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The background of the page features a series of white, three-dimensional rectangular blocks arranged in a perspective that recedes into the distance. Two of these blocks have vertical bars on their ends: one is bright blue and the other is dark blue. The overall aesthetic is clean, modern, and architectural.

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Confederación Española de Cajas de Ahorro

Auditor's Report,
Financial Statements and Management Report
as at 31 December 2023



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent auditor's report on the annual accounts

To the associates of Confederación Española de Cajas de Ahorro:

Opinion

We have audited the annual accounts of Confederación Española de Cajas de Ahorro (the Association), which comprise the balance sheet as at 31 December 2023, and the income statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Association as at 31 December 2023, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in note 2 of the notes to the annual accounts), and in particular, with the accounting principles and criteria included therein.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the annual accounts* section of our report.

We are independent of the Association in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, in our professional judgment, were considered to be the most significant risks of material misstatement in our audit of the annual accounts of the current period. These risks were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

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Most relevant aspects of the audit	How our audit addressed the most relevant aspects of the audit
<p>Assessment of non-current investments in group companies and associates</p> <p>CECA is the national association for all savings banks and member credit institutions. CECA has carried out its banking activity since 2012 through Cecabank, S.A., an unlisted company, in which it holds an 89% interest.</p> <p>The carrying amount of the interest held by CECA in Cecabank, S.A. as at 31 December 2023 is 648,817 thousand euros, representing 95% of total balance sheet assets at that date.</p> <p>This investment is measured at acquisition cost, net of any impairment it may have suffered. The amount of the measurement correction is estimated as the difference between the carrying amount of the shareholding and the recoverable amount, which is understood to be the equity of the investee company at the year-end, as is explained in Note 4.3 of the accompanying notes to the financial statements.</p> <p>We consider that the non-current measurement of group companies and associates to be the most relevant within the audit due to the significance of the heading balance compared to total assets and the existence of a judgment component in periodic assessments.</p> <p>See Notes 1 and 7.2 to the accompanying notes to the financial statements.</p>	<p>We have documented our understanding and our verification of the estimation process carried out by management.</p> <p>In the internal control area, we have focused on the design and operation of the controls over the measurement process and the method and inputs applied to the year-end estimates made by management, including controls over process supervision and the approvals issued as part of that process.</p> <p>We have also performed detailed tasks consisting of:</p> <ul style="list-style-type: none"> • Obtaining year-end financial information regarding the investee company and analyzing the assessment performed by the management of the Association, in order to determine the recoverable amount of the investment and any impairment adjustments that have been recognized. • Performance of audit procedures to test the integrity of the financial information used in the measurement. • Verification of the proper recognition of the disclosures of the balances set out in the Association's financial statements as at 31 December 2023. <p>As a result of these procedures, we consider that the conclusions reached by the management of the Association regarding the measurement of the investee company are adequately supported and are aligned with the information currently available.</p>

Other information: Management report

Other information comprises only the management report for the 2023 financial year, the formulation of which is the responsibility of the directors of the Association and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility regarding the management report, in accordance with legislation governing the audit practice, is to evaluate and report on the consistency between the management report and the annual accounts as a result of our knowledge of the entity obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of the management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described in the previous paragraph, the information contained in the management report is consistent with that contained in the annual accounts for the 2023 financial year, and its content and presentation are in accordance with the applicable regulations.

Responsibility of the directors of the Association for the annual accounts

The directors of the Association are responsible for the preparation of the accompanying annual accounts, such that they fairly present the equity, financial position and financial performance of the Association, in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the aforementioned directors of the Association determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the directors of the Association are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Association either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Association.

- Conclude on the appropriateness of the directors' of the Association use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity's directors of the Association regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the entity's directors of the Association, we determine those risks that were of most significance in the audit of the annual accounts of the current period and are, therefore, considered to be the most significant risks.

We describe these risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Amagoia Delgado Rodríguez (22009)

21 February 2024

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Confederación Española de Cajas de Ahorros (CECA)

Financial Statements and Managements' Report
for the year ended 31 December 2023 together
with the Auditor's Report

Confederación Española de Cajas de Ahorros (CECA)

BALANCE SHEETS AT 31 DECEMBER 2023 AND 2022

(Expressed in Thousands of Euros)

ASSETS	2023	2022(*)
Non-current assets	651,299	648,845
Property, plant and equipment (Note 6)	-	28
Land and buildings	-	27
Plant and other PPE	-	1
Non-current investments in group companies (Note 7.2)	648,817	648,817
Equity instruments	648,817	648,817
Deferred tax assets (Note 12.2)	2,482	-
Current assets	31,786	33,732
Trade and other receivables	2,583	9,834
Trade receivables for sales and services rendered (Note 12.1)	73	-
Current tax assets (Note 12.2)	2,510	9,834
Cash and cash equivalents (Notes 7.1 and 8)	29,203	23,898
Cash	29,203	23,898
Current prepayments and accrued income	-	-
Total assets	683,085	682,577
Equity	681,458	681,194
Capital (Note 9)	681,458	681,194
Reserves	681,194	681,286
Profit/(loss) for the year (Note 3)	264	(92)
Current Liabilities	1,627	1,383
Short-term debts with group companies and associates	-	-
Trade and other payables (Note 11)	1,627	1,383
Various account payables	1,087	859
Personnel (outstanding remuneration)	411	395
Other payables to public administrations	129	129
Total Equity and Liabilities	683,085	682,577

(*) Presented for comparative purposes only.

Confederación Española de Cajas de Ahorros (CECA)

INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Expressed in Thousands of Euros)

	2023	2022(*)
Continuing operations		
Revenues (Note 13.1)	3,342	3,230
Staff costs (Note 13.2)	(868)	(822)
Wages, salaries and similar remuneration	(792)	(750)
Social charges	(70)	(66)
Pension Funds Contributions	(6)	(6)
Other operating income (Note 13.5)	1,238	-
Other operating expenses	(21,706)	(20,278)
External services (Note 13.3.1)	(16,494)	(15,501)
Other ordinary expenses (Note 13.3.2)	(5,212)	(4,777)
Asset amortisation/depreciation (Note 6)	-	-
Profit/(loss) from operating activities	(17,994)	(17,870)
Financial income (Note 13.4.1)	13,286	12,691
From equity instruments (Note 13.4.2 and Note 14)	12,300	12,600
From Group companies	12,300	12,600
From marketable securities and other financial instruments	986	91
From Group companies	986	91
Financial expenses (Note 13.4.1)	-	(85)
Financial income and expense	13,286	12,606
PROFIT OR LOSS BEFORE TAX	(4,708)	(5,264)
Income Tax (Note 12.5)	4,972	5,172
PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS (Note 3 and 9)	264	(92)
Profit or loss after tax from discontinued operations	-	-
PROFIT FOR THE YEAR	264	(92)

(*) Presented for comparative purposes only.

Confederación Española de Cajas de Ahorro (CECA)

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Expressed in Thousands of Euros)

	2023	2022 (*)
Profit from profit and loss account (Note 3)	264	(92)
Income recognised directly in equity	-	-
For cash flow hedges	-	-
Grants, donations and legacies received	-	-
For actuarial gains and losses and other adjustments	-	-
Tax effect	-	-
Total income and expenses recognised directly in equity	-	-
Transferred to profit or loss	-	-
Total transferred to profit or loss	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (Note 3)	264	(92)

(*) Presented for comparative purposes only.

Confederación Española de Cajas de Ahorros (CECA)

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Expressed in Thousands of Euros)

	Share capital	Share premium	Reserves (Note 9)	(-) Treasury shares	Profit for the year (Note 3)	(-) Interim dividends	Other elements	Total
Balance, end of year 2022 (*)	-	-	688,011	-	(6,725)	-	-	681,286
Effects of corrections of errors	-	-	-	-	-	-	-	-
Opening balance at 1 January 2022 (*)	-	-	688,011	-	(6,725)	-	-	681,286
Total comprehensive income for the year	-	-	-	-	(92)	-	-	(92)
Other changes in equity	-	-	(6,725)	-	6,725	-	-	-
- Capital increases	-	-	-	-	-	-	-	-
- Capital reductions	-	-	-	-	-	-	-	-
- Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-
Dividends (or remuneration of members)	-	-	-	-	-	-	-	-
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	-
Transfers among components of equity	-	-	-	-	-	-	-	-
Other increase or decrease in equity	-	-	(6,725)	-	6,725	-	-	-
Closing balance at 31 December 2022 (*)	-	-	681,286	-	(92)	-	-	681,194
Effects of corrections of errors	-	-	-	-	-	-	-	-
Opening balance at 1 January 2023	-	-	681,286	-	(92)	-	-	681,194
Total comprehensive income for the year	-	-	-	-	264	-	-	264
Other changes in equity	-	-	(92)	-	92	-	-	-
- Capital increases	-	-	-	-	-	-	-	-
- Capital reductions	-	-	-	-	-	-	-	-
- Conversion of financial liabilities into equity	-	-	-	-	-	-	-	-
Dividends (or remuneration of members)	-	-	-	-	-	-	-	-
Sale or cancellation of treasury shares	-	-	-	-	-	-	-	-
Transfers among components of equity	-	-	-	-	-	-	-	-
Other increase or decrease in equity	-	-	(92)	-	92	-	-	-
Closing balance at 31 December 2023	-	-	681,194	-	264	-	-	681,458

(*) Presented for comparative purposes only.

Confederación Española de Cajas de Ahorros (CECA)

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Expressed in Thousands of Euros)

	2023	2022 (*)
CASH FLOWS FROM OPERATING ACTIVITIES	4,039	609
Profit before taxes	(4,708)	(5,264)
Adjustments to profit/(loss)	(14,524)	(12,606)
Asset depreciation/amortisation (Note 6)	-	-
Measurement adjustments due to impairment	-	-
Change in provisions (Note 10)	-	-
Allocation of subsidies	-	-
Profit/(loss) on write-off and disposal of assets	(1,238)	-
Profit/loss on write-offs and disposals of financial instruments	-	-
Financial income (Note 13.4)	(13,286)	(12,691)
Financial expenses	-	85
Differences on exchange	-	-
Change in the fair value of financial instruments	-	-
Other revenues and expenses	-	-
Changes in ordinary capital	7,496	701
Inventories	-	-
Loans and other receivables (Note 12.1)	7,252	403
Other current assets	-	-
Borrowings and other payables (Note 11)	244	298
Other current liabilities	-	-
Other non-current assets and liabilities	-	-
Other cash flows from operating activities	15,775	17,778
Interest paid	-	(85)
Proceeds from dividends (Note 13.4.2)	12,300	12,600
Proceeds from interest (Note 13.4.1)	986	91
Corporate income tax income/(expense) (Note 12)	2,489	5,172
Other payments (proceeds)	-	-
Cash flows from investing activities	1,266	-
Payments for investments	-	-
Group companies and associates	-	-
Intangible assets	-	-
Property, plant and equipment	-	-
Investment property	-	-
Other financial assets	-	-
Non-current assets held for sale (Note 1.1)	-	-
Business unit	-	-
Other assets	-	-

(*) Presented for comparative purposes only.

Confederación Española de Cajas de Ahorros (CECA)

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Expressed in Thousands of Euros)

	2023	2022(*)
Proceeds from divestments	1,266	-
Group companies and associates	-	-
Intangible assets	-	-
Property, plant and equipment	1,266	-
Investment property	-	-
Other financial assets	-	-
Non-current assets held for sale	-	-
Business unit	-	-
Other assets	-	-
Cash flows from financing activities	-	-
Collections and payments on equity instruments	-	-
Issue of equity instruments	-	-
Redemption of equity instruments	-	-
Acquisition of treasury shares	-	-
Disposal of treasury shares	-	-
Grants, donations and bequests received	-	-
Payments made and received for financial liability instruments	-	-
Issue	-	-
Return and redemption	-	-
Payment of dividends and compensation for other equity instruments	-	-
Dividends	-	-
Compensation for other equity instruments	-	-
Effect of exchange rate fluctuations	-	-
Net increase/ decrease in cash and cash equivalents	5,305	609
Cash and cash equivalents at end of the year (Note 8)	23,898	23,257
Cash and cash equivalents at end of the year (Note 8) (**)	29,203	23,898

(*) This is solely presented for comparative purposes.

(**) Corresponding to the ex-ante balance of the accrued interest for current accounts held at Cecabank.

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Confederación Española de Cajas de Ahorros (CECA)

Notes to the Financial Statements for the year Ended 31 December 2023

1. Entity activity, historical review and other information

1.1. Entity activity and historical review

Confederación Española de Cajas de Ahorros (“CECA” or “the Entity”) is a banking institution established in Spain, in accordance with the Spanish law applicable. CECA operates mainly in Spain. Its registered office is at 27 Alcalá Street, Madrid. Public information on CECA can be consulted both on CECA's official website (www.cec.es) and at its registered office.

CECA is the National Association of every member, or potential member, popular savings banks, whether they are grouped together in Federations. Membership of CECA, with the same rights and obligations, is also open to financial entities which, in accordance with current legislation, carry on the financial activity of one or several savings banks.

In 2012, following approval by the competent authorities, CECA carried out a spin-off of all its assets and liabilities, except certain assets and liabilities relating to its community projects, to Cecabank, S.A., a financial institution incorporated in that year, which was subrogated to all the rights and obligations held by CECA until that date. As a result of this spin-off, since 2012 CECA has been carrying on its activity through Cecabank, S.A., an entity in which CECA holds an 89% ownership interest (see Note 14).

On 28 December 2013, Law 26/2013, of 27 December, on savings banks and banking foundations (“Law 26/2013”) was published in the Official State Gazette. Additional Provision Eleven of this law establishes that:

- CECA may consist of any savings banks, banking foundations and credit institutions that join, and it may maintain the functions and purposes that it possesses pursuant to the legislation prior to the entry into force of Law 26/2013, and any other functions and purposes specified in its bylaws.
- CECA shall lose its status as a credit institution on the entry into force of the bylaws to which the following paragraph refers, without prejudice to the fact that it may provide its services through a bank in which it has an ownership interest, in the terms established in its bylaws.
- Within six months from the entry into force of Law 26/2013, CECA should submit for authorisation by the Ministry of Economy and Competitiveness a proposal for adapting its bylaws to its new legal regime.

In this regard, on 25 March 2014, the General Assembly of CECA resolved to amend its bylaws to adapt them to the above provisions. On 30 July 2014, Bank of Spain recorded the removal of CECA from the Register of Credit Institutions, which entailed its deregistration from the Bank of Spain's Special Register and the resulting loss in 2014 of the status as a credit institution.

CECA's object is to achieve the following goals:

- To promote, facilitate and intensify the domestic and international activities of its member savings banks and other member entities.
- To represent them, individually or collectively, vis-à-vis the public authorities, and to encourage the participation of these institutions in the political, economic and social activities of the Spanish Government.
- In the area of employment: represent the member entities in the negotiation of collective agreements, study the employment relationships between the association members and their employees, maintain relationships with other business organisations and participate in institutions, bodies and associations, of any type and territorial scope, which are related to the purposes of CECA, and become members thereof or join them subject to authorisation by the General Assembly.
- To represent them also in the international sphere and, in particular, at the World Savings and Retail Banking Institute, the European Savings Banks Group and other international organisations.
- To facilitate the activities abroad of the member savings banks and other member entities.
- To provide operating services, information services and legal, administrative, tax, technical and investment advisory services; to report on all manner of regulatory reforms affecting savings in general or either the savings banks or CECAS's other member entities; to prepare statistics and conduct analyses of the management of the member savings banks and entities, both individually and taken as a whole; to provide advisory services on organisational matters and to promote saving.
- To act as a study and training centre for all issues affecting the financial markets. It may also issue such technical and cultural publications as it may deem appropriate.
- To provide technological, administrative and advisory services to public authorities, as well as to any other public or private-sector entity.

In accordance with Additional Provision Eleven of Law 26/2013, of 27 December, CECA must provide the services included in its company object through Cecabank, S.A.

CECA is the dominant entity of Cecabank, S.A, both forming a group of entities (the “Group” or the “CECA Group”). Consequently, the CECA is obliged to prepare consolidated annual accounts of the Group that are deposited in the Commercial Registry of Madrid and their preparation is carried out within the established legal deadline, that is, before March 31 of each year. The consolidated annual accounts of the CECA Group for the financial year 2022 were formulated by the Directors of the CECA at the meeting of its Board of Directors held on March 7, 2023 and approved by its General Assembly held on April 18, 2023. The annual accounts consolidated estimates of the CECA Group for the year 2023 are formulated by the CECA Board of Directors on February 20, 2024 and will be submitted for approval by its General Assembly. However, the CECA Board of Directors understands that said annual accounts will be approved without significant changes.

Integration of the Savings Banks Association for Labour Relations into CECA

In 1 January 2016 CECA integrated within its equity the Savings Banks Association for Labour Relations (“ACARL”), an entity engaged in the negotiation of state collective agreements for savings banks and member entities, the study of employment relationships in that area and other employment-related functions. There was an increase in the equity of CECA, as a result of comparing the net amount of the assets and liabilities of ACARL integrated at that date, totalling EUR 1,479 thousand, which were recognised with a credit to the reserves of CECA in 2016 financial year.

1.2. Environmental impact

In view of the business activity carried on by CECA, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the financial statements.

2. Basis of presentation of the financial statements

2.1. Regulatory financial reporting framework

In the context of the obligations to keep accounts that enable a fair presentation to be obtained of CECA's equity and financial position, as established for associations in Organic Law 1/2002, of 22 March, regulating the right of association, the accompanying financial statements for 2023 of CECA were prepared in accordance with the accounting policies and measurement bases contained in the following regulatory framework:

- Code of Commerce and the remaining commercial legislation.
- Organic Law 1/2002, of 22 March, regulating the Right of Association and the remaining Spanish legislation.
- General Accounting Plan approved by the Royal Decree 1514/2007 of 16 November 2007 and its subsequent amendments, the latest of which were incorporated by Royal Decree 1/2021 of January 12, in force for fiscal years beginning on or after January 1, 2021.
- The mandatory rules approved by the Spanish Accounting and Audit Institute in order to implement the Spanish National Chart of Accounts and the relevant secondary legislation.
- The rest of the Spanish accounting regulations that result from application.

2.2. Fair presentation

CECA's financial statements for 2023 were formally prepared by its directors (at the Board meeting on 20 February 2024) in accordance with the regulatory financial reporting framework (indicated in Note 2.1 above) selected by CECA's directors and, accordingly, they present fairly its equity and financial position at 31 December 2023, and the results of its operations and its cash flows for the year then ended. These annual accounts have been prepared based on the accounting records of the Entity.

These financial statements, which have been drawn up by the Board of Directors of CECA, will be submitted for approval by the General Assembly of CECA, and are expected to be approved without significant changes.

The financial statements for the year ended 31 December 2022 were approved by CECA's General Assembly on 18 April 2023 and filed at the Mercantile Registry of Madrid.

2.3. Non-obligatory accounting principles applied

These financial statements were prepared in accordance with the generally accepted accounting principles and measurement bases described in Note 4. All the obligatory accounting principles and measurement bases with a significant effect on the financial statements were applied. No non-mandatory accounting principles were applied.

2.4. Key issues in relation to the measurement and estimation of uncertainty

The information contained in these annual accounts is the responsibility of CECA Directors.

In preparing the financial statements estimates were made by CECA's Board of Directors in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The assessment of possible impairment losses on certain assets (see Note 7).
- The assumptions used in the actuarial calculation of the post-employment benefit liabilities and obligations to employees.

2.5. Comparative information

For comparison purposes CECA's directors present, in addition to the figures for 2023 for each item in the balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements, the figures for 2022. Consequently, the figures for the financial year 2022 included in these financial statements are presented for comparison purposes only and they do not constitute CECA's statutory financial statements for 2022.

2.6. Grouping of items

Certain items in the balance sheet and income statement are grouped together to facilitate their understanding; however, whenever the amounts involved are material, the information is broken down in the related notes to the financial statements.

2.7. Changes in Accounting policies

Except as indicated in Note 2.5 above, in 2023 there were no changes in accounting policies with respect to those applied in 2022.

2.8. Correction of errors

In preparing the financial statements for 2023 no significant errors were detected that would have made it necessary to restate the amounts included in the financial statements for 2022.

2.9. Going concern principle of accounting

CECA's directors consider that there are no doubts as to the continuity of the Entity's operations and therefore the financial statements have been prepared on a going concern basis, which assumes that the company will realise its assets and meet its liabilities in the normal course of business.

In preparing the financial statements, it has been considered that the management of CECA will continue for the foreseeable future. Thus, the application of accounting standards is not intended to determine the

value of the assets and liabilities for the purpose of their global or partial transfer or the resulting amount in the event of liquidation.

3. Distribution of profit

The proposal for the distribution of the Bank's net profit for 2023, prepared by the Directors of CECA, and which will be submitted to the approval of the General Assembly, will be the distribution of the total result for the year 2023 to reserves. The negative result for the financial year 2022 was applied against reserves after approval was obtained from the General Assembly held on 18 April 2023.

4. Accounting policies and measurement bases

The accounting policies and measurement bases applied in preparing CECA's financial statements were as follows:

4.1. Property, plant and equipment

Initial recognition

Property, plant and equipment are initially recognised at acquisition or production cost, as appropriate, depending on how they were acquired or developed by the Entity.

The acquisition cost includes, in addition to the amount billed by the provider, after deducting any discounts or price reductions, all the additional directly related expenses that have arisen until they are ready for use, including those relating to bringing them to the location and any other condition necessary for them to be capable of operating in the intended manner. The cost also includes VAT as it is not directly recoverable from the tax authorities.

Subsequent measurement

Items of property, plant and equipment are subsequently recognised at acquisition or production cost and are subsequently reduced by the related accumulated depreciation and, where appropriate, by any impairment losses that may need to be recognised.

Amortization

Property, plant and equipment are depreciated systematically on a straight-line basis over their estimated years of useful life and taking into account their estimated residual value at the end of their useful life. The detail of the estimated years of useful life of the various items of property, plant and equipment owned by the Entity at 31 December 2023, calculated on the basis of the Entity's best estimate of the decline in value caused by their use and wear and tear, without prejudice to also considering the technical or commercial obsolescence that could affect them, is as follows:

	Years of Estimated Useful Life
Buildings	25
Technical installations and other items	3 - 10

4.2. Leases

Leases are classified as "finance leases" whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as "operating leases". CECA did not hold any finance leases in the year ended 31 December 2023 or in 2022.

Operating leases

In operating leases, the ownership of the leased asset and substantially all the risks and rewards relating to the leased asset remain with the lessor.

In 2023 and 2022 CECA did not hold any leases as the lessor, but did as the lessee, as detailed in Note 5.

When CECA acts as the lessee, expenses resulting from operating leases are charged to income statement in the year in which they are incurred.

A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

4.3. Financial Instruments

4.3.1 Financial Assets

The financial assets held by CECA are classified in the following categories:

- Long-term equity investments in Group companies: Group companies are deemed to be those related to CECA as a result of a relationship of control.
- Trade and other receivables: financial assets arising mainly due to tax receivables relating to refundable tax and whose estimated term of recovery is lower than twelve months.
- Cash and cash equivalents: cash consists of cash on hand and demand deposits at banks. Cash equivalents are short-term investments maturing in less than three months from the trade date that are subject to an insignificant risk of changes in value, where appropriate.

Initial value recognition -

Financial assets are initially recognised at their fair value, which is generally equal to the fair value of the consideration given, plus any directly attributable transaction costs.

The fair value of a financial instrument on a given date is taken to be the amount for which it could be bought or sold on that date by two knowledgeable, willing parties in an arm's length transaction acting freely and prudently. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it on an organised, transparent and deep market ("quoted price" or "market price"), if any.

If there is no market price for a given financial instrument, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments and, in the absence thereof, of measurement techniques commonly used by the financial community, taking into account the specific features of the instrument to be measured and, particularly, the various types of risk associated with it. However, the inherent limitations of the measurement techniques used, and the possible inaccuracies of the assumptions made under these techniques may result in a fair value of a financial instrument which does not exactly coincide with the price at which the instrument could be bought or sold at the date of measurement.

Subsequent value measurement -

Financial assets included in the financial assets at amortised cost category shall be measured at amortised cost. Accrued interest shall be recognised in the profit and loss account using the effective interest method.

"Amortised cost" is understood to be the acquisition cost of a financial asset or liability plus or minus, as appropriate, the principal and interest repayments the cumulative amortisation (taken to the income

statement using the effective interest method) of the difference between the initial cost and the maturity amount of those financial instruments. In the case of financial assets, amortised cost also includes any reductions for impairment or uncollectibility.

The “effective interest rate” is the discount rate that exactly matches the carrying amount of a financial instrument to the present value of its estimated cash flows through its expected life, based on its contractual terms but not considering future credit risk losses. For fixed rate financial instruments, the effective interest rate coincides with the contractual interest rate established on the acquisition date plus, where applicable, the fees that, because of their nature, can be equated with a rate of interest. In the case of floating rate financial instruments, the effective interest rate coincides with the rate of return prevailing in all connections until the next benchmark interest reset date.

Investments in Group companies are measured at cost net, where appropriate, of the cumulative amount of any impairment losses required. These losses are calculated as the difference between the carrying amount of the investments and their recoverable amount. Recoverable amount is the higher of fair value less costs to sell and the present value of the future cash flows from the investment. Unless there is better evidence of the recoverable amount, as in the Cecabank, S.A. participation, it will be based on the value of the equity of the investee, adjusted by the amount of the unrealised gains existing at the date of measurement.

At least at each reporting date CECA tests financial assets not measured at fair value through profit or loss for impairment, with a view to detecting any possible evidence of impairment of the investments. If there is evidence of impairment, it estimates the recoverable amount of these assets and the amount of the related impairment loss. When impairment is recognised, if any, it is recorded in the profit and loss account.

At 31 December 2023 and 2022 there were no impaired financial assets.

Derecognition of financial assets -

The accounting treatment of transfers of financial assets depends on the extent to which the risks and rewards associated with the transferred assets are transferred to third parties:

1. If substantially all the risks and rewards are transferred to third parties, the transferred financial asset is derecognised, and any rights or obligations retained or created in the transfer are recognised separately.
2. If substantially all the risks and rewards associated with the transferred financial asset are retained, the transferred financial asset is not derecognised and continues to be measured by the same criteria as those used before the transfer. However, the following items are recognised:
 - a) An associated financial liability, for an amount equal to the consideration received; this liability is subsequently measured at amortised cost.
 - b) The income from the transferred financial asset (not derecognized) and any expense incurred on the new financial liability.
3. If substantially all the risks and rewards associated with the transferred asset are neither transferred nor retained, the following distinction is made:
 - a) If the transferor does not retain control of the transferred financial asset, the asset is derecognised, and any rights or obligations retained or created in the transfer are recognised separately.
 - b) If the transferor retains control of the transferred financial asset, it continues to recognise it for an amount equal to its exposure to changes in value and recognises a financial liability associated with the transferred financial asset. The net carrying amount of the transferred asset and the associated liability is the amortised cost of the rights and obligations retained,

if the transferred asset is measured at amortised cost, or the fair value of the rights and obligations retained, if the transferred asset is measured at fair value.

Accordingly, financial assets are only derecognised when the cash flows, they generate have been extinguished or when substantially all the inherent risks and rewards have been transferred to third parties.

4.3.2. Financial liabilities

If it exists, financial liabilities of CECA, all of which are classified in the category of accounts payable as defined in the Spanish National Chart of Accounts, include those which have arisen from the purchase of goods or services in the normal course of its business and those which, not having commercial substance, cannot be classed as derivative financial instruments.

Accounts payable are initially recognised at fair value, which generally corresponds to the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost.

CECA derecognises financial liabilities when the obligations giving rise to them cease to exist or if they are repurchased by CECA.

4.4. Foreign currency transactions

CECA's functional currency is the euro. Therefore, any transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rates then prevailing. Any resulting gains or losses are recognised directly in the income statement in the year in which they arise.

CECA did not hold any balances in currencies other than the euro at 31 December 2023 and 2022.

4.5. Income tax

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

Current tax is the amount CECA satisfied as a result of tax settlements Tax Benefit for a given year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carry forwards from prior years effectively offset in the current year reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include any temporary differences measured at the amount expected to be payable or recoverable in the future on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carry forwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised, or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit (loss) nor taxable profit (tax loss).

Deferred tax assets are recognised to the extent that it is considered probable that CECA will have taxable profits in the future against which the deferred tax assets can be utilised, or where they qualify as monetizable deferred tax assets under Article 130.1 of Spanish Income Tax Law 27/2014, of 27 November.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised in equity.

Any deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, any unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

4.6. Revenue and expense

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

Revenue from sales is recognised when the significant risks and rewards of ownership of the goods sold have been transferred to the buyer, and CECA retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period, provided the outcome of the transaction can be estimated reliably.

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment has been established. Interest and dividends from financial assets accrued after the date of acquisition are recognised as income in the income statement.

4.7. Provisions and contingencies

When preparing the financial statements CECA's directors made a distinction between:

- a. Provisions: Credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain as to its amount and/or timing will be required to settle the obligations; and
- b. Contingent liabilities: Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Entity's control.

The financial statements include all the provisions, if any, with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Where they exist, contingent liabilities are not recognised in the financial statements, but rather are disclosed, unless the possibility of an outflow in settlement is considered to be remote.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences. Where discounting is used, adjustments made to provisions are recognised as interest cost on an accrual basis.

The compensation to be received from a third party on settlement of the obligation is recognised as an asset, provided that there are no doubts that the reimbursement will take place, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which CECA is not liable; in this situation, the compensation will be taken into account for the purpose of estimating the amount of the related provision that should be recognised.

Court proceedings and/or claims in process

As of December 31, 2023 and as of December 31, 2022, the Entity was not immersed in any legal proceedings.

4.8. Current/Non-current classification

Current assets are assets associated with the normal operating cycle, which in general is considered to be one year; other assets which are expected to mature, be disposed of or be realised within twelve months from the end of the reporting period; financial assets held for trading, except for financial derivatives that will be settled in a period exceeding one year; and cash and cash equivalents. Assets that do not meet these requirements are classified as non-current assets.

Similarly, current liabilities are liabilities associated with the normal operating cycle, financial liabilities held for trading, except for financial derivatives that will be settled in a period exceeding one year and, in general, all obligations that will mature or be extinguished at short term. All other liabilities are classified as non-current liabilities.

4.9. Related party transactions

Parties are considered to be related to one another where one party, or a group of them acting together, exercises or has the possibility of exercising, directly or indirectly, or by means of covenants or agreements between shareholders or investors, which control or joint control over the other party, or significant influence over the financial and operational decision-making of the other party.

Note 14 contains the detail of the related party transactions in 2023 and 2022 financial years.

4.10. Statement of cash flows

The following terms are used in the statements of cash flows:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities: the principal revenue-producing activities of the Entity and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of non-current assets and other investments not included in cash and cash equivalents.
- Financing activities: these include the proceeds from the acquisition by third parties of securities issued by the Entity or from loans or other types of financial instruments granted by banks or third parties, as well as the payments made to redeem the securities and repay the loans, if any.

4.11. Statement of changes in equity

The statement of changes in equity presented in these financial statements shows the total changes in equity in the year. This information is in turn presented in two statements: the statement of recognised income and expense and the statement of changes in total equity. The main characteristics of the information contained in the two parts of the statement are explained below:

Statement of recognised income and expense

This part of the statement of changes in equity presents the income and expenses generated by the Entity as a result of its business activity in the year, and a distinction is made between the income and expenses

recognised in the income statement for the year and the other income and expenses recognised, in accordance with current regulations, directly in equity, if any.

Accordingly, this statement presents:

- Profit (loss) for the year per income statement.
- The amount of the income and expenses recognised directly in equity in accordance with the Spanish National Chart of Accounts.
- The amount transferred from equity to profit or loss in accordance with the Spanish National Chart of Accounts.
- The total recognised income and expense calculated as the sum of the preceding three items.

The amounts of these items are presented gross, and the related tax effect is recognised under "Tax Effect" in this statement.

Statement of changes in total equity

This part of the statement of changes in equity presents all the changes in equity, including those arising from changes in accounting policies and from the correction of errors, if any. Accordingly, this statement presents a reconciliation of the carrying amount at the beginning and end of the year of all the equity items, and the changes are grouped together on the basis of their nature into the following items:

- Adjustments due to changes in accounting policies and to errors that includes the changes in equity arising as a result of the retrospective restatement of the balances in the financial statements due to changes in accounting policies or to the correction of errors, if any.
- Total income and expense recognised in the year includes, in aggregate form, the total of the aforementioned items recognised in the statement of recognised income and expense indicated above.
- Other changes in equity includes the other changes in equity of the Entity not included in any of the previous categories, including the distribution of profit for the prior year, resulting in a reclassification between equity items.
- Transactions with shareholders or owners includes the remaining items recognised in equity, including, inter alia, capital increases and reductions, distribution of profit, transactions involving own equity instruments, equity-instrument-based payments, if any.

5. Leases

Operating leases

CECA leases office space from Cecabank, S.A. The terms and conditions of the lease are defined in the "Agreement for the Provision of Services between CECA and Cecabank, S.A." (see Note 14).

The rental expense for the space leased by CECA from Cecabank, S.A. totalled, both for 2023 and 2022 EUR 37 thousand and 35 thousand, respectively, amount which was recognised under "Other Operating Expenses - Outside Services" in the accompanying income statements (see Note 13.3.1).

The total amount of future minimum payments for the operating lease is as follows:

Thousands of Euros

	2023	2022
Less than a year	37	35
Between one and five years	148	148
More than five years*	185	185

*The contract signed by the Entity with Cecabank, S.A. does not have a defined time limit, so the amount of estimated future payments for the following 5 years is detailed.

6. Property, plant and equipment

The detail of the carrying amounts of this balance sheet item at 31 December 2023 and 2022 is as follows:

Year 2023:

	Balance at 31/12/2022	Additions	Charges	Balance at 31/12/2023
Cost:				
Lands and buildings	181	-	(181)	-
Technical installations and other items	379	-	(364)	15
	560	-	(545)	15
Accumulated depreciation and impairment:				
Lands and buildings	(154)	-	154	-
Technical installations and other items	(378)	-	363	(15)
	(532)	-	517	(15)
Net book value	28	-	(28)	-

Year 2022:

	Balance at 31/12/2021	Additions	Charges	Balance at 31/12/2022
Cost:				
Lands and buildings	181	-	-	181
Technical installations and other items	379	-	-	379
	560	-	-	560
Accumulated depreciation and impairment:				
Lands and buildings	(154)	-	-	(154)
Technical installations and other items	(378)	-	-	(378)
	(532)	-	-	(532)
Net book value	28	-	-	28

On March 29, 2023, there was the sale of a property classified as “Technical installations and other tangible assets”, whose net book value at the time of the sale amounted to 28 thousand euros, generating a profit in the amount of 1,238 thousand euros, recorded in the “Other operating income” heading of the profit and loss account (Note 13.5).

At 31 December 2023 and 2022, CECA had fully depreciated property, plant and equipment amounting to EUR 15 thousand and EUR 532 thousand, respectively. During 2023 and 2022, no fully depreciated assets were recognized.

The CECA's policy is that the items included under the heading 'Land and buildings' are covered by insurance policies to cover possible existing risks, whereas technical installations and other tangible fixed assets are not covered by insurance policies.

7. Financial assets

7.1. Detail of other financial assets

The detail of the carrying amounts of each of the categories of financial assets (excluding investments in the share capital of Group companies, which are analysed in Note 7.2 below) at 31 December 2023 and 2022 is as follows:

Categories	Short-term financial instruments	
	Loans, Derivatives and Others (Thousands of Euros)	
	2023	2022
Loans and Receivables	-	-
Cash (Nota 8)	29,203	23,898
	29,203	23,898

Since 2019, Cecabank, S.A. has been applying the deposit facility rate of the ECB to the current accounts that CECA holds with them, resulting in financial expenses of zero and 85 thousand euros, respectively, as of December 31, 2023 and 2022 (see Notes 8 and 13.4). Additionally, financial income amounting to 986 and 91 thousand euros, respectively, has been recorded as of December 31, 2023 and 2022.

7.2. Non-current investments in Group companies

"Non-Current Investments in Group Companies and Associates - Equity Instruments" in the accompanying balance sheet includes the cost of the ownership interest held by CECA at 31 December 2023 and 2022 in the share capital of Cecabank, S.A., a Group company; this is the only ownership interest held by CECA, reduced only by existing impairments (see Note 4.3.1).

There were no changes in this balance sheet heading in 2023 or 2022. There were no impairment losses recognised on this investment at 31 December 2023 or 2022.

Cecabank, S.A. is a credit institution with its registered office in Madrid, and its shares are not listed on the stock exchange. CECA holds a direct ownership interest of 89% in its share capital, and no indirect interest. As of December 31, 2023 and 2022, the book value of CECA's investment in Cecabank, S.A. amounts to 648,817 thousand euros (see Note 14).

The most significant information on the investment held by CECA is as follows:

Thousands of Euros

	31/12/2023 (*)	31/12/2022
Total Assets	14,627,479	14,413,647
Total Liabilities	13,338,326	13,224,447
Capital	112,257	112,257
Share Premium	615,493	615,493
Reserves	495,538	443,965
Other equity items	(21,978)	(62,789)
Results from Operating Activities	102,788	92,143
Profit for the year	72,949	65,380

(*) The figures corresponding to 31 December 2023 have been obtained from the audited individual annual accounts of Cecabank, which are pending approval by the General Shareholders' Meeting of Cecabank S.A.

7.3. Information on the nature and level of risk of financial instruments

Due to indirect performance of the banking activity through Cecabank, Ceca is exposed indirectly, due to the participation in Cecabank, to credit, liquidity and market risk.

However, these risks are controlled by the various areas of Cecabank, S.A. for the entire Group, in accordance with the services defined in the "Agreement for the Provision of Services between CECA and Cecabank S.A." (see Note 14). Information on all the risks to which Cecabank, S.A. is exposed as a result of its activity and the management of these risks is included in the notes to the financial statements of Cecabank, S.A. and in the Prudential Relevance Report.

7.3.1. Credit risk

Credit risk is defined as the risk that affects or may affect profits or capital as a result of a counterpart failing to honour the obligations included in any agreement or not acting as agreed.

As a result of the process that took place in 2012, CECA spun off its financial activity to Cecabank, S.A. (see Note 1.1.) and, accordingly, CECA's directors consider that it did not have any significant credit risk exposure at 31 December 2023 and 2022.

Credit quality of financial assets neither past due nor impaired

The only financial assets recognised by CECA on the balance sheet as at 31 December 2023 and 2022 were two demand current accounts held with Cecabank, S.A., which have not matured or become impaired (see Note 8).

7.3.2. Liquidity risk

The aim of CECA as regards liquidity risk is to have in place at all times the instruments and processes to enable it to meet payment commitments, so that it has available to it the instruments to enable it to maintain sufficient levels of liquidity to meet its payment commitments without significantly compromising CECA's results, and to maintain the mechanisms to enable it to meet its payment commitments in the event of various eventualities.

The following is an analysis of the CECA financial liabilities as at 31 December 2023 and 2022, grouped by maturity:

Year 2023:

	Thousands of Euros			
	Less than one year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Short-term debts with group companies and associates	-	-	-	-
Commercial debtors and other accounts payable	1,627	-	-	-
	1,627	-	-	-

Year 2022:

	Thousands of Euros			
	Less than one year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Short-term debts with group companies and associates	-	-	-	-
Commercial debtors and other accounts payable	1,383	-	-	-
	1,383	-	-	-

Given that the CECA has at December 31, 2023 and 2022 financial assets available on demand that are much higher than the financial liabilities subject to maturity, the direct exposure to this risk is considered to be insignificant.

7.3.3. Market risk

Market risk is defined as the risk affecting profit or capital that arises from adverse changes in the prices of bonds, securities and commodities and in the exchange rates of transactions recognised in the trading portfolio. This risk arises from the activities of market-making, trading and taking positions in bonds, securities, currencies, commodities and derivatives (on bonds, securities, currencies and commodities). This risk includes foreign currency risk, which is defined as the current or potential risk affecting profit or capital resulting from adverse fluctuations in the exchange rates in the investment portfolio.

Following the above-mentioned process that took place in 2012 (see Note 1.1), CECA spun off its financial activity to Cecabank, S.A. and, accordingly, at 31 December 2023 and 2022, the Entity did not hold any trading positions or currency positions in relation to investments, and therefore was not directly exposed to market risk.

8. Cash and cash equivalents

Following is a detail of the financial assets recognised under “Cash and Cash Equivalents” in the balance sheets as at 31 December 2023 and 2022:

Thousands of Euros

	2023	2022
Cash and cash equivalents -		
Cash	29,103	23,866
	29,103	23,866
Measurement adjustments -		
Accrued Interest	100	32
	100	32
	29,203	23,898

At 31 December 2023 and 2022, the balance recognised under "Cash and Cash Equivalents" in the balance sheet relates to the demand current accounts held with Cecabank, S.A. amounting to EUR 29,203 and 23,898 thousand respectively (see Note 14). The expenses generated on these current accounts are recognised under "Finance expenses - Group Companies and Associates" (see Note 13.4.1) amount to at year-end 2023 and 2022 to zero thousand and 85 thousand euros, respectively.

9. Equity and shareholders' equity

The detail of "Equity" in the accompanying balance sheets as at 31 December 2023 and 2022 is as follows:

	2023	2022
Reserves	681,194	681,286
Profit of the year (Note 3)	264	(92)
	681,458	681,194

The reserves recognised by CECA at 31 December 2023 and 2022 are unrestricted.

10. Asset and liability accruals

As of December 31, 2023 and 2022, CECA has recorded accruals in relation to accrued and uncollected income amounting to 67,748 thousand euros and zero thousand euros, respectively.

11. Trade and other payables

11.1. Detail of current payables

The detail of the carrying amounts of each of the categories of current financial liabilities at 31 December 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Trade and other payables in short term (Note 7)	1,627	1,383
	1,627	1,383

11.2. Information on their nature

The detail of “Trade and Other Payables” in the balance sheets as at 31 December 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Other accounts payable	1,087	859
Personnel (outstanding remuneration)	411	395
Other payables to public administrations	129	129
	1,627	1,383

Information of the average supplier payment period. Additional Provision Three. “Disclosure obligation” provided for in Law 15/2010, of 5 July

Pursuant to Law 15/2010, of 5 July, amending Law 3/2004, of 29 December, on combating late payment in commercial transactions, amended by Final Provision Two of Law 31/2014, of 3 December, establishes the obligation for companies to expressly disclose their average periods of payment to suppliers in the notes to their financial statements, and stipulates that the Spanish Accounting and Audit Institute (“ICAC”) shall indicate, by way of a resolution, such adaptations as may be required, in accordance with the provisions of this Law, in order for companies not covered by Article 2.1 of Organic Law 2/2012, of 27 April, on Budgetary Stability and Financial Sustainability to correctly apply the methodology for calculating the average period of payment to suppliers established by the Ministry of Finance and Public Administration.

The aforementioned ICAC Resolution (Resolution of 29 January 2016 on the disclosures to be included in notes to financial statements in relation to the average period of payment to suppliers in commercial transactions), which was published in the Spanish Official State Gazette on 4 February 2016, implements, inter alia, the methodology that must be applied to calculate the average period of payment to suppliers.

In order to ensure a proper understanding of the disclosures contained in this Note, as provided for in the aforementioned applicable legislation, it should be noted that “suppliers” are considered to be only those suppliers of goods and services to CECA for which the related expense is recognised, mainly, under “Other Operating Expenses - Outside Services” in the income statement; this Note does not include, therefore, any information on payments in financial transactions constituting CECA’s object and core activity or on payments to any non- current asset suppliers, which in any case were made in accordance with the periods established in the corresponding agreements and in current legislation.

Also, it should be noted that, in accordance with the provisions of the aforementioned ICAC Resolution, only transactions relating to goods or services received for which payment has accrued since the entry into force of Law 3/2014 were taken into consideration and that, given the nature of the services that CECA receives, for the purpose of preparing this information “period of payment (days)” was deemed to be the period elapsed between the date of receipt of the invoices (which does not differ significantly from the corresponding invoice dates) and the payment date.

In compliance with Law 18/2022, of September 28, on the creation and growth of companies, which amended the third final provision of Law 15/2010, of July 5, non-listed commercial companies that do not present abbreviated annual accounts shall include in the notes to their annual accounts their average payment period to suppliers, and shall expand their content to include the following:

- the monetary amount and number of invoices paid in a period shorter than the maximum established in the regulations on late payments; and
- the percentage that these payments represent with respect to the total number of invoices and the total monetary value of payments to their suppliers.

The information for 2023 and 2022 required under the aforementioned legislation, in the format required by the ICAC Resolution mentioned in the foregoing paragraphs, is as follows:

	2023	2022
	Days	Days
Average period of payment to suppliers	20,9	14,3
Ratio of transaction settled	20,9	14,3
Ratio of transaction not yet settled	-	-
	Thousands of Euros	Thousands of Euros
Total payments made	16,368	15,410
Total payments outstanding	-	-
The monetary volume of invoices paid within a period shorter than the maximum established in the regulations on late payments	15,114	14,632
Percentage of the total monetary value of payments to suppliers.	92%	95%
Percentage of the total number of invoices	89%	89%
Total number of invoices	621	593
Number of invoices paid within a period shorter than the maximum established in the regulations on late payments	550	529

It should be noted that although under Law 3/2004, of 29 December, the maximum period for payment to suppliers is 60 days, Law 11/2013, of 26 July, established a maximum payment period of 30 days, extendable by agreement between the parties to a maximum of 60 days.

12. Tax Matters

CECA is the parent company of the Tax Consolidation Group number 508/12 since 1 January 2012, being the only subsidiary Cecabank S.A.

CECA file individual income tax returns in accordance with the applicable tax regulations.

12.1. Current tax assets

The detail of the main items of this heading in the accompanying balance sheets as at 31 December 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Customers per sales and service provision	73	-
Debit balances maintained by corporate tax	2,510	9,834
	2,583	9,834

As of December 31, 2023, the heading “Current tax assets” includes the amount receivable for corporate tax in the amount of 2,489 thousand euros, which corresponds entirely to 2023.

As of December 31, 2022, the heading “Current tax assets” includes the amount receivable for corporate tax, corresponding to the years 2022 and 2021 in the amount of 5,172 and 4,639 thousand euros, respectively. On January 18, 2023, the Tax Agency made the payment to the Association of the Corporate Tax for the year 2021. On November 21, 2023, the Tax Agency made the payment to the Association of the Corporate Tax for the year 2022.

Additionally, as of December 31, 2023 and 2022, an amount of 21 thousand euros and 23 thousand euros, respectively, in respect of VAT is pending collection.

12.2. Reconciliation of the accounting profit (loss) to the taxable profit (tax loss)

The table below shows the reconciliation for 2023 and 2022 of the income tax expense recognised to the accounting profit (loss) before tax multiplied by the income tax rate applicable to CECA and the income tax refundable recognised at 31 December 2023 and 2022:

	Thousands of Euros	
	2023	2022
Accounting profit before tax	(4,708)	(5,264)
Tax rate (30%)	(5,739)	(5,264)
Tax rate (25%)	1,031	-
	(1,464)	(1,579)
Permanent differences		
Increases	5	5
Decreases	(3,506)	(3,592)
Total	(4,965)	(5,166)
(Tax credits)/ (Tax relief)	(6)	(5)
Income tax expense for the year (Note 12.5)	(4,971)	(5,171)
Temporary differences	-	-
Tax withholdings and prepayments	-	-
Income tax charge for the year	(4,971)	(5,171)
Of which:		
Current tax assets	(2,489)	(5,171)
Deferred tax assets	(2,482)	-

(*) During the 2023 financial year, property, plant and equipment was sold. Given that the acquisition of the property was carried out through a restructuring operation protected by the merger tax regime, and as a result of its different legal form, part of the income obtained by the Entity is subject to a tax rate or a special tax regime different from that of the transferring Entity. Therefore, the income derived from the transfer of the property to a third party will be understood to be generated on a straight-line basis, unless proven otherwise, during the entire time of possession of the transferred element. The part of this income generated up to the time of the transaction will be taxed by applying the tax rate and tax regime that would have corresponded to the transferring Entity (25%) and, since then, to the tax regime that corresponds to CECA (30%).

In accordance with Law 38/2022, of December 27, 2022, for the establishment of temporary levies on energy and credit institutions and financial credit establishments and which creates the temporary solidarity tax on large fortunes, and amends certain tax rules, with effect for tax periods beginning in 2023, the taxable base of the tax group shall be determined in accordance with the provisions of Article 62 of this Law, however, in relation to the provisions of the first subparagraph of letter a) of paragraph 1 of said article, the sum will refer to the positive tax bases and 50 per cent of the individual negative tax bases corresponding to each and every one of the entities that make up the tax group, taking into account the specialities contained in article 63 of this law. In the event of the loss of the tax consolidation regime or the extinction of the tax group, the amount of the individual tax losses pending integration into the tax base of the group will be included in the last tax period in which the group is taxed under the tax consolidation regime.

The income tax liability is recorded under the heading "Trade receivables and other receivables - Current tax assets" in the balance sheets as of December 31, 2023 and 2022, and represents the amounts to be paid

by Cecabank, S.A. to the CECA as a result of that entity's use of negative results in the context of the application of the tax consolidation regime (see Note 14).

“Permanent Differences - Decreases” for 2023 and 2022 in the foregoing table includes the amount of the exemption relating to double taxation on dividends received by CECA from its subsidiary Cecabank, S.A. (see Note 13.4.2), which is regulated in the Spanish Income Tax Law currently in force.

12.3. Reconciliation of the net amount of income and expense for the financial year 2023 to the tax loss for income tax purposes

The reconciliations indicated for the years 2023 and 2022 are presented below:

Year 2023:

Thousands of Euros

	Income Statement		Income and Expense Recognised Directly in Equity		Reserves		Total
	Increases (A)	Decreases (D)	(A)	(D)	(A)	(D)	Total
Income and expenses for the year	264	-	-	-	-	-	264
Income Tax	-	(4,972)	-	-	-	-	(4,972)
Permanent differences -	-	(11,670)	-	-	-	-	(11,670)
Double taxation exemption	-	(11,670)	-	-	-	-	(11,670)
ACARL non-deductible result	-	-	-	-	-	-	-
Temporary differences	-	-	-	-	-	-	-
Offset of prior year's tax losses	-	-	-	-	-	-	-
Taxable base (Tax result)	264	(16,642)	-	-	-	-	(16,378)

Year 2022:

Thousands of Euros

	Income Statement		Income and Expense Recognised Directly in Equity		Reserves		Total
	Increases (A)	Decreases (D)	(A)	(D)	(A)	(D)	Total
Income and expenses for the year	(92)	-	-	-	-	-	(92)
Income Tax	-	(5,172)	-	-	-	-	(5,172)
Permanent differences -	-	(11,970)	-	-	-	-	(11,970)
Double taxation exemption	-	(11,970)	-	-	-	-	(11,970)
ACARL non-deductible result	-	-	-	-	-	-	-
Temporary differences	-	-	-	-	-	-	-
Offset of prior year's tax losses	-	-	-	-	-	-	-
Taxable base (Tax result)	(92)	(17,142)	-	-	-	-	(17,234)

With effect for tax periods beginning on or after January 1, 2021, Law 11/2020, of December 30, on General State Budgets for the year 2021, has introduced a modification in the exemption on dividends and income derived from the transfer of securities representing the own funds of entities contemplated in the

Corporation Tax Law, consisting of the reduction of the aforementioned exemption to 95 percent and the suppression of said exemption for shares that represent a percentage of participation of less than 5 percent but whose acquisition value is greater than 20 million euros. However, the shares acquired in the tax periods beginning before January 1, 2021 that had an acquisition value greater than 20 million may benefit from the aforementioned exemption in the tax periods that begin within the years 2022, 2023, 2024 and 2025.

12.4. Tax recognised in equity

No amounts were recognised in this connection in 2023 or 2022.

12.5. Income tax

The detail of “Income Tax” in the income statements for 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Income tax/ (expense) for the year (Note 12.2)	(4,971)	(5,171)
Expense/(Income) for corporate income tax of previous fiscal years.	(1)	(1)
	(4,972)	(5,172)

12.6. Deferred taxes

The breakdown of the “Deferred taxes” chapter of the balance sheets as of December 31, 2023 and 2022 is as follows:

	Thousand of Euros	
	2023	2022
Deferred taxes due to determination of taxable base under the tax consolidation regime	2,482	-
	2,482	-

12.7. Unfinished exercises and inspections

As of 31 December 2023, the returns filed by CECA in the last four years are open to review by the tax authorities, from the end of the voluntary filing period for income tax and for the other taxes.

Without prejudice to the foregoing, it should be noted that Royal Decree 463/2020 of 14 March, suspended from 14 March until 30 May 2020, the calculation of prescription and expiry periods for any actions and rights provided for in tax legislation.

Due to the varying interpretations that can be made of certain tax legislation applicable to the transactions performed by CECA in the years not yet reviewed, there may be contingent tax liabilities that cannot be quantified objectively. However, CECA's directors consider that the possibility of material liabilities arising in this connection is remote and, in any case, the tax charge which might arise from possible varying interpretations of tax legislation, is not estimated to have a material effect on the figures contained in these financial statements.

13. Income and Expenses

13.1. Revenue

The amount recognised under “Revenue” in CECA’s income statements for 2023 and 2022 relates mainly to the income in the form of the dues received from the member entities under the agreements entered into between them and CECA (see Note 1.1).

The net turnover includes 2,900 thousand euros in both years as the annual confederal quota. This amount is established upon approval of the CECA’s annual budget by the General Assembly, based on a direct proportion to the volume of the balance of external resources held by the affiliated entities.

In addition, this item includes 437 thousand euros and 330 thousand euros, respectively, as of the end of fiscal years 2023 and 2022, for project services in which CECA acts as an intermediary between consulting firms that provide services and contracting entities (CECA partners) (see Notes 10).

13.2. Administrative expenses - Staff costs

The detail of “Administrative Expenses - Staff Costs” in the income statements for 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Salaries and wages	792	750
Social Security	64	60
Pension fund contributions	6	6
Other social charges	6	6
	868	822

As part of the spin-off process performed in 2012 (see Note 1.1), all CECA employees began to render their services at Cecabank, S.A. except 4 of them who are at part-time at Cecabank, S.A. and CECA, carrying out:

- Support activities to the associative function and institutional representation that CECA promotes and,
- The daily management of CECA and in particular, the exercise of its activity through Cecabank, S.A.

The average number of full-time equivalent employees of the CECA during the financial years 2023 and 2022, distributed by level, was as follows:

Levels	2023	2022
1 - LEV.I	2	2
1 - LEV.VII	1	1
1 - LEV.X	1	1
Total	4	4

As of 31 December 2023, and 2022, it has six employees, of whom three were men and three were women.

The defined contribution pension obligations to the employees of Cecabank, S.A. that provide services on a part-time basis to CECA continued to be held by Cecabank, S.A.

However, following the integration of ACARL (see Note 1.1), CECA was subrogated to ACARL's pension obligations to its employees. The pension obligations are currently the same as those established for Cecabank employees and are instrumented through a policy suitable for externalizing pension commitments whose contributions are made by CECA.

In 2023 and 2022, the expense for this item amounts to 6 thousand euros in both years, which are recognised under "Personnel expenses - Pension fund contributions" in the accompanying income statement (Note 13.2).

13.3. Other operating expenses

13.3.1. External services

The detail of "External Services" in the income statements for 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Rental income (Note 5)	37	35
Legal expenses	254	239
Technical reports	213	213
Insurance premiums	1	-
Governing and control bodies	422	380
Outsourced administrative services (*)	13,585	12,894
Entertainment and travel expenses	120	88
Levies and taxes	23	10
Association membership fees	1,347	1,245
Operating services (see the concept of collaborative projects explained in Notes 10 and 13.1)	413	311
Other expenses	79	86
	16,494	15,501

(*) Of which, in fiscal years 2023 and 2022, 11,387 thousand euros correspond to expenses incurred by CECA for services provided and received by Cecabank, S.A., as well as 5 thousand euros for the custody function of securities also performed by the latter (see Note 14).

13.3.2. Other current operating expenses

CECA, within the framework of its community projects, finances "Fundación de las Cajas de Ahorros (FUNCAS)", a private not-for-profit organisation that engages in activities that benefit Spanish society, promote saving, and contribute to the raising of public awareness of savings banks by facilitating the service provided by them to society.

In particular the Foundation's object consists of:

- the promotion of economic and social studies and research,
- the organisation of public events, and
- cultural dissemination in the broadest sense of the term and the fostering of all activities leading to a heightened awareness of the Spanish economy and society, thus enabling useful recommendations to be made regarding economic and social policy.

At 31 December 2023 and 2022 and in those years, CECA's community projects fund was not invested in any property, plant and equipment or intangible assets.

The contribution made by CECA to community projects in 2023 was EUR 5,212 thousand. At 2022, the contribution was EUR 4,777 thousand.

13.4. Financial income and expense

13.4.1. Interest

The financial expenses recorded by the Entity in the income statement correspond to the accrued interest on the current accounts held by the Entity in Cecabank, S.A. (see Note 14), which are accounted for under "Financial expenses" in the attached income statement. The effective interest rate applied during 2023 and 2022 to the current account with Cecabank, S.A. is that relating to the ECB's deposit facility rate, with interest income amounting to €986 thousand and €91 thousand euros, respectively. Likewise, during the financial years 2023 and 2022, financial expenses of zero thousand euros and 85 thousand euros, respectively, have been recorded.

13.4.2. From Investments in equity instruments-Group companies and associates

The only amount recognised under this heading in CECA's income statements for 2023 and 2022 relates to the accrued dividends on the ownership interest in the share capital of Cecabank, S.A. (see Note 7). These dividends amounted to EUR 12,300 thousand in 2023 (2022: EUR 12,600 thousand) (see Note 14).

13.5 Other operating income

In 2023, the amount of this heading amounted to 1,238 thousand euros, corresponding to the income obtained by the company associated with the sale of a property in the year (Note 6).

14. Related party transactions

Agreement for the Provision of Services between the Confederación Española de Cajas de Ahorros (CECA) and Cecabank, S.A.

Under the process of creating Cecabank entity, S.A. and segregation by CECA on behalf of the entity during 2012 (see Note 1.1.), it was established the "Internal Protocol of relations between the Confederación Española de Cajas de Ahorros and Cecabank, S.A.". They were identified by this Protocol the services that Cecabank provided to CECA and also, it was set the general criteria for the conduct of operations or provision of intra-group services.

As a result of CECA losing its status as a credit institution in 2014, as described in Note 1.1, on 19 December 2014 a new "Agreement for the Provision of Services between the Confederación Española de Cajas de Ahorros (CECA) and Cecabank, S.A." was signed. This agreement redefines the services that Cecabank, S.A. rendered to CECA and the associated rates for those services, in accordance with its new status.

As a result of the organisational modifications that recommend a review of the identity of the Departments and specific areas at Cecabank that have been rendering services to CECA by virtue of the aforementioned Agreement, this has led the Parties to sign an adaptation of the Appendixes to the Service Agreement that reflects the updated services that Cecabank renders to CECA.

In October 2022, a Novation agreement was signed for the service provision contract from Cecabank, SA to the CECA with the objective of including the price review mechanism linked to the evolution of the Consumer Price Index (CPI) published by the National Institute of Statistics, with effect from January 1, 2023.

The services that are rendered by Cecabank, S.A. to CECA after this agreement was signed are listed below:

Rendering of association services:

- Regarding regulatory and interest representation matters
- Regarding financial and economic matters

- Regarding cooperation matters
- Regarding communication matters
- Regarding Community Projects Fund matters
- Regarding customer service matters
- Regarding financial education matters
- Regarding institutional relationship matters
- Regarding knowledge management matters
- Regarding technological matters
- Regarding quality matters
- Regarding CSR matter
- Regarding regulatory compliance matters

Rendering of support services:

- Regarding legal, tax and governing body support matters
- Regarding financial planning matters
- Regarding internal audit matters
- Regarding computer security matters
- Regarding operating risk and control matters
- Regarding resource matters
- Regarding protocol matters
- Regarding technological matters
- Regarding external network support matters

The expenses incurred by CECA for these services rendered by Cecabank, S.A., which amounted to EUR 12,167 thousand in 2023 (EUR 11,392 thousand in 2022), were recognised under "Administrative Expenses - Other General Administrative Expenses" in the 2023 and 2022 income statements (see Note 13.3.1).

Notwithstanding indicated in Note 15.2 nor at 31 December 2023 and 2022, there were balances in relation to the Board of Directors or to persons related thereto.

The amount of commission expenses accrued in favour of Cecabank, S.A. has amounted to EUR 5 thousand at 31 December 2023 and 2022 and are registered under "Other operating expenses-Outside services" in the accompanying income statements (see Note 13.3.1).

Furthermore, set forth below are the balances recognised in the balance sheets at 31 December 2023 and 2022 and in the income statements for 2023 and 2022 with other related parties, as defined in the applicable legislation, which relate in full to transactions carried out with Cecabank, S.A., an entity dependent on the CECA:

	Thousands of Euros	
	Subsidiaries	
	2023	2022
Asset:		
Cash and cash equivalents (Note 8)	29,203	23,898
Long-term investments in group companies and associates (Note 7.2)	648,817	648,817
Liability:		
Short-term debts with group companies and associates	-	-
Income statement:		
Finance Income (Note 13.4)	13,286	12,691
Other general administrative expenses (Note 13.3.1) (*)	12,167	11,392
Financial expense (Note 13.4.1)	-	85

(*) In fiscal year 2023, 12,125 thousand euros (in 2022, 11,387 thousand euros) correspond to expenses incurred by CECA for services provided and received by Cecabank, S.A., as well as 5 thousand euros (in 2022, 5 thousand euros) for the custody function of securities also performed by the latter.

15. Other disclosures

15.1. Fees paid to auditors

In 2023 and 2022 “Technical Reports” (see Note 13.3.1) includes the fees for services provided by CECA’s auditor in 2023 and 2022, PricewaterhouseCoopers Auditores S.L, as follows:

	Thousands of Euros	
	2023	2022
Audit services	46	45
Other attest services	-	-
Total audit and related services	46	45
Tax counselling services	-	-
Other services	-	-
Total professional services	46	45

The services contracted by CECA comply with the independence requirements established by the Audit Act and its enabling regulations and do not include work that is incompatible with audit tasks.

15.2. Remuneration of the Board Directors

The members of the Board of Directors of CECA, receive an attendance fee for attendance of meeting and support committees. The detail for 2023 and 2022 is shown in the table below:

	Thousands of Euros	
	2023	2022
Aguirre Loaso, José Luis	-	6,90
Arriola Boneta, Antón Joseba	16,56	1,38
Azuaga Moreno, Manuel	15,17	15,17
Cifre Rodríguez, Josep A.	15,86	17,24
Fainé Casas, Isidro	16,55	16,55
Goirigolzarri Tellaeche, José Ignacio	15,17	15,17
Medel Cámara, Braulio	-	5,52
Pla Barber, José	17,24	16,55
Serrano Gill De Albornoz, Francisco	15,17	9,66
Villalabeitia Galarraga, Gregorio	-	13,79
	111,72	117,93

During the year 2023, allowances have been paid to members of the Board and entities represented on it, as high representation, for a total amount of 182.1 thousand euros (182.1 thousand euros in 2022 as of high representation). Additionally, there are no additional balances or commitments of any kind maintained with current or former members of the CECA Council.

Three directors left during 2022. Mr. José Luis Aguirre Loaso on April 19, Mr. Braulio Medel Cámara on July 18 and Mr. Gregorio Villalabeitia Galarraga on November 30.

15.3 Remuneration of senior executives and of members of the Board of Directors in their capacity as CECA executives

As a result of the spin-off process performed in 2012 (see Note 1.1), CECA's employees began to render their services at Cecabank, S.A.

For the purpose of preparing these annual accounts, the following individuals have been considered as top management personnel of CECA in fiscal years 2023 and 2022: the CEO, the Corporate Director of Associative Services and Resources, the General Secretary-Corporate Director of General Secretariat and Legal and Tax Advice, and the Corporate Director of Planning at Cecabank, S.A. who provide their services to CECA part-time (the CEO of Cecabank is also the CEO of CECA).

In 2023 and 2022 none of the members of the Board of Directors worked in an executive capacity and, as a result, no remuneration was earned in this connection. The senior executives' short-term remuneration in 2023 and 2022 amounted to EUR 654 and EUR 631 thousand, respectively.

During the years 2023 and 2022, no additional remuneration has accrued to senior management, nor are there any obligations incurred, under "Post-employment benefits", "Other long-term benefits", "compensation for dismissal" or "payments based on equity instruments".

In 2023 and 2022, no consolidated pension rights were recognised either for the senior executives or for the members of the Board of Directors, current or former maintained by CECA.

As of 31 December 2023, the total accrued variable remuneration pending of payment to Senior Management amounts to EUR 233 thousand (2022: EUR 222 thousand).

At 31 December 2023 and 2022, no additional remuneration was accrued as post-employment benefit or any other type of compensation to those indicated in this Note by the members of the Board of Directors or the Senior Management of CECA.

The Entity has contracted, through Cecabank, S.A. a liability policy for Directors and Senior Management with the usual conditions for this type of insurance.

In order to avoid situations of conflict with the Company's interests, during the year the directors who have held positions on the administrative body have complied with the obligations set forth in Article 228 of the revised text of the Spanish Corporate Enterprises Act. Likewise, both they and the persons related to them have abstained from incurring in the cases of conflict of interest foreseen in Article 229 of the aforementioned law, except in those cases in which the corresponding authorization has been obtained.

15.4 Information on the Equality Law

Pursuant to Additional Provision Twenty-Six of Organic Law 3/2007, of 22 March, for the effective equality of women and men, it is hereby disclosed that all the members of CECA's Board of Directors are men.

15.5 Guarantee commitments to third parties and other contingent liabilities

At 31 December 2023 and 2022, CECA had not been provided with any guarantees from financial institutions or other credit and surety institutions and, accordingly, there were no associated contingent liabilities.

16. Subsequent Events

On January 30, 2024, the Board of Directors of Cecabank, SA, a subsidiary of CECA that holds an 89% stake (note 7.2), has proposed to submit to the General Shareholders' Meeting the approval of the distribution of the results obtained in the financial year 2023, with a total amount of 16,165 thousand euros allocated to dividends, corresponding to the Association for an amount of 14,400 thousand euros, which is pending collection at the date of preparation of these annual accounts.

Regardless of what was mentioned above, after December 31, 2023 and until the date of formulation by the Board of Directors of CECA of these annual accounts, no significant event has occurred that should be included in the attached annual accounts. so that they adequately show the true image of the assets, the financial situation, the results of its operations, the changes in the net assets and the cash flows of the CECA.

17. Explanation added for translation to English

These financial statements are presented on the basis of the Spanish General Accounting Plan. Certain accounting practices applied by CECA that conform to the GAAP may not conform to other generally accepted accounting principles.

2023

Annual accounts

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Management Report

Confederación Española de Cajas de Ahorro

Management report for the year ended 31 December 2023

The main objective of this Management Report is to disseminate the most significant activities carried out by CECA during the year 2023, as well as to present the results obtained, and to explain the most relevant aspects of the activities that will be undertaken to comply with the strategic lines defined for the year 2024.

1. Evolution of activity and achievement of objectives in fiscal year 2023

This section describes the main activities carried out throughout 2023 in the performance of the associative activity.

I. Institutional Representation and 2023 Agenda

One of the pillars of CECA's activity is the representation and defense of the interests of its associated entities in multiple cooperation forums at the national and international level to energize transversal dialogues between different sectors and collaborate especially with institutions and authorities.

CECA has focused much of its efforts on supporting its associated entities in their contribution to the country's economic growth, sustainability and financial inclusion for society as a whole.

Spanish Presidency of the Council of the European Union

On July 1, Spain assumed the Presidency of the Council of the European Union under the motto “Europe, closer,” and marked its intention to highlight society's support for the European project, as well as the historic opportunity that this event represents for our country.

CECA wanted to contribute to the design of the priorities of the Government's economic-financial agenda during that period. In June, a positioning document for the CECA sector was published: contributions and proposals, with the purpose of transferring the sectoral contributions to successfully face the challenge that has been posed to us as a country.

Thus, this document identifies, aggregated by subject, the financial regulation files that, due to their relevance and impact on the economy and society, have been addressed as a priority during the Spanish presidency. For each of them, the position of the CECA sector is collected, identifying the key elements from the point of view of financial entities.

The document was made public at an event last June with the participation of the Secretary of State for Economy and Business Support, Gonzalo García Andrés, Francisco Serrano, president of Ibercaja Banco, Carlos Bastarreche, former ambassador of Spain to the EU and CECA advisor for European issues, and Judith Arnal, professor at the University of Navarra, advisor to the Bank of Spain and Senior Research Fellow of the Elcano Royal Institute.

The Informal Ministerial Meeting of Economy and Finance in Santiago de Compostela, which took place on September 15 and 16, 2023, was a key moment to advance the priorities set by the Spanish Presidency of the Council of the European Union. During this meeting, financial collaboration with Latin America and the Caribbean was promoted, and the promotion of investment projects between the EU and the countries of the region.

In parallel to this event, CECA, together with the other associations that make up the financial sector, AEB (Spanish Banking Association) and UNACC (National Union of Credit Cooperatives), organized the event Dialogue with the banking sector for economic progress and social, with the support of Abanca as host. The event took place in the sociocultural center of this entity and, in addition, had the direct involvement of institutions such as the General Secretariat of the Treasury and International Financing.

The event brought together senior representatives of the main economic institutions and relevant banking entities, including, among others, the then first vice president and acting minister of Economic Affairs and Digital Transformation, the president of the Xunta de Galicia and senior representatives of Latin America. The event fostered an extensive dialogue, helping to strengthen the commitment of the banking sector to the challenges facing the country, with a broad social perspective, especially with regard to the green and digital transition, as well as the different open regulatory files.

Recovery, Transformation and Resilience Plan

Since the approval of the NextGenEU plan, CECA has defended that the sector must play a relevant role in its practical execution, which, in the case of Spain, involves adopting an active role in the implementation of the National Plan of Recovery, Transformation and Resilience.

Within this Plan, in 2023 the execution of the Addendum for Spain has stood out, which includes an additional set of investments and reforms aimed at deepening and expanding the economic and structural impact of the Recovery Plan on the Spanish economy, adapted to the needs of the current economic and geopolitical environment. With this objective, the selected projects will promote the strategic industrialization of Spain in the energy, agri-food, industrial, technological and digital fields.

Regarding the Addendum, it should be noted that it contemplates financing under preferential conditions to in turn grant reimbursable funds to the private sector and facilitate investments in renewable energy, energy efficiency and circular economy, which will also favour the consolidation of sustainable finance in Spain. The loans are channeled through the Official Credit Institute (ICO) with the collaboration of financial entities, including those in the CECA sector. CECA also monitors the progress of the Recovery, Transformation and Resilience Plan projects.

Financial Inclusion

The digital divide and demographic challenges are among the main concerns of society, affecting not only the health, educational and cultural spheres, but also banking services. CECA is especially sensitive to the needs that arise in this scenario and focuses on the group of older people and people with disabilities, as they are among those potentially most affected by these challenges.

This is why, in 2023, CECA has continued together with its associated entities to rethink the commitments acquired in the “Strategic Protocol to Strengthen the Social and Sustainable Commitment of Banking”.

With the aim of contributing to accelerate progress towards an inclusive economy and not leaving any group unattended, AEB, UNACC and CECA adopted a decalogue of measures to advance in the short term in personalized attention for the provision of financial services to the senior segment and with different abilities.

CECA has maintained a permanent and active listening to meet the needs of the senior group and people with disabilities and, together with the rest of the employers' associations, has implemented a series of measures, as well as monitoring them through the publication of different reports on the platform. Financial Inclusion Observatory (observatorioinclusionfinanciera.es).

The main measures of the decalogue include the extension of in-person service hours, priority treatment for the elderly in branches, specific training for the network, expanded and personalized telephone attention and financial education activities.

As an example, and with aggregate data from the three employers' associations, 82.2% of the offices provide the cashier service from 9:00 a.m. to 2:00 p.m. with longer in-person hours, being more than double that of before the measures were put in place. Only in the first six months of fiscal year 2023, more than 5.6 million people have benefited from this measure.

Similarly, the telephone service at no additional cost and through a personal interlocutor has received more than 2 million calls from customers over 65 years of age in the first half of 2023.

As of June 2023, more than 36,000 ATMs of the entities were adapted, which translates into 94% of the total. The average time to correct incidents at ATMs is one business day.

Progress continues in the adaptation of digital channels, with simplified language and views on web pages and mobile applications by around 90% in the first half of 2023.

In the first half of the year, more than 277,000 customers over 65 years of age have received financial, digital and/or fraud prevention training. In addition, progress has been made in the training of employees in the sector to offer care more adapted to the older group, so that, during the first six months of the year, the number of trained employees exceeds 36,800 and the number of hours of training has amounted to 248,000, with the aim of reinforcing the effort already made throughout 2022.

Following the signing of the Protocol, the figure of senior advisor has been consolidated among some of the entities. In June 2023, more than 3,900 employees have been reported with this specialization aimed at better meeting the demands and needs of the elderly.

The banking sector thus reaffirms its commitment to permanently improve service to all its clients, especially the senior group, to which specific measures were already dedicated, such as advancing pension collection, physical and digital accessibility programs, or the implementation at your disposal of offices of non-financial entities to carry out various operations in municipalities without a branch, among many others.

Another challenge that derives from a social problem is that of depopulation in Spain, which also affects the provision of all types of services in our country. The banking sector, in line with its social commitment, is aware of this situation and continues to strengthen financial inclusion in these areas by working closely with the Ministry of Economy, Commerce and Business to agree on a new framework of commitments with rural Spain, articulated with full respect for competition regulations.

The employers' associations of the AEB, UNACC and CECA sector presented a roadmap to reinforce financial inclusion in rural areas, with the aim of ensuring an adequate provision of face-to-face financial services for 100% of the Spanish territory. The main agreed measures were the following:

- In those municipalities with more than 500 inhabitants where there is no in-person access point to financial services, the commitment is made to guarantee service through a bank branch, an ATM, a mobile office or a financial agent.
- In municipalities with less than 500 inhabitants, in addition to the previous solutions, cashback or cash-in-shop alternatives may be proposed for cash withdrawal through state-of-the-art point-of-sale (POS) terminals, so that can even increase their benefits in the medium term and provide access to a greater number of services.

The information regarding accessibility to financial services in Spanish municipalities is based on the “Report on financial inclusion in Spain”, prepared by the IVIE and which has received several updates.

- Of the 8,131 municipalities in Spain, if we take into account the offices, ATMs, financial agents, buses, the network of Post Offices, the network of shops where it is possible to use cash back, the number of municipalities without access to banking services is 2,797 (34.4%) and 494,916 inhabitants reside there (1% of the Spanish population). 74.6% of this excluded population resides in municipalities with less than 500 inhabitants.
- If we focus on the 243 municipalities with more than 500 inhabitants that in 2021 did not have an access point (211,000 people), in 2023 we observe that 65% of the 243 already have an access point available. There are a total of 158 municipalities in which 137,000 people live. To this figure it will be necessary to add, in a short time, 20 new municipalities in which ATMs are already being installed, which will place the degree of coverage achieved above 70%.
- In another 49 municipalities there are processes underway (bilateral talks, agreements, public tenders, etc.) to create an access point.
- The completion of these processes will allow reaching 93% coverage.

Likewise, the sector has a firm commitment to guaranteeing the inclusion of people with disabilities. This is the response to the agreement signed in July 2023 with the State Attorney General's Office and the Bank of Spain, to guarantee the autonomy of people with disabilities in relation to banking services and products. The agreement establishes the channels for banking practice to adapt to the new legal treatment of disability established by legislation (Law 8/21), which encourages people with disabilities to make their decisions autonomously and aims to collaborate in the progressive promotion of the necessary adaptations so that they can operate on their own in the banking field, including, among others, information in accessible language.

The agreement also provides for the constitution of a stable working group within which the role to be played by the new support figures recognized by the disability law will be studied and the practical issues arising from its application will also be analyzed, combining them with the legal security that banking activity requires.

International activity: WSBI/ ESBG

From a global perspective, it highlights the importance of the representative role of the World Savings and Retail Banking Institute (WSBI), as well as the strong links it maintains with CECA, given that both institutions contemplate common values, as shown by the fact that both are chaired by Isidro Fainé. This institution brings together 96 members, representing 71 countries, which have more than 1.4 billion clients and more than 13 trillion euros in assets. WSBI has a strong position in favor of inclusive, fair and equitable globalization and supports international efforts to improve access to inclusive finance.

In 2023, WSBI held an important event in Colombia, the International Meeting of Retail Banking Leaders, which brought together leaders of the retail banking sector from all geographic areas, international organizations, credit institutions and companies in Latin America under the title “Global trends in financial education, cybersecurity and sustainable finance”.

The meeting became an excellent opportunity to promote the exchange of knowledge and good practices between representatives of WSBI entities from all over the world, international organizations, credit institutions and companies from Latin America, also counting on representation from CECA, where they participated Isidro Fainé, president, and José María Méndez, CEO.

Financial inclusion, the promotion of sustainable finance, innovation, the use of digitalization to promote closeness to the client and the reinforcement of solvency in the Basel IV framework were the priorities set for the coming years for the WSBI community that were made evident at the aforementioned summit.

Another development that represents a step forward for the WSBI towards a more committed and socially conscious approach in the global financial landscape has been the recent decision to create the new WSBI Social and Philanthropic Council, adopted within the framework of the WSBI Board of Directors, which was held last October in Marrakech.

The main functions of the new Council will be to lead and promote the social work carried out by the members of the WSBI, giving visibility to actions in the social field, reinforcing their role, and at the same time promoting the exchange of experiences and knowledge, and promote cooperation between members to develop joint initiatives. WSBI members dedicate \$2.8 billion annually to social work and corporate social responsibility around the world. Isidro Fainé, president of CECA and WSBI, has been appointed as president of this forum.

On the international agenda, the annual meetings of the International Monetary Fund and the World Bank, held in Marrakech, which were attended as representatives of CECA, its president, Isidro Fainé, and the corporate director of Associative Services and Resources of CECA and president of the ESBG/WSBI Coordination Committee, Antonio Romero.

In parallel, they attended the WSBI General Assembly and met with entities from the financial sector from all over the world in a new event of the WSBI Scale2Save initiative. This event was organized with the purpose of promoting the reduction of the economic gap that affects women entrepreneurs globally.

In line with this commitment, WSBI has sealed a new alliance with We-Fi (Women Entrepreneurs Finance Initiative), the World Bank's Financing Initiative for Women Entrepreneurs, with the aim of promoting women's business activity, with a special focus on those who live in developing countries.

The collaboration agreement has been signed for five years (2026-2030) and is an opportunity for leaders in the financial sector, including banks, funds, fintech's, regulators and investors, among others, to address female entrepreneurship, key to economic growth, social development and job creation and promote the economic empowerment of women entrepreneurs internationally and reduce the financial inequality faced by 400 million women entrepreneurs.

At the European level, CECA centralizes its representation work mainly through the European Grouping of Savings Banks and Retail Banks (ESBG), with which much of the dialogue with the European authorities is articulated. These contacts are mostly carried out through the Committee of Presidents and Board of Directors, under the Vice-Presidency of Isidro Fainé and with the participation of José María Méndez.

In relation to the various committees and working groups of the ESBG, CECA maintains its representation in all of them. These groups work in all areas of action in the sector and CECA has actively participated in the development of joint positions related to current regulations. Within these groups, CECA holds the presidency of the Prudential and Supervision Committee and the Banking Technology Network.

The ESBG committees in 2023 have carried out monitoring and lobbying actions at the European level on 113 main dossiers, chosen and prioritized by their members, among which the following stand out:

1. **European Retail Investment Strategy** (RIS/CMU- Retail Investment Strategy/ Capital Market Union)
2. **Euro Digital**
3. **Crisis Management and Deposit Insurance Standards** (CMDI- Crisis Management and Deposit Insurance)

CECA hosted two ESBG committees at its headquarters in 2023, such as the Account and Audit Committee and the Banking Technology Committee.

The presidency of CECA is also maintained in the ESBG/WSBI Coordination Committee, which acts as a meeting point to coordinate the associative activity of the European Group and the World Institute and provide guidance on the strategy, work program and priorities of these institutions.

This forum was held within the framework of the Spanish Presidency of the Council of the EU with a meeting organized by CECA and the then Secretary General of the Treasury and International Financing, Carlos Body, with the aim of conveying the priorities of the European banking sector in this period.

During 2023, the Cecabank Representative Office in Frankfurt has continued to contribute to supporting CECA's activities within its institutional representation action with regulators and supervisors. Of the main events held, it is worth highlighting the 5th Banking Supervision Forum organized by the ECB and the 33rd Frankfurt European Banking Congress (Frankfurt EBC).

Corporate events

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

In the context of sectoral cooperation, the banking associations CECA, AEB and UNACC, in collaboration with Sepblac, have organized, for the sixth consecutive year, the Sectoral Conference on the Prevention of Money Laundering and the Financing of Terrorism (PBC/FT), which brings together leading experts from the banking sector, supervisory organizations and regulatory authorities, with the aim of promoting dialogue between the private sector and the public sector on this matter.

The event was attended by representatives of practically all of the credit institutions participating in the organizing associations, all of them specialized in AML/CFT. In this new edition, the focus has been on updating regulatory developments, the latest risk typologies, the supervisory approach and other current issues, such as the impact of international financial sanctions and Spain's candidacy to locate Madrid as its headquarters. of the new European Anti-Money-Laundering Authority (AMLA), which is supported by the sector.

As a notable sector event and on the occasion of the 50th anniversary of the Legal Advisers Conventions, CECA held a two-day meeting at its headquarters in the that associated entities, sector authorities and representatives of the Judiciary and the Prosecutor's Office met with the purpose of discussing and reflecting on current issues.

The first Convention of Legal Advisors took place on December 6, 1973 and established itself as a professional meeting forum for the CECA sector. Years later, now well into the 21st century, this forum has established itself as a point of reference for the financial sector in the legal field.

CECA has expressed its satisfaction with the success of the events commemorating the 50th anniversary of the Legal Advisers Conventions and wanted to thank all the participants for their valuable contribution to the discussion of the legal and financial challenges facing the banking sector in Spain.

Promotion of the work of the banking sector in the economy and society

Communication of the role of the banking sector in economic development and promotion of growth is another of the axes of CECA's activity. This is the purpose of the information initiative on the banking sector to promote its understanding by society, developed together with AEB on the main Spanish radio stations: "The banking sector with you".

On the other hand, CECA maintains different communities active on social networks with updated information about the sector, focused on disseminating the activity of its members and promoting the mission they carry out through their financial activity and their Social Work.

The entity has a presence on Twitter through the corporate profile “CECA” (@sectorceca) with more than 4,700 followers and LinkedIn “CECA. Banking Association”, achieving institutional presence in this relevant social network with more than 4,800 followers.

CECA has an official informative channel on YouTube. The association also has the Twitter profile of the Spanish Network of Financial Education (@redufinanciera) with more than 2,600 followers, focused on the exchange of knowledge and experiences in matters of financial culture.

Cooperation forums

The Coordination Committee is the main internal supervisory body of the associative activity, in its double aspect of sectoral representation and promotion of cooperation and is the catalyst and promoter of the collaborative activity of the entities adhering to CECA.

Through this forum, the defense of their common interests is channeled and enhanced, and cooperative projects are promoted. In addition, it serves as an observatory to deepen the strategic vision anticipated in the regulatory analysis.

Two committees depend on this associative body, the Technology Committee and the Regulatory Projects and Payments Committee. Networks specialized in various areas of banking activity depend hierarchically on these committees, with the Planning and Studies Network having been created this year.

In this exercise we highlight the following blocks of activities and projects:

- **Monitoring and implementation of the regulatory agenda:** the year 2023 has focused on supporting entities in the process of adaptation to sustainability requirements, developing an observatory to collaborate in the adaptation to the EU taxonomy and supporting entities in the ESG (environmental social and governance) reporting requirements as well as in the process of integrating climate and environmental risks in the ICAAP (Internal Capital Adequacy Assessment. Process). In the field of technology, work has been done to comply with the principles of RDA (Risk Data Aggregation) in DORA (Digital Operational Resilience Act) to update the management framework and supporting entities to prepare the cyber stress test of ECB. In the area of payment regulations, the monitoring of the payment legislative package (Immediate Payments Regulation, Payment Services Directive 3, Payment Services Regulation and FIDA- Financial Data Access) stands out. In addition, this year a payments Newsletter has been launched, bimonthly, in order to improve the information service to associates.
- In terms of **fraud prevention**, the actions carried out with the telecommunications sector to prevent smishing and vishing events stand out.
- **Management of work groups for cooperative scope projects.** The coordination of the working groups is carried out on the monitoring of the Code of Good Practices in the guaranteed financing of the ICO and the impacts on the materialization of the digital euro project in its research and preparation phase. Within the ECB, the cooperative project to consolidate the TARGET wholesale payment system platform was completed on March 21, with the integration of T2 and T2S.
- We continue to work with public administrations to develop services in which members act as **collaborating entities** in the collection and payment of benefits. 50 operational circulars have been published to regulate current services, promoting the development of thematic channels to facilitate communication procedures between citizens and administrations.

This year, the development of a sector project is relevant to analyze and quantify the sector cost of the operational relationships that the CECA sector has as collaborating entities with the Public Administrations (State Tax Administration Agency -AEAT-, General Treasury of Social Security -TGSS-

, State Public Employment Service, Autonomous Administration, Local Administration, General Council of the Judiciary -CGPJ- and Police), with two visions:

1. Analyze the evolution of the service over the last 17 years and
2. Perform an analysis of the current situation. The total cost of collaboration has been reduced by 11% compared to the last report in 2016, despite the increase in the volume of operations by 74%. This has been possible thanks to the migration of manual operations towards automation.

In 2023, through the forums with the organizations, various operational projects have been launched, such as the establishment with the TGSS of an automated procedure to collaborate in obtaining information and seizure of payments made through POS (Terminal Point of sale). With the CGPJ, the NIF consultation service for the different financial products associated with the client has been put into production, through a web service. And with the AEAT, work is being done to incorporate BIZUM in the payment of taxes and fees through electronic commerce.

Furthermore, within the Coordination Committee, a strategic reflection on CECA's associative activity has been carried out, which has led to the preparation of a working document called “Associative Services Plan”, which encompasses the priorities of CECA's activity. from the associative point of view, accompanied by the main lines of action to be undertaken in the next two years. The pillars on which this plan is framed with their corresponding key objectives are the following:

1. Enhance interaction and transparency with associates.

- Strengthen the Coordination Committee, its dependent committees and networks and improve perceived quality.
- Increase the participation of associates and the transparency of advocacy actions.
- Promote cooperation projects.

2. Promotion of the representation of interests.

- Increase CECA's capacity to influence internationally.
- Increase the support of Funcas and the CECA Studies service to advocacy action.
- Promote coordination with other associations in initiatives where there is a unique position of the industry.

3. A sector connected to society.

- Promote the dissemination of the social function of CECA entities.
- Actively collaborate to address the social challenges of the 21st century (aging, climate change, inequality and depopulation).
- Promote knowledge of the Social Work of the CECA sector.

II. Economic and regulatory analysis

Regulatory monitoring:

CECA carries out continuous monitoring of the regulations that affect Spanish credit institutions and especially the member entities, to which it provides the service of regulatory analysis and monitoring and representation of their interests before the European and national authorities. To do this, it relies on different Committees, Networks and Working Groups made up of representatives of the participating entities. The main regulatory milestones for 2023 are detailed below:

- In the **prudential** area, the negotiation of the banking package (modification of the capital requirements framework -CRR/CRD-) and the details of the agreement, reached at the end of the year, which will allow the implementation of the finalization of Basel III in the EU and the introduction of changes in sustainability and supervision from 1 January 2025. In addition, attention has been paid to the developments of the Basel Committee on Banking Supervision (BCBS) in matters of prudential treatment and disclosure of cryptoassets and disclosure of climate-related financial risks in Pillar 3.
- In relation to the **resolution framework** for credit institutions, the European Commission presented in spring the legislative package on crisis management and deposit insurance (CMDI) which proposes the introduction of modifications to the Institution Restructuring and Resolution Directives (BRRD) and Deposit Guarantee Schemes (DGSD). Since then, the main concerns of the sector have been conveyed to the co-legislators, through participation in the public consultation process, the preparation of proposals for amendments and in various meetings. In addition, the work of the Single Resolution Board (SRB) related to the minimum requirement for eligible liabilities (MREL) policy and the contribution regime to the Single Resolution Fund and its future have been monitored, and meetings have been held with their representatives.
- In the **retail field**, the year 2023 has been marked by two relevant milestones for the sector, the completion of the processing (and publication) of the new Consumer Credit Directives (CCD) and distance marketing of financial services intended for consumers (DMFSD), and progress in the negotiations of the legislative package for the prevention of money laundering and the financing of terrorism (AML package), which, among other aspects, will establish a new European authority (AMLA). At the national level, attention has been paid to the processing of the Bills on customer service (SAC) and the creation of the Independent Administrative Authority for the Defense of the Financial Client, which fell due to the call for elections, although this The latter was taken up at the end of the year by the new Government through the presentation of a Draft Law that was submitted to the public hearing process and in which CECA has actively participated. In addition, the consultation of the Bank of Spain's Transparency Guide project **on revolving credit** has been reported.

In **mortgage matters**, it is worth highlighting the expansion of the 2022 Code of Good Practices to extend its subjective scope to clients with incomes of up to 4.5 times the IPREM (about 37,800 euros). In this way, a greater number of clients with difficulties in facing the increase in the interest rate of their mortgage loans due to the rise in Euribor will be able to benefit from the measure of extending the term by up to 7 years, eliminating or minimizing the increase in their monthly fee.

On a more operational level, intense work has also been done to ensure the participation of the banking sector in the **lending phase of the National Recovery, Transformation and Resilience Plan**, which will be implemented mainly through mediation lines managed by the ICO, for a joint amount of nearly 20,000 million euros. The fundamental aspects of these lines were agreed at the end of the year, and their implementation is taking place in the first half of 2024, with the signing of the agreements with the ICO and the technical adaptations necessary to use the new IT platform.

- Regarding the regulations related to the functioning of **securities markets**, the main file that has guided activity during 2023 has been the legislative package on the retail investor strategy (RIS), presented by the European Commission in May, with the which proposes to modify the regulations on financial instrument markets (MiFID II), insurance distribution (IDD), collective investment undertakings (UCITS), alternative fund managers (AIFMD) and packaged and insurance-based retail investment products (PRIIPs), and introduce aspects with relevant impact for the sector, such as the concept of “value for money” for the pricing of financial products, the development of reference indices based on the cost of the product and the partial prohibition of the incentives. Given the importance of this file, at CECA we have worked intensely to convey to legislators and competent authorities the main concerns of the sector, through participation in the public consultation process, the preparation of position reports and proposals for amendments and meetings. Other issues that have been followed up have been the proposed amendments to the Alternative Investment Fund Managers Directive (AIFMD), the Benchmarks Regulation (BMR), and the Prospectus Regulation (Listing Act). At the national level, 2023 has been marked by the processing and publication of the Securities Markets and Investment Services Law (LMVSI) and its implementing regulations, and the monitoring of regulatory developments related to **investment plans and funds pensions**.

- In the field of **sustainability**, the processing of various legislative proposals has been followed with special attention due to their potential impact on the sector and the novelty of the regulated issues. At European level, the proposals for Directives on Corporate Sustainability Due Diligence (CSDDD) and on Energy Efficiency of Buildings (EPBD) stand out, regarding which the co-legislators reached a provisional agreement at the end of the year, as well as the Regulation on Deforestation, which left the financial sector outside the scope of application, although subject to a future evaluation, and the European Green Bond Regulation (BVEu) that establishes the criteria that must be met for their designation as such and regulates a new figure, that of checkers. In addition, the questionnaire for the review of the Sustainable Finance Disclosure Regulation (SFDR) that will be undertaken by the new European Commission resulting from the 2024 European elections has been analyzed, as well as the developments of the EFRAG in relation to the design of the European Sustainability Reporting Standards (ESRS) and the work of the Sustainable Finance Platform related to the extension of the taxonomy to new activities. At the national level, we have participated in the stakeholder consultation processes of the Royal Decree project that develops the sustainability reports derived from the Climate Change Law, the Draft Law on **equal representation** of women and men in decision-making bodies, and the Draft Law for the transposition of the Directive on the presentation of sustainability information by companies (CSRD).

- In relation to **digital finance**, the processing of the Regulation relating to cryptoasset markets (MiCA), which was published in May, and the regulatory developments of both the Regulation on the digital operational resilience of the financial sector (DORA) have been monitored.) and MiCA, which are being prepared by the European Supervisory Authorities, as well as the proposed Regulation on the Financial Data Access Framework (FIDA) (see next paragraph). Another file of special relevance for the sector is the proposed Regulation for the establishment of the digital euro, which the European Commission presented in summer, and which aims to provide legal support for a possible issuance of the digital euro. Therefore, in addition to participating in the public consultation process, attention has been paid to the ECB's work corresponding to the investigation and preparation phases (the latter began in November). In fact, in June 2023, a position document from the Spanish banking sector (AEB/CECA/UNACC) was published, sent to the authorities, which states that Europe must be prepared for the issuance of the digital euro, but with a prudent approach to the significant impacts for credit institutions and financial stability.

- In the field of **payments**, at the European level the work that has been carried out on the payments legislative package stands out, made up of different legislative proposals. On the one hand, the proposed Regulation of immediate payments, whose processing will culminate with its publication

at the beginning of 2024, and which aims to encourage the adoption of immediate transfers and promote innovation and security within the European framework. On the other hand, the following legislative proposals presented by the European Commission in June: the proposal for a Directive on payment services and electronic money services in the internal market amending Directive 98/26/EC (PSD3); the proposal for a Regulation on Payment Services in the Internal Market (PSR), which sets out the rules applicable to payment service providers in relation to access to services, their rights and obligations, payment security and transparency of transactions; and the **proposed Financial Data Access Regulation (FIDA)**, which seeks to establish a framework to regulate the access and use of customer data (business/business and business/consumer) across a wide range of financial services.

At an operational level, the developments of the new SPAA (SEPA Payment Access Account) scheme have been closely followed to accommodate the open banking initiative that may affect the sector in the future, as well as the migration of the current SEPA payment schemes. SCT (transfers), SCT Inst (immediate), SDD Core and SDD B2B (debits) to the 2019 version of the ISO 20022 standard, which has been postponed to March 17, 2024.

- In the **fiscal field**, it is worth highlighting in relation to the temporary tax on credit entities and financial credit establishments, the extension of its application to the year 2024, through Royal Decree-Law 8/2023, of December 27, by which measures are adopted to address the economic and social consequences derived from the conflicts in Ukraine and the Middle East, as well as to alleviate the effects of the drought.

In addition, the future review of the tax is contemplated for its permanent integration into the tax system and its agreement with the Autonomous Community of the Basque Country and with Navarra.

In this regard, it is worth noting the intense activity carried out by CECA since the announcement of this measure, in July of last year. The management of said activity has been carried out from a technical point of view within the Tax Commission (a committee that periodically brings together the directors of the tax consultancies of the entities associated with CECA), in coordination with the AEB.

Likewise, it is worth highlighting the negotiation with the Tax Administration of a new prior valuation agreement for remuneration in kind derived from the granting of loans to employees at preferential rates, for the years 2024, 2025 and 2026.

On the other hand, it has been monitored other important legislative initiatives, such as that relating to the **international tax reform** that has materialized through Pillar I and II.

Finally, it is worth highlighting the study on the fiscal contribution of the CECA sector in 2022 carried out by an independent expert. The aforementioned study indicates that the tax contribution of the entities participating in CECA amounted to 5,321 million euros in 2022, with a growth of 1.4% compared to 2021, the highest figure recorded over the seven consecutive years in which that this report has been produced. In this regard, it should be noted that the total tax rate of the CECA sector rose to 38% in 2022, and the total rate to 44%, increasing by a further 7% in both cases if the new tax on taxes had been taken into account in said year.

Finally, to carry out the task of monitoring regulatory initiatives, CECA publishes the Regulatory Panorama report, which summarizes the most notable aspects of the national and international agenda on a monthly basis. Likewise, it makes its financial regulations database available to its entities, which includes all the legislation applicable to credit institutions and regulatory projects. A report is also prepared every six months on the evolution of the sector, called Regulatory and Financial Evolution of the CECA Sector, which is sent to the main national and international agents.

Economic and Financial Analysis:

CECA carries out in-depth and continuous monitoring of the economic and financial framework, both nationally and internationally, placing special emphasis on the banking context, in order to offer its member entities a global and updated vision of the environment in which they operate they unwrap.

With this objective, the Economic and Financial Report is prepared monthly, in which a detailed analysis of the international and national economic situation is carried out, and the evolution of the financial markets, as well as a monitoring of the main business variables of the companies. Spanish deposit institutions. In fiscal year 2023, in the macro-financial sphere, the focus has remained on the evolution of inflationary pressures and their impact on monetary policy.

From the point of view of the banking business, various analyzes have been carried out on the impact of the rise in interest rates on the payment capacity of households and companies, and in particular on mortgage loans. In another vein, after the crisis of medium-sized banks in the United States and its subsequent contagion to Swiss banks, the analysis of interest rate and liquidity risk management has gained special relevance.

The financial information is complemented quarterly with the CECA Sector Results Report, which details the evolution of the aggregate income statement of the member entities. This year, the improvement in the profitability of the sector stands out, driven by the positive impact of the rise in rates on the interest margin.

On the other hand, monographic reports are periodically prepared that focus on matters most relevant to the member entities, highlighting the credit report to the private sector and the solvency report. The first analyzes the recent evolution of financing to the private sector, placing special emphasis on the impact of the rise in interest rates on the conditions of supply and demand for loans and on credit quality. The second analyzes the changes in the composition of capital and risk-weighted assets in the last year and makes a comparison of the capital levels of Spanish entities in relation to those required by supervisors (Supervisory Review and Evaluation Process, leverage and Minimum Requirement For Own Funds and Eligible Liabilities).

Within the framework of European banking supervision, a comparative analysis of the main European banking systems and the entities that comprise them is carried out on a regular basis, through the preparation of specific studies such as the report on the EBA's transparency exercise. The 2023 report analyzes the evolution of comparative profitability and especially the interest margin. Likewise, a comparative analysis of the unrealized losses of the fixed income portfolio at amortized cost is included, in line with the greater concern of the European supervisor on these issues.

In parallel with the preparation of reports and presentations, CECA publishes quarterly on its corporate website the public financial statements of each and every one of the member entities, both individual and consolidated.

Annually, CECA prepares the **Statistical Yearbook**, which compiles information on governing bodies and basic financial data of all member entities.

Another of the services provided to associated entities consists of the collection of accounting information at an individual level, to proceed with its aggregation, and subsequent sending in the form of aggregated financial statements, or with a more specific management format such as Financial Information Flashes.

Likewise, CECA distributes to member entities the aggregate statistical information related to balance sheets, income statements and offices that it regularly receives from the Bank of Spain. In this sense, CECA carries out relevant and continuous work of dialogue and representation of the interests of our member entities before the Bank of Spain, to improve the dissemination of sectoral statistics and which serves as a basis for the analysis of the financial sector, both individual and consolidated level.

CECA holds semi-annual meetings with those responsible for Planning and Studies of the member entities, within the scope of the new Planning and Studies Network, to jointly analyze the recent evolution and prospects of the banking business in our country. As a result of these meetings, a forecast panel of the main business variables of the sector is prepared.

Since 2021, a **digital benchmarking** has been prepared every six months in which the majority of participating entities participate, in order to offer a six-month diagnosis and monitoring of the penetration of digital banking (customers, channels, payment methods and sales).

III. Social Investment:

Social Work Report:

In 2023, the Social Work Report was published with the data from the previous year, in addition to a triptych that included a summary of the main figures (both in Spanish and English versions) as well as a video summary of said Report, to disseminate and highlight the activity of Social Work and the effort made by the foundations and savings banks integrated into CECA.

According to data collected in this Report, published in April 2023, the investment in Social Work of the CECA entities amounted to 800.16 million euros, 2.8% more than the previous year, which is once again within the head of private social investment in Spain. This endowment allowed more than 72,000 activities to be carried out, which have benefited more than 32 million people, especially the most vulnerable groups.

Since the approval of Law 26/2013, on Savings Banks and Banking Foundations, the Social Work of the entities in the CECA sector has invested close to 7,000 million euros and has carried out more than 849,000 activities, which represents an increase since 2014 of 12.71%.

The Social Work of the CECA entities has demonstrated again this year its essential role as an irreplaceable lever for social, cultural and economic progress, as well as a complement to the programs of public administrations and within the framework of the welfare state. All of this has been possible thanks to the efforts of the entities that carry out Social Work, which, due to their closeness to the community, collaboration, capacity for adaptation and capillarity, have been able to detect the needs that are demanded at all times to reach those who they need it more.

Welfare Projects develops its activity in several areas that try to cover all segments of the population, focusing especially on vulnerable groups.

- During 2022, the Social Action area has received the greatest investment, 313 million euros (39% of the total), which has generated more than 20,500 activities around assistance, health and well-being, inclusion, soup kitchens and volunteering.
- The Education and Research area, with an investment of 219 million euros (28% of the total) and 12.4 million people benefiting, has placed second. Through this area, entities promote progress and innovation with training, education, research and scientific dissemination and R&D programs. In addition, it supports financial inclusion by providing a global service and promoting access to financial services for all groups, especially the most disadvantaged.
- In 2022, the Culture and Heritage area has had a provision of 153 million euros (19% of the total) and the Local Development and Job Creation area has reached close to 81 million euros (10% of the total), intended for local development programs, support for the business community, promotion of employment and entrepreneurship, among others.

- Finally, more than 34 million euros were allocated jointly to Sports, Leisure and Environment (4% of the total). Sport is full of examples of dedication, effort and improvement, values that Obra Social shares. Furthermore, the CECA sector has a strong commitment to sustainable development, for which it collaborates with different organizations, encourages the use of sustainable products, services and investments, and carries out activities to conserve natural environments.

- Throughout 2022, Social Work programs focused on the most disadvantaged groups and benefited more than 13.68 million children and young people; 1.76 million people at risk of social exclusion, more than 1.07 million people over 65 years of age, 671,678 people with special needs and 133,396 entrepreneurs.

Finally, Social Work places the 2030 Agenda at the center of its activity, decisively supporting its advancement and implementation and contributing to the Sustainable Development Goals (SDGs). Thus, investment in Social Work of the CECA sector has continued to be present in the 17 SDGs and has joined forces to help reinforce those whose issues required greater attention from Spain such as poverty, health and well-being, decent work and economic growth. industry, innovation and infrastructure, reduction of inequality or zero hunger, among others.

We continue to be surrounded by a scenario of complexity and uncertainty, accompanied by geopolitical, technological and climatic changes, which are redesigning the international board and generating more instability. It is in these moments when Social Work must continue to be at the side of people, especially those who need it most, with the aim of achieving a more just and inclusive society. To achieve this, the entities associated with CECA have put into operation all the economic and human resources at their disposal.

During 2023, the **Foundations and Social Work Commission** took place, as a statutory and consultative body that brings together the representatives and managers of the associated foundations, as the main forum for the exchange of experiences, cooperation and study on Social Work. In this Commission, which was held in April 2023, an assessment was made of the activity carried out in Social Work in 2022, in addition to establishing the main future lines of work.

CECA has organized several meetings of the Executive Committee of Social Work and Foundations in 2023. In these meetings, the main lines of work have been presented, according to the needs of the managing entities of the Social Work. Thus, during this year, the importance of alliances has been highlighted as a key element for the development of future activities, the exploration of new avenues of income and the first steps have been taken to create several working groups, such as the of cultural content or updating the sectoral memory.

Disseminating all the work carried out in the field of Social Work is key and to achieve this CECA relies on various communication actions (podcast with foundations; tribunes; pills on Social Networks and publications in regional media), launch of the report and annual video and the celebration of the CECA Awards for Social Work and Financial Education, which recognize the great work carried out by the associated entities, and which also obtain great media coverage.

Thus, in November 2023, a new edition of the CECA Social Work and Financial Education Awards for 2022 projects was held, with the aim of recognizing and disseminating the most relevant initiatives for their commitment to society and the improvement of culture financial. With a total of 71 projects presented, a total of 22 awards were awarded in ten categories, twelve for Social Work projects and eight for Financial Education projects, along with two special awards in these same areas.

In the area of Social Work, the award categories were the following: Social Action, Culture and Heritage, Sports and Leisure, Local Development and Job Creation, Education and Research, and Environment. Regarding Financial Education, the established categories were: Children and Young People (0-25 years),

Adults (26-65 years), People over 65 years of age and Entrepreneurs. Finally, a special jury prize was awarded in each area.

For the first time this year, CECA, in collaboration with the World Institute of Retail Banks and Savings Banks (WSBI), has promoted an honorary award whose purpose is to recognize and highlight social initiatives with an international track record developed by entities associated with WSBI. On this occasion, the award was granted to the Grupo Social de Colombia Foundation. This institution, with more than one hundred years of history, stands out for its contribution to overcoming the structural causes of poverty in Colombia and its contribution to the construction of a just, supportive, productive and peaceful society.

The award-winning projects were chosen by an independent jury, whose members include renowned experts from the Ministry of Economic Affairs and Digital Transformation, Bank of Spain, National Securities Market Commission, Fundación Lealtad, Spainsif, Complutense University of Madrid, Institute of Salud Carlos III, Funcas and El Confidencial.

The CECA Awards have been held annually since 2013 with the aim of highlighting the effort and commitment of the entities that carry out Social Work through their projects for society and especially for the most vulnerable groups.

Financial Education:

The entities associated with CECA develop programs that promote the improvement of financial culture throughout society as a key pillar for the stability and economic and financial development of families.

This commitment to society is more necessary in the current context, in which financial education has become an essential tool to empower citizens, who must face a changing reality, a consequence of digitalization and the uncertainty of last years.

This is a commitment that CECA and its associated entities have assumed since the first Financial Education Plan was signed in 2008. This Plan, promoted by the Bank of Spain, the National Securities Market Commission (CNMV) and the Ministry of Economy, Commerce and Business, continues under a new edition that covers the period 2022-2025.

CECA and Funcas have published in 2023 the **Executive Report on Financial Education 2022**, a report on the activity carried out by the CECA sector in financial education, both with the Funcas Educa Program and through its own funds. According to data from this report, CECA, its associated entities and its foundation, Funcas, invested more than 2.23 million euros during 2022 to promote 122 programs, aimed at strengthening financial education in Spain. Of this investment, 1.5 million euros came from the Funcas Educa program, whose allocation for the 2023 call has amounted to 1.8 million euros. During this period, more than 13 million impacts were recorded, between in-person attendees and digital accesses, in 4,227 activities, aimed at audiences of various ages and specific groups.

- By age, in 2022 59% of the investment (1.32 million euros) was allocated to projects aimed at those under 25 years of age. Specifically, 6.6 million impacts belonged to the childhood and youth group. In parallel, 25% of digital accesses and in-person attendees belonged to the senior public with more than 3.2 million impacts.

- The CECA sector's commitment to the most vulnerable people is part of the DNA of all its projects. Proof of this is that more than 1.25 million euros were directed to specific groups that represented more than 9.3 million impacts. By group, 36% of the investment was allocated to training programs for entrepreneurs, followed by people with special needs (31.67%) and people at risk of social exclusion (31.62%).

- Among the themes that received the greatest investment, the following stand out: savings, spending and budget (27.7%); sustainability, digitalization and cybersecurity (16.2%); investment products and services (15%); insurance (11.2%); banking products and services (10.41%); and entrepreneurship, SMEs, the self-employed and the rural world (8.1%).
- In the last five years, the accumulated investment allocated from the CECA sector to the improvement of financial culture has reached 15.37 million euros, of which 10.9 million correspond to the 'Funcas Program to Stimulate Financial Education (Funcas Educa)'. This program allows entities attached to CECA, either directly or through their linked foundations, to promote projects already underway or new ones to meet the needs detected in society, which consolidates the CECA sector as the largest investor in financial education in Spain.

Within the framework of the Financial Education Plan, CECA supports the initiatives proposed by the promoters of the Financial Education Plan and its Finance for All brand. An example of this is the celebration of Financial Education Day, where CECA carries out work to promote this meeting, coordinating with its member entities the activities that are carried out throughout the national territory, since its first edition in the year. 2015. In 2023, with the motto: "Inclusive finance, finance for all", the focus was on training in digital skills to promote equal access to financial services, regardless of age or where the population resides.

As part of their DNA, and thanks to their capillarity, the entities of the CECA sector promote activities throughout the national territory throughout the year, which are especially promoted during Financial Education Week: round tables and conferences, sessions training, competitions and transversal projects in which volunteers from the banking sector collaborate in favor of more inclusive finances.

Likewise, CECA continues to work on its commitment to the dissemination of financial education and its support for vulnerable groups, such as the elderly. Proof of this has been the launch of the financial education play for seniors "Las cosas Fácil" with funds from Funcas Educa and in collaboration with its associated entities and Blanca Marsillach's company (Varela Producciones).

The objective of this play has been to contribute to improving the level of financial education in the elderly through a theatrical performance and a subsequent interactive workshop. This project was developed from October to December 2023 and the representations reached territories such as: Ontinyent, Salamanca, Málaga, Fuente de Cantos (Badajoz), Trujillo (Cáceres), Córdoba, Bilbao, San Sebastián, Vitoria, Huesca, Madrid, Cuéllar (Segovia), Guadalajara, Zaragoza, Logroño, Ferrol and A Coruña.

The premiere took place in Madrid on October 26. Since then, 18 functions have been carried out in coordination with banking entities and foundations in the sector, along with an informative workshop, with the aim of promoting the financial skills of the elderly. In total, around more than 4,000 people attended, belonging to more than 50 senior centers in the territories in which the performances were held.

At an international level, CECA promotes financial education in those institutions of which it is a member, such as the European Grouping of Savings Banks and Retail Banks (ESBG) and the World Savings Banks and Retail Banks Institute (WSBI). With them he has participated in different forums, such as the conference organized by ESBG in October 2023 and titled "Financial Education Conference: A vital tool for the next generation" as well as in the celebration of World Savings Day, which takes place every year on 31 October.

As a member of the OECD International Financial Education Network (OECD/INFE), CECA, together with its associated entities, participates in coordination with the Bank of Spain and the Securities Market Commission, in the celebration of Global Money Week, whose objective is to raise awareness among young people about the importance of finances through activities held worldwide and related to this subject.

Likewise, CECA, as a member of the Global Compact, contributes with its work in financial education to promoting the 17 Sustainable Development Goals (SDGs) through its support for: quality education, decent

work, economic development, reduction of inequalities, gender equality, through the empowerment of society, especially the most vulnerable groups.

Sustainability

In terms of sustainability, we face a major challenge. The objective is neither more nor less than to undertake a structural transformation of the economic system, to adopt a productive model compatible with the preservation of the environment. The magnitude of the challenge requires the contribution of everyone and the financial system is at the forefront of this change by channeling capital flows and promoting public-private collaboration.

A very ambitious path has been taken since it began in 2018 with the Action Plan to finance sustainable development published by the European Commission, which was a turning point, and which throughout these years has been accompanied by numerous regulatory developments that affect not only the sustainability departments of the entities, but also transversally to the entire organization. Entities are working to incorporate environmental, social and governance (ESG) criteria into their policies, management models, corporate governance structures, risk management and even into their corporate strategies.

The **CECA Sustainability Network** is made up of Sustainability experts from the associated entities and has held several meetings during 2023, in order to work in a coordinated manner on the main issues on the national and international agenda. Given the transversality of ESG issues within organizations, the CECA Sustainability Network has included directors and managers from different areas in its meetings, conferences and seminars, such as Regulation, Risk, Social Work and Financial Education.

In these work sessions of the Sustainability Network during 2023, aspects such as the monitoring of cooperation projects, progress in agreements, initiatives or issues of relevance to the sector, monitoring of European and national regulations, which have implied new obligations to the financial sector for the year 2023 and beyond. Additionally, presentations have been made on current topics of interest to the Sustainability Network.

Collaborative work at CECA is key to taking on the great challenge posed by sustainable finance. To this end, work sessions are held with other employers' organizations to learn about best practices and apply common methodologies. An example of this has been the preparation of a guide for the calculation of the Green Asset Ratio (GAR) or on the application of methodologies for measuring the carbon footprint of the portfolio, to comply with the commitment made at the Conference of the Nations. United Nations on Climate Change (COP25), held in Madrid in December 2019, "Spanish Banks Collective Commitment to Climate Action".

In 2019, CECA, together with other main associations in the sector (AEB, Inverco, UNACC and UNESPA), created the Center for Responsible and Sustainable Finance (FINRESP), within the framework of the United Nations program to create financial centers for sustainability (FC4S). that promote green and sustainable finance, supporting the identification of good financial practices and seeking innovative formulas and solutions.

In 2023 CECA assumed the presidency of FINRESP through our general director, José María Méndez. During this mandate, which rotates among the member employers' associations for a period of two years, the future lines of action approved by the Executive Committee and under the Technical Secretariat will be led.

In the FINRESP area, in 2023 work has been done on various initiatives fundamentally focused on the creation of content, with 17 articles published on social networks and three articles published on the corporate website "texts with meaning" (focus on financial education week).

Furthermore, last March FINRESP organized its third annual meeting, which included the participation in several discussion tables of top-level personalities from different financial entities, as well as leading

companies in the Spanish productive fabric and the institutional field, highlighting among others the then third vice president of the Government and minister for the Ecological Transition and the Demographic Challenge. During the event, the Second Prize for Meaningful Innovation took place, which aims to recognize initiatives that contribute to the transition towards a sustainable economy.

Subsequently, in November, another event was organized for the presentation of the FINRESP Social Report with the notable participation, among others, of the president of the Economic and Social Council, Antón Costas.

In 2022 and 2023, CECA participated in the sector working group to prepare a Catalog of Regulations on Sustainable Finance. It is a repository of regulations that already exist or are in a period of development, with the aim of knowing the links between them, thus providing the necessary clarity for those people who have a special interest in sustainable finance, but who They are not dedicated or experts in the field of regulatory compliance.

In 2023, the Sustainable Finance Data Observatory of Spain will be fully operational, inspired by the best practices of the network of financial centers for sustainability, which aims to be the first and most complete repository of open sustainable financial information in our country.

Additionally, in 2023 we have continued collaborating with the compilation of the annual survey carried out among the different countries that make up the FC4S centers.

In relation to participation in other international initiatives, in addition to continuing to adhere to the international principles of responsible banking, an initiative in the financial field of the United Nations Environment Program (UNEP FI), CECA is part of the Global Compact and contributes to the development of the 17 Sustainable Development Goals. **CECA has renewed its commitment in 2023 with these initiatives.**

CECA has also promoted and executed several cooperative projects, in some cases independently and in others together with other employers' associations. These projects seek to facilitate our associated entities in the implementation of certain ESG aspects and to share methodologies, work models and solutions.

- In 2023, entities in the CECA sector have been able to participate in initiatives such as the Regulatory Observatory on Sustainable Finance, where monthly workshops are held to update sustainability regulations and their operational impact on the entities is analyzed.
- A counterpart ESG information collection project has been developed, which obtains information on indicators such as taxonomy and carbon emissions. These data are used by entities to comply with the information requirements of regulators or supervisors, as well as for internal counterparty risk management. Additionally, another project has been developed to collect said ESG information from financial entities and comply with the ESG information requirements of the EBA Guide One off fit for 55.
- Identification and integration of climate and environmental risks in the Capital Adequacy Assessment Internal (ICAAP). This initiative seeks to help entities in defining a common methodology to respond to the supervisor's expectations.
- An ESG Ratings project has begun where the different rating agencies are studied to assess the different ratings presented to the entities.
- The project for the preparation of the report on the Climate Change Law has been launched to support entities in the development of a common reporting model.
- CECA has carried out various positioning actions in terms of sustainability in 2023: preparation of the joint AEB and CECA document with the positioning of the entities regarding doubts about the

methodological application in the calculation and dissemination of the Green Asset Ratio (GAR). Both associations and their associated entities have worked on a document to establish common criteria and interpretations. This document is planned to be presented to regulatory and supervisory bodies.

- Meetings with AEB, UNACC, CECA, AHE and Associations of Appraisers to request regulatory changes that allow the incorporation of the Energy Efficiency Certificate (CEE) in appraisals and that can be prepared by appraisers.
- CECA adhered in 2023 to the charter developed by Eurosif, Principles for Responsible Investment (PRI) and Institutional Investors Group on Climate Change (IIGCC) on the delegated acts published by the European Commission on the European Sustainability Reporting Standards (ESRS) and the differences it presents in comparison with the EFRAG recommendations. With respect to the new developments that regulatory bodies have raised regarding sustainability, it is worth highlighting in 2023 that CECA has responded to various public consultations such as the one related to the draft royal decree that develops article 32 of Law 7/2021, of May 20, on climate change and energy transition, or the public consultation on the draft law on information on sustainability.
- On the occasion of his appointment, CECA organized a meeting with the president of the EU Platform on Sustainable Finance, where the agenda was known in detail and the work planned by the platform was discussed.
- Additionally, CECA has monitored the regulatory initiatives underway regarding sustainability and has developed a position on those initiatives that it has considered relevant. For more information, you can consult the chapter: “Economic and regulatory analysis” of this document.

As part of its social work and as support for the most vulnerable people, CECA, together with its member entities, has renewed the Social Housing Fund Agreement with the Ministry of Economy, Commerce and Business for another year, until January 17, 2025. and in which 7,665 homes are contributed, a total of 79.54% of the Fund.

IV. Labour Relations

CECA, as the sector's employer, aims to represent the associated entities that are linked by the Collective Agreement of Savings Banks and Financial Entities.

1. Joint commission to monitor the collective agreement

During the year 2023, the ordinary activity of administration of the collective agreement has continued through the holding of three joint commissions where nine queries formulated regarding the interpretation of the agreement have been analyzed.

2. Agreement to partially modify the collective agreement

On January 25, 2023 CECA and the unions that signed the collective agreement (FINE, CCOO and UGT) reached an agreement to partially modify said agreement to introduce a new article 44 bis called “Plus improvement agreement”, through which the payment of certain amounts to the sector's workforce linked by the collective agreement is articulated to compensate for the pressure that inflation was exerting at that time on the salaries of workers.

Said agreement was registered in the Collective Agreement Registry and was published in the Official State Gazette of March 6, 2023.

3. Completion of the union election process.

In the month of February 2023, the electoral processes corresponding to the union elections took place at Ibercaja Banco and Unicaja Banco, thus completing the election processes for worker representatives.

4. Constitution of the negotiating committee for a new collective agreement.

On October 3, 2023, the unions that signed the collective agreement for the period 2019-2023 (FINE, CCOO and UGT) proceeded to denounce it and promote new negotiations.

Within the legal period of thirty days contemplated by labor regulations, on November 2, 2023, the negotiating committee for the new collective agreement was established, of a joint nature and made up of thirty members.

2. Income statement

	Thousands of euros		
	Actual 2023	Budget 2023	Difference
Net sales revenue	3,342	3,553	(211)
Other income from the sale of fixed assets	1,238	1,228	10
Personnel expenses	(868)	(840)	(28)
Other operating expenses	(16,494)	(16,437)	(57)
Contribution to Funcas	(5,212)	(5,212)	0
Operating profit	(17,994)	(17,708)	(286)
Cecabank Dividend	12,300	12,300	0
Financial Income	986	400	586
Financial result	13,286	12,700	586
Profit before tax	(4,708)	(5,008)	300
Corporate income tax	4,972	5,008	(36)
Net profit	264	0	264

CECA's Operating Result has reached a negative figure of 17,994 thousand euros, presenting a negative deviation of 286 thousand euros. The main deviations from the 2023 budget are detailed below:

- “Net amount of turnover”: includes the annual confederal fee, amounting to 2,900 thousand euros and the income from cooperation projects. The negative deviation of 211 thousand euros is due to the implementation of fewer cooperation projects than expected.
- “Personnel expenses” includes the expenses derived from two full-time employees, and four Cecabank employees who are also part-time CECA employees after the spin-off in 2012.

It presents a negative deviation of 28 thousand euros as a result of various factors: mainly the update agreed with labor representation at the sector level derived from the increase in the CPI, as well as the increase in the cost of social security contributions.

- “Other operating expenses”, where the expenses incurred by the entity for the development of its activities are allocated, basically the fees paid to associations, the expenses as employers in the sectoral collective agreement, the expenses derived from support services. that the entity has

contracted with Cecabank, the expenses incurred in cooperation projects and reputational action campaigns.

The Board of Directors held on June 27 approved expanding the 2023 Budget by 645 thousand euros in order to address new reputational action campaigns. This spending has materialized in new projects that were approved in that same Council: Spanish Presidency of the Council of the EU, FINRESP Presidency, Cybersecurity and communication campaigns of the sector's Social Work. Despite the extraordinary budget increase of 645 thousand euros, the resulting negative deviation in this heading has been only 57 thousand euros due to:

- As in the “Net amount of turnover”, the non-execution of all the Cooperation Projects, yielding a positive deviation of 206 thousand euros.
 - an important adjustment made by some departments, optimizing resources and making lower expenses than budgeted, assuming a positive difference with the budget of 382 thousand euros. Among them, a lower cost in representation and travel expenses stands out, customary after the pandemic, meetings continue to be held remotely; and lower spending on technical reports than expected. The optimization of the expenses included in “Other Operating Expenses” has allowed the higher expenses in the Reputational Action Plan to be offset in the Operating Income, as well as in the final result of the year.
- “Funcas Contribution”, in fiscal year 2023 a provision of 5,212 thousand euros has been made, of which 1,829 thousand euros correspond to Financial Education. Again in 2023 CECA has committed to supporting entities in the development of programs that promote the improvement of financial culture among the entire society. Since the pandemic, financial education has been more necessary than ever. In this context, the entities attached to CECA have adapted and reinforced financial education programs to new needs, deepening digitalization and facilitating access for the most vulnerable groups.

The Financial Result as of December 31 amounted to 13,286 thousand euros.

Included in Financial Income are the dividend obtained from Cecabank of 12.3 million euros, approved by the General Meeting of Cecabank, and the interest on the balance maintained in current accounts (986 thousand euros). The increase in interest rates has caused a surplus of 586 thousand euros in the financial result as of December 31st compared to the forecast.

The Corporate Tax accrued in the year is positive at 4,972 thousand euros, with which the Result for the Year in 2023 shows a positive profit of 264 thousand euros.

The proposal for the distribution of the result for the 2023 financial year formulated by the CECA administrators will be submitted to the approval of the 2024 General Assembly, proposing that the positive result be allocated to reserves, in such a way that the balance of the reserves in the amount of 681,194 thousand euros that CECA maintains in its Balance Sheet will be increased, its new balance being 681,458 thousand euros.

3. Risk management

Given the entity's activity, and that its only financial assets recorded in the balance sheet correspond mainly to the current account held with Cecabank, S.A., CECA does not have any relevant direct exposure to risk.

Considering that CECA segregated its financial business in Cecabank and carries out financial activity through it, as provided for in the Eleventh Additional Provision of Law 26/201 of Savings Banks and Banking Foundations, the CECA Council, at its meeting on December 18, 2012, agreed that all risk assessment, measurement, and control procedures that develop the general risk management principles defined by the CECA Council would be defined in Cecabank and applicable to the entire Group.

4. Relevant subsequent events

There have been no significant events following the end of the fiscal year.

5. Business outlook

CECA has set the following strategic objectives for 2024:

- Representing and defending the interests of member institutions in the national and international regulatory agenda for 2024.
- Representing institutions linked to the collective agreement of savings banks and savings financial institutions.
- Promoting the sector's image and reputation in the media and public opinion.
- Conducting economic studies and regulatory impact analysis of sectoral interest.
- Developing regulatory and technological projects of common interest in cooperation with other entities.
- Strengthening the Financial Education Program through Funcas.

6. Payment to suppliers

In compliance with article 262 of the Spanish Companies Act, information on payment deferrals is reflected in note 11.2 of the annual accounts of CECA.

7. R&D+i expenses

In 2023, CECA did not incur in R&D expenses.

8. Hiring of personnel with disabilities

CECA does not have people with disabilities on its staff. However, Cecabank has incorporated the diversity component in its selection processes, both in the workforce and through ETTs.

In 2023, Cecabank had four people with disabilities on staff and three people through ETT. In addition, Cecabank collaborates with entities that promote the inclusion of people with disabilities in the work environment, as is the case of contracts with special employment centers, such as the Juan XXIII Roncalli Foundation for the provision of various services.

On the other hand, with regard to the Non-Financial Information Statement, although the entity is not obliged to include it, reference is made to that included in the consolidated management report of the CECA Group, whose consolidated annual accounts will be deposited in the Registry Madrid Mercantile.

Authorisation for issue of the financial statements and directors' report

Certificate* to attest that the Board of Directors of Confederación Española de Cajas de Ahorro (CECA), at the meeting held on 20 February 2024, authorised for issue the Financial Statements and Directors' Report of Confederación Española de Cajas de Ahorro for 2023, which documents were transcribed, including this certificate, on the obverse of 68 sheets of officially stamped paper, signed below by all the members of the Board of Directors of Confederación Española de Cajas de Ahorro.

* This Diligence consists of 8 correlative pages, each signed by a Director. Diligence 1/8- Mr. Fainé

Madrid, 20 February 2024

Mr. Isidro Fainé Casas

President

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* This Diligence consists of 8 correlative pages, each signed by a Director. Diligence 2/8 - Mr. Goirigolzarri

Madrid, 20 February 2024

Mr. José Ignacio Goirigolzarri Tellaeche

Vice-president

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* This Diligence consists of 8 correlative pages, each signed by a Director. Diligence 3/8 - Mr. Cifre

Madrid, 20 February 2024

Mr. Josep A. Cifre Rodríguez

Secretary - Board Member

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* This Diligence consists of 8 correlative pages, each signed by a Director. Diligence 4/8 - Mr. Serrano

Madrid, 20 February 2024

Mr. Francisco Serrano Gill de Albornoz

Board Member

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* This Diligence consists of 8 correlative pages, each signed by a Director. Diligence 5/8 - Mr. Arriola

Madrid, 20 February 2024

Mr. Antón Joseba Arriola Boneta

Board Member

Authorisation for issue of the financial statements and directors' report

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* This Diligence consists of 8 correlative pages, each signed by a Director. Diligence 6/8 - Mr. Escotet

Madrid, 20 February 2024

Mr. Juan Carlos Escotet Rodríguez

Board Member

Authorisation for issue of the financial statements and directors' report

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* This Diligence consists of 8 correlative pages, each signed by a Director. Diligence 7/8 - Mr. Azuaga

Madrid, 20 February 2024

Mr. Manuel Azuaga Moreno

Board Member

Authorisation for issue of the financial statements and directors' report

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* This Diligence consists of 8 correlative pages, each signed by a Director. Diligence 8/8 - Mr. Pla

Madrid, 20 February 2024

Mr. José Pla Barber

Board Member