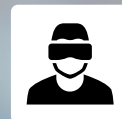
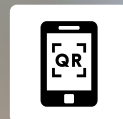
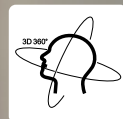


*“ In the present,
past,
360° and future
of the payment system ”*

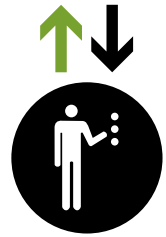


←
scan me

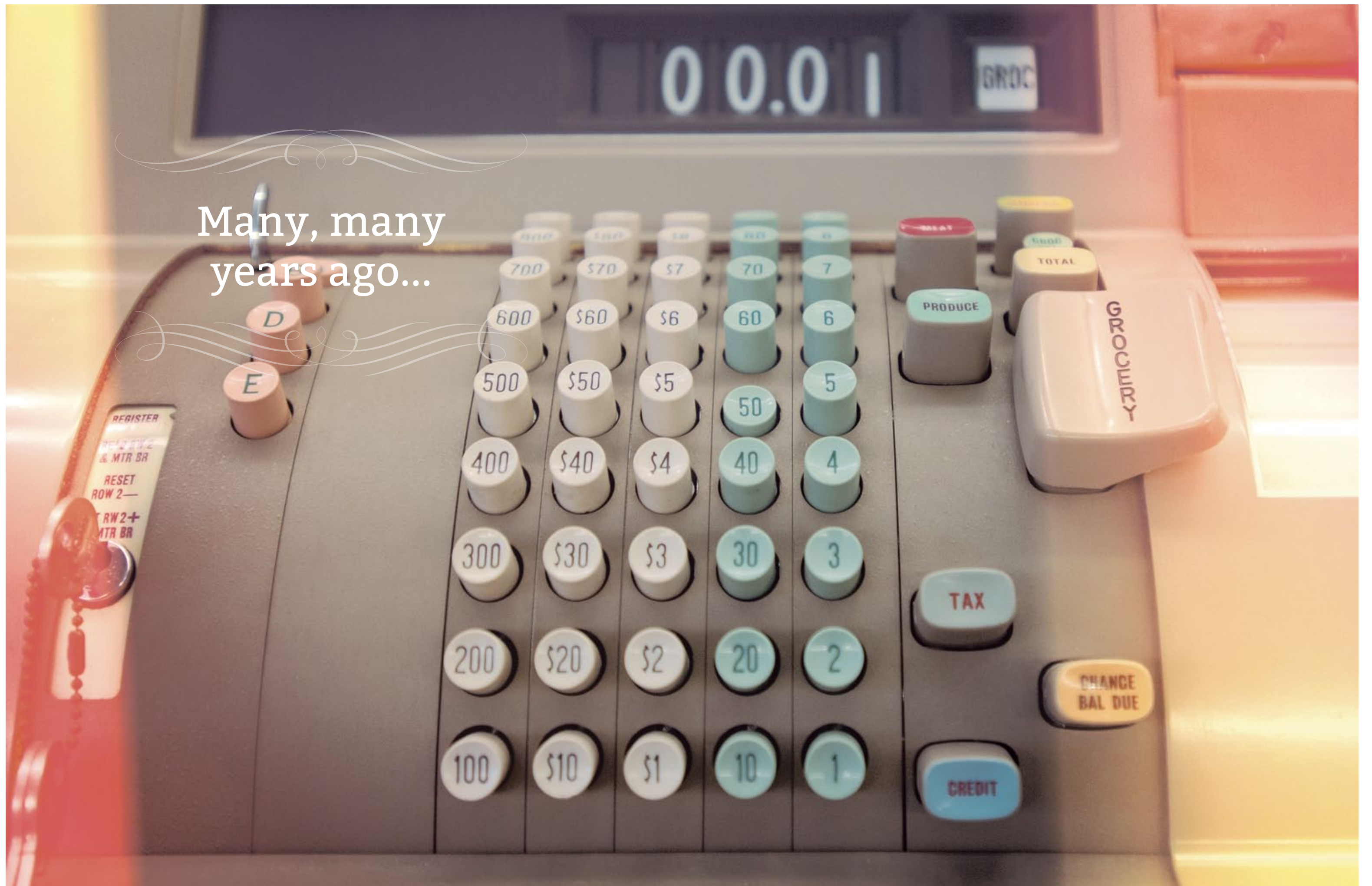




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Many, many
years ago...



A close-up photograph of a person's hand using a credit card payment terminal. The terminal is dark grey with a keypad of various colored buttons (purple, grey, green, yellow, red). In the background, a laptop keyboard is visible, and a blurred orange cup sits on a white surface. The text is overlaid on the right side of the image, framed by decorative white flourishes.

...a company was
created at the dawn of
the electronic payment
industry



Introduction

ServiRed, Sociedad Española de Medios de Pago, S.A. is Spain's leading card payment scheme. It has 42.3 million cards in circulation (17.7 million credit, and 24.6 million debit), 1,032,200 merchants, and 33,100 ATMs.

ServiRed has 93 members, of which 62 are shareholders in the company.

ServiRed's primary purpose is to assist its member institutions in substituting cash for innovative and efficient electronic payments systems, in order to reduce the high cost of cash transactions for society at large.

The ServiRed scheme provides international interoperability through co-badging with Visa and MasterCard, for which it is licensed as a Principal Member of Visa Europe and as a Principal Member of MasterCard Worldwide, and thus its members are empowered to issue Visa and MasterCard products and to acquire transactions made with them.

ServiRed's services rest on three main pillars:

- the brand;
- the operating rules and procedures and
- the interchange system.

The most important activities carried out by ServiRed in its mission of replacing cash in payments are as follows:

1. Guaranteeing comprehensive interoperability of card transactions in the domestic sphere.
2. Guaranteeing international access to holders of ServiRed cards, via direct connection with

the international schemes (Visa, MasterCard, American Express, Diners Club, JCB, Union Pay International, etc.)

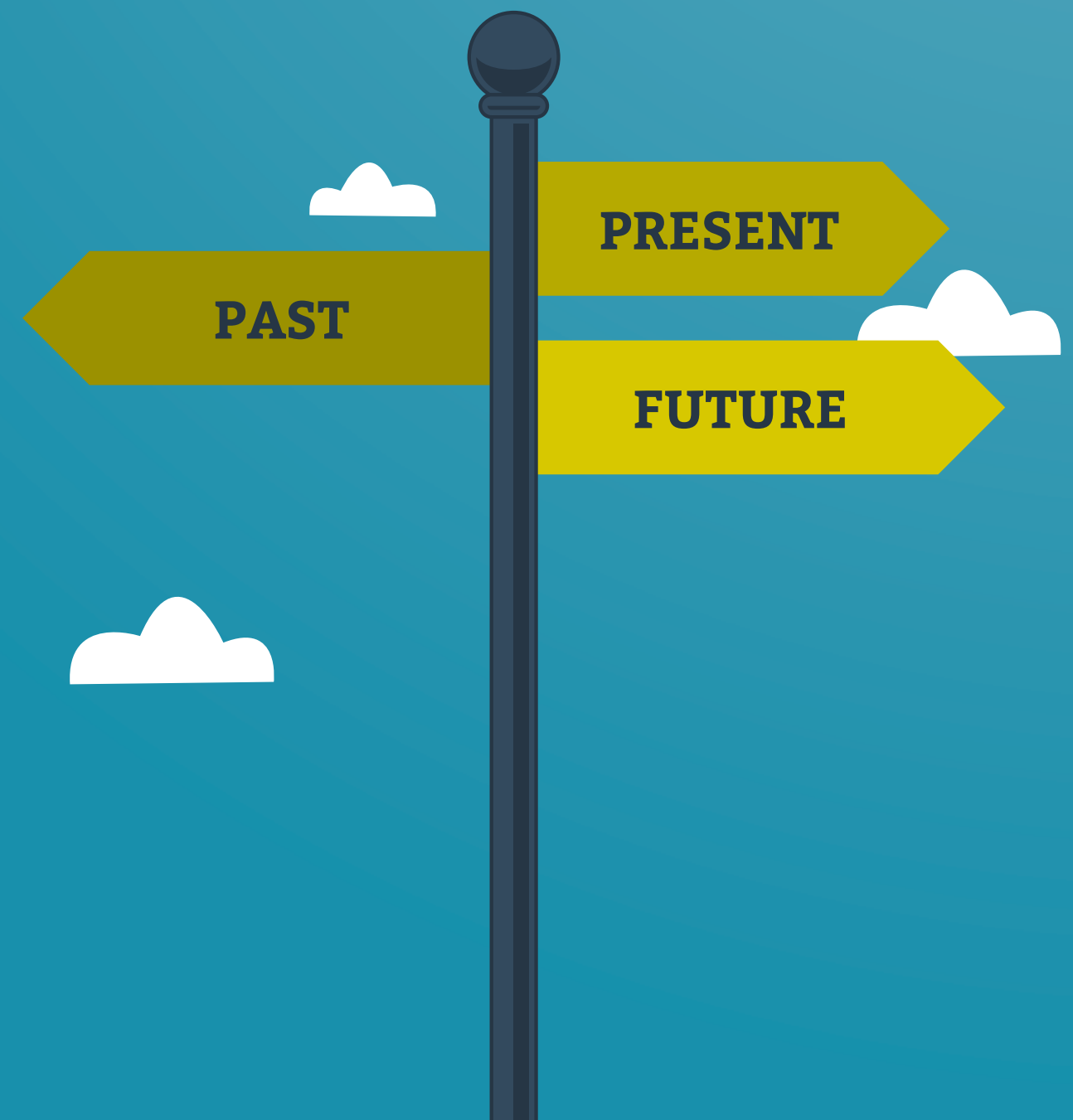
3. Guaranteeing the acceptance of foreign cards used to make purchases at the ServiRed merchants.
4. Ensuring the correct use of the ServiRed brand, card designs, and the features of the products issued by ServiRed's member institutions.
5. Ensuring the proper labeling and operation of the POS (point of sale) terminals and ATMs.
6. Carrying out the clearing and settlement processes of interchange transactions amongst the system's member financial institutions and between them and other payments networks.
7. Arbitration and resolution of any incidents that may arise from the use of the shared payments network by member institutions.
8. Preventing, detecting, and prosecuting fraud.


All these activities take place against a backdrop of continuous commercial and technological innovation, which ensures that holders of ServiRed cards can make payments at millions of merchants in Spain and all over the world.

In addition to the many advantages for cardholders, the use of ServiRed cards facilitates management of business expenses by the merchants which accept them, and provides greater security by eliminating the negative aspects of using cash, such as theft and loss.



ServiRed: in the present, past, and future of means of payment



A close-up photograph of a person's hand using a credit card terminal. The hand is positioned over the keypad, with the index finger resting on a button. A credit card with a visible EMV chip is inserted into the terminal's slot. The terminal is light-colored with a keypad featuring various colored buttons (purple, grey, red, yellow, green). The background is blurred, showing a retail or service environment with warm lighting and other people. The text "From the introduction of the EMV chip" is overlaid on the left side of the image, framed by decorative white flourishes.

From the
introduction of
the EMV chip

ServiRed in 2015



Cards

ServiRed member financial institutions had 42 million cards issued by the end of 2015. Cardholders used them to make purchases worth €85.25 billion, a 9.6% rise on the previous year.



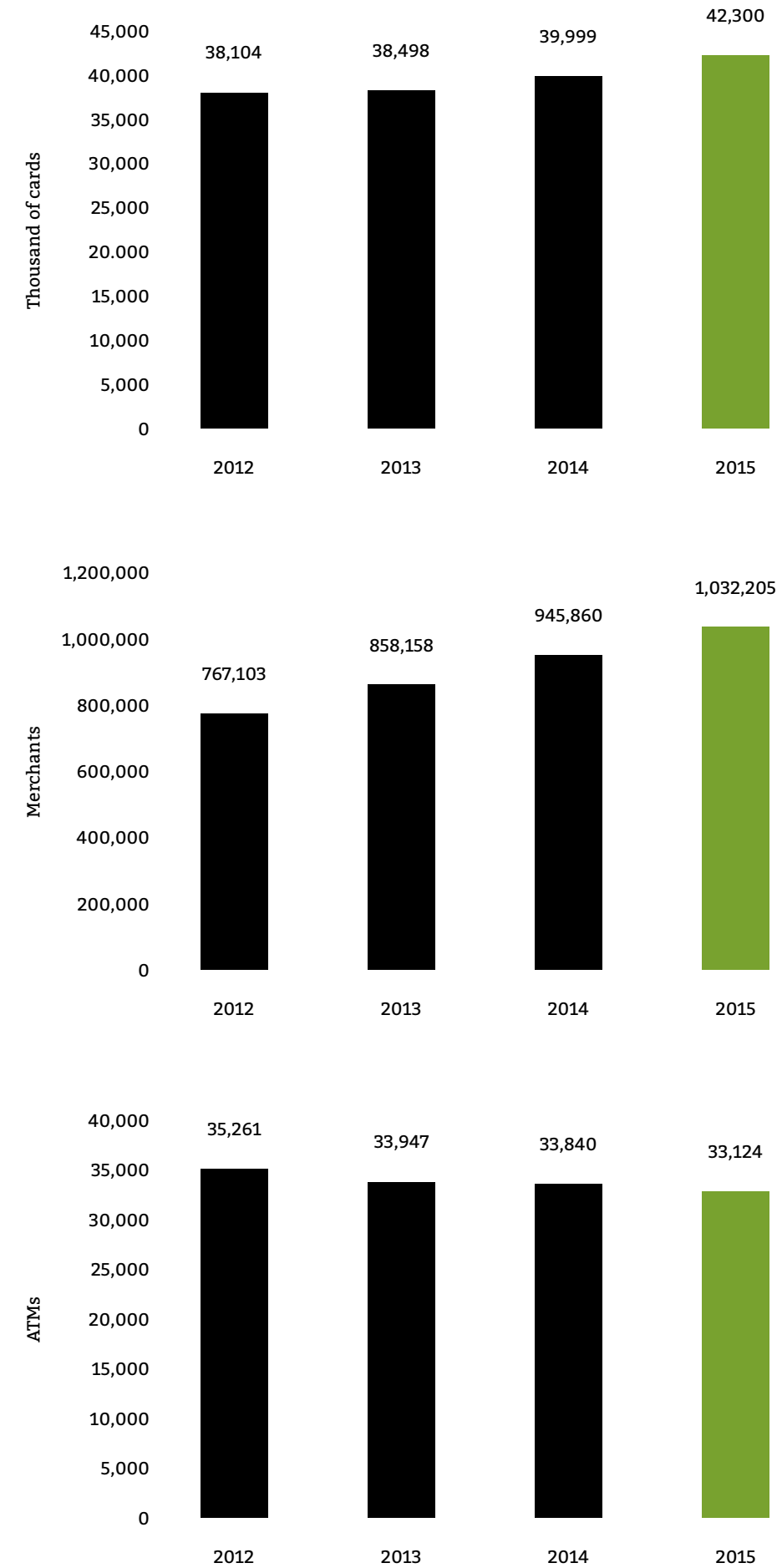
Merchants

The number of merchants also grew, reaching a million in 2015. Purchases worth €98.71 billion were made in these establishments, 13.6% more than in 2014.



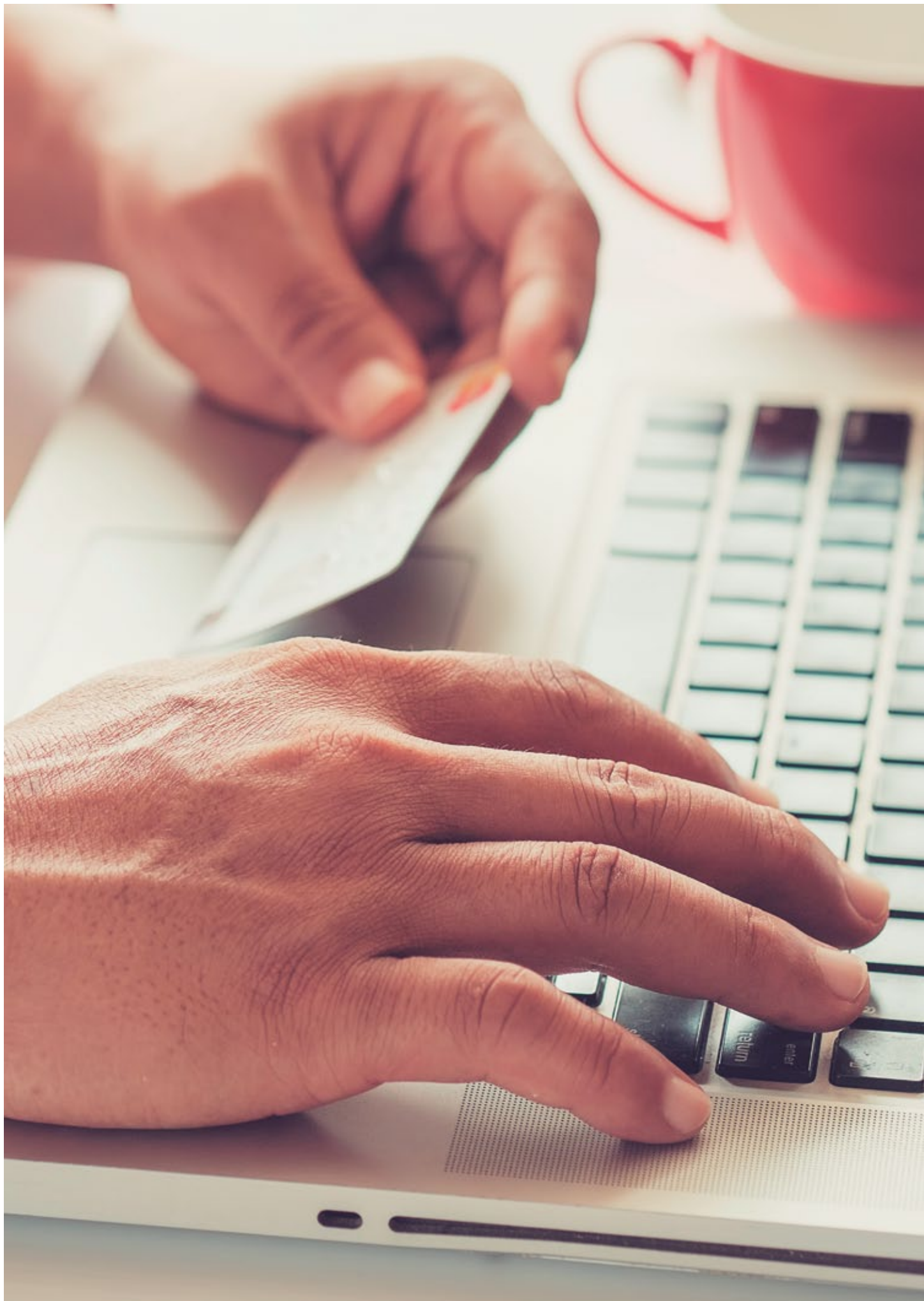
ATMs

There are more than 33,000 ServiRed ATMs located throughout Spain.



A close-up photograph of a person's hands using a black contactless payment terminal. The terminal is held in the right hand, and a gold-colored contactless payment card is being swiped over the top surface of the device. The background is a blurred indoor setting with warm, bokeh-style lights. The text "To the development of contactless technology" is overlaid on the left side of the image, framed by decorative white flourishes.

To the development
of contactless
technology



Mission

To promote the proper transition from cash to new, more efficient and secure means of payment, to the benefit of member institutions and society as a whole (merchants and cardholders).

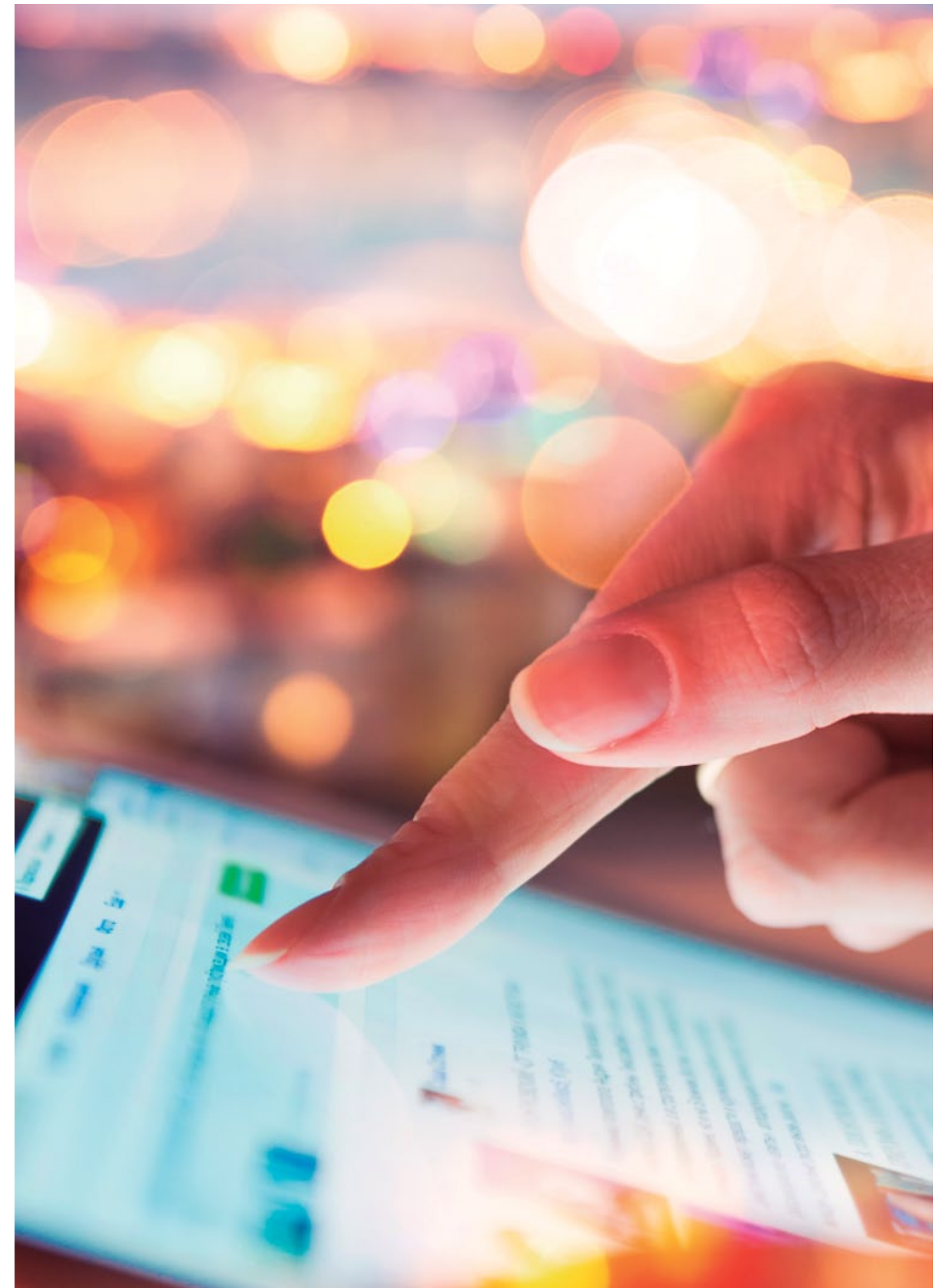


Objectives

To promote the use of electronic payments.

To represent member institutions before regulatory bodies, associations, institutions and other domestic and international payments schemes.

To manage the brand, set and uphold the rules of the domestic scheme to ensure interoperability and strengthen its position in the market.





PRESENT



FUTURE



PAST




Board

Mr. Rafael Martín-Peña García ¹	Chairman
Mr. Juan Luis Coghén Alberdingk-Thijm ²	Banco Cooperativo
Mr. Manuel Tresánchez Montaner ²	Banco de Sabadell
Mr. Albert Figueras Moreno	Banco de Sabadell
Ms.. Amparo Esteve Mercado ²	Abitaria Consultoría y Gestión, S.A. (Grupo Bankia)
Mr. Carlos Mier Sainz ²	Valoración y Control, S.L. (Grupo Bankia)
Mr. Juan Antonio Soriano Diego ²	Participaciones y Cartera de Inversión, S.L. (Grupo Bankia)
Mr. Narciso Perales Dominique ²	Bankinter
Mr. Alberto Camino Laguna ²	Barclaycard
Mr. Ignacio Bañón Treviño	BBVA
Mr. Fernando de la Rica Goiricelaya	BBVA
Mr. Ricardo Oliver Gómez	BBVA
Ms.. María Victoria Matía Agell	CaixaBank
Mr. Joan Morlá Tomás	CaixaBank
Mr. Miguel Ángel Pozuelo Villar	CaixaBank
Mr. Juan María Eguren Ruiz de Azua ²	Caja Laboral Popular
Mr. Juan Felipe Vargas Ibáñez ²	Banco de Crédito Social Cooperativo
Mr. Josep Llorca Vaqué ²	Catalunya Banc
Mr. Ramón Amorós Reboredo ²	Deutsche Bank
Ms.. Carmen Carnero Silvo	Board Secretary (Non-member)

Composition of the Board of Directors at the date of publication of this Annual Report

(1) Representative of Global Norwalk, S.L.U, Chairman of the Board.

(2) Representatives of board members that are legal persons.



With one eye on
the past



Shareholder Members of the ServiRed System

NRBE

Bank of Spain Registry Number

0019	DEUTSCHE BANK, S.A.E
0057	BANCO DEPOSITARIO BBVA, S.A.
0078	BANCA PUEYO, S.A.
0081	BANCO DE SABADELL, S.A.
0125	BANCOFAR, S.A.
0128	BANKINTER, S.A.
0129	BBVA BANCO DE FINANCIACIÓN, S.A.
0130	BANCO CAIXA GERAL, S.A.
0131	NOVO BANCO, S.A, SUCURSAL EN ESPAÑA
0133	NUEVO MICRO BANK, S.A.
0138	BANKOA, S.A.
0152	BARCLAYS BANK PLC, SUCURSAL EN ESPAÑA
0182	BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
0186	BANCO MEDIOLANUM, S.A.
0188	BANCO ALCALÁ, S.A.
0198	BANCO COOPERATIVO ESPAÑOL, S.A.
0220	BANCO FINANTIA SOFINLOC, S.A.
0227	UNOE BANK, S.A.
0229	BANCOPOPULAR-E, S.A.,
0234	BANCO CAMINOS, S.A.
0235	BANCO PICHINCHA ESPAÑA, S.A.
0240	BANCO DE CRÉDITO SOCIAL COOPERATIVO, S.A.
1490	SELF TRADE BANK, S.A.
1491	TRIADOS BANK N.V., SUCURSAL EN ESPAÑA
1525	BANQUE CHAABI DU MAROC, SUCURSAL EN ESPAÑA
1550	BANCA POPOLARE ETICA, S.C.P.A, SUCURSAL EN ESPAÑA
2013	CATALUNYA BANC, S.A.
2038	BANKIA, S.A.
2080	ABANCA CORPORACIÓN BANCARIA, S.A.
2081	MARE NOSTRUM, S.A.
2108	BANCO DE CAJA ESPAÑA DE INVERSIONES, SALAMANCA Y SORIA, S.A.
2100	CAIXABANK, S.A.
3001	CAJA RURAL DE ALMENDRALEJO, SOCIEDAD COOPERATIVA DE CREDITO
3005	CAJA RURAL CENTRAL, SOCIEDAD COOPERATIVA DE CREDITO
3007	CAJA RURAL DE GIJÓN, COOPERATIVA DE CRÉDITO
3008	CAJA RURAL DE NAVARRA, SOCIEDAD COOPERATIVA DE CREDITO
3009	CAJA RURAL DE EXTREMADURA, SOCIEDAD COOPERATIVA DE CREDITO
3016	CAJA RURAL DE SALAMANCA, SOCIEDAD COOPERATIVA DE CREDITO
3017	CAJA RURAL DE SORIA, SOCIEDAD COOPERATIVA DE CREDITO
3020	CAJA RURAL DE UTRERA, SOCIEDAD COOPERATIVA ANDALUZA DE CREDITO
3023	CAJA RURAL DE GRANADA, SOCIEDAD COOPERATIVA DE CREDITO
3025	CAJA DE CRÉDITO DE LOS INGENIEROS, SOCIEDAD COOPERATIVA DE CREDITO
3029	CAJA DE CREDITO DE PETREL, CAJA RURAL, COOP. DE CRÉDITO VALENCIANA
3035	CAJA LABORAL POPULAR, SOCIEDAD COOPERATIVA DE CREDITO
3045	CAIXA RURAL ALTEA, COOPERATIVA DE CREDIT VALENCIANA
3058	CAJAS RURALES UNIDAS, SOCIEDAD COOPERATIVA DE CREDITO
3059	CAJA RURAL DE ASTURIAS, SOCIEDAD COOPERATIVA DE CREDITO



NRBE

Bank of Spain Registry Number

3060	CAJA RURAL DE BURGOS, FUENTEPELAYO, SEGOVIA Y CASTELLDANS, SOCIEDAD COOPERATIVA DE CRÉDITO
3067	CAJA RURAL DE JAEN, BARCELONA Y MADRID, SOCIEDAD COOPERATIVA DE CREDITO
3070	CAIXA RURAL GALEGA, SOCIEDAD COOPERATIVA DE CREDITO LIMITADA GALLEGA
3076	CAJASIETE, CAJA RURAL, SOCIEDAD COOPERATIVA DE CREDITO
3080	CAJA RURAL DE TERUEL, SOCIEDAD COOPERATIVA DE CREDITO
3081	CAJA RURAL DE CASTILLA-LA MANCHA, SOCIEDAD COOPERATIVA DE CREDITO
3085	CAJA RURAL DE ZAMORA, SOCIEDAD COOPERATIVA DE CREDITO
3095	CAJA RURAL SAN ROQUE DE ALMENARA, S. COOP. DE CRÉDITO V.
3096	CAIXA RURAL DE L'ALCUDIA, SOCIEDAD COOPERATIVA VALENCIANA DE CREDITO
3098	CAJA RURAL NUESTRA SEÑORA DEL ROSARIO, S. COOP. ANDALUZA DE CRÉDITO
3102	CAIXA RURAL SANT VICENT FERRER DE LA VALL D'UIXO, COOP. DE CREDIT V.
3105	CAIXA RURAL DE CALLOSA D'EN SARRIA, COOP. DE CREDITO VALENCIANA
3110	CAJA RURAL CATÓLICO AGRARIA, S. COOP. DE CRÉDITO V.
3111	CAIXA RURAL LA VALL "SAN ISIDRO", S. COOP. DE CREDITO VALENCIANA
3112	CAJA RURAL SAN JOSÉ DE BURRIANA, S. COOP. DE CRÉDITO V.
3117	CAJA RURAL D'ALGEMESÍ, SOCIEDAD COOPERATIVA VALENCIANA DE CREDIT
3118	CAJA RURAL DE TORRENT COOPERATIVA DE CREDIT VALENCIANA
3119	CAJA RURAL SAN JAIME DE ALQUERÍAS DEL NIÑO PERDIDO, S. COOP. DE CRÉDITO V.
3121	CAJA RURAL DE CHESTE, SOCIEDAD COOPERATIVA DE CREDITO
3123	CAIXA RURAL DE TURÍS, COOPERATIVA DE CRÉDITO VALENCIANA
3127	CAJA RURAL DE CASAS IBAÑEZ, S. COOP. DE CREDITO DE CASTILLA LA MANCHA
3130	CAJA RURAL SAN JOSE DE ALMASSORA. S. COOP. DE CRÉDITO VALENCIANA
3135	CAJA RURAL SAN JOSÉ DE NULES, S. COOP. DE CRÉDITO V.
3140	CAJA RURAL DE GUISSONA, SOCIEDAD COOPERATIVA DE CREDITO
3146	CAJA DE CRÉDITO COOPERATIVO, SOCIEDAD COOPERATIVA DE CREDITO
3152	CAJA RURAL DE VILLAR, S. COOP. DE CRÉDITO V.
3157	CAJA RURAL LA JUNQUERA DE CHILCHES, S. COOP. DE CRÉDITO V.
3159	CAIXA POPULAR-CAIXA RURAL, S. COOP. DE CRÉDITO VALENCIANA
3160	CAIXA RURAL SANT JOSEP DE VILAVELLA, S. COOP. DE CRÈDIT V.
3165	CAJA RURAL SAN ISIDRO DE VILAFAMÉS, S. COOP. DE CRÉDITO V.
3179	CAJA RURAL DE ALGINET, SOCIEDAD COOPERATIVA CREDITO VALENCIANA
3183	CAJA DE ARQUITECTOS, SOCIEDAD COOPERATIVA DE CREDITO
3186	CAIXA RURAL ALBALAT DEL SORELLS, COOPERATIVA DE CREDIT VALENCIANA
3187	CAJA RURAL DEL SUR, SOCIEDAD COOPERATIVA DE CREDITO
3190	CAJA RURAL DE ALBACETE, CIUDAD REAL Y CUENCA, S. COOP. DE CRÉDITO
3191	CAJA RURAL DE ARAGÓN, SOCIEDAD COOPERATIVA DE CREDITO
6702	CAIXABANK ELECTRONIC MONEY, EDE, S.L.
6703	EURONET 360 FINANCE LIMITED, SUCURSAL EN ESPAÑA
6812	MONEY EXCHANGE, S.A.
8321	ENTRE2 SERVICIOS FINANCIEROS, E.F.C., S.A.
8776	CAIXABANK CONSUMER FINANCE, E.F.C.,S.A.
8788	CAIXA CARD 1, ESTABLECIMIENTO FINANCIERO DE CRÉDITO, S.A.
8816	SOCIEDAD CONJUNTA PARA LA EMISIÓN Y GESTIÓN DE MEDIOS DE PAGO, E.F.C., S.A.
8821	SABADELL CONSUMER FINANCE, E.F.C.,S.A.
8834	AVANT TARJETA, ESTABLECIMIENTO FINANCIERO DE CREDITO, S.A.
	GLOBAL NORWALK, S.L.U.



Non-shareholder Members of ServiRed System

0129	BBVA BANCO DE FINANCIACIÓN, S.A.
0133	NUEVO MICRO BANK, S.A.
0235	BANCO PICHINCHA ESPAÑA, S.A.
1490	SELF TRADE BANK, S.A.
1491	TRIADOS BANK N.V., SUCURSAL EN ESPAÑA
1550	BANCA POPOLARE ETICA, S.C.P.A, SUCURSAL EN ESPAÑA
1525	BANQUE CHAABI DU MAROC, SUCURSAL EN ESPAÑA
2081	MARE NOSTRUM, S.A.
3029	CAJA DE CREDITO DE PETREL, CAJA RURAL, COOP. DE CRÉDITO VALENCIANA
3045	CAIXA RURAL ALTEA, COOPERATIVA DE CREDIT VALENCIANA
3095	CAJA RURAL SAN ROQUE DE ALMENARA, S. COOP. DE CRÉDITO V.
3102	CAIXA RURAL SANT VICENT FERRER DE LA VALL D'UIXO, COOP. DE CREDIT V.
3105	CAIXA RURAL DE CALLOSA D'EN SARRIA, COOP. DE CREDITO VALENCIANA
3110	CAJA RURAL CATÓLICO AGRARIA, S. COOP. DE CRÉDITO V.
3112	CAJA RURAL SAN JOSÉ DE BURRIANA, S. COOP. DE CRÉDITO V.
3118	CAJA RURAL DE TORRENT COOPERATIVA DE CREDIT VALENCIANA
3119	CAJA RURAL SAN JAIME DE ALQUERÍAS DEL NIÑO PERDIDO, S. COOP. DE CRÉDITO V.
3121	CAJA RURAL DE CHESTE, SOCIEDAD COOPERATIVA DE CREDITO
3123	CAIXA RURAL DE TURÍS, COOPERATIVA DE CRÉDITO VALENCIANA
3135	CAJA RURAL SAN JOSÉ DE NULES, S. COOP. DE CRÉDITO V.
3152	CAJA RURAL DE VILLAR, S. COOP. DE CRÉDITO V.
3157	CAJA RURAL LA JUNQUERA DE CHILCHES, S. COOP. DE CRÉDITO V.
3160	CAIXA RURAL SANT JOSEP DE VILAVELLA, S. COOP. DE CRÈDIT V.
3165	CAJA RURAL SAN ISIDRO DE VILAFAMÉS, S. COOP. DE CRÉDITO V.
3179	CAJA RURAL DE ALGINET, SOCIEDAD COOPERATIVA CREDITO VALENCIANA
3186	CAIXA RURAL ALBALAT DEL SORELLS, COOPERATIVA DE CREDIT VALENCIANA
6702	CAIXABANK ELECTRONIC MONEY, EDE, S.L.
6703	EURONET 360 FINANCE LIMITED, SUCURSAL EN ESPAÑA
6812	MONEY EXCHANGE, S.A.
8788	CAIXA CARD 1, ESTABLECIMIENTO FINANCIERO DE CRÉDITO, S.A.
8821	SABADELL CONSUMER FINANCE, E.F.C.,S.A.



Changes in 2015

- Purchase of all the shares of BBVA Banco de Financiación, S.A., by BBVA S.A., so the first entity ceased to be a shareholder of the company.



A woman with blonde hair, wearing a dark sweater, is looking intently at a large vertical digital display. The display shows various data visualizations, including a line graph with a yellow highlight and a list of items. The background is a server room with rows of server racks and blurred lights, suggesting a high-tech environment at night.

And our heart
looking to the
future

Chairman of the Board Rafael Martín-Peña García *
Servired S.A.

Dear friends,
With this letter, I wanted to bring together a summary of the most important issues occurring during 2015 in the means of payment industry in general and the actions taken by Servired's Board of Directors in particular in this period that I believe are important to highlight.

Everyone knows that the rough atmosphere in which financial entities have been involved in during the last year, with growing and severe regulation in several issues (among which, we should highlight for our purposes in Spain, Royal Decree 11/2015, of 2nd October, which regulates the cash withdrawals in ATM's), low interest rates that affect results; growing competition on different fronts, from different types of actors (from Fintech to large technology companies, including operators from other sectors and several other actors) which aim to make this means of payment sector into a new source for their businesses. Before these challenges, financial entities are undertaking important reforms, aware that the key will be to maintain clients' trust in the financial sector, trying to reinforce its reputation, which has historically been built on trust. We should highlight the reforms due to the impact of the digital transformation, which is being tackled with large investments. This is facilitating exciting and dynamic competition in payment methods, which gives rise to scenarios which are setting the trends in future payment methods, whether through Immediate Payments from and to current accounts, mobile payments (both along the current card pathways as well as through alternative pathways), the growing incorporation of cryptocurrencies in payments and other different methods.

In this environment, however, payments through bank cards have managed to achieve important growth, and constitute a growing percentage of the revenues for financial entities.

Concerning the actions performed by the Board of Directors during 2015 I want to highlight a few, especially those with regards to reinforcing its corporate governance. As such, the Bank of Spain has satisfactorily finalised its supervision of the domestic framework concerning the requirements established in the Oversight Framework for Card Payment Schemes from the European Central Bank, and a new supervision scheme has been started, to welcome the SecurePay recommendations concerning the security of payments through the Internet, which Servired has already incorporated into its Operating Regulations.

As was noted in last year's Annual Report, once again in 2015 Servired obtained the PCI-DSS Security Standard Certificate, with the most demanding requirements.

On the other hand, during 2015 (finalising in 2016), Servired's Criminal Code Compliance Programme has been updated by adapting it to the legislative modifications of the 2015 Penal Code and to the recommendations by the State's Attorney General in 2016 on this issue.

This has been taken into consideration also for the regular and dynamic updates that the Board of Directors carries out concerning the Risk Management Policy, with the monitoring of risk indicators and the implementation of mitigating measures, which is a subject that is dealt with regularly in the meetings held monthly. Servired's Risks Map has also been sent to the Bank of Spain for its work in supervising the framework.

I would also like to highlight that in 2015 Servired signed the Acquisition license with Union Pay International (the international branch of the scheme China Union Pay), thus becoming a Scheme Member of this system for Spain. An important Spanish entity has already licensed this scheme, while others are currently in the phases of analysing their adhesion as well.



Rafael Martín-Peña García
Chairman of the Board
Servired S.A.

I would also to reference the creation and implementation of the Advantis Supervisor Group in 2015, a body composed of Servired and Redsys administrators, to improve the management of Advantis. This Supervisor Group has held 6 meetings until now and has proposed a Strategic Plan for Advantis which has been approved by Servired's Board of Directors. The establishment of a product Plan is especially noteworthy as it allows the company to deal with Advantis' future with a product portfolio that responds to the market's requirements, at both the national and international level, and not only in South American market, as Advantis made sales in the US market in 2015.

Finally, although the issue pertains to the sphere of interest of Servired Collective Member for Visa issues, I would like to note that in 2015, Visa Inc. and Visa Europe have communicated the acquisition of the latter by the former. This operation was subject to the required authorisations which have now been granted. When Servired is formally informed of the aggregate amount which pertains to it from the transaction, given that Servired has acted on behalf of its members before Visa Europe, Servired will carry out the appropriate actions so that the amounts which the company receives are distributed among its Members in the proportion which belongs to them based on the Functional Guidelines and Collective Member Governance, a detailed account of which will be provided shortly.

Concerning this issue, I must also note that Servired has been designated a part of the Visa Europe Member Representative and of its Committees, whose mission consists of the oversight and monitoring of the correct application of the contractual provisions in the interest of the members who sold their shares of Visa Europe to Visa Inc., both concerning the correct valuation of the conversions of Class C (non-transferable) shares into Class A shares (ordinary and transferable) based on how its conversion occurs, as well as monitoring the



deferred payments of this transaction.

To end this section, allow me to remind those concerned that Servired has replaced its Visa Group Member status for Visa Principal Member status. As such, the nature of the contracts of its sub-licensees is also proceeding along the same trajectory, as they are no longer members of the Group Member and have instead become Associate Members through Servired's Principal Membership, with Servired having transmitted the cited contractual novations as well as the transfer of the shares that its Members held in Visa Europe in favour of Visa Inc.

The important increase in the volume of MasterCard sales transactions by Servired transactions is also notable, as in 2015 the volume increased by 18.1% (whereas during the same period Visa sales volume increased by 5.4%).

(* Representative of Global Norwalk, S.L.U, Chairman of the Board.





Deputy Managing Director

Carmen Carnero Silvo
ServiRed S.A.

This year, instead of drafting our usual summary of the most important data concerning ServiRed's activities during the fiscal year, which we have already included in the contents of this Report, I am going to use this letter to highlight the main trends, challenges and opportunities that the Financial Institutions, which are our shareholders, are facing, given that I expect that this will be the source of profound changes also for ServiRed. As such, first I will sum up the four trends which, in my opinion, are the most relevant. Afterwards, I will focus on the aspects that, in my point of view, are going to be key in the evolution of the digital disruption within the financial sector in general and within payments in particular.

First is the current monetary policy, with the lowest interest rates in history, which is causing important tension in the traditional business models of Financial Institutions, resulting in low levels of profitability and market valuation. These are forcing structures to become simplified and Financial Institutions to search for new business strategies and models with sights set on obtaining profitable growth.

Second is the regulatory pressure arriving from different sources, with an extensive array of new requirements, including those related to capital and debt ratios, risk and security management, transparency obligations, client knowledge and authentication, the fight against money laundering and the reorganisation of the payment industry, which has been affected both by specific domestic regulations in some countries (including Spain), as well as by European-wide regulations, including the MIF Regulation and the PSD2 Directive, which will open the financial services market to new entrants. Thus, among others, telephone operators, mobile device providers, large companies, large digital suppliers and the numerous newly created companies which make up the Fintech movement, resulting from digitalisation and innovative processes, are the new and disruptive competitors for traditional Financial Institutions in the provision of financial products and services. Apart from regulation, there are other important initiatives in the payments field which are being led by the Euro Retail Payments Board (ERPB), including the new European scheme for immediate payments based on IBAN accounts, which will be implemented domestically in each Member State, under the supervision of the Eurosystem

and which will require important investments to achieve cross-border interoperability among the different countries in the Union.

Third is the digital revolution which, apart from spurring the globalisation of financial services, with its opportunities and challenges, is requiring to Financial Institutions, on the one hand, to make strong investments in the research and development for new technological infrastructures (Big Data, Blockchain, Distributed Ledger Technology, Open Interfaces, etc) in order to compete with the Fintech movement in the technological progress, which has the potential to radically change the industry in never-before-seen ways, while, on the other hand and in parallel, Financial Institutions have to maintain the operating cost of their current infrastructures, because they continue to support the large majority of products and services used today by their clients.

Fourth is the demographic change, including the so-called "digital natives", who not only are going to be the new consumers, but also the new members of the workforce. It is expected that they will be the source of important modifications, not only in consumption behaviour, but also in the operating models of the various organisations. As a result, it is expected that they will decisively contribute to accelerating the digitalisation process.

For me, one of the most important transformations of the digitalisation process is that clients are more and more an important part of the service provided, thus reinforcing the most essential conception of the business, which is the relationship from person to person. This is one of the fundamental causes for the appearance of the "shared economy" (or "collaborative consumption") services between people. This has given rise to services focused on "access" instead of "property", thus causing the rapid consolidation of new companies, such as Uber or Airbnb, which have become, in a very short time period, formidable competitors within deeply rooted traditional industries. In the case of the financial sector, which is now in the eye of the hurricane of the digital disruption, the evolution towards a platform where "access" replaces "property" will be promoted, in my opinion, by the new PSD2 Directive, which establishes that third party providers which are not



Carmen Carnero Silvo
Deputy Managing Director
ServiRed S.A.

the "owners" of any banking assets, can be involved in providing financial services (in particular, those related to payment initiation and account information), through the "access" to the accounts that consumers hold in Financial Institutions, which these Institutions are obligated to provide.

This pathway opened by the PSD2 Directive does not establish the existence of contracts between Financial Institutions and third party providers and it presents important challenges for the financial sector, including the risk of disintermediation by the cited third party providers, as well as the possible damages to the Institutions' trust, reputation and brand in the event of fraud, intrusion, illegal use of data, client authentication errors, or anomalies in protecting client privacy, among others.

Additionally, providing client account access to third parties requires the development and deployment of a new technical infrastructure, based on open interfaces or "Open APIs" ("Application Programming Interfaces"), which will allow for the connection between the world of Financial Institutions and the world of third party suppliers, in a way that applications by these providers can be used in the interfaces owned by the Financial Institutions. Consequently, the financial industry's interest in open interfaces is gaining traction and the Fintech movement associated to these interfaces will accelerate competition and digital disruption in the financial services industry in the same way that occurred with other industries, such as television, with the appearance and rapid growth of new actors, such as Netflix, which allow consumers to see what they want, whenever they want, and in the device that they want.

Once the environment and appropriate business models are created with the necessary investment and commitment by Financial Institutions, these open interfaces and digital identities could be interesting opportunities to define the new range of products and services required by new consumers and by the digital transformation. In this sense, we must be very attentive to the different transposition processes of the PSD2 Directive in each European Country, in order to prevent, as far as possible, the risk of fragmentation that could result from these different processes and to create the most



homogenous environment possible within which to offer the aforementioned products and services. In conclusion, we are immersed in a fascinating time for the financial services industry and, specifically, for payments. Consequently, Financial Institutions are facing the need to transform their traditional cultures, which will require, among other aspects, redefining what a bank should be and what structure it should have. As such, it is logical to suppose that companies such as ServiRed, which are owned by the Financial Institutions to which they support in the provision of products and services that are affected by a good part of the previous trends, must also be the subject of a profound transformation. If our shareholders so desire, ServiRed will continue to be at their side, welcoming the change and supporting them in this transformation, also with the ability to extend the knowledge of managing collaborative and co-operative processes and the experience acquired in card based payments to other types of payment, in order to overcome the challenges and take advantage of different opportunities, while also protecting the trust which still is, nowadays, one of the most important assets for Financial Institutions.



ServiRed Network



A close-up photograph of a person's hand touching a tablet computer on a wooden desk. In the background, another hand is holding a yellow card, and a laptop and a cup of coffee are visible but out of focus. The scene is lit with warm, soft light.

We adapt to new
means



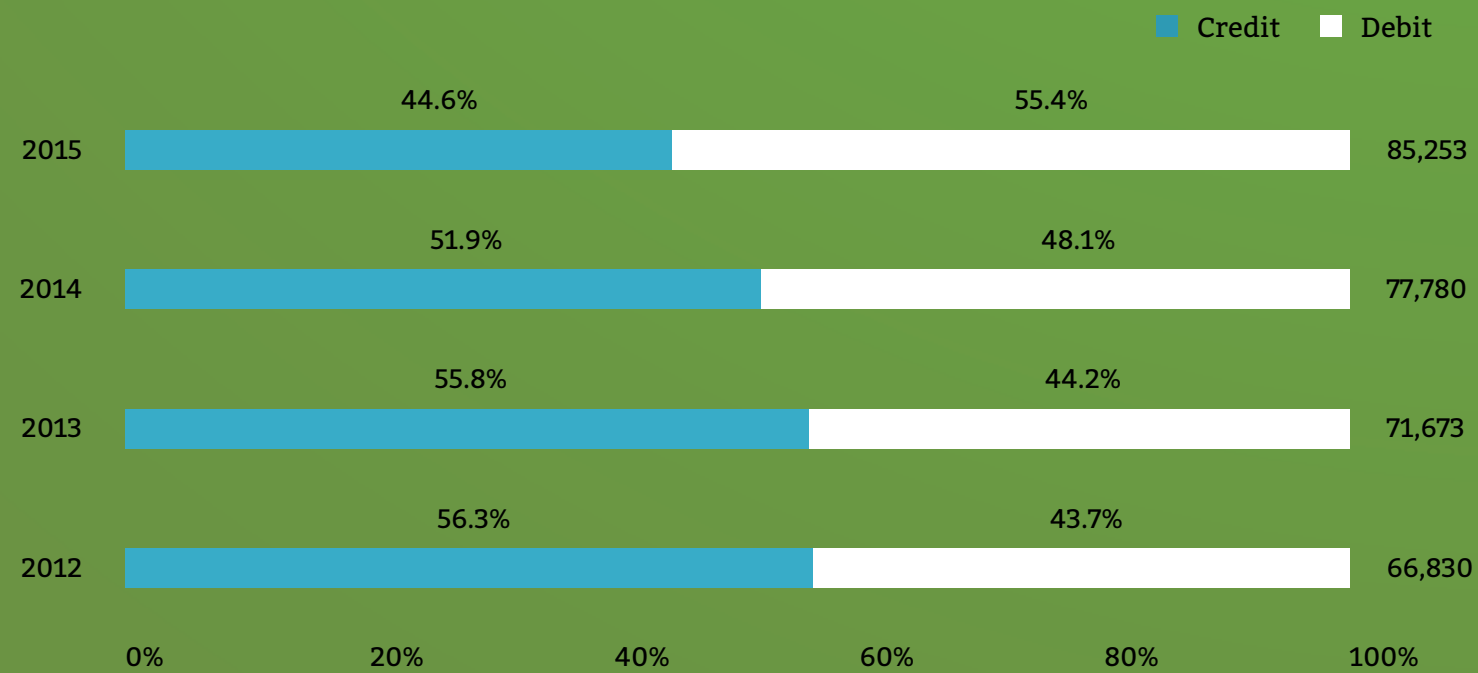
45%

45% of ServiRed cards are credit cards.

55%

Purchases using debit cards represents 55% of total purchases made with ServiRed cards.

Purchases with Credit and Debit Cards (millions of euros)



Summary of Activity

In 2015 ServiRed cardholders made over 1,888 million purchases totalling €85.25 billion. This last figure represents an annual increase of 9.6%.

From the standpoint of the issuers, the market share of ServiRed in Spain increased significantly in 2015 reaching a 64.8% in the amount of purchases, 51 base points more than in 2014.

From the acquirer standpoint, the market share came in at 73.4% of purchase volume, 277 base points more than the previous year.

During 2015, the volume of purchases with debit cards exceeded the volume with credit cards, thus continuing the last years trend where debit cards have been gaining market share. Specifically, debit was involved in 55.4% of sales, experiencing a strong increase in its share. This is due to the fact that, while the year-to-year growth of credit cards dropped by 5.7%, purchases with debit cards grew by 26.1%. Furthermore, the number of debit card greatly exceeded the number of credit cards.



Purchases and cash withdrawals

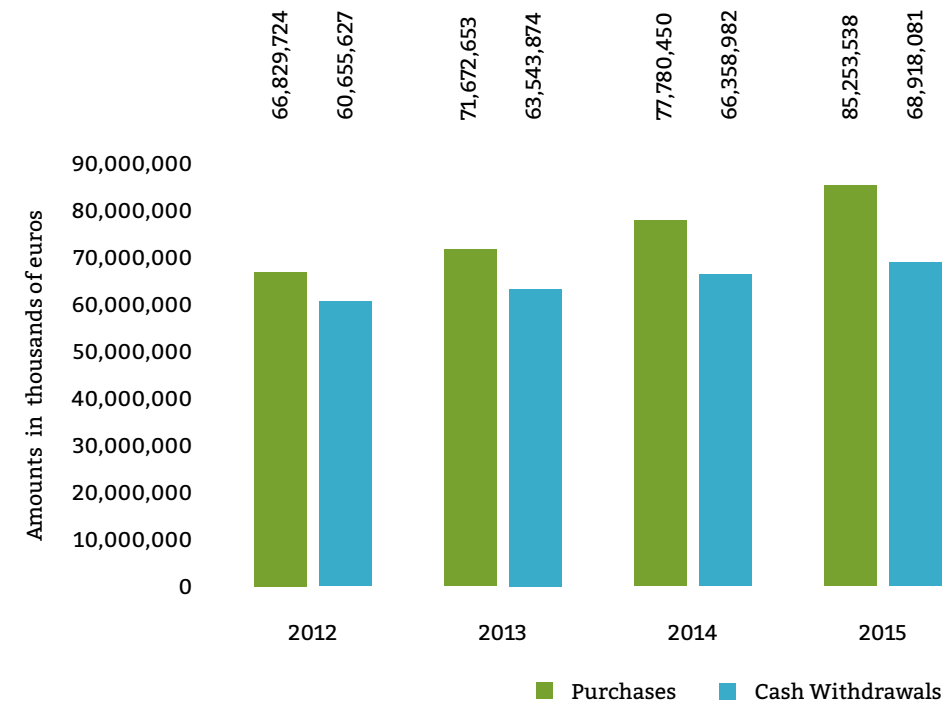
TRANSACTIONS	Purchases	Incr.	% of total	Cash withdrawals	Incr.	% of total	Sales volume	Incr.	% of total
Credit cards	695,524	-10.9%	36.8%	133,632	-20.8%	24.8%	829,156	-12.6%	34.2%
Debit cards	1,192,133	28.7%	63.2%	405,752	12.7%	75.2%	1,597,885	24.2%	65.8%
Total cards	1,887,656	10.6%	100.0%	539,384	2.0%	100.0%	2,427,041	8.6%	100.0%

AMOUNTS	Purchases	Incr.	% of total	Cash withdrawals	Incr.	% of total	Sales volume	Incr.	% of total
Credit cards	38,062,928	-5.7%	44.6%	20,646,766	-15.0%	30.0%	58,709,694	-9.2%	38.1%
Debit cards	47,190,610	26.1%	55.4%	48,271,315	14.7%	70.0%	95,461,925	20.1%	61.9%
Total cards	85,253,538	9.6%	100.0%	68,918,081	3.9%	100.0%	154,171,619	7.0%	100.0%

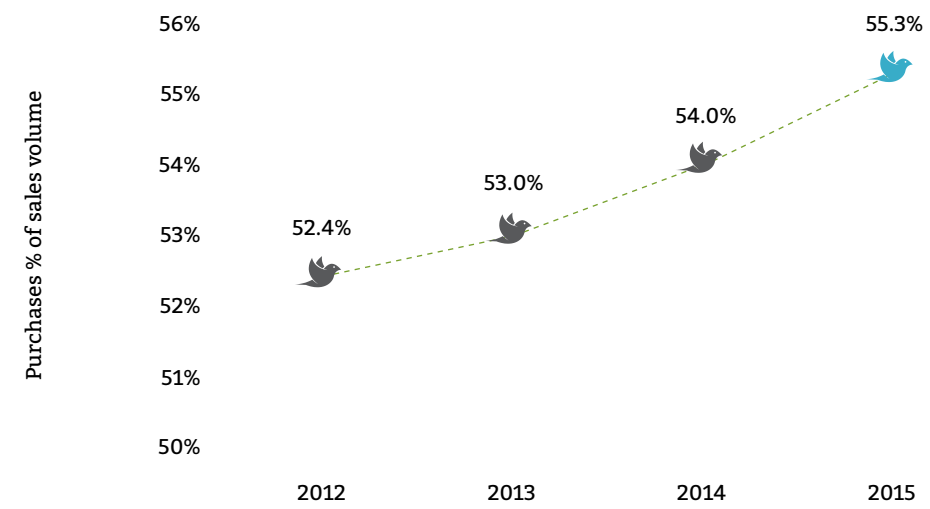
Amounts in thousands of euros
'000 of transactions



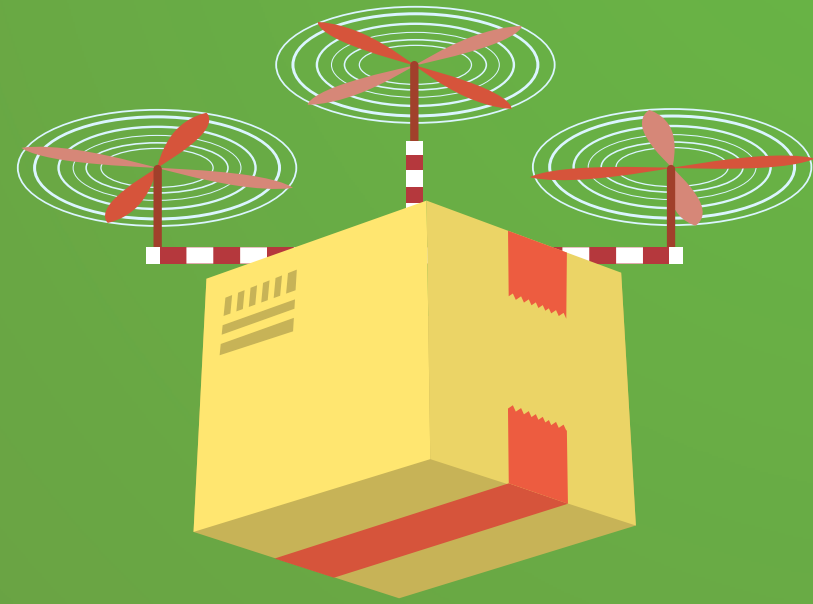
Purchases and cash withdrawals



Card Purchases as % of Sales Volume



Purchase continued to increase at a higher rate than cash withdrawals

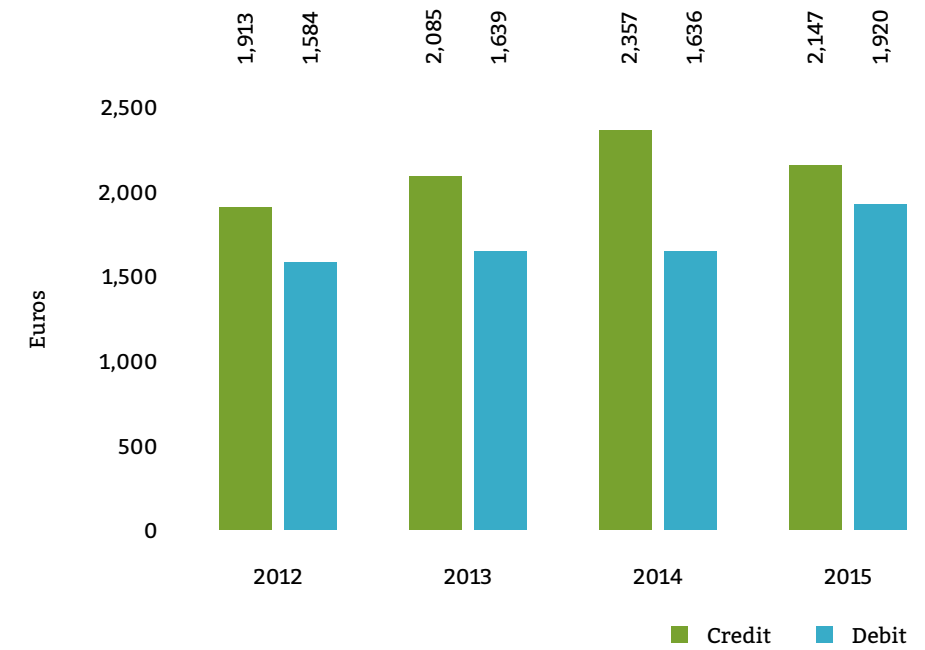


€2,015

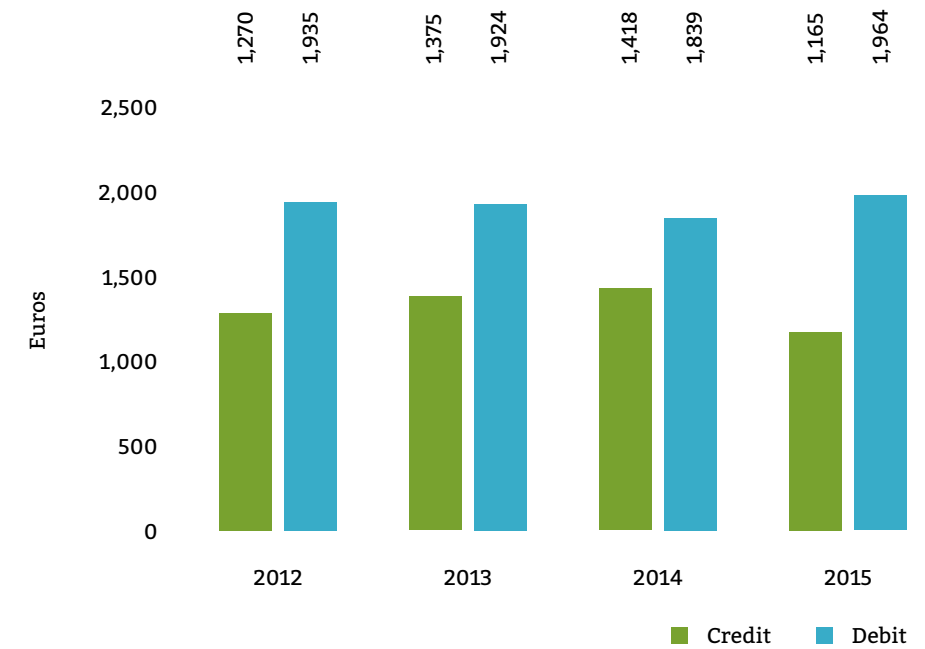
The average purchase spending per ServiRed cards was €2,015



Spending per Card in Purchases



Spending per Card on Cash Withdrawals





We get ready for
what is coming



International Activity

	Purchases	% total	Cash withdrawals	% total	Sales Vol.	%total
United Kingdom	3,389,489	34.7%	67,423	8.9%	3,456,912	32.8%
Ireland	1,044,293	10.7%	7,590	1.0%	1,051,884	10.0%
France	860,151	8.8%	69,851	9.2%	930,002	8.8%
Germany	477,614	4.9%	49,280	6.5%	526,895	5.0%
Luxembourg	463,626	4.7%	694,535	0.1%	464,320	4.4%
Netherlands	362,745	3.7%	18,178	2.4%	380,923	3.6%
Rest of European Union	1,033,540	10.6%	175,933	23.3%	1,209,474	11.5%
Total European Union	7,631,459	78.1%	388,951	51.4%	8,020,410	76.2%
United States	595,501	6.1%	57,101	7.5%	652,602	6.2%
Latin America	278,479	2.9%	149,128	19.7%	427,607	4.1%
Rest of the world	1,264,866	12.9%	161,339	21.3%	1,426,206	13.5%
Total International	9,770,305	100.0%	756,519	100.0%	10,526,825	100.0%

Purchases and cash withdrawals made with ServiRed cards abroad.
Amounts in thousands of euros.

FISH AND CHIPS

The United Kingdom
was the country where
ServiRed cardholders
purchased the most



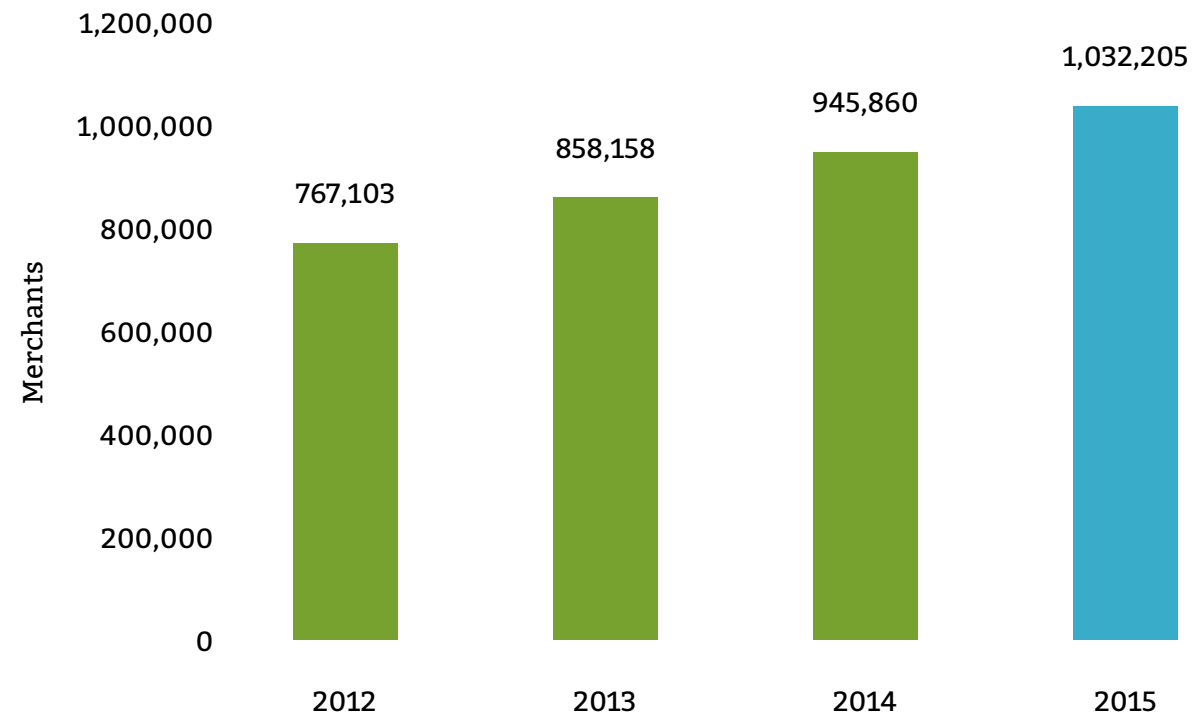
ServiRed cardholders made purchases
abroad worth €9.7 billion



Leading today's
market



Number of Merchants*



(*) Merchants working with ServiRed System member institutions.



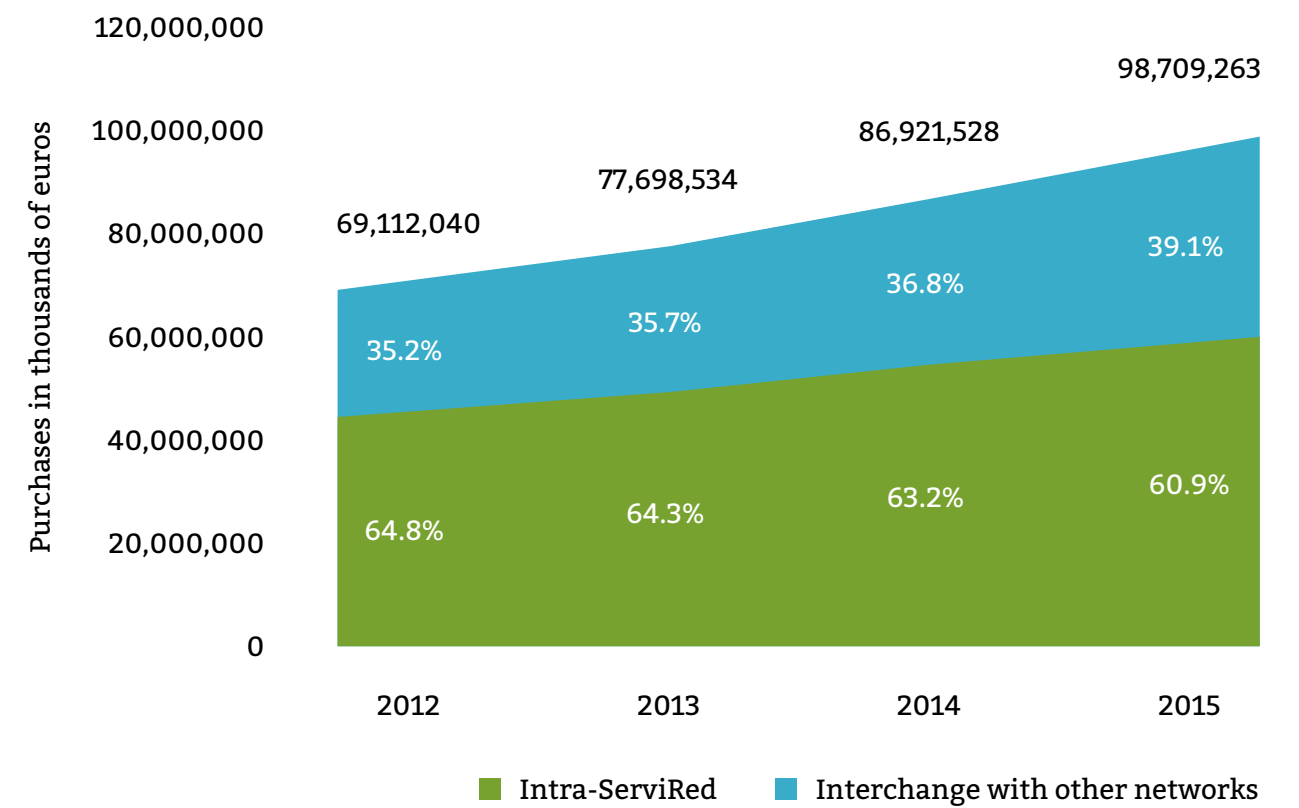
ServiRed entities included more than 1,032,200 contracted merchants, i.e., 86,300 more than in 2014



2.1 billion purchases worth
€98.7 billion were made at
ServiRed merchants



Purchases at ServiRed Merchants*



(* Intra-ServiRed: purchases made with ServiRed cards at ServiRed merchants.
Interchanges with other networks: purchases made with non-ServiRed cards at ServiRed merchants.

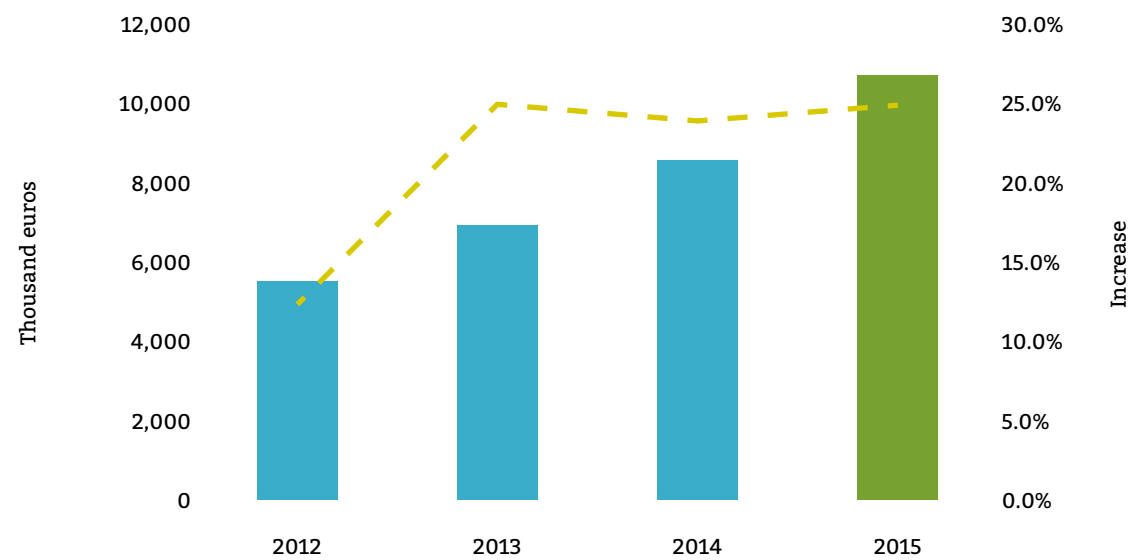
About 61% of purchases at ServiRed merchants were intra-ServiRed



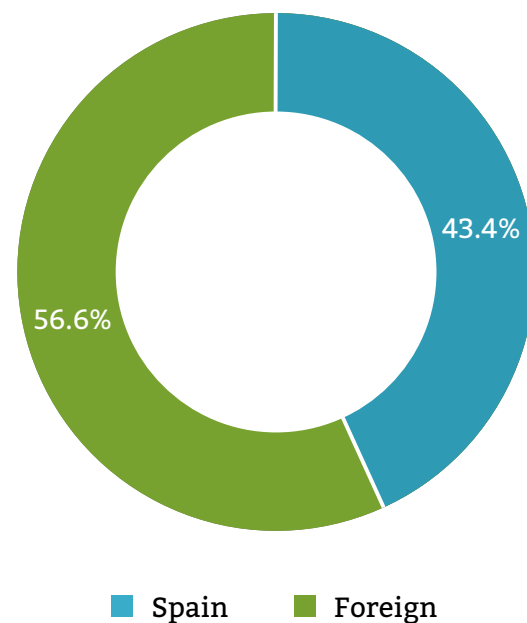
E-commerce

E-commerce represented 12.5% of the amount of purchases made using ServiRed cards in 2015. It recorded a growth of 24.9% to reach €10.716 billion. The number of transactions rose by around 21.0% to come in at 186 million. The average amount of each transaction was €57.55.

E-commerce purchases using ServiRed cards



Around 56.6% of the purchases were made abroad. Of these, around 42.8% were in the United Kingdom.



The value of purchases made with ServiRed cards in online stores increased by 24.9% (compared to the 7.7% increase in value of face-to-face purchases)





E-commerce

E-commerce purchases acquired by ServiRed entities (€9.489 billion) accounted for some 9.2% of total acquiring, a 28.8% rise on the previous year. Transactions grew 31.1% to reach €109 million. The average amount of each transaction was €87.40.

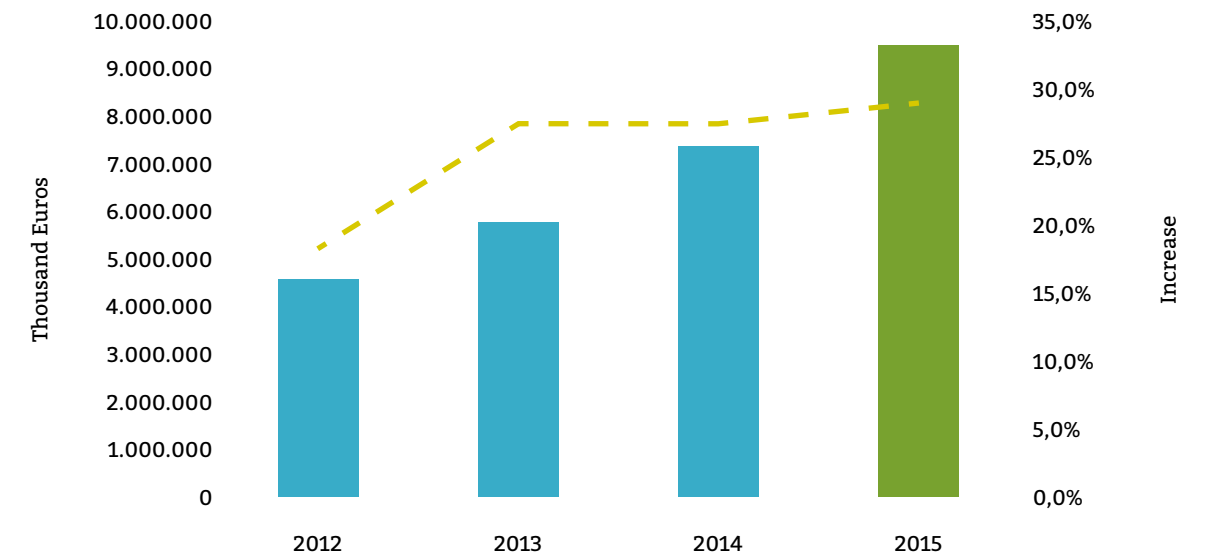


31.3%
Transactions grew 31.1% to reach €109 million.

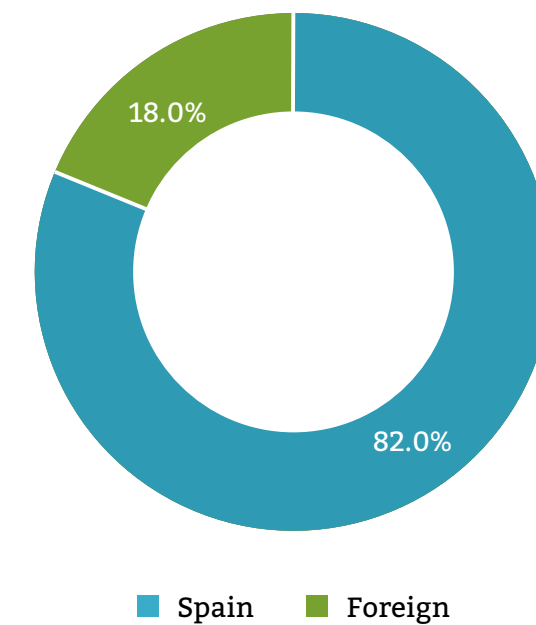
28.8%
Billing in virtual stores acquired increased by 28.8% compared to the previous year.



Purchases made at virtual ServiRed Merchants

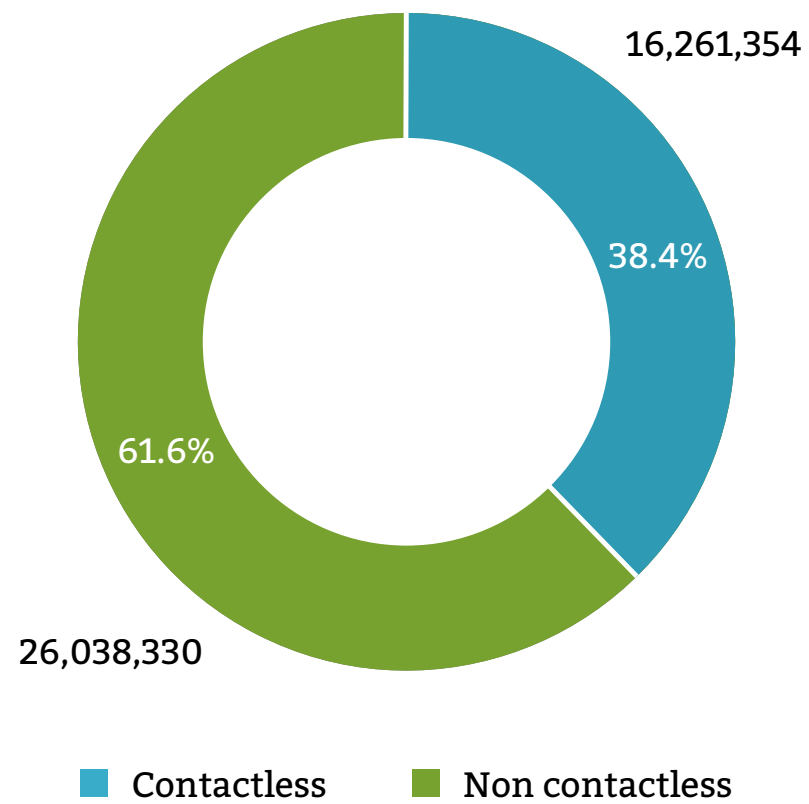


Purchases made in ServiRed's virtual merchants using foreign cards





ServiRed contactless card/total cards



16.3 million

ServiRed closed 2015 with 16.3 million contactless cards, around 38% of the total number of ServiRed cards





187.1 million

Contactless ServiRed cards made 187.1 million purchase transactions for a value of 6,528 million euros, which equals 10% of total transactions.



62%

62% of ServiRed's merchants at the end of 2015 were contactless.



85%

By activity sectors, "retail merchants", "restaurants", "large food outlets" and "petrol stations" accounted for 85% of contactless purchases.

60%

More than 60% of contactless purchasing was concentrated in Barcelona, Madrid and Tenerife.



A close-up photograph of a person's hand touching the screen of a smartwatch. The watch has a silver case and a black strap. The background is a blurred crowd of people, suggesting a busy public space. The text "We renew ourselves for the future" is overlaid on the right side of the image, framed by decorative white flourishes.

We renew
ourselves for the
future

Barcelona is the Spanish province with the largest number of card purchases



Purchases in ServiRed Merchants by Province

	Amount (€)	Transactions	% Total	Average amount (€)
Álava	567,365,257	10,707,319	0.5%	52.99
Albacete	402,475,965	8,647,275	0.4%	46.54
Alicante	4,032,969,369	78,875,332	3.8%	51.13
Almería	837,363,715	17,311,102	0.8%	48.37
Asturias	1,384,617,391	26,961,463	1.3%	51.36
Ávila	180,220,039	3,637,865	0.2%	49.54
Badajoz	616,153,834	13,138,010	0.6%	46.9
Balearics	4,114,458,384	59,293,161	2.9%	69.39
Barcelona	22,966,404,372	521,004,788	25.2%	44.08
Bizkaia	2,119,354,263	37,858,094	1.8%	55.98
Burgos	552,239,301	11,044,158	0.5%	50
Cáceres	328,102,647	6,568,156	0.3%	49.95
Cádiz	1,585,267,383	33,923,077	1.6%	46.73
Cantabria	730,452,537	13,502,112	0.7%	54.1
Castellón	1,236,782,727	27,278,238	1.3%	45.34
Ceuta	102,334,845	1,956,469	0.1%	52.31
Ciudad Real	459,615,044	9,733,752	0.5%	47.22
Córdoba	615,083,680	13,313,729	0.6%	46.2
Corunna	1,279,786,409	27,303,827	1.3%	46.87
Cuenca	172,063,585	3,496,198	0.2%	49.21
Girona	2,926,901,655	56,202,001	2.7%	52.08
Granada	1,084,493,127	21,381,807	1.0%	50.72
Guadalajara	258,693,514	6,065,422	0.3%	42.65
Guipuzcoa	1,498,851,310	24,900,518	1.2%	60.19
Huelva	601,038,189	13,354,187	0.6%	45.01
Huesca	381,037,945	7,008,947	0.3%	54.36
Jaén	379,136,994	7,876,633	0.4%	48.13
León	556,057,660	11,847,020	0.6%	46.94
Lleida	1,057,589,386	21,188,877	1.0%	49.91
Lugo	273,695,232	5,683,096	0.3%	48.16
Madrid	17,895,319,452	379,487,445	18.4%	47.16
Málaga	3,086,856,445	56,570,934	2.7%	54.57
Melilla	84,702,127	1,659,568	0.1%	51.04
Murcia	1,951,736,018	37,776,882	1.8%	51.66
Navarra	1,396,052,705	28,689,990	1.4%	48.66
Orense	214,357,106	4,472,428	0.2%	47.93
Palencia	164,469,914	3,438,805	0.2%	47.83
Palmas, Las	2,755,573,969	57,683,718	2.8%	47.77
Pontevedra	820,311,660	17,131,790	0.8%	47.88
Rioja, La	524,903,639	9,754,247	0.5%	53.81
Salamanca	360,760,689	7,110,262	0.3%	50.74
Saragossa	1,422,335,058	33,269,767	1.6%	42.75
Segovia	247,085,439	4,799,100	0.2%	51.49
Seville	2,515,409,917	55,593,976	2.7%	45.25
Soria	102,015,533	1,987,827	0.1%	51.32
Tarragona	2,306,625,375	50,652,398	2.5%	45.54
Tenerife	2,727,448,568	56,736,186	2.7%	48.07
Teruel	150,229,916	2,785,070	0.1%	53.94
Toledo	706,804,984	14,952,994	0.7%	47.27
Valencia	5,071,968,764	121,502,949	5.9%	41.74
Valladolid	797,475,332	15,659,173	0.8%	50.93
Zamora	171,717,508	3,435,894	0.2%	49.98
Total	98,774,765,876	2,066,214,037	100.0%	47.8

Transactions authorized on-line were distributed by provinces as shown on the table.



Purchases at ServiRed Merchants by Retail Categories

Retail categories	Amount (€)	% of total	Transactions	Average amount (€)
Retail merchants	21,972,297,356	22.2%	410,675,027	53.5
Large food outlets	21,878,857,333	22.2%	585,601,798	37.36
Other large retail outlets	9,379,265,611	9.5%	136,626,892	68.65
Restaurants	7,902,023,075	8.0%	236,549,406	33.41
Petrol stations	6,199,996,454	6.3%	160,149,449	38.71
Hotels	5,088,150,224	5.2%	27,715,180	183.59
Travel agencies	4,096,232,899	4.1%	14,270,105	287.05
Supermarkets	3,478,604,916	3.5%	109,937,560	31.64
Passenger transport	2,685,481,140	2.7%	37,332,239	71.93
Leisure, entertainment	1,618,715,261	1.6%	31,915,070	50.72
Pharmacies	1,483,788,778	1.5%	58,283,977	25.46
Mail order/telephone sales	1,473,062,143	1.5%	22,386,076	65.8
Small-amount categories	921,683,755	0.9%	61,008,425	15.11
Household supplies	833,788,044	0.8%	18,479,634	45.12
Jewellers	705,066,877	0.7%	7,151,020	98.6
Car rentals	688,336,623	0.7%	3,298,399	208.69
Massage parlors, saunas, discos	333,808,124	0.3%	8,168,948	40.86
Toll motorways	314,623,709	0.3%	66,892,995	4.7
Casinos	269,327,015	0.3%	3,039,935	88.6
Charities	9,997,093	0.0%	452,027	22.12
Other	7,441,659,446	7.5%	66,279,875	112.28
TOTAL	98,774,765,876	100.00%	2,066,214,037	47.8

Transactions authorized on- line were as shown in the table.

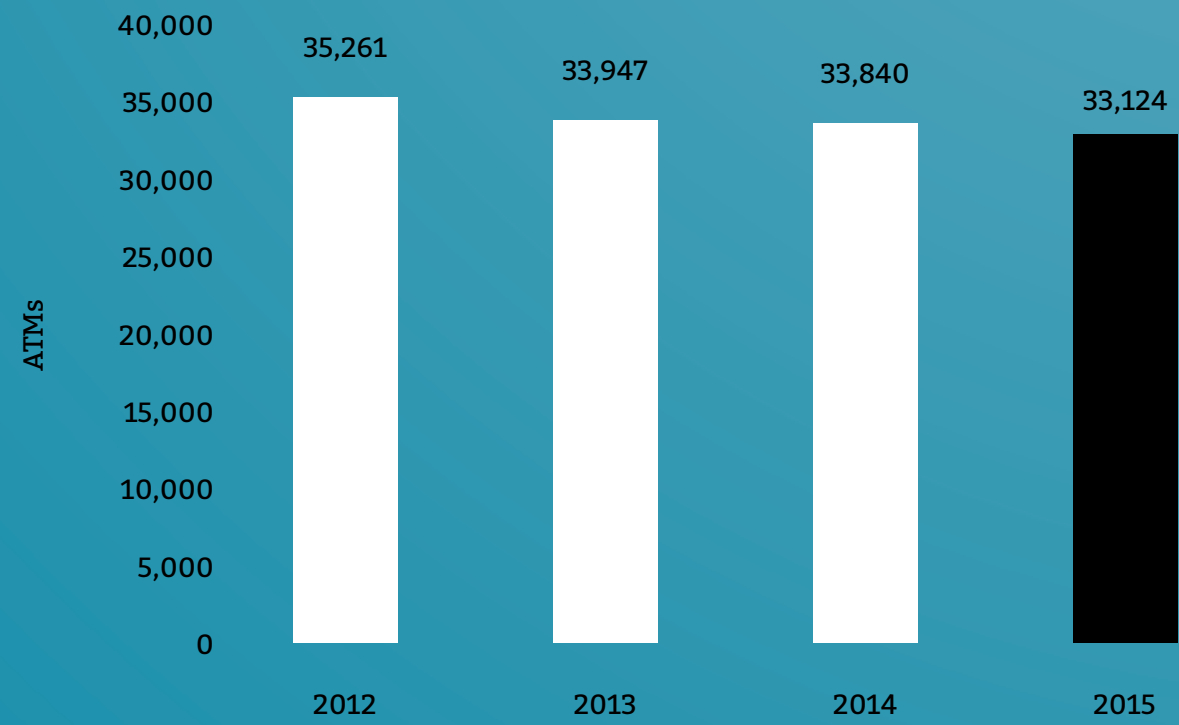


22.2%

In 2015, retail stores concentrate 22.2% of the purchases with cards



Total Number of ATMs



More than half of the ATMs in Spain belong to the ServiRed entities



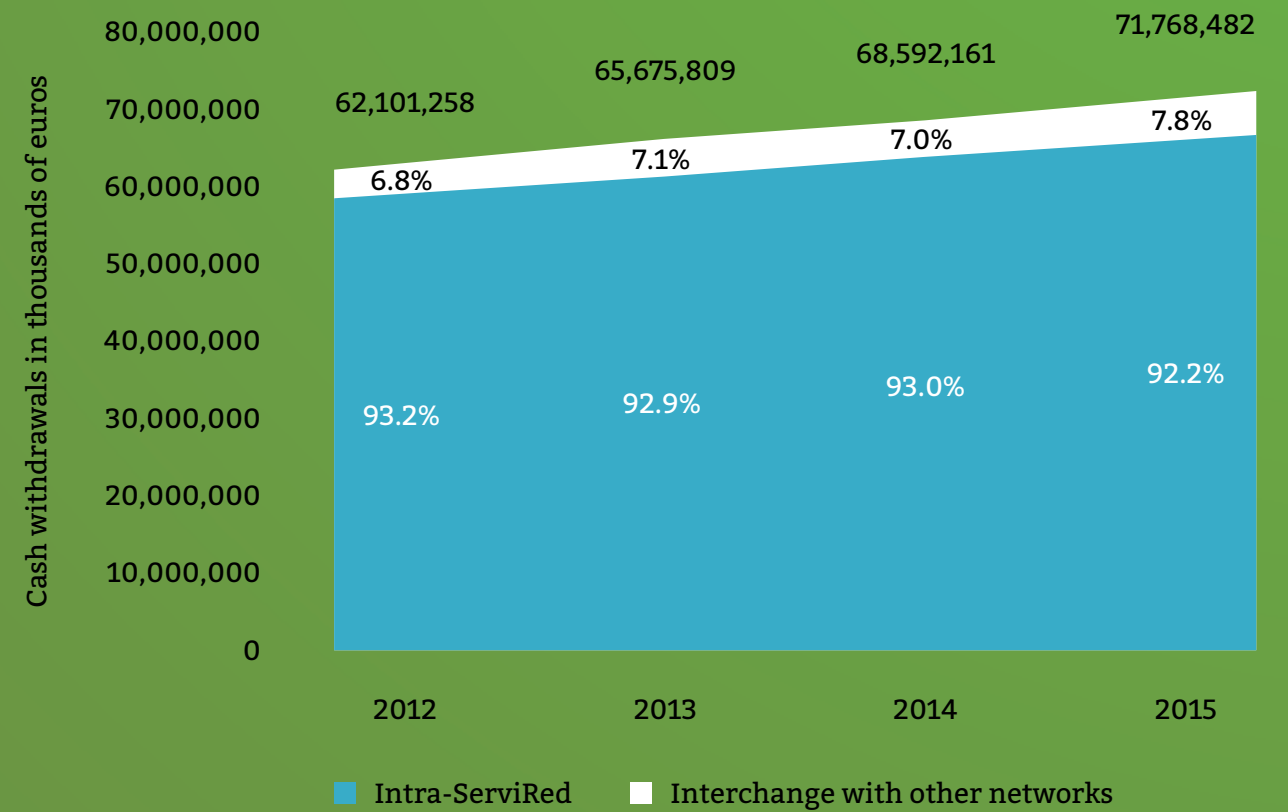


92.2%

ServiRed cards were used for 92.2% of cash withdrawals from ServiRed ATMs



Cash Withdrawals from ServiRed ATMs







Cash Withdrawals by Provinces

	Transactions	ATMs	Transations per ATM	ATMs per million inhabitants
Álava	3,403,592	180	18,909	556
Albacete	3,335,228	228	14,628	578
Alicante	25,197,002	1,800	13,998	970
Almería	8,410,983	342	24,594	488
Asturias	10,204,770	569	17,935	541
Ávila	2,781,841	134	20,760	812
Badajoz	4,956,703	435	11,395	633
Balearics	11,919,008	644	18,508	583
Barcelona	109,340,802	5,512	19,837	998
Bizkaia	12,503,172	630	19,846	548
Burgos	3,220,780	279	11,544	766
Cáceres	1,826,915	147	12,428	362
Cádiz	10,136,459	674	15,039	543
Cantabria	4,104,973	190	21,605	325
Castellón	8,564,688	594	14,419	1,020
Ceuta	1,260,467	56	22,508	665
Ciudad Real	3,984,348	320	12,451	623
Córdoba	4,830,378	365	13,234	459
Corunna	6,880,683	337	20,417	299
Cuenca	1,415,534	119	11,895	584
Girona	14,166,405	701	20,209	931
Granada	8,250,616	470	17,555	512
Guadalajara	1,826,260	123	14,848	485
Guipuzcoa	9,232,334	412	22,409	575
Huelva	4,906,881	396	12,391	762
Huesca	1,680,059	139	12,087	624
Jaén	3,739,564	325	11,506	497
León	5,851,813	364	16,076	759
Lleida	6,033,138	436	13,837	1,000
Lugo	1,766,817	124	14,249	365
Madrid	95,128,234	5,279	18,020	820
Málaga	13,124,281	710	18,485	436
Melilla	880,918	31	28,417	362
Murcia	15,376,699	926	16,606	631
Navarra	9,255,213	670	13,814	1,046
Orense	1,475,367	83	17,776	261
Palencia	1,757,867	122	14,409	735
Palmas, Las	18,619,413	818	22,762	745
Pontevedra	5,448,314	248	21,969	262
Rioja, La	3,523,992	260	13,554	820
Salamanca	2,193,551	149	14,722	439
Saragossa	6,390,928	435	14,692	455
Segovia	2,361,944	150	15,746	952
Seville	16,917,741	1,242	13,621	640
Soria	876,712	58	15,116	637
Tarragona	13,100,327	773	16,947	972
Tenerife	11,777,563	779	15,119	778
Teruel	803,410	74	10,857	533
Toledo	4,232,955	334	12,674	482
Valencia	36,191,901	2,437	14,851	958
Valladolid	5,953,410	373	15,961	709
Zamora	1,846,984	128	14,430	698
Total	562,969,937	33,124	16,996	710



1,412

There is one ServiRed ATM for every 1,412 inhabitants

33,000

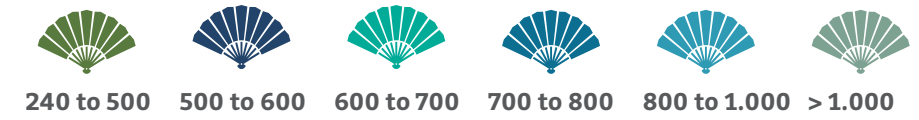
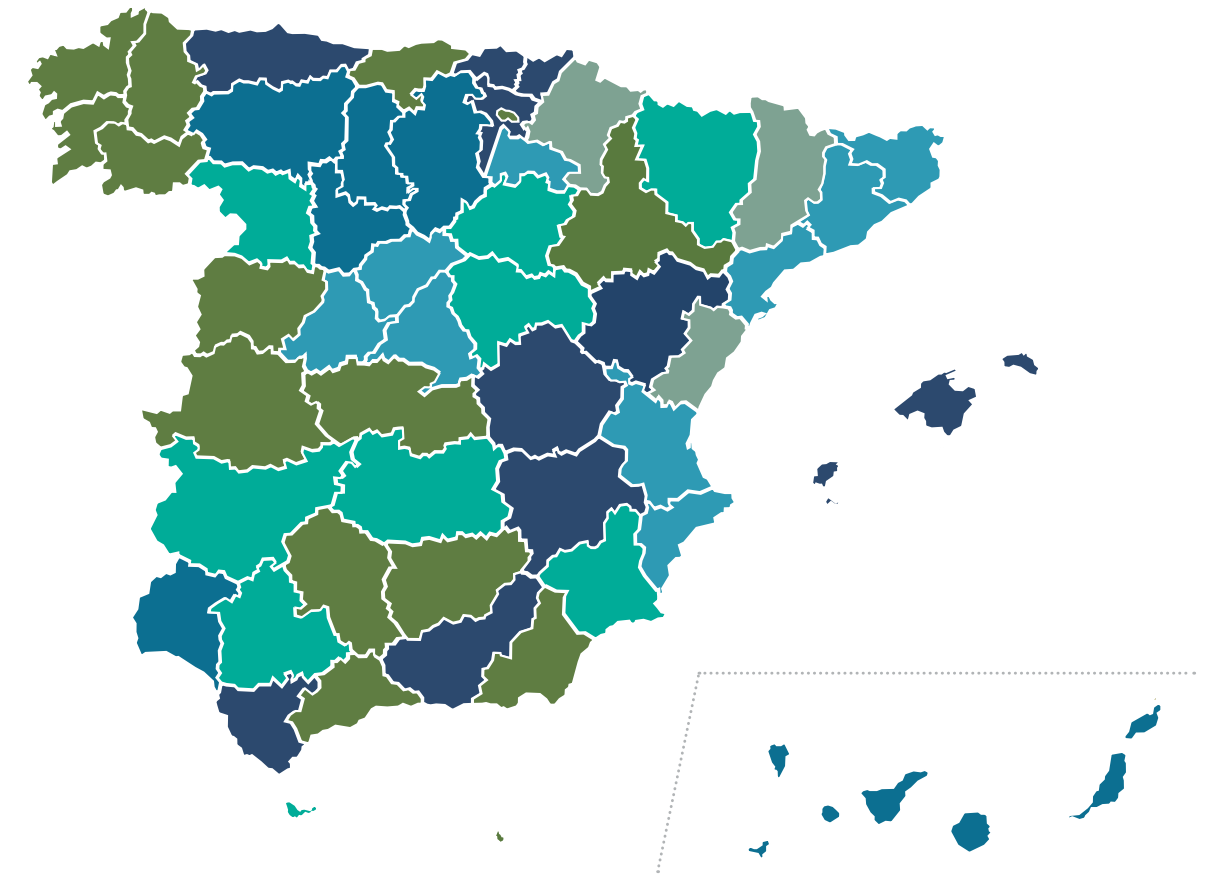
There are more than 33,000 ServiRed ATMs throughout Spain

Navarra

Navarra is the province with the most ServiRed ATMs per capita



ATMs per million of inhabitants



We know where
we come from





Geographical Distribution of ATMs

Population	ATMs	ATMs as % of total	Inhabitants as % of total
>500,000	7,272	22.0%	16.0%
>100,001<500,000	8,028	24.2%	23.5%
>50,001<100,000	3,537	10.7%	12.8%
>20,001<50,000	4,330	13.1%	16.1%
<=20,000	9,957	30.1%	31.5%
Total	33,124	100.0%	100.0%



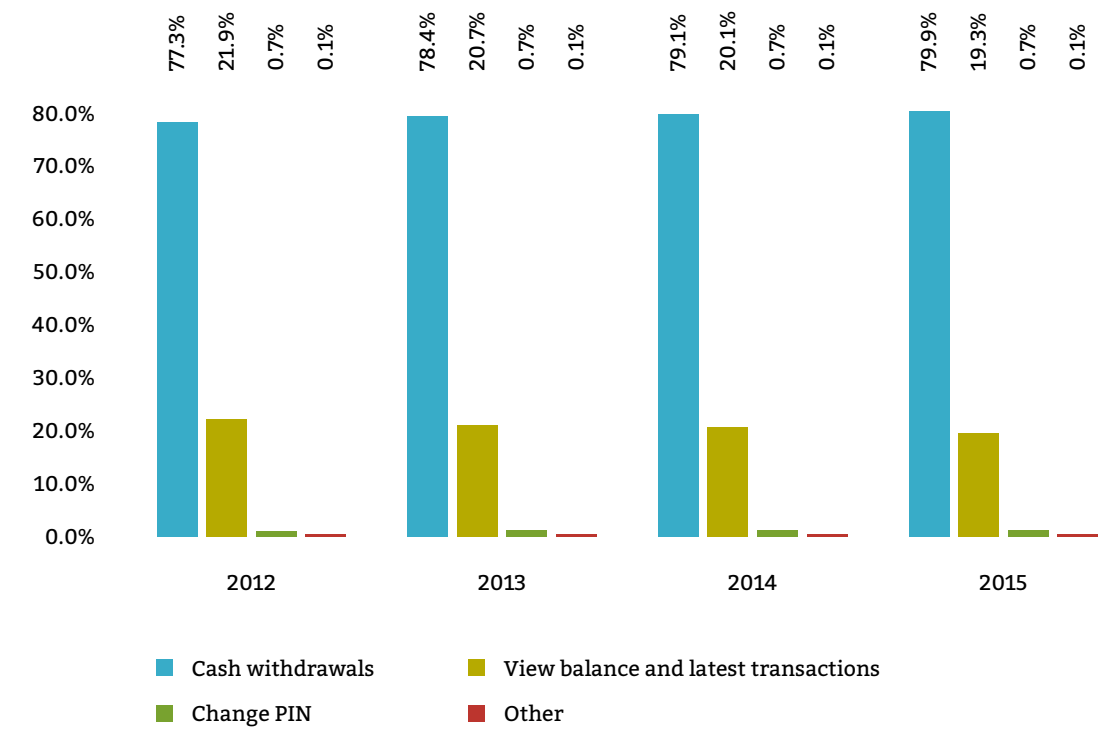
30%

Around 30% of the ServiRed ATMs are located in communities with fewer than 20,000 inhabitants



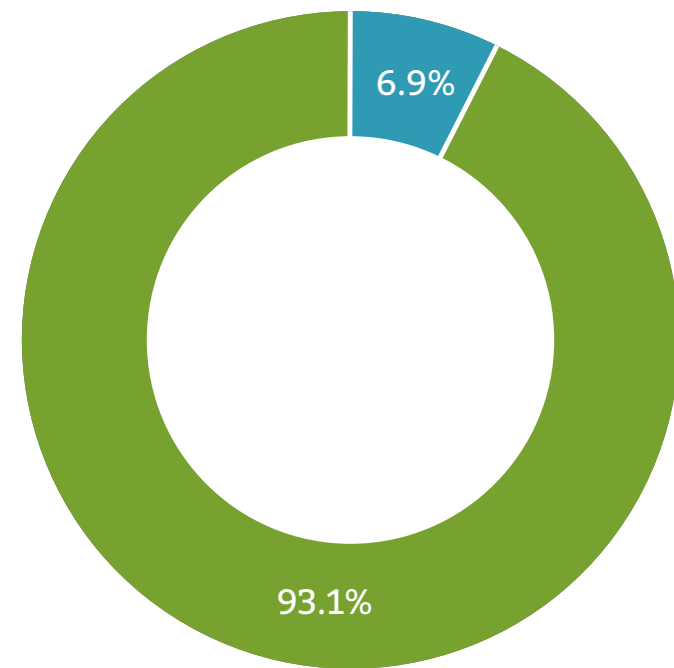


Transactions at ServiRed ATMs





Percentage of relocated ATMs over total



■ Relocated ATMs ■ Other



6.9%

6.9% of the ATMs are not located in banks

We know where
we want to go





Changes resulting from the regulations

One of the outstanding activities during 2015 was undoubtedly the implementation at ServiRed of the various regulations, both those issued by Europe and by the Spanish government. Thus, one of the most relevant impacts of these regulations, which has taken place since 1 September 2014, as a result of Royal Decree-Law 8/14, has been the reduction in interchange fees on purchases for our issuers, which decreased by 55.49% for credit transactions and 83.40% for debit transactions, the average values being 0.28% for credit and 0.09% for debit, which positions Spain as the leader of European countries with the lowest rate values, particularly for debit, which is attracting acquirers from other European countries without an establishment in Spain to compete with Spanish acquirers for transactions carried out with Spanish cards in Spanish stores.

With this specific exception of the Spanish implementation of the European regulation having been made, this regulation, in all countries in general, apart from the fall in interchange fees, is causing a paradigm shift in which businesses gain more power in the chain of value of payment transactions, as they are no longer obliged to accept all cards from the same brand and can choose which ones to accept and which ones not to, because they receive more information regarding the cost of acceptance of each transaction and as they are the only participants in the payment chain that the regulation allows to offer their preferred payment application to the holder by default.

Another relevant impact, which will be analysed in 2016, was caused by Royal Decree-Law 11/2015, which replaced the cash disbursement fees at ATMs in the scheme with access fees set directly by acquirers, either unilaterally or through bilateral agreements with issuers.



ServiRed functions as a scheme

The main **functions** that ServiRed performs as a card payment scheme (CPS) in compliance with the requirements of the monitoring tools of the ECB are the following:

ServiRed functions:

1. Guarantee compliance with the legal and regulatory standards in force in Europe (SEPA) and in Spain
2. Guarantee compliance by ServiRed entity issuers and acquirers with the standards of the international schemes of which ServiRed is a member
3. Define the standards and rules that are necessary so that the ServiRed system is able to operate for its members and clients
4. Representation of the collective of member entities before regulatory bodies, various kinds of associations, administrative institutions and other payment schemes, both nationally and internationally.

In the domestic sphere, the Observatory of Means of Payment with Cards of the Ministry of Economy and Competitiveness is a forum of great relevance, which was created with the following objectives:

- study electronic card payment processes;
- identify and implement collaboration among all stakeholders;
- promote the use of cards as a means of payment; and
- improve information on electronic payment cards.

It involves, in addition to representatives of the Ministry, various associations of retailers and consumers, and the financial sector. ServiRed represents members who are not part of the Observatory and all members in the Monitoring Committee of the Observatory mentioned above.

One of the ServiRed functions is also the representation of members at the Bank of Spain, particularly in relation to:

- certification of the necessary information regarding card payments and
- monitoring the progress of the National Payment Committee promoted by the Bank of Spain.

In connection with the Bank of Spain, we must also highlight the collaboration of ServiRed in the monitoring exercise that is being carried out under the scheme in relation to compliance with the standards of the “Oversight Framework for Card Payment Schemes”.



Requirement #1

The CPS should have a sound legal basis under all relevant jurisdictions.

A photograph of a white ceramic coffee cup filled with a frothy beverage, topped with a dusting of brown powder. The cup sits on a matching white saucer. In the foreground, a black spiral-bound notebook and a black pen are placed on a dark, textured surface. The background is a blurred cafe interior with warm, golden light and a menu board with white text on a red background.

There are customs
that never change



Requirement #2

The CPS should ensure that comprehensive information, including appropriate information on financial risks, is available to the actors.



ServiRed functions:

1. Ensure that processing company(s) to which ServiRed subcontracts its own functions supply detailed information to the entities for each and every one of the transactions made with ServiRed cards at any acceptance point, and with any type of card at ServiRed acceptance points
2. Promote and represent the ServiRed system



ServiRed functions:

1. Define the security policy of the scheme and supervise their correct implementation
2. Manage the prevention, detection and prosecution of fraud with ServiRed cards operating at any acceptance point, as well as for cards of any type operating in ServiRed acceptance points



Requirement #3a

The CPS should ensure an adequate degree of security, operational reliability and business continuity.





ServiRed has certification of its compliance with the security standards PCI-DSS.

The most important data

	Fraud as % of total sales volume		Fraud as % of total card purchases	
	2014	2015	2014	2015
ServiRed cards/Total acquisition	0.021%	0.024%	0.036%	0.039%
ServiRed cards/ Domestic acquisition	0.006%	0.005%	0.009%	0.008%
ServiRed cards/International acquisition	0.263%	0.276%	0.269%	0.282%



Fraud prevention

In 2015 fraud figures recorded by ServiRed issuing entities rose with respect to the previous year, both in absolute and relative terms.

Fraud associated with non-presential transactions was the main reason behind this growth in fraud figures.

The recorded fraud ratio over total sales volume grew from 0.021% in 2014 to 0.024% in 2015.

The fraud in the domestic interchange remains reduced falling from 0.006% in 2014 to 0.005% in 2015.

Issuer:

- Total fraud in 2015 registered an increase of 18% over 2014.
- 92% of fraud corresponded to purchase transactions on goods or services with 17% distributed in national merchants and 83% in international merchants, recording a decrease compared to 2014 of 9% in national merchants and an increase of 28% in international ones.
- On the domestic market, fraudulent use in non-presential channels accounted for 46% of total confirmed fraud, a 7% fall with respect to 2014, while in international environments it came in at 70% with a 30% rise over the previous year.


Internet sales in virtual merchants, not allowing cardholders to be authenticated when paying, account for the bulk of fraud associated with electronic trade. Thus accounting for 77% of fraud in the domestic environment and 96% in the international.

Acquirers:

- In 2015, total fraud registered an increase of 7% over 2014.
- 95% of fraud corresponded to purchase transactions on goods or services, whereby 12% were with domestic cards and 88% with international cards, registering a decrease from the year 2014 of 10% for domestic cards and an increase of 10% with international ones.

Counterfeiting fraud went from leading the statistics years ago to being at the end of the line in 2015 with a weight of 11% of the total fraud acquired.

The fraudulent use in virtual channels accounted for the largest part of the volume of fraud acquired for national and international cards. For national cards, this accounted for 53% of the total confirmed fraud, while with international cards, it accounted for 73% of the total confirmed fraud of this group.

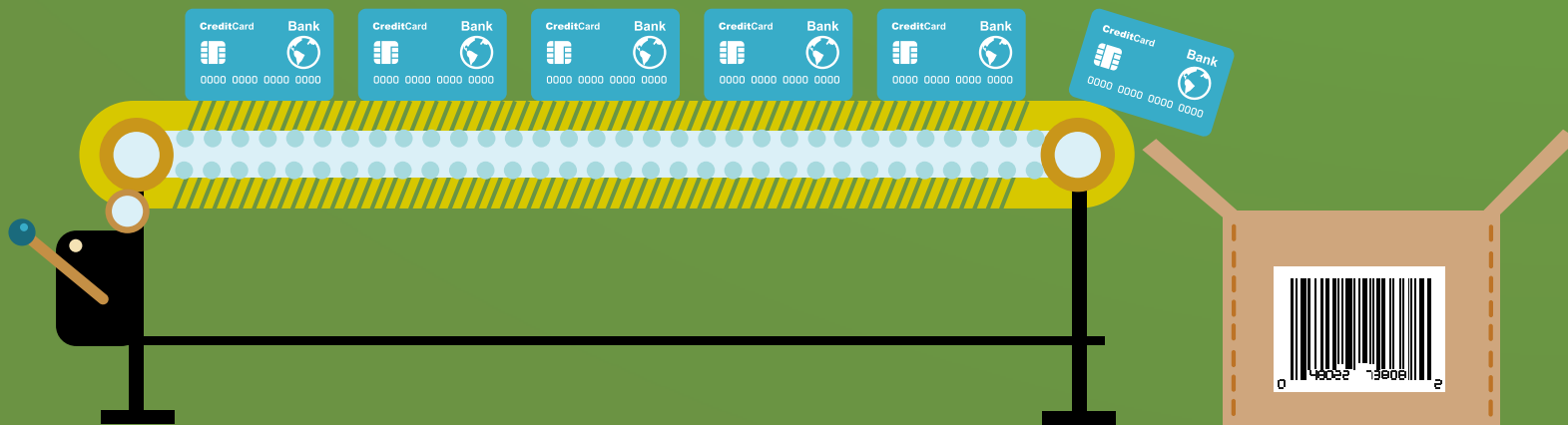
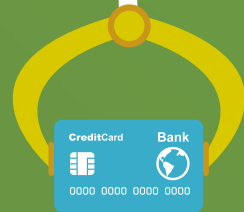


There are actions
that belong to
another age



Requirement #3b

Ensure an adequate degree of security, operational reliability and business continuity in relation the manufacture and distribution of cards and terminals.



ServiRed

ServiRed functions:

1. Define and update the requirements for ServiRed cards and terminals in relation to their manufacture and distribution.
2. Supervise compliance with the previously mentioned requirements.



ServiRed brand is present on all cards issued by its members, as well as in merchants contracted by them, and in more than half of the ATMs in Spain.

ServiRed functions:

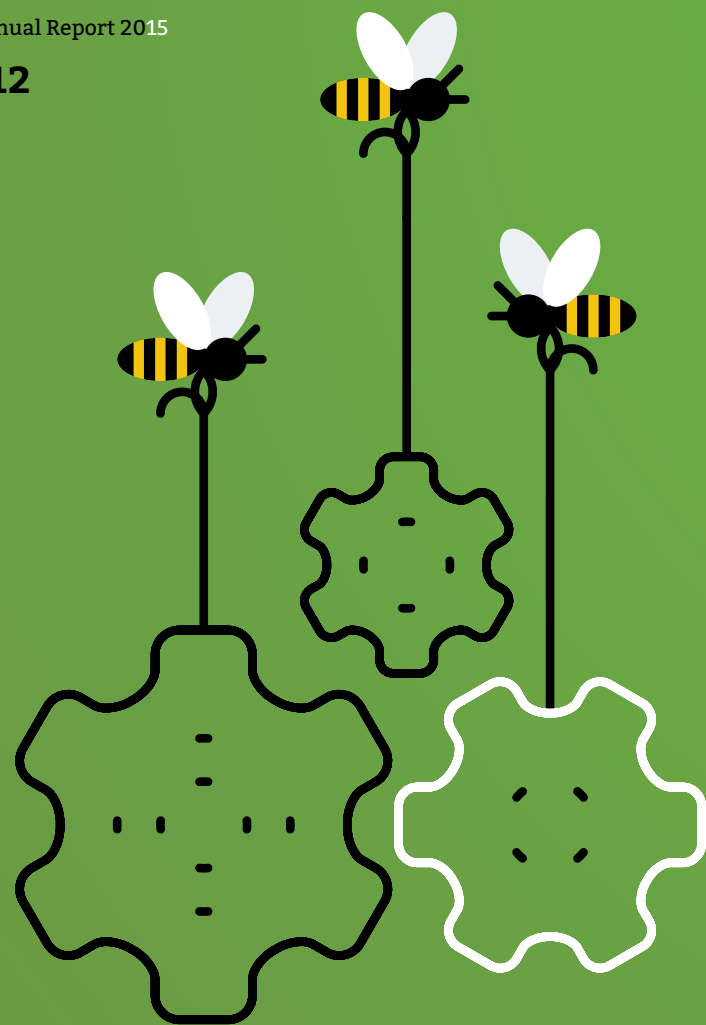
1. Regulate the identification, design and operational aspects of the cards, activators, payment service products and terminals that carry the ServiRed brand, in order to ensure the quality and security of ServiRed transactions.
2. Supervise the correct use of the ServiRed brand on cards, activators, payment service products, and payment acceptance terminals.



Requirement #3c

Ensure an adequate level of security, operational strength, and business continuity in relation to the transactions.





Requirement #3d

Ensure an adequate level of safety, operational strength and business continuity in relation to exchanges and settlements.



ServiRed functions:

1. Manage interbank cooperation among members of ServiRed, through the definition of rules, including the interchange rates applied to intra-ServiRed transactions. ServiRed will ensure that any intra-system rule complies with the rules of law (Consumer Protection, Competition Law, Intellectual Property Law, etc.)
2. Define the rules for switching for authorisation, interchange and settlement of transactions between the members of ServiRed, and guarantee that the authorisation, interchange, clearing and settlement for ServiRed transactions are made according to the requirements of the ServiRed scheme.
3. **Management of the ServiRed brand**

Management of the ServiRed brand included its presence on cards, in merchants and at ATMs.

In 2015, close to 750 records referring to ServiRed card designs were processed to guarantee correct identification (mostly Servired/Visa).

ServiRed checked correct signage in merchants so that both domestic and foreign cardholders are able to identify the card brands that are accepted. The most commonly used method of signage is to place adhesive decals, showing the different brands accepted by the merchant.

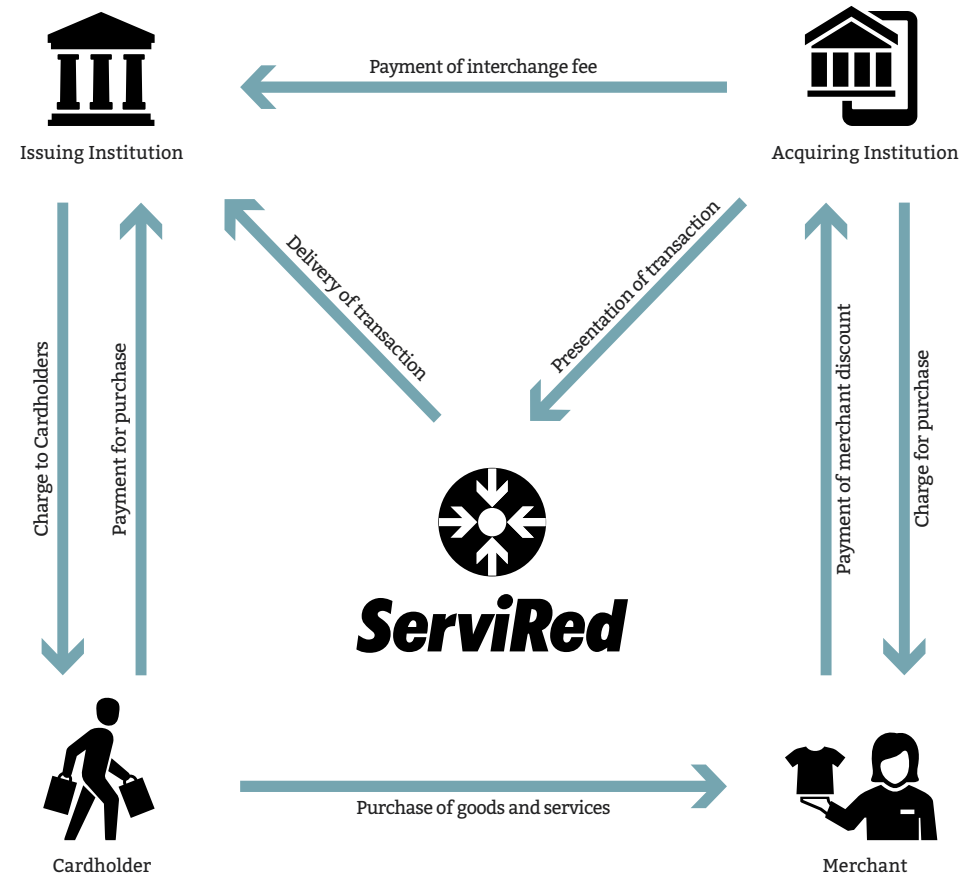
Signage of the ATMs using ServiRed flags or lights is fundamental in order to provide visibility for the ServiRed brand and facilitate the perfect identification and recognition of the ATM by the cardholders. To this end, throughout 2014 as in previous years, several field studies were performed to check the image of the network.



Where you do your shopping...



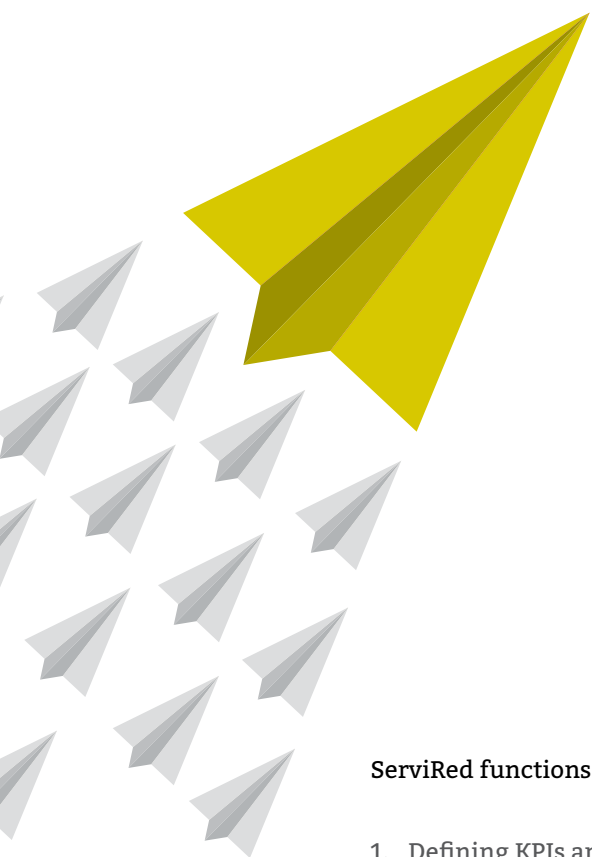
4. Purchase scheme with cards





ServiRed functions:

1. Define KPIs and SLAs so that computer systems of companies that process ServiRed transactions ensure business continuity
2. Ensure compliance with KPIs and SLAs



ServiRed functions:

1. Defining KPIs and SLAs to monitor all proprietary functions of ServiRed that have to be outsourced
2. Ensure compliance with KPIs and SLAs



Requirement #3e

Ensure an adequate level of security, operational strength, in relation to business continuity.

Requirement #3f

Ensure an adequate level of security, operational strength and business continuity in relation to the conditions for outsourcing of proprietary functions.



Requirement #4

Having effective, responsible and transparent governance mechanisms.



ServiRed functions:

1. Continually improve the operating regulations of ServiRed governing bodies, as well as those of its committees and working groups
2. Periodically update the ServiRed operating regulations

In 2015, ServiRed implemented a Risk Management System in order to establish appropriate oversight mechanisms according to the best international practices, capable of identifying potential events which could become risks for the company and to manage them helping the company to achieve its objectives.

ServiRed works to continuously improve its Risk Management System for specific KRIs (Key Risk Indicators) and mitigation plans, which provide the company with a tool to control and reduce the risks to which it is exposed due to its activity in each of its facets, keeping the assumed risk within acceptable levels without missing out on strategic opportunities.

The implemented Risk Management System, together with the drafting of procedural manuals started in 2015, for the processes identified in the Company's Road Map, will serve as the basis to establish the work flow from the company's Internal Auditing Plan.





ServiRed functions:

1. Define the settlement risk policy of the ServiRed System
2. Monitor the correct implementation of that policy.

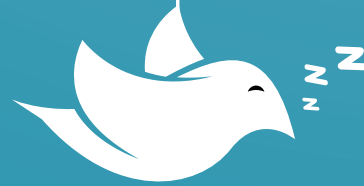


Requirement #5

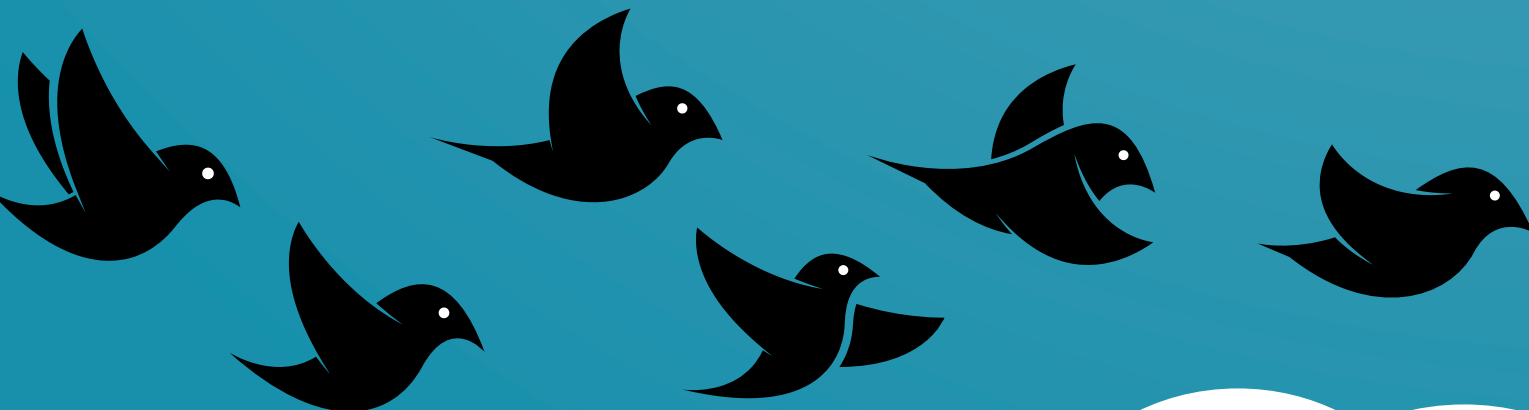
Manage and contain financial risks related to exchange and settlement activities.

A close-up photograph of a hand interacting with a blue keypad. The keypad features a standard numeric keypad layout with white buttons for digits 0-9, *, and #. To the right of the numeric keypad are three colored buttons: a green button with a 'C' symbol, an orange button with 'Cancel' and an 'X' symbol, and a yellow button with 'Error'. A hand is shown from the left, with the index finger pressing the '3' button. The background is a blurred blue surface. The text "...where we can leave our mark..." is overlaid in white, serif font, centered on the right side of the image, flanked by decorative white flourishes.

...where we can
leave our mark...



Advantages of the ServiRed System

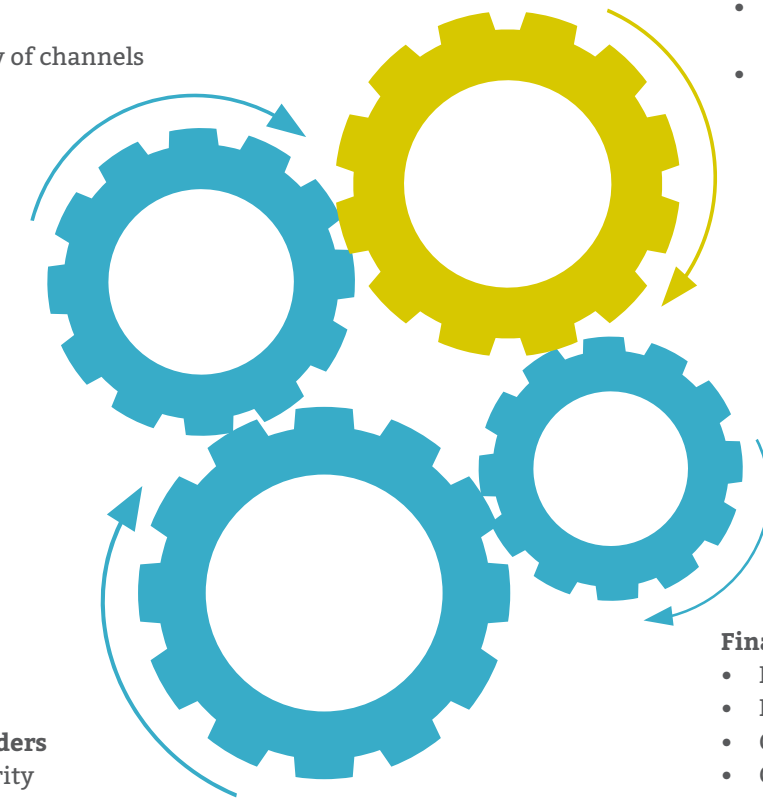


Merchants

- Guaranteed and fast payment
- Expense management
- Security
- Sales via a variety of channels

The Economy and Society at Large

- Reduction of the underground economy
- Reduction of the costs associated with the use of cash
- Security and efficiency



Cardholders

- Security
- Convenience
- Flexibility
- Spending control

Financial Institutions

- Increased revenues
- Decreased expenses
- Customer loyalty
- Crossed sales of products



Presence in Merchants

Billing made with bank cards in ServiRed merchants in 2015 experienced a year-to-year growth of 13.6%, reaching 98,709 million Euros.

The average value of the purchases made in ServiRed merchants continued their falling trend, dropping by 0.6% to 46.89 Euros.

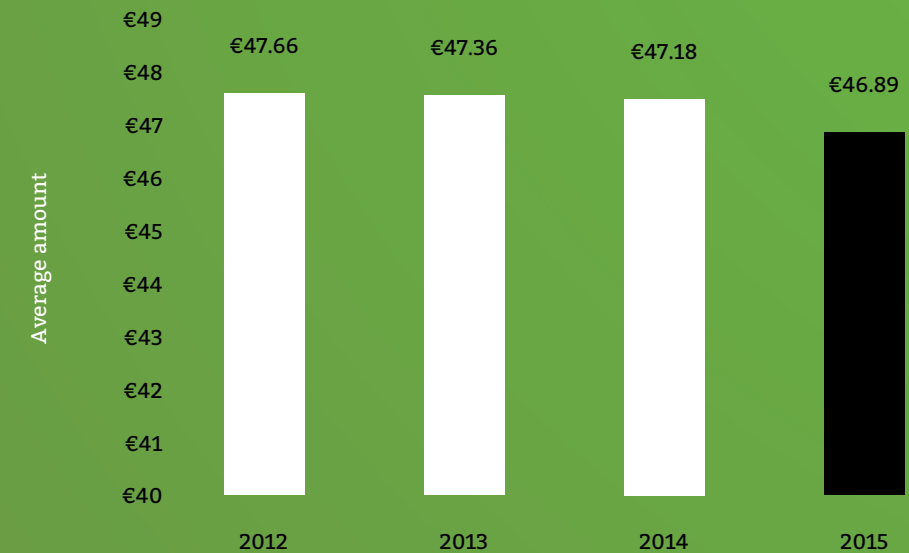
Once again this year, card purchases continued to represent a greater value than cash withdrawals made with cards. In this way, 55.3% of the expenses corresponded to purchases, which involved a volume of 85,253 million euros, in contrast with the 68,918 million euros of cash withdrawals.

Market penetration in private consumption of purchases made with ServiRed cards stood at 13.31%. In the case of purchases made by the market as a whole, the percentage was 20.53%.

Although the penetration rate has increased over recent years, it is still far from reaching the values recorded in other European countries. According to the latest data published by the European Central Bank (corresponding to 2014), the average penetration in the European Union was 29.59%. Some of the countries in our vicinity, such as Portugal (53.90%), France (37.46%) and the United Kingdom (52.44%), have significantly higher values than Spain, which indicates that there is a long way to go.



Average amount of purchases



Card Purchases as a Share of Final Spending by Households and NPISHs*



(*) NISH: Non-profit institutions serving households

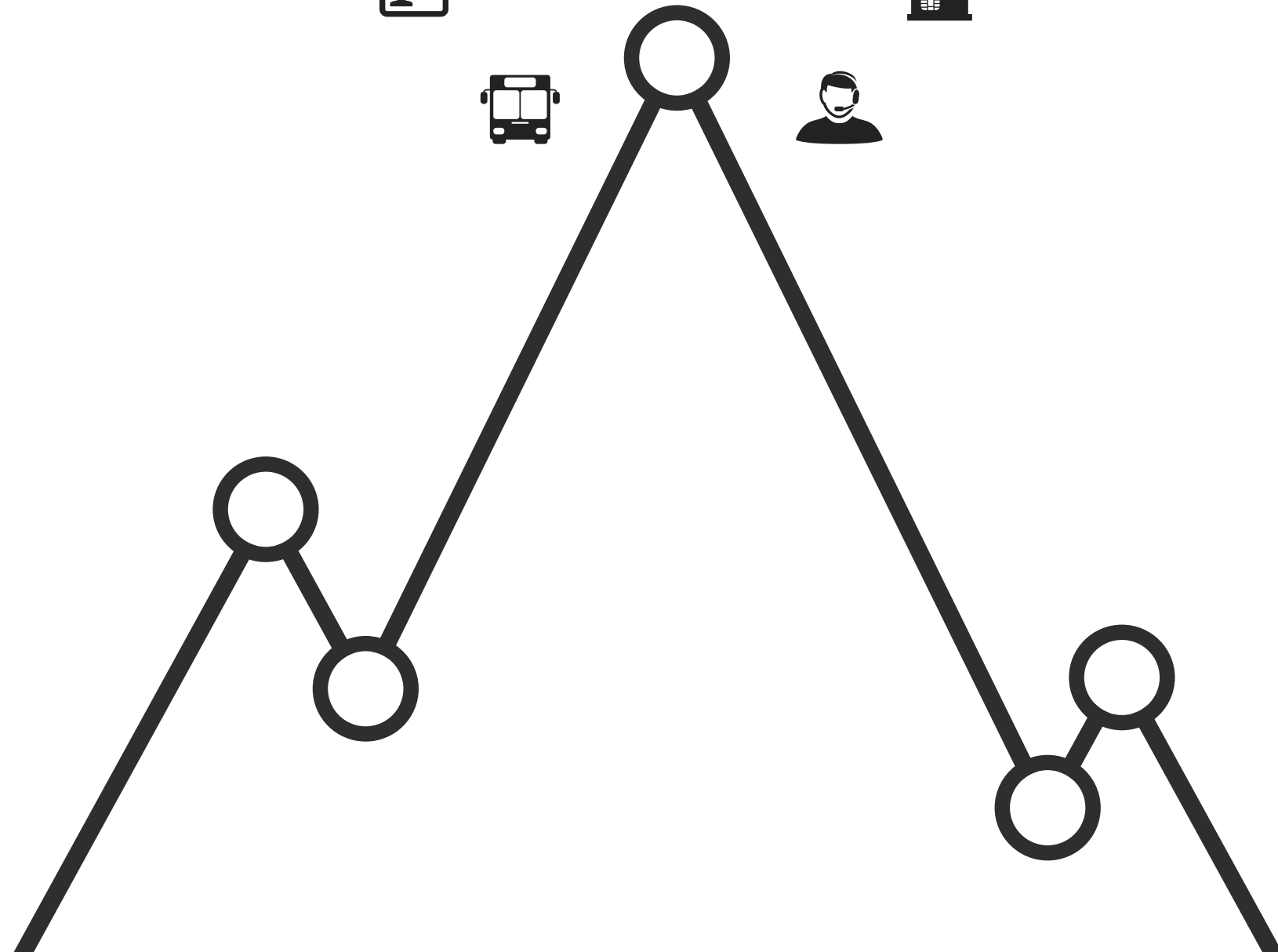
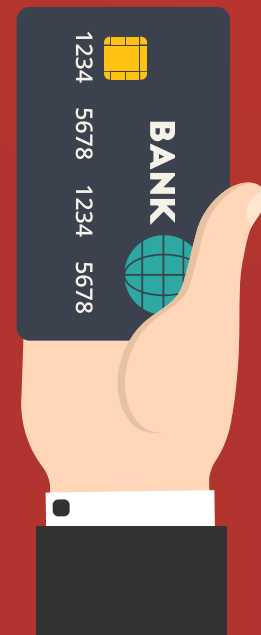
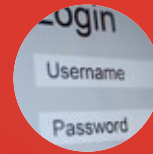
A close-up photograph of a person wearing a blue button-down shirt using a credit card terminal. The person's hands are visible, with light pink nail polish. The terminal is on a wooden counter. In the background, there is a white coffee cup with a colorful swirl pattern. The text "...where we are needed..." is overlaid on the left side of the image, framed by decorative white flourishes.

...where we are
needed...

...ServiRed will
always be there

PLACE ORDER







Advantis is a multi-application solution based on international EMV Chip Technology standards



Its Maxims are: Flexibility and Reliability

Flexibility

MULTI-APPLICATION	MULTI-BRAND	MULTI-INTERFACE	MULTI-PROVIDER
Credit/Debit Transport PKI Identification Epurse ...	Domestic International • Visa • MasterCard	Contactless))) Contact	Various Chip Manufacturers Global and Local Card Manufacturers Multitude of Personalization Companies ...

100% Reliability

- From the beginning in the 90s, there hasn't been any incident whatsoever regarding, neither security nor operability.

Advantis provides a global support to manufacturers and banks, which makes easier and accelerates the cards issuance process.



98.3%

More than 98.3% of Visa cards issued in Latin America are Advantis

1,000 million

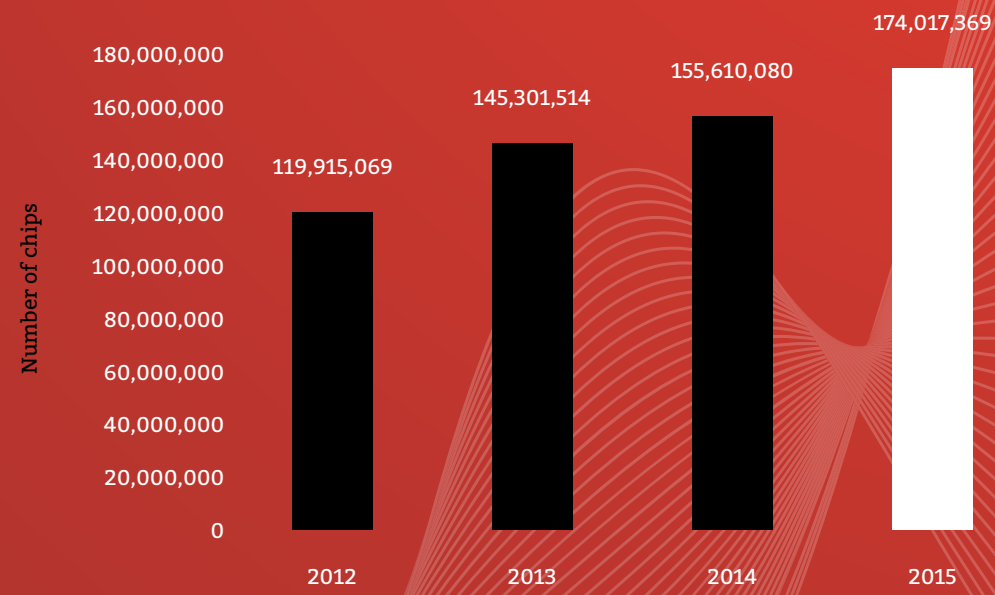
1,000 million cards issued worldwide have Advantis technology



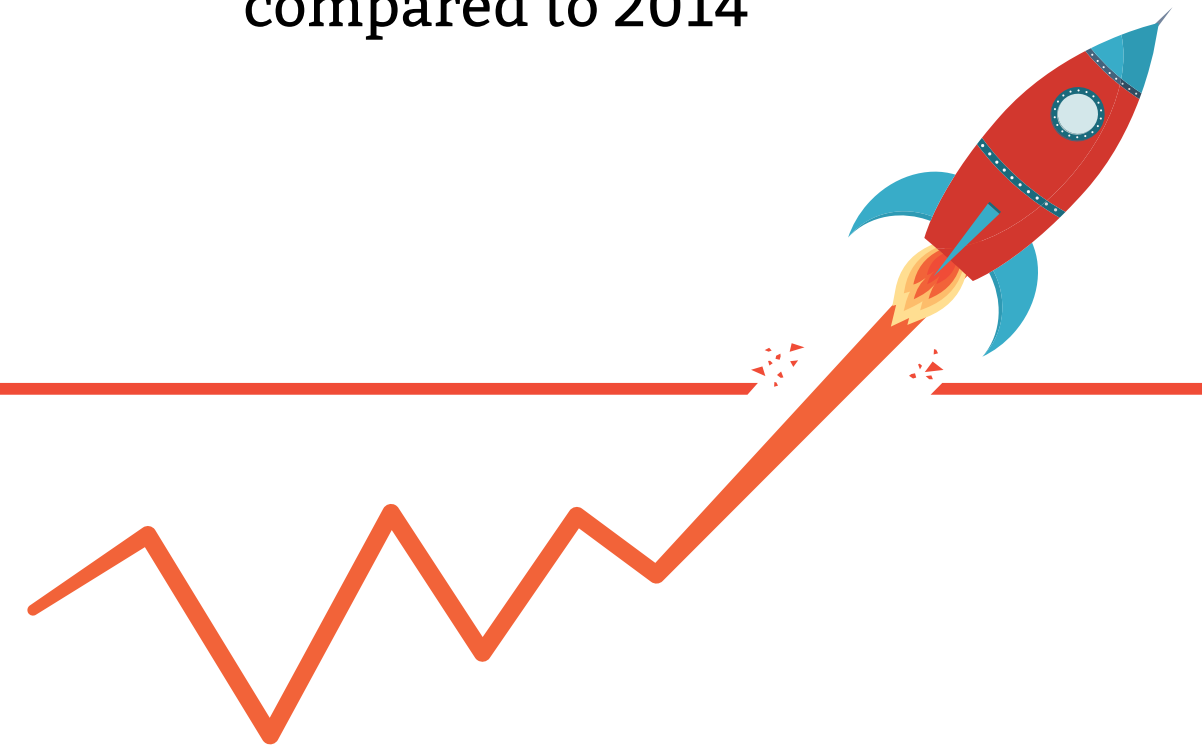
...and Advantis will
always be there.



Sales growth



Advantis grew by 11.83% in 2015,
compared to 2014





Growing with Advantiss

2015 was a decisive year in Advantiss' history, having reached 1,000 million chips sold across the globe.

We also must highlight the overhaul of Advantiss' product portfolio, as well as the inclusion of new Advantiss' families designed to satisfy the global demand for cards.

Lastly, Advantiss has pushed to conquer the United States card market and consolidate its presence in Latin America, actively participating in the EMV migration of new countries and providing added value to its chips through new applications.



Advantiss is the overall leader in Latin America and Spain, with a growing presence in the US



10 millions

In 2015 around 10 million Advantis chips were sold in the US and projects were agreed upon with important American banks.



Active EMV Migration

In 2015, 30 countries in Latin America were actively migrating to the EMV international standard with Advantis technology. Advantis expanded throughout the year in Argentina, Central America and the Caribbean.

The background is a soft-focus photograph of a festive event. It features warm, golden-yellow bokeh lights, likely from string lights or lanterns. A large, white, draped canopy or tent structure is visible in the upper right quadrant. The overall color palette is warm and celebratory, with hints of red and blue in the blurred foreground.

ServiRed, always
with you



Auditor's Report



Ernst & Young, S.L.
Torre Picasso
Plaza Pablo Ruiz Picasso, 1
28020 Madrid
España

Tel: 915 727 200
Fax: 915 727 238
ey.com

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 30)

INDEPENDENT AUDIT REPORT ON THE FINANCIAL STATEMENTS

To the Shareholders of SERVIRED, SOCIEDAD ESPAÑOLA DE MEDIOS DE PAGO, S.A.:

Report on the financial statements

We have audited the accompanying financial statements of ServiRed, Sociedad Española de Medios de Pago, S.A., which comprise the balance sheet at December 31, 2015, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity and financial position and the results of ServiRed, Sociedad Española de Medios de Pago, S.A., in accordance with the regulatory framework for financial information applicable to the Entity in Spain, identified in Note 2 to the accompanying financial statements, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying financial statements based on our audit. We conducted our audit in accordance with prevailing audit regulations in Spain. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit requires performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of ServiRed, Sociedad Española de Medios de Pago, S.A. at December 31, 2015, and its results and cash flow for the year then ended, in accordance with the applicable regulatory framework for financial information in Spain, and specifically the accounting principles and criteria contained therein.

Report on other legal and regulatory requirements

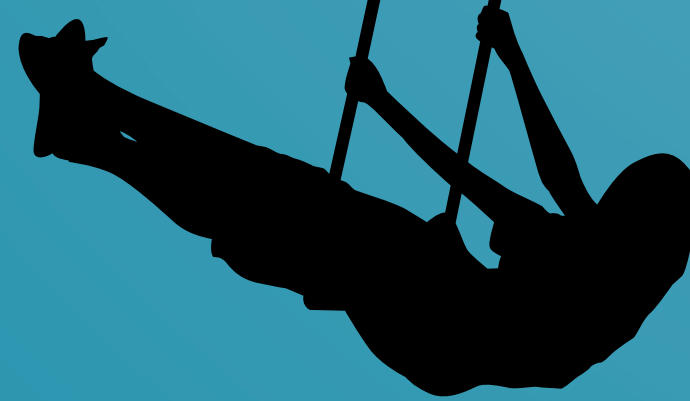
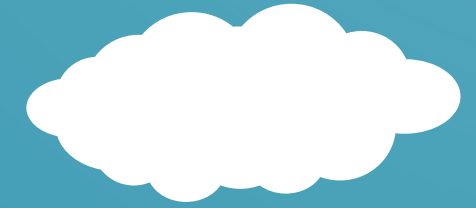
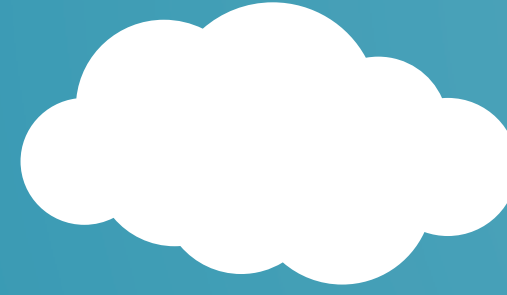
The accompanying 2015 management report contains such explanations as the directors consider appropriate concerning the situation of the Company, the evolution of its business and other matters; however, it is not an integral part of the financial statements. We have checked that the accounting information included in the aforementioned management report agrees with the 2015 financial statements. Our work as auditors is limited to verifying the management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the Company's accounting records.

ERNST & YOUNG, S.L.

Francisco J. Fuentes García

April 8, 2016





Financial Information



Balance sheet

Audited by Ernst&Young

ASSETS	2015	2014
FIXED ASSETS	3,071,877 €	3,217,281 €
Intangible fixed assets	171,589 €	126,991 €
Property, plant and equipment	2,251,104 €	2,325,612 €
Long-term investments in Group companies and associates		
Equity instruments	-	-
Long-term financial assets	303,989 €	307,500 €
Equity instruments	10 €	10 €
Long-term loans to employees	261,956 €	265,467 €
Other financial assets	42,023 €	42,023 €
Deferred tax assets	345,195 €	457,178 €
CURRENT ASSETS	42,491,659 €	44,424,539 €
Inventories	118,702 €	116,802 €
Commercials	118,702 €	116,802 €
Trade and other receivables	12,204,917 €	6,394,707 €
Trade receivables for sales and services	9,548,181 €	4,810,835 €
Sundry receivables	1,000 €	5,634 €
Loans to employees	44,959 €	35,761 €
Current tax expense	1,226,858 €	362,887 €
Public Administrations - Other	1,383,919 €	1,179,590 €
Short-term investments	23,253,485 €	23,298,078 €
Equity instruments	23,253,485	23,291,983 €
Loans to companies	-	6,095 €
Short-term accruals	75,849 €	62,875 €
Cash and cash equivalents	6,838,706 €	14,552,077 €
TOTAL ASSETS	45,563,536 €	47,641,820 €



EQUITY AND LIABILITIES	2015	2014
EQUITY		
Capital	29,717,699 €	31,164,533 €
Paid in capital	16,371,783 €	16,371,783 €
Reserves	10,187,023 €	9,628,086 €
Shareholder contributions	-188 €	-188 €
Profit/loss for the year	3,159,081 €	5,164,852 €
Value changes adjustments	2,624,318 €	2,653,204 €
Available for sale financial assets	2,624,318 €	2,653,204 €
TOTAL EQUITY	32,342,017 €	33,817,737 €
NON-CURRENT LIABILITIES	2,612,458 €	2,647,300 €
Long-term provisions	1,458,693 €	1,483,905 €
Long-term employee benefit obligations	658,693 €	683,905 €
Other provisions	800,000 €	800,000 €
Deferred tax liabilities	1,153,765 €	1,163,395 €
CURRENT LIABILITIES	10,609,061 €	11,176,783 €
Short-term payables	41,358 €	209,004 €
Other financial liabilities	41,358 €	209,004 €
Trade and other payables	10,457,249 €	10,967,779 €
Trade payables		10,320,010 €
Sundry payables	3,462 €	192,981 €
Accrued wages and salaries	206,425 €	261,533 €
Payable to Public Administrations	192,567 €	193,255 €
Short term accruals	110,454 €	-
TOTAL LIABILITIES	13,221,519 €	13,824,083 €
TOTAL EQUITY AND LIABILITIES	45,563,536 €	47,641,820 €



Profit and Loss Account

Audited by Ernst&Young

	2015	2014
CONTINUING OPERATIONS		
REVENUE	26,318,607 €	22,879,768 €
Sales	2,299,356 €	27,597 €
Services rendered	24,019,251 €	22,852,171 €
RAW MATERIALS AND CONSUMABLES	-1,838,084 €	-26,359 €
Consumption goods purchased for resale	-13,474 €	-21,019 €
Consumption of raw materials and other consumables materials	-1,824,610 €	-5,340 €
OTHER OPERATING REVENUE	698,395 €	7,271,616 €
Accessory and other income	698,395 €	7,271,616 €
STAFF COSTS	-2,759,534 €	-2,612,772 €
Wages, salaries and similar remuneration	-2,128,851 €	-2,068,251 €
Staff welfare expenses	-630,683 €	-544,521 €
OTHER OPERATING CHARGES	-17,703,427 €	-20,931,798 €
External services	-17,901,568 €	-20,607,776 €
Taxes	271,777 €	202,749 €
Impairment and income from disposal of financial instruments	-73,636 €	-526,771 €
FIXED ASSET DEPRECIATION	-258,938 €	-228,779 €
SURPLUS FROM PROVISIONS	-	1,150,000 €
OPERATING INCOME/EXPENSE – NET	4,457,019 €	7,501,676 €
FINANCIAL INCOME	48,982 €	169,048 €
FINANCIAL COSTS	-462,425 €	-377,838 €
EXCHANGE DIFFERENCES	-239 €	135 €
CHANGES IN FAIR VALUE OF FINANCIAL INSTRUMENTS	-	76,211 €
PROFIT/LOSS FROM FINANCIAL ASSETS HELD FOR SALE	-	76,211 €
IMPAIRMENT AND PROFIT/LOSS ON DISPOSAL OF FINANCIAL INSTRUMENTS	10,364 €	976,339 €
PROFIT/LOSS ON DISPOSAL AND OTHER	6,222 €	-
FINANCIAL INCOME/EXPENSE - NET	-397,096 €	843,895 €
PROFIT/LOSS BEFORE INCOME TAX	4,059,923 €	8,345,571 €
Income tax	-900,842 €	-3,180,719 €
PROFIT/LOSS FOR THE YEAR	3,159,081 €	5,164,852 €



