

# 2022

## Annual report



**Andorran Banking**  
Excellence and trust

**Andorran Banking**

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# 2022

**Annual report**



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# 1 Foreword by the Chairman of Andorran Banking

At Andorran Banking we take a very positive view of 2022 as far as our business activity is concerned, with a business model that has proven to be profitable and sustainable over time.

While the economic scenario for 2022 has been extremely tense due to increases in inflation and interest rates and, above all, to the war in Ukraine, the action taken contributed to the stabilisation and growth of the economy in most of the countries in which we operate.

Andorran banks ended 2022 with an aggregate result for the three financial institutions of €113m. The year 2022 was marked by the M&As completed by MoraBanc and Creand Crèdit Andorrà, with the takeover of BancSabadell d'Andorra and Vall Banc respectively. The banking sector grew by 16% in profits and by 3.6% in terms of the volume of client funds under management, reaching €63.6bn.

Andorran banks offer a universal banking model that combines retail, corporate and private banking. They have once again demonstrated their resilience and sustainability in times of uncertainty by providing diversification in terms of risk management and by improving their most important ratios. All three banks enjoy a return on equity (ROE) of 7.57% as a whole, in line with the average return for European institutions over the same period, and 153 basis points higher than in 2021. The return on assets, as measured by ROA, stands at 0.66%, which is better than the position achieved in 2021 and above the European average. While the rise in interest rates has made the traditional activity of granting loans more

Banks need to be closer to their customers in the face of the uncertainty caused by rising inflation and high interest rates. In short, in changes in the economic cycle.



**Lluís Alsina Álvarez**  
*Chairman of Andorran Banking*

profitable, the costs inherent in M&As, the ongoing adjustment to international banking regulations and technological investments have continued to put pressure on the banking sector's results. But the strong performance shown by the industry in 2022 gives confidence to markets, shareholders and clients alike.

We would also like to emphasise the soundness of Andorran banks' balance sheets. We are well capitalised with a CET1 (phase-in) solvency ratio of 15.76% at 31 December 2022 (17% at 31 December 2021), which is above the average for European banks. This ratio has been affected by the mergers and acquisitions that have taken place in the market. These national and international operations have created growth both inside and outside Andorra's borders, allowing for a more efficient, more robust and more responsive system for clients. As for the liquidity ratio (LCR), it stands at 201%, much higher than the minimum of 100% set by European regulators and higher than the average for European banks. And despite the increase in Euribor, the default rate continued its downward trend to 3.3% at the end of 2022.

Our way of banking, based on a local and reliable approach, is what gives security to our economy and our clients, but it also drives the growth of Andorra's economic and social fabric. The sector has intensified its action to better support the projects of individuals, businesses and institutions. While the total amount of credit investment has remained stable at around €5bn, 702 new mortgages have been granted to households

for a total amount of €375m (+18% compared to 2021), which represents 12% of GDP. New loans to companies and individuals amounted to €676m, up 25% from 2021, accounting for 21% of the country's GDP. Our ability to lend money, which accounts for 33% of GDP, supports Andorra's economic growth. We stand alongside the country's projects, but we also stand with the most vulnerable groups. In 2023, with the first home guarantee programme, the Government has structured a subsidy whereby it guarantees 20% of the total value of the mortgage loan applied for by an individual, with part of the loan interest being subsidised. As was the case with the programme aimed at supporting businesses and families during the pandemic, financial institutions view this new scheme as a commitment to driving sustainable growth without leaving the most vulnerable groups behind.

The year 2022 ended with figures that give us confidence in the future, a future that lies in our domestic market but also in the international markets we serve. They are our path to growth and diversification. A path that positions us firmly and gives us more strength to face the new challenges that lie ahead.

In 2023, we plan to make decisive progress on the Association Agreement with the European Union, which will allow Andorra to secure its place in the single market and will also extend to the financial sector. Andorran Banking will play an active, responsible and constructive role in achieving the best possible deal for all.

April 2023

# 2

## Andorran Banking

Having our own banking system is essential for the growth of the country's economy. Our mission is to promote the development and competitiveness of the banking sector as an economic and social driver of Andorra.

## Governing bodies



**Lluís Alsina**  
MoraBanc  
*Chairman*



**Xavier Cornella**  
Creand  
*Vice-Chairman*



**Carlos Aso**  
Andbank  
*Member*



**Esther Puigercós**  
*Secretary and General Manager*

## Commissions



## Membership

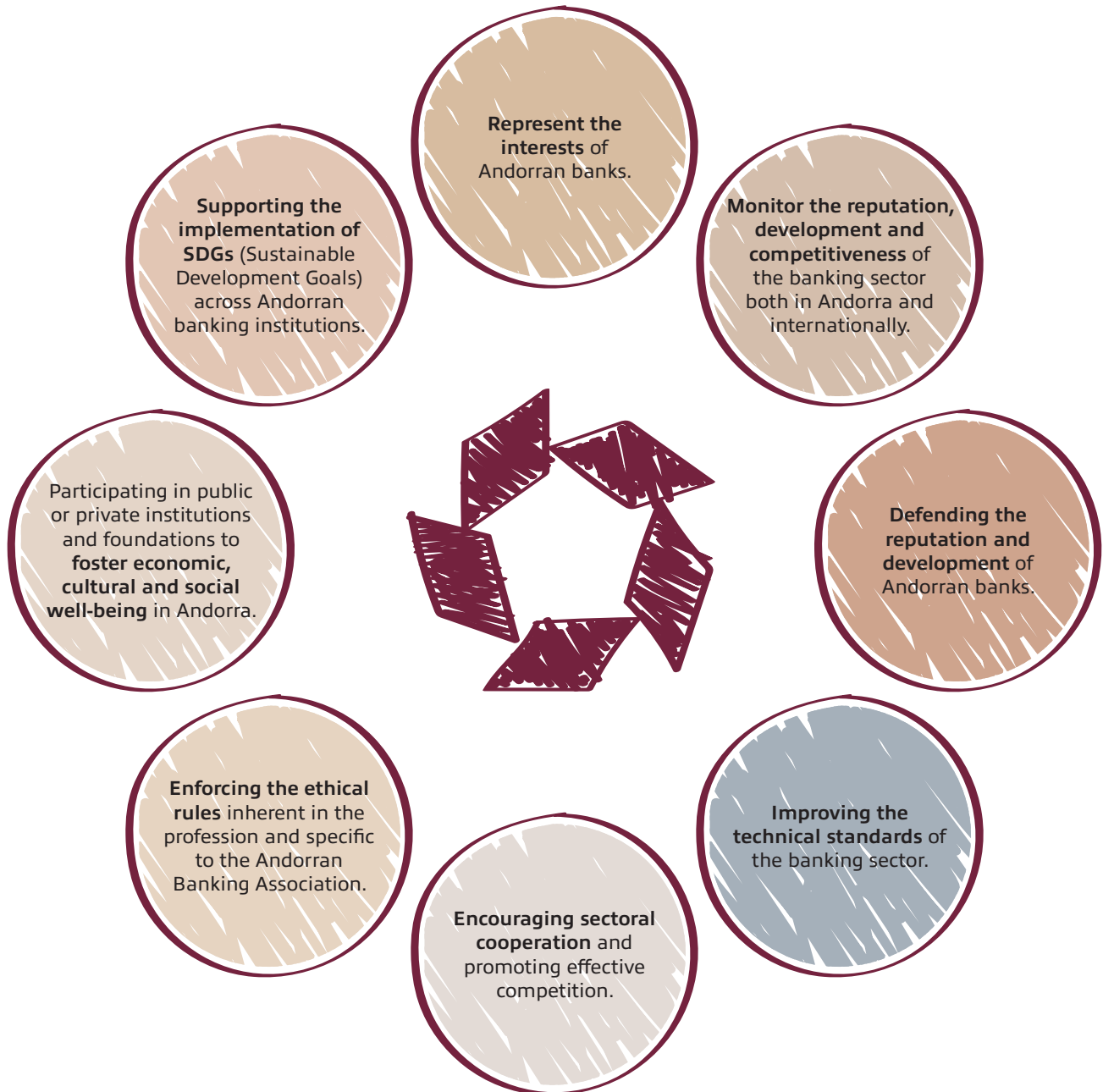


## Working groups

- Europe
- Training
- POS Terminals Project
- Housing Indicator



# Mission and role



Our mission with Andorran banks is to promote the development and competitiveness of the banking industry as a driver of the country's economic and social growth.

# Values



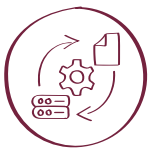
## 1. Professionalism and quality

With more than 90 years of experience, the banking sector has highly qualified professionals who work diligently to provide high quality products and services.



## 2. Internationalisation and added value services

The development and strength of the Andorran banking sector has been driven by services with greater added value, extensive experience in wealth and asset management, and strong internationalisation, combined with sustainable and profitable growth.



## 3. Digital transformation

With its desire to change, to seek solutions and to keep up to date with the latest technology, the Andorran banking industry is committed to achieving digital transformation and generating value for the end customer.



## 4. 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.



## 5. 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.



## 6. Solvency

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



## 7. 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.



## 8. 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.



## 9. Stability

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



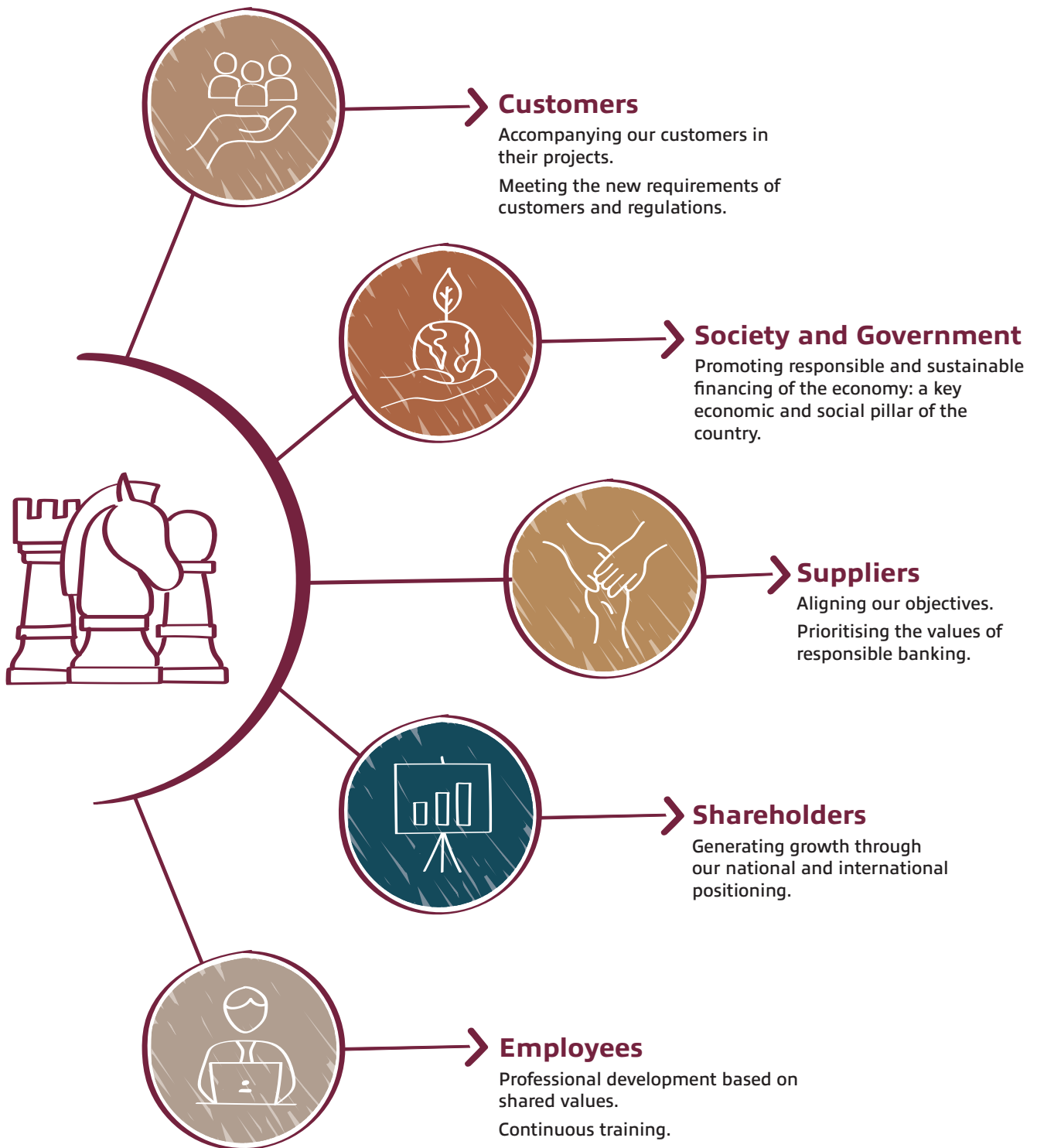
## 10. Competitiveness and innovation

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.



# Our strategy

Achieving our mission through a 5-pillar approach.

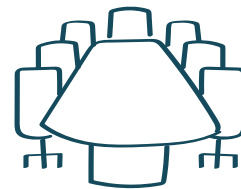


# A year full of activities!

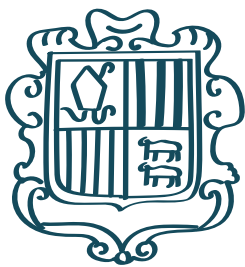
**4** collaboration agreements with the Andorran Red Cross, Unicef, Càritas Andorrana, the Private Guardianship Foundation and Government of Andorra.



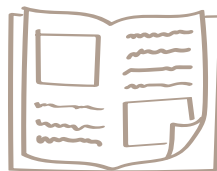
**161 meetings** of Andorran Banking Commissions.



**53 meetings** of the governing bodies of the Andorran Business Confederation, the Chamber of Commerce, Industry and Services of Andorra and the Private Guardianship Foundation.



**44 meetings** held with Government and banking supervisory bodies.



**Around 15** published articles, interviews, statements and press releases.

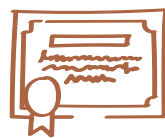


**2 newsletters** with news of interest to the sector and the country.



**Social media presence**

## Continuous training



Award-giving ceremony of the diplomas of the 3<sup>rd</sup> course on the prevention of money laundering and the financing of terrorism (around 40 people).



Andorran Banking partners with the ACTINN Innoday Seminar on financial innovation in Andorra.

# 3

## Andorra and its economy

Andorra has an economic model based on tourism, trade and the financial sector.

# Learn more about Andorra

## Form of Government

1993: Andorra adopted a modern constitution and became a parliamentary co-principality.

## 2 co-princes

Act as joint head of state. The heads of state are the Bishop of Urgell (currently the Right Honourable Sir Enric Vives i Sicília) and the President of the French Republic (currently Mr Emmanuel Macron).



2011: the signing of the Monetary Agreement with the European Union made the euro the official currency of the Principality of Andorra.

## 28 councillors

The General Council (Andorran Parliament) is the highest representative body.

## 11 ministers

The Government holds executive state powers and is made up of the head of Government and the ministers.

## 50,519 jobs

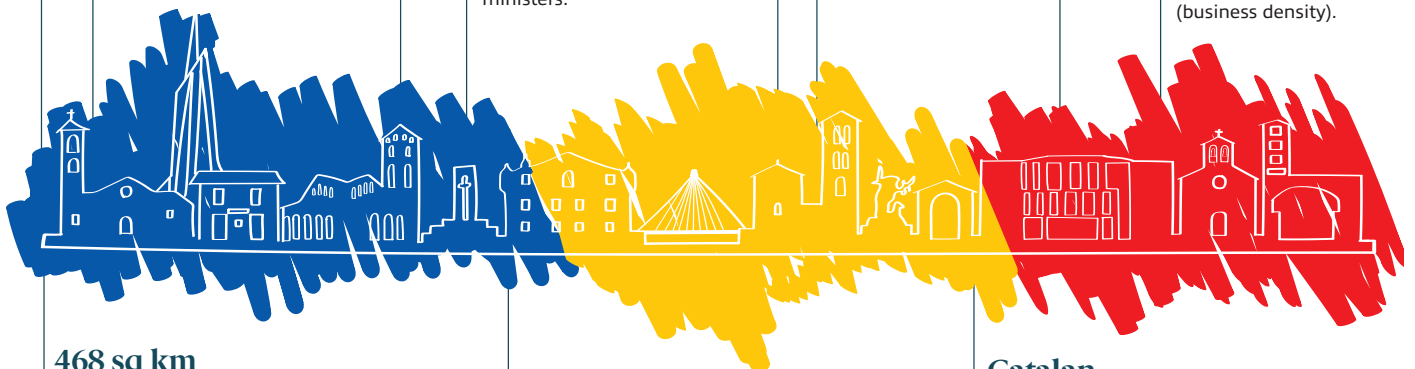
The labour market has grown by 7% in 10 years.

## 81,588 inhabitants

The population of Andorra has increased by 17% in 10 years.

## 1/6

Ratio of active companies/inhabitants (business density).



## 468 sq km

Andorra's surface area is larger than that of other small European states such as San Marino (61 sq km), Liechtenstein (157 sq km) or the Principality of Monaco (1.5 sq km). Approximately 39% of the country's surface area is woodland.

## 7 parishes

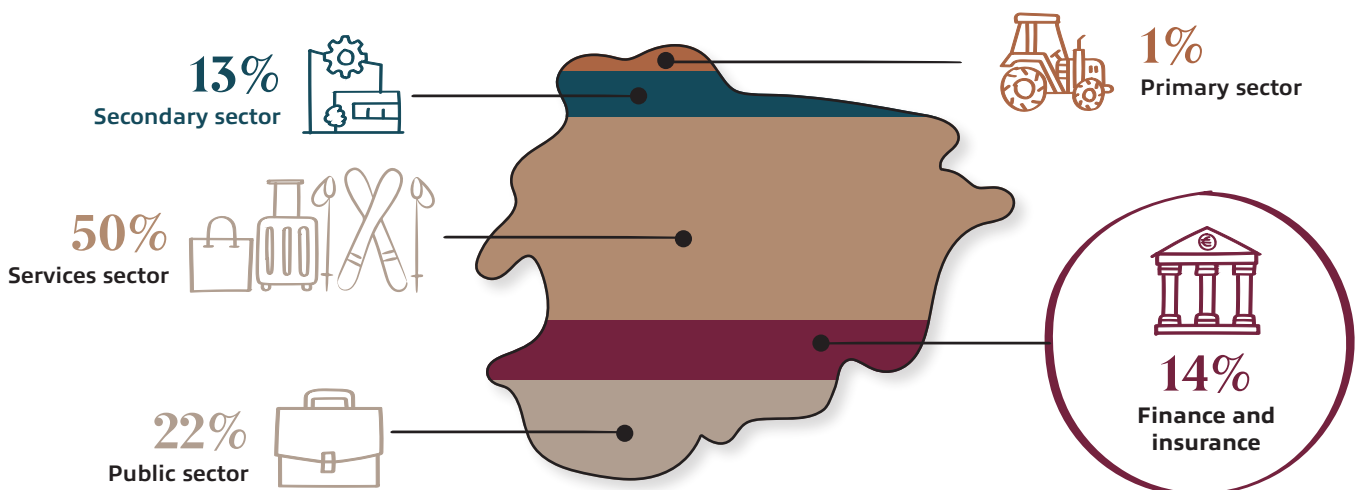
Andorra is administratively divided into seven territorial circumscriptions: Canillo, Encamp, Ordino, La Massana, Andorra la Vella, Sant Julià de Lòria and Escaldes-Engordany.

## Catalan

Catalan is the official language of Andorra, although Spanish, French and English are also commonly used in the commercial and financial spheres.

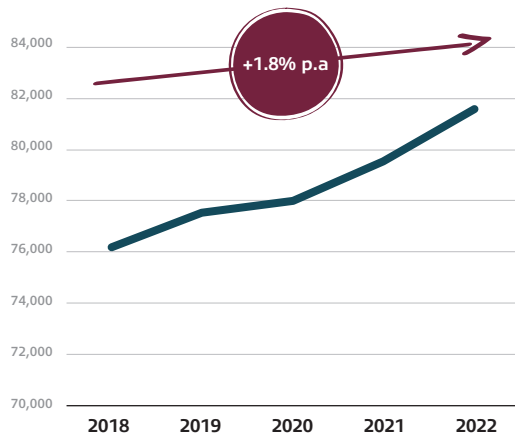
# Diversification of the business fabric

Estimated GDP – Weighting of the GVA by business sector.



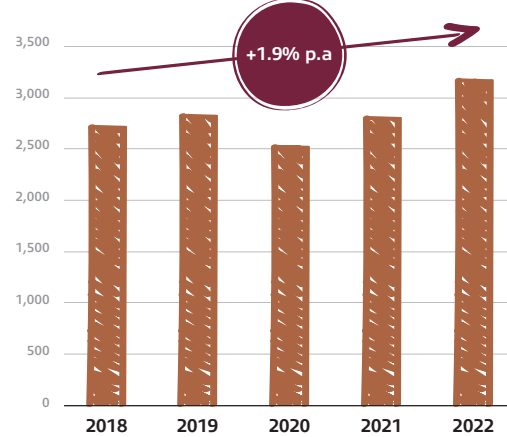
# Economic data

## Population



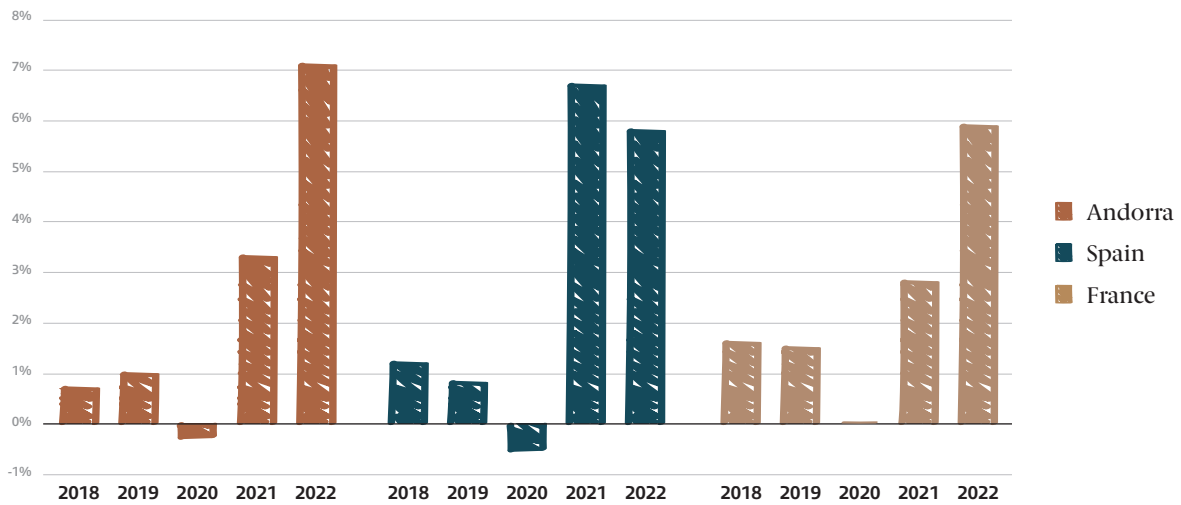
## Nominal GDP

(Million euros)

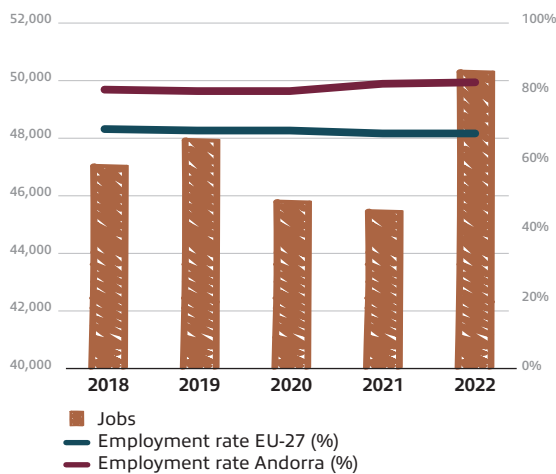


p.a. (= per annum)

## Inflation

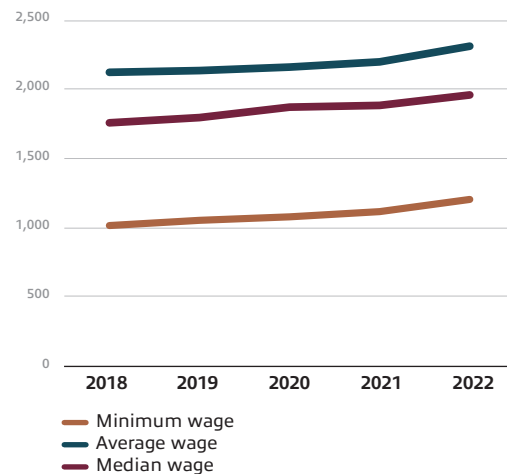


## Labour market

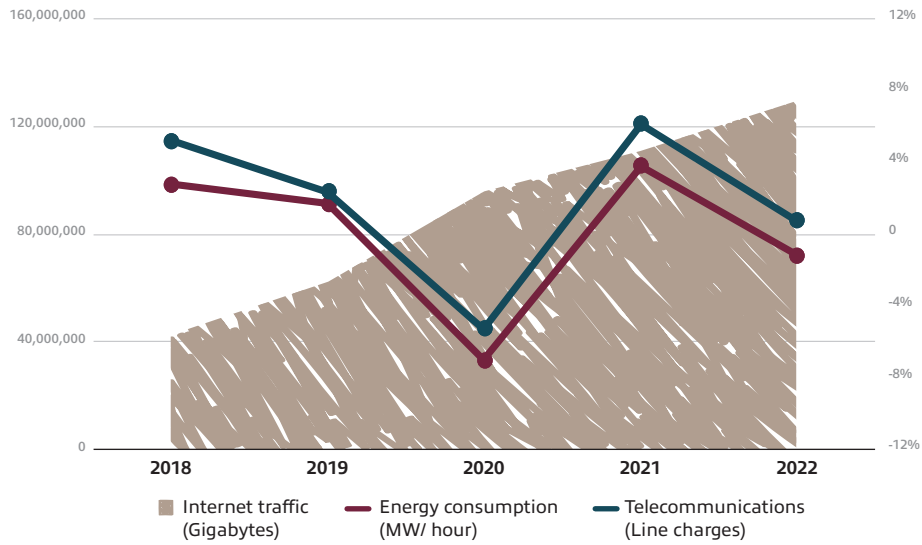


## Wages

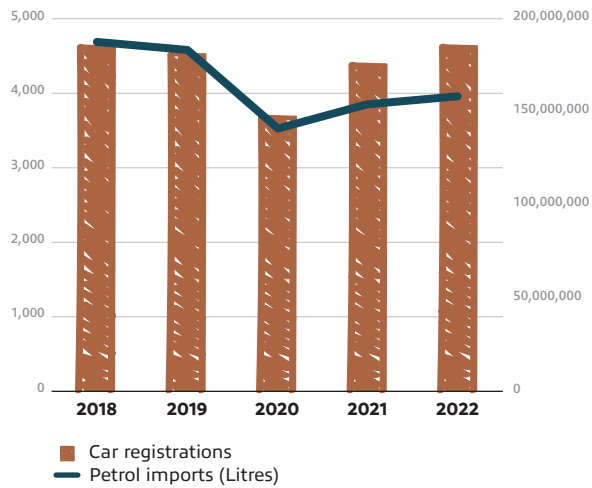
(Euros)



### Energy and telecommunications

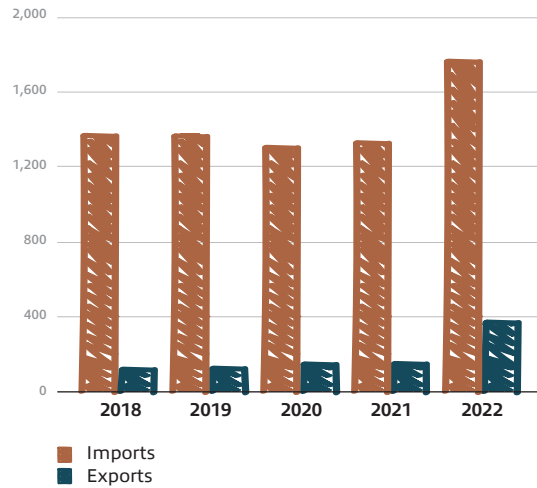


### Transport

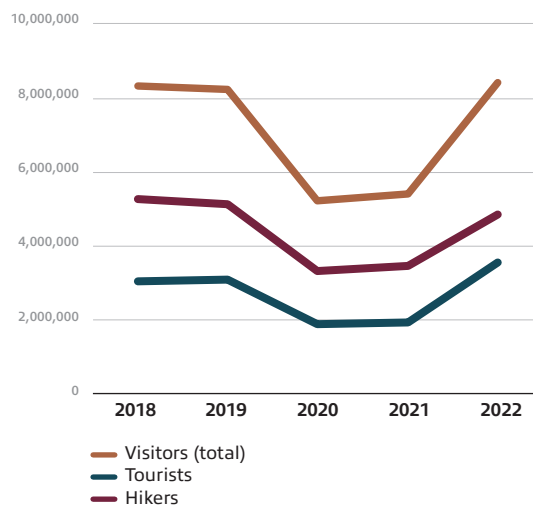


### Trade

(Million euros)



### Tourism



# Country rating

<b>Standard &amp; Poor's</b>	as of 12/05/2023
Long-term	<b>BBB+</b>
Short-term	<b>A - 2</b>
Outlook	<b>Positive</b>

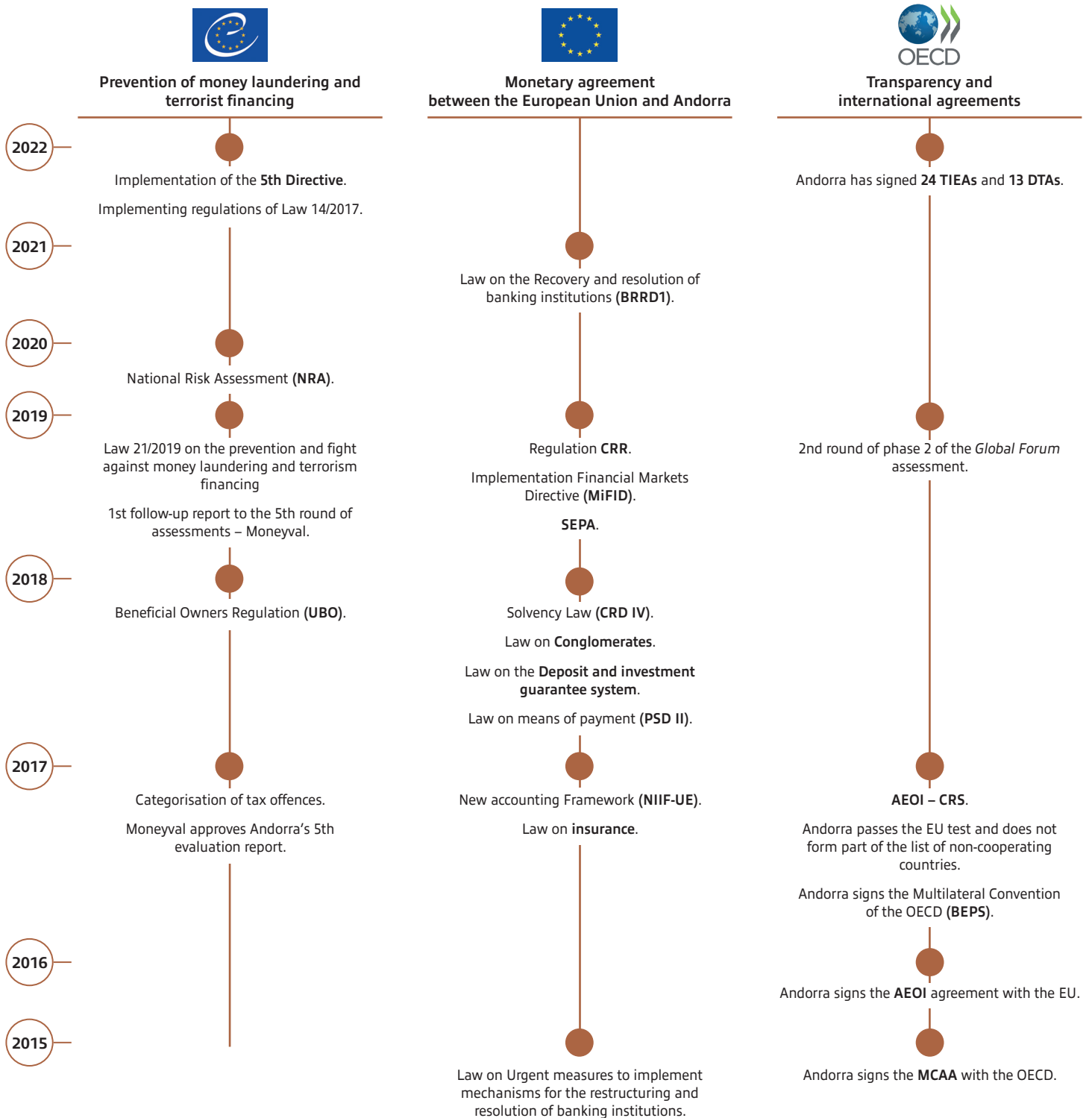
<b>Fitch Ratings</b>	as of 28/04/2023
Long-term	<b>A-</b>
Short-term	<b>F2</b>
Outlook	<b>Stable</b>

<b>Moody's</b>	as of 04/02/2022
Long-term	<b>Baa2</b>
Outlook	<b>Stable</b>

# Taxes currently in force

Corporate tax (IS)	<b>General 10%</b>
Personal Income Tax (IRPF)	<b>General 10%</b>
Non-resident Income Tax (IRNR)	<b>General 10%</b>
General Indirect Tax (IGI)	<b>General 4.5%</b>

# Process of transformation of the Principality of Andorra



2020: Andorra becomes the 190th member of the International Monetary Fund

2021: First issue of international bonds

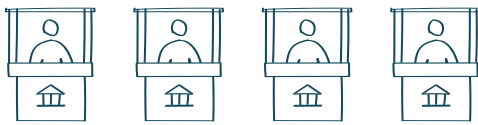


# 4 The financial sector

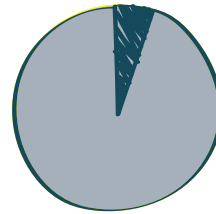
The banking sector is a strategic sector and plays a key role in financing Andorra's economic growth by creating skilled jobs and contributing to public finances.

# Key figures for the financial sector

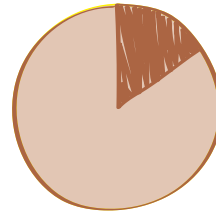
## 3 banking groups



**33 bank branches**  
throughout the Principality of Andorra  
(4 bank branches in Andorra per 10,000 inhabitants)



The financial system represents  
**5%**  
of all employees in Andorra



It contributes to approximately  
**15%**  
of Gross Domestic Product (GDP)

**1,229**  
people worked in the banking sector  
in Andorra in 2022



**27**  
Insurance companies

The financial sector is supervised by



**12**  
Financial investment companies

# The banking sector

## › International presence of the Andorran banking sector



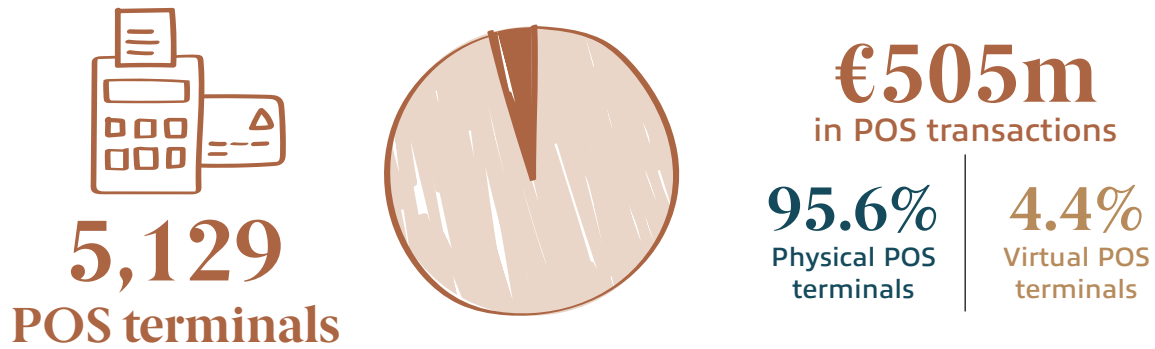
More than  
90 years of  
experience in  
banking



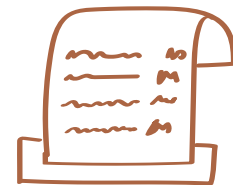
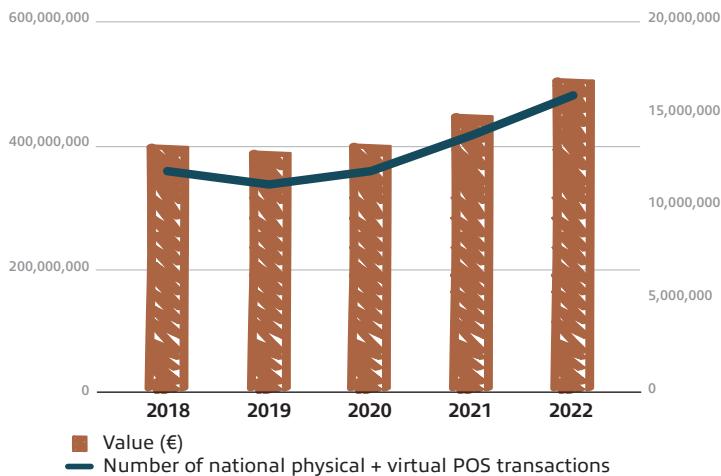
- |           |                 |          |                |
|-----------|-----------------|----------|----------------|
| 1 Andorra | 4 United States | 7 Mexico | 10 Switzerland |
| 2 Brazil  | 5 Israel        | 8 Monaco | 11 Uruguay     |
| 3 Spain   | 6 Luxembourg    | 9 Panama |                |

## > Payments and digitalisation

**SERMIPA** Serveis i Mitjans de Pagament is a bank subsidiary that provides services related to the use of cards and other means of payment. In 2022, it replaced 100% of the fleet of in-store POS terminals with Android technology.



### Number of national and international card transactions (acquirer)



In 2022 the value of the average ticket was:

**31€**  
for physical POS terminals

**52€**  
for virtual POS terminals



The sector dedicates more than **6%** of its profits to driving digital transformation

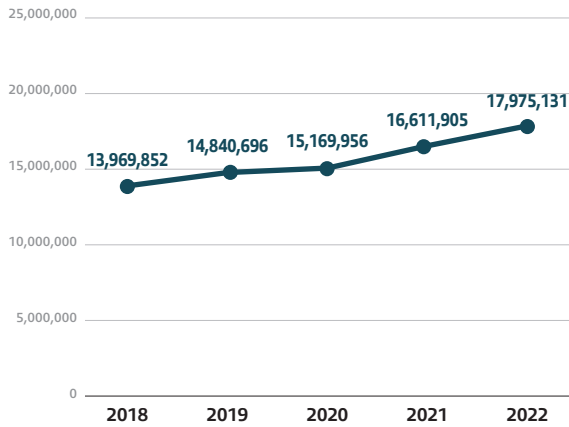


In 2021-2022, digital users grew by **67%** and mobile application users by **24%**

## › Main indicators

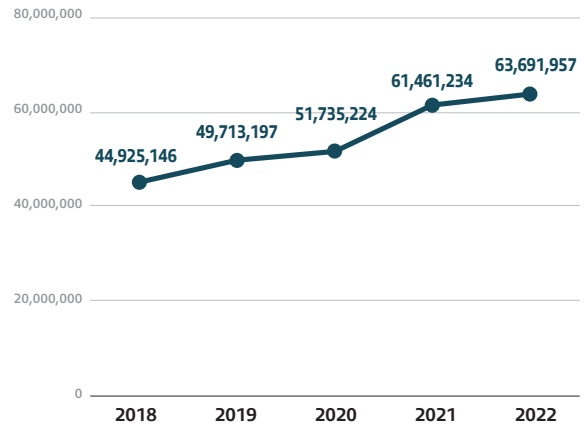
### Total assets

(Thousand euros)



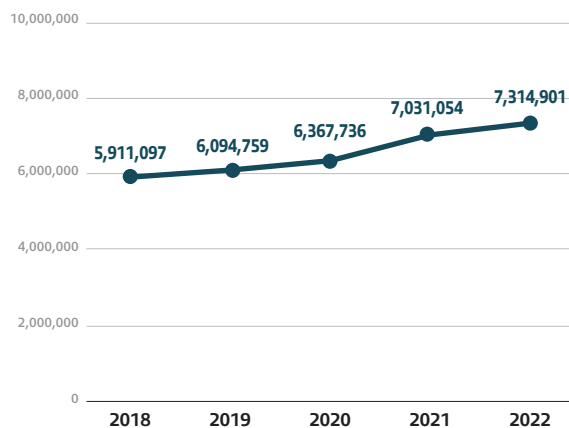
### Assets under management

(Thousand euros)



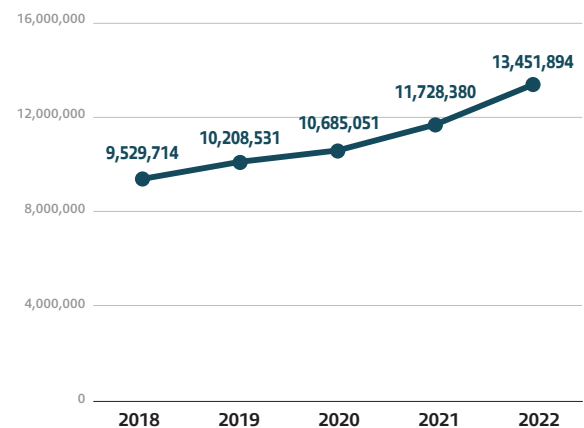
### Gross credit investment

(Thousand euros)

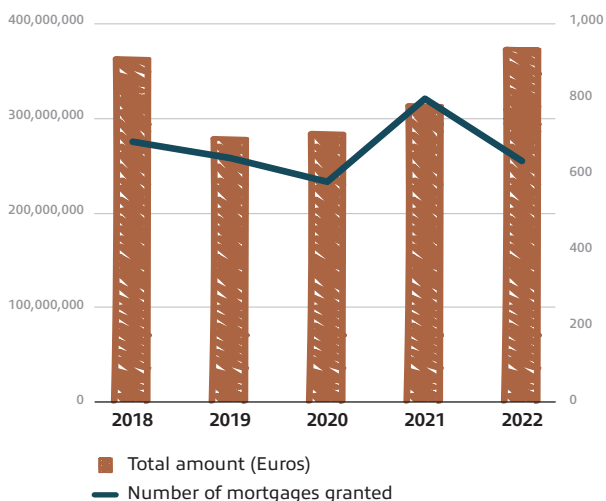


### Customer deposits

(Thousand euros)

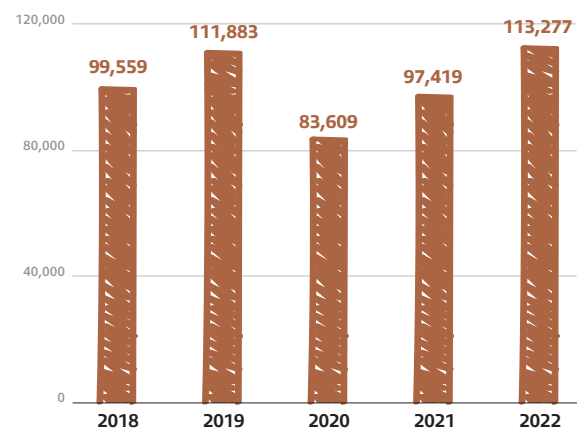


### Annual granting of credit investment in mortgage guarantee

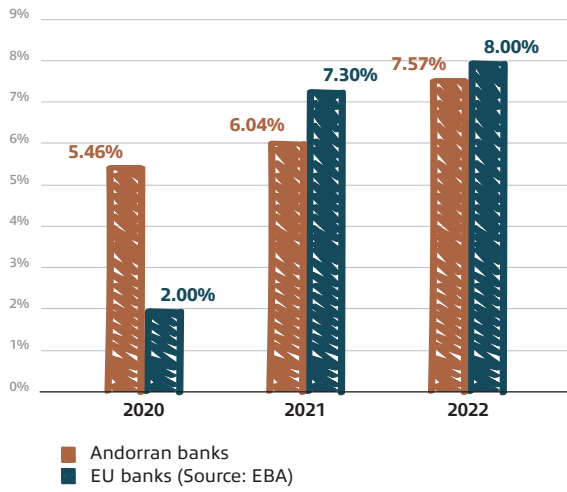


### Results

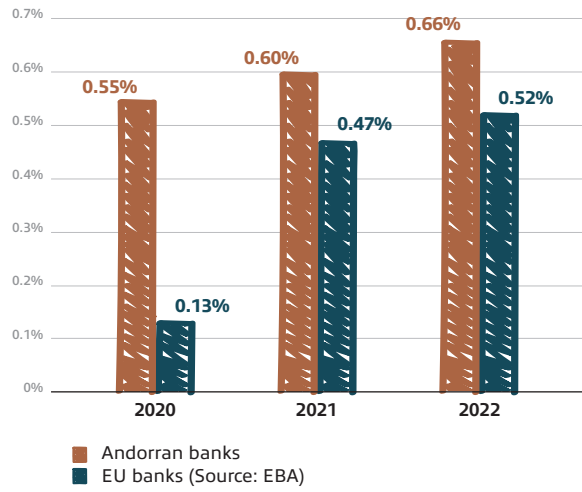
(Thousand euros)



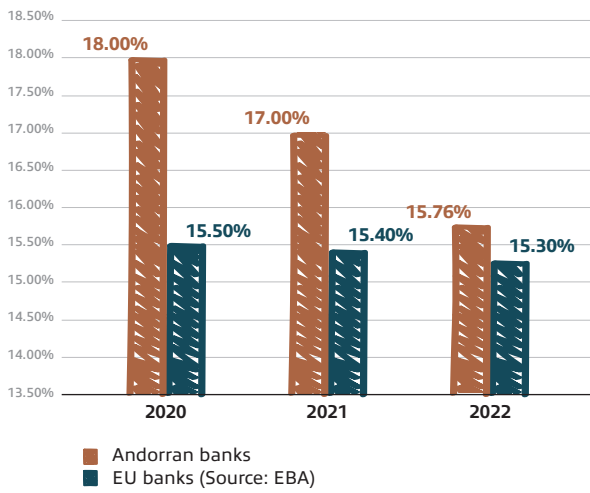
**ROE**  
(return on equity)



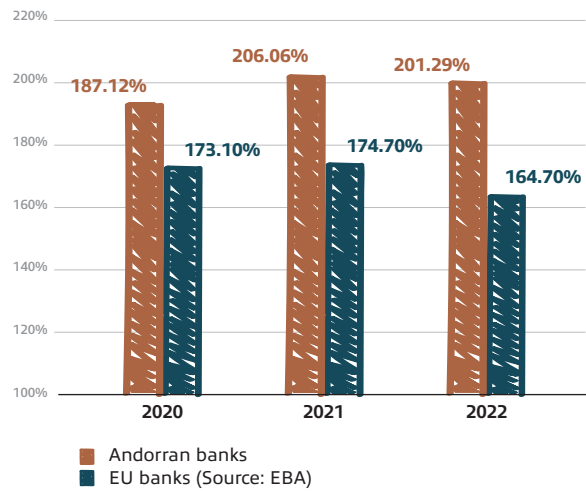
**ROA**  
(return on assets)



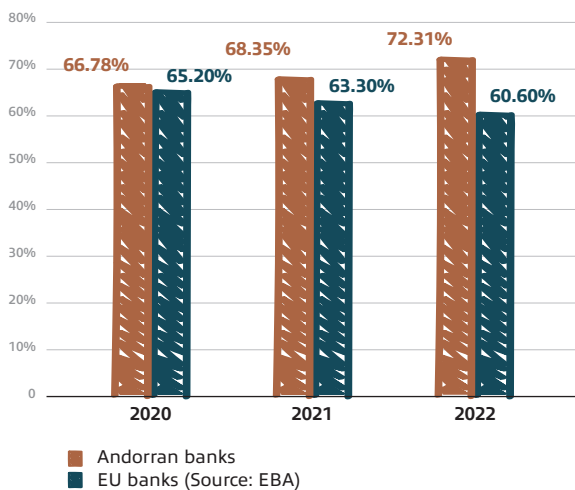
**CET1 solvency ratio**  
(phase-in)



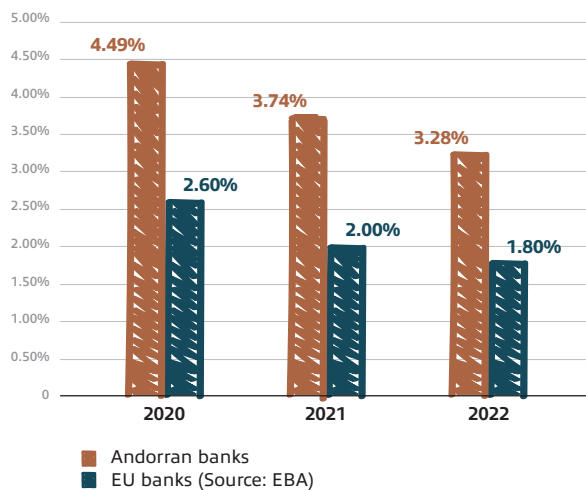
**Liquidity ratio**  
(Liquidity Coverage Ratio)



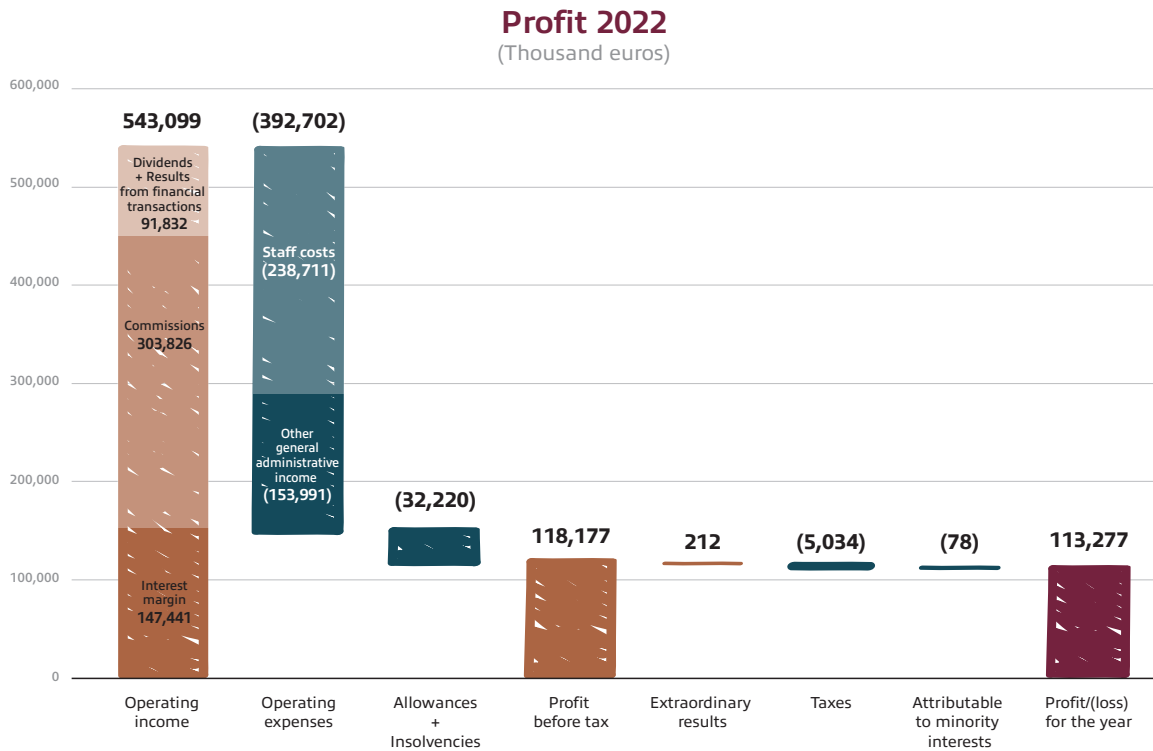
**Efficiency ratio**  
(Cost to income ratio)



**NLP ratio**



## › Contribution to economic progress



Banking contributes to economic development on three levels: by the financing of the real economy, by creating skilled jobs and through the taxation of the sector.

Taxes borne in Andorra paid by the banking sector account for 25% the profits generated in the Principality.

## › Corporate Social Responsibility (CSR)



A total of 4% of profits goes to CSR through grants, and contributions to not-for-profit, cultural and sports organisations.



100 students on internships in 2022.



6,565 kg of plastic and 60,843 kg of paper were recycled in 2022.

## › Annual report

### MAIN FEATURES 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. The digitisation process experienced by credit institutions allows them to offer a product that is tailored to the digital needs of their clients.

**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, Latin America and the Middle East.

**Sustainable and profitable growth:** the resources managed by Andorran banks have grown at an average rate of 10% per annum over the last 12 years. Andorran banks have been able to maintain their profitability despite an extraordinary decade of low interest rates.

**Financial soundness of banks:** the soundness of Andorran banks allows them to face the current context of economic uncertainty caused by inflation and rising interest rates with the best conditions.

### A STRATEGIC INDUSTRY

The banking sector is one of the driving forces behind Andorra's economic success. Andorran banks play an essential role in driving and supporting the country's economic and social development. We should also highlight the importance for a country to have its own financial system. If the banks operating in Andorra had their decision-making centres abroad, it would be very difficult for them to understand the idiosyncrasy of the local population and its financing needs, and, as a result, the economy would lose much of its momentum.

### BUSINESS MODEL

The universal business model of the Andorran banking sector combines personal and business banking with private banking, supported by a local presence and customer service with over 90 years of experience. This approach itself provides diversification for the banking sector's business model, as well as sustainable growth and profitability.

### CORPORATE TRANSACTIONS IN 2022

The 2022 financial year was marked by the corporate transactions conducted by MoraBanc and Creand Crèdit Andorrà.

November 2022 saw the completion of the merger between MoraBanc and BSABanc that started in the previous year when MoraBanc and the Spanish bank, Banco de Sabadell, SA, completed the acquisition by the former of 50.97% of the share capital of BancSabadell d'Andorra, SA.

In turn, Creand Crèdit Andorrà completed the merger by acquisition of 100% of the share capital of Vall Banc, SA in June 2022.

The two transactions have resulted in a more efficient, more robust and more responsive banking system for customers.





## CONSOLIDATED BALANCE SHEETS OF THE ANDORRAN BANKING SECTOR (Thousand euros)

<b>Assets</b>	<b>2022</b>	<b>% / Total</b>	<b>2021</b>	<b>% / Total</b>	<b>Var. (%) 22-21</b>
Cash, cash balances at central banks and other demand deposits	1,096,651	6.10%	2,214,663	13.33%	(50.48%)
Financial assets held for trading	537,656	2.99%	335,068	2.02%	60.46%
Financial assets not held for trading that must be valued at fair value with changes in income	398,123	2.21%	556,096	3.35%	(28.41%)
Financial assets at fair value with changes in the income statement	148,519	0.83%	435,150	2.62%	(65.87%)
Financial assets at fair value with changes in the other comprehensive income	1,181,028	6.57%	1,683,120	10.13%	(29.83%)
Financial assets at amortised cost	13,098,368	72.87%	9,908,657	59.65%	32.19%
Derivatives - Hedge accounting	49,035	0.27%	5,709	0.03%	N/A
Changes in the fair value of hedging elements of a portfolio with interest risk hedging	(13,629)	(0.08%)	17,728	0.11%	N/A
Investments in jointly-controlled businesses and associates	98,305	0.55%	155,325	0.94%	(36.71%)
Assets covered under insurance and reinsurance contracts	42,403	0.24%	38,404	0.23%	10.41%
Tangible assets	429,185	2.39%	472,598	2.84%	(9.19%)
Intangible assets	383,482	2.13%	417,172	2.51%	(8.08%)
Tax assets	61,017	0.34%	56,813	0.34%	7.40%
Other assets	162,008	0.90%	154,754	0.93%	4.69%
Disposable non-current assets held for sale	302,980	1.69%	160,648	0.97%	88.60%
<b>TOTAL ASSETS</b>	<b>17,975,131</b>	<b>100.00%</b>	<b>16,611,905</b>	<b>100.00%</b>	<b>8.21%</b>
<b>Liabilities</b>	<b>2022</b>	<b>% / Total</b>	<b>2021</b>	<b>% / Total</b>	<b>Var. (%) 22-21</b>
Financial liabilities held for trading	179,654	1.00%	121,487	0.73%	47.88%
Financial liabilities at fair value with changes in the income statement	415,816	2.31%	490,607	2.95%	(15.24%)
Financial liabilities at amortised cost	15,109,460	84.06%	13,682,150	82.36%	10.43%
Derivatives - Hedge accounting	1,889	0.01%	23,569	0.14%	(91.99%)
Changes in the fair value of hedging elements of a portfolio with interest risk hedging	3,649	0.02%	171	-	N/A
Liabilities covered under insurance and reinsurance contracts	322,927	1.80%	339,306	2.04%	(4.83%)
Provisions	57,343	0.32%	70,872	0.43%	(19.09%)
Tax liabilities	26,495	0.15%	25,130	0.15%	5.43%
Other liabilities	206,145	1.15%	188,607	1.14%	9.30%
Liabilities in groups of disposable items held for sale	118,266	0.66%	1,508	0.01%	N/A
<b>TOTAL LIABILITIES</b>	<b>16,441,644</b>	<b>91.47%</b>	<b>14,943,408</b>	<b>89.96%</b>	<b>10.03%</b>
<b>Net Equity</b>	<b>2022</b>	<b>% / Total</b>	<b>2021</b>	<b>% / Total</b>	<b>Var. (%) 22-21</b>
Capital	190,565	1.06%	250,069	1.51%	(23.79%)
Issue premium	122,304	0.68%	172,792	1.04%	(29.22%)
Issued equity instruments other than capital	33,950	0.19%	34,700	0.21%	(2.16%)
Other cumulative results	(82,696)	(0.46%)	(52,082)	(0.31%)	58.78%
Accumulated profits	778,819	4.33%	835,756	5.03%	(6.81%)
Revaluation reserves	-	-	2,288	0.01%	-
Other reserves	364,091	2.03%	316,548	1.91%	15.02%
Own shares (-)	(2,307)	(0.01%)	(3,202)	(0.02%)	(27.95%)
Result attributed to majority shareholder	113,277	0.63%	97,419	0.59%	16.28%
Interim dividend (-)	-	-	-	-	-
<b>Shareholders' equity</b>	<b>1,518,003</b>	<b>8.45%</b>	<b>1,654,288</b>	<b>9.96%</b>	<b>(8.24%)</b>
<b>Minority interests</b>	<b>15,484</b>	<b>0.09%</b>	<b>14,210</b>	<b>0.09%</b>	<b>8.97%</b>
<b>TOTAL NET EQUITY</b>	<b>1,533,487</b>	<b>8.53%</b>	<b>1,668,498</b>	<b>10.04%</b>	<b>(8.09%)</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>17,975,131</b>	<b>100.00%</b>	<b>16,611,905</b>	<b>100.00%</b>	<b>8.21%</b>

The figures for 2021 are given for comparative purposes only.

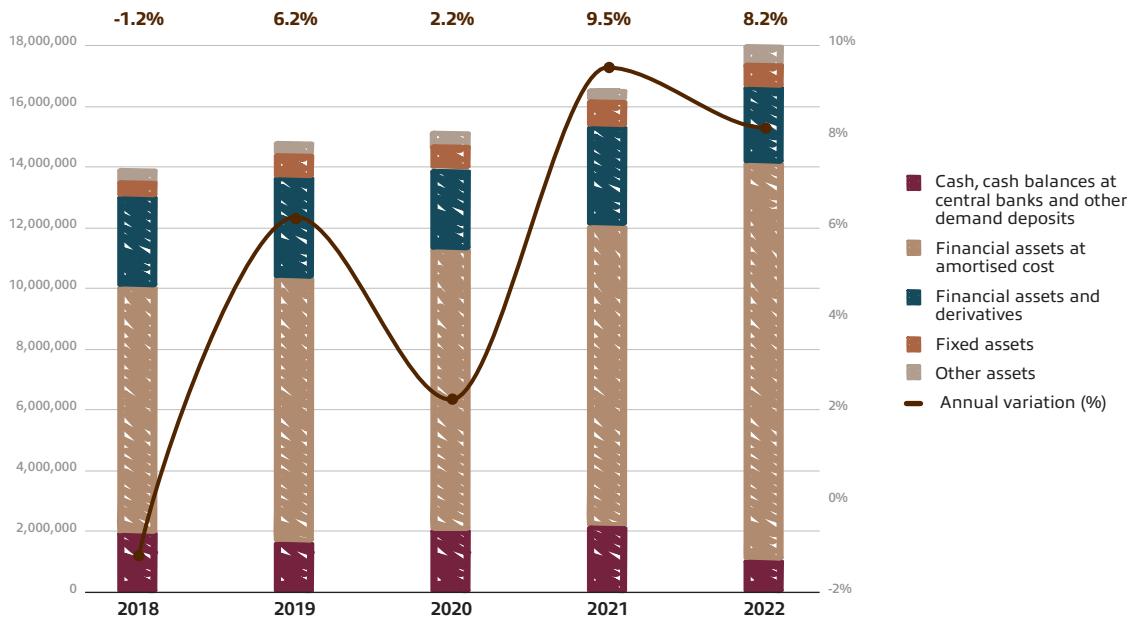
## AGGREGATE ASSETS

The three major components of the aggregate assets of Andorran banks are “Financial assets at amortised cost”, which account for 73% of total assets and which include credit investment, among others, and “Financial assets at reasonable value with changes in the other comprehensive income”, which account for 6% of total assets. The third component is “Cash, Cash at Central Banks and Other Sight Deposits” which accounts for 6% of total assets and includes “Cash and central banks, OECD, INAF and Financial Intermediaries”.

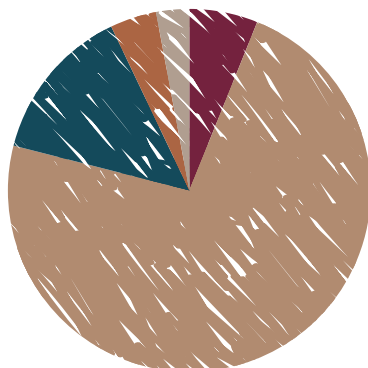
The structure of the consolidated balance sheets of Andorran banks reflects the type of business they engage in, i.e. mainly private banking and asset management. Commercial banking is only developed in Andorra and gross credit investment accounts for 44% of total assets.

### Evolution of aggregate assets 2018-2022

(Thousand euros)



### Composition of aggregate assets 2022



## AGGREGATE LIABILITIES

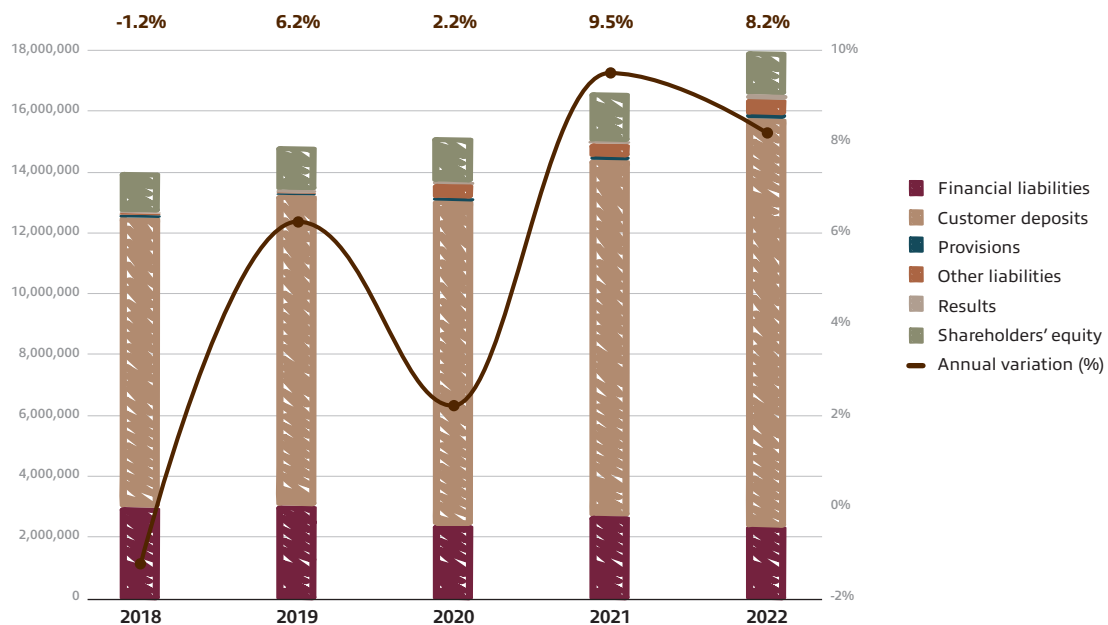
The composition of Andorran banks' aggregate liabilities is characterised by the significant relative weight of "Client deposits", which accounted for 75% of aggregate liabilities as at 31 December 2022. As at 31 December 2022, total "client deposits" stood at €13.4bn, 14.7% more than the previous financial year, and were classified under the heading "Financial liabilities at amortised cost". "Shareholders' equity" accounts for 8% and "Results" for 0.6%.

The decrease of the aggregate of the shareholders equity of the sector is the result of the two corporate transactions conducted in the sector in 2022.

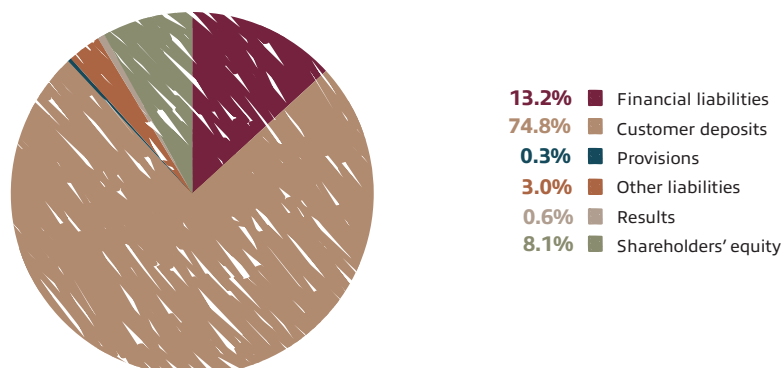
The evolution of client deposits has been marked by changes in interest rates and, consequently, by developments in international capital markets, as well as by the expansion policy pursued by credit institutions.

### Evolution of aggregate liabilities 2018-2022

(Thousand euros)

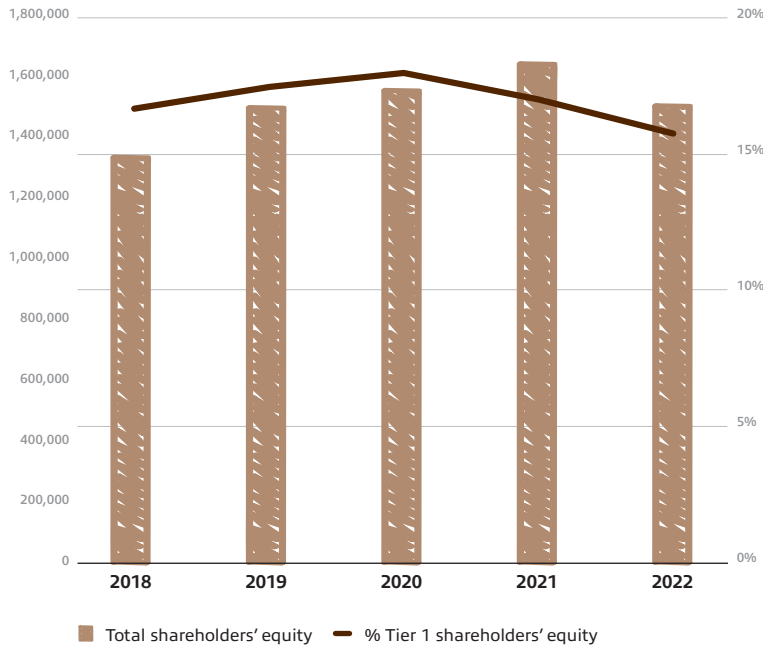


### Composition of aggregate liabilities 2022



### Evolution of Tier1 shareholders' equity and total shareholders' equity 2018-2022

(Thousand euros)



The slight drop in aggregate shareholders' equity is due to the corporate transactions conducted in 2022 in Andorra's financial marketplace.

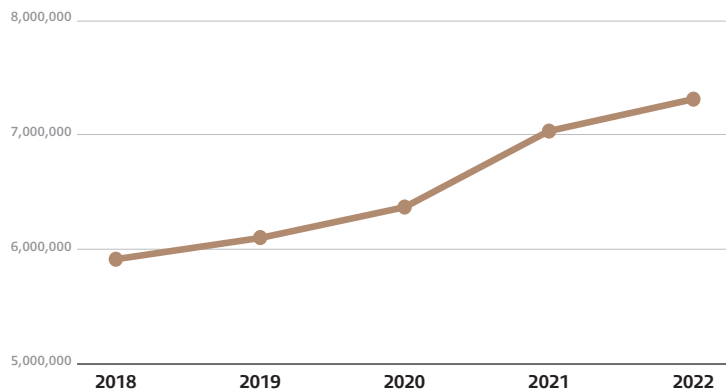
### GROSS CREDIT INVESTMENT

The evolution of gross credit investment has been marked mainly by the impact of the economic cycle and by the more prudent approach taken by credit institutions in granting loans in recent years.

Credit investment at 31 December 2022 stood at €7.3bn, up 4% on the previous year, basically as a result of the lombard lending facilities granted to private banking clients.

### Evolution of aggregate gross credit investment 2018-2022

(Thousand euros)

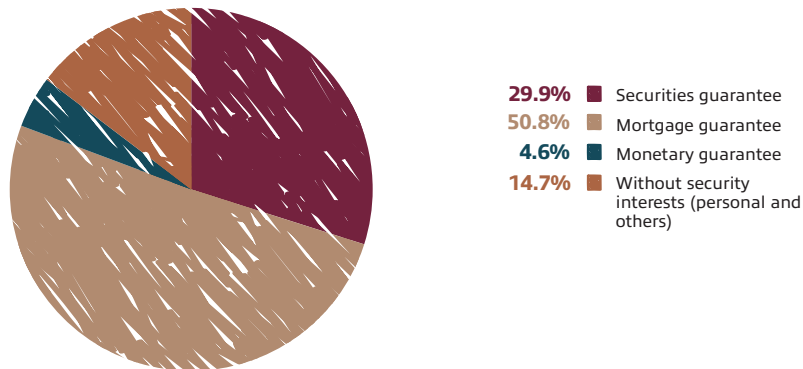


In recent years, demand for credit investment has experienced limited growth for a variety of reasons, including the deleveraging process initiated by Andorran companies and the professionalisation of the sector, which has led companies to finance new projects with their own funds. The recent COVID pandemic, which hampered the emergence of new business projects, is another factor.

Risk exposure is managed and monitored closely based on regular checks of borrowers' creditworthiness and their ability to meet their repayment obligations, adjusting the exposure limits set by each counterparty and using the

provision of collateral and guarantees in favour of borrowers. As far as guarantees are concerned, the total credit investment granted with real collateral is 86%. Of these, 30% are securities collateral, 51% are mortgage guarantees and 5% are cash collateral.

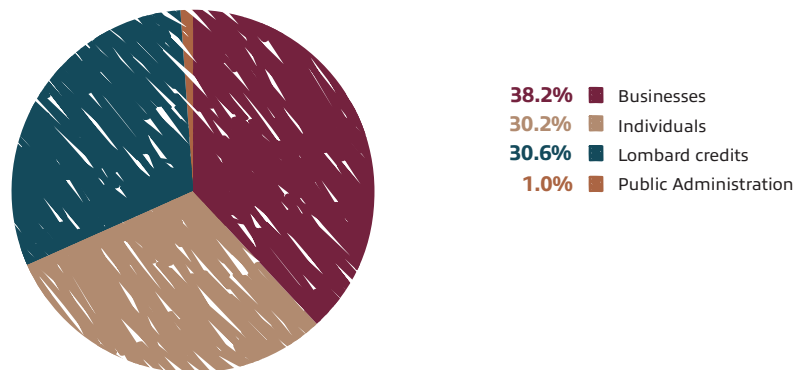
### Credit investment guarantees 2022



The distribution of the credit portfolio is very similar to that of recent years. Credit is distributed as follows: 38% for companies, 30% for individuals,

31% for private banking clients with securities guarantee and 1% for the public administration.

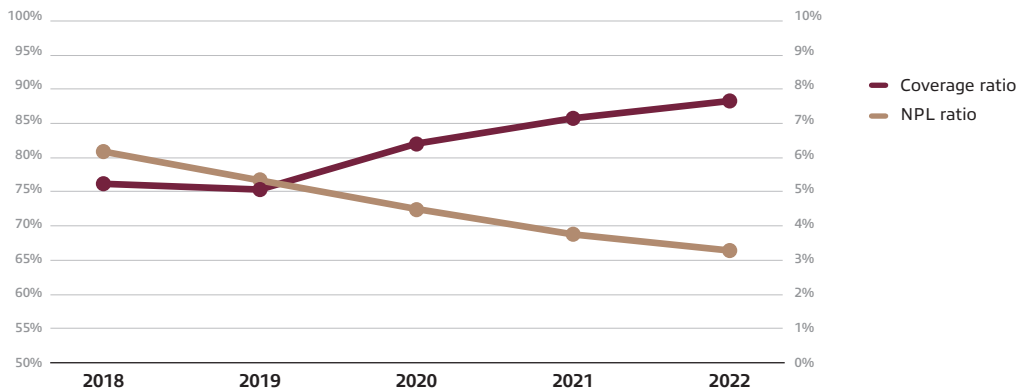
### Aggregate gross credit investment - Consolidated bank 2022



With respect to credit quality, credit exposures are classified according to credit risk at the following stages: Stage 1 is 88% for transactions that do not present significant increases in risk, Stage 2 is 9% for transactions that present significant increases in risk, and Stage 3 is 3.3% for transactions that present reasonable doubts as to their full repayment. The default rate at 31 December 2022 was 3.3%.

The default ratio has been reduced to 3.3%, whilst the coverage ratio has increased to cover up to 88% of doubtful assets thanks to the effort in provisions made by the sector in recent years.

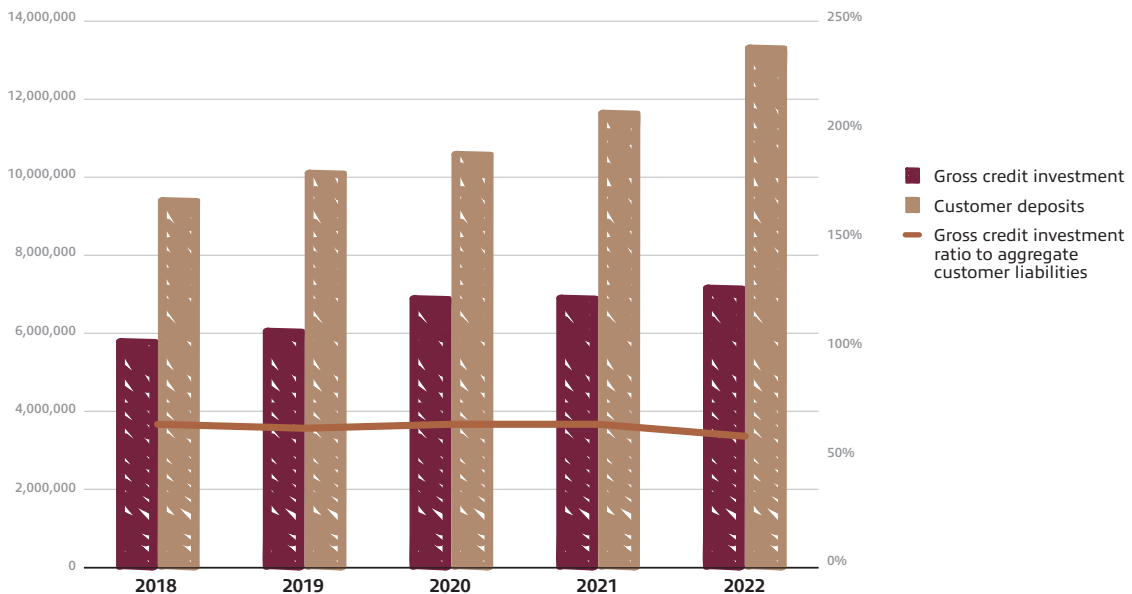
### Evolution of the NPL ratio and the coverage ratio 2018-2022



The aggregate gross credit investment ratio to customer liabilities (loans to deposit) remains above 50%, a distinguishing feature of private banking. It should be noted that the average rate for European banks is 108%, double that of Andorran banks, a sign of the liquidity available to Andorran banks.

### Evolution of the gross credit investment ratio to aggregate customer liabilities 2018-2022

(Thousand euros)



## AGGREGATE ASSETS UNDER MANAGEMENT

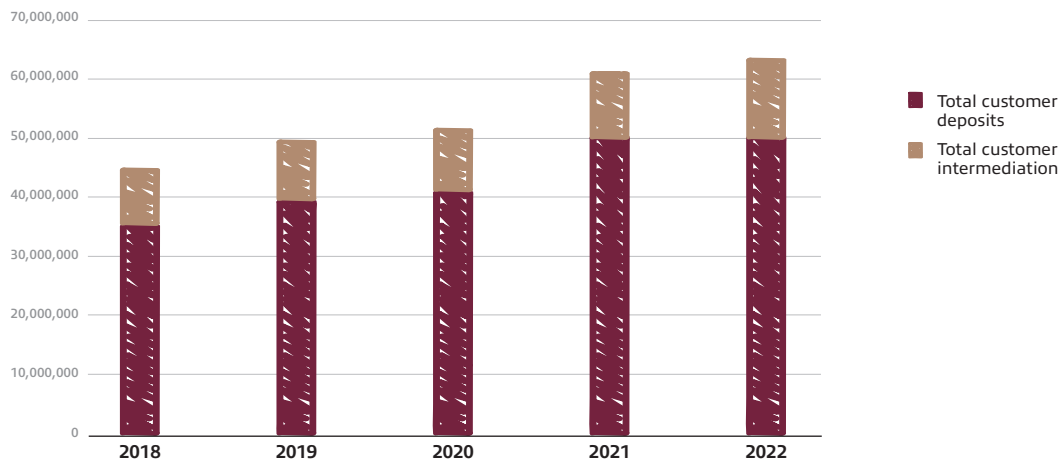
In addition to commercial banking, the business lines of Andorran banks include private banking and asset management.

Thus, the total resources managed by Andorran banks are made up of client deposits (balance sheet), which account for 21% of the total, and client intermediation, both custodial and non-

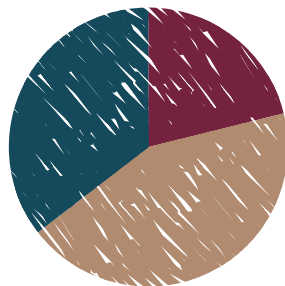
custodial (off-balance sheet), which accounts for the remaining 79%. As at 31 December 2020, assets under management totalled €63.6bn, 4% more than in 2021. Client deposits amounted to €13.4bn at 31 December 2022, up 15% on the previous year, and off-balance sheet resources also increased by 1%, a clear sign of the sector's growth trajectory.

### Evolution of aggregate assets under management 2018-2022

(Thousand euros)

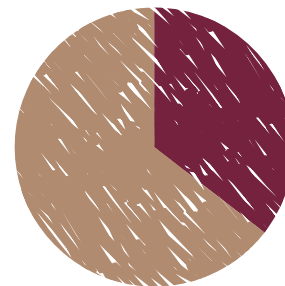


### On- and off-balance-sheet assets under management 2022



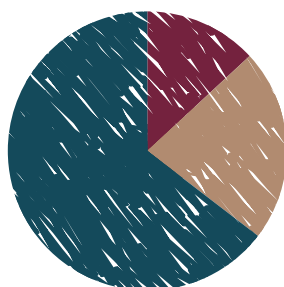
**21.1%** Customer deposits  
**43.4%** Customer intermediation (suspense accounts)  
**35.5%** Other assets under management

### Assets under management deposited by banks or third parties 2022



**35.5%** Assets under custody / deposited by third parties  
**64.5%** Assets under custody / deposited by the institution

### Assets under management by type of customer 2022



**13.1%** Collective investment undertakings  
**22.3%** Portfolio of individual customers managed under a mandate  
**64.6%** Other individual customers

## AGGREGATED CONSOLIDATED PROFIT AND LOSS ACCOUNTS OF ANDORRAN BANKS

(Thousand euros)

	2022	2021	Var. (%) 22-21
Interest income	195,528	145,400	34.48%
Interest expenses	(49,721)	(38,116)	30.45%
Dividend income	1,634	3,727	(56.16%)
<b>Interest margin</b>	<b>147,441</b>	<b>111,012</b>	<b>32.82%</b>
Commissions earned	425,750	439,576	(3.15%)
Commissions paid	(121,924)	(125,935)	(3.19%)
<b>Base margin</b>	<b>451,267</b>	<b>424,652</b>	<b>6.27%</b>
Gains or losses when writing off financial assets and liabilities not valued at fair value with changes in income (net)	4,899	10,482	(53.26%)
Results of enterprises carried using the equity method	575	-	-
Results from financial transactions	73,871	104,168	(29.08%)
Results on assets and liabilities covered under insurance and reinsurance contracts	-	-	-
Other operating income	29,105	29,378	(0.93%)
Other operating expenses	(16,653)	(15,997)	4.10%
Other income and expenses from assets and liabilities used for insurance or reinsurance contracts	35	982	(96.44%)
<b>Operating profit or loss (net)</b>	<b>543,099</b>	<b>553,665</b>	<b>(1.91%)</b>
Administrative expenses	(392,702)	(378,427)	3.77%
Staff costs	(238,711)	(233,507)	2.23%
Other general administrative expenses	(153,991)	(144,920)	6.26%
Amortisation	(60,730)	(65,686)	(7.54%)
Provisions funded (net)	(2,200)	(24,729)	(91.10%)
Net impairment of financial assets not recognised at fair value with changes in profit and loss	12,696	11,438	11.00%
Net impairment of investments in jointly-controlled companies or associates	(776)	(47)	N/A
Net impairment of non-financial assets	(320)	(9,551)	(96.65%)
Negative goodwill recognised in income	7,501	11,794	(36.40%)
Participation in gains or losses from investments in subsidiaries, joint ventures and associates	10,572	4,743	N/A
Gains or losses from non-current assets and disposal groups classified as held for sale not admissible as discontinued operations	1,037	788	31.53%
<b>Profit before tax</b>	<b>118,177</b>	<b>103,989</b>	<b>13.64%</b>
Corporation tax	(5,034)	(5,683)	(11.42%)
<b>Results for the year from continuing operations</b>	<b>113,143</b>	<b>98,306</b>	<b>15.09%</b>
Results from discontinued operations (net)	212	143	48.25%
<b>Profit/(loss) for the year</b>	<b>113,355</b>	<b>98,449</b>	<b>15.14%</b>
<b>Attributed to majority shareholders</b>	<b>113,277</b>	<b>97,418</b>	<b>16.28%</b>
<b>Attributed to minority shareholders</b>	<b>78</b>	<b>1,030</b>	<b>(92.62%)</b>

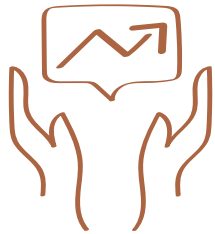
The figures for 2021 are given for comparative purposes only.



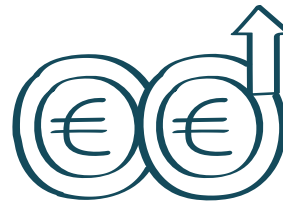
Andorran banks posted a profit of €113m in 2022, up 16% on the previous year. The banks delivered a return of 7.57% in a year marked by the M&As of MoraBanc and Creand Crèdit Andorrà, the ECB's interest rate hikes and strong inflation.

The improved interest margin resulting from the rise in the European Central Bank's interest rates benefited the basic margin of credit institutions with a 6.27% increase. The lower needs for provisions made during the year and the moderation in the growth of expenditure also explain this rise in profits.

The volume of provisions made in previous years, together with the reduction in credit default and positive economic developments over the course of 2022, have made it possible to reduce the amount of allocations and provisions.



The 2022 aggregate result for the sector amounts to **€113m**

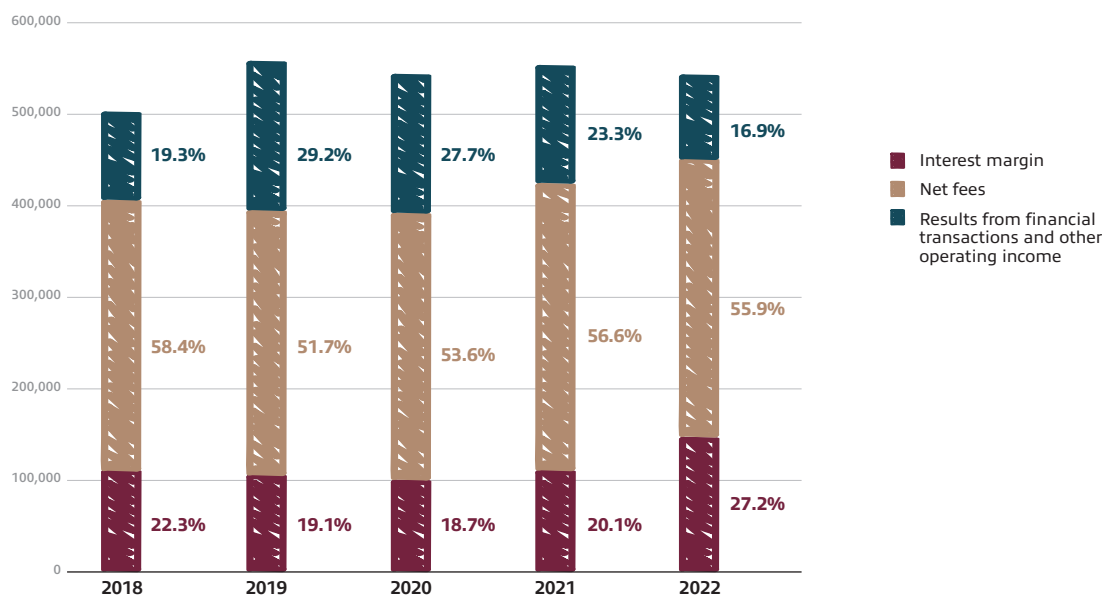


The banking sector ended the year 2022 with a **ROE of 7.57%**.

## EVOLUTION OF THE ANDORRAN BANKING SECTOR'S INCOME STATEMENT

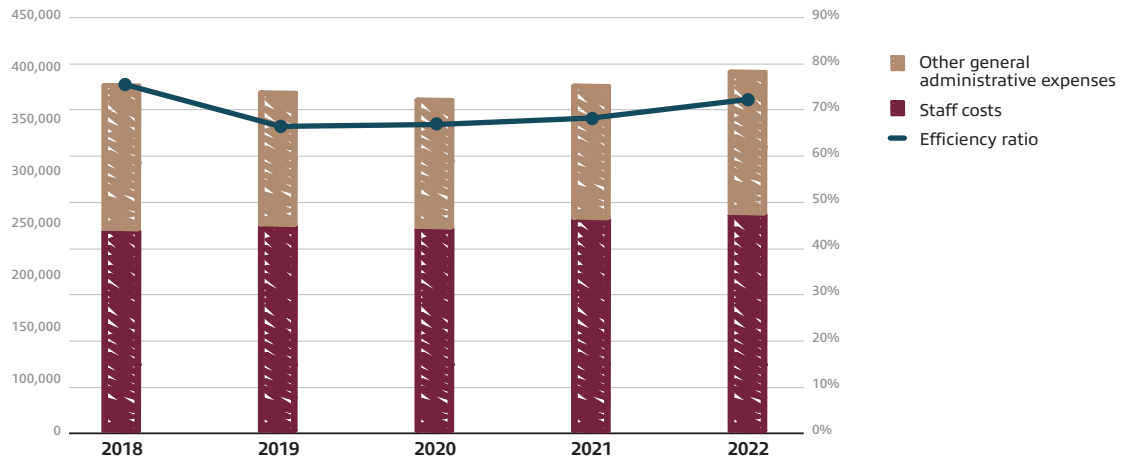
### Evolution of aggregate operating results and composition 2018-2022

(Thousand euros)



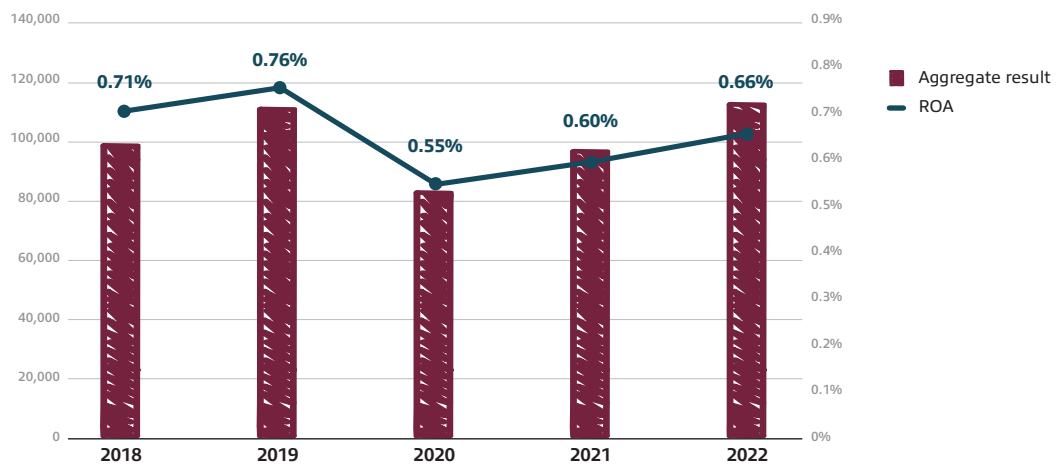
### Evolution of composition of transformation costs and efficiency ratio 2018-2022

(Thousand euros)



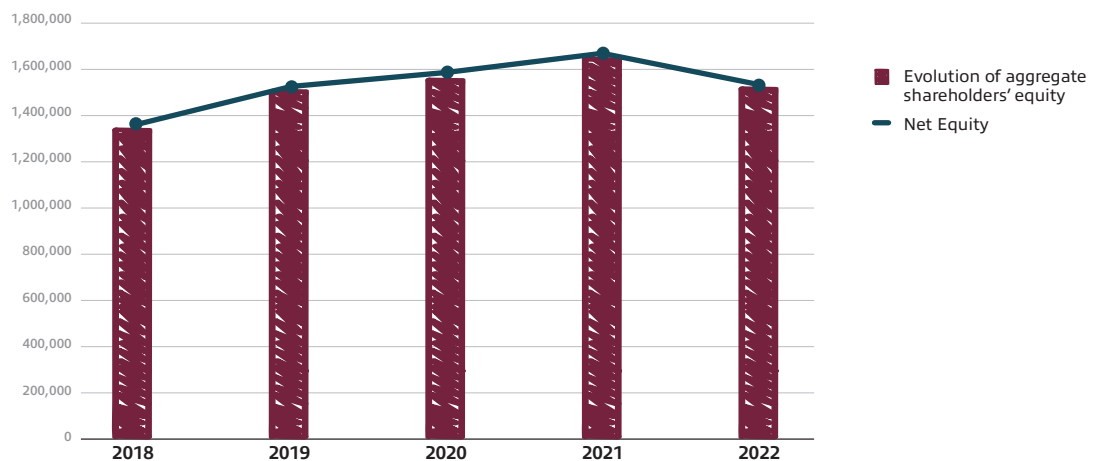
### Evolution of aggregate result and ROA 2018-2022

(Thousand euros)



### Evolution of equity and aggregate shareholders' equity 2018-2022

(Thousand euros)



## SOLVENCY AND LIQUIDITY

Andorran banks maintained strong capitalisation with a CET1 (phase-in) solvency ratio of 15.76% at 31 December 2022, slightly lower than that of the previous year (17%), and above the average for European banks, which stood at 15.3% according to EBA data from December 2022. This rate has been affected by the M&As that have taken place in the market. These national and international corporate

operations have generated growth both within and beyond Andorra's borders, thus providing a more efficient, more robust and more responsive system for clients.

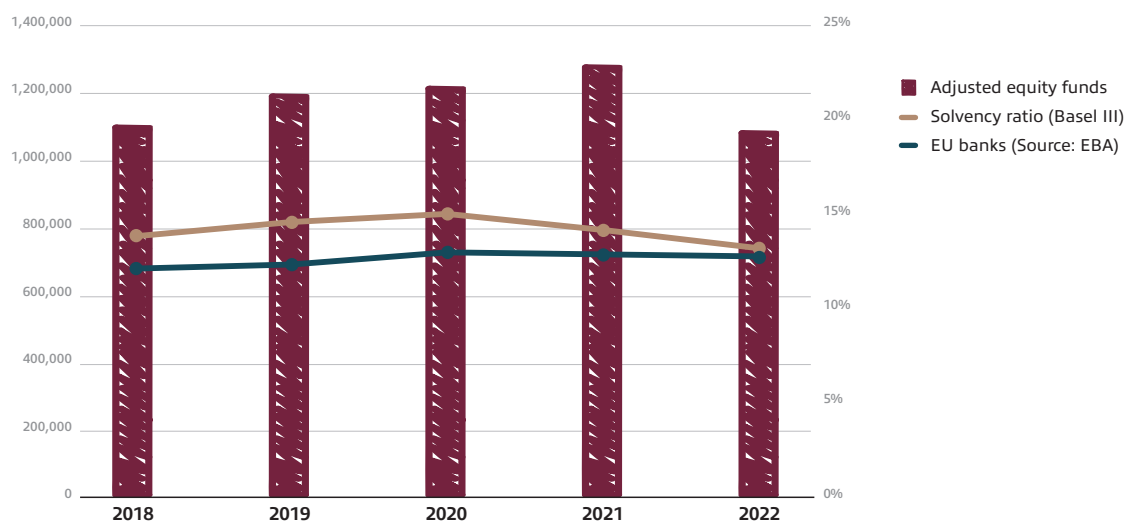
The liquidity ratio (LCR) is 201%, much higher than the minimum of 100% set by European regulators and above the average for European banks, which stood at 164% at the 2022 cut-off date.

### Solvency - Liquidity according to Basel III

	CET Solvency 1 (phase-in)		Liquidity (Coverage ratio)	
	2021	2022	2021	2022
GROUP ANDBANK	14.88%	14.32%	189.50%	234.02%
GROUP MORABANC	18.74%	18.47%	307.20%	294.14%
GROUP CREAND	16.36%	15.39%	141.96%	157.71%
<b>AGGREGATE RATIO</b>	<b>17.00%</b>	<b>15.76%</b>	<b>206.06%</b>	<b>201.29%</b>

### Evolution of solvency ratio and adjusted equity 2018-2022

(Thousand euros)



Both the Andorran Deposit Guarantee Fund and the Andorran Investment Guarantee System, regulated by Law 20/2018 transposing European directives 2014/49/EU and 97/9/EC, provide alignment with

the European Union as regards the protection of holders of deposits with credit institutions and investments at credit institutions and investment firms in the Principality of Andorra.

### Return on equity (ROE)

	2021	2022
GROUP ANDBANK	4.71%	5.05%
GROUP MORABANC	10.09%	10.90%
GROUP CREAND	6.51%	8.09%
<b>AGGREGATE RATIO</b>	<b>6.04%</b>	<b>7.57%</b>

### Return on assets (ROA)

	2021	2022
GROUP ANDBANK	0.49%	0.47%
GROUP MORABANC	0.95%	0.89%
GROUP CREAND	0.63%	0.69%
<b>AGGREGATE RATIO</b>	<b>0.60%</b>	<b>0.66%</b>

## RATINGS

Another indicator of banks' solvency are the ratings published by specialist.

	Rating		Agency
	Long-term	Short-term	
GROUP ANDBANK	<b>BBB</b>	<b>F3</b>	Fitch Ratings
GROUP MORABANC	<b>BBB-</b>	<b>F3</b>	Fitch Ratings
GROUP CREAND	<b>BBB-</b>	<b>F3</b>	Fitch Ratings

Fitch Ratings report as at October 2022.

# 5

## Financial regulations

The banking sector is a highly regulated industry that has undergone a transformation process in line with European financial regulations. Andorran banks enjoy sound solvency and liquidity ratios which are above the average for European banks.

# Information on relevant topics

## > Update

### Creation of international reserves and access by the financial system to emergency liquidity assistance

On 24 November 2022, the General Council approved **Law 36/2022 on the creation of international reserves and access by the financial system to emergency liquidity assistance**.



*This instrument provides Andorra with greater resilience in the event of a liquidity shock in the financial sector.*

This law aims to develop an instrument that will make Andorra more resilient in the event of a liquidity shock in the financial sector. It also aims to respond to a need repeatedly identified both by the financial sector and by rating agencies and other international bodies to develop a lender of last resort mechanism that can provide assistance in the form of emergency liquidity for those credit institutions that, despite being solvent, may exceptionally require such temporary liquidity assistance.

The law structures a lender of last resort mechanism based on international reserves that replicates the emergency liquidity assistance model of the European Central Bank, meaning that it meets international standards.

### Digital assets and blockchain

With the aim of creating the optimal conditions for Andorra to become a particularly suitable location for innovative companies, especially those

linked to blockchain technology, on 30 June the General Council approved **Law 24/2022 on the digital representation of assets through the use of cryptography and distributed open registry and blockchain technology**.

This law offers a balance between innovation, the market, society's preferences, technological development and the current legal framework, ensuring strict compliance with the basic pillars of the rules governing the functioning of the capital market in terms of the protection of personal data, electronic procurement, investor protection, market abuse, legislation on the prevention and fight against money laundering and the financing of terrorism, among others.

### Cybersecurity

On 9 June 2022, the General Council approved **Law 22/2022 on measures for the security of networks and information systems**. Andorra's geopolitical situation, the growing dependence of the economy on national and cross-border information systems and networks, and the potential synergies in the prevention of threats and the challenges posed by cyber-incidents have led to the need to adopt the European legislation contained in Directive (EU) 2016/1148 of 6 July 2016 concerning measures for a high common level of security of network and information systems across the Union. The law also takes into consideration the European Commission's Proposal COM (2020) 823 final on measures for a high common level of cybersecurity across the Union, repealing Directive (EU) 2016/1148.

### Personal data protection (European GDPR regulation)

On 28 October, the General Council approved **Law 29/2021 on the protection of personal data** with the aim of adopting the new provisions established in this matter by European Regulation 2016/679 (General Data Protection Regulation, "GDPR") and Directive (EU) 2016/680.

In the context of the new challenges posed by unstoppable technological progress and globalisation, the Andorran legislator has updated the country's data processing regulations, which both individuals and private and government organisations are required to implement when processing data relating to individuals.

## International Monetary Fund

Continuing in the path taken by the Principality of Andorra in recent years, one of transformation and evolution towards transparency and official recognition, with greater involvement in the international arena, in January 2020 the country became the **190th member of the international body**.



**Andorra has been a member of the IMF since 2020.**

## Balance of payments

In the context of Andorra's membership of the IMF, the country's balance of payments was published for the first time in 2021. The balance of payments is a statistical tool that systematically records all the economic transactions that take place over a given period of time between a country and the rest of the world.

(Million of euros)	<b>2021</b>
<b>Current account balance</b>	<b>395.21</b>
1. trade balance	-1122.05
2. services balance	1351.31
3. income balance	213.02
4. transfers balance	-47.07
<b>Capital account balance</b>	<b>0.31</b>
<b>Capacity (+) / financing needs (-)</b>	<b>395.52</b>
<b>% financing capacity BP / GDP</b>	<b>14.1%</b>

(Source: Department of Statistics, Government of Andorra)

By analysing in detail the data provided by the various sources of information, including the country's financial institutions, registration offices or government agencies, it is possible to observe characteristics and to assess the state of the Andorran economy, such as the fact that the country is an exporter of services, an importer of goods and that it currently attracts foreign investment.

The result of the balance of payments shows that Andorra had an international financing capacity of €395.52m in 2021, a figure that represents 14.1% of Andorra's GDP and places the Principality among the countries in the world with the greatest international financing capacity in relation to GDP.



**Andorra has an international financing capacity of €395.52m, a figure that represents 14.1% of Andorra's GDP.**

## The war in Ukraine

Law 5/2022 of 3 March on the application of international sanctions was passed with the twofold aim of providing legal coverage for the application of sanctions to both individuals and companies, so that their accounts could be blocked or to prevent them from operating with financial institutions in Andorra, and of becoming a benchmark framework in the application of international sanctions imposed by bodies such as the United Nations or the European Union.

The restrictive measures may directly or indirectly affect trade in goods, services, payments and capital and result in the freezing of financial assets or in bans on scientific, technological, sporting and cultural exchanges. They will be applicable to both individuals and legal entities, as well as to those states that operate in Andorran territory.

## Digital transformation

The trend in the Andorran banking industry in the last few years has been to prioritise technological investment, especially in digital transformation projects. The main reasons for embarking on this transformation process have been the willingness

of banks to adapt to changes in their customers' habits and to deal with the new challenges and the emergence of new competitors. The COVID-19 crisis has revealed the benefits of the digitalisation strategy initiated by Andorran banks.

Andorran banks spent almost €7 million in 2022 on promoting this digital transformation process, whose main aims are to change the technological architecture of businesses, make advances in the digitisation of communication channels, drive electronic banking forward to provide as many online services as possible and improve secure identification methods.

This investment went hand in hand with an increase in the number of digital users in the country's three banks, which soared by 67% over the last year. It is also worth highlighting the growth of users of mobile apps, with an increase of 24%. Among the banking transactions that can be carried out over the Internet, those that have grown the most over the

last few years are money transfers and transactions in securities.

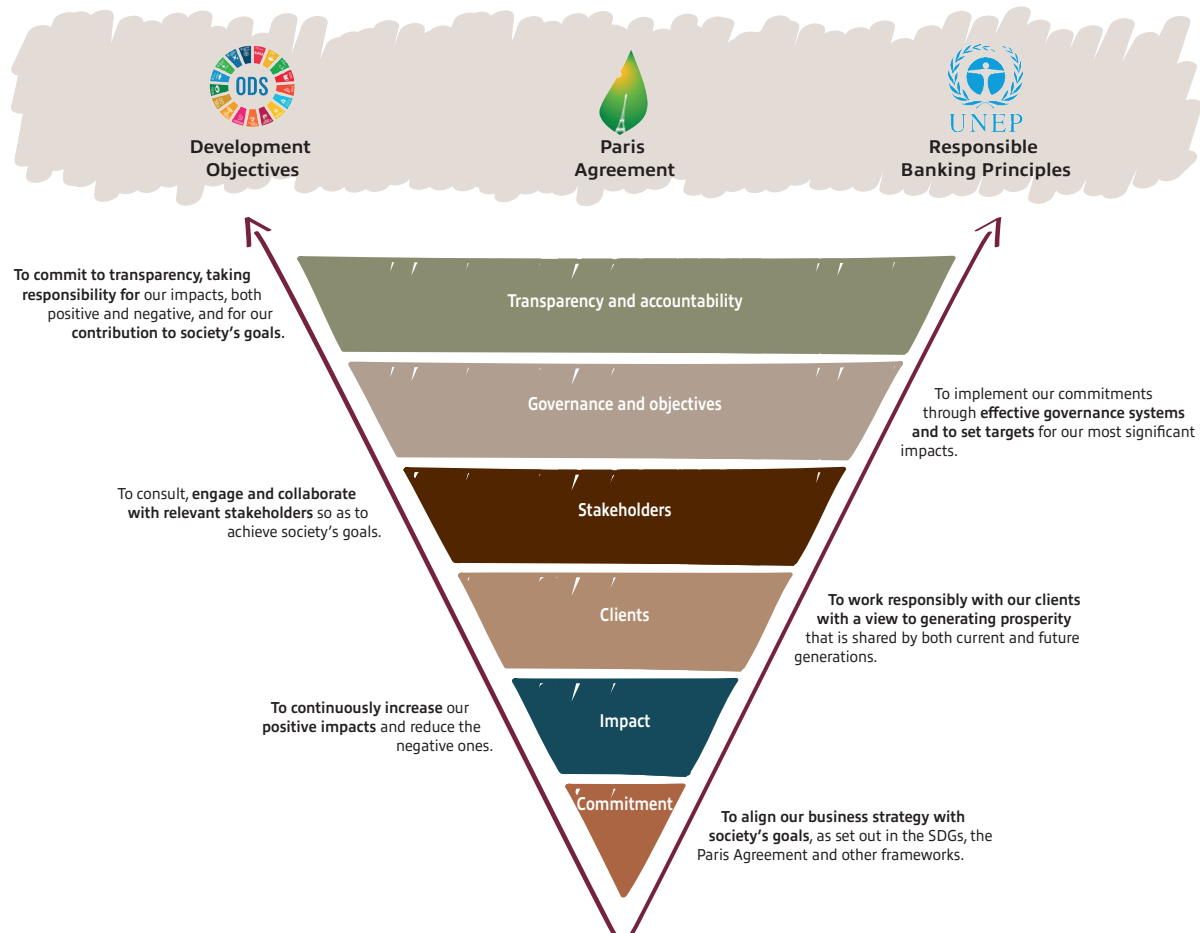
At a national level, the Government, led by the Secretary of State for Digital Transformation and Strategic Projects, has drawn up a holistic transformation plan that sets out the most important actions to be carried out over the coming years in terms of digital transformation. This programme is linked to the government's **Strategic Plan H23**, which prioritises the country's economic and social growth.

## Sustainability

Sustainability has become a sign of our times. The conservation of the environment, the fight against climate change and the ambition of attaining fairer and more rational social development have become a widespread concern, and even more so after experiencing an unprecedented health crisis.

### Sustainable growth

Banking acts as a nexus for meeting the challenges of the 21st century





The contribution of the Andorran banking to the more sustainable and fairer development of the world is not new. In fact, it has a long history of returning part of its profits to society by way of social support, through what has become known as Corporate Social Responsibility (CSR).

Banks devote up to 4% of the profits to CSR actions. Out of all of the actions, the most visible and most long-standing are social, through the contributions made in areas such as culture, sport, health, education, and the support given to business fabric.



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## ➤ Banking regulations

### Deposit guarantee and investor compensation schemes

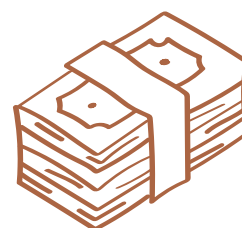
In 2018, the Principality of Andorra transposed Directive 2014/49/EU on deposit guarantee schemes and Directive 97/9/EC on investor-compensation schemes by approving **Law 20/2018 of 13 September, which regulates the Andorran Deposit Guarantee Fund and the Andorran Investment Compensation Scheme.**

This transposition led to the European adaptation of the regime that had already existed in Andorra since 2011 regulated by Law 1/2011 on the creation of a deposit guarantee system for banks and the standardisation with the European Union of the protection of deposit holders and investors in banks and financial institutions in the Principality of Andorra.

Like the Directive, Andorran law establishes a transitional period during which banks that are members of the Deposit Guarantee Fund (**Fagadi**) must make annual contributions to be determined by their Managing Commission. By 30 June 2024 they are required to have ex-ante financial resources in an amount equivalent to 0.8% of the guaranteed deposits.

Banks authorised to operate in the Principality of Andorra are obliged to be members of the Fagadi, and all depositors with balances in Andorran banks who are natural persons or legal entities, regardless of nationality or place of residence, are beneficiaries.

Following what is set at European level, the guaranteed deposit amount is limited to €100,000.



**Following  
what is set at  
European level,  
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to €100,000.**

Fagadi's ex-ante resources must reach 0.8% of the guaranteed deposits by 30 June 2024. In addition, starting on this date, banks will continue to make annual contributions to the ex-ante fund in order to raise the financial resources to 1.6% within eight years from 2024. This percentage far exceeds the 0.8% generally required by the Directive and the 0.5% target allowed for highly concentrated banking systems such as the Andorran one.

The Andorran investment compensation scheme ("**Sagi**") is an ex-post guarantee system whose members, aside from banks, also include investment firms and management companies of collective investment undertakings.

The coverage limit is €100,000 per investment holder, which is more than the €20,000 established in the Directive.



***Under Andorra's investment guarantee system (Sagi), the coverage limit is €100,000 per investment holder, which is more than the €20,000 level set forth in the Directive.***

## Banking Recovery and Resolution (BRRD1)

Directive 2014/59/EU regulating the framework for the recovery and resolution of credit institutions and investment firms (**BRRD1**) was partially incorporated into Andorran law in 2015 by means of Law 8/2015 of 2 April on urgent measures to implement mechanisms for restructuring and resolution of banking institutions.

The new **Law 7/2021 of 29 April on the recovery and resolution of banks and investment firms** repeals the previous law, supplements the transposition of BRRD1.

The basic objectives are to enable the resolution of any financial institution in an orderly manner, without serious systemic disruption, and to minimise, to the extent possible, the risk to taxpayers by protecting functions that are critical to financial markets and the real economy, ensuring the assumption of losses by the shareholders and creditors of the entity in crisis.

It is important to add that these entities must ensure that, in the event of difficulties, they have a sufficient buffer between capital and the guaranteed deposits that can be used to recapitalize internally, without the taxpayers being affected or depositors being compromised. The BRRD1 calls this buffer the Minimum Requirements for Eligible Liabilities (MREL) and it is required of all entities.

This parameter is an additional and supplemental layer to the capital, liquidity and leverage

requirements in an effort to ensure the feasibility and credibility of the internal recapitalization instrument, the bail-in.

## Solvency (CRD IV and CRR)

2018 was an intense year for the Andorran financial sector due to the work involved in transposing the "CRD IV Package" which, on the one hand, includes Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV) and EU Regulation no. 575/2013 (CRR); and on the other hand, decrees transposing the European Commission's acts as well as the technical communications from the Andorran supervisory body, the Andorran Financial Authority.

The aim of Law 35/2018 of 20 December on the solvency, liquidation and prudential supervision of credit institutions and investment firms is to increase the resilience of Andorra's banking and financial sector, so that it is in a better position to deal with economic crises, as well as to ensure that credit institutions continue to finance business activity and economic growth with adequate equity. From the point of view of liquidity and financing, the law aims to ensure that institutions have sufficient liquidity cushions to face potential tensions in the markets, as well as a balance sheet structure that does not overly rely on short-term financing.

The law is not limited to the continuous monitoring of the creditworthiness and risk management of institutions, but also regulates supervisory rules, access to the business of credit institutions, suitability requirements for senior management and qualifying shareholders, as well as requirements for increased corporate governance.

## MiFID, market abuse and financial collateral arrangements

The financial sector is one of the main pillars of the Andorran economy and is deeply internationally interconnected through its presence in other markets outside the Principality, as well as the European Union. It is therefore important that the Andorran legal framework meets the international standards in terms of financial regulation.

The former Law 8/2013 had already transposed most of the above-mentioned directives, so that these had already been partially introduced into the Andorran legal system. However, an amendment of

Law 8/2013 is necessary to comply with all of these directives and their implementing regulations.

On 15 February 2019, the Law which amends Law 8/2013, of 9 May, on organisational requirements and operating conditions for institutions operating in the financial system, investor protection, market abuse and financial collateral agreements was approved.

The amendments introduced mark a step forward and constitute an improvement in the protection of markets and clients of investment services. Also, a number of improvements have been made in relation to the classification of clients, client information requirements, incentives, suitability and appropriateness assessments, order execution, conflicts of interest, client asset protection, recordkeeping and markets.

## Payment services (PSD1 and PSD2)

Under the Monetary Agreement, Andorra has transposed Directive 2007/64/EC of the European Parliament and of the Council on payment services in the internal market into its legal system. The Monetary Agreement also includes Directive 2009/110/EC of the European Parliament and of the Council on the taking up, pursuit and prudential supervision of the business of electronic money institutions.

The main purpose of the new directive is to facilitate and improve security in the use of payment systems via the Internet and to strengthen the level of protection of users against potential fraud and abuse, as well as to promote innovation in payment services and to implement a regime that better protects users' rights in terms of security and transparency. The directive also covers the provision of two new payment services that were not previously foreseen, i.e. payment initiation services and account information services.

All of these changes have been introduced into Andorra's legal system by means of an amendment to Law 8/2018, of 17 May. The consolidated text of the Law on payment services and electronic money was published on 13 February 2019 (**Law PSD2**).

### SEPA (Single Euro Payments Area)

The Single Euro Payments Area (SEPA) was created within the European Community to facilitate payments in euros across a supranational geographical area. It is an area in which citizens, businesses and other economic agents can make and

receive payments in euros within Europe, inside and outside national borders, under the same conditions and with the same rights and obligations, regardless of where they are located.

SEPA is the European payment system based on common instruments, standards, procedures and infrastructure. In this harmonised scenario, no technical distinctions are made between domestic and international payments, all of which are processed with the same ease, speed, security and efficiency.

Three instruments fall within its most immediate scope: transfers, Direct Debits and instant payments.

On 5 March 2019, the credit institutions of the Principality of Andorra adhered to SEPA following accession by Andorra on 1 March 2019.



## Insurance

The Insurance and Reinsurance Law 12/2017 of the Principality of Andorra was passed in June 2017, and the Regulation that completes the first part of the process of adaptation of Andorran law to the European Union's new insurance regime was adopted in December of that same year.

The points of reference for updating the legal framework included the opinions of the International Association of Insurance Inspectors and the new Solvency II regime established by the European Union and regulated by Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009, as well as the extensive developing regulations and the rules issued by the Retirement Insurance and Pensions Authority.

The new legal framework assumes the conditions and the background of the current Andorran model, with the peculiarities derived from the limited

size of the sector, and introduces some essential changes to guarantee the transparency and solvency of the sector. The new legal framework entrusts

the regulatory and supervisory function to the Andorran Financial Authority, which took over this task in January 2018.

## › Tax framework

### Automatic Exchange of Information in tax matters

In 2014, and with the aim of fighting tax evasion and promote tax compliance, the OECD approved the Common Reporting Standard (CRS), a global standard for the automatic exchange of information in tax matters between jurisdictions (AEOI). This standard lays down how the competent authorities of the countries that have signed up to the CRS automatically exchange information on financial accounts every year.

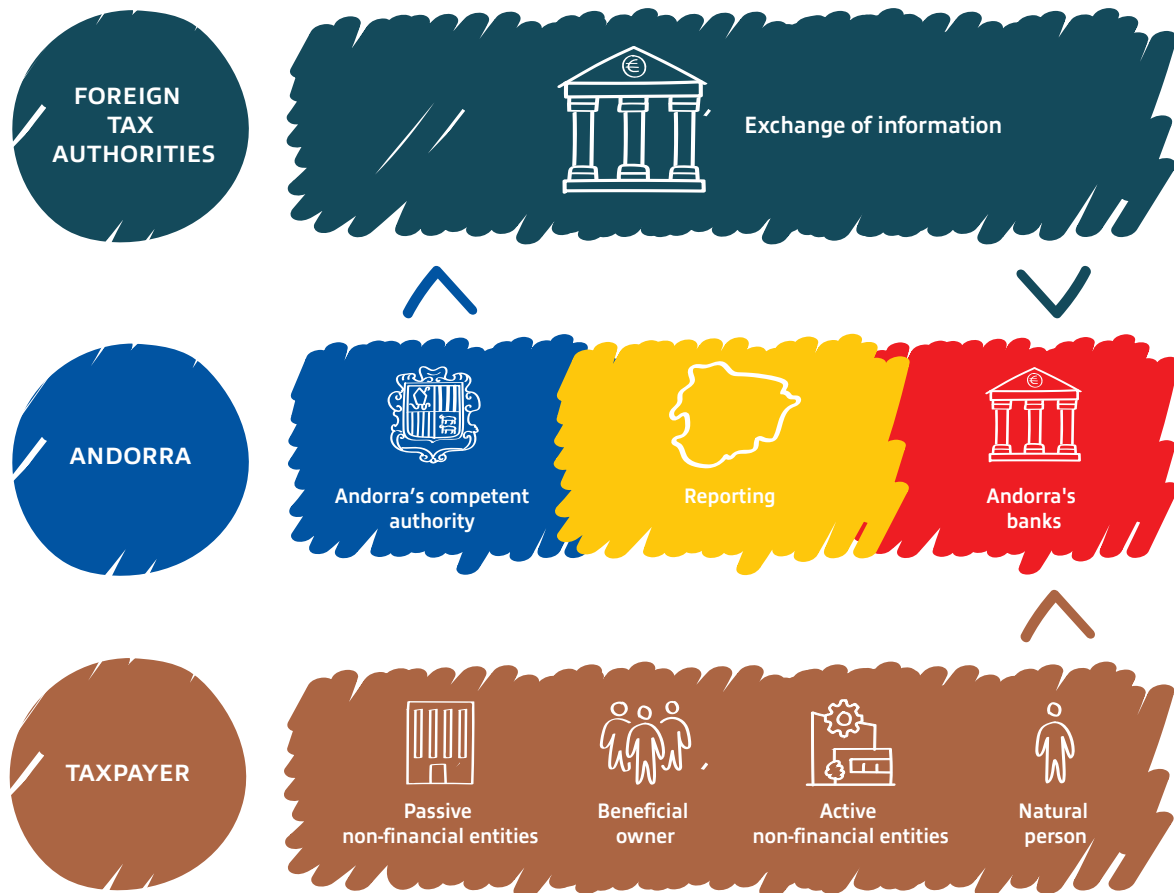
In 2014, Andorra committed to implementing the CRS, and in 2016 it signed an AEOI agreement with the EU that incorporates the CRS standard.

At a national level, Law 19/2016 was passed to regulate the legal framework required to fulfil the AEOI commitment.

### BEPS

The OECD introduced the BEPS project in 2013, an initiative to combat these international tax evasion practices. This initiative is constantly updated through the work group created in 2015 to promote an inclusive framework for the implementation of the BEPS project measures developing international standards.

On 7 June 2017, Andorra signed the Multilateral Convention to implement Tax Treaty related



measures to Prevent the Base Erosion and Profit Shifting (MLI), which transposes more than 2,000 tax treaties world-wide into an international regulation. The MLI offers governments specific solutions to fight against harmful tax practices, to prevent the abuse of the agreement and a country-by-country report, among other things. In the Principality, the MLI came into force on 1 January 2022.

At the same time, on 19 October 2018, Andorra adhered to the OECD multilateral agreement that allows for the exchange of information on a country-by-country basis with all the competent authorities signatory to the agreement (reciprocal jurisdictions). This agreement is part of the commitments made to international standards and to the implementation of OECD-led reforms in relation to BEPS.

## › Prevention of money laundering and terrorist financing

The prevention and fight against money laundering and terrorist financing is a national priority that involves the adoption of legislative initiatives on a regular basis, taking into account the evolution of the standards adopted by international bodies, such as the FATF and Moneyval, and the commitments to transpose European Union regulations derived from the Monetary Agreement between the Principality of Andorra and the European Union.

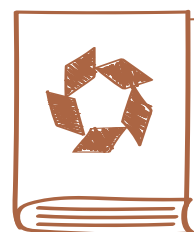
It should also be highlighted that Andorra is the subject of regular evaluations by the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism of the Council of Europe (Moneyval). As part of these evaluations it is essential to ensure adequate and effective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

### **Ethical code**

On 19 July 2022, the General Assembly of the Andorran Banks' Association approved an update to its Code of Ethics. The update responds to changes in regulations and includes major professional conduct recommendations in line with the latest international standards. It is consistent with the Andorran legal framework and complements the

legislation on the prevention of money laundering and the financing of terrorism, data protection, investor protection and tax transparency.

The purpose of the Ethical Code, which was approved 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.

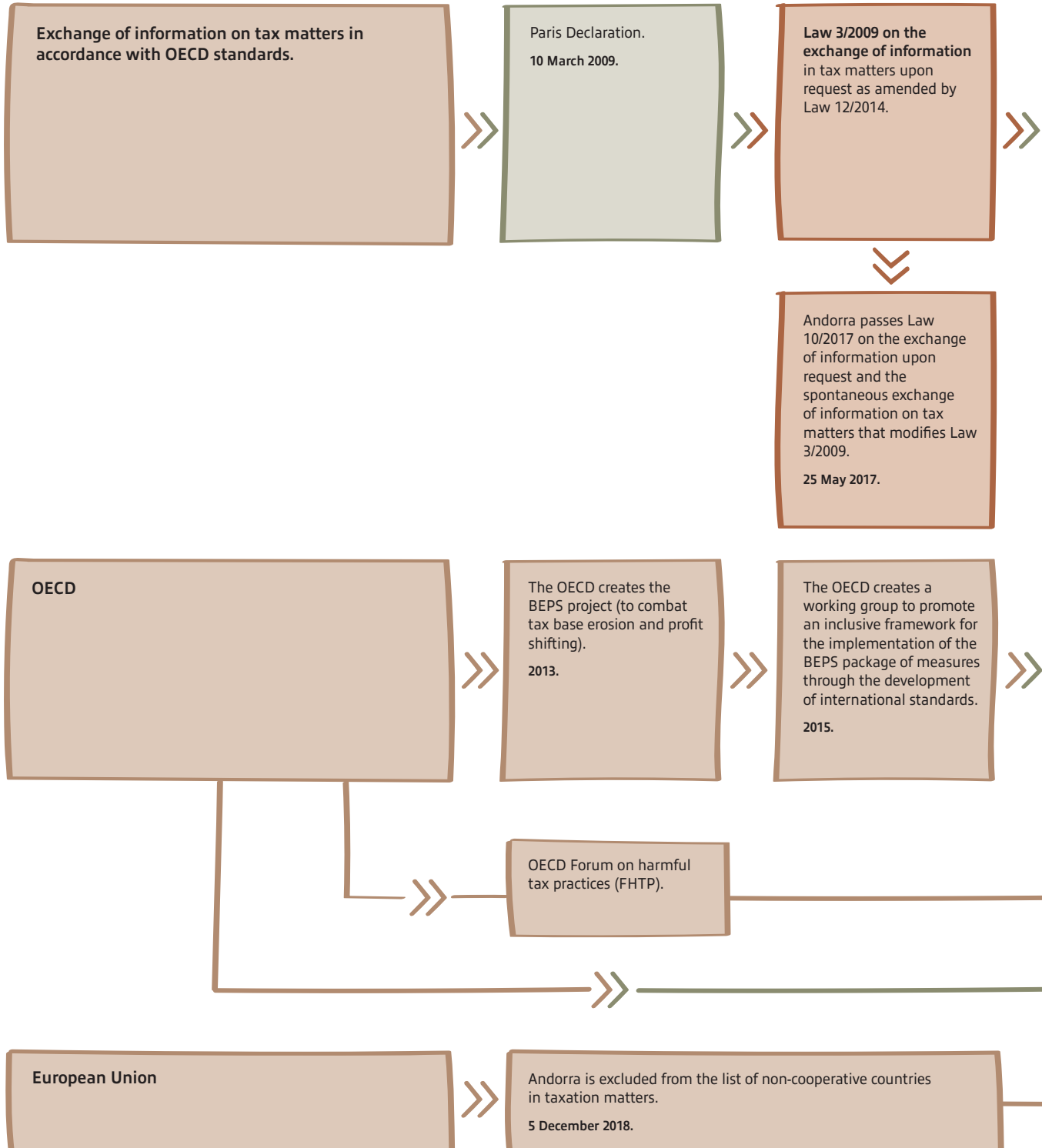


***In 2022, the General Assembly of the Andorran Banks' Association approved an update to its Code of Ethics.***

# Legislation: Andorra's regulatory framework

## › Tax framework

■ International regulations, standards and recommendations 
 ■ International agreements 
 ■ Andorran regulations



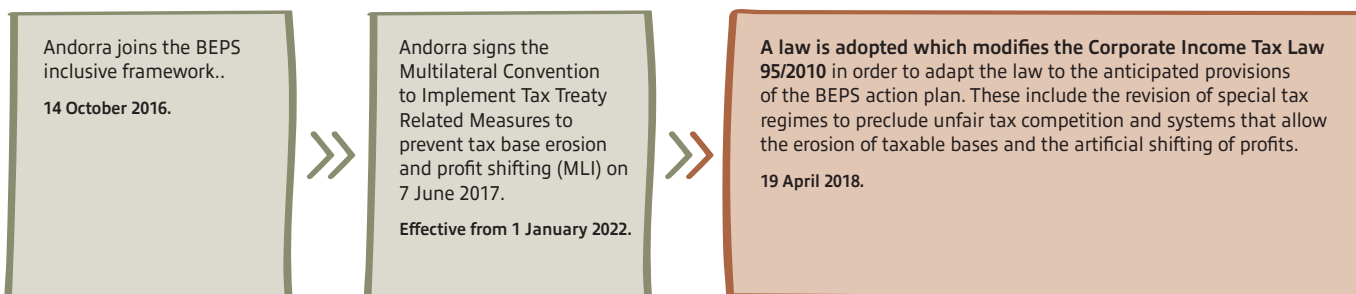




Tax information exchange agreements signed with 24 countries, including: Spain, France and Portugal.

Double taxation agreements signed with 13 countries.

The government of the Principality of Andorra signed 4 double taxation agreements that have yet to be ratified and come into force: Croatia (13/07/22), Iceland (01/12/22), Czech Republic and Monaco (31/01/23).

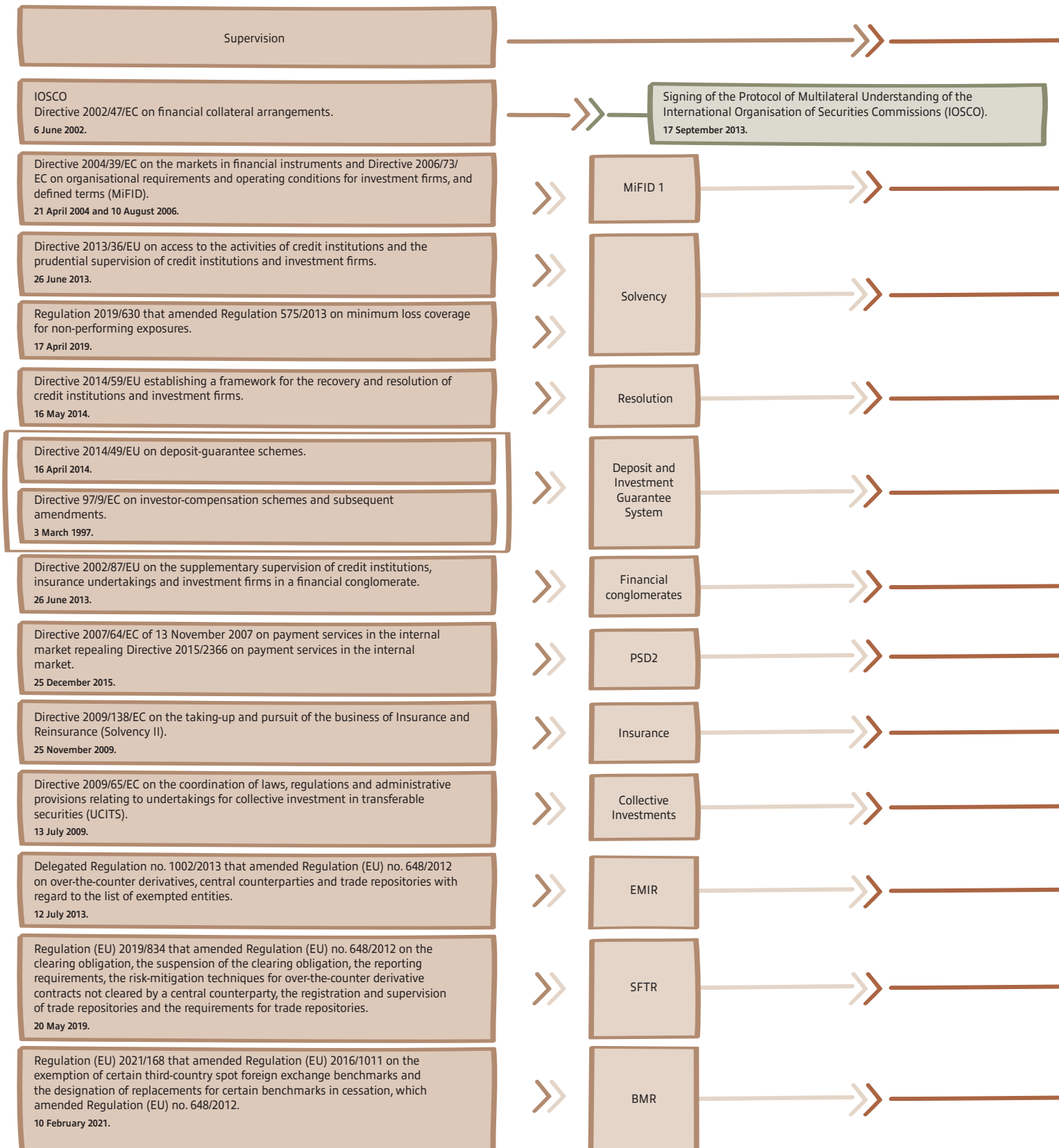


**Endorsement of the changes relating to Andorra's tax regimes.**  
15 November 2018.

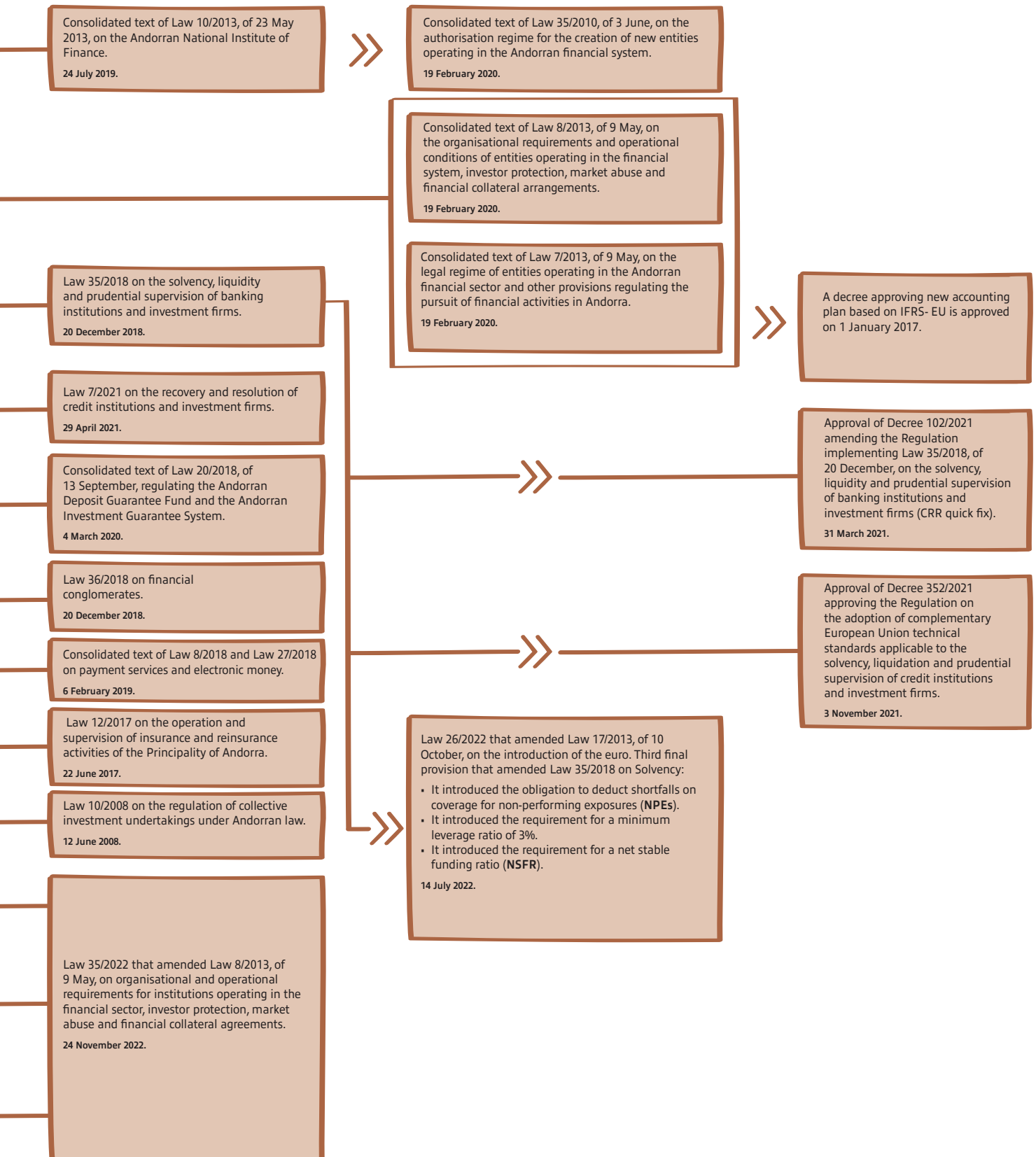
Andorra adheres to the OECD multilateral agreement that allows for the exchange of information on a country-by-country basis.  
19 October 2018.

# Financial framework

■ International regulations, standards and recommendations
 ■ International agreements
 ■ Andorran regulations







## › Framework of prevention and combating of money laundering and the financing of terrorism

International regulations, standards and recommendations
  International agreements
  Andorran regulations

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, 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

September 2017: approval of the report on the 5th evaluation.

December 2018-November 2021: evaluation reports on the 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 2018/843 amending the 4th Directive on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing (5th Directive).

Directive 2006/70/EC of 1 August 2006 as regards 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.

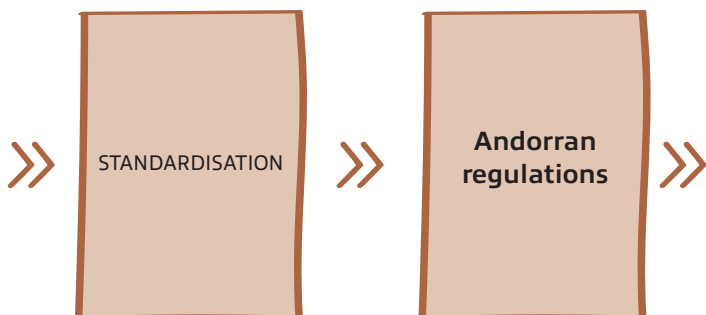
Commission Delegated regulation (EU) 2019/758 of 31 January 2019 supplementing Directive (EU) 2015/849 with regard to regulatory technical standards for the minimum action and the type of additional measures credit and financial institutions must take to mitigate money laundering and terrorist financing risk in certain third countries.

Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016 supplementing Directive (EU) 2015/849 by identifying high-risk third countries with strategic deficiencies.

Regulation (EU) 2018/1672 of the European Parliament and of the Council of 23 October 2018 on controls on cash entering or leaving the Union and repealing Regulation (EC) No. 1889/2005.

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

Recommendations of the Financial Action Task Force (FATF).



Consolidated text of qualified Law 9/2005 of 21 February on the Criminal Code. This includes **tax offences as a predicate offence for money laundering.**

**25 October 2017.**

Consolidated text of the law amending the Code of Criminal Procedure of 10 December 1998.

**25 October 2017.**

Law 37/2021 amending Law 14/2017, of 22 June, on the prevention and fight against money laundering and the financing of terrorism.

**16 December 2021.**

Decree 76/2022 approving the Regulation implementing Law 14/2017, of 22 June, on the prevention and fight against money laundering and the financing of terrorism.

**2 March 2022.**

Law on international legal cooperation in criminal matters.

Regulation governing the recording of, and access to, information on the beneficial owners of legal entities.

**5 September 2018.**

4th Final provision of Law 26/2022 that amended Law 17/2013, of 10 October, on the introduction of the euro in the framework of the Monetary Agreement signed between the Principality of Andorra and the European Union.

**14 July 2022.**

# Chronology of the events linked to Andorra's transformation process

<b>AEOI</b>	Automatic Exchange of Information in tax matters
<b>AML/CFT</b>	Prevention of money laundering and terrorist financing
<b>BEPS</b>	Base Erosion and Profit Shifting
<b>CST</b>	Cybersecurity
<b>DA</b>	Digital assets
<b>DI</b>	Debt issuance
<b>DTA</b>	Double Taxation Agreement
<b>IFRS-EU</b>	International Financial Reporting Standards adopted in the European Union
<b>IMF</b>	International Monetary Fund
<b>MA</b>	Monetary agreement
<b>MCAA</b>	<i>Multilateral Competent Authority Agreement</i>
<b>Multilateral Convention</b>	Convention on mutual administrative assistance in tax matters with the OECD
<b>PS</b>	Payment services
<b>REG</b>	Regulation
<b>REG COVID-19</b>	Regulation adopted in the light of the SARS-CoV-2 pandemic
<b>RESL</b>	Resilience
<b>RTG</b>	Rating
<b>SUST</b>	Sustainability
<b>TIEA</b>	Tax Information Exchange Agreement
<b>TR</b>	Transparency



## Andorra has signed 24 TIEAs and 13 DTAs\*



<b>RTG</b>	12 May	<b>Standard &amp; Poor's revised Andorra's outlook from stable to positive and reaffirmed its rating at BBB+/A-2.</b>
<b>RTG</b>	28 April	<b>Fitch Ratings reaffirmed Andorra's rating at A- and a stable outlook.</b>
<b>REG</b>	15 March	Decree 127/2023 that passed a special guarantor programme for the purchase of homes that are the usual place of residence.
<b>REG</b>	19 January	<b>Law 6/2023 on urgent measures to improve the purchasing power of citizens and on housing rental.</b>
<b>REG</b>	19 January	<b>Law 5/2023 on measures for the reform of direct taxation and the amendment of other tax and customs regulations.</b>



<b>DA</b>	1 December	Approval of Law 42/2022 on the digital economy, entrepreneurship and innovation.
<b>REG</b>	1 December	Approval of Law 41/2022 on protection, market stimulation and governance measures in the field of housing.
<b>SUST</b>	24 November	Approval of Law 37/2022, of 24 November, on measures to respond to situations of energy crisis.
<b>RESL</b>	24 November	<b>Approval of Law 36/2022 on the creation of international reserves and access by the financial system to emergency liquidity assistance.</b>
<b>MA</b>	24 November	Approval of Law 35/2022 amending Law 8/2013, of 9 May, on the organisational requirements and operational conditions of entities operating in the financial system, investor protection, market abuse and financial guarantee agreements (EMIR, SFTR and benchmark indices).
<b>AML</b>	21 September	Decree 377/2022 approving the Regulation on the declaration of cross-border cash transport.
<b>RESL</b>	22 July	<b>The ECB and the AFA sealed a repo agreement to provide liquidity in euros should this be required by the market.</b>

\* The government of the Principality of Andorra signed 4 double taxation agreements that have yet to be ratified and come into force: Croatia (13/07/22), Iceland (01/12/22), Czech Republic and Monaco (31/01/23).

<b>MA</b>	20 July	Decree 303/2022 approving the Regulation implementing Law 7/2021 of 29 April on the recovery and resolution of credit institutions and investment firms.
<b>RTG</b>	15 July	<b>Standard &amp; Poor's upgrades Andorra's rating to BBB+/A-2 with a stable outlook.</b>
<b>MA</b>	14 July	Approval of Law 26/2022 amending Law 17/2013, of 10 October, on the introduction of the euro within the framework of the Monetary Agreement signed between the Principality of Andorra and the European Union (NPE, NSFR, leverage ratio).
<b>RTG</b>	8 July	<b>Fitch issues an A- rating with a stable outlook, the best score since the agency began rating the Principality back in 2015.</b>
<b>SUST</b>	30 June	Approval of Law 25/2022 on the circular economy (LEC).
<b>DA</b>	30 June	Approval of Law 24/2022 on the digital representation of assets through the use of cryptography and distributed open registry technology and blockchain.
<b>IMF</b>	20 June	<b>The Executive Board of the IMF concludes the 2022 Article IV consultation with the Principality of Andorra.</b>
<b>CST</b>	9 June	Approval of Law 22/2022 on measures for the security of networks and information systems.
<b>MA</b>	8 June	Decree 249/2022 approving the Regulation on the organisation and operation of the Management Committee of the Andorran Deposit Guarantee Fund.
<b>MA</b>	8 June	Decree 248/2022 approving the Regulation on the organisation and operation of the Management Committee of the Andorran Investment Guarantee System.
<b>TR</b>	25 May	Decree 214/2022 amending the Regulation governing registration and access to information relating to beneficial owners in the registers of legal entities, approved by Decree of 5 September 2018.
<b>REG</b>	27 April	Decree 171/2022 on the approval of the Regulation for the creation and management of the international reserves of the Principality of Andorra.
<b>IMF</b>	7 April	<b>The IMF publishes the statement of the "Article IV mission" technical staff for 2022.</b>
<b>REG</b>	3 March	Approval of Law 5/2022 on the implementation of international sanctions in the context of the war in Ukraine.
<b>AML/CFT</b>	2 March	Approval of the Regulation implementing the new PBC/FT Law.
<b>DI</b>	16 February	Approval of the issue of public debt "Sustainable notes of the Principality of Andorra on the international markets", for an amount of €500m.

<b>RTG</b>	4 February	<b>Moody's rates the Principality of Andorra for the first time, issuing a Baa2 rating and a stable outlook.</b>
<b>Digitisation</b>	2 February	Completion of the €8m loan from the Council of Europe's Development Bank to finance digitisation.
<b>RTG</b>	14 January	<b>Fitch Ratings reaffirms the Principality's BBB+ rating and revises Andorra's outlook from stable to positive.</b>
<b>RTG</b>	14 January	<b>Standard &amp; Poor's revises Andorra's outlook from stable to positive and reaffirms its BBB/A-2 rating.</b>
<b>BEPS</b>	1 January	The Multilateral Agreement on the application of measures relating to tax treaties to prevent base erosion and profit shifting ( <b>MLI</b> ) enters into force.



<b>REG COVID-19</b>	22 December	Approval of Decree 424/2021 that increases up to 100% the rental and mortgage payment subsidies for nightlife venues.
<b>AML/CFT</b>	16 December	Approval of the amendment to Law 14/2017, of 22 June, on preventing and combating money laundering and the financing of terrorism ( <b>implementation of the 5th Directive</b> ).
<b>IFRS-EU</b>	15 December	Approval of the Decree approving certain international financial reporting standards adopted in the European Union (IFRS-EU), which amends the Decree of 22 December 2016.
<b>AML/CFT</b>	15 November	Start of the 3rd Course on the Prevention of Money Laundering and Financing of Terrorism.
<b>MA</b>	3 November	Approval of the Regulation on the adoption of complementary EU technical standards applicable to the solvency, liquidation and prudential supervision of credit institutions and investment firms.
<b>REG</b>	28 October	<b>Approval of Law 29/2021 on the protection of personal data (GDPR).</b>
<b>REG</b>	14 October	<b>Approval of Law 24/2021 on interchange taxes applied to card payment transactions.</b>
<b>DI</b>	6 October	<b>New international debt issue of €175m with a 20-year maturity for the first time.</b>
<b>REG COVID-19</b>	29 September	<b>Decree 323/2021 regulating the return or conversion into loans of outstanding debt corresponding to the first and second extraordinary programme of guarantees for companies and businesses due to the health emergency caused by the SAR-CoV-2 coronavirus.</b>

<b>SUST</b>	22 September	Decree 303/2021 approving the Regulation of the national market for the compensation of greenhouse gas emissions.
<b>MA</b>	10 September	Publication in the BOPA of the amendment to the schedule to the Monetary Agreement between the Principality of Andorra and the European Union.
<b>REG COVID-19</b>	1 September	The Government extends the programme of rental and mortgage payment subsidies for nightlife and travel agencies.
<b>RTG</b>	23 July	Fitch Ratings reaffirms Andorra's BBB+ rating with a stable outlook.
<b>RTG</b>	20 July	Standard & Poor's reaffirms Andorra's BBB/A-2 rating.
<b>IMF</b>	14 June	<b>The IMF publishes the report of final conclusions on Andorra under Article IV of the IMF Articles of Agreement.</b>
<b>IMF</b>	7 May	<b>Publication of Andorra's first balance of payments.</b>
<b>PS</b>	4 May	The SEPA Direct Debit scheme comes into force ( <b>SEPA DIRECT DEBIT</b> ).
<b>MA</b>	29 April	<b>Approval of Law 7/2021 on the recovery and resolution of credit institutions and investment firms (BRRD1).</b>
<b>DI</b>	28 April	<b>First international issue of green, social and sustainable Andorran bonds worth €500m.</b>
<b>IMF</b>	9 April	The IMF publishes its preliminary conclusions on the official visit within the framework of Article IV of the IMF Articles of Agreement and issues a positive assessment of the handling of the pandemic and the prospects for economic recovery in Andorra.
<b>REG COVID-19</b>	31 March	Approval of Decree 102/2021 amending the CRR Regulation. Among other things, it transposes various adaptations associated with the COVID-19 pandemic in the financial sphere.
<b>REG COVID-19</b>	31 March	Decree 101/2021 on the approval of an extraordinary scheme of rental and mortgage payment subsidies for businesses engaged in the rental and sale of ski equipment.
<b>REG COVID-19</b>	18 March	Approval of Law 3/2021 amending Law 16/2020, of 4 December, on new exceptional and urgent measures for the health emergency situation caused by the SARS-CoV-2 pandemic, which extends the reduction in the rental of premises until 30 April 2021.
<b>IFRS-EU</b>	24 February	Decree 60/2021 approving new EU-IFRS and amending the Decree of 22 December 2016.
<b>REG COVID-19</b>	29 January	Approval of Decree 54/2021 amending the Decree of 20 May 2020 approving a second extraordinary scheme of guarantees for companies and businesses that includes fuel costs for transport and the substitution of the payment of the employer's share of temporary collective lay-off plans (ERTOs) and reductions in working hours for staff costs. This includes the scope of and repeals Decree 25/2021 (leasing operations).



<b>RTG</b>	29 January	Fitch Ratings reaffirms Andorra's BBB+ rating and stable outlook despite the situation caused by the pandemic.
<b>REG COVID-19</b>	28 January	Approval of Law 1/2021 amending Law 16/2020, of 4 December, on new exceptional and urgent measures for the health emergency situation caused by the SARS-CoV-2 pandemic.
<b>REG COVID-19</b>	27 January	Decree 25/2021 amending the Decree of 20 May 2020 approving a second extraordinary scheme of guarantees for companies and businesses to include leasing operations (financial leases).
<b>RTG</b>	15 January	<b>Standard &amp; Poor's affirms Andorra's rating at BBB; outlook stable.</b>



<b>COVID-19</b>	14 December	<b>Banks extend the deadline for applying for sector-specific grace periods until 31 March 2021.</b>
<b>REG COVID-19</b>	4 December	Approval of Law 16/2020 on new exceptional and urgent measures for the health emergency situation caused by the SARS-CoV-2 pandemic.
<b>REG COVID-19</b>	2 December	Decree approving an extraordinary scheme of subsidies for rent and mortgage payments for game rooms in the context of the health emergency caused by the SARS-CoV-2 coronavirus.
<b>REG COVID-19</b>	18 November	Approval of the Decree amending the Decree of 20 May 2020 approving a second extraordinary programme of collateral for companies and businesses due to the health emergency caused by the SARS-CoV-2 coronavirus, including expenses for rent and water, power, telecoms and heating.
<b>REG COVID-19</b>	21 October	Decree approving an extraordinary scheme of subsidies for rent and mortgage payments for commercial premises in the context of the health emergency caused by the SARS-CoV-2 coronavirus.
<b>IMF</b>	16 October	<b>Andorra becomes the 190th member of the International Monetary Fund.</b>
<b>IMF</b>	5 October	Approval of Law 10/2020 on the accession of the Principality of Andorra to the International Monetary Fund.
<b>RTG</b>	31 July	Standard & Poor's affirms Andorra's rating at BBB; outlook stable.
<b>DI</b>	29 July	<b>Decree approving a long-term public debt issue by the Principality of Andorra for an amount of €20m in the form of bonds.</b>
<b>IFRS-EU</b>	29 July	Decree approving new IFRS-EU and amending Decree of 22 December 2016.
<b>RTG</b>	17 July	Fitch Ratings maintains Andorra's BBB+ rating and stable outlook.

<b>COVID-19</b>	11 June	<b>Approval of the sectoral agreement to defer the payment of loans and credits for individuals economically affected by SARS-CoV-2 (sector-specific grace periods).</b>
<b>N/A</b>	27 May	Andorra becomes the 47th member of the Development Bank of the Council of Europe.
<b>RTG</b>	24 April	Standard & Poor's confirms the country's BBB/A-2 rating and revises the outlook to stable due to the impact of SARS-CoV-2.
<b>REG COVID-19</b>	18 April	<b>Approval of Law 5/2020 on new exceptional and urgent measures in the light of the health emergency caused by the SARS-CoV-2 pandemic which repeals Law 3/2020.</b>
<b>REG COVID-19</b>	24 March and 20 May	<b>Approval of two decrees relating to an extraordinary programme of collateral for companies and businesses due to the health emergency caused by the SARS-CoV-2 pandemic.</b>
<b>REG COVID-19</b>	23 March	<b>Approval of Law 4/2020 on states of alarm and emergency.</b>
<b>REG COVID-19</b>	23 March	Approval of Law 3/2020 on exceptional and urgent measures for the health emergency situation caused by the SARS-CoV-2 pandemic.
<b>RTG</b>	31 January	Fitch Ratings maintains the BBB+ rating and stable outlook.
<b>RTG</b>	17 January	Standard & Poor's confirms Andorra's BBB/A-2 rating and positive outlook.



<b>AML/CFT</b>	5 December	Moneyval adopts the second follow-up report of the 5th round of mutual evaluations of the Principality of Andorra.
<b>AML/CFT</b>	28 November	Approval of Law 21/2019 amending Law 14/2017, of 22 June, on the prevention and fight against money laundering and the financing of terrorism.
<b>TR</b>	12 November	Second round of phase 2 of the Global Forum assessment: the OECD recognises improvements in transparency and exchange of tax information and raises the country's score to "largely compliant".
<b>MA</b>	23 September	Approval of the amendment of the Annex to the Monetary Agreement.
<b>RTG</b>	2 August	Fitch Ratings maintains Andorra's BBB+ rating and stable outlook.
<b>RTG</b>	19 July	Standard & Poor's revises the outlook on Andorra from stable to positive and reaffirms its BBB/A-2 rating.
<b>REG</b>	14 May	Approval of the Corporate Tax Regulation, which repeals the previous one from 2015.

<b>REG</b>	8 May	Regulation implementing Law 12/2017, of 22 June, on the regulation and supervision of insurance and reinsurance of the Principality of Andorra in relation to the simplified supervision regime for delegations to the Principality of Andorra.
<b>MA</b>	3 April	Approval of the Regulation on the adoption of EU technical standards applicable to the solvency, liquidation and prudential supervision of credit institutions and investment firms (CRR).
<b>MA</b>	3 April	<b>Approval of the Regulation on the organisational requirements and operational conditions of entities operating in the financial system, investor protection, market abuse and financial guarantee agreements.</b>
<b>MA</b>	27 March	Approval of the decree introducing the international financial reporting standards in force in the EU in accordance with the EU-IFRS accounting framework adapted to Andorra.
<b>PS</b>	5 March	Andorran credit institutions become part of SEPA.
<b>PS</b>	1 March	Andorra joins the Single European Payments Area - SEPA.
<b>MA</b>	15 February	<b>Approval of Law 17/2019 amending Law 8/2013 on the organisational requirements and operational conditions of entities operating in the financial system, investor protection, market abuse and financial guarantee agreements (MiFID).</b>
<b>AML/CFT</b>	11 February	Moneyval publishes the first follow-up report of the 5th round of mutual evaluations of the Principality of Andorra.
<b>PS</b>	11 February	The European Payment Council updates the list of countries adhering to the SEPA schemes in which the Principality of Andorra is included.
<b>RTG</b>	9 February	Fitch Ratings reaffirms Andorra's BBB+ rating and stable outlook.
<b>REG</b>	1 February	Law 31/2018 on labour relations comes into force.
<b>TR</b>	23 January	Approval of the decree relating to the technical note on the audit procedure for external auditors on CRS.
<b>RTG</b>	19 January	Standard & Poor's confirms Andorra's BBB/A-2 rating and maintains its stable outlook.
<b>REG</b>	1 January	Both Law 32/2018 on trade union and employers' action and Law 33/2018 on industrial action come into force.



<b>MA</b>	20 December	<b>Approval of Law 35/2018 on the solvency, liquidity and prudential supervision of credit institutions and investment firms (CRD IV) and of Law 36/2018 on financial conglomerates.</b>
<b>MA</b>	12 December	Decree approving certain EU-IFRSs amending the EU-IFRS Decree of 18 December 2016.

AML/CFT	6 December	Moneyval adopts the 1st follow-up report of the 5th round of mutual evaluations of the Principality of Andorra.
TR	4 December	<b>The EU considers Andorra a fully cooperative country in tax matters and excludes it from the grey list.</b>
PS	21 November	Approval of the Regulation relating to the legal regime of payment services and electronic money and of payment institutions and electronic money institutions (PSD2 Regulation repealing PSD1 Regulation).
TR	15 November	<b>The OECD approves the changes made by Andorra and acknowledges that it does not have potentially harmful tax regimes (BEPS Action 5 Project).</b>
PS	25 October	<b>Approval of Law 27/2018 amending Law 8/2018 on payment services and electronic money (PSD2).</b>
TR	19 October	Signing of the OECD multilateral agreement that allows the exchange of information on a country-by-country basis with all the competent authorities that are signatories to the agreement.
TR	18 October	Signing of the OECD multilateral agreement within the framework of the BEPS project.
TR	3 October	Approval of the amendment to the Regulation implementing the AEOI Law.
AML/CFT	21 September	Second course on the prevention of money laundering and financing of terrorism organised by Andorran Banking together with the University of Andorra and UIFAND.
MA	13 September	<b>Approval of Law 20/2018 regulating the Andorran Deposit Guarantee Fund and the Andorran Investment Guarantee System, which comes into force on 4 October.</b>
TR	11 September	Visit of the Director of the Centre for Tax Policy and Administration of the OECD, Pascal Saint-Amans, to learn about the economic and fiscal transformations carried out by Andorra. Conference: "Tax cooperation in the post-BEPS and automatic exchange environment".
AML/CFT	5 September	<b>Approval of the Regulation governing registration and access to information on beneficial owners in the registers of legal entities.</b>
RTG	11 August	Fitch rating publication: BBB+.
TR	26 July	Approval of Law 19/2018 amending the Law that increases the number of jurisdictions with which Andorra will exchange information from 2020 (to a total of 95 jurisdictions).
RTG	20 July	Standard & Poor's rating publication: BBB.
TR	3 July	Lunch-colloquium in Madrid "The Andorran financial sector in Europe" organised by Andorran Banking and the Government of Andorra.

<b>MA</b>	20 June	Approval of the Regulation implementing Law 8/2018 on payment services and electronic money and of the Regulation on the standards applicable to payment service providers to facilitate the automation of cross-border payments between the Principality of Andorra and the Member States of the European Union (PSD1 regulation and SEPA regulation).
<b>MA</b>	18 June	Approval of the amendment of the Annex to the Monetary Agreement.
<b>REG</b>	31 May	Approval of Law 12/2018 amending Law 10/2013 on INAF. This amendment transforms INAF into the AFA (Andorran Financial Authority) and gives it effective supervisory powers in both insurance and reinsurance matters.
<b>AML/CFT</b>	23 May	Approval of Regulation implementing Law 37/2021, of 22 June, on the prevention and fight against money laundering and the financing of terrorism.
<b>PS</b>	17 May	Approval of Law 8/2018 on payment services and electronic money (PSD1).
<b>REG</b>	19 April	Approval of Law 6/2018 amending Law 95/2010 on Corporation Tax.
<b>RTG</b>	17 February	Fitch rating publication: BBB.
<b>RTG</b>	19 January	Standard & Poor's rating publication: BBB.



<b>TR</b>	5 December	<b>Andorra passes the EU test and is not included on the list of non-cooperative countries.</b>
<b>TR</b>	30 November	Andorra approves two amendments to the AEOI Law 19/2016 expanding the number of jurisdictions with which Andorra will exchange information from 2018 (41) and 2019 (73).
<b>TR</b>	26 - 27 October	First edition of the Andorran Financial Summit.
<b>AML/CFT</b>	28 September	<b>Moneyval adopts the report of the 5th round of mutual evaluation of the Principality of Andorra.</b>
<b>RTG</b>	18 August	Fitch rating publication: BBB.
<b>TR</b>	2 August	Approval of the Regulation implementing Law 19/2016 on automatic exchange of information in tax matters.
<b>RTG</b>	28 July	Standard & Poor's rating publication: BBB.
<b>AML/CFT</b>	13 July	<b>Approval of the categorisation of tax offences.</b>

TR	28 June	<b>The OECD rewards Andorra's efforts and includes it on the list of the most transparent countries published by the Global Forum on Transparency and Exchange of Tax Information.</b>
AML/CFT	22 June	Approval of Law 14/2017 on the prevention and combating of money laundering and the financing of terrorism.
REG	22 June	Approval of Law 12/2017 on the regulation and supervision of insurance and reinsurance.
MA	19 June	Approval of the amendment of the Annex to the Monetary Agreement.
TR	7 June	Andorra signs the OECD Multilateral Convention on the application of the measures of the International Tax System (BEPS).
TR	25 May	Approval of Law 10/2017 on the exchange of information upon request and spontaneous exchange of information on tax matters that amends Law 3/2009.
AML/CFT	6 - 17 March	Moneyval on-site visit as part of the 5th evaluation.
RTG	24 February	Fitch rating publication: BBB.
AML/CFT	10 February	First course on the prevention of money laundering and financing of terrorism, organised by Andorran Banking together with the University of Andorra.
RTG	27 January	Standard & Poor's rating publication: BBB-.
TR	13 January	<b>The Andorran Banking General Assembly updates its Code of Ethics.</b>
TR	1 January	The AEOI agreement signed with the EU comes into force.
TR	1 January	<b>Law 19/2016 on AEOI comes into force.</b>
MA	1 January	<b>The Decree of 18 December 2016 approving the new accounting framework (EU-IFRS) comes into force.</b>



TR	30 November	Approval of Law 19/2016 on automatic exchange of information in tax matters (AEOI).
RTG	3 September	Fitch rating publication: BBB.
TR	28 - 29 July	Ratification of the Multilateral Agreement.
RTG	29 July	Standard & Poor's rating publication: BBB-.

<b>MA</b>	23 May	Approval of the amendment of the Annex to the Monetary Agreement.
<b>N/A</b>	11 May	Vall Banc starts its operations.
<b>RTG</b>	11 March	Fitch rating publication: BBB.
<b>TR</b>	26 February	Entry into force of the DTA between the Principality of Andorra and Spain.
<b>RTG</b>	12 February	Standard & Poor's rating publication: BBB-.
<b>TR</b>	12 February	Andorra signs the AEOI agreement with the EU.



<b>TR</b>	3 December	Andorra signs the MCAA with the OECD.
<b>TR</b>	4 November	Andorra signs the AEOI agreement with the EU.
<b>AML/CFT</b>	14 September	Andorra passes the 4th Moneyval evaluation and moves on to the 5th evaluation.
<b>TR</b>	1 July	Entry into force of the DTA between the Principality of Andorra and France.
<b>MA</b>	2 April	<b>Approval of Law 8/2015 on urgent measures to implement mechanisms for the restructuring and resolution of banking institutions.</b>
<b>AML/CFT</b>		Preparations for the 5th Moneyval evaluation begin, which will take place throughout 2016.



<b>TR</b>	16 June	Adoption of the OECD declaration on information exchange.
<b>TR</b>	June	Peer Reviews Phase 1 + 2 (Global Forum).
<b>TR</b>	24 April	Approval of Law 5/2014 on Personal Income Tax (IRPF).
<b>AA</b>	April	<b>Beginning of negotiations for an Association Agreement between the EU and the Principality of Andorra.</b>
<b>MA</b>	19 March	Approval of the amendment of the Annex to the Monetary Agreement.



<b>TR</b>	5 November	Signing of the Multilateral Agreement on Mutual Administrative Assistance in Tax Matters of the OECD.
<b>TR</b>	11 October	Negotiation mandate for the revision of the Agreement on taxation of income from savings.
<b>MA</b>	10 October	Approval of Law 17/2013 on the introduction of the euro in the framework of the Monetary Agreement signed between the Principality of Andorra and the European Union.
<b>TR</b>	October	2nd phase of the Peer Review (Global Forum).
<b>N/A</b>	17 September	INAF is accepted as a full member of IOSCO.
<b>TR</b>	1 January	Law 11/2012 on the General Indirect Tax (IGI) comes into force.



<b>REG</b>	21 June	<b>Law 10/2012 on Foreign Investment is approved to fully liberalise foreign investment.</b>
<b>AML/CFT</b>	March	Start of the 4th Moneyval evaluation.



<b>TR</b>	August	1st phase of the Peer Review (Global Forum).
<b>MA</b>	30 June	<b>Andorra signs the Monetary Agreement with the European Union to convert the euro into the official currency of the Principality of Andorra.</b>
<b>N/A</b>	4 April	Memorandum of Understanding signed between INAF and the Bank of Spain setting out a collaboration protocol between the two authorities.



<b>TR</b>	29 December	Approval of a tax on companies (IS), on the income from economic activities (IAE) and on the income of non-resident taxpayers (IRNR).
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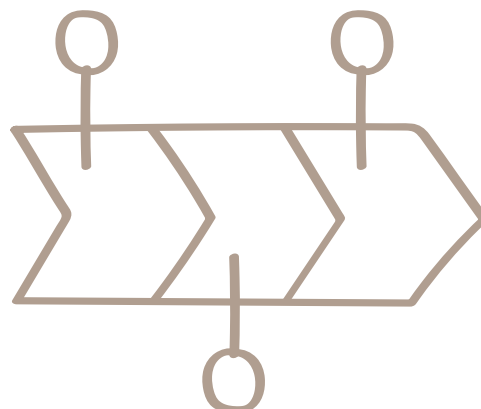
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<b>TR</b>	7 September	Approval of Law 3/2009 on the exchange of information on tax matters upon request.
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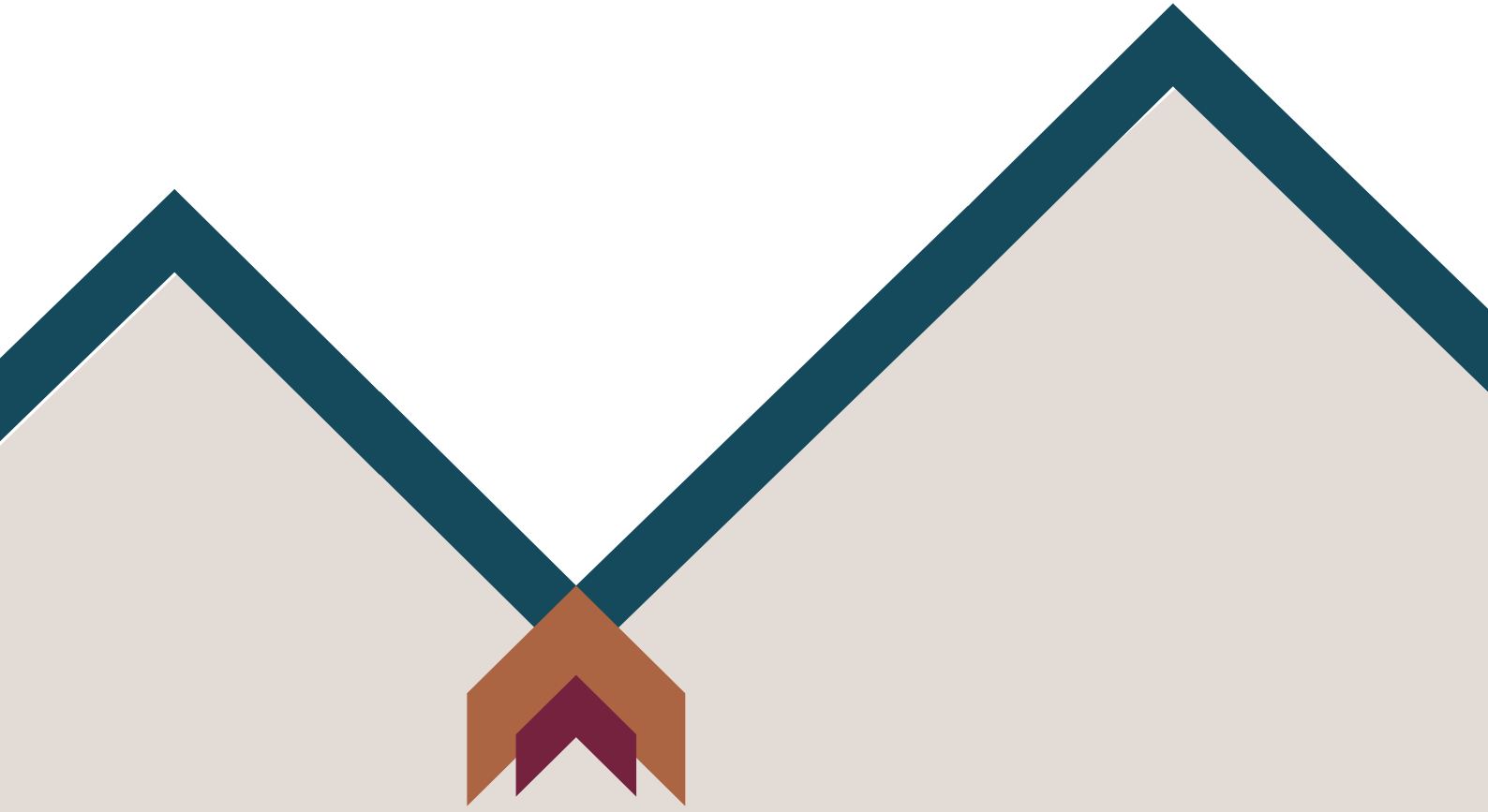
<b>TR</b>	10 March	Andorra signs the Paris Declaration, which sets out a calendar of legislative reforms to facilitate compliance with the requirements of the OECD in terms of transparency.
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**Andorran Banking**  
Associació de Bancs Andorrans

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