ANDBANK
Private Bankers

ANNUAL REPORT 2024

Index

00/ ANDBANK GROUP KEY FIGURES

Andbank Group key figures

Financial group founded in 1930.

Preserving and growing the wealth of our customers is our only goal.
Our values define us as an organisation, competitive and demanding in search of excellence.

1.326 Professionals

11 Wealth and Fund managers

6 Banking licenses

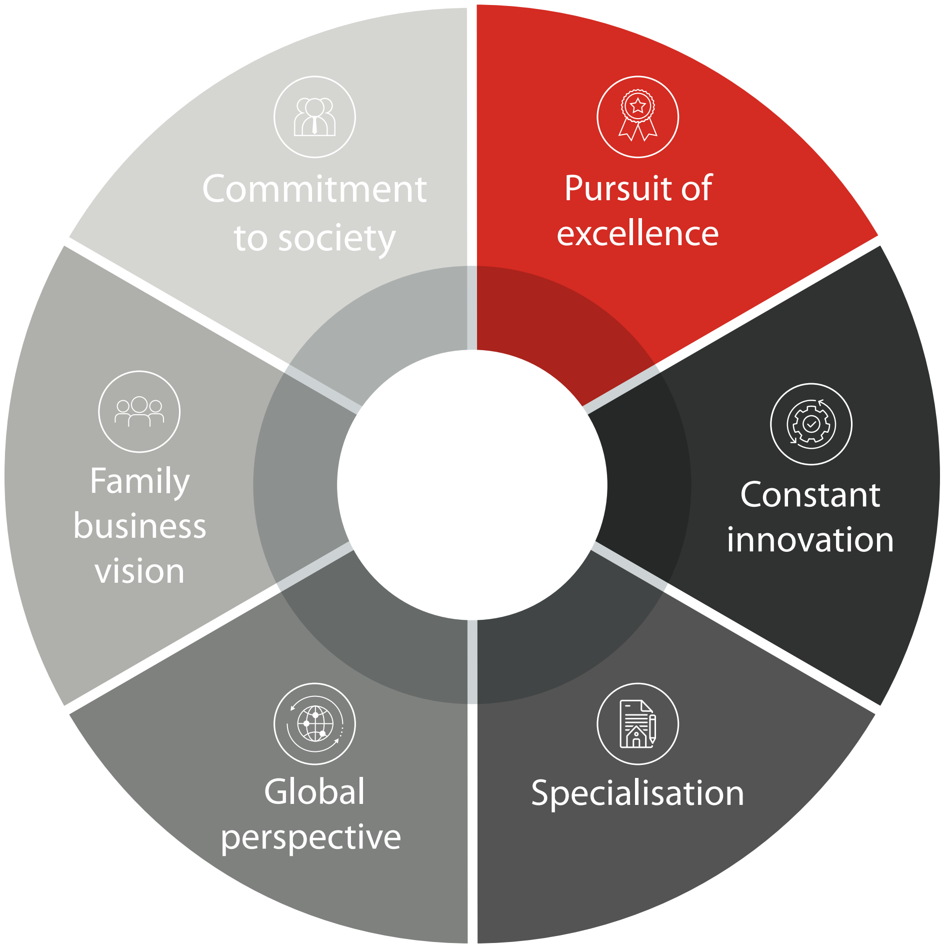
4 Brokerage agencies / Financial brokerage

3 Investment advisers

> “Preserving and growing the wealth of our customers is our only goal.

Andbank Values

"The values that unite us"



Key figures

52.4 MM€ Business volume

48.8 MM€ AUM

46 M€ Net profit

728 M€ Capital

109 M€ EBITDA

16.8 % TIER 1

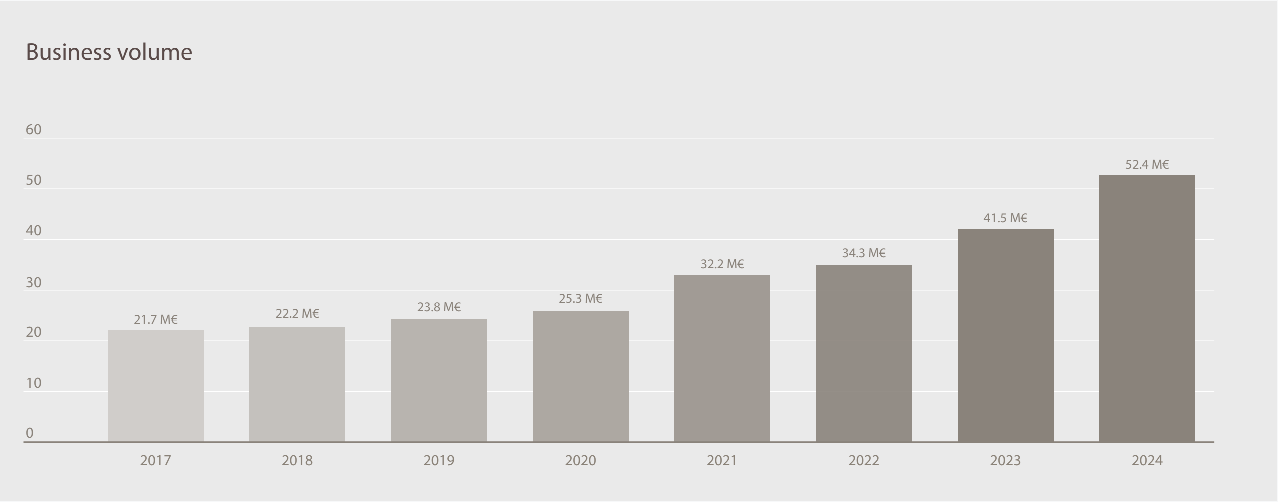
386.6 % Liquidity LCR

41.41 % LTD

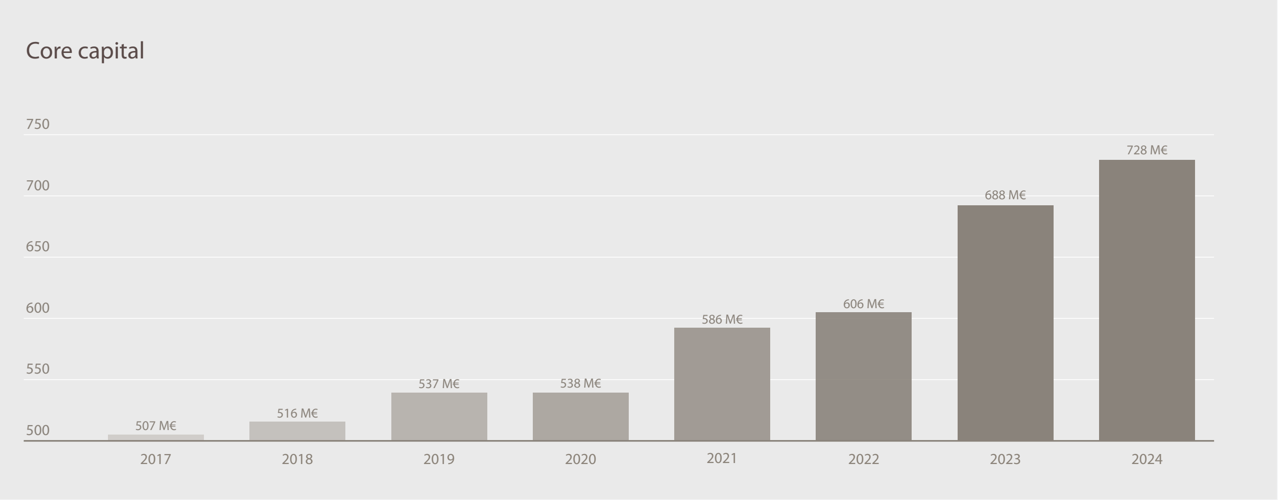
BBB Rating with a stable outlook

0.95 % NPL ratio

A bank that is growing



A sound bank



Dynamic and innovative

myinvestor myandbank Actyus

01/ LETTER FROM THE CHAIRMAN

Letter from the Chairman

Manel Cerqueda Donadeu

2024 was a positive year for most financial markets, which benefited from the generally strong performance of the majority of macroeconomic variables. In this context, the numerous geopolitical risks did not pose a threat to risk appetite.

The US economy continued to show robust growth. GDP expanded by 3.1%, driven by both public and private consumption. The labour market, one of the aspects watched most closely by those responsible for implementing economic policy last year, continued to return to normal, bringing the unemployment rate down to 4.1%. While growth remained solid, inflation also continued its downward trajectory towards the Federal Reserve's targets, although the pace of improvement slowed somewhat. In this environment, the Federal Reserve was able to begin a cycle of interest rate cuts, albeit cautiously.

We cannot neglect to mention the arrival of a new Republican administration in the White House under Donald Trump—an administration whose economic policy priorities portended significant impacts on the markets. Continued application of the tax cuts, deregulation, immigration policy and, above all, trade and tariff policy will shape the fate of the markets for much of 2025.

In the euro area, the economy improved slightly, with GDP growth reaching 0.9% and unemployment falling to 6.5%. The most noteworthy development, however, was that, as inflation stabilised, the European Central Bank was able to start reducing interest rates. The benchmark rate was cut on four occasions. We anticipate that this dynamic will continue into 2025.

China, the other economic giant, continued to grapple with certain structural weaknesses in its economy, but this did not prevent its GDP from growing by a solid 5.4%.

In this context, it is hardly surprising that global equities delivered returns above the historical average for the asset class. The S&P 500 rose by 23.3% and the Nasdaq 100 by 24.9%, with the companies linked to artificial intelligence, the so-called Magnificent Seven, taking a clear leading role. Europe as a whole performed somewhat less strongly, although the Eurostoxx 50 rose by 8.3% and the Ibex 35 excelled, with an increase of 14.8%. Fixed-income assets, supported by higher nominal interest rates and stable credit spreads, also achieved significant positive returns, with volatility levels remaining under control.

Looking ahead to 2025, attention has shifted towards managing the consequences of US tariff policy, which is increasingly being used as a geopolitical and economic weapon. The decisions announced so far have surprised the market, heightening perceptions of risks that were thought to have been overcome. Higher tariffs could ultimately lead to higher price levels globally and a downward revision of global growth expectations. The future course of events remains uncertain and could weigh on investor sentiment.

It is against this backdrop that we are carrying out the third and final year of our 2022–2024 strategic plan—a demanding plan that is being delivered through the dedication and effort of the 1,326 people who make up the Andbank Group across the 11 countries in which we operate.

Thanks to the team's commitment to excellence, the service provided to our clients, and our value proposition—which we review continuously—Andbank was able to end 2024 with a profit of 46 million euros, up 14.9% compared to 2023, and to achieve a business volume of 52,362 million euros, an increase of 26.1% and a record in both Andorra and Spain.

Assets under management grew by 27.7%, or 10,567 million euros, to 48,890 million euros, while the loan portfolio increased by 7.5%, reaching 3,472 million euros.

New business inflows—a figure of great importance to us—amounted to 7,798 million euros and the revaluation of client portfolios—with an average return of 7.2%—added 2,765 million euros.

As a result, gross income reached 339.2 million euros, up 12.8% compared to the previous year, and EBITDA (operating margin before depreciation and amortisation) came to 109 million euros, up 32%.

Equity rose to 728 million euros. Among the main ratios, the highlights are Tier 1 capital, which stood at 16.85% on a consolidated basis, and liquidity coverage (LCR), which increased to 386%, almost four times the regulatory minimum (100%) and also well above the European average (161%). The loan-to-deposit (LTD) ratio reached 41.41%, while the non-performing loan (NPL) ratio fell to 0.95%.

In 2024, Fitch Ratings confirmed Andbank's BBB rating with a stable outlook. The key factors for this assessment were Andbank's moderate risk profile, conservative liquidity management, asset quality, international scale, private banking specialisation and adequate capitalisation and profitability.

The agency also emphasised Andbank's international dimension and business scale, with a significant presence in Spain, surpassing that of its Andorran peers, which supports the bank's sound profitability and profit generation.

As regards corporate transactions, in June 2024 Andbank acquired a majority stake in Gesconsult, one of the leading independent asset management firms in the Spanish market. This acquisition added 300 million euros in volume to the bank's business in Spain, strengthening our position in the asset management and private banking industry, where we are already the leading specialist by volume. We also continued expanding our network of private banking centres in Spain, with new branches in Asturias and Mallorca.

We reduced our presence in Israel and in June completed the sale of a 43% stake in Sigma Clarity, a company specialising in wealth management and investment funds, retaining a 22% shareholding.

As regards our commitment to digital banking, special mentioned goes to MyInvestor—the neobank co-owned by the Andbank Group, AXA, El Corte Inglés and several family offices—which has made excellent progress. MyInvestor ended 2024 with record growth of 90%, reaching a business volume of 8,332 million euros and a net profit of 6.5 million euros and doubling its client base to 435,000.

Myandbank, Andbank's online channel in Andorra, also continued to grow at a good pace, ending the financial year with 22,500 clients, having doubled its business volume to 225 million euros, confirming its strong reception in the Principality just two years after launch.

Meanwhile, Actyus, the Group's venture capital manager, continued to expand its activities, launching new funds to support new economy companies in developing their projects.

Commitment

Naturally, in 2024 we continued to strengthen our corporate social responsibility activities, with the principal focus on support for cancer research. The Group continued to actively support the SJD Pediatric Cancer Center in Barcelona, the FERO Foundation, the Amb tu Foundation and the CRIS Foundation against Cancer. In addition, Andbank promoted various initiatives with NGOs to support institutions operating in the communities in which the Group operates.

There is no doubt—and this report reflects the fact—that our bank is firmly committed to growing efficiently and profitably. We are equally firmly convinced that a company can only grow sustainably over time if it has values that govern its activity and if its professionals live by those values on a daily basis. This is the case at Andbank, where we are able to build long-term relationships and thus deliver the best service to our clients through reliance on values such as professionalism, honesty, closeness, trust and transparency.

On behalf of the shareholders and the Board of Directors of the Andbank Group, I thus extend our most sincere thanks to our clients for their loyalty. At the same time, I would also like to express our deepest gratitude to the Andbank team for their commitment and dedication.

Manel Cerqueda Donadeu

Chairman

02/ REPORT AUDIT

Report audit

Deloitte.

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Translation of a report originally issued in Catalan based on our work performed in accordance with International Standards on Auditing (ISAs). In the event of a discrepancy, the Catalan-language version prevails.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Andorra Banc Agrícol Reig, SA,

Opinion

We have audited the accompanying consolidated financial statements of Andorra Banc Agrícol Reig, SA (the Parent) and other companies composing the Andbank Group (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of income, statement of changes in the consolidated net equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2024, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and concurrently adopted by Andorra (Andorran IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements that are applicable to our audit of the consolidated financial statements pursuant to the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code of Ethics) and have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Parent's directors are responsible for the other information. The other information comprises the consolidated annual report for 2024 under the terms established in Article 90 of Law 35/2018, of 20 December, on solvency, liquidity and prudential supervision of banking entities and investment firms, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of conclusion that provides a degree of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information ins materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Deloitte Andorra Auditors i Assessors, S.L.U. Inscrita en el Registre de Societats Mercantils d'Andorra. Núm. Registral de la Societat 13298, Llibre S-186, Foli 81-90, N.R.T.: L-708451-A.
Domicili Social: Bonaventura Armengol, 10. Edifici Montclar, Bloc 1. Planta 1era. Despatx 4. AD500 Andorra la Vella.

Responsibilities of the Directors and of the Audit and Compliance Committee for the Consolidated Financial Statements

The directors of the Parent are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and concurrently adopted by Andorra (Andorran IFRSs), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Parent are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Parent either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee of the Parent is responsible for overseeing the process involved in the preparation and presentation of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix I to this auditor's report. This description forms part of our auditor's report.

DELOITTE ANDORRA AUDITORS I ASSESSORS, S.L.

Álvaro Quintana

27 March 2025

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.

- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate evidence regarding the information of the entities or business activities within the Group to express an opinion on the Group's consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee of the Parent with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

03/ FINANCIAL STATEMENTS ANDBANK GROUP

Index for the consolidated annual accounts

Statement of financial position

		Thousands of euros
ASSETS	**31/12/24**	**31/12/23**
Cash, cash balances at central banks and other demand deposits (note 5)	**4,222,238**	**2,631,816**
Cash on hand	15,174	15,865
Cash balances at central banks	3,861,716	2,332,131
Other demand deposits	345,348	283,820
Financial assets held for trading (note 6)	**306,529**	**246,671**
Derivatives	147,068	145,835
Equity instruments	8,754	171
Debt securities	150,707	100,665
Non-trading financial assets mandatorily at fair value through profit or loss (note 7)	**6,461**	**7,626**
Equity instruments	6,461	7,626
Financial assets designated at fair value through profit or loss (note 8)	**22,847**	**22,046**
Debt securities	20,291	20,004
Loans and advances	2,556	2,042
Financial assets at fair value through other comprehensive income (note 9)	**317,948**	**380,518**
Equity instruments	14,287	6,512
Debt securities	303,661	374,006
Financial assets at amortised cost (note 10)	**4,440,834**	**4,382,815**
Debt securities	693,428	626,673
Loans and advances	3,747,406	3,756,142
Derivatives - Hedge accounting (note 11)	**7,140**	**11,678**
Fair value changes of the hedged items in portfolio hedge of interest rate risk (note 11)	**(3,790)**	**(9,027)**
Investments in subsidiaries, joint ventures and associates (note 12)	**9,548**	**3,781**
Assets under insurance and reinsurance contracts	**27,854**	**18,962**
Tangible assets (note 13)	**166,577**	**144,603**
Property, plant and equipment	112,352	97,298
Investment property	54,225	47,305
Intangible assets (note 14)	**227,772**	**225,741**
Goodwill	126,086	119,680
Other intangible assets	101,686	106,061
Tax assets (note 15)	**24,266**	**30,025**
Current tax assets	4,496	4,245
Deferred tax assets	19,770	25,780
Other assets (note 16)	**119,218**	**100,999**
Non-current assets and disposal groups classified as held for sale (note 17)	**461,677**	**472,961**
TOTAL ASSETS	**10,357,119**	**8,671,215**

The accompanying notes form an integral part of the consolidated financial statements for the year ended 31 December 2024.
The financial statements for 2023 are also included for comparative purposes (see note 2.c i d).

Statement of financial position

		Thousands of euros
LIABILITIES	**31/12/24**	**31/12/23**
Financial liabilities held for trading (note 6)	**93,237**	**98,539**
Derivatives	93,237	98,539
Financial liabilities designated at fair value through profit or loss	-	-
Financial liabilities measured at amortised cost (note 18)	**8,966,066**	**7,359,349**
Deposits	8,665,232	6,948,202
Debt securities issued	184,775	313,539
Other financial liabilities	116,059	97,608
Derivatives - Hedge accounting (note 11)	**7,143**	**41**
Fair value changes of the hedged items in portfolio hedge of interest rate risk (note 11)	-	-
Liabilities under insurance and reinsurance contracts	**27,843**	**18,845**
Provisions (note 19)	**22,091**	**18,015**
Tax liabilities (note 15)	**21,249**	**15,895**
Current tax liabilities	14,826	8,747
Deferred tax liabilities	6,423	7,148
Share capital repayable on demand	-	-
Other liabilities (note 16)	**105,505**	**105,940**
Liabilities included in disposal groups classified as held for sale (note 17)	**385,664**	**366,586**
TOTAL LIABILITIES	**9,628,798**	**7,983,210**

The accompanying notes form an integral part of the consolidated financial statements for the year ended 31 December 2024.
The financial statements for 2023 are also included for comparative purposes (see note 2.c i d).

Statement of financial position

CAPITAL AND RESERVES	31/12/24	31/12/23
	Thousands of euros	
Capital (note 20)	**82,807**	**83,441**
Paid up capital	82,807	83,441
Share premium (note 20)	**103,842**	**103,842**
Equity instruments issued other than capital (note 20)	**65,050**	**49,050**
Other equity instruments issued	65,050	49,050
Accumulated other comprehensive income (note 21)	**(35,487)**	**(37,037)**
Items that will not be classified to profit or loss	**(70)**	**49**
Intangible assets	-	93
Fair value changes of equity instruments measured at fair value through other comprehensive income	(70)	(44)
Items that may be reclassified to profit or loss	**(35,417)**	**(37,086)**
Foreign currency translation	(30,825)	(28,883)
Hedging derivatives Cash flow hedges (effective portion)	50	(228)
Fair value changes of debt instruments measured at fair value through other comprehensive income	(4,642)	(7,975)
Retained earnings (note 20)	**466,465**	**461,763**
Other reserves (note 20)	**(37,729)**	**(49,913)**
Reserves or accumulated losses of investments in subsidiaries, joint ventures and associates	125,782	113,598
Other	(163,511)	(163,511)
(-) Treasury shares	**(540)**	**(2,307)**
Profit or loss attributable to owners of the Parent	**46,018**	**40,060**
Minority interests (non-controlling interests)	**37,895**	**39,106**
Accumulated other comprehensive income	37,895	39,106
TOTAL EQUITY	**728,321**	**688,005**
TOTAL EQUITY AND LIABILITIES	**10,357,119**	**8,671,215**

The accompanying notes form an integral part of the consolidated financial statements for the year ended 31 December 2024,
The financial statements for 2023 are also included for comparative purposes (see note 2,c i d),

Statement of financial position

Thousands of euros

INCOME STATEMENT	31/12/24	31/12/23
Interest income (note 24)	**302,071**	**210,392**
Financial assets held for trading	4,583	6,148
Financial assets designated at fair value through profit or loss	712	496
Financial assets at fair value through other comprehensive income	11,215	8,544
Financial assets at amortised cost	285,521	195,198
Other assets	40	6
(Interest expenses) (note 24)	**(187,249)**	**(103,957)**
(Financial liabilities measured at amortised cost)	(185,826)	(102,924)
(Derivatives - Hedge accounting, interest rate risk)	(119)	(534)
(Other liabilities)	(1,304)	(499)
(Expenses on share capital repayable on demand)	-	-
Dividend income (note 25)	**128**	**220**
Non-trading financial assets mandatorily at fair value through profit or loss	15	102
Financial assets at fair value through other comprehensive income	113	118
Fee and commission income (note 26)	**226,470**	**220,535**
(Fee and commission expenses) (note 27)	**(96,012)**	**(90,254)**
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net (note 28)	**241**	**86**
Financial assets at fair value through other comprehensive income	(282)	69
Financial assets at amortised cost	523	17
Financial assets at fair value through other comprehensive income	-	-
Gains or losses on financial assets and liabilities held for trading, net (note 28)	**29,280**	**28,207**
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net (note 28)	**(8)**	**(50)**
Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net (note 28)	**288**	**418**
Gains or losses from hedge accounting, net (note 28)	**343**	**(59)**
Exchange differences (gain or loss), net (note 29)	**13,191**	**6,795**
Gains or losses on derecognition of non-financial assets, net	**4,536**	**667**
Other operating income (note 30)	**10,800**	**4,867**
(Other operating expenses) (note 30)	**(6,978)**	**(10,267)**
TOTAL OPERATING INCOME/EXPENSES, NET	**297,101**	**267,600**
(Administrative expenses) (note 31)	**(187,850)**	**(184,417)**
(Staff expenses)	(122,067)	(121,426)
(Other administrative expenses)	(65,783)	(62,991)
(Amortisation and depreciation)	**(33,572)**	**(30,899)**
(Property, plant and equipment) (note 13)	(18,739)	(17,356)
(Investment properties) (note 13)	(22)	(24)
(Other intangible assets) (note 14)	(14,811)	(13,519)
Modification gains or losses, net	-	-
(Provisions or reversal of provisions) (note 32)	**(7,255)**	**(286)**
(Commitments and guarantees given)	48	(36)
(Other provisions)	(7,303)	(250)

Thousands of euros

INCOME STATEMENT	31/12/24	31/12/23
(Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss) (note 33)	**717**	**5,841**
(Financial assets at fair value through other comprehensive income)	109	224
(Financial assets at amortised cost)	608	5,617
(Impairment of reversal of impairment on investments in subsidiaries, joint ventures and associates)	**-**	**-**
(Impairment or reversal of impairment on non-financial assets) (note 34)	**(630)**	**(626)**
(Property, plant and equipment)	-	150
(Goodwill)	-	(650)
(Other intangible assets)	(630)	(126)
(Other)	-	-
Negative goodwill recognised in profit or loss (note 3)	**-**	**-**
Share of the profit or loss of investments in subsidiaries, joint ventures and associates	**1,105**	**1,059**
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (note 35)	**(5,401)**	**(5,621)**
PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS	**64,215**	**52,651**
(Tax expense or income related to profit or loss from continuing operations) (note 37)	(14,879)	(12,112)
PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS	**49,336**	**40,539**
Profit or loss after tax from continuing operations	**-**	**-**
PROFIT OR LOSS FOR THE YEAR	**49,336**	**40,539**
Attributable to minority interest (non-controlling interests)	3,318	479
Attributable to owners of the Parent	**46,018**	**40,060**

The accompanying notes form an integral part of the consolidated financial statements for the year ended 31 December 2024.
The financial statements for 2023 are also included for comparative purposes (see note 2.c i d).

Statement of comprehensive income

Thousands of euros

STATEMENT OF COMPREHENSIVE INCOME	31/12/24	31/12/23
Profit or loss for the year	**49,336**	**40,539**
Other comprehensive income	**1,550**	**7,024**
Items that will not be classified to profit or loss	**(119)**	**101**
Intangible assets	(93)	93
Fair value changes of equity instruments measured at fair value through other comprehensive income	(26)	9
Income tax relating to items that will not be reclassified	-	(1)
Items that may be reclassified to profit or loss	**1,669**	**6,923**
Foreign currency translation	**(1,941)**	**1,463**
Translation gains or losses taken to equity	(1,941)	1,463
Hedging derivatives Cash flow hedges (effective portion)	**309**	**(2,338)**
Valuation gains or losses taken to equity	309	(2,338)
Debt instruments at fair value through other comprehensive income	**-**	**8,405**
Valuation gains or losses taken to equity	3,702	8,405
Income tax relating to items that may be reclassified to profit or loss	(401)	(607)
Total comprehensive income for the year	**50,886**	**47,563**
Attributable to minority interest (non-controlling interest)	3,318	479
Attributable to owners of the Parent	47,568	47,084

The accompanying notes form an integral part of the consolidated financial statements for the year ended 31 December 2024.
The financial statements for 2023 are also included for comparative purposes (see note 2.c i d).

Statement of changes in equity

	Capital	Share premium	Equity instru-ments issued other than capital	Accumulated other comprehensive income
Balance at 31 December 2023	**83,441**	**103,842**	**49,050**	**(37,037)**
Effects of corrections of errors	-	-	-	-
Effects of changes in accounting policies	-	-	-	-
Balance at 1 January 2024	**83,441**	**103,842**	**49,050**	**(37,037)**
Issuance of preference shares	-	-	16,000	-
Dividends	-	-	-	-
Purchase of treasury shares	-	-	-	-
Sale or cancellation of treasury shares	(634)	-	-	-
Transfers among components of equity	-	-	-	-
Equity increase or decrease resulting from business combina-tions	-	-	-	-
Other increase or decrease in equity	-	-	-	-
Total comprehensive income for the year	-	-	-	1,550
Balance at 31 December 2024	**82,807**	**103,842**	**65,050**	**(35,487)**

	Capital	Share premium	Equity instru-ments issued other than capital	Accumulated other comprehensive income
Balance at 31 December 2022	**83,441**	**103,842**	**33,950**	**(44,061)**
Effects of corrections of errors	-	-	-	-
Effects of changes in accounting policies	-	-	-	-
Balance at 1 January 2023	**83,441**	**103,842**	**33,950**	**(44,061)**
Issuance of preference shares	-	-	15,100	-
Exercise or expiration of other equity instruments issued	-	-	-	-
Dividends	-	-	-	-
Transfers among components of equity	-	-	-	-
Equity increase or decrease resulting from business combina-tions	-	-	-	-
Other increase or decrease in equity	-	-	-	-
Total comprehensive income for the year	-	-	-	7,024
Balance at 31 December 2023	**83,441**	**103,842**	**49,050**	**(37,037)**

The accompanying notes form an integral part of the consolidated financial statements for the year ended 31 December 2024,
The financial statements for 2023 are also included for comparative purposes (see note 2,c i d),

Thousands of euros

Retained earnings	Other reserves	(-) Treasury shares	Profit or loss attributable to owners of the Parent	Minority interests Accumulated other comprehensive income	Total
461,763	**(49,913)**	**(2,307)**	**40,060**	**39,106**	**688,005**
-		-	-	-	-
-	-	-	-	-	-
461,763	**(49,913)**	**(2,307)**	**40,060**	**39,106**	**688,005**
-	-	-	-	-	16,000
(11,500)	-	-	-	-	(11,500)
-	-	(3,539)	-	-	(3,539)
(4,272)	-	5,306	-	-	400
23,003	-	-	(40,060)	-	(17,057)
-	164	-	-	-	164
(2,529)	12,020	-	-	(4,529)	4,962
-	-	-	46,018	3,318	50,886
466,465	**(37,729)**	**(540)**	**46,018**	**37,895**	**728,321**

Thousands of euros

Retained earnings	Other reserves	(-) Treasury shares	Profit or loss attributable to owners of the Parent	Minority interests Accumulated other comprehensive income	Total
455,467	**(61,911)**	**(2,307)**	**30,123**	**8,230**	**606,774**
-		-	-	-	-
-	-	-	-	-	-
455,467	**(61,911)**	**(2,307)**	**30,123**	**8,230**	**606,774**
-	-	-	-	-	15,100
-	-	-	-	-	-
(5,000)	-	-	-	-	(5,000)
13,008	-	-	(30,123)	-	(17,115)
-	9,600	-	-	-	9,600
(1,712)	2,398	-	-	30,397	31,083
-	-	-	40,060	479	47,563
461,763	**(49,913)**	**(2,307)**	**40,060**	**39,106**	**688,005**

	STATEMENT OF CASH FLOWS	31/12/24	31/12/23
			Thousands of euros
A.	**Cash flows from operating activities**	**1,712,023**	**2,210,141**
	Profit for the year	**46,018**	**40,060**
	Adjustments to obtain cash flows from operating activities	**35,650**	**30,280**
	Depreciation and amortisation	33,571	30,898
	Other adjustments	2,079	(618)
	Net increase/(decrease) in operating assets	**(82,108)**	**616,054**
	Financial assets held for trading	(61,332)	142,669
	Non-trading financial assets mandatorily at fair value through profit or loss	365	(9,471)
	Financial assets at fair value through other comprehensive income	66,444	(139,121)
	Financial assets at amortised cost	(68,944)	625,430
	Other operating assets	(18,641)	(3,453)
	Net increase in operating liabilities	**1,701,671**	**1,518,716**
	Financial liabilities held for trading	(5,481)	6,848
	Financial liabilities at amortised cost	1,708,366	1,501,174
	Other operating liabilities	(1,214)	10,694
	Income tax received	**10,792**	**5,030**
B.	**Cash flows from investing activities**	**8,788**	**1,637**
	Payments	**(17,169)**	**(278,212)**
	Tangible assets	(7,354)	(9,254)
	Intangible assets	(11,066)	(10,496)
	Investments in joint ventures and associates	(5,418)	-
	Subsidiaries and other business units	(300)	-
	Non-current assets and liabilities classified as held for sale	6,969	(258,461)
	Receipts	**25,957**	**279,849**
	Tangible assets	5,908	2,566
	Subsidiaries and other business units	164	26,165
	Non-current assets and liabilities classified as held for sale	19,885	251,117
C.	**Cash flows used in financing activities**	**(130,389)**	**(121,660)**
	Payments	**(146,789)**	**(136,760)**
	Dividends	(11,500)	(5,000)
	Debt securities	(128,764)	(129,594)
	Redemption of own equity instruments	(2,986)	(2,166)
	Acquisition of own equity instruments	(3,539)	-
	Receipts	**16,400**	**15,100**
	Debt securities	-	-
	Issuance of own equity instruments	16,000	15,100
	Disposal of own equity instruments	400	-
D)	**Effect of exchange rate fluctuations**	**-**	**-**
E)	**Net increase in cash and cash equivalents (a+b+c+d)**	**1,590,422**	**2,090,117**
F)	**Cash and cash equivalents at the beginning of the period**	**2,631,816**	**541,699**
G)	**Cash and cash equivalents at end of the period**	**4,222,238**	**2,631,816**

The accompanying notes form an integral part of the consolidated financial statements for the year ended 31 December 2024.
The financial statements for 2023 are also included for comparative purposes (see note 2.c i d).

Notes to the Consolidated Annual Accounts

1. Nature, activity and composition of the Group

Andorra Banc Agrícol Reig, S.A. (hereinafter "Andbank" or "the Bank") is a limited liability company incorporated in 1930, protected by the law of Andorra, with registered offices in Escaldes-Engordany (Principality of Andorra). The Bank's statutory activity is to carry out banking activities, as defined by the regulations of the Andorran financial system. In addition, it can undertake any necessary activity or which complements its statutory activity. The Bank operates under the Tax Registration Number (TRN) A700158F.

In order to adapt to Law 7/2013 of 9 May 2013, on 28 June 2013 the Board of Directors expanded the statutory activities to all those activities that Andorran financial system legislation allows banking entities to carry out, including as many operations and activities which are accessory or complementary to the principal activity.

The Bank's registered offices are at Carrer Manel Cerqueda i Escaler, number 46, Escaldes - Engordany, Principality of Andorra.

In order to carry out the aforementioned statutory and principal activity, Andorra Banc Agrícol Reig, SA has the following commercial numbers: 915893 A, Casa Muxero, AD100-Canillo; 908555 X, Avda. Coprínceр Episcopal, 006, AD200-Encamp; 906922 G, Carrer Sant Jordi 012, Edifici La Morera, Local E, Pas de la Casa, AD200-Encamp; 909868 F, Casa Nova Joanet, AD300-Ordino; 909099 Z, Avda. Sant Antoni 032, Edifici Ferrand's, AD400-La Massana; 917946 Z, Plaça Rebes 007, AD500-Andorra La Vella; 911590 B, Avda. de Tarragona 014, Edifici l'Illa, AD500-Andorra La Vella; 906921 H, Avda. Verge de Canòlich, 053, AD600-Sant Julià de Lòria; 910675 E, Avda. Fiter i Rosell, 004 B, Edifici Centre de Negoci, AD700-Escaldes-Engordany.

At an extraordinary and universal meeting held on 10 May 2002, the shareholders adopted a resolution to change its registered name from Banc Agrícol i Comercial d'Andorra, S.A., to Andorra Banc Agrícol Reig, S.A., together with a corresponding modification of article 1 of its articles of association.

Andbank is the Parent of the Andorra Banc Agrícol Reig Group (hereinafter the Group or the Andbank Group), which comprises the companies listed in Appendix I.

As a member of the Andorran financial system, the Andbank Group is subject to the supervision of the AFA, the Andorran financial system's authority which performs its functions independently from the General Administration. The Andbank Group is also subject to compliance with local Andorran legislation (see note 41).

2. Basis of presentation of the consolidated annual accounts

•a. Compliance with IFRS as adopted by the Andorran Government

The consolidated annual accounts for 2024 have been prepared in accordance with International Financial Reporting Standards as adopted by the Andorran Government (IFRS-Andorra) which are set out in the Decree dated 28 December 2016 which approves the accounting framework applicable to entities operating in the Andorran financial system and to Andorran collective investment undertakings in accordance with the international financial reporting standards as adopted by the European Union (IFRS-EU) which have now been adopted by Andorra, to give a fair view of the consolidated equity, consolidated financial position, consolidated results of operations, consolidated cash flows and changes in consolidated equity of Andorra Banc Agrícol Reig, S.A. and subsidiaries at 31 December 2024 in accordance with the aforementioned framework.

International Financial Reporting Standards are the standards and interpretations issued by the International Accounting Standards Board (IASB). These standards comprise:

– International Financial Reporting Standards (hereinafter "IFRS").

– International Accounting Standards (hereinafter "IAS").

– IFRIC interpretations (hereinafter "IFRIC"); and

– SIC interpretations (hereinafter "SIC")

•b. Basis of presentation of the annual accounts

The consolidated annual accounts have been prepared on the basis of the accounting records of Andorra Banc Agrícol Reig, SA and the entities included in the Group, on a going concern basis.

The consolidated annual accounts have been prepared using the relevant accounting principles and valuation standards detailed in note 3. No mandatory accounting principles having a significant effect on the consolidated annual accounts have been excluded during their preparation. Since the accounting principles and measurement criteria applied in the preparation of the Group's 2024 consolidated annual accounts may differ from those used by some of the entities comprising the Group, certain adjustments and reclassifications have been made in the consolidation process in order to standardise these principles and criteria and bring them into line with IFRS-Andorra and IFRS-EU applied by the Group.

The consolidated annual accounts for 2023, prepared in accordance with IFRS-Andorra and IFRS-EU in force in 2023, were approved by the shareholders at a general meeting held on 24 April 2024. The 2024 consolidated annual accounts of the Group and the annual accounts of the entities forming part of the Group, are pending approval by their respective shareholders. However, the Bank's directors consider that these annual accounts will be approved without any significant changes.

•c. Comparative information

At 31 December 2024 the consolidated annual accounts have been prepared in accordance with IFRS-Andorra and IFRS-EU and based on this accounting framework they include comparative information. The information contained in the accompanying consolidated financial statements at 31 December 2023 and consolidated notes thereto, prepared in accordance with standards prevailing in 2023, is presented solely and exclusively for the purpose of comparison with the information for 2024 and therefore does not constitute consolidated annual accounts of the Andbank Group for 2024.

•d. Changes in accounting criteria and correction of errors

The statements of financial position, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and the notes thereto for 2024 include comparative figures for 2023, which do not differ from those approved by the shareholders at a general meeting held on 24 April 2024.

During 2024 no changes in accounting criteria have arisen, or have any corrections been made to misstatements which have a significant effect on the consolidated profit for the year or on the consolidated balance sheet.

•e. Functional and presentation currency

The figures disclosed in these consolidated annual accounts are expressed in Euros, the Group's functional currency. All the financial information is expressed in thousands of Euros.

•f. Relevant accounting estimates and relevant assumptions and judgements when applying accounting policies

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the accounting principles to prepare the consolidated annual accounts in accordance with IFRS-Andorra and IFRS-EU. A summary of the items requiring a higher degree of judgement, complexity or where the assumptions and estimates made are significant to the preparation of the consolidated annual accounts, is as follows:

(i). Relevant accounting estimates and assumptions

The main estimates made by the Group's directors to prepare these consolidated annual accounts are as follows:

- Impairment losses on financial assets and fair value of associated guarantees.
- Impairment losses on tangible assets.
- Impairment losses on non-current assets held for sale.
- Estimates of useful lives of intangible assets.
- Estimates used to calculate provisions.
- Assumptions used in actuarial calculations made to measure pension obligations and post-employment obligations.
- Fair value of certain financial assets and financial liabilities not quoted or quoted on official secondary markets.
- Fair value of investments in subsidiaries, joint ventures and associates.

These estimates have been calculated based on the best information available at the date of these consolidated annual accounts, although future events may require changes to these estimates in subsequent years.

(ii). Relevant judgements

Information on critical judgements on the application of accounting policies which have a significant effect on the amounts recognised in the consolidated financial statements mainly refers to:

- Classification of financial assets: evaluation of the business model used by the Group for managing the financial assets and evaluation of the contractual cash flow characteristics of financial assets.
- Establishing of criteria to determine whether the credit risk of financial assets has increased significantly since initial recognition and determining of the methodology to measure the expected credit loss.
- Determination of control over investees.

•g. New requirements of the IFRS introduced in 2024

During 2024 the following standards, amendments and interpretations published by the IASB and approved for their adoption in the European Union and Andorra have come into force:

Standards and interpretations approved for their adoption in the European Union and Andorra.		Mandatory adoption - years beginning on or after:
Amendments to IAS 1. Classification of liabilities as current or non-current	The objective is to improve the determination of a liability as current or non-current. This focuses on loans and their covenants, where the convertible debt could mean that it should be classified as a current liability, and the possible effects that reclassification could have on covenants.	**1 January 2024**
Amendments to IFRS 16. Lease liability in a sale and leaseback	These amendments specify how a seller-lessee measures the lease liability arising from a sale and leaseback transaction so that the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.	**1 January 2024**
Amendments to IAS 7 and IFRS 7. Supplier finance arrangements	To add disclosure requirements for the purpose of providing qualitative and quantitative information about supplier finance arrangements.	**1 January 2024**

These standards, amendments and interpretations adopted have not had a significant impact on the Group's financial statements from 1 January 2024 to 31 December 2024.

•h. Recent IFRS pronouncements

During 2025 and prior to the date these annual accounts were authorised for issue, the following amendments published by the IASB and approved for their adoption in the European Union and Andorra have come into force:

Standards and interpretations approved for their adoption in the European Union and Andorra.		Mandatory adoption - years beginning on or after:
Amendments to IAS 21. The effects of changes in foreign exchange rates: lack of exchangeability	The aim of this amendment is to clarify when it is considered that a currency is exchangeable into another currency and how to estimate the spot exchange rate when it is considered that a currency lacks exchangeability.	1 January 2025

At the date these annual accounts were authorised for issue, the most significant standards, amendments and interpretations published by the IASB but which have still not been adopted by the European Union or Andorra, are as follows:

Standards and interpretations pending approval for their adoption in the European Union and Andorra.		Mandatory adoption - years beginning on or after:
Amendments to IFRS 9 and IFRS 7. Classification and measurement of financial instruments	This amendment introduces changes relating to financial liabilities settled using an electronic payment system and with the assessment of the characteristics of contractual cash flows of financial assets with ESG-linked features. In addition, the disclosure requirements in investments in equity instruments designated at fair value through other comprehensive income are amended, and disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs were added.	1 January 2026
Annual improvements - Volume 11	These amendments include clarifications, simplifications, corrections and minor changes aimed at improving the coherence of IFRS 1 First-time adoption of IFRS, IFRS 7 Financial instruments: disclosures and their application guidance, IFRS 9 Financial instruments, IFRS 10 Consolidated financial statements and IAS 7 Statement of cash flows.	1 January 2026
IFRS 18 . Presentation and disclosure in financial statements	This new IFRS 18 will replace the current IAS 1 with the aim at improving the quality of the presentation of financial information by introducing the following requirements: - Introduction of a new classification of income and expenses (operating, investing and financing), as well as the obligation to include subtotals as operating profit or loss in the income statement. - Disclosures on management-defined performance measures (MPMs) will be required in the explanatory notes to the annual accounts. - New principles for aggregation and disaggregation of financial information will be introduced. In addition, IFRS 18 introduces narrow-scope amendments to IAS 7 Cash flow statements, IAS 33 Earnings per share and IAS 34 Interim financial reporting. These amendments have to be applied as of the date IFRS 18 enters into force.	1 January 2027
IFRS 19 . Subsidiaries without public accountability: Disclosures	The application of this standard is optional and it permits eligible subsidiaries to provide reduced disclosures in their financial statements when they decide to apply IFRS. Eligible entities are those which are not of public interest and which belong to a group preparing consolidated financial statements under IFRS.	1 January 2027

At the date these financial statements were authorised for issue, the Group had still not evaluated the effect that these standards could have on its financial statements, as they had not been approved for use in the European Union or Andorra.

3. Relevant accounting principles and valuation standards

•a. Business combinations and consolidation principles

The consolidated financial statements of the Group at 31 December 2024 and 2023 have been prepared by the management of the Group.

The Andbank Group's consolidated statement of position includes, in addition to the figures for the Parent, those corresponding to the subsidiaries, jointly-controlled entities and associates. Appendix I contains a list of these companies.

The process used to integrate the assets and liabilities of these companies is carried out based on the type of control or influence exercised thereon.

(i) Subsidiaries

The statement of financial position includes, in addition to the figures for the Parent, those corresponding to the subsidiaries, jointly-controlled entities and associates.

The process used to integrate the assets and liabilities of these companies is carried out based on the type of control or influence exercised thereon.

The Andbank Group considers subsidiaries to be those over which it has control. Control arises when:

- It has power over the investee.
- It has exposure, or rights, to variable returns from its involvement with the investee.
- It has the ability to use its power over the investee to affect the amount of the investor's returns

Generally, voting rights give the power to direct relevant activities of an investee. To calculate this, all the direct and indirect voting rights are taken into account, including the potential rights such as call options on equity instruments of the investee. In certain situations, power could be used to direct activities without having the majority of voting rights.

In these situations it is evaluated whether it has the practical ability to direct its relevant activities unilaterally. Relevant activities include financial or operating activities or those relating to the appointment and remuneration of the management bodies, inter alia.

Prior to consolidation the financial statements of the subsidiaries are unified to IFRS-EU and IFRS-Andorra.

The subsidiaries are fully consolidated, irrespective of their activity, with those of the Andbank Group, which involves aggregating the assets, liabilities and equity, income and expenses of a similar nature disclosed in the individual statements of financial position. A percentage of the carrying amount of direct and indirect holdings in subsidiaries is eliminated equivalent to the proportion of equity of these subsidiaries represented by these holdings. The remaining balances and transactions between consolidated companies are eliminated in the consolidation process.

Results of the subsidiaries acquired during the year are consolidated based on the results generated since the acquisition date. Likewise, the results of subsidiaries which cease to be subsidiaries during the year, are consolidated by the amount of the results generated from the beginning of the year to the date on which control is lost.

Acquisitions and disposals which do not imply a change of control in the investee are recognised as asset and liability transactions and no gains or losses are recognised in the consolidated income statement. The difference between the consideration given or received and the decrease or increase of non-controlling interests, respectively, is recognised under reserves.

IFRS 10 stipulates that when control of a subsidiary is lost, the assets, liabilities and non-controlling interests, as well as other items which could be recognised in valuation adjustments must be derecognised from the consolidated statement of financial position and the fair value of the consideration received as well as any retained investment is recognised. The difference between both these amounts is recognised in the consolidated income statement.

(ii). Joint ventures (jointly-controlled entities)

The Andbank Group considers jointly-controlled entities to be those which are not subsidiaries and which, due to contractual agreement, it controls together with other shareholders. In these situations, decisions about the relevant activities generally require the unanimous consent of the parties sharing control.

Prior to consolidation the financial statements of the jointly-controlled entities are unified to IFRS-EU and IFRS-Andorra.

(iii). Associates

Associates are entities over which the Andbank Group, either directly or indirectly, exercises significant influence (understood as the power to participate in the financial and operating policy decisions of an entity but is not control of those policies) and which are not subsidiaries or jointly-controlled entities. Significant influence arises, in the majority of cases, when 20% or more of the voting power of the investee is held. If less than 20% of the voting power is held, significant influence shall arise if any of the circumstances indicated in IAS 28 exist. The circumstances which usually evidence the existence of significant influence are the representation on the board of directors, participation in policy-making processes of the investee, the existence of material transactions between the entity and its investee, the interchange of managerial personnel or the provision of essential technical information.

Exceptionally, those entities in which more than 20% of voting rights are held in the investee are not considered as associates, since it can be clearly demonstrated that this influence does not exist and therefore the Andbank Group loses the power to participate in financial and operating policy decisions.

Prior to consolidation, the financial statements of the associates are harmonised with IFRS-EU.

Associates are accounted for in the consolidated statement of financial position of the Andbank Group using the equity method, i.e. for the percentage of their equity equal to the Andbank Group's percentage shareholding, after taking into account dividends received and other equity eliminations. The same percentage of any gains or losses from transactions with associates is eliminated. The proportional part is recognised in the Andbank Group's income statement based on the economic participation of the results of associates.

The Andbank Group has not used the financial statements of entities which are equity accounted and which refer to a date different to that of the Parent of the Andbank Group.

(iv). Business combinations

Accounting standards define business combinations as the union of two or more entities in a single entity or group of entities, with the acquirer obtaining control of another entity at the acquisition date. For those business combinations in which the Group obtains control, the cost of the business combination is determined, which is generally the fair value of the consideration transferred.

This consideration will be formed of assets acquired, liabilities assumed vis-a-vis the former owners of the acquiree and the equity interests issued by the acquirer. At acquisition date, the difference between the following is evaluated:

- The sum of the fair value of the consideration transferred, the non-controlling interests and the previously held equity interest in the entity or acquiree.
- The total net identifiable assets acquired and liabilities assumed, measured at fair value.

The positive difference between i) and ii) is recognised under Intangible assets - Goodwill on the balance sheet, provided that allocation is not possible to specific equity items or identifiable intangible assets of the entity or the acquiree. If the difference is negative, it will be recognised under Negative goodwill recognised in profit or loss on the income statement.

(v). Andbank Group companies

Appendix 1 includes information on the subsidiaries, jointly-controlled entities and associates included in the consolidated group, providing details of their domicile, percentage ownership and activities.

A brief description of the significant events arising in the Andbank Group companies during 2024 and 2023 is as follows:

2024

On 10 January 2024 the AFA authorised Andorra Banc Agrícol Reig, S.A. ("Andbank") to perform the following: (i) acquisition by its Spanish subsidiary MyInvestor Banco, S.A. ("MyInvestor Banco") of 521,279 shares representing 1.466% of MyInvestor Banco, i; (ii) reduction of the share capital of MyInvestor Banco in the amount of Euros 521,279, by redeeming all of the aforementioned treasury shares ("Acquisition of Treasury Shares" and "MyInvestor Capital Reduction", respectively). Banco de España communicated its authorisation of the Acquisition of Treasury Shares and the MyInvestor Capital Reduction on 3 January 2024. In follow-up to what is mentioned above, prior to the execution of the Acquisition of Treasury Shares on 16 February 2024, on the same date the MyInvestor Capital Reduction was formalised in a public deed, setting the share capital of MyInvestor Banco at the amount of Euros 35,026,072, represented by 35,026,072 shares, each with a par value of Euro 1. At 31 December 2024 the share capital of MyInvestor Banco is for the amount referred to above.

On 26 February 2024 the AFA authorised Andbank to carry out the following transactions: (i) the acquisition by MyInvestor Banco of a 73.47% stake in the share capital of the Spanish company Hellohipoteca, S.L. ("Helloteca" and the "Helloteca Acquisition", respectively) and, indirectly, of its subsidiary Lender Digital Finance, S.L.U., (ii) the reduction of the capital of Helloteca by Euros 1,665,159.58 Euros by redeeming 166,515,958 shares ("Helloteca Capital Reduction"), and; (iii) the increase in capital of Helloteca by Euros 750,000 by means of a monetary contribution and by creating 75,000,000 new shares with a share premium of Euros 1,250,000, an amount that was fully paid by the shareholder MyInvestor Banco ("Helloteca Capital Increase"). The Helloteca Acquisition was formalised in a public deed on 19 March 2024 and the Helloteca Capital Reduction and the Helloteca Capital Increase were formalised in a public deed on 25 July 2024. After that date, during the second half of 2024 MyInvestor acquired shares from minority shareholders of Helloteca, and held a 99.97% shareholding at year end.

On 26 February 2024 the AFA authorised Andbank to acquire for its Spanish subsidiary Andbank España Banca Privada, S.A.U. ("Andbank España") a shareholding representing 30% of the share capital of the Spanish company Augusta Ream, S.L. ("Augusta" and the "Augusta Acquisition"). The Augusta Acquisition was formalised in a public share capital increase deed dated 19 March 2024.

On 27 March 2024 the AFA authorised Andbank to acquire a 100% stake in the Spanish company Inversiones Gambito, S.A. ("Inversiones Gambito"). The acquisition of Inversiones Gambito was formalised in June 2024 through Andbank's acquisition from the vendor shareholders of 747,759 shares representing a total stake of 91.68% of the share capital of Inversiones Gambito (the "Acquisition of Inversiones Gambito"). Prior to this transaction, Andbank held 30,366 shares representing 3.72% of the share capital of Inversiones Gambito and, in turn, Inversiones Gambito held 37,500 own shares representing 4.60% of its share capital.

On 28 May 2024, the AFA authorised Andbank to sell 413 shares of its Israeli subsidiary Sigma-Clarity, Ltd ("Sigma-Clarity") representing 41.3% of the share capital of Sigma-Clarity (the "Sale of Sigma-Clarity"), holding a stake of 22.34% at 31 December 2024. The Israel Securities Authority notified its authorisation for the Sale of Sigma-Clarity on 16 April 2024. The Sale of Sigma-Clarity was formalised in June 2024. This transaction had an impact of Euros 3.4 million on the consolidated income statement, mainly under "Gains or losses on derecognition of non-financial assets, net".

On 6 June 2024, following previous communications sent by Andbank to the AFA, Andbank informed the aforementioned supervisor of a non-binding letter of intent for the sale to a third party of its stake, through Zumzeiga, B.V., in its Mexican subsidiary Columbus de Mexico, S.A. de C.V. Asesor en Inversiones Independiente (the "Sale of Columbus"). To complement the above, and as a relevant event occurring during 2024 but formalised in 2025, on 12 January 2025, Andbank requested prior authorisation from the AFA for the Sale of Columbus, subject to, inter alia, prior authorisation from the AFA and the National Banking and Securities Commission of Mexico.

On 9 July 2024, the AFA authorised Andbank to make a shareholder contribution, without increasing the share capital, to its direct Spanish subsidiary Actyus Private Equity, S.G.I.I.C., S.A.U. for the amount of Euros 150,000 (the "Actyus Shareholder Contribution"). The Actyus Shareholder Contribution was formalised in a sole shareholder's resolution on 15 July 2024.

On 25 July 2024, the AFA authorised Andbank España Banca Privada to acquire 77.92% of the share capital of the Spanish company Gesconsult, S.A., S.G.I.I.C. (the "Gesconsult Acquisition"). The CNMV communicated its non-opposition to the Gesconsult Acquisition on 7 October 2024. The Gesconsult Acquisition was formalised in a public deed on 18 October 2024, for an amount of Euros 4,406 thousand.

On 25 September 2024, the AFA authorised Andbank to carry out a fourth issuance of non-convertible, non-exchangeable, non-cumulative, and perpetual preference shares ("AT1") by MyInvestor Banco for a nominal amount of Euros 20 million (the "MyInvestor AT1 Issuance 4"). The MyInvestor AT1 Issuance 4 was formalised in a public deed on 8 November 2024.

On 25 September 2024, the AFA authorised Andbank to acquire up to 50% of the total nominal amount of the previous AT1 issuances made by MyInvestor Banco, which are related to the Group's 2023 transactions, including the MyInvestor AT1 Issuance 4 (the "MyInvestor AT1 Acquisition 4"). The MyInvestor AT1 Acquisition 4 was formalised subsequently up to 13 December 2024.

On 29 October 2024, the Dutch subsidiary Egregia, B.V. was liquidated and wound up.

On 23 December 2024, the AFA authorised Andbank to make a shareholder contribution, without increasing the share capital, to its direct Swiss subsidiary And Private Wealth, S.A. for the amount of Swiss Francs 1.5 million (the "APW Shareholder Contribution"). The APW Shareholder Contribution was formalised on 23 December 2024.

On 30 December 2024, the Irish subsidiary AB Covered Bonds, DAC was liquidated and wound up, without any significant impacts on the consolidated financial statements for 2024.

2023

On 16 February 2023, the AFA notified Andbank of the registration in its Authority's records of the name change of MyInvestor Banco, S.A.U. (formerly Andbank España, S.A.U.), a name change that occurred as a result of the partial spin-off of the private banking branch of activity in favour of Andbank España Banca Privada, S.A.U. (formerly Wealthprivat Bank, S.A.U.), a spin-off authorised by the AFA on 1 December 2022, and formalised in a public deed on 21 December 2022.

On 21 February 2023, the AFA gave authorisation to Andbank for the acquisition by MyInvestor Banco of the Spanish companies Belambe, S.L. and, indirectly, Finanbest Inversiones Inteligentes, Agencia de Valores, S.A., Finanhub, S.L.U., and Finanbolt, S.L.U. (the "Finanbest Group Acquisition"). The Finanbest Group Acquisition was formalised in a public deed on 21 February 2023.

On 21 February 2023, the AFA gave authorisation to Andbank for the contribution by the Israeli group Clarity to the newly created company Clarity Capital Matrat Mizug Ltd ("Clarity Capital") of the shares of KCPS Capital Management Ltd and Clarity Capital KCPS Ltd, and; (ii) the contribution by Andbank to Clarity Capital of all the shares of Sigma Investment House, Ltd (parent of the Sigma Group prior to the aforementioned transaction) (the "Integration with Clarity"). The Integration with Clarity was formalised on 30 March 2023.

On 30 March 2023, the AFA gave authorisation to Andbank for the first issuance of AT1 by MyInvestor Banco for a nominal amount of Euros

20 million (the "MyInvestor AT1 Issuance 1"). The MyInvestor AT1 Issuance 1 was formalised in a public deed on 25 April 2023.

On 30 March 2023, the AFA authorised Andbank to acquire up to 50% of the total nominal amount of the MyInvestor AT1 Issuance 1 (the "MyInvestor AT1 Acquisition 1"). The MyInvestor AT1 Acquisition 1 was formalised subsequently up to 29 June 2023.

On 19 May 2023, the AFA authorised Andbank to increase the capital of its Israeli subsidiary Sigma Financial Planning Pensions Insurance Agency 2011, Ltd by up to Israeli Shekels 6.3 million (the "Sigma Financial Capital Increase"). The Sigma Financial Capital Increase was formalised on 25 June 2023, for a final amount of Israeli Shekels 5,890 thousand.

On 29 June 2023, the AFA gave authorisation to Andbank for a second issuance of AT1 by MyInvestor Banco for an additional nominal amount of Euros 5 million (the "MyInvestor AT1 Issuance 2"). The MyInvestor AT1 Issuance 2 was formalised in a public deed on 29 June 2023.

On 21 July 2023, the AFA notified Andbank of the registration of the sale of 40% of the share capital of the Israeli subsidiary Sigma Financial Planning Pension Insurance Agency 2011, Ltd in favour of its two general managers, a transaction previously approved by the AFA in 2022.

On 2 October 2023, the AFA gave authorisation to Andbank for a third issuance of AT1 by MyInvestor Banco for a nominal amount of Euros 15 million (the "MyInvestor AT1 Issuance 3"), which was subject to an extension authorised by the AFA on 10 April 2024. The MyInvestor AT1 Issuance 3 was formalised in a public deed on 6 May 2024. (*)

On 18 October 2023, the AFA authorised Andbank to acquire up to 50% of the total nominal amount of the previous AT1 issuances made by MyInvestor Banco, including the MyInvestor AT1 Issuance 3 (the "MyInvestor AT1 Acquisition 3"), which was subject to an extension authorised by the AFA on 10 April 2024. The MyInvestor AT1 Acquisition 3 was formalised subsequently up to 30 May 2024. (*)

On 23 October 2023, as part of the internal reorganisation process of the Andbank España Group, the AFA authorised Andbank to carry out a merger by absorption whereby MyInvestor Banco, as the absorbing company, absorbed the companies it wholly owned: (i) Belambe, S.L.U., (ii) Finanbest Inversiones Inteligentes, A.V., S.A.U., (iii) as well as MyInvestor, S.A. (collectively, the "Absorbed Companies"), with MyInvestor Banco consequently acquiring, by universal succession, all the rights and obligations of the Absorbed Companies (the "Merger"). To address the exchange from the Merger, a capital increase was carried out, authorised similarly by the AFA on 23 October 2023, setting the share capital of MyInvestor Banco at Euros 31,878,472, divided into 31,878,472 shares, each with a par value of Euro 1, and MyInvestor Banco losing its status as a solely-owned company as a result of the exchange. The Merger was formalised in a public deed on 17 November 2023.

On 31 October 2023, the Spanish subsidiaries Finanhub, S.L.U. and Finanbolt, S.L.U. were liquidated and wound up.

In November 2023, Andbank informed the AFA of the signing of a non-binding "Letter of Intent Transaction Proposal" for a proposed sale of a percentage ownership in the Israeli subsidiary Sigma-Clarity, Ltd. As detailed in the section on Andbank Group transactions for 2024, this transaction was carried out in 2024.

As a result of this agreement, the integrated assets and liabilities of Sigma-Clarity, Ltd are classified in the consolidated financial statements for 2023 and until the date of the partial sale described in the previous section, as "Non-current assets and disposal groups classified as held for sale," under assets, and as "Liabilities included in disposal groups classified as held for sale" under liabilities (see note 17).

On 19 December 2023, the AFA authorised Andbank to carry out a capital increase at MyInvestor Banco through: (i) the offsetting of credits for a nominal amount of Euros 166,315 and a share premium of Euros 735,862, and; (ii) cash contributions for a nominal amount of Euros 3,502,516 and a share premium of Euros 15,497,384 (the "MyInvestor Capital Increases 2023"). As a result of the MyInvestor Capital Increases 2023, the share capital of MyInvestor was set at Euros 35,547,351, divided into 35,547,351 shares, each with a nominal amount of 1 Euro. The MyInvestor Capital Increases 2023 were formalised in a public deed on 20 December 2023.

On 29 December 2023, the Luxembourg subsidiaries Draven, SàRL, Glimor, SàRL and Kilimer, SàRL were liquidated and wound up, without significant impacts on the consolidated financial statements for 2023.

Following previous communications sent by Andbank to the AFA, in December 2023 Andbank informed the AFA of the status of the authorisation request file before the Central Bank of Brazil for the sale of: (i) Banco Andbank (Brasil), S.A. ("Andbank Brasil") to the Creditas Group and (ii) the corporate restructuring transaction affecting the Brazilian subsidiary Andbank Distribuidora de Titulos e Valores Mobiliarios, Ltda (jointly the "Brazil Transaction"). At the end of 2024, the Brazil Transaction file is under review and, therefore, awaiting authorisation by the Central Bank of Brazil. The closing of the Brazil Transaction is subject to obtaining the corresponding regulatory authorisations both in Brazil and in the Principality of Andorra with the AFA. This agreement includes the sale of 100% of the retail business and 25% of the private banking business (for which a carve-out of this activity is required), payment of the transaction with bonds convertible into shares of the buyer, and an offset of the results for 2024, 2023, and the second half of 2022.

As a result of the above, the integrated assets and liabilities of the subsidiary Banco Andbank (Brasil), S.A. are classified in the consolidated financial statements for 2023 and 2024 as "Non-current assets and disposal groups classified as held for sale" under assets, and as "Liabilities included in disposal groups classified as held for sale" under liabilities (see note 17).

Finally, in accordance with the previous section on the Group's company transactions for 2024, Andbank informed the AFA in 2023 of its intention to sell its stake in Columbus de Mexico, S.A. de C.V. Asesor en Inversiones Independiente.

As a result of this intended divestment, the assets of the investee are classified in the consolidated statements of financial position for 2023 and 2024 under Non-current assets and disposal groups classified as held for sale and the liabilities are recorded under Liabilities included in disposal groups classified as held for sale (see note 17).

•b. Financial instruments

(i). Classification of financial assets and financial liabilities

IFRS 9 defines the criteria for classifying financial instruments based on an analysis of the business model of financial assets and the characteristics of contractual cash flows. The Group has identified three different business models for the debt securities portfolio and a business model for the loans and advances portfolio.

The three business models for the debt securities portfolio are as follows: a) model focused on receiving contractual cash flows, which mainly include financial instruments with a long-term time horizon and for the purpose of generating a stable financial margin; b) model focused on receiving contractual cash flows and on sales, which mainly include financial instruments with a medium-term time horizon for the purpose of generating a stable financial margin, as well as generating cash flows for sales when there are optimum market conditions; and c) other business models, which include, on the one hand, a model focused on generating cash flows for active management of purchases and sales of financial instruments, as well as, on the other hand, a

(*) As indicated, because the prior authorisation process with the AFA started in 2023, both the Issue 3 of AT1 MyInvestor and Acquisition 3 of AT1 MyInvestor were formalised during 2024.

model focused on the management of liquidity through purchases and sales with a short-term time horizon.

The business model identified for the loan and advances portfolio is a model focused on receiving contractual cash flows for the purpose of generating a stable financial margin.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, measured at fair value through other comprehensive income, measured at fair value through profit or loss and held for trading.

The classification of financial instruments in the category of amortised cost or fair value involves two tests: the business model and assessment of contractual cash flows, known as solely payments of principal and interest (SPPI) criteria. The objective of the SPPI test is to determine whether, in accordance with the contractual characteristics of the instrument, its cash flows represent solely the payment of the principal and interest, understood as consideration of the time value of money and the credit risk of the debtor. Therefore, taking into consideration the business model and contractual cash flows:

- A financial instrument is classified in the amortised cost portfolio when it is held within a business model, whose objective is to hold the financial instrument in order to collect contractual cash flows and comply with the SPPI test.
- A financial instrument is classified under financial assets at fair value through other comprehensive income if the financial instrument is held within a business model, whose objective is achieved by both collecting contractual cash flows, and selling and complying with the SPPI test.
- A financial instrument is classified at fair value through profit or loss provided that the Group's business model for its management or the characteristics of its contractual cash flows, means that it should not be classified in any of the aforementioned portfolios.

Details of the valuation methods of financial instruments, taking into consideration their classification, are as follows:

- **Amortised cost:** These include financial instruments held within a business model whose objective is to collect principal and interest contractual cash flows, over those where no significant unjustified sales exist and fair value is not a key factor in managing these changes. Unjustified sales are those that are different from sales related to an increase in the asset's credit risk, with unanticipated funding needs (stress case scenarios), even if such sales are significant in value, or from sales of assets that no longer meet the credit criteria specified in the investment policy Additionally, the contractual cash flow characteristics substantially represent a "basic financing agreement".

  Initial and subsequent measurement:

  Financial assets and financial liabilities at amortised cost are initially measured at fair value, plus or minus transaction costs, and are subsequently measured at their amortised cost using the effective interest method.

- **Fair value through other comprehensive income:** These include financial instruments held within a business model whose objective is achieved by both collecting cash flows of principal and interest and selling these assets, with the fair value being a key element in the management of assets. Additionally, the contractual cash flow characteristics substantially represent a "basic financing agreement".

  Initial measurement:

  Financial assets at fair value through other comprehensive income are initially recognised at fair value plus transaction costs directly attributable to the acquisition.

  Subsequent measurement:

  Subsequent to initial recognition financial assets classified in this category are measured at fair value, recognising gains or losses in other comprehensive income, with the exception of exchange gains or losses and expected credit losses. The amounts recognised under other comprehensive income are recognised in profit or loss upon derecognition of financial assets. However, interest calculated using the effective interest method is recognised in profit or loss.

- **Fair value through profit or loss for the period:** These include financial instruments held within a business model whose objective is not achieved using any of the aforementioned methods, with the fair value being a key factor in the management of these assets. In addition, the characteristics of the contractual cash flows do not substantially represent a basic financing agreement.

  These include financial instruments designated upon initial recognition, such as for example hybrid financial assets and liabilities which have to be fully measured at fair value, as well as financial assets which are managed together as Liabilities under insurance contracts measured at fair value, or with financial derivatives to reduce exposure to variations in fair value or are managed together with financial liabilities and derivatives for the purpose of reducing the global interest rate risk exposure.

  In general, this category includes all those assets which, in being classified as such, eliminate or significantly reduce a measurement or recognition inconsistency (accounting mismatches). The financial instruments in this category must be permanently subject to an integrated and consistent system of measuring, managing and controlling risks and results, which enables it to be proven that the risk is effectively reduced. Financial assets and financial liabilities can only be included in this portfolio on the date of their acquisition or when they originate.

  Initial measurement:

  Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs directly attributable to the acquisition or issue are recognised as an expense when incurred.

  Subsequent measurement:

  After initial recognition, they are recognised at fair value through profit or loss. Changes in fair value include the interest and dividend component. Fair value is not reduced by transaction costs incurred on sale or disposal.

All financial liabilities are initially recognised at fair value, minus transaction costs that are directly attributable to the issue of financial instruments that are not measured at fair value through profit or loss.

Financial liabilities are classified in the following categories:

- Financial liabilities measured at amortised cost: liabilities recognised in this line item of the statement of financial position are measured after their acquisition at amortised cost, which is determined in accordance with the effective interest rate method.
- Financial liabilities held for trading: instruments are included in this category when the Group's objective is to generate profits through purchasing and selling these instruments.
- After their initial recognition these financial instruments are measured at fair value and changes in their value (gains or losses) are recognised at their net amount in Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net on the income statement.

(ii). Impairment of financial assets

The impairment model also applies to financial assets at amortised cost and financial assets at fair value through other comprehensive income, but not to equity investments and financial guarantee contracts and loan commitments that can be unilaterally revoked by the Bank. Likewise, the business model excludes all financial instruments measured at fair value through profit or loss.

When measuring financial assets or financial liabilities it will always be considered whether they are held for trading or whether they are mandatorily measured at fair value through profit or loss, financial assets and financial liabilities at amortised cost or financial assets measured at fair value through other comprehensive income, separating the equity instruments designated as such from the remaining financial assets.

IFRS 9 classifies financial instruments into three categories, depending on the performance of their credit risk from initial recognition. The first category includes transactions when they are initially recognised (Stage 1), the second category includes transactions for which a significant rise in the credit risk since initial recognition has been identified (Stage 2) and the third category includes credit-impaired transactions (Stage 3).

The calculation of credit risk coverage in each of these three categories is done differently. A 12-month expected credit loss must be recognised for transactions classified in the first of the aforementioned categories, whilst estimated credit losses for the whole of the expected remaining life of the transactions must be recognised for the transactions classified in the other two categories.

IFRS 9 differentiates between the following concepts of expected credit loss:

- 12-month expected credit losses: Are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date of the financial statements; and

- Life-time expected credit losses: Are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

(iii). Transfers and derecognition of financial assets and financial liabilities

A financial asset is fully or partially derecognised from the consolidated statement of financial position when the contractual rights to the cash flows from the financial asset expire or when the asset is transferred to a third party outside the entity. Likewise, the derecognition of financial assets in those circumstances in which the Group retains the contractual rights to receive the cash flows only takes place when the contractual obligations to pay the cash flows to one or more recipients have been assumed and the following requirements are met:

- Payment of the cash flows is conditional on their prior collection;
- The Group is unable to sell or pledge the financial asset, and
- Cash flows collected on behalf of eventual recipients are remitted without material delay and the Group is not entitled to reinvest such cash flows. This criteria is not applied in the case of investments in cash or cash equivalents made by the Group during the settlement period from the collection date to the date of required remittance to the eventual recipients, provided that the interest earned on such investments is passed to the eventual recipients.

The accounting treatment of transfers of assets depends on the extent to which the risks and rewards of ownership of the assets are transferred: In this case:

- If the risks and rewards of ownership of the financial asset are transferred substantially, (as in the case of unconditional sales, sales of financial assets under an agreement to repurchase them at their fair value at the date of repurchase, sale of financial assets with a purchased call option or written put option that is deeply out of the money, securitisation of assets in which the transferor does not retain a subordinated debt or grant any credit enhancement to new holders, inter alia), the transferred financial asset is derecognised in the consolidated statement of financial position and any right or obligation retained or created in the transfer is recognised simultaneously.
- - If the risks and rewards inherent to ownership of the transferred financial asset are substantially retained (such as in the case of financial assets sold under an agreement to repurchase them at a fixed price or at the sale price plus a lender's return, the securities loan agreements in which the borrower is under the obligation to return these securities or similar assets or other similar situations) they are not derecognised in the consolidated statement of financial position and continue to be measured using the same criteria used prior to the transfer and the following are recognised:
    - An associated financial liability for an amount equal to that of the consideration received, which is measured subsequently at amortised cost, unless the requirements are met for classifying it as other liabilities at fair value through profit or loss.
    - Income from the transferred financial asset that is not derecognised and any expense incurred on the new financial liability without being offset.
- - If all the risks and rewards associated with the transferred financial assets are neither substantially transferred nor retained (i.e. sale of a financial asset with a call option acquired or put option written in or outside the market, securitisation in which the transferor retains a subordinated debt or other type of credit enhancement for a portion of the transferred asset, and other similar cases) a distinction is made between:
    - If the transferor does not retain control of the transferred financial asset, it is derecognised from the consolidated statement of financial position and any right or obligation retained or created in the transfer is recognised.
    - If the transferor retains control of the transferred financial asset, it continues to recognise the asset in the consolidated statement of financial position for an amount equal to its exposure to changes in value and recognises a financial liability associated with the transferred asset. The net amount of the transferred asset and the associated liability is the amortised cost of the rights and obligations retained, if the asset is measured at amortised cost; or the fair value of the rights and obligations retained, if the transferred asset is measured at fair value.

Likewise, financial liabilities are removed from the consolidated statement of financial position when the obligations specified in the contract are discharged or cancelled or expire.

If, as a result of a transfer, a financial asset is derecognised in its entirety, the financial assets obtained or financial liabilities, including uncorrected servicing liabilities, are recognised at fair value.

(iv). Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset, and consequently are presented in the consolidated statement of financial position at the net amount, only when the Andbank Group has the legally enforceable right to set off the recognised amounts and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously. So that the Group has the legally enforceable right, it must not be contingent on a future event and must be legally enforceable in the normal course of business, the event of default, or in the event of insolvency or bankruptcy.

At 31 December 2024 there are no offset financial asset and financial liability positions.

(v). Hedge accounting

The assets and liabilities recognised in these line items of the consolidated statement of financial position are measured at fair value.

Changes arising subsequent to the designation of the hedge, in the measurement of financial instruments designated as hedged items and financial instruments designated as accounting hedges, are recognised as follows:

- In the case of fair value hedges, the differences arising in the fair value of the derivatives and hedged instrument attributable to the hedged risk, are recognised directly under Gains or losses from hedge accounting, net on the consolidated income statement; using as a balancing entry the headings of the consolidated statements of financial position where the hedging item is recognised (Derivatives - hedge accounting) or the hedged item, where applicable. Almost all of the hedges made by the Group are interest rate hedges for which their valuation differences are recognised under Interest income or Income expenses in the consolidated income statement.
- When hedging the fair value of interest rate risk of a portfolio of financial instruments or own debt (macro hedges), gains or losses arising from the valuation of the hedging instrument are recognised directly in the consolidated income statement and gains or losses arising from the valuation of the fair value of the hedged item (attributable to hedged risk) are also recognised in the consolidated income statement (in both cases under Gains or losses from hedge accounting, net) using as a balancing entry the asset and liability headings Fair value changes of the hedged items in portfolio hedge of interest rate risk in the consolidated statements of financial position, where applicable.
- For cash flow hedges, the differences in value arising in the effective portion of the hedged items are temporarily recognised under Accumulated other comprehensive income - Items that may be reclassified to profit or loss - Hedging derivatives. Cash flow hedges on the consolidated statements of financial position, with a balancing entry in Derivatives - hedge accounting under assets or liabilities on the consolidated statements of financial position, where applicable. These differences are recognised in the consolidated income statement under Interest income or Interest expenses when the losses or gains on the hedged item are recognised in profit or loss, when the foreseen transactions are performed or on the maturity date of the hedged item. Almost all of the Group's hedges are interest rate hedges and therefore, differences in value are recognised under Interest income or Interest expenses in the consolidated income statement.
- Differences in value of the hedging instrument corresponding to the non-effective portion of the cash flow hedging operations are recognised directly under Gains or losses from hedge accounting, net in the consolidated income statement.
- For hedging of net investments in foreign operations, the differences in value arising in the effective portion of the hedged items are recognised temporarily in Accumulated other comprehensive income - Items that may be reclassified to profit or loss - Hedge of net investments in foreign operations on the consolidated statements of financial position, with a balancing entry under Derivatives - hedge accounting in assets or liabilities of the consolidated statements of financial position, where applicable. These differences in value are recognised under Exchange differences, net on the consolidated income statement when the foreign investment is disposed of or derecognised in the consolidated statements of financial position.

(vi). Fair value of financial instruments

All financial instruments are classified in one of the following input levels based on the methodology used to obtain their fair value:

- Level 1: Based on quoted prices in active markets.
- Level 2: Using valuation techniques in which the inputs considered correspond to directly or indirectly observable market data or quoted prices in active markets for similar instruments.
- Level 3: Using valuation techniques where some of the significant inputs are not derived from directly observable market data.

Process of determining the fair value

The process for determining the fair value established by the Group ensures that assets and liabilities are adequately measured. The Andbank Group has set up a structure of committees in charge of proposing and validating the contracting of financial instruments on the market. Market inputs and other parameters and methodologies used to measure and quantify risks, as well as the conditioning factors for recognising transactions and possible impacts of an accounting, legal or tax nature are subject to analysis prior to authorisation by the areas in charge. Issues relating to the measurement of derivative instruments and fixed income instruments are the responsibility of an independent and organisational unit located within the Middle Office department. The members of this unit report the decisions made to the management area where the new product is to be contracted. Without jeopardising its autonomy and independence in decision making with regard to the measurement and quantification of risks, this analysis involves contrasting, reconciling and, where possible, agreement with the business areas.

For the Andbank Group, the majority of the financial instruments recognised at fair value have as an objective benchmark for determining their fair value, quoted prices on active markets (Level 1) and therefore, in order to determine their fair value the price which would be paid in an organised, transparent and deep market would be used (quoted price or market price). In general, this level would include debt securities in a liquid market, quoted equity instruments and derivatives traded on organised markets, as well as investment funds.

The fair value of those instruments classified in Level 2 for which no directly observable market price exists, is estimated based on recent quoted prices of similar instruments and valuation models which have been sufficiently tried and trusted by the international financial community, taking into consideration the specific features of the instrument to be valued and, above all, the different types of associated risk. Almost all financial instruments recognised as trading derivatives and hedging derivatives are measured in accordance with the criteria set out for Level 2.

In order to obtain the fair value of the other financial instruments classified in Level 3, for the valuation no directly observable market data exists, and alternative techniques are used, including the request of the price from the trading entity or the use of market parameters corresponding to instruments with a risk profile similar to the instrument subject to valuation, adjusted for the purpose of obtaining the different intrinsic risks.

For unquoted equity instruments classified in Level 3, it is considered that their cost of acquisition, reduced by any impairment loss obtained based on publicly available information is the best estimate of their fair value.

Valuations obtained for internal models could differ if other methods or assumptions had been applied in the interest rate risk, credit risk spreads, market risk, currency risk or in the corresponding matching and volatility. Nevertheless, the directors of the Andbank Group consider that the models and techniques applied adequately reflect the fair value of the financial assets and financial liabilities recognised in the consolidated statement of financial position, as well as the results generated by these financial instruments.

All financial instruments are initially recognised at fair value which, unless there is evidence to the contrary, equals the transaction price.

Subsequently, on a specific date, the fair value is taken to be the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The most objective benchmark for the fair value of a financial instrument is the quoted price in an active, transparent and deep market, for which the quoted price or market price is used.

If there is no market price, the fair value is estimated based on the price of recent transactions involving similar instruments and, failing that, on models that have been adequately tested and recognised by the international financial community. Consideration must always be given to the specific nature of the instrument to be valued and, in particular, to the different types of risk associated with the instrument.

Except for trading derivatives, all the variations in the value of financial instruments due to the accrual of interest and similar items, are recognised under Interest and similar income or Interest and similar charges, where applicable, in the income statement for the year in which the accrual takes place. Dividends received from other companies are recognised as Dividend income in the consolidated income statement of the year when the right to receive them arises.

Transfers between levels

In accordance with international standards, classification levels established based on the observability and significance of the inputs used in the methodology to calculate the fair value must be reviewed periodically. The criteria applied to revalue the portfolio is reviewed at least every month and two circumstances could arise:

- Improvements to the valuation level of financial instruments as a result of having obtained prices published by market price contributors or because the quality of the price published has improved.
- Worsening of the valuation level of financial instruments as a result of the market price contributors having ceased to publish prices or because the quality of the price published has worsened.

Sensitivity analysis

In order to determine whether a significant variation arises in the value of financial instruments classified in Level 3, as a result of changes to one or more unobservable market inputs which reflect reasonably probable alternative valuations, the Andbank Group has performed an analysis of the most significant instruments and no substantial alterations to the values obtained have come to light. (See note 38 on risk management).

Credit valuation adjustments.

The credit valuation adjustment (CVA) is an adjustment to the valuation of over-the-counter (OTC) derivatives as a result of the risk associated with credit exposure of each counterparty.

The CVA is calculated taking into consideration the expected exposure with each counterparty in each future term, with the CVA for a certain counterparty being equal to the sum of CVA for all the terms. The adjustments to be made are calculated using an estimate of the exposure at impairment, the probability of impairment and the loss given impairment for all the derivatives on any underlying, at legal entity level with which the Andbank Group has exposure.

The data required to calculate the probability of impairment and the loss given impairment arise from credit markets (credit default swaps), applying that of the Bank in cases where it exists. For those cases in which this information is not available, the Andbank Group carries out an exercise which takes into consideration, inter alia, the sector and rating of the counterparty to assign probabilities of both probability of impairment and loss given impairment, calibrated directly to market or with an adjustment market factor for the probability of impairment and historical expected loss.

The debit valuation adjustment (DVA) is a valuation adjustment similar to the CVA, but in this case it arises as a result of the Bank's own risk, which is assumed for those counterparties which have exposure with OTC derivatives. Likewise, the DVA is calculated as the result of the expected negative exposure given the probability of impairment and multiplying the result by the loss given impairment of the Andbank Group. The Group has a residual DVA/CVA as all the derivatives are collateralised or are secured by guarantees, as our potential exposure with each counterparty is collateralised or a guarantee is required to cover this counterparty risk.

The credit spread at a certain term can be expressed as the result between the probability of impairment in this term and the loss given impairment.

•c. Equity instruments issued

An equity instrument is any contract that evidences a residual interest in the assets or an entity after deducting all of its liabilities. Therefore, to be classified as such, an instrument must meet both of the following conditions:

- There is no contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable (to the issuer of the instrument).
- If a derivative can or may be settled in the issuer's own equity instruments then it is a derivative for which the issuer is obliged to deliver a fixed number of own equity instruments; or a derivative that will only be settled by the issuer by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Therefore, an instrument is considered to be a financial liability if:

- There is a contractual obligation to deliver cash or another financial asset to another entity;
- There is a contractual obligation to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable (to the issuer of the instrument) or;
- It is a non-derivative for which the issuer is obliged to deliver a variable number of its own equity instruments; or
- A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity’s own equity instruments.

On the contrary, if these four conditions are not met, the instrument will be classified as an equity instrument because as set out in IAS 32 an equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

•d. Financial guarantees

Financial guarantees issued

Financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due under contractual terms, irrespective of the way in which the obligation is instrumented, whether a guarantee, financial guarantee, insurance contract or credit derivative.

Financial guarantees are all those which directly or indirectly guarantee debt instruments such as loans, credits, finance lease operations and late payment of all kinds of debts.

Guarantees or guarantee contracts are insurance contracts which include the obligation to reimburse a beneficiary in the event that a specific obligation different to a specific debtor's payment obligation is not met, i.e. guarantees to secure participation in auctions and tenders, irrevocably formalised guarantee promises or any other technical guarantee.

Upon formalising financial guarantees and guarantee contracts they are recognised at fair value plus transaction costs, understood as the premium received plus the present value of future cash flows under Loans and receivables - Debt securities with a balancing entry under Financial liabilities measured at amortised cost - Other financial liabilities or under Other liabilities, respectively. Changes to the fair value of the contracts are recognised as finance income in the consolidated income statement.

Financial guarantees and guarantee contracts, regardless of the guarantor, instrumentation or other circumstances, are reviewed periodically so as to determine the credit risk to which they are exposed and, if appropriate, to estimate the provision amount. The credit risk is determined by application of criteria similar to those established for quantifying impairment losses on debt instruments measured at amortised cost.

Provisions created for these contracts are recognised under Provisions - Provisions for contingent exposures and commitments.

Should it be necessary to set up a specific provision for financial guarantee contracts, the corresponding fees and commissions pending accrual are reclassified from Financial liabilities measured at amortised cost - Other financial liabilities to Provisions - Provisions for contingent exposures and commitments.

Financial guarantees received

The Andbank Group has not received significant guarantees for which it is authorised to sell or pledge, unless non-payment by the holder of the guarantee has arisen, except for those pertaining to the treasury business.

•e. Foreign currency and functional currency transactions

The Andbank Group's functional and presentation currency is the Euro. Therefore, all balances and transactions denominated in currencies other than the Euro are deemed to be denominated in foreign currency. Functional currency is understood to be the currency of the main economic environment in which the Andbank Group operates. Depending on the country, the functional currency could differ from the Euro. The presentation currency is that which the Andbank Group uses to prepare its financial statements.

All foreign currency transactions are recognised on initial recognition applying the spot exchange rate between the functional currency and foreign currency.

At the end of each reporting period foreign currency monetary items are converted into Euros using the average exchange rate of the spot currency market corresponding to each year end.

Forward contracts in foreign currencies, which are not hedges, are valued at the forward currency market exchange rates at reporting date.

The exchange rates used to convert the foreign currency balances to Euros are the market rates at 31 December of each year.

The exchange differences produced when converting the balances in foreign currency to the functional currency of the Andbank Group are generally recognised under Exchange differences (net) in the consolidated income statement.

The assets and liabilities of subsidiaries in currencies other than the Euro have been converted to Euros using the market exchange rate in force at the statement of financial position date, except for non-monetary items valued at historical cost, and the profit/loss for the year of subsidiaries have been converted into Euros using the average exchange rate for the period.

Although differences between domestic and foreign currencies are usually reflected in profit/loss for the year, in certain circumstances they are recognised in the statement of other comprehensive income:

- Financial assets at fair value through other comprehensive income.
- A financial liability designated for hedging investments in a foreign transaction, taking into consideration that this hedging is considered effective.
- Cash flow hedges provided that it is considered as effective hedging.

•f. Recognition of income and expenses.

The most significant criteria used by the Andbank Group to recognise its income and expenses are summarised as follows:

Interest income and expenses, dividends and similar items

Interest income, interest expenses and similar items are recognised on an accrual basis using the effective interest method, independently of when the associated cash or financial flows arise. Interest accrued on receivables classified as doubtful, including those associated with country risk, is credited to income when collected, as an exception to the general rule. Dividends received from other companies are recognised as income when the right to receive them arises, i.e. when the dividend payment is officially declared by the company's governing body.

Fees and commissions

The recognition of income and expenses for fees and commissions in the consolidated income statement varies according to the nature of such items.

- Financial fees and commissions, such as loan arrangement fees, are a part of the integral return or effective cost of a financial transaction and are recognised under the same headings as the finance income or costs, i.e. Interest income and Interest expenses. These fees and commissions, which are collected in advance, are recognised in the consolidated income statement over the life of the transaction. For financial instruments measured at fair value through profit or loss the fees and commission are recognised immediately in the income statement.
- Non-financial fees and commissions deriving from the provision of services are recognised under Fee and commission income and Fee and commission expenses over the period in which the service is provided, except for those relating to services provided in a single act, which are accrued when the single act is carried out.

Non-finance income and expense

These are recognised for accounting purposes on an accrual basis.

Deferred collections and payments.

These are recognised for accounting purposes at the amount resulting from discounting the expected cash flows at market rates.

•g. Investment funds, pension funds and other managed equity.

Investment funds and pension funds managed by the consolidated companies are not recognised in the Andbank Group's consolidated statement of financial position because the fund assets are owned by third parties. Fees and commissions accrued during the year for this activity are recognised under Fees and commissions received in the consolidated income statement.

The consolidated statement of financial position does not include other assets managed by the consolidated companies which are owned by third parties and for which a fee is obtained for their management.

•h. Employee benefits.

Obligations for contributions to defined contribution plans are considered as an expense in the consolidated income statement. Contributions paid in advance are recognised as an asset as it is understood that reimbursement by part of the funds or a reduction in future payments could take place.

This includes all the types of consideration given in exchange for the services rendered by Andbank Group employees or for termination benefits. They can be classified into three categories:

- Short-term employee benefits.
- Post-employment benefits.
- Other long-term employee benefits.

Short-term employee benefits

These reflect benefits to employees, which differ from termination benefits, which are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. They include wages and salaries and social security contributions, paid annual leave and paid sick leave or bonuses and non-monetary benefits for employees.

The cost of services rendered is recognised under Administrative expenses - Staff expenses in the consolidated income statement.

Credit facilities granted to employees under market conditions are considered as non-monetary remuneration and are estimated as the difference between the market conditions and conditions agreed with the employees. This difference is recognised under Administrative expenses - Staff expenses with a balancing entry under Interest and similar income in the consolidated income statement.

Post-employment benefits

Post-employment benefits are those benefits that the Andbank Group has assumed with its employees and which will be settled at the end of their employment with the Andbank Group. They include retirement benefits, e.g. pensions and lump sum payments on retirement and other post-employment benefits such as post-employment life insurance and post-employment medical care.

Other long-term employee benefits

Other long-term employee benefits, such as commitments with early retired personnel (those who have ceased to render services in the Bank but who, without being legally retired, continue with economic rights until being legally retired) and other similar items are recognised, where applicable, with the exception of actuarial gains and losses which are recognised under Provisioning expense in the consolidated income statement.

•i. Income tax

On 1 December 2011 the General Council of the Principality of Andorra approved Law 17/2011 of 1 December 2011 amending Law 95/2010 of 29 December 2010 on income tax (published in edition 80 of the Official Gazette of the Principality of Andorra (BOPA), dated 28 December 2011). This Law came into force the day after it was published in the BOPA and applies to taxation periods starting after 1 January 2012. The Parent is subject to tax at a rate of 10%.

On 13 June 2012 the Andorran Government approved the Regulation regulating Law 95/2010 of 29 December 2010 on income tax and Law 96/2010 of 29 December 2010 on taxation of economic activities, which sets out the formal obligations of the parties required to pay these taxes as well as the system for managing, settling and monitoring the aforementioned taxes.

Payment on account is calculated by applying 50% to the net tax payable for the prior year.

Taxable income is determined using the direct determination method and is calculated by adjusting the accounting profit, in accordance with the Accounting Plan for the Financial Sector, applying the principles and criteria of classification, valuation and temporary recognition set out in the requirements of the Income tax law, which permit off-balance sheet adjustments. Income tax expense represents the sum of the income tax expense for the year and the effect of the changes in deferred tax assets and liabilities and tax credits.

Both positive and negative off-balance sheet tax adjustments can be permanent or temporary according to whether they are reversed or not in subsequent tax periods. The income tax expense for each year is calculated based on profit before tax, adjusted for permanent differences with fiscal criteria and less any applicable tax credits and deductions. The tax effects of temporary differences, unused credits for tax losses and rights to deductions and credits pending application are included, where applicable, in the corresponding consolidated statement of financial position captions, classified on the basis of the term according to the forecast review or realisation period.

Deferred tax assets and liabilities include temporary differences identified as those amounts which are payable or recoverable for differences between the carrying amounts of assets and liabilities and their tax value, as well as tax loss carryforwards and credits for tax credits not applicable for tax purposes. These amounts are recognised by applying the temporary difference or credit at the tax rates at which they are expected to be recovered or settled.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets identified with temporary differences, unused tax losses and unused tax credits are only recognised to the extent that it is considered probable that the Bank has future taxable profit against which they can be utilised.

At each reporting date, recognised deferred tax assets and liabilities are reviewed for the purpose of verifying that they remain effective and the appropriate corrections are made on the basis of the results of the analysis carried out.

This expense is recognised under Expenses or income due to income tax on continuing operations in the income statement, for the amount accrued during the year, and in the statement of financial position under Tax assets for the amount payable and the amount of withholdings and payments on account.

•j. Indirect tax on goods delivered, services rendered and imports

In its session held on 21 June 2012 the General Council of the Principality of Andorra approved the Law governing indirect general taxation (IGI) which entered into force on 1 January 2013. This tax is levied on goods delivered, service rendered and imports made by onerous contract in Andorra by business people or professionals usually or occasionally as part of their economic activity, irrespective of the purpose or the results achieved in the economic activity or in each particular transaction, including the condition of importer.

The general tax rate is 4.5%, with a reduced rate of 1% and an increased rate of 9.5%, which is only applied to banking and financial services rendered.

The fifth additional provision to Law 11/2012 governing Indirect General Tax approved by Law 10/2014 of 3 June 2014 amending Law 11/2012, stipulates a special tax regime for the financial sector to which banks and non-banking specialised credit institutions carrying out activities subject to the increased tax rate stipulated in article 60 of the Law must adhere. This special regime entered into force on 1 July 2014. This regime restricts the deduction of input tax to a maximum amount equivalent to 10% of the output tax at a rate of 9.5% for the rendering of bank and financial services.

The settlement period depends on the annual net turnover for all of the activities carried out by the tax payer in the immediately previous year. Payments can be made half-yearly, quarterly or monthly. Tax payers have to determine the tax debt in each settlement period, reducing the general indirect tax payable during the period by the general indirect tax instalments receivable, which are deductible in nature. The entry into force of Law 11/2012 of 21 June 2012 governing Indirect General Tax and subsequent amendments repeals the Law governing indirect taxation on the rendering of banking and financial services of 14 May 2002.

•k. Non-resident income tax

In accordance with Law 94/2010 of 29 December 2010 on non-resident income tax (hereinafter Law 94/2010) which taxes the income obtained in Andorra by individuals and entities considered by law as non-resident for tax purposes, the Andbank Group companies resident for tax purposes in Andorra are subject to withholding and has applied withholding of 10% on non-resident suppliers of services since 1 April 2011, the enactment date of this law. On 1 December 2011 the General Council of the Principality of Andorra approved Law 18/2011 of 1 December 2011 amending Law 94/2010 which will be applicable as of 1 January 2012.

The Group recognises transitory balances corresponding to personal income tax collected from non-residents under Other liabilities/Taxes/Tax collection accounts, provided that payment has not been definitively made to the corresponding authority.

•l. Law 5/2014 of 24 April 2014 on personal income tax

On 24 April 2014 the General Council of the Principality of Andorra approved Law 5/2014 on personal income tax which entered into force on 1 January 2015. This law constitutes a basic pillar of the Principality of Andorra's economic opening process, to the extent that it involves the creation of personal income tax which is compatible with that existing in neighbouring countries, the European Union and the OECD.

This tax is levied, inter alia, on the savings of taxpayers and individuals, specifically interest and similar income (returns on investment capital), as well as capital gains or losses at a tax rate of 10%.

The Group recognises transitory balances corresponding to personal income tax collected under Other liabilities/Taxes/Tax collection accounts in the consolidated statement of financial position, provided that payment has not been definitively made to the corresponding authority.

•m. Tax assets and liabilities

Deferred tax assets and deferred tax liabilities include temporary differences which are defined as the amounts to be settled or recovered in future periods arising from differences between the carrying amount of an asset or liability and their corresponding tax bases (tax value), as well as unused tax losses and unused tax credits and tax rebates not applied. These amounts are recognised by applying to each temporary difference the tax rate at which they are expected to be recovered or settled.

Tax assets in the consolidated statement of financial position include the amount of all the assets of a tax nature, differentiating between: Current tax assets (amounts recoverable for taxes in the next twelve months) and Deferred tax assets (the amounts of taxes recoverable in future periods, including those deriving from unused tax losses or tax credits). Tax liabilities in the consolidated statement of financial position include the amount of all the liabilities of a tax nature, except for provisions for taxes, differentiating between: Current tax liabilities (amount to be settled in the next twelve months for income tax in respect of the taxable profit for the period and other taxes) and Deferred tax liabilities (which represent income taxes payable in future periods).

Deferred tax liabilities arising from temporary differences associated with investments in subsidiaries, associates or jointly-controlled entities are recognised, except if the Group is able to control the timing of the reversal of the temporary difference and, moreover, it is not probable that the difference will reverse in the future. Deferred tax assets are only recognised provided that it is probable that the consolidated entities will have sufficient taxable income against which they can be utilised and that they do not arise from the initial recognition (in a business combination) of other assets and liabilities in a transaction that affects neither accounting profit nor taxable income.

At each reporting date, the Group reviews recognised deferred tax assets and liabilities for the purpose of verifying that they remain effective and the appropriate adjustments are made on the basis of the findings of the analyses performed. In those circumstances in which it is uncertain how a specific requirement of the tax law applies to a particular transaction or circumstance, and the acceptability of the definitive tax treatment depends on the decisions taken by the relevant taxation authorities in the future, the entity recognises and measures current and deferred tax assets and liabilities, where applicable, considering whether it is probable or not that the taxation authorities will accept a certain uncertain tax treatment, then the valuation of the corresponding tax assets or liabilities reflects the amounts that the entity intends to recover from (pay to) to the taxation authorities.

Income or expenses recognised directly in equity that do not increase or decrease taxable income are accounted for as temporary differences.

•n. Tangible assets

Tangible assets include buildings, land, furniture, vehicles, IT equipment and other installations acquired under ownership or under finance lease. Tangible assets are disclosed in the consolidated statement of financial position as follows: Tangible assets and Investment property.

Tangible assets include those for own use and assets under operating lease. Tangible assets for own use include assets, that the Andbank Group has for present or future administrative uses or for the production or supply of goods, that are expected to be used for more than one financial year.

The second category includes investment property in finished tangible assets or work in progress, for the purpose of obtaining returns, gains or both.

Tangible assets are normally recognised at acquisition cost less accumulated depreciation and any adjustment resulting from a comparison of the net value with the corresponding recoverable amount.

Depreciation is calculated on a straight-line basis on the acquisition cost of the assets less their residual value. As an exception, land is not depreciated because it is estimated that it has an indefinite useful life.

Depreciation of tangible assets is charged to Amortisation and depreciation in the consolidated income statement, and is basically calculated using the following rates based on the estimated useful life of each asset type:

Depreciation of tangible assets	Estimated years of useful life
Buildings	
Buildings for own use	33
Installations and machinery	10
Furniture and fixtures	5 - 8
Electronic equipment	5 - 8
Other	5

At each reporting date, the Andbank Group analyses whether there are indications that the net value of tangible assets exceeds their corresponding recoverable amount, understood as the higher amount between the fair value less costs to sell and value in use.

The Andbank Group's tangible assets for own use mainly comprise those allocated to the Bank Business cash generating unit (CGU). This CGU is tested for impairment to verify that sufficient cash flows are generated to support the value of the assets included therein. If it is determined that it is necessary to recognise an impairment loss, it is recognised under Impairment losses on other assets (net) - Other assets in the consolidated income statement, reducing the carrying amount of the assets to their recoverable amount. After recognition of the impairment loss, future depreciation charges are adjusted in proportion to the adjusted carrying amount and the remaining useful life.

Similarly, when it can be observed that the value of the assets has been recovered, the Andbank Group recognises the reversal of the impairment loss recognised in prior periods and adjusts the future depreciation charges accordingly. Under no circumstances may the reversal of an impairment loss on an asset increase its carrying amount above the carrying amount it would have if no impairment losses had been recognised in previous years.

Once a year, or when circumstances make it advisable, the estimated useful lives of tangible assets are reviewed and any necessary adjustments made to the depreciation to be charged to the consolidated income statement in future financial years.

Upkeep and maintenance expenses are charged to Administrative expenses - Other general administrative expenses in the consolidated income statement. Likewise, operating income on investment property is recognised under Other operating income in the consolidated income statement, whilst associated operating expenses are recognised under Other operating expenses.

After initial recognition of the asset, only those costs incurred which will generate future economic benefits, which can be qualified as probable, and for which the amount of the aforementioned costs can be reliably measured are capitalised. In this regard, costs of day-to-day servicing are recognised in profit or loss as incurred.

Replacements of tangible assets that qualify for capitalisation are recognised as a reduction in the carrying amount of the items replaced. Where the cost of the replaced items has not been depreciated independently and it is not possible to determine the respective carrying amount, the replacement cost is used as indicative of the cost of items at the time of acquisition or construction.

Increases in the carrying amount of each tangible asset item, as a result of the revaluation, are accounted for in other comprehensive income. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset. The revaluation decreases of each tangible asset item are recognised in other comprehensive income up to the amount of any revaluation previously recognised for each asset. Any excess is recognised in profit or loss.

Revaluations accounted for in other comprehensive income are transferred to reserves upon sale or disposal of each asset.

Disposals

The Group recognises the disposal of tangible assets when they are disposed of or when it is expected that no future economic benefits will be received for their use or disposal. The disposal date is the date on which the purchaser acquires control of the assets as indicated in the accounting policy on Revenues from customer contracts. The amount of the consideration for the disposal of tangible assets and the recognition of subsequent changes thereto, is determined by applying the criteria indicated in the accounting policy on Revenues from customer contracts.

The Group recognises the disposal of the real estate investment when it is disposed of or when it is expected that no future economic benefits will be received for its disposal. The disposal date is the date on which the purchaser acquires control of the investment as indicated in the accounting policy on Revenues from customer contracts. The amount of the consideration for the disposal of the real estate investment and the recognition of subsequent changes, is determined by applying the criteria indicated in the accounting policy on Revenues from customer contracts.

•o. Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance which are acquired from third parties or which are developed internally.

Goodwill

Goodwill represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not able to be individually identified and separately recognised. Goodwill is only recognised when the business combinations are made onerously.

In business combinations goodwill arises as the positive difference between:

- The consideration given
- plus, where applicable, the fair value of the interest held in the assets and liabilities of the acquiree and the amount of the non-controlling interests.
- The fair value net of identified assets acquired less liabilities assumed.

Goodwill is recognised under Intangible assets - Goodwill and is measured at present value based on the closing exchange rate.

Under no circumstances is goodwill amortised.

At each reporting date or when there are indications of impairment, an estimate is made of whether impairment has arisen which reduces the recoverable amount to under the net cost recognised and, if this is the case, they are written off with a balancing entry under Impairment losses on other assets (net) - Goodwill and other intangible assets on the consolidated income statement. Impairment losses are not subject to subsequent reversal.

Other intangible assets

This item includes identifiable intangible assets, including intangible assets arising from business combinations, IT software, relationships with customers and agent premiums.

The Group records as Other intangible assets - Other, the estimate of the disbursements that have been made and are scheduled to be made to a certain number of agents which, based on a contractual relationship, provide certain customers to the Group. Estimated scheduled disbursements are recognised as intangible assets as it has been considered probable that future economic rewards will be received from this list of customers. The Group also recognises customer relationships under the same heading, which include intangible assets primarily identified in the process of allocating the price paid for the acquisition of certain retail businesses (see note 14 c). The useful life of these items ranges between 10 and 18 years.

Other intangible assets can be of indefinite useful life when, based on the assessments made of all the relevant factors, it is concluded that there is no foreseeable limit to the period over which it is expected that net cash inflows will be generated for the Andbank Group. In the remaining cases, intangible assets are of finite useful life.

Intangible assets with indefinite useful lives are not amortised. However, at each reporting date or when there are indications of impairment the Andbank Group reviews the remaining useful lives in order to ensure that they are still indefinite or, on the contrary, it proceeds accordingly.

Intangible assets with finite useful lives are amortised on the basis of their useful life, applying criteria similar to those adopted for the depreciation of tangible assets.

Amortisation of intangible assets is recognised with a balancing entry in Amortisation and depreciation on the income statement. The useful life of intangible asset items ranges between five and nineteen years.

The amortisation expense is recognised under Amortisation and depreciation in the consolidated income statement.

Losses arising on the recognised value of these assets, whether of indefinite or finite useful life, are recognised with a balancing entry in Impairment losses on other assets (net) - Goodwill and other intangible assets in the consolidated income statement. The criteria to recognise impairment of these assets and, where applicable, recovery of impairment losses recognised in prior years are similar to those applied for tangible assets.

Disposals

The Group recognises the disposal of intangible assets when they are disposed of or when it is expected that no future economic benefits will be received for their use or disposal. The disposal date is the date on which the purchaser acquires control of the assets as indicated in the accounting policy. The amount of the consideration for the disposal of intangible assets and the recognition of subsequent changes, is determined by applying the criteria indicated in the accounting policy on Revenues from customer contracts.

•p. Non-current assets held for sale and liabilities associated with non-current assets held for sale

The assets recognised in this line item of the consolidated statement of financial position include the carrying amount of individual items or those integrated in a disposal group or which form part of a business unit to be disposed of (discontinued operations), with the sale of the assets being highly probable in their present condition within a period of one year from the date of the consolidated statement of financial position. The recovery of the carrying amount of these items shall foreseeably take place through the price obtained on their disposal.

Specifically, real estate assets or other non-current assets received to fully or partially cancel the payment obligations of debtors for loan operations are considered as Non-current assets held for sale, except if it is decided to continue to use these assets.

Symmetrically, Liabilities associated with non-current assets held for sale in the consolidated statement of financial position include balances payable originating from the disposal groups and discontinued operations.

Non-current assets held for sale are generally measured, initially and subsequently, at the lower of their fair value less costs to sell and carrying amount calculated at the date they were assigned to this category.

The carrying amount at the acquisition date of non-current assets held for sale arising from foreclosures or recoveries is their amortised cost, defined as the balance receivable for loans/credits upon cancellation net of estimated impairment which will be at least 5%. The fair value of non-current assets held for sale arising from foreclosures or recoveries corresponds to the market appraisal value of the asset received in its present condition less costs to sell.

Any foreclosed assets which remain in the consolidated statement of financial position for a period of time longer than initially foreseen for their sale, shall be analysed individually to recognise any impairment loss arising subsequent to their acquisition. Impairment testing shall take into consideration, in addition to the reasonable offers received in the period prior to the sale price offered, the difficulties in finding purchasers, as well as, in the case of tangible assets, any physical deterioration which could have impaired their value.

At 31 December 2024 the fair value of these assets has been determined using appraisals.

Available-for-sale non-current assets are not depreciated whilst they remain in these categories.

Impairment losses of an asset or disposal group, due to reductions in their carrying amount to their fair value (less costs to sell) are recognised under Gains or losses on non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations in the consolidated income statement. Gains on a non-current asset held for sale due to subsequent increases in fair value (less costs to sell) increase its carrying amount and are recognised in the same line item of the consolidated income statement up to an amount equal to that of the previously recognised impairment losses.

•q. Leases

The single lessee accounting model requires that assets and liabilities for all lease contracts are recognised. The standard presents two exceptions to the recognition of lease assets and liabilities, which can be applied in the case of short-term leases and leases for which the underlying asset is of low value. The lessee must recognise a right-of-use asset which represents its right to use the leased asset that is recognised under Tangible assets - Property, plant and equipment and Tangible assets - Investment property on the statement of financial position (see note 13) and a lease liability that represents its obligation to make lease payments which are recognised under Financial liabilities measured at amortised cost - Other financial liabilities on the statement of financial position (see note 18).

At the lease commencement date the lease liability represents the present value of all the outstanding lease payments Liabilities recognised in this line item of the statement of financial position are measured, after their initial recognition, at amortised cost, in accordance with the effective interest rate method. The discount rate applied to future payments is 0.76%. Right-of-use assets are initially recognised at cost. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs incurred; and an estimate of costs to be incurred by the lessee such as costs relating to the dismantling and removing of the underlying asset. The assets recognised in this line item of the statement of financial position are measured, after their initial recognition, at cost, less:

- Any accumulated depreciation and any accumulated impairment losses; and
- Any corresponding remeasurement of the lease liability.

Interest expense on the lease liability is recognised in the income statement under Interest expense (see note 24). Variable lease payments not included in the initial measurement of the lease liability are recognised under Administrative expenses - Other administrative expenses (see note 31).

Depreciation is calculated on a straight-line basis on the acquisition cost of the assets over the lease term. Depreciation charges on tangible assets are recognised under Depreciation on the consolidated income statement.

In the event of opting for one of the two exceptions for not recognising the corresponding right-of-use and liability in the statement of financial position, lease payments are recognised in the income statement over the lease term or on a straight-line basis or another basis that best represents the structure of the lease transaction under Other operating expenses.

Income from subleasing and operating leases is recognised in the income statement under Other operating income.

The lessor accounting model requires that, from the commencement date, leases are classified as finance leases when they transfer substantially all the risks and rewards incidental to ownership of the underlying asset. Leases that are not finance leases are considered operating leases.

For finance leases, when the Group acts as the lessor of an asset, the sum of the present values of the amounts receivable by a lessor plus the guaranteed residual value, which normally is equivalent to the price of exercising the purchase option by the lessee at the end of the lease, is recognised as financing to third parties, and included under Financial assets at amortised cost on the statement of financial position.

For operating leases, if the Group acts as the lessor, the cost of acquisition of the leased assets is recognised under Tangible assets - Property, plant and equipment - Leased out under operating lease on the statement of financial position. These assets are depreciated in accordance with the policies adopted for similar tangible assets of own use and income and expense arising from leases are recognised in the income statement on a straight-line basis under Other operating income and Other operating expenses, respectively.

In the event of sale and leaseback transactions at fair value, any gains or losses generated on the sale, for the portion effectively transferred, are recognised in the income statement.

•r. Contingent assets

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised.

Contingent assets are assessed continuously to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, an entity discloses the contingent asset.

•s. Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is a pre-tax rate that reflects the time value of money and the specific risks for which future cash flows associated with the provision have not been adjusted at each reporting date.

The financial effect of provisions is recognised as a finance cost in profit or loss.

The tax effect and gains on the expected disposal of assets are not taken into account in measuring a provision.

Rights to reimbursement from third parties of the expenditure required to settle a provision are recognised as a separate asset provided that it is virtually certain that the reimbursement will be received. Any income deriving from the reimbursement is recognised in profit or loss as a reduction in the provision expense up to the amount of the provision.

If it is not probable that an outflow of resources will be required to settle an obligation, the provision is reversed. The provision is reversed against the income statement caption in which the related expense was recognised, and any surplus is accounted for in other income.

The Andbank Group's consolidated statement of financial position includes all the significant provisions with respect to circumstances in which it is considered that it is more likely than not that the obligation will have to be settled. Provisions are recognised in the consolidated statement of financial position according to the obligations covered, including provisions for pensions and similar obligations, provisions for taxes and for contingent exposures and commitments.

Provisions, which are quantified based on the best information available regarding the success of their purpose and are re-estimated at each reporting date, are used to cover specific obligations for which they were originally recognised. Provisions are fully or partially reversed when the obligations cease to exist or decrease.

Provisions are recognised as liabilities under Provisions in the consolidated statement of financial position based on the covered obligations. Contingent liabilities are recognised as a memorandum item in the consolidated statement of financial position.

A contingent liability is recognised when a present obligation exists but it is not probable that an outflow of resources embodying economic benefits will exist. Contingent liabilities can perform differently than initially expected and are therefore subject to continuous review for the purpose of determining whether the outflow of resources becomes probable. If it is confirmed that the outflow of resources is more likely than not to occur, the corresponding provision is recognised in the consolidated statement of financial position.

Details of the contingent liabilities identified are as follows:

Lawsuits for minor amounts are underway in Spain, with overall claims amounting to Euros 1.6 million (Euros 1.8 million at 31 December 2023), for which the Group considers it unlikely that an adverse economic scenario will arise.

Other lawsuits are underway in Brazil for claims against the Bank, mostly related to financing agreements, for an overall amount of Euros 8.7 million (Euros 9.9 million at 31 December 2023). The Group considers it unlikely that an adverse economic scenario will arise.

•t. Insurance transactions

The Andbank Group applies the requirements set out in IFRS 17 - Insurance contracts to all the assets and liabilities in its consolidated financial statements that derive from insurance contracts, in accordance with the definition established in the standard, which defines insurance contracts as contracts under which one party accepts significant insurance risk from another party by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

IFRS 17 requires a level of aggregation of contracts that the Group identifies in portfolios of insurance contracts subject to similar risks and managed together. In this respect, the Group divides each portfolio into a minimum of three groups:

i. Contracts that are onerous at initial recognition;

ii. Contracts that at initial recognition have no significant possibility of becoming onerous subsequently;

iii. Remaining contracts, if any..

For contracts that are not onerous, a profit margin is recognised in the income statement over the period during which the entity carries out the service. However, if upon initial recognition or rather during the period in which the entity provides the service, the contract is onerous, the entity recognises the loss in the income statement.

The contract boundary defines the coverage period to be until when fulfilment cash flows must be considered to be able to measure an insurance contract.

For insurance and reinsurance contracts under IFRS 17 the Group generally applies the general model (Building Block Approach), with the exception of those which can be measured using the simplified approach (Premium Allocation Approach) or Variable Fee Approach.

The general model measures a group of insurance contracts as the sum of fulfilment cash flows and the contractual service margin. This margin represents the unearned profit that the entity will recognise as it provides services by virtue of the insurance contract.

The Group estimates the discount rate to measure the present value of the future cash flows of a group of insurance contracts considering the time value of money and the financial risks related to those cash flows. For this purpose, the same interest rate is used as that used to estimate the present value of financial assets under insurance contracts.

Likewise, the Andbank Group estimates that the fair value of the surrender options issued in favour of the insurance contract policyholders have a value of nil or, on the contrary, their valuation forms part of the value of liabilities under insurance contracts.

The main components recorded under technical provisions correspond to unearned premiums and unexpired risks, life insurance, life insurance when the risk of the investment is borne by the policyholders, claims and provisions for bonuses and rebates.

Technical provisions for direct insurance and accepted reinsurance are shown as Liabilities under insurance contracts in the consolidated statement of financial position.

Technical provisions linked to risks ceded to reinsurance entities are calculated based on the reinsurance contracts underwritten following similar criteria to those established for direct insurance. The amount is shown as Assets under reinsurance in the consolidated statement of financial position.

•u. Treasury shares

The value of net equity instruments issued by entities under the power of group entities - basically the Bank's shares and derivatives on shares held by certain consolidated companies which meet the requirements to be recognised as equity instruments are recognised, less consolidated equity, under Capital and reserves - Treasury shares in the consolidated statements of financial position.

These financial assets are recognised at cost of acquisition and profit and loss generated on their disposal is credited or charged, where applicable to Capital and reserves - Retained earnings in the consolidated statement of financial position.

•v. Statement of changes in equity

Statements of comprehensive income

This statement presents the income and expenses recognised as a result of Group business activity during the year, and a distinction is made between the income and expenses recognised in the consolidated income statement and the other income and expenses recognised directly in consolidated equity.

Accordingly, the statement presents:

- Consolidated profit for the year
- Movement in Accumulated other comprehensive income under consolidated equity that includes:
  - The gross amount of recognised income and expenses, distinguishing between income and expenses that can and cannot be reclassified to profit or loss.
  - Income tax accrued on recognised income and expenses, except for income and expenses originating in investments in associates or joint ventures accounted for using the equity method, which are presented net.
  - Total consolidated recognised income and expenses, calculated as the sum of the two items above, showing separately the amount attributable to the Parent and that corresponding to minority interests (non-controlling interests).

Statement of changes in equity

This statement presents all the movements in the Group's equity, including those originating from changes in accounting criteria and correction of errors. The statement shows a reconciliation of the carrying amount at the beginning and end of the year of all the items forming part of consolidated equity, and movements are grouped together, on the basis of their nature, into the following items:

- Adjustments due to changes in accounting criteria and correction of errors: changes in consolidated equity arising as a result of the retrospective restatement of the balances in the financial statements, distinguishing those that originate in changes in accounting policies from those corresponding to the correction of errors.
- Total recognised income and expenses: the aggregate total of the aforementioned items recognised in the statement of recognised income and expense.
- Other changes in consolidated equity: the remaining items recognised in consolidated equity, including increases and decreases in capital, distribution of dividends, transactions involving own equity instruments, own equity-based payments, transfers between equity items and any other increases or decreases in consolidated equity.

•w. Statement of cash flows

The indirect method has been used when preparing the consolidated statements of cash flows, so that based on the Group's results, non-monetary transactions are taken into consideration, as well as all kinds of deferred payment and accrual items that have been or will lead to amounts collected and paid; together with income and expenses associated with cash flows from activities classified as investing or financing activities.

The following terms are used in the consolidated statement of cash flows, as defined below:

- Cash flows: Inflows and outflows of cash or cash equivalents, which are short-term, highly liquid investments subject to a low risk of changes in value. For this purpose, in addition to cash in hand, deposits in central banks and demand deposits in credit institutions are also classified as cash or cash equivalents.
- Operating activities: the Group's usual activities and other activities that cannot be classified as investing or financing activities.
- Investing activities: the acquisition, sale or other disposal by other means of non-current assets and other investments not included in cash or cash equivalents in operating activities.
- Financing activities: activities that result in changes in the size and composition of the consolidated equity and liabilities not forming part of operating activities.

No situations have arisen during the year entailing the need to apply significant judgements to classify cash flows.

No significant transactions have been performed that have generated cash flows that have not been reflected in the consolidated statement of cash flows.

4. Distribution of Profit

The proposed distribution of the Parent's profit for 2024, that the board of directors will present to the shareholders for their approval, is as follows:

Thousands of euros	
	2024
Legal reserve	-
Voluntary reserves	15,084
Dividends	15,083
	30,167

Distribution of the Parent's profit for the year ended 31 December 2023, approved by the shareholders at their general meeting on 24 April 2024, was Euros 11,503 thousand to voluntary reserves and Euros 11,500 thousand to dividends.

5. Cash, cash balances at central banks and other demand deposits

Details of cash, cash balances at central banks and other demand deposits at 31 December 2024 and 2023 are as follows:

Thousands of euros		
	31/12/24	**31/12/23**
Cash on hand	15,174	15,865
Cash balances at central banks	3,861,716	2,332,131
Other demand deposits	345,348	283,820
	4,222,238	**2,631,816**

6. Financial assets and liabilities held for trading

Details of these line items of the consolidated statement of financial position at 31 December 2024 and 2023 are as follows:

Thousands of euros		
	31/12/24	**31/12/23**
Financial assets held for trading		
Derivatives	147,068	145,835
Equity instruments	8,754	171
Debt securities	150,707	100,665
	306,529	**246,671**

Thousands of euros		
	31/12/24	**31/12/23**
Financial liabilities held for trading		
Derivatives	93,237	98,539
Deposits	-	-
Debt securities issued	-	-
Other financial liabilities	-	-
	93,237	**98,539**

Note 38 (Risk management) includes certain information relating to credit, liquidity and market risks assumed by the Group in relation to the financial assets and financial liabilities included in this category, as well as information on the concentration of risks.

In addition, note 39 (Fair value of financial instruments) includes information in relation to the financial instruments for which their carrying amount coincides with their fair value and provides a description of the valuation techniques and input data used to measure fair value.

•a. Financial assets held for trading

A breakdown of the balance, by type of instrument and issuer, of this line item of the accompanying consolidated financial statements, is as follows:

Thousands of euros		
	31/12/24	**31/12/23**
Derivatives	**147,068**	**145,835**
Equity instruments	**8,754**	**171**
Of which: at cost	-	-
Of which: credit institutions	-	-
Of which: other financial corporations	-	-
Of which: non-financial corporations	8,754	171
Debt securities	**150,707**	**100,665**
Central banks	-	-
General governments	13,600	4,190
Credit institutions	51,238	85,498
Other financial corporations	61,675	7,471
Non-financial corporations	24,194	3,506
	306,529	**246,671**

A breakdown of the balance, by financial assets held for trading secured by guarantee, of this line item of the accompanying consolidated annual accounts, is as follows:

	Thousands of euros			
	31/12/2024		31/12/2023	
	Financial assets pledged as collateral for liabilities	Financial assets not pledged as collateral for liabilities	Financial assets pledged as collateral for liabilities	Financial assets not pledged as collateral for liabilities
Financial assets held for trading				
Derivatives	-	147,068	-	145,835
Equity instruments	-	8,754	-	171
Debt securities	10,016	140,691	-	100,665
Loans and advances	-	-	-	-
	10,016	**296,513**	**-**	**246,671**

•b. Derivatives

The Group's derivative portfolio arises from the need to hedge the risks it incurs during the normal course of business, as well as the commercialisation of products to customers.

A breakdown, by type of risk and type of product or market, of the fair value as well as the related notional values, of financial trading derivatives, recognised in the accompanying statement of financial position, differentiating between contracts in organised and non-organised markets at 31 December 2024 and 2023, is as follows:

			Thousands of euros
At 31 December 2024	**Financial assets held for trading**	**Financial liabilities held for trading**	**Notional amount**
Interest rate	**81,734**	**37,760**	**2,043,732**
Of which: economic hedges	81,734	37,760	2,043,732
OTC other	81,734	37,760	2,043,732
Equity risk	**15,408**	**15,408**	**62,796**
Of which: economic hedges	15,408	15,408	62,796
OTC other	15,408	15,408	62,796
Foreign exchange and gold	**19,634**	**6,094**	**669,852**
Of which: economic hedges	19,634	6,094	669,852
OTC other	19,634	6,094	669,852
Credit	**30,174**	**33,927**	**1,996,262**
Of which: economic hedges	30,174	33,927	1,996,262
Credit default swap	30,174	33,927	1,996,262
Other	**118**	**48**	**9,156**
Of which: Economic hedges	118	48	9,156
DERIVATIVES	**147,068**	**93,237**	**4,781,798**
Of which: OTC - Credit institutions	53,840	66,926	3,134,222
Of which: OTC - Other financial corporations	93,228	26,084	1,604,355
Of which: OTC - Other	-	227	43,221
	147,068	**93,237**	**4,781,798**

At 31 December 2023	Financial assets held for trading	Financial liabilities held for trading	Notional amount
			Thousands of euros
Interest rate	**83,569**	**28,558**	**1,993,457**
Of which: economic hedges	83,569	28,558	1,993,457
OTC other	83,569	28,558	1,993,457
Equity risk	**21,135**	**18,354**	**139,445**
Of which: economic hedges	21,135	18,354	139,445
OTC other	21,135	18,354	139,445
Foreign exchange and gold	**5,021**	**12,572**	**629,231**
Of which: economic hedges	5,021	12,572	629,231
OTC other	5,021	12,572	629,231
Credit	**35,980**	**38,921**	**1,912,971**
Of which: economic hedges	35,980	38,921	1,912,971
Credit default swap	35,980	38,921	1,912,971
Other	**130**	**134**	**16,424**
Of which: Economic hedges	130	134	16,424
DERIVATIVES	**145,835**	**98,539**	**4,691,528**
Of which: OTC - Credit institutions	54,284	54,913	2,971,180
Of which: OTC - Other financial corporations	91,551	43,313	1,620,348
Of which: OTC - Other	-	313	100,000
	145,835	**98,539**	**4,691,528**

7. Non-trading financial assets mandatorily at fair value through profit or loss

Details of these line items of the statement of financial position at 31 December 2024 and 2023 are as follows:

		Thousands of euros
	31/12/24	31/12/23
Equity instruments	6,461	7,626
Debt securities	-	-
Loans and advances	-	-
	6,461	**7,626**

8. Financial assets designated at fair value through profit or loss

Details of these line items of the statement of financial position at 31 December 2024 and 2023 are as follows:

		Thousands of euros
	31/12/24	31/12/23
Equity instruments	-	-
Debt securities	20,291	20,004
Loans and advances	2,556	2,042
	22,847	**22,046**

9. Financial assets designated at fair value through comprehensive income

Details of this line item of the accompanying statements of financial position at 31 December 2024 and 2023 are as follows:

		Thousands of euros
	31/12/24	31/12/23
Equity instruments	14,287	6,512
Debt securities	303,661	374,006
Loans and advances	-	-
	317,948	**380,518**

Details of valuation adjustments to the financial assets designated at fair value through other comprehensive income portfolio are shown in note 21 (Accumulated other comprehensive income).

Note 38 (Risk management) includes certain information relating to credit, liquidity and market risks assumed by the Group in relation to the financial assets and financial liabilities included in this category, as well as information on the concentration of risks.

In addition, note 39 (Fair value of financial instruments) includes information in relation to the financial instruments for which their carrying amount coincides with their fair value and provides a description of the valuation techniques and input data used to measure fair value.

Details of financial assets designated at fair value through other comprehensive income, by type of issuer, at 31 December 2024 and 2023 are as follows:

		Thousands of euros
	31/12/24	31/12/23
Equity instruments		
Credit institutions	-	-
Non-financial corporations	14,287	6,512
Other financial corporations	-	-
	14,287	**6,512**
Debt securities		
Central banks	-	-
General governments	118,488	134,311
Credit institutions	139,505	131,001
Other financial corporations	45,667	42,179
Non-financial corporations	1	66,515
	303,661	**374,006**

10. Financial assets at amortised cost

Details of this line item of the accompanying statement of financial position, taking into consideration the balancing entry for the financial instrument from which they originate, at 31 December 2024 and 2023 are as follows:

		Gross carrying amount	
31 December 2024	**Net carrying amount**	**Assets without significant increase in credit risk since initial recognition (Stage 1)**	**Assets with a significant increase in credit risk since initial recognition, but not credit-impaired (Stage 2)**
Debt securities		**693,835**	**-**
Central banks	-	-	-
General governments	238,067	238,150	-
Credit institutions	255,262	255,378	-
Other financial corporations	126,295	126,384	-
Non-financial corporations	73,804	73,923	-
Deposits in central banks and credit institutions	**274,806**	**274,806**	**-**
Central banks	-	-	-
Credit institutions	274,806	274,806	-
Loans and advances	**3,472,600**	**3,262,008**	**194,694**
General governments	6,636	6,685	-
Credit institutions	-	-	-
Other financial corporations	139,769	140,211	-
Non-financial corporations	1,704,839	1,571,187	118,531
Households	1,621,356	1,543,925	76,163
Financial assets at amortised cost	**4,440,834**	**4,230,649**	**194,694**

Thousands of euros

	Accumulated impairment		
Credit-impaired assets (Stage 3)	Assets without significant increase in credit risk since initial recognition (Stage 1)	Assets with a significant increase in credit risk since initial recognition, but not credit-impaired (Stage 2)	Credit-impaired assets (Stage 3)
-	**(407)**	**-**	**-**
-	-	-	-
-	(83)	-	-
-	(116)	-	-
-	(89)	-	-
-	(119)	-	-
-	**-**	**-**	**-**
-	-	-	-
-	-	-	-
32,584	**(3,674)**	**(6,162)**	**(6,850)**
-	(49)	-	-
-	-	-	-
25	(451)	-	(16)
23,136	(2,331)	(3,214)	(2,470)
9,423	(843)	(2,948)	(4,364)
32,584	**(4,081)**	**(6,162)**	**(6,850)**

31 December 2023	Net carrying amount	Gross carrying amount	
		Assets without significant increase in credit risk since initial recognition (Stage 1)	Assets with a significant increase in credit risk since initial recognition, but not credit-impaired (Stage 2)
Debt securities	**626,673**	**627,120**	**-**
Central banks	-	-	-
General governments	139,513	139,590	-
Credit institutions	263,401	263,517	-
Other financial corporations	131,262	131,358	-
Non-financial corporations	92,497	92,655	-
Deposits in central banks and credit institutions	**548,362**	**548,362**	**-**
Central banks	-	-	-
Credit institutions	548,362	548,362	-
Loans and advances	**3,207,780**	**3,034,996**	**157,171**
General governments	11,542	11,600	-
Credit institutions	43	44	-
Other financial corporations	127,578	127,731	150
Non-financial corporations	1,504,358	1,412,200	79,077
Households	1,564,259	1,483,421	77,944
Financial assets at amortised cost	**4,382,815**	**4,210,478**	**157,171**

At 31 December 2024 assets classified as non-performing amount to Euros 32,584 thousand (Euros 38,786 thousand at 31 December 2023).

Thousands of euros

	Accumulated impairment		
Credit-impaired assets (Stage 3)	**Assets without significant increase in credit risk since initial recognition (Stage 1)**	**Assets with a significant increase in credit risk since initial recognition, but not credit-impaired (Stage 2)**	**Credit-impaired assets (Stage 3)**
-	**(447)**	**-**	**-**
-	-	-	-
-	(77)	-	-
-	(116)	-	-
-	(96)	-	-
-	(158)	-	-
-	**-**	**-**	**-**
-	-	-	-
-	-	-	-
38,786	**(3,335)**	**(5,801)**	**(14,037)**
-	(58)	-	-
-	(1)	-	-
3	(302)	(2)	(2)
27,073	(1,417)	(3,026)	(9,549)
11,710	(1,557)	(2,773)	(4,486)
38,786	**(3,782)**	**(5,801)**	**(14,037)**

Note 38 (Risk management) includes certain information relating to interest rate, liquidity and market risks assumed by the Group in relation to the financial assets and financial liabilities included in this category, as well as information on the concentration of risks and credit quality.

•a. Details of loans and receivables by sector of activity and type of product

Details of the subheadings comprising loans and receivables, by sector of activity and type of product, at 31 December 2024 and 2023 are as follows:

31 December 2024	Totals	Central banks
On demand and short notice (current account)	**10,058**	**-**
Credit card debt	**9,175**	**-**
Trade receivables	2,497	
Finance leases	-	-
Reverse repurchase loans	-	-
Other term loans	3,450,870	-
Advances that are not loans	-	-
Loans and advances	**3,472,600**	**-**

31 December 2023	Totals	Central banks
On demand and short notice (current account)	**24,914**	**-**
Credit card debt	**7,489**	**-**
Trade receivables	17,007	
Finance leases	-	-
Reverse repurchase loans	-	-
Other term loans	3,158,370	-
Advances that are not loans	-	-
Loans and advances	**3,207,780**	**-**

An essential instrument used for managing credit risk is that of ensuring that financial assets acquired or contracted by the Group include collateral securities and other loan enhancements in addition to the debtor's personal guarantee.

The Group's policies for analysing and selecting risk define, based on the different characteristics of the operations, such as the purpose of risk, counterparty, maturity period, use of own funds etc., the collateral securities or loan enhancements required in addition to the debtor's personal guarantee for such arrangements to be contracted (see note 38(c) Credit risk management).

Collateral securities are measured based on the nature of the collateral received. Generally, collateral securities in the form of real estate are measured at their appraisal value, calculated by independent entities.

Thousands of euros

Net carrying amount				
General governments	**Credit institutions**	**Other financial corporations**	**Non-financial corporations**	**Households**
215	**-**	**394**	**2,224**	**7,225**
3	**-**	**46**	**1,152**	**7,974**
-	-	310	2,093	94
-	-	-	-	-
-	-	-	-	-
6,418	-	139,019	1,699,370	1,606,063
-	-	-	-	-
6,636	**-**	**139,769**	**1,704,839**	**1,621,356**

Thousands of euros

Net carrying amount				
General governments	**Credit institutions**	**Other financial corporations**	**Non-financial corporations**	**Households**
-	**-**	**53**	**19,981**	**4,880**
1	**20**	**25**	**874**	**6,569**
-	-	227	16,672	108
-	-	-	-	-
-	-	-	-	-
11,541	23	127,273	1,466,831	1,552,702
-	-	-	-	-
11,542	**43**	**127,578**	**1,504,358**	**1,564,259**

With a frequency of at least one year the Bank must verify the existence of indications of significant decreases in its benchmark valuations for operations classified as performing exposure with real estate guarantees. Only in the case that evidence of losses in value of this collateral exists or in those cases in which impairment in the debtor's solvency arises which could imply that these guarantees could have been used, this valuation is updated based on the same criteria: collateral securities in the form of securities quoted in active markets are measured at quoted value, adjusted by a percentage to cover any possible variations in this market value which could jeopardise the coverage of the risk; guarantees and similar collateral used to cover credit risk are measured, for the purpose of determining the coverage, at nominal amount which is equivalent to the covered risk; guarantees in the form of pledged deposits are measured at the value of these deposits and in the event they are denominated in foreign currency they are converted at the exchange rate at each valuation date.

•b. Details of loans and advances and deposits in credit institutions based on collateral securities and personal securities

Details of loans and advances and deposits in credit institutions based on principal collateral securities and disclosure of the percentage of coverage on the operations, at 31 December 2024 and 2023, are as follows:

Thousands of euros

		% coverage				
31 December 2024	**Gross carrying amount**	**≤ 40% or without guarantee**	**> 40% and ≤ 60%**	**> 60% and ≤ 80%**	**> 80% and ≤ 100%**	**> 100%**
Deposits in central banks and credit institutions	**274,806**	**3,363**	**-**	**-**	**271,443**	**-**
Central banks	-	-	-	-	-	-
Credit institutions	274,806	3,363	-	-	271,443	-
Loans and advances	**3,489,286**	**344,606**	**4,679**	**17,592**	**47,962**	**3,074,447**
Operations collateralised by immovable property	1,405,880	6,080	1,547	6,043	16,111	1,376,099
Operations collateralised by debt securities/ instruments	1,365,215	66	2,069	8,515	3,703	1,350,862
Operations collateralised by monetary assets	393,350	13,619	1,063	3,034	28,148	347,486
Operations with no guarantee and/or personal collateral	324,841	324,841	-	-	-	-
Financial assets at amortised cost	**3,764,092**	**347,969**	**4,679**	**17,592**	**319,405**	**3,074,447**

		% coverage				
31 December 2023	**Gross carrying amount**	**≤ 40% or without guarantee**	**> 40% and ≤ 60%**	**> 60% and ≤ 80%**	**> 80% and ≤ 100%**	**> 100%**
Deposits in central banks and credit institutions	**548,362**	**22,683**	**-**	**-**	**525,679**	**-**
Central banks	-	-	-	-	-	-
Credit institutions	548,362	22,683	-	-	525,679	-
Loans and advances	**3,230,953**	**257,156**	**7,455**	**17,065**	**271,317**	**2,677,960**
Operations collateralised by immovable property	1,352,094	6,290	1,532	6,819	173,111	1,164,342
Operations collateralised by debt securities/ instruments	1,291,463	889	3,722	8,787	71,871	1,206,194
Operations collateralised by monetary assets	376,367	38,948	2,201	1,459	26,335	307,424
Operations with no guarantee and/or personal collateral	211,029	211,029	-	-	-	-
Financial assets at amortised cost	**3,779,315**	**279,839**	**7,455**	**17,065**	**796,996**	**2,677,960**

At 31 December 2024, 90% of loans and advances and deposits in credit institutions have coverage of more than 80%, whilst at 31 December 2023, 92% of loans and advances have coverage of more than 80%.

At 31 December 2024, as part of the plan for aid and measures to mitigate the effects of COVID-19, the Andorran Government guarantees loans for a value of Euros 16.22 million, of which the current risk is Euros 4.26 million.

11. Derivatives - Hedge accounting and Fair value changes

The balances of these items of the accompanying consolidated statements of financial position at 31 December 2024 and 2023 are as follows:

Thousands of euros

Derivatives - Hedge accounting and changes in fair value	31/12/24	31/12/23
Assets	**3,350**	**2,651**
Derivatives - hedge accounting	7,140	11,678
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(3,790)	(9,027)
Liabilities	**7,143**	**41**
Derivatives - Hedge accounting	7,143	41
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-

At 31 December 2024 the Group's main hedged positions and the derivatives designated to hedge those positions correspond to covered bonds from the financial assets at amortised cost portfolio and at fixed interest rates, using interest rate derivatives.

Note 38 (Risk management) includes certain information relating to interest rate, liquidity and market risks assumed by the Group in relation to the financial assets and financial liabilities included in this category, as well as information on the concentration of risks.

In addition, note 39 (Fair value of financial instruments) includes information in relation to the financial instruments for which their carrying amount coincides with their fair value and provides a description of the valuation techniques and input data used to measure fair value.

Details of the carrying amount of hedging instruments, as well as the nominal amounts of hedging financial derivatives in the accompanying consolidated statement of financial position at 31 December 2024 and 2023, distinguishing between risk category for each kind of hedge, are as follows:

Thousands of euros

	Carrying amount		Notional amount	
31 December 2024	**Assets**	**Liabilities**	**Total hedges**	**Of which: sold**
Fair value hedges	**7,140**	**4,341**	**260,196**	**-**
Interest rate	**7,140**	**4,341**	**260,196**	**-**
Otc options	-	-	-	-
Otc other	7,140	4,341	260,196	-
Organised market options	-	-	-	-
Organised market other	-	-	-	-
Foreign exchange and gold	**-**	**-**	**-**	**-**
Otc options	-	-	-	-
Otc other	-	-	-	-
Organised market options	-	-	-	-
Organised market other	-	-	-	-
Credit	**-**	**-**	**-**	**-**
Credit default swap	-	-	-	-
Credit spread options	-	-	-	-
Total return swaps	-	-	-	-
Other	-	-	-	-
Commodity	**-**	**-**	**-**	**-**
Other	**-**	**-**	**-**	**-**
Cash flow hedges	**-**	**2,802**	**168,755**	**-**
Total derivatives - hedge accounting	**7,140**	**7,143**	**428,951**	**-**
Of which: otc - credit institutions	7,140	7,143	428,951	-
Of which: OTC - Other financial corporations	-	-	-	-
Of which: OTC - Other	-	-	-	-

Thousands of euros

31 December 2023	Carrying amount		Notional amount	
	Assets	Liabilities	Total hedges	Of which: sold
Fair value hedges	**10,848**	**41**	**157,040**	**-**
Interest rate	**10,848**	**41**	**157,040**	**-**
Otc options	-	-	-	-
Otc other	10,848	41	157,040	-
Organised market options	-	-	-	-
Organised market other	-	-	-	-
Foreign exchange and gold	**-**	**-**	**-**	**-**
Otc options	-	-	-	-
Otc other	-	-	-	-
Organised market options	-	-	-	-
Organised market other	-	-	-	-
Credit	**-**	**-**	**-**	**-**
Credit default swap	-	-	-	-
Credit spread options	-	-	-	-
Total return swaps	-	-	-	-
Other	-	-	-	-
Commodity	**-**	**-**	**-**	**-**
Other	**-**	**-**	**-**	**-**
Cash flow hedges	**830**	**-**	**158,541**	**-**
Total derivatives - hedge accounting	**11,678**	**41**	**315,581**	**-**
Of which: otc - credit institutions	11,678	41	315,581	-
Of which: OTC - Other financial corporations	-	-	-	-
Of which: OTC - Other	-	-	-	-

12. Investments in subsidiaries, joint ventures and associates

Details, by company, of Investments in subsidiaries, joint ventures and associates at 31 December 2024 and 2023 in the accompanying consolidated statements of financial position are as follows:

Thousands of euros

2024

Company name	Investment	Impairment	Cost	Total
Medipatrimonia Invest, SL	51.00%	-	3,553	3,553
Sigma M. Partners, LTD	49.80%	-	944	944
Sigma Clarity	22.34%	-	4,990	4,990
Other companies	100.00%	-	61	61
		-	9,548	9,548

2023

Company name	Investment	Impairment	Cost	Total
Medipatrimonia Invest, SL	51.00%	-	2,919	2,919
Sigma M. Partners, LTD	49.80%	-	801	801
Other companies	100.00%	-	61	61
		-	3,781	3,781

The Group fully consolidates subsidiaries, with the exception of Medipatrimonia Invest, SL, Sigma M. Partners, LTD and Sigma Clarity, which are consolidated using the direct equity method.

13. Tangible assets

A breakdown of items included in Tangible assets during 2024 and 2023 is as follows:

Thousands of euros

	31/12/24	31/12/23
Tangible assets		
Property, plant and equipment	112,352	97,298
Property, plant and equipment for own use	21,503	22,451
Rights-of-use	90,849	74,847
Investment property	54,225	47,305
	166,577	144,603

The right-of-use corresponds mainly to the lease of premises where some of the Group companies' offices are located, as well as the Business Centre.

•a. Movement in tangible assets

A breakdown of tangible assets, based on the nature of the items included therein, at 31 December 2024 and 2023, is as follows:

Thousands of euros

	31/12/23	Additions	Disposals	Transfers to/ from non-current assets held for sale	Other transfers	Translation differences and other movements	31/12/24
Cost							
For operating activities							
Land	-	-	-	-	-	-	-
Buildings	5,528	575	-	-	1,569	-	7,672
Furniture	9,912	6	-	-	-	-	9,918
Installations	24,802	866	-	-	-	102	25,770
It equipment	41,707	1,398	(124)	-	-	117	43,098
Vehicles	1,304	53	(93)	-	-	-	1,264
Under construction	892	55	(14)	-	-	-	933
Rights-of-use	122,157	30,246	(15,852)	-	-	-	136,551
Subtotal	**206,302**	**33,199**	**(16,083)**	**-**	**1,569**	**219**	**225,206**
For non-operating activities							
Land		-	-	-	-	-	-
Buildings		-	-	-	350	-	1,485
Installations		-	-	-	-	-	886
It equipment		-	-	-	-	-	104
Furniture		-	-	-	-	-	36
Vehicles		-	-	-	-	-	402
Investment property		667	(4,961)	-	11,236	-	54,352
Subtotal	**49,973**	**667**	**(4,961)**	**-**	**11,586**	**-**	**57,265**
Accumulated depreciation							
For operating activities							
Buildings	(4,157)	(145)	-	-	(1,485)	-	(5,787)
Furniture	(8,555)	(38)	43	-	-	-	(8,550)
Installations	(18,079)	(1,744)	957	-	-	(62)	(18,928)
It equipment	(30,394)	(2,819)	124	-	(20)	(92)	(33,201)
Vehicles	(1,145)	(159)	80	-	-	-	(1,224)
Rights-of-use	(47,310)	(13,796)	15,404	-	-	-	(45,702)
Subtotal	**(109,640)**	**(18,701)**	**16,608**	**-**	**(1,505)**	**(154)**	**(113,392)**
For non-operating activities							
Buildings	(488)	(37)	-	-	(434)	24	(935)
Installations	(901)	(1)	-	-	-	-	(902)
It equipment	(103)	-	-	-	-	-	(103)
Furniture	(33)	-	-	-	-	-	(33)
Operating leases	(402)	-	-	-	-	-	(402)
Investment property	(105)	(22)	-	-	-	-	(127)
Subtotal	**(2,032)**	**(60)**	**-**	**-**	**(434)**	**24**	**(2,502)**
Net balance	**144,603**	**15,105**	**(4,436)**	**-**	**11,216**	**89**	**166,577**

(*) Dation in payment of real estate development in progress.

Thousands of euros

	31/12/22	Additions	Disposals	Transfers to/ from non-current assets held for sale	Other transfers	Translation differences and other movements	31/12/23
Cost							
For operating activities							
Land	-	-	-	-	-	-	-
Buildings	5,273	255	-	-	-	-	5,528
Furniture	9,887	25	-	-	-	-	9,912
Installations	28,940	1,745	(2,586)	(3,104)	-	(193)	24,802
It equipment	37,258	4,946	(497)	-	-	-	41,707
Vehicles	1,304	-	-	-	-	-	1,304
Under construction	892	-	-	-	-	-	892
Rights-of-use	122,417	4,983	(4,284)	(796)	-	(163)	122,157
Subtotal	**205,971**	**11,954**	**(7,366)**	**(3,900)**	**-**	**(357)**	**206,302**
For non-operating activities							
Land	-	-	-	-	-	-	-
Buildings	1,135	-	-	-	-	-	1,135
Installations	886	-	-	-	-	-	886
It equipment	104	-	-	-	-	-	104
Furniture	36	-	-	-	-	-	36
Vehicles	402	-	-	-	-	-	402
Investment property	13,796	2,284	(1,758)	3,692	29,396	(*) -	47,410
Subtotal	**16,359**	**2,284**	**(1,758)**	**3,692**	**29,396**	**-**	**49,973**
Accumulated depreciation							
For operating activities							
Buildings	(4,021)	(136)	-	-	-	-	(4,157)
Furniture	(8,493)	(62)	-	-	-	-	(8,555)
Installations	(20,365)	(2,229)	2,585	1,710	-	220	(18,079)
It equipment	(28,476)	(2,313)	438	-	-	(43)	(30,394)
Vehicles	(943)	(202)	-	-	-	-	(1,145)
Rights-of-use	(39,520)	(12,365)	3,844	796	-	(65)	(47,310)
Subtotal	**(101,818)**	**(17,307)**	**6,867**	**2,506**	**-**	**112**	**(109,640)**
For non-operating activities							
Buildings	(441)	(47)	-	-	-	-	(488)
Installations	(900)	(2)	-	-	-	-	(901)
It equipment	(103)	-	-	-	-	-	(103)
Furniture	(33)	-	-	-	-	-	(33)
Operating leases	(402)	-	-	-	-	-	(402)
Investment property	(164)	(24)	83	-	-	-	(105)
Subtotal	**(2,043)**	**(73)**	**83**	**-**	**-**	**-**	**(2,032)**
Net balance	**118,469**	**(3,142)**	**(2,173)**	**2,298**	**29,396**	**(245)**	**144,603**

(*) Dation in payment of real estate development in progress.

At 31 December 2024 these include fully depreciated tangible assets amounting to Euros 53,679 thousand.

During 2024 and 2023 no interest or exchange differences corresponding to fixed assets have been capitalised.

At 31 December 2024 all these items remain under ownership of the Bank and are used for its activity.

With express authorisation granted by the AFA on 9 December 2008, the Group revalued the carrying amount of the buildings housing its headquarters and network of branches with effective date 30 November 2008. Every two years, through an appraisal conducted by an independent expert, the aforementioned assets are tested to determine whether their market value is higher than their carrying amount, the appropriate provisions being recognised where this is not the case. At 31 December 2024 it has not been necessary to revalue the carrying amount of buildings used in operations.

•b. Investment property

Tangible assets include an amount of Euros 54,225 thousand classified as investment property of the Group, which correspond to buildings under development or lease.

The fair value of the Group's real estate investments amounts to Euros 165,142 thousand.

Investment property is appraised periodically and recognised as the lower of fair value less costs to sell and carrying amount. The main independent sources used for the valuation are Gesvalt, NAUDI, Peritand, AS08 and Tecnitasa.

The appraisal companies chosen to appraise the investment property have been selected based on their benchmark appraisal methodology using the valuation standards set out in Spanish Order ECO/805/2003. The appraisal companies mainly use the comparative valuation method.

In addition, there are no contractual purchase, construction or development obligations on the investment property held at 31 December 2024.

14. Intangible assets

•a. Goodwill

Details of and movement in this line item of the accompanying consolidated statements of financial position at 31 December 2024 and 2023, broken down by company, are as follows:

Thousands of euros

	31/12/23	Additions	Exchange gains/ losses	Transfers	31/12/24
Cost	132,337	5,419	987	-	138,743
Accumulated impairment	(12,657)	-	-	-	(12,657)
	119,680	**5,419**	**987**	**-**	**126,086**

Thousands of euros

	31/12/22	Additions	Exchange gains/ losses	Transfers	31/12/23
Cost	145,675	-	(568)	(12,770)	132,337
Accumulated impairment	(13,007)	(650)	-	1,000	(12,657)
	132,668	**(650)**	**(568)**	**(11,770)**	**119,680**

Details of goodwill, based on the cash generating unit (hereinafter CGU) to which the goodwill has been allocated, are as follows:

Thousands of euros

	2024	2023
Andbank España Banca Privada, SAU	100,131	96,318
Andbank Monaco SAM	11,347	11,347
Andbank Wealth Management LLC	1,963	1,844
Andbank Corretora de Seguros de Vida Ltda	531	641
Quest Capital Advisers Agente de Valores, SA	10,508	9,530
MyInvestor Banco, SA	1,606	-
Total Goodwill	**126,086**	**119,680**

Increases due to acquisitions of goodwill have arisen in 2024.

As mentioned in note 3v), on 26 February 2024, the AFA authorised MyInvestor Banco to acquire a 73.47% interest in Hellohipoteca, S.L, which increased during the second half of 2024 through the acquisition of shares from minority shareholders to reach a 99.97% stake. The acquisition generated goodwill of Euros 1,606 thousand (provisional goodwill, as there is a one-year valuation period from the acquisition date to adjust it based on new information obtained).

Based on the transaction carried out in 2024, the Group uses the value of this transaction to measure the recoverable amount of this asset and does not identify any impairment associated therewith.

On 25 July 2024, the AFA authorised Andbank España Banca Privada to acquire 77.92% of the share capital of Gesconsult, S.A., S.G.I.I.C. The transaction generated goodwill of Euros 3,813 thousand (provisional goodwill, as there is a one-year valuation period from the acquisition date to adjust it based on new information obtained).

During 2024 the Group declared its intention to make a divestment relating to the investee Columbus de México, S.A. de CV through a corporate transaction. This transaction was formalised in 2025 and awaiting regulatory authorisation. For this reason, the goodwill associated with this company is reclassified to Non-current assets and disposal groups classified as held for sale (see note 17(b)).

The value of the goodwill of Columbus de México, S.A. de CV amounts to Euros 4,148 thousand at 31 December 2024. In view of this transaction, the Group uses the value of this transaction to measure the recoverable amount of this asset and does not identify any impairment associated therewith.

As mentioned in note 3 v), Andbank signed an agreement with Creditas Financial Holding for the sale of the investee Banco Andbank (Brasil), S.A. and its subsidiaries. As a result of this agreement (see note 17 (b)), during 2022 the goodwill associated with Banco Andbank (Brasil), S.A. was reclassified as Non-current assets and disposal groups classified as held for sale.

The value of the goodwill associated with Andbank Brasil amounts to Euros 15,972 thousand at 31 December 2024. Given the sale and purchase agreement signed with Creditas Financial Holding, the Group uses the value of this transaction to measure the recoverable amount of this asset and does not identify any impairment associated therewith.

•b. Impairment testing

For the purpose of testing goodwill and intangible assets with indefinite useful lives for impairment, Group cash generating units (CGU) have been allocated based on the country of operation.

The Andbank Group has goodwill generated by cash generating units located in countries with currencies other than the Euro (mainly in Brazil, USA and Uruguay) and consequently, exchange differences are generated on conversion to Euros, at the closing exchange rate.

In accordance with IAS 36, the Andbank Group carries out yearly testing of the potential impairment of goodwill with regard to its recoverable amount. This testing requires identifying the cash generating units, which are the Group's smallest groups of identifiable assets that generate cash inflows that are largely independent of those from other assets or groups of assets. The carrying amount of each cash generating unit is determined by taking into consideration the carrying amount of all assets and liabilities, the group of independent legal entities comprising the cash generating unit, together with the corresponding goodwill.

This carrying amount to be recovered from the cash generating unit can be compared with its recoverable amount in order to determine whether it has been impaired. The Group's directors evaluate the existence of any indication that could be considered as evidence of impairment of the cash generating unit, by reviewing information, which includes future dividends distributable in a period of five years, in which:

- The annual growth rate of managed assets is adjusted to the growth observed in each business unit in recent years and to the growth expectations according to the future plans, together with an improvement in market expectations.
- The annual growth rate of the gross margin arises from the average growth of assets under management for the period, as well as their return. The return is adapted to each business unit based on the growth observed in recent years, as well as market expectations, which are more conservative in the Euro zone due to the European monetary framework and the high level of competition in the sector.
- Lastly, the annual growth rate of operating expenses is in line with the growth observed in previous years and the expectations of inflation and growth in business support expenses for each unit.

The Group determines the recoverable amount by calculating the value in use by applying the discount method of distributable dividends. The value of the cash generating units is obtained based on the present value of the dividends that are expected to be generated by this CGU in the future.

This approach analyses the entity from a dynamic standpoint, considering the business as an asset with the capacity to generate future dividends.

On a going concern basis, it is estimated that the income approach is the method that most efficiently includes the result of the valuation of all factors affecting the value of a business.

The main assumptions used to calculate future distributable dividends are:

i. projected results, based on the financial budgets approved by the Group directors, that cover a period of five years (unless there is justification for a longer time horizon),

ii. discount rates determined as the cost of capital taking into consideration the risk-free rate plus a risk premium in accordance with the market and business in which they operate. This capital discount rate must take into consideration the time value of money, as well as the market risk and other entity-specific risks, and

iii. constant growth rates to extrapolate results to perpetuity, that do not exceed the medium-long term growth rate for the market in which the CGU in question operates.

The main assumptions taken into consideration when determining the recoverable amount at 2024 reporting date, of the most significant CGU that have been valued by discounting distributable dividends, are as follows:

2024		
	Ke	G
Andbank España, S.A	10.50%	3.00%
Andbank Monaco S.A.M.	9.46%	3.05%
Andbank Wealth Management LLC	10.88%	4.22%
Andbank Corretora de Seguros de Vida Ltda	13.96%	5.44%
Quest Capital Advisers Agente de Valores, SA	14.47%	6.77%

Sensitivity analysis

The Group has performed a sensitivity analysis, consisting of adjusting the discount rate by +/- 50 basis points and the growth to perpetuity rate by +/- basis points.

The sensitivity analysis concludes that all the scenarios defined therein reflect that the carrying amount of the CGU is lower than the recoverable amount.

•c. Other intangible assets

A breakdown and movement of items included in Intangible assets during 2024 and 2023 is as follows:

							Thousands of euros
At 31 December 2024	**31/12/23**	**Additions**	**Disposals**	**Transfers to/ from non-current assets held for sale**	**Other transfers**	**Translation differences and other movements**	**31/12/24**
Cost							
IT software and applications	140,299	6,113	(3,068)	-	104	951	144,399
Multi-owned assets	834	-	-	-	-	-	834
Intangible assets in progress	-	-	-	-	-	-	-
Other	77,525	4,088	(82)	-	(104)	-	81,427
	218,658	**10,201**	**(3,150)**	**-**	**-**	**951**	**226,660**
Accumulated amortisation							
IT software and applications	(76,094)	(10,908)	3,023	-	(319)	(498)	(84,796)
Multi-owned assets	(737)	(11)	-	-	-	-	(748)
Intangible assets in progress	-	-	-	-	-	-	-
Other	(33,685)	(3,892)	346	-	-	-	(37,231)
	(110,516)	**(14,811)**	**3,369**	**-**	**(319)**	**(498)**	**(122,775)**
Accumulated impairment	**(2,081)**	**(630)**	**191**	**-**	**321**	**-**	**(2,199)**
Net balance	**106,061**	**(5,240)**	**410**	**-**	**2**	**453**	**101,686**

Thousands of euros

At 31 December 2023	31/12/22	Additions	Disposals	Transfers to/ from non-current assets held for sale	Other transfers	Translation differences and other movements	31/12/23
Cost							
IT software and applications	130,355	6,720	(2,403)	-	5,627	-	140,299
Multi-owned assets	834	-	-	-	-	-	834
Intangible assets in progress	-	-	-	-	-	-	-
Other	81,850	3,793	(233)	(2,258)	(5,627)	-	77,525
	213,039	**10,513**	**(2,636)**	**(2,258)**	**-**	**-**	**218,658**
Accumulated amortisation							
IT software and applications	(68,793)	(9,758)	2,403	-	-	54	(76,094)
Multi-owned assets	(727)	(10)	-	-	-	-	(737)
Intangible assets in progress	-	-	-	-	-	-	-
Other	(32,374)	(3,751)	149	2,234	-	57	(33,685)
	(101,894)	**(13,519)**	**2,552**	**2,234**	**-**	**111**	**(110,516)**
Accumulated impairment	**(2,061)**	**(126)**	**106**	**-**	**-**	**-**	**(2,081)**
Net balance	**109,084**	**(3,132)**	**22**	**(24)**	**-**	**111**	**106,061**

At 31 December 2024 these include fully amortised intangible assets amounting to Euros 48,690 thousand.

At 31 December 2024 customer relationships and agent premiums classified as Other under intangible assets amount to Euros 34,824 thousand.

At 31 December 2024 all these items remain under ownership of the Bank and are used for its activity.

15. Tax assets and liabilities

Details of tax assets and liabilities at 31 December 2024 and 31 December 2023 are as follows:

Thousands of euros

	31/12/24	31/12/23
Tax assets		
Current tax assets	4,496	4,245
Deferred tax assets	19,770	25,780
	24,266	**30,025**
Tax liabilities		
Current tax liabilities	14,826	8,747
Deferred tax liabilities	6,423	7,148
	21,249	**15,895**

16. Other assets and liabilities

A breakdown of the asset and liability items of the consolidated statement of financial position at 31 December 2024 and 31 December 2023 is as follows:

		Thousands of euros
	31/12/24	**31/12/23**
Other assets		
Inventories	**14**	**14**
Other assets	**119,204**	**100,985**
Prepayments and accrued income	61,893	50,917
Operations in progress	7,054	4,431
Other items	50,257	45,637
	119,218	**100,999**

		Thousands of euros
	31/12/24	**31/12/23**
Other liabilities		
Other liabilities	**105,505**	**105,940**
Accrued expenses and deferred income	14,685	14,524
Operations in progress	17,424	25,390
Other items	73,396	66,026
	105,505	**105,940**

17. Non-current assets and liabilities and disposal groups classified as held for sale

Details of non-current assets and disposal groups classified as held for sale at 31 December 2024 and 31 December 2023 are as follows:

		Thousands of euros
	31/12/24	**31/12/23**
Foreclosed assets	**2,942**	**2,646**
Other non-current assets held for sale	**458,735**	**470,315**
	461,677	**472,961**

		Thousands of euros
	31/12/24	**31/12/23**
Foreclosed liabilities	-	-
Other non-current liabilities held for sale	**385,664**	**366,586**
	385,664	**366,586**

•a. Foreclosed assets

A breakdown and movement during 2024 and 2023 of this item in the accompanying statements of financial position are as follows:

						Thousands of euros
	31/12/23	**Additions**	**Disposals**	**Transfers to investment property**	**Other**	**31/12/24**
Cost						
Property, plant and equipment	-	-	-	-	-	-
From foreclosures	7,671	520	(13)	-	-	8,178
Other	-	-	-	-	-	-
	7,671	**520**	**(13)**	**-**	**-**	**8,178**
Impairment losses						
Property, plant and equipment	-	-	-	-	-	-
From foreclosures	(6,588)	(122)	13	-	-	(6,697)
Other	1,563	(102)	-	-	-	1,461
	(5,025)	**(224)**	**13**	**-**	**-**	**(5,236)**
Net balance	**2,646**	**296**	**-**	**-**	**-**	**2,942**

						Thousands of euros
	31/12/22	Additions	Disposals	Transfers to investment property	Other	31/12/23
Cost						
Property, plant and equipment	-	-	-	-	-	-
From foreclosures	22,548		(9,027)	(5,850)	-	7,671
Other	-		-	-	-	-
	22,548		**(9,027)**	**(5,850)**	**-**	**7,671**
Impairment losses						
Property, plant and equipment	-		-	-	-	-
From foreclosures	(14,523)		5,777	2,158	-	(6,588)
Other	1,563		-	-	-	1,563
	(12,960)	**-**	**5,777**	**2,158**	**-**	**(5,025)**
Net balance	**9,588**		**(3,250)**	**(3,692)**	**-**	**2,646**

Transfers to investment property reflect a change in the purpose of the assets, which are destined for property development or the obtaining of returns and gains.

The fair value of non-current assets and disposal groups classified as held for sale is as follows:

		Thousands of euros
	31/12/24	31/12/23
Land	8,489	7,497
Premises	1,069	1,024
Car parks	461	450
Storage rooms	41	40
Housing	285	285
	10,345	**9,296**

The fair value of real estate assets classified as non-current assets held for sale are classified as Level 2 based on the fair value hierarchy. Foreclosed assets are appraised periodically and are recognised as the lower of fair value less costs to sell and carrying amount. From the analyses carried out it can be concluded that the market values of the assets do not significantly differ from their carrying amounts. The main independent sources used to value buildings and land are Intervalor, Peritand, AS08 and Tecnitasa.

The appraisal companies chosen to appraise the foreclosed assets have been selected based on their benchmark appraisal methodology using the valuation standards set out in Spanish Order ECO/805/2003. The appraisal companies mainly use the comparative valuation method.

The Group has an active policy of disposing of all non-current assets and disposal groups which have been classified as held for sale, with the appraisals obtained being higher than their carrying amounts.

Foreclosures and recoveries

A classification by category and by average permanence in the portfolio of non-current assets and disposal groups classified as held for sale is as follows:

Thousands of euros

	31/12/24	31/12/23
Up to 12 months	-	-
From 1 to 2 years	407	158
From 2 to 5 years	158	87
More than 5 years	2,377	2,401
	2,942	**2,646**

Details, by type of asset, of the profit and loss recognised in 2024 and 2023 due to the sale of non-current assets and disposal groups which have been classified as held for sale are as follows:

Thousands of euros

	2024		2023	
	Beneficis	Profits Losses	Beneficis	Profits Losses
Apartments	-	-	506	(90)
Car parks	-	-	101	-
Premises	-	-	12	-
Land	67	-	532	(57)
Adjustments due to depreciation	-	-	-	-
	67	**-**	**1,151**	**(147)**

At 31 December 2024 and 2023 the Group has no liabilities associated with non-current assets and disposal groups which have been classified as held for sale.

•b. Other non-current assets held for sale

Other non-current assets held for sale and Other non-current liabilities held for sale for 2024 correspond to the transactions described in note 3 a).

As mentioned in note 3 a) v), Andbank signed an agreement for the sale of the investee Banco Andbank (Brasil) S.A. and its affiliates, and formalised the sale of the investee Columbus de México, S.A. De CV (subsidiary of the Zumzeiga Group).

The asset and liability balances for the companies for sale have been reclassified to Non-current assets and disposal groups classified as held for sale - Other non-current assets held for sale and Liabilities included in disposal groups classified as held for sale - Other non-current liabilities held for sale in the consolidated statement of financial position at 31 December 2024.

Details of the consolidated assets and liabilities of Banco Andbank (Brasil), S.A. at 31 December 2024 are as follows:

Thousands of euros

ASSETS	31/12/24
Cash, cash balances at central banks and other demand deposits	**198**
Cash balances at central banks	157
Other demand deposits	41
Financial assets held for trading	**1,157**
Derivatives	1,157
Financial assets at fair value through other comprehensive income	**40,724**
Equity instruments	40,724
Debt securities	-
Financial assets at amortised cost	**343,670**
Debt securities	-
Loans and advances	343,670
Tangible assets	**1,651**
Property, plant and equipment	1,651
Intangible assets	**24,127**
Goodwill (*)	15,972
Other intangible assets	8,155
Tax assets	**4,120**
Current tax assets	770
Deferred tax assets	3,350
Other assets	**31,903**
TOTAL ASSETS	**447,550**

(*) See note 14 a)

Thousands of euros

LIABILITIES	31/12/24
Financial liabilities held for trading	**1,157**
Derivatives	1,157
Financial liabilities at amortised cost	**375,376**
Deposits	375,376
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**130**
Provisions	**528**
Tax liabilities	**1,060**
Current tax liabilities	1,060
Other liabilities	**5,255**
TOTAL LIABILITIES	**383,506**

Details of the consolidated assets and liabilities of Columbus de México, S.A. at 31 December 2024 are as follows:

	Thousands of euros
ASSETS	**31/12/24**
Cash, cash balances at central banks and other demand deposits	**1,675**
Cash balances at central banks	2
Other demand deposits	1,672
Financial assets at fair value through other comprehensive income	**-**
Equity instruments	-
Debt securities	-
Financial assets at amortised cost	**-**
Debt securities	-
Loans and advances	-
Derivatives - Hedge accounting	**-**
Tangible assets	**734**
Property, plant and equipment	734
Intangible assets	**4,201**
Goodwill (*)	4,149
Other intangible assets	52
Tax assets	**-**
Current tax assets	-
Deferred tax assets	-
Other assets	**4,576**
TOTAL ASSETS	**11,186**

(*) See note 14 a)

	Thousands of euros
LIABILITIES	**31/12/24**
Financial liabilities at amortised cost	**-**
Deposits	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**-**
Provisions	**-**
Tax liabilities	**760**
Current tax liabilities	760
Other liabilities	**1,399**
TOTAL LIABILITIES	**2,158**

Other non-current assets held for sale and Other non-current liabilities held for sale associated with Banco Andbank (Brasil), S.A. and Columbus de México, S.A. de CV are recognised under Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (note 35) on the consolidated income statements.

18. Financial liabilities measured at amortised cost

Details of this line item of the statement of financial position at 31 December 2024 and 31 December 2023 are as follows:

Thousands of euros		
	31/12/24	**31/12/23**
Deposits	**8,665,232**	**6,948,202**
Central banks	40,112	101,703
Credit institutions	440,762	562,314
Customers and public entities	8,184,358	6,284,185
Debt securities issued	**184,775**	**313,539**
Other financial liabilities	**116,059**	**97,608**
	8,966,066	**7,359,349**

Note 38 (Risk management) includes certain information relating to interest rate, liquidity and market risks assumed by the Group in relation to the financial assets and financial liabilities included in this category, as well as information on the concentration of risks.

Financial liabilities comprising the financial liabilities measured at amortised cost portfolio are initially recognised at fair value and measured at amortised cost, using the effective interest rate method.

•a. Deposits

A breakdown of the balance of this line item in the accompanying consolidated statement of financial position, by type of financial instrument, at 31 December 2024 and 31 December 2023, is as follows:

Thousands of euros		
	31/12/24	**31/12/23**
Central banks	**40,112**	**101,703**
Current accounts/overnight deposits	8,734	6,796
Deposits with agreed maturity	31,378	94,907
Deposits redeemable at notice	-	-
Repurchase agreements	-	-
General governments	**34,870**	**26,275**
Current accounts/overnight deposits	20,641	15,203
Deposits with agreed maturity	14,229	11,072
Deposits redeemable at notice	-	-
Repurchase agreements	-	-
Credit institutions	**440,762**	**562,314**
Current accounts/overnight deposits	33,128	18,537
Deposits with agreed maturity	12,209	39,324
Deposits redeemable at notice	-	-
Repurchase agreements	395,425	504,453
Other creditors	**8,149,488**	**6,257,910**
Current accounts/overnight deposits	4,461,552	3,820,511
Deposits with agreed maturity	3,687,936	2,437,399
Deposits redeemable at notice	-	-
Repurchase agreements	-	-
	8,665,232	**6,948,202**

•b. Debt securities

i. Debt securities issued by Andorra Capital Agrícol Reig, BV and AB Financials Products, DAC.

The balance of this line item also includes the issue of securities by Andorra Capital Agricol Reig, B.V. and AB Financial Products, D.A.C., which are shown by maturity dates at 31 December 2024 and 31 December 2023:

Thousands of euros

31 December 2024	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	No maturity	Total
Debt securities issued in 2016	-	-	-	-	25,000	-	25,000
Debt securities issued in 2017	-	-	-	-	39,082	-	39,082
Debt securities issued in 2022	3,442	3,318	1,920	10,783	-	-	19,463
Debt securities issued in 2023	5,050	8,686	21,004	26,713	887	-	62,340
Debt securities issued in 2024	-	4,360	16,641	14,889	3,000	-	38,890
	8,492	**16,364**	**39,565**	**52,385**	**67,969**	**-**	**184,775**

31 December 2023	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	No maturity	Total
Debt securities issued in 2016	-	-	-	-	25,000	-	25,000
Debt securities issued in 2017	-	-	-	-	39,082	-	39,082
Debt securities issued in 2022	2,404	535	11,546	27,967	-	-	42,452
Debt securities issued in 2023	905	15,511	111,430	78,326	833	-	207,005
	3,309	**16,046**	**122,976**	**106,293**	**64,915**	**-**	**313,539**

•c. Other financial liabilities

A breakdown of this liability line item of financial liabilities at amortised cost on the consolidated statement of financial position at 31 December 2024 and 31 December 2023 is as follows:

Thousands of euros

	31/12/24	31/12/23
Lease liabilities	98,203	81,495
Bonds payable	9,389	7,557
Guarantees received	41	47
Clearing houses	4,790	6,498
Other items	3,636	2,011
	116,059	**97,608**

Details of maturity dates of lease liabilities maturing after 31 December 2024 and 2023 are as follows:

31/12/24	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
Maturities of lease liabilities	10,520	19,919	27,679	40,085	98,203

31/12/23	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
Maturities of lease liabilities	8,071	12,940	17,320	43,164	81,495

19. Provisions

A breakdown of this line item of the statement of financial position at 31 December 2024 and 2023 is as follows:

		Thousands of euros
	31/12/24	**31/12/23**
Pensions and other benefit obligations and other long-term employee benefits	3,464	3,851
Other long-term employee benefits	-	-
Pending legal issues and tax litigation	274	341
Commitments and guarantees given	371	419
Other provisions	17,982	13,404
	22,091	**18,015**

Movement by type of provision during 2024 and 2023 was as follows:

					Thousands of euros
	Pensions and other benefit obligations and other long-term employee benefits	**Pending legal issues and tax litigation**	**Commitments and guarantees given**	**Other provisions**	**Total**
Balance at 1 January 2024	**3,851**	**341**	**419**	**13,404**	**18,015**
Net provisions	-	-	(48)	7,303	7,255
Amounts used	(782)	(67)	-	(4,996)	(5,845)
Other movements	395	-	-	2,271	2,666
Balance at 31 December 2024	**3,464**	**274**	**371**	**17,982**	**22,091**

					Thousands of euros
	Pensions and other benefit obligations and other long-term employee benefits	**Pending legal issues and tax litigation**	**Commitments and guarantees given**	**Other provisions**	**Total**
Balance at 1 January 2023	**3,962**	**292**	**383**	**12,887**	**17,524**
Net provisions					
Amounts used	22	(13)	36	241	286
Other movements	(467)	-	-	(2,495)	(2,962)
Balance at 31 December 2023	**3,851**	**341**	**419**	**13,404**	**18,015**

•a. Pensions and other defined post-employment benefit obligations and Other long-term employee benefits

The Bank has recognised different obligations in relation to personnel: retired employees, early retirees, and funds for other obligations with current Bank employees.

Employees from what was previously called Banc Agrícol i Comercial d'Andorra, S.A., who retired before 22 December 1995 have a defined benefit retirement pension plan created in 1989. Employees who joined the Andbank Group after 1 May 1995, except for certain groups belonging to a defined contribution scheme, do not belong to the retirement pension plan.

Under the agreements signed by retired personnel, the Bank has to make supplementary remuneration payments. The actuarial variables and other assumptions used in the valuation at 31 December 2024 for retired personnel are as follows:

	Retirees
Mortality tables	PER2020
Nominal discount rate	2.91%
Nominal rate of salary growth	-
Annual rate of pension growth	-
Retirement age	-

The possible changes arising in the actuarial variables would not have a significant effect on these annual accounts.

Payments made to retirees and early-retirees (in accordance with Law 17/2008 and related regulations) during 2024 and 2023 have been recognised against the provision fund.

The other obligations fund, which is for current employees, is secured by deposits transferred to the interbank market.

Current personnel adhering to the plan for other obligations can, upon request, transfer their funds to investment schemes managed by the Group off the balance sheet. At 31 December 2024 balances managed off the balance sheet amounted to Euros 148 thousand (Euros 369 thousand at 31 December 2023), whilst internal funds recognised under Provisions amount to Euros 2,597 thousand at 31 December 2024 (Euros 3,065 thousand at 31 December 2023).

•b. Other provisions

Other provisions include potential adverse scenario events when closing corporation transactions underway and other provisions not included under the aforementioned line items. The Bank's directors do not expect that the resolution of these events could significantly affect the financial statements.

20. Capital and reserves

Details of movement in the Group's capital and reserves in 2024 and 2023 is shown in the statement of changes in equity.

•a. Capital

At 31 December 2024, following the capital reduction transaction formalised on 8 November 2024, through the redemption of all Class "B" treasury shares, i.e., 14,232 shares, the Bank's share capital consists of 1,858,323 shares (1,855,037 Class A shares and 3,286 Class B shares) with a nominal amount of Euros 44.56 each, fully subscribed and paid and represented by book entries.

All of the Bank's shares have the same voting and economic rights and there are no different voting rights for any of the shareholders. There are no shares that are representative of capital. Shares are not listed on organised markets.

•b. Share premium, retained earnings, revaluation reserves and other reserves

Details of these line items of the statement of financial position at 31 December 2024 and 2023 are as follows:

Thousands of euros

	31/12/24	31/12/23
Share premium	**103,842**	**103,842**
Retained earnings	**466,465**	**461,763**
Legal reserve	16,688	16,688
Guarantee reserves	27,026	27,026
Voluntary reserves	422,211	415,742
Own share reserves	540	2,307
	570,307	**565,605**

- **Share premium**

  At 31 December 2024 and 31 December 2023 the balance of this line item of the statement of financial position amounted to Euros 103,842 thousand.

- **Legal reserve**

  In accordance with Andorran mercantile law, banks must allocate 10% of the year's profit to the legal reserve until it reaches 20% of the share capital. At 31 December 2024 this reserve is fully appropriated.

- **Guarantee reserves**

  This item includes the deposit guarantee reserves and other operating obligations which have to be deposited with the AFA by entities belonging to the financial system.

  In compliance with Law 20/2018 of 13 September 2018 regulating Andorran deposit guarantees and the Andorran system for guaranteeing investments, at 31 December 2024 and 2023 Guarantee reserves totalled Euros 27,026 thousand.

- **Voluntary reserves**

  Voluntary reserves include an amount of Euros 149,385 thousand for differences on first-time consolidation that are restricted.

- **Consolidation reserves**

  At 31 December 2024 and 2023 consolidation reserves correspond to the following companies:

	31/12/24	31/12/23
		Thousands of euros
Andorra Gestió Agrícol Reig, SAU	(520)	505
Andorra Assegurances Agrícol Reig, SAU	686	453
Zumzeiga, BV Group	779	1,414
Egregia, BV Group	-	131
And Private Wealth S.A Switzerland	(73)	-
Andbank Luxembourg Group	28,829	24,543
Andbank España Banca Privada Group	71,451	56,513
MyInvestor Banco Group	7,766	9,541
Quest Wealth Advisers, Inc (Panama)	1,901	2,600
APW Consultores Financeiros Ltda	(1,165)	(1,256)
Andbank Monaco, SAM	16,505	10,257
Andbank (Brasil) SA Group	(4,790)	(5,223)
Sigma-Clarity Ltd Group	559	760
Andbank Corretora de Seguros de Vida Ltda Group	(91)	13
Other	2,383	2,573
Consolidation adjustments	1,562	10,774
	125,782	**113,598**

Movement in consolidation reserves in 2024 and 2023 is as follows:

	Thousands of euros
Balance at 31 December 2022	**101,600**
Distribution of 2022 profit to reserves	22,078
Other consolidation adjustments	(10,080)
Balance at 31 December 2023	**113,598**
Distribution of 2023 profit to reserves	25,149
Other consolidation adjustments	(12,965)
Balance at 31 December 2024	**125,782**

- **Other reserves**

The reserves included under Other in Other reserves mainly comprise the adjustments for the first-time adoption of IFRS, as well as those adjustments made during 2018 due to the first-time adoption of IFRS 9.

- **Equity instruments issued other than capital**

At 31 December 2024 and 2023 equity instruments issued other than capital reflect perpetual contingent subordinated obligations issued on 24 December 2014 for an amount of Euros 35,000 thousand.

The prevailing amount issued at 31 December 2024 is Euros 33,950 thousand.

At its meeting held on 26 November 2014 the Bank's board of directors agreed to request authorisation to issue bonds amounting to Euros 35,000 thousand. On 29 December 2014 the AFA granted authorisation to issue perpetual contingent subordinated bonds of Euros 35,000 thousand. These bonds are considered as equity for Andbank's capital adequacy purposes, upon confirmation of registration with the AFA.

Taking as a benchmark the requirements set out in EU legislation and, more specifically, Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV) and Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (CRR) these bond issues can be computed as additional Tier 1 capital instruments in accordance with the aforementioned regulatory framework.

During the first few months of 2015, this product was issued and commercialised, with the whole amount of the issue being subscribed. The interest rate of this issue is 7.224% at 31 December 2024.

- **MyInvestor, SAU equity instruments issued other than capital**

As described in note 3.a) v), MyInvestor Banco, SAU carried out various tranches of issuance of non-convertible, non-exchangeable, non-cumulative, and perpetual preference shares during 2023 and 2024.

Taking as a benchmark the requirements set out in EU legislation and, more specifically, Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV) and Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (CRR) these bond issues can be computed as additional Tier 1 capital instruments in accordance with the aforementioned regulatory framework.

The preference stakes have no voting rights and cannot be accumulated. They have been fully subscribed and are redeemable upon discretion of the issuer, in accordance with the terms and conditions of each issue.

Preference stakes are subordinated payment bonds and for credit seniority purposes are placed behind common creditors and any other subordinated credit which by law and/or due to its terms and conditions, to the extent permitted by Spanish law, is ranked higher than preference stakes. Interest on the preference stakes is dependent on whether sufficient distributable profits are obtained and on the limits imposed by legislation on own funds, and they do not have any voting rights.

At 31 December 2024 from the different issue tranches of these preference stakes all the issues have been subscribed for a maximum nominal amount of Euros 60,000 thousand, Euros 31,100 thousand of which have been acquired by investors outside the Group.

Details of profits/losses contributed by each of the companies comprising the Group during 2024 and 2023 are as follows:

Thousands of euros		
	31/12/24	**31/12/23**
Andorra Banc Agrícol Reig, SA	**30,167**	**23,003**
Fully consolidated companies:	**15,851**	**17,057**
Andorra Gestió Agrícol Reig, SAU, SGOIC	**4,394**	**1,847**
Zumzeiga B.V. Group	**1,350**	**68**
Columbus de México, SA, CV	69	(99)
Quest Capital Advisers	888	788
Andbanc Wealth Management LLC Group	227	(405)
Consolidation adjustments Zumzeiga Group	166	(216)
Egregia B.V. Group	**-**	**(1,201)**
And Private Wealth, SA	-	(1,172)
Consolidation adjustments Egregia Group	-	(29)
And Private Wealth, SA	**(1,188)**	**-**
Andbank Luxembourg Group	**6,452**	**5,572**
Andbank Luxembourg SA	6,577	6,033
Andbank Asset Management Luxembourg, SA	2,025	2,102
Consolidation adjustments Andbank Lux Group	(2,150)	(2,563)
Andbank España Banca Privada Group	**19,202**	**19,126**
Andbank España Banca Privada, SAU	15,644	11,418
Andbank Wealth Management,SGIIC, SAU	8,081	6,841
Medipatrimonia Invest, SL	1,098	482
APC Servicios Administrativos, SLU	64	140
Wealth Asesoramiento y Consultoria, SLU	35	(10)
Andbank Corporate Finance, SAU	269	(79)
Merchbanc, EGFP, SAU	395	239
Merchbanc, Internacional SARL	129	94
Other consolidation adjustments	(6,513)	1
MyInvestor Group	**6,522**	**2,430**
MyInvestor Banco, SA	6,765	2,430
Other consolidation adjustments	(243)	-
Quest Wealth Advisers, Inc (Panama)	**58**	**(442)**
APW Consultores Financeiros Ltda.	**285**	**106**
Andbank Monaco, SAM	**3,369**	**3,942**
Banco Andbank Brasil Ltda.	**-**	**-**
Andorra Assegurances Agrícol Reig, SA	**385**	**267**
Other consolidation adjustments	**(24,978)**	**(14,658)**
	46,018	**40,060**

21. Accumulated other comprehensive income - Equity

Details of accumulated other comprehensive income during 2024 and 2023 by type of instrument are as follows:

		Thousands of euros
	31/12/24	31/12/23
Items that will not be reclassified to profit or loss	**(78)**	**54**
Tangible assets	-	-
Intangible assets	-	103
Actuarial gains or losses on defined benefit pension plans	-	-
Non-current assets and disposal groups classified as held for sale	-	-
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income	(78)	(49)
Hedge ineffectiveness of fair value hedges for equity instruments measured at fair value through other comprehensive income	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income (hedged item)	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income (hedging instrument)	-	-
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	-	-
Items that may be reclassified to profit or loss	**(39,352)**	**(41,207)**
Hedge of net investments in foreign operations (effective portion)	-	-
Foreign currency translation	(34,250)	(32,094)
Hedging derivatives Cash flow hedges (effective portion)	56	(253)
Fair value changes of debt instruments measured at fair value through other compre-hensive income	(5,158)	(8,860)
Hedging instruments (not designated elements)	-	-
Non-current assets and disposal groups classified as held for sale	-	-
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates	-	-
	(39,430)	**(41,153)**
Income tax relating to items that will not be reclassified to profit or loss	8	(5)
Income tax relating to items that may be reclassified to profit or loss	3,935	4,121
	(35,487)	**(37,037)**

The statement of recognised income and expenses for 2024 and 2023, which forms an integral part of the statement of consolidated changes in equity, shows the movements in this line item of the consolidated statement of financial position during these years.

The changes in recognised income and expenses recognised under Equity as accumulated other comprehensive income are due to the gains on the valuation of treasury shares classified under Changes to fair value of debt instruments measured at fair value through other comprehensive income, Hedging instruments. Cash flow hedges and Currency conversion.

22. Off-balance sheet exposures

•a. Loan commitments, financial guarantees and other commitments given and received

A breakdown of the balance of these amounts at 31 December 2024 and 31 December 2023 is as follows:

		Thousands of euros
	31/12/24	**31/12/23**
Loan commitments given	**986,168**	**770,171**
Of which: Non-performing:	**255**	**174**
Central banks	-	-
General governments	23,914	22,753
Credit institutions	-	-
Other financial corporations	20,415	65,533
Non-financial corporations	683,947	444,618
Households	257,892	237,267
Financial guarantees given	**92,913**	**97,619**
Of which: Non-performing:	**-**	**53**
Central banks	-	-
General governments	7	71
Credit institutions	-	272
Other financial corporations	337	66
Non-financial corporations	85,839	83,276
Households	6,730	13,934
Other commitments given	**28,789**	**28,372**
Of which: Non-performing:	**-**	**-**
Central banks	-	-
General governments	-	-
Credit institutions	-	766
Other financial corporations	2,573	4,704
Non-financial corporations	9,345	5,598
Households	16,871	17,304

		Thousands of euros
	31/12/24	**31/12/23**
	Maximum amount of guarantee	**Maximum amount of guarantee**
Financial guarantees received		
Central banks	**-**	**-**
General governments	**7,097**	**8,617**
Credit institutions	**31,329**	**59,473**
Financial corporations	**3,351**	**9,385**
Other non-financial corporations	**298,741**	**266,995**
Households	**322,318**	**307,538**
	662,836	**652,008**

23. Third party transactions

A breakdown of the most significant accounts included in this line item at 31 December 2024 and 2023 is as follows:

		Thousands of euros
	31/12/24	**31/12/23**
Shares and other variable-income securities	5,871,358	4,086,962
Bonds and other fixed-income securities	4,119,006	3,717,371
Units in investment funds not managed by the Group	16,509,280	12,426,649
Units in investment funds managed by the Group	26,510	102,207
Other	3,824	7,807
	26,529,978	**20,340,996**

Details of assets managed for third parties on or off the balance sheet, whether held in custody or not by the Group at 31 December 2024 and 2023 are as follows:

						Thousands of euros
	31/12/2024			**31/12/2023**		
	Held in custody / deposited by the Bank	**Held in custody / deposited by third parties**	**Total**	**Held in custody / deposited by the Bank**	**Held in custody / deposited by third parties**	**Total**
Collective investment undertakings	217,210	2,546,066	2,763,276	171,320	1,861,827	2,033,147
Individual customer portfolio managed discretionally	2,946,233	3,112,738	6,058,971	2,401,480	4,411,265	6,812,745
Other individual customers	31,243,091	3,645,549	34,888,640	24,200,579	4,108,088	28,308,667
Customers advised	-	1,042,677	1,042,677	-	1,125,289	1,125,289
	34,406,534	**10,347,030**	**44,753,564**	**26,773,379**	**11,506,469**	**38,279,848**

24. Interest income and expenses

•a. Interest income

This comprises interest accrued during the year for financial assets for which the implicit or explicit return is obtained by applying the effective interest method, regardless of whether it is measured at fair value, as well as modifications of income as a result of hedging.

Details of interest income recognised in the consolidated income statement at 31 December 2024 and 31 December 2023 are as follows:

		Thousands of euros
	31/12/24	**31/12/23**
Financial assets held for trading	**4,583**	**6,148**
Of which: Trading derivatives	-	
Non-trading financial assets mandatorily at fair value through profit or loss	**-**	
Financial assets designated at fair value through profit or loss	**712**	**496**
Financial assets at fair value through other comprehensive income	**11,215**	**8,544**
Financial assets at amortised cost	**285,521**	**195,198**
Of which: Debt securities	13,556	12,138
Of which: Loans and advances	271,965	183,060
Derivatives - Hedge accounting, interest rate risk	**-**	**-**
Other assets	**40**	**6**
	302,071	**210,392**

•b. Interest expenses

This comprises interest accrued during the year for financial liabilities with implicit or explicit returns, including that from remuneration in kind, which is obtained by applying the effective interest method, regardless of whether it is measured at fair value, as well as modifications of cost as a result of hedging.

Details of interest expenses recognised in the consolidated income statement at 31 December 2024 and 31 December 2023 are as follows:

Thousands of euros	31/12/24	31/12/23
Financial liabilities held for trading	**-**	**-**
Of which: Trading derivatives	-	
Financial liabilities designated at fair value through profit or loss	**-**	**-**
Financial liabilities at amortised cost	**185,826**	**102,924**
Of which: deposits	174,258	92,153
Of which: Debt securities issued	11,568	10,771
Other liabilities	**1,304**	**499**
Interest expense on assets	**-**	**-**
Derivatives - hedge accounting, interest rate risk	**119**	**534**
	187,249	**103,957**

25. Dividend income

This comprises dividends and remuneration from equity instruments corresponding to profits generated by subsidiaries:

Thousands of euros	31/12/24	31/12/23
Dividend income		
Non-trading financial assets mandatorily at fair value through profit or loss	15	102
Financial assets at fair value through other comprehensive income	113	118
	128	**220**

26. Fee and commission income

This includes the amount of fees and commissions accrued during the year, except those which form an integral part of the effective interest rate of financial instruments.

A breakdown of the balance of this line item of the consolidated income statement at 31 December 2024 and 2023 is as follows:

Thousands of euros	31/12/24	31/12/23
Fee and commission income		
Fees and commission on services	**6,297**	**5,828**
Income from services	**17,932**	**19,980**
Fees and commission on giros	1,579	1,442
Fees and commission on safe deposit rental	118	172
Fees and commission on credit cards	3,355	2,756
Fees and commission on account maintenance	4,462	4,285
Other	8,418	11,325
Surety bonds	**2,573**	**869**
Fees and commission on transferable securities	**199,668**	**193,858**
Stock exchange transactions on behalf of customers	65,239	59,326
Securities depositary management	23,408	19,983
Financial transactions	111,021	114,549
	226,470	**220,535**

27. Fee and commission expenses

These include the amount of all fees and commissions paid or payable and accrued during the year, except those which form an integral part of the effective interest rate of financial instruments.

A breakdown of the balance of this line item of the consolidated income statement at 31 December 2024 and 2023 is as follows:

		Thousands of euros
	31/12/24	**31/12/23**
Fee and commission expenses		
Securities deposits	959	867
Fees and commission on credit cards	1,789	1,523
Swift expenses	330	304
Representation expenses	79,749	75,463
Other	13,185	12,097
	96,012	**90,254**

28. Gains or losses on financial assets and liabilities

This note includes Gains or losses derecognised in financial assets and liabilities not measured at fair value through profit or loss, net; Gains or losses on financial assets and liabilities held for trading, net; Gains or losses on non-trading financial assets mandatorily through profit or loss, net; Gains or losses on financial assets designated at fair value through profit or loss, net; and Gains or losses from hedge accounting, net.

Details of the balances of this line item of the accompanying consolidated income statement at 31 December 2024 and 2023 are as follows:

		Thousands of euros
	31/12/24	**31/12/23**
Gains or losses on financial assets and liabilities		
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	**241**	**86**
Financial assets at fair value through other comprehensive income	(282)	69
Financial assets at amortised cost	523	17
Gains or losses on financial assets and liabilities held for trading, net	**29,280**	**28,207**
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	**(8)**	**(50)**
Gains or losses on financial assets designated at fair value through profit or loss, net	**288**	**418**
Gains or losses from hedge accounting, net	**343**	**(59)**
	30,144	**28,602**

Details of Gains or losses on financial assets and financial liabilities held for trading, net at 31 December 2024 and 31 December 2023, are as follows:

		Thousands of euros
	31/12/24	**31/12/23**
Gains or losses on financial assets and liabilities held for trading, net		
Derivatives	(2,603)	34,140
Equity instruments	591	283
Debt securities	31,292	5,194
	29,280	**39,617**

29. Exchange differences, net

Aquest epígraf de l’estat de resultats consolidat recull, fonamentalment, els resultats obtinguts en la compravenda de divises i les This line item of the consolidated income statement basically includes the gains and losses obtained on the purchase and sale of currencies and the differences arising when converting monetary items in foreign currency in the consolidated statement of financial position to Euros.

These net exchange differences recognised in the consolidated income statement at 31 December 2024, excluding those corresponding to the portfolio of financial assets and financial liabilities at fair value through profit or loss, amount to Euros 13,191 thousand (Euros 6,795 thousand at 31 December 2023).

30. Other operating income/expenses

A breakdown of the balance of this line item of the consolidated income statement at 31 December 2024 and 2023 is as follows:

Thousands of euros

	31/12/24		31/12/23	
Other operating income and other operating expenses	Income	Expenses	Income	Expenses
Changes in fair value of tangible assets measured using the fair value model	-	-	-	-
Investment property	14	-	22	-
Operating leases other than investment property	790	-	730	-
Other	9,996	(6,978)	4,115	(10,267)
	10,800	**(6,978)**	**4,867**	**(10,267)**

31. Administrative expenses

•a. Staff expenses

A breakdown of the amounts included under this line item in the consolidated income statement for 2024 and 2023 is as follows:

Thousands of euros

Staff expenses	**31/12/24**	**31/12/23**
Salaries and bonuses to current employees	95,611	95,856
Social Security contributions	17,910	16,896
Other salary commitments	381	819
Severance payments	940	1,603
Other staff expenses	7,225	6,252
	122,067	**121,426**

•b. Other administrative expenses

A breakdown of this line item of the consolidated income statement at 31 December 2024 and 2023 is as follows:

Thousands of euros

Other administrative expenses	**31/12/24**	**31/12/23**
Furniture, fittings and materials	2,095	3,172
Utilities	848	908
IT and communications	27,589	25,841
Publicity and advertising	8,128	7,435
Security and fund courier services	338	311
Insurance and self-insurance premiums	848	877
Independent professional services	16,070	12,761
Repairs and maintenance	1,475	1,625
Administration	5,589	6,802
Other	2,803	3,259
	65,783	**62,991**

32. Provisions or reversals of provisions

At 31 December 2024 and 31 December 2023 net charges to this line item of the consolidated income statement are as follows:

		Thousands of euros
	31/12/24	31/12/23
Provisions or reversals of provisions		
Pensions and other post employment defined benefit obligations and other long-term employee benefits	-	(22)
Pending legal issues and tax litigation	-	13
Commitments and guarantees given	48	(36)
Other provisions	(7,303)	(241)
	(7,255)	**(286)**

33. Impairment or reversal of impairment of financial assets not measured at fair value through profit or loss

Impairment losses on financial assets, disclosed by nature of these assets, recognised in the consolidated income statement at 31 December 2024 and 31 December 2023 are as follows:

			Thousands of euros
31 December 2024	Gains	(Losses)	Total net of gains and losses
Financial assets carried at cost	-	-	-
Financial assets at fair value through other comprehensive income	109	-	109
Financial assets at amortised cost	8,688	(8,080)	608
	8,797	**(8,080)**	**717**

			Thousands of euros
31 December 2023	Gains	(Losses)	Total net of gains and losses
Financial assets carried at cost	-	-	-
Financial assets at fair value through other comprehensive income	224	-	224
Financial assets at amortised cost	10,984	(5,367)	5,617
	11,208	**(5,367)**	**5,841**

34. Impairment or reversal of impairment on non-financial assets

At 31 December 2024 and 2023 the Group presents the following balance classified as impairment or reversal of impairment on non-financial assets:

		Thousands of euros
	31/12/24	**31/12/23**
Impairment or reversal of impairment on non-financial assets		
Property, plant and equipment	-	150
Goodwill	-	(650)
Intangible assets	(630)	(126)
Other assets	-	-
	(630)	**(626)**

35. Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations.

Details of the balance of this line item of the consolidated income statements at 31 December 2024 and 31 December 2023 are as follows:

		Thousands of euros
	31/12/24	**31/12/23**
Net gains on sale of buildings	67	1,004
Gains (losses) on non-current assets held for sale	(5,468)	(6,625)
Gains (losses) on sale of investments classified as non-current assets held for sale	-	-
Gains on sale of other equity instruments classified as non-current assets held for sale	-	-
	(5,401)	**(5,621)**

36. Balances and transactions with related parties

Andorra Banc Agrícol Reig, SA and other Group companies carry out transactions with their related parties within the normal course of business. All these transactions are carried out in normal market conditions. Other related parties include shareholders with significant influence over the Bank. A breakdown of transactions with related parties identified in 2024 and 2023 is as follows:

•a. Transactions with related entities and individuals

The balances of the accompanying consolidated statements of financial position and income statements originating due to transactions carried out by the Group with related parties at 31 December 2024 and 2023 are as follows:

		Thousands of euros
	Outstanding balances	
2024	**Key management personnel of the Bank or its Parent**	**Other related parties**
Selection of financial assets	**4,146**	**52,731**
Equity instruments	-	-
Debt securities	-	-
Loans and advances	4,146	52,731
Of which: financial assets subject to impairment	-	9,888
Selection of financial liabilities	**3,994**	**16,840**
Deposits	3,994	16,840
Debt securities issued	-	-
Nominal amount of loan, financial guarantee and other commitments given	**10**	**7,355**
Notional amount of derivatives	**-**	**-**
Income statement	**(13)**	**1,585**
Finance income	15	1,654
Finance costs	(40)	(88)
Fee and commission income	12	166
Fee and commission expenses	-	-
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	-	(147)
Memorandum items	**9,327**	**369,647**
Security deposits and other securities held in custody	9,327	369,647

		Thousands of euros
	Outstanding balances	
2023	**Key management personnel of the Bank or its Parent**	**Other related parties**
Selection of financial assets	**3,107**	**32,096**
Equity instruments	-	-
Debt securities	-	-
Loans and advances	3,107	32,096
Of which: financial assets subject to impairment	-	-
Selection of financial liabilities	**3,115**	**14,818**
Deposits	3,115	14,818
Debt securities issued	-	-
	27	**8,945**
Notional amount of derivatives	**-**	**-**
Income statement	**89**	**1,875**
Finance income	92	1,780
Finance costs	(14)	(67)
Fee and commission income	11	162
Fee and commission expenses	-	-
Memorandum items	**6,742**	**113,159**
Security deposits and other securities held in custody	6,742	113,159

•b. Remuneration of key management personnel of the Bank

The Group considers key management personnel to be the Bank's board of directors, as well as the members of the Bank's senior management.

Details of remuneration accrued in 2024 and 2023 by key management personnel are as follows:

		Thousands of euros
	2024	**2023**
Remuneration		
Fixed remuneration	4,215	4,410
Variable and deferred remuneration	933	1,078
Other staff expenses	**248**	**1,077**
Total	**5,396**	**6,565**

37. Taxation

The Group's Andorran companies file corporate income tax returns in accordance with the revised Law 95/2010 of 29 September 2010 on corporate income tax. In accordance with prevailing legislation, these companies' profits are taxed at a rate of 10%. Tax payable is eligible for certain deductions in accordance with legislation prevailing at any given time. Foreign subsidiaries are taxed in accordance with the legislation of each country.

In the opinion of the Bank's directors and its tax advisors, there are no significant tax contingencies which could give rise to possible different interpretations of prevailing tax legislation in the event of an inspection. Details of this line item of the consolidated income statement are as follows:

		Thousands of euros
	31/12/24	**31/12/23**
Tax for the year	(2,158)	(1,280)
Income tax adjustments	(705)	(86)
Local income tax	(2,863)	(1,366)
Foreign income tax	(12,016)	(10,746)
Total	**(14,879)**	**(12,112)**

Due to the difference in the treatment of certain operations stipulated by tax legislation, the accounting income differs from the taxable income. A reconciliation between accounting profit for the year and the basis used to calculate the income tax expense of the Group's Andorran companies is shown below. Movement in prepaid and deferred taxes recognised during the year is presented hereinbelow:

		Thousands of euros
	31/12/24	**31/12/23**
Accounting profit before tax	**37,572**	**26,558**
Permanent differences	**(12,598)**	**(8,681)**
originating in the year	(12,530)	(8,620)
originating in prior years	(68)	(61)
Accounting income	**24,974**	**17,877**
Tax rate of 10%	**2,497**	**1,788**
Tax payable	**2,497**	**1,788**
Deductions and credits	**(339)**	**(508)**
Income tax expense for the year	**2,158**	**1,280**

A reconciliation between accounting profit before tax and the aggregate income tax expense of the Group's Andorran companies for 2024 and 2023 is as follows:

		Thousands of euros
	31/12/24	**31/12/23**
Income and expenses for the year	37,572	26,558
10% of the income and expenses balance for the year	3,757	2,656
Tax effect of permanent differences	(1,260)	(868)
Deductions and credits for the current year	(339)	(508)
Income tax expense	**2,158**	**1,280**

As a result of prevailing legislation, certain temporary differences have arisen which have been recognised in the consolidated statement of financial position at 31 December 2024 and 2023. Movement in the different deferred tax assets and liabilities of the Group's Andorran companies during 2024 and 2023 has been as follows (in thousands of Euros):

				Thousands of euros
	Deferred tax assets		**Deferred tax liabilities**	
	2024	**2023**	**2024**	**2023**
Opening balance	8,855	10,975	707	1,192
Increases	1,206	-	-	-
Decreases	(2,550)	(2,120)	(55)	(484)
Closing balance	**7,511**	**8,855**	**652**	**708**

Details, by type, of the origin of deferred tax assets and liabilities of the Group's Andorran companies at 31 December 2024 and 2023 are as follows:

	Thousands of euros	
	31/12/24	**31/12/23**
Deferred tax assets		
Differences due to temporary charging of income and expenses		
Provisions and other impairment	1,708	3,010
Other	1,574	1,464
Other assets	**4,229**	**4,382**
	7,511	**8,856**

Deferred tax liabilities		
Other	652	708
	652	**708**

Taxes include the amounts recorded by the Group's Andorran companies for tax losses (Euros 3,602 thousand).

38. Risk management

•a. General model for risk management and control

One of the Group's key issues and priority objectives has always been to achieve a robust and efficient risk control and management model. 2024 has been a year of continuity with regard to developing and strengthening the integral risk management model, which covers all risks to which the Group is exposed and enables optimum management of capital.

In order to ensure a shift towards advanced risk management, during 2016 the Group implemented a Corporate Risks Plan, setting out the bases for developing an integral management model in line with the recommendations of the regulators and best market practices. In 2017 the main areas of action as part of this programme were implemented and the Bank's integral risk management model became a reality, and was consolidated in 2018.

The model for managing and controlling risks is based on establishing the metrics and limits of the risk appetite framework, such as the quantity and type of risks which are considered reasonable to assume as part of the business strategy. Additionally, there is a Recovery Plan with different alert thresholds aimed at providing a rapid response to a balance sheet deterioration scenario and improving business management and control tools.

At least once a year the metrics and limits of the risk appetite framework and of the recovery plan have been reviewed for the purpose of adapting them to the Group's business strategy and its attainment of objectives.

The established control environment enables the risk profile to be kept within the risk appetite level and to adapt to a growing and increasingly strict regulatory environment.

The main items ensuring effective control are:

- A robust risk governance structure led by the Risks Committee, which acts as an advisor to the board of directors with regard to risk exposure. This Committee has three specialised advisors in charge of guaranteeing compliance with regulations and conformity with the best international standards with regard to risk control and management.
- The corporate risk and capital policy framework sets out the basic principles for the management of all risks to which the Bank is exposed. This framework enables a homogeneous risk control and management model to be set up in all of the Group's subsidiaries, in line with its global strategy.
- Independence of the risk function guaranteeing the separation between the risk generating units and those responsible for controlling these risks.
- Aggregated supervision and consolidation of all the risks.
- A risk culture integrated throughout the organisation, comprising a series of attitudes, values, skills and measures in view of all risks.

•b. Capital management

As part of the process of officially validating the legislative framework in line with European legislation and in particular, with regard to prudential legislation, the General Council of the Principality of Andorra approved Law 35/2018 on solvency, liquidity and prudential supervision of banking entities and investment firms at its session held on 20 December 2018. The aim of this Law, in conjunction with the related regulation, is to encompass the EU CRD CRR legislation enforced by Regulation EU no. 575/2013 and Directive 2013/36/EU and its subsequent amendments.

This Law entered into force on 24 January 2019 and repeals the Law regulating the capital adequacy and liquidity criteria of financial institutions of 29 February 1996.

The new Law obliges banking entities to maintain a minimum CET1 of 4.5%, minimum TIER1 capital of 6% and a total capital ratio of 8%. In addition to the aforementioned requirements, on 31 December 2024 the entities are under the obligation to hold a capital buffer of 2.5%, as well as a capital buffer of 0.75% for systemically important institutions, both of which have to be met with ordinary TIER1 capital. At 31 December 2024 the Andbank Group's capital is significantly above these minimum ratios. In this regulatory environment, the Andbank Group's capital ratios at 31 December 2024 are:

	Llei 35/2018
CET1 ratio	15.23%
TIER1 ratio	16.85%
Total capital ratio	16.85%

•c. Credit risk

Credit risk refers to the potential loss deriving from fully or partially failing to discharge a contractual obligation of a customer or counterparty with the Group.

The Andbank Group's main business strategy is focused on private banking activities, with not only a very broad customer base but also a high diversification and low concentration of customer funds. In addition, the Bank primarily carries out retail banking activities for the Andorran and Spanish markets, by giving loans to individuals and small and medium-sized companies in Andorra and Spain.

For the purpose of ensuring optimum credit risk management integrated into the global risk management structure, thus enabling a return to be obtained in accordance with the assumed risk level, the Group has defined certain shared basic principles to guarantee adherence with the Bank's business plan, the risk appetite defined and compliance with regulatory guidelines.

Credit risk management is based on a solid organisational and governance model participated in by the board of directors and different risk committees, which define the risk policies and procedures, the limits and delegation of powers and approve and supervise the framework of implementation of the credit risk function.

Within the exclusive credit risk scenario, the credits committee is the decision-making body responsible for supervising and controlling the Group's credit risk. The aim of this committee is to be an instrument for the effective control of credit risk, advising the Executive Committee, in order to ensure that the credit risk is managed in line with the approved risk appetite level.

(i). Credit risk cycle

The full credit risk management cycle encompasses the entire life of the transaction, from the analysis of feasibility and the admission of the risk according to the established criteria, follow up of outstanding transactions and ending with the recovery of the impaired assets.

- **Analysis and admission of transactions:**

  A feature of the process of analysing and admitting loan and credit transactions is the strict analysis of the customer's ability to repay the debt, as well as the nature, liquidity and quality of the guarantees provided.

  This process must take into consideration the criteria for approving transactions defined in the credit risk policy, as well as the delegation rules based on the allocation of powers to the different governing bodies according to the type of product, amount and maturity date.

  In addition, for the purpose of mitigating the risk exposure, the Group has defined a model setting out the limits and authorised limits with each counterparty. This model is approved by the board of directors and is reviewed on a yearly basis. Any new transaction is subject to compliance with these limits, which is monitored continuously.

  This analysis and admission process comprises three phases:

  - Proposal: the manager presents the transaction with an analysis of the customer's credit quality, its positions, solvency and yield based on the assumed risk.
  - Analysis of transaction: the credit risk department analyses the details of the proposal, validating that the information relating to the transactions exists in documentary form, as well as the quality and accessibility of the information required for subsequent approval.
  - Approval of the transaction: once the transaction has been analysed, the credit risk department approves it taking into account not only the granting policies defined but also the risk appetite limits, whilst striving to keep a balance between risk and yield.
  - Communication: the admission process concludes with the issue and signing of a document and its subsequent reporting to the involved parties so that it can be correctly registered in the systems.

- **Monitoring:**

  - Monitoring of customers and transactions comprises an analysis of all the items which could have an effect on their credit quality, to detect in advance any incidents which could arise so that actions can be taken to mitigate or resolve them.
  - As a result of this monitoring, those customers or transactions are identified which require a more thorough review and a more exhaustive follow up, either because their credit quality is impaired or because their nature and/or amount so require.
  - In addition, daily monitoring and control is performed on compliance of limits and lines of risk approved. At market close, all the exposures are recalculated in accordance with the inflows and outflows of transactions, market variations and risk mitigation mechanisms established. In this way, exposures are subject to daily monitoring and a control of the approved limits.

- **Recoveries:**

  Recovery is a relevant function within the credit risk environment. This process defines the strategies and measures required to ensure the correct regularisation and recovery of credits in an irregular situation, in the shortest timeframe and at the lowest cost possible. This function is carried out by the collection and recovery department. This department is an area of direct customer management and its added value is based on the efficient and effective management of collections, either by regularisation of balances payable or full recovery.

  The recovery management model requires the adequate coordination of different departments (sales, risks and legal advisory) and is subject to permanent review and ongoing improvement in management processes and methodologies, adapting them based on the prevailing legislation and best practices in the sector.

(ii). Credit risk impairment

A financial asset or credit risk are considered impaired if there is objective evidence of impairment as a result of one or more events which give rise to a negative impact on the estimated future cash flows when the transaction is formalised, due to the materialisation of a credit risk. Impairment losses on debt instruments and other off-balance sheet loan exposures are recognised as an expense in the consolidated income statement for the year in which this impairment is estimated. The recovery of previously recognised losses, where applicable, is also recognised in the consolidated income statement for the year in which the impairment disappears or is reduced.

Impairment of financial assets is calculated based on the type of instrument after taking into consideration the effective guarantees received For debt instruments measured at amortised cost, the Group recognises both valuation allowances when loan loss allowances and provisions are made for impairment losses, and direct write offs against assets, when it considers that recovery is remote.

Accounting classification based on credit risk due to insolvency

EThe Group has established criteria to enable it to identify borrowers with significantly increased risk or weaknesses or objective evidence of impairment and classify them based on their credit risk.

Credit exposure, as well as off-balance sheet exposures, are classified based on the credit risk, in the following stages:

- Performing or Stage 1: transactions that do not meet the requirements for classification in other categories.

- Performing exposure with significant increase in risk or Stage 2: this category comprises all transactions which, without qualifying individually for classification as Stage 3 or write-off, have shown significant increases in credit risk since initial recognition. This category includes transactions for which there are amounts more than 30 days past due. Refinanced and restructured transactions, classified in this category, are transferred to a lower risk category when they meet the requirements established for this reclassification. Transactions classified as performing under special monitoring (Stage 2), due to significant increases in risk or as a result of amounts more than 30 days past due, are reclassified in the performing exposure category (Stage 1) once the six-month trial period has elapsed, based on the probability of entering the performing exposure under special monitoring category. Based on subjectively criteria, pursuant to the Bank's Global Risk Policy guidelines, all transactions linked to real estate developments with an outstanding risk exceeding Euros 2,500,000 will be classified in this stage.

- Non-performing or Stage 3: comprises debt instruments, either past due or not, for which without meeting the circumstances to be classified under write-off show reasonable doubts about their full repayment (principal and interest) by the borrower, as well as off-balance sheet exposures, payment of which by the Group is probable and their recovery doubtful.

- Due to customer arrears: transactions with an amount (principal, interest or contractually agreed expenses), generally more than 90 days past due (although the particular nature of the purchased or originated credit-impaired transactions are taken into consideration), unless they should be classified as write-off. This category also includes the collateral given when the borrower defaults on the secured transaction. Likewise, amounts of all transactions of a borrower are included when transactions with amounts generally past due, as indicated above, by more than 90 days exceed 20% of the amounts receivable.
- For reasons other than customer arrears: transactions which, without meeting the conditions for being classified as write-off or stage 3 due to customer arrears, show reasonable doubts about the obtaining of estimated cash flows, as well as off-balance sheet exposures not classified in Stage 3 due to customer arrears, payment of which by the Group is probable and their recovery doubtful.

The accounting definition of Stage 3 is in line with that used by the Group to manage credit risk. Likewise, it is in line with the definition of regulating default, with the exception that in regulating terms default is considered to be all transactions of a borrower in a business segment when there are amounts past due by more than 90 days, whilst the accounting definition specifies that all borrowers' transactions are Stage 3 when amounts past due by more than 90 days exceed 20% of the amounts receivable.

- Total write-off: The Group derecognises from the statements of financial position transactions the recovery of which, after an individual analysis, is considered fully or partially remote. This category includes risks of customers under insolvency, with request for liquidation, as well as transactions classified as Stage 3 due to customer arrears past due by more than four years, or less when the amount not hedged with effective guarantees has been held with a credit risk hedge of 100% over a period of more than two years, except for balances with sufficient effective guarantees. It also includes transactions which, without any of the aforementioned circumstances, show a significant and irrecoverable impairment in solvency.

(iii). Estimated hedging of credit risk losses

Debt instruments not included in financial assets held for trading, as well as off-balance sheet exposures are classified based on the insolvency credit risk, in the categories included in the sections below.

Hedging transactions classified as performing exposure are associated with a group of transactions with similar credit risk characteristics (homogeneous risk group) and therefore, they can be estimated collectively, taking into consideration the credit losses on transactions with similar risk characteristics.

Hedging of transactions classified as performing exposure with significant increase in risk can be associated with a homogeneous risk group or with a transaction. When they are associated with a homogeneous risk group they are estimated collectively; when they are associated with specific transactions they can either be estimated individually based on credit losses, or collectively.

Finally, hedging of transactions classified as non-performing exposures are associated with specific transactions and can be estimated either individually or collectively.

(iv). Credit risk mitigation

Exposure to credit risk is strictly managed and monitored based on an analysis of borrowers' insolvency and their ability to meet payment of their obligations with the Group, and exposure limits established for each counterparty are brought into line with a level considered to be acceptable. It is also usual practice to modulate the level of exposure by the borrower setting up collateral and guarantees in favour of the Group.

Normally, these relate to collateral securities, mainly monetary collateral, securities or mortgages on buildings destined for housing (finished or under construction). The Group also accepts, albeit to a lesser extent, other types of collateral such as mortgages on retail premises, industrial bays, etc., as well as financial assets. Another credit risk mitigation technique often used by the Bank is the acceptance of guarantees, in this case conditioned by the guarantor showing proven solvency.

All these risk mitigation techniques are subject to legal assurance, i.e. by contracts binding all of the parties and enabling their legal enforcement in all pertinent jurisdictions in order to ensure, at all times, the possibility of liquidating the collateral.

Maximum exposure to credit risk

In accordance with IFRS 7 Financial instruments: Disclosures, details are provided below, by line item of the consolidated statement of financial position, of the distribution of the Group's maximum exposure to credit risk at 31 December 2024 and 2023, without deducting the collateral security or the credit enhancements obtained to ensure compliance with payment obligations, disclosed by nature of the financial instruments.

Maximum exposure to credit risk	31/12/24	31/12/23
Financial assets held for trading	**306,529**	**246,671**
Derivatives	147,068	145,835
Equity instruments	8,754	171
Debt securities	150,707	100,665
Loans and advances	-	-
Non-trading financial assets mandatorily at fair value through profit or loss	**6,461**	**7,626**
Equity instruments	6,461	7,626
Debt securities	-	-
Loans and advances	-	-
Financial assets designated at fair value through profit or loss	**22,847**	**22,046**
Equity instruments	-	-
Debt securities	20,291	20,004
Loans and advances	2,556	2,042
Financial assets at fair value through other comprehensive income	**317,948**	**380,518**
Equity instruments	14,287	6,512
Debt securities	303,661	374,006
Financial assets at amortised cost	**4,440,834**	**4,382,815**
Debt securities	693,428	626,673
Loans and advances	3,747,406	3,756,142
Derivatives - Hedge accounting	**7,140**	**11,678**
Total exposure for financial assets	**5,101,759**	**5,051,354**
Loan commitments given	**986,168**	**770,171**
Financial guarantees given	**92,913**	**97,619**
Other commitments and other guarantees given	**28,789**	**28,372**
Total commitments and guarantees given	**1,107,870**	**896,162**
Total maximum exposure to credit risk	**6,209,629**	**5,947,516**

The maximum exposure to credit risk is determined based on financial assets, as explained below:

- In the case of the financial assets recognised in the consolidated statements of financial position, it is considered that exposure to credit risk is equal to its carrying amount.
- It is considered that the maximum exposure to credit risk for financial guarantees given is the highest amount that the Group would have to pay if the guarantee were executed, which corresponds to its carrying amount.
- The maximum exposure to credit risk for derivatives is based on their market value and their potential risk. Market value reflects the difference between the original commitments and the mark-to-market value at the date of the financial statements. As indicated in note 3, in accordance with IFRS 9, derivatives are recognised at each reporting date at their fair value. On the other hand, the potential risk is an estimate of the maximum expected rise of the exposure to risk through a derivative marked to market, with a statistical confidence level, as a result of future changes in the valuation prices in the residual term until the maturity of the transaction.

Credit quality of financial assets

As indicated in the accounting policy, the Bank has different methods to determine expected loan losses. The net value of debt securities by category and their credit rating, as indicated in the accounting policies at 31 December 2024 and 31 December 2023, is as follows:

	31/12/24	31/12/23
Rating		
AAA	50,153	60,433
AA+ to AA-	251,148	263,422
A+ to A-	503,999	425,321
BBB+	143,515	100,464
BBB or lower	219,272	271,708
	1,168,087	**1,121,348**

Non-past-due risks, past-due but not impaired risks and doubtful or impaired risks

The following tables provide details, by counterparty and by product, of gross loans and advances at 31 December 2024 and 2023 classified based on the ageing of the first unpaid maturity, differentiating between performing and non-performing, together with value adjustments:

		Performing		
31 December 2024	**TOTAL Performing + TOTAL Non-performing**	**Total**	**Not past due or past due <= 30 days**	
Loans and advances	**3,489,286**	**3,456,702**	**3,446,878**	
Central banks	-	-	-	
General governments	**6,685**	**6,685**	**6,685**	
Credit institutions	-	-	-	
Other financial corporations	**140,236**	**140,211**	**140,211**	
Other non-financial corporations	**1,712,854**	**1,689,718**	**1,685,059**	
Of which: small and medium-sized enterprises	1,702,212	1,689,270	1,684,611	
Of which: secured by commercial real estate	134,649	133,164	133,164	
Households	**1,629,511**	**1,620,088**	**1,614,923**	
Of which: secured by residential real estate	870,439	866,008	864,131	
Of which: credit for consumption	110,108	109,866	109,863	

			Performing	
31 December 2023	**Past due >30 days <= 90 days**	**Total**	**Payment improbable not past due or past due <= 90 days**	**Past due >90 days**
Loans and advances	**3,230,953**	**3,192,167**	**3,160,803**	
Central banks	-	-	-	
General governments	**11,600**	**11,600**	**11,600**	
Credit institutions	**44**	**44**	**44**	
Other financial corporations	**127,884**	**127,881**	**127,731**	
Other non-financial corporations	**1,518,350**	**1,491,277**	**1,463,286**	
Of which: small and medium-sized enterprises	1,506,334	1,479,261	1,451,270	
Of which: secured by commercial real estate	148,644	130,485	114,888	
Households	**1,573,075**	**1,561,365**	**1,558,142**	
Of which: secured by residential real estate	835,092	831,143	828,739	
Of which: credit for consumption	113,156	112,843	112,832	

Thousands of euros

	Gross carrying amount / Nominal amount						
		Non-performing					
	Past due >30 days <= 90 days	Payment improbable not past due or past due <= 90 days	Past due >90 days <= 180 days	Past due > 180 days <= 1 year	Past due >1 year <=5 years	Past due > 5 years	Past due > 5 anys
	9,824	**32,584**	**11,369**	**1,177**	**6,178**	**4,936**	**8,924**
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	**5**	-	**24**	-	**1**	-
	4,659	**23,136**	**10,326**	**42**	**5,202**	**2,235**	**5,331**
	4,659	12,942	132	42	5,202	2,235	5,331
	-	,485	-	-	-	1,378	107
	5,165	**9,423**	**1,043**	**1,111**	**976**	**2,700**	**3,593**
	1,877	4,431	632	843	750	929	1,277
	3	242	115	-	5	122	-

Thousands of euros

Gross carrying amount / Nominal amount							
		Non-performing					
<= 180 days	Past due > 180 days <= 1 year	Past due > 5 years	Payment improbable not past due or past due <= 90 dies	Past due >90 dies <= 180 dies	Past due > 180 dies <= 1 any	Past due >1 any <=5 anys	Past due > 5 anys
	31,364	**38,786**	**3,010**	**1,382**	**703**	**21,656**	**12,035**
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	150	**3**	-	**2**	-	**1**	-
	27,991	**27,073**	**1,639**	**89**	**208**	**19,258**	**5,879**
	27,991	27,073	1,639	89	208	19,258	5,879
	15,597	18,159	-	-	-	17,123	1,036
	3,223	**11,710**	**1,371**	**1,291**	**495**	**2,397**	**6,156**
	2,404	3,949	1,318	502	72	766	1,291
	11	313	123	81	100	9	-

31 December 2024		Accumu
		Non-performing exposure
	Total	Performing exposure - Accumulated impairment and provisions
Loans and advances	**(16,686)**	**(9,836)**
Central banks	-	-
General governments	**(49)**	**(49)**
Credit institutions	-	-
Other financial corporations	**(467)**	**(451)**
Other non-financial corporations	**(8,015)**	**(5,545)**
Of which: small and medium-sized enterprises	(7,883)	(5,545)
Of which: secured by commercial real estate	(2,562)	(2,292)
Households	**(8,155)**	**(3,791)**
Of which: secured by residential real estate	(1,383)	(422)
Of which: credit for consumption	(384)	(267)

31 December 2023		Accumu
		Non-performing exposure
	Total	Performing exposure - Accumulated impairment and provisions
Loans and advances	**(23,173)**	**(9,134)**
Central banks	-	-
General governments	**(58)**	**(58)**
Credit institutions	**(1)**	**(1)**
Other financial corporations	**(306)**	**(304)**
Other non-financial corporations	**(13,992)**	**(4,442)**
Of which: small and medium-sized enterprises	(13,992)	(4,442)
Of which: secured by commercial real estate	(9,587)	(2,230)
Households	**(8,816)**	**(4,329)**
Of which: secured by residential real estate	(2,041)	(1,174)
Of which: credit for consumption	(300)	(100)

Impairment losses

Movements during 2024 and 2023 in the provisions recognised in the accompanying consolidated statements of financial position to cover the impairment or reversal of the impairment of the estimated value of loans and advances and debt securities are as follows:

Thousands of euros

ulated impairment, accumulated negative changes in fair value due to credit risk and provisions

\- Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions

Total	Payment improbable not past due or past due <= 90 days	Past due > 90 days <=180 days	Past due >180 days <=1 year	Past due > 1 year <= 5 years	Past due >5 years
(6,850)	**(510)**	**(386)**	**(440)**	**(2,328)**	**(3,186)**
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(16)	-	**(16)**	-	-	-
(2,470)	**(214)**	**(14)**	**(154)**	**(772)**	**(1,316)**
(2,338)	(94)	(14)	(154)	(760)	(1,316)
(270)	-	-	-	(209)	(61)
(4,364)	**(296)**	**(356)**	**(286)**	**(1,556)**	**(1,870)**
(961)	(2)	(161)	(116)	(283)	(399)
(117)	(31)	-	(4)	(82)	-

Thousands of euros

ulated impairment, accumulated negative changes in fair value due to credit risk and provisions

\- Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions

Total	Payment improbable not past due or past due <= 90 days	Past due > 90 days <=180 days	Past due >180 days <=1 year	Past due > 1 year <= 5 years	Past due >5 years
(14,039)	**(466)**	**(689)**	**(565)**	**(8,979)**	**(3,340)**
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(2)	-	**(1)**	-	**(1)**	-
(9,550)	**(221)**	**(83)**	**(176)**	**(7,584)**	**(1,486)**
(9,549)	(221)	(83)	(176)	(7,583)	(1,486)
(7,357)	-	-	-	(6,745)	(612)
(4,487)	**(245)**	**(605)**	**(389)**	**(1,394)**	**(1,854)**
(867)	-	(159)	-	(240)	(468)
(200)	(26)	(65)	(100)	(9)	-

31 December 2024	Opening balance	Increases due to origin and acquisition	Decrease due to disposals
Provisions for financial assets without increase in credit risk since initial recognition (Stage 1)	**(3,782)**	**(1,929)**	**829**
Debt securities	**(447)**	**-**	**-**
Central banks	-	-	-
General governments	(77)	-	-
Credit institutions	(116)	-	-
Other financial corporations	(96)	-	-
Non-financial corporations	(158)	-	-
Loans and advances	**(3,335)**	**(1,929)**	**829**
Central banks	-	-	-
General governments	(59)	(1)	22
Credit institutions	-	-	-
Other financial corporations	(302)	(47)	89
Non-financial corporations	(1,418)	(1,647)	361
Households	(1,556)	(234)	357
Provisions for debt instruments with a significant increase in credit risk since initial recognition, but not credit-impaired (Stage 2)	**(5,801)**	**(76)**	**43**
Debt securities	**-**	**-**	**-**
Central banks	-	-	-
General governments	-	-	-
Credit institutions	-	-	-
Other financial corporations	-	-	-
Non-financial corporations	-	-	-
Loans and advances	**(5,801)**	**(76)**	**43**
Central banks	-	-	-
General governments	-	-	-
Credit institutions	-	-	-
Other financial corporations	(2)	-	-
Non-financial corporations	(3,026)	(74)	-
Households	(2,773)	(2)	43
Provisions for credit-impaired debt instruments (Stage 3)	**(14,037)**	**(317)**	**3,332**
Debt securities	**-**	**-**	**-**
Central banks	-	-	-
General governments	-	-	-
Credit institutions	-	-	-
Other financial corporations	-	-	-
Non-financial corporations	-	-	-
Loans and advances	**(14,037)**	**(317)**	**3,332**
Central banks	-	-	-
General governments	-	-	-
Credit institutions	-	-	-
Other financial corporations	(2)	(16)	2
Non-financial corporations	(9,549)	(152)	2,517
Households	(4,486)	(149)	813
Total	**(23,620)**	**(2,322)**	**4,204**

Thousands of euros

Changes due to modification in credit risk (net)	Changes due to modifications without derecognition (net)	Decreases due to adjustments to the value of derecognised write-offs	Other adjustments	Closing balance
885	**-**	**-**	**(84)**	**(4,081)**
124	**-**	**-**	**(84)**	**(407)**
-	-	-	-	-
56	-	-	(62)	(83)
13	-	-	(13)	(116)
12	-	-	(5)	(89)
43	-	-	(4)	(119)
761	**-**	**-**	**-**	**(3,674)**
-	-	-	-	-
(11)	-	-	-	(49)
-	-	-	-	-
(191)	-	-	-	(451)
373	-	-	-	(2,331)
590	-	-	-	(843)
(328)	**-**	**-**	**-**	**(6,162)**
-	**-**	**-**	**-**	**-**
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(328)	**-**	**-**	**-**	**(6,162)**
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2	-	-	-	-
(114)	-	-	-	(3,214)
(216)	-	-	-	(2,948)
(583)	**-**	**4,755**	**-**	**(6,850)**
-	**-**	**-**	**-**	**-**
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(583)	**-**	**4,755**	**-**	**(6,850)**
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(16)
300	-	4,414	-	(2,470)
(883)	-	341	-	(4,364)
(26)	**-**	**4,755**	**(84)**	**(17,093)**

31 December 2023	Opening balance	Increases due to origin and acquisition	Decrease due to disposals
Provisions for financial assets without increase in credit risk since initial recognition (Stage 1)	**(2,279)**	**(1,117)**	**195**
Debt securities	**-**	**-**	**-**
Central banks	-	-	-
General governments	-	-	-
Credit institutions	-	-	-
Other financial corporations	-	-	-
Non-financial corporations	-	-	-
Loans and advances	**(2,279)**	**(1,117)**	**195**
Central banks	-	-	-
General governments	(66)	(3)	4
Credit institutions	-	(1)	-
Other financial corporations	(325)	(18)	13
Non-financial corporations	(936)	(774)	-
Households	(952)	(321)	178
Provisions for debt instruments with a significant increase in credit risk since initial recognition, but not credit-impaired (Stage 2)	**(18,974)**	**(300)**	**7,567**
Debt securities	**-**	**-**	**-**
Central banks	-	-	-
General governments	-	-	-
Credit institutions	-	-	-
Other financial corporations	-	-	-
Non-financial corporations	-	-	-
Loans and advances	**(18,974)**	**(300)**	**7,567**
Central banks	-	-	-
General governments	-	-	-
Credit institutions	-	-	-
Other financial corporations	-	-	6
Non-financial corporations	(12,274)	(14)	6,310
Households	(6,700)	(286)	1,251
Provisions for credit-impaired debt instruments (Stage 3)	**(15,487)**	**(463)**	**1,985**
Debt securities	**-**	**-**	**-**
Central banks	-	-	-
General governments	-	-	-
Credit institutions	-	-	-
Other financial corporations	-	-	-
Non-financial corporations	-	-	-
Loans and advances	**(15,487)**	**(463)**	**1,985**
Central banks	-	-	-
General governments	-	-	-
Credit institutions	-	-	-
Other financial corporations	(5)	-	69
Non-financial corporations	(10,586)	(31)	1,239
Households	(4,896)	(432)	677
Total	**(36,740)**	**(1,880)**	**9,747**

Thousands of euros

Changes due to modification in credit risk (net)	Changes due to modifications without derecognition (net)	Decreases due to adjustments to the value of derecognised write-offs	Other adjustments	Closing balance
(134)	**-**	**-**	**(447)**	**(3,782)**
-	**-**	**-**	**(447)**	**(447)**
-	-	-	-	-
-	-	-	(77)	(77)
-	-	-	(116)	(116)
-	-	-	(96)	(96)
-	-	-	(158)	(158)
(134)	**-**	**-**	**-**	**(3,335)**
-	-	-	-	-
7	-	-	-	(58)
-	-	-	-	(1)
28	-	-	-	(302)
293	-	-	-	(1,417)
(462)	-	-	-	(1,557)
3,468	**-**	**2,438**	**-**	**(5,801)**
-	**-**	**-**	**-**	**-**
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,468	**-**	**2,438**	**-**	**(5,801)**
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(8)	-	-	-	(2)
2,952	-	-	-	(3,026)
524	-	2,438	-	(2,773)
(551)	**-**	**479**	**-**	**(14,037)**
-	**-**	**-**	**-**	**-**
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(551)	**-**	**479**	**-**	**(14,037)**
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(67)	-	-	-	(2)
(172)	-	1	-	(9,549)
(312)	-	478	-	(4,486)
2,783	**-**	**2,917**	**(447)**	**(23,620)**

Risk concentration

Details of the risk concentrations of the different financial instruments, by product and geographical area, at 31 December 2024 and 31 December 2023, are as follows:

31/12/2024	Financial assets held for trading			Financial assets designated at fair value through profit or loss	
Concentration by country	Equity instruments	Debt securities	Derivatives	Debt representative valuess	Loans and advances
Spain	62,471	8,580	29,998	-	2,556
France	17,206	-	3,342	12,257	-
Italy	10,290	-	-	-	-
Germany	202	-	-	-	-
Holland	25,335	-	17,120	-	-
Belgium	4,976	-	-	-	-
Andorra	-	13	16,645	-	-
Rest of Europe	3,404	4	14,437	-	-
USA	789	4	20,403	-	-
Latin America	923	37	-	8,034	-
Other	25,111	116	45,123	-	-
	150,707	**8,754**	**147,068**	**20,291**	**2,556**

31/12/2023	Financial assets held for trading			Financial assets designated at fair value through profit or loss	
Concentration by country	Equity instruments	Debt securities	Derivatives	Debt representative valuess	Loans and advances
Spain	7,161	5	16,291	-	-
France	76,499	-	1,187	12,146	-
Italy	1,221	-	-	-	-
Germany	985	-	5	-	-
Holland	29	-	22,472	-	-
Belgium	27	-	-	-	-
Andorra	-	12	8,543	-	-
Rest of Europe	9,073	3	15,872	-	-
USA	851	3	25,131	-	-
Latin America	45	41	-	7,858	-
Other	4,774	107	56,334	-	-
	100,665	**171**	**145,835**	**20,004**	**-**

Thousands of euros

Non-trading financial assets mandatorily at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost			
Equity instruments	Equity instruments	Interbank	Gross loans and receivables	Interbank	Central banks and other demand deposits (Interbank)	Gross credit investment
1,087	50,866	2,636	161,536	106,351	3,688,232	2,106,186
-	92,091	-	37,762	13,321	270,639	225,389
-	20,709	-	141,917	-	21	10,817
-	1,024	-	44,661	1	689	2,989
-	-	-	20,273	-	-	562
-	24,880	-	-	-	-	3,311
4,855	6,292	1,387	38,034	3	1,298	691,965
-	-	2	53,540	153,154	237,005	286,089
519	88,574	10,178	172,412	169	6,362	17,466
-	-	-	-	484	1,417	26,932
-	19,225	84	23,293	1,323	1,401	117,580
6,461	**303,661**	**14,287**	**693,428**	**274,806**	**4,207,064**	**3,489,286**

Thousands of euros

Non-trading financial assets mandatorily at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost			
Equity instruments	Equity instruments	Interbank	Gross loans and receivables	Interbank	Central banks and other demand deposits (Interbank)	Gross credit investment
1,796	53,211	3,031	155,060	164,140	2,237,263	1,960,231
-	86,234	-	35,416	88,045	148,976	192,660
-	98,637	-	132,541	-	44	10,054
-	4,129	-	15,395	60,094	323	4,826
-	-	-	13,092	-	1	3,341
-	56,208	-	-	-	-	674
4,858	6,058	1,929	38,014	2	16,361	646,925
-	41,383	1,445	44,224	217,155	222,942	247,593
972	7,067	28	170,166	5	4,146	12,921
-	-	-	-	455	1,577	27,693
-	21,079	79	22,765	18,466	183	124,035
7,626	**374,006**	**6,512**	**626,673**	**548,362**	**2,631,816**	**3,230,953**

Netting of assets and liabilities

The Group presents on the consolidated statements of financial position the fair value of asset and liability derivatives at gross amount and has not carried out any netting. However, most of the financial derivatives contracted, as well as repurchase agreements, are subject to settlement agreements such as ISDA master agreements or similar agreements. These agreements permit the settlement of contracts deriving from the netting in the event of the counterparty's default, but not in the course of ordinary business, and the Group does not have the intention to settle these contracts at net amount. The table below shows the value of assets and liabilities recognised on the statement of financial position subject to the agreements described at 31 December 2024 and 31 December 2023, as well as the balances of collateral and other offsetting agreements:

Thousands of euros

31 December 2024	Carrying amount	Clearing agreements and collateral	Net exposure
Financial assets			
Derivatives	154,208	(31,569)	122,639
Loans and advances	273,843	(246,758)	27,085
Financial liabilities			
Derivatives	100,380	(7,992)	92,388
Deposits	426,425	(2,507)	423,918

Thousands of euros

31 December 2023	Carrying amount	Clearing agreements and collateral	Net exposure
Financial assets			
Derivatives	157,513	(29,823)	127,690
Loans and advances	544,812	(174,411)	370,401
Financial liabilities			
Derivatives	98,580	(22,152)	76,428
Deposits	534,512	(1,574)	532,938

•d. Market risk

Sensitivity analysis

Market risk is understood as the potential loss to which the trading portfolio is exposed due to changes in market conditions, such as asset prices, interest rates, volatility and market liquidity. The measure the Group uses to manage market risk in its investment portfolio is value at risk (VaR), as a general market standard, together with stress testing of the held-to-maturity portfolio.

VaR is calculated using the historical method. The calculation obtained corresponds to the maximum expected loss over a given time horizon and with a given confidence level. The Bank calculates VaR for a time horizon of one day and with a confidence level of 99%, and the historical period used for the calculation is one year. During 2024 the average VaR calculated for the trading portfolio was Euros 342 thousand, with a maximum of Euros 860 thousand and a minimum of Euros 129 thousand. The average position of the trading portfolio was Euros 262 million. The trading portfolio mostly comprises bonds with good credit ratings and of a very short duration, which determines a very reduced VaR.

The Group stress tests its investment portfolio to assess the expected loss in extreme situations involving increases in the yield curve or widening of credit spreads. These tests use simulations to predict how the market value of the portfolio assets is likely to change in different scenarios. Four scenarios have been analysed, three of which are historical (the Greek crisis of 2010, the terrorist attacks on the Twin Towers in 2001 and the COVID-19 health crisis) and one of which is hypothetical (a rise in interest rate curves and an overall increase in credit spreads of 200bp).

The table below shows a summary of the VaR positions from the Group's trading activity at 31 December 2024 and 2023, as well as during the period (based on a confidence level of 99% and a historical period of one year considered for the calculation):

At 31 December 2024	VaR at 31/12/2024	Average VaR for the period	Maximum VaR for the period (*)	Minimum VaR for the period (*)
				Thousands of euros
Interest rate risk	227	337	873	117
Spread risk	72	64	53	63
Variable income risk	-	-	-	-
Diversification effect	(63)	(59)	(66)	(51)
Total	**236**	**342**	**860**	**129**

(*) The Maximum and Minimum VaR observations for risk components correspond to those observed with the Total VaR

At 31 December 2023	VaR at 31/12/2024	Average VaR for the period	Maximum VaR for the period (*)	Minimum VaR for the period (*)
				Thousands of euros
Interest rate risk	173	220	497	133
Spread risk	98	82	87	99
Variable income risk	-	-	-	-
Diversification effect	(72)	(65)	(95)	(150)
Total	**199**	**237**	**489**	**82**

(*) The Maximum and Minimum VaR observations for risk components correspond to those observed with the Total VaR

Exposure to interest rate risk - Non-trading activity

Interest rate risk is defined as the impact on the market value of the Andbank Group's assets and liabilities resulting from movements in interest rates. The measures the Group uses to assess this impact are the sensitivity of the net interest margin over a one year period to 25 basis point parallel shifts in the yield curve for the main statement of financial position currencies and the sensitivity of the market value of own funds to 100 basis point parallel shifts in the yield curve.

Based on interest rates of the past year, the Group maintains a positive exposure to shifts in the interest rate curve; i.e. the Group's financial margin would increase if the interest rate were to rise and decrease if the interest rate were to fall. The repricing gap of the Group's interest-rate-sensitive assets and liabilities is positive, i.e., overall, the repricing of assets precedes in time the repricing of liabilities. This position is reflected in the transfer of interbank deposits to very short terms in an investment portfolio of mainly floating rates plus a spread and in the holding of a fixed income investment portfolio primarily invested in bonds with short and medium-term maturity, although part of the portfolio comprises long-term fixed-interest bonds which enable an additional margin to be generated and increase the duration of the asset on the consolidated statement of financial position. A portion of these bonds is covered by interest rate derivatives which enable the duration risk to be hedged.

The limit on the sensitivity of equity to a 100 basis point parallel shift in the yield curve has been set by the board of directors at 5%. During 2024 the sensitivity of own funds has remained under this limit.

A table showing the position of the Group's interest rate gap is as follows:

Thousands of euros

31 December 2024	Up to one month	From one month to three months	From three months to one year	From one to five years	More than five years	Not sensitive	Total balance
Cash, balances with other central banks and other demand deposits	**4,222,238**	**-**	**-**	**-**	**-**	**-**	**4,222,238**
Financial assets	**93,092**	**160,997**	**182,915**	**369,419**	**351,399**	**42,323**	**1,200,145**
Loans and receivables	**1,036,206**	**459,153**	**1,407,167**	**483,266**	**363,380**	**(1,766)**	**3,747,406**
Loans and credits to entities	135,284	56,385	14,645	67,251	-	1,241	274,806
Credits to customers	900,922	402,768	1,392,522	416,015	363,380	(3,007)	3,472,600
Derivatives	**-**	**-**	**-**	**-**	**-**	**147,068**	**147,068**
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**7,140**	**7,140**
Investments in subsidiaries, joint ventures and associates	**-**	**-**	**-**	**-**	**-**	**9,548**	**9,548**
Other assets	**-**	**-**	**-**	**-**	**-**	**1,023,574**	**1,023,574**
Total assets	**5,351,536**	**620,150**	**1,590,082**	**852,685**	**714,779**	**1,227,887**	**10,357,119**
Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**	**93,237**	**93,237**
Financial liabilities designated at fair value through profit or loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities at amortised cost	**2,869,090**	**1,261,003**	**1,512,044**	**2,198,836**	**79,952**	**1,045,141**	**8,966,066**
Deposits in central banks	8,734	10,000	21,000	-	-	378	40,112
Deposits in banks	169,978	230,365	36,206	-	-	4,213	440,762
Customer deposits	2,642,716	1,004,274	1,386,672	2,172,140	54,065	924,491	8,184,358
Demand	*1,397,776*	*60,152*	*95,344*	*2,026,398*	*6,083*	*896,440*	*4,482,193*
Term	*1,244,940*	*944,122*	*1,291,328*	*145,742*	*47,982*	*-*	*3,674,114*
Unpaid interest incurred	*-*	*-*	*-*	*-*	*-*	*28,051*	*28,051*
Other financial liabilities	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Debt securities	47,662	16,364	68,166	26,696	25,887	-	184,775
Other financial liabilities	-	-	-	-	-	116,059	116,059
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**7,143**	**7,143**
Liabilities under insurance contracts	**-**	**-**	**-**	**-**	**-**	**27,843**	**27,843**
Other liabilities	**-**	**-**	**-**	**-**	**-**	**534,509**	**534,509**
Total liabilities	**2,869,090**	**1,261,003**	**1,512,044**	**2,198,836**	**79,952**	**1,707,873**	**9,628,798**
Equity	**-**	**-**	**-**	**-**	**33,880**	**694,441**	**728,321**
Total Liabilities + Equity	**2,869,090**	**1,261,003**	**1,512,044**	**2,198,836**	**113,832**	**2,402,314**	**10,357,119**
Assets	**5,351,536**	**620,150**	**1,590,082**	**852,685**	**714,779**	**1,227,887**	**10,357,119**
Liabilities	**2,869,090**	**1,261,003**	**1,512,044**	**2,198,836**	**113,832**	**2,402,314**	**10,357,119**
IRS - Derivatives	**-**	**44,193**	**56,839**	**(24,728)**	**(85,585)**	**-**	**(9,281)**
SIMPLE GAP	**2,482,446**	**(596,542)**	**134,759**	**(1,370,880)**	**515,363**	**(1,174,426)**	**(9,281)**
ACCUMULATED GAP	**2,482,446**	**1,885,903**	**2,020,662**	**649,783**	**1,165,145**	**(9,281)**	**-**

Thousands of euros

31 December 2023	Up to one month	From one month to three months	From three months to one year	From one to five years	More than five years	Not sensitive	Total balance
Cash, balances with other central banks and other demand deposits	**2,631,816**	-	-	-	-	-	**2,631,816**
Financial assets	**121,220**	**210,788**	**154,616**	**319,463**	**304,091**	**27,521**	**1,137,699**
Loans and receivables	**748,393**	**676,978**	**1,325,405**	**654,021**	**363,601**	**(12,256)**	**3,756,142**
Loans and credits to entities	294,216	108,943	78,472	63,181	-	3,550	548,362
Credits to customers	454,177	568,035	1,246,933	590,840	363,601	(15,806)	3,207,780
Derivatives	-	-	-	-	-	**145,835**	**145,835**
Hedging derivatives	-	-	-	-	-	**11,678**	**11,678**
Investments in subsidiaries, joint ventures and associates	-	-	-	-	-	**3,781**	**3,781**
Other assets	-	-	-	-	-	**984,264**	**984,264**
Total assets	**3,501,429**	**887,766**	**1,480,021**	**973,484**	**667,692**	**1,160,823**	**8,671,215**
Financial liabilities held for trading	-	-	-	-	-	**98,539**	**98,539**
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-	-
Financial liabilities at amortised cost	**2,085,522**	**900,871**	**1,451,760**	**1,995,721**	**31,032**	**894,443**	**7,359,349**
Deposits in central banks	6,795	23,280	69,700	-	-	1,927	101,703
Deposits in banks	109,866	338,207	104,976	-	-	9,265	562,314
Customer deposits	1,927,374	522,434	1,107,115	1,936,421	5,199	785,643	6,284,185
Demand	*1,195,185*	*51,294*	*81,435*	*1,735,470*	*5,188*	*767,143*	*3,835,714*
Term	*732,189*	*471,141*	*1,025,680*	*200,951*	*11*	-	*2,429,971*
Unpaid interest incurred	-	-	-	-	-	*18,500*	*18,500*
Other financial liabilities	-	-	-	-	-	-	-
Debt securities	41,486	16,950	169,969	59,300	25,833	-	313,539
Other financial liabilities	-	-	-	-	-	97,608	97,608
Hedging derivatives	-	-	-	-	-	**41**	**41**
Liabilities under insurance contracts	-	-	-	-	-	**18,845**	**18,845**
Other liabilities	-	-	-	-	-	**506,436**	**506,436**
Total liabilities	**2,085,522**	**900,871**	**1,451,760**	**1,995,721**	**31,032**	**1,518,304**	**7,983,210**
Equity	-	-	-	-	**33,950**	**654,055**	**688,005**
Total Liabilities + Equity	**2,085,522**	**900,871**	**1,451,760**	**1,995,721**	**64,982**	**2,172,360**	**8,671,215**
Assets	**3,501,429**	**887,766**	**1,480,021**	**973,484**	**667,692**	**1,160,823**	**8,671,215**
Liabilities	**2,085,522**	**900,871**	**1,451,760**	**1,995,721**	**64,982**	**2,172,360**	**8,671,215**
IRS - Derivatives	-	**37,013**	**100,757**	**(9,163)**	**(134,386)**	-	**(5,779)**
SIMPLE GAP	**1,415,907**	**23,908**	**129,018**	**(1,031,400)**	**468,324**	**(1,011,537)**	**(5,779)**
ACCUMULATED GAP	**1,415,907**	**1,439,815**	**1,568,833**	**537,433**	**1,005,757**	**(5,779)**	-

Sensitivity analysis

An analysis of the Group's sensitivity to fluctuations in the market interest rate in a time horizon of one year is as follows:

				Thousands of euros
	Impact on net interest margin		Impact on economic value	
31 December 2024	Increase of 25 basis points	Decrease of 25 basis points	Increase of 100 basic points	Decrease of 100 basic points
Average for the period	4.86%	(4.86%)	(1.02%)	1.29%
Maximum for the period	6.43%	(3.69%)	(2.20%)	2.76%
Minimum for the period	3.69%	(6.43%)	(2.25%)	0.23%

				Milers d' euros
	Impact on net interest margin		Impact on economic value	
31 December 2023	Increase of 25 basis points	Decrease of 25 basis points	Increase of 100 basic points	Decrease of 100 basic points
Average for the period	5.10%	(5.30%)	(1.61%)	2.17%
Maximum for the period	5.95%	(4.50%)	(1.12%)	3.01%
Minimum for the period	4.23%	(6.20%)	(2.41%)	1.27%

Exposure to currency risk

Currency risk is defined as the risk that movements in exchange rates will have an impact on the market value of the Group's assets and liabilities denominated in currencies other than the Euro, with the positive positions being long positions and the negative positions being short positions. Spot and forward currency transactions are monitored on a daily basis to ensure that the open position in foreign currency is kept within the authorised limits. The main net positions for currencies with countervalues against the Euro, at 31 December 2024 and 31 December 2023, are as follows:

		Thousands of euros
Foreign currency exposure	**2024**	**2023**
USD	(1,808)	(2,820)
GBP	(563)	(1,360)
CHF	56	390
JPY	440	400

•e. Liquidity risk

Liquidity risk is defined as the risk that the Group is unable to meet its payment obligations in the short term, whether arising from, among others, the maturing of deposits, the drawdown of committed credit facilities or guarantees on collateralised transactions.

The Asset and Liability Committee manages liquidity risk ensuring at all times that there is sufficient liquidity to meet liability settlements, whilst keeping a liquidity retainer to be able to take advantage of asset investment opportunities.

In order to correctly manage liquidity the consolidated statements of financial position are analysed for contractual maturities. The Bank has IT tools to correctly distribute maturities of asset and liability items over time, in such a way that future collection and payment flows can be analysed and possible gaps assessed.

Most of the funds come from customer deposits, although the interbank market is also a relevant source of funding, mainly through repo transactions.

On a daily basis the Middle Office department controls the liquidity available at different terms, verifying that they remain above the minimum liquidity level established. During 2024 this minimum level currently stands at Euros 300 million in two days up to three months and Euros 500 million up to one year in cash and highly liquid positions. This control includes daily monitoring of positions to be financed through repo and of the liquid portfolio. The Group has complied with these limits throughout the whole year.

In order to comply with international standards, the Andbank Group calculates and monitors the liquidity coverage ratio (LCR). This ratio is defined by the Basel Banking Supervision Committee and links highly liquid and available assets with net cash inflows less outflows in the following 30 days. The Andbank Group has a LCR of 387% at 2024 reporting date, fully complying with the limit imposed by legislation (100%).

The Andbank Group calculates the long-term LCR based on the short-term LCR. This ratio is also described by the Basel Banking Supervision Committee which defines it as the amount of available stable funding for the Bank relative to the amount of required stable funding with a time horizon of one year. The level of this ratio at the 2024 reporting date is 189%, fully complying with the limit imposed by legislation (100%).

Every six months the Group prepares and presents to the Risks Committee a liquidity contingency plan, which is updated monthly. This plan includes an assessment of contingent liquidity, assuming different levels of conversion of liquid assets into cash and available funding sources, taking the cost at which the liquidity could be generated into account. The assets that can be converted into cash and the manageable sources of liquidity are ranked, so as to give priority to the use of liquidity sources that have a low impact on the income statement, while postponing the use of liquidity sources that have a high negative impact on the income statement. In addition, potential outflows of liquidity, whether resulting from customer activity or activity in the financial markets, are identified and classified as either probable or improbable, based on likelihood of occurrence. Finally, the liquidity that could be generated is compared with the potential outflows to check that the surplus is above the approved minimum level of liquidity.

Analysis of maturity dates for financial assets and financial liabilities

The following tables shows the classification of the Group's main asset and liability accounts at 31 December 2024 and 2023 by contractual maturity or, where applicable by expected realisation or settlement terms:

31 December 2024	Up to one month	From one month to three months	From three months to one year	From one to five years	More than five years	Not sensitive	Total balance
							Thousands of euros
Cash, balances with other central banks and other demand deposits	**3,954,203**	**(785)**	**29,922**	**(7,768)**	**246,666**	**-**	**4,222,238**
Financial assets	**93,092**	**113,608**	**177,550**	**369,852**	**403,720**	**42,323**	**1,200,145**
Loans and receivables	**752,476**	**56,358**	**697,226**	**1,376,188**	**866,924**	**(1,766)**	**3,747,406**
Loans and credits to entities	85,675	482	14,645	67,251	105,512	1,241	274,806
Credits to customers	666,801	55,876	682,581	1,308,937	761,412	(3,007)	3,472,600
Derivatives	**-**	**-**	**-**	**-**	**-**	**147,068**	**147,068**
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**7,140**	**7,140**
Investments in subsidiaries, joint ventures and associates	**-**	**-**	**-**	**-**	**-**	**9,548**	**9,548**
Other assets	**-**	**-**	**-**	**-**	**-**	**1,023,574**	**1,023,574**
Total assets	**4,799,771**	**169,181**	**904,698**	**1,738,272**	**1,517,310**	**1,227,887**	**10,357,119**
Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**	**93,237**	**93,237**
Financial liabilities designated at fair value through profit or loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities at amortised cost	**2,701,154**	**1,030,638**	**1,547,797**	**663,983**	**1,977,353**	**1,045,141**	**8,966,066**
Deposits in central banks	8,734	10,000	21,000	-	-	378	40,112
Deposits in banks	41,124	-	71,960	128,071	195,394	4,213	440,762
Customer deposits	2,642,717	1,004,274	1,386,671	509,216	1,716,989	924,491	8,184,358
Demand	1,397,777	60,152	95,343	363,474	1,669,007	896,440	4,482,193
Term	1,244,940	944,122	1,291,328	145,742	47,982	-	3,674,114
Unpaid interest incurred	-	-	-	-	-	28,051	28,051
Other financial liabilities	-	-	-	-	-	-	-
Debt securities	8,579	16,364	68,166	26,696	64,970	-	184,775
Other financial liabilities	-	-	-	-	-	116,059	116,059
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**7,143**	**7,143**
Liabilities under insurance contracts	**-**	**-**	**-**	**-**	**-**	**27,843**	**27,843**
Other liabilities	**-**	**-**	**-**	**-**	**-**	**534,509**	**534,509**
Total liabilities	**2,701,154**	**1,030,638**	**1,547,797**	**663,983**	**1,977,353**	**1,707,873**	**9,628,798**
Equity	**-**	**-**	**-**	**-**	**33,880**	**694,441**	**728,321**
Total Liabilities + Equity	**2,701,154**	**1,030,638**	**1,547,797**	**663,983**	**2,011,233**	**2,402,314**	**10,357,119**
SIMPLE GAP	**2,098,618**	**(861,457)**	**(642,982)**	**1,074,288**	**(493,923)**	**(1,174,544)**	**-**
ACCUMULATED GAP	**2,098,618**	**1,237,161**	**594,179**	**1,668,467**	**1,174,544**	**-**	**-**

Thousands of euros

31 December 2023	Up to one month	From one month to three months	From three months to one year	From one to five years	More than five years	Not sensitive	Total balance
Cash, balances with other central banks and other demand deposits	**2,485,191**	**1,018**	**4,245**	**-**	**141,363**	**-**	**2,631,816**
Financial assets	**121,220**	**167,372**	**134,518**	**331,110**	**355,958**	**27,521**	**1,137,699**
Loans and receivables	**484,577**	**154,444**	**671,708**	**1,578,942**	**878,726**	**(12,256)**	**3,756,142**
Loans and credits to entities	294,216	13,829	78,472	63,181	95,115	3,550	548,362
Credits to customers	190,362	140,616	593,236	1,515,761	783,611	(15,806)	3,207,780
Derivatives	**-**	**-**	**-**	**-**	**-**	**145,835**	**145,835**
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**11,678**	**11,678**
Investments in subsidiaries, joint ventures and associates	**-**	**-**	**-**	**-**	**-**	**3,781**	**3,781**
Other assets	**-**	**-**	**-**	**-**	**-**	**984,263**	**984,263**
Total assets	**3,090,989**	**322,834**	**810,471**	**1,910,052**	**1,376,047**	**1,160,823**	**8,671,215**
Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**	**98,539**	**98,539**
Financial liabilities designated at fair value through profit or loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities at amortised cost	**1,955,110**	**562,665**	**1,543,858**	**662,454**	**1,740,819**	**894,443**	**7,359,349**
Deposits in central banks	6,795	23,280	69,700	-	-	1,927	101,703
Deposits in banks	18,537	(0)	197,075	91,477	245,961	9,265	562,314
Customer deposits	1,927,374	522,434	1,107,115	511,677	1,429,942	785,643	6,284,185
Demand	1,195,185	51,294	81,435	310,726	1,429,932	767,143	3,835,714
Term	732,189	471,141	1,025,680	200,951	11	-	2,429,971
Unpaid interest incurred	-	-	-	-	-	18,500	18,500
Other financial liabilities	-	-	-	-	-	-	-
Debt securities	2,404	16,950	169,969	59,300	64,916	-	313,539
Other financial liabilities	-	-	-	-	-	97,608	97,608
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**41**	**41**
Liabilities under insurance contracts	**-**	**-**	**-**	**-**	**-**	**18,845**	**18,845**
Other liabilities	**-**	**-**	**-**	**-**	**-**	**506,436**	**506,436**
Total liabilities	**1,955,110**	**562,665**	**1,543,858**	**662,454**	**1,740,819**	**1,518,305**	**7,983,210**
Equity	**-**	**-**	**-**	**-**	**33,950**	**654,055**	**688,005**
Total Liabilities + Equity	**1,955,110**	**562,665**	**1,543,858**	**662,454**	**1,774,769**	**2,172,360**	**8,671,215**
SIMPLE GAP	**1,135,879**	**(239,831)**	**(733,387)**	**1,247,598**	**(398,722)**	**(1,011,537)**	**-**
ACCUMULATED GAP	**1,135,879**	**896,048**	**162,661**	**1,410,259**	**1,011,537**	**-**	**-**

Those assets which at 31 December 2024 and 2023 are committed (provided as collateral or guarantee with regard to certain liabilities) and those which are free of charges, are shown as follows:

				Thousands of euros
At 31 December 2024	**Carrying amount of committed assets**	**Market value of committed assets**	**Carrying amount of non-committed assets**	**Market value of non-committed assets**
Equity instruments	-	-	29,502	29,502
Debt securities	514,255	480,017	653,832	619,597

				Thousands of euros
At 31 December 2023	**Carrying amount of committed assets**	**Market value of committed assets**	**Carrying amount of non-committed assets**	**Market value of non-committed assets**
Equity instruments	-	-	14,309	14,309
Debt securities	467,205	422,878	654,143	616,740

At 31 December 2024 and 2023 collateral received mainly for the temporary acquisition of assets or securities loaned, the majority of which could be committed, for the purpose of obtaining financing, are shown as follows:

			Thousands of euros
At 31 December 2024	**Fair value of committed guarantees received or own shares issued**	**Fair value of guarantees received or own shares issued available for commitment**	**Fair value of guarantees received or own shares issued not available for commitment**
Guarantees received			
Equity instruments	-	-	-
Debt securities	396,184	139,666	256,518

			Milers d'euros
At 31 December 2023	**Fair value of committed guarantees received or own shares issued**	**Fair value of guarantees received or own shares issued available for commitment**	**Fair value of guarantees received or own shares issued not available for commitment**
Guarantees received			
Equity instruments	-	-	-
Debt securities	853,469	331,032	522,437

Guarantees received in the form of the temporary acquisition of assets or securities loaned are committed through their use in transactions for the assignment of assets under repurchase agreements, in the same way as for debt securities.

•f. Operational risk

i. Risk definition and management

In accordance with Law 35/2018 on solvency, liquidity and prudential supervision of banking entities and investment firms, the Bank defines operational risk as "the risk of profit or loss resulting from inadequate or failed internal processes, people and systems or from external events"; a concept that aligns with the guidelines of the Basel Committee with regard to operational risk.

The operational risk is inherent to all the activities, products, systems and processes and its origins are diverse (processes, internal and external fraud, technology, human resources, commercial practices, disasters, providers). Consequently the Bank considers it important to ensure that operational risk management is integrated into the Bank's global risk management structure and that the risk is managed actively.

The Bank's main objective in relation to operational risk is to identify, evaluate, control and monitor all the events which imply a risk focus, with or without economic loss, for the purpose of adopting the best measures for its mitigation.

The main aim of the Operational Risk Department is to develop an advanced framework to manage operational risk, thus contributing to reducing the level of future exposure and the losses affecting the income statement. Its main responsibilities are:

- To promote and develop an operational risk culture throughout the Bank, involving all business functions in management and control of operational risk.
- To design and implement a framework to manage and control operational risk, guaranteeing that all events subject to generating operational risk are identified and duly managed.
- To oversee the correct design, maintenance and implementation of legislation regarding operational risk.
- To monitor the operational risk limits set, ensuring that the risk profile remains within the Bank's risk appetite level.
- To supervise the management and control of operational risk in the different business and support areas.

- To ensure that senior management and the board of directors receive a global overview of all the relevant risks, ensuring that the operational risk profile is reported.

ii. Structure and organisation

The areas and departments are responsible for the day-to-day management of operational risk in their respective fields. This entails identifying, assessing, managing and controlling operational risks from their activity, and informing, in collaboration with the Operational Risk department, on the implementation of the management model.

The Operational Risk department forms part of the Risks department, dependant on General management. Operational risk is globally monitored and supervised by maintaining the independence required by the Basel Banking Supervision Committee, the responsibilities of which include the control and supervision of operational risk.

The Operational Risk department is responsible not only for defining, standardising and implementing the management model but also measuring and controlling operational risk. It also provides support to areas and departments and compiles information on operational risks from the whole area to report to senior management and the risk management committees/ commissions involved.

The Bank's operational risk management framework is based on an independent model of three lines of defence, in which the areas and departments are responsible for the first line of control, the Operating Risk department is the second line and Internal Audit acts as an independent third line of defence.

iii. Management levers

The methodology implemented via Operational Risk management levers and the tools and procedures for measuring, monitoring and mitigation form part of the key management levers for identifying, measuring and assessing operational risk.

The tools for identifying and measuring operational risks provide an overview of the losses materialising and enable a self-assessment to be made of risks and controls which will serve to focus on proactive management and mitigation of operational risks. All of the processes involving self-assessment of risks, enriching of the database of losses, managing KRI, establishing weaknesses and action plans, etc. are carried out using workflows that are managed and controlled by the Operational Risk department, in conjunction with those individuals from other departments responsible for monitoring tasks.

The main tools used to manage operational risk within the Group are:

- An annual Risk & Control Self-Assessment including a risks map, which consists of assessing the activities in order to identify those processes and/or tasks which could generate a risk within the Bank's day-to-day operations, as well as the individuals responsible and controls. The objective is to define mitigation measures and action plans to reduce risk exposure.

- A database of events, enabling all events with operational risk within all of the Group's subsidiaries to be captured and registered. The most relevant events of each subsidiary and of the Group are specifically reviewed and documented.

- Key risk indicators (KRIs) enable proactive management of the risk, evaluating the level of operational control through analysis and monitoring of its performance.

- Action plans that are defined to mitigate the risks of those events with high and/or critical residual risk.

iv. Calculation of eligible equity requirements.

In order to calculate the eligible equity requirements for operational risk the Bank uses the basic indicator method. In accordance with this method the eligible equity requirements are determined based on 15% of the average of the relevant indicator from the last three years, following the indications of article 202 of the Regulation enacting Law 35/2018. At 31 December 2024 the operational risk equity requirements, calculated using the basic indicator method, amounts to Euros 43,995 thousand with an exposure to operational risk of Euros 549,940 thousand (APRs).

•g. Legislative compliance risk

Compliance with prevailing legislation regulating the banking activity and the rendering of financial services is an essential objective for Andbank. The Bank has adopted a series of measures to manage legislative compliance and reputational risks. Legislative compliance risk is understood to be the possibility of material or reputational sanctions or financial losses as a result of non-compliance with prevailing legislation and/or the Group's own internal procedures. Therefore, the legislative compliance risk is closely linked to reputational risk, which implies that the Andbank Group is negatively perceived by public opinion or interest groups (customers, counterparties, employees, regulators) due to failures by the Bank during the course of its activity.

The Andbank Group considers that its public image is its best asset when retaining the trust of customers, regulators, shareholders and investors.

The Andbank Group has a legislative compliance function in line with its strategic objectives, which carries out its activities separately from the business areas and is formed of dedicated professionals specialised in each jurisdiction in which the Group operates. The Bank dedicates a significant amount of resources to continuously improve its human capital and the available technical resources, which enable the development of a permanently-updated risk control and management model compliant with legislation.

Taking into consideration the aforementioned objectives, a series of global policies have been designed, approved by the board of directors. These policies are reviewed on an annual basis to bring them into line with the Andbank Group's activity. The global policies, which encompass money laundering prevention, legislative compliance, anti-corruption and the code of conduct, are applicable for the whole Group, as are a series of procedures, tools and internal controls for managing legislative non-compliance and reputational risk.

Likewise, the Bank has a Legislative Compliance and Ethics Committee, the main aim of which is to oversee and supervise the adequacy and sufficiency of the legislative compliance model for the whole of the Andbank Group. It should be mentioned that the model includes a criminal risk prevention programme.

The main pillars on which the Andbank Group has instrumented the management of legislative non-compliance risk and reputational risk are as follows:

Ethical and conduct rules

The Andbank Group adopts measures to promote ethical conduct by all of the Group's employees. For this purpose, Andbank understands that the customer is its key element and that no business can be admitted if it generates reputational risk.

The Group has an Ethical Code stipulating the strict standards of conduct with which all employees, directors and administrators must comply and binding them to a responsible conduct when carrying out their duties. Employees avail of a secure channel to resolve any queries or report activities which could breach the Bank's standards of conduct.

Anti-money laundering and combating terrorism financing

Within the framework of Law 14/2017 on prevention and combat against the laundering of money or securities and the financing of terrorism and subsequent amendments, the Andbank Group undertakes to actively combat money laundering and the financing of terrorism and other financial crimes. The effective implementation of procedures and rules based on the "Know your customer" (KYC) rules are fundamental for the Group.

KYC implies the entity having in-depth knowledge of both the individuals and entities with which it operates (whether it be a simple transaction or a long-standing commercial relationship) or to which it offers services, as well as knowing who are the final beneficiaries and related parties. KYC is an ongoing process which starts with acceptance of the customer and lasts during the whole business relationship. Likewise, a similar procedure, called KYE (Know Your Employee), is applied when hiring new employees.

In the framework of private banking the Group has a global money laundering model based on EU directives. This model includes necessary adaptations to the particularities of the business of each subsidiary and to local legislation and is constantly being changed to bring it into line with legislative amendments.

For this purpose, Andbank applies a series of due diligence measures when carrying out and monitoring customer transactions. On the basis of information provided by customers and the information obtained by the Bank, all customers are classified in view of their potential risk in accordance with international standards in this area (such as country of origin, residence, operations or professional activity, etc.).

The Andbank Group supports new technologies and has cutting-edge technical resources to detect suspicious models of behaviour and operations related to money laundering or the financing of terrorism.

The legislative compliance function is focused on carrying out an independent review to provide sufficient guarantees when contracting new customers. This process is not just limited to accepting customers, it is also vital to perform ongoing monitoring to guarantee adequate knowledge of our customers at all times and therefore be able to detect transactions which could breach prevailing legislation.

For the purpose of standardisation and increasing efficiency with regard to the control over potential compliance-related risks, procedures have been prepared containing the activities through which risks are managed. These procedures are updated in accordance with local regulations and international standards.

In order to reinforce good governance in this field, critical for any financial institution, the Andbank Group has set up various committees in which senior management participates and in which the contracting of especially relevant customers is reviewed. A follow up is also carried out of the measures taken by the legislative compliance function, making as many decisions as considered necessary for the aforementioned purposes.

In accordance with prevailing legislation, Andbank is subject to yearly independent supervision of the aforementioned processes.

Investor protection

The Group's commitment to its customers has two fundamental dimensions: the creation of long-term value and maximum information transparency. For this purpose, in order to guarantee that requirements stipulated by different legislations are met, the Group has global policies and procedures in place which are in line with each jurisdiction in which it operates.

The model established by the Andbank Group to mitigate legislative compliance risk and reputational risk takes into consideration the following:

- An organisational structure focused on risk management.
- Allocation of functions and responsibilities within the organisation.
- Transparent policies and procedures available to customers.
- Reinforcement of rules of conduct to increase investor protection.
- A procedure of distributing financial products based on classification of services, type of customer and products offered.
- Ongoing review of the control model to bring it into line with changes originating from new regulations.

In this regard, the Group oversees that the following is achieved:

- Financial services in line with customer requirements.
- A transparent bilateral relationship with rights and obligations for both parties.
- Fair resolution of customer complaints.

Law 8/2013 of 9 May 2013 on organisational requirements and operating conditions of the operating entities of the financial system, investor protection, market abuse and financial collateral arrangements, the subsequent amendments and the Regulation enacting Law 8/2013 complete the transposition of the MiFID regulatory framework to Andorran legislation.

CRS (Common Reporting Standard)

CRS is a system for the automatic exchange of information in tax matters between countries, which enables taxation authorities of the adhered countries to obtain, on an annual basis, tax information relating to investments or positions of its tax residents in financial institutions located abroad (outside the country where they are resident for tax purposes).

The Principality of Andorra approved Law 19/2016 of 30 November 2016 on the automatic exchange of information in tax matters, which sets out the principles established by the OECD for Common Reporting Standards (CRS), included in the Convention on Mutual Administrative Assistance (CMAA) in Tax Matters, in relation to the automatic exchange between competent authorities in member countries on certain information in tax matters. The Law was published on the website of the Official Gazette of the Principality of Andorra (BOPA) (www.bopa.ad).

This Law stipulates that financial institutions are legally under the obligation to report to their respective competent authorities (in the case of the Principality of Andorra, reporting is made to the Department of Taxes and Borders) certain personal and tax information regarding the accounts of non-resident customers.

Likewise, in accordance with prevailing legislation, the Andbank Group is subject to yearly independent supervision of the aforementioned processes.

FATCA (Foreign Account Tax Compliance Act)

The Foreign Account Tax Compliance Act (FATCA) is a U.S. law that requires all financial institutions outside the United States to perform due diligence on their accounts and provide financial information about U.S. citizens and entities with foreign accounts to the U.S. Internal Revenue Service (IRS).

In 2010, the United States enacted the Foreign Account Tax Compliance Act (FATCA) with the aim of establishing a global reporting regime for foreign financial institutions and obtaining economic data on accounts owned by Americans.

Similarly, the Andbank Group is subject to independent supervision of the procedures carried out by the Bank.

Knowledge management and training

One of the Group's priorities in this area is the implementation of training, to ensure that all employees are aware of the requirements arising from applicable laws and regulations and of the procedures implemented.

Every year the Group defines the necessary training plans on the aforementioned topics. These training sessions are given by the Group or external providers either in situ or online with the aim of transmitting a culture of compliance to the whole of the organisation which is essential for the adequate management of legislative compliance risk.

As part of these annual programmes courses are given on taxation, anti-money laundering and anti-terrorism financing and investor protection. The subject matter and complexity of these courses are adapted to the activities carried out by course recipients.

Andbank also encourages its team to obtain recognised professional certification, as well as to carry out ongoing training in anti-money laundering and anti-terrorism financing.

Data protection

The Andbank Group is committed to protecting privacy, in accordance with Law 29/2021 of 28 October 2021 on personal data protection (Llei 29/2021, del 28 d'octubre, qualificada de protecció de dades personals). Andbank's legislative compliance programme implements a raft of procedures, the aim of which is to ensure that customer data is processed in a licit, legal and transparent manner, for legitimate purposes and only for the time required for the purposes of processing the data and guaranteeing security.

Incidents and complaints

The Andbank Group gives priority at all times to its customers and therefore, it never fails to consider or deal with their opinions or possible complaints. The Quality Department channels all complaints that customers submit to the Group through the various communication channels available. This department's aim is to quickly resolve any incidents and push forward any necessary changes in policies and procedures to mitigate the risk of these incidents happening again.

39. Fair value of financial instruments

•a. Measurement models and framework

Financial instruments, the carrying amount of which coincides with their fair value, have been measured in accordance with one of the following methodologies:

- Level 1: the fair value has been determined taking quoted prices in active markets, without making any adjustment to these prices.
- Level 2: the fair value has been estimated based on quoted prices in active markets for similar instruments or by using valuation techniques in which all significant inputs are based on directly or indirectly observable market data.
- Level 3: the fair value has been estimated using valuation techniques in which a certain significant input is not based on observable market data.

•b. Recognised assets and liabilities measured at fair value (fair value hierarchy)

A classification of assets and liabilities measured at fair value in the accompanying consolidated statements of financial position, broken down based on the valuation method used to estimate their fair value at 31 December 2024 and 31 December 2023, is as follows:

Thousands of euros

31 December 2024	Level 1	Level 2	Level 3
Financial assets held for trading	**64,570**	**241,959**	**-**
Derivatives	-	147,068	-
Equity instruments	8,147	607	-
Debt securities	56,423	94,284	-
Non-trading financial assets mandatorily at fair value through profit or loss	**1,061**	**5,400**	**-**
Equity instruments	1,061	5,400	-
Debt securities	-	-	-
Financial assets designated at fair value through profit or loss	**8,034**	**14,813**	**-**
Debt securities	8,034	12,257	-
Loans and advances	-	2,556	-
Financial assets at fair value through other comprehensive income	**221,452**	**96,496**	**-**
Equity instruments	1,727	12,560	-
Debt securities	219,725	83,936	-
Derivatives - Hedge accounting	**-**	**7,140**	**-**
Financial liabilities held for trading	**-**	**93,237**	**-**
Derivatives	-	93,237	-
Derivatives - Hedge accounting	**-**	**7,143**	**-**

Thousands of euros

31 December 2023	Level 1	Level 2	Level 3
Financial assets held for trading	**89,239**	**157,432**	**-**
Derivatives	-	145,835	-
Equity instruments	47	124	-
Debt securities	89,192	11,473	-
Non-trading financial assets mandatorily at fair value through profit or loss	**1,697**	**5,929**	**-**
Equity instruments	1,697	5,929	-
Debt securities	-	-	-
Financial assets designated at fair value through profit or loss	**7,858**	**14,188**	**-**
Debt securities	7,858	12,146	-
Loans and advances	-	2,042	-
Financial assets at fair value through other comprehensive income	**295,413**	**85,105**	**-**
Equity instruments	3,018	3,494	-
Debt securities	292,395	81,611	-
Derivatives - Hedge accounting	**-**	**11,678**	**-**
Financial liabilities held for trading	**-**	**98,539**	**-**
Derivatives	-	98,539	-
Derivatives - Hedge accounting	**-**	**41**	**-**

During 2024 and 2023 no significant movements have arisen between the fair value hierarchy levels.

•c. Valuation techniques

For the recurrent and non-recurrent fair value measurements classified in Level 2 and Level 3 of the fair value hierarchy, a description, by type of instrument, of the valuation technique/s and inputs used to measure fair value at 31 December 2024 and 2023 is provided below:

31 December 2024	Fair value	Valuation techniques	Significant non-observable input	Range of estimates (weighted average) for non-observable input
Level 2 financial instruments				
Derivatives	254,588	Discount Model, Credit Default Model Black-Scholes Futures	Not applicable	-
Equity instruments	18,567	Deal Value	Not applicable	-
Debt securities	190,478	Credit Risky Models, Discount Model	Not applicable	-

31 December 2023	Fair value	Valuation techniques	Significant non-observable input	Range of estimates (weighted average) for non-observable input
Level 2 financial instruments				
Derivatives	256,093	Discount Model, Credit Default Model Black-Scholes Futures	Not applicable	-
Equity instruments	9,547	Deal Value	Not applicable	-
Debt securities	105,230	Credit Risky Models, Discount Model, Deal Value, others	Not applicable	-

•d. Financial instruments not measured at fair value

The table below shows the fair value of financial instruments which are not measured at fair value in the statements of financial position and are measured by fair value hierarchy level for 2024 and 2023:

Financial assets at amortised cost	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
31/12/24	582,646	59,039	-	**641,685**	**693,428**
31/12/23	499,362	57,724	-	**557,085**	**626,673**

37.52% of the notional amount of these financial instruments is hedged at interest rate level (see note 11).

During 2024 no sales have been made in the amortised cost portfolio.

40. Events after the reporting period

From 1 January 2025 to the date these financial statements were approved, no events have arisen that significantly affect the Group's equity situation or results.

41. Compliance with legislation

Law 17/2024 of 28 November 2024 amending Law 35/2018 of 20 December 2018 on solvency, liquidity and prudential supervision of banking entities and investment firms (Llei 17/2024 del 28 de noviembre de modificació de la Llei 35/2018, del 20 de desembre, de solvència, liquiditat i supervisió prudencial d'entitats bancàries i empreses d'inversió)

In a session held on 28 November 2024, the General Council of the Principality of Andorra approved Law 17/2024, which amends Law 35/2018 of 20 December 2018 on solvency, liquidity and prudential supervision of banking entities and investment firms to complete the incorporation into Andorran law of the latest elements of the new global framework on bank capital adequacy (Basel III Agreement). These amendments consist of reviewing the methods used to calculate capital requirements for credit risk, counterparty risk and operational risk, which provide greater risk sensitivity and comparability on an international scale, as well as reviewing the regulatory framework for credit valuation adjustment (CVA) risk for potential market price losses of derivative financial instruments due to the deterioration of a counterparty's solvency, and the limitation of the procyclicality of banking entities through the review of the rules regulating the specific countercyclical capital buffer requirement.

As a result of this publication, other specific amendments to the European regulatory framework are incorporated into Andorran law, such as authorisation requirements, organisational requirements and operating conditions, amendments to the disciplinary regime, and the subjection to minimum prudential requirements for financial holding companies and mixed financial holding companies under Andorran law that belong to a consolidable group whose prudential supervision on a consolidated basis corresponds to the AFA, as well as amendments to the measures and powers of the AFA in relation to the review and supervisory assessment of entities' exposures to interest rate risk arising from activities outside the trading book, as well as in relation to the rules regulating the requirements and guidelines on additional own funds of entities. Other elements that are amended include the regime applicable to large exposures and the presentation and disclosure of information requirements.

Decree 419/2024 of 30 October 2024 approving the Regulation implementing Law 7/2024 of 27 May 2024 on the organisation and operation of operational entities of the financial system and market abuse (Llei 7/2024, del 27 de maig, sobre organització i funcionament de les entitats operatives del sistema financer i l'abús de mercats).

This new Regulation represents progress in standardising the rules applicable to operational entities of the financial system, as it clarifies how they should comply with certain obligations. Similarly, this Regulation constitutes an improvement in the protection of investment services customers. In particular, it introduces new obligations regarding advice, portfolio management, suitability and appropriateness, product governance, customer information, incentives and remuneration, conflicts of interest, asset safeguarding, transaction reporting, record-keeping, best execution, and internal control.

As a result of the publication of the regulation, the Regulation enacting Law 8/2013 of 9 May 2013 on organisational requirements and operating conditions of the operating entities of the financial system, investor protection, market abuse and financial collateral arrangements (Llei sobre els requisits organitzatius i les condicions de funcionament de les entitats operatives del sistema financer, la protecció de l'inversor, l'abús de mercat i els acords de garantia financera) is repealed.

Law 7/2024 of 27 May 2024 on the organisation and operation of operational entities of the financial system and market abuse (Llei 7/2024, del 27 de maig, sobre organització i funcionament de les entitats operatives del sistema financer i l'abús de mercats).

In a session held on 27 May 2024 the Principality of Andorra's General Council passed Law 7/2024. This new Law aims to update Andorran regulations to align them with MiFID II regulations. In particular, it introduces new obligations regarding advice, portfolio management, suitability and appropriateness, product governance, customer information, incentives and remuneration, conflicts of interest, asset safeguarding, record-keeping, best execution, and internal control.

In addition to the regulatory framework set out in MiFID II, some amendments derived from the Directive of the European Parliament and of the Council dated 16 February 2021, which amends Directive 2014/65/EU regarding information requirements, product governance, and position limits, and Directives 2013/36/EU and (EU) 2019/878 regarding their application to investment firms to support the recovery from the COVID-19 crisis (known as the "Quick Fix" Directive) have also been taken into account. Likewise, within the regulatory framework that encompasses the demand for sustainable investments by investors, the amendments of Commission Delegated Directive (EU) 2017/593 derived from Commission Delegated Directive (EU) 2021/1269 of 21 April 2021, which amends Commission Delegated Directive (EU) 2017/593 with regard to the integration of sustainability factors into product governance obligations, and the amendments of Commission Delegated Regulation (EU) 2017/565 derived from Commission Delegated Regulation (EU) 2021/1253 of 21 April 2021, amending Commission Delegated Regulation (EU) 2017/565 as regards the integration of sustainability factors, risks, and preferences into certain organisational requirements and operating conditions for investment firms have been considered.

With the entry into force of this Law, Law 8/2013 on organisational requirements and operating conditions of the operating entities of the financial system, investor protection, market abuse, financial collateral arrangements, and over-the-counter derivatives and securities financing transactions will be repealed.

Decree 469/2024 of 4 December 2024 on the adoption of EU-IFRS in Andorra.

Decree 469/2024 of 4 December 2024 approving certain amendments to international financial reporting standards as adopted by the European Union (IFRS-EU) and the Decree of 22 December 2016 was amended which approved the accounting framework applicable to entities operating in the Andorran financial system and to collective investment undertakings under Andorran law in accordance with international financial reporting standards as adopted by the European Union (IFRS-EU) which have also been adopted by Andorra (IFRS-Andorra).

Decree 112/2024 of 20 March 2024 on the adoption of EU-IFRS in Andorra.

Decree 112/2024 of 20 March 2024 approving certain amendments to international financial reporting standards as adopted by the European Union (IFRS-EU) and the Decree was amended which approved the accounting framework applicable to entities operating in the Andorran financial system and to collective investment undertakings under Andorran law in accordance with international financial reporting standards as adopted by the European Union (IFRS-EU) which have also been adopted by Andorra (IFRS-Andorra), on 22 December 2016.

Decree 64/2024 of 14 February 2024, approving the Regulation on the register of financial and similar accounts, under the ministry responsible for finance.

Law 37/2021 has amended Law 14/2017 of 22 June 2017 on anti-money laundering and counter financing of terrorism, incorporating the fourth additional provision, regulating the creation of the Register of financial and similar accounts. Banking entities, payment entities, and electronic money entities operating in the Principality of Andorra declare in this Register the identification data of the holders or beneficial owners of payment accounts, bank accounts identified with an IBAN number, and safe deposit box rental contracts. Access to this information is limited to the Financial Intelligence Unit (Uifand) and other competent authorities in the prevention, detection, investigation or persecution of money laundering, terrorist financing and other related crimes.

Law regulating mandatory investment ratios (Llei de regulació del coeficient d'inversions obligatòries)

In a session held on 30 June 1994 the Principality of Andorra's General Council passed a Law regulating mandatory investment ratios. The Regulations pursuant to this law exclusively concern banking institutions and oblige them to maintain a certain investment ratio of assets, where applicable, in Andorran public funds.

At 31 December 2024, the Group does not have any investments in debt issued by the Andorran Government, within the scope of this law.

Law regulating deposit guarantee reserves and other operating obligations held and deposited by entities belonging to the financial system (Llei de regulació de reserves en garantia de dipòsit i d'altres obligacions operacionals a mantenir i dipositar per les entitats enquadrades en el sistema financer)

In a session held on 11 May 1995 the Principality of Andorra's General Council, passed a Law regulating deposit guarantee reserves and other operational obligations, which are to be held and deposited by entities operating in the financial system. This law obliges the banks forming part of the Andorran financial system to maintain in their permanent funds various minimum reserves of equity to secure their operational obligations up to a limit of 4% of their total investments, after deducting investments made using equity and banking funds. In accordance with Law 1/2011 of 2 February 2011 for the creation of a deposit guarantee scheme for banks, amounts deposited in the AFA pursuant to the provisions of the Law on deposit guarantee reserves and other operational obligations were released. Accordingly, as a consequence of the agreement reached by the guarantee fund Management Commission on 29 August 2011, pursuant to Law 1/2011 of 2 February 2011, the Bank created a reserve of Euros 25,929 thousand at 31 December 2016 (see note 20). At 31 December 2024 this reserve amounts to Euros 27,026 thousand.

By virtue of Law 20/2018 of 13 September 2018 regulating Andorran deposit guarantee funds and the Andorran investment guarantee system, Law 1/2011 was repealed, except for the fourth transitional provision. This Law sets out the need for an additional buffer of funds for the guarantee fund and the annual contribution, as an ex-ante system, of contributions of an amount equivalent to 0.8% of the deposit guarantees up to 30 June 2024. At the same time the maximum coverage is increased by the investment guarantee system, stipulated by this Law, giving the Fund management committees and Guarantee system the possibility of requesting additional extraordinary contributions from the member entities.

On 23 April 2014 the Andorran Government issued the Regulation governing the programme for adjustments to improve national real estate, enhance energy efficiency of buildings and the use of renewable energy, amended by the revised Regulation dated 11 February 2015. The amount outstanding at 31 December 2024 for operations under this programme is Euros 791 thousand (Euros 903 thousand at 31 December 2023), recognised under loans and advances to customers in the consolidated statement of financial position.

Law 14/2017 of 22 June 2017 on the prevention of and combat against the laundering of money or securities and the financing of terrorism (Llei 14/2017, del 22 de juny, de prevenció i lluita contra el blanqueig de diners o valors i el finançament del terrorisme).

In its session held on 22 June 2017, the Principality of Andorra's General Council approved the Law for international cooperation on criminal matters and the combat against the laundering of money or securities arising from international crime. This law was published in the Official Gazette of the Principality of Andorra (BOPA) on 19 July 2017 and entered into force on 20 July 2017.

The implementation of international standards on the prevention of and combat against the laundering of money or securities and the financing of terrorism has become a national priority in Andorra, leading to the adoption of legislative initiatives in recent years and a review of the system for preventing and suppressing these criminal activities order to achieve the most effective framework to combat them.

In this context, the Principality of Andorra is periodically subject to assessments by the European Council, carried out by a committee of experts, to evaluate the measures being taken to combat the laundering of money or securities and against the financing of terrorism (Moneyval). These assessments require an adequate and effective implementation of international standards in this matter, materialising in the new recommendations of the Financial Action Task Force (FATF).

The purpose of this law is to reinforce even further the Principality of Andorra's commitment towards preventing and suppressing money laundering and the financing of terrorism, through an ongoing process of adapting legislation to international standards.

In accordance with this law, the Bank has set up proper and sufficient control and internal communications procedures to protect banking secrecy and prevent and impede operations related to money laundering generated by criminal activities. Specific personnel training programs have been carried out to this effect.

This law was amended by Law 21/2019 that entails transposing the principles of the fourth EU directive in this matter to Andorran legislation. A revised text of this legislation was published via legislative decree on 19 February 2020.

On 16 December 2021 this Law was amended once again by Law 37/2021 whereby: the scope of the parties under obligation has been expanded to include service providers related to all kinds of virtual assets without limitation to providers of services involving the exchange of virtual currency for fiat currencies and custodial wallets; access has been regulated to beneficial owner information contained in the Companies Register, Associations Register and the Foundations Register and the requirement that the applicant has to demonstrate a legitimate interest has been eliminated; a Financial and Assimilated Accounts Register has been created where banking entities, payment entities and electronic money entities operating in the Principality of Andorra declare in this Register the identification data of holders or beneficial owners of payment accounts, bank accounts identified by IBAN and safe-deposit box lease agreements; and, finally, access to information on real estate in Andorra has been specifically regulated.

On 22 December 2022, Andorra's criminal code was amended to include the crimes set out in Directive 2013/40/EU of the European Parliament and of the Council on attacks against information systems, Directive (EU) 2019/713 of the European Parliament and of the Council of 17 April 2019 on combating fraud, Directive (EU) 2018/1673 of the European Parliament and of the Council of 23 October 2018 on combating money laundering by criminal law and trafficking in human beings. Regarding money laundering, the amendment sets out the following: Whoever converts or transfers funds that derive, directly or indirectly, from any criminal activity, with knowledge of their provenance, for the purpose of concealing or disguising their illicit origin or of assisting any person who has participated in committing the offence to evade the legal consequences of their actions, shall be punished by imprisonment for a term of five years and a fine of up to three times their value".

Law on the legal regime governing entities operating in the Andorran financial system and other provisions regulating financial activities in the Principality of Andorra (Llei sobre el règim jurídic de les entitats operatives del sistema financer andorrà i altres disposicions que regulen l'exercici de les activitats financeres al Principat d'Andorra)

In the session held on 9 May 2013 the General Council approved Law 7/2013 on the legal regime governing entities operating in the Andorran financial system and other provisions regulating financial activities in the Principality of Andorra (Llei sobre el règim jurídic de les entitats operatives del sistema financer andorrà i altres disposicions que regulen l'exercici de les activitats financeres al Principat d'Andorra).

The purpose of this law is to unify the legislation governing banks operating in the financial system contained in Laws 24/2008, 13/2010, 14/2010 and the 1996 Law regulating the operational functions of the different components of the financial system into one single text. For this reason, although this Law does not introduce any significant amendments to the existing regulations, it does act to reinforce and restructure the prevailing laws to provide increased legal security to the legislative framework governing the Andorran financial system.

Approval of Law 7/2013 implies repealing the following laws: 1996 Law regulating the operational functions of the different components of the financial system; Law 24/2008 regulating the regime of specialised non-banking credit institutions; Law 13/2010 regulating the legal regime of investment entities and collective investment undertaking management companies; and articles 8 to 17 of Law 14/2010 regulating the legal regime of banking entities and the basic administrative regime of entities operating in the financial system.

Law governing the Andorran Financial Authority (Llei de l'Autoritat Financera Andorrana).

At the session held on 23 May 2013 the General Council approved Law 10/2013 regulating the Andorran National Institute of Finance.

The purpose of this law is to provide the supervisor with the necessary resources to meet its objectives whilst, taking into consideration the financial authority's global scope of operations in a context of international expansion of the Andorran financial system, increasing these resources in line with the global growth of financial markets and pursuant to the commitments Andorra has acquired from signing the Monetary Agreement with the European Union.

The approval of Law 10/2013 implies repealing the following laws: Law 14/2003 regulating the Andorran INAF; article 45 of Law 14/2010 regulating the legal regime of banking entities and the basic administrative regime of entities operating in the financial system; and article 22 of the Law regulating the capital adequacy and liquidity criteria of financial institutions of 29 February 1996, amongst other regulations.

This law was amended by Law 12/2018 of 31 May 2018 whereby the name of the financial authority was replaced by that of the Andorran Financial Authority (AFA). The name was modified once again to the Andorran National Institute of Finance and Insurance by Law 12/2017 of 22 June 2017 regulating and supervising insurance and reinsurance in the Principality of Andorra.

Law governing indirect general taxation (Llei de l'Impost General Indirecte).

In its session held on 21 June 2012 the General Council of the Principality of Andorra approved the Law governing indirect general taxation (IGI) which entered into force on 1 January 2013. This law was subsequently amended by Law 29/2012 of 18 October 2012 and by Law 11/2013 of 23 May 2013, amending Law 11/2012. This general indirect tax is levied on goods delivered, service rendered and imports made by onerous contract in Andorra by business people or professionals usually or occasionally as part of their economic activity, irrespective of the purpose or the results achieved in the economic activity or in each particular transaction, including the condition of importer. The general tax rate is 4.5%, with a reduced rate of 1% and an increased rate of 9.5%, which is only applied to banking and financial services rendered.

The fifth additional provision to Law 11/2012 governing indirect general tax approved by Law 10/2014 of 3 June 2014 amending Law 11/2012, stipulates a special tax regime for the financial sector to which banks and non-banking specialised credit institutions carrying out activities subject to the increased tax rate stipulated in article 60 of the Law have adhered. This regime restricts the deduction of input tax to a maximum amount equivalent to 10% of the output tax at a rate of 9.5% for the rendering of bank and financial services. It is not applicable to real estate property.

The settlement period depends on the annual net turnover for all of the activities carried out by the tax payer in the immediately previous year. Payments can be made half-yearly, quarterly or monthly. Tax payers have to determine the tax debt in each settlement period, reducing the general indirect tax payable during the period by the general indirect tax instalments receivable, which are deductible in nature. The payable to or receivable from the Andorran Government deriving from the declaration of the aforementioned tax is recognised under Loans and receivables or Current payables on the consolidated statements of financial position.

The entry into force of Law 11/2012 of 21 June 2012 governing indirect general tax repeals the Law governing indirect taxation on the rendering of banking and financial services of 14 May 2002.

Law governing non-resident income tax (Llei de l'Impost sobre la Renda de No Residents Fiscals).

In a session held on 29 December 2010 the General Council of the Principality of Andorra approved the Law governing non-resident income tax. This direct tax is levied on income obtained in the Principality of Andorra by individuals or entities which are non-resident for tax purposes.

The net tax payable is calculated by deducting the deduction for double taxation from the taxable income, determined in accordance with the Law governing non-resident income tax.

Pursuant to Law 94/2010 of 29 December 2010 governing non-resident income tax, amended by Law 18/2011 of 1 December 2011, the tax rate applicable in 2022 stands at 10% for general purposes, 1.5% when income derives from reinsurance operations and 5% when income is received in the form of royalties. Law 94/2010, amended again by Law 5/2023 of 19 January 2023 on measures for the reform of direct taxation and modifying other tax and customs regulations was published in the Official Gazette of the Principality of Andorra (BOPA) number 2010.

Law 8/2015 of 2 April 2015 on urgent measures to implement restructuring and resolving mechanisms in banking entities (Llei 8/2015, del 2 d'abril, de mesures urgents per implantar mecanismes de reestructuració i resolució d'entitats bancàries).

In the session held on 2 April, the Principality of Andorra's General Council approved Law 8/2015 of 2 April 2015 on urgent measures to implement restructuring and resolving mechanisms in banking entities.

This law is the Principality of Andorra's response to certain events suggesting that the financial system is closely interconnected and that any crisis in a financial institution could spread rapidly to other banks and to the global economy. Certain measures have been set up to flexibly respond to various situations related to this systemic risk, including the creation of an Agency for the Resolution of Banking Entities (AREB) as the competent authority in the area of resolution. In addition, an Andorran Fund for the Resolution of Banking Entities (FAREB) has been created for the purpose of backing to the extent possible, the measures agreed when applying the aforementioned law. The FAREB is an entity without legal personality managed by the AREB.

The wording and drafting of this Law have been inspired on the principles of Directive (EU) no 2014/59.

This law was repealed by Law 7/2021 of 29 April 2021 on the recovery and resolution of banking entities and investment firms (Llei 7/2021, del 29 d'abril, de recuperació i de resolució d'entitats bancàries i d'empreses d'inversió). Moreover, Law 8/2015 is applicable for restructuring and resolution procedures and administrative procedures initiated prior to the entry into force of Law 7/2021.

Law 19/2016 of 30 November 2016 on automatic exchange of information in tax matters (Llei 19/2016, del 30 de novembre, d'intercanvi automàtic d'informació en matèria fiscal).

This Law regulates the legal framework required to meet the commitments regarding the automatic exchange both with the European Union and those commitments assumed by virtue of the multilateral agreement of the Council of Europe and the OECD and adapts and incorporates the OECD's Common Reporting Standards (CRS) to the Andorran legal system.

Likewise, Law 11/2005 of 13 June 2005 applying the Agreement between the Principality of Andorra and the European Community in relation to the establishment of measures equivalent to those provided for in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments, was repealed.

Law 35/2018 of 20 December on solvency, liquidity and prudential supervision of banking entities and investment firms (Llei 35/2018, del 20 de desembre, de solvència, liquiditat i supervisió prudencial d'entitats bancàries i empreses d'inversió)

In order to adapt the Andorran legal framework to legislative changes in the European Union, a substantial amendment is required to the prevailing legislation in relation to the following: (i) Supervisory regime, (ii) seed capital requirements, (iii) access to activity, (iv) corporate governance requirements and (v) sanctioning regime.

Therefore, on 20 December 2018 the General Council approved the new Law on solvency, liquidity and prudential supervision which is implemented coherently and clearly and includes all the necessary legislative changes to incorporate community legislation into the Andorran legal framework. This Law comes into force on 24 January 2019 and certain aspects are subject to an adoption timetable.

Amongst the main differences from a solvency standpoint we can highlight various differentiating capital items based on their capacity to absorb losses; stricter requirements when considering capital instruments as equity items; a significant increase in the total amount of exposure to the different risks to which entities are exposed; a capital buffer regime; self-assessment of the risk for each entity liaising with the Andorran Financial Authority (AFA), as well as the need to make a provision of capital to cover risks not included in the total exposure to the risk identified in the review and supervisory assessment processes; market transparency regarding entities meeting solvency and liquidity requirements and, finally, the AFA obligation to publish information in relation to financial regulation and supervision.

From a liquidity standpoint, the Law represents a significant improvement with regard to refining the calculation of the short-term liquidity ratio, in order to guarantee that sufficient liquid assets or a liquidity buffer are held to fully cover cash outflows less liquidity inflows, in scenarios of tension, over a period of 30 days. The former liquidity regime under the Law regulating capital adequacy and liquidity criteria of financial institutions of 29 February 1996 only stipulated that banking entities had to cover 40% of their short-term commitments with sufficiently liquid assets. The new liquidity regime also stipulates that entities have to calculate and inform the AFA regarding the long-term structural liquidity ratio or stable financing ratio, understood as the ratio between liabilities providing stable financing, such as equity and non-current deposits, and non-current assets which require stable financing. Until progress is made with regard to EU regulation on stable financing, it is not planned that a stable financing limit will be incorporated into the Andorran legal framework.

To conclude, the aim of this Law is none other than to boost the resilience of the Andorran banking and financial sector to ensure that it is better placed with regard to financial crises and to guarantee that banking entities continue to finance economic activity and economic growth with adequate and sufficient own funds.

Law 8/2018 on payment services and electronic money (Llei 8/2018 dels serveis de pagament i el diner electrònic).

In accordance with the Monetary Agreement, Andorra undertook to implement in its legal framework, inter alia, the EU legal provisions relating to Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC.

For the purpose of meeting the aforementioned commitments, at its session held on 17 May 2018 the General Council approved Law 8/2018 of 17 May 2018 on payment services and electronic money. This Law entered into force the day after its publication and its purpose was to include payment entities and electronic money institutions as new entities operating in the Andorran financial system, with their own legal regime and to regulate the rights and obligations of providers and users in relation to the rendering and use of payment services and the issue of electronic money. This law was subsequently amended by Law 27/2018 of 25 October 2018, modifying Law 8/2018 of 17 May 2018.

Lastly, the Government, making use of the capacity set out in the final ninth provision of Law 27/2018 of 25 October 2018, amending Law 8/2018 of 17 May 2018 on payment services and electronic money, enacted Title III of the Law 8/2018 which is drafted in accordance with the amendments of Law 27/2018 of 25 October 2018, amending Law 8/2018 of 17 May 2018 on payment services and electronic money, and rights and obligations in relation to the rendering and use of payments services; and Title IV of Law 8/2018, which is drafted in accordance with the amendments to Law 27/2018 of 25 October 2018 amending Law 8/2018 of 17 May 2018 on payment services and electronic money, authorising payment operations and their execution, both of payment orders and amounts transferred, as well as the execution period and the value date and corresponding responsibility regime.

The purpose of this law is to maintain a structurally and functionally sound financial system, aiming at clarifying the legal framework regulating the financial system prevailing in Andorra. As a result, the provisions of Law 14/2010 and the prevailing provisions of the Law regulating the Andorran financial system dated 27 November 1993 are unified into a single text which incorporates commitments acquired regarding privileged information and market manipulation and abuse into Andorran legislation with the signing of the Monetary Agreement with the European Union.

This law includes the principles set out in Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004, known as MiFID (Markets in Financial Instruments Directive), relating to the rules regarding ethics and conduct to be complied with by investment entities.

Law 10/2020 on adhesion of the Principality of Andorra to the International Monetary Fund (IMF) (Llei 10/2020 d'adhesió del Principat d'Andorra al Fons Monetari Internacional (FMI)).

On 10 January 2020 it was agreed that the Principality of Andorra would join the IMF as a new member and a law was enacted that set out the competent powers and authorities in relation to this body. This law will enter into force once the Principality of Andorra has ratified the IMF Articles of Agreement.

Law 7/2021 of 29 April 2021 on the recovery and resolution of banking entities and investment firms (Llei 7/2021, del 29 d'abril, de recuperació i de resolució d'entitats bancàries i d'empreses d'inversió).

In its session held on 27 April 2021, the Principality of Andorra's General Council approved Law 7/2021 of 29 April 2021 on the recovery and resolution of banking entities and investment firms.

This law completes the adaptation started via Law 8/2015 to EU legislation, which is repealed by this law, creating a full framework for the restructuring and resolution of credit institutions and investment firms to Andorran legislation, in compliance with the international commitments acquired by the Principality of Andorra by way of the monetary accord signed with the European Union which introduces the forecasts that enable the full harmonisation of the Andorran system with the member states of the European Union with regard to recovery and resolution.

The purpose of the legislation is to make the ordered resolution of any financial institution possible, without serious systemic interruption and to minimise as far as possible the risk for taxpayers thanks to the protection of the functions that are critical for the financial market and the economy, ensuring that losses are borne by the shareholders and creditors of the entity in crisis.

This Law repeals Law 8/2015 of 2 April 2015 on urgent measures to implement restructuring and resolving mechanisms in banking entities (Llei 8/2015, del 2 d'abril, de mesures urgents per implantar mecanismes de reestructuració i resolució d'entitats bancàries). Moreover, Law 8/2015 is applicable for restructuring and resolution procedures and administrative procedures initiated prior to the entry into force of Law 7/2021.

Qualified Law 29/2021 of 28 October 2021 on personal data protection (Llei 29/2021, del 28 d'octubre, qualificada de protecció de dades personals).

Qualified Law 29/2021 on personal data protection was approved on 28 October 2021.

The purpose of the new legislation is to update the legislation relating to the treatment that both individuals or private entities such as the Andorran public Administration, give to the data relating to individuals adhering to the new EU regulation, contained in the general regulation for data protection and modernising the existing legal framework.

Law 5/2022 of 3 March 2022 on the application of international sanctions (Llei 5/2022, del 3 de març, d'aplicació de sancions internacionals).

This Law provides the Andorran legal system with a benchmark framework for the application of international sanctions arising from international bodies such as the United Nations or the European Union.

Law 36/2022 of 24 November 2022 on the creation of international reserves and the financial system's access to assistance in the form of an urgent provision of liquidity (Llei 36/2022, del 24 de novembre, de creació de reserves internacionals i accés del sistema financer a assistència en forma de provisió urgent de liquiditat).

This Law structures a last instance lender mechanism based on international reserves enabling the urgent provision of liquidity. The mechanism enacted by this Law is fully validated with existing international mechanisms. Specifically, it replicates the European Central Bank's emergency liquidity assistance (ELA) model and, in the case of Andorra, it has been developed based on technical advice from the IMF.

Law 5/2023 of 19 January 2023 on measures to reform direct taxation and amendments of other tax and customs regulations (Llei 5/2023, del 19 de gener, de mesures per a la reforma de la imposició directa i de modificació d'altres normes tributàries i duaneres).

The purpose of this law is to carry out a global review of the tax system in the Principality, especially with regard to direct taxation, which has culminated in an integral reform of corporate income tax, which maintains the basic structure, modifies specific aspects of personal income tax and income tax of non-residents, and repeals the capital gains tax on real estate transfers and its corresponding integration into the other taxes on income existing in the country's tax system. On the other hand, amendments have also been made to the Law on the bases of taxation (Llei de bases de l'ordenament tributari), the Law on corporations and limited liability companies (Llei de societats anònimes i de responsabilitat limitada) and the Law on indirect general taxation (Llei de l'impost general indirecte), for the purpose of ensuring that Andorra's tax system functions correctly. This law enters into force on 1 January 2024 and for the tax periods beginning thereof. Likewise, certain provisions are applicable as of 9 February 2023.

Annex 1- Andbank Group companies

Company	Registered office	Activity	% direct ownership
Caronte 2002, SLU (*)	Andorra	Services	100%
Món Immobiliari, SLU	Andorra	Services	100%
Andorra Gestió Agrícol Reig, SAU,SGOIC	Andorra	Fund manager	100%
AND Private Wealth, S.A.	Switzerland	Auxiliary services	100%
Zumzeiga, BV	Holland	Special purpose vehicle	100%
Andorra Assegurances Agrícol Reig, SAU	Andorra	Insurance	100%
Columbus de México, SA de CV Asesor en Inversiones Independiente (**)	Mexico	Asset management	-
Quest Capital Advisers Agente de Valores, SA	Uruguay	Securities broker	-
Andbank Asset Management Luxembourg, S.A.	Luxembourg	Fund manager	-
Andbank Luxembourg S.A.	Luxembourg	Bank	100%
MyInvestor Banco, SA	Spain	Bank	52%
Andbank Wealth Management, SGIIC, SAU	Spain	Fund manager	-
Medipatrimonia Invest, SL	Spain	Investment services	-
Merchbanc, E.G.F.P. S.A.	Spain	Investment fund manager	-
Merchbanc, International, S.A.R.L	Luxembourg	Instrumental company Share holding	-
Wealth Asesoramiento y Consultoría, S.L.U.	Spain	Insurance intermediation	-
Andbank Mónaco S.A.M.	Monaco	Bank	95%
Andbank Corretora de Seguros de Vida, Ltda	Brazil	Insurance intermediation	100%
Andbank Gestao de Patrimonio Financeiro, Ltda	Brazil	Wealth management	-
Banco Andbank (Brasil), S.A (**)	Brazil	Bank	100%
Andbank Distribuidora de títulos e Valores Mobiliários, Ltda	Brazil	Intermediation of securities and discretional portfolio management	-
APW Uruguay SA	Uruguay	Services	100%
APC Servicios Administrativos SLU	Spain	Services	-
Andbanc Wealth Management LLC	USA	Holding	-
Andbanc Advisory LLC	USA	Advisory services	-
Andbanc Brokerage LLC	USA	Financial services	-
APW Consultores Financeiros, Ltda	Brazil	Financial services	100%
AND PB Financial Services, S.A	Uruguay	Representation office	100%
Andorra Capital Agrícol Reig BV	Holland	Instrumental company	100%
Quest Wealth Advisers, Inc (Panama)	Panama	Investment security company	100%
AB Financial Products, D.A.C.	Ireland	Instrumental company	100%
Sigma M. Partners, LTD	Israel	Advisory services	50%
Actyus Private Equity SGIIC, SAU	Spain	Fund manager	100%
Andbank España Banca Privada, SAU	Spain	Bank	100%
WealthPrivate Corporate Finance, S.A.U.	Spain	Financial services	-
Sigma-Clarity Ltd.	Israel	Share holding	22%
Inversiones Gambito, S.A	Spain	Holding	95%
Augusta Ream, S.L.	Spain	Financial services	-
Gesconsult, S.A., SGIIC	Spain	Fund manager	-
Hellohipoteca, S.L.	Spain	Financial services	-
Lendger Digital Finance, S.L.U	Spain	Mortgage broker	-

(*) Under liquidation
(**) At 31 December 2024 the assets and liabilities of these companies are classified as "Other non-current assets held for sale" under assets and as "Other non-current liabilities held for sale" under liabilities, respectively.

2024							
% indirect ownership	Audited	Interim dividend	Equity	Capital	Reserves	Prior years' profit/ (loss) pending application	Profit/(loss)
-	No	-	102	32	6	70	(6)
-	No	-	100	30	95	(43)	19
-	Yes	2,500	4,135	1,000	1,240	-	4,394
-	Yes	-	3,087	3,710	2	98	(1,161)
-	Yes	-	32,568	31,004	32	753	779
-	Yes	-	3,293	2,404	504	-	385
50%	Yes	-	5,244	1,602	3	4,626	69
100%	Yes	-	3,152	14	37	2,214	888
100%	Yes	-	5,295	3,000	270	-	2,025
-	Yes	-	52,178	44,893	230	930	6,577
1%	Yes	-	130,937	35,026	(30,258)	-	6,765
100%	Yes	-	33,495	1,004	24,410	-	8,081
51%	Yes	1,470	3,167	54	2,171	-	2,157
100%	Yes	-	2,716	601	1,668	-	395
100%	Yes	-	2,128	25	1,977	(3)	129
100%	Yes	-	325	3	309	(22)	35
-	Yes	-	43,721	26,880	3,558	9,915	3,369
-	Yes	-	195	1	-	(18)	204
100%	Yes	-	576	299	(71)	366	(8)
-	Yes	-	62,381	114,489	6,998	(22,772)	(5,624)
100%	Yes	-	490	277	(33)	(75)	321
-	Yes	-	1,213	370	8	853	15
100%	Yes	-	3,735	2,069	1,601	-	64
100%	Yes	-	7,400	21,231	8	(14,066)	227
100%	Yes	-	2,243	490	1,631	-	123
100%	Yes	-	3,111	179	2,341	-	590
-	Yes	-	654	1,306	360	(1,554)	42
-	Yes	-	476	355	6	218	97
-	Yes	-	1,047	18	-	987	42
-	Yes	-	1,737	951	-	1,117	58
-	Yes	-	(59)	1	-	(149)	89
-	Yes	-	1,128	528	-	(556)	225
-	Yes	-	644	300	-	(172)	215
-	Yes	-	242,127	63,949	99,216	-	15,644
100%	Yes	-	1,650	1,316	266	(201)	269
-	Yes	-	12	-	-	-	12
-	No	-	760	816	-	(15)	(3)
30%	Yes	-	(13)	-	-	-	(13)
78%	Yes	-	789	474	650	-	(376)
52%	Yes	-	60	753	-	(931)	(1,012)
52%	Yes	-	24	3	-	-	(10)

Annex 1- Andbank Group companies

Company	Registered office	Activity	% direct ownership
Caronte 2002, SLU (*)	Andorra	Services	100%
Mon Immobiliari, SLU	Andorra	Real estate	100%
Andorra Gestió Agrícol Reig, SAU, SGOIC	Andorra	Fund manager	100%
Egregia B.V	Holland	Special purpose vehicle	100%
Zumzeiga B.V	Holland	Special purpose vehicle	100%
Andorra Assegurances Agrícol Reig, SAU	Andorra	Insurance	100%
And Private Wealth S.A	Switzerland	Wealth management	-
Columbus de México, SA de CV Asesor en Inversiones Independiente (**)	Mexico	Wealth management	-
Quest Capital Advisers Agente de Valores, SA	Uruguay	Securities broker	-
Andbank Asset Management Luxembourg, S.A.	Luxembourg	Fund manager	-
Andbank Luxembourg, S.A.	Luxembourg	Bank	100%
MyInvestor Banco, SAU	Spain	Bank	54%
Andbank Wealth Management, SGIIC, SAU	Spain	Fund manager	-
Medipatrimonia Invest, SL	Spain	Investment services	-
Merchbanc, E.G.F.P. S.A.U	Spain	Pension fund manager	-
Merchbanc, International, S.A.R.L	Luxembourg	Instrumental Share holding	-
Andbank Correduria de Seguros S.L.U.	Spain	Insurance intermediation	-
Andbank Monaco S.A.M.	Monaco	Bank	95%
Andbank Corretora de Seguros de Vida, Ltda	Brazil	Insurance intermediation	100%
Andbank Gestao de Patrimonio Financeiro, Ltda	Brazil	Wealth management	-
Banco Andbank (Brasil), S.A (**)	Brazil	Bank	100%
Andbank Distribuidora de títulos e Valores Mobiliários, Ltda	Brazil	Intermediation of securities and discretional portfolio management	-
Sigma Investment House Ltd.	Israel	Holding	-
Sigma Portfolio Management Ltd.	Israel	Portfolio management	-
Sigma Premium Ltd.	Israel	Portfolio management and advisory services	-
Sigma Mutual Funds Ltd	Israel	Investment fund manager	-
Sigma Financial Planning Pensíón Insurance Agency 2011 Ltd.	Israel	Investment fund manager	-
APW Uruguay SA	Uruguay	Services	100%
APC Servicios Administrativos SLU	Spain	Services	-
Andbanc Wealth Management LLC	USA	Holding	-
Andbanc Advisory LLC	USA	Advisory services	-
Andbanc Brokerage LLC	USA	Financial services	-
APW Consultores Financeiros, Ltda	Brazil	Financial services	100%
AND PB Financial Services, S.A	Uruguay	Representation office	100%
Andorra Capital Agrícol Reig BV	Holland	Special purpose vehicle	100%
Quest Wealth Advisers, Inc	Panama	Investment security company	100%
AB Covered Bonds, D.A.C. (*)	Ireland	Special purpose vehicle	100%
AB Financial Products, D.A.C.	Ireland	Special purpose vehicle	100%
Sigma M. Partners, LTD	Israel	Advisory services	50%
Actyus Private Equity SGIIC, SAU	Spain	Fund manager	100%
Andbank España Banca Privada, SAU	Spain	Bank	100%
WealthPrivat Corporate Finance, S.A.U.	Spain	Financial services	-
Sigma-Clarity, Ltd (**)	Israel	Holder of shares	65%
KCPS Capital Management, Ltd	Israel	Advisory services	-
Clarity Capital KCPS, Ltd	Israel	Portfolio management	-
Clarity Capital Investment Services, Ltd	Israel	Advisory services	-

(*) Under liquidation
(**) The assets and liabilities of these companies are classified at 31/12/2022 under the heading "Other non-current assets held for sale" of the asset and under the heading "Other non-current liabilities held for sale" of liabilities, respectively.

2023							
% indirect ownership	Audited	Interim dividend	Equity	Capital	Reserves	Prior years' profit/(loss) pending application	Profit/(loss)
-	No	-	108	32	6	64	5
-	No	-	81	30	95	(86)	42
-	Yes	-	2,716	1,000	1,019	-	1,847
-	Yes	-	6,774	180	14,617	(7,994)	(28)
-	Yes	-	29,942	29,127	(8)	468	356
-	Yes	-	3,292	2,404	574	19	295
100%	Yes	-	2,701	3,710	524	(361)	(1,172)
50%	Yes	-	5,784	1,505	46	4,332	(99)
100%	Yes	-	2,863	13	(17)	2,080	788
100%	Yes	-	5,449	3,000	348	-	2,102
-	Yes	-	50,981	44,893	(875)	930	6,033
-	Yes	-	94,960	35,547	56,983	-	2,430
100%	Yes	-	31,014	1,004	23,169	-	6,841
51%	Yes	1,021	2,446	54	1,456	-	1,957
100%	Yes	-	2,294	601	1,454	-	239
100%	Yes	-	2,043	25	1,977	(54)	94
100%	Yes	-	290	3	309	(12)	(10)
-	Yes	-	40,352	26,880	3,082	6,449	3,942
-	Yes	-	14	1	31	71	(89)
100%	Yes	-	662	361	(34)	198	137
-	Yes	-	80,473	114,489	(9,787)	(16,193)	(8,036)
100%	Yes	-	244	335	1	(220)	129
65%	Yes	-	7,929	395	8,018	(440)	(45)
65%	Yes	-	4,895	-	6,684	(1,403)	(386)
65%	Yes	-	(670)	-	779	(1,915)	466
65%	Yes	-	1,057	175	703	446	(267)
39%	Yes	-	242	1	1,478	(1,479)	242
-	Yes	-	1,125	370	(98)	838	15
100%	Yes	-	3,754	2,069	1,545	-	140
100%	Yes	-	6,732	19,946	9	(12,818)	(405)
100%	Yes	-	1,973	460	1,881	-	(368)
100%	Yes	-	2,911	711	1,677	-	522
-	Yes	-	644	1,306	823	(1,591)	106
-	Yes	-	352	355	(228)	136	89
-	Yes	-	1,005	18	-	963	24
-	Yes	-	1,582	951	(493)	1,566	(442)
-	Yes	-	288	-	-	338	(49)
-	Yes	-	(148)	1	-	(113)	(35)
-	Yes	-	502	503	888	(1,002)	113
-	Yes	-	335	300	150	-	(115)
-	Yes	-	232,364	63,949	156,997	-	11,418
100%	Yes	-	1,371	1,316	266	(132)	(79)
-	Yes	-	7,142	-	7,140	-	2
65%	Yes	-	313	-	2,706	(1,707)	(686)
59%	Yes	-	981	-	679	(376)	678
59%	Yes	-	(6)	-	-	(6)	(0)

Appendix 2

ANNUAL REPORT 2024

Law 35/2018 of 20 December 2018 on solvency, liquidity and prudential supervision of banking entities and investment firms (Llei 35/2018, del 20 de desembre, de solvència, liquiditat i supervisió prudencial d'entitats bancàries i empreses d'inversió) was published in the Official Gazette of the Principality of Andorra on 23 January 2019.

In compliance with article 90, entities must publish an annual report attached to the audited financial statements, specifying, for every country in which they operate, the following information on a consolidated basis for each year:

a) Name, nature of activities and geographical location:

b) Turnover;

c) Number of employees on a full-time equivalent basis;

d) Gross profit/loss before tax;

e) Taxes on profit/loss;

f) Public grants received.

The aforementioned information required is as follows:

Name, nature of activities and geographical location

Andorra Banc Agrícol Reig, S.A. (hereinafter "Andbank" or "the Bank") is a limited liability company incorporated in 1930, protected by the law of Andorra, with registered offices in Escaldes-Engordany (Principality of Andorra). The Bank's statutory activity is to carry out banking activities, as defined by the regulations of the Andorran financial system. In addition, it can undertake any activity related to or which complements its statutory activity.

The Bank's registered offices are at Carrer Manel Cerqueda i Escaler, number 4-6, Escaldes - Engordany, Principality of Andorra.

In addition to the transactions carried out directly, Andbank is the Parent of the Andorra Banc Agrícol Reig Group (hereinafter the Andbank Group), which comprises various companies that operate in each jurisdiction, performing banking and financial services and with special emphasis on private banking services. The Andbank Group mainly carries out its activity in the jurisdictions of Andorra, Spain, Luxembourg, Israel, Switzerland, Monaco, Brazil, USA, Panama, Mexico and Uruguay.

Other information on consolidated basis

This item shows the information on a consolidated basis corresponding to the turnover, number of employees on a full-time equivalent basis, gross profit/loss before tax, taxes on profit/loss, in accordance with points b) to e) of article 90 of Law 35/2018 of 20 December 2018 on solvency, liquidity and prudential supervision of banking entities and investment firms (Llei 35/2018, del 20 de desembre, de solvència, liquiditat i supervisió prudencial d'entitats bancàries i empreses d'inversió).

Thousands of euros

	Turnover (*)	Number of employees on a full-time equivalent basis	Gross profit/loss before tax	Taxes on profit/loss
Andorra	118,632	336	37,853	(2,907)
Spain	140,542	603	33,791	(8,106)
Luxembourg	23,952	67	8,842	(2,389)
Monaco	27,247	57	4,493	(1,124)
Brazil	1,269	143	426	(141)
Israel	-	38	145	-
USA	7,397	21	227	-
Mexico	-	71	69	-
Uruguay	5,762	38	1,001	-
Switzerland	688	3	(1,184)	(4)
Panama	4,151	25	91	(33)
Others and adjustments	(32,539)	-	(21,539)	(175)
TOTAL	**297,101**	**1,402**	**64,215**	**(14,879)**

(*) net results from operating activities have been considered as turnover, as stated in the income statements.

Public grants received

The amount of public grants received is not significant.

Other information

At 31 December 2024 the return on the consolidated Group's assets, calculated by dividing the consolidated profit for the year by total assets, stands at 0.45%.

04/ GLOBAL ECONOMIC TRENDS

2024 SUMMARY

Global economic trends

2024 Summary

Most financial markets performed strongly or very strongly in 2024. In general, macroeconomic variables performed well and were not negatively affected by the geopolitical risks that emerged during the year. Neither the various elections that took place nor the wars happening had a lasting effect on risk appetite.

The US economy grew strongly, with GDP up at an annualized rate of 3.1% in the last quarter, driven mainly by public and private consumption. Although unemployment rose to 4.1% during 2024, this occurred in a context of labour market normalisation. This normalisation process is still taking place, although the Federal Reserve still regards wage inflation to be high (+4.1% year-on-year), especially in the services sector.

Business confidence indicators (PMI and ISM) reflected a two-speed economy with a weak manufacturing sector, with PMI falling below 50, contrasting with a more dynamic services sector that grew in every month of the year. In the second half of 2024, the services PMI held steady at around 54 and 55, underlining the perception that the outlook for this sector, which is vital for economic growth, remains positive.

The main area of uncertainty was perhaps price inflation. Although inflation fell during the year, with CPI down from 3.4% to 2.9% and core PCE down from 3.0% to 2.8%, this downward trend has been slowing, making it unlikely that the Federal Reserve's long-term target of 2% will be achieved.

Then there are the results of the presidential elections in the US, with a new Republican administration. In a 'red sweep', both the Senate and the House will be controlled by Donald Trump for the next two years, leading to economic policies that, in principle, are likely to be reflationary. The new President's key announcements are expected to bring about various shocks: more tax cuts, pushing up debt and the public deficit, a more restrictive immigration policy, further deregulation and, above all, a more aggressive tariff stance.

In line with its dual mandate, the Federal Reserve responded with a series of interest rate cuts. In September it lowered rates from the 5.25% - 5.5% range to 4.25% - 4.5%, following on from three successive cuts (50, 25 and 25 basis points). However, recent messages from the monetary authority have countered expectations of further reductions in 2025, suggesting rates could remain high for longer than expected.

In the euro area, economic activity steadily improved through the year, albeit from a low starting point. After zero growth in 2023, the latest figures suggest the economy grew by 0.9%. Unemployment fell slightly, to 6.5%, driven mainly by Southern Europe, especially Spain. The performance of the French and German economies, however, continues to disappoint. Germany was affected by the poor performance of the Chinese economy, the weakness of the automobile sector and energy costs above pre-2022 levels. Productivity in the euro area also lags significantly behind that of the US.

PMI indicators corroborate this impression with the manufacturing indicator continuing to fall (45.1) while services are performing better (51.6 per the last survey).

Price inflation continued to fall, with the CPI down from 2.9% to 2.4% over the twelve months, while the underlying CPI decreased from 3.4% to 2.7%. In response, the ECB cut rates four times, reducing the rate paid on bank deposits from 4.0% to 3.0%. Unlike the Federal Reserve, the ECB is still talking about further rate cuts, of up to 100 basis points through 2025.

The political situation in France and elections in Germany could produce some volatility in the short term, but a favourable outcome to these issues could boost European growth. The euro area also has some room to manoeuvre thanks to savings rates that are notably higher than in previous years, which could drive consumption if consumer confidence recovers.

China, meanwhile, continues working to combat the structural weaknesses in its economy, in particular its real estate crisis and the slowing economies of some of its traditional trading partners. Despite this, GDP grew by 5.4%, beating the Chinese government's own long-term targets. The lack of any major fiscal stimulus disadvantaged China on the financial markets, in spite of the People's Bank's active efforts to deal with inflation close to zero (+0.1% year-on-year in December).

Against this background, equities generated higher than average returns for the second year running. In the US, the S&P 500 rose by 23.3%, driven by the Magnificent Seven (+66,9 %), led by Nvidia which gained 171%. The performance of European stocks was more variable, with the EuroStoxx 50 up a modest 1.2 %, the IBEX gaining 7.4 % and the DAX 11.7 %.

Credit and carry sustained positive returns for most of the fixed income indices. High yield bonds returned over 9% both worldwide and in Europe.

In 2025, markets will have to manage the impact of the decisions of the US government, especially its tariff and geopolitical policies. Fixed income markets expect central banks to continue cutting interest rates, always taking inflationary trends into account. The AI phenomenon skewing equities is expected to ease off, with profits expected to be distributed across a wider range of companies.

Although the outlook is positive for risk assets, returns are likely to be lower than in 2023 and 2024.

05/ RISK MANAGEMENT

Risk Management

Ensuring a robust and efficient risk control and management model has always been a priority for the Andbank Group. The main risks to which the Group is exposed in the course of its activities are:

- Interest rate risk
- Exchange rate risk
- Market risk
- Credit risk
- Liquidity risk
- Operational risk
- Reputational risk
- Capital management risk

Overall responsibility for ongoing risk monitoring and control is assigned to the Chief Risk Officer (CRO), who oversees the following departments: Credit Risk, which manages and monitors credit risk with customers; Financial Risk Control, which supervises interest rate risk, exchange rate risk, market risk, counterparty risk, country risk and liquidity risk; Subsidiaries Control, which oversees the activities of the international subsidiaries to ensure that they operate within the relevant regulatory framework and that supervisory requirements in each jurisdiction are met; Operational Risk, which supervises the bank's operational risks; and Capital Management. As risk management is an enterprise-wide function, the heads of risk control in each Group entity also report functionally to the Chief Risk Officer, who supervises their activities and ensures that, in addition to local requirements, consistent control standards are met across the Group.

The Internal Audit Department acts as a third line of defence to detect any non-compliance or unauthorised risk taking, proposing corrective measures for any such risks that have not been detected and reported by those responsible for regular ongoing risk control.

To drive progress towards advanced risk management, in 2016 the Group produced a Corporate Risks Plan and laid the foundations for the development of a comprehensive risk management model in line with the regulators' recommendations and market best practice. In the following years, the main lines of action of this programme were put into effect and the Andbank Group's integrated risk model was implemented.

This risk management and risk control model is founded on the metrics and limits specified in the risk appetite framework, which defines the amount and types of risk the Group considers it reasonable to take in the pursuit of its business strategy. The Group also has a Recovery Plan with alert thresholds allowing it to respond swiftly to events that impact on the balance sheet and improve its business management and control tools.

The metrics and limits specified in the risk appetite framework and in the Recovery Plan are reviewed at least once a year to ensure they fit the Bank's business strategy and support the achievement of its targets.

The existing control environment helps ensure that the risk profile is maintained within the level set by the risk appetite, while adapting to an increasingly strict and comprehensive regulatory environment.

The key aspects of ensuring effective control are:

- A robust risk governance structure led by the Risk Committee, which advises the Board of Directors on all matters concerning risk. This committee has two specialised directors, whose task is to ensure compliance with regulations and adherence to the best international risk control and risk management standards.
- The corporate risk and capital policy framework, which sets out the basic principles for the management of all the risks to which the bank is exposed. This framework ensures that all the Group's subsidiaries have a risk control and risk management model that is consistent and aligned with the Group's overall strategy.
- Independence of the risk function, ensuring proper separation between the risk-generating units (first line of defence) and the units responsible for risk control (second line of defence).
- Aggregated risk oversight and consolidation.
- A risk culture that is thoroughly embedded in the organisation, comprising a set of attitudes, values, skills and guidelines for dealing with all types of risk.

The risk limits are reviewed periodically to adapt them to the current economic and market situation. They are also submitted at least once a year to the Board of Directors for approval.

Country risk limits are assigned partly on the basis of relatively static factors such as membership of international bodies (EU, OECD) and credit ratings, and partly on the basis of dynamic factors (market variables) such as credit default swap (CDS) spreads. In assigning risk limits to financial institutions, factors such as rating grades and Tier 1 capital are taken into account, as well as market indicators, especially CDS prices. This methodology allows the Group to maintain stable risk exposures in countries and counterparties with good credit quality, while swiftly adjusting its exposure to countries and counterparties whose credit standing has deteriorated.

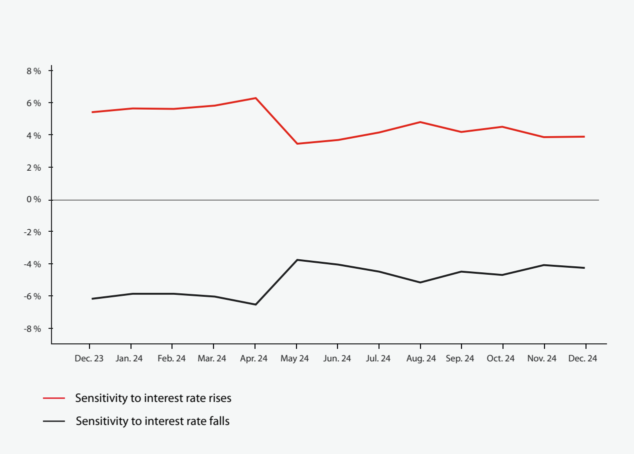
The Asset and Liability Committee (ALCO), as the body responsible for managing interest rate, exchange rate, country, counterparty, liquidity and market risk, meets at monthly intervals. It is also responsible for balance sheet management and capital management. The ALCO delegates supervision of these risks to the Financial Risk Control Department.

Interest rate risk

Interest rate risk is defined as the impact of interest rate movements on the market value of the Group's assets and liabilities. The measures the Group uses to assess that impact are the sensitivity of net interest income to 25 basis point parallel shifts in the yield curve over a one-year horizon for the main balance sheet currencies, and the sensitivity of the market value of equity to 100 basis point parallel shifts in the yield curve.

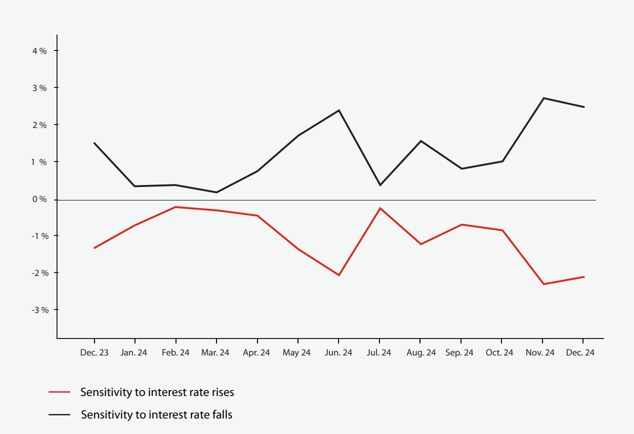
In last year's interest rate environment, the Group maintained positive exposure to shifts in the yield curve, so that the Group's net interest income would increase if interest rates rose and decrease if they fell. The repricing gap of interest rate-sensitive balance sheet assets and liabilities is therefore positive, i.e., asset repricing generally precedes liability repricing. This positioning is reflected in very short-term interbank lending, a loan book mainly at floating rates plus a spread, and the holding of a fixed income portfolio invested mainly in bonds with short- and medium-term maturities, although part of the portfolio consists of long-dated fixed-rate bonds to generate additional margin and increase the duration of the balance sheet assets. Many of these bonds are hedged with interest rate derivatives that hedge the duration risk.

Sensitivity of the financial margin to one year



The limit to the sensitivity of equity to 100 basis point parallel shifts in the yield curve was set by the Board of Directors at 5%. Throughout 2024, as a result of the interest rate strategy adopted and the balance sheet positioning, the interest rate sensitivity of the Group's equity fluctuated but remained within the aforementioned limit at all times.

Sensitivity of own resources



Exchange rate risk

The Group defines *exchange rate risk* as the impact of exchange rate movements on the market value of the Group's assets and liabilities denominated in currencies other than the euro. Spot and forward foreign exchange transactions are monitored every day to ensure that open positions are kept within authorised limits.

The main net positions in foreign currencies, stated in euros, are as follows:

		Thousands of euros
Foreign currency exposure	**2024**	**2023**
USD	(1,808)	(2,820)
GBP	(563)	(1,360)
CHF	56	390
JPY	440	400

Market risk

Market risk is the potential loss to which the trading portfolio is exposed as a result of changes in market conditions, such as asset prices, interest rates, credit curves, volatility or liquidity. The measure the Group uses to manage the market risk of the trading portfolio is Value at Risk (VaR), the market standard, as well as stress testing for the Hold to collect (HTC), Hold to collect and sell (HTC&S) and trading portfolios.

VaR is calculated using the historical method. The result of the VaR calculation is the maximum loss expected over a specified investment horizon with a given confidence level. The Group calculates the VaR for a one-day time horizon with a 99% confidence level and a historical period of one year. In 2024, the average VaR for the trading portfolio was 342 thousand euros, reaching a maximum of 860 thousand euros and a minimum of 129 thousand euros, on an average trading portfolio of 262 million euros. The trading portfolio is made up mainly of bonds with good credit quality and very short duration, which entails a very small VaR.

				Thousands of euros
At 31 December 2023	**VaR a 31/12/2024**	**Average VaR for the period**	**Maximum VaR for the period (*)**	**Minimum VaR for the period (*)**
Interest rate risk	228	**336**	873	**117**
Spread risk	72	**64**	53	**63**
Diversification effect	(63)	**(59)**	(66)	**(51)**
Total	**236**	**342**	**860**	**129**

(*) The Maximum and Minimum VaR observations for each risk component are those observed for Total VaR.

The Group applies stress tests to the banking book to estimate the probable loss in extreme situations characterised by sharp increases in the yield curve or a widening of credit spreads.

These tests are carried out by simulating changes in the market value of the assets that comprise the portfolio under different scenarios.

Four scenarios are analysed, three of which are historical (2010 Greek crisis, 2001 Twin Towers terrorist attacks and COVID-19 health crisis) and one is hypothetical (simultaneous steepening of the yield curve and widening of credit spreads by 200 bp).

The following table shows the impact of the different scenarios on the value of the trading book and the HTC&S and HTC portfolios, month by month:

	HTC&S + HTC				**TRADING**			
Month	**Greek debt crisis**	**Covid-19**	**Twin Towers**	**Yield & spreads +200bp**	**Greek debt crisis**	**Covid-19**	**Twin Towers**	**Yield & spreads +200bp**
January	-2.68%	-1.42%	-2.61%	-6.88%	0.75%	0.53%	0.47%	-0.32%
February	-2.97%	-1.59%	-2.88%	-7.57%	0.47%	0.30%	0.31%	-0.33%
March	-2.38%	-1.54%	-3.02%	-9.02%	0.59%	0.31%	0.41%	-0.73%
April	-2.02%	-1.47%	-3.14%	-10.12%	1.01%	0.11%	0.64%	-2.79%
May	-1.88%	-1.60%	-3.47%	-11.60%	0.72%	-0.12%	0.43%	-2.50%
June	-1.54%	-1.49%	-3.51%	-12.13%	0.79%	0.13%	0.54%	-1.98%
July	-1.15%	-1.66%	-3.92%	-13.86%	1.17%	0.39%	0.77%	-2.16%
August	-1.56%	-1.71%	-3.72%	-12.22%	1.01%	0.21%	0.62%	-2.24%
September	-1.84%	-2.05%	-4.27%	-13.83%	1.26%	0.67%	0.89%	-1.61%
October	-2.32%	-2.20%	-4.55%	-14.21%	1.17%	0.30%	0.72%	-2.43%
November	-1.74%	-2.08%	-4.61%	-15.44%	1.06%	0.45%	0.69%	-1.60%
December	-1.99%	-2.20%	-4.74%	-15.60%	1.73%	1.31%	1.08%	-0.36%

Credit risk

Credit risk refers to the potential loss derived from a counterparty failing to fulfil its obligations to the Group. The Group's credit risk exposure includes:

- The risk of default arising from ordinary treasury operations, which basically include interbank lending, securities lending and borrowing, repo transactions and transactions with OTC derivatives;
- The risk of default of the issuers of the bonds in the proprietary portfolio;
- The risk of default in the lending portfolio.

In assigning limits the Group follows a prudent policy and authorises exposure only to countries with a high credit rating and, within such countries, only to financial institutions with moderate credit risk. The risk limits are approved by the Board of Directors at least once a year.

The limits for exposures with counterparties that are uncollateralised are far stricter. In such cases, the counterparty must have high credit ratings assigned by the main agencies (Moody's, Fitch and S&P) and must be considered a moderate credit risk, relatively speaking, as reflected in the market price of its five-year CDS compared to an index. The Group monitors this market variable to that it can quickly incorporate any changes in the counterparty's credit quality into its model.

In a number of types of transactions (mainly transactions in OTC derivatives, repo transactions, and securities lending and borrowing) the Group takes collateral to reduce its risk exposure. Exposures to counterparties with whom an ISDA Master Agreement has been entered into are netted. Andbank has entered into ISDA, CSA and GMRA agreements with various counterparties, so as to diversify the available counterparties for derivative transactions, while at the same time limiting its exposure to counterparty risk. At the same time, collateral is managed extremely actively, with daily monitoring of the exposures subject to the aforementioned agreements, issuing demands for additional collateral from counterparties when there is risk exposure that must be covered.

During 2024, the Group's fixed-income portfolio was invested in high quality assets, with 34.04% invested in sovereign and public sector securities. As regards concentration, the portfolio is diversified mainly across issuers in Spain, the United States, Italy, France, Germany, the Netherlands and Andorra, which account for 86% of the total.

The fixed income portfolio therefore consists of bonds in which the Group is directly exposed to the risk of the issuer or guarantor, predominantly with "investment-grade" ratings, as well as bonds used to hedge customers' structured deposits, which the Group holds on its balance sheet but for which it has transferred all of the risk to its customers. A breakdown of the fixed-income portfolio by issuer credit rating is given below (in thousands of euros):

Thousands of euros

Rating	31/12/2024	31/12/2023
AAA	50,153	60,433
AA+ to AA-	251,148	263,422
A+ to A-	504,000	425,321
BBB+	143,516	100,464
BB+ to BB-	219,272	271,708
Total	**1,168,089**	**1,121,348**

As regards credit risk exposure in transactions with customers, the Group has gross loans and receivables totalling 3,481 million euros, mainly in credit facilities and loans, a large proportion of which are secured with a pledge of collateral (1,929 million euros) or by mortgage (1,256 million euros).

The main tools of credit risk management are the credit approval policies and authorities, the monitoring of exposure levels, and regular committee oversight (Irregular Risk Committee and Executive Committee). Credit risk concentrations are reviewed weekly and monitored so that they remain within the parameters defined by the market supervisor, while also establishing maximum borrowing levels for certain groups. Responsibility for customer credit risk management and control lies with the Credit Risk Department.

Default levels are also simultaneously controlled at the product level so that lending and authorisation policies can be adapted as required. Lending decisions are transaction-specific. Ongoing risk is monitored by analysing qualitative and quantitative variables based on the supervisor's requirements. The Group's non-performing loans ratio is 0.95%, below the average for the financial institutions of neighbouring countries. During 2024, the Group maintained a conservative provisioning policy, with the result that total loan loss provisions are equal to 52% of the volume of non-performing loans.

Credit risk is the risk of loss arising from failure by a customer or counterparty to meet its contractual obligations to the Group.

The Andbank Group's main business strategy is focused on private banking activities, with a wide, highly diversified customer base and low customer concentration levels. The Company also carries out retail banking business, mainly for the Andorran market, offering loans to private individuals and small and medium enterprises in the Principality.

To optimise credit risk management and integrate it in the overall risk management structure, so as to obtain returns that match the level of risk assumed, the Group has defined common core principles which ensure that credit risk management is aligned with the bank's business plan and risk appetite and complies with regulatory requirements.

Credit risk management is based on a sound organisational and governance model, in which the Board of Directors and the various risk committees each play a role, setting risk policies and procedures, limits and delegated powers and approving and supervising the activities of the credit risk function.

The Loans Committee is the body responsible for the supervision and control of the Group's credit risk. Its purpose is to effectively control credit risk and advise the Executive Committee, so as to ensure that credit risk is managed in accordance with approved risk appetite levels.

Credit risk cycle

The full risk management cycle covers the entire life of each transaction, from the initial feasibility study through credit approval in accordance with established criteria to monitoring of outstanding loans and, where applicable, recovery of impaired assets.

- Transaction analysis and approval

The process of analysing and approving loans and credit lines involves a rigorous study of the customer's ability to pay and the nature, liquidity and quality of the security provided.

This process must take into account the approval criteria set out in the credit risk policy and the rules for the delegation of authority based on the powers assigned to the different governing bodies, depending on product type, amount and maturity.

To mitigate its exposure to risk, the Group has also defined a model that sets the authorised limits and facilities for each counterparty. This model is approved by the Board of Directors and revised annually. All new transactions must comply with these limits and the amount of the limits that has been used up is monitored at all times.

This analysis and approval process comprises the following stages:

- Proposal: the manager submits the transaction with an analysis of the customer's credit quality, positions, solvency and the returns in line with the risk assumed.
- Analysis: the Credit Risk Department analyses the proposal and checks that the information is properly documented, accurate and accessible, as a prerequisite for approval.
- Approval: after reviewing the transaction, the credit risk department will approve it on the basis of the established concession policies and risk appetite limits, with the aim of balancing risk and returns.
- Notification: to conclude the approval process, a credit document is issued and signed and is then submitted to the relevant functions, so that it can be properly recorded in the systems.

- Monitoring

Customers and transactions are monitored, analysing all factors that could affect their credit quality to allow early detection of potential incidents, so that measures can be taken to mitigate or resolve them.

Customers or transactions that require more in-depth review or closer monitoring, because their credit quality has deteriorated or because of the nature or amount of their debt, are thus identified.

In addition, compliance with approved limits and credit facilities is monitored and controlled on a daily basis. At market close all exposures are recalculated based on credit inflows and outflows, changes in the market, and the established risk mitigation mechanisms. Exposures are thus subject to daily monitoring and control in relation to the approved limits.

- Recoveries

Recovery is a key function of credit risk management. It comprises the strategies and actions required to establish suitable repayment arrangements and recover loans in default as quickly and inexpensively as possible. This function is performed by the Collections and Recoveries Department. This department works directly with customers and adds value by effectively and efficiently collecting debt through the negotiation of repayment arrangements or through the recovery of the entire loan.

The recovery management system requires effective coordination between departments (Sales, Risks and Legal) and is subject to ongoing review of management processes and methodologies, to adapt them to changing legislation and industry best practice.

Credit impairment

A financial asset or credit exposure is considered impaired when there is objective evidence that an event or a combination of events has occurred that adversely affects estimated future cash flows as calculated at the time of entering into the transaction, due to the materialisation of a credit risk. Impairment losses on debt instruments and other off-balance sheet credit exposures are recognised as an expense in the consolidated income statement for the period in which the impairment become evident and, likewise, any recoveries of previously recognised losses are recognised in the consolidated income statement for the period in which the impairment is reversed or reduced.

Impairment losses on financial assets are calculated based on the type of instrument, taking into account any effective guarantees received. For debt instruments measured at amortised cost, the Group recognises both adjustment accounts (when allowances are recorded to cover impairment losses) and direct write-downs against assets (when recovery is deemed unlikely).

Accounting classification according to credit risk

The Group has established criteria for identifying borrowers with significant increases in credit risk, credit weaknesses or objective evidence of impairment, and for classifying them according to their credit risk.

Credit exposures and off-balance sheet exposures are classified according to their credit risk in the following stages:

- Normal risk, or Stage 1: transactions that do not meet the requirements for inclusion in other categories.
- Normal risk with a significant increase in credit risk, or Stage 2: this category includes all transactions which, although they do not meet the criteria to be classified individually as Stage 3 or In default, nevertheless show a significant increase in credit risk since initial recognition. Transactions with amounts more than 30 days past due are included in this category. Refinanced and restructured transactions that have been classified in this category are reclassified to a lower risk category when they meet the requirements for such reclassification. Transactions that have been classified as Normal risk under special monitoring (Stage 2), because of a significant increase in credit risk or because they have amounts more than 30 days past due, should be reclassified as Normal risk (Stage 1) after a six-month trial period, if the probability of them reentering Stage 2 is low. In line with the Group's global risk policy, transactions linked to property developments with a live risk of greater than 2.5 million euros are assigned to this stage on the basis of subjective criteria.
- Doubtful risk, or Stage 3: this category includes debt instruments, whether past due or not, that do not meet the requirements to be classified as in default, but there is reasonable doubt as to whether the obligor will repay principal and interest in full; and also off-balance sheet exposures where it is probable the Group will have to pay but recovery is doubtful.
    - For arrears of the borrower: transactions where an amount of principal, interest or contractually agreed expenses is more than 90 days past due (although the particular characteristics of purchased or originated credit-impaired loans are taken into account), unless the transaction must properly be classified as In default. Guarantees given are also included in this category when the obligor has defaulted on the guaranteed transaction. Likewise, all the transactions of a given obligor are included in this category when the amounts more than 90 days past due exceed 20% of the total amount outstanding.

- For reasons other than arrears of the borrower: transactions where the requirements for inclusion in the In default category or in Stage 3 for arrears of the borrower are not met but there is reasonable doubt as to whether the estimated cash flows of the transaction have been obtained; and also off-balance sheet exposures not classified in Stage 3 for arrears of the borrower for which it is probable the Group will have to pay and recovery is doubtful.

The accounting definition of Stage 3 coincides with that used in the Group's credit risk management. It also coincides with the regulatory definition of default, except that for regulatory purposes all transactions of an obligor in a business segment are considered to be in default when the obligor has amounts more than 90 days past due, whereas for accounting purposes all transactions of an obligor are classified in Stage 3 only when the amounts more than 90 days past due are equal to more than 20% of the total amount outstanding.

- Write-off: the Group writes off transactions of which, after an individual analysis, all or part is considered unlikely to be recovered. Transactions assigned to this category include exposures to customers who are involved in bankruptcy proceedings with a winding-up petition and transactions classified in Stage 3 on account of amounts more than four years past due, or less than four years past due where the amount not covered by effective guarantees has been maintained with credit risk coverage of 100% for more than two years, except for amounts with sufficient effective guarantees. Also included are transactions that meet none of the above criteria but that are manifestly and irrecoverably credit-impaired.

Estimation of impairment loss allowances

Debt instruments not included in the portfolio of financial assets held for trading; and off-balance sheet exposures are classified, based on their credit risk, in one of the categories listed in the following sections.

Allowances for transactions classified as Normal risk are associated with a group of transactions that have similar credit risk characteristics ('homogeneous risk group') and can therefore be estimated collectively, based on the credit losses of transactions with similar risk characteristics.

Allowances for transactions classified as 'Normal risk with a significant increase in credit risk' may be associated with a homogeneous risk group or an individual transaction. Where they are associated with a homogeneous risk group, they must be estimated collectively; where they are associated with specific transactions, they may be estimated either individually, based on the credit losses of the transaction in question, or collectively.

Finally, allowances for transactions classified as doubtful are associated with specific transactions and may be estimated individually or collectively.

Credit risk mitigation

Credit risk exposure is rigorously managed and monitored based on analyses of borrowers' creditworthiness and their ability to meet their obligations to the Group; and the exposure limits set for each counterparty are adjusted to the level deemed acceptable. The level of exposure is usually also modulated by taking collateral and guarantees provided by the obligor.

As a rule, the guarantees consist of collateral, mostly cash, securities or residential property (finished or under construction). To a lesser extent, the Group also accepts other types of collateral, such as mortgages on retail premises and industrial buildings, as well as financial assets. Another credit risk mitigation technique used by the bank is the acceptance of surety bonds, conditional upon the surety provider having proven solvency.

In using these mitigation techniques, the bank takes steps to ensure legal certainty, i.e. by entering into legal contracts that are binding on all parties and enforceable in all relevant jurisdictions, so that the guarantee can be enforced at any time.

Maximum credit risk exposure

Under IFRS 7, *Financial Instruments: Disclosures*, the distribution of the Group's maximum exposure to credit risk at 31 December 2024 and 2023 by item of the consolidated statement of financial position is presented below, broken down by the nature of the financial instruments, without deducting the collateral or credit enhancements obtained to ensure compliance with payment obligations.

Maximum exposure to credit risk	31/12/2024	31/12/2023
		Thousands of euros
Financial assets held for trading	**306,529**	**246,671**
Derivatives	147,068	145,836
Equity instruments	8,754	171
Debt securities	150,707	100,665
Loans and advances	-	-
Non-trading financial assets mandatorily held at fair value through profit or loss	**6,461**	**7,626**
Equity instruments	6,461	7,626
Debt securities	-	-
Financial assets designated at fair value through profit or loss	20,291	22,046
Equity instruments	-	-
Debt securities	20,291	20,004
Loans and advances	-	2,042
Financial assets at fair value through profit or loss	**317,950**	**380,518**
Equity instruments	14,287	6,512
Debt securities	303,663	374,006
Loans and advances	**4,440,834**	**4,382,815**
Financial assets at amortised cost	693,428	626,673
Debt securities	3,747,406	3,756,142
Loans and advances	**7,140**	**11,678**
Total risks relating to financial assets	**5,099,205**	**5,051,354**
Loan commitments given	**986,168**	**770,171**
Financial guarantees given	**92,913**	**97,619**
Other commitments and other guarantees given	**28,789**	**28,372**
Total commitments and guarantees given	**1,107,870**	**896,162**
Total maximum exposure to credit risk	**6,207,075**	**5,947,516**

Liquidity risk

Liquidity risk is the risk that, at any given time, the Group will be unable to meet its payment obligations arising from the maturity of deposits, drawdown of committed credit facilities or margin calls in collateralised transactions, etc.

The ALCO manages liquidity risk so as to ensure that sufficient liquidity is available at all times to settle liabilities, while at the same time retaining sufficient liquidity to exploit any investment opportunities that may arise.

Liquidity is appropriately managed by analysing the contractual maturities of the balance sheet. The bank has IT tools to correctly distribute the maturities of its assets and liabilities over time, so as to be able to analyse future cash flows from receipts and payments and thus anticipate possible gaps.

Most of the funding comes from customer deposits, although the interbank market is also an important source of funding, mainly through repo transactions.

The following table shows assets and liabilities classified by maturity. Certain items, such as current accounts, are considered to have no contractual maturity. Based on historical experience and their stability in the balance sheet, other items are classified under the different maturity headings according to an external study.

Thousands of euros

31 December 2024	Up to one month	One to three months	Three months to one year	One year to five years	More than five years	No specific maturity	Total balance
Cash, balances with other central banks and other demand deposits	**3,954,203**	**(785)**	**29,922**	**(7,768)**	**246,666**	**-**	**4,222,238**
Financial assets	**93,092**	**113,609**	**177,668**	**369,852**	**403,720**	**42,323**	**1,200,263**
Loans and receivables	**752,476**	**56,358**	**697,226**	**1,376,187**	**866,924**	**(1,765)**	**3,747,406**
Loans and credits to entities	85,676	482	14,645	67,252	105,512	1,242	274,807
Credits to customers	666,801	55,876	682,581	1,308,936	761,412	(3,007)	3,472,599
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**7,140**	**7,140**
Investments in subsidiaries, joint ventures and associates	**-**	**-**	**-**	**-**	**-**	**9,548**	**9,548**
Other assets	**-**	**-**	**-**	**-**	**-**	**1,023,574**	**1,023,574**
Total assets	**4,799,771**	**169,181**	**904,816**	**1,738,271**	**1,517,310**	**1,227,770**	**10,357,119**
Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**	**93,237**	**93,237**
Financial liabilities designated at fair value through profit or loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial liabilities measured at amortised cost	**2,701,154**	**1,030,638**	**1,547,797**	**663,983**	**1,977,353**	**1,045,141**	**8,966,067**
Deposits in central banks	8,734	10,000	21,000	-	-	379	40,112
Deposits in banks	41,124	(0)	71,959	128,071	195,394	4,213	440,762
Customer deposits	2,642,717	1,004,274	1,386,672	509,216	1,716,989	924,490	8,184,358
Demand	*1,397,777*	*60,153*	*95,344*	*363,475*	*1,669,007*	*896,439*	*4,482,193*
Term	*1,244,940*	*944,122*	*1,291,328*	*145,742*	*47,982*	*-*	*3,674,114*
Unpaid interest incurred	*-*	*-*	*-*	*-*	*-*	*28,051*	*28,051*
Other financial liabilities	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Debt securities	8,579	16,364	68,166	26,696	64,970	-	184,775
Other financial liabilities	-	-	-	-	-	116,059	116,059
Hedging derivatives	**-**	**-**	**-**	**-**	**-**	**7,143**	**7,143**
Liabilities under insurance contracts	**-**	**-**	**-**	**-**	**-**	**27,843**	**27,843**
Other liabilities	**-**	**-**	**-**	**-**	**-**	**534,508**	**534,508**
Total liabilities	**2,701,154**	**1,030,638**	**1,547,797**	**663,983**	**1,977,353**	**1,707,873**	**9,628,798**
Equity					**33,880**	**694,441**	**728,321**
Total Liabilities + Equity	**2,701,154**	**1,030,638**	**1,547,797**	**663,983**	**2,011,233**	**2,402,314**	**10,357,119**
SIMPLE GAP	**2,098,618**	**(861,457)**	**(642,982)**	**1,074,288**	**(493,923)**	**(1,174,544)**	**(0)**
ACCUMULATED GAP	**2,098,618**	**1,237,161**	**594,179**	**1,668,467**	**1,174,544**	**(0)**	**(0)**

On a daily basis, the Middle Office Department monitors the liquidity available at different maturities, ensuring that liquidity remains above the established minimum. During 2024, the minimum stood at 300 million euros from 48 hours to 3 months, and 500 million euros in cash and highly liquid positions up to one year. Positions that can be financed with repos and the liquid portfolio are monitored daily. The bank remained within these limits throughout the year.

To comply with international standards, the Andbank Group calculates and monitors the liquidity coverage ratio (LCR). The LCR is defined by the Basel Committee on Banking Supervision and compares the amount of available highly-liquid assets with net cash inflows (outflows) over the next 30 days. The Andbank group's LCR at the end of 2024 was **387%**, well above the regulatory minimum (100%).

Apart from the short-term liquidity coverage ratio, the Andbank Group also calculates the net stable funding ratio (NSFR) at quarterly intervals from March. This ratio is described by the Basel Committee on Banking Supervision as the ratio of the amount of stable funding available to an institution to the amount of funding required over a one-year horizon. At year-end 2024 the Group's NSFR is **189%**, above the regulatory minimum (100%).

Additionally, at regular intervals the Group prepares a contingency funding plan, in which it assesses contingent funding based on different levels of use of its liquid assets and the available funding sources, taking into account the cost at which the liquidity could be generated. Convertible assets and the available sources of liquidity are then ranked, prioritising those liquidity sources that would have a low impact on the income statement and relegating those that would have a high negative impact. Potential scenarios of liquidity outflows are also identified, whether they are the result of customer activities or events in the financial markets, and classified under two headings according to their degree of probability (probable and improbable). Finally, the liquidity requirements that could be generated are compared to the potential outflows, checking that the surplus exceeds the approved minimum liquidity level.

Operational risk

Following the Basel Committee guidelines, the Group defines *operational risk* as the risk of losses or gains arising from inadequate or failed internal processes, people and systems or from external events.

Operational risk is inherent in all the Group's activities, products, systems and processes and may come from various sources (processes, internal or external fraud, technology, human resources, business practices, disasters, suppliers). The Group therefore considers it important that the bank's overall risk management organisation encompasses operational risk and it is managed actively.

The bank's main objective in relation to operational risk is to identity, assess, control and monitor all events that represent a risk focus, with or without economic loss, so as to take appropriate steps to mitigate the risk.

The main task of the Operational Risk Department is to develop an advanced operational risk management framework, so as to reduce future exposure and losses that might affect the income statement. Its main responsibilities are to:

- Promote the development of an operational risk culture throughout the Group, involving all business functions in operational risk management and control.
- Design and implement an operational risk management and control framework to ensure that all events liable to generate operational risk are properly identified and managed.
- Oversee the correct design, maintenance and implementation of operational risk standards.
- Monitor operational risk limits, ensuring that the risk profile stays within the levels specified in the bank's risk appetite.
- Supervise operational risk management and control in the different business and support areas.
- Ensure that Senior Management and the Board of Directors receive a holistic view of all relevant risks so that the operational risk profile is properly communicated.

The areas and departments are responsible for day-to-day management of operational risk in their respective fields. This involves identifying, assessing, managing and controlling the operational risks related to their activities, reporting on them and working with the Operational Risk Department to implement the management model.

The Operational Risk Department is responsible for defining, standardising and implementing the operational risk management, measurement and control model. It also provides support to the areas and departments and collects operational risk data for the entire scope of consolidation so it can be reported to Senior Management and the risk management committees/commissions involved.

The bank's operational risk management framework is based on the three lines of defence model, with the areas and departments responsible for the first line of defence, the Operational Risk Department for the second and Internal Audit acting as the third independent line of defence.

Operational risk is identified, measured and assessed using operational risk management levers together with measurement, monitoring and mitigation tools and procedures.

The tools for identifying and measuring operational risk provide a picture of any losses arising and enable the self-assessment of risks and controls, putting the focus on the proactive management and mitigation of operational risks. All the processes of risk self-assessment, loss database enrichment, KRI management, identifying weaknesses, developing action plans, etc., are carried out using workflows that are managed and supervised by the Operational Risk Department, together with the persons responsible for monitoring tasks in each department.

The main tools used by the Group to manage operational risk are:

- The annual risk and control self-assessment, including a risk map, which comprises assessing risk management activities to identify any processes or tasks that could generate operational risk in the bank's day-to-day operations, as well as the persons responsible and the controls in place. The aim is to define mitigating measures and action plans to reduce exposure to risk.
- An incidents database used to record all events linked to operational risk occurring in any of the Group's subsidiaries. The most significant events in each subsidiary and in the Group as a whole are reviewed and documented in detail.
- Key risk indicators (KRIs), which can be analysed and monitored to assess the degree of operational control and so manage risk proactively.
- The action plans defined to mitigate the risk of any high or critical residual risk events.

The Bank calculates the capital requirements for operational risk using the basic indicator method, in which capital requirements are determined as 15% of the average of the relevant indicator for the last three financial years, in accordance with article 202 of the Regulation implementing Law 35/2018. At 31 December 2024, the capital requirement for operational risk, calculated using the basic indicator method, amounts to 43,916 thousand euros, with an operational risk exposure of 548,947 thousand euros (RWA).

Reputational risk

Andbank's commitment to complying with the laws and regulations on banking and financial services is non-negotiable. The group has therefore adopted a series of measures to manage its compliance and reputational risk. *Regulatory compliance risk* is the risk of incurring financial, material or reputational penalties or losses as a result of non-compliance with applicable laws and regulations or the Group's internal procedures. Compliance risk is therefore closely associated with reputational risk, which involves a negative perception of the Andbank group by the public or its stakeholders (customers, counterparties, employees, regulators) due to improper actions by the bank in carrying out its activities.

The Andbank Group considers its public image its most valuable asset for retaining the trust of customers, regulators, shareholders and investors.

The Andbank Group has a regulatory compliance function aligned with its strategic objectives, which acts independently of the Group's business areas and is made up of professionals specialising in the different jurisdictions in which the Group operates. The bank invests heavily in continuous development of its human capital and available technical resources, so as to have a compliance risk control and management system that is always up-to-date.

Bearing in mind the aforementioned objectives, a number of enterprise-wide policies have been designed and approved by the Board of Directors and are reviewed annually to adapt them to changes in the Andbank Group's activities. These enterprise-wide policies, which include anti-money laundering, regulatory compliance, anti-corruption and the code of conduct, apply to the entire group, together with a set of internal controls for the management of regulatory and reputational risk.

The bank also has an Ethics and Regulatory Compliance Committee, within the Board of Directors, to monitor and supervise the appropriateness and adequacy of the regulatory compliance model for the entire Andbank Group. It should be pointed out that the model includes a criminal risk prevention programme.

The main pillars supporting Andbank's management of compliance risk and reputational risk are as follows:

Rules of ethics and conduct

The Group fosters ethical conduct by all its employees. Andbank understands that the customer is the bank's priority and any activity that could create reputational risk is unacceptable.

The Andbank Group has an ethics code, which sets strict standards of conduct that all employees, managers and directors must adhere to and places them under an obligation to act responsibly in the performance of their duties. Employees have a secure channel through which to resolve doubts and report activities that may breach the bank's standards of conduct.

Prevention of money laundering and the financing of terrorism

Andbank undertakes to actively combat money laundering, the financing of terrorism and other financial crimes, within the framework of Law 14/2017 on preventing and combating money or securities laundering and the financing of terrorism and amendments thereto. Effective implementation of KYC ("Know Your Customer") procedures and rules is fundamental to the Group.

KYC means having full details of the people and entities with which the Group does business (be it a single transaction or a long-term business relationship) or to which it provides services, and also having relevant information about the final beneficiaries and related parties. KYC is an ongoing process that starts with customer acceptance and continues throughout the business relationship. A similar "Know Your Employee" (KYE) process is used in staff recruitment.

In private banking, the bank has a comprehensive anti-money laundering model based on EU directives, which is adapted as necessary to the particular characteristics of each subsidiary and its local regulations and which is constantly evolving to keep pace with changes in regulations.

Due diligence measures are applied when accepting and monitoring private banking customer transactions. Customers are classified according to their potential risk, based on the information they themselves have provided and the information obtained by the bank, in accordance with international standards (including country of origin, residence and business activity).

The Andbank Group invests in new technologies and uses latest generation techniques to detect suspicious behaviour patterns and transactions that may be linked to money laundering or the financing of terrorism.

The Compliance function carries out an independent review to provide sufficient guarantees when accepting new customers. However, this process is not confined to new customers. All customers must be monitored continuously to ensure the bank has the information it needs to be able to detect illegal transactions.

To standardise and tighten control over potential regulatory compliance risks, procedures have been developed to manage these risks. These procedures are updated in line with local regulations and international standards.

To strengthen good governance in this area, which is critical for any financial institution, the Andbank Group has set up various committees, in which the company's senior management take part. These committees review decisions to accept particularly sensitive customers, monitor the steps taken by the Compliance Department and take any other decisions required to achieve the above objectives.

Under current regulations, the aforementioned Andbank processes are subject to an annual independent review.

Investor protection

The Group's commitment to its customers has two main dimensions: long-term value creation and maximum information transparency. The Group therefore has enterprise-wide policies and procedures, tailored to the particularities of each jurisdiction in which it operates, to ensure compliance with applicable regulatory requirements.

Andbank's model to mitigate compliance and reputational risk takes the following into consideration:

- A risk management-oriented organisational structure.
- The assignment of duties and responsibilities within the organisation.
- Transparent policies and procedures, available to customers.
- Enhanced rules of conduct for better investor protection.
- A procedure for the sale of financial products based on a clear categorisation of services, customer types and products.
- Continuous review of the control model to adapt to changes arising from new laws and regulations.

The Group's aim is to ensure:

- Financial services that match customers' needs.
- A transparent, two-way relationship, with rights and obligations on both sides.
- Fair resolution of customer complaints.

Law 7/2024, of 27 May, on the organisational requirements and operating conditions of the operating entities of the financial system, investor protection, market abuse and financial guarantee agreements, subsequent amendments thereto and the implementing Regulation of Law 7/2024, culminate the transposition of the MiFID regulatory framework and Andorran legislation.

CRS (Common Reporting Standard)

The CRS is a standard for the automatic exchange of financial information between jurisdictions that allows the tax authorities of participating countries to obtain, on an annual basis, information on tax residents' investments and accounts held in financial institutions abroad (i.e., in countries in which they are not resident for tax purposes).

The Principality of Andorra passed Law 9/2016 of 30 November on the automatic exchange of tax information, adopting the principles established by the OECD for the Common Reporting Standard and included in the Convention on Mutual Administrative Assistance in Tax Matters regarding the automatic exchange of tax information between competent authorities in member countries. The text of this law was published on the website of the Official Gazette of the Principality of Andorra (BOPA) (www.bopa.ad).

Under this law, financial institutions are legally obliged to report certain personal and tax information in respect of accounts held by non-resident customers to the competent authority (in the Principality of Andorra, the Tax and Borders Department).

Under current regulations, the aforementioned Andbank processes are subject to an annual independent review.

Knowledge management and training

The Group invests in training to ensure that all employees are aware of the requirements of current laws and regulations and the policies and procedures the bank has adopted.

Each year, the Group draws up a training plan for each jurisdiction, which is carried out by the Group itself or by external providers, either in the classroom or online. Instilling a compliance culture throughout the organisation is vital for effective compliance risk management.

The annual training plans include courses on tax, prevention of money laundering and the financing of terrorism, and investor protection legislation, tailored to the course participants' level and needs.

Andbank also encourages its employees to obtain recognised professional qualifications and to participate in ongoing training on the prevention of money laundering and the financing of terrorism.

Data protection

The Andbank Group is committed to protecting privacy, in accordance with the provisions of Law 29/2021 of 28 October on personal data protection. Andbank's regulatory compliance programme comprises a set of procedures aimed at ensuring that customer information is treated lawfully, fairly and transparently, for legitimate purposes, and is kept for only as long as necessary to allow processing, while ensuring data security.

Incidents and complaints

The Andbank Group puts its customers' interests first at all times, so their opinions or possible complaints are always listened to and considered. The Quality Department handles all incident reports submitted by customers to the bank through the various channels available to them. The department's mission is to swiftly resolve incidents and drive the necessary changes in policies and procedures to prevent any reoccurrence.

Capital management

In its session on 20 December 2018, as part of the process of bringing the Andorran legal framework into line with the *acquis communautaire*, particularly as regards prudential legislation, the Andorran parliament passed Law 35/2018 on the solvency, liquidity and prudential supervision of banks and investment firms. This law, together with an implementing regulation, is intended to give coverage to the European CRD CRR package comprising Regulation EU No 575/2013 and Directive 2013/36/EU and subsequent amendments thereto.

The new law came into force on 24 January 2019 and repeals the law regulating the solvency and liquidity of financial institutions of 29 February 1996.

The new law requires banks to maintain a minimum Common Equity Tier 1 (CET1) ratio of 4.5%, a minimum Tier 1 capital ratio of 6% and a total capital ratio of 8%. In addition to the above requirements, at 31 December 2024, entities are required to maintain a capital conservation buffer of 2.5%, as well as a capital buffer for systemically important institutions of 0.75%, which must be met with CET1 capital. At 31 December 2024, Andbank's ratios were well above these minimum levels. In this regulatory environment, Andbank's capital ratios at 31 December 2024 are as follows:

	Fully phased-in	Transitional
CET1 ratio	15.03 %	15.23 %
TIER1 ratio	16.66 %	16.85 %
Total capital ratio	16.66 %	16.85 %

Leverage ratio

In this regulatory framework, the Andbank Group is in a strong position, with a transitional leverage ratio of 4.25% at year-end 2024.

06/ CORPORATE SOCIAL RESPONSIBILITY REPORT 2024

Corporate social responsibility report 2024

1. Introduction

Andbank's commitment to society and the communities around us has enabled us, year after year, to increase our efforts to contribute to social, economic and environmental improvements in the countries in which we operate.

Corporate social responsibility is an enterprise-wide activity that involves different departments. As an institution, we aim to be socially responsible, acting ethically and consistently, and are aware all our business decisions and actions must be underpinned by the three pillars of sustainability: economic progress, social progress and environmental progress. We believe a company's primary responsibility is to create wealth honestly and sustainably.

To put these commitments into effect, Andbank has a set of internal policies and procedures and a code of conduct which cover all the group's activities and are designed to ensure that all members of the organisation act ethically and responsibly.

Andbank's relationship and engagement with society in general and Andorra in particular, is founded on seeking the best ways to contribute value to society's members, always striving for excellence and to serve our customers.

The purpose of the Andbank group's annual report is to inform all our stakeholders and society in general about its activities during 2024 at the economic, social and environmental level.

2. The Andbank Group

International accolades

Fitch Ratings confirmed Andbank's long-term BBB credit rating, making Andbank once again the highest-rated bank in Andorra.

The agency stated that the key drivers behind this rating were Andbank's moderate risk profile, its conservatively managed liquidity, the quality of its assets, its international scale, its focus on private banking, and adequate capitalisation and profitability.

Fitch also noted that Andbank is the largest financial group in Andorra by assets under management, highlighting its international presence (most notably in Spain), which helps boost the bank's profits.

Our values

Our values are part of our identity; they are our compass for daily life and for our work and are what makes Andbank special.

Andbank's corporate culture and our commitment to our customers and employees, to whom we deliver the best advice and service, are based on corporate social responsibility, service excellence, our vision as a family business, innovation, a global footprint and a specialisation in asset management.

This culture also ensures the Andbank team have opportunities for personal and professional growth and development. It is a culture that encourages and recognises continuous improvement and allows us to prosper and succeed in our strategy.

3. Andbank and its customers

Andbank has a wide range of products and services designed by the bank's account managers and specialists, who constantly research the solutions that will best suit each person and situation.

We have a number of customer service channels, both face-to-face and virtual, and have invested in technological innovation to improve customer engagement and swiftly meet customers' demands, anywhere at any time.

Our goal is to combine traditional channels with more innovative ones, striking a balance between technology and the personal touch, and to maintain a long-term relationship based on personalised service. Content development and technological innovation facilitate access to banking operations through the latest devices, such as smartphones and touch screen tablets.

Improvements to protect our customers

Investor protection

The bank's commitment to its customers has two key aspects – the creation of long-term value, and maximum information transparency. The bank therefore has procedures in place to ensure compliance with regulatory requirements in the jurisdictions in which it operates. It also has global policies, which are adapted to the individual characteristics of each jurisdiction.

Incidents and complaints

The Quality Department's Customer Support Service handles enquiries, complaints and claims.

Unresolved problems and unsympathetic treatment are the main reasons why banks lose customers. Andbank therefore encourages its customers to report their concerns and complaints and sees to it that they reach the right person or department and are acted upon.

Andbank's top priority is to satisfy its customers. The second is to ensure customers can voice their concerns, so any errors can be corrected and we can continue to improve. Andbank encourages its customers to report their concerns and complaints and makes sure they reach the right department and are acted upon.

All customers receive a response and every incident is handled in accordance with the business or sector concerned and how easy or difficult the matter is to resolve.

The following channels and resources are available to help customers report their concerns and complaints:

1. In person.
2. Customer service hotline (+376) 873 333 and (+376) 873 308.
3. Ad hoc complaint forms available in all branches.
4. Via the corporate website.
5. By letter or email.

KEY FIGURES

Number of complaints and enquiries submitted		
2022	**2023**	**2024**
Claims 306	Claims 410	Claims 108
Complaints 45	Complaints 76	Complaints 54
Enquiries 1	Enquiries 0	Enquiries 0

Means used		
2022	**2023**	**2024**
Letter : 0.3%	Letter : 0.6%	Letter : 1.23%
Form : 1.13 %	Form : 0.45 %	Form : 1.85 %
In person: 84.16 %	In person: 72.22 %	In person: 30.86 %
Telephone: 0.85 %	Telephone: 0.6 %	Telephone: 0.61 %
E-mail : 13.56 %	E-mail : 26.13 %	E-mail : 65.45 %

Average response time		
2022	**2023**	**2024**
13.6 days	14.91 days	7.6 days

Percent of responses in less than one week		
2022	**2023**	**2024**
55 %	37.24 %	83 %

Sustainable products

The Group has developed a diverse range of products and services that reflect its CSR values:

Sigma Global Sustainable Impact (GSI) Fund

This fund is a multi-asset investment vehicle that invests using ESG (environmental, social and governance) criteria, embodying Andbank's commitment to sustainable investment. Based in Luxembourg, it is a multi-asset fund designed to generate a direct, positive impact through its investments, with an additional social impact, as 9% of its management fee and 100% of its success fees are donated to cancer research projects.

Sigma Balanced Fund

Sigma Balanced is a mixed direct investment fund that invests mainly in bonds and shares while applying ESG management criteria. The companies in this fund are selected on the basis of quality, with strong growth prospects and a favourable position in their market.

AndVida and AndSalut

Andbank Assegurances offers new life and health insurance products, with increased cover to meet current health care needs. The life and health insurance products offer our customers optimal solutions, as well as completely flexible benefits tailored to their needs, giving them access to the most advanced, highest quality medical care for enhanced well-being.

Digital innovation

How the bank engages with customers around the world has changed since the COVID-19 crisis. Clearly, solutions such as online banking or apps, and the ability to conduct relations with customers online, have come to the forefront.

For some time now Andbank has been driving the digital transformation and using technology differently to provide more value to customers. The aim is not only to improve internal channels and the extent to which account managers' daily relations with customers can be automated, but also to listen to customers with a view to improving the tools and services provided.

The digital tools available to customers include the online banking service and the app. New features have been added to these tools and the software has been updated to include new functionalities for agile account management and investment monitoring.

The number of users of both tools has grown significantly. Customers' expectations and confidence in the new technologies have evidently increased. The bank is also working to improve them and invest in new formats and features and more applications.

	2022	2023	2023
Digital users	19,495	29,636	41,060
App users	7,304	15,109	23,489

A new, completely online channel, Myandbank, was developed and launched two years ago in response to global trends, meeting one of the needs of users in Andorra. During these two years, Myandbank has offered a wide range of services and products with very attractive returns. Myandbank gives users a fully digital account they can manage by mobile phone, with the added convenience of being able to open the account from home. Moreover, it is completely free, with maintenance, cards and transfers all free of charge, Bizum instant payments and an interest-bearing current account.

So far, Myandbank offers a number of investment products, including a deposit account bearing interest at 3%, high-return portfolios with six different risk profiles and more than 500 investment funds, selected from among the best funds managed by the top international fund managers with the lowest fees in the market, with the aim of making the best products accessible to all savers.

This process represents a further advance in simplifying customers' relations with the bank.

4. Corporate social responsibility strategy

Corporate social responsibility (CSR) is a key aspect of the Andbank group's culture. Accordingly, the CSR strategy is based on the group's principles and values, which define Andbank as a customer-oriented institution that is committed to the societies where it operates.

One such line of action, the group's main corporate social responsibility project, centres on cancer research and the fight against cancer. Andbank therefore collaborates actively with a number of organisations that share those objectives. In the field of research, these are the Vall d'Hebron Institute of Oncology (VHIO), the Fero Foundation and the 12 de Octubre Hospital (through CRIS Cancer Foundation). It is also a founding donor to the SJD Pediatric Cancer Center in Barcelona, a project promoted by Sant Joan de Déu Hospital for the benefit of children with cancer and their families, setting new standards at the European level. Andbank has also been the driving force behind Andorra's first wig bank for cancer sufferers.

Andbank's commitment to cancer treatment and research

The bank collaborates with the VHIO (Vall d'Hebron Institute of Oncology), headed by Dr. Josep Tabernero, who is also head of the Medical Oncology Department at Vall d'Hebron University Hospital, and the Fero Foundation. It also continues to support the Pediatric Cancer Center at Hospital Sant Joan de Déu in Barcelona.

Once again, the bank took part in the award of the 22nd Fero – Andbank Scholarship at a traditional gala held in Barcelona.

Andbank has also continued to support the wig bank for cancer sufferers. The wig bank is managed by the hairdresser Nelly Garcia and lends wigs free of charge to people who have lost, or are expecting to lose, their hair as a result of chemotherapy. The bank now holds 30 wigs.

Andbank and society

The Andbank Group's commitment to society goes beyond its financial contribution: it is driven by a deep awareness of the Group's social responsibility and includes support for organisations that work to improve the well-being of Andorran society.

In 2024, Andbank was able to support various social, cultural and sporting initiatives with the aim of expanding and maximising the benefits for society.

Social

- Leo Messi Golf Tournament. Collaboration with the Leo Messi Foundation's 2nd Pro Am tournament to raise funds for the UNICAS Project for rare diseases, managed by Sant Joan de Déu Hospital.
- Nostra Senyora de Meritxell private foundation. For more than a decade, Andbank has been a committed partner of this foundation dedicated to improving the quality of life of people with disabilities.
- Andorran Family Business. Andbank supports the annual Andorran Family Business Forum (EFA). The 22nd edition was on the subject of artificial intelligence.
- Ramaders d'Andorra. Andbank has entered into an agreement with the company Ramaders d'Andorra to provide a range of benefits that will make Andorra-produced meat more available in schools in Andorra and to raise awareness of the work of Andorran livestock farmers.

Culture

- The 47th Literary Evening, organised by the Cercle de les Arts i les Lletres, was held in the parish of Canillo. In this edition, Andbank presented two second prizes for the Manuel Cerqueda Escaler short novel award.

Candela's night

- It is a sponsor of both the Easter and summer seasons of the Castell de Peralada Festival.
- Candle Night. Organised by the Ordino municipal authority, this event was held again after a two-year break, lighting the squares, streets and gardens of Ordino with 11,000 candles, with performances and free concerts around the town.
- Momentum Financial. One of Spain's most important investment communities held its annual investment event in Andorra. With an introduction from Andbank CEO Carlos Aso, the event was attended by bank executives including Àlex Fuste, Marc Garrigasait and Gabriel Castro.
- Through Myandbank, the bank sponsored the Jambo cultural event, a music festival held in Andorra la Vella, with free, friendly concerts for all audiences, blending lively performances by new international bands with a firm commitment to local talent.

Andbank and sport

Andbank identifies completely with the values fostered by youth sport and high-level sport, such as effort, tenacity and perseverance. Sports projects increasingly help promote these values and so we continue to support a variety of sports initiatives and entities.

- Andorran Olympic Committee (COA). Andbank has sponsored the COA's activities for more than a decade. Andorra hosted the 2025 Games of the Small States of Europe. One of the talented athletes sponsored by Andbank was Irineu Esteve, a cross-country skier with the Skiing Federation who obtained excellent results.
- Andorran Swimming Federation (FAN). Andbank continues to support the swimming federation.
- Nordic Festival. Andbank supported this event featuring a range of disciplines, including biathlon and cross-country skiing, as well as the Marxa Andorra Fons (Andorran Cross-Country Ski Race).

La Purito

Andbank GSeries

- La Purito. The cycling tour promoted by Joaquim Purito Rodríguez returned in August for its eighth edition, with 2,000 participants. This year's tour paid tribute to Óscar Freire.
- Manuel Cerqueda Memorial Race. The Andorra Ski Club organised the 35th edition of the traditional veterans' giant slalom.
- Andorran Gymnastics Federation. Andbank started a new partnership with the federation, supporting the good work it does.
- Andona. The bank supports this Andorran cycling, social and sports club set up to encourage women to participate in the world of cycling. The club has taken part in a number of races, achieving strong results with a very new team.


Andona

- Andorran Motorcycling Federation. Andbank supports various competitions such as the Trial Summer Camp, the 'Trial de las Naciones' team and Andorra's first female trial team.
- Olympus Race. Andbank was one of the patrons of this obstacle course for the toughest athletes, especially those who want to push themselves to their limits.
- As well as partnering teams and federations, Andbank sponsors a number of sportspeople, including Irineu Esteve, Frank Porté and Sito Español.
- Andbank GSeries. The big winter event in Andorra is the Andbank GSeries, a spectacular motor rally on ice held at the Circuit Andorra, in Pas de la Casa.

Andbank shows solidarity

The Andbank Employee Solidarity Association (ASCA) continued to complement Andbank's charitable efforts, altruistically providing publicity and support in response to requests for help received by the bank. ASCA itself coordinates these projects in Andorra and abroad.

In 2024 ASCA provided help in a number of emergency situations, such as the war in Ukraine.

Another Andorran NGO supported by Andbank is AINA, helping to publish a songbook to raise funds for grants to enable children to attend summer camps.

Andbank around the world

The bank's commitment extends beyond Andorra and it strives to build close ties with society wherever it operates, applying the same corporate social responsibility (CSR) ideology in every country.

Andbank Spain follows the Group's CSR strategy, supporting cancer research projects and foundations, as well as charities, educational projects and disadvantaged communities.

In cancer research, through the CRIS Cancer Foundation, the bank is supporting the construction of a special unit for advanced childhood cancer therapies on the 8th floor of the Hospital de la Paz in Madrid; and the STAb project run by the CRIS Immunotherapy Unit at the 12 de Octubre Hospital, also in Madrid. It continues to support the Fero Foundation as the main sponsor of the awards dinner for oncology research in Barcelona. It is also a founding donor to the Sant Joan de Déu Hospital for the construction of the new Pediatric Cancer Center, the largest childhood cancer research and treatment centre in Europe, and supports the Contigo Foundation against Women's Cancer as a sponsor of the foundation's gala in Madrid.

It works with charitable foundations such as

- The Casaverde Foundation, which promotes research and scientific, medical and technological innovation in the field of health, supporting various projects to provide assistance, rehabilitation and care to people in situations of dependence.
- The ConecTEA Foundation, which seeks to improve the lives of people affected by Autism Spectrum Disorder (ASD).
- AECC, a Spanish anti-cancer association, supporting the startup of a medically equipped apartment in Seville and the gala dinner on the Costa Brava.

- The Isabel Gemio Foundation, contributing to research projects on muscular dystrophies and other rare diseases.

In education, Andbank Spain supports the Maria Jesús Soto Foundation, which promotes financial literacy through training sessions for children and young people, talks in schools and presentations to various groups. It also supports the IQS foundation, linked to the world of industry and business, through a scholarship for the master's programme in wealth management.

Andbank and the environment

Andbank demonstrates its commitment to the natural environment by building a range of environmental protection measures into its business activities, including projects, services and products.

In 2024, it continued with its plan to reduce energy consumption by at least 15% by ensuring responsible use of its facilities and responsible consumption of office materials, electricity and water.

This plan is based on reducing:

- Paper consumption
- Electricity and diesel oil consumption
- Waste generation

Various initiatives have been launched to reduce these impacts and meet the targets, with steps to monitor implementation and measure progress:

- Reducing paper use and promoting digital formats (correspondence with customers, advertising, etc.)
- Waste separation (batteries, glass, plastic and cardboard)
- Reducing the amount of printing and printing double-sided and in black and white (printers have been replaced)
- Promoting the use of digital channels and new technologies

Materials

The main materials consumed in the bank are paper and toner. Paper correspondence was eliminated in 2023 and the current lower-consumption printers continue to reduce toner usage. The campaign to use lower grammage paper is also continuing.

Materials Consumption Unit	2023	2024
Total consumption A4	5,440kg	9,800kg
Total consumption A3	312 kg	302 kg
Total consumption envelopes	350 kg	330 kg

The figures for waste generated, recycled and donated are as follows:

Waste generated	2023	2024
Recyclable materials separated	250 kg	300 kg
Waste taken to landfill	550 kg	630 kg

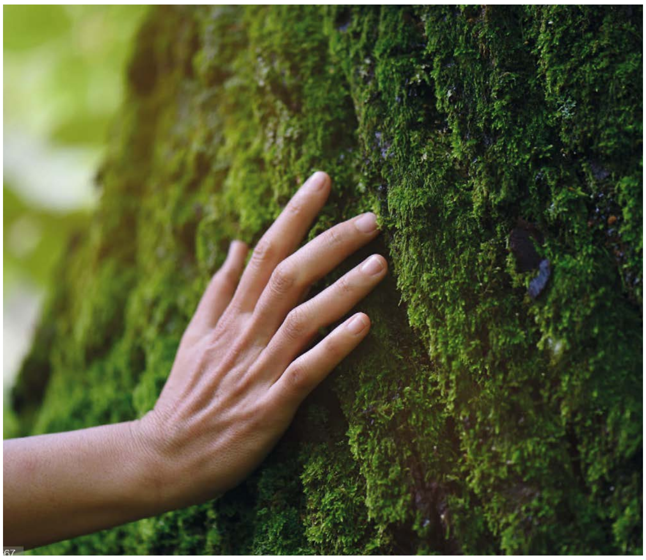
Waste recycled	2023	2024
Paper	26,200 kg	26,000 kg
Batteries	35 kg	38 kg
Plastic caps	200 kg	70 kg

The energy sources Andbank uses are diesel oil and electricity, which are used both in the corporate headquarters and in the branches in Andorra.

The common areas in the corporate headquarters building and the car park and staircases are equipped with a system of motion sensors, which keeps lights turned off when nobody is there, so as to save electricity.

Energy	2023	2024
Total electricity consumed	2,317,002 kWh	2,368,814 kWh
Total diesel oil consumed	83,991 m^3	91,239 m^3

Water	2023	2024
Total water consumed	7,208 m^3	3,650 m^3



Environment

07/ HUMAN TEAM STRUCTURE

Human team structure

The Andbank Group ended 2024 with a total workforce of 1,326 employees, of whom 344 work in Andorra and the remaining 923 in the various subsidiaries (see chart)

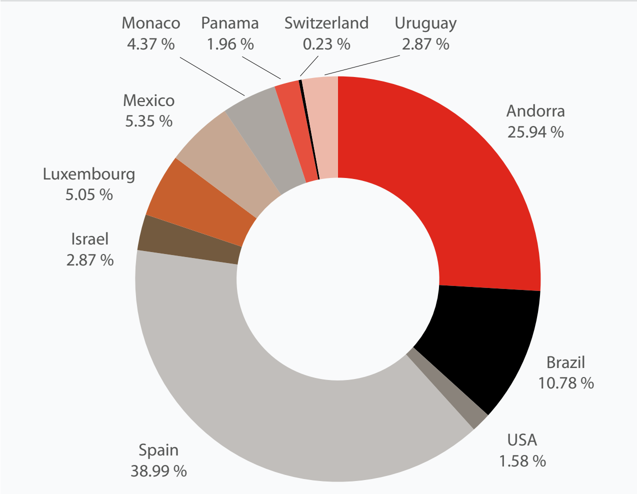
Staff numbers continue to grow and were up 4% on 2023. The subsidiary with the highest rate of growth was Brazil (16%), followed by Monaco (12%).

Gender, age and length of service

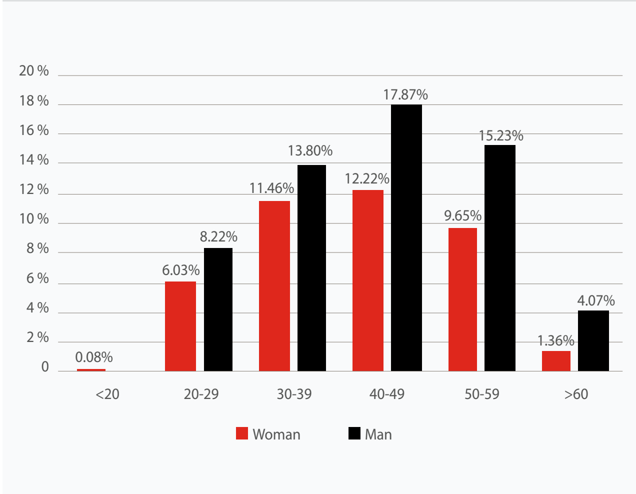
Of the total workforce, 40.8% are women and 59.2% are men.

The average length of service is approximately 8.07 years, an increase of 3% on the previous year.

Employees by subsidiary



Average Age



	Women		Change	Men		Change	Total		Change
	2023	2024	2023 vs. 2024	2023	2024	2023 vs. 2024	2023	2024	2023 vs. 2024
Change	534	541	1.31%	742	785	5.80%	1,276	1,326	3.92%
Average age	41,78	42,25	1.12%	43,66	43,68	0.05%	42,87	43,09	0,51%
Middle age	7,62	7,97	4.59%	7,92	8,07	1.89%	7,8	8,03	2.95%

The Andorra subsidiary has the longest average length of service figure (over 13 years).

As in 2023 the average age of the workforce is 43, with the 40-49 age range representing the largest proportion of the group's staff (30.09%).

Característiques de l'equip d'Andbank:

Currently, 37 nationalities coexist in the Group so that, once again, we can conclude that diversity is a key characteristic in the ANDBANK Group.

We continue to focus on incorporating qualified personnel, 79.49% of the current workforce has higher education.

Developing talent

Andbank Campus

Andbank has its own platform, through which it provides a range of training activities, depending on needs and regulations in each country.

- In Andorra, 14 training programmes were carried out, of which 10 were part of the mandatory training for new hires, three involved regulatory training for the entire workforce, and one was aimed at a group of employees in the IT area.

- In Luxembourg, two training programmes were carried out. One of these was regulatory training for all staff and the other was internal training for new recruits.
- In Spain, 10 training programmes were carried out, all related to regulatory matters. A further 11 courses were offered on financial products and 3 ongoing courses for MiFID II re-certification.

Ongoing training

Ongoing training is recommended for many posts or departments, and in some cases it is mandatory under current financial legislation.

This type of training has a direct impact in two key areas:

Business area employees receive training towards European Investment Practitioner (EIP) certification, which is vital for providing a good service. They can also continue to grow by obtaining the European Financial Advisor (EFA) Level 2 certificate.

Six employees took and passed the EIP examinations and one employee obtained the Level 2 certificate.

In the Regulatory Compliance area, training is provided through the Financial & International Business Association (FIBA), which offers a solid foundation of knowledge on the prevention of money laundering and financing of terrorism across all sectors. Nine Andbank Group employees took the Anti-Money Laundering Certified Associate (AMLCA) course and eight employees in Spain and Luxembourg requalified.

Employee Experience

Andbank Trainee Programme

This established internship programme has operated successfully since 2015, providing work experience to young people of many nationalities and to the children of employees.

It offers opportunities for summer internships to help young people to learn and gain work experience.

The paid internships can be done in any department of the bank and the selected candidates are assigned specialised mentors in each area.

During the summer of 2024, a total of 31 young students joined the programme, 14 in bank branches around Andorra and 17 in different departments in the Andorra Business Centre.

This programme is also growing each year in Spain. In 2024, 31 young people took part in university internships of 3, 6 or 12 months or attended the 2-month Summer Trainee Programme.

ICEX VIVES

The ICEX VIVES programme was launched in Spain in late 2024. The aim of this innovative training programme developed by the Spanish Government is to foster the internationalisation of talent in companies' foreign subsidiaries.

The first young participant joined the Private Banking support department in Switzerland and two young people joined the technology and regulatory compliance team in Luxembourg.

08/ GOVERNANCE STRUCTURE

Governance Structure

Chairmanship

Manel Cerqueda Donadeu
Chairman

Sergi Pallerola Gene
Deputy

Board of Directors

Carmen Aquerreta Ferraz
Director

Manel Cerqueda Díez
Director

Maria Creus Ribas
Director

Javier Gómez-Acebo Saenz de Heredia
Director

Jorge Maortua Ruiz-López
Director

Albert Rosés Noguer
Director

Jaume Serra Serra
Director

Pablo García Montañés
Secretary (no Director)

General Management

Carlos Aso Miranda
CEO

Marta Bravo Pellisé
Deputy Chief Executive Officer
Estrategy & Business Area

Josep Xavier Casanovas Arasa
Deputy Chief Executive Officer
Finance Area

Pablo García Montañés
Deputy Chief Executive Officer
General Secretary

Javier Planelles Cantarero
Deputy Chief Executive Officer
Technology Area

09/ ANDBANK IN THE WORLD

Andbank in the world

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