RESULTS FOR 2018

CRÈDIT ANDORRÀ GROUP RECORDS PROFITS OF 36 MILLION EUROS AND CONSOLIDATES ITS LEADERSHIP OF THE ANDORRAN BANKING SECTOR

- The Group consolidates its position as the top bank in the sector in terms of profits and top in the country in terms of business volume, with €9.408 billion
- The bank reaffirms its support for the Andorran economy and society with a loan investment of €2.502 billion and a commitment to social issues in the order of €2.68 million
- Investment in technology and the implementation of its organisational transformation plan has enabled the bank to provide a response to the new banking and regulatory model to tackle the challenges of the future with maximum competitiveness
- Projects such as Merkaat, Andorra's first 100% digital investment fund advisor, the biometric signature and Crèdit Wallet have positioned the bank as a pioneer in innovation and digitalisation to cater to new client needs

Andorra la Vella, 9 May 2019

The Crèdit Andorrà Group closed the 2018 financial year at the forefront of the Andorran financial sector with a consolidated net profit of €36 million, in line with the Group's business plan. This result positions the bank as leader in terms of profits in a year in which it made major investments in technological innovation and it implemented its organisational and business transformation plan. The bank is looking to provide a response to the new banking and regulatory model and, in doing so, tackle the challenges of the future with maximum competitiveness.

The Group's financial statements at 31 December 2018 reflect a prudent management policy, a result of anticipating the new environment in which the sector now finds itself immersed, both on a global scale and in Andorra in particular. The Group has recorded a business volume of €15.442 billion, with a loan investment of over €2.502 billion and assets under management of €12.94 billion. Of the total business volume, €9.408 billion corresponds to Andorra, consolidating Crèdit Andorrà's position as the leading bank in the Principality in terms of business volume.

The bank has remained dedicated to its commitment to support Andorran society and the economy, with €1.211 billion in financing operations for private customers and businesses and investments of 2.68 million in corporate social responsibility.

In terms of the Group's results, total revenue or net operating income was €172.6 million. The Group closed the year with a net profit of €36 million, in line with the business plan, in a year marked by poor performance on the financial markets (with a reduction of €908 million in assets under management), low interest rates, new banking regulations, organisational transformation and significant investments in digitalisation. These results place the bank at the forefront of the Andorran financial sector.

The balance sheet has been bolstered by sound financial indicators. The solvency ratio averaged at 15.11% (15.98% CRD IV, Phase-In), an adequate level which is considerably higher than the level required by Andorran regulations (10% legal minimum), and the liquidity ratio at 56.27% was also significantly above the minimum legal requirement (40%).

Xavier Cornella, CEO of Crèdit Andorrà, stated that "the results reaffirm our leadership in Andorra, in terms of business and social commitment to the country and to society. We have closed the year in line with our business plan and we have laid the foundations of a strategy based on centring the banking business on two main operational lines: efficiency and focused growth".

Digitalisation and organisational transformation of the business

During 2018, the Group redefined its organisational and business structure in Andorra and its other locations across Europe and America. This has allowed the bank to adapt to the new banking and regulatory model, as well as to establish the basis for future growth and to tackle the challenges with the maximum competitiveness.

The core structural elements of this change have been optimising efficiency in terms of structure, processes and management; customer service and proximity with a unique offering; innovation in technology and digitalisation; and the driving force of corporate governance.

In this regard, the Crèdit Andorrà Group has placed emphasis on the digitalisation of its products and services and has invested in innovative technology platforms to meet the new needs of customers as well as regulatory and security requirements. Technology and digital investments have amounted to €19.9 million and have enabled the bank to spearhead the offering of digital services for customers and become a technological benchmark in the sector.

Merkaat, a 100% digital investment fund advisor, was launched in both Andorra (Crèdit Andorrà) and Spain (Banco Alcalá). Other innovations that have been implemented include Crèdit Wallet, making Crèdit Andorrà the first bank in Andorra to offer a mobile phone payment service; e-Crèdit, online banking via fingerprint and facial recognition; and the biometric signature for electronic authorisation of standard in-branch transactions.

At an international level, the Group has prioritised the development of the international private banking and asset management business through three main geographical areas considered key to future growth: Spain, Luxembourg and Miami.

In Luxemburg, Banque de Patrimoines Privés has consolidated its position as a European hub in the Group's asset custody platform, as well as in structuring and managing investment vehicles for institutional clients.

In Spain, Banco Alcalá is continuing along its path to growth, with a diversification strategy that is bringing a broader segment of customers into its management portfolios due, among other things, to the implementation of new technologies, such as Merkaat.

With Beta Capital Wealth Management in Miami, the Group will centre its business on the American continent thanks to the new self-clearing licence, a strategic move that will enable the company to strengthen its unique offering thanks to its capability to act as asset custodian.

And regarding the insurance group, ERM Holding (Crèdit Andorrà Group) and RSM reached an agreement to merge the brokerage and consulting businesses. The deal created the new holding company, ERSM Insurance Brokers, which took pole position in the Spanish market as the first private insurance brokerage firm in Spain, with premiums totalling €169 million.

The bank's soundness has been recognised by Fitch Ratings, which maintained its long-term rating of BBB, with a stable outlook, and a short-term rating of F3 for Crèdit Andorrà in 2018, highlighting the bank's leadership in the Andorran market. This rating illustrates the financial strength of the bank, the consolidation of its business model and its adequate capitalisation.

Recognition has also come in the form of a number of accolades received during 2018, including: Best Private Bank in Andorra 2018 by the Financial Times Group publications *The Banker* and *PWM*; and Best Private Bank in Andorra 2018 by *Global Banking & Finance Review.*

These awards reinforce the bank's dedication to providing a banking model that is service-based, client-centred and committed to the future of the people and territories where the Group has a presence.

A responsible bank with a social commitment

Crèdit Andorrà has allocated an overall investment of €2.68 million, through the Crèdit Andorrà Foundation and the bank itself, to society-focused initiatives for promoting economic and social progress, knowledge, well-being, culture and the environment.

The bank has joined the United Nations Global Compact and has aligned its sustainability initiatives with the 2030 Agenda –"Transforming our world"– to contribute to achieving the Sustainable Development Goals (SDGs).

This commitment and drive has been recognised with the 2018 award for Best Bank in Andorra in CSR, awarded by the *Global Banking & Finance Review*.

FOR MORE INFORMATION

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