



Interview

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Manel Cerqueda Donadeu, chairman of Andbank Group, tells us about the banks' financial results from 2021, its development plans and macroeconomic situation in the world:

–What is the bank's news from these last years?

–Despite the economic, social and health context, the Andbank Group has grown in volume and clients over the last two years. The combination of having an innovative value proposition and a professional and experienced team, which works by conveying our values to clients – honesty, commitment, closeness and trust – is allowing us to grow solidly.

As a bank focused on wealth management, our philosophy is based on establishing long-term relationships with our clients, which includes caring for their assets and constantly identifying investment opportunities for them.

In terms of news, the highlight is our commitment to the world of Fintech: with MyInvestor in Spain and Myandbank, now in Andorra, platforms that coexist with our private banking activity, but that help us to be at the forefront and focus on other segments.

–How did the pandemic influence Andbank's results?

–The pandemic affected us all in one way or another: Governments, countries, companies and individuals. Looking at it from a certain perspective, and given that we had never been in a situation like this, each of us moved forward the best that we could, and we all coped reasonably well. The bank was focused on being beside our clients to accompany them, show them that we were with them and give them what they needed.

The Andbank Group closed 2021 with a business volume of 32.7 billion euros, an increase of 20.5%. The Group broke its historical growth record, adding 5.58 billion euros in 2021. We are positioning ourselves as a major point of reference in private banking in the countries where we are present; in particular, Spain, Andorra and Luxembourg.

–Due to the global political situation, did the bank enforce additional security measures and conduct internal audits of old and new customers?

–We have large Compliance and auditing teams in each country where we are present. This is something that we have focused on for several years, but this is not just because of any specific context or political situation. The measures used to reinforce regulatory compliance are reviewed periodically and current factors are analysed, of course, in these reviews.

–Despite the global crisis, Andbank is still expanding internationally.



Manel Cerqueda Donadeu

chairman of Andbank Group

«The world could head into a technical recession scenario in 2023 with inflation remaining high»

What are the latest international deals Andbank has been involved in?

Andbank is currently in 11 countries. In 2021 in Spain, we bought the business of Esfera Gestión and the Spanish subsidiary of Bank Degroof Petercam. In 2022, we sold our banking licence in Brazil to Creditas, which is one of the largest fintechs in Latin America, but we still operate in the country as a broker-dealer (DTVM) and fund management company.

–How did these transactions affect Andbank's capitalization and, in particular, the diversification of its customer portfolio?

–In Spain, our most recent transactions have strengthened the



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position of Andbank España with a broader client base while our solvency ratio has remained strong. In Brazil, the agreement that Andbank signed with Creditas is expected to close in 2023 after it has obtained all the regulatory approvals. It will remain attached to the private banking business in Brazil with a broker-dealer licence and an asset management company, and it is our intention to continue growing in private banking with a more efficient structure.

–What are the characteristics of the programs that provide loans to business structures and individuals who are potential large investors in the Andorran economy?

–Andbank participates in the Andorran economy, so we try to adapt what we offer to the needs of our clients – whether they are individuals or businesses. Among our range of financing solutions, we offer mortgages (first residence, second residence or investment), loans and credit lines.

–What are the conditions to secure a loan to buy commercial or residential property for residents and non-residents (or citizens) of Andorra?

–As mentioned before, we try to adapt what we offer to the needs of our clients and consider the relationship between both parties. In general terms, Andbank could finance ~70%-80% of a property when it is the first residence and 50%-60% when it is the second residence or for investment.

–Does Andbank participate in investment projects in the

principality and outside?

-Andbank, together with the rest of the banks in Andorra, supports the government, the local parroquias (different areas of the state) and the para-public companies with their new projects when needed.

-The Andorran bank's tariff policy is not competitive compared to, for example, banks in France and Spain. Does Andbank plan to revise its tariff policy? I mean, tariffs for money transfers, account servicing and securities transactions ...

-The Andorran financial system has had stable rates for years and is not entirely competitive with other countries—that is true. That is changing. In fact, Andbank has recently launched in Andorra for Andorran residents, Myandbank, a 100% digital bank that allows free national and international transfers, free Bizum –immediate mobile payments – and an account paying 1% up to a limit of 30,000 euros.

-What was the total amount of mortgage loans made by Andbank in 2021 for residents and non-residents of Andorra?

-Andbank Andorra closed 2021 with ~€900M of loans and credits to clients, of which ~€510M are mortgages.

-Does Andbank plan to expand

its presence in other European countries, and in Latin and South America and Asia?

-Currently, we feel comfortable with the size of the firm, and we do not plan to expand into more countries; rather, we want to combine what we have.

-Could you give an overview of the bank's strategy for the next few years?

Andbank is now in the middle phase of its Strategic Plan 2024, focusing on the main objective of growing the business up to 40 Bn EUR of Business Volume. To achieve that, the main pillars of the plan are:

- Growing Private Banking,
- Launching a new asset management company of alternative funds: ACTYUS, with the first fund launched in 2022: Actyus Fintech Fund I
- Strengthening the business and efficiency of our asset management companies
- Growing our digital bank in Spain: MyInvestor.

-What is Andbank's policy concerning sponsorship and charity? What are the budgets for these types of donations?

-One of our main lines of action in terms of corporate responsibility is support for research in the fight against cancer, for which we allocate about 5% of our profits.



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As such, the Group supports the SJD Paediatric Cancer Centre in Barcelona, the FERRO Foundation and CRIS against Cancer.

In 2021, through our investment fund Global Sustainable Impact, we will donate close to 700,000 euros to projects related to cancer research at these three Institutions.

Likewise, during the past year, Andbank promoted various initiatives with NGOs in all countries to give extraordinary support to other solidarity projects that have arisen because of the coronavirus crisis.

-Your macroeconomic forecasts: What will happen with prices for oil, gold and currency exchange rates?

-We believe that the world could head into a technical recession

scenario in 2023 with inflation remaining high (although at a level that is somewhat more moderate than in 2022). Europe would enter a recession sooner (in the first quarter of 2023) while the US would take a little longer, due to the specific resilience of its economy. The main reason for considering this scenario is that the war in Ukraine has mutated into something global by its nature, in which the main powers have come into play and have positioned themselves on both sides of the rift, making it last longer; but there is also a transversal element, given that the conflict is playing out on several levels – not only political, but also in terms of energy, agriculture, and semiconductors. Both qualities could see the conflict last for a long time, further disrupting the raw material matrix, and with a focus on energy, as a means of putting on pressure.

Energy: We believe that gas will remain at high levels (currently, and despite recent falls, it is still 700% above the average levels before 2021). We also expect oil to remain in the range of \$75-\$100 per barrel. The alignment between the main producers (Russia, Saudi Arabia, and the United Arab Emirates) within the framework of OPEC+, is increasing the imbalance between supply and demand, making instability in the energy world greater

now, and that is synonymous with expensive oil.

Gold: To date, the factors that kept the price of gold stagnant predominated. These were a high dollar and an increase in USD interest rates (elements that in the past thwarted any rally for gold). However, we must now consider that the world is moving toward the quadrant defined by high inflation and economic contraction, and historically, in this quadrant, gold tends to do well. We have raised the fluctuation range for gold to \$1,700-\$2,000. This means that under \$1,700 we are buyers of gold, and above \$2,000, we are sellers.

Exchange rates: We maintain a structurally positive view of the USD in relation to the euro. The greater resilience of the North American economy will require the Fed to work harder (raise interest rates more) to cool the economy, which would probably cause a slight recession if it wants to put the animal (inflation) back in the cage. So, for the Fed, we think that the final interest rate could easily be above 5%-5.5%, while in the eurozone, the fact that the economy will go into recession sooner will be part of the ECB's job in controlling prices, which will mean that the ECB will not have to raise interest rates so much. This rate differential is favourable to the USD. Above 1.05 we are sellers of euros (buyers of USD). ≡

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