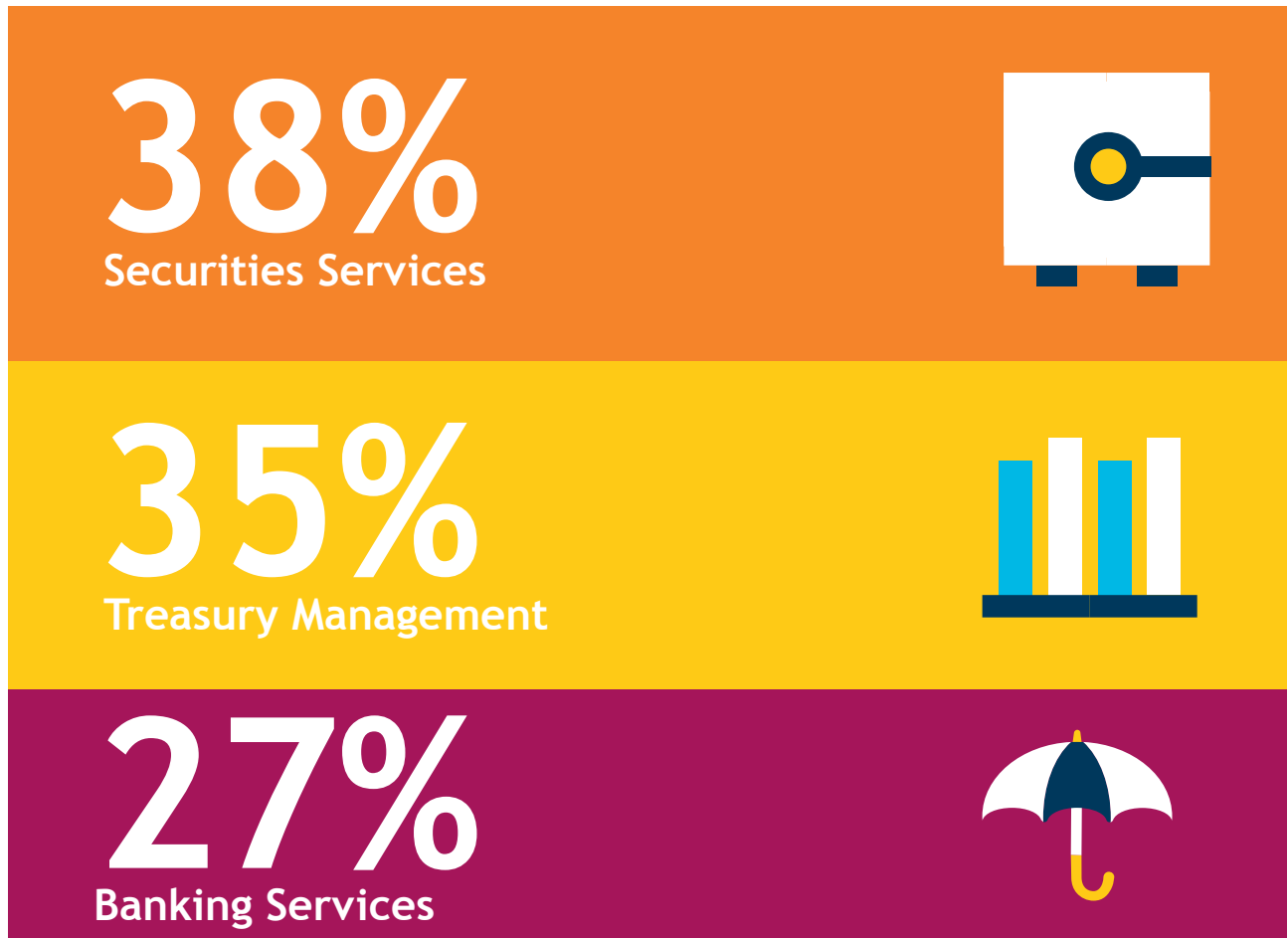
Solvency (TIER 1 capital ratio)



Diversification of income

The development of this business model has consolidated a more diversified structure of provision to the gross income.





Dec-2018



Creation of value

The institution's objectives seek to fulfil the expectations of all the bank's stakeholders

Innovation

In an increasingly demanding market, creativity and innovation become essential in order to be able to offer forward-looking solutions.

CK-Lab

A digital forum open to banks and FinTechs aiming to **create and promote collaborative platforms** for payments, investment services and Big Data.



Niuron

The first **Blockchain consortium in the Spanish financial sector**, composed of 8 institutions and led by Cecabank.



FINANCIAL BLOCKCHAIN CONSORTIUM

Inizia

We are committed to **diversification, driving change** and **disruption** investing in companies under a unique programme to help technological startups.



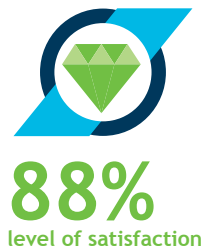
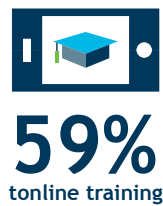
Solvency

One of Cecabank's major signs of identity is its creditworthiness. Its speciality in Securities Services requires these levels to maintain the trust of our clients.



Specialisation

Our Talent Management Plan “Crece” incorporates a comprehensive performance management model, a training portal 2.0, internal mobility policies, teleworking, flexible remuneration, a wellness programme and new working spaces.



Customer-oriented and integrity

We have continued to develop the three defined lines of work:



Implementing **quality management systems** in those areas in which a certification is a differential value.



Measuring and analysing the **client's voice**.



Establishing **improvement plans** aimed at improving the quality of our processes and our clients' experience.

Cecabank has received the following certificates in 2018.

Quality Management System Certificate



ER-0289/2018

Criminal Compliance Management System



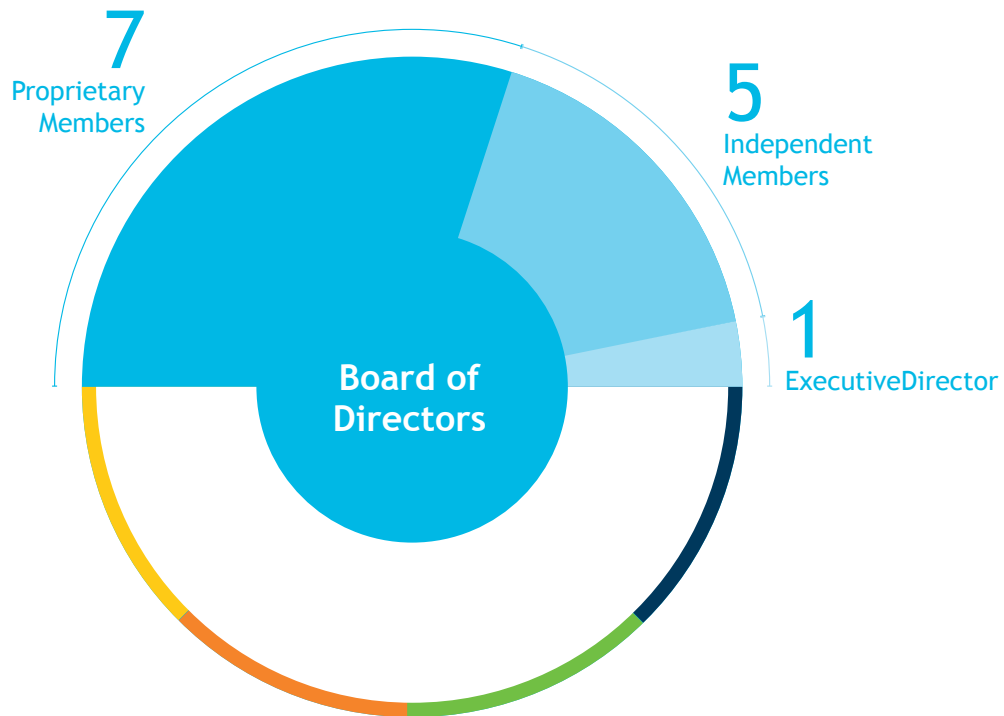
Energy Management System Certificate



cecabank
2018 Best Custodian
Bank in Spain

Corporate Governance

The Board of Directors has 13 members (7 proprietary members, 5 independent members and 1 executive-director) and 4 specialist Committees with supervisory and advisory powers.



Appointments Committee
Chair
Julia Salaverría Monfort
Independent

Remuneration Committee
Chair
M^a del Mar Sarro
Independent

Risk Committee
Chair
José Manuel Gómez de Miguel
Independent

Audit Committee
Chair
Santiago Carbó
Independent

CSR

The purpose of **Cecabank's CSR policy** is to reinforce the business and the long-term relationship with clients and partners, incorporating their social, environmental and good corporate governance concerns into the activity.



Culture and identity



Human capital



Transparency



Innovation in
the commercial
offering



Ethics



Lines of business

The four lines of business have continued to perform in 2018 with the following progress



Securities Services



Global Securities Solution

A full omnichannel solution for opening national and international equity securities, fixed-income securities, ETFs, and marketing investment and pensions funds.



Flexible and adjustable, agile and efficient



Mifid II Compliance

Fund Depositary

Deposited assets over

108,000

€ million

28

management companies

Securities Custody, Settlement and Clearing

Assets under custody above

136,300

€ million

Settled operations

700,000

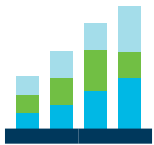
Futures Settlement in Organised Markets



Different currencies and different types of underlying instruments



Access to the most important ETD clearing houses at a global level



Treasury Management



Equities sales

Equity execution desk for institutional clients.

Debt Capital Markets

Granting of several financing operations to large companies and support to the refinancing processes of several Autonomous Regions.

Technology Solutions

We are experts in specialised technology:

RF/online

Financial Markets

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



Cecabank is the Spanish Treasury Public Debt market maker



Direct member of the main Central Clearing Houses

Banknotes

Cecabank is the leader of the wholesale foreign banknote market in Spain.

Over

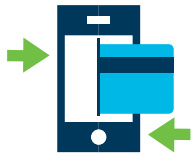
15,000

bank branches provide the banknote service

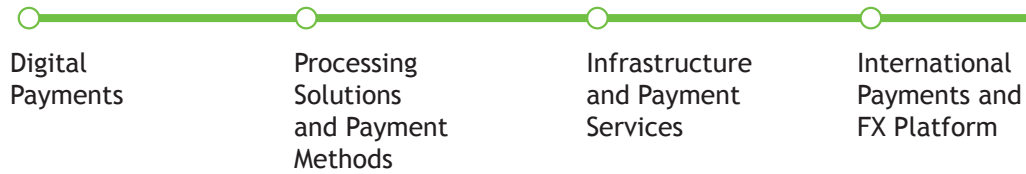
Over

2,500

purchase and sale transactions of foreign banknotes



Payments



Digital Payments

The multi-purpose mobility payments platform, the iSCT instant payments processor and the HCE solution, among others, are particularly noteworthy.

Processing Solutions and Payment Methods

834

million card transactions processed

10

million cards issued

Over

132

thousand businesses

Daily average amounts settled

100

million euros

Availability of the systems

99.999%

Infrastructure and Payment Services

Comprehensive management solutions for payments, exchanges and discounting of bills: representation on the SNCE (Spanish National Electronic Clearing System), EBA, processing of cheques, channelling payment orders and SWIFT technical solutions.

Cheques

118,506

Cheques processed

Account payable and receivable portfolio

163,050

Notes deposited

SEPA transactions exchange (EBA and SNCE)

583,710,277

Transactions processed

International Payments and FX Platform

Fx Global Payment Solution, our solution for cross-border payment services.

Over

80

countries

Covering

24

different currencies



Digital Solutions



Digitisation of Processes

A solution for generating all kinds of banking remittances and a virtual payment gateway for the remote sale of any business.

Omnichannel Service



Online multi-device banking platform in service mode



An **appification hub** that enables users to export information from the back end to third parties and add the third-party information



Fraud Monitoring with collaborative intelligence, for online banking and e-commerce



Digital identity services in sign-up and signature processes for clients and non-clients through any channel, both for branches and online banking

Business Intelligence

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



Financial data analysis for the comprehensive profiling of banking clients



Pyramid Analysis is a tool that allows comparing with benchmark peers to determine the competitive stance of a company based on the SREP pillar

Technology Solutions

We are experts in specialised technology.



Pyramid Reporting, a comprehensive solution that reduces regulatory costs, optimises the information transfer cycle (XBRL) and is compatible with EBA standards



Risk and Treasury Management Platform is a PaaS Service that covers all the needs of the treasury management activity

Technological Outsourcing

We provide the service of outsourcing technological infrastructures for financial institutions.



Cecabank in figures

These are the main figures of Cecabank at December 2018

Key figures

Individual details

Total

9,649,828
million euros

Total Net Equity

1,073,170
thousand euros

Own Funds

1,063,402
thousand euros

Profit for the year

63,494
thousand euros

CET 1

35.83%

Balance sheet (thousand euros)	2018
Total Assets	9,649,828
Held-for-trading financial assets	1,920,383
Available-for-sale financial assets	1,478,973
Held-for-trading financial liabilities	1,376,857
Financial liabilities at amortised cost	6,946,340
Total Net Equity	1,073,170
Own funds	1,063,402

Income statement (thousand euros)	2018
Net interest income	6,308
Gross income	249,352
Profit from operations	99,772
Profit before tax	88,741
Profit for the year	63,494

Solvency and Liquidity	2018
CET 1 ratio	35.83%
Equity	791,312
Basic Equity (core capital)	791,312
Long-term Liquidity Ratio	373%

Rating Cecabank	2018		
	Short term	Long term	Outlook
Moody's	P-2	Baa2	Stable
Fitch Ratings	F-3	BBB-	Stable
Standard & Poor's	A-2	BBB	Positive



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