



EBA CLEARING

ANNUAL REPORT 2020

Practitioners Creating Pan-European
Payment Infrastructures

Successful relationships thrive on good and easy dialogue.

The pan-European reach of our services supports dialogue all over the continent, in any language that you can fit into an ISO 20022 message.





Payments should be
a gateway
and not a hurdle.

Our new messaging infrastructure helps
PSPs pave the way for a smooth
customer experience, without making
any compromises on security.

Progress is ... a checkout without a queue.

We process instant payments in split seconds and bulk payments as soon as they come in. We try to avoid queues just like everyone else does.



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WELCOME

The Company's Mission and Strategic Aims

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 a 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.

E-U-R-O-P-A

Excellence

User-driven

Robustness

Openness to stakeholders' needs

Pan-European


Agility

Chairperson's Statement

In more ways than most of us could have imagined, 2020 was a year of change: much of this change came in the form of disruption, rather than transformation, and where it was action-driven, it often consisted in adaptation rather than innovation.



Compared to the enormous consequences the Covid-19 pandemic and related containment measures entailed for many other business sectors, it is fair to say that the European payments industry saw relatively little impact. In spite of the large-scale adjustments that coping with the pandemic has entailed for our daily lives and (home) office arrangements, our payment infrastructure systems have continued to serve as a stable and reliable backbone to the European economy since the first lockdown hit in March last year.



At EBA CLEARING, we are proud that our business continuity measures and procedures proved to be fit for purpose in the face of this global crisis.

At EBA CLEARING, we are proud that our business continuity measures and procedures proved to be fit for purpose in the face of this global crisis. Their deployment, in close cooperation with our critical service providers, ensured continued smooth operations for all our services throughout the period under report and had no impact on our service users.

This was in line with the top priority that EBA CLEARING, as an operator of two systemically important payment systems (SIPS), gives to the resilience of its systems in any of its strategic considerations. To this effect, the Company places a major focus on the maintenance and development of the IT architecture of its systems, the regular testing of its business continuity arrangements as well as the monitoring and assessment of its risk environments, including in the area of cyber security. Continuous effort is also devoted to the strengthening of office automation infrastructure and processes, which enabled a seamless deployment of home office capabilities during the pandemic.

While the operational robustness of payment systems and providers took centre stage in 2020, the pandemic also accelerated the move from cash to electronic payments in retail commerce. This underpinned the financial industry's striving for the implementation of fully digitalised end-to-end processes in payments.

The future framework for this emerging digital reality, and a number of its collective deliverables, took on a more concrete shape during the period under report through the strategic direction provided by European authorities.

Examples included the publication of the Digital Finance Package by the European Commission in September 2020 and the European Central Bank's public consultation on a digital euro, which ran from October 2020 to January 2021. Both institutions placed a strong emphasis on fostering European autonomy in payments by supporting the development of payment initiatives and solutions with a European identity and governance as well as a pan-European scope and reach.

With its European DNA and governance as well as its pan-European infrastructure services and user community, my fellow Board members and I consider EBA CLEARING as being optimally placed to continue its contribution of important building blocks to the competitive European payments ecosystem that the European authorities are seeking to further grow and nurture. In this vein, the Company completed the implementation of its latest building block, the pan-European request to pay messaging infrastructure ser-

vice (dubbed R2P), in late 2020. Preparations for the introduction of request to pay across Europe are in full swing and R2P will be one of the first infrastructure solutions available in the market to enable the exchange of request to pay messages among providers: following the launch of the EPC SEPA Request-to-Pay Scheme in June, we expect to see pioneering users join the new service before the end of the year.

The R2P Service could become a game changer for the adoption of instant payments, thanks to the tremendous potential it holds in combination with instant payments for many use cases. Because of its standardised, ISO 20022-based data exchange, request to pay may also prove to be a key enabler of pan-European end-user solutions at the point of sale or in e-commerce, such as those that the European Payments Initiative (EPI) plans to deliver.


For request to pay, as for many other promising payment developments, a wide adoption and advanced ramp-up of instant payments across Europe are major pre-requisites. EBA CLEARING's pan-European RT1 System represents a cornerstone of the instant payments infrastructure underpinning this uptake. In 2020 and early 2021, the system further extended its reach to 25 countries and brought to 11 the number of countries where it provides connectivity to a critical mass of payment service providers.

In line with the Company's long-standing strategic approach to efficiently leverage existing system and user assets and minimise the user impact of any industry changes, preparations are ongoing to optimally support the RT1 user community in meeting the instant payment requirements to be introduced by the Eurosystem at the end of 2021. These changes will enable PSPs to consolidate their liquidity management for instant payments and actively manage this liquidity around the clock, which is expected to make it easier for PSPs to scale up their instant payment offerings.

Enhanced liquidity monitoring and management capabilities also played a role in the Company's continuing work on the modernisation and further strengthening of its two SIPS, EURO1 and STEP2. Based on the evolved liquidity management functionality and the benefits offered by the continuous gross settlement (CGS) mechanism implemented for the STEP2 SEPA Services in November 2020, STEP2 users will be in a position to introduce improved service levels to their customers for bulk payments.

The first STEP2 Participants are moving to the CGS mechanism in late June. With the parallel running of the old and new settlement mechanisms and six migration windows between June 2021 and July 2022, EBA CLEARING offers maximum flexibility to the migrating user community while ensuring that the migration is completed ahead of the move of large-value payments to ISO 20022.

Preparations for the ISO 20022 migration of EURO1 are also on track and fully aligned with TARGET2 developments in order to maintain switchability of payments between the two systems going forward. In spite of a slight drop in participant figures, EURO1



Following the launch of the EPC SEPA Request to Pay Scheme in June, we expect to see pioneering users join our new R2P Service before the end of the year.

remains highly valued by its users for the cost-effectiveness, liquidity savings, resilience and choice it provides. In response to user requests aimed at further improving the attractiveness of the system, the Company focussed on the introduction of extended opening hours for EURO1 and is implementing optional functionality allowing participants to request a daily overnight return of their liquidity pool shares.

With its European DNA and governance as well as its pan-European infrastructure services and user community, my fellow Board members and I consider EBA CLEARING as being optimally placed to continue its contribution of important building blocks to the competitive European payments ecosystem.

Both EURO1 and RT1 also play a major role in the Company's considerations with regard to facilitating immediate cross-border (IXB) payments and tackling pain points in this area. Together with The Clearing House from the United States and interested users, EBA CLEARING has embarked on an analysis in response to the calls to action issued by the Financial Stability Board and the Committee on Payments and Market Infrastructures as well as by the European Commission. The objective is to determine the role the

two financial market infrastructures could play in this context and how it could complement other initiatives that are being taken forward in the industry. We are eager to soon share first conclusions in a blueprint document with our service user community and relevant stakeholders.

This transatlantic dialogue is only one of many exchanges that EBA CLEARING has sought to foster and strengthen over the past year, at a time when the required restriction of face-to-face meetings made such dialogues more difficult to nurture. Regular touch-points were held with many relevant stakeholders, including the Overseers of the EBA CLEARING Systems, with whom the Company maintained additional exchanges during the period under report, on business continuity and cyber security in particular.

In spring 2020 and 2021, we also intensified the dialogue with our shareholders to explain and secure their buy-in for the different changes we needed to bring to the by-laws of the Company. While in 2020 these changes related to the creation of more flexibility for the methods to organise shareholders' decisions, the 2021 amendments introduced more flexibility regarding the rules in place for Board member and office holder appointments, which will help the Company to ease succession processes relating to the Board and key office holder positions. I take this opportunity to thank our shareholders for the trust and support they demonstrated in approving the 2021 changes to the

by-laws, which made my appointment as an interim Chairperson possible. It has allowed us to ensure a smooth and speedy transition after Petia Niederländer moved on to new responsibilities in February 2021.

I would like to also thank all our shareholders and users, my fellow Board members and all service user representatives who have participated in our committees, expert groups, working groups and country group meetings over the past year for their commitment, contributions and support. The participation and engagement in our many online meetings remained high throughout the last year, for which we cannot express our appreciation enough given the disruption caused by the pandemic and the adjustments it required.

I would also like to express my gratitude to the management and staff of this Company and to our technology partners for their dedication and efforts, especially in light of the above-mentioned external challenges, as well as to our Overseers for the continued constructive dialogue. We look forward to continuing our fruitful co-operation and exchanges with all of you.



Michele Olin

CEO's Statement

In line with its aim to deliver excellent and robust services, EBA CLEARING's prime focus in 2020 was the provision of reliable, efficient and cost-effective payment infrastructure services on a daily basis.

However, in contrast to previous years, the Company – like many other companies – had to activate a number of arrangements in March 2020 set forth in its Business Continuity Plan in order to ensure the continued stability of its service delivery and operations in the face of the Covid-19 pandemic and the challenges it brought.




Our measures included increased monitoring of system-related and external developments, heightened alert levels across the organisation, a seamless switch to remote operation for all but most critical functions, adjusted safety principles and protocols for onsite activities and intensified exchange with critical service providers as well as other relevant stakeholders, including oversight. Even as lockdowns were imposed in different countries, we were able to send key staff to the office when needed, thanks to the support from the European Central Bank and national central banks in relevant locations, which confirmed our status as a critical market infrastructure in the form of letters.

I am happy to report that the Company's systems have been running reliably throughout 2020 and early 2021. The measures we took to minimise the risks for the well-being of our staff members had no impact on the day-to-day delivery of our services. What is more, they did not stop us from successfully completing our planned development and implementation projects: both the continuous gross settlement mechanism for STEP2 and the new R2P Service were implemented on schedule and none of our service releases experienced any delays.

This was especially important for the further improvement of RT1, which continued to serve as the pan-European infrastructure powerhouse for the instant payment ramp-up across the continent. The service went through releases 6 and 7 in 2020 and gained further muscle during the period under report: its nearly fully reach among the adherents to the EPC SEPA Instant Credit Transfer Scheme is built through 77 active participants serving well over 2,500 payment service providers (PSPs) from 25 European countries. If we look at the STEP2 SEPA Credit Transfer volumes that these same PSPs process today, they represent around 75% of the pan-European traffic.

As in previous years, we gave much attention to the RT1 onboarding and testing process to ensure that new joiners hit the ground running. This extra care helps to avoid bumps in the ecosystem and was particularly relevant in light of the remote working conditions many of our service users and their providers were subject to.


The continued build-up of instant payment coverage and customer usage was also reflected in the RT1 average daily volumes, which more than doubled in 2020 and had grown to over a million by March 2021, with regular peak days of over 1.5 million transactions. System performance remained excellent, with average processing times between PSPs standing at around one second.



The measures we took did not stop us from successfully completing our planned development and implementation projects: both the continuous gross settlement mechanism for STEP2 and the new R2P Service were implemented on schedule and none of our service releases experienced any delays.

Preparations are well advanced for the technical account migration from TARGET2 to TIPS before the end of this year, which will enable PSPs to manage their instant payment liquidity 24/7. We expect that many of our users will take advantage of the new opportunities offered by this change to consolidate their liquidity management for instant payments and to take their instant payment engagement to the next level. That is why, together with our RT1 users, we have opted to use the first possible migration window for becoming an ancillary system in TIPS in order to make their migration as easy as possible.

The enhancements we are bringing to our Instructing Party Functionality will allow RT1 Participants to benefit from a single interface for their transaction flows and to concentrate liquidity for their payments settling in RT1 and TIPS in a single place. This should simplify their daily handling of instant payments and help them to minimise their infrastructure investments by leveraging existing network and system arrangements.



In co-operation with interested users, EBA CLEARING has started to explore additional functionality or support services, such as advanced fraud detection and prevention mechanisms, that may be needed to make instant payment products fully competitive with existing commercial retail payment solutions.

In light of the forthcoming liquidity management enhancements and the scaling capabilities of RT1, it is safe to say that the instant payment backend is ready to onboard the significant traffic that the new EPC SEPA Request-to-Pay (SRTP) Scheme and market initiatives such as EPI are expected to generate. In co-operation with interested users, EBA CLEARING has started to explore additional functionality or support services, such as advanced fraud detection and prevention mechanisms, that may be needed to make instant payment products fully competitive with existing commercial retail payment solutions.

With the delivery of the new R2P Service, EBA CLEARING has already taken a major step towards supporting service providers across Europe in leveraging instant payments for value-added end-user solutions based on SRTP. To facilitate the uptake, we are working with our users to see how we can optimally support their implementation ideas for this highly promising instrument, which has the potential to tackle pain points and enable fully digitalised and secure end-to-end processes for many different payment situations.

Aside from evolving and complementing its real-time services, EBA CLEARING has also made great strides over the past year in further strengthening the attractiveness of its systemically important payment systems, EURO1 and STEP2. The first users are currently getting ready to migrate to the continuous gross

settlement (CGS) mechanism, which enables the users of our STEP2 SEPA Services to have bulk payments settled continuously, thus allowing the possibility of accelerating delivery. The CGS design, the orchestration of the changeover and the accompanying test programme have been aimed at keeping the migration efforts and risks for the large STEP2 user community very limited.

STEP2 continues to register significant increases in participation figures and processing volumes: in 2020, daily average volumes in the SEPA Services grew by 7% and the Card Clearing Service traffic even went up by over 13% because of the Covid-19-driven move from cash to debit card payments. The EURO1 volumes, by contrast, were notably affected by the dip in global trade triggered by the pandemic as well as the unfortunate withdrawal of a few participants. However, the traffic drop witnessed by the system was only of temporary nature and had been largely recovered again at the end of the year.

The migration of large-value payment systems to the ISO 20022 standard, the introduction of extended opening hours and smaller upcoming enhancements in EURO1, such as the possibility for participants to opt for a daily overnight return of their liquidity pool shares, will make this highly liquidity-efficient infrastructure system fit for the future and a likely candidate

for a number of new cross-border payment use cases going forward. Together with The Clearing House, we hope to be able to unlock a number of quick wins for payments in the US dollar and euro currency corridor in the next few years, subject to the outcome of the upcoming user consultation on our blueprint.

As with our new Immediate Cross-border Initiative, the requirements and expectations of our users continue to shape our agenda and guide our service developments. In March 2020, we went digital with all our governance and user say meetings. To help maintain the high level of engagement and accommodate the remote set-up, we brought adjustments to the formats of the different meetings and organised dedicated webinars on some of the more complex topics, such as the RT1 changes for Q4 2021 and the CGS migration. The RT1 webinars were particularly popular and attracted over 500 attendees in total. I cannot thank our user communities enough for their continued participation in the committee, user group and country group meetings and for the commitment they demonstrated in these meetings through the input and guidance they provided.

I am also very proud of the relentless commitment of our staff throughout the period under report, which is reflected in both the service-related achievements and the many internal deliverables that were successfully taken forward and completed. The Company further

I cannot thank our user communities enough for their continued participation in the committee, user group and country group meetings and for the commitment they demonstrated in these meetings through the input and guidance they provided.

pursued modernisation projects with regard to its IT and office automation environments and conducted numerous resilience and crisis management exercises, as well as attack and penetration testing and incremental improvements in cyber resilience.

The financials of EBA CLEARING are robust, with cash levels covering the liquidity requirements set for SIPS operators by the SIPS Regulation and enabling the Company to finance some continuing investments itself, without any recourse to shareholders or bank credit lines.

Going forward, with our strong portfolio of payment systems and services that are European-owned and European-governed, I consider the EBA CLEARING Company as being well-positioned and well-prepared to serve our users' pan-European payments infrastructure needs and well in line with the strategic agenda of the European authorities detailed in the European Commission's Retail Payments Strategy and other statements. We are excited about further leveraging the successful and well-tested co-operation with our technology partners for the next leg of this pan-European, and potentially global, payments journey. We also hope to continue the fruitful exchanges with the technical service provider community supporting our service users and the productive dialogue with our Overseers.

Together with our users and partners and with the support of our key stakeholders, we will keep evolving EBA CLEARING's safe, efficient and accessible infrastructure systems, so they can continue to contribute cornerstones to the foundation that is needed for a competitive and innovative payments market fulfilling the vision of the European Commission for a broad and diversified range of world-class payment services and instruments benefitting European citizens and companies.



Hays Littlejohn

THE COMPANY'S ACTIVITIES IN 2020 AND OUTLOOK FOR 2021

The period under report is
1 January 2020 – 31 December 2020.
The outlook for 2021 is included
for information.

Services



Introduction

Throughout the period under report, EBA CLEARING delivered, on a daily basis and in accordance with highest levels of resilience, best-of-breed payment infrastructure services to a large European user community.

While EURO1 volumes declined in 2020, STEP2 and RT1 volumes increased substantially. Throughout the year, EBA CLEARING handled the settlement of 15.5 billion transactions across all services.

EBA CLEARING PAYMENT SERVICES: EVOLUTION OF ANNUAL VOLUMES AND VALUES IN 2019/2020

EBA CLEARING Service	2019		2020		Evolution	
	Volume*	Value*	Volume*	Value*	Volume	Value
EURO1	50.47m	52,612bn	44.33m	49,542bn	-12.16%	-5.84%
STEP1	2.27m	366bn	1.92m	409bn	-15.64%	+11.94%
STEP2 SCT	4.68bn	14,290bn	4.94bn	14,837bn	+5.65%	+3.83%
STEP2 SDD Core	6.73bn	1,336bn	7.27bn	1,346bn	+7.92%	+0.71%
STEP2 SDD B2B	89.12m	796bn	84.94m	744bn	-4.69%	-6.53%
STEP2 CC	2.52bn	135bn	2.89bn	138bn	+14.79%	+2.48%
RT1	82.85m	44bn	243.07m	126bn	+193%	+189%
Total	14.15bn	69,580bn	15.47bn	69,580bn	+9.33%	-3.50%

* Rounded figures, all values in EUR

During the period under report, EBA CLEARING continued to enhance its current systems through planned service releases. As in previous years, the release planning was based on an annual change request process and feedback from the user consultation bodies of the respective services, which supported the different releases.

RT1 had two further system iterations, while service developments for the STEP2 SEPA Services concentrated on the delivery of the continuous gross settlement (CGS) mechanism. In parallel, the Company continued its preparations for the ISO 20022 migration of EURO1 in 2022. In addition to the above-mentioned developments in the existing services, the first version of the R2P Service was delivered.

Because of the impact of the Covid-19-related containment measures on travel, most user interactions took place through online meetings. All regular EURO1 and STEP2 Business Committee meetings as well as the various expert group meetings were held according to schedule. In addition, 22 user community meetings were organised with service participants from 12 countries.

In order to deepen the users' understanding and exchange on subjects of high impact, such as STEP2 CGS or RT1 developments in light of the TIPS changes following the measures announced by the Eurosystem, numerous webinars were held throughout the year, which were open to all users. These sessions were very popular amongst the users: the RT1 webinars alone attracted over 500 participants in total. Furthermore, the Company resumed its regular relationship meetings with large users of the EBA CLEARING Services in a digital format as well.

The Company also contributed to collaborative industry initiatives and bodies fostering the pan-European development of instant payments and request to pay, and regularly provided updates on its work strands in these areas as well as on its ISO 20022 migration preparations at industry conferences and roundtables.

EURO1 Service

The private-sector LVPS
for euro payments
providing liquidity savings,
resilience and choice

1 OVERVIEW

EBA CLEARING's large-value payment system continued to reliably serve its participants during the period under report as the resilient and cost-effective RTGS-equivalent system for single euro payment transactions that allows participants to optimise liquidity efficiency.

The programme for the future positioning of EURO1 continued according to plan. Efforts were focussed on preparations for the introduction of extended opening hours and the migration of EURO1 to the ISO 20022 standard. Special emphasis was placed on the continued alignment of the system with TARGET2 to maintain switchability of payments between the two systems going forward.

At the request of the EURO1 user community, EBA CLEARING started a new initiative in 2020 to explore the development of functionality enabling a daily pay-out and pay-in of the liquidity pool shares in EURO1. The underlying aim was to allow participants to opt for a daily overnight return of their liquidity pool shares.

Following the positive outcome of this analysis, the Company initiated the development of the technical solution in 2021 in parallel with the assessment by the European Central Bank (ECB) of this change in the management of the liquidity pool. Live implementation of the functionality is planned for the end of 2021.

BENEFITS

Immediate finality of processed payments

Minimal counterparty exposure
managed by participants

Optimal liquidity recycling

Operational robustness and resilience

Liquidity-saving advantages of
a multilateral system

2 EVOLUTION OF EURO1 VOLUMES, VALUES AND PARTICIPATION

In 2020, the transaction volumes processed in EURO1 saw a slight decline triggered by a drop in participant numbers and the economic impact of the Covid-19 pandemic. By the end of the year, this decline had been largely recovered. The average daily transaction value increased by 2% during the same period.

Average daily volume

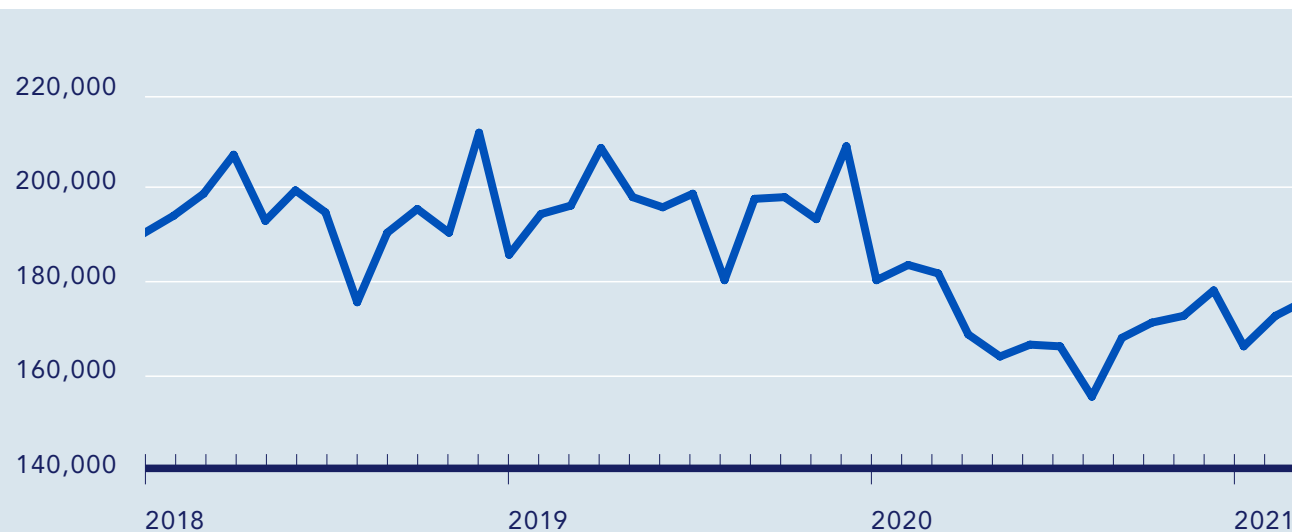
177,157 transactions

Average daily value

€ 194 billion

The EURO1 market share of large-value payments in euro stood at 34%.

EVOLUTION OF AVERAGE DAILY VOLUME OF PAYMENTS PROCESSED



Participation

39 Participants
34 Sub-Participants

Service participation went from 44 in 2019 to 39 in 2020 and had reached 38 by May 2021.

Reach

Over 6,100 participant BICs and close to 11,000 additional BICs reachable via EURO1/STEP1 Participants

3 PROGRESS ON EURO1 FUTURE POSITIONING AND ISO 20022 MIGRATION

Work continued throughout 2020 on the preparations for the migration of EURO1 to the ISO 20022 standard for high-value payments in close alignment with TARGET2. Based on the ECB decision in July 2020 to defer the ISO migration by one year, a similar timeline was adopted for EURO1, as recommended by the user community. The new live migration date is now set for November 2022. As part of the extensive support the Company is providing to the migrating user community, EBA CLEARING is in the process of preparing the necessary tools, documentation and information sessions for the testing activities that EURO1 Participants will be able to engage in from September 2021 on.

To further strengthen the strategic value that EURO1 holds for its user community as a highly liquidity-efficient, cost-effective and resilient service for large-value payments, EBA CLEARING continued to focus on potential enhancements to increase the attractiveness of the system in 2020. These efforts included preparatory steps towards the introduction of extended opening hours and the development of additional cross-service functionality and support tools. The Company remains strongly committed to further helping its users optimise the management and monitoring of their payment and liquidity flows across the different EBA CLEARING Services they use.

4 SYSTEM DEVELOPMENTS IN 2020 AND 2021

In view of the ongoing project for the ISO migration, the service release for 2020 included no functional changes. A similar approach has been maintained for the November 2021 release, which will be limited to mandatory technical changes, except for the implementation of optional functionality enabling a daily pay-out and pay-in of the liquidity pool shares in EURO1.

FUNCTION

Large-value payment system

RTGS-equivalent net system

Settlement in TARGET2 via ASI-4
at processing cut-off time

LIVE DATE

4 January 1999

TECHNICAL OPERATOR

SWIFT

LEGAL BASIS

Identified by the ECB as SIPS

ECB SIPS Regulation fully applicable

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.

Average daily volume

5,475 transactions

Average daily value

€0.9 billion

EVOLUTION OF AVERAGE DAILY VOLUME OF PAYMENTS PROCESSED



Status: March 2021

BENEFITS

Pan-European access and extensive reach

Operational simplicity and low costs

Full resilience and flexibility

FUNCTION

Single euro payment service for commercial transactions, mainly used by medium-sized and smaller banks

EURO1 Banks act as settlement banks for STEP1 Participants

LIVE DATE

21 November 2000

TECHNICAL OPERATOR

SWIFT

There was a decrease in the number of STEP1 Participants during the period under report, which was mainly due to the continuation of industry consolidation across Europe.

**Participation**

24 Participants
4 Sub-Participants

**Reach**

Over 6,100 participant BICs
and close to 11,000 additional BICs
reachable via EURO1/STEP1
Participants

STEP2 SEPA Services

Reaching all corners of SEPA for retail payments

1 OVERVIEW

A cornerstone of the Single Euro Payments Area (SEPA), the STEP2-T System provides full reach to the European payments industry, processing very high volumes of domestic and cross-border euro retail payments in a reliable, cost-effective and disruption-free manner. Its position as a strategically important infrastructure for a number of communities and individual payment service providers across Europe was further strengthened through the continued growth in participation numbers in 2020 and early 2021.

In terms of service development, 2020 saw the technical implementation of the continuous gross settlement (CGS) mechanism in the STEP2-T System as well as several other upgrades. The new CGS mechanism and the existing cycle-based settlement model will co-exist until July 2022 to enable a phased, risk-minimising migration of the large STEP2 user community.

BENEFITS

Full reach across Europe

Highly resilient and robust processing infrastructure

Rich and flexible functionality

Low-cost processing

Pan-European approach to service development

LIVE DATES

SCT: 28 January 2008

SDD Core and SDD B2B: 2 November 2009

TECHNICAL OPERATOR

SIA

2 EVOLUTION OF STEP2 VOLUMES AND PARTICIPATION

Daily average volumes in the STEP2 SEPA Services increased by 7% in 2020 to 47.9 million transactions processed per day on average.

Average daily volume

SCT

21.4 million transactions

SDD Core

30.4 million transactions

SDD B2B

353,896 transactions

Average daily value

SCT

€65 billion

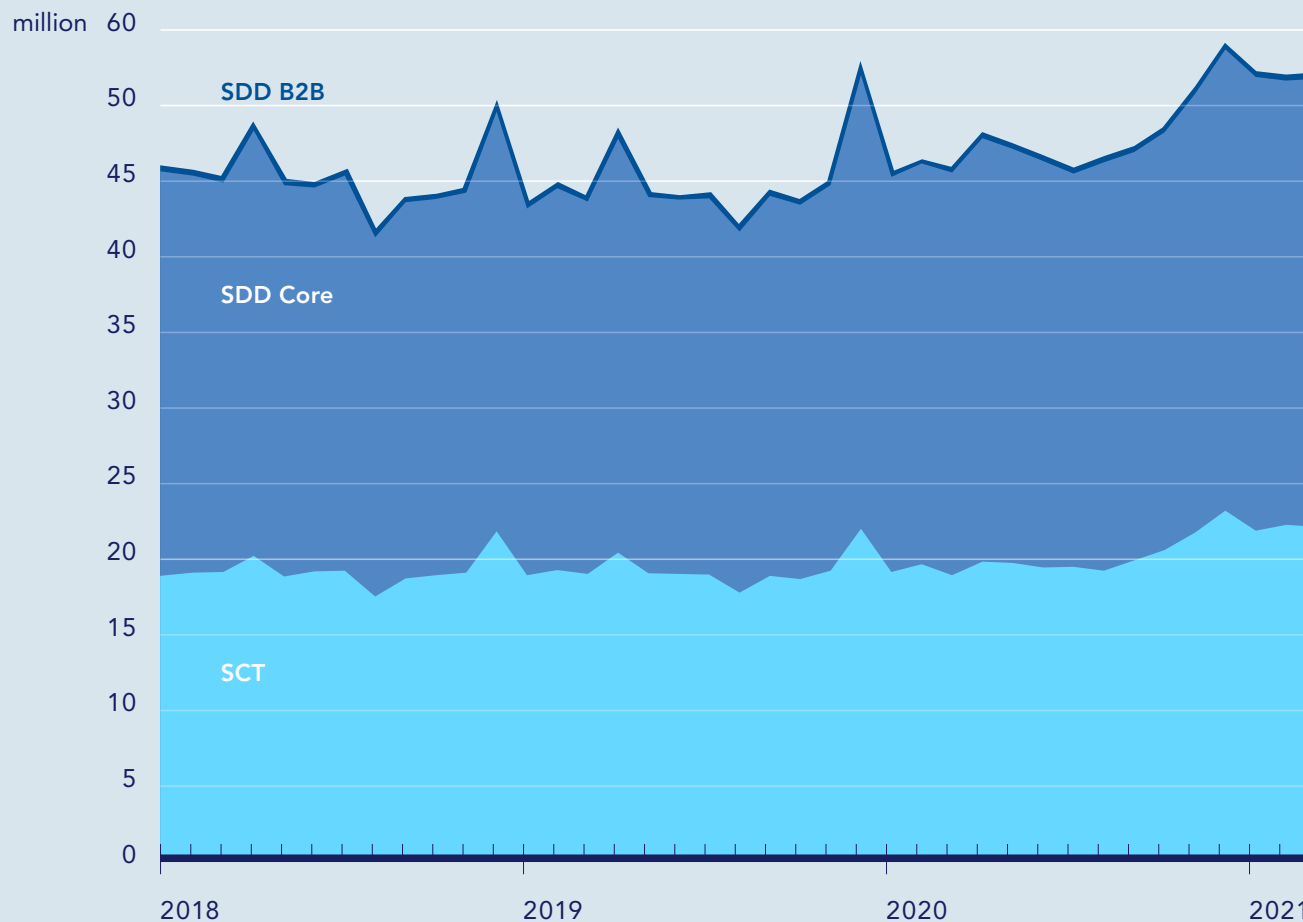
SDD Core

€6 billion

SDD B2B

€3 billion

EVOLUTION OF AVERAGE DAILY VOLUME OF PAYMENTS PROCESSED



SETTLEMENT

During a transition period until November 2022, STEP2 offers two settlement mechanisms:

Cycle-based settlement: simultaneous settlement on a gross basis of all Euro bulk payment orders included in a settlement cycle. Positions are settled on STEP2 Participants' TARGET2 RTGS accounts via ASI-4 or ASI-6 Interfaced (night-time settlement).

Continuous gross settlement (CGS): real-time gross settlement mechanism providing for the continuous execution of Euro bulk payment orders. Participants maintain a funds balance in the system, which is adjusted upon release of each bulk payment order and funded from the participant's TARGET2 RTGS account via ASI-6 Real-Time in central bank funds.

A substantial part of this growth was linked to the increase of electronic payments throughout 2020 as a consequence of changes in customer behaviour triggered by the Covid-19 pandemic or related restrictions; several of the electronic payment solutions used in this context settle through SEPA Credit Transfers or Direct Debits.

Participation in the STEP2 SEPA Services continued to grow throughout 2020 and early 2021, with nine participants joining the STEP2 SEPA Credit Transfer (SCT) Service, eight participants joining the STEP2 SEPA Direct Debit (SDD) Core Service and seven participants connecting to the STEP2 SDD Business-to-Business (B2B) Service.



Participation

SCT
158 Participants

SDD Core
119 Participants

SDD B2B
100 Participants

The STEP2 SEPA Services continued extending full reachability financial institutions across the Single Euro Payments Area:



Reach

SCT
Close to 4,700 Reachable BICs

SDD Core
Close to 3,700 Reachable BICs

SDD B2B
Close to 3,200 Reachable BICs

The STEP2-T System is fully interoperable with 15 other CSMs.

3 SUCCESSFUL DELIVERY OF CONTINUOUS GROSS SETTLEMENT MECHANISM

Throughout the period under report, EBA CLEARING put a major focus on completing the delivery of the CGS mechanism for the STEP2 SEPA Services, which was technically implemented in the STEP2-T System by November 2020.

CGS allows service participants to settle STEP2 SEPA payments at any time the settlement windows are open, provided the participant has enough liquidity to cover its outgoing payment orders or incoming direct debits. The continuous settlement paves the way for STEP2 users to offer improved service levels to their customers for bulk payments. Participants can also tap into a wider range of liquidity management functionalities and align their liquidity management across different EBA CLEARING Services.

The user community's phased migration from the current to the new settlement mechanism is scheduled to run from Q2 2021 to July 2022. This co-existence period has been designed to minimise implementation risks in light of the industry's loaded implementation agenda.

It has enabled individual banks and communities to choose their preferred migration window in relation to their other ongoing projects and will ensure that the move to the STEP2 CGS mechanism is completed before the ISO 20022 migration of TARGET2 and EURO1. From a payment sending and receiving as well as from a reporting perspective, the changes for the participants have been kept to a minimum.

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 adhering to the respective EPC Scheme Rulebooks

LEGAL BASIS

Identified as SIPS under the ECB SIPS Regulation

Compliant with the respective EPC Scheme Rulebooks and Implementation Guidelines

4 SYSTEM DEVELOPMENTS IN 2020 AND BEYOND

As in previous years, EBA CLEARING continued to pass on the benefits of the significant economies of scale generated by STEP2 to the service users in terms of cost savings, keeping transaction prices at a low level.

As part of the Company's ongoing cross-service alignment efforts, various enhancements were brought to the graphical user interfaces and APIs, which were part of the November 2020 release.

A functional release will be put in place in November 2021, which will mostly focus on updates related to the EPC SCT Scheme Rulebook. In addition, the system will be upgraded to version 3.0 of the EBICS protocol.

From the second quarter of 2022 on, participants in the STEP2 SEPA Services will have the possibility to use the STEP2 APIs for static data and liquidity management over the SWIFT network.

RT1 Service

The leading pan-European infrastructure for instant payments

1 OVERVIEW

In its third full year of operation, the pan-European instant payment infrastructure system RT1 saw a continued steep ramp-up in terms of participation and volumes across Europe.

EBA CLEARING maintained its focus on managing these substantial onboarding activities and on driving the development of system functionality and support tools through semi-annual system releases, in response to user needs and regulatory requirements. The Company also continued to contribute to industry initiatives geared at building a real-time payment ecosystem and enabling well-functioning end-to-end processes.

BENEFITS

24/7 non-stop service

End-to-end processing within less than 5 seconds

Full settlement certainty also during TARGET2 closing hours

Comprehensive risk controls to mitigate settlement risks

Future-proof in terms of scalability and flexibility

Use case-agnostic design

Liquidity-efficient arrangements

LIVE DATES

21 November 2017

TECHNICAL OPERATOR

SIA

2 EVOLUTION OF RT1 VOLUMES AND PARTICIPATION

RT1 more than doubled its volumes throughout 2020, moving from 470,000 SEPA Instant Credit (SCT Inst) Transfers per day on average to over 948,000 by December 2020, with a daily average value of EUR 583 million.

Average daily volume

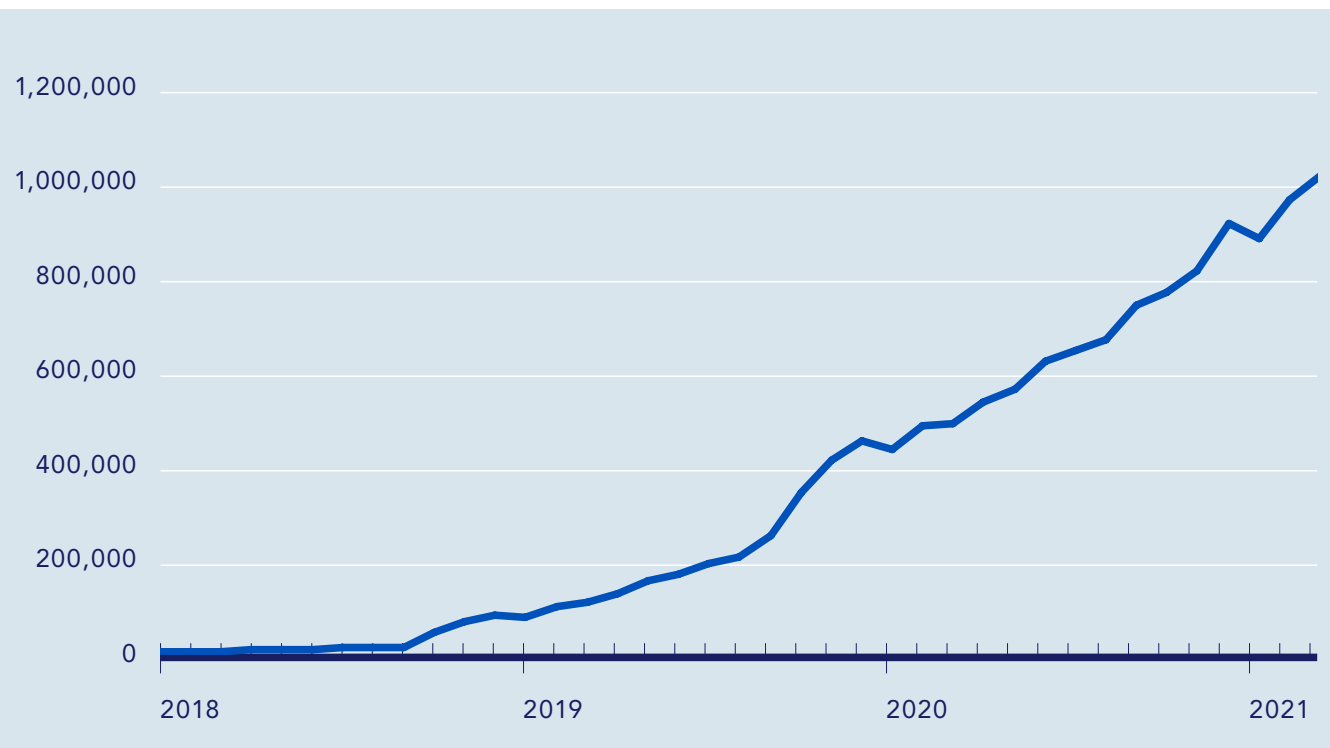
1,052,779 transactions

Average daily value

€666 million

The system saw a new peak record on 30 November 2020 with 1,477,591 transactions settled on that day. In the first quarter of 2021, the system witnessed several peak days with over 1.5 million transactions. Since March 2021, RT1 has been processing over 1 million transactions per day on average, all across Europe. The average processing times are around one second.

EVOLUTION OF AVERAGE DAILY VOLUME OF PAYMENTS PROCESSED



3 CONTINUOUS BUILD-UP OF SCT INST REACH ACROSS EUROPE

During the period under report, RT1 continued to make considerable progress in building up pan-European reach for euro instant payments. By the end of 2020, RT1 had expanded reach to over 2,300 payment service providers (PSPs) from 24 European countries, which were addressable through the 74 participants connected to the platform. Throughout the year, the evolving RT1 reach corresponded to nearly the full list of account-servicing PSPs adhering to the EPC SCT Inst Scheme.

Participation

75 Participants

Reach

RT1 extends reach to close to 2,600 PSPs from 25 EU countries, which are addressable via the 75 participants connected to the service

Status: March 2021

Considerable efforts were devoted to ensuring the smooth onboarding of the new participants as well as of technical service providers (TSPs) facilitating the connection to the RT1 System for a community of PSPs. The Company's TSP programme has proven to be a key success factor in the RT1 ramp-up and has also significantly contributed to the development of a euro instant payment ecosystem gathering PSPs, vendors, solution providers, network providers, payment system operators and central banks with the common objective of building up pan-European reach for the SEPA Instant Credit Transfer Scheme.

RT1 has also established connectivity with nearly all national clearing and settlement mechanisms (CSMs) offering instant payments in euro. The possibility for PSPs to leverage their technical connection to a national CSM for exchanging SEPA-wide instant payments via RT1 provides local communities with pan-European reach and boosts cross-border connectivity for instant payments. This set-up has allowed to establish robust, reliable and cost-effective connections across systems without introducing new risks or legal uncertainties with regard to payment finality.

Furthermore, RT1 Participants are able to rely on the Instructing Party Functionality in order to have a single interface for sending and receiving transactions settling in RT1 or in the Eurosystem's TIPS Service.

FUNCTION

Pan-European 24/7/365 real-time payment system open to any AS-PSP adhering to the EPC SCT Inst Scheme

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.

LEGAL BASIS

Full compliance with the SCT Inst Rulebook and Implementation Guidelines of the EPC, including validation

Fully protected by the Settlement Finality Directive

4 SYSTEM DEVELOPMENTS IN 2020 AND OUTLOOK ON 2021

EBA CLEARING continued to enrich the RT1 functionality in 2020, in line with user demand and regulatory developments.

In June 2020, the RT1 TIPS Instructing Party Functionality was upgraded in order to be aligned with version 2.5 of the TIPS user detailed functional specifications. On 1 July 2020, the maximum amount in RT1 was increased to EUR 100,000 in line with the new SCT Inst Scheme Rulebook.

The November release 2020 provided users with various operational and technical improvements. Further enhancements were brought to the liquidity management tools.

RT1 was also enriched with a new option allowing participants to exchange additional information on the transaction through the use of a dedicated field within the transaction. The new option was introduced for fraud prevention and detection purposes and made available on a closed user group basis.

The RT1 System functionality will be further developed in 2021 in order to meet regulatory and user requirements and those stemming from the EPC SCT Inst Scheme Rulebook changes.

Before the end of the year, PSPs adhering to the SCT Inst Scheme must become reachable via TIPS for SCT Inst transactions. They will also need to make sure that they can fund and defund through TIPS the positions they hold in the different clearing and settlement mechanisms they participate in. As part of these changes introduced by the Eurosystem, the technical account for RT1 settlement, which today is operated in TARGET2, will migrate to TIPS. This evolution will enable RT1 Participants and Addressable PSPs to exchange transactions with TIPS Participants and Reachable Parties via the technical account. It will also make the RT1 technical account accessible for participants 24/7, which will further facilitate the users' liquidity management and payment processing around the clock.

Following the Eurosystem's announcement of these TIPS-related requirements for PSPs and CSMs, EBA CLEARING organised a number of workshops with the relevant user and expert groups. The sessions focused on evaluating the impact of these changes on RT1 and on understanding how RT1 could optimally support its user community in fulfilling their obligations and benefitting from the new set-up while minimising the change impact.

As a result of these exchanges, the Company decided to enhance the Instructing Party Functionality in 2021, in order to provide RT1 Participants with a single interface for their transaction flows and a single place for concentrating liquidity for their payments settling in RT1 and TIPS. This is expected to simplify users' daily handling of instant payments and related internal network and system arrangements, and allow them to optimally leverage their infrastructure investments.

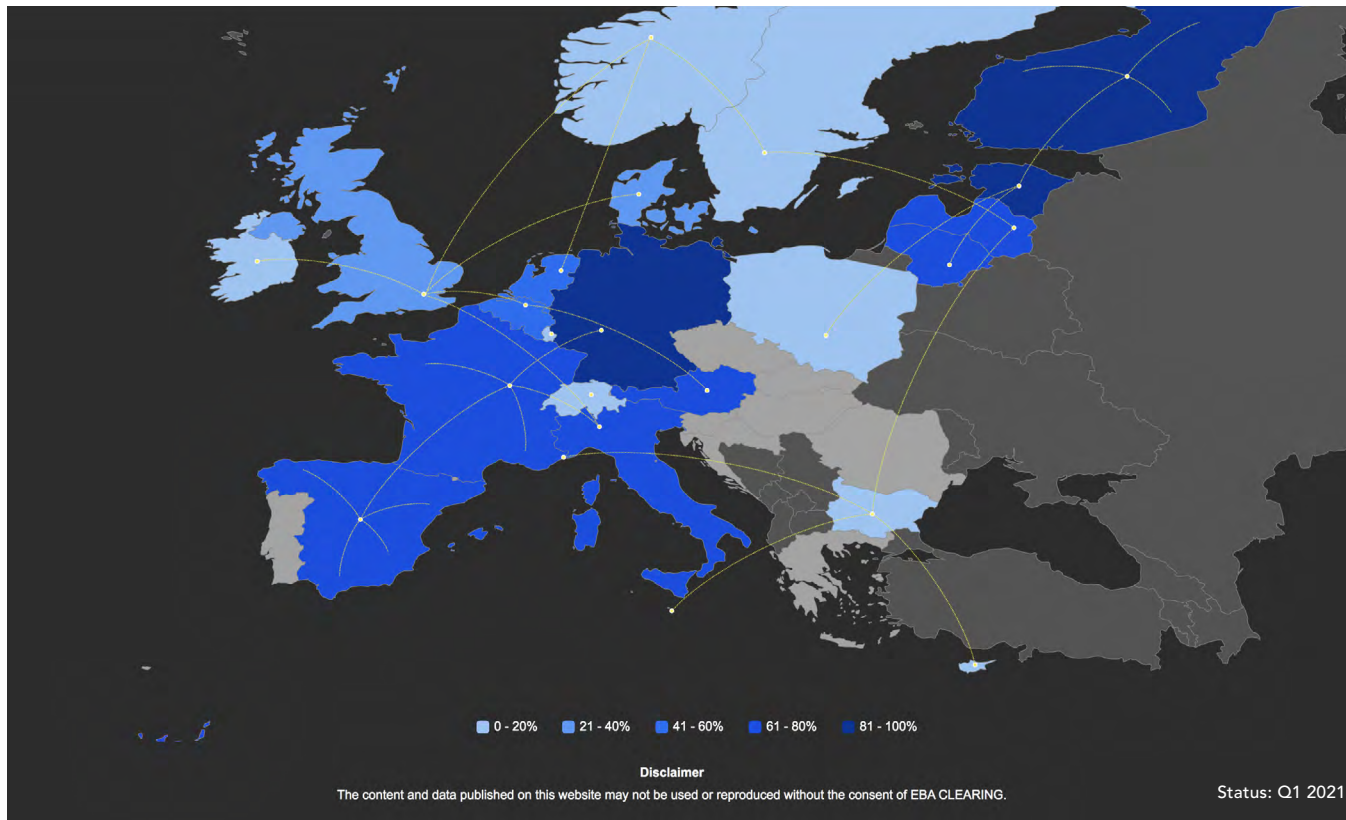
In light of the changes lined up for 2021, EBA CLEARING is planning to deliver two RT1 service releases for this year. The June release will ensure compatibility with TIPS version 3.1 and introduce enhancements for the RT1 Instructing Party Functionality.

In addition to the TIPS instructing party-related changes, the November release will reflect the updates brought to the EPC SCT Inst Scheme Rulebook and improvements to the participant workstation requested by the RT1 Participants as part of the annual user consultation process. The RT1 System will also be upgraded to version 3.0 of the EBICS protocol.

In December 2021, RT1 will move its technical account from TARGET2 to TIPS. EBA CLEARING and its users have opted to use the first possible migration window for becoming an ancillary system in TIPS.

RT1 REACH RAMP-UP

The map illustrates how the RT1 ramp-up is progressing throughout Europe and shows the percentage of STEP2 SCT traffic by PSPs addressable in RT1. Upon click, it also provides more detailed statistics for each country.


[↗ SEE INTERACTIVE MAP](#)

5 CONTRIBUTION TO INDUSTRY DEBATES

EBA CLEARING has been fostering an open exchange on real-time payment matters with other industry players and stakeholders, participating in the AMI-Pay, the ECB's advisory group on market infrastructures for payments, as well as the TIPS consultative group and ad hoc workshops from the Eurosystem on pan-European reachability. The Company is also a member of the EPC Scheme Technical Forum (ESTF) and the EPC Scheme Evolution and Maintenance Task Force (SEMSTF).

EBA CLEARING further contributed to other industry bodies and fora, such as the Real-Time Payments Group (RTPG; the group under the ISO 20022 standardisation body focussing on ISO messages for real-time payments) and the Global Real Time / Instant Payment Group. As of 2021, EBA CLEARING will take part in the Payments Systems Market Experts Group organised by the European Commission.

STEP2 Card Clearing Service

An ISO 20022-compliant system for settling card-initiated payments

Throughout the period under report, the STEP2 Card Clearing (STEP2 CC) 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 pan-European payments interoperability standards and harmonisation initiative of 26 major payments industry players from 21 countries in and beyond the Eurozone with the primary objective of defining open and common scheme- and processor-independent standards in the interbanking domain.

BENEFITS

Pan-European design

Allows re-use of SEPA interbank infrastructures

Supported by STEP2 platform

LIVE DATES

14 April 2015

TECHNICAL OPERATOR

SIA

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 21 European countries

The STEP2 CC Service handled on average over 11.25 million transactions per day in 2020, which represents an increase of over 13% compared to 2019.

Average daily volume

11.5 million transactions

Average daily value

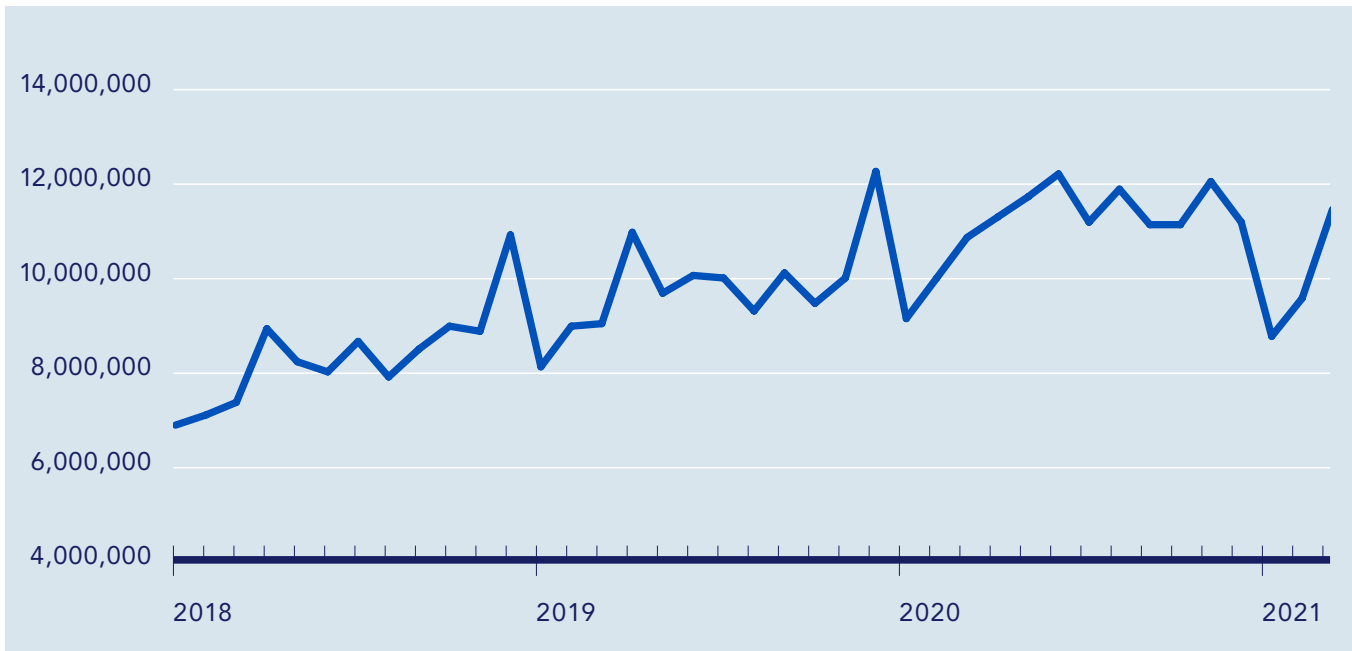
€ 529 million

STEP2 CC is currently used by seven participants for debit card transactions under the German girocard scheme. A substantial part of this growth was linked to the increase of electronic payments throughout 2020 as a consequence of changes in customer behaviour triggered by the Covid-19 pandemic related restrictions.

Participation

7 Participants

EVOLUTION OF AVERAGE DAILY VOLUME OF PAYMENTS PROCESSED



Reach

Close to 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.

SYSTEM DEVELOPMENTS IN 2020 AND 2021

The 2020 release for STEP2 CC consisted only of improvements to the participant workstation, in line with the changes delivered for the STEP2 SEPA Services.

In November 2021, the STEP2 CC System will be upgraded to version 3.0 of the EBICS protocol.

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 the participants

Positions are settled in TARGET2 via the Ancillary System Interface (ASI)

SEDA –

SEPA-COMPLIANT ELECTRONIC DATABASE ALIGNMENT

A mandate information
exchange service for
SEPA Direct Debits

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.

BENEFITS

Direct exchange of mandate information

Full reach of all banks that offer SEDA

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)

Compliant with rules and guidelines developed by ABI

LIVE DATES

14 October 2013

TECHNICAL OPERATOR

SIA

CONTINUED VOLUME INCREASE FOR SEDA SERVICE

SEDA saw steady volumes throughout 2020 with a monthly average of 8.34 million mandate-related information messages.

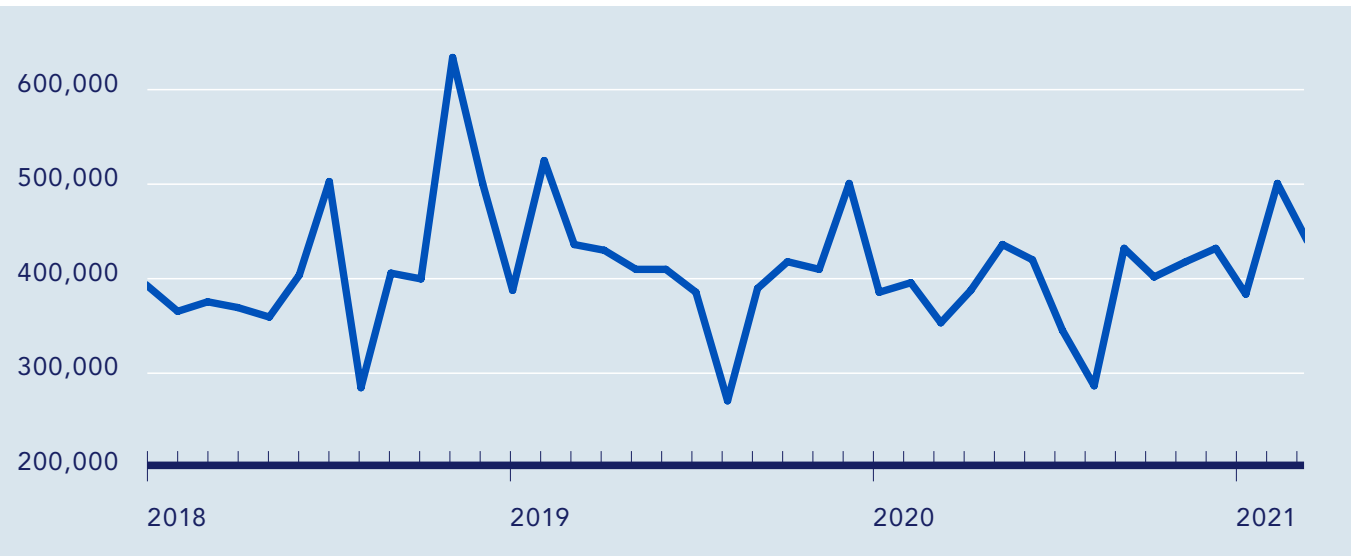
Participation

33 Participants

Reach

Full reach of all banks
that offer SEDA

EVOLUTION OF AVERAGE DAILY VOLUME OF PAYMENTS PROCESSED



Operations

EBA CLEARING's Operations are spread across several sites located in different countries. They focus on the business administration and monitoring of the EURO1, STEP1, STEP2 SEPA, RT1, STEP2 CC and SEDA Services.

Core activities include clearing and settlement, service monitoring, customer support, crisis and incident management, business continuity, 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.

In light of the Covid-19 pandemic and related requirements, the Company took a number of measures in accordance with its Business Continuity Plan. These included increased monitoring of Covid-19-related developments and heightened alert levels, testing and deployment of home office capabilities where relevant, adjusted principles and protocols for onsite activities and intensified exchange with critical service providers. All EBA CLEARING Services continued to run smoothly with no noticeable impact of any Covid-19-related measures on daily operations.

Service availability of all EBA CLEARING payment services was uninterrupted from January to December 2020.

2 INCIDENT MANAGEMENT

The incident management arrangements of EBA CLEARING are reviewed and tested regularly to maintain best-in-class services and processes and to ensure alignment with oversight requirements.

The Company's incident management processes allowed the accurate and timely handling of the few incidents that occurred in 2020.

The incident management framework, which consists of detection, escalation, investigation, recovery and reporting, was activated for all incidents with the highest level of attention from operational and technical experts as well as the management of EBA CLEARING and providers.

As a follow-up on each incident, EBA CLEARING worked closely with critical service providers on a preventive action plan as well as on the identification of enhancements to prevent similar issues to reoccur.

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. The 2020 testing programme was completed successfully.

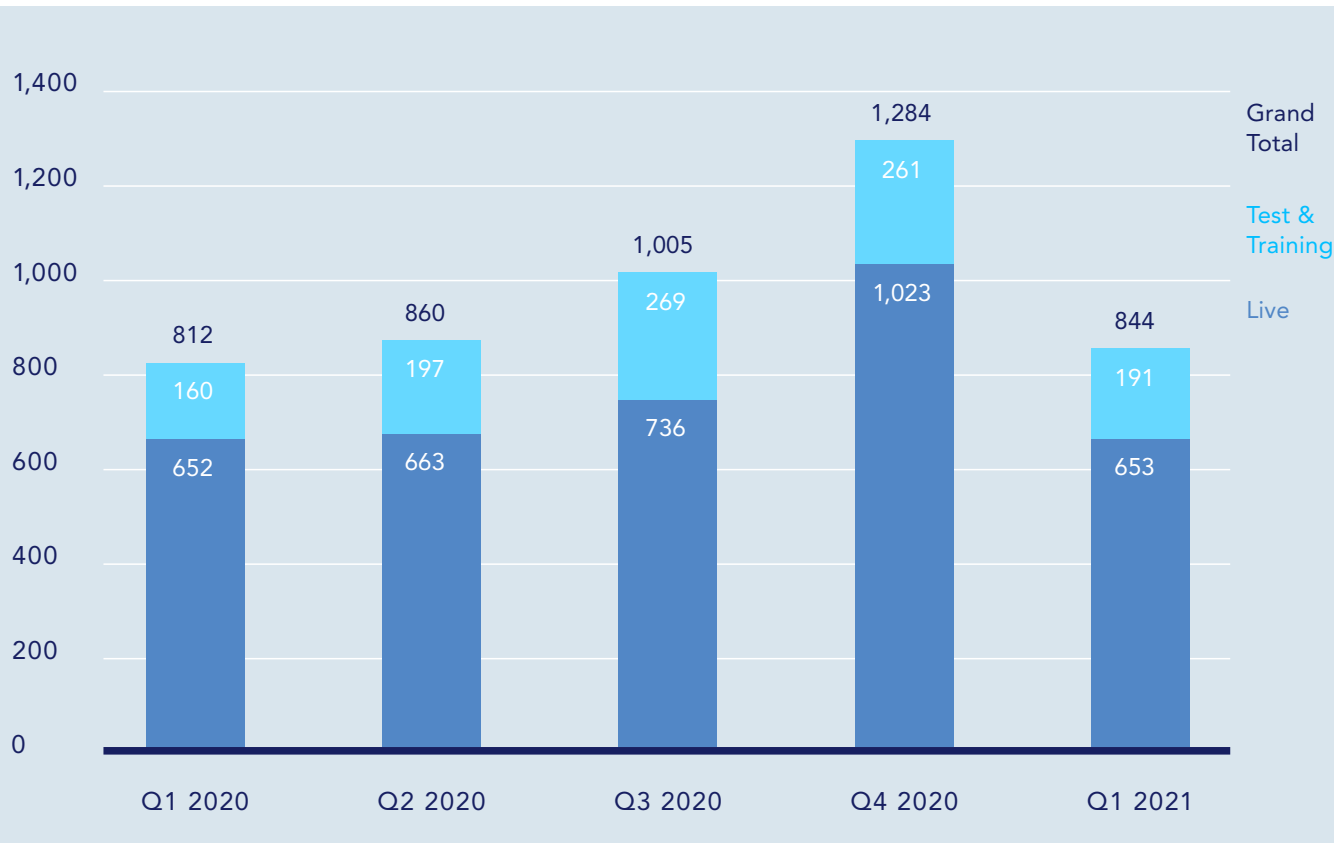
The testing programme for 2021 covers a total of 51 exercises involving participants and key providers as well as 218 internal tests.

4 CUSTOMER SUPPORT

EBA CLEARING's customer support service provides a fully secured first point of contact for user queries. Via an emergency helpdesk available 24/7/365, EBA CLEARING gives practical support and assists users with inquiries related to their service participation and their operations.

The Company's interaction with its participants is supported by the EBA CLEARING customer portal, which enables user representatives to access online support tools as well as service-specific documentation and information.

To assess user satisfaction with the services provided by the Company, EBA CLEARING conducts an annual quality survey. The survey looking back on 2020 was carried out in March 2021 and showed excellent results with an increased overall average user satisfaction rate of 4.2 (out of 5).

**CUSTOMER SUPPORT CASES
RAISED IN 2020 AND Q1 2021**

5 STATISTICS & DATA REPORTING

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

R2P Project

1 OVERVIEW

In 2020, EBA CLEARING developed a pan-European Request to Pay Service (R2P) with the support of 27 users from 11 European countries. The R2P real-time messaging service provides a thin infrastructure layer in the inter-PSP domain based on ISO 20022 messaging standards and supporting the EPC SEPA Request-to-Pay (SRTP) Scheme.

This request to pay messaging layer is considered to be a key element to support the European payments industry in unlocking the full potential of instant payments for the development of state-of-the-art digitally integrated end-user solutions with a European DNA.

While R2P remains separate from the clearing and settlement infrastructure and the end-user solution layers, it links both domains and provides a building block for the creation of innovative value-added payment services.

The R2P infrastructure was delivered according to plan in November 2020, aligned with the publication of the EPC SRTP Scheme. In view of the further planning for the EPC SRTP Scheme, it was decided to align the R2P Service launch date with the scheme effective date, which is foreseen for 15 June 2021.

2 INTEREST AND UPTAKE

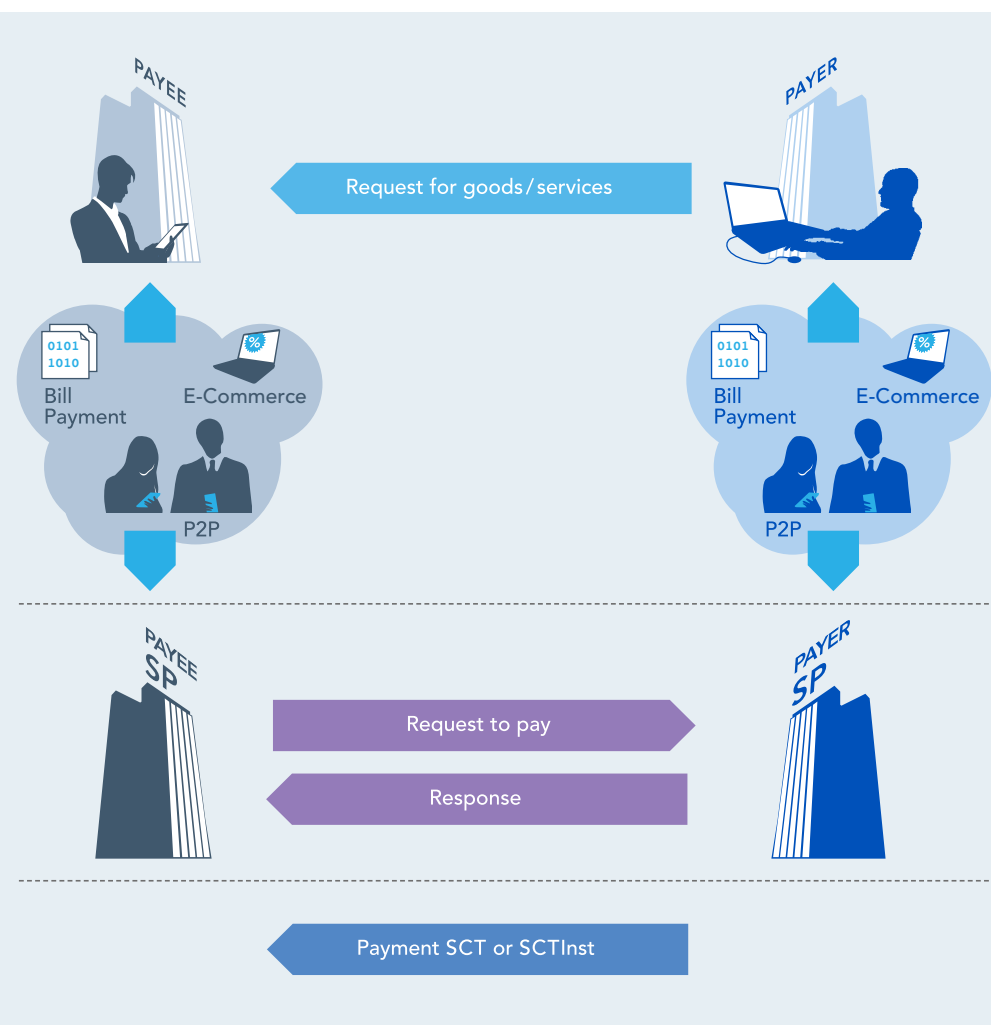
Explanatory videos on R2P are available to a broad audience on EBA CLEARING's website, illustrating why R2P is the missing piece in the puzzle of the developing European payments landscape and how it can perform this role, providing examples of possible support of different use cases. In addition, a new microsite was launched providing information on the take-up of instant payments in RT1 across Europe. [➤ https://reachmaps.ebaclearing.eu/](https://reachmaps.ebaclearing.eu/) The site also features videos where representatives from the funding institutions share their views on the potential of request to pay in combination with instant payments.

At the time of this report, 33 institutions and service providers from 16 countries in total had expressed an interest in joining the R2P Service and received access to the documentation, in addition to the 27 funding institutions.

The R2P access and participation model is aimed at providing optimal reach for SRTP Scheme-adhering entities while ensuring the creation of a trusted, secure and reliable ecosystem for service users by following a risk-based approach. This model will be continuously evaluated over time based on EPC scheme developments regarding the homologation process, as well as market demand for and experience with request to pay services.

SCOPE OF THE PAN-EUROPEAN R2P MESSAGING SOLUTION

Standardised interaction for service providers and maximum flexibility for end-user payment solutions



3 OUTLOOK FOR 2021 AND BEYOND

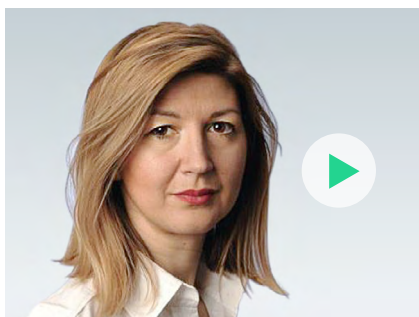
EBA CLEARING contributed to EPC SEPA SRTP Scheme developments through active participation in the Scheme Evolution and Maintenance Standards Task Force, which developed the scheme's Implementation Guidelines published in February 2021.

On 15 June, when the SRTP Scheme will come into effect, the R2P Service will be ready to go live, fully aligned with the scheme. The Company also continues to support further developments of the SRTP Scheme with participation in the EPC Request-to-Pay Multi-Stakeholder Group, working towards the next version of the SRTP Scheme to be published in November 2021.

The R2P Service will keep developing in line with the scheme. EBA CLEARING will further strive to optimally support participants in their delivery of seamlessly integrated end-to-end processes based on request to pay, for instance by introducing an API connectivity option for R2P.

ABOUT THE FUTURE OF R2P

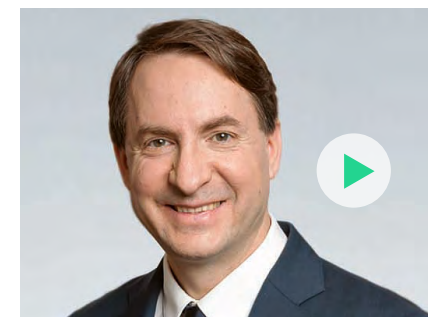
Payment experts from different communities explain what their institutions or communities plan to do with R2P



TANJA KONRAD
ERSTE Group Bank AG
Head of Daily Banking Services



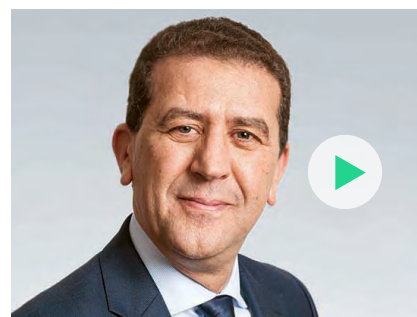
JAMES BARCLAY
JP Morgan Chase Bank N.A.
Executive Director
Wholesale Payments EMEA



FRANTZ TEISSÈDRE
Société Générale S.A.
Head of Interbank Relationships



CHRISTOF HOFMANN
Deutsche Bank AG
Head of Corporate & Payment Solutions



RAOUF SOUSSI LAGHMICH
BBVA S.A.
Head of Payments Strategy for Corporates



SERGIO DALLA RIVA
INTESA SANPAOLO
Head of GTB Product Development

Immediate Cross-border Payment (IXB) Initiative

The need for more efficient and faster cross-border payments at a global level is further increasing, driven by business developments and expectations set by domestic instant payment developments.

Over the last couple of years, improvements to cross-border payments have been made by banks, other payment service providers and their suppliers. At the same time, analysis by the Financial Stability Board and the Committee on Payments and Market Infrastructures (CPMI), captured in three reports to the G20 published in 2020, indicates that there are still frictions in cross-border payments to address.

The reports contain a call to both the public and private sector to further enhance cross-border payments. The conclusions in these reports are also reflected in the Retail Payments Strategy issued by the European Commission in September 2020, which formulates expectations geared at making cross-border payments faster, more affordable, more accessible, more transparent and more convenient.

In response to this call made to the private sector and on request of its users, EBA CLEARING, together with The Clearing House in the United States, has taken the initiative to analyse to what extent the two financial market infrastructures could facilitate immediate cross-border payments and remove the above-mentioned frictions. This work should complement other initiatives that are being taken forward in the industry. In November 2020, a task force was formed, composed of representatives from both user communities, to deliver a blueprint in the first half of 2021. The blueprint, which will include a planning framework, should serve as a basis for a consultation exercise involving the user communities of both infrastructure providers and relevant stakeholders.

A photograph of a man and a woman in white hard hats and orange safety vests, standing on an industrial site with complex machinery in the background. They are both looking at a document held by the woman. The man is also holding a clipboard. The image is partially obscured by a colorful, abstract graphic on the right side.

Risk Management

Corporate Risk Management

1 INTERNAL DEVELOPMENTS

Throughout 2020, the Risk Management function was duly sustained as part of the Company's 'second line of defense'. It was assured that all relevant tools and methodologies were maintained in line with best industry practice and relevant oversight requirements. In addition, efforts continued to keep the level of risk awareness and understanding high among the Company's Board members, management and staff.

Simultaneously, the Enterprise Risk Management Framework was appropriately maintained in line with the applicable policies and guidelines.

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

DEDICATED CYBER SECURITY-RELATED ACTIVITIES

Throughout the period under report, cyber resilience remained a prominent focus of the Risk Management function. To keep pace with its constant evolution, the Company continued to invest in enhancing its intrusion detection capabilities as well as its ability to respond should any incidents occur. In addition, various threat intelligence sources were continually consulted to stay abreast of any specific risks that could compromise EBA CLEARING's smooth operations. In this respect, a high level of staff alertness is expected and continuously reinforced through a comprehensive educational programme.

During the year, the interaction with the Company's critical service providers was well maintained. In addition, the Company remained in close contact with other financial market infrastructures on cyber threats that could affect the services. Penetration testing continued as part of the Company's business continuity test plan.

The above-mentioned work strands are aimed at achieving the highest possible levels of security proportionate to the scope of the Company's activities and its size. The Board of EBA CLEARING was regularly updated on the Company's compliance measures regarding the Cyber Resilience Oversight Expectations (CROE) for financial market infrastructures as well as the outcomes of the Threat Intelligence-Based Ethical Red (TIBER-EU) teaming exercise. Additionally, the Board was provided with direct reports by the Chief Information Security Officers of the Company's critical service providers.

EBA CLEARING continued to actively participate in various cyber-related industry initiatives, such as the Euro Cyber Resilience Board's initiative for the deployment of an industry-wide threat intelligence platform.

2 EXTERNAL DEVELOPMENTS

During 2020, EBA CLEARING continued to monitor the external risk factors within the scope of its risk universe and to assess their potential impact on the Company's services. In particular the Covid-19 pandemic and its impact on the Company's operations, as well as any related actions taken by the Company, were carefully monitored and assessed. The Company remained especially vigilant with regard to any other risks and potential knock-on effects that could have arisen in this context. These activities were pursued under the guidance of the BRC and in dialogue with the Company's critical service providers, users and third-party advisors.

3 RISK INFORMATION SESSIONS

During 2020, the broader topic of enterprise risk management was a central item on the agenda of the 'compliance days' organised by EBA CLEARING. Comprehensive updates on this topic, with a focus on EBA CLEARING's mission, vision, and strategy regarding risk, were also provided at country group meetings and on request of other user communities. Yet again, special attention was given to the evolution of cyber risk management.

4 BUSINESS CONTINUITY MANAGEMENT SYSTEM

The maintenance and evolution of EBA CLEARING's Business Continuity Management System (BCMS), which is aligned with the international ISO 22301 standard, continued to be a top priority during the period under report. The BCMS covers all the Company's capabilities, i.e. policies, plans, procedures, processes, structures, tools and people, necessary to maintain and further strengthen the business continuity capabilities and resilience of the Company's services and activities. This was achieved in line with industry best practice. With regular reports towards the BRC, a strong focus was put on the organisation and timely execution of the business continuity tests plan, including tests in co-operation with the Company's critical service providers.

5 INFORMATION SECURITY

At the end of 2018, EBA CLEARING's Information Security Management System (ISMS) was re-certified against the ISO 27001 standard for another three years until 2021, confirming the Company's continued compliance with the requirements of the standard. The ISO 27001 standard is designed to ensure the selection, implementation and maintenance of adequate and proportionate security controls to protect an organisation's information assets and to give the necessary confidence to all stakeholders. In late 2020, the ISMS was subject to a formal surveillance audit, which was completed with positive results.

Throughout the period under report, the Company's Information Security Coordination Group, which is composed of information security coordinators of each unit, continued to meet frequently to discuss any new developments and to stay focused on further strengthening 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 2020 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 2020 as scheduled. The AFC met five times in 2020 and, among other things, received updates on the audit plan completion and follow-ups on any relevant audit findings. The 2021 audit plan was also presented to and validated by the AFC during the period under report.

2020 saw the completion of audit assessments of the Company's key critical service providers, SIA and SWIFT, where no points of attention were identified. Furthermore, an audit of the Customer Service Unit in Operations was conducted during the period under report, with no major findings identified.

Legal and Regulatory

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).

In 2016, the ECB as lead Overseer (with the involvement of Eurosystem national central banks) carried out comprehensive oversight assessments of the EURO1 and STEP2-T Systems against the requirements of the SIPS Regulation. Since then, and throughout 2020 and early 2021, EBA CLEARING has worked closely with the Overseer to close all open recommendations from these assessments.

The Revised SIPS Regulation of 3 November 2017 published in the Official Journal (OJ) of the EU on 16 November 2017, entered into force on 6 December 2017 (20 days after publication in the OJ). It foresaw a one-year transition period for compliance by SIPS Operators with the changed or new requirements (ending on 6 December 2018), save that for compliance with the new requirements regarding liquidity risk and credit risk an 18-month transition period was foreseen (ending on 6 June 2019).

In addition, Cyber Resilience Oversight Expectations (CROE) issued by the ECB in December 2018 have become part of the requirements on cyber resilience of the SIPS Regulation. In the context of these revised SIPS requirements, notably for the credit and liquidity risks, EBA CLEARING took the opportunity to also assess the evolution of the STEP2-T design, in particular with regard to the settlement model. As a result, the Company developed the new STEP2-T Continuous Gross Settlement (CGS) mechanism and implementation plan. In April 2020, the Company submitted a comprehensive self-assessment of the compliance of the CGS mechanism with the Revised SIPS Regulation. Additional feedback from the Overseer is expected in Q2 2021.

In relation to the CROE, EBA CLEARING undertook a comprehensive self-assessment against the CROE requirements – as applicable to its systems – and submitted a complete report of this self-assessment to the Overseer in April 2019. EBA CLEARING engaged in a dialogue with the assessment group throughout 2019 and 2020 to share relevant information and ensure that the level of cyber maturity required for EBA CLEARING was well defined against the background that the Company has commissioned the operation of its services to its critical service providers.

With respect to the continuous oversight cycle for EURO1 and STEP2-T in 2020, the Company was advised of planned oversight activities for 2020 at the beginning of the year. The activities were successfully completed and tracked closely through the regular meetings with the Overseer. In addition to the planned oversight activities, EBA CLEARING also updated the Overseer regularly regarding the measures taken by the Company with regard to the Covid-19 pandemic while emphasising that the pandemic had not caused any adverse effects on the provision of the Company's services.

During 2020, the following dedicated oversight assessments were conducted:

- a change assessment of the STEP2-T Q4 2020 release including the implementation of the CGS mechanism (classified as major)
- a change assessment of the EURO1 Q4 2020 release (classified as minor)

The Company also submitted preliminary documentation to the Overseer regarding two changes to EURO1 that are expected to be implemented in 2021 and 2022 respectively. The Overseer subsequently classified these changes as major and will conduct an ex ante assessment of each change against the Revised SIPS Regulation.

Finally, the Company completed the review process of a number of items as per its annual review calendar in line with the requirements of the SIPS Regulation.

2 OVERSIGHT OF THE STEP2 CC SYSTEM OPERATED BY EBA CLEARING

STEP2 CC has been classified as Other Retail Payment System (ORPS) as per the Revised Eurosystem Oversight Framework for Retail Payment Systems (RPSs). The Deutsche Bundesbank carried out the comprehensive oversight assessment of STEP2 CC against the CPMI-IOSCO Principles for Financial Market Infrastructures applicable to ORPS as outlined in the Revised Eurosystem Oversight Framework for RPSs. The closure report was shared with EBA CLEARING in January 2020.

During the period under report, formal oversight meetings took place between the Deutsche Bundesbank, the ECB and EBA CLEARING. Upcoming changes in relation to the STEP2 CC system are advised to the Deutsche Bundesbank in view of a classification to determine whether the changes would attract a dedicated oversight assessment. As no changes to the STEP2 CC System were scheduled or carried out during the reporting period, no change assessments were necessary.

3 OVERSIGHT OF THE RT1 SYSTEM OPERATED BY EBA CLEARING

In 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, RT1, to the ECB. The ECB cooperates with the Eurosystem national central banks on these activities.

RT1 has been classified as Other Retail Payment System (ORPS) as per the Revised Eurosystem Oversight Framework for Retail Payment Systems (RPSs). As from June 2018, the ECB carried out the comprehensive oversight assessment of RT1 against the CPMI-IOSCO Principles for Financial Market Infrastructures applicable to ORPS as outlined in the Revised Eurosystem Oversight Framework for RPSs. The closure report was shared with EBA CLEARING in January 2020.

During the course of 2020, regular formal oversight meetings took place between the ECB and EBA CLEARING in relation to RT1 oversight.

4 CYBER RESILIENCE

CROE

EBA CLEARING as an operator of SIPS and ORPS falls under the scope of the CROE for EURO1 and STEP2-T at the Advancing level and for STEP2 CC and RT1 at the Evolving level. EBA CLEARING is in a regular dialogue with the Overseer to close all recommendations stemming from EBA CLEARING's self-assessments against the CROE in 2019.

TIBER-EU

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 industry. 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 SIPS fall under the scope of the TIBER-EU framework. Despite the challenges of Covid-19, the Company successfully carried out a

number of controlled tests in collaboration with the ECB as Competent Authority. The tests allowed EBA CLEARING to identify additional measures that would optimise the Company's cyber resilience.

ENDPOINT SECURITY

In May 2018, the CPMI issued its final strategy paper on reducing the risk of wholesale payments fraud related to endpoint security. In July 2019, the Overseer communicated to EBA CLEARING a number of recommendations for the implementation of this strategy in EURO1.

EBA CLEARING, after thorough discussion with the relevant user say groups and stakeholders, kicked off the implementation of the recommendations in December 2019. Since 1 January 2020, participants are in particular required to have adequate security controls and processes, and provide access to their compliance self-attestation against the SWIFT Customer Security Programme (CSP) to each other and the system operator, with the understanding that the responsibility for endpoint security remains with the participants. A close follow-up of the status of EBA CLEARING's access to participants' SWIFT CSP self-attestation is being carried out by the Overseer on a monthly basis.

5 LEGAL ADVISORY GROUP ACTIVITIES

Four regular meetings of the Legal Advisory Group (LAG) took place in 2020, one in person on 6 February and three remote meetings on 3 July, 9 September and 2 December. These meetings were focused on the modernisation of the legal documentation of STEP2-T, seizing the opportunity offered by the implementation of CGS and the two-year transition period. The group contributed to the work 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 CGS in the TARGET2 interface.

Two additional meetings were held on 26 June and 15 September in an extended set-up to include also representatives of legal departments of the funding institutions involved in the Request to Pay (R2P) Project Working Group. These meetings were devoted to presenting and discussing the legal design, the access and participation model as well as the legal documentation for the launch of the new R2P Service.

Throughout the year, the LAG discussed and/or was consulted by correspondence regarding, in particular:

- a possible evolution of the RT1 access and participation model in relation to the participation of groups
- the amendments to the RT1 system documentation with respect to data protection and clarifications on the role of the system operator at the occasion of the Q4 release
- a EURO1 project regarding the management of the Liquidity Pool
- the impact of the end of the Brexit transition period on EURO1 and STEP2
- Eurosystem measures for SCT Inst pan-European reach and possible impacts on RT1.

6 PUBLIC CONSULTATIONS

EBA CLEARING responded to the ECB public consultation on the draft Eurosystem oversight framework for electronic payment instruments, schemes and arrangements. The oversight framework, known as the PISA framework, would apply to general purpose electronic payment instruments and the usage of electronic payment instruments to place or withdraw cash.

EBA CLEARING also responded to the ECB public consultation on the digital euro regarding its potential design, use and the role of the different stakeholders in the financial ecosystem.

Finally, EBA CLEARING responded to the ECB public consultation on the revision of the SIPS Regulation in January 2021.

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

Oversight of EBA CLEARING

1 OVERSIGHT OF EURO1 AND STEP2-T

The ECB Regulation (EU 795/2014) on Oversight Requirements for Systemically Important Payment Systems (the SIPS Regulation) amended in 2017 by EU Regulation 2017/2094 (the Revised SIPS Regulation), covers both large-value and retail payment systems of systemic importance, whether operated by Eurosystem national central banks or private entities.

The SIPS Regulation implements the Principles for Financial Market Infrastructures (PFMIs), issued by CPMI and IOSCO in 2012, and applies to Systemically Important Payment Systems (SIPS) in the Eurozone. The system's importance is determined 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. In 2014, STEP2-T and EURO1 were identified by decision of the Governing Council of the European Central Bank (ECB) as Systemically Important Payment Systems under the SIPS Regulation.

The EURO1 System is overseen by the ECB as Competent Authority, with voluntary participation by national central banks of the Eurosystem. 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 Eurosystem. Therefore, 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)
- Prominently Important Retail Payment Systems (PIRPS) and
- Other Retail Payment Systems (ORPS)

STEP2-T also qualifies as a European Systemically Important Retail Payment System (ESIRPS).

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.

Any change to the SIPS and ORPS that EBA CLEARING operates are subject to classification. In accordance to this classification, the Overseer determines whether changes to the systems require an ex ante or an ex post facto oversight assessment. The result of these change assessments is formally advised to EBA CLEARING by the Overseer. The Overseer further conducts comprehensive oversight assessments of the systems it oversees with a regular frequency.

The above is done in parallel to the continuous oversight activities by the Overseer on EBA CLEARING's SIPS. An annual plan for these oversight activities is established by the ECB and notified to EBA CLEARING at the beginning of each year.

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 PFMI 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 national 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 Other Retail Payment System is based on the market share of the system at euro area country level. Regular formal oversight meetings take place between the 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 would 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 the go-live in November 2017, the RT1 System was classified as Other Retail Payment System and to date, this classification remains applicable. Therefore, the oversight standards for ORPS are applicable to RT1.

Since 2018, regular formal oversight meetings take place between the ECB and EBA CLEARING. Upcoming changes in relation to the RT1 System are advised to the ECB in view of a classification to determine whether the changes would attract an ex ante or ex post facto assessment from the Overseer.

A comprehensive oversight assessment against compliance with the applicable Principles for Other Retail Payment Systems was carried out during 2018 for RT1.

5 EUROSISTEM CYBER RESILIENCE STRATEGY

The global Guidance on Cyber Resilience for Financial Market Infrastructures was published by the CPMI-IOSCO in June 2016. The Guidance has been developed to supplement the PFMI adopted by the ECB Governing Council on 3 June 2013 for the conduct of Eurosystem oversight in relation to all types of FMIs. FMIs were required from an oversight perspective to apply the Guidance immediately, and Overseers developed an oversight approach for assessing the FMIs within their jurisdiction against the Guidance.

To this effect, the ECB issued the Cyber Resilience Oversight Expectations (CROE) in December 2018. The CROE provides:

- FMIs with detailed steps on how to operationalise the Guidance
- Overseers with clear expectations to assess the FMIs for which they are responsible and
- a basis for a meaningful discussion between the FMIs and their respective Overseers.

In May 2018, the CPMI issued its final strategy paper on reducing the risk of wholesale payments fraud related to endpoint security. The strategy is composed of seven elements aimed at encouraging and helping to focus industry efforts to reduce the risk of wholesale payments fraud and, in doing so, support financial stability. In July 2019, the ECB, in its role as Overseer of the EURO1 payment system, issued recommendations for the implementation of the strategy in the system and at the level of its participants.

Governance



Corporate Governance

1 BOARD OF DIRECTORS

BOARD COMPOSITION

The Company's by-laws stipulate that the Company is managed by a Board composed of not more than seventeen (17) members including the Chairperson, the Deputy Chairperson and up to two (2) but not less than one (1) Outside Director who are appointed intuitu personae by Ordinary Shareholders Resolutions for a renewable three-year term.

The number of Board members was set at sixteen (16) including one (1) Outside Director by the Shareholders Meeting on 17 June 2019.

Since the Shareholders' correspondence vote closed on 26 June 2020, further to which were appointed for a three-year term of office five Board members, i.e. James Barclay, Ivo De Meersman, Christof Hofmann, Fabio Stragiotto and Narinda You, the changes to the membership of the Board have been the following:

- Effective 8 March 2021, the Board, upon proposal by the Nomination and Governance Committee, appointed Michele Olin as interim Chairperson following the resignation of Petia Niederländer that took effect on 31 January 2021.

EBA CLEARING has currently 48 shareholders, each holding one share of EBA CLEARING and having one vote at the Shareholders Meetings and/or at any consultation of the shareholders by correspondence. All the current members of the Board, other than the Outside Director, are employees or officers of EBA CLEARING Shareholders or of a legal entity belonging to the group of a Shareholder, and are considered to be independent since none of the shareholders have a controlling stake in EBA CLEARING.

As provided by the Company's by-laws Board members, other than the Outside Director(s), shall be elected from among employees or officers of EBA CLEARING Shareholders or of a legal entity belonging to the group of a Shareholder. The policy for the nomination of candidates to the EBA CLEARING Board of Directors (the Board Nomination Policy) sets the framework for the Board members' 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 2020, the Board undertook a sixth 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, other than the Outside Director(s), do not receive any director's fees, but are reimbursed for the travel expenses incurred in the discharge of their duties for the Company.

This year, the shareholders will be asked through an Annual Ordinary Shareholders Resolution to proceed with the election of the Chairperson and five other Board members for a three-year term of office.

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.

BOARD MEETINGS

The following Board meetings took place in 2020 and in 2021 to the date of this report:

- 18 and 19 February 2020
- 31 March 2020
- 22 April 2020
- 27 May 2020
- 8 July 2020
- 22 and 23 September 2020
- 30 November and 1 December 2020
- 9 and 10 March 2021
- 4 May 2021
- 26 May 2021

OVERVIEW OF BOARD MEMBERS WHO HELD OFFICE IN 2020–2021



Chairperson
of the Board

PETIA NIEDERLÄNDER
ERSTE Group Bank AG

Head of Group Retail &
Corporate Operations

Appointed on 17.06.2019
End of term of office:
31.01.2021

Chair of the Nomination
and Governance Committee
until 31.01.2021

Chair of the Remuneration
Committee until 31.01.2021

Interim Chairperson
of the Board

MICHELE OLIN
Allied Irish Banks, p.l.c.

Head of Payments RCB Digital
Products and Payments

Appointed as Interim Chairperson
of the Board on 08.03.2021
End of term of office: SHM 2021

Chair of the Nomination and
Governance Committee since
08.03.2021

Chair of the Remuneration
Committee since 08.03.2021



Deputy Chairperson
of the Board

ROBERT HEISTERBORG
ING Wholesale Bank

CEO Bank Mendes Gans

Appointed on 17.06.2019
End of term of office: SHM 2022

Chair of the Strategy
and Policy Committee

**JAMES BARCLAY**

JP Morgan Chase
Bank N.A.

Executive Director
Wholesale Payments
EMEA

Appointed on 26.06.2020
End of term of office: SHM 2023

**IVO DE MEERSMAN**

KBC Bank N.V.

General Manager
Payments Belgium

Appointed on 26.06.2020
End of term of office: SHM 2023

**DANIELA DELL'ARCIPRETE**

Intesa Sanpaolo S.p.A.

Head of Corporate
and Financial
Institutions Sales and
Network Management

Appointed on 11.06.2018
End of term of office: SHM 2021
Chair of the Board Risk Committee

**CHRISTOF HOFMANN**

Deutsche Bank AG

Head of Corporate &
Payment Solutions

Appointed on 26.06.2020
End of term of office: SHM 2023

**NIKLAS LEMBERG**

Nordea Bank Abp

Head of Industry
Engagement

Appointed on 17.06.2019
End of term of office: SHM 2022
Chair of the STEP2 Business Committee

**KIRSTINE NILSSON EDSTRÖM**

Swedbank AB (publ)

Head of Business
Infrastructure GCP &
GCM

Appointed on 11.06.2018
End of term of office: SHM 2021

**LUIS PEDRO SIMÕES**

Novo Banco S.A.

Co-Head of Payments
Division

Appointed on 11.06.2018
End of term of office: SHM 2021
Chair of the Audit and Finance Committee

**RAOUF SOUSSI LAGHMICH**

BBVA S.A.

Head of Payments
Strategy for
Corporates

Appointed on 11.06.2018
End of term of office: SHM 2021

**FABIO STRAGIOTTO**

UniCredit S.p.A.

First Vice President –
Payments
Global Transaction
Banking

Appointed on 26.06.2020
End of term of office: SHM 2023

**FRANTZ TEISSÈRE**

Société Générale S.A.

Head of Interbank
Relationships

Appointed on 17.06.2019
End of term of office: SHM 2022
Chair of the EURO1 Business Committee

**STEFAN WLOCH**

Commerzbank AG

Corporate Clients,
Transaction Banking,
Cluster Payments

Appointed on 17.06.2019
End of term of office: SHM 2022

**NARINDA YOU**

Crédit Agricole S.A.

Payment Services
Head of Strategy and
Interbank Relations

Appointed on 26.06.2020
End of term of office: SHM 2023

**CARL TILKIN-FRANSSENS**

Outside Director

Appointed on 17.06.2019
End of term of office: SHM 2022

EBA CLEARING BOARD COMMITTEE MEMBERSHIP
IN 2020–2021

	Audit and Finance Committee	Board Risk Committee	Strategy and Policy Committee	Nomination and Governance Committee	Remuneration Committee
Number of Meetings in 2020	5	4	5	6	1
Petia Niederländer		Observer (until 31 January 2021)	Observer (until 31 January 2021)	Chair (until 31 January 2021)	Chair (until 31 January 2021)
Michele Olin		Member (since 14 February 2020)	Observer (since 8 March 2021)	Chair (since 8 March 2021)	Chair (since 8 March 2021)
Robert Heisterborg		Member	Chair		Member
James Barclay			Member	Member	
Ivo De Meersman					
Daniela Dell'Arciprete		Chair			
Christof Hofmann			Member		
Niklas Lemberg					
Kirstine Nilsson Edström	Member				
Luis Pedro Simões	Chair			Member	
Raouf Soussi Laghmich					
Fabio Stragiotto	Member			Member	
Frantz Teissèdre					
Carl Tilkin-Franssens		Member (since 14 February 2020)			
Stefan Wloch					
Narinda You	Member		Member		

2 BOARD COMMITTEES

INTRODUCTION

In 2020, 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 as well as the Remuneration Committee.

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 AFC regularly reports on its activities to the Board and

- 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 reports on a regular basis.
- reviews the key audit findings from the report of the Company's statutory auditors.

The AFC met five times in 2020. Its work particularly focussed on the following items:

- regular review of the predefined key performance indicators for finance and for audit, including analysis against budget to adapt the 2020 forecast, cash-flow projections and outlook
- examination of the statutory and consolidated financial statements for 2020 in view of their closing in 2021 and review of the 2021 budget and capital investment plan
- examination of the external auditors' reports
- guidance on further standardisation of reporting and on alignment of reports provided to different governance bodies
- review of the internal audit 2020 activity report and approval of the internal audit plan for 2021
- ensuring that the Highly Liquid Assets (HLA) reserve was at the appropriate level at all times during 2020, in line with SIPS requirements
- review of the Company's Treasury & Investment Policy and of the authorisation procedure for financial commitments for subsequent endorsement by the Board.

BOARD RISK COMMITTEE

The Board Risk Committee (BRC) assists the Board in fulfilling its oversight responsibilities with regard 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 Head of Regulatory Oversight Affairs.

Four regular BRC meetings took place in 2020, which included updates on the impact of Covid-19 and the Brexit and their possible impact on the services of EBA CLEARING. Throughout the period under report, cyber-security evolvments and considerations as well as regulatory oversight expectations remained high on the agenda. As a result, the BRC regularly advised the Board on progress in these fields in close co-operation with delegates from the Company's most critical service providers.

In line with its mission, the BRC also monitored the maintenance of the Company's Enterprise 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.

It is expected that cyber-related risks and regulatory oversight expectations will remain prominently on the agenda of the Committee throughout 2021.

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 2020, the Committee met five times.

In line with its mission, the SPC provided guidance on the positioning of the Company's existing and emerging services, reviewed the proposed content of the (semi-)annual service releases and gave advice on the pricing principles for the different services. Throughout 2020 and early 2021, special emphasis was placed on the following areas in particular:

- planning for the EURO1 ISO 20022 migration of EURO1 and development of functionality to further increase the attractiveness of the service in the short and longer term
- implementation of the continuous gross settlement mechanism for the STEP2 SEPA Services and orchestration of the related migration process

- additional enhancements of the RT1 System in line with user needs as well as evolving reachability, interoperability and settlement requirements for instant payments and related considerations
- preparations for the go-live and roll-out of the Company's pan-European Request to Pay (R2P) messaging infrastructure service, including the delivery of the related access and participation model
- launch of a joint Immediate Cross-border Payment Initiative with The Clearing House to explore ways to contribute to improving cross-border payments.

Other relevant strategic topics on which the SPC was consulted included cross-service considerations as well as oversight developments of strategic relevance. Based on a close monitoring of relevant developments, industry initiatives and public consultations in the European and global payments ecosystem, the Committee also reflected on the general future evolution of the Company's service offerings and, in particular, their capability to support the development of end-user solutions and value-added services.

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 2020, six meetings of the NGC were held.

The NGC carried out a significant number of tasks in 2020, including:

- nomination process for the appointment by the Board of a replacing Board member
- review of the outcome and guidance on follow-ups of the annual Board performance evaluation for 2019
- review of the composition of the Board Risk Committee (BRC)
- nomination process for the appointment by the Shareholders of five Board members

- ratification of changes in the composition of the EURO1 Business Committee (EURO1 BC) and the STEP2 Business Committee (STEP2 BC)
- ratification of changes in the composition of the Legal Advisory Group (LAG), Operations and Technical Group (OTG) and Treasury and Liquidity Group (TLG)
- review of the Corporate Governance Manual for Board members
- review of the Board Nomination Policy and Board Evaluation Policy and methodology
- review of the Terms of Reference of the BRC, LAG and NGC
- scoping and launch of the annual Board performance evaluation for 2020, and
- review of the Terms of Reference of the EURO1 BC, STEP2 BC, OTG and TLG.

From January to mid-May 2021, the activities of the NGC were devoted to:

- review of the outcome of the Board performance evaluation for 2020 and guidance on follow-ups
- nomination process for the appointment of an interim Chairperson further to Petia Niederländer's resignation effective on 31 January 2021
- review of proposed changes to the Company's by-laws
- ratification of changes in the composition of the EURO1 BC, STEP2 BC, LAG, OTG and TLG

- review of the target Board profile for 2021 and review of changes to the Board Nomination Policy, Corporate Governance Manual for Board members, and Code of Ethics and Business Conduct
- accompanying the nomination process for the candidates to fill the seat of Chairperson and five other seats on the Board, which will become vacant on the date of the approval by the Shareholders of the accounts of the fiscal year ending on 31 December 2020. In the context of this nomination process, the NGC reviewed the letter to the Shareholders inviting them to propose candidacies to the Board, screened the Board candidacies received, and prepared the "slate" for approval by the Board ahead of its submission to the Shareholders for the appointment of the Chairperson and five other Board members for a three-year term of office.

REMUNERATION COMMITTEE

The Board is 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. In 2020, the Remuneration Committee met once.

3 USER SAY GOVERNANCE

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. For example, in 2019, the Company created an R2P Project Working Group composed of representatives of institutions funding and supporting the development and implementation of the R2P Service.

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

USER CONSULTATIONS FOR EBA CLEARING'S SYSTEMS AND SERVICES

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 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, the Company has established the following user groups:

EURO1 BUSINESS COMMITTEE

Its objective is to serve as a forum in which participants in the EURO1 System can express their interests, requirements or proposals towards the Board of the Company. The EURO1 Business Committee is chaired by an EBA CLEARING Board member.

STEP2 BUSINESS COMMITTEE

Its objective is to serve as a forum for the participants in the STEP2 SEPA Services to express their interests, requirements or proposals towards the Board of the Company. The STEP2 Business Committee is chaired by an EBA CLEARING Board member.

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.

STEP2 CC GROUP

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

STEP1 USER ADVISORY GROUP

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

EXPERT GROUPS AND OTHER EXPERT FORA

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 following Expert Groups have been established:

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.

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.

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.

The Company may also establish 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 Company has in place 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



DOINA NICOLICI

United Kingdom and
Ireland



PETRA PLOMPEN

Belgium



DAVID RENAULT

France



JETTE SIMSON

Scandinavian
Countries



DANIELA VINCI

Italy



ANDRÉ VINK

The Netherlands

4 TRANSFER OF SHARES AND CHANGES IN SHARE CAPITAL OF EBA CLEARING

The following changes occurred in 2020 as far as EBA CLEARING share capital and EBA CLEARING Shareholders are concerned:

- With effect as of 9 March 2020, Eurobank Ergasias S.A. withdrew as EURO1 Participant and EBA CLEARING Shareholder.
- With effect as of 2 November 2020, Bank of America Europe Designated Activity Company replaced Bank of America NA as EURO1 Participant and EBA CLEARING Shareholder.
- With effect as of 1 December 2020, HSBC France (EURO1 Participant and EBA CLEARING Shareholder) was renamed HSBC Continental Europe.
- With effect as of 7 December 2020, Alpha Bank AE withdrew as EURO1 Participant and EBA CLEARING Shareholder.

As of 31 December 2020, the share capital of EBA CLEARING amounted to EUR 48,000.

Environmental, Societal and Governance Statement

EBA CLEARING is fully committed to continuously improving its overall performance in relation to sustainability and the Company's societal impact. In this sense, the Company embeds Environment, Society and Governance (ESG) values into its corporate policies by setting guidelines for its Board, employees and providers in relation to their behaviour and actions, in line with the expectations of its Shareholders.

The Company is in the process of implementing a comprehensive policy and framework to measure and manage its environmental impact, in a phased approach, which will be embedded across the Company through its decision-making processes and long-term strategic planning. In January 2020, the Company created a task force with the mission of designing a framework around environmental protection and climate change efforts across the Company inspired by the ISO 14005 standard.

In addition, the staff of the Company has actively undertaken and contributed to a number of individualised activities and initiatives that promote the values EBA CLEARING stands for. Specifically, for climate change awareness and protection of the environment, EBA CLEARING has counted nearly 50 separate actions completed during the past year.



Financials

Statutory Accounts²

EBA CLEARING completed the fiscal year 2020 with a new strong positive net result before consolidation of EUR 5.3 M.

The Company continued to further improve its cash position in 2020 to EUR 25.4 M (compared to EUR 17.8 M in 2019) and still fulfils its obligations to cover General Business Risk, as foreseen under the SIPS Regulation.

The 2020 results show EBA CLEARING's continuing solid business performance, which again led to a continuous decrease of the Company's average costs per unit.

² 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).

OVERVIEW OF REVENUES

The revenue increased by EUR 3.8 M (+5.2% vs 2019), totalling EUR 76.9M.

Profit & Loss Statement	2019	2020	2020 vs 2019
Fixed fees	19,120	20,234	1,114
Transaction fees	50,522	53,060	2,539
Other fees	3,462	3,595	133
Revenues	73,104	76,889	3,785

The revenue growth was mainly caused by the positive evolution of the STEP2 and RT1 Services, both in terms of participation and volume figures.

Due to the increases in the STEP2 SEPA and RT1 service participation, the fixed revenues from services continued to grow throughout 2020, despite a slight decrease in EURO1 Participants. The fixed fee revenues amounted to EUR 20.2 M, which represents a rise of EUR 1.1 M compared to 2019.

The revenues from transaction fees witnessed an increase due to the observed traffic growth in the STEP2 SEPA and Card Clearing Services as well as in RT1. The transaction revenues for EURO1 remained stable, as most participants had subscribed to a fixed transaction fee option. The total transaction fee revenues amounted to EUR 53.1 M, which is an increase of EUR 2.5 M compared to 2019 (+5%).

The revenues from other fees amounted to EUR 3.6 M, which corresponds to an increase of EUR 133 K compared to 2019. Other fees are revenues from service agreements and one-off administrative fees related to provisioning, joining and exit fees. Exit fees from participants that left EURO1 are to cover future costs like the ISO migration and have been carried forward as such.

OVERVIEW OF DIRECT COSTS

The direct costs increased by EUR 2.5 M (+5.2 % vs 2019), totalling EUR 50.6 M.

Profit & Loss Statement	2019	2020	2020 vs 2019
Operating charges	44,173	46,930	2,757
Other charges	3,807	3,631	(239)
Direct costs	48,043	50,561	2,518

Service-related operating charges from external providers amounted to EUR 46.9 M, which represents an increase of EUR 2.8 M compared to 2019. The Operating charges increased in line with the transaction revenue increase from the STEP2 and RT1 traffic growth. Other charges saw a slight decrease and amounted to a total of EUR 3.6 M, mainly because some relevant amortisations had ended by the end of 2019.

GROSS MARGIN

The gross margin increased by EUR 1.3 M (+5.1 % vs 2019), totalling EUR 26.3 M.

Profit & Loss Statement	2019	2020	2020 vs 2019
Revenues	73,104	76,889	3,785
– Direct costs	48,043	50,561	2,518
Gross margin	25,061	26,328	1,267

The evolution of the gross margin is slightly better than expected, thanks to the positive evolution of the STEP2 and RT1 Services.

OVERVIEW OF OPERATING COSTS

The costs of operating the Company were stable in 2020 totalling EUR 18.8 M.

Profit & Loss Statement	2019	2020	2020 vs 2019
Human resources	12,710	13,186	467
External relations	875	419	(456)
Consultancies	610	1,546	936
Equipment, services	1,780	1,069	(712)
Rent, premises, maint. & cleaning	2,336	2,186	(150)
Other expenses, revenues	484	418	(66)
Operating costs	18,796	18,823	27

The Company continued to closely monitor its operating costs. The pandemic-related travel restrictions entailed a decrease in travel and external relations costs for 2020, which compensated the budgeted 3.7% increase in HR costs. The increase in consultancies, which was mostly related to EBA CLEARING's contin-

uous investments in the evolution and strengthening of its internal IT tools, was largely offset by decreases in the spending on equipment and services as well as on maintenance and cleaning.

OVERVIEW FROM GROSS MARGIN TO NET RESULT

Profit & Loss Statement	2019	2020	2020 vs 2019
Gross margin	25,061	26,328	1,267
– Operating costs	18,796	18,823	27
Earnings before taxes	6,266	7,505	1,240
– Exceptional revenue, expense	464	(312)	(776)
– Income taxes and participation	2,534	2,463	(71)
Net result before consolidation	3,267	5,354	2,087

The earnings before taxes (EBT) amounted to EUR 7.5 M, which represents an increase of EUR 1.2 M compared to 2019, resulting from net increases of both gross margin and stable operating costs.

The estimated income tax and participation item stands at EUR 2.5 M for 2020, resulting in a net income before consolidation of EUR 5.3 M.

For 2020, the Company was able to decrease the provision related to future tax liabilities, which explains the negative exceptional item of EUR 312 K.

CASH FLOW

The cash flow generated by the Company's activities in 2020 continues to be healthy and growing, thanks to increased net income at EUR 7.9 M.

Cash Flow Statement	2019	2020	2020 vs 2019
Result before consolidation	3,267	5,354	2,087
Amortisation / Depr. / Provision reversal (+/-)	2,595	2,499	(96)
Cash flow from operating activities	5,862	7,853	1,991

The net cash position of EBA CLEARING still continued to strengthen, rising from EUR 17.8 M in 2019 to EUR 25.4 M at the end of 2020, thanks to a continuous growth of cash from operating activities and ongoing efforts to improve working capital.

STATUTORY BALANCE SHEET

ASSETS	2019	2020	2020 vs 2019
CURRENT ASSETS	NET VALUE	NET VALUE	NET VALUE
Cash position	17,833	25,426	7,593
Receivables	18,593	18,503	(90)
Total	36,426	43,929	7,503
FIXED ASSETS	NET VALUE	NET VALUE	NET VALUE
Intangible fixed assets	6,076	5,934	(141)
Tangible fixed assets	307	190	(116)
Intangible fixed assets – under construction	4,232	6,728	2,496
Tangible fixed assets – under construction	37	29	(8)
Financial fixed assets	5,932	5,918	(14)
Total	16,583	18,799	2,216
Total assets	53,009	62,728	9,719
LIABILITIES	2019	2020	2020 vs 2019
Payables	20,727	24,809	4,537
Provision for risk and liabilities	1,556	1,386	(170)
Equity	31,181	36,533	5,352
Retained earnings & shareholders' equity	27,914	31,179	3,265
Result of the year	3,267	5,354	2,087
Total liabilities	53,009	62,728	9,719

ALLOCATION OF RESULT OF THE YEAR

The equity position of EBA CLEARING before consolidation with PRETA reached EUR 36.5 M with a net result of EUR 5.3 M. The equity position includes EUR 10 M in highly liquid assets which are carried as a reserve per the SIPS Regulation.

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.

Subsidiary Report

During the period under report, EBA CLEARING's fully owned subsidiary PRETA S.A.S. implemented a number of enhancements to further evolve its service offerings in line with customer expectations. As part of these improvements, the MyBank Gateway went live in Q4 2020 with the aim to facilitate PSP onboarding and optimally support new use cases for PRETA's e-payment solution. The gateway enables the integration of payment requests, QR codes and pay-by-link solutions. It also allows PSPs to connect to MyBank via application programming interfaces (APIs).

Despite these measures and the continued increase of merchants adopting MyBank in Italy, the slowdown of the economy due to the Covid-19 pandemic and related restrictions had a considerable impact on PRETA's activities over the past financial year. The strict containment measures across Europe particularly impacted the business-to-business segment as commercial and financial flows dropped during the first semester. As a result of these exceptional circumstances, PRETA was not in a position to reach the projected turnover for 2020 and has recorded a small loss. This is reflected in the consolidated financial statements for 2020.

With regards to Open Banking Europe, PRETA took the decision in 2020 to sell this activity branch to a specialist provider in order to allow this Regulatory Directory initiative to successfully continue its journey beyond the incubation stage. Originally started in 2017, the Open Banking Europe (OBE) initiative had resulted in the set-up of a Regulatory Directory, which today is used by over 500 of the largest financial institutions across Europe to support their PSD2 account-to-account compliance processes.

On 12 January 2021, PRETA SAS transferred the OBE activities to its fully owned subsidiary OBE SAS, which was then sold to KONSENTUS Ltd on 14 January 2021. This will be reflected in the consolidated financial statements for 2021.

APPENDICES

Appendix 1

**LIST OF EBA CLEARING
SHAREHOLDERS**

Status: 15 May 2021

ABN AMRO Bank NV	ING Bank NV
Allied Irish Banks Plc	Intesa Sanpaolo SpA
Banca Monte dei Paschi di Siena SpA	J.P. Morgan Chase Bank, NA
Banco Bilbao Vizcaya Argentaria SA	KBC Bank NV
Banco BPM SpA	Landesbank Baden-Württemberg
Banco Comercial Português SA	Landesbank Hessen-Thüringen (HELABA)
Banco de Sabadell SA	MUFG Bank, Ltd
Banco Santander SA	National Bank of Greece SA
Bank of America Europe DAC	National Westminster Bank Plc
Banque et Caisse d'Épargne de l'État	Nordea Bank Abp
Banque Internationale à Luxembourg	Novo Banco SA
Barclays Bank Plc	OP Corporate Bank Plc
BNP Paribas SA	OTP Bank Plc
BPCE	Rabobank Nederland
CaixaBank SA	Raiffeisen Bank International AG
Citibank Europe Plc	Skandinaviska Enskilda Banken AB (publ)
Commerzbank AG	Société Générale
Crédit Agricole SA	Standard Chartered Bank AG
Crédit Mutuel – CIC Banques	Svenska Handelsbanken
Danske Bank A/S	Swedbank AB (publ)
Deutsche Bank AG	UBS AG
DNB Bank ASA	UniCredit Bank AG
DZ BANK AG	UniCredit SpA
Erste Group Bank AG	
HSBC Continental Europe	

Appendix 2

**LIST OF EURO1/STEP1
PARTICIPANTS**

Status: 15 May 2021

ABANCA Corporación Bancaria S.A.	STEP1 Bank	BNP Paribas S.A.	EURO1 Participant
Allgemeine Sparkasse Oberösterreich Bank AG	STEP1 Bank	Banca Nazionale del Lavoro S.p.A.	EURO1 Sub-Participant
Banca del Fucino	STEP1 Bank	BGL BNP Paribas	EURO1 Sub-Participant
Banca di Imola S.p.A.	STEP1 Bank	BNP Paribas Fortis SA/NV	EURO1 Sub-Participant
Banca Monte dei Paschi di Siena S.p.A.	EURO1 Participant	BNP Paribas Securities Services	EURO1 Sub-Participant
Banca Widiba SpA	EURO1 Sub-Participant	BPCE	EURO1 Participant
MPS Leasing & Factoring S.p.A.	EURO1 Sub-Participant	BRED Banque Populaire	EURO1 Sub-Participant
Banca Popolare del Lazio	STEP1 Bank	NATIXIS	EURO1 Sub-Participant
Banca Sella S.p.A.	STEP1 Bank	BPER Banca S.p.A.	STEP1 Bank
Banco Bilbao Vizcaya Argentaria S.A.	EURO1 Participant	CaixaBank S.A.	EURO1 Participant
Banco BPM S.p.A.	EURO1 Participant	Caixa Central de Crédito Agrícola Mútuo	STEP1 Bank
Banco Comercial Português S.A.	EURO1 Participant	Cassa di Risparmio di Fermo S.p.A.	STEP1 Bank
Banco de Sabadell S.A.	EURO1 Participant	Cassa di Risparmio di Ravenna S.p.A.	STEP1 Bank
Banco Santander S.A.	EURO1 Participant	CECABANK, S.A.	STEP1 Bank
Banco Santander Totta, SA	EURO1 Sub-Participant	Caja de Ahorros y Monte de Piedad	
Santander Consumer Bank AG	EURO1 Sub-Participant	de Ontinyent	STEP1 Sub-Participant
Bank für Tirol und Vorarlberg AG	STEP1 Bank	Colonya Caixa Pollença	
Bank GPB International S.A.	STEP1 Bank	(Caja de Ahorros de Pollensa)	STEP1 Sub-Participant
Bank of America Europe DAC, Frankfurt branch	EURO1 Participant	Liberbank, S.A.	STEP1 Sub-Participant
Banque Internationale à Luxembourg S.A.	EURO1 Participant	Unicaja Banco, S.A.	STEP1 Sub-Participant
Banque Michel Inchauspé – BAMl	STEP1 Bank	Citibank Europe Plc	EURO1 Participant
Barclays Bank Ireland Plc, Frankfurt branch	EURO1 Participant	Commerzbank AG	EURO1 Participant
BKS Bank AG	STEP1 Bank		

Crédit Agricole S.A.	EURO1 Participant	Oberbank AG	STEP1 Bank
Crédit Agricole CIB	EURO1 Sub-Participant	OP Corporate Bank Plc	EURO1 Participant
Crédit Agricole Italia SpA	EURO1 Sub-Participant	OTP Bank Plc.	EURO1 Participant
Crédit Agricole Friuladria SpA	EURO1 Sub-Participant	Raiffeisen Bank International AG	EURO1 Participant
LCL (Le Crédit Lyonnais)	EURO1 Sub-Participant	Raiffeisen-Landesbank Tirol AG	STEP1 Bank
Credito Valtellinese	STEP1 Bank	SECB Swiss Euro Clearing Bank GmbH	STEP1 Bank
Danske Bank A/S	EURO1 Participant	Skandinaviska Enskilda Banken	EURO1 Participant
Deutsche Bank AG	EURO1 Participant	AS SEB Pank, Estonia	EURO1 Sub-Participant
DNB Bank ASA, Filial Finland	EURO1 Participant	SEB Banka, Latvia	EURO1 Sub-Participant
DNB Bank ASA, Norway	EURO1 Sub-Participant	Skandinaviska Enskilda Banken S.A., Luxembourg	EURO1 Sub-Participant
ERSTE Group Bank AG	EURO1 Participant	Skandinaviska Enskilda Banken, Denmark	EURO1 Sub-Participant
HSBC Continental Europe	EURO1 Participant	Société Générale	EURO1 Participant
ING Bank NV	EURO1 Participant	Crédit du Nord	EURO1 Sub-Participant
Bank Mendes Gans N.V.	EURO1 Sub-Participant	Standard Chartered Bank AG	EURO1 Participant
ING Bank NV, France (Commercial Banking)	EURO1 Sub-Participant	Svenska Handelsbanken	EURO1 Participant
ING Bank Śląski S.A.	EURO1 Sub-Participant	Handelsbanken, Denmark	EURO1 Sub-Participant
ING Belgium N.V./S.A.	EURO1 Sub-Participant	Handelsbanken, Norway	EURO1 Sub-Participant
ING Luxembourg S.A.	EURO1 Sub-Participant	Swedbank AB (publ.)	EURO1 Participant
Intesa Sanpaolo S.p.A.	EURO1 Participant	Swedbank AB, Lithuania	EURO1 Sub-Participant
Joh. Berenberg, Gossler und Co. KG	STEP1 Bank	Swedbank AS, Estonia	EURO1 Sub-Participant
JPMorgan Chase Bank NA (J.P. Morgan AG)	EURO1 Participant	Swedbank AS, Latvia	EURO1 Sub-Participant
J.P. Morgan Bank Luxembourg S.A., Dublin Branch	EURO1 Sub-Participant	UBS Europe SE, Germany	EURO1 Participant
J.P. Morgan Bank Luxembourg S.A.	EURO1 Sub-Participant	UniCredit S.p.A.	EURO1 Participant
KBC Bank N.V.	EURO1 Participant	UniCredit Bank AG (Hypovereinsbank)	EURO1 Sub-Participant
Landesbank Hessen-Thüringen	EURO1 Participant	UniCredit Bank Austria AG	EURO1 Sub-Participant
MUFG Bank, Ltd., Paris branch	EURO1 Participant		
National Bank of Greece S.A.	EURO1 Participant		
Nordea Bank Abp	EURO1 Participant		

Appendix 3

**LIST OF PARTICIPANTS
IN STEP2-T**

Status: 15 May 2021

STEP2 SCT

ABN AMRO Bank N.V.
 AION SA
 Adyen B.V.
 Aktia Bank Plc
 Allied Irish Banks Plc
 Alpha Bank Cyprus Ltd
 Amsterdam Trade Bank N.V.
 APS Bank
 Arbejdernes Landsbank A/S
 AS LHV Pank
 AS SEB Pank
 AS TBB pank
 Banca Carige SpA
 Banca d'Italia
 Banca Monte dei Paschi di Siena SpA
 Banca Popolare di Sondrio SCPA
 Banca Sella Holding SpA
 Banco Bilbao Vizcaya Argentaria S.A.
 Banco BPI S.A.
 Banco BPM SpA
 Banco Comercial Português S.A.
 Banco Cooperativo
 Banco de España
 Banco de Sabadell S.A.

Banco Santander S.A.
 Banco Santander Totta S.A.
 Bank of Aland Plc
 Bank of America Europe DAC
 Bank of Cyprus Public Company Ltd
 Bank of Greece S.A.
 Bank of Ireland
 Bank of Slovenia – Banka Slovenije
 Bank of Valletta Plc
 Bankia S.A.
 Bankinter 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 Ireland Plc
 Barclays Bank Plc
 Barclays Bank UK Plc
 Belfius Bank SA/NV
 BGL BNP Paribas
 BNF Bank Plc
 BNP Paribas Fortis SA/NV

BNP Paribas S.A.
 Bonum Bank Plc
 BPCE
 bpost SA
 bpost Bank N.V.-S.A.
 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 Italiano SpA
 Cassa Depositi e Prestiti SpA
 Cecabank S.A.
 Central Bank of Malta
 Central Bank of Savings Banks Finland Plc
 Central Cooperative Bank AD
 Citibank Europe Plc
 Commerzbank AG
 Crédit Agricole S.A.
 Crédit Agricole Italia SpA
 Crédit Mutuel Arkéa
 Crédit Mutuel – CIC Banques
 Credit Suisse (Schweiz) AG
 Credito Emiliano SpA

Danske Bank A/S
 De Nederlandsche Bank N.V.
 DEPObank –
 Banca Depositaria Italiana SpA
 Deutsche Bank AG
 Deutsche Bundesbank
 DNB Bank ASA
 DZ BANK AG
 Elavon Financial Services Limited
 Erste Group Bank AG
 First Investment Bank AD
 Hellenic Bank Public Company Ltd
 HSBC Bank Plc
 HSBC Continental Europe
 HSBC UK Bank Plc
 ICCREA Banca SpA
 ING Bank NV
 ING Belgium NV-SA
 ING Luxembourg SA
 Intesa Sanpaolo SpA
 J.P. Morgan AG
 Jyske Bank AS
 KBC Bank N.V.

Klarna Bank AB (publ)
 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
 Medirect Bank (Malta) plc
 MUFG Bank, Ltd
 Narodowy Bank Polski –
 National Bank of Poland
 National Bank of Slovakia –
 Národná Banka Slovenska
 National Westminster Bank Plc
 Nordea Bank Abp
 Novo Banco S.A.
 Novum Bank
 Oesterreichische Nationalbank
 OP Corporate Bank Plc
 OTP Bank Plc
 Rabobank
 Raiffeisen Bank International AG
 Raiffeisen Landesbank Südtirol AG
 RCB Bank Ltd
 S-Bank Ltd
 Santander Consumer Bank AG
 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 AS
 Sparekassen Kronjylland
 Sparkasse Bank Malta Plc
 Standard Chartered Bank AG
 Svenska Handelsbanken AB
 Swedbank AB (publ)
 Sydbank A/S
 The Royal Bank of Scotland Plc
 UBS AG
 UBS Europe SE
 UBS Switzerland AG
 UniCredit Bank AG (HypoVereinsbank)
 UniCredit Bank Austria AG
 UniCredit SpA

STEP2 SDD CORE

ABN AMRO Bank N.V.
 AION S.A.
 Aktia Bank Plc
 Allied Irish Banks, Plc
 APS Bank
 Banca Carige SpA
 Banca d'Italia
 Banca Generali SpA
 Banca Monte dei Paschi di Siena SpA
 Banca Popolare di Sondrio SCPA
 Banco Bilbao Vizcaya Argentaria S.A.
 Banco BPI S.A.
 Banco BPM SpA
 Banco Comercial Português SA
 Banco Cooperativo
 Banco de Sabadell S.A.
 Banco Santander S.A.
 Banco Santander Totta S.A.
 Bank of America Europe DAC
 Bank of Greece S.A.
 Bank of Ireland
 Bank of Valletta Plc
 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 Ireland Plc
 Barclays Bank Plc
 Barclays Bank UK Plc
 Belfius Bank SA/NV
 BGL BNP Paribas
 BNF Bank Plc
 BNP Paribas Fortis SA/NV
 BNP Paribas S.A.
 Bonum Bank Plc
 BPCE
 BPER Banca SpA
 bpost SA
 bpost Bank N.V.-S.A.
 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 Italiano SpA
 Cassa Depositi e Prestiti SpA
 Cecabank S.A.
 Central Bank of Malta
 Central Bank of Savings Banks Finland Plc
 Citibank Europe Plc
 Commerzbank AG
 Crédit Agricole S.A.
 Crédit Agricole Italia SpA
 Crédit Mutuel – CIC Banques
 Crédit Mutuel Arkéa

Credit Suisse (Schweiz) AG
 Credito Emiliano SpA
 Danske Bank A/S
 De Nederlandsche Bank N.V.
 DEPObank –
 Banca Depositaria Italiana SpA
 Deutsche Bank AG
 Deutsche Bundesbank
 DZ BANK AG
 Elavon Financial Services Limited
 Erste Group Bank AG
 HSBC Bank Plc
 HSBC Continental Europe
 HSBC UK Bank Plc
 ICCREA Banca SpA
 ING Bank NV
 ING Belgium NV-SA
 ING Luxembourg S.A.
 Intesa Sanpaolo SpA
 J.P. Morgan AG
 KBC Bank N.V.
 Klarna Bank AB (publ)
 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
 Nordea Bank Abp
 Novo Banco S.A.
 Oesterreichische Nationalbank
 OP Corporate Bank Plc
 Rabobank
 Raiffeisen Bank International AG
 Raiffeisen Landesbank Südtirol AG
 Santander Consumer Bank AG
 S-Bank Ltd.
 SECB Swiss Euro Clearing Bank GmbH
 Skandinaviska Enskilda Banken AB (publ)
 Société Générale
 Spar Nord Bank A/S
 Standard Chartered Bank AG
 Svenska Handelsbanken AB
 UBI Banca SpA
 UBS Europe SE
 UniCredit Bank AG (HypoVereinsbank)
 UniCredit Bank Austria AG
 UniCredit SpA

STEP2 SDD B2B

ABN AMRO Bank N.V.
 AION S.A.
 Banca Carige SpA
 Banca d'Italia
 Banca Generali SpA
 Banca Monte dei Paschi di Siena SpA
 Banca Popolare di Sondrio SCPA
 Banco Bilbao Vizcaya Argentaria S.A.
 Banco BPI S.A.
 Banco BPM SpA
 Banco Comercial Português SA
 Banco Cooperativo
 Banco de Sabadell S.A.
 Banco Santander S.A.
 Banco Santander Totta S.A.
 Bank of America Europe DAC
 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'État
 Banque Internationale à Luxembourg S.A.
 Barclays Bank Ireland Plc
 Barclays Bank Plc
 Barclays Bank UK Plc
 Belfius Bank SA/NV
 BGL BNP Paribas

BNP Paribas Fortis SA/NV
 BNP Paribas S.A.
 BPCE
 BPER Banca SpA
 bpost SA
 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 Italiano SpA
 Cassa Depositi e Prestiti SpA
 Cecabank S.A.
 Central Bank of Malta
 Citibank Europe Plc
 Commerzbank AG
 Crédit Agricole S.A.
 Crédit Agricole Italia SpA
 Crédit Mutuel – CIC Banques
 Crédit Mutuel Arkéa
 Credit Suisse (Schweiz) AG
 Credito Emiliano SpA
 Danske Bank A/S
 De Nederlandsche Bank N.V.
 DEPObank –
 Banca Depositaria Italiana SpA
 Deutsche Bank AG
 Deutsche Bundesbank
 DZ BANK AG

Erste Group Bank AG	Svenska Handelsbanken AB
HSBC Continental Europe	UBI Banca SpA
ICCREA Banca SpA	UBS Europe SE
ING Bank NV	UniCredit Bank AG (HypoVereinsbank)
ING Belgium NV/SA	UniCredit Bank Austria AG
ING Luxembourg S.A.	UniCredit SpA
Intesa Sanpaolo SpA	
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	
Nordea Bank abp	
Novo Banco S.A.	
Oesterreichische Nationalbank	
Rabobank	
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	

Appendix 4

LIST OF STEP2 CC PARTICIPANTS

Status: 15 May 2021

Citibank Europe Plc

Commerzbank AG

Deutsche Bank AG

Landesbank Hessen-Thüringen (HELABA)

Santander Consumer Bank AG

UniCredit Bank AG (HypoVereinsbank)

Appendix 5

LIST OF RT1 PARTICIPANTS

Status: 15 May 2021

ABN AMRO Bank N.V.	BRED Banque Populaire	KBC Bank
AION SA	Bunq B.V.	La Banque Postale
Aktia Bank Plc	Caixabank S.A.	Landesbank Baden-Wuerttemberg
AS LHV Pank	Cassa Centrale Banca –	Landesbank Hessen-Thuringen
AS SEB Pank	Credito Cooperativo Italiano	Latvijas Banka
Banca Nazionale del Lavoro S.p.A.	Cecabank	Lietuvos bankas
Banca Patrimoni Sella & C. S.p.A.	Central Bank of Savings Banks Finland Plc	N26 Bank GmbH
Banca Popolare di Sondrio	Commerzbank AG	Nordea Bank Abp
Banca Sella Holding S.p.A.	Coop Pank aktsiaselts	Oldenburgische Landesbank AG
Banca Sella S.p.A.	Credit Agricole Italia S.p.A.	OP Corporate Bank Plc
Banco Bilbao Vizcaya Argentaria S.A.	Credit Agricole SA	Raiffeisenbank International AG
Banco BPM S.p.A.	Crédit Mutuel Arkéa	Raiffeisenlandesbank Oberösterreich AG
Banco Sabadell S.A.	Danske Bank A/S	Santander Consumer Bank AG
Banco Santander S.A.	DEPObank –	Skandinaviska Enskilda Banken AB (publ)
Bankia S.A.	Banca Depositaria Italiana SpA	Société Générale
Banque et Caisse d'Epargne de L'Etat	Deutsche Bank AG	Svenska Handelsbanken AB (publ)
Banque Fédérative du Crédit Mutuel	DZ BANK AG	Swedbank AB
Banque Internationale à Luxembourg S.A.	Erste Group Bank AG	Swedbank AS
Barclays Bank Ireland PLC	FinecoBank Spa	Targobank
Belfius Bank SA	FlatexDEGIRO Bank AG	TeamBank AG
BNP Paribas Fortis NV/SA	Hanseatic Bank GmbH & Co KG	UniCredit Bank AG (HypoVereinsbank)
BNP Paribas SA	HSBC Continental Europe	UniCredit Bank Austria AG
Bonum Bank Plc	Illimity Bank S.p.A.	UniCredit S.p.A.
BPER Banca	ING Belgium NV/SA	
	Intesa Sanpaolo S.P.A.	
	J.P. Morgan AG	

ANNUAL ACCOUNTS FOR 2020

The annual accounts for 2020 (and for 2019) are attached separately.

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CONCEPT AND TEXT

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