AFA Autoritat Financera Andorrana

ACTIVITY REPORT

Annual Report 2025

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AUTORITAT FINANCERA ANDORRANA

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01

Letter from the President

Letter from the President

The Andorran Financial Authority is a fundamental state institution for the Principality, given both the significant economic weight of the financial sector and the importance of its sound functioning to all sectors of the Andorran economy. In this regard, the Activity Report provides an opportunity to outline the main actions undertaken by the financial authority across all its areas of responsibility, while also fulfilling the transparency obligation incumbent upon an institution of such importance to the proper functioning of the country, thereby bringing the AFA's role and activities closer to all citizens.

The 2025 financial year, which marked the beginning of my term of office, was characterised by solid performance by the Andorran economy, which recorded real GDP growth of 3.9%, thereby consolidating the sustained growth trend seen in the post-pandemic period. The financial sector as a whole contributed to this favourable economic environment, with banking, insurance and investment services activities recording solid operational and financial performance.

During the 2025 financial year, the European Central Bank (ECB) consolidated the normalisation of its monetary policy, bringing the deposit facility rate to 2.00%—a key interest rate for our international reserves—following a series of rate cuts that helped stabilise inflation around the symmetric 2% target. At the same time, in the area of banking supervision, the ECB strengthened its monitoring of credit and interest-rate risks, as well as asset quality and the internal governance of banking institutions. Nevertheless, the geopolitical environment remains characterised by increasing uncertainty, with the continuation of Russia's invasion of Ukraine and the conflict in the Middle East affecting energy costs. The comprehensive review of US trade policy may have a lasting impact on international trade, affecting economic growth in the euro area and, indirectly, potentially impacting Andorra. These different developments, together with their lack of predictability, mean that the financial sector must exercise particular prudence and continue to strengthen its resilience.

From a regulatory perspective, 2025 saw the enactment of the Insurance Contract Act, a highly significant piece of legislation for the sector, which continues to progress towards international harmonisation. In addition, during the year, the AFA issued 19 technical communications covering the various areas within its remit.

From an economic and financial perspective, the AFA once again demonstrated its financial autonomy, with revenue increasing by 7.98% in 2025 and current expenditure rising by 7.21%.

One of the year's key developments was the updating of supervisory priorities, establishing them for the 2026–2029 period in light of the risk factors and opportunities expected to shape the Andorran financial sector over the coming years. Accordingly, the AFA has identified four areas that will form the focus of its supervisory activities over the next three years:

01 Firstly, to strengthen financial resilience and macroprudential risk management by monitoring liquidity mechanisms (including developments in the lender-of-last-resort framework in line with changes introduced by the European Central Bank), enhancing the supervision of credit and market risks, and paying particular attention to sectoral and counterparty concentrations.

02 Secondly, to further strengthen convergence with international standards by voluntarily promoting an assessment of Andorra under the IMF's Financial Sector Assessment Programme (FSAP). In the same vein, efforts have continued to strengthen supervision of the insurance sector and to support the transposition of provisions arising from the Monetary Agreement with the European Union.

03 Thirdly, to strengthen operational and digital resilience by assessing institutions' ability to ensure business continuity in the event of cyber incidents and systematically evaluating operational risks, including those arising from reliance on third-party service providers.

04 Finally, to safeguard internal governance, the sustainability of business models and consumer protection by strengthening requirements for fair treatment and transparency towards customers, while promoting the sector's transition towards practices that are both innovative and sustainable, in line with European regulatory trends.

The Report provides, in its section on microprudential supervision and the supervision of digital assets, details of the 14 on-site inspections carried out during the 2025 financial year, including specific inspections covering each of the three main categories of supervised entity: nine banking institutions, three insurance companies, one investment financial institution and one entity involved in the digital representation of assets. The main areas of focus of the 2025 on-site inspections were real estate risk, the quality of data reported to the supervisory authority, and the provision of investment services in the best interests of clients.

With regard to administrative approvals, it is noteworthy that the AFA authorised or registered 288 applications and procedures, with particular emphasis on those relating to control functions and senior management (49 actions) and external auditors (39 actions).

In the area of its conduct supervision function, the AFA received and handled 31 complaints, mainly relating to the coverage and management of insurance policies. The AFA's website remained the main channel for submitting these complaints, accounting for 14 cases, although there was a significant increase in complaints received by email (12).

Once again, I would like to highlight the important work carried out through formal cooperation with other institutions and organisations in the Principality, including the Government of Andorra, the Andorran Financial Intelligence Unit (UIFAND), the Police Force, the Judiciary, the Public Prosecutor's Office, the Department of Statistics, AREB, ANC-AD, the Chamber of Bailiffs, ABA, ARADA, Adefi, Andorra Telecom and the University of Andorra. The scope of our respective responsibilities would be unthinkable without this close coordination and cooperation among us.

Finally, in a context characterised by the increasing internationalisation of Andorra's financial activity, where international cooperation between supervisory authorities has become an unavoidable necessity, I would like to highlight the AFA's consolidation both as a key counterpart and peer of European supervisory authorities, and as a benchmark for institutional strength and sound governance across the Andorran financial sector.

On behalf of myself and the other members of the Board of Directors, I would like to thank the entire AFA team for the high quality and volume of work carried out. Once again, the team of 29 professionals, with their rigour and commitment to public service, is supporting the development of the financial sector and Andorran society in an increasingly complex world.

Eric Jover Comas
President

02

2025 Executive Summary

A new supervisory cycle, with a boost in resilience, cooperation and client protection

During 2025, the AFA continued to strengthen its supervisory and regulatory activities, while also defining the priorities for the new 2026-2029 cycle. The year was marked by monitoring the strength of the Andorran financial system, updating regulations to meet European and international standards, overseeing new digital risks, and boosting protection for clients and investors.

AFA IN NUMBERS

14 **On-site inspections**
9 banking, 1 financial, 3 cash-handling entities and 1 digital asset representation participant.

335 **Authorised or registered acts**
Creation, senior management, control functions and other administrative acts

19 **Technical communiqués**
Development and implementation of the regulatory framework

31 **Complaints handled**
Mainly related to insurance and the opening or closure of bank accounts

29 **professionals**
19 women and 10 men

163 **Enquiries handled**
Support provided to consumers, regulated entities and the general public across various areas.

711 **Training hours**
Regulatory developments, supervision, digital assets and language

82 **Activities with UIFAND and Police**
43 with UIFAND and 39 with Andorra Police Force

Action priorities 2026–2029

01
Financial resilience and macroprudential risk management

02
Regulatory and supervisory alignment with international standards

03
Operational resilience digital risks

04
Governance, sustainable models and customer protection

A solid and resilient financial system

Main banking sector indicators as at 31 December 2025

The Andorran banking sector continued to perform strongly throughout 2025, further consolidating its resilience despite a still challenging international economic and geopolitical environment. The increase in business volumes and assets under management, together with high levels of capitalisation and liquidity and low non-performing loan ratios, further strengthened the resilience of the financial system.

Key consolidated banking sector indicators

109.529M€
Consolidated assets under management
+20,7% compared with 2024

2.911
Total employees
Of which 1.243 are based in Andorra and 1.668 abroad

17,51%
CET1 solvency ratio
Above the 15% threshold

257,5%
LCR liquidity ratio
Significantly above the regulatory requirement of 100%

Key milestones and areas of focus in 2025

01 New supervisory cycle 2026–2029

Definition of priorities focused on financial risks, operational resilience, digital risks and consumer protection

02 Supervisory digitalisation and internal transformation

Launch of ABACUS Regulator 3 to update reporting requirements and improve data quality.

Implementation of a new virtual office and progress in the development of the new document management system to enhance the organisation, traceability, preservation and secure access to documentation.

03 Banking solvency and regulation

Adaptation of the regulatory framework to international and European standards through Decree 352/2025 of 8 October 2025.

04 Financial education and cooperation

Agreements with *Banque de France* and strengthening and international cooperation.

03

AFA governance and operation

AFA governance and operation

The Andorran Financial Authority (AFA) is the supervisor and regulator of the Andorran financial sector, with full capacity to act and a financing model independent of the Public Administration, from which it does not receive any type of transfer.

The supervisory function of the AFA is carried out through an integrated model that covers banks, specialized non-bank credit institutions, investment services, payment service providers and insurance and reinsurance. Additionally, it also acts as the competent and supervisory authority for participants in the digital representation of assets and equity financing service providers.

The AFA is a public body with its own assets, legal personality, and full capacity to act publicly and privately, independently from the central Government, to perform the functions assigned to it under current legislation.

As established in article 23 of *Law 10/2013, of 23 May, on the Andorran Financial Authority (Law 10/2013)*, the AFA is financed by the revenue from the use of its own assets, from the collection of taxes or economic considerations in the performance of its functions and, where necessary, through subsidies provided in the central Government budget.

On the other hand, as established in article 24 of *Law 10/2013*, the AFA manages its own assets totally independently from the central Government, respecting the principles of efficiency, effectiveness, and prudence, and assessing the circumstances of the financial markets in each case.

3.1. Governing bodies

The governing bodies of the AFA are the Board of Directors and the General Management.

The Board of Directors of the AFA

The Board of Directors consists of between four and six members, comprising a Chairman, a Vice-chairman and between two and four Members.

The Managing Director of the AFA is officially a member of the Board of Directors, with the right to speak but not to vote.

The offices of Chairman, Vice-chairman and Members of the Board of Directors are held for a term of six years. The same person can be appointed a member of the Board of Directors of the AFA for up to two consecutive terms or three alternate terms.

In 2025, the Board of Directors of the AFA consisted of:

President

Eric Jover Comas
since 24 January 2025

Mr. Jover led the establishment of the Principality of Andorra's international reserves as well as the creation of the lender-of-last-resort mechanism for Andorran banking entities during his tenure as Minister of Finance and Spokesperson for the Government of Andorra from 2019 to 2023. His experience in the financial field also includes the restructuring of Andorra's sovereign debt by diversifying its sources and extending its maturity profile. Between 2015 and 2019, Mr. Jover served as Minister of Education and Higher Education. Previously, he held the position of Director of the Andorra Higher Education Quality Agency and of the Private Foundation of the Andorra Sustainability Observatory. He is currently the strategic director of a private company in the Principality with international activities. Mr. Jover holds a PhD in Environmental Chemistry from the University of Barcelona and has conducted research at various university centers.

Vicepresident

Maanan Aouraghe Bendada

Mr. Aouraghe holds a degree in business administration. He has extensive experience in business consulting in different areas such as organisation, investment processes, restructuring, accounting, and taxation, among others. In addition to his experience in several private sector, he has also provided advice in the field of public finance and budgetary level of the Principality of Andorra.

Vocals

Josep Capella Fernández

Mr. Capella is an actuary and has developed extensive international experience in the financial sector. His responsibility at Deutsche Bank in London, where he was part of the global market risk team, and at the insurance company Zurich in Barcelona, where he has held various roles of responsibility in the actuarial field, in risk and solvency, and in the capital management, is remarkable. He is currently in charge of financial risks for Banco Sabadell and Zurich's bancassurances business unit and is the head of the actuarial function of BancSabadell Seguros Generales.

Beatriz Pintos Arribas

Ms. Pintos holds a degree in economics, with a master's in financial audit, taxation and tax consultancy. She has developed her professional career in the Accounting, economic and tax fields, and she is an expert in appraisals, real estate valuations and the economic side of the construction sector. She has experience in the public sector, specifically in municipal finance.

Nicolas Mérindol

Mr. Nicolas Mérindol is a french banking leader, former CEO of the *Caisse d'Epargne* group and current president of *Thémis Banque* and *Fiducial Banque*. He has experienced the major transformations in the banking sector and has been a member of President of the sector bodies such as the European Banking Committee or the *Fond de Garantie des Dépôts*.

Managing Director

David Cerqueda Solé
Ex-officio member

Secretary

Maripau Naranjo Llanos
Non-member

The basic rules of organisation and operation and the rules of conduct for the members of the Board of Directors are established in its internal regulations, which were approved on 6 May 2022, in compliance with the provisions of section 10 of article 13 of *Law 10/2013*.

In 2025, the AFA Board of Directors met 11 times, either in person or electronically (14 in 2024). Among these 11 meetings, two correspond to agreements adopted electronically with the consensus of all members, to address specific issues (5 in 2024).

The indicator of the attendance of the Board of Directors members during the last two fiscal years has been as follows:

	2025	2024
Number of meetings	11	14
	2 telematic agreements	**5 telematic agreements**
Attendance	100%	

General Management AFA

The General Management consists of the Managing Director and up to four other directors who exercise leadership in specialised areas in accordance with the AFA´s organic structure and as established in section 1 in article 15 of *Law 10/2013.*

As at 31 December 2025, the General Management of the AFA comprised:

Managing Director

David Cerqueda Solé

Mr. Cerqueda has developed a wide international experience in the financial sector. His most notable positions include BNP Paribas in Paris and London, where he served as Vice-President of Equity Capital Markets for the Iberian Peninsula; and in the North American entity Goldman Sachs, where he held various positions within the Investment Banking Division in London, including Executive Director in the Financial Institutions Group for Southern Europe; and Grup Godó de Comunicació, where he served as Managing Director of the Digital Business Division. He has been the Director General of the Andorran Financial Authority (AFA) since 1 January 2021.

Director of Supervision

Maripau Naranjo Llanos

Ms. Naranjo has more than 25 years of experience in the financial sector. She holds a bachelor's degree in Business Administration and Management from the University of Barcelona and is a Certified European Financial Analyst (CEFA). She joined the AFA as a technician in 2001 and has held different positions within this authority, both in the areas of supervision and regulatory development for the financial system. Prior to joining the AFA, she held different positions in banking and consultancy firms in Andorra and Spain.

3.2. AFA objectives

The main objectives of the AFA, as established in *Law 10/2013*, are as follows:

To carry out any **necessary actions** required in the exercise of its functions

To help **reduce systemic risk** deriving from instability in the markets in which entities operating within the Andorran financial system operate, from credit events in the actual entities operating within the financial system and/or in their counterparts

To **safeguard the stability and reputation** of the Andorran financial system and promote confidence in it.

To promote and safeguard the smooth running of the Andorran financial system

To ensure adequate **protection for consumers and investors**

To ensure **transparency**, promote the **orderly development** of the insurance and reinsurance market and **protect the rights** of policyholders, insurers, and beneficiaries

To promote the **competitiveness** of the Andorran financial market on a national and international level.

The supervision carried out by the AFA is not intended to guarantee the individual interests of the supervised subjects or supervised entities or their clients or third parties but is aimed at the public interest.

3.3. AFA functions

Functions as a national competent authority

As established in *Law 10/2013*, the AFA's functions include:

- acting as the competent supervisory authority over all supervised entities within the financial system and over any natural or legal persons outside the financial system that are or could be subject to AFA supervision according to current legislation, in order to ensure the compliance of those persons with the applicable legislation;
- supervising the entities operating within the financial system and the insurance and reinsurance companies, on a consolidated basis, to verify compliance with the prudential requirements established by current legislation;
- acting as the competent and supervisory authority over the participants in digital asset representation; and
- exercising the disciplinary and sanctioning powers over the supervised entities and over all natural and legal persons outside the financial system in respect of whom the applicable legislation confers such powers on the AFA.

Section "7.2. Supervision of Entities" of section "07 MICROPRUDENTIAL SUPERVISION" and section "13 WARNING, DISCIPLINARY PROCEEDINGS AND SANCTIONS" describe the actions carried out by the AFA in 2025 and 2024, relating to the supervisory activity and adoption of supervisory measures, respectively.

In addition, the AFA:

examines and decides on any application submitted to the AFA to obtain a licence or authorisation to operate in the Andorran financial and insurance system, as well as for participants in the digital representation of assets, according to current legislation, and

examines and decides on applications for the authorisation and/or registration of administrative acts according to current legislation and keeps the corresponding AFA registers updated.

Section "7.3 Authorisations and Registers" of section "07 MICROPRUDENTIAL SUPERVISION" describes the authorisations granted by the AFA in 2025.

The AFA is also tasked with protecting clients and investors, and in this regard, has the authority to issue notices and warnings. The actions carried out during 2025 in relation to this function can be found in section "8.5 Complaints" of section "08 FINANCIAL CONDUCT" of this report.

In this sense, the AFA also receives and handles complaints submitted by clients of supervised entities. The actions relating to this function that were carried out in 2025 can be found in section "8.3 Complaints" of section "08 FINANCIAL CONDUCT" of this report.

From a regulatory perspective, current legislation assigns the following functions to the AFA:

- issuing, among other, Technical Communiqués, Communications, Recommendations and Guidelines, to implement the regulations and instrumental technical standards for banking activities, the activities of entities operating within the financial system and those of insurance and reinsurance companies and of the participants in the digital representation of assets; and

- issuing, at the request of the Government, reports and opinions about the financial system legislation and about other matters within the competence of the AFA, and proposing, on its own initiative, measures to improve the organisation and regulation of the financial system.

The details of the Technical Communiqués, Communications, Recommendations and Guidelines issued by the AFA during 2025, in annex 2, as well as the activities relating to regulations in which the AFA has collaborated, can be found in section "16 REGULATION" of this report.

Likewise, the AFA, together with the Financial Intelligence Unit of Andorra (UIFAND), is the supervisory body of the restrictive measures to be applied to individuals, legal entities or other subjects of law and other measures of a general nature in view of the destabilising actions of the Russian Federation and Belarus in Ukraine, as established in the *Decree 16/2024, of 17-1-2024 on restrictive measures in relation to the conflict between Ukraine and the Russian Federation* and always within its competences and areas of action.

Functions as acting Central Bank

The AFA is responsible for the administration and custody of international reserves by virtue of section 3 of article 3 of *Law 36/2022, of 24 November, on the creation of international reserves and access by the financial system to emergency liquidity assistance (Law 36/2022).*

35M€ temporary liquidity line granted by the ECB

During the financial year 2022, the Government has set up international reserves in order to improve the financial resilience of the State, as established in *Decree 171/2022, of 27-4-2022, regarding the approval of the Regulation for the creation and management of international reserves in the Principality of Andorra.* These international reserves are an integral part of the management of the public treasury since they form part of the monetary and financial assets of the State.

The aforementioned regulation also establishes the mechanisms for managing these international reserves that are carried out by a commission created for this purpose: the Management Commission for international reserves.

Likewise, through *Law 36/2022*, the AFA is authorised to carry out the following functions:

- having available, if necessary, international reserves or their associated financial mechanisms to develop lines of assistance in the form of urgent provision of liquidity to banking entities operating and established in the Principality of Andorra, within the limits and conditions provided for in the current legal framework;
- accept collateral assets of banks in favour of the AFA within the framework of the development of assistance lines in the form of urgent provision of liquidity; and
- receive cash and manage its distribution to banks.

The AFA has a temporary line of liquidity of up to 35 million euros granted by the ECB to meet the exceptional demand for liquidity in euros from andorran banking entities, in case of need on the part of the market.

Other legally assigned functions

01
National Analysis Centre (CNA/CNAM)

The AFA has been designated as the National Analysis Centre (CNA) and the National Coin Analysis Centre (CNAM), as the competent authority to implement the technical standards required to effectively comply with *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 (Law 17/2013)*, as established in articles 5 and 6 of that law

A description of the regulatory framework and actions taken by the AFA relating to the euro can be found in section "12 FUNCTIONS OF THE AFA REGARDING THE EURO" of this report.

02
Cybersecurity

The AFA, in coordination with the National Cybersecurity Agency of the Principality of Andorra (ANC-AD), is the competent national authority responsible for cybersecurity and supervision tasks for networks and information systems covering the sectors of financial institutions and the financial market, as well as for services provided by entities under the supervision of the AFA. with regard to entities considered essential.

03
National Treasury

The AFA also provides national treasury services and handles the financial management of public debt issues for the Principality of Andorra, following a government resolution.

04
National cooperation

The AFA cooperates at a national level by participating in various commissions and/or committees such as the Management Committee of the Andorran Deposit Guarantee Fund (Fagadi), the Management Committee of the Andorran Investment Guarantee System (SAGI), the Permanent Committee for the Prevention of Money Laundering and Terrorism Financing (CPP), the Andorran Statistics Council (CAE), the Pension Reserve Fund Management Committee (CGFRJ), the IFRS Technical Committee, the Cybersecurity Commission, the Management Committee of the International Reserves of the Principality of Andorra and the Audit Oversight Commission of Andorra.

05
International representation

The AFA also performs tasks associated with representing Andorra internationally on specific themes affecting the financial sector.

06
Collection of deposits

The AFA collects the deposits created on the application of current legislation and judicial decisions, based on the criteria of prudence. There are several specific types of deposits managed by the AFA.

Justice Administration funds management

The AFA is responsible, on the one hand, for receiving revenues and making payments on behalf of the Justice Administration, based on the instructions received from the judicial authority, and on the other hand, for investing the said funds deposited by the Justice Administration with the AFA, based on availability at any one time, to maximise the return while respecting the principle of prudence. The return on these investments depends on the general requirement for high availability, which is determined by the provisions for day-to-day payments that the AFA receives from the Justice Administration, which require most investments to be short-term.

In 2025, under the instructions of the Justice Administration, the AFA:

2.394	857
payments received	payments made

Collection of fees on behalf of the Justice Administration

The collection on behalf of the Justice Administration carried out by the AFA includes the following:

- the collection of court fees, as established in the *Law on Court Fees of 22 June 2000*: in this sense, the AFA receives fees for actions and proceedings within the contentious and non-contentious civil courts in general, and the administrative courts; and
- the collection of fines, payments of photocopies and fees from the Justice Administration's provision of external services.

The collection of court fees, the fines, and other concepts on behalf of the Justice Administration carried out by the AFA is transferred in full once a year to the Government. The amount collected in 2025 which was transferred to the Government on 28 January 2026.

In 2025, under the instructions of the Justice Administration, the AFA:

17.933	483
revenues received	transfers

Management of the deposits for residence with no gainful activity

The AFA is in charge of managing the deposits that must be paid to obtain the residence permits, both for residents with no gainful activity and for professionals with an international profile, or for the case of residence permits for reasons of scientific, cultural and sport interest, under current applicable legislation. Specifically, the current amount to be deposited with the AFA for new residence permits without gainful activity (passive residence) is regulated by articles 96, 99 and 101 of *Law 9/2012, of 31 May, amending the qualified immigration law (Law 9/2012)*.

Specifically, under this law and its most recent amendments, in accordance with article 96, which applies to residence without lucrative activity, the main applicant must deposit 50,000 euros while for each dependent the amount is 12,000 euros. By contrast, the authorisations provided for in article 99 and 101, intended respectively for professionals with an international profile and for persons granted residence for scientific, cultural or sporting interest, require a deposit of 47,500 euros for the main applicant and 9,500 euros for each dependent.

The procedure for settling the deposited amounts is established in article 12 of *Decree 407/2025, of 12-11-2025, approving the regulations on non-working residence permits.*

During 2025 and following the instructions of the Immigration Service, the AFA has registered:

383	196
deposit registrations	deposit deregistrations

Management of bailiffs (Saig) funds

The AFA is in charge of receiving the revenue and making payments on behalf of the bailiffs, as established in *Law 18/2023, of 2 October, of consolidated text on the bailiffs.* Specifically, the amounts received by the bailiffs relating to the enforcement of judicial or arbitral decisions, administrative acts, mediation agreements, court-approved transactions and agreements must be deposited with the AFA after deducting the amounts corresponding to expenses and fees related to the enforcement proceedings, according to the scale approved by the Government.

The AFA transfers the amounts received during the enforcement proceedings to the enforcing party, unless such amounts are to be paid in instalments and the enforcing party has requested in writing that these payments be made over a longer period.

In 2025, under the instructions of the bailiffs, the AFA:

1.503	9.806
payments received	payments made

Management of the deposits of independent professionals

Management of the deposits of independent professionals includes all the deposits of those holding permits to practise a profession under the *Regulations on deposits made under the Decree on the practice of professions in the Principality of Andorra, of 11 July 1977, the Decree of the General Council of 15 December 1977, and the Resolution of the General Council of 30 May 1980*, establishing the payment of deposits.

The prerequisite to make a deposit by the residents of foreign nationality in order to exercise independent professions is in force since 12 June 2008, when *Law 6/2008, of 15 May, on the exercise of graduate professions and professional associations*, repealing the *Decree of exercise of Independent Professions, of 11 July 1977,* entered into force.

In 2025, 4,207 euros there has been retorned for this purpose.

4.207€
returned value 2025

Management of deposits for residence permits with self-employment

The AFA is responsible for managing the deposits that all foreigners must pay in order to obtain a residence and self-employment immigration authorisation under *Law 9/2012, of 31 May, amending the Qualified Immigration Law.*

Specifically, in order to make this application effective, at the same time as the application for immigration authorisation is submitted, this person must make cash and deposit with the AFA the amount of 50,000 unpaid euros. These unpaid deposits have been modified through *Law 42/2022, of 1 December, of the digital economy, entrepreneurship and innovation,* published in the Official Gazette of the Principality of Andorra on 22 December 2022, and which entered into force the day after its publication. It should be noted that, before this regulation came into force, the amount required as a deposit 15,000 euros.

If the permit holder terminates the permit or it is cancelled or not renewed, the deposit is returned, after deduction of the applicable AFA fees and less any retentions for non-payment of any contractual obligations in the Principality of Andorra.

If the Andorran company constituted by virtue of which the immigration permit is requested has been made with the aim to carry out a business project selected by one of the entities previously recognised by the Government for this purpose or has been so for the purpose of promoting the digital economy, entrepreneurship or innovation in the Principality of Andorra according to the criteria established by regulation, the holder of the mentioned authorisation does not need to effectively make nor deposit the above-mentioned amount.

During 2025 and following the instructions of the Immigration Service, the AFA has registered:

417	96
deposit registrations	deposit deregistrations

Management of reserves securing deposits

By means of the *Law 35/2018, of 20 December, on the solvency, liquidity and prudential supervision of banks and investment firms (Law 35/2018)*, substituted the *Law regulating the reserves securing deposits and other operational obligations to maintain and deposit for entities within the financial system, of 11 May 1995*, and also established the procedure for requesting the return of the deposit made as minimum reserves of non-bank financial institutions.

In this regard, once the AFA has verified that the requesting entity meets the own funds requirements imposed by article 45, it must return the deposit to the requesting entities, which are subject to the capital buffers requirement under article 54, the joint capital buffers requirements defined in paragraph 1 (e) of article 54, and any other capital requirements that the AFA may require based on paragraph 1 (a) of article 97, all in *Law 35/2018*.

In application of this legal provision, during the 2025 financial year a reserve deposit held as security in the amount of 150,25 thousand euros has been returned, so that no security deposits remain lodged with the AFA.

150.253€
returned value 2025

Management of the surety for insurance entities established outside the Principality of Andorra

Under the provisions of article 29.3.d. of *Law 12/2017, of 22 June, organisation and supervision of insurance and reinsurance in the Principality of Andorra (Law 12/2017)* and in article 4.5.g) and the *Implementing regulations for Law 12/2017 of 22 June, on the regulation and supervision of insurance and reinsurance in the Principality of Andorra, regarding certain branches in the Principality of Andorra (Regulation)* and according to the provisions of Technical Communiqué no. 17-2020/A, insurance entities established outside the Principality that have an open delegation in the Principality of Andorra, must provide surety for the appropriate amount defined in article 4.5.g) of the said regulations, through a bank guarantee or by depositing the whole amount in a bank account owned by the AFA.

In this regard, the AFA has an amount of 2,500 thousand euros regarding the sureties constituted as deposit and 8,500 thousand euros regarding the sureties constituted as banking guarantees.

2.500M€
as deposit

8.500M€
as a bank guarantee

Management of deposits preceding in the process of creating entities of the financial system

The AFA is in charge of managing the prior deposits made by natural or legal persons that wish to set up an entity operating within the andorran financial system. To fulfil the provisions of article 8 "Prior deposit" in *Law 35/2010, of 3 June, on the Regime of Authorisation for the creation of new Operative Entities of the Andorran Financial System,* any natural or legal person wishing to set up an entity operating within the Andorran financial system must make a non-interest-bearing deposit to the AFA, before filing the application for authorisation to set up the entity concerned, for the amount specified in the same article based on the type of entity to be created, the amount being returned once the new entity is set up or if the application is refused.

As at 31 December 2025, there are two deposits corresponding to: one relating to an application for incorporation already authorised by the AFA and awaiting commencement of activities, and the other relating to an application for which a decision has been issued and whose deposit pending refund.

2
deposits as at 31/12/25

Management of participants' deposits and guarantees in the digital representation of assets

The participants in the digital representation of assets must provide, before starting their activity, a civil liability insurance or collateral in compliance with the provisions established in article 11.1 of *Law 24/2022, of 30 June, of the digital representation of assets through the use of cryptography and distributed ledger and blockchain technology (Law 24/2022)*, which allows to deal with liability for negligence in the exercise of its professional activity, with minimum coverage for damage claims.

As well as Technical Communiqué no. 1/2023-AD gives the possibility to the participants in the digital representation of assets to make a deposit to the AFA for an amount equivalent to the guarantee or collateral, and the AFA is in charge of managing the deposits made and custody of the collaterals presented.

As of 31 December 2025, the AFA has an amount of 1,850 thousand euros relating to deposits constituted in deposit format and 1,950 thousand euros relating to deposits constituted in the form of bank guarantees.

1.850M€	1.950M€
on deposit	in guarantees

Administration and custody of international reserves

In accordance with the provisions of section 3 of article 3 of the *Law 36/2022* and to *Decree 171/2022, of 27-4-2022, on the Approval of the Regulation on the Creation and Management of the International Reserves of the Principality of Andorra*, during 2025, international reserves have increased by 5,375 thousand euros.

+5.375M€
augmentation 2025

Administration of deposits for the exercise of the audit activity

The AFA is responsible for managing the deposits established in accordance with section 1 of article 23 of *Decree 173/2025, of 14-5-2025, which approves the regulations for the register of auditors of the Principality of Andorra and of entities subject to audit.*

In accordance with this provision, the exercise of the activity of auditing accounts in Andorra requires the establishment of a guarantee under the following conditions:

- individual auditors: bond of a minimum amount of 30,000 euros or 5% of the annual audit income, whichever is higher;
- audit firms: a minimum surety of 30,000 euros for the company, plus an additional 30,000 euros for each individual auditor appointed to sign audit reports for the firm, or 5% of the annual audit revenue, whichever is higher; and
- non-resident auditors: the form and amount of the guarantee is the same as for other auditors in relation to audit work authorised in Andorran territory.

The guarantee must be made in cash through a formal deposit with the AFA, in the name of the Account Audit Supervision System. During the 2025 financial year, seven guaranties were established for this purpose for a total amount of 210 thousand euros.

7	210M€
guaranties established	total amount

Custody of lost objects

The AFA is in charge of safeguarding the lost money in compliance with the provisions of article 34.2.a) of *Law 31/2021, of November 22, of the consolidated text of public security.*

The collection of lost money that has been deposited in the AFA is transferred in full to the Government once a year. During 2025 no amount has been collected for this concept.

0€
collected 2025

3.4. Human Resources

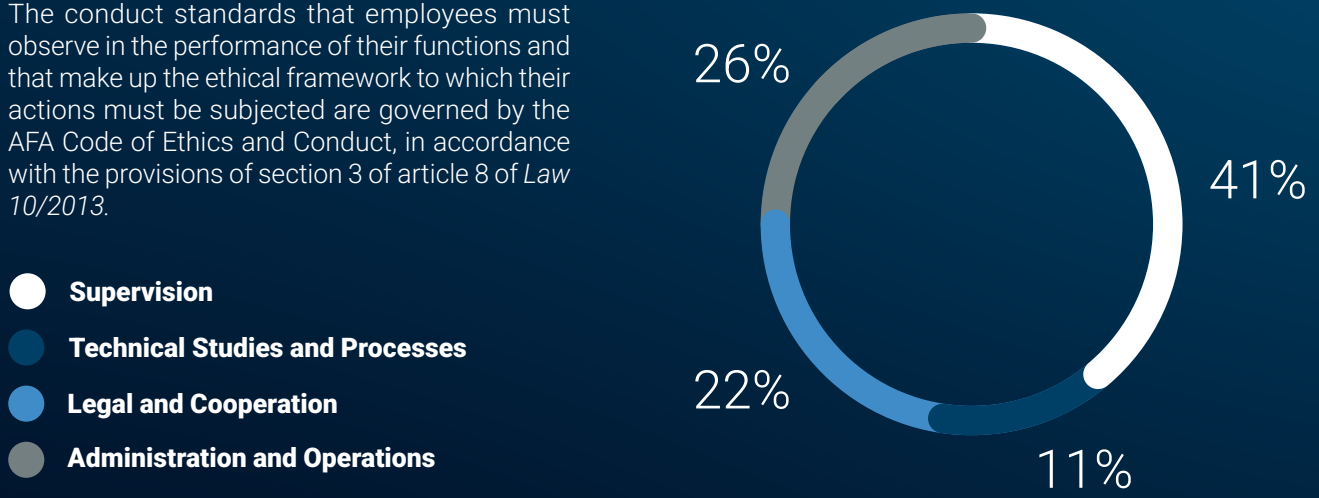
Organisational Chart

The organizational chart of the AFA as of December 31, 2025, is presented below:



The breakdown of AFA staff according to the different areas of specialization is as follows

The conduct standards that employees must observe in the performance of their functions and that make up the ethical framework to which their actions must be subjected are governed by the AFA Code of Ethics and Conduct, in accordance with the provisions of section 3 of article 8 of *Law 10/2013.*



The team

In recent years, the AFA has maintained the progressive reinforcement of its workforce, as a result of the allocation of new functions assigned to the AFA, such as supervision of the insurance sector, supervision for networks and information systems covering the sectors of financial institutions and, more recently, supervision of digital assets, among others.

The AFA develops its selection processes under the principles of merit, equality and transparency, and values especially the diversity of profiles and points of view, since it considers that this enriches the understanding of the organization, promotes constructive criticism, favours innovation and improves the quality of institutional government.

Number of employees

The number of employees as at 31 December 2025 was 29 (30 in 2024), of which 10 men and 19 women, (34% and 66%, respectively).

The average number of employees in the AFA in the year ending 31 December 2025 was 31 employees (30 in 2024).

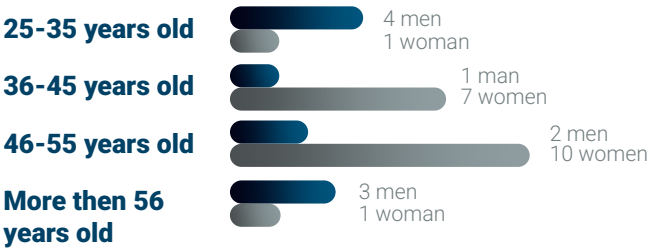


The distribution of AFA employees by departments is presented below:

Department	Total	Men	Women
General Management	2	1	1
Supervision	11	4	7
Technical Studies and Processes	3	3	0
Legal and Cooperation	6	1	5
Administration & Operations	7	1	6
Total	29	10	19

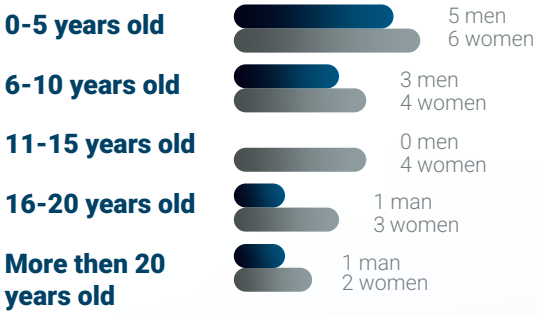
Age diversity

The breakdown of AFA staff is as follows:



Experience at the AFA

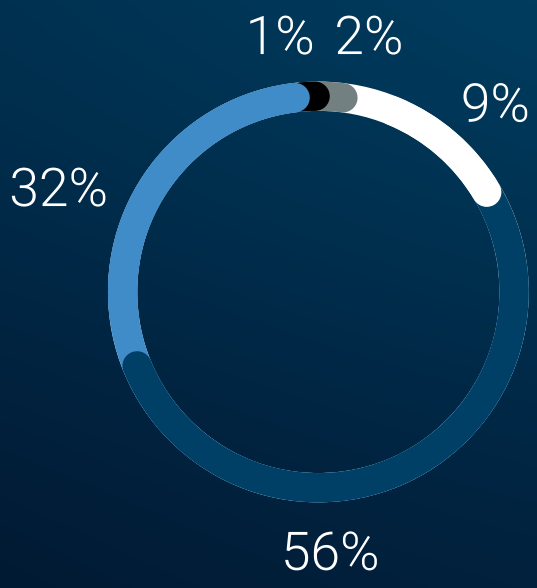
Below are shown the years of experience of the staff at the AFA:



Training

During 2025, the AFA dedicated a total of 711 hours to training its staff, compared to 2,655 hours in 2024. The training has been focused mainly on regulatory updating, monitoring and in languages.

This effort reflects AFA's commitment to the continuous development of its team, which is essential to face the new challenges of the regulatory framework.



- **Insurances**
- **Accounting**
- **Digital assets**
- **Languages**
- **Regulatory challenges and supervision**

3.5. Budget

The AFA is a public body with its own assets, own legal personality, and full capacity to operate publicly and privately, independently front he central Government.

Since 2013, the AFA financing system is autonomous and independent from the central Government, through the creation of annual supervision fees paid by the supervised entities and fees for the processes of prior authorisation and registration of administrative acts at the AFA. The goal of the AFA's budget planning is to guarantee its long-term financial equilibrium.

In this sense, the AFA issues annually a Technical Communiqué through which the tax amounts of the fees for the provision of services by the AFA are updated based on the evolution of the CPI and communicated, to all the operative entities of the financial system and to all the insurance and reinsurance companies, the new applicable tax payments. Thus, on 3 February 2025 the Technical Communiqué No. 1/2025-AFA was issued with the corresponding update of tax payments for 2025 based on the evolution of the 2024 IPC.

The 2025 budget was approved by the AFA's Board of Directors on 24 July 2024 and is included in the national budgets of the Government of Andorra, according to *Law 4/2025, of 30 January, on the budget for the 2025 financial year.* This AFA budget authorises credit to cover all its obligations for the amount of 10,470 thousand euros and the scheduled funds over the financial year are 10,470 thousand euros.

In compliance with article 8 of the *Law on the Court of Accounts, of 13-04-2000*, the AFA is overseen by the Court of Accounts (*Tribunal de Comptes*).

Revenue

The total actual revenue for the financial year 2025 is 12,331 thousand euros. A 117.15% of the planned final budget. In 2024, 11,420 thousand euros were liquidated.

The main chapters in revenue are the following:

Taxes and other revenue

The final budget for 2025 is 2,889 thousand euros. A 134.79% of the planned budget has been executed, corresponding to 3,894 thousand euros. In the previous year, 2,945 thousand euros were liquidated.

Wealth income

The final budget for 2025 is 7,581 thousand euros. A 91.49% of the planned budget has been executed, corresponding to 6,936 thousand euros. In the previous year, 8,475 thousand euros were liquidated.

Financial assets

This epigraph includes the incorporation of the credits redirected to the 2025 budget, amounting to 56 thousand euros and, therefore, the final budget reached is 10,526 thousand euros. The AFA has settled in this chapter 1.501 thousand euro relating to the acquisition of French government bonds it made in the 2024 financial year, which matured in December 2025, at an annual interest rate of 2%.

The table below shows the revenue budget for the financial years 2025 and 2024:

(in thousand euros)

Chapter	Initial budget 2025	Amendment	Final budget 2025	Actual 2025	Variance between final budget and actual	Actual 2024	Actual variation	% Actual variation
Direct taxes	-	-	-	-	-	-	-	n/a
Indirect taxes	-	-	-	-	-	-	-	n/a
Other taxes & revenue	2,889	-	2,889	3,894	1,006	2,945	949	32.22%
Current transfers	-	-	-	-	-	-	-	n/a
Investment income	7,581	-	7,581	6,936	(645)	8,475	(1,539)	(18.16%)
Current income	***10,470***	***-***	***10,470***	***10,830***	***361***	***11,420***	***(590)***	***(5.17%)***
Investment transfers	-	-	-	-	-	-	-	n/a
Capital transfers	-	-	-	-	-	-	-	n/a

Chapter	Initial budget 2025	Amendment	Final budget 2025	Actual 2025	Variance between final budget and actual	Actual 2024	Actual variation	% Actual variation
Financial assets	-	56	56	1,501	(1,445)	-	1,501	n/a
Financial liabilities	-	-	-	-	-	--	-	n/a
Capital income	**-**	***56***	***56***	***1,501***	***(1,445)***	**-**	**1,501**	***n/a***
Total revenue budget	**10,470**	**56**	**10,526**	**12,331**	**1,805**	**11,420**	**911**	**7.98%**

Expenses

The total expenses settled in the 2025 financial year is 3,418 thousand euros and 32.47% of the final budget has been executed. In the 2024 financial year, 4,607 thousand euros were settled.s.

The main chapters of the expenses budget are the following:

Personnel costs

The personnel expenses include the retribution of the Board of Directors, the contracted and temporary personnel, CASS contributions, as well as expenses in training and other social benefits and allowances to the personnel. The final budget for 2025 financial year is 3,817 thousand euros. A 68.04% of the planned budget has been implemented, which corresponds to 2,597 thousand euros.

Financial expenses

The final budget for the 2025 financial year is 21 thousand euros. 14.29% of the planned budget has been executed, corresponding to 3 thousand euros.

Current expenses: goods and services

The final budget for 2025 financial year is 2,676 thousand euros. 26.42% of the planned budget has been implemented, which corresponds to 707 thousand euros. In the previous financial year, 632 thousand euros has been implemented, that represents a decrease of 11.87% compared to the amount settled in 2024.

Real Investments

The initial budget for 2025 financial year is 504 thousand euros. Redirected loans worth 56 thousand euros have been incorporated and the final budget amounts to 560 thousand euros. 21.83% of the planned budget has been executed, corresponding to 110 thousand euros. In the previous financial year, 21 thousand euros were liquidated.

The table below shows the expenditure budget for the financial years 2025 and 2024:

(in thousand euros)

Chapter	Initial budget 2025	Amendment	Final budget 2025	Actual 2025	Variance between final budget and actual	Actual 2024	Actual variation	% Actual variation
Personal costs	3,817	-	3,817	2,597	(1,220)	2,453	144	5.87%
Consumption of goods & services	2,676	-	2,676	707	(1,968)	632	75	11.87%
Financial expenses	21	-	21	3	(18)	0,3	3	900%
Current transfers	-	-	-	-	-	-	-	n/a
Current expenditure	***6,514***	**-**	***6,514***	***3,307***	***(3,206)***	***3,085***	***222***	***7.19%***
Real investments	504	56	560	110	(450)	21	87	423.81%
Capital transfers	-	-	-	-	-	--	-	n/a
Financial assets	3,452	-	3,452			1,501	(1,501)	(100%)
Financial liabilities	-	-	-	-	-	-	-	n/a
Capital expenditure	***3,956***	***56***	***4,012***	***110***	***(450)***	***1,522***	***(1,412)***	***92.77%***
Total expenditure budget	**10,470**	**56**	**10,526**	**3,417**	**(3,656)**	**4,607**	**(1,190)**	**25.84%**

Budgetary outcome

The budgetary outcome in 2025 was 8,914 thousand euros, according to the explanatory table below:

(in thousand euros)

Chapter	Final budget 2025	Actual 2025	% Actual /Final budget	Actual 2024	Actual variation	% Actual variation
Current income	10,470	10,830	103.44%	11,420	(590)	(5.17%)
Operating costs [1]	(6,493)	(3,304)	50.89%	(3,085)	219	7.10%
Capital revenue	-	-	-	-	-	-
Capital expenditure	(560)	(110)	19.64%	(21)	(89)	(423.81%)
Management surplus or deficit	**3,417**	**7,416**	**217.03%**	**8,314**	**(898)**	**(10.80%)**
Financial expenditure	(21)	(3)	14.29%	(0,3)	(3)	900%
Cash surplus or deficit	**3,396**	**7,413**	**218.29%**	**8,314**	**(901)**	**(10.83%)**
Financial assets (income)	56	1,501	2,680.36%	-	1,501	n/a
Financial liabilities (income)	-	-	-	-	-	n/a
Financial assets (expenditure)	(3,452)		0%	(1,501)	1,501	100%
Financial liabilities (expenditure)	-	-	-	-	-	n/a
Changes in financial assets and liabilities	**(3,396)**	**1,501**	**(44.20%)**	**(1,501)**	**3,002**	**200%**
Budgetary outcome	**-**	**8,914**	**-**	**6,813**	**2,101**	**30.84%**

(1) The operating costs include personnel costs, consumption of goods and services and current transfers.

04

The financial system of the Principality of Andorra

Financial System scope

The financial system scope includes the activities of banking entities, investment firms, companies managing collective investment schemes, payment institutions and insurance entities:

Banking entities	Number 31/12/2025	31/12/2024
Without foreign participation	3	3
Total	**3**	**3**

Investment Firms*	Number 31/12/2025	31/12/2024
Financial Investment companies	1	1
Financial Investment agencies	1	1
Asset management companies	3	3
Investment advisors	10	10
Total	**15**	**15**

** This not include 9 financial agentswho act exclusively for Investment firms and 5 financial agents who act exclusively for a CIS Management Company in 2025 (7 and 6 respectively in 2024).*

*** Not include 86 Insurance intermediaries in 2025 and 2024.*

**** 3 of which in bank Insurance in 2024 and 2025.*

CISs Management Companies	Number 31/12/2025	31/12/2024
Owned by andorran Banking entities	3	3
Not owned by andorran Banking entities	2	2
Total	**5**	**5**

Payment Services entities	Number 31/12/2025	31/12/2024
Special regime – article 4.1 f) of *Law 8/2018*	1	2
Total	**1**	**2**

Insurance**	Number 31/12/2025	31/12/2024
Andorran entities***	11	11
Foreign entities	12	12
Total	**23**	**23**

Banking entities

The Andorran banking sector remained stable during the fiscal year, with three operational banking institutions: Andorra Banc Agrícol Reig, SA, Crèdit Andorrà, SA, and Mora Banc Grup, SA, all of which are primarily owned by Andorran private capital.

The main areas of business of national institutions are private banking and asset management, insurance, retail banking and payment services, both for individuals and businesses. Moreover, the Andorran banking entities operate part of its activity in international markets through its foreign subsidiaries.

The range of products and services offered, including private banking, is not very complex. However, the sector has evolved towards higher value-added services, such as asset management, particularly through intermediation services and discretionary and personalized portfolio management.

Financial Investment entities

The investment firms are relatively small when compared with the volumes of the banking entities. All of them are independent and primarily focus their activity on discretionary and personalized portfolio management, as well as the provision of financial advisory services.

CIS management entities

As at 31 December 2025, three of the five management companies of collective investment schemes are part of banking groups and manage 95% of the sector's total assets under management.

Financial agents

As for financial agents, as of 31 December 2025, they are registered in the corresponding AFA records, a total of 14 financial agents acting exclusively for investment financial institutions and six financial agents acting exclusively for a management company of collective investment schemes.

During the 2025 financial year, four registrations have been received, one of which did not result in registration as it was withdrawn by the applicant entity itself. Additionally, two financial agents registered on the AFA registers have been unsubscribed.

Payment entities

As at 31 December 2025, one payment entity that have been developing their activities in the Principality of Andorra for years are registered in the corresponding AFA register. This entity is the Sociedad Estatal Correos y Telégrafos, SA, SME, which offers to the Principality of Andorra the service of sending money Groupe la Poste, which offers the services detailed in article 2 section 2 of *Law 8/2018, of May 17, on payment services and electronic money (Law 8/2018).*

Insurance entities

As at 31 December 2025, the insurance and reinsurance sector consists of 23 insurance active companies, 11 of which are Andorran including 3 bank insurance entities, and 12 are delegations of foreign entities authorized to operate in the Principality of Andorra. As for insurance mediation, a total of 86 mediators are registered in the AFA Mediators Register, of which 68 are insurance brokers and 18 are insurance agents.

Main figures for entities operating within the financial system

Below is a breakdown of the total assets and funds under management of the entities operating within the Andorran financial system, according to the type of activity:

(in thousands of euros)	Assets 31/12/2025	AUM 31/12/2025	Assets 31/12/2024	AUM 31/12/2024	Number of entities 31/12/2024 *(units)*
Banks (EB)	Consolidated: 21,176,284	Consolidated: 109,529,095	Consolidated: 20,516,478	Consolidated: 90,746,398	3
	Individual: 13,317,339	Individual: 26,348,714	Individual: 12,944,616	Individual: 24,0057,311	
Investment firms (1)	12,679	1,673,852	11,220	1,701,087	15
Collective Investment Scheme Management Companies	Investees of Andorran EBs: 32,429	Investees of Andorran EBs (2): 1,711,210	Investees of Andorran EBs: 26,856	Investees of Andorran EBs (2): 1,726,505	3
	Not investees of Andorra EBs: 3,250	Not investees of Andorra EBs (2): 220,056	Not investees of Andorra EBs: 2,754	Not investees of Andorra EBs (2): 183,050	2
Collective Investment Scheme	-	3,234,253	-	2,851,037	62 OIC +68 sub-funds

(1) Includes financial investment companies, financial investment agencies, asset management companies and financial advisers.

(2) The AUM refer to assets managed under a discretionary portfolio management agreement and/or under an investment advisory agreement.

As at 31 December 2025, the assets managed by banking entities amounted to 26,349 million euros (109,529 million euros on a consolidated basis). Of this, 9,107 million euros correspond to client deposits, and 17,242 million euros of assets were administered (off-balance-sheet) by banking institutions (16,702 million euros and 92,827 million euros, respectively, on a consolidated basis).

Additionally, as at 31 December 2025, 1,674 million euros of assets were assessed or managed (off-balance-sheet) by non-bank financial investment entities (1,701 million euros in 2024), and 1,931 million euros were advised or managed under discretionary management contracts by management companies of collective investment schemes (1,910 million euros in 2024).

Additionally, as at 31 December 2025, the CIS under Andorran law had assets of 3,234 million euros with a total of 62 CIS, and 68 sub-funds (2,851 million euros with a total of 59 CIS, with 76 sub-funds in 2024), mostly managed by companies invested by banking groups.

Below are data related to the characteristics of the collective investment schemes (CIS) registered as at 31 December 2025. The information is presented by investment type, legal form, marketing regime, and investor profile. In the case of multi-compartment CIS, only the characteristics of the compartments have been taken into account, since the CIS has no direct participants.

CIS Typology	
UCITS	**55%**
Other CIS – Other CIS	**44%**
Other CIS – Real Estate	**-**
Other CIS – Alternative	**-**
Other CIS – Common Alternative	**1%**

The OICVM and Other conventional CIS dominate the market (99%).

Legal form		Marketing		Investor profile	
Funds	77%	**Open**	77%	**Qualified**	25%
SICAV	23%	**Closed**	23%	**Non-qualified**	75%

Among the investment vehicles, those structured as funds predominate over SICAVs.

Open-ended CIS represent more than three-quarters of the total compared to closed-ended ones, which the general public cannot access.

The majority of CIS are aimed at a non-qualified investor profile

Apart from banking institutions offering payment services, the payment entities registered in the AFA registers, are under the exemption regime and as established in Technical Communiqué No. 3/EP, they are required to report monthly the average total value of payment transactions executed during the previous 12 months. As at 31 Decembre 2025, this amount rises to 10,4 million euros, compared to 14,3 million euros recorded as at 31 December 2024, representing a decrease of 27.3%

It should be noted that, up to the end of the 2025 financial year, both payment institutions operating under the exemption regime reported this information. From that date onwards, only Correos will do so, as La Poste's licence with the AFA has been withdrawn.

Additionally, entities providing payment services, under the supervision of the AFA, must submit to the AFA, on an annual basis:

- statistical data on fraud related to the various payment methods; and
- an updated and complete evaluation of the operational and security risks associated with the payment services they provide, as well as the adequacy of the palliative measures and control mechanisms applied in response to such risks.

Annex 1 shows the main aggregate data of the Andorran financial system based on the type of entity operating within the financial system.

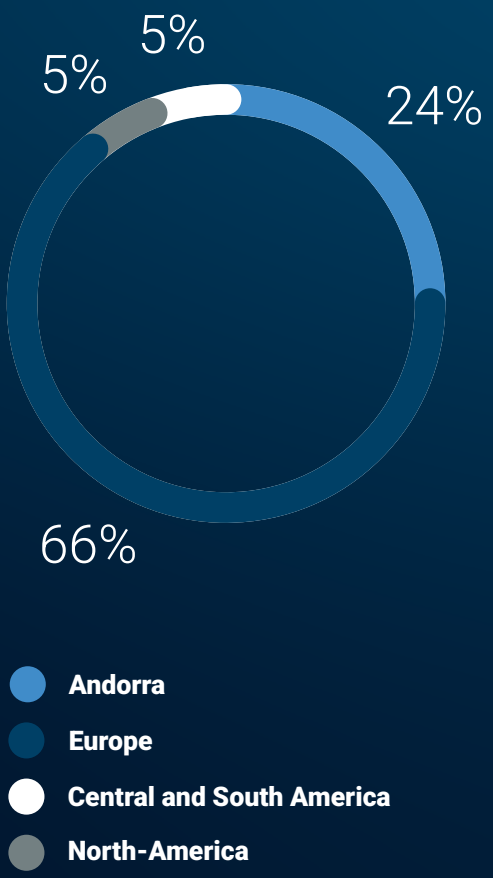
Internacional presence of Andorran banking entities

The internationalisation of the financial sector is driven by the diversification of banking activities.

Nowadays, Andorran banking groups have subsidiaries in Spain, Luxembourg, Monaco, Switzerland, Israel, the USA and four Latin American countries. Accordingly, more than 75% of the clients' assets are managed by the foreign subsidiaries of the Andorran banking groups.

The activities of the banking groups abroad reflect the type of activities carried out by those groups in Andorra. Among these activities, private banking, asset management, intermediation, buying/selling and advisory services, management of collective investment schemes, and insurance.

The total number of employees in the banking sector in 2025 is 2,911 (2,830 in 2024), of which 1,243 in Andorra and 1,668 in other jurisdictions (1,202 and 1,628 respectively in 2024).



Financial Soundness Indicators of the banking sector as at 31 December 2025

The Andorran financial system has continued to demonstrate outstanding solidity and resilience throughout 2025, despite an international context marked by high geopolitical tensions and economic uncertainties. The continuation of the conflict between Ukraine and Russia, instability in the Middle East, and the increase in trade and geopolitical tensions worldwide have continued to shape a volatile situation, with potential impacts on financial markets, capital flows and investor sentiment.

Despite this complex global scenario, Andorra has been able to maintain stability and confidence in its financial system, both nationally and internationally. This stability can be explained to a large extent by the prudent approach to financial supervision policies and a regulatory framework aligned with European and international standards. In this sense, the commitments derived from the Monetary Agreement with the European Union and the evolution of the framework of Andorra's relationship with the EU constitute relevant elements of the institutional context in which the development of the Andorran financial system is framed.

The Andorran banking sector, the backbone of the country's financial system, has continued to show a robust position based on management focused on risk mitigation and the preservation of solvency and maintaining high levels of liquidity. In this sense, the entities have maintained capitalization and liquidity ratios well above the regulatory minimums.

Over the same period, the gradual normalization of the European Central Bank's monetary policy has created a new financial environment. Despite some pressure on financial income arising from the gradual reduction in interest rates, entities have maintained a favourable trend in their results, supported by business diversification, growth in assets under management and the consolidation of their international activities. At the

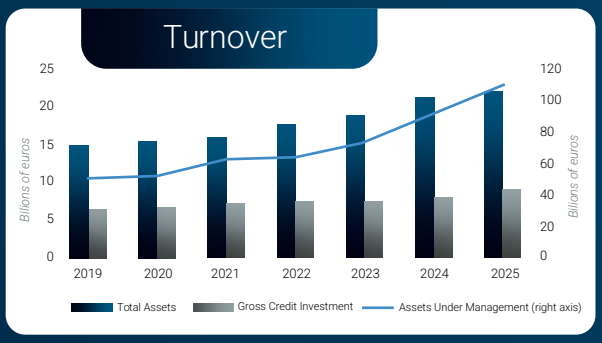
same time, non-performing loans have remained at low levels, which reinforces the quality of balance sheets and the sector's resilience in the event of a potential deterioration in the economic environment. This evolution also reflects prudent credit risk management and contained exposure to higher risk segments.

Finally, it should be noted that the stability of the Andorran financial system is also due to a prudent diversification of the banking business, which includes the international presence of Andorran banks and an offer aimed at wealth management and private banking. This model shows less exposed to the volatility associated with consumer credit and mass financing.

Overall, despite the high geopolitical and economic uncertainty on a global scale, the Andorran financial system remains firm, with a solid foundation to face future risks and continue to play a key role in the country's sustainability and economic development.

Turnover

In 2025, the Andorran banking sector continued to increase total assets, gross credit investment, and management resources compared to 2024. This evolution has been, driven mainly by the international expansion of institutions, the increase in client resources and the positive performance of the markets, thereby consolidating the positive trend observed in recent years.



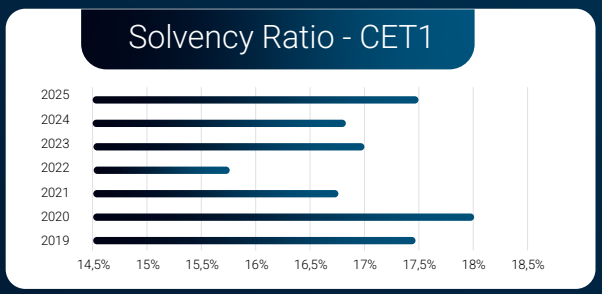
Banking sector profits

Even though there has been a progressive decrease in interest rates, the banking sector has maintained solid profits during 2025, thanks to the constant diversification of the business and the increase in managed resources.



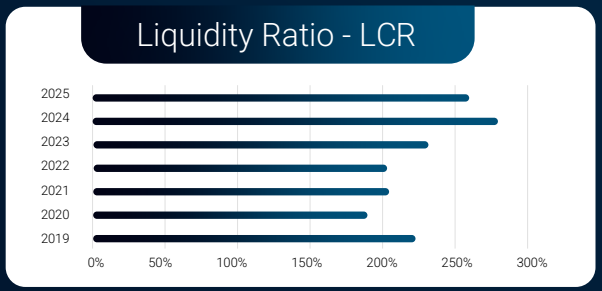
Solvency ratio

In 2025, the solvency ratio, using the EBA CET1 (phased-in) methodology, it has gone up from 16.79% to 17.51%. This solvency ratio remains above the 15% threshold and significantly exceeds the average of European banks, reflecting the strength of the Andorran financial system in terms of capitalization.



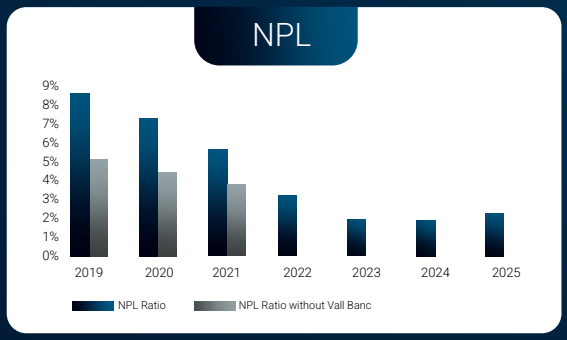
Ràtio de liquiditat

The liquidity ratio, using the EBA LCR methodology remains stable, remains stable and high at 257.5%. This figure shows a wide margin above the legal requirement of 100% and is also above the European Union average, highlighting the strong liquidity position of the sector.



Asset quality

Regarding asset quality, despite the slight upturn recorded in the non-performing loan (NPL) ratio, during 2025, delinquency levels continue to be reduced. The NPL ratio harmonised according to the EBA methodology, which includes interbank loans, remains below the European average. This evolution responds to the good general economic situation, the dynamism of the real estate market and prudent management of credit risk by the entities.





Main figures in the insurance and reinsurance sector

Below are the number of insurance companies and the gross premiums issued for the last two fiscal years:

Type of Insurance entities	Number of companies at 31/12/2025, of which operate in				Gross premiums issued (in thousands of euros)	
	TOTAL	life branch	non-life branch	life and non-life branches	31/12/2025	31/12/2024
Bank Insurance entities	3	3	-	-	75,083	81,836
Andorran entities	8	2	2	4	96,865	89,952
Delegations of foreign entities	12	2	8	2	57,630	55,449
	23	**7**	**10**	**6**	**229,578**	**227,237**

Gross premiums written reach 229,6 million euros in 2025, which represents an increase of 1.0% compared to the previous year.

The moderate growth in premiums issued occurs despite the contraction of the life insurance sector, which recorded a decrease of 3.8% and stands at 113,7 million euros. In contrast, the different life insurance lines show a positive evolution, with a premium volume of 115,9 million euros, which represents an increase of 6.3%.

(in thousands of euros)	31/12/2025	31/12/2024	Variation
Gross life premiums	113,696	118,208	(3.8%)
Gross non-life premiums	115,882	109,030	6.3%
Total gross premiums	**229,578**	**227,238**	**1.0%**

As shown in the following table, the evolution of the life business presents an uneven behaviour according to the type of product, with particularly notable growth in savings plans, which increased by 47.7%. On the other hand, insurance in which the investment risk is assumed by the policyholder, a segment usually more sensitive to the evolution of financial markets, has registered a decrease of 29.0%. However, the observed decrease cannot be attributed exclusively to the high volatility of the financial markets experienced during 2025 but also responds to a base effect derived from an exceptionally favourable 2024 financial year in terms of the collection of premiums for unit-linked products.

(in thousands of euros)	Gross premiums issued[1]		
Type of branch	**2025**	**2024**	**Variation**
Life-risk with supplementary accident and/or health	46,543	42,061	10.7%
Retirement plan	22,469	26,840	(16.3%)
Life insurance contracts in which the policyholder assumes the investment risk	22,323	31,446	(29.0%)
Pension plan	7,277	6,741	8.0%
Saving plan	12,973	8,785	47.7%
Rest of life insurance	2,111	2,335	(9.6%)
Total life insurance branch	**113,696**	**118,208**	**(3.8%)**

Regarding non-life insurance, gross premiums have increased by 6.3%, reaching 115,9 million euros in 2025. The growth in the automobile sector (+8.1%), home multi-risk (+7.1%) and health (+4.6%) stands out, which consolidate, for another year, the positive trend and represent 66.9% of non-life business premiums.

The following table shows how the gross premiums issued according to the different types of non-life products are distributed:

(in thousands of euros)	Gross premiums issued		
Type of branch	**2025**	**2024**	**Variation**
Automobile	41,797	38,661	8.1%
Health	23,056	22,032	4.6%
Home multi-risk	12,689	11,848	7.1%
Liability	11,127	10,871	2.4%
Commercial, industrial, and construction multi-risk	8,860	8,454	4.0%
Community multi-risk	5,606	5,567	0.7%
Other Non-life Insurance	12,747	11,596	10.5%
Total life insurance branch	**115,882**	**109,029**	**6.3%**

Regarding the solvency of Andorran insurance entities, the coverage ratio of the mandatory solvency capital (CSO) was 259% in 2025, slightly above the 258% registered in 2024. This indicator reflects the ability of entities to meet their regulatory capital requirements.

The volume of eligible own funds reached 148,4 million euros which represents an increase of more than 9.5% compared with the previous year, evidencing a strengthening of the sector's financial position.

The following table shows the breakdown of the solvency data of the entities according to the branches in which they are authorized to operate:

(in thousands of euros)	31/12/2025			31/12/2024		
	Solvency Capital Requirement (SCR)	Eligible Own Funds	SCR Coverage Ratio	Solvency Capital Requirement (SCR)	Eligible Own Funds	SCR Coverage Ratio
Life	33,634	83,909	249%	29,271	74,433	254%
Non-life	4,979	8,951	187%	4,209	8,269	196%
Life and non-life	18,964	55,517	293%	18,892	52,671	279%
Total entities	**57,395**	**148,377**	**259%**	**52,372**	**135,373**	**258%**

The coverage ratio of the mandatory minimum capital was 678% in 2025, above the 649% recorded the previous year, as shown in the following table:

(in thousands of euros)	31/12/2025			31/12/2024		
	Mininum Capital Requeriment (MCR)	Elegible Own Funds	MCR Coverage Ratio	Mininum Capital Requeriment (MCR)	Elegible Own Funds	MCR Coverage Ratio
Life	12,352	83,843	679%	11,344	74,366	656%
Non-life	2,000	8,859	443%	2,000	8,186	409%
Life and non-life	7,491	55,482	741%	7,463	52,473	703%
Total entities	**21,843**	**148,184**	**678%**	**20,807**	**135,024**	**649%**

For the calculations of the solvency capital, all insurance entities domiciled in the Principality of Andorra use the standard formula provided for in the second section of the fifth chapter of the *Regulation for the application of Law 12/2017*.

Of the 11 insurance entities domiciliated in Andorra, one of them is included in the simplified regime provided for in section 4 of article 42 of *Law 12/2017*, and another entity is authorized to apply the transitional deduction to technical provisions contemplated in the third Transitional Provision of the *Regulation for the application law 12/2017*.

The following table show the main figures of the insurance entities domiciled in the Principality of Andorra:

(in thousands of euros)	2025	2024	Variation
Gross written premiums (life)	108,402	112,995	(4.1%)
Gross written premiums (non-life)	60,211	55,226	9.0%
Gross earned premiums (life)	(24,694)	(22,524)	9.6%
Gross earned premiums (non-life)	(31,642)	(29,009)	9.1%
Technical result (life)	10,571	9,796	7.9%
Technical result (non-life)	6,463	4,908	31.7%
Technical margin (life)	9.8%	8.7%	1.1%
Technical margin (non-life)	10.7%	8.9%	1.8%
Net profit for the fiscal year	17,845	16,669	7,1%
Grosse claims ratio (life)	(91,586)	(93,081)	(1.6%)

	2025	2024	Variation
Grosse claims ratio (non-life)	(33,159)	(27,195)	21.9%
Average claims ratio (life)	(71,138)	(74,672)	4.7%
Average net claims ratio (non-life)	(18,706)	(17,594)	6.3%
Acquisition and administrative expenses (life)	(10,696)	(10,044)	6.5%
Acquisition and administrative expenses (non-life)	(10,924)	(10,412)	4.9%
Gross claims ratio to earned premiums (non-life)	55.1%	49.2%	5.8%
Expense ratio (non-life)	18.1%	18.9%	(0.7%)
Combined ratio to earned premiums (non-life)	73.2%	68.1%	5.1%
Reinsurance cession ratio (non-life)	52.6%	52.5%	0.0%
Total technical provisions	769,040	747,899	2.8%
Technical provisions (life)	712,723	695,675	2.5%
Life insurance provision for policies where the investment risk is borne by the policyholder	482,995	476,239	1.4%
Accounting net worth	138,811	132,864	4.5%
ROE (*Return on equity*)	13.1%	12.7%	0.4%

Insurance companies domiciled in the Principality of Andorra recorded a net profit for the year of 17,8 million euros, representing an increase of 7.1% compared to the previous year.

Regarding non-life insurance, the average claims ratio of Andorran insurance companies stood at 55.1%, while the expense ratio was18,1% of gross written premiums. Consequently, the combined ratio was 73.2%, representing a deterioration compared with 68.1% in 2024.

The accounting technical provisions of insurance companies domiciled in the Principality of Andorra amount to 769 million euros. Of this amount, 712,7 million euros correspond to life insurance provisions, of which 483 million euros are provisions related to life insurance policies where the investment risk is borne by the policyholder.

In relation to foreign insurance entities that operate in Andorra through a delegation, the following table shows the coverage ratio of the mandatory solvency capital (CSO) and the minimum mandatory capital of these entities:

	31/12/2025		31/12/2024	
	SCR Coverage Ratio	MCR Coverage Ratio	SCR Coverage Ratio	MCR Coverage Ratio
Life	208%	437%	169%	354%
Non-life	195%	491%	186%	460%
Life and non-life	215%	701%	217%	689%
Total entities	**201%**	**501%**	**185%**	**449%**

As at Decembre 2025, the total number of active policies stands at 316,953, representing a ratio of 3.8 policies per inhabitant, up from 3.6 previous year. Likewise, gross premiums per capita stood at 2,577 euros (2,609.01 in 2024).

05

Action priorities for the 2026-2029 period

The supervisory activity of the Andorran Financial Authority for the period 2026-2029 is structured around four strategic priorities that reflect both the specific challenges of the Andorran financial system and the evolution of international regulatory and supervisory trends in which Andorra is progressively embedded.

This new supervisory cycle provides continuity to the actions developed during the previous period, while incorporating new areas of attention derived from the evolution of the macro-financial context, the digital transformation of the sector, the progressive adaptation of the Andorran regulatory framework to international and European standards, and the need to strengthen trust, transparency and customer protection.

In this context, the AFA directs its supervisory action towards strengthening the financial and macroprudential resilience of supervised entities, with special attention to the management of credit, market, interest rate, liquidity and concentration risks. This priority acquires relevance in an environment characterised by the gradual normalization of monetary conditions, the persistence of geopolitical and macroeconomic uncertainties, and the need to preserve the soundness of the Andorran financial system in the face of possible episodes of stress.

Likewise, the AFA will continue to promote the consolidation of regulatory and supervisory alignment with international standards. In this area, the work linked to the *Financial Sector Assessment Programs* (FSAP), the strengthening of the supervision of the insurance sector and the implementation of the legislative provisions stemming from the international commitments assumed by the Principality of Andorra, including those linked to the Monetary Agreement with the European Union, are particularly noteworthy.

Operational resilience and digital risks also constitute a priority area of supervision for the coming years. The growing technological dependence of entities, the outsourcing of critical services, the increase in cyber risks and the need to guarantee operational continuity, require reinforced supervision of operational risk management frameworks, information systems and incident response mechanisms.

Finally, the AFA maintains governance, the sustainability of business models and consumer protection as priorities. In this sense, prudential supervision is not limited to the assessment of the solvency or liquidity of entities but also incorporates the analysis of the quality of internal governance, the adequacy of business models, transparency in the relationship with customers and the promotion of responsible conduct in the provision of financial services.

Considering this context and the main risks to which supervised entities are exposed, the AFA's supervisory priorities of the 2026-2029 period are structured around the following four areas:

Financial resilience and macroprudential risk management

- Monitoring of liquidity risk and improvement of the LoLR (lender of last resort) mechanism.
- Resilience against credit and market risks.
- Safeguard measures for exposure to specific sectors.

Consolidation of the alignment of regulatory and supervisory practices with international standards

- Further implementation of international supervisory best practices (including the FSAP).
- Improvement of practice in the Insurance sector.
- Implementation of new legislative regulations arising from the Association Agreement with the EU.

Operational resilience and digital risks

- Preparation for business continuity in the event of cyber incidents and IT outages.
- Ongoing assessment of operational risks, including those from third parties.

Governance, sustainable business models and customer protection

- Soundness of entities' internal governance.
- Fair treatment and transparency towards customers.
- Fostering a sustainable and innovative business model for entities.

Financial resilience and macroprudential risk management

The first priority will continue to be aimed at strengthening the soundness of the financial system as a whole. Thus, the AFA continues to monitor and strengthen the liquidity mechanisms of supervised entities, including improving the mechanism and funding of the lender of last resort framework based on changes in the liquidity mechanisms of the European Central Bank, which constitutes an essential element of the financial safety net. At the same time, supervisory actions aimed at ensuring prudent management of credit and market risks are being intensified in the coming years, in a context in which the evolution of interest rates and the volatility of international financial markets require reinforced surveillance. Finally, the AFA pays special attention to the risks arising from sectoral and specific counterparty concentrations, ensuring that the exposure of entities to certain sectors and clients does not compromise their stability.

Consolidation of regulatory and supervisory alignment with international standards

The second priority responds to Andorra's strategic commitment to progressive convergence towards best international practices in financial regulation and supervision. Within this framework, the AFA will promote the implementation of the recommendations derived from the FSAP, which will undoubtedly represent a milestone of the first magnitude for the entire financial system of the Principality. Likewise, actions will be carried out to strengthen the supervision of the insurance sector, with special emphasis on the robustness of the sector's operational practices. Finally, the AFA will continue with the work of transposing and applying the new legislative provisions derived from the Monetary Agreement with the European Union, which continues to be one of the main drivers of the modernisation of the Andorran financial regulatory framework.

Operational resilience and digital risks

The third priority is part of the growing importance of operational and technological risks for the stability of the financial system. The AFA focuses its efforts on assessing the capacity of supervised entities to guarantee the continuity of their operations in the face of cyber incidents and interruptions to information systems, areas in which technological dependence means that the consequences of a failure can be significant. In addition, continuity is given to the systematic assessment of transversal operational risks, including those that come from third-party service providers, which represent a growing risk vector in an environment of progressive outsourcing of critical functions.

Governance, sustainable business models and customer protection

The fourth and final priority includes areas that, despite their diversity, share a common objective: to ensure that supervised entities operate with integrity, sustainability and respect for the interests of their clients. In the area of internal governance, the AFA ensures the soundness of the entities' management and control frameworks, considering that robust governance constitutes the first defence mechanism against risks. Regarding the relationship with customers, supervisory actions aimed at guaranteeing fair treatment and transparency in the provision of financial services are being strengthened. Finally, the AFA will continue to promote that entities in the sector move towards business models that are both innovative and sustainable in the long term, in line with regulatory expectations and the dynamics of the European financial market.

For each of these priorities, the AFA will deploy various supervisory initiatives, which may include specific information requirements, off-site supervisory actions, on-site inspections, as well as the issuance of technical communiqués, guides or recommendations that specify supervisory expectations in the different areas of action.

These priorities highlight the importance of adequately managing the main financial and non-financial risks, strengthening the transparency and quality of the governance of entities, promoting international cooperation and responding to emerging challenges arising from digitalization, cybersecurity and the evolution of the regulatory framework of the financial sector.

06

Macroprudencial supervision

The Afa is the Andorran financial system authority and one of its main goals is to safeguard the stability and reputation of the Andorran financial system, as established in article 4 of *Law 10/2013* and article 12 of *Law 12/2017*.

With the implementation of *Law 35/2018* and its implementing regulation, the AFA is the designated authority for adopting and implementing macroprudential measures for banks and investment firms. This mandate allows for addressing systemic risks of a cyclical and structural nature and strengthening the financial system's capacity to absorb potential disturbances.

6.1. Macroprudential instruments

The macroprudential framework applicable to banking entities combines instruments related to capital, measures linked to the borrower and measures linked to liquidity.

In accordance with article 318 of the *Regulation for the development of Law 35/2018*, if the AFA observes changes in the intensity of the macroprudential or systemic risk of the Andorran financial system, which could lead to serious harm to the financial system and the real economy of the Principality of Andorra and considers that this risk would be better addressed with stricter measures, it must notify the General Council, the Government and, where appropriate, other competent supranational authorities and international bodies responsible for managing macroprudential risk.

The main macroprudential instruments available are detailed below:

Instrument	Primary purpose	Situation / rank
Capital Conservation Buffer	Provide a general loss-absorbing capacity.	2.5%
Countercyclical Capital Buffer	Strengthen resilience during expansionary periods and facilitate loss absorption during adverse periods.	0%–2.5% Quarterly calibration
Systemically Important Institutions Buffer	Mitigate the potential impact of systemically important institutions on the financial system as a whole.	0%–3% Annual revision
Systemic Risk Buffer	Prevent and mitigate structural or non-cyclical systemic risks that are not adequately addressed by other instruments.	0%–1%
Measures on Risk Weights and Large Exposures	Apply stricter measures in response to specific risks to financial stability.	Possibility of increasing certain risk weights by up to 25% and reducing the large exposure limit by up to 15%.

6.2. Actions and follow up during 2025

Capital conservation buffer (CCoB)

The capital conservation buffer is a general requirement applicable to all banking entities. It corresponds to 2.5% of the entity's total risk exposure and must be covered by Common Equity Tier 1 capital (CET1). Its function is to provide additional and stable loss absorption capacity.

Countercyclical capital buffer (CCyB)

During 2025, the AFA has continued to publish, quarterly, the countercyclical buffer applicable to credit exposures located in the Principality of Andorra. This buffer constitutes an additional capital requirement for banking institutions, which is activated in periods of economic growth, with the aim of guaranteeing a sufficient capital base to absorb potential losses in periods of difficulty. This measure contributes to maintaining the supply of credit to the economy and mitigating the negative effects of the economic cycle.

Decisions on the CCyB are made in accordance with the recommendations of international bodies responsible for supervising systemic risks, such as the European Systemic Risk Board (ESRB), the Basel Committee on Banking Supervision (BCBS) and the Financial Stability Board (FSB). The analysis is not limited to a single indicator but incorporates a broad set of variables that allows the assessment of the different dimensions of cyclical macroeconomic risks that may affect the Andorran financial system.

During the year, several technical communiqués were published setting the countercyclical buffer for the different quarters, specifically: Technical Communique no. 1/2025-SF for the 2nd quarter of 2025, Technical Communiqué no. 2/2025-SF for the 3rd quarter of 2025, Technical Communiqué no. 5/2025-SF for the 4th quarter of 2025 and Technical Communiqué no. 7/2025-SF for the 1st quarter of 2026.

Although no generalised credit-related tensions have been identified in relation to economic growth, with the aim of increasing the resilience of banks to systemic risks and incorporating other variables to include all dimensions of cyclical macroeconomic risks that affect the Andorran financial system, the AFA approved at the end of 2023, through Technical Communiqué no. 10/2023-SF, a standard positive countercyclical buffer framework. This framework establishes a minimum percentage of 1.5% as a resilience base, following the approach recommended by international bodies and applied by other European national authorities. This implementation is progressive, over three years, in three tranches of 0.5 percentage points:

- 0.5% applicable from October 1, 2024.
- 1.0% applicable from October 1, 2025.
- 1.5% applicable from October 1, 2026.

Systemically Important Institutions (SIIs)

Additionally, during the year 2025 and in accordance with Technical Communiqué no. 6/2025-SF, the AFA has reviewed the list of Systemically Important Institutions (SIIs) and has updated the capital buffers applicable to the entities designated as such, in accordance with the powers attributed to the authority under section 2 of article 54 of *Law 35/2018*.

The assessment and designation of the SIIs has been carried out in accordance with the *EBA/GL/2014/10 guide of 16 December 2014, on the criteria for determining the conditions for the application of Article 131 of section 3 of Directive 2013/36/EU (CRD) in relation to the assessment of other systemically important institutions.* This guide was adopted in the Principality of Andorra by *Decree 352/2021, of 3-11-2021, which approves the Regulation relating to the adoption of complementary technical standards of the European Union applicable in matters of solvency, liquidity and prudential supervision of banking institutions and investment firms.*

- In the evaluation process, the criteria established in section 1 of article 59 of *Law 35/2018* have been taken into account:
  - the size of the entity, group or subgroup;
  - its importance for the economy of the Principality of Andorra;
  - the importance of cross-border activities; and
  - the interconnection of the institution or group with the financial system.

- The capital buffer for SIIs is calibrated using a tranche-based approach in which each tranche is associated with a certain percentage of additional CET1 capital requirement. According to this methodology, an entity is designated as an SII when it obtains a score equal to or greater than 350 basis points. The tranche approach, adopted in the previous year, remains the basis for the calibration of the applicable buffers during 2026.

- Given the significant size of the SIIs in relation to the domestic economy, this buffer constitutes a key macroprudential tool to strengthen the stability and resilience of the Andorran financial system. This buffer is additional to the regulatory requirement for Common Equity Tier 1 capital.

Systemic Risk Buffer (SyRB)

- The systemic risk buffer allows addressing structural or cyclical systemic risks that are not adequately covered by the other instruments provided for in *Law 35/2018* and its implementing regulations. It can be applied to the entire financial sector or to one or several subgroups, and the regulations establish the rules for accumulation with the buffer applicable to SIIs.

- This instrument has not been activated in 2025, given that the identified systemic risks are considered adequately covered by existing regulatory requirements, including Pillar I and Pillar II requirements, the countercyclical buffer and the buffers applicable to SIIs.

Combined buffer requirement

Taking into account the decisions adopted during 2025 and the SIIs buffers applicable during 2026, the combined capital buffer requirement evolves as follows:

Banking institutions	CCoB	CCyB [0 – 2.5%]	SIIs [0 – 3%]	SRB [0 – 1%]	Combined requirement
Andorra Banc Agrícol Reig, SA	2.5%	Current: 1% From 1/10/2026: 1.5%	1%	0%	Current: 4.5% From 1/10/2026: 5%
Crédit Andorrà, SA	2.5%	Current: 1% From 1/10/2026: 1.5%	1%	0%	Current: 4.5% From 1/10/2026: 5%
Mora Banc Grup, SA	2.5%	Current: 1% From 1/10/2026: 1.5%	0.5%	0%	Current: 4% From 1/10/2026: 4.5%

Capital buffers must be covered with Common Equity Tier 1 capital (CET1) on both an individual and consolidated basis.

Borrower-based measures

In parallel with monitoring capital requirements, the AFA has continued to monitor ratios linked to financing conditions and borrower indebtedness at a macroprudential level. In particular, the evolution of the ratio between loans and deposits (*Loan-to-Deposit, LTD*) and the ratio between the loan amount and the value of the guarantee (*Loan-to-Value, LTV*) has been analysed.

The levels recorded for both the LTD ratio and the LTV ratio at the sector level have not justified the activation of specific measures.

Liquidity-based measures

Regarding liquidity, the AFA periodically monitors the main macroprudential indicators to verify that an adequate position is maintained at the sectoral level in both the short and medium term:

- Liquidity ratio (LCR): is monitored monthly to verify that entities have sufficient high-quality liquid assets to face a 30-day stress scenario. During 2025, the ratio has remained consistently above the regulatory minimum, following the historical trend.
- Net Stable Funding Ratio (NSFR): reported since December 2025 and quarterly monitoring is planned. Its objective is to guarantee that entities have a stable financing structure over a one-year time horizon.

Overall assessment

Regarding liquidity, the AFA periodically monitors the main macroprudential indicators to verify that entities maintain an adequate position in both the short and medium term.

During 2025, the AFA has continued to deploy the macroprudential supervision framework through the periodic review of the countercyclical buffer, the annual update of the designation and calibration of the buffers applicable to SIIs and the monitoring of the main funding, debt and liquidity ratios. The analysis carried out has not revealed any widespread systemic imbalances that require the activation of additional measures. However, the AFA maintains reinforced monitoring of the evolution of credit, financing conditions and liquidity in the banking sector, with the aim of adapting the macroprudential response if the evolution of risks makes it necessary.

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Microprudencial supervision

In the area of microprudential supervision, the AFA's duties under *Law 10/2013* include, among others:

- acting as the competent supervisory authority over all the supervised entities in the financial system and over any natural or legal persons outside the financial system that are or could be subject to the AFA's supervision under current legislation, in order to ensure compliance with the regulations applicable to those persons;
- supervising the entities operating within the financial system, on a consolidated basis, and consequently, the groups of entities operating within the financial system, meaning all groups of companies in which the parent company is an operating entity of the financial system or whose main activity is the holding in one or more entities operating within the financial system, and those groups with one or more entities operating within the financial system whose activity is the most important in the group; and
- exercising the control and supervisory powers in the insurance and reinsurance sector according to articles 8 to 12 and subsequent articles of *Law 12/2017*.

7.1. 2025 Supervisory Review

Banking entities

During the 2025 financial year, significant uncertainties have persisted regarding the future trajectory of the global economy, inflation and monetary policy, as well as the interaction of these factors across different jurisdictions, including Andorra. In this context, the AFA has shared the proposed measures of action in the Autumn 2024 Joint Committee Report on the risks and vulnerabilities of the EU financial system, published on 10 September 2024 by the three European Supervisory Authorities (EBA, ESMA and EIOPA).

This report highlights the persistence of economic and geopolitical uncertainties and recommends that financial market participants remain highly vigilant.

Consequently, this Authority has conveyed to the entities the need to take into account the following recommendations:

- maintaining preparedness to face the impacts of changes in interest rates on the real economy;
- continuing to monitor and prudently manage credit risk, given that its potential materialization remains a concern, with special attention to adequate provision levels, prospective provision policies and a prudent and updated valuation of collaterals;
- ensuring the availability of flexible and agile plans and processes to deal with multiple and unexpected adverse scenarios in the short term;
- maintaining vigilance over the impact of inflation on product development; and
- strengthening the management of operational and financial stability risks that could arise from the materialization of cyber risks.

Likewise, it has been recommended that entities incorporate into their internal analyses the potential impacts derived from the different ongoing processes, such as the negotiation of the association agreement between Andorra and the European Union, as well as the regulatory equivalence process undertaken with the European Commission.

On the other hand, in the area of cybersecurity, a proactive position has continued to be recommended, with the reinforcement of protection measures against DDoS attacks, the implementation of two-factor authentication whenever possible, raising awareness among staff and customers, and the monitoring of activity logs for incident detection. Likewise, the obligation to notify security incidents to the Network Security Incident and Reference Information Systems Response Centre of the Principality of Andorra (CSIRT-AD) has been recalled.

Additionally, the AFA has reiterated the recommendation that entities integrate into their strategy, business model and risk appetite framework the financial and economic risks arising from climate change and environmental deterioration that they consider may be material.

In the area of governance of supervised entities, the AFA has continued to supervise compliance with the suitability regime for shareholders with qualified holdings, senior management and those responsible for the control functions of the entities at all times during the exercise of their duties. Likewise, the AFA also examines and resolves any prior authorization request provided for in current regulations and, in this way, keeps the corresponding records updated (see section 7.3 of this segment).

Regarding the business model, the AFA, together with the UIFAND, has continued with the off-site supervision of cross-border monetary flows through the analysis of the quarterly information submitted by banking entities, within the framework of the joint AFA-UIFAND Technical Communiqué CT-01/2021. This joint supervision allows for a deeper understanding of the business model and activities of banking entities in particular and, in general, allows for a continued deepening of knowledge of money laundering risks and their implications for the reputation and stability of the banking system.

In addition to the recurring issues subject to periodic monitoring that are analysed on a monthly or quarterly basis, such as solvency and liquidity, the tasks of analysing the entities' recovery plans have continued. As a result of this evaluation process, and in accordance with section 3 of article 6 of *Law 7/2021*, the AFA has sent communications to the entities with the main points of improvement to be incorporated in the update of the respective recovery plans.

Finally, with regard to on-site supervision, during 2025 it has been considered appropriate to monitor, through inspections, the degree of implementation of the rec-ommendations and requirements derived from the inspection of credit operations granted to develop real estate developments in the Principality of Andorra, which was carried out during 2023 (see section 7.2).

Investment firms and CIS management companies

During 2025, the supervisory performance focused its efforts on the periodic review of regulatory compliance and on analysing the main risks associated with its activities. Additionally, efforts have continued to be concentrated on improving the quality of data reported by the supervised entities.

In this sense, off-site supervision exercises have been carried out based on the review of the periodic information submitted by the entities, with special attention to the financial situation and the adequacy of own resources. These reviews have been complemented by on-site inspections of certain financial investment entities, on a one-off basis and based on the priorities derived from the risk-based supervisory approach.

In relation to the on-site inspection activity, during the 2025 financial year, actions were carried out at two financial investment entities, within the framework of the review of the discretionary and individualised management of portfolios in the indirect management modality, the financial advisory service and the processes for generating and sending information to the supervisor. These actions have allowed for a deeper analysis of governance systems, internal controls and the quality of the information used in regulatory reporting.

This approach has made it possible to identify areas for improvement in the information provided by the entities, ensuring greater accuracy, coherence and reliability in the data reported. The AFA's IT platform continues to be the main tool for the supervision and quality control of the information presented.

In this framework, Technical Communiqué no. 4/2020-SF quater for entities that provide investment services and Technical Communiqué no. 49/SGOIC quinquies for collective investment undertakings (OIC), through which adjustments have been introduced to the reporting templates, as well as guidelines on the form and content of the information that entities must submit to the AFA.

Finally, particular emphasis has been placed on the analysis of market, liquidity and operational risks, taking into account the context of volatility in financial markets and their possible impact on the investment vehicles managed.

Once again, the central aspect of supervisory activity in the microprudential field has been the analysis of the solvency of insurance companies through the review off-site of the information periodically sent by the entities.

In this context, internal risk and solvency assessment reports (ORSA) are a key part of the supervisory process, as they provide a forward-looking analysis of the entities' risk profile and their solvency position.

Among the thematic reviews carried out during the year, the analysis of the ORSA reports stands out, which has allowed several weaknesses and areas for improvement to be identified, and these will be taken into account in the assessment corresponding to the 2025 fiscal year. It should be kept in mind that the ORSA is a complex exercise that requires a process of learning and continuous improvement, and for entities, this obligation is still relatively recent due to the five-year transitional regime provided for in *Law 12/2017* for the entry into force of its Title IV.

To achieve a reliable and useful self-assessment of risk, it is necessary for the stress scenarios considered to impact the main risk areas of the insurance entity, paying special attention to the uncertainty arising from the economic situation and its evolution during the period analysed. In this regard, the level of demand will be increased regarding the quality of the content of ORSA reports and the suitability of the stress scenarios used, with the goal of reaching standards aligned with the best practices in the sector internationally. Another important aspect of the supervisory activity has been improving the quality of the data submitted by the entities. In this area, reporting templates (FINREP) have been reviewed in order to obtain more precise and accurate financial and statistical information. For this purpose, Technical Communiqué No. 35-2025/A for Andorran entities and Technical Communiqué No. 36-2025/A for branches have been published, aimed at updating the reporting templates, along with the publication of a guide to facilitate compliance.

Likewise, on 27 June 2025, Technical Communication No. 35-2025/A bis was published, establishing certain additional reporting requirements and amending the previous FINREP template.

7.2. Supervision of entities

Context

Banking supervision in the European Union is based on harmonised standards and principles, largely contained in *Directive 2013/36/EU of the European Parliament and of the Council, of 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (Directive 2013/36 or CRD IV)*. Article 97 of this directive establishes the Supervisory Review and Evaluation Process (SREP) that requires the competent authorities to examine the arrangements, strategies, processes and mechanisms implemented by institutions to fulfil the CRD IV package and ensure sound management and coverage of their risks. In this context, the competent authorities must evaluate the risks to which entities are or could be exposed, the risks that an entity may pose to the financial system and the risks identified during stress testing.

Andorra incorporated this directive into its own legal system through *Law 35/2018* and implementing regulation, which is in constant development (see section "16 REGULATION" of this report).

In this respect, the AFA is the prudential supervisor of the Andorran financial system and, as established in article 99 of *Law 35/2018*, must carry out the Supervisory Review and Evaluation Process and implement the supervisory measures authorised by that law. Specifically, article 91 creates the SREP.

As for the insurance and reinsurance sector, the European Union established a new system, known as Solvency II, on approval of *Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking up and pursuit of the business of Insurance and Reinsurance*. The Solvency II system, together with the rules issued by the European Insurance and Occupational Pensions Authority (EIOPA) and the criteria issued by the International Association of Insurance Supervisors (IAIS), form the necessary framework on which the regulation and supervision of the Andorran insurance and reinsurance industry must be based. In this respect, Andorra incorporated this directive into its legal system through Law 12/2017, mentioned above.

Organisation of the supervision – Supervisory Review and Evaluation Process (SREP)

The AFA's supervision model considers the Core Principles for Effective Banking Supervision published by the *Basel Committee on Banking Supervision, and the revised Guidelines for common procedures and methodologies for the supervisory review and evaluation process* (SREP) *and supervisory stress testing, amending directives EBA/GL/2014/13 of 19 December 2014* (revised July 2018).

The SREP is applied proportionately to the entities under the AFA's supervision, according to the established supervisory review plan and considering the principle of proportionality, i.e. the size, structure and internal organisation of the entity, and the nature, scope and complexity of its activities.

The supervisory review plan mainly envisages two types of supervisory action: "off-site" supervision, i.e. prudential supervision based on information collected from periodic reports and other media and "on-site" supervision through inspections in situ.

These actions are key tools in the supervisory review and evolution process, as they allow updating the risk profile of entities and identifying the supervisory measures that, if necessary, need to be taken.

In this context, the AFA annually assess the need to set additional capital requirements for banking institutions under2R Pillar, in accordance with the results of the off-site and on-site supervision that feed the SREP.

This supervisory practice began in 2021, when the AFA first informed banks of the additional capital requirement under Pillar 2R. Since then, it has become an established and recurring component of the annual supervisory cycle.

Off-site supervision

Off-site supervision consists of the ongoing analysis of the information periodically submitted by supervised entities, including financial information, the annual reports that entities are required to submit to the AFA—particularly those relating to the compliance and internal audit functions—the reports issued by external auditors, as well as any ad hoc information that may be requested by the AFA in the exercise of its supervisory responsibilities.

This analysis is complemented by information obtained through on-site inspections, as well as by input derived from meetings held with senior management, the heads of key functions, and the external auditors of the supervised entities.

In relation to the prudential supervision of banking institutions, in addition to credit risk, market risk, and operational risk, the review and assessment carried out by the AFA also include the following aspects:

a) the exposure to concentration risk and management of it by the entities, including compliance with the requirements in chapter four of section III and in article 20 of *Law 35/2018;*

b) the soundness, adequacy and manner of implementing the policies and procedures established by entities to manage residual risk associated with the use of known techniques of credit risk mitigation;

c) the adequacy of the own funds of an entity with regards to the assets it has securitised, considering the economic substance of the operation, including the level of risk transfer achieved;

d) the exposure to liquidity risk, measurement thereof and its management by the entities, including carrying out an analysis of alternative scenarios, the management of risk reduction factors (especially the level, composition and quality of liquidity buffers) and the effective contingency plans;

e) the impact of the effects of diversification and the way in which those effects are considered in the risk evaluation system;

f) the geographical location of the entities exposures;

g) the entity's business model.

Additionally, the review and assessment carried out by the AFA cover institutions' exposure to interest rate risk arising from activities outside the trading book, as well as their exposure to excessive leverage risk. The AFA also assesses institutions' corporate governance arrangements, corporate culture and values, and the ability of the members of the management body to carry out their duties effectively. As part of this review, the AFA must have access, at a minimum, to meeting agendas, supporting documentation, minutes of meetings of the management body and its delegated committees, and the results of the internal and/or external assessment of the performance of the management body.

To carry out the above-mentioned supervisory activities, the off-site supervision team performs the following actions:

- Analysis of the data, mainly relating to solvency, liquidity and large exposures, and the key risk indicators (KRI). These analyses are mainly quantitative and are intended to evaluate compliance with regulatory requirements.

  The information received from the entities includes:

  - the periodic reports based on FINREP, COREP, *IP Losses, Large Exposures, Leverage Ratio, Liquidity, Asset Encumbrance, AMM* and statistical data;
  - the solvency report;
  - the capital and liquidity self-assessment report (IACL);
  - the annual report on the financial position and solvency (ISFS); and
  - the Own Risk and Solvency Assessment report (ORSA).

- Analysis of quantitative and qualitative information. The information received by the entities includes, among others:

  - specific information and documentation required by the AFA from each entity; and
  - documentation provided by the entities to the AFA according to specific requirements and technical communiqués (public and non-public) that require entities to report, for example:

    -Communication EB 02/2014 and Communication 1-2019/A "Requirement to report any significant events that could have an impact on the reputation risk of the Andorran financial system";

    -Technical Communiqué No. 1/2022-SF "Acts subject to prior authorisation and/or registration and other communications."; and

    -Technical Communiqué no 34-2024/A "Contractual ties with intermediaries".

Moreover, the AFA also reviews the following information to evaluate the quality of the organisation and the risks incurred by the entities:

- audited annual financial statements (individual and consolidated);
- annex to the audited financial statements;
- individual and consolidated financial statements of all the entities' investee companies (even if not consolidated), together with the audit report, irrespective of the type of company concerned;
- supplementary audit report;
- letter of recommendations from the external auditors, including any weaknesses in the internal control system identified during their audit;
- recovery plans;
- annual money laundering report;
- annual internal audit report on the design and operational effectiveness of the entity's internal control system and risk management, according to article 11 of *Law 7/2024, of May 27, on the organisation and functioning of operational entities within the financial system and market abuse (Law 7/2024)*; and
- compliance function reports.

- Bilateral meetings with shareholders and the senior management of the entities operating within the financial system and the insurance and reinsurance companies. The AFA meets with the senior management of the supervised entities in a systematic, thorough manner. This dialogue is an important means of debate about the entities' business model and strategy, their perspectives and the risks they face. It also enables a dialogue about the regulatory perspectives and expectations of the entities with regard to the transparency of the prudential supervision.

- Bilateral meetings with the persons responsible for the control functions of the supervised entities. The AFA seriously considers the works of the control functions when evaluating the quality of the organisation, the governance and risk management of institutions. In this regard, in addition to analysing the information provided by these functions, the AFA may hold dedicated meetings with the heads of the control functions, where deemed appropriate, to discuss in greater depth relevant aspects of internal control, risk management, regulatory compliance and internal audit.

- Bilateral meetings with the actuaries of supervised entities. In the insurance sector, the AFA holds meetings with the actuaries of supervised entities whenever it deems necessary, with the aim of addressing supervisory matters of interest related, among others, to technical provisions, the adequacy of actuarial models, the management of insurance risks, and other technical aspects specific to insurance activities

- Bilateral meetings with the audit firm of the supervised entities. The AFA holds meetings, whenever it deems appropriate and at least once a year, with the external auditors of supervised entities. These meetings provide an opportunity to discuss relevant matters related to the audits work performed, the key issues identified during the audit of the financial statements, the quality of financial reporting, and other matters of supervisory interest. This activity also forms part of the AFA's specific oversight of external auditors in the financial sector (see section "11. EXTERNAL AUDITORS OF THE FINANCIAL SECTOR").

During 2025 and 2024, the AFA has held the following number of meetings:

	2025			2024		
	Entities operating within the financial system	Insurance companies	TOTAL	Entities operating within the financial system	Insurance companies	TOTAL
Meetings with senior management	18	20	**38**	12	14	**26**
Meetings with external auditors	41	13	**54**	26	7	**33**
TOTAL	**69**	**33**	**102**	**38**	**21**	**59**

On-site supervision

Below are details of the number of on-site inspections carried out in 2025 and 2024:

Number of on-site inspections	2025	2024
Banking entities	9	14
Investment firms	1	6
Representative in the digital representation of assets	1-	-
Other supervised entities	3	3
TOTAL	**14**	**29**

On-site supervision is carried out on the basis of the supervisory review which focusses on risks.

The supervisory review programme laid down in article 93 of *Law 35/2018* has considered, among other aspects, assets quality as one of the main challenges of the banking sector together with the risk of money laundering. In this sense, during the financial year 2025, a thematic review has been carried across the three banking institutions to assess the extent to which they had implemented the recommendations and requirements issued by Authority following the inspection of lending operations granted to finance real estate developments in the Principality of Andorra, which was carried out in 2023.

Finally, as is done regularly, inspections have also been carried out at entities that handle cash. In this regard, the following inspections were carried out:

- to verify the proper functioning of euro coin processing machines, inspections were carried out at three banking institutions and one cash handler (the same number as in 2024), verifying a total of 13 machines (8 in 2024); and
- to verify the proper functioning of euro banknote processing machines, inspections were carried out at three banking institutions, one cash handler, and one economic agent involved in the handling and distribution of banknotes and coins to the public, specifically the Casino. A total of 13 machines were verified, same number the previous year.

  Finally, an on-site inspection was conducted at an investment financial institution, focusing on the review of certain investment services activities, as well as the control and governance processes and the quality of the information reported to the supervisor. This supervisory action made it possible to assess the adequacy of the internal procedures implemented by the entity and to identify areas for improvement within its control and monitoring framework.

Consolidated supervision

As at 31 December 2025, the banking groups were supervised in a consolidated manner. The supervision was carried out on the basis of the consolidated situation of the parent companies, with the aim of obtaining a comprehensive view of the risks assumed by the group and its capacity to manage and control those risks.

In this area, beyond monitoring the key consolidated ratios, the AFA pays special attention to the group function performed by the parent company. In this respect, it receives and analyses the information required on both an individual and consolidated basis, enabling it to carry out a targeted review of the manner in which the parent institution defines, communicates, and implements its policies and strategies throughout the group and across its subsidiaries.

The AFA also assesses the controls established at the group level, the organisation's internal oversight mechanisms, the monitoring of the activities carried out by its subsidiaries, and the management of their key risk exposures.

Thus, within the framework of this consolidated supervision, the banks are required to inform the AFA of any communication that subsidiaries have with the competent national authorities which supervise them abroad, as well as all the inspections carried out by them.

Reporting

Digitalization – reporting tools

Within the framework of the transformation and digitalization process led by the AFA, during the 2025 fiscal year, the private virtual office has continued to be developed and improved, aiming to facilitate interaction with supervised entities and streamline the supervision process.

This tool enables the centralized receipt of information, except for periodic submissions sent through the ABACUS/Regulator and SuperA platforms. In this way, the received information is organized into verifiable databases with change control, contributing to more efficient and transparent supervision.

As for the tools of reporting, in 2025 ABACUS/Regulator 3 has been deployed for banking institutions. This new tool, based on Software as a Service (SaaS), offers greater flexibility in the definition and preparation of national templates and allows the appropriate validation rules, thereby enhancing the quality and consistency of the information received.

The implementation of the ABACUS/Regulator 3 tool began in September 2024 and the platform became operational with the first reporting submission relating to January 2025, with the first data reported on 20 February 2025.

These initiatives reaffirm the AFA's commitment to the digitalisation of supervisory processes, the strengthening of secure and efficient communication channels with supervised entities and the continuous improvement of information management and security.

Update reporting requirements

During 2025, the AFA has continued to enhance and adapt the reporting requirements applicable to supervised entities, with the aim of strengthening the quality, consistency, traceability, and supervisory usability of the information received.

In this context, the AFA has issued several technical communications introducing significant changes to the reporting requirements applicable to banking institutions:

- **Technical Communiqué no. 273/2025-EB**, relating to statistical data at the European Central Bank. Through this communication, the ESTAD EB 1 and ESTAD EB 2 templates have been modified, with the unblocking of certain cells subject to reporting. Likewise, the ESTAD EB 4 and ESTAD EB 5 templates have been revised in order to collect information from the perspective of the two counterparties involved in the operations, which allows for a more complete and coherent view of the reported data;
- **Technical Communiqué no. 255/21-EB quater,** through which a change has been implemented in the reporting platform used for the submission of information by banking entities. This update is part of the process of modernising the AFA's reporting tools and contributes to strengthening operational efficiency;
- **Technical Communiqué no. 255/21-EB quinquies**, which has introduced template C 84.00, relating to the NSFR as well as several modifications to the "Submitted Comments" template. These modifications allow the information submitted by entities to be completed and better contextualised, especially in the area of structural liquidity; and
- finally, **Technical Communiqué no. 255/21-EB sexies,** which has updated the EBA Data Point Model (DPM) from version 2.8 to version 3.4, with the incorporation of new packages relating to Interest Rate Risk in the Banking Book (IRRBB) and Funding Plans (FP), as well as the elimination of the RTI template (Interest Rate Risk). This update allows local requirements to be progressively aligned with the evolution of European prudential reporting standards.

With regard to investment financial institutions, OIC management companies and collective investment undertakings, significant changes were also introduced during the 2025 financial year in the periodic reporting requirements, and [relevant publications] were issued:

- **Technical Communiqué no. 49-SGOIC quinquies**, regarding the transmission of periodic information related to OICs. This communication has added four new statuses — "OIC-ESTAD 4 M," "OIC-ESTAD 5 M," "OIC-ESTAD 4 NM," and "OIC-ESTAD 5 NM" — as well as the modification of the "OIC-CART" section in the annex "Guide to complement the amended documents." These changes allow for expanding and improving the statistical information available on collective investment schemes.
- **Technical Communiqué no. 4-2020-SF quater**, relating to the submission of information on investment services, which introduced two new reporting templates —"STATEMENT 4" and "STATEMENT 5"— concerning the entity's financial assets and liabilities by counterparty residence. A new "F32" reporting template was also introduced, relating to asset encumbrance, applicable to investment firms.

Regarding the insurance sector, new communiqués have been approved aimed at ensuring the collection of statistical data:

- **Technical Communiqué no. 35-2025/A** and **Technical Communiqué no. 35-2025/A bis**: information obligations for supervisory, statistical and accounting purposes of insurance entities domiciled in the Principality of Andorra; and
- **Technical Communiqué no. 36-2025/A**: information obligations for supervisory, statistical and accounting purposes of the delegations of foreign insurance entities authorised to operate in the Principality of Andorra.

These modifications respond both to the evolution of statistical and prudential requirements and to the need to adapt information submissions to new technological tools and regulatory reporting standards. They also contribute to improving supervisory analysis capacity, facilitating risk monitoring and increasing the quality of the information available for the exercise of prudential, statistical and behavioural supervision functions.

Document management

During 2025, the AFA has progressed with the implementation of a new document management tool based on the *Microsoft* suite, with the aim of continuing to promote the efficiency and digitalization of internal processes, as well as strengthening compliance with requirements regarding the protection of personal data and information security.

This initiative is part of the AFA's digital transformation process and aims to improve the organization, traceability, conservation and secure access to internal documentation. The tool is scheduled to go into production in 2026.

Balance of payments

As the entity responsible for the statistical activity "A138 Balance of payments and international investment position ", the AFA has continued to collect and aggregate data from companies in the financial system, such as banks, financial investment institutions, insurance companies, cash handling entities and the AFA itself, for the preparation of these statistics.

The AFA has prepared the statistic "A130 Statistics of the financial system", which includes the variables included in the 2024 Statistical Programme, such as number of entities by type and international presence, summary of financial statements, relevant indicators, among others.

Additionally, the AFA has submitted detailed data on the balance sheets of Andorran banking entities quarterly to the Department of Statistics of the Government of Andorra, with the aim of contributing to the compilation of monetary and financial statistics (Monetary and Financial Statistics).

7.3. Authorisations and registers

Licences and changes in the structure of the financial system

The AFA is the financial system authority that examines and decides on any application for a licence or authorisation to operate within the Andorran financial system under current legislation and, accordingly, keeps the corresponding registers updated.

The AFA also authorises, among others:

- the acquisitions of qualifying holdings in entities operating within the financial system and in insurance and reinsurance companies, in accordance with the provisions established in current legislation. As for changes in the shareholding of entities operating within the financial system that represents a percentage of less than 10% and equal to or more than 3%, these acts are only subject to registration;
- the creation and/or acquisition of entities, permanently and with a qualifying holding, and the opening of branches abroad or representative offices by the entities operating within the financial system and the insurance and reinsurance companies, including share acquisitions that result in a qualifying holding; and
- the changes in the percentages of holdings in other companies of entities operating within the financial system which represent a percentage increase or reduction of 10% or more of their holding in the investee. As for changes that represents a percentage of less than 10% and equal to or more than 3%, these acts only need to be registered.

Additionally, it also authorizes participants in the digital representation of assets. Section "10.3 Supervisory Orientation" in the "10. DIGITAL ASSET SUPERVISION" section, the requests and authorizations granted by the AFA during 2025 are detailed.

In 2025 and 2024, the following authorisations were granted for modifications in the structure of the Andorran financial and insurance system:

	2025				2024				
	Creation of entities	Prior authorisation	Registration	TOTAL	Creation of entities	Prior authorisation	Registration	TOTAL	Var.
Banking entities	-	12	13	**25**	-	9	13	**22**	↑ **3**
Investment firms	-	1	2	**3**	2	4	3	**9**	↓ **(6)**
CIS Management Companies	1	-	-	**1**	-	1	2	**3**	↓ **(2)**
Payment entities	-	1	1	**2**	-	-	-	**-**	↑ **2**
Insurance companies	-	4	1	**5**	-	-	3	**3**	↑ **2**
TOTAL	**1**	**18**	**17**	**36**	**2**	**14**	**21**	**37**	

In general terms, the total number of applications received has remained stable, with 36 in 2025, compared to 37 in 2024. This evolution reflects continuity in the overall volume of activity, although with a different composition by type of entity. In this sense, the reduction in requests relating to financial investment entities and UCI management companies stands out, while an increase in activity has been recorded in the banking sector, payment institutions and the insurance sector.

Creation of entities

During the year 2025, the AFA has analysed and authorised an application for a new licence for an OIC management company which, at the date of the year-end, had not yet commenced its activities. During 2024, a new licence was granted for the financial adviser category and another application for the same category was refused.

Changes in shareholding

As regards the authorisations and registrations that have entailed changes in the structure of the Andorran financial system, the details are as follow:

	2025		2024	
	Prior authorisation	Registration	Prior authorisation	Registration
CIS Management Companies	-	-	1	1
Payment entities	1	1	-	-
Insurance Companies	1	1	-	2
TOTAL	**2**	**2**	**1**	**3**

During the 2025 financial year, there were two cancellations from the AFA's records. On the one hand, Groupe La Poste ceased providing its services in the Principality of Andorra with effect from December 31, 2025. On the other hand, in the insurance field, the withdrawal of Vall Banc Assegurances, SAU, in liquidation, was registered, as a result of its dissolution and extinction, after the AFA revoked its administrative authorisation in 2023.

Changes in shareholding

The following details the prior authorisations and registrations corresponding to changes in shareholding:

	2025		2024	
	Prior authorisation	Registration	Prior authorisation	Registration
Banking Entities	-	-	1	-
Investment firms	1	1	4	3
CIS Collective investment scheme management companies	-	-	-	1
Insurance Companies	3	-	-	1
TOTAL	**4**	**1**	**5**	**5**

Regarding changes in shareholding, during 2025, the analysis, authorization and registration of a dossier relating to a financial investment entity, as well as the analysis and authorization of three dossiers corresponding to insurance entities, stand out. In the latter case, the corresponding registrations were pending at the closing date of the financial year.

Overall, the data reflect a reorientation of share transactions, with an increase in the relative weight of significant changes in insurance entities.

Participants in supervised entities

The following sets out the prior authorisations and registrations relating to transactions involving companies in which the supervised entities hold interests:

	2025		2024	
	Prior authorisation	Registration	Prior authorisation	Registration
Banking entities	12	13	8	13
Investment firms	-	1	-	-
TOTAL	**12**	**14**	**8**	**13**

Throughout the financial years 2025 and 2024, a total of 26 and 21 transactions were registered, respectively, related to holdings of supervised banking groups, which required prior authorisation or registration on behalf of the AFA.

Overall, the data reflects sustained and relevant activity in the shareholder management of investee companies, especially in the banking sector. In 2025, an increase in operations subject to prior authorization linked to processes that involve significant control or a relevant modification of the corporate structure has been observed.

Among the most notable operations are the establishment of a subsidiary, a restructuring project and several acquisition and merger operations in foreign jurisdictions.

Authorisations for senior management, control functions, and other authorisations and registers

The AFA examines and decides on other applications for authorisations or registrations of administrative acts according to current legislation and keeps the corresponding AFA registers updated.

The details of the authorization and registration requests for these administrative acts received by the AFA during 2025 and 2024 are shown below:

	2025			2024			
	Prior authorisation	Registration	TOTAL	Prior authorisation	Registration	TOTAL	Var.
Banking Entities	16	26	**42**	16	27	**43**	↓ **(1)**
Affiliated companies / Subsidiaries	17	14	**31**	24	35	**59**	↓ **(28)**
Investment Companies	10	15	**25**	8	16	**24**	↑**1**
CIS Management Companies	7	8	**15**	4	11	**15**	**-**
Payment Entities	1	1	**2**	1	1	**2**	**-**
Insurance Companies	26	21	**47**	21	21	**42**	↑ **5**
Mediators	-	8	**8**	-	1	**1**	↑ **7**
TOTAL	**77**	**93**	**170**	**74**	**112**	**186**	

During the 2025 financial year, a total of 170 procedures were managed, with a decrease of 8.6% compared to 2024. This reduction is mainly due to the decrease in pre-authorisation and registration applications relating to companies in which banking groups hold a stake. The breakdown of the different types of pre-authorisation and registration applications is presented below:

Senior Management and Control Functions

	2025			2024		
	Prior authorisation	Registration	TOTAL	Prior authorisation	Registration	TOTAL
Banking Entities	11	14	**25**	8	15	**23**
Investment Companies	3	3	**6**	3	6	**9**
CIS Management Companies	4	3	**7**	2	4	**6**
Payment Entities	1	1	**2**	1	1	**2**
Insurance Companies	5	4	**9**	7	7	**14**
TOTAL	**24**	**25**	**49**	**21**	**33**	**54**

During 2025, 24 applications for prior authorisation were processed relating to appointments, renewals or changes of members of the boards of directors, general management and those responsible for control functions, compared to 21 in 2024.

The 25 registrations made during 2025 (compared with 33 in 2024) include, in addition to the previous authorisations, terminations and appointments not subject to prior authorisation.

This development reflects an organic stabilisation of the governing bodies of the entities.

The suitability assessment process constitutes the basis for authorizing the aforementioned positions, in accordance with the requests submitted by the operating entities of the financial system and insurance entities. However, the AFA carries out ongoing supervision of members of senior management and those responsible for control functions, beyond the specific moment of their appointment.

External Auditors

	2025			2024		
	Prior authorisation	Registration	TOTAL	Prior authorisation	Registration	TOTAL
Banking Entities	3	3	6	1	1	**2**
Investment Companies	7	6	13	4	3	**7**
CIS Management Companies	3	2	5	2	5	**7**
Insurance Companies	9	6	15	5	5	**10**
TOTAL	**22**	**17**	**39**	**12**	**14**	**26**

With regard to the activity related to external auditors, during 2025, a total of 22 applications for prior authorisation for appointments and renewals were received, compared to 12 applications received in 2024.

The increase in requests for prior authorization and registration corresponding to the various supervised entities is mainly explained by the entry into force, for accounting years beginning on January 1, 2025, of *Law 10/2024, of May 27, on the audit of accounts of the Principality of Andorra*. This regulatory modification has led, in many cases, to the need to regularise audit firms and activate the corresponding prior authorisation and registration procedures.

Detailed information can be found in section "11. EXTERNAL AUDITORS OF THE FINANCIAL SECTOR" of this report.

Other procedures and miscellaneous operations

	2025			2024		
	Prior authorisation	Registration	TOTAL	Prior authorisation	Registration	TOTAL
Banking Entities	2	9	**11**	7	11	**18**
Affiliated companies / Subsidiaries	17	14	**31**	24	35	**59**
Investment Companies	-	6	**6**	1	7	**8**
CIS Management Companies	-	3	**3**	-	2	**2**
Insurance Companies	12	11	**23**	9	9	**18**
Mediators	-	8	**8**	-	1	**1**
TOTAL	**31**	**51**	**82**	**41**	**65**	**106**

In the category "Others", both in prior authorisations and registrations, various types of acts are included, such as the granting of credit facilities, increases and reductions in share capital, the outsourcing of functions as well as the registration of both financial agents and mediators. During 2025, these procedures amount to a total of 82 compared to 106 in 2024.

With regard to financial agents, during 2025 four applications for registration of agents were received from investment financial institutions. In addition, two officers have been discharged during the course of this year.

With regard to the registrations of mediators, also included in this category, during 2025, four new mediators has been registered in the corridor modality in accordance with additional provision third of the *Law 12/2017*, one was registered in 2024. Likewise, during the 2025 financial year four intermediaries have been deregistered: one broker and three agents.

Authorisations from Collective Investment Schemes

In relation to collective investment schemes under Andorran law, during the financial year 2025, a total of 126 requests submitted by the CIS were answered, compared to 131 in 2024.

Regarding the types of requests, it is noteworthy that modifications of CIS accounted for 25% of the total. Also of significant weight are prior authorisations for OIC mergers (16%), extensions of time for submitting audited financial statements (13%) and notifications of commencement of activities by OICs (10%). Additionally, during the 2025 fiscal year, a total of 13 CIS and five foreign law compartments were registered, while three foreign law compartment was deregistered.

Other Communications from Insurance and Reinsurance Undertakings

Additionally, insurance entities must notify the AFA of any modification relating to the mediators with whom they maintain contractual links, including the addition and removal of contractual links and modifications to other relevant aspects, as established in Technical Communiqué no. 34-2024/A. During 2025, the AFA has received 29 communications relating to contractual links with mediators.

08

Financial conduct

8.1. Investor protection

Within the framework of its functions of supervising conduct and protecting investors, during 2025 the AFA has published two technical communiqués aimed at strengthening the requirements applicable to entities that provide investment services.

Firstly, Technical Communiqué no. 3/2025-SF regulates the knowledge and skills that personnel who advise or provide information on financial instruments must have. This communiqué establishes the minimum criteria that must be met by people who provide investment advice or information, with the aim of guaranteeing that they have adequate training, experience and qualification in relation to the products and services they offer to clients. In this way, it helps to strengthen the quality of the information provided to investors and ensure that the service provided is based on sufficient knowledge of financial instruments, the associated risks and the needs of clients.

Secondly, Technical Communiqué no. 4/2025-SF regulates the minimum records that must be maintained by entities that provide investment services. This communiqué establishes the minimum obligations for document retention and registration of relevant information related to the provision of investment services, including the elements necessary to prove the relationship with the client, the actions taken, the information provided, the orders received or executed and, where applicable, the investment recommendations or decisions adopted.

These communiqués strengthen the investor protection framework, as they promote a more professional, transparent and traceable provision of investment services.

8.2. Financial education

On March 27, 2025, the Financial Education Directorate (EDUCFI) of the *Banque de France* and the AFA signed a collaboration agreement on financial education for financial clients and investors, considering this as a key strategic function of financial supervisors.

Within this framework, working meetings were organised on May 19 and 20, 2025, at the headquarters of the *Banque de France* and at the *Cité de l'Economie* (Citéco), where the AFA had the opportunity to learn in depth about the French financial education ecosystem, focused on the national EDUCFI strategy. This strategy, structured in five pillars, is aimed at the general population, the younger generation, vulnerable groups, students and teachers, as well as entrepreneurs.

In an increasingly complex economic and financial context, financial education becomes essential to allow financial clients and investors to calmly face their financial decisions and prevent possible abuse or fraud. It is essential that every citizen develops healthy financial habits and is aware of the opportunities and risks associated with the financial products available.

In this sense, the AFA has published the following 16 financial education sheets on its website:

Financial education sheets	
What is a central bank?	***The euro***
What is monetary policy?	***Payment methods***
Euro banknotes	***Public debt***
The international monetary system	***Sustainable finance***
The Eurozone sovereign debt crisis (2010-2012)	***Understanding the economic consequences of the Covid-19 crisis***
The 2008 crisis	***Shadow banking – Or non-bank financial intermediation (NBFI)***
Deflation and Inflation	***Central Bank digital currency***
Nominal and real interest rates	***Speculative bubble***

Thus, this international cooperation contributes positively to the development of the mission entrusted to the supervisory authorities regarding investor protection.

8.3. Complaints

Customer complaint management

The AFA addresses and manages complaints submitted by clients of supervised entities as part of its conduct supervision function.

When the analysis of a complaint reveals indications of a possible breach that exceeds the strictly individual scope of the complaint made by the client, especially when it may have broader prudential or conduct implications, the AFA may carry out additional specific actions within the framework of the supervision of the affected entity.

The reports issued by the AFA regarding the complaints made by clients of supervised entities do not terminate the contractual liabilities between clients and supervised entities; this jurisdiction belongs to the courts.

During 2025, the AFA has continued to monitor the management of complaints and claims by banking entities, in accordance with the supervisory expectations set out in Technical Bulletin no. 271/2024-EB, relating to the Customer Service. Handling of complaints and claims.

Complaints statistics

During 2025, the AFA received a total of de 31 complaints compared to 18 in 2024 with insurance policy coverage as the topic that has seen the largest increase in submissions to the AFA requesting the opening of a complaint procedure.

During the financial year, both the claims received throughout the year and a claim that was pending resolution at the close of the previous financial year were handled

Complaints are grouped by topic in the following table:

Topic	2025	2024
Coverage insurance policies	8	1
Cancellation/opening of accounts	5	7
Bank transactions	4	2
Testamentary	2	1
Transactions with Investment products	1	1
Fees	1	-
Inappropriate	10	6
TOTAL	**31**	**18**

Thus during 2025 the topic with the highest number of complaints has been the coverage and management of insurance policies, with a total of eight complaints. In second place, complaints have been recorded relating to the closure of bank accounts or to certain entities' refusal to open or maintain accounts for particular clients, totalling five complaints. Complaints have also been received concerning banking transactions, investment products, probate matters and commissions.

Additionally, ten claims have been recorded inadmissible, mainly for failure to meet the necessary formal requirements for their processing or because they were not within the jurisdiction of the AFA, as they concerned claims were directed against entities not under its supervision falling within the remit of other bodies. In these cases, the AFA has taken the necessary steps to complete the available information and, where appropriate, directed the complainant to the appropriate channel or competent authority.

Claim reception channels

Claims received through the following channels:

Communication channel	2025	2024
AFA's Website	**14**	**15**
E-mail box	**12**	**2**
Regular mail	**5**	**-**
In person	**5**	**1**
TOTAL	**31**	**18**

Claims have been submitted mainly through the AFA website and email. In particular, there has been a significant increase in complaints received by email compared to the previous year, while the use of the web channel has remained at levels similar to those of 2024. Likewise, a very small portion of the claims have been received by post or in person.

8.4. Consultations

The AFA receives and responses local and foreign consultations relating to the legal framework applicable to the Andorran financial system. These consultations are a relevant tool to facilitate the understanding and correct application of current regulations.

The following table shows the distribution of the queries received during the 2025 and 2024 by topic:

Topic	2025	2024
Authorisation to operate	25	36
Insurance	39	32
Creation of entities	13	17
Digitals Assets / *Blockchain*	3	9
Deposits derived from procedures of the Immigration Service	19	7
Acquisition of Andorran euros	4	2
Payment services and electronic money	1	6
LEI Code	-	2
Andorra CIS	1	1
Others	58	50
TOTAL	**163**	**162**

During 2025, the total number of consultations handled remained stable compared the previous year, although significant variations were observed in their distribution across different areas.

In particular, there is a decrease in inquiries regarding authorizations to operate as well as the creation of entities, which reflects less activity in the entry processes of new operators into the financial system. Along the same lines, queries related to digital assets and *blockchain* and payment services and electronic money are also significantly reduced, a trend that may reflect a greater degree of regulatory clarity and stability in these matters.

On the contrary, a significant increase is observed in other areas, highlighting inquiries relating to deposits derived from Immigration Service procedures as well as those linked to the insurance sector. There is also an increase in queries classified as other, which could indicate a greater diversification of demands or the emergence of issues of a more heterogeneous nature.

During 2025, a total of 154 queries were responded to, and the process of resolving outstanding issues continues. The average response time has been six days (four days in 2024), an increase associated with the greater complexity of the queries received.

8.5. Warnings

Within the framework of its functions of protecting customers and investors, the AFA publishes warnings addressed to the public with the aim of alerting about possible risks linked to unauthorised financial activities, misleading advertising, investment fraud or other threats that may affect users of the financial system.

During 2025, the AFA has continued to strengthen this preventive action by publishing warnings and alerts on its website, as well as through its institutional communication channels. These actions aim to provide citizens with clear and accessible information before contracting financial products or services, especially in a context in which investment offers are increasing through digital channels, online platforms and advertising on social networks.

Published warning	Date	Field
Cybersecurity Alert – Level "Very High"	19/06/2025	Cybersecurity and digital risk prevention.
Warning about QuantumAI	02/10/2025	Possible unauthorised activity or investment offer.

In particular, during the year 2025 the AFA has issued a cybersecurity alert, in coordination with the communication issued by the National Cybersecurity Agency of Andorra (ANC-AD) which had raised the cybersecurity alert level to "Very High". This alert responded to the increased risk of cyber threats and aimed to strengthen the awareness of users and entities about the need to adopt preventive measures in the use of digital channels and in the protection of information.

Likewise, a warning has been published regarding QuantumAI, with the aim of alerting the public to possible risks associated with offers or communications that could induce investors to contract financial or investment services with unauthorised operators. These types of warnings remind us of the importance of verifying, before investing, whether the entity or person offering the service is duly authorised or registered by the AFA. This information is available on the institutional portal https://www.afa.ad/ca/consulta-de-registres .

With the aim of expanding its dissemination and strengthening international cooperation in matters of investor protection, on November 11, 2025, the AFA communicated the warning regarding QuantumAI to IOSCO's I-SCAN, an international reference platform for the publication of alerts and warnings issued by supervisory authorities. This warning can be consulted through the IOSCO's I-SCAN portal .

These publications are part of a broader action by the AFA aimed at preventing financial fraud, detecting unauthorised activities and improving the financial culture of users. In this sense, the AFA recalls the importance of consulting the official records available on its website, verifying the identity of entities that offer financial or investment services and exercising extreme caution when faced with promises of high returns, commercial pressure or requests for transfers to unverified accounts.

The publication of warnings is, therefore, a relevant tool for behavioural supervision and preventive protection, as it helps reduce the risk that users contract services with unauthorised operators or become victims of fraudulent practices.

09

Communication of potential infringements (*whistleblowing*)

The AFA makes available to the general public a specific channel to communicate infringements, both potential and real, committed by entities or people of the financial and insurance system.

This whistleblowing mechanism is considered a key tool for the detection, prevention and mitigation of risks, as well as for the protection of investors and customers.

In this regard, this authority encourages the communication of the commission of any potential or real infringements laid down in:

- *law regulating the financial system's disciplinary regime;*
- in chapter IV of *Law 7/2024, of May 27, on the organisation and functioning of the operating entities of the financial system and the abuse of markets;* and
- in *Law 12/2017 on the organisation and supervision of insurance and reinsurance in the Principality of Andorra.*

In order for the communication to be assessed it must necessarily contain factual elements from which stem, at least, a substantiated suspicion of an infringement. For this reason, the information to be provided must include, among others things, the name of the confidant, the name of the entity or the person who has committed the potential infringement, a detailed description of the facts, as well as the date or period in which this facts are alleged to have taken place.

In any case, communications that will not be considered valid:

- simply repeat information already published or publicly known;
- are based on generic, vague or indeterminate issues; and
- they refer to matters that are subject to judicial proceedings.

During 2025, the AFA received a total of 19 communications of potential infringements, which represents a significant increase with respect to the 7 received in 2024. This increase reflects, on the one hand, greater awareness among markets participants and the public of detection and reporting of potential irregular activities and, on the other, the growing complexity of financial activity and the new areas linked to virtual assets.

The communications received were related, among other things, to the possible carrying out of financial activities or activities linked to virtual assets without the appropriate administrative authorisation, as well as to other conduct that could be analysed within the remit of the powers attributed to the AFA.

All communications received have been subject to a preliminary analysis to assess their scope, the nature of the facts reported and the possible existence of indications of non-compliance with applicable regulations. When necessary, the AFA has carried out additional verification and monitoring actions, and has assessed the possible adoption of supervisory, administrative or communication measures to other competent authorities.

This channel constitutes a relevant tool to strengthen the integrity of the Andorran financial system, facilitate the early detection of possible irregular conduct and contribute to the protection of users and investors.

10

Supervision of digital assets

10.1 General framework and international context

The AFA consolidated its role as a supervisory authority in the field of digital assets, within the framework of *Law 24/2022, of 30 June, on the Digital Representation of Assets Through the Use of Cryptography and Distributed Ledger Technology and Blockchain*, and its regulatory development. This sector, characterised by its constant evolution, presents new challenges in terms of supervision, transparency and investor protection, which the AFA addresses with a risk-based approach.

On an international scale, the digital asset sector continues to evolve and regulatory authorities are advancing in establishing robust regulatory frameworks to address the challenges of this emerging industry. In this context, a proactive stance and continuous monitoring of international developments are maintained with the aim of implementing improvements in its supervisory practices and strengthening cooperation with other bodies to ensure the safety and transparency of the Andorran system.

In this context, Regulation (EU) 2023/1114 on markets in crypto-assets (MiCA), constitutes the main regulatory reference at a European level, establishing a harmonised framework applicable from December 2024. This Regulation provides for a transitional period of up to 18 months to facilitate operators' adaptation, which ends no later than 1 July 2026 the main objectives of this regulatory framework are to strengthen the supervision of digital assets, protect consumers and ensure market integrity.

In view of this international regulatory scenario and the associated emerging risks, the AFA will continue to assess global trends, in particular the *MiCA Regulation* and its regulatory developments, with the aim of progressively aligning the Andorran framework with European standards. In accordance with the commitments derived from the Monetary Agreement with the European Union, Andorra plans to incorporate this Regulation before December 2027.

10.2. Composition and evolution of the sector

The AFA is the supervisory authority of the functions performed by participants or actors related to digital assets as well as digital monitors, in accordance with the *Law 24/2022, of 30 June, on the digital representation of assets through the use of cryptography and distributed ledger and blockchain technology.*

Participants or actors related to digital assets

At the close of 2025, the virtual assets sector exhibited limited operational activity but was progressively consolidating, with four active participants, compared with one at the close of 2024.

	31/12/2025	31/12/2024
Participants in the digital assets	4	1

Within the framework of the authorisation and registration functions exercised by the AFA in the field of virtual assets, in accordance with *Law 24/2022*, three entries have been made in the relevant register during the financial year. These entries stem from files initiated in previous years and which are remained in the process. No new authorisation applications have been received during 2025.

With regard to CIOs with direct investment in virtual assets, during 2025 a new compartment of the MORA ETHEREUM FUNF FI was registered, namely MORA ETHEREUM FUND FI – ILLIQUID (no. AFA Registry 0197-02) which commenced operations on 3 February 2026.

At the end of the financial year, two investment funds with direct exposure to digital assets were registered: on the one hand, MORA BITCOIN FUND FI (AFA registration No. 0196) and, on the other hand, MORA ETHEREUM FUND FI, structured into the LIQUID compartment (AFA registration No. 0197-01) and the ILLIQUID compartment (AFA registration No. 0197-02).

The crypto-assets for which services are provided are Bitcoin (BTC), Ether (ETH), Ripple (XRP), Tether (USDT) and USD Coin (USDC).

Digital overseers

The figure of the digital overseers is regulated by the provisions established in the *Law 24/2022* and by the *Decree 478/2022, of 23 November 2022, Approving the Regulation for the Development of the Requirements for the Exercise as a Digital Watchdog, Its Obligations and the Regime's Disciplinary and Sanctioning.* The digital overseer plays a key role as an interlocutor between the participants or actors related to digital assets and the AFA, facilitating communication with the Authority in authorisation, registration and supervisory processes.

During 2025, no new licences were granted. As at 31 December 2025, the number of digital oversees registered in the corresponding register remained at four, with no registration or authorisation applications pending.

10.3. Supervisory guidance

The development of the sector continues to be gradual and concentrated, in an environment characterised by the constant evolution of international standards and regulatory frameworks applicable to digital assets. In this context, supervision has been aimed at ensuring an appropriate balance between promoting financial innovation and protecting investors, with special attention to compliance with the operational and conduct requirements established by current regulations.

In addition to the authorisation and registration functions, supervisory activity has focused on the continuous monitoring of participants through a risk-based approach that takes into account both the specific characteristics of the activities carried out, and the evolution of international standards and, in particular, European regulatory developments in the field of crypto-assets.

Within the framework of the supervision regime established by the AFA, during the year the communications and notifications sent by participants and observers were received, analysed and evaluated, in compliance with the applicable regulations.

In particular, the activity monitoring report provided for in Technical Communiqué no. 2/2023-AD has been received, through which authorised entities report the development of their activity in order to prove the maintenance of authorisation conditions. This information constitutes a key element for the continuous monitoring of regulatory compliance.

Likewise, in the case of digital supervisors, the annual report incorporates relevant information on their support and interaction activity with supervised entities, including, among other aspects, coordination with the Authority, monitoring compliance with regulatory obligations, recording communications, verifying operational and contractual requirements, as well as information relating to meetings held and forecasts of future activity.

With regard to periodic operational information, communications have been received relating to positions in digital assets from participants authorised to provide custody services, reception and transmission of orders and/or execution of digital asset orders on behalf of third parties. This information includes aggregated data on activity volumes, number of customers and income derived from activity in digital assets, and constitutes an essential tool for monitoring the evolution of the sector.

Additionally, during the year, communications of relevant events submitted by supervised entities were analysed, including, among others, outsourcing of functions, modifications to the business model, establishment of strategic alliances or other organizational changes with a potential impact on their activity. In this context, the increase in the range of crypto-assets offered by entities is particularly noteworthy as the main factor in the development of the sector.

Finally, the on-site supervision has been complemented with a joint on-site inspection of a digital asset participant, with the aim of verifying compliance with current legislation, both in the field of specific regulation of digital assets and in matters of prevention and fight against money or securities laundering and the financing of terrorism.

This action was carried out during the month of July 2025, jointly with UIFAND and has made it possible to evaluate the adequacy of the procedures, controls and governance mechanisms implemented by the entity, identify areas for improvement and strengthen supervisory knowledge about the risks inherent to this activity. At the same time, it has contributed to consolidating the supervisory framework applicable to the sector and strengthening investor protection.

11

External auditors of financial sector

In compliance with the provisions of article 19 of *Law 7/2024*, entities operating within the Andorran financial system must have, at all times, an audit firm in charge of the external audit of its annual accounts. Additionally, regarding the insurance and reinsurance sector, article 31 of *Law 12/2017, on the organisation and supervision of insurance and reinsurance in the Principality of Andorra*, establishes the same obligation for this type of entity.

The aforementioned designations must be approved by the general meeting of shareholders of the entities, based on a proposal from their Boards of Directors and with the AFA's prior authorisation.

Below are the authorizations granted by the AFA during the years 2025 and 2024, in relation to the appointments and changes of the auditors of the supervised entities as well as their registration in the corresponding AFA registry:

	2025			2024		
	Prior authorisation	Registration	TOTAL	Prior authorisation	Registration	TOTAL
Banking Entities	3	3	**6**	1	1	**2**
Investment Companies	7	6	**13**	4	3	**7**
CIS Management Companies	3	2	**5**	2	5	**7**
Insurance Companies	9	6	**15**	5	5	**10**
TOTAL	**22**	**17**	**39**	**12**	**14**	**26**

In aggregate terms, during 2025, 39 authorization and registration actions were registered regarding external auditors, compared to the 26 registered in 2024. This evolution represents a significant increase in administrative activity in this area.

The increase is mainly due to the entry into force of the new legal framework for external auditing in the Principality of Andorra, which has required the regularisation of external auditors appointed by a significant number of supervised entities. This process has required the review of compliance with applicable regulatory requirements by the entities and subsequent registration in the Register of Auditors of Andorra, which has generated a temporary increase in authorisation and supervision actions by the AFA.

Additionally, within the framework of the supervisory functions, and in accordance with what is established in Technical Communiqué no. 224/12, the AFA holds annual meetings with the head of the audit of the banking group of the corresponding auditing entity. Similarly, Technical Communiqué no. 7-2019/A establishes this same obligation for insurance entities and delegations of foreign entities, in which, in addition to the external auditor, the actuary must participate.

With the aim of extending this framework of supervisory cooperation to other segments of the financial system, the AFA published, on February 27, 2025, Technical Communiqué no. 1/2025-SGOIC and Technical Communiqué no. 1/2025-EFI, which establish the obligation to hold annual meetings between the AFA and the partners responsible for the entities that carry out external audits of CIU management companies and financial investment entities.

The main objective of these meetings is to discuss, among others, the following aspects:

- the application of the accounting plan in the presentation of financial statements, both public and private, at an individual and consolidated level;
- the content of the complementary reports and other information required by the AFA;
- specific issues of each supervised entity; and
- Current issues relevant to the Andorran financial system.

During 2025, the AFA held a total of 63 meetings with external auditors of entities operating in the financial and insurance system (33 in 2024), which reflects the strengthening of supervisory dialogue with audit firms.

12

Functions of the AFA with respect to the euro

12.1. Context and regulatory framework

Under the Monetary Agreement signed by the European Union and the Principality of Andorra and ratified by the General Council (Parliament)on 24 November 2011, Andorra has the right to use the euro as its official currency, according to the *Regulation of the Council (EC) no. 1103/97 of 17 June 1997, on certain provisions relating to the introduction of the euro and the Regulation of the Council (EC) 974/98 of 3 May 1998 on the introduction of the euro.*

Likewise, the Principality of Andorra has the right to issue euro coins intended for circulation, a right that has been exercised since 2014, as well as commemorative and collector coins, known as 'diners'. It also assumes the obligation to recognize as legal tender the euro banknotes and coins issued by the Eurosystem and by the Member States that have adopted the euro, as well as the euro coins issued by the Principality of Andorra.

In this regard, the Principality of Andorra is committed to ensure that the EU regulations on euro banknotes and coins, including the regulations on protecting the euro against counterfeiting, are implemented within its territory, as enshrined in the Andorran legal system by *Law 17/2013* as well as the specifications of the regulation that develops this law.

12.2. Supervision

The AFA is granted the authority to implement the technical standards necessary to ensure effective compliance with *Law 17/2013*, and acts as the competent authority regarding euro coins and banknotes that are unfit for circulation.

In accordance with Articles 5 and 6 of *Law 17/2013*, the AFA is designated to act as the National Coin Analysis Centre (CNAM) and as the National Analysis Centre (CNA):

- the CNAM is the competent authority to compile and analyse the technical and statistic information regarding the counterfeit of Euro coins; and
- the CNA is the competent authority to compile and analyse the technical and statistical information regarding the counterfeit of Euro banknotes.

The main supervisory activities carried out by the AFA in this matter are:

- the analysis of technical and statistical information related to counterfeiting of euro banknotes and coins; and
- on-site inspections to premises of the entities which process cash with the purpose of validating the capacity to verify the authenticity and the fitness of the Euro coins and banknotes processing machines, to verify the authenticity and fitness for circulation of euro coins and banknotes that have not been clearly authenticated.

Compilation, analysis and evolution of suspected counterfeit coins and banknotes

Within the scope of its functions as the CNA and CNAM, the AFA has carried out the collection and analysis of suspected counterfeit euro banknotes and coins. This process is conducted in collaboration with the National Central Office for Counterfeit Currency (NCO), which is designated within the Criminal Police Area of the Police Department of the Principality of Andorra.

Cash recirculation

During financial year 2025, more than 72 million euro banknotes have been processed. Of which over 9 million have been withdrawn from circulation after being classified as unfit, while more than 26 million banknotes were deemed fit and returned to circulation.

The main source of cash recirculation has been processing through machines operated by staff at cash-handling institutions. As for the demand for banknotes, the 50€ denomination has predominated (48.69%), followed by the 20€ denomination (35.71%).

Counterfeit Coins and Banknotes

During 2025, one suspected counterfeit euro coin was detected and subsequently reported and handed over to the CNAM (same in 2024).

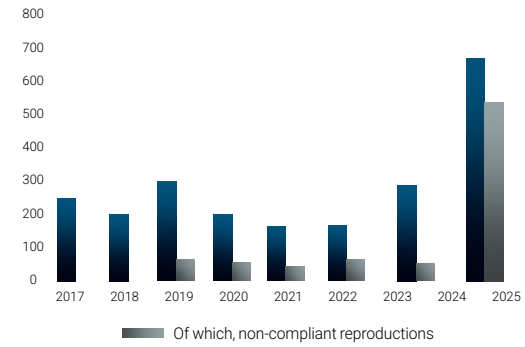
With regard to euro banknotes, during the same period 668 allegedly counterfeit euro banknotes were detected and delivered to the CNA of which 539 banknotes have been withdrawn from circulation by the OCN. No detections of allegedly counterfeit banknotes in other currencies have been recorded. In the previous financial year, 2024, 260 counterfeit euro banknotes and 7 counterfeit US dollar banknotes were detected, including detections carried out by the NCO.

Below is the evolution of the number of counterfeit banknotes withdrawn from circulation in the Principality of Andorra between the fiscal years 2017 and 2025, as well as their distribution by denomination.

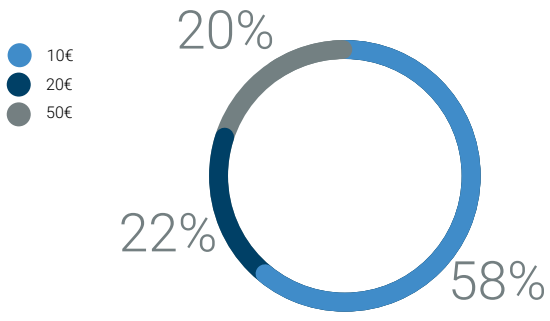
This evolution also includes illicit reproductions detected, such as specimens that explicitly indicate they are copies, are not legal tender, or are classified as 'movie money'.

During the year 2025, the denomination with the highest number of detected illicit reproductions was the 10€ note, followed by the 20€ and 50€ notes.

Trend of allegedly counterfeit specimens withdrawn from circulation



Counterfeit bills by denomination



On-site inspections of euro coin machines and euro banknote machines

On-site inspections of euro coin processing machines

Annually, the CNAM conducts on-site tests to verify the proper functioning of a representative set of euro coin processing machines. These tests are carried out in accordance with the procedure established by the European Technical & Scientific Centre and the implementation guidelines established by the European Technical & Scientific Centre and with the implementing instructions in *Regulation (EU) no. 1210/2010 of the European Parliament and of the Council of 15 December 2010 concerning authentication of euro coins and handling of euro coins unfit for circulation.*

During 2025, on-site inspections were carried out at 4 entities that handle cash (as in 2024), one of which is a cash provider. In total, 13 euro coin processing machines have been verified, compared to 8 inspected in the previous year.

On-site inspections of euro banknote processing machines

Based on article 33 of *Law 17/2013,* which incorporates into the Andorran legal system the provisions of article 10 of the *Decision ECB of 16 September on the authenticity and fitness checking and recirculation of euro banknotes* on an annual basis, on-site tests are carried out at entities that handle cash.

The purpose of these inspections is to ensure that banknote processing machines comply with the requirements to verify the authenticity and fitness of euro banknotes.

During 2025, on-site inspections were carried out at 5 entities handling cash, like than the previous year. Among these actions, one was carried out against an economic agent involved in the handling and distribution of banknotes and coins to the public (the Casino), as well as an inspection of a cash provider. In total, 13 euro banknote processing machines were verified, same number in the previous year.

Training for staff responsible for handling banknotes and/or coins

In accordance with the provisions of *Law 17/2013*, since 2017, both face-to-face and online training has been carried out on the prevention of counterfeiting of the euro. These trainings have been carried out jointly with the *Banco de España* and also with the collaboration of the Criminal Police Area of the Police Department of the Principality of Andorra.

These training sessions are aimed at the personnel responsible for handling banknotes and coins. Staff from banks, staff from cash and fund transport providers, representatives of the Andorran supervisory authorities and members of the Police Department participated.

During 2025, several training sessions on euro-related matters were delivered, primarily online through the *Banco de España*, as well as internal trainings for entities handling cash. The topics covered included:

- characteristics and security features;
- procedures for handling suspected counterfeit specimens; and
- identification and recognition of counterfeit banknotes.

13

Notices, penalty files and sanctions

The AFA exercises the disciplinary and sanctioning powers conferred upon it by current legislation in respect of supervised entities, of any natural or legal persons over which the legal grants it supervisory and control powers.

During 2025, the AFA issued a total of five notices addressed to supervised entities (11 in 2024). Of these, four were addressed to banking institutions and one to a company managing collective investment entity.

The notices were primarily motivated by repeated delays and failures to meet the deadlines for submitting periodic reports, the detection of significant deficiencies in this data, as well as non-compliance with technical communications issued by the AFA. In particular, these breaches mainly concerned aspects related to the marketing of products to investors and the updating of information submitted to the AFA.

Additionally, the AFA has continued to carry out actions linked to the processing of sanctioning cases, within the framework of its functions of prudential supervision, conduct and monitoring of regulatory compliance. These actions aim to guarantee compliance with the applicable legal and regulatory framework, preserve the integrity and proper functioning of the Andorran financial system and strengthen the confidence of customers, investors and market participants.

In this context, during 2025, a sanctioning proceeding was initiated, in addition to the three initiated in 2024. At the closing date of the financial year, this file was being processed.

Regarding the cases initiated in 2024 that were in the investigation phase during the 2025 financial year, one of them concluded with the imposition of a sanction for the commission of an infraction classified as serious, consisting of carrying out acts or operations without having the mandatory authorization from the AFA. This sanction was published in March 2025.

The other case initiated in 2024 concluded administratively in December 2025 with the imposition of sanctions for the commission of infractions classified as very serious and serious, provided for in the *Law regulating the disciplinary regime of the financial system of November 27, 1997*. This resolution has been appealed before the administrative jurisdiction.

The AFA's sanctioning activity has been carried out in accordance with the guarantees inherent in the administrative sanctioning procedure, including the initiation, investigation, analysis of the facts, assessment of any responsibilities and, where appropriate, the adoption of the corresponding resolutions. Sanctions may correspond to infractions of varying nature and severity, depending on the applicable legal regime and the specific circumstances of each case.

The sanctioning resolutions published by the AFA during 2025 are framed within the principle of transparency and compliance with the publicity requirements established by the applicable regulations. The publication of final sanctions contributes to strengthening the deterrent effect of the disciplinary regime, promoting regulatory compliance by entities and individuals subject to supervision and highlighting the importance of adequate governance, effective internal control systems and respect for applicable legal requirements.

These actions are part of a preventive and corrective concept of supervision, in which the exercise of sanctioning power complements ordinary monitoring, request and supervision actions. In this way, the AFA reinforces compliance with sectoral regulations and contributes to the protection of the stability, transparency and reputation of the financial system of the Principality of Andorra.

The final and publishable sanctions, in accordance with the applicable regulations, are available in the corresponding section of the AFA website.

Cessation of payments and bankruptcy of Assegurances Generals, SA

The bankruptcy of Assegurances Generals, SA (AGA) was made public in an edict on 2 December 2019, published in the Official Gazette of the Principality of Andorra (BOPA) extra number 105, on 4 December 2019. Within these bankruptcy proceedings, the AFA was appointed official receiver and authorised to proceed with the transactions contemplated in article 60 and concordant articles of the *Decree on cessation of payments and bankruptcy of 4 October 1969*.

As a follow-up of the bankruptcy proceedings against AGA, by means of the court orders of 12 July 2021 and 27 September 2021, the *Batllia* of Andorra (Andorran Court) has decided to extend the bankruptcy to the management Mr. Amadeu Calvó Casal, Mr. Jaume Calvó Boronat and Ms. Núria Boronat Gomà, in their personal capacity. This extension of the bankruptcy was upheld by the High Court on 13 February 2023.

By order dated June 26, 2023, the Batllia of Andorra has appointed, together with the AFA, Mr. Xavier Granyó, Saig (Bailiff) of the Principality of Andorra, as Judicial Administrator of the bankruptcy of AGA and its extension to its leaders.

During 2025, the proceedings have continued to advance with the holding of two creditor's meetings in the first took place on 19 March 2025 and the second on 17 September 2025. At this last meeting, creditors were provided, among other matters, with information on the management carried out by the judicial administrators, as well as on the status of liabilities and the inventory of assets.

However, during 2025 the process of liquidating the assets has been significantly slowed down by the numerous appeals filed, both in first and second instance, by the former administrators of AGA. This circumstance has led, among other effects, to the temporary suspension of several public auctions, pending the resolution of the aforementioned appeals. Most of these appeals have ultimately been rejected.

14

National cooperation

14.1. Financial Intelligence Unit of Andorra (UIFAND) | 14.2. The Banking Entities Resolution Authority (AREB)
14.3. Government of Andorra | 14.4. Public Prosecutor's Office | 14.5. Andorran Police Force | 14.6. Professional associations
14.7. Presence on national commissions and committees | 14.8. Other national spheres

14.1. Financial Intelligence Unit of Andorra (UIFAND)

During the 2025 fiscal year, the AFA maintained and strengthened its collaboration with the UIFAND, the competent authority for fighting money laundering and terrorism financing. This cooperation takes place within the framework of a relationship of mutual, reciprocal cooperation, in the exercise of its supervisory and control functions and during the processes of authorising the entities supervised by the AFA.

The memorandum of understanding between both authorities have been progressively updated and expanded over the years:

- on November 30, 2012, a first memorandum of understanding was signed;
- on March 12, 2019, a new agreement was formalized to adapt it to the competencies of the AFA as a supervisor of insurance and reinsurance; and
- on June 30, 2023, a new agreement was signed with the aim of expanding the scope of the current protocol, including new supervisors, participants in the digital representation of assets, and digital overseers.

The following presents the details of the cooperation activity between UIFAND and AFA during the 2025 and 2024 fiscal years:

	2025	2024
Requests for assistance	19	25
Other Communications received by the AFA	12	12
Other Communications sent by the AFA	12	34
TOTAL	**43**	**71**

The decrease in requests for cooperation between both authorities is mainly explained by the lower number of changes registered in the shareholding, in senior management, in control functions and by less activity in the processes of creating new entities. Given that these cases require the cooperation of UIFAND for the assessment of honourability, this evolution has had a direct impact on the volume of applications managed.

Cooperation is realized in various fields:

- **Authorisation processes:** including, among others, new licenses, in the authorisation processes of changes of shareholders with qualified participation, in the evaluation of the members of the senior management and of the control functions.
- **Continuous supervision:** through the exchange of information and the coordination of supervisory criteria. In this sense, both authorities have continued off-site supervision of cross-border money flows with the analysis of the quarterly shipment provided by banks, in follow-up to the provisions of the Joint Technical Communiqué AFA-UIFAND CT-01/2021. This joint supervision allows for a more accurate analysis of the business model, and activities and the risks involved in money laundering and its implications for the reputation and stability of the Principality's banking entities.
- **On-site supervision:** through a joint inspection has been carried out during 2025, to a banking entity like in previous years. The objective of this supervision has mainly been to verify the bank's money laundering prevention systems as well as the corporate governance structure at the group level. This action has allowed appreciate synergies and improved coordination between both authorities.
- **National Risk Study:** the AFA continues to actively collaborate in the work undertaken by UIFAND associated with the National Risk Study. In this regard, the AFA has participated in the definition and implementation of improvement measures aimed at reducing, mitigating, and addressing the vulnerabilities and threats identified in the area of anti-money laundering and counter-terrorist financing, as well as in the analysis of new emerging risks stemming from new technologies. A new Risk Study is expected to begin in 2026, establishing itself as a key area of work in preparation for Moneyval's sixth round of evaluation.

14.2. The Banking Entities Resolution Authority (AREB)

The AFA cooperates with the AREB within the framework of bank recovery and resolution processes in accordance with the provisions of the *Law 7/2021 of April 29, on the recovery and resolution of banking entities and investment companies (Law 7/2021).*

With the aim of formalizing this cooperation, in April 2023, the AREB and the AFA signed a memorandum of understanding in which a framework of mutual assistance which allows both authorities to exercise their respective functions in a coordinated manner, as assigned by the applicable legislation.

This protocol establishes the basis for cooperation to ensure effective implementation and improved coordination in the preparation and planning of recovery, in the application of early intervention measures, and in the planning and execution of resolution. It also sets out mechanisms for the proper exchange of information, in order to avoid duplication and to reduce, as far as possible, the administrative reporting burden on the entities and groups within their scope of action.

In this sense, in 2025, seven communications were sent to the AREB and five communications were received from the AREB (5 sent and 5 received in 2024).

As a continuation of the cooperation process initiated as a result of the implementation of the preventive part of *Law 7/2021*, during 2025, the cooperation process regarding recovery plans has been consolidated, and progress has been made in the collaboration for the development of resolution plans for banking institutions This cooperation is especially relevant in the current economic context, where crisis prevention and management are key to financial stability.

14.3. Government of Andorra

On 28 December 2022, the Government of Andorra and the AFA signed a Memorandum of Understanding establishing the terms and conditions under which the AFA provides State treasury services with regard to the management and custody of funds destined for the international reserves of the Principality of Andorra in accordance with the provisions of *Law 36/2022, of november 24, of creating international reserves and access of the financial system to assistance in the form of urgent liquidity provision.*

By virtue of this agreement, the AFA safeguards these international reserves by depositing them with central banks and executes the investment decisions of the International Reserves Management Committee, of which it is a member (see Section 14.7).

This function, assigned to the AFA, requires close cooperation and coordination with the Ministry of Finance, with the aim of guaranteeing efficient, safe management in accordance with the principles of financial prudence and macroeconomic stability.

14.4. Public Prosecutor's Office

On 23 February 2021, the Public Prosecutor's Office of the Principality of Andorra and the AFA signed a Memorandum of Understanding to reinforce the cooperation and coordination between both institutions. This agreement formally establishes a framework for mutual assistance in order to more effectively carry out the functions that have been assigned to them by current legislation.

The protocol between both institutions provides the formal framework for:

- the exchange of information;
- the technical assistance; and
- the cooperation in the investigation of presumed insider dealing or market manipulation or any other criminal act.

This framework is essential to combating socio-economic criminality, which become one of the main forms of delinquency for economic and financial stability, as well as for the reputation of the Andorran financial market and the protection for safeguarding the country's socio-economic order.

During 2025, the AFA has sent four communications addressed to the Public Prosecutor's Office and has received two communications from this authority (compared to one sent and one received during 2024).

This continuous cooperation makes it possible to improve the preventive and reactive capacity of the Andorran authorities in the face of conduct that may compromise the integrity of the financial market and promotes transparency and confidence in the Principality's financial system.

14.5. Andorran Police Force

The AFA cooperates with the Andorran Police Force in various areas related to the prevention and detection of unlawful conduct within the financial system.

Wishing to strengthen the cooperation, on 6 August 2020, both authorities signed a Memorandum of Understanding to provides the formal framework for the exchange of information and technical assistance, or any other aspect related to performing its functions.

Below are details of the cooperation with the Police in 2025 and 2024:

	2025	2024
Requests for assistance	19	38
Other Communications received by the AFA	2	4
Other Communications sent by the AFA	18	5
TOTAL	**39**	**47**

The reduction in requests for cooperation between the two authorities is generally attributed to a lower number of changes in shareholding, senior management, control functions and the processes for establishing supervised entities.

This collaboration makes it possible to detect risk situations more quickly, intervene more effectively and guarantee a coordinated and proportionate response to possible irregularities. It also contributes to improving mutual knowledge between institutions and consolidating a culture of inter-institutional cooperation that is essential to protect the Andorran financial system.

As stated in section "12. FUNCTIONS OF THE AFA WITH RESPECT TO THE EURO" of this report, the AFA and the Police, in their respective functions as CNA/CNAM and OCN, carry out joint inspections on-site in establishments that deal in euro coins and banknotes.

14.6. Professional associations

In accordance with the provisions of article 4 of *Law 7/2024,* all entities operating within the financial system are members of a professional association which, as well as safeguarding the general interests of its members, must take initiatives to improve the technical standards of the sector; promote sectoral cooperation that respects the competition between them; ensure transparency on applying conditions to clients and seek the fulfilment of professional ethical standards.

In this respect, Andorran Banking Association (ABA) and the Association of Financial Investment Entities (ADEFI) are the regular interlocutors of the AFA regarding matters of general interest for the operating entities of the financial system.

The Association of Insurance and Reinsurance Companies of Andorra (ARADA) is the representative interlocutor for the non-banking insurance and reinsurance entities based in the Principality of Andorra and the delegations of foreign insurance companies. On the other hand, some insurance mediators are also members of the Association of Professional Brokers of Andorra (ACPA).

Below are details of the communications sent and received between the AFA and professional associations in 2025 and 2024:

	ABA		ADEFI		ARADA	
	2025	2024	2025	2024	2025	2024
Communications received by the AFA	1	3	1	2	3	2
Communications sent by the AFA	14	14	12	9	5	3
TOTAL	**15**	**17**	**13**	**11**	**8**	**5**

14.7. Presence on national commissions and committees

The AFA is also present on several national commissions and/or committees, such as:

- the Andorran Deposit Guarantee Fund (Fagadi) Management Committee;
- the Andorran Investment Guarantee System (SAGI) Management Committee;
- the Permanent Committee for the Prevention of Money Laundering and Terrorism Financing (CPP);
- the Andorran Statistics Council (CAE);
- the Pension Reserve Fund Management Committee (CGFRJ);
- the IFRS Technical Committee;
- the Cybersecurity Commission;
- the Management Committee of the International Reserves of the Principality of Andorra; and
- the Auditing Accounts Supervision Commission.

The Andorran Deposit Guarantee Fund (Fagadi) Management Committee

The purpose of the Management Committee is to carry out any actions needed for the Fagadi to function properly and ensure that the beneficiaries receive the maximum amounts established in *Law 20/2018, of 13 September, regulating the Andorran deposit guarantee Fund and the Andorran Investment Guarantee System (Law 20/2018).*

The Fagadi Management Committee consists of six members, appointed as follows:

Appointing body	Number of members	Observations
ABA	2	Appointed by the banking institutions.
AFA	2	One of whom acts as President.
AREB	1	Member of Board of Directors or Executive Management.
"Ministry of Finance"	1	Representative of the Government.

The AFA keeps a register of appointments and removals of members of the management committees. All members must be people with suitable knowledge and sufficient professional expertise to perform their role and be of recognised business and professional repute, on the terms defined in the current legislation on the legal system and corporate governance of entities within the financial system.

During the last two financial years, representatives of the AFA attended the meetings of the Governing Committee held on 29 May 2024 and 30 May 2025.

At this last meeting, the Fagadi Annual Report for the 2024 financial year was approved and is available in the Guarantee Fund section of the AFA website https://www.afa.ad/ca/assets/fons-de-garantia/informe-anual-fagadi-2024.pdf.

The principles of action of the Fagadi Management Committee as well as its basic rules of organisation, operation and rules of conduct are regulated in the Regulations on the organisation and operation of the Fagadi Management Committee, which is approved by *Decree 249/2022, of 8-6-2022, approving the Regulations on the organisation and operation of the Management Committee of the Andorran Deposit Guarantee Fund.*

In this context, on March 18, 2025, Fagadi was accepted as a member of the European Forum of Deposit Insurers (EFDI). This incorporation represents international accreditation and a valuable opportunity to exchange knowledge and best practices with other European deposit guarantee schemes, contributing to strengthening the resilience of deposit protection schemes at the European level.

During 2025, Fagadi representatives have participated in various EFDI activities:

- the general assembly of the EFDI that took place in Madrid on June 5, 2025; and,
- the meetings of the working group of the Affiliation of Micro European States (AMES): electronically on June 4, 2025 and in person in Gibraltar on November 6, 2025.

AMES is a working group that brings together the deposit guarantee schemes of smaller European jurisdictions, with the aim of strengthening cooperation and operational capabilities among its members. This collaboration is based on the sharing of resources, the exchange of information and the joint development of projects of common interest.

Additionally, Fagadi participates in several surveys promoted by the EFDI and aimed at members of the association, with the aim of collecting relevant information, identifying emerging trends and promoting international coordination of guarantee fund Authorities.

The Andorran Investment Guarantee System (SAGI)

It is the responsibility of the Management Committee to carry out any actions needed for the SAGI to function well and ensure that the beneficiaries receive the maximum amounts established in *Law 20/2018*.

The SAGI Management Committee consists of six members, appointed as follows:

Appointing body	Number of members	Observations
ABA	1	Appointed by the banking institutions.
ADEFI	1	Appointed by investment financial entities.
AFA	2	One of whom acts as President.
AREB	1	Member of Board of Directors or Executive Management.
"Ministry of Finance"	1	Representative of the Government.

The AFA keeps a register of appointments and removals of members of the management committees. All members must be people with suitable knowledge and sufficient professional expertise to perform their role and be of recognised business and professional repute, on the terms defined in the current legislation on the legal system and corporate governance of entities within the financial system.

During the last two financial years, the representatives of the AFA have attended the meetings of the Managing Commission, held on 29 May 2024, and 30 May 2025.

In this last meeting, the annual report of the SAGI for the year 2024 was approved, which is available in the Guarantee Fund section of the AFA website. https://www.afa.ad/ca/assets/fons-de-garantia/informe-anual-sagi-2024.pdf.

The principles of action of the SAGI Management Committee as well as its basic rules of organisation, operation and rules of conduct are regulated in the Regulations on the organisation and operation of the SAGI Management Committee, which is approved by *Decree 248/2022, of 8-6-2022, approving the Regulations on the organisation and operation of the Management Committee of the Andorran Investment Guarantee System.*

The Permanent Committee for the Prevention of Money Laundering and Terrorism Financing (CPP)

The Permanent Commission for the Prevention of Money Laundering and the Financing of Terrorism is a technical and consultative body of the Government of Andorra regarding the detection, prevention, and fight against money laundering or values and the financing of terrorism, by virtue of what is established in the *Law 14/2017, of 22 June, on preventing and combating the laundering of money or securities and terrorism financing (Law 14/2017).*

The fundamental objective of this Commission is to ensure coordination among the various competent authorities in matters concerning the detection, prevention, and combatting of money or asset laundering, the financing of terrorism, and the proliferation of weapons of mass destruction and their financing.

The Commission is composed of representatives from various bodies and institutions, as detailed below:

Represented organisation	Members	Role
UIFAND	• Head of the UIFAND. • 3 additional members.	Head of the UIFAND, acting as Chairman.
Public Prosecutor	• Public Prosecutor.	Criminal prosecution.
Police force	• Director of the Department. • Head of the Department Unit responsible for AML/CFT investigations.	Policial investigation.
Department of Tax and Frontiers	• General Manager or his delegated deputy director.	Tax and customs control.
AFA	• A representative appointed by the Managing Director.	Financial system supervision.
Ministry of Foreign Affairs	• A representative appointed by the minister.	Foreign Relations and International Cooperation.
Companies Registry, the Associations Registry and/or the Foundations Registry	• A representative from those departments.	Legal transparency
Other possible convened *	• A representative.	Occasionally, if applicable

**Organisations, departments, services or areas, advisers and/or professional associations, the Chamber of Notaries or other entities that legally group individual.*

The AFA, as a member of the Commission has attended the meetings in 2024, on 23 April and 10 December and during 2025, on 2 July and 6 October.

The Andorran Statistics Council (CAE)

The AFA is part of the Andorran Statistical Council (CAE), a consultative and participatory body on official statistical programmes and plans and other aspects related to this consultative and participatory area, attached to the Ministry responsible for statistics, whose main objective is to assist the institutions and bodies of the national statistical system for the good governance of official statistics in the Principality of Andorra.

The CAE, constituted on February 22, 2018 under *Law 28/2017, of 30 November, on the 2018-2021 Statistics Plan (Law 28/2017)*, the Andorran Statistics Council consists of 15 members, including a member of the AFA.

Apart from the representatives of the AFA, the CAE, presided over by the Minister responsible for statistics, with the person in charge of the Department of Statistics as secretary of the Council, also contains representatives from the General Council, the City Council (Comú) authorities, with four representatives of the users, the scientific community, the civil society and the surveyors, representatives of the AFA, of the semi-public bodies, of the Chamber of Commerce, the unions, the Andorran Business Confederation and the Personal Data Protection Agency.

This composition responds to the will stemming from *Law 28/2017* to guarantee plurality and representation of the different social actors, including whistleblowers, producers, and users of public statistics in Andorra.

In this sense, the AFA participated in the development of the second Statistics Plan, 2022-2025, which was carried out in a context in which public statistics, both internationally and nationally, faced three important challenges: the growing need for official statistics, the demand for quality and up-to-date statistics, and the sustainability of the resources and means that had to be allocated to them, while seeking to reduce the burden on informants. This second Plan incorporated a large number of new activities and represented a significant effort in identifying the necessary sources, designing the treatments and publishing the results.

As a continuation of this Plan, the new Plan adopted with the approval of *Law 27/2025, of December 11, of the 2026-2029 Statistics Plan* incorporates all the adaptations and improvements that the bodies of the Andorran Statistical System have contributed throughout the four annual programs. Their contributions have been taken into account both in the annual reports on the implementation of the statistical activities of each program, and in the different sessions held by the Andorran Statistics Council. The results of the structured survey addressed to all the bodies and institutions of the Statistical System of Andorra between the end of 2024 and the beginning of 2025 have also been considered in order to include all the improvements to the existing activities in the 2022-2025 Plan, as well as the new proposed activities.

The following are the main pillars of the new Plan:

- the pillar of quality and good statistical practices, which aims to consolidate the systematic application of rigorous technical criteria and international benchmarks, such as the European Statistics Code of Good Practice;
- the second pillar, which focuses on promoting the use and integration of administrative data as a preferred source for producing public statistics;
- the third pillar, which revolves around the development of relevant statistics adapted to the social, political and economic needs of the country, as well as the commitments derived from the demands and requirements of international organizations; and
- the fourth pillar, which emphasises governance and data quality, with institutional collaboration as an essential basis for guaranteeing coordination and effective integration between the different agents that make up the Andorran Statistical System.

At the operational level, the AFA is:

- responsible for the statistical activity A130 - Statistics of the financial system;
- co-responsible for the activity A138 - Balance of Payments and International Investment Position; and
- collaborator in other activities related to macroeconomic aggregates, among others.

Through its participation in the CAE, the AFA actively contributes to the coordination and quality of the country's official statistics, especially with regard to the financial sector and its interactions with the Andorran and international economy. During the year 2025, the AFA participated in two meetings in which the Statistics Plan for the four-year period 2026-2029 was proposed and approved, as well as in the meeting of December 19, 2025, in which the statistical program for the year 2026 was proposed and approved.

The Pension Reserve Fund Management Committee (CGFRJ)

Under *Law 6/2015, of 15 January, on the Pension Reserve Fund*, the Pension Reserve Fund Management Committee consists of five members, including someone from the AFA staff or an external expert, appointed by the Board of Directors of the AFA.

This Commission, together with the Board of Directors of the Reserve Fund, constitutes the governance structure of the Pension Reserve Fund. Among its main functions are the establishment of the investment strategy, as well as the definition, implementation, and monitoring of the Fund's investment policy.

On 26 April 2019, Ms Maria Cosan Canut was appointed by the AFA Board of Directors, as an external expert of the Pension Reserve Fund Management Committee. This agreement was ratified by the AFA Board of Directors on March 24, 2021, and, thus, gave continuity to this mandate.

The IFRS Technical Committee

The Technical Committee was created on 11 December 2018 as an advisory body to the Government of Andorra regarding the accounts of entities operating within the Andorran financial system and collective investment schemes under Andorran law. Its creation is based on article 4 of the *Decree approving the accounting framework applicable to entities operating within the Andorran financial system and collective investment schemes under Andorran law, according to the international financial reporting standards adopted by the European Union (IFRS-EU) which were adopted at the same time by Andorra (IFRS-Andorra), (Decree of 22 December 2016).*

The Technical Committee's main function is to issue opinions addressed to the Government of Andorra evaluating the appropriateness and necessity of adopting all the IFRS-EU previously adopted in the European Union and amend the IFRS-EU already incorporated.

The composition of the Technical Committee is as follows:

Nominating Entity / Organization	Member
Government of Andorra	• 1 representative. • 1 independent expert.
AFA	• 2 representatives, 1 of whom serves as Chairman. • 1 independent expert.

The specific competences of the Technical Committee, as established in article 2 of the *Internal regulations for the operation* (Decree on 12 Decembre 2018), are as follow:

- to monitor the accounting developments in accordance with EU IFRS;
- to obtain and analyse the opinion of the financial sector, whenever planned regulatory changes could have a significant effect on the sector;
- to prepare an opinion, to be considered by the Government of Andorra, evaluating the appropriateness and necessity;
  - of adopting all the IFRS-EU and their related interpretations that were previously adopted by the European Union; and
  - to amend the IFRS-EU previously incorporated into the applicable accounting framework;
- to prepare, where appropriate, a draft decree with the proposed resolution to be adopted by the Government of Andorra; and
- to advise on the appropriateness and necessity of proclaiming the IFRS-EU and/or related interpretation.

The Technical Committee met on December 2, 2025, with the aim of:

- analysing IFRS-EU rules and amendments that come into force as of 1 January 2026; and
- preparing the Opinion of the Technical Committee on IFRS-EU that come into force as of January 1, 2025 and the draft decree approving IFRS-EU with the proposal to be adopted by the Government of Andorra.

The international financial reporting standards adopted by decree are detailed in the "16.2. Beyond the Monetary Agreement".

Cybersecurity Commission

With the approval of the *Law 22/2022, of 9 June, on measures for the security of networks and information systems (Law 22/2022*) the National Cybersecurity Agency (ANC – AD) was created. The ANC - AD is responsible for planning, coordinating, managing and controlling the cybersecurity of the country's networks and information systems in a national and global sense.

Subsequently, in October 2022, the Government approved the regulatory deployment of the *Law 22/2022*. In particular, the primary objective of the Regulations of the National Security Scheme (ENS-AD) and the Critical Infrastructures of the Principality (RIC-AD) is to regulate and guarantee the systematic application of security measures that guarantee adequate protection of the information processed and the services provided by the different entities that offer essential or important services in the country. In addition, the necessary procedures are regulated to improve the resilience of critical entities, which, in addition to providing an essential service, use critical infrastructures that cannot be replaced in the event of malfunction.

Within the framework of this regulation, the AFA, in coordination with the ANC-AD, is the competent national authority in charge of cybersecurity and the supervisory tasks referred to in the regulations for networks and information systems covering the sectors of financial institutions and the financial market, as well as for the services provided by the entities under the supervision of the AFA.

In this sense, the ANC-AD cooperates with the AFA, among others, in:

- supervision and control with regard to the financial sector;
- the identification of critical services and entities; and
- coordination and support with each other and with international organisations for the management of incidents and threats.

Management Committee of the International Reserves of the Principality of Andorra

The Management Committee of the International Reserves of the Principality of Andorra was established in its session held on 19 September 2023, with the approval of *Decree 171/2022, of 27 April 2022, on the approval of the Regulation for the creation and management of international reserves in the Principality of Andorra.*

The main objective of this commission is to properly manage international reserves and carry out the following functions:

- defining the investment and risk management strategy and policy for international reserves;
- the implementation and monitoring of the investment policy and risk management of international reserves;
  - making investment and divestment decisions;
  - control of the pre-execution and post-execution of investment and divestment decisions; and
  - continuous monitoring and control of the portfolio in which international reserves are invested; and
- the review, at least annually or when deemed appropriate by the Committee of the investment and risk management strategy and policy, and any modifications that may apply.

In accordance with article 2 of the Regulation, the commission is composed of 5 members, as detailed below:

Nominating Entity / Organization	Member
Government of Andorra	• Minister responsible for Finance, Chairman. • 1 representative from the Ministry of Finance. • 1 independent expert.
AFA	• General Manager, Vice president. • 1 independent expert.

The AFA, as a member of this commission, has attended the meetings held on 18 January, 25 April, 18 July, 17 October and 5 December and in 2025 to the meetings held on 23 January, 15 May, 17 July and 2 October.

Account Audit Supervision Commission

The *Law 10/2024, of 27 May, on the Audit of Accounts of the Principality of Andorra*, provides for the creation of the Audit Supervision Commission. This Commission, attached to the Ministry in charge of finance, aims to guarantee the quality of the audit processes carried out in the country. This body also exercises sanctioning functions when necessary.

In addition, the Commission aims to define and supervise the following key aspects:

- the entrance exams to the auditing profession;
- the strategic axes of supervision;
- the continuous training proposed to auditors;
- the institutional relations between the auditors and the administration, the supervisor and between the auditors themselves; and
- the ethical rules that regulate the profession: professional ethics, independence, objectivity, confidentiality and professional secrecy.

The commission is composed of seven members, as detailed below:

Nominating Entity / Organization	Member
Ministry of Finance	Audit Supervisor, Chairman.
General Intervention	• 1 representative.
Court of Auditors	• 1 representative.
AFA	• 1 representative.
College of Auditors of Andorra	• 3 representatives.

This commission formally established during 2024, had its members appointed by *Decree 190/2025 of 28 May 2025.* In its capacity as a member, the AFA has participated during 2025 in the meetings held on 10 July and 13 November.

14.8. Other national spheres

Within its functions, the AFA works with other national authorities and bodies. Among the main institutional interlocutors, it is important to highlight:



Ministry of Finance

It collaborates with the rating agencies (sovereign and entities) and with advice for preparing draft legislation directly linked to the financial system.

In 2025, 6 meetings were held with rating agencies (same at 2024).

Ministry of the Economy, Competitiveness and Innovation

The collaboration focuses, mainly, in consultations relating to legislative developments that may relate to the financial system.

Department of Statistics

The AFA collaborates with the Department of Statistics as co-responsible for the balance of payments and the international of the Principality of Andorra.

Additionally, The AFA prepares the financial indicators published on the IMF website in the Dissemination Standards Bulletin Board (DSBB), such as the Depository Corporations Survey and the Financial Soundness Indicators (FSI). The Department of Statistics, on their part, is responsible for preparing the rest of the statistics.

The collaboration between both institutions also includes participation in the preparation of public statistics related to the financial system and the gross domestic product (GDP), within the framework of the plans and statistical programs regulated by the CAE, of which the AFA is a part. Likewise, data exchanges are carried out to respond to information requests made by the IMF.

Justice Administration

L'AFA collaborates with the Justice Administration in the management of deposits established in accordance with the applicable legislation and judicial decisions.

Additionally, the AFA responds to official requests received from the Court of First Instance (Batllia) and the Office of the Attorney General of Andorra.

Register of Companies, Commercial Register, and Foreign Investment Register

L'AFA advises the Register of Companies, the Commercial Register, and the Foreign Investment Register on applications for the incorporation or modification of companies and/or businesses, as well as on foreign investment cases that may raise questions regarding their relevance or suitability within the financial system. In 2025, the AFA issued 119 reports in this area for the aforementioned Registers (122 in 2024).

Department of Tax and Frontiers in the Ministry of Finance

The collaboration focuses on the implementation and verification of accounting and the settlement of taxes that affect entities operating within the Andorran financial system.

The Andorran Gambling Regulatory Council (CRAJ)

The AFA issues prior and binding reports on the process of granting licenses by the CRAJ in accordance with *Law 37/2014, of December 11, on the Regulation of gambling.* These reports may be accompanied by those issued by other bodies such as the UIFAND, the Andorran Data Protection Agency or Andorra Telecom, SAU, as appropriate.

With the private sector

FÒRUM D'ANDORRA

The AFA has participated in the II Andorra Forum, an international meeting that promotes digital transformation through collaboration between the public and private sectors, within the framework of the Ibero-American Summit.

During the conference on October 28 dedicated to digital governance and the financial sector, the Director General of the AFA moderated the round table " Fintech: a tool for inclusion", with the participation of Gabriela Eguidazu (Fundación Microfinanzas BBVA), Eloi Noya (Barcelona Finance School–IEF) and Carlos Salinas (Digital Assets and Fintech of Morabanc). The speakers analysed the role of financial innovation as a tool to promote inclusion and its impact on the evolution of the sector over the coming years.

Among the main conclusions of the session, three key aspects were highlighted:

- education and financial literacy are essential to prevent digital transformation from accentuating economic inequalities among the population;
- financial innovation allows for expanded access to financial assets that were traditionally reserved for high net-worth individuals to all segments of the population;
- Stablecoins represent a significant opportunity for the financial system, with relevant implications for the monetary policy of central banks and for global geopolitics.

With this participation, the AFA reaffirms its commitment to responsible innovation, financial inclusion and institutional collaboration.

15

The international dimension of the AFA mission

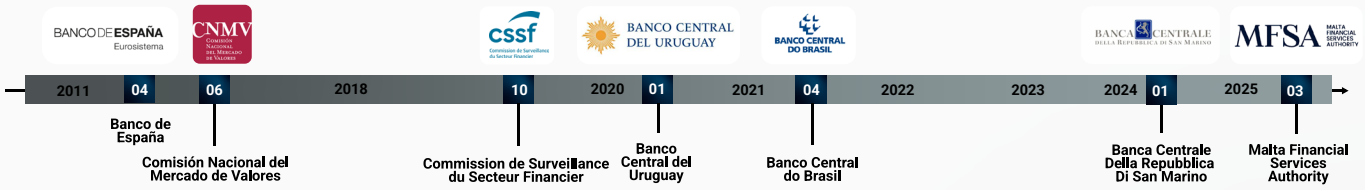
15.1. Cooperation with counterpart authorities | 15.2. Cooperation with supervisory and regulatory bodies
15.3. Cooperation with European bodies | 15.4. Cooperation with international organisations
15.5. Participaion in international forums and conferences in the financial sector

15.1. Cooperation with counterpart authorities

Memorandum of Understanding with counterpart supervisors

In exercising its powers, the AFA has the necessary authority to establish collaborative relationships with foreign authorities and regulatory bodies, with the aim of ensuring compliance with financial regulations and promoting coordinated supervision in an increasingly globalized environment. This capacity is part of the internationalization strategy of the Andorran financial system and responds to the need to strengthen cooperation with counterpart supervisors in the countries where financial system entities headquartered in the Principality operate.

Below is the detail of the memorandums of understanding signed with equivalent competent authorities:



As a result of this interest in strengthening international cooperation, on 10 March 2025, the Malta Financial Services Authority (MFSA) and the AFA signed a Memorandum of Understanding that strengthens bilateral relations between the two jurisdictions. This agreement establishes a broad framework for cooperation and coordination between the authorities in the supervision of entities in the insurance sector, formally creating a mutual assistance mechanism.

In this context, a collaborative environment is defined that facilitates the exchange of information, technical assistance and cooperation in different supervision processes, with the aim of improving supervision effectiveness. This protocol not only strengthens institutional ties, but also contributes to expanding the AFA's presence internationally and consolidating its collaboration with foreign supervisors.

Additionally, the Financial Education Directorate (EDUCFI) of the *Banque de France* and the AFA signed a collaboration agreement on financial education aimed at financial clients and investors, a strategic function of financial supervisors. Within this framework, the AFA participated in several working meetings on May 19 and 20, 2025 at the headquarters of the *Banque de France* and at the *Cité de l'Économie*, where it had the opportunity to learn more about the French financial education ecosystem, structured around the national EDUCFI strategy. This strategy, articulated in five pillars, is aimed at the entire population, with special attention to the younger generation, vulnerable groups, students and teachers, as well as entrepreneurs.

In an increasingly complex economic and financial environment, financial education becomes an essential element to allow financial clients and investors to make informed and responsible financial decisions and avoid possible abuse or fraud. In this sense, it is essential that citizens adopt healthy financial habits and are aware of both the opportunities and risks associated with financial products. As the Organisation for Economic Cooperation and Development (OECD) points out, having basic financial knowledge allows citizens to manage their finances effectively and responsibly, thus contributing to their financial well-being and, at the same time, to strengthening financial stability and economic growth.

In this context, international cooperation continues to be a key element for the effective development of the functions entrusted to supervisory authorities and for the maintenance of financial stability.

Supervisory colleges

With the aim of ensuring efficient and coordinated supervision at the international level, the AFA organises supervisory colleges with the competent supervisory colleges with the competent authorities of the jurisdictions in which Andorran entities have financial subsidiaries. , These colleges are intended in order to carry out adequate supervision in a consolidated manner in accordance with international standards in this matter and within the framework of the basic principles of effective banking supervision published by the Basel Committee for Banking Supervision.

Supervisory colleges constitute a space for cooperation and technical exchange, where specific issues related to entities supervised by different authorities are addressed. Likewise, these colleges allow for the discussion of other prudential supervision matters and regulatory issues that may be of interest for conducting consolidated supervision.

Cooperation in authorisation processes and investigations

The AFA maintains cooperative relations and establishes collaboration agreements with homologous authorities and official foreign bodies competent in matters of regulation, authorization and registration, supervision and/or control of the financial system.

This international collaboration is essential to ensure the effectiveness of monitoring and information exchange in a globalised financial environment. It is specified in the exchange of information, mutual assistance in investigations and the harmonisation of supervisory practices, always in accordance with the current legal framework and the principles of reciprocity and confidentiality. Each received request is analysed individually to verify its suitability to the applicable legal framework.

In this sense, the AFA regularly consults with authorities in other jurisdictions, especially in the following areas:

- the internationalization processes of the supervised entities;
- evaluation of the suitability of shareholders with qualified participation, as well as the reputation and professional experience of members of administrative bodies, general management and those responsible for control functions; and
- on market abuse for the prevention and investigation of suspicious operations.

This cooperation includes the exchange of relevant information for the granting of authorisations, for the continuous monitoring of the operating conditions of the supervised entities and for carrying out investigations into market abuse.

In the latter area, the AFA is the competent administrative authority responsible for ensuring the application of the provisions established on market abuse in current legislation. If evidence of a crime is detected, the facts are brought to the attention of the Public Prosecutor's Office.

In addition, entities in the financial system that prepare or execute operations must have effective mechanisms, systems and procedures in place to detect and report suspicious transactions. If they suspect that an operation may involve privileged information or market manipulation, they must notify the AFA without delay, which will take the appropriate actions, both in the field of national and international cooperation, if necessary.

In 2025, the AFA received 10 requests for international cooperation (14 in 2024). On the other hand, during 2025, the AFA initiated 8 applications for international cooperation (same in 2024).

Requests received by the AFA	MMoU IOSCO		Others		Total	
	2025	2024	2025	2024	2025	2024
Fit& Proper	4	4	3	3	7	7
Market abuse	1	2	-	-	1	2
Others	-	1	2	4	2	5
TOTAL	**5**	**7**	**5**	**7**	**10**	**14**

Requests sent by the AFA	MMoU IOSCO		Others		Total	
	2025	2024	2025	2024	2025	2024
Fit& Proper	5	2	3	1	8	3
Market abuse	-	-	-	-	-	-
Others	-	-	-	5	-	5
TOTAL	**5**	**2**	**3**	**6**	**8**	**8**

15.2. Cooperation with supervisory and regulatory bodies

International Organisation of Securities Commissions

The International Organisation of Securities Commissions is the international body that brings together the global securities regulators and is recognised as the world regulator of standards for the securities sector.

The IOSCO aims to develop, implement and promote adherence to securities market regulation standards, with the aim of strengthening investor protection, ensuring market integrity and promoting global financial stability. Its Objectives and Principles of the regulation of IOSCO values constitute the internationally recognized reference framework in this area and have been validated as essential standards by the G20 and the Financial Stability Committee. Its recommendations, together with the principles published by the equivalent committees for the banking and insurance sectors the Basel Committee on Banking Supervision and International Association of Insurance Supervisors, respectively are taken into consideration by the International Monetary Fund and the World Bank in their programmes for evaluating the financial sectors (Financial Sector Assessment Programs – FSAP).

With the aim of promoting a solid regulatory framework and resilient global capital markets, IOSCO provides technical assistance, training, and continuous education to its members, as well as specialized research on key regulatory and supervisory issues.

Since September 2013, the AFA is a member of IOSCO and a signatory of the Multilateral Memorandum of Understanding of the IOSCO (MMoU), relating to consultation, cooperation and exchange of information between competent authorities. This membership reinforces the AFA's commitment to international supervisory standards and global collaboration in the regulation of securities markets.

In this respect, the members of IOSCO have decided:

- to exchange information globally and regionally about their respective experiences in order to strengthen the market infrastructure and implement suitable regulation;
- to cooperate in the development, implementation and promotion of adherence to internationally recognised, coherent standards of regulation, supervision and application, to protect the investors, maintain fair, efficient and transparent markets, and to try to mitigate systemic risks;
- to improve investor protection and promote confidence in the integrity of the securities markets, by encouraging information exchanges and cooperation to combat misconduct and for market supervision.

During the year 2025, the AFA participated in sectoral surveys promoted by the International Organization of Securities Commissions (IOSCO), addressed to its members. These initiatives are part of the organization's efforts to obtain relevant information, analyse regulatory trends, and strengthen global coordination in the supervision of securities markets.

IOSCO Annual Conference

On the occasion of its 50th IOSCO Annual Conference, the AFA and the members of this organization met to address the main challenges currently facing securities market regulators and supervisors globally.

The event, organized by the *Qatar Financial Markets Authority* (QFMA), took place in Doha from 12th to 14th May, and provided a key platform for the exchange of experiences, the promotion of best practices, and the strengthening of cooperation between securities market regulators in different jurisdictions at an international level.

The conference hosted the meetings of the four IOSCO Regional Committees, which bring together more than 130 jurisdictions from Asia-Pacific, Europe, Middle East-Africa, and Inter-American regions. These committees allow regional contributions to be channelled into IOSCO's work and the deliberations of its Board of Directors.

In this 50th edition, issues considered priorities for IOSCO were addressed, such as the implications of Artificial Intelligence (AI) in sustainable finance, the management of emerging risks, financial innovation, digital assets, and the protection of retail investors in the digital environment.

As a notable novelty in 2025, the launch of the *International Securities & Commodities Alerts Network* (I-SCAN) was presented, an international tool promoted by IOSCO with the aim of improving investor protection through the exchange of alerts on entities not authorised to offer financial services.

The AFA has participated in the meetings of the following committees:

- European Regional Committee (ERC): one of the four IOSCO regional committees responsible for addressing specific issues of securities regulation in Europe.
- Committee of Presidents: comprised of all the presidents of the ordinary and associate members of IOSCO, it is a high-level forum for discussion on the main lines of action of securities regulators.
- Follow-up Group of the Multilateral Memorandum of Understanding (MmoU): brings together MMoU signatories to address issues related to international cooperation and information exchange within the framework of the protocol.

In December 2025, IOSCO had 137 ordinary members, of which 108 were signatories to the MMoU and 29 to the EMMoU (Enhance MMoU).

IOSCO European Regional Committee

The AFA is also a member of the IOSCO European Regional Committee. In addition to the session held in the framework of the IOSCO Annual Conference, throughout the year 2025, two additional meeting was held.

The first took place on January 30 in Cyprus, organised by the *Cyprus Securities and Exchange Commission*. During this meeting, the committee members monitored IOSCO's work program and analysed global developments in key areas, such as good practices in international cooperation, new trends in investor protection and regulatory initiatives related to, among others, emerging technologies such as artificial intelligence.

The second took place on November 21 in Malta, organised by the *Malta Financial Services Authority*. In this session, committee members reviewed the challenges achieved during 2025, presented the new priorities identified by IOSCO and the European Securities and Markets Authority (ESMA) for 2026, and analysed global developments in key areas. Among the issues discussed were innovative regulatory initiatives related to artificial intelligence, tokenization, crypto-assets, SupTech, investor protection and financial stability.

International Association of Insurance Supervision

According to Article 8 of *Law 12/2017*, the AFA may establish cooperation and coordination relationships with other insurance supervisory authorities, both nationally and internationally. This power allows for strengthening supervisory action through the exchange of information, participation in joint initiatives with other supervisors, and alignment with global standards.

In this sense since October 2019, the AFA is a member of the International Association of Insurance Supervisors (IAIS), international organization that brings together insurance supervisory authorities from around the world.

During July 2025, the AFA attended, in telematic format, to the IAIS Global Seminar where the main risks facing the insurance sector in a global scale were analysed. Among the issues addressed are geo-economic fragmentation, conflicts and geopolitical tensions, climate and cyber risks, as well as the growing exposure of insurance entities to alternative assets.

Likewise, the AFA has participated in a thematic seminar focused on protection gaps against natural disasters, where the increase in the frequency and severity of these events as a result of climate change, the key role of the insurance sector in the recovery of affected territories and the need to strengthen public-private cooperation, especially in the most exposed countries, were highlighted.

In addition, the AFA has participated in several sectoral surveys promoted by the IAIS and aimed at the members of the association. These initiatives are part of the organisation's ongoing efforts to gather relevant information, identify emerging trends, and promote more coordinated supervision at the international level.

Membership of the IAIS reaffirms the AFA's commitment to international cooperation and contributes to the objective of guaranteeing the soundness, transparency and stability of the Andorran insurance and reinsurance sector, through the application of globally recognised supervisory principles and practices.

French Institute of Financial Regulation

From 2017, the AFA is a member of the French Institute of Financial Regulation (*Institut Francophone de la Régulation Financière*, IFREFI), whose mission is to promote training, coordination, technical cooperation and any analysis on financial regulation, among its members, which are regulatory authorities of the financial markets in the francophone area.

During 2025, the AFA has participated actively in various activities of IFREFI.

Among these, the 23rd Presidents' meeting, held on July in Rabat and organised by the Moroccan Capital Markets Authority, stands out. The event provided a platform to promote the exchange of experiences, strengthen cooperation between regulators of francophone financial markets, and to support the development of transparent, efficient and integrated capital markets.

The AFA also participated in the international conference on 30 June on the theme "Financing Infrastructures: challenges and role of capital markets", where the main challenges and the key role of capital markets were discussed.

Representatives from different French-speaking regions and countries presented the main institutional and regulatory developments, addressing issues such as infrastructure financing between the public and private sectors, the channelling of savings to capital markets, the importance of financial education and the potential impacts of artificial intelligence.

Furthermore, the AFA participated in the seminar on July 2, focused on the areas of intervention of the regulator regarding the financing of infrastructure with new forms of access to the capital market, venture capital funds, securitizations, green and social bonds and investment funds as a long-term savings product.

Additionally, on December 14, the AFA participated in the IFREFI collaborators' meeting, dedicated to operational aspects of the Institute.

IFREFI has 19 members from different countries and regions: Algeria, Andorra, Belgium, Bulgaria, Central Africa, France, Guinea, Luxembourg, Lebanon, Morocco, Mauritius, Moldova, Monaco, Canada, Romania, Switzerland, Tunisia, West Africa and Vietnam.

Grup of International Finance Centre Supervisors

Since 2023, the AFA has become a member of the *Group of International Finance Centre Supervisors* (GIFCS), an organization created in 1980, with the aim of promoting the adoption of best international practices in the financial sectors of small jurisdictions. These jurisdictions require legislative proportionality but have a financial sector with a significant weight in their economy.

The AFA has participated in the joint meeting Stability Institute and the GIFCS, held on 9 and 10 April in Basel (Switzerland) at the headquarters of the Bank for International Settlements (BIS). Under the title 'Supervisory lessons from the 2023 banking turmoil: looking ahead', the meeting brought together representatives of various international supervisory authorities with the aim of analysing the implications of the banking stress episodes experienced during 2023 and reflecting on the evolution of supervisory and resolution frameworks.

During the sessions, the Basel Committee on Banking Supervision (BCBS) presented an overview of the main lessons learned from these turbulences, with special emphasis on the importance of analysing the business model of institutions, strengthening the Supervisory Review and Evaluation Process (SREP), with an emphasis on liquidity risk management and early action by the competent authorities. In this context, the general director of the AFA spoke in one of the sessions on April 10 dedicated to liquidity risk management and the response of the authorities to the challenges posed by situations of tension.

With this participation, the AFA reaffirms its commitment to knowledge exchange and international cooperation, with the aim of continuing to strengthen its supervisory work in a constantly evolving financial environment.

Additionally, the AFA has participated on behalf of the GIFCS in the sessions of the European Advisory Group of the *Financial Stability Board* (FSB), held on May 8 and 9, 2025 and organised by the Central Bank of Poland. Other supervisors and financial stability managers such as the B*anco de España*, the *Banque de France*, the European Central Bank and the *Deutsche Bundesbank* have also actively participated .

The *Financial Stability Board* (FSB) is an international body created to promote the safety and stability of the global financial system. Its main objective is to coordinate policies and actions among international financial authorities to reduce risks that may affect global financial stability, having played a relevant role on a global scale after the great financial crisis of 2008. In addition, the FSB promotes the supervision and regulation of financial markets through collaboration between supervisors.

During the sessions, the various vulnerabilities that the stability of the European financial system may present were assessed. The G20 roadmap for improving cross-border payments was also addressed, with the aim of increasing their security and efficiency. Another prominent topic has been non-bank financial intermediation, with discussions on how the growth of this activity can generate risks for the global financial system. Finally, the impact of digital registration technology (tokenization) on financial activity and the prospects for its use have been analysed.

Network for Greening the Financial System

As of 7 March 2024, the AFA has become a member of the *Network of Central Banks and Supervisors for Greening the Financial System* (NGFS), a network of central banks and supervisory authorities that voluntarily exchange experiences and best practices with the aim of promoting the integration of environmental and climate risks into financial management and mobilising the necessary financing to support the transition to a sustainable economy.

The NGFS's mission is to define and promote best practices that can be implemented within and outside its members and to develop or commission technical analyses in the field of green finance.

For the AFA, joining this network represents relevant international accreditation, as sustainability is a central theme in the main international forums.

During 2025, the AFA participated remotely in the annual plenary meetings of the NGFS, which took place on 11 and 12 March, as well as in several thematic sessions focused on sustainability and responsible investments. These meetings highlighted the importance of the transition plans for adapting to climate change and the use of the NGFS climate scenarios in stress testing, facilitating the exchange of experiences among supervisors. Moreover, the role of central banks and supervisors in channelling capital flows to emerging markets and developing economies was addressed, with the aim of improving adaptation and resilience to climate change, as well as defining the most effective strategies to involve the private sector in the transition towards a more sustainable financial system. This event brought together more than 250 representatives of NGFS members, both in person in Delhi and via video conference, with the aim of sharing experiences and establishing the strategic priorities of the NGFS.

With this participation, the AFA reaffirms its commitment to financial sustainability and its alignment with international initiatives to mitigate climate risks in the financial sector.

Additionally, throughout the year, the AFA participated in seven periodical workstreams, and in three training seminars organised by the NGFS as well as in several surveys by the NGFS on topics related to sustainability and responsible investment.

15.3. Cooperation with European bodies

European Commission

Monetary Agreement

- Following the commitments arising from the **Monetary Agreement** between the Principality of Andorra and the EU, signed on 30 June 2011, and **in order to** ensure a level playing field, Andorra must transpose and implement the Community provisions set out in the Annex to the Monetary Agreement.
- The AFA participates in the **Mixed Committee of the Monetary Agreement** as a member of the Andorran delegation. The EU delegation is composed, among others, of members of the European Central Bank, the Banco de España and the Banque de France.

Association Agreement

- In December 2023, negotiations on the **Association Agreement** between Andorra and the EU concluded.
- In April 2024, the European Commission **published the Association Agreement.**
- In July 2025, the European Parliament's Economic Committee **approved the Association Agreement.**

Equivalence Process

- In the context of alignment with European regulatory standards, Andorra has requested the European Commission (EC) **adopt an equivalence decision regarding the Principality's regulatory and supervisory framework for capital requirements.**
- The European Commission's adoption of the decision remains pending, **although the European Banking Authority's (EBA) technical analysis has already been completed.**

Monetary Agreement

As a result of the commitments derived from the Monetary Agreement between the Principality of Andorra and the European Union signed on 30 June 2011, the AFA cooperates with the European authorities in order to implement the Community flow. In this sense, the AFA is part of the Andorran delegation of the Joint Committee of the Monetary Agreement see section "16.1. Monetary Agreement".

This Committee constitutes the institutional space for monitoring and coordination between Andorra and the European Union to ensure the effective implementation of the Agreement. In particular, it reviews the progress made by the Principality during the previous year and determines a reasonable timetable for implementing new European legislation incorporated in the annex of the Agreement, which includes the obligations for transposition the relevant EU legislation into Andorran law.

In addition, the Joint Committee sets the annual limit on coin issuance and assesses the measures adopted by the Principality of Andorra to ensure the effective adoption of the relevant European legislation.

In this sense, the Andorran delegation, of which the AFA is part, has participated in the annual Meeting held on 26 November 2025. The meeting has made it possible to highlight the legislative and structural reforms that the Principality has implemented since the signing of the Monetary Agreement, as part of a global strategy to align with international standards.

Association Agreement

In December 2023, the Principality of Andorra and the EU concluded the negotiations for the Association Agreement, a powerful legal instrument that should allow the progressive integration of Andorra into the European Internal Market. This agreement establishes the free movement of people, goods, services and capital, and marks a turning point in relations between Andorra and the EU. Subsequently, in April 2024, the European Commission published the text, and in July 2025 the European Parliament's Economic Committee validated it.

The Association Agreement is structured in a general framework and a series of specific protocols, among which the Financial Services Protocol stands out, with a key role for the financial sector. This protocol provides for gradual access to the single market in financial services for a transitional period of 15 years, for four identified segments: banking, insurance, asset management and securities markets.

In this framework, the AFA has an active role collaborating with the Andorran Government in the analysis of the block of financial services and the community flow, as well as the implications for the AFA of the practical implementation of the Financial Services Protocol.

The main objective is to ensure the proper and effective integration of the Andorran financial system into the European regulatory framework, favouring international homologation and strengthening its supervisory capacity.

Regulatory equivalence

Within the framework of alignment with European regulatory standards, Andorra has requested the European Commission (EC) to adopt an equivalence decision in relation to the regulatory and supervisory framework in terms of capital requirements in the Principality.

This request implies that the European Commission will have to assess whether the regulations applicable to Andorra are equivalent to those applied within the European Union (EU), both in terms of prudential requirements and financial supervision mechanisms.

During 2025, the adoption of this decision by the European Commission remains pending, although the technical analysis by the European Banking Authority (EBA), on which it is based, has already been completed.

The formal adoption of the equivalence decision will allow for the mutual recognition of the Andorran regime with that of the EU in this area.

This initiative is part of Andorra's commitment to deepen its integration with the European Financial Area and strengthen its financial stability and transparency.

European Central Bank

Statical Reporting to the ECB

- In accordance with the **Monetary Agreement**, the euro is the official currency of the Principality of Andorra. Consequently, the Principality of Andorra has the right ti issue euro coins and the obligation to grant legal tender to banknotes and coins. Andorra is also obliged to notify the ECB of statistical data, which has been carried out since 2016 through the AFA, following the delivery schedule established by this Authority.

EUREP line

- The ECB and the AFA have set up a **repo line** to provide liquidity in case of Andorran financial market dysfunctions with the aim of allowing a smooth transmission of the ECB's monetary policy. The 35 million euros repo line allows the AFA to meet exceptional euro liquidity demand of domestic Banks in case of market need.

Statistical reporting to the ECB

Under the Monetary Agreement signed with the EU, Andorra has the obligation to notify the ECB of statistical data on monetary mass,

The AFA has been periodically reporting these statistical data to the ECB, since the end of 2016, in accordance with the timetable and technical specifications agreed with the ECB.

EUREP repo line

In 2022, the ECB and the AFA established a liquidity line (REPO line) of up to 35 million euros, intended to cover exceptional liquidity needs of Andorra banking institutions in the event of dysfunctions in the Andorran financial market. This line, which was renewed during 2025, expires on 31 January 2027 and may be activated if the dysfunctions affect viable entities.

This mechanism is another instrument in the safety net of the Andorran financial system, together with the high liquidity of its banking entities, the constitution of international reserves and the urgent liquidity provision mechanism established through *Law 36/2022* that consolidate its systemic and macroprudential stability.

It should be noted that REPO line was initially designed as part of the ECB's package of measures to respond to the COVID-19 crisis. Subsequently, the REPO line was extended due to the uncertainty caused by Russia's invasion of Ukraine. This is the first bilateral agreement on liquidity line between the ECB and the AFA and strengthens ties and relationships with key European authorities.

15.4. Cooperation with internacional organisations

International Monetary Fund

Article IV

As a result of the adhesion of the Principality of Andorra as a member of the International Monetary Fund on 16 October 2020, the AFA participated in the Consultation of Article IV of its Articles of Agreement, with the commitment to continue improving transparency and alignment with international standards.

In this context, during 2025, several working sessions were held with the IMF's technical team during their mission to Andorra in January 2025.

As a result, on April 11, 2025, the IMF published the report, in accordance with Article IV of its statutes, in relation to the Principality of Andorra, which highlights the macroeconomic stability of the Principality and the soundness of the banking sector in a context of economic transition. In this sense, the economy continues to show great resilience, driven by the dynamism of the services sector, the good performance of the banking system and construction activity.

Regarding the banking sector, its good profitability and strength are highlighted, with a very positive assessment of the macroeconomic buffers required by the Andorran Financial Authority. Despite the above, it highlights that the supervisor must maintain constant vigilance, on the one hand, due to the systemic importance of the banks, taking into account their size within the national economy. On the other hand, due to the prospects for the evolution of the financial system itself, with a full process of consolidation and international expansion by the entities, and with a possible Association Agreement with the European Union, which could open the domestic market to greater competition.

The Association Agreement, if adopted, could provide additional impetus to reforms aimed at diversifying the economy, attracting investment and increasing productivity in Andorra, fostering a more competitive environment. However, this process also poses challenges that will require a strategic response from the country's authorities and economic agents.

The report highlights the importance of continued improvement of the regulatory and compliance framework for the prevention of money laundering and terrorist financing, especially in relation to virtual assets and cross-border financial flows.

Regarding Article IV, the AFA has also participated in several working sessions with the IMF technical team during its mission to Andorra, between October 2 and 8, 2025.

Annual FMI and Spring Meetings

The annual meetings and spring meetings of the IMF Boards of Governors and the World Bank Group bring together central bank authorities, finance and development ministers, parliamentarians, private sector executives, representatives of civil society organisations and members of academic circles. These events allow for the discussion of priority issues such as the global economic perspective, the eradication of poverty, sustainable development, and the effectiveness of international aid. In addition to the plenary sessions, the programme includes seminars, seminars, regional information sessions, press conferences and other events focused on the global economy, international development and the global financial system.

Annual meetings

Representatives of the AFA together with the Minister of Finance and the Ambassador of the Principality of Andorra to the United States of America and Canada, have attended the annual meetings of the IMF and the World Bank, held in Washington from 13 to 18 October 2025.

In addition to attending the general plenary sessions, the Andorran delegation has held bilateral meetings with IMF's Deputy Managing Director and with the Managing Director of Europe, as well as with the Executive Directors of the IMF's constituency to which Andorra belongs. Likewise, representatives of the AFA held high-level bilateral meetings, among others, with representatives of the Bank of Spain, the Central Bank of San Marino and the Financial System Supervisory Authority of Liechtenstein.

Spring Meetings

The AFA has participated, together with members of the Ministry of Finance, in the Spring Meetings organised by the IMF and the World Bank (WB) in April in Washington DC.

In this context, the Andorran delegation held meetings with senior IMF officials such Mr Bo Li, Deputy Managing Director, and Mr Alfred Kammer, Head of the European Department to discuss forecasts for the Andorran economy over the coming years, including GDP growth and the impact of an ageing population on the sustainability of pensions and the socio-health cost.

At the same time, the AFA held bilateral meetings with the Central Bank of the Netherlands, the Central Bank of Iceland and the National Bank of Moldova. Within the framework of meetings between the delegations of Andorra and San Marino, Liechtenstein and Luxembourg, the AFA discussed specific issues of the financial sector with representatives of the central banks of these countries.

During the sessions and forums, key issues were analysed such as the vulnerabilities of the business sector in a context of high interest rates, the crucial role of IMF agreements in restoring access to international capital markets, and the global implications of the aging population, the so-called *silver* economy.

In addition, current issues relevant to the economy were addressed, with special attention to monetary policy and financial stability in periods of inflation, adaptation to the new landscape of tokenization within the financial system, and the use of artificial intelligence tools for strategic communications by central banks and the management of public finances.

Constituency meetings

IMF High Level Constituency Meeting

On February 14, the AFA participated in the conference of central bank governors of the group of IMF countries to which Andorra belongs, organised by *De Nederlandsche Bank* (DNB).

The conference focused on the impact of recent geopolitical changes on the economies of the countries in the constituency, with special attention to their effects on financial stability and strategies to mitigate the risks.

The session was attended by top-level institutional representatives from the DNB, the IMF and the European Commission.

Meeting of the OEDNE/EDS19 2025 Constituency of the International Monetary Fund and the World Bank Group

During July 2025, the AFA participated, together with members of the Ministry of Finance of the Government of Andorra, in the OEDNE/EDS19 Constituency Meeting of the International Monetary Fund and the World Bank Group held in Luxembourg. This event brought together key institutions such as the European Investment Bank (EIB), the European Stability Mechanism (ESM), the European Commission and representatives of the countries circumscribed by the International Monetary Fund's OEDNE and the World Bank's EDS19, thus reinforcing the multilateral dimension of the meeting. The talks contributed to deepening cooperation between the countries in the constituency and identifying lines of joint work to address global challenges, such as environmental sustainability and the mobilization of financing for development.

Experts and economic and monetary policymakers addressed topics such as the enlargement of the European Union, geopolitical challenges, climate change, digital transformation and their implications for sustainable growth and regional cooperation.

Institutional meeting with *Banco de España*

The AFA was part of the Andorran delegation that met with the governor of the Banco de España, Jose Luis Escrivá, at the headquarters of this institution in Madrid, on January 28, 2025. The delegation was led by the Head of Government, Xavier Espot, and was also attended by the Minister of Finance, Ramon Lladós, and other Government participants. For his part, the governor of the Bank of Spain was accompanied by the deputy governor, Soledad Núñez, by the general director of Operations, Markets and Payment Systems, Juan Ayuso, and by the general director of Supervision, Mercedes Olano.

During the meeting, the possibilities of cooperation between the Banco de España and the AFA were analysed. Both delegations have agreed to promote regular working meetings to delve deeper into different avenues of collaboration.

Other international forums

Finally, the AFA also performs tasks associated with representing Andorra internationally on specific themes affecting the financial sector. This includes being part of the Andorran delegation of the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (Moneyval), at the request of the UIFAND, and the delegations for negotiating with the European Union in various fields, at the request of the Ministry in charge of finance.

On the other hand, it also attends other forums organised by international organisations and in which it participates as a supervisor, dealing with topics of interest in terms of its competences.

15.5. Participation in international financial sector forums and conferences

EFPA Spain Financial Advisory days

The AFA participated in the Financial Advice Conference held on September 22, 2025 in Andorra, organised within the framework of the 25th anniversary of EFPA Spain, the European Association of Financial Advisors and Planners, an independent platform that brings together more than 35,000 professionals dedicated to personalised financial advice and planning.

The event brought together professionals from the financial sector and representatives from public administration to analyse the evolution and challenges of financial advice. Within this framework, the general director of the AFA presented the supervisory authority's vision on the situation and prospects of the Andorran financial sector. During his speech, he highlighted the strength and diversification of the sector, as well as the need to continue improving its efficiency.

In this sense, he stressed the importance of adopting new business management tools and technologies and achieving a greater business dimension, especially through corporate operations such as mergers and acquisitions. He also highlighted the importance of maintaining alignment with international standards and the regulatory work carried out in Andorra, which contributes to strengthening the country's positioning as a financial centre comparable to the main international financial centres.

16
Regulation

- In accordance with its competences, the AFA performs an essential regulatory role through the issuance, among others, of technical statements, communications, and recommendations with the aim of developing and implementing regulations and technical standards governing the activities of the financial and insurance systems, as well as other activities provided for under current legislation. In this regard, the AFA may issue such documents:
  - **Technical communiqués:** provisions of a regulatory and mandatory nature for supervised entities, which may affect, among other things, operational, prudential, or internal control aspects.
  - **Communications and Recommendations:** provisions that may include specific information requirements or specific guidelines that the AFA considers relevant for certain supervised entities or their groups.
- Technical Communiqués are published in the section "Regulation" of the AFA website, whereas Communications are only published in the section "Virtual Office – Private" on the AFA website, accessible to the affected entities depending on the type of Communication issued.

  Annex 2 details the technical communications and recommendations issued by the AFA during 2025.
- In exercising this function, the AFA can submit the relevant regulatory proposals to financial sector stakeholders for consideration and, in any case, considers the following factors:
  - whether the cost of the regulation is proportionate to the benefits of implementation;
  - alignment with applicable international standards; and
  - the impact of implementation on competition, innovation capacity and the international competitiveness of the Andorran financial market.
- The AFA also issues, at the request of the Government, reports and opinions about the legislation relating to the financial system and about other matters that are within the competence of the AFA, and proposes, on its own initiative, measures that could improve the organisation and regulation of the financial system.

16.1. Monetary Agreement

On 30 June 2011, the Principality of Andorra and the European Union signed the Monetary Agreement, under which the Principality of Andorra committed to adopting the legal acts and regulations of the European Union listed in the Annex to the agreement, either through direct transposition or by adopting equivalent measures.

This commitment derives from the economic nature of Andorra:

- the euro is the legal tender currency in the Principality of Andorra;
- the State has the right to mint; and
- the Andorran banking sector operates in close relation to that of the euro area.

In this regard, the Annex provides that a significant part of the Community acquis in banking and financial matters must be transposed on a regular basis.

Scopes of the legal acts and EU rules related to the annex



The Annex of the Agreement includes a living and up-to-date relationship of the European regulations that the Principality of Andorra must integrate through direct transposition or equivalent measures. This update is made at least one time a year, and the adoption deadlines are established by decision of the Joint Committee, made up of representatives of Andorra and the European Union.

This Joint Committee aims to examine the application of this Agreement, to determine the annual limit on the issuance of currency and to evaluate the measures taken by the Principality of Andorra to apply the relevant legislation of the European Union. In this sense, the Andorran delegation, of which the AFA is part, has participated in the annual meeting held in the Principality of Andorra on 26 November 2025.

In this context, the Principality has carried out a significant transformation of its legal framework, highlighting the constant effort of homologation with international standards. The active participation of the Andorran delegation, with the AFA as an integral part, in the annual meetings of the Joint Committee reflects the constant institutional commitment in this adaptation process, which has enabled:

- consolidate the international credibility of the Andorran financial system;
- modernise financial and banking regulation; and
- comply with the obligations arising from the use of the euro.

In conclusion, the Principality of Andorra's commitment to the Monetary Agreement is firm and sustained over time, and the reforms undertaken reflect a clear willingness to align with the Community's resources. In this context, the following are the most significant progress in the development of regulations in the various areas included in the Annex to the Monetary Agreement.

Prevention and fight against money laundering and terrorism financing

The international standards for the prevention of and fight against money laundering and the financing of terrorism (AML/CFT) are constantly evolving, a fact that is essential to effectively address new and emerging threats to the financial sector.

In this regard, the Andorran legal framework on AML/CFT has been continuously adapted, on the one hand, to the international standards established by the Financial Action Task Force (FATF), the world reference in this field, and on the other hand, to the EU regulations, in compliance with the Monetary Agreement. This evolution responds to:

- the emergence of **new threats**, especially linked to the use of emerging technologies such as fintech and digital assets, as well as the evolution of more complex business models; and
- The **international commitments undertaken**, in particular the harmonization with Directive (EU) 2018/843 (5AMLD) and FATF recommendations.

This continuous adaptation is key to preserving the integrity of the financial system's soundness in an environment characterized by technological innovation and the growing complexity of financial services.

In this context, the AFA, as a member of the Permanent Commission for the Prevention of Money Laundering and the Financing of Terrorism, participates, actively in the study and development of new regulatory in this field. Among the most relevant projects in which the AFA has participated during 2024, the regulatory development for the implementation of the register of financial and similar accounts stands out, which was created by *Law 37/2021, of December 16, amending Law 14/2017, of June 22, on the prevention and fight against money laundering or securities and the financing of terrorism.*

This register, attached to the ministry responsible for finance, is an administrative telematic system and constitutes a key tool for transparency and supervision. The objectives of this register are:

- preventing opacity by ensuring the traceability of financial flow;
- facilitate the detection and prevention of terrorist financing by identifying suspicious patterns; and
- strengthen international cooperation by promoting the exchange of information with other jurisdictions.

Additionally, in 2025, *Decree 46/2025, of 19-2-2025, was approved, amending the Regulation, of 2 March 2022, implementing Law 14/2017, of 22 June*, on the prevention and fight against money laundering or securities and the financing of terrorism, in order to include the provisions provided for by European regulations on the obligation to carry out an independent audit within the framework of the size and nature of the reporting entity, that is, applying a proportionality criterion based on risk. In this sense, the sole article of this decree provides that

financial reporting entities may request an exemption from contracting and presenting the annual external audit of prevention and fight against money or securities laundering and the financing of terrorism when they comply with the requirements established by the UIFAND.

Solvency, liquidity, and prudential supervision of banking and investment firms

The Andorran financial system has undergone a significant transformation in recent years to align with international and European standards on solvency and banking regulation. This adaptation process began with the adoption of:

- *Law 35/2018, of December 20, on solvency, liquidity and prudential supervision of banking entities and investment companies (Law 35/2018),* which was published in the Official Gazette of the Principality of Andorra (BOPA) on January 23, 2019 and which represents a significant leap with respect to the *Law regulating the solvency and liquidity criteria of financial entities, of February 29, 1996;*
- *the Development Regulation of Law 35/2018, of December 20, on solvency, liquidity and prudential supervision of banking entities and investment companies,* which was approved by the Government on March 6, 2019; and
- *Regulations relating to the adoption of technical standards of the European Union applicable in matters of solvency, liquidity and prudential supervision of banking entities and investment companies.*

This regulation transposed the CRD IV/CRR package (*Directive 2013/36/EU and Regulation (EU) 575/2013*) into the Andorran legal framework and, progressively, subsequent reforms of the European prudential framework have been incorporated. Although this package contributed to strengthening the resilience of the Union's financial system, the need to adapt it to address identified deficiencies and update other provisions became evident, which led to the approval of the "CRD V package" and the "CRR2 package" which amended the previous legislation through the adoption of *Directive 2019/878 and Regulation (EU) 2019/876* .

Therefore, with the amendment of *Law 35/2018* that was carried out in 2024, and the subsequent approval of *Decree 90/2025 of 12-3-2025, amending the Regulation implementing Law 35/2018, of 20 December, on solvency, liquidity and prudential supervision of banking institutions and investment firms* , the most recent elements of the global framework on the adequacy of banks' capital (Basel III Accord) have been incorporated into the Andorran legal system: new requirements such as compliance with a minimum leverage ratio and the mandatory net stable funding requirement for all banking institutions, as well as modifications consisting of the review of the methods for calculating capital requirements for credit risk, counterparty risk and operational risk that provide greater sensitivity to risk and greater comparability on an international scale, as well as the review of the regulatory framework for adjustment risk. credit valuation allowance (CVA) for possible losses due to valuation at market prices of derivative financial instruments as a result of the deterioration of a counterparty's solvency, and the limitation of the procyclicality of banking entities through the revision of the rules that regulate the specific countercyclical capital buffer requirement.

In this context and in order to continue adapting the Andorran regulatory framework to international and European standards in the field of solvency and banking regulation, on October 8, 2025 , *Decree 352/2025 of 8-10-2025 was approved, which approves the Regulation on the adoption of European Union technical standards applicable in the field of solvency, liquidity and prudential supervision of banking institutions and investment firms*, which incorporates into the Andorran legal framework a variety of delegated and implementing acts of the European Commission, developing in a detailed and homogeneous manner certain provisions of the Directive and the Regulation.

Additionally, during 2025, the AFA has published several technical communiqués with the aim of adapting the current submission of information by banking entities for supervisory purposes, adapting it to the new prudential requirements. Among the most prominent are:

- **Technical Communiqué no. 255/21-EB *quater*** whose objective is to introduce modifications in the submission of periodic information to be sent to the AFA, adapting it to the change in reporting platform that went from ABACUS/ Regulator to ABACUS/Regulator 3;
- **Technical Communiqué no. 255/21-EB *quinquies*** through which the new template *C 84.00 – NSFR Summary is introduced,* intended to report the net stable funding ratio and other minor modifications must be made to existing templates; and
- **Technical Communiqué no. 255/21-EB *sexies*** through which supervisory reporting is adapted to the new legal requirements and the guidelines of the *EBA/GL/2019/05* guide of the European Banking Authority (EBA) which harmonises definitions and templates for the financing plans of credit institutions in accordance with the ESRB recommendation of 20 December 2012 *(SRB/2012/2)*.

These modifications mean a greater adaptation of the current regulatory framework to international evolution and consolidates Andorra as a jurisdiction with:

- a more resilient and transparent financial system;
- supervision aligned with best global practices; and
- a favourable framework for European financial stability and integration.

Overall, for more than a decade the Principality has pursued a sustained process of alignment with international standards, thereby strengthening the soundness, resilience and credibility of its financial system.

Resolution and recovery of banking entities and investment firms

Over the past few years, the Andorran financial system has developed a comprehensive recovery and resolution framework, aligned with international standards and with the European regulatory package known as BRRD (Bank Recovery and Resolution Directive). This framework aims to ensure financial stability through mechanisms to manage banking crises with minimal economic impact.

The Andorran legal framework in this matter is composed of:

- *Law 7/2021, of 29 April, on recovery and resolution of banks and investment firms, in Andorra which repealed the previous Law 8/2015, of 2 April, on urgent measures to implement mechanisms for restructuring and resolution of banking entities (Law 7/2021);*
- *Decree 303/2022, of 20-7-2022, which approves the Regulations for the development of Law 7/2021;*
- *Decree 349/2023, of 12-7-2023, by which the Decree amending the Regulations for the development of Law 7/2021 is approved; and*
- *Decree 24/2024, of 24-1-2024, approving the Regulation on the adoption of European Union technical standards applicable to the recovery and resolution of banking and investment firms (Decree 24/2024).*

In essence, this framework allows potential crises to be addressed at three levels:

- in the preventive phase, with measures aimed at preventing problems from arising;
- in early intervention, when the institution has difficulties or does not comply with capital requirements; and
- in the executive phase of the resolution, in case of non-viability of the institution.

In addition, the legal framework has been complemented by the publication, by the AFA, in 2023, of five Technical Communiqués that establish criteria and procedures to be followed for the preparation of recovery plans by entities and which must be sent to the AFA.

In this context, in 2025, the AFA has received the third submission of the recovery plans of the supervised entities to which it applies, in accordance with the instructions of Technical Communication No. 7/2023-SF, and the AFA's previous letters concerning the second submission.

Likewise, the AREB, as a continuation of Technical Communiqué 1/2024 through which it requested various information from Andorran banking groups for the preparation of the first version of the resolution plans, in 2025, continuing the process of collecting and analysing information necessary for the preparation of the resolution plans, has issued, on June 18 2025 a new Technical Communiqué with special emphasis on liquidity management in resolution scenarios, as it is a necessary step towards more robust and operational resolution planning. In this sense, liquidity management in resolution scenarios is a key element to ensure orderly execution of the plan, avoiding interruptions in critical functions and reducing dependence on public aid.

As a relevant new development during 2025, work has been done on the transposition of the BRRD2, which has been completed and is currently undergoing parliamentary processing. This transposition will further strengthen the Andorran regulatory framework, aligning it with the latest European requirements in the field of banking resolution.

Below is shown the regulatory evolution of the recovery and resolution framework in the Principality of Andorra:

Instrument	Data	Key contribution
Law 7/2021	April 2021	Repeals *Law 8/2015*; establishes the 3 phases of resolution.
Decree 303/2022	July 2022	Develop *Law 7/2021*.
Decree 349/2023	July 2023	Amends the regulations for technical adjustments.
Decree 24/2024	Gener 2024	Complete the transposition of Directive 2014/59/EU (preventive phase).
Communiqué AFA (2023)	Juny 2023	Criteria for the drafting of recovery plans.
Communiqué AREB 1/2024	July 2024	Initiates drafting of resolution plans (detailed requirements).
Communiqué AREB 1/2025	Juny 2025	Request for additional information for the preparation of the resolution plan.

Finally, it should be noted that the AFA has continued to actively collaborate with the Government of Andorra and the AREB in the work of transposing the BRRD II in the Principality of Andorra. This collaboration has culminated in the approval and publication in the BOPA of *Law 5/2026, of April 30, amending Law 7/2021, of April 29, on the recovery and resolution of banking entities and investment firms*, which aims to strengthen the effectiveness, clarity and coherence of the framework applicable to the recovery and resolution of banking entities and investment firms.

Investor Protection

In recent years, Andorra has taken significant progress in adapting its regulatory framework to European standards in the field of financial services. In this context and in compliance with the commitments made within the framework of the Monetary Agreement with the European Union. The progressive incorporation deriving from *Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 relating to financial instrument markets* as well as delegated regulations and acts of second level, European Union regulations known as MiFID II package.

The MiFID II regulatory package currently constitutes the main European reference framework for the provision of investment services, establishing detailed requirements in relation to the internal organization of entities, rules of conduct, product governance, transparency and investor protection. The adoption of these standards aims to strengthen the integrity of financial markets and guarantee a high level of customer protection.

Within this framework, over the past few years, coordinated work has been carried out between the Government, the AFA and financial sector agents to guarantee the transposition and effective implementation of the principles and requirements derived from MiFID II in the andorran legal system.

As a result of this process, the following measures have been adopted:

- *Law 7/2024, of May 27, on the organization and functioning of operating entities within the financial system and market abuse;* and
- *Decree 419/2024, dated October 30, 2024, approving the implementing regulation of Law 7/2024, of May 27, on the organization and functioning of operating entities within the financial system and market abuse.*

This new legal framework becomes the current regulatory basis governing investment services in the Principality of Andorra and investor protection. It substantially incorporates the principles, requirements and rules of conduct deriving from MiFID II and its complementing measures, replacing the previous regime established by *Law 8/2013 of 9 May*, which has since been repealed.

As part of the implementation of this new regime, aligned with de MiFID II standards, the AFA has adopted a number of technical communications with the aim of facilitating the adaptation of the operating entities of the financial system to the new regulatory requirement. In particular, the following stand out:

- **Technical Communiqué no. 3/2025-SF** relating to the evaluation of the knowledge and skills of personnel who advise or inform on financial instruments, which establishes the obligation for operating entities in the financial system to have the necessary documentation and information to prove that the personnel involved have the appropriate knowledge and skills, in line with the requirements established by the MiFID II standards regarding personnel qualifications.
- **Technical communiqué 4/2025-SF** relating to the minimum records to be maintained by entities that provide investment services, which establishes the obligation to maintain the records provided for in Annex II of the Regulation implementing *Law 7/2024*. These requirements align with the registration and traceability obligations established by MiFID II, and are essential to ensure compliance with organizational requirements, conduct of business rules and investor protection, as well as to allow effective supervision by the competent authority.

Payment methods

In recent years, Andorra has made significant progress in adapting its regulatory framework to European regulations on means of payment, as part of the commitments arising from the Monetary Agreement with the European Union. Currently, the legal framework of the Principality is made up of:

- *Law 27/2018, of October 25, amending Law 8/2018, of May 17, on payment services and electronic money;*
- *the Regulation, of 28 November 2018, relating to the legal regime of payment services and electronic money and of payment institutions and electronic money institutions;* and
- *the Regulation relating to rules applicable to payment service providers, mainly measures to facilitate the automation of cross-border payments between the Principality of Andorra and the member states of the European Union, as well as the technical requirements for transfers and direct debits of payments in euros within the framework of the single euro payments area.*

This set of regulations transposes *Directive 2015/2366 (PSD II) of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, which replaces Directive 2007/64/EC* and amends other European directives and regulations. The main objectives of this regulation are:

- facilitating and improving security in the use of payment systems via the Internet;
- strengthening the level of user protection against potential fraud and abuse;
- promoting innovation in digital payment services, including mobile and internet payments; and
- creating an environment that streamlines payment operations, establishing common rules and offering a wide range of payment options for users.

Additionally, it establishes a homogeneous framework for consumer protection and facilitates the operational application of euro payment instruments within the Single Euro Payments Area (SEPA).

In this context, during 2025, *Regulation (EU) 2021/1230 of the European Parliament and of the Council of 14 July 2021* on cross-border payments has been taken into consideration, complementing the previous regulations and the amendments to the corresponding regulation have been incorporated, with special attention to the rules relating to currency conversion fees in cross-border payments, ensuring that users are informed in a clear and transparent manner about the applicable fees when carrying out card transactions or transfers that involve currency exchange.

In this way, *Decree 415/2025, of 11-19-2025*, has been approved, which incorporates measures to ensure that payment transactions are predictable, secure and comparable, improving consumer protection and avoiding hidden or unexpected fees. The incorporation of these provisions into the Andorran regulatory framework reinforces transparency, trust and security in payment services.

In summary, the actions developed reflect Andorra's ongoing commitment to consolidating a modern, secure regulatory framework aligned with European regulation, which guarantees transparency, trust and innovation in payment services, thus complying with the commitments assumed within the framework of the Monetary Agreement and preparing the country to face the future challenges of digital payment services in the national and international financial sphere.

Simplified statistical data in the European Central Bank

Within the framework of the commitments made by Andorra with the signing of the Monetary Agreement, the Principality must send the ECB a series of aggregate statistical data in a simplified format, in accordance with the European regulations set out in the annex to the Agreement.

Following the amendments to European regulations, in 2024 Andorra adopted the necessary decrees and technical notices to adapt the Andorran legal framework of the requirements of the ECB.

During 2025, the update of the AFA data submission templates was completed with the issuance of **Technical Communiqué no. 273/2025-EB , Technical Communication no. 4-2020-SF quater and Technical Communiqué no. 49-SGOIC quinquies** that adapt the previous requirements to the current legal framework. Additionally, new communiqués have been approved aimed at the insurance sector to guarantee the collection of accurate and reliable statistical data for submission to international organizations:

- Technical Communiqué no. 35-2025/A and Technical Communiqué no. 35-2025/A bis : information obligations for supervisory, statistical and accounting purposes of insurance entities domiciled in the Principality of Andorra; and
- Technical Communiqué no. 36-2025/A: information obligations for supervisory, statistical and accounting purposes of the delegations of foreign insurance entities authorised to operate in the Principality of Andorra.

This set of measures consolidates institutional collaboration with the ECB and contributes to improving the quality, coherence and comparability of statistical data generated by the Andorran financial system. At the same time, it reinforces transparency and efficiency in the supervision of financial and insurance entities, consolidating a reliable statistical framework aligned with European and international standards.

16.2. Beyond the Monetary Agreement

International sanctions

With the aim of strengthening Andorra's commitment to the international community, and in particular to the European Union and the United Nations, *Law 5/2022* on the implementation of international sanctions *(Law 5/2022)* was adopted on 3 March 2022. This legislation was introduced with two main objectives:

- **response to the Russian aggression against Ukraine:** to align with EU and UN measures aimed at putting pressure on the Russian Federation and Belarus; and
- **prevention of illicit activities:** to prevent Andorra from being used as a safe haven to circumvent international sanctions.

This law regulates:

- who can impose restrictions originating from international organizations (the Government of Andorra);
- who has the authority to establish restrictions originating from international organizations (the Government of Andorra);
- what types of measures can be applied;
- who is subject to the obligations;
- how the bodies responsible for monitoring the restrictions are established;
- how international cooperation is ensured; and
- the sanctioning regime applicable in case of non-compliance.

Decree 111/2022 was the first concrete implementation of *Law 5/2022*, with measures against persons and entities linked to the Russian and Belarusian Federations and designated the AFA as the supervisory body for these measures, together with UIFAND. In this context, as set out in Technical Communication nº 2/2022-AFA, financial and insurance entities are required to inform the AFA, within a maximum of 24 hours of any action arising from the application of the restrictive measures provided for in the aforementioned decrees.

Below is a summary of the regulatory developments within this framework:

Decree nº	Data	Scope / Key Amendments
111/2022	25/03/2022	Initial measures (asset freezes, trade prohibitions).
147/2022, **179/2022,** **247/2022,** **480/2022,** **71/2023**	13/04/2022 04/05/2022 08/06/2022 25/03/2022 08/02/2023	Expansion of the list of sanctioned persons and entities.
203/2023	10/05/2023	Inclusion of new economic sectors (e.g., dual-use technologies).
378/2023	19/07/2023	Adaptation to the EU sanctions on military-use goods.
405/2023, **500/2023**	16/08/2023 25/10/2023	Expansion of the list of sanctioned persons and entities.
16/2024	17/01/2024	Repeals 111/2022; consolidates all amendments into a single text.
87/2024	06/03/2024	Expansion of the list of designated persons and entities subject to sanctions.
491/2024	23/12/2024	Latest update to align with the EU sanctions package.
268/2025 (*)	30/07/2025	Repeals 491/2024; updates sanctions to align with those of the UE.
389/2025	29/10/2025	Repeals 268/2025; updates sanctions to align with those of the UE.

(*) Repeals

With this regulatory framework and its ongoing evolution, Andorra's commitment to international legality and the fight against activities that undermine global peace and security is consolidated, while preventing the country from becoming a refuge for operations that would be unlawful in neighbouring states.

Insurance

had as it essential point of reference the regime established by the European Union in this field, *Directive 2009/138/EC of the European Parliament and the Council, of 25 November 2009,* on the taking up and pursuit of the business of Insurance and Reinsurance, known as Solvency II.

The first stage of this updating ended with the approval of *Law 12/2017* and its implementing regulations, approved by the Decree of 20 December 2017. In accordance with the second transitional provision of Law 12/2017, entities and delegations were granted a period of five years from January 1, 2018, to progressively adapt to Title IV of the law, relating to the solvency regime. To this end, during this period, the AFA issued various technical communications with the aim of establishing the specific terms of the adaptation.

However, in the insurance sector requires new regulatory developments to complement the existing framework. Therefore, once the solvency regime has been implemented, legislative efforts were directed towards the development of other essential areas, especially with regard to the insurance contract, insurance distribution and protection of policyholder.

In this context, during 2025 and 2024, work has been carried out on several key legislative lines:

- firstly, was promoted a proposal for a preliminary draft law to regulate the insurance contract with the aim of strengthening the protection of the rights of policyholders and insured persons, while taking into account the peculiarities of the Andorran market. This text began the parliamentary process on 26 March 2025 and culminated in the approval of *Law 29/2025 of 11 December on the contract of insurance and reinsurance of the Principality of Andorra*, which establishes a modern, clear legal framework aligned with international standards;
- likewise, a bill was promoted to make effective the right to health oblivion with the aim of avoiding discrimination in the contracting of life insurance by people who have suffered from cancer, HIV or hepatitis C. This initiative led to the approval of ***Law 28/2025, of December 11, to make effective the right to health oblivion,*** which represents a significant advance in the protection of the rights of insured persons and in the promotion of equal access to insurance services;
- in order to adapt the regulatory framework of the insurance sector to the new initiatives promoted in the Principality of Andorra within the framework of audit of accounts, ***Decree 172/2025, of 14-5-2025, was approved, amending the Regulation for the application of Law 12/2017, of 22 June, on the organisation and supervision of insurance and reinsurance in the Principality of Andorra.*** This decree introduced technical and specific modifications with the aim of guaranteeing effective application of the regulations and ensuring their adequate adaptation to the new regulatory framework in force;
- at the same time, work is being done on a proposed law on the distribution of private insurance and reinsurance in the Principality of Andorra aimed at regulating access to and exercise of the distribution activity by natural and legal persons, ensuring a clear, transparent regulatory framework aligned with international practices;
- finally, the AFA has prepared a proposal for a sector-specific accounting framework for the insurance sector, which, at the Government's request, has been submitted for consultation to the relevant stakeholders. Establishing a specific accounting framework for the insurance sector that takes into account the particularities of its activities will facilitate the comparability of financial information and ensure greater transparency, thereby contributing to enhanced supervisory oversight and strengthening the confidence and protection of policyholders and investors.

The AFA has actively participated in the analysis of these legislative initiatives, in collaboration with the Government, the sector and parliamentary groups, to assess their impact and practical implications.

Overall, these regulatory developments represent a significant advance in the consolidation of the regulatory framework of the Andorran insurance sector, strengthening the protection of policyholders and insured persons, improving the transparency of the sector and ensuring a legal regime adapted and approved to the international environment.

Network and Information Systems Security

In recent years, Andorra has developed a comprehensive cybersecurity regulatory framework with three main objectives:

- to protect critical infrastructures (such as those related to energy, finance, and health);
- to strengthen the country's digital resilience; and
- to align with international standards, especially those of the EU.

Regulatory evolution

Andorran Standard	Date	What does it regulate	Affected sector
Law 22/2022	09/06/2022	Legal framework for cybersecurity.	All critical entities.
Decree 417/2022	12/10/2022	Establishes the National Security Framework.	Information assets that are necessary to ensure the provision of essential or important services.
Decree 418/2022	12/10/2022	Regulates critical infrastructures.	Critical entities designated by the ANC-AD.
Decree 415/2024	30/10/2024	Update the list of essential and important services.	All critical entities.
Decree 416/2024	30/10/2024	Introduce mandatory external auditing.	Critical infrastructures and critical infrastructure technology providers.
Decret 417/2024	30/10/2024	Introduce mandatory external auditing.	Essential entities, important entities and subcontracted entities.

In this context, in 2025, *Law 19/2025, of November 13, was adopted, creating the public company Andorra Digital, SA*, through which an entity with its own legal personality was created to design and promote the implementation of strategic projects in the technological field that allow for the development of increasingly digital public management.

This set of rules and measures has made it possible to consolidate an integrated cybersecurity governance system in Andorra, aligned with European standards, and focused on:

- the resilience of the financial sector and critical services;
- inter-institutional coordination between the AFA and the ANC-AD; and
- prevention and response to security incidents.

International Financial Reporting Standards (IFRS)

The operating entities of the Andorran financial system and the collective investment undertakings governed by Andorran law have been applying the International Financial Reporting Standards (IFRS-EU) since 2017, by virtue of the *Decree of 22 December 2016*. This accounting framework is aligned with EU standards to ensure:

- transparency in financial Reporting;
- international comparability of financial statements; and
- attraction of investment in a regulated and reliable environment.

The Technical Committee (created by Article 4 of the 2016 Decree mentioned above) is the body responsible for issuing opinions addressed to the Government of Andorra regarding the advisability and necessity of adopting new IFRS-EU and modifying the IFRS-EU already incorporated.

In accordance with this legal framework, during 2025, the Technical Committee evaluated and agreed on the potential adoption of certain amendments to international financial reporting standards already in force in the European Union. These agreements have been formalised by the adoption of the following Decrees:

- the proposal agreement of the Technical Committee has been established in *Decree 456/2025, of 10-12-2025, approving certain modifications of international financial reporting standards adopted in the European Union (IFRS-EU) and amending the Decree approving the accounting framework applicable to entities operating in the Andorran financial system and collective investment undertakings under Andorran law in accordance with international financial reporting standards adopted in the European Union (IFRS-EU) which have been at the same time adopted by Andorra (IFRS-Andorra), of December 22, 2016.* Specifically, the adoption of this regulation incorporates the following changes into the Andorran legal framework.

Incorporated standard	Effect from	Scope / Key Amendments
IAS 7 (Statement of Cash Flows) **IFRS 9** (Financial Instruments)	01/01/2026 (early adoption permitted)	**Amendments in the classification and valuation of financial instruments:** • Clarifications of the date of recognition and derecognition of some financial assets and liabilities. • Clarifications and additional guidance for assessing whether a financial asset meets the *Solely Payments of Principal and Interest* (SPPI) criterion. • Incorporation of new disclosure requirements for certain instruments with contractual terms that may change cash flows. • Update of the information to be disclosed for equity instruments designated at fair value with changes in another global result. **Amendments to contracts relating to nature-dependent electricity:** • Assist entities in the registration and evaluation of physical energy purchase agreements, facilitating their faithful reflection in financial statements.
Annual Improvements to IFRS Financial Reporting Standards, Volume 11	01/01/2026 (early adoption permitted)	• To avoid possible confusion arising from inconsistencies in the wording of the regulations.

Audit of accounts

In recent years, the Principality of Andorra has worked intensively on the creation of a solid legal framework for the development of the activity of auditing accounts in Andorra, taking as references the international standards, as well as the *Directive 2006/43* relating to the statutory audit of annual accounts and consolidated annual accounts, as well as their subsequent modifications. As a result of this work, the following has been approved the *Law 10/2024, of 27 May, on the audit of accounts of the Principality of Andorra.*

In the configuration of this law, the principles of the *International Ethics Standards Council for Accounting Professionals* (IESBA) and the quality standards of the *International Auditing and Assurance Standards Board* (IAASB).

However, the practical application of this law has highlighted the need to introduce technical adjustments and regulatory precisions to improve the effectiveness of the *Account Audit Supervision System* and the exercise of the profession. In this sense, with the aim of strengthening the figure of the Account Audit Supervisor, providing him with greater clarity in his or her functions, powers and responsibilities, and improving coordination with other competent bodies in financial supervision (such as the AFA), the regulatory review has been carried out with the adoption of *Law 8/2025, of April 15, amending Law 10/2024, of May 27, on the audit of accounts of the Principality of Andorra* .

Subsequently, in order to provide greater legal clarity, the revised text was approved with *Law 30/2025, of December 15, on the consolidated text of the audit of accounts of the Principality of Andorra.*

Auditing accounts is key to guaranteeing legal certainty and transparency of economic and accounting information, allowing a qualified opinion to be obtained on the reliability of the financial statements and the economic, equity and financial situation of the entities.

To ensure the effective implementation of this legal framework, the regulatory deployment process was initiated, in which the Government, the AFA and the professional sector worked together to guarantee an effective application adapted to the country's reality. As a result of this process, the following decrees were approved:

- *Decree 172/2025, of 14-5-2025, amending the Regulations implementing Law 12/2017, of 22 June, on the regulation and supervision of insurance and reinsurance in the Principality of Andorra.*
- *Decree 173/2025, of 14-5-2025, which approves the Regulation of the Register of Auditors of the Principality of Andorra and of entities subject to audit of accounts.*

The creation of the *Register of Auditors of the Principality of Andorra* constitutes an essential tool for knowing, controlling, ordering and organizing auditing professionals, guaranteeing compliance with legal requirements and facilitating continuous control and supervision of the profession, as well as access to public information in accordance with the principles of transparency, registration and protection of personal data.

Glossary of abreviations

A	Insurance
ABA	Andorran Banking (association)
ADEFI	Association of Financial Investment Entities
AFA	Andorran Financial Authority
AGA	Assegurances Generals, SA
AMES	Affiliation-of-Micro European States
AMM	Automated Marker Maker
ANC-AD	National Cybersecurity Agency of Andorra
ARADA	Association of Associated Insurers and Reinsurers of Andorra
AREB	Banking Entities Resolution Authority
AUM	Assets Under Management
BCBS	Basel Committee on Banking Supervision
BOPA	Official Gazette of the Principality of Andorra
BRRD	Bank Recovery and Resolution Directive
CAE	Andorran Statistics Council
CASS	Andorran Social Insurance Fund
CCoB	Capital Conservation Buffer
CCyB	Countercyclical Capital Buffer
CET1	Common Equity Tier 1
CGFRJ	Pension Reserve Fund Management Committee
CIS	Collective Investment Schemes
CNA	National Analysis Centre
CNAM	National Coin Analysis Centre
CNMV	National Securities Market Commission
COREP	Common Reporting
CPI	Consumer Price Index
CPP	Permanent Committee for the Prevention of Money Laundering and Terrorism Financing
CRAJ	Andorran Gambling Regulatory Council
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CSO	Mandatory solvency capital
CVA	Credit Assessment
DDoS	Denial-of-service cyberattacks
DSBB	Dissemination Standards Bulletin Board
EB	Banking Entities
EBA	European Banking Authority
ECB	European Central Bank
EIOPA	European Insurance and Occupational Pensions Authority
EIS	Systemically Important Institutions
EMMoU	Enhanced MMoU
EP	Payment Entities
ERC	European Regional Committee
ESMA	European Securities and Markets Authority
ESRB	European Systemic Risk Board
EU	European Union
Fagadi	Andorran Deposit Guarantee Fund
FINREP	Financial Reporting

Glossary of abreviations

FSAP	Financial Sector Assessment Programs
FSB	Financial Stability Board
FSI	Financial Soundness Indicators
GAFI	Financial Action Task Force
GIFCS	Grup of International Finance Centre Supervisors
IACL	Capital and liquidity self-assessment report
IAIS	International Association of Insurance Supervisors
IBAN	International Bank Account Number
IFREFI	Institut Francophone de la Régulation Financière
IFRS	International Financial Reporting Standards
IFRS-EU	International Financial Reporting Standards adopted by the European Union
IMF	International Monetary Fund
IOSCO	International Organisation of Securities Commissions
IP LOSSES	Immovable property losses
ISFS	Annual report on financial situation and solvency
KRI	Key risk indicators
LCR	Liquidity Coverage Ratio
MCR	Minimum Capital Requirement
MFS	Monetary and Financial Statistics
MICA	Markets in Crypto-Assets
MiFID	Markets in Financial Instruments Directive
MMoU	Multilateral Memorandum of Understanding
MoU	Memorandum of Understanding
NIC	International Accounting Standards
NGFS	Central Banks and Supervisors for Greening the Financial System
NPL	Non-Performing Loans
NSFR	Net Stable Funding Ratio
OCN	National Central Office
ORSA	Internal assessment and management of risks and solvency
PAD	Active digital participants
PBC/FT	Prevention and fight against money laundering or asset laun dering and the financing of terrorism
PIB	Gross domestic product
PRAS	Supervisory Review and Evaluation Process
ROE	Return on equity
SA	Public Limited Company
SaaS	Software as a Service
SAGI	Andorran Investment Guarantee System
SAU	Single member public limited company
SF	Financial System
SGOIC	Collective Investment Schemes Management Company
SGP	Asset Management Companies
SICAV	Variable Capital Investment Company
SLU	Single-Member Limited Liability Company
SME	State-Owned Trading Company
UIFAND	Financial Intelligence Unit of Andorra
VDR	Overseer

ANNEX 1

Annual consolidated accounts of the banking sector

Aggregate Balance Sheet for the banking system – Consolidated			
			(Thousands of euros)
ASSETS	**2025**	**2024**	**Var. %**
Cash, cash balances at central banks and other demand deposits	5,152,484	4,925,969	4.6%
Financial assets held for trading	446,685	441,598	1.2%
Non-trading financial assets mandatorily at FV through P&L	68,683	47,470	44.7%
Financial assets designated at FV through P&L	253,151	269,580	(6.1%)
Financial assets at FV through OCI	654,501	606,579	7.9%
Financial assets at amortised cost	13,149,452	12,362,841	6.4%
Derivatives – Hedge accounting	13,421	18,991	(29.3%)
FV changes of the hedged items in portfolio hedge of IRR	(2,957)	(1,814)	63.0%
Investments in subsidiaries, joint ventures and associates	159,734	146,876	8.8%
Tangible assets	458,187	471,370	(2.8%)
Intangible assets	435,698	409,845	6.3%
Tax assets	45,405	47,636	(4.7%)
Other assets	242,149	212,555	13.9%
Non-current assets and disposal groups classified as held for sale	99,691	556,982	(82.1%)
TOTAL ASSETS	**21,176,284**	**20,516,478**	**3.2%**

(Thousands of euros)

LIABILITIES AND EQUITY	**2025**	**2024**	**Var. %**
Financial liabilities held for trading	123,477	165,901	(25.6%)
Financial liabilities designated at fair value through profit or loss	258,753	323,777	(20.1%)
Financial liabilities measured at amortised cost	18,440,674	17,476,469	5.5%
Derivatives – Hedge accounting	3,798	8,792	(56.8%)
Fair value changes of the hedged items in portfolio hedge of interest rate risk	7,550	11,087	(31.9%)
Liabilities covered by insurance and reinsurance contracts	57,244	61,908	(7.5%)
Provisions	39,381	40,314	(2.3%)
Tax liabilities	-	-	-
Other liabilities	274,966	227,600	20.8%
Liabilities included in disposal groups classified as held for sale	2,312	385,664	(99.4%)
TOTAL LIABLITIES	**19,208,155**	**18,701,512**	**2.7%**
Capital	189,491	189,931	(0.2%)
Share premium	122,303	122,303	-
Equity instruments issued other than capital	82,150	65,050	26.3%
Accumulated other comprehensive income	(38,971)	(59,590)	(34.6%)

Retained earnings	872,077	832,446	4.8%
Revaluation reserves	-	-	-
Other reserves	505,968	444,859	13.7%
(-) Treasury shares	(540)	(540)	-
Profit or loss attributable to owners of the parent	176,316	174,618	1.0%
(-) Interim dividends	-	-	-
Minority interests	59,335	45,889	29.3%
TOTAL EQUITY	1,968,129	1,814,966	8.4%
TOTAL EQUITY ABD TOTAL LIABILITIES	**21,176,284**	**20,516,478**	**3.2%**

Source: Financial data shown as per prudential reporting requested to banking entities. FINREP templates F01.01, F01.02 and F01.03.

(Thousands of euros)

Aggregate P&L for the banking system – Consolidated	2025	2024	Var.%
Interest income	519,359	593,684	(12.5%)
(Interest expenses)	(224,256)	(282,355)	(20.6%)
Dividend income	1,205	1,211	(0.5%)
Fee and commission income	527,781	451,475	16.9%
(Fee and commission expenses)	(195,827)	(150,461)	30.2%
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss (net)	6,841	3,517	94.5%
Gains or losses on financial assets and liabilities held for trading (net)	40,918	34,163	19.8%
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss (net)	1,648	4,323	(61.9%)
Gains or losses on financial assets and liabilities designated at fair value through profit or loss (net)	5,580	4,612	21.0%
Gains or losses from hedge Accounting (net)	528	192	175.0%
Exchange differences [gain or (-) loss (net)	369	17,606	(97.9%)
Gains or losses on derecognition of non-financial assets other than held for sale (net)	26,738	5,843	357.6%
Other operating income	16,113	18,167	(11.3%)
(Other operating expenses)	(8,895)	(7,027)	26.6%
OPERATING RESULT	**718,102**	**694,950**	**3.3%**
(Administrative expenses)	(457,573	(431,369)	6.1%
Depreciation	(67,702)	(62,031)	9.1%
Provisions or reversal of provisions (net)	(14,292)	(17,674)	(19.1%)
(Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss)	7,729	17,787	(56.5%)

(Impairment or reversal of impairment of investments in subsidiaries, joint ventures and associates)	-	(43)	(100.0%)
(Impairment or reversal of impairment on non-financials assets)	(35)	(815)	(95.7%)
Negative goodwill recognised in profit or loss	1	-	-
Share of the profit or loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	10,845	9,236	(17.4%)
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	6,029	(6,087)	(199.0%)
Result before tax	**203,104**	**203,954**	**(0.4%)**
(Result for the year from continuing operations)	(25,125)	(25,973)	(3.3%)
Result after tax	**177,979**	**177,981**	**(0.0%)**
Result from discontinued operations (net)	(27)	(28)	(3.6%)
PROFIT OR LOSS FOR THE YEAR	**199,952**	**177,953**	**(0.0%)**
Attributable to minority interest	1,636	3,335	(50.9%)
Attributable to owners of the parent	176,316	174,618	1.0%

Source: Financial data shown as per prudential reporting requested to banking entities. FINREP templates F01.01, F01.02 and F01.03.

Aggregate annual accounts of investment firms

Aggregate Balance Sheet for the investment firms – Consolidated

(Thousands of euros)

ASSETS	2025	2024	Var. %
Cash, cash balances at central banks and other demand deposits	1,461	1,184	23.4%
Financial assets held for training	159	306	(48.0%)-
Non-trading financial assets mandatorily at FV through P&L	3,557	4,527	(21.4%)
Financial assets designated at FV through P&L	48	191	(74.9%)
Financial assets at through OCI	-	-	-
Financial assets at amortised cost	3,333	767	334.6%
Derivates – Hedge accounting	-	-	-
FV changes of the hedge items in portfolio hedge of IRR	-	-	-
Investments in subsidiaries, joint ventures and associates	270-	-	-
Tangible assets	1,157	1,059	4.0%
Intangible assets	69	52	32.7%
Tax assets	177	68	160.3%
Other assets	2,448	3,012	(18.7%)
Non-current assets and disposal groups classified as held for sale	-	-	-
TOTAL ASSETS	**12,679**	**11,220**	**13.0%**

(Thousands of euros)

LIABILITIES AND EQUITY	2025	2024	Var. %
Financial liabilities held for trading	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-
Financial liabilities measured at amortized cost	1,062	842	26.1%
Derivatives – Hedge accounting	-	-	-
Fair value changes of the hedge items in portfolio hedge of interest rate risk	-	-	-
Provisions	21	26	(19.2%)
Tax liabilities	762	558	36.6%
Other liabilities	1,247	1,162	7.7%
Liabilities included in disposal groups classified as held for sale	-	-	-
TOTAL LIABILITIES	**3,092**	**2,585**	**19.6%**
Capital	2,897	2,871	0.9%
Share premium	-	-	-
Equity instruments issued other than capital	-	-	-
Other equity	56	60	(6.7%)
Accumulated other comprehensive income	(8)	(8)	-
Retained earnings	2,960	2,647	11.8%
Revaluation reserves	10-	-	-
Other reserves	1,785	1,480	20.6%
(-) Treasury shares	-	-	-
Profit or loss attributable to owners of the parent	2,313	2,169	6.7%
(-) Interim dividends	(426)	(584)	(27.1%)
Minority interests	-	-	-
TOTAL EQUITY	**9,587**	**8,635**	**11.0%**
TOTAL EQUITY AND TOTAL LIABILITIES	**12,679**	**11,220**	**13.0%**

Source: Financial data shown as per audit annual accounts.

(Thousands of euros)

Aggregate P&L for the investment firms - Consolidated	2025	2024	Var.%
Interest income	60	53	13.2%
(Interest expenses)	(19)	(12)	58.3%
(Expense on share capital repayable on demand)	-	-	-
Dividend income	-	-	-
Fee and commission income	10,826	9,199	17.7%
(Fee and commission expenses)	(182)	(222)	(18.0%)
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss (net)	(1)	(1)	-
Gains or losses on financial assets and liabilities held for trading (net)	-	(2)-	(100.0%)-

Gains or losses on non-trading financial assets mandatorily at fair value through profit or (net)	82	86	(4.7%)
Gains or losses in financial assets and liabilities designated at fair value through profit or loss (net)	71	36	97.2%
Gains or losses from hedge accounting (net)	-	-	-
Exchange differences [gain or (-) losses] (net)	(7)	1	(800.0%)-
Gains or losses on derecognition of non-financial assets other than held for sale (net)	-	(324)	(100.0%)
Other operating income	31	228	(86.4%)
(Other operating expenses)	(45)	(5)	800.0%
Total operating income	**10,816**	**9,037**	**19.7%**
(Administrative expenses)	(7,698)	(6,194)	24.3%
(Depreciation)	(445)	(429)	3.7%
Modification gains or losses (net)	-	-	-
(Provisions or reversal of provisions (net)	(113)	(6)	1,783.3%-
(Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss)	-	2	(100.0%)-
(Impairment or reversal of impairment of investments in subsidiaries, joint ventures and associates)	-	-	-
(Impairment or reversal of impairment on non-financial assets)	-	(1)	-
Negative goodwill recognised in profit or loss	-	-	-
Share of the profit or loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	-	-	-
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	-	-	-
Profit or Loss before tax	**2,560**	**2,409**	**6.2%**
(Tax expenses or income related to profit or loss from continuing operations)	(229)	(219)	4.6%
Profit or Loss after tax	**2,331**	**2,190**	**6.4%**
Result after tax from discontinued operations (net)	(18)	(21)	(14.3%)
PROFIT OR LOSS FOR THE YEAR	**2,313**	**2,169**	**6.6%**
Attributable to minority interest	-	-	-
Attributable to owners of the parent	2,313	2,169	6.6%

Source: Financial data shown as per audit annual accounts.

Aggregate annual accounts of the CIS managements companies

Aggregate Balance Sheet for the CIS management companies – Consolidate

(Thousands of euros)

ASSETS	2025	2024	Var.%
Cash, cash balances at central Banks and other demand deposits	20,711	19,889	4.1%
Financial assets held for trading	238	343	(30.6%)-
Non-trading financial assets mandatorily at FV through P&L	15	-	-
Financial assets designated at FV through P&L	-	-	-
Financial assets at FV through OCI	-	-	-
Financial assets at amortised cost	9,815	5,031	95.1%
Derivatives – Hedge accounting	-	-	-
FV changes of the hedged items in portfolio hedge of IRR	-	-	-
Investments in subsidiaries, joint ventures and associates	-	-	-
Tangible assets	359	419	(14.3%)
Intangible assets	378	41	822%
Tax assets	207	252	(17.9%)
Other assets	3,956	3,635	8.8%
Non-current assets and disposal groups classified as held for sale	-	-	-
TOTAL ASSETS	**35,679**	**29,610**	**20.5%**

(Thousands of euros)

LIABILITIES AND EQUITY	2025	2024	Var. %
Financial liabilities held for trading	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-
Financial liabilities measured at amortised cost	500	730	(31.6%)
Derivatives – Hedge accounting	-	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-
Liabilities under insurance and reinsurance contracts	-	-	-
Provisions	1,071	1,387	(22.8%)
Tax liabilities	-	-	-
Other liabilities	5,661	3,667	54.4%
Liabilities included in disposal groups classified as held for sale	-	-	-
TOTAL LIABILITIES	**7,232**	**5,784**	**25.0%**
Capital	4,550	4,550	-
Share Premium	3,393	3,393	-
Equity instruments issued other than capital	-	-	-
Other equity	-	-	-
Accumulated other comprehensive income	-	-	-
Retained earnings	5,119	5,037	1.6%
Revaluation reserves	-	-	-
Other reserves	8,740	4,140	111.1%

(-) Treasury shares	-	-	-
Profit or loss attributable to owners of the parent	9,720	10,506	(7.5%)
(-) Interim dividends	(3,075)	(3,800)	(19.1%)
Minority interests	-	-	-
TOTAL EQUITY	**23,447**	**23,826**	**19.4%**
TOTAL EQUITY AND TOTAL LIABILITIES	**35,679**	**29,610**	**20.5%**

Source: Financial data shown as per audit annual accounts.

(Thousands of euros)

Aggregate P&L for the CIS management companies - Consolidated	2025	2024	Var. %
Interest income	234	197	18.8%
(Interest expenses)	(12)	(11)	9.1%
(Expenses on share capital refundable on demand)	-	-	-
Dividend income	-	-	-
Fee and commission income	27,698	26,141	6.0%
(Fee and commission expenses)	(14,369)	(13,431)	7.0%
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or less (net)	-	-	-
Gains or losses on financial assets and liabilities held for trading (net)	-	-	-
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss (net)	-	-	-
Gains or losses on financial assets and liabilities designated at fair value through profit or loss (net)	-	-	-
Gains or losses from hedge accounting (net)	-	-	-
Exchange differences [gain or loss] (net)	(4)	1	(500.0%)
Gains or losses on derecognition of non-financial assets other than held for sale (net)	-	5	(100.0%)
Other operating income	3,961	4,946	(19.9%)
(Other operating expenses)	(5)	(12)	(58.3%)
Total operating income	**17,503**	**17,836**	**(1.9%)**
(Administrative expenses)	(6,603)	(6,061)	8.9%
(Depreciation)	(120)	(117)	2.6%
Modification gains or losses (net)	-	-	-
(Provisions or reversal of provisions (net))	-	-	-
(Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss)	-	-	-
(Impairment or reversal of impairment of investments in subsidiaries, joint ventures and associates)	-	-	-
(Impairment or reversal of impairment on non-financial assets)	-	-	-
Negative goodwill recognised in profit or loss	-	-	-
Share of the profit or loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method.	-	-	-

Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	-	-	-
Profit or Loss before tax	10,780	11,658	(7.5%)
(Tax expense or income related to profit or loss from continuing operations)	(1,060)	(1,152)	(8.0%)
Profit or Loss after tax	9,720	10,506	(7.5%)
Profit or loss after tax from discontinued operations (net)	-	-	-
PROFIT OR LOSS FOR THE YEAR	9,720	10,506	(7.5%)
Attributable to minority interest	-	-	-
Attributable to owners of the parent	9,720	10,506	(7.5%)

Source: Financial data shown as per audit annual accounts.

ANNEX 2

Technical Communiqués issued in 2025

No.	Type	Title of Technical Communiqué	Date
1/2025	AFA	Update of tax quotas of fees for the provision of services by the AFA based on the evolution of the 2024 CPI.	03/02/2025
255/21	EB quater	Periodic information requirements.	12/02/2025
35-2025	A	Information obligations for supervisory, statistical and accounting purposes of insurance undertakings domiciled in the Principality of Andorra.	20/02/2025
36-2025	A	Information obligations for supervisory, statistical and accounting purposes of branches of foreign insurance undertakings authorised to operate in the Principality of Andorra.	20/02/2025
1/2025	EFI	Permanent annual meetings.	27/02/2025
1/2025	SGOIC	Permanent annual meetings.	27/02/2025
1/2025	SF	Countercyclical capital buffer 2nd quarter 2025.	31/03/2025
273/2025	EB	Statistical data at the European Central Bank.	12/06/2025
35-2025	A bis	Information obligations for supervisory, statistical and accounting purposes of insurance undertakings domiciled in the Principality of Andorra.	27/06/2025
2/2025	SF	Countercyclical capital buffer 3rd quarter 2025.	30/06/2025
255/21	EB quinquies	Periodic information requirements.	21/07/2025
4/2020	SF quater	Periodic information relating to investment services.	25/07/2025
49/SGOIC	SGOIC quinquies	Periodic reporting on collective investment schemes.	25/07/2025
3/2025	SF	Assessment of personal knowledge and competence that advises or informs about financial instruments.	16/09/2025
4/2025	SF	Minimum records to be maintained.	16/09/2025
5/2025	SF	Countercyclical capital buffer 4th quarter 2025.	26/09/2025
6/2025	SF	Capital buffer for systemically important entities.	24/10/2025
7/2025	SF	Countercyclical capital buffer 1st quarter 2026.	29/12/2025
255/21	EB sexies	Periodic information requirements.	29/12/2025



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