

ANNUAL REPORT 2017

Practitioners Creating
Pan-European
Payment Infrastructures



Estación de Atocha

Madrid Atocha railway station is the largest railway station in Madrid with 16 million passengers per year.

Cover

L'aéroport de Roissy-Charles-de-Gaulle

Paris Charles de Gaulle Airport is the second largest international airport in Europe, handling close to 70 million passengers and almost 500,000 aircraft movements in 2017.

Haven van Rotterdam


Port of Rotterdam is the largest port in Europe. In 2012, Rotterdam was the world's sixth-largest port in terms of annual cargo tonnage. The port covers 105 square kilometres and stretches over a distance of 40 kilometres.





**Channel Tunnel /
Le tunnel sous la Manche**

The Channel Tunnel is a 50.45-kilometre rail tunnel linking Folkestone, Kent, in the United Kingdom, with Coquelles, Pas-de-Calais, near Calais in northern France. At its lowest point, it is 75 m deep below the sea bed and 115 m below sea level.



It is hard to imagine what our lives would look like without the infrastructure systems that enable and support our daily activities.

They supply water, power and heat; they provide access to goods, knowledge and money; they help us embark on physical and spiritual journeys.

Like other infrastructures, EBA CLEARING's payment systems require careful planning and smooth operations to optimally serve their users on a daily basis. This involves close monitoring as well as regular maintenance, enhancement and, where needed, renewal.

What is different about other infrastructures though is that some of them make for great pictures...

Piazza Gae Aulenti

Piazza Gae Aulenti is the epicentre of Milan's most modern neighbourhood. The square was inaugurated in 2012 and is dedicated to the architect Gae Aulenti. The pavilion that hosted the EBA CLEARING SHM in 2016 is at the heart of the square and next to the highest skyscraper in Italy.



Via Appia

The Appian Way was one of the earliest and strategically most important Roman roads of the ancient republic. It connected Rome to Brindisi, in southeast Italy. Many parts of the original road beyond Rome's environs have been preserved, and some are now used by cars.

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The Company's Mission and Strategic Aims

Excellence
User-driven
Robustness
Openness to stakeholders' needs
Pan-European
Agility

Our mission

EBA CLEARING's mission is to deliver market infrastructure solutions for the pan-European payments industry, to support its users' needs in line with user requirements.

The strategic aims of the Company are to ensure a **pan-European** and country-neutral approach for the development and delivery of infrastructure solutions, thereby ensuring **excellence** and **robustness** in delivering our services. EBA CLEARING will maintain its track record of timely delivery of **user-driven** solutions responding to evolving and new demands for infrastructure solutions, thereby demonstrating its **openness to stakeholders' needs** and **agility** in its role as market infrastructure solutions provider.

Our objectives

EBA CLEARING aims to allow cost optimisation for its users, and is not seeking profit or shareholder value maximisation. In pursuing its mission, EBA CLEARING is guided by the objective to offer its users solutions that are fit for purpose and efficient, with a special focus on safety and ensuring compliance with regulatory and oversight requirements. EBA CLEARING recognises its role in supporting financial stability and promoting fair and efficient markets; it is committed to discharging these responsibilities.

Chairman's Statement

2017 was a pivotal year in European payments. Key industry and regulatory requirements were met over the past year and, at the same time, many new requirements were put on the table for payment service providers (PSPs) and financial market infrastructures (FMIs) to tackle.

In terms of practical achievements, the industry saw the launch of the SEPA Instant Credit Transfer (SCT Inst) Scheme and the first systems and PSPs processing instant payments. Among many other deliveries, 2017 also witnessed palpable progress on collective deliverables helping to fulfil Access-to-Account requirements.

During the same period, on the FMI side, the revised SIPS Regulation, TARGET2/TARGET2-Securities consolidation and the Eurosystem Cyber Resilience Strategy for FMIs – to name only a few regulatory or public-sector initiatives that surfaced over the past year – set out new requirements and roadmaps with long-term implications on both payment system operators and the users of their services.

Against this background, EBA CLEARING's focus in 2017 was to remain on its firm course of creating and operating services that are pan-European by design, with a focus on efficiency and effectiveness for the users. In line with this course, the Company continued to pursue its unchanged high-level objective to maintain a stable and compliant processing environment for the reliable, efficient and cost-effective day-to-day operation of its payment systems. Supporting the needs of its users is a core component of the Company's mission, and I would like to thank our user community across SEPA for their committed and valued support in defining the user requirements for evolving existing systems and creating new services.

The go-live of the RT1 System on the launch date of the SCT Inst Scheme added another milestone to EBA CLEARING's track record of delivering pan-European payment infrastructure in time, on budget and in line with the requirements of PSPs across Europe. The Board



I would like to thank our user community across SEPA for their committed and valued support in defining the user requirements for evolving existing systems and creating new services.

The governance and user say arrangements have been further reviewed to make them future-proof so that they can accommodate foreseeable changes in the short to medium term.

The objective to achieve a degree of independence between the shareholder structure and any of the Company's systems or services in particular saw its fulfilment at the Shareholders Meeting in 2017.

has paid particular attention to ensuring reachability for SCT Inst transactions across SEPA and easing SCT Inst migration efforts for PSPs. Additional service enhancements are under development to further support the evolving needs of a growing number of RT1 users in the face of the ongoing instant payment ramp-up across Europe.

For its EURO1 and STEP2 Systems, the Company launched comprehensive user consultations in support of the future positioning of EURO1 2020 and beyond, and the review of the settlement model for the STEP2 system driven by the revised SIPS Regulation.

2017 also saw an increased focus on security-related topics, including cyber security. The Board recognises the prime importance for payment infrastructures and their users to meet best industry practices in this field, and the topic of cyber security has become a standing item on the agenda of the Board.

In 2013, when I took office as newly elected Chairman, there was an outlook for changes we would be facing and would need to act upon regarding the governance arrangements of the Company. Following the enhancements implemented in the light of the SIPS Regulation, which was adopted in 2014, the governance and user say arrangements have been further reviewed to make them future-proof so that they can accommodate foreseeable changes in the short to medium term.

The objective to achieve a degree of independence between the shareholder structure and any of the Company's systems or services in particular saw its fulfilment at the Shareholders Meeting in 2017, when the Shareholders approved the new framework.

The Business Committees for EURO1 and STEP2 have been in place since the start of the year. The identical structure for the two systems serves to better reflect the balance between the SIPS operated by EBA CLEARING. The flexibility for different approaches for other or new services has been maintained and the Board has paid careful attention to respond to the need expressed by the users for an efficient organisation of the different groups and their remit.

During 2017 and 2018, the Nomination and Governance Committee of the Board accompanied the elaboration of a proposed approach for establishing compliance with the new requirement of the revised SIPS Regulation regarding Board composition of SIPS. The Board has endorsed a proposed approach, which I will present at the SHM 2018.

As part of its responsibilities as a SIPS operator, EBA CLEARING has in the period under report continued to attach prime importance to the resilience of its systems and their underlying IT architecture, has stayed on top of its risk environments, and maintained a continuous dialogue with the Overseers of its systems in the context of assessments of compliance with the oversight requirements for its systems. In the year of its 20th anniversary, the Company is in excellent shape, providing the European payments industry with stable and state-of-the-art infrastructure systems.

As I am stepping down from the role of Chairman of this Company, it is very rewarding to look back on the Company's achievements over the past five years. They included, among many other deliveries, supporting the mass-scale migration to SEPA and designing, building and launching an instant payment infrastructure system of pan-European scale in time for the launch of the SEPA SCT Inst scheme. During this period, the industry

witnessed important developments with regard to oversight and regulatory standards for FMIs. A number of changes to services were introduced while, at the same time, the grounds were being laid for readying the Company's service portfolio to optimally support users over the years to come.

Working together on these and the many other tasks in an atmosphere of commitment and mutual trust has made this journey a very special experience, for which I am very grateful. I take this opportunity to thank the Shareholders of this Company, the critical service providers of EBA CLEARING and, most importantly, my colleagues in the Board as well as the management and the staff for this successful journey and I wish a fruitful continuation of this journey to the Company and to its service users and partners.

Looking forward, I see many open questions in our sector that may affect the infrastructure domain. A payment system is part of the financial ecosystem where persons and companies conduct their business and expect execution of individual transactions. It might be important to remind ourselves that the full-service experience is a creation of many actors, of a whole ecosystem. Best indications for future orientations of the payment infrastructure come from end-customer requirements. I believe that the core values of EBA CLEARING will continue to provide a trustworthy frame for assisting payment service providers in meeting requirements for the infrastructure services of the future.



Erkki Poutiainen

CEO's Statement

EBA CLEARING is celebrating its 20th anniversary in 2018 and I am pleased to report that your Company and the systems we are entrusted with running, in close co-operation with our key service providers, are doing very well. The service deliveries to our users are supported by very stable and smoothly-running systems, which have been performing reliably during the period under report.

The newest member of the family, RT1, was born on 21 November 2017, along with the SCT Inst Scheme of the European Payments Council (EPC). With 17 participants and over 500 addressable PSPs from across Europe, nearly 100% of the initial scheme-adhering institutions were reachable from the start.

Starting with around 1,000 transactions per day at the beginning, the system currently processes over 10,000 transactions per day, 24 hours per day, 7 days per week. We are seeing flows every day, in all time windows. Processing times average under one second, with proven scalability. By April 2018, more than 1 million transactions had been processed for a total value of over EUR 700 million.

In keeping with company tradition, RT1 was delivered on time, in a pan-European way. We achieved this together with our users, our project team, and our key business partners, SIA, SWIFT and the ECB. We are also very pleased to have embraced a large community of service providers to optimally support the onboarding of participants on the technical platform.

Although the EPC Scheme is optional, we do expect around 80 participants from the different corners of Europe to connect by year end. Together, these PSPs represent about 80% of the volumes processed in STEP2 today, which will result in an impressive reach only one year after the launch of the SCT Inst Scheme.

We are proud to provide this fast-growing user community with real and timely solutions as an enabler of the take-up of SEPA Instant Credit Transfers. And we look forward to supporting the further development of real-time payments and related services in a user-driven approach.



We are proud to provide the fast-growing RT1 user community with real and timely solutions as an enabler of the take-up of SEPA Instant Credit Transfers.

In the light of the new requirements of the revised SIPS Regulation that were adopted in November 2017, we have launched an extensive consultation of all STEP2 users with a view to identifying options for establishing compliance with the revised requirements.

Our flagship system, EURO1, will turn 20 next year with the euro. It continues to perform at the highest levels, providing a cost-effective, liquidity-efficient, private-sector clearing service for large-value payments, operating alongside TARGET2. Together with the EURO1 Participants, we are looking how to best leverage the transition of TARGET2 to ISO 20022 to improve the system and position it for the future. A blueprint has been produced and a roadmap for shaping the system for 2020 and beyond will be elaborated based on the outcome of a comprehensive user consultation.

Ten years after the launch of the SEPA Credit Transfer Scheme, STEP2 continues to provide SEPA-wide reach to scheme-adhering PSPs, processing around 50 million transactions per day. The system continues to perform well, with very stable operations. Simple to connect to, with clear a risk management framework, it was also able to attract new participants in 2017.

STEP2 responds to the highest standards applied to Systemically Important Payment Systems and maintains its prominent importance for the well-functioning of SEPA. In the light of the new requirements of the revised SIPS Regulation that were adopted in November 2017, we have launched an extensive consultation of all STEP2 users with a view to identifying options for establishing compliance with the revised requirements. In dialogue with the European Central Bank and Eurosystem National Central Banks participating in the oversight of STEP2, it is our ambition to ensure that changes to the STEP2 system will respond to the requirements of the SIPS

Regulation. At the same time, we are aiming for these STEP2 changes to fulfill the highest degree of efficiency and effectiveness for the community of all its users.

The Company itself is on firm footing. With a strong cash position, we were able to exceed the minimum liquid capital required to cover General Business Risk as required by the SIPS Regulation. This has also allowed us to self-fund all projects related to the running systems along with internal ones, such as the implementation in 2017 of an interactive customer portal enhancing the quality of our support services.

The risk management framework of the company has been well maintained, and the Company intensified its activities in the light of the developments in the field of cyber security, including the expected cyber resilience oversight expectations as part of the Eurosystem's oversight strategy for cyber resilience of FMIs. EBA CLEARING is also actively engaged in the Euro Cyber Resilience Board for pan-European Financial Infrastructures, along with peer institutions. A very tangible delivery in the area of security is that we completed our self-attestation for SWIFT's Customer Security Programme and we are also taking further measures to enhance our corporate processes.

Oversight compliance related activities have intensified during 2017 and 2018, and the addition of the new RT1 system further attracted a comprehensive oversight assessment against the applicable standards for Other Retail Payment Systems (ORPS). The Company expects increased demands on resources for compliance-related activities, and we are preparing accordingly.

I want to take this opportunity to thank our Shareholders and users for making this productive journey with us. The co-operative

spirit and engagement of our users throughout Europe leads to results that are pan-European *by design*, but as importantly, pan-European *by desire*. This unique dynamic, which is characterised by collaboration and consensus reached across borders, is one that the whole Company, whose employees are representative of European diversity, truly appreciates and embraces. Together with our highly supportive user community and our long-standing and very committed critical service providers, we make it happen.

I also want to thank Erkki Poutiainen, who is stepping down as Chairman, for his stewardship of the Board over the past five years. He has helped guide the Company through many important changes, including the SEPA migration and the launch of RT1. The Company is in a very good place thanks to the commitment and service of him and his fellow Board members.

EBA CLEARING remains at the heart of European payments and is well-positioned for the future. The Company continues to be driven by its users, for the benefit of its users and of the wider payments ecosystem both PSPs and FMIs contribute to.



Hays Littlejohn

Jäänmurtaja

Each winter after the Baltic Sea freezes over, Finnish foreign trade depends greatly on efficient winter navigation. Icebreakers are necessary to keep ports and sea lanes open, and only ice-strengthened ships can move on their own in conditions dominated by ice. This has led Finnish ice technology to develop to a world-leading level over the past 50 years.



THE COMPANY'S ACTIVITIES IN 2017 AND OUTLOOK FOR 2018

The period under report
is 1 January 2017 –
31 December 2017.
The outlook for 2018
is included for information.

Berliner Fernsehturm

With its height of 368 metres (including antenna), the Berlin Television Tower is the tallest structure in Germany, and the second-tallest structure in the European Union. It is also one of the 10 most popular attractions in Germany with more than one million visitors every year.



Our Services

Introduction

EBA CLEARING Payment Services:
Evolution of annual volumes and values in 2016/2017

EBA CLEARING Service	2016		2017		Evolution	
	Volume*	Value*	Volume*	Value*	Volume	Value
EURO1	50.79m	48,959bn	50.54m	50,699bn	-0.49%	+3.55%
STEP1	2.58m	291bn	2.52m	317bn	-2.33%	+8.93%
STEP2 SCT	4.22bn	11,307bn	4.43bn	12,507bn	+4.98%	+10.61%
STEP2 SDD Core	6.12bn	1,186bn	6.57bn	1,252bn	+7.35%	+5.56%
STEP2 SDD B2B	83.78m	676bn	85.21m	723bn	+1.71%	+6.95%
STEP2 CC	1.54bn	97bn	1.74bn	107bn	+7.15%	+4.94%
RT1	N/A	N/A	0.144m	90m	N/A	N/A
Total	12.02bn	62,515bn	12.88bn	65,605bn	+7.15%	+4.94%

* Rounded figures, all values in EUR



Throughout the period under report, EBA CLEARING delivered on a daily basis and with an impeccable track record best-of-breed payment infrastructure services to a large European user community.

The number of transactions processed by the services continued to grow, albeit more moderately than in previous years, with 2017 witnessing a volume increase of over 7% compared to 2016. The overall transaction value increased by almost 5% during the same period. Throughout 2017, EBA CLEARING managed the settlement of close to 13 billion transactions across all services. This represents an average daily volume of 50.7 million transactions.

Aside from the delivery and launch of the first pan-European instant payment system, RT1, 2017 was a year of great stability and very limited system changes for the services of EBA CLEARING, testifying to high levels of functional and operational maturity as well as user satisfaction.

This stability notwithstanding, EBA CLEARING continued to closely monitor overall market developments and to foster a regular exchange with its users. Throughout the period under report, more than 25 user community meetings took place in 15 countries.

With effect from January 2018, the Company put in place an identical structure for user consultation for the systemically important payment systems (SIPS) operated by EBA CLEARING, which resulted in the kick-off of the EURO1 and STEP2 Business Committees in March 2018. In March and April 2018, the Company organised roadshows in a number of communities to accompany the EURO1 and STEP2 user consultations.

In 2018 and beyond, EBA CLEARING will continue to assess, together with the user communities of its services, any evolving market needs and expectations around its infrastructure services with a view to ensuring that its offerings remain fit for purpose.



EURO1 Service

1 Overview

During 2017, the EURO1 system continued to serve its participants reliably, offering a resilient and cost-effective RTGS-equivalent net system for single euro payment transactions allowing participants to optimise liquidity efficiency.

In June 2017, EBA CLEARING started a programme for the future positioning and potential evolution of EURO1, together with its user community, that resulted in a comprehensive user consultation on a blueprint in the spring of 2018.

As part of its continued efforts to reduce the impact on users of any system changes, the Company introduced an arrangement in the system geared at keeping the amount of the individual liquidity pool shares more stable in case of changes in the number of participants.



2 Evolution of EURO1 volumes, values and participation

During the period under report, the transaction volumes processed in EURO1 remained stable. While the total number of transactions processed in 2017 decreased slightly, the average daily transaction volumes processed in EURO1 saw a marginal increase of 0.4%. The EURO1 market share remained stable at around 40%.

The average daily transaction value in EURO1 increased by around 4%, continuing the upward trend witnessed since the second half of 2016. December 2017 showed a daily average value processed of nearly EUR 230 billion, the highest daily average value in five years. This testifies both to the system's continued attractiveness to its users for the processing of large-value transactions and to the liquidity efficiency that it offers to its participants.

EURO1 participation remained relatively stable in 2017 with one participant leaving in November 2017. At the start of 2018, two further changes in participation brought the number of EURO1 Participants to 49.

3 EURO1 future positioning

As confirmed by the user consultation conducted in 2016, EURO1 continues to be highly valued in its current set-up and is fit for purpose for the next few years. At the same time, large-value payment system operators are faced with the need to respond to important developments, such as the introduction of real-time euro payments in 2017 and the planned industry-wide migration to ISO 20022 standards for high-value payments. That is why, in June 2017, the Company announced the launch of a programme for the future positioning and potential evolution of the EURO1 system.

The objective of the EURO1 future positioning programme is to ready EURO1 for the longer-term future by adapting it to all the changes that are expected in the large-value payments world, while also maintaining and potentially enhancing its value and, where possible, leveraging investments already made.



Together with the newly created EURO1 Future Positioning Working Group composed of user representatives, EBA CLEARING delivered a Blueprint for EURO1 Future Proposition for 2020 and Beyond, which was shared with the user community in March 2018 for a wider consultation exercise on the way forward.

Based on the outcome of the user consultation, EBA CLEARING will, in close co-operation with the participant community, continue the planning, development and implementation of the EURO1 future proposition.

4 Fluctuation of the maximum caps in EURO1

As a short-term enhancement, EBA CLEARING put in place in December 2017 a change to reduce the impact of participant changes on the amount of the liquidity pool shares and, thus, on the participants contributing these individual shares.

The change consisted in allowing, up to a downward limit, the system's maximum debit and credit caps to fluctuate between a minimum and maximum amount. This has the effect that the amounts of these caps can be adjusted at the occasion of a change in the number of participants and the amount of the individual liquidity share remains stable.

This change was first activated in January 2018 when a decrease of the participant number entailed a reduction of the maximum caps; this reduction did not have any negative effect on payment processing.



5 System developments in 2017 and 2018

Aside from the above-mentioned system change, EBA CLEARING implemented a combined functional and technical annual release in 2017. As no changes had been proposed by the service users for inclusion in 2017, the release was very limited in terms of scope and user impact. The release took effect on 6 November 2017. It introduced an additional liquidity distribution window at 15:45 CET, improving the liquidity distribution to participants from above 96% to nearly 100% of the pre-funded value.

For 2018, no functional changes are foreseen and system changes will be limited to technical upgrades.

EURO1 Service

Key Facts and Figures

STATUS: MARCH 2018

LIVE DATE

4 January 1999

PARTICIPATION

49 Participants

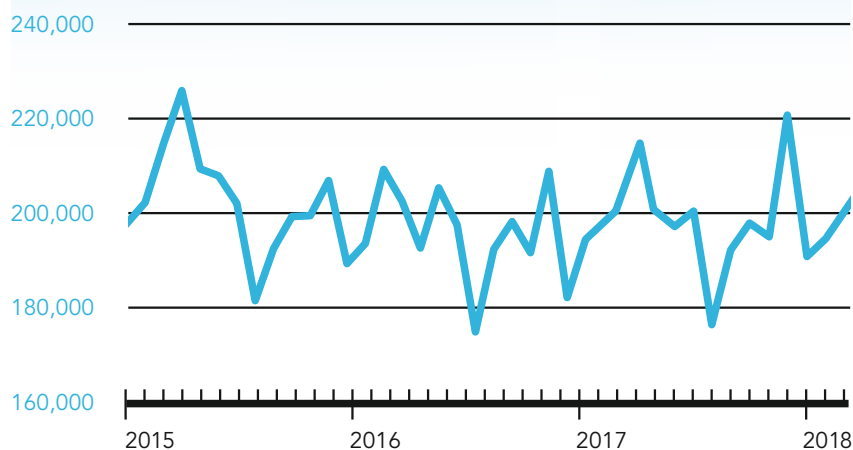
51 Sub-Participants

SPECIAL FACTS OR FEATURES IN 2017/2018

- Introduction of fluctuating maximum debit and credit caps in 2017 provides participants with stability of the individual liquidity share in the liquidity pool when the number of participants in EURO1 changes
- In December 2017, the highest daily average value in five years was processed with nearly EUR 230bn
- A Blueprint for the EURO1 future proposition for 2020 and beyond was drafted

in 2017/2018 and shared with all participants in March 2018

EVOLUTION OF AVERAGE DAILY VOLUME OF PAYMENTS PROCESSED



TECHNICAL OPERATOR

SWIFT

AVERAGE DAILY VOLUME

200,759 trans-
actions

SETTLEMENT AT PROCESSING CUT-OFF TIME

in TARGET2 via the
Ancillary System Interface ASI-4

AVERAGE DAILY VALUE

€215.7 billion

LEGAL BASIS

- Identified by the ECB as
**Systemically
Important
Payment
System (SIPS)**
- ECB SIPS Regulation fully
applicable

FUNCTION

- Large-value
payment system
- RTGS-equivalent net system
- Providing immediate finality for each individual
payment transaction in real time
- Combined with the liquidity-saving benefits
of a multilateral system

REACH

Over

7,400

participant BICs and over

13,000

additional BICs reachable via
EURO1/STEP1 Participants



STEP1 Service

A turn-key solution for single euro payment processing

The STEP1 Service offers a direct and cost-effective access to a highly resilient single euro payment processing platform. With its limited joining and running costs as well as its wide reach, STEP1 provides a low-investment solution for the exchange of non-SEPA euro transactions with all key payment banks operating in Europe.

The number of STEP1 Participants decreased during the period under report, largely related to industry consolidation in Europe. Conversely, the service also attracted a new participant in 2017.

In spite of the continued decline in participant numbers, the decrease in STEP1 transaction volumes was less pronounced than over the previous two years. The service even witnessed an increase in the transaction values processed, which illustrates the continued value of STEP1 for smaller and medium-sized banks in particular.

STEP1 Service

Key Facts and Figures

STATUS: MARCH 2018

LIVE DATE

21 November 2000

REACH

Over

7,400 participant BICs

and over

13,000 additional BICs

reachable via EURO1/STEP1 Participants

SETTLEMENT

EURO1 Banks act as Settlement Banks for STEP1 Participants

AVERAGE DAILY VOLUME

9,718 transactions

AVERAGE DAILY VALUE

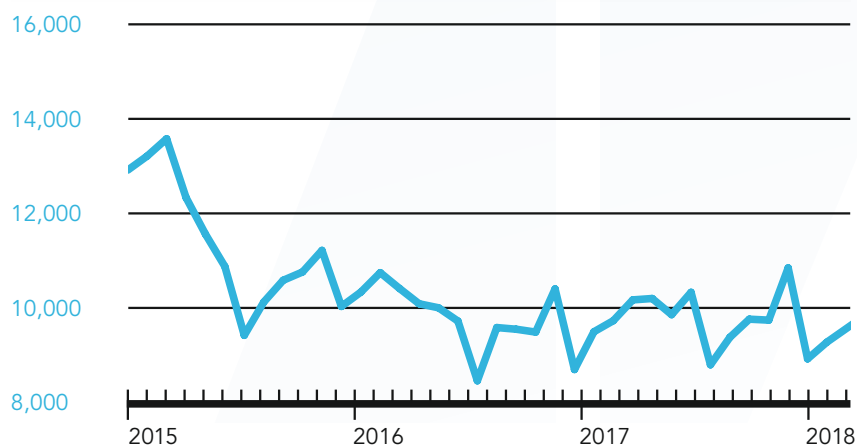
€ 1.3 billion

FUNCTION

Single euro payment service

for commercial transactions, medium-sized and smaller banks

EVOLUTION OF AVERAGE DAILY VOLUME OF PAYMENTS PROCESSED



TECHNICAL OPERATOR

SWIFT

PARTICIPATION

43 Participants

11 Sub-Participants

STEP2 Services

1 Overview

2017 was again a year of high stability and balanced growth for the STEP2 Services marked by steady volume increases, new traffic peaks and a continued positive evolution of the participant figures of the different SEPA Services.

Throughout the period under report, STEP2 processed very high volumes of domestic and cross-border euro retail payments in a reliable and disruption-free manner and continued to provide full reach to the European banking community for its SEPA transactions. The STEP2 platform thus continued to assert its value as a pan-European payment enabler for the SEPA market as well as its position as a strategically important infrastructure for a number of communities and individual banks across Europe.

2 Evolution of STEP2 volumes and participation

Daily average volumes in the STEP2 SEPA Services witnessed a stable increase in 2017 compared to 2016, going up from over 40.6 million to around 43.5 million transactions processed per day on average. Furthermore, STEP2 registered new all-time peak days for all three services combined on 2 October 2017, with more than 155 million transactions settled. The STEP2 SEPA Direct Debit (SDD) Core Service also reached a new individual peak record with a total of 118.1 million direct debits settled on 2 January 2018.

The number of direct participants in the STEP2 SEPA Services kept seeing a positive evolution throughout 2017 and early 2018, with eight banks joining the STEP2 SEPA Credit Transfer (SCT) Service, two banks joining the STEP2 SDD Core Service and two banks connecting to the STEP2 SDD Business-to-Business (B2B) Service. The STEP2 SEPA Services continued to extend full reachability to over 4,800 financial institutions across the Single Euro Payments Area.



3 System developments in 2017 and 2018

The continued volume growth further increased the economies of scale in STEP2 and allowed EBA CLEARING to pass on these benefits to the STEP2 users in terms of cost savings. As a result, the trend of declining average transaction prices continued in 2017.

In November 2017, EBA CLEARING deployed a combined functional and technical release, which mostly included changes related to amendments brought to the SEPA Direct Debit B2B Scheme Rulebook of the European Payments Council (EPC). At the request of the users and based on a positive support from the user consultation, the release also introduced several service enhancements to the STEP2 SCT Service, such as a one-day warehousing possibility for returns in the batch processing mode.

The outcome of the annual user consultation on changes for 2018 was reflected in the 2018 release proposal. The technical release implemented in April 2018 introduced new optional reports further supporting participants in their liquidity management, as had been requested by the users. The changes of the functional release scheduled for implementation in November 2018 are mostly related to the new versions of the EPC SCT Scheme Rulebook coming into effect in November 2018 and the introduction of an additional debit notification file window for SDD Core at 7:00 CET.

In April 2018, the Company started a user consultation on the future evolution of the STEP2 settlement model in light of the revised SIPS Regulation; this consultation is scheduled for completion by the end of the second quarter of 2018.

STEP2 Services

Key Facts and Figures

STATUS: MARCH 2018

SETTLEMENT

Positions provided by the Multilateral Netting Module (MNM) are settled in TARGET2 via the Ancillary System Interface (ASI)

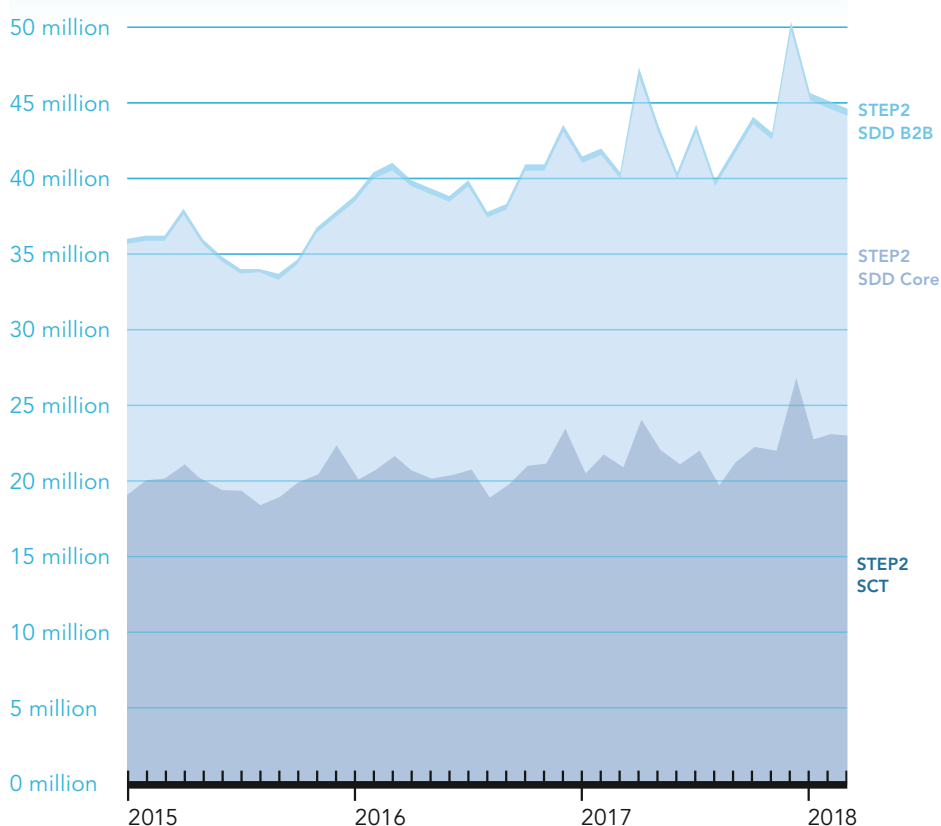
AVERAGE DAILY VALUE

SCT
€52.2 billion

SDD CORE
€5 billion

SDD B2B
€2.8 billion

EVOLUTION OF AVERAGE DAILY VOLUME OF PAYMENTS PROCESSED



TECHNICAL OPERATOR

SIA

SPECIAL FACTS OR FEATURES IN 2017/2018

- New volume record for STEP2 SDD Core on 2 January 2018:
118.8 million direct debits settled
- **New all-time peak**
for STEP2 platform on 3 April 2018:
more than 156 million transactions settled
- New volume peaks for STEP2 SCT and STEP2 SDD B2B on 3 April 2018:
41.7 million and over 1 million transactions settled, respectively

LEGAL BASIS

- Identified as a SIPS under the ECB SIPS Regulation
- Compliant with the respective Scheme Rulebooks and Implementation Guidelines of the European Payments Council (EPC)

REACH

SCT

Over 4,800
Reachable BICs

SDD Core

Over 3,900
Reachable BICs

SDD B2B

Over 3,300
Reachable BICs

The STEP2 platform is fully
interoperable with 15 other CSMs

LIVE DATES

SCT

28 January 2008

SDD Core and SDD B2B

2 November 2009

AVERAGE DAILY VOLUME

SCT

18.2 million
transactions

SDD CORE

26.3 million
transactions

SDD B2B

324,765 transactions

FUNCTION

ACH Services processing

SEPA Credit Transfers
and

SEPA Core and
Business-to-Business
Direct Debits

offering

full pan-European reach

to all financial institutions that have adhered to
the respective EPC Scheme Rulebooks

PARTICIPATION

SCT

143 Direct
Participants

SDD CORE

108 Direct
Participants

SDD B2B

93 Direct
Participants



RT1 Service

1 Overview

Formally kicked off in April 2016, the project of EBA CLEARING to deliver a pan-European instant payment solution continued to proceed in line with the underlying planning throughout 2017. The Company's new infrastructure platform went live on 21 November 2017, the launch date of the SEPA Instant Card Transfer (SCT Inst) Scheme of the European Payments Council. RT1 provides scheme-adhering payment service providers with a pan-European 24/7/365 real-time payment processing system for the handling of SCT Inst transactions.

The development and implementation were taken forward in consultation with the close to 40 funding institutions from across Europe. Seventeen participants from eight European countries joined the platform on the go-live date, extending SCT Inst reach to over 500 payment service providers (PSPs). Their connection was preceded by a comprehensive test and training programme.



EBA CLEARING continues to put a key focus on orchestrating the major onboarding exercise that the RT1 platform is expected to see in the course of 2018. Considerable effort is also put into further developing system functionality and support tools in line with the evolving user needs during the instant payment ramp-up period. In addition, the Company continues to contribute to industry initiatives geared at building a well-functioning instant payment ecosystem.

2 Successful go-live preparations

In order to ensure a smooth start for the new system and its users, considerable priority was given to the timely delivery of the RT1 test environment. The functioning of the first release of the system in the test environment was demonstrated to future users in January 2017. The first participants started testing in April 2017. To facilitate the onboarding of users relying on connectivity or liquidity service providers, EBA CLEARING opened up the RT1 test system and training webinars to both future users and their service providers.

The development of the platform continued in parallel to the testing activities. In March 2017, EBA CLEARING announced that, besides SIANet, the Company would also offer an EBICS connectivity option to RT1 from the launch of the system. In October 2017, the Company confirmed that a SWIFT connectivity option will become available from November 2018.

3 Evolution of RT1 volumes and participation

In the course of December 2017, RT1 volumes were approaching 5,000 transactions per day on average with a total value of approximately EUR 2.5 million. Average daily transaction volumes had increased to 10,000 by the end of the first quarter of 2018. RT1 passed the 500,000-transaction mark on 19 February 2018 and hit the 1-million-transaction milestone on 13 April 2018 with a total transaction value of around EUR 635 million. Over 99% of the transactions are processed within a couple of seconds.



Participant numbers grew from 17 to 20 in December 2017. By March 2018, a total of 576 addressable PSPs from 11 countries were reachable through the system, which corresponded to a 98% reachability rate among scheme-adhering account-servicing PSPs.

Three participants joined RT1 in April 2018. More PSPs are preparing for the joining windows later this year in July, September and November when RT1 will see significant growth in terms of participation and a further increase of reach.

4 Future developments

RT1 functionality will be further enriched in 2018 in line with user requests.

The June 2018 changes are focussing on enriching liquidity management. The release will introduce flexibility for RT1 Participants to delegate liquidity management to their liquidity providers. It will also include real-time information messages to users to report on their

current position in RT1 after each funding and defunding instruction, which will further support automation of liquidity management on the participant side.

The November 2018 release is scheduled to cover SWIFTNet Instant network connectivity and EPC SCT Inst Scheme Rulebook changes. Functionality will be introduced enabling participants to use RT1 as 'Instructing Party' in the TARGET Instant Payment Settlement (TIPS) Service. This will allow participants to have a single interface for sending and receiving transactions settling in RT1 or TIPS.

In parallel, EBA CLEARING will continue to improve its tools to support the day-to-day monitoring of operations, the provisioning process, automation of interest calculation and support to its customers.



5 Contribution to industry debates

Throughout the period under report, EBA CLEARING continued to be involved in discussions with the European Central Bank (ECB) and other clearing and settlement mechanism providers intending to offer instant payment services to ensure that settlement and interoperability for instant payments can be achieved with the appropriate mitigation of risks, including settlement risks, in particular for the service participants.

With the support of the RT1 users and the EBA CLEARING Board, the Company has also pursued efforts aimed at achieving alignment of the technical processes and specifications between the pan-European instant payment systems in particular in order to minimise implementation and future running costs at the level of users connecting to both pan-European systems.

Since September 2017, EBA CLEARING has been participating in the TIPS Contact Group and is as well an observer in the AMI-Pay, the ECB's advisory group on market infrastructures for payments.

Furthermore, EBA CLEARING has been fostering an open exchange on real-time payment matters with other industry players and stakeholders through its participation in different fora and industry bodies, such as the RTPG (the group under the ISO 20022 standardisation body focussing on ISO messages for real-time payments), the Open Forum on Pan-European Instant Payments facilitated by the Euro Banking Association and the Global Real Time / Instant Payment Group.

RT1 Service

Key Facts and Figures

STATUS: MARCH 2018

LIVE DATE

21 November 2017

PARTICIPATION

20 Participants

FINALITY

Transactions are processed in real time and settled with instant finality in the system.

Participants maintain a position in the system, which is adjusted upon release of each payment transaction. The position of each participant is funded in central bank funds.

SPECIAL FACTS OR FEATURES IN 2017/2018

- 1-million-transaction mark was passed

on 13 April 2018 with a total transaction value of around EUR 635 million

- 20+ additional participants scheduled for connection between April and July 2018, bringing the number of addressable PSPs to over 1,000;

40+ additional participants to follow until the end of 2018

- The Q2 2018 Functional Release will further enhance the liquidity management in RT1
- The Q4 2018 Functional Release will introduce **SWIFTNet Instant** as a new connectivity option.

In addition, the recall request by the originator will be implemented as well as basic functionalities for RT1 as TIPS Instructing Party.

TECHNICAL OPERATOR

SIA

AVERAGE DAILY VOLUME

Around

10,000 trans-
actions

REACH

RT1 extends reach to over 500 payment service providers from 11 EU countries, which are addressable via the 20 participants connected to the service

AVERAGE DAILY VALUE

€ 6.2 million

LEGAL BASIS

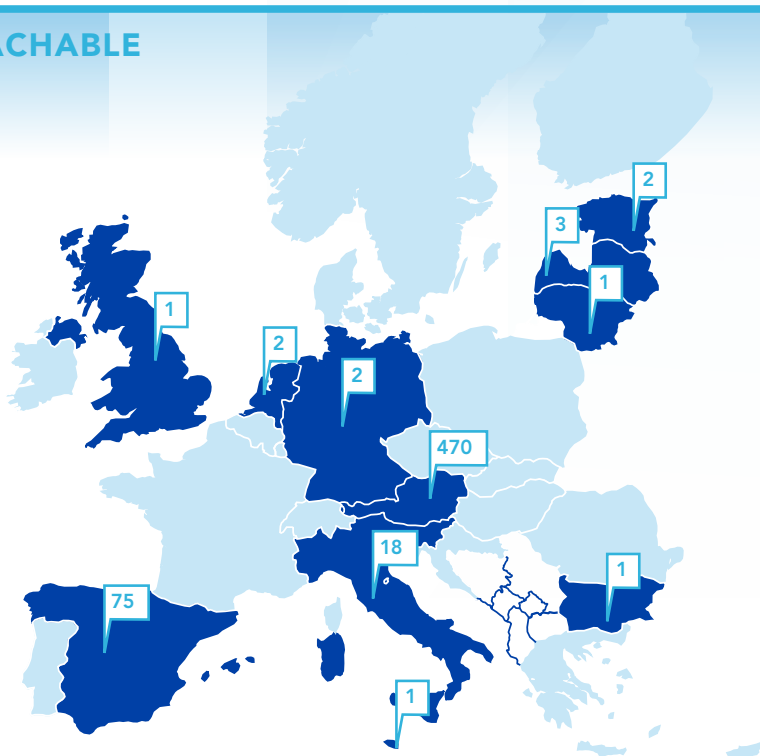
- Full compliance with the SEPA Instant Credit Transfer (SCT Inst) Rulebook and Implementation Guidelines of the European Payments Council (EPC), including validation
- Fully protected by the Settlement Finality Directive

FUNCTION

Pan-European
24/7/365 real-time
payment system

open to any account-servicing payment service provider (AS-PSP) adhering to the EPC SCT Inst Scheme

OVERVIEW OF REACHABLE PSPs BY COUNTRY





STEP2 Card Clearing Service

Throughout the period under report, the STEP2 Card Clearing (STEP2 CC or SCC) Service provided a reliable service for the clearing and settlement of pre-authorised card-based transactions based on the SEPA Card Clearing Framework defined by the Berlin Group. The Berlin Group is a group of 25 major players in the card industry from 20 countries in and beyond the Eurozone, whose aim is to standardise card clearing across Europe by leveraging SEPA infrastructure.

The service handled on average over 6.85 million transactions per day during 2017. STEP2 CC is currently used by seven participants for debit card transactions under the German girocard scheme.



Its pan-European design and the fact that it enables users to reap synergies from the re-use of the interbank infrastructure and bank-internal interfaces they have put in place for SEPA make STEP2 CC well-suited for the onboarding of card-initiated payments from other communities in Europe.

ity for the participants to use multiple network channels and to perform intraday connectivity switches in STEP2 CC. The introduction of this functionality is in line with service user requests and already available for the STEP2 SEPA Services today.

System developments in 2017 and 2018

As requested by the STEP2 CC user community, EBA CLEARING aligned the file retransmission behaviour of STEP2 CC with the STEP2 SEPA Services in a release implemented in November 2017. The release scheduled for November 2018 will introduce the possibil-

STEP2 Card Clearing Service

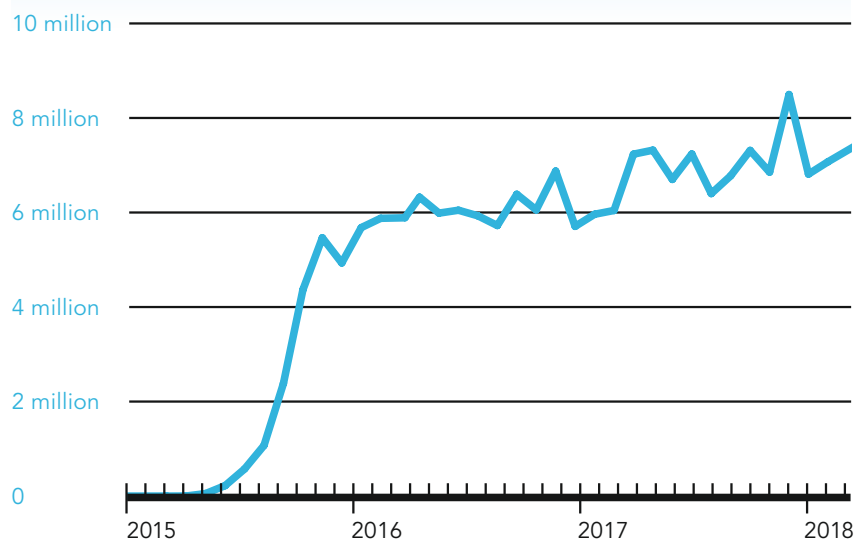
Key Facts and Figures

STATUS: MARCH 2018

TECHNICAL OPERATOR

SIA

EVOLUTION OF AVERAGE DAILY VOLUME OF PAYMENTS PROCESSED



SETTLEMENT

Positions provided by the Multilateral Netting Module are settled in TARGET2 via the Ancillary System Interface (ASI)

REACH

Over 2,000 Reachable BICs.

Full reach for the clearing of pre-authorised girocard transactions in Germany

through interoperability with the SCC Service offered by Deutsche Bundesbank.

LIVE DATE

14 April 2015

PARTICIPATION

7 Direct
Participants

LEGAL BASIS

Compliant with the SEPA Card Clearing Framework as developed by the Berlin Group, a group of major players in the cards industry from 20 European countries

AVERAGE DAILY VALUE

€ 429.3 million

AVERAGE DAILY VOLUME

7.4 million
transactions

FUNCTION

High volume, commercial and retail
euro clearing service

for pre-authorised card
messages based on a
direct debit collection
mechanism

capable of routing card clearing messages
between Direct Participants

SPECIAL FACTS OR FEATURES IN 2017/2018

New volume record on 3 April 2018:

23.5 million payments
settled



SEDA – SEPA-compliant Electronic Database Alignment

EBA CLEARING's SEPA-compliant Electronic Database Alignment (SEDA) Service allows financial institutions to exchange, process and route mandate-related information according to business rules specified by the Italian Banking Association (ABI). It is currently mainly used by Italian banks to exchange mandate-related information connected to SEPA Direct Debits.

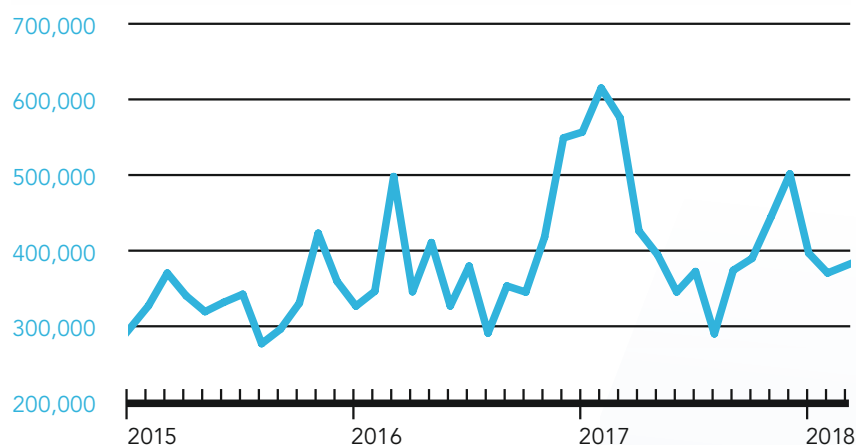
Continued volume increase for SEDA Service

SEDA saw a continued volume growth over the past year with a monthly average of 8.5 million mandate-related information messages. A new all-time record was reached in March 2017 with 13.5 million messages processed during that month.

Key Facts and Figures

STATUS: MARCH 2018

EVOLUTION OF AVERAGE DAILY VOLUME OF MESSAGES PROCESSED



TECHNICAL OPERATOR

SIA

REACH

Full reach of all banks that offer SEDA

LIVE DATE

14 October 2013

PARTICIPATION

33 Direct Participants

FUNCTION

The purpose of SEDA is to exchange, process and route mandate-related information

between two financial institutions according to the business rules specified by the Italian Banking Association (ABI).

SPECIAL FACTS OR FEATURES IN 2017/2018

- New volume peak in March 2017: more than 13.5 million messages processed
- Three new participants joined the service in 2017: Société Générale Milano, Sisal Group and Banca Sella Holding

LEGAL BASIS

Compliant with rules and guidelines developed by the Italian Banking Association (ABI)



Operations

EBA CLEARING's operations centres, located in multiple geographically distant sites, are responsible for the administration and smooth processing and settlement of the EURO1, STEP1, STEP2 SEPA, RT1, STEP2 Card Clearing and SEDA Services. Providing these services includes services monitoring, customer support, crisis and incident process management, data and statistical reporting, operational IT management, integration services for new products and functionality, integration of new participants, as well as release and resilience testing activities.

1 Clearing and settlement

The systems operated by EBA CLEARING performed in line with the highest resilience and security standards during the period under report.



The service availability of the EURO1, STEP1, STEP2 SEPA, STEP2 Card Clearing and SEDA Services was uninterrupted from January to December 2017. Furthermore, the validation and settlement of payment instructions were carried out smoothly on a daily basis, including peak volume days.

The RT1 Service has operated smoothly and without interruption since its successful launch on 21 November 2017, both in terms of transaction processing and liquidity management to fund/defund participant positions in the system.

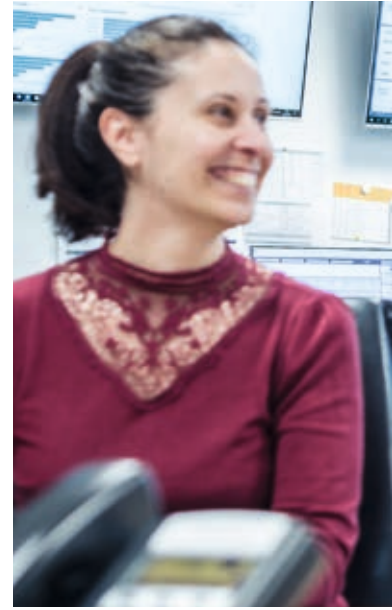
2 Incident management

The Company's incident management processes have proven to allow accurate and timely handling of the few incidents that occurred in 2017. The incident reporting processes for the EURO1 and STEP2 SEPA Services are in line with the oversight requirements for SIPS. Similar high standards and adapted escalation processes are in place for all other EBA CLEARING payment services.

The incident management arrangements of EBA CLEARING are reviewed and tested regularly to maintain best-of-breed services.

3 Business continuity and resilience exercises

EBA CLEARING conducts a significant number of business continuity exercises on an annual basis in co-operation with service participants and key providers to strengthen the business resilience and preparedness of all parties involved. In 2017, 68 testing exercises were successfully performed, with 25 of these involving participants and service providers.



4 Customer support

EBA CLEARING's customer support service, including a 24/7 emergency help desk, provides assistance and support to participants connected to / using any of the EBA CLEARING services on any enquiries related to the services and their operations.

In November 2017, EBA CLEARING launched a new customer portal to enhance interaction of users with the Company's customer support service.

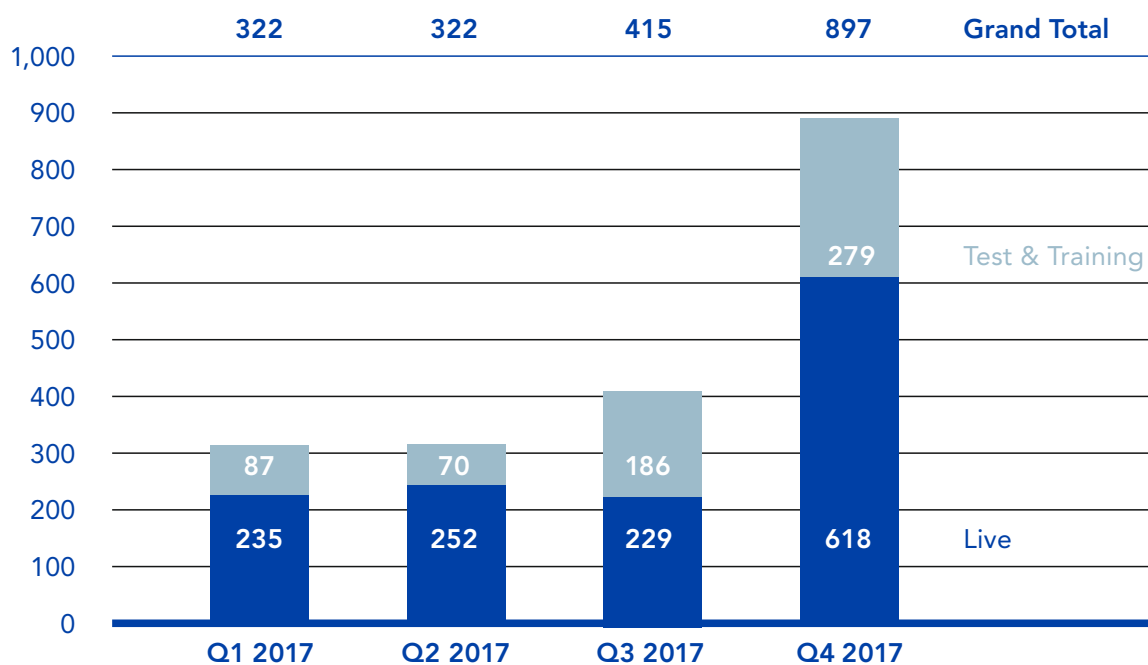
Assistance with the preparations of the launch of the RT1 System and with onboarding of participants in the new service led to an increase of customer support cases towards the end of 2017.

5 Statistics & data reporting

EBA CLEARING's statistics and data reporting services respond to a wide range of needs, including oversight requirements and customer requests for customised information.



Customer Support cases raised in 2017



Legal, Regulatory and Compliance

1 Oversight of the SIPS operated by EBA CLEARING

In August 2014, the Governing Council of the ECB identified the EURO1 and STEP2-T Systems as systemically important payment systems (SIPS) under the ECB Regulation on oversight requirements for systemically important payment systems (the SIPS Regulation).

During 2016 and 2017, comprehensive oversight assessments of the EURO1 System and of the STEP2-T System against the oversight requirements stemming from the SIPS Regulation were conducted by the ECB as lead overseer with the involvement of Eurosystem central banks. All four SIPS identified under the SIPS Regulation, including EURO1 and STEP2-T, were assessed at the same time by reference to their status as at 31 January 2016.

Formal closure by the Governing Council of the ECB of the follow-up for each system of the SIPS assessments will expectedly be

scheduled during 2018, and would cover all four SIPS at the same time. During the first quarter of 2018, the ECB as Competent Authority has confirmed that compliance with all Articles of the SIPS Regulation is established for both SIPS, EURO1 and STEP2-T.

During 2017, the following dedicated oversight assessments were conducted in relation to changes to the SIPS:

- An ex post oversight assessment of the change to the timings for cycle 10 in the STEP2 SCT Service – which were implemented in the live system in November 2016 –, was completed in January 2017;
- An ex ante oversight assessment was conducted of the changes to EBA CLEARING's governance and user say arrangements, affecting both EURO1 and STEP2-T;
- An ex post oversight assessment was conducted regarding the introduction of an additional liquidity distribution window for EURO1 in November 2017;



- An ex ante oversight assessment was conducted of the proposal for fluctuating maximum caps in EURO1.

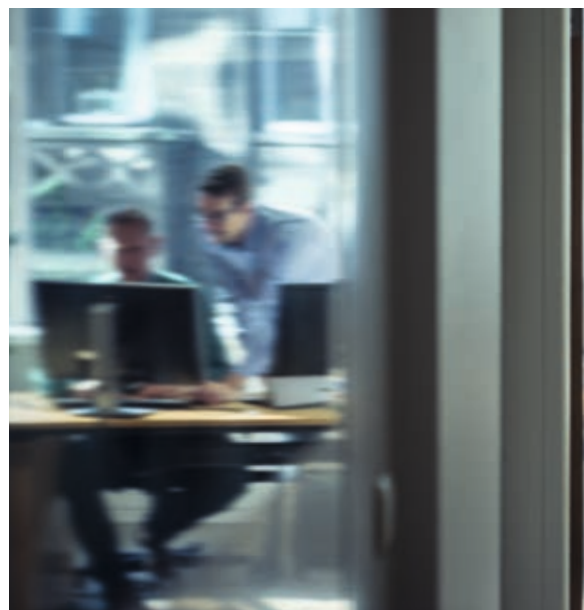
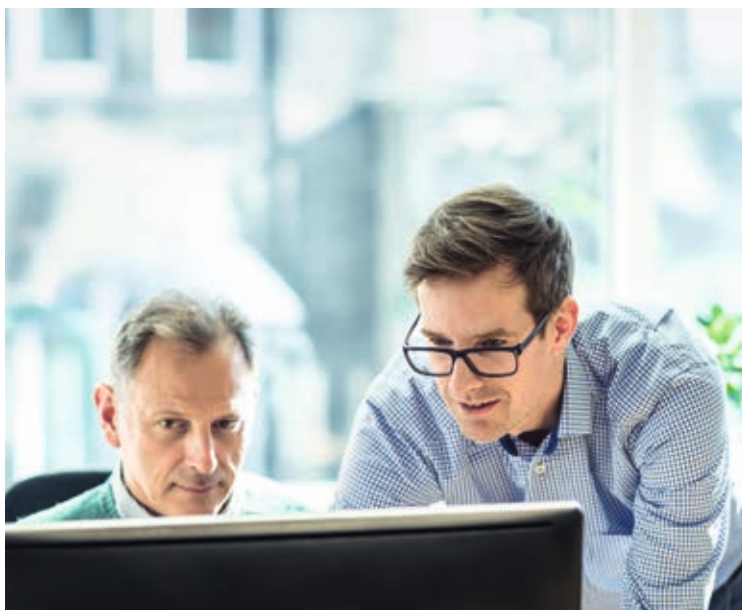
During the period under report, the Company maintained the annual calendar and plan for regular review processes in line with the requirements of the SIPS Regulation.

Further, the Company replied to the survey organised by the Eurosystem to gauge maturity levels of the financial market infrastructures within their jurisdiction with the CPMI-IOSCO Guidance on Cyber Resilience for Financial Market Infrastructures of June 2016.

Following the public consultation by the Eurosystem on revisions to the SIPS Regulation and adjacent legal instruments in the period from 20 December 2016 to February 2017, revisions to the SIPS Regulation have been adopted. The ECB Regulation of 3 November 2017 amending the SIPS Regulation was published in the Official Journal of the EU on 16 November 2017 and entered into force on 6 December 2017.

Main areas of focus for EBA CLEARING as SIPS Operator of the EURO1 and STEP2-T Systems in view of compliance with the SIPS Regulation as amended in November 2017 (the “Revised SIPS Regulation”) relate to:

- Article 4 on Governance: requirement for an ‘independent director’ as defined in the Revised SIPS Regulation;
- Articles 6 and 8 on Liquidity Risk and Credit Risk: revised requirements for DNS systems as defined in the Revised SIPS Regulation, with specific relevance for the STEP2-T System; and
- Article 17 on Tiering: revised requirements for information on and analysis of tiered participation arrangements, to allow identification and monitoring of material dependencies between participants and entities that are not bound by the rules of the SIPS.



The Revised SIPS Regulation foresees a one-year transition period for compliance by SIPS Operator with the changed or new requirements, save that for compliance with the new requirements regarding liquidity risk and credit risk a 18-month transition period is foreseen.

It is anticipated that a comprehensive oversight assessment against compliance with the new requirements of the revised SIPS Regulation ('gap assessment') will be conducted by the ECB / Eurosystem.

2 Oversight of the STEP2 CC System operated by EBA CLEARING

During 2016, the Deutsche Bundesbank as lead overseer of STEP2 CC, with the participation by the ECB, conducted a fully-fledged oversight assessment of STEP2 CC against compliance with the CPMI (formerly CPSS) – IOSCO Principles for Financial Market Infrastructures (PFMIs) applicable to the ORPS category.

In November 2017, Deutsche Bundesbank confirmed that observance with the relevant principles of the PFMIs was established for the STEP2 CC System. The comprehensive oversight assessment of STEP2 CC against compliance with the PFMIs applicable to ORPS is closed.

3 Oversight of the RT1 System operated by EBA CLEARING

In the beginning of May 2017, the ECB notified EBA CLEARING of the decision of the Governing Council of the ECB to assign oversight competence for EBA CLEARING's new instant payment system to the ECB, which will co-operate with the Eurosystem central banks. RT1 has been initially classified as an ORPS as per the revised Eurosystem oversight framework for retail payment systems.



A pre-assessment conducted by the ECB ahead of the go-live did not yield any blocking issue in view of the system's November launch. A comprehensive oversight assessment against compliance with the applicable Principles for ORPS is ongoing and is expected to be completed in the course of 2018.

4 Legal Advisory Group activities

Two extended meetings of the Legal Advisory Group were held during 2017, on 27 January and 27 June respectively. These meetings, which included also representatives of legal departments of Account-Servicing PSPs participating in the works to prepare for the new instant payment system of EBA CLEARING, were devoted to present and discuss the legal design and legal documentation for the RT1 System.

Consultations of the Group by correspondence took place in relation to the review of changes to the legal documentation for EURO1 and STEP2 as well as on changes to the legal documentation as part of the implementation of the reform of the governance ar-

rangements of EBA CLEARING. Further consultations took place in relation to the preparation of the legal documentation for RT1 System. The Group accompanied the works on the participation agreement for use of the ASI-6 real-time interface of TARGET2, which provides the legal basis for the funds held on the technical account used for RT1 in this TARGET2 interface.

Developments in 2018

In 2018, a meeting of the Legal Advisory Group took place by conference call on 10 April. This meeting was held to discuss the impact of the General Data Protection Regulation (GDPR) on the current role of EBA CLEARING as System Operator of the EURO1, STEP2-T, STEP2 CC and RT1 systems, and a possible update of the contractual provisions signed between EBA CLEARING and the participants in its systems in relation to the processing of payment data.

5 Public consultations

On 16 December 2016, the Financial Stability Board (FSB) published a consultative document on Continuity of Access to Financial Market Infrastructures ('FMIs') for a Firm in Resolution. The reply by EBA CLEARING to the public consultation was submitted on 8 February 2017.

The Eurosystem launched two public consultations relating to a review of the SIPS Regulation on 20 December 2016:

- Public consultation on the draft Regulation of the European Central Bank amending Regulation (EU) No 795/2014 of the European Central Bank on Oversight Requirements for Systemically Important Payment Systems; and
- Public consultation on the draft Decision of the European Central Bank on the methodology for calculating sanctions for infringements of the oversight requirements for systemically important payment systems.

Two private consultations on adjacent items, addressed only to SIPS Operators, were notified to EBA CLEARING on 22 December 2016, and a response was submitted by EBA CLEARING.

On 9 January 2017, TARGET2 initiated a market consultation on the TARGET Instant Payment Settlement (TIPS) User Requirements Document (URD). The response by EBA CLEARING to this consultation was submitted on 24 February 2017.

On 5 May 2017, the Eurosystem initiated a market consultation on requirements for the future RTGS service in the context of the TARGET2-T2S consolidation. The response by EBA CLEARING to this consultation was submitted on 30 June 2017.

On 28 September 2017, the CPMI published a Discussion Note on 'Reducing the risk of wholesale payments fraud related to end point security' for consultation. The reply by EBA CLEARING was submitted on 27 November 2017.

All responses made by EBA CLEARING to the above-mentioned public consultations are available on the website of EBA CLEARING.



Risk Management

1 Internal developments

The Risk Management function, as part of the ‘second line of defence’, was duly sustained throughout the period under report. It was assured that all tools and methodologies were maintained in line with best industry practice and oversight requirements. In addition, efforts continued to keep the level of risk awareness and understanding high among the Company’s executives and staff.

At the same time, the Enterprise Risk Management Framework (ERMF) was well maintained and subject to further enhancements of the reporting tools.

A regular dialogue took place with the Board Risk Committee (BRC) with a view to assessing and mitigating the Company’s top and newly emerging risks.

Dedicated cyber security-related activities

Cyber risk mitigation remained a prominent focus of the Risk Management function throughout 2017. The Cyber Security Operations Centre (C-SOC), which is aimed at providing second-line support in case of cyber-related threats or incidents, was further strengthened.

The implementation of the internal programme to comply with the Guidance on Cyber Resilience for Financial Market Infrastructures by

the CPMI published in June 2016 continued in 2017. Deliveries included, among other things, the development of a Cyber Resilience Framework for EBA CLEARING, which is aligned with the framework of the United States' National Institute of Standards and Technology (NIST). The Company also held two cyber risk-related sessions at Board level and intensified its internal training activities in this area.

2 External developments

Throughout 2017, EBA CLEARING continued to monitor the risk factors around the economic and financial sector in Europe and assess their potential impact on the Company's services. This work was pursued under the guidance of the BRC and in a dialogue with the Company's critical service providers.

3 Risk seminars and information sessions

The broader topic of Enterprise Risk Management was a key item on the agenda of multiple bilateral user visits throughout 2017, with a focus on EBA CLEARING's mission, vision and strategy towards risk. For 2018, the Company is planning to organise dedicated risk sessions for its user communities.

4 Business continuity management system

In 2017, EBA CLEARING continued the maintenance of its Business Continuity Management System (BCMS), which is aligned with the international ISO 22301 standard. This included, among other things, the organisation and timely execution of business continuity tests.

To ensure continued alignment of the Company's BCMS with the ISO 22301 standard, industry best practice and the relevant oversight requirements, a new gap analysis will be conducted in 2018.

5 Information security

The Information Security Policy (ISP) reflects the specific requirements for the implementation of security controls at the level of the Company. EBA CLEARING is certified against the ISO/IEC 27001:2013 standard, which is designed to ensure the selection of adequate and proportionate security controls that protect information assets of the Company and give confidence to interested parties.

Throughout the period under report, the Company's Information Security Committee (ISC), which is composed of information security coordinators of each unit, continued to meet frequently to discuss any new developments and stay focussed on broadening the Company's information and cyber security risk awareness, culture and controls.



Internal Audit

EBA CLEARING's Internal Audit function was maintained in line with best practice and continued its mission as the 'third line of defence' within the Company during the period under report.

The Company's audit strategy and planning for 2017 was established under the guidance of the Audit and Finance Committee (AFC), with which an open dialogue on all audit-related matters was maintained throughout the year. In line with the annual audit plan, various internal and external audits were completed in 2017 as scheduled.

The last round of the 'three-year operational audit cycle' on the systems of EBA CLEARING was performed by the external auditor. No high-risk items were identified during the whole audit cycle. Formal management responses to any outstanding items were provided and followed up in accordance with the established audit procedures.

Audit assessments of the Company's most critical service providers took place during the period under report. The results can be classified as assuring.



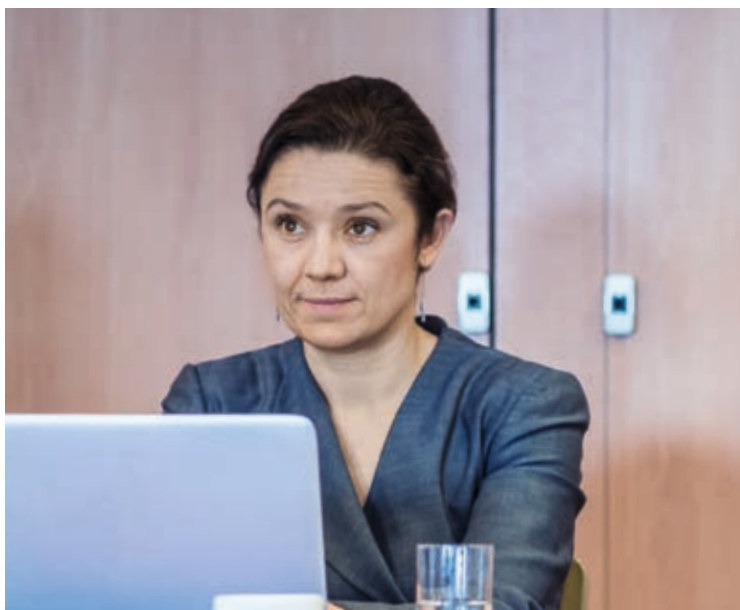
Corporate Governance

1 Board directors

a Board composition

The Board comprises 15 non-executive directors appointed for a renewable three-year term. Since the Shareholders Meeting on 19 June 2017, during which five Board members were appointed for a three-year term of office, the changes to the membership of the Board have been the following: effective 2 February 2018, the Board, upon proposal by the Nomination and Governance Committee, co-opted Raouf Soussi Laghmich as Board member to fill the vacancy following the resignation of Ignacio Echevarria Gayubo.

EBA CLEARING has currently 51 shareholders, each holding one share of EBA CLEARING and having one vote at the Shareholders Meeting. All members of the Board are employees or officers of EBA CLEARING Shareholders, and are considered to be independent since none of the shareholders have a controlling stake in EBA CLEARING.



Board members are elected *intuitu personae* by the Shareholders Meeting from among employees or officers of the shareholders. The policy for the nomination of candidates to the EBA CLEARING Board of Directors (the Board Nomination Policy) sets the framework for this nomination process. The Nomination and Governance Committee of the Board maintains a Board target profile to track the desirable collective attributes for ensuring an appropriate mix of technical skills, knowledge and experience on the Board, and assists the Board in ensuring that the Board's composition allows the Board to fulfil its respective roles and responsibilities.

In 2017, the Board undertook a third review of its effectiveness. In accordance with EBA CLEARING's Board Evaluation Policy and Methodology, a review of the Board's overall performance and the performance of its individual Board members is conducted on an annual basis.

The members of the Board do not receive any director's fees, but are reimbursed for the travel expenses incurred in the discharge of their duties for the Company.

b Board role and responsibilities

The Board is responsible for setting the strategic direction, overseeing management and adequately controlling the Company, with the ultimate aim of directing the Company towards the fulfilment of its strategic aims and long-term objectives.

c Board meetings

The following Board meetings took place in 2017 and in 2018 to the date of this report:

- 14 February 2017 and 15 February 2017
- 3 May 2017
- 31 May 2017
- 5 July 2017
- 28 September 2017
- 22 November 2017
- 6 February 2018 and 7 February 2018
- 3 May 2018
- 18 May 2018

Overview of Board members who held office in 2017–2018



**Chairman
of the Board**
Erkki Poutiainen
**Nordea Bank AB (publ),
Finnish Branch**

Strategy Manager, SVP
CM Customer Solutions,
Transaction Banking

Appointed on 06.06.2016
End of term of office:
SHM 2019

Chair of the Nomination and
Governance Committee
Chair of the Remuneration
Committee



**Deputy Chairman
of the Board**
Robert Heisterborg
ING Bank N.V.

CSD Head of Lending
Services & Europe

Appointed on 06.06.2016
End of term of office:
SHM 2019

Chair of the Strategy
and Policy Committee



James Barclay
JP Morgan Chase Bank N.A.
Executive Director, Global
Market Infrastructures
Appointed on 19.06.2017
End of term of office: SHM 2020



Jutta Cammaer
KBC Bank N.V.
General Manager Payments
for Corporates
Appointed on 19.06.2017
End of term of office: SHM 2020



Petia Niederländer
ERSTE Group Bank AG
Head of Group Retail &
Corporate Operations
Appointed on 06.06.2016
End of term of office: SHM 2019
Chair of the STEP2 Business
Committee



Kirstine Nilsson Edström
Swedbank AB (publ)
Head of Business Infrastructure
GCP & GCM
Appointed on 11.05.2015
End of term of office: SHM 2018



Frantz Teissèdre
Société Générale S.A.
Head of Interbank Relationships
Appointed on 06.06.2016
End of term of office: SHM 2019



Peter Vance
Allied Irish Banks, p.l.c.
Head of Banking Operations &
Customer Services
Appointed on 11.05.2015
End of term of office: SHM 2018
Chair of the EURO1 Business
Committee



Daniela Dell'Arciprete
Intesa Sanpaolo S.p.A.

Head of Sales and Network
Management FI

Appointed on 11.05.2015

End of term of office: SHM 2018



Ignacio Echevarría
Gayubo

BBVA S.A.

Head of Treasury Solutions
Europe

Appointed on 11.05.2015

End of term of office:
01.02.2018



Raouf Soussi Laghmich
BBVA S.A.

Head of Global Product for
Treasury Solutions

Appointed by Board Mail Vote
on 02.02.2018

End of term of office: SHM 2018



Christian Rhino
Commerzbank AG

Divisional Board Member
Group Banking Operations

Appointed on 06.06.2016

End of term of office:
SHM 2019



Luis Pedro Simões
Novo Banco S.A.

Co-Head of Payment Operations

Appointed on 11.05.2015

End of term of office: SHM 2018

Chair of the Audit and Finance
Committee



Fabio Stragiotto
UniCredit S.p.A.

Vice President – Client Access Italy
and Payment Products
Global Transaction Banking

Appointed on 19.06.2017

End of term of office: SHM 2020



Christian Westerhaus
Deutsche Bank AG

Head of Cash Clearing Products
GTB Cash Management

Appointed on 19.06.2017

End of term of office: SHM 2020

Chair of the Board Risk Committee



Narinda You
Crédit Agricole S.A.

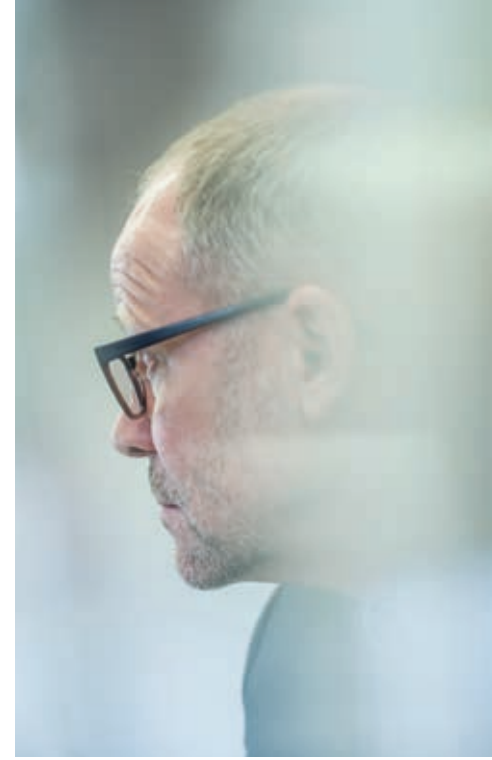
Payment Services
Head of Strategy and
Interbank Relations

Appointed on 19.06.2017

End of term of office: SHM 2020

EBA CLEARING Board Committee membership in 2017

	Audit and Finance Committee	Board Risk Committee	Strategy and Policy Committee	Nomination and Governance Committee	Remuneration Committee
Number of meetings in 2017	4	4 plus 1 board workshop	5	5	Recurrent meetings in Q4
Erkki Poutiainen		Observer	Observer	Chair	Chair
Robert Heisterborg		Member	Chair		Member
James Barclay				Member	
Jutta Cammaer					
Daniela Dell’Arciprete		Member			
Ignacio Echevarría Gayubo					
Petia Niederländer			Member		
Kirstine Nilsson	Member				
Luis Simões	Chair			Member	
Christian Rhino		Member (since July 2017)			
Fabio Stragiotto	Member (since September 2017)			Member	
Frantz Teissèdre					
Peter Vance			Member		
Christian Westerhaus		Chair	Member		Member
Narinda You	Member		Member		



2 Board committees

a Introduction

In 2017, the Board was supported by five Board Committees, composed of Board members, in carrying out its functions: the Audit and Finance Committee, the Risk Committee, the Strategy and Policy Committee, the Nomination and Governance Committee, and the Remuneration Committee.

b Audit and Finance Committee

The Audit and Finance Committee (AFC) assists the Board in fulfilling its oversight responsibilities for setting out the policy and the guidelines for the internal and external audit of the Company, for defining and monitoring the internal audit requirements and the tasks entrusted to the external auditors and for reviewing and monitoring the financial situation of the Company.

To this end, the Committee

- examines the annual and interim statutory and consolidated financial statements of EBA CLEARING submitted by the Company's management, prior to their examination by the Board. As part of these tasks, the committee reviews and analyses the budget variance, forecast and financial statements;
- gives its opinion on the development of the internal audit function, determines the internal audit plan and receives a summary of the internal audit report on a regular basis;
- reviews the audit findings of the Company's statutory auditors and receives a report from the statutory auditors on key audit findings.



The committee met four times in 2017. Its work particularly focussed on the following items:

- Addressing recommendations for the evolution and standardisation of financial reporting to assist regulatory compliance and to ensure predictability of overall business performance to gain deeper financial insight and maintain tight control of finances;
- Introduction of new key performance indicators for finance and for audit;
- Examination of the statutory and consolidated financial statements for 2017 in view of their closing in 2018;
- Review of the 2018 budget;
- Review of the internal audit 2017 activity report and approval of the internal audit plan for 2018;
- Critical service providers assessment and preparation of the operational audits.

c Board Risk Committee

The Board Risk Committee (BRC) assists the Board in fulfilling its oversight responsibilities with regards to the risk tolerance of the Company and the risk management and compliance frameworks.

The BRC is composed of Board members designated by the Board; meetings of the BRC are attended by the Company's Chief Executive Officer, the Chief Risk Officer and the General Counsel.

Four regular BRC meetings took place in 2017. One additional BRC meeting was combined with a workshop on cyber security for the full Board.

In line with its mission, the BRC also monitored the maintenance of the Risk Management Framework and the follow-up of outstanding risks in accordance with the Company's Risk Treatment Plan. The BRC received reports on the top actual and emerging risks and monitored the follow-up actions relating thereto.



Cyber security remained prominently on the agenda of the Committee throughout 2017, with a focus on cyber risk mitigation and compliance.

d Strategy and Policy Committee

The Strategy and Policy Committee (SPC) addresses the longer-term planning for the positioning and the development of the Company, its payment infrastructure systems and solutions as well as potential new service offerings. In 2017, the Committee met five times.

In 2017 and early 2018, the SPC closely accompanied the evolution of EBA CLEARING's instant payment development project and provided guidance on the way forward regarding relevant strategic topics. These included, among others, the access and participation model, the provision of different connectivity options, use of standards to ensure interoperability and considerations around the provision of TIPS 'Instructing Party' functionality.

The SPC further provided direction on EBA CLEARING's potential engagement with regard to other real-time payment-related user requests, such as the delivery of value-added solutions.

The SPC further supported and closely followed the kick-off and progress of the EURO1 future positioning programme and accompanied the implementation of the proposal to introduce fluctuating maximum credit and debit caps in the system.

The Committee also provided input to and guidance on the user consultation process for STEP2, and related considerations on changes to the STEP2 settlement model in light of revised requirements of the SIPS Regulation.

The SPC further engaged in considerations around the general future positioning of the EURO1, STEP1 and STEP2 Services based on a close monitoring of relevant developments in the European and global payments ecosystem.

e Nomination and Governance Committee

The Nomination and Governance Committee (NGC) assists the Board in implementing and reviewing the nomination policy and process for Board members and the policy and methodology for Board and individual Board member evaluation. The NGC further monitors the effectiveness of the Company's governance framework.

During 2017, five meetings of the NGC were held. The NGC addressed (i) the outcome and guidance on follow-ups of the annual Board performance evaluation for 2016, (ii) the preparation of the reply by the Company to the public consultation on possible amendments to the SIPS Regulation regarding governance, (iii) the nomination process for election of Board members at the Shareholders Meeting of 19 June 2017, (iv) the composition of the EURO1 Business Committee and the STEP2 Business Committee and the preparation for nomination of the Chairs of such Business Committees, (v) preparations for the new requirement of the Revised SIPS Regulation for at least one 'independent director' as defined in the Revised SIPS Regulation, (vi) scoping and launch of the annual Board performance evaluation for 2017, (vii) monitoring of the outcome of the oversight assessment of the reform of the governance and user say arrangements conducted during 2017, and (viii) initial preparations for candidate profile options for a replacing Chairman.

From January to May 2018, the activities of the NGC were devoted to (i) the review of the outcome of the Board performance evaluation for 2017, (ii) accompanying the nomination process for the co-optation of one Board member as well as for the candidates to fill one third of the seats on the Board, which will become vacant at the end of the Shareholders Meeting in June 2018, (iii) assisting the Board in the nomination process for a replacing

Chairman, (iv) preparing for changes to corporate governance documents including the Board nomination policy, and (v) assessing options and formulating recommendations to establish compliance with the requirement of the revised SIPS Regulation to include an 'independent director' within the meaning as defined in the Revised SIPS Regulation.

f Remuneration Committee

The Board is further assisted by the Remuneration Committee in establishing a sound remuneration framework, which fosters high performance and motivation of staff members in line with the resourcing strategy and the interests of the Company. The Remuneration Committee has delegated powers from the Board in these matters.

3 User say governance

a Relations with users

In order to ensure that all types of users are considered in the design and evolution of its systems and offerings, the Company maintains a broad range of communication channels with its (current and potential) users and other stakeholders. There are regular country or regional user meetings with the participation of all respective users and attended by EBA CLEARING executives, where ongoing activities and projects are discussed and feedback is registered. In the context of specific projects, steering groups or task forces may be created to ensure efficient liaison throughout the project or initiative.

Furthermore, the Company organises individual user visits, and when appropriate or desired, roadshows and information campaigns.

b Identical user consultation processes for the SIPS operated by the Company

Effective 2 January 2018, an identical structure has been adopted for user consultation for the two SIPS operated by the Company. The format of the user consultation processes for the EURO1 System and the STEP2-T System involves the establishment of a Business Committee. Business Committees are consultative bodies providing recommendations to the Board.

All decisions affecting a system for which a business committee has been established are made by the Board upon consultation with the relevant Business Committee; accordingly, the decision-making process for major changes to EURO1 has changed, and those decisions will be made by the Board (and no longer by the Shareholders Meeting).

Business Committees are chaired by a Board member.

c User consultations for systems and services other than EURO1 and STEP2-T

The Company consults its users, communities of users and other stakeholders (as required) in the event of changes that affect the Company's services and/or service platforms. The consultation process on changes is, in principle, composed of the following steps: submission of proposals by or to the relevant stakeholders; evaluation of the proposals by the Company, including technical feasibility and cost analysis; and submission of a proposal to the Board for decision on implementation of all or part of the recommended changes.

The adaptations to the governance arrangements for the SIPS operated by EBA CLEARING do not impair the flexibility required to accommodate specificities in relation to given services or initiatives as well as evolving

scopes of activity, which may warrant different models for consultation and decision-making. The user say governance for the different systems and services is designed to effectively respond to the stakeholders' needs for efficient organisation of the different groups and their remit.

To allow the Board and management to take account of the interests of the users in its decision-making in relation to the design, rules, overall strategy and major changes to the various systems and services, and, apart from the business committees established for the SIPS operated by the Company, the Company has established the following user groups:

i RT1 Working Group

Its objective is to serve as a forum in which direct participants in the RT1 System can discuss and provide feedback on the development, change management and evolution of the RT1 Service, as well as related initiatives.

ii STEP2 CC Group

Its objective is to serve as a forum in which direct participants in the STEP2 CC Service can discuss and provide feedback on the development, change management and evolution of the service.

iii STEP1 User Advisory Group

Its objective is to serve as a forum of the STEP1 user community and as a channel to express requirements or proposals towards the Company's Board.



d Expert Groups and other expert fora

The following Expert Groups have been established:

i **Operations & Technical Group (OTG)**

Its mission is to analyse and review proposals and to formulate recommendations relating to operational, procedural, functional and technical aspects of the systems of EBA CLEARING.

ii **Legal Advisory Group (LAG)**

Its mission is to analyse and review proposals from a legal point of view and to formulate legal recommendations regarding the same. The LAG also assists in the monitoring of legal projects and formulates recommendations regarding the resourcing for given projects.

iii **Treasury and Liquidity Group (TLG)**

Its mission is to act as an advisory expert group relating to the management and use of liquidity within the systems operated by EBA CLEARING.

Expert Groups provide expert advice for all systems for which a Business Committee is established, and can be solicited for input in relation to other systems or services when required or appropriate.

The Company establishes other expert fora in accordance with identified needs. For example, a EURO1 Future Positioning Group was created in 2017 to assist in the analysis and review of options and the formulation of recommendations regarding the EURO1 System and its positioning and value proposition in the medium to long term.



4 Other stakeholders

Potential users and other stakeholders

Apart from the consultation and coordination with user and expert groups mentioned above, the Company organises roadshows and information sessions for wider stakeholder groups when and where relevant. Consultations may also take place on an ad-hoc basis.

Overseer and policy stakeholders

The Company's mission underpins its resolve to contribute to industry initiatives and to engage with industry and policy stakeholders, including regulators, overseers, the European Payments Council, standardisation bodies, and the constituencies entrusted with policy setting.

5 Management

Hays Littlejohn has been serving as CEO of EBA CLEARING since 1 May 2015.

The CEO is responsible for the day-to-day management of the Company, and delegates authorities to the Heads of Unit and staff of the Company. As per best practice and in line with the requirements of the SIPS Regulation, the Board has adopted a set of codes and policies including a code of ethics, a remuneration policy and a policy on selection, monitoring and removal of members of management.

Prior to his role as CEO of EBA CLEARING, Hays Littlejohn held managerial and executive positions in global transaction banking at UBS AG. Having joined the Swiss bank in 1991, Hays covered a wide range of areas during his international career at UBS, including information technology, operations, trade finance, product management, relationship management, sales, business development and market infrastructures. Hays also served on the Board of CLS and, for more than 10 years, on the Board of EBA CLEARING.

6 Country representatives



Janina Grönholm
Baltic Countries,
Finland and Poland



Eva Herskovicova
Czech Republic, Hungary,
Slovakia and Slovenia



Katja Heyder
Austria, Bulgaria, Croatia, Cyprus,
Germany, Greece, Liechtenstein,
Luxembourg, Malta, Romania,
Spain and Switzerland



Erwin Kulk
Portugal



Petra Plompen
Belgium



David Renault
France



Jette Simson
Scandinavian Countries



Alan Taylor
United Kingdom and Ireland



Daniela Vinci
Italy



André Vink
The Netherlands

7 Transfer of shares and changes in share capital of EBA CLEARING

The following changes occurred in 2017 and in the first few months of 2018 as far as EBA CLEARING share capital and EBA CLEARING Shareholders are concerned:

- With effect as of 1 January 2017, Banco BPM SpA became EURO1 Participant and EBA CLEARING Shareholder in replacement of Banco Popolare SC.
- With effect as of 2 January 2017 Nordea Bank AB (publ), Finnish Branch became EURO1 Participant and EBA CLEARING Shareholder in replacement of Nordea Bank Finland plc.
- With effect as of 9 October 2017, National Westminster Bank Plc became EURO1 Participant and EBA CLEARING Shareholder in replacement of The Royal Bank of Scotland Plc.
- With effect as of 6 November 2017, Banco Popular Español S.A. withdrew as EURO1 Participant and as EBA CLEARING Shareholder.
- With effect as of 1 April 2018, The Bank of Tokyo-Mitsubishi UFG, Ltd (EURO1 Participant and EBA CLEARING shareholder) changed its name to MUFG Bank, Ltd.
- With effect as of 9 April 2018, Citibank Europe Plc became EURO1 Participant and EBA CLEARING shareholder in replacement of Citibank NA.

As of 31 December 2017, the share capital of EBA CLEARING amounted to EUR 51,000.

Oversight of the Payment Systems of EBA CLEARING

1 Oversight of EURO1 and STEP2-T

The EURO1 System is overseen by the ECB as Competent Authority, with voluntary participation by national central banks of the Eurozone. EURO1 has been under oversight of the ECB since its launch.

The STEP2-T System is also under the oversight of the ECB as Competent Authority with the participation by national central banks of the Eurozone.

In 2014, STEP2-T and EURO1 were identified by decision of the Governing Council of the ECB as systemically important payment systems under the Regulation on oversight requirements for systemically important payment systems (the SIPS Regulation). The SIPS Regulation implements the Principles for Financial Market Infrastructures, issued by CPMI and IOSCO in 2012, and applies to systemically important payment systems in the Eurozone. The system's importance is deter-

mined by an appraisal of financial impact, degree of market penetration, a system's cross-border activity and whether the system provides settlement for other financial market infrastructures. No distinction is made for the application of the Regulation between large-value and retail payment systems.

Under the SIPS Regulation, corrective measures and/or sanctions may be imposed in the case of broad, partial or non-compliance. The methodology to calculate sanctions came into effect on 6 December 2017.

EBA CLEARING is in the unique position of being the SIPS Operator of two SIPS.

The ECB publishes on its website the list of systems that fall under the SIPS Regulation and of other classified systems. In line with the Revised Oversight Framework for Retail Payment Systems of the Eurosystem and with reference to the most current published list of payment systems according to the Eurosystem's payment system classification, a distinction is made in relation to retail payment systems between:



- Systemically Important Retail Payment Systems (SIRPS) – there are two SIRPS;
- Prominently Important Retail Payment Systems (PIRPS) – there are nine PIRPS;
- Other Retail Payment Systems (ORPS) – there are 22 ORPS.

STEP2-T also classifies as a European Systemically Important Retail Payment System (ESIRPS) as opposed to a National Systemically Important Retail Payment System (NSIRPS).

2 Dialogue with the Overseer and oversight assessments for SIPS

Formal oversight meetings between the ECB/Eurosystem and EBA CLEARING are scheduled to take place on a semi-annual basis with the participation of the CEO of the Company. Regular exchanges take place on any plans and upcoming changes in relation to topics within the scope of the SIPS Regulation. A classification is in place according to which the Overseer determines whether changes

may attract an ex ante or ex post oversight assessment. The result of oversight assessments is formally advised to EBA CLEARING. The Overseer further conducts comprehensive oversight assessments of the systems it oversees with a regular frequency.

An annual plan for oversight activities relating to SIPS is established by the ECB and notified to EBA CLEARING at the beginning of each year as part of the exercise of continuous oversight.

3 Oversight of STEP2 Card Clearing

The primary oversight responsibility for STEP2 CC is entrusted to the Deutsche Bundesbank as lead Overseer, with the participation of the ECB.

In accordance with the Revised Oversight Framework for Retail Payment Systems of the Eurosystem, the Principles for Financial Market Infrastructures and the Oversight expectations for links between retail payment systems

(OELRPS) form the core of the standards to be applied to retail payment systems other than SIRPS by the Eurosystem central banks. Nine principles of the PFMI apply to both PIRPS and ORPS, of which six with the same level of strictness and three with a slight differentiation (namely Governance, Participant Default Rules and Procedures, and Access and Participation Requirements).

Formal classification of STEP2 CC as a retail payment system category is based on the market share of the system at euro area country level.

Regular formal oversight meetings take place between Deutsche Bundesbank/ECB and EBA CLEARING. Upcoming changes in relation to the STEP2 CC system are advised to Deutsche Bundesbank in view of a classification to determine whether changes will attract a dedicated oversight assessment.

4 Oversight of RT1

The primary oversight responsibility for RT1 has been assigned to the ECB, with participation by Eurosystem central banks.

Prior to and in anticipation of the start of live operations of the RT1 System, RT1 has been classified as an Other Retail Payment System (ORPS).

The oversight standards for ORPS are applicable to RT1.

Since 2018, regular formal oversight meetings take place between the ECB and EBA CLEARING. The RT1 System started live operations on 21 November 2017.

5 Eurosystem cyber resilience strategy

The global guidance on cyber resilience for financial market infrastructures was published by the Committee on Payments and Market Infrastructures and the Board of the International Organisation of Securities Commissions (CPMI-IOSCO) in June 2016. FMIs were required from an oversight perspective to apply the guidance immediately, and overseers have been working to develop an oversight approach for assessing the FMIs within their jurisdiction against the guidance.

As part of the Eurosystem's oversight strategy for cyber resilience of financial market infrastructures, the ECB launched a public consultation on 10 April 2018 calling on financial market infrastructures (FMIs) and other interested parties to give their input on draft cyber resilience oversight expectations. The latter are aimed at operationalising the global CPMI-IOSCO guidance published in June 2016. FMIs and other interested parties were invited to submit comments on the draft cyber resilience oversight expectations by 17:00 CET on 5 June 2018.

On 2 May 2018, the ECB published the European Framework for Threat Intelligence-based Ethical Red Teaming (TIBER-EU), which is the first Europe-wide framework for controlled and bespoke tests against cyber attacks in the financial market. The TIBER-EU framework has been designed for national and European authorities and entities that form the core financial infrastructure, including entities with cross-border activities that fall within the regulatory remit of several authorities.



EBA CLEARING's Subsidiary PRETA

In relation to EBA CLEARING's fully-owned subsidiary, PRETA S.A.S., EBA CLEARING took note of the continued positive evolution of the MyBank solution of PRETA during the period under report. In line with its business plan, MyBank continued to further increase its market penetration in Italy, Greece and Spain in particular.

In June 2017, PRETA launched the Open Banking Europe Initiative to respond to market needs for a centralised directory for account-servicing payment service providers (AS-PSPs) and third-party providers (TPPs) to fulfil PSD2 compliance requirements with regard to Access to Account. With the support of 30 financial institutions and industry service providers, PRETA is currently working on the delivery of directory services to meet these needs.

Financial Situation: Statutory Accounts*

EBA CLEARING completed the fiscal year 2017 with a positive net result before consolidation of EUR 4.3 M and a cash position of EUR 14.2 M (vs EUR 8.3 M in 2016).

The Company improved its cash position, increasing in 2017 the amount of its mandatory cash reserve to cover General Business Risk, as foreseen under the SIPS Regulation, and delivered a solid business performance.

Overview of revenues

The revenues increased by EUR 1.4 M (+2% vs 2016), totalling EUR 67.4 M.

Profit & Loss Statement	2016	2017	2017 vs 2016
Fixed fees	17,745	18,327	583
Transaction fees	46,036	46,696	660
Other fees	2,297	2,406	109
Revenues	66,078	67,430	1,352

* All tables in this section are in euro (EUR) thousand, based on rounded figures; in the text, abbreviations are used for thousands (K) and millions (M).



The revenues continued to develop positively in 2017 due to an increased usage of the systems, both in terms of participants and volumes.

The **fixed fees** amounted to EUR 18.3 M, increased by EUR 583 K compared to 2016, mainly thanks to additional participants in the STEP2 Services, in spite of the anticipated consolidation of banks.

The **transaction fees** amounted to EUR 46.7 M, increased by EUR 660 K compared to 2016, due to strong growth in STEP2 traffic, thanks to a market-wide volume increase and

a growth of the STEP2 market share in certain communities, slightly offset by a small reduction of traffic in EURO1 (-1%).

The average price per transaction in STEP2 continued to decrease in 2017 because of economies of scale and more participants signing up for large volume pricing options.

The **other fees** amounted to EUR 2.4 M, increased by EUR 109 K compared to 2016, which can be partially explained by one-off exit fees generated from the withdrawal of EURO1 Participants and additional joining fees from new Direct STEP2 Participants.



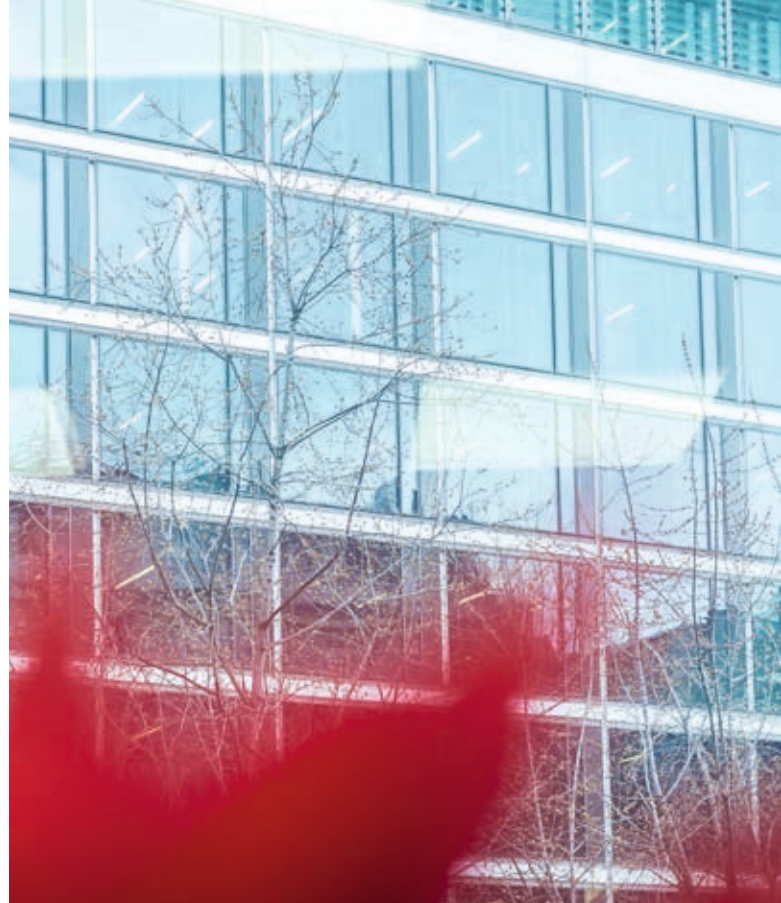
Overview of direct costs

The direct costs stabilised compared to the 2016 level (–0.5% vs 2016), totalling EUR 43.8 M.

Profit & Loss Statement	2016	2017	2017 vs 2016
Operating charges	39,726	40,183	531
Other charges	4,287	3,594	(693)
Direct costs	44,013	43,777	(236)

The transaction-based charges from providers amounted to EUR 40.2 M, which corresponds to an increase by EUR 531 K in line with the 2017 STEP2 traffic growth and accounts for most of the changes under **operating charges**.

The **other charges** amounted to EUR 3.6 M, which corresponds to a decrease by EUR 693 K, due to the reduction of the amortisation charges for the STEP2 Services and more capitalisation of development costs compared to the previous year.



Gross margin

The gross margin went up by EUR 1.6 M (+7% vs 2016), totalling EUR 23.7 M.

Profit & Loss Statement	2016	2017	2017 vs 2016
Revenues	66,078	67,430	1,352
– Direct costs	44,013	43,777	(236)
Gross margin	22,065	23,653	1,588

The positive development of the gross margin was the primary driver for the continuing year-on-year increase of the Company's cash position, improving its ability to self-fund necessary investments.

Overview of operating costs

An increase of operating costs by EUR 1.4 M, total EUR 16 M, +9.5% vs 2016, mainly due to the ongoing development of our human capital.

Profit & Loss Statement	2016	2017	2017 vs 2016
Human resources	9,747	10,956	1,209
External relations	844	841	(3)
Consultancies	841	835	(6)
Equipment, services	697	731	34
Rent, premises, maint. & cleaning	2,030	2,194	164
Other expenses, revenues	437	423	(14)
Operating costs	14,597	15,980	1,382

Continuous efforts in controlling and reducing operating costs maintained non-HR related costs slightly above 2016 levels. The Human

Resources item increased by EUR 1.2 M, due to increasing activities and the launch of a new service.

Overview of EBA CLEARING resources

Evolution of Full-Time Equivalents (FTEs)	2016	2017	2017 vs 2016
Average annual FTEs	75.4	77.3	2
FTEs at year-end	75	82	7

Overview from gross margin to net result

Profit & Loss Statement	2016	2017	2017 vs 2016
Gross margin	22,065	23,653	1,588
– Operating costs	14,597	15,980	1,382
Earnings before taxes	7,468	7,673	206
– Exceptional revenue, expense	(299)	562	861
– Income taxes and participation	2,967	2,791	(176)
Net result before consolidation	4,800	4,320	(480)

The earnings before taxes (EBT) amounted to EUR 7.7 M, which represented an increase by EUR 206 K compared to 2016.

During 2017, the Company had to create a new accrual for exceptional costs linked to its

pan-European tax liabilities, included in the EUR 562 K under the 'Exceptional revenue, expense' item.

The estimated income tax and participation item stands at EUR 2.8 M for 2017.

Cash flow

The cash flow generated by the Company's activities in 2017 was healthy at EUR 6.5 M (vs EUR 7.7 M in 2016).

The net cash position of EBA CLEARING continued to considerably gain in strength, evolving from EUR 8.3 M in 2016 to EUR 14.2 M at the end of 2017, benefitting from the deferral of investments related to STEP2 into 2018 and 2019.

Cash Flow Statement	2016	2017	2017 vs 2016
Result before consolidation	4,800	4,320	(480)
Amortisation / Depr. / Provision reversal (+/-)	2,906	2,174	(732)
Cash flow	7,706	6,494	(1,212)

Combined with continuous improved cash and working capital management (stable receivables year on year), the cash generated from operating activities of EUR 6.5 M permitted the funding of new releases for the existing services and the launch of the RT1 instant payment system.

On the liabilities side, it should be noted that payables increased by EUR 2.6 M, mainly due to the collection of the second half of the credit note for the instant payment infrastructure project in 2017. This is foreseen to be repaid to funding banks in the future based on service usage.

On 28 December 2017, the Company subscribed to a capital increase of its subsidiary PRETA for an amount of EUR 2.5 M by compensation with the receivables held on PRETA.

The equity position of EBA CLEARING before consolidation with PRETA reached EUR 24.7 M with a net result of EUR 4.3 M.

Since the creation of the Company, no dividends have been paid to shareholders. It is proposed to maintain this policy and allocate the result of the period under report to retained earnings.

Receivables

Accounts receivable as of 31 December 2017, amounting to EUR 16.3 M, may be split by due date as follows:

Before due date	1 to 30 days after due date	31 to 60 days after due date	61 to 90 days after due date	More than 90 days after due date	Total
Customers					
14,612	7	0	56	6	14,680
Other receivables					
1,616	–	–	–	–	1,616
99.58%	0.04%	0%	0.34%	0.04%	100%
Total receivables					16,296

Payables

Accounts payable as of 31 December 2017, amounted to EUR 19.1 M, including EUR 5 M linked to the instant payment project collected in 2016 and 2017 that must be repaid following the delivery of the instant payment service.

Before due date	1 to 30 days after due date	31 to 60 days after due date	61 to 90 days after due date	More than 90 days after due date	Total
Suppliers / providers					
306	3,466	6,665	135	0	10,572
Other payables					
3,545	–	–	–	5,000	8,545
20.15%	18.13%	34.86%	0.71%	26.16%	100%
Total payables					19,116

Statutory balance sheet

without consolidated assets
and liabilities

Assets	2016	2017	2017 vs 2016
Current assets	Net value	Net value	Net value
Cash position	8,304	14,180	5,876
Receivables	16,287	16,296	9
Total	24,591	30,476	5,885
Fixed assets			
Intangible fixed assets	5,129	7,541	2,412
Tangible fixed assets	751	485	(266)
Intangible fixed assets – under construction	1,226	509	(717)
Tangible fixed assets – under construction	1	92	91
Financial fixed assets	5,232	5,679	447
Total	12,339	14,306	1,967
Total assets	36,930	44,782	7,852
Liabilities	2016	2017	2017 vs 2016
Payables	16,529	19,117	2,588
Provision for risk and liabilities	0	943	943
Equity	20,401	24,722	4,321
Retained earnings & shareholders' equity	15,602	20,401	4,800
Result of the year	4,800	4,320	(480)
Total liabilities	36,930	44,782	7,852

Seilbahnen in Österreich

Cable cars of all types carry an estimated 500 to 550 million passengers each year in Austria.



APPENDICES

Elétricos de Lisboa

The first tramway in Lisbon entered service on 17 November 1873, as a horsecar line. On 30 August 1901, Lisbon's first electric tramway commenced operations. Today, it comprises six urban lines. Aside from the obvious tourist attraction, those six remaining lines are still very important because sections of the city's topography can only be crossed by small trams.

Appendix 1

List of EBA CLEARING Shareholders

Status: 30 April 2018 (51 Shareholders)

ABN AMRO Bank N.V.	ING Bank N.V.
Allied Irish Banks Plc	Intesa Sanpaolo S.p.A.
Alpha Bank A.E.	JPMorgan Chase Bank N.A.
Banca Monte dei Paschi di Siena S.p.A.	KBC Bank N.V.
Banco Bilbao Vizcaya Argentaria S.A.	Landesbank Baden-Württemberg
Banco BPM S.p.A.	Landesbank Hessen-Thüringen Girozentrale
Banco Comercial Português S.A.	Lloyds Bank Plc
Banco de Sabadell S.A.	MUFG Bank, Ltd.
Banco Santander S.A.	National Bank of Greece S.A.
Bank of America N.A.	National Westminster Bank Plc
Banque et Caisse d'Epargne de l'Etat, Luxembourg	Nordea Bank AB (publ) Finnish Branch
Banque Fédérative du Crédit Mutuel	Novo Banco, S.A.
Banque Internationale á Luxembourg S.A.	OP Corporate Bank Plc
Barclays Bank Plc	OTP Bank Plc.
BNP Paribas S.A.	Rabobank Nederland
BPCE	Raiffeisen Bank International AG
CaixaBank S.A.	Skandinaviska Enskilda Banken AB
Citibank Europe Plc	Société Générale
Commerzbank AG	Standard Chartered Bank
Crédit Agricole S.A.	Svenska Handelsbanken AB
Danske Bank A/S	Swedbank AB
Deutsche Bank AG	UBS AG
DNB Bank ASA	UniCredit S.p.A.
DZ BANK AG	Wells Fargo Bank, N.A.
ERSTE Group Bank AG	
Eurobank Ergasias S.A.	
HSBC France	

Appendix 2

List of Participants in EURO1/STEP1

Status: 30 April 2018

ABANCA Corporación Bancaria S.A.	STEP1 Bank
ABN AMRO Bank N.V.	EURO1 Participant
Allied Irish Banks, p.l.c.	EURO1 Participant
Allied Irish Bank Plc (GB)	EURO1 Sub-Participant
First Trust Bank	EURO1 Sub-Participant
Aktia Bank PLC	STEP1 Bank
Allgemeine Sparkasse Oberösterreich Bank AG	STEP1 Bank
Alpha Bank AE	EURO1 Participant
Banca del Fucino	STEP1 Bank
Banca di Imola S.p.A.	STEP1 Bank
Banca Monte dei Paschi di Siena S.p.A.	EURO1 Participant
Banca Widiba SpA	EURO1 Sub-Participant
MPS Leasing & Factoring S.p.A.	EURO1 Sub-Participant
Banca Popolare del Lazio	STEP1 Bank
Banca Popolare di Sondrio	STEP1 Bank
Banca Sella S.p.A.	STEP1 Bank
Banco BAI Europa SA	STEP1 Bank
Banco Bilbao Vizcaya Argentaria S.A.	EURO1 Participant
Banco BPM S.p.A.	EURO1 Participant
Banca Popolare di Milano S.p.A.	EURO1 Sub-Participant
Banco Comercial Português S.A.	EURO1 Participant
Banco Cooperativo Español SA	STEP1 Bank
Banco de Sabadell S.A.	EURO1 Participant
Banco Santander S.A.	EURO1 Participant
Banco Popular Español, S.A.	EURO1 Sub-Participant
Banco Santander S.A., Frankfurt Branch	EURO1 Sub-Participant
Banco Santander Totta, SA	EURO1 Sub-Participant
Santander Consumer Bank AG	EURO1 Sub-Participant
Santander UK Plc	EURO1 Sub-Participant
Bank für Tirol und Vorarlberg AG	STEP1 Bank
Bank GPB International S.A.	STEP1 Bank
Bank of Åland PLC	STEP1 Bank
Bank of America N.A., Frankfurt Branch	EURO1 Participant
The Bank of New York Mellon, Frankfurt Branch	STEP1 Bank
Bankinter SA	STEP1 Bank
Banque et Caisse d'Épargne de l'Etat	EURO1 Participant
Banque Internationale à Luxembourg S.A.	EURO1 Participant
Banque Michel Inchauspé – BAMl	STEP1 Bank
Banque Palatine	STEP1 Bank
Barclays Bank Plc	EURO1 Participant
Barclays Bank Plc, Frankfurt Branch	EURO1 Sub-Participant
Berliner Sparkasse – Landesbank Berlin AG	STEP1 Bank
BKS Bank AG	STEP1 Bank

BNP Paribas S.A.	EURO1 Participant
Banca Nazionale del Lavoro S.p.A.	EURO1 Sub-Participant
BGL BNP Paribas	EURO1 Sub-Participant
BNP Paribas Fortis	EURO1 Sub-Participant
BPCE	EURO1 Participant
BRED Banque Populaire	EURO1 Sub-Participant
NATIXIS	EURO1 Sub-Participant
BPER Banca S.p.A.	STEP1 Bank
CaixaBank S.A.	EURO1 Participant
Caixa Central de Crédito Agrícola Mútuo	STEP1 Bank
Cassa di Risparmio di Cesena S.p.A.	STEP1 Bank
Cassa di Risparmio di Fermo S.p.A.	STEP1 Bank
Cassa di Risparmio di Ravenna S.p.A.	STEP1 Bank
CECABANK, S.A.	STEP1 Bank
Caja de Ahorros y Monte de Piedad de Ontinyent	STEP1 Sub-Participant
Cajasur Banco, S.A.	STEP1 Sub-Participant
Colonya Caixa Pollença	STEP1 Sub-Participant
Liberbank, S.A.	STEP1 Sub-Participant
Unicaja Banco, S.A.	STEP1 Sub-Participant
Citibank Europe Plc	EURO1 Participant
Citibank N.A.	EURO1 Sub-Participant
Commerzbank AG	EURO1 Participant
Crédit Agricole S.A.	EURO1 Participant
CA-CIB - Crédit Agricole Corporate and Investment Bank	EURO1 Sub-Participant
Crédit Agricole CariParma SpA	EURO1 Sub-Participant
Crédit Agricole CariSpezia SpA	EURO1 Sub-Participant
Crédit Agricole Friuladria SpA	EURO1 Sub-Participant
Crédit Lyonnais	EURO1 Sub-Participant
Crédit Mutuel - CIC Banques	EURO1 Participant
Crédit Industriel et Commercial	EURO1 Sub-Participant
Crédit Mutuel Arkéa	STEP1 Bank
Credito Valtellinese	STEP1 Bank
Credito Siciliano SpA	STEP1 Sub-Participant
Danske Bank A/S	EURO1 Participant
Danske Bank A/S, Sweden Branch	EURO1 Sub-Participant
Danske Bank A/S, Ireland Branch	EURO1 Sub-Participant
Danske Bank A/S, Norway Branch	EURO1 Sub-Participant
Danske Bank A/S, Finland Branch	EURO1 Sub-Participant
Northern Bank Ltd (trading as Danske Bank)	EURO1 Sub-Participant
Deutsche Bank AG	EURO1 Participant
Deutsche Bank Privat- und Geschäftskunden AG	EURO1 Sub-Participant

DNB Bank ASA, Filial Finland	EURO1 Participant
DNB Bank ASA, Filial Danmark	EURO1 Sub-Participant
DNB Bank ASA, Filial Sverige	EURO1 Sub-Participant
DNB Bank ASA, Filiale Deutschland	EURO1 Sub-Participant
DNB Bank ASA, London Branch	EURO1 Sub-Participant
DNB Bank ASA, Norway	EURO1 Sub-Participant
DZ BANK AG	EURO1 Participant
Emirates NBD PJSC	STEP1 Bank
ERSTE Group Bank AG	EURO1 Participant
Eurobank Ergasias S.A.	EURO1 Participant
Hellenic Bank Public Company Ltd.	STEP1 Bank
HSBC France	EURO1 Participant
HSBC Bank Plc	EURO1 Sub-Participant
ICCREA Banca	STEP1 Bank
ING Bank NV	EURO1 Participant
Bank Mendes Gans N.V.	EURO1 Sub-Participant
ING Bank NV, France	EURO1 Sub-Participant
ING Bank Slaski S.A.	EURO1 Sub-Participant
ING Belgium N.V./S.A.	EURO1 Sub-Participant
ING Luxembourg S.A.	EURO1 Sub-Participant
Intesa Sanpaolo S.p.A.	EURO1 Participant
Intesa Sanpaolo Bank Luxembourg S.A.	EURO1 Sub-Participant
Intesa Sanpaolo S.p.A. (France)	EURO1 Sub-Participant
Joh. Berenberg, Gossler und Co. KG	STEP1 Bank
JPMorgan Chase Bank, N.A.	EURO1 Participant
J.P. Morgan Bank (Ireland) Plc	EURO1 Sub-Participant
J.P. Morgan Bank Luxembourg S.A.	EURO1 Sub-Participant
JPMorgan Chase Bank, N.A., Madrid Branch	EURO1 Sub-Participant
JPMorgan Chase Bank, N.A., Paris Branch	EURO1 Sub-Participant
JPMorgan Chase Bank, N.A., London Branch	EURO1 Sub-Participant
JPMorgan Chase Bank, N.A., Amsterdam Branch	EURO1 Sub-Participant
JPMorgan Chase Bank, N.A., Brussels Branch	EURO1 Sub-Participant
JPMorgan Chase Bank, N.A., Milan Branch	EURO1 Sub-Participant
KBC Bank N.V.	EURO1 Participant
Kookmin Bank International Ltd.	STEP1 Bank
Kutxabank S.A.	STEP1 Bank
La Banque Postale	STEP1 Bank
Caja Laboral Popular, Coop. de Crédito	STEP1 Bank
Landesbank Hessen-Thüringen (HELABA)	EURO1 Participant
Lloyds Bank Plc	EURO1 Participant
Mashreq Bank psc	STEP1 Bank
MUFG Bank, Ltd.	EURO1 Participant
National Bank of Greece S.A.	EURO1 Participant
National Westminster Bank Plc	EURO1 Participant
Royal Bank of Scotland Plc	EURO1 Sub-Participant

Nexi SpA	STEP1 Bank
Nordea Bank AB (publ), Finnish Branch	EURO1 Participant
Nordea Bank AB (publ), Filial i Norge	EURO1 Sub-Participant
Nordea Bank AB (publ), Frankfurt Branch	EURO1 Sub-Participant
Nordea Bank AB (publ), Sverige	EURO1 Sub-Participant
Nordea Danmark, Filial af Nordea Bank AB (publ)	EURO1 Sub-Participant
Oberbank AG	STEP1 Bank
Oberbank AG, Germany	STEP1 Sub-Participant
Oberbank AG, Slovakia	STEP1 Sub-Participant
OP Corporate Bank Plc	EURO1 Participant
OP Corporate Bank PLC, Estonian Branch	EURO1 Sub-Participant
OP Corporate Bank PLC, Latvia Branch	EURO1 Sub-Participant
OP Corporate Bank PLC, Lithuania Branch	EURO1 Sub-Participant
OTP Bank Plc.	EURO1 Participant
Rabobank Nederland	EURO1 Participant
Raiffeisen Bank International AG	EURO1 Participant
Raiffeisenlandesbank Oberösterreich AG	STEP1 Bank
Raiffeisen-Landesbank Tirol AG	STEP1 Bank
S-Bank Ltd.	STEP1 Bank
SECB Swiss Euro Clearing Bank GmbH	STEP1 Bank
Skandinaviska Enskilda Banken	EURO1 Participant
AS SEB Pank, Estonia	EURO1 Sub-Participant
SEB AB (publ.) Frankfurt Branch	EURO1 Sub-Participant
SEB Banka, Latvia	EURO1 Sub-Participant
Skandinaviska Enskilda Banken S.A., Luxembourg	EURO1 Sub-Participant
Skandinaviska Enskilda Banken, Denmark	EURO1 Sub-Participant
Société Générale	EURO1 Participant
Crédit du Nord	EURO1 Sub-Participant
Sparekassen Sjælland	STEP1 Bank
Standard Chartered Bank Germany Branch	EURO1 Participant
Svenska Handelsbanken	EURO1 Participant
Handelsbanken, Denmark	EURO1 Sub-Participant
Handelsbanken, Norway	EURO1 Sub-Participant
Swedbank AB (publ.)	EURO1 Participant
Swedbank AB, Lithuania	EURO1 Sub-Participant
Swedbank AS, Estonia	EURO1 Sub-Participant
Swedbank AS, Latvia	EURO1 Sub-Participant
UBS AG (UK)	EURO1 Participant
UBS Europe SE, Germany	EURO1 Sub-Participant
UniCredit S.p.A.	EURO1 Participant
UniCredit Bank AG (Hypovereinsbank)	EURO1 Sub-Participant
UniCredit Bank Austria AG	EURO1 Sub-Participant
Wells Fargo Bank, N.A., London Branch	EURO1 Participant

Appendix 3

List of Direct Participants in STEP2-T

Status: 30 April 2018

STEP2 SCT

ABN AMRO Bank N.V.	Barclays Bank Plc – Spain
Adyen B.V.	Barclays Bank UK Plc
Aktia Bank Plc	Belfius Bank SA/NV
Allied Irish Banks, Plc	BGL BNP Paribas
Alpha Bank Cyprus Ltd	BNP Paribas – Dublin Branch
Arbejdernes Landsbank A/S	BNP Paribas Fortis SA/NV
AS LHV Pank	BNP Paribas S.A.
AS SEB Pank	Bonum Bank Plc
Banca Carige SPA	BPCE
Banca d'Italia	bpost SA de droit public
Banca Monte dei Paschi di Siena SpA	BRED Banque Populaire
Banca Popolare di Sondrio SCPA	Bunq B.V.
Banca Sella Holding SpA	Caixa Central de Crédito Agrícola Mútuo
Banco Bilbao Vizcaya Argentaria S.A.	Caixa Geral de Depósitos S.A.
Banco BPI S.A.	CaixaBank S.A.
Banco BPM S.p.A.	Cassa Centrale Banca –
Banco Comercial Português S.A.	Credito Cooperativo del Nord Est SpA
Banco de España	Cassa Depositi e Prestiti SpA
Banco de Sabadell S.A.	Cassa di Risparmio di Parma e Piacenza SpA
Banco Popular Español S.A.	CECABANK S.A.
Banco Santander S.A.	Central Bank of Savings Banks Finland Plc
Banco Santander Totta S.A.	Citibank Europe Plc
Bank of Aland Plc	Clydesdale Bank Plc
Bank of America, NA, Frankfurt Branch	Commerzbank AG
Bank of Cyprus Public Company Ltd	Co-operative Central Bank Ltd
Bank of Greece S.A.	Crédit Agricole S.A.
Bank of Ireland	Crédit Mutuel – CIC Banques
Bank of Slovenia – Banka Slovenije	Crédit Mutuel Arkéa
Bankia S.A.	Credit Suisse (Schweiz) AG
Bankinter S.A.	Credito Emiliano SpA
Banque de France	Danske Bank A/S
Banque de Luxembourg	Danske Bank A/S, Finland Branch
Banque Eni S.A.	De Nederlandsche Bank N.V.
Banque et Caisse d'Epargne de l'Etat	Deutsche Bank AG
Banque Internationale à Luxembourg S.A.	Deutsche Bundesbank
Barclays Bank Plc	Deutsche Postbank AG
Barclays Bank Plc – France	DNB Bank ASA
Barclays Bank Plc – Portugal	DNB Bank ASA, Filial Finland
	DZ BANK AG
	DZ Bank AG Düsseldorf

Elavon Financial Services Limited
 ERSTE Group Bank AG
 First Investment Bank AD
 Hellenic Bank Public Company Ltd
 HSBC Bank Plc
 HSBC France
 ICCREA Banca S.p.A. –
 Istituto Centrale del Credito Coop.
 ING Bank NV
 ING Belgium NV/SA
 ING Luxembourg S.A.
 Intesa Sanpaolo S.p.A.
 J.P. Morgan AG
 Jyske Bank AS
 KBC Bank N.V.
 Københavns Andelskasse
 La Banque Postale
 Lån & Spar Bank A/S
 Landesbank Baden-Württemberg
 Landesbank Hessen-Thüringen (HELABA)
 Latvijas Banka
 Lietuvos Bankas – Bank of Lithuania
 Lloyds Bank Plc
 MUFG Bank, Ltd
 Narodowy Bank Polski –
 National Bank of Poland
 National Bank of Slovakia –
 Národná Banka Slovenska
 National Westminster Bank Plc
 National Westminster Bank Plc,
 Netherlands Branch
 NEXI SpA
 Nordea Bank AB Finnish Branch
 Novo Banco S.A.
 Oesterreichische Nationalbank
 OP Corporate Bank Plc.
 OTP Bank Plc.
 Promsvyazbank PJSC, Cyprus Branch
 Rabobank Nederland
 Raiffeisen Bank International AG

Raiffeisen Landesbank Südtirol AG
 Royal Bank of Scotland Plc
 Santander Consumer Bank AG
 Satabank Plc
 S-Bank Ltd.
 SECB Swiss Euro Clearing Bank GmbH
 Skandinaviska Enskilda Banken AB (publ)
 Skandinaviska Enskilda Banken S.A.,
 Luxembourg
 Société Générale
 Société Générale Bank and Trust S.A.
 Spar Nord Bank
 Sparekassen Kronjylland
 Sparkasse Bank Malta Plc
 Standard Chartered Bank Germany Branch
 Starling Bank Limited
 Svenska Handelsbanken AB
 Swedbank AB (publ)
 Sydbank A/S
 UBS AG
 UBS Europe SE
 UBS Switzerland AG
 UniCredit Bank AG (HypoVereinsbank)
 UniCredit Bank Austria AG
 UniCredit S.p.A.

STEP2 SDD CORE

ABN AMRO Bank N.V.
Aktia Bank Plc
Allied Irish Banks, Plc
Banca Carige S.p.A.
Banca d'Italia
Banca Generali S.p.A.
Banca Monte dei Paschi di Siena S.p.A.
Banca Popolare di Sondrio SCPA
Banco Bilbao Vizcaya Argentaria S.A.
Banco BPI S.A.
Banco BPM S.p.A.
Banco Comercial Português SA
Banco de España
Banco de Sabadell S.A.
Banco Popular Español S.A.
Banco Santander S.A.
Banco Santander Totta S.A.
Bank of America, NA, Frankfurt Branch
Bank of Greece S.A.
Bank of Ireland
Bank of Slovenia – Banka Slovenije
Bankia S.A.
Banque de France
Banque de Luxembourg
Banque Eni S.A.
Banque et Caisse d'Épargne de l'État
Banque Internationale à Luxembourg S.A.
Barclays Bank Plc
Barclays Bank Plc – France
Barclays Bank Plc – Portugal
Barclays Bank Plc – Spain
Barclays Bank UK Plc
Belfius Bank SA/NV
BGL BNP Paribas
BNP Paribas – Dublin Branch
BNP Paribas Fortis SA/NV
BNP Paribas S.A.
Bonum Bank Plc

BPCE
BPER Banca S.p.A.
bpost SA de droit public
BRED Banque Populaire
Bunq B.V.
Caixa Central de Crédito Agrícola Mútuo
Caixa Geral de Depósitos S.A.
CaixaBank S.A.
Cassa Centrale Banca –
Credito Cooperativo del Nord Est S.p.A.
Cassa Depositi e Prestiti S.p.A.
Cassa di Risparmio di Parma e Piacenza S.p.A.
CECABANK S.A.
Central Bank of Savings Banks Finland Plc
Citibank Europe Plc
Commerzbank AG
Crédit Agricole S.A.
Crédit Mutuel – CIC Banques
Crédit Mutuel Arkéa
Credit Suisse (Schweiz) AG
Credito Emiliano S.p.A.
Danske Bank A/S
De Nederlandsche Bank N.V.
Deutsche Bank AG
Deutsche Bundesbank
Deutsche Postbank AG
DZ BANK AG
DZ BANK AG Düsseldorf
Elavon Financial Services Limited
ERSTE Group Bank AG
HSBC Bank Plc
HSBC France
ICCREA Banca S.p.A. –
Istituto Centrale del Credito Coop.
ING Bank NV
ING Belgium NV/SA
ING Luxembourg S.A.
Intesa Sanpaolo S.p.A.
J.P. Morgan AG
KBC Bank N.V.

La Banque Postale
 Landesbank Baden-Württemberg
 Landesbank Hessen-Thüringen (HELABA)
 Lietuvos Bankas – Bank of Lithuania
 Lloyds Bank Plc
 MUFG Bank, Ltd
 National Bank of Slovakia –
 Národná Banka Slovenska
 National Westminster Bank Plc,
 Netherlands Branch
 NEXI SpA
 Nordea Bank AB Finnish Branch
 Novo Banco S.A.
 Oesterreichische Nationalbank
 OP Corporate Bank Plc.
 Rabobank Nederland
 Raiffeisen Bank International AG
 Raiffeisen Landesbank Südtirol AG
 Santander Consumer Bank AG
 Satabank Plc
 S-Bank Ltd.
 SECB Swiss Euro Clearing Bank GmbH
 Skandinaviska Enskilda Banken AB (publ)
 Société Générale
 Spar Nord Bank A/S
 Standard Chartered Bank Germany Branch
 Starling Bank Limited
 Svenska Handelsbanken AB
 UBS Europe SE
 UniCredit Bank AG (HypoVereinsbank)
 UniCredit Bank Austria AG
 UniCredit S.p.A.
 Unione di Banche Italiane S.C.P.A.

STEP2 SDD B2B

ABN AMRO Bank N.V.
 Banca 5 S.p.A.
 Banca Carige S.p.A.
 Banca d'Italia
 Banca Generali S.p.A.
 Banca Monte dei Paschi di Siena S.p.A.
 Banca Popolare di Sondrio SCPA
 Banco Bilbao Vizcaya Argentaria S.A.
 Banco BPI S.A.
 Banco BPM S.p.A.
 Banco Comercial Português SA
 Banco de España
 Banco de Sabadell S.A.
 Banco Popular Español S.A.
 Banco Santander S.A.
 Banco Santander Totta S.A.
 Bank of America, NA, Frankfurt Branch
 Bank of Greece S.A.
 Bank of Slovenia – Banka Slovenije
 Bankia S.A.
 Banque de France
 Banque de Luxembourg
 Banque Eni S.A.
 Banque et Caisse d'Épargne de l'Etat
 Banque Internationale à Luxembourg S.A.
 Barclays Bank Plc
 Barclays Bank Plc – France
 Barclays Bank Plc – Portugal
 Barclays Bank Plc – Spain
 Barclays Bank UK Plc
 Belfius Bank SA/NV
 BGL BNP Paribas
 BNP Paribas Fortis SA/NV
 BNP Paribas S.A.

BPCE
 BPER Banca S.p.A.
 bpost SA de droit public
 BRED Banque Populaire
 Bunq B.V.
 Caixa Central de Crédito Agrícola Mútuo
 Caixa Geral de Depósitos S.A.
 CaixaBank S.A.
 Cassa Centrale Banca –
 Credito Cooperativo del Nord Est S.p.A
 Cassa Depositi e Prestiti S.p.A
 Cassa di Risparmio di Parma e Piacenza S.p.A
 CECABANK S.A.
 Citibank Europe Plc
 Commerzbank AG
 Crédit Agricole S.A.
 Crédit Mutuel – CIC Banques
 Crédit Mutuel Arkéa
 Credit Suisse (Schweiz) AG
 Credito Emiliano S.p.A
 Danske Bank A/S
 De Nederlandsche Bank N.V.
 Deutsche Bank AG
 Deutsche Bundesbank
 Deutsche Postbank AG
 DZ BANK AG
 ERSTE Group Bank AG
 HSBC France
 ICCREA Banca S.p.A. –
 Istituto Centrale del Credito Coop.
 ING Bank NV
 ING Belgium NV/SA
 ING Luxembourg S.A.
 Intesa Sanpaolo S.p.A
 J.P. Morgan AG
 KBC Bank N.V.

La Banque Postale
 Landesbank Baden-Württemberg
 Landesbank Hessen-Thüringen (HELABA)
 Lloyds Bank Plc
 MUFG Bank, Ltd
 National Bank of Slovakia –
 Národná Banka Slovenska
 National Westminster Bank Plc,
 Netherlands Branch
 NEXI SpA
 Nordea Bank AB Finnish branch
 Novo Banco S.A.
 Oesterreichische Nationalbank
 Rabobank Nederland
 Raiffeisen Bank International AG
 Raiffeisen Landesbank Südtirol AG
 Santander Consumer Bank AG
 SECB Swiss Euro Clearing Bank GmbH
 Skandinaviska Enskilda Banken AB (publ)
 Société Générale
 Spar Nord Bank A/S
 Svenska Handelsbanken AB
 UBS Europe SE
 UniCredit Bank AG (HypoVereinsbank)
 UniCredit Bank Austria AG
 UniCredit S.p.A.
 Unione di Banche Italiane S.C.P.A.

Appendix 4

List of Direct Participants in RT1

Status: 30 April 2018

RT1

ABN AMRO Bank N.V.
AS SEB Pank
Banca Patrimoni Sella & C. S.p.A.
Banca Sella Holding S.p.A.
Banca Sella S.p.A.
Banco Bilbao Vizcaya Argentaria S.A.
Banco Sabadell S.A.
Banco Santander S.A.
Bankia S.A.
Bunq B.V.
Caixabank S.A.
ERSTE Group Bank AG
Intesa Sanpaolo S.p.A.
Latvijas Banka
Lietuvos bankas
NEXI S.p.A.
Raiffeisenbank International AG
Raiffeisenlandesbank Oberoesterreich AG
SATABANK Plc.
UniCredit Bank AG (HypoVereinsbank)
UniCredit S.p.A.

Appendix 5

List of Direct Participants in STEP2 CC

Status: 30 April 2018

STEP2 CC

Citibank Europe Plc
Commerzbank AG
Deutsche Bank AG
Deutsche Postbank AG
Landesbank Hessen-Thüringen (HELABA)
Santander Consumer Bank AG
UniCredit Bank AG (HypoVereinsbank)

Appendix 6

Annual Accounts for 2017

The annual accounts for 2017
(and for 2016)
are attached separately.

Imprint

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Concept and text

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F-75008 Paris

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https://de.wikipedia.org/w/index.php?title=Bahnhof_Madrid_Atocha&oldid=171375777 and <http://www.gomadrid.com/transport/atocha.html> both (last visited 15 May 2018)

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https://en.wikipedia.org/w/index.php?title=Port_of_Rotterdam&oldid=833040537 (last visited 15 May 2018)

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Via Appia
https://en.wikipedia.org/w/index.php?title=Appian_Way&oldid=838831948 (last visited 15 May 2018)

Jäänmurtaja
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Berliner Fernsehturm
https://en.wikipedia.org/w/index.php?title=Fernsehturm_Berlin&oldid=840155413 (last visited 15 May 2018)

Seilbahnen in Österreich
https://en.wikipedia.org/w/index.php?title=List_of_aerial_tramways&oldid=838059785 (last visited 15 May 2018)

Elétricos de Lisboa
https://en.wikipedia.org/w/index.php?title=Trams_in_Lisbon&oldid=839747608 (last visited 15 May 2018)

Pont du Gard
https://en.wikipedia.org/w/index.php?title=Pont_du_Gard&oldid=825327991 (last visited 15 May 2018)

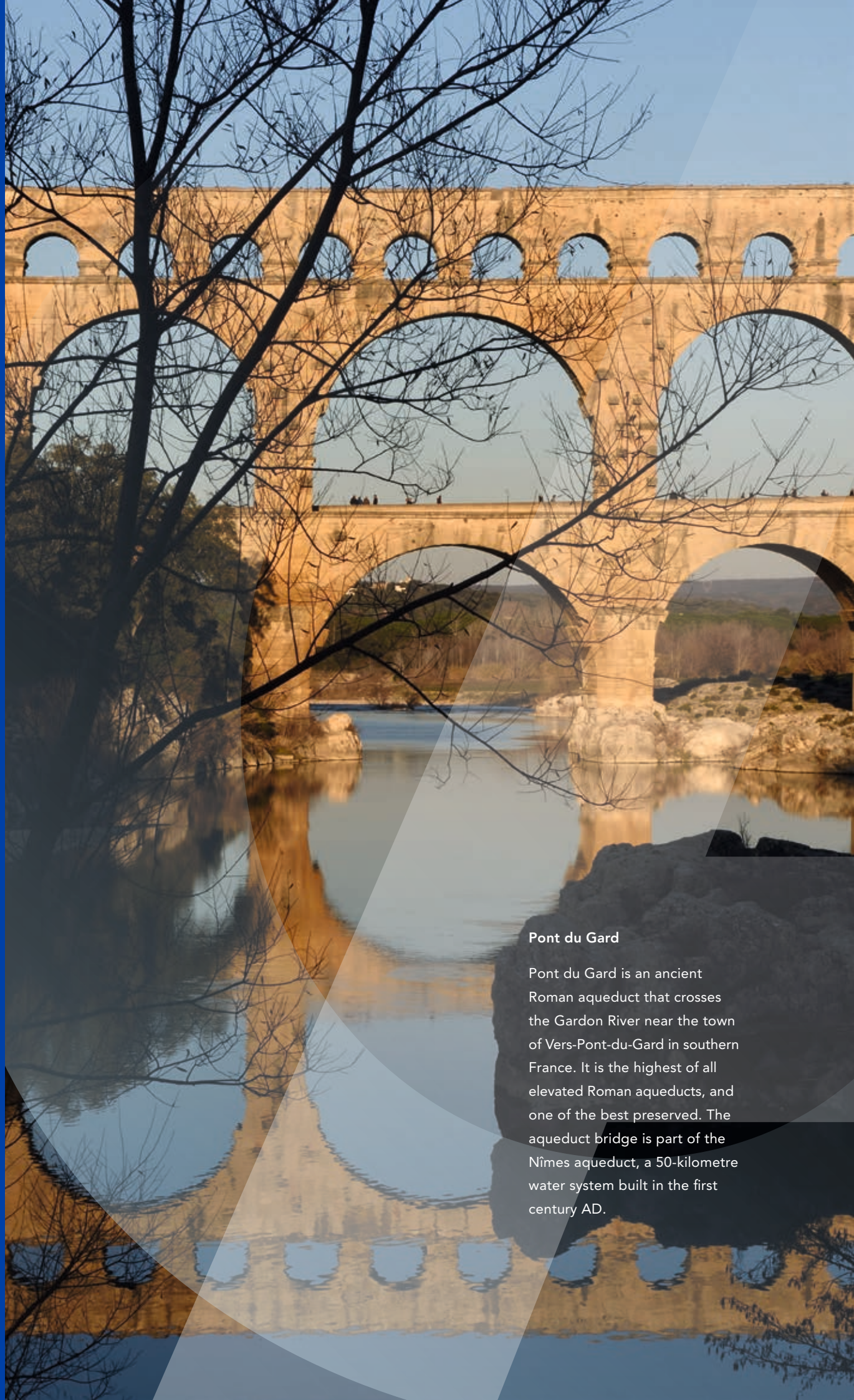
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https://en.wikipedia.org/w/index.php?title=Railway_Bridge,_Riga&oldid=832013470 (last visited 15 May 2018)

Münchner U-Bahn
https://en.wikipedia.org/w/index.php?title=Munich_U-Bahn&oldid=836540451 (last visited 15 May 2018)

Philharmonie Luxembourg
<https://www.visitluxembourg.com/en/place/concert/philharmonie-luxembourg> and https://en.wikipedia.org/w/index.php?title=Philharmonie_Luxembourg&oldid=836123873 (both last visited 15 May 2018)

Trinity College
https://en.wikipedia.org/w/index.php?title=Trinity_College_Library&oldid=821266742 (last visited 15 May 2018)



Pont du Gard

Pont du Gard is an ancient Roman aqueduct that crosses the Gardon River near the town of Vers-Pont-du-Gard in southern France. It is the highest of all elevated Roman aqueducts, and one of the best preserved. The aqueduct bridge is part of the Nîmes aqueduct, a 50-kilometre water system built in the first century AD.

**Le quartier européen de
Bruxelles / De Europese
buurt in Brussel**

The much-frequented rue de la Loi or Wetstraat in Brussels leads into the European Quarter, where the European Commission, the European Council and the European Parliament are located.



Dzelzceļa Tilts

Riga's Railway Bridge crosses the Daugava river. It was inaugurated in 1914 and is nowadays the only railway bridge in the capital of Latvia. The bridge will be duplicated as part of the new Rail Baltica line through Riga.





Münchner U-Bahn

The Munich subway system is an electric rail rapid transit network. It began operation in 1971. The Munich subway system currently comprises eight lines, serving 96 stations and encompassing 103.1 kilometres of routes. The trains operate at speeds up to 80 km per hour, which is the top speed among German U-Bahns.



Philharmonie Luxembourg

The Philharmonie Luxembourg is a concert hall located on the Kirchberg plateau in the city of Luxembourg. Every year it is visited by more than 150,000 music lovers. The Philharmonie features a striking design: 823 slender white pillars give the building and its elliptical foyer a transparent envelope, within which visitors find three very different auditoria.

Back cover

Trinity College

The Library of Trinity College Dublin serves Trinity College and the University of Dublin. It is the largest library in Ireland and the permanent home to the famous Book of Kells. The Long Room, the main chamber of the Old Library shown in the picture, was built between 1712 and 1732 and houses 200,000 of the Library's oldest books.

