

Annual Report
Executive summary

2018

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Letter of introduction



Isidro Fainé
CECA Chairman

“CECA has successfully positioned itself another year **at the forefront of private social investment in Spain**, being one of the main agents in promoting social inclusion through its numerous social projects.”

Strength and responsibility: during 2018, we have been more aware than other years of the importance of these aspects, for which CECA is noted. We have faced many challenges, but having handled them efficiently and in concert has helped us overcome them, and we will work towards it continuing to be this way. The sense of responsibility, together with our leadership and service vocation, are some of the principles in which we base our activity, with the aim of transmitting the performance of our sector as a global financial phenomenon at the service of people.

This year I have also had the honour of being appointed President of the World Savings and Retail Banking Institute (WSBI); therefore, the responsibility in institutional representation via CECA has visibly consolidated itself.

I feel as grateful as the first day for being able to carry out this representation and be able to return the trust vested in me.

As I already mentioned on 14 November 2018 in New Delhi, on the occasion of my appointment, social and economic sustainability is one of the structural points of this term. The aim is to favour progress and improve the quality of life of people.

In this new era, our institution, CECA, will have further international presence. The trust vested in it to overcome this huge challenge is the best incentive to continue working towards a better future for all. A future that in Víctor Hugo's words "for the fearful, it is the unknown; and for the brave, it is an opportunity".

Social investment and financial education

CECA continues working towards strengthening the ties with sector associations, such as the AEB, the Spanish Mortgage Association and INVERCO, among others, with the aim of reinforcing the domestic financial system.

I feel lucky to be part of a national and international project that continues to prioritise families and SMEs through Obra Social and innovation, while considering financial education the basis of knowledge for society.

I am convinced that we can fight against social exclusion through financial education. It is for this reason that CECA as well as its associates and its Foundation, FUNCAS, have set financial education as a top priority in their lines of action, allocating 3 million euros to launching the "Funcas Stimulating Financial Education Programme" (Funcas Educates) in 2018.

I believe that we should be proud of being another year at the forefront of private social investment in Spain, and we have been one of the main agents in promoting social inclusion. Not only have we renewed this title, but we have also consolidated our improving trend by reaching 813 million euros of investment, which represents a 1.6% increase with respect to the previous year.

At CECA, we face 2019 with new responsibilities and with the firm target of continuing to reinforce our social work in terms of financial education. Without trust, there is no business. Trust is professionalism, empathy, dialogue, vocational service and, without a doubt, committing to the young people. They are the ones that will build the society of tomorrow and who we must listen to and understand the most.

Isidro Fainé
CECA Chairman



About us

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

2.1

Our mission

In addition to defending the interests of its member entities, CECA provides them advice and supports their mission with society, in their financial activity and Obra Social and actions in the exercise of their social responsibility.

2.2

Who we represent

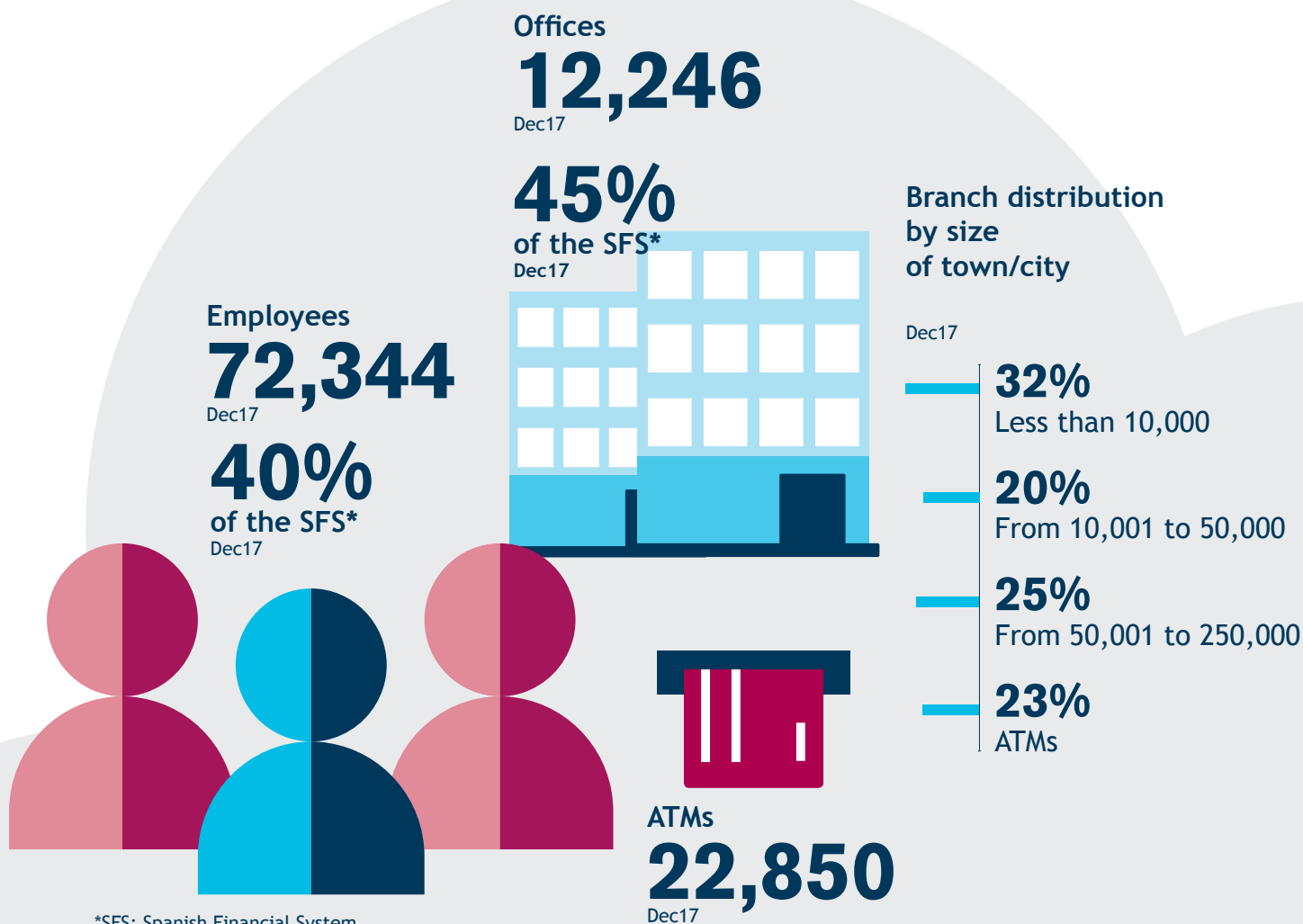
CECA's present members include credit institutions and banking foundations and ordinary foundations associated with the savings sector.



2.2 Who we represent

The following are CECA-associated credit institutions:

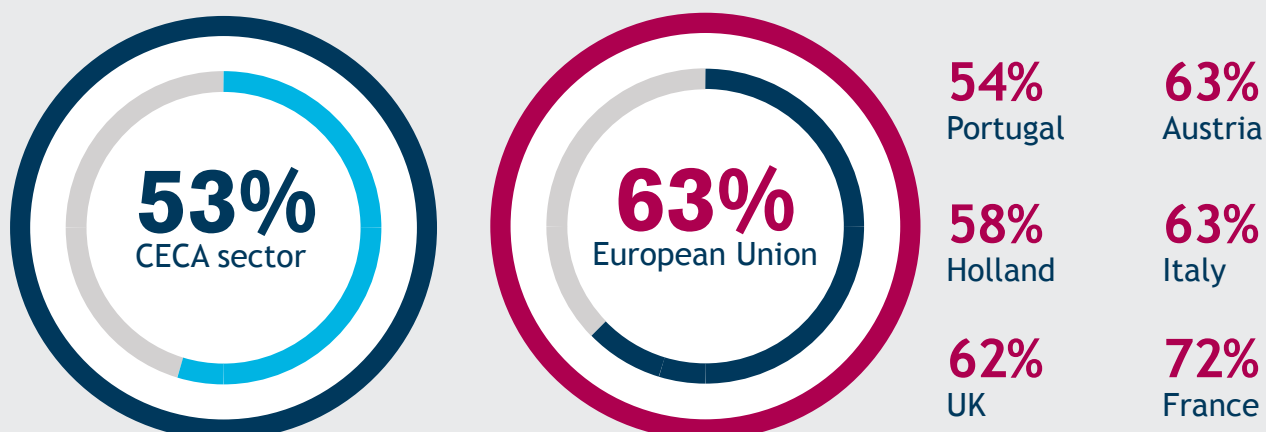
Figures at September 2018



Efficiency

Administrative expenses necessary to generate €100 of gross income

Sep17



Average size of the entities

94,942

million euros



CECA-associated
credit institutions



Total assets

782,147

million euros

32%

of the SFS*

39%

Market share in
deposits of the SFS*

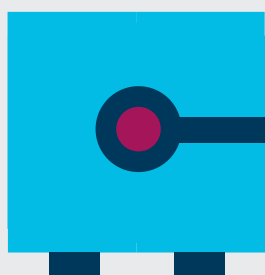
Solvency. CET1

13.2%

Deposits

522,525

million euros



Loans

496,608

million euros



2.3

List of Associates

Credit institutions



CAIXABANK
www.caixabank.com



BANKIA
www.bankia.es



IBERCAJA BANCO
www.ibercaja.es



ABANCA CORPORACIÓN
BANCARIA
www.abanca.com



KUTXABANK
www.kutxabank.es



UNICAJA BANCO
www.unicaja.es



LIBERBANK
www.liberbank.es



CAIXA ONTINYENT
www.caixaontinyent.es



CAJASUR BANCO, SAU.
www.cajasur.es



CAIXA POLLENÇA
www.colonya.es



CECABANK
www.cecabank.es

2.3 Who we represent

Banking foundations

 <p>Fundación Bancaria "la Caixa"</p> <p>FUNDACIÓN BANCARIA LA CAIXA</p> <p>www.fundacionbancarialacaixa.org</p>	 <p>Fundación Bancaria iberCaja</p> <p>FUNDACIÓN BANCARIA IBERCAJA</p> <p>www.fundacionibercaja.es</p>	 <p>kutxa FUNDATZIOA</p> <p>FUNDACIÓN BANCARIA KUTXA</p> <p>www.kutxa.eus</p>	 <p>bbk</p> <p>FUNDACIÓN BANCARIA BILBAO BIZKAIA KUTXA</p> <p>www.bbk.eus</p>	 <p>CAJADEBURGOS FUNDACIÓN</p> <p>FUNDACIÓN BANCARIA CAJA DE BURGOS</p> <p>www.cajadeburgos.com</p>
 <p>Unicaja Fundación</p> <p>FUNDACIÓN BANCARIA UNICAJA</p> <p>www.fundacionunicaja.com</p>	 <p>Vital</p> <p>FUNDACIÓN - FUNDATZIOA</p> <p>FUNDACIÓN BANCARIA CAJA VITAL KUTXA</p> <p>www.fundacionvital.eus</p>	 <p>Fundación Cajastur - Liberbank</p> <p>FUNDACIÓN BANCARIA CAJASTUR</p> <p>www.fundacioncajastur.es</p>	 <p>Fundación Caja de Extremadura - Liberbank</p> <p>FUNDACIÓN BANCARIA CAJA DE EXTREMADURA</p> <p>www.fundacioncajaextremadura.com</p>	 <p>Fundación Caja Cantabria</p> <p>FUNDACIÓN BANCARIA CASYC</p> <p>www.fundacioncajacobabria.es</p>
 <p>cajalcirculo Fundación</p> <p>FUNDACIÓN BANCARIA CAJALCÍRCULO</p> <p>www.fundacioncajalcirculo.es</p>	 <p>CajaCanarias FUNDACIÓN</p> <p>FUNDACIÓN BANCARIA CAJACANARIAS</p> <p>www.cajacanarias.com</p>	 <p>Fundación Caja Castilla La Mancha</p> <p>FUNDACIÓN BANCARIA CCM</p> <p>www.fundacioncajastillalamancha.es</p>	 <p>FUNDACIÓN CAJANAVARRA</p> <p>FUNDACIÓN BANCARIA CAJANAVARRA</p> <p>www.fundacioncajanavarra.es</p>	

Ordinary foundations

 <p>CAJAGRANADA FUNDACIÓN</p> <p>CAJAGRANADA FUNDACIÓN</p> <p>www.cajagranadafundacion.es</p>	 <p>Fundación cajarRioja</p> <p>FUNDACIÓN CAJA RIOJA</p> <p>www.fundacion-cajarioja.es</p>	 <p>fundación montemadrid</p> <p>FUNDACIÓN MONTEMADRID</p> <p>www.fundacionmontemadrid.es</p>	 <p>Fundación La Caja de CANARIAS</p> <p>FUNDACIÓN CANARIA LA CAJA INSULAR</p> <p>www.lacajadecanarias.es</p>	 <p>CM FUNDACIÓN CAJAMURCIA</p> <p>FUNDACIÓN CAJAMURCIA</p> <p>www.fundacioncajamurcia.es</p>
 <p>Fundación Bancaja</p> <p>FUNDACIÓN BANCAJA</p> <p>www.fundacionbancaja.es</p>	 <p>//Afundación</p> <p>AFUNDACIÓN</p> <p>www.afundacion.org</p>	 <p>pinnae</p> <p>FUNDACIÓN PINNAE</p> <p>www.pinnae.cat</p>	 <p>fundación CAJA INMACULADA</p> <p>FUNDACIÓN CAI</p> <p>www.fundacioncai.es</p>	 <p>Obra Social SA NOSTRA Caixa de Balears</p> <p>FUNDACIÓN CAIXA DE BALEARS</p> <p>www.obrasocialsanotra.com/es</p>
 <p>Caja Mediterráneo FUNDACIÓN</p> <p>FUNDACIÓN CAJA MEDITERRÁNEO</p> <p>www.cajamediterraneo.es</p>	 <p>FUNDACIÓN ÁVILA</p> <p>FUNDACIÓN CAJA DE ÁVILA</p> <p>www.fundacioncajadeavila.es</p>	 <p>Fundación Cajasol</p> <p>FUNDACIÓN CAJASOL</p> <p>www.cajasol.com</p>	 <p>fundación caja segovia</p> <p>FUNDACIÓN CAJA SEGOVIA</p> <p>www.fundacioncajasegovia.es</p>	 <p>FUNDOS</p> <p>FUNDACIÓN OBRA SOCIAL DE CASTILLA Y LEÓN</p> <p>FUNDACIÓN OBRA SOCIAL DE CASTILLA Y LEÓN</p> <p>www.fundacionespana-duero.org</p>

2.4

Governance

The governance, administration, management and control of CECA are exercised by the General Assembly and the Board of Directors in accordance with the competences provided in each case by the Articles of Association.

2.4.1 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 entities.

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

Functions

Amongst other functions established in the Articles of Association, the General Assembly defines the outlines of the entity's action plan every year, appoints the members of the Board of Directors, confirms the appointment of the Chief Executive Officer, at the proposal of the Board of Directors, and approves the annual accounts and the distribution of profit, as well as the creation and dissolution of social and charity projects, the approval of their budget and the management thereof.

Meetings

The General Assembly holds one ordinary meeting 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 other entities associated with CECA, representing at least one tenth of the votes attributable to total member entities.

In 2018 the General Assembly met at an ordinary session on 20 March. Prior to the Ordinary General Assembly, representatives of the entities were provided with, among other things, the consolidated and individual annual accounts and the management report for financial year 2017, as well as the budget settlement for 2017 and the budget for 2018's Obra Benéfico-Social (FUNCAS), CECA's budget and strategic objectives for 2018, the membership fees for 2018, the proposed nomination and re-election of Directors and the proposed nomination of the External auditor for the next years to be submitted to the Assembly for approval.



General Assembly 2018.

Agreements

The following key agreements were introduced by the General Assembly in 2018:

1. Approval of CECA's consolidated and individual annual accounts (balance sheet, income statement, statement of changes in equity, cash flow statement and the notes to the financial statements), the management report and the distribution of profits for CECA's purpose, and the management of the Board of Directors, all corresponding to financial year 2017.
2. Settlement of the budget for Obra Benéfico-Social for the financial year 2017 and the OBS budget for 2018.
3. Appointment of an External Auditor for the upcoming years.
4. Ratification, appointment and re-election of members of the Board of Directors.

The composition of the Board of Directors as of 31 December 2018 is as follows:

Chair

Isidro Fainé Casas

Vice-chairs

José Ignacio Goirigolzarri Tellaache

Braulio Medel Cámara

Gregorio Villalabeitia Galarraga

Members

Manuel Menéndez Menéndez

Josep A. Cifre Rodríguez

Antonio Carbonell Tatay

Juan Carlos Escotet Rodríguez

José Luis Aguirre Loaso

Manuel Azuaga Moreno

Secretary

Josep A. Cifre Rodríguez

Non-member Vice-secretary

Fernando Conlledo Lantero

2.4 Governance

2.4.2 Board of Directors

The Board of Directors administers, manages and represents CECA.

Functions

The Board of Directors is the body responsible, among other functions, for the entity's governance and administration function and for representing it in all matters related to its trade and lawsuits, with the powers expressly conferred upon it to this end.

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 on 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 entities. However, associated entities will be able to promote Chairmen of CECA member entities as Members of the Board of Directors.

Meetings

According to the Articles of Association, the Board must hold at least six meetings a year, called by the Chairman.

In 2018, the Board of Directors met on eleven occasions, at the Chairman's initiative. The CEO and the entity's Secretary General, who acted as the non-director vice-secretary, attended the Board meetings.

2.4.3 Executive Committee

CECA's Board of Directors may delegate its powers to the Executive Committee, with the exception of the powers related to submitting proposals to the General Assembly and the powers especially delegated to the Board, unless it is expressly authorised to do so.

CECA's Executive Committee comprises the Chairman, the Vice-chairmen 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.

2.4 Governance

2.4.4 Foundations and Obra Social Committee

It is the main forum for exchanging experiences, cooperation and research in relation to social projects. This body is advisory by nature and is linked to CECA's own Obra Social, Funcas.

In 2018 the Foundations and Obra Social Committee met on one occasion on 20 March.

Functions

The functions of the Foundations and Obra Social Committee are:

1. To advise the Board of Directors on the questions it poses in relation to the Obra Social 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 any decisions reached.



General Assembly 2018.



What we do

Our activity is distributed into **four main areas.**



Institutional representation
CECA defends its associates' interests in national and international forums.



Economic and regulatory analysis
Exhaustive regulatory monitoring of the national and international agendas and ad-hoc economic studies.



Social Investment
Dissemination and promotion of Social Investment, both in terms of Obra Social and CSR, from a sectoral perspective.



Worker representation
CECA defends its associates that are bound by the sectors Collective Agreement.

3.1

Areas of activity

CECA carries out institutional representation activity through various national and international forums. It is also involved in an ongoing analysis of the economic framework at a nationwide and worldwide level.

3.1.1 Institutional representation

CECA plays a part in both national and international forums, representing and defending the interests of member entities.

Within the scope of the **Banking Union's consolidation**, CECA maintains a fluid relationship with the European Central Bank. As a result, CECA has a Cecabank office in Frankfurt, where the **European Single Supervisory Mechanism** is established.

Likewise, the Paris representative office encourages interaction with other European supervisory authorities, such as the European Securities and Markets Authority (ESMA) and, shortly, the European Banking Authority (EBA).

Through this international network, we have developed the lobbying and networking activities, putting them at the disposal of all its members.

The European Savings Banks Group (ESBG) Presidents' Committee and Management Board, led by its President Isidro Fainé (until June) and Helmut Scheleweis (until June), has kept up an intense programme of high-level meetings with international financial authorities to debate on the most significant regulatory issues for the European retail banking sector.

In November 2018 Isidro Fainé was appointed **President of the World Savings and Retail Banking Institute (WSBI)** during its 25th Assembly held in New Delhi. This organisation represents 7,000 savings banks and retail banks that have 1,300 million clients in more than 80 countries.

At the same time that the governing bodies were holding meetings, the WSBI organised the 25th Congress of the World Savings and Retail Banking Institute in New Delhi with the collaboration of CECA and other member entities. This event takes place every three years and was organised under the title "Sustainable Banking: Making globalisation inclusive for all".

3.1 Areas of activity

Several speakers and panelists from around the world shared their experience, as well as their vision on globalisation, financial inclusion and the important role of savings banks and retail banks.

CECA is on all of the **ESBG's Committees and Working Groups** organised in all the sectors areas of activity (holding the chair of Prudential and Supervision Committee), and it has also played an active role in preparing joint positions relating to the current political and regulatory situation.

On the other hand, the ESBG/WSBI's Coordinating Committee held its 86th meeting in Madrid at CECA's head offices in May. This Committee is an ESBG/WSBI joint governing body and is responsible for reviewing the actions and position of the European and worldwide group for the

purpose of coordinating the ongoing exchange of information on key topics that are relevant to its members. The Committee is made up of directors of member entities, from both ESBG and WSBI, and their representatives are responsible for the international or strategic activity carried out in their respective institutions.

New member of the EBI

CECA strengthens its relationship with the **European Banking Institute (EBI)**, becoming an active member of the institution and part of its Advisory Board.

As an international centre of banking studies, the EBI endeavours to become the standard for banking regulation research in Europe, and an instrument to enable interactions between academia, supervisors, regulators, and industry. In addition, from its location in Frankfurt, near

Isidro Fainé and Heinrich Haasis at the 25th General Assembly of the WSBI.



3.1 Areas of activity

the European Central Bank (ECB), the EBI is consolidating itself as a reference of academic support for the ECB.

Among the EBI's objectives is to become a new, think tank in the fields of banking regulation, monitoring and resolution, as well as in any related areas.

G20

In 2018, during Argentina's presidency of the G20, **CECA participated in the WSBI conference organised in Buenos Aires**, which is a major forum to debate on the international regulatory frameworks. The G20 comprises the 19 main advanced and emerging economies, as well as the European Union, and during 2017, by means of this event and other meetings, we fostered greater visibility of our sector before this institution.



Isidro Fainé during his speech at the G20.

Internal representation forums

CECA's work with its member entities continues to be carried out through the **Coordinating Committee**, which is a catalyst and driver of the collaborative activity of all its dependent Committees and Networks, as well as a promoter of actions aimed at defending the common interests of the industry.

Specifically, from a project perspective, the initiatives centred around three major lines of action:

a) Firstly, minimise the impact of the regulatory burden on our associates by means of **projects that concentrate on interpreting the regulation and by assessing their main effects**, while providing an optimum roadmap for its implementation (as has been the case of MiFID II, the new Real Estate Contract Act, PSD2 or the EBA/ESMA guidelines on Corporate Governance).

b) Secondly, guarantee that **our entities are at the forefront of technological innovation**, whether by developing specific projects, such as the one developed to notify cyberincidents to different regulators, or establishing stable channels for communicating and exchanging experiences between our associates, such as the innovation observatory (throughout 2018, in addition to the monthly newsletters, 4 subject reports have been drafted: Digital Banking, Big Data&Analytics, Platform businesses and Human Machine Interfaces) and the cybersecurity group, where the main new developments and threats within this scope are discussed and validated.

In the field of disruptive technologies, the work carried out within the Niuron consortium is particularly noteworthy. This consortium is made up of 8 entities associated with CECA. Throughout 2018 the development of a minimally viable product

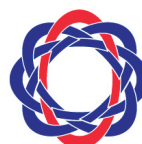


ESBG meeting in Madrid.

was completed successfully, the purpose of which is for participating entities to exchange documentation related to the registration of clients using **blockchain technology**.

c) Lastly, carrying out specific projects and actions that have a direct effect on efficiency improvement and the monitoring of the entities' expenses, such as the **benchmarking performed to optimise the electrical energy expenses** or the initiative to **optimise outsourcing management models** following the EBA guidelines in this field.

In terms of defending common interests, the focus has been on three key concepts: keeping a direct channel with the main supervisors (on subjects such as CIRBE, ANACREDIT or the Real Estate Contract Act); optimising and making efficient the relationship between associates and Public Administrations (promoting the development of telematic channels or standardising collections processes); and coordinating the sector's positioning in the field of payments and transactions, at both a national and European level (PSD2, IFR, PAD, Digital Single Market, etc.).



WSBI represents
7,000
savings banks
and retail banks



Clients
1,300
million

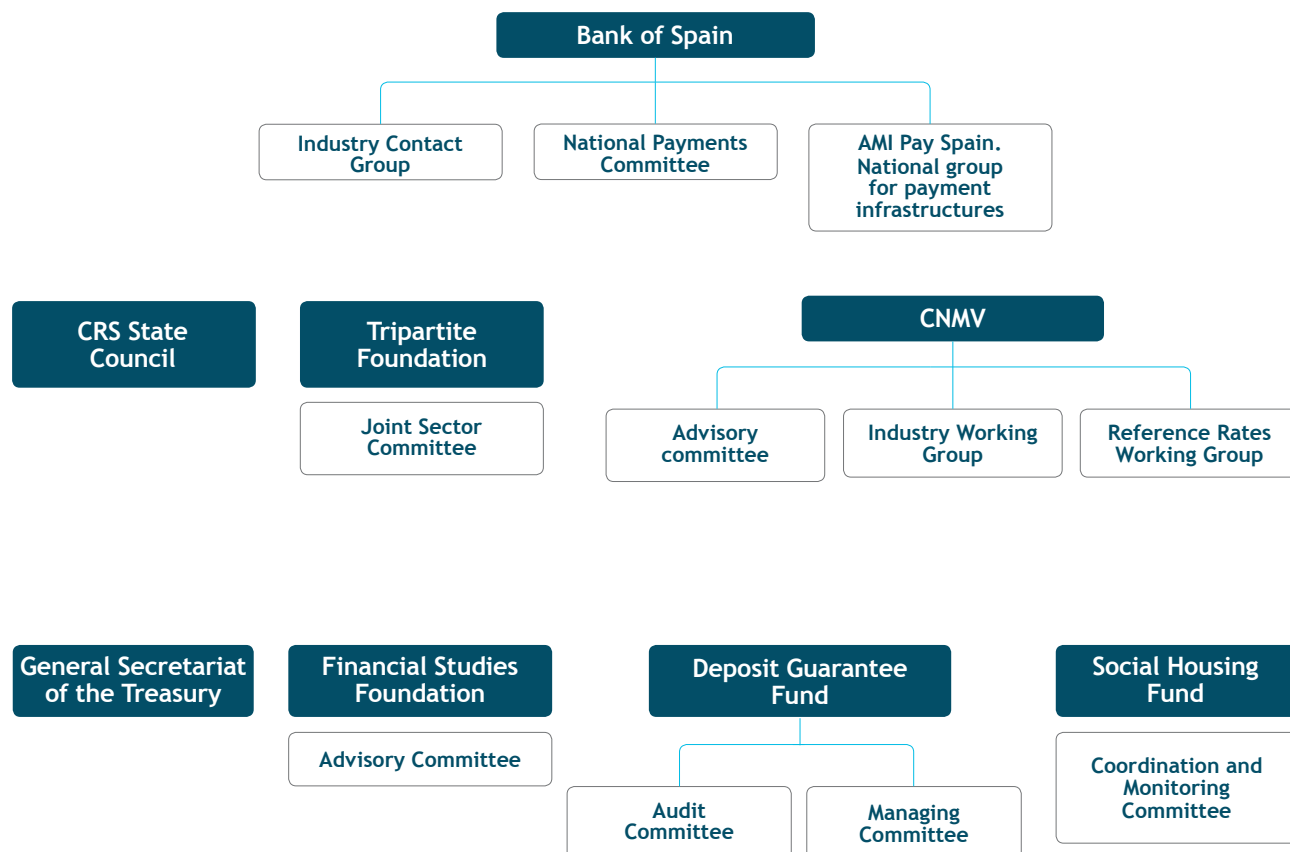


Over
80
countries

3.1 Areas of activity

Institutional Representation Internal representation forums

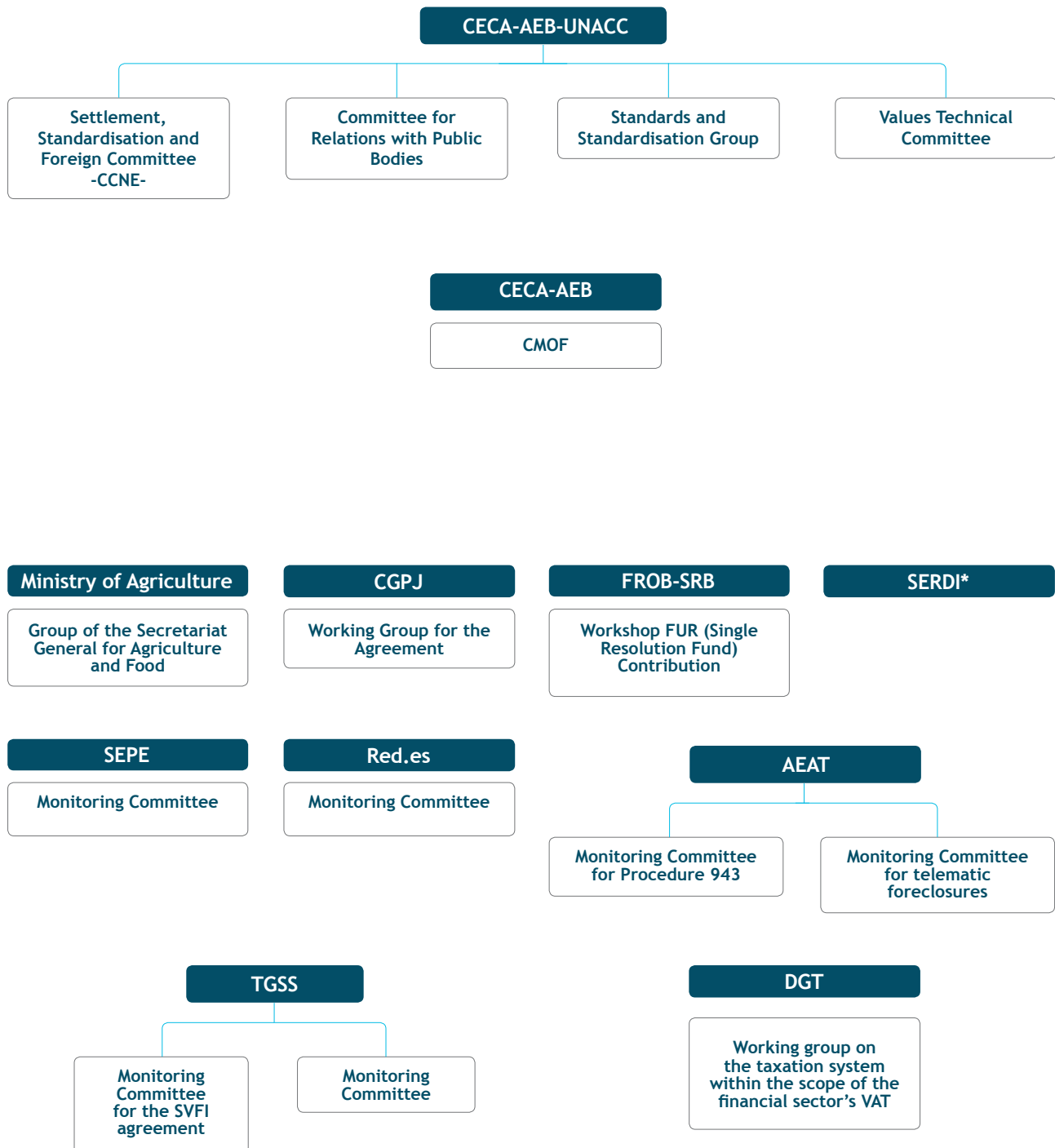
National Official Bodies



3.1 Areas of activity

Institutional Representation Internal representation forums

National Administration

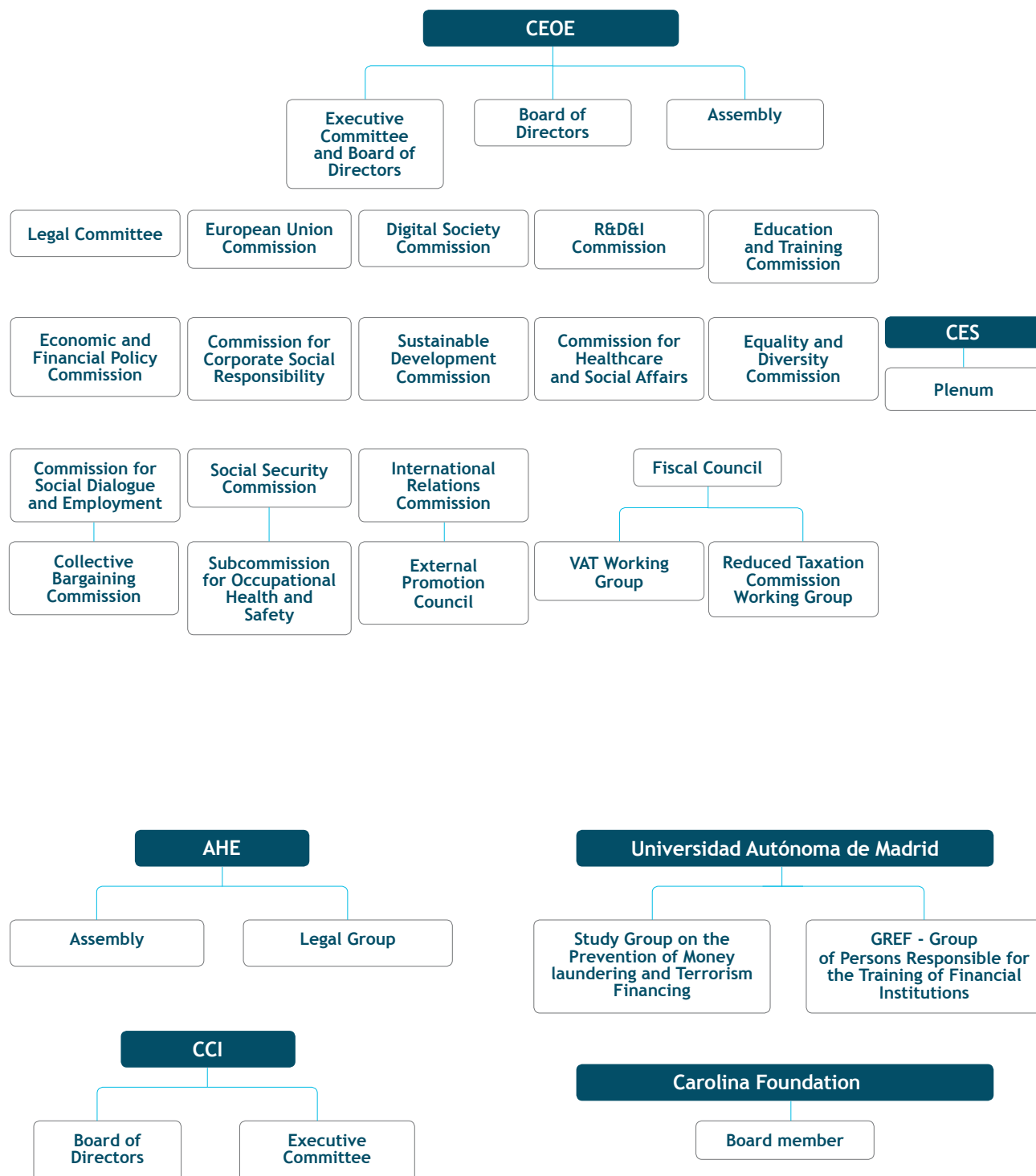


*Service to settle issues between and banks and savings banks.

3.1 Areas of activity

Institutional Representation Internal representation forums

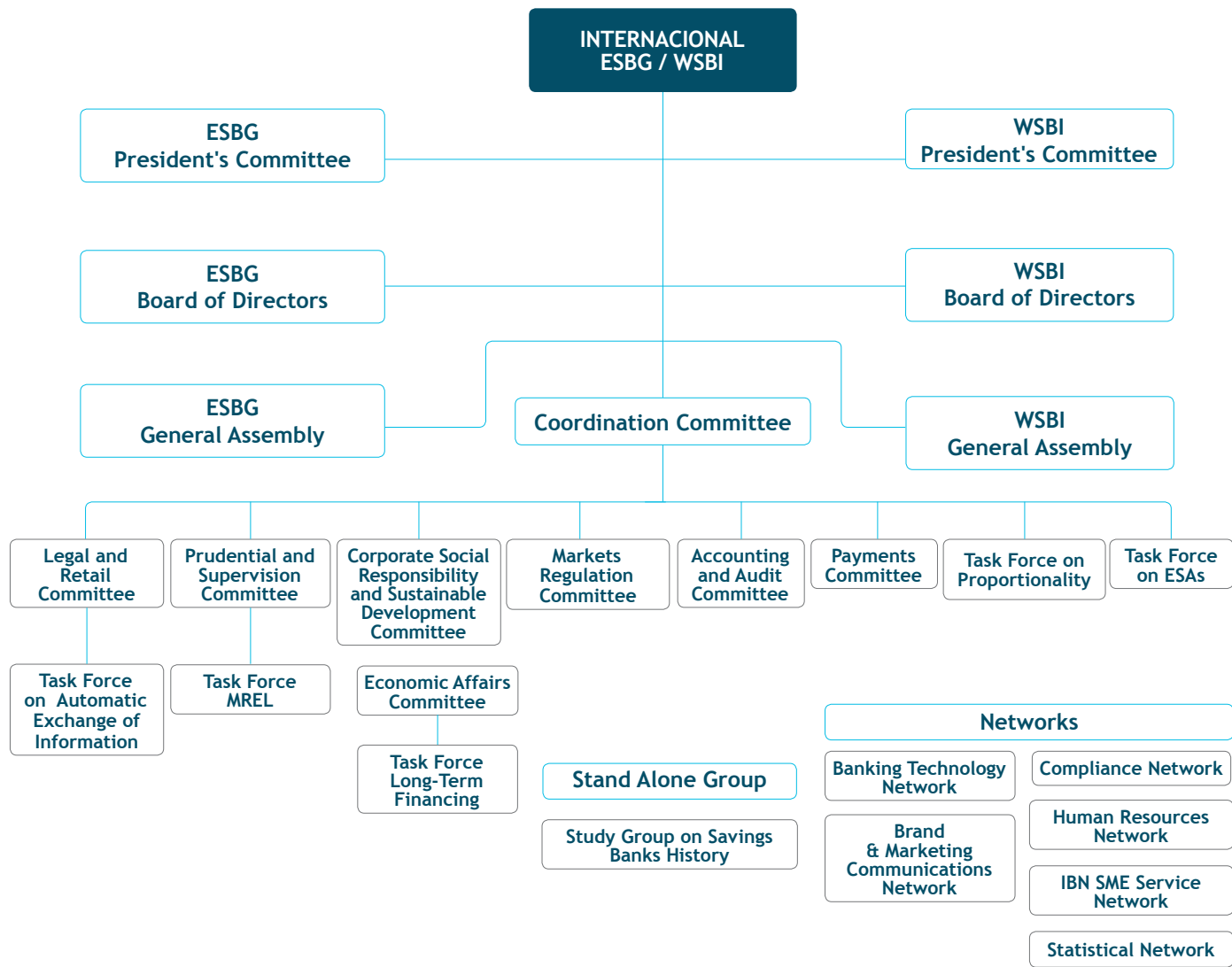
National Other Bodies



3.1 Areas of activity

Institutional Representation Internal representation forums

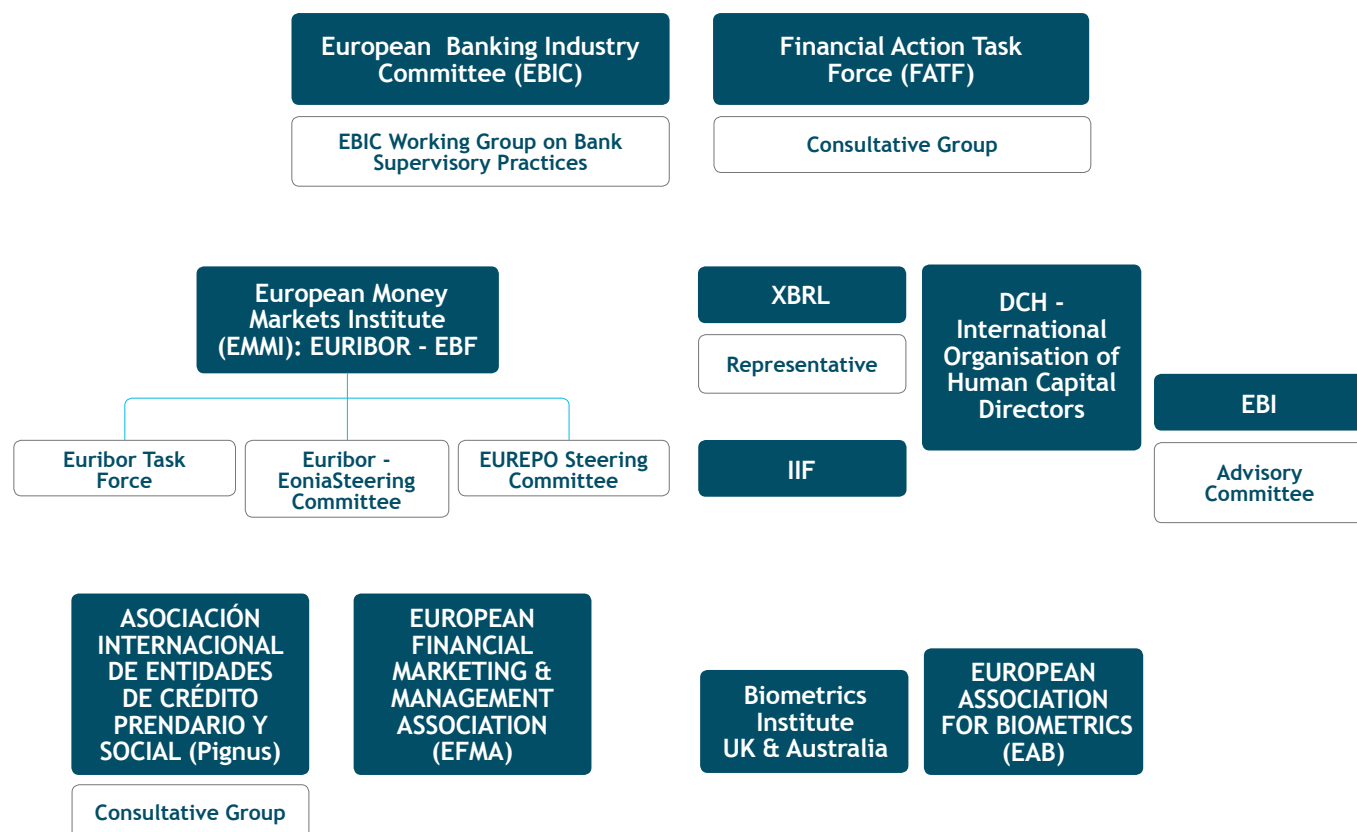
International



3.1 Areas of activity

Institutional Representation Internal representation forums

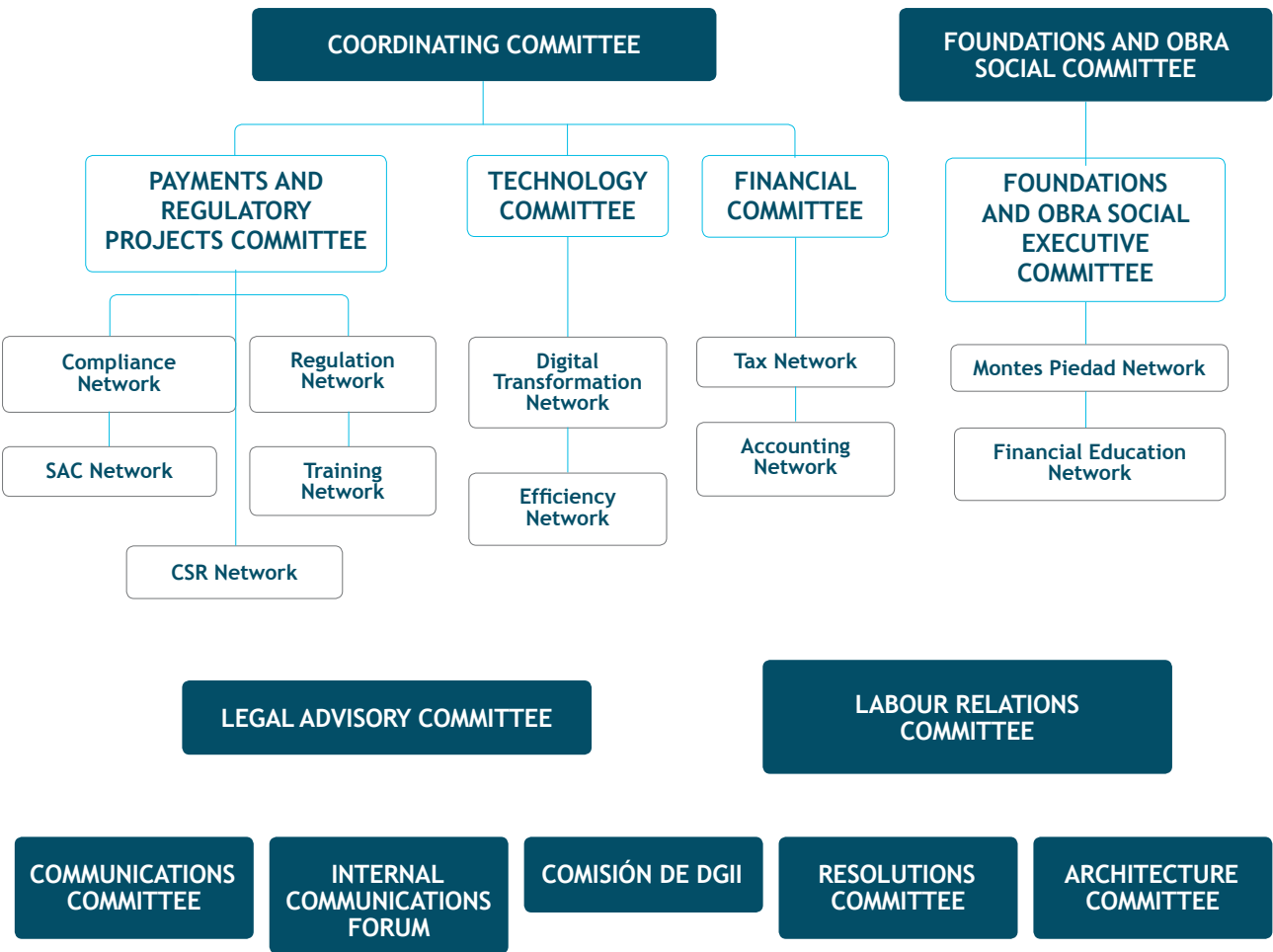
International



3.1 Areas of activity

Institutional Representation Internal representation forums

Internal



3.1 Areas of activity

3.1.2 Economic and regulatory analysis

Economic analysis

CECA performs a continuous and detailed monitoring of the financial and economic framework, both nationally and internationally, especially focusing 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, includes the progress of the retail business in Spanish and sector depositary institutions, which consists of the aggregate figures of CECA member entities.

This report is complemented quarterly with the **Results Report in the CECA sector**, which details the evolution of the items that comprise the aggregate results of member entities.

In addition, **subject studies** are prepared on a regular basis on matters of particular relevance for the member entities, among of which particularly stand out in 2018::

- Analysis on the private credit sector.
- Solvency report.
- The insurance sector and its contribution to the banking business.

Furthermore, within the framework of European banking supervision and in line with the interest towards a further integration of banks at a community level, the Department of Studies pays special attention on comparatively examining the most relevant characteristics of the main European banking systems and the institutions integrating them by preparing specific reports.

Consolidation of the European banking system and 2018 Stress test.

As well as drafting reports and preparing presentations, CECA is entrusted with **the publication of the public financial statements** for each of its member entities, both individual companies and consolidated groups. It performs this task through its corporate webpage.

In addition, every year CECA drafts the **Abstract of Statistics**, which compiles information about the governance bodies and basic financial details of all member entities.

Another service provided to member entities is the collection of accounting information at an individual level to proceed with its addition and subsequent delivery as aggregate financial statements or with a more management-specific format, such as **Financial Information Flashes**.

The Department of Studies also distributes to member entities aggregate statistical information related to the balance sheets, income statements and branches, which it regularly receives from the Bank of Spain. Furthermore, this department carries out a relevant and continuous work of communicating and representing the interests of our member entities before the Bank of Spain, in terms of adapting the statistical information they distribute and which has been used as the basis to analyse the financial sector.

Below is a summary of the most relevant themes within the scope of analysis in 2018:

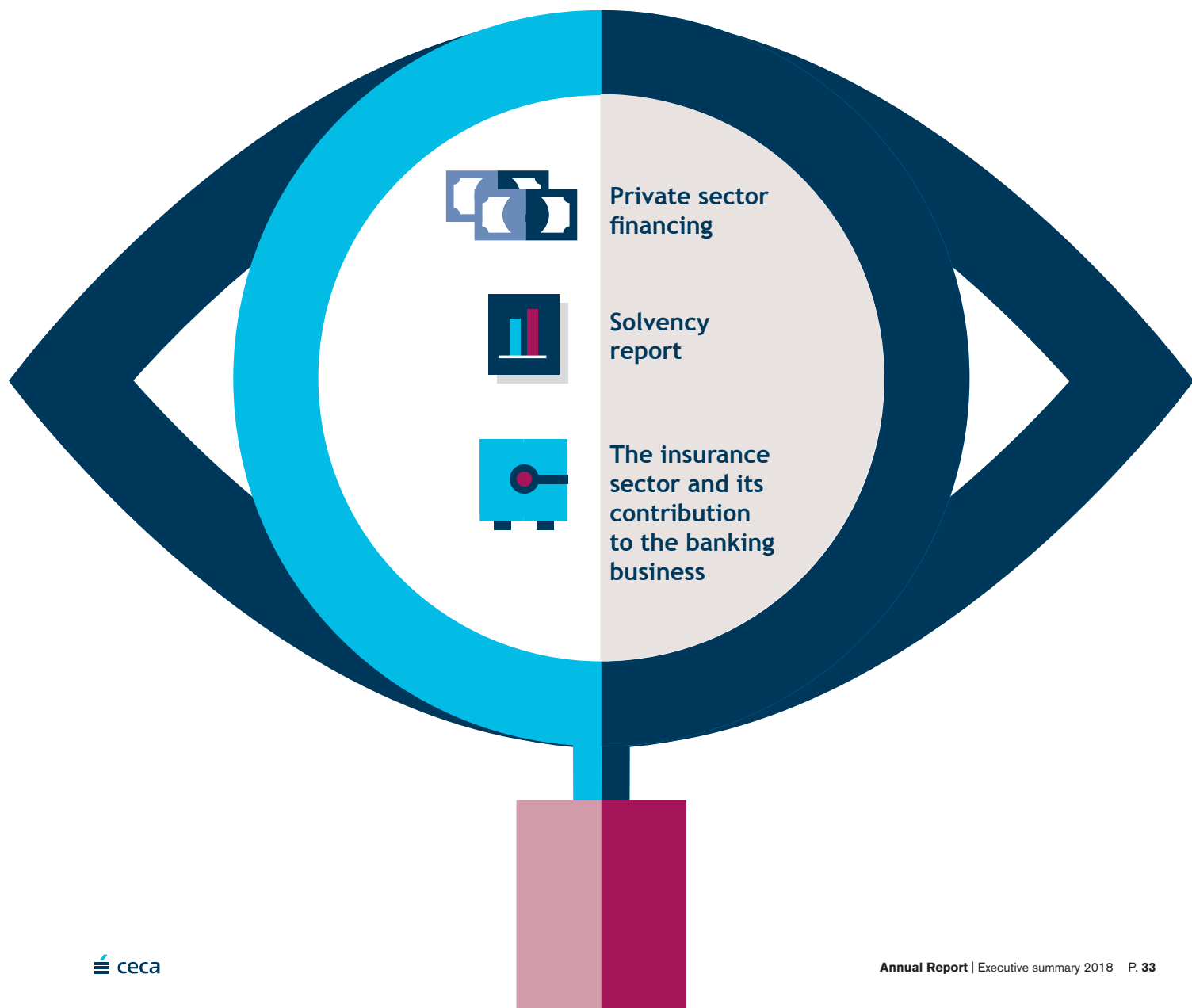
Developments in retail banking

The expansion of the Spanish economy in 2018, especially of the internal demand, has continued to favour a moderate performance of the retail business and an improvement in the credit quality of the banking balance sheets.

3.1 Areas of activity

CECA performs a continuous monitoring of the financial and economic framework, both nationally and internationally, especially focusing on the banking context.

The analysis carried out on the following themes particularly stands out in 2018:



3.1 Areas of activity

New **granted loans** have grown by 9% throughout the year, where the increase in loans to families, both for housing and consumption, stand out.

The balance of **loans to the private sector continued to drop in 2018**, reaching a -2% year-on-year in the entire system. Furthermore, retail deposits have grown at a higher pace, 3%, driven by demand deposits, although hindered by term deposits due to the environment of low interest rates, the latter representing approximately 20% of the total.

The volatility of the financial markets in recent months has influenced negatively the **evolution of investment and pension funds**. **Investment funds registered a year-on-year negative annual growth rate of -2.1% in December**, as so did pension funds, -0.8%. According to INVERCO data, investment funds dropped 5,572 million euros in 2018, as opposed to the accumulated growth in the same period of 2017 (27,705 million euros). This is a consequence of the capital losses registered so far this year (-13,984 million euros) and the increase of net subscriptions being well below those registered in the previous year (8,410 million euros, compared to 21,220 million euros in 2017).

In terms of categories of funds, **global funds lead equity growth** with an 18.5% rise in the year (6,542 million euros more than in December 2017). On the other hand, passive management funds continue to accumulate the highest reduction of equity, more than 3,425 million euros in 2018. Investment funds close the year with a drop in annual accumulated return of -4.6%.



Aggregate results of CECA member entities

The result attributed to CECA's sector grew by 29% in the first nine months of 2018 with respect to the same period of the previous year, and stands at 3,542 million euros. This year-on-year growth is mainly due to the reduction of provisions, both to cover the impairment of financial assets and future contingencies. Other factors, such as the increase of recurring income and the restraint of operating costs, have shyly driven the result's momentum.

In terms of income, **an improvement of the net interest income of 0.5% and an increase of fees and commissions of 3.3% stand out**; these are growing practically across all entities. The increase of recurring income and the positive performance of investees compensated the drop of other operating income and other financial results (ROF), allowing for a slight improvement of the gross income (+1.2%).

The **increase of gross income and the reduction of operating costs** (-1%), supported by lower staff costs, have helped the efficiency ratio improve by 1.2% in September 2018 when compared to 2017, standing at 53.5%.

The **divestment in non-performing assets** and the lower cost associated with restructuring processes have led to a significant reduction of impairment losses on financial assets (-69%) and of provisions (-52%) year-on-year.

Finally, **the sector's average return on equity (ROE) stands at 8.2%, i.e.**

1.8 percentage points higher than in the same quarter of 2017, due to the result's growth and the strengthened year-on-year average equity of 1.2%.

3.1 Areas of activity



The insurance sector and its contribution to the banking business

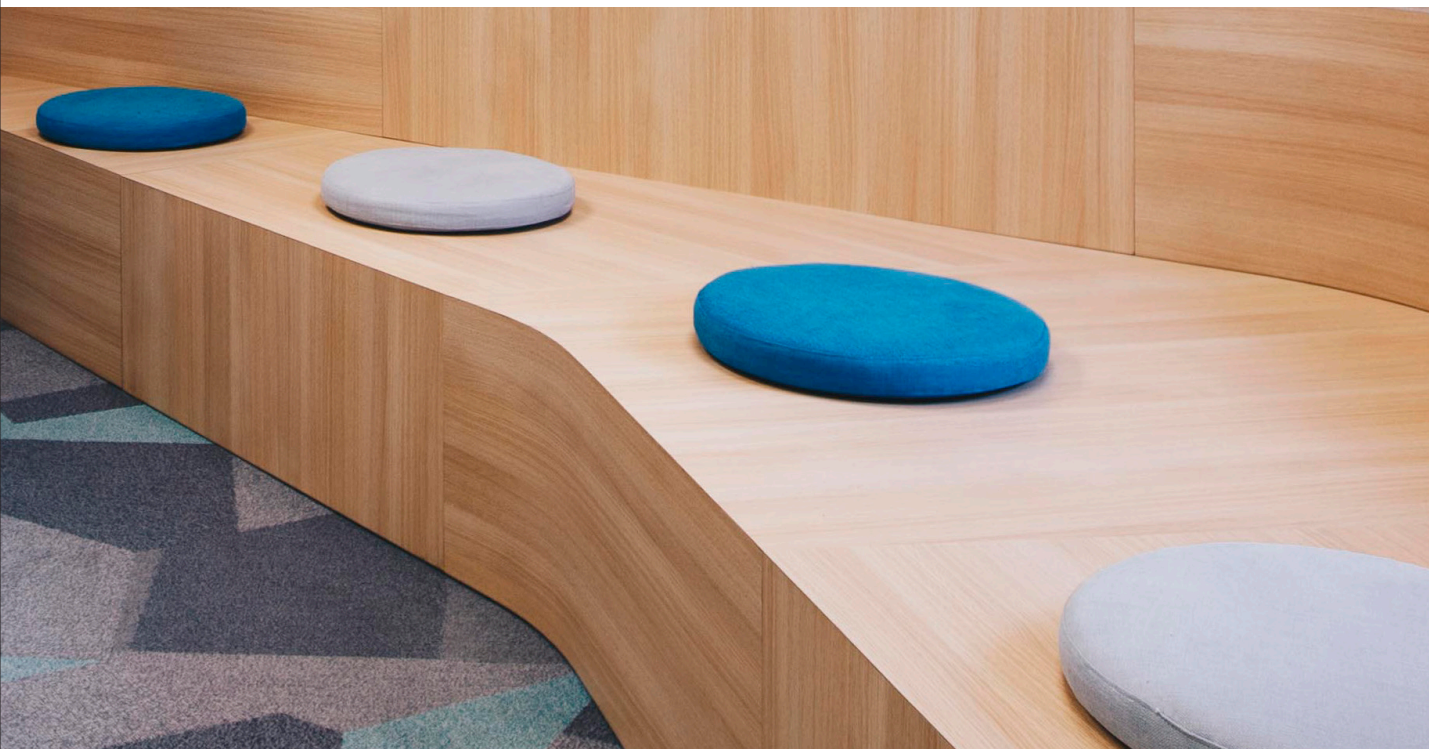
“The insurance sector and its contribution to the banking business” report was drafted in October 2018. It addresses the recent situation and evolution of this sector, in particular the banking-insurance segment, and the growing contribution of this activity to the banking business’ performance.

In Spain the insurance business has been traditionally very closely linked to banking institutions, as they market these insurance products through their extensive network of branches, occasionally using cross-selling techniques, such as offering mortgage insurance and life-risk insurance. In fact, [the banking industry is still the main insurance distribution channel in Spain](#), mainly due to its importance in the life insurance segment.

Although the insurance sector has been affected to a lower extent by the financial crisis, it must also face the same challenges as the banking sector, such as the continued drop of the market interest rates, the adjustment to the regulatory changes, the digital transformation and the new data processing possibilities offered by insurtechs.

The [importance of the insurance business as a source of generating income](#) has grown in recent years as a result of the extremely low interest rates and the pressure on banking margins.

Specifically, the study revealed that the income from net fees and commissions on insurance and pension funds represent, on average, 16% of the total net income from fees commissions in the banking sector. If in addition to the income from fees and commissions we consider other income recognised in different headings of the entities’ income statement, the contribution of the insurance business to the gross income of Spanish financial institutions has grown from 9.2% in 2016 to 10.4% in 2017.



3.1 Areas of activity

Regulatory analysis

The year 2018 continued to be marked by intense activity in the regulatory sphere, which brought major changes to the financial sector. To perform this task, CECA carries out:



Regulatory analysis, which summarises the most significant aspects on the domestic and international regulatory agenda on a monthly basis and it also publishes special issues when an important matter arise.



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



Financial and Regulatory Developments of the CECA Sector, a monthly report on the progress of the sector that is sent to the main national and international operators.

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



Supervision and solvency



Resolution



Retail market



Transactions and payment systems



Taxation



Prevention of money laundering and the financing of terrorism



Accounting



Personal data protection



Fintech

3.1 Areas of activity



Supervision and solvency

The main issues which guided the association's activity in the sphere of supervision and solvency were:

- Proposal to the European Commission to **amend the Regulation and Directive on capital requirements (CRR II/CRD V)**. It is framed within the package of measures to reduce the risk, and its purpose is to introduce into the EU regulation the TLAC's implementation and certain regulations from the Basel Committee on Banking Supervision, as well as amend the leverage ratio, regulatory reporting, and dissemination requirements, among others.
- Monitoring of the technical standards for developing CRR-CRD IV, entrusted to the European Banking Authority.
- Monitoring of the works to incorporate the **completion of Basel III** in the EU regulation. It will involve reviewing the framework of operating and credit risks, incorporating the floor capitals into the internal models based on standard methods and a leverage ratio for entities with a worldwide systematic relevance.
- Monitoring of the different initiatives of the ECB, the European Commissions and the EBA to address the **reduction of the level of non-performing loans (NPL)**: appendix to the ECB Guidance on NPL, proposal for the Directive on credit purchasers and managers and the recovery of collateral, draft regulation that modifies the CRR regarding the introduction of a minimum hedge for doubtful exposure, technical model for establishing asset management companies at a national level, and EBA guidelines on managing and disseminating doubtful and refinanced exposure.

- Proposal for a Regulation of the European Parliament and Council that amends CRR with respect to **exposure in the form of covered bonds**.

- Draft European Commission Regulation for the establishment of a **European deposit guarantee fund (EDIS)**. The object of this is to reinforce the Banking Union, depositors' protection and financial stability.



Resolution

The following are the most important issues in the sphere of resolution of credit institutions that were analysed and monitored:

- **Proposal to the European Commission to amend the Bank Recovery and Resolution Directive (BRRD II)** and the SRM Regulation. Its main purpose is to implement the TLAC and integrate it into the MREL, as well as amend the MREL regulations.
- Monitoring of the **BRRD** technical development standards, entrusted to the European Banking Authority.



Markets

CECA follows closely, among other things, the following actions and regulations related to the financial instruments and securities market legislation:

- Royal Decree-Law 14/2018, of 28 September, modifying the revised text of the Securities Market Act and approved by Royal Decree-Law 4/2015, of 23 October. Its purpose is to complete the transposition of MiFID II and Delegated Directive 2017/593/EU, as well as its adaptation to Regulation (EU) 596/2014, of 16 April, on market abuse (MAR) and Commission Implementing Directive (EU) 2015/2392 (MAD).

3.1 Areas of activity

- Royal Decree 1464/2018, of 21 December, which develops the revised text of the Securities Market Act and Royal Decree-Law 21/2017, of 29 December, on urgent measures to adapt Spanish law to European Union regulations on the securities market and which partially modifies Royal Decree 217/2008, of 15 February, on the legal regime of investment services companies and on other companies that provide investment services and through which the Regulations of Act 35/2003, of 4 November, are partially modified, on Collective Investment Institutions, approved by Royal Decree 1309/2005, of 4 November, and other decrees on the securities market.
- Act 11/2018, of 28 December, which modifies the Commercial Code, the revised text of the Capital Companies Act approved by Royal Decree Legislative 1/2010, of July 2, and Act 22/2015, of 20 July, on Audit of Accounts, regarding **non-financial information and diversity**. It transposes Directive 2014/95/EU, of the European Parliament and Council, of 22 October, on the disclosure of non-financial and diversity information by certain large undertakings and groups.
- Royal Decree 62/2018, of 9 February, which amends the Regulation on the instrumentation of **pension commitments** of companies with workers and beneficiaries, approved by Royal Decree 1588/1999, of 15 October, and the Regulation on **pension plans funds**, approved by Royal Decree 304/2004, of 20 February. Its main purposes are including a case of liquidity in pension plans and similar systems, adapting the procedure for mobilising rights and modifying the management and deposit fees and commissions received by managing entities and depositaries of pension funds.
- Draft Act that amends the revised text of the Act regulating **pension plans and funds** and Draft Royal Decree which amends the Regulation of pension plans and funds, approved by Royal Decree 304/2004, of 20 February. Their purpose is to transpose Directive 2016/2341, of 14 December, on the activities and supervision of occupational retirement provisions.
- Public enquiry prior to the Draft Act amending Act 5/2015, of 27 April, on promoting corporate financing to adapt it to Regulation (EU) 2017/2402, of 12 December, laying down a **general framework for securitisation** and creating a specific framework for simple, transparent and standardised securitisation.
- Public enquiry prior to the Draft Act to transpose Directive 2017/828 of the European Parliament and Council, of 17 May, which amends Directive 2007/36/EC regarding the **encouragement of shareholders in the long term**.
- Public enquiry prior to the Draft Ministerial Order regulating **securities lending**. Its purpose is to establish a regulating framework for developing this type of loans by CILs.
- Draft Royal Decree developing the Act on the **distribution of private insurance and reinsurance** with regard to training.
- Technical Guide 1/2018 of the National Stock Market Commission (CNMV) on related-party transaction of CILs and other operations carried out by SGICs. It establishes criteria relating to the scope of how related parties must be classified and to the consideration of the different types of related-party transactions.

3.1 Áreas de actividad

- Circular 1/2018, of 12 March, of the CNMV (National Stock Market Commission) on **warnings relating to financial instruments**. Its purpose is to specify the warnings to be made to retail clients relating to the complexity of certain financial instruments, their admissibility for internal recapitalisation and the existence of a significant difference with respect to the actual value.
- Circular 2/2018, of 12 June, of the CNMV (National Securities Market Commission), which modifies Circular 5/2013, of 12 June, which establishes the models for the **Annual Report on Corporate Governance** of listed limited companies, savings banks and other entities that issue securities in the official securities markets and Circular 4/2013, of 12 June, which establishes the models for annual remuneration reports of Directors of listed limited companies' Boards and members of the Board of Directors and of the Control Committee of Savings Banks which issue securities listed in the official securities markets. The main goals provide the possibility of entities to submit reports in a free format and include information in the ARCG on the applied diversity policies.
- Circular 3/2018, of 28 June, of the CNMV, on the **regular information of issuers** with securities listed on regulated markets relating to the half-yearly financial reports, interim management statements and, where applicable, quarterly financial reports. The aim is to adapt the content of these reports to the changes established by the International Financial Reporting Standards (IFRS 9 and IFRS 15) and national financial reporting standards (Bank of Spain Circular 4/2017 and Royal Decree 583/2017, of 12 June).
- Circular 4/2018, of 27 September, of the CNMV (National Securities Market Commission), which amends Circular 1/2010, of 28 July, on disclosure obligations of Investment Firms and Circular 7/2008, of 26 November, on accounting standards, annual accounts and confidential information statements of Investment Firms, Collective Investment Undertakings Management Companies and Management Companies of Venture Capital Entities. Its main purpose is to update the information collected by the CNMV based on the accumulated experience and the new developments introduced by the MiFID II.
- Circular 5/2018, of 26 November, of the CNMV, which amends Circulars 4/2008, 7/2008, 11/2008 and 1/2010 on **public and regular information** of Collective Investment Institutions, accounting standards, annual accounts and confidential information statements of Venture Capital Entities, Management Companies and Venture Capital Entities and European management subsidiaries established in Spain. It introduces improvements for monitoring.
- Circular Project CNMV, which amends Circular 1/2009, on the **CII categories** based on their investing vocation. The main aim is to adapt these categories to Regulation (EU) 2017/1131 of the European Parliament and of the Council, of 14 June, on money market funds.
- Proposal for Technical Guide of the CNMV on appointments and remuneration committees. It establishes a series of operating principles, criteria and good practices for these committees.
- Monitoring of the work carried out by the European Commission relating to the **unification of the capital markets**.
- Initiatives related to the European Commissions' action plan for sustainable finances. Among them, the proposal for a Regulation on the establishment of a framework to facilitate sustainable investments (taxonomy), the proposal for Regulation on the disclosure of information regarding sustainable investments and sustainability risks,

3.1 Areas of activity

the proposal for a Regulation amending the Regulation on reference rates related to low-carbon benchmarks and positive-impact reference benchmarks and, proposals amending the modification of the MiFID II Delegated Regulations and the Directive on the distribution of insurance relating to the inclusion of the environmental, social and governance considerations in advising clients.

- Monitoring of the **MiFID II/MiFIR** technical development standards, entrusted to the European Securities and Markets Authority.
- Monitoring of the work carried out by the ECB working group on **risk-free rates**.



Retail market

The most important issues in the retail sphere were analysed and monitored:

- Processing of the draft regulatory bill for **property loan contracts**. It partially transposes Directive 2014/17/EU (CMD) focusing on transparency standards and the legal regimes of credit intermediaries, their representatives, and property lenders.
- Draft Order on services, basic payment account fees and commissions, transfer procedure and purchasers. It develops aspects of Royal Decree-Law 19/2017, of 24 November, on **basic payment accounts, transferring payment accounts and comparability of fees**, which was partially incorporated to our legal system from Directive 2014/92/EU (PAD).
- Public enquiry prior to the project of the Royal Decree implementing Royal Decree-Law 19/2017 on the system applicable to particularly vulnerable people and in **risk of exclusion**.
- Bank of Spain Circular Project on the requirements of the **Informational Document of Fees and Commissions and the Status of Fees and Commissions, comparison websites for payment accounts**, and which partially amends Circular 5/2012. It develops certain aspects of Royal Decree-Law 19/2017.
- Prior public enquiry on the Circular Project that regulates the **advertising of banking products and services** and repeals Circular 6/2010. Its purpose is to regulate the principles and criteria to which the advertising activity of credit institutions on banking products and services must conform.
- Monitoring of the initiatives related to the European Commissions' **action plan for retail financial services**. Its purpose is to eliminate the obstacles which prevent consumers and companies from making full use of the single market and explain how they can be overcome.
- New agreement for consumers of the European Commission, specifically the Directive proposal on **representative shares** to protect the interests of the consumers and that repeals the Directive 2009/22/EC.



Transactions and payment systems

The main issues guiding the association's activity in relation to transactions and payment systems have been:

- Royal Decree-Law 19/2018, of 23 November, on **payment services** and other urgent measures in financial matters. Its purpose is to transpose Directive (EU) 2015/2366 of the European Parliament and of the Council, of 25 November, on payment services in the market (PSD2).
- Monitoring of the regulatory developments stemming from Royal Decree-Law 19/2017.
- Monitoring of the **PSD2** technical development standards, entrusted to the European Banking Authority.

3.1 Areas of activity



Accounting

Within the scope of the credit institutions' accounting, the main issue which guided the association's activity has been:

- Bank of Spain Circular 2/2018, of 21 December, modifying Circular 4/2017, of 27 November, to credit institutions, on public and confidential financial reporting standards and financial statement formats, and Circular 1/2013, of 24 May, on the Risk Information Centre. Its **purpose is to adapt the accounting system of Spanish credit institutions** to the changes from adopting IFRS 16 "Leases".



Fintech

With regard to Fintechs, the main activity carried out follows:

- Draft Act on the measures for the digital transformation of the financial system. Its purpose is to establish a controlled test space (sandbox), as well as other measures that encourage innovation in financial services.
- Monitoring of the European Commission's Action Plan in matters of financial technology (*Fintech*).



Fiscal

In 2018 the main issues guiding CECA's activity within the scope of taxes have been:

- Draft Acts on the Financial Transactions Act, Tax on Certain Digital Services and measures to **prevent and fight against tax fraud**.
- The **tax measures** proposed within the framework of the 2019 General State Budget Act.
- The High Court's decisions changing the judicial criterion maintained up to now on the taxpayer of document duties in public deeds of **mortgage-secured loans and their subsequent evolution**.

- The tax system applicable to the Bank of Spain Circular 4/2017, of 27 November, **which modifies credit risk from an accounting point of view** in order to adjust it to the IFRS 9.



Regulatory compliance

Within CECA's regulatory compliance, three sections stand out:

Securities markets and financial instruments

CECA follows closely, among other things, the following actions and regulations related to the financial instruments and securities market legislation:

- **Communication on "cryptocurrency" and "initial cryptocurrency offering" (ICOs).** On 8 February 2018 the Bank of Spain and the CNMV published a joint communication in which they informed investors and users of financial services about these new complex products that are invading the financial market, and they warned that, to this date, no cryptocurrency or ICO has been registered, authorised or verified by any supervisory body in Spain. Therefore, they explained that there is no guarantee or protection in the regulation on banking or investment products that benefits purchasers or holders thereof in Spain.
- Technical Guide 1/2018 of the CNMV on related-party transactions of **Collective Investment Institutions** and other operations of Collective Investment Undertakings Management Companies. The criteria included therein shall be applied by the CNMV in its supervisory activity.

3.1 Areas of activity

- Proposals of a Directive and Regulation on the **cross-border distribution of collective investment funds**. With regard to the UMC's action plan, on 12 March the European Commission published a proposal for a Regulation relating to facilitating the cross-border distribution of collective investment funds that modifies Regulations (EU) No. 345/2013 (EuVECA) and (EU) No. 346/2013 (EuSEF), and a proposal of Directive modifying Directive 2009/65/EC (UCITS) and Directive 2011/61/EU (DGFI), regarding cross-border distribution of collective investment funds, with the aim of jointly coordinating the conditions applicable to fund managers that operate in the domestic market and facilitating the cross-border distribution of the managed funds.
- Circular 1/2018, of 12 March, of the CNMV (National Stock Market Commission) on warnings relating to financial instruments. By means of this circular, the CNMV intends to **strengthen the informed consent of retail clients** when contracting investment products, particularly if these are complex.
- Public enquiry prior to the Draft Ministerial Order regulating securities lending. On 26 April the General Secretariat of the Treasury and Financial Policy initiated the prior public enquiry process on the Draft Ministerial Order, **regulating securities lending**, with the aim of establishing the regulatory framework to develop this type of loans by CII's and eliminating the competitive disadvantage of Spanish CII's in comparison with other jurisdictions.
- ECB enquiry on the candidates to risk-free rates in the eurozone. On 21 June, the European Central Bank initiated the first public enquiry on the **candidates to risk-free rates in the eurozone**, in accordance with the selection criteria adopted in April by the Working Group on risk-free rates in the eurozone.
- ESTER policy and methodology. On 28 June the ECB 's Governing Board published the **methodology for calculating the Euro Short-Term Rate (ESTER)**, an unsecured overnight interest rate based on Money Market Statistical Reporting (MMSR). This rate will complement the existing rates produced by the private sector and will be used as a backup reference rate.
- Circular 3/2018, of 28 June, of the CNMV, on the **regular information of issuers with securities listed** on regulated markets. Relating to quarterly financial statements, interim management statements and, where applicable, quarterly financial reports.
- Communication of the CNMV (National Stock Market Commission) relating to the decision of ESMA on **binary options and CFD's** and the CNMV Circular on warnings relating to financial instruments. On 15 June the CNMV issued this communication to inform the interrelation between ESMA Decisions on product intervention measures regarding the marketing of contracts for difference (CFD) and binary options with CNMV Circular 1/2018, of 12 March, on warnings relating to financial instruments.
- FSB enquiry on the effects of the reforms to incentivise the centralised clearing of OTC derivatives. On 7 August the Financial Stability Board (FSB), the Basel Committee on Banking Supervision (BCBS), the Committee on Payments and Market Infrastructures (CPMI) and the International Organisation of Securities Commissions (IOSCO) published an enquiry that examines the **effects of the G20's regulatory reforms** to incentivise the centralised clearing of OTC derivatives.

3.1 Areas of activity

- Circular 2/2018, of the CNMV, which modifies the ARCG and ARR models for Directors. It modifies Circular 5/2013, of 12 June, which establishes the **models for the Annual Report on Corporate Governance of listed limited companies**, Savings Banks and other entities that issue securities in the official securities market and Circular 4/2013, of 12 June, which establishes the models of annual remuneration reports of Directors of listed limited companies' Boards and members of the Board of Directors and of the Control Committee of Savings Banks which issue securities listed in the official securities markets.
- Circular Project CNMV, which amends 1/2009, on the **CII categories based on their investing vocation**. On 7 July, the CNMV published for consultation a Circular project which amends Circular 1/2009, of 4 February, on the Collective Investment Institution Categories based on their investing vocation, with the main aim of adapting these categories to Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds.
- Renewal of the restriction of the European Securities and Markets Authority (ESMA) on CFD's and binary options. On 28 September the ESMA agreed to extend for three months, as of 1 November, the **current restrictions on CFD's, which have been effective since 1 August 2018**.
- Royal Decree-Law 14/2018, of 28 September, modifying the revised text of the **Securities Market Act**. It involves the transposition of Directive 2014/65/EU on markets in financial instruments (MiFID II) and part of Delegated Directive 2017/593/ EU implementing it. The system included in MiFID II has been transposed to Spanish law late; it should have been applied since 3 January 2018.
- Circular 4/2018 of the CNMV, which amends Circulars 1/2010, of 28 July, and 7/2008, of 26 November. It amends Circular 1/2010, of 28 July, on disclosure obligations of Investment Firms and Circular 7/2008, of 26 November, **on accounting standards, annual accounts and confidential information statements of Investment Firms, Collective Investment Undertakings Management Companies and Management Companies of Venture Capital Entities**. The purpose of the modification of Circular 1/2010 is to update the information collected by the CNMV and to meet the new needs of information that have appeared, such as that deriving from the introduction of the MiFID II.
- Circular 5/2018, of 26 November, of the CNMV (National Securities Market Commission), which amends Circulars 4/2008, 7/2008, 11/2008 and 1/2010 **on public and regular information of Collective Investment Undertakings**, accounting standards, annual accounts and confidential information statements of Venture Capital Entities, Management Companies and Venture Capital Entities and European management subsidiaries established in Spain.
- Working group to analyse the possible establishment of a tax on financial transactions in Spain. Given that the Government continued to firmly maintain its intention of establishing a tax on financial transactions in Spain, as in 2012, it was deemed appropriate to create a working group mainly made up of tax experts.
- Depositary obligations in the custody of UCITS and AIF. On 30 October the Official Journal of the European Union published Delegated Regulation (EU) 2018/1618, which completes the AIFMD, and Delegated Regulation (EU) 2018/1619, which completes the UCITS, with the aim



of **providing a consistent interpretation**, thus avoiding current differences regarding securities and insolvency and improving the protection of financial instruments in custody. These Regulations will apply as of 1 April 2020.

- Proposal for Technical Guide of the CNMV on appointments and remuneration committees. On 20 November, the CNM subjected to public enquiry the proposal for **Technical Guide on appointments and remuneration committees**. The CNMV has considered necessary to compile the operating principles, criteria and good practices for appointments and remuneration committees.
- Royal Decree 1464/2018 which develops the Securities Market Act and Royal Decree-Law 21/2017 and which modifies several royal decrees on the securities market. Its purpose is to complete the incorporation of MiFID II

to Spanish law and complete the regulatory development of Royal Decree-Law 21/2017 and the revised text of the Securities Market Act, and approved by Royal Decree-Law 14/2018. To this end, it develops aspects related to the **protection of investors in financial products and the organisational structure of the regulated markets**.

Prevention of money laundering and the financing of terrorism

CECA has followed closely, among other things, the following actions and regulations related to the prevention of money laundering and the financing of terrorism:

- Directive (EU) 2018/843, of 30 May, modifying Directive (EU) 2015/849 on the prevention of using the financial system for money laundering and the financing of terrorism. Known as the “**5th Directive of PMLFT**”, its aim is to include within

3.1 Areas of activity

the regulatory scope of the fight against terrorism the new trends used for its financing; to this end, new measures must be adopted to guarantee further transparency in financial transactions, legal entities and the financial system in general.

- Royal Decree-Law 11/2018 on the transposition of directives on the **protection of pension commitments with workers, prevention of money laundering and requirements for entry and residence** of third-country nationals and for the amendment of Act 39/2015 of the Common Administrative Procedure of the Public Administrations. With regard to the modification of Act 10/2010, of 28 April, on the prevention of money laundering and the financing of terrorism, the necessary modifications are made to complete the transposition of the 4th Directive on the PMLTF (Directive 2015/849).
- Public enquiry prior to the modification of Act 10/2010, of 28 April, on the prevention of money laundering and the financing of terrorism to adapt it to the contents of Directive 2018/843 (5th Directive). On 12 November, the General Secretariat of the Treasury and Financial Policy initiated the process of the public enquiry prior to the modification of Act 10/2010, with the aim of adapting it to the contents of the 5th Directive. **Spain must adapt its legal framework** according to the schedule set by the Directive; the deadline for the transposition is 10 January 2020.

Personal data protection

- Royal Decree-Law 5/2018, of 27 July, on urgent measures to adapt **Spanish law to European Union regulations on data protection**. The coming into force of the Regulation as of 25 May 2018, without adapting the Organic Law, generated loopholes in the inspection and penalty system. As a result, the inspection and penalty system established in the GDPR (Regulation (EU) 2016/679) was set out.

- Organic Law 3/2018, of 5 December, on **Personal Data Protection and the guarantee of digital rights**. It adjusts the Spanish regulation to the provisions in Regulation (EU) 2016/679 of the European Parliament and Council, of 27 April, regarding the protection of individuals in terms of personal data and the free circulation of these details, thus repealing Directive 95/46/EC (GDPR). In addition, it repeals Organic Law 15/1999, of 13 December, on Personal Data Protection, and Royal Decree-Law 5/2018, of 27 July, on urgent measures to adapt Spanish law to European Union regulations on data protection.

3.1 Areas of activity

3.1.3 Social Investment

Obra Social

The Spanish economy has been able to maintain the performance of previous years, which has been a source of stability for Obra Social to continue growing and **promoting welfare and social progress aids**. In 2018 Obra Social was another year the main private social agent in Spain dedicated to social, cultural and economic development, contributing with over 813 million euros.

The Foundations and Savings Banks involved in Obra Social have continued to increase the resources obtained from their own activities. This demonstrates the improvement in efficiency stemming from the professionalisation of structures and the diversification of the sources of income carried out in the strategic plans.

Once again, the institutions involved in Obra Social have been **leaders in private social investment in Spain**, and they have maintained their commitment in benefit of a more balanced and fairer society.

Investment in Obra Social

+813

million euros

1.6%

annual increase

Activities

+121,000

4.9%

annual increase

Beneficiaries

+35

million people

1.2%

annual increase

3.1 Areas of activity

Foundations and Obra Social Executive Committee

During 2018, CECA has acted as an instrument for dialogue between the foundations and entities that carry out Obra Social, through its Foundations and Obra Social Executive Committee, with the aim of finding joint solutions to future challenges and a greater awareness about the sector. Specifically, **the creation of two new spaces within the Committee** as a meeting point for sharing experiences is particularly noteworthy:

- Foundations Forum
- New Trends in the Third Sector

Specifically, experiences related to the following stood out in these spaces: innovation, digitisation, inclusion, social impact, use of Big Data for Foundations, as well as the search for **new sources of financing and the study of collaborations and partnerships with other sectors**, which are elements essential to opening management opportunities that promote the financial sustainability of Obra Social, thus contributing to the continuity of the welfare state and social inclusion.

The Foundations and Obra Social Executive Committee analysed the best ways to **communicate the impact of Obra Social's sector activity**, with the aim of highlighting and providing further visibility to the continued effort invested by the Foundations and Savings Banks in society.

Working groups

The following topics have been covered from the Committee through working groups: taxation, regulation and exchange of experiences with foundations that do not belong to the financial sector or of the Third Sector, as well as entrepreneurial projects with social purposes that stand out for their innovation and contribution to the territory's economic development.

The purpose of these topics has been, in addition to seeking new sources of income to continue promoting this great work, to encourage a greater awareness of other sectors related to social action, with the aim of encouraging collaboration and contributing to the efficiency and identification of new social needs.



9th Financial Education Conference.

3.1 Areas of activity

Obra Social Report, promotional video, 2018 Obra Social Awards and publications in the media

Another noteworthy event this year was the publication of the **2017 Obra Social Report**. Its presentation was accompanied by a promotional video about the Report and Obra Social's activity carried out in the CECA sector, with the aim of achieving a greater impact and continuing to make society aware of this initiative, which **has been supporting the most needy and promoting culture and heritage conservation**, among others.

Furthermore, a huge effort has been invested in encouraging further communication related Obra Social's activity by means of **publications in different local and national media**, such as the Unit Publishing group and the Ahorro or Corresponsables magazines (leading magazine in CSR). We have increased our participation in social media and also collaborated in organising the **15th Financial Education and Obra Social Awards**.

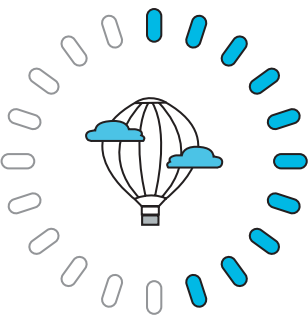
Figures at December 2017 relating to CECA's Obra Social activity are as follows:

	Expenditure (thousands €)	Activities	Beneficiaries
Social actions	360,946	38,988	8,758,756
Education and research	153,212	25,982	6,514,085
Culture and Heritage	141,504	29,507	15,457,860
Local Development and Job Creation	101,359	7,301	1,309,101
Sport and leisure	29,271	7,126	1,647,721
Environment	14,590	6,306	1,221,827
TOTAL	800,881	115,210	34,909,349

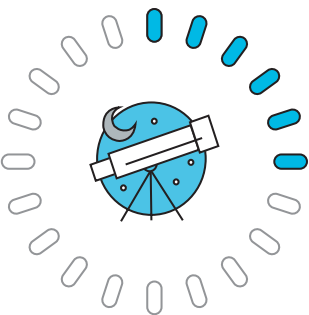


3.1 Areas of activity

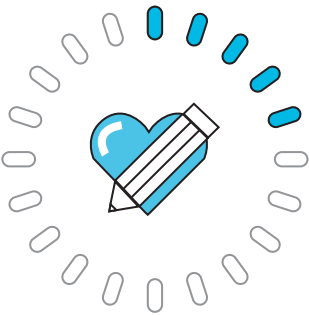
Breakdown by Investment Areas



Social
Action
45.07%



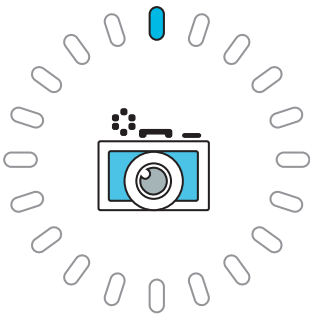
Education
and Research
19.13%



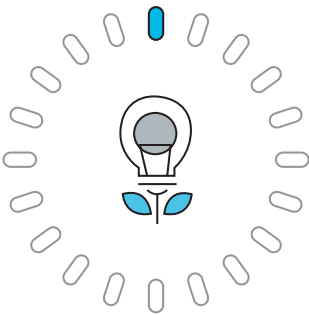
Culture
and Heritage
17.67%



Local Development
and Job Creation
12.66%



Sport and
leisure
3.65%



Environment
1.82%



9th Financial Education Conference

Collaboration with Funcas

In 2018 we collaborated with Funcas in the presentation of the **Funcas Stimulating Financial Education Programme (Funcas Educates)** during the Foundations and Obra Social Committee. Financial education contributes to generating equal opportunities and avoids social exclusion. As an active member of this Foundations and Obra Social Executive Committee, it contributes with its experience and support to the different projects debated in 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 carry out Obra Social.



Corporate Social Responsibility (CSR)

Sector activity fundamentally revolved around the work of the **sectoral CSR and Sustainability Committee**. The Committee acts as a forum to come up with ideas and proposals around the key themes on the national and international sustainability agenda.

Principles for Responsible Banking (UNEP FI)

The year 2018 was noted for global issues, both domestic and worldwide.

Among the global issues stands out the **Principles for Responsible Banking**, an initiative in the financial scope of the **UN Environment Programme (UNEP FI)**, which were presented in Paris at the end of November 2018. **CECA has adhered to these principles in December 2018 together with another 17 institutions and associations worldwide.**

All entities that have adhered to the Principles for Responsible Banking have committed to aligning themselves and adapting their business areas to the **Sustainable Development Goals (SDG)**, among which are particularly noteworthy **ending with hunger and poverty, collaborating in the improvement of health and education, and protecting the environment.**



Project of the social impact of CECA's sector

Among the main domestic themes addressed in 2018 stands out the launching of the **Project of the social impact of CECA's sector**, together with PWC.

The purpose of this report is to assess and analyse the impacts generated by entities belonging to CECA from three different perspectives: economical, fiscal and social.

Without overlooking the extremely important contributions made by the CECA sector to the economic and fiscal spheres, **the main contributions it makes to the social sphere follow:**

- 70,000 direct jobs throughout Spain, (0.4% of domestic employment)
- 260,000 indirect jobs throughout Spain thanks to its expenditure and investment (1.4% of the total in Spain)

Social Housing Fund

With respect to the **Social Housing Fund**, it is particularly noteworthy that CECA sector entities, together with AEB and UNACC, held a meeting with the Third Sector at CECA's premises to continue assessing and studying the agreement in detail.

Therefore, in December 2018 it was decided by the Ministry of Economy, the Bank of Spain and the rest of financial entities and associations to **renew the agreement one more year**.

Representational role

CECA participated another year with the **ESBG**, monitoring the main trends and regulations on a European or global level.

The following stand out at a European level:

- *High level messages on sustainable finance.*
- *EU Taxonomy.*
- *EU framework for sustainable investment.*

In addition, and in its position as a sectoral association, CECA represents its institutions in various representational forums and initiatives, with Spainsif (Spanish socially responsible investment forum), Forética (association of companies and professionals

of corporate social responsibility / sustainability, leaders in Spain and Latin America) and CEOE (CSR_CEOE Committee) being the most relevant.

Other themes of interest

ESBG meeting in Madrid.



3.1 Areas of activity

The following are other themes in which the CSR Committee have worked on:

- Presentation of the **Spanish Emergency Committee Initiative to the CSR Committee**
- **Meeting on CSR and disability** together with the Real Patronato and Cadena de Valor
- The approach of the new **non-financial information and diversity report** towards the new law definitively approved at 28 December 2018

Montes de Piedad

CECA has always supported the Montes de Piedad, as they are entities that have a similar origin as Savings Banks; in addition, they continue promoting Obra Social thanks to the contributions made to the foundations they depend upon.

During 2018, CECA worked and collaborated closely with the Montes de Piedad in establishing a National Association of Montes de Piedad that includes the common bids portal.

Therefore, on 18 July 2018 at the meeting

held by the Network of Montes de Piedad in CECA's headquarters, the **Spanish Association of Montes de Piedad's** By-laws were approved and its Articles of Association were signed.

The establishment of the Spanish Association of Montes de Piedad has been carried out at the appropriate time, that is, once the work of the foundations has been professionalised and their Boards have been consolidated.

Thus, during 2018 in addition to the regular meetings held by the National Network of Montes de Piedad, CECA has supported the activity of the Montes de Piedad in the following areas:

1. Dissemination of the activities carried out by Montes de Piedad in its sector by drafting the **Montes de Piedad Annual Report** and via the **Montes de Piedad Communications Portal** established in 2014.
2. **Advice on regulatory and legislative issues** related to taxation, the prevention of money laundering and financing of terrorism, and data protection for the purpose of defining the new situation.
3. **Through the International Association of Collateral and Social Credit (PIGNUS)**, work has been carried out on studies about establishments similar to the Montes de Piedad and how they function in other countries, such as the US, Mexico, Italy, Peru, Switzerland and Algeria, among others, as well as studies on the application of new technologies or the possibility of conducting bids without the transfer of collateral. The contribution of these establishments to financial education is being assessed.



3.1 Areas of activity

During 2018, CECA worked and collaborated closely with the Montes de Piedad in **establishing a National Association of Montes de Piedad** that includes the common bids portal.

On 18 July 2018 the Spanish Association of Montes de Piedad's By-laws were approved and its Articles of Association were signed.

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Advice on **regulatory and legislative issues related to taxation**, the prevention of money laundering and financing of terrorism, and data protection for the purpose of defining the new situation.



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3.1 Areas of activity

Financial Education Network

CECA and its associates believe that **Financial Education is an essential pillar** and a decisive factor for stability and economic and financial development of families that promotes social inclusion and provides all segments of the population the knowledge required to make the best financial decisions. This is why it has developed certain programmes that promote the improvement of financial education across society.

In this regard and in line with this commitment, CECA has renewed the **Financial Education Plan for the 2018 - 2021 period** together with its member entities, whose promoters are the Bank of Spain and the CNMV (National Stock Market Commission).

Spanish Network of Financial Education

The Financial Education Network was established in 2009, a space where financial education professionals can exchange their knowledge and experiences (www.rededucacionfinanciera.es). This website is updated every day and hosts **information on courses, seminars, conferences, and teaching materials and resources** for this subject. It also has links to agents who are active in the domestic and international arenas.

Financial Education Working Group

CECA's Financial Education Working Group shares improvement proposals and **initiatives with the aim of reaching all segments of the population** with projects and initiatives that promote and implement new strategies that are useful to the progress and development of society.

Funcas Stimulating Financial Education Programme

CECA, together with Funcas, has created the **Funcas Stimulating Financial Education Programme (Funcas Educates)**, which was carried out throughout 2018. By means of this programme, CECA and Funcas strengthen their commitment towards financial education, which in recent years has become a basic need.

This programme has been allocated three million euros and is contributing to funding financial education activities developed by CECA member entities, with the aim of improving the level and quality of financial education by consolidating existing projects and promoting others. In order to disseminate this activity, CECA and Funcas are working on drafting a sectoral report on financial education, and a specific microsite has been created to bring awareness towards this programme's activities. This microsite is hosted on Funcas' website (www.funcas.es) and on www.rededucacionfinanciera.es.



International scope: World Savings Day / Global Money Week

As other notable milestones reached within 2018, the participation in different international events is particularly noteworthy. On a European scale, **CECA took part in Global Money Week** which was held in March in conjunction with Child & Youth Finance International.

In addition, the World Savings Day, which takes place on 31 October, was promoted in collaboration with the WSBI and the ESBG (European Savings and Retail Banking Group).

3.1 Areas of activity

Domestic scope:

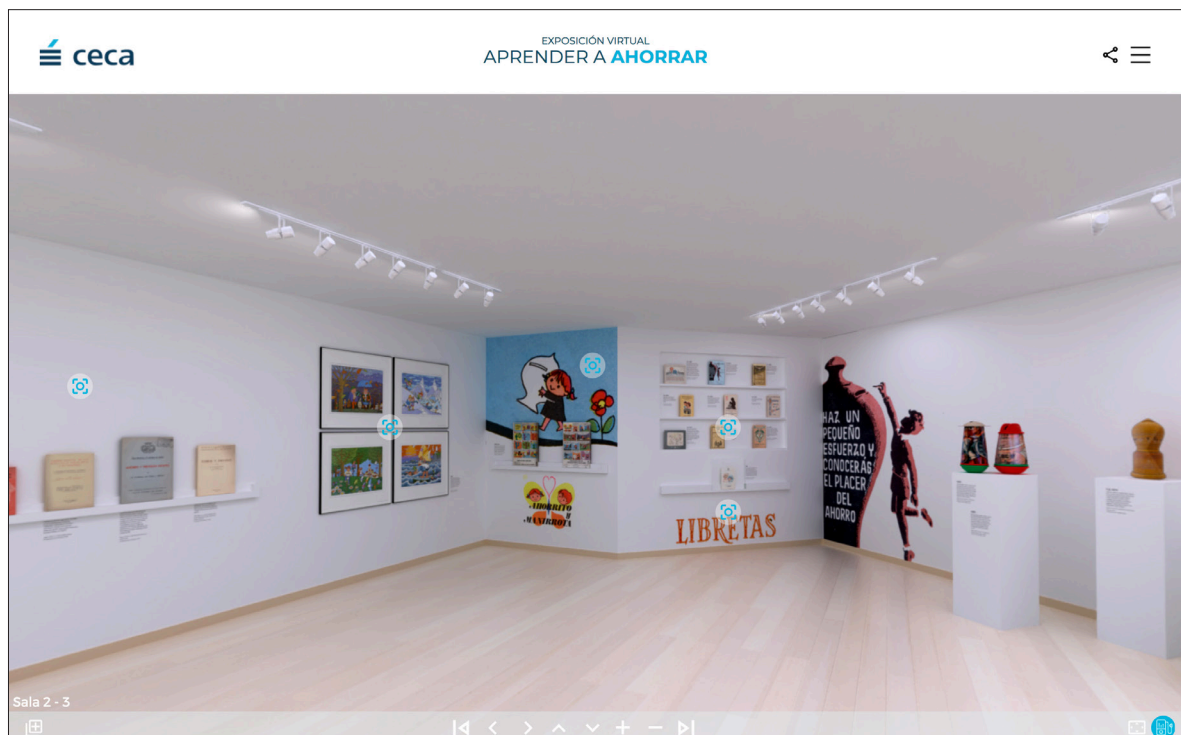
World Savings Day (9th Virtual exhibition and conference)

To mark this day, CECA launched the **virtual exhibition “Learn to save: teaching how to save, a source of financial education”**, which is available at the following address: <http://www.cec.es/diadelahorro2018/>. This exhibition takes us on a journey from the establishment of Savings Banks and their contribution to Obra Social and Financial Education. The **9th Financial Education Conference** took place during this World Savings Day.



Financial Education Day

Equally important was the active participation of CECA and its associates in the **Financial Education Day** on the first Monday of October, which this year celebrated its 4th edition with activities put on across the country to show support for and commitment to the Plan’s promoters who organised the day.



3.1 Areas of activity



15th Financial Education and Obra Social awards ceremony.

15th Financial Education and Obra Social awards

CECA once again coordinated the ceremony for the 15th Financial Education and Obra Social awards of 2018, awarded for initiatives focusing on children, youth, adults, old people and entrepreneurs.

Customer Service

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

This Committee has very regular meetings with the Bank of Spain's Claims and Market Conduct Department, and with its equivalents at the Spanish Securities Commission (Comisión Nacional del Mercado de Valores) and the Directorate General for Insurance and Pension Funds.

The involvement of the CCCs in order to improve the service offered to clients is also reflected in its participation in financial education topics, adding value in these initiatives thanks to its knowledge about the clients' needs.

In addition, it provides information on new regulatory developments and news of interest for the members of CCCs related to

3.1 Áreas de actividad

consumer associations and financial users and on the forums which it attends. An example of this is the monitoring of the **Bank of Spain's Circular Project** that regulates the advertising of banking products and services and repeals Circular 6/2010, of 28 September.

Allegations made to Draft Acts on the transposition of directives, such as the Payments Service (SPD2) Directive, which finally resulted in Royal Decree-Law 19/2018, of 23 November, on payment services and other urgent measures in financial matters, have been worked on and sent. In this sense, monitoring has been carried out of Act 7/2017, of 2 November, incorporating into the Spanish legal system Directive 2013/11/EU of the European Parliament and the Council, of 21 May 2013, on the alternative dispute resolution for consumer disputes and whose first additional provision affects the financial scope.

Work Relations

During 2018, the following **CECA associated institutions were bound by the sectors Collective Bargaining Agreement**:

Negotiating Committee for the consolidated text of the Collective Bargaining Agreement

At the beginning of 2018, a working group with the entire sector's worker representation was established for the purpose of reaching a collective agreement at sectoral level that contains a single consolidated text with all the bargaining agreements that are effective since 2003.

After two months of meetings and intense negotiations, the **Negotiating Committee dissolved with an agreement** of the majority of the worker representation on 28 February 2018. As of this point in time, the proceedings required to register the Collective Bargaining Agreement before the Directorate General for Employment were initiated and subsequently published in the Official State Gazette of 10 April 2018.



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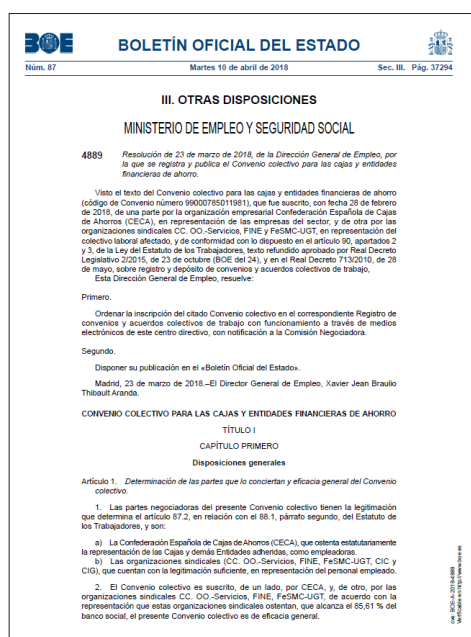
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3.1 Areas of activity

Following its publication in the Official State Gazette, CECA proceeded to publish the **Collective Bargaining Agreement** in printed and e-pub format from its website in order to facilitate its distribution among its member entities and other interested parties.



Administration of the Collective Bargaining Agreement

Within the recurring activities assigned to CECA as an employers' organisation, four meetings were held in 2018 by the **Joint Committee of the Bargaining Agreement**, which is responsible for:

- Interpreting, ensuring the compliance and applying the present Bargaining Agreement.
- Where applicable, carrying out the functions of awareness and resolution of discrepancies after the completion of the consultation period related to the substantial modification of working conditions or the non-application of the wage scheme.
- In the event of a collective dispute in relation to the interpretation or application of the Collective Bargaining Agreement, intervening before formally approaching the conflict by employing non-judiciary procedures for solving conflicts or by presenting it to the competent judicial body.

Of all issues analysed during the successive meetings, agreements were reached with the worker representation regarding marriage leave, which was registered in REGCON.

3.1 Areas of activity

Trade union elections

The trade unions that signed the Collective Bargaining Agreement (CCOO, FINE and UGT) reached an agreement to encourage trade union elections in most of the savings sector. As a result, **on 28 November 2018 elections were held in CaixaBank, Bankia, Abanca, Liberbank, Cecabank, Caixa Ontinyent and Colonya Pollença** - elections were held the day before in **Cajasur Banco** due to being promoted by another trade union.

The result of these elections has resulted in a worker representation that is virtually the same as the previous one:

Trade union	Nº. of representatives	% over the Total
CCOO	570	34.9 %
FINE	394	24.1 %
UGT	290	17.8 %
SIB	11	0.7 %
FEC	11	0.7 %
CGT	22	1.3 %
CIC	157	9.6 %
LAB-ELA	2	0.1 %
CIG	12	0.7 %
ACCAM	85	5.2 %
ACB	7	0.4 %
SESFI	19	1.2 %
UOB	16	1.0 %
APECASYC	3	0.2 %
CSIF	34	2.1 %
TOTAL	1633	100.0 %

Depending on said worker's representation, the Collective Bargaining Agreement's negotiating table will be established in 2019.

The pending elections (Ibercaja Banco and Unicaja Banco) will be held on January and February 2019, respectively.

3.2

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 audiovisual means, and holding and participating in public events such as conferences and seminars.

Within its research programme, **264 articles were published by 281 different authors in 2018.** **Eighteen research activities** have been completed on economic, financial, and social subjects, which added to the content of the different publications published by Funcas; and a further twenty-six research projects are in the preparation phase.

Supplementing this programme of research activities, **the Funcas Economy and Statistics Division produces quarterly national and regional forecasts for the Spanish economy**, publishes a bimonthly predictions panel of forecasts for the Spanish economy, and keeps a database available to the public with economic, social, and financial indicators for the Spanish economy.

Funcas' intensive editorial work is materialised in the following magazines: Papeles de Economía Española, Cuadernos de Información Económica, Spanish International Economic & Financial Outlook, Panorama Social, Papeles de Energía, Focus on Spanish Society,

Fronteras del Conocimiento and Funcas Intelligence (limited issue); the Work Documents series, as well as the Libros, Estudios de la Fundación, Tesis and Funcas Economic and Social Studies collections.

In 2018 Global Financial Insights was launched, a new Funcas magazine with a limited edition, published in English and the aim of which is to identify and assess key global events and publications with relevant implications for the financial markets, particularly for the financial sector at a regional and global level. **What and how we think? Public opinion comments** was also launched during this period, a new quarterly online publication that fulfils Funcas' interest in the analysis of attitudes of Spanish people on affairs relating to society and political issues, conducted using surveys from various sources.

3.2 Obra social: Funcas

In 2018 Funcas organised around 80 public events and took part in almost twenty work meetings with representatives of different national and international economic bodies; the following are worth mentioning:



Presentations:

- Issue 26 of the magazine Panorama Social dedicated to “The inclusion of disabled people in Spain”. 13 February, Madrid, Funcas
- *Barometer of Financial Innovation*. 28 February, Madrid, Funcas
- Issue 153 of the magazine Papeles de Economía Española “Economy of cities”. 15 March, Santiago de Compostela, La Coruña
- “Barometer of Energy Transition” (Economics for Energy) 12 July, Madrid, Funcas
- Subject study “Private Equity in Spain. Opportunities of growth”. 17 October, Madrid, Funcas
- “Innovation and competitiveness. Challenges for the Spanish enterprise and industry”. 18 October, Madrid, Funcas
- “European construction, identities and media”. 24 October, Madrid, Funcas
- “Economic forecasts for the autonomous regions 2018-2019”. 12 November, Bilbao, Kutxabank central offices
- 2nd Barometer of Financial Innovation. 13 November, Madrid, Funcas
- Issue 157 of Papeles de Economía Española “Economic analysis of the digital revolution”. 29 November, Madrid, Funcas



Round table:

- “The Future of the Content Market in the Digital Economy”. 6 September, Barcelona



Seminars:

- Health and Health Policies “From research to action”. Assessment of healthcare policies and services: coronary bypass surgery. 21 February, Madrid, Funcas
- Health and Health Policies “From research to action”. The technical efficiency of Spanish hospitals. 12 June, Madrid, Funcas
- “The Spanish public sector: pending reforms” 12 September, Alcalá de Henares
- Health and Health Policies “From research to action”. Obesity and taxes on the consumption of sugary beverages. 29 October, Madrid, Funcas
- Health and Health Policies “From research to action”. Clinical and outpatient high blood pressure and mortality. 12 December, Madrid, Funcas



Courses:

- “The Spanish economy before the environmental and digital challenge.” 25-29 of June, Santander, UIMP
- “Ernest Lluch meeting. The SAAD (System for Personal Autonomy and Care of dependent adults) at a crossroads: current scenario and looking to the future.” 26 and 27 July, Santander, UIMP
- “Disability and integration”. 18 and 19 October, Seville



Workshops:

- “Research, development and innovation”. 15 March, Madrid, Funcas
- “16th workshop on quantitative finance and banking”. 9-11 July, Madrid, Funcas
- ESFRC “Financial regulation: what else?”. 22 October, Madrid, Funcas
- “KIIS, Knowledge, Innovation, and Internationalization Strategies”. 15 and 16 November, Valencia

3.2 Obra social: Funcas



9th Financial Education Conference.



Sessions:

- “Management of capacity in the electricity market”. 20 April, Madrid, Funcas
- “Fiscal policy and tax: elements for the debate”. 14 June, Madrid, Funcas
- “Reforming the euro”. 19 June, Madrid, Funcas
- “Social growth and inclusion”. 6 September, Madrid, Funcas
- “Today’s pensions, the pensions of the future”. 30 November, Madrid, Spanish Council of Representatives



Conferences:

- “Redistribution, security and growth: a guide to assess the Welfare state”. 12, 13 and 14 February, Madrid, CaixaForum
- “Payment systems and incentives for practitioners and other healthcare providers.” 11 April, Madrid, Funcas
- “The assessment of public policies”. 22 May, Madrid, Funcas
- 9th Financial Education Conference on “Teaching how to save, a source of Financial Education”. 31 October, Madrid, Funcas



Lectures:

- Legal lectures 2018 “Legal protection of disability”. 17 May, Madrid, Funcas.



Symposiums:

- “Good practices in the healthcare sector”. According to the lines of the triple target of better health, better care at a lower cost. 4 October, Madrid, Funcas

Within this heading it is also particularly worth mentioning the “Enrique Fuentes Quintana Awards for Doctoral Theses” ceremony for the academic year 2016-2017, which was held at Funcas’s head office on 17 December.

The presentation and broadcasting of **four documentaries** carried out within the “**On a Social Level**” programme: “Thorns and demons”, dedicated to homeless people, which took place at the CaixaForum Auditorium Barcelona; “Alaska. A second life”, dedicated to Acquired Brain Damage (ictus), which was screened at the Academy of Cinematographic Arts and Sciences; “A home away from home”, which describes the situation of child immigrants that cross the Strait of Gibraltar with the intention of finding a better future; and “Looking without seeing”, which addresses the situation of people with impaired vision, presented at Funcas’ Assembly Hall.

In the sphere of Financial Education, and by virtue of the agreement between Funcas and Radio Nacional de España, Radio 5 Todo Noticias continue to **broadcast radio programmes on financial education entitled “Finanzas para todos los públicos”** (Finance for everyone). From January to September 2018, a total of 38 programmes were broadcast during this period.

Throughout 2018, Funcas continued to publicise its research work on social networks, through Funcasblog and its Videoblog. With regard to **Funcasblog**, which is Funcas’ blog on economy, finance and society, throughout 2018 the blog included over 190 new posts on themes related to the national and international economic situation, financial

3.2 Obra social: Funcas

and monetary economics, regulations, competition, the property market, and social research, among others. During this period, the number of blog hits reached almost 60,000, representing 5,000 per month and approximately 160 per day.

Regarding **Funcas' videoblog**, almost forty videos were released on economic and social themes throughout 2018, all of which are available on Funcas' website.

During this period, the activities related to the **Financial Digitisation Observatory (ODF) continued**, whose objective is to generate, accumulate and circulate information about the progress of digital transformation in the Spanish financial system. In this section the presentation of the **2nd Barometer of Financial Innovation** is particularly noteworthy, which assesses the situation of the offer and demand of digital financial services in Spain. You can access the content of this portal from Funcas' website.

Furthermore, Funcas' website has been renewed with the aim of including the different action programmes that have arisen, such as Ofei, Funcas Europe and Funcas Educates.

Therefore, the Ofei (Funcas Observatory for Companies and the Industry) -created for the purpose of analysing in a multidisciplinary and applied manner the innovation, productivity and competitiveness of Spanish companies- includes all the projects carried out through this programme in 2018: 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 its address.

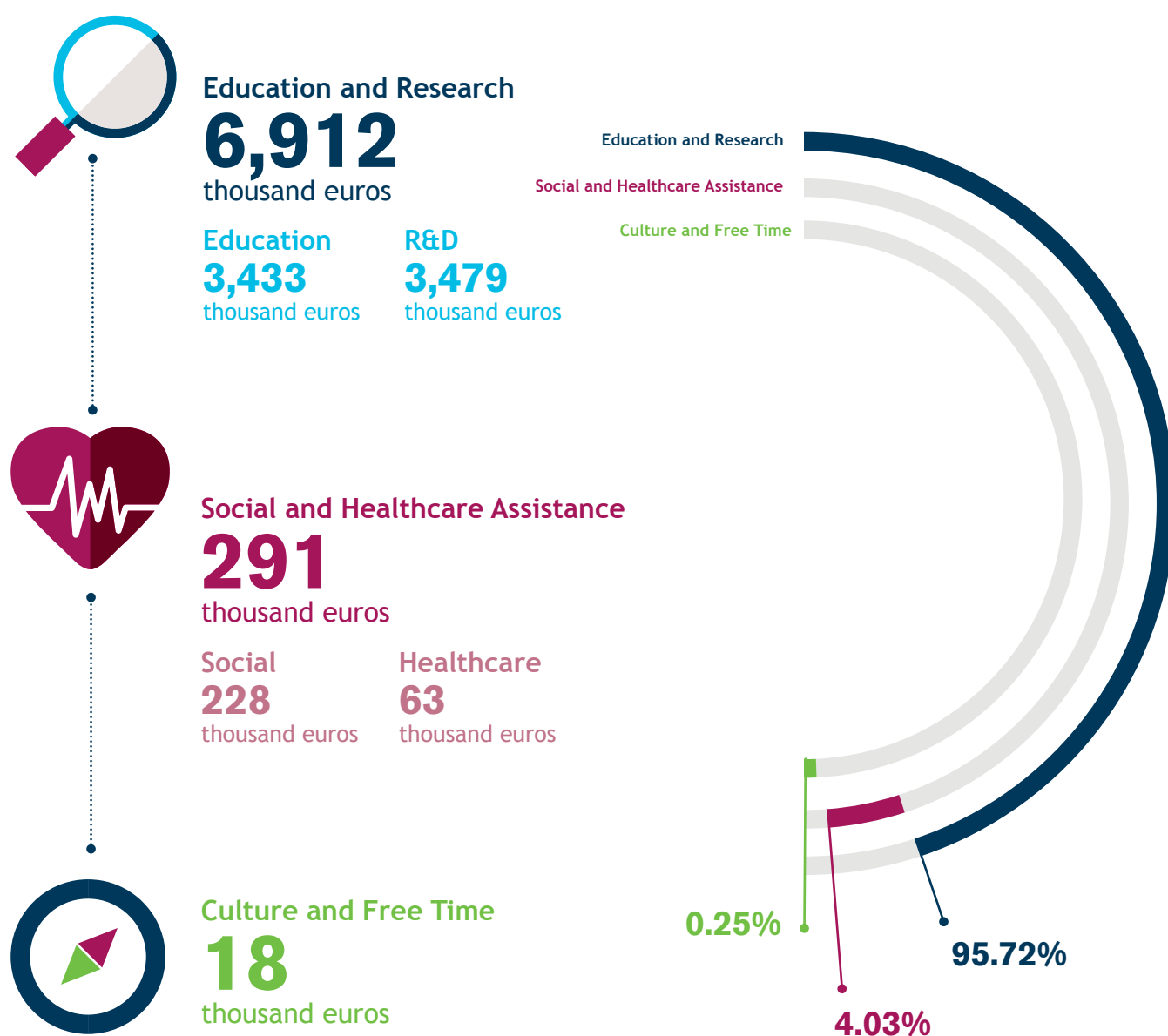
From **Funcas Europe**, the platform created by Funcas to disseminate its work on the European economy. This platform provides information about current trends, regular updates of growth projections in the eurozone (also published in economic forums and meetings) and analyses on key social and economic matters. You can access this information from Funcas' website.

The Funcas Educates aid programme for financial education aims to encourage researchers to perform their activity in universities and other Spanish research institutions in order to promote studies that provide a better understanding of financial education in Spain and that improve the quality of the actions aimed at said purpose. Its content is available on Funcas' website.

3.2 Obra social: Funcas

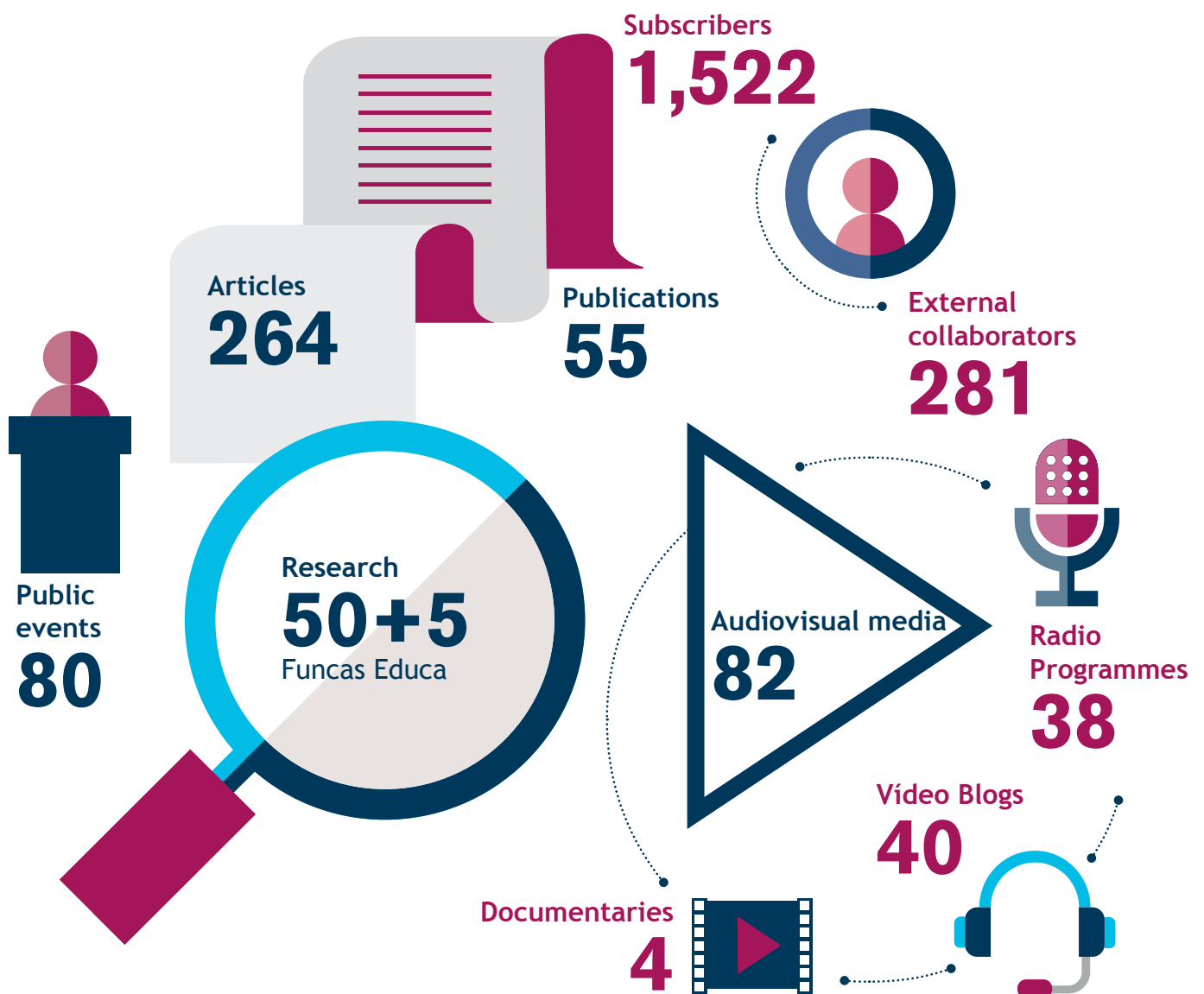
2018 budget

The budget allocated by FUNCAS to each heading is detailed below:



3.2 Obra social: Funcas

Activity in 2018





3.3

Publications

3.3.1 Funcas

Funcas has prepared the following publication in 2018:

Papeles De Economía Española

April 2018	“The banking business after the quantitative expansions”; (2018), No. 155.
July 2018	The issues of the labour market and pending reforms; (2018), No. 156.
October 2018	Economic analysis of the digital revolution; (2018), No. 157.
December 2018	The external sector's role in the recovery; (2017), No. 158.

Cuadernos de Información Económica

January 2018	Agenda 2018 de regulación financiera; (2018), N° 262.
March 2018	Economía española: escenarios 2018-2020; (2018), N° 263.
May 2018	Innovación financiera: criptoactivos y sandbox; (2018), N° 264.
July 2018	Innovación y competitividad; (2018), N° 265.
September 2018	La empresa española: crecimiento y competitividad; (2018); N° 266.
November 2018	Empleo y sector exterior: desafíos estructurales; (2018), N° 267.

Spanish and International Economic & Financial Outlook

February 2018	The Spanish economy in 2018...and beyond, (2018), Volume 7. No. 1.
April 2018	Spain's financial sector: Current trends and future challenges; (2018), Volume 7. No. 2.
May 2018	Spain in the digital era; (2018), Volume 7. No. 3.
July 2018	EU financial conditions and Spanish banks; (2018), Vol. 7. N° 4.
September 2018	Spain's revised fiscal outlook and key challenges; (2018), Vol. 7. N° 5.
November 2018	Spanish and EU banks: Recent performance and strategies; (2018), Vol. 7. N° 6.

Panorama Social

July 2018	Gender gap; (2018), No. 27.
January 2019	The ageing of population, family and quality of life in old age; (2018), No. 28.

Papeles de Energía

June 2018	No. 5.
January 2019	Number 6 (2018).

Funcas Intelligence

February 2018	No. 1.
April 2018	No. 2.
June 2018	No. 3.

3.3 Publications

September 2018	No. 4.
October 2018	No. 5.
December 2018	No. 6.
Global Financial Insights	
November 2018	No. 1.
Focus on Spanish Society	
March 2018	No.1.
June 2018	No.2.
September 2018	No.3.
December 2018	No.4.
What and how we think? Public opinion comments	
February 2018	Catalan and Basque people: national identity and possibility of independence; (2018), No. 1.
April 2018	Optimistic view of the past and the near future; (2018), No. 2.
July 2018	The Spanish attitude on immigration: neither too restless nor too casual; (2018), No. 3.
October 2018	Perceptions of social mobility: children, parents and grandparents; (2018), No. 4.
Studies from the Foundation	
June 2018	Black market economy and tax fraud in Spain what do we know? What can we do?, Santiago Lago Peñas (director), (2018), No. 88.
October 2018	"European construction, identities and media". Víctor Pérez-Díaz, Juan Carlos Rodríguez and Josu Mezo (2018), No. 89.
Funcas Economic and Social Studies:	
March 2018	Financial History Workshop. Improving Savings Culture. A Lifetime of Financial Education; (2018), N° 4.
November 2018	Economic analysis of the digital revolution, Juan-José Ganuza y Gerard Llobert (editors); (2018), N° 5.
October 2018	Initial Coin Offerings: Disruptor or Imposter?, Joey Biasi y Sujit "Bob" Chakravorti; (2018), N° 6.
Subject studies	
January 2018	Civil society, culture and politics. In honour of Víctor Pérez-Díaz.
September 2018	Government debt securities held by financial institutions: situation in Spain, and stance before possible regulatory changes, Analistas Financieros Internacionales (Afi).
October 2018	<i>Private Equity</i> in Spain. Opportunities for growth, Ana Isabel Fernández (coordinator).
October 2018	Innovation and competitiveness: challenges of the Spanish industry, Emilio Huerta and María José Moral (editors).
November 2018	Services provided by incubators in Spain. Ranking 2018/2019, Francisco José Blanco Jiménez, Boris Ackerman Vaisman, Celia Polo García-Ochoa, Dr. María Teresa Fernández Fernández and Juan Luis Santos Bartolomé.
November 2018	The government of globalisation. On the occasion of the 70th anniversary of the GATT, José Antonio Martínez Serrano (coordinator).
November 2018	Women, men, socioeconomic results and conducts of risk: the role of gender identity, Anna Sanz-de-Galdeano.

3.3 Publications

Thesis

December 2018	Distributional analysis of climate change mitigation policies, Xaquín García-Muros. Serie Ciencias Sociales; (2018), No. 5.
December 2018	Topological phases of matter and open quantum systems, Oscar Viyuela García. Serie Ingeniería, Matemáticas, Arquitectura y Física; (2018), No. 6.
December 2018	Indole arylation in triptophan residues: Development of new chemical methodologies, synthetic studies and biological evaluation of modified peptides, Lorena Mendive Tapia. Serie Ciencias de la Salud; (2018), No. 7.
December 2018	Our tales and tales of others: An interpretative methodology of tales as an educational tool applied to the analysis of Little Red Riding Hood and its cognates from the Far East, Jaime A. Gómez Blaya. Serie Humanidades; (2018), No. 8.

Working documents

January 2018	Can airports' inefficiency be determined by tourism variables?, Ane Elixabete Ripoll-Zarraga and Josep Maria Raya; (2018), No. 795.
January 2018	The impact of product innovation on firm growth using a multi-stage model: Evidence in a period of economic crisis, Pablo Garrido Prada, Desiderio Romero Jordán and María Jesús Delgado Rodríguez; (2018), No. 796.
March 2018	The Determinants of EU Electricity prices: Wholesale and Retail, Juan Ignacio Peña, Rosa Rodríguez, Shanshan Yuan; (2018), No. 797.
July 2018	The Spanish multinational enterprise in Latin America and the Caribbean via IJVs, David Matías Batalla; (2018), No. 798.

3.3.2 Circulars

Circulars to entities

The following circulars were sent to the various CECA member entities in 2018:

January	Loan and deposit data of residents in Spain
January	Communication of the CNMV (National Stock Market Commission) on the application of MiFID II
January	Communication by the Ministry of Finances and Public Administrations on Order HFP/1/2018, of 10 January, modifying Order HFP/996/2017, of 17 October, which sets out the payment system to third-party creditors by the autonomous region of Catalonia against advances on account corresponding to their participation in the regional financing systems by constituting an account to deposit these payments
January	Mortgage market reference rates
January	Loan and deposit data of residents in Spain
February	Communication of the Bank of Spain and the CNMV on "cryptocurrency" and "initial cryptocurrency offering" (ICOs)
February	Motion of the Bank of Spain regarding recommendation for the policy of distribution of profit and variable remuneration
February	Mortgage market reference rates
February	2017 Annual Abstract of Statistics for CECA's member entities

3.3 Publications

February	Communication by the Ministry of Finances and Public Administrations on the subjective scope of application of the Agreement of the Delegated Government Committee for Economic Affairs
February	New prime rate, in force as from 1 January 2018, applicable to loans in the financial agreements stemming from Royal Decree 613/2001, of 8 June, for the improvement and modernisation of production structures in farming. Additional clause
February	Motion of the Bank of Spain on the transparency of fees from withdrawing cash from cashpoints belonging to other institutions
March	Loan and deposit data of residents in Spain
March	Motion of the Bank of Spain on the adoption of its own guidelines for certain directives published by the European Banking Union
March	Decisions by the Financial Action Task Force (FATF) and the European Union on risk jurisdictions on prevention of money laundering and the financing of terrorism
March	Communication by the Ministry of Finances and Public Administrations on the subjective scope of application of the Agreement of the Delegated Government Committee for Economic Affairs
March	Distribution of confederation membership fees
March	Mortgage market reference rates
March	Loan and deposit data of residents in Spain
April	Motion of the Bank of Spain on the publishing of the list of most representative services associated with a payment account
April	Motion of the Bank of Spain on the communication of the JUR about the submission and quality of the data communicated for the purpose of the Liability Data Report (LDR 2018)
April	Mortgage market reference rates
April	Communications by the Ministry of Finances and Public Administrations on the subjective scope of application of the Agreement of the Delegated Government Committee for Economic Affairs
April	Motion of the Bank of Spain on the public enquiry prior to the modification of the new accounting circular
May	Loan and deposit data of residents in Spain
May	Motion of the Secretariat of the Commission for the Prevention of Money Laundering and Monetary Offences relating to the information dual-use materials susceptible of being used to build flying devices by Daesh terrorists
May	Motion of the CNMV (National Stock Market Commission) on CNMV Circular 1/2018, of 12 March, on warnings relating to financial instruments
May	Mortgage market reference rates
May	Communication of the CNMV (National Securities Market Commission) on the updating of the Q&A document about the reference rates regulation
May	Loan and deposit data of residents in Spain
June	State Legal Service's report on the effectiveness of the financial control measures applied to Catalonia and adopted by the Spanish Government or its Delegate Committee on Economic and Monetary Affairs
June	Motion of the Bank of Spain regarding the adoption of certain guidelines and recommendations published by the European Banking Authority as specific guidelines
June	Communication of the CNMV (National Stock Market Commission) relating to the decision of ESMA on binary options and CFD's, and the CNMV Circular on warnings relating to financial instruments
June	Mortgage market reference rates
June	Motion of the Bank of Spain on the public enquiry for modifying the accounting circular and circular on the Central Risk Information Database
July	Loan and deposit data of residents in Spain

3.3 Publications

July	Decisions by the Financial Action Task Force (FATF) and the European Union on risk jurisdictions on prevention of money laundering and the financing of terrorism
July	Motion of the CNMV (National Securities Market Commission) on the project of the circular which amends Circulars 1/2010, of 28 July, and 7/2008, of 26 November
July	Comunicación de la CNMV relativa a la actualización de los documentos de preguntas y respuestas sobre MiFID II y PRIIPS
July	Mortgage market reference rates
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 regular updating of the value of property
July	Loan and deposit data of residents in Spain
July	Motion of the Bank of Spain on the financing of SMEs
August	Irregular practices detected with respect to the CIR
August	Communication of the Bank of Spain on the repealing of a series of guidelines
August	Motion of the Bank of Spain on the PSD2 relating to the modification of the regulations applicable to payment services and the entities authorised to provide them
August	Mortgage market reference rates
August	Motion of the Bank of Spain on the public enquiry prior to the modification of annex 2 of the new Bank of Spain Circular 8/2015, of 18 December, on the information to determine the basis of calculation of contributions to the Deposit Guarantee Fund of Credit Institutions
August	Loan and deposit data of residents in Spain
September	Changes in the chair and secretariat of SERDI
September	Mortgage market reference rates
October	Loan and deposit data of residents in Spain
October	Motion of the Bank of Spain regarding the draft circular amending Circular 8/2015 on the detailed register of received deposits (annex 2)
October	Mortgage market reference rates
October	Motion of the Bank of Spain regarding the enquiry process of the supervisory guide for using automated appraising models by appraisal companies
October	Loan and deposit data of residents in Spain
October	Decisions by the Financial Action Task Force (FATF) and the European Union on risk jurisdictions on prevention of money laundering and the financing of terrorism
November	Motion of the Bank of Spain relating to the irregular practice carried out by some participants in pension plans
November	Mortgage market reference rates
November	Loan and deposit data of residents in Spain
Diciembre	Motion of the Chairman of the Coordination and Monitoring Committee of the Social Housing Fund proposing the extension of the agreement for a year
Diciembre	Mortgage market reference rates
Diciembre	Adoption by the CNMV (National Securities Market Commission) of ESMA directives relating to MiFID suitability requirements

3.4 Publications

3.3.3 Historical archive

CECA's Historical Archive is a private, business and banking archive whose mission is to preserve the historical memory and identity of CECA and make it available to economists, historians and researchers, to whom it helps in the search and tracing of documentation. The Archive comprises a valuable and extensive collection of documents that are grouped in two large sub-collections: the Savings Sector sub-collection, which was initiated in 1838, and a CECA sub-collection, whose documentation has been active since 1928.

It also stores a considerable collection of photographs, film material, posters, money boxes and savings books, among others.

The Archive currently holds 20,000 documents, of which 5,000 are public and can be viewed on the website.

In 2018 the Archive played a very relevant role in configuring CECA's virtual exhibition **CECA "Learn to save: teaching how to save, a source of financial education"**, as 99% of the exhibited work belongs to its collection. In addition, throughout the year it continued its collaboration in the Bank of Spain's Working Group **"Recovery of Banking Historical Archives in Spain"**, whose purpose is to avoid the possible loss of historical documentation pertaining to Banks and Savings Bank as a result of conversions, mergers and take overs, with a view to the future publication of a shared work.

World Savings Day

On 31 October 2018, the virtual exhibition **"Learn to save: teaching how to save, a source of financial education"** opened. This is the first virtual exhibition on savings in Spain, and it was organised on the occasion of the 90th Anniversary of CECA and to explain the origins of financial education in the teaching of savings by our member entities

The exhibition was shown in a month dedicated to financial culture, which started

with the celebration of Financial Education Day and ended with World Savings Day, an event celebrated all over the world on 31 October and planned by the WSBI.

It is a **homage to savings**, for its contribution to the development and for being considered one of the best practices that help human beings fulfil themselves, achieve goals and ensure a decent future. The exhibition also represents a story, one exploring how teaching about savings has evolved to financial education.

The show is composed of four different rooms: Savings, teaching how to save, the promotion of savings, and financial education, and it mainly includes the collections of CECA's Historical Archive.

Documents from CECA's Historical Archive have come out of the confines of the depositary to a public virtual space, becoming a space for education, history, culture, and even leisure. And most importantly, to make history available to the general public.

The exhibition features around one hundred documents, including among many others: brochures, posters, notebooks, cards, music, and press clippings, as well as money boxes, audio, adverts, and animated gifs created especially for the occasion.

The last room, dedicated to financial education, has information about international initiatives and current financial education in Spain thanks to Finances for All, and also looks at international collaborations and national initiatives the CECA sector contributes, including the Funcas Educa program.

Access is provided to the exhibition and a video summary.

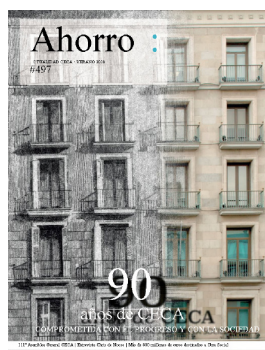
3.4 Publications

3.3.4 Ahorro y Memorias magazine

Ahorro Magazine

CECA's Ahorro magazine, available in digital and paper format, provides content on savings, financial education and the activities that CECA member entities carry out.

An edition of the magazine was published in 2018, commemorating CECA's 90th Anniversary. It also covered other matters, such as CECA's 111th General Assembly and an interview with Chris Noose, Director of the World Savings and Retail Banking Institute.



Obra Social Report

The 2017 Obra Social Report included a section informing about an allocation of **more than 800 million euros to improve the welfare of society, which represents a 9% increase with respect to the previous year.**

This resulted in said social actions reaching over **34 million beneficiaries in 2017.**

Montes de Piedad Report

In 2017 the Montes de Piedad Report included a general analysis of the sector and an individual study of each of the Montes de Piedad in Spain.

CECA sector

This publication informs every month on the regulatory and financial evolution, as well as the new, relevant developments in both scopes within the sector.

Abstract of Statistics

The Annual Abstract of Statistics includes the most relevant and detailed statistical information of 2017 related to the sector, member entities and its evolution throughout the years.



3.3.5 Our presence in social media

CECA maintains **different communities in social networks with up-to-date information** focused both on the nature of a bank association and on the promotion of the Obra Social carried out by the Savings Banks and Foundations.

The association is present in **Twitter** with two accounts: CECA's account (@sectorceca) with over 1,250 followers, and Red Educación Financiera (@redufinanciera) with over 1,880 followers.

There is also an official CECA channel on **Youtube**.

These are media through which information on our sector is provided and the public's financial culture is promoted.



Economic Information and Results

4.1

CECA's Annual Accounts



4.2

CECA Annual Accounts and Subsidiaries in the CECA Group

