

Andbank Investor Presentation

June 2023

ANDBANK /
Private Bankers



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1. Overview of Andorra

Geographic and demographic information

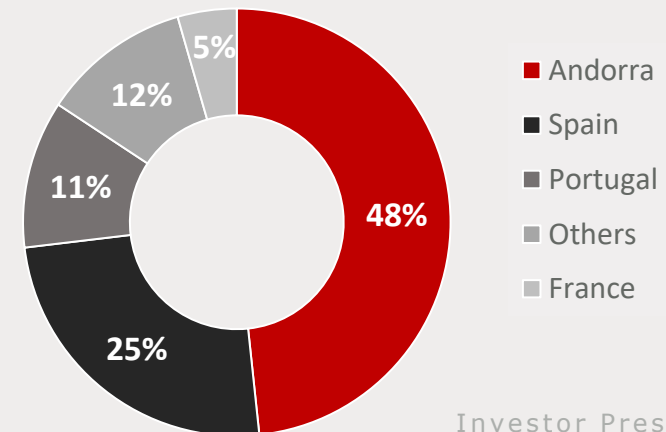


Andorra is an independent European co-principality situated in the southern peaks of the Pyrenees Mountains, bounded by France and Spain. The capital is Andorra la Vella.

The total population is approximately **82.000 people** with strong levels of immigration from **Spain, France** and **Portugal**.

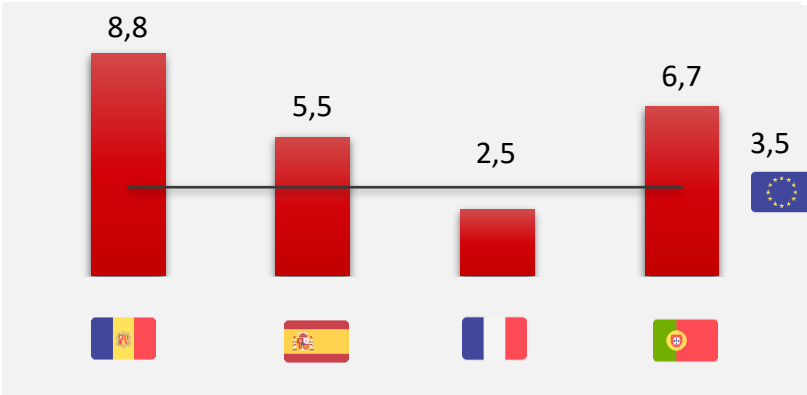
Andorra is a wealthy economy, with high income per capita - EUR 34,304 in 2022.

Distribution of the population by nationality in 2022⁽¹⁾

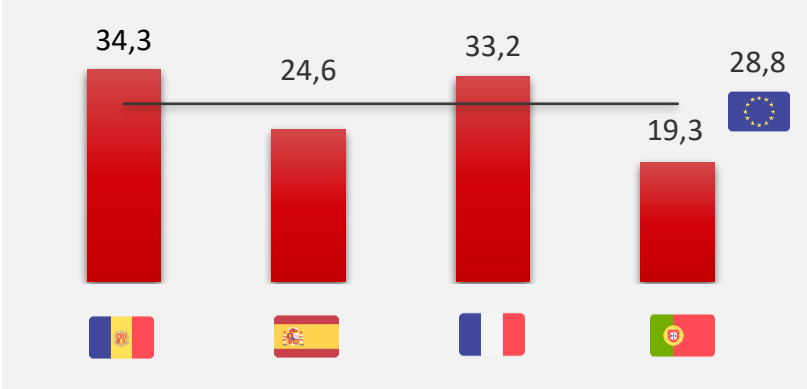


Key Macro data 2022

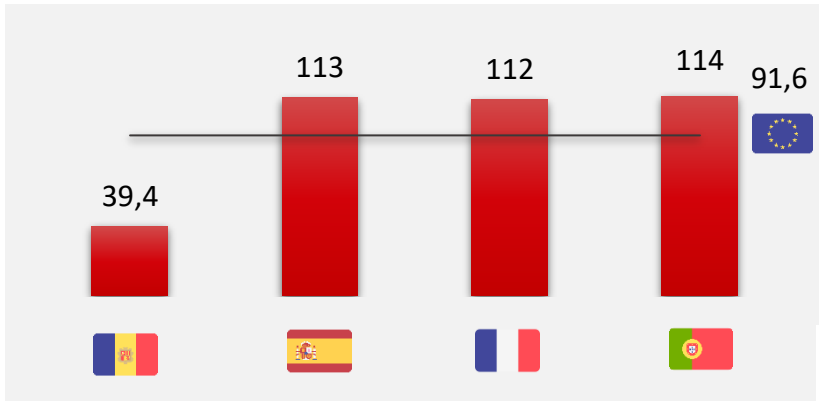
Real GDP growth (%)



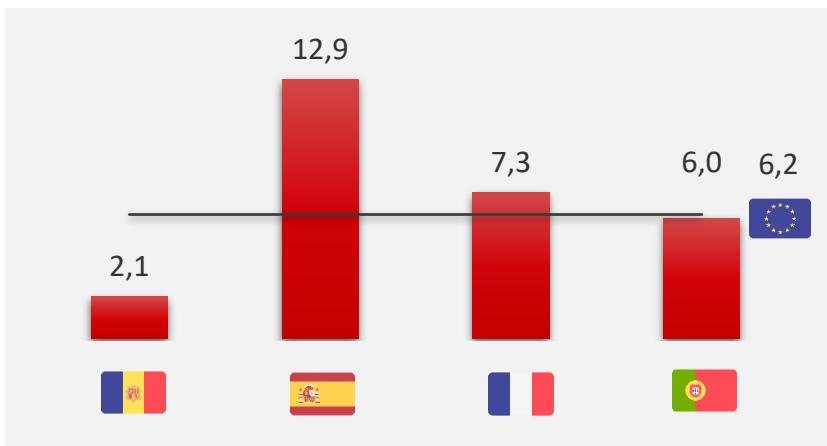
GDP per cápita (EUR k)



Public debt to GDP (%)

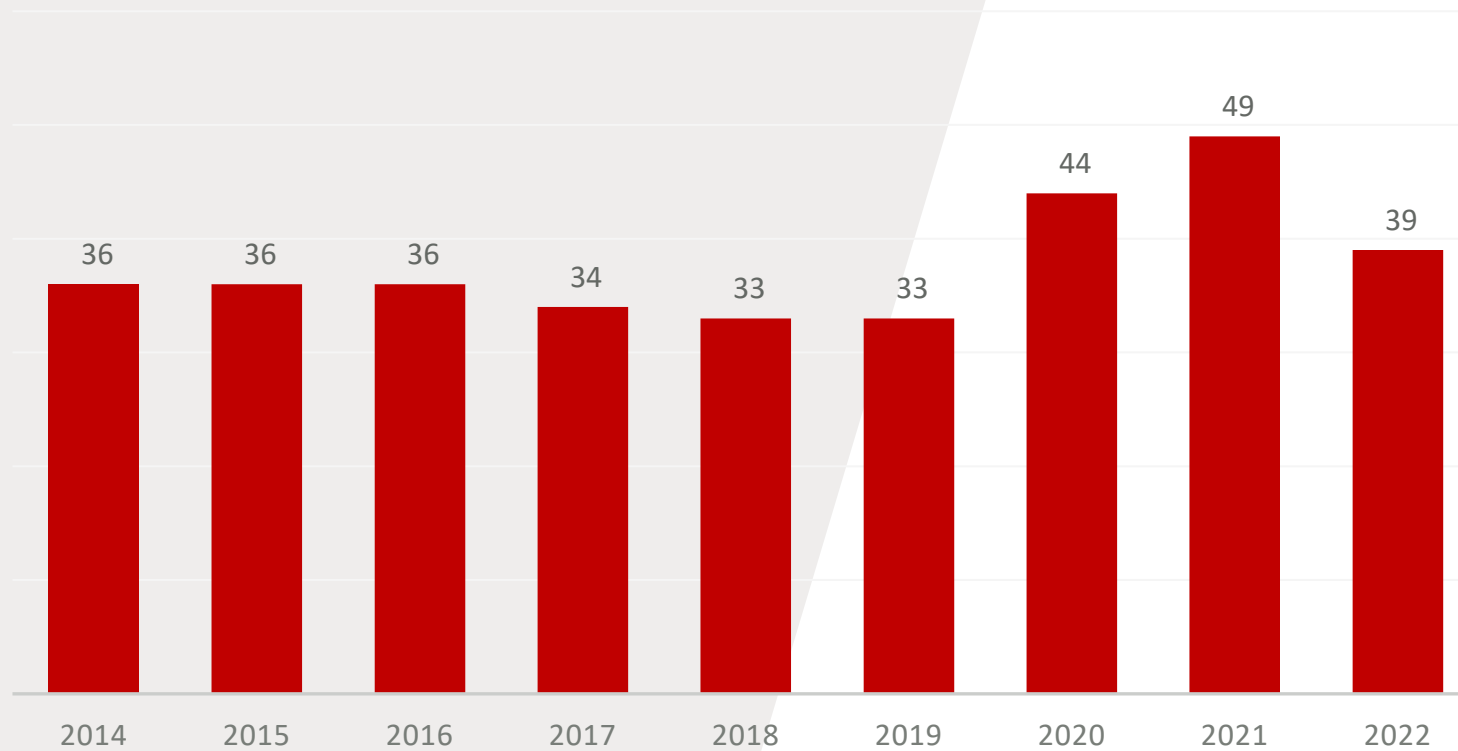


Unemployment rate (%)



Andorra Government Debt to GDP

Proved fiscal discipline, room to face Covid



Andorra Ratings

S&P Report - May 2023 – BBB+ Stable Outlook revised to Positive

- / May 2023 S&P has revised its Outlook on Andorra to positive from stable, BBB+ Rating affirmed.
- / Andorra continues to post twin fiscal and external surpluses.
- / Debt to GDP will remain on a downward path with the general government maintaining a net asset position.

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

FitchRatings Report- April 2023 – Long Term A- Stable confirmed

- / Latest FitchRatings Report has just been published April 2023. It affirms Andorra's Rating at A- and the IDR at A- with a Stable Outlook.
- / The report recognizes Strong Structural Fundamentals, Fiscal surplus, Moderate Government Debt, Low financing costs and Banking sector resilience amongst other factors.

Long-Term IDR	A-
Outlook	Stable
Short-Term IDR	F2

Moody`s Report - July 2022

- / July 2022 Moody`s confirmed the Baa2 long-term issuer rating to the Government of Andorra with a stable outlook.
- / The rating reflects high wealth, solid institutional and governance capacity and robust fiscal metrics.

Long-Term IDR	Baa2
Outlook	Stable

Regulatory framework



Public institutions



Private sector associations

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



AAA⁽¹⁾

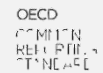


(1) Associació d'Assegurances d'Andorra
(2) Associació d'Entitats Financeres d'Inversió

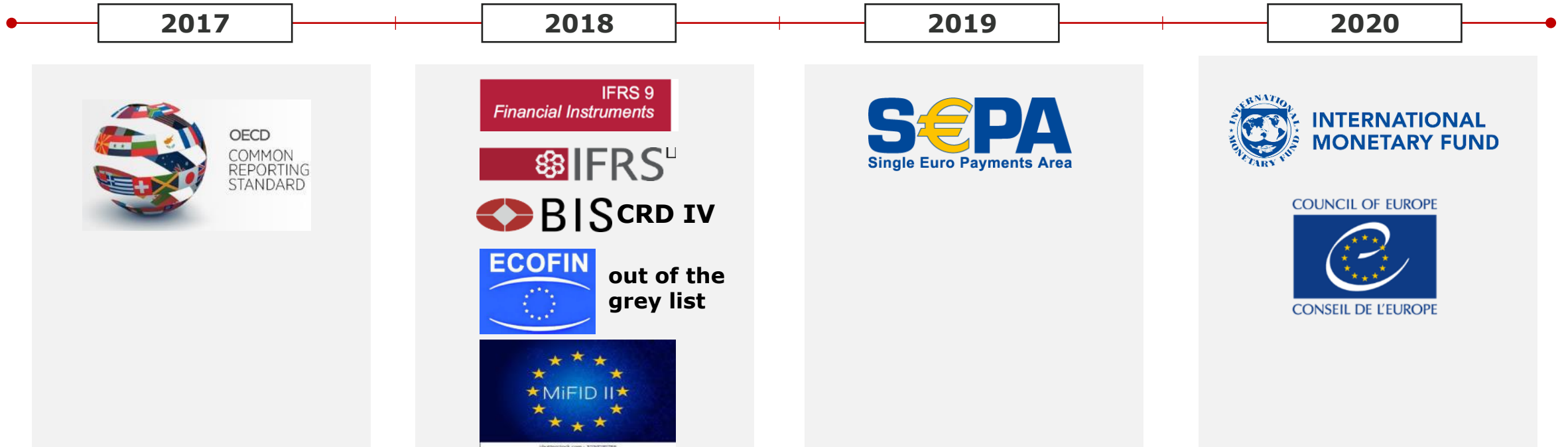


Additional regulatory standards

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



The way to transparency



EU Partnership ongoing negotiations
To be defined soon

Moneyval – Last Annual Report: 2021

Closer to fully compliant

In its follow-up report of Andorra, MONEYVAL noted progress to improve AML/CFT regulation of the non-profit sector and decided to upgrade the respective recommendation.

The follow-up report also assessed the implementation of new international requirements for virtual assets. Andorra has not yet taken sufficient measures to implement of this revised standard, and consequently its rating has been downgraded.

Andorra retains three recommendations (new technologies, powers of law enforcement and international instruments) at the “partially compliant” level and shall report to MONEYVAL in one year.



Basel AML Index 2022

Ranking	Country	Score
115	Australia	3.65 ● ↘
116	Israel	3.63 ● ↘
117	United Kingdom	3.63 ● ↘
118	Denmark	3.56 ● ↗
119	France	3.52 ● ○
120	Norway	3.50 ● ↗
121	Lithuania	3.43 ● ↘

122	Slovenia	3.37 ● ↗
123	San Marino	3.34 ● ↘
124	New Zealand	3.32 ● ↘
125	Iceland	3.31 ● ↘
126	Sweden	3.12 ● ↘
127	Andorra	2.89 ● ↗
128	Finland	2.88 ● ↘

Full Public Debt refinanced 2021 / 2022

1.175 MM €

Tenors
5, 10, 20 years

Average Cost
1,35%

Average maturity
from 1 to 9 years

Great investor
diversification

BBB+ / Baa2 /
A-



Covid 19 crisis was the trigger to refinance existing debt

Traditional Government Funding through Bank Loans & local Bonds

New format: Sustainability Bonds (1.000 MM out of the total 1.175 MM €)

Debt average life: from 1+ to 9 years. First re-financing: 2027

Bookrunners CA, Santander, Citibank, also Andbank, BBVA, Morabanc

2. Andbank at a glance

Andbank at a glance

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

For over 90 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.

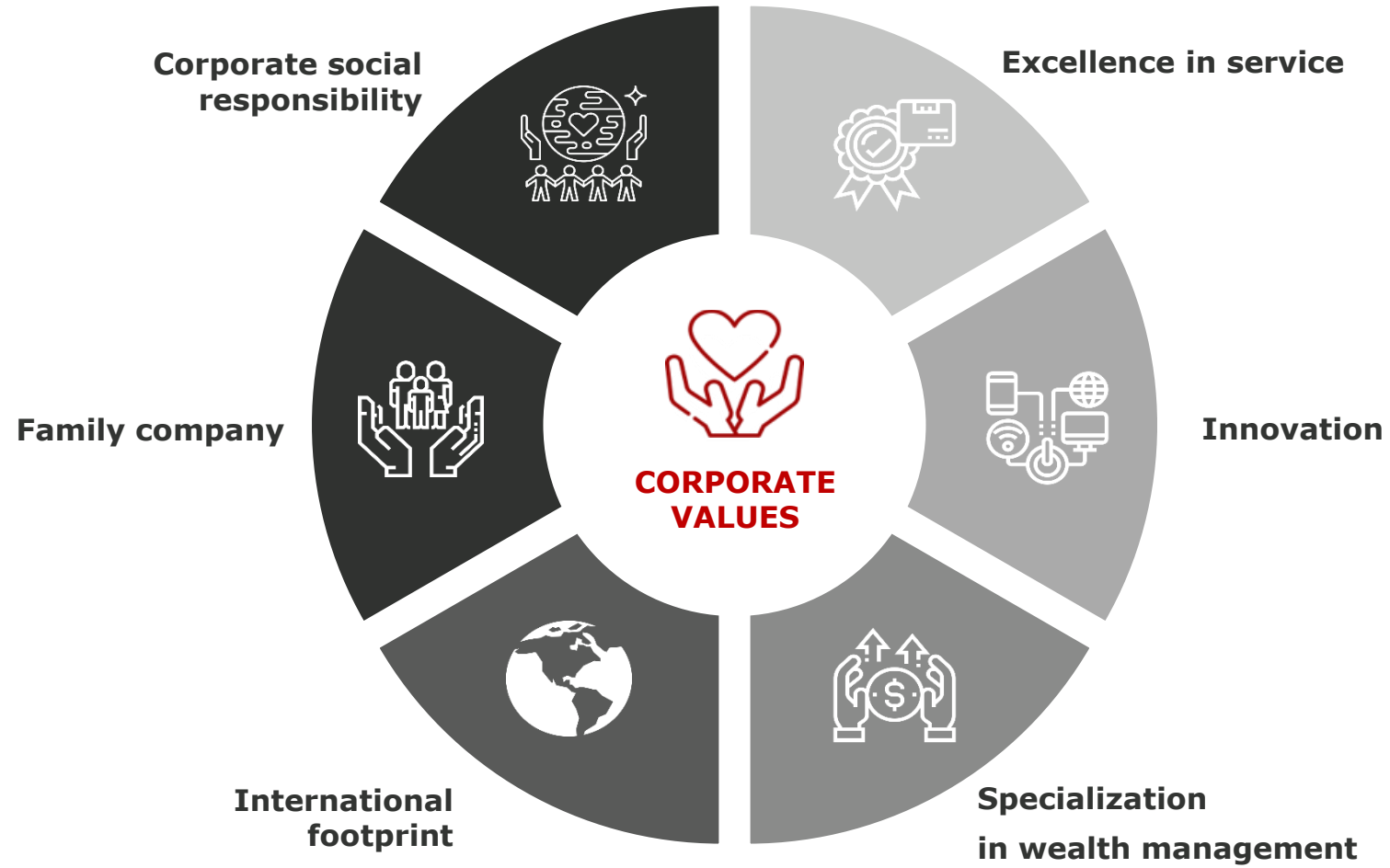
Vision

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

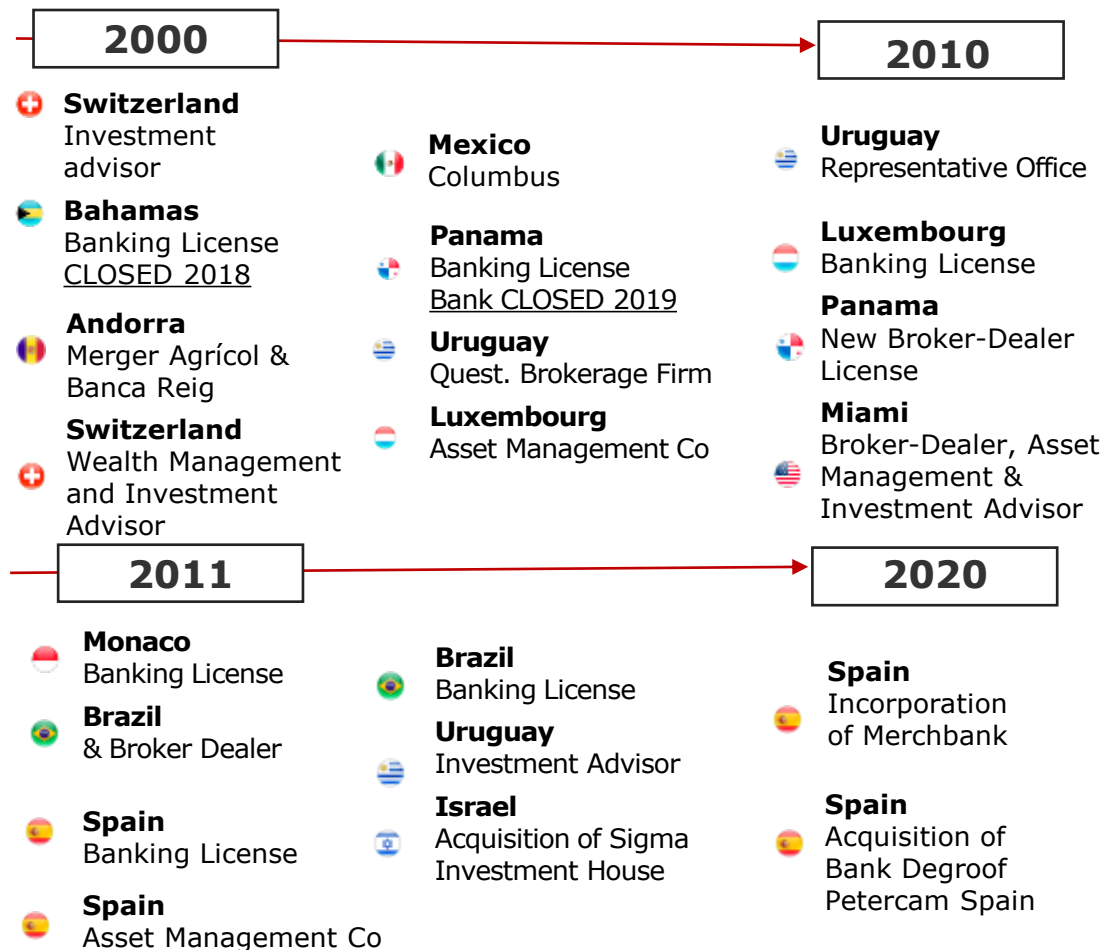
Continue with our on-shore strategy offering wealth management services to clients of the affluent segment and to those of the wealth segment.

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

Corporate Values

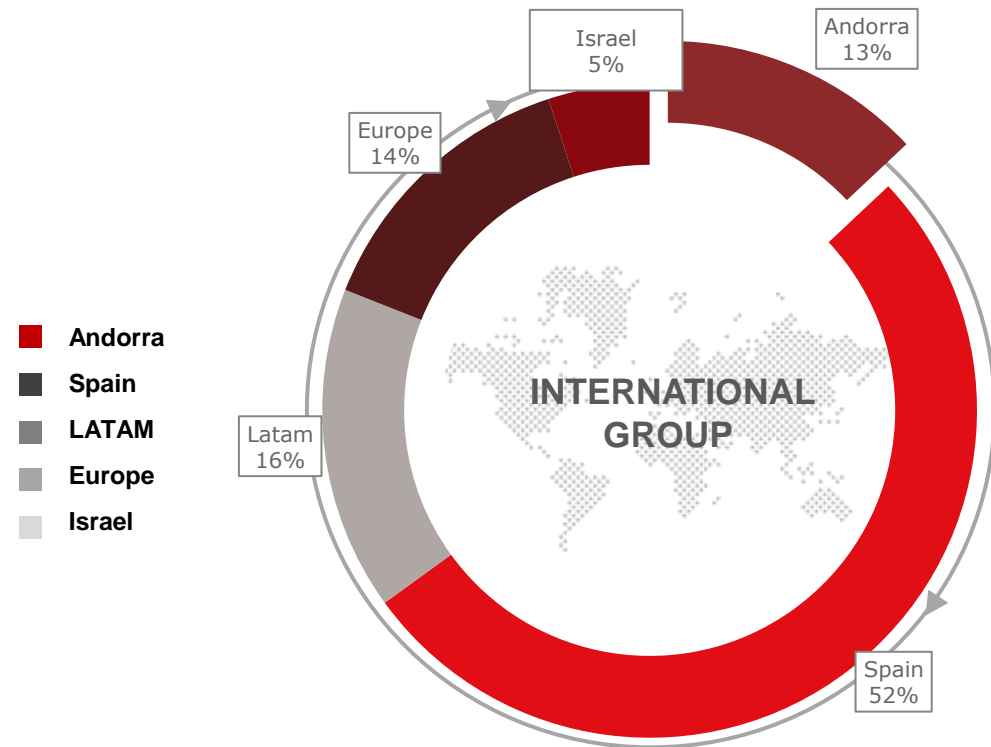


International expansion strategy

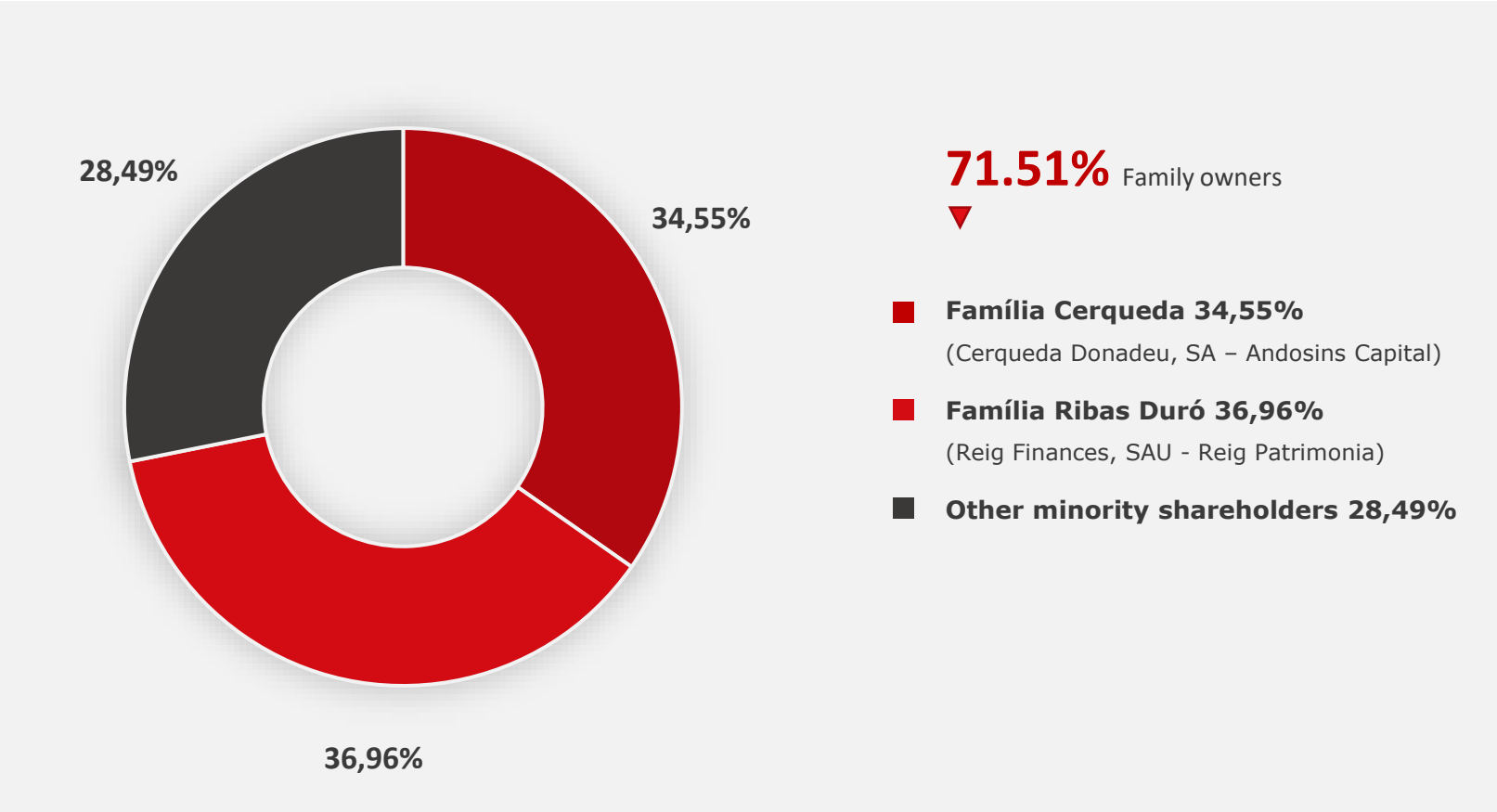


AuMs geographical diversification

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

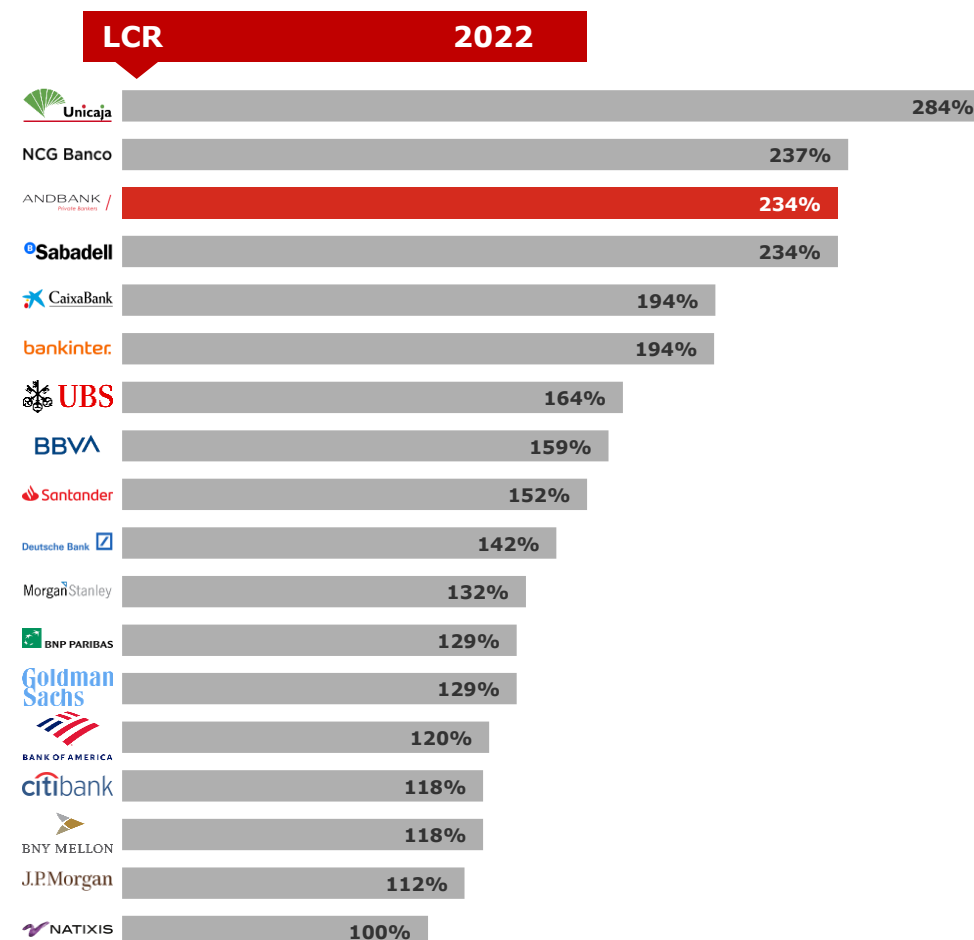
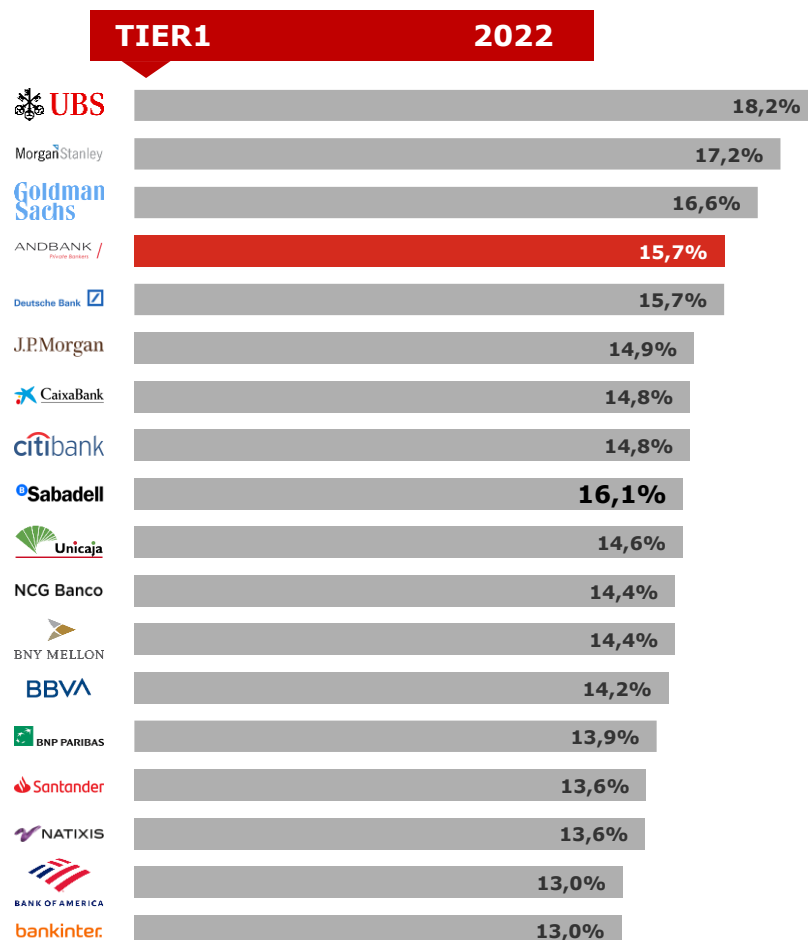


Shareholders structure



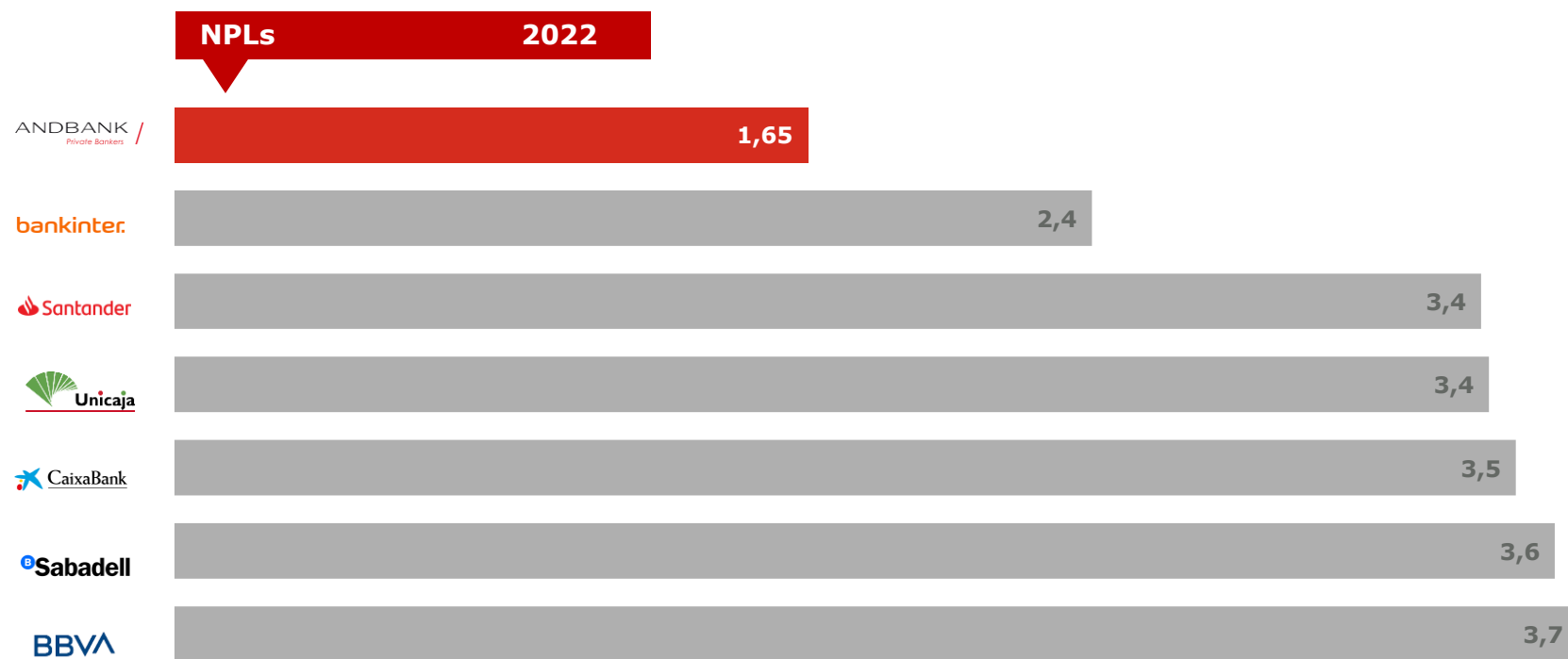
Solvency and Liquidity Position

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



Source: Bloomberg – Updated data 28/04/2023

Non-Performing Loans



Key Figures 2022

31 BN€

AUMs

BBB

Fitch Ratings

30 MM€

Net Profit

607 MM€

Core Capital

5,05%

ROE

11,07%

ROTE

234%-149%

LCR / NSFR

14,32%

CET1

15,71%

TIER1

5,41%

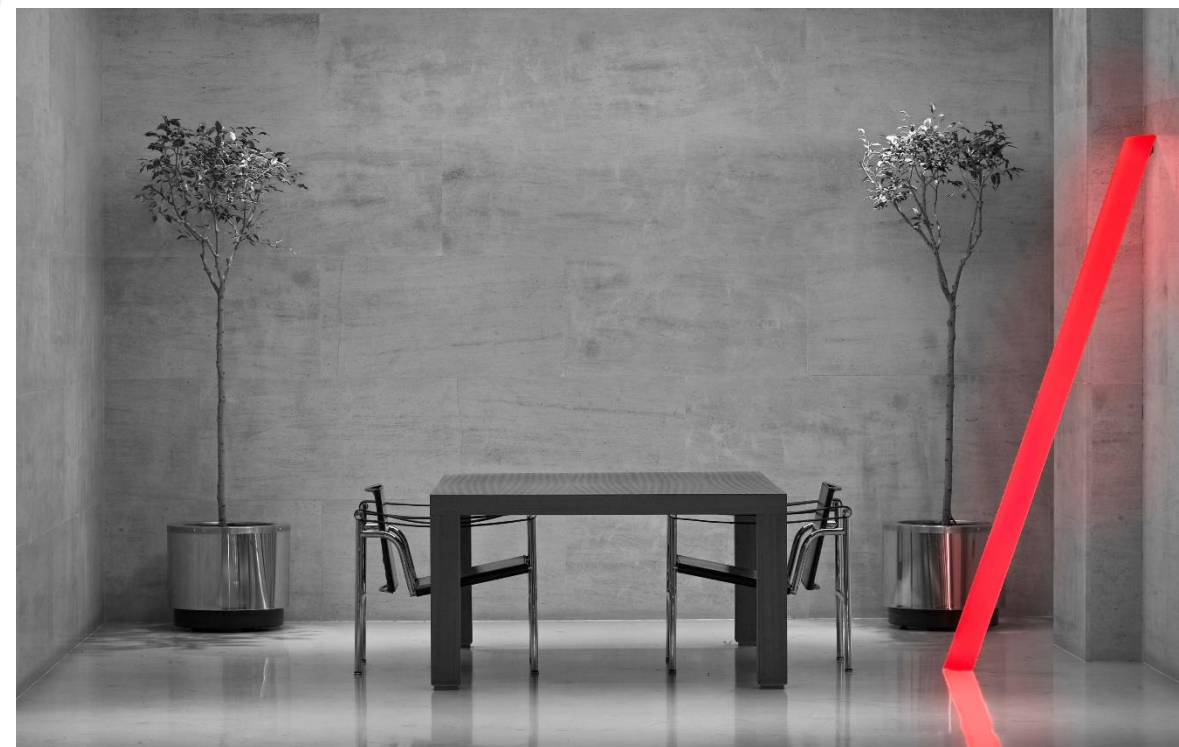
Leverage Ratio

1,65%

NPL Ratio

74,88%

NPL Coverage ratio

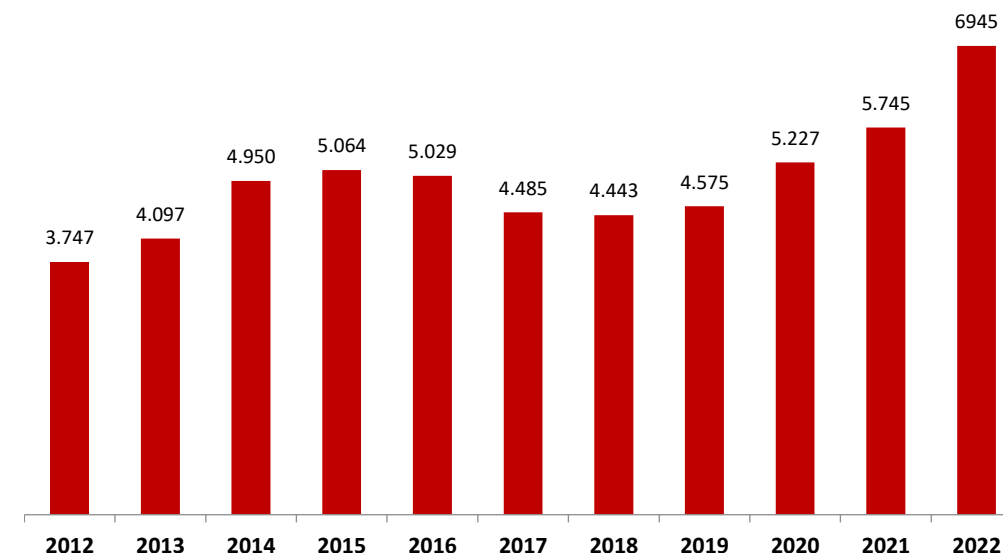


Assets & Liabilities

Assets	2020	2021	2022
Cash, Central Banks, Credit Institutions	1.302	1.079	1.953
Investment Securities	1.045	1.087	1.191
Loans & Receivables	2.321	2.995	3.061
Tangibles & Intangible Assets	420	422	360
Other Assets	139	162	380
Total Assets	5.227	5.745	6.945

Liabilities	2020	2021	2022
Deposits	3.997	4.478	5.540
Debt Securities	374	344	443
Others	318	336	355
Capital	538	587	607
Total Liabilities	5.227	5.745	6.945

Total Assets (MM€)

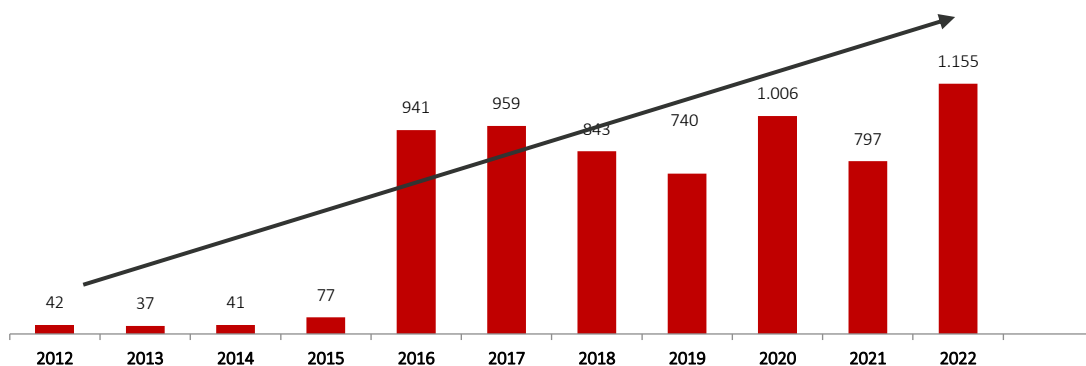


Asset side – Cash & Central Banks vs Banks & Credit Institutions

Andbank has increased liquidity in cash and central banks

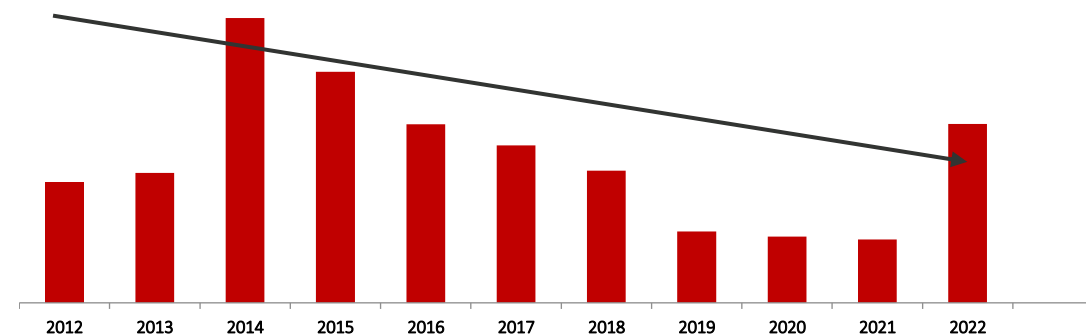
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Cash, Central Banks	41	77	941	959	843	740	1006	797	1.155
Banks & Credit Institutions	1.270	1.030	796	702	590	319	296	282	797
Total Liquidity	1.311	1.107	1.737	1.661	1.433	1.059	1.302	1.079	1.953

Cash & Central Banks (MM€)



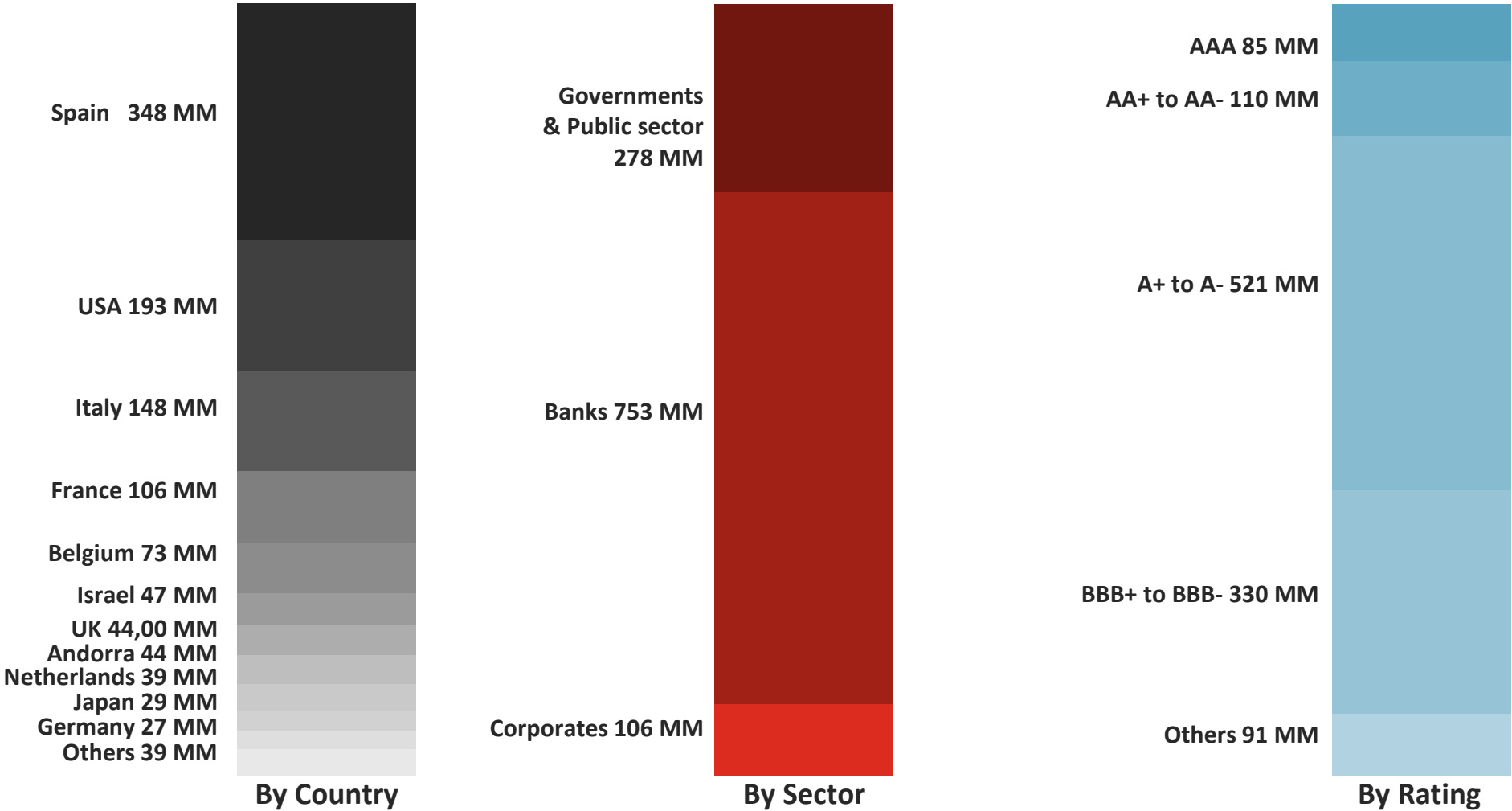
Andbank gained direct access to the ECB through its Banks in Spain, Luxembourg and Monaco.

Banks & Credit Institutions (MM€)



Systemic Risks have been dramatically reduced.

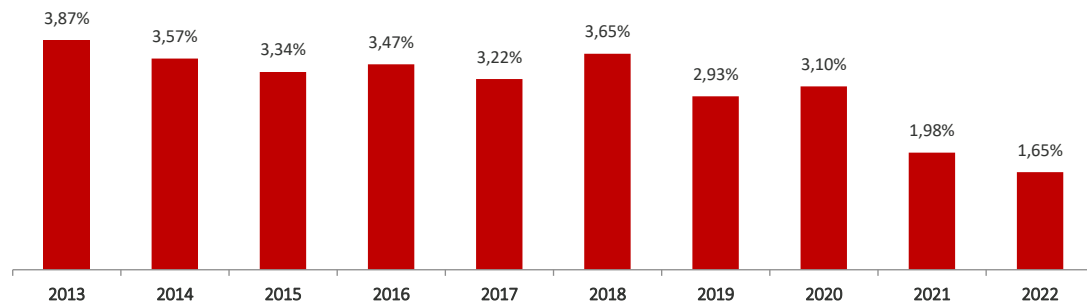
Asset Side – Financial Assets



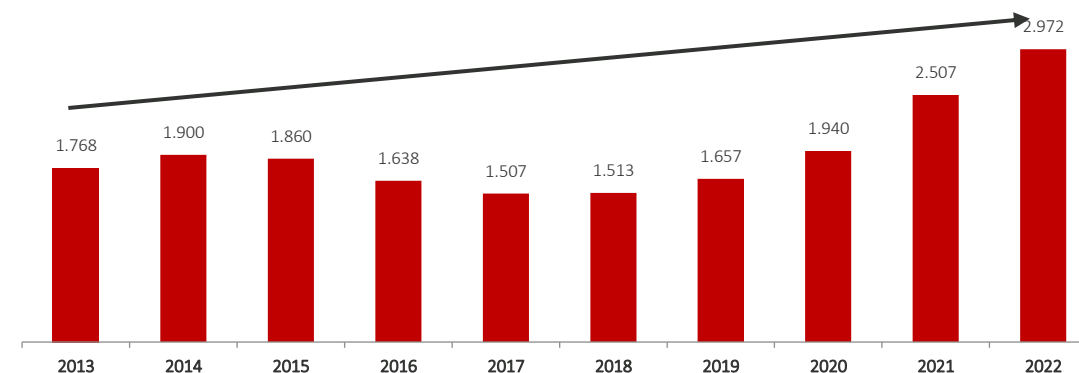
Asset Side – Loans & NPLs

Guarantee	2015	2016	2017	2018	2019	2020	2021	2022
Mortgages	771	733	629	615	734	923	1.148	1.311
Pledge guarantee	733	651	649	719	782	875	1.202	1.486
Personal / Others	356	254	229	179	141	142	157	176
Total	1.860	1.638	1.507	1.513	1.657	1.940	2.507	2.972

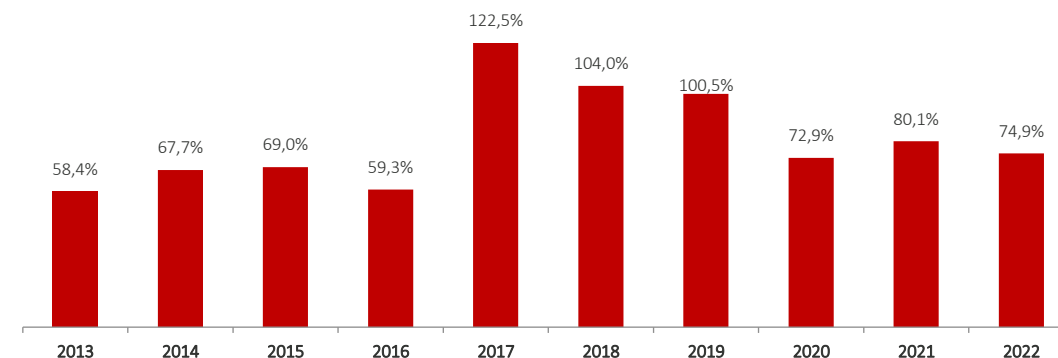
NPL Ratio



Total Loans (MM€)



Coverage ratio



Andbank FitchRatings – Best Rated Bank in Andorra

- / September 2022 FitchRatings affirmed Andbank's Long-Term IDR at 'BBB' Stable 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	Stable
Short-Term IDR	F3
Viability rating	bbb

	2013	2014	2015	2016	2018	2019	2020	2021	2022
Andorra	A- (Negative)	BBB+ (Stable)	BBB (Stable)	BBB (Positive)	BBB+ (Positive)	BBB+ (Stable)	BBB+ (Stable)	BBB+ (Stable)	A- (Stable)
Andbank	A- (Negative)	BBB (Stable)	BBB (Stable)	BBB (Stable)	BBB (Stable)	BBB (Stable)	BBB (Negative)	BBB (Negative)	BBB (Stable)

Supervisory framework

Country	Regulator
 Spain	/ Banco de España / CNMV   
 Luxembourg	/ CSSF 
 Israel	/ ISA / Ministry of Finance 
 Mexico	/ CNBV 
 Monaco	/ Banque de France  
 Brazil	/ BACEN   
 USA	/ FINRA / SEC  
 Andorra	/ AFA / UIFAND  



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