



RESULTS FOR THE YEAR 2017

THE CRÈDIT ANDORRÀ GROUP HOLDS ITS LEADERSHIP IN ANDORRA, WITH BUSINESS VOLUME INCREASED TO 16,266 MILLION EURO AND PROFITS OF 50.1 MILLION

- The consolidated net profit was 50.1 million euro, in line with the forecast figures for a year marked by changes in banking models and adjustments for compliance with new regulations in Andorra and on an international scale.
- The bank won prizes as Bank of the Year in Andorra ('The Banker') and Best Private Bank in Andorra ('The Banker' and PWM), with recognition of 'Banking Innovation' for Merkaat (Efma).
- The bank's planned adaptation, started in recent years, has allowed it to get ahead and prepare for new business models, pushing for digitalization in response to new market needs and launching Merkaat, Andorra's first digital investment advisor.

Andorra la Vella, 5 April 2018

The Crédit Andorrà Group closed 2017 with business volume up on the previous year and figures in line with targets for the period, in a year marked by the bank's plans for adaptation to the changes in banking model for compliance with the new regulatory framework in Andorra and on the international scale. The Group's financial statements at 31 December 2017 show a business volume increased to 16,266 million euro, of which 13,658 million corresponds to assets under management and 2,608 million to loans investment.

The Crédit Andorrà Group achieved an ordinary margin of 198.9 million euro in a time of historically low interest rates, with high overheads resulting from the new financial regulations on cooperation and transparency, the effects of the automatic exchange of taxation information, and digitalization, which demonstrates the capacity of the Group's business model to generate good and recurrent results from the ordinary activity.

The Group's consolidated net profit was 50.1 million euro, consolidating its position as benchmark bank in the Andorran financial market. The results are in line with targets set for a year in which, financially, the bank was completing its preparations for the final phase of the business transformation required by the new international context and for compliance with the capitalization requirements established by Basel III.

These results are backed up by the high solvency ratio which stands at 16.15% (well above the legal minimum required of 10%), and the liquidity ratio of 61.02% (the legal minimum is 40%).



The Group's equity at the year-end 2017 stood at 421 million euro, following the entry into force in Andorra, on 1 January 2017, of the International Financial Reporting Standards (IFRS) approved by the EU.

The accounts for 2017 will be submitted to approval by the General Meeting of Shareholders, which is scheduled to take place this April.

The Group's activity

The Crédit Andorrà Group closed 2017 with consolidating business, in both Andorra and the other European and American markets where the bank is present with an offer of services specialising in Wealth Management. In broad lines, the management objectives have been service to the client, innovation and digital transformation, good corporate governance and social responsibility.

Digitalization

During 2017, the bank has pushed on with the digitalization of products and services in response to new market needs, new profiles and generations of clients and regulatory requirements in the sector. In this context, the bank has launched Merkaat, the first digital investment advisor in Andorra, which offers the client a digital experience, adapted to the new forms of financial consumption and open to new client segments. It is a digital service, which allows the clients to operate personally and comprehensively in the management of their investments.

Other tools in this digitalization are the new digital channels for client relations such as 'Mi gestor' (My manager), which allows chats with the manager and the secure transmission of documents; the new Crédit Broker market portal; and the Crédit Wallet application for making payments by mobile phone.

Another important initiative is the creation of a specific module for financial advice in private banking services, developed on the Salesforce platform, the multinational technology chosen as "innovator of the decade" by Forbes. This project involves the introduction of the new Salesforce CRM platform integrated into core banking and with the Group's insurance companies.

The investment in new technological platforms in recent years and the inclusion of the most pioneering software models has enabled the bank to position itself as leader in the offer of digital services to clients and as the technological and security benchmark in the sector.

Internationalization

The Wealth Management project in Europe has been backed up by the expansion of services offered in the financial hub created in Luxembourg with Banque de Patrimoines Privés and Crédit Andorrà Asset Management Luxembourg. The aim of this financial centre is to stimulate the bank's role as a service platform for institutional clients and to create and manage investment vehicles.



Another new development is that Banco Alcalá has increased its presence in Spanish territory by opening a branch in Valencia, in addition to those in Madrid and Barcelona.

In America, Miami (Beta Capital Wealth Management) has become the hub in dollars and is the base for the Group's presence in America, as it is a strategic place for the offer of private banking and asset management services for practically the whole region and for the Group.

Insurance group

The insurance group closed the year contributing a result of 9.7 million euro to the Group. In Andorra, *Crédit Assegurances* holds its benchmark position in the life market. Also the work done by CA Vincles Actuarial Consulting, the Group's actuarial and financial consultancy body on the international scale, has enabled it to tackle with confidence the new framework imposed by the Law on the Ordering and Supervision of Insurance and Reinsurance of the Principality of Andorra, which takes Solvency II as a reference point and adapts the regulations in the sector to European and international standards.

Social responsibility

In 2017 the bank's initiatives in matters of sustainability were organised in consonance with the United Nations Agenda 2030 ("Transforming our world") so as to contribute to the achievement of Sustainable Development Goals (SDG).

In the context of social commitments, the Crédit Andorrà Group has allocated a global investment of 2.8 million euro, through the Crédit Andorrà Foundation and the bank itself, to initiatives for the benefit of society, in promoting economic and social progress, knowledge, welfare, culture and the environment.

At the year-end, the Group was comprised of 840 professionals, of whom 475 work in Andorra (56.5%).

Qualifications and recognitions

The bank's management model has been recognised once more by Fitch Ratings, which in the last assessment in 2017 maintained Crédit Andorrà's long-term rating at BBB, with stable perspective, and the short-term rating at F3. According to Fitch, this rating shows a banking model balanced between the development of business in Andorra and international expansion through private banking and asset management. In its assessment, the agency mentioned the bank's capacity to generate recurrent profits in spite of the complexity of the situation in general and the impact of the new regulations, also mentioning its good capitalization.

The bank's good progress in 2017 was demonstrated by the prizes which placed it as Bank of the Year in Andorra 2017 according to *The Banker* of the Financial Times group. The bank also won the prize for Best Private Bank in Andorra 2017, granted jointly by the publications *The Banker* and PWM.



The entity was also awarded prizes as Best Private Bank in Andorra and Best Bank in CSR in Andorra for 2017, awarded by *Global Banking & Finance Review*.

For its part, Merkaat, the first digital investment advisor in Andorra, developed by Crédit Andorrà, has won recognition for banking innovation from the Efma Association, with an emphasis on its remarkable features, level of service and differential factor. Merkaat was also awarded the Prize for Innovation by the Andorran Business Confederation (CEA).

FOR MORE INFORMATION

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