

Andorran Banking
Excellence and trust

Annual report 2016



Andorran Banking
Associació de Bancs Andorrans

Annual report
2016



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1

Foreword from the Chairman of the ABA



Pedro González
Chairman of the ABA

2016 has been a testing year for Andorran banks. We have addressed the challenges that have faced us by strengthening our balance sheets and by reaffirming our values.

On this new basis, Andorran banks are building their future with their eyes set on ensuring sustainable growth both for Andorra and for financial institutions as a whole.

For Andorra's economy, 2016 has been a year of significant growth with positive data in terms of population growth, jobs and wealth creation. GDP grew by almost 2%, inflation rose by 0.40% and consumer indicators showed a promising trend with increases in car registrations (13.5%), imports (4.9%), and the number of people visiting the country, with over 8 million tourists. These data point to a favourable outlook both for Andorra and for the Andorran financial sector, which is undergoing a transformation process.

A new law on the automatic exchange of information was enacted on 1 January 2017, in line with what has been done in other financial centres, to allow Andorran banks to work on the same terms as their European competitors. This new paradigm opens up many opportunities for the Andorran banking sector both in terms of its domestic activities and its international expansion, with a new bank, Vall Banc, being launched in 2016.

Andorra's financial institutions closed 2016 with an increase in assets under management of 220 million euros compared to the previous year and an aggregate volume of 45.43 billion euros, 0.5% more than in 2015. This figure includes assets managed by Vall Banc. The growth of Andorran banks' volumes shows the strength and stability of Andorra's financial centre at a time of transition towards new international standards of transparency.

The allocated net profit was 156 million euros, 7% less than in the previous year but in line with Andorran banks' forecasts given the context of negative interest rates, which has led to a decline in the financial margin since 2014, and in light of the increasing costs of adapting to the new regulatory framework for the European banking sector. Also of note is the return on equity of Andorran banks, which closed 2016 with a ROE of 9.73%, well above the European average.

The solvency ratio reached 25.1%, a 230 base-point increase compared to the previous year, which shows that Andorran banks are committed to strengthening their equity positions, largely exceeding the minimum ratios set by Andorran regulations.

Andorran banks have also contributed to Andorra's economic growth by granting 2.88 billion euros worth of loans and credit transactions in 2016, 0.38% more than in the previous year.

Overall, customers continue to value Andorra as a financial centre both for the quality of the services provided by the banks' account managers and for their experience in wealth management. Customers maintain their confidence in Andorran banks. This trust has been strengthened by the regulatory changes introduced in Andorra in terms of transparency, banking regulation and the introduction of new tax offences. With these new regulations Andorran banks will have a more up-to-date legal framework comparable to that of other European financial centres.

We look to the future with optimism in a year of change for Andorra's banking model. We

have created a new image for our Association which includes a new logo and a new website, and we have instilled more strength and intensity in our values. Among our core values are professionalism, quality, integrity, solvency, stability, and competitiveness. These and other values are the pillars on which we will build our growth and success.

In addition, coinciding with the publication of the 20th edition of our annual report, we have taken a more practical approach by providing more relevant content for our stakeholders. We have thus added new sections, including a chronology of the events linked to the country's transformation process, the vision and mission of Andorran banks, detailed information on automatic exchange of information and tax offences, and a summary of regulations affecting the sector.

Andorran banks have full confidence in the country's financial centre and in the growth and future opportunities that it offers both domestically and for our international business. We are prepared to compete on the basis of our values, with sound balance sheets and increased compliance with international standards.

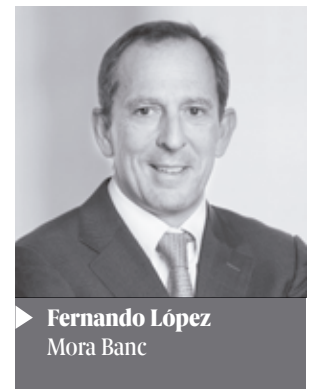
We hope that the new format and content of this report will help communicate our vision for the future.

30 June 2017

2

Organisation chart of the ABA General Assembly

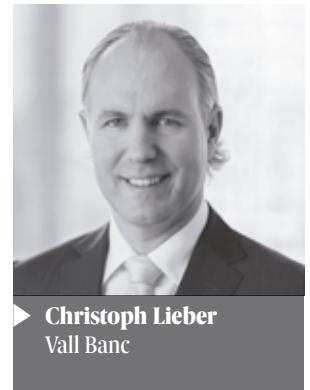
Members of the General Assembly



Commissions

- Legal
- Compliance
- Regulatory
- Tax
- Credits
- Communication
- Portfolio
- IT
- Payments
- Security

Member



Chamber of Commerce, Industry and Services (CCIS)

Andorran Business Confederation (CEA)

European Banking Federation (EBF)

Private Guardianship Foundation

Working
groups

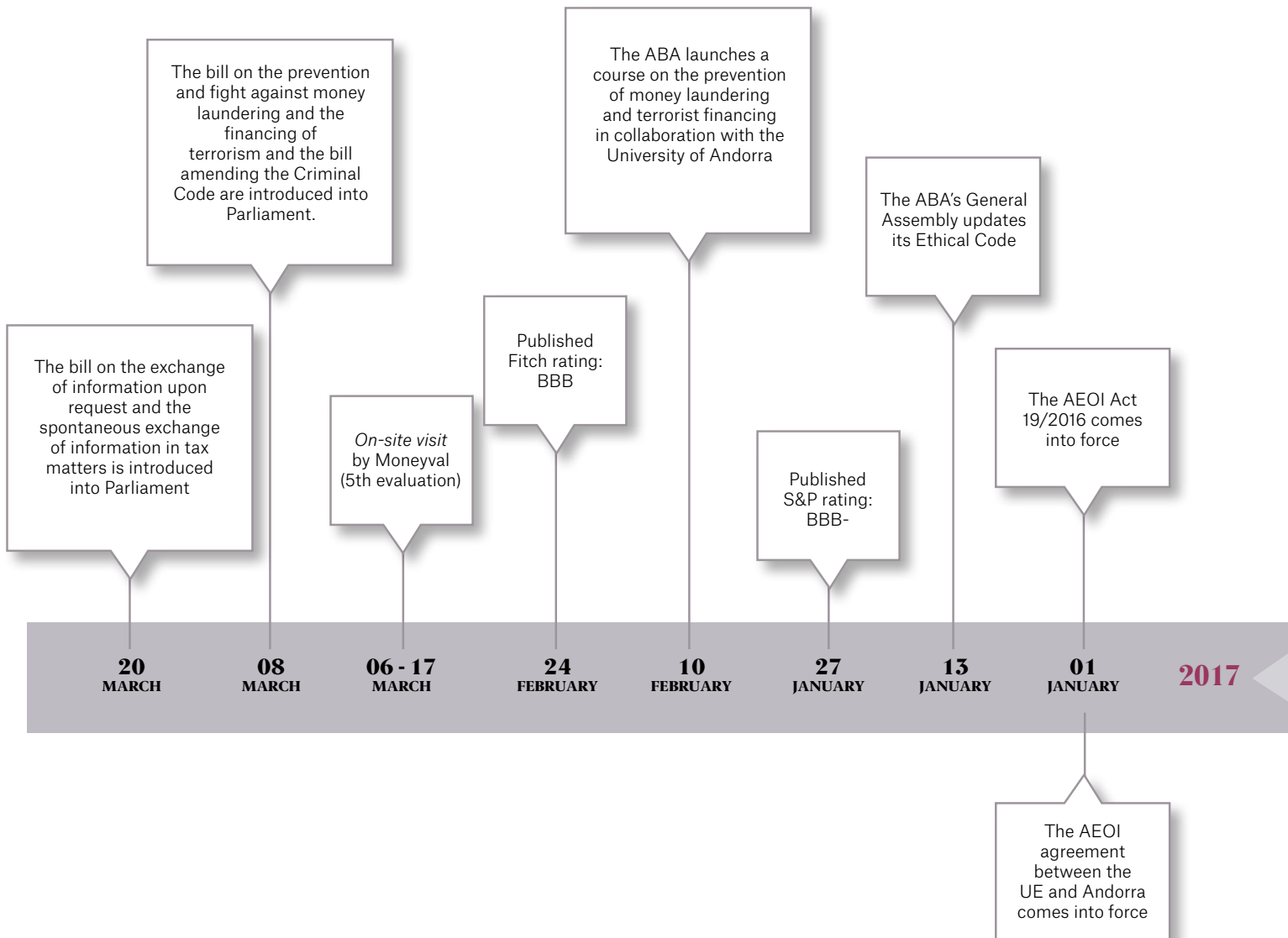
More
than
10 working
groups

3

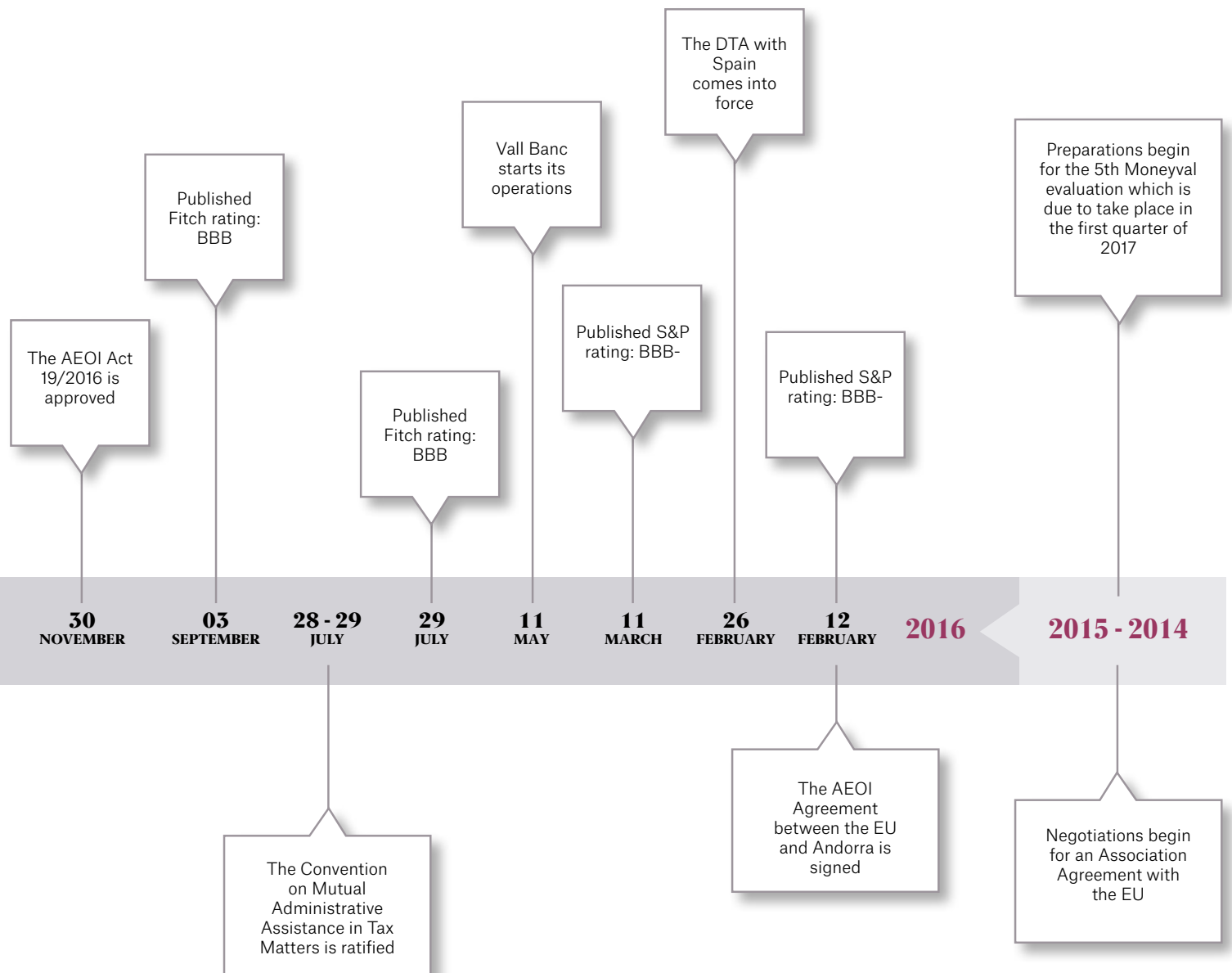
2016-2017 Overview



National



International



DTA: Agreement to avoid double taxation
AEI: Automatic exchange of information in tax matters

4

Chronology of the events linked to Andorra's transformation process

Andorra has signed 24 TIEA and 7 DTA

2017	6-17 MARCH	Moneyval on-site visit as part of the 5th evaluation.
	1 JANUARY	The AEOI agreement signed with the EU comes into force. The AEI Act comes into force.
2016	30 NOVEMBER	AEOI Act 19/2016 comes into force.
	28 JULY	The General Council ratifies the Multilateral Convention.
	26 FEBRUARY	The DTA signed between Andorra and Spain comes into force.
	12 FEBRUARY	Andorra signs an AEOI agreement with the EU.
2015	3 DECEMBER	Andorra signs the MCAA with the OECD.
	4 NOVEMBER	Andorra ratifies the AEOI agreement with the EU.
	14 SEPTEMBER	Andorra passes the 4th Moneyval evaluation and moves on to the 5th evaluation.
2014	16 JUNE	The OECD declaration on automatic exchange of information is adopted.
	JUNE	Peer Reviews Phases 1 + 2 (Global Forum).
	24 APRIL	The Personal Income Tax (IRPF) Act is approved. Negotiations begin for an Association Agreement between the EU and Andorra.

Abbreviations:

TIEA: Tax Information Exchange Agreement.

DTA: Agreement to avoid double taxation.

MCAA: Multilateral Competent Authority Agreement.

AEOL: Automatic exchange of information in tax matters.

Multilateral Convention: Convention on mutual administrative assistance in tax matters with the OECD.

2013	5 NOVEMBER	Signing of the Multilateral Convention.
	11 OCTOBER	Mandate to negotiate a review of the Agreement on the taxation of savings income.
	OCTOBER	Phase 2 Peer Review (Global Forum).
	17 SETEMBER	The INAF is accepted as a full member of IOSCO.
	1 JANUARY	The Indirect General Tax (IGI) Act comes into force.
2012	21 JUNE	The Foreign Investment Act is approved to fully liberalise foreign investment.
	MARCH	Start of the 4th Moneyval Evaluation.
2011	AUGUST	Phase 1 Peer Review (Global Forum).
	30 JUNE	Andorra signs the Monetary Agreement with the European Union to convert the euro into Andorra's official currency.
	4 APRIL	Memorandum of Understanding signed between INAF and the Bank of Spain setting out a collaboration protocol between the two authorities.
2010	29 DECEMBER	A tax on corporations, income from business activities and non-residents income is approved.
2009	10 MARCH	Andorra signs the Paris Declaration, which sets out a timetable of legislative reforms to facilitate compliance with the OECD transparency requirements.

5

Activities undertaken by the ABA and associations

Who are we

The Andorran Banking Association (ABA)

- **Represents the interests** of Andorran banks.
- **Monitors the reputation, development and competitiveness** of the banking sector both in Andorra and internationally.



What we do

The main tasks performed by the ABA include:

1

- **Defending the reputation and development** of Andorran banks.



2

- **Improving the technical standards** of the banking sector.



4

- **Enforcing the ethical rules** inherent in the profession and specific to the ABA.



3

- **Encouraging sectoral cooperation** and promoting effective competition.



5

- Participating in public or private institutions and foundations to **foster economic, cultural and social well-being** in Andorra.



Activities



4 collaboration agreements

with the Andorran Red Cross, Unicef, the Private Guardianship Foundation, the University of Andorra and the Business Students' Forum.

203 meetings of the ABA Commissions

with the participation of 84 representatives of the member banks.

24 meetings of the governing bodies

of the Andorran Business Confederation and the Chamber of Commerce, Industry and Services.



61 meetings

held with Government and banking supervisory bodies.



Around

45

published articles, interviews, press conferences and releases, statements.



4 employees

out of 2,667 bank employees.

6

Mission, vision and values of Andorran banks

Mission

To provide the best financial services in the area of retail banking, private banking and asset management to customers looking for experience, solvency, return on investment, proximity and security.

Values



1 Professionalism and quality

With more than 85 years' experience, the Andorran banking sector employs **highly qualified individuals** who act diligently and professionally to provide a high standard of products and services.



2 Internationalisation and added value services

The growth and resilience of Andorra's banking sector have been sustained by **higher added value services, extensive experience** in wealth and asset management, and **strong internationalisation** combined with sustainable and profitable growth.



3 Integrity

Andorran banks act with honesty, loyalty and integrity so as **to preserve the trust and reputation** earned by the Andorran financial system vis-a-vis customers, professionals, institutions, markets and society at large.



4 Responsibility and solidarity

The banking sector has devoted years of work to **developing volunteering policies relating to corporate and social responsibility**, based on a responsible growth strategy and marked by a commitment to society.



5 Solvency

The continued high solvency ratios of Andorran banks have become one of their main characteristics and testify to a conservative and prudent approach.

Vision

To maintain the trust of our customers through the professional excellence of our employees, the development of advanced products and a track record that spans more than 85 years, with the aim of being recognised as a leading global financial centre for retail banking, private banking and asset management.



6 Optimal tax framework

Andorra has streamlined and consolidated its tax framework to make it comparable to that of other countries. But the standardisation process **has preserved the country's tax competitiveness.**



7 Transparency and standardisation

Andorra has undergone a deep transformation and has worked consistently to adopt a **transparent, modern legal framework** that matches that of other countries and financial centres, fully complying with the highest international standards.



8 Stability

Andorra is characterised by a stable **political and social environment** and enjoys a high level of safety.



9 Competitiveness and innovation

Andorra continues to work towards bolstering its economic mainstays and **fostering the creation of new economic sectors.** A **favourable business environment**, a multilingual educational system, different types of residence and a high standard of living all contribute to making Andorra an attractive destination.

7

Key figures

7.1. Banking sector

The financial system represents

more than
5%
of all employees.

It contributes to approximately

21%
of Gross Domestic Product.

There are

5 banking groups that offer both retail banking and private banking services.

More than

85 years' experience in banking with a presence in 15 countries.

The banks' results for 2016 which have remained stable, have been impacted by low interest rates and structural expenses, reaching

156 million euros with a ROE of **9.73%.**

The total number of employees is

2015: 2,527 employees

2016: 2,667 employees



1,108

1,419

1,217

1,450



The international presence of Andorran banks

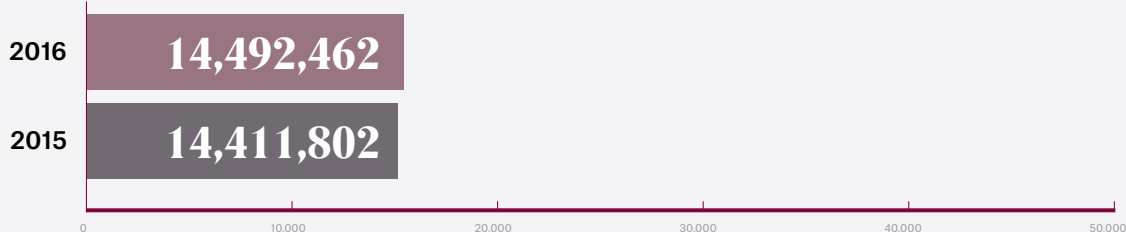


7 Key figures

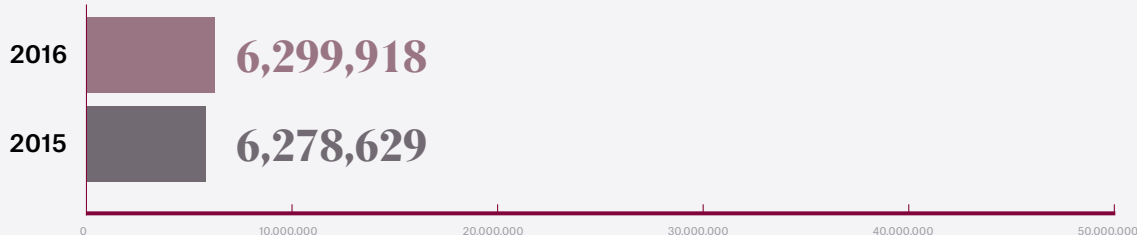


Banking sector data

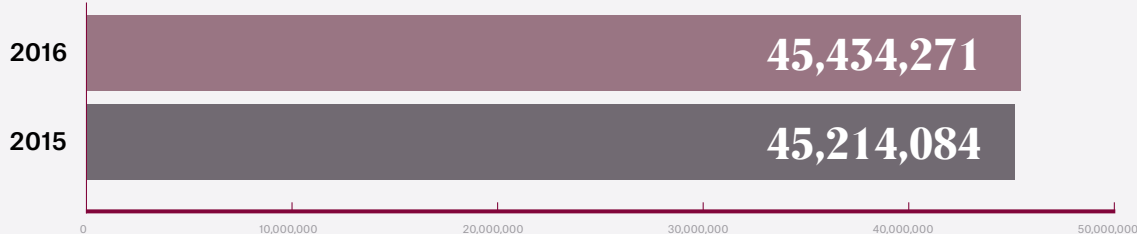
Total assets



Gross credit investment



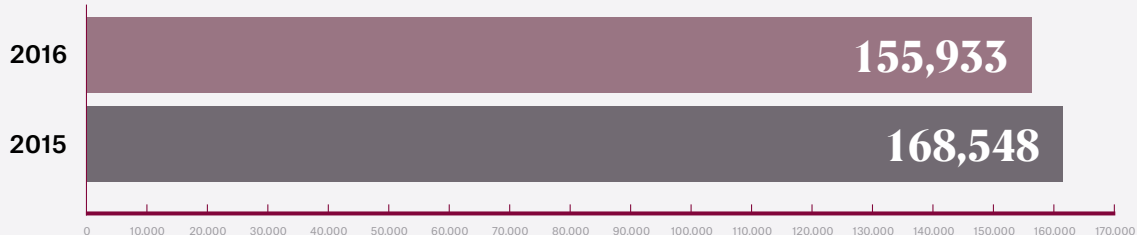
Assets under management



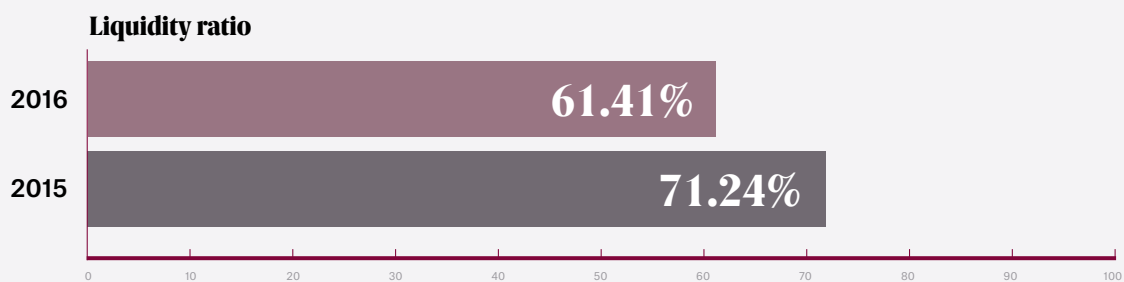
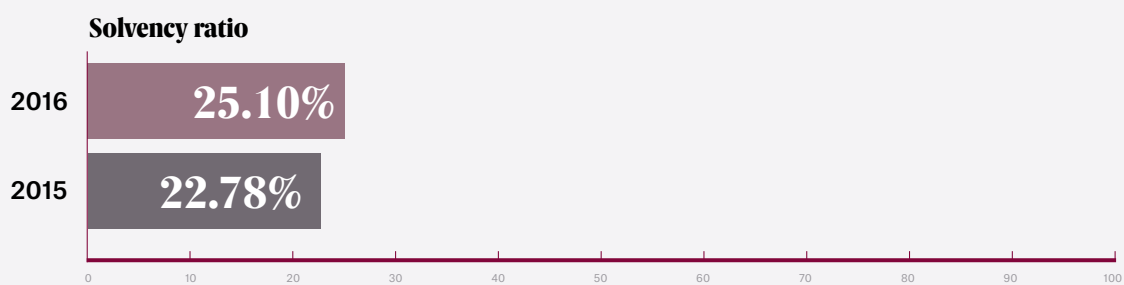
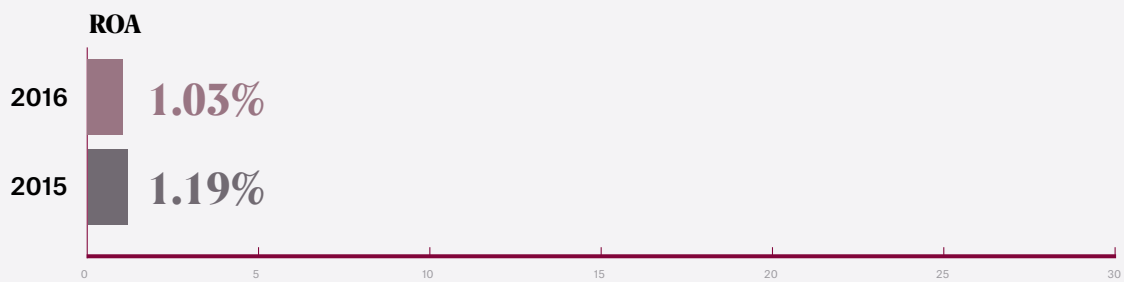
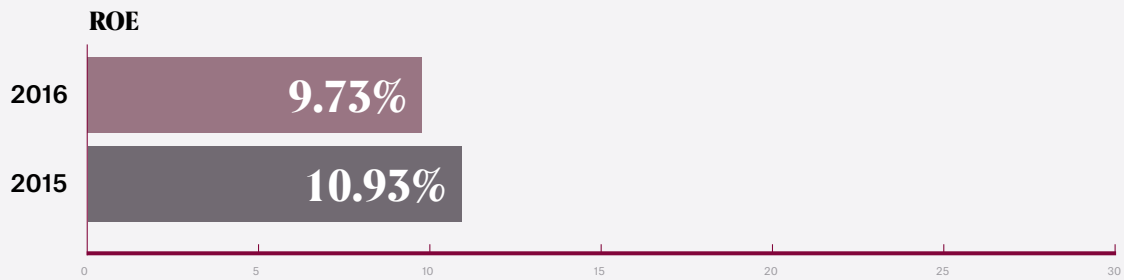
Customer deposits



Results



Source: Andorran Banking Association and Annual reports from banks

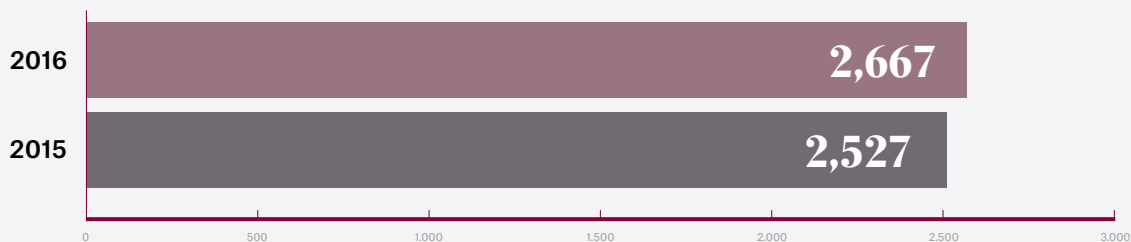


7 Key figures

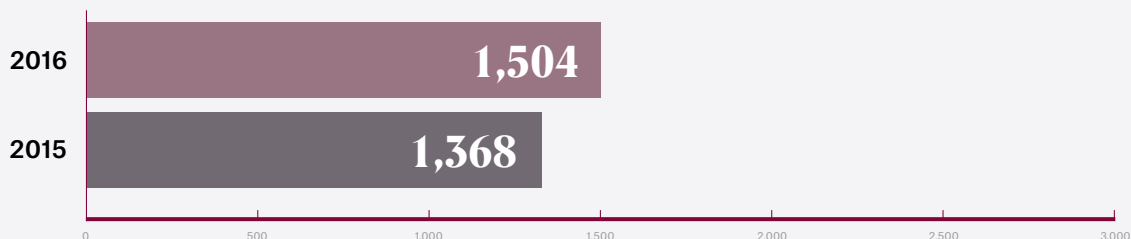


Banking employees

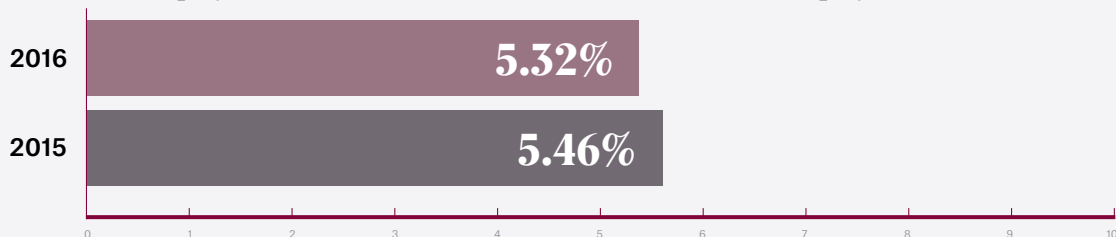
Andorra and abroad



Andorra



% of employees in the financial sector relative to the total % of employees



★★★ Long-term rating by bank

ANDBANK / Private Bankers

MORABANC

Crédit Andorra

BancSabadell* d'Andorra

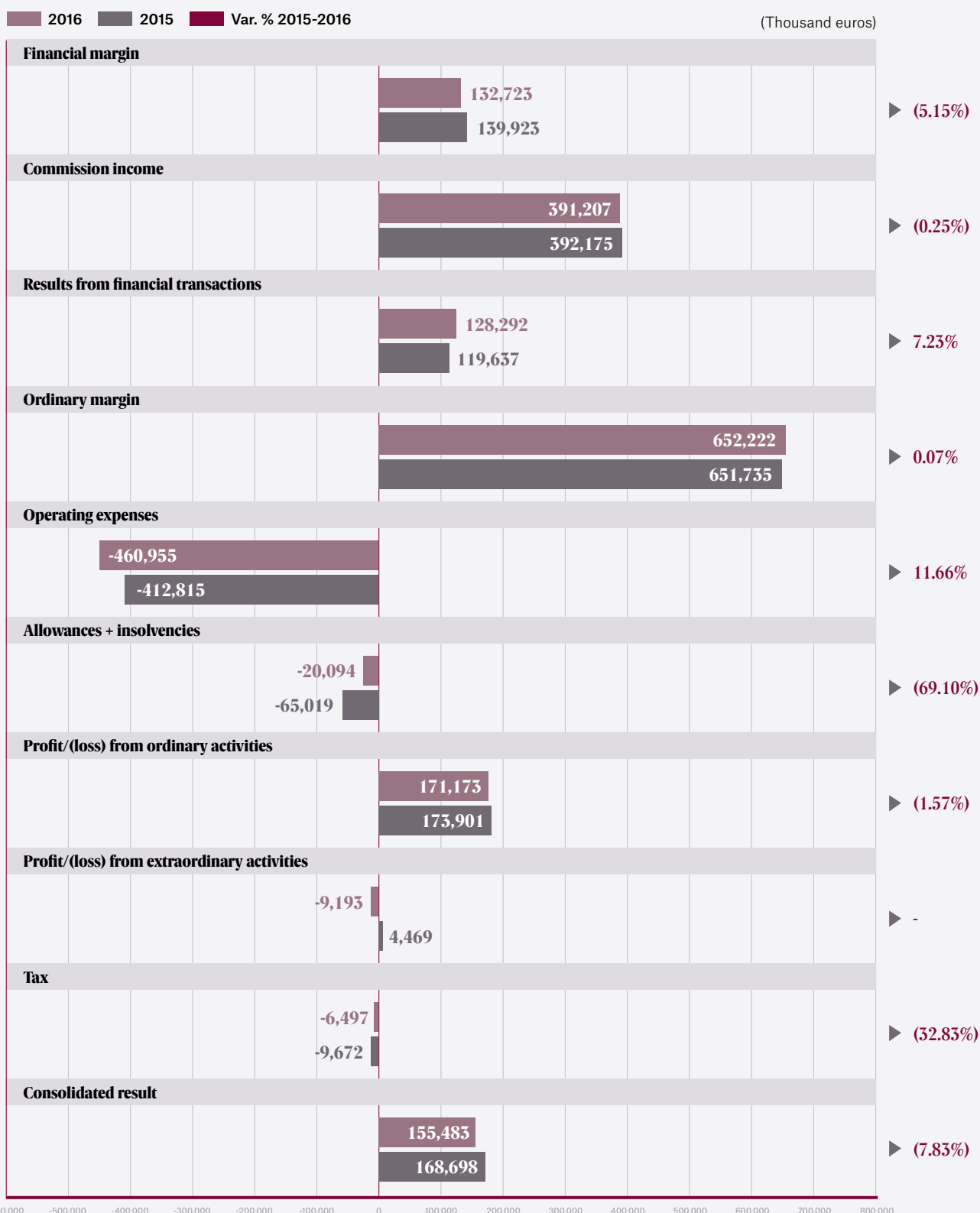
VALLBANC

2016	BBB	BBB-	BBB	-	-
2015	BBB	BBB-	BBB	-	-

* 51% owned by Banc de Sabadell.



Sources of revenue



Source: Andorran Banking Association and Annual reports from banks

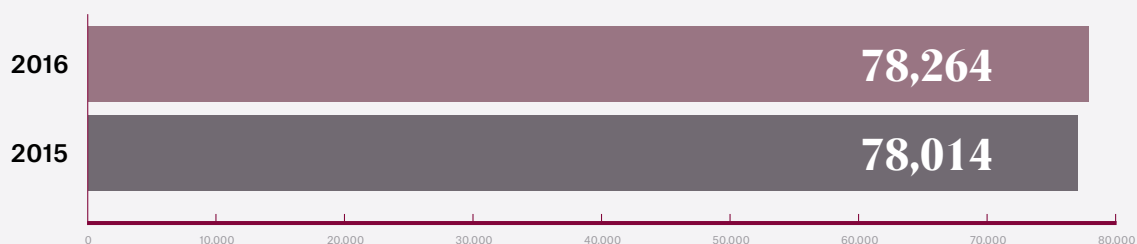
7 Key figures

7.2. Country

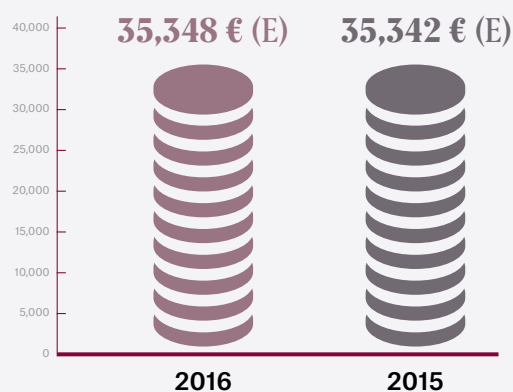
Relevant economic data



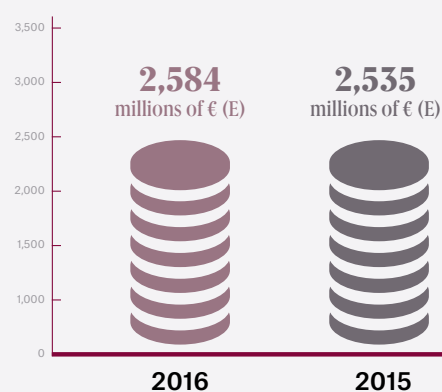
Registered population



Revenue per capita (nominal)



GDP



(E) Estimation made by the Department of Statistics of the Andorran Government



Inflation



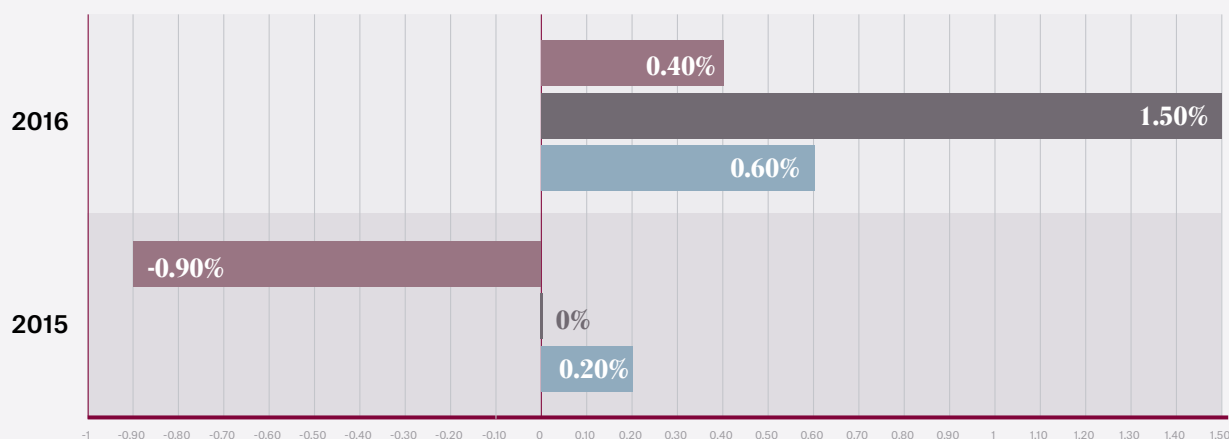
Andorra



Spain



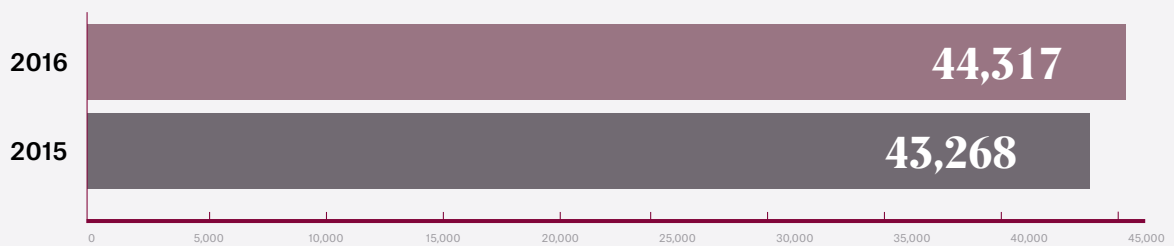
France



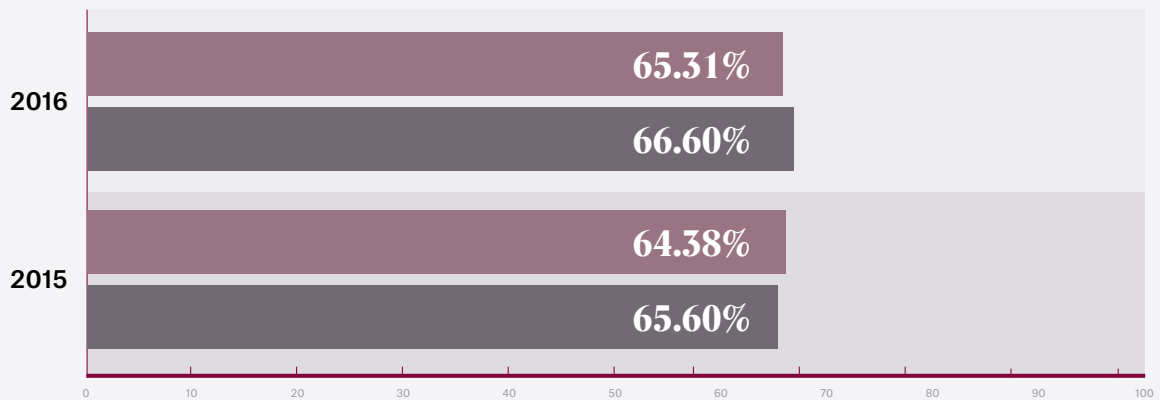
Source: Department of Statistics of the Andorran Government



Jobs

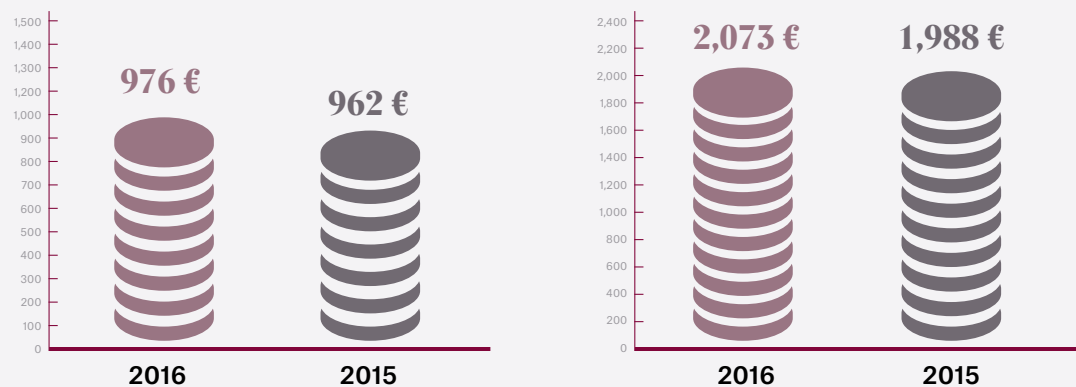


Employment rate



Minimum wage

Average

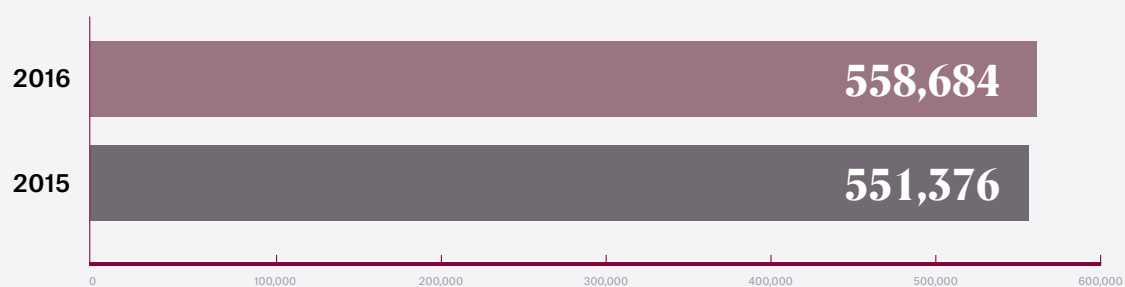


7 Key figures

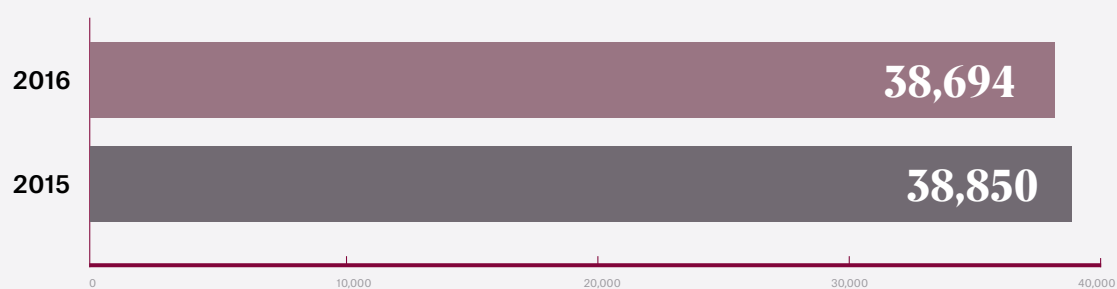
Relevant economic data



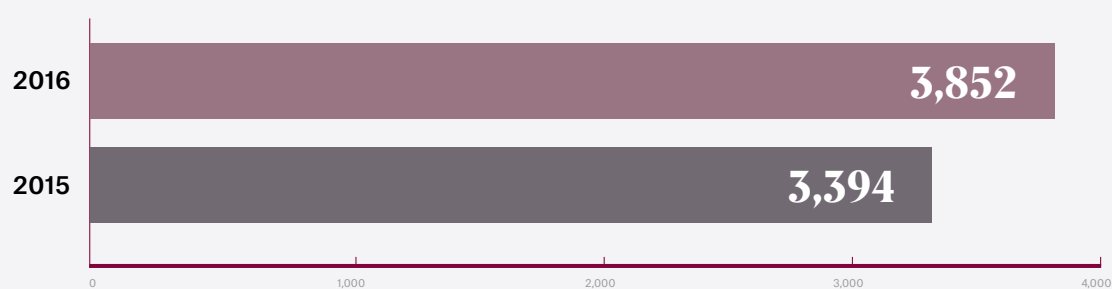
Energy consumption (MW/ hour)



Telecommunications (Line charges)



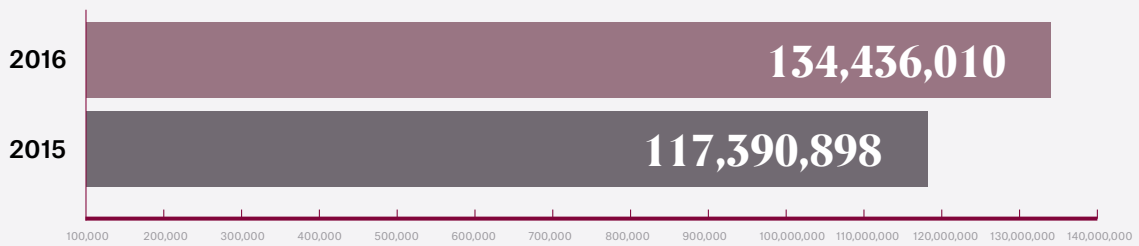
Car registrations



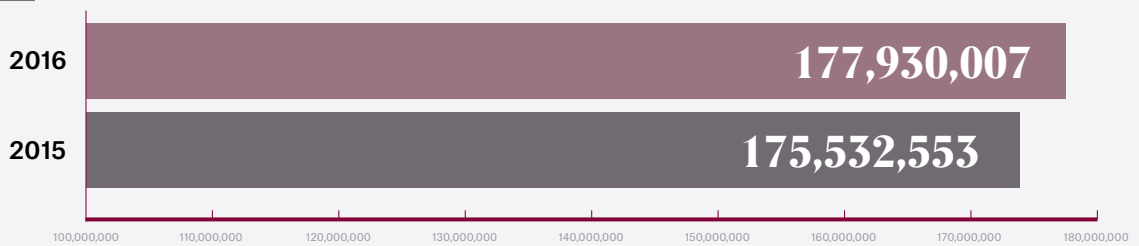
Source: Department of Statistics of the Andorran Government



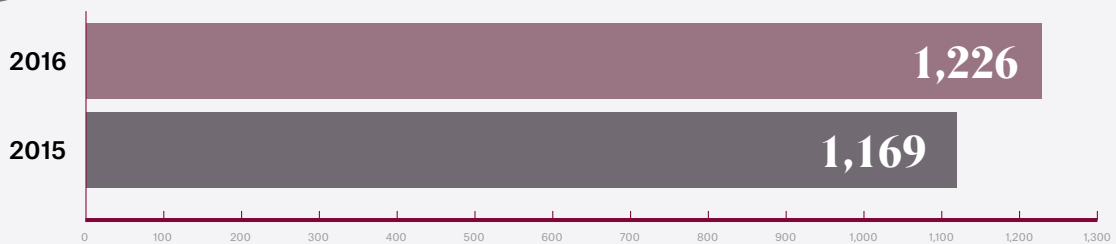
Fuel imports (Euros)



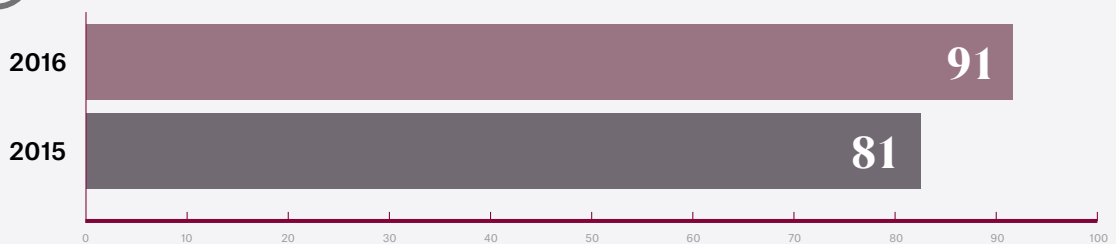
Diesel/petrol imports (Litres)



Imports (Million €)



Exports (Million €)

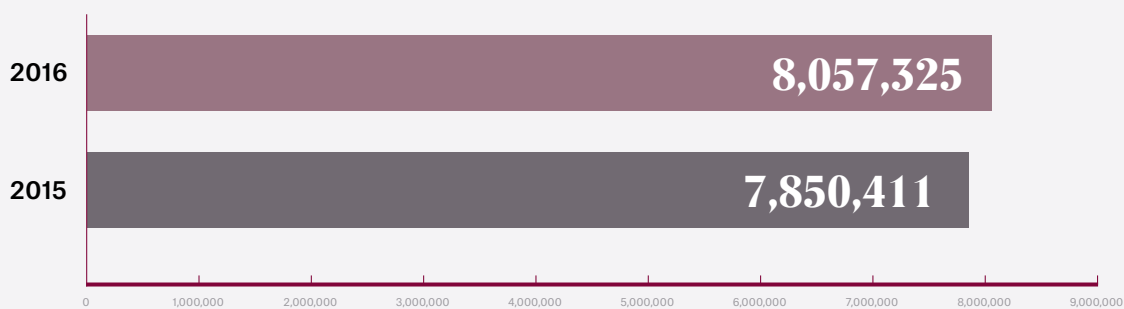


7 Key figures

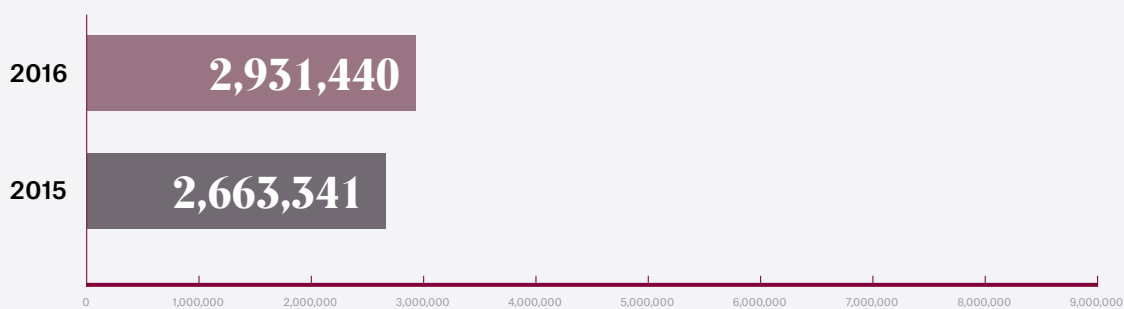
Relevant economic data



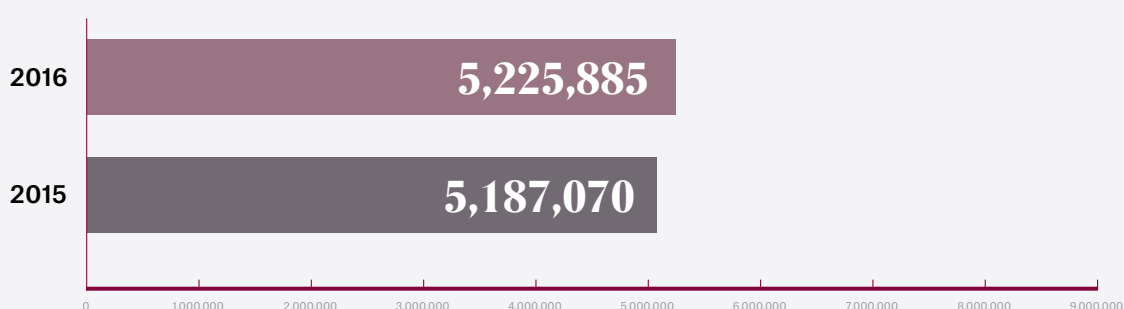
Number of visitors



Tourists



Hikers



Source: Department of Statistics of the Andorran Government

★★★ **Country rating**

Standard & Poor's

	Long term	Short term	Outlook
2017	BBB-	A-3	Stable
2016	BBB-	A-3	Stable
2015	BBB-	A-3	Negative

Fitch Ratings

	Long term	Short term	Outlook
2017	BBB	F3	Positive
2016	BBB	F3	Stable
2015	BBB	F2	Stable



The Andorran economy has performed well, as evidenced by the improvement in the country's main economic indicators.

8

Information on relevant topics

8.1. Automatic exchange of information in tax matters

On 15 July 2014, the Council of the OECD approved the new global standard for the automatic exchange of information in tax matters (AEOI) between jurisdictions. The Common Reporting Standard (CRS) published in February 2015 lays down how the competent authorities of the countries that have signed up to the CRS automatically exchange information on financial accounts every year. The CRS aims to fight tax evasion and promote tax compliance.

On 16 June 2014, Andorra became the 48th country to sign the OECD Declaration on the automatic exchange of information in tax matters, thereby undertaking to implement the new standard and exchange information automatically every year with other jurisdictions.

One year later, on 3 December 2015, Andorra signed the multilateral competent authority agreement for the automatic exchange of information in tax matters (MCAA), a multilateral instrument that regulates the automatic exchange of information with the countries that have signed up to the OECD standard.

On 12 February 2016, Andorra and the European Union (EU) subsequently signed an agreement for the automatic exchange of tax information which came into effect on 1 January 2017 (the EU Agreement).

This agreement, which amends the previous agreement entered into between Andorra and the European Community in 2005 with regard to the implementation of measures equivalent to those provided for by Council Directive 2003/48/EC on taxation of savings income in the form of interest payments, introduces the new global standard for the automatic exchange of information approved by the OECD and applied in the European Union through Directive 2014/107/EU.

Act 19/2016, approved by the General Council of Andorra on 30 November 2016, sets out the legal framework required to comply with this AEOI commitment.

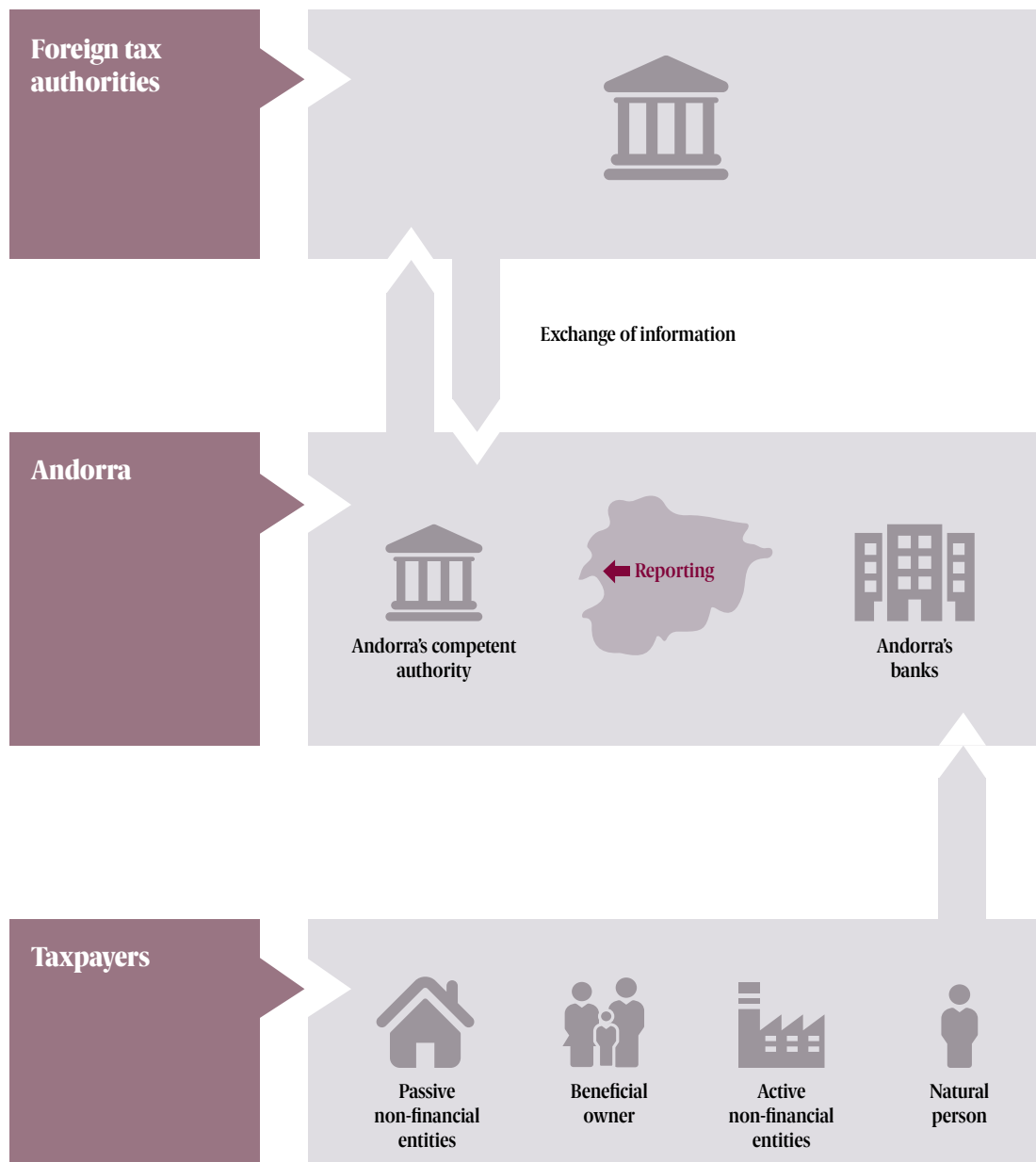
Within the framework of the EU Agreement, Andorra undertakes to collect banking data from 2017 onwards and to share that information with EU member states as from 2018.

This means that the information relating to foreign taxpayers who hold an account in Andorra will be disclosed by Andorran banks and certain collective investment undertakings and insurance companies to the local authority. The local authority will then automatically disclose the information to the tax authority of the relevant country on an annual basis.

The data covered by the exchange obligation include the account number, tax identification number, name, address and date of birth of taxpayers residing abroad who hold an account in Andorra, all forms of income (including interest, dividends and income from insurance contracts), income derived from the sale or transfer of assets, and account balances. The standard applies both to individuals and legal entities (including trusts and foundations).

In accordance with relevant international standards, the beneficial owner of the account, the passive structures and the identity of the persons controlling them must be identified.

The Andorran Banking Association has closely monitored the process of adopting the AEOI through an ad-hoc working commission created in 2014. The commission has reviewed all the requirements set out in the CRS in order to exchange the information within the prescribed deadlines and has prepared several Q&As as a guide to explain what the AEOI contains and how it works.



8 Information on relevant topics

8.2. Prevention of money laundering and terrorist financing

On 24 November 2011, the General Council of Andorra approved the ratification of the Monetary Agreement between the Principality of Andorra and the European Union, which is accompanied by an annex that has been updated regularly and which sets out the EU legislative acts and regulatory provisions that Andorra has pledged to introduce into domestic law.

Under the Monetary Agreement, Andorra has been working to transpose Directive (EU) 2015/849 of the European Parliament and of the Council, of 20 May 2015, on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing ("4th Directive") and Regulation (EU) 2015/847 of the European Parliament and of the Council, of 20 May 2015, on information accompanying transfers of funds.

It should also be highlighted that Andorra is the subject of regular evaluations by the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (Moneyval) of the Council of Europe. As part of these evaluations it is essential to ensure adequate and effective implementation of relevant international standards, as materialised through the recommendations of the Financial Action Task Force ("FATF").

Both the transposition of the above-mentioned EU regulations and the implementation of FATF recommendations require a general review of regulations in relation to the prevention of and fight against money laundering and to adopt the new principles developed by the new regulations, including adequate risk management, which call for a new law inspired directly by the principles set out in the 4th Directive 2015/849 and the new FATF recommendations.

The law relating to international cooperation in criminal matters and the fight against money laundering and proceeds of international crime and the financing of terrorism -LCPI- (repealed by the new law) was enacted on 29 September 2000. This legislation has undergone numerous and profound changes. In this regard, since the new FATF recommendations were approved in 2012, several legislative amendments have been made that have partly implemented these recommendations.

The new law that transposes the 4th Directive was approved by the General Council of Andorra on 22 June 2017.

8.3. New tax offences

Creation of "article 248 bis" in the Andorran Criminal Code: tax offences

The new 2012 FATF recommendations provide for the inclusion of tax offences in the list of predicate offences for money laundering. In line with its commitment to adopting international standards and recommendations, Andorra has changed its legislation by amending the current Criminal Code and by introducing a tax offence by way of a bill amending the Criminal Code Act 9/2005 of 21 February. The bill was submitted to the General Council of Andorra on 8 March 2017 for the purpose of debating the law in parliament.

Although many countries have yet to introduce such a criminal tax offence, Andorra decided to include this new offence based on a number of existing benchmarks. It should be noted that Andorra has chosen to distinguish between a basic tax offence and an aggravated offence, whereby only the aggravated offence constitutes a predicate offence for money laundering crimes. Aggravating circumstances include the amount of the fraud (from 150,000 euros) or acts committed as part of a criminal organisation.

The bill is due to be approved in the first half of 2017.

8.4. 5th Moneyval evaluation

Moneyval is the committee of experts of the European Council that is responsible for evaluating the measures taken by jurisdictions against money laundering and the financing of terrorism. So far, Andorra has successfully passed the four evaluations conducted, in line with its neighbouring countries.

The latest report of the 4th Moneyval evaluation relating to the actions taken by Andorra over the last three years was approved on 14 September 2015, which meant Andorra was able to pass the fourth round of evaluations of the European body. The main achievements outlined in this report are the Monetary Agreement signed with the European Union in 2011, the ratification of the Palermo Convention against transnational

organised crime, the enforcement of the Vienna Convention against illicit traffic in narcotic drugs and psychotropic substances, the implementation of the two UN resolutions against the financing of terrorism, and continuing monitoring to ensure compliance with these obligations.

Upon completion of the 4th evaluation, Andorra started to prepare for the 5th evaluation so as to keep to the timetable set by the European body.

The FATF recommendations reviewed in 2012 serve as a basis for the 5th Moneyval evaluation. In this round, special emphasis is placed on effective implementation of the FATF recommendations. During the evaluation process, the technical implementation of the recommendations is assessed before the visit by evaluators. The visit basically consists in checking the effectiveness of the existing measures in place for the prevention of money laundering and the financing of terrorism.

The evaluators visited Andorra in March 2017. A number of tasks were performed to materialise the continuing process of adapting to international standards in terms of money laundering and terrorist financing, including preparing a national risk assessment in accordance with FATF's No. 1 recommendation.

8.5. Ethical Code

On 13 January 2017, the General Assembly of the Andorran Banking Association agreed to update its Ethical Code, which dates back to 1990. The Ethical Code sets out a number of professional conduct recommendations that meet the new international standards. It is structured in line with the Andorran legal framework and with relevant international principles on this matter, and also complements anti-money laundering and terrorism financing legislation and the global recommendations issued by the FATF.

The purpose of the Ethical Code, which was prepared on a voluntary basis by all member institutions of the Association, is to set out the standards of honesty, integrity, professionalism and confidentiality that apply to Andorran financial institutions in their relationships with customers, third parties, supervisors and regulators within the scope of applicable legislation. The publication of the Code is yet another proof of the capacity of Andorran banks to adapt to a transparent, modern and standardised framework.



9

Legislation

9.1. Andorra's regulatory framework

Tax framework

■ International regulations, standards and recommendations ■ International Agreements ■ Andorran regulations □ Bills debated in parliament

Customs Union Agreement 1990



This modifies the structure of taxes on consumption and introduces general indirect taxation.

Monetary agreement 2011

Streamlining the tax system to match that of other countries and achieve a fairer distribution of tax charges.

State-wide tax framework

Consolidated version of 29 April 2015 of Act 21/2014, of 16 October, regulating the tax system.

Direct taxes	Indirect taxes	Other
Corporation tax (IS)	General indirect tax (IGI)	Judicial tax
Non-resident income tax (IRNR)	Indirect services tax (ISI)	Trade Mark Office tax
Personal income tax (IRPF)	Tax on capital transfers (ITP)	Vehicle tax
Capital gains tax	Indirect tax on the provision of insurance services	Licences, permits and authorisations, etc.
Savings taxation directive*	Special taxes (tobacco, alcohol and fuel)	
	Tax on consumption	
	Tax on bingo games	
		Local tax system
		Each municipality has its own regulations, subject to the taxation system in place

Taxation rate:

IS	General 10%. Collective investment instruments 0%. Deductions and special schemes and reductions of up to 80% of the tax base.
IRNR	General 10%.
IRPF	General 10%. Minimum personal exemption €24,000.

* The agreement transposing the Directive is amended by the Agreement signed between the EU and Andorra on 12 February 2016 in relation to the automatic exchange of tax information. Consequently, withholdings on interest paid by paying agents established in Andorra to beneficial owners will cease as of 1 January 2017.

Tax framework

International regulations, standards and recommendations
 International Agreements
 Andorran regulations
 Bills debated in parliament

EU regulations, standards and recommendations issued by various International Organisations that have been considered in adapting Andorran regulations.

Agreement for the exchange of information in tax matters in accordance with OECD standards.

Paris Declaration.
10 March 2009.

Act 3/2009 on the exchange of information in tax matters upon request as amended by Act 12/2014.

Regulation implementing Act 3/2009 of 23 February 2011, amended in June 2011 and in 2014.

2011
Signing of the Monetary Agreement.

Agreement between Andorra and the European Community relating to the introduction of measures equivalent to those laid down by Council Directive 2003/48/EC on taxation of savings income in the form of interest payments.

15 November 2004.

Act implementing the Agreement between Andorra and the European Community in relation to the introduction of measures equivalent to those laid down by Council Directive 2003/48/EC on taxation of savings income in the form of interest payments.

13 June 2005.

Mandate to negotiate a revision of the Agreement between Andorra and the European community on taxation of savings income in the form of interest payments.

11 October 2013.

Regulation of Act 11/2005, of 13 June, implementing the Agreement between Andorra and the European Community relating to the introduction of measures equivalent to those laid down by Council Directive 2003/48/EC on taxation of savings income in the form of interest payments.

29 June 2005.

30 June 2005.

2013

Signing of the convention on mutual assistance in tax matters with the OECD.
5 November 2013.

Ratified on 28 July 2016.

Tax information exchange agreements signed with 24 countries, including Spain, France and Portugal.

Double taxation agreements signed with 7 countries.

2015

Signing of the multilateral competent authority agreement for the automatic exchange of information in tax matters (**MCAA**).

2016

Agreement between Andorra and the European Union relating to the automatic exchange of information in tax matters.

12 February 2016.
Effective from 1 January 2017.

Act 19/2016, of 30 November, on the automatic exchange of information in tax matters.

Effective from 1 January 2017.

9 Legislation

Corporate and accounting framework

■ International regulations, standards and recommendations ■ International Agreements ■ Andorran regulations ■ Bills debated in parliament

EU regulations, standards and recommendations issued by various International Organisations that have been considered in adapting Andorran regulations.

IMF Report Recommendations:
"Andorra: Assessment of Financial Sector Supervision and Regulation".

February 2007.

Consolidated version of Act 30/2007 on company accounts.

22 February 2012.

Decree approving the General accounting plan.

23 July 2008.
Amended by Decree of 22 February 2012.

Decree approving the Regulation relating to the preparation of consolidated annual accounts.

28 December 2010.
Amended on 15 February 2012.

Annex to the Monetary Agreement signed between Andorra and the European Union.

30 June 2011.

Decree approving the accounting framework applicable to entities operating in the Andorran financial sector and to Andorran collective investment undertakings in accordance with the international financial reporting standards adopted in the European Union (IFRS-EU) and which have also been adopted by Andorra (IFRS-Andorra).

22 December 2016.

Consolidated version of 26 February of Act 20/2007 on public and limited liability companies and subsequent amendments.

Regulation of 16 April 2014.

Act 10/2012 on foreign investments in Andorra.

21 June 2012.

Decree approving the Companies Registry Regulation of 20 February 2008.

Latest amendment of 9 June 2010.

Decree of 8 December 2008 on the procedural and Foreign Investment Register scheme.

23 July 2008.

28 August 2012.

Financial framework

International regulations, standards and recommendations
 International Agreements
 Andorran regulations
 Bills debated in parliament

EU regulations, standards and recommendations issued by various International Organisations that have been considered in adapting Andorran regulations.

IMF Report Recommendations: "Andorra: Assessment of the Supervision and Regulation of the Financial Sector".
August 2002.

IMF Report Recommendations: "Andorra: Assessment of Financial Sector Supervision and Regulation".
February 2007.

Directive 85/611/EC on certain undertakings for collective investment in transferable securities (UCITS) and subsequent amendments.
20 December 1985.

Directive 2006/48/EC relating to the taking up and pursuit of the business of credit institutions.
14 June 2006.

Directives 2004/39/EC, 2006/73/EC and 2006/49/EC ("MIFID Directives").

Directive 94/19/EC on deposit-guarantee schemes and subsequent amendments.
30 May 1994.

Directive 97/9/EC on investor-compensation schemes and subsequent amendments.
3 March 1997.

IOSCO Directive 2002/47/EC on financial collateral arrangements.
6 June 2002.

Directive 2007/64/EC on payment services in the internal market.
13 November 2007.

Annex to the Monetary Agreement.
30 June 2011.

Directive 2014/49/EU establishing the framework for the recovery and resolution of credit institutions and investment firms.
15 May 2014.

Act 8/2013, of 9 May on the organisational requirements and operating conditions of entities operating in the financial sector, investor protection, market abuse and financial collateral agreements.

Consolidated version of 12 February 2014 of Act 10/2008 on the rules governing Andorran collective investment undertakings.

Act 10/2013 on the National Andorran Finance Institute,
23 May 2013.
Amended by Act 16/2016 of 20 October 2016.

Consolidated version of 12 February 2014 of the Act regulating the solvency and liquidity criteria for financial institutions, of 29 February 1996, and subsequent amendment of 12 December 1996.

Act 1/2011 on the creation of a deposit-guarantee scheme by banking entities.
2 February 2011.
Partly amended by Act 8/2015 on urgent measures for introducing mechanisms for the recovery and resolution of banking institutions.

Signing of the multilateral memorandum of understanding of the International Organization Of Securities Commissions (IOSCO).
17 September 2013.

ABA working group relating to the inclusion of Andorra in the SEPA scheme.

Act 8/2015 on urgent measures for introducing mechanisms for the recovery and resolution of banking institutions.
26 April 2015.

Act 7/2013, of 9 May, on the legal regime of entities operating in the Andorran financial sector and other provisions regulating the pursuit of financial activities in Andorra.

Decree approving the standardised accounting plan to be introduced by all financial sector operators.

19 January 2000.
The decree approving the new accounting plan based on IFRS-EU was approved on 22 December 2016.

Consolidated version of the Act setting out disciplinary rules for the financial system of 27 November 1997 approved on 19 February 2014.

Act of 30 June 1994 setting out the coefficient of mandatory investments, implemented by the Decree of 9 December 2009 approving the Decree amending the Decree regulating Act of 22 August 1994.

Act regulating the business activities of insurance companies in Andorra.
11 May 1989.

Consolidated version of Act 35/2010, of 3 June, setting out the rules for authorising the creation of new entities operating in the Andorran financial sector, 12 February 2014.

The bill relating to the regulation and supervision of insurance and reinsurance in Andorra was introduced into parliament on 22 September 2016.

Anti-money laundering framework

International regulations, standards and recommendations
 International Agreements
 Andorran regulations
 Bills debated in parliament

International regulations, standards and recommendations

Convention on laundering, search, seizure and confiscation of the proceeds from crime, ratified on 8 November 1999.

Criminal convention on corruption adopted in Strasbourg on 27 January 1999 and ratified on 18 October 2007.

International convention for the suppression of counterfeiting currency adopted in Geneva on 20 April 1929 and ratified on 22 March 2007.

Council of Europe Convention on the prevention of terrorism adopted in Warsaw on 16 May 2005 and ratified on 6 May 2008.

International convention for the suppression of the financing of terrorism adopted in New York on 9 December 1999 and ratified on 12 June 2008.

Moneyval's Evaluation Reports
1999-2002
2002-2003
2005-2008
2011-2015 (5th evaluation)

Directive 2005/60/EC of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing. **(3rd Directive).**

Directive 2015/849 of 20 May 2015 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing. **(4th Directive).**

Directive 2006/70/EC of 1 August 2006 on the definition of politically exposed person and the technical criteria for simplified customer due diligence procedures.

Regulation 1781/2006 of 15 November 2006 on information on the payer accompanying transfers of funds.
Regulation amended by regulation 2015/847 of 20 May 2015.

Recommendations of the Group of States Against Corruption (GRECO).

Recommendations of the Financial Action Task Force (FATF).

STANDARDISATION

Andorran
regulations

APPROVED ACTS

Consolidated version of 29 April 2015 of the Criminal Code Act 9/2005 of 21 February.

Act 17/2014 amending the Criminal Procedure Code of 10 December 1998.
24 July.

Legislative decree publishing the consolidated version of the Act on international cooperation in criminal matters and the fight against money laundering and proceeds of international crime and the financing of terrorism, of 29 December 2000.

16 September 2009.
The consolidated version of the law includes amendments to the law of 2008 (11 December 2008).
Latest amendment on 16 July 2015.

Regulation implementing Act 28/2008 on international cooperation in criminal matters and the fight against money laundering and proceeds of international crime and the financing of terrorism.
Latest amendment on 20 November 2013.

Decree for the creation and operation of a Permanent Commission for the Prevention of Money Laundering and the Financing of Terrorism.
13 February 2008.

BILLS

On 8 March 2017, the bill amending the Criminal Code Act 9/2005 of 21 February was introduced to parliament. This bill regulates new tax offences.

On 8 March 2017, the bill amending the Criminal Code Act 9/2005 of 21 February, which amends the Criminal Procedure Code, was introduced to parliament.

On 8 March 2017, a bill on the prevention of and fight against money laundering and the financing of terrorism was introduced to parliament. It transposes the 4th Directive 2015/849 according to the timetable set out in the Annex to the Monetary Agreement.

9.2. Regulations debated in parliament

International regulations, standards and recommendations
 International Agreements
 Andorran regulations
 Bills debated in parliament



Law



Scope



Status



Approval timetable

Tax offence	Bill amending the Criminal Code Act 9/2005 of 21 February.	This amendment includes tax offences in the list of predicate offences for money laundering.	Period for amendments.	First half of 2017.
Exchange of tax information	Bill on the exchange of information upon request and the spontaneous exchange of information in tax matters.	Bill amending Act 3/2009 of 7 September which regulated the exchange of information in tax matters upon request	<div style="background-color: #444; color: white; padding: 2px; text-align: center; font-weight: bold;">NEW</div> Approved on 25 May 2017.	First half of 2017.
Money laundering and financing of terrorism	Bill on the prevention of and fight against money laundering and the financing of terrorism.	Transposition of Directive (EU) 2015/849 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and Regulation (EU) 2015/84 on information accompanying transfers of funds.	<div style="background-color: #444; color: white; padding: 2px; text-align: center; font-weight: bold;">NEW</div> Approved on 22 June 2017.	First half of 2017.
Insurance	Bill on the regulation and supervision of insurance and reinsurance in Andorra.	Amending the Insurance Act of 1989 to bring sector regulations into compliance with current standards.	<div style="background-color: #444; color: white; padding: 2px; text-align: center; font-weight: bold;">NEW</div> Approved on 22 June 2017.	First half of 2017.



Andorran Banking
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2016

Appendix

Information on the Andorran banking sector

Andorra's banking sector

Andorra's banking sector is one of the main drivers of the Andorran economy

The Andorran banking sector is made up of five banks with more than 85 years' experience in the banking business. The banks' main areas of business are private banking and asset management, insurance, and retail banking for individuals and companies.

The financial sector and the insurance industry account for approximately 21% of GDP

The banking sector, which employs highly qualified personnel and enjoys a stable political and social environment in a country with more than 700 years of history, tradition and dynamism, is regulated and supervised by the National Andorran Financial Institute (INAF) which is itself regulated by Act 10/2013 of 23 May, which came into force on 20 June 2013 repealing Act 14/2003 of 23 October. In addition, the Financial Intelligence Unit (UIFAND), created in 2000, is an independent body whose mission is to promote and coordinate the measures in place to prevent money laundering and the financing of terrorism.

The banking sector enjoys excellent solvency and liquidity ratios

The professionalism of the Andorran banking system in terms of the supervision and strict verification of the origin and destination of funds is endorsed by expert organisations such as the International Monetary Fund (FMI) and the Council of Europe. Andorran legislation does not permit opaque structures, such as trusts, or private foundations of special interest to promote offshore investment structures that prevent beneficial owners from being identified. Andorran banking institutions operate in global markets and apply both international standards and best practices.

The Andorran financial system has faced continued regulatory changes, including the implementation of tax transparency rules, measures to promote international cooperation in criminal matters and fight money laundering, and the legislation

laid down in the Monetary Agreement in banking regulation matters.

Despite the changes seen in the economic environment, there has been a 0.49% increase in customer assets under management. The financial margin of Andorran banks stands at 132,723 thousand euros and the ordinary margin totals 652,222 thousand euros. The result for the year has been 156 million euros, 7% less than in the previous year. These results are consistent with the banks' anticipations in the context of negative interest rates, which have led to a decrease in the financial margin since 2014, and in view of the increasing cost of adapting to the new regulatory framework of the European banking sector.

As far as return on equity is concerned, Andorran banks ended 2016 with a ROE of 9.73%, ahead of countries such as Germany (2.2%) or Spain (7.1%), and well above the European annualised average of 3.3%, according to data published by the EBA (European Banking Authority).

The Andorran financial system has confirmed its resilience throughout 2016 and showed continued signs of solvency in an international context marked by negative interest rates. It has continually adapted its services and processes to international standards so as to compete on equal terms with other global financial centres. In spite of the complex environment, the financial sector has maintained and consolidated its principal economic indicators. These indicators show that the Andorran financial system has performed strongly and that the internal market has consolidated, as pointed out by the rating agency S&P in its latest report. The strong process of internationalisation of Andorran banks has contributed to the diversification and growth of their business.

The banking sector has benefited from the provision of added value services and strong internationalisation, delivering sustainable and profitable growth

MAIN CHARACTERISTICS OF THE ANDORRAN BANKING SECTOR

Providing added value banking services:

The business model of Andorran banks is based on providing the best private banking and asset management services to customers and stimulating dynamism in the real economy through commercial banking services aimed at both individuals and businesses.

Strong internationalisation: The ambitious growth and diversification strategy of Andorran banks hinges on a universal banking model with a sharp focus on services and strong internationalisation.

The Andorran banking sector is present in Europe, the United States, South America and the Middle East.

Sustainable and profitable growth: The assets managed by Andorran banks have grown significantly in recent years, rising by approximately 60% between 2006 and 2016 with an accelerated increase from 2011. Despite this rapid growth, Andorran banks have maintained healthy liquidity and solvency ratios, which have been a historical characteristic of Andorra's financial system.

As at 31 December 2016, the Andorran banking sector was comprised of 5 banking groups. Together, they manage more than 45 billion euros



Providing added value services



Strong internationalisation

Andorran banks comply with strict international regulatory standards, resulting in the creation of a robust banking system



Sustainability and profitability

Appendix

Information on the Andorran banking sector

Consolidated aggregate balance sheets of Andorran banks

(Thousand euros)

	2015	% s/total	2016	% s/total	Var.(%) 16-15
Cash and balances at OECD central banks	185,023	1.28%	1,106,507	7.64%	-
INAF	2,865	0.02%	1,050	0.01%	(63.35%)
Financial intermediaries	2,273,248	15.77%	1,803,767	12.45%	(20.65%)
Credit investments	6,103,343	42.35%	6,078,966	41.95%	(0.40%)
Securities portfolio	4,572,556	31.73%	4,219,278	29.11%	(7.73%)
Consolidation gains	205,082	1.42%	203,740	1.41%	(0.65%)
Depreciable intangible assets and expenses	160,619	1.11%	181,434	1.25%	12.96%
Tangible assets	558,453	3.87%	591,964	4.08%	6.00%
Adjustment accounts	127,582	0.89%	128,425	0.89%	0.66%
Other assets	223,031	1.55%	177,331	1.22%	(20.49%)
TOTAL ASSETS	14,411,802	100.00%	14,492,462	100.00%	0.56%
INAF	82,387	0.57%	124,274	0.86%	50.84%
Banks and credit institutions	679,661	4.72%	665,626	4.59%	(2.07%)
Other financial intermediaries	58,700	0.41%	64,932	0.45%	10.62%
Customer deposits	11,120,381	77.16%	10,898,487	75.20%	(2.00%)
Debt represented by securities	350,783	2.43%	317,575	2.19%	(9.47%)
Provisions for risks and charges	29,519	0.20%	53,243	0.37%	80.37%
Fund for general risks	22,626	0.16%	3,686	0.03%	(83.71%)
Subordinated liabilities	252,216	1.75%	311,088	2.15%	23.34%
Adjustment accounts	91,044	0.63%	98,140	0.68%	7.79%
Other liabilities	156,860	1.09%	282,002	1.95%	79.78%
Share capital	221,317	1.54%	251,317	1.73%	13.56%
Reserves	1,212,991	8.42%	1,282,633	8.85%	5.74%
Results	168,548	1.17%	155,933	1.08%	(7.48%)
Results from previous years	-	-	(648)	-	-
Interim dividends	(45,000)	(0.31%)	(23,800)	(0.16%)	(47.11%)
Minority interests	9,769	0.07%	7,974	0.06%	(18.37%)
TOTAL LIABILITIES	14,411,802	100.00%	14,492,462	100.00%	0.56%

Source: Andorran Banking Association

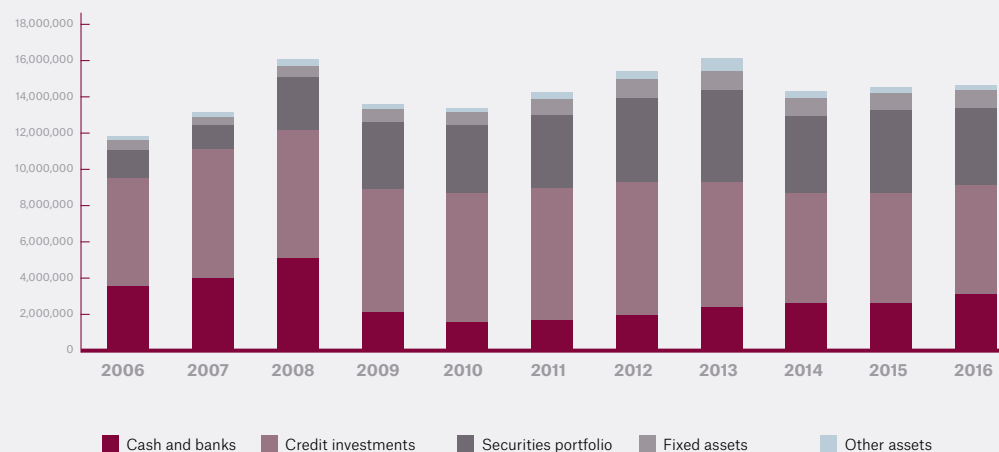
AGGREGATE ASSETS

The two major items of Andorran banks' aggregate assets are "Securities portfolio", which accounts for 29.11% of total assets, and "Credit investments", which account for 41.95% of total assets. The third item is "Cash and banks", which accounts for 20.1% and includes "Cash and balances at OECD central banks, INAF

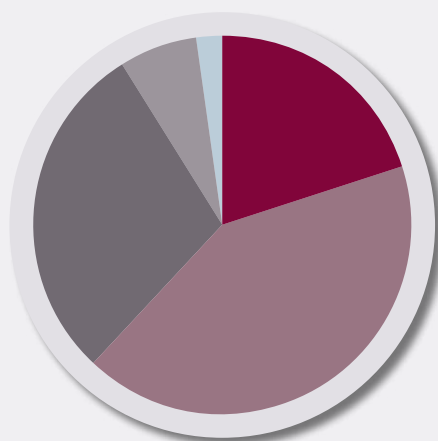
and Financial intermediaries". The structure of Andorran banks' balance sheets reflects the type of business pursued, mainly private banking and asset management services. Retail banking activities are carried out in Andorra only.

Changes in aggregate assets 2006-2016

Thousand euros



Composition of aggregate assets 2016



Cash and banks	20.09 %
Credit investments	41.95 %
Securities portfolio	29.11 %
Fixed assets	6.74 %
Other assets	2.11 %

Appendix

Information on the Andorran banking sector

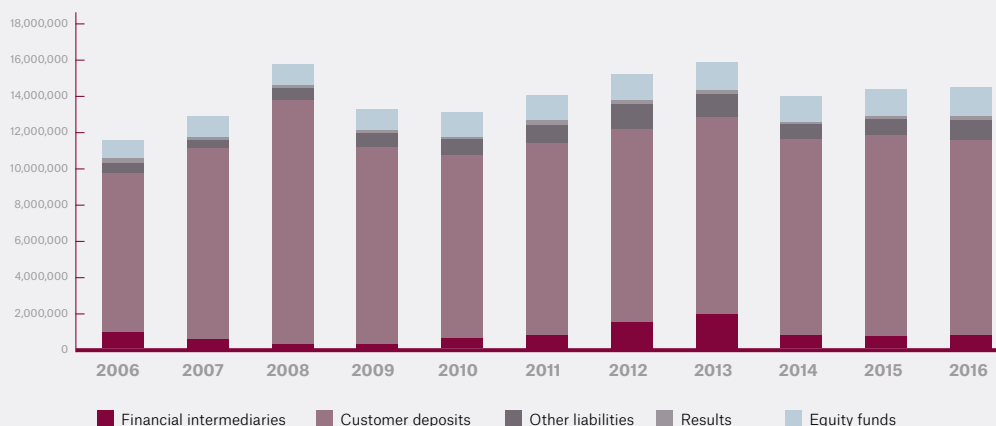
AGGREGATE LIABILITIES

After the global economic crisis that broke out in 2008, the balance sheets of Andorran banks started to increase again in 2010. The decline in balance sheets in 2014 was due to the intervention and subsequent winding up of BPA, SA in 2015, as no financial statements were available for this entity at the end of 2014.

Customer deposits were directly affected both by changes in interest rates, and hence in global capital markets, and by the expansive policy pursued by banks without detracting from organic growth.

Changes in aggregate liabilities 2006-2016

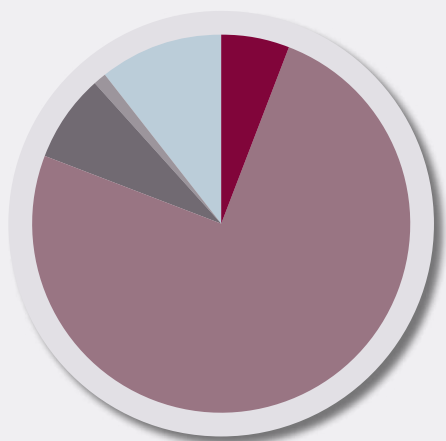
Thousand euros



The composition of Andorran banks' aggregate liabilities at the end of 2016 was marked by the significant relative weight of "Customer deposits" in the financing structure of the Andorran banking system, accounting for 75.20% of aggregate liabilities (77.16% in 2015). "Equity

funds" account for 10.64% and "Results" for 0.91%, whilst the remaining liabilities are made up mainly of "Other liabilities" with 7.35% and "Financial intermediaries" with 5.90%.

Composition of aggregate liabilities 2016



Financial intermediaries	5.90 %
Customer deposits	75.20 %
Other liabilities	7.35 %
Results	0.91 %
Equity funds	10.64 %

Source: Andorran Banking Association

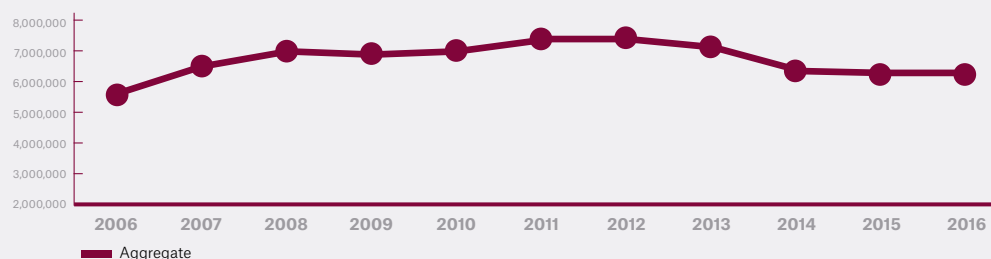
GROSS CREDIT INVESTMENT

The performance of gross credit investment was marked primarily by the effects of the economic slowdown and by a more cautious approach in the granting of bank loans.

Despite this, Andorran banks show signs of economic growth due to increasing demand for credit investment.

Changes in aggregate gross credit investment 2006-2016

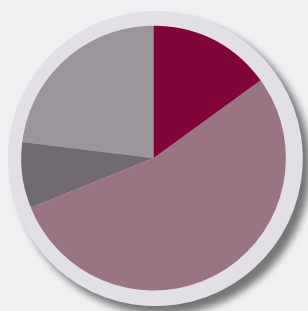
Thousand euros



“Credit investment” accounts for 41.95% of total aggregate liabilities and is basically made up of loans and credit to customers. The total credit investment granted with real collateral stands at 77.05%. Of these, 15.04% are securities collateral, 53.86% are mortgage guarantees and 8.15% are

cash collateral. The credit situation is “Normal” and “Overdue” in 91.97% and 0.82% of cases, respectively, and “Doubtful” in 7.21%. The rate of arrears as at 31 December 2016 was 4.52%, excluding Vall Banc.

Credit investment collateral 2016



Securities collateral	15.04 %
Mortgage collateral	53.86 %
Cash collateral	8.15 %
No real collateral (personal or other)	22.95 %

Gross credit investment ratio to customer liabilities

The aggregate gross credit investment ratio to

customer liabilities remains above 50%, a distinguishing feature of private banking.

Changes in gross credit investment ratio to aggregate customer liabilities 2006-2016



Appendix

Information on the Andorran banking sector

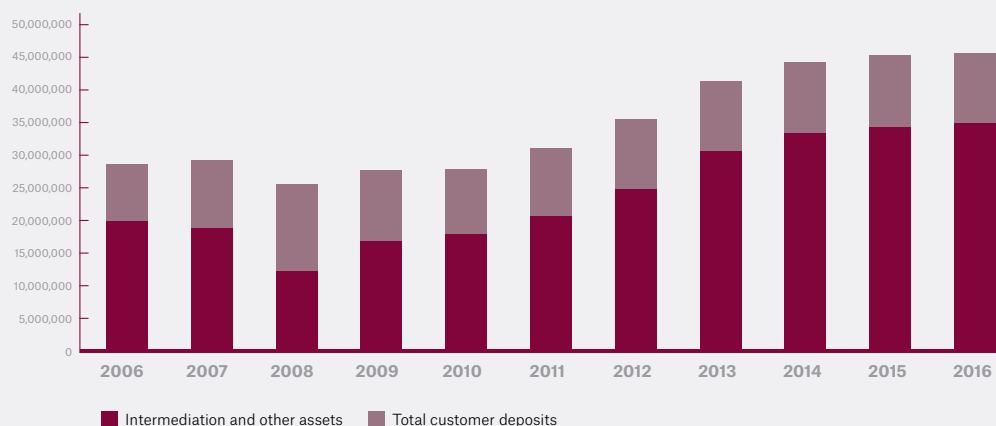
AGGREGATE ASSETS UNDER MANAGEMENT

The total assets managed by Andorran banks are made up of customer deposits (on-balance-sheet) and intermediation services for custodied and non-custodied customers (off-balance-sheet). As at 31 December 2016, assets under management totalled 45.43 billion euros, 0.49% more than in

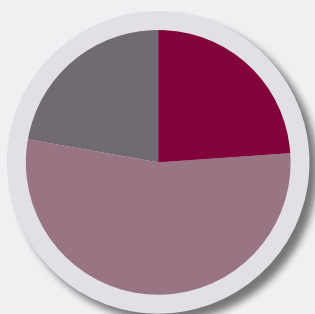
2015. Customer intermediation (equities, investment funds, bonds, etc.) increased by 1.30%, i.e. 76.01% of assets under management, whilst customer deposits fell by 1.99%.

Changes in aggregate assets under management 2006-2016

Thousand euros

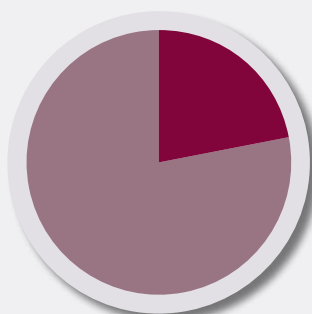


On- and off-balance-sheet assets under management 2016



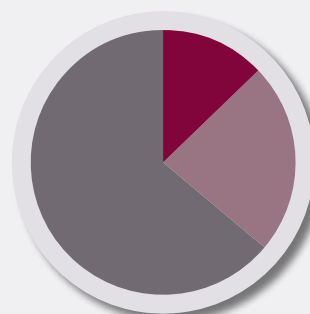
Liabilities	23.99 %
Customer intermediation (Suspense accounts)	53.91 %
Other assets under management	22.10 %

Assets under management deposited by the institution or by third parties 2016



Custodied assets deposited by third parties	22.07 %
Custodied assets deposited by the institution	77.93 %

Assets under management by customer type 2016



Collective investment undertakings	12.90 %
Portfolio of individual customers managed under a mandate	23.29 %
Other individual customers	63.81 %

Source: Andorran Banking Association

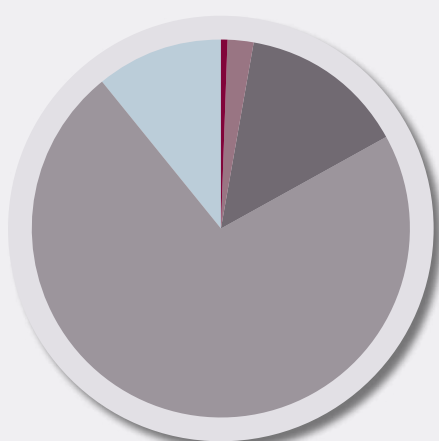
Consolidated aggregate profit and loss accounts of Andorran banks

Consolidated aggregate suspense accounts of Andorran banks

(Thousand euros)

	2015	% s/total	2016	% s/total	Var. (%) 16-15
Contingent liabilities	346,137	0.73%	328,813	0.76%	(5.00%)
Contingent commitments and risks	912,654	1.93%	992,261	2.29%	8.72%
Future transactions	8,858,619	18.70%	6,093,395	14.07%	(31.22%)
Securities deposits and other custodied securities	32,861,897	69.37%	31,224,150	72.09%	(4.98%)
Other suspense accounts with exclusive administrative control functions	4,391,880	9.27%	4,676,062	10.79%	6.47%
TOTAL	47,371,187	100.00%	43,314,681	100.00%	(8.56%)

Structure of aggregate suspense accounts 2016



Contingent liabilities	0.76 %
Contingent commitments and risks	2.29 %
Future transactions	14.07 %
Securities deposits and other custodied securities	72.09 %
Other suspense accounts with exclusive administrative control functions	10.79 %

Source: Andorran Banking Association

Appendix

Information on the Andorran banking sector

Consolidated aggregate profit and loss accounts of Andorran banks

(Thousand euros)

	2015	2016	Var. (%) 16-15
Interest and similar income	282,853	266,016	(5.95%)
Interest and similar charges	(144,599)	(138,101)	(4.49%)
Income from equity securities	1,669	4,808	-
FINANCIAL MARGIN	139,923	132,723	(5.15%)
Net commission for services	392,175	391,207	(0.25%)
Results from financial transactions	116,907	125,654	7.48%
Other ordinary results	2,730	2,638	(3.37%)
ORDINARY MARGIN	651,735	652,222	0.07%
Personnel expenses	(209,881)	(231,014)	10.07%
Overheads	(143,061)	(160,211)	11.99%
Depreciation of fixed assets. net of recoveries	(53,436)	(53,624)	0.35%
Provisions for depreciation of fixed assets. net of recoveries	(6,437)	(16,106)	-
OPERATING MARGIN	238,920	191,267	(19.95%)
Income from losses arising on first consolidation	-	7,920	-
Losses on impaired assets	(35)	(9,297)	-
Provisions for insolvencies. net of recoveries	(52,231)	(14,348)	(72.53%)
Provisions for risks and charges. net of recoveries	(1,774)	(16,839)	-
General risk allowances	(10,979)	12,470	-
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES	173,901	171,173	(1.57%)
Profit/(loss) from extraordinary activities	4,469	(9,193)	-
PROFIT/(LOSS) BEFORE TAX	178,370	161,980	(9.19%)
Corporation tax	(7,873)	(8,082)	2.65%
Overseas corporation tax	(1,799)	1,585	-
CONSOLIDATED PROFIT/(LOSS)	168,698	155,483	(7.83%)
Profit/(loss) attributable to minority interests	(150)	450	-
PROFIT ATTRIBUTABLE TO THE GROUP	168,548	155,933	(7.48%)

Source: Andorran Banking Association

As far as results are concerned, Andorran banks closed the year with an allocated net profit of 156 million euros, i.e. a 7.48% decline. These results are due to negative interest rates which push the financial margin down and to the increasing costs of adapting to the new regulatory framework in the European banking sector. Andorran banks

closed the year with a ROE (the return earned by shareholders on the funds invested in the company) of 9.73%, which is above European banks' average ROE of 3.3% according to the EBA (European Banking Association).

The aggregate result for
the sector amounts to

156
million euros

Andorran banks ended the year 2016 with a

ROE of
9.73%

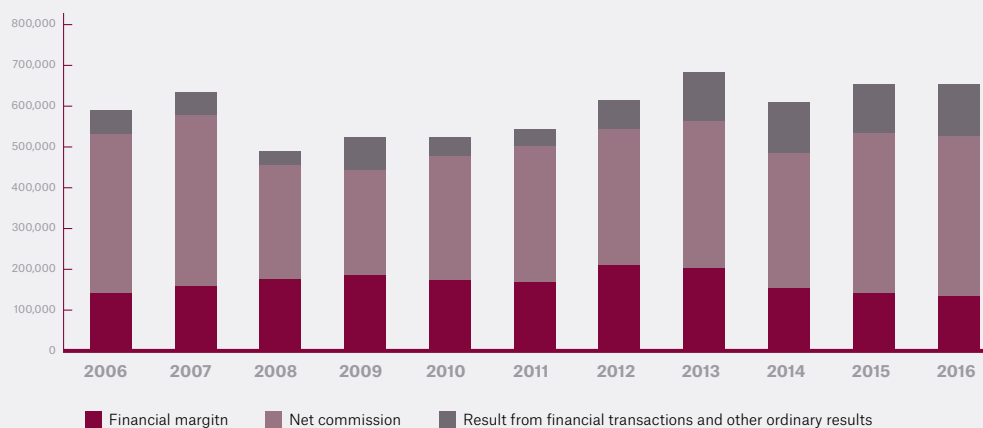
above the European banks' average of
3.3% according to data from the EBA
(European Banking Association)

Appendix

Information on the Andorran banking sector

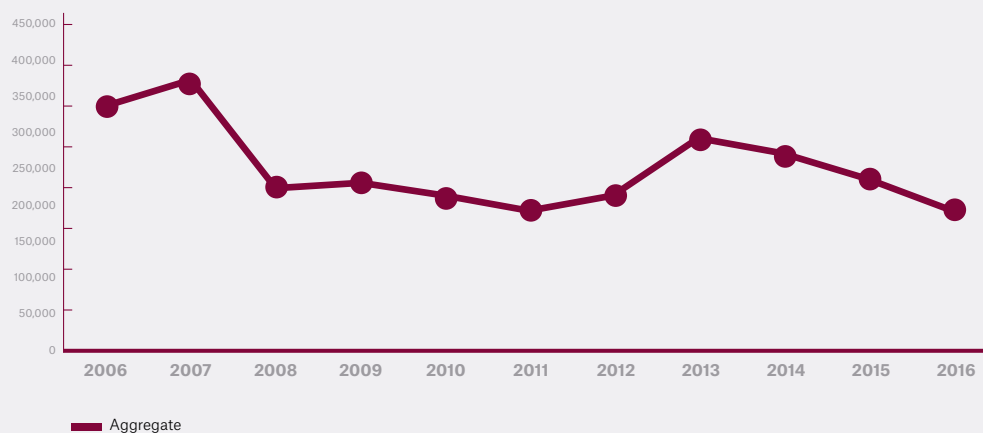
Changes in aggregate ordinary margin and composition 2006-2016

Thousand euros



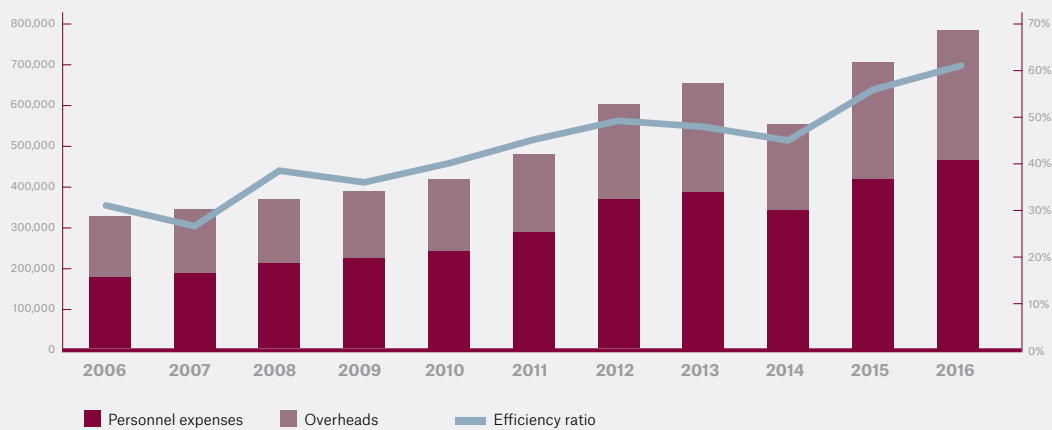
Changes in aggregate operating margin 2006-2016

Thousand euros



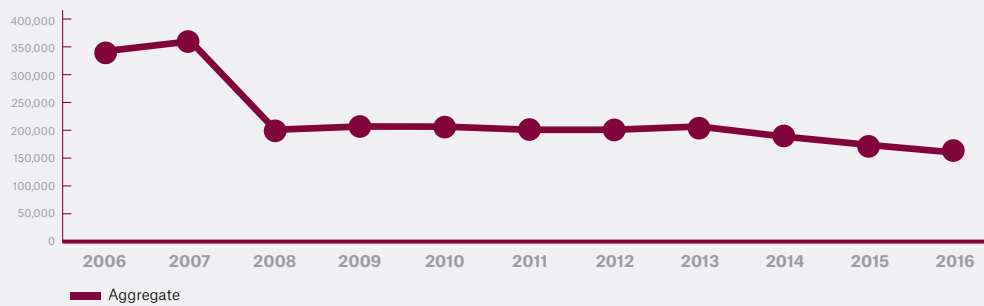
Changes in the composition of aggregate transformation expenses and efficiency ratio 2006-2016

Thousand euros



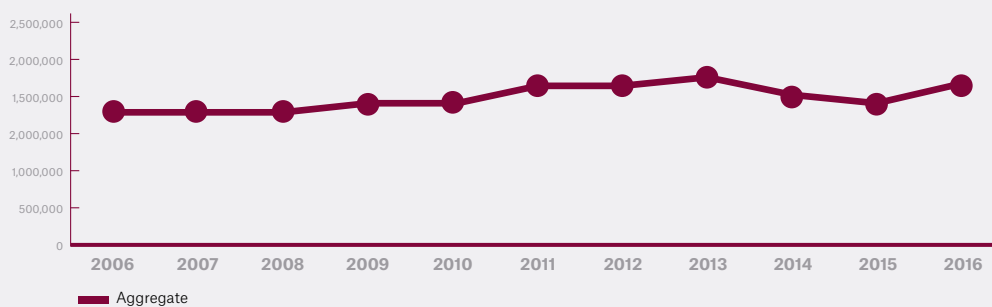
Changes in aggregate result 2006-2016

Thousand euros



Changes in aggregate equity funds 2006-2016

Thousand euros



Appendix

Information on the Andorran banking sector

SOLVENCY AND LIQUIDITY

On 29 February 1996, the General Council approved the law regulating the solvency and liquidity criteria for financial institutions, of which a consolidated version was published on 12 February 2014. This law aims to ensure that the structure of the Andorran financial system remains solid. It was enacted following a recommendation of the Basel Committee on Banking Regulations and Supervisory Practices.

In order to ensure that the financial system maintains a sound international reputation for solvency, Andorra has established solvency and liquidity ratios which are a lot more demanding than those used in most countries and has introduced minimum ratios of 10% and 40%, respectively. These ratios largely exceed the minimum coefficients laid down by law, which

shows that Andorran banks follow a conservative and prudent approach.

In 2016, Andorran banks strengthened their balance sheets and improved their solvency ratios, thus demonstrating their commitment to reinforcing their capital positions. As at 31 December, the solvency ratio of Andorra's five banks stood at 25.10%. This figure exceeds last year's ratio of 22.75% by 230 basis points and is twice the ratios required by Andorran banking regulations, which provide for a minimum ratio of 10%.

The aggregate liquidity ratio achieved by ABA member institutions in 2016 was 61.41%. This figure is well above the liquidity ratio set down by Andorra's banking regulations.

	Solvency		Liquidity	
	2015	2016	2015	2016
Andbank	20.72%	25.50%	76.60%	65.58%
Grup Morabanc	28.50%	32.41%	76.03%	62.81%
Grup Crèdit Andorrà	21.82%	21.72%	65.14%	59.03%
BancSabadell d'Andorra	20.77%	21.99%	59.09%	49.02%
Vall Banc	-	31.19%	-	54.46%
AGGREGATE RATIO	22.78%	25.10%	71.24%	61.41%

At the end of 2016, the solvency ratio of Andorra's 5 banks stood at

25.10%

which is more than last year's ratio and twice the ratio required by Andorran regulations

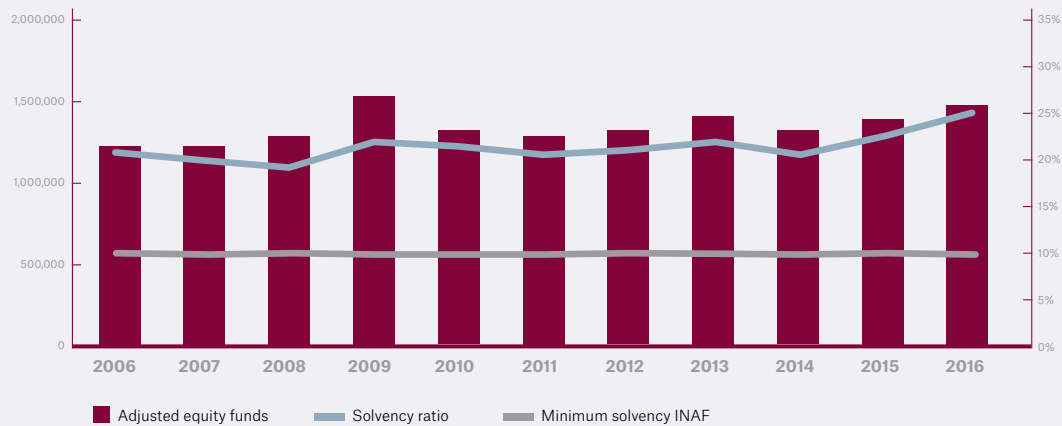
The liquidity ratio achieved by Andorran banks in 2016 was

61.41%

which is more than the ratio imposed by Andorran regulations

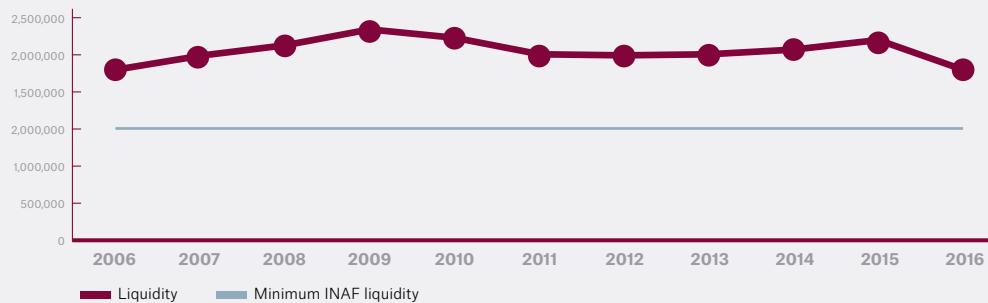
Changes in solvency ratio and adjusted equity funds 2006-2016

Thousand euros



Changes in aggregate liquidity ratio 2006-2016

Thousand euros



Additionally, on 2 February 2011, the General Council of Andorra approved Act 1/2011 on the creation of a deposit-guarantee system for banking institutions (amended by the new Act 8/2015 on urgent measures for implementing mechanisms for the recovery and resolution of banking institutions) so as to guarantee the repayment of funds in cash and securities deposited vis-a-vis depositors. In order to ensure

that the guarantee system can perform its obligations under the law, all banking institutions authorised to operate in Andorra are required to create and maintain an unavailable reserve which is allocated to the execution of covered guarantees, and to invest an amount equivalent to that reserve in liquid and safe assets that meet a series of special requirements laid down by law.

Act 8/2015 on urgent measures for introducing mechanisms for the recovery and resolution of banking institutions

aims to guarantee the repayment of funds in cash and securities to depositors

Appendix

Information on the Andorran banking sector

AVERAGE RETURN ON EQUITY (ROE)

	2015	2016
Andbank	9.93%	9.23%
Grup Morabanc	10.78%	7.12%
Grup Crèdit Andorrà	11.92%	10.15%
BancSabadell d'Andorra	10.59%	10.72%
Vall Banc	-	26.33%
AGGREGATE RATIO	10.93%	9.73%

The average return on equity (ROE) for 2016 was

9.73%

AVERAGE RETURN ON ASSETS (ROA)

	2015	2016
Andbank	1.08%	0.94%
Grup Morabanc	1.47%	0.96%
Grup Crèdit Andorrà	1.19%	1.09%
BancSabadell d'Andorra	1.07%	1.22%
Vall Banc	-	1.18%
AGGREGATE RATIO	1.19%	1.03%

The average return on assets (ROA) for 2016 was

1.03%

RATINGS

Another indicator of banks' solvency are the ratings published by specialist agencies such as Fitch Ratings, Moody's or Standard & Poor's.

	Ratings		Agency
	Long term	Short term	
Andbank	BBB	F3	Fitch Ratings
Grup Morabanc	BBB-	F3	Fitch Ratings
Grup Crèdit Andorrà	BBB	F3	Fitch Ratings
BancSabadell d'Andorra (*)	-	-	-
Vall Banc	-	-	-

(*) 51% owned by Banc Sabadell

Source: Fitch Ratings report as at June 2017.

As far as Andorra's sovereign rating is concerned, Standard & Poor's latest review on 27 January 2017 affirmed its rating to BBB-/A-3. This shows that the Government is making progress on its reform agenda, that the country's economy is gradually recovering, that the Government's finances are balanced and that the financial sector has stabilised.

Additionally, on 11 September 2015 Fitch rated Andorra for the first time, giving it a sovereign rating of BBB with stable outlook. The latest rating was published on 24 February 2017 and stood at BBB with positive outlook.

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Information on the Andorran banking sector
Andorran banking groups

ANDBANK /
Private Bankers



ANDORRA BANC AGRÍCOL REIG, SA

Ed. Centre de Negoci
C/ Manuel Cerqueda i Escaler, 4-6
AD700 Escaldes-Engordany (Principat d'Andorra)
Tel. +376 873333 – Fax +376 863905
www.andbank.com

Honorary president	Mr Òscar Ribas Reig
Chairman	Mr Manel Cerqueda Donadeu
Vice-chairman	Mr Oriol Ribas Duró
General Manager	Mr Ricard Tubau Roca
Deputy Head of Investments	Mr Santiago Mora Torres
Deputy Head of Corporate Services	Mr Antonio Castro Jiménez
Deputy Head of Risk	Mr Josep X. Casanovas Arasa

Consolidated balance sheets as at 31 December 2015 and 2016
ANDBANK /
 Private Bankers

(Thousand euros)

	2015	% s/total	2016	% s/total	Var. (%) 16-15
Cash and balances at OECD central banks	76,818	1.52%	940,713	18.86%	N/A
INAF	210	-	210	-	-
Financial intermediaries	1,030,201	20.34%	796,484	15.97%	(22.69%)
Credit investments	1,816,948	35.88%	1,604,343	32.16%	(11.70%)
Securities portfolio	1,646,256	32.51%	1,149,804	23.05%	(30.16%)
Consolidation gains	149,630	2.95%	152,918	3.07%	2.20%
Depreciable intangible assets and expenses	85,115	1.68%	99,581	2.00%	17.00%
Tangible assets	93,298	1.84%	103,732	2.08%	11.18%
Adjustment accounts	49,134	0.97%	43,334	0.87%	(11.80%)
Other assets	116,386	2.30%	97,559	1.95%	(16.18%)
TOTAL ASSETS	5,063,996	100.00%	4,988,678	100.00%	(1.49%)
INAF	13,115	0.26%	12,688	0.25%	(3.26%)
Banks and credit institutions	454,037	8.97%	504,023	10.10%	11.01%
Other financial intermediaries	27,160	0.54%	39,627	0.79%	45.90%
Customer deposits	3,634,453	71.77%	3,440,745	68.97%	(5.33%)
Debts represented by securities	173,675	3.43%	159,816	3.20%	(7.98%)
Provisions for risks and charges	15,674	0.31%	16,780	0.34%	7.06%
Fund for general risks	4,729	0.09%	3,686	0.07%	(22.06%)
Subordinated liabilities	50,000	0.99%	50,000	1.00%	-
Adjustment accounts	41,112	0.81%	43,639	0.87%	6.15%
Other liabilities	97,616	1.93%	141,572	2.86%	45.03%
Share capital	78,842	1.56%	78,842	1.58%	-
Reserves	418,849	8.27%	447,924	8.98%	6.94%
Results	54,048	1.07%	47,472	0.95%	(12.17%)
Results from previous years	-	-	-	-	-
Interim dividends	-	-	-	-	-
Minority interests	686	0.01%	1,864	0.04%	N/A
TOTAL LIABILITIES	5,063,996	100.00%	4,988,678	100.00%	(1.49%)

Appendix

Information on the Andorran banking sector
Andorran banking groups

Consolidated profit and loss account for the financial years ending on 31 December 2015 and 2016

ANDBANK /
Private Bankers

(Thousand euros)

	2015	2016	Var. (%) 16-15
Interest and similar income	146,367	135,800	(7.22%)
Interest and similar charges	(95,652)	(96,684)	1.08%
Income from equity securities	198	1,695	N/A
FINANCIAL MARGIN	50,913	40,811	(19.84%)
Net commission for services	158,963	162,368	2.14%
Results from financial transactions	37,780	50,716	34.24%
Other ordinary results	1,469	1,992	35.60%
ORDINARY MARGIN	249,125	255,887	2.71%
Personnel expenses	(105,639)	(105,066)	(0.54%)
Overheads	(63,441)	(67,269)	6.03%
Depreciation of fixed assets, net of recoveries	(19,391)	(18,780)	(3.15%)
Provisions for depreciation of fixed assets, net of recoveries	(582)	(3,281)	N/A
OPERATING MARGIN	60,072	61,491	2.36%
Income from losses arising on first consolidation	-	-	-
Losses on impaired assets	-	-	-
Provisions for insolvencies, net of recoveries	(8,042)	(838)	(89.58%)
Provisions for risks and charges, net of recoveries	(1,742)	(4,166)	N/A
General risk allowances	(200)	-	N/A
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES	50,088	56,487	12.78%
Profit/(loss) from extraordinary activities	6,588	(3,143)	N/A
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES	56,676	53,344	(5.88%)
Corporation tax	(722)	(2,854)	N/A
Overseas corporation tax	(1,906)	(3,472)	82.16%
CONSOLIDATED PROFIT/(LOSS)	54,048	47,018	(13.01%)
Profit/(loss) attributable to minority interests	-	454	-
PROFIT ATTRIBUTABLE TO THE GROUP	54,048	47,472	(12.17%)

Source: Bank's annual report

Consolidated suspense accounts as at 31 December 2015 and 2016

(Thousand euros)

	2015	% s/total	2016	% s/total	Var. (%) 16-15
Contingent liabilities	94,412	0.43%	85,375	0.47%	(9.57%)
Contingent commitments and risks	244,533	1.11%	231,603	1.27%	(5.29%)
Future transactions	5,294,332	24.01%	3,754,567	20.51%	(29.08%)
Securities deposits and other custodied securities	15,177,880	68.85%	12,963,345	70.83%	(14.59%)
Other suspense accounts with exclusive administrative control functions	1,234,818	5.60%	1,268,017	6.93%	2.69%
TOTAL	22,045,975	100.00%	18,302,907	100.00%	(16.98%)

Appendix

Information on the Andorran banking sector
Andorran banking groups

 MORABANC



MORA BANC GRUP, SA

Av. Meritxell, 96
AD500 Andorra la Vella
(Principat d'Andorra)
Tel. +376 884488 Fax +376 884499
www.morabanc.com

Chairman	Mr Jordi Mora Magriñà
Chief executive officer	Mr Pedro González Grau

MORA BANC, SAU

Plaça Coprínceps, 2
AD700 Escaldes-Engordany
(Principat d'Andorra)
Tel. +376 884488 Fax +376 884499
www.morabanc.com

Chairman	Mr Òscar Aristot Borràs
Chief executive officer	Mr Pedro González Grau

Consolidated balance sheets as at 31 December 2015 and 2016



(Thousand euros)

	2015	% s/total	2016	% s/total	Var. (%) 16-15
Cash and balances at OECD central banks	25,465	0.99%	41,720	1.85%	63.83%
INAF	210	0.01%	210	0.01%	-
Financial intermediaries	681,093	26.36%	397,969	17.66%	(41.57%)
Credit investments	1,021,877	39.55%	1,004,513	44.57%	(1.70%)
Securities portfolio	695,703	26.92%	662,257	29.38%	(4.81%)
Consolidation gains	9,179	0.36%	3,422	0.15%	(62.72%)
Depreciable intangible assets and expenses	10,204	0.39%	13,800	0.61%	35.24%
Tangible assets	105,041	4.07%	98,323	4.36%	(6.40%)
Adjustment accounts	16,691	0.65%	17,388	0.77%	4.18%
Other assets	18,402	0.70%	14,341	0.64%	(22.07%)
TOTAL ASSETS	2,583,865	100.00%	2,253,943	100.00%	(12.77%)
INAF	16,394	0.63%	19,851	0.88%	21.09%
Banks and credit institutions	44,683	1.73%	15,290	0.68%	(65.78%)
Other financial intermediaries	-	-	-	-	-
Customer deposits	2,101,160	81.32%	1,806,394	80.14%	(14.03%)
Debts represented by securities	-	-	-	-	-
Provisions for risks and charges	12,265	0.47%	23,769	1.05%	93.80%
Fund for general risks	12,470	0.48%	-	-	-
Subordinated liabilities	52,216	2.02%	41,088	1.82%	(21.31%)
Adjustment accounts	16,634	0.64%	18,694	0.83%	12.38%
Other liabilities	19,290	0.76%	22,827	1.02%	18.34%
Share capital	42,407	1.64%	42,407	1.88%	-
Reserves	256,465	9.93%	254,421	11.29%	(0.80%)
Results	34,885	1.35%	23,006	1.02%	(34.05%)
Results from previous years	-	-	-	-	-
Interim dividends	(25,000)	(0.97%)	(13,800)	(0.61%)	(44.80%)
Minority interests	(4)	-	(4)	-	-
TOTAL LIABILITIES	2,583,865	100.00%	2,253,943	100.00%	(12.77%)

Appendix

Information on the Andorran banking sector
Andorran banking groups

Consolidated profit and loss account for the financial years ending on 31 December 2015 and 2016



(Thousand euros)

	2015	2016	Var. (%) 16-15
Interest and similar income	31,831	28,108	(11.70%)
Interest and similar charges	(9,137)	(5,080)	(44.40%)
Income from equity securities	408	1,412	N/A
FINANCIAL MARGIN	23,102	24,440	5.79%
Net commission for services	76,899	71,183	(7.43%)
Results from financial transactions	29,364	7,322	(75.06%)
Other ordinary results	157	157	-
ORDINARY MARGIN	129,522	103,102	(20.40%)
Personnel expenses	(33,398)	(35,504)	6.31%
Overheads	(27,159)	(28,820)	6.12%
Depreciation of fixed assets, net of recoveries	(8,452)	(7,867)	(6.92%)
Provisions for depreciation of fixed assets, net of recoveries	(1,947)	(561)	(71.19%)
OPERATING MARGIN	58,566	30,350	(48.18%)
Income from losses arising on first consolidation	-	-	-
Losses on impaired assets	-	-	-
Provisions for insolvencies, net of recoveries	(6,040)	(5,102)	(15.53%)
Provisions for risks and charges, net of recoveries	(527)	(12,020)	N/A
General risk allowances	(9,489)	12,470	N/A
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES	42,510	25,698	(39.55%)
Profit/(loss) from extraordinary activities	(5,071)	(761)	(84.99%)
PROFIT/(LOSS) BEFORE TAX	37,439	24,937	(33.39%)
Corporation tax	(2,555)	(1,931)	(24.42%)
Overseas corporation tax	-	-	-
CONSOLIDATED PROFIT/(LOSS)	34,884	23,006	(34.05%)
Profit/(loss) attributable to minority interests	1	-	-
PROFIT ATTRIBUTABLE TO THE GROUP	34,885	23,006	(34.05%)

Source: Bank's annual report

Consolidated suspense accounts as at 31 December 2015 and 2016



(Thousand euros)

	2015	% s/total	2016	% s/total	Var. (%) 16-15
Contingent liabilities	75,224	0.90%	71,496	1.00%	(4.96%)
Contingent commitments and risks	216,841	2.58%	205,820	2.88%	(5.08%)
Future transactions	1,189,921	14.18%	750,582	10.49%	(36.92%)
Securities deposits and other custodied securities	5,601,293	66.74%	4,643,025	64.89%	(17.11%)
Other suspense accounts with exclusive administrative control functions	1,308,902	15.60%	1,484,732	20.74%	13.43%
TOTAL	8,392,181	100.00%	7,155,655	100.00%	(14.73%)

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Information on the Andorran banking sector
Andorran banking groups

 **Crédit Andorra**



GRUP CRÈDIT ANDORRÀ

Av. Meritxell, 80
AD500 Andorra la Vella
(Principat d'Andorra)
Tel. +376 888000 Fax +376 888021
www.creditandorrargroup.com

Chairman	Mr Antoni Pintat Mas
Vice-chairman	Mr Jaume Casal Mor
Chief Executive Officer	Mr Josep Peralba Duró
General Manager	Mr Xavier Cornella Castel

Consolidated balance sheets as at 31 December 2015 and 2016



(Thousand euros)

	2015	% s/total	2016	% s/total	Var. (%) 16-15
Cash and balances at OECD central banks	62,722	1.03%	64,567	1.13%	2.94%
INAF	2,235	0.04%	210	-	(90.60%)
Financial intermediaries	518,702	8.49%	310,115	5.42%	(40.21%)
Credit investments	2,908,672	47.63%	2,768,771	48.39%	(4.81%)
Securities portfolio	2,035,989	33.34%	2,040,649	35.66%	0.23%
Consolidation gains	46,273	0.76%	47,400	0.83%	2.44%
Depreciable intangible assets and expenses	62,538	1.02%	61,385	1.07%	(1.84%)
Tangible assets	326,959	5.35%	310,568	5.43%	(5.01%)
Adjustment accounts	57,667	0.94%	60,175	1.05%	4.35%
Other assets	84,863	1.39%	57,932	1.01%	(31.73%)
TOTAL ASSETS	6,106,620	100.00%	5,721,772	100.00%	(6.30%)
INAF	20,310	0.33%	32,178	0.56%	58.43%
Banks and credit institutions	178,129	2.92%	137,799	2.41%	(22.64%)
Other financial intermediaries	31,210	0.51%	15,617	0.27%	(49.96%)
Customer deposits	4,883,694	79.97%	4,454,616	77.85%	(8.79%)
Debts represented by securities	138,688	2.27%	126,722	2.21%	(8.63%)
Provisions for risks and charges	1,135	0.02%	10,493	0.18%	N/A
Fund for general risks	5,427	0.09%	-	-	-
Subordinated liabilities	150,000	2.46%	150,000	2.62%	-
Adjustment accounts	31,610	0.52%	32,301	0.56%	2.19%
Other liabilities	34,467	0.56%	101,674	1.78%	N/A
Share capital	70,000	1.15%	70,000	1.22%	-
Reserves	500,858	8.20%	529,214	9.25%	5.66%
Results	72,005	1.18%	65,044	1.14%	(9.67%)
Results from previous years	-	-	-	-	-
Interim dividends	(20,000)	(0.33%)	(10,000)	(0.17%)	(50.00%)
Minority interests	9,087	0.15%	6,114	0.11%	(32.72%)
TOTAL LIABILITIES	6,106,620	100.00%	5,721,772	100.00%	(6.30%)

Appendix

Information on the Andorran banking sector
Andorran banking groups

Consolidated profit and loss account for the financial years ending on 31 December 2015 and 2016



(Thousand euros)

	2015	2016	Var. (%) 16-15
Interest and similar income	90,724	83,460	(8.01%)
Interest and similar charges	(35,495)	(33,708)	(5.03%)
Income from equity securities	1,032	1,665	61.34%
FINANCIAL MARGIN	56,261	51,417	(8.61%)
Net commission for services	142,131	130,336	(8.30%)
Results from financial transactions	47,945	57,251	19.41%
Other ordinary results	921	328	(64.39%)
ORDINARY MARGIN	247,258	239,332	(3.21%)
Personnel expenses	(64,409)	(75,904)	17.85%
Overheads	(48,279)	(50,836)	5.30%
Depreciation of fixed assets, net of recoveries	(23,674)	(23,426)	(1.05%)
Provisions for depreciation of fixed assets, net of recoveries	(3,377)	(11,068)	N/A
OPERATING MARGIN	107,519	78,098	(27.36%)
Income from losses arising on first consolidation	-	-	-
Losses on impaired assets	-	(9,297)	-
Provisions for insolvencies, net of recoveries	(29,637)	1,539	N/A
Provisions for risks and charges, net of recoveries	535	(125)	N/A
General risk allowances	-	-	-
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES	78,417	70,215	(10.46%)
Profit/(loss) from extraordinary activities	(2,084)	(7,337)	N/A
PROFIT/(LOSS) BEFORE TAX	76,333	62,878	(17.63%)
Corporation tax	(4,284)	(2,886)	(32.63%)
Overseas corporation tax	107	5,056	N/A
CONSOLIDATED PROFIT/(LOSS)	72,156	65,048	(9.85%)
Profit/(loss) attributable to minority interests	(151)	(4)	(97.35%)
PROFIT ATTRIBUTABLE TO THE GROUP	72,005	65,044	(9.67%)

Source: Bank's annual report

Consolidated suspense accounts as at 31 December 2015 and 2016



(Thousand euros)

	2015	% s/total	2016	% s/total	Var. (%) 16-15
Contingent liabilities	156,487	1.06%	134,092	1.00%	(14.31%)
Contingent commitments and risks	356,714	2.41%	429,800	3.21%	20.49%
Future transactions	2,084,764	14.10%	1,406,437	10.50%	(32.54%)
Securities deposits and other custodied securities	10,416,970	70.47%	9,716,111	72.55%	(6.73%)
Other suspense accounts with exclusive administrative control functions	1,766,268	11.95%	1,706,074	12.74%	(3.41%)
TOTAL	14,781,203	100.00%	13,392,514	100.00%	(9.39%)

Appendix

Information on the Andorran banking sector
Andorran banking groups



BancSabadell
d'Andorra



BANCSABADELL D'ANDORRA, SA

Av. del Fener, 7
AD500 Andorra la Vella
(Principat d'Andorra)
Tel. +376 735600 Fax +376 735601
www.bsa.ad

Chairman	Mr Josep Permanyer Cunillera
Chief Executive Officer	Mr Miquel Alabern Comas
General Manager	Mr Josep Segura Solà

Consolidated balance sheets as at 31 December 2015 and 2016



(Thousand euros)

	2015	% s/total	2016	% s/total	Var. (%) 16-15
Cash and balances at OECD central banks	20,018	3.05%	38,901	5.58%	94.33%
INAF	210	0.03%	210	0.03%	-
Financial intermediaries	43,252	6.58%	55,328	7.93%	27.92%
Credit investments	355,846	54.14%	336,748	48.27%	(5.37%)
Securities portfolio	194,608	29.61%	224,189	32.14%	15.20%
Consolidation gains	-	-	-	-	-
Depreciable intangible assets and expenses	2,762	0.42%	2,829	0.41%	2.43%
Tangible assets	33,155	5.04%	31,513	4.52%	(4.95%)
Adjustment accounts	4,090	0.62%	3,943	0.57%	(3.59%)
Other assets	3,380	0.51%	3,903	0.55%	15.47%
TOTAL ASSETS	657,321	100.00%	697,564	100.00%	6.12%
INAF	32,568	4.95%	57,480	8.24%	76.49%
Banks and credit institutions	2,812	0.43%	8,423	1.21%	N/A
Other financial intermediaries	330	0.05%	1,544	0.22%	N/A
Customer deposits	501,074	76.23%	528,113	75.71%	5.40%
Debts represented by securities	38,420	5.84%	13,927	2.00%	(63.75%)
Provisions for risks and charges	445	0.07%	703	0.10%	57.98%
Fund for general risks	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-
Adjustment accounts	1,688	0.26%	691	0.10%	(59.06%)
Other liabilities	5,487	0.83%	7,291	1.04%	32.88%
Share capital	30,068	4.57%	30,068	4.31%	-
Reserves	36,819	5.60%	40,811	5.85%	10.84%
Results	7,610	1.17%	8,513	1.22%	11.87%
Results from previous years	-	-	-	-	-
Interim dividends	-	-	-	-	-
Minority interests	-	-	-	-	-
TOTAL LIABILITIES	657,321	100.00%	697,564	100.00%	6.12%

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Information on the Andorran banking sector
Andorran banking groups

Consolidated profit and loss account for the financial years ending on 31 December 2015 and 2016



Banc Sabadell
d'Andorra

(Thousand euros)

	2015	2016	Var. (%) 16-15
Interest and similar income	13,931	12,430	(10.77%)
Interest and similar charges	(4,315)	(1,968)	(54.39%)
Income from equity securities	31	28	(9.68%)
FINANCIAL MARGIN	9,647	10,490	8.74%
Net commission for services	14,182	14,399	1.53%
Results from financial transactions	1,818	4,881	N/A
Other ordinary results	183	71	(61.20%)
ORDINARY MARGIN	25,830	29,841	15.53%
Personnel expenses	(6,435)	(6,362)	(1.13%)
Overheads	(4,182)	(4,735)	13.22%
Depreciation of fixed assets, net of recoveries	(1,919)	(1,834)	(4.43%)
Provisions for depreciation of fixed assets, net of recoveries	(531)	(1,196)	N/A
OPERATING MARGIN	12,763	15,714	23.12%
Income from losses arising on first consolidation	-	-	-
Losses on impaired assets	(35)	-	-
Provisions for insolvencies, net of recoveries	(8,512)	(7,094)	(16.66%)
Provisions for risks and charges, net of recoveries	(40)	(206)	N/A
General risk allowances	(1,290)	-	N/A
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES	2,886	8,414	N/A
Profit/(loss) from extraordinary activities	5,036	127	(97.48%)
PROFIT/(LOSS) BEFORE TAX	7,922	8,541	7.81%
Corporation tax	(312)	(28)	(91.03%)
Overseas corporation tax	-	-	-
CONSOLIDATED PROFIT/(LOSS)	7,610	8,513	11.87%
Profit/(loss) attributable to minority interests	-	-	-
PROFIT ATTRIBUTABLE TO THE GROUP	7,610	8,513	11.87%

Source: Bank's annual report

Consolidated suspense accounts as at 31 December 2015 and 2016

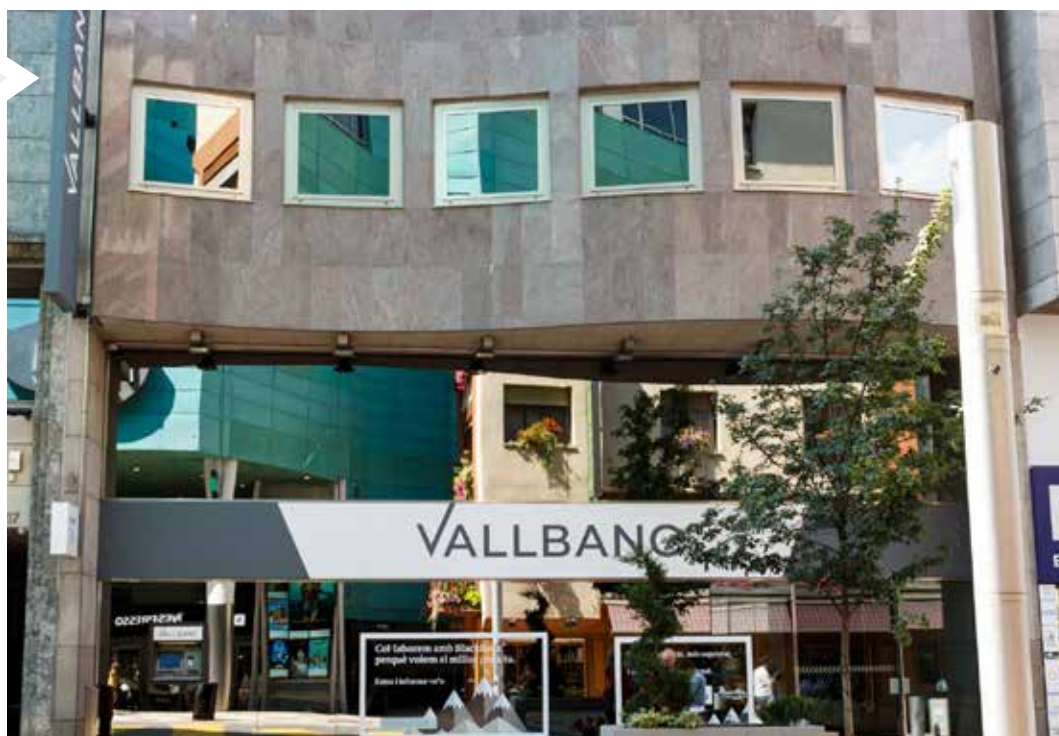


(Thousand euros)

	2015	% s/total	2016	% s/total	Var. (%) 16-15
Contingent liabilities	20,014	0.93%	22,385	1.22%	11.85%
Contingent commitments and risks	94,566	4.39%	95,966	5.23%	1.48%
Future transactions	289,602	13.46%	164,842	8.98%	(43.08%)
Securities deposits and other custodied securities	1,665,754	77.41%	1,498,856	81.69%	(10.02%)
Other suspense accounts with exclusive administrative control functions	81,892	3.81%	52,851	2.88%	(35.46%)
TOTAL	2,151,828	100.00%	1,834,900	100.00%	(14.73%)

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Information on the Andorran banking sector
Andorran banking groups



VALL BANC, SAU

Av. Carlemany, 119
AD700 Escaldes-Engordany
(Principat d'Andorra)
Tel. +376 750700 Fax +376 750701
www.vallbanc.ad

Chairman	Mr Michael Christner
Chief Executive Officer (CEO)	Mr Christoph Lieber
Chief Finance & Risk Officer (CFRO)	Mr Cándido Romero
General Business Manager	Mr Sergi Pallerola Gené

Consolidated balance sheets as at 31 December 2015 and 2016



(Thousand euros)

	2015	% s/total	2016	% s/total	Var. (%) 16-15
Cash and balances at OECD central banks	-	-	20,606	2.48%	-
INAF	-	-	210	0.03%	-
Financial intermediaries	-	-	243,871	29.36%	-
Credit investments	-	-	364,591	43.90%	-
Securities portfolio	-	-	142,379	17.14%	-
Consolidation gains	-	-	-	-	-
Depreciable intangible assets and expenses	-	-	3,839	0.46%	-
Tangible assets	-	-	47,828	5.76%	-
Adjustment accounts	-	-	3,585	0.43%	-
Other assets	-	-	3,596	0.44%	-
TOTAL ASSETS	-	-	830,505	100.00%	-
INAF	-	-	2,077	0.25%	-
Banks and credit institutions	-	-	91	0.01%	-
Other financial intermediaries	-	-	8,144	0.98%	-
Customer deposits	-	-	668,619	80.51%	-
Debts represented by securities	-	-	17,110	2.06%	-
Provisions for risks and charges	-	-	1,498	0.18%	-
Fund for general risks	-	-	-	-	-
Subordinated liabilities	-	-	70,000	8.43%	-
Adjustment accounts	-	-	2,815	0.34%	-
Other liabilities	-	-	8,638	1.04%	-
Share capital	-	-	30,000	3.61%	-
Reserves	-	-	10,263	1.24%	-
Results	-	-	11,898	1.43%	-
Results from previous years	-	-	(648)	(0.08%)	-
Interim dividends	-	-	-	-	-
Minority interests	-	-	-	-	-
TOTAL LIABILITIES	-	-	830,505	100.00%	-

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Information on the Andorran banking sector
Andorran banking groups

Consolidated profit and loss account for the financial years ending on 31 December 2015 and 2016



(Thousand euros)

	2015	2016	Var. (%) 16-15
Interest and similar income	-	6,218	-
Interest and similar charges	-	(661)	-
Income from equity securities	-	8	-
FINANCIAL MARGIN	-	5,565	-
Net commission for services	-	12,921	-
Results from financial transactions	-	5,484	-
Other ordinary results	-	90	-
ORDINARY MARGIN	-	24,060	-
Personnel expenses	-	(8,178)	-
Overheads	-	(8,551)	-
Depreciation of fixed assets, net of recoveries	-	(1,717)	-
Provisions for depreciation of fixed assets, net of recoveries	-	-	-
OPERATING MARGIN	-	5,614	-
Income from losses arising on first consolidation	-	7,920	-
Losses on impaired assets	-	-	-
Provisions for insolvencies, net of recoveries	-	(2,853)	-
Provisions for risks and charges, net of recoveries	-	(322)	-
General risk allowances	-	-	-
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES	-	10,359	-
Profit/(loss) from extraordinary activities	-	1,921	-
PROFIT/(LOSS) BEFORE TAX	-	12,280	-
Corporation tax	-	(382)	-
Overseas corporation tax	-	-	-
CONSOLIDATED PROFIT/(LOSS)	-	11,898	-
Profit/(loss) attributable to minority interests	-	-	-
PROFIT ATTRIBUTABLE TO THE GROUP	-	11,898	-

Source: Bank's annual report

Consolidated suspense accounts as at 31 December 2015 and 2016



(Thousand euros)

	2015	% s/total	2016	% s/total	Var. (%) 16-15
Contingent liabilities	-	-	15,465	0.59%	-
Contingent commitments and risks	-	-	29,072	1.11%	-
Future transactions	-	-	16,967	0.65%	-
Securities deposits and other custodied securities	-	-	2,402,813	91.41%	-
Other suspense accounts with exclusive administrative control functions	-	-	164,388	6.24%	-
TOTAL	-	-	2,628,705	100.00%	-

