

03 Our Business Model

- 1. **Strategic lines** | Economic and regulatory environment | Building the future | Business lines
- 2. **Financial information** | Activity | Income Statement | Capital base | Ratings
- 3. **Business risk** | The risk function at Cecabank

Capital base

At the end of financial year 2015 Cecabank's solvency ratio was of 25.33%, with 99.4% of capital being common Tier 1 capital, i.e. the Tier 1 ratio stood at 25.18%.

A key element in management was and is to maintain a sound capital structure in terms of quantity and quality.

Cecabank's Board of Directors established a minimum capital ratio of 14%. This ratio is established in terms of Common Equity Tier 1 (CET1). In addition, the Risk Tolerance Framework establishes a wide margin for this ratio which the entity must use for operating in normal situations. Both levels are currently easily surpassed.

Cecabank's comfortable solvency position enables it to cover present and future capital requirements and the risks not considered in Pillar 1. Moreover, these ratios are lower than would be obtained by applying the solvency regulations without transitory clauses (fully loaded Basel III).

Ratings

As of 31 December 2015, the ratings Cecabank had been given by the international rating agencies, Fitch Ratings, Moody's y Standard & Poor's, are as follows:

| Cecabank | | | | |
|----------|------------|-----------|---------|------------|
| Agency | Short term | Long term | Outlook | Date |
| Moody's | P-2 | Baa2 | stable | 17/06/2015 |
| Fitch | F-2 | BBB- | stable | 04/11/2015 |
| S&P | A-2 | BBB | stable | 02/02/2016 |

The strategic reorientation and the success of its implementation were key factors in the upgrading of the different agencies' credit ratings and now all three ratings are Investment Grade. In general, when rating our bank, the agencies highlighted the success of the following as positive elements:

- The liquidity position
- The strategic reorientation of the bank
- The conservative risk profile

CET 1
25.33%



Eurozone average: : (September 2015)

Tier 1 capital

