

Andbank Investor Presentation
June 2021



Table of Contents

- 1. Overview of Andorra**
- 2. Andbank at a glance**

1. Overview of Andorra

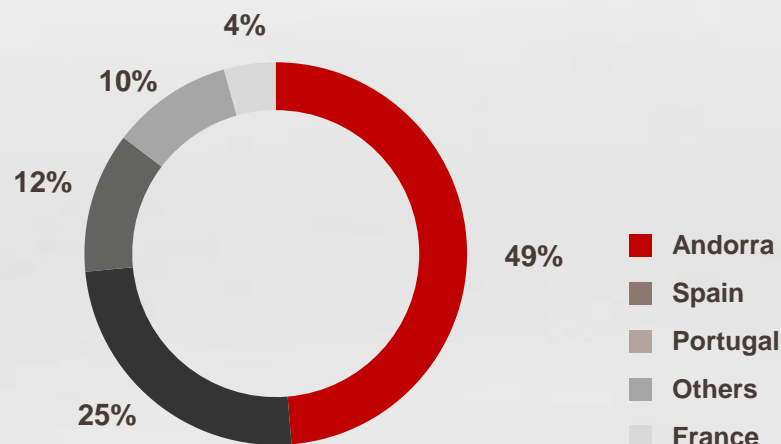
Geographic and demographic information

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 **78.000 people** with strong levels of immigration from **Spain, France and Portugal**.

Andorra is a wealthy economy, with high income per capita - EUR 32,144 in 2020.

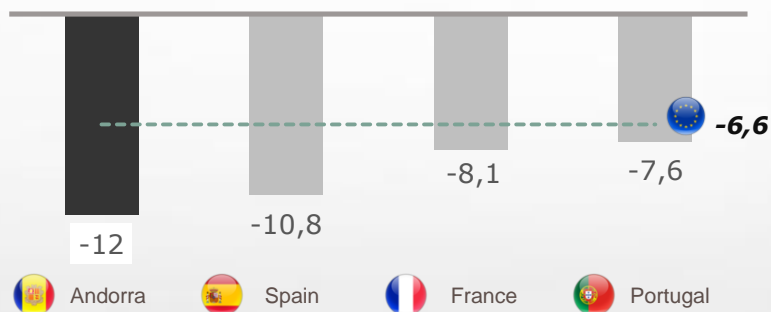
Distribution of the population by nationality in 2020⁽¹⁾



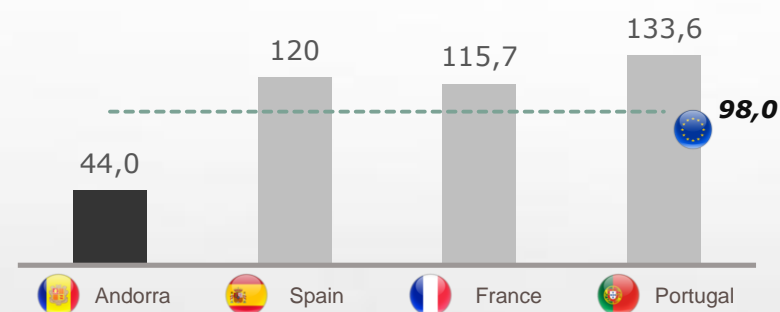
⁽¹⁾ Source: Department of Statistics – Government of Andorra

Key Macro data 2020

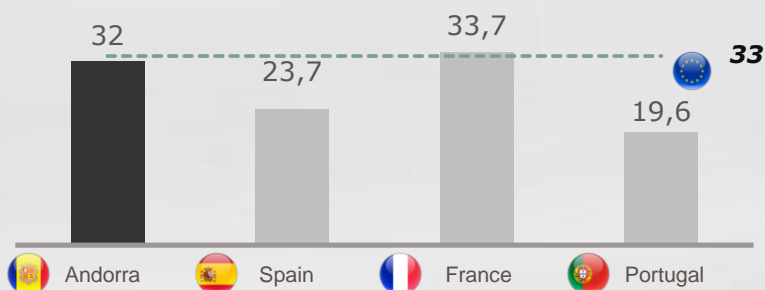
Real GDP growth (%)



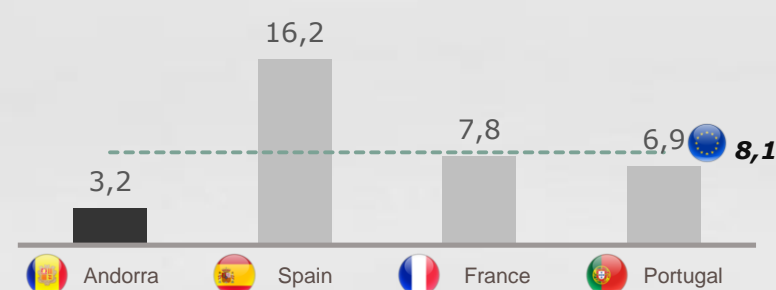
Public debt to GDP (%)



GDP per cápita (EUR k)



Unemployment rate (%)



Key Macro data 2020

Andorra Government Debt 2019 and 2020

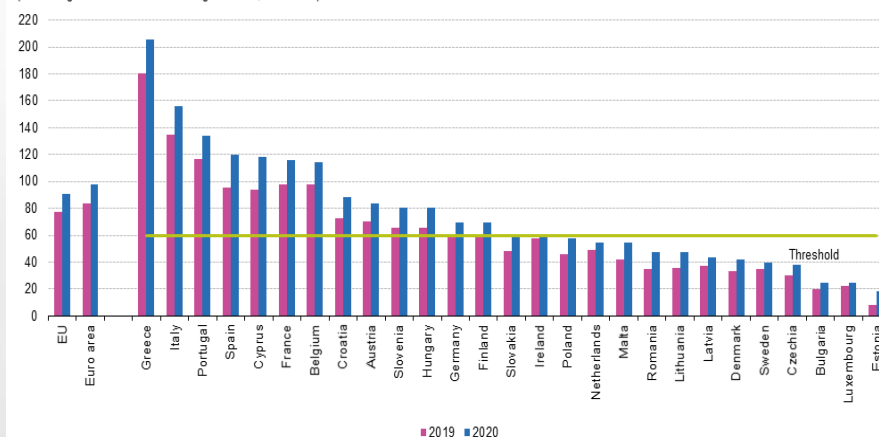
2019	33,7%
2020	44%

Proved fiscal discipline

2014	36%
2015	36%
2016	36%
2017	34%
2018	33%
2019	33%
2020	44%
2021	e 42%

EU Government Debt 2019 and 2020

General government debt, 2019 and 2020 (%)
 (General government consolidated gross debt, % of GDP)



(1) Data extracted on 21.04.2021
 Source: Eurostat (gov_10dd_edpt1)

eurostat

Andorra Ratings

Standard & Poor's Report - April 2020

- January 2021 S&P has affirmed the BBB Rating for Andorra and kept the Outlook Stable.
- S&P believes that Andorra has sufficient fiscal headroom to manage the economic consequences of the COVID-19 pandemic.
- Risks concerning the magnitude of the economic persist, but S&P expects the economy to rebound by 5.0% in 2021 and 2.3% in 2022.
- S&P believes, Andorra's IMF membership, achieved in October 2020, could anchor the country's economic and budgetary policy and contribute to economic resilience.

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

Fitch Report- March 2021

- Latest FitchRatings Report was published March 2021. 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.
- Andorra's fiscal performance during the pandemic has been so far stronger than peers' and expectations. Andorra's record of fiscal prudence underpins Fitch confidence that as the pandemic shock subsides, its debt-to-GDP ratio will return to a downwards trajectory over the medium term.
- Andorra's debut Eurobond Diversifies Funding, Lengthens Debt maturity

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 increased to 44% due to the Pandemic from a very conservative 33,7% in 2019

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 Financieres 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

Since **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.

First exchange of information
took place in **2018**.

International Financial Reporting Standards (IFRS)

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



Regulatory developments & homologation framework

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.

Supranational Agreements

- **UE** Partnership Agreement negotiations 2015
- **OECD** Agreement 2016
- **Council of Europe** Member 2020
- **IMF** Member 2020



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

October 2020 Andorra has become a full IMF Member



EU Partnership Agreement

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

Moneyval – No major news since last 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.

IMF – Member October 2020

Andorra applied formally for membership to the IMF in January 2020 and it became its 190th member in October 2020.

Membership benefits

Membership allows the Andorran government to benefit from IMF policy advice, especially as the country tackles the crisis caused by COVID-19 and develops policies for a sustained recovery. In particular, the country can now receive an annual review or “health check” of its economy by the IMF, tap technical assistance, and access IMF lending if needed.

Andorra can now also attend the IMF-World Bank Spring and Annual Meetings as a full member, where delegates from around the world meet and exchange views on the state of the global economy.



Well managed Covid 19 health crisis

The Covid 19 crisis has revamped hospital capacity
One of the lowest mortality rate in the world, below 1%

Weekly diagnostic tests
2.619 per 100.000

PCR tests
Total 17.786

TMA tests
Total 172.683

Antibody tests
Total 138.590

Dates June 1st 2021. Total cases over total population of 78,000 inhabitants.

- 95% population antibody tested twice.
- Punctual free distribution of antigen tests to all the population.
- 20% population tested weekly (antigen + TMAs)

Fiscal measures to limit the impact on the economy

- The Government put in place a temporary employer / employee relief system (TERS) to maintain existing working positions while helping companies to lighten up structure costs.
- The Government has transferred around 50 mm Euros

First international Public Benchmark Bond Issue

500 MM €

10 years

Cost 1,25%

**Demand
2,5 bn €**

**157
Accounts**

BBB / BBB+

- Covid 19 crisis has been the trigger to refinance current debt
- Traditional Government Funding through Bank Loans & local Bonds
- New format: Sustainability Bonds
- Debt average life: from 2- to 5+ years
- Bookrunners Credit Agricole & Santander, Andbank MTN Dealer

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.
- Vaccination process is well underway with over 40% of the population having received at least the first vaccine dose (June 2021)
- 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

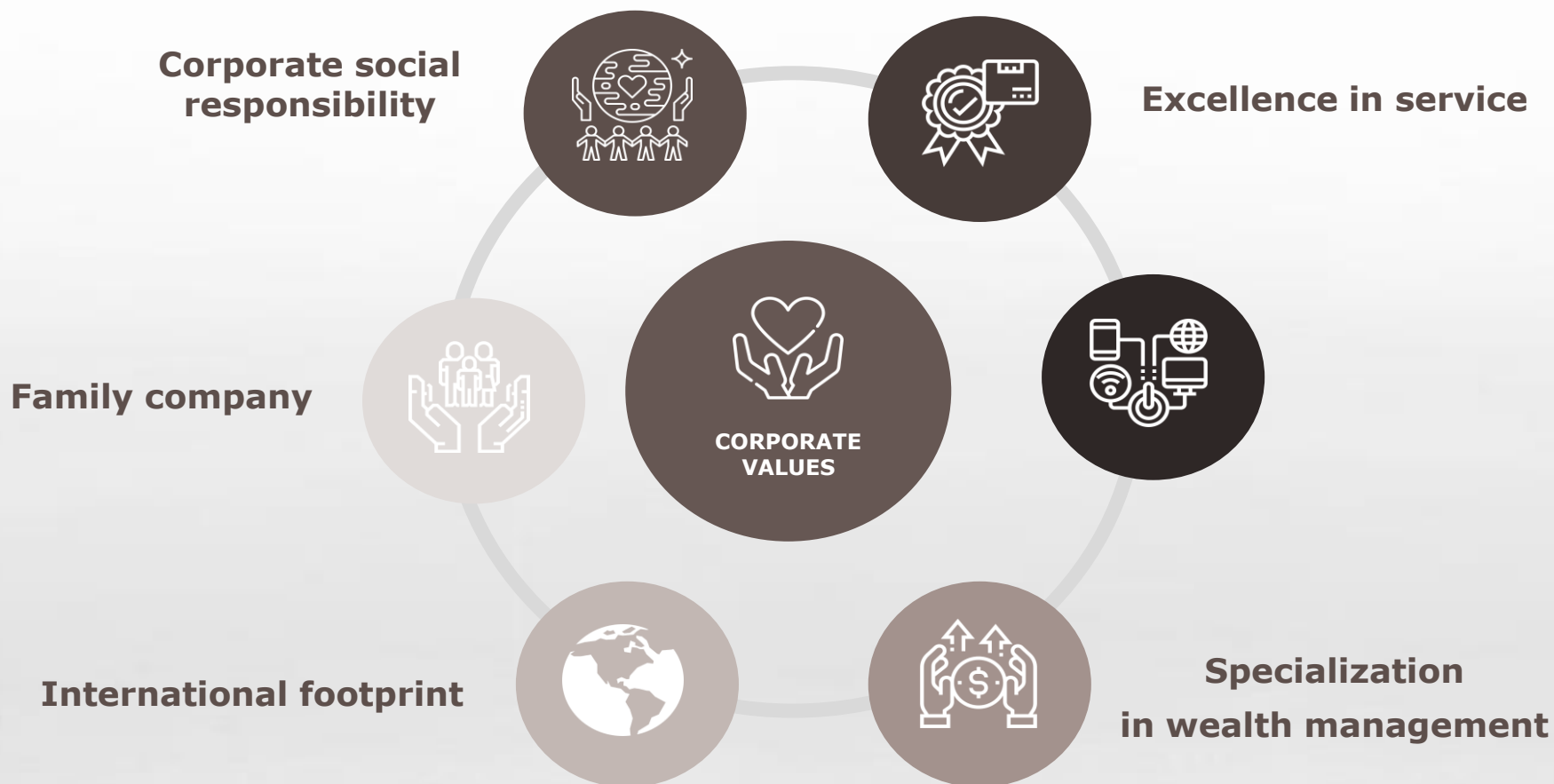
Become a leading player in family-owned Private Banking in Europe and Latin America.

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



2020 Awards and collaborations



Bank of the year



Best Private Bank



Best digital Bank

































Most solvent Bank

Collaboration with

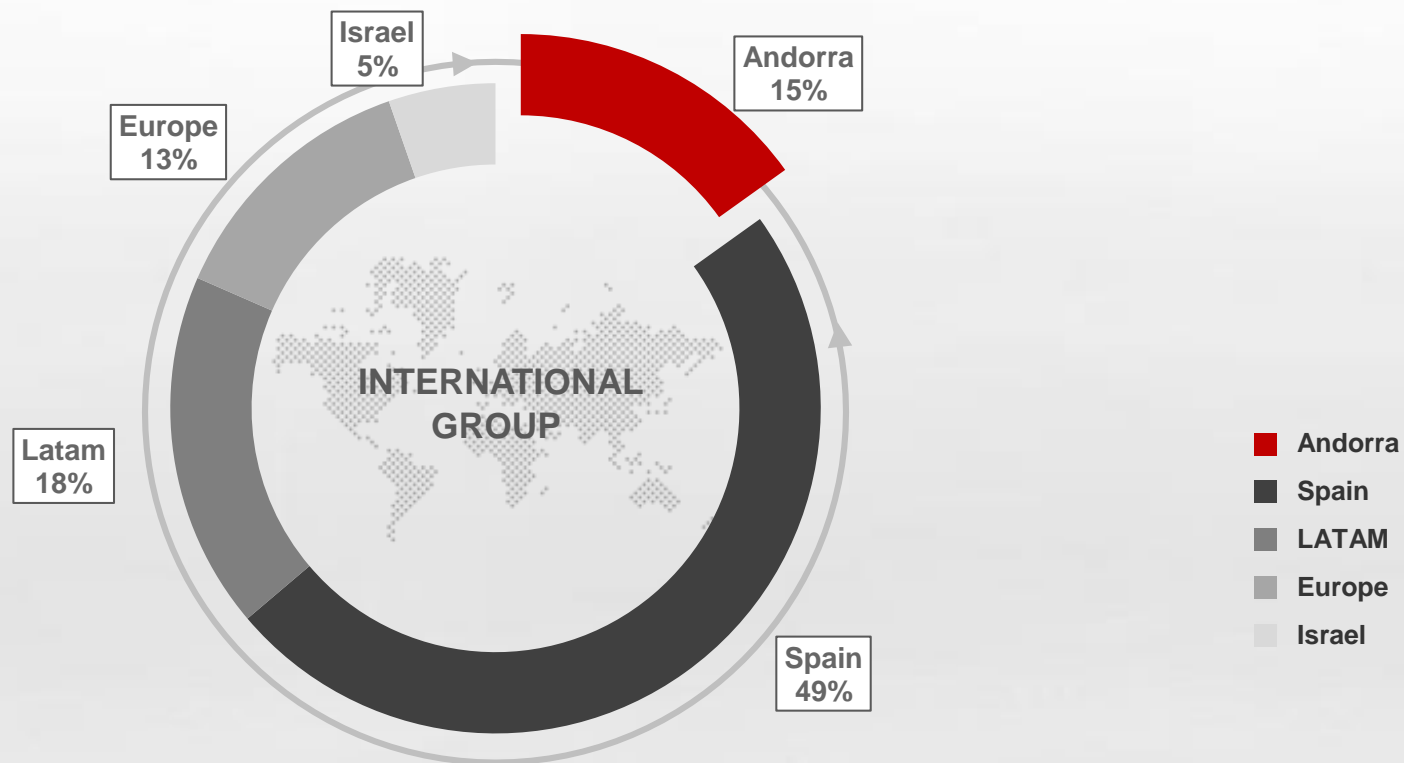


International expansion strategy

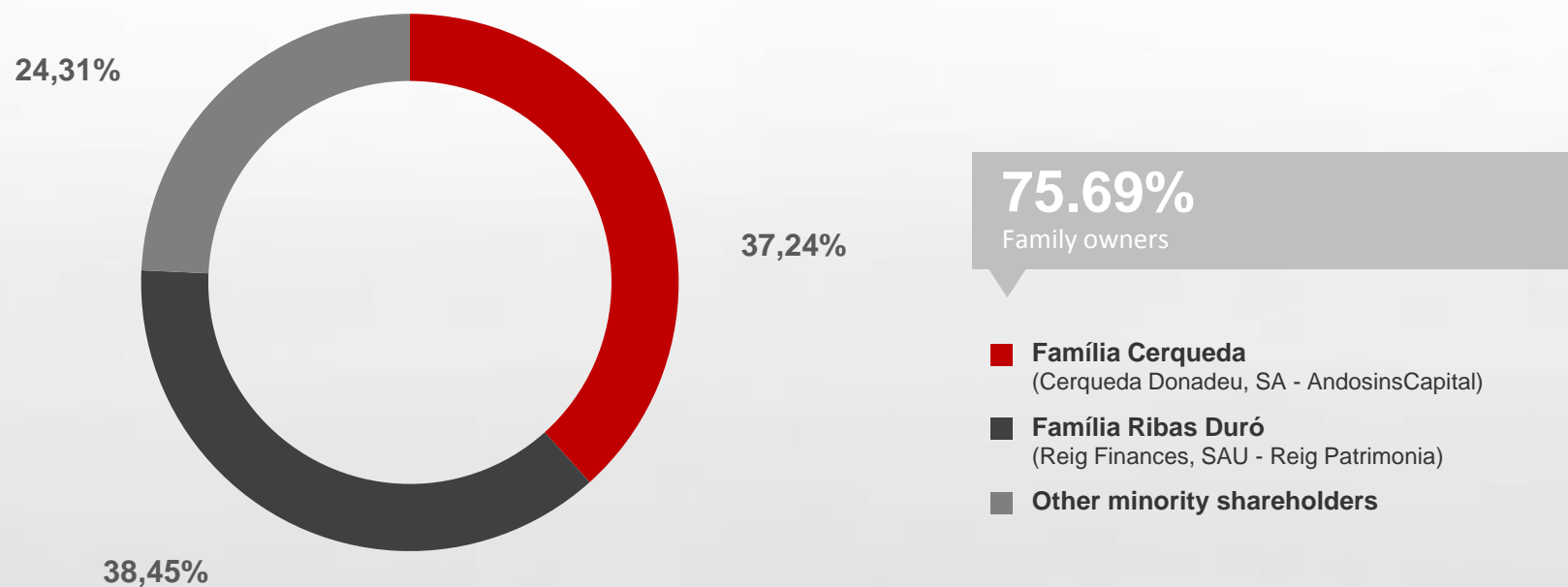
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
<div> Switzerland Investment advisor</div> <div> Bahamas Banking License <u>CLOSED 2018</u></div>	<div> Andorra Merger Agricol & Banca Reig</div> <div> Switzerland Wealth Management and Investment Advisor</div>			<div> Panama Representative Office <u>CLOSED 2019</u></div>		<div> Mexico Representative Office</div>		<div> Mexico Joint-venture in Columbus. Independent Wealth Management Advisor</div>	<div> Panama Banking License <u>CLOSED 2019</u></div> <div> Uruguay Acquisition of Quest. Brokerage Firm</div> <div> Luxembourg Asset Management Company</div> <div> Uruguay Representative Office</div>	
2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<div> Luxembourg Banking License</div> <div> Panama New Broker-Dealer License</div> <div> Miami Broker-Dealer asset Management and Investment Advisor</div>	<div> Monaco Acquisition of Monte Paschi subsidiary (Banking License)</div> <div> Brazil Acquisition of LLA. Asset Management License & Broker Dealer</div> <div> Spain Acquisition of a Brokerage and a Agency Company (Joint-venture with Barcelona Medical Association)</div>	<div> Spain Luxembourg's Bank Branch</div> <div> Miami Membership FINRA Broker-dealer</div>	<div> Spain Banking License</div> <div> Spain Company for Collective Investment Institutions. Andbank Wealth Management</div>	<div> Spain Acquisition of Banco Inversis' Private Banking Division</div> <div> Miami Acquisition of Swiss Asset Advisors portfolio</div>	<div> Brazil Acquisition of Banco Bracce Banking License</div> <div> Uruguay Incorporation of an Investment Advisor and a new Representative Office of Andbank Panamá</div> <div> Israel Agreement for acquisition of Sigma Investment House</div>			<div> Spain Incorporation of Merchbank Asset Management</div> <div> Brazil Agreement with Triar</div>	<div> Brazil Agreement with Capital Investimentos</div>	<div> Spain Acquisition of Bank Degroof Petercam Spain SA</div>

AuMs geographical diversification

Great international private banking and wealth management diversification with more than 85% of AuM booked outside Andorra.



Shareholders structure



Key Figures 2020

26,6 BN€

AUMs

BBB Negative

Fitch Ratings

190% - 151%

LCR / NSFR

29,5 MM€

Net Profit

537 MM€

Core Capital

16,02%

TIER1 Phased in
(15,11 Fully loaded)

5,6%

ROE

13,56%

CET1 Phased in
(12,59 Fully loaded)

13,7%

ROTE

6,3%

Leverage Ratio

3,1%

NPL Ratio

72,9%

NPL Coverage ratio

Solid Balance Sheet

Sustainable growth

AuMs (MM€)

26.567

24.201

Var. +2.4 bn

Dec'20

Dec'19

ROE

5,6%

5,4%

Dec'20

Dec'19

Liquidity

LCR

190%

267%

Var. -77%

Dec'20

Dec'19

LtD

56,00%

56,80%

Var. -0,80%

Dec'20

Dec'19

Capital (Fully Loaded)

TIER1

15,11%

14,95%

Var. +0,16%

Dec'20

Dec'19

CET1

12,59%

12,44%

Var. +0,15%

Dec'20

Dec'19

Asset Quality

NPL ratio

3,10%

2,93%

Var. +0,17%

Dec'20

Dec'19

Ratio de cobertura

72,9%

100,5%

Var. -27,6%

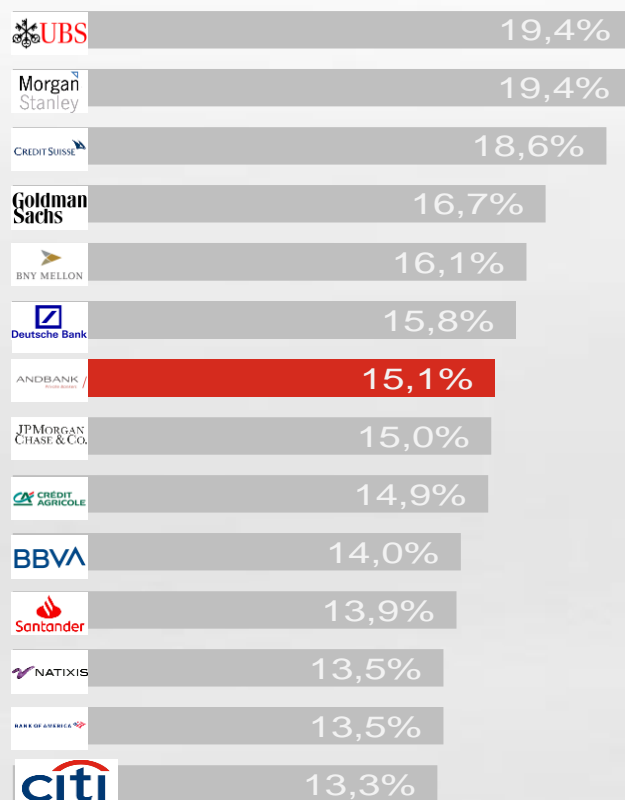
Dec'20

Dec'19

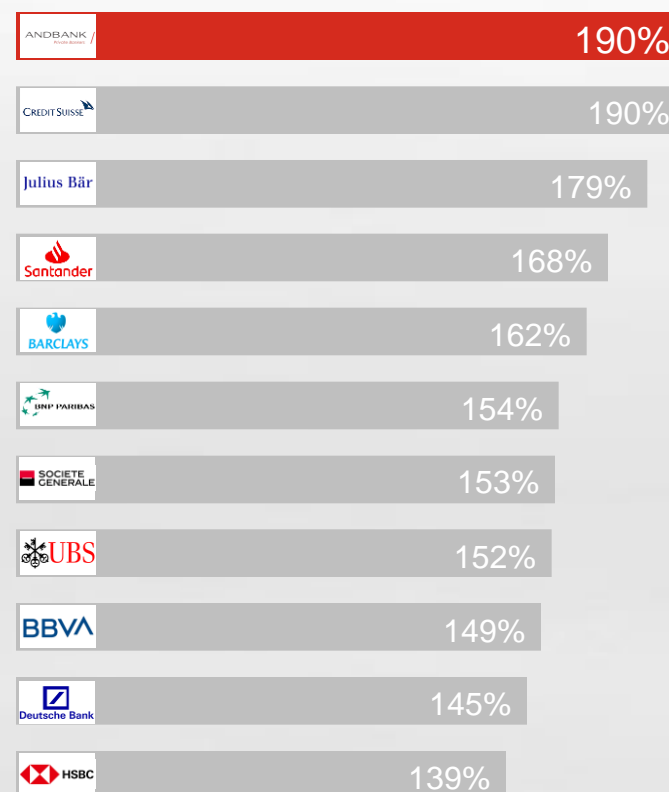
Solvency & Liquidity Position

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

TIER1 2020



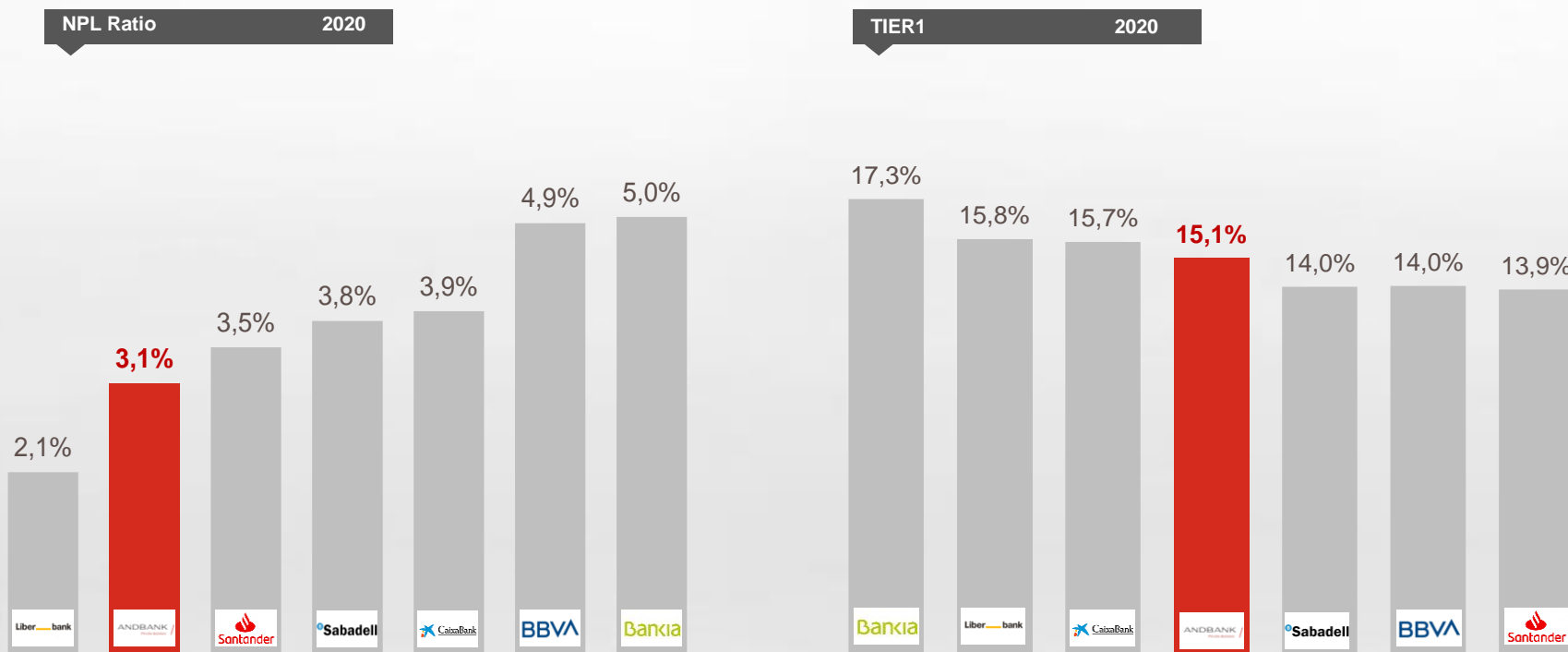
LCR 2020



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.

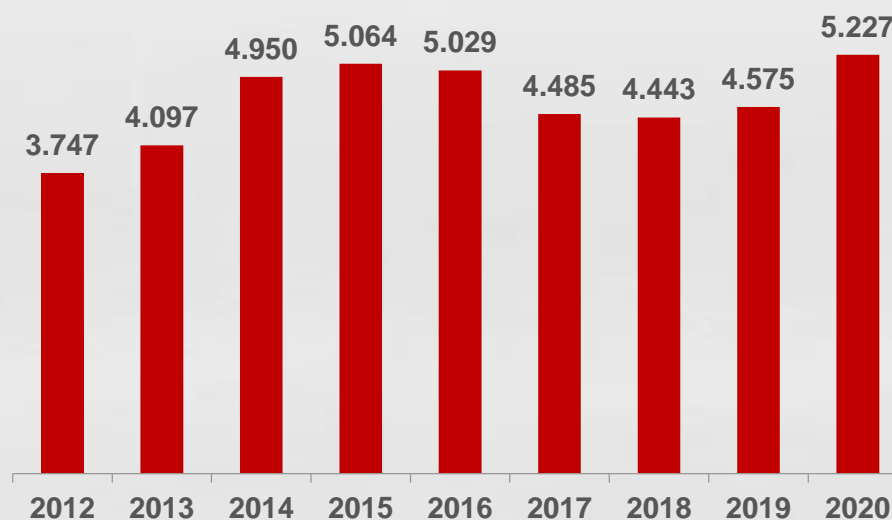


Assets & Liabilities

Assets	2020	2019
Cash, Central Banks & Credit Institutions	1.302	1.059
Investment Securities	1.045	894
Loans & Receivables	2.321	1.990
Tangible & Intangible Assets	420	431
Other Assets	139	187
Total Assets	5.227	4.561

Liabilities	2020	2019
Deposits	3.997	3.283
Debt Securities	374	458
Other	318	297
Capital	538	523
Total Assets	5,227	4.575

Total assets (MM€)



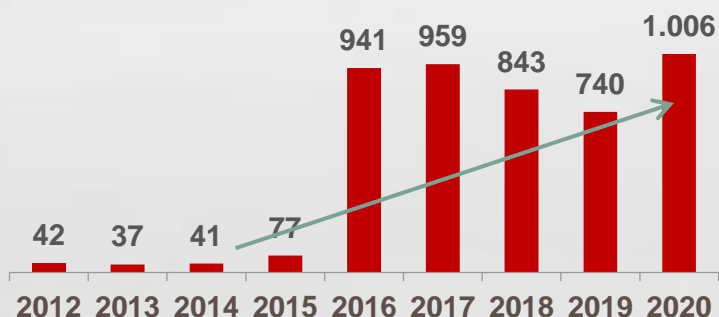
Asset side – Cash & Central Banks vs Banks & Credit Institutions

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

	2013	2014	2015	2016	2017	2018	2019	2020
Cash, Central Banks	37	41	77	941	959	843	740	1,006
Banks & Credit Institutions	580	1.270	1.030	796	702	590	319	296
Total Assets	617	1.311	1.107	1.737	1.661	1.433	1.059	1.302

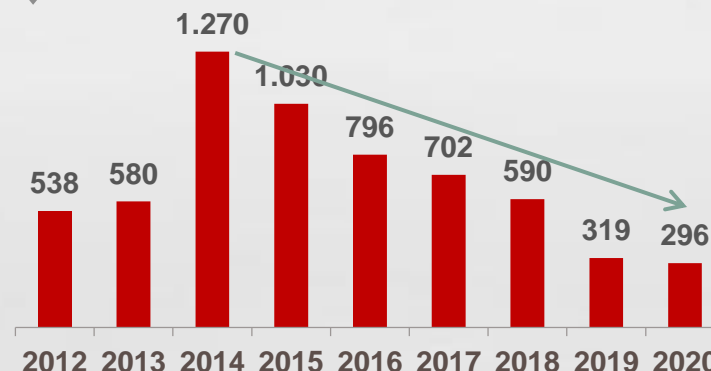
But moving to consolidate efficiency under an overall **high degree of liquidity**.

Cash & central banks (MM€)



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

Banks & credit institutions (MM€)



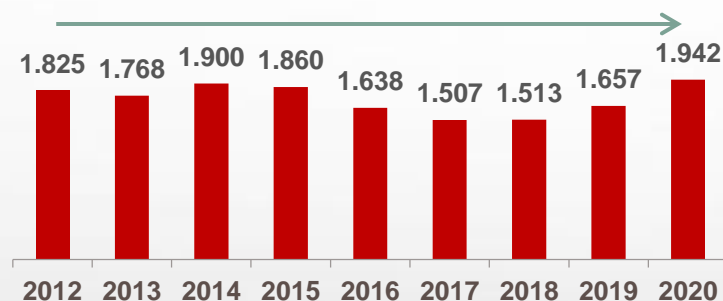
Systemic Risks have been dramatically reduced.

Asset side – Loans & NPLs

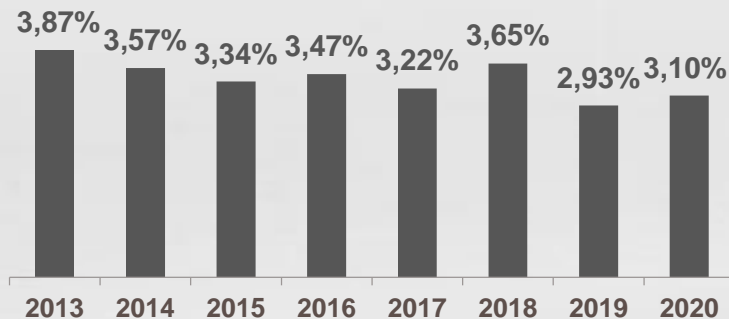
Type of guarantee

	2013	2014	2015	2016	2017	2018	2019	2020
Mortgage	923	801	771	733	629	615	734	1,041
Pledge guarantee	476	731	733	651	649	719	782	766
Personal / Others	369	368	356	254	229	179	141	135
Total	1.768	1.900	1.860	1.638	1.507	1.513	1.657	1.942

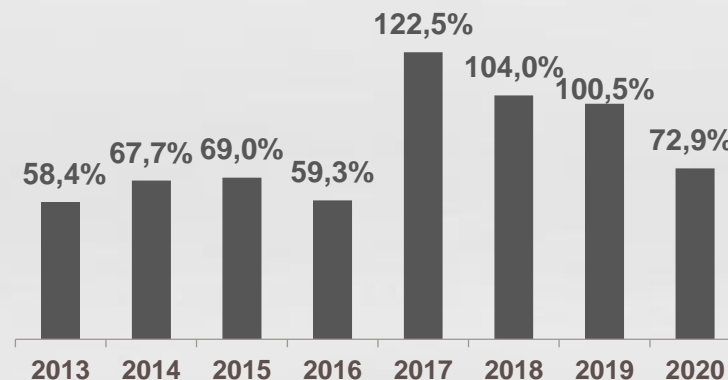
Total loans (MM€)



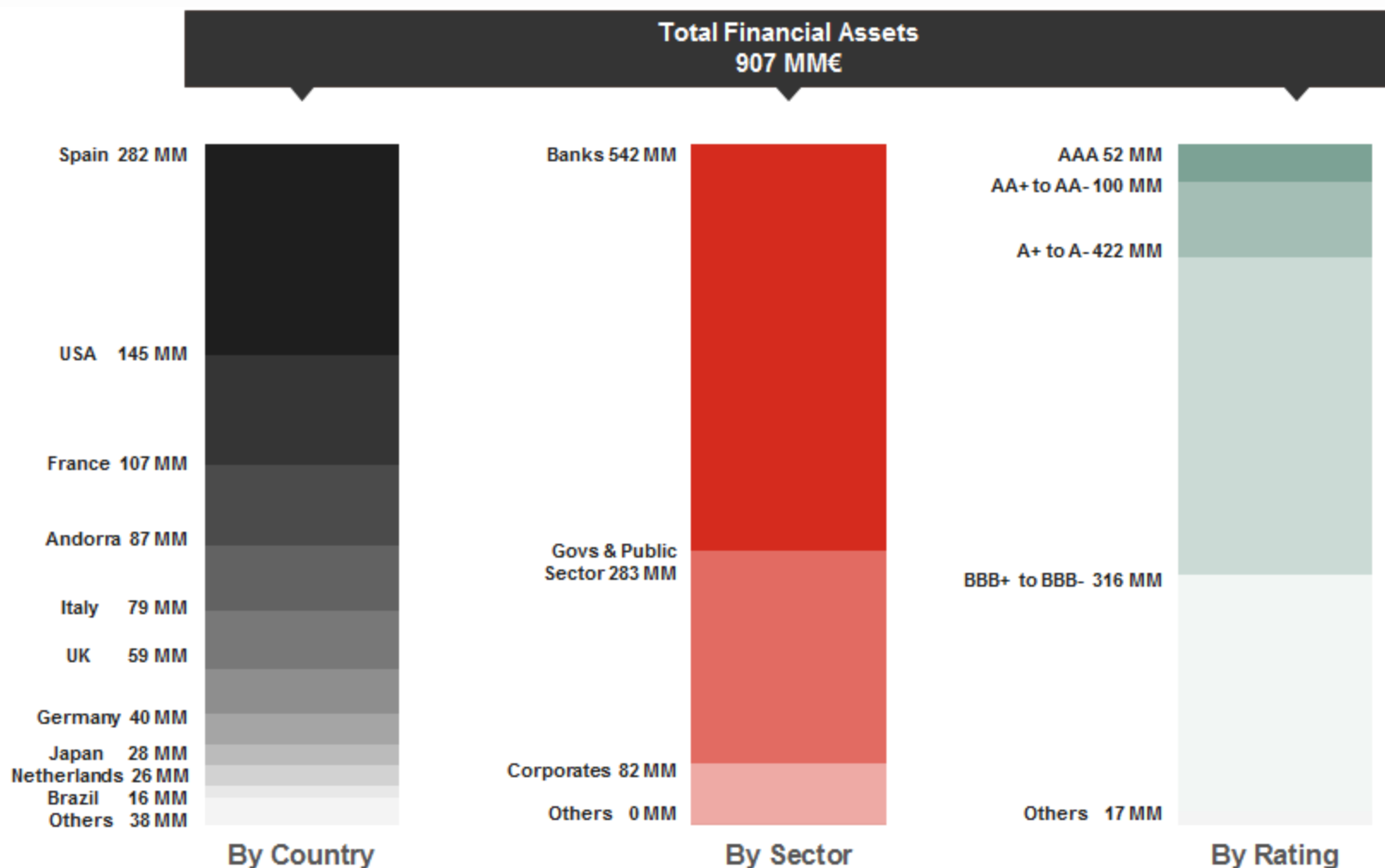
NPL Ratio



Coverage ratio



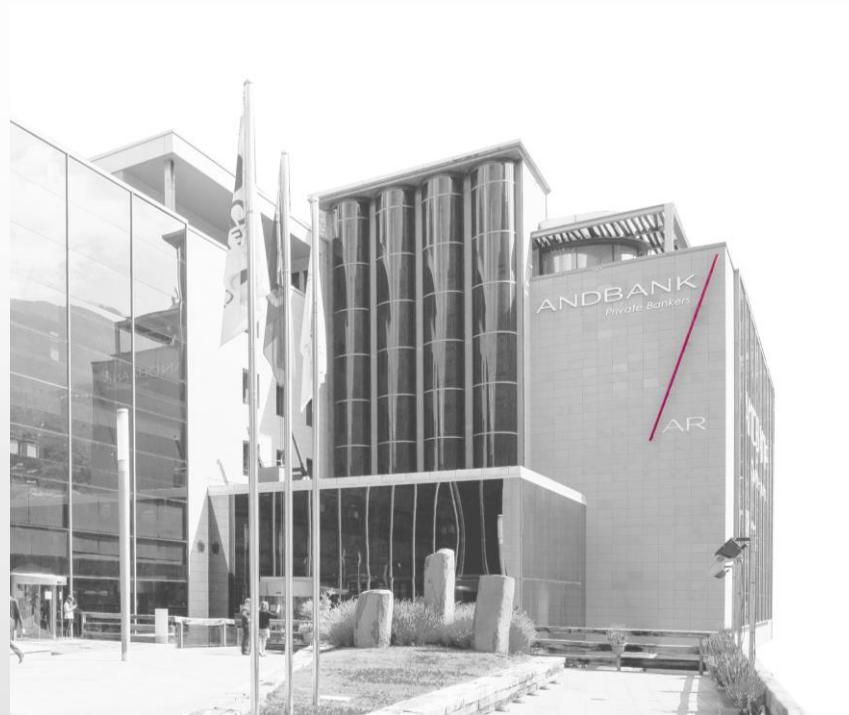
Asset Side – Financial Assets



Andbank FitchRatings – Best Rated Bank in Andorra




















- April 2021 FitchRatings affirmed Andbank's Long-Term IDR at 'BBB' Negative Outlook.
- 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	2021
Andorra	A- (Negative)	BBB+ (Stable)	BBB (Stable)	BBB (Positive)	BBB+ (Positive)	BBB+ (Stable)	BBB+ (Stable)	BBB+ (Stable)
Andbank	A- (Negative)	BBB (Stable)	BBB (Stable)	BBB (Stable)	BBB (Stable)	BBB (Stable)	BBB (Negative)	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