

# ANNUAL REPORT 2024



**Andorran Banking**  
Excellence and trust



**Andorran Banking**

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The background features several thin, dark grey lines forming large, abstract geometric shapes. A prominent line runs diagonally from the top left towards the center. Another line runs diagonally from the bottom left towards the top right. A horizontal line is positioned below the first diagonal line, and another horizontal line is below the second diagonal line. These lines intersect to create a series of nested, angular shapes that frame the text.

# **ANNUAL REPORT** 2024



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**Focus on 2024**

6

**1.**

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**Foreword by the  
Chairman of  
Andorran Banking**

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Note: The legislation in this publication is updated through 30 April 2025.



# Focus on 2024

## KEY FIGURES FOR ANDORRAN BANKING GROUPS



**3**  
banking groups



**32**  
bank offices  
in the Principality of Andorra



**65**  
ATMs



**13%**  
**TOTAL ASSETS**  
21,000 million euros



**17%**  
**CUSTOMER DEPOSITS**  
16,000 million euros



**15%**  
The use of **cash**  
has fallen to 15%  
of all transactions



**4% OF PROFITS**  
donated to non-profit  
social, cultural, and sports  
organisations, among others.



Financing and stimulating the  
economy and its strategic sectors:  
**CREDIT INVESTMENT**  
represents  
**170% of GDP**



**DRIVERS OF  
DIGITAL  
TRANSFORMATION**  
**6%**  
of profits



**GROSS CREDIT  
INVESTMENT RATIO**  
for customer deposits  
remains around  
**50%**



**THE FINANCIAL SECTOR'S  
VALUE ADDED IS**  
**13%**  
The value added per  
person is 3 times  
the overall value added





**3**

Collective  
Investment Schemes  
Management  
Companies (CIS)



**4**

Insurance  
companies



Established on  
**4**  
continents

✓ **SOLVENT**

**16.79%** CET 1

✓ **PROFITABLE**

**11.11%** ROE

✓ **LOW NON-PERFORMING RATIO**

**1.80%** NPL



**7%**

**PROFITS**

175 million euros



**23%**

**ASSETS UNDER MANAGEMENT**

91,000 million euros

## CONTRIBUTION OF THE BANKING SECTOR TO THE ANDORRAN ECONOMY

### INJECTION INTO THE ECONOMY



**473**

million euros  
to companies



**85**

million euros  
to individuals



**487**

million euros  
for mortgages

### JOB CREATION



**1.202**

PEOPLE WORKED  
IN ANDORRA

This is **70%** of  
employees in the  
financial sector

### TAXES PAID



**26**

million euros

### A NET CONTRIBUTOR TO THE COUNTRY'S EXTERNAL POSITION



Balance of payments  
surplus of **14.1% of GDP**.  
The sector contributes  
**24%** of this surplus.



The personalisation of services and proximity to the client have been key factors in the 23% increase in assets under management.

2024 was a positive year for Andorra in general terms. The Principality's economy grew by 3.4% in 2024, after 2.6% growth in 2023. This was largely due to the recovery of tourism after the pandemic, which allowed Andorra to draw international visitors back to its ski resorts, countryside, and its leisure and gastronomic offering. The construction sector also gained a significant boost from infrastructure and urban development projects that created employment and energised the economy.

Financial services were also one of the main drivers of GDP growth in 2024 and this report summarises the main data. In its latest analysis of Andorra, the IMF highlighted the major role of the Andorran financial system, which is the fourth-largest sector in the country's economy. In that document, the international organisation praised the diversification of the business model and the balance between the supply of commercial banking and private banking services. It also highlighted the sector's resistance to adverse scenarios.

The Andorran banking sector ended last year with an aggregate profit of €175m, 7% higher than the previous year. This growth was driven mainly by the increase in income due to interest rates and a robust capacity to adapt the business model to new market conditions and the needs of an increasingly-demanding client base.

There is no doubt that more and more clients are demanding a whole range of services from their bank, which we, as banks, must provide. Young and not so young people increasingly value their institution giving them the option of digitally accessing banking services, enabling them to manage their accounts and investments online. The country's banking institutions have made, and are continuing to make, a great effort to keep up with banking in other European countries in terms of digitalisation, strengthening new channels and platforms that allow online transactions, while devoting time and resources to constantly improving cybersecurity. That does not mean there has to be a complete shift from physical to virtual, because in banking personal service and closeness are fundamental, especially in a country such as ours, where personal relationships add so much value.

This closeness and the effort put into personalising services and expanding the offering has resulted in a 23% increase in the total volume of client resources managed by Andorran banking institutions compared with the previous year, reaching €91,090bn. In a context of lower interest rates from the second half of the year, banks' returns (ROE) reached 11.11%, and the ROA was 0.88%, in line with the European average. This positions the Andorran market as an efficient and competitive financial centre.

The principality's banking sector is continuing to maintain a capital and liquidity buffer higher than

# 1 Foreword by the Chairman of Andorran Banking



required, which demonstrates the institutions' responsible management and prudence. The CET1 solvency ratio was 17% (above the European average of 16%) and the liquidity coverage ratio (LCR) was 278%, much higher than the regulatory minimum of 100% and the European average of 163%. One particular piece of data that shows the ability of Andorran institutions to maintain structurally solid financing over time, the net stable funding ratio (NSFR), was 169% at the end of 2024. The average for European banks was 127%.

Moreover, the positive development of the Andorran economy and the effectiveness of the policies implemented by banking institutions to manage and monitor credit risk caused the default ratio to fall to a historic low of 1.8%. In 2024, Andorran banks demonstrated a firm commitment to the country's economic development, providing support to both businesses and families. In particular, they channelled as much as €1,047bn in new financing, equivalent to around 30% of Andorra's Gross Domestic Product (GDP).

Total credit investment in the country reached €5bn, an increase of 6% over the previous year. This significant rise reflected confidence in the Andorran economy and banking institutions' ability to provide essential resources for development.

For example, in 2024, 769 new mortgages were granted for a total of €412m, and loans worth €635mn were made to companies and individuals. At the same time, the volume of card payments increased to €1,798bn (+7%), equivalent to 48% of GDP.

We have great challenges ahead, but remain focussed amid global uncertainty. The beacon that we must follow and that should set our course must always be to offer the best service to our clients, whether individuals or companies, and so continue to support our country's progress.

April 2025



**Carlos Aso Miranda**  
Chairman of Andorran Banking



# 2 | Andorran Banking

We work to strengthen the sector's competitiveness, promote innovation and contribute to the country's economic and social progress.



# Governing bodies



**Chairman**

**Carlos Aso**  
Andbank



**Vice-Chairman**

**Lluís Alsina**  
MoraBanc



**Member**

**Xavier Cornella**  
Creand



**Secretary and General Manager**

**Esther Puigcercós**



# Our commitment

## OUR PURPOSE

Our purpose with Andorran banks is to promote the development and competitiveness of the banking sector as a driver of economic and social growth in Andorra.

### How do we implement it?

#### WORKING COMMISSIONS:



#### MEMBERSHIP:



#### WORKING GROUPS:

	Europe
	Training
	Digitalisation
	National Housing Commission
	National Cybersecurity Agency

## OUR MISSION



- **Represent the interests** of Andorran banks.



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



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



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



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



- **Enforcing the ethical rules** inherent in the profession and specific to the Andorran Banking Association.



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



- **Supporting the implementation of SDGs** (Sustainable Development Goals) across Andorran banking institutions.

## VALUES

1



Professionalism and quality

2



Internationalisation and added value services

3



Digital transformation

4



Integrity

5



Responsibility and solidarity



## OUR PRIORITY

### CUSTOMERS



- A personalised approach
- Digitalisation and omnichannel

### SOCIETY AND THE ECONOMY



- A growth engine
- Social responsibility

### COMPETITIVENESS



- Compliance and international standards
- Innovation and diversification
- Global positioning

### FUTURE



- Digital transformation
- Innovation and technological adaptation
- Talent development
- Sustainability and responsibility

The strategy is based on personalised customer service, a commitment to Andorra's economic and social development, the competitiveness of the financial marketplace, and an engagement with an innovative and sustainable future. These pillars interrelate and reinforce each other, enabling the sector to remain competitive and in a leading position in a dynamic and globalised environment.

6



Solvency

7

Optimal  
tax framework

8

Transparency  
and standardisation

9



Stability

10

Competitiveness  
and innovation



# 2024

## A year full of activities!



### Collaboration agreements

with Unicef, Càritas Andorrana and the Fundació Privada Tutelar.



# 30

meetings held with Government and banking supervisory bodies.



# 108

meetings of Andorran Banking Commissions.



# 65

meetings of the governing bodies of the Andorran Business Confederation, the Chamber of Commerce, Industry and Services of Andorra and the Fundació Privada Tutelar.



In 2024  
there were over

# 39,000

views  
of Andorran Banking's  
website.



Social media  
presence.



# 3

## I Andorra and its economy

Andorra stands out for its political stability, a dynamic economy, and a competitive tax environment.



# Learn more about Andorra

Source: Department of Statistics of the Andorran Government.



More than  
**700 years**  
of history and stability

The “Pariatges d’Andorra”, two joint sovereignty treaties signed in 1278 and 1288 by the Count of Foix and the Bishop of Urgell, are the origin of the current co-principality.



**Form of Government**

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

**28 councillors**

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

**2 co-princes**

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

**11 ministers**

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



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



**1/5** Ratio of active companies/inhabitants (business density).



**87,097 inhabitants**  
The population of Andorra has increased by **23% in 10 years**.

**53,413 employed people**  
The job market has grown by **32% in 10 years**.

**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).



Andorra is a mountainous country, with narrow valleys and many rivers. 39% of the land is forests.



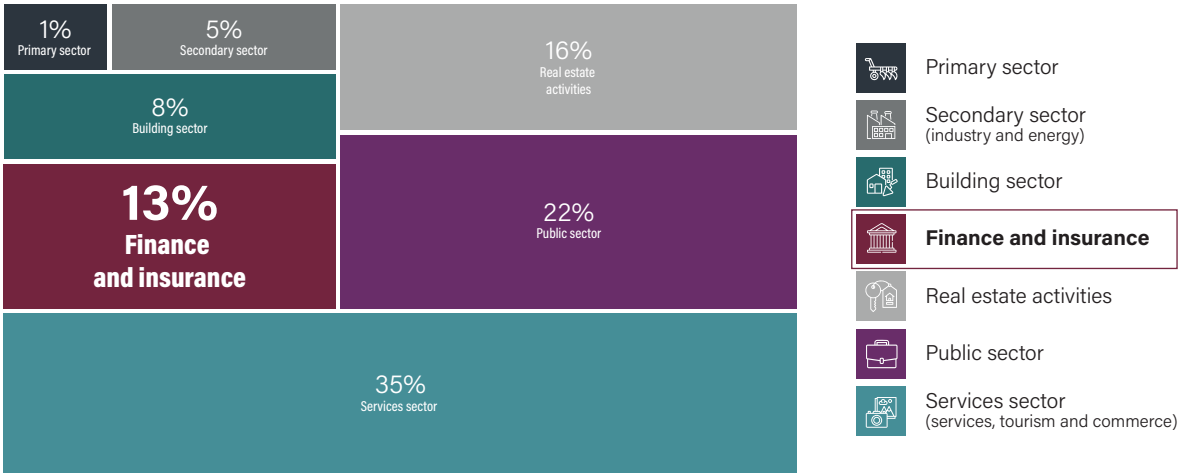
**7 parishes**  
Andorra is administratively divided into seven territorial circumscriptions: Canillo, Encamp, Ordino, La Massana, Andorra la Vella, Sant Julià de Lòria and Escaldes-Engordany.



**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

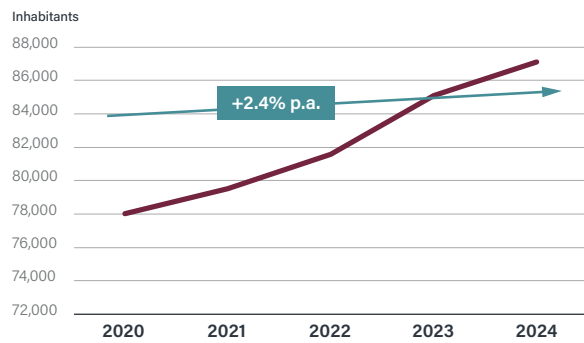
Estimated GDP- Weighting of the GVA by business sector  
Semi-final data 2023



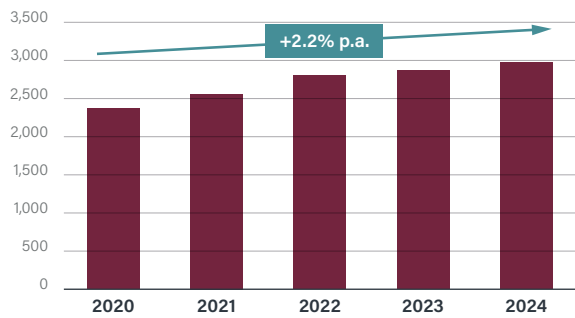


## Economic data

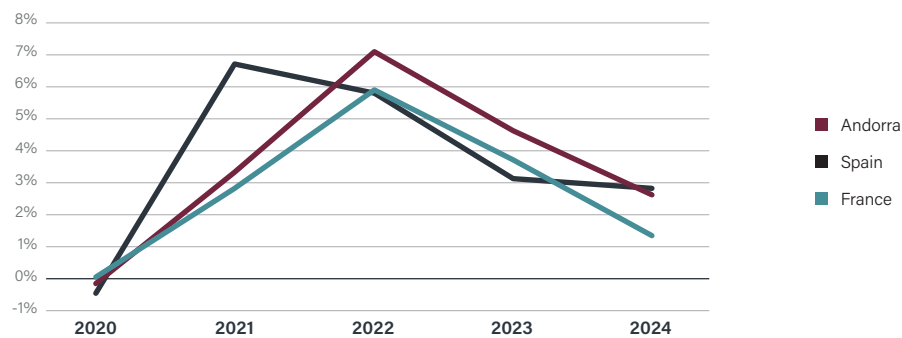
### Total population (p.a. = per annum)



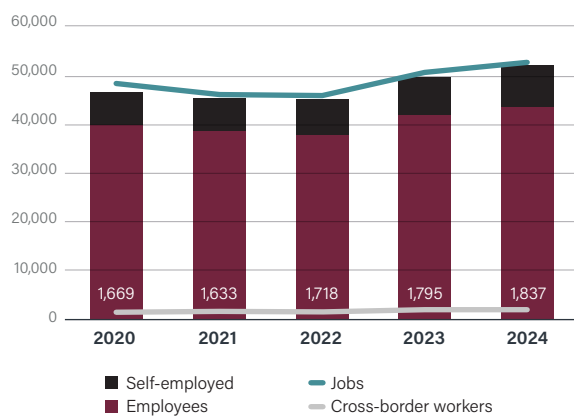
### Real GDP (Millions euros)



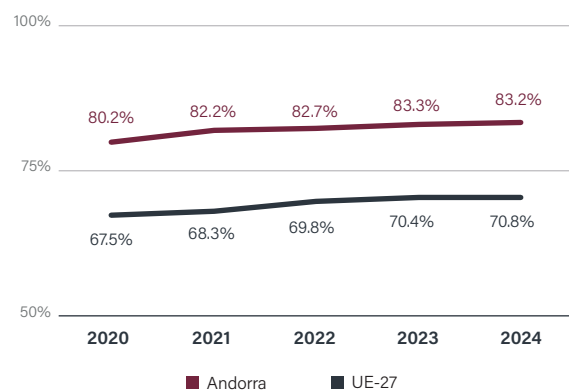
### Inflation (%)



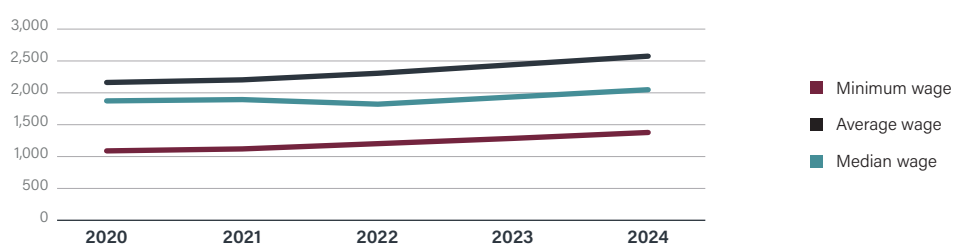
### Labour market



### Employment rate

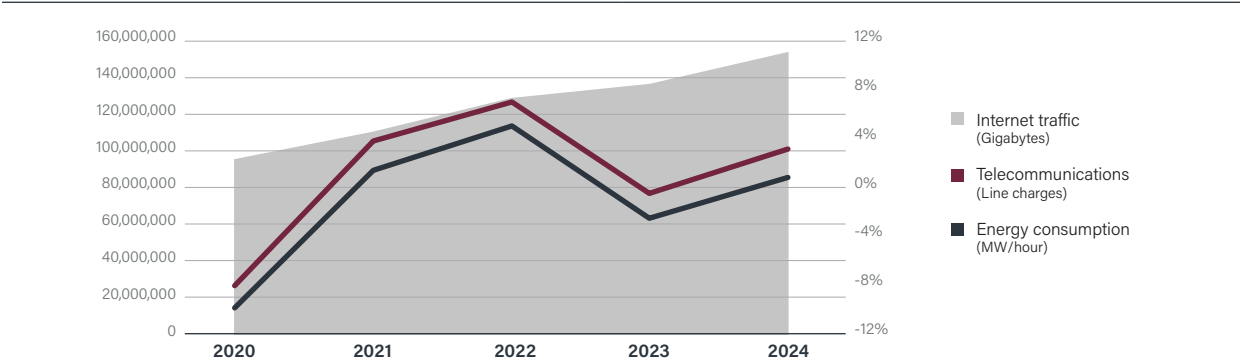


### Wages (Euros)

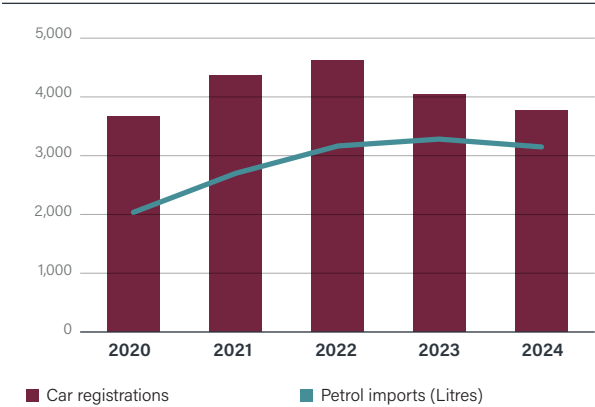




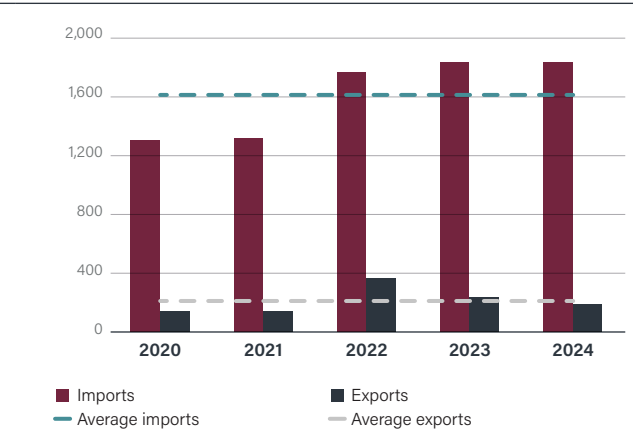
Energy and telecommunications



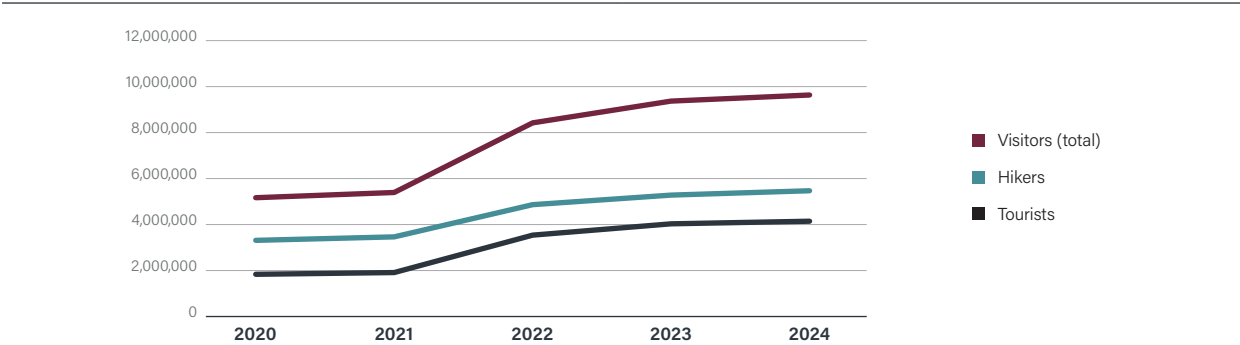
Transport



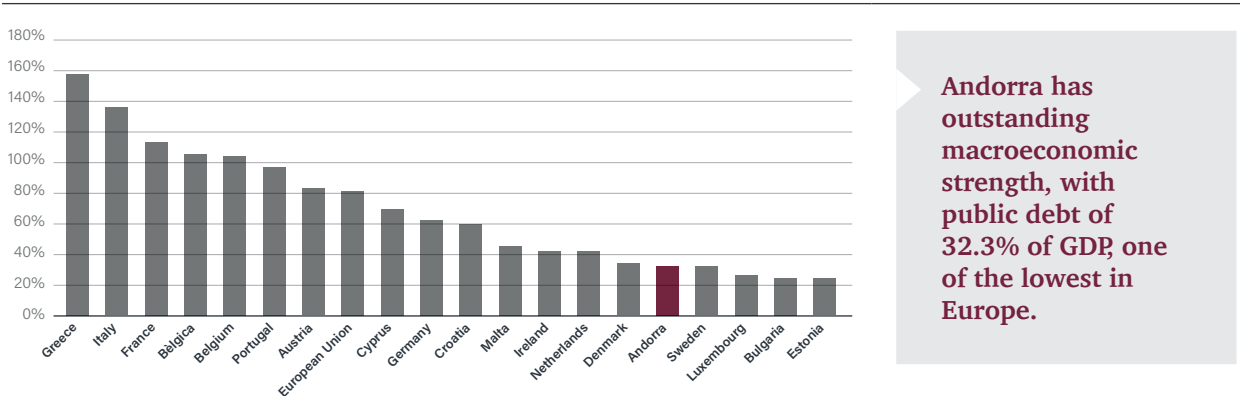
Trade (Million euros)



Tourism



Evolution of Andorra's public debt vs. other Eurozone countries (%/GDP)





## Country rating

### Standard & Poor's

as of 09/05/2025

Long-term	A-
Short-term	A - 2
Outlook	Stable



### Fitch Ratings

as of 04/04/2025

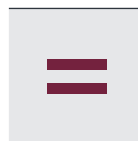
Long-term	A-
Short-term	F2
Outlook	Stable



### Moody's

as of 17/01/2025

Long-term	Baa1
Outlook	Stable



## Tax framework

Corporate Tax (IS)	General	10%
Personal Income Tax (IRPF)	General	10%
Non-resident Income Tax (IRNR)	General	10%
General Indirect Tax (IGI)	General	4.5%



## Process of transformation of the Principality of Andorra



	Prevention of money laundering and terrorist financing	Monetary agreement between the European Union and Andorra	Transparency and international agreements
2025			• Andorra has signed <b>24 TIEAs</b> and <b>21 DTAs*</b> .
2024	• Regulation on the <b>register of financial and similar accounts</b> .	• Law 17/2024 amending Act 35/2018 on the solvency, liquidity and prudential supervision of banking institutions and investment firms ( <b>CRD V and CRR II</b> ). • Law 7/2024 on the organisation and operation of financial system operating institutions and market abuse ( <b>MiFID II</b> ).	
2023			• 2nd round of assessment of the automatic exchange of information on tax matters by the <i>Global Forum</i> .
2022	• Implementing regulations of Law 14/2017. • Transposition of the <b>5th Directive</b> .		
2021	• 3rd follow-up report to the 5th round of assessments – Moneyval.	• Law on Banking Recovery and Resolution ( <b>BRRD1</b> ).	
2020	• <i>National Risk Assessment (NRA)</i> .		
2019	• 2nd follow-up report to the 5th round of assessments – Moneyval. • Law 21/2019 on the prevention and fight against money laundering and the financing of terrorism. • 1st follow-up report to the 5th round of assessments – Moneyval.	• Regulation <b>CRR</b> . • Law 17/2019 amending Law 8/2013 on organisational requirements and operating conditions for institutions operating in the financial sector, investor protection, market abuse and financial collateral agreements ( <b>MiFID</b> ). • <b>SEPA</b> .	
2018	• Beneficial Owners Regulation ( <b>UBO</b> ).	• Solvency Law ( <b>CRD IV</b> ). • Law on <b>Conglomerates</b> . • Law on the <b>Deposit and investment guarantee system</b> . • Payment Services Law ( <b>PSD2</b> ).	
2017	• Definition of tax offences. • Moneyval approves Andorra's 5th evaluation report.	• New accounting framework ( <b>NIIF-UE</b> ). • Law on <b>insurance</b> .	• <b>AEOI-CRS</b> . • Andorra passes the EU test and is not included on the list of non-cooperative countries. • Andorra signs the Multilateral Convention of the OECD ( <b>BEPS</b> ).
2016			• Andorra signs the <b>AEOI</b> agreement with the EU.
2015		• Law on Urgent measures to implement mechanisms for the restructuring and resolution of banking institutions.	• Andorra signs the <b>MCAA</b> with the OECD.

\* The Principality of Andorra, in line with its economic openness and process of harmonisation with international standards, has seventeen DTAs in place (France, Spain, Luxembourg, Liechtenstein, Portugal, United Arab Emirates, Malta, Cyprus, San Marino, Hungary, Croatia, Monaco, Czech Republic, Iceland, Netherlands, Lithuania, and the Republic of Korea) and three signed DTAs (Latvia, Romania and Montenegro). Currently, Andorra has the DTA with the United Kingdom of Great Britain and Northern Ireland pending ratification. Moreover, it has initialled an agreement with Belgium, which is pending signature.

**2020:** Andorra becomes the 190th member of the IMF.

**2021:** First issue of international bonds.

**2023:** The negotiations of the Association Agreement with the European Union have been completed.



# 4

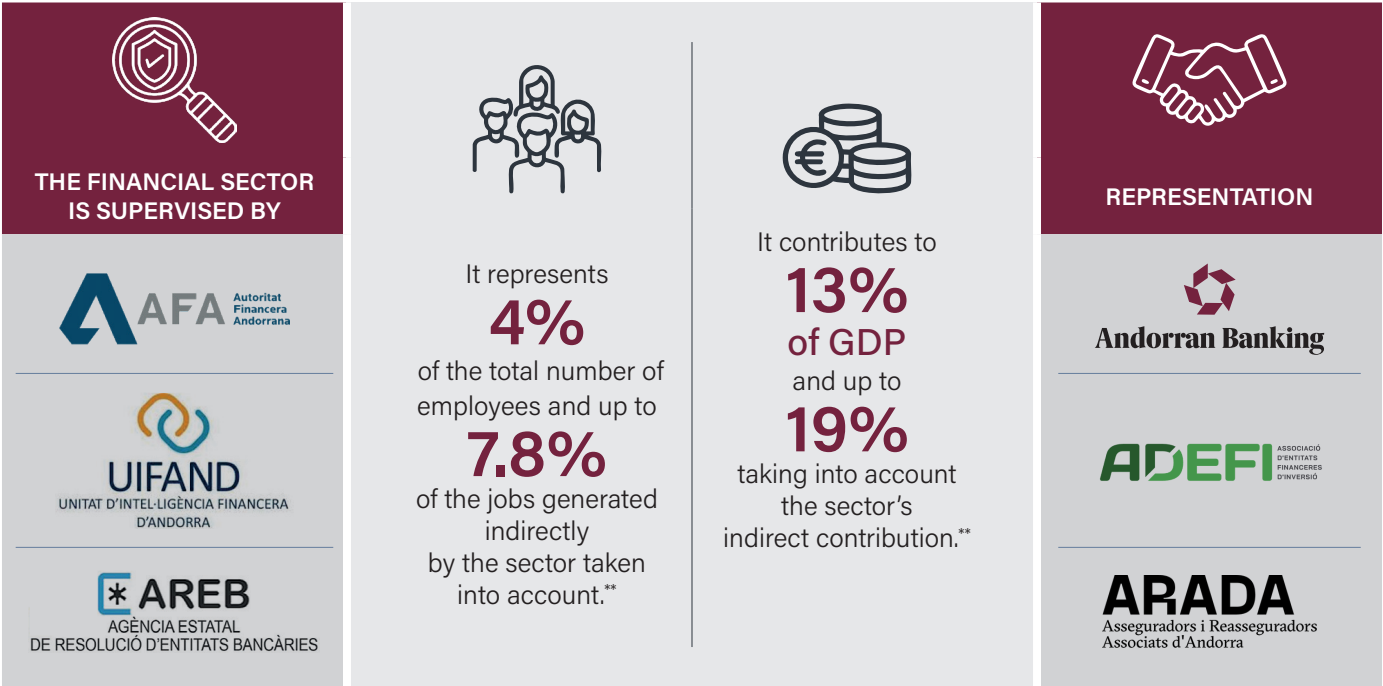
## I The financial sector

The banking sector is one of the main pillars of the economy, making it a benchmark for a modern, robust system committed to transparency.



# The financial sector

Sources: European Central Bank (ECB), European Banking Authority (EBA), European Banking Federation (EBF), Andorran Financial Authority (AFA), Andorran Government Department of Statistics, annual reports of Andorran banking institutions, and compiled by author.



ADEFI: Association of Financial Institutions.

ARADA: Associated Insurers and Reinsurers of Andorra.

\*In accordance with Decree 478/2022, of 23-11-2022, approving the regulations implementing the requirements to act as a digital viewer, the obligations of a digital viewer and the disciplinary and sanctioning regime, a digital viewer is an individual or legal entity who, in accordance with Law 24/2022, of 30 June, on the digital representation of assets through the use of cryptography and distributed ledger and blockchain technology, is entrusted with the function of ensuring administrative liaison with the Andorran Financial Authority in applications for approval of activities relating to the digital representation of assets, whether through the procedure for obtaining a licence to start up an activity or through the regularisation of the activity.

\*\* See Appendix. Report by the Andorran Banking Observatory "Contribution of the financial sector to the Andorran economy".



# The banking sector

## BUSINESS MODEL

 COMMERCIAL BANKING AND PRIVATE BANKING	 COLLECTIVE INVESTMENT SCHEMES MANAGEMENT COMPANIES (CIS)	 INSURANCE
ANDBANK / <i>Private Bankers</i>	ANDBANK / <i>asset management</i>	ANDBANK / <i>Assegurances</i>
	 asset management	 assegurances
	 Asset Management	 Assegurances Vida  Assegurances Estalvi

### LOANS GRANTED IN 2024 (EXCL. LOMBARD LOANS)



**473**  
million euros  
to companies

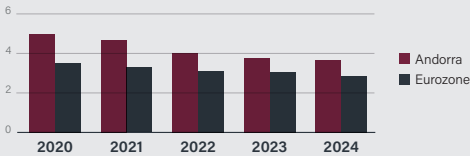


**85**  
million euros  
to individuals



**487**  
million euros  
for mortgages

### 32 BANK OFFICES IN THE PRINCIPALITY OF ANDORRA



Branches per 10,000 inhabitants

### THE BANKING SECTOR GENERATES A LARGE NUMBER OF PERMANENT QUALIFIED JOBS

1,202 people worked  
in the banking sector in  
Andorra in 2024

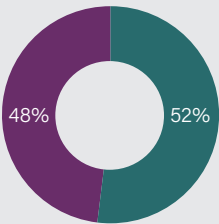


**576**

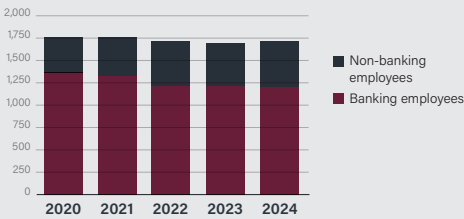


**626**

Parity in Andorra's  
banking sector




Total percentage of banking  
sector employees compared to  
the financial sector.

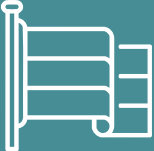





International presence of the Andorran banking sector




**4**  
continents




**11**  
countries



**2,830**  
employees



More than  
**90 years** of  
experience in  
banking



The total AuM by Andorran banks is  
**€91 billion, €24 billion of which**  
are managed in Andorra

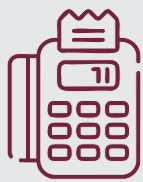




## Payments and digitalisation

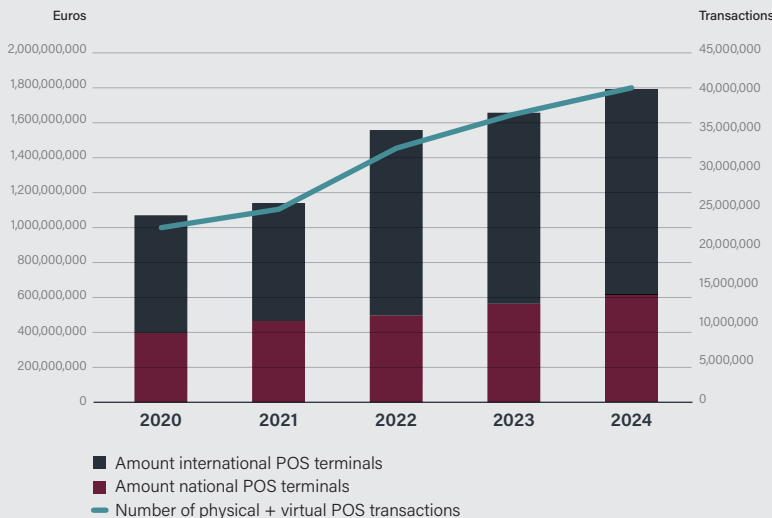


is a bank subsidiary that provides services related to the use of cards and other means of payment.



**4,973 POS**  
88.9% physical POS terminals  
11.1% virtual POS terminals  
Nearly **1,800 million euros** in POS transactions

**Number and amount of national and international card transactions (acquirer) of physical and virtual POS terminals**



In 2024 the value of the average ticket was:

**€41**  
for physical POS terminals

**€99**  
for virtual POS terminals



**105,601**  
cards issued



**44,086**  
users  
More than **1,100,000** transactions



**65**  
ATMs



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

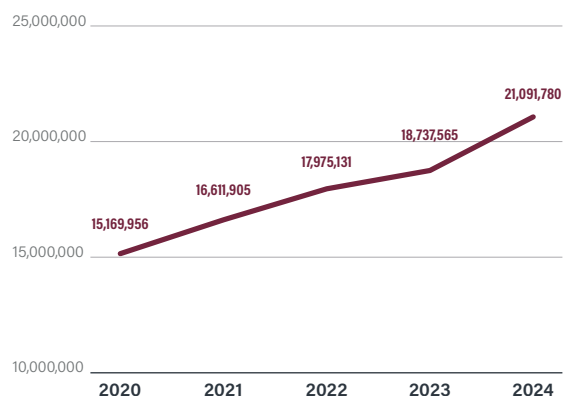


In 2023-2024, **digital users** grew by **13%** and **mobile app** users by **20%**

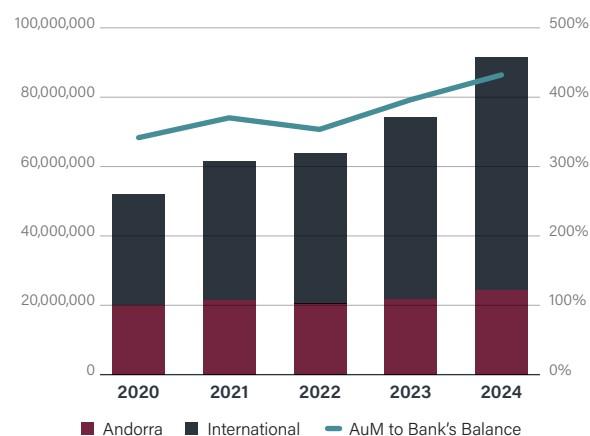


## Main indicators

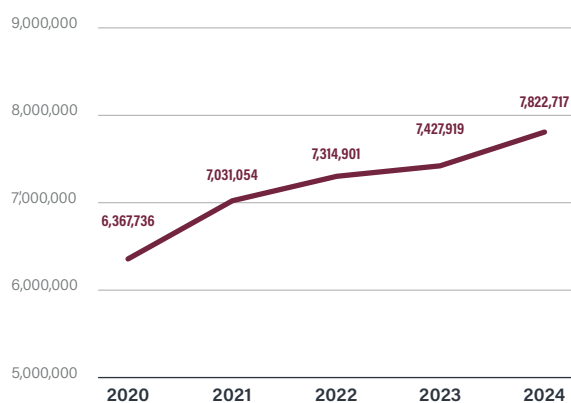
**Total assets** (Thousand euros)



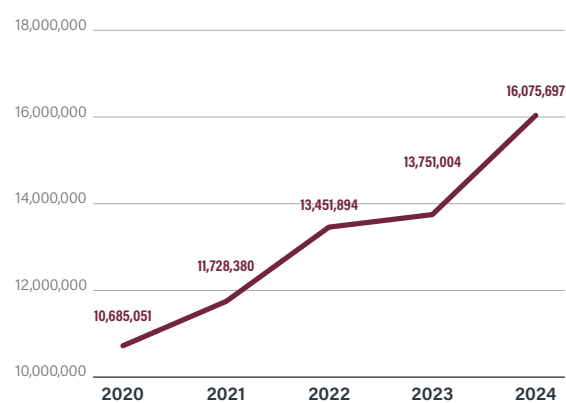
**Assets under management** (Thousand euros)



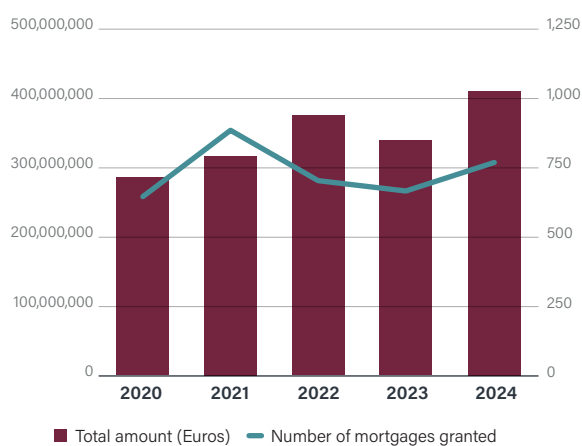
**Gross credit investment** (Thousand euros)



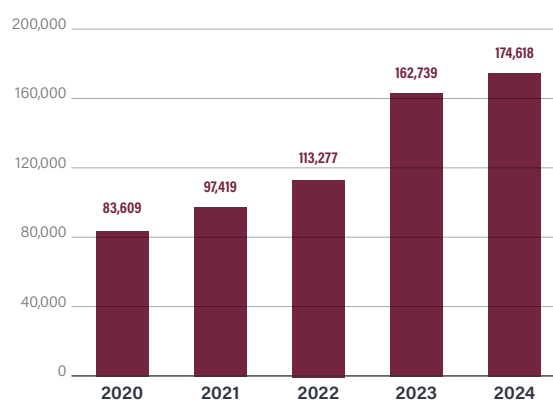
**Customer deposits** (Thousand euros)



**Annual granting of credit investment in mortgage guarantee**



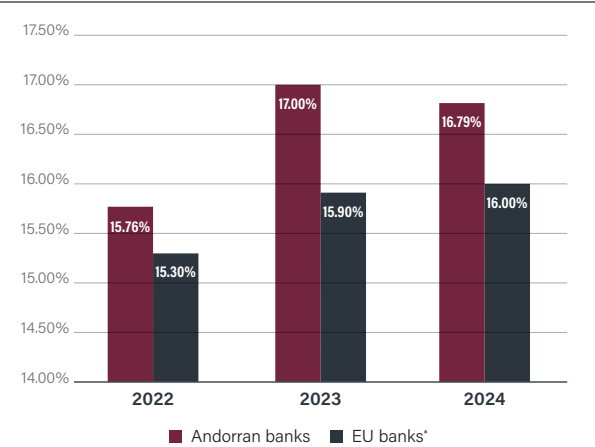
**Results** (Thousand euros)





## Solvency

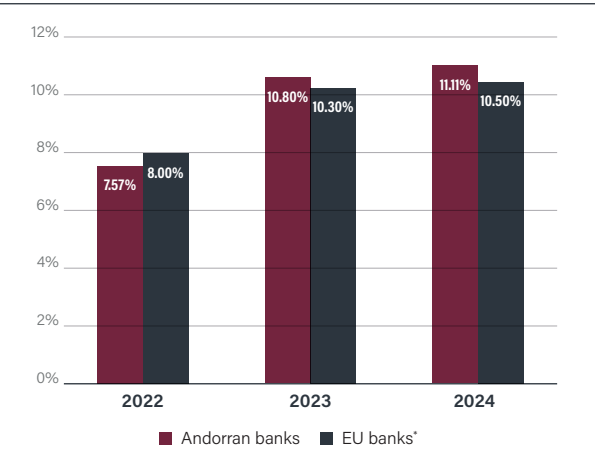
**CET1 Solvency ratio**  
(Regulatory)



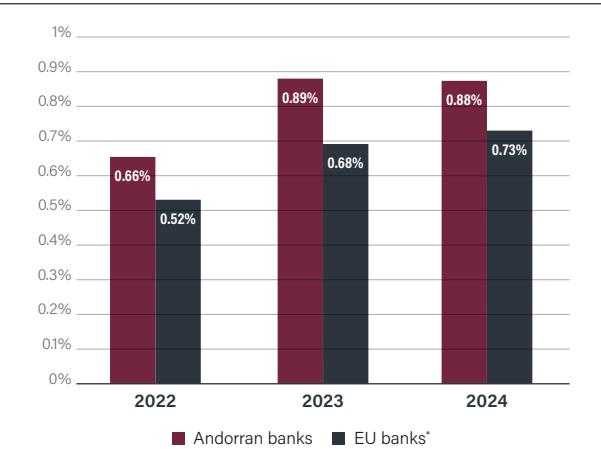
Conservative management is one of the main characteristics of the Andorran banking sector and is reflected in high levels of solvency and liquidity.

## Profit

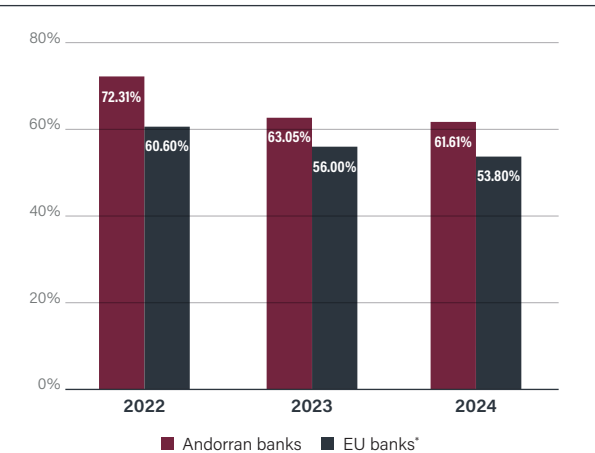
**ROE**  
(Return on equity)



**ROA**  
(Return on assets)



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

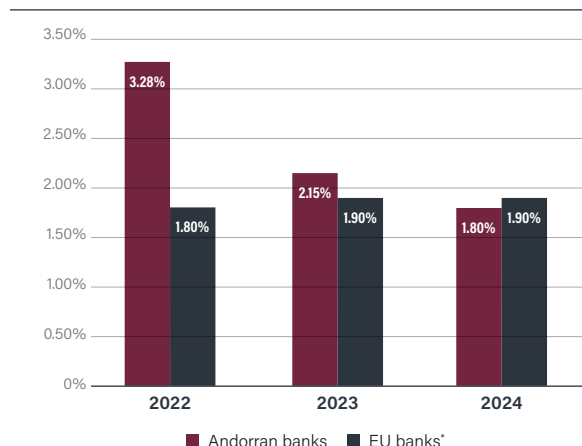


Source: \* European Banking Authority (EBA).

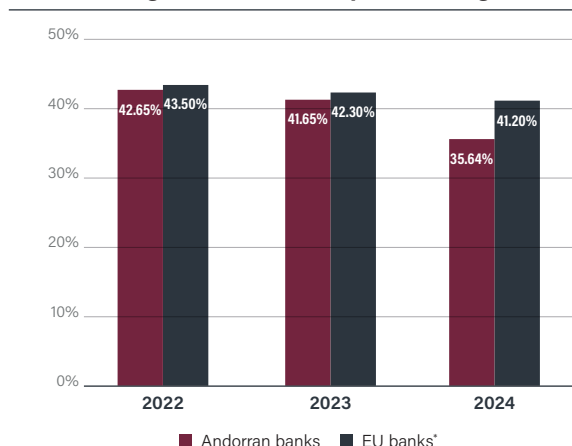


## Credit risk and asset quality

**Ratio of non-performing loans**  
(NPL ratio)

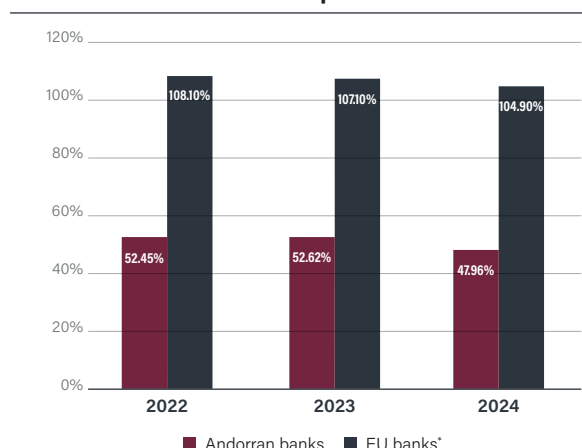


**Coverage ratio for non-performing loans**

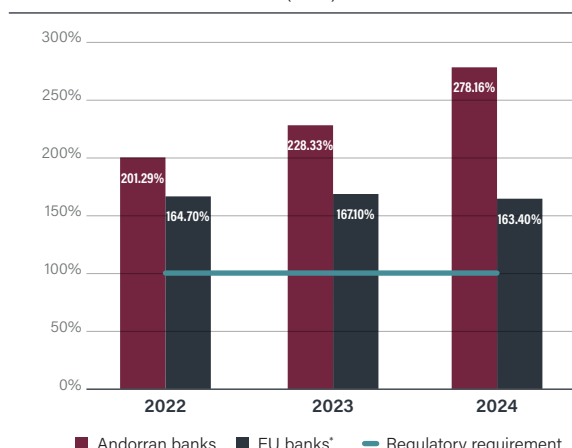


## Financing and liquidity

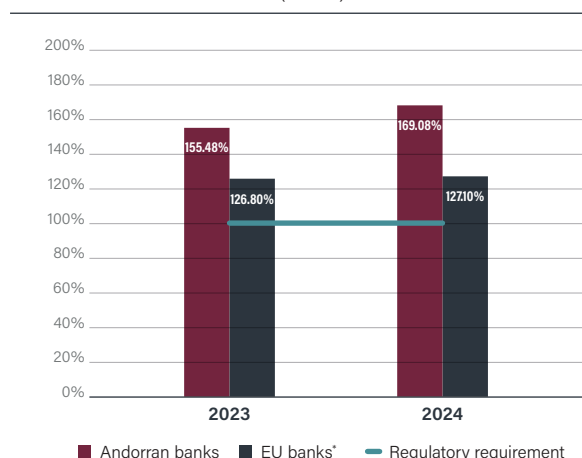
**Loan-to-deposit ratio**



**Liquidity coverage ratio**  
(LCR)



**Net stable funding ratio**  
(NSFR)



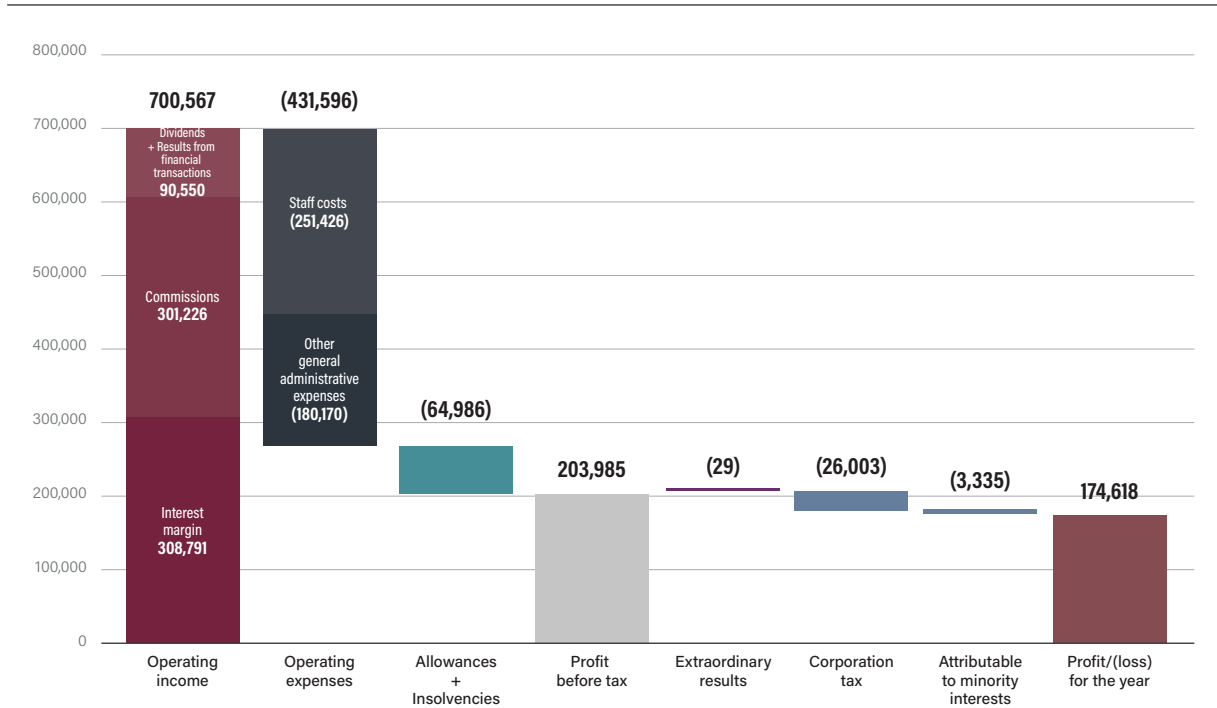
Andorran banks also have a lower degree of leverage compared with the average for European banks. This makes them better able to respond to crisis situations or sudden changes in the market environment. The degree of leverage is measured as the total ratio of outstanding loans to total deposits, which is around 50%, compared with the ratio for European banks, which is over 100%.

Source: \* European Banking Authority (EBA).



## Contribution to economic progress

**Profit 2024**  
(Thousand euros)



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 approximately for 25% of 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.



**112**  
students  
on internships  
in  
2024.



**8,815 kg**  
of plastic and  
**75,827 kg** of paper  
were recycled  
in 2024.





# Annual Report



## Main characteristics of the andorran banking sector

The Andorran banking sector stands out for offering high value added financial services, with a well-established focus on private banking, asset management and commercial banking, adapted to the needs of the country's real economy.

- **Provision of banking services with added value**  
The business model is based on a personalised and high-quality service proposition, aimed at both individual and corporate clients at the local level, and international clients with specific needs in private banking. The development of comprehensive and flexible solutions adapted to each client profile has become a distinguishing feature of Andorran banking institutions.
- **Digital transformation**  
Digitalisation is one of the sector's strategic areas. The financial institutions have made a sustained investment in technological innovation, improving the accessibility and usability of their services, while strengthening operational efficiency. This development enables them to offer advanced digital products, ensuring an omnichannel, safe experience adapted to customers' new expectations.
- **Consolidated international expansion**  
The sector has opted for a balanced and selective international expansion model, operating in key financial centres in Europe, the United States and Latin America. This strategy makes it possible to diversify risks, expand opportunities and attract new kinds of international clients, while maintaining local roots.
- **Robustness and resilience**  
Andorran financial institutions have demonstrated great resilience in uncertain economic environments, maintaining high levels of solvency and liquidity, as well as prudent risk management. Solvency and liquidity indicators confirm that they have a robust financial structure prepared to face demanding environments.
- **Sustained and profitable growth**  
Resources under management have grown at an average rate of 10% per year in recent years. Profits and operating margins have been maintained through strategic adaptation of the business model and diversification of services and geographies.

## A strategic industry

The banking sector is a fundamental pillar of Andorra's economic model. Not just because of its direct impact on GDP and employment, but also because of its role in channelling resources to productive and transformative projects in the national economy.

- **An economic and social engine**  
The Andorran financial system plays a key role in financing the country's business fabric, households

and strategic infrastructure. Its closeness to the needs of the local economy and ability to understand the Andorran situation make it an irreplaceable agent for development.

- **Own financial system**  
Having our own financial system and local decision-making centres enables us to react quickly to domestic needs, adapt risk policies and promote initiatives that have a direct impact on the country.
- **Driver of digital and sustainable transformation**  
The banking sector leads technological transformation initiatives, both in its services and in supporting companies and entrepreneurs. At the same time, it promotes a sustainable finance approach, integrating ESG criteria into the strategy and moving towards a more responsible and committed development model.

## Business model

The Andorran universal banking model combines commercial banking (focussing particularly on local individuals and companies) with high value added private banking services on an international scale, creating a balanced and resilient structure.

- **A two-fold proposition with strategic value**  
This model makes it possible to maintain a stable and recurring business base at the local level, while capturing international growth opportunities, taking advantage of the expertise built up in wealth management and planning.
- **Locally-based international banking**  
Financial institutions have established a model with international reach but close and personalised service through an efficient network and experience built up over more than 90 years. This combination of a global vocation and local service is one of the sector's distinguishing factors.
- **Continuous adaptation and long-term vision**  
Andorran banks have managed to redefine their operating model in changing environments, maintaining stability and profitability through efficiency, innovation, financial regulation and customer-orientation.



Locally-based international banking: the evolution of the banking sector has been driven by the provision of added-value services and international expansion, both of which contribute to sustainable and profitable growth.



## CONSOLIDATED BALANCE SHEETS OF ANDORRAN BANKS

(Thousand euros)

Assets	2024	% / Total	2023	% / Total	Var. (%) 24-23
Cash, cash balances at central banks and other demand deposits	4,926,646	23.36%	3,162,392	16.88%	55.79%
Financial assets held for trading	441,221	2.09%	350,061	1.87%	26.04%
Financial assets not held for trading that must be valued at fair value with changes in income	405,842	1.92%	388,964	2.08%	4.34%
Financial assets at fair value with changes in the income statement	292,752	1.39%	264,217	1.41%	10.80%
Financial assets at fair value with changes in the other comprehensive income	769,239	3.65%	1,009,469	5.39%	(23.80%)
Financial assets at amortised cost	12,393,834	58.76%	11,812,153	63.04%	4.92%
Derivatives - Hedge accounting	18,990	0.09%	34,125	0.18%	(44.35%)
Changes in the fair value of hedging elements of a portfolio with interest risk hedging	(1,813)	(0.01%)	(7,408)	(0.04%)	(75.53%)
Investments in jointly-controlled businesses and associates	100,928	0.48%	97,738	0.52%	3.26%
Assets covered under insurance and reinsurance contracts	52,402	0.25%	45,050	0.24%	16.32%
Tangible assets	471,404	2.24%	446,539	2.38%	5.57%
Intangible assets	411,148	1.95%	358,256	1.91%	14.76%
Tax assets	48,985	0.23%	55,522	0.30%	(11.77%)
Other assets	203,220	0.96%	154,485	0.82%	31.55%
Disposable non-current assets held for sale	556,982	2.64%	566,002	3.02%	(1.59%)
<b>TOTAL ASSETS</b>	<b>21,091,780</b>	<b>100.00%</b>	<b>18,737,565</b>	<b>100.00%</b>	<b>12.56%</b>
Liabilities	2024	% / Total	2023	% / Total	Var. (%) 24-23
Financial liabilities held for trading	165,399	0.78%	164,586	0.88%	0.49%
Financial liabilities at fair value with changes in the income statement	336,160	1.59%	345,067	1.84%	(2.58%)
Financial liabilities at amortised cost	17,461,851	82.79%	15,305,633	81.68%	14.09%
Derivatives - Hedge accounting	8,792	0.04%	1,548	0.01%	467.96%
Changes in the fair value of hedging elements of a portfolio with interest risk hedging	11,087	0.05%	18,101	0.10%	(38.75%)
Liabilities covered under insurance and reinsurance contracts	569,150	2.70%	530,827	2.83%	7.22%
Provisions	62,626	0.30%	52,192	0.28%	19.99%
Tax liabilities	43,814	0.21%	33,391	0.18%	31.21%
Other liabilities	232,271	1.10%	223,111	1.19%	4.11%
Liabilities in groups of disposable items held for sale	385,664	1.83%	366,586	1.96%	5.20%
<b>TOTAL LIABILITIES</b>	<b>19,276,814</b>	<b>91.39%</b>	<b>17,041,042</b>	<b>90.95%</b>	<b>13.12%</b>
Net Equity	2024	% / Total	2023	% / Total	Var. (%) 24-23
Capital	189,931	0.90%	190,565	1.02%	(0.33%)
Issue premium	122,304	0.58%	122,304	0.65%	-
Issued equity instruments other than capital	65,050	0.31%	49,050	0.26%	32.62%
Other cumulative results	(52,385)	(0.25%)	(52,230)	(0.28%)	0.30%
Accumulated profits	832,445	3.95%	804,360	4.29%	3.49%
Revaluation reserves	-	-	-	-	-
Other reserves	437,653	2.07%	379,278	2.02%	15.39%
Own shares (-)	(540)	-	(2,307)	(0.01%)	(76.59%)
Result attributed to majority shareholder	174,618	0.83%	162,739	0.87%	7.30%
Interim dividend (-)	-	-	-	-	-
<b>Shareholders' equity</b>	<b>1,769,076</b>	<b>8.39%</b>	<b>1,653,759</b>	<b>8.83%</b>	<b>6.97%</b>
<b>Minority interests</b>	<b>45,890</b>	<b>0.22%</b>	<b>42,764</b>	<b>0.23%</b>	<b>7.31%</b>
<b>TOTAL NET EQUITY</b>	<b>1,814,966</b>	<b>8.61%</b>	<b>1,696,523</b>	<b>9.05%</b>	<b>6.98%</b>
<b>TOTAL LIABILITIES AND NET EQUITY</b>	<b>21,091,780</b>	<b>100.00%</b>	<b>18,737,565</b>	<b>100.00%</b>	<b>12.56%</b>

The figures for 2023 are given for comparative purposes only.

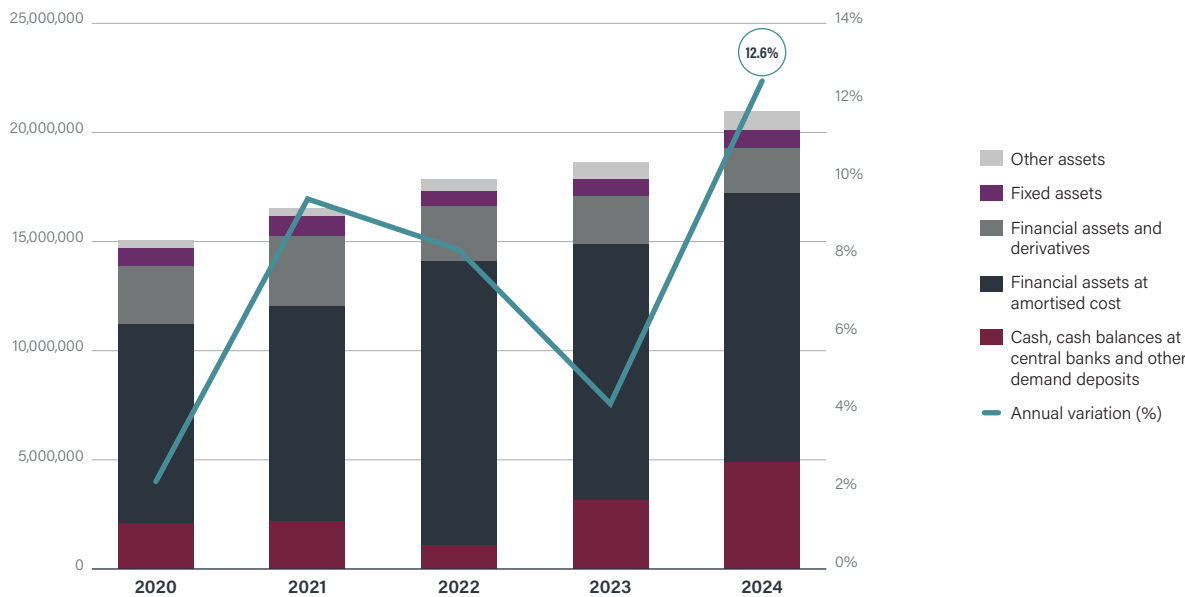


## Aggregate assets

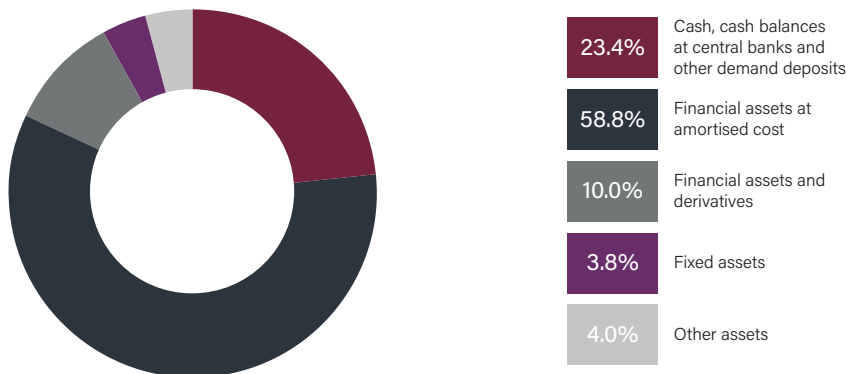
The three major components of the aggregate assets of Andorran banks are “Financial assets at amortised cost”, which account for 59% of total assets and which include credit investment, among others, and “Financial assets at reasonable value with changes in the other comprehensive income”, which account for 4% of total assets. The third component is “Cash, Cash at central banks and Other Sight Deposits” which accounts for 23% of total assets and includes “Cash and central banks, OECD, AFA 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 mainly developed in Andorra and gross credit investment accounts for 37% of total assets.**

**Evolution of aggregate assets 2020-2024**  
(Thousand euros)



**Composition of aggregate assets 2024**



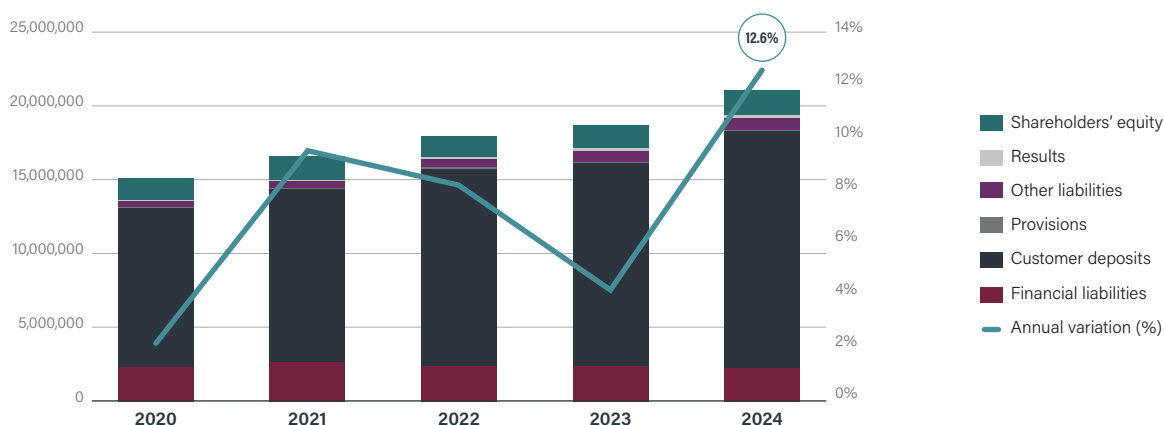


## Aggregate liabilities

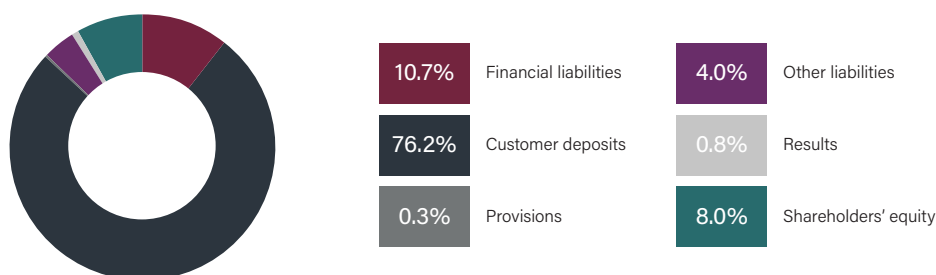
The composition of Andorran banks' aggregate liabilities is characterised by the significant relative weight of **"Client deposits", which accounted for 76% of aggregate liabilities as at 31 December 2024**. As at 31 December 2024, total "Client deposits" stood at 16,076 million euros, 17% more than the previous financial year, and were classified under the heading "Financial liabilities at amortised cost". "Shareholders' equity" accounts for 8% and "Results" for 0.8%.

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

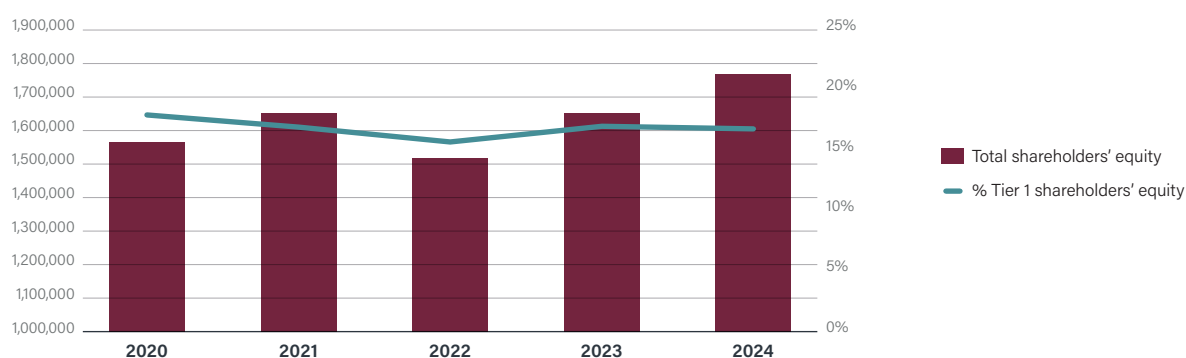
**Evolution of aggregate liabilities 2020-2024**  
(Thousand euros)



**Composition of aggregate liabilities 2024**



**Evolution of Tier1 shareholders' equity and total shareholders' equity 2020-2024**  
(Thousand euros)





## Gross credit investment

Growth in gross lending has been affected by the economic cycle with high interest rates and greater prudence by financial institutions in granting credit in recent years.

Credit investment at 31 December 2024 stood at 7,823 million euros, up 5% on the previous year, basically as a result of the lombard lending facilities granted to private banking clients.

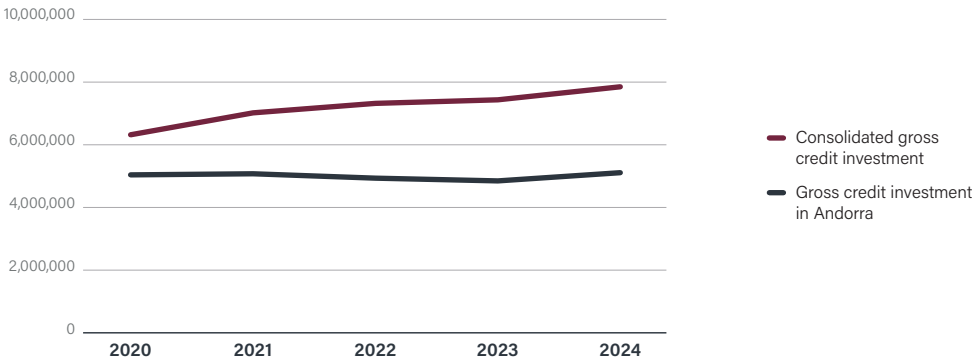
### Credit investment in Andorra

Andorran banking strengthened its commitment to the country's economy in 2024, supporting both the productive fabric and households. Specifically, it has channelled new financing worth €1.047 billion, a figure that represents nearly 30% of GDP.

Total credit investment in the country has reached €5 billion, an increase of 6% over the previous year. This volume of financing represents 140% of GDP, a higher percentage than in other economies similar to Andorra, which highlights the banking sector's key role in the dynamism and transformation of the Andorran economy.

During this period, 769 new mortgages were granted for a total of €412 million, and loans worth €635 million were made to companies and individuals. At the same time, the volume of card payments increased to €1.798 billion (+7%), equivalent to 48% of GDP.

**Evolution of credit investment and consolidated 2020-2024 in Andorra**  
(Thousand euros)



**In recent years, demand for credit investment has undergone limited growth for a variety of reasons. These include the deleveraging process carried out by Andorran companies, the professionalisation of the sector, which has led companies to finance new projects with their capital and reserves, and the European Central Bank's changes in interest rates.**

**Loans granted to companies and individuals decreased by 10% in 2024.**

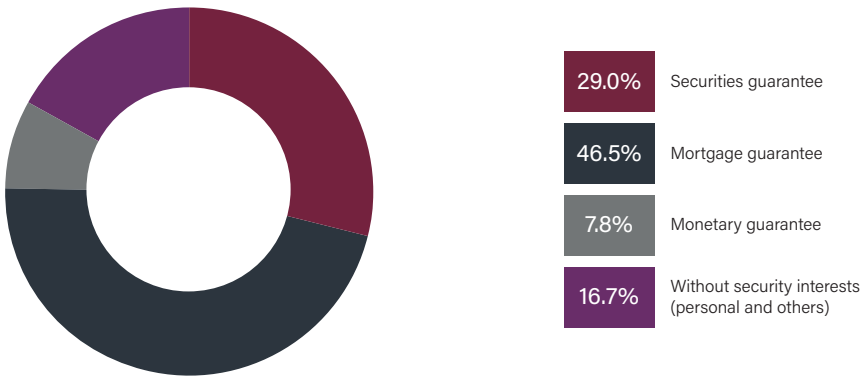
Meanwhile, home loans granted to households in 2024 increased by 22%, mainly due to the increase in the number of transactions (+17%) and the increase in the average value of mortgages granted in 2024 (+5%).



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 84%. Of these, 29% are securities collateral, 47% are mortgage guarantees and 8% are cash collateral.

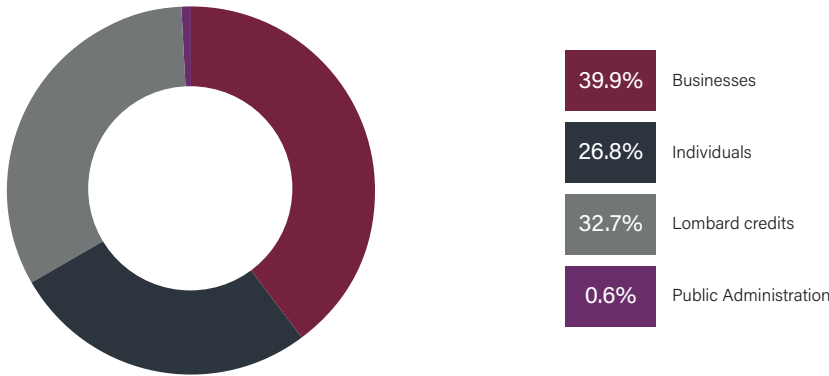
Credit investment guarantees 2024



The distribution of the credit portfolio is very similar to that of recent years. Credit is distributed as follows: 40% for companies, 27% for individuals, 32% for

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

Aggregate gross credit investment - Consolidated bank 2024

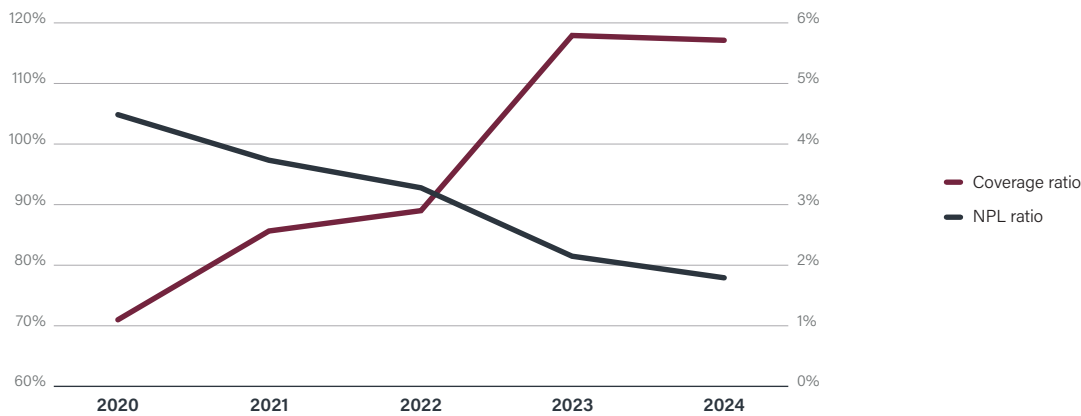


With respect to credit quality, credit exposures are classified according to credit risk at the following stages: Stage 1 is 90.3% for transactions that do not present significant increases in risk, Stage 2 is 7.9% for transactions that present significant increases in risk, and Stage 3 is 1.8% for transactions that present reasonable doubts as to their full repayment. The non-performing loans ratio at 31 December 2024 was 1.8%.

**Non-performing loans ratio has fallen to a historic low of 1.8% and the coverage ratio has increased to 117.26% of doubtful assets, thanks to the efforts made by the sector in recent years in terms of provisions.**

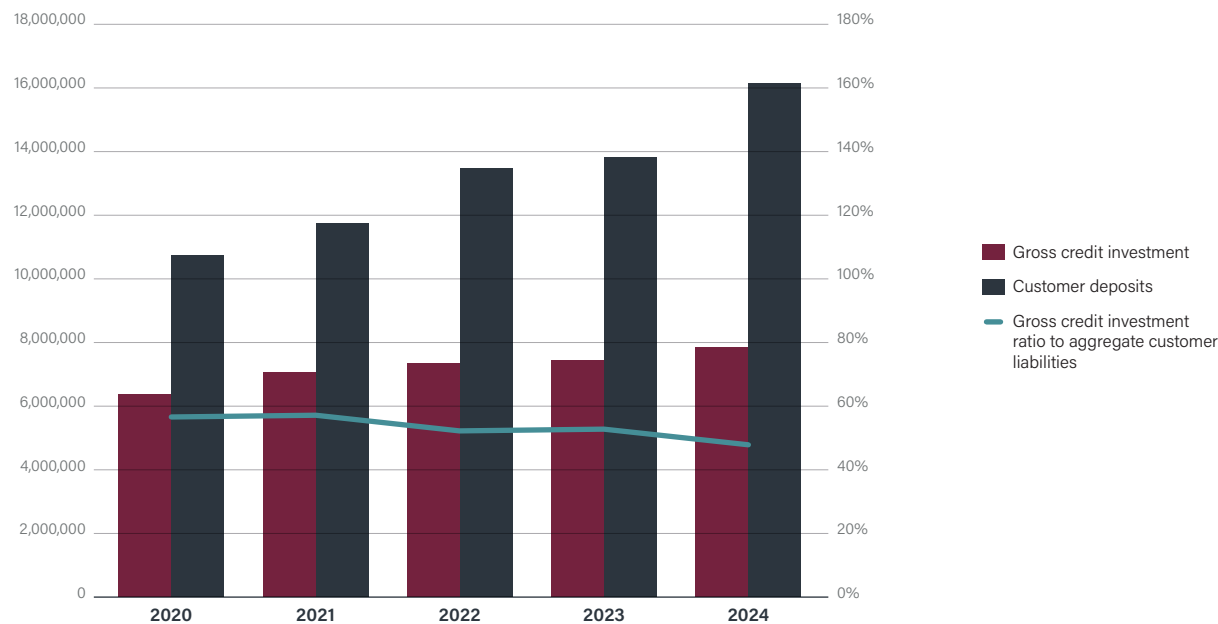


Evolution of the NPL ratio and the coverage ratio 2020-2024



The aggregate gross credit investment ratio to loans to deposit remains by 50%, a distinguishing feature of private banking. It should be noted that the average ratio for European banks is 104.9%, twice that of Andorran banks. This is a sign of Andorran banks' liquidity and the low functional leverage of their balance sheets.

Evolution of the gross credit investment ratio to aggregate customer liabilities 2020-2024  
(Thousand euros)



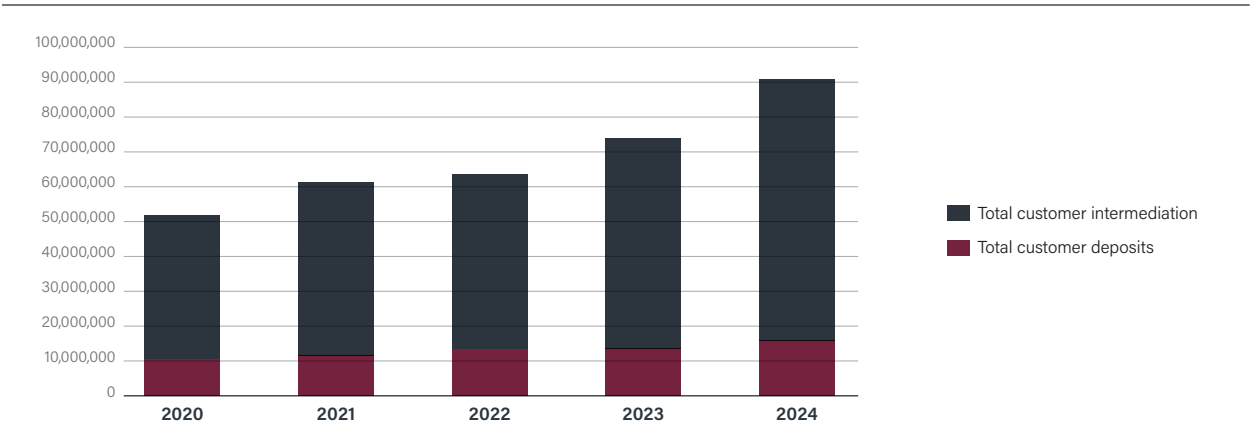


### Aggregate assets under management

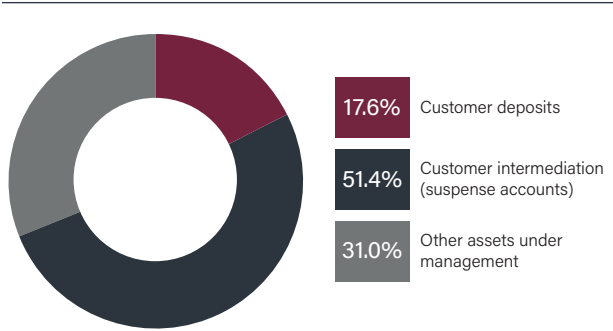
In addition to commercial banking, the business lines of Andorran banks include private banking and asset management.

Thus, the total resources managed by Andorran banks are made up of client deposits (balance sheet), which account for 18% of the total, and client intermediation, both custodial and noncustodial (off-balance sheet), which accounts for the remaining 82%. As at 31 December 2024, assets under management totalled €91,090 million euros, 23% more than in 2023. Client deposits amounted to €16,076 million euros as at 31 December 2024, 17% more than the previous year, and off-balance sheet resources increased by 24%, which clearly demonstrates the sector's growth.

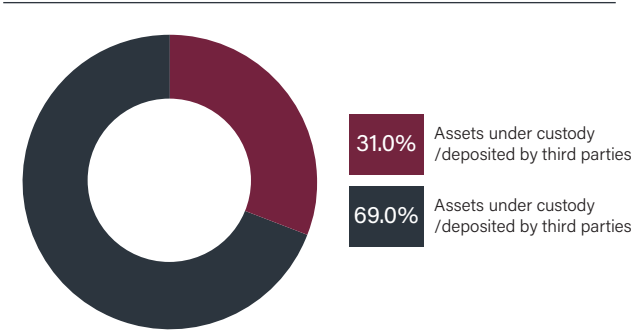
Evolution of aggregate assets under management 2020-2024  
(Thousand euros)



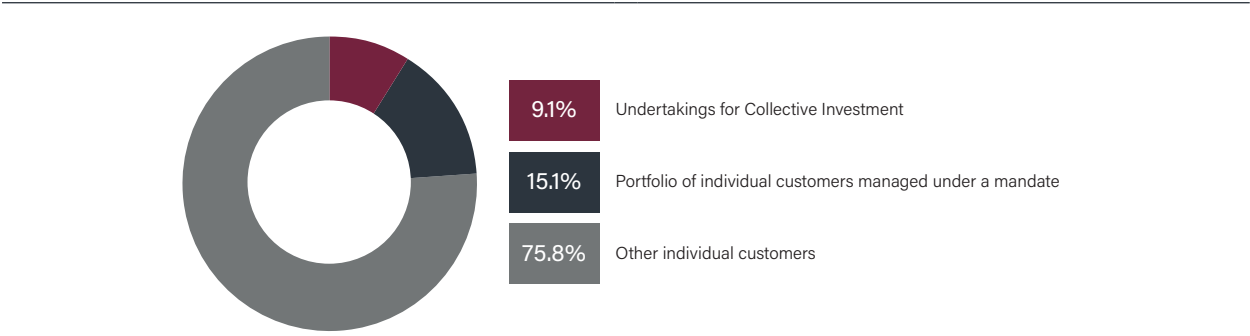
On- and off-balance-sheet assets under management 2024



Assets under management deposited by the institution or by third parties 2024



Assets under management by customer type 2024





## CONSOLIDATED AGGREGATE PROFIT AND LOSS ACCOUNTS OF ANDORRAN BANKS

(Thousand euros)

	2024	2023	Var. (%) 24-23
Interest income	614,677	480,004	28.06%
Interest expenses	(306,840)	(173,985)	76.36%
Dividend income	954	1,205	(20.83%)
<b>Interest margin</b>	<b>308,791</b>	<b>307,224</b>	<b>0.51%</b>
Commissions earned	451,596	418,071	8.02%
Commissions paid	(150,370)	(131,129)	14.67%
<b>Base margin</b>	<b>610,017</b>	<b>594,166</b>	<b>2.67%</b>
Gains or losses when writing off financial assets and liabilities not valued at fair value with changes in income (net)	327	624	(47.60%)
Results of enterprises carried using the equity method	279	229	21.83%
Results from financial transactions	69,107	51,435	34.36%
Results on assets and liabilities covered under insurance and reinsurance contracts	-	-	-
Other operating income	25,693	12,463	106.15%
Other operating expenses	(8,995)	(14,378)	(37.44%)
Other income and expenses from assets and liabilities used for insurance or reinsurance contracts	4,139	5,296	(21.85%)
<b>Operating profit or loss (net)</b>	<b>700,567</b>	<b>649,835</b>	<b>7.81%</b>
Administrative expenses	(431,596)	(409,731)	5.34%
Staff costs	(251,426)	(246,361)	2.06%
Other general administrative expenses	(180,170)	(163,370)	10.28%
Amortisation	(62,418)	(59,805)	4.37%
Provisions funded (net)	(17,643)	(850)	N/A
Net impairment of financial assets not recognised at fair value with changes in profit and loss	17,787	13,277	33.97%
Net impairment of investments in jointly-controlled companies or associates	(43)	36	(219.44%)
Net impairment of non-financial assets	(815)	(4,690)	(82.62%)
Negative goodwill recognised in income	-	-	-
Participation in gains or losses from investments in subsidiaries, joint ventures and associates	4,233	(1,447)	(392.54%)
Gains or losses from non-current assets and disposal groups classified as held for sale not admissible as discontinued operations	(6,087)	(2,086)	191.80%
<b>Profit before tax</b>	<b>203,985</b>	<b>184,539</b>	<b>10.54%</b>
Corporation tax	(26,003)	(21,243)	22.41%
<b>Results for the year from continuing operations</b>	<b>177,982</b>	<b>163,296</b>	<b>8.99%</b>
Results from discontinued operations (net)	(29)	(25)	16.00%
<b>Profit/(loss) for the year</b>	<b>177,953</b>	<b>163,271</b>	<b>8.99%</b>
<b>Attributed to majority shareholders</b>	<b>174,618</b>	<b>162,739</b>	<b>7.30%</b>
<b>Attributed to minority shareholders</b>	<b>3,335</b>	<b>532</b>	<b>526.88%</b>

The figures for 2023 are given for comparative purposes only.



Andorran banks earned €175 million in profit in 2024, 7% up on the previous year despite the fall in interest rates. The sector has demonstrated great ability to adapt the business model to new market conditions and customer needs.

The Andorran banking sector ended 2024 with a net operating profit of €700.6 million, 7.8% higher than the previous year. Net interest income remained practically stable (+0.5%) in a context of de-escalating interest rates. Net fees boosted the basic margin, which grew by 2.7%, thanks to the good performance of private banking and wealth management. Returns from financial transactions and other operating income made a significant contribution to profit growth.



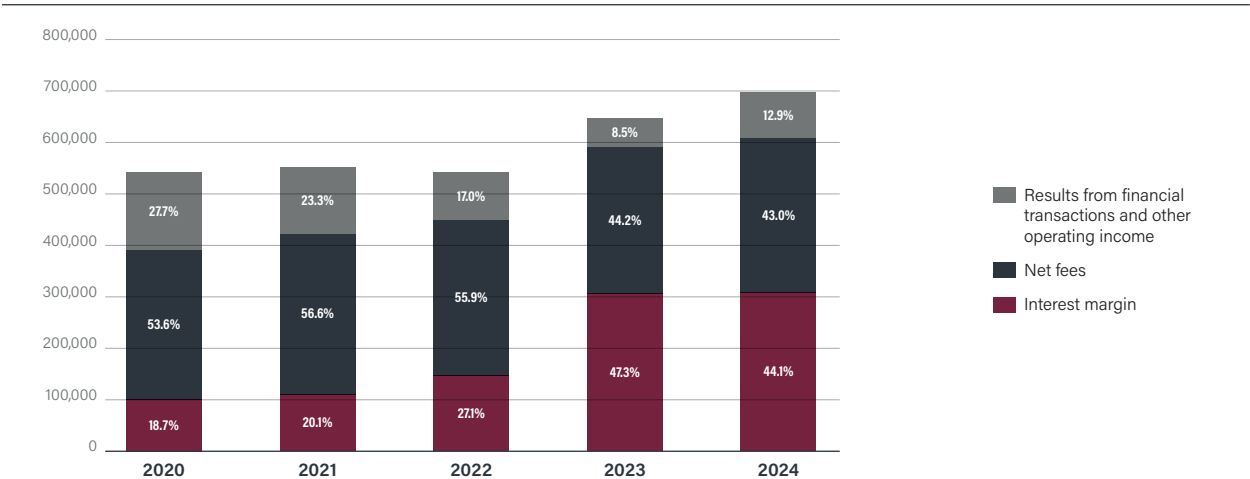
The profits of the Andorran banking sector reached **€175 million, 7% higher** than in 2023



The business model of banking institutions demonstrates their resilience and sustainability with a **return on equity (ROE) of 11.11%**.

### Evolution of the andorran banking sector's income statement

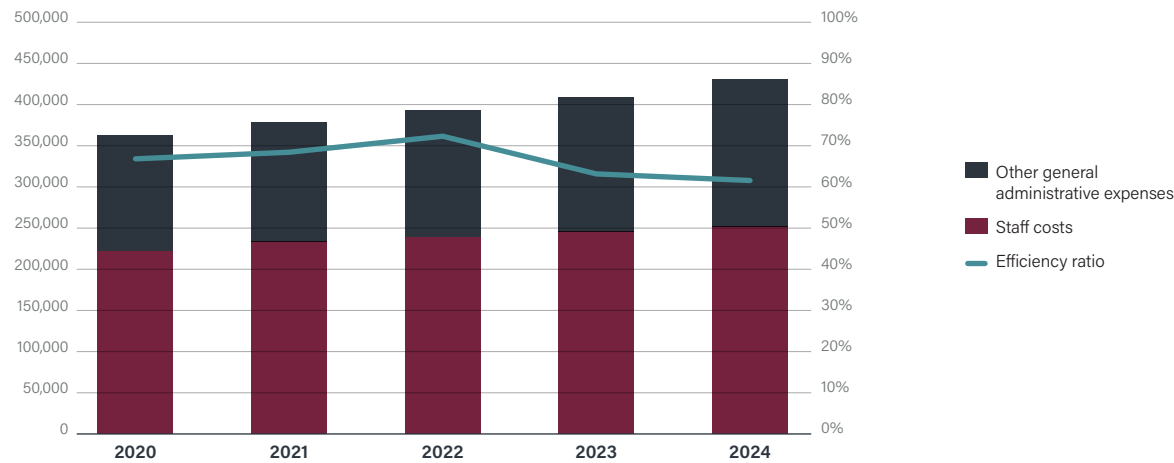
Evolution of net aggregate operating results and composition 2020-2024  
(Thousand euros)



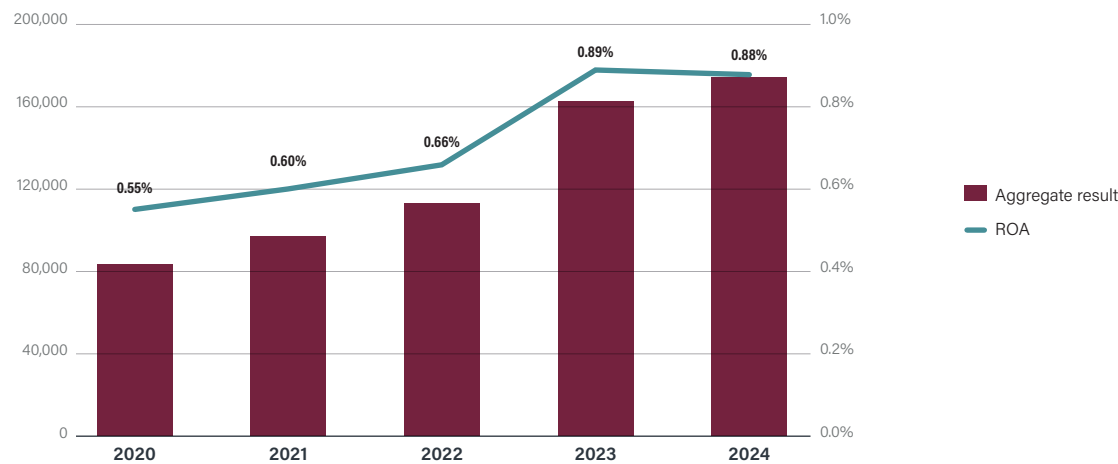
The diversification of financial institutions' sources of income, based on the complementarity between the interest margin and fees, preserves the stability of the Andorran banking system in the face of cyclical changes in interest rates.



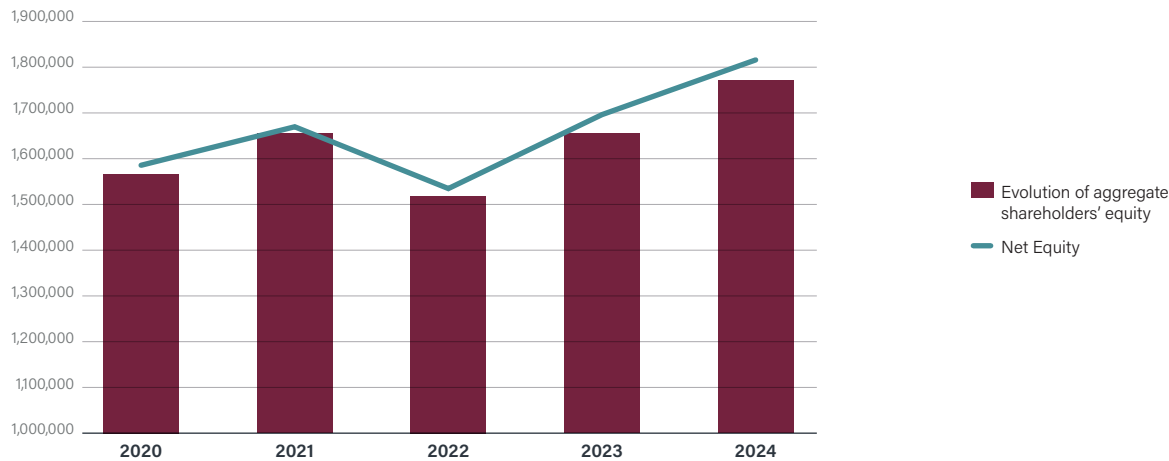
**Evolution of composition of transformation costs and efficiency ratio 2020-2024**  
(Thousand euros)



**Evolution of aggregate result and ROA 2020-2024**  
(Thousand euros)



**Evolution of equity and aggregate shareholders' equity 2020-2024**  
(Thousand euros)





### Solvency and liquidity

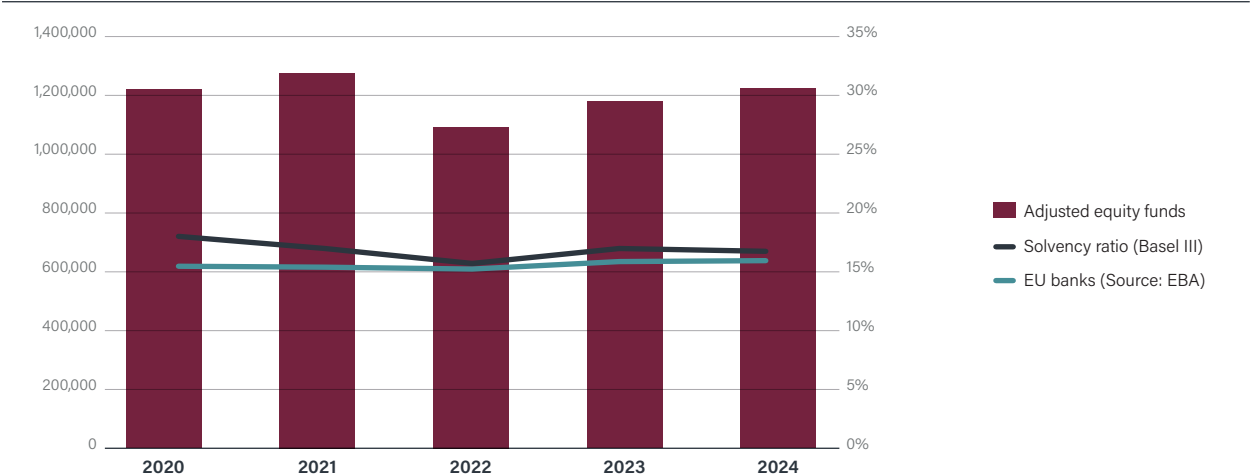
Andorran banking institutions maintain good capitalisation with a regulatory CET1 solvency ratio of 16.79% as at 31 December 2024, with a stable performance compared with the previous year's 17.00%. This is higher than the average for European banks of 16%, according to EBA data from December 2024.

The liquidity ratio (LCR) is 278.16%, much higher than the minimum of 100% set by European regulators and above the average for European banks, which stood at 163% at the 4th quarter of 2024.

Solvency - Liquidity according to Basel III

	CET1 Solvency Regulatory		Liquidity (Liquidity Coverage Ratio)	
	2023	2024	2023	2024
ANDBANK GROUP	15.36%	15.23%	290.18%	386.60%
MORABANC GROUP	21.21%	19.53%	299.08%	301.23%
CREAND GROUP	16.04%	16.66%	155.92%	168.49%
AGGREGATE RATIO	17.00%	16.79%	228.33%	278.16%

Evolution of solvency ratio and adjusted equity 2020-2024  
(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 average equity (ROE) and return on average assets (ROA)

	ROE		ROA	
	2023	2024	2023	2024
ANDBANK GROUP	6.83%	7.56%	0.51%	0.48%
MORABANC GROUP	14.17%	15.04%	1.24%	1.39%
CREAND GROUP	12.78%	12.32%	1.13%	1.14%
<b>AGGREGATE RATIO</b>	<b>10.80%</b>	<b>11.11%</b>	<b>0.89%</b>	<b>0.88%</b>

Ratings

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

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

Ratings as at July 2024.



# 5 | Financial regulations

The banking sector operates under a regulatory framework aligned with international standards. In a constantly-changing environment, the country's banks have consolidated a position of strength with solvency and liquidity ratios higher than the European average, which guarantees confidence, stability and competitiveness.



# Information on relevant topics

## Update

### Association Agreement

Negotiations for the Association Agreement between the European Union (EU) and Andorra ended in December 2023. The EU Council's decision on the legal nature of the agreement is currently being awaited.

The Association Agreement with the EU will entail the application of the principles of free movement of goods, persons, services and capital, as part of the internal market of the European Union. An equivalent framework will be available with the EU that will provide new opportunities for businesses and citizens in the form of growth and diversification of the Andorran economy.

As a strategic sector and pillar of Andorra's economy, we at Andorran Banking have reviewed our resources and knowledge of the sector and made them available to the Andorran government, in order to achieve balanced and realistic conditions of market access that enable a strong, solvent and competitive national banking sector.

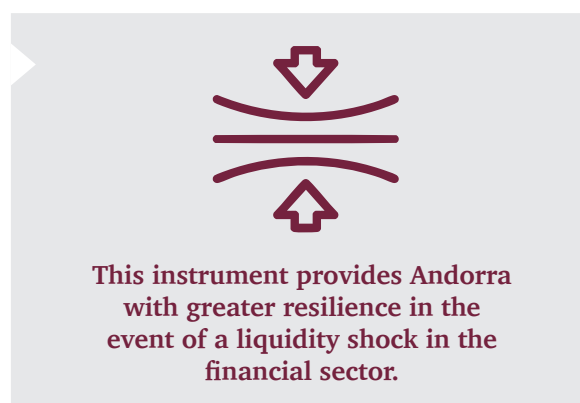


### Creation of international reserves and access by the financial system to emergency liquidity assistance

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 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

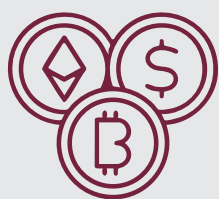
With the aim of creating the optimal conditions for Andorra to become a particularly suitable location for innovative companies, especially those linked to blockchain technology, on 30 June the General Council approved **Law 24/2022 on the digital representation of assets through the use of cryptography 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.



#### • Review of the ML/FT risks arising from virtual assets

In January 2024, the UIFAND launched a risk review to assess the ecosystem of virtual assets in Andorra following the emphasis placed by international organisations on the risks of money laundering and terrorist financing derived from new technologies in the financial sphere. The methodology used for this review is that developed by the World Bank, which follows the recommendations issued by the Financial Action Task Force (FATF).



**A review of the ML/FT risks arising from the use of virtual assets was conducted in 2024.**

### 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.

Subsequently, in October 2022, the Government passed the regulatory implementation of the Cybersecurity Act. In particular, the primary objective of the Regulations of the National Security Plan (ENS-AD) and Critical Infrastructure of the Principality (RIC-AD) is to establish standards for and ensure the systematic application of security measures that guarantee appropriate protection of the information processed and the services provided by the various organisations that provide services that are essential or important for the country. Moreover, they regulate the procedures required to improve the resilience

of critical organisations, which not only provide an essential service but also use critical infrastructure that cannot be replaced in the event of a malfunction.

### Personal data protection (European GDPR regulation)

On 28 October, the General Council approved **Law 29/2021 on the protection of personal data** (LQPD) 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.

Subsequently, the Government passed Decree 368/2022 of 14 September 2022, which approved the Regulations of the Andorran Data Protection Agency. It also passed Decree 391/2022 of 28 September 2022, which approved the Implementing Regulations of Law 29/2021 of 28 October on the protection of personal data.

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 October 2020 Andorra became the 190th member of the international body.



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

### Balance of payments

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. The first time it was published in Andorra was in 2021.

(Million euros)	2023
<b>Current account balance</b>	<b>497.84</b>
1. Trade balance	-1,522.62
2. Services balance	1,941.34
3. Income balance	122.89
4. Transfers balance	-43.77
<b>Capital account balance</b>	<b>-3.50</b>
<b>Capacity (+) / financing needs (-)</b>	<b>494.34</b>
<b>% financing capacity BP / GDP</b>	<b>14.1%</b>

Source: Department of Statistics of the Andorran Government

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 €494.34m in 2023, 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 €494.34m, a figure that represents 14.1% of Andorra's GDP**

## International sanctions

Both Law 5/2022, of 3 March, on the application of international sanctions and **Decree 491/2024, of 23 March 2024, on restrictive measures in relation to the conflict between Ukraine and the Russian Federation** and its successors were approved in

2022, with the aim of providing legal coverage for the application of sanctions against individuals and companies, in order to block their accounts or prevent them from trading with financial institutions in Andorra, as well as becoming a reference framework in the application of international sanctions emanating from bodies such as the United Nations or the European Union.

Restrictive measures can directly or indirectly affect trade in goods, services, payments and capital, and can be used to block financial assets as well as scientific, technological, sporting and cultural exchanges. These measures will apply to both natural and legal persons, as well as to those states that operate in Andorran territory.

## Digital transformation

The Andorran banking sector's transition to digitalisation has made it possible to improve its operational efficiency, strengthen cybersecurity and offer more tailored services, and enhance its users' experience.

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 digital transformation initiated by Andorran banks.

The keys to the successful digital transformation of organisations are becoming clearly customer-oriented, while necessarily adopting emerging technologies and adapting their organisational structures to make them more agile, receptive and reactive to changes. This transition must also go hand-in-hand with coordinated integration of new technologies with their preexisting systems and appropriate preservation of privacy and data security.

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 digitalisation.

This programme is linked to the government's Strategic Plan H23, which prioritises the country's economic and social growth.

In this area, the banking sector is contributing to increasing the productivity of the Andorran corporate world by financing companies and businesses seeking to move towards digitalisation, boosting the country's entrepreneurial ecosystem and opening it up to new digital sectors.



## Sustainability

Through its strategic role in the economy, the banking sector is driving forward and leading the transformation and sustainable development of companies and individuals. It is actively working to align itself with trends related to sustainability and social responsibility in its investment and advisory decisions.

Accordingly, Andorran banks are committed to promoting valuable incentives to respond to future challenges through a dual approach:

1. Helping companies and the general public transition to reducing their CO<sub>2</sub> footprint through new bank financing.
2. Redirecting capital to projects in line with the Paris Agreement and offering sustainable alternatives for their customers' financial decisions.

Andorran banks are thus active participants in the transformation and sustainable progress of businesses

and companies in the country. They are making an effective contribution to achieving the objectives set by the Government through the National Strategy for Energy and Combating Climate Change, which is the instrument that plans, coordinates and streamlines the actions, measures and projects to combat climate change. These objectives are as follows:

- Medium-term objective (2030):  
Cut unabsorbed emissions by 37%.
- Long-term objective (2050):  
Carbon neutrality.

In the current context of the fight against climate change and the transition to sustainability, this strategy's main goal is to achieve a balance between greenhouse gas (GHG) emissions and absorption, including additional offsetting measures that make it possible to achieve the national and international targets by 2050.

## Sustainable growth

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



**Transparency and accountability**  
To commit to transparency, taking responsibility for our impacts, both positive and negative, and for our contribution to society's goals.



**Government and objectives**  
To implement our commitments through effective governance systems and to set targets for our most significant impacts.



**Stakeholders**  
To consult, engage and collaborate with relevant stakeholders so as to achieve society's goals.



**Clients**  
To work responsibly with a view to generating prosperity that is shared by both current and future generations.



**Impact**  
To continuously increase our positive impacts and reduce the negative ones.



**Commitment**  
To align our business strategy with society's goals, as set out in the SDGs, the Paris Agreement and other frameworks.



## Law on the auditing of accounts in the Principality of Andorra

On 27 May 2024, the General Council passed **Law 10/2024 on the auditing of accounts in the Principality of Andorra**. Its main objective is to establish a legal framework for auditing in line with international standards and European Directive 2006/43.

Until this regulation was passed, auditing was only regulated in the financial and insurance sector, by Law 8/2013 on organisational requirements and operating conditions for institutions operating in the financial sector, investor protection, market abuse and agreements on financial collateral and transactions with over-the-counter derivatives and securities financing, and by Law 12/2017 of 22 June on the regulation and supervision of insurance and reinsurance in the Principality of Andorra.

Auditing of accounts is essential to ensure the security and transparency of economic and financial systems. It provides legal certainty about companies' financial and accounting information.

## Banking regulations

### Deposit guarantee and investor compensation schemes

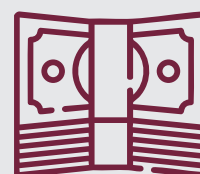
In 2018, the Principality of Andorra transposed Directive 2014/49/EU on deposit guarantee schemes and Directive 97/9/EC on investor-compensation schemes by approving **Law 20/2018 of 13 September, which regulates the Andorran Deposit Guarantee Fund and the Andorran Investment Compensation Scheme**.

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

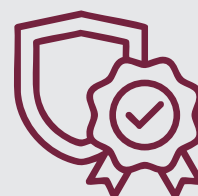


**Following what is set at European level, the guaranteed deposit amount is limited to €100,000.**

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 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 V and CRR2)

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.

On 28 November 2024, **Law 17/2024 amending Law 35/2018 of 20 December on the solvency, liquidity and prudential supervision of banking institutions and investment firms** was passed. This completes

the incorporation into the Andorran legal system of the latest aspects of the new global framework on the adequacy of banks' capital (Basel III Accord). By transposing **Directive (EU) 2019/878 (CRD V)** and **Regulation (EU) no. 2019/876 (CRR 2)**, it incorporates specific aspects of the European regulatory framework such as authorisation and organisation requirements for financial holding companies and mixed companies, and consolidated supervision of banking institutions. It also expands the powers of the Andorran Financial Authority (AFA) to supervise interest rate risk and additional capital and reserve requirements, and updates the rules on large exposures and information transparency.

## MiFID II, 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.

In 2024, **Law 7/2024 of 27 May on the organisation and operation of financial system operating institutions and market abuse** was passed. This transposes **Directive 2014/65/EU** (generally known as "MiFID II") on markets in financial instruments.

Specifically, Law 7/2024 plays a significant role as a central part of the regulation of the provision of investment and ancillary services in the Principality of Andorra. It introduces new obligations concerning advice, portfolio management, adequacy and suitability, product governance, information for clients, incentives and remuneration, conflicts of interest, safeguarding of assets, record keeping, best execution and internal control.



## 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.



**Andorra's credit  
institutions are part of  
the SEPA area.**

## 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 the 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 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.

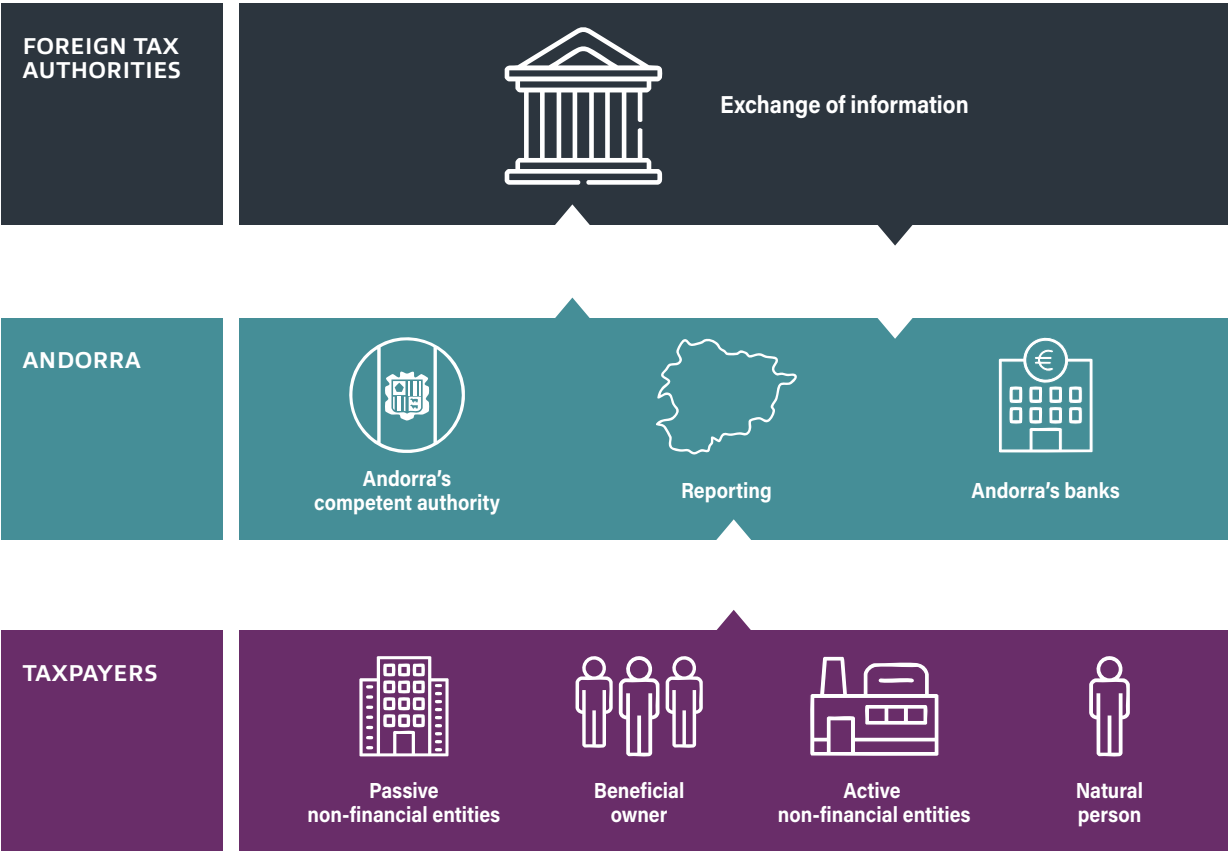


In 2014, Andorra committed to implementing the CRS, and in 2016 it signed an AEOI agreement with the EU that incorporates the CRS standard.

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

In 2023, the Automatic Exchange of Information (AEOI) team at the Global Forum (OECD) began

its second round of peer reviews. As a result, in November 2023, the peer review team carried out the corresponding on-site visit to assess the effectiveness and understand the organisational and technical structure of both the authorities responsible for this exchange framework and the financial sector.



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").

### Code of Ethics

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 Code of Ethics, 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.**

### Register of financial and similar accounts

In December 2021, **Law 37/2021 of 16 December, amending the Prevention and Combating of Money or Securities Laundering and Terrorism Financing Law 14/2017 of 22 June** was passed. Among other matters, it created the Register of Financial and Similar Accounts, in which banking, payment and electronic money institutions operating in the Principality of Andorra must declare the identification details of the holders or beneficial owners of payment accounts, bank accounts identified with an IBAN number, and safe deposit box rental agreements.

Subsequently, in February 2024, Decree 64/2024 of 14 February 2024 was published, which approved the Regulations of the Register of Financial and Similar Accounts, run by the ministry responsible for finance, which mainly regulates:

- a) The scope of the requirements for information in the register data.
- b) The terms and frequency of filing with the register.
- c) The competent authorities that have access to the information in the register data.
- d) The scope of the requirements for the competent authorities to access the information in the register data.



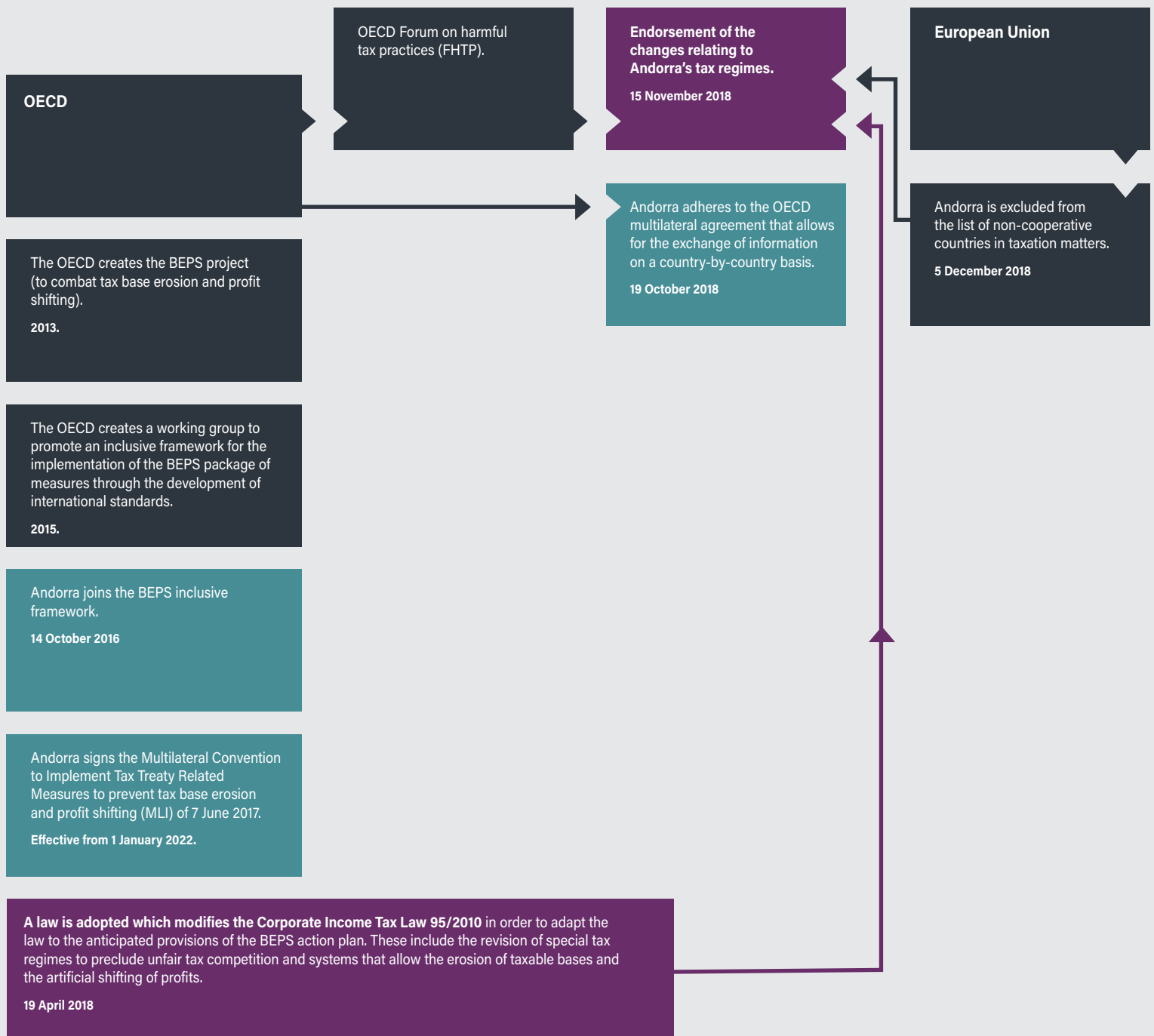
# Legislation: Andorra's regulatory framework

## Tax framework

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









## Financial framework

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

### Supervision

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

Directive 2014/65/EU on markets in financial instruments (generally known as "MiFID II").  
15 May 2014

Directive (EU) 2019/878 (CRD V), amending Directive 2013/36/EU (CRD IV) as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures.  
20 May 2019

Regulation (EU) 2019/876 (CRR II) amending Regulation (EU) 575/2013 (CRR) as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements.  
20 May 2019

Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.  
16 May 2014

Directive 2014/49/EU on deposit-guarantee schemes.  
16 April 2014

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

Directive 2002/87/EU on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate.  
26 June 2013

Directive 2007/64/EC on payment services in the internal market of 13 November 2007, repealing Directive 2015/2366 on payment services in the internal market.  
25 December 2015

Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).  
26 November 2009

Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS).  
13 July 2009

Delegated Regulation no. 1002/2013 that amended Regulation (EU) no. 648/2012 on over-the-counter derivatives, central counterparties and trade repositories with regard to the list of exempted entities.  
12 July 2013

Regulation (EU) 2019/834 that amended Regulation (EU) no. 648/2012 on the clearing obligation, the suspension of the clearing obligation, the reporting requirements, the risk-mitigation techniques for over-the-counter derivative contracts not cleared by a central counterparty, the registration and supervision of trade repositories and the requirements for trade repositories.  
20 May 2019

Regulation (EU) 2021/168 that amended Regulation (EU) 2016/1011 on the exemption of certain third-country spot foreign exchange benchmarks and the designation of replacements for certain benchmarks in cessation, which amended Regulation (EU) no. 648/2012.  
10 February 2021

Signing of the Protocol of Multilateral Understanding of the International Organisation of Securities Commissions (IOSCO).  
17 September 2013

### MiFID II

### Solvency (CRD V, CRR II)

### Resolution

### Deposit and investment guarantee scheme

### Financial conglomerates

### PSD2

### Insurance

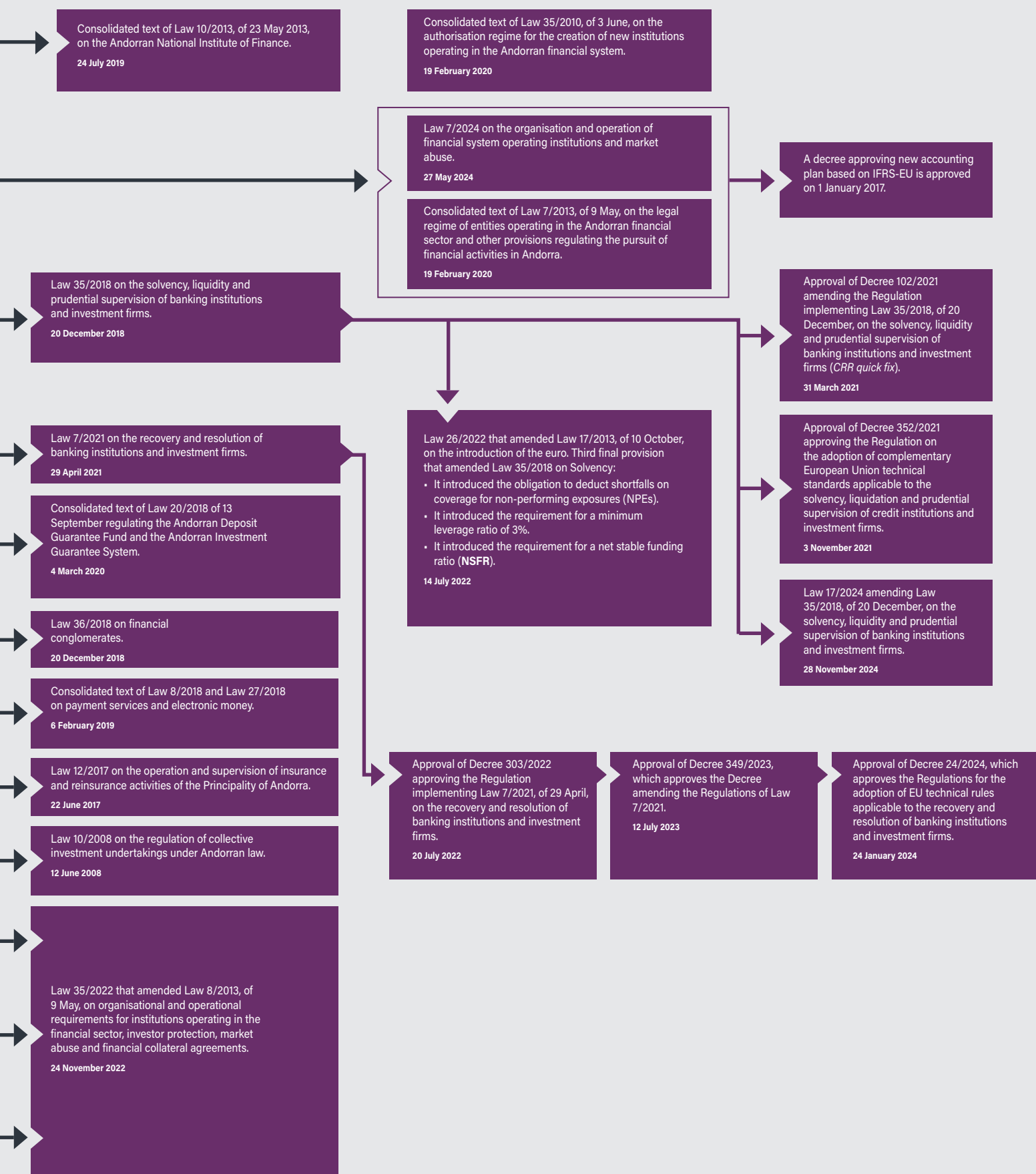
### Collective Investments

### EMIR

### SFTR

### BMR







## 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 and ratified on 18 October 2007.

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

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

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

Moneyval's Evaluation Reports

1999-2002

2002-2003

2005-2008

2011-2015

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 and 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, 1 August 2006.

Directive 2014/42/EU of the European Parliament and of the Council of 3 April 2014 on the freezing and confiscation of instrumentalities and proceeds of crime in the European Union.

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.

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.

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

Directive (EU) 2018/1673 of the European Parliament and of the Council of 23 October 2018 on combating money laundering by criminal law.

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

Recommendations of the Financial Action Task Force (FATF).



STANDARDISATION

**Andorran  
regulations**

Law 14/2017 on the prevention and fight against money laundering and the financing of terrorism.

**22 June 2017**

Regulation for the enforcement of Law 14/2017, of 22 June, on the prevention of the laundering of money or securities and the financing of terrorism.

**2 March 2022**

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

**5 September 2018**

Regulations governing the Register of Service Providers to Trusts and Similar Legal Instruments.

**6 February 2019**

Regulation on the declaration of cross-border cash transport.

**21 September 2022**

Regulation of the register of financial and similar accounts, attached to the finance ministry.

**14 February 2024**

Law 24/2022 on the digital representation of assets through the use of cryptography and distributed ledger and blockchain technology.

**30 June 2022**



# Regulations going through parliament







Status



Tentative schedule

Amendment period.

First half of 2025

The amendment period has ended and the bill is being analysed by the competent Legislative Committee.

First half of 2025

Amendment period.

First half of 2025



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

<b>AA</b>	Association Agreement
<b>AEOI</b>	Automatic Exchange of Information in tax matters
<b>AI</b>	Artificial intelligence
<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>ECB</b>	European Central Bank
<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>	Multilateral Competent Authority Agreement
<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>SUP</b>	Supervision
<b>SUST</b>	Sustainability
<b>TIEA</b>	Tax Information Exchange Agreement
<b>TR</b>	Transparency



## Andorra has signed 24 TIEAs and 21 DTAs\*

### 2025

<b>REG</b>	<b>9 April</b>	Decree 137/2025 approving the Foreign Investment Regulation.
<b>RTG</b>	<b>4 April</b>	<b>Fitch Ratings confirms Andorra's rating at A- with a stable outlook.</b>
<b>SUP</b>	<b>20 March</b>	FAGADI becomes a member of the European Forum of Deposit Insurers (EFDI).
<b>SUP</b>	<b>11 March</b>	The <i>Malta Financial Services Authority</i> and the Andorran Financial Authority sign a Memorandum of Understanding.
<b>REG</b>	<b>6 March</b>	Act 5/2025 on sustainable growth and the right to housing.
<b>IMF</b>	<b>11 February</b>	<b>Concluding Statement by the IMF on the Principality of Andorra.</b>
<b>ECB</b>	<b>7 February</b>	Extension of the liquidity facility between the ECB and the AFA until 31 January 2027.
<b>RTG</b>	<b>17 January</b>	<b>Moody's closes the 2024 assessment, keeping the country rating at Baa1.</b>

### 2024

<b>REG</b>	<b>28 November</b>	<b>Law 17/2024 amending Law 35/2018, of 20 December, on the solvency, liquidity and prudential supervision of banking institutions and investment firms.</b>
<b>TR</b>	<b>27 November</b>	<b>Andorra signs the addendum to the international tax information exchange agreement (CRS MCAA) to update the existing mechanisms.</b>
<b>RTG</b>	<b>8 November</b>	<b>Standard &amp; Poor's maintains the qualification of Andorra at A-/A-2 with positive outlook.</b>
<b>RTG</b>	<b>18 October</b>	<b>Fitch Ratings confirms Andorra's rating at A- with a stable outlook.</b>
<b>RTG</b>	<b>19 July</b>	<b>Moody's maintains Andorra's rating at Baa1 with a stable outlook.</b>
<b>REG</b>	<b>27 May</b>	<b>Law 7/2024 on the organisation and operation of financial system operating institutions and market abuse.</b>
<b>REG</b>	<b>27 May</b>	Law 10/2024 of 27 May on the auditing of accounts in the Principality of Andorra.
<b>RTG</b>	<b>10 May</b>	<b>The rating agency Standard &amp; Poor's raises Andorra's rating to A-/A-2 and maintains the positive outlook.</b>
<b>AI</b>	<b>2 May</b>	The Andorran Government approves the Andorran Code of Ethics for Artificial Intelligence.
<b>AA</b>	<b>26 April</b>	<b>The European Commission publishes the full English version of the Association Agreement between the European Union and the Principality of Andorra.</b>

\* The Principality of Andorra, in line with its economic openness and process of harmonisation with international standards, has seventeen DTAs in place (France, Spain, Luxembourg, Liechtenstein, Portugal, United Arab Emirates, Malta, Cyprus, San Marino, Hungary, Croatia, Monaco, Czech Republic, Iceland, Netherlands, Lithuania, and the Republic of Korea) and three signed DTAs (Latvia, Romania and Montenegro). Currently, Andorra has the DTA with the United Kingdom of Great Britain and Northern Ireland pending ratification. Moreover, it has initialled an agreement with Belgium, which is pending signature.



<b>RTG</b>	<b>26 April</b>	<b>Fitch Ratings confirms Andorra's rating at A- with a stable outlook.</b>
<b>IMF</b>	<b>6 March</b>	<b>The IMF publishes the Article IV report for 2023 and gives a positive assessment of the performance and robustness of Andorran banks.</b>
<b>REG</b>	<b>14 February</b>	Decree 64/2024 approving the regulations of the register of financial and similar accounts, attached to the finance ministry.
<b>REG</b>	<b>1 February</b>	Law 2/2024 on urgent measures to improve the purchasing power of citizens.
<b>REG</b>	<b>1 February</b>	<b>Law 3/2024 on the tax on foreign real estate investment in the Principality of Andorra.</b>
<b>REG</b>	<b>24 January</b>	Decree 24/2024 approving the Regulation on the adoption of complementary EU technical standards applicable to the recovery and resolution of banking institutions and investment firms.
<b>RTG</b>	<b>17 January</b>	<b>Moody's raises Andorra's rating from Baa2 to Baa1 and maintains a stable outlook.</b>

## 2023

<b>AA</b>	<b>12 December</b>	<b>The negotiation of the Association Agreement between the EU and Andorra and San Marino is completed.</b>
<b>REG</b>	<b>28 November</b>	Law 24/2023 on measures to stimulate and stabilise the housing rental market.
<b>RTG</b>	<b>13 November</b>	<b>Standard &amp; Poor's maintains the qualification of Andorra at BBB+/A-2 with positive outlook.</b>
<b>RTG</b>	<b>27 October</b>	<b>Fitch Ratings confirms Andorra's rating at A- with a stable outlook.</b>
<b>REG</b>	<b>7 September</b>	Law 16/2023 on the temporary suspension of foreign investment in real estate in the Principality of Andorra.
<b>REG COVID-19</b>	<b>16 August</b>	Decree 404/2023 on the completion of the second phase of the soft credit scheme guaranteed by the Government, regulated by Decree of 20-5-2020 on the approval of a second extraordinary collateral programme for companies and businesses due to the health emergency situation caused by the SARS-CoV-2 coronavirus.
<b>REG</b>	<b>12 July</b>	Law 15/2023 to extend the urgent housing measures and to provide the Government with the necessary resources to create a public housing stock.
<b>RTG</b>	<b>26 July</b>	<b>Moody's maintains Andorra's rating at Baa2 with a stable outlook.</b>
<b>AML/CFT</b>	<b>30 June</b>	The AFA and UIFAND have signed a new memorandum of understanding that consolidates and broadens the basis for regulating the collaboration between the two authorities in those functions attributed to them by relevant regulations in relation to the supervision of entities operating in the financial system, insurance and reinsurance organisations, providers of virtual asset services and digital supervisors.
<b>SUP</b>	<b>22 May</b>	The AFA becomes a member of the Group of International Finance Centre Supervisors (GIFCS), an organisation that promotes the adoption of international best practices in the financial sectors of small countries where legislative proportionality is necessary.



<b>RTG</b>	<b>12 May</b>	<b>Standard &amp; Poor's revised Andorra's outlook from stable to positive and reaffirmed its rating at BBB+/A-2.</b>
<b>DA</b>	<b>10 May</b>	Decree 211/2023 approving the Regulations implementing Title VIII of Law 42/2022, of 1 December, on the digital economy, entrepreneurship and innovation, relating to the controlled testing environment or sandbox.
<b>REG</b>	<b>10 May</b>	Decree 204/2023 amending the Regulations for the application of Law 12/2017, of 22 June, on the regulation and supervision of insurance and reinsurance in the Principality of Andorra.
<b>RTG</b>	<b>28 April</b>	<b>Fitch Ratings reaffirmed Andorra's rating at A- and a stable outlook.</b>
<b>MA</b>	<b>3 April</b>	The AREB and AFA sign a memorandum of understanding formally establishing a mutual assistance framework to carry out their respective functions, as set out in Law 7/2021, of 29 April, on the recovery and resolution of banking institutions and investment companies.
<b>REG</b>	<b>15 March</b>	Decree 127/2023 that passed a special guarantor programme for the purchase of homes that are the usual place of residence.
<b>REG</b>	<b>19 January</b>	Law 6/2023 on urgent measures to improve the purchasing power of citizens and on housing rental.
<b>REG</b>	<b>19 January</b>	Law 5/2023 on the reform of direct taxation and the amendment of other tax and customs rules.

## 2022

<b>DA</b>	<b>1 December</b>	Law 42/2022 on digital economy, entrepreneurship and innovation.
<b>REG</b>	<b>1 December</b>	Law 41/2022 on protection, market stimulation and governance measures in the area of housing.
<b>SUST</b>	<b>24 November</b>	Law 37/2022 on measures to respond to energy crisis situations.
<b>RESL</b>	<b>24 November</b>	<b>Law 36/2022 on the creation of international reserves and access by the financial system to emergency liquidity assistance.</b>
<b>MA</b>	<b>24 November</b>	Law 35/2022 that amended Law 8/2013, of 9 May, on organisational and operational requirements for institutions operating in the financial sector, investor protection, market abuse and financial collateral agreements (EMIR, SFTR and benchmark indexes).
<b>AML/CFT</b>	<b>21 September</b>	Decree 377/2022 approving the Regulation on the declaration of cross-border cash transport.
<b>RESL</b>	<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>MA</b>	<b>20 July</b>	Decree 303/2022 approving the Regulation implementing Law 7/2021, of 29 April, on the recovery and resolution of banking institutions and investment firms.
<b>RTG</b>	<b>15 July</b>	<b>Standard &amp; Poor's upgrades Andorra's rating to BBB+/A-2 with a stable outlook.</b>



<b>MA</b>	<b>14 July</b>	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 (NPE, NSFR, leverage ratio).
<b>RTG</b>	<b>8 July</b>	<b>Fitch upgrades the rating to A- with a stable outlook, the best score since the agency began rating the Principality back in 2015.</b>
<b>SUST</b>	<b>30 June</b>	Law 25/2022 on circular economy (LEC).
<b>DA</b>	<b>30 June</b>	Law 24/2022 on the digital representation of assets through the use of cryptography and distributed ledger and blockchain technology.
<b>IMF</b>	<b>20 June</b>	<b>The Executive Board of the IMF concludes the 2022 Article IV consultation with the Principality of Andorra.</b>
<b>CST</b>	<b>9 June</b>	Law 22/2022 on measures for the security of networks and information systems.
<b>MA</b>	<b>8 June</b>	Decree 249/2022 approving the Regulation on the organisation and functioning of the Management Committee of the Andorran Deposit Guarantee Fund.
<b>MA</b>	<b>8 June</b>	Decree 248/2022 approving the Regulation on the organisation and functioning of the Management Committee of the Andorran Investment Guarantee System.
<b>TR</b>	<b>25 May</b>	Decree 214/2022 amending the Regulation governing the registration of and access to information relating to beneficial owners in the registers of legal entities, as approved by the Decree of 5 September 2018.
<b>REG</b>	<b>27 April</b>	Decree 171/2022 on the approval of the Regulations for the creation and management of the international reserves of the Principality of Andorra.
<b>IMF</b>	<b>7 April</b>	<b>The IMF publishes the Article IV mission's technical staff statement for 2022.</b>
<b>REG</b>	<b>3 March</b>	Law 5/2022 on the application of international sanctions in the context of the war in Ukraine.
<b>AML/CFT</b>	<b>2 March</b>	Regulation for the application of the new AML/CFT Law.
<b>DI</b>	<b>16 February</b>	Approval of the issue of public debt "Sustainable notes of the Principality of Andorra in international markets" for an amount of 500 million euros.
<b>RTG</b>	<b>4 February</b>	<b>Moody's rates the Principality of Andorra for the first time with a Baa2 rating and a stable outlook.</b>
<b>Digitalisation</b>	<b>2 February</b>	Arrangement of the €8m loan from the Council of Europe's Development Bank to finance digitisation.
<b>RTG</b>	<b>14 January</b>	<b>Fitch Ratings reaffirms the Principality's rating at BBB+ and revises Andorra's outlook from stable to positive.</b>
<b>RTG</b>	<b>14 January</b>	<b>Standard &amp; Poor's revises Andorra's outlook from stable to positive and reaffirms its rating at BBB/A-2.</b>
<b>BEPS</b>	<b>1 January</b>	Entry into force of the Multilateral Agreement on the application of measures relating to tax treaties to prevent base erosion and profit shifting ( <b>MLI</b> ).



## 2021

<b>REG COVID-19</b>	<b>22 December</b>	Decree 424/2021 that increases up to 100% the rental and mortgage subsidies for nightlife venues.
<b>AML/CFT</b>	<b>16 December</b>	Approval of the amendment of 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>	<b>15 December</b>	Decree approving certain international financial reporting standards adopted in the European Union (EU-IFRS), which amends the Decree of 22 December 2016.
<b>AML/CFT</b>	<b>15 November</b>	Start of the III Course on the prevention of money laundering and the financing of terrorism.
<b>MA</b>	<b>3 November</b>	Regulation on the adoption of complementary EU technical standards applicable to the solvency, liquidity and prudential supervision of banking institutions and investment firms.
<b>REG</b>	<b>28 October</b>	<b>Law 29/2021 on the protection of personal data (GDPR).</b>
<b>REG</b>	<b>14 October</b>	<b>Law 24/2021 on exchange taxes applied to card payment transactions.</b>
<b>DI</b>	<b>6 October</b>	<b>New international debt issue of €175m with a 20-year maturity for the first time.</b>
<b>REG COVID-19</b>	<b>29 September</b>	<b>Decree 323/2021 which regulates the return or conversion into loans of the outstanding debt corresponding to the first and second extraordinary guarantee programme for companies and businesses following the health emergency situation caused by the SAR coronavirus.</b>
<b>SUST</b>	<b>22 September</b>	Decree 303/2021 approving the Regulation of the national market for the compensation of greenhouse gas emissions.
<b>MA</b>	<b>10 September</b>	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>	<b>1 September</b>	The government extends the programme of rental and mortgage subsidies for nightlife venues and travel agencies.
<b>RTG</b>	<b>23 July</b>	Fitch Ratings reaffirms Andorra's rating at BBB+ with a stable outlook.
<b>RTG</b>	<b>20 July</b>	Standard & Poor's reaffirms Andorra's credit rating at BBB/A-2.
<b>IMF</b>	<b>14 June</b>	<b>The IMF publishes a report setting out its final conclusions on Andorra within the framework of Article IV of the IMF's Articles of Agreement.</b>
<b>IMF</b>	<b>7 May</b>	<b>Publication of the first balance of payments of Andorra.</b>
<b>PS</b>	<b>4 May</b>	The SEPA direct debit scheme comes into force.
<b>MA</b>	<b>29 April</b>	<b>Law 7/2021 on the recovery and resolution of banking institutions and investment firms (BRRD1).</b>
<b>DI</b>	<b>28 April</b>	<b>First international issue of Andorran bonds —green, social and sustainable— for 500 million euros.</b>



<b>IMF</b>	<b>9 April</b>	The IMF publishes its preliminary conclusions on the official visit within the framework of Article IV of the IMF's Articles of Agreement and takes a positive view of Andorra's management of the pandemic and its prospects for economic recovery.
<b>REG COVID-19</b>	<b>31 March</b>	Decree 102/2021 amending Regulation CRR. Among other things, it transposes different adaptations associated with the COVID-19 pandemic in the financial sector.
<b>REG COVID-19</b>	<b>31 March</b>	Decree 101/2021 approving an extraordinary aid programme for rent and mortgage payments for companies in the ski equipment sales and rental business.
<b>REG COVID-19</b>	<b>18 March</b>	Law 3/2021 amending Law 16/2020 of 4 December on new exceptional and urgent measures in the light of the health emergency caused by the SARS-CoV-2 pandemic, extending the rent reductions through 30 April 2021.
<b>IFRS-EU</b>	<b>24 February</b>	Decree 60/2021 approving new EU-IFRS standards and amending Decree of 22 December 2016.
<b>REG COVID-19</b>	<b>29 January</b>	Decree 54/2021 amending the Decree of 20 May 2020 which approved a second extraordinary financing programme targeted at companies and businesses, including fuel expenses for transportation and the corporate contributions to job retention schemes. It includes the scope of Decree 25/2021 (leasing) and repeals it.
<b>RTG</b>	<b>29 January</b>	Fitch Ratings reaffirms the Principality's BBB + rating with a stable outlook, despite the situation caused by the pandemic.
<b>REG COVID-19</b>	<b>28 January</b>	Law 1/2021 which amends Law 16/2020, of 4 December, on new exceptional and urgent measures in the light of the health emergency caused by the SARS-CoV-2 pandemic.
<b>REG COVID-19</b>	<b>27 January</b>	Decree 25/2021 amending the Decree of 20 May 2020 which approved a second extraordinary financing programme aimed at companies and businesses to include leasing operations (finance leases).
<b>RTG</b>	<b>15 January</b>	<b>Standard &amp; Poor's maintains Andorra's rating at BBB and a stable outlook.</b>

## 2020

<b>COVID-19</b>	<b>14 December</b>	<b>Banks extend until 31 March 2021 the application deadline for the moratoria.</b>
<b>REG COVID-19</b>	<b>4 December</b>	Law 16/2020 on exceptional and urgent measures in the light of the health emergency caused by the SARS-CoV-2 pandemic.
<b>REG COVID-19</b>	<b>2 December</b>	Decree approving an extraordinary programme of rental and mortgage support targeted at gaming halls, in the light of the health emergency caused by the SARS-CoV-2 pandemic.
<b>REG COVID-19</b>	<b>18 November</b>	Decree amending the Decree of 20 May 2020 approving a second extraordinary financing programme aimed at companies and businesses in the light of the health emergency caused by the SARS-CoV-2 pandemic: includes the payment of rent and utility bills.
<b>REG COVID-19</b>	<b>21 October</b>	Decree approving an extraordinary rental and mortgage assistance programme for commercial premises in the light of the health emergency caused by the SARS-CoV-2 pandemic.



<b>IMF</b>	<b>16 October</b>	<b>Andorra becomes the 190th member of the IMF.</b>
<b>IMF</b>	<b>5 October</b>	Law 10/2020 on the accession of the Principality of Andorra to the IMF.
<b>RTG</b>	<b>31 July</b>	Standard & Poor's maintains Andorra's rating at BBB and a stable outlook.
<b>DI</b>	<b>29 July</b>	<b>Decree approving a long-term public debt bond issue by the Principality of Andorra in the amount of 20 million euros.</b>
<b>IFRS-EU</b>	<b>29 July</b>	Decree approving new EU-IFRS standards and amending Decree of 22 December 2016.
<b>RTG</b>	<b>17 July</b>	Fitch Ratings affirms Andorra at BBB+ and stable outlook.
<b>COVID-19</b>	<b>11 June</b>	<b>Approval of the sectoral agreement to defer the payment of loans and credits for those economically affected by SARS-CoV-2 (sectoral grace periods).</b>
<b>N/A</b>	<b>27 May</b>	Andorra becomes the 47th member of the Development Bank of the Council of Europe.
<b>RTG</b>	<b>24 April</b>	Standard & Poor's affirms Andorra's qualification at BBB/A-2 and revises the outlook to stable due to the impact of SARS-CoV-2.
<b>REG COVID-19</b>	<b>18 April</b>	<b>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>	<b>24 March and 20 May</b>	<b>Approval of two decrees regulating extraordinary financing programmes aimed at companies and businesses in the light of the health emergency caused by the SARS-CoV-2 pandemic.</b>
<b>REG COVID-19</b>	<b>23 March</b>	<b>Qualified Law 4/2020 on states of alert and emergency.</b>
<b>REG COVID-19</b>	<b>23 March</b>	Law 3/2020 on exceptional and urgent measures in the light of the health emergency caused by the SARS-CoV-2 pandemic.
<b>RTG</b>	<b>31 January</b>	Fitch Ratings affirms Andorra at BBB+ and stable outlook.
<b>RTG</b>	<b>17 January</b>	Standard & Poor's affirms the qualification of Andorra at BBB/A-2 and positive outlook.

## 2019

<b>AML/CFT</b>	<b>5 December</b>	Moneyval adopts the second follow-up report of the 5th round of mutual evaluations of the Principality of Andorra.
<b>AML/CFT</b>	<b>28 November</b>	Law 21/2019 amending Law 14/2017, of 22 June, on the prevention and fight against money laundering and terrorism financing.
<b>TR</b>	<b>12 November</b>	Second round of Phase 2 of the Global Forum Peer review: it recognises improvements in transparency and exchange of tax information and raises the country's rating to largely compliant.
<b>RTG</b>	<b>2 August</b>	Fitch Ratings affirms Andorra's rating at BBB+ and stable outlook.
<b>RTG</b>	<b>19 July</b>	Standard & Poor's revises the outlook on Andorra from stable to positive and affirms the rating at BBB/A-2.



REG	14 May	Regulation on corporation tax which repeals the 2015 regulation.
REG	8 May	Regulation of Law 12/2017, of 22 June, on the organisation and supervision of insurance and reinsurance with respect to simplified supervision of delegations in Andorra.
MA	3 April	Regulation for the adoption of EU technical standards applicable to the solvency, liquidity and prudential supervision of credit institutions and investment firms (CRR).
MA	3 April	<b>Regulation on organisational requirements and operating conditions for institutions operating in the financial sector, investor protection, market abuse and financial collateral agreements.</b>
MA	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.
PS	5 March	<b>Andorran banks become part of SEPA.</b>
PS	1 March	Andorra joins the Single Euro Payments Area (SEPA).
MA	15 February	<b>Law 17/2019 amending Law 8/2013 on organisational requirements and operating conditions for institutions operating in the financial sector, investor protection, market abuse and financial collateral agreements (MiFID).</b>
AML/CFT	11 February	Moneyval publishes the first follow-up report of the 5th round of mutual evaluations of the Principality of Andorra.
PS	11 February	The European Payment Council updates the list of countries adhered to the SEPA schemes and includes the Principality of Andorra.
RTG	9 February	Fitch Ratings reaffirms Andorra's rating at BBB+ and stable outlook.
REG	1 February	Entry into force of Law 31/2018 on labour relations.
TR	23 January	Approval of the decree relating to the technical note on the audit procedure for external auditors on the Common Reporting Standard.
RTG	19 January	Standard & Poor's affirms Andorra's BBB/A-2 rating maintaining the outlook stable.
REG	1 January	Entry into force of Qualified Law 32/2018 on union and employer action and Qualified Law 33/2018 on industrial action.

## 2018

MA	20 December	<b>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>
MA	12 December	Decree approving certain EU-IFRS 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.



<b>TR</b>	<b>4 December</b>	<b>The EU considers Andorra to be a fully cooperating country in taxation matters and excludes it from the grey list.</b>
<b>PS</b>	<b>21 November</b>	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).
<b>TR</b>	<b>15 November</b>	<b>The OECD endorses the changes implemented by Andorra and acknowledges that it has no potentially harmful tax regimes (Project BEPS Action 5).</b>
<b>PS</b>	<b>25 October</b>	<b>Law 27/2018 amending Law 8/2018 on payment services and electronic money (PSD2).</b>
<b>TR</b>	<b>19 October</b>	Signature of the OECD multilateral agreement that allows information to be exchanged country by country with all the competent authorities that have signed the agreement.
<b>TR</b>	<b>18 October</b>	Signature of the OECD multilateral agreement within the framework of the BEPS project.
<b>TR</b>	<b>3 October</b>	Approval of the amendment to the Regulation implementing the AEOI Law.
<b>AML/CFT</b>	<b>21 September</b>	Second course on the prevention of money laundering and financing of terrorism, organised by Andorran Banking together with the University of Andorra and UIFAND.
<b>MA</b>	<b>13 September</b>	<b>Law 20/2018 regulating the Andorran Deposit Guarantee and the Andorran Investment Guarantee Schemes, which enters into force on 4 October.</b>
<b>TR</b>	<b>11 September</b>	Visit by Pascal Saint-Amans, Director of the OECD's Centre for Tax Policy and Administration, to learn about the economic and tax transformations carried out in Andorra. Conference: "Tax cooperation in a post-BEPS and automatic exchange environment".
<b>AML/CFT</b>	<b>5 September</b>	<b>Regulation governing the recording of, and the access to, information relating to beneficial owners in the records of legal entities, in order to bring them into line with international standards.</b>
<b>RTG</b>	<b>11 August</b>	Fitch rating publication: BBB+.
<b>TR</b>	<b>26 July</b>	Law 19/2018 amending the law expanding the number of jurisdictions with which Andorra will exchange information from 2020 (to a total of 95 jurisdictions).
<b>RTG</b>	<b>20 July</b>	Standard & Poor's rating publication: BBB.
<b>TR</b>	<b>3 July</b>	Lunch-talk in Madrid entitled "The Andorran financial sector in Europe", organised by Andorran Banking and the Government of Andorra.
<b>MA</b>	<b>20 June</b>	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>REG</b>	<b>31 May</b>	Law 12/2018 amending INAF Law 10/2013. This amendment transforms INAF into AFA (Andorran Financial Authority) and grants it the powers of an effective supervisory body in relation to insurance and reinsurance.
<b>AML/CFT</b>	<b>23 May</b>	Regulation for Law 14/2017, of 22 June, on the prevention of the laundering of money or securities and the financing of terrorism.



PS	17 May	Law 27/2018 on payment services and electronic money (PSD1).
REG	19 April	Law 6/2018 amending Law 95/2010 on corporation tax.
RTG	17 February	Fitch rating publication: BBB.
RTG	19 January	Standard & Poor's rating publication: BBB.

## 2017

TR	5 December	<b>Andorra passes the EU test and is not included on the list of non-cooperative countries.</b>
TR	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).
TR	26 - 27 October	The first edition of the Andorran Financial Summit is held.
AML/CFT	28 September	<b>Moneyval adopts the report of the 5th round of mutual evaluation of the Principality of Andorra.</b>
RTG	18 August	Fitch rating publication: BBB.
TR	2 August	Regulation of Law 19/2016 on the automatic exchange of tax information is approved.
RTG	28 July	Standard & Poor's rating publication: BBB.
AML/CFT	13 July	<b>Andorra includes tax offences in the list of predicate offences for money laundering.</b>
TR	28 June	<b>The OECD rewards Andorra's efforts by including it on the list of the most transparent countries in the ranking of the Global Forum on Transparency and Exchange of Tax Information.</b>
AML/CFT	22 June	Law 14/2017 on the prevention and fight against money laundering and the financing of terrorism.
REG	22 June	Law 12/2017 on the organisation and supervision of insurance and reinsurance.
TR	7 June	Andorra signs the OECD's Multilateral Convention on the application of the international base erosion and profit shifting (BEPS) measures.
TR	25 May	Law 10/2017 on the exchange of information upon request and the spontaneous exchange of information on tax matters that modifies Law 3/2009.
AML/CFT	06 - 17 March	Moneyval on-site visit as part of the 5th evaluation.
RTG	24 February	Fitch rating publication: BBB.
AML/CFT	10 February	Andorran Banking launches the first course on the prevention of money laundering and terrorist financing in collaboration with the University of Andorra.
RTG	27 January	Standard & Poor's rating publication: BBB-.
TR	13 January	<b>The Andorran Banking's General Assembly updates its Ethical code.</b>
TR	1 January	The AEOI agreement between the EU and Andorra takes effect.



TR	1 January	Law 19/2016 on AEOI takes effect.
MA	1 January	The Decree of 18 December 2016 approving the new accounting framework (EU-IFRS) comes into force.

## 2016

TR	30 November	Law 19/2016 on the automatic exchange of tax information (AEOI).
RTG	3 September	Fitch rating publication: BBB.
TR	28 - 29 July	Signing of the Multilateral Convention.
RTG	29 July	Standard & Poor's rating publication: BBB-.
N/A	11 May	Vall Banc starts its operations.
RTG	11 March	Fitch rating publication: BBB.
TR	26 February	The DTA signed between the Principality of Andorra and Spain enters into force.
RTG	12 February	Standard & Poor's rating publication: BBB-.
TR	12 February	The AEOI agreement between the EU and Andorra is signed.

## 2015

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

## 2014

TR	16 June	The OECD declaration on automatic exchange of information is adopted.
TR	June	<i>Peer Reviews Phases 1 + 2 (Global Forum).</i>
TR	24 April	Law 5/2014 on the Personal Income Tax (IRPF).
AA	April	<b>Negotiations begin for an Association Agreement between the EU and the Principality of Andorra.</b>
MA	19 March	Approval of the amendment of the appendix to the Monetary Agreement.



## 2013

TR	5 November	Signature of the OECD Multilateral Convention on Mutual Administrative Assistance in Tax Matters.
TR	11 October	Mandate to negotiate a review of the agreement on the taxation of savings income.
MA	10 October	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.
TR	October	The second phase of the <i>Peer Review</i> by <i>Global Forum</i> takes place.
N/A	17 September	The INAF is accepted as full member of IOSCO.
TR	1 January	Law 11/2012 on the Indirect General Tax (IGI) comes into force.

## 2012

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

## 2011

TR	August	The first phase of the <i>Peer Review</i> by <i>Global Forum</i> takes place.
MA	30 June	<b>Andorra signs the Monetary Agreement with the European Union to convert the euro into Andorra's official currency.</b>
N/A	4 April	Memorandum of Understanding signed between INAF and the Bank of Spain setting out a collaboration protocol between the two authorities.

## 2010

TR	29 December	A tax on corporations (IS), income from business activities (IAE) and non-residents income (IRNR) is approved.
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## 2009

TR	7 September	Law 3/2009 on the exchange of tax information upon request.
TR	10 March	Andorra signs the Paris Declaration, which sets out a timetable of legislative reforms to facilitate compliance with the OECD transparency requirements.



# Appendix

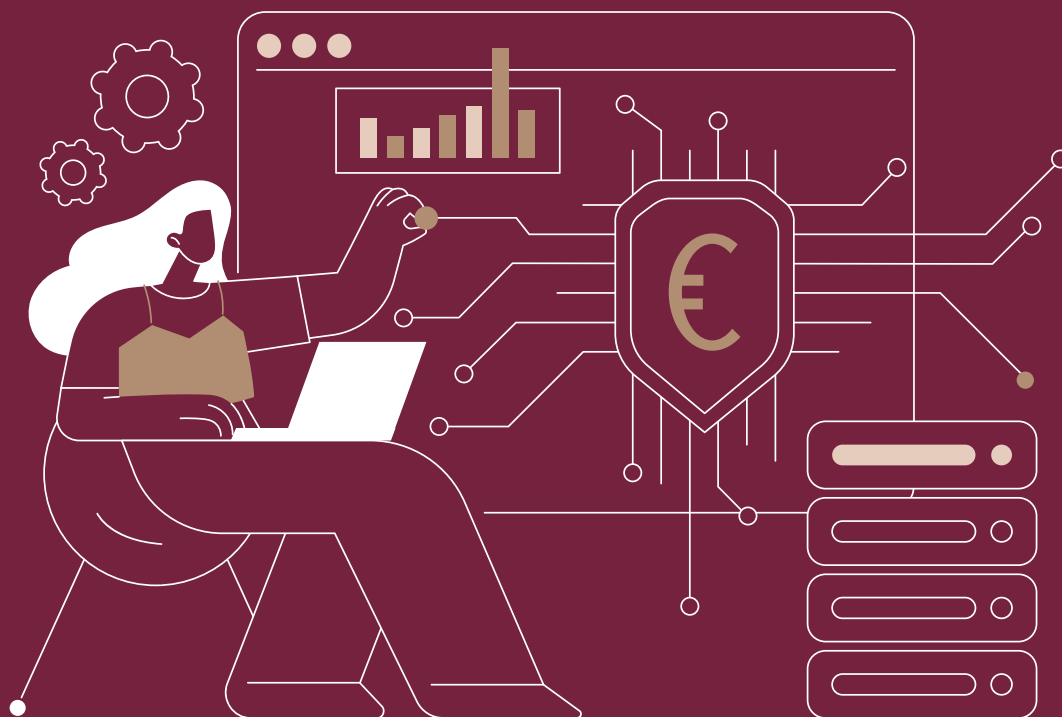
The background of the page is composed of several large, overlapping geometric shapes. A dark blue triangle occupies the top-left corner. A white triangle is positioned to its right, extending towards the top-right corner. Below the dark blue triangle is a large grey triangle. In the bottom-right area, there is a maroon triangle. The overall design is minimalist and modern.







# CONTRIBUTION OF THE FINANCIAL SECTOR TO THE ANDORRAN ECONOMY



Study commissioned  
by Andorran Banking



**Andorran Banking  
Observatory**

4th report • January 2024



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## The importance of the financial sector in Andorra

The financial and banking sector plays an essential role in economies, exerting a significant influence both on companies and on families and individuals. The financial sector, made up of banks, investment banks and insurance companies, acts as a fundamental pillar that facilitates the flow of capital and financing to investors and/or consumers, thus promoting economic development. For companies, this sector provides crucial financial resources for investment, expansion and day-to-day operations.

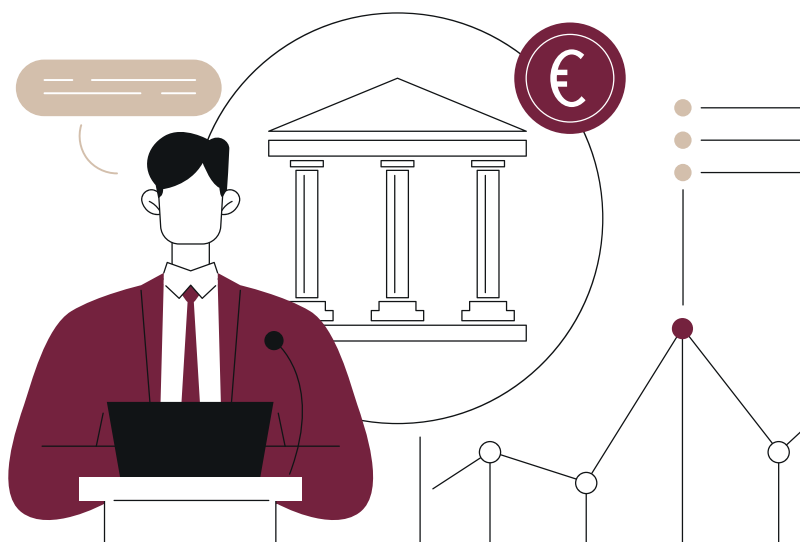
On the other hand, for families and individuals, financial institutions offer banking services, credit and insurance that directly influence their financial stability and well-being. The banking sector plays an important role in the management of balance sheets and financial planning, contributing to the construction of a resilient and sustainable economic system.

In addition, payment services play a vital role for individuals and businesses. These services provide an essential infrastructure for day-to-day transactions, improving the ease and security of financial operations. The development of tailored solutions is a key aspect, ensuring that the specific needs of individuals and companies are efficiently met. This adaptation includes the creation of customized financial products and the implementation of innovative payment methods services that streamline business operations and improve the user experience.

On the other hand, the contribution of financial institutions to the economy is also very significant. Countries such as Luxembourg and Liechtenstein have a financial system that represents between 20% and 25% of their GDP, which demonstrates the prosperity of the Andorran economic model with a powerful financial system.

What is the number of jobs created by the Andorran financial sector? What is the added value directly and indirectly linked to financial activities? What is the contribution to Andorra's budget generated by the financial sector?

This economic study provides a concise answer to these questions and sheds light on the role of banking institutions in society and the economic fabric.





# 1 | Financial sector data in Andorra

The financial sector in Andorra is a dynamic sector that has experienced great growth in recent years. Specifically, it is the **third private sector that contributes the most to the Gross Domestic Product (GDP)** of its economy. The two sectors with the largest contributions are retail trade and real estate activities, both of which depend on the financing they receive from the Andorran banking sector.

## 3 banking groups

ANDBANK  
Private Bankers

MORABANC

Creand<sup>©</sup>  
Crédit Andorra



3 financial investment companies



4 insurance companies

concentrate the  
**94.1%**  
of the assets managed in Andorra.

Provide a  
**17.2%**  
of direct taxes collected by the Government in the last 5 years.

They provide workplaces at  
**75.3%**  
of employees in the financial sector, of which  
**63.8%**  
has a university education.

The financing granted by the financial sector is approximately equivalent to  
**2x**  
the Andorra's GDP.

## Outside the perimeter of the 3 banking groups



9 financial investment companies



23 insurance companies





## Andorran banking sector

**18**  
Billions EUR  
Assets

**7.57%**  
ROE  
Efficiency

**15.76%**  
CET1  
Solvency ratio

**64**  
Billions EUR  
Assets under  
management

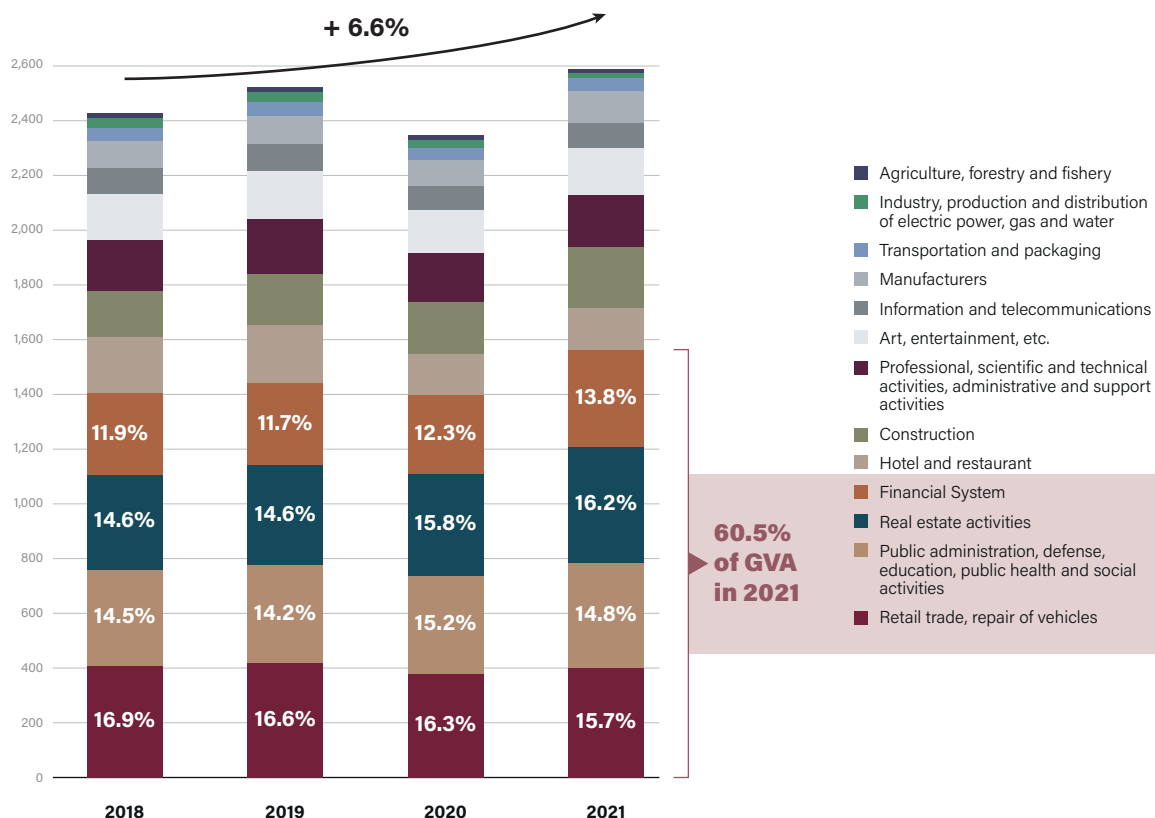
**2,500**  
employees

**201.3%**  
Liquidity  
Coverage Ratio

Below are some economic variables that show the importance and solidity of the Andorran banking groups, with a great growth in the last years.

## Estimated GDP - Nominal GVA by Sectors

(Million euros) / (%)



Source: Departament d'Estadística del Govern d'Andorra.

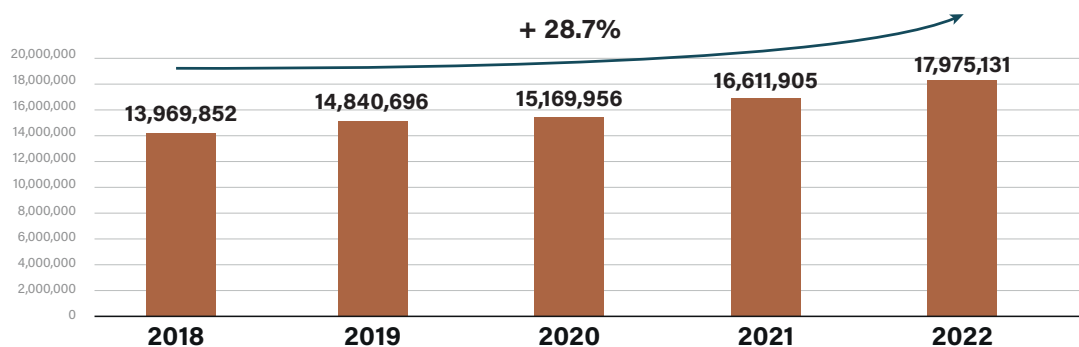
The financial sector together with the public sector, trade and real estate activities represent more than 60% of the Gross Added Value of the Andorran economy.



## Total assets

(Thousand euros)

The total assets of the banking sector have maintained during the last 5 years a growing trend of 28% CAGR despite the two crises. This growth has been based on a growing evolution of customer deposits.

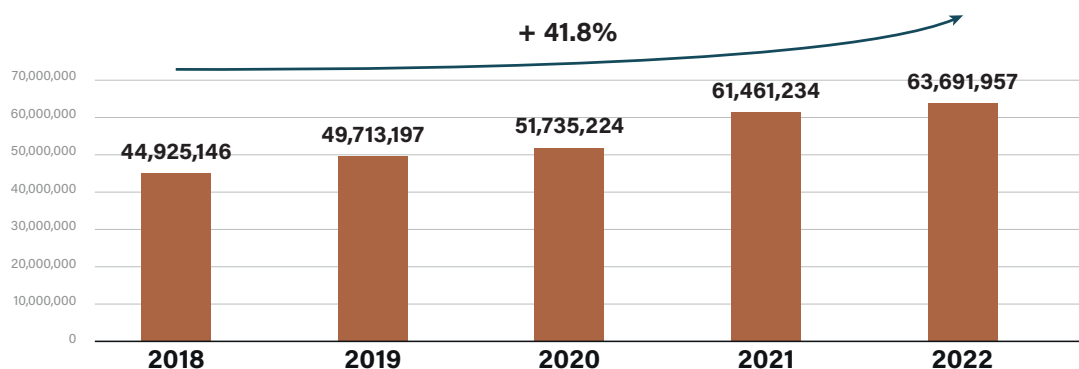


Source: Data provided by the banks.

## Assets under management

(Thousand euros)

The assets under management of the Andorran banking sector have had an increasing evolution.

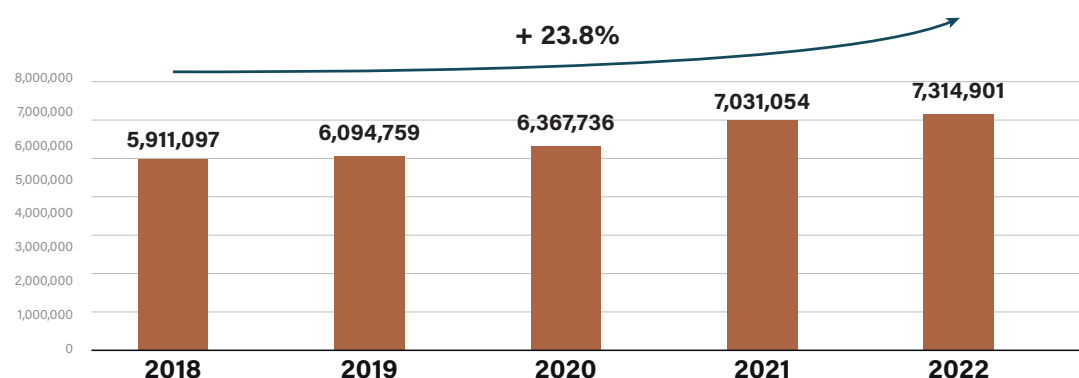


Source: Data provided by the banks.

## Consolidated credit investment

(Thousand euros)

Consolidated credit investment shows an upward trend, which evidences the sector's growing capacity to facilitate public access to financial resources.



Source: Data provided by the banks.



## 2 | Dynamizing sector

The Andorran financial sector has a significant positive influence on the rest of the economy from different perspectives.

### • Boosts strategic sectors

The development of certain sectors has been possible thanks to the financing and support of Andorran banks. The banking sector is committed to the progress and welfare of society.

It has actively encouraged and promoted the country's productive and strategic sectors such as the snow industry and the Caldea thermal center, among others. It also supports entrepreneurship, a key sector in the country's business sector.

### • Stimulates other industries

It is estimated<sup>1</sup> that the Andorran financial sector generates 0.9 additional jobs for each person working in the sector.

It has also been estimated that the sector generates a 0.3 Gross Added Value multiplier indirectly in the rest of the country's sectors.

As input-output tables have not been published by the Government of Andorra, the estimate has been made on the basis of the extrapolation between input-output tables published by Luxembourg and Switzerland, as well as in various reports<sup>2</sup>.

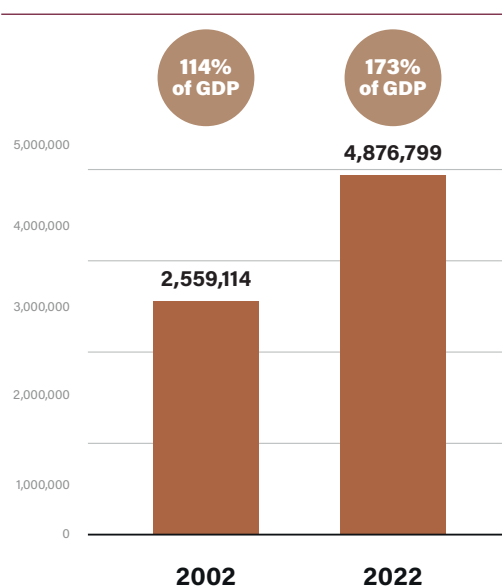
### • Finance the economy

Since 2002, credit investment in Andorra has experienced exponential growth, with a CAGR of 91% between 2002 and 2022. This financing has accompanied Andorra's economic and social growth over the last 20 years.

Consolidated credit investment shows an upward trend, which is evidence of the growing capacity for the sector to facilitate public access to financial resources.

### Credit investment in Andorra

(Thousand euros)



1. The estimate has been made by extrapolating on the basis of information published in the following reports: KPMG Private Banking Survey (KPMG); The state of the financial sector in Luxembourg (Luxembourg for Finance - Deloitte); and Economic impact of the Swiss Financial Sector (SBA - SIA - BAC).

2. For the extrapolations we have taken into account both the relative weight of the financial sector in GVA and number of employees, as well as the absolute size of the sector in the three countries.



## 3 | Job-creating sector

### • Generates qualified employment

On average, the 3 banking groups have employed 75.3% of the employees in the Andorran financial system over the last 5 years.

In 2022, 63.8% of the workforce in the banking sector were university graduates.

The contribution of the financial sector to the Andorran economy is particularly significant in terms of salary and wage mass.

### • Contributes to national wealth

Despite the process of concentration in the sector, the number of jobs has remained stable in terms of the number of employees.

The average gross salary amounts to €5,064, 208% higher than the average observed in the total economy in 2022. While the financial sector directly provides jobs to 4.5% of the employees in the Andorran economy, its contribution to the wage mass is 10% of the total wage mass over the last 5 years in Andorra. This shows the sector's capacity as a contributor to the country's wealth, welfare system and social security.

### • It has a multiplying effect on the workplaces

In contrast to the 4.5% of jobs generated directly, it is estimated that the financial sector in Andorra generates a total of 3,260 jobs (direct and indirect), representing 7.8% of the total number of jobs in Andorra. This is based on the estimated multiplier effect of 0.9 on the rest of the sectors of the country's economy\*.

\* For every 10 jobs generated in the financial sector, it is estimated that 9 jobs are created in the rest of the economy, through indirect and induced effects.





### Evolution of jobs in the financial sector



Source: Departament d'Estadística del Govern d'Andorra and data provided by the banks.





## 4 | Driver of the country's digital transformation

Digitalization and technology have been fundamental factors in the evolution of the banking sector. From online banking services to mobile applications and other technological advances, these innovations not only improve accessibility to financial services, but also streamline internal processes, increasing the efficiency and speed of transactions. The integration of advanced technological solutions allows banks to adapt quickly to market changes and offer more competitive and focused on the customer services.

### • Investment

The sector allocates around 6% of its profits to boosting digital transformation.



### • Payment facilities

1,500 millions of euros in POS transactions

- A 10% corresponds to virtual POS, which confirms a path towards online and distance commerce from Andorra.



### International transactions and cards

- International transactions have grown over the last few years to around 34 million transactions valued at more than 1,500 million euros.



### • Customer service

Growth in mobile application users

- The number of mobile application users grew to 24% in 2022 and an increase of 65% in 2022 compared to the previous year.



**65%**

growth in 2022  
of digital users.



## 5 Contribution to the State's finances

The three banking institutions generate significant tax revenues for the public sector. The taxes collected by the government and the *Comuns* represent around 2% of Andorra's GDP, a fact that demonstrates the sector's recurrent and continuous contribution to the public administration.

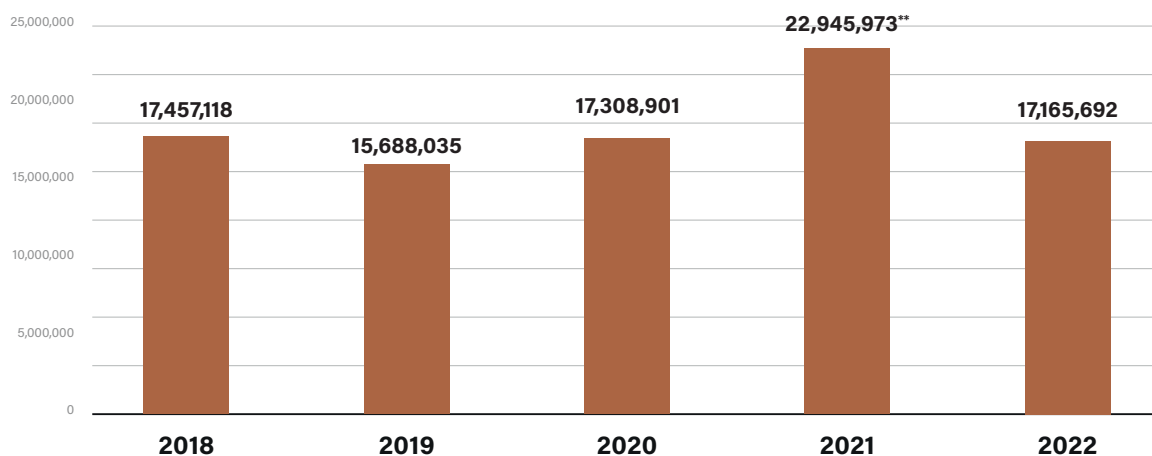
### • Direct taxes paid by banking groups

Direct taxes paid by the constituent entities of the banking groups have amounted to 90,565,719 euros during the last 5 years.

Average contribution to direct taxes by banking groups to the total direct taxes collected by the Government has averaged 17.8% over the last 5 years.

#### Direct taxes paid by banking groups

(Euros)\*

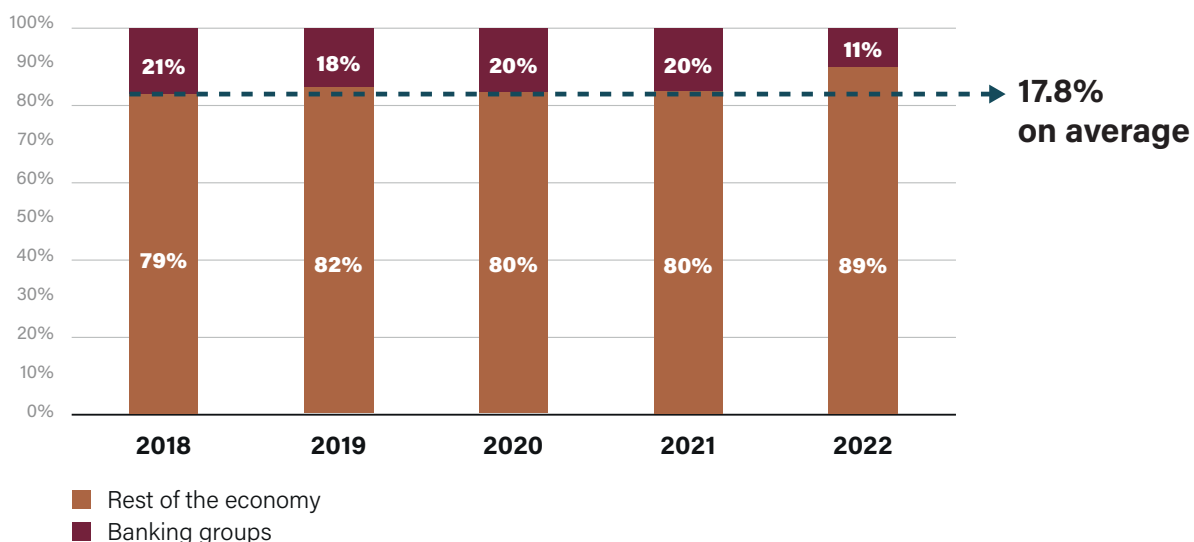


\* The data includes direct taxes both for individuals and legal entities.

\*\* Increase as a result of the bank consolidation process carried out in 2021.

#### Contribution of the banking groups to total direct taxes

(%)



Source: Data provided by the banks and Departament d'Estadística del Govern d'Andorra.



## 6 | Impact of the sector in wealth creation (GVA/GDP)

The contribution to GVA by the financial sector has shown a growing trend over the last 5 years analyzed.

### • GVA contributed by the financial sector

Despite the fall in 2020 caused by COVID-19, the GVA of the financial sector **has maintained a growing trend in the period 2018-2021 with a CAGR of 23%**, consolidating itself as the **third private sector that contributes the most direct GVA** to the economy, with 13.8%.

The average GVA per employee in the financial sector is 3 times higher than that of the rest of the economy. In the period 2018-2021 it has maintained a growing trend, going from 246% to 299% with respect to the average GVA per employee of the economy, **with a CAGR of 31%**.

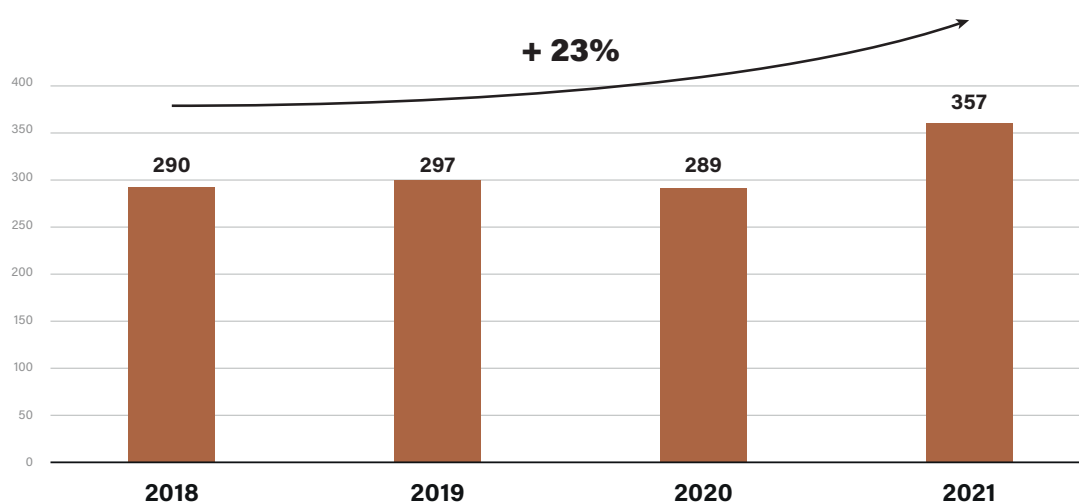
### • The indirect effect of the financial sector on Andorra's GVA: the GVA multiplier effect

It is estimated that the financial sector in Andorra generates **an estimated total GVA (direct and indirect) of €464M, which would represent 19% of total GVA compared to 13.8% generated directly**. This is based on the estimated multiplier effect of 0.3\* on the remaining sectors of the country's economy.

\* For every €1 of GVA generated by the financial sector, it is estimated that €0.3 of GVA is generated in the other sectors of the Andorran economy, due to the purchases that the financial sector makes in the other sectors.

### Evolution of the financial sector GVA

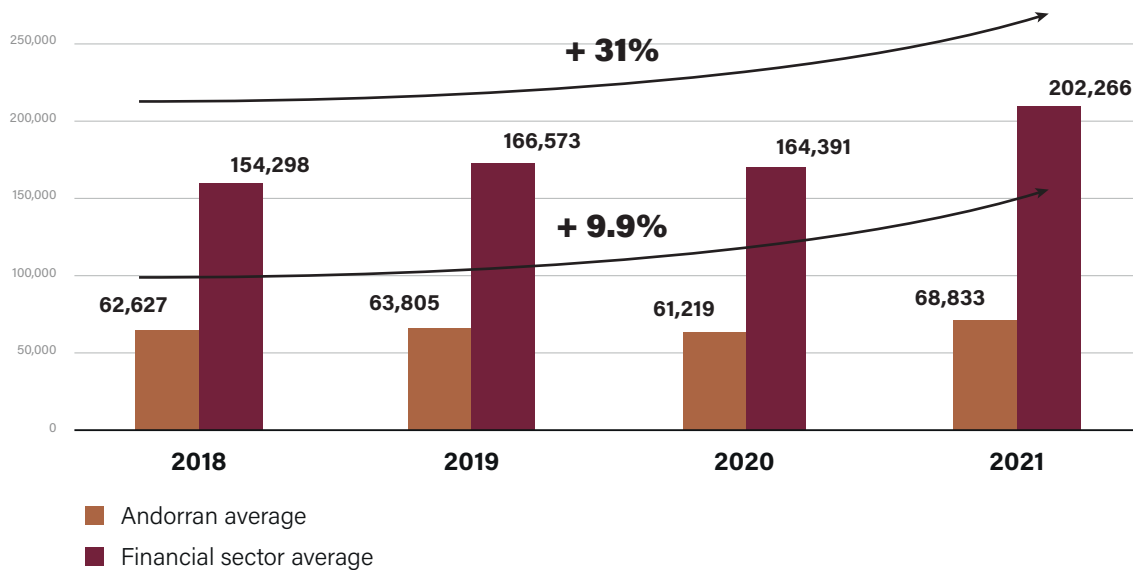
(Million euros)





## Evolution of median GVA per employee

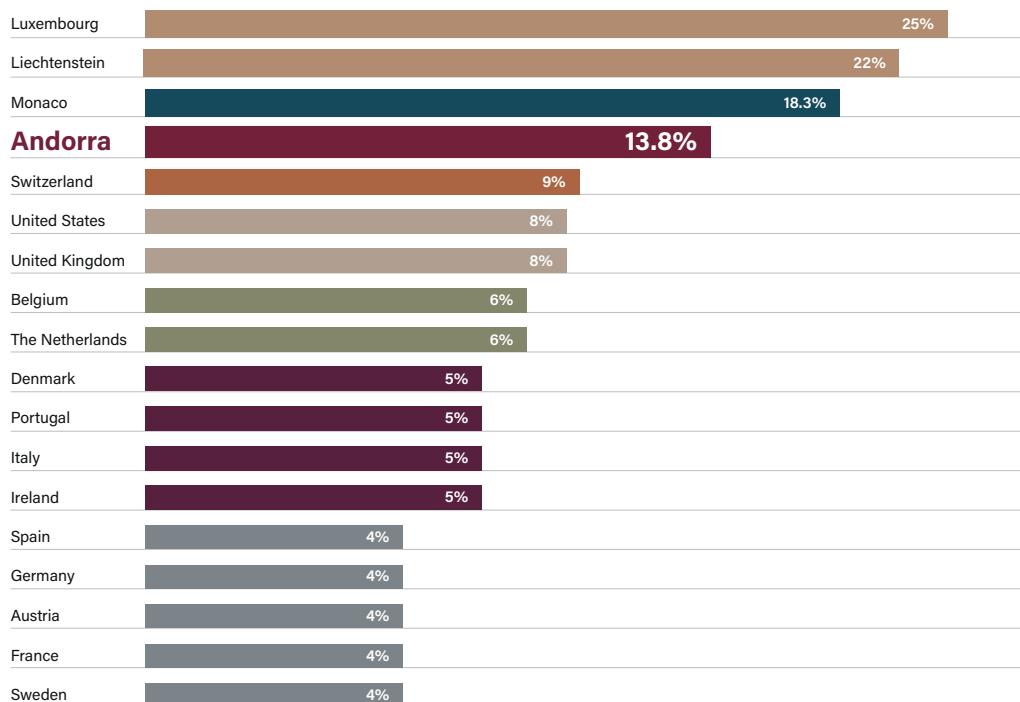
(Euros per employee)



Source: Departament d'Estadística del Govern d'Andorra.

The financial sector in Andorra has an important weight in the economy with a 13.8% contribution to GVA, as in other countries such as Luxembourg, Liechtenstein, Monaco and Switzerland.

The weight of **the direct GVA contributed by the Andorran financial sector** to the economy compared to other countries:



Source: OCDE, IMMSEE and other public sources



## 7 | Methodology and Assumptions

### • Sources of information

For the preparation of this report, information has been taken from:

- Departament d'Estadística del Govern d'Andorra.
- Associació de Bancs Andorrans.
- Banking institutions themselves: Andbank, MoraBanc and Creand.
- Input-output tables for Switzerland and Luxembourg.
- Multiple public websites explicitly mentioned, such as the OECD.

### • Perimeter of the information used

For the purpose of the "Summary" we have taken into account, unless otherwise stated, the totality of the financial sector in Andorra, having drawn the data mostly from the public accounts and from the Departament d'Estadística del Govern d'Andorra.

### • Indirect and induced impact estimation through extrapolation

The Andorran financial sector generates jobs as well as Gross Added Value indirectly and induced in the rest of the country's sectors. As no input-output tables have been published by the Government of Andorra, the estimation of the multiplier effects has been made by extrapolating from data published by Luxembourg<sup>3</sup> and Switzerland<sup>4</sup> as well as in various reports<sup>5</sup>.

The extrapolations have taken into account both the relative weight of the financial sector and the absolute size of the financial sector in the three countries.

### • Indirect impact

For the purposes of this report, indirect impact is understood to be the production and jobs generated in the sectors benefiting from the investments and spending carried out by the financial sector.

### • Induced impact

For the purposes of this report, induced impact refers to the impact generated in other sectors of the economy by the consumption of goods and services by employees in the financial sector.

3. Tables input-output Luxembourg.

4. Tables input-output Switzerland.

5. KPMG Private Banking Survey (KPMG); The state of the financial sector in Luxembourg (Luxembourg for Finance - Deloitte); and Economic impact of the Swiss Financial Sector (SBA – SIA – BAC).



## • Preliminary considerations in the estimation of direct and indirect GVA contributed by the financial sector

The financial sector is the fourth sector that contributes the most added value to the Andorran economy, with 13.8% of the total, which generates economic dependencies with the rest of the sectors due to the purchases that the financial sector makes to the rest of the sectors.

In the case of Switzerland, the financial sector, together with the insurance sector, is the second largest contributor to GVA, with 9%. In the Alpine country, there is a certain balance between the sectors, as there are several that have a weight close to that of the financial sector, such as pharmaceuticals, manufacturing, education and health. The indirect GVA multiplier of the financial sector in Switzerland is estimated at approximately 0.4, according to the 2017 input-output tables published in 2022 by SFSO. This figure coincides with that obtained from the reports cited above.

In Luxembourg, the financial sector is the first sector that contributes the most GVA and represents 25%. In the case of Luxembourg, the contribution of the financial sector to GVA is three times that of the second sector (real estate activities), as well as that of the third (commerce) and fourth (professional-scientific-technical services). The multiplier of the indirect GVA of the financial sector in Luxembourg is estimated at approximately 0.2, according to the 2019 input-output tables.

## • Assumptions in the estimation of direct and indirect GVA contributed by the financial sector

The indirect impact in percentage terms of GVA of a sector is inversely proportional to the total weight of the sector in the economy and to the level of diversification of this economy. Sectors with lower direct contributions tend to generate proportionally higher indirect impacts than those with high direct contributions (see "transportation and storage services" sector in Luxembourg). Sectors with a high degree of concentration at the economy level tend to generate proportionally lower indirect impacts by concentrating a high share of the impacts in the sector itself (see "financial and assurance services" in Luxembourg).

We consider it reasonable to understand that the **multiplier effect of the financial sector on the GVA of Andorra is 0.3.**

	GVA direct	% GVA direct	Multiplier indirect	GVA total estimated	% GVA total estimated (direct and indirect)
<b>GVA financial sector</b>	<b>357M€</b>	<b>13.8%</b>	<b>0.3</b>	<b>464,1M€</b>	<b>19%</b>

## • Preliminary considerations in the estimation of direct and indirect jobs generated by the financial sector

The financial sector, with a direct contribution to GVA of 13.8%, generates 4.5% of the total number of jobs in the Andorran economy, with 1,716 employees in 2022. The gross average wage will amount to €5,064, 208% higher than the average observed in the total economy in 2022. While the financial sector only provides jobs to 4.5% of the employees in the Andorran economy, it has contributed 10% of the total gross salary in the last 5 years in Andorra.



While in the case of the GVA multiplier effect, the induced effects have not been taken into account, in the case of the estimate of the multiplier effect of the financial sector on Andorran jobs, these induced effects have been taken into account, due to the high purchasing power of its employees.

In the case of Switzerland, the financial sector, with a direct contribution to GVA of 9%, generates 5.5% of the total number of jobs in the economy. The indirect employment multiplier of the financial sector in Switzerland is estimated at 0.83<sup>6</sup>.

In Luxembourg, the financial sector, with a direct contribution to GVA of 25%, generates 14% of total employment in the economy. The indirect employment multiplier of the financial sector in Luxembourg is estimated at 1.01<sup>7</sup>.

• **Assumptions in the estimation of direct and indirect jobs generated by the financial sector**

The indirect impact in percentile terms of jobs in a sector seems to be directly proportional to the direct weight of the sector in jobs. Sectors with higher direct contributions tend to generate proportionally higher indirect impacts than those with lower direct contributions.

Given that the percentage of direct jobs in Andorra is similar to that of Switzerland, but the weight of the sector in the economy is significantly higher, we consider it reasonable to understand that the **multiplier effect of the financial sector on employment in Andorra is 0.9**.

	Direct jobs	% Direct jobs	Indirect Multiplier	Total jobs	% Country jobs (direct and indirect)
Jobs generated by the financial sector (2022)	1,716	4.5%	0.9	3,260	7.8%

6. Economic impact of the Swiss Financial Sector (SBA – SIA – BAC).  
7. The state of the financial sector in Luxembourg (Luxembourg for Finance – Deloitte).





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