

# 2015 annual report



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# Statement from the Chairmen

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

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

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

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

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

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

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

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

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

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

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

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

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

MoraBanc's commitment to the environment has also been notable in its attempt to combat climate change, an aspect that has formed part of our corporate culture since the very beginning and which has led us, since 2009, to set ourselves the target of becoming a 100% neutral company in terms of CO<sub>2</sub> emissions.

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

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

**Francesc Mora Sagués**  
Chairman of Mora Banc Grup, SA

**Jordi Mora Magriñà**  
Chairman of Mora Banc, SAU

# Introduction to the sustainability report

This sustainability report by MoraBanc has been drawn up in order to inform all our stakeholders about the actions carried out by the Bank in 2015. The following pages contain information on MoraBanc's economic, social and environmental performance last year.

Our commitment to encourage communication, which forms part of the Bank's social responsibility strategy, has led us to take a step forward and adapt the content of the report to the requirements of the G4 Global Reporting Initiative (GRI), the leading international benchmark for producing social responsibility reports.

GRI is a pioneering organisation in developing a reference framework to present this kind of report and its main aim is to encourage and standardise reporting on organisations' environmental, social and economic performance. G4 is the latest version of the GRI Guide, the main reference document that establishes the guidelines for drawing up these reports, with solid, reliable and standardised information.

The materiality process we have carried out has helped us identify the most relevant aspects in sustainability terms for MoraBanc which, as established by GRI, determine the content of this year's report. In this respect we focus on five broad aspects: presenting the organisation, including information on our values and policies, organisational structure and presence around the world; products and services, with details on the mechanisms in place to ensure quality and excellence and to protect customers, as well as the channels to relate to this group; the organisation's economic performance; the team, with information on the profile of the workforce, employee management and training policies, corporate benefits for our employees and measures to ensure a work-life balance; and, lastly, the most relevant actions and data regarding our contribution to society and the environment.

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# Summary 2015

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KEY FACTS

The MoraBanc Group

**5** countries: **9** branches  
Andorra,  
USA, Uruguay,  
Luxembourg,  
Switzerland

Environment

**100%**  
carbon neutral

**-0.9%**  
energy  
consumed

**-15%**  
paper consumed  
in-house

**-18.3%**  
CO<sub>2</sub> emissions

Financial statements

Activity

**7,290**  
followers on social media

**42.4%**  
NPS satisfaction index

**-24%**  
complaints

The team

**399**  
people

**42.85%**  
female workers

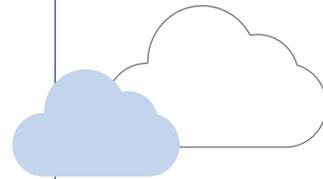
**98.5%**  
employees on a  
permanent contract

**49 h**  
annual training per  
employee

Society

**2.3%**  
of profit invested in  
actions to benefit the  
community

**47%**  
solidarity cards



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## Financial statements

## CONSOLIDATED FIGURES

2015 2014

**Business volume** (thousand euros)

Assets under management	7,191,218	7,283,943
Total assets on balance sheet	2,583,865	2,296,777
Financial intermediaries	681,189	550,235
Loan investments	1,055,629	1,077,883
Securities portfolio	698,298	514,559
Customer deposits	2,101,160	1,855,558
Equity	308,757	307,083

## CONSOLIDATED FIGURES

2015 2014

**Income statement** (thousand euros)

Financial margin	23,102	22,938
Ordinary margin	129,522	136,305
Net profit from operations	58,566	75,351
Profit from the year	34,885	40,187

**Key ratios** (%)

ROE (profit/average equity)	10.8%	12.8%
ROA (profit/average total assets)	1.5%	1.8%
Efficiency ratio (operating expenses/ ordinary margin)	46.7%	38.6%
Solvency ratio (equity/RWA)	28.5%	27.4%

## FITCH RATING

Long-term	BBB-
Short-term	F3
Financial strength	bbb-

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# The MoraBanc Group

Mora Banc Grup, SA (hereafter MoraBanc) is a banking group whose objective is to meet its customers' needs and satisfy their expectations with an organisation aimed at creating value and championing quality as its competitive edge. We offer products and services related to commercial banking, private banking and wealth management, asset management and investment funds, as well as insurance.

Founded in 1952, MoraBanc is a banking group with 100% of its capital in the hands of its founding family from Andorra. Four generations of the Mora family have now provided the Bank with their experience, surrounding themselves with the most appropriate professionals at each moment.

The Bank has an international perspective and, since 2008, has been present beyond Andorra's borders.

The key aspects that define our organisation are:

## Experience

Over 60 years in the business means we have a long-term, stable view and can establish solid relationships with our customers.

## Closeness

Present in several countries, both in Europe and America.

## Trust

Committed to quality, since 2000 we've complied with the GIPS (Global Investment Performance Standards), both in terms of investment funds and also asset management. Our private banking has also held the ISO 9001 quality certificate since 1997.

## Discretion

Privacy is essential in our relations with our customers. Discretion dominates our professional relations, which are customer-oriented and focused on transparency and quality.

## Solidity

MoraBanc stands out for its prudent management, making the Bank solvent and solid.



In 2015 we were chosen as Andorran Bank of the Year by The Banker, one of the banking industry's most prestigious magazines with worldwide influence. This is the fourth time in seven years we've been recognised with this award

# Mission, vision and values

## MISSION

MoraBanc's mission is to meet its customers' needs and satisfy their expectations with an organisation aimed at creating value and championing quality as its competitive edge.

## VISION

- To be the best bank for our customers
- To be the best company for our employees
- To provide the best technological response at the service of people
- To be a benchmark bank

## PRINCIPLES AND VALUES

### Principles

- The customer at the heart of all our actions
- Respect for people
- PEVO: all our actions must be based on planning, execution, verification and optimisation
- Involvement in society

### Values

- Respect for legality
- Professional ethics
- Transparency
- Innovation

# Organisational structure

## MORA BANC GRUP, SA

**Joan Mora Font** Honorary Chairman

### Board of Directors

**Francesc Mora Sagués** Chairman

**Lluís Àlvarez Mora** Director

**Òscar Aristot Borràs** Director

**Mora Fills, SA**  
(represented by **Jordi Mora Magriñà**) Director

**José María Hoya García** Director

**Gilles Serra** Director

**Pedro González Grau** Chief Executive Officer

**Marc Vilallonga Puy** General Secretary and Secretary to the Board

## MORA BANC, SAU

### Board of Directors

**Mora Fills, SA**  
(represented by **Jordi Mora Magriñà**) Chairman

**Lluís Àlvarez Mora** Director

**Òscar Aristot Borràs** Director

**Francesc Mora Sagués** Director

**José María Hoya García** Director

**Gilles Serra** Director

**Pedro González Grau** Chief Executive Officer

**Marc Vilallonga Puy** General Secretary and Secretary to the Board

EXECUTIVE COMMITTEE

Executive Committee of MoraBanc as from April 2016.



**Pedro González Grau**  
Chief Executive Officer



**Lluís Alsina Alvarez\***  
Deputy General Manager  
Strategy



**Fernando López Cereijo**  
Deputy General Manager  
Financial Area and Institutional Relations



**Gisela Villagordo Escolà\***  
Deputy General Manager  
Andorra Business



**Rubén Aísa García**  
Assistant General Manager  
Legal Advice



**Sara Álvarez Cazorla\***  
Assistant General Manager  
Risk Management



**Mike Manfred Saur**  
Assistant General Manager  
Operations



**Amparo M. Nieto Linares**  
Assistant General Manager  
Regulatory Compliance

\* Positions and directors pending ANIF authorisation.

# Corporate governance

Ethics and integrity are the fundamental pillars that underpin all the activities and business of the MoraBanc Group. In the middle of 2001 we grouped together all the existing ethical rules into two codes: **the Code of Conduct for the Group and the Code of Conduct for the Stock Market**. As a result, once again we confirmed our commitment to legality, transparency and professional ethics in relation to society, customers, shareholders and employees, creating a fundamental element in perfect harmony with the keys to excellence.

Over the last few years these codes have gradually been adapted to the different laws passed, as well as to the best practices in the market. The regulatory compliance department is responsible for producing and maintaining the codes of conduct, which have to be approved by the Group's Board of Directors.

**Anti-corruption and money laundering and combating the financing of terrorism** are two constant goals throughout the whole MoraBanc Group. We satisfactorily comply with current legisla-

ve requirements by having internal control parameters and complaints mechanisms in place for any suspicious transaction.

From the time they join the organisation, all MoraBanc's collaborators, in any of the countries where the Bank operates, have received training on the Codes of Conduct as well as on the internal procedures to prevent money laundering and the financing of terrorism, and everyone must comply to ensure good corporate governance.

We have two bodies to manage and control these aspects: **MoraBanc's Corporate Integrity Management Committee and the Internal Control and Communication Unit**.

One of the Corporate Integrity Management Committee's aims is to promote the adoption of the measures required to resolve ethically questionable actions; to resolve situations in which the Group's interests appear to conflict with those of its customers; to produce and circulate interpretive notes and propose changes to the Code in order to adapt it to the

trends in the Group's activities and business, in the environment in which these are carried out and in the best practices of the finance industry.

The Internal Control and Communication Unit has the mission to analyse, control and report to the supervisory authorities any information related to transactions or facts that may be related to money laundering or the financing of terrorism, as well as to establish the policies and procedures required to discover, predict and prevent the occurrence of such actions. This unit is entirely independent in exercising its functions. Its composition is based on the criterion of functional integration and its decisions are binding for the whole MoraBanc Group.

**Customer protection** is also an essential aspect for our Bank. We have three areas of control:

## Regulatory compliance

A functionally independent area responsible for supervising, monitoring and verifying the constant and effective compliance of legal and regulatory obli-

gations in terms of ethics and conduct, as well as the Bank's internal policies, in order to reduce risks.

## Risk management

The risk management and control model ensures the Bank's risk profile remains within the tolerated limits. It also contains the measures required to correct or mitigate risk and maintain their levels within the targets set by the Group's strategy.

## Internal auditing

A control area whose aim is to supervise the appropriateness and effectiveness of the Bank's internal control system, formulate conclusions and recommendations and verify their implementation.

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# Presence around the world

MoraBanc's head office is located in Andorra la Vella but there are several branches throughout Andorra to provide our customers with the best possible service. Since 2008, our internationalisation strategy has also led to us being present abroad and thereby consolidate the growth in our business.

2008 saw the start of the Mora Wealth Management subsidiaries, two firms operating in Zurich (Switzerland) and Miami (USA). International expansion continued in 2012 with the creation of a financial consultancy firm in Montevideo (Uruguay) and Mora WM Securities, a broker dealer in Miami (USA) that acts as a broker for buying and selling third-party securities. And in 2014 we opened Mora Asset Management in Luxembourg (Luxembourg).

The asset management of MoraBanc and Mora Wealth Management in Miami and Zurich is based on a multi-custody model with independent advice as a compulsory standard of conduct and a detailed analysis of the cost structure for the customer regarding bank custody, with the priority aims of optimisation, financial advice tailor-made for the customer as part of a group of first-class professionals, and transparency in the model, in both advice and costs.



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**1.A | Andorra la Vella**

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Av. Meritxell, 96  
(Head Office)  
Tel. +376 88 42 05

MORA BANC GRUP, SA  
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Tel. +376 88 47 05

**COMPANY & CORPORATE BANKING**

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AD500 Andorra la Vella  
Tel. +376 88 42 35

**INSTITUTIONAL BANKING**

Av. Meritxell, 96  
AD500 Andorra la Vella  
Tel. +376 88 45 30

**1.B | Andorra la Vella**

MORA GESTIÓ D'ACTIUS, SAU  
Carrer de L'Aigüeta, 3  
Tel. +376 88 48 98

**2.A | Escaldes-Engordany**

MORA BANC, SAU  
Plaça Coprínceps, 2  
Tel. +376 88 45 05

**2.B | Escaldes-Engordany**

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**3 | Ordino**

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Ctra. general d'Ordino.  
Edifici Safir (baixos)  
Tel. +376 88 47 85

**4 | La Massana**

MORA BANC, SAU  
Av. Sant Antoni, 21,  
Edifici Claperes  
Tel. +376 88 48 05

**5 | Sant Julià de Lòria**

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Carretera de la Rabassa, 2  
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**6 | Encamp**

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Plaça del Consell, 13  
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**7 | Canillo**

MORA BANC, SAU  
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**8 | Pas de la Casa**

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Edifici Maia  
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**9 | Miami - USA**

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MORA WEALTH MANAGEMENT LLC  
MORA WM SECURITIES , LLC  
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**10 | Montevideo - Uruguay**

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MEMBERSHIP OF  
ANDORRAN ORGANISATIONS**Association of Andorran Banks  
(Associació de Bancs  
Andorrans, ABA)**

Association founded in 1960 whose corporate purpose is to represent the collective interests of credit institutions, especially regarding public administrations; providing its members and the general public with information; studying any issue of common interest, either through its own initiative or on the request of the Andorran government; drawing up and proposing appropriate recommendations to enhance the banking profession and cooperation between different credit institutions, as well as creating, organising and managing services of common interest. ABA represents the interests of all its members and also guarantees good banking practices and corporate image. MoraBanc has formed part of ABA since it started.

**Andorran Family Company for  
Total Quality Management  
(Empresa Familiar Andorrana per  
a la Gestió de Qualitat Total, EFA)**

This Andorran family business association is a private, non-profit civil organisation that brings together companies and incorporations whose common denominator is that they belong to a family or a family group. The aim is to promote business culture in general and, in particular, to preserve family firms and, eventually, the integration of their descendents. Another aim is to promote the implementation of total quality management systems based on the European model of business excellence created by the European Foundation for Quality Management. More specifically, EFA aims to promote family business initiatives and support entrepreneurs, as well as provide technical support and training for its members, helping them create a good strategy for planning and to ensure future generations continue the company. MoraBanc has formed part of EFA since it was set up in 2002.

**Confederation of Entrepreneurs  
of Andorra (Confederació  
Empresarial d'Andorra, CEA)**

Created in 2004 and firmly established as an organisation that represents Andorran business associations, this plays an active role as intermediary between Andorra's businesses, its institutions and society at large. Its main aims are the integration, promotion, communication and growth both of its affiliates and individual firms, striving to promote the country both in economic and tourism terms. The CEA is also actively involved in helping to promote new entrepreneurial ideas and young business people, supporting Andorra's future business. MoraBanc forms part of the CEA as a member of the ABA.

**Andorran Chamber of Commerce,  
Industry and Services (Cambra  
de Comerç, Indústria i Serveis  
d'Andorra, CCIS)**

The CCIS is an institution of a public nature but privately based, created by law in 1993 for the economic promotion and defence of the general interests of the Andorran companies that form a part of it. The CCIS works to improve the business of our firms through a range of spheres; on the one hand by carrying out actions of general interest that help to encourage, defend and support economic and business activity on the whole and, on the other, by exercising the public administrative powers granted it by law and, finally, by providing services which companies can use individually. MoraBanc has formed part of the CCIS since it was set up.

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### Institute of Legal, Economic and Financial Studies of Andorra (Institut d'Estudis Jurídics Econòmics i Financers d'Andorra, JEF)

An academic institution in the Principality of Andorra established in 2007 to promote knowledge in its specialist areas. The main aims of this non-profit foundation are to organise training, research and awareness-raising activities in the areas of law, economics and finance with particular emphasis on activities related internationally to Europe and the interests of the Principality of Andorra. This is a joint foundation together with the Andorran government; the Chamber of Commerce, Tourism and Services of the Principality of Andorra; the Association of Andorran Banks and the University of Andorra, all members of the Board of trustees. MoraBanc has formed a part of since the beginning as a member of the ABA.

### French-Spanish Chamber of Commerce (Cambra Franco-Espanyola de Comerç i Indústria, CFECI)

A private institution set up in 1894 with the aim of contributing to the development of commercial relations between France and Spain, providing support both for private and public initiatives and also organising a wide range of association activities. It offers activities to help companies develop a network of contacts and provides commercial support for French firms wanting to break into Spain and Spanish firms wanting to do the same in France. MoraBanc has formed part of the CFECI since 2013.

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# Corporate social responsibility strategy

MoraBanc's firm commitment to Andorra, as well as its desire to be involved in the country's development, means that we have set ourselves the goal of contributing towards the sustainable development (in economic, cultural, social and environmental terms) of Andorra and of positioning ourselves as a benchmark for corporate social responsibility in the Andorran banking sector. This vision is in line with the fundamental values and business model that define our corporate culture.

Sustainability lies at the heart of MoraBanc's approach to business and social responsibility policies and practices are integrated within the Bank's main areas: products and services, employment practices, transparency and investing in the community.

**At MoraBanc we contribute to the economic, social, cultural and environmental development of Andorra, integrating social responsibility within its competitive model**

The values that define MoraBanc's social responsibility strategy, complementing and furthering its corporate values, are:

- **Ethics**, of the company and its employees
- **Competitiveness**, with a clear long-term vision
- **The team**, generating value through a two-way commitment between employees and MoraBanc
- **Customer service**, with a customer-oriented approach
- **Reputation**, establishing a clear correlation between what the Bank is and how it's perceived
- **Innovation**, promoting creativity and everything this involves
- **Commitment to Andorra**, contributing towards the sustainable development of the country

The main aspects on which this strategy is based and on which we aim to have a positive impact are:

- **Customers**. The core of our activity. We want to be up to their expectations, to achieve their satisfaction, monitoring very closely everything related to their investments.
- **The team**. The key to our success. We want the 399 people who work with us to feel part of the Bank, to be motivated, involved, to constantly receive training and feel their hard work is appreciated.
- **Community**. We carry out actions in favour of the community of Andorra with a variety of activities to raise awareness of science and art, with subsidies for sport and in the humanitarian field as well as showing our solidarity by collaborating with the country's NGOs, among other actions.
- **Environment**. Combating climate change is one of MoraBanc's concerns and that's why we promote initiatives to

raise awareness of society, we have obtained environmental certificates and carry out actions to reduce and offset our carbon emissions. MoraBanc is the second Andorran firm to be carbon neutral.

MoraBanc's social responsibility strategy has one differential: to spread our commitment throughout the value chain. We work hard to ensure the suppliers we deal with apply environmentally committed criteria and socially responsible practices.

The goals contained in our social responsibility actions are as follows:

- Share our actions and projects with society
- Communicate better what we do, opening up new communication channels that improve the flow of information, both internally and externally
- Include social and environmental criteria in the design of new products and services

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- Be a benchmark organisation in internal social responsibility policies
- Manage the environmental impact of the company's activities
- Invest in community actions with a focus on social responsibility
- Invest in Andorra's development, promoting initiatives related to raising awareness among the people of Andorra of culture, sports and knowledge, as well as looking after the country's natural areas and projects of a more social nature.
- Introducing policies of social responsibility with suppliers
- Manage the environmental impact of the company's activities
- Invest in community actions with a focus on social responsibility
- Developing responsible employment policies
- Signing and implementing international social responsibility initiatives

The broad lines of action that help us to achieve our goals are divided into eight different dimensions:

- Defining a vision of social responsibility in line with and part of the business vision
- Improving the communication of our social responsibility strategy
- Developing products and services that include aspects of social responsibility
- Environment
- Society
- Culture and training
- Sport
- Responsible organisation

Some of these actions have already been carried out. The action plan we've drawn up helps to develop these dimensions in a balanced way. We have currently started 65% of the projects that form part of our action plan for 2015, with actions classified into the following areas:

# Principles and initiatives supported

Aware of our responsibility, as a company, for the environment, and of the need to strike a balance between competitiveness and sustainability to grow the business but at the same time make a positive contribution to society and the environment, we have signed up to a number of initiatives that guarantee quality and good business practices.

**ISO 9001 Quality Management certificate** for the area of private banking since 1997.

**ISO 14001 Environmental Management certificate** for all MoraBanc's activities, products and services since 2000.

**GIPS (Global Investment Performance Standards) certificate** both in investment funds as asset management. These are standards that guarantee the measurement and presentation of comparable, transparent investment returns among all investment managers worldwide. In 2000 we received our first certificate and have complied with these standards ever since.

**Clean CO<sub>2</sub> certificate** for a neutral company in greenhouse gas emissions. This initiative has been carried out since 2009 and certifies MoraBanc as Andorra's first carbon neutral bank.



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# Value chain

As part of MoraBanc's relationship with the environment, and as a result of a process of internal reflection, we've identified those stakeholders that may be influenced by our activity or exercise some influence over it. We have also reported on the communication channels and dialogue established with each one of them.



## Customers

**Our main aim. Our purpose. The people we work for every day. MoraBanc's main concern is customer satisfaction and being up to our customers' expectations.**

We've set up many different channels of communication: direct communication, email, telephone, social media, blog, online banking, satisfaction surveys, etc. These channels are used to offer products and services, corporate information, information on cultural events, etc.



## Employees

**Our major asset and value. The key to our success. These are the people who work for MoraBanc and we constantly strive to offer them the best conditions.**

We publish a monthly internal magazine with content by our employees, we hold team meetings and carry out climate surveys, we have contact directly and also via email, etc. We share information on a wide range of issues, such as information on employment aspects, commercial campaigns, changes in employment legislation or raising environmental awareness, for example.



### Suppliers

**They provide us with products or services to carry out activity. We want to engage them in our values and commitments.**

The main communication channels are face-to-face meetings, telephone and email. Fundamentally we share commercial information and on products and services, information security and aspects of sustainability.



### Cultural, sports and social organisations

**Comunitat per a la qual treballem. Són persones que formen part del nostre àmbit d'influència i volem contribuir al seu benestar i desenvolupament.**

The community we work for. These people form part of our area of influence and our aim is to contribute to their well-being and development. Relations via face-to-face meetings, telephone and email in order to share information on the projects we carry out together.



### Media

**The means of communication that help us to publicise what we do in society.**

Sharing current issues via press releases, press conferences, telephone calls and face-to-face meetings.

We responsibly manage the value chain and actively strive to ensure that our suppliers in particular strictly follow the criteria of quality, society and environment set by Mora-Banc.

Regarding suppliers, we have two clearly differentiated categories: on the one hand those providing us with financial, auditing and consultancy services and, on the other, suppliers of materials, maintenance and supplies.



### Institutions

**Representatives from the population in our territory.**

Relations via face-to-face meetings.

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## SUPPLIERS OF SERVICES

These supply financial, auditing and consultancy services of all kinds depending on the needs of each business unit: regulator, analysis of the group situation to implement controls or tools (software, IT), training, implementation of people management plans, etc.

When selecting suppliers we prioritise those companies committed to sustainability and that's why, in our tenders, we include criteria that go beyond price, rating+ concepts related to the firm's values and internal policies.

We have set ourselves a considerable challenge for 2016: to create a service procurement department that centralises purchasing to achieve synergies between the areas requesting services, the suppliers selected and the services to be provided, thereby making the most of our expenditure. We plan to create a specific IT programme to ensure this new department is correctly managed and structured.

## SUPPLIERS OF MATERIALS, MAINTENANCE AND SUPPLIES

These suppliers help us to maintain the organisation's infrastructures.

In their selection we also prioritise companies governed by criteria of sustainability. We expect our suppliers to be ISO 14001 certified or to provide written information regarding the environmental practices incorporated within their business. We particularly value the supply of materials based on environmental criteria, as well as the correct management of any waste produced.

In this category, each subsidiary also has its own suppliers which are not centralised. In all cases the Bank encourages the use of local suppliers.

### SUPPLIERS OF MATERIALS, MAINTENANCE AND SUPPLIES FROM ANDORRA BY PERCENTAGE



- 0.66% Repairs
- 4.77% Fuel
- 7.88% Furniture repairs
- 40.48% Facility maintenance
- 46.21% Electricity

# MoraBanc activity

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# Products and services

At MoraBanc we offer products and services related to commercial banking, private banking and wealth management, asset management and investment funds, as well as insurance. In 2015 our volume of transactions totalled 8,313,413 thousand euros<sup>1</sup>.

## COMMERCIAL BANKING

Commercial banking specialises in banking for individuals and corporate banking, to provide the most suitable products and services for each type of customer.



### Individual banking

- Accounts
- Credit cards
- Savings and investment
- Savings and investment/pension plans
- Financing
- Insurance
- Services
- Remote banking



### Corporate banking

- Personalised attention
- International business
- Financing systems
- Investment products
- Treasury and investments
- Credit cards
- Services
- Remote banking

The maxim for our Bank is customer satisfaction and that's why we constantly look for new ways to relate to them and offer them products and services tailored to each area. In keeping with this philosophy, we've structured our commercial banking services into **MoraBanc "territoris"**, a differential for the Group in terms of its products and services that helps us adapt our value proposition to the different customer profiles in order to offer the most suitable solutions to each one's needs. These are thirteen specialised territories according to the age, behaviour and needs of each group at any given time. We have personalised relations with each territory via different channels of communication (letter, email, text message, etc.).

**MoraBanc "territoris"**  
offer the best attention  
and personalised service  
for our commercial  
banking customers

<sup>1</sup> These data refer to customer resources and credit investments.

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## MORABANC TERRITORIES

### Júnior

Designed for people aged 0 to 15 to help them learn the value of saving in any easy, fun way, growing up with the certainty of having a bank that's concerned about them and their future.

### Club Jove

Aimed at people aged from 16 to 25 and offering advantages created especially for their needs.

### Go+

For people between 26 and 35, offering the most appropriate economic and financial support at this stage in their lives.

### Nòmina Activa

Offers advantages, products and services which anyone who has their salary paid into MoraBanc can take advantage of.

### Funció Pública

For civil servants with benefits that go beyond the strictly financial area.

### Club Sènior

Designed specifically for the needs of people aged over 60.

### Professionals

A series of preferential services and solutions especially designed for those working in liberal professions so they can concentrate fully on their work.

### Prestigi

Services created to provide the best information and most complete coverage with a highly personal style of banking.

### Elit

Exclusive service with preferential benefits to exceed the expectations of customers who form part of this territory.

### Comerç preferent

Services and solutions designed specifically for trade and business in Andorra.

### Empreses

A solution adapted to each business with continual monitoring by your personal manager.

### Microempreses

Segment for Andorra's small firms where our aim is to secure products and services that meet their particular needs.

### Elit Private Banking

Exclusive service with preferential benefits to exceed the expectations of Private Banking customers who form part of this territory.

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## PRIVATE BANKING AND WEALTH MANAGEMENT

The MoraBanc Group maintains its roots in private banking given that this is its strength, together with Wealth Management, and also its main business.

### Private Banking

At MoraBanc private banking is based on four fundamental pillars: mutual trust, confidentiality, the ability to offer professional and expert advice and designing solutions to meet our customers' needs and goals.

#### Products and services

- Open architecture with a wide range of investment funds, both by MoraBanc and by third parties
- Innovation in structured products
- Asset management
- Health, life and unit-linked insurance
- Credit cards
- Range of loans and mortgages
- Preferential services

### Wealth Management

Mora Wealth Management provides a higher degree of sophistication in managing the wealth of our customers. This is an independent asset management firm whose mission is to offer comprehensive investment solutions to individual customers, family offices and institutions through many different custodian banks and different international jurisdictions.

We have specialised managers and an extensive professional team aimed at providing the necessary support to find the best solution for each customer profile in aspects related to managing their wealth.

#### Products

- Open architecture
- Choice of custodian bank
- Asset structuring
- Order execution
- Asset management
- Monitoring and information

## MORABANC ASSET MANAGEMENT

This is the unit responsible for all third-party discretionary management and including tailor-made mandate management for our Private Banking and Wealth Management customers and a variety of investment funds.

The principles that guide our decisions are prudence, diversification and transparency, as well as constant contact with our customers. The universe of MoraBanc Asset Management is currently based mainly on government and corporate bonds, as well as equity and foreign exchange within Europe, North America and the emerging countries.

#### Products

- Investment funds
- Management services & SICAV
- Communication

## MORABANC ASSEGURANCES

MoraBanc Assegurances is MoraBanc's insurance company. The aim is to provide all kinds of insurance in the branch of life, accident and health insurance complementary to life assurance. It also provides other life assurance and unit-linked products such as the MoraBanc Unit Linked Fund, MoraBanc Unit Linked Portfolios and MoraBanc Unit Linked Assets, depending on the underlying asset.

# Quality and excellence in banking practice

Customers lie at the heart of our business and we have a vocation to serve and strive to meet their expectations. The whole MoraBanc team is aimed at offering high levels of quality when providing a service. At MoraBanc we define quality as our competitive differential.

We have ISO 9001 certification, a tool that helps us to improve our provision of services continuously. This certificate covers the design and sale of investment funds and structured financial products, as well as attending to private banking customers.

MoraBanc was the first bank in Andorra to obtain a quality certificate, in 1997, and since then we've renewed our certification every year with the standards agency AENOR, leader in certification in Spain and with worldwide renown.

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## We have the ISO 9001 Quality certificate

To prioritise this aspect even further we also have an internal Reward Plan whose aim is to encourage quality and promote continued improvement through motivation and the involvement of the whole team. In this respect, of note are the quality group awards given every year to the best department in central services and the best branch, as well as the four individual awards given by senior management to the employees.

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## MoraBanc quality awards recognise the work carried out by the team

The Ideas MoraBanc system also helps us to promote the improvement of our daily work and to progress towards excellence. We have a platform through which the whole team can individually make suggestions to improve quality in the broadest sense of the term (activities, services, effectiveness, performance, etc.). There is a committee of ideas that meets every month to evaluate proposals and respond to them.

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## *Ideas MoraBanc* promotes the continued improvement of quality

Lastly, we should also mention that, in 2015, the prestigious magazine *The Banker*, published by the Financial Times Group, recognised the efforts we make to achieve quality and excellence by choosing MoraBanc as the Andorran Bank of the Year. This is the fourth time we've received this distinction in the last seven years. The panel of *The Banker* has evaluated the capacity to adapt to the market, high levels of solvency and liquidity, the international strategy of MoraBanc, its innovation, commitment to Andorra and to offering a global, differentiated service, the Bank's involvement with trade, the monitoring of customer satisfaction and the good ratings given.

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## MoraBanc, Andorran Bank of the Year 2015 by the prestigious magazine *The Banker*

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## CUSTOMER SATISFACTION

In order to ascertain the level of customer satisfaction, we use the Net Promoter Score methodology (NPS) which enables us to gauge customer loyalty and satisfaction solely based on their answer to the question: "to what extent would you recommend MoraBanc to your family, friends, and colleagues?". This survey is carried out by telephone and email and also via iPad, and helps us to obtain results almost in real time.

The NPS is the difference between the percentage of positive replies (promoters) and negative replies (detractors). A promoter is someone who gives the Bank a 9 or 10 while a detractor is someone who gives it between 0 and 6.

At the time as carrying out the survey we also ask respondents for the main reasons for their satisfaction or dissatisfaction, as well as proposals to improve our service.

As can be seen in the enclosed graph, satisfaction has gradually increased since this methodology was first used and the overall NPS has grown by approximately 10% every year. Our target for 2015 was 35% and this has been achieved by all areas of the Bank. This year we have carried out 12,900 surveys on customers in Andorra.

The Marketing, Communication and Quality department and the area of Commercial Banking analyse the results every week, while this is carried out monthly by the management of the Private Banking area, with the aim of adequately handling potentially dissatisfied customers.

### Customer complaints

We have a grievances database as well as internal protocols to ensure these are handled effectively and quickly. Grievances that are not financial are forwarded to the Quality area and this then channels and sends them on to the corresponding department. The management for each area monitors complaints at least once a month.

The number of grievances has fallen by 24% in the last year.

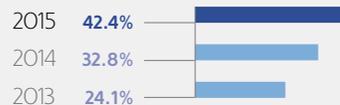
The response time we have set ourselves as a target is two days and this has been achieved in all areas:

### AVERAGE RESPONSE TIME

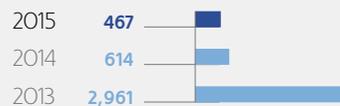
	2013	2014	2015
Commercial banking	1.5 days	0.9 days	1.1 days
Corporate banking	0.8 days	0.7 days	0.6 days
Private banking and asset management	1.2 days	1.2 days	1 day

### GENERAL NPS INDEX

#### MORABANC



### NUMBER OF COMPLAINTS



## CONTINGENCY AND BUSINESS CONTINUITY PLAN

Our desire to guarantee quality has led us to draw up a contingency and business continuity plan that has been designed as a preventative measure and aims to define the protocols to be followed to lessen the effects of any catastrophes, disasters or other crisis situations that may totally or partly interrupt activity.

Given such situations, our priorities are as follows:

- Ensure the physical integrity of people, both employees and customers
- Recover the IT systems
- Ensure we can serve customers and carry out operations

A Business Continuity Committee has been set up to take charge of producing, updating, improving and implementing the Contingency and Business Continuity Plan, as well as carrying out practice drills and training, and also putting the Plan into action whenever necessary. There are also policies, manuals and protocols that complement this information for anyone associated with this Plan.

# Customer protection

Within the current legislative framework, and particularly in relation to investor protection, MoraBanc has established procedures and rules of conduct to ensure it acts impartially, professionally and in the best interests of the customer at all times.

Law 8/2013 on the organisational requirements and operational conditions of institutions operating within the financial system, investor protection, market abuse and financial guarantee agreements, includes the provisions of Law 14/2010 regarding investor protection, following the requirements of the EU's Markets in Financial Instruments Directive (MiFID). The main aim is to increase customers' protection against institutions providing financial services by establishing rules of conduct that must be followed.

Given that not all customers have the same level of training or experience in financial investments, EU and Andorran legislation require that customers receiving services be classified into established categories to adapt the protective measures to each investor according to the category assigned. These regulations apply to financial products, which are divided into complex and non-complex. To ensure the information we provide to customers can be readily understood, the products that come under the aforementioned legislation are identified at MoraBanc by labels as a clear and explicit way to provide information regarding the product's type and risk. Customers are also informed whether the product is complex or not and the type of guarantee for the capital.

We have three policies that are essential for ensuring our customers are protected:

#### **MoraBanc order execution policy**

Establishes reasonable measures to obtain the best result possible in the operations we manage on behalf of our customers.

#### **Asset management policy**

Aims to protect ownership rights regarding the customer's financial instruments should the institution become insolvent and prevents these financial instruments from being used by the institution.

#### **Conflict of interest policy**

Provides organisational and administrative measures to detect and avoid conflict of interest and identify circumstances that may lead to such conflicts.

These policies can be consulted on the MoraBanc website.

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## Customer relations

At MoraBanc we believe it's essential to establish a good relationship with our customers, being close to them to meet their individual needs and providing them with information on our products and services so that they can take the best decisions. We believe the Bank has an obligation to produce clear, transparent information and that improving our customers' understanding of financial concepts will help to enhance communication and dialogue in benefit of those putting their trust in us. Communicating better what we do is a key objective in MoraBanc's social responsibility strategy.

Our commitment to relations with our customers has led us to set up various communication channels to improve the flow of information:

- **Personal attention** through the MoraBanc branch network
- **Via telephone** through the Telebanc service, **email** and **postal correspondence**
- **Website:** [www.morabanc.com](http://www.morabanc.com)
- **Online Banking**, for those customers registering for this service
- **Social media**
- MoraBanc's **blog, Voces Económicas**, specialising in the economy with the practical aim of raising awareness.

## KEY FIGURES

MoraBanc's presence on social media has increased year after year, consolidating its commitment to informing its stakeholders.

Total      **2015**      2014      2013      Previous years



### Youtube

Videos uploaded	103	24	30	20	29
Subscribers	80	19	26	29	6
Viewings	53,066	12,571	19,267	15,245	5,983



### Twitter

Followers	1,363	374	384	197	408
Tweets	6,953	1,483	1,267	1,173	3,030



### Instagram

Followers	362	184	178		
Photos	222	167	55		



### Facebook

Total fans	4,079	966	1,185	1,513	415
Publications	1,321	409	372	290	250



### LinkedIn

Followers	1,406	435	971		
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## FINANCIAL TRAINING

In order to help our customers become more familiar with financial concepts, in 2015 MoraBanc started the Àgora cycle of talks, following on the following areas:

**Economic Diagnosis 2015: the threats, challenges and opportunities for investment in the euro area** was the first talk held, in June, given by renowned German economist Dr. Juergen B. Donges and equity expert Xavier Torres.

**2015/2016: the end of the Great Recession?** was the talk held in November, with the support of José Carlos Díez, one of the most influential economists today, and Aleksandra Tomala, manager and analyst specialising in equity investments.

This initiative has aroused great interest among citizens and both sessions were widely attended.

With the same aim, the MoraBanc Asset Management team regularly publishes reports on Markets and Strategies on the Bank's website, with a Research Focus that provides their view of the current economic situation, the behaviour of financial markets and other relevant circumstances with an economic impact.

## The Àgora cycle of talks promoted in 2015 was a great success

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# Innovation

Innovation is one of the fundamental values in MoraBanc's social responsibility strategy and leadership, flexibility and initiative are the principles we relate to this value. We promote creativity and all the value this entails in generating a positive impact both on the country and on the Bank itself.

Particularly important in this area is MoraBanc's digital transformation, focusing on the customer experience, digital innovation and service quality via the public website, online banking and mobile banking. In 2016 we will implement various projects to make the remote banking experience easier, more user-friendly and secure for our customers.



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## Audit report

Deloitte.

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## INFORME D'AUDITORIA INDEPENDENT

Als Accionistes de Mora Banc Grup, SA:

## Informe sobre els estats financers consolidats

Hem auditat els estats financers consolidats adjunts de Mora Banc Grup, SA (el Banc) i altres societats que componen el Grup MoraBanc (el Grup MoraBanc), que comprenen el balanç de situació consolidat i les comptes d'ordre consolidades a 31 de desembre de 2015 i el compte de pèrdues i guanys consolidat, l'estat d'origen i aplicació de fons consolidat i les notes als estats financers consolidats corresponents a l'exercici acabat en aquesta data.

## Responsabilitat dels administradors en relació amb els estats financers consolidats

Els administradors del Banc són responsables de la preparació i presentació dels estats financers consolidats adjunts, de manera que expressin la imatge fidel del patrimoni consolidat i de la situació financera consolidada i dels resultats consolidats de Mora Banc Grup, SA i altres societats que componen el Grup MoraBanc, de conformitat amb el marc normatiu d'informació financera aplicable al Grup a Andorra, que s'identifica a la Nota 2, i del control intern que considerin necessari per permetre la preparació dels estats financers consolidats lliures d'incorrecció material, a causa de frau o error.

## Responsabilitat de l'auditor

La nostra responsabilitat és expressar una opinió sobre els estats financers consolidats adjunts basada en la nostra auditoria. Hem portat a terme la nostra auditoria de conformitat amb les Normes Internacionals d'Auditoria. Aquestes normes exigeixen que complim amb els requeriments d'ètica, com també que planifiquem i executem l'auditoria a fi d'obtenir una seguretat raonable sobre si els estats financers consolidats estan lliures d'incorreccions materials.

Una auditoria requereix l'aplicació de procediments per obtenir evidència d'auditoria sobre els imports i la informació revelada en els estats financers consolidats. Els procediments seleccionats depenen del judici de l'auditor, incloent-hi la valoració dels riscos d'incorrecció material en els estats financers consolidats, a causa de frau o error. En efectuar aquestes valoracions del risc, l'auditor té en compte el control intern rellevant per a la preparació i presentació per part dels administradors del Banc dels estats financers consolidats que expressin la imatge fidel, amb la finalitat de dissenyar els procediments d'auditoria que siguin adequats en funció de les circumstàncies, i no amb la finalitat d'expressar una opinió sobre l'eficàcia del control intern de l'entitat. Una auditoria també inclou l'avaluació de l'adequació de les polítiques comptables aplicades i de la raonabilitat de les estimacions comptables realitzades per la direcció, com també l'avaluació de la presentació dels estats financers consolidats presos en el seu conjunt.

Considerem que l'evidència d'auditoria que hem obtingut proporciona una base suficient i adequada per a la nostra opinió d'auditoria.

Deloitte Andorra Auditors i Assessors, S.L. inscrita en el Registre de Societats Mercantils d'Andorra. Núm. Registre de la Societat 13298, Llibre 5-185, Folí 81-93, N.R.T. L-708451-A. Domicili Social: Bonaventura Armengol, 10. Edifici Montclar, Bloc 1. Planta 1er. Departament 4, AD500 Andorra la Vella.

## Opinió

Segons la nostra opinió, els estats financers consolidats adjunts expressen, en tots els aspectes significatius, la imatge fidel del patrimoni consolidat i de la situació financera consolidada de Mora Banc Grup, SA i altres societats que componen el Grup MoraBanc a 31 de desembre de 2015, com també dels resultats consolidats de les seves operacions i dels recursos consolidats obtinguts i aplicats corresponents a l'exercici acabat en aquesta data, de conformitat amb el marc normatiu d'informació financera que resulta d'aplicació a les entitats del sistema financer andorrà i, en particular, amb els principis i criteris comptables que s'hi contenen.

DELOITTE ANDORRA AUDITORS I ASSESSORS, S.L.



Francisco García-Valdecasas

31 de març de 2016

# Consolidated financial statements

## MORABANC GROUP CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2015 AND 2014\*

Translation of financial statements originally issued in Catalan and prepared in accordance with generally accepted accounting principles in Andorra (see Note 33). In the event of a discrepancy, the Catalan-language version prevails.

Thousands of Euros

ASSETS	2015	2014*
<b>Cash on hand and due from OECD central banks</b>	<b>25,465</b>	<b>23,404</b>
<b>Due from INAF (Note 5)</b>	<b>210</b>	<b>210</b>
<b>Due from financial intermediaries (Note 6)</b>	<b>681,093</b>	<b>549,893</b>
Banks and credit institutions	678,093	548,232
Other financial intermediaries	3,096	2,003
Less - allowance for credit losses	(96)	(342)
<b>Lendings (Note 7)</b>	<b>1,021,877</b>	<b>1,050,926</b>
Loans and credits	1,038,887	1,065,361
Customer overdrafts	8,128	5,864
Customer bill portfolio	8,614	6,658
Less - allowance for credit losses	(33,752)	(26,957)
<b>Investment securities (Note 8)</b>	<b>695,703</b>	<b>513,111</b>
Debentures and other fixed-income securities	464,711	360,487
Less - allowance for credit losses	(550)	(1,448)
Investments in group companies	8,087	12,319
Other investments	151,865	108,201
Less - security price fluctuation allowance	(800)	-
Common stocks and other equity securities	7,597	7,391
Investment funds	66,038	26,161
Less - security price fluctuation allowance	(1,245)	-
<b>Consolidated goodwill (Note 9)</b>	<b>9,179</b>	<b>9,771</b>
<b>Intangible assets and deferred charges (Note 10)</b>	<b>10,204</b>	<b>8,746</b>
Goodwill	800	800
Intangible assets and deferred charges	92,521	86,024
Less - accumulated amortization	(83,117)	(78,078)
<b>Property and equipment (Note 11)</b>	<b>105,041</b>	<b>107,468</b>
Property and equipment	160,918	158,191
Less - accumulated depreciation	(44,347)	(41,140)
Less - allowance for decline in value of property and equipment	(11,530)	(9,583)
<b>Accrual accounts (Note 12)</b>	<b>16,691</b>	<b>16,268</b>
Uncollected accrued interest	10,991	10,750
Prepaid expenses	5,700	5,518
<b>Other assets</b>	<b>18,402</b>	<b>16,980</b>
Current transactions	13,465	6,157
Inventories	164	185
Options purchased	12	53
Other	3,396	7,270
Taxes (Note 20)	1,365	3,315
<b>Total assets</b>	<b>2,583,865</b>	<b>2,296,777</b>

\* Presented exclusively for comparison purposes.  
The accompanying Notes 1 to 33 are an integral part of the consolidated financial statements as of December 31, 2015.

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Thousands of Euros

## LIABILITIES AND EQUITY

	2015	2014*
<b>Due to INAF (Note 13)</b>	<b>16,394</b>	<b>2,073</b>
<b>Deposits</b>	<b>2,145,843</b>	<b>1,879,745</b>
Banks and credit institutions (Note 14)	44,683	24,187
Customer deposits (Note 15)	2,101,160	1,855,558
<b>Debt securities</b>	<b>-</b>	<b>-</b>
<b>Provisions for contingencies and expenses (Note 16)</b>	<b>12,265</b>	<b>12,902</b>
Provisions for pensions and similar obligations	7,015	7,699
Provisions for futures	428	557
Other provisions	4,822	4,646
<b>General risk allowance (Note 17)</b>	<b>12,470</b>	<b>2,981</b>
<b>Subordinated debt (Note 18)</b>	<b>52,216</b>	<b>56,675</b>
<b>Accrual accounts (Note 19)</b>	<b>16,634</b>	<b>12,070</b>
Unpaid accrued expenses	15,521	11,806
Unearned revenue	1,113	264
<b>Other liabilities</b>	<b>19,290</b>	<b>23,250</b>
Current transactions	13,187	15,716
Options issued	6	160
Trade and other accounts payable	71	202
Taxes (Note 20)	6,026	7,172
<b>Minority interests</b>	<b>(4)</b>	<b>(2)</b>
<b>Capital stock (Note 21)</b>	<b>42,407</b>	<b>42,407</b>
Capital stock	42,407	42,407
<b>Reserves (Note 21)</b>	<b>256,465</b>	<b>249,489</b>
Legal reserve	14,913	14,913
Guarantee reserves (Note 5)	26,590	20,817
Voluntary reserves	107,227	111,296
Consolidation reserves	111,079	103,111
Conversion differences	(3,344)	(648)
<b>Profit (Note 21)</b>	<b>9,885</b>	<b>15,187</b>
Profit for the year	34,885	40,187
Less - interim dividends	(25,000)	(25,000)
<b>Total liabilities and equity</b>	<b>2,583,865</b>	<b>2,296,777</b>

\* Presented exclusively for comparison purposes.

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MORABANC GROUP  
CONSOLIDATED INCOME STATEMENTS  
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2015 AND 2014\*

	Thousands of Euros	
INCOME STATEMENTS	2015	2014*
<b>Interest income</b>	<b>31,831</b>	<b>34,397</b>
Due from inaf and financial intermediaries	5,404	11,005
Lendings	20,738	17,756
Debentures and other fixed-income securities	5,689	5,636
<b>Interest expense</b>	<b>(9,137)</b>	<b>(11,552)</b>
Due to inaf and financial intermediaries	(1,297)	(2,357)
Customer deposits	(6,717)	(7,801)
Subordinated debt	(968)	(1,069)
Other	(155)	(325)
<b>Income from equity securities</b>	<b>408</b>	<b>93</b>
Common stocks and other equity securities	342	93
Investments funds	66	-
<b>Net interest income</b>	<b>23,102</b>	<b>22,938</b>
<b>Net service fees</b>	<b>76,899</b>	<b>76,086</b>
Fees for services provided	83,788	81,150
Less - fees for services received	(6,889)	(5,064)
<b>Gains/(losses) on financial transactions</b>	<b>29,364</b>	<b>37,125</b>
Provision to security price fluctuation allowance	(2,045)	-
Exchange gains	2,442	1,580
Gains/(losses) on securities transactions	8,829	29,222
Gains/(losses) on futures transactions	(333)	(1,372)
Share in (loss)/profit of companies accounted for by the equity method	20,471	7,695
<b>Other operating income</b>	<b>157</b>	<b>156</b>
<b>Gross operating income</b>	<b>129,522</b>	<b>136,305</b>

	Thousands of Euros	
INCOME STATEMENTS	2015	2014*
<b>Gross operating income</b>	<b>129,522</b>	<b>136,305</b>
<b>Personnel expenses</b>	<b>(33,398)</b>	<b>(28,311)</b>
Employees, directors and indemnities	(28,074)	(23,841)
Social security costs	(3,311)	(2,743)
Other personnel expenses	(2,013)	(1,727)
<b>General expenses</b>	<b>(27,159)</b>	<b>(22,944)</b>
Material	(294)	(289)
Other external services	(25,377)	(21,268)
Taxes	(1,488)	(1,387)
<b>Depreciation and amortization expense net of recoveries</b>	<b>(8,452)</b>	<b>(9,510)</b>
Depreciation and amortization expense (otes 9,10 and 11)	(8,452)	(9,510)
<b>Provisions for depreciation of assets net of recoveries</b>	<b>(1,947)</b>	<b>(189)</b>
Provisions to allowance for depreciation of tangible and intangible assets (Note 11)	(1,947)	(212)
Recoveries from allowance	-	23
<b>Net operating income</b>	<b>58,566</b>	<b>75,351</b>

\* Presented exclusively for comparison purposes.  
The accompanying Notes 1 to 33 are an integral part of the consolidated financial statements as of December 31, 2015.

Translation of financial statements originally issued in Catalan and prepared in accordance with generally accepted accounting principles in Andorra (see Note 33). In the event of a discrepancy, the Catalan-language version prevails.

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INCOME STATEMENTS	2015	2014*
<b>Net operating income</b>	<b>58,566</b>	<b>75,351</b>
<b>Impairment of assets</b>	-	-
<b>Negative first consolidation differences</b>	-	-
<b>Provisions for credit losses net of recoveries (Notes 6, 7 and 8)</b>	<b>(6,040)</b>	<b>(22,943)</b>
Provisions to allowance for credit losses	(12,174)	(25,958)
Recoveries from allowance for credit losses	6,134	3,015
<b>Provisions for contingencies and expenses net of recoveries (Note 16)</b>	<b>(527)</b>	<b>(3,330)</b>
Provisions for contingencies and expenses	(656)	(3,663)
Recoveries from allowance for contingencies and expenses	129	333
<b>Provisions to general risk allowance (Note 17)</b>	<b>(9,489)</b>	<b>(2,981)</b>
<b>Income from ordinary activities</b>	<b>42,510</b>	<b>46,097</b>
<b>Extraordinary (loss)/income (Note 22)</b>	<b>(5,071)</b>	<b>(2,583)</b>
<b>Income before taxes</b>	<b>37,439</b>	<b>43,514</b>
<b>Income tax (Note 20)</b>	<b>(2,555)</b>	<b>(3,328)</b>
<b>Foreing income tax</b>	-	-
<b>Consolidated profit for the year</b>	<b>34,884</b>	<b>40,186</b>
<b>Porfit attributable to non-controlling interests</b>	<b>(1)</b>	<b>(1)</b>
<b>Profit attributable to the group</b>	<b>34,885</b>	<b>40,187</b>

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MORABANC GROUP  
CONSOLIDATED MEMORANDUM ACCOUNTS  
AS OF DECEMBER 31, 2015 AND 2014\*

Thousands of Euros

MEMORANDUM ACCOUNTS	2015	2014*
<b>Contingent liabilities</b>	<b>75,224</b>	<b>82,117</b>
Guarantees, bonds and sureties given	73,737	80,718
Documentary credits issued or received and confirmed to customers	1,404	1,264
Acceptances and similar commitments	83	135
<b>Commitments and contingencies</b>	<b>216,841</b>	<b>204,169</b>
Operational commitments and contingencies	209,821	196,452
Actuarial commitments and contingencies	7,020	7,717
<b>Financial derivatives (Note 23)</b>	<b>1,189,921</b>	<b>1,470,886</b>
Outstanding currency sales and purchases	707,024	643,206
Financial forward transactions	473,868	632,786
Other futures	9,029	194,894
<b>Securities and other assets in custody</b>	<b>5,601,293</b>	<b>6,845,518</b>
Third-party securities and other assets held in custody (Note 24)	5,137,795	6,498,139
Own securities and other assets held in custody	463,498	347,379
<b>Other memorandum accounts held solely for administrative control purposes (Note 26)</b>	<b>1,308,902</b>	<b>1,258,350</b>
Guarantees and commitments received	964,939	966,288
Other memorandum accounts	343,963	292,062
<b>Total memorandum accounts</b>	<b>8,392,181</b>	<b>9,861,040</b>

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MORABANC GROUP  
CONSOLIDATED STATEMENTS OF SOURCE  
AND APPLICATION OF FUNDS FOR THE YEARS  
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	Thousands of Euros	
	2015	2014*
<b>CASH INFLOW</b>		
<b>Cash-flow from operations</b>	<b>42,950</b>	<b>71,847</b>
Profit for the year	34,885	40,187
Net provisions to allowance for credit losses	6,040	22,943
Net provisions to allowance for decline in value of assets	1,947	189
Net provisions to security price fluctuation allowance	2,045	-
Net provisions to other allowances (pension allowance, etc.)	9,725	6,366
Depreciation and amortization expense	8,452	9,510
Loss on sale of fixed assets	327	347
Profit from companies accounted for by the equity method	(20,471)	(7,695)
<b>Positive change in liabilities over assets</b>	<b>-</b>	<b>92,735</b>
Inaf and financial intermediaries (liabilities-assets)	-	92,735
<b>Net increase in liabilities</b>	<b>245,602</b>	<b>166,501</b>
Deposits: customer deposits	245,602	166,501
<b>Net decrease in assets</b>	<b>22,254</b>	<b>15,352</b>
Lendings: customers	22,254	-
Investment securities less investments	-	15,352
<b>Sales of long-term investments</b>	<b>1,266</b>	<b>1,046</b>
Sales of fixed assets	1,266	1,046
<b>Total cash inflow</b>	<b>312,072</b>	<b>347,481</b>

	Thousands of Euros	
	2015	2014*
<b>CASH OUTFLOW</b>		
<b>Positive change in assets over liabilities</b>	<b>117,275</b>	<b>43,653</b>
Inaf and financial intermediaries (assets-liabilities)	96,137	-
Other concepts (assets-liabilities)	21,138	43,653
<b>Net decrease in liabilities</b>	<b>4,459</b>	<b>2,838</b>
Subordinated debt	4,459	2,838
<b>Net increase in assets</b>	<b>146,368</b>	<b>144,504</b>
Cash on hand	2,061	2,003
Lendings: customers	-	142,501
Investment securities less investments	144,307	-
<b>Purchases of long-term investments</b>	<b>10,759</b>	<b>125,457</b>
Purchases of investments in group companies	-	109,968
Purchases of fixed assets	10,759	15,489
<b>Funds applied for financing activities</b>	<b>33,211</b>	<b>31,029</b>
Dividends	30,000	30,000
Decrease of reserves	515	-
Other equity accounting items	2,696	1,029
<b>Total cash outflow</b>	<b>312,072</b>	<b>347,481</b>

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Translation of financial statements originally issued in Catalan and prepared in accordance with generally accepted accounting principles in Andorra (see Note 33). In the event of a discrepancy, the Catalan-language version prevails.

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# Notes to Consolidated Financial Statements

For the Year Ended December 31, 2015

## 1. GROUP DESCRIPTION

Mora Banc Grup, SA and Mora Banc, SAU (hereinafter, "the Banks") are Andorran companies and their sole corporate purpose is to perform all the permitted activities for banking institutions under the rules and regulations in Andorra.

Mora Banc Grup, SA is the parent company of the Group, and together with its subsidiaries, as detailed in Note 2-d, compose the MoraBanc Group (hereinafter, "the Group").

As member of the Andorran financial system, the Group is subject to regulation issued by Institut Nacional Andorrà de Finances (hereinafter, "INAF"), the Andorran financial system authority, which develops its activity independently of the General Administration, and to the compliance of certain Andorran standards (see Notes 5 and 30).

## 2. BASES OF PRESENTATION AND CONSOLIDATION PRINCIPLES

### a) True and fair view

The accompanying consolidated financial statements, authorized by the board of directors of Mora Banc Grup, SA on March 30, 2016, were obtained from the accounting records of the banks and companies composing the MoraBanc Group and are presented in accordance with the format established in the chart of accounts of the Andorran financial system approved by the Andorran government on January 19, 2000, so that they present fairly the net worth, the financial position of the Group as at December 31, 2015, the consolidated results and the cash flows produced during the year then ended.

These financial statements will be submitted to the Shareholders' Meeting for approval and Group Management anticipates that they will be approved without changes. Consolidated financial

statements for the year ended December 31, 2014 were approved in the shareholders' meeting dated April 29, 2015.

### b) Accounting Policies

The accompanying consolidated financial statements were prepared by applying the generally accepted accounting methods and principles set forth in the chart of accounts of the Andorran financial system (see Note 3). All obligatory accounting principles with a significant effect on these consolidated financial statements were applied in their preparation.

### c) Comparison of information

The information included in these 2015 consolidated financial statements regarding 2014 is presented exclusively for comparison purposes.

Measurement bases and generally accepted accounting principles require the information presented to be uniform between periods. In 2015 there were no significant changes to accounting legislation that might have an effect on the

comparability of the information.

### d) Consolidation principles

All subsidiaries were consolidated by the full integration method and all associated entities by the equity method, with the exception of the investment in the subsidiary Mora Assegurances, SAU which was consolidated by the equity method since its insurance business differs from banking activity, as established in the chart of accounts of the Andorran financial system.

All material intercompany balances and transactions were eliminated for consolidation purposes.

For subsidiaries consolidated by the full integration method and which are not fully owned by the Group, minority interests belonging to other investors are reported on the balance sheet to reflect the claim on net assets from minority shareholders. Additionally, minority interests are recognized in the income statement as a share of the consolidated profit attributable to minority shareholders.

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Details of the business of the consolidated companies as of December 31, 2015 are as follows:

COMPANY	Country	Business activity	Auditors	Percentage of owner-ship(1)
<b>Consolidated by the full integration method:</b>				
Mora Banc, SAU	Andorra	Banking	Deloitte	100%
Mora Gestió d'Actius, SAU	Andorra	Investment funds management	Deloitte	100%
Mora Wealth Management AG	Switzerland	Wealth management	Deloitte	100%
Mora WM Holdings USA, LLC	USA	Holding	MBAF, LLC	100%
Mora Wealth Management LLC	USA	Wealth management	MBAF, LLC	99.89%
Mora WM Securities, LLC	USA	Broker Dealer	MBAF, LLC	100%
Mora Wealth Management SA	Uruguay	Wealth management	Deloitte	100%
BIBM Preferents Ltd.	Cayman Islands	Finance	Deloitte	100%
Mora Asset Management, SA	Luxembourg	Wealth management	Deloitte	100%
SICAV Amura Capital (Turquoise)	Andorra	Investment company	Deloitte	57.73%
<b>Consolidated by the equity method:</b>				
Inmobiliaria Colonial S.A.	Spain	Real state	Deloitte	3.66%
Mora Assegurances, SAU	Andorra	Insurance	Deloitte	100%
Serveis i Mitjans de Pagament XXI, SA	Andorra	Means of payment	Alfa Capital	20%

1 Direct and indirect percentage of ownership

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**Mora Gestió d'Actius, SAU** is an Andorran company incorporated on November 27, 1997 whose corporate purpose consists of those activities included in the law as applicable to investments schemes managers. Additionally, it carries on activities as discretionary and individual asset manager, investment advisor, and custody and management of securities of investment schemes.

**Mora Wealth Management AG** is a company located in Switzerland incorporated on September 25, 2008, whose corporate purpose is the management of private wealth and financial advisory.

**Mora WM Holdings USA, LLC** is a company located in the United States, which has become the parent of the other Nord-American companies: **Mora Wealth Management LLC** was acquired on July 9, 2009 and its corporate purpose is the management of private wealth and finance advisory, and **Mora WM Securities, LLC**, which was incorporated in 2011 as a limited responsibility company and received a license to operate as broker dealer on May 2012.

**Mora Wealth Management SA** is a company located in Uruguay whose corporate purpose is the management of private wealth. It is totally owned by Mora Wealth Management AG.

**BIBM Preferents Ltd** is a company located in Cayman Islands which was incorporated during 2006, with the sole purpose of issuing preferred shares for the account of the Banks (see Note 18).

**Mora Asset Management, SA**, is a company located in Luxembourg which was incorporated during 2014 and whose corporate purpose is the management of private wealth.

**Sicav Amura Capital (Turquoise)** is an Andorran-based company with variable capital whose corporate purpose is to channel the investment in the company Inmobiliaria Colonial, SA, which is a Spanish-based company listed on the organized secondary market and whose main business activity is lease and sale of real state in Spain and France.

**Mora Assegurances, SAU** was incorporated on January 27, 1992. The corporate purpose of the company is to perform all activities related to insurance, re-insurance and risk coverage, within the branches of life, accident, disease and liability, with the exception of service delivery.

**Serveis i Mitjans de Pagament XXI, SA** is a company located in Andorra incorporated on August 17, 2012, and whose corporate purpose is the delivery of services related to credit and debit cards, as well as other means of payment, specially throughout the renting of technical equipment.

The main changes within the consolidation perimeter during 2015 have been the following:

1 During December 2015 the SICAV Amura Capital (Turquoise compartment) has sold a total of 20,814,505 shares of Inmobiliaria Colonial, SA, which 12,015,625 corresponded to shares owned by the Group and 8,798,880 were shares owned by customers. This sale generated a result of 743 thousand euros recorded under "Share in loss/profit of companies accounted by the equity method" in the consolidated income statement.

As of December 31, 2015, the Group keeps, with intended permanence,

57.73% of the SICAV's social capital, representing a 3.66% of Inmobiliaria Colonial, S.A.'s capital.

The share of the Group in the stated company was consolidated by the equity method in the accompanying consolidated financial statements as of December 31, 2015.

2 The board of Directos of Mora Banc Grup, SA, approved on its meeting of the 3rd of February, 2015, an increase of capital of Mora Asset Management, SA by €4,200 thousands, entirely subscribed and paid up by Mora Banc Grup, SA.

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The detail, in thousands of euros, of the Group companies' and associated entities equity as of December 31, 2015 is as follows:

COMPANY	Capital	Reserves	Profit for the Year	Interim Dividend	Total Equity
<b>Group companies:</b>					
Mora Banc, SAU	30,060	92,650	11,107	(10,500)	123,317
Mora Gestió d'Actius, SAU	2,101	4,394	263	(250)	6,508
Mora Wealth Management AG <sup>(1) (2)</sup>	82	(14,468)	(3,081)	-	2,451
Mora WM Holdings USA, LLC <sup>(1) (3)</sup>	3,675	-	-	-	13,668
Mora Wealth Management LLC <sup>(1)</sup>	5,382	(5,119)	(1,110)	-	(847)
Mora WM Securities, LLC <sup>(1)</sup>	2,025	(1,356)	656	-	1,325
Mora Wealth Management, SA <sup>(1)</sup>	342	(219)	228	-	351
BIBM Preferents Ltd.	1	-	-	-	1
Mora Assegurances, SAU	6,503	1,316	4,068	(3,800)	8,087
Mora Asset Management, SA <sup>(1)</sup>	4,700	(830)	(1,892)	-	1,978
SICAV Amura Capital (Turquoise)	107,672	16,415	23,063	-	147,150
<b>Associated entities:</b>					
Inmobiliaria Colonial, S.A.	797,214	624,792	415,413	-	1,837,419
Serveis i Mitjans de Pagament XXI, SA (1)	60	62	80	-	202

<sup>(1)</sup> Provisional figures for the year 2015.

<sup>(2)</sup> Total Equity includes an amount of €19,918 thousand as a subordinated debt, entirely subscribed by Mora Banc Grup, SA.

<sup>(3)</sup> Total Equity includes an amount of €9,993 thousand as a subordinated debt, entirely subscribed by Mora Banc Grup, SA.

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### 3. ACCOUNTING POLICIES AND VALUATION STANDARDS

The following accounting principles and valuation methods were applied in the preparation of the accompanying consolidated financial statements:

#### a) Accrual basis

Revenues and expenses are recorded on an accrual basis, using the effective interest method for transactions which take more than twelve months to be completed. Nevertheless, in accordance with conservative accounting principles, as required by applicable legislation, the interest earned on loans classified as doubtful or very doubtful is recognized as income upon collection.

#### b) Recording basis

In accordance with banking practice, transactions are recorded on the date they take place, which may differ from their value dates, which are used in the calculation of interest income and expense.

#### c) Foreign currency

Foreign currency assets, liabilities and memorandum accounts were translated to Euros at the last midmarket exchange rates prevailing before the balance sheet date as determined by the Andorran Bankers' Association. Foreign currency revenues and expenses are translated to

Euros at the midmarket exchange rates on the date they take place. Exchange gains or losses are recorded in the accompanying consolidated statements of income under "Gains/(Losses) on Financial Transactions – Exchange Gains".

These are the main exchange rates with respect to Euro at the end of 2015:

CURRENCY	Euro
US Dollar	1.0936
Swiss Franc	1.0820
Sterling Pound	0.7383
Japanese Yen	131.8200

#### d) Doubtful assets

Loans and credits, debentures and other fixed-income securities and other receivables are classified as doubtful assets when the whole repayment is considered problematic because a reduction in the prospects for collection is noted due to the debtors' inability to fulfil their commitments under the contractual terms. The assets –notes, loan, credit or financial lease payments receivable, coupons, fixed-income securities and other debits due and payable– are included in this category according to their default status when the related principal or interest becomes more than three months overdue. In the case of loans with periodic payments, subsequent payments are classified as doubtful on the day they mature.

If a single loan has cumulative past-due uncollected principal, interest and expenses classified as doubtful exceeding 25% of the risk (excluding unaccrued interest) or there is an amount more than one year past due, the Entity classifies all of the past dues as doubtful.

When these assets are considered unrecoverable or their recovery value is deemed to be minimal or unlikely to be realized, they are removed from assets in the balance sheet and recorded in memorandum accounts under the "Other Memorandum Accounts Held Solely for Administrative Control Purposes – Other Memorandum Accounts" caption (see Note 26). In any case, these unpaid assets are transferred to memorandum accounts three years after maturity, or six years for mortgage loans with adequate collateral.

#### e) Allowance for credit losses

The allowance is recorded in order to cover losses on the recovery of investments with lending, investment securities and other risks. This allowance is increased by the expenses charged against income and reduced by charge-offs of loans considered to be uncollectible and recoveries of amounts previously provided.

Allowances for credit losses established under the chart of accounts of the Andorran financial system are as follows:

#### Specific allowances

The calculation of specific allowance is based on quantitative and qualitative regulated guidelines and on a detailed analysis to credit risk exposure, on individual basis, following prudent criteria, and it is maintained at an adequate level so that all potential losses are covered.

#### Generic allowances

To cover any losses that may arise in the future on individual risks that have not been identified as problematic at present, general-purpose provisions were recorded in accordance with the chart of accounts of the Andorran financial system. The mentioned provisions are equal to:

- 0.5% of time deposits placed for more than one business day with banking institutions (see Note 6).
- 1% of net lending to clients, with the exception of the exposure collateralized with pledged monetary assets, listed financial investments, contractually pledged, within the limits of the market value of these securities, and real estate assets (see Note 7).

- 0.5% of fixed-income securities issued by banking institutions and 1% of other fixed-income securities accounted under financial investments, with the exception of those issued or guaranteed by central administrations and central banks of OECD countries and Andorra (see Note 8), to which no generic allowance is applied.

### Country risk allowances

The calculation of country risk allowance takes into account, among others, the global risk estimation for each country according to balance of payments, indebtedness and debt service fees, quotations of fixed-income securities in international secondary markets, as well as other indicators and circumstances for each market. This estimation follows a most prudent criterion in order to calculate the necessary allowance.

### f) Credit facilities

Credit facilities granted to customers are recorded in the balance sheet at the amount used, and the undrawn amounts are recorded in the memorandum accounts under "Commitments and Contingencies – Operational Commitments and Contingencies".

### g) Investment securities

#### Fixed-income securities

The fixed-interest securities in the Group's portfolio are classified as follows:

- Trading securities, which are the securities that the Group expects to sell before maturity with the aim of making a profit in the short term from price fluctuations, are carried at market value. Any gains or losses arising from variations in the value of these securities, excluding accrued coupon payments, are recorded net under "Gains on Financial Transactions – Gains on Securities Transactions" in the accompanying consolidated income statements. Coupon payments accruing after securities have been purchased are recorded under "Interest Income – Debentures and Other Fixed-Income Securities."
- The held-to-maturity portfolio is made up of the securities that the Group has decided to hold to maturity, provided they have the financial ability to do so. These securities are stated at adjusted cost price. Cost price is adjusted on a daily basis by accruing the difference between cost and redemption value, over the remaining life of the related security. The results of accruing this difference, together with the coupons that have accrued since the securities were purchased, are recorded under "In-

terest Income – Debentures and Other Fixed-Income Securities."

In the event of alienations as a result of changes in the intentionality of holding investments until maturity, losses arisen from the disposal of assets are registered in the income statement as extraordinary losses. Gains are accrued on a straight-line basis over the remaining life of the security sold, and are recognized in "Gains on financial transactions- Gains on securities transactions".

In 2015, in accordance with the INAF authorization released on December 21, 2015, the Group added to "Gains on financial transactions – Gains on securities transactions" an amount of €6,546 thousands, corresponding to the cumulative balance of the obtain gains for sales of held-to-maturity investments until October 2015. The Group decided, under its Risk Management policy, and in accordance with the aforesaid authorization, to assign the full amount to increase the allowance for credit losses, charged against the consolidated result for year 2015 (see Notes 7 and 8).

- Other securities are classified as available-for-sale securities, and are valued and recorded at adjusted cost price. Likewise, differences between market value and adjusted cost price

are recognized in the income statement as a provision of fluctuating fund, calculating the total value of negative differences less the positive, until the positive differences equal the negative.

### Equity securities

- The securities in the trading portfolio are shown at their market value, and any gains or losses arising from variations in the value of these securities are recorded in the accompanying consolidated income statements.
- The securities in the available-for-sale portfolio are recorded at the lower of acquisition cost or market value.
- Investments accounted for under the equity method (see Note 2-d) are stated at the value of the portion of the investee's net worth they represent.

Market value was determined as follows:

- Listed securities: price at year-end.
- Unlisted securities: as a general rule, the underlying book value, obtained from the last available balance sheet, will be used as a reference. Nevertheless, in some cases the market value will depend on the value of the underlying asset. In case the asset is a business and there is enough informa-

tion, the valuation techniques applied could be, for instance, discounted cash flows. In case the underlying is a real estate company the appraised value or the valuation subtracting debt could be considered.

#### h) Consolidated goodwill

This caption reflects the positive differences that arise from the acquisition of a consolidated company, between the price paid for the shares of the company and its underlying book value.

In this regard, inherent expenses, those strictly linked to the acquisition of the subsidiary and which are indispensable for the purchase, have been considered as an increase in the price of acquisition. The remaining expenses directly linked to the purchase and not considered above, have been recognized as deferred charges (see Note 3-j).

Consolidated goodwill is not amortized. An impairment test must be performed at the end of each year, and if any indication of impairment exists, the corresponding loss is recognized in the consolidated income statement. This loss will be irrecoverable and it will not be possible to record it again even if the asset recovers its value.

Moreover, in the event of an inclusion of a new company in the consolidation perimeter, indirectly or through the integration of a subconsolidation, the entities are required to set aside a non-distributable reserve in the parent's separate financial statements equal to the amount of such positive differences, annually funding at least 10% of such amount through the allocation of the profit for the corresponding year. If no profits are available or profits should prove to be insufficient, freely distributable reserves must be used for this purpose (see Notes 4 and 9).

Negative differences are recognized as income in the income statement, in the year in which they occur.

#### i) Property and equipment

Property and equipment are stated at cost, except for the Group's building head offices, which was revalued in 1994. The estimated realizable value of these assets at year end is greater than their estimated net value.

The Group depreciates its property and equipment by the straight-line method based on the following years of estimated useful life:

#### YEARS OF ESTIMATED USEFUL LIFE

Buildings	50
Machinery, furniture and fixtures	3-10
Vehicles	5
Hardware	3

Assets acquired as settlement to other assets are recorded at the lowest of the net book value of the recovered asset at the moment of recovery, excluding their allowances, and the estimated price of the acquired asset.

Later, buildings which are not accounted for as property and equipment assigned to operations are impaired according to the following percentages:

AGEING IN BALANCE SHEET	%
Between 3 and 4 years	25
Between 4 and 5 years	50
More than 5 years	75

Notwithstanding, book value cannot be greater than the estimated market value. For terrains and other foreclosed assets, book value is measured against an updated valuation (at least every two years), performed by an independent valuator. In case of obtaining a valuation lower than the net book value,

those differences shall be accounted in the accompanying consolidated income statement.

#### j) Intangible assets and deferred charges

Intangible assets consist of:

- The cost of software, which is depreciated over a maximum of three years.
- Deferred charges, arisen from the constitution and acquisition of subsidiaries, which are depreciated over five years against the income statement. It is the period in which these assets will contribute to generate income (see Note 3-h).
- Goodwill, which is recorded at acquisition cost and is not depreciated. Additionally, an impairment test must be performed at each year end, and if any indication of impairment exists, the corresponding loss is recognized in the consolidated income statement. This loss will be irrecoverable and it will not be possible to record it again even if the asset recovers its value.

### k) Provisions for pensions and similar obligations

In 1977 the Group set up a pension fund for all employees, for the purpose of supplementing the pensions paid under the Andorran social security system. In 2007 it was proposed to the employees that this internal fund be changed and replaced by a defined contribution plan, implemented and managed through a group insurance policy taken out by Mora Banc Grup, SA on behalf of the Group with Mora Assegurances, SAU (see Note 2-d) which has been reinsured with AXA Vida, SA. Almost all employees accepted this change.

Additionally, an internal pension fund has been maintained for retired employees and serving employees who have not joined the new pension scheme. The main actuarial assumptions used to calculate the corresponding benefit obligations at December 31, 2015, are as follows:

- Nominal discount rate: between 0.75% and 2.50%, depending on the employee group concerned.
- Salary increase rate: 1.00%.
- CPI: 1.00%.
- Mortality tables: PERM/F-2000P.

The regular cost for the year of the internal pension fund was €6 thousand, which is recorded under “Personnel Expenses – Other Personnel Expenses”, while the portion relating to capitalization of the internal allowance is recorded under “Interest Expense – Other” in the consolidated income statements.

In addition, as a result of the outsourcing of the pension plan, payments amounting to €1,059 thousand were made during 2015. The amount of these payments is recorded under “Personnel Expenses – Other Personnel Expenses” in the accompanying 2015 consolidated income statements.

In addition, the provisions required to cover all the salary and welfare commitments with a group of eligible employees who joined the preretirement scheme offered by the Group were recorded against income in prior years. The related charge was included under “Provisions for Contingencies and Expenses” in the accompanying consolidated income statements (see Note 16).

### l) Provisions for futures

Allowance constituted for the Group arising from losses of valuations of non-hedge futures positions contracted out of regulated markets, held as of December 31, 2015 (see Note 16).

### m) General risk allowance

Allowance that the Group assigns, according to prudence criteria, given the risks inherent to banking and financial activities, to cover the general risks of these activities, without an identified impairment of the assets value (see Note 17).

### n) Financial derivatives

The Group uses these instruments basically to hedge equity positions. They are recorded in the memorandum accounts at the face value of the related contracts (see Note 23). In the case of options, the amount of premiums paid is included in “Other Assets – Options purchased” and the amount of premiums received is included in “Other liabilities – Options issued” in the accompanying consolidated balance sheets.

Transactions whose purpose and effect is to eliminate or substantially reduce the currency, interest-rate or market risks associated with equity positions or other transactions are considered as hedges. Gains or losses on hedging transactions are accrued symmetrically to the revenues or expenses relating to the item hedged.

Non-hedging transactions (also called trading transactions) arranged on organized markets are recorded at their market price, and any variations in market price are recorded in full in the accompanying consolidated income statements.

Gains or losses on trading transactions arranged outside organized markets are not recognized in the accompanying consolidated statements of income until they have been realized. However, at each month-end a valuation is made of positions, and, if required, a provision is recorded against income to cover possible net losses for each type of risk detected in the valuation.

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## o) Taxes

### Saving income Tax

As of June 13, 2005, the General Council approved the Law 11/2005, of implementation of the Agreement between the Principality of Andorra and the European Community concerning the establishment of measures equivalent to those provided in Directive 2003/48/EC on taxation of savings income in the form of interest payments.

With the signing of this agreement, the Principality of Andorra becomes obliged to carry out a withholding tax on interest payments made by paying agents established in Andorra to beneficial owners, individuals resident in a Member State of the European Union .

In the concept of "Collection accounts" under the tax liabilities of the consolidated balance sheet are recorded withholdings payable outstanding (see Note 20).

### Income tax

In accordance with Law 95/2010 of December 29 on the Income Tax, Law 17/2011 of December 1, modifying Law 95/2010, and the Regulations on the application of Law 95/2010 on the Income Tax, the establishment of an income tax has become official. The income tax is a direct tax applicable to income from legal entities. As of May 6, 2015 is published in

the BOPA, the Legislative Decree of April 29, 2015 publication of the revised Law 95/2010, of December 29, about income tax.

Income tax expense for the year is calculated as the sum of current tax resulting from applying the corresponding tax rate to taxable profit for the year, minus any applicable rebates and tax credits. The taxable profit is calculated by correcting the accounting profit, determined in accordance with the regulations established in the chart of accounts of the Andorran financial system, through the application of the qualification, measurement and temporary recognition principles and criteria set forth in the precepts of the income tax law that lead to off-balance sheet adjustments. Off-balance sheet adjustments, whether positive or negative, may be permanent or temporary depending on whether they are reversed in future taxable periods or not.

In the chapter "Other assets" of the consolidated balance sheet, a caption called "Taxes" is created, in which withholdings and payments on account of the advance income tax are recognized, as well as tax unrecognized tax loss carryforwards or tax credits that are registered to the extent that it is probable that future taxable profit will be available against which these assets may be utilized.

In the chapter "Other liabilities" of the consolidated balance sheet, a caption called "Taxes" is created, in which the deferred income tax is recognized, as well as payable amounts to tax agency.

In the consolidated income statement, under a chapter called "Income tax", all debits and credits related to the income tax rate are recognized. Additionally, in the chapter "Foreign income tax", all debits and credits related to the income tax corresponding to foreign tax systems are registered. These captions include the amounts corresponding to the financial institution, companies consolidated under the full consolidation method and the proportional consolidation method, and the group companies consolidated under the equity method.

For the purpose of the income tax calculation, MoraBanc Group is a tax group, according to the authorization received on May 25, 2012 from the Andorran government.

### General indirect tax

Further to General Indirect Tax Law 11/2012, of June 21, subsequently amended by Law 29/2012 amending the general indirect tax, of October 18, on January 1, 2013 this tax came into force, thereby repealing the previous General Indirect Tax Law on the provision of banking and financial

services. . As of May 6, 2015 is published in the BOPA, the Legislative Decree of April 29, 2015 publication of the revised Law 95/2010, of December 29, about income tax.

The general indirect tax is levied on the economic capacity disclosed provided that end consumption of a good or service occurs. The tax rate applied to provisions of banking and financial services is an increased tax rate of 9.5%.

Law 10/2014 of June 3, modifying Law 11/2012 of June 21 on the general indirect tax, amended by Law 29/2012 of October 18 and Law 11/2013 of May 23, introduces a limitation to the right of deducting the supported quotas to financial entities for a maximum annual amount equivalent to the 10% of the transferred quotas at a 9.5% tax rate, with the limitation of the supported tax in its subject activity.

"Withholdings and payments on account" and "Collection Accounts", in the chapter "Taxes" (assets and liabilities) in the consolidated balance sheet include the prepayments and withholdings payable, respectively (see Note 20).

### Non-residents Income tax

In accordance with the Law 94/2010 the non-resident income tax and the implementing regulation of this Act creates a tax direct nature levied on income obtained in the territory of the Principality of Andorra by natural or legal persons not resident in the tax territory. As of 6 May 2015 is published in the BOPA Legislative Decree of 29 April 2015 Publication of the revised Law 94/2010, of December 29, the income tax and non-tax residents .

In the concept of "collection accounts" under the tax liabilities of the consolidated balance sheet are recorded withholdings payable outstanding (see Note 20).

### Personal Income tax

In accordance with the Law 5/2014, of April 24, the personal income tax and the implementing regulation of this Act creates a tax direct character and personal nature gravel, according to the principles of generality and equitable distribution of the tax burden, income obtained by individuals based on their amount and their personal and family circumstances. As of 6 May 2015 is published in the BOPA Legislative Decree of 29 April 2015 Publication of the revised Law 5/2014, of April 24, the income tax of individuals .

In the concept of "collection accounts" under the tax liabilities of the consolidated balance sheet are recorded withholdings payable outstanding (see Note 20).

## 4. DISTRIBUTION OF PROFIT

The proposal of Mora Banc Grup, SA, parent entity of the Group, for 2015 profit distribution, that the Board of Directors will submit for approval by the Shareholders in general meeting; and the distribution of 2014 profit, are as follows:

	Thousands of Euros	
	2015	2014
<b>Dividends:</b>		
Interim	25,000	25,000
Final	7,000	5,000
	<b>32,000</b>	<b>30,000</b>
<b>Reserves:</b>		
Guarantee reserve	769	640
Voluntary non-distributable reserves	918	978
Voluntary reserve	157	107
<b>Profit for the year</b>	<b>33,844</b>	<b>31,725</b>

As of December 22, 2015, according to the decision taken by the Board of Directors of Mora Banc Grup, SA dated December 15, 2015 a distribution of an interim dividend of €25,000 thousand was performed (see Note 21).

Additionally, in accordance with current standards, it has been approved to allocate an amount of €918 thousand, equal to 10% of first-time consolidation differences to voluntary non-distributable reserves (see Notes 3-h and 9), together with €769 thousand in unavailable reserves relating to the application of the reserves through the deposit guarantee system for banks (see Note 5).

The income of the remaining Group companies shall be distributed in accordance with the resolutions of their respective Shareholders' Meetings, or single shareholders as required.

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## 5. MANDATORY BANK RESERVES

### Mandatory bank reserves ratios

As of June 30, 1994, the General Council of Andorra passed the law regulating mandatory bank reserve ratios. Under this law, all banking entities must maintain a ratio of their reserves in Andorran public funds.

### Government Debt Securities

In order to meet this ratio as of December 31, 2015 the Group have subscribed to Andorran government debt securities, issued on December 23rd, 2013, for an amount of €66,566 thousand. These debt securities mature on December 31, 2015, is expected to be renewed during the first quarter of 2016, and earn a one-year Euribor rate.

The Government debt securities are recorded in the "Investment Securities – Debentures and Other Fixed- Income Securities" caption in the accompanying consolidated balance sheets. These debt securities are recorded as held-to-maturity securities (see Note 8).

### Special financing programs

Loans granted by the Group under a program of national and social interest providing special financing for homebuyers, approved by the Andorran government, can also be classified as public funds. The loans granted by the Group under this program amounted to €1,188 thousand as of December 31, 2015 and €1,611 thousand as of December 31, 2014, and are recorded under "Lendings – Loans and Credits" in the accompanying consolidated balance sheets.

### Guarantee Reserves

#### Deposit guarantee fund

At its session held on February 2, 2011, the General Council of the Principality of Andorra approved the Law on the establishment of a banking deposit guarantee system, which requires banks that are authorised to operate in the Andorran financial system to keep investments in liquid and secure assets as a counterpart to a non-distributable reserve, subject to meeting the guarantees covered by the guarantee system.

The amount of the guarantee reserves recognised by the Group for this concept at December 31, 2015 was €21,741 thousand. The Group has invested an amount equal to the guarantee reserves in fixed-income securities government debt securities from OECD countries and the Principality of

Andorra and other immediately available assets less than a month mature assets, which are liquid assets and the INAF deems appropriate at any time in accordance with the requirements established by the mentioned Law (see Notes 21 and 30).

#### Andorran Resolution Fund of Banking Entities (FAREB)

Law 8/2015, of April 2, creates and regulates the Resolution Fund Andorran banking entities (hereinafter the FAREB) as a funding mechanism solving processes of Andorran banks. FAREB financial resources, according to the provisions of article 59 of Law 8/2015, shall be provided by the Andorran banks, not later than 31 December 2024 and should reach an amount equal to that date 1% of the amount of guaranteed deposits.

As stated in the First Additional Provision of Law 8/2015, the Andorran banks must make an extraordinary contribution to the initial joint FAREB amounting to 30,000 thousand euros, of which the Group is involved in thousands of 5,154 euros (see Note 21). The Group has set up a restricted reserve for the whole of this extraordinary initial contribution, charged to voluntary reserves.

During 2015 the Group has coped with the first payment in respect of such extraordinary contribution amounting to 515 thousand euros charged to this restricted reserve (see Note 21 and 30). This amount consists of the Group at 31 December 2015 this reserve is restricted to 4,639 thousand euros. The Group has invested an equivalent amount in assets of high liquidity and low risk.

#### Deposits with INAF

Nonbank entities integrated in the financial system are required to maintain minimum reserves of equity to guarantee their banking liabilities. Therefore, Mora Gestió d'Actius, SAU remains among the resources minimum reserves of equity amounting to €210 thousand at December 31, 2015 and 2014 (see Note 21). The deposits for this purpose are recorded in the "INAF" caption in the asset accompanying consolidated balance sheets and earn a variable interest rate market.

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## 6. DUE FROM FINANCIAL INTERMEDIARIES

The breakdown of the balance of this asset caption in the accompanying consolidated balance sheets, by currency and type of transaction, excluding the allowance for credit losses, is as follows:

	Thousands of Euros	
	2015	2014
<b>By currency:</b>		
In Euros	477,882	291,583
In foreign currency (Note 29)	203,307	258,652
	<b>681,189</b>	<b>550,235</b>

### By type:

Demand deposits:		
Correspondent bank accounts	325,285	273,994
Deposits	133,405	205,721
Other accounts	3,260	2,111
	<b>461,950</b>	<b>481,826</b>
Time deposits	219,239	68,409
	<b>681,189</b>	<b>550,235</b>

Time deposits are deposits with an original term of more than one working day.

The breakdown by maturity (from the balance sheet) date of the time deposits recorded in this caption of the accompanying consolidated balance sheets, excluding the allowance for credit losses, is as follows:

	Thousands of Euros	
	2015	2014
Up to 1 month	219,050	36,924
From 3 months to 1 year	189	31,485
	<b>219,239</b>	<b>68,409</b>

As of December 31, 2015 and 2014, there were no past-due balances or balance with no specified maturity.

The movement of the allowance for credit losses, which corresponds basically to the general provision, for the years 2015 and 2014 was as follows:

	Thousands of Euros	
	2015	2014
Opening balance	342	85
<b>Add:</b>		
Provisions to allowance	113	257
<b>Less:</b>		
Allowance recovered	(359)	-
<b>Closing balance</b>	<b>96</b>	<b>342</b>

Under current regulations, this general allowance for credit losses is considered as equity for the purpose of calculating the capital ratio.

## 7. LENDINGS

The breakdown of the balance of this asset caption in the accompanying consolidated balance sheets, by currency and sector, excluding the allowance for credit losses, is as follows:

	Thousands of Euros	
	2015	2014
<b>By currency:</b>		
In Euros	992,030	998,560
In foreign currency (Note 29)	63,599	79,323
	<b>1,055,629</b>	<b>1,077,883</b>
<b>By sectors:</b>		
<b>Andorran public sector:</b>		
Central government	62,549	49,241
Local government	28,578	30,882
Other	7,258	8,179
	<b>98,385</b>	<b>88,302</b>
Private sector	957,244	989,581
	<b>1,055,629</b>	<b>1,077,883</b>

The detail of the balance of this caption by type of collateral and degree of risk, excluding the allowance for credit losses, is as follows:

	Thousands of Euros	
	2015	2014
<b>By type of collateral:</b>		
<b>Secured:</b>		
Mortgage	505,462	490,458
Cash	3,286	1,938
Securities	246,110	245,526
	<b>754,858</b>	<b>737,922</b>
<b>Unsecured</b>		
	300,771	339,961
	<b>1,055,629</b>	<b>1,077,883</b>
<b>By degree of risk:</b>		
Normal	1,003,961	1,032,150
Past due	1,863	2,973
Doubtful	49,805	42,760
	<b>1,055,629</b>	<b>1,077,883</b>

Among the doubtful assets, a total sum of €49,277 thousand and €42,243 thousand, as of December 31, 2015 and 2014 respectively, were secured.

The detail by maturity of the balance of this caption of the accompanying consolidated balance sheets, excluding the allowance for credit losses, is as follows:

	Thousands of Euros	
	2015	2014
Past due and doubtful	51,668	45,733
Up to 1 month	60,336	76,224
From 1 month to 3 months	120,500	79,867
From 3 months to 1 year	240,234	309,241
From 1 year to 5 years	272,760	288,110
Over 5 years	293,271	263,394
No specified maturity	16,860	15,314
	<b>1,055,629</b>	<b>1,077,883</b>

The variation of the allowance in 2015 and 2014 were as follows:

	Thousands of Euros	
	2015	2014
Opening balance	26,957	7,276
<b>Add:</b>		
Provisions to allowance	11,298	25,358
<b>Less:</b>		
Allowance application	(389)	(2,662)
Allowance recovered	(4,114)	(3,015)
<b>Closing balance</b>	<b>33,752</b>	<b>26,957</b>

The allowance for credit losses is composed by a specific provision established over an individual basis and by a general provision (see Note 3-e and 3-g.b) as follows:

	Thousands of Euros	
	2015	2014
Specific provision	29,202	23,671
General banking provision	4,550	3,286
	<b>33,752</b>	<b>26,957</b>

The balance of "Provisions for credit losses net of recoveries" in the accompanying consolidated income statements relates mainly to changes in the allowance for credit losses, shown in the preceding table, plus net additions to the general allowance for financial intermediaries and investment securities (see Notes 3-e and 3-g).

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## 8. INVESTMENT SECURITIES

The breakdown of the "Investment Securities" asset caption in the accompanying consolidated balance sheets as of December 31, 2015 and 2014, by type of security and listing status, excluding the allowance for credit losses and the security price fluctuation allowance, is as follows:

	Thousands of Euros	
	2015	2014
<b>By type</b>		
<b>Trading securities:</b>		
Debentures and other fixed-income securities	88,150	24,553
Investment funds	52,694	18,385
Common stocks and other equity securities	3,035	2,830
	<b>143,879</b>	<b>45,768</b>
<b>Available-for-sale securities:</b>		
Debentures and other fixed-income securities	24,056	23,959
Investment funds	13,344	7,776
Common stocks and other equity securities	4,562	4,561
	<b>41,962</b>	<b>36,296</b>
<b>Held-to-maturity securities:</b>		
Debentures and other fixed-income securities	352,505	311,975
<b>Long-term securities:</b>		
Investments in Group companies	8,087	12,319
Other investments	151,865	108,201
	<b>159,952</b>	<b>120,520</b>
	<b>698,298</b>	<b>514,559</b>
<b>By listing status</b>		
Listed	510,421	365,059
Unlisted	187,877	149,500
	<b>698,298</b>	<b>514,559</b>

The cost value of the trading portfolio was as of December 31, 2015 and 2014, €145,162 and €44,980 thousand respectively.

The market value of the available-for-sale portfolio as of December 31, 2015 and 2014 does not differ significantly from its book value. The market value of the held-to-maturity investment portfolio as of December 31, 2015 and 2014 is €351,657 thousand and €321,688 thousand, respectively.

At December 30, 2013 the Group acquired preferred shares in Estació de Muntanya Arinsal-Pal (EMAP) for €4,487 thousand. The nominal amount of the issue was used to repay a loan granted to EMAP for the same amount. These shares are perpetual, subordinated and convertible from 30 December 2027, at the discretion of EMAP, into newly issued ordinary shares. At December 31, 2015, these shares were recognised under "Common stocks and other equity securities" on the asset side of the accompanying consolidated balance sheet.

During 2015 and 2014 the Group sold securities initially recorded in held-to-maturity portfolio for a total amount of €166,603 and €123,088 thousand, respectively. The realized gain resulting from this transaction was €7,630 and €755 thousand, respectively, accrued on a straight-line basis over the remaining life of the securities sold, according to current legislation. During 2015 and 2014 the Group realized profits for an amount of €513 thousand and €3,043 thousand, respectively, which were recorded in the "Gains/(Losses) on financial transactions" caption of the accompanying consolidated income statements. Additionally, in 2015, in accordance with the INAF statement released on December 21, 2015, the Group added to "Gains on financial transactions- Gains on securities transactions" an amount of €6,546 thousands corresponding to the cumulative balance of the obtained gains for sales of held-to-maturity investments during year 2015 (see Note 3-g.b).

The breakdown by maturity from the balance sheet date of the "Debentures and Other Fixed-Income Securities" caption is as follows:

	Thousands of Euros	
	2015	2014
Up to 3 months	226,890	38,495
From 3 months to 1 year	66,433	187,848
From 1 year to 5 year	89,115	54,307
More than 5 years	82,273	79,837
	<b>464,711</b>	<b>360,487</b>

There were no past-due balances as of December 31, 2015 and 2014.

The caption “Debentures and other fixed-income securities” as of December 31, 2015 and 2014 is mainly composed by debt securities issued by public administrations and banking institutions from OECD countries.

The caption “Investment funds” as of December 31, 2015 and 2014 consists of investments in investment funds managed directly or indirectly by the Group.

The “Investments in Group Companies” caption relates to shares in Mora Assegurances, SAU, a company consolidated by the equity method.

The detail of the balance of “Other Investments” as of December 31, 2015, is as follows:

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Thousands of Euros

COMPANY	Location	Line of Business	Percentage of ownership <sup>(1)</sup>	Capital Stock	Profit for the Year	Reserve	Total equity	Book value (***)	Interim Dividend
SICAV Amura (Onix) (*)	Andorra	Investment Society	100%	20,100	(55)	(47)	19,998	19,200	-
SICAV Amura (Emerald) (*)	Andorra	Investment Society	100%	10,064	(10)	(10)	10,044	10,003	-
SICAV Amura (Aquamarine) (*)	Andorra	Investment Society	100%	700	(43)	40	697	-	-
SICAV Rocanegra (*)	Andorra	Investment Society	100%	15,005	1,739	2,321	19,065	14,994	-
Inmobiliaria Colonial, SA (**)	Spain	Real Estate	3.66%	797,214	415,413	624,792	1,837,419	67,258	-
Serveis i Mitjans de Pagament XXI, SA (**)	Andorra	Means of payment	20%	60	80	62	202	41	-
Amura Capital Turquoise, SA (*)	Luxembourg	Investment Society	100%	13	-	-	13	33,862	-
Others	Andorra	Investment Societies	Various	11,114	267	727	12,108	5,707	-
				<b>854,270</b>	<b>417,391</b>	<b>627,885</b>	<b>1,899,546</b>	<b>151,065</b>	-

(\*) Shares for which there exists a marketing plan.

(\*\*) Shares with significant influence and permanence character.

(\*\*\*) Net of security price fluctuation allowance.

(1) Percentage of direct and indirect participation

The figures relating to the companies that composed that caption as of December 31, 2014, were as follows:

Thousands of Euros

COMPANY	Location	Line of Business	Percentage of ownership <sup>(1)</sup>	Capital Stock	Profit for the Year	Total equity	Book Value	Interim Dividend
SICAV Amura (Onix) (*)	Andorra	Investment Society	100%	20,100	(47)	20,053	20,000	-
SICAV Amura (Emerald) (*)	Andorra	Investment Society	100%	10,064	(10)	10,054	10,005	-
SICAV Amura (Aquamarine) (*)	Andorra	Investment Society	100%	700	40	740	2	-
SICAV Rocanegra (*)	Andorra	Investment Society	100%	15,005	2,321	17,326	14,994	-
Inmobiliaria Colonial, SA (**)	Spain	Real Estate	4.04%	797,214	491,994	1,422,843	57,455	-
Serveis i Mitjans de Pagament XXI, SA (**)	Andorra	Means of payment	20%	60	5	122	24	-
Others	Andorra	Investment Societies	Varis	11,127	513	11,854	5,721	-
				<b>854,270</b>	<b>494,816</b>	<b>1,482,992</b>	<b>108,201</b>	-

(\*) Shares for which there is a marketing plan.

(\*\*) Shares with significant influence and permanence character.

(1) Percentage of direct and indirect participation

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The Group holds in its portfolio 100% of the shares of certain SICAVs not considering them in the consolidation process, since they are for specific projects which the Group has intention to sell it.

During 2015 the Group acquired through the company Amura Turquoise Capital, SA, a 14.7% stake of the Company Admiralty Arch JV Limited, through which it has acquired the exploitation rights of the Admiralty Arch in London for 250 years.

As of December 31, 2015 and 2014, none of the investments in the trading portfolio represent more than 5% of capital stock (qualified holdings).

The variation of the security price fluctuation allowance in 2015 and 2014 was as follows:

	Thousands of Euros	
	2015	2014
Opening balance	-	-
Add:		
Provision to allowance	2,045	-
Less:		
Allowances recovered	-	-
<b>Closing balance</b>	<b>2,045</b>	<b>-</b>

The variation of the general provision in 2015 and 2014 was as follows:

	Thousands of Euros	
	2015	2014
Opening balance	1,448	1,105
Add:		
Provision to allowance	763	343
Less:		
Allowances recovered	(1,661)	-
<b>Closing balance</b>	<b>550</b>	<b>1,448</b>

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## 9. CONSOLIDATED GOODWILL

The total amount of the caption "Consolidated goodwill" is due to the acquisition of the company Mora Wealth Management LLC and Inmobiliaria Colonial, S.A. (see Notes 2-d and 4).

The variations of consolidated goodwill in 2015 and 2014 are as follows:

2015	Thousands of Euros			
	Opening Balance	Additions	Retirements	Closing Balance
<b>Consolidated goodwill:</b>				
Cost	9,771	-	(592)	9,179
Accumulated amortization	-	-	-	-
<b>Closing balance</b>	<b>9,771</b>	<b>-</b>	<b>(592)</b>	<b>9,179</b>

2014	Thousands of Euros			
	Opening Balance	Additions	Retirements	Closing Balance
<b>Consolidated goodwill:</b>				
Cost	3,422	6,349	-	9,771
Accumulated amortization	-	-	-	-
<b>Closing balance</b>	<b>3,422</b>	<b>6,349</b>	<b>-</b>	<b>9,771</b>

The Group estimates that there is no indication of impairment of first-time consolidation differences at December 31, 2015.

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## 10. INTANGIBLE ASSETS AND DEFERRED CHARGES

The variations in 2015 and 2014 in intangible asset and deferred charge accounts and in the related accumulated amortization were as follows:

	Thousands of Euros					
2015	Opening Balance	Additions	Retire-ments	Translation differences	Transfers and others	Closing Balance
<b>Software:</b>						
Cost	79,129	5,469	(11)	6	-	84,593
Accumulated amortization	(71,659)	(4,864)	3	(5)	-	(76,525)
	<b>7,470</b>	<b>605</b>	<b>(8)</b>	<b>1</b>	<b>-</b>	<b>8,068</b>
<b>Goodwill:</b>						
Cost	800	-	-	-	-	800
Accumulated amortization	-	-	-	-	-	-
	<b>800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>800</b>
<b>Deferral expenses:</b>						
Cost	6,895	1,094	(42)	-	(19)	7,928
Accumulated amortization	(6,419)	(204)	28	-	3	(6,592)
	<b>476</b>	<b>890</b>	<b>(14)</b>	<b>-</b>	<b>(16)</b>	<b>1,336</b>
<b>Total</b>	<b>8,746</b>	<b>1,495</b>	<b>(22)</b>	<b>1</b>	<b>(16)</b>	<b>10,204</b>

	Thousands of Euros					
2014	Opening Balance	Additions	Retire-ments	Translation differences	Transfers and others	Closing Balance
<b>Software:</b>						
Cost	74,673	4,461	(10)	5	-	79,129
Accumulated amortization	(65,979)	(5,683)	6	(3)	-	(71,659)
	<b>8,694</b>	<b>(1,222)</b>	<b>(4)</b>	<b>2</b>	<b>-</b>	<b>7,470</b>
<b>Goodwill:</b>						
Cost	800	-	-	-	-	800
Accumulated amortization	-	-	-	-	-	-
	<b>800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>800</b>
<b>Deferral expenses:</b>						
Cost	5,970	306	-	619	-	6,895
Accumulated amortization	(5,126)	(678)	-	(615)	-	(6,419)
	<b>844</b>	<b>(372)</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>476</b>
<b>Total</b>	<b>10,338</b>	<b>(1,594)</b>	<b>(4)</b>	<b>6</b>	<b>-</b>	<b>8,746</b>

The Group has performed an impairment test of the goodwill and considers that there is no evidence of impairment thereof.

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## 11. PROPERTY AND EQUIPMENT

The variations in 2015 and 2014 in property and equipment accounts and in the related accumulated amortization were as follows:

Thousands of Euros

<b>ASSETS ASSIGNED TO OPERATIONS IN 2015</b>						
	Opening	Additions	Retire- ments	Translation differences	Transfers	Closing
<b>Land:</b>						
Cost	23,149	-	-	-	-	23,149
<b>Buildings:</b>						
Cost	24,987	-	-	-	-	24,987
Accumulated amortization	(6,961)	(489)	-	-	-	(7,450)
	<b>18,026</b>	<b>(489)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,537</b>
<b>Furniture:</b>						
Cost	4,953	201	(110)	57	22	5,123
Accumulated amortization	(3,259)	(297)	101	(27)	-	(3,482)
	<b>1,694</b>	<b>(96)</b>	<b>(9)</b>	<b>30</b>	<b>22</b>	<b>1,641</b>
<b>Machinery and fixtures:</b>						
Cost	25,062	1,155	(225)	78	457	26,527
Accumulated amortization	(16,914)	(1,701)	139	(41)	-	(18,517)
	<b>8,148</b>	<b>(546)</b>	<b>(86)</b>	<b>37</b>	<b>457</b>	<b>8,010</b>
<b>Hardware:</b>						
Cost	15,171	808	(42)	55	9	16,001
Accumulated amortization	(13,725)	(852)	39	(50)	(3)	(14,591)
	<b>1,446</b>	<b>(44)</b>	<b>(3)</b>	<b>5</b>	<b>6</b>	<b>1,410</b>

Thousands of Euros

<b>ASSETS ASSIGNED TO OPERATIONS IN 2015</b>						
	Opening	Additions	Retire- ments	Translation differences	Transfers	Closing
<b>Vehicles:</b>						
Cost	424	-	(35)	-	-	389
Accumulated amortization	(281)	(45)	19	-	-	(307)
	<b>143</b>	<b>(45)</b>	<b>(16)</b>	<b>-</b>	<b>-</b>	<b>82</b>
<b>Construction in progress:</b>						
Cost	2	467	-	-	(469)	-
Accumulated amortization	-	-	-	-	-	-
	<b>2</b>	<b>467</b>	<b>-</b>	<b>-</b>	<b>(469)</b>	<b>-</b>
<b>Total</b>	<b>52,608</b>	<b>(753)</b>	<b>(114)</b>	<b>72</b>	<b>16</b>	<b>51,829</b>

Thousands of Euros

<b>ASSETS NOT ASSIGNED TO OPERATIONS IN 2014</b>					
	Opening Balance	Additions	Retire- ments	Transfers and other	Closing Balance
<b>Buildings and Land:</b>					
Cost	64,443	1,565	(1,266)	-	64,742
Allowance for decline in value	(9,583)	(1,947)	-	-	(11,530)
<b>Total</b>	<b>54,860</b>	<b>(382)</b>	<b>(1,266)</b>	<b>-</b>	<b>53,212</b>

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Thousands of Euros

**ASSETS ASSIGNED TO OPERATIONS IN 2014**

	Opening	Additions	Retire- ments	Translation differences	Transfers	Closing
<b>Land:</b>						
Cost	23,149	-	-	-	-	23,149
<b>Buildings:</b>						
Cost	24,987	-	-	-	-	24,987
Accumulated amortization	(6,471)	(490)	-	-	-	(6,961)
	<b>18,516</b>	<b>(490)</b>	-	-	-	<b>18,026</b>

**Furniture:**

Cost	4,817	140	(136)	37	95	4,953
Accumulated amortization	(3,105)	(259)	123	(18)	-	(3,259)
	<b>1,712</b>	<b>(119)</b>	<b>(13)</b>	<b>19</b>	<b>95</b>	<b>1,694</b>

**Machinery and fixtures:**

Cost	24,053	598	(495)	48	858	25,062
Accumulated amortization	(15,776)	(1,556)	436	(18)	-	(16,914)
	<b>8,277</b>	<b>(958)</b>	<b>(59)</b>	<b>30</b>	<b>858</b>	<b>8,148</b>

**Hardware:**

Cost	13,772	1,359	(1)	41	-	15,171
Accumulated amortization	(12,901)	(792)	1	(33)	-	(13,725)
	<b>871</b>	<b>567</b>	-	<b>8</b>	-	<b>1,446</b>

**Vehicles:**

Cost	399	104	(79)	-	-	424
Accumulated amortization	(308)	(52)	79	-	-	(281)
	<b>91</b>	<b>52</b>	-	-	-	<b>143</b>

Thousands of Euros

**ASSETS ASSIGNED TO OPERATIONS IN 2014**

	Opening	Additions	Retire- ments	Translation differences	Transfers	Closing
<b>Construction in progress:</b>						
Cost	221	734	-	-	(953)	2
Accumulated amortization	-	-	-	-	-	-
	<b>221</b>	<b>734</b>	-	-	<b>(953)</b>	<b>2</b>
<b>Total</b>	<b>52,837</b>	<b>(214)</b>	<b>(72)</b>	<b>57</b>	-	<b>52,608</b>

Thousands of Euros

**ASSETS NOT ASSIGNED TO OPERATIONS IN 2014**

	Saldo inicial	Altes	Baixes	Traspasos i altres	Saldo final
<b>Buildings and Land:</b>					
Cost	57,702	7,787	(1,046)	-	64,443
Allowance for decline in value	(9,394)	(212)	23	-	(9,583)
<b>Total</b>	<b>48,308</b>	<b>7,575</b>	<b>(1,023)</b>	-	<b>54,860</b>

No interest expenses relating to property and equipment were capitalized in 2015 or 2014.

Assets not assigned to operations include foreclosed assets acquired for unpaid loans for an amount of €44,392 and €46,040 thousands as of December 31, 2015 and 2014, respectively.

During 2015 the Group has increased the allowance for decline in value of foreclosed assets €1,947 thousand, due to the depreciation originated by updating valuations of the properties and application of the depreciation schedule to the foreclosed assets (see Note 3-i).

During 2015 there have been sold assets not assigned to operations, registered at cost of €1,266 thousand, without associated provision, which generated losses amounting €327 thousand recorded under "Extraordinary (loss)/income - losses on disposal or retirement of fixed assets" in the consolidated income statement. Additionally the Group recognized an expense of €98 thousand under "Extraordinary (loss)/income - losses on disposal or retirement of fixed assets" in respect of loss provision for pending sales of assets not assigned to operations.

At December 31, 2015, the value at market price of the foreclosed properties, according to the valuations requested by the Banks, exceeded the book value thereof.

## 12. ACCRUAL ACCOUNTS - ASSETS

The breakdown of the balance of this asset caption in the accompanying consolidated balance sheets, at December 31, 2015 and 2014 is as follows:

	Thousands of Euros	
	2015	2014
<b>Uncollected accrued interests</b>		
Interests	8,439	7,429
Comissions	2,515	3,107
Others	37	214
	<b>10,991</b>	<b>10,750</b>
<b>Prepaid expenses</b>	<b>5,700</b>	<b>5,518</b>
	<b>16,691</b>	<b>16,268</b>

## 13. DUE TO INAF

The detail of demand and time deposits in this liability caption of the accompanying consolidated balance sheets by currency and type is as follows:

	Thousands of Euros	
	2015	2014
<b>By currency:</b>		
In Euros	3,033	2,073
In foreign currency (Note 29)	13,361	-
	<b>16,394</b>	<b>2,073</b>
<b>By type:</b>		
Demand deposits	15,222	610
Time deposits	1,172	1,463
	<b>16,394</b>	<b>2,073</b>

The breakdown by maturity from the balance sheet date of the time deposits recorded in this caption of the accompanying consolidated balance sheets is as follows:

	Thousands of Euros	
	2015	2014
Up to 1 month	-	60
From 3 months to 1 year	1,172	1,403
	<b>1,172</b>	<b>1,463</b>

## 14. DUE TO FINANCIAL INTERMEDIARIES

The breakdown of the balance of the “Banks and Credit Institutions” liability caption in the accompanying consolidated balance sheets, by currency and type, is as follows:

	Thousands of Euros	
	2015	2014
<b>By currency:</b>		
In Euros	43,554	20,069
In foreign currency (Note 29)	1,129	4,118
	<b>44,683</b>	<b>24,187</b>

### By type:

Demand deposits:		
Correspondent bank accounts	36,258	9,503
Time deposits	8,425	14,684
	<b>44,683</b>	<b>24,187</b>

The breakdown by maturity from the balance sheet date of the time deposits recorded in this caption of the accompanying consolidated balance sheets is as follows:

	Thousands of Euros	
	2015	2014
Up to 1 month	8,425	7,570
From 1 month to 3 months	-	4,114
From 3 months to 1 year	-	3,000
	<b>8,425</b>	<b>14,684</b>

## 15. CUSTOMER DEPOSITS

The detail of the balance of this caption of the accompanying consolidated balance sheets, by currency and type, is as follows:

	Thousands of Euros	
	2015	2014
<b>By currency:</b>		
In Euros	1,657,181	1,463,923
In foreign currency (Note 29)	443,979	391,635
	<b>2,101,160</b>	<b>1,855,558</b>

### By type:

<b>Demand deposits:</b>		
Checking accounts	1,373,157	1,146,387
Saving accounts	84,916	69,157
	<b>1,458,073</b>	<b>1,215,544</b>
<b>Time deposits:</b>		
Certificates of deposits	642,778	639,756
Other	309	258
	<b>643,087</b>	<b>640,014</b>
	<b>2,101,160</b>	<b>1,855,558</b>

The breakdown by maturity from the balance sheet date of the time deposits recorded in this caption of the accompanying consolidated balance sheets is as follows:

	Thousands of Euros	
	2015	2014
Up to 1 month	65,284	74,371
From 1 month to 3 months	96,271	127,219
From 3 months to 1 year	465,640	376,853
From 1 year to 5 years	15,892	61,571
	<b>643,087</b>	<b>640,014</b>

There were no balance with no specified maturity as of December 31, 2015 and 2014.

## 16. PROVISIONS FOR CONTINGENCIES AND EXPENSES

### Provisions for pensions and similar obligations

The provisions recorded in this liability caption of the accompanying consolidated balance sheets relate to the pension allowance set up for employees (see Note 3-k).

The variations in 2015 and 2014 in the balance of this caption were as follows:

	Thousands of Euros	
	2015	2014
Opening balance	7,699	10,415
<b>Add:</b>		
Period provision charged against personnel expenses	6	12
Extraordinary provision charged against income (Note 22)	-	43
Return on assets assigned to the allowance (financial cost)	146	301
<b>Less:</b>		
Funds recovery (Note 22)	(297)	-
Allowance application	(539)	(3,072)
<b>Closing balance</b>	<b>7,015</b>	<b>7,699</b>

### Provisions for futures

The variations in 2015 and 2014 in "Provisions for futures" in the liabilities caption in the accompanying consolidated balance sheet were as follows (see Note 3-l).

	Thousands of Euros	
	2015	2014
Opening balance	557	145
<b>Add:</b>		
Provision to allowance	-	412
<b>Less:</b>		
Allowance application	(129)	-
<b>Closing balance</b>	<b>428</b>	<b>557</b>

### Other provisions

The variations in 2015 and 2014 in "Other Provisions" in the liabilities caption in the accompanying consolidated balance sheet were as follows:

	Thousands of Euros	
	2015	2014
Opening balance	4,646	2,315
<b>Add:</b>		
Provision to allowance	678	3,287
<b>Less:</b>		
Allowance application	(502)	(956)
<b>Closing balance</b>	<b>4,822</b>	<b>4,646</b>

"Other provisions" includes the provisions needed regarding early retirements commitments (see Note 3-k) as of December 31, 2015 and 2014, which amounted to €1,731 thousand and €1,566 thousand, respectively.

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The residual provision covers other risks related to the activity of the Group on financial distribution and intermediation.

## 17. GENERAL RISK ALLOWANCE

The amount of the provisions recorded in this liability caption of the accompanying consolidated balance sheets relates to the allowance that the Group has set aside, for conservative reasons, by reference to the risks inherent to banking and financial activities (see Nota 3-m).

Under current regulations, this general allowance is considered as equity for the purpose of calculating the capital ratio.

The variations in 2015 and 2014 in the balance of this caption were as follows:

	Thousands of Euros	
	2015	2014
Opening balance	2,981	-
<b>Add:</b>		
Provision to allowance	9,489	2,981
<b>Closing balance</b>	<b>12,470</b>	<b>2,981</b>

## 18. SUBORDINATED DEBT

On July 28, 2006, BIBM Preferents Ltd (see Note 2-d) issued non-voting preferred stocks in the amount of €60,000 thousand. These preferred stocks have no specified maturity; however, the issuer is entitled to depreciate them in advance each year, subject to the prior approval of INAF. The preferred stock carries a dividend of 5% per year, which is fixed for the first three years after issue and variable yearly thereafter in line with the 10-year CMS (Constant Maturity Swap) rate plus 30 basis points and with a maximum rate of 8% per year.

Mora Banc Grup, SA owns 100% of the capital stock of BIBM Preferents Ltd. To underwrite the abovementioned issue, Mora Banc Grup, SA has issued an irrevocable subordinated guarantee in favor of and for the benefit of the preferred stock subscribers.

Previously, on May 31, 2006, the Board of Directors of INAF gave authorization for the abovementioned issue of preferred stocks to be considered as equity for the purpose of calculating the Group's consolidated capital ratio.

In 2015 Mora Banc Grup, SA purchased preferred shares of the issue launched by BIBM Preferents Ltd for €10,515 thousand and sold preferred shares totaling €6,056 thousand, thereby resulting in the amount of subordinated debt recognised under "Subordinated debt" in the accompanying consolidated balance sheet being reduced by the same net amount, giving rise to a balance of €52,216 thousand at December 31, 2015.

## 19. ACCRUAL ACCOUNTS - LIABILITIES

The detail in this liability caption of the accompanying consolidated balance sheets as of December 31, 2015 and 2014 is as follows:

	Thousands of Euros	
	2015	2014
<b>Unpaid accrued expenses</b>		
Interests	3,415	5,670
Commissions	244	3
Others	11,862	6,133
	<b>15,521</b>	<b>11,806</b>
<b>Unearned revenue</b>		
Interests	520	28
Commissions	16	236
Others	577	-
	<b>1,113</b>	<b>264</b>
	<b>16,634</b>	<b>12,070</b>

## 20. FISCAL SITUATION

The breakdown of tax assets and liabilities at December 31, 2015 and 2014 is as follows:

	Thousands of Euros	
	2015	2014
<b>Assets – Taxes</b>		
Withholdings and payments on account	1,365	3,315
<b>Liabilities – Taxes</b>		
Collection accounts	6,026	7,172

The caption “Withholdings and payments on account” includes payments on account presented in 2015 related to Income tax and Indirect tax, amounting €1,026 thousand and €339 thousand, respectively. Additionally, the caption “Collection accounts” includes the accrued expenses corresponding to Income tax amounting €1,441 thousand. This caption also includes withholdings of savings income tax, general indirect tax, income tax on fiscal nonresidents and the personal income tax amounting €2,009 thousand, €2,113 thousand, €133 thousand and €330 thousands, respectively.

Given that the company Mora Assegurances, SAU is consolidated through equity method, the asset (payments on account) and liabilities (accrued income tax) amounts, which arise to €216 thousand and €434 thousand respectively, are not recorded in the corresponding captions of the consolidated balance sheet. Likewise, expense of Mora Assegurances, SAU is recorded in income tax expense of the Group.

The Group’s Directors and tax advisors consider that, in the event of a tax inspection, no significant tax contingencies would arise as a result of varying interpretations of the tax legislation applicable to the Group’s transactions.

## Income tax calculation

Given the different treatment of tax law provides for certain transactions, the accounting profit differs from the Group’s consolidated tax base.

The details of the tax under the consolidated income statement is as follows:

	Thousands of Euros	
	2015	2014
Local corporation tax	1,875	3,328
Tax on foreign companies	680	-
<b>Corporation tax</b>	<b>2,555</b>	<b>3,328</b>

Provided below a reconciliation between the results for the year and the tax base of financial years 2015 and 2014:

	Thousands of Euros	
	2015	2014
Profit attributable to the group before taxes *	51,157	43,515
Permanent differences	(13,289)	2,680
<b>Tax base</b>	<b>37,868</b>	<b>46,195</b>
Tax rate	10%	10%
<b>Income tax fee</b>	<b>3,787</b>	<b>4,620</b>
Deductions and bonuses	(1,912)	(1,292)
<b>Income tax payable</b>	<b>1,875</b>	<b>3,328</b>
Payments on account	(1,242)	(2,002)
<b>Differential fee</b>	<b>633</b>	<b>1,326</b>

\* This amount corresponds to the sum of the individual financial results of the Group companies subject to the Law on Tax of Andorra.

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The permanent differences relate to items that have no income tax expense or character. The breakdown as of December 31, 2015 and 2014 is as follows:

	Thousands of Euros	
	2015	2014
Results of foreign companies not subject to Income tax	(19,050)	3,133
Provisions for loan losses of group companies	2,374	-
Pension payments paid during the year	1,795	(1,203)
Local tax on income from tenants, establishment of commercial, business and professional activity	763	740
Elimination of double internal and international taxation	777	-
Donations and gifts	50	-
Others	2	10
<b>Total permanent differences</b>	<b>(13,289)</b>	<b>2,680</b>

The detail of deductions and credits that apply to share as of December 31, 2015 and 2014 is as follows:

	Thousands of Euros	
	2015	2014
New investments in fixed assets assigned to operations in Andorra	(327)	(383)
Elimination of double international taxation	(777)	(102)
Local tax on income from tenants, establishment of commercial, business and professional activity	(763)	(740)
Creation of jobs in Andorra	(45)	(67)
<b>Total deductions and credits</b>	<b>(1,912)</b>	<b>(1,292)</b>

At December 31, 2015 the Group had no deferred tax assets or liabilities, nor unused tax loss carry forwards.

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## 21. EQUITY

The breakdown of the accounts making up the Group's equity in 2015 and 2014 and of the variations therein is as follows:

	Capital Stock	Legal Reserve	Guarantee Reserves	Voluntary reserve	Consolidation Reserves	Profit for the Year	Interim Dividends	Final Dividends	Total
<b>Balance at December 31, 2013</b>	<b>42,407</b>	<b>14,913</b>	<b>19,413</b>	<b>102,999</b>	<b>100,818</b>	<b>42,375</b>	<b>(25,000)</b>	<b>-</b>	<b>297,925</b>
Distribution of 2013 income	-	-	1,404	8,297	2,674	(42,375)	25,000	5,000	-
Final dividend	-	-	-	-	-	-	-	(5,000)	(5,000)
Interim dividend (Note 4)	-	-	-	-	-	-	(25,000)	-	(25,000)
Translation differences	-	-	-	-	(1,029)	-	-	-	(1,029)
2014 income	-	-	-	-	-	40,187	-	-	40,187
<b>Balance at December 31, 2014</b>	<b>42,407</b>	<b>14,913</b>	<b>20,817</b>	<b>111,296</b>	<b>102,463</b>	<b>40,187</b>	<b>(25,000)</b>	<b>-</b>	<b>307,083</b>
Distribution of 2014 income	-	-	1,134	1,085	7,968	(40,187)	25,000	5,000	-
Final dividend	-	-	-	-	-	-	-	(5,000)	(5,000)
Interim dividend (Note 4)	-	-	-	-	-	-	(25,000)	-	(25,000)
Translation differences	-	-	-	-	(2,696)	-	-	-	(2,696)
2015 income	-	-	-	-	-	34,885	-	-	34,885
Other (Note 5)	-	-	4,639	(5,154)	-	-	-	-	(515)
<b>Balance at December 31, 2015</b>	<b>42,407</b>	<b>14,913</b>	<b>26,590</b>	<b>107,227</b>	<b>107,735</b>	<b>34,885</b>	<b>(25,000)</b>	<b>-</b>	<b>308,757</b>

### Capital stock

The capital stock shown in these consolidated financial statements relates to Mora Banc Grup, SA, and is composed by 7,056,000 fully subscribed and paid shares with a par value of €6.01 each, owned by an Andorran family group.

### Legal reserves

Under the Companies' Law 20/2007 of October 18, public companies must deduct 10% of profit each year and transfer it to the legal reserve until this reserve reaches 20% of the capital stock. As of December 31, 2015 the legal reserve of the Banks and Mora Gestió d'Actius, SAU, was totally constituted.

### Guarantee reserves

On February 2, 2011 the General Council of Andorra approved the law on the establishment of a banking deposit guarantee system for banking institutions, in order to guarantee the return of cash deposits and security deposits in banking institutions which are members of this system. This Law derogates all other applicable standards related banking deposits guarantees for banking institutions.

Moreover, established by the First Additional Provision of Law 8/2015, the Andorran banks must make an extraordinary initial contribution to the FAREB amounting €30,000 thousand, of which the Group is involved in €5,154 thousand. The Group has set up a restricted reserve for the whole of this extraordinary initial contribution, charged to voluntary reserves. During 2015 the Group has coped with the first payment in respect of such extraordinary contribution amounting to €515 thousand charged to restricted reserve, so, in compliance with this Law, the Group has established a restricted reserves at 31 December 2015 of €4,639 thousand.

In accordance with the law, the amount of the guarantee reserves established by the Group is €26,380 thousand (see Notes 5 and 30).

The guarantee reserves also include €210 thousand from Mora Gestió d'Actius, SAU, in accordance with the obligation to keep a minimum equity reserve to guarantee the operational obligations of non-banking entities included in the financial system (see Note 5).

Legal reserves and guarantee reserves maintained by Mora Banc, SAU and Mora Gestió d'Actius, SAU have been deducted from voluntary reserves and consolidation reserves and are presented under the caption "Legal reserves" and "Guarantee reserves", respectively, so that it can be seen they are non-distributable.

### Voluntary reserves

At December 31, 2015, under the caption "Voluntary reserves", the Group has a non-distributable reserve corresponding to the accumulated amortization as of December 31, 2011 of consolidated goodwill, plus the annual allocation for the 10% of its value. Likewise, the non-amortized amount of deferred charges is incorporated. As of December 31, 2015 and 2014, non-distributable reserves amounted to €4,566 thousand and €2,729 thousand, respectively.

### Consolidation reserves

The consolidation reserves, including conversion differences, correspond to the following companies:

	Thousands of Euros	
	2015	2014
Mora Banc, SAU	106,593	105,315
Mora Gestió d'Actius, SAU	3,763	3,304
Mora Assegurances, SAU	5,816	5,572
Mora Wealth Management AG	(5,702)	(8,779)
Mora Wealth Management LLC	(2,883)	(1,160)
Mora WM Securities, LLC	(1,626)	(1,674)
Serveis i Mitjans de Pagament	12	(16)
SICAV Amura	2,830	-
Mora Asset Management, SA	(830)	-
Mora Wealth Management, SA	(238)	(99)
	<b>107,735</b>	<b>102,463</b>

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## 22. EXTRAORDINARY RESULT

The breakdown of the balance of this caption of the accompanying consolidated income statements is as follows:

	Thousands of Euros	
	2015	2014
Losses on disposal or retirement of fixed assets	(551)	(347)
Extraordinary provision/recovery to the pension allowance (Note 16)	297	(43)
Other extraordinary income/loss (Net)	(4,817)	(2,193)
	<b>(5,071)</b>	<b>(2,583)</b>

As of December 31, 2015 the caption "Other extraordinary income/loss" mainly includes losses from previous years and losses for extraordinary reversals.

## 23. FINANCIAL DERIVATIVES

The detail of outstanding financial derivatives as of December 31, 2015 and 2014, classified according to the purpose of the contracts, is as follows:

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Thousands of Euros

	2015			2014		
	Hedge	Trading	Total	Hedge	Trading	Total
<b>Firm transactions:</b>						
Currency sales and purchases	707,024	-	707,024	643,206	-	643,206
Interest-rate swaps	258,590	132,453	391,043	230,377	133,035	363,412
Interest-rate futures	-	2,972	2,972	-	25,922	25,922
Futures	16,827	-	16,827	5,692	-	5,692
	<b>982,441</b>	<b>135,425</b>	<b>1,117,866</b>	<b>879,275</b>	<b>158,957</b>	<b>1,038,232</b>
<b>Option transactions:</b>						
Securities options	53,288	6,323	59,611	153,061	-	153,061
Interest-rate	2,915	-	2,915	3,314	-	3,314
Currency options	500	-	500	81,385	-	81,385
	<b>56,703</b>	<b>6,323</b>	<b>63,026</b>	<b>237,760</b>	<b>-</b>	<b>237,760</b>
Other futures	9,029	-	9,029	194,894	-	194,894
	<b>1,048,173</b>	<b>141,748</b>	<b>1,189,921</b>	<b>1,311,929</b>	<b>158,957</b>	<b>1,470,886</b>

As of December 31, 2015 and 2014 the Group held transactions contracted in organized markets for a total amount of €23,113 thousand and €33,816 thousand, respectively.

The face value of the existing contracts does not reflect the total risk held by the Group, since the net position to the foregoing transactions of these financial instruments is determined by their composition and/or combination. The open positions in relation to the foregoing transactions do not entail a significant interest-rate, currency or market risk.

The maturity structure from the balance sheet date of financial derivatives contracts held is as follows:

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Thousands of Euros

	2015	2014
<b>Currency sales and purchases:</b>		
Up to 1 year	707,024	643,206
	<b>707,024</b>	<b>643,206</b>
<b>Interest-rate swaps:</b>		
Up to 1 year	88,509	588
From 1 year to 5 years	37,491	99,349
Over 5 years	265,043	263,475
	<b>391,043</b>	<b>363,412</b>
<b>Interest-rate futures:</b>		
Up to 1 year	2,972	25,922
	<b>2,972</b>	<b>25,922</b>
<b>Securities Futures:</b>		
Up to 1 year	16,827	5,692
	<b>16,827</b>	<b>5,692</b>
<b>Securities options:</b>		
Up to 1 year	41,206	128,605
From 1 year to 5 years	18,405	24,456
	<b>59,611</b>	<b>153,061</b>
<b>Interest-rate options:</b>		
Over 5 years	2,915	3,314
	<b>2,915</b>	<b>3,314</b>
<b>Currency options:</b>		
Up to 1 year	500	81,385
	<b>500</b>	<b>81,385</b>
<b>Other futures:</b>		
Up to 1 year	5,850	168,427
From 1 year to 5 years	3,179	26,467
	<b>9,029</b>	<b>194,894</b>
	<b>1,189,921</b>	<b>1,470,886</b>

## 24. THIRD-PARTY SECURITIES AND OTHER ASSETS HELD IN CUSTODY

This account reflects the market value of the securities and other assets deposited by customers and held in custody by the Group. The detail, by type of security, of the balance of this caption in the accompanying consolidated memorandum accounts is as follows:

	Thousands of Euros	
	2015	2014
Common stocks and other equity securities	1,221,725	1,267,162
Debentures and other fixed-income securities	1,421,576	2,086,631
Securities of investment schemes not managed by the Group	1,041,776	1,063,600
Securities of investment schemes managed by the Group	1,377,561	1,840,196
Other	75,157	240,550
	<b>5,137,795</b>	<b>6,498,139</b>

## 25. THIRD-PARTY ASSETS MANAGED BY THE GROUP

The breakdown of third-party resources managed by the Group as of December 31, 2015 and 2014 is as follows:

Thousands of Euros

CLIENT TYPOLOGY	2015		2014		Total
	Held in custody by the Company	Held in custody by third parties	Held in custody by the Company	Held in custody by third parties	
Investment funds	1,233,214	157,611	1,390,825	1,737,642	1,737,642
Clients with assets under management	745,741	1,172,213	1,917,954	811,558	1,582,000
Others clients	3,882,439	-	3,882,439	3,964,301	3,964,301
<b>Total</b>	<b>5,861,394</b>	<b>1,329,824</b>	<b>7,191,218</b>	<b>6,513,501</b>	<b>7,283,943</b>

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## 26. OTHER MEMORANDUM ACCOUNTS HELD SOLELY FOR ADMINISTRATIVE CONTROL PURPOSES

The breakdown of these captions in the accompanying consolidated memorandum accounts as of December 31, 2015 and 2014 is as follows:

	Thousands of Euros	
	2015	2014
<b>Guarantees and commitments received</b>		
Guarantees	<b>964,939</b>	<b>966,288</b>
<b>Other memorandum accounts</b>		
Very doubtful assets	21,075	19,811
Own unlisted securities and assets	77,646	68,997
Trusts	152,120	130,718
Other	93,122	72,536
	<b>343,963</b>	<b>292,062</b>
	<b>1,308,902</b>	<b>1,258,350</b>

The caption "Own unlisted securities and assets" includes the unlisted securities and assets already recognized in the consolidated balance sheet under investment securities.

The caption "Trusts" includes not listed securities and assets held in custody for third parties by the Group. These assets are booked for its face value.

The "Other" account includes time deposits with Banks and customers' certificates of deposit arranged with a value date after December 31.

## 27. ASSETS ASSIGNED AS SECURITY

As of December 31, 2015 and 2014, there were assets assigned as security in the amount of €23,208 thousand and €56,592 thousand, respectively. These amounts relate to investment commitments acquired by the Group and the guarantee required for financial derivatives transactions arranged by the Group with other financial institutions.

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## 28. TRANSACTIONS WITH RELATED PARTIES AND GROUP INSTITUTIONS

Details of balances in the accompanying consolidated financial statements as of December 31, 2015 resulting from transactions between the Group and related parties or Group companies that are not consolidated by the full integration method (see Note 2-d) exceeding 5% of profit for the year (in the case of the income statement) or 10% of shareholders' equity (in the case of the balance sheet) are disclosed below:

	Thousands of Euros
	Investees
<b>Assets:</b>	
Lendings	801
Investment securities	75,345
Accrual accounts	461
Other assets	218
	<b>76,825</b>
<b>Liabilities:</b>	
Creditors: customer deposits	274,438
Accrual accounts	723
	<b>275,161</b>
<b>Memorandum accounts</b>	<b>308,610</b>
<b>Income statement:</b>	
Interest income	-
Interest expense	-
Net service fee	7,624
Other	19,132

All of the balances with investees relate entirely to Mora Assegurances, SAU, and Inmobiliaria Colonial which are consolidated by the equity method (see Note 2-d).

As of December 31, 2015 there are no transactions with shareholders, other subsidiaries, members of Board of Directors or Management, or with other related parties, exceeding 5% of profit for the year (in the case of the income statement) or 10% of shareholders' equity (in the case of the balance sheet).

## 29. RISK MANAGEMENT

### Credit risk

The main risks held by the Group as of December 31, 2015 and 2014, are concentrated in the "Financial Intermediaries", "Lendings" and "Investment Securities" asset captions in the accompanying consolidated balance sheets.

Credit risk is the possibility of loss stemming from the total or partial failure of our customers or counterparties to meet their financial obligations to the Group.

With the aim of reducing the credit risk associated with transactions with other financial institutions, the Group pursues a conservative policy with regard to the assessment and diversification of counterparties and exposition limits, and requires, among others, a minimum rating from rating agencies reports, Credit Default Swap (CDS) senior levels and risk of the settling country. Risk control is performed using an integrated, real-time system that enables the Bank to know at any time the unused exposure limit with respect to any counterparty, by product and maturity.

All of the derivatives exposure is to financial institutions with which transactions are entered into under netting and collateral arrangements.

The risk resulting from customer loans is continuously monitored by a unit set up specifically for this purpose by the Group. The credit risk management process consists of identifying, controlling and deciding about the risks incurred due to the Bank

operations. Both the business areas and the senior management intervene during this process. Likewise, the Risk Committee is also involved, approving and monitoring the framework of activity of the risk function.

The accounting policy for hedging against credit risk on the loan portfolio is described in Note 3-e.

### Country risk

Country-risk is a credit risk component that includes all cross-border credit transactions, whether due to usual trade circumstances or financial investments.

Country-risk management principles follow the principle of maximum prudence, so exposures that do not fall within Group 0 or 1 in the OECD country-risk classification are not generally authorized.

### Market risk

The Group has a Market Risk Management Unit. One of the basic functions of this unit is to measure, control and monitor market risks, and evaluate exposure and compliance with the limits assigned. It also assesses implements and maintains the computer tools used.

These functions are supervised by the Asset and Liability Committee (ALCO), which is made up of members of the Group's general management, among others. The committee meets up at least once a month and its task is to analyze the positions giving rise to market risk, and define the strategies that the Group must follow. The Banks' Boards of Directors are periodically informed of the level of risk held and establish maximum absolute exposure levels for this risk.

Estimating potential losses in adverse market scenarios is the key factor for measuring market risk. Therefore, the historical simulation method for calculating Value at Risk (VaR) is used.

The advantages historical simulation VaR as risk measure since it is based on market movements that have taken place in the past and therefore avoids making assumptions about the behavior of market factors, as well as their correlations. From a time frame

of 256 days of daily data historical VaR is calculated assuming uniform weights for all observations.

The VaR used measures the maximum potential loss for each day with a 99% confidence level that investment securities could suffer as a result of the volatility in financial markets, as well as interest and exchange rates, and credit markets through spread operations. This calculation is currently performed daily and is made by reference to market risk factors: currency, interest rates, equity security prices and the volatility of options on these, on the basis of historical data on daily market prices and the observed interaction between these factors. The prevailing market risk limits model consists of a system of VaR limits and sub-limits, as well as stop-loss limits for some of the trading activities. This system of limits is supplemented by estimates of the impact of extreme market movements on risk positions. Stress testing on historical crisis scenarios is currently being performed, as well as impact analyses on the behavior of several financial variables that may be plausible but do not correspond to past situations.

Since the historical simulation VaR also has its limitations: basically high sensitivity data window used and the inability to capture plausible events that have taken place within the historical range used, the Group adjusts the calculation of these limitations using a daily calculation of the Stressed VaR and the expected shortfall. Unlike VaR, has the advantage of better capture the risk of high losses of low probability, which is known as tail risk.

The maximum exposure thresholds established for 2015 and 2014 under the VaR method, and the maximum exposure reached in these years, for each risks factor, are as follows:

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Thousands of Euros

	Currency	Interest rate	Equity securities	Credit	Total
<b>2015:</b>					
Established threshold					800
Maximum exposure reached	105	145	83	692	689
<b>2014:</b>					
Established threshold					900
Maximum exposure reached	121	171	44	562	587

### Currency risk

According to the valuation standards defined in Note 3-c, the total foreign currency assets and liabilities held by the Group as of December 31, 2015 and 2014, are as follows:

Thousands of Euros

	2015	2014
Due from financial intermediaries (Note 6)	203,307	258,652
Lendings (Note 7)	63,599	79,323
Investment securities	186,652	23,123
Other	37,053	33,139
<b>Total assets</b>	<b>490,611</b>	<b>394,237</b>
INAF (Note 13)	13,361	-
Deposits: banks and financial intermediaries (Note 14)	1,129	4,118
Deposits: customer deposits (Note 15)	443,979	391,635
Other	6,535	7,007
<b>Total liabilities</b>	<b>465,004</b>	<b>402,760</b>

As of December 31, 2015 and 2014, the currency risk associated with most of the balances held in foreign currencies had been hedged with financial derivatives (see Note 23) or equity transactions.

### Interest-rate risk

The interest rate risk is defined as the change in the financial margin or the equity value of the Group associated with the fluctuations of the market interest rates. The measurement of this risk includes calculations of net interest income sensitivity one year ahead, and sensitivity measures of economic capital against a parallel movement of +/- 100 basis points of the market curves of the main currencies of the balance sheet.

The Assets and Liabilities Committee (ALCO) is in charge of managing the interest rate risk of the balance structural positions, following the related regulations established by the Board of Directors.

Generally, framed in a context of low interest rates, the Entity's positioning has been to maintain the balance with positive sensitivity to increases in interest rates, both in terms of net interest income and economic value.

Nevertheless, the effect of a hypothetical 1% variation in the current market interest rates on the Group's assets, liabilities and memorandum accounts will not imply a significant variation in Group equity.

### Price risk: fair value of assets and liabilities

Fair value is the amount for which an asset may be exchanged between an experienced buyer and seller, or a liability settled between an experienced debtor and creditor acting on an arm's-length basis.

Recording transactions at their fair value, taking into account the accounting methods used and their maturity dates, would not have given rise to any material gains or losses in relation to the Group's net worth.

### Liquidity risk

The purpose of liquidity and financing risk management is to prevent the entity from having difficulties in meeting its payment commitments or from having to get funds in onerous conditions in order to meet them.

During the stress period experienced in the last years, the management of the maturity structure of the Group's assets and liabilities has allowed it to enjoy a privileged position, which has given it a competitive advantage to carry out its activity in a more demanding environment.

Decisions regarding all structural risks, including liquidity risk, are made by the entity's Assets and Liabilities Committee (ALCO).

The Group, through its balance sheet management unit, manages liquidity and financing according to the policies set by the Board of Directors, at the proposal of the Risk Department, which performs an independent measurement and monitoring of liquidity risk and periodical stress testing.

### Operational risk

The Group defines operational risk as the risk of loss derived from deficiencies in internal processes, human resources or systems, as well as losses caused by external circumstances.

The Group's objective regarding operational risk control and management is based on identifying, measuring and controlling operational risk events regardless of whether they have an impact on the income statement. Thus, the priority is identifying the risks and mitigating them by designing action plans that eliminate or minimize them.

The phases of operational risk management are as follows:

- a) Identification of risks, which is carried out using a mapping of the processes of each area and activity, identifying existing controls.
- b) Objective and continual measurement and assessment of operational risk, which is carried out based on internal standards, and risk tolerance levels are established.

- c) Monitoring and mitigation, which is carried out through a continual follow-up of operational risk exposures by implementing controls to improve internal knowledge and mitigate potential losses.
- d) Information, which is periodically generated through reports on operational risk exposures and its level of control by the Group's units and senior executives.

## 30. REGULATIONS COMPLIANCE

### Law regulating the capital and liquidity requirements for financial institutions

On February 29, 1996, the General Council of Andorra passed a law regulating the liquidity and capital requirements for financial institutions.

This law specifies that banks must maintain a capital ratio of at least 10%, as recommended by the Basle Committee on Banking Regulation and Supervisory Practices. The law also establishes a mandatory liquidity ratio of at least 40%.

The Group's capital and liquidity ratios, which were determined in accordance with the provisions of this law, stood at 28.50% and 76.03% as of December 31, 2015, and 27.36% and 68.90% as of December 31, 2014.

The law regulating the capital and liquidity requirements for financial institutions also limits the concentration of risks in a single beneficiary to 20% of Group equity. Under this law, the aggregate of risks individually exceeding 5% of equity may not exceed 400% of equity. Likewise, the risk on transactions with members of the Board of Directors may not exceed 15% of equity. These risks are weighted in accordance with the provisions of the above-mentioned law.

In 2015 and 2014, the highest risk exposure reached with the same beneficiary was 19.37% and 18.46% of the Group equity, respectively. Loans and other transactions entailing a risk exceeding 5% of equity with the same beneficiary did not exceed an accumulated total risk of 98.16% and 92.36% during 2015 and 2014, respectively.

## Law on international cooperation on penal matters and measures against the laundering of money or securities which are the proceeds of international crime, and against terrorist financing

The General Council at its meeting on 15 January 2015 approved the Law 2/2015 of 15 January, amending the Law on international cooperation on penal matters and measures against the laundering of money or securities which are the proceeds of international crime, and against terrorist financing of 29 December 2000. In this context, it highlights the need to adapt the Law on international cooperation on penal matters and measures against the laundering of money or securities which are the proceeds of international crime, and against terrorist financing, of 29 December 2000 to essential standards set in the former recommendation 26 of the Financial Action Task Force (FATF) –new recommendation 29– and thus establish measures and specific legal provisions regarding the legal structure of UIF (now UIFAND).

The evaluation report of the Principality of Andorra approved by the Moneyval in its plenary session on 8 March 2012 highlights the evolution and permanent intensification of the prevention and repression measures taken. In this sense, Moneyval expressed its reservations about the func-

tional autonomy and independence of the UIFAND and, in particular, the regulatory framework governing the appointment and dismissal of UIFAND staff. In light of these considerations, the law regulates, mainly, the powers and functions of the UIFAND, its composition and sets specific and particular rules regarding the appointment and dismissal of the head of the UIFAND, regulating as well the regime of incompatibilities.

Later the General Council at its meeting on 16 July 2015 approved the Law 11/2015, of 16 July, amending the Law on international cooperation on penal matters and measures against the laundering of money or securities which are the proceeds of international crime, and against terrorist financing, of 29 December 2000.

In this context, it becomes clear the desirability of adapting the Law on international cooperation on penal matters and measures against the laundering of money or securities which are the proceeds of international crime, and against terrorist financing, of 29 December 2000 to the established international standards in the former recommendation 17 of the Financial Action Task Force (FATF) –new recommendation 35– and increase the deterrent effect and proportionality of the sanctions regime. In light of these considerations, the Law regulates the sanctions applicable

in both its substantive scope and in the formal one. It also modifies the regulation regarding the obligation to make declarations of suspicious transactions considering the recommendations of Moneyval.

The Group has established a number of internal control and reporting procedures in order to prevent and impede laundering and terrorist financing. It has also carried out specific training programs for staff.

## Law on organizational requirements and operating conditions for entities operating in the financial system, investor protection, market abuse and financial guarantee agreements

At its session held on May 9, 2013, the General Council of the Principality of Andorra approved the Law 8/2013, of May 9, on organizational requirements and operating conditions for entities operating in the financial system, investor protection, market abuse and financial guarantee agreements, for the purpose of maintaining a functionally and structurally sound financial system.

This Law includes the basic administrative regime for entities operating in the financial system until the date established by Law 14/2010, of May 13, on the legal regime of banking institutions and the basic administrative regime for entities

operating in the financial system.

It also contains investor protection requirements, thereby continuing the provisions until the date established by Law 14/2010, which included the principles established in Directive 2004/39 EEC of the European Parliament and of the Council, of 21 April 2004, known as MiFID (Markets in Financial Instruments Directive).

The Group has established a series of control and communication procedures in order to comply with these organizational requirements.

## Agreement between Andorra and the European Community in relation to the establishment of measures equivalent to those provided in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments

On February 21, 2005, the Andorran government ratified the agreement between Andorra and the European Community in relation to the establishment of measures equivalent to those provided in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments. In addition, on June 13, 2005, the Government passed the Law implementing the above agreement.

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In 2015, the Group, acting in its capacity as payment agent, complied with the obligations contained in the agreement and its implementing law, and settled the amount of the withholding in accordance with the abovementioned legislation.

### Law on the establishment of a banking deposit guarantee system

On February 2, 2011 the General Council of Andorra approved the law on the establishment of a banking deposit guarantee system. The purpose of the guarantee system is to ensure that the beneficiaries will be refunded the amount of their covered cash deposits, with a maximum limit per beneficiary of €100,000, and of the covered securities deposits, also with a maximum limit per beneficiary of €100,000 separated from the first one.

Under this law, the institutions in the Andorran financial system are required to establish and keep investments in liquid and secure assets as a counterpart to a non-distributable reserve subject to meeting the guarantees covered by the guarantee system. The maximum total amount of the guarantee reserves for all the members of the system is €94.1 million at the beginning and an annual contribution plan will be established until reaching 1.5% of the calculation basis set forth in the aforementioned law, which

will also be the maximum hedge limit of the guarantee system for all beneficiaries. In any case, guarantee reserves cannot exceed the overall and absolute limit of €200 million.

The amount of the guarantee reserves set up by the Group at 31 December 2015 is €26,380 thousand, from which €21,741 thousand correspond to the Deposit Guarantee Fund and €4,639 thousand to FAREB (see Note 21). The Group has invested an equivalent amount to guarantee reserves in fixed-income securities – government debt of OECD countries and the Principality of Andorra and other assets available immediately or no later than a month, which are easily payable, and INAF deems appropriate at any time in accordance with the requirements established by the Law.

### General Indirect Tax Law

Further to Law 11/2012, of 21 June, subsequently amended by Law 29/2012, of 18 October, on 1 January 2013, the general indirect tax came into force, thereby repealing the previous Indirect General Tax Law relating to the provision of banking and financial services. As of 6 May 2015 it is published in the BOPA the Legislative Decree of 29 April 2015 of Publication of the revised Law 11/2012, of June 21, on the general indirect tax including all changes made.

The general indirect tax is levied on the economic capacity disclosed provided that end consumption of a good or service occurs. The tax rate applied to provisions of banking and financial services is a progressive tax rate of 9.5%.

Law 10/2014 of June 3, modifying Law 11/2012 of June 21 on the general indirect tax, amended by Law 29/2012 of October 18 and Law 11/2013 of May 23, introduces a limitation to the right of deducting the supported quotas to financial entities for a maximum annual amount equivalent to the 10% of the transferred quotas at a 9.5% tax rate, with the limitation of the supported tax in its subject activity. The limitation came into force on July 1, 2014.

In 2015 the Group has complied with all the obligations arising from the application of the Law practicing the corresponding payments.

### Law on income tax

In accordance with Law 95/2010, of December 29, on the corporate income tax, Law 17/2011, of December 1 on the modification of Law 95/2010, and applicable regulations on Law 95/2010 on the corporate income tax, a corporate income tax is officially established. As of 6 May 2015 is published in the BOPA Legislative Decree of 29 April 2015 Publication of the revised Law 95/2010, of December 29, on

the income tax including all changes.

In accordance with Law 95/2010, the general tax rate for the obliged taxpayers is 10%.

Article 25 of the Law 95/2010 regulates the special tax consolidation system. In this regard, Mora Banc Grup, SA is the parent company of the consolidation tax group, being the subsidiaries Mora Banc, SAU, Mora Gestió d'Actius, SAU and Mora Assegurances, SAU.

During 2015 the Group has complied with all the tax obligations arising from the Law, liquidating the payment on account of income tax in 2015 and 2014.

### Law on the tax on income of fiscal non-residents

The General Council of the Principality of Andorra, at its meeting of 29 December 2010, approved the Law 94/2010 on tax on income of fiscal non-resident, that levies the income obtained in Andorrraby persons and entities considered by the Law as non-resident for tax purposes. The Group is obligated to practice and apply retention, generally, the tax rate of 10%. This law is applicable since 1 April 2011. On 1 December 2011, the General Council of Andorra passed Law 18/2011 amending the Law 94/2010, which is applicable from 1 January 2012. As of 6 May 2015, it was

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published in the BOPA the Legislative Decree of 29 April 2015 of publication of the revised Law 94/2010 of 29 December on tax on income of fiscal non-resident, which includes all amendments made.

During 2015 the Group has complied with its tax obligations, acting as a retainer and paying the tax office income derived by non-resident tax in the Principality of Andorra.

### Law on the personal tax income

According to Law 5/2014, of April 24, the income tax of individuals and the implementing regulation of this Law institutionalizes the creation of a personal tax income. As of 6 May 2015, it is published in the BOPA the Legislative Decree of 29 April 2015 of publication of the revised Law 5/2014, of April 24, on the personal income tax, which includes all amendments made.

The general tax rate of the personal income tax for the taxpayers, specified in the Law is 10%. The Law distinguishes between basic and general savings base, depending on the type of income subject to tax.

## 31. COMMUNITY ACTIVITIES AND SIMILAR

The Group has no legal or statutory community obligations. Nevertheless, the Group has always been deeply involved, through the sponsorship and subsidization of a wide range of events, in the development of the society in which it operates in. During 2015, the Group continued this policy. Thus, it has collaborated with public bodies as the Andorran government and different City Councils, as well as social organizations / civil society, in several activities in the field of culture, education and training.

## 32. SUBSEQUENT EVENTS

Subsequent to the year end there has been no significant event that impacts on the consolidated financial statements for the year 2015.

## 33. EXPLANATION ADDED FOR THE TRANSLATION INTO ENGLISH

These consolidated financial statements are presented in accordance with the generally accepted accounting principles and standards established by the chart of accounts of the Andorran financial system. Certain accounting practices applied by the Group that conform with generally accepted accounting principles in Andorra may not conform with generally accepted accounting principles in other countries.

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# Individual bank balance sheets

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BALANCE SHEET  
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Thousands of Euros

ASSETS	2015	2014
<b>Cash on hand and due from OECD central banks</b>	<b>22,113</b>	<b>20,310</b>
<b>Due from INAF</b>	<b>-</b>	<b>-</b>
<b>Due from financial intermediaries</b>	<b>689,615</b>	<b>904,993</b>
Banks and credit institutions	686,615	903,332
Other financial intermediaries	3,096	2,003
Less - allowance for credit losses	(96)	(342)
<b>Lendings</b>	<b>406,383</b>	<b>345,564</b>
Loans and credits	421,784	358,360
Customer overdrafts	6,716	3,420
Customer bill portfolio	815	580
Less - allowance for credit losses	(22,932)	(16,796)
<b>Investment securities</b>	<b>608,173</b>	<b>463,527</b>
Debentures and other fixed-income securities	443,173	338,949
Less - allowance for credit losses	(550)	(1,448)
Investments in group companies	84,820	80,173
Less - security price fluctuation allowance	(7,886)	(3,926)
Other investments	20,726	20,726
Common stocks and other equity securities	3,097	2,892
Investment funds	66,038	26,161
Less - security price fluctuation allowance	(1,245)	-
<b>Intangible assets and deferred charges</b>	<b>10,029</b>	<b>8,503</b>
Goodwill	800	800
Intangible assets and deferred charges	92,125	85,617
Less - accumulated amortization	(82,896)	(77,914)
<b>Property and equipment</b>	<b>57,154</b>	<b>58,770</b>
Property and equipment	94,164	93,417
Less - accumulated depreciation	(36,819)	(34,563)
Less - allowance for decline in value of property and equipment	(191)	(84)
<b>Accrual accounts</b>	<b>12,965</b>	<b>12,326</b>
Uncollected accrued interest	8,667	8,102
Prepaid expenses	4,298	4,224
<b>Other assets</b>	<b>15,461</b>	<b>10,885</b>
Current transactions	13,354	3,844
Inventories	164	185
Options purchased	12	53
Other	917	5,085
Taxes	1,014	1,718
<b>Total assets</b>	<b>1,821,893</b>	<b>1,824,878</b>

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MORA BANC GRUP, SA  
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LIABILITIES AND EQUITY	2015	2014
<b>Due to INAF</b>	<b>15,146</b>	<b>843</b>
<b>Deposits</b>	<b>1,531,929</b>	<b>1,544,482</b>
Banks and credit institutions	295,785	485,997
Other financial intermediaries	6,506	6,404
Customer deposits	1,229,638	1,052,081
<b>Debt securities</b>	<b>-</b>	<b>-</b>
<b>Provisions for contingencies and expenses</b>	<b>12,265</b>	<b>12,902</b>
Provisions for pensions and similar obligations	7,015	7,699
Provisions for futures	428	557
Other provisions	4,822	4,646
<b>General risk allowance</b>	<b>-</b>	<b>2,841</b>
<b>Subordinated debt</b>	<b>52,216</b>	<b>56,675</b>
<b>Accrual accounts</b>	<b>13,207</b>	<b>10,067</b>
Unpaid accrued expenses	12,124	9,830
Unearned revenue	1,083	237
<b>Other liabilities</b>	<b>12,462</b>	<b>15,729</b>
Current transactions	7,946	8,831
Options issued	6	160
Trade and other accounts payable	18	117
Taxes	4,492	6,621
<b>Capital stock</b>	<b>42,407</b>	<b>42,407</b>
Capital stock	42,407	42,407
<b>Reserves</b>	<b>133,417</b>	<b>132,207</b>
Legal reserve	8,481	8,481
Guarantee reserves	17,709	12,430
Voluntary reserves	107,227	111,296
<b>Profit</b>	<b>8,844</b>	<b>6,725</b>
Profit for the year	33,844	31,725
Less - interim dividends	(25,000)	(25,000)
<b>Total liabilities and equity</b>	<b>1,821,893</b>	<b>1,824,878</b>

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Thousands of Euros

<b>ASSETS</b>	2015	2014
<b>Cash on hand and due from OECD central banks</b>	<b>3,351</b>	<b>3,093</b>
<b>Due from INAF</b>	<b>-</b>	<b>-</b>
<b>Due from financial intermediaries</b>	<b>251,155</b>	<b>461,810</b>
Banks and credit institutions	251,155	461,810
<b>Lendings</b>	<b>666,345</b>	<b>719,903</b>
Loans and credits	681,351	732,049
Customer overdrafts	1,412	2,444
Customer bill portfolio	7,800	6,079
Less - allowance for credit losses	(24,218)	(20,669)
<b>Investment securities</b>	<b>49,913</b>	<b>49,912</b>
Debentures and other fixed-income securities	21,538	21,538
Other investments	23,875	23,875
Common stocks and other equity securities	4,500	4,499
<b>Intangible assets and deferred charges</b>	<b>5</b>	<b>-</b>
Intangible assets and deferred charges	67	65
Less - accumulated amortization	(62)	(65)
<b>Property and equipment</b>	<b>46,492</b>	<b>47,972</b>
Property and equipment	63,705	62,866
Less - accumulated depreciation	(5,874)	(5,395)
Less - allowance for decline in value of property and equipment	(11,339)	(9,499)
<b>Accrual accounts</b>	<b>2,344</b>	<b>2,617</b>
Uncollected accrued interest	2,256	2,588
Prepaid expenses	88	29
<b>Other assets</b>	<b>120</b>	<b>4,289</b>
Current transactions	107	4,217
Taxes	13	72
<b>Total assets</b>	<b>1,019,725</b>	<b>1,289,596</b>

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Thousands of Euros

LIABILITIES AND EQUITY	2015	2014
<b>Due to INAF</b>	<b>1,249</b>	<b>1,229</b>
<b>Deposits</b>	<b>892,476</b>	<b>1,161,234</b>
Banks and credit institutions	11,297	356,428
Customer deposits	881,179	804,806
<b>Debt securities</b>	-	-
<b>Provisions for contingencies and expenses</b>	-	-
<b>General risk allowance</b>	-	<b>140</b>
<b>Subordinated debt</b>	-	-
<b>Accrual accounts</b>	<b>923</b>	<b>1,167</b>
Unpaid accrued expenses	893	1,140
Unearned revenue	30	27
<b>Other liabilities</b>	<b>1,760</b>	<b>3,116</b>
Current transactions	308	1,966
Trade and other accounts payable	53	85
Taxes	1,399	1,065
<b>Capital stock</b>	<b>30,060</b>	<b>30,060</b>
Capital stock	30,060	30,060
<b>Reserves</b>	<b>92,650</b>	<b>90,922</b>
Legal reserve	6,012	6,012
Guarantee reserves	8,671	8,177
Voluntary reserves	77,967	76,733
<b>Profit</b>	<b>607</b>	<b>1,728</b>
Profit for the year	11,107	1,728
Less - interim dividends	(10,500)	-
<b>Total liabilities and equity</b>	<b>1,019,725</b>	<b>1,289,596</b>

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# The team

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# People management

Each and every one of the people working with us is of vital importance to the organisation as MoraBanc's team is the key to our success. We want to be the best possible firm for our employees, a leading organisation in terms of internal social responsibility policies, and to ensure that everyone on the workforce feels committed to the Bank and identifies with its corporate culture and values.

The People Management team strives every day to achieve this goal, developing policies and initiatives focusing on three main areas of action:

- Supporting the management team and area heads when taking decisions related to people management.
- Providing technical solutions for all the areas related to recruitment, assessment, training, development and guidance for the team.
- Being close to employees to ensure their professional development, recognising their contribution, thanking them for their commitment and working together for their personal well-being.

At MoraBanc we believe that giving our professionals a voice is fundamental to improving our people management and to becoming the best possible place to work for our employees. We promote many different initiatives in this area which help to foster good relations between workers and the organisation:

**Great Place to Work:** In 2014 we became the first Andorran company to take part in the Great Place to Work cultural audit, which has the twofold aim of measuring employee satisfaction and providing a guide with actions to encourage their development, both in professional and personal terms. We were ranked among the 100 top companies to work for on the Iberian Peninsula. We continued this initiative in 2015.

**Monitoring new recruits:** Within the first six months of joining the company, each new employee has an interview with the People Management department to jointly evaluate how they are adapting to their job.

**Performance assessment based on the Management by Objective performance appraisal system (MBO):** This takes the form of a yearly interview between each employee and their direct supervisor to discuss their current performance, the objectives achieved, their expectations for the future, professional development and training. Individual objectives are also established to be assessed the following year. An open, honest dialogue is encouraged between both parties in this interview. The aim for 2016 is to perfect the system, improving how objectives are defined. We also want to improve our analysis of performance, as well as how information is exchanged during the interviews.

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<sup>1</sup> Great Place to Work® Institute carries out research in more than 45 countries in the world. The companies taking part are of all sizes and from private, public and non-profit sectors. We have taken part in the category of firms with 250-500 employees, totalling more than 500 companies. For more information, see [www.greatplacetowork.es](http://www.greatplacetowork.es)

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**Potential interviews:** These interviews are held by the People Management department with each employee at least once every two years. The essence of these meetings is to actively listen and talk about issues such as expectations, teamwork, changes, training, leadership, etc. The aim is to get to know how well each employee matches their job and the possibilities for promotion and/or change.

**Open doors:** The People Management department has a permanent, informal communication channel with an open door policy that encourages all employees to go to them at any time with doubts, comments, suggestions or requests.

**Management Audit:** Programme started in 2014 and repeated every three years. This has two essential aims:

- Continue the 360° assessment process carried out in 2013 in a 90° format, giving all employees the chance to assess their direct supervisors.

- Establish an ongoing assessment system for the training programmes in leadership, skills and coaching by means of a questionnaire in which all employees have the chance to rate the performance of their managers in five essential areas.

A highly qualified team with the desire to progress professionally, engaged with the Bank and committed to its corporate aims and values, is fundamental to achieving our mission. To accomplish this, our people management policies include the following actions:

- We've defined a **competence model** that describes the conduct and consequences we would like for each corporate value or principle.
- In 2015 we updated the Bank's **talent map**, a tool that helps us to define, classify and locate talent in the organisation and be able to adapt teams to future requirements.

- A **Reward Plan**, both for individual and team performance. This values and rewards tasks carried out above and beyond the expected results, the quality of work, implementation of relevant projects, participation, professional growth and worker performance, among other aspects.

In 2016 we plan to draw up a Competency Matrix (C Matrix) that reflects the level required in each skill compared with the real level of each employee, and a Behavioural Gap Matrix (G Matrix) which describes desired behaviours compared with those evaluated.



# Profile of the workforce and employment practices

The People Management department strives to place the most appropriate person in each job within a framework of equal opportunity.

Provided there's a vacant position, or when a new job or position is created, we prioritise filling this vacancy internally, either directly or through internal selection procedures which all our professionals can apply for.

**For example: To incentivise and motivate the development of Commercial Banking teams, which make up 20% of the workforce, there is a policy in place not to employ any external person as legal representative or branch manager, which are the two highest positions in the branch structure. Any vacancies are covered via internal promotions and, in this case, external recruitments are to cover the position of commercial manager.**

For more than 13 years we have also given students the opportunity to carry out internships at our Bank in the summer. As a result of this relationship, in the last 6 years 6 students have gone on to join our permanent workforce and are still developing their careers with us. Thanks to this initiative, we can give students professional experience and the chance to consolidate what they have learned in their studies while also detecting talent in the different generations of students. All internship students are interviewed by the People Management department and placed in the most suitable jobs for their profile.

In 2015 MoraBanc's workforce increased by 8%.

## NEW EMPLOYEES

### By age

Under 30	7
Between 30 and 50	23
Over 50	2

### By gender

Men	21
Women	11

### By region

Andorra	32
Miami	10
Switzerland	4
Uruguay	1
Luxembourg	8

## TURNOVER

### By age

Under 30	2%
Between 30 and 50	4%
Over 50	8%

### By gender

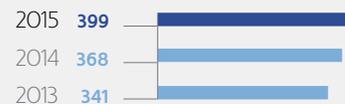
Men	3%
Women	4%

### By region

Andorra	4%
Miami	4%
Switzerland	21%
Uruguay	25%
Luxembourg	10%



## TREND IN THE WORKFORCE



## BREAKDOWN OF THE WORKFORCE BY AGE

Under 30	48	12%
Between 30 and 50	250	63%
Over 50	101	25%

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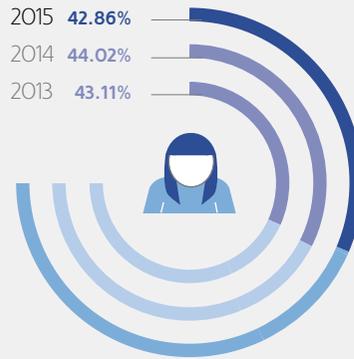
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**BREAKDOWN OF THE WORKFORCE BY REGION**



■ 85.34%	Andorra
■ 6.61%	Miami
■ 4.02%	Switzerland
■ 2.87%	Luxembourg
■ 1.15%	Uruguay

**PERCENTAGE OF FEMALE EMPLOYEES**



2015	42.86%
2014	44.02%
2013	43.11%

**BREAKDOWN OF THE WORKFORCE BY EMPLOYEE CATEGORY AND GENDER**

Percentage of women by category

Administrative positions	149	65%
Specialist positions	115	37%
Supervisors	114	21%
Directors/Senior Management	21	38%

**BREAKDOWN OF THE WORKFORCE BY CONTRACT TYPE AND GENDER**

	2013	2014	2015
<b>Temporary</b>	<b>15</b>	<b>17</b>	<b>6</b>
Men	3	6	2
Women	12	11	4
<b>Permanent</b>	<b>326</b>	<b>351</b>	<b>393</b>
Men	191	200	226
Women	135	151	167

Most of MoraBanc's employees have a permanent contract (98% of the women and 99% of the men). 100% of the employees work full-time.

There are no people from minority groups on the workforce.

EQUAL REMUNERATION

At MoraBanc we strive to achieve equal remuneration. In 2015 we carried out an analysis of our internal equality, by professional group, and external equality compared with the Andorran and Spanish banking sector. In 2016 we plan to publish a new policy to define and classify jobs and a new remuneration policy with a dual aim: to position our wage policy in a percentile compared with the industry average that helps us to be competitive in the market, and to carry out a wage adjustment plan to ensure internal equality by professional group.

**EQUAL REMUNERATION (BASIC WAGE FOR MEN COMPARED WITH WOMEN), BY EMPLOYEE CATEGORY)**

Executive Committee	1.18
Management	0.996
Specialists	1.033
Office staff	0.937
<b>Overall MoraBanc</b>	<b>1.026</b>

# Occupational health and safety

Occupational safety is an essential commitment on the part of MoraBanc towards its workers. We comply with Law 34/2008, of 18 December on occupational health and safety, which establishes the obligations and criteria that must be implemented by the company and the workers regarding this area. We have an external health and safety service under contract that analyses the conditions of each job and identifies and assesses its risks. As a result of this work, we have a catalogue of each job with its description, the number of workers, risks detected, estimated causes, corrective measures and

preventative measures for each risk. We also have a Health and Safety Manual available for our employees and provide all of them with information and training. We offer employees the chance to have a medical check-up if they wish, a measure that is widely accepted by the workforce.

In 2015 there was no occupational injury, accident, victim or illness involving any MoraBanc employee. In this respect, the rate of days lost is 0%.

**ABSENTEEISM RATE**

	2013	2014	2015
Men	6.1%	6.9%	7.2%
Women	8.2%	8.4%	8.6%

\* The data in this section refer only to the region of Andorra.

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# Training and education

MoraBanc is committed to the professional and personal growth of everyone working for the Bank and we particularly prioritise training programmes that contribute to the continued improvement of their technical skills and abilities.

Every year we draw up a training plan that takes different areas into account:

- Skills training
- Languages
- IT/management systems
- Financial training
- Management skills
- Internal processes
- Promotion
- Efficiency

Financial training makes up most of MoraBanc's training plan, without taking languages into account. It's divided into two large blocks:

## Official training

- Together with the Pompeu Fabra University and the Barcelona School of Management, we organise a university programme that provides an official Diploma in Banking Business. More than 95 employees have completed this diploma.
- We provide workers with grants who are taking university studies related to their work, paying 100% of enrolment costs and reference books.
- We offer grants of €2,000 to our professionals who want to take a doctorate.
- In the case of a masters, we offer discretionary grants depending on the qualification and relevance for the job, currently having supported more than 26 masters.
- We pay 100% of the cost of postgraduate courses organised and given by the University of Andorra together with the Pompeu Fabra University. At present 25 people have studied Banking Management; 3 have studied Andorran Taxation and 2 Andorran Law.

## Financial qualifications

These certify specialist knowledge, its practical application and how it is made available both to internal and external customers. A MoraBanc we help our workers to obtain financial qualifications and up to 150 employees have obtained them.

The training carried out is rated by the student and also as part of the performance interviews based on the Management by Objective performance appraisal system to determine the performance, fulfilment of objectives and expectations and whether the training needs have been met.

We also have five **training plans**:

- Commercial Banking
- Private Banking
- Asset Management
- MoraBanc Leadership Model
- Professional Skills and Abilities

This is a series of training actions that work in parallel to specialist knowledge and professional skills with the dual aim of providing employees with the knowledge required to carry out their work properly and be able to progress in their area or speciality, as well as developing certain skills that help them to grow professionally.

## AVERAGE HOURS OF TRAINING

(hours/people)	2013	2014	2015
Men	32.4	39.6	48.41
Women	29.8	37.6	48.79

\* The data in this section refer only to the region of Andorra.

# Corporate benefits for employees

The remuneration package received by MoraBanc employees are made up of their salary (fixed and variable wage), the reward scheme, investment in training and corporate benefits.

We have a **corporate benefit plan** with a wide variety of economic advantages and services available to our employees in order to help them save on costs and services with added value.

The corporate benefits can be divided into five groups:

**Advantages in bank products:** savings plans, access to corporate loans, etc.

**Direct financial subsidies:** school grants, wedding bonus, family bonus, etc.

**Discounts, services and commercial advantages:** sales portal, purchases portal

**Grants for training:** university studies, languages, doctorates, etc.

**Subsidies for health and well-being:** discounts on products and services for health and subsidies for sports

Some of the most significant benefits we offer our employees are as follows:

- “Kings” Christmas Party for employees’ children, with entertainers and presents
- Rewards and gifts for long service, as a sign of our gratitude and recognition for their dedication and hard work

- Training grants (covered in more detail in the section on training)
- Scholarships for children’s’ training
- Programme of purchases, establishing agreements with Andorran companies to offer MoraBanc employees special advantages, in financial terms and also in services
- Subsidies for employees’ sports activities, both financial contributions and also in material and time for training
- Leave to devote time to community work or for personal reasons
- Free tickets for events organised or sponsored by MoraBanc
- A free afternoon on the employee’s birthday, personalised gift and congratulations

Some of the benefits we offer are aimed at improving employees’ **work-life balance**:

- Agreements with companies to offer services that make employees’ lives easier. For example, service to receive medical prescriptions at home, helping employees by taking into account their work timetable and commercial opening times.
- Flexi-time (start, lunch and end time).
- Flexible working day after maternity leave. During the first week, mothers are allowed to come back to work gradually, extending their working day from 4 to 7 hours. If they have decided not to take breastfeeding leave, this flexibility is extended for the corresponding months. If they have decided to take this, such leave totals 22 working days in addition to the maternity leave.

# Society and environment

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# Actions to benefit the community

**At MoraBanc we're firmly committed to social, cultural, sports and charitable initiatives that benefit the community of Andorra**

MoraBanc is deeply involved in the sustainable development of Andorra and the people living there and this connection results in the Bank's collaboration in a large number of social initiatives. Our commitment to the community of Andorra is one of the areas governed by our corporate strategy.

The actions we carry out to benefit the community are divided into four areas: society, culture, sports and solidarity, and in 2015 we allocated 2.3% of the Bank's profits to these, 0.3% more than the previous year. We strive to ensure that all the projects we're involved in are of benefit to the country, at the same time as prioritising proposals with a social component.

In 2016 we plan to continue the initiatives we have promoted to date and described below.

## BREAKDOWN OF ACTIONS



- 44% Sports
- 30% Culture
- 17% Solidarity
- 8% Society

## SOCIETY

In the area of society we organise **free talks** on different subjects aimed at society at large, whether they are customers of the Bank or not. Particularly of note was the talk we organised together with company Advance Medical entitled "Myths and realities of neck and back complaints" given by Dr. Francisco Kovacs, a top class international medical researcher, attended by 800 people. Kovacs took over from other renowned speakers that have taken part over the last few years in this kind of event.

Throughout the year MoraBanc also **supported different local organisations and companies** by offering the Bank's conference room as a venue and publicising the different initiatives held there. In 2015 this hall was used by other organisations a total of 33 days.

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We've collaborated in organising **international debate forums** such as the research debates of the Andorran Science Society, and have sponsored talks through the association of Andorran Family Firms, of which we form a part.

We held a **working breakfast** organised by the French Chamber of Barcelona, analysing the key points of the double taxation agreement signed by Andorra and Spain in January 2015.

We continued our sponsorship of one of Andorra's most relevant educational events, the **Mathematics Olympics of Andorra**, organised by the Spanish Embassy in the Principality.

Since 2003 we have continued MoraBanc's collaboration agreement with the Ministry of the Environment of the Andorran government to work together on different projects coordinated by the Sustainable Andorra Centre.

Also of note is the agreement signed in 2015 with the Ship2B foundation to promote social entrepreneurship in Andorra. As part of this agreement, we have pledged to contribute **two projects to the B-ready programme by Ship2B to speed up and finance start-ups**. In line with the Bank's commitment to the sustainable development of Andorra, we have ensured that, in addition to being innovative, these projects also have a social value and benefit the country.

Of the 95 projects taking part, the two selected for the programme were:

- MyBeweeg: An online platform on issues related to health, sport and nutrition with content that aims to help users lead a healthier life.
- PlantAndOrg: Agricultural production centre in a controlled and highly technical production system, organic, waste-free and taking advantage of natural cycles. This project also provides temporary employment to people at risk of marginalisation.

B-ready includes training and mentoring with top class experts to define each growth strategy, with particular emphasis on commercial and financial plans. Ship2B also has strategic alliances to encourage projects to grow and expand, as well as superb access to different sources of funding.

The MyBeweeg app has been chosen by the 4YFN Awards (4 Years From Now) of the Mobile World Congress of Barcelona and rated as one of the 15 best apps in Europe.

## SPORTS

In 2015 we continued **MoraBanc's largest sponsorship in the area of sport, namely the MoraBanc Andorra basketball team** which, 2014, has played in the ACB league. We have a credit and debit card for our customers, Visa Bàsquet MoraBanc, with advantages and exclusive services for the team's fans.

We've also consolidated our commitment to sport by **sponsoring different competitions** such as Andorra's Font Blanca Mountain Skiing World Cup and sponsorship of the Speed Skiing World Cup and the Freeride Junior World Championships at Grand Valira.

And once again we provided **support for the race for women in Andorra**, helping to combat breast cancer, with almost 1,000 people taking part.

In 2015 we finalised an **agreement to sponsor Kevin Esteve**, the first Andorran to reach the professional golf circuit.

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CULTURE

The organisation and sponsorship of the MoraBanc Music and Dance of Andorra season is undoubtedly the Bank's most important contribution to culture. For more than 20 years we've been supporting this event which is renowned for the quality of its music and dance.

The programme for 2015 included performances by the renowned Venezuelan pianist Gabriela Montero, the singer-songwriter Joan Manuel Serrat, the National Dance Company directed by José Carlos Martínez and the orchestra of the Academy of St. Martin in the Fields, one of the leading chamber orchestras in the world with an incredibly large number of recordings, more than 500, among other events.

3,577 people attended events during the season in 2015. All the shows were rated by those attending with satisfaction higher than 4 out of a scale of 1 to 5.

Once again we organised and sponsored the MoraBanc Music and Dance of Andorra season

SOLIDARITY

In order to be able to reach more people, organisations and projects, we've created the MoraBanc solidarity cards, an initiative through which we aim to contribute to social justice.

Any customer can change their card into a solidarity card and thereby make a contribution to social projects. This works via donations and also with a contribution each time a payment is made with the card, consisting of rounding up the amount of the purchase to the nearest euro or ten cents, decided by the customer. MoraBanc also contributes the same amount as the customer, both in donations and in rounding up payments.

Those receiving the donations are organisations in Andorra working for humanitarian issues, development aid or social action, both in the country and also abroad.

Thanks to this initiative, €141,838 was collected in 2015, being given to 10 NGOs. This is the largest amount in the five years the project has been in existence, throughout this time collecting a total of almost €550,000. MoraBanc solidarity cards current account for 47% of all the Bank's cards. Through our solidarity cards we've collected €141,838, shared between 10 of the country's NGOs

ORGANISATIONS

Unicef

Càritas

Aina

Intermón-Oxfam

Escola Especialitzada Nostra Senyora de Meritxell

Infants del Món

CAI-La Gavernera

IBO-ÀFRICA

Mans Unides

Fundació Privada Clara Rabassa

We've collected €141,838 with the solidarity cards, donated to 10 NGOs in Andorra

2015 also saw the continuation of the solidarity initiative to collect food and bags of clothes, proposed by the Bank's employees and involving more than 50 people. Thanks to this activity 50 bags of clothes and 100 bags of food were given to Càritas.

MoraBanc has also supported the campaign to collect toys for Càritas promoted by Ràdio i Televisió de Andorra, with the aim that no child is without a toy at Christmas. We've also taken part as one of the country's collection points.

SOLIDARITY CARDS

	2013	2014	2015
Euros collected	108,005 €	131,902 €	141,838 €
Percentage solidarity cards out of total	38%	44%	47%

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# Environment

At MoraBanc we've always been deeply involved in preserving the environment given that this is an issue that has formed part of our corporate culture since the very beginning. We are particularly concerned about this area, resulting in the definition of an environmental policy through which we have acquired the following commitments:

- Comply strictly with current environmental legislation.
- Prevent pollution resulting from our activity, defining targets that ensure continued improvement and sustainable development both in terms of our consumption of natural resources and also in the waste and emissions produced.
- Collaboration with public administrations and opinion leaders to raise awareness of these principles among Andorran society.

- Maintain an open culture regarding the environment and communicate the policy to employees, customers and any other interested party.

In 2000 the development of all these principles led MoraBanc to implement an environmental management system certified by the ISO 14001 standard. We were the first institution in Andorra and the second in Europe to obtain this certificate, which we have renewed every year since then. This system covers all MoraBanc's activities, products and services that interact or may interact with the environment at any of our facilities. The main aim is to ensure compliance of the commitments undertaken in our environmental policy, to prevent and minimise the environmental impacts and contamination resulting from our activities and services, applying measures to save energy, properly manage waste and use the best technologies available.

At MoraBanc we've also led the field in combating climate change, in 2009 starting a strategy to manage CO<sub>2</sub> emissions which still continues, resulting in us being the second Andorran company to be 100% neutral in its CO<sub>2</sub> emissions.

In 2016 we have set ourselves the following targets to continue the initiatives we've been carrying out for years in environmental terms:

- Reduce our consumption of paper and electricity by raising the awareness of employees
- Increase the percentage of suppliers incorporating environmental practices
- Awareness-raising actions aimed at customers related to accounts with postal services

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**MoraBanc, the first Andorran firm to obtain ISO 14001 certification and the second Andorran firm to be 100% neutral in its CO<sub>2</sub> emissions**



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## MATERIALS

The main materials we use to carry out our business are paper, toner and plastic for bank cards. 100% of the paper used has been recycled.

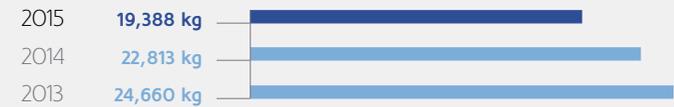
The initiative to reduce the grammage of the paper we use internally helped to cut consumption by 15% during 2015. This is not the case, however, for paper

used for publicity purposes, which has increased because more catalogues and other information have been printed. The increase in toner consumption is due to changes in the printing equipment. Lastly, the consumption of bank cards increased by 103% in 2015 as we carried out the three-yearly renovation.

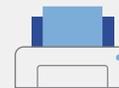


### PAPER CONSUMPTION

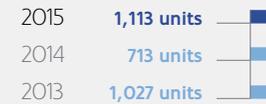
#### Internal



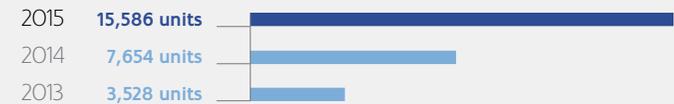
#### Publicity material



### TONER CONSUMPTION



### PLASTIC CONSUMPTION FOR BANK CARDS



\* The data refer to facilities in Andorra, Switzerland and Miami.

ENERGY

The main sources of energy used by MoraBanc are electricity and heating fuel consumed by the branches, as well as fuel for travel.

Consumption of electricity and fuel

Only three centres use heating fuel; the rest use electricity as the sole source of energy to operate their installations.

In the last year there has been an overall drop of -1.74% in heating fuel consumption and -0.82% in electricity consumption. We've achieved these good results thanks to initiatives such as replacing

a heat exchanger, insulating rooms, introducing energy efficiency measures in the branches, reducing the hours that air conditioning and heating are used and raising awareness among employees.

We have also estimated the electricity consumption associated with distribution from the server to the user, as well as the consumption of users' computers, taking into account the number of visits to the e-banking website, which in 2015 totalled 2,464,126. Consumption increased by 27.01% in 2015 due to the rise in the number of visits, which were 1,037,611 in 2014.

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HEATING FUEL CONSUMPTION BY BRANCHES

2015	1,642.40 GJ
2014	1,671.41 GJ
2013	2,235.21 GJ



ELECTRICITY CONSUMPTION BY BRANCHES

2015	10,039.50 GJ
2014	10,122.21 GJ
2013	10,900.45 GJ



WEBSITE AND e-BANKING CONSUMPTION\*

2015	6.3 GJ
2014	6.3 GJ
2013	6.3 GJ

\* Website and e-banking consumption, considering that the website and e-banking server operates 24/7, 365 days a year.

These data do not take into account the ATMs and advertising hoardings owned by MoraBanc because this information is not available.

TREND IN TOTAL ENERGY CONSUMPTION (IN GJ)



CONSUMPTION USER-WEBSITE AND e-BANKING

2015	136.02 GJ
2014	107.09 GJ
2013	130.61 GJ

\* The data refer to facilities in Andorra, Switzerland and Miami.

## EMISSIONS

In 2015 we continued our strategy to combat climate change that started in 2009 and has resulted in us being the second company in Andorra to become 100% CO<sub>2</sub>-neutral. The hard work of the whole team has been vital to reduce even further the greenhouse gas emissions resulting from our business.

We've calculated our greenhouse gas emissions in line with the reference framework provided by ISO 14064:1-2012, based on the Greenhouse Gas Protocol, a Corporate Accounting and Reporting Standard developed by the World Business Council for Sustainable Development, and our footprint in 2015 was 844.46 tonnes of CO<sub>2</sub>, bearing in mind that we've only taken into account the data from the MoraBanc branches in Andorra, Switzerland and Miami.

We've offset the emissions we couldn't avoid by buying carbon credits from the AY-YILDIZ Wind Power Project, consisting of an installation of five wind turbines of 3 MW each one in Turkey. The project produces an annual average of 51.32 GWh of renewable energy, reducing emissions by 30.997 tCO<sub>2</sub>e a year.

### CARBON FOOTPRINT OF MORABANC'S BUSINESS IN 2015

AREA	SOURCES OF EMISSIONS	TONNES CO <sub>2</sub>
<b>Scope 1</b>		
	Heating fuel consumed by the branches	125.18
	Petrol consumed by the MoraBanc fleet	10.66
	Diesel consumed by the MoraBanc fleet	11.58
	<b>Total scope 1 emissions</b>	<b>147.42</b>
<b>Scope 2</b>		
	Electricity consumption	417.79
	Consumption by website and e-banking	0.26
	<b>Total scope 2 emissions</b>	<b>418.06</b>
<b>Scope 3</b>		
	Consumption of paper internally	37.81
	Consumption of paper for publicity	18.05
	Consumption of toner	0.89
	Consumption by bank cards	0.09
	Fuel consumption of MoraBanc courier service	23.51
	Fuel consumption of MoraBanc employees' private vehicles	11.66
	Consumption by website and e-banking users	5.66
	Plane journeys by MoraBanc personnel	173.66
	Train journeys by MoraBanc personnel	2.52
	Waste paper sent to dump	1.63
	Waste paper sent to recycling	2.66
	Water treatment	0.85
	<b>Total scope 3 emissions</b>	<b>278.99</b>
	<b>Total emissions</b>	<b>844.46</b>

**We've offset the 844.46 t of CO<sub>2</sub> resulting from our business, which is 18.3% less than the amount generated in 2014**

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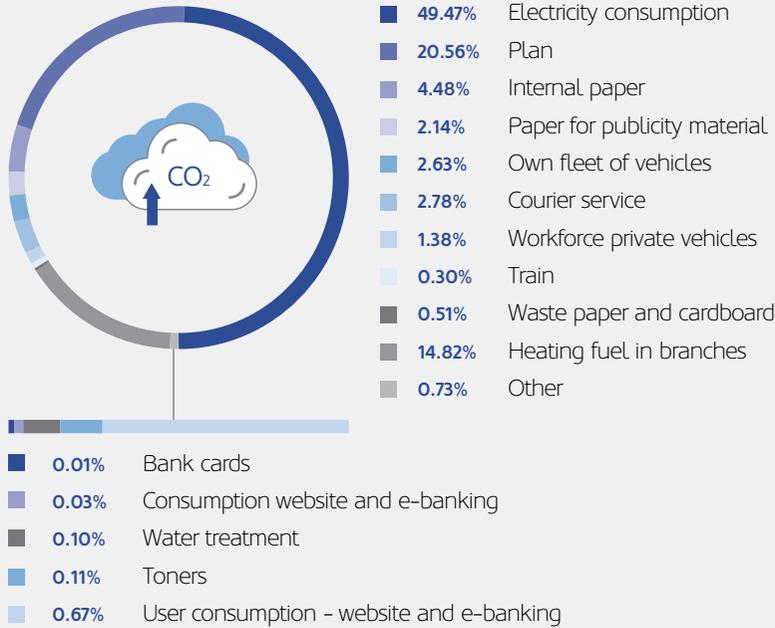
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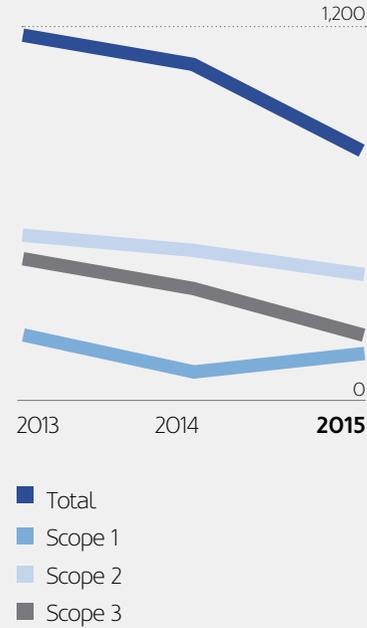
**BREAKDOWN OF EMISSIONS IN THE  
CARBON FOOTPRINT BY SOURCE IN 2015**



In 2015 we managed to reduce our greenhouse gas emissions by 18.30% compared with the previous year. Regarding scope 1 emissions, there was a significant decrease in the consumption of fuel by the vehicle fleet and, in scope 2, a reduction in the electricity consumed by five branches thanks to the introduction of energy efficiency measures. It has

been taken into account that, in 2015, 80% of the electricity used came from outside Andorra, with 31% from France and 49% from Spain. The remaining 20% was produced in Andorra, all via hydroelectric plants. Nevertheless a small part of the energy is generated by the waste treatment plant but there are no associated data available on the CO<sub>2</sub>

**TREND IN GREENHOUSE GAS  
EMISSIONS AT MORABANC (tCO<sub>2</sub>e)**



Below are data on greenhouse gas emissions, taking MoraBanc's activity into account:

tCO <sub>2</sub>	2013	2014	2015
M <sup>2</sup>	0.066	0.059	0.048
Worker	2.712	2.282	1.789
Thousand €	0.175	0.144	0.119

All the indicators have improved on 2014. Specifically, emissions per surface area have fallen by 0.011 tCO<sub>2</sub>e/m<sup>2</sup>, emissions per worker by 0.493 tCO<sub>2</sub>e and emissions per thousand euros of customer funds have fallen by 0.025 tCO<sub>2</sub>.

We aim to continue reducing emissions from our business and that's why we've planned a number of targets for 2016, particularly:

- Actions to communicate good environmental practices to our employees
- Encouraging digital work to reduce the consumption of toner

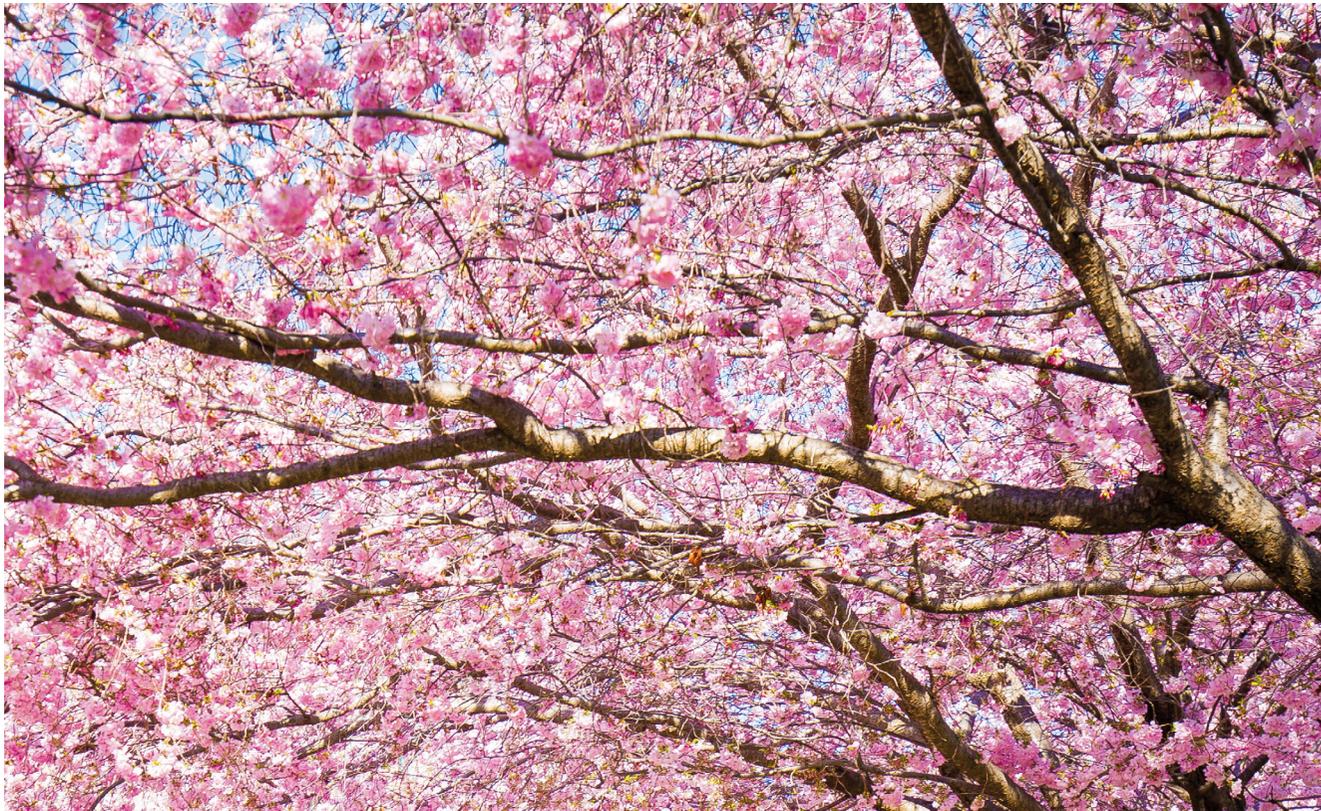
emissions, so this has not been included in the calculation (FEDA, CSR Report, 2012). Regarding scope 3, both the internal consumption of paper and paper generated as waste have been reduced, as well as the fuel consumption of the workforce's vehicles and emissions from plane journeys, in spite of an increase in the Bank's international activity.

## PRODUCTS AND SERVICES

At MoraBanc we don't only want to be environmentally responsible in terms of our own activity but also want to pass on our commitment to the rest of the population so that we can all contribute towards preserving the environment. We have therefore developed a number of products and services with the aim of encouraging environmentally-friendly practices in Andorran society as a whole, helping to carry out projects related to this area.

We've started working on creating loans at lower interest rates for property owners, homeowner associations, private individuals, public transport firms, trade and industry to promote projects related to sustainability and renewable energy sources. These consist of lines of credit to recondition and improve facades, the installation of photovoltaic panels to produce solar energy on roofs, the purchase of electric vehicles or plug-in hybrids and the purchase of low consumption domestic appliances.

We've also defined a service to help Andorran firms that wish to obtain ISO 14001 certification in order to augment the number of environmentally-friendly companies in the country.



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# Information on the report and materiality

MoraBanc is an Andorran banking group whose mission is to attend to the needs of its customers with as much quality as possible. We believe in a business approach in which competitiveness and sustainability come together to achieve perfect harmony in the financial, social and environmental area and thereby contribute to the sustainability development of the country, satisfying the needs of the present without compromising future generations.

For years now we have included corporate social responsibility in our approach to our business and disclose information on this aspect by publishing annual reports; the last year was 2014. For the first time, we've produced the 2015 report following the Global Reporting Initiative (GRI) and its Sustainability Reporting Guidelines, G4 Version, in accordance with the Core option, without external validation.

This report covers the period between 1 January and 31 December 2015, given that we present publications annually.

Please send any doubts you may have resulting from this report to the following email address: [qualitat@morabanc.ad](mailto:qualitat@morabanc.ad).

As established by the GRI G4 Guide, we have carried out a materiality analysis with the aim of determining MoraBanc's most relevant aspects and include them in this sustainability report. To do so, we've followed the following procedure:

## Identify potentially material aspects.

This has been carried out based on an analysis of the GRI G4 Guide and the sector supplement for Financial Services.

## Rank aspects internally and externally.

For the internal ranking, a questionnaire was sent to the different members of MoraBanc's management team (management committee, management for central services and branch management), asking them to rate the importance of each aspect taking into account positive and negative impacts on the Bank's environmental, social and economic sustainability and their coherence with

MoraBanc's vision and strategic approach. For the external ranking we first carried out an internal process to identify MoraBanc's stakeholders and prioritise them according to their impact and influence, both in the present and future. Subsequently a meeting was organised with representatives from the most relevant stakeholders for the organisation in order to determine which of MoraBanc's aspects of sustainability they consider to be the most important. The results from these two rankings were cross-referenced in a matrix to determine which aspects are considered material and should be included in the sustainability report. All those aspects with a medium and/or high importance have been considered material, both internally and externally.

## Validation.

In this last phase the results were presented to MoraBanc's senior management which evaluated their coherence with the Bank's sustainable development. As a result of this review, the aspects identified were validated and a series of aspects and issues were added to the list as it was believed that it was also important

to provide information on them in the sustainability report:

- Local organisations that MoraBanc belongs to
- Financial education
- Customer care
- Inclusion of social and environmental aspects in the strategy
- Materials
- Energy

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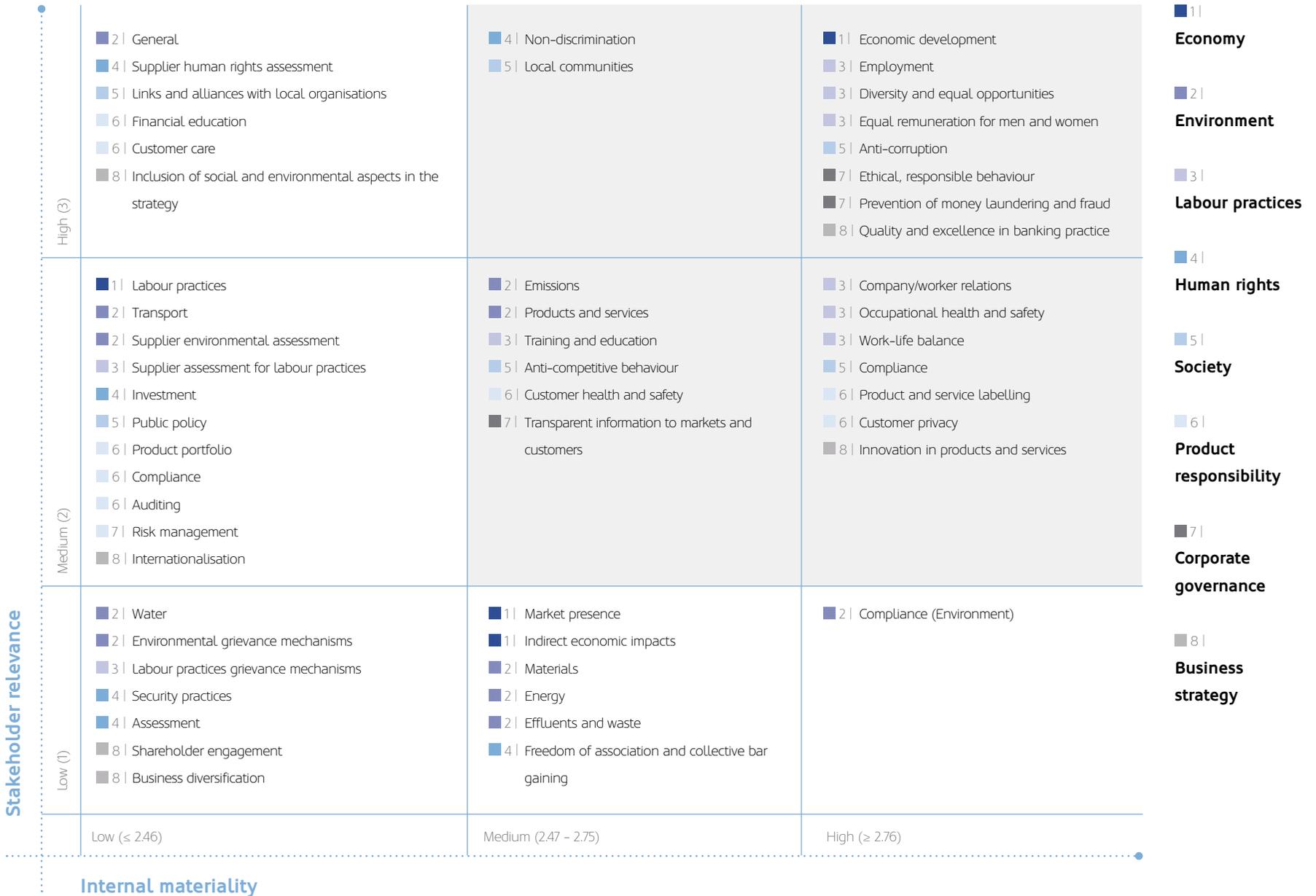
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MORABANC MATERIALITY MATRIX 2015



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# Index of GRI disclosures

This report has been produced following the Global Reporting Initiative (GRI) and its Sustainability Reporting Guidelines, G4 Version, in accordance with the Core option. All the indicators are coded G4, indicating that this is the fourth generation of GRI guides. Following the coding established by the Guide for indicators, in the table below EC indicates the category of Economic performance, EN indicates the category of Environmental perfor-

mance, LA indicates the sub-category of Labour Practices and Decent Work, HR indicates the sub-category of Human Rights, SO indicates the sub-category of Society and PR indicates the sub-category of Product Responsibility. The figure that follows is the indicator number. DMA refers to the Disclosures on Management Approach; i.e. how the organisation manages the aspect in question.

INDICATOR	DESCRIPTION	PAGE OR DIRECT RESPONSE	OMISSIONS	VALIDATION
<b>Strategy and analysis</b>				
<b>G4-1</b>	Statement from the most senior decision-maker of the organisation	3-4		
<b>Organisational profile</b>				
<b>G4-3</b>	The name of the organisation	10		
<b>G4-4</b>	The primary brands, products and services	24-26		
<b>G4-5</b>	The location of the organisation's headquarters	The headquarters are located in Av. Meritxell 96, Andorra la Vella, Andorra. 14-15		
<b>G4-6</b>	The number of countries where the organisation operates	14-15		

<b>G4-7</b>	Nature of ownership and legal form	10	
<b>G4-8</b>	Markets served	From the different territories where we do business, we offer commercial banking products and services (private individuals and companies), private banking and wealth management, asset management and investment funds and insurance. 14-15	
<b>G4-9</b>	Scale of the organisation	33-85 MoraBanc's workforce is made up of 399 people. The volume of operations carried out in 2015 totalled 8,313,413 thousand euros (customer funds and loan investments).	
<b>G4-10</b>	Total number of employees	90-91	
<b>G4-11</b>	Percentage of total employees covered by collective bargaining agreements	There is no collective bargaining agreement at MoraBanc as, according to Andorran law, this initiative must be undertaken by the workers themselves and this has not happened to date.	
<b>G4-12</b>	Supply chain	20-22 In the case of service suppliers, most contracts are taken out with companies operating outside Andorra, mostly in Spain and France, given the specific nature of the service.	We have not provided information on the name, location or monetary value of payments to suppliers as this is deemed to be confidential information.
<b>G4-13</b>	Significant changes during the reporting period	Representative office in Dubai closed in 2015.	
<b>G4-14</b>	Whether and how the precautionary approach or principle is addressed	28, 99	
<b>G4-15</b>	Externally developed initiatives which the organisation supports	At present, MoraBanc has not subscribed to or endorses any externally developed economic, environmental and social charters, principles or other initiatives.	
<b>G4-16</b>	Memberships of associations	16-17	

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Identified material aspects and boundaries

<b>G4-17</b>	All entities included in the report	The information presented corresponds to companies included in the consolidated financial statements. Should this scope not coincide in any case, this is specifically mentioned in the corresponding section of the report.
<b>G4-18</b>	Process for defining the report content and Aspect Boundaries	106-107
<b>G4-19</b>	All the material Aspects identified	106-107
<b>G4-20</b>	The Aspect Boundary within the organisation	
<b>G4-21</b>	The Aspect Boundary outside the organisation	

SCOPE AND BOUNDARIES

	Internal				External		
	Commercial banking	Private banking and wealth management	Asset management	Insurances	Clients	Suppliers	Entities
<b>ECONOMIC</b>							
Economic performance	■	■	■	■	■	■	■
<b>ENVIRONMENT</b>							
Emissions	■	■	■	■			■
Products and services	■	■	■	■	■		
Materials	■	■	■	■			
Energy	■	■	■	■			
<b>SOCIETY - LABOUR PRACTICES AND DECENT WORK</b>							
Training and education	■	■	■	■			
Labour	■	■	■	■			
Diversity and equal opportunity	■	■	■	■			
Equal remuneration for men and women	■	■	■	■			
Company-employee relations	■	■	■	■			

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<b>G4-22</b>	Any restatements of information provided in previous reports and the reasons for such restatements.	This is the first sustainability report we have published in line with the GRI G4 Guidelines, although for years now we have included information on aspects of sustainability in MoraBanc's annual report. There have not been any restatements of information provided in previous reports.
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<b>G4-23</b>	Significant changes from previous reporting periods in the scope and aspect boundaries.	This is the first report we have published in line with the GRI G4 Guidelines.
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### Stakeholder engagement

<b>G4-24</b>	Stakeholder groups engaged by the organisation	20-22
<b>G4-25</b>	Basis for identification and selection of stakeholders	20-22, 106
<b>G4-26</b>	Stakeholder engagement	20-22, 106-107
<b>G4-27</b>	Key topics and concerns that have been raised through stakeholder engagement and how the organisation has responded	20-22, 106

### Report profile

<b>G4-28</b>	Reporting period	106
<b>G4-29</b>	Date of the most recent report	106
<b>G4-30</b>	Reporting cycle	106
<b>G4-31</b>	Contact point for questions regarding the report or its contents	106
<b>G4-32</b>	The GRI Guidelines 'in accordance' option the organisation has chosen	106
<b>G4-33</b>	The organisation's policy and current practice with regard to seeking external assurance for the report	106

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**Governance**


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<b>G4-34</b>	Governance structure of the organisation	11-12
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The management team presented in the organisational structure section is valid as from the beginning of April 2016, when its composition was altered. In 2015 MoraBanc's management team was made up of the following people:

**EXECUTIVE COMMITTEE 2015**

<b>Pedro González Grau</b>	Chief Executive
<b>Joan Carles Sasplugas Vilagut</b>	General Manager - Andorran Business Unit
<b>Fernando López Cereijo</b>	Deputy General Manager - Finance and Resources Area
<b>Ignacio Baigorri Pérez-Fontán</b>	Deputy General Manager - Mora Wealth Management
<b>Marc Vilallonga Puy</b>	General Secretary
<b>Ivan Comerma Poza</b>	Investment Banking
<b>Gisela Villagordo Escolà</b>	Risk Management
<b>Rubén Aisa García</b>	Legal Advice
<b>Amparo Maria Nieto Linares</b>	Regulatory Compliance
<b>Mike Manfred Saur</b>	Operations

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**Ethics and integrity**

<b>G4-56</b>	The organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	11, 13
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The Codes of Conduct of the Group and of the Stock Market are available for employees in Catalan and in English.

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## SPECIFIC STANDARD DISCLOSURES

INDICATOR	DESCRIPTION	PAGE OR DIRECT RESPONSE	OMISSIONS	VALIDATION
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## Economic performance

<b>G4-DMA</b>	Management approach	3-4, 33-86		
<b>G4-EC1</b>	Direct economic value generated and distributed	The table below shows the distribution of the direct economic value generated, distributed and retained by MoraBanc in 2015 and the table has been produced based on the Group's profit and loss.		

Thousand euros

## STATEMENT OF ADDED VALUE

2015

<b>Economic value generated</b>	<b>129,522</b>
Financial margin	23,102
Net service fees	76,899
Profit from financial operations	29,364
Other income	157
<b>Economic value distributed</b>	<b>68,183</b>
Overheads	30,742
Personnel costs	33,398
Public administrations	4,043
Community	
Environment	
<b>Economic value retained</b>	<b>61,339</b>
Depreciation/Amortisation	8,452
Provisions	18,003
Reserves and dividends	34,884

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Environment

Materials

<b>G4-DMA</b>	Management approach	99-100
<b>G4-EN1</b>	Materials used by weight or volume	100

Energy

<b>G4-DMA</b>	Management approach	99, 101
<b>G4-EN3</b>	Energy consumption within the organisation	100 The source for calculating the conversion factors is the Carbon Footprint Register (April 2015)

Emissions

<b>G4-DMA</b>	Management approach	99, 102-103
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Emissions

<b>G4-EN15</b>	Direct greenhouse gas emissions (scope 1)	102-103
<b>G4-EN16</b>	Energy indirect greenhouse gas emissions (scope 2)	102-103
<b>G4-EN17</b>	Other indirect greenhouse gas emissions (scope 3)	102-103
<b>G4-EN18</b>	Greenhouse gas emissions intensity	102-103

Products and services

<b>G4-DMA</b>	Management approach	99, 104
<b>G4-EN27</b>	Extent of impact mitigation of environmental impacts of products and services	Some of the products and services we provide are aimed at encouraging the protection of the environment. Given their nature, the mitigation of the environmental impact achieved cannot be quantified.

Society

Labour practices and decent work

Employment

**G4-DMA** Management approach 88-92

**G4-LA1** Total number and rates of new employee hires and employee turnover by age group, gender and region 90

Labour/management relations

**G4-DMA** Management approach 88-89

**G4-LA4** Minimum notice periods regarding operational changes

There is no collective agreement at MoraBanc nor workers' representatives as, under Andorran law, this is an initiative that must be undertaken by the employees themselves and this has not occurred to date. Consequently, no minimum notice periods have been established. Nevertheless, we strive to inform our employees of significant operational changes with sufficient advance notice.

The communication channels between employees and the organisation are explained in the section on Labour Management.

Occupational health and safety

**G4-DMA** Management approach 92

**G4-LA6** Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities 92

Training and education

**G4-DMA** Management approach 93

**G4-LA9** Average hours of training per year per employee 93

We do not have information on the average hours of training per employee category.

## Diversity and equal opportunity

<b>G4-DMA</b>	Management approach	90-91
<b>G4-LA12</b>	Composition of governance bodies and breakdown of employees	90-91, 11-12

## Equal remuneration for women and men

<b>G4-DMA</b>	Management approach	92
<b>G4-LA13</b>	Ratio of basic salary and remuneration of women to men	92

## Human rights

## No-discriminació

<b>G4-DMA</b>	Management approach	At MoraBanc, there has been no discriminatory conduct in our relations with any of our stakeholders, a principle contained in our code of ethics.
<b>G4-HR3</b>	Total number of incidents of discrimination and corrective actions taken	Total number of incidents of discrimination and corrective actions taken

## Society

## Local communities

<b>G4-DMA</b>	Management approach	96
<b>G4-SO1</b>	Operations with implemented local community engagement, impact assessments and development programmes	96-98 Actions to benefit the community are carried out exclusively in Andorra.

## Anti-corruption

<b>G4-DMA</b>	Management approach	13
<b>G4-SO5</b>	Confirmed incidents of corruption and actions taken	In 2015 there was no confirmed case of corruption at MoraBanc.

## Anti-competitive behaviour

<b>G4-DMA</b>	Management approach	13 The prevention of anti-competitive behaviour, anti-trust and monopoly practices forms part of MoraBanc's corporate values and culture and is defined in its codes of ethics and conduct.
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<b>G4-S07</b>	Legal actions regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation	In 2015 there were no actions brought regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation.
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## Compliance

<b>G4-DMA</b>	Management approach	13
<b>G4-S08</b>	Fines and non-monetary sanctions for non-compliance with laws and regulations	In 2015 we didn't detect any cases of non-compliance with laws or regulations nor did we receive any fines or sanctions in this respect.

## Product responsibility

## Customer health and safety

<b>G4-DMA</b>	Management approach	29
<b>G4-PR1</b>	Products and services for which customer health and safety impacts are assessed	29

## Product and service labelling

<b>G4-DMA</b>	Management approach	27-28, 30-31
<b>G4-PR5</b>	Results of surveys measuring customer satisfaction	28

## Customer privacy

<b>G4-DMA</b>	Management approach	Privacy is one of the essential elements that define our customer relations. We have internal protocols to supervise compliance of applicable legislation in the area of data protection.
<b>G4-PR8</b>	Complaints received concerning breaches of customer privacy and losses of customer data	In 2015 there were no complaints related to privacy or the loss of customer data.

## Specific disclosures

<b>No GRI</b>	Ethical and responsible behaviour	18-19
<b>No GRI</b>	Preventing money laundering and fraud	13
<b>No GRI</b>	Transparent information to markets and customers	18-19, 30-31
<b>No GRI</b>	Quality and excellence in banking practice	27-28
<b>No GRI</b>	Innovation in products and services	32
<b>No GRI</b>	Work-life balance	94
<b>No GRI</b>	Including social and environmental aspects in the corporate strategy	18-19
<b>No GRI</b>	Customer care	30-31

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