



Annual Report 2019



Executive summary



cecabank





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Report
2019

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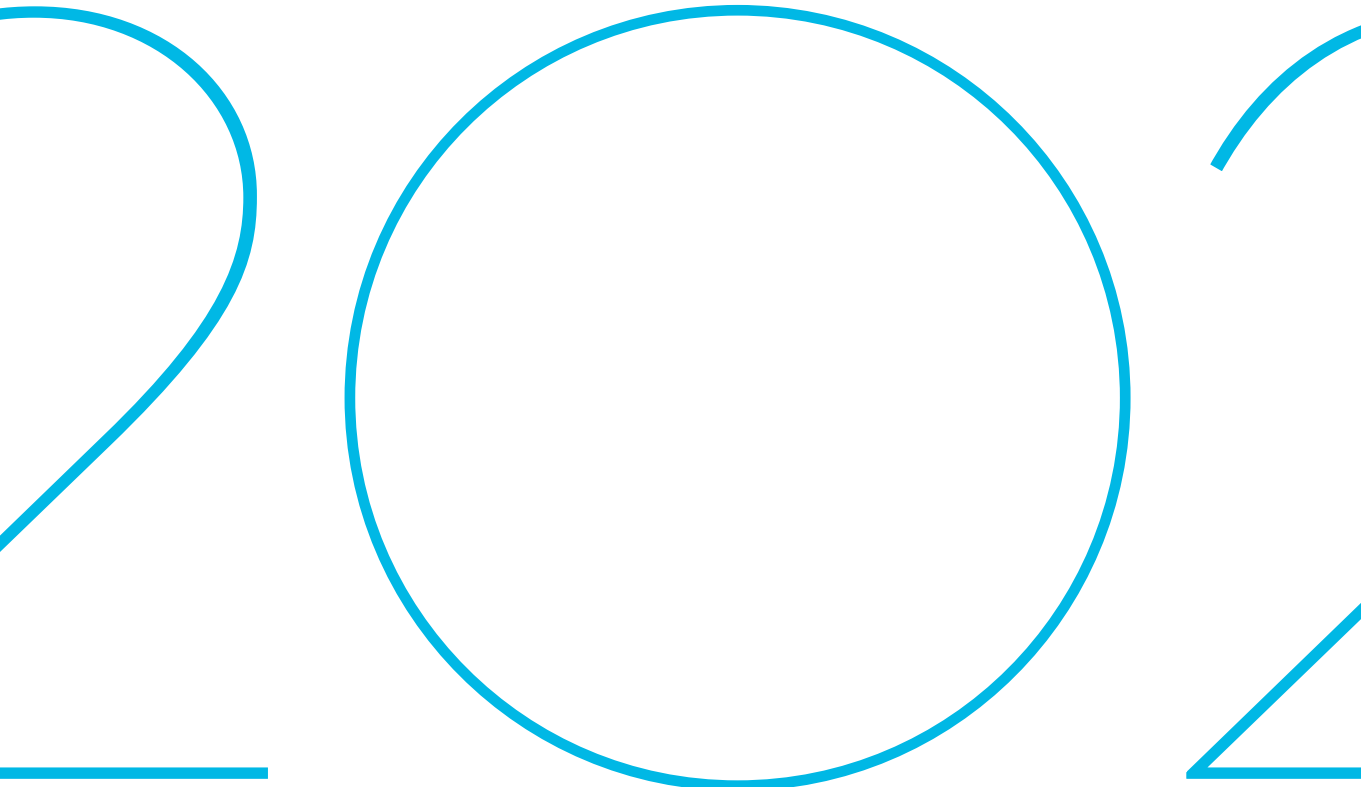
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Lines of
business

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Cecabank in
figures

Strategic Plan 2017-2020



Action plans

In 2019, we continued implementing the defined strategy, adapting to the circumstances as necessary.



Internal transformation plans

The ckbeSMART Cultural Transformation Project

Cultural transformation and talent management
Use of agile methodologies
Exchange network

Sustainability Plan

Carbon Footprint
0 Paper Project
The 'Tú Eliges' ('You Decide') Programme
Signing the COP25

Blockchain

Niuron
The "Legal Persons blockchain platform analysis"
Technology dissemination

Systems plan

Efforts aimed at incremental initiatives
Advances in the Squad Digital Workplace

Innovation Plan

Strengthening Technological Services innovation
"Innovation in Fintech" sectoral forum
Niuron, ck-lab and Inizia

Corporate governance

Annual Board self-assessment
Creation of the Global Risk Control Unit

Quality Plan

Carbon Footprint Certification
Customer journey
Customer experience

Efficiency Plan

Process analysis
Process automation

Communications plan

Internal communication
Social networks
Events and sponsorship

2020 Strategic Plan



2017-2020
Strategic Plan

Major milestones reached in 2019

During the third year of implementation of the 2020 Strategic Plan, the following milestones were reached:

Efficiency (without amortisation)

56.4%

Solvency (CET Ratio 1)

35.2%

Key Figures 2019

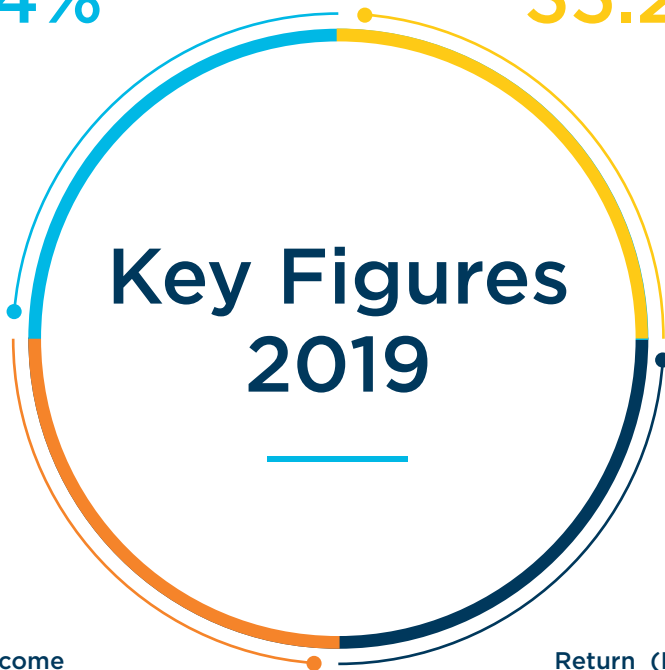
Gross income

210

million euros

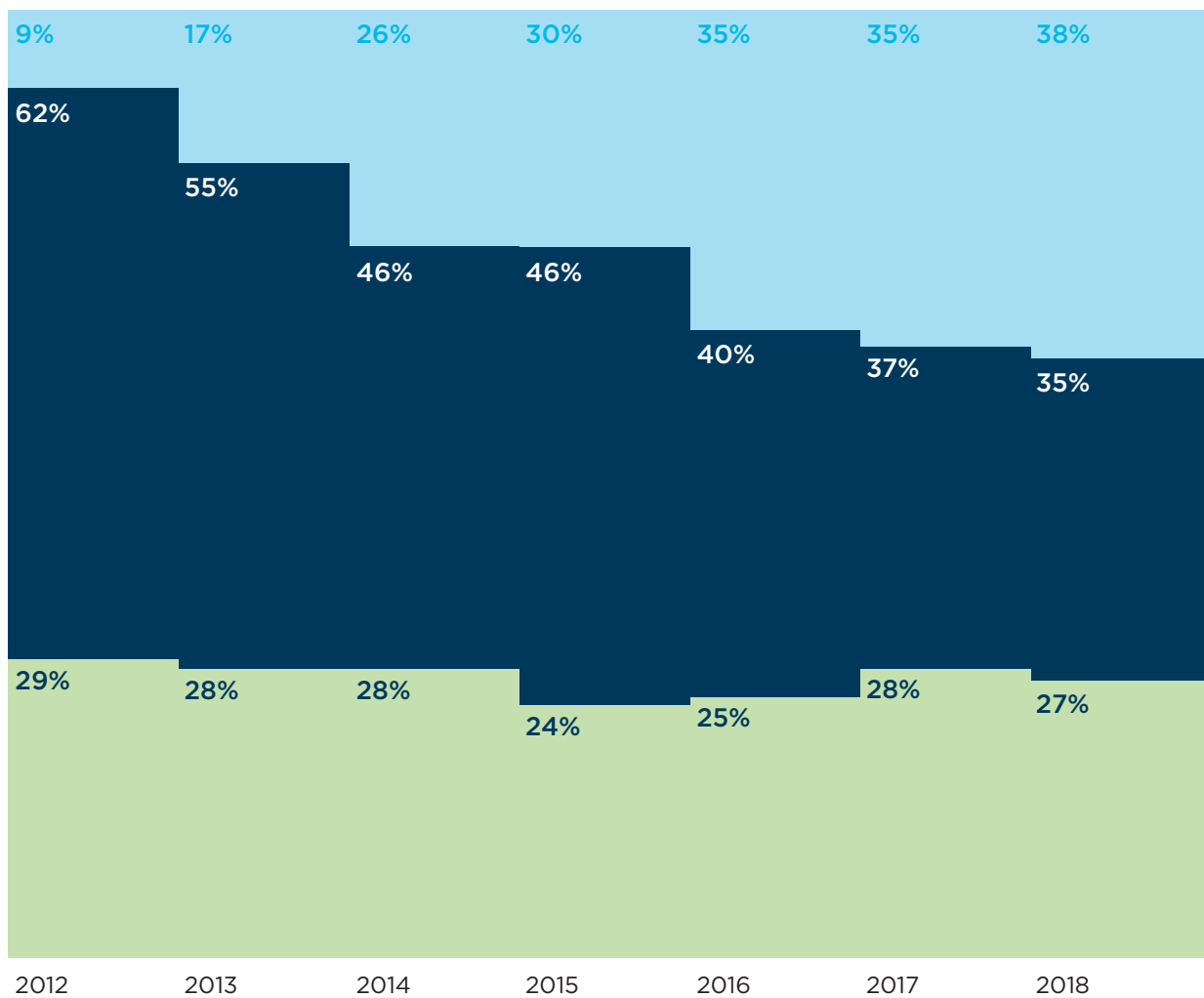
Return (ROE)

5.2%



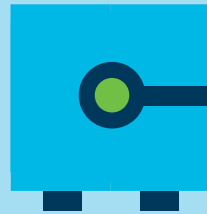
Diversification of income

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



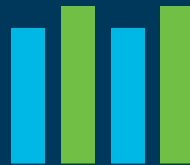
42%

Securities Services



29%

Treasury management



29%

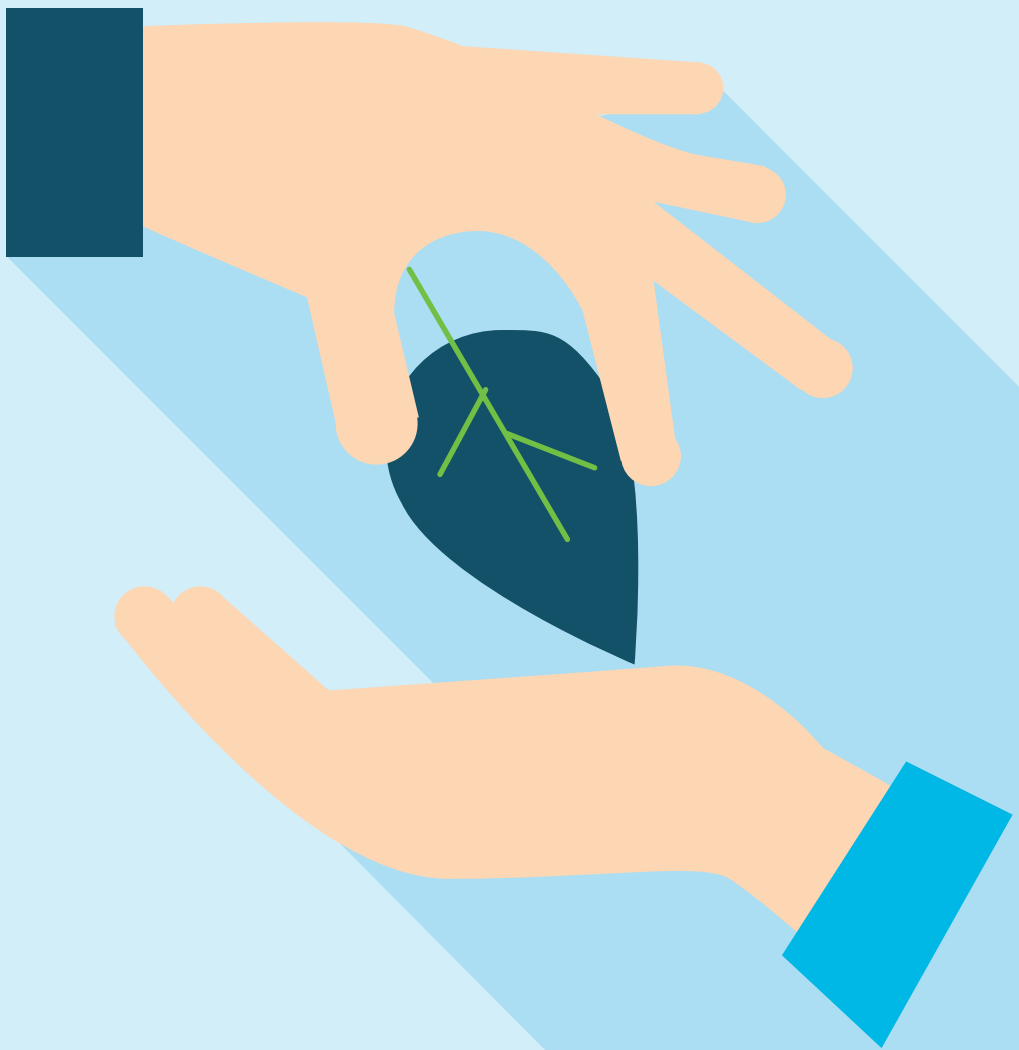
Digital Payments
and Solutions



2019

Milestones 2019

These are the main milestones we have achieved in 2019



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January

Spain Investors Day

Over 1,200 guests attended the tenth edition of Spain Investors Day, promoted by Cecabank among other companies.



February

AENOR Energy Management Certificate

AENOR recognises the efficient energy management of the entity, awarding us the Energy Management Certificate.



May

S&P upgrades Cecabank's rating

Cecabank's long-term rating is upgraded from BBB to BBB+, emphasising the company's strong capital.



June

Award for best custodian bank

Cecabank received the award for the best national custodian bank for the third consecutive year, demonstrating its leadership in securities custody and depositary.



September

Partners of the SDGs

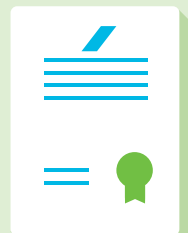
We joined the "My Plan is Agenda 2030" initiative, one of the most important global initiatives for corporate sustainability.



October

The Banking Training School certifies over 4,000 employees

Cecabank's Training School certifies more than 4,000 employees in the Real Estate Credit Contracts Act (LCCI).



March

Cecabank joins FX Global Code

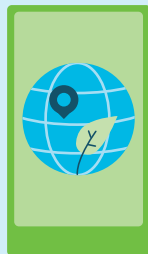
Cecabank adhered to the Global Code of Conduct for the FX Market, thus strengthening its global commitment to transparency and quality.



April

ck-lab conference

Over 200 banking and FinTech professionals attended the new ck-lab conference, analysing the challenges of the digital environment in the financial sector.



July

More than 150 billion euros in assets under custody

Cecabank exceeded 150,000 million euros under custody, a record figure in the sector that placed the entity at the top of securities custodians.



August

The 'Tú Eliges' ('You Decide') programme

Cecabank donates 100,000 euros to 15 charity projects chosen by its employees. More than 80% of the workforce took part in this edition.



November

Securities Services event

For the sixth year, Cecabank held Spain's main post-trading forum, attended by more than 200 professionals from the sector.



December

Innovation in Fintech event

The entity took part in the sector forum Innovation in FinTech in order to boost innovation together with start-ups from the sector.

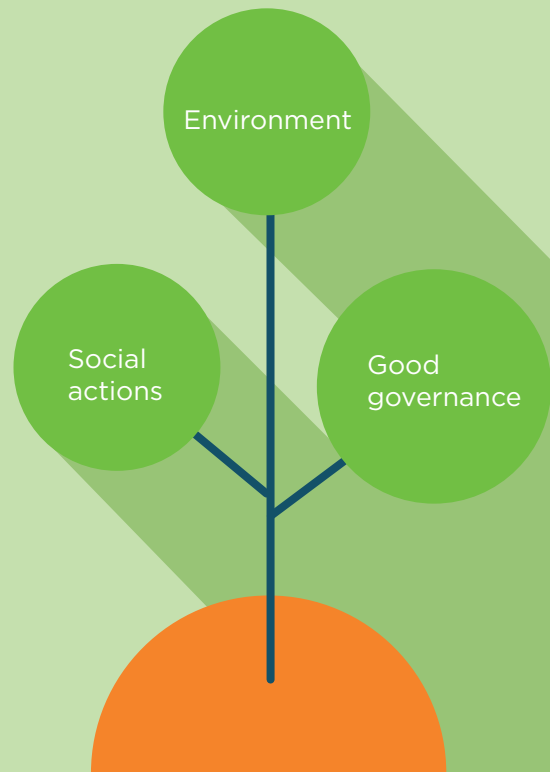


Value creation

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

Sustainability

The purpose of Cecabank's Sustainability 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.



Customer-oriented and integrity

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

1

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

2

Measuring and analysing the client's voice.

3

Establishing improvement plans for the quality of the processes and customer experience.

Cecabank has received these acknowledgements throughout 2019



GE 0102211
Energy Management Certificate



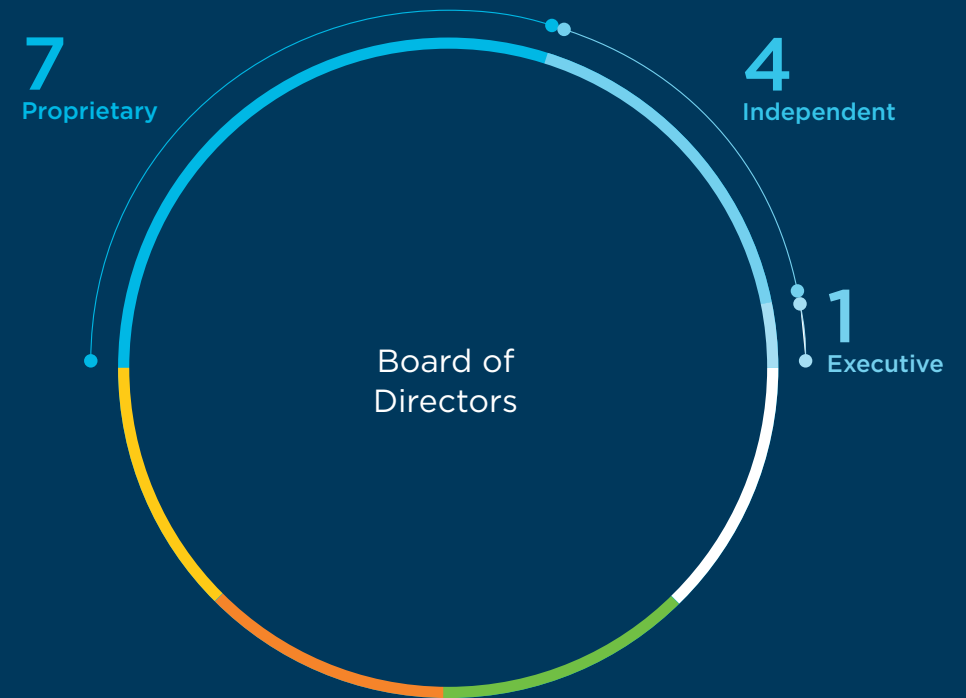
CO₂ verificado
Carbon Footprint Verification



cecabank
Best Custodian
Bank Spain 2019

Corporate Governance

The Board of Directors has 12 members (7 proprietary, 4 independent and 1 executive) and 4 specialist Committees with supervisory and advisory powers.



Appointments Committee

Chair
Julia Salaverría
Monfort
Independent

Remuneration Committee

Chair
M^a del Mar Sarro Álvarez
Independent

Risk Committee

Chair
Carmen Motellón García
Independent

Audit Committee

Chair
Santiago Carbó Valverde
Independent

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 its clients.

CET 1 ratio
35.2%

At 31 December 2019



Innovation

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

ck-Lab

A digital forum open to banks and FinTech companies 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 driving change, diversification and disruption, investing in companies under a unique programme to help technological start-ups advance.



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.



Hours of training

21,691



Online training

53%



Employee participation

100%



In-person training

47%



Satisfaction level

83%

Lines of business

The four lines of business have continued developing throughout 2019 with the following advances



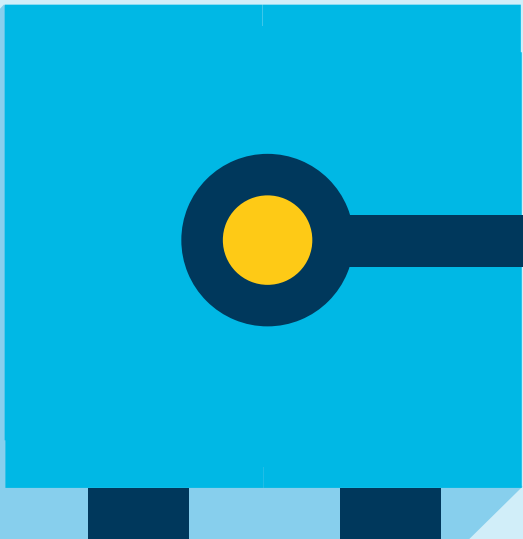
Securities Services

Futures Settlement
in Organised Markets

Securities
Custody,
Settlement
and Clearing

Fund
Depository

Global
Securities
Solution



Access to the settlement of futures and options through **efficient and automated management**

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

+5.7

million contracts settled

Activos bajo custodia por encima de

164,000

millones

Settled operations

653,000

Patrimonio depositado superior a

119,100

millones

29

management companies

A full **omni-channel solution** for opening national and international equity securities, fixed-rate securities, ETFs, and marketing investment and pensions funds

Flexible and adjustable, agile and efficient

MiFID II Compliance

Treasury management

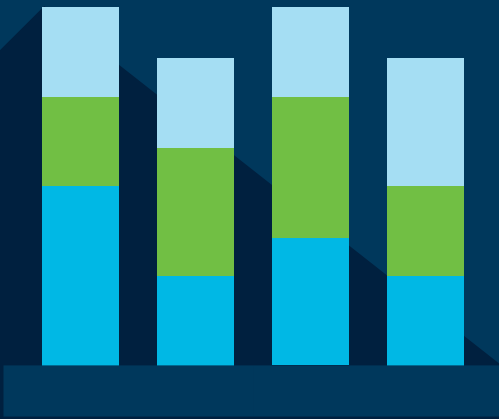
Equities
Sales

Debt
Capital
Markets

Technology
Solutions

Financial
Markets

Banknotes



Equity execution desk
for institutional clients.

Granting of several **financing operations** to large companies and support to the refinancing processes of several autonomous regions

PaaS service for all treasury management needs

Experts in specialised technology.

Cecabank is the **Spanish Treasury Public Debt** market maker

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

Direct member of the main **Central Clearing Houses**

Over
2,500
purchase and sale transactions of
foreign banknotes

Over
14,000
bank branches offering the
banknote service

Leaders of the wholesale foreign banknote market in Spain.

Payments

International Payments and FX Platform

Infrastructure and Payment Services

Processing Solutions and Payment Methods

Digital Payments



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

Over
80
countries

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

Cheques

110,727
cheques processed

Account payable and receivable portfolio

173,669
notes deposited

SEPA transactions exchange (EBA and SNCE)

583
million transactions processed

858
million card transactions
processed

10
million cards
processed

Over
150
thousand
businesses

Daily average
amounts settled

120
million euros

Availability of
the systems

99.997%

The “**ealia**” **multi-purpose mobility
payment platform**, the C2eR
E-commerce system and the
HCE solution, among others, are
particularly noteworthy

30
million Bizum
transactions processed

Digital Solutions

Digitalisation
of Processes

Omni-channel
Service

Business
Intelligence

Technology
Solutions

Technological
Outsourcing



Generating all kinds of **banking remittances and a virtual payment gateway**

Application hub that enables users to export information from the backend to third parties

Fraud Monitoring with **collaborative intelligence**

Digital identity services in contracting and signing processes

During 2019, we implemented developments to **facilitate the incorporation of the standard 3D secure 2.2**

Pyramid Analysis is a tool that enables comparisons with benchmark peers to determine competitive stance

We have begun producing an **application platform that complies with PSD2 regulations**

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

The **Trading and Risk platform** is a PaaS service that covers all the needs of treasury activity

Technological outsourcing services are especially qualified for financial institutions, insurance companies and payment networks, as well as for new profiles, such as the FinTech sector

Cecabank in figures

These are the main figures
for Cecabank as of
December 2019

Individual figures

Total assets

11,719,500

thousand euros

Total Net Equity

1,106,684

thousand euros

Own funds

1,087,635

thousand euros

Profit for the year

45,185

thousand euros

CET 1 ratio

35.2%

Balance sheet (thousand euros) **2019**

Total Assets	11,719,500
Held-for-trading financial assets	1,849,540
Financial assets at fair value through other comprehensive income	2,072,461
Held-for-trading financial liabilities	1,211,746
Financial liabilities at amortised cost	9,211,764
Total Net Equity	1,106,684
Own funds	1,087,635

Income statement (thousand euros) **2019**

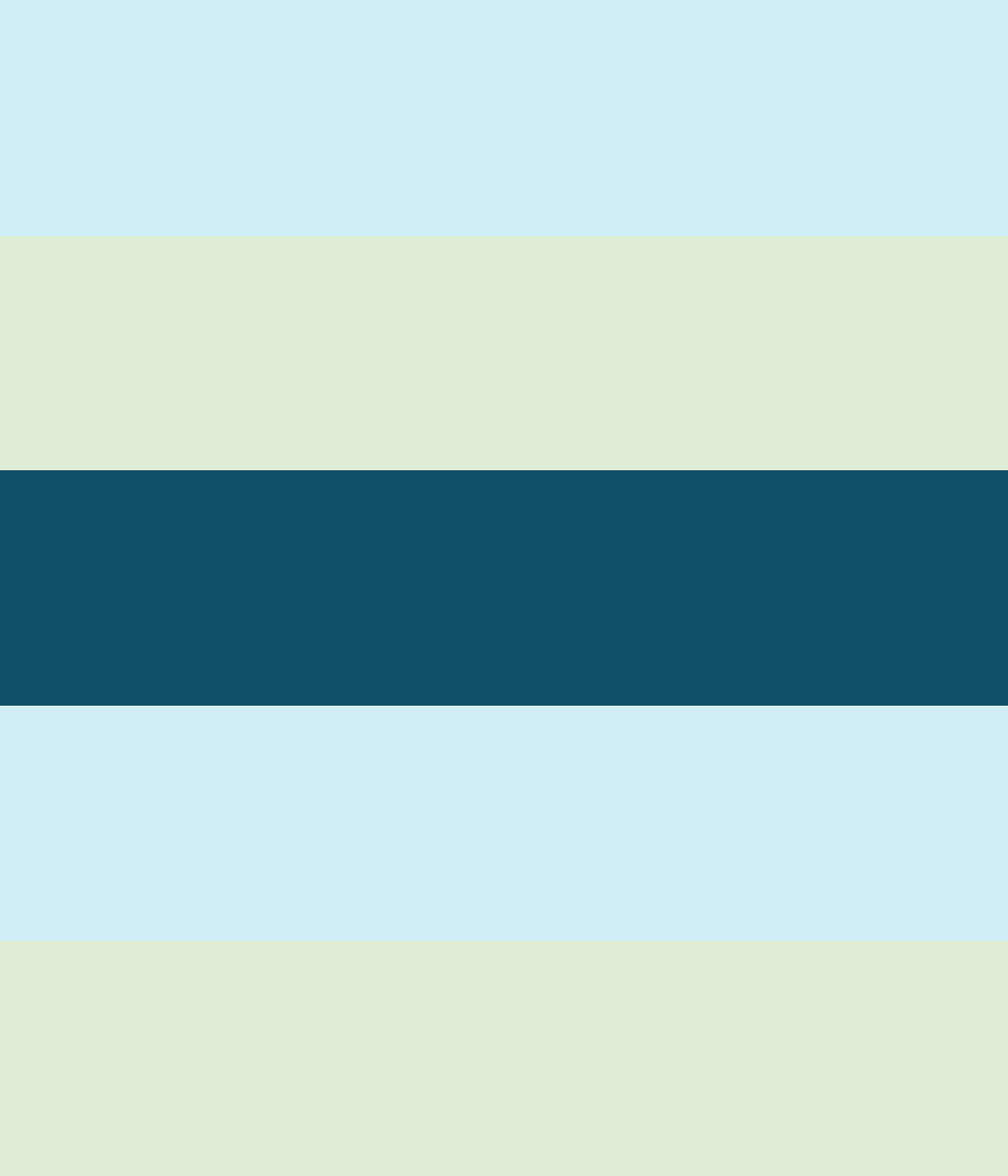
Net interest income	-13,484
Gross income	210,253
Profit from operations	62,031
Profit before tax	63,057
Profit for the year	45,185

Solvency and liquidity **2019**

CET 1 ratio	35.2%
Equity	€1,087,635
Core capital	€858,758
Long-term liquidity ratio	324%

Cecabank rating **2019**

	Short-term	Long-term	Outlook
Moody's	P-2	Baa2	Stable
Fitch	F3	BBB-	Stable
Standard & Poor's	A-2	BBB+	Stable

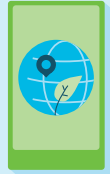
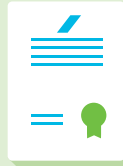




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Online Annual Report

