

FITCH AFFIRMS CRÈDIT ANDORRÀ'S RATING AT 'BBB-' AND HIGHLIGHTS ITS STRENGTH AND IMPROVED PROFITABILITY

- The ratings agency upgrades the outlook to stable as a result of growth and improved profitability following the merger with Vall Banc.
- The report highlights the bank's adequate capitalisation and its sound liquidity.

Andorra la Vella, 28 September 2022

Fitch Ratings has affirmed Crèdit Andorrà's long-term rating at 'BBB-' and upgraded the outlook to stable. The agency viewed the completion of the Vall Banc merger and the operational integration of both banks very positively, emphasising the fact that Crèdit Andorrà's "strong position in Andorra will be further strengthened by Vall Banc's acquisition, which will result in enhanced domestic market shares and an improved earnings generation capacity". The report also highlights the bank's "adequate capitalisation" and its sound liquidity.

The rating reflects Fitch's view that Crèdit Andorrà will continue to improve its profitability thanks to the acquisition of Vall Banc, organic growth in business volume and the positive trend in interest rates. The agency also underlines the bank's leading Andorran retail- and private-banking franchise, which is further strengthened by the acquisition of Vall Banc. Moreover, the rating underscores the consolidation of the international private-banking business, mainly in Luxembourg, Spain and Miami, the profitability of which complements the domestic franchise.

The ratings agency's assessment has also taken into account the good outlook for Andorra's economic and financial environment, which led to Fitch upgrading the country's rating to 'A-' with a stable outlook. Fitch also viewed as positive for the Andorran banking system the bill proposed by the Government for the creation of foreign-exchange reserves and the financial system's access to assistance in the form of emergency liquidity to mitigate the lack of a lender of last resort.

Xavier Cornella, CEO of the Crèdit Andorrà Group, stated that "the fact that Fitch has affirmed our rating and upgraded the outlook to stable confirms that we are stronger today, and that our leadership, following the acquisition of Vall Banc, is consolidated in the Andorran financial market. This rating endorses our strategy to continue growing alongside our clients and alongside Andorra".

FOR MORE INFORMATION

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