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Risk Management

➤ The Cecabank risk function



Andrés Martín Pintor
Director of the Risks Area

Prudence and solvency are our hallmarks and key factors in supporting the future growth of the institution.

The principle of solvency is part of the Cecabank Risk Area's philosophy

Cecabank is characterised by its prudent and rigorous risk management approach to safeguarding its solvency. The results of applying this philosophy translate into a cautious approach to risks, marked by high levels of solvency at the end of 2014, reaching a CET1 ratio of 26.53 percent and a comfortable liquidity situation.

More information on this chapter in "Information of Prudential Relevance 2014"

MAIN RISKS OF CECABANK'S ACTIVITY

The risks incurred as a result of Cecabank's business are classed as:



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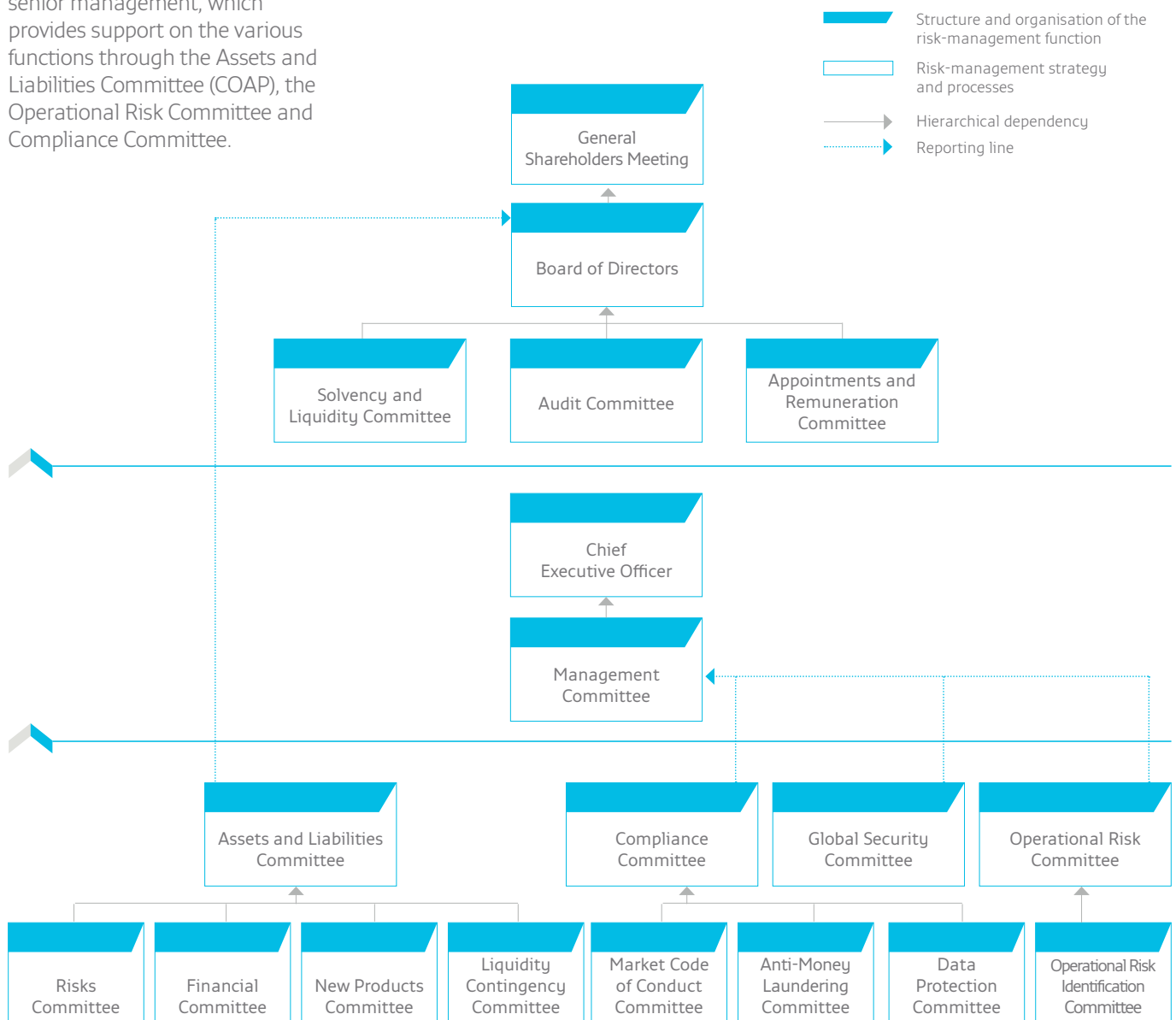
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Structure and Organisation

Cecabank's Board of Directors is the body deciding the institution's risk policy. It delegates its functions to senior management, which provides support on the various functions through the Assets and Liabilities Committee (COAP), the Operational Risk Committee and Compliance Committee.

MAIN BODIES FROM THE VIEWPOINT OF RISK MANAGEMENT



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Assets and Liabilities Committee (COAP)

The role of the Assets and Liabilities Committee (COAP) is to approve, inform, manage, monitor and supervise the institution's financial risks. The COAP also puts into practice the policies established by the Board of Directors in the financial area, defining the tasks and functions to be carried out in the institution.

8 2014 meetings

Risk Committee

Has the task of ensuring that the entity's risk exposure is within the tolerance established by the Board of Directors and the COAP; continuously adapt risk management procedures in line with the growing sophistication of the financial market and align them with current capital requirements, and continuously adapt the valuation methodologies to best market practice and the institution's needs.

11 2014 meetings

Financial committee

Handles the ordinary management of market risks, in line with the policy approved by the Board and the guidelines issued by the COAP, submitting to it the information necessary for decision-making. Likewise, in accordance with the COAP's resolutions, it entrusts the management and monitoring of investments and divestments of equity, debt and various account balances on the institution's balance sheet, submitting the relevant information to the COAP.

20 2014 meetings

New financial products committee

Has the objective of ensuring that the institution has full knowledge of the risks it is incurring through its market operations and financial products. It has the necessary infrastructure for the management, control and administration of these risks.

It advances on the standardisation of financial products in which the

institution operates, from the systems and procedures point of view.

5 2014 meetings

Liquidity contingency committee

Evaluates any possible liquidity crisis and decides whether to trigger the contingency plan in the light of the quantitative and qualitative indicators, and where applicable, classifies the degree of intensity of the crisis. It assesses the specific reasons giving rise to the crisis and judges its possible duration and the seriousness of the liquidity problem. It defines the strategy to manage the situation, determining the relevant areas in which to intervene. It coordinates the areas involved in the execution of the plan and makes any necessary adjustments to them, to update it in line with the market situation.

11 2014 meetings

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Operational risk committee

Analyses information received by the Operational Risk unit on the management of operational risk and proposes risk transfer procedures and systems (insurance, guarantees, outsourcing and others), in order to mitigate latent operational risks.

2 2014
meetings

Regulatory Compliance Committee

This committee promote the implementation of compliance risk control in the institution. One of the functions of Regulatory Compliance is to oversee the management of reputational risk.

3 2014
meetings

Global Security Committee

This committee's objectives include proposing security policies to the Steering Committee for approval, developing the rules necessary for compliance with them and reporting on all matters of relevance to the institution's security.

2 2014
meetings

More information on these committees in "Cecabank's governance structure and practices 2014"