MORABANC

INTEGRATED ANNUAL REPORT 2019

MORABANC

TABLE OF CONTENTS

MoraBanc Group Summary 2019 03

The chairman's vision 06

01

Our vision for creating value

How we organise ourselves to create value 08

What makes MoraBanc distinct 09

Our value proposition 10

Our mission, vision and values, our goals and brand 12

02

Our strategy to create long-term value and meet the challenges of the future

A reflection from the managing director 15

In the position to create value 18

How we manage market risks and opportunities 19

The Group's strategic priorities 21

MoraBanc Digital: a competitive advantage 22

Our strengths 24

People at MoraBanc 25

Issues that are truly important to MoraBanc and to its stakeholders 29

Client protection 30

The needs and expectations of our stakeholders 31

Constant engagement and dialogue with stakeholders 33

03

Growing results with an even stronger balance sheet

The chief financial officer's reflections 35

Main financial data 39

We provide value to our stakeholders and society 41

04

How we ensure and protect value

A strong and professional corporate governance 47

An executive team focused on the success of the strategic plan 50

Ethical leadership and management with respect for human rights 52

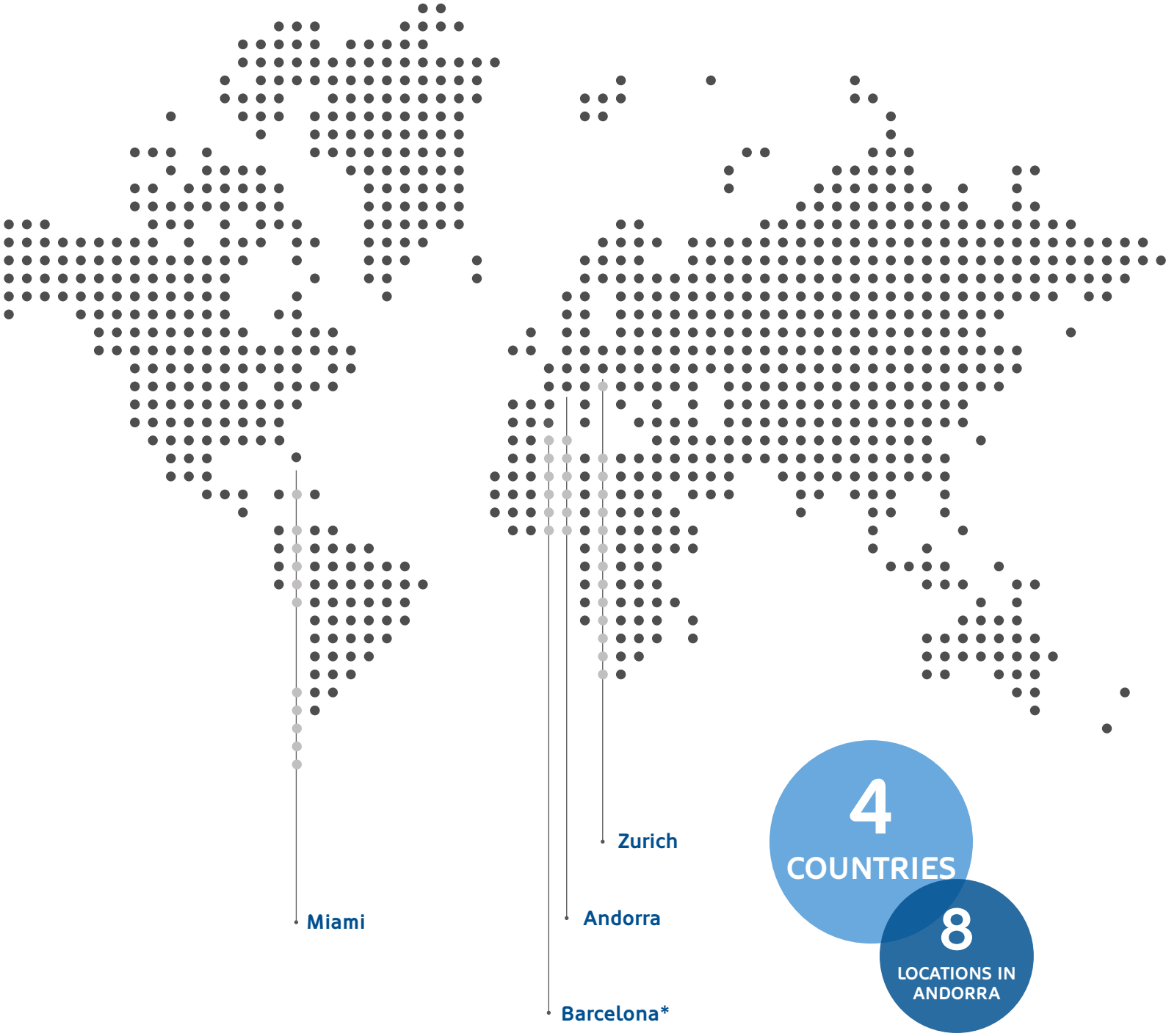
Alignment with best practices to present our information 54

Information on materiality 55

05

Table of Contents of the Global Reporting Initiative 57

MORABANC GROUP SUMMARY 2019



*OPENED IN MARCH 2020

ACTIVITY

13,365

FOLLOWERS ON **SOCIAL MEDIA** (FACEBOOK, TWITTER, INSTAGRAM, LINKEDIN, YOUTUBE)

COMPANY

4.5 %

OF OUR PROFIT IS USED IN ACTIONS TO BENEFIT THE COMMUNITY

€97,233

RAISED WITH **SOLIDARITY CARDS**

DIGITAL TRANSFORMATION

+16 %

OF **CLIENTS ARE DIGITAL** (UNIQUE MONTHLY USERS OF ONLINE BANKING)

+23 %

USE **OF CLIENTS USE ELECTRONIC BANKING**

+23 %

OF CLIENTS **ACCESS ONLINE BANKING** VIA MOBILE APPLICATIONS

+38 %

OF **TRANSACTIONS CARRIED OUT VIA ELECTRONIC BANKING**

OUR TEAM

310

PEOPLE[1]

89

HOURS OF TRAINING PER YEAR PER EMPLOYEE

47 %

OF THE WORFORCE ARE WOMEN

ENVIRONMENT

902.8

tCO_2 eq EMISSIONS

(THE ENTIRE MORABANC GROUP INCLUDING ZURICH AND MIAMI)

-5.8 %

REDUCTION IN EMISSIONS

COMPARED TO 2018

[1] In addition, the Group owns Casa Vicens in Spain, the first house built by Gaudí, which has been restored and converted into a museum where 5 Group employees work.

PROFIT GROWTH

25.1
PROFITS FOR THE YEAR
(MILLIONS OF EUROS)

+4.5 %
INCREASE IN PROFITS YEAR-ON-YEAR

PROFITABILITY

8.5 %
ROE
EU BANK AVERAGE: 5.20*

BUSINESS FIGURES

7,514.2
ASSETS UNDER MANAGEMENT
(MILLIONS OF EUROS)

+15 %
INCREASE IN ASSETS UNDER MANAGEMENT

1,176.6
IN CREDIT GRANTED TO CLIENTS
(MILLIONS OF EUROS)

+13.1 %
INCREASE IN CREDIT FACILITIES AND LOANS

BALANCE SHEET STRENGTH

23.8 %
SOLVENCY RATIO CET1 FULLY LOADED
(26.0% PHASE-IN)
EU BANK AVERAGE: 14.78%*

369.2 %
LIQUIDITY RATIO
(AVERAGE LCR VALUE)
EU BANK AVERAGE: 145.96%*

CREDIT QUALITY

3.3 %
NON-PERFORMING LOAN RATIO
EU BANK AVERAGE: 3.22%*

67 %
HEDGE RATIO

FITCH RATINGS

BBB-
STABLE SINCE 2015
LAST UPDATE
IN APRIL 2020

* Data www.bankingsupervision.europa.eu
Source: Prepared by the authors

PEDRO GONZÁLEZ GRAU
CHAIRMAN OF MORABANC

THE CHAIRMAN'S VISION

Recurrence is what distinguishes a trend from a one-off.

2019 marks the third consecutive financial year with profit growth for MoraBanc; this has been within a very clear multi-year roadmap of transformation and growth, in which we are hitting our targets ahead of the set deadlines thanks to the efforts of our team and the commitment they show to the bank and to our clients. We are where we aimed to be, and we are as we want to be; always with the goal of improving, and always with the client in mind. A strong, efficient and modern bank that offers a personalised service to clients, according to their needs. This is the key factor that drives our growth and has made us the leading bank in Andorra.

The figures included in this report reflect the robustness of our Group. In 2019, MoraBanc has increased all business lines and has, once again, strengthened its balance sheet; all with no extraordinary operations.

In 2019, MoraBanc's net income increased by 4.5% to 25.1 million euros, and the CET 1 fully loaded solvency ratio also grew to 23.8%, well above other top-tier European banks. Our commitment to growth and to the country is reaffirmed by an increase in the loan book in Andorra of 11.5%, while also improving our non-performing loan ratio to 3.3% as at year end. We are larger and stronger, with assets under management and supervision also growing by 15% for the period. We are very satisfied with all these indicators and with their recurrence, which confirms a clear trend. In this regard, the ROE for the financial year has also increased to 8.5%. We are on the right track, as confirmed once again by the "Andorran Bank of the Year 2019" award from The Banker, the benchmark publication of the Financial Times group, which has been awarded to us three times in the last five years.

"Our goals go well beyond the indicators and focus on leading the Andorran banking sector. Our robustness has positioned us as the leading bank in the country and our roadmap leads to sustained growth."

Our goals go well beyond the indicators and focus on leading the Andorran banking sector. Our robustness has positioned us as the leading bank in the country and our roadmap leads to sustained growth. In order to sustain and promote such objectives, we partner with several renowned companies in projects in their sectors, as we strongly believe that these add value to our clients and support our commitment to Andorra. We have established collaboration agreements with companies such as Goldman Sachs Asset Management, Cuatrecasas and Pyrénées, organisations with which we share the values of quality, service and leadership.

We are an Andorran bank with an international outlook and a goal to expand beyond the borders of the Principality. Our subsidiaries in Zurich and Miami have recorded consistent growth in assets under management in recent years, with a 25% increase as of year end 2019. Moreover, during 2019, we have rebranded these subsidiaries as Boreal Capital Management, in order to further distinguish its exclusive, professional, unique and high-quality service.

2019 has been the third consecutive financial year of profit growth. We have consolidated growth and we have strengthened our balance sheet to address the future with an even more ambitious outlook. However, our expectations have recently been affected, like those of the global economy, by the unexpected health emergency brought about by COVID-19. As far as MoraBanc is concerned, it is setting us new challenges as well as teaching us valuable lessons. COVID-19 continues to be a cause of anxiety and sadness for many around us and those we hold dear. Beyond personal anxiety, this situation is also having significant repercussions on the global economy and on Andorra, by temporarily depriving it of its largest industry, tourism; a factor that will have consequences which are difficult to quantify at the moment.

This global lockdown, however, has shown once again that as a bank we have an exceptional capacity to adapt to any situation. In little over 48 hours, we were able to relocate the entire team and the bank's activity so as to maintain our level of service and client care from home. Our team's flexibility and ability to manage change is something we are very proud of, and is one of the traits that has been ingrained into our DNA as a result of the ambitious transformation plan that we have been implementing over these last years. We see it as an essential quality in order to better respond to client demands.

While the effects of the Coronavirus have created many uncertainties for us all and may possibly affect the ambitious goals that we have set for 2020, I am confident that we will overcome this situation: as a family bank, we have always operated a careful and committed way of banking and our solid balance sheet will now work in our favour and allow us to face these testing times from a position of safety.

This pandemic has also reinforced our commitment to social responsibility, increasing our participation in many current and new actions, continuing along the same lines of what we have been doing for many years in order to be closer to those in need and promote a fairer society, with greater access to culture and sports as a cornerstone of its development. This commitment also includes greater responsibility towards global sustainability and global warming on the basis of what we see as fundamental values. We are sustainable in what we do and how we do it, and in this respect, our commitment to transparency and best practices is key. We strongly believe this is the way to earn our clients' and stakeholders' trust day after day and to continue to grow as an organisation.

1

OUR VISION FOR CREATING VALUE

How we organise ourselves to create value

Founded in 1952, MoraBanc retains the values of a family business and maintains 100% of the family and Andorran ownership, in the hands of the Mora family. Our business model is based on our commitment to the sustainable business development in Andorra and of its citizens, as well as the implementation of new strategies to address future challenges.

The creation of value is our main objective. We want to generate a positive long-term impact for all our stakeholders. We strive to meet the needs of our clients and to offer them products and services of the highest quality.

CAPITAL AND FAMILY VALUES

SUSTAINABLE COMMITMENT

NEW STRATEGIES

POSITIVE IMPACT

What makes MoraBanc distinct

A STRONG CORPORATE CULTURE
which has implemented change at the heart of growth and continuous improvement.

PRUDENT AND CONSERVATIVE FINANCIAL MANAGEMENT
which positions us as one of the most solvent banks.

LEADERSHIP IN DIGITAL TRANSFORMATION
transformation in the service to the client: receiving a World Finance Award for the second consecutive year for the Best Digital Bank and Best App.

AN EXPERIENCED MANAGEMENT TEAM
which has led the institution on the path to increasing profits for the third year running after a transformation process to deal with the changes in the business environment.

A 100% FAMILY BUSINESS
which makes decisions based on long-term continuity and permanence with a strategy that seeks to create value in a sustainable way.

RECOGNITION AS ANDORRAN BANK OF THE YEAR
by "The Banker", part of the Financial Times group, for the third time in the last five years.

An exclusive agreement with Goldman Sachs Asset Management that adds value for clients and enhances our portfolio management and advice for clients, **a strategic partnership with the Pyrénées group** to develop consumer financing and **collaboration with the prestigious Advocats Cuatrecasas law firm** to train employees, clients and consultants.

Our value proposition

Our relationship with our clients and their satisfaction is at the centre of our strategy. Our main concern is to advise our clients in all the financial aspects of their lives. This is why we strive to identify their needs and expectations, so we can continually adapt our processes, products and services within a business model based on transparency, innovation and efficiency.

MoraBanc offers its clients commercial banking, private banking and wealth management services, investment funds managed by the group's management company and the policies of the group's insurance company. In 2019 the volume of transactions totalled €8.691 billion, 14.6% more than in 2018.

MoraBanc's headquarters are located in Andorra la Vella and we have branches across the country in order to offer a quality service to our clients.

In accordance with our international vocation, we have also been present in other jurisdictions since 2008.

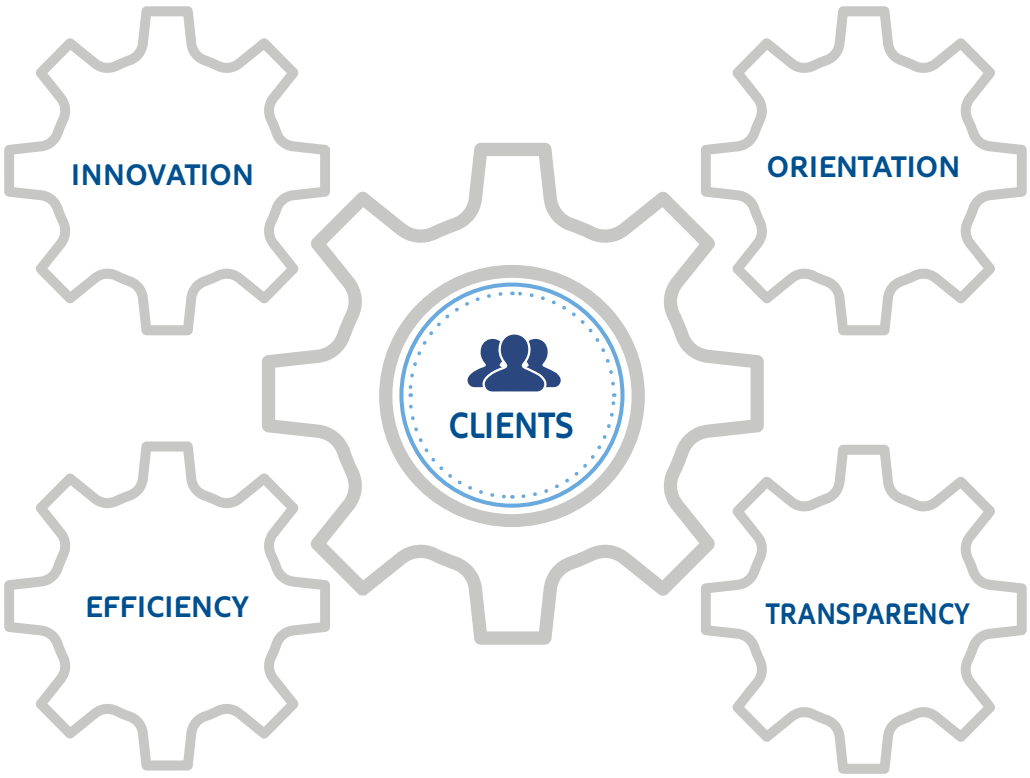
We have two asset management companies under the Boreal Capital Management brand, which operate in Zurich (Switzerland) and Miami (USA). In 2019 we changed our name to adapt to the market changes and the clients' needs.

In Miami we also provide a broker-dealer service that mediates in the purchase and sale of securities on behalf of third parties accounts with Boreal Capital Securities.

We distribute a wide range of investment funds within Mora Funds SICAV (based in Luxembourg) and Mora Gestió d'Actius, SAU acts as an investment advisor.

In 2020 we began our activity in Spain with a securities agency from Barcelona under the name of MoraWealth in order to offer personalised discretionary wealth management and financial advice services.

In 2019 the volume of transactions totalled €8.691 billion, 14.6% more than in 2018.



Our areas of activity	What makes us different	Our clients
Commercial banking		
MoraBanc's commercial banking is one of the pillars of our offering to provide the best products and services to our clients with the goal of leading the market.	We develop commercial segmentation in accordance with the needs of each group, taking into account age and behavioural habits. We address each group using various communication channels: letters, emails, SMS, etc. Our investment in new technologies allows us to strengthen the relationship with clients and consolidate a more personal dialogue with them, facilitating the link with the bank as a result of the simplification of the administration of the procedures.	Individuals Businesses Companies Professionals
Private banking and Wealth Management		
All MoraBanc's private banking activities are managed by expert staff in order to provide an excellent service for its clients. We have specialised managers and a large professional team geared towards providing support and giving advice to find the best solutions for the profiles of each of our clients in matters related to the management of their assets.	**Private banking** MoraBanc's private banking adopts a management model revolving around the client and based on close relationships of mutual trust. Our task is to identify and analyse the clients' personal goals, in order to propose and design solutions to meet their needs. To fulfil this purpose, we provide them with the services of highly-qualified professionals with extensive experience.	High net worth individuals (HNWI)
	Boreal Capital Management Boreal Capital Management, MoraBanc's asset management company based in Miami and Zurich, provides a sophisticated added value in its asset management service for our clients. These are management services which offer comprehensive investment solutions through multiple custodian banks in various international jurisdictions. It has a team of first-class professionals who analyse the client's cost structure in relation to the custodian bank in detail with the aim of optimising it, as well as advising clients on financial aspects.	High net worth individuals, family wealth management, institutional clients
MoraBanc Asset Management		
Mora Gestió d'Actius, SAU is the subsidiary of MoraBanc responsible for the activity of managing the group's collective investment bodies and operates under the MoraBanc Asset Management brand.	The principles that guide our decisions are prudence, diversification and transparency. The MoraBanc Asset Management universe focuses chiefly on governmental and corporate income, as well as variable income and currencies in the European and North American areas and emerging markets.	Domestic bank, private bank and wealth management clients
MoraBanc Assegurances		
Mora Assegurances, SAU is MoraBanc's life insurance company.	It seeks to offer all kinds of life insurance policies and health guarantees complementary to the above life insurance. In addition to life insurance, the institution offers savings and insurance plans such as unit-linked pensions and retirement plans.	Domestic bank, private bank and wealth management clients

Our mission, vision and values, our goals and brand

MISSION: MoraBanc's mission is to meet the needs of its clients and satisfy their expectations, organised so as to create value and with quality as a distinctive competitive feature.

At MoraBanc we develop our mission with the understanding that we have to listen to our clients and the other stakeholders by offering them products and services which satisfy their needs.

We also have a role as a generator of economic activity and well-being in the markets in which we operate; this means being committed to sustainability and the inhabitants of the country. For this reason, we work hard to attain the sustainable development of Andorra and to position ourselves as a model for other operators and companies involved in the market.

To do so, we have committed to incorporating the United Nations' Sustainable Development Goals (SDGs) as a starting point so that our activity contributes to the great economic, social and environmental challenges affecting the whole world. We have conducted an exercise to relate and analyse the activities undertaken by MoraBanc in order to assess how we affect the SDGs as well as what contributions we make.

The banking products, with a vision of sustainability, enable us to create synergies with our clients and contribute directly to sustainable development.

In our daily activities we keep **environmental and social issues** in mind in achieving our goals.

Thinking of a better world forms part of MoraBanc's commitment to sustainability

Source: Prepared by the authors

VALUES:

- ETHICS AND PROFESSIONAL INTEGRITY
- RESPECT FOR CLIENTS, SOCIETY, EMPLOYEES AND THE LAW
- TRANSPARENCY
- INNOVATION

VISION: to be the best bank for our clients and the best company for our employees, to have the best technological answers at the service of people and to be a leading bank.

To fulfil our vision, we focus on five pillars:

1 LONG-TERM VISION

Our decisions, based on the satisfaction of our clients, have a long-term vision and seek to maintain and enhance the relationships we establish with them.

2 INNOVATION AS A BASIS FOR PROGRESS

We are characterised by our innovative spirit. We resolve to become a pioneering bank well suited to our clients' new habits. We want to position ourselves as a benchmark in client-oriented innovation.

3 INTERNATIONAL VOCATION

We are a financial group with a clear global vocation. Geographical diversification provides us with great business opportunities. For this reason, ten years ago we decided to expand our presence beyond the borders of Andorra.

4 A WELL-ESTABLISHED, TRUSTWORTHY AND PERSONAL INSTITUTION

Our work is governed by discretion, transparency, quality and client focus. This is reflected in our mindset of hard work, commitment and dedication to improving the services we provide.

5 WE STRIVE FOR EXCELLENCE WITH COMMITMENT AND ENDEAVOUR

As a result of prudent and responsible management of the Bank's solvency and solidity and our experience in the sector, we have positioned ourselves as a trustworthy bank, committed to our clients and with high-quality products and services.

TO DO SO WE HAVE A STRONG, WELL-ESTABLISHED AND RENOWNED BRAN

WORLD FINANCE BEST MOBILE BANKING APP, ANDORRA 2019 MORABANC APP BY MORABANC

WORLD FINANCE BEST CONSUMER DIGITAL BANK, ANDORRA 2019 MORABANC

The Banker Bank of the Year 2019 ANDORRA

The awards we have received in being named **Bank of the Year by "The Banker" magazine from the Financial Times group** and the **Best Digital Bank and App from the "World Finance" magazine** demonstrate the strength of the MoraBanc brand as **leaders in strategy and financial and digital services in Andorra.**

2

OUR STRATEGY TO CREATE LONG-TERM VALUE AND MEET THE CHALLENGES OF THE FUTURE

LLUÍS ALSINA ÀLVAREZ
GENERAL DIRECTOR

A REFLECTION FROM THE MANAGING DIRECTOR

A good strategy is one that stands up in the face of adversity

We ended 2019 with high expectations after three consecutive years of growth and positive momentum in pursuit of our ambitious strategic plan throughout 2020.

These years of transformation and growth for the bank have put everyone at MoraBanc to the test, because they have called for a great deal of effort, the ability to adapt to change and team spirit in the achievement of our goals. However, we were not aware (nor was anyone else) that 2020, with the health crisis caused by COVID-19, would demand even more of us - greater capacity for adaptation, greater capacity to serve our clients and country and greater capacity for innovation and responsiveness. The effects of Coronavirus SARS CoV-2 have been unexpected for everyone, but at MoraBanc we have been better prepared because our core values are solid and stable over time.

> "The fi st core value established in the strategic plan is the service to our clients, with the aim of providing them with the best possible products."

The first core value established in the strategic plan is the service to our clients, with the aim of providing them with the best possible products. The agreement we signed in February 2019 with GSAM (Goldman Sachs Asset Management) has enabled us to offer distinctive products and services to our clients in partnership with one of the most important global banks in the world. We have joined forces with the specialists of the American consultancy firm, permitting our clients to access the advisory services and investment portfolios that GSAM designs specifically for MoraBanc. Another line of business we have paid particular attention to has been consumer credit. Thanks to the agreement reached with the Pyrénées group, we have come together to improve our products and our ability to reach our clients with a specialised range of products and services.

The second core value is our digital transformation, which by the end of 2019 had already become well established. Having tools to make the institution more reliable

> Our strength to overcome the challenge and look to the future with absolute confidence.

and versatile is one of the key elements of our strategic plan. Our internal work and the constant evolution of the online banking platform, together with the collaboration of fintechs, enabled us to finish 2019 with a further increase in our online business, with 38% more signed transactions, 23% more logins to online banking and 50% more remote money transfers. Two years ago there was a need to expand our digital bank, particularly in relation to the younger generations and new lifestyles, but this need is even more pressing today and it has been one of the factors in our ability to adapt to the health crisis. Our foresight has enabled us to provide an uninterrupted service for our clients in the form of teleworking for 98% of our employees, with the utmost safety throughout the period.

The third core element we can be satisfied with is the strength of the balance sheet. Solidity and solvency have always been priorities and provided competitive edges at MoraBanc. Our clients' confidence is encouraging us to prioritise the strength of the balance sheet, and we once again ended the financial year with an increase in solvency, as the fully loaded CET1 ratio stood at 23.8%, a figure well above that of the European banks (the average was 14.78% in the EU), while profitability remained more than satisfactory at 8.5%, another figure above the average for European banks (5.2%).

In 2019, we expanded again in terms of credit investment, by 13% compared with 2018, and we reduced the NPL ratio by 3.3%. Our credit policy is prudent and conservative but we have continued to grow, as a result of our commitment to the country and the strength of the balance sheet. We want to participate in the development of the country and help to facilitate the projects of our clients, families and companies.

The digital transformation, the strength of the balance sheet and the unique product and service we offer our clients constitute the cornerstones of MoraBanc, cornerstones that remain robust thanks to our team, the driving force that enables us to achieve all our goals. We ended 2019 with 310 people in the MoraBanc group, 24 of them new hires, located in Andorra, Zurich and Miami. We are making our structure more specialised so as to be more competitive and more attentive to our clients' needs. We have excellent professionals who enable us to move forward and respond quickly in times of difficulty, thanks to their commitment to the bank's goals.

On these foundations of the MoraBanc group, we have seen our profits rise again for the third consecutive year (by 4.5%), an increase that represents a total of 25.1 million euros. Achieving this figure without any extraordinary operations and with rises in all our lines of business represents a significant milestone. We are also highly satisfied with the opening, earlier in the year, of our securities agency in Barcelona (Spain) under the MoraWealth brand . We have established this agency in order to better serve our clients, whom we know very well and care deeply about, and it will become a differential factor in the private banking products and services we offer.

The transformation of our business model has followed an exacting approach and it has been executed smoothly: we have laid the foundations to move forward. After a very successful financial year in 2019, the goals for 2020 are even more ambitious. The health crisis affecting the world economy has created a state of uncertainty and we may have to scale back our expectations. In any event, at MoraBanc we are convinced that, with the groundwork we have laid in recent years and our team's talent and commitment, we can capitalise on our strength to overcome the challenge and look to the future with absolute confidence.

In the position to create value

1 With our capital

FINANCIAL

- Liquidity **369,23 % (Average LCR for the year)**
- High solvency **23,82 % BIS III CET1 (fully loaded)**
- Client resources **€ 7,514.2 billion**

RELATIONSHIPS AND KNOWLEDGE

- Almost **70 years' banking experience**
- A strong, well-known brand
- Member of Andorran Family Business, Andorran Banking, Andorran Business Confederation and Chamber of Commerce, Services and Industry of Andorra
- **We pass on our expertise through our strategists and advisers**
- Alliances with Fintechs, leading service providers such as Goldman Sachs Asset Management and Cuatrecasas
- **A bank transformed**
- Strong social media presence (a total of 13,365 **followers**)
- Member of the CEA's Andorran AndBlockchain Commission devoted to Blockchain technology and is a partner of Actinn.

STAFF

- Expert international staff based in three locations: **276 people in Andorra, 10 in Zurich and 24 in Miami**[1]
- Client focus
- A strong culture of **legal compliance**
- **Continuous training**

STRUCTURE

- Capacity to **invest in technology: €4.5 million**
- Presence across the country with **8 locations and 24 ATMs**
- **Digital banking for clients**

THE ENVIRONMENT AND SOCIETY

- We calculate our CO_2 footprint and follow **emission reduction** policies.
- **Voluntary CSR** policy: **4.5% profit to the community**
- Commitment to the United Nations' **Sustainable Development Goals**

2 We create and deliver added value through our business activities

Based on five pilars:

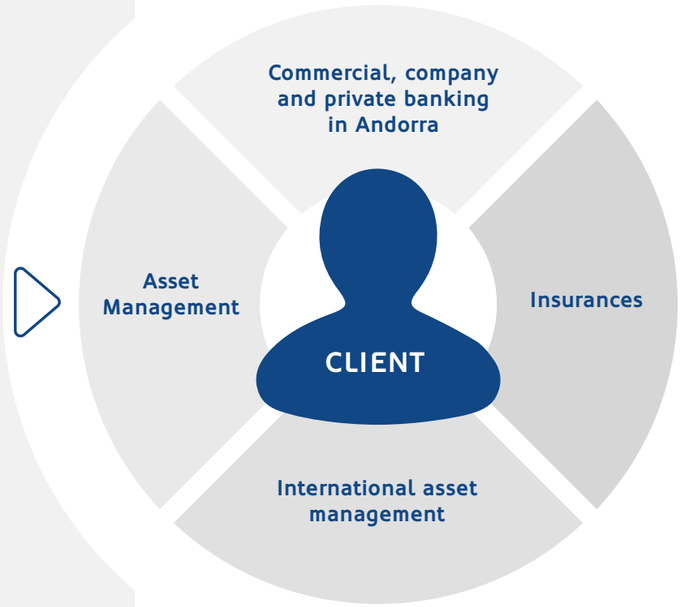
- A vision of continuity
- A well-established istitution
- Progress based on innovation
- The search for excellence
- International vision

Risk management :

- Risc de **crèdit**
- Risc de **mercat**
- Risc de **balanç**

And transversal risk management:

- **Operational** risk
- **Cybersecurity**
- **Regulatory and legal** risk
- **Reputational** risk



QUALITY PRODUCTS AND SERVICES:

- Credit for families, companies and businesses
- Facilitating payment
- Advice and asset management
- Life and health insurance
- Quality savings and investment products

With sound, conservative financial management:

- **High solvency**
- Prioritising the **long-term**
- **Low default rate: 3,3 %**

In addition, this management is based on a code of ethics that ensures strict and demanding oversight of the Bank and its administration.

WORLD FINANCE BEST CONSUMER DIGITAL BANK, ANDORRA 2019 MORABANC

WORLD FINANCE BEST MOBILE BANKING APP, ANDORRA 2019 MORABANC APP BY MORABANC

The Banker Bank of the Year 2019 ANDORRA

[1] In addition, the Group owns Casa Vicens in Spain, the first house built by Gaudí, which has been restored and converted into a museum where 5 Group employees work.

3 Creating value for our stakeholders

CLIENTS

- Increase in total credit investment: **+13%**
- Digital client growth **+16%**
- Growth in assets under management: **+15%**
- Recognition as **Andorran Bank of the Year by *The Banker* and Best Digital Bank and Application in Andorra by *World Finance***
- Socially engaged clients **(27,5% Solidarity Card)**
- **Continuous communication** through channels such as **social media, newsletter,** etc.

TEAM

- New joiners: **24 people**
- Attracting and retaining talent – **average service: 11.1 years**
- Professional development
- **Equality of male and female** employees with 47% women in the workforce
- Social commitment by the team with **volunteer activities such as collecting food for Caritas**

SHAREHOLDERS

- Profit of **€25.1 million and 4.5% growth**
- **ROE 8,5%**
- Rating of the Bank **Fitch BBB**-stable outlook

SOCIETY

- **Who have we supported: 89 organisations and 663,962 people**
- Reduction in **greenhouse gas emissions -5.4%**
- Number of organisations supported by the Solidarity Card: **19**
- **€97,233 Solidarity Card** donations

BUSINESS PARTNERS

- We establish **long-term relationships with our suppliers** who contribute value
- We bring our suppliers into line with the **Bank's principles in terms of sustainability**

How we manage market risks and opportunities

MoraBanc draws up medium term (3 year) strategic plans with growth and market position targets that take account the challenges and risks we face as well as identifying opportunities. Since 2017 profit has returned to a growth path, giving confidence to our stakeholders and putting us in a position of competitive advantage in our market.

Transformation of the business to achieve a competitive advantage

Andorra is a very competitive banking market that has had to meet new global regulatory requirements, as well as the paradigm shift towards a transparent and standardised system. At MoraBanc we understand the need to transform our business as quickly as possible in order to be ready before our competitors, given that in a very mature, very low margin market with little product differentiation, that transformation could be a unique feature and give us a competitive advantage. And so it has proved to be, because we have been able to anticipate the changes, make client focus our priority and implement our strategic growth plan.

Positioning ourselves with leading digital banking unique to the market in order to respond to our clients' needs

We have identified changes in clients' needs, particularly greater demand for digitisation to make banking easier. Consequently, we made a considerable investment in the world of digital banking that has allowed us to increase numbers of clients and digital transactions and receive a good rating for the tool from users[1], as well as being recognised by World Finance for the third consecutive year.

In our modernisation and innovation process, we have formed alliances with fintech companies to achieve faster and more effective change, taking advantage of their capacity to respond to those needs.

This positioning with digital banking has given us an advantage and improved our image as a modern bank focused on our clients and adapted to their needs.

The ability to offer credit, thanks to our solvency and financial strength

The return of our country and of the wider economy to moderate economic and low interest rates have, thanks to our financial strength and solvency, given us the opportunity to offer credit to families, businesses, companies and the public sector and so contribute to the promotion of business and creation of wealth in our economy. In 2019, credit to clients grew by 13.1% over 2018.

[1] Studies carried out for MoraBanc by independent external market research businesses.

Safe and careful risk management with a broad and comprehensive vision

Risk management is key to the success of our business and its sustainable profitability over time. Different departments in the Bank and Board committees are responsible for ensuring that risks are identified and for the adoption of the appropriate strategies in response to each risk identified.

The Risk Department and the Board's Risk Committee jointly monitor and apply any required corrective measures and strategies for all risks that affect the Bank's balance sheet, such as credit risk, market risk, liquidity risk and the solvency ratio. The Regulatory Compliance Department and the Audit and Compliance Committee of the Board are responsible for the prevention of legal, regulatory and criminal risks to the Bank and for compliance programmes and policies to avoid reputational and business risks. Finally, the Technology, Innovation and Information Security Committee of the Board manages technology, information security and cybersecurity risks.

MoraBanc is a bank whose financial management is prudent and conservative, giving confidence to the stakeholders and allowing them to be alert to market opportunities that may arise and to opportunities for organic and inorganic growth, both nationally and internationally.

The Group's strategic priorities

MoraBanc closed 2019 with a net growth outturn for the third consecutive year and sets itself apart from its principal competitors thanks to the transformation plan it started in 2015 and completed in 2018, which identified digitisation, cost optimisation and the fastest possible adaptation to legal requirements as priorities.

We have consolidated our growth and now have a bank with a stronger and more solid balance sheet.

During 2019 we focused on making growth in all lines of business a reality thanks to very specific actions aimed at the differentiation and profitability of the business model.

The strategic priorities of the group to generate long-term value are aligned with our vision.

Our strategy is focused on growth and based on three pillars:

The first pillar is the growth of the business. In Andorra, the market that is MoraBanc's main commitment and business focus, the key factors for growth include new client segmentation, continuous improvement of our value proposal, granting of loans and the management of private banking clients.

The levers for our growth are credit for individuals, businesses and companies, thanks to our solvency which gives us the capacity to grant loans; and growth in assets under management, thanks to differential products with agreements such as the one entered into with Goldman Sachs Asset Management (GSAM) in February 2019. The agreement with GSAM allows us to strengthen our product and service offering in Andorra, with MoraBanc's clients able to access advisory services and investment portfolios specially tailored by GSAM for MoraBanc.

The second strategic axis is international growth. From a geographical perspective, MoraBanc has a presence in Andorra, Switzerland, United States and Spain[1]. We will look to grow in these markets by continuing the upward trend in the diversification of private banking resources. To achieve this, we will make the most of our subsidiaries to increase the number of clients and assets under management and we will be alert to other potential markets in order to grow through business and portfolio acquisitions, thanks to MoraBanc's investment capacity.

[1] Since March 2020.

Investment in technology and innovation is the third growth lever which will allow us to maintain our leadership in digital banking in Andorra. Our aim is to make banking more straightforward for clients in every way in order to attract new users and new types of transaction. Innovation is a fundamental pillar. We regard creativity, leadership, flexibility and initiative as engines of progress and generators of positive effects on the organisation and on wider society. We have therefore continued to develop our commercial model, getting closer to our clients and being more available for them through digitisation, without losing personal, direct contact with clients. Digitisation reflects clients' new needs in terms of both process efficiency and interactivity.

Effectiveness and productivity

The quest for growth must be accompanied by effective management, looking at management from the perspective of productivity and support for the whole organisation.

Cost control with a specific cross-cutting metric for all business units and central services, together with an Efficiency Committee, will enable us to achieve the target outcomes in the strategic plan to ensure growth and create long-term value.

MoraBanc Digital: a competitive advantage

At MoraBanc we have embedded a digital culture in our teams, our technology is developing constantly and we work with innovative partners to maintain our digital leadership in Andorra and be a leader in banking innovation, maximising the client experience in a simple, intuitive and secure way.

Since the launch of our new digital bank in 2016, the focus of our work has been on constantly improving our value proposition.

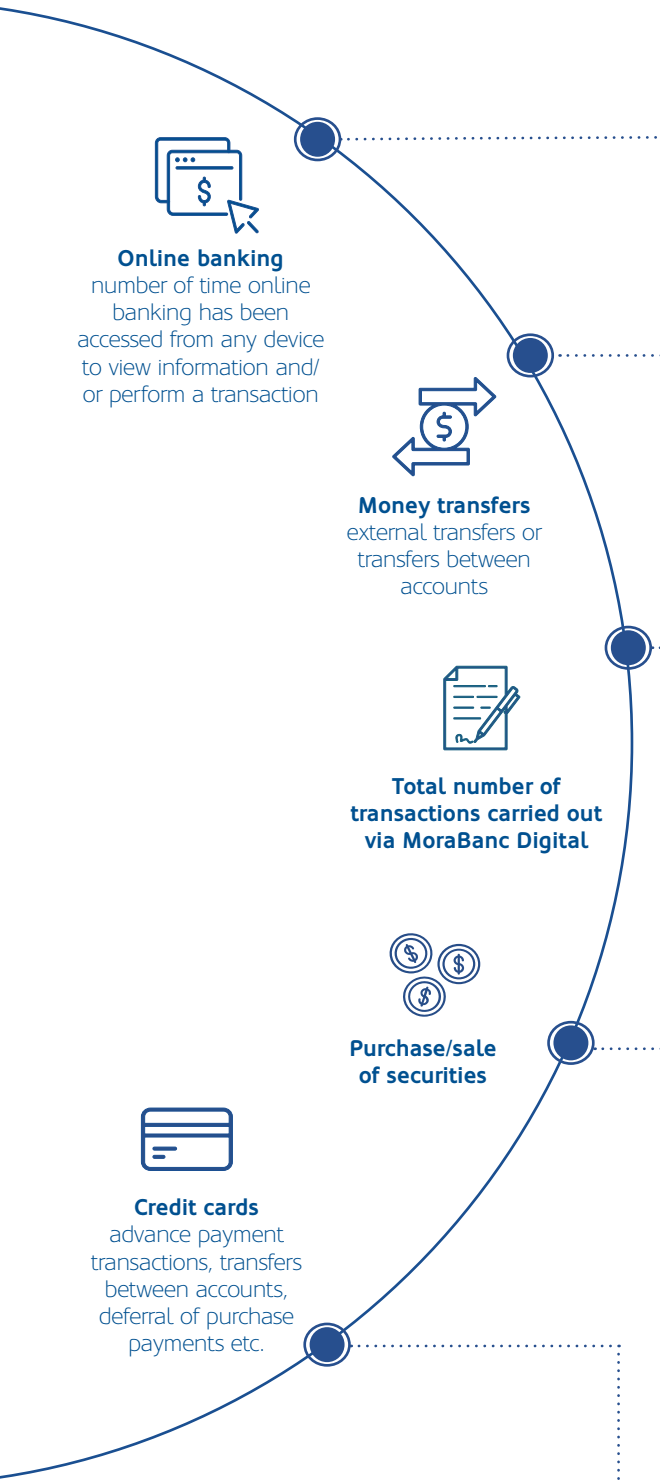
A multi-channel approach is the only way to meet our clients' expectations.

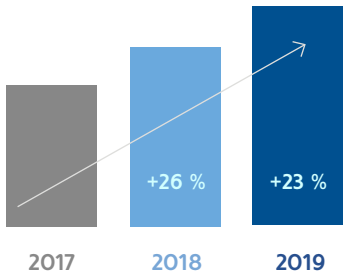
We build alliances with fintech companies to generate innovation and speed to market. With Inbenta, for example, we apply artificial intelligence to our internet and mobile browsers; with QuickBlox, we have enhanced client-manager conversations with secure online chat; with Signaturit, we have introduced advanced electronic signature circuits; Web Financial Group is the engine of the Broker Online project and Inycom is our main technology partner.

Figures show that our clients have accepted digital services and MoraBanc's multi-channel approach and that they view them positively.

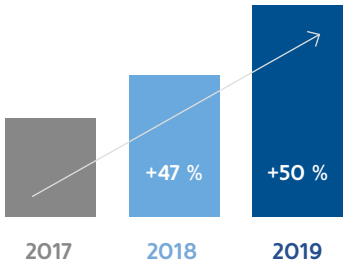
Trends detected in 2019 are an increase in the use of online banking from mobile phones and performing card transactions in the app. In addition, the expansion of the advanced electronic signature tool to contracting and transactional processes initiated in branch has allowed more client interaction through digital channels. For businesses and companies, multi-signature and multi-printing functionalities have allowed a more fluid way of working in the management of transfers, payroll and payments in. Finally, with regard to credit cards, digital banking allows purchases of €150 or more to be split, directly in online banking and our apps. The Sticker contactless payment card is the latest innovation in cards. It makes a wallet unnecessary and can be linked to a mobile phone.

We are convinced that the mobile channel is the element of competitiveness in the banking markets, and we are constantly working to improve. Our determination has seen us being recognised by World Finance for the last three years as the best digital bank and best app in Andorra.

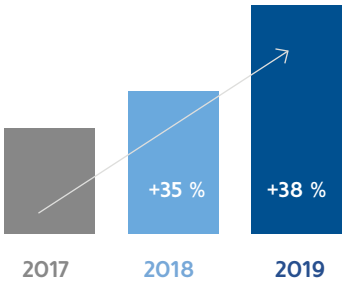




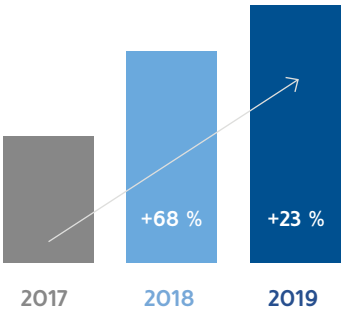
MoraBanc Digital continues to attract clients on a sustained basis.



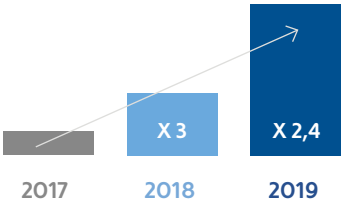
Money transfer is the most common type of transaction and continues to grow.



The use of online banking, whether via the Internet, app or iPad is now established.



The purchase and sale of securities is type of remote transaction that is gaining in acceptance.



Card-related transactions are increasingly common in the app.

- Early repayment: + 61.68%
- Blocking a card: + 88%
- Duplicate PIN: + 207.46%
- Transactions financed on 21.94% of cards

[1]Source: Prepared by the authors

Our strengths

MoraBanc's strengths come from our principles, which are a differentiating factor and give us a competitive advantage for the future. We group them into three categories: solid foundations, a way of banking and integrity.

1 We have built a solid foundation thanks to our prudent conservative management:

• Solvency is an identifying feature of MoraBanc. We have leading solvency ratios in the country thanks to our prudent management, which is proactive and follows best practice. Our solvency allows us to give confidence to clients and the country, provide credit to families and businesses and also look to the future with confidence in order to make our strategic objectives a reality.

• Risk management is key for MoraBanc. It is essential to protecting the organisation's foundations, provide confidence and achieve long-term objectives.

• Very careful cost management has allowed MoraBanc to transform itself to face new challenges and lead change.

2 Our way of banking is focused on the client:

• We seek excellence in everything we do in accordance with our principles.

• We innovate in client services, making their dealings with the Bank easier through every channel to support the particular needs of each of them.

We are transparent in our relationship with our clients and other stakeholders. For us, transparency is a key aspect of the change in and transformation of MoraBanc.

We look to contract with the best service providers to add value to our clients, such as our agreements with Goldman Sachs Asset Management for portfolio management and advice.

3 Our conduct and our integrity give us a competitive advantage:

• We are a family bank that seeks to create long-term value, for the sake always of the client and to give our clients security and strengthen the Bank.

• Integrity is one of our principles and forms part of our culture.

• We are committed to the wider community and to future generations and our actions are therefore formulated in the framework of that commitment.

PRINCIPLES:

OUR CLIENTS AS THE MAIN FOCUS OF ACTION

RESPECT FOR PEOPLE

ALL OUR ACTIONS MUST BE BASED **ON PLANNING, EXECUTION, CHECKING AND OPTIMISATION**

SOCIAL ENGAGEMENT

EXCELLENCE

People at MoraBanc

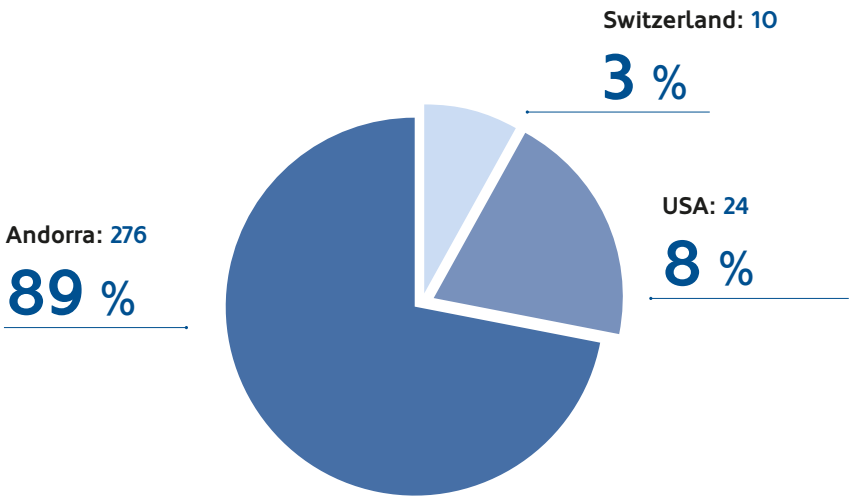
Our employees are key to the organisation and to the success of our business and MoraBanc wants the team to feel committed to the mission, culture and strategy of the business. To that end, the Human Resources Department focuses on areas that affect team spirit, motivation, growth and job satisfaction, including monitoring diversity and equality of opportunity, individual training and development plans for each person and generating quality, competitively paid employment.

Among other things, the strategic plan covers work-life balance, equal pay, innovation in talent management and implementation of the knowledge management plan.

The Human Resources Department works constantly to marry the needs of the business with the development opportunities of the people working in it in the short, medium and long term. It does so through policies and initiatives that are applied to the whole team.

The Department aims to be approachable and accessible for all employees to ensure their professional development and recognise their contribution to the organisation. The number of employees at the MoraBanc Group as at 31 December 2019 was 310, spread across the three locations in which we operate: Andorra, Zurich and Miami[1].

Employees of the MoraBanc Group by geographic location as at 31/12/2019[2]



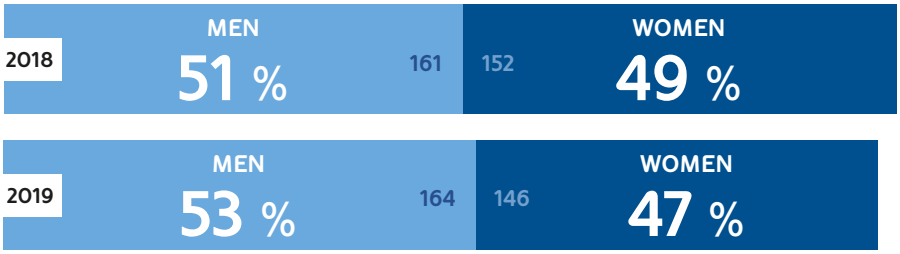
Our employees are key to the organisation and to the success of our business

As a general policy, internal promotion is given priority to fill vacant positions where possible. In order to promote equal opportunities, the Human Resources Department looks to appoint the most suitable person to each job. In 2019, 24 people joined MoraBanc.

[1] In addition, the Group is the owner of Casa Vicens in Spain, the first house built by Gaudí. The house has been restored and converted into a museum. Five Group employees work there.

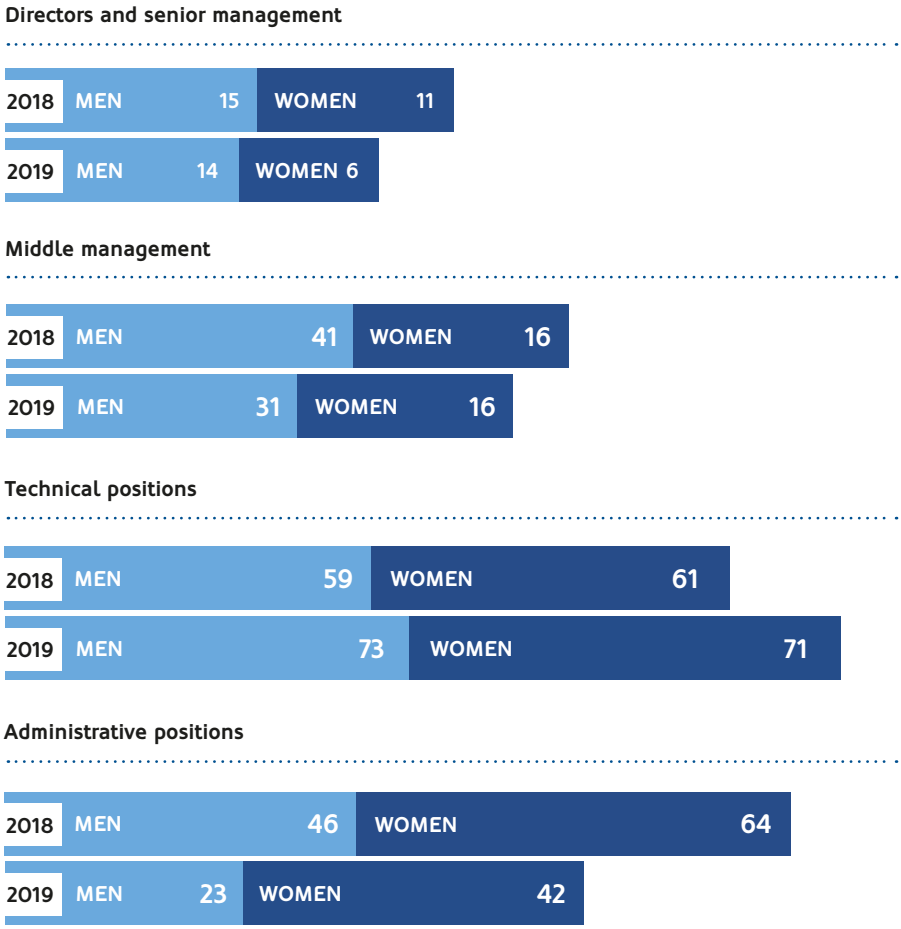
[2] Source: Prepared by the authors

Distribution of men and women at MoraBanc in 2018 and 2019[3]



The strategic plan guarantees equality of opportunity and equal pay, among other appointment aspects and the Human Resources Department works to take steps that ensure diversity and equality of opportunity among the organisation's staff.

Distribution of employees at MoraBanc by position and gender in 2018 and 2019[3]



[3] Source: Prepared by the authors

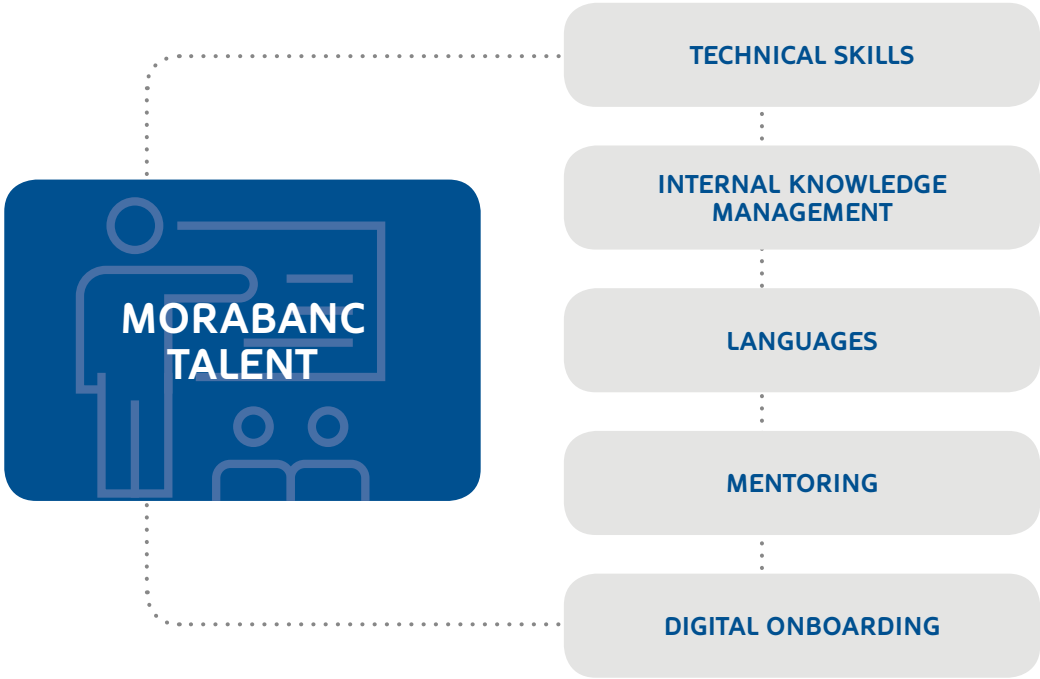
In order to develop the knowledge of our staff and promote their professional development, a number of action plans have been drawn up, including:

Knowledge management plan to bring employees' talents into line with the objectives established by the bank.

Lifelong learning plan based on complementary training, with courses adapted to the employee's job, language courses, effectiveness training, etc.

The MoraBanc training plan which offers **grants to take university courses** related to a member of staff's position and to gain finance qualifications.

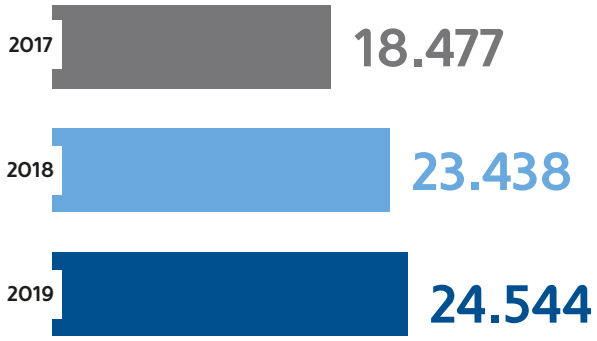
The Bank has also introduced a digital network called MoraBanc Talent, reflecting the Bank's values, such as innovation and professional integrity. The Human Resources Department has been working across the organisation with other departments, employees and staff nearing retirement early retirement to manage knowledge held internally and implement MoraBanc Talent. The purpose of the platform is to provide bitesize courses in various fields:



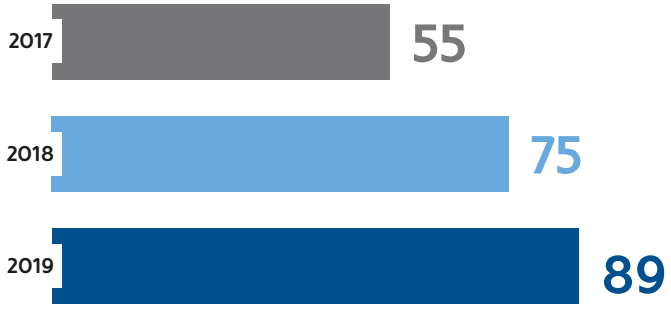
Thanks to this new learning network, in 2019 the total number of training hours increased over 2018 and each member of staff received an average of 88 hours of training.

Since 1998, **MoraBanc has had a programme of w ork placements for Andorran** students during the summer months and that today these placements are a great opportunity for young people to see what the world of work is like whilst performing tasks related to their studies. **They are given an opportunity that provides insight into work and training and the same time and that may lead to a job with MoraBanc when they finish their studies.** All the candidates chosen are over 18 and are university students or undertaking professional training. During summer 2019, a total of 26 young people had a placement.

Total hours of training[4]



Average hours of training per person[5]



[4 | 5] Source: Prepared by the authors

Issues that are truly important to MoraBanc and to its stakeholders

Our focus on strategy and sustainability is based on the issues that matter to MoraBanc and to our stakeholders. The following table sets out the significant issues that are important to the organisation and which guide our long-term sustainability strategy.

Subject	What is it about?	What are the risks and the opportunities?	What do we do at MoraBanc?
Ensure economic development and generate employment	We are an organisation with a long-term sustainability strategy that, through its business, affects the growth of its economic environment.	By doing things properly, we position ourselves as a leader in the country and it gives us the opportunity to differentiate ourselves.	We have a solvent, solid and healthy financial position which allows us to grow, extend credit, engage people and generate prosperity in our environment, together with active policies in relation to the environment, community and corporate governance.
Fight corruption and the financing of terrorism	We are a company that applies best practice to combat corruption and fight terrorism and its financing.	The organisation reduces reputational risk to the greatest possible extent through its standards, procedures and continual monitoring, so gaining the trust of its clients and other stakeholders.	We work to follow best practice at all times, employing first-class staff. Board committees oversee legal compliance and manage risk.
Equal pay for men and women, diversity and equal opportunities	We ensure equal opportunities and equal pay for men and women doing the same job.	Our employees are one of our main assets and we follow practices that generate trust in the employment relationship, in order to be an attractive and competitive employer. Sustaining employee loyalty is a competitive advantage for MoraBanc.	We have set four objectives in managing people: • the employee's experiences of their job, • remuneration and work-life balance, • knowledge and development, and • talent management. We are committed to internal promotion and equality policies to eliminate any differences between genders in the jobs we offer and in remuneration. We ensure quality training for our employees and we offer a healthy and safe working environment.
Ethical and responsible conduct	We ensure ethical and responsible conduct at all levels of the organisation so as to give greater confidence to our clients.	A strong corporate culture is a competitive advantage in the market and any falling short in ethics or responsibility could lead to serious reputational risks.	We have a Code of Ethics and the Stock Market's Code of Conduct which have been accepted by all employees at MoraBanc. • We have monitoring systems in place for ethical and responsible conduct and we provide compulsory training on our codes of conduct, the prevention of conflicts of interest and on the prevention of money laundering and the financing of terrorism. • The functions of the Management of Corporate Integrity Committee include promoting measures to address ethically questionable conduct, resolve situations involving a conflict of interest, proposes changes to the Code of Conduct to adapt it to changes in the business and its environment and communicating with supervisory authorities.
Quality, excellence in banking practices and client protection	For MoraBanc, always acting in the best interests of the client means offering the best product with transparency and focusing totally on the client.	Clients are increasingly demanding and competition from banks and equivalent services is strong, but we have among our assets our knowledge of our clients, and an acknowledged way of doing banking.	We have procedures and standards of conduct to ensure that we act with impartiality, professionalism and take account of the client's interests at all times. We have standards and procedures such as the Asset Protection Policy and the general policy on conflicts of interest. Additionally, we have investment services consisting of the receipt, transmission and execution of client orders.

Client protection

As required by the law, particularly as regards investor protection, MoraBanc has introduced **procedures and standards of conduct** to ensure that it acts with **impartiality and professionalism, taking account of the interests of the client** at all times.

MoraBanc categorises clients in the three categories specified by the MiFID directive: eligible counterparties, professional clients and retail clients. That classification determines the level of protection they enjoy with retail clients enjoying the highest level of protection.

Additionally, we have MiFID suitability and appropriateness tests to assess the level of knowledge and experience in financial markets of clients, their financial status and investment objectives, in order to adapt our investment services and products to each client's investor profile. To ensure the appropriateness and suitability of the financial products and services contracted by the client, MoraBanc has classified all MiFID products according to their level of complexity, liquidity and risk.

By taking these measures, we ensure that the client knows and understands all the risks involved in an investment sufficiently in advance to be able to make fully informed decisions.

The needs and expectations of our stakeholders

As a provider of financial services, we have deep connections with the environment in which we work and with the community we serve. Our commitment to those individuals and institutions and our capacity to generate value are related to our business and our overall contribution. We create value for both MoraBanc itself and for our stakeholders by responding to their needs and expectations.

	Needs and expectations	We create value?
Clients We are in business for our clients, who trust us to safeguard and manage their assets and make their personal and professional projects a reality.	Be a responsible business that offers the best products available to its clients with transparent and ethical conduct and with a commitment to society and the economy.	We offer our best products and services under the best agreements, we grant credit and we invest in the best digital tools making it easy to work with MoraBanc. We give up to date and appropriate information to inform decision-making, we protect our clients' interests and we are at their side to support them in their projects.
Employees They are key to our success thanks to their commitment and dedication. We strive to offer them a stable job in the best possible conditions.	Ensuring work with equal opportunities.	We offer competitive salaries, continuous training, incentives, good working conditions, we care about our employees' health and safety in the workplace and we share our strategic objectives so that we are all aligned in our aim to achieve the group's objectives.
Suppliers They supply us with products and services for the ongoing operation of the business. We establish relationships with them based on transparency and mutual respect, in order to ensure the quality and availability of the products and services we provide.	Sustain business in our environment by a commitment to external contracting.	We concentrate on our principal business activities and contract for any products and services required. We diversify the number of suppliers and we require environmental management of their products and services.
Cultural, sporting and social organisations Es tracta d'institucions que formen part del nostre entorn i àmbit d'influència. Per això treballem per contribuir al seu desenvolupament.	Commitment to the community, the environment, the future and economic development.	We organise a major programme of charitable giving to organisations through our Solidarity Card, we support sport and culture and have a commitment to the environment, future generations and the United Nations' Sustainable Development Goals (SDGs).

	Needs and expectations	How do we create value?
Media These are the channels which bring us closer to the community by reporting about our business.	Transparency in communication.	We report our actions promptly and we are committed to direct and transparent communication.
Institutions and regulatory bodies On the one hand, there are the political representatives of the people who live in the country; and on the other hand, there are the bodies that regulate the business in the various jurisdictions in which we operate: the AFA in Andorra, FINRA, SEC, FINCEN in the United States and SAAM in Switzerland.	Contribute to economic growth, comply with the law and best practice and manage the business ethically and transparently.	We ensure a long-term presence with a responsible family business and professional corporate governance which anticipates regulatory changes.
Shareholders The people who have invested capital in the business who take decisions about the business and receive dividends.	Long-term stability of the business, distribution of profits, the best possible management of the organisation, the ethics and a commitment of a family business.	A business strategy that prioritises long-term sustainability and the independence of the organisation over short-term profit.
Counterparties, subsidiaries, custodians etc. These are the key financial providers for the carrying on of the business.	Confidence in the organisation in terms of stability, responsibility and solvency.	Prudent and rigorous management of the organisation, providing up to date transparent information about the business to build mutual trust.

We create value for both MoraBanc itself and for our stakeholders by responding to their needs and expectations.

Constant engagement and dialogue with stakeholders:

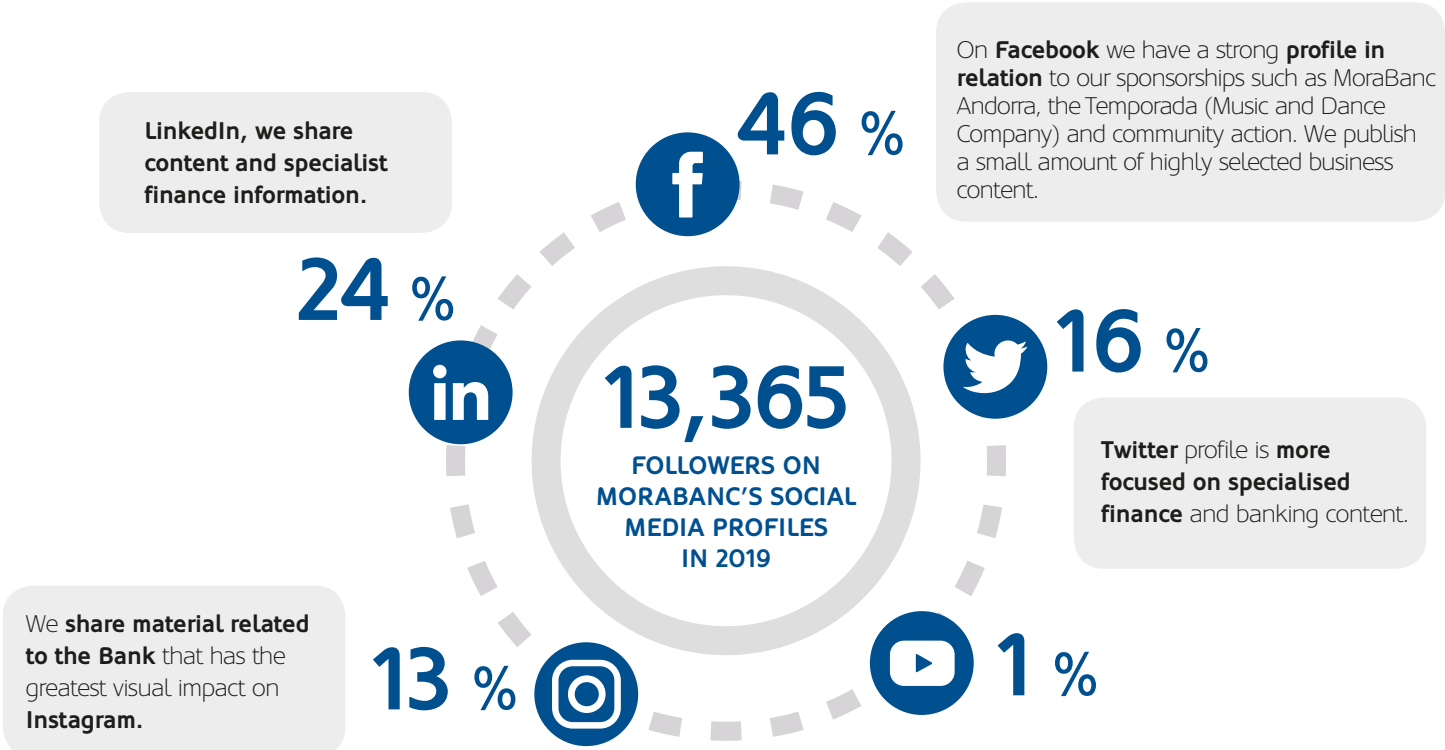
MoraBanc wants to maintain the trust of its stakeholders. That is why we work every day to foster our relationship with them. Our priorities include emphasising our closeness to clients and building a stable relationship as the basis for a sustainable business. Building a stable bond with the client begins with providing clear, accurate and detailed information on the Bank's products and services, enabling the client to take the best decisions. In this regard, it is our duty to introduce and explain financial concepts to the general public, ensuring they understand them to improve our communication and dialogue with them. We provide several channels of communication with clients:

- Personal service throughout the MoraBanc branch network.
- Telephone contact via the Telebanc service, email messages and letters.
- Our intuitive web page, www.morabanc.ad, with plenty of information on the group's products and services.
- Our email newsletters for clients, with information on developments on the blog, new products, activities organised by us, useful information, etc.
- MoraBanc Online and the app for mobile devices.
- Social media: we focus on social media as a point of contact with clients, in a world in which consumers are increasingly connected.

Through our social media presence, we build a more continuous relationship, as we tell clients about things to do with our services that might interest them, about the banking industry and about the activities we sponsor and organise.

We maintain constant dialogue with our stakeholders, whether through direct conversations, social media, our website, digital banking and the app, or the suggestion box;

and this keeps us up-to-date with their needs and expectations.



3

GROWING RESULTS WITH AN EVEN STRONGER BALANCE SHEET

SARA ÁLVAREZ CAZORLA
CHIEF FINANCIAL OFFICER'S

THE CHIEF FINANCIAL OFFICER'S REFLECTIONS

A robust balance sheet to tackle new uncertainties

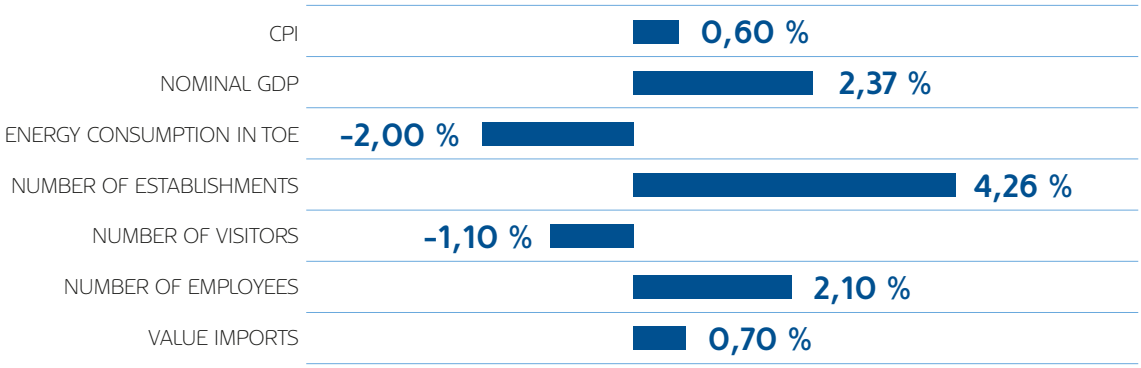
Last January, our experts at MoraBanc, in their publication 'Markets and Strategies', mentioned that 2019, referring to equity investments, was "a year to remember", because the main stock market indices ended the year with annual record highs, and in some cases, even with historical record highs. It was also a good year for credit in financial markets. Despite this, these rallies in the financial market contrasted with a slowdown in world economic growth (+3.1%), due to geopolitical tensions, the trade war between the US and China and Brexit issues. Furthermore, central banks continued with their monetary easing policies, which meant that the extraordinarily low interest rate environment continued in 2019.

As regards Andorra, the rating agencies have highlighted the economic results and prudent fiscal policy which has strengthened the country's budgetary situation. In addition to an efficient public management, there is also the country's strong determination to join the International Monetary Fund (IMF), which was announced at the beginning of this year (2020). They also noted the efforts made by Andorra to align itself with international standards in all spheres: financial, solvency, transparency, etc. Focusing on the economic sphere, 2019 was extremely positive, with a sustained GDP growth and an increase in the number of new business establishments, imports, and the number of people in employment. Tourism was also undergoing a transformation: longer stays and more diversification in each season of the year.

"MoraBanc closed the 2019 financial ear with a pre-tax profit of €25.1 million, which represents an increase of 4.5% over the previous year, which highlights growth in all business lines."

[1] https://www.morabanc.ad/app/uploads/ME_GENER_CAT.pdf

Changes in macro data Andorra 2019/2018



Source: own sources with www.estadistica.ad data.

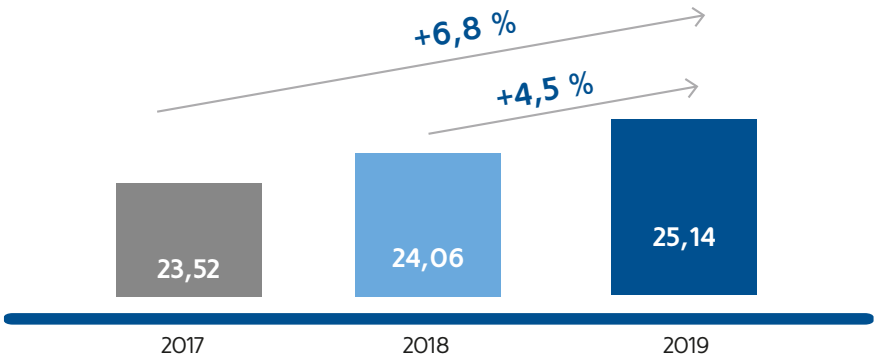
In this context, MoraBanc closed the 2019 financial year with a pre-tax profit of €25.1 million, which represents an increase of 4.5% over the previous year, which highlights growth in all business lines.

Before going into detail on financial year 2019, it is important to say that the beginning of 2020 has been marked by the unexpected health crisis which we are still experiencing, as well as the consequences it is bringing, and will continue to do so, on the national, European and world economy. As MoraBanc's Chief Financial Officer (CFO), my role is to secure the already sound foundations of our balance sheet and strengthen them even more, if it were needed, in order to be able to continue executing the strategic plan and, considering this exceptional situation we are going through, adapt them, if necessary, to manage any uncertainties we may face.

Growth in profit and in the banking business for the third consecutive year

For the third year running, and in line with our strategic plan, our profits have grown by 4.5%, as a result of the sustained growth in business, a control in expenses and efficient management. The loan book continued to grow in 2019 by 13%, and this is testament to the fact that MoraBanc is always with the people of Andorra. The interest margin increased by 9.2 %, thanks to a balanced management of the loan book and of the treasury as well as to an efficient management policy of the balance in general.

Evolution of profits (in millions of euros)



Source: financial statements de MoraBanc repared by the authors

International business continued with its growing trend and the assets under management held with our subsidiaries, Boreal Capital Management in Zurich and Miami, now account for 31.7% of the total assets of the group.

The growth in results and the management of capital carried out by MoraBanc have led to the institution achieving a financial return (ROE) of 8.5%, a rate that is above the average for many banks in the EU (5.20%).

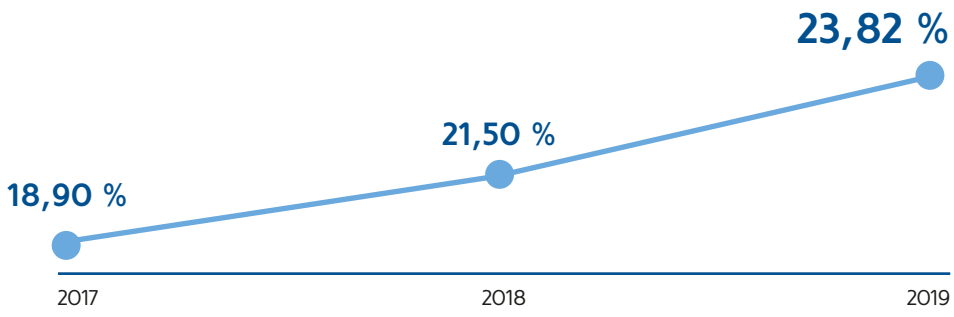
ROE

Source: own sources and https://www.bankingsupervision.europa.eu/banking/statistics/html/index.en.html

We further strengthen our balance sheet, leading in terms of solvency, to execute our strategic plan and be ready for future challenges

One of MoraBanc's core principles is based on maintaining a solid solvency position, providing security and confidence to our clients, guaranteeing that the institution has high levels of capital to ensure the viability of the organisation when facing adverse scenarios. We closed 2019 with a BIS III of 26.1% CET 1 (Common Equity Tier) solvency ratio and a 23.82% (CET 1 Fully Loaded) ratio, which far exceeds the minimum regulatory requirements and also places us above the standards of other banks of comparable size. This solvency allows the group to diversify the balance sheet and maintain a balanced and efficient investment.

CET1 fully loaded solvency ratio at 31/12/2019

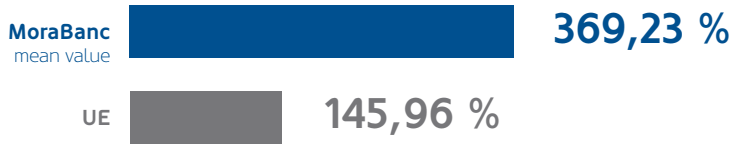


Source: MoraBanc's financial statements - own sources

Moreover, in addition to the solid levels of solvency, we would also like to highlight the liquidity ratio, both in the short-term as well as in the medium-term, which reinforces the strength of the structure of our balance sheet. The LCR (Liquidity Coverage Ratio) as of 31 December 2019 was 369.20%, and the NSFR (Net Stable Funding Ratio) was 131.7%. Furthermore, the non-performing loan ratio (NPL, Non-Performing Loans) of 3.3%, the loans-to-deposits ratio (LTD ratio) of 55.6% and the hedging ratio of 67% guarantee the strength of our balance sheet. Finally, our financial management is complemented by a more than adequate leverage ratio of 10.36%, which confirms the solidity of the structure of our institution´s balance sheet.

CET1 fully loaded solvency ratio on 31/12/2019

Liquidity ratio (LCR average value) on 31/12/2019



Taxa de morositat a 31/12/2019

Source: own sources and https://www.bankingsupervision.europa.eu/banking/statistics/html/index.en.html

Approval completed in terms of accounting and solvency

2019 was the first financial year in which we were fully comparable with the rest of the European banks, both in terms of accounting and solvency. Firstly, with the application of IFRS 9 (International Financial Reporting Standard) as well as a more accurate credit risk provision. Secondly, with the credit solvency directive of financial institutions (CRD IV), which applies to all institutions and which makes the calculations of solvency and liquidity requirements of Andorra's banking institutions comparable with those of the European banking sector. At the beginning of 2020, the Government of Andorra submitted its application for the country to join the International Monetary Fund. Becoming a member of this body, which contributes to financial stability worldwide, is a further step in the recognition of Andorra as a market that is on the same playing field as the rest of the world's.

The changes we have made at MoraBanc in recent years have enabled us to strengthen our balance sheet even further in order to achieve stability and confidence. These levels of robustness guarantee our capacity to move forward with confidence to achieve the goals of our strategic growth plan and be able to deal with the challenges of the economic crisis brought about by COVID-19.

MAIN FINANCIAL DATA

Balance Sheet and Consolidated Net Equity

In thousands of euros	31/12/19	31/12/18
ASSETS		
Cash, cash balances in central banks and other demand deposits	17,763	17,648
Financial assets held for trading	93,195	63,512
Financial assets not assigned to trading mandatorily valued at fair value through profit or loss	379,393	357,988
Financial assets at fair value with changes in another overall result	651,443	622,398
Financial assets at amortised cost	1,746,815	1,559,166
Derivatives - hedge accounting	2	191
Changes in fair value of the hedged items of a portfolio with hedging of the interest rate risk	2,168	559
Investments in dependent companies, joint ventures and partner companies	4,720	1
Assets protected by insurance and reinsurance contracts	37,304	36,324
Tangible assets	102,899	103,240
Intangible assets	13,505	13,173
Assets from taxes	4,466	7,667
Other assets	4,925	4,541
Non-current assets and transferable groups of items that have been classified as held for sale	1,146	1,562
TOTAL ASSETS	**3,059,744**	**2,787,970**

In thousands of euros	31/12/19	31/12/18
LIABILITIES		
Financial liabilities held for trading	30,708	31,282
Financial liabilities designated at fair value through profit or loss	360,603	358,891
Financial liabilities at amortised cost	2,220,271	1,972,271
Derivatives - hedge accounting	10,661	6,699
Changes in fair value of the hedged items of a portfolio with hedging of the interest rate risk	794	782
Provisions	24,208	25,185
Liabilities from taxes	3,864	3,571
Liabilities created by insurance and reinsurance contracts	84,659	86,459
Other liabilities	17,112	16,243
TOTAL LIABILITIES	**2,752,880**	**2,501,383**

In thousands of euros	31/12/19	31/12/18
NET ASSETS		
Capital	42,407	42,407
Accumulated earnings	268,217	155,079
Revaluation reserves	(27,876)	68,275
Other reserves	25,136	24,057
Earnings attributable to the owners of the controlling company	(1,016)	(3,227)
Other accumulated overall earnings	(4)	(4)
TOTAL NET EQUITY	**306,864**	**286,587**
TOTAL NET EQUITY AND LIABILITIES	**3,059,744**	**2,787,970**

Consolidated statements of income

In thousands of euros	31/12/19	31/12/18	31/12/17
PROFITS AND LOSSES			
Financial margin	28,368	25,978	21,246
Earnings from fees	51,083	50,269	54,800
Earnings from entities valued by means of the participation method	209	(30)	(99)
Earnings from financial operations	7,352	7,883	10,837
Net operating income	4,882	4,816	2,026
Earnings from operating income	**91,894**	**88,916**	**88,810**
Administration costs	(55,136)	(55,903)	(51,797)
Redemption	(5,842)	(5,638)	(8,010)
Allocation to provisions, net impairment and other earnings from non-financial assets and non-current assets	(3,941)	(1.545)	(3,980)
Pre-tax profits	**26,975**	**25,830**	**25,023**
Tax on profits	(1,839)	(1,773)	(1,506)
EARNINGS DURING THE YEAR	**25,136**	**24,057**	**23,517**

Status of the added value of the MoraBanc group

In thousands of euros	31/12/19	31/12/18	31/12/17
Economic value created	**91,894**	**88,916**	**88,810**
Financial margin	28,368	25,978	21,246
Fees from net services	51,083	50,269	54,800
Earnings from financial operations	7,352	7,883	10,837
Other income	5,091	4,786	1,927
Distributed economic value	**56,975**	**57,676**	**53,303**
Retained economic value	**34,919**	**31,240**	**35,507**
Economic value distributed and retained	**91,894**	**88,916**	**88,810**

We provide value to our stakeholders and society

CLIENTS

Monitoring and interaction on our social networks: 13,365 followers in total, among the five social networks we are present (YouTube, LinkedIn, Facebook, Twitter and Instagram).

EMPLOYEES

- 24,544 hours of training.
- 98% are permanent contracts.
- 47% are women.
- Safe working environment with a low number of absences due to workplace accidents.
- Commitment to the company and its strategy.

SUPPLIERS AND PROVIDERS

- We establish long-term relationships with our providers and suppliers who contribute value.
- As far as possible, we extend the principles of the bank with regard to sustainability to our providers and suppliers.

CULTURAL, SPORTING AND SOCIAL INSTITUTIONS

- Investment in social actions: 4.5% of the profits.
- Distribution of the solidarity card: €97,223 and more than €1 million has been distributed among the 19 entities associated with the project.
- Number of entities which have benefited from MoraBanc's social policy: 72.
- Number of individual beneficiaries: 664,372.

MEDIA

Impact in the media:

- 94% positive news items.
- We are leaders in press presence and have increased our market share by 9%.
- 77% of the news about MoraBanc is self-generated.

SHAREHOLDERS

- Profitability (ROE) of 8.45%, above the European average of 6.16% (data source www.bankingsupervision.europa.eu).
- A solid and solvent bank, committed to the Andorran economy and society.

COUNTERPARTIES, CUSTODIANS, CORRESPONDENTS, ETC.

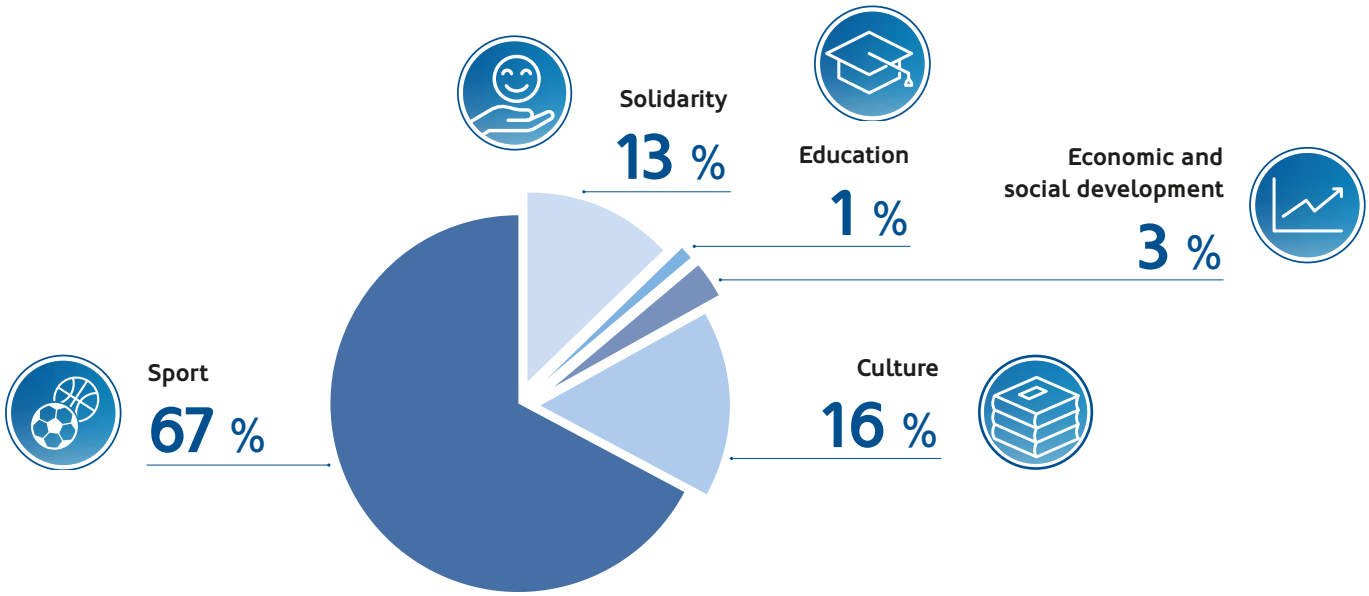
- BBB- and short-term F3 ratings by Fitch Ratings
- High CET 1 Fully Loaded solvency ratio of 23.82%, above the European average of 14.78% (data source www.bankingsupervision.europa.eu).
- Strong liquidity position with an average of 369.23% in 2019, much higher than that required.

INSTITUTIONS AND REGULATORY BODIES

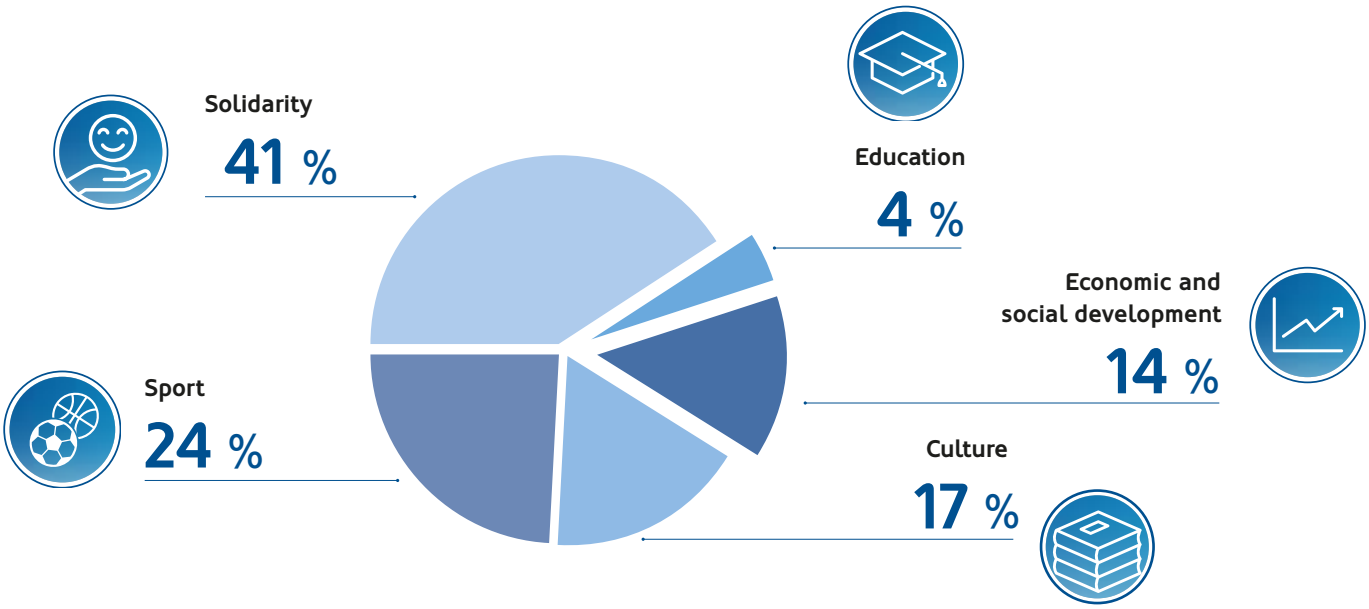
- We are transparent and internationally comparable (IFRS, CRD IV, BIS III).

Thinking of a better world forms part of MoraBanc's commitment to sustainability. We are aware that our business could often be part of the solution to some of the problems facing society. For this reason, we have devised a strategy which contributes to the development of Andorran society. This engagement is reflected in several initiatives of a social nature which help us to create and preserve links with the country and its people. We adopt socially responsible practices which generate value for the community and the company. In line with our values, we focus on four main areas: culture, sport, solidarity and economic development.

Distribution of social investment in 2019[1]



Projects and social programmes in 2019[2]



[1] [2] Source: Prepared by the authors

Economic and social development

In 2019 we conducted the following initiatives to contribute to the economic and social development in Andorra:

- MoraBanc is a member of the Andorran Family Business (EFA in its Catalan initials), a body which ensures business culture and promotes the continuity of family businesses. As well as being a member, we sponsor two of its main activities: its conference programme and the forum. This year the subjects discussed were the technological changes and entrepreneurship in the conference programme and an airport strategy for Andorra in the forum. Additionally, MoraBanc has made it possible for the EFA to participate in the European Family Business since 2016.
- We allow community associations and groups in Andorra to use MoraBanc spaces such as our conference room. Similarly, we support the outreach activities of various institutions, such as professional associations, patient support groups for various illnesses, training centres etc.
- Actions to support society have a direct and indirect impact on the Andorran economy, by generating employment, the contracting of goods and services, and commercial and restaurant business related to the activity, etc. The following sections describe these impacts.

Culture

Our contribution to the cultural life of Andorra was embodied, among others, in the following initiatives:

- The organisation and sponsorship of the MoraBanc Music and Dance Season in Andorra la Vella, which continues to be our leading contribution in the cultural field. MoraBanc contributed 62% of the budget of the 25th edition of the event, which closed with a total attendance of 2,270 people. This year's event brought the Camerata Orchestra of the Royal Concertgebow in Amsterdam, the baritone Bryn Terfel, the stars of the Paris Opera Ballet and Stacey Kent, one of the most prominent voices in jazz, to Andorra. The Season generates indirect economic activity related to the contracting of goods and services, as well as business for restaurants and commercial activity from the spectators in the surrounding areas of the Congress Centre in Andorra la Vella, where the shows take place.
- We continue to offer our internet ticket sale system free of charge to Andorran cultural institutions and associations which put on and organise cultural events.
- We are the main sponsors of the Rebel show by Cirque du Soleil held in July in Andorra. We support this project, promoted by the Andorra Tourist Board, which is a basic pillar for attracting tourism in the summer and generating economic activity, as the data show. The Rebel show by the Cirque du Soleil in 2019 had a direct and indirect economic impact totalling €22.9 million, as a result of which each euro invested was multiplied by 8.8. Moreover, 86.1% of the audience stayed in Andorra for an average of 2.3 nights, thereby generating activity for hotels, restaurants and leisure services, among others.

Sports

We are committed to sport to improve people's quality of life:

- MoraBanc is the main partner of the Bàsquet Club MoraBanc Andorra basketball team. Apart from the sports action and the cohesion of the country represented by the BC MoraBanc Andorra, it also generates direct economic activity through the contracting of personnel as well as products and services, and indirect activity with its additional services and the participation of the spectators at the matches.
- MoraBanc is also the main sponsor of FC Andorra in its desire to create a project to enthral the country and contribute to creating opportunities for Andorra.
- We maintain our commitment to snow. MoraBanc is one of the main economic and social driving forces of Andorra, making a highly valuable contribution to the cohesion of society. We currently support the Pas de la Casa - Grau Roig Skiing Club, the national snowboarding team of the Andorran Skiing Federation, the Andorran Mountaineering Federation (with the sponsorship of the national mountain race team in summer and alpine skiing in winter) and to the Grandvalira ski resort.
- Once again, we supported the Andorran Women's Race. In this way, we work with the Andorran Women's Association, offering them our support for one of their causes: the fight against breast cancer. Nearly 1,000 people participated this year.

Solidarity

The solidarity card is an initiative aimed at contributing to social fairness and promoting the solidarity of its clients. The recipients of the donations are Andorran institutions whose purposes are social action, humanitarian aid and development cooperation, both in our own country and in the international sphere. The solidarity card was launched with five NGOs and this year there have been a total of nineteen entities, we have distributed €97,223 in 2019 and, since its introduction, we have distributed more than €1 million throughout society. Contributions from the solidarity card have a local impact, given that they generate economic activity through contracting people and products and services to meet the objectives of the different entities' programmes. For another year running we have supported the charity Càritas in two of its main campaigns, the toy and food collection in which our employees have participated.

Environment

We are committed to the preservation of the environment and our natural surroundings, of undeniable value for Andorra, as well as fighting climate change on a more global level. Our commitments are reflected in our environmental policy:

-To strictly comply with current legislation on environmental matters.

-To prevent contamination resulting from our business, setting objectives that enable us to ensure continuous improvement and sustainable development, in both our consumption of natural resources and the generation of waste and emissions.

-To disseminate these principles throughout the Andorran society.

-To maintain an open culture in matters of the environment and to circulate our policy among employees, clients and any other interested parties.

MoraBanc has an environmental management system which it has been applying since the year 2000 to minimise the impact of our activities on the environment. The institution works to achieve an optimum environmental compliance by meeting current legislation and preventing pollution being caused by our activity.

In 2019 we continued with the strategy to combat climate change which we began in 2009, calculating our annual carbon footprint. We calculated our GHG (greenhouse gas) emissions in accordance with ISO 14064:1-2012, the Greenhouse Gas Protocol, the Corporate Accounting and Reporting Standard developed by the World Business Council for Sustainable Development.

The calculation of the carbon footprint allows us to effectively evaluate the measures taken to reduce our impact on the environment. We analyse the results annually and define objectives for the following financial year.

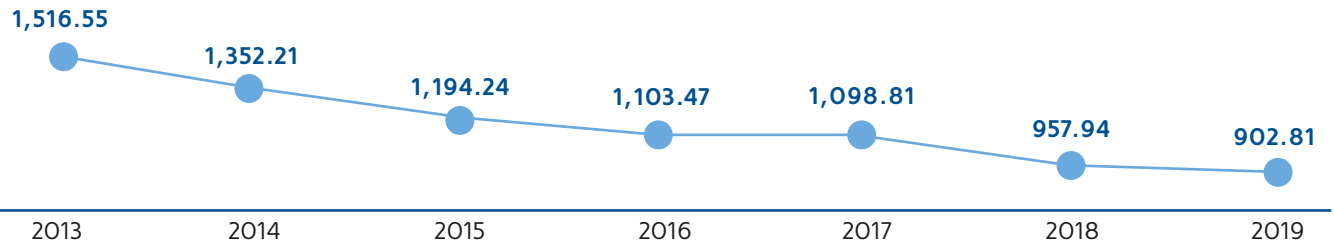
Our carbon footprint, linked to the activity of the MoraBanc Group in Andorra, Zurich and Miami totalled 902 tonnes of CO2 in 2019, a reduction of 5.4% compared with 2018. The positive reduction figure for 2019 is chiefly due to the improvement in the electricity conversion factor in Andorra. For our part, we have pursued a policy to reduce diesel fuel for our transport (-10%) and energy consumption (-14.5%) and issued guidelines for continuous consumption of consumables such as toner (-54%).

CO2 emissions by emission source in 2019 for the MoraBanc Group (in tCO2 eq and %) [3]

ABAST 1	ABAST 2	ABAST 3
165.56	446.17	291.01
18 %	50 %	32 %
These omissions are classed as direct emissions. They are the greenhouse gases emitted directly by the organisation, for example due to the use of combustible fossil fuels in machinery or vehicles owned by the organisation and due to losses of refrigerant gases in air-conditioning equipment.	These are indirect emissions caused by energy: they are greenhouse gases emitted through the generation of electricity consumed by the organisation, and depend mainly on the consumption and mixture of energy on the electricity grid.	Other indirect emissions are those attributable to products and services required by the organisation, that have also generated emissions in their production, as well as other indirect emissions (business travel etc.).

[3] Source: Prepared by the authors

Evolution of MoraBanc's total emissions in tCO2 eq between 2013 and 2019[4]



We strive to improve the energy efficiency of our facilities and offices with two goals: to tackle climate change and to achieve a safe, sustainable and competitive energy supply. The main energy sources we use at MoraBanc are, firstly, the electricity and diesel consumed in the branches and, secondly, the fuels used for travel.

Evolution of the source of the emissions of the MoraBanc Group's activity in 2019[5]

EVOLUTION OF THE SOURCE OF THE EMISSIONS OF THE MORABANC GROUP'S ACTIVITY IN 2019

SCOPE	SOURCES OF EMISSIONS		VARIATION 2018-2019
▲ SCOPE 1	FOSSIL FUELS		▲
	OWN TRANSPORT		▲
▼ SCOPE 2	ELECTRICITY CONSUMPTION		▼
▲ SCOPE 3	3.1. PURCHASE OF GOODS AND SERVICES	Paper consumption	▼
		Toner consumption	▼
		Bank card consumption	▼
		Water treatment	▲
	3.4. UPSTREAM TRANSPORTATION AND DISTRIBUTION	Fuel consumption of the courier service	▼
	3.5. WASTE MANAGEMENT	Paper and cardboard waste	▶
	3.6. BUSINESS TRAVEL	Air travel	▲
		Train travel	▲
		Bus travel	▲
		Personal vehicles	▲
		Taxi travel	▲
		Overnight stays	▶
	3.8. UPSTREAM LEASED ASSETS		▼
		Total emissions (tCO_2 eq)	▼

The commitments made by the institution reflect our environmental awareness, with a policy that defines objectives for improvement and energy-efficient initiatives year after year.

[4 | 5] Prepared by the authors

4

HOW WE ENSURE AND PROTECT VALUE

A strong and professional corporate governance

MoraBanc is a family-owned and independent bank with professional management and governance. The Board of Directors and its committees comply with the European Union's regulations on transparency and ethics, the guidelines of the Basel Committee and international practice in the field of good corporate governance of the financial institutions among which we wish to be counted.

Pedro González Grau
CHAIRMAN

Oscar Aristot Borràs
PROPRIETARY DIRECTOR
Chairman of the Executive Committee for Business

Marc Mora Guerín
(represented by Mora Fills, SA)
PROPRIETARY DIRECTOR
Chairman of the Technology, Innovation and Information Security Committee

Joan Quera Font
PROPRIETARY DIRECTOR

Francesc Xavier Maymó Gatell
PROPRIETARY DIRECTOR

Miguel Antonio Pérez Carnicero
INDEPENDENT DIRECTOR
Chairman of the Audit and Compliance Committee

Agustín Berasaluce Astarloa
INDEPENDENT DIRECTOR
Chairman of the Appointments and Remuneration Committee

José María Gefaell Chamochín
INDEPENDENT DIRECTOR
Chairman of the Risks Committee

Marc Vilallonga Puy
NON-BOARD MEMBER SECRETARY

Executive Committee for Business

The Executive Committee for Business performs the following functions, among others, in accordance with its Regulations: (i) Monitoring the development of the group's strategy and of the activities, markets and countries where it wishes to be present through direct investments and specific transactions, keeping itself informed of the commercial initiatives and strategies of the various business units of the group and of the new projects which are presented: and (ii) Reviewing the evolution of the financial investments and business, as well as the internal economic situation of the strategic plan and the budget.

Audit and Compliance Committee

Among other functions, the Audit and Compliance Committee reviews the financial information of the group and its internal control systems, it acts as a channel of communication between the Board and the external auditor ensuring that the latter exercises its functions independently and supervises the works carried out by the Internal Audit Services. This committee oversees compliance with the group's Code of Conduct, and with the programmes and policies related to the prevention of money laundering and the financing of terrorism and, in general, with compliance programmes and the prevention of legal, regulatory and criminal risks to the bank.

Risk Committee

Among other functions, the Risk Committee advises the Board regarding the definition and assessment of the strategy and the risk policies as well as providing support. It also assists the Board with the equity and liquidity strategy. The Committee has executive powers enabling it to authorise and approve certain risk transactions.

Technology, Innovation and Information Security Committee

This committee's objective is to ensure that MoraBanc adapts to the standards and best practices in the field of corporate governance, with the aim of helping the Board in gaining knowledge of the infrastructures and technological and innovation strategy of the group, as well as on the main technological and information security and cybersecurity risks which may affect the group.

Appointments and Remuneration Committee

Among other functions, the Appointments and Remuneration Committee, proposes the appointment of the members to the Board, including executive members. It also informs the Board of appointments of other senior management members of staff and key personnel of the group. This committee proposes the remuneration policy for the directors to the Board: it prepares the corresponding report and the remuneration of the members of the board including the executive members, and of other senior management positions. Therefore, it also proposes the remuneration policy for senior management.

An executive team focused on the success of the strategic plan

The Executive Team is organised into various committees in line with the management of the teams and the strategic plan objectives.

Regulatory Committee for Intervention and Control (RCIC)

The RCIC is the committee formed by the senior management of the bank which manages the most significant aspects of the institution, whether this be business, financial, audit, reputation and integrity, and it aligns all the banks actions with the strategic plan objectives. It is also responsible for monitoring relationships with other institutions and regulatory bodies, monitoring significant aspects of the subsidiaries and the monitoring of issues regarding the Board of Directors and its competence.

Lluís Alsina Álvarez
MANAGING DIRECTOR

Sara Álvarez Cazorla
DEPUTY GENERAL MANAGER
Financial Area

Rubén Aísa García
DEPUTY MANAGING DIRECTOR
General Counsel

José Ignacio Amilburu Pérez
DEPUTY MANAGING DIRECTOR
Risks Area

Amparo M. Nieto Linares
DEPUTY MANAGING DIRECTOR
Regulatory Compliance

Business Committee

The Business Committee is in charge of aligning the commercial strategies and actions with the general strategies of the bank. In this regard, it sets the commercial guidelines, it periodically evaluates the degree of compliance with the commercial objectives and organises actions to correct any deviations.

Strategy Committee

The Strategy Committee prepares reports, recommendations and strategic proposals to achieve the bank's objectives. It is also responsible for reporting on the association agreements, the development of new or existing lines of business as well as financial operations. It monitors the strategic plan approved by the bank to align all the bank's actions with the objectives to evaluate its compliance and apply the appropriate corrective measures.

Efficiency Committee

The efficiency committee is key to achieving the strategic plan and coordinating saving and efficiency actions with all the managers of the departments in order to achieve the objectives. It monitors the investments to ensure the bank's innovation and compliance with the business plan. Likewise, it leads and develops the company's staff.

Executive Committee

The Executive Committee is an informative committee which is made up of various directors of MoraBanc in order to monitor the strategic plan. It coordinates the bank's operations to ensure compliance with the objectives and to align the action plans of the whole group.

Ethical leadership and management with respect for human rights

The fundamental pillars of MoraBanc's activities and business are ethics and integrity. Beyond what we are bound to comply with in regulatory terms, we are committed to transparency, professional ethics and respect for society and our clients, shareholders and employees.

The group's Code of Ethics and Conduct and the Stock Market's Code of Conduct are the standards by means of which we transfer these pillars to all the levels of the organisation. The two Codes define our values and corporate culture and the responsibility to conduct our business in accordance with standards designed to prevent any unfair competitive, monopolistic or restrictive practices. The institution also has a Statute for Members which contains the standards which sets forth the action expected of the members of the Board of Directors of the group.

The Regulatory Compliance Department is responsible for drawing up the Codes of Conduct and adapting them to current legislation. In addition, the Group's Board of Directors is the body responsible for approving them.

The understanding and implementation of the Codes of Conduct, as well as other applicable regulations, is ensured by our control structures. All the professionals who make up MoraBanc, in all the countries in which the institution operates, are obliged to comply with them. For this reason, when they join the organisation, they receive training on the Codes of Conduct and our internal procedures for the prevention of money laundering or monetary instruments and the financing of terrorism.

The fight against corruption and the prevention of money laundering or monetary instruments and the financing of terrorism are two permanent and all-pervading goals throughout the MoraBanc Group. These issues have become a national priority leading to the adoption of legislative initiatives in recent years and a review of the prevention and repression system in order to achieve the most effective framework for the fight against these practices. In compliance with current legislation, we have an internal control structure and mechanisms for the reporting of any suspicious actions.

The fundamental pillars of MoraBanc's activities and business are ethics and integrity.

Moreover, MoraBanc has defined and developed internal communication channels to inform the institution's senior management of potential ethically questionable conduct, practices or proposals for activities with features making them liable to be regarded as instances of the laundering of money or monetary instruments or the financing of terrorism. If this should happen, the appropriate bodies analyse and supervise the cases.

We also have mechanisms enabling us to prevent, detect and investigate potential cases of corruption and fraud. We have defined a corporate governance system which guarantees the prevention of conflicts of interest by means of the General Policy on Conflicts of Interest. This document establishes the bases for the procedures to be followed in matters of prevention and management of conflicts and defines the handling of conflicts of interest which may affect employees or directors of MoraBanc with regard to clients, suppliers or society in general.

The Corporate Integrity Management Committee is responsible, among other things, for promoting the adoption of measures enabling us to resolve ethically questionable actions, settle situations in which the group's interests clash with those of the clients, draw up and circulate interpretative notes, propose potential changes in the content of the Code of Conduct in order to adapt it to developments in the group's activities and business, the environment in which they are conducted and the best practices of the financial industry as well as establishing communication with the supervisory authorities.

The main tasks of the Internal Control and Communication Body are to analyse, control and report to the supervisory authorities any information related to operations or events which may be related to money laundering or monetary instruments or the financing of terrorism, in addition to establishing the policies and procedures necessary to identify, prevent and hinder the undertaking of transactions related to such activities. This body has total independence in the exercising of its duties. Its composition is established in accordance with functional integration criteria and its decisions are binding for the entire MoraBanc Group.

In a complementary manner, we have another control area, Risks, which ensures that the defined risk profile is kept within established limits. This department applies the corrective and mitigating policies necessary to maintain the risk levels in accordance with the objectives defined in the group's strategy.

In the fiscal field, MoraBanc has a specific area within the Legal Advisory Department which ensures that MoraBanc's tax obligations are properly fulfilled in all the jurisdictions in which it operates.

Finally, to ensure compliance with the institution's corporate good governance system, Internal Audit acts as a third line of defence, the control body which supervises the suitability and effectiveness of the internal control system, formulates conclusions and recommendations regarding the said system and checks that they are properly implemented.

We have defined a corporate governance system which guarantees the prevention of conflicts of inte est by means of the General Policy on Conflicts of Interest.

Alignment with best practices to present our information

In 2019 we presented the information in keeping with the line initiated in previous years with the aim of being more transparent with our stakeholders and to provide a more connected vision of our activity which we conduct in keeping with our strategy and environment. We have put what we do in context with our values, our vision, our strategy, our business model and our corporate governance with a social and sustainable focus over time. In this regard, we provide a detailed explanation on how we develop our banking and financial activity in order to create long-term value with a commitment to sustainability.

This report has been prepared for the first time following the guidelines of the International Framework for Integrated Reporting of the International Integrated Reporting Council (IIRC), a global coalition of regulators, investors, companies, regulation and standard issuers, professional accountants and non-governmental organisations, united with the objective of developing corporate reporting towards value creation in communication.

We also maintain the focus on the sustainability of the report, following the international standard for preparing sustainability reports set by the Global Reporting Initiative (GRI), a leading international organisation in non-financial reporting. In this regard, the 2019 integrated annual report has been drawn up in accordance with the GRI standards in the core conformity option, and this year the adaptation to the new version of the GRI has been carried out in comparison with last year's annual report (GRI G4).

The management of our activity is based on our relationship with our stakeholders, which is essential for understanding their expectations and interests, which frame many of the decisions and actions the organisation takes. In this regard, for the purpose of performing an exercise in transparency for our stakeholders, MoraBanc prepares this annual report to provide information on the relationship between, firstly, our strategy, governance and financial performance and, secondly, the social, economic and environmental context within which the bank operates.

Pursuant to the principles for determining the content of a report in accordance with the GRI Guidelines, a materiality analysis was performed in 2015 to determine the sustainability aspects and issues relevant to the organisation. Key people from the Bank and representatives of our stakeholder groups were directly involved in the drawing up of the materiality analysis.

The results obtained from the materiality analysis helped us to perform internal work on initiatives which improve sustainability, aimed at both the human team and the external stakeholders. This year we have added taxation to this materiality table. This is an aspect that is increasing in significance and we wanted to start reporting it. In short, it means working on a sustainability strategy aligned with what the stakeholders regard as being necessary and the Bank's business strategy.

We have put what we do in context with our values, our vision, our strategy, our business model and our corporate governance with a social and sustainable focus over time.

Information on materiality

In the preparation of this report for 2019, we have reviewed the results of the materiality analysis which we conducted in 2015. We have compared the aspects which were considered material issues in 2015 with the concerns that the stakeholders have raised through various channels, and especially through surveys, and we can confirm that the contents defined above provide an accurate vision of the repercussions and MoraBanc's compliance with regards to subject of sustainability. This analysis enables us to identify the sustainability issues relevant to the institution and its stakeholders which have been used to work on MoraBanc's sustainability strategy. The process that was followed from the materiality analysis was developed in three stages:

1. Identification of potentially relevant aspects

This was carried out on the basis of the analysis of the GRI Guidelines and the sectoral supplement for financial services, drawn up by the same organisation.

2. Prioritisation

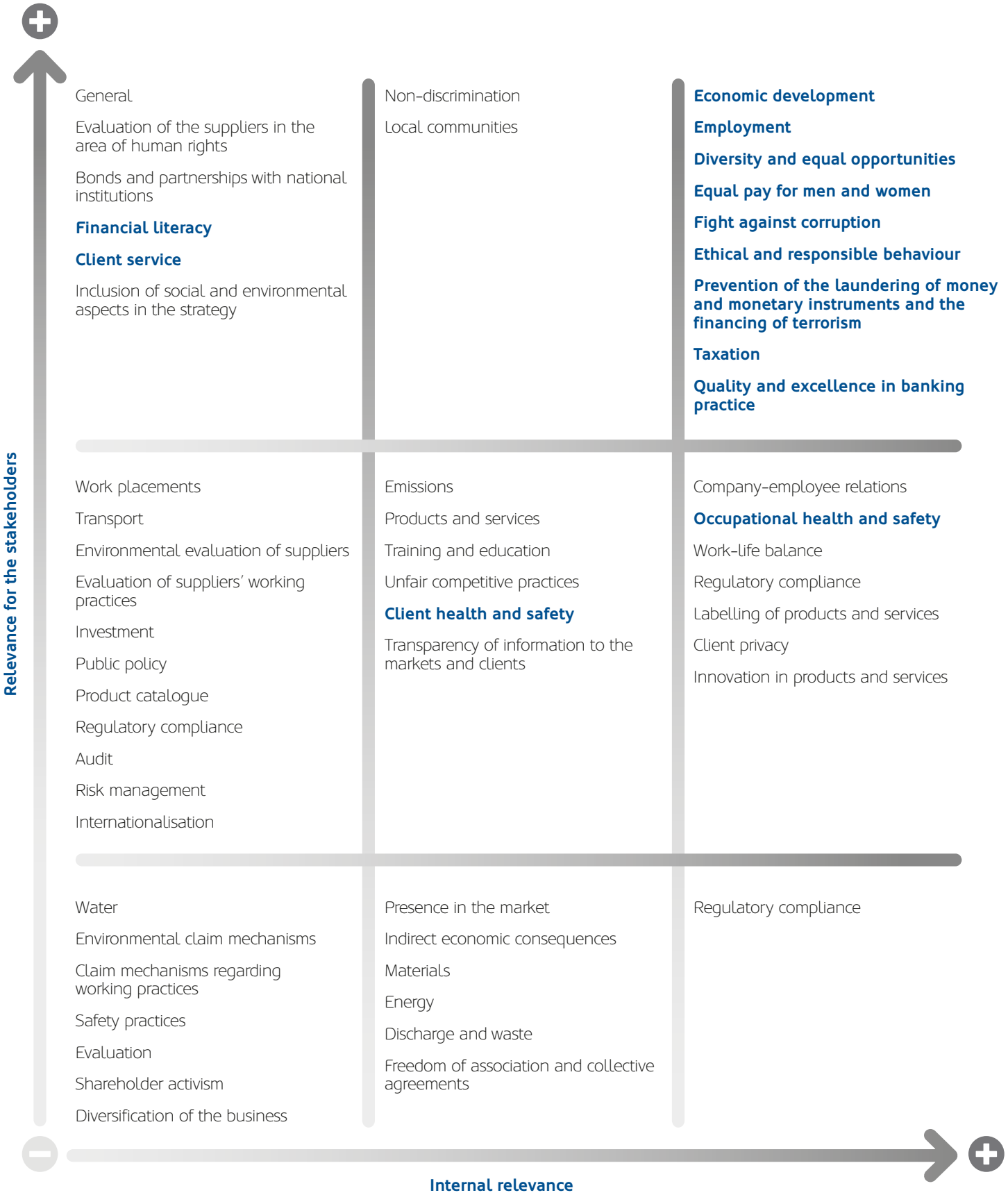
The material aspects were selected on the basis of a dual analysis, both internal and external. This enabled us to identify the degree of importance of the identified issues for both MoraBanc and our stakeholders.

- Internal environment, relevance for MoraBanc. For the internal prioritisation a questionnaire was sent to the members of MoraBanc's Executive Management Team. The directors assessed the degree of importance of the identified aspects, taking into account the positive and negative impacts on the environmental, social and economic sustainability of the institution, as well as their consistency with MoraBanc's vision and its positioning.
- External environment, relevance for our stakeholders. Sessions were organised for the external prioritisation of the identified material aspects, attended by representatives of MoraBanc's different stakeholders. The aim was to define the sustainability aspects considered to be the most relevant, depending on the relationship of each stakeholder group with MoraBanc. On the basis of the results of that session, the data from the two analyses were compared in order to generate a matrix to determine the material aspects to be included in our sustainability report and MoraBanc's sustainability strategy.

3. Validation

The results obtained and the materiality matrix were analysed by the management of MoraBanc, which assessed their consistency with the institution's sustainable development. In order to focus properly on MoraBanc's positive impact on the important aspects, we have decided to consider all aspects that have a high importance as material issues, both internally and externally, and in addition we have included financial literacy, client care, health and safety of our clients and workplace health and safety material aspects. The purpose is to ensure that the materiality reflects an appropriate and balanced picture of the most relevant issues for sustainable and responsible development in MoraBanc's economic, environmental, social and good governance areas.

MoraBanc's 2019 Materiality Matrix[1]



[1] Source: Prepared by the authors

5

TABLE OF CONTENTS OF THE GLOBAL REPORTING INITIATIVE

BASIC GENERAL CONTENTS

GRI STANDARDS	Contents	PAGE OR DIRECT RESPONSE	SDG
ORGANISATION PROFILE			
102-1	**Organisation name**	**Mora Banc Grup, SA**	
102-2	**Activities, brands, products, and services**	MoraBanc offers its clients commercial banking, private banking and wealth management services, investment funds managed by the Group's management company and insurance by the Group's insurance company. **Commercial Banking:** the commercial banking focuses on banking for individuals and banking for businesses, companies and professionals. MoraBanc has a client-focused culture, and we design products and services appropriate for them. We develop commercial segmentation in accordance with the needs of each group, taking into account age and behavioural habits. Our commitment to new technologies enables us to enhance our relationship with our clients and to establish a closer dialogue. Products and services: **Banking for Private Individuals**: Life insurance, Accounts and cards, Savings, Mortgages, Loans and credits, Investment products, Investment consultancy, Discretionary and individualised portfolio management, MoraBanc Digital, Receipt, transmission and execution of orders **Banking for Companies**: Investment products, Credit cards, Treasury and investments, Investment consultancy, Personalised attention, Discretionary and individualised portfolio management, MoraBanc Digital, International business **Private Banking and Wealth Management:** all of MoraBanc's private banking and wealth management activities are managed by expert staff in order to offer an excellent service to our clients. Products and services: **Private Banking**: Life insurance, Investment consultancy, Online broker, Range of loans and mortgages, Discretionary and individualised portfolio management, Innovation in structured products, MoraBanc Digital, Receipt, transmission and execution of orders, Credit cards **Wealth Management**: Investment consultancy, Choice of custodian bank, Financial wealth structuring, Discretionary and individualised portfolio management, Receipt, transmission and execution of orders	
		Mora Gestió d'Actius, SAU: The Group's collective investment body management company, which operates under the MoraBanc Asset Management brand with a varied and competitive range of mutual funds. Products and services: **MoraBanc Asset Management**: Disclosure and dissemination of our experts' market vision, Investment funds, Portfolio and SICAV discretional management services **Mora Assegurances, SAU:** this is the Group's life insurance company which seeks to offer all kinds of life insurance and complementary health guarantees linked to said life policies. In addition to life insurance, the institution offers savings and welfare products such as pension and retirement plans. It also provides clients with unit linked products, which may be MoraBanc Unit Linked Funds, MoraBanc Unit Linked Portfolios or MoraBanc Unit Linked Assets, depending on the assets to which they are linked.	

GRI STANDARDS	Contents	PAGE OR DIRECT RESPONSE	SDG
102-3	**Location of headquarters**	Mora Banc Grup, SA Av. Meritxell, 96 AD500 Andorra la Vella Principality of Andorra	
102-4	**Location of operations**	10–11	
102-5	**Ownership and legal form**	The MoraBanc group was founded in 1952 by the Mora family and today 100% of its capital continues to be held by the family in Andorra. The Group is made up of: - Mora Banc Grup, SA, a banking institution whose corporate purpose involves all kinds of operations that banking institutions can perform under current Andorran law. - Mora Assegurances, SAU, whose purpose is to conduct all kinds of insurance, reinsurance and risk coverage activities in the life insurance sector. - Mora Gestió d'Actius, SAU, whose purpose is to manage collective investment bodies, conduct discretional and individualised portfolio management activities and provide advice on investments. - Mora Wealth Management, AG, whose activity involves the management of assets and financial consultancy. - Mora WM Holdings USA, LLC, an investment portfolio company. It acts as the head of the other companies established in the US: • Mora Wealth Management LLC, whose activity involves the management of assets and providing financial assessments. • Mora WM Securities LLC carries out the broker-dealer activity.	
102-6	**Markets served**	10–11	
102-7	**Size of the organisation**	10–11	
102-8	**Information on employees and other workers**	25–28 **Workforce as at 31st December:** **Distribution of the workforce by countries:**	

Countries	2018	%	2019[1]	%
Andorra	273	88%	276	89%
USA (Miami)	26	7%	24	8%
Suïssa	14	5%	10	3%
Total	**313**	**100%**	**310**	**100%**

Workforce of the Morabanc Group by type of contract and working week:

Type of contract	2018	2019
Men	159	160
Women	149	143
Permanent	**308**	**303**
% Permanent	98%	98%
Men	2	5
Women	3	2
Temporary	**5**	**7**
% Temporary	2%	2%

[1] In addition, the Group owns Casa Vicens in Spain, the first house built by Gaudí, which has been restored and converted into a museum where 5 Group employees work.

GRI STANDARDS	Contents	PAGE OR DIRECT RESPONSE	SDG

Types of working week	2018	2019
Men	157	165
Women	143	139
Full time	**300**	**304**
% of full-time week	96%	98%
Men	4	0
Women	9	6
Partial	**13**	**6**
% Partial	4%	2%

External workers	2018	2019
Men	8	7
Women	14	11
	22	**18**

The group of external workers is made up of 18 people who provide services to the Group in administrative and auxiliary tasks, generally to the back office department and at counters in branches.

102-9	**Supply chain**	In accordance with our activity, we differentiate between suppliers that provide financial, audit and consultancy services and others that provide us with materials and handle the maintenance and supplies for our infrastructures. In our commitment to sustainability we prioritise companies that operate with a responsible attitude towards society and the environment.	
102-10	**Significant changes to the organisation and its supply chain**	There have been no significant changes in the location of our organisation and the markets we serve.	
102-11	**Precautionary principle or approach**	We are committed to the preservation of the environment and our natural surroundings, of undeniable value for Andorra, and to the fight against climate change. MoraBanc incorporates energy and resource-saving measures into the realisation of its activity.	
102-12	**External initiatives**	MoraBanc does not endorse any principle or statute or any other document of an economic, social or environmental nature.	
102-13	**Membership of associations**	MoraBanc is a member of various institutions in the region: - Association of Andorran Banks (Andorran Banking or the ABA in its Catalan initials) - EFA (Andorran Family Business for Total Quality Management) - Business Confederation of Andorra (CEA in its Catalan initials), through Andorran Banking - Chamber of Commerce, Industry and Services of Andorra (CCIS), through Andorran Banking - Andorran Institute of Legal, Economic and Financial Studies (JEF in its Catalan initials) through Andorran Banking MoraBanc is a member of the CEA's Andorran AndBlockchain Commission devoted to Blockchain technology and is a partner of Actinn, the technology and innovation cluster. Actinn is the first privately-owned cluster in Andorra. Its purpose is to promote the competitiveness of its associate members and enhance cooperation among companies from different sectors and other agents so as to offer new technology-based solutions in the Principality of Andorra..	

GRI STANDARDS	Contents	PAGE OR DIRECT RESPONSE	SDG
STRATEGY			
102-14	**Statement by the head of the organization**	6-7	
102-15	**Key impacts, risks and opportunities**	15-20	
ETHICS AND INTEGRITY			
102-16	**Values, principles, standards and rules of behaviour**	52-53 MoraBanc is subject to Law 8/2013 of 9th May and its amendment by Law 17/2019 of 15th February on the organisational requirements and operating conditions for institutions working in the financial system, investor protection, market abuse and financial guarantee agreements. In addition, it has a Code of Ethics and Conduct for the Group, which also contains the Technical Communiqué of AFA 163/05 on ethical rules and conduct and is mandatory for all its employees. MoraBanc also undertakes to abide by the regulations contained in the Code of Ethics approved by the ABA's General Assembly on 13th January 2017, which regulates, within the framework of the law in force at any time, the standards of honesty, integrity, professionalism and confidentiality applied by Andorran banking institutions in their relationships with clients, third parties and supervisory and regulatory bodies.	
102-17	**Mechanisms for advice and concerns about ethics**	52-53 The Regulatory Compliance Department supervises, monitors and verifies the continuous and effective compliance of the institution, the senior management, the workforce and the financial agents it appoints, with the legal and regulatory obligations and ethical standards and conduct, as well as the institution's internal policies, in order to protect clients and minimise the risk of non-compliance and other risks associated with the bank's activities. It is responsible for drawing up the codes of conduct and adapting them to the regulations in force. The Legal Advisory Services Department and the Regulatory Compliance Department are jointly responsible for offering advice regarding ethical and legal conduct and on the integrity of the organisation. Moreover, MoraBanc has defined and developed internal communication channels which guarantee confidentiality when reporting any ethically questionable conduct.	
GOVERNANCE			
102-18	**Governance structure**	47-49 Below is a list of the members of the Board of Directors of Mora Banc Grup, SA, together with their positions and categories of director. **Boards of Directors:**	

MORA BANC GRUP, SA

Members	Position	Type
Pedro González Grau	Chairman	-
Oscar Aristot Borràs	Board Member	Proprietary director
Mora Fills, SA, representada pel Marc Mora Guerín	Board Member	Proprietary director
Joan Quera Font	Board Member	Proprietary director
Francesc Xavier Maymó Gatell	Board Member	Proprietary director
Miguel Antonio Pérez Carnicero	Board Member	Independent
Agustín Berasaluce Astarloa	Board Member	Independent
José María Gefaell Chamochín	Board Member	Independent
Marc Vilallonga Puy	Non-Board Member Secretary	-

GRI STANDARDS	Contents	PAGE OR DIRECT RESPONSE	SDG
		The main purpose of the Board of Directors of the MoraBanc Group is to oversee the Group, delegating the general management to the corresponding executive bodies and management teams. **Equip Directiu:** Lluís Alsina Álvarez — Managing Director Sara Álvarez Cazorla — Deputy General Manager Financial Division M. Teresa Araúz Regué — Deputy General Manager Internal Audit Rubén Aísa García — Deputy Managing Director Legal Department José Ignacio Amilburu Pérez — Deputy Managing Director Risks Department Amparo M. Nieto Linares — Deputy Managing Director Regulatory Compliance	
102-21	**Consulting stakeholders on economic, environmental, and social topics**	33, 54	
102-22	**Composition of the highest governance body and its committees**	The Board of Directors of Mora Banc Grup, SA has the following executive committees, which have the authority to supervise, inform, advise and propose: (i) audit and compliance; (ii) appointments and remuneration; (iii) risks; (iv) executive business; and (v) technology, innovation and information security. **Audit and Compliance Committee:** **Members** — **Position** — **Type** Miguel Antonio Pérez Carnicero — Chairman — Independent Oscar Aristot Borràs — Board Member — Proprietary director Agustín Berasaluce Astarloa — Board Member — Independent Marc Vilallonga Puy — Non-voting Secretary — - **Appointments and Remuneration Committee:** **Members** — **Position** — **Type** Agustín Berasaluce Astarloa — Chairman — Independent Oscar Aristot Borràs — Board Member — Proprietary director Marc Mora Guerín — Board Member — Proprietary director Miguel Antonio Pérez Carnicero — Board Member — Independent Marc Vilallonga Puy — Non-voting Secretary — - **Risk Committee:** **Members** — **Position** — **Type** José María Gefaell Chamochín — Chairman — Independent Pedro González Grau — Board Member — - Francesc Xavier Maymó Gatell — Board Member — Proprietary director Joan Quera Font — Board Member — Proprietary director Marc Vilallonga Puy — Non-voting Secretary — -	

GRI STANDARDS	Contents	PAGE OR DIRECT RESPONSE	SDG

Executive Committee for Business:

Members	Position	Type
Oscar Aristot Borràs	Chairman	Proprietary director
Pedro González Grau	Board Member	-
Marc Mora Guerín	Board Member	Proprietary director
Francesc Xavier Maymó Gatell	Board Member	Proprietary director
Joan Quera Font	Board Member	Proprietary director
Miguel Antonio Pérez Carnicero	Board Member	Independent
Agustín Berasaluce Astarloa	Board Member	Independent
José María Gefaell Chamochín	Board Member	Independent
Marc Vilallonga Puy	Non-voting Secretary	-

Technology, Innovation and Information Security Committee:

Members	Position	Type
Marc Mora Guerín	Chairman	Proprietary director
Pedro González Grau	Board Member	-
Francesc Xavier Maymó Gatell	Board Member	Proprietary director
Joan Quera Font	Board Member	Proprietary director
José María Gefaell Chamochín	Board Member	Independent
Marc Vilallonga Puy	Non-voting Secretary	-

102-23	**Chair of the highest governance body**	47-49 The functions of the Chairman and Managing Director are distinct and complement one another. The Chairman holds the highest position in the institution and chairs the Board of Directors, whereas the Managing Director's main duty is to implement the group's strategy.	
102-26	**Role of highest governance body in setting purpose, values, and strategy**	12-13 The main purpose of the Board of Directors of the MoraBanc Group is to oversee the Group, delegating the general management to the corresponding executive bodies and management teams.	
102-30	**Effectiveness of risk management processes**	19-20	
102-32	**Highest governance body's role in sustainability reporting**	The Communication and Brand Department is responsible for drawing up the Comprehensive Report, which includes material aspects with regard to corporate responsibility. This report is reviewed by the Executive Team, which is responsible for the management of aspects linked to personnel management, the environment, regulatory compliance, risks, finances, client experience and the institution's relationship with the community. The Board is ultimately responsible for assessing and formally approving the organisation's sustainability report.	

GRI STANDARDS	Contents	PAGE OR DIRECT RESPONSE	SDG
PARTICIPATION OF STAKEHOLDERS			
102-40	**List of stakeholder groups**	31-32 The stakeholders which MoraBanc has identified with their activity are the clients, the employees, the providers and suppliers; cultural, sports and social entities, the media, and shareholder institutions and regulators.	
102-41	**Collective bargaining agreements**	MoraBanc does not have any collective agreements, given that the Andorran regulations stipulate that the workers are the ones who should undertake this, something which has not occurred to date.	
102-42	**Identifying and selecting stakeholders**	To select the stakeholders, MoraBanc has taken into account the materiality report drawn up in 2015, in which the people and organisations affected by MoraBanc's activities were determined.	
102-43	**Approach to stakeholder engagement**	MoraBanc takes into account the various stakeholders when evaluating its activity.	
102-44	**Key topics and concerns raised**	31-32	
REPORTING PRACTICE			
102-45	**Entities included in the consolidated financial statements**	The information submitted relates to the companies which appear in the consolidated financial statements. If the scope does not coincide in some cases, this is specified in the corresponding section of the report.	
102-46	**Defining report content and topic boundaries**	6-7, 54 The purpose of this report is to offer a true and fair view of the economic, social, environmental and corporate performance of MoraBanc. It therefore stems from our determination to create an environment of trust with our stakeholders through free access to relevant information related to policies and actions in the area of social responsibility. We prepare the report following the recommendations of the international Global Reporting Initiative (GRI) standards. The Report covers the companies which appear in the consolidated financial statements of the organisation, as listed in the "Economic management" section.	
102-47	**List of material topics**	55-56	
102-48	**Restatements of information**	There have been no restatements of the information contained in previous reports. In the event that a calculation formula of any of the figures has changed, it is specified in a footnote.	
102-49	**Changes in reporting**	There have been no significant changes in the scope and coverage in comparison with previous reports.	
102-50	**Reporting period**	This report covers the period between 1st January and 31st December 2019, as we report on a calendar year basis.	
102-51	**Date of most recent report**	2018	
102-52	**Reporting cycle**	Annual	
102-53	**Contact point for questions regarding the report**	Any queries which may arise in relation to this report may be emailed to comunicacio@morabanc.ad.	
102-54	**Statement of reporting in accordance with the GRI Standards**	This report has been drawn up in accordance with the GRI standards: core option.	
102-55	**GRI content index**	58-78	
102-56	**External verification**	The report has not been verified externally.	

MATERIAL ISSUES

Economy

GRI STANDARDS	Contents	PAGE OR DIRECT RESPONSE	SDG
GRI 201: ECONOMIC PERFORMANCE			
GRI 103: MANAGEMENT APPROACH			
103-1	**Explanation of the material topic and its boundary**	Economic achievement is a principal material issue for our stakeholders and it is also an essential element of our activity. The impact of the economic achievement directly affects one part of our stakeholders (employees, providers and suppliers, shareholders, clients, sponsored entities, etc.), as well as, indirectly, the rest of society through the wealth we generate.	
103-2	**The management approach and its components**	In its strategic plan MoraBanc has expressed its willingness to maintain its banking activity in Andorra and beyond its borders and that it has the ambition to grow.	
103-3	**Evaluation of the management approach**	The institution evaluates the economic achievement thanks to its continuous monitoring of the business indicators, drawing up the necessary reports. The Business Monitoring Committee and the Strategy Committee apply the appropriate modifications or corrections whenever it is deemed necessary to do so.	
201-1	**Direct economic value generated and distributed**	The table below, drawn up upon the basis of the Group's profit and loss account, displays the distribution of the economic value generated, distributed and held by MoraBanc in 2019.	

	2018	2019
Economic value generated	88.916	91.894
Financial margin	25.978	28.368
Net commissions for services	50.269	51.083
Profit/loss from financial transactions	7.883	7.352
Other income	4.786	5.091
Economic value distributed	57.676	56.975
Economic value retained	31.240	34.919
Economic value distributed and retained	**88.916**	**91.894**

201-4	**Financial assistance received from the government**	MoraBanc does not receive any public aid.	

GRI STANDARDS	Contents	PAGE OR DIRECT RESPONSE	SDG
GRI 203: INDIRECT ECONOMIC IMPACTS			
GRI 103: MANAGEMENT APPROACH			
103-1	**Explanation of the material topic and its boundary**	41-46 Economic development is a material topic for our stakeholders according to the questions we ask them on a continuous basis. The indirect economic impact is a consequence of the economic development and for this reason it is included as material in the GRI table. MoraBanc abides by the national and international standards and protocols to analyse the indirect impact of its activity.	
103-2	**The management approach and its components**	41-46 The indirect economic impacts on society form part of MoraBanc's DNA and the Board of Director's desire to actively contribute to society. MoraBanc has established commitments with institutions to achieve its goals with regard to its economic impact. To achieve this, it makes its human, material and economic resources available.	
103-3	**Evaluation of the management approach**	MoraBanc monitors the actions by means of various indicators which are periodically reported, such as the publicity received from the actions carried out and the impact they have had, e.g. articles which have appeared in the press and the achievement of the objectives of the sponsored projects.	
203-2	**Significant indirect economic impacts**	41-46	

GRI STANDARDS	Contents	PAGE OR DIRECT RESPONSE	SDG

GRI 205: ANTI-CORRUPTION

GRI 103: MANAGEMENT APPROACH

103-1	**Explanation of the material topic and its boundary**	52-53	
103-2	**The management approach and its components**	52-53	
103-3	**Evaluation of the management approach**	The institution monitors the actions and projects relating to anti-corruption policies through the Regulatory Compliance Department.	
205-1	**Operations assessed for risks related to corruption**	The active fight against corruption, the laundering of money or monetary instruments and the financing of terrorism, among other aims, forms part of the transversal culture of the whole Group and it is also regulated by law. In compliance with the current legislation, we have an internal control structure and Regulatory Compliance and Audit Departments which oversee the corporate governance.	
205-2	**Communication and training about anti-corruption policies and procedures**	52-53	
205-3	**Confirmed incidents of corruption and actions taken**	There was no confirmed case of corruption at MoraBanc in 2019.	

GRI 206: ANTI-COMPETITIVE BEHAVIOUR

GRI 103: MANAGEMENT APPROACH

103-1	**Explanation of the material topic and its boundary**	52-53 The fight against anti-competitive behaviour is one of the essential elements MoraBanc's activity, marked by our values: ethics and professional integrity and respect for our clients, society, our employees and the law. In addition, this topic has been presented as highly significant for both the stakeholders and the internal groups, who have made mention of ethical and responsible behaviour in the materiality matrix.	
103-2	**The management approach and its components**	52-53	
103-3	**Evaluation of the management approach**	The institution monitors the actions and projects relating to anti-corruption policies through the Regulatory Compliance Department.	
206-1	**Legal actions for anti-competitive behaviour, anti-trust and anti-monopoly practices**	During 2019 there were no claims related to cases of anti-competitive behaviour or breaches of the legislation on practices against freedom of competition and monopolies.	

GRI STANDARDS	Contents	PAGE OR DIRECT RESPONSE	SDG
GRI 207: TAXATION			
GRI 103: MANAGEMENT APPROACH			
103-1	**Explanation of the material topic and its boundary**	MoraBanc fulfils its tax obligations in all the jurisdictions in which it conducts its activity in a responsible and transparent manner, in accordance with the principles of ethics and integrity that govern all the Group's activity.	
103-2	**The management approach and its components**	MoraBanc's Fiscal Department coordinates the management of the fiscal risk control systems in compliance with its tax obligations and oversees their proper adaptation to the evolution of the regulatory, legal and technological environment.	
103-3	**Evaluation of the management approach**	The institution performs prompt and careful monitoring of the tax strategy, which is geared towards the Group's business strategy and always in keeping with the tax legislation of each jurisdiction.	
207-1	**Fiscal approach**	MoraBanc applies a fiscal strategy in alignment with the development of its business that complies with the fiscal regulations of each jurisdiction in which it conducts its activity. This strategy is designed to comply with the current tax regulations under the principles that underpin all the group's activity. MoraBanc's fiscal strategy also seeks to contribute to the shaping of a fair, sustainable and modern tax system, as well as the development and application of more equitable and efficient tax legislation that adds value to society.	

Enviroment

GRI 305: EMISSIONS			
GRI 103: MANAGEMENT APPROACH			
103-1	**Explanation of the material topic and its boundary**	45-46	
103-2	**The management approach and its components**	45-46	
103-3	**Evaluation of the management approach**	45-46	
302-1	**Energy assumption within the organisation**	45-46 The source of the emission factors used for the calculation is: - Practical guide for calculating greenhouse gas emissions (GHG). March 2019 version. - Forces *Elèctriques d'Andorra* (FEDA) (Andorran electricity utility) 2018 Sustainability Report - International Energy Agency (IEA). Emission Factors 2018. - Environmental Paper Network Paper Calculator, version 4.0. - International Civil Aviation Organization (ICAO). - Carbon emissions calculator Defra - UK Government GHG Conversion Factors for Company Reporting 2018. All the above are updated and verified sources.	

GRI STANDARDS	Contents	PAGE OR DIRECT RESPONSE	SDG
305-1	Direct GHG emissions (Scope 1)	45–46	
305-2	Indirect GHG emissions in generating energy (Scope 2)	45–46	
305-3	Indirect GHG emissions (Scope 3)	45–46	
305-4	Intensity of GHG emissions	45–46	

Work placements

GRI 401: EMPLOYMENT

GRI 103: MANAGEMENT APPROACH

103-1	Explanation of the material topic and its boundary	25–28	
103-2	The management approach and its components	25–28	
103-3	Evaluation of the management approach	25–28	

GRI STANDARDS	Contents	PAGE OR DIRECT RESPONSE	SDG
401-1	New hires and employee turnover		

New hires according to age, gender and region:

By age	2018	PROPORTION	2019	PROPORTION
Under 30 years of age	5	22%	5	21%
Between 30 and 50 years of age	18	78%	18	75%
Over 50 years of age	0	0%	1	4%
Total	**23**		**24**	

By gender	2018	PROPORTION	2019	PROPORTION
Men	12	52%	16	67%
Women	11	48%	8	33%
Total	**23**		**24**	

By region	2018	PROPORTION	2019	PROPORTION
Andorra	12	52%	17	71%
Miami	10	44%	7	29%
Switzerland	1	4%	0	
Total	**23**		**24**	

Turnover rate according to age, gender and region:

By age	2018	PROPORTION	2019	PROPORTION
Under 30 years of age	3	9%	4	17%
Between 30 and 50 years of age	16	50%	12	52%
Over 50 years of age	13	41%	7	31%
	32		**23**	

By gender	2018	PROPORTION	2019	PROPORTION
Men	22	69%	11	48%
Women	10	31%	12	52%
	32		**23**	

By region	2018	PROPORTION	2019	PROPORTION
Andorra	32	100%	17	74%
Miami	0		5	22%
Switzerland	0		1	4%
	32		**23**	

GRI STANDARDS	Contents	PAGE OR DIRECT RESPONSE	SDG
401-2	**Benefits provided to full-time employees that are not provided to temporary or part-time employees**	MoraBanc's part-time and temporary employees enjoy 50% of the health insurance coverage, whilst full-time employees enjoy the full 100% coverage. The part-time and temporary employees do not receive the other social benefits, such as preferential conditions for banking and insurance products, financial assistance for the education of their children or bonuses for length of service.	
401-3	**Parental leave**	**100% of MoraBanc's employees have the right to maternity / paternity leave.**	

	2018	2019
Number of employees with the right to paternity/maternity leave		
men	4	6
women	8	8
Number of employees who have taken parental leave		
men	3	5
women	8	8
Number of employees who have returned to work after taking parental leave		
men	4	5
women	7*	4**
Number of employees who have returned to work after taking leave and continued working for 12 months after returning to work		
men	6	5
women	8	4**
Proportion of employees returning to work		
men	100%	100%
women	88%	100%
Work retention rate		
men	100%	100%
women	89%	100%

*Corresponds to voluntary leave of an employee to take care of their child.
** As of 31/12/19 the other four workers continued to enjoy their paternity/maternity leave. All the workers who were supposed to return to work after their paternity/maternity leave did so.

GRI STANDARDS	Contents	PAGE OR DIRECT RESPONSE	SDG

GRI 402: RELACIONS TREBALLADOR-EMPRESA

GRI 103: ENFOCAMENT DE GESTIÓ

103-1	**Explanation of the material topic and its boundary**	The impact of the labour relationship between a company and an employee is limited to the employees of the company in the geographical areas in which MoraBanc operates.	
103-2	**The management approach and its components**	25-28	
103-3	**Evaluation of the management approach**	Management and monitoring reports are prepared and the information is reported in MoraBanc's Annual Report	
402-1	**Minimum period of notice of significant changes**	MoraBanc does not have a collective agreement nor any agreement for the representation of its employees, given that Andorran law stipulates that the workers should undertake the above, which has not occurred until now. In this regard, no advance notice periods have been determined. However, we attempt to inform our employees of significant operational changes well in advance.	

GRI 403: OCCUPATIONAL HEALTH AND SAFETY

GRI 103: ENFOCAMENT DE GESTIÓ

103-1	**Explanation of the material topic and its boundary**	MoraBanc's commitment to health and safety is one of the principles that govern the conduct of our activity. Our activity has to guarantee the well-being of our staff and those whom we subcontract.	
103-2	**The management approach and its components**	MoraBanc applies Law 34/2008 of 18th December on health and safety at work internally.	
103-3	**Evaluation of the management approach**	External reports are prepared regularly in order to analyse health and safety in the workplace and apply improvement measures for the well-being of MoraBanc's employees at work.	

GRI STANDARDS	Contents	PAGE OR DIRECT RESPONSE	SDG
403-2	Hazard identification, risk assessment, and incident investigation		

Number of accidents without sick leave	2018		2019	
	Men	Women	Men	Women
Andorra	2	1	0	1
Miami	0	0	0	0
Switzerland	0	0	0	0
Total	**2**	**1**	**0**	**1**

Number of accidents with sick leave	2018		2019	
	Men	Women	Men	Women
Andorra	1	1	0	1
Miami	0	0	0	0
Switzerland	0	0	0	0
Total	**1**	**1**	**0**	**1**

Number of in itinere accidents with sick leave	2018		2019	
	Men	Women	Men	Women
Andorra	1	1	1	1
Miami	0	0	0	0
Switzerland	0	0	0	0
Total	**1**	**1**	**1**	**1**

Number of work days lost	2018		2019	
	Men	Women	Men	Women
Andorra	0	0	0	0
Miami	0	0	0	0
Switzerland	0	0	0	0
Total	**0**	**0**	**0**	**0**

Rate of absenteeism	2018		2019	
	Men	Women	Men	Women
	6%	**7%**	**4%**	**5%**

	2018	2019
Frequency rate	7,8	1,6
Degree of severity	0%	0%

The accidents that have taken place at MoraBanc have been during journeys *in itinere*. The system applied for the recording and presentation of these statistics corresponds to MoraBanc's internal People Management system and the presentation of a sick note, as appropriate

GRI STANDARDS	Contents	PAGE OR DIRECT RESPONSE	SDG
403-5	**Worker training on occupational health and safety**	TAll MoraBanc's employees receive training related to the risks associated with their workplace when they join the workforce. Similarly, MoraBanc regularly trains initial intervention and first aid teams to train the workers with regard to hazardous or risky situations.	
403-6	**Promotion of worker health**	At MoraBanc we comply with Law 34/2008 on health and safety at work and offer employees the opportunity of having a regular health check-up. MoraBanc promotes the health of its workers with the social benefits it offers them in relation to their health, including 100% coverage of their salary in the event that they are off sick, 50% coverage of their health insurance and free access to the "Best Doctors" service for all employees.	
403-7	**Prevention and mitigation of impacts on occupational health and safety directly linked to business relationships**	MoraBanc has the support of an independent company which draws up a safety report linked to each work position at the institution, which identifies all the risks associated with each job, the likelihood and consequences of the risk occurring and the measures which should be taken in order to prevent it. The bank's Building and Safety Department is responsible for implementing preventative measures in order to minimise any workplace risks.	

GRI 404: TRAINING AND EDUCATION

GRI 103: MANAGEMENT APPROACH

103-1	**Explanation of the material topic and its boundary**	25-28	
103-2	**The management approach and its components**	25-28	
103-3	**Evaluation of the management approach**	25-28	
404-1	**Average training hours per year per employee**	25-28	
404-3	**Percentage of employees receiving regular performance and career development reviews**	All of MoraBanc's employees undergo an annual assessment of their skills. In 2019, 100% of the employees were assessed.	

GRI STANDARDS	Contents	PAGE OR DIRECT RESPONSE	SDG

GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES

GRI 103: MANAGEMENT APPROACH

103-1	Explanation of the material topic and its boundary	25-28	
103-2	The management approach and its components	25-28	
103-3	Evaluation of the management approach	25-28	
405-1	Diversity of governing bodies and employees	**Composition of the Boards of Directors:** **MORA BANC GRUP, SA**	

By gender	2018	2019
Men	8	8
Women	0	
Total	**8**	**8**
% Women	0%	0%

By age	2018	2019
Under 30 years of age	0	0
Between 30 and 50 years of age	2	2
Over 50 years of age	6	6
Total	**8**	**8**

Composition of the workers by employment category (these data refer solely to workers from Andorra) can be consulted in page 26.

GRI 406: NON-DISCRIMINATION

GRI 103: MANAGEMENT APPROACH

103-1	Explanation of the material topic and its boundary	25-28	
103-2	The management approach and its components	25-28	
103-3	Evaluation of the management approach	25-28	
406-1	Incidents of discrimination and corrective actions taken	During 2019, MoraBanc has not had any cases of discrimination in the workplace.	

GRI STANDARDS	Contents	PAGE OR DIRECT RESPONSE	SDG

GRI 413: LOCAL COMMUNITIES

GRI 103: MANAGEMENT APPROACH

103-1	**Explanation of the material topic and its boundary**	41-46 Thinking of a better world is part of MoraBanc's commitment to sustainability.	
103-2	**The management approach and its components**	41-46 We are aware that, on many occasions, our activity may be part of the solution to certain problems facing society, which is why we design a strategy that contributes to the progress of the Andorran community.	
103-3	**Evaluation of the management approach**	43-46 MoraBanc promotes various initiatives and programmes which generate value for society	
413-1	**Operations with local community engagement, impact assessments, and development programmes**	43-46	

GRI 415: PUBLIC POLICY

GRI 103: MANAGEMENT APPROACH

103-1	**Explanation of the material topic and its boundary**	52-53	
103-2	**The management approach and its components**	52-53	
103-3	**Evaluation of the management approach**	52-53	
415-1	**Political contributions**	At MoraBanc we do not collaborate with any political party or representative.	

GRI STANDARDS	Contents	PAGE OR DIRECT RESPONSE	SDG

GRI 416: CLIENT HEALTH AND SAFETY

GRI 103: MANAGEMENT APPROACH

103-1	**Explanation of the material topic and its boundary**	Ensuring the safety of clients visiting our facilities and in the contracting of our products and services governs our activity.	
103-2	**The management approach and its components**	We have internal measures and procedures which assure the proper marketing of the products.	
103-3	**Evaluation of the management approach**	The Regulatory Compliance Department ensures that the products and services are suitable for our clients.	
416-1	**Evaluation of the impacts on health and safety of the product and services categories**	29 At MoraBanc we offer products and services to suit the profile of the client, following the institution's ethical standards and code of conduct. We guarantee that the information we provide on our products and services is transparent in order to protect the investor and comply with the regulations in force.	

GRI 417: LABELLING OF PRODUCTS AND SERVICES

GRI 103: MANAGEMENT APPROACH

103-1	**Explanation of the material topic and its boundary**	29	
103-2	**The management approach and its components**	29	
103-3	**Evaluation of the management approach**	29	
417-1	**Requirements for product and service information and labelling**	29 The bank's products and services are subject to AFA regulations, both with regard to the information that is provided and how they are sold and marketed and, therefore, transparency in these procedures is guaranteed. At MoraBanc we guarantee that all our correspondence with clients is appropriate and comprehensible and we have an internal validation procedure that involves both the Legal Advisory Service and Regulatory Compliance Departments, among others.	
417-2	**Incidents of non-compliance concerning product and service information and labelling**	In 2019 there were no cases of non-compliance.	
417-3	**Incidents of non-compliance concerning marketing communications**	In 2019 there were no cases of non-compliance.	

GRI STANDARDS	Contents	PAGE OR DIRECT RESPONSE	SDG

GRI 418: CLIENT PRIVACY

GRI 103: MANAGEMENT APPROACH

103-1	**Explanation of the material topic and its boundary**	MoraBanc is under an obligation to protect the personal and private information of its clients.	
103-2	**The management approach and its components**	MoraBanc applies the law in force with regard to data protection and personal information.	
103-3	**Evaluation of the management approach**	The Legal Advisory Service Department is responsible for overseeing, monitoring and verifying compliance with the rules to be applied by the institution in this matter.	
418-1	**Substantiated complaints regarding breaches of client privacy and losses of client data**	MoraBanc has a duty to protect any personal and private information on its clients and employees, as stated in its Code of Ethics and the applicable law on data protection and banking secrecy. In 2019 MoraBanc did not receive any complaints regarding the violation of client or employee privacy or any loss of personal data.	

GRI 419: SOCIO-ECONOMIC COMPLIANCE

GRI 103: MANAGEMENT APPROACH

103-1	**Explanation of the material topic and its boundary**	MoraBanc conducts its activity in strict compliance with Andorran law.	
103-2	**The management approach and its components**	52-53	
103-3	**Evaluation of the management approach**	52-53	
419-1	**Non-compliance with laws and regulations in the social and economic spheres**	In 2019 MoraBanc did not receive any fines for non-compliance with regulations in the social or economic spheres.	

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