

CRÈDIT ANDORRÀ GROUP CONSOLIDATES ITS POSITION AS THE LEADING BANK IN THE ANDORRAN MARKET AND ACHIEVES PROFITS OF 65 MILLION EUROS IN 2016

- Despite the difficult situation in 2016, total business volume was 15.885 billion euros, and assets under management totaled 13.068 billion euros.
- The Group paid special attention to adapting to international cooperation and transparency standards.
- The bank maintained its commitment to the country, with loan investment of 2.817 billion euros and 2.67 billion euros allocated to social actions

Andorra la Vella, 23 June 2017

At the close of 2016, a complex year that saw change and restructuring of the international financial system and adaptation to a new regulatory framework, Crèdit Andorrà Group held its ground in terms of its key figures, while strengthening positions in its internationalization process. Crèdit Andorrà Group's consolidated balance sheet as of 31 December 2016 shows total business volume of 15.885 billion euros of which 13.068 billion corresponds to assets under management and 2.817 billion to loan investment.

In this context of change in the environment and in the regulatory framework, Crèdit Andorrà Group has complied with requirements to adapt to the new regulatory framework (IFRS, Basel III, Monetary Agreement) for cooperation and transparency and automated exchange of fiscal information, by adapting its services and processes to international standards to compete on equal footing with the rest of the financial world's positions. Despite the challenge posed by the new regulatory framework in the sector, the Group's consolidated net profit was 65 million euros.

Total operating income was 239.33 million euros which, in a historically low interest rate environment, shows the capacity of the Group's business model to consistently generate results from its ordinary activities.

These results are bolstered by a high solvency ratio, 21.72% (more than double the minimum required by law of 10%), and a liquidity ratio of 59.03% (the legal minimum is 40%). These indicators are testament to the Group's good management, which has a low-risk profile and a policy of continuous organic strengthening of capital.

The Group's equity at year-end 2016 stood at 654 million euros, which will enable us to continue to enjoy a level of capitalization sufficient to ensure sustained growth. Crèdit Andorrà has the best level of capitalization in the Andorran financial sector.

Crédit Andorrà's CEO, Josep Peralba, underscores, "We have been able to maintain our figures and consolidate our positions in a particularly complex year, which demonstrates that our business model is working well in Andorra, Europe and America. The core principles of our management approach as a leading Andorran bank are good governance, responsibility and customer service."

Group Activities

At year-end, the Group was present in 11 countries in Europe and America, with 880 employees (up 8.24% from 2015), of which 510 work in Andorra (a 6% increase).

In 2016 the Wealth Management project was expanded in Europe with the opening of a branch office of the Luxembourgian Banque de Patrimoines Privés and a Banco Alcalá office in Valencia. Banque de Patrimoines Privés and Banco Alcalá closed the year with outstanding solvency ratios of 34.19% and 42.96%, respectively.

As for America, internationalization was consolidated by hiring expert talent in territorial diversification, resulting in a 9.6% increase in business volume. In Panama, Private Investment Management Advisors Panamá, SA began offering investment consulting services, adding to the activities of Banco Crédito Andorrà (Panamá).

The insurance group's services contributed a profit of 9.6 million euros at the close of the year. In Andorra, Crédito Assegurances maintained its leading position in the life insurance market. In Spain, the life insurance company CA Life Insurance Experts received authorization to begin business activities in pension management, while Holding ERM continued to reinforce its position in the Spanish market, with offices in nine cities.

A noteworthy development was Crédito Andorrà Group's launch of its Research project, in which a team of analysts and financial experts from the different Group companies promote content of general interest related to financial and economic news on its blog: research.creditandorrargroup.com.

In 2016 the bank worked diligently on the digital transformation process to meet the needs of the market and new customer profiles. This is a process based on omnichannel contact, online services and digitalization of communication. Highlights include initiatives such as remaking e-Crédit online banking, incorporating contactless payment systems to cards, and adding new features to the Crédito Broker brokerage service.

In terms of social commitment, Crédito Andorrà Group has the highest contribution level of all private entities in the country. Overall investment was 2.67 million euros, largely through the Crédito Andorrà Foundation, supporting initiatives to benefit the general public, promoting economic and social progress, the advancement of knowledge, improving wellbeing, and supporting culture and the environment.



2016 was a year in which Crèdit Andorrà took a historic step on the path to social responsibility. Crèdit Andorrà was the first bank in Andorra to join the United Nations Global Compact, and the first entity to commit to adopting the United Nations' "Transforming our World: The 2030 Agenda for Sustainable Development" to contribute towards attaining Sustainable Development Goals (SDGs).

Ratings and awards

The Bank's management model was recognized by Fitch Ratings for another year, which maintained Crèdit Andorrà's long-term rating of 'BBB', with a stable outlook, and short-term rating of 'F3'. According to Fitch, this rating reflects the bank's high capacity to consistently generate earnings despite the complexity of its environment and the impact of new regulations, its adequate capitalisation, and a balanced business model focused on offering private banking and asset management services both in Andorra and at an international scale, as well as domestic retail banking services.

In 2016, Crèdit Andorrà was once again ranked first place among Andorran banks, and 843th worldwide in terms of strength and capitalization in the Top 1,000 ranking by the magazine *The Banker*, of the Financial Times Group (July 2016 issue).

It was also named 2016 Andorran Bank of the Year by *The Banker*, an award that it has won 8 times over the past 14 years. The award recognizes the bank's track record and activities carried out during the year, a year which was especially hard for the sector. Crèdit Andorrà was also designated the Best Private Bank of Andorra and Best Bank in CSR of Andorra in 2016, an award bestowed by the financial publication *Global Banking & Finance Review*.

FOR MORE INFORMATION

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