



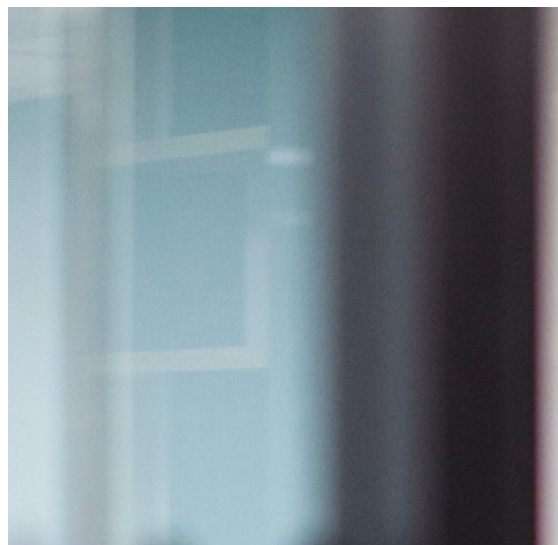
# *Annual Report 2020* /

# Annual Report 2020



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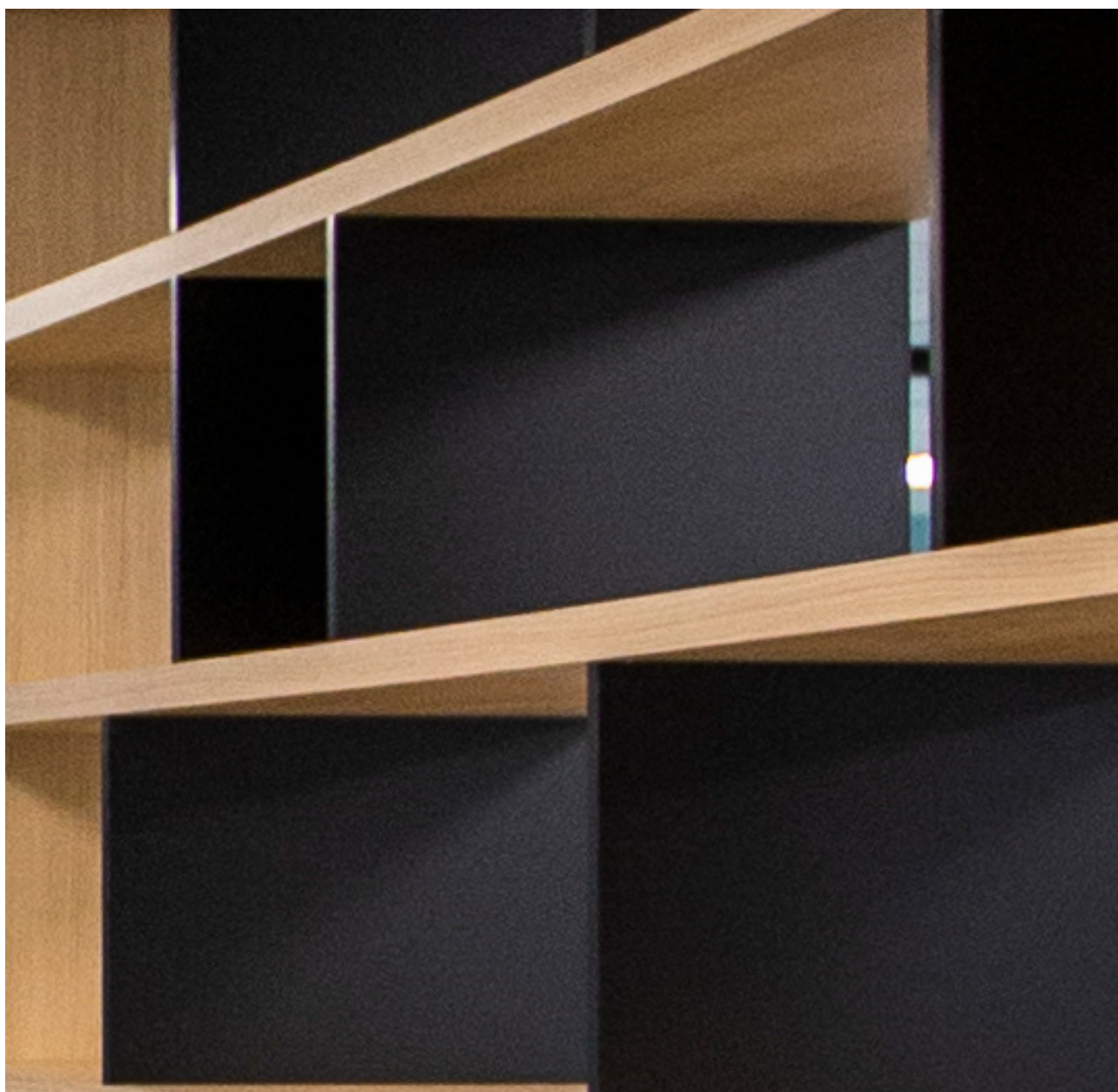
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# *Introduction*





In early 2020, SARS-CoV-2, a microscopic organism, brought humanity to its knees worldwide. The resulting health and social crisis continue to take a toll on families, companies and self-employed workers, not to mention the massive impact it has had on the most vulnerable.

In a matter of months, COVID-19 subverted all aspects of our life: how we socialize, how we work, how we shop, how we look after our health, how we educate and how we care for our loved ones. What lessons will we learn from all this? Can we draw something positive from this experience, both individually and collectively?

The outbreak of the pandemic coincided with the 200th anniversary of the birth of Concepción Arenal, a pioneer in the social work field and an advocate of charity, philanthropy and goodwill. One of her most famous quotes comes to mind: "All things are impossible as long as they seem so".

With this in mind, today we can highlight the impeccable response by CECA's member entities to tackle the health and social crisis, and how, to help their customers, they all adapted deftly to a world that changed overnight.

Since the state of alarm, the CECA sector has maintained an ongoing dialogue with national regulatory and supervisory authorities to spearhead the necessary measures put in place. This contribution that has made us part of the solution to the current crisis and whose success has been underpinned by the joint work of the different economic players.

The European Savings and Retail Banking Group (ESBG) and the World Savings and Retail Banking Institute (WSBI), both of which CECA is a member, are adopting similar measures to mitigate the impact worldwide.

Undoubtedly, the financial system occupies a key role in the national economic system, given its social, economic and productive contribution. As a result, CECA's banks and savings banks are determined to put forward agreements to mitigate not only the effects of the pandemic, but also to become one of the pillars of economic recovery.

Banks and savings banks are guarantors of the safety of private savings and creators of wealth and prosperity, as well as a vehicle to make dreams, plans and projects a reality. This puts them in the best position to be the channel for European aid to the real economy through the Spanish Recovery and Resilience Plan.

Our associated companies have been working for years to develop a responsible and sustainable business approach, which contributes to social development through their financial activity and Obra y Acción Social. The sense of responsibility and the commitment to service are the principles that guide us on our way to becoming a global financial phenomenon at the service of people.

Now, more than ever, this primary objective of our member entities is of prime importance. Throughout the pandemic, CECA's Obra y Acción Social has allocated 140 million euros to help the most vulnerable groups, highlighting its role in strengthening the welfare state. The measures that emerged from our business model are undoubtedly one of the defining legacies of a year that has been rife with challenges.

In this regard, the solidity of our Obra y Acción Social Decalogue has been demonstrated in the commendable work of CECA's member entities. We have acted in full compliance with the ten values that define us: excellence, teamwork, dedication, solidarity, achievement, commitment, innovation, experience, leadership and learning. All with the primary goal of contributing to social progress.

We cannot predict the future, but we can build the path that will lead us forward. The future belongs to those who do not forgo their present responsibilities. Because the true essence of solidarity is based on joining forces to fight for a common goal. No matter what difficulties lie ahead, when we are firmly united and carry social and sustainable investment as our flag, we can build a better future.

# 01. *About us*



CECA is a banking association committed to representing, defending and promoting its member entities' interests.

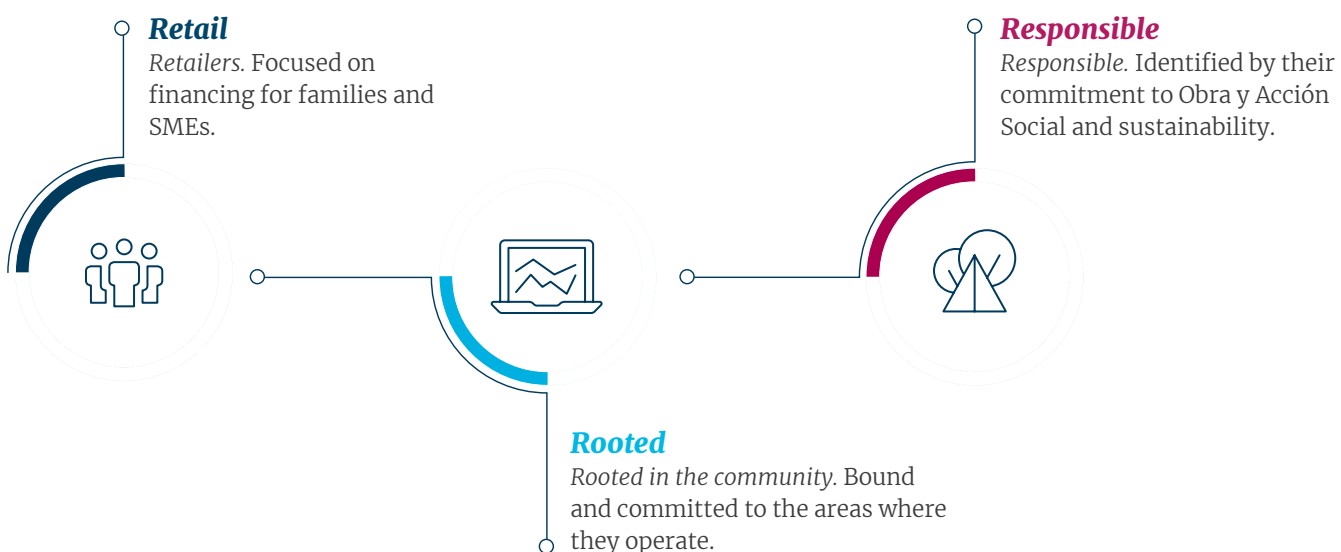
## 1.1. Our mission

In addition to defending the interests of its member entities, CECA provides them with advice and supports them in their aim to offer services that promote financial inclusion and access to credit. This work is undertaken with a sustainable approach, notably featuring Obra y Acción Social and financial education.

CECA is an active member of the international associations representing the model of retail banking which gives priority to funding for families and SMEs, a model with which CECA member entities fully identify.



This model, which identifies all WSBI entities, is characterised by the so-called 3Rs.



## 1.2. Who we represent

CECA's present members include credit institutions, banking foundations and other foundations associated with the banking sector.

Data at September 2020



ATMs  
20,982



Branches  
10,269

44%  
OF THE  
SFS\*



Employees  
68,160

39%  
OF THE  
SFS\*



Loans  
517.043  
BILLION EUROS

36%  
OF THE  
SFS\*



Average size  
of the entities  
102.531  
BILLION EUROS



Assets  
Total  
871.099  
BILLION EUROS

32%  
OF THE  
SFS\*



Deposits  
570.825  
BILLION EUROS

38%  
OF THE  
SFS\*

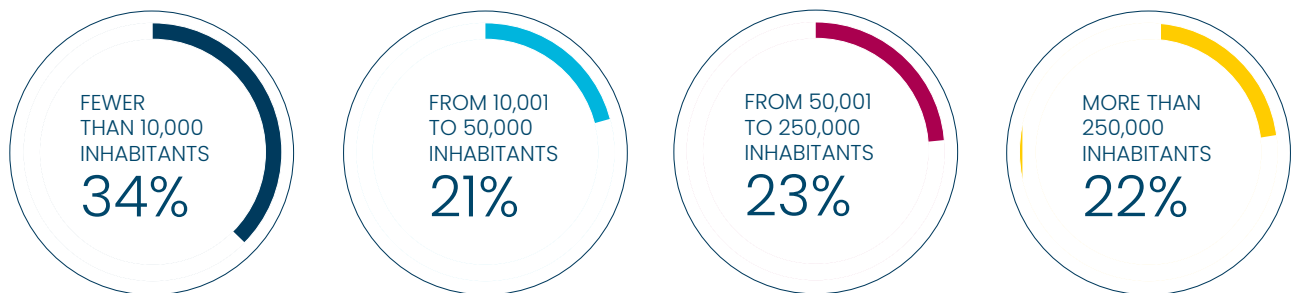
\*Spanish Financial System (SFS).





## Branch distribution by size of town/city

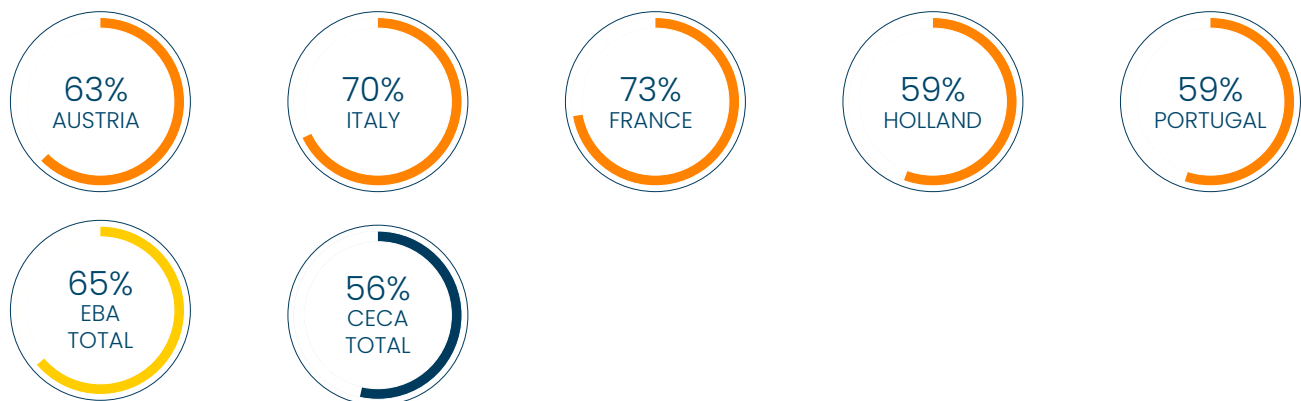
Data at September 2019



## Efficiency

### Operating expenses on gross income

Data at September 2020 (Source: EBA)



## CET1

Data at September 2020



## 1.3. List of member entities

### Credit institutions



CAIXABANK, S.A.



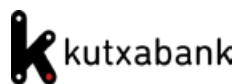
BANKIA, S.A.



UNICAJA BANCO, S.A.



ABANCA CORPORACIÓN  
BANCARIA, S.A.



KUTXABANK, S.A.



IBERCAJA BANCO, S.A.



LIBERBANK, S.A.



CAJASUR BANCO, S.A.U.



CAJA DE AHORROS  
Y MONTE DE PIEDAD  
DE ONTINYENT, CAIXA  
ONTINYENT



COLONYA CAIXA  
D'ESTALVIS DE  
POLLENÇA



CECABANK, S.A.

## Banking foundations



BILBAO BIZKAIA KUTXA  
FUNDACIÓN BANCARIA-  
BILBAO BIZKAIA KUTXA  
BANKU FUNDAZIOA



FUNDACIÓN BANCARIA  
CANARIA CAJA GENERAL  
DE AHORROS DE  
CANARIAS - FUNDACIÓN  
CAJACANARIAS



FUNDACIÓN BANCARIA  
CAJA DE AHORROS DE  
SANTANDER Y CANTABRIA



FUNDACIÓN CAJA  
DE AHORROS DE  
CASTILLA-LA MANCHA



CAJACÍRCULO,  
FUNDACIÓN BANCARIA



CAJA DE BURGOS,  
FUNDACIÓN BANCARIA



FUNDACIÓN BANCARIA  
CAJA DE AHORROS Y  
MONTE DE PIEDAD DE  
EXTREMADURA



FUNDACIÓN  
BANCARIA CAJA  
NAVARRA



FUNDACIÓN BANCARIA  
CAJA DE AHORROS DE  
ASTURIAS



FUNDACIÓN  
BANCARIA IBERCAJA



FUNDACIÓN BANCARIA  
KUTXA-KUTXA BANKU  
FUNDAZIOA



FUNDACIÓN  
BANCARIA CAIXA  
D'ESTALVIS I PENSIONS  
DE BARCELONA,  
"LA CAIXA"



FUNDACIÓN BANCARIA  
UNICAJA



FUNDACIÓN BANCARIA  
VITAL

## General foundations



FUNDACIÓN GALICIA  
OBRA SOCIAL  
AFUNDACIÓN



FUNDACIÓN ÁVILA



FUNDACIÓN  
BANCAJA,  
FUNDACIÓN DE  
LA COMUNITAT  
VALENCIANA



FUNDACIÓN CAJA  
GENERAL DE AHORROS  
DE GRANADA  
(CAJAGRANADA  
FUNDACIÓN)



FUNDACIÓN CAJA DE  
AHORROS DE LA INMA-  
CULADA DE ARAGÓN



FUNDACIÓN CAJA DE  
AHORROS DE MURCIA



FUNDACIÓN  
CAJA RIOJA



FUNDACIÓN  
CAJA SEGOVIA



FUNDACIÓN PRIVADA  
MONTE DE PIEDAD Y  
CAJA DE AHORROS  
SAN FERNANDO DE  
HUELVA, JEREZ Y  
SEVILLA (FUNDACIÓN  
CAJASOL)



FUNDACIÓN CANARIA  
LA CAJA INSULAR DE  
AHORROS DE CANARIAS



FUNDACIÓN  
MEDITERRÁNEO



FUNDACIÓN OBRA SOCIAL  
Y MONTE DE PIEDAD DE  
MADRID (FUNDACIÓN  
MONTEMADRID)



FUNDACIÓN  
ESPECIAL PINNAE



FUNDACIÓ SA NOSTRA  
CAIXA DE BALEARS

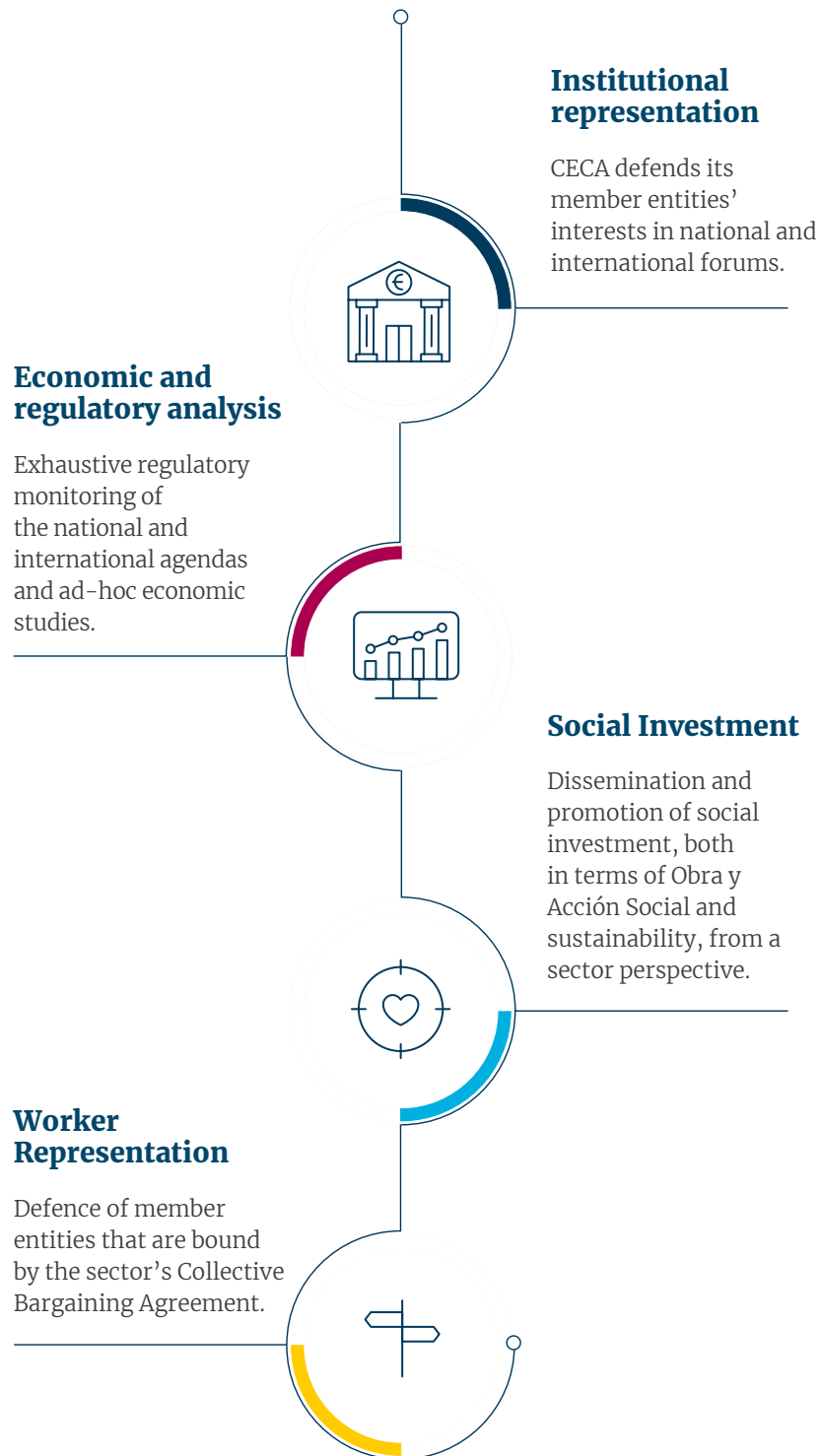


FUNDACIÓN OBRA SOCIAL  
DE CASTILLA Y LEÓN

# 02. *What we do*



## Our activity is divided into four main areas





## 2.1. Our activity

### 2.1.1. Institutional representation

As set forth in its By-laws, a major part of CECA's activity is focused on representing and defending the interests of its member entities. For this purpose, it is present in many national and international forums.

In 2020, **COVID-19** plunged the major national and international political institutions into uncharted territory. To curb the ensuing problem, both the European Union and Spain accelerated the implementation of **wide-ranging measures and recovery plans**.

Against this highly complex backdrop, CECA has been a key force in the **implementation of government initiatives** to make them reach the real economy. On the other hand, it underscores the **measures put in place by member entities** and foundations, designed to mitigate the economic effects of COVID-19, especially among the most vulnerable groups.

CECA has maintained **contacts with the national authorities and stakeholders**, including CEOE, to monitor the government measures related to the COVID-19 crisis, as well as the **Recovery and Resilience Plan** that has been presented to Spain.

Some of the exceptional measures taken—classified by organisation—are:



#### Official Credit Institute (ICO)

CECA has created a working group with member entities to promote dialogue with the ICO on operational matters in order to resolve the doubts raised by entities and to unify criteria used to interpret matters related to the COVID-19 guarantee lines regulated by RDL 8/2020 and RDL 15/2020. Five working meetings have been held with the ICO, in line with the release of each tranche of the guarantee lines.



#### Spanish Public Employment Service (SEPE in Spanish)

**On 6 May CECA signs an agreement with the Ministry of Labour and the SEPE** to advance the payment of unemployment benefits to affected individuals by means of a Temporary Labour Force Adjustment Plan (ERTE). Banks have advanced payments to the beneficiaries weekly, until monthly accrual began occurring on the 10th of each month. On 30 October, the Minister of Labour and Social Economy signed a pledge to renew the agreement until May 2021.



#### General Treasury of the Social Security Institute (TGSS in Spanish)

Within the scope of collaboration agreement with this body, an agreement has been reached on a new benefit called Universal Minimum Income (Official State Gazette, 1 June). This financial benefit guarantees a minimum level of income for those who are at risk of poverty or social exclusion.



#### Sector moratoriums

On 16 April, credit institutions approved voluntary sector-wide commitments through the Spanish Banking Association and CECA, opening up the possibility for moratoriums complementary to the legal moratorium agreed by the Government under the guidelines published by the European Banking Authority (EBA). With this voluntary moratorium, the banking sector has extended both the number of families that can take advantage of payment deferrals and the duration thereof, extending the term of a mortgage moratorium to 12 months and a non-mortgage loan moratorium to six months. The initial application period for the sector moratorium was until 29 June 2020, but, in line with the EBA guidelines, this period was extended until 29 September. In December 2020, an addendum to the sector agreement was agreed, extending the application period of the sector moratorium until 30 March 2021, reducing the period thereof to a maximum of nine months, in accordance with the new EBA guidelines published on 2 December 2020.



#### Other additional measures

During the first months of the pandemic, usual monthly pensions and unemployment benefits were paid in advance, and tax maturities regulated by the Tax Agency (AEAT) were modified to give liquidity to the company.



Data has been collected to prepare a monthly report on the volume of the operations affected by COVID-19, such as moratoriums, ICO operations and advance payment of pensions and unemployment benefits.

## The European Union and ESBG

CECA actively participates in multiple European forums, with a special emphasis on the **European Savings and Retail Banking Group (ESBG)**, through which it carries out a large part of the dialogue with the European authorities. These contacts are chiefly executed through the **Presidents Committee and Board of Directors of ESBG**, where the Deputy Chairperson is Isidro Fainé. They include meetings with the Chairperson of the European Banking Authority and with the European Commissioner for Financial Stability, Financial Services and Capital Markets (DG FISMA).

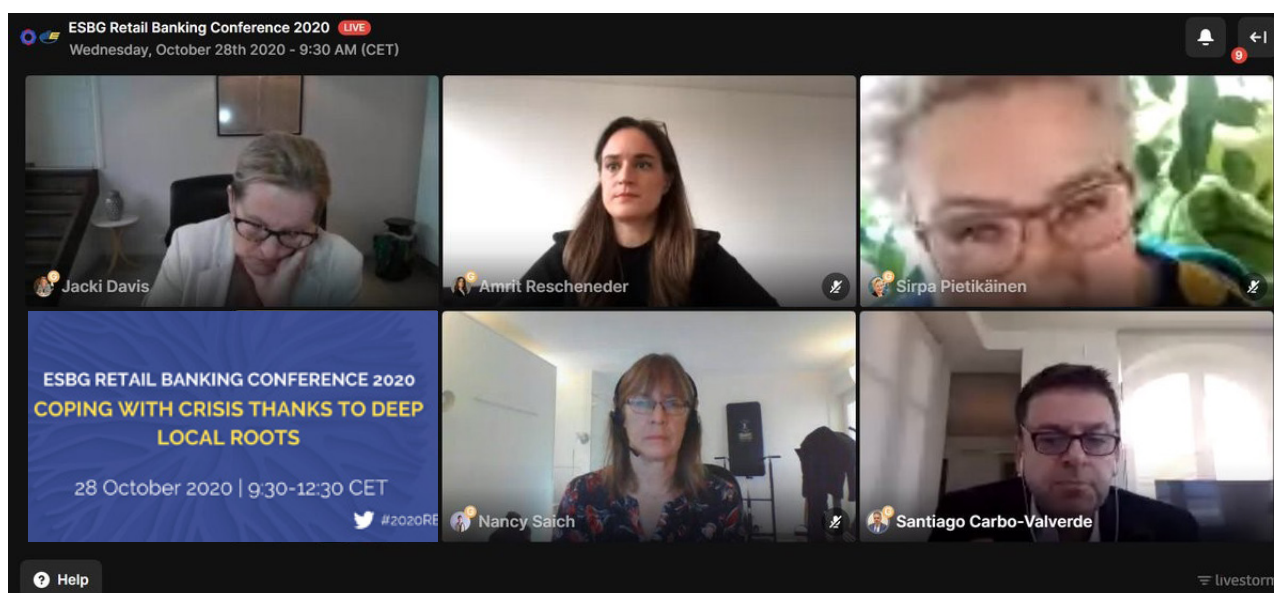
ESBG, together with other European associations and with the support of its members, including CECA, has called on **EU institutions and authorities** to introduce measures to harness the power of banks and savings banks to support the real economy during the COVID-19 crisis. In this way, **numerous declarations have been issued at the international level** since the start of the pandemic, describing the measures needed to allow banks to continue financing activities, particularly as regards SMEs and households, such as capital and operational relief on the part of supervisory authorities, a complete reassessment of the implementation schedule of existing and future legislation, longer consultation periods and, in general, more flexibility to allow banks and savings banks to act.

In this regard, ESBG and its members drafted a document on **best practices for the banking sector**,

published by the European Commission within the DG FISMA, thus making it applicable to the entities. The document is the result of two round tables organised between May and July 2020, as well as negotiations with consumers and business associations, and aims to facilitate the convergence and implementation of aid measures presented by the Commission and the authorities.

In recent months, **several meetings have been organised with the authorities**. Among others, a dialogue was opened with the SSM (Single Supervisory Mechanism) on issues related to COVID-19; the implementation of Basel IV was discussed with DG FISMA; and a wide range of topics were discussed in meetings with the EBA (European Banking Authority) and the SRB (Single Resolution Board). In addition, the Head of the Supervisory Policy Division of the European Central Bank participated in the Supervisory and Prudential Regulation Committee (ESBG working group chaired by CECA). Likewise, meetings were also held with the Permanent Representation of the Federal Republic of Germany within the scope of the German Presidency of the EU Council.

With the strategic objective of presenting ESBG to the main stakeholders and EU authorities and positioning this association as the European leader for savings and retail banking for all European institutions, the **Retail Banking Conference was organized once again this year, this time virtually**.



The discussions focused on three key topics: sustainable finance, digital finance and the EU financial sector in the face of COVID-19. This time saw participation by senior representatives from the European Central Bank, the European Commission, the European Parliament, the European Investment Bank, the European Banking Authority, the European Securities and Markets Authority, the Basel Committee on Banking Supervision and member banks of ESBG, such as CECA.

CECA is on all **ESBG working groups and committees** that work in all the sector's areas of activity, and it has also played an active role in preparing joint positions related to the current political and regulatory situation.

**Cecabank's Representative Office in Frankfurt** has continued to support CECA's activities as part of its institutional operations with regulators and supervisors. Its most notable dates include the Conference on the Banking Union, held during the Frankfurt Euro Finance Week, and the Annual Conference on Banking Regulation organised by the European Banking Institute (EBI).

CECA has also been represented at the SRB Industry Dialogue meeting, held online, as well as at its Annual Conference on Banking Resolutions.

## International and WSBI

Internationally, CECA carries out a major part of its institutional activity through the **World Savings and Retail Banking Institute** (WSBI), which represents 6,000 savings banks and retail banks in over 80 countries.

The **Presidents Committee and Board of Directors** of the association, headed by its Chairperson, Isidro Fainé, have worked hard to support WSBI entities globally and strengthen their position on regulatory matters vis-à-vis international authorities and organisations.

In response to the COVID-19 outbreak, the WSBI has implemented several **initiatives to support its members**, including multiple seminars in which CECA participated to address the operational issues of its members regarding cybersecurity, Blockchain, international aid and financial education, among others.

The **ESBG/WSBI Coordination Committee** met several times during 2020, with the permanent presence of CECA, which holds the Vice-Presidency of this group. This Committee is an ESBG/WSBI joint governing body and is responsible for reviewing its actions and positions.

## Corporate events

CECA frequently organises corporate events with the aim of creating forums for debate and spaces for reflection and dissemination for the improvement of the banking sector and its contribution to society.





In this regard, it maintains close collaboration with the sector associations in order to work together on joint projects. Last January saw the **launch of FINRESP (Centre for Responsible and Sustainable Finance in Spain)**, an initiative run by AEB, CECA, INVERCO, UNACC and UNESPA to meet Spanish production needs, particularly those of SMEs, in their adaptation to the sustainability principles and standards drawn up by the UN.



In October, FINRESP organised an event attended by **Patxi López**, Member of the Spanish Parliament and Secretary of Federal Policy of the Spanish Socialist Workers' Party (PSOE), with the aim of addressing the main conclusions of the Commission for Social and Economic Reconstruction of Spain.

Following the confinement, several of the events organised for 2020 were cancelled. As a result, new **events were planned in a virtual and hybrid format** to account for the necessary technological adaptations.

In March, CECA again joined forces with AEB and UNACC to hold the annual **Sector Seminar on the Prevention of Money Laundering and Financing of Terrorism**, this time online, which included experts from the authorities (SEPBLAC and the Treasury) to explain the main developments and challenges for the sector in this field.

CECA also fosters the interaction and exchange of experiences among its members through **conventions, such as the 80th Convention on Legal Advisors**, held in November 2020. In this annual convention, which is organised by the Legal Committee, numerous presentations on legal affairs were held for the banking and financial sector.



#### Sector Workshop on the Prevention of Money Laundering and Financing of Terrorism

26 June 2020



## Sectoral reputation and communication plan

CECA has continued its work to **improve the reputation of the banking sector**. One of the priorities over the past year has been the dissemination of initiatives launched by the sector to mitigate the economic and social effects of the health crisis. Among the various measures implemented, under the coordination of the entities' communication managers, the media campaign in national and regional outlets stands out.

### Support for housing and consumers: Moratoriums

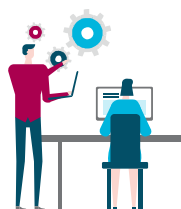


Transactions  
**499,610**  
Amount  
**€24.914 billion**  
Data at 31 December 2020

### Support for companies

Banking entities are channelling ICO programme guarantees

ICO programme amount  
**€100 billion**



Transactions  
**286,658**  
Amount  
**€33.107 billion**  
Data at 31 December 2020

### Support for housing and consumers: Moratoriums



Advanced payment corresponding to unemployment benefits and pensions

Advance payments for unemployment benefits

**19,261,556**

Advance payments for retirement benefits

**48,154,704**

Data at 31 December 2020



Debit payment limit with *contactless* card without having to enter the PIN increased to 50 euros



## Internal representation forums

Through the Coordination Committee, CECA member entities can channel and promote their common interests and promote joint projects.

The organisation of this membership body takes its structure from the **Technology Committee and the Payments and Regulatory Projects Committee**. **Ten networks** specialised in several areas of banking activity depend hierarchically on these committees.

We wish to highlight the following blocks of activities:



**Monitoring implementation of the regulations.** The impact analysis of the regulatory agenda has resulted in six projects executed with the support of leading external consultants (we wish to highlight the lobbying projects undertaken to study the impact of the implementation of the Basel framework for operational risk, optimisation of capital requirements for operational risk according to the new SMA calculation method, sustainable finances, drafting of the **Bail-in playbook** according to SRB requirements for 2020, support to entities in their self-assessment of resolution capacity and contingency plan for accessing market infrastructures and drafting of the **Self Assessment** resolution).



**Joint project.** Project carried out with the participation of all members and in collaboration with the SWIFT provider to offer consultancy on the new operational model and on compliance with the requirements demanded by the consolidation of the TARGET 2 and TARGET 2S platform, in accordance with the targets set by the Eurosystem.



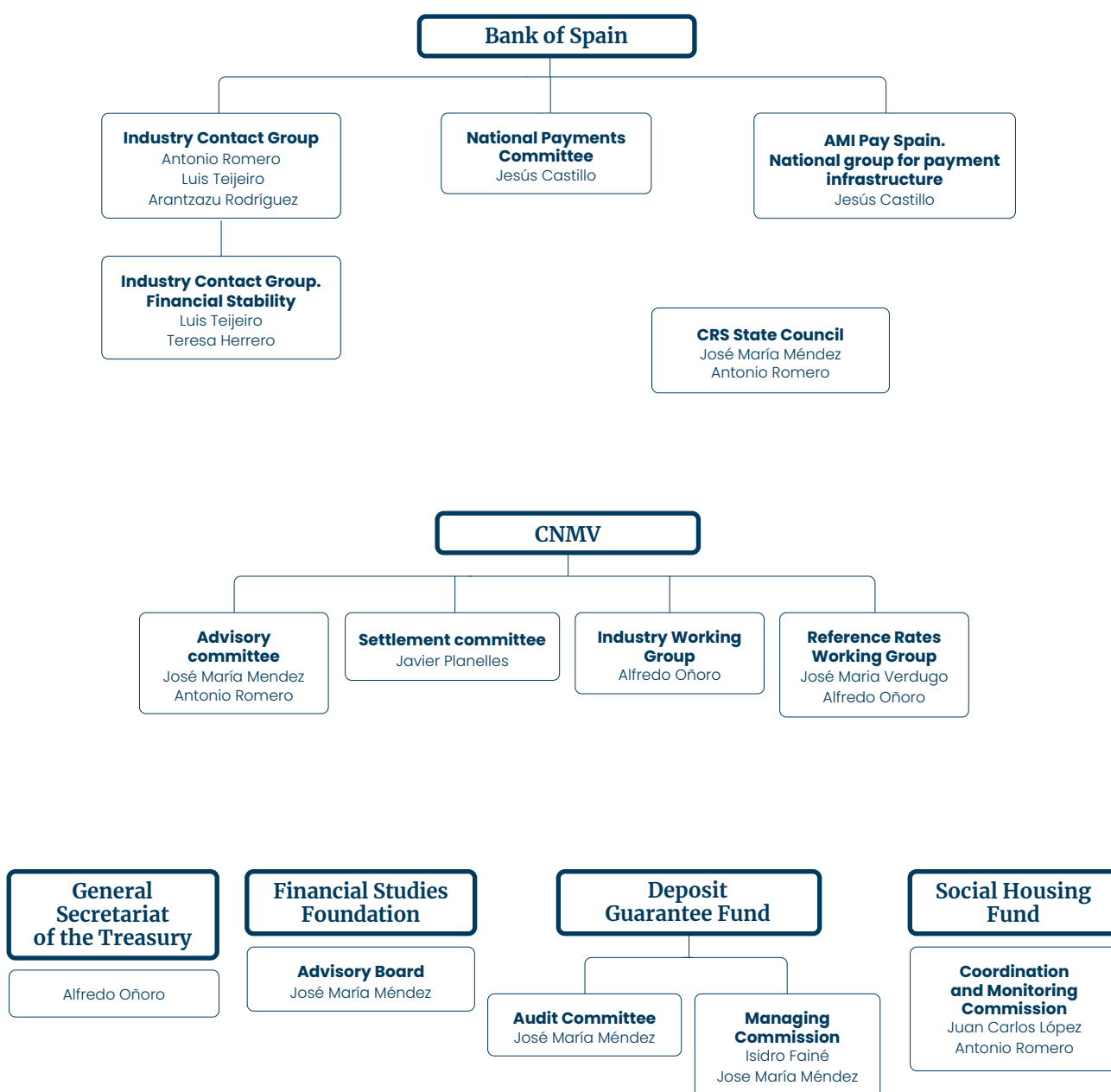
Collaboration continues in **agreements with public administrations**, which result in more than 50 operational circulars per year to update the current services, spearheading projects that promote development of thematic channels to facilitate communication with entities and the promotion of new telematic payment instruments. This year, we wish to highlight the creation of a web service with the General Council of the Judiciary to execute the requirements of customer statements ordered by the courts.

# Representation forums

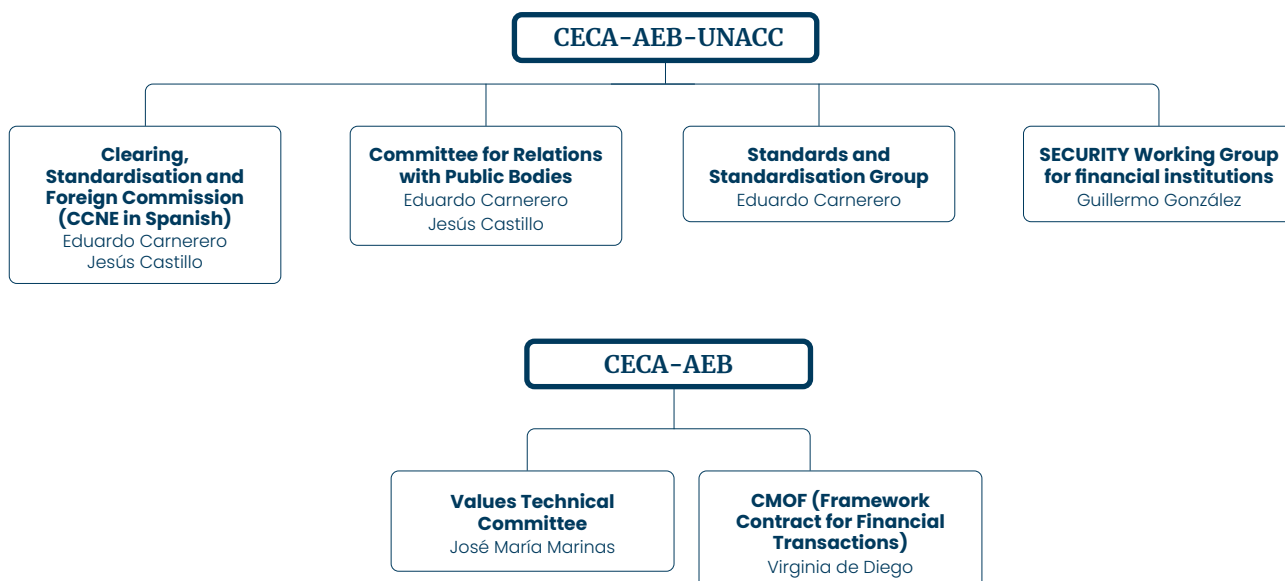
National, internal and international representative activity in 2020:

## Representation forums: National

### Official bodies



## Sectoral

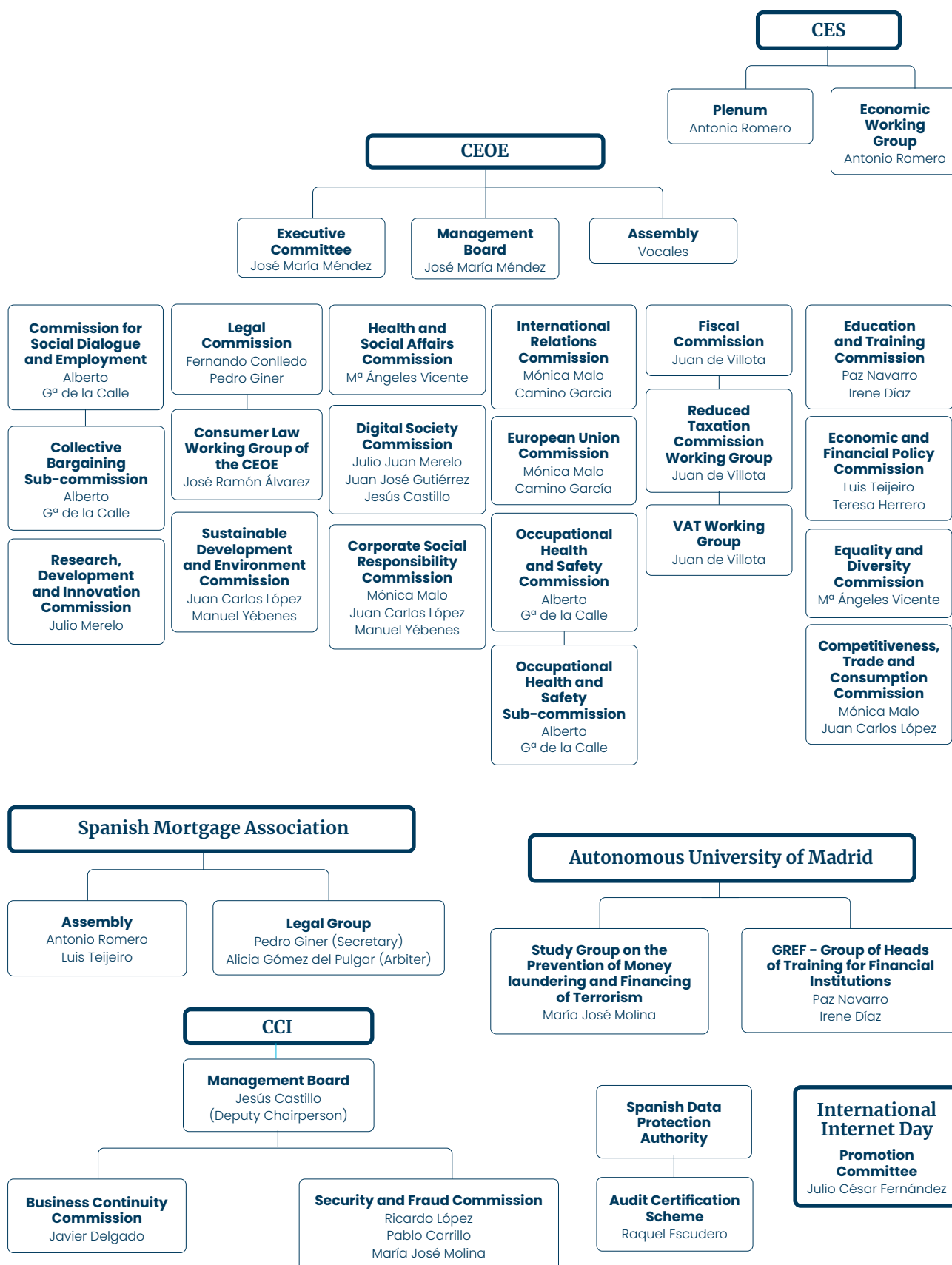


## Administration

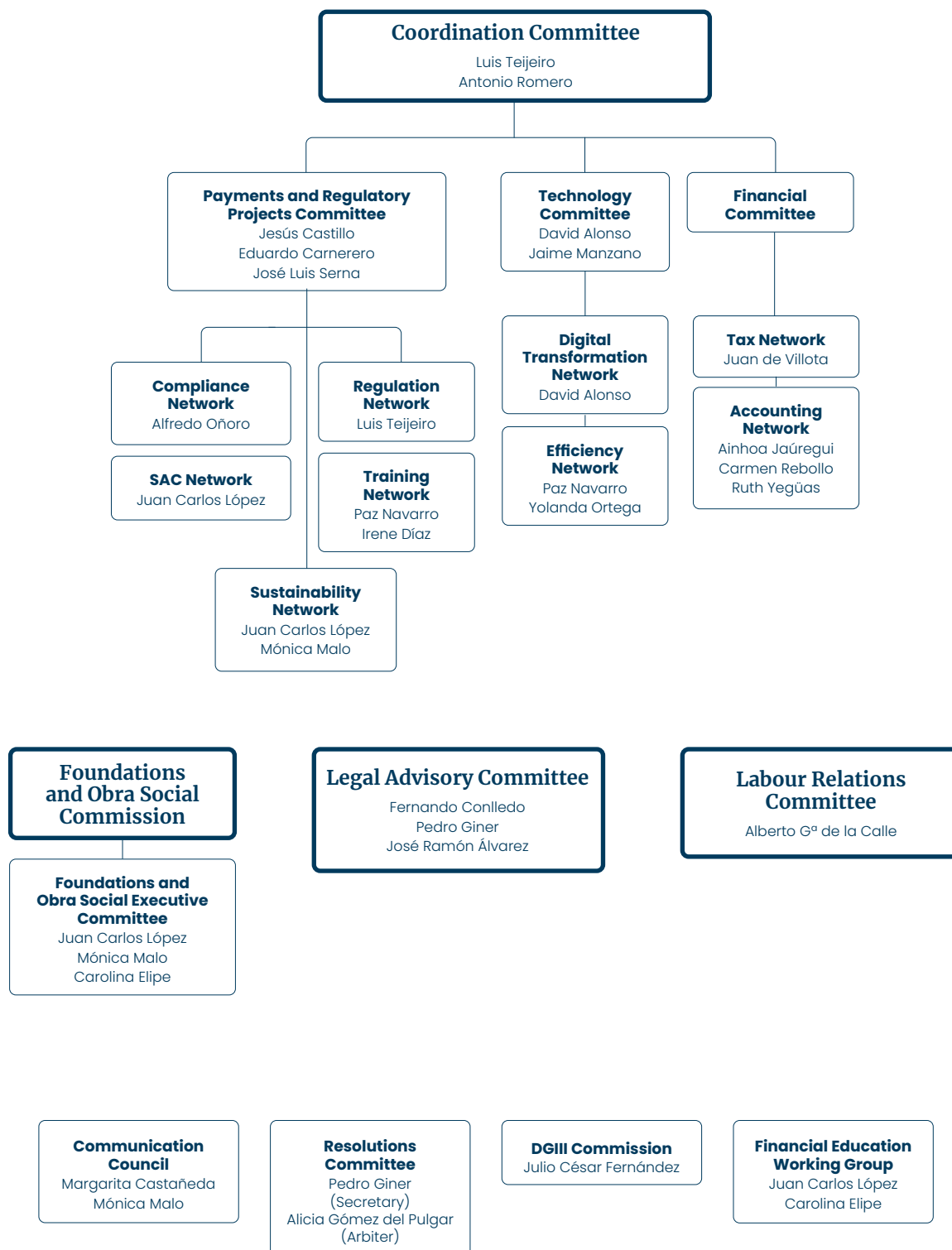


\* Service to settle issues between and banks and savings banks.

## Other organisations

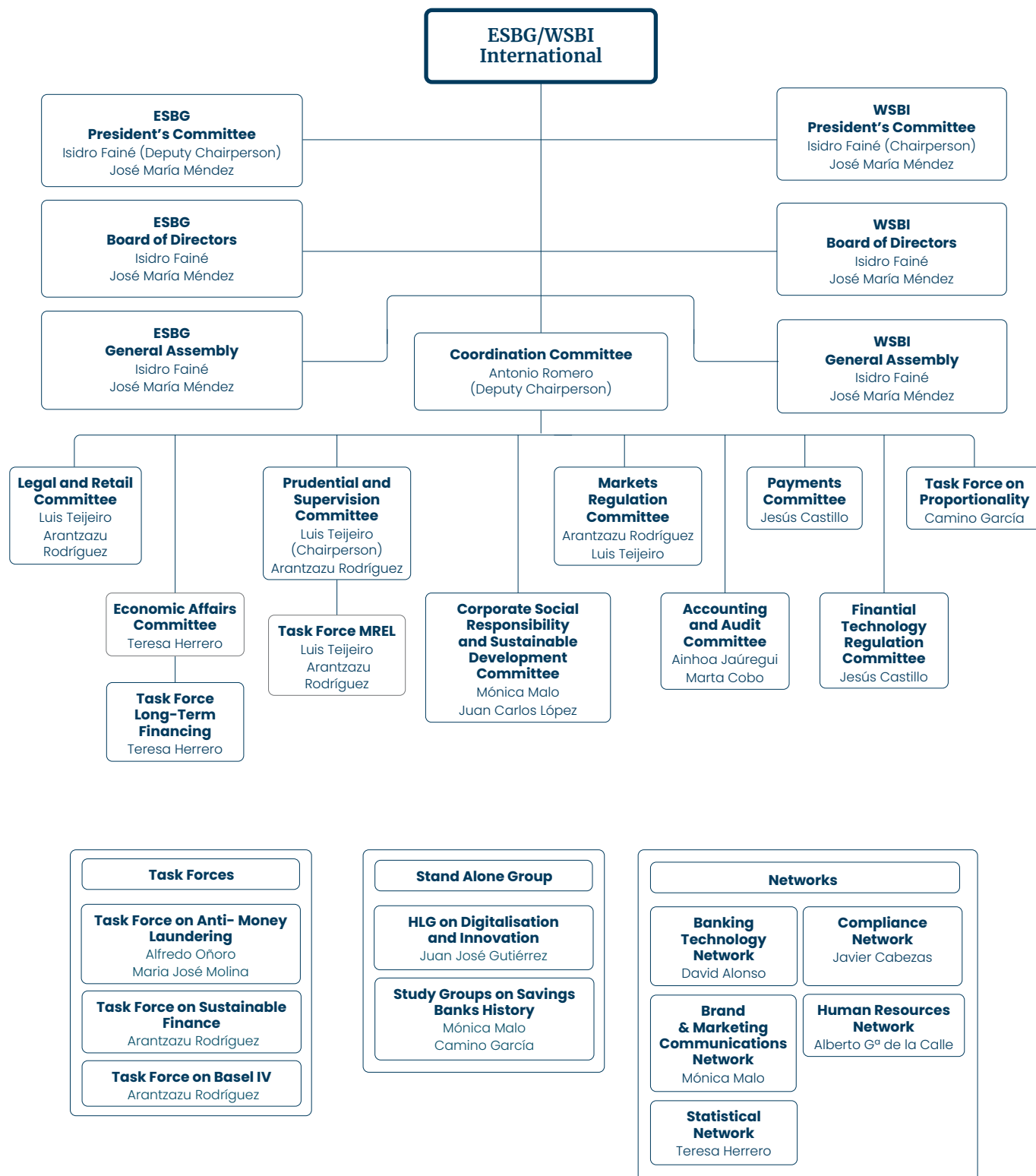


## Representation forums: Internal





## Representation forums: International





## 2.1.2. Economic and regulatory analysis



### Economic analysis

CECA performs a continuous and detailed monitoring of the financial and economic framework both nationally and internationally, placing special emphasis on banking with the aim of offering member entities a global and up-to-date view of the environment in which they operate.

To this end, an **Economic and Financial Report** is prepared on a monthly basis that, in addition to a detailed analysis of the domestic and international economic situation and the evolution of the financial markets, monitors the main business variables of Spanish deposit institutions. In 2020, special attention was paid to the analysis of the impact of the health crisis on the economy and on the profitability, hesitancy and solvency of the financial system.

This report is supplement quarterly by the **CECA Sector Results Report**, which details the evolution of the aggregate results of the member entities. Furthermore, **topic-specific reports** are prepared on a regular basis on highly-relevant

matters for the member entities, which, in 2020, notably feature: analysis on the private credit sector; solvency report and efficiency analysis; and capacity adjustment and digitisation, which addresses the main levers that banks are pulling to optimise expenses in the current low profitability environment.



Furthermore, within the framework of **European banking supervision**, special attention is paid to comparatively examining the most relevant characteristics of the main European banking systems and the institutions comprising them by preparing specific reports, such as the report on the EBA's transparency exercise.

In addition to the preparation of reports and presentations, on its corporate website, CECA publishes quarterly **public financial statements** for every one of its member entities, both for individual companies and consolidated groups. Based on information at June 2020, and according to Circular 2/2020, which amends rules 4 and 5 of Circular 4/2017, it is established that the Bank of Spain will distribute the primary public

financial statements, regardless of whether they can continue to be carried out by the representative associations of credit institutions.

CECA drafts a **Statistical Yearbook**, which compiles information on the governing bodies and basic financial details of all its member entities.

As another service provided to member entities, CECA collects accounting information at an individual level to aggregate it and subsequently deliver it as aggregate financial statements or with a more management-specific format, such as **Financial Information Flashes**.

CECA distributes **statistical information** to member entities related to the balance sheets, income statements and branches, which it regularly receives from the Bank of Spain. Accordingly, CECA represents the interests of our member entities by maintaining relevant and ongoing dialogue with the Bank of Spain, in terms of adapting the statistical information that the body distributes and which has been used as the basis to analyse the financial sector, both at an individual and consolidated level.

In the light of the exceptional situation and the financial measures adopted to mitigate the effects of the health crisis, CECA has been preparing a monthly report since May 2020 which compiles sector data on **moratoriums, ICO guarantees and advance payments of unemployment benefits and other benefits** channelled through its members.

## Developments in retail banking

**The evolution of the banking sector in 2020 was affected by the negative impact of the health crisis** on the economy, as well as by the public support measures adopted to mitigate its effects on employment, family income and the business fabric.

Increased corporate liquidity needs in the aftermath of the COVID-19 crisis has been mainly covered through bank financing and under very favourable conditions. This has been possible due to the implementation of the ICO public guarantee programme and the ECB's accommodative policy.

At 31 December 2020, the total amount guaranteed was 87 billion euros (of the 100 billion total euros of the liquidity facility), enabling companies to receive 115 billion euros in financing to cover their working capital needs.



Thus, as of December, the balance of credit to the private sector recorded a year-on-year growth rate of 2.4%, driven by the significant advance in credit to companies (+8.1%), which compensates the decline in credit to households (-1.2%).

**The doubtful lending rate to the private sector remained relatively stable since March**, ending the year with a ratio of 4.4% (three tenths of a percentage point lower than that recorded in December 2019). This containment has been due to the mitigating effect of the measures applied since April, in particular the

moratoriums granted to households and the credits granted to companies.

At 31 December, Spanish deposit institutions granted 1.382 billion moratoriums for an amount of 56 billion euros, which account for around 4.5% of the total credit to the private sector.

Retail funds have shown mixed performance since the start of the pandemic, with a strong year-on-year increase in household and business deposits alongside a slight drop in investment fund assets (-0.05% year-on-year in December) and a moderate increase in pension fund assets (1.8% year-on-year in December).

**Retail deposits grew 9.2% year-on-year in December**, reflecting the upward trend in savings during the pandemic due to the fall in consumption, but also due to the greater risk aversion of investors. On the other hand, investment fund assets under management in December 2020 were practically at the same level as at the end of 2019. Net subscriptions accumulated in the year exceeded 1.160 billion euros (compared to 1.693 billion euros recorded in 2019), and investment funds closed the year with a positive cumulative annual return of +1.04%.



Retail  
deposits  
↑ 9.2%



Cumulative  
return  
+1.04%

## Aggregate results of CECA member entities

As a whole, CECA's member entities have acquired an attributable profit of **1.490 billion euros** up to the third quarter of 2020, 47.8% less than the previous year. This decrease is mainly explained by additional provisions (around 2.2 billion) mobilised to mitigate the increase in credit risk of exposures to households and companies arising from the economic crisis due to the pandemic.



### CECA member entities Attributed result

**1.490**  
BILLION EUROS  
(UP TO Q3 2020)

↓ 47%

On the income side, net interest income fell by 1.5%, impacted by the fall of the Euribor in mortgage loans; recent changes in the structure of the portfolio; the increased weight of moratoriums and ICO loans; and the lower contribution of interest from consumption and fixed income.

Growth in fees and commissions slowed to 3.8% due to sluggish economic activity and market volatility, which also led to lower income from the results of investees and dividends, while other operating income was strongly boosted.

On the expense side, **operating expenses were reduced sharply (-14%)**, although this drop should take into account that extraordinary expenses were recorded in 2019 (€978 million). This decrease has allowed the sector's efficiency ratio to improve by 8.4 bp, to 55.6%.



### Export costs

**-14%**

The impact of additional provisions to address the potential risk increase as a result of the pandemic was the main cause of the drop in ROE, which shifted to 3.3% in the third quarter of 2020 (compared to 6.5% in the previous year).



### ROE



## Analysis of efficiency, capacity adjustment and digitisation

This report analyses the evolution of costs and efficiency in the banking sector, addressing the main levers that banks are adopting to optimise costs in the current environment of reduced profitability.

The risk deriving from the low returns of European companies had already been highlighted before the pandemic, although the crisis has accentuated this situation due to the increase in impairment provisions and the reduction in recurring income. Specifically, **all European countries, except Germany, recorded a deterioration in ROE levels from December 2019 to June 2020**, with the European ratio average falling from 5.7% to 0.5%. When considering data at a consolidated level, the decline in ROE in Spain has been even more acute, falling from 7% in 2019 to 2.1% in June 2020, when we exclude the impact of the impairment of goodwill of BBVA and Santander subsidiaries abroad (when included, ROE changes to -8.7%, according to the EBA).

In this context, entities must adopt strategies to improve their efficiency by streamlining their cost structure and harnessing new technologies.

Capacity reduction is one of the options that is on the table again, and although it is true that Spain has undergone a more intense adjustment than the EU average over the last decade, some indicators show that there is still room for further adjustments in our financial system.



Namely, the evolution of the number of branches per 10,000 inhabitants demonstrates that, despite the intense adjustment made, which has cut the number of branches per inhabitant in half, Spain is still at the top of the European ranking, only surpassed by France in 2019 and far from the EU average, with three offices for every 10,000 inhabitants.

Furthermore, the latest indicators show that capacity adjustment has not affected financial exclusion or the

customer-centred banking model that is so deeply rooted in our country.

The indicators included in the report show that the percentage of the population with access to a Spanish bank branch stands at 97% in 2019, compared to 98% in 2008. This is compounded by the increasing use of digital channels in recent years, a trend that has intensified in 2020 as a result of restrictions on mobility.

## Regulatory analysis

Regulatory activity in the financial sector, which is already intense, increased during 2020 as a result of the pandemic and the response of regulators and supervisors to mitigate its impact.

In order to monitor it, CECA prepares:



**Regulatory outlook**, which provides a summary of notable points on both the domestic and international agenda. It is prepared monthly and has special editions for any relevant topics that may arise.

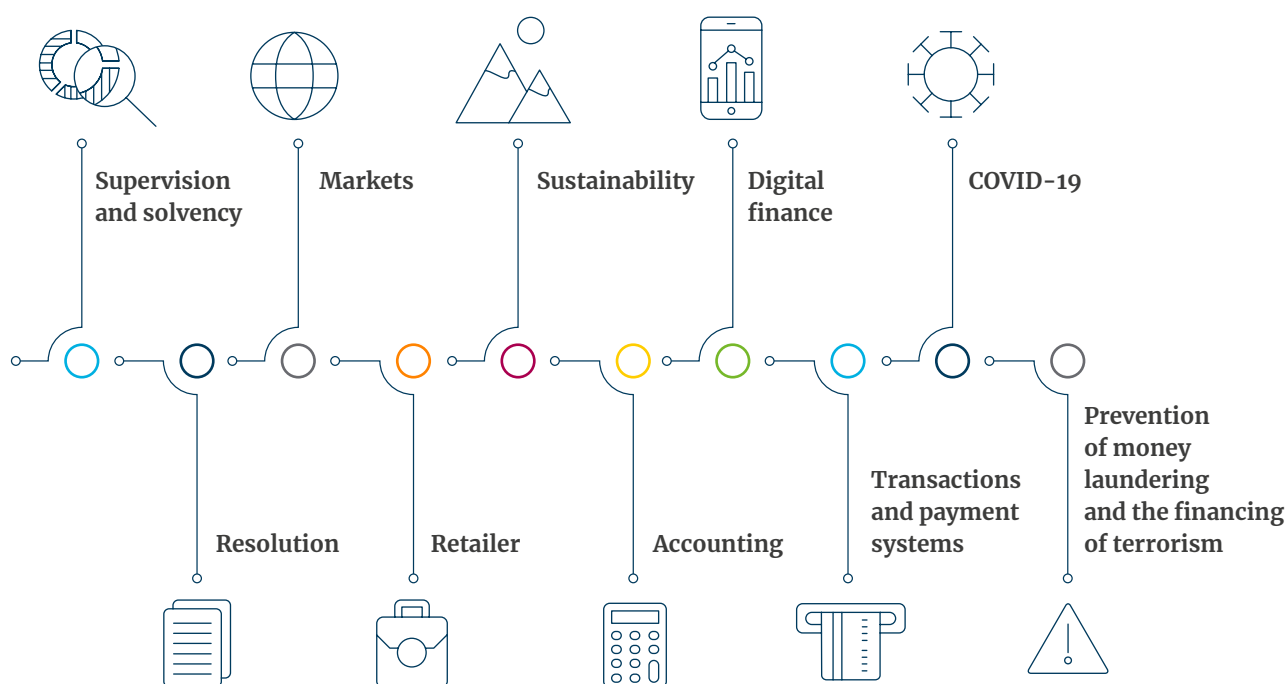


**Financial Regulations Database**, which gathers financial directives and regulatory provisions.



**Regulatory and financial outlook of the CECA sector**, a monthly report on the evolution of the sector that is sent to the main domestic and international operators.

This year's priorities have focused on the following matters:



## Supervision and solvency

In the field of **supervision and solvency**, regulatory activity has focused mainly on monitoring and participating in the work of the European Commission for the implementation of the finalised Basel III standard in the EU. This activity has led to meetings with authorities and devising the sector's position in light of the future legislative proposal. In addition, we have monitored the processing of the **amendment to the Capital Requirements Regulations (CRR)** in response to the COVID-19 pandemic (known as *quick fix*), allowing banks to use the flexibility of the EU prudential framework and provide financing to citizens and companies, as well as the resulting regulatory developments, including the technical regulations governing the CET1 **software deduction**. With regard to supervisory authorities' response to the COVID-19 crisis, coverage has been provided for measures regarding dividend distribution restrictions, repayment moratoriums and debt classification, as well as other supervisory relief measures applied by EBA, ESMA, ECB, CNMV and the Bank of Spain. In addition, we have paid special attention to the start of the transposition of CRD V into our legal system.

## Resolution

With regard to the **resolution framework** of credit institutions, we have monitored the modifications to the **Minimum Requirement for own funds and Eligible Liabilities (MREL)**, carried out by the SRB, as well as related developments with expectations for banks and the start of the transposition of **BRRD II** into our legal system.

## Markets

With regard to **securities market** regulations, we have closely monitored the following cases, among others: the European Commission's legislative proposal to review the Benchmark Regulation with regard to granting powers to the European Commission to designate replacement benchmarks in the event a benchmark is discontinued; the European Commission's **market recovery** package in the aftermath of COVID-19 (review of the securitisation framework, MiFID II and prospectus regulations). On the domestic front, we have been following the consultation for the transposition of Directive (EU) 2019/2162 on the issuance and public supervision of **covered bonds**, as well as the processing of the Draft Law for the transposition of Directive (EU) 2017/828 amending Directive 2007/36/EC as regards the promotion of **long-term shareholder engagement**.

## Retailer

In the retail area, coverage was given to Bank of Spain Circular 4/2020 on the **advertising** of banking products and services, CNMV Circular 2/2020 on the advertising of investment products and services and Order ETD/699/2020, of 24 July, on the regulation of **revolving credit**, which amends Order ECO/697/2004, of 11 March, on the Risk Information Centre, Order EHA/1718/2010, of 11 June, on regulation and control of the advertising of banking services and products, and Order EHA/2899/2011, of 28 October, on transparency and customer protection in banking services.

## Sustainability

As regards **sustainability**, the focus has been on monitoring the development of the measures of the European Commission's **Action Plan** on Sustainable Finance and the European Commission's **renewed strategy** on sustainable finance, including, namely, the **Taxonomy** Regulation and the developments of Regulation (EU) 2019/2088 on **sustainability-related disclosures** in the financial services sector. Furthermore, we have closely followed the publication of the **supervisory expectations** of both the ECB and the Bank of Spain with regard to environmental and climate-related risks.

## Accounting

In terms of **accounting**, the Bank of Spain has participated in consultations regarding the modification of the **Accounting Circular 4/2017 on credit institutions** to introduce into Appendix IX the necessary changes to prevent **automatic classification** of refinancing operations, refinanced operations or restructured operations in the normal risk category under special surveillance, as a result of COVID-19, as well as to adjust aspects of property valuation.

## Digital finance

With regard to **digital finance**, we have monitored the presentation of the **European Commission's package** that includes legislative proposals related to regulating crypto-asset markets, digital operational resilience and a pilot scheme for market infrastructures based on **Distributed Ledger Technology (DLT)**. Similarly, we have followed the ECB's enquiry into the introduction of a **digital euro** and Law 7/2020 on the **digital transformation** of the financial system (*sandbox*).

## Transactions and payment systems

In the area of **payments**, work has continued on the regulatory developments of Royal Decree-Law 19/2018, of 23 November, on payment services and other urgent measures in financial matters, which partially transposed Directive (EU) 2015/2366 on payment services in the internal market (PSD2), and also in Royal Decree 736/2019 on the legal regime of payment services and payment institutions, which amended Royal Decree 778/2012 on the legal regime of electronic money institutions, and Royal Decree 84/2015 implementing Law 10/2014 on the regulation, supervision and solvency of credit institutions.

With regard to **e-commerce payments**, pursuant to Delegated Regulation EU 2018/389, after the extension granted by the EBA until 31 December 2020, work has been done on the schedule for complying with the **enhanced authentication** requirements.



Preliminary draft law amending Law 10/2010, of 28 April 2010, on the prevention of money laundering and financing of terrorism, transposing European Union directives on the prevention of money laundering and financing of terrorism.



Measures of the European Banking Authority to mitigate the risks of financial crimes in the COVID-19 pandemic.



Financial Action Task Force (FATF) document on risks associated with COVID-19 and on the response thereto.



The European Commission's Action Plan to adopt a comprehensive EU policy to prevent money laundering and the financing of terrorism.

## COVID-19

As a result of the **coronavirus** pandemic, we have been monitoring **Royal Decrees-Laws** (8/2020, 11/2020, 15/2020, 19/2020, 21/2020, 25/2020, 26/2020 and 34/2020) with urgent measures to mitigate the effects of COVID-19 by introducing moratoriums, guarantee lines and other relief measures.

### Prevention of money laundering and the financing of terrorism

The following are the most important matters in the sphere of prevention of money laundering and the financing of terrorism that were analysed and monitored:

## 2.1.3. Social Investment

### Sustainability

The Action Plan to finance sustainable development published by the European Commission in March 2018 was a turning point that pinpointed the important role that the financial sector must play in contributing to the fight against climate change and consolidating its support for the Paris Agreement and the United Nations Agenda and its 17 Sustainable Development Goals (SDGs).

Under this scenario, **CECA's sustainability network**, made up of the sustainability directors from our member entities, has made it possible to take a coordinated approach to the main domestic and international issues on members' agendas. Given the cross-cutting nature of sustainability in companies, this year, it was discussed at both the Network meetings and at seminars and workshops with directors from different areas.

As an example, during 2020, **six sectoral sessions were held on impact measurement methodologies** as per the commitment made at the **UN Climate Change Conference (COP25)** held in Madrid in December 2019, **Spanish Banks Collective Commitment to Climate Action**.

Similarly, because our entities and the public administrations are aware of the environmental issues, conversations were held at the close of the financial year with the **Leadership of the Institute for Diversification and Energy Saving (IDEA), which reports to the Ministry for the Ecological Transition and the Demographic Challenge**. Work is underway on a **framework agreement** in which companies can **channel the subsidies of the Building Energy Rehabilitation Programme**, offering financing with products tailored to this initiative. The aim is to boost the energy efficiency of buildings by improving their thermal enclosure, using renewable energies and promoting energy-efficient lighting.

CECA participated in the sectoral session on **sustainable finance**, in which the Deputy Governor of the Bank of Spain communicated the fundamental role the financial

sector must play, emphasising the creation of FINRESP, as well as the commitment made to the *Spanish Banks Collective Commitment to Climate Action*. At this meeting, the supervisory expectations of the Bank of Spain and European Central Bank were set forth.

In relation to participation in other international initiatives, in addition to continuing to adhere to the International Principles of **Responsible Banking** of the United Nations Environment Programme Financial Initiative (**UNEP FI**), this year, CECA joined the **Green Recovery Alliance**, an initiative launched by Pascal Canfin, Chairperson of the European Parliament's Environment Committee, which seeks a global pact to end the pandemic and promote sustainable economic recovery.

As part of its social work and in support of the most vulnerable, CECA, together with its member entities, **has renewed the Social Housing Fund Agreement** with the Ministry of Economic Affairs and Digital Transformation, where it provides 7,485 homes, a total of 74% of the SHF.

### Obra y Acción Social

Once again, the institutions involved in Obra y Acción Social have been leaders in private social investment in Spain, thus demonstrating their commitment to a fairer, more balanced society. This investment has been made possible thanks to the efforts of foundations and savings banks that have adapted to the present world with more efficient, professionalised and transparent structures in recent years.

Obra y Acción Social also looks to the future and continues to work on developing and implementing **Agenda 2030 and the Sustainable Development Goals (SDGs)**. The CECA sector contributes mainly to the following SDGs: SDG 3; SDG 9; SDG 4; SDG 1; SDG 8; SDG 11; SDG 10; SDG 16; and SDG 17.

Simultaneously, CECA disseminates and promotes these goals and Agenda 2030, providing leadership, putting networks and alliances in place and exchanging relevant experiences.



Investment Obra  
y Acción Social  
**772**  
MILLION EUROS



Activities  
**48,981**



Beneficiaries  
**+24**  
MILLION PEOPLE

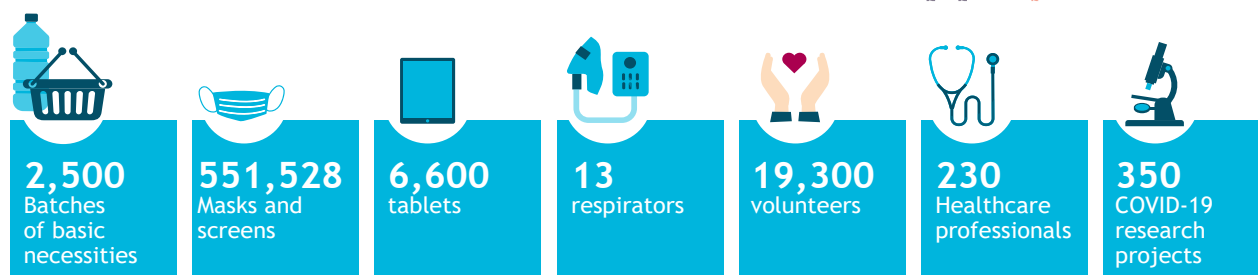




## Foundation initiatives to combat COVID-19

Donation

€135,538,820



Source: CECA

A highlight of 2020 was selecting swimmer **Ona Carbonell as ambassador of CECA's Obra y Acción Social** to underscore the work that the entities are doing in this realm.

A legend of Spanish sport and the most acclaimed athlete in the history of Spanish swimming, Ona Carbonell is the epitome of excellence, effort and determination, a series of attributes that align with CECA's Obra y Acción Social, which seeks to build a more inclusive and equitable society.

### 2020 the year of the pandemic

2020 was the year marked by the COVID-19 pandemic and the ensuing global crisis. The entities involved in Obra y Acción Social began the year with measures aimed at alleviating the effects of the coronavirus crisis, doubling down on their social work actions and adapting their programmes through digital content or calls for extraordinary aid in support of their respective regions.

During 2020, CECA, through the **Foundations and Obra Social Executive Committee**, analysed the "new reality" that society is experiencing and helped companies define their priorities in order to find joint solutions to the needs created by the economic and health crisis.

The main lines of work of the committee include: the exchange of experiences, digital communication (creation of a specific website with the measures adopted), the Foundations Forum or the publication of the **CECA Sector's Economic, Tax and Social Impact Study**.

As reflected in this report, with data from 2019, **the total impact** of CECA's member companies on the economy was **177.104 billion euros**, the result of its corporate activity and its dynamisation through the financing granted, which is equivalent to 14% of Spain's GDP.

Its **contribution to employment is 3.3 million jobs**, representing 17% of the active population of Spain. Similarly, the total **tax contribution** of CECA's member entities amounted to **5.004 billion euros**.

The purpose of this **report, drafted by CECA alongside KPMG**, is to assess and analyse the impacts generated by CECA's member entities.

### Funcas' Stimulating Financial Education Programme

2020 saw the renewal of *Funcas' Stimulating Financial Education Programme*, launched by CECA and Funcas in 2018 with a provision of three million euros.

With this programme, CECA and Funcas reinforce their commitment to financial education with a provision of 3.025 million euros.







Financial education  
**3,000,000 €**  
 CECA AND FUNCAS PROGRAMME

As an active member of the Foundations and Obra Social Executive Committee, CECA contributes with its experience and support to the different projects discussed at said meetings.

## Representational role

CECA continues to participate in different forums, such as those relating to the fiscal scope, with the aim of working towards achieving an improved legal framework for foundations and communicating the new developments that affect entities that perform Obra y Acción Social.

## Spanish Network of Financial Education

CECA and its member entities believe that improved financial education is an essential pillar and a decisive factor for stability and economic and financial development of families. For this reason, CECA's entities develop **programmes that promote financial education across society**.

In 2020, as citizens saw their social and economic life upended by the pandemic, financial education has been more necessary than ever. In this context, CECA member entities have adapted and strengthened financial education programmes to today's new needs, delving further into digitisation and facilitating access for the most vulnerable groups.

Once again, CECA and Funcas have published the **2019 Financial Education Activities Report**, along with a video detailing key figures. CECA and its member entities made a **total investment of 4.5 million** in financial education programmes in 2019. Of this total, **3.45 million were contributed by Funcas' Stimulating Financial Education Programme** (Funcas Educa), following CECA's provision, while the remainder came from the member entities' own financing. These funds were divided among **2,563 activities**, which reached more than **25 million beneficiaries**.

58.8% of the activities were allocated to children and young people, and more than 400 actions were carried out for older people. Among the beneficiaries, 12.8

million people were at risk of social exclusion and 4 million were entrepreneurs.

The companies participating in the **Financial Education Working Group** actively collaborate with the Spanish Financial Education Network, which serves as a meeting point for sharing knowledge, news, current affairs and scheduled events.

In 2020, CECA launched a **financial education communication campaign** on social networks, issued press releases, disseminated reports and surveys of the OECD International Network on Financial Education (OECD/INFE) and supported the initiatives of the **promoters of the Financial Education Plan** (Bank of Spain and CNMV).

Since the first edition of **Financial Education Day**, CECA has championed this event, coordinating the activities carried out throughout the country with its member entities. In the last edition, CECA published an institutional video on activity in the CECA sector and published a video on the various initiatives carried out by its member entities on the **Spanish Network on Financial Education**.

Internationally, during 2020, CECA promoted financial education in the international institutions of which it is a member, namely **ESBG** and **WSBI**. It participated in the celebration of the **World Savings Day 2020** and attended several **webinars**, such as the one organised by the EBA (**Digital Financial Education and Literacy in the COVID-19 Context**) or the **Virtual ESBG Retail Banking Conference**, organised by ESBG.

## CECA's Financial Education Working Group

CECA's **Financial Education Working Group** held meetings to share good practices and guide its programmes toward satisfying new needs, once again demonstrating its ability to change and adapt to new times.

In relation to the above, in their unending dedication to financial education, the entities participating in the Financial Education Working Group actively collaborate with the Spanish Financial Education Network—whose aim is to be a meeting point for sharing knowledge, news, current affairs and scheduled events—to disseminate as widely as possible the financial education activities carried out.

## Montes de Piedad

CECA has always supported the montes de piedad, as they are entities that have a similar origin as Savings Banks, and they continue to promote Obra y

Acción Social thanks to the contributions made to the foundations they depend upon.

CECA worked and collaborated closely with the montes de piedad in establishing a National Association of Montes de Piedad that could host the common auction portal.

## Customer service

**The Customer Care Committee (CCC) Network** is an excellent professional forum which studies customers' needs and suggestions, proposing within its organisations the improvements and solutions required for said purposes.

This commission maintains regular contact with the **Bank of Spain's Claims and Market Conduct Department** and with its equivalents at the Spanish Securities Commission and the Directorate General for Insurance and Pension Funds.

CCC's stake in improving the service offered to customers is also reflected in their participation in financial education matters, adding value in these initiatives thanks to their knowledge about customer needs.

In addition, there is information on new regulatory aspects and news of interest for CCCs, and on the forums they attend, related to associations of consumers and financial users.

Among the issues that have been discussed, Bank of Spain Circular 4/2020, of 26 June, on the advertising of banking products and services, is particularly noteworthy.

The **Draft Guide** of the organisational and operational criteria of CCCs supervised by the Bank of Spain, as well as the different measures adopted by the financial sector to support citizens following the COVID-19 pandemic, have been the result of special monitoring.

This working group also oversees new regulations and jurisprudence, paying special attention to the Court of Justice of the European Union and the Supreme Court of Spain.

## 2.1.4. Worker representation

As an **employers' association of savings banks and institutions**, CECA's objective is to defend the member

entities that are bound by the collective bargaining agreement for savings banks and financial institutions.



CAIXABANK, S.A.



BANKIA, S.A.



UNICAJA BANCO, S.A.



ABANCA CORPORACIÓN  
BANCARIA, S.A.



IBERCAJA BANCO, S.A.



LIBERBANK, S.A.



CAJASUR BANCO, S.A.U.



CAJA DE AHORROS  
Y MONTE DE PIEDAD  
DE ONTINYENT, CAIXA  
ONTINYENT



COLONYA  
CAIXA D'ESTALVIS  
DE POLLENÇA



CECABANK, S.A.

On 3 December 2020, the Resolution of the Directorate General of Labour, of 23 November, was published in the Official State Gazette, recording and publishing the **collective bargaining agreement for savings banks and financial institutions**.

Said collective bargaining agreement was **reached on 30 September 2020** between CECA, its member entities bound by the collective agreement and the trade unions CCOO, FINE and UGT, which represent 85.31% of the employees at the bargaining table.



## **I. Negotiating Committee of the Collective Bargaining Agreement**

During 2020, the Negotiating Committee of the Collective Bargaining Agreement was highly active, so much so that, until its publication in the Official State Gazette, it held a total of **16 meetings**.

## **II. Labour Relations Committee**

During 2020, the Labour Relations Committee met once to set the strategic lines that should mark the negotiation of the collective bargaining agreement. It also analysed the most significant aspects of how companies tackled the first wave of the COVID-19 pandemic.

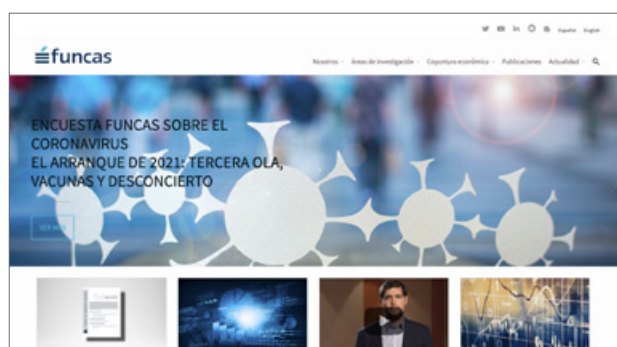
## 2.2. Obra Social: Funcas



Funcas is a non-profit institution forming part of CECA's Obra Social (social work). Its activity is mostly directed towards **promoting, debating and circulating research on economic and social matters** through publications, documentaries and other audio-visual means, as well as holding and participating in public events such as conferences and seminars.

During 2020, Funcas' work programme adapted to the situation caused by the pandemic by incorporating a broad set of activities focused on analysing the impact and response of Spanish society to the COVID-19 crisis from an economic, financial and social perspective. Its results (reports, documents, surveys, posts, blog, audio-visuals) are deposited in an information space created by Funcas on its website, **COVID-19: economic and social impact** (<https://www.funcas.es/COVID-19>), and are presented below grouped into four areas:

- Economy
- Financial system
- Other economic systems
- Society



*Social impact of the pandemic in Spain* is a study which analyses the effects of the health crisis on Spanish people, focusing on aspects such as poverty and inequality and identifying foreseeable challenges in the coming months.

As part of this programme, we should also highlight the survey *Six months under the pandemic* and the virtual seminar dedicated to *Economic policy problems and options for Spain*.

Throughout 2020, the Foundation **published 258 articles written by 222 different authors**. Fourteen research activities have been completed on economic, financial and social subjects, which added to the content of the different publications published by Funcas; a further ten research projects are in the preparation phase.

In order to carry out its research programme, Funcas collaborates with external researchers and utilises activities developed by the different areas and observatories that comprise it.

Funcas' Market Climate Area is responsible for monitoring the Spanish economic situation at the national and regional levels, including the preparation of reports and articles on recent economic developments and short-term forecasts of macroeconomic aggregates and leading indicators. Furthermore, the Funcas Europe platform monitors the European economy, and its most important activities during 2020 were, on the one hand, the organisation of a seminar on *specific recommendations of the European Commission for Spain*, where the recommendations for the Spanish economy released by Brussels as part of the "spring package" were examined in detail; on the other hand, there was a notable increase in the dissemination of the weekly telematic bulletin prepared with Agenda Pública, with nearly 7,000 people registered. You can view this information on Funcas' website (<http://www.funcas.es/funcaseurope/>).

The Financial and Digitisation Area monitors the situation of the financial system and its digital transformation through regular contributions to the numerous Funcas magazines and the publication of the *50 Financial System Indicators* on its website.

The Financial Digitisation Observatory (FDO) generates and disseminates information on matters related to technological disruption in the banking sector and in payment methods. During 2020, this programme





prepared reports on Crypto-markets and Blockchain in Q2 2019, Impact of COVID-19 on the financial sector. Preview – Financial Innovation Barometer 2020 and Financial Innovation Barometers corresponding to the second half of 2019 and the first half to 2020. The content of this portal can be viewed at [http://www.funcas.es/\\_obsdigi\\_/](http://www.funcas.es/_obsdigi_/).

Funcas takes into account two lines of research from the Public Economy and Taxation Area: taxation and public economy and wellbeing.

Funcas' **taxation studies** take a theoretical and applied analysis of tax issues and their impact on the economic reality.

Research on public spending and welfare cover aspects related to public sector intervention in market economies, with special attention to the set of actions that make up the social welfare system.

The Markets, Regulation and Competition Area spearheads and develops quality applied research on the operation of regulated markets and the different industrial sectors by preparing articles and case numbers on the matter.

The OFEI (**Funcas Observatory for Companies and Industry**)—created to offer a multidisciplinary and applied analysis of innovation, productivity and competitiveness in Spanish companies—covers all the projects conducted in this programme: studies, debates and reports on strategic, technological and organisational aspects of a wide range of Spanish companies and industries. All this information is available at <http://www.funcas.es/ofei>.

The Economy and Health Policy Area has a dual objective: the dissemination of knowledge and results obtained from Social Sciences-based research applied to health and health care, and the debate on issues regarding the future of the Spanish National Health System, mainly through seminars. In 2020, this Directorate coordinated two webinars dedicated, respectively, to *Dialogues on health policies and good*



*governance. Childhood obesity, nutrition and physical activity in times of pandemic and Healthcare professionals in the face of COVID-19. Data for the necessary reform of the National Health System.*

For its part, Funcas' Social Area is organised into two lines of action: social research (Social Studies) and social contribution (Funcas Social).

The **Social Studies** unit is responsible for publishing *Focus on Spanish Society* and the journal *Panorama Social*, in which social scientists from both Spain and abroad address social issues from different analytical perspectives. It also coordinates and monitors the 17 social research projects financed by Funcas and collects and analyses empirical data on attitudes and behaviours of Spanish society.

The activities carried out by **Funcas Social** are implemented by financing activities and helping to promote research on financial education through the Funcas Educa Programme, drawing attention to current social problems through *In Social Key* and rewarding economic and social research through the Enrique Fuentes Quintana Awards for Doctoral Theses.

In relation to the **Funcas Educa Programme**, whose objective is to promote awareness and interest in finance among the population, in 2020, it published the Financial Education Activities Report for 2019. In addition, it carried out the evaluation and subsequent resolution of the projects presented to the 2nd Call for Financial Education Research Grants. Its content is available on Funcas' website (<http://www.rededucacionfinanciera.es/funcaseduca/>).

With regard to the activities carried out at **In Social Key** in 2020, we wish to highlight the premiere of the documentary *New jobs*, which addresses the transformation of the jobs market as a result of scientific and technological advances.

Elsewhere, last 20 November, Funcas held a virtual ceremony for the Enrique Fuentes Quintana Awards for the best doctoral theses of the 2018/2019 academic year in the areas of Social Sciences, Health Sciences, Engineering, Mathematics, Architecture and Physics and Humanities. In total, 500 theses were submitted that year, an increase of 24% over the previous year.

Funcas' intense editorial activity can be seen in its publication of different types of documents in the fields of economics, finance and sociology: books, working papers and reports, technical notes and various journals, such as *Papeles de Economía Española*, *Cuadernos de Información Económica*, *Spanish International Economic & Financial Outlook*, *Panorama*



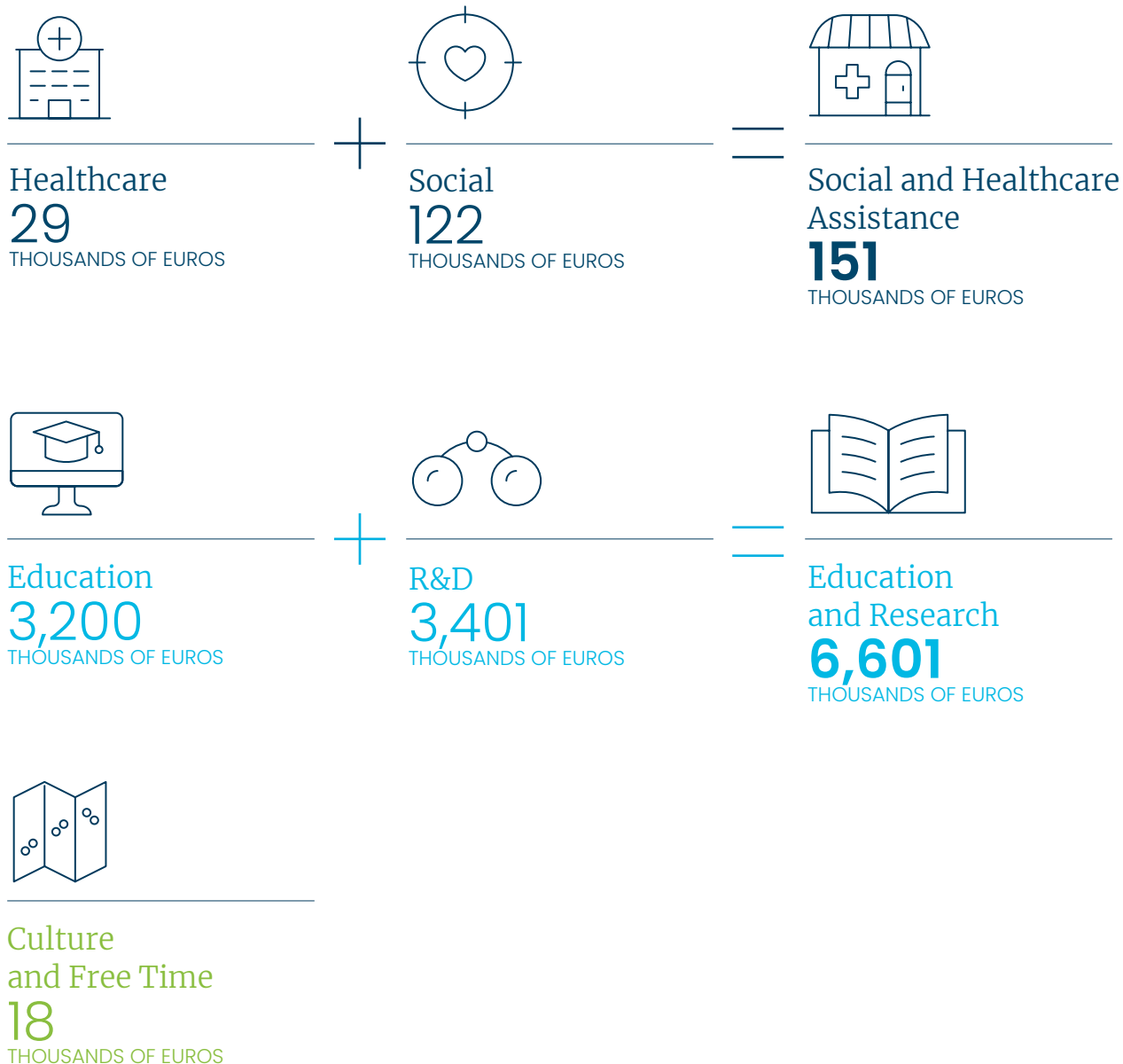
*Social*, *Papeles de Energía*, *Focus on Spanish Society*, *Funcas Intelligence* and *Global Financial Insights* (both with limited reach).

Throughout 2020, Funcas organised or participated in more than fifty public events and attended various working meetings with representatives from national and international economic organisations. To do this, it adapted to the current circumstances caused by the pandemic using communication channels that do not require a physical attendance.

## 2.3. Publications

### 2.3.1. Funcas

#### 2020 Budget



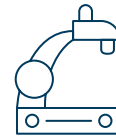
## Activity in 2020



Articles  
258



Publications  
68



Research  
49+4  
FUNCAS EDUCA



Public events  
60



Subscribers  
1,634



External  
collaborators  
222



Funcasblog  
160



Video Blogs  
23



Documentary  
1

## 2.3.2 Circulars

The following circulars were sent to the various CECA member entities in 2020:

January	Motion of the Bank of Spain regarding the statement by the SRB on the improvement in the submission and quality of data: resolution information in 2020
January	Loan and deposit data of residents in Spain
January	Mortgage market reference rates
January	Statement by the CNMV on the updating of Q&A documents on MiFID II
January	Loan and deposit data of residents in Spain
February	Motion of the Bank of Spain regarding recommendation for the policy of distribution of profit and variable remuneration
February	Statistical Yearbook 2019 for CECA's member entities
February	Mortgage market reference rates
February	Loan and deposit data of residents in Spain
March	Motion of the Bank of Spain regarding the prior public consultation of the new accounting circular to payment institutions and electronic money institutions on public and confidential financial reporting standards and financial statement formats
March	Motion of the Bank of Spain regarding the procedure for sending fraud communications by payment service providers
March	Statement by the Secretariat of the Commission for the Prevention of Money Laundering and Monetary Offences on high risk jurisdictions in the fight against money laundering and financing of terrorism
March	Motion of the Bank of Spain regarding the accounting hedges affected by the reform of the benchmark interest rate known as IBOR
March	Motion of the Bank of Spain regarding supervisory expectations on risks arising from climate change and environmental degradation
March	Statement by the CNMV regarding the European Commission's public consultation on the review of MiFID II and MiFIR
March	Motion of the Bank of Spain regarding activation of a virtual process for delivering documentation
March	Statement by the CEOE on the issuance of the certificate to work on-site
March	Mortgage market reference rates
March	Loan and deposit data of residents in Spain
March	Motion of the Registrars' Association on obtaining index notes for the mortgage moratorium caused by COVID-19
March	Distribution of confederation membership fees
April	Motion of the Bank of Spain regarding measures related to the COVID-19 crisis
April	Motion of the Bank of Spain on the recommendation to less significant entities regarding the distribution of dividends
April	Motion of the Bank of Spain on the preliminary draft circular to amend the accounting circular
April	Mortgage market reference rates
April	Motion of the Bank of Spain on the issuance of appraisal reports in the context of the COVID-19 crisis



May	Loan and deposit data of residents in Spain
May	Motion of the Bank of Spain regarding the adoption of certain guidelines published by the European Banking Authority as specific guidelines
May	Resolution of the General Directorate of Legal Security and Public Faith regarding the consultation on the application of Royal Decrees Laws 11/2020 and 15/2020 to entries in the register of movable property
May	Motion of the Bank of Spain regarding the adoption of certain guidelines published by the European Banking Authority as specific guidelines
May	Mortgage market reference rates
June	Motion of the Bank of Spain regarding the notification requirements relating to moratoriums
June	Loan and deposit data of residents in Spain
June	Motion of the Bank of Spain to clarify the notification requirements relating to moratoriums
June	Motion of the Bank of Spain on new, good practice criteria for the impact of expenses following claims for overdue positions
June	Motion of the Bank of Spain regarding the adoption of certain guidelines published by the European Banking Authority as specific guidelines
June	Mortgage market reference rates
June	Extension of the term of the sector agreement on the deferral of financing operations for customers affected by the coronavirus crisis, agreed by the Board of Directors of CECA on 16 April 2020
June	Loan and deposit data of residents in Spain
June	Resolution of the General Directorate of Legal Security and Public Faith regarding the consultation on the consequences of Royal Decree Law 19/2020 in relation to entries in the registry of movable property and in the land registry
July	Motion of the Bank of Spain on the European Banking Authority's call for information on the practice known as "de-risking"
July	Motion of the Bank of Spain regarding a draft circular to payment institutions and electronic money institutions on public and confidential financial reporting standards and model financial statements, and amending circular 6/2001 and the accounting circular
July	Motion of the Bank of Spain on the dissemination of the primary public financial statements of credit institutions by the Bank of Spain
July	Motion of the Bank of Spain regarding the modification of the template used to send information on moratoriums to incorporate the requirements related to moratoriums for the tourism sector
July	Motion of the Bank of Spain regarding the modification of the template used to send information on moratoriums to incorporate the requirements related to moratoriums for the public transport sector
July	Mortgage market reference rates
July	Statement by the CNMV regarding the draft circular on advertising of investment products and services
July	Modifications of Financial Transaction Framework Agreement (CMOF in Spanish) and CMOF 2020
July	Motion of the Bank of Spain regarding daily information on the debt moratorium following the health crisis caused by COVID-19
July	Loan and deposit data of residents in Spain
July	Statement by the CNMV regarding the draft technical guide on currency derivatives used as a payment method that are not considered financial instruments
July	Motion of the Bank of Spain regarding the adoption of certain guidelines published by the European Banking Authority as specific guidelines

July	Motion of the Bank of Spain on the study to be carried out by the European Banking Authority to determine the costs incurred by institutions in complying with supervisory reporting requirements
July	Motion of the Bank of Spain on profit distribution and remuneration policies for credit institutions
July	Motion of the Bank of Spain regarding the adoption of certain guidelines published by the European Banking Authority as specific guidelines
August	Motion of the Bank of Spain on the study to be carried out by the European Banking Authority to determine the costs incurred by institutions in complying with supervisory reporting requirements
August	Mortgage market reference rates
August	Loan and deposit data of residents in Spain
September	Communication on cybersecurity alerts in the Spanish financial sector
September	Mortgage market reference rates
September	Motion of the Bank of Spain regarding the adoption of certain guidelines published by the European Banking Authority as specific guidelines
September	Loan and deposit data of residents in Spain
October	Mortgage market reference rates
October	Loan and deposit data of residents in Spain
October	Motion of the Bank of Spain regarding the adoption of certain guidelines published by the European Banking Authority as specific guidelines
November	Bank of Spain's supervisory expectations on risks arising from climate change and environmental degradation
November	Statement by the Secretariat of the Commission for the Prevention of Money Laundering and Monetary Offences on high risk jurisdictions in the fight against money laundering and financing of terrorism
November	Motion of the chairperson of the Coordination and Monitoring Committee of the Social Housing Fund proposing the extension of the agreement for a year
November	Mortgage market reference rates
November	Enquiries by the working group on risk-free interest rates of the euro in relation to Euribor swap rates
November	Loan and deposit data of residents in Spain
December	Mortgage market reference rates
December	Motion of the Bank of Spain regarding cross-border payments between the United Kingdom and the European Economic Area from 1 January 2021
December	Bank of Spain's expectations of the distribution of dividends and variable remuneration of credit institutions
December	Motion of the Bank of Spain regarding the adoption of certain guidelines published by the European Banking Authority as specific guidelines
December	Motion of the Bank of Spain on the adoption of certain sub-recommendations derived from the recommendation JERS/2020/6 on liquidity risks arising from margin calls



### 2.3.3 Historical Archive

CECA's Historical Archive works is to preserve the historical memory and identity of CECA and make it available to economists, historians and researchers, to whom it provides guidance on searching for and locating documents and on the documentary and bibliographic collections in its custody.

The Archive comprises a valuable and extensive collection of documents that are grouped in two large sub-collections: one belonging to the savings sector, which begins in 1838, and one corresponding to CECA, whose documentation has been active since 1928, the year it was founded.

Furthermore, the archive has a photographic and audio-visual background with an in icon. There is also an important collection of savings books, piggy banks, trophies and prizes, building plans and sheet music, among others.

The CECA Historical Archives collaborate with several institutions, including the Ministry of Culture through the Census-Guide of Archives on Spain and Ibero-America, with the ESBG's **Study Group on Savings Banks History** and with the Bank of Spain, resulting in the **Guide to Historical Archives of Banking in Spain**.

## 2.3.4 CECA Publications

CECA compiles the most relevant information in the sector and stresses the aggregate impact. In 2020, the following reports were drafted:

### Obra y Acción Social Report

The Obra y Acción Social Report for 2019 shows that a total of 845 million euros were allocated to Obra y Acción Social, almost 4% more than the previous year, and that 120,487 activities were executed to reach more than 35 million beneficiaries.

### Financial Education Report

The Financial Education Report is aimed at all segments of the population to learn about the actions carried out and helps to explain why these initiatives are necessary for a more robust financial culture.

Throughout 2019, CECA and its member entities made a total investment of 4.5 million euros in financial education programmes, 3.45 million of which was contributed by the Funcas Educa programme. A total of 2,563 activities were carried out and served upwards of 25 million beneficiaries.

### CECA sector

This publication informs every month on the sector's regulatory and financial evolution, as well as news in both areas.

### Statistical Yearbook

The Statistical Yearbook includes the most relevant and detailed statistical information on the sector, CECA member entities and their evolution over the years.

### Economic, Social and Tax Impact Report

This report compiles extensive information from associated companies to obtain the tax, economic and social impact that sector entities have each year. In 2020, the study was carried out with the help of the consultant KPMG, who provided the methodology, using data from 2019.

As reflected in this report, with data from 2019, **the total impact of CECA's member entities on the economy in 2019 was 177.104 billion euros**, which is the result of its corporate activity and its dynamisation through the financing granted and which is equivalent to 14% of Spain's GDP.

## Economic, social and tax Impact Report for the member entities of ceca 2019

### Economic impact and contribution to employment of the CECA sector

**€177.104 B**

Total economic dynamisation of the CECA sector

Equivalent to:  
**14% GDP**  
of Spain

**€156.013 B**

Dynamisation of the financing granted

**€21.091 B**

Corporate activity generated

**3.3 M**

Number of jobs in Spain

Equivalent to:  
**17%**  
of the Spanish population

**3,009,145 jobs**

Dynamisation of the financing granted

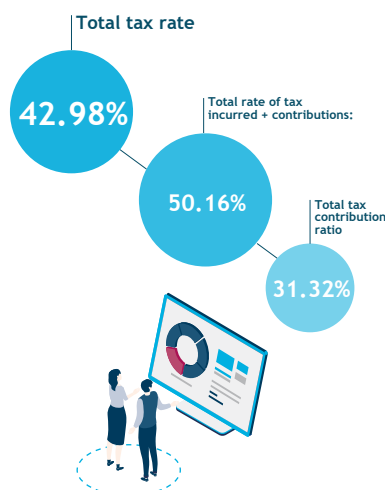
**285,746 jobs**

Corporate activity

### Tax impact tax rate and tax contribution

**€5.004 B**

Total tax contribution



Taxes incurred  
**€2.610 B**

Taxes collected  
**€2.393 B**

### Social impact commitments and contributions

**3 M**

Private customers who have received financing

**233,313**

Families

**€36.162 B**

Consumer finance

**€23.733 B**

Financing SMEs and self-employed workers

**€845.5 M**

Mobilisation in Obra y Acción Social

**€5.095 B**

Contribution of CECA's member entities in green and social bonds

**€9.14 M**

Amount allocated to curtailing own environmental risks

**10,746**

Branches throughout Spain

**12,319**

Homes mobilised for families in special need

This study, coordinated by CECA, has been implemented by an external expert, **KPMG**

M: million



Its **contribution to employment** is **3.3 million jobs**, representing 17% of the active population of Spain. Similarly, **the total tax contribution of CECA's member entities amounted to 5.004 billion euros**.



## Contribution to employment

# 3.3

MILLIONS OF JOBS



## Total tax contribution

# 5.004

BILLION EUROS

## 2.3.5 Our presence on social media

CECA maintains different communities in social networks with up-to-date information on its member entities and partners, focused on its nature as a bank and savings bank association, raising awareness on the activity of its members and fostering a new model of banking based on sustainability and social work and action.

The entity is active on **Twitter** through the CECA corporate profile (@sectorceca), with more than 1,615 followers, and also on **LinkedIn**, "CECA. Asociación bancaria", gaining institutional presence on this social network for professionals with more than 1,630 followers. CECA also has an official information channel on **YouTube**.

The association is also on Twitter under the profile "Red Española de Educación Financiera" (@redufinanciera) with more than 2,340 followers, focused on the exchange of knowledge and experiences in financial literacy.



@sectorceca

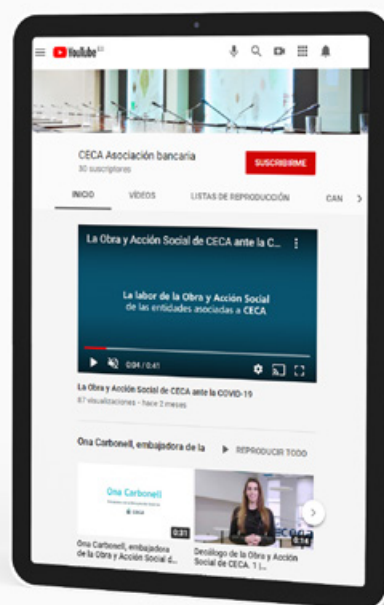
# 1,615

TWITTER FOLLOWERS

@redufinanciera

# 2,340

TWITTER FOLLOWERS





# 03. *Governing Bodies*



CECA's governance, administration, management and control correspond to the General Assembly and the Board of Directors, in accordance with the competences provided in each case by the By-laws.

### 3.1. Governing bodies during the state of alarm

The 2020 financial year was marked in all aspects by the serious health crisis caused by COVID-19. In March and October, the Spanish Government issued a series of **states of alarm**, during which a large volume of regulations with exceptional measures were approved.

Among the regulations put forward to address this exceptional situation, Royal Decree-Law 8/2020 was approved, which established **measures for the operation of the** governing and administrative bodies of associations, even if not addressed in their By-laws.

The meetings of CECA's governing bodies were successfully held in accordance with its agenda despite the confinement measures and limitations on travel.

In the particular case of **CECA's Ordinary General Assembly**, the Board of Directors met in extraordinary circumstances to cancel the convocation of the Assembly scheduled for 24 March, opting instead for written, non-session voting, the resolutions of which were formalised on 27 March 2020.

### 3.2. General Assembly

The General Assembly is **CECA's most important governing and decision-making body** and is made up of representatives appointed by the Savings Banks and other member credit institutions.

The members of CECA's General Assembly represent the general interests of savings and savers.

#### Functions

Among other functions foreseen in the By-laws, the General Assembly is responsible for the annual definition of the general lines of the action plan, the appointment of members of the Board of Directors, the confirmation of the appointment of the General Manager at the proposal of the Board of Directors, the

approval of the annual accounts and the application of the results and the creation and dissolution of charitable and social projects, the approval of their budgets and their management.

#### Meetings

The General Assembly is **held in one ordinary session every year** within the legal period.

It also has extraordinary meetings whenever called by the Board of Directors, or with the agreement of representatives designated by savings banks and CECA member entities, representing at least one tenth of the votes attributable to total member entities.

In 2020, the General Assembly met at an **ordinary session on 27 March**. Prior to the Ordinary General Assembly, the individual and consolidated annual accounts, the management report and the statement of non-financial information and the auditors' reports, all corresponding to the 2019 fiscal year, among others, were made available to the assembly members.

## Acuerdos

Key agreements introduced by the General Assembly in 2019 were as follows:

1. The **approval of CECA's consolidated and individual annual accounts** (balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements), the management report and the distribution of profits, as well as the management of the Board of Directors, all corresponding to financial year 2019.
2. **The approval of the Consolidated Non-Financial Information Statement** corresponding to the 2019 financial year.
3. **The re-election of Mr. Juan Carlos Escotet Rodríguez** as a member of the Board of Directors.
4. **Settlement of the budget for Obra Benéfico-Social** corresponding to financial year 2019 and the OBS (Funcas) budget for 2020.

The **composition of the Board of Directors** at 31 December 2020 is:

### *Chairperson*

Isidro Fainé Casas

### *Vice-chairs*

José Ignacio Goirigolzarri Tellaeché

Braulio Medel Cámara

Gregorio Villalabeitia Galarraga

### *Members*

Manuel Menéndez

Antonio Carbonell Tatay

Juan Carlos Escotet Rodríguez

José Luis Aguirre Loaso

Manuel Azuaga Moreno

### *Member Secretary*

Josep A. Cifre Rodríguez

### *Non-member Deputy Secretary*

Fernando Conlledo Lantero

## 3.3. Board of Directors

The Board of Directors is responsible for **administering, managing and representing CECA**.

### Functions

The Board of Directors is the body responsible for, among other things, the institution's governance and administration and for representing it in all matters related to its trade and to lawsuits, with the powers expressly conferred upon it by the By-laws.

This Board of Directors comprises the number of members designated by the General Assembly, which may be no less than five and no more than fifteen. In addition, all the Savings Banks and Savings Bank Groups are **represented by the Board of Directors**.

### Proposals

The proposals of Board members **will be presented by the Savings Banks and the Savings Bank Groups**.

The appointments will only go to people who represent the Savings Banks and other member credit institutions. However, member entities will be able to promote Chairpersons of CECA member entities as Members of the Board of Directors.

### Meetings

According to the By-laws, the Board must hold at least six meetings a year, called by the Chairperson.

In 2020, the Board of Directors met on eleven occasions, at the Chairperson's initiative. The Chief Executive Officer and the entity's Secretary General, who acted as the non-director vice secretary, attended the Board meetings.

## 3.4. Executive Committee

CECA's Board of Directors may delegate their powers to the Executive Committee, with the exception of the powers related to submitting proposals to the General Meeting and the powers specially delegated to the Board, unless it is expressly authorized to do so.

CECA's Executive Committee comprises the Chairperson, the Deputy Chairperson and the Secretary to the Board of Directors.

CECA's CEO attends the meetings held by the Executive Committee, with a right to speak but not to vote.

## 3.5. Foundations and Obra Social Commission

is the **main forum for exchanging experiences, cooperation and research in relation to Obra y Acción Social**. This body is advisory by nature and is linked to Funcas.

### Functions

The functions of the Foundations and Obra Social Commission are:

1. **To advise the Board of Directors** on the questions it poses in relation to the social projects of savings banks, banking foundations and ordinary foundations related to members.
2. To serve as a **nucleus for the exchange of experiences, cooperation and research** related to all the issues associated with social projects or which affect them. This committee also has an executive body, the Foundations and Obra Social Executive Committee, which develops and implements the decisions taken.



# 04. *Financial and economic information*





04.1  
*Financial  
and economic  
information*

CECA  
*Annual  
Accounts*

04.2  
*Financial  
and economic  
information*

*Annual Accounts  
of CECA and  
subsidiaries in  
the CECA Group*



# *Annual Report 2020*

