

Andbank Investor Presentation
June 2020



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1. Overview of Andorra

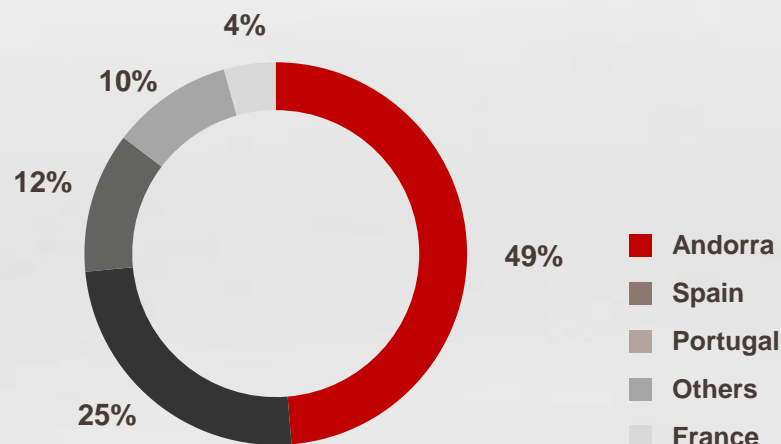
Geographic and demographic information

Andorra is an independent European co-principality situated in the southern peaks of the Pyrenees Mountains, bounded by France and Spain. The capital is Andorra la Vella.

The total population is approximately **80.000 people** with strong levels of immigration from **Spain, France and Portugal**.

Andorra is a wealthy economy, with high income per capita - EUR 36,335 in 2019.

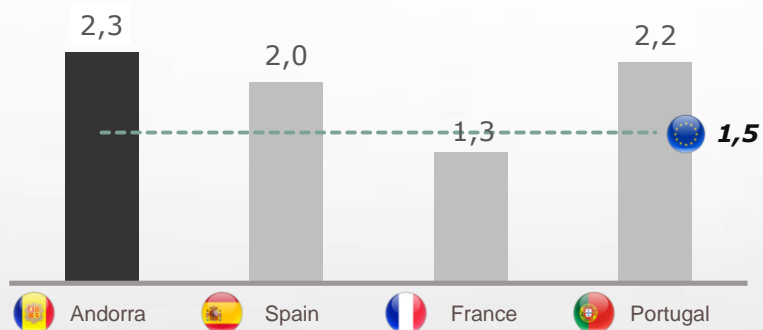
Distribution of the population by nationality in 2019⁽¹⁾



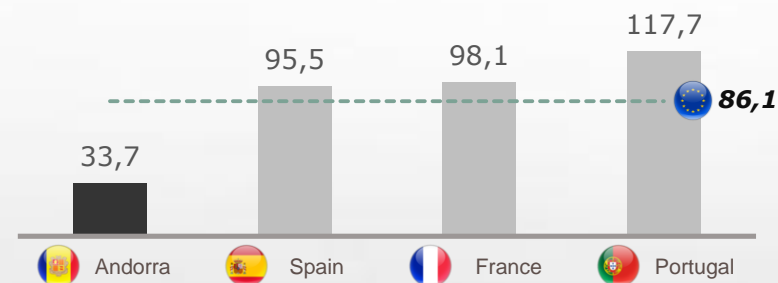
⁽¹⁾ Source: Department of Statistics – Government of Andorra

Key Macro data 2019

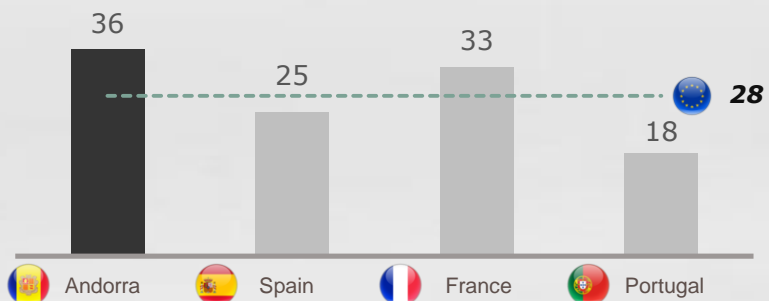
Real GDP growth (%)



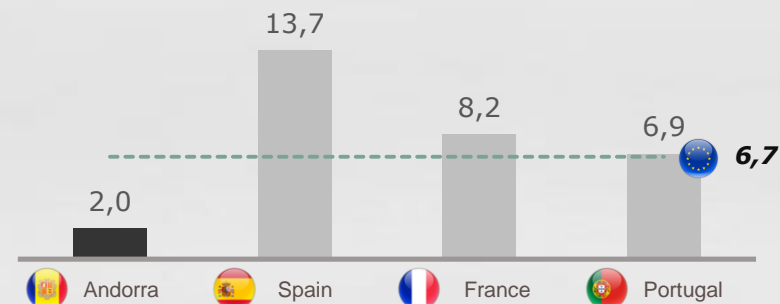
Public debt to GDP (%)



GDP per cápita (EUR k)



Unemployment rate (%)



Andorra Ratings

Standard & Poor's Report - April 2020

- April 2020 S&P has affirmed the BBB Rating for Andorra and revised the Outlook to Stable from Positive due to the Covid19 crisis.
- S&P recognizes that Andorra's health authorities have so far successfully stabilized the contagion curve.
- The economy will be affected by the economic outlook of its main trading partners, Spain and France. But Andorra faces the pandemic in a robust fiscal and debt position after 7 consecutive years of surplus.

Long-Term IDR	BBB
Outlook	Stable
Short-Term IDR	A2

Fitch Report

- Latest FitchRatings Report was published January 2020, before the Covid19 outbreak. It affirms Andorra's Rating to BBB+ with stable outlook. Andorra's 'BBB+' rating is supported by high GDP per capita, political stability, and prudent fiscal policy.

Long-Term IDR	BBB+
Outlook	Stable
Short-Term IDR	F2

Regulatory Improvements

International Standards: full implementation of Basel III capital rules / CRR / CRDIV; adoption of IFRS accounting standards; Mifid completed by December 2020

Robust Economy

Good tourist numbers, better industrial activity and great real state activity

Stable Outlook

Debt reduction is supported by a near-balanced central government position, sustained local government surpluses, and by moderate GDP growth.

Public Debt Ratio

Debt/GDP has been reduced to 33,7% from 40%+

By Law annual deficit can not exceed 1%. Obvious exception after Covid19 crisis.

Regulatory framework

Andorra's political system is a Parliamentary co-principality (France & Spain).



Public institutions



Private sector associations

- Look after the **interests** of the **financial sector** and ensure its **representation** in all relevant **forums**



AAA⁽¹⁾



Additional regulatory standards

- Satisfactory evaluations by **MONEYVAL**
- **FATCA+ IQ** compliant
- Application of **Common Reporting Standards (CRS)** on automatic exchange of information.



(1) Associació d'Assegurances d'Andorra
(2) Associació d'Entitats Financeres d'Inversió

The way to transparency

Andorra has aligned its regulation and information exchange with European and international standards. These reforms converge with international practices of financial supervision.

CRS – Automatic exchange of information



OECD
COMMON
REPORTING
STANDARD

First exchange of information took place in 2018.

Since **January 1st 2017**, the Andorran authorities have enacted regulations that have led to the **automatic exchange of information** on financial accounts **between Andorra and the EU**, and the exchange of information with **other countries** too.

International Financial Reporting Standards (IFRS)

Since **January 1st 2018**, Andorran financial institutions and banks have adopted **International Financial Reporting Standards 9** for accounting purposes.



Regulatory developments

Banking

Key developments in **banking regulation**:

- Implementation of **MiFID** principles in Andorran regulation
- Implementation of **Basel III** principles in Andorran regulation: **CRD IV** in place
- Re-enforcements of **Human Resources** in all of the Regulatory Institutions.

Insurance

Key developments in **insurance regulation** in place:

- New **Insurance Regulation Law**
- New **Insurance Distribution Law**
- New **Pension Funds Law**

Inclusion of the insurance sector under the supervision of the Andorran Regulator



CRD IV, Banking regulation

November 2018 a **new Law** has been approved in the Parliament in order to implement the European CRD IV legislation



Out of the Grey List

Andorra is out of the Ecofin Grey List since late 2018



SEPA

March 2019 Andorra has gained direct access to the European System of Payments, SEPA



IMF Membership

January 2020 Andorra has formally applied for IMF Membership



EU Partnership Agreement

Andorra is currently negotiating a Partnership Agreement with the EU similar to those of Norway or Switzerland.

Moneyval – another positive report, January 2020

As a result of Andorra's **progress in strengthening its framework** to tackle money laundering and terrorist financing since its mutual evaluation in September 2017, MONEYVAL has re-rated some country Recommendations.

Andorra has been in an enhanced follow-up process, following the adoption of its mutual evaluation report, which assessed the **effectiveness of Andorra's anti-money laundering and counter-terrorist financing (AML/CFT)** measures and their compliance with the Recommendations by the Financial Action Task Force (FATF). In line with MONEYVAL's rules of procedure, the country has reported back to MONEYVAL on the progress it has made to strengthen its AML/CFT framework.



Andorra is now “compliant” on ten of the 40 FATF Recommendations and “largely compliant” on twenty-seven of them. It remains “partially compliant” on three of the 40 FATF Recommendations.

MONEYVAL decided that Andorra will remain in the enhanced follow-up process and will continue to report back to MONEYVAL on further progress to strengthen its implementation of AML/CFT measures.

Andorra, current situation

- The ultimate negative impact of the Covid19 outbreak on Andorran GDP is still uncertain. Andorra is a small economy that depends extensively on tourism and the financial sector.
- After seven consecutive years of surplus the country is in a robust fiscal and debt position to face the crisis.
- Andorra's health authorities have been successful in stabilizing the Covid19 contagion curve and in fact it has been the first country in the world to test all of its citizens.
- The Government is expecting to complete adherence to the IMF in October 2020.
- Andorra has also continued negotiating the UE Association Agreement (similar to Norway or Switzerland).
- The Government is also negotiating with the EU and the ECB to gain direct access to the Central Bank monetary policy.



2. Andbank at a glance

Andbank at a glance

We are an international Family-owned Bank, with presence in 11 countries.

For over 85 years we have specialized in Wealth Management for the Private Banking industry. We are leading providers of the best solutions to our clients, through innovative value offers and with the highest quality standards.

Vision

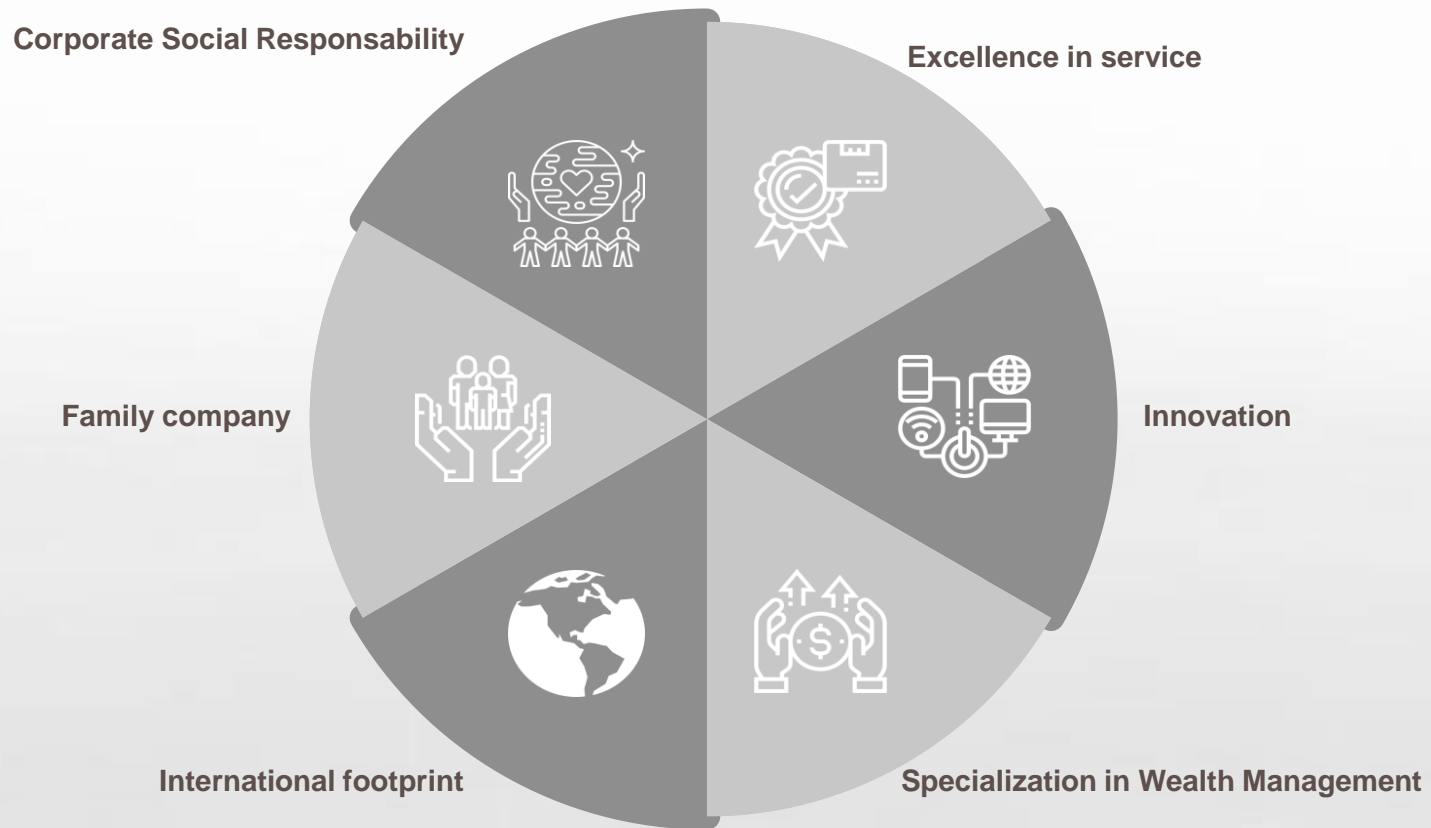
Become a leading player in family-owned Private Banking in Europe and Latin America.

Continue with our on-shore strategy offering wealth management services to clients of the affluent segment and to those of the wealth segment.

With long-term value creating strategy and a proposal of technological / digital value.



Corporate Values

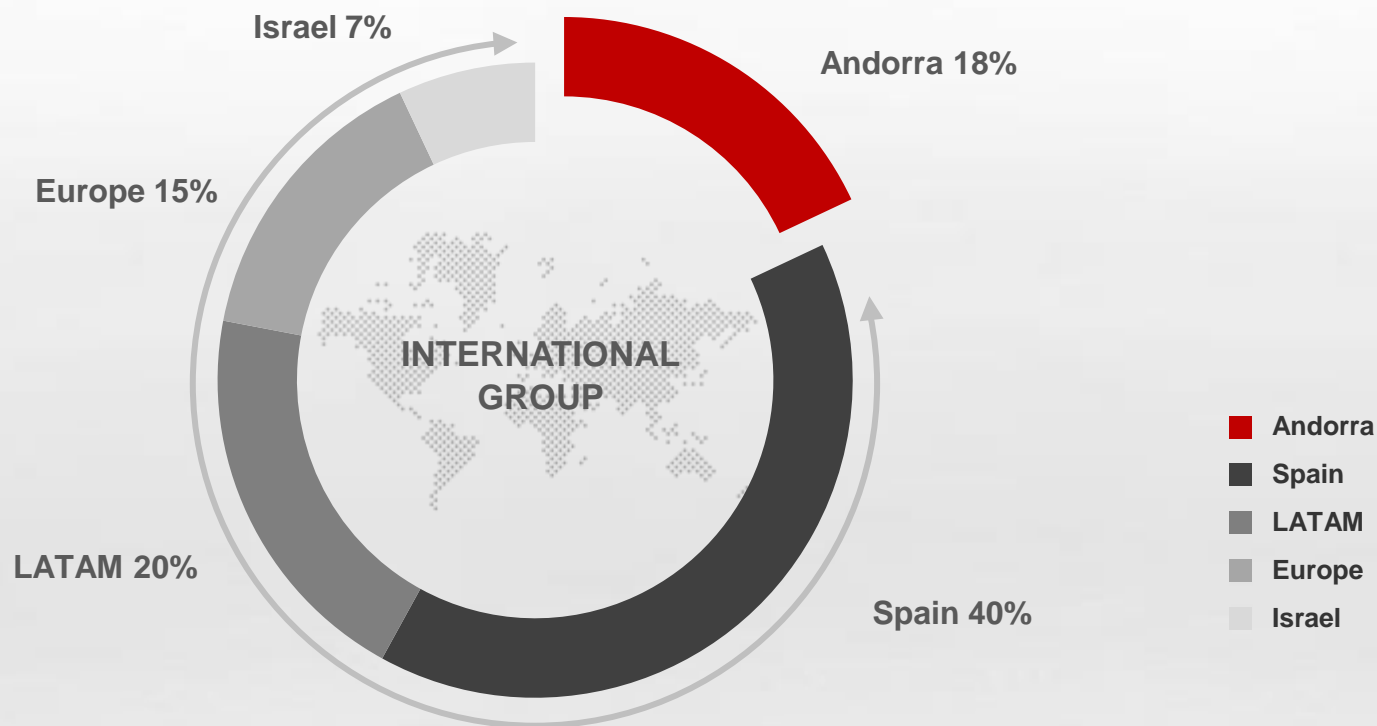


International expansion strategy

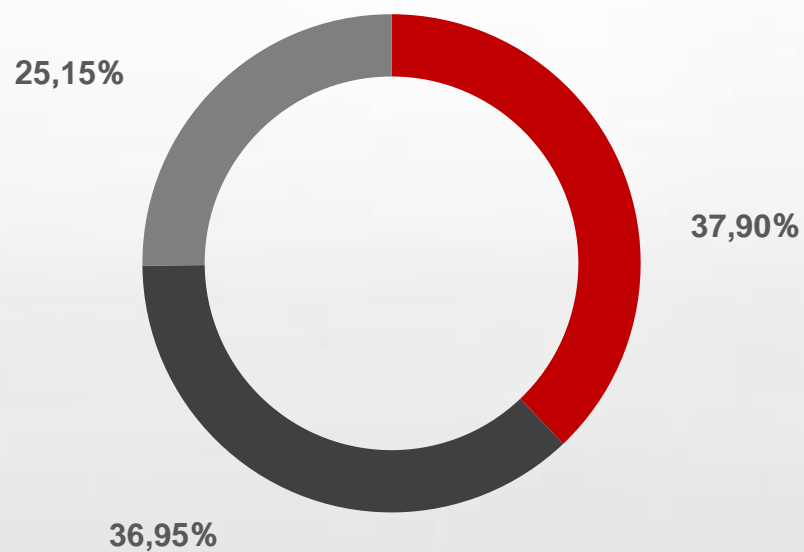
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
 Switzerland Investment advisor  Bahamas Banking License <u>CLOSED 2018</u>	 Andorra Merger Agrícola & Banca Reig  Switzerland Wealth Management and Investment Advisor			 Panama Representative Office <u>CLOSED 2019</u>		 Mexico Representative Office		 Mexico Joint-venture in Columbus. Independent Wealth Management Advisor	 Panama Banking License <u>CLOSED 2019</u>  Uruguay Acquisition of Quest. Brokerage Firm  Luxembourg Asset Management Company  Uruguay Representative Office
2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
 Luxembourg Banking License  Panama New Broker-Dealer License  Miami Broker-Dealer asset Management and Investment Advisor	 Monaco Acquisition of Monte Paschi subsidiary (Banking License)  Brazil Acquisition of LLA. Asset Management License & Broker Dealer  Spain Acquisition of a Brokerage and a Agency Company (Joint-venture with Barcelona Medical Association)	 Spain Luxembourg's Bank Branch  Miami Membership FINRA Broker-dealer	 Spain Banking License  Spain Company for Collective Investment Institutions. Andbank Wealth Management	 Spain Acquisition of Banco Inversis' Private Banking Division  Miami Acquisition of Swiss Asset Advisors portfolio	 Brazil Acquisition of Banco Bracce Banking License  Uruguay Incorporation of an Investment Advisor and a new Representative Office of Andbank Panamá  Israel Agreement for acquisition of Sigma Investment House			 Spain Incorporation of Merchnbank Asset Management  Brazil Agreement with Triar	 Brazil Agreement with Capital Investimentos

AuMs geographical diversification

Great international private banking and wealth management diversification with more than 80% of AuM booked outside Andorra.



Shareholders structure



74.85%

Family owners

- **Família Cerqueda**
(Cerqueda Donadeu, SA - AndosinsCapital)
- **Família Ribas Duró**
(Reig Finances, SAU - Reig Patrimonia)
- **Other minority shareholders**

Key Figures 2019

24 BN€

AUMs

BBB Stable

Fitch Ratings

267% - 141%

LCR / NSFR

28 MM€

Net Profit

537 MM€

Core Capital

2,93%

NPL Ratio

5,4%

ROE

12.44%

CET1

100,5%

NPL Coverage ratio

14,33%

ROTE

14.95%

TIER1

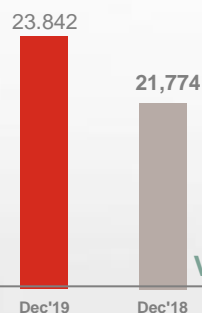
7.26%

Leverage Ratio

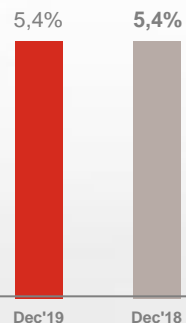
Solid Balance Sheet

Sustainable growth

AuMs (MM€)

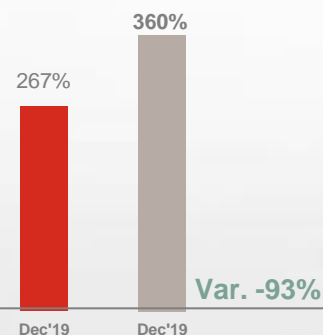


ROE

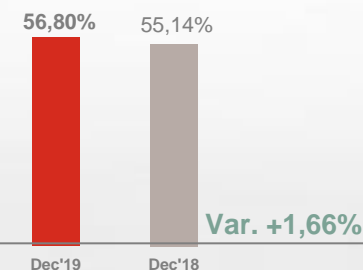


Liquidity

LCR

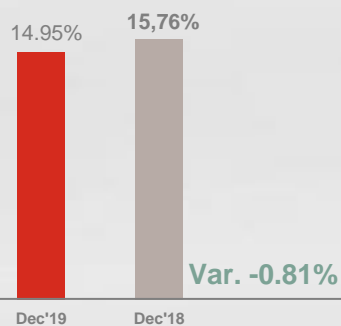


LtD

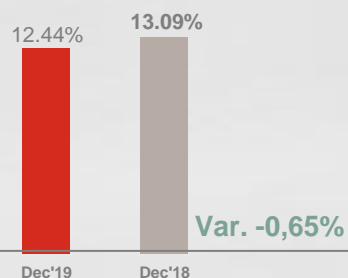


Capital

TIER1

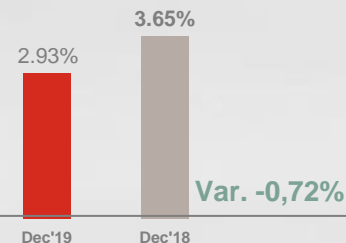


CET1

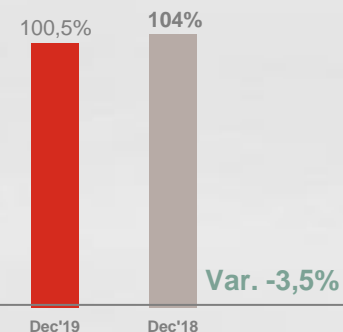


Asset Quality

NPL ratio

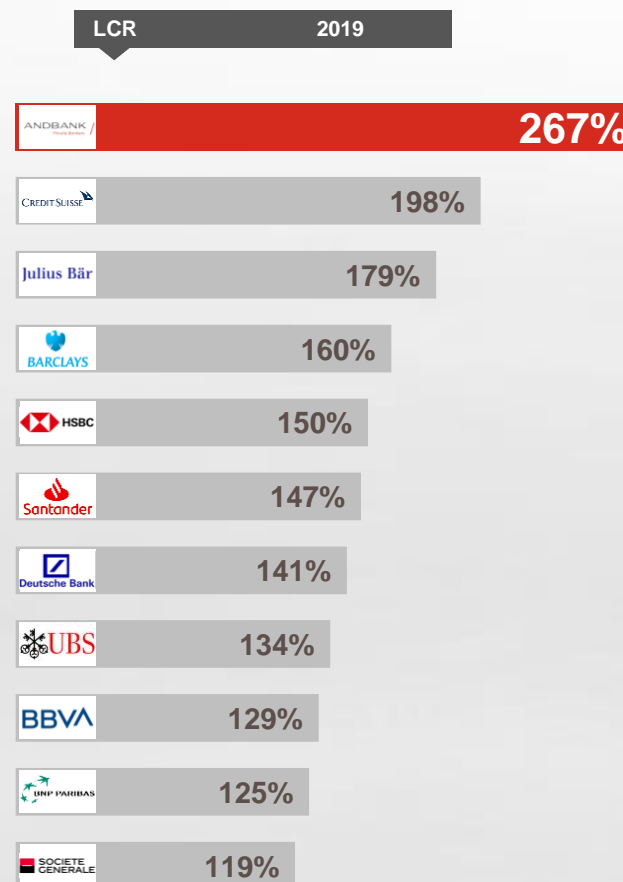


Coverage ratio



Solvency & Liquidity Position

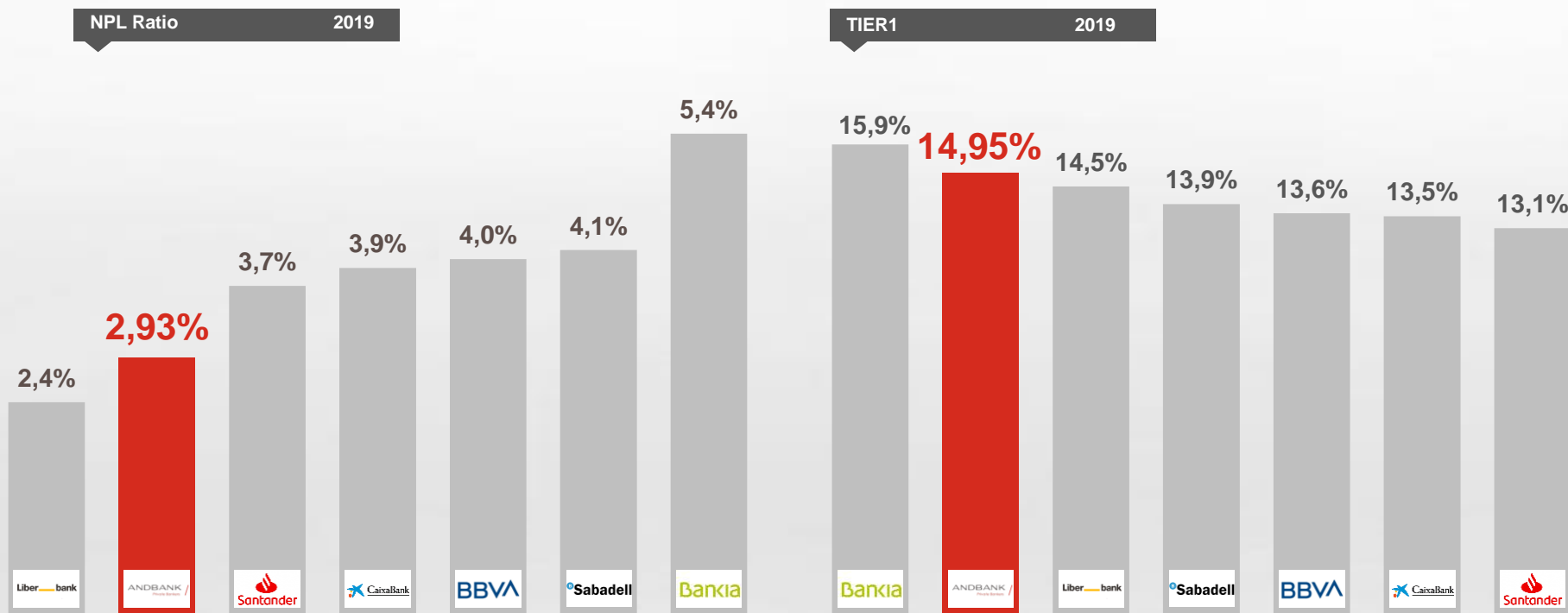
Andbank maintains a solid solvency position, significantly above minimum levels required by regulations with a leading position in the international market.



Spanish Peers

Andbank's risk management indicators and capital ratios show its privileged position with regard to the average of Spanish banking industry.

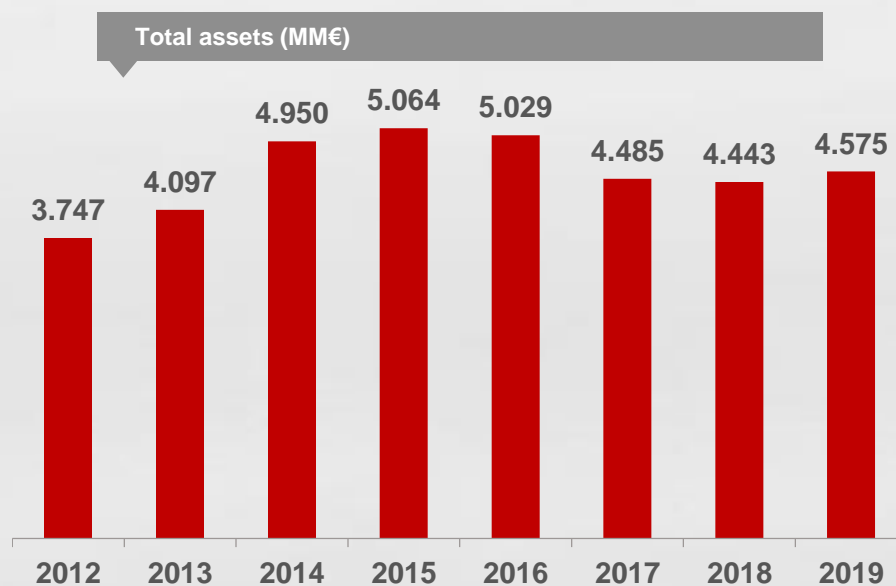
Andbank has never sold an NPL Portfolio.



Assets & Liabilities

Assets	2019	2018
Cash, Central Banks & Credit Institutions	1.059	1.433
Investment Securities	894	858
Loans & Receivables	1.990	1.699
Tangible & Intangible Assets	440	299
Other Assets	192	154
Total Assets	4.575	4.443

Liabilities	2019	2018
Deposits	3.283	3.242
Debt Securities	458	473
Other	297	211
Capital	537	517
Total Assets	4.575	4.443



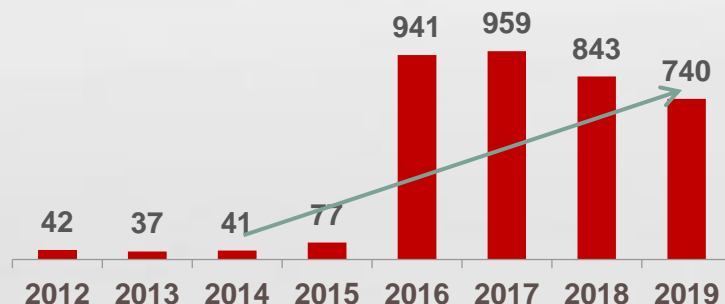
Asset side – Cash & Central Banks vs Banks & Credit Institutions

Since 2012, Andbank has **increased liquidity** in **cash** and **central banks**

	2012	2013	2014	2015	2016	2017	2018	2019
Cash, Central Banks	42	37	41	77	941	959	843	740
Banks & Credit Institutions	538	580	1.270	1.030	796	702	590	319
Total Assets	580	617	1.311	1.107	1.737	1.661	1.433	1.059

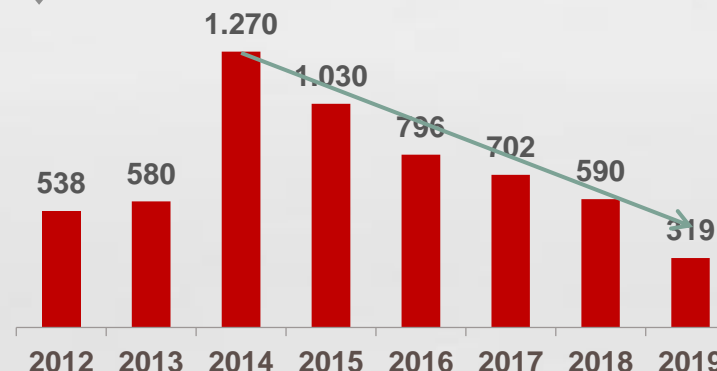
But moving to consolidate efficiency under an overall **high degree of liquidity**.

Cash & central banks (MM€)



Andbank gained **direct access to the ECB** through its Banks in Spain, Luxembourg and Monaco.

Banks & credit institutions (MM€)



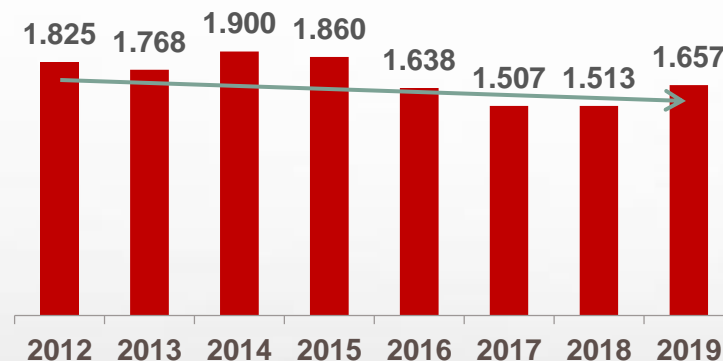
Systemic Risks have been dramatically reduced.

Asset side – Loans & NPLs

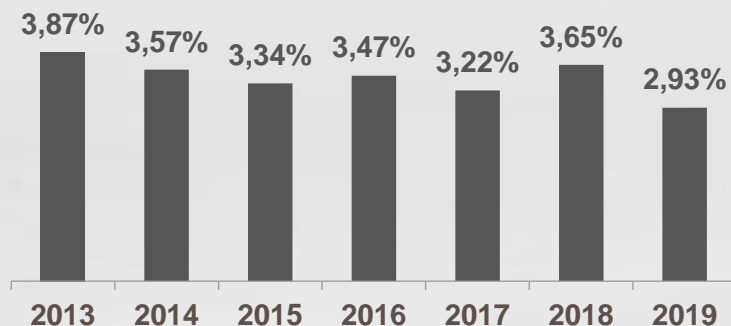
Type of guarantee

	2012	2013	2014	2015	2016	2017	2018	2019
Mortgage	961	923	801	771	733	629	615	734
Pledge guarantee	458	476	731	733	651	649	719	782
Personal / Others	406	369	368	356	254	229	179	141
Total	1.825	1.768	1.900	1.860	1.638	1.507	1.513	1.657

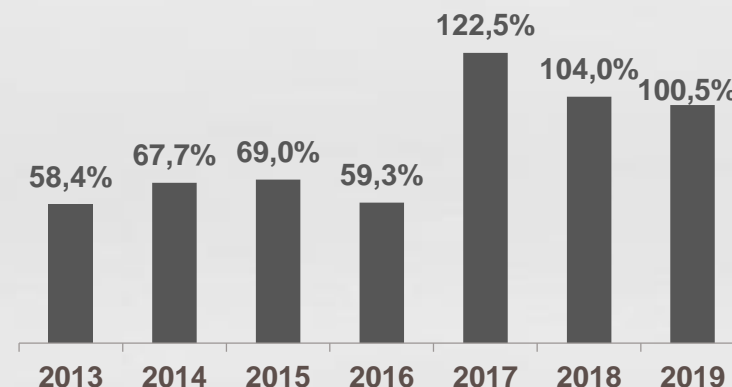
Total loans (MM€)



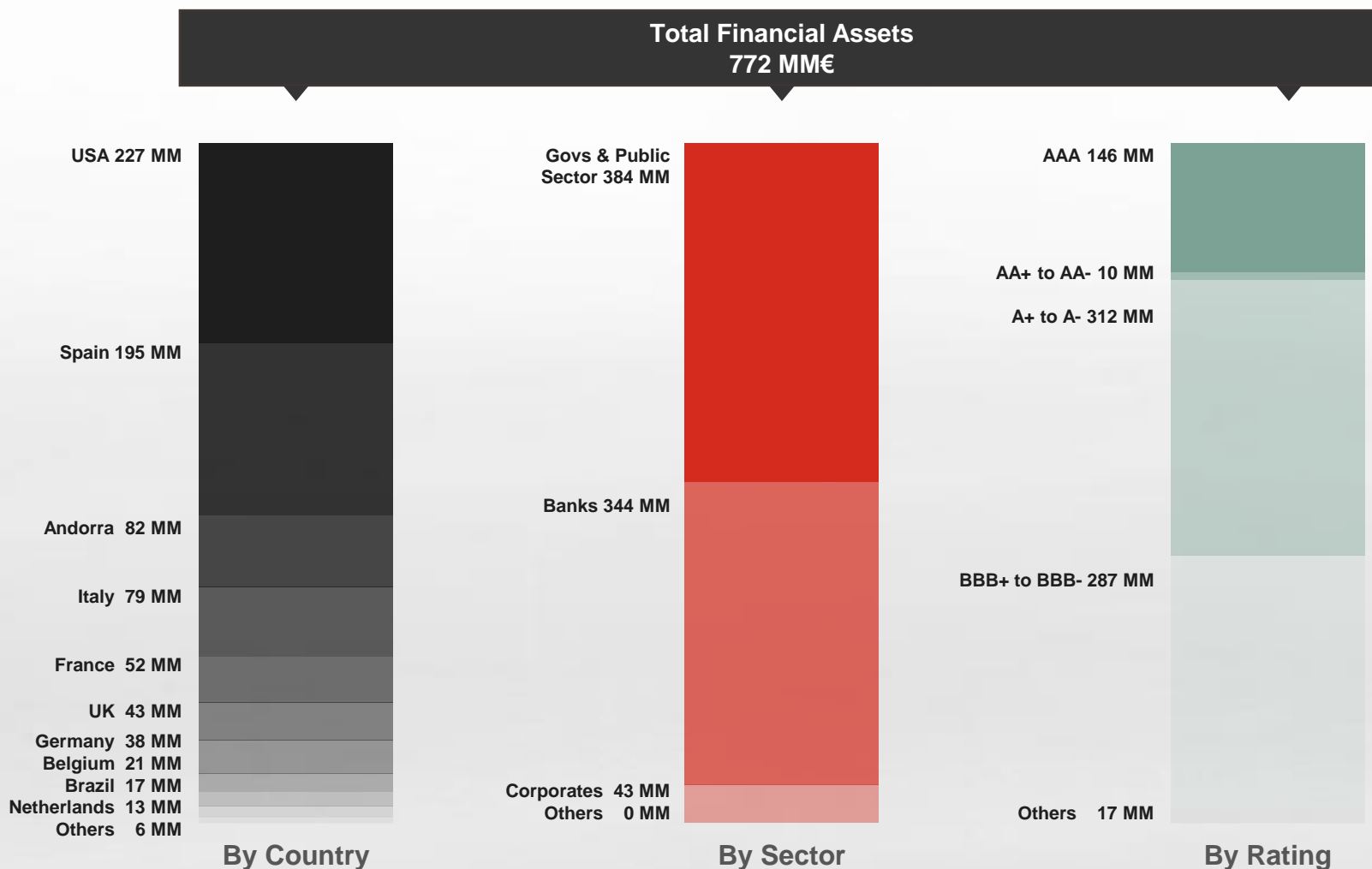
NPL Ratio



Coverage ratio



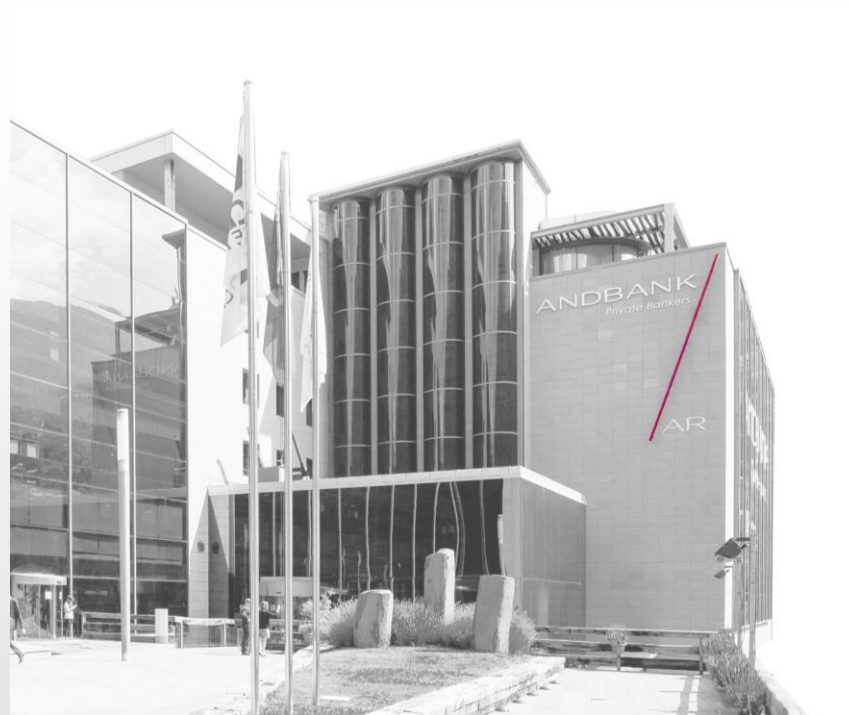
Asset Side – Financial Assets



Andbank FitchRatings




















- April 2020 FitchRatings affirmed Andbank's Long-Term IDR at 'BBB' but changed the Outlook to "Negative" from "Stable" due to the disruption caused by the coronavirus pandemic in Andorra and globally.
- Andbank is the best rated Andorran Bank as international private banking activities should provide greater resilience to earning pressures from the domestic retail and commercial activity.
- The Agency states that Andbank has headroom to emerge from the crisis with its ratings intact.

Long-Term IDR	BBB
Outlook	Negative
Short-Term IDR	F3
Viability rating	bbb
Support rating	5
Support rating floor	NF



	2013	2014	2015	2016	2018	2019	2020
Andorra	A- (Negative)	BBB+ (Stable)	BBB (Stable)	BBB (Positive)	BBB+ (Positive)	BBB+ (Stable)	BBB+ (Stable)
Andbank	A- (Negative)	BBB (Stable)	BBB (Stable)	BBB (Stable)	BBB (Stable)	BBB (Stable)	BBB (Negative)

Supervisory framework

Country	Regulator		
 Spain	<ul style="list-style-type: none">• Banco de España• CNMV		
 Luxembourg	<ul style="list-style-type: none">• CSSF		
 Israel	<ul style="list-style-type: none">• ISA• Ministry of Finance		
 Mexico	<ul style="list-style-type: none">• CNBV		
 Monaco	<ul style="list-style-type: none">• Banque de France⁽		
 Brazil	<ul style="list-style-type: none">• BACEN		
 USA	<ul style="list-style-type: none">• FINRA• SEC		
 Andorra	<ul style="list-style-type: none">• AFA• UIFAND		



www.andbank.com