

Statement from the Chairmen

In 2014 we announced that 2015 would be a year of transition in preparation for our company's future over the coming decades because we're a family bank and our decisions are based on a long-term perspective. Last year turned out to be more complicated than expected but we're continuing to prepare the bank for the next 60 years.

2015 saw an important change in the Andorran financial sector due to the regulators taking control of one of the banks operating in the country. This has been an isolated event, effectively handled by the Andorran authorities to preserve the industry's credibility and stability, but it has had an undeniable impact on the country, on the banking industry and on our plans for international expansion. And it is also within this context that the Andorran government has recently signed an Automatic Information Exchange Agreement with the European Union, based on the OECD's Common Reporting Standard.

We can therefore classify 2015 as an atypical year and our results at 31 December 2015 have partly been affected by these changes in the environment. However, the Bank we preside over has been able to keep on course, with a clear aim to apply the best practices in the market and boasting a solid control structure which has helped protect us from the many threats.

Our results in 2015 show a slight drop in customer funds of 1.3% and a profit of 34.9 million euros. Our 28.5% solvency ratio has increased by 1.1 points, leading the Andorran financial industry and almost tripling the ratio required by our regulator. Such figures endorse MoraBanc's ability to handle difficult times.

The economic figures for Andorra at the end of 2015 are quite positive with growth in the number of visitors to the country and a promising economic recovery. These are encouraging signs, both for the future of the country's economy and also the Bank's business.

In 2015 MoraBanc furthered its penetration in the Andorran market, taking advantage of the economic recovery and attracting more business both from private individuals and companies. Our latest advertising campaign, #tensunbanc, underscores the claim that the Bank can meet all the potential needs of individuals, companies and entrepreneurs in Andorra.

The automatic information exchange agreement signed with the European Union has positioned Andorra as a cooperative country in fiscal terms, on a footing with the rest of the EU member states and also with Switzerland, Monaco and Liechtenstein. We had already anticipated this new phase for Andorran banking and have the right resources, team and strategy in place to adapt to the new environment, while our financial strength and prudent management, together with our corporate governance and control structures, guarantee that the sector's best practices will be implemented.

In spite of the exceptional nature of last year, thanks to our solvency and market share we've started 2016 in a strong position to tackle the challenges facing us. MoraBanc has proven its ability to adapt on several occasions: changes make us grow and we're ready to adjust to the market and to improve in order to detect and provide the best possible response to our customers' needs.

Within the current environment it has become crucial for banks to make financial information as clear and comparable as possible for their stakeholders: customers, regulators, ratings agencies, correspondent banks, etc. Andorra's legal and financial framework is currently at an advanced stage in its harmonisation with the EU context and, correspondingly, we've successfully embarked on our transition to the International Financial Reporting Standards (IFRS), as well as implementing a project to analyse the capital requirements contained in Basel III. This helps us to anticipate future regulatory requirements and progressively adapt our management to the best international standards. These changes

represent a significant challenge for the Bank's future but we're convinced such harmonisation will make us more competitive and are confident our Bank is ready for the challenge.

As part of our desire to align ourselves with best banking practices, for the first time this year our Annual Report has also followed the principles of the Global Reporting Initiative, a voluntary guide for companies when reporting on the impact of their business on critical elements of sustainability such as climate change, customer safety and security, employment and corruption. We've presented our results from this new perspective to offer greater insight into the risks and opportunities we face in managing the company's financial and non-financial performance while engaging our collaborators, customers, suppliers and other stakeholders such as the organisations we collaborate with via sponsorships. The aim of this initiative is to raise awareness of our commitment to corporate social responsibility as a whole.

In 2015 we continued to implement our strategy of corporate social responsibility which is based on a sustainable model of development for the country and its people and is our route map to achieving our mission in accordance with our corporate vision and values. In terms of our internal policy, we're proud to be one of the top 100 firms to work for on the Iberian Peninsula according to the Great Places to Work ranking. We're also still committed to carrying out initiatives related to society, culture, sport and solidarity, of particular note being the agreement signed in 2015 with the Ship2B foundation to promote social entrepreneurship in Andorra.

Our vocation to serve and pursuit of excellence have led us to consolidate our communication channels with our customers and, year after year, to improve their degree of satisfaction and trust. The Àgora cycle of talks, which started in 2015 and aims to familiarise those who put their trust in us with financial concepts, is one such channel and the talks were a great success.

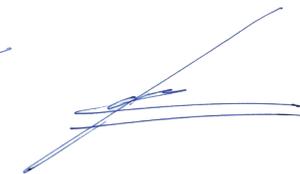
MoraBanc's commitment to the environment has also been notable in its attempt to combat climate change, an aspect that has formed part of our corporate culture since the very beginning and which has led us, since 2009, to set ourselves the target of becoming a 100% neutral company in terms of CO₂ emissions.

And we cannot end without also mentioning that, in 2015, we were once again chosen as the Andorran Bank of the Year by the Financial Times Group magazine, The Banker, a distinction we've been awarded four times in the last seven years thanks to the loyalty of our customers.

2015 was an unusual year but we've been able to respond to adversity and ended the year positively with a professional, cohesive team and a clear strategy to take on the challenges of the future. We're in a solid position, capable of tackling important crises such as the one seen in 2015. Our Bank's foundations are strong enough to withstand such threats and opportunities and even to lead our sector over the coming years with confidence, solvency, diligence and openness to other countries to provide our customers with the best possible service and create value for the community.



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