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Annual Report 2018



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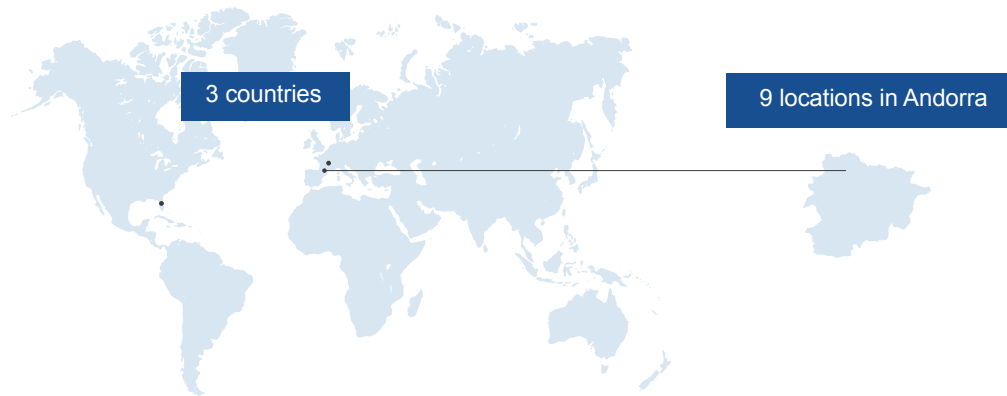
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# MoraBanc Group 2018 Summary



## Activity



**26.98%**  
in the NPS  
client **satisfaction** index

**12,005**  
followers on **social networks**  
(Facebook, Twitter, Instagram,  
Linkedin and YouTube)

## Company



**3.2%**  
profit in actions for the  
community

**110,477€**  
raised with  
**solidarity cards**

## Digital transformation



**+48%**  
**digital clients** (single  
monthly users of online  
banking)

**+60%**  
of **access to online  
banking** is done through  
mobile applications

**+26%**  
rise in the **use of  
electronic banking**

**+35%**  
rise in the total  
number of **operations**  
carried out the  
**electronic banking**

## Human team



**313**  
people

**75**  
annual training hours per  
employee

**49%**  
of women in  
the workforce

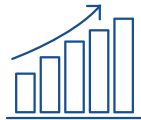
## Environment



**957.94**  
**tCO<sub>2</sub>eq emissions**  
(for the whole MoraBanc  
Group including Zurich  
and Miami)

**-13.10%**  
**reduction in emissions**  
compared with 2017

### Profit growth



**24.1**  
million in the  
bank's profit

**+2.3%**  
increase  
in profits

### Profitability



**8.6%**  
ROE  
(UE 6.16 %)\*

\*data [www.bankingsupervision.europa.eu](http://www.bankingsupervision.europa.eu)

### Business figures

(in millions of EUR)



**6,539.7**  
in assets under  
management

**1,040.6**  
in credit granted  
to clients

**2,787.9**  
in total assets

**+35%**  
rise in new  
credit and loan  
transactions

### Strength of the balance sheet



**24.7%**

solvency ratio CET1  
Basel III  
(phased-in)  
(21.5% Fully loaded)

**371.3%**

average liquidity  
(LCR)

### Credit quality



**3.8%**

non-performing  
loan ratio

**83.2%**

hedging  
ratio

### Fitch rating



**BBB-**

stable  
outlook



## The Chairman's vision: from the transformation to the consolidation of a growing business



Pedro González Grau

One year ago, the Chairman of the bank and myself, as Managing Director at the time, explained the roadmap that we had set out in order to complete the transformation of the bank. One of the transformations that we prioritised at that time was to make necessary changes and the investments to be sufficiently prepared in advance for the new environment of transparency and for the regulations and of the new client needs. This strategy has led us to be able to place ourselves into an advantageous competitive position and this has been confirmed by the closure of the 2018 financial year. MoraBanc has grown in almost all of the main and significant indicators. Last year we resumed the path leading to a growth in profits and in 2018, for a second year running, profits have increased and we consolidate this pattern. Therefore, as Chairman of MoraBanc, I feel satisfied, particularly with the whole team, to have achieved this consolidation of growth and the strengthening of the institution and its balance sheet. MoraBanc's results have increased 2.3 % reaching €24.1 million, the fully loaded

CET 1 solvency ratio reached 21.5%, well above the key European banks, the clients' funds remain stable despite the adverse situation of the markets at the end of 2018, we contribute to generating activity in the country with a significant increase of 35%, in the new credit and loans with a controlled default rate of 3.8%, all of which have improved the profitability of the institution to reach 8.6 %. Practically all of MoraBanc's main and significant figures have risen in 2018 in comparison with 2017, and throughout this Annual Report each of these figures will be described in detail. Our distinctive and determined transformation strategy, as well as the results that have accompanied our decisions and actions, have made us worthy of the 2018 Bank of the Year prize awarded by "The Banker", a leading publication by the Financial Times group.

Everything we have achieved has been thanks to a strong, independent and professional corporate governance, which follows the best practices in the industry, and due to the management, technical, administrative and commercial teams whose

work is highly aligned with the strategy in place. One of the key elements has been the ability to adapt to people; continuous change forms part of the internal culture of MoraBanc. We have a culture with the firmly entrenched roots of a family business which has enabled us to adapt very quickly to the profound changes being experienced by our financial sector, always keeping in mind the service to our clients.

The result is that we are stronger in Andorra, our main market and that of reference, as well as in our subsidiaries. Mora Wealth Management's profits have positively contributed to the bank's global result and the growth in client funds has boosted the entire group's funds. The diversification of our business is key to achieving the objectives and today the subsidiaries manage 29% of the total amount of client funds.

At the end of 2018, the Board of Directors approved a new strategic plan for MoraBanc. It is a plan which seeks a recurrent growth in profit, thanks to a differential and competitive offering for the clients. The exclusive consultancy agreement entered

into with Goldman Sachs Asset Management for Andorra is a good example of this desire for innovation and the improvement of products and services for our clients.

As a key market, Andorra will continue being the focus of our efforts and investments to reinforce our commitment to the country, its people, its growth and development. For this reason, the strategic plan prioritises the granting of loans and credit, ensuring the continuous improvement in supplying value and above all a more distinct, personal and multi-channel service, adapted to the needs of each client. We will continue investing in our equity management subsidiaries in Zurich and Miami in a decisive way in order to consolidate the Group's growth internationally. The success of our business model is based not only on being strong in Andorra, but also in our international diversification.

All this involves a sustained investment in technology in order to address regulatory requirements and, above all, offer a better service. An investment should also enable improvement in productivity and efficiency.

At MoraBanc we are convinced that an essential element of banking is trust. One of the main ingredients of trust is transparency, so this is what we also focus our management on. In this regard we have adapted our financial and account reporting to the European standards in order to be completely comparable internationally. At the closure of the 2018 financial year, we presented the accounts in accordance with the IFRS (International Financial Reporting Standards) and following the CRD IV solvency directive (Capital Requirements Directive). The comparison between us and European banks is highly favourable, and we have achieved a higher position than the average of banks<sup>1</sup> in the main indicators, such as solvency (CET 1), liquidity (LCR), efficiency (cost-to-income) and profitability (ROE).

We also understand transparency with regards what our stakeholders expect, and we aim to show our responsibility to them by providing a transparent report. In the report, we will explain how we develop our

banking and financial activity in order to create long-term value with a commitment to sustainability. We have therefore prepared this report for the first time following the guidelines of the Integrated Reporting <IR> of the International Integrated Reporting Council (IIRC), keeping the focus on sustainability with the Global Reporting Initiative (GRI) guidelines which we initiated 3 years ago. We are advancing towards a vision which is more in line with our activity by putting what we do in context with our values, our vision, strategy, business model and corporate governance, with a social and sustainable focus over time.

In this new stage for the MoraBanc group, we maintain our character and family values which allow us to make long-term decisions which respect our current environment: a country undergoing a transformation that we wish to accompany.

<sup>1</sup> Source: <https://www.bankingsupervision.europa.eu/banking/statistics/html/index.en.html>



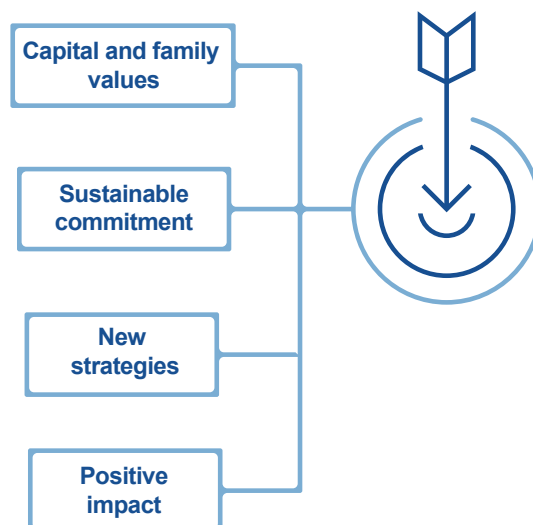


# 1 Our vision for creating value

## 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.





## 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 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 second 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.

## 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.

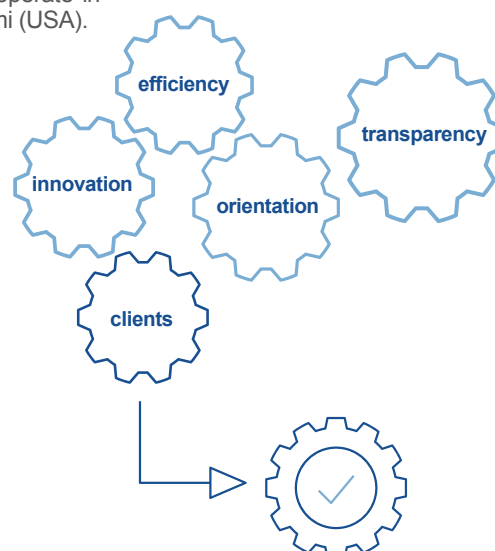
MoraBanc provides its clients with services related to commercial banking, private banking, wealth management, asset management, investment funds and insurance. In 2018 the volume of transactions totalled €7.58 billion, 1.2% more than in 2017.

MoraBanc's headquarters is 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 managers, Mora Wealth Management, which operate in Zurich (Switzerland) and Miami (USA).

In Miami, we also offer a broker-dealer service, dedicated to mediating in the purchase-sale of securities on behalf of third parties accounts through Mora WM Securities. We distribute investment funds registered in Luxembourg under the guidance of Mora Gestió d'Actius, SAU within the Mora Funds SICAV.



## 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 thanks to a simplification in 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 offer excellent service.

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)

### Mora Wealth Management

Mora Wealth 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,  
international clients

Our areas of activity

How we differ

Our clients

## MoraBanc Asset Management

Mora Gestió d'Actius, SAU is the MoraBanc subsidiary which is responsible for discretionary and individualised portfolio management, the management of collective investment bodies and the investment advisory service.

The principles guiding 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.

Country bank,  
private bank and  
wealth management clients

## MoraBanc Assegurances

MoraBanc Assegurances is MoraBanc's insurance company.

It seeks to offer all types of insurance in the areas of life, accidents and health policies complementary to life policies. In addition to life insurance, the institution offers savings and insurance plans such as unit-linked pensions and retirement plans.

Country bank,  
private bank and  
wealth management clients



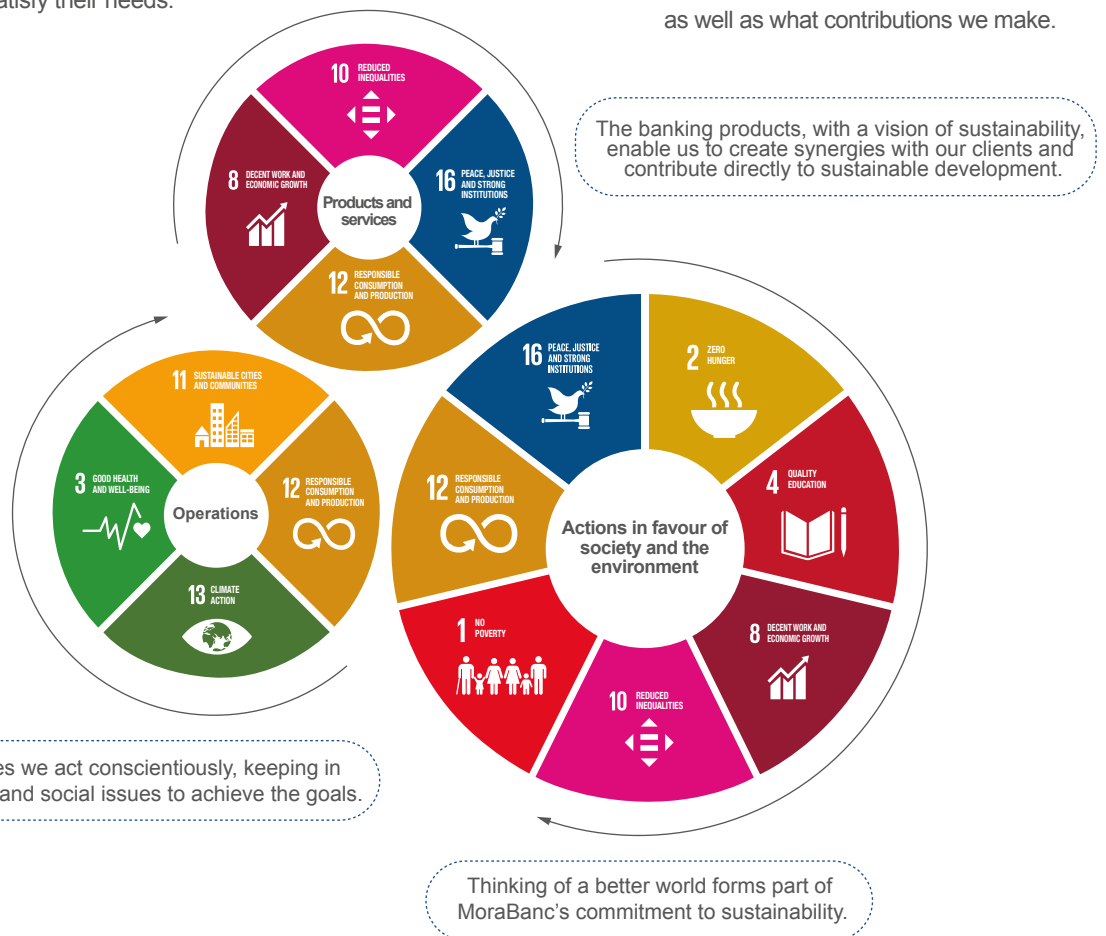
## Our mission, vision and values, our goals and brand

**MISSION:** MoraBanc's mission is to meet the needs of its clients and to satisfy their expectations, organised so as to create value, 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 this, we have committed to incorporating the United Nations' Sustainable Development Goals (SDGs) as a starting point so 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.



## Values



Ethics and professional integrity



Respect for clients, society, employees and the law



Transparency



Innovation



**VISION:** to be the best bank for our clients, the best company for our employees, to have the best technological answer in the service we provide to people and be a leading bank.

To fulfil our vision, we focus on 5 key pillars:



#### Long-term vision

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



#### Innovation as a basis for progress

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



#### 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 outside the borders of Andorra.



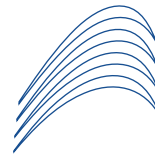
#### A well-established, trustworthy and personal institution

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.



#### We strive for excellence with commitment and effort

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 this, we have a strong, well-established and well-known brand

The awards we have received being named Bank of the Year from "The Banker" journal of the Financial Times group and the Best Digital Banking and App from the "World Finance" journal 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 face the challenges of the future



Lluís Alsina Álvarez

### The Managing Director's reflections: a sustainable, differential and ambitious strategy

When it came to establishing our growth and long-term value creation strategy, we have taken into account our environment and we have analysed the trends and our clients' requirements. On the one hand, the interest rate remains low, the regulatory and transparency requirements are more demanding and the business margins have decreased; and on the other hand, the client requires more flexibility and a more personal service in a market with strong competition.

In this environment, MoraBanc has some strong points to offer. The first is our solid foundation, a result of our character, which leads to a prudent and conservative management of our funds, but at the same time bold with the innovative propositions for the clients

and the definition of our objectives. Our second strength is our focus on the client. We are not just a bank; we provide a high-quality financial service and we make an effort to get better at it each day. The third strength that I would like to highlight is the fact that we have achieved a competitive advantage in comparison with the competition thanks to our revolutionary effort and the fact that we have a modern and agile bank, with a high focus given to the country and its clients.

Throughout 2018 we have developed our commercial areas, with an increase in credit and loans to clients. Thanks to our high solvency ratio and our commitment to the country, we have been able to offer 35% more credit and new loans in

comparison with 2017. Globally, our credit investment position has grown by 9.6%. We want to play a part in the economic growth of the country and in company, business and family projects undertaken here.

Moreover, with the continuous and ambitious investments in MoraBanc's digital banking, we have provided an answer to the clients' needs. Since 2016 we have multiplied the number of users on the online platform by 2.4 and the number of signed transactions by 1.6.

The constant improvement of the digital service has made us worthy, for a second year running, to win the awards for the best digital bank and the best application in Andorra, awarded by the "World Finance" specialist publication.

The client requires more ways of making contact and a more operational system in the remote channels, which we have been able to provide. The direct managers use the digital and telephony tools almost exclusively to manage their clients' needs, and we have extended the Telebanc business hours in order to provide a better service to clients, we have integrated a chat system with the manager and module to arrange appointments as well as incorporating an online investment platform. The result is very positive and we are encouraged to continue investing and improving these channels every day.

For the more demanding client of private banking, we have entered into an exclusive agreement with Goldman Sachs Asset Management (GSAM), one of the most important international banks in the world, to reinforce our offering of products and services in Andorra. This agreement enables MoraBanc's clients to access advisory services and investment portfolios specifically designed by GSAM for MoraBanc. We want to focus even more on our service to clients, making them more agile and digital, and offer the best solutions on the market in asset management.

The positive results achieved in 2018 have also been the result of changes in the way of doing things and the way of making decisions. Optimal management of costs, a focus on efficiency and a structured organisation to be able to achieve the objectives, having specific business, strategy and efficiency committees, among others have allowed us to consolidate the growing profits and a rise of 16% in our operating ratio. We have maintained the expenses at a stable level and we have invested in technological innovation in order to cope with the improvement of processes that make the business more competitive as well as the necessary changes for the regulatory changes and above all, being a leader in digital banking. Our efficiency ratio is at 62.9%, below the average of European banks which is at 65.8%<sup>1</sup>, as at 31/12/2018.

From 2019 onwards, we will be applying a strategic plan over three years, approved in the final quarter of 2018; internally we have named it 360 because it aims to rethink everything we do with a very clear direction: that of growth. We are very

excited by the results achieved so far, and even more so considering the opportunities and challenges that we have ahead. We want to lead our market and; to do so, we will continue increasing in profits and in our market share. We will continue granting credit to companies, businesses and families because we want to accompany them in their projects and contribute to the growth of the country. We will look beyond Andorra so we not only grow in markets in which we are present, but also by entering into new territories; and above all, we will guarantee financial support to our clients with a competitive offer.

<sup>1</sup>Source: <https://www.bankingsupervision.europa.eu/banking/statistics/html/index.en.html>



1

## With our capital

### Financial:



- Liquidity **371.3 %** (average LCR for the year)
- High solvency **21.5 % BIS III CET1** (fully loaded)
- Assets under management **€6,539.7 million**

### Relationships and Knowledge:



- More than **60 years'** banking experience
- A strong and well-known brand
- Member of the Andorran Family Business, Andorran Banking, Chamber of Commerce and Industry in France/Spain in Barcelona, Andorran Business Confederation and the Andorran Chamber of Commerce, Services and Industry.
- **We convey our knowledge through our strategists and advisers**
- Alliances with Fintechs
- **A transformed bank**
- Noteworthy presence on social networks (a total of **12,005 followers**)

### Staff:



- Qualified international staff based in three locations: **276 people in Andorra, 14 people in Zurich and 23 in Miami**
- Client focus
- A strong culture of compliance with standards
- Continuous training

### Structure:



- Capacity to **invest in technology: 5M**
- Presence in the country with **9 locations and 28 cash machines**
- **Digital banking available for clients**

### The environment and society:



- We calculate our CO2 footprint and we apply policies to **reduce emissions**
- **Voluntary CSR policy: 3.2% profit for the community**
- Commitment to the United Nations Sustainable Development Goals

2

## We create and deliver added value through our business activities

### Based on five pillars:



- A continuous vision
- A well-established institution
- Innovation as a basis for progress
- Search for excellence
- International vocation



### With solvent and conservative financial management:

- High solvency
- Long-term prioritisation
- Low default rate at **3.8%**



### 3

## Creating value for our stakeholders

### Risk Management:

- Credit risk
- Market risk
- Balance sheet risk



### And transversal risk management:

- Operational risk
- Cybersecurity
- Regulatory and policy risk
- Reputational risk

### Quality products and services:

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



Additionally, this management is based on a code of ethics which guarantees demanding and strict administration and control of the institution.



### Clients:

- New credit and loans: **+35 %**
- Growth in the number of digital clients: **+48 %**
- Growth in assets under management: **stable**
- NPS clients: **26.98 %**
- Recognition as **Andorran Bank of the Year** by "The Banker" and **Best Digital Bank and Application in Andorra** by World Finance
- Clients demonstrating their solidarity (33% **Solidarity Card**)
- Fluid communication through channels such as **social networks, newsletters, etc.**



### Team:

- New incorporations: **23 people**
- Attracting and retaining talent - **average period of employment in the company: 10.5 years**
- International development
- Equality of male and female employees with 49% of the workforce being women and the management team being made up of 42% of women
- Commitment to society from our team with **voluntary actions such as collecting food for charity**



### Shareholders:

- Profit of **€24 million** and **2.3% growth**
- **ROE 8.6 %**
- Institution rating from Fitch: **BBB- stable outlook**



### Company:

- **Beneficiaries' shares: 57 institutions and 663,313 people**
- Reduction in **greenhouse gas emissions -13.1%**
- **Number of beneficiary institutions with Solidarity Card: 18**
- **€110,477 Solidarity Card donations**



### Business partners:

- We establish **long-term relationships with our providers and suppliers** who contribute value
- We extend the **bank's principles in terms of sustainability with our suppliers and providers**



## How we manage the risks and opportunities of the market

At MoraBanc we prepare medium term (3 year) strategic plans which set goals for growth and market position and take into account both the challenges and risks we have to face as well as identifying opportunities. Since 2017 our profits have started to increase once again, providing confidence to our stakeholders and placing us in a position with 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 face 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 prepared to face our competition, given that in a very mature market with very low margins and little difference in the product, this transformation could be a differential element and give us a competitive advantage. This is been the case, as we have been able to anticipate the changes, dedicate ourselves to the client as a priority and apply our strategic plan for growth.

### Positioning ourselves with a leading, differential digital bank in order to respond to our clients' needs



We have identified the changes in the needs of the clients, particularly concerning a greater demand for digitalisation which makes their relationship with the bank easier to maintain. In this regard, we are making a great investment in the world of digital banking which has allowed us to increase the number of clients and digitally performed transactions and receive a good score for the tool from the users<sup>1</sup>, as well as being recognised by World Finance for the second year running.

In our process of modernisation and innovation we have formed alliances with fintech companies to achieve a faster and more efficient change, taking advantage of their ability to respond to these needs.

This positioning through our digital banking has given us an advantage and improved our image as a modern adaptable bank which is focused on the client.

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



The return of our country and of our environment to a position of moderate economic growth, together with low interest rates and thanks to our financial strength and solvency, have all given us the opportunity to offer credit to families, businesses, companies and to the public sector and thus, contribute to the generation of activity and wealth in our surrounding area. During 2018 we granted 9.6% more credit to clients in comparison with 2017.

### Safe and careful risk management with a broad and comprehensive vision



Risk management is the essential element to guarantee the success of our company and achieve sustainable results over time. Various departments of the bank and the committees of the Board of Directors are responsible for ensuring the identification of risks and apply the appropriate strategies in each case.

The Risk Department, together with the Risk Committee of the Board, monitor and apply corrective measures and strategies, where necessary, in all risks related with the bank's balance sheet, such as credit risk, market risk, liquidity risk and its solvency ratio. The Regulatory Compliance Department and the Audit and Compliance Committee of the Board ensure the prevention of legal, regulatory and criminal risks for the bank, as well as compliance programmes and policies in order to avoid reputational and business risks. Finally, the Technology, Innovation and Information Security Committee of the Board manages the technological, information security and cybersecurity risks.

MoraBanc is a bank with a prudent and conservative financial management system, giving confidence to the stakeholders and enabling us to be alert to market opportunities that may arise and the opportunities for organic and inorganic growth, both nationally as well as internationally.

<sup>1</sup> Studies commissioned by MoraBanc to external independent companies specialising in market studies.

## Priority strategies of the group

MoraBanc closed the 2018 financial year with a growth in profits for the second year running and differs from its main competitors thanks to the transformation plan initiated in 2015 and finalised in 2018, establishing the digitalisation, optimisation of costs and the adaptation to the regulatory requirements as quickly as possible as priorities.

We ended 2018 with a bank with a stronger and more solid balance sheet and we enter a new stage of constant growth as a principal objective.

In 2018 we have successfully ended the institution's transformation plan and, in addition, we have approved the strategic plan for growth for 2019 to 2021, whose objective is to increase the market share and profits in the next three years.

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



Our strategy focuses on growth in three main elements:

1

The first pillar is business growth. In Andorra, the market in which MoraBanc's main commitment and focus lies, the key factors for growth include the new client segmentation, on-going improvement of our value proposal, granting of loans and the management of private banking clients. Our growth leverage lies in credit for individuals, businesses and companies, thanks to our solvency which gives us the ability to grant loans; and the growth in assets under management, thanks to the differential product with the agreements we have established with Goldman Sachs Asset Management (GSAM) in February 2019. The agreement with GSAM allows us to strengthen the offer of products and services in Andorra, given that MoraBanc's clients can access the advisory services and the investment portfolios designed specifically by GSAM.

2

The second strategic line is that of **international growth**. From a geographical perspective, MoraBanc is present in Andorra, Switzerland and the United States and we aim to grow in nearby markets to continue 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 markets of interest in order to increase business acquisitions and all portfolios, thanks to MoraBanc's investment capacity.

3

Investment in technology and innovation is the third growth lever which should enable us to maintain our leadership in digital banking in Andorra. Our aim is to make clients' dealings with the bank more straightforward in all points of contact in order to attract new users and enable new transactions to be performed. Innovation is a fundamental pillar. We regard creativity, leadership, flexibility and initiative as elements for progress and the generation of a positive impact on the institution and society. We have therefore continued to develop our commercial model, offering greater proximity and availability as a result of our digitisation, without losing personal and direct contact with our clients. This digitisation is the result of clients' new needs in terms of both process efficiency and interaction.

## Efficiency and productivity

Achieving growth has to be accompanied by efficient management, focusing on the management as key to the productivity and support of the whole organisation. MoraBanc reduced its cost by 21% in 2018 in comparison with 2016. The control of costs with a specific and transversal indicator for all the business units and central services, together with an Efficiency Committee, should achieve the results of the strategic plan and guarantee growth and create long-term value.



## MoraBanc Digital: a competitive advantage

At MoraBanc we have internalised digital culture in our teams, our technology evolves constantly and we work with innovative partners to maintain the digital leadership in Andorra and be an innovative bank of reference in maximising client experience in a simple, intuitive and secure way.

Since we launched the new digital bank in 2016, the focus of our work has been on the constant improvement of our value proposition. For this reason, throughout 2018 we have added new operations with a total of 25 projects, among which those that stand out include the advanced electronic signature application, the internal model to manage notifications and correspondence between the client and the manager, the online chat and the

and correspondence between the client and the manager, the online chat system, the request for an appointment with the manager, MoraBanc Direct and the possibility to pay for card purchases in instalments.

The use of multiple channels has ceased to be an option and has become the only way of responding our clients' expectations.

With the fintech companies we create alliances to achieve innovation which can be quickly marketed. For example, with Inbenta we apply artificial intelligence solutions to our web and mobile browsers; we have improved the conversations between clients and managers through a secure online chat system with QuickBlox and Web Financial Group is the driving force behind the Online Broker project.

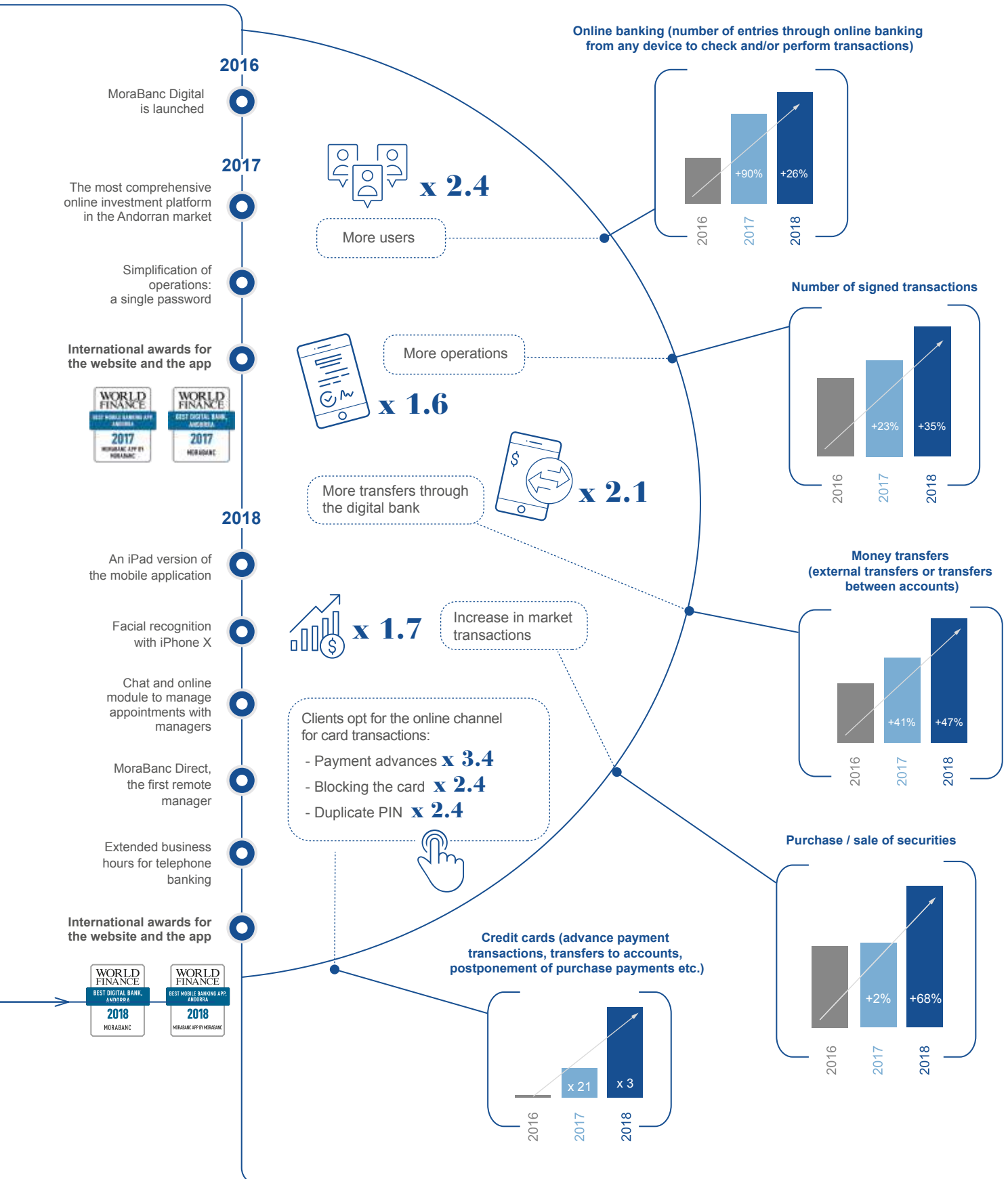
Figures show that our clients have accepted our digital service and MoraBanc's multiple channels, and that they view them positively. Thus, the NPS of our online services has increased by eight points during this year and the increase in digital operations is significant and constant.

### MoraBanc Digital Anytime, anywhere





## The digital evolution of MoraBanc clients





## Our strong points

MoraBanc's strong points lie in our principles, which are a differentiating factor and give us a competitive advantage for the future. We group them into three aspects: solid foundations, a way of banking and a way of working.

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

Our way of banking is focused on the client:

Our conduct and our character give us a competitive advantage:

- Solvency is an identifying feature of MoraBanc. We are leaders in the country with regards to our solvency ratios thanks to our prudent and proactive management, aligned with best practices. Our solvency allows us to generate confidence in the clients and the country, providing credit for families and companies and also looking to the future with confidence in order to make our strategic projects a reality.

- Risk management is a key factor for MoraBanc. It is an essential element to guarantee the institutions foundations, provide confidence and achieve the long-term objectives.

- A very careful management of costs has allowed MoraBanc to transform itself to deal with new challenges and lead the change.

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

- We innovate the service to the clients, making it easier for them to have a relationship with the bank, doing so through all the channels available in order to support them in a more personal way.

- We are transparent in our relationship with our clients and our other stakeholders. Transparency is one of the key aspects for us in the change and transformation of MoraBanc.

- We are a family bank who seeks to create long-term value and always to the benefit and security of the client and the strength of the bank.

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

- We are committed to society and future generations and, therefore, our actions form part of this commitment.

## Principles



Our clients as the main focus of action



Respect for people



All our actions must be based on planning, execution, verification and optimisation



Social engagement



Excellence

## The people at MoraBanc

Our employees are a key factor to the institution and the success of our activity and MoraBanc wants the team to feel committed to the mission, culture and strategy of the company. To do this, the Human Resources Department takes into account various elements of cohesion, motivation, growth and professional satisfaction, such as ensuring that diversity and equal opportunities, preparing training plans and the appropriate development for each profile and generating quality, competitively paid employment.

The strategic plan includes aspects such as having a work-life balance, equal pay, innovation in managing talent and implementing a plan to manage knowledge.

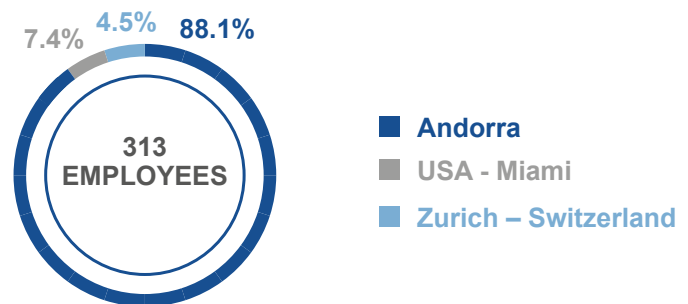
The Human Resources Department works constantly to harmonise, in the short, medium and long term, the needs of the company with the development opportunities of the people working for it, and it does so with policies and initiatives applied to the whole team.

The department's way of working aims to be approachable and accessible to all employees to ensure their professional development and recognise their contribution to the institution.

The number of employees at the MoraBanc Group as at 31 December 2018 was 313 people, spread across the three locations in which we operate: Andorra, Zurich and Miami.

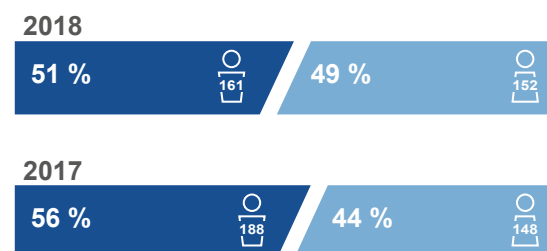
### Employees of the MoraBanc Group by geographical area as at 31/12/2018

As a general policy, provided it is possible, internal promotion is given priority when it comes to covering vacant posts. In order to promote equal opportunities, the Human Resources Department strives to appoint the most suitable person to each job. In 2018, 23 people were incorporated into MoraBanc.



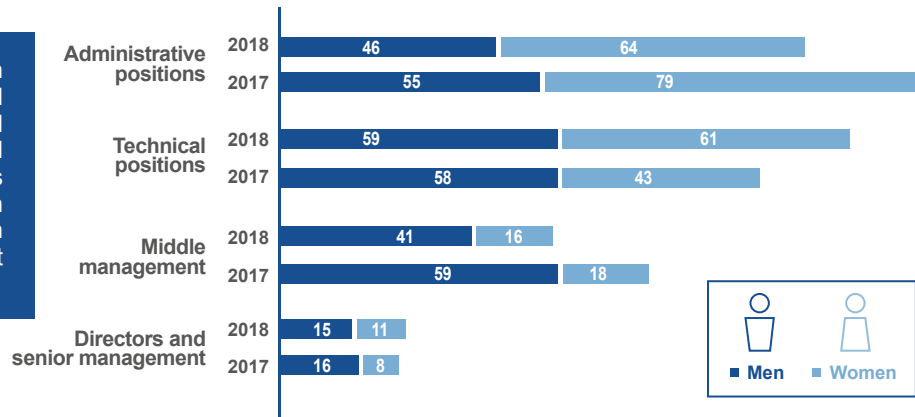
### Distribution of men and women at MoraBanc in 2017 and 2018

The strategic plan guarantees equal opportunities and equal pay, among other appointment aspects and the Human Resources Department works to apply measures which guarantee the diversity and equal opportunities between the institution's personnel.



## Distribution of employees at MoraBanc by position and gender in 2017 and 2018

The proportion of women in MoraBanc's workforce and women who have obtained more responsible technical and management positions has grown in 2018. This has been possible thanks to the promotion of more women to management positions.



- In order to promote knowledge and professional development of our personnel various action plans have been prepared such as the following:

A **knowledge management plan** to harmonise the employees' talent with the objectives established by the bank.

**Lifelong learning plan** based on complimentary training, with various courses adapted to the employee's job, language courses, on the subject of efficiency, etc.

The MoraBanc training plan which offers **grants to enrol on various university** studies related to the work activity that is being developed and to obtain financial certification.

- Moreover, the bank has developed a digital network called **MoraBanc Talent**, within the framework of the bank's values, such as innovation and professional integrity. The Human Resources Department has been working transversally with other departments, employees and also those taking early retirement to manage internal knowledge and carry out this project. The goal of this platform is to provide organised training in small training courses in various fields:

### MoraBanc Talent

Technical skills

Management of internal knowledge

Languages

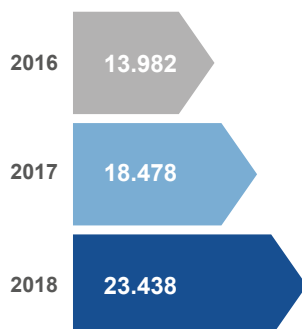
Mentorship

Digital onboarding

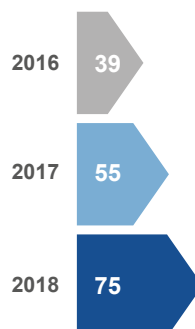


Thanks to this new learning network, the total number of training hours in 2018 has increased by 27% in comparison with 2017.

### Total number of training hours



### Average number of training hours per person








## Did you know that...

Since 1998, MoraBanc has developed a programme involving professional work placements for Andorran students during the summer months and that today these placements are a great opportunity for youngsters to get to know how the professional world works undertaking tasks related to the studies they are doing. They are offered both a professional and training opportunity, which when they finish their studies can end up with them being incorporated into MoraBanc. All the selected candidates are over 18 years of age and are students at university or those undertaking professional training. During the summer months of 2018, a total of 30 young people were incorporated into the work placements.



## Issues which are really important for MoraBanc and for their stakeholders

Our strategic and sustainability approach is based on the relevant and important issues for MoraBanc and for our stakeholders. The following table identifies the significant material issues for the institution and they are the ones which are used to determine our long-term sustainability strategy.

Issue	What it's about	What are the risks and the opportunities?	What do we do at MoraBanc?
 <b>Guarantee economic development and generate employment</b>	We are a company with a long-term sustainability strategy which, through our activity, we affect the economic growth of our surrounding area.	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, grant credit, contract people and generate well-being in our surrounding area, together with active policies in relation to the environment, society and corporate governance.
 <b>Fighting against corruption and the financing of terrorism</b>	We are a company which applies the best practices in order to combat corruption and fight against terrorism and its financing.	The institution reduces the majority of reputational risks with its standards, procedures and continual monitoring, thereby gaining the trust of its clients and its other stakeholders.	We work to apply the best practices at all times, with first-class professionals. The committees organised by the Board of Directors ensure compliance with the rules and manage the risks.
 <b>Equal pay for men and women, diversity and equal opportunities</b>	We ensure equal opportunities and equal pay for men and women doing the same job.	Our employees represent one of our main assets and we work with practices that generate confidence with regards to employment aspects, in order to be attractive and competitive. Ensuring loyal employees remain with us is a competitive element for MoraBanc.	<p>We have established four objectives in managing people:</p> <ul style="list-style-type: none"> <li>• the employee's experiences in their job,</li> <li>• remuneration and balance,</li> <li>• knowledge and development, and</li> <li>• talent management.</li> </ul> <p>We are committed to internal promotion and equality policies to eliminate any differences between genders in the jobs we offer and in the remuneration. We guarantee quality training to our employees and we offer a healthy and safe working environment.</p>
 <b>Ethical and responsible conduct</b>	We guarantee 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 lack with regards to ethical aspects and responsibility could lead to serious reputational risks.	<ul style="list-style-type: none"> <li>• We have a Code of Ethics and the Stock Market's Code of Conduct which has been accepted by all employees at MoraBanc.</li> <li>• We have some control structures in place regarding ethical and responsible conduct and we provide obligatory training on the codes of conduct and the prevention of conflicts of interest as well as on the prevention of money laundering and the financing of terrorism.</li> <li>• The Corporate Integrity Management Committee encourages measures to resolve ethically questionable actions, resolve situations involving a conflict of interest, proposes modifications to the Code of Conduct in order to adapt it to the changes of the business and the environment and communicates with the supervisory authorities, among other functions.</li> </ul>
 <b>Quality, excellence in banking practices and client protection</b>	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 becoming increasingly more demanding and there is strong competition in the banking sector, but we have an asset in the knowledge of both our client and also how to provide a recognised form of banking.	We have procedures and standards of conduct to ensure that we act with impartiality, professionalism and take into account 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 reception, transmission and execution of clients' orders.

## Client protection

### Did you know that...

In accordance with applicable regulatory requirements and, in particular with regard to provisions regarding investor protection, MoraBanc has established **procedures and standards of conduct** to ensure that it acts with **impartiality and professionalism, taking into account the interests of its clients** at all times.

MoraBanc classifies clients into three categories established in the MiFID directive: eligible counterparties, professional clients and retail clients. This classification determines the level of protection they enjoy and the retail clients are the ones who enjoy the highest level of protection.

Additionally, we have MiFID suitability and appropriateness tests available to evaluate the level of knowledge and experience of the clients in financial markets, their financial position and investment objectives, with the aim to adapt the investment services and products to client's investor profile. To ensure the appropriateness and suitability of the financial products and services contracted by the client, MoraBanc has classified all the MiFID Products according to their level of complexity, liquidity and risk.

By taking these measures, we ensure that the client comprehends and understands all the risks involved in the investment, giving them this information in sufficient time in advance to be able to make knowledge-based decisions.

## The needs and expectations of our stakeholders

As a provider of financial services, we are well connected with the environment in which we work and with the society whom we serve. Our commitment to these individuals and institutions and our capacity to generate value are related to our activities and our global contribution. We create value for both MoraBanc itself and our stakeholders by responding to their needs and expectations.

	Needs and expectations	How do we create value?
<b>Clients</b> Our rationale is based on the client, those placing their trust in us to safeguard and manage their assets and make their personal and professional projects a reality.	By being a responsible company which offers the best products available to the client with transparent and ethical conduct and with a commitment to society and the economy.	We offer our best products and services 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 be able to make decisions, we protect our clients' interests and we are at their side to support them when they undertake their projects.
<b>Employees</b> They are the key element of our success thanks to their commitment and dedication. We strive to offer them a stable job in the best possible conditions.	Ensuring a job with equal opportunities.	We offer competitive salaries, continuous training, incentives, suitable jobs, we care about our employees' health and safety in the workplace and we share the strategic objectives so that we are all aligned in our aim to achieve the group's objectives.
<b>Suppliers and Providers</b> They supply us with products and provide us with services to continue developing our activity. We establish relationships with them based on transparency and mutual respect, in order to guarantee the quality and availability of the products and services we provide.	Maintaining the economic activity in our environment to guarantee external contracts.	We concentrate on our main activity and subcontract the necessary products and services. We diversify the number of suppliers and providers and we require environmental management in their provision of their products and services.
<b>Cultural, sporting and social institutions</b> These are institutions which form part of our environment and sphere of influence. For this reason, we strive to contribute to their development.	Commitment to society, the environment, the future and economic development.	We organise a major aid programme for entities through our solidarity card, we support sports, culture and have a commitment to the environment, future generations and the United Nations Sustainable Development Goals (SDGs).
<b>Media</b> These are the channels which bring us closer to society by reporting what we do.	Transparency in our communication.	We report our actions in a timely manner and we are committed to direct and transparent communication.
<b>Institutions and regulatory bodies</b> On the one hand, there are the political representatives of the inhabitants of the territory; and on the other hand, there are the regulatory bodies of our activity in the various jurisdictions in which we are present: the AFA in Andorra, FINRA, SEC, FINCEN in the United States and SAAM in Switzerland.	Contributing to economic growth, respecting the rules and the best practices and managing the business in an ethical and transparent way.	We guarantee a long-term presence with a responsible family business and professional corporate governance which anticipates regulatory changes in advance.
<b>Shareholders</b> The people who have invested capital in the company who make decisions on the company and receive dividends.	Long-term permanence in the company, distribution of the profits, the best possible management of the institution, ethical and committed to being a family company.	A business strategy that prioritises long-time sustainability and the independence of the institution with regards short-term profits.
<b>Counterparties, subsidiaries, custodians etc.</b> These are our key financial providers enabling us to undertake our activity.	Confidence in the institution in terms of solidity, responsibility and solvency.	Prudent and rigorous management of the institution, providing updated and transparent information of our activity to achieve mutual trust.

## Constant attention and constant contact with stakeholders:

MoraBanc wants to maintain the trust of its stakeholders. For this reason, we work each day to take care of 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 by providing clear, accurate and detailed information on the institution's products and services, enabling the client to make the best decisions. In this regard, it is our social responsibility 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.

- The intuitive web page, [www.morabanc.ad](http://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, the activities we organise, useful information, etc.

- MoraBanc Online and the app for mobile devices.

- Social networks: we focus on social media as a point of contact with our clients, in a world in which consumers are increasingly connected.

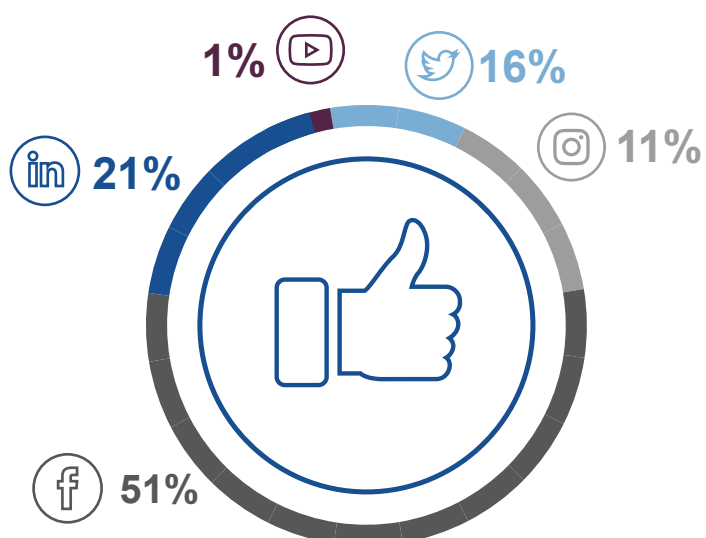
Through our social media presence, we establish a more sustained relationship, as we inform them of matters of interest related to the services we offer, the banking sector and the activities we sponsor and organise.


We maintain constant dialogue with our stakeholders, whether through direct conversation, our social networks, our website, digital banking and the application or the suggestion box; and this keeps us up-to-date on their needs and expectations.








12,005 followers on MoraBanc's social networks in 2018



 On Facebook we have a strong social profile with issues related to sponsorship such as MoraBanc Andorra, the Music and Dance Season and social projects. We publish selected business content to a lesser degree on these sites.

 We have a Twitter profile with a greater presence of specialised content in financing and banking.

 On LinkedIn we share content and specialist finance information.

 We share issues related to the bank that has the powerful image on Instagram.



# 3 The Results

## The Chief Financial Officer's reflections: higher results and a strengthened balance sheet

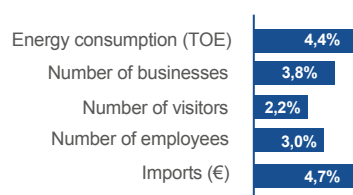
Achieving the goals posed by MoraBanc for the 2018 financial year has been very satisfying as well as being aligned with the objectives in our strategic plan. We can report a profit of €24.1 million, 2.3% above that gained in 2017, reaffirming our fully loaded CET 1 solvency ratio of 21.5%, and a 24.7% phase in solvency ratio; a careful management of liquidity, with an average LCR ratio of 371% for the year, as well as raising our ROE to 8.6%.

### Macroeconomic environment

In 2018, according to the forecasts of the economic indicators of the main ratings agencies, the Andorran economy has been highlighted for its positive signs of recovery with a tendency for sustained growth. Other indicators regarding the Andorran economy have also demonstrated vigour when it comes to our operating environment throughout 2018.

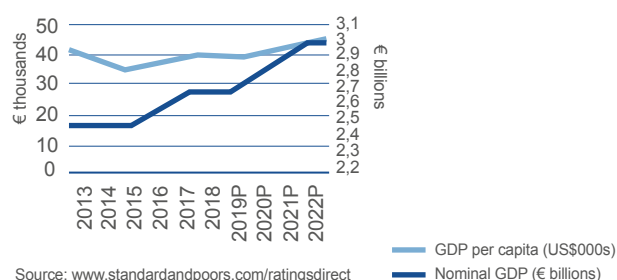
On a macroeconomic scale, the shares in the central banks have been maintained, which have had a climate of low interest rates for another year running, especially in Europe. The uncertainties arising from Brexit, the commercial agreements between China and the US and some negative results in the stock markets at the end of the year have marked the evolution of the economy and the markets in 2018. MoraBanc has had the wisdom to compensate these low interest rates by raising the credit investment thanks to a solid solvency position and liquidity of the balance sheet.

### Evolution in 2017 and 2018 of the economic data of Andorra



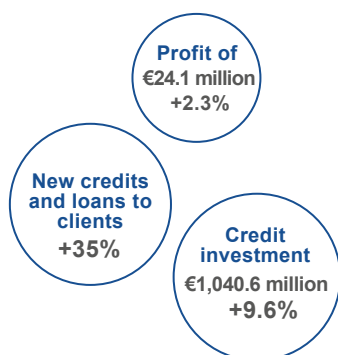
Source: <https://www.estadistica.ad/serveiestudis/web/index.asp?lang=4>

### Evolution of economic indicators in Andorra from 2013 to 2022



## Growth in profits and banking business

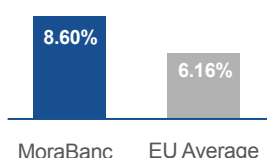
For the second year running, and in line with our strategic plan, our profits have grown to 2.3%, as a result of the growth in business, controlling expenses and efficient management. The credit investment has grown by 9.6%, driven by the granting of new loans, which has increased by 35% in comparison with 2017. The interest margin has increased by 22%, thanks to a balanced management of the credit investment and of the treasury and an efficient management policy of the balance in general.



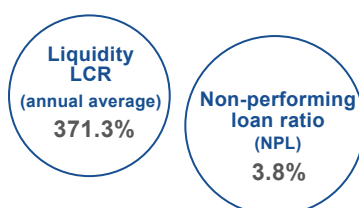
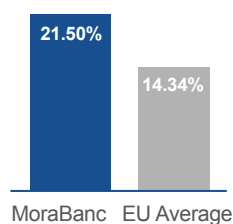
International business has continued with its growing trend and the assets under management held with our subsidiaries, Mora Wealth Management (MWM) in Zurich and Miami now represents 29% of the total of the group's resources. MWM has had a 141% greater profit compared with that of 2017, in line with its objective.

Furthermore, the capital management policy undertaken by MoraBanc has enabled the institution's financial profitability (ROE) to rise by 8.4% in 2017 to 8.6% in 2018, a rate which is higher than the average achieved by EU banks (6.16%).

Profitability (ROE) at 31/12/2018



CET1 fully loaded solvency ratio at 31/12/2018



## A solid balance sheet and solvency leadership, our distinctive features which cannot be renounced

One MoraBanc's main pillars is based on how it has maintained a solid solvency position, providing security and confidence to our clients, guaranteeing that MoraBanc has high levels of capital to ensure the viability of the organisation when facing adverse scenarios.

We closed 2018 with a BIS III of 24.7% CET 1 (Common Equity Tier) solvency ratio and a 21.5% (CET 1 Fully Loaded) ratio, which far exceeds the minimum regulatory requirements and also places us above the standards of comparable banks. This solvency allows the group to diversify the balance and maintain a balanced and efficient investment. Moreover, in addition to the solid levels of solvency, we 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 Liquidity Coverage Ratio (LCR) as at 31 December 2018 was at 560.8%, with an average value of 371.3% throughout the year, and a Net Stable Funding Ratio (NSFR) of 132%.

Likewise, the non-performing loan ratios (NPL, Non-Performing Loans) of 3.8%, the proportion of loans-to-deposits (LTD ratio) of 58.3% and the hedging ratio of 83.2% guarantee the strength of our balance sheet. Finally, our management of the balance sheet is complemented by a more than adequate leveraged ratio of 10.36% which confirms the solidity of the structure of our balance sheet.

## The challenge of standardisation with the European Union's regulations

Following the Monetary Agreement signed between the European Union and Andorra, the Andorran bank has completed the standardisation, both in matters of accountancy and solvency. Therefore, at the beginning of 2019 we will be fully equated to the rest of the European banks in both areas. On 1 January 2018, IFRS 9 (International Financial Reporting Standard) entered into force, with a more accurate provision for credit risks. During 2018, Andorra has transposed the solvency directive for financial institutions (CRD IV), which will be applicable to all institutions in 2019 and will make the solvency and liquidity calculations and requirements for the Andorran banking institutions comparable with those in Europe.

This regulatory change has oriented MoraBanc Towards a greater level of factionalism and transparent, values which are essential to compete internationally.

<sup>1</sup>Source: <https://www.bankingsupervision.europa.eu/banking/statistics/html/index.en.html>.



Sara Álvarez Cazorla

## Main financial data

### Balance Sheet and Consolidated Net Equity

Assets	in thousands of EUR	
	31/12/18	31/12/17*
Cash, cash balances in central banks and other demand deposits	17,648	19,104
Own portfolio	1,285,174	1,203,972
Credit investments to credit institutions	277,255	244,812
Credit investments to clients	1,040,635	949,726
Hedge accounting	750	765
Investments in joint ventures and associates	1	31
Assets covered by insurance and reinsurance contracts	36,324	35,961
Tangible and intangible assets	116,413	93,670
Tax assets	7,667	6,936
Other assets	4,541	7,565
Non-current assets and disposable groups of items held for sale	1,562	15,153
<b>Total assets</b>	<b>2,787,970</b>	<b>2,577,695</b>

Liabilities	in thousands of EUR	
	31/12/18	31/12/17*
Financial liabilities held for trading	31,282	16,167
Financial liabilities designated at fair value with changes in results	358,891	405,870
Financial liabilities at amortised cost	1,972,271	1,739,956
Derivatives - hedge accounting	6,699	3,148
Changes in the fair value of the hedged items with interest rate risk	782	779
Liabilities covered by insurance and reinsurance contracts	86,459	86,094
Provisions	25,185	26,004
Tax liabilities	3,571	5,360
Other liabilities	16,243	17,067
<b>Total liabilities</b>	<b>2,501,383</b>	<b>2,300,445</b>

Net equity	in thousands of EUR	
	31/12/18	31/12/17*
Capital	42,407	42,407
Other accumulated global results	(3,227)	2,806
Accumulated profits	155,079	145,608
Other reserves	68,275	75,841
Result attributable to the owners of the controlling company	24,057	23,517
Interim dividend	-	(12,925)
Minority interests	(4)	(4)
<b>Total net equity</b>	<b>286,587</b>	<b>277,250</b>
<b>Total net equity and liabilities</b>	<b>2,787,970</b>	<b>2,577,695</b>

in thousands of EUR

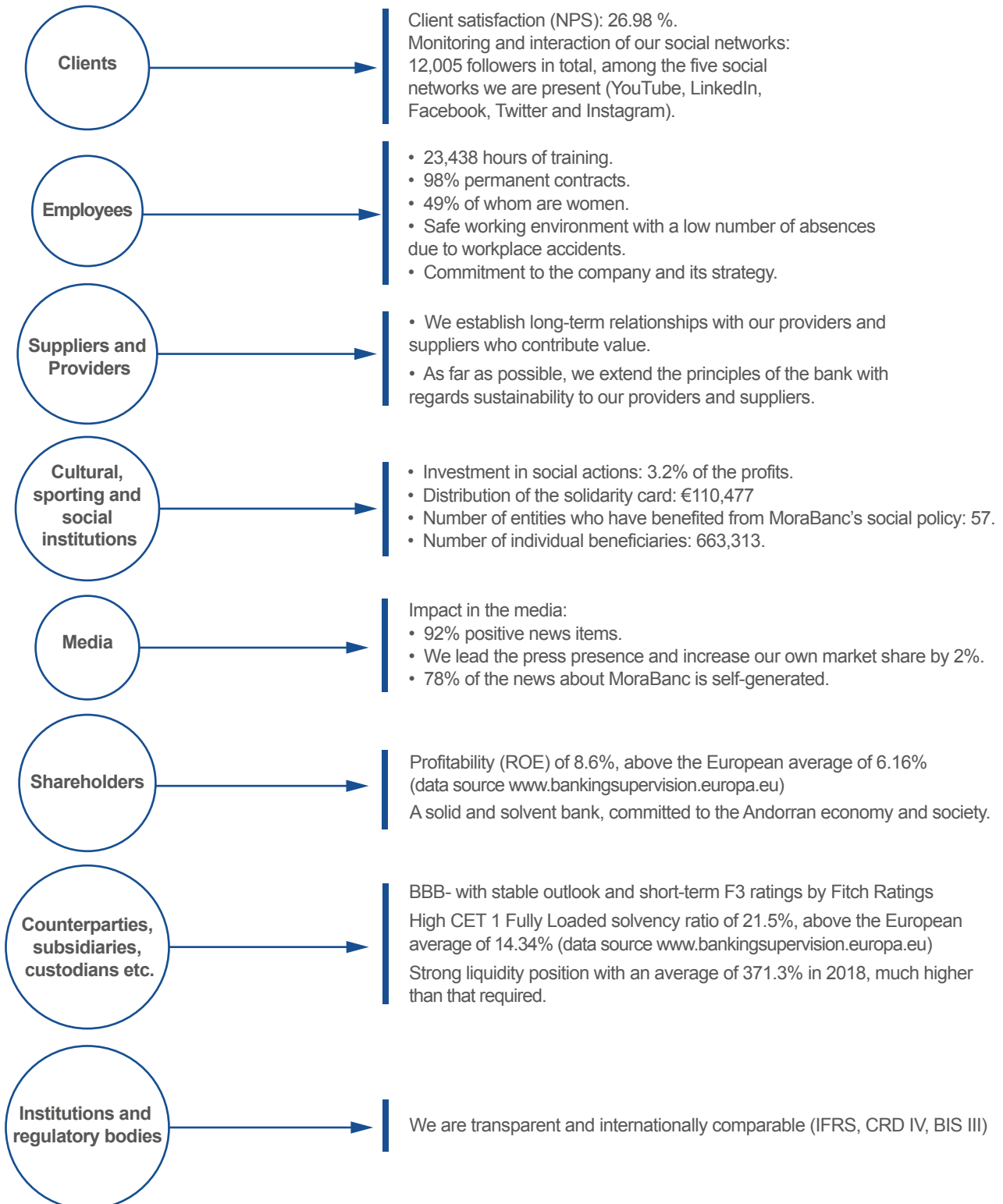
Consolidated statements of income	31/12/18	31/12/17*
<b>Financial margin</b>	<b>25,978</b>	<b>21,246</b>
Result from commissions	50,269	54,800
Results from institutions valued by the equity method	(30)	(99)
Results of financial operations	7,883	10,837
Net operating income	4,816	2,026
<b>Net operating result</b>	<b>88,916</b>	<b>88,810</b>
Administrative costs	(55,903)	(51,797)
Amortisation	(5,638)	(8,010)
Allowance for provisions, net impairment and other profits for non-financial and non-current assets	(1,545)	(3,980)
<b>Result before taxes</b>	<b>25,830</b>	<b>25,023</b>
Tax on profits	(1,773)	(1,506)
<b>Result of the financial year</b>	<b>24,057</b>	<b>23,517</b>

in thousands of EUR

Status of the added value of the MoraBanc group	31/12/18	31/12/17*
<b>Economic value generated</b>	<b>88,916</b>	<b>88,810</b>
Financial margin	25,978	21,246
Net commissions for services	50,269	54,800
Profits from financial operations and other income	12,668	12,764
<b>Economic value distributed</b>	<b>57,676</b>	<b>53,303</b>
<b>Economic value retained</b>	<b>31,240</b>	<b>35,507</b>
<b>Economic value distributed and retained</b>	<b>88,916</b>	<b>88,810</b>

\* Submitted solely and exclusively for comparative purposes

## We provide value to our stakeholders and to society

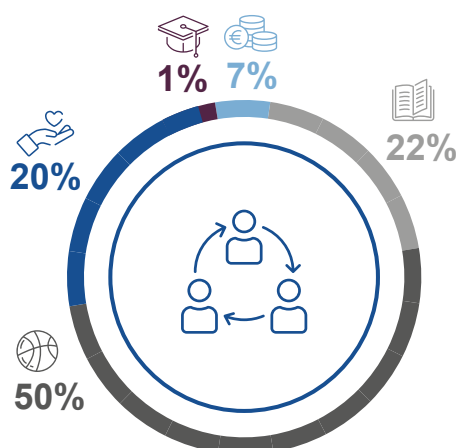




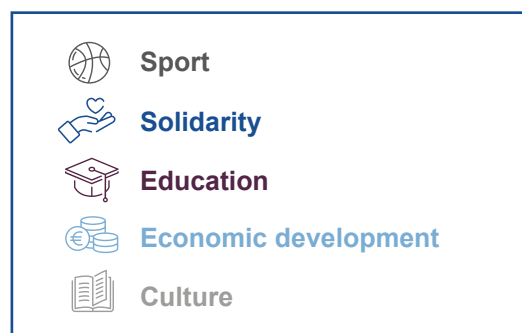
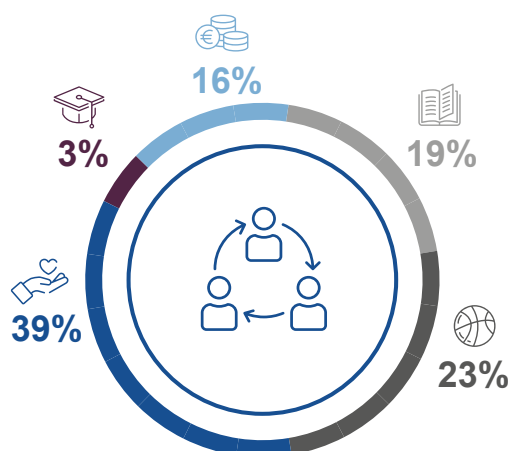
Thinking of a better world forms part of MoraBanc's commitment to sustainability. We are aware that our business could often be part of the solution to some of the problems facing society. For this reason, we have devised a strategy which contributes to the development of Andorran society.

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 2018



### Projects and social programmes



## Economic and social development

In 2018 we conducted the following initiatives to contribute to the economic and social development in Andorra:

- We support social entrepreneurship with a programme for entrepreneurs, LAB Impact Andorra, together with the Ship2B Foundation. We selected projects with a social impact on Andorra or linked to Andorra. The projects receive advice and consultancy from Ship2B and specialised mentors. The finalist project forms part of the acceleration programme in Barcelona with Ship2B. This year, the Social Miners project has been selected, a project which aims to incorporate the generation of sustainable energy in the blockchain and bitcoin production processes.
- 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.

• 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 series of conferences and the forum. This year the subjects discussed were the technological changes and entrepreneurship in the series of conferences 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.

• 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 *Temporada*, the MoraBanc Music and Dance Season in Andorra la Vella, which continues to be our leading contribution in the cultural field. In the 24th edition, MoraBanc Contributed 60% of the budget, and closed the season with a total attendance of 2,411 people and with an average evaluation of the shows of 4/5. This year's edition brought to Andorra the North American ballet company Ailey II; the pianist Khatia Buniatishvili; the outstanding Berlin Philharmonic Orchestra and today's most highly-regarded tenor, Javier Camarena. The Temporada 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 DIVA show by Cirque du Soleil held in the month of July. We support this project, promoted by *Andorra Turisme*, which is key to attracting summer tourism and generating economic activity, as shown by the data: the Cirque de Soleil show, DIVA in 2018 has resulted in direct and indirect economic repercussions amounting to €22.9 million, multiplying each euro which has been invested by a factor of 8.8. Moreover, 86.1% of the audience have 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.
- 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 began with five NGOs and this year we have reached a total of 18 entities and have distributed €110,477. 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 various entities' programmes.

For another year running we have supported the charity *Càritas* in two of their main campaigns: toy and food collection campaigns 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 against 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.

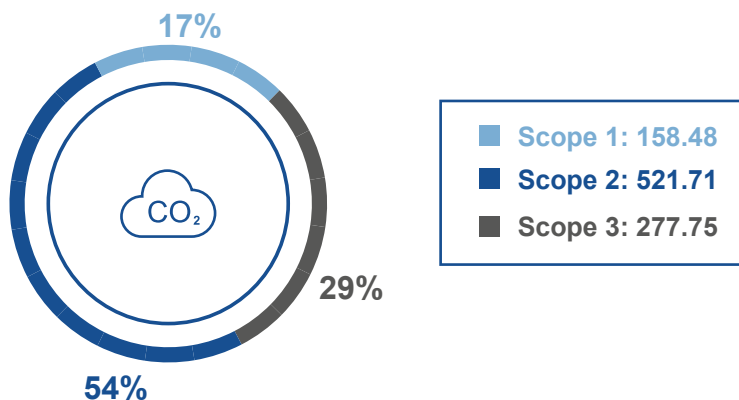
MoraBanc has an environmental management system which it has been applying since the year 2000 to minimise the impact of our activities on the environment. The institution works to achieve an optimum environmental compliance by meeting current legislation and preventing pollution being caused by our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

In 2018 we continued with the strategy to combat climate change which we had begun 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 to achieve in the following financial year.

Our carbon footprint, linked to the activity of the MoraBanc Group in Andorra, Zurich and Miami in 2018 was 958 tonnes of CO<sub>2</sub>, a reduction of 13.1% compared with 2017. We have achieved this thanks to a policy to reduce the amount of diesel fuel used for our own transport (-10%), through continuous savings on consumables such as toners (-8%), paper (-19.5%) an optimising the use of public transport (train and bus).

### CO<sub>2</sub> emissions power emission source 2018 for the MoraBanc Group (in tCO<sub>2</sub>eq%)



#### Scope 1

These emissions 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.

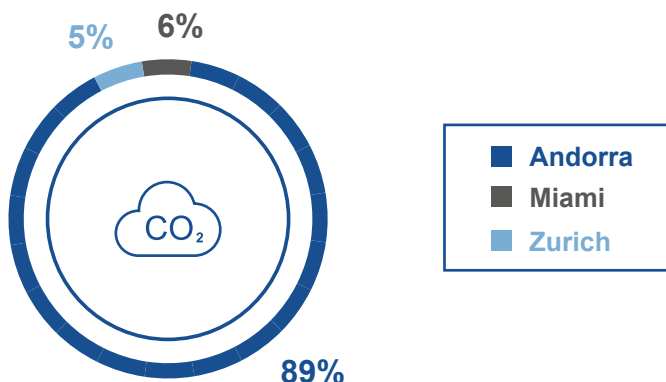
#### Scope 2

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.

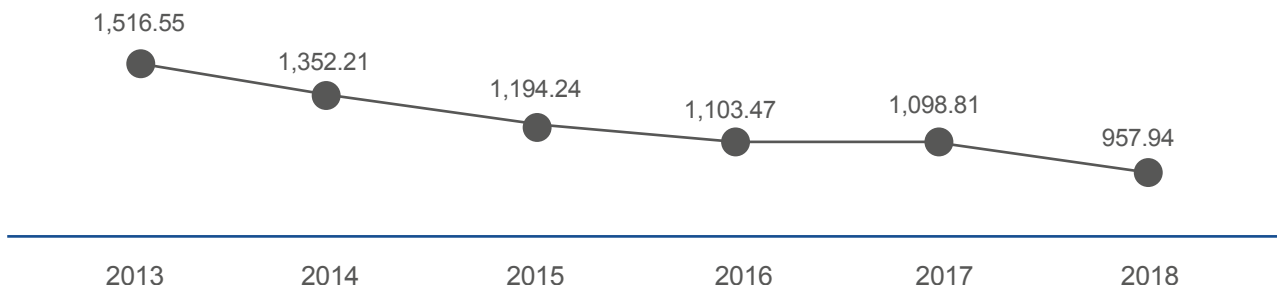
#### Scope 3

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.).

### CO<sub>2</sub> emissions by the MoraBanc Group



## Evolution of MoraBanc's total emissions in tCO<sub>2</sub>eq between 2013 and 2018



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 fuel 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 2018

Sources of emissions			Variation 2017-2018
▼ Scope 1	Fossil fuels		▶
	Own transport		▼
	Fugitive emissions of refrigerant gases		▼
▶ Scope 2	Electricity consumption		▶
▼ Scope 3	Purchase of goods and services	Paper consumption	▼
		Toner consumption	▼
		Bank card consumption	▼
		Water treatment	▼
	Upstream transportation and distribution	Fuel consumption of the courier service	▶
	Waste management	Paper and cardboard waste	▼
	Business travel	Air travel	▲
		Train travel	▼
		Bus travel	▼
		Personal vehicles	▼
		Taxi travel	▲
		Overnight stays	▲
	Upstream leased assets		▲

▲ Increase in emissions    ▶ Stable    ▼ Reduction of emissions

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 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 that we wish to be counted among.



**Pedro González**

CHAIRMAN



**Oscar Aristot**

PROPRIETARY DIRECTOR

Chairman for the Executive Committee for Business



**Marc Mora**

PROPRIETARY DIRECTOR

Chairman for the Technology, Innovation and Information Security Committee



**Joan Quera**

PROPRIETARY DIRECTOR



**Francesc Xavier Maymó**

PROPRIETARY DIRECTOR



**Miguel Antonio Pérez**

INDEPENDENT DIRECTOR

Chairman of the Audit and Compliance Committee



**Agustín Berasaluce**

INDEPENDENT DIRECTOR

Chairman of the Appointments and Remuneration Committee



**José María Gefaell**

INDEPENDENT DIRECTOR

Chairman of the Risk Committee



**Marc Vilallonga**

NON-BOARD MEMBER  
SECRETARY

#### • Executive Committee for Business

Corresponds to the Executive Committee for Business, in accordance with rules and its functions, among others, includes: (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 operations, 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 bank's 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.

### • 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.



**Lluís Alsina Álvarez**

MANAGING DIRECTOR



**Sara Álvarez Cazorla**

DEPUTY GENERAL MANAGER  
Finance Department



**Gisela Villagordo Escolà**

DEPUTY GENERAL MANAGER



**Rubén Aísa García**

ASSISTANT GENERAL MANAGER  
Legal Advisory Services



**José Ignacio Amilburu Pérez**

ASSISTANT GENERAL MANAGER  
Risk Department



**Amparo M. Nieto Linares**

ASSISTANT GENERAL DIRECTOR  
Regulatory Compliance



## 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 as a matter of regulation, we are committed to transparency, professional ethics and respect for society and our clients, shareholders and employees.

The group's Code of 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 laundering of money or monetary instruments and the financing of terrorism.

The fight against corruption and the prevention of the laundering of money 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.

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 Interests. 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 shareholders, members of the Board of Directors, 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 the laundering of money 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.
- 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.



## Alignment with best practices to present our information

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This year, in 2018, we have wanted to take a step further in the presenting of our information with the desire to be more transparent with our stakeholders and provide a more connected vision of our activity, strategy and environment. We have put what we do in context with our values, our vision, strategy, business model and 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 <IR> 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 2018 integrated annual report has been prepared according to 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. In short, it means working on a sustainability strategy aligned with what the stakeholders regard as being necessary and the Bank's business strategy.



## Information on materiality

In the preparation of this report for 2018, we have reviewed the results of the materiality analysis which we conducted in 2015. We have compared the aspects which were considered as 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 defined contents provided a carefully studied vision of the repercussions and MoraBanc's compliance with regards to subject of sustainability. This analysis allows 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 2018 Materiality Matrix

<b>Relevance for the stakeholders</b> <div>+</div> <div>-</div>	<div>+</div>	<div>+</div>	<div>+</div>
	<p>General</p> <p>Evaluation of the suppliers in the area of human rights</p> <p>Bonds and partnerships with national institutions</p> <p><b>Financial literacy</b></p> <p><b>Client service</b></p> <p>Inclusion of social and environmental aspects in the strategy</p>	<p>Non-discrimination</p> <p>Local communities</p>	<p><b>Economic development</b></p> <p><b>Employment</b></p> <p><b>Diversity and equal opportunities</b></p> <p><b>Equal pay for men and women</b></p> <p><b>Fight against corruption</b></p> <p><b>Ethical and responsible behaviour</b></p> <p><b>Prevention of the laundering of money and monetary instruments and the financing of terrorism</b></p> <p><b>Quality and excellence in banking practice</b></p>
	<p>Work placements</p> <p>Transport</p> <p>Environmental evaluation of suppliers</p> <p>Evaluation of suppliers' working practices</p> <p>Investment</p> <p>Public policy</p> <p>Product catalogue</p> <p>Regulatory compliance</p> <p>Audit</p> <p>Risk management</p> <p>Internationalisation</p>	<p>Emissions</p> <p>Products and services</p> <p>Training and education</p> <p>Unfair competitive practices</p> <p><b>Client health and safety</b></p> <p>Transparency of information to the markets and clients</p>	<p>Company-employee relations</p> <p><b>Occupational health and safety</b></p> <p>Work-life balance</p> <p>Regulatory compliance</p> <p>Labelling of products and services</p> <p>Client privacy</p> <p>Innovation in products and services</p>
<div>-</div>	<div>-</div>	<div>-</div>	<div>-</div>
	<p>Water</p> <p>Environmental claim mechanisms</p> <p>Claim mechanisms regarding working practices</p> <p>Safety practices</p> <p>Evaluation</p> <p>Shareholder activism</p> <p>Diversification of the business</p>	<p>Presence in the market</p> <p>Indirect economic consequences</p> <p>Materials</p> <p>Energy</p> <p>Discharge and waste</p> <p>Freedom of association and collective agreements</p>	<p>Regulatory compliance</p>
	<div>-</div>	<div>-</div>	<div>-</div>
<div>Internal relevance</div> <div>+</div>			

## Basic general contents



# Table of Contents of the Global Reporting Initiative




GRI Standards	Contents	Page or direct response	SDG
Profile of the organisation			
102-1	Name of the organisation	Mora Banc Grup, SA and Mora Banc, SAU	
102-2	Activities, brands, products, and services	<p>MoraBanc provides its clients with services related to commercial banking, private banking, wealth management, asset management, investment funds and insurance.</p> <p><b>Commercial Banking:</b> the commercial banking focuses on banking for individuals and banking for businesses, companies and professionals. MoraBanc has a culture focused on clients 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.</p> <p><b>Products and services:</b></p> <div><div>Individual Banking</div><ul style="list-style-type: none"><li>• Accounts and cards</li><li>• Savings</li><li>• Investment products</li><li>• Reception, transmission and execution of orders</li><li>• Discretionary and individualised portfolio management</li><li>• Loans</li><li>• Mortgages</li><li>• Insurance</li><li>• MoraBanc Digital</li></ul></div> <div><div>Business Banking</div><ul style="list-style-type: none"><li>• Personal attention</li><li>• International business</li><li>• Investment products</li><li>• Discretionary and individualised portfolio management</li><li>• Treasury and investments</li><li>• Credit cards</li><li>• MoraBanc Digital</li></ul></div> <p><b>Private Banking and Wealth Management:</b> 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.</p> <p><b>Products and services:</b></p> <div><div>Private Banking</div><ul style="list-style-type: none"><li>• Open Architecture</li><li>• Discretionary and individualised portfolio management</li><li>• Reception, transmission and execution of orders</li><li>• Innovation in structured products</li><li>• Health, life and unit-linked insurance</li><li>• Credit cards</li><li>• Range of loans and mortgages</li><li>• MoraBanc Digital</li><li>• Online Broker</li></ul></div> <div><div>Wealth Management</div><ul style="list-style-type: none"><li>• Open Architecture</li><li>• Choice of custodian bank</li><li>• Asset structuring</li><li>• Discretionary and individualised portfolio management</li><li>• Reception, transmission and execution of orders</li></ul></div> <p><b>Mora Gestió d'Actius, SAU:</b> MoraBanc Asset Management is the MoraBanc subsidiary which is responsible for discretionary and individualised portfolio management, the management of collective investment bodies and the investment advisory service.</p> <p><b>Products and services:</b></p> <div><div>MoraBanc Asset Management</div><ul style="list-style-type: none"><li>• Investment funds</li><li>• Management services and SICAV</li><li>• Dissemination of knowledge</li></ul></div> <p><b>MoraBanc Assegurances:</b> is the group's insurance company which seeks to offer all types of insurance in the areas of life, accidents and complementary health policies linked to the life policies.</p> <p>In addition to life insurance, the institution offers savings and welfare products such as pension and retirement plans. It also makes Unit Linked insurance plans available, which may include the following types: MoraBanc Unit Linked Funds, MoraBanc Unit Linked Portfolios and MoraBanc Unit Linked Assets, according to the asset with which they are linked.</p>	
102-3	Location of headquarters	Mora Banc Grup, SA Av. Meritxell 96 AD500 Andorra la Vella Principality of Andorra	

GRI Standards	Contents	Page or direct response	SDG																																																																												
102-4	Location of operations	07-09																																																																													
102-5	Ownership and legal form	<p>The MoraBanc group was founded in 1952 by the Mora family and today 100% of its capital continues to be held by the family and an Andorran business. The group is made up of:</p> <ul style="list-style-type: none"><li>• Mora Banc Grup, SA and Mora Banc, SAU whose corporate purpose is the practice of banking in Andorra.</li><li>• The purpose of Mora Assegurances, SAU is to provide insurance, and life reinsurance products.</li><li>• Mora Gestió d'Actius, SAU's purpose is to manage collective investment bodies, the management of discretion and individualised portfolios and providing advice on investments.</li><li>• Mora Wealth Management, AG's activity involves the management of assets and providing financial assessments.</li><li>• Mora WM Holdings USA, LLC is the portfolio investment company. It acts as the head of the other companies established in the US:<ul style="list-style-type: none"><li>- Mora Wealth Management LLC, whose activity involves the management of assets and providing financial assessments.</li><li>- Mora WM Securities LLC which carries out the activity of Broker-Dealer.</li></ul></li></ul>																																																																													
102-6	Markets served	07-09																																																																													
102-7	Size of the organisation	07-09																																																																													
102-8	Information on employees and other workers	<p>21, 22</p> <p>Workforce as at 31 December:</p> <table><thead><tr><th>Countries</th><th>2017</th><th>Percentage</th><th>2018</th><th>Percentage</th></tr></thead><tbody><tr><td>Andorra</td><td>336</td><td>89.3%</td><td>276</td><td>88.1%</td></tr><tr><td>EUA - Miami</td><td>24</td><td>6.4%</td><td>23</td><td>7.4%</td></tr><tr><td>Zurich - Switzerland</td><td>16</td><td>4.3%</td><td>14</td><td>4.5%</td></tr><tr><td>Total</td><td>376</td><td>100%</td><td>313</td><td>100%</td></tr></tbody></table> <p>Workforce in Andorra according to type of contract and working week:</p> <table><thead><tr><th>Type of contract</th><th>2017</th><th>2018</th></tr></thead><tbody><tr><td>Men</td><td>184</td><td>159</td></tr><tr><td>Women</td><td>142</td><td>149</td></tr><tr><td>Permanent</td><td>326 97.0%</td><td>308 98.4%</td></tr><tr><td>Men</td><td>4</td><td>2</td></tr><tr><td>Women</td><td>6</td><td>3</td></tr><tr><td>Temporary</td><td>10 3%</td><td>5 1.6%</td></tr></tbody></table> <table><thead><tr><th>Types of working week</th><th>2017</th><th>2018</th></tr></thead><tbody><tr><td>Men</td><td>188</td><td>157</td></tr><tr><td>Women</td><td>138</td><td>143</td></tr><tr><td>Full time</td><td>326 97%</td><td>300 95.8%</td></tr><tr><td>Men</td><td>0</td><td>4</td></tr><tr><td>Women</td><td>10</td><td>9</td></tr><tr><td>Part time</td><td>10 3%</td><td>13 4%</td></tr><tr><td>Men</td><td></td><td>8</td></tr><tr><td>Women</td><td></td><td>14</td></tr><tr><td>External workers</td><td></td><td>22</td></tr></tbody></table> <p>The group of external workers is made up of 22 people who provide services to the group in administrative and auxiliary tasks, generally the at the counters in the branches and to the Back Office department.</p> <p><i>Note. We don't have data available for the external workers for 2017.</i></p>	Countries	2017	Percentage	2018	Percentage	Andorra	336	89.3%	276	88.1%	EUA - Miami	24	6.4%	23	7.4%	Zurich - Switzerland	16	4.3%	14	4.5%	Total	376	100%	313	100%	Type of contract	2017	2018	Men	184	159	Women	142	149	Permanent	326 97.0%	308 98.4%	Men	4	2	Women	6	3	Temporary	10 3%	5 1.6%	Types of working week	2017	2018	Men	188	157	Women	138	143	Full time	326 97%	300 95.8%	Men	0	4	Women	10	9	Part time	10 3%	13 4%	Men		8	Women		14	External workers		22	
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102-9	Supply chain	In accordance with our activity, we differentiate our providers and suppliers into two groups: the providers who provide financial, auditing and consulting services, and the suppliers who supply us with materials and take care of the maintenance and supplies for the 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. We have an environmental management system which incorporates the requirements of the applicable legislation as well as other requirements which we have chosen to adhere to voluntarily. This management system covers MoraBanc's whole business, products and services which may have an effect on the environment at any of our facilities.	
102-12	External initiatives	MoraBanc does not endorse any principle, statutes or any other document of an economic, social or environmental nature.	
102-13	Membership of associations	MoraBanc belongs to various institutions in the region: <ul style="list-style-type: none"> <li>• Association of Andorran Banks (Andorran Banking or the ABA in its Catalan initials).</li> <li>• EFA (Andorran Family Business for Total Quality Management)</li> <li>• Business Confederation of Andorra (CEA in its Catalan initials), through Andorran Banking</li> <li>• Chamber of Commerce, Industry and Services of Andorra (CCIS), through Andorran Banking</li> <li>• Andorran Institute of Legal, Economic and Financial Studies (JEF in its Catalan initials)</li> <li>• French-Spanish Chamber of Commerce and Industry of Barcelona (CFECl in its Catalan initials)</li> </ul> We also belong to the Andorran Commission: ANDBlockchain, dedicated to Blockchain technology, and we are present in business associations in Andorra such as the ACTinn initiative promoted by the Andorran Government as a part of its Smart Country project.	
<b>Strategy</b>			
102-14	Statement from senior decision-maker	04, 05	
102-15	Key impacts, risks and opportunities	12-16	
<b>Ethics and integrity</b>			
102-16	Values, principles, standards and norms of behaviour	41 MoraBanc's activity is also governed by the ABA's Professional Code of Ethics which regulates, within the framework of the legislation in force at any time, the standards of honesty, integrity, professionalism and confidentiality applied by Andorran banking institutions ("Institutions") in their relationships with clients, third parties and supervisory and regulatory bodies.  In 2018, MoraBanc was subjected to Law 8/2013 of 9 May on the organisational requirements and operating conditions for institutions working in the financial system, investor protection, market abuse and financial guarantee agreements.	
102-17	Mechanisms for advice and concerns about ethics	41 The Regulatory Compliance Department supervises, monitors and verifies the continuous and effective compliance of the senior management and their staff, the institution in itself and the financial agents it appoints with the legal and regulatory obligations, with ethical standards and conduct as well as the internal policies of the institution, for the protection of the clients and the institution itself and to minimise the risk of regulatory non-compliance and other associated risks to the bank's activities, being responsible of preparing the codes of conduct and adapting them according to the regulations in force. Together with the Legal Advisory Services Department, they are 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.	



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102-18	Governance structure	<p>38, 39</p> <p>The composition of the Boards of Directors of Mora Banc Grup, SA with details of whether the members are shareholder, executive or independent members is listed below.</p> <p><b>Board of Directors:</b></p> <table><tr><th colspan="3">MORA BANC GRUP, SA</th></tr><tr><td>Pedro González Grau</td><td>Chairman</td><td></td></tr><tr><td>Òscar Aristot Borràs</td><td>Board Member</td><td>Proprietary Director</td></tr><tr><td>Marc Mora Guerín</td><td>Board Member</td><td>Proprietary Director</td></tr><tr><td>Joan Quera Font</td><td>Board Member</td><td>Proprietary Director</td></tr><tr><td>Francesc Xavier Maymó Gatell</td><td>Board Member</td><td>Proprietary Director</td></tr><tr><td>Miguel Antonio Pérez Carnicero</td><td>Board Member</td><td>Independent</td></tr><tr><td>Agustín Berasaluze Astarloa</td><td>Board Member</td><td>Independent</td></tr><tr><td>José María Gefaell Chamochín</td><td>Board Member</td><td>Independent</td></tr><tr><td>Marc Vilallonga Puy</td><td>General Secretary and Secretary of the Board.</td><td></td></tr><tr><td></td><td>Non-Board Member</td><td></td></tr></table> <table><tr><th colspan="3">MORA BANC, SAU</th></tr><tr><td>Oscar Aristot Borràs</td><td>Chairman</td><td>Proprietary Director</td></tr><tr><td>Pedro González Grau</td><td>Board Member</td><td>Proprietary Director</td></tr><tr><td>Joan Quera Font</td><td>Board Member</td><td>Proprietary Director</td></tr><tr><td>Marc Mora Guerín</td><td>Board Member</td><td>Proprietary Director</td></tr><tr><td>Francesc Xavier Maymó Gatell</td><td>Board Member</td><td>Proprietary Director</td></tr><tr><td>Miguel Antonio Pérez Carnicero</td><td>Board Member</td><td>Independent</td></tr><tr><td>Marc Vilallonga Puy</td><td>Non-Board Member, Secretary</td><td></td></tr></table> <p>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 to the various management teams.</p> <p><b>Executive Team</b></p> <table><tr><td>Lluís Alsina Álvarez</td><td>Managing Director</td></tr><tr><td>Sara Álvarez Cazorla</td><td>Deputy General Manager - Financial Area</td></tr><tr><td>M. Teresa Arauz Regue</td><td>Deputy General Manager - Internal Audit</td></tr><tr><td>Gisela Villagordo Escolà</td><td>Deputy General Manager</td></tr><tr><td>Rubén Aísa García</td><td>Deputy Managing Director - General Counsel</td></tr><tr><td>José Ignacio Amilburu Pérez</td><td>Deputy Managing Director - Risks Area</td></tr><tr><td>Amparo M. Nieto Linares</td><td>Deputy Managing Director - Regulatory Compliance</td></tr></table>	MORA BANC GRUP, SA			Pedro González Grau	Chairman		Òscar Aristot Borràs	Board Member	Proprietary Director	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 Berasaluze Astarloa	Board Member	Independent	José María Gefaell Chamochín	Board Member	Independent	Marc Vilallonga Puy	General Secretary and Secretary of the Board.			Non-Board Member		MORA BANC, SAU			Oscar Aristot Borràs	Chairman	Proprietary Director	Pedro González Grau	Board Member	Proprietary Director	Joan Quera Font	Board Member	Proprietary Director	Marc Mora Guerín	Board Member	Proprietary Director	Francesc Xavier Maymó Gatell	Board Member	Proprietary Director	Miguel Antonio Pérez Carnicero	Board Member	Independent	Marc Vilallonga Puy	Non-Board Member, Secretary		Lluís Alsina Álvarez	Managing Director	Sara Álvarez Cazorla	Deputy General Manager - Financial Area	M. Teresa Arauz Regue	Deputy General Manager - Internal Audit	Gisela Villagordo Escolà	Deputy General Manager	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	
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102-21	Consulting stakeholders on economic, environmental, and social topics	26, 42																																																																								
102-22	Composition of the highest governance body and its committees	<p>The Mora Banc Board has the following committees which have the authority to supervise, inform, advise and propose: (i) Audit and Compliance; (ii) Appointments and Remuneration; (iii) Risks; (iv) Executive Business; i (v) Technology, Innovation and Information Security.</p> <p>Audit and Compliance Committee:</p> <table><tr><th>Members</th><th>Position</th><th>Type</th></tr><tr><td>Miguel Antonio Pérez Carnicero</td><td>Chairman</td><td>Independent</td></tr><tr><td>Oscar Aristot Borràs</td><td>Board Member</td><td>Proprietary Director</td></tr><tr><td>Agustín Berasaluze Astarloa</td><td>Board Member</td><td>Independent</td></tr><tr><td>Marc Vilallonga Puy</td><td>Non-voting Secretary</td><td></td></tr></table> <p>Appointments and Remuneration Committee:</p> <table><tr><th>Members</th><th>Position</th><th>Type</th></tr><tr><td>Agustín Berasaluze Astarloa</td><td>Chairman</td><td>Independent</td></tr><tr><td>Oscar Aristot Borràs</td><td>Board Member</td><td>Proprietary Director</td></tr><tr><td>Marc Mora Guerín</td><td>Board Member</td><td>Proprietary Director</td></tr><tr><td>Miguel Antonio Pérez Carnicero</td><td>Board Member</td><td>Independent</td></tr><tr><td>Marc Vilallonga Puy</td><td>Non-voting Secretary</td><td></td></tr></table>	Members	Position	Type	Miguel Antonio Pérez Carnicero	Chairman	Independent	Oscar Aristot Borràs	Board Member	Proprietary Director	Agustín Berasaluze Astarloa	Board Member	Independent	Marc Vilallonga Puy	Non-voting Secretary		Members	Position	Type	Agustín Berasaluze 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																																								
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102-23	Chair of the highest governance body	<p>38, 39</p> <p>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 execute the group's strategy.</p>																																																																						
102-26	Role of highest governance body in setting purpose, values and strategy	<p>10, 11</p> <p>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 to the various management teams.</p>																																																																						
102-30	Effectiveness of risk management processes	<p>16</p>																																																																						
102-32	Highest governance body's role in sustainability reporting	<p>The Communication and Brand Department is in charge of preparing the comprehensive report, which includes material aspects with regards 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.</p>																																																																						

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<b>Participation of stakeholders</b>			
102-40	List of stakeholder groups	25 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 Andorran law stipulates that the workers are the ones who should initiate this, which has not occurred to date.	
102-42	Identifying and selecting stakeholders	To select the stakeholders, MoraBanc has taken into account the materiality report prepared 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. In 2018, MoraBanc sought to include the involvement of clients and employees to analyse the institution's customer service as well as MoraBanc's brand strategy with various group sessions and in-depth interviews conducted by external companies.	
102-44	Key topics and concerns raised	25	
<b>Reporting practice</b>			
102-45	Entities included in the consolidated financial statements	The information submitted corresponds 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	4, 5, 42 The purpose of this report is to offer a true picture of the economic, social, environmental and corporate performance of MoraBanc. It therefore responds to 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 includes the companies which appear in the organisation's consolidated financial statements which are listed in the "Economic management" section.	
102-47	List of material topics	43, 44	
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 are no significant changes in the scope and coverage in comparison with previous reports.	
102-50	Reporting period	This report covers the period from 1 January to 31 December 2018, as we report on a calendar year basis.	

GRI Standards	Contents	Page or direct response	SDG
102-51	Date of most recent report	2017	
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 <a href="mailto:comunicacio@morabanc.ad">comunicacio@morabanc.ad</a> .	
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI standards: core option.	
102-55	GRI content index	45	
102-56	External assurance	The report has not been verified externally.	





#### Material issues

#### Economy


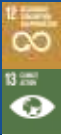




GRI 201: Economic performance

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, additionally, it is an essential element of our activity. The direct impact of economic achievement occurs to one part of our stakeholders in a direct way: employees, providers and suppliers, shareholders, clients, sponsored entities, etc.; and also, in an indirect way to the rest of society through the wealth we generate.																									
103-2	The management approach and its components	<p>In our 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.</p> <p>The management approach towards economic achievement is an element included in MoraBanc's mission: "MoraBanc's mission is to meet the needs of its clients and to satisfy their expectations, organised so as to create value, with quality as a distinctive competitive feature." The mission could not be developed without economic growth and management of the financial achievement. The growth objectives are set in MoraBanc's strategic plan; this includes the resources which have to be put into play and the actions that have to be carried out for its development.</p>																									
103-3	Evaluation of the management approach	The institution evaluates the economic achievement thanks to its continuous monitoring of the business indicators, preparing the necessary reports. The Business Committee and the Strategy Committee apply the appropriate modifications or corrections when it is deemed necessary.																									
201-1	Direct economic value generated and distributed	<p>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 2018.</p> <table><tr><th colspan="2">Status of the added value (in thousands of euros)</th><th>2018</th></tr><tr><td colspan="2"><b>Economic value generated</b></td><td><b>88,916</b></td></tr><tr><td colspan="2">Financial margin</td><td>25,978</td></tr><tr><td colspan="2">Net commissions for services</td><td>50,269</td></tr><tr><td colspan="2">Profits from financial operations and other income</td><td>12,668</td></tr><tr><td colspan="2"><b>Economic value distributed</b></td><td><b>57,676</b></td></tr><tr><td colspan="2"><b>Economic value retained</b></td><td><b>31,240</b></td></tr><tr><td colspan="2"><b>Economic value distributed and retained</b></td><td><b>88,916</b></td></tr></table>	Status of the added value (in thousands of euros)		2018	<b>Economic value generated</b>		<b>88,916</b>	Financial margin		25,978	Net commissions for services		50,269	Profits from financial operations and other income		12,668	<b>Economic value distributed</b>		<b>57,676</b>	<b>Economic value retained</b>		<b>31,240</b>	<b>Economic value distributed and retained</b>		<b>88,916</b>	
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GRI Standards	Contents	Page or direct response	SDG
201-4	Financial assistance received from government	MoraBanc does not receive any public aid.	
GRI 203: Indirect economic impacts			
GRI 103: Management approach			
103-1	Explanation of the material topic and its boundary	32-37 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 follows the national and international standards and protocols to analyse the indirect impact of our activity.	
103-2	The management approach and its components	32-37 The indirect economic impacts on society form part of MoraBanc's DNA and the Board of Director's desire is to actively contribute to society. MoraBanc has established commitments with institutions to achieve its objectives with regards 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 through various indicators which are reported periodically, such as the publicity received from the actions carried out and the impact that they have had, for example articles which have appeared in the press and the achievement of the objectives of the sponsored projects.	
203-2	Significant indirect economic impacts	32-37	
GRI 205: Anti-corruption			
GRI 103: Management approach			
103-1	Explanation of the material topic and its boundary	41	
103-2	The management approach and its components	41	
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 others, forms part of the transversal culture of the whole group and it is also regulated by law. In compliance with current legislation, we have an internal control structure and Regulatory Compliance and Audit Departments which oversee corporate governance.	
205-2	Communication and training about anti-corruption policies and procedures	41	
205-3	Confirmed incidents of corruption and actions taken	There was no confirmed case of corruption at MoraBanc in 2018.	







GRI Standards	Contents	Page or direct response	SDG
GRI 206: Anti-competitive behaviour			
GRI 103: Management approach			
103-1	Explanation of the material topic and its boundary	41 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. Additionally, this topic has been presented as being highly significant for both the stakeholders and internal groups, who have made mention of ethical and responsible behaviour in the materiality matrix.	
103-2	The management approach and its components	41	
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 2018 there were no claims related to cases of anti-competitive behaviour or breaches of the legislation on practices against freedom of competition and monopolies.	
<b>Environment</b>			
GRI 305: Emissions			
GRI 103: Management approach			
103-1	Explanation of the material topic and its boundary	36, 37	
103-2	The management approach and its components	36, 37	
103-3	Evaluation of the management approach	36, 37	
302-1	Energy assumption within the organisation	36, 37 The source of the emission factors used for the 2018 calculation are: <ul style="list-style-type: none"> <li>• Practical guide for calculating greenhouse gas emissions (GHG). March 2018 version</li> <li>• Forces Elèctriques d'Andorra (FEDA) (Andorran electricity supplier) 2017 Sustainability Report</li> <li>• International Energy Agency (IEA). Emission Factors 2018</li> <li>• Environmental Paper Network Paper Calculator, version 4.0.</li> <li>• International Civil Aviation Organization (ICAO).</li> <li>• DEFRA Carbon emissions calculator</li> <li>• UK Government GHG Conversion Factors for Company Reporting 2018</li> <li>• SimaPro, which uses the Ecoinvent v3 database.</li> <li>• U.S. Energy Information Administration (EIA)</li> </ul> All the above are updated and verified sources.	
305-1	Direct GHG emissions (Scope 1)	36, 37	
305-2	Indirect GHG emissions in generating energy (Scope 2)	36, 37	
305-3	Indirect GHG emissions (Scope 3)	36, 37	
305-4	Intensity of GHG emissions	36, 37	


GRI Standards	Contents	Page or direct response	SDG																																																																																																																																																	
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GRI 401: Employment																																																																																																																																																				
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103-3	Evaluation of the management approach	21, 22																																																																																																																																																		
401-1	New employee hires and employee turnover	<p>New employee hires according to age, gender and region:</p> <p><b>New hires</b></p> <table><thead><tr><th>By age</th><th>2017</th><th>Proportion</th><th>2018</th><th>Proportion</th></tr></thead><tbody><tr><td>Under 30 years of age</td><td>12</td><td>29%</td><td>5</td><td>22%</td></tr><tr><td>Between 30 and 50 years of age</td><td>28</td><td>68%</td><td>18</td><td>78%</td></tr><tr><td>Above 50 years of age</td><td>1</td><td>2%</td><td>0</td><td>0%</td></tr><tr><td>Total</td><td>41</td><td></td><td>23</td><td></td></tr></tbody></table> <table><thead><tr><th>By gender</th><th>2017</th><th>Proportion</th><th>2018</th><th>Proportion</th></tr></thead><tbody><tr><td>Men</td><td>28</td><td>68%</td><td>12</td><td>52%</td></tr><tr><td>Women</td><td>13</td><td>32%</td><td>11</td><td>48%</td></tr><tr><td>Total</td><td>41</td><td></td><td>23</td><td></td></tr></tbody></table> <table><thead><tr><th>By region</th><th>2017</th><th>Proportion</th><th>2018</th><th>Proportion</th></tr></thead><tbody><tr><td>Andorra</td><td>31</td><td>76%</td><td>12</td><td>52%</td></tr><tr><td>Miami</td><td>6</td><td>15%</td><td>10</td><td>43%</td></tr><tr><td>Switzerland</td><td>4</td><td>10%</td><td>1</td><td>4%</td></tr><tr><td>Luxembourg</td><td></td><td></td><td>0</td><td></td></tr><tr><td>Total</td><td>41</td><td></td><td>23</td><td></td></tr></tbody></table> <p><b>Employee turnover:</b></p> <table><thead><tr><th>By age</th><th>2017</th><th>Proportion</th><th>2018</th><th>Proportion</th></tr></thead><tbody><tr><td>Under 30 years of age</td><td>4</td><td>11.1%</td><td>3</td><td>10.02%</td></tr><tr><td>Between 30 and 50 years of age</td><td>10</td><td>4.4%</td><td>16</td><td>6.98%</td></tr><tr><td>Above 50 years of age</td><td>29</td><td>40.8%</td><td>13</td><td>24.00%</td></tr><tr><td>Total</td><td>43</td><td>13%</td><td>32</td><td>10.21%</td></tr></tbody></table> <table><thead><tr><th>By gender</th><th>2017</th><th>Proportion</th><th>2018</th><th>Proportion</th></tr></thead><tbody><tr><td>Men</td><td>32</td><td>17.0%</td><td>22</td><td>13.65%</td></tr><tr><td>Women</td><td>11</td><td>7.4%</td><td>10</td><td>6.57%</td></tr><tr><td>Total</td><td>43</td><td></td><td>32</td><td></td></tr></tbody></table> <table><thead><tr><th>By region</th><th>2017</th><th>Proportion</th><th>2018</th><th>Proportion</th></tr></thead><tbody><tr><td>Andorra</td><td>42</td><td>14%</td><td>32</td><td>11.71%</td></tr><tr><td>Miami</td><td>1</td><td>4%</td><td></td><td>0%</td></tr><tr><td>Switzerland</td><td></td><td>0%</td><td></td><td>0%</td></tr><tr><td>Luxembourg</td><td></td><td>0%</td><td></td><td>0%</td></tr></tbody></table>	By age	2017	Proportion	2018	Proportion	Under 30 years of age	12	29%	5	22%	Between 30 and 50 years of age	28	68%	18	78%	Above 50 years of age	1	2%	0	0%	Total	41		23		By gender	2017	Proportion	2018	Proportion	Men	28	68%	12	52%	Women	13	32%	11	48%	Total	41		23		By region	2017	Proportion	2018	Proportion	Andorra	31	76%	12	52%	Miami	6	15%	10	43%	Switzerland	4	10%	1	4%	Luxembourg			0		Total	41		23		By age	2017	Proportion	2018	Proportion	Under 30 years of age	4	11.1%	3	10.02%	Between 30 and 50 years of age	10	4.4%	16	6.98%	Above 50 years of age	29	40.8%	13	24.00%	Total	43	13%	32	10.21%	By gender	2017	Proportion	2018	Proportion	Men	32	17.0%	22	13.65%	Women	11	7.4%	10	6.57%	Total	43		32		By region	2017	Proportion	2018	Proportion	Andorra	42	14%	32	11.71%	Miami	1	4%		0%	Switzerland		0%		0%	Luxembourg		0%		0%	
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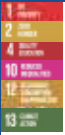

GRI Standards	Contents	Page or direct response	SDG																																													
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	MoraBanc's part-time and temporary employees enjoy 50% of the health insurance coverage, whilst full-time employees enjoy the full 100% coverage. The part-time and temporary employees do not receive the other social benefits, such as preferential conditions in banking and insurance products, financial assistance for the education of employees' children or perks for length of service.																																														
401-3	Parental leave	<p>100% of MoraBanc's employees have the right to maternity / paternity leave.</p> <p><b>Number of employees with the right to paternity / maternity leave</b></p> <table><thead><tr><th></th><th>2017</th><th>2018</th></tr></thead><tbody><tr><td>Men</td><td>6</td><td>4</td></tr><tr><td>Women</td><td>9</td><td>8</td></tr></tbody></table> <p><b>Number of employees who have taken the parental leave</b></p> <table><thead><tr><th></th><th>2017</th><th>2018</th></tr></thead><tbody><tr><td>Men</td><td>6</td><td>3</td></tr><tr><td>Women</td><td>9</td><td>8</td></tr></tbody></table> <p><b>Number of employees who have come back to work after taking parental leave</b></p> <table><thead><tr><th></th><th>2017</th><th>2018</th></tr></thead><tbody><tr><td>Men</td><td>6</td><td>4</td></tr><tr><td>Women</td><td>8</td><td>7*</td></tr></tbody></table> <p><b>Number of employees who come back to work after taking parental leave and continue working 12 months after having returned to work</b></p> <table><thead><tr><th></th><th>2018</th></tr></thead><tbody><tr><td>Men</td><td>6</td></tr><tr><td>Women</td><td>8</td></tr></tbody></table> <p><b>Proportion of employees returning to work</b></p> <table><thead><tr><th></th><th>2018</th></tr></thead><tbody><tr><td>Men</td><td>100%</td></tr><tr><td>Women</td><td>88%</td></tr></tbody></table> <p><b>Proportion of employees maintaining their jobs</b></p> <table><thead><tr><th></th><th>2018</th></tr></thead><tbody><tr><td>Men</td><td>100%</td></tr><tr><td>Women</td><td>89%</td></tr></tbody></table> <p>* Corresponds to voluntary leave of an employee to take care of their child.</p>		2017	2018	Men	6	4	Women	9	8		2017	2018	Men	6	3	Women	9	8		2017	2018	Men	6	4	Women	8	7*		2018	Men	6	Women	8		2018	Men	100%	Women	88%		2018	Men	100%	Women	89%	
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GRI 402: Labour / Management Relations																																																
GRI 103: Management approach																																																
103-1	Explanation of the material topic and its boundary	The impact of labour relationships between a company and the employee is limited to the employees of the company in areas in which MoraBanc operates.																																														
103-2	The management approach and its components	21, 22																																														


GRI Standards	Contents	Page or direct response	SDG																																																																																																																																												
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 be the ones to initiate this, which has not occurred to date. In this regard, no notice periods have been determined. However, we aim to inform our employees of significant operational changes well in advance.																																																																																																																																													
GRI 403: Occupational health and safety																																																																																																																																															
GRI 103: Management approach																																																																																																																																															
103-1	Explanation of the material topic and its boundary	MoraBanc's commitment to health and safety is one of the principles which governs the development of our activity. Our activity has to guarantee the well-being of our staff and those who we subcontract.																																																																																																																																													
103-2	The management approach and its components	MoraBanc applies Law 34/2008 of 18 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.																																																																																																																																													
403-2	Hazard identification, risk assessment, and incident investigation	<p><b>Number of accidents without sick leave</b></p> <table><thead><tr><th></th><th colspan="2">2017</th><th colspan="2">2018</th></tr><tr><th></th><th>Men</th><th>Women</th><th>Men</th><th>Women</th></tr></thead><tbody><tr><td>Andorra</td><td>0</td><td>0</td><td>2</td><td>1</td></tr><tr><td>Miami</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Switzerland</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Luxembourg</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td><b>Total</b></td><td><b>0</b></td><td><b>0</b></td><td><b>2</b></td><td><b>1</b></td></tr></tbody></table> <p><b>Number of accidents with sick leave</b></p> <table><thead><tr><th></th><th colspan="2">2017</th><th colspan="2">2018</th></tr><tr><th></th><th>Men</th><th>Women</th><th>Men</th><th>Women</th></tr></thead><tbody><tr><td>Andorra</td><td>0</td><td>1</td><td>1</td><td>1</td></tr><tr><td>Miami</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Switzerland</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Luxembourg</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td><b>Total</b></td><td><b>0</b></td><td><b>1</b></td><td><b>1</b></td><td><b>1</b></td></tr></tbody></table> <p><b>Number of accidents with sick leave</b></p> <table><thead><tr><th></th><th colspan="2">2017</th><th colspan="2">2018</th></tr><tr><th></th><th>Men</th><th>Women</th><th>Men</th><th>Women</th></tr></thead><tbody><tr><td>Andorra</td><td>0</td><td>0</td><td>1</td><td>1</td></tr><tr><td>Miami</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Switzerland</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Luxembourg</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td><b>Total</b></td><td><b>0</b></td><td><b>0</b></td><td><b>1</b></td><td><b>1</b></td></tr></tbody></table> <p><b>Number of work days lost</b></p> <table><thead><tr><th></th><th colspan="2">2017</th><th colspan="2">2018</th></tr><tr><th></th><th>Men</th><th>Women</th><th>Men</th><th>Women</th></tr></thead><tbody><tr><td>Andorra</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Miami</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Switzerland</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Luxembourg</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td><b>Total</b></td><td><b>0</b></td><td><b>0</b></td><td><b>0</b></td><td><b>0</b></td></tr></tbody></table>		2017		2018			Men	Women	Men	Women	Andorra	0	0	2	1	Miami	0	0	0	0	Switzerland	0	0	0	0	Luxembourg	0	0	0	0	<b>Total</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1</b>		2017		2018			Men	Women	Men	Women	Andorra	0	1	1	1	Miami	0	0	0	0	Switzerland	0	0	0	0	Luxembourg	0	0	0	0	<b>Total</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>		2017		2018			Men	Women	Men	Women	Andorra	0	0	1	1	Miami	0	0	0	0	Switzerland	0	0	0	0	Luxembourg	0	0	0	0	<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>		2017		2018			Men	Women	Men	Women	Andorra	0	0	0	0	Miami	0	0	0	0	Switzerland	0	0	0	0	Luxembourg	0	0	0	0	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
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GRI Standards	Contents	Page or direct response	SDG												
		<p><b>Rate of absenteeism</b></p> <table> <tr> <th colspan="2">2017</th><th colspan="2">2018</th></tr> <tr> <th>Men</th><th>Women</th><th>Men</th><th>Women</th></tr> <tr> <td>6.90 %</td><td>8.38 %</td><td>6.30 %</td><td>7.45 %</td></tr> </table> <p><b>Frequency rate</b> 7.8 %</p> <p><b>Degree of severity</b> 0,0 %</p> <p>All the accidents that have happened at MoraBanc have involved journeys. The system applied to register and present these statistics are undertaken by MoraBanc's internal People Management system and through the presentation of the sick-note, when appropriate.</p>	2017		2018		Men	Women	Men	Women	6.90 %	8.38 %	6.30 %	7.45 %	
2017		2018													
Men	Women	Men	Women												
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403-5	Worker training on occupational health and safety	MoraBanc's employees receive first and second responder training in teams (EPI and ESI in Catalan) to prepare them for dangerous 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 possibility of having a periodic health check up. MoraBanc promotes the health of its workers providing social benefits that it offers them in relation to their health, such as: 100% coverage of their salary in the event they are off sick, 50% coverage of their health insurance and offering all employees free access to the "Best Doctors" service.													
403-7	Prevention and mitigation of impacts on occupational health and safety directly linked to commercial relationships	MoraBanc has the support of an independent company which completes 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 preventative measures which should be taken in order to prevent it. The Building and Safety Department of the bank 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	21, 22													
103-2	The management approach and its components	21, 22													
103-3	Evaluation of the management approach	21, 22													
404-1	Average training hours per year per employee	21, 22													
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 2018, 100% of the employees were assessed.													
GRI 405: Diversity and equal opportunities															
GRI 103: Management approach															
103-1	Explanation of the material topic and its boundary	21, 22													
103-2	The management approach and its components	21, 22													
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405-1	Diversity of governing bodies and employees	<div>Composition of the Boards of Directors:</div> <div>MORA BANC GRUP, SA</div> <table><thead><tr><th>By gender</th><th>2017</th><th>2018</th></tr></thead><tbody><tr><td>Men</td><td>8</td><td>8</td></tr><tr><td>Women</td><td>0</td><td>0</td></tr><tr><td>Total</td><td>8</td><td>8</td></tr><tr><td>% Women</td><td>0%</td><td>0%</td></tr></tbody></table> <div>MORA BANC, SAU</div> <table><thead><tr><th>By gender</th><th>2017</th><th>2018</th></tr></thead><tbody><tr><td>Men</td><td>6</td><td>6</td></tr><tr><td>Women</td><td>0</td><td>0</td></tr><tr><td>Total</td><td>6</td><td>6</td></tr><tr><td>% Women</td><td>0%</td><td>0%</td></tr></tbody></table> <table><thead><tr><th>By age</th><th>2017</th><th>2018</th></tr></thead><tbody><tr><td>Under 30 years of age</td><td>0</td><td>0</td></tr><tr><td>Between 30 and 50 years of age</td><td>1</td><td>2</td></tr><tr><td>Above 50 years of age</td><td>7</td><td>6</td></tr><tr><td>Total</td><td>8</td><td>8</td></tr></tbody></table> <div>MORA BANC, SAU</div> <table><thead><tr><th>By gender</th><th>2017</th><th>2018</th></tr></thead><tbody><tr><td>Men</td><td>6</td><td>6</td></tr><tr><td>Women</td><td>0</td><td>0</td></tr><tr><td>Total</td><td>6</td><td>6</td></tr><tr><td>% Women</td><td>0%</td><td>0%</td></tr></tbody></table> <table><thead><tr><th>By age</th><th>2017</th><th>2018</th></tr></thead><tbody><tr><td>Under 30 years of age</td><td>0</td><td>0</td></tr><tr><td>Between 30 and 50 years of age</td><td>1</td><td>2</td></tr><tr><td>Above 50 years of age</td><td>5</td><td>4</td></tr><tr><td>Total</td><td>6</td><td>6</td></tr></tbody></table> <div>Composition of employees by job category: 21, 22</div>	By gender	2017	2018	Men	8	8	Women	0	0	Total	8	8	% Women	0%	0%	By gender	2017	2018	Men	6	6	Women	0	0	Total	6	6	% Women	0%	0%	By age	2017	2018	Under 30 years of age	0	0	Between 30 and 50 years of age	1	2	Above 50 years of age	7	6	Total	8	8	By gender	2017	2018	Men	6	6	Women	0	0	Total	6	6	% Women	0%	0%	By age	2017	2018	Under 30 years of age	0	0	Between 30 and 50 years of age	1	2	Above 50 years of age	5	4	Total	6	6	<div></div>
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GRI 406: Non-discrimination																																																																														
GRI 103: Management approach																																																																														
103-1	Explanation of the material topic and its boundary	21, 22																																																																												
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GRI Standards	Contents	Page or direct response	SDG
406-1	Incidents of discrimination and corrective actions taken	During 2018, MoraBanc has not had any cases of discrimination in the workplace.	
GRI 413: Local communities			
GRI 103: Management approach			
103-1	Explanation of the material topic and its boundary	32-37 Thinking of a better world forms part of MoraBanc's commitment to sustainability.	
103-2	The management approach and its components	32-37 We're conscious that, on many occasions, our activity can form part of the solution to certain problems facing society; therefore we design a strategy that contributes to the progress of the Andorran community.	
103-3	Evaluation of the management approach	34, 35 MoraBanc promotes various initiatives and programmes which generate value for society.	
404-1	Operations with local community engagement, impact assessments, and development programmes	34, 35	
GRI 415: Public policy			
GRI 103: Management approach			
103-1	Explanation of the material topic and its boundary	41	
103-2	The management approach and its components	41	
103-3	Evaluation of the management approach	41	
415-1	Political contributions	At MoraBanc we do not collaborate with any political party or representative.	
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 oversees the proper adaptation of the products and services to the clients.	
416-1	Evaluation of the impacts to health and safety of the product and services categories	23 At MoraBanc we offer products and services adapted to the profile of the client, following the institution's ethical standards and code of conduct. We guarantee that the information we supply on our products and services is transparent in order to protect the investor and comply with the regulations in force.	

GRI Standards	Contents	Page or direct response	SDG
GRI 417: Labelling of products and services			
GRI 103: Management approach			
103-1	Explanation of the material topic and its boundary	23	
103-2	The management approach and its components	23	
103-3	Evaluation of the management approach	23	
417-1	Requirements for product and service information and labelling	23 The products and services of the bank are subject to AFA regulations, both with regards to the information that is provided as well as the way of selling them and, therefore it guarantees transparency in these procedures. At MoraBanc we guarantee that all correspondence with clients is appropriate and comprehensible and we have an internal validation procedure, which involves both the Legal Advisory Service and the Regulatory Compliance Departments.	
417-2	Incidents of non-compliance concerning product and service information and labelling	In 2018 there have been no cases of non-compliance.	
417-3	Incidents of non-compliance concerning marketing communications	In 2018 there have been no cases of non-compliance.	
GRI 418: Client privacy			
GRI 103: Management approach			
103-1	Explanation of the material topic and its boundary	MoraBanc is obliged to protect the personal and private information of its clients.	
103-2	The management approach and its components	MoraBanc applies the legislation in force on the matter of data protection and of personal information.	
103-3	Evaluation of the management approach	The Legal Advisory Service Department is responsible for establishing and regularly updating the rules to be applied by the institution on this matter.	
418-1	Substantiated complaints regarding breaches of client privacy and losses of client data	MoraBanc is obliged to protect personal and private information on its clients and employees, as stated in its Code of Ethics and the applicable legislation on the subject of data protection and banking secrecy. In 2018 MoraBanc has not received any complaints regarding the violation of client or employee privacy or for the loss of personal data.	
GRI 419: Socio-economic compliance			
GRI 103: Management approach			
103-1	Explanation of the material topic and its boundary	MoraBanc develops its activity in strict compliance with Andorran law.	
103-2	The management approach and its components	41	
103-3	Evaluation of the management approach	41	
419-1	Non-compliance with laws and regulations in the social and economic area	In 2018, MoraBanc has not received any fines for the non-compliance with regulations regarding social or economic matters.	





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Av. Meritxell 96  
AD500 Andorra la Vella  
Principality of Andorra

[www.morabanc.ad](http://www.morabanc.ad)