

**INTEGRATED
ANNUAL
REPORT**

2020



01 VISION

Our vision for creating value

08

How we organise ourselves to create value	9
What makes MoraBanc different	10
Our value proposition	11
Our mission, vision and values, our goals and brand	14
MoraBanc, a reference brand with a differentiated positioning	16

02 STRATEGY

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

18

The Managing Director's reflections	20
In a position to create value	23
How we manage the risks and opportunities of the market	24
The Group's strategic priorities	26
MoraBanc Digital: a competitive advantage	27
Our strengths	29
The people at MoraBanc	30
Matters of true importance for MoraBanc and its stakeholders	34
Client protection	36
The needs and expectations of our stakeholders	37
Constant engagement and dialogue with the stakeholders	39
The challenge of internal communication	40

03 RESULTS

Expanding results with an even stronger balance sheet

41

The Chief Financial Officer's reflections	43
Main financial data	47
We provide value to our stakeholders and society	48
Economic and social development	50

04 VALUE

How we ensure and protect value

55

Strong and professional corporate governance	56
An executive team focused on the success of the strategic plan	59
Ethical leadership and management with respect for human rights	61
Alignment with the best practices to present our information	63
Information on materiality	64

05 GRI INDEX

List of contents of the Global Reporting Initiative

66

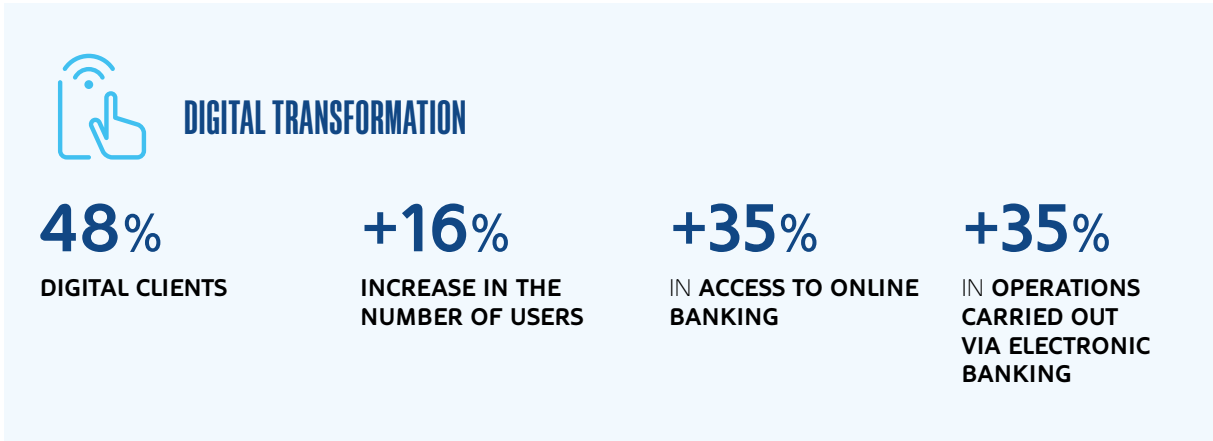
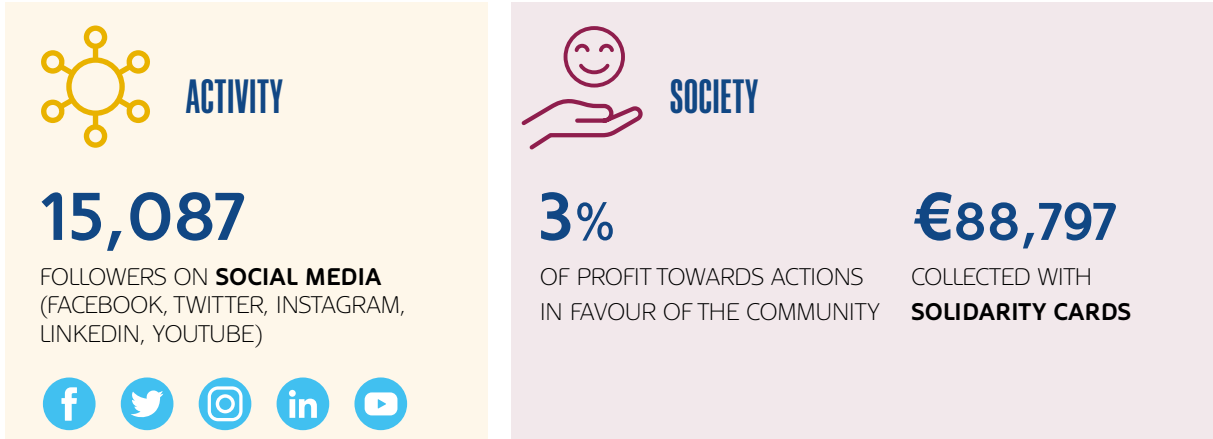
2020 SUMMARY OF THE MORABANC GROUP



ANDORRA
BARCELONA
MIAMI
ZURICH

4 COUNTRIES

8 LOCATIONS IN ANDORRA



Pedro González Grau
Chairman



THE CHAIRMAN'S VISION

MoraBanc, the bank of the new Andorra

There are people who say that a day without setbacks is a day lost. We might dispute this, but what I'm sure about is that extreme situations are the ones that bring out the best and the worst in people, institutions, companies and governments. This year, it's undeniable that we have all experienced a situation that we've never seen before, one that has led us to such unprecedented and complicated scenarios.

It's inevitable that the COVID-19 pandemic will mark my assessment of 2020 as the Chairman. In the initial lines of this presentation, I would like to send out a message of solidarity and affection to all those who have gone through hard times either personally or professionally. Beyond the effects of the virus, which have affected us all to a greater or lesser extent, at MoraBanc we have to be very proud of our entire team, because we have recorded very commendable results in a particularly difficult year for our business.

For the fourth year in a row the profit has grown and we have achieved the demanding goal we set ourselves before we knew that the world would come to a halt. We are adding assets under management, which already exceed the historical high of our institution, and we are doing so with a strong and solid balance sheet that is increasing our solvency and improving our efficiency.

All the figures and indicators are growing and can be viewed in this publication but, beyond the numbers, it is essential to highlight the keys that have allowed MoraBanc to obtain these good results in the midst of the critical situation we are witnessing. It is important to highlight that the Group's growth is not exclusively based on the activity in 2020, as it dates back a long way. As Robert Louis Stevenson said: "Don't judge each day by the harvest you reap, but by the seeds you plant". At MoraBanc we are reaping the fruits of all the



seeds we have sown in recent years with the pooled efforts of everyone. We cannot assess or interpret the bank's results in 2020 without mentioning the path that was laid six years ago.

As has happened in 2020, my entry as CEO of MoraBanc in 2014 also coincided with a significant crisis in the global financial sector and, in Andorra in particular, with a reputational risk for the sector due to the collapse of a bank. As the mission of the Board of Directors was to transform the bank in the face of the new regulations and low interest rates, the acceleration of the BPA crisis meant that we all had to undergo a year of real change. We then launched a transformation plan that was key to incorporating certain characteristics into MoraBanc's DNA, ones which have continued to be important in 2020; the initial seeds of future harvests. **Constantly focused on a single goal: the client. We continually strive improve our service and added value. We have more clients and these, in turn, are working more and more with us.**

By responding to what our clients, and also society, ask and demand of us, we are now a stronger, more digital, more solvent and much more efficient banking group, and these aren't just words. We are stronger because we have constantly managed to attract new resources and clients in recent years and we have increased our international turnover in Zurich and Miami and, more recently, we have opened MoraWealth in Barcelona. We are more digital because in 2014 we launched the MoraBanc Digital project, which has become the benchmark online banking in Andorra and been the winner of international awards. We are more solvent because this value has always formed an essential part of our way of banking and, in recent years, we have continued to increase our capital ratio, at rates always well above the sector average in Europe. We are more efficient because, with the transformation of the bank in this latter stage, we have teams capable of making the most of our resources. In 2020 we have once again increased income while reducing spending in all lines except personnel.

As a result of these values, the institution's excellent results constitute a trend that has been maintained in recent years. Beyond the numbers, I place particular value on the internal culture that we have built. **Having a compact team which is motivated and committed to a common project is one of the most valuable assets a service company can have, and it is a source of pride to be able to say that we have one at MoraBanc.** We have been able to implement the culture of change in our DNA and to feel comfortable when the environment asks us to adapt to respond to what our clients expect of us. This culture—this way of being and doing things, a defined and clear roadmap, and bearing in mind that the client takes centre stage at all times—forms a solid and reliable basis for the MoraBanc of today and the years to come.

The environment will continue to change in the future. Andorra is a clear example of how things are transformed. The Principality is growing with a country whose model maintains traditional pillars such as tourism while opening up new paths. The transparency and approval of the international regulations, competitive taxation and an exceptional quality of life are attracting new private residents and companies that are based or set up here. New generations can develop their talent and projects without having to leave thanks to a digital world in which their location is no longer relevant. MoraBanc is the reference bank for this new reality, for this new Andorra. Because it has been transformed at the same pace as the country thanks to our teams, which are able to manage change and seek the best solutions in any situation.

It has been a difficult year, but it has also been a year in which we are proud of the results achieved and the work done at MoraBanc. We will continue along this path, without any fear of going against the flow if necessary, with transparency and absolute professionalism from the branches to the Board of Directors, with the aim of exceeding our clients' expectations. 2021 won't be an easy year, but we trust Andorra and its people, companies and society. And we'll continue striving to remain a bank that everyone can trust.

01



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 development in Andorra and its citizens, as well as the implementation of new strategies to address future challenges.

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



**CAPITAL AND
FAMILY VALUES**



**SUSTAINABLE
COMMITMENT**



**NEW
STRATEGIES**



**POSITIVE
IMPACT**

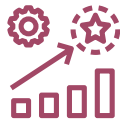


What makes MoraBanc different



A STRONG CORPORATE CULTURE

which has implemented change as a tool for growth and continuous improvement.



PRUDENT AND CONSERVATIVE ECONOMIC MANAGEMENT

which positions us as one of the most solvent banks.



LEADERSHIP OF THE DIGITAL TRANSFORMATION

at the service of the client, having received the World Finance Award for the fourth consecutive year for the Best Digital Banking and the Best App.



AN EXPERIENCED MANAGEMENT TEAM

which has led the institution along the path to increasing profits for the fourth year running after a transformation process to deal with the changes in the business environment.



A 100% FAMILY BANK

which makes decisions based on long-term continuity and permanence with a strategy that seeks to create value in a sustainable manner.

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



Asset
Management



CUATRECASAS





Our value proposition

Our relationship with our clients and their satisfaction is at the centre of our strategy.

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

MoraBanc offers its clients commercial banking, private banking and wealth management services, investment funds managed by the group's management company and the policies of the group's insurance company. In 2020 the volume of transactions totalled 9,194 million euros, 5.8% higher than in 2019.

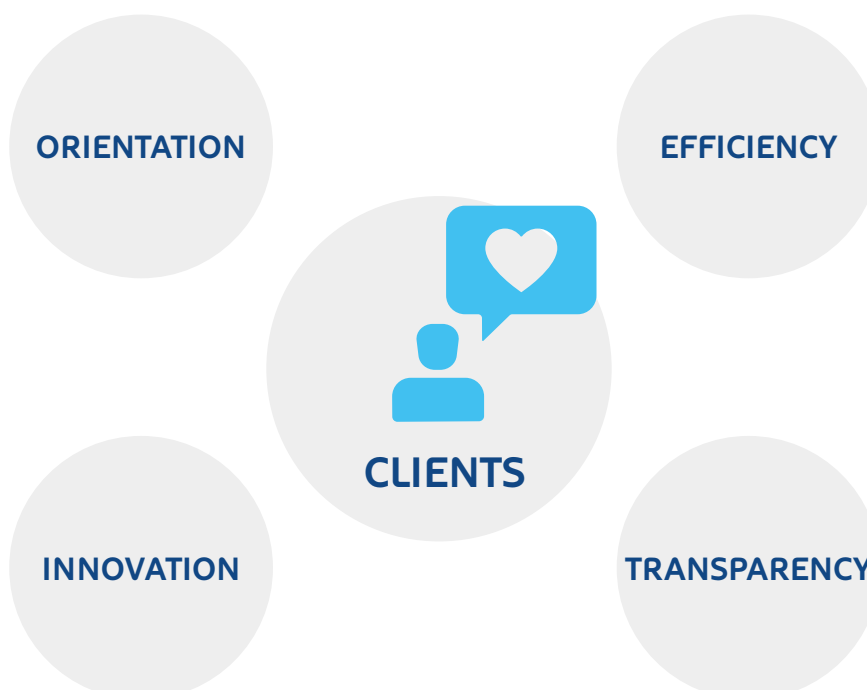
MoraBanc's headquarters are located in Andorra la Vella and we have branches across the country in order to offer a high-quality service to our clients.

In step with our international outlook, we have also been doing business in other jurisdictions since 2008.

We have two wealth managers, Boreal Capital Management, which operates in Zurich (Switzerland) and Miami (USA) and a securities agency in Barcelona (Spain) under the MoraWealth brand to offer personalised discretionary wealth management and advisory services.

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

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





Our areas of activity

How we differ

Our clients

COMMERCIAL BANKING

MoraBanc's commercial banking is one of the pillars in providing 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 via various communication channels: letters, emails, SMS, etc.

Our investment in new technologies allows us to strengthen our relationship with clients and consolidate a more personal dialogue with them, facilitating the link with the bank as a result of the simplification of the administration of the procedures.

Individuals
Businesses
Companies
Professionals

PRIVATE BANKING AND WEALTH MANAGEMENT

All MoraBanc's private banking activities are managed by expert staff in order to provide an excellent service for its clients.

We have specialised managers and a large professional team geared towards providing support and advisement to find the best solutions for the profiles of each client in matters related to the management of their assets.

PRIVATE BANKING

MoraBanc's private banking adopts a client-focused management model based on establishing close relationships of mutual trust. Our task is to identify and analyse the clients' personal goals, in order to propose and design solutions to meet their needs. To fulfil this purpose, we provide them with the services of highly-qualified professionals with extensive experience.

High net worth individuals (HNWI)



BOREAL CAPITAL MANAGEMENT

Boreal Capital Management, MoraBanc's asset management company based in Miami and Zurich, provides a sophisticated added value in its asset management service for our clients. These are management services which offer comprehensive investment solutions through multiple custodian banks in various international jurisdictions. It has a team of first-class professionals who analyse the client's cost structure in relation to the custodian bank in detail with the aim of optimising it, as well as advising clients on financial aspects.

High net worth individuals, family wealth managers, institutional clients



Our areas of activity

How we differ

Our clients

PRIVATE BANKING AND WEALTH MANAGEMENT



MORAWEALTH

The securities agency located in Barcelona offers financial advisory services and discretionary wealth management adjusted and customised according to the needs of each client, as well as the reception and transmission of orders. Its range of services stand out for the distinctive value generated by the global agreement that the MoraBanc group has reached with Goldman Sachs Asset Management.

High net worth individuals, family wealth managers

MORABANC ASSET MANAGEMENT

Mora Gestió d'Actius, SAU is the subsidiary of MoraBanc responsible for the activity of managing the group's collective investment bodies and operates under the MoraBanc Asset Management brand.

The principles 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, North American and emerging markets.

Domestic banking, private banking and wealth management clients

MORABANC ASSEGURANCES

Mora Assegurances, SAU is MoraBanc's life insurance company.

It seeks to offer all kinds of life insurance policies and health guarantees complementary to life insurance. In addition to life insurance, the institution offers savings and insurance plans such as *unit linked*, pensions and retirement plans.

Domestic banking, private banking and wealth management clients



Our mission, vision and values, our goals and brand

MISSION

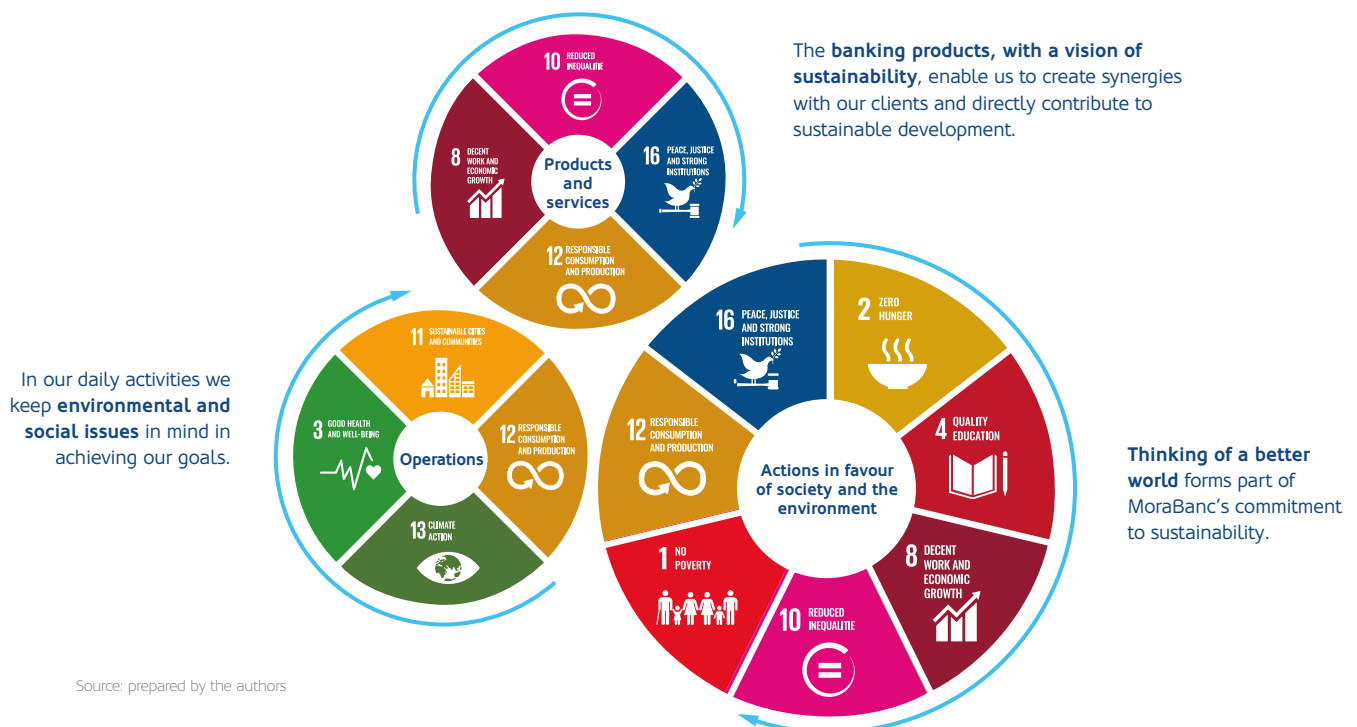
MoraBanc's mission is to meet the needs of its clients and satisfy their expectations and it is organised so as to create value, with quality as a distinctive competitive feature.

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 meet 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 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 globe. 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





VISION

To be the best bank for our clients, the best company for our employees, to have the best technology at the

service of people and to be a leading bank.

To fulfil our vision, we focus on five 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.

1



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.

2



INTERNATIONAL OUTLOOK

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

3



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.

4



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.

5



MoraBanc, a reference brand with a differentiated positioning

In October 2020 MoraBanc launched a brand positioning campaign with **femunpaisnou.ad** with the aim of giving greater projection to the MoraBanc brand, allowing the values to be established within the organisation and achieving a greater connection with the public at large with a brand experience aligned with the bank's relevant and recallable bank strategy.

To do so, the concept of *femunpaisnou* (let's make a new country) was transmitted by means of four capsules of four real and well-known characters who

shared their stories from an emotional and positive perspective, thus serving to link the characters' values to those of MoraBanc.

This campaign includes characters who, with their way of thinking and doing things, are leading Andorra towards being a new, modern country that is open to the world. At a moment such as this, the optimism conveyed by these capsules has been key to their popularity among our employees, clients and society, further strengthening the MoraBanc brand.



[step 1]

MISSION



Elisabeth Olivé
Founder of *Epic Andorra*

Eli's mission is to reflect the most natural side of the country with unique forms of accommodation and mountain experiences, opening up farmhouses to visitors with a different kind of tourism. Another way of discovering Andorra.



[step 2]

VISION

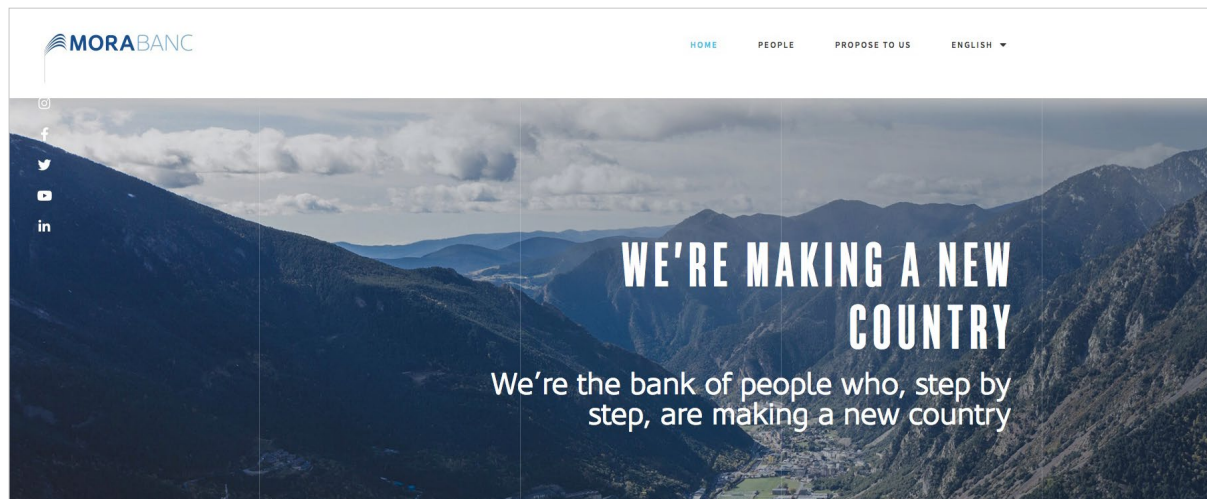


Max Commençal
Founder of *Commencal*

Max's vision of creating an innovative bicycle company has led him to win world championships and become one of the leading brands in the world, anticipating the future, from Andorra.



femunpaisnou.ad



[step 3]

DRIVE



Bernat Altimir
Founder of *CityXerpa*

Bernat's drive has enabled him to overcome setbacks, persevere and today become partner of one of the most successful Andorran apps, bringing digitalisation to the country's business sector.



[step 4]

DEDICATION



Joan Albert Farré
Founder of the
Celler Borda Sabaté



Esteve Tor
Co-manager of the
Celler Casa Auvinyà

The dedication of Joan Albert Farré at the Borda Sabaté winery, and that of Esteve Tor at the Casa Auvinyà winery, have enabled Andorran wines to be brought back and up to standards of excellence that are hitherto unparalleled.



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

Lluís Alsina Àlvarez
Managing Director



THE MANAGING DIRECTOR'S REFLECTIONS

*We achieved a profit of
30.1 million euros in 2020,
a year earlier than set out
in the strategic plan*

2020 has been a year that has tested society, the economy, businesses, governments and families. A year in which we have suffered losses and seen our freedom restricted in order to face the pandemic caused by COVID-19. But we are learning a lot from this situation in both personal and collective terms.

The health crisis has also put those of us at MoraBanc to the test, challenging our team and our strategy, our resilience, our ability to adapt, our technological systems and our clients. Put to the test because, on 15 March 2020, we had to reduce our personal contact—the basis of our business—and start working from home, as well as protect the people who work with the public and clients, and maximise online banking, our phone helpline and video conferencing. The work of the teams

was also adapted to distance mode by means of the technological tools we have at our disposal.

As Managing Director, I am proud of the work done and the great response of our teams and I am also grateful for the trust shown by our clients. The roadmap that we had marked out in our strategic plan has been maintained in the face of adversity as a result of our ability to adapt. *The results have reflected the efforts, given that we managed to meet the three-year objectives that we had set out in the strategic plan in just two years. We closed the year with a profit of 30.1 million euros, 19.7% higher more than in 2019, despite having made strong provisions to deal with the risks of the health crisis.*



2020 is the fourth consecutive year our results have grown, thanks to our well-planned and well-executed strategy. In my assessment published in last year's report, I listed the pillars of our institution, namely client service and care, the digital transformation and the strength of the balance sheet. It is upon this base that the bank's transformation and sustained growth lie, with a positive inertia that we have achieved in recent years. A year and a half ago we reached a cruising speed that has given us a major competitive edge. This inertia is allowing our ship to continue moving forward, thanks to the efforts made by everyone after a few years in which we had to make difficult decisions. And, as we are sure of the port we want to reach, all the winds will be favourable for us.

Setting the right course has enabled us to increase our attractiveness as a reference bank in our market. The attraction of new clients is reflected in the 6.5% growth of our assets under management in 2020 to a figure above 8 billion euros. The assets under management have grown in all the business areas of the bank and the overseas subsidiaries. The latter account for 32% of the total volume of these assets and consolidate the necessary diversification of the activity. Credit investment has also grown slightly, standing at 1,178.6 million euros.

Part of the key to these positive indicators is the strategic line we follow to surround ourselves with the very best travelling companions. Our approach to business has led us to reach collaboration agreements with leading companies in their sectors and to complement and better what MoraBanc can offer, such as with Goldman Sachs Asset Management for portfolio advisory services and asset management and with Banco Santander for the international confirming service. With these agreements we are constantly improving what we offer our clients in terms of our commercial, company and private banking.

However, we are continuing to strengthen our balance sheet for the challenges of the future in the event

of uncertainties. During 2020 we have significantly increased our capital ratio, placing it at 25.5% (CET1 fully-loaded), and we have also improved the institution's efficiency (60.5%), profitability (an ROE of 9.47%), coverage ratio (79.2%) and non-performing loan ratio (3.0%). These data position MoraBanc as a strong and secure bank for our clients.

In addition to the strength of the balance sheet and client service, our digital identity and offer also constitute essential elements which we must highlight in particular when taking stock of 2020. Being a digitally advanced bank was vital when it came to moving a large part of the bank's activity out of the branches in a matter of hours and working from home without the service suffering. In addition, our digital banking service, with successive international awards in recent years, has proved to be a good channel for our clients. In 2020 online operations have increased by 35% and the physical presence at branches has declined.

We will remember 2020 as the year that put us to the test, but it is true that in 2021 we still have difficulties and complicated situations stemming from the pandemic which will have to be overcome. **The financial sector must remain an engine that adds security, confidence and strength to society. This will certainly be one of the challenges that lie ahead. Another one will be to maintain our spirit and commitment so that MoraBanc stays the right course, with the involvement of all the teams in adapting to changes, whenever they might be needed by our clients.** From our experience of recent years, we know that this is the key to success; in any situation and environment, we are committed to doing our best to be the bank that meets the needs of individuals, families, companies and Andorra. The bank of today and the bank of tomorrow, for current and future generations and new projects. At MoraBanc we believe in the future of Andorra, which is why we are the bank of the people who are making a new country.



In a position to create value

1 With our capital



FINANCIAL

- 280.14% Liquidity (average annual LCR)
- High solvency 25.50% BIS III CET1 (fully loaded)
- Assets under management 8,005 million euros



RELATIONS AND KNOWLEDGE

- Nearly 70 years' banking experience
- Strong, well-known brand
- Member of Andorran Family Business, Andorran Banking, Andorran Business Confederation and Chamber of Commerce, Services and Industry of Andorra
- We pass on our expertise through our strategists and advisers
- Partnerships with fintechs, leading service providers such as Goldman Sachs Asset Management, Cuatrecasas and Banco Santander.
- A transformed and growing bank
- Noteworthy presence on social media (a total of 15,087 followers)
- We are partners of Actinn, a technology and innovation cluster



STAFF

- Expert, internationally-focused personnel: 332 people*
- Located in 4 different countries: Andorra, Switzerland, the United States and Spain.
- Client focus
- Strong culture of regulatory compliance
- Continuous training



STRUCTURE

- Capacity to invest in technology: €4.6 M
- Presence in the country with 8 locations and 14 cash machines
- Digital banking for clients: 48% digital clients



THE ENVIRONMENT AND SOCIETY

- We calculate our carbon footprint and we apply policies to reduce emissions
- Voluntary CSR policy: 3% profit to the community
- Commitment to the United Nations' Sustainable Development Goals

2 We create and deliver added value through our business activities



Based on five pillars:

- A vision of continuity
- A well-established institution
- Innovation as a basis for progress
- The search for excellence
- International outlook

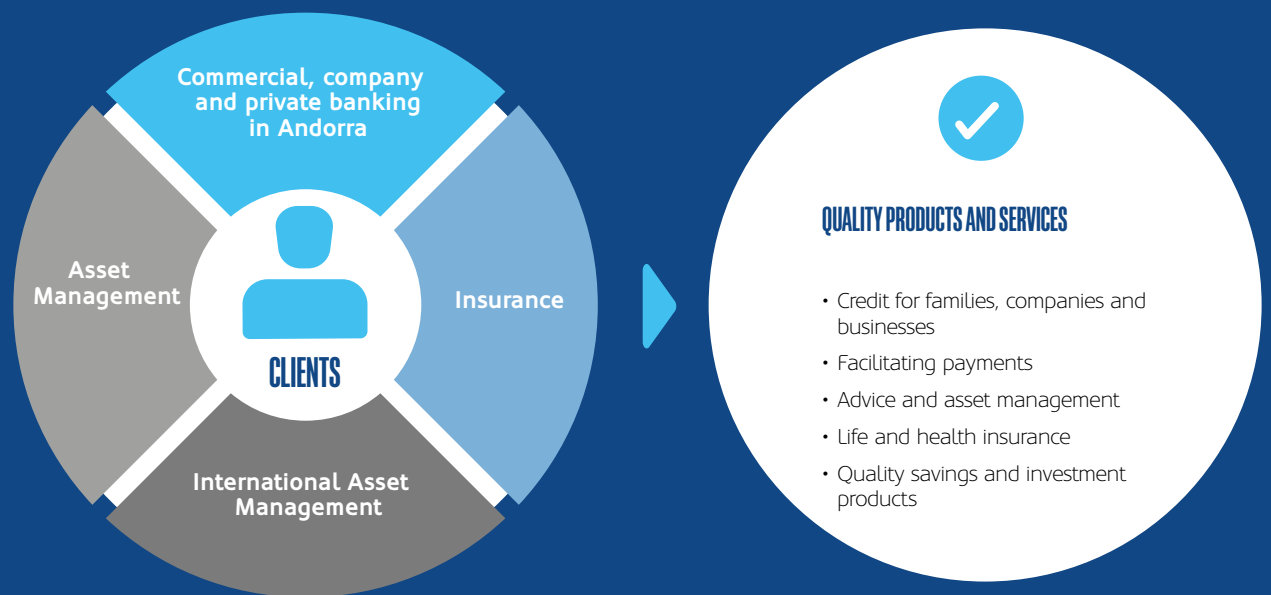


- Risk Management:**
- Credit risk
 - Market risk
 - Balance sheet risk

- And transversal risk management:**
- Operational risk
 - Cybersecurity
 - Regulatory and legal risk
 - Reputational risk



Ensuring the health and safety of clients and employees



With sound and conservative financial management:

- High solvency
- Prioritising the long-term
- Low default rate: 3.0%



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

3 Creating value for our stakeholders



CLIENTS

- Stable credit investment worth €1,178.6 M
- Growth in the number of digital clients: +16%
- Growth in assets under management: +6.5%
- Acknowledgements as the **best Digital Banking and Application in Andorra according to World Finance**
- Solidarity clients (27% of solidarity cards)
- Fluid communication through channels such as social networks, newsletters, etc.



TEAM

- New additions to the MoraBanc Group: 52 people
- Attracting and retaining talent - average seniority of employees totalling 10.8 years
- Professional development
- Equality between men and women with 47% women in the workforce
- Social commitment by the team with volunteer activities such as collecting food for Caritas



SHAREHOLDERS

- Profit of €30.1 M and 19.7% growth
- ROE 9.47%
- Institution rating by Fitch BBB- (last updated: April 2021)



SOCIETY

- Who have we supported: 54 institutions and 106,055 people
- Reduction in greenhouse gas emissions -20%
- Number of organisations supported by the Solidarity Card: 21
- €88,797 Solidarity Card donations



BUSINESS PARTNERS

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

SUSTAINABLE DEVELOPMENT



How we manage the risks and opportunities of the market

MoraBanc draws up medium-term (3 year) strategic plans with growth and market position targets that take account the challenges and risks we face as well as identifying opportunities. The pandemic caused by the coronavirus since March in Europe has had a very significant impact on the economy, with effects that will go beyond 2020, and we must respond to them.

In 2020, despite the provisions made to deal with the COVID-19 risks, it has been possible to comply with the strategic plan planned for three years within two years and achieve the results. MoraBanc's prior preparation in recent years with its risk and opportunity management has meant that an unpredictable situation such as the pandemic has been managed with guarantees and without major disruptions to our activity or for our clients.



Transformation of the business to achieve a competitive advantage

Andorra is a very competitive banking market that has had to meet new global regulatory requirements, as well as the paradigm shift towards a transparent and standardised system. At MoraBanc we understood the need to transform our business as quickly as possible in order to be ready before our competitors, given that, in a very mature and very low-margin market with little product differentiation, this transformation could be a unique feature, give the institution a competitive edge and, in particular, be ready to address the effects of the COVID-19 pandemic. Not only have we been able to adapt to the new situation, we have also achieved our goals a year earlier than planned in the strategic plan.



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

We have identified changes in clients' needs, particularly greater demand for digitisation to make banking easier. In this area, our sustained and continuous investment in the world of digital banking has allowed us to give an immediate response to clients who didn't yet have an online connection, in the face of the forced distancing during the pandemic. The number of clients and operations performed digitally has continued to grow and we have again received an excellent rating of the app for users, in addition to being acknowledged by *World Finance* for the fourth consecutive year.

In our modernisation and innovation process, we have formed alliances with *fintech* companies to achieve faster and more effective change, taking advantage of their capacity to respond to those needs. This positioning with digital banking has given us an edge and improved our image as a modern bank focused on our clients and adapted to their needs.



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

Similarly, the transformation of MoraBanc into a stronger and more solvent bank has made it possible to maintain the capacity to grant loans to families, businesses, companies and the public sector and thus contribute to overcoming the crisis caused by the pandemic.

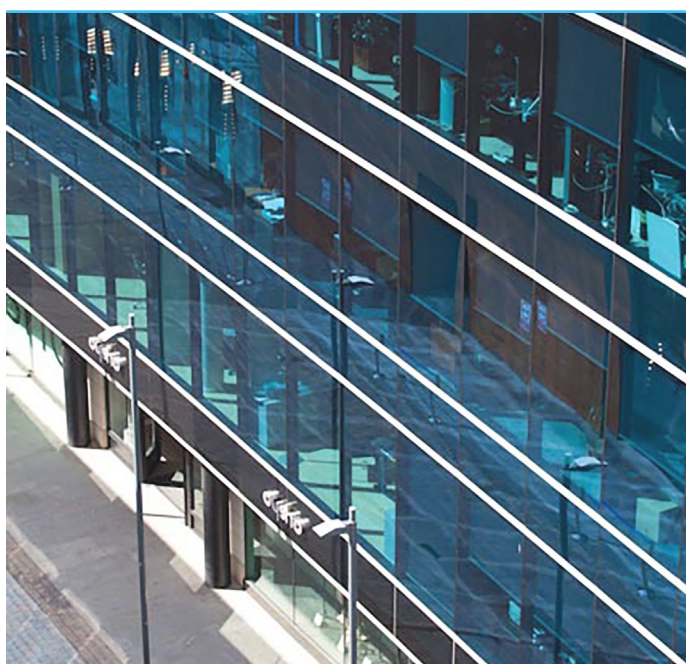
During 2020 credit investment has remained stable at a rate of 0.2% higher than in 2019, but the coverage rate has improved from 67.0% in 2019 to 79.2% in 2020, while the default rate has fallen from 3.3% to 3%.



Safe and careful risk management with a broad and comprehensive vision

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

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



**MORABANC IS A BANK
WITH PRUDENT AND
CONSERVATIVE
FINANCIAL MANAGEMENT
THAT GIVES CONFIDENCE
TO ITS STAKEHOLDERS.**

THE DECISIONS MADE
IN RECENT YEARS
HAVE MADE IT POSSIBLE
TO RESPOND SAFELY AND
EFFECTIVELY
TO THE CHALLENGES POSED
BY COVID-19 AND ACHIEVE
THE OBJECTIVES SET OUT IN
THE STRATEGIC PLAN IN TWO YEARS
INSTEAD OF THREE.



The Group's strategic priorities

MoraBanc ended the 2020 financial year with profit growth for the fourth consecutive year. We have consolidated our growth and we have a bank with a stronger and more solid balance sheet, ready to meet our clients' demands and tackle adversity.

During 2020 we grew in all the lines of business thanks to very specific actions aimed at the differentiation and profitability of the business model.

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

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



The first pillar is the growth of the business.

In Andorra, a market in which MoraBanc maintains its commitment and main focus of action, growth has been possible because we have provided all the means to respond to our clients' demands during the pandemic. A well-crafted value proposition, friendly service and the granting of loans with or without government backing have been the keys to our continued growth. Our proximity to our private banking clients by means of remote and online solutions has allowed our management to handle an extraordinary situation with great volatility.

The levers for our growth are credit for individuals, businesses and companies, thanks to our solvency which gives us the capacity to grant loans; and growth in assets under management, thanks to differential products with agreements such as the one entered into with Goldman Sachs Asset Management (GSAM). The agreement with GSAM allows us to strengthen our product and service offering in Andorra, with MoraBanc's clients able to access advisory services and investment portfolios specially tailored for MoraBanc by GSAM. In January 2020 we launched the new international confirming service for companies with Banco Santander, a leader in confirming financing.



The second strategic pillar is international growth.

From a geographical standpoint, MoraBanc has operations in Andorra, Switzerland, the United States and Spain since March 2020. In 2020 we have followed the upward trend of diversifying our resources in private banking, empowering our subsidiaries to increase the number of clients and the assets under management.

Investment in technology and innovation is the third growth lever which allows us to maintain our leadership in digital banking in Andorra. Our aim is to make banking more straightforward for clients in every way in order to attract new users and new types of transactions. Faced with the situation of social distancing caused by the pandemic, digital banking has been the answer, ensuring our service and our contact with the clients. In addition, the investment in technology in recent years allowed all the employees at the institution to start working remotely within less than 48 hours, thus ensuring the bank's activity and management at all times. Innovation is therefore a fundamental pillar. We regard creativity, leadership, flexibility and initiative as engines of progress and generators of positive effects on the organisation and on wider society.



Effectiveness and productivity.

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

Cost control with a specific cross-cutting metric for all business units and central services, together with an Efficiency Committee, enables us to achieve the target outcomes in the strategic plan to ensure growth and create long-term value. MoraBanc's efficiency ratio has improved from 66.4% in 2019 to 60.5% in 2020.



MoraBanc Digital: a competitive advantage

At MoraBanc we have embedded a digital culture into our teams, our technology is developing constantly and we work with innovative partners to maintain our digital leadership in Andorra and be a leader in banking innovation so as to provide the best possible service in any situation (such as a pandemic), maximising the client's experience in a simple, intuitive and secure manner.

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

We build alliances with *fintech* companies to generate innovation and speed to market. 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, the Web Financial Group is the driving force behind the Online Broker project and Inycom is our main technological partner. Signaturit has been an element for our fast, secure and effective response to the pandemic and for remotely managing the needs of our clients with different advanced electronic signature circuits.

The use of digital banking solutions during the pandemic caused by the coronavirus during 2020 has increased the accesses and the operations performed

via these channels at MoraBanc by 35% compared to 2019. The upward trend in the transfer of a large number of operations from the physical manager to the digital channel has been accelerated by the lockdowns and restrictions.

Improvements in the usability and operations have also constituted a successful element of the institution's online platform, which has seen how securities transactions have grown by 148% in 2020, caused by the situation of the markets and, in particular, the increase of up to 7,000 securities available from MoraBanc's Online Broker.

The most common transactions such as sending money (transfers) have increased by 48% in 2020 compared to the same transactions made in 2019. This rise shows how the digitisation of our clients is also increasing. Consultations have also grown (by 32.8%), particularly those related to securities orders, which have increased by 37.3%, once again demonstrating the smooth running of MoraBanc's digital offer in terms of investment.

In addition to the access and operations, the number of users has also increased by 16% over the last 12 months, a figure that shows that digital banking has been a useful solution in these months of lockdowns and limited mobility.





The COVID-19 effect on remote banking

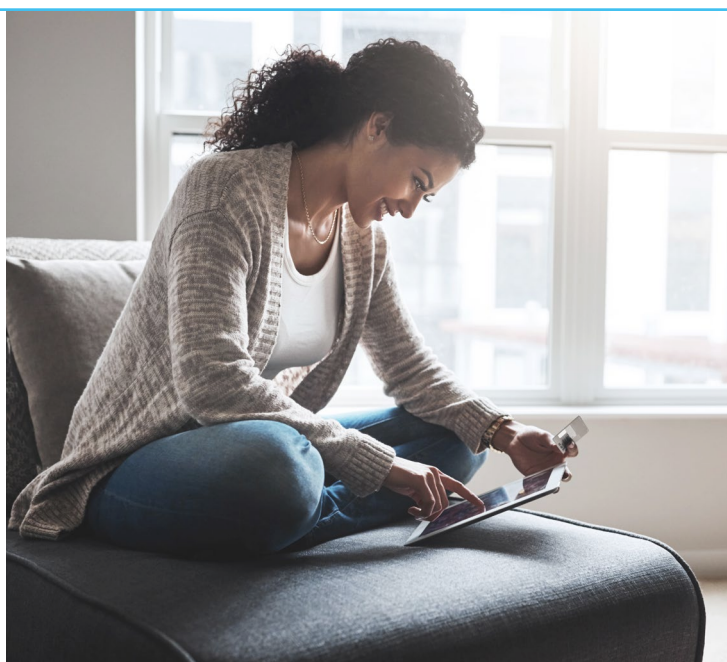
COVID-19 has had a **direct effect on our clients' digitisation**. MoraBanc estimates that 7 out of 100 accesses to the digital channels have been related to the new needs caused by the lockdown. It is estimated that, on average, **users consult 17% more of their financial information via digital banking** for this reason. In terms of online operations, where the effect of the pandemic has been most noticeable, the rises have been related to the **buying and selling of securities and investment funds**, with **45 out of every 100 digital operations**.



Operations grow by 154% in four years

MoraBanc's digital banking maintains its upward trend in terms of the acceptance of the channel among the population, which has been more pronounced during the health crisis. Since the launch of MoraBanc Digital in December 2016, accesses have increased by 112% and operations have gone up by 154%. These metrics respond not only to a change in trend in the consumption of banking services, with the access of more millennials as clients, but also to MoraBanc's competitive digital proposal.

THE MOBILE CHANNEL
IS THE ELEMENT
PROVIDING COMPETITIVENESS
IN THE BANKING MARKETS,
AND WE ARE CONSTANTLY
WORKING TO IMPROVE.
THIS DESIRE
HAS LED TO OUR
**ACKNOWLEDGEMENT FROM
WORLD FINANCE
OVER THE LAST FOUR YEARS
AS THE BEST DIGITAL BANK
AND BEST APP IN ANDORRA.**





Our strengths

MoraBanc's strengths lie in our principles, which are a differentiating factor and give us a competitive advantage for the future. We group them into three

categories: solid foundations to provide resilience in the face of adversity, a way of banking, and integrity.

1 We have solid foundations thanks to prudent and conservative management that has given greater resilience to the institution and the business during the pandemic:

- Solvency is an identifying feature of MoraBanc. We have leading solvency ratios in the country thanks to prudent management, which is proactive and follows best practices. Our solvency allows us to give confidence to clients and the country, provide credit to families and businesses and also confidently look to the future in order to make our strategic objectives a reality.
- Solvency is an identifying feature of MoraBanc. It is essential to protecting the organisation's foundations, provide confidence and achieve long-term objectives.
- Careful cost management has allowed MoraBanc to transform itself in the face of the new challenges, lead the change and maintain its growth despite the adversity generated by COVID-19.

2 Our way of banking is focused on the client:

- We seek excellence in everything we do in accordance with our principles.
- We innovate in client services, making their dealings with the Bank easier, and support their individual needs in every channel.
- We are transparent in our relationship with our clients and other stakeholders. For us, transparency is a key aspect of the change in and transformation of MoraBanc.

We seek agreements with the best service providers so as to add value to our clients, such as the ones with Goldman Sachs Asset Management for portfolio management and advice and Banco Santander for the international confirming service.

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

- We are a family bank that seeks to create long-term value, 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 the community at large and to future generations, so our actions are formulated within the framework of that commitment.

PRINCIPLES:



**OUR CLIENTS AS THE
MAIN FOCUS
OF WHAT WE DO**



**RESPECT
FOR
PEOPLE**



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



**SOCIAL
ENGAGEMENT**



EXCELLENCE



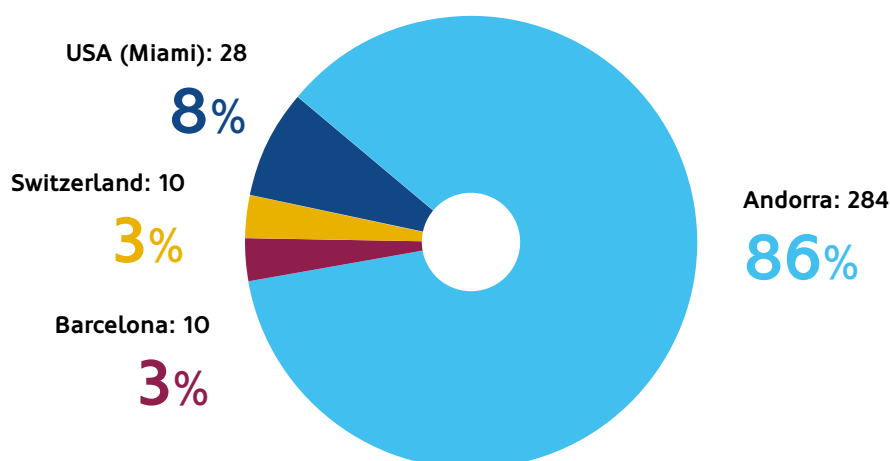
The people at MoraBanc

Our employees are key to the organisation and to the success of our business and MoraBanc wants the team to feel committed to the mission, culture and strategy of the business. In this pandemic year, the possibility of working as a team from a distance, with the difficulties this entails, was essential so as to provide the high-quality service to the clients we demand of ourselves and, at the same time, keep everyone motivated. Within 48 hours, all MoraBanc's employees had moved to their homes to continue working. The prior preparation of the systems and technology equipment, with an impressive reaction capacity, allowed this transfer to teleworking while maintaining the management of the bank and client service. **In situations such as the one we have experienced, a strong corporate culture and an emotional bond with the institution allow us to overcome the challenges.**

The results of a policy set by the People Management Department with elements of cohesion, motivation, growth and professional satisfaction while ensuring diversity and equal opportunities are key to achieving the link with the institution. In addition, thanks to new digital training tools such as LinkedIn Learning, all the employees were able to receive specific training during the lockdown to help them get by in both professional and emotional terms. In addition, the training and growth plans planned for each profile could be followed.

The Department aims to be approachable and accessible for all employees to ensure their professional development and recognise their contribution to the organisation. The number of MoraBanc Group employees in 2020 was 332¹, spread across the four locations in which we operate: Andorra, Barcelona, Zurich and Miami.

Employees of the MoraBanc Group by location as of 31/12/2020²



As a general policy, internal promotion is given priority to fill vacant positions where possible. In order to promote equal opportunities, the Human Resources

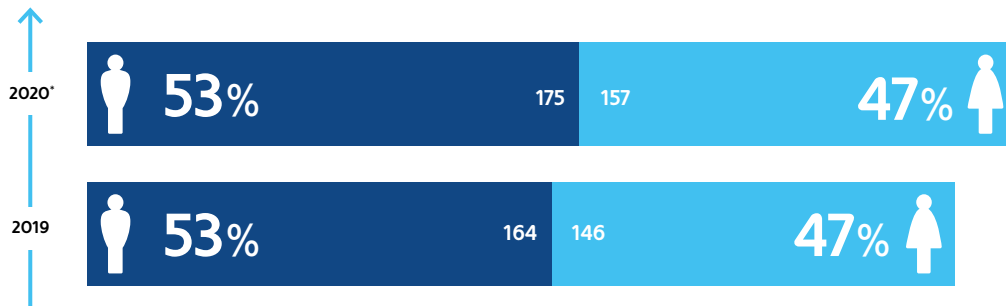
Department looks to appoint the most suitable person to each job. In 2020, 52 people joined MoraBanc.

¹ Average of the year 2020

² Source: prepared by the authors



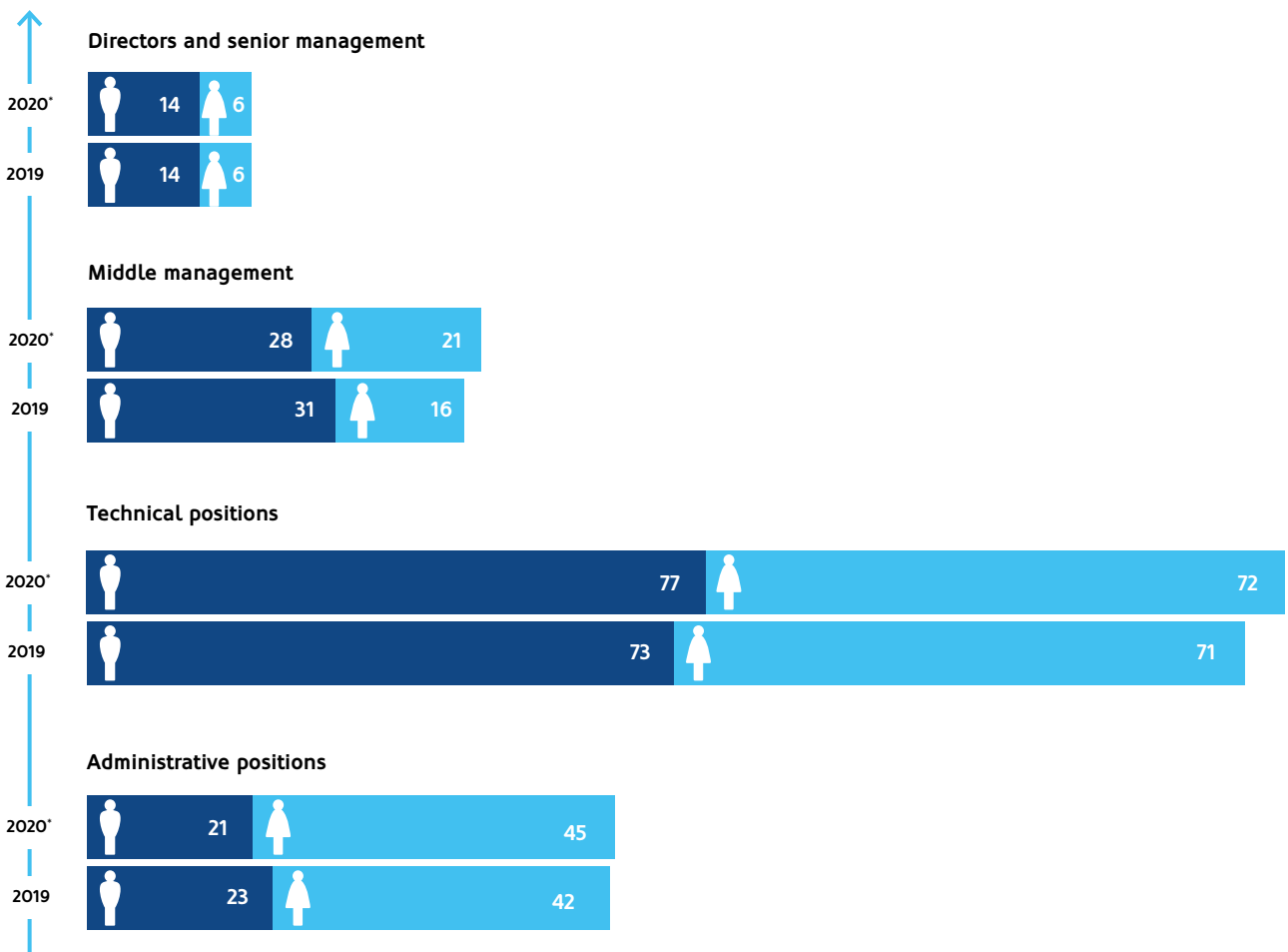
Distribution of men and women in the MoraBanc Group in 2019 and 2020



The strategic plan guarantees equality of opportunity and equal pay, among other labour aspects and the Human Resources Department works to take steps that

ensure diversity and equality of opportunity among the organisation's staff.

Distribution of employees at MoraBanc in Andorra by position and gender in 2019 and 2020





The promotion of the knowledge and professional development of our workforce is structured under

the MoraBanc Academy project, which incorporates different action plans:

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

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

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

In 2020 MoraBanc reached a **collaboration agreement with the LinkedIn-oriented social network to make its learning platform with more than 14,000 courses available to the group's employees**. This pioneering initiative in Andorra allows MoraBanc employees to have access to specialised knowledge in the fields of innovation, technology, business and strategy, with different courses taught by experts in the sector. Around 80 learning itineraries have been created so that each MoraBanc employee has a training itinerary appropriate to their skills and professional profile, combining three central elements:

- Diversified and high quality content
- Customisation
- Adaptability

This project comes after the MoraBanc Talent digital learning network started two years ago, which

promotes internal knowledge with courses taught by the Bank's own employees who are experts in different areas. More than 80 courses have now been made available to the workers.

With a format similar to that of MoraBanc Talent, the Induction training plan has been launched, especially aimed at workers in the Business area to improve their knowledge and skills with a 60-hour learning programme.

The People Management Department works transversally with the bank's internal departments to manage knowledge and make available to each employee progressive and continuous learning tools adapted to each professional profile.

The objective of this platform is to provide training pills in different areas:





Thanks to this new learning network, in 2020 the total number of training hours increased over 2019 and each member of staff received an average of 87 hours of training.

Since 1998 MoraBanc has had a work placement programme for Andorran students during the summer months and that today these placements are a great opportunity for young people to see what the world

of work is like whilst performing tasks related to their studies. They are given an opportunity that provides insight into work and training and the same time and that may lead to a job with MoraBanc when they finish their studies. All the candidates chosen are over 18 and are university students or undertaking professional training. Unfortunately, due to the pandemic, this programme could not be carried out during the summer months of 2020.

Total number of training hours



Source: prepared by the authors





Matters of true importance for MoraBanc and its stakeholders

Our focus on strategy and sustainability is based on the issues that matter to MoraBanc and to our stakeholders. The following table sets out the significant issues that

are important to the organisation and guide our long-term sustainability strategy.

What it is about?

What are the risks and the opportunities?

What do we do at MoraBanc?



PROVIDING ECONOMIC DEVELOPMENT AND GENERATING EMPLOYMENT

We are a company with a long-term sustainability strategy which, through our activity, affects 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.



FIGHTING AGAINST CORRUPTION AND THE FINANCING OF TERRORISM

We are a company which applies the best practices in order to combat corruption and fight against terrorism and its financing.

The organisation reduces the reputational risk to the greatest possible extent through its standards, procedures and continual monitoring, thus gaining the trust of its clients and 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.



EQUAL PAY FOR MEN AND WOMEN, DIVERSITY AND EQUAL OPPORTUNITIES

We ensure equal opportunities and equal pay for men and women doing the same job.

Our employees 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 stay with us is a competitive element for MoraBanc.

We have set four objectives in managing people:

- worker experiences,
- compensation and balance,
- knowledge and development and
- talent management.

We are committed to internal promotion and equality policies to eliminate any differences between genders in the jobs we offer and in remuneration. We ensure quality training for our employees and we offer a healthy and safe working environment.



What it is about?

What are the risks and the opportunities?

What do we do at MoraBanc?



ETHICAL AND RESPONSIBLE CONDUCT

We ensure ethical and responsible conduct at all the levels of the organisation so as to give greater confidence to our clients.

A strong corporate culture is a competitive advantage in the market and any falling short in ethics or responsibility could lead to serious reputational risks.

We have the MoraBanc Group's Code of Ethics and the Stock Market Code of Conduct, which have both been accepted by all MoraBanc employees.

- We have monitoring systems in place for ethical and responsible conduct and we provide compulsory training on our codes of conduct, the prevention of conflicts of interest and on the prevention of money laundering and the financing of terrorism.
- The functions of the Management of Corporate Integrity Committee include promoting measures to address ethically questionable conduct, resolve situations involving a conflict of interest, proposes changes to the Code of Conduct to adapt it to changes in the business and its environment and communicating with supervisory authorities.



QUALITY, EXCELLENCE IN BANKING PRACTICE AND CLIENT PROTECTION

For MoraBanc, always acting in the best interests of the client means offering the best product with transparency and focusing totally on the client.

Clients are becoming increasingly 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 in place, such as the Asset Protection Policy and the general policy on conflicts of interest. Additionally, we have investment services consisting of the receipt, transmission and execution of client orders.



Client protection

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

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

Additionally, we have MiFID suitability and appropriateness tests to assess the clients' level of

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

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





The needs and expectations of our stakeholders

As a provider of financial services, we have deep connections with the environment in which we work and with the community we serve. Our commitment to those individuals and institutions and our capacity

to generate value are related to our business and our overall contribution. We create value for both MoraBanc itself and for our stakeholders by responding to their needs and expectations.

Needs and expectations

How do we create value?



CLIENTS

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.

Be a responsible business that offers the best products available to its clients with transparent and ethical conduct and with a commitment to society and the economy.

We offer our best products and services with the best agreements, we grant credit and we invest in the best digital tools making it easy to work with MoraBanc. We give up to date and appropriate information to inform decision-making, we protect our clients' interests and we are at their side to support them in their projects.



EMPLOYEES

They are key to our success thanks to their commitment and dedication.

We strive to offer them a stable job in the best possible conditions.

Ensuring work with equal opportunities.

We offer competitive salaries, continuous training, incentives, good working conditions, we care about our employees' health and safety in the workplace and we share our strategic objectives so that we are all aligned in our aim to achieve the group's objectives.



SUPPLIERS

They supply us with products and services for the ongoing operation of the business. We establish relationships with them based on transparency and mutual respect, in order to ensure the quality and availability of the products and services we provide.

Sustain business in our environment by means of a commitment to external contracting.

We concentrate on our main business activities and outsource for any products and services required. We diversify the number of suppliers and we require an environmentally-minded management of their products and services.



Needs and expectations

How do we create value?

**CULTURAL, SPORTING AND SOCIAL ORGANISATIONS**

These organisations are part of our environment and sphere of influence. That is why we strive to contribute to their development.

Commitment to society, the environment, the future and economic development.

We organise a major programme of charitable aid to organisations through our Solidarity Card, we support sport and culture, and have a commitment to the environment, future generations and the United Nations' Sustainable Development Goals (SDGs).

**MEDIA**

These are the channels which bring us closer to the community by reporting about our business.

Transparency in communication.

We report our actions promptly and we are committed to direct and transparent communication.

**INSTITUTIONS AND REGULATORY BODIES**

On the one hand, there are the political representatives of the people who live in the country and, on the other hand, there are the bodies that regulate the business in the various jurisdictions in which we operate: the AFA in Andorra, FINRA, SEC, FINCEN in the United States, SAAM in Switzerland, and the CMNV in Spain.

Contribute to economic growth, comply with the law and best practices, and manage the business ethically and transparently.

We ensure a long-term presence with a responsible family business and professional corporate governance which anticipates regulatory changes.

**SHAREHOLDERS**

The people who have invested capital in the company who make decisions on the company and receive dividends.

Long-term stability of the business, distribution of profits, the best possible management of the organisation, ethics and the commitment of a family business.

A business strategy that prioritises long-term sustainability and the independence of the organisation over short-term profit.

**COUNTERPARTIES, SUBSIDIARIES, CUSTODIANS ETC.**

These are the key financial providers for the conducting of our activity.

Confidence in the organisation in terms of stability, responsibility and solvency.

Prudent and rigorous management of the organisation, providing up to date transparent information about the business to build mutual trust.

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



Constant engagement and dialogue with the stakeholders

MoraBanc wants to maintain the trust of its stakeholders. That is why we work every day to foster our relationship with them. This year the bank's communication has significantly intensified due to the pandemic. During 2020 the flow of information and conversations with the different groups has increased and new channels have been opened to provide clear, accurate and detailed information on the institution's products and services, enabling our clients to make the best decisions. In this regard, **it is our duty to introduce and explain financial concepts to the general public** so as to improve our communication and dialogue with them via the following channels:

- Personal service throughout the MoraBanc branch network.
- Telephone contact via the Telebanc service, email messages and letters.
- Our intuitive web page, www.morabanc.ad, with a great deal 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.

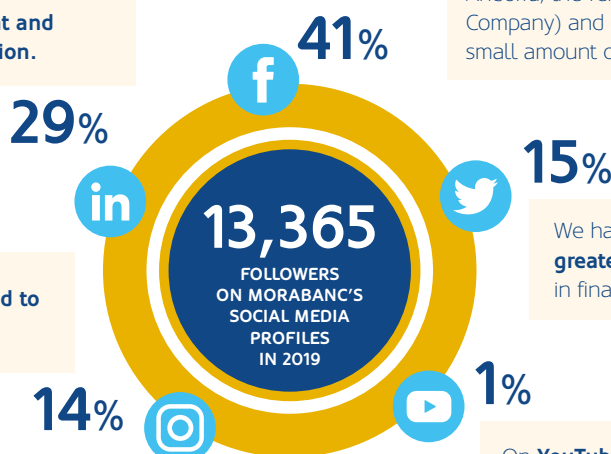
- Webinars on various topics to bring knowledge to clients and the general public. We launched this format of talks during lockdown to explain the tools we made available to commerce for online sales. We also organised several financial and fiscal talks to respond to the concerns generated by the pandemic. They all proved very popular.
- MoraBanc Online and the app for mobile devices.
- Social media: we focus on social media as a point of contact with clients, in a world in which consumers are increasingly connected.

Through our social media presence, we 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 through direct conversation, our social networks, our website, digital banking and the application or the suggestion box, and this keeps us updated on their needs and expectations.

On **LinkedIn**, we share content and specialised financial information.

On **Instagram** we share issues related to the bank that have a powerful image.



On **Facebook** we have a **markedly strong profile** in relation to our sponsorships such as MoraBanc Andorra, the Temporada (Music and Dance Company) and community action. We publish a small amount of highly selected business content.

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

On **YouTube** we **share the contents of brand and commercial campaigns**.



The challenge of internal communication



Mireia Maestre Cortadella
Communication and Brand Manager

Social distancing and teleworking have clearly marked 2020 and forced us to rethink our internal communication to maintain the flow of information, team cohesion, a sense of belonging and human interaction at all times. New communication channels with formats adapted to the situation were added to existing tools such as the Yammer corporate social network and email contact.

Communication during COVID-19 was studied taking into account the profile of the institution's employees, with an average age of 40, our internal capacities and, in particular, the availability to receive the message. This meant that priority was given to deferred rather than live content, ones that were easy to consume and appealing, involving employees who have acted as spokespersons on different occasions.

First of all, we continued to prepare videos, which have made it possible to send messages via internal channels and social media. MoraBanc's employees showed how we adapted to the teleworking format and sent the relevant recommendations to clients to perform remote operations and avoid trips to the branch offices.

For Christmas we produced a live TV programme to celebrate the seasonal gathering, we sent messages from the management and the Chairman and we even took part in a game with the bank's employees. This was an initiative to maintain the teams' cohesion that also included a MoraBanc Christmas featuring people from the Bank's different departments.

However, the medium we developed most during the pandemic was the MoraBanc podcast, a ten to fifteen-minute radio programme to broadcast news and allow the Bank's employees to express their opinions. We set up this means of communication with our internal capabilities and competences and it has accompanied us throughout the months of lockdown and teleworking. The format has proved very popular, with high participation, and a Spotify playlist has been created with the music used.

Communication related to COVID-19 prevention measures and other internal messages has been constant and intense and it has been channelled by means of a specific design that is approachable, friendlier and more intelligible, with updated information on the guidelines to be followed. Infographics have been a widely-used element to reflect the procedures and precautions to be borne in mind. The channels used have been internal email, the corporate social network and the institution's physical locations.

MoraBanc has provided tools for communication and meetings between employees and with third parties by means of the Microsoft Teams platform. This is an essential tool with a part of the personnel working from home to ensure interaction between the people and teams and to facilitate the achievement of the objectives.

Finally, the internal training has been transferred to the digital format with the LinkedIn Learning platform for external contents and it joins the MoraBanc Talent projects and the "Induction" training plan that are conducted by the Bank's employees. In addition, the virtual meeting rooms have made it possible to continue providing the mandatory training given to the Bank's new employees. Several training seminars have been held throughout the year, maintaining the same quality standards.

In short, **we have reinvented internal communication during the pandemic at MoraBanc, moving our social and work interactions to new formats so as to maintain team spirit and the cohesion between colleagues and achieve the Bank's overall objectives.**

03

GROWING RESULTS WITH AN EVEN STRONGER BALANCE SHEET

Sara Álvarez Cazorla

Deputy general manager
Finance Division



THE CHIEF FINANCIAL OFFICER'S REFLECTIONS

A stronger balance sheet to address uncertainties

Nothing foreshadowed the beginning of 2020, which became known as the “unprecedented” year. The excellent progress of the financial markets was abruptly cut short by the emergence of the coronavirus, which forced half the planet into a strict lockdown and shook the world economy, which, by the end of the year, recorded a recession of around -4%. The historic stock market crashes, close to 40%, the soaring credit spreads and volatility that reached the heights of historical crises provided the general tone during the months of the pandemic, auguring a sharp contraction in the world's economy, which stood paralysed. The rapid action of the governments and central banks, with stimulus plans and monetary and fiscal policies of unprecedented force, has allowed markets to quickly rebound from most of the declines suffered during 2020.

Andorra has also been severely affected by the economic crisis caused by the pandemic. The economic indicators show a recession of -12.7% in 2020, according to the data provided by Fitch Ratings (report March 2021), and the economic data¹ on imports (-5% in value), employees (-3%), energy consumption (-27%) and the number of visitors (-37%) demonstrate the effect of the country's closure to tourism during most of 2020 and, in particular, the loss of the ski season, which has further deepened the economic crisis. The International Monetary Fund² predicts a recovery of the economy, with growth standing at around 5.8% of the GDP. The strengths indicated by Fitch include prudent fiscal policy, low state debt and the flexibility of domestic financing by the banks to get the economy back on track. The country's recent admission the International Monetary Fund is also a positive aspect, because it will

¹ www.estadistica.ad comparative data 2020 and 2019

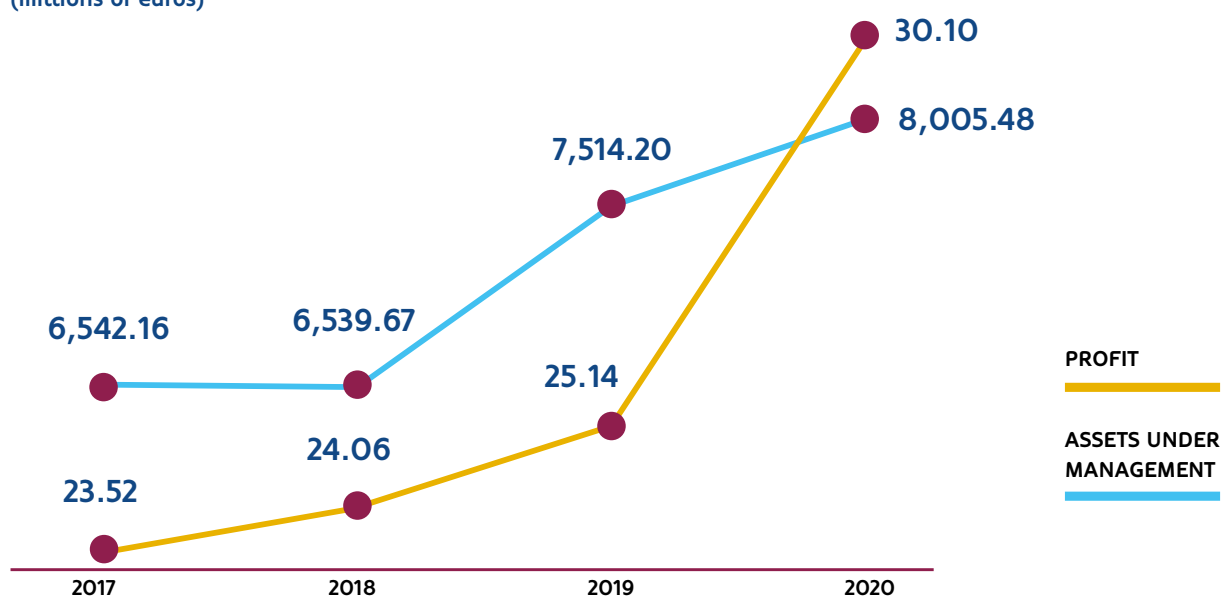
² www.govern.ad 9 April 2021



bring technical assistance that should help the post-COVID-19 economic recovery while also giving more transparency and quality to the data reported.

Despite the economic situation in our environment, MoraBanc has recorded a profit of 30.1 million euros, 19.7% more than in 2019, based on the long-term sustainable restructuring we have carried out in recent years.

Evolution of MoraBanc's profit and assets under management (millions of euros)



Source: prepared by the authors

MoraBanc's attraction in the Andorran financial centre is recurrent over time and based on in-depth work, which has allowed it to exceed the figure of 8 billion euros on 31 December of assets under management. This is 6.5% above the previous year and 22% higher since 2017.

Our business model and its resilience have been proven to work with a 7.5% increase in revenues and a reduction in expenses totalling 1.9%, which has led to an improvement in the efficiency ratio of up to 60.5%, giving long-term sustainability to the result. Efficient management of our balance sheet has also significantly contributed to the results this year. In addition, the bank has significantly increased its provisions during the year as a result of the pandemic, thus strengthening an extremely solid and robust balance sheet and guaranteeing continuous growth.

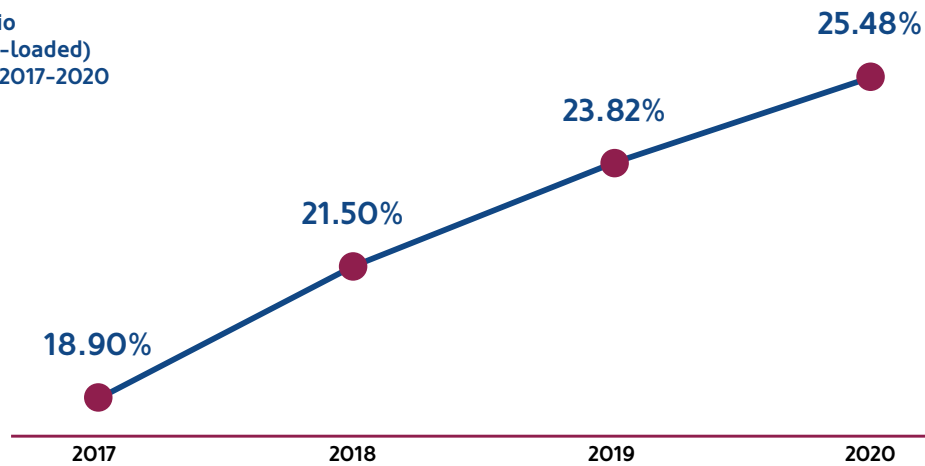
This has allowed the institution to improve its annual profitability levels, which stood at an ROE of 9.47% in 2020 (8.47% in 2019).

In this "unprecedented" year, MoraBanc has maintained stable credit investment, which stood at 1,178.6 million euros on 31 December, improving the default ratio of 3% and the coverage ratio of 79.2%, reaffirming the quality of our assets.

The strength of the balance sheet is an essential element for MoraBanc, and in hard times we reinforce it even more. Proof of this is in the capital ratio with which we ended the year, a 25.5% fully-loaded CET1 ratio (23.82% in 2019).



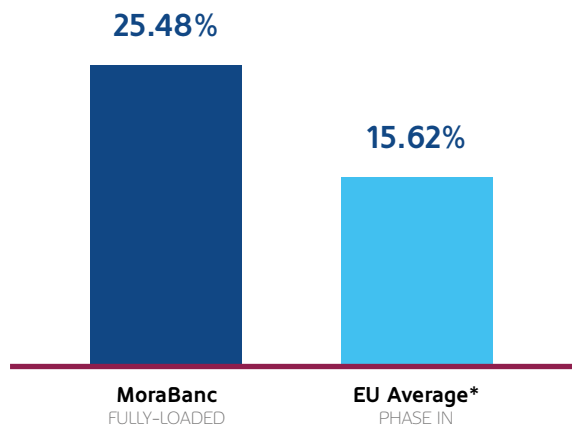
Capital ratio
CET1 (fully-loaded)
MoraBanc 2017-2020



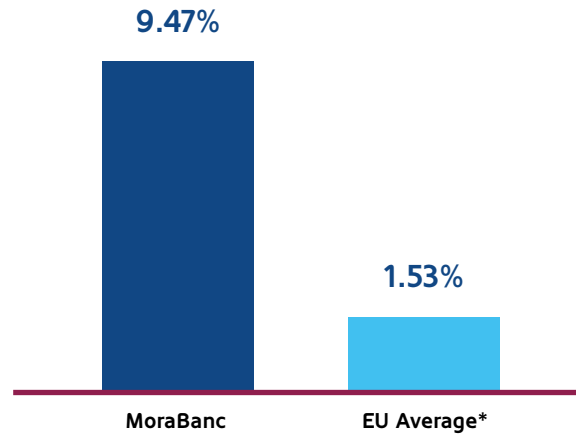
MoraBanc has higher solidity indexes than the domestic and international financial sectors. By way

of comparison, MoraBanc presents bank solidity ratios above the European average, with excellent solvency.

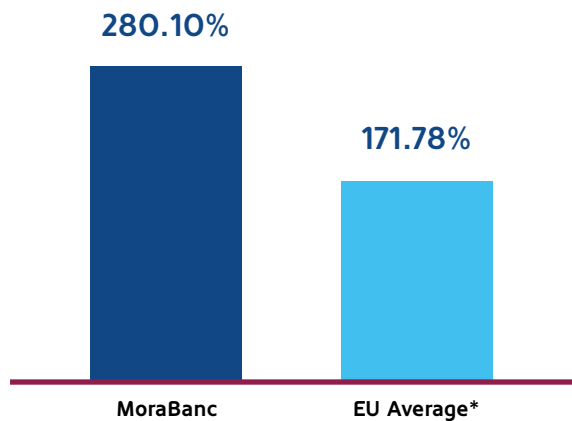
Solvency CET1



ROE



LCR Liquidity



Source: prepared by the authors
* <https://www.bankingsupervision.europa.eu> on 31/12/2020



MAIN FINANCIAL DATA

Balance Sheet and Consolidated Net Equity

In thousands of euros	31/12/2020	31/12/2019
ASSETS		
Cash, cash balances in central banks and other at-sight deposits	193,159	170,236
Financial assets held for trading	102,841	93,195
Non-trading financial assets necessarily measured at fair value through profit or loss	328,930	379,393
Financial assets at fair value through other comprehensive income	725,603	651,443
Financial assets at amortised cost	1,580,621	1,594,342
Derivatives - hedge accounting	66	2
Changes in the fair value of the hedged items in a portfolio with interest rate risk hedging	2,998	2,168
Investments in subsidiaries, joint ventures and associates	5,004	4,720
Assets covered by insurance and reinsurance contracts	33,775	37,304
Tangible assets	97,571	102,899
Intangible assets	13,413	13,505
Tax assets	3,286	4,466
Other assets	4,538	4,925
Non-current assets and disposable groups of elements classified as held for sale	1,142	1,146
TOTAL ASSETS	3,092,947	3,059,744

In thousands of euros	31/12/2020	31/12/2019
LIABILITIES		
Financial liabilities held for trading	57,317	30,708
Financial liabilities designated at fair value through profit or loss	324,601	360,603
Financial liabilities at amortised cost	2,233,301	2,220,271
Derivatives - hedge accounting	15,543	10,661
Changes in the fair value of the hedged items in a portfolio with interest rate risk hedging	676	794
Provisions	22,189	24,208
Tax liabilities	4,628	3,864
Liabilities covered by insurance and reinsurance contracts	78,507	84,659
Other liabilities	18,933	17,112
TOTAL LIABILITIES	2,755,695	2,752,880

In thousands of euros	31/12/2020	31/12/2019
NET EQUITY		
Capital	42,407	42,407
Other comprehensive accumulated income	(1,088)	(1,016)
Accumulated profit	289,863	268,217
Other reserves	(24,024)	(27,876)
Profit or loss attributable to the owners of the controlling company	30,098	25,136
Minority interests [non-controlling interests]	(4)	(4)
NET TOTAL EQUITY	337,252	306,864
NET TOTAL EQUITY AND LIABILITIES	3,092,947	3,059,744

Consolidated income statements

In thousands of euros	31/12/2020	31/12/2019
PROFITS AND LOSSES		
Financial margin	28,847	28,368
Result from commissions	55,401	51,083
Results from institutions valued by the equity method	486	209
Results of financial operations	10,486	7,352
Net operating income	3,555	4,882
Earnings from operating income	98,775	91,894
Administrative costs	(53,466)	(55,136)
Amortisation	(6,330)	(5,842)
Allowance for provisions, net impairment and other profits for non-financial and non-current assets	(6,518)	(3,941)
Result before taxes	32,461	26,975
Tax on profits	(2,363)	(1,839)
EARNINGS DURING THE YEAR	30,098	25,136

Status of the added value of the MoraBanc group

In thousands of euros	31/12/2020	31/12/2019
Economic value generated	98,775	91,894
Financial margin	28,847	28,368
Net commissions for services	55,401	51,083
Profit or loss from financial transactions	10,486	7,352
Other income	4,041	5,091
Economic value distributed	35,083	56,975
Economic value retained	43,242	34,919
Economic value distributed and retained	177,100	91,894



We provide value to our stakeholders and society



CLIENTS

Monitoring and interaction on our social networks: 15,087 followers in total, among the five social networks we are present on (YouTube, LinkedIn, Facebook, Twitter and Instagram).



SUPPLIERS

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



MEDIA

Impact in the media:

- 92% positive news items.
- We lead the presence in the press with a market share of 70%.
- 82% of the news about MoraBanc is self-generated.



COUNTERPARTIES, CUSTODIANS, CORRESPONDENTS, ETC.

- BBB- F3 short-term ratings by Fitch Ratings.
- High CET1 fully-loaded capital ratio totalling 25.5%, above the European average* of 15.62% phase in.
- Strong liquidity position, 280.14% of the 2020 average.



EMPLOYEES

- 25,316 hours of training.
- 98% on permanent contracts.
- 47% are women.
- Safe working environment with a low number of absences due to workplace accidents.
- Commitment to the company and its strategy.



CULTURAL, SPORTING AND SOCIAL ORGANISATIONS

- Investment in social actions: 3% of the profits.
- Distribution of the solidarity card: €88,979, and more than €1 million have been distributed among the 21 entities associated with the project.
- Number of entities which have benefited from MoraBanc's social policy: 54.
- Number of individual beneficiaries: 106,055.



SHAREHOLDERS

- Profitability (ROE) of 9.47%, above the European average* of 1.53%.
- A solid and solvent bank, committed to the Andorran economy and society.



INSTITUTIONS AND REGULATORY BODIES

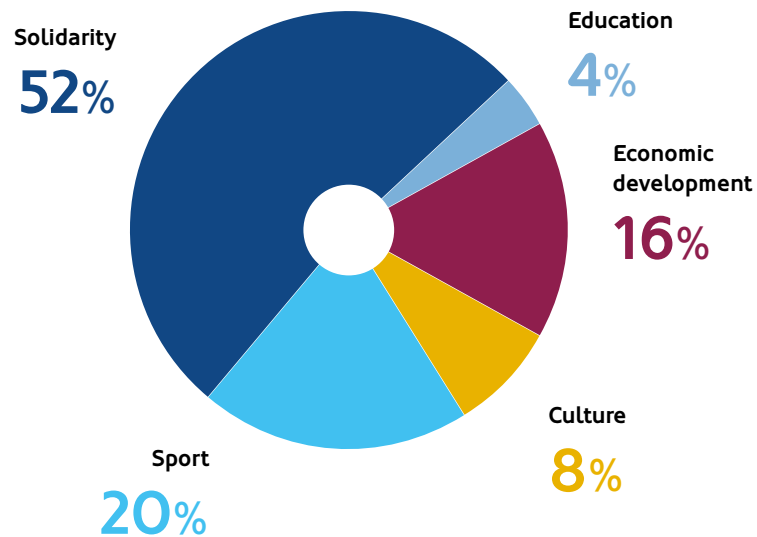
We are transparent and internationally comparable (IFRS, CRD IV, BIS III).



Thinking of a better world forms part of MoraBanc's commitment to sustainability. We are aware that our business could often be part of the solution to some of the problems facing society. For this reason, [we have devised a strategy which contributes to the development of Andorran society](#). This engagement is reflected in several initiatives of a social nature which

help us to establish and maintain a bond 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 projects and social programmes in 2020



Source: prepared by the authors



Economic and social development

MoraBanc is firmly committed to Andorra and society and it seeks to return some of the value it generates by means of its corporate social responsibility policy.

2020 has been a year beset by COVID-19 and its effects. The pandemic has led to the cancellation of projects we backed, including the Cirque du Soleil and the Women's Race, and MoraBanc's support has been necessary in global terms in the national financing policies for individuals and companies.

Within this context, the main projects that have been developed with MoraBanc's support are as follows:

- MoraBanc is a member of the Andorran Family Business (EFA in its Catalan initials), a body which ensures business culture and promotes the continuity of family businesses. As well as being a member, we sponsor two of its main activities: its conference programme and the forum. This year, in remote format, the topics covered were the economic impact of COVID-19 on Andorra for the conference cycle and the role of education as a creator of value

in the country in the Forum. Additionally, MoraBanc has made it possible for the EFA to participate in the European Family Business since 2016.

- We allow community associations and groups in Andorra to use MoraBanc spaces such as our conference room. Similarly, we support the outreach activities of various institutions, such as professional associations, patient support groups for various illnesses, training centres etc. During 2020 this initiative had to be cancelled to preserve everyone's health, in step with the Government's guidelines.

Actions to support society have a direct and indirect impact on the Andorran economy, by generating employment, the contracting of goods and services, and commercial and restaurant business related to the activity, etc. The following sections describe these impacts.



Culture

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

- The organisation and sponsorship of the MoraBanc Music and Dance Season in Andorra la Vella, which continues to be our leading contribution in the cultural field. The 26th season was marked by the COVID-19 pandemic, which led to the cancellation of two of the shows: the performance by the orchestra of the Academy of St Martin in the Fields and the recital by pianist Lang Lang. Even so, MoraBanc contributed 58.16% of the budget of the programme, which included performances by Piotr Beczala and the Ballet Nice Méditerranée, attended by 1,008

spectators. The Season generates indirect economic activity related to the contracting of goods and services, as well as business for restaurants and commercial activity from the spectators in the surrounding areas of the Congress Centre in Andorra la Vella, where the shows take place.

- We continue to offer our internet ticket sale system free of charge to Andorran cultural institutions and associations which put on and organise cultural events.



Sports

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

- MoraBanc is the main partner of the Bàsquet Club MoraBanc Andorra basketball team. Apart from the sports action and the cohesion of the country represented by the BC MoraBanc Andorra, it also generates direct economic activity through the contracting of personnel as well as products and services, and indirect activity with its additional services and the participation of the spectators at the matches.
- MoraBanc is also the main sponsor of FC Andorra in its desire to create a project to enthral the country and contribute to creating opportunities for Andorra.
- We maintain our commitment to snow. MoraBanc stands alongside 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 Andorran Mountaineering Federation (with the sponsorship of the national mountain race team in summer and alpine skiing in winter) and the Grandvalira ski resort.



Solidarity

The solidarity card is an initiative aimed at contributing to social fairness and promoting the solidarity of its clients. The recipients of the donations are Andorran institutions whose purposes are social action, humanitarian aid and development cooperation, both in our own country and in the international sphere. The solidarity card was launched with five NGOs; this year there have been a total of 21 entities and we have distributed €88,979 and, since its introduction, we have

distributed €1,317,518 throughout society. Contributions from the solidarity card have a local impact, given that they generate economic activity through contracting people and products and services to meet the objectives of the different entities' programmes. For another year running we have supported the charity Càritas in two of its main campaigns, the toy and food collection in which our employees have participated.





Environment

The pandemic caused by COVID-19 has brought about considerable changes in everyone's personal and working lives. The months of lockdown followed by the widespread teleworking policy implemented at MoraBanc have meant that the institution's carbon footprint has fallen significantly (by 20% between 2019 and 2020).

MoraBanc's commitment to the preservation of the environment and our natural surroundings, an undeniable asset for Andorra, and the fight against climate change on a more global level is ongoing and has become even more firm with the new situation we find ourselves in.

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 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 2020 we continued with the strategy to combat climate change which we began in 2009, calculating our annual carbon footprint. We have calculated

our GHG (greenhouse gas) emissions in accordance with ISO 14064:1-2012, the Greenhouse Gas Protocol, the Corporate Accounting and Reporting Standard developed by the World Business Council for Sustainable Development.

The calculation of the carbon footprint allows us to effectively evaluate the measures taken to reduce our impact on the environment. We analyse the results annually and define objectives for the following financial year. However, in 2020 the reduction due to the partial closure of our branches, reduced mobility and working from home reflects an atypical situation, but the intention to continue improving the footprint in the future remains.

Our carbon footprint, linked to the activity of the MoraBanc Group in Andorra, Barcelona, Zurich and Miami, totalled 722 tonnes of CO₂ in 2020, a reduction of 20% compared with 2019. The positive reduction figure for 2020 is due to the sudden change caused by COVID-19. All the consumption and the emissions from this consumption have fallen, except for those of digital banking, an activity on the increase among clients whose emissions have risen by 35%.

Among the challenges for 2021 we should mention the monitoring of consumption efficiency upon the return to the workplace and, in particular, the implementation of a sustainable mobility plan in accordance with Law 21/2018 of 13 September promoting the energy transition and climate change (Litecc). The ultimate goal of this law is to contribute to the fight against climate change by reducing greenhouse gas (GHG) emissions from the consumption of fossil fuels for locomotion. All administrations, public entities and companies with more than 100 workers must have a Sustainable Mobility Plan for Employees (PMSP in its Catalan initials) drawn up by 31 December 2022.

During 2021 we will conduct a study of workers' and visitors' journeys, evaluate the forms of accessing the workplace and assess the environmental costs

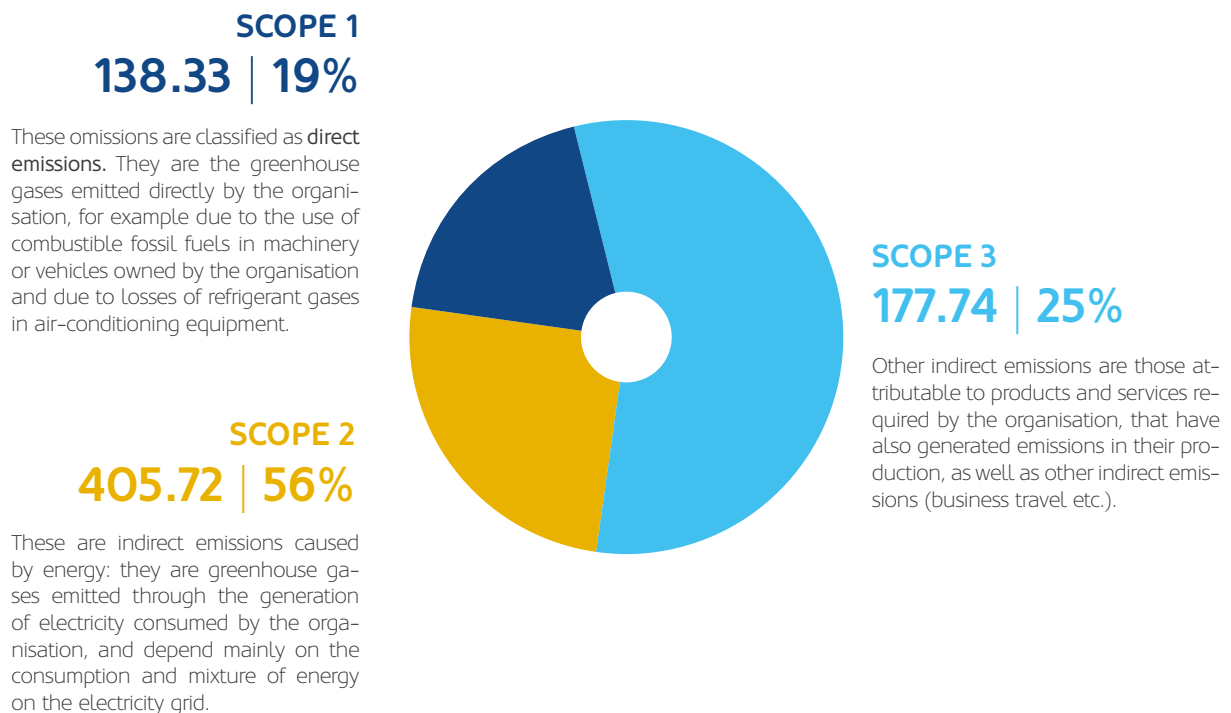


generated by the company's current mobility in order to gather together the measures designed to achieve the objectives set (incentives for mobility on foot or in a personal mobility vehicle, incentives for the use of public transport and shared transport, etc.).

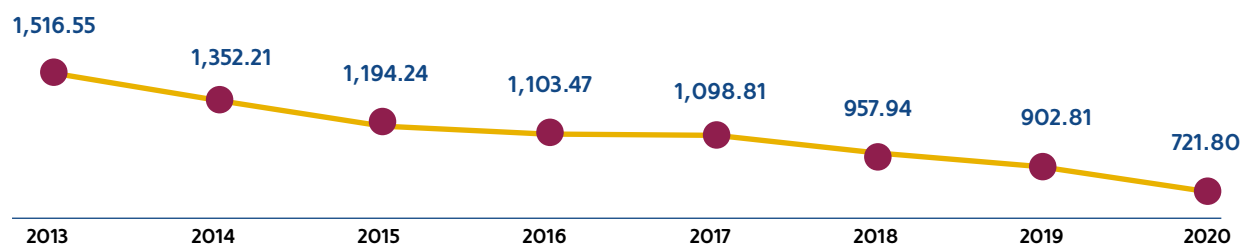
The following challenge we have set ourselves for 2021/2022 is to broaden the calculation of our carbon footprint to comply with the Paris Agreement on

climate change by means of the inclusion of scope 3.15. This scope calculates the impact of CO₂ from the investments and credits managed or granted by the institution. Throughout 2021 we will closely follow the evolution of this calculation and the *science based targets initiative* (SBTi) to apply credit and investment management methodologies in accordance with environmental criteria.

CO₂ emissions per emission source in 2020 for the MoraBanc Group (in tn CO₂-eq and %)



Evolution of the source of the emissions of the MoraBanc Group's activity in tn CO₂-eq between 2013 and 2020





We strive to improve the energy efficiency of our facilities and offices with two goals: to tackle climate change and achieve a safe, sustainable and competitive energy supply. The main energy sources that we use

at MoraBanc are, firstly, the electricity and diesel fuel consumed at the branches and, secondly, the fuels used for travel.

Evolution of the source of the emissions of the MoraBanc Group's activity in 2020

EVOLUTION OF TOTAL MORABANC EMISSIONS (ANDORRA, SWITZERLAND, MIAMI AND BARCELONA)				
SCOPE	EMISSION SOURCE			EVOLUTION 2019-2020
▼ SCOPE 1	FOSSIL FUELS			▼
	OWN TRANSPORT			▼
▼ SCOPE 2	ELECTRICITY CONSUMPTION			▼
▼ SCOPE 3	3.1. PURCHASES OF GOODS AND SERVICES			
	Paper consumption			▼
	Toner consumption			▼
	Bank card consumption			▼
	Water treatment			▼
	3.4. UPSTREAM TRANSPORT AND DISTRIBUTION			
	Fuel consumption by the courier service			▼
	3.5. WASTE MANAGEMENT			
	Paper and cardboard waste			▼
	3.6. BUSINESS TRAVEL			
	Air travel			▼
	Train travel			▼
	Bus travel			▼
	Personal vehicles			▼
Taxi journeys			▼	
Overnight stays			▼	
3.8. UPSTREAM LEASED ASSETS				
Website consumption			▲	
Total emissions (tn CO ₂ -eq)				▼

The commitments made by the institution reflect our environmental awareness, with a policy that defines

objectives for improvement and energy-efficient initiatives year after year.



HOW WE GUARANTEE AND PROTECT VALUE

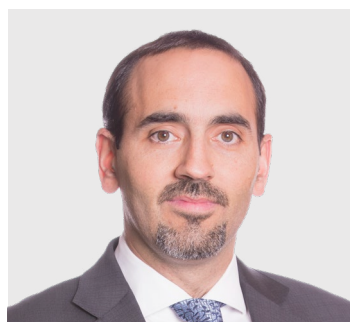
Strong and professional corporate governance

MoraBanc is a family-owned and independent bank with professional management and governance. The Board of Directors and its committees comply with the European Union's regulations on transparency

and ethics, the guidelines of the Basel Committee and international practice in the field of good corporate governance of the financial institutions among which we wish to be counted.



Pedro González Grau
Chairman



Oscar Aristot Borrás
Proprietary Director
Chairman of the
*Executive Committee for
Business*



Marc Mora Guerin
(Representative of Mora Fills, SA)
Proprietary Director and Chairman
of the *Technology, Innovation and
Information Security Committee*



Joan Quera Font
Proprietary Director



**Francesc Xavier
Maymó Gatell**
Proprietary Director



Miguel Antonio Pérez Carnicero
Independent Director Chairman
of the *Audit and Compliance
Committee*



Agustín Berasaluze Astarloa
Independent Director
Chairman of the *Appointments
and Remuneration Committee*



Gilbert Saboya Sunyé ¹
Independent Director
Chairman of the
Risks Committee



José Manuel Lara García ²
Independent Director



Marc Vilallonga Puy
Non-Board Member Secretary

¹ Incorporated as a member of the Board of Directors on 3 February 2021 to fill the vacancy left by Mr. José María Gefaell Chamochín

² Incorporated as a member of the Board of Directors in January 2021



Executive Committee for Business

The Executive Committee for Business performs the following functions, among others, in accordance with its regulations: (i) monitoring the development of the group's strategy and of the activities, markets and countries where it wishes to be present through direct investments and specific transactions, keeping itself

informed of the commercial initiatives and strategies of the various business units of the group and of the new projects which are presented; and (ii) Reviewing the evolution of the financial investments and business, as well as the internal economic situation of the strategic plan and the budget.



Audit and Compliance Committee

Among other functions, the Audit and Compliance Committee reviews the financial information of the group and its internal control systems, it acts as a channel of communication between the Board and the external auditor ensuring that the latter exercises its functions independently and supervises the works carried out by the Internal Audit Services. This committee

oversees compliance with the group's Code of Conduct, and with the programmes and policies related to the prevention of money laundering and the financing of terrorism and, in general, with compliance programmes and the prevention of legal, regulatory and criminal risks to the bank.



Risk Committee

Among other functions, the Risk Committee advises the Board regarding the definition and assessment of the strategy and the risk policies as well as providing support. It also assists the Board with the equity and

liquidity strategy. The Committee has executive powers enabling it to authorise and approve certain risk transactions.



Technology, Innovation and Information Security Committee

This committee's objective is to assist the Board in gaining knowledge of the infrastructures and technology and innovation strategy of the group, as

well as the main technology and information security and cybersecurity risks affecting the group.



Appointments and Remuneration Committee

Among other functions, the Appointments and Remuneration Committee adapts MoraBanc's corporate governance to the standards and best practices in this area and proposes the appointments of the board members, including the executive members, to the Board. It also informs the Board of appointments of other senior management members of staff and key

personnel of the group. This committee proposes the senior management remuneration policy to the Board: it prepares the corresponding report and the remuneration of the board members, including the executive members, and other senior management positions.



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 monitoring of matters regarding the Board of Directors and its competence.



Lluís Alsina Álvarez
Managing Director



Sara Álvarez Cazorla
Deputy General Manager
Financial Division



Rubén Aísa García
Deputy Managing Director
Legal Counsel



José Ignacio Amilburu Pérez
Deputy Managing Director
Risks Department



Amparo M. Nieto Linares
Deputy Managing Director
Regulatory Compliance



Business Committee

The Business Committee is in charge of aligning the commercial strategies and campaigns with the general strategies of the bank. In this regard, it lays out the

commercial guidelines, 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 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 advisory committee 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 align the action plans of the whole group.



Ethical leadership and management with respect for human rights

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

The group's Code of Ethics and Conduct and the Stock Market Code of Conduct are the standards through which we transfer these pillars to all 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 Directors' Statute which contains the standards that set forth the action expected of members of the Group's Board of Directors.

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 where the institution operates, are obliged to comply with these codes. For this reason, when they join the organisation, they receive training on the Codes of Conduct and our internal procedures for the prevention of money laundering or monetary instruments and the financing of terrorism.

The fight against corruption and the prevention of money laundering or monetary instruments and the financing of terrorism are two permanent and all-pervading goals throughout the MoraBanc Group.

These issues have become a national priority leading to the adoption of legislative initiatives in recent years and a review of the prevention and repression system in order to achieve the most effective framework for the

fight against these practices. In compliance with current legislation, we have an internal control structure and mechanisms for reporting 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 whose characteristics have them liable to be regarded as instances of the laundering of money or monetary instruments or the financing of terrorism. If this should occur, 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 Policy on the Management of Conflicts of Interest. This document establishes the bases for the procedures to be followed in matters of prevention and management of conflicts and defines the procedure to follow in such situations 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 that enable us to ethically resolve 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; and establish 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 regarding operations or events which may involve 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 exercise of its duties. Its composition is established in accordance with functional integration criteria and its decisions are binding for the entire MoraBanc Group.

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

objectives defined in the group's strategy.

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

Finally, to ensure compliance with the institution's corporate good governance system, Internal Auditing 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 verifies they are properly implemented.





Alignment with the best practices to present our information

In 2020 we presented our information in keeping with the line initiated in previous years whose aim is to be more transparent with our stakeholders and provide a vision of our activity more in keeping with our strategy and our environment. We have put what we do in context with our values, our vision, our strategy, our business model and our corporate governance with a social and sustainable focus over time. In this regard, we provide a detailed explanation on how we develop our banking and financial activity in order to create long-term value with a commitment to sustainability.

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

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 2020 integrated annual report has been prepared in accordance with the GRI standards, as its essential compliance option.

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 where 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 to determine the sustainability aspects and issues relevant to the organisation. Key people from the Bank and representatives from our stakeholder groups were directly involved in drawing up 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

To prepare this 2020 report we once again conducted a materiality analysis to update the material aspects we had obtained in the initial 2015 analysis. We conducted a survey among the stakeholders and we can confirm that the contents defined earlier still offer a reasonable picture of the impact and performance

of MoraBanc in terms 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 to update the materiality table was developed in three stages:



1. IDENTIFICATION OF POTENTIALLY RELEVANT ASPECTS

The organisation's stakeholders were identified and defined, as was their prioritisation, based on their relevance. Subsequently, we identified potentially relevant economic, social, environmental, ethical and good governance issues linked to the positive and negative impacts of the organisation's value chain from a sustainability perspective. Internal and external sources of information were used to carry out this identification: global and sectoral sustainability trends, the Andorran context and an internal analysis.



2. PRIORITISATION

The material aspects were selected upon the basis of a dual internal and external analysis. This enabled us to identify the degree of importance of the identified issues for both MoraBanc and our stakeholders. An online survey on both internal and external prioritisation was conducted and delivered via the Survey Monkey platform. For the statistical analysis of the external area the answers were weighted in accordance with the importance of each stakeholder for the company. This approach provides a more consistent insight in accordance with the reality of MoraBanc.

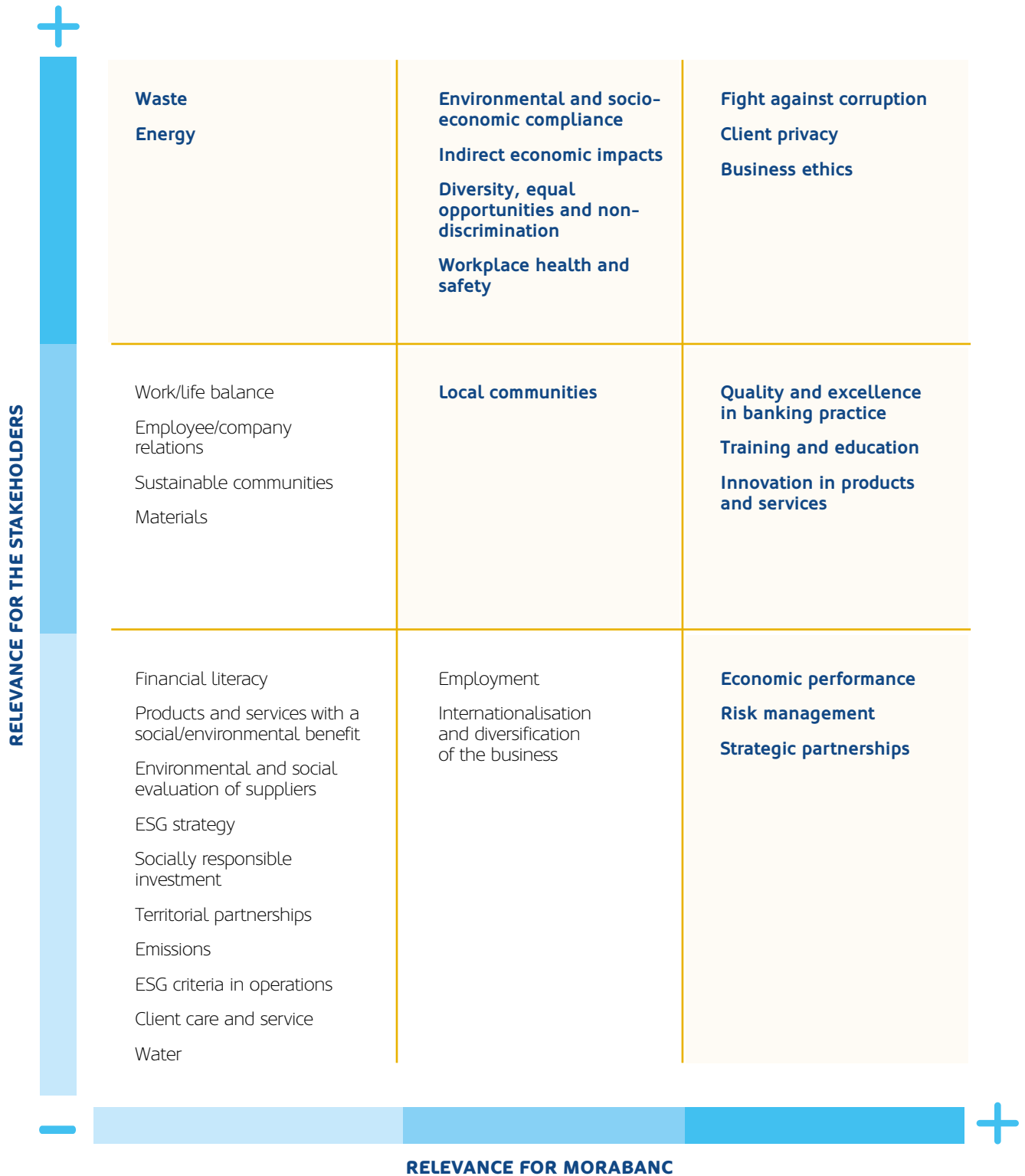


3. VALIDATION

According to the GRI Standards, by means of reviews and validation it must be ensured that the report offers a comprehensive representation of the organisation's sustainability, encompassing both the positive and negative impacts. Within this context, the purpose is to ensure that the materiality reflects a reasonable and balanced picture of the most relevant issues for sustainable and responsible development in MoraBanc's economic, environmental, social areas.



MoraBanc's 2020 Materiality Matrix



Information related to non-material topics is also published, as it allows for a more comprehensive explanation of MoraBanc's performance in the different areas of sustainability.



05

TABLE OF CONTENTS OF THE GLOBAL REPORTING INITIATIVE



GENERAL BASIC CONTENTS (2016 VERSION OF THE GRI STANDARDS)

GRI STANDARD	CONTENTS	PAGE OR DIRECT RESPONSE	SDG								
PROFILE OF THE ORGANISATION											
102-1	Organisation name	Mora Banc Grup, SA									
102-2	Activities, brands, products and services	<p>MoraBanc offers its clients commercial banking, private banking and <i>wealth management</i> services, investment funds managed by the Group’s management company and insurance by the Group’s insurance company.</p> <p>Commercial banking: the commercial banking focuses on banking for individuals and banking for businesses, companies and professionals. MoraBanc has a client-focused culture and we design products and services appropriate for them. We develop commercial segmentation in accordance with the needs of each group, taking into account age and behavioural habits. Our commitment to new technologies enables us to enhance our relationship with our clients and to establish a closer dialogue.</p> <p>PRODUCTS AND SERVICES:</p> <table><tr><th>Banking for Private Individuals</th><th>Banking for Companies</th></tr><tr><td>Life insurance Accounts and cards Savings Mortgages Loans and credits Investment products Investment consultancy Discretionary and individualised portfolio management MoraBanc Digital Receipt, transmission and execution of orders</td><td>Investment products Credit cards Treasury and investments Investment consultancy Personalised attention Discretionary and individualised portfolio management MoraBanc Digital International business</td></tr></table> <p>Private Banking and Wealth Management: all MoraBanc’s private banking and <i>wealth management</i> activities are managed by expert staff in order to offer excellent service to our clients.</p> <p>PRODUCTS AND SERVICES:</p> <table><tr><th>Private Banking</th><th>Wealth Management</th></tr><tr><td>Life insurance Investment consultancy Online broker Range of loans and mortgages Discretionary and individualised portfolio management Innovation in structured products MoraBanc Digital Receipt, transmission and execution of orders Credit cards</td><td>Investment consultancy Choice of custodian bank Financial wealth structuring Discretionary and individualised portfolio management Receipt, transmission and execution of orders</td></tr></table>	Banking for Private Individuals	Banking for Companies	Life insurance Accounts and cards Savings Mortgages Loans and credits Investment products Investment consultancy Discretionary and individualised portfolio management MoraBanc Digital Receipt, transmission and execution of orders	Investment products Credit cards Treasury and investments Investment consultancy Personalised attention Discretionary and individualised portfolio management MoraBanc Digital International business	Private Banking	Wealth Management	Life insurance Investment consultancy Online broker Range of loans and mortgages Discretionary and individualised portfolio management Innovation in structured products MoraBanc Digital Receipt, transmission and execution of orders Credit cards	Investment consultancy Choice of custodian bank Financial wealth structuring Discretionary and individualised portfolio management Receipt, transmission and execution of orders	
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Private Banking	Wealth Management										
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GRI STANDARD	CONTENTS	PAGE OR DIRECT RESPONSE	SDG
		<p>Mora Gestió d'Actius, SAU: The Group's collective investment body management company, which operates under the MoraBanc Asset Management brand with a varied and competitive range of mutual funds.</p> <p>PRODUCTS AND SERVICES:</p> <p>MoraBanc Asset Management</p> <p>Disclosure and dissemination of our experts' market vision</p> <p>Investment funds</p> <p>Portfolio and SICAV discretionary management services</p> <p>Mora Assegurances, SAU: the Group's life insurance company which seeks to offer all kinds of life insurance and complementary health guarantees linked to said life policies.</p> <p>In addition to life insurance, the institution offers savings and welfare products such as pension and retirement plans. It also provides clients with Unit Linked products, which may be MoraBanc Unit Linked Funds, MoraBanc Unit Linked Portfolios or MoraBanc Unit Linked Assets, depending on the assets to which they are linked.</p>	
102-3	Location of headquarters	Mora Banc Grup, SA Av. Meritxell, 96 AD500 Andorra la Vella Principality of Andorra	
102-4	Location of operations	17-19	
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 in Andorra. The Group is made up of:</p> <ul style="list-style-type: none"> - Mora Banc Grup, SA, a banking institution whose corporate purpose involves all kinds of operations that banking institutions can perform under current Andorran law. - Mora Assegurances, SAU, whose purpose is to conduct all kinds of insurance, reinsurance and risk coverage activities in the life insurance sector. - Mora Gestió d'Actius, SAU, whose purpose is to manage collective investment bodies, conduct discretionary and individualised portfolio management activities and provide advice on investments. - Mora Wealth Management AV, SAU, a securities agency authorised to provide services for discretionary portfolio management, financial advice and the reception and transmission of orders. - Boreal Capital Management, AG, whose activity involves the management of assets and financial assessments. - Boreal Capital Holdings USA, LLC, an investment portfolio company. It acts as the head of the other companies based in the USA: <ul style="list-style-type: none"> • Boreal Capital Management LLC, which seeks to provide asset management and financial assessments. • Boreal Capital Securities LLC, which carries out the activity of a Broker-Dealer. 	



GRI STANDARD	CONTENTS	PAGE OR DIRECT RESPONSE	SDG																																																																																																
102-6	Markets served	17-19																																																																																																	
102-7	Size of the organisation	17-19																																																																																																	
102-8	Information on employees and other workers	<div>39-42</div> <div>Workforce as of 31 December:</div> <div>Distribution of the workforce by countries:</div> <table><tr><th>Countries</th><th>2020¹</th><th>%</th><th>2019²</th><th>%</th></tr><tr><td>Andorra</td><td>284</td><td>86%</td><td>276</td><td>89%</td></tr><tr><td>USA (Miami)</td><td>28</td><td>8%</td><td>26</td><td>8%</td></tr><tr><td>Switzerland (Zurich)</td><td>10</td><td>3%</td><td>10</td><td>3%</td></tr><tr><td>Spain (Barcelona)</td><td>10</td><td>3%</td><td>-</td><td>-</td></tr><tr><td>Total</td><td>332</td><td>100%</td><td>312</td><td>100%</td></tr></table> <div>Workforce of the MoraBanc Group by type of contract and working week:</div> <table><tr><th>Type of contract</th><th>2020¹</th><th>2019²</th></tr><tr><td>Men</td><td>172</td><td>161</td></tr><tr><td>Women</td><td>153</td><td>144</td></tr><tr><td>Permanent</td><td>325</td><td>305</td></tr><tr><td>% Permanent</td><td>98%</td><td>98%</td></tr><tr><td>Men</td><td>4</td><td>5</td></tr><tr><td>Women</td><td>3</td><td>2</td></tr><tr><td>Temporary</td><td>7</td><td>7</td></tr><tr><td>% Temporary</td><td>2%</td><td>2%</td></tr></table> <table><tr><th>Types of working week</th><th>2020¹</th><th>2019²</th></tr><tr><td>Men</td><td>176</td><td>166</td></tr><tr><td>Women</td><td>152</td><td>140</td></tr><tr><td>Full time</td><td>328</td><td>306</td></tr><tr><td>% of full-time week</td><td>99%</td><td>98%</td></tr><tr><td>Men</td><td>0</td><td>0</td></tr><tr><td>Women</td><td>4</td><td>6</td></tr><tr><td>Part time</td><td>4</td><td>6</td></tr><tr><td>% Part-time</td><td>1%</td><td>2%</td></tr></table> <table><tr><th>External workers</th><th>2020</th><th>2019</th></tr><tr><td>Men</td><td>1</td><td>7</td></tr><tr><td>Women</td><td>1</td><td>11</td></tr><tr><td></td><td>2</td><td>18</td></tr></table> <div>The group of external workers is made up of two people who provide services to the Group in administrative and auxiliary tasks, generally to the back office department and at counters in branches.</div> <div>¹ Average of the year 2020.</div> <div>² In addition, the Group is the owner of Casa Vicens in Spain, the first house built by Gaudí. The house has been restored and converted into a museum and five of the Group's employees work there.</div>	Countries	2020 ¹	%	2019 ²	%	Andorra	284	86%	276	89%	USA (Miami)	28	8%	26	8%	Switzerland (Zurich)	10	3%	10	3%	Spain (Barcelona)	10	3%	-	-	Total	332	100%	312	100%	Type of contract	2020 ¹	2019 ²	Men	172	161	Women	153	144	Permanent	325	305	% Permanent	98%	98%	Men	4	5	Women	3	2	Temporary	7	7	% Temporary	2%	2%	Types of working week	2020 ¹	2019 ²	Men	176	166	Women	152	140	Full time	328	306	% of full-time week	99%	98%	Men	0	0	Women	4	6	Part time	4	6	% Part-time	1%	2%	External workers	2020	2019	Men	1	7	Women	1	11		2	18	<div></div> <div></div>
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GRI STANDARD	CONTENTS	PAGE OR DIRECT RESPONSE	SDG
102-9	Supply chain	In accordance with our activity, we differentiate between suppliers that provide financial, audit and consultancy services and others that provide us with materials and handle the maintenance and supplies for our infrastructures. In our commitment to sustainability we prioritise companies that operate with a responsible attitude towards society and the environment.	
102-10	Significant changes to the organisation and its supply chain	During the pandemic MoraBanc employees have mostly worked from home, thus maintaining the bank's management and the service for its clients.	
102-11	Precautionary principle or approach	We are committed to the preservation of the environment and our natural surroundings, of undeniable value for Andorra, and to the fight against climate change. MoraBanc incorporates energy and resource-saving measures into the realisation of its activity.	
102-12	External initiatives	MoraBanc does not endorse any principle or statute or any other document of an economic, social or environmental nature.	
102-13	Membership of associations	MoraBanc is a member of various institutions in the region: <ul style="list-style-type: none"> - Association of Andorran Banks (Andorran Banking or the ABA in its Catalan initials) - EFA (Andorran Family Business for Total Quality Management) - Business Confederation of Andorra (CEA in its Catalan initials), through Andorran Banking - Chamber of Commerce, Industry and Services of Andorra (CCIS), through Andorran Banking - Andorran Institute of Legal, Economic and Financial Studies (JEF in its Catalan initials) through Andorran Banking MoraBanc is a partner of Actinn, a technology and innovation cluster. Actinn is the first privately-owned cluster in Andorra. Its purpose is to promote the competitiveness of its associate members and enhance cooperation among companies from different sectors and other agents so as to offer new technology-based solutions in the Principality of Andorra.	

STRATEGY

102-14	Statement by the head of the organisation	10-13	
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ETHICS AND INTEGRITY

102-16	Values, principles, standards and rules of conduct	74-75 MoraBanc is subject to the decree approving the revised text of 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 and strictly complies with it. In addition, it has a Code of Ethics and Conduct for the Group, which also contains the Technical Communiqué of AFA 163/05 on ethical rules and conduct, and it is mandatory for all its employees. MoraBanc also undertakes to abide by the regulations contained in the Code of Ethics approved by the ABA's General Assembly on 13 January 2017, which regulates, within the framework of the law in force at any time, the standards of honesty, integrity, professionalism and confidentiality applied by Andorran banking institutions in their relationships with clients, third parties and supervisory and regulatory bodies.	
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GRI STANDARD	CONTENTS	PAGE OR DIRECT RESPONSE	SDG
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GOVERNANCE

102-18

Governance structure

68-69

Below is a list of the members of the Board of Directors of Mora Banc Grup, SA, together with their positions and categories of director.

Board of Directors on 31/12/2020:

MORA BANC GRUP, SA

Members	Position	Type
Pedro González Grau	Chairman	
Oscar Aristot Borrás	Director	Proprietary
Mora Fills, SA, represented by Mr. Marc Mora Guerín	Director	Proprietary
Joan Quera Font	Director	Proprietary
Francesc Xavier Maymó Gatell	Director	Proprietary
Miguel Antonio Pérez Carnicero	Director	Independent
Agustín Berasaluze Astarloa	Director	Independent
Jose María Gefaell Chamochín	Director	Independent
Marc Vilallonga Puy	Non-Board Member Secretary	-

As of the date of the publication of this report, the Board of Directors comprised:

MORA BANC GRUP, SA

Members	Position	Type
Pedro González Grau	Chairman	
Oscar Aristot Borrás	Director	Proprietary
Mora Fills, SA, represented by Mr. Marc Mora Guerín	Director	Proprietary
Joan Quera Font	Director	Proprietary
Francesc Xavier Maymó Gatell	Director	Proprietary
Miguel Antonio Pérez Carnicero	Director	Independent
Agustín Berasaluze Astarloa	Director	Independent
Gilbert Saboya Sunyé ¹	Director	Independent
José Manuel Lara García ²	Director	Independent
Marc Vilallonga Puy	Non-Board Member Secretary	-

¹ Incorporated as a member of the Board of Directors on 3 February 2021 to fill the vacancy left by Mr. José María Gefaell Chamochín.

² Incorporated as a member of the Board of Directors in January 2021.




GRI STANDARD	CONTENTS	PAGE OR DIRECT RESPONSE	SDG												
		<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 the various management teams.</p> <p>Executive Team:</p> <hr/> <table><tr><td>Lluís Alsina Álvarez</td><td>Managing Director</td></tr><tr><td>Sara Álvarez Cazorla</td><td>Deputy General Manager Financial Division</td></tr><tr><td>M. Teresa Araúz Regué</td><td>Deputy General Manager Internal Auditing</td></tr><tr><td>Rubén Aísa García</td><td>Deputy Managing Director Legal Counsel</td></tr><tr><td>José Ignacio Amilburu Pérez</td><td>Deputy Managing Director Risks Department</td></tr><tr><td>Amparo M. Nieto Linares</td><td>Deputy Managing Director Regulatory Compliance</td></tr></table> <hr/>	Lluís Alsina Álvarez	Managing Director	Sara Álvarez Cazorla	Deputy General Manager Financial Division	M. Teresa Araúz Regué	Deputy General Manager Internal Auditing	Rubén Aísa García	Deputy Managing Director Legal Counsel	José Ignacio Amilburu Pérez	Deputy Managing Director Risks Department	Amparo M. Nieto Linares	Deputy Managing Director Regulatory Compliance	
Lluís Alsina Álvarez	Managing Director														
Sara Álvarez Cazorla	Deputy General Manager Financial Division														
M. Teresa Araúz Regué	Deputy General Manager Internal Auditing														
Rubén Aísa García	Deputy Managing Director Legal Counsel														
José Ignacio Amilburu Pérez	Deputy Managing Director Risks Department														
Amparo M. Nieto Linares	Deputy Managing Director Regulatory Compliance														



GRI STANDARD	CONTENTS	PAGE OR DIRECT RESPONSE	SDG
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PARTICIPATION OF STAKEHOLDERS

102-40	List of stakeholder groups	46-47 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 bargaining agreements, given that the Andorran regulations stipulate that the workers shall undertake the above, an action which has not occurred to date.	
102-42	Identifying and selecting stakeholders	To select the stakeholders, MoraBanc has taken into account the materiality report drawn up in 2021, in which the people and organisations affected by MoraBanc's activities were determined.	
102-43	Approach to stakeholder engagement	MoraBanc takes into account the various stakeholders when evaluating its activity.	
102-44	Key topics and concerns raised	46-47	



GRI STANDARD	CONTENTS	PAGE OR DIRECT RESPONSE	SDG
REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	The information submitted relates to the companies which appear in the consolidated financial statements. If the scope does not coincide in some cases, this is specified in the corresponding section of the report.	
102-46	Defining report content and topic boundaries	<p>10-13, 76-77</p> <p>The purpose of this report is to offer a true and fair view of the economic, social, environmental and corporate performance of MoraBanc. It therefore stems from our determination to create an environment of trust with our stakeholders through free access to relevant information related to policies and actions in the area of social responsibility.</p> <p>We prepare the report following the recommendations of the international Global Reporting Initiative (GRI) standards.</p> <p>The Report covers the companies which appear in the consolidated financial statements of the organisation, as listed in the "Economic management" section.</p>	
102-47	List of material topics	76-77	
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 1 January to 31 December 2020, as we report on a calendar year basis.	
102-51	Date of most recent report	2019.	
102-52	Reporting cycle	Annual.	
102-53	Contact point for questions regarding the report	Any queries which may arise in relation to this report may be emailed to comunicacio@morabanc.ad .	
102-54	Statement of reporting in accordance with the GRI standards	This report has been drawn up in accordance with the GRI standards: core option.	
102-55	GRI content index	80-102	
102-56	External verification	The report has not been verified externally.	






MATERIAL TOPICS

ECONOMY

GRI STANDARD	CONTENTS	PAGE OR DIRECT RESPONSE	SDG
--------------	----------	-------------------------	-----

GRI 201: FINANCIAL PERFORMANCE (2016)

GRI 103: MANAGEMENT APPROACH (2016)










103-1	Explanation of the material topic and its boundary	Economic achievement is a principal material topic for MoraBanc’s stakeholders and it is also an essential element of the activity. The impact of the economic achievement directly affects one part of the stakeholders (employees, providers and suppliers, shareholders, clients, sponsored entities, etc.), as well as, indirectly, the rest of society through the wealth we generate.																												
103-2	The management approach and its components	In its strategic plan MoraBanc has expressed its willingness to maintain its banking activity in Andorra and beyond its borders and that it has the ambition to grow.																												
103-3	Evaluation of the management approach	The institution evaluates the economic achievement thanks to its continuous monitoring of the business indicators, drawing up the necessary reports. The Business Monitoring Committee and the Strategy Committee apply the appropriate modifications or corrections whenever 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 2020.</p> <table><thead><tr><th></th><th>2020</th><th>2019</th></tr></thead><tbody><tr><td>Economic value generated</td><td>98,775</td><td>91,894</td></tr><tr><td>Financial margin</td><td>28,847</td><td>28,368</td></tr><tr><td>Net commissions for services</td><td>55,401</td><td>51,083</td></tr><tr><td>Profit/loss from financial transactions</td><td>10,486</td><td>7,352</td></tr><tr><td>Other income</td><td>4,041</td><td>5,091</td></tr><tr><td>Economic value distributed</td><td>55,829</td><td>56,975</td></tr><tr><td>Economic value retained</td><td>42,946</td><td>34,919</td></tr><tr><td>Economic value distributed and retained</td><td>98,775</td><td>91,894</td></tr></tbody></table>		2020	2019	Economic value generated	98,775	91,894	Financial margin	28,847	28,368	Net commissions for services	55,401	51,083	Profit/loss from financial transactions	10,486	7,352	Other income	4,041	5,091	Economic value distributed	55,829	56,975	Economic value retained	42,946	34,919	Economic value distributed and retained	98,775	91,894	<div><div>2ZERO HUNGER</div><div>8DECENT WORK AND ECONOMIC GROWTH</div><div>12RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div>
	2020	2019																												
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Economic value distributed	55,829	56,975																												
Economic value retained	42,946	34,919																												
Economic value distributed and retained	98,775	91,894																												
201-4	Financial assistance received from the government	MoraBanc does not receive any public aid.																												

* The version of the corresponding standard is specified in brackets.

GRI STANDARD	CONTENTS	PAGE OR DIRECT RESPONSE	SDG
--------------	----------	-------------------------	-----

GRI 203: INDIRECT ECONOMIC IMPACTS (2016)

GRI 103: MANAGEMENT APPROACH (2016)

103-1	Explanation of the material topic and its boundary	58-65 Economic development is a material topic for MoraBanc's 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.	
103-2	The management approach and its components	58-65 The indirect economic impacts on society form part of MoraBanc's DNA and the Board of Director's desire to actively contribute to society. MoraBanc has established commitments with institutions to achieve its goals with regard to its economic impact. To achieve this, it makes its human, material and economic resources available.	
103-3	Evaluation of the management approach	MoraBanc monitors the actions by means of various indicators which are periodically reported, such as the publicity received from the actions carried out and the impact they have had, e.g., articles which have appeared in the press and the achievement of the objectives of the sponsored projects.	
203-2	Significant indirect economic impacts	58-65	        



GRI STANDARD	CONTENTS	PAGE OR DIRECT RESPONSE	SDG
GRI 205: ANTI-CORRUPTION (2016)			
GRI 103: MANAGEMENT APPROACH (2016)			
103-1	Explanation of the material topic and its boundary	74-75	
103-2	The management approach and its components	74-75	
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	74-75	
205-3	Confirmed incidents of corruption and actions taken	There was no confirmed case of corruption at MoraBanc in 2020.	



OTHER MATERIAL ASPECTS

GRI STANDARD	CONTENTS	PAGE OR DIRECT RESPONSE	SDG
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INNOVATION IN PRODUCTS AND SERVICES

GRI 103: MANAGEMENT APPROACH (2016)

103-1	Explanation of the material topic and its boundary	Continuous innovation is one of the pillars upon which we rely to ensure the best technological response at the service of people and become a leading bank.	
103-2	The management approach and its components	MoraBanc wishes to constitute a benchmark in client-oriented innovation to offer a better service.	
103-3	Evaluation of the management approach	The purpose of the Information Technology, Innovation and Security Committee is to assist the Board in understanding the group's infrastructures and technology and innovation strategy.	

QUALITY AND EXCELLENCE IN BANKING PRACTICE

GRI 103: MANAGEMENT APPROACH (2016)

103-1	Explanation of the material topic and its boundary	20-23	
103-1	The management approach and its components	20-23	
103-3	Evaluation of the management approach	20-23	

BUSINESS ETHICS

GRI 103: MANAGEMENT APPROACH (2016)


103-1	Explanation of the material topic and its boundary	74-75	
103-2	The management approach and its components	74-75	
103-3	Evaluation of the management approach	74-75	



GRI STANDARD	CONTENTS	PAGE OR DIRECT RESPONSE	SDG
--------------	----------	-------------------------	-----

RISK MANAGEMENT

GRI 103: MANAGEMENT APPROACH (2016)

103-1	Explanation of the material topic and its boundary	32-33	
103-2	The management approach and its components	32-33	
103-3	Evaluation of the management approach	32-33	
102-15	Key impacts, risks and opportunities	32-33	
102-17	Mechanisms for advice and concerns about ethics	74-75 The Regulatory Compliance Department supervises, monitors and verifies the continuous and effective compliance of the institution, the senior management, the workforce and the financial agents it appoints with the legal and regulatory obligations and ethical standards and conduct, as well as the institution's internal policies, in order to protect clients and minimise the risk of non-compliance and other risks associated with the bank's activities. It is responsible for drawing up the codes of conduct and adapting them to the regulations in force. Together with the Legal Counsel area, 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.	
102-30	Effectiveness of risk management processes	32-33	

STRATEGIC PARTNERSHIPS

GRI 103: MANAGEMENT APPROACH (2016)

103-1	Explanation of the material topic and its boundary	MoraBanc's objectives focus on leading the Andorran banking sector. Our strength has positioned us as the benchmark and, in order to maintain this sustained growth, we establish strategic partnerships with companies with which we share values related to quality, service and leadership.	
103-2	The management approach and its components	MoraBanc seeks to create synergies with globally-renowned companies in its sector.	
103-3	Evaluation of the management approach	We share projects with leading companies in their sectors in order to add value to the range of products and services we offer our clients.	

ENVIRONMENT

GRI STANDARD	CONTENTS	PAGE OR DIRECT RESPONSE	SDG
--------------	----------	-------------------------	-----

GRI 302: ENERGY (2016)

GRI 103: MANAGEMENT APPROACH (2016)



103-1	Explanation of the material topic and its boundary	62-65	
103-2	The management approach and its components	62-65	
103-3	Evaluation of the management approach	62-65	
302-1	Energy consumption within the organisation	<p>62-65</p> <p>The source of the emission factors used for the calculation is:</p> <ul style="list-style-type: none"> - Practical guide for calculating greenhouse gas emissions (GHG). March 2019 version - Forces Eléctriques d'Andorra (FEDA - Andorran electricity utility) 2019 Sustainability Report - International Energy Agency (IEA). Emission Factors 2018 - Environmental Paper Network Paper Calculator, version 4.0 - International Civil Aviation Organization (ICAO) - Carbon emissions calculator Defra - UK Government GHG Conversion Factors for Company Reporting 2018 <p>All the above are updated and verified sources.</p>	

GRI 306: WASTE (2020)

GRI 103: MANAGEMENT APPROACH (2016)

103-1	Explanation of the material topic and its boundary	62-65	
103-2	The management approach and its components	62-65	
103-3	Evaluation of the management approach	62-65	



GRI STANDARD	CONTENTS	PAGE OR DIRECT RESPONSE	SDG															
306-1	Explanation of the material topic and its boundary	<p>Waste generation has been reduced by 15% between 2019 and 2020.</p> <table><thead><tr><th></th><th>2020</th><th>2019</th></tr></thead><tbody><tr><td>Paper and cardboard waste</td><td>21,062</td><td>24,550</td></tr><tr><td>Toner</td><td>256.5</td><td>480</td></tr><tr><td>Cards</td><td>28.1</td><td>25.5</td></tr><tr><td>Total kg generated</td><td>21,346.6</td><td>25,055.5</td></tr></tbody></table>		2020	2019	Paper and cardboard waste	21,062	24,550	Toner	256.5	480	Cards	28.1	25.5	Total kg generated	21,346.6	25,055.5	
	2020	2019																
Paper and cardboard waste	21,062	24,550																
Toner	256.5	480																
Cards	28.1	25.5																
Total kg generated	21,346.6	25,055.5																
306-2	Management of significant impacts related to waste	<p>MoraBanc recycles all the consumables that are generated:</p> <ul style="list-style-type: none">- The paper and cardboard we generate with our activity are regularly recycled. In 2020 we generated 21,062 kg, 14% less than in 2019.- Toner. The printers we use are monitored to ensure that the maintenance of the consumables is that which is strictly necessary. We have thus reduced the consumption of toner by 80% over the last two years. The same company that monitors the consumables recycles the used toner, in such a way that all the units consumed are collected and recycled to prevent the generation of waste.- Plastic. Credit and debit cards are recycled. 28.1 kg have been generated this year.	<div></div>															

GRI 307: ENVIRONMENTAL COMPLIANCE (2016)

103-1	Explanation of the material topic and its boundary	62-65	
103-2	The management approach and its components	62-65	
103-3	Evaluation of the management approach	62-65	
307-1	Non-compliance with environmental legislation and regulations	MoraBanc has not received any fine or penalty for non-compliance the with environmental laws.	



SOCIAL



GRI STANDARD	CONTENTS	PAGE OR DIRECT RESPONSE	SDG
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GRI 403 OCCUPATIONAL HEALTH AND SAFETY (2018)

GRI 103: MANAGEMENT APPROACH (2016)


103-1	Explanation of the material topic and its boundary	MoraBanc's commitment to health and safety is one of the principles that govern the conduct of our activity. Our activity has to guarantee the well-being of our staff and those whom we subcontract.	
103-2	The management approach and its components	MoraBanc applies the regulation stipulated in Law 34/3008 of 18 December on occupational health and safety.	
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.	
403-1	Occupational health and safety management system	The occupational health and safety management operates in conjunction with an external company responsible for identifying, assessing and controlling the hazards and risks associated with the work environment, in accordance with current regulations.	3 GOOD HEALTH AND WELL-BEING
403-2	Hazard identification, risk assessment and investigation of incidents	The identification of hazards and risks associated with the workplace is regularly analysed by an external company. All the employees are given medical check-ups to identify potential risks and dangers associated with their work.	3 GOOD HEALTH AND WELL-BEING
403-3	Occupational health services	All MoraBanc's employees receive occupational health and safety training when they join the institution.	3 GOOD HEALTH AND WELL-BEING
403-4	Employee participation, consultations and communication with regard to occupational health and safety at work	The people management department is available to all the workers to enable them, if necessary, to report any work-related situations that may cause risks. These situations will be analysed on a case-by-case basis and the appropriate measures will be taken.	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH
403-5	Training of employees in occupational health and safety	All MoraBanc's employees receive training related to the risks associated with their workplace when they join the workforce. Similarly, MoraBanc regularly trains initial intervention and first aid teams to train the workers with regard to hazardous or risky situations.	3 GOOD HEALTH AND WELL-BEING
403-6	Promotion of employees' health	49 At MoraBanc we comply with Law 34/2008 on workplace health and safety and offer employees the opportunity of having a regular health check-up. MoraBanc promotes the health of its employees with the social benefits it offers them in relation to their health, including 100% coverage of their salary in the event that they are off sick, 50% coverage of their health insurance and free access to the World Care service for all its employees. This year, given the pandemic, MoraBanc has reached agreements with external companies to provide its employees with the opportunity to take recurring antigen tests.	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH



GRI STANDARD	CONTENTS	PAGE OR DIRECT RESPONSE	SDG
403-7	Prevention and mitigation of impacts on employees' health and safety directly linked to business 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 bank's Building and Safety Department is responsible for implementing preventative measures in order to minimise any workplace risks.	
403-8	Employees covered by an occupational health and safety management system	The occupational health and safety management system operates in conjunction with an external company. An audit of all the positions affecting the bank employees was recently carried out in order to take the appropriate measures in accordance with current legislation. The audit does not cover the positions covered by personnel from outside the institution as the contracting company is responsible for their health and safety.	

GRI 404: TRAINING AND EDUCATION (2016)

GRI 103: MANAGEMENT APPROACH (2016)

103-1	Explanation of the material topic and its boundary	39-42	
103-2	The management approach and its components	39-42	
103-3	Evaluation of the management approach	39-42	
404-1	Average training hours per year per employee	39-42	
404-3	Percentage of employees receiving regular performance and career development reviews	All MoraBanc's employees undergo an annual assessment of their skills. 100% of the employees were assessed in 2020.	



GRI STANDARD	CONTENTS	PAGE OR DIRECT RESPONSE	SDG
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GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES (2016)
GRI 103: MANAGEMENT APPROACH (2016)

103-1	Explanation of the material topic and its boundary	39-42																														
103-2	The management approach and its components	39-42																														
103-3	Evaluation of the management approach	39-42																														
405-1	Diversity of governing bodies and employees	<div><div>Composition of the Board of Directors: MORA BANC GRUP, SA</div><div>By gender</div><table><tr><th></th><th>2020*</th><th>2019</th></tr><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></table><div>* On the date of the publication of this report the bank's Board of Directors consisted of 9 people, all of them male. 3 are between 30 and 50 years old and 6 are over 50 years old.</div><div>By age</div><table><tr><th></th><th>2020</th><th>2019</th></tr><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>2</td><td>2</td></tr><tr><td>Above 50 years of age</td><td>6</td><td>6</td></tr><tr><td>Total</td><td>8</td><td>8</td></tr></table><div>The composition of the employees by job category can be viewed on page 40.</div></div> <div><div>5</div><div>GENDER EQUALITY</div><div></div></div> <div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div><div></div></div>		2020*	2019	Men	8	8	Women	0	0	Total	8	8	% Women	0%	0%		2020	2019	Under 30 years of age	0	0	Between 30 and 50 years of age	2	2	Above 50 years of age	6	6	Total	8	8
	2020*	2019																														
Men	8	8																														
Women	0	0																														
Total	8	8																														
% Women	0%	0%																														
	2020	2019																														
Under 30 years of age	0	0																														
Between 30 and 50 years of age	2	2																														
Above 50 years of age	6	6																														
Total	8	8																														



GRI STANDARD	CONTENTS	PAGE OR DIRECT RESPONSE	SDG
--------------	----------	-------------------------	-----







GRI 406: NON-DISCRIMINATION (2016)
GRI 103: MANAGEMENT APPROACH (2016)

103-1	Explanation of the material topic and its boundary	39-42	
103-2	The management approach and its components	39-42	
103-3	Evaluation of the management approach	39-42	
406-1	Incidents of discrimination and corrective measures taken	During 2020, MoraBanc has not had any cases of discrimination in the workplace.	

GRI 413: LOCAL COMMUNITIES (2016)
GRI 103: MANAGEMENT APPROACH (2016)

103-1	Explanation of the material topic and its boundary	58-65 Thinking of a better world forms part of MoraBanc's commitment to sustainability.	
103-2	The management approach and its components	58-65 We are aware that, on many occasions, our activity may form part of the solution to certain problems facing society, which is why we design a strategy that contributes to the progress of the Andorran community.	
103-3	Evaluation of the management approach	58-65 MoraBanc promotes various initiatives and programmes which generate value for society.	



GRI STANDARD	CONTENTS	PAGE OR DIRECT RESPONSE	SDG
413-1	Operations with local community engagement, impact assessments, and development programmes	58–65	     

GRI 418: CLIENT PRIVACY (2016)

GRI 103: MANAGEMENT APPROACH (2016)

103-1	Explanation of the material topic and its coverage	MoraBanc is under an obligation to protect the personal and private information of its clients.	
103-2	The management approach and its components	MoraBanc applies the legislation in force with regard to data protection and personal information.	
103-3	Evaluation of the management approach	The Regulatory Compliance Department is responsible for overseeing compliance with the regulations applied by the institution in this matter.	
418-1	Substantiated complaints regarding breaches of client privacy and losses of client data	<p>MoraBanc is obliged to protect the 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.</p> <p>In 2020 MoraBanc did not receive any complaints regarding the violation of client or employee privacy or any loss of personal data.</p>	



GRI STANDARD	CONTENTS	PAGE OR DIRECT RESPONSE	SDG
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GRI 419: SOCIO-ECONOMIC COMPLIANCE (2016)
GRI 103: MANAGEMENT APPROACH (2016)

103-1	Explanation of the material topic and its boundary	MoraBanc conducts its activity in strict compliance with Andorran Law.	
103-2	The management approach and its components	74-75	
103-3	Evaluation of the management approach	74-75	
419-1	Non-compliance with laws and regulations in the social and economic spheres	In 2020, MoraBanc has not received any fines for the non-compliance with regulations regarding social or economic matters.	



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