ANDBANK
Private Bankers

Andbank Luxembourg

2021 Pillar III Disclosure Report

Andbank Luxembourg

Glossary

ALCO – Asset and Liquidity Committee

AML/CFT – Anti-Money Laundering and Combating the Financing of Terrorism

AUM – Assets Under Management

BCP – Business Contingency Plan

BIA – Basic Indicator Approach

BoD – Board of Directors

CET 1 – Common Equity Tier 1

CRD – Capital Requirement Directive

CR&E – Climate-Related and Environmental risks

CRM – Credit Risk Mitigation

CRR – Capital Requirements Regulation

CSSF – Commission de Surveillance du Secteur Financier

DRP – Disaster Recovery Plan

ECL – Expected Credit Loss

ESG – Environmental, Social & Governance

FVOCI – Fair Value through Other Comprehensive Income

ICLAAP – Internal Capital and Liquidity Adequacy Assessment Process

IFA – Independent Financial Advisor

KRI – Key Risk Indicator

KYC – Know Your Client

LCR – Liquidity Coverage Ratio

LtD – Loan-to-Deposit ratio

MiFID – Markets in Financial Instruments Directive

NPL – Non Performing Loan

RCSA – Risk & Control Self Assessment

RM – Risk Management department

SA – Standardised Approach

VaR – Value at Risk

VBP – Value Basis Point

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Andbank Luxembourg

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1 Introduction & General Requirements for disclosure

This report provides Pillar III disclosure for Andbank Luxembourg S.A (the “Bank”) on an individual basis as of 31st December 2021 and 30th June 2022. The aim of the Pillar III standards is to improve comparability and consistency of disclosures through the introduction of a harmonized disclosure report.

The objective of this report is to present to the stakeholders the risk assumed by Andbank Luxembourg S.A. throughout the on-going of banking activities, market strategy and Risk Management framework as well as the corporate governance and the own funds regulatory provisions to face losses in case of unexpected events.

The document aims to provide disclosure on different topics as required by the Basel framework, enforced in the European Union by the Directive 2019/876 (“CRD V”) amending the Directive 2013/36 (“CRD IV”) and the Regulation 876/2019 (“CRR II”) amending the Regulation 575/2013 (“CRR”). In December 2016, the European Banking Authority has published the “Guidelines on disclosure requirements under Part Eight of Regulation (EU) no 575/2013”, amended on the 09th of June 2017 enhancing the consistency and the comparability of the banks regulatory disclosure by defining specific fixed format templates for quantitative information. The Commission de Surveillance du Secteur Financier (“CSSF”) has adopted these guidelines through the Circular 17/673. The present Pillar III disclosure report follows the guidelines and the recommendations described in the EBA/GL/2016/11.

The information disclosed in the present document covers the statements of the Bank. The Bank has not sought any exemption from the disclosure requirements on the basis of materiality or on the basis of proprietary or confidential information. This disclosure is made annually and published as soon as practicable after the publication of its Annual Report and Financial Statement. The Bank will reassess the frequency of disclosure in light of any material change in its business structure, the approach used for the calculation of capital or regulatory requirements.

This Pillar III report has been drafted by the Chief Risk Officer, approved by the Authorised Management and the Joint Specialised Committee, and ultimately approved by the Board of Directors on XX MM 2022. These approvals are a declaration on the adequacy of the risk management arrangements of the institution providing assurance that the risk management systems in place are adequate for the Bank’s profile and strategy. The Bank’s overall risk profile as presented in the document is considered to be moderate to low and in line with its risk tolerance and business model. Indeed, the Bank is very well capitalized with a Capital ratio at 53.37% and shows a strong liquidity profile with a Liquidity Coverage Ratio (“LCR”) at 183%.

2 Risk Management Objectives and Policies

2.1 Bank's Overview

Andbank Luxembourg is a bank under Luxembourg Law belonging to the Andbank Group. The Bank is a limited company incorporated on 23rd November 2009 for an indefinite period. The Bank's registered office is 4, Rue Jean Monnet, L-2180 Luxembourg. At 31st December 2021, the Bank had 34 employees in Luxembourg.

The Bank's corporate object is to receive deposits and other funds repayable to individuals and to offer all services that a bank may perform in accordance with Luxembourg law, including those of an investment company. On case by case basis, the Bank might grant credit facilities mainly linked to the private banking activity (i.e. Lombard credit lines or leveraged loans). The Bank may also make investments of any kind in companies based in Luxembourg or abroad, through the purchase, sale, exchange or other of equities, bonds, bond certificates or any other securities, as well as administer, develop and manage its own portfolio. The Bank may lend or borrow preferably with underlying collateral, although there might be the case where collateral might not be available. The borrowed funds are solely used for the Bank's objective or that of the Bank's subsidiaries or affiliated companies. Overall, Andbank Luxembourg's core business is to provide private banking services to its clients.

On 14th April 2010, the Bank obtained ministerial approval to perform all banking transactions as permitted by the Law of 5th April 1993 on the financial sector, as amended.

On 22nd August 2012, the Bank got the approval from the CSSF to perform investment funds related activities for SIF's. The Bank started these activities in November 2012. In 2015 transfer agent and central administration activities have been terminated. Since May 2018, the Bank stopped the Depositary activity.

Andbank Luxembourg Group is composed of three entities, Andbank Luxembourg, Andbank Asset Management Luxembourg (hereafter the Manco) and Andbank RE General Partner SARL. As of 31st December 2021, the Manco is valued at EUR 2,263K and the RE General Partner at EUR 12K, as disclosed in the Bank's financial statement.

The Bank's accounting policies are in accordance with regulations in force in the Grand Duchy of Luxembourg and, in particular, the modified law of 17th June 1992, relating to the annual accounts and consolidated accounts of credit institutions and are in accordance with the going concern principle.

In accordance with the amended Law of 17th June 1992 the Bank is using the mixed accounting regime consisting in LUX GAAP with IAS options ("IAS Option") starting 31st December 2017. This change in the accounting regime has been confirmed by the CSSF on 7th November 2016. The IAS option relates to the valuation at fair value of the debt securities and other fixed-income securities.

2.2 Governance and Committees

2.2.1 Executive management bodies

Two bodies compose the executive management of the Bank: the Board of Directors (“the Board” or “BoD”) and the Authorised Managers.

The Bank has put in place a policy for selecting and assessing members of the management body and/or key function holders. This policy complies with the internal governance principles and refers to the criteria of CSSF Circular 12/552 as amended. This policy also includes diversity principles in the individual and collective assessment of the Board of Directors and key functions, which are as follow:

- Age;
- Gender;
- Geographical origin;
- Residence country;
- Educational & professional background.

The Bank also informs by formal letter sent to CSSF about any appointments. For the appointments of a member of the management body and/or a key function holder, the Bank should wait for CSSF’s no objection letter. The Bank considers as key function the persons in charge of the three internal control functions (Chief Compliance Officer, Chief Internal Auditor and Chief Risk Officer).

The Board as a whole has appropriate skills with regard to the nature, scale and complexity of the activities and the organization of the Bank. As a collective body, the Board fully understands all activities (and inherent risks) as well as the economic and regulatory environment in which the Bank operates. Each member of the Board has a complete understanding of the internal governance arrangements and her/his responsibilities within the Bank. The members of the Board control the activities falling within their areas of expertise and have a sound understanding of the other significant activities of the Bank.

The Bank assesses the suitability of the candidate with a declaration of honour, Curriculum Vitae, extract of criminal records and copy of the ID. The members of the Board ensure that their personal qualities enable them to properly perform their Director’s mandate with the required commitment, availability, objectivity, critical thinking and independence. The members of the Board make sure that their director’s mandate is and remains compatible with any other positions and interests they may have, in particular in terms of conflicts of interest and availability. They are requested to inform the Board of the mandates they have outside the Bank.

The Board has the overall responsibility for the Bank. In this respect, the Board is invested with the broadest powers to perform all acts of administration and disposition in the Bank's interest to ensure execution of activities and to promote its business continuity. The professional qualifications and the full professional biographies of all Directors are maintained and monitored by the Human Resources department of the Bank.

2.2.1.1 Board of Directors

The Bank is managed by a Board which must consist of at least three members. The powers of the Board are defined in the Bank's Articles of Association. The Board adopts the Bank's strategy and general policy.

The Board sets out the strategy for the Bank and has the overall responsibility for the Bank.

The Board of the Bank is composed of six members that hold the following directorships, according to the last available data provided. As of June 2022, Mrs PEREZ NIVELA Isabela replaced Mr. ASO MIRANDA Carlos as director.

Board of Directors members	Function	Directorships
Alberto Garfunkel	Chairman	6
Ricardo Rodríguez Fernández	Managing Director	4
José Luis Muñoz Lasuén	Director	8
Josep Xavier Casanovas Arasa	Director	5
Alfonso Amaro Pérez	Director	2
Isabela Perez Nivela	Director	0

Tableau 1 : BoD composition and Directorships

The Board sets and oversees:

- The overall business strategy, considering the Group's long-term financial interests, solvency and liquidity situation;
- The overall risk strategy and policy, including its risk tolerance/appetite and its risk management framework;
- The guiding principles of a clear and consistent organisational and operational structure;
- The guiding principles as regards to information systems, including the security aspects, and internal communication arrangements, including the internal "whistle-blower" procedures;
- The guiding principles relating to remuneration policy, escalation, settlement and sanctions. The purpose of these guiding principles is to ensure that any behavior which does not comply with the applicable rules is properly investigated and sanctioned;
- The governance principles and corporate values, including a code of conduct, mentioning the management of conflicts of interest.

According to the CSSF Circular 12/552 as amended, the Board shall, in particular, assess and approve:

- The adequacy of the risks incurred with the institution's ability to manage these risks and the internal and regulatory own funds and liquidity reserves taking into account the existing regulations;
- The strategies and guiding principles in order to improve them and to adapt them to internal and external, current and anticipated changes, as well as to the lessons learnt from the past;
- The manner in which the Authorised Management meets the responsibilities set out in CSSF Circular 12/552 as amended;
- The adequacy of the organisational, operational and internal control structure, making sure the arrangements put in place by the Authorised Management are efficient and effective.

The Board is also assisted by two Specialised Committees[1]:

- Nominations and Remuneration Specialised Committee;
- Joint Specialised Committee regrouping Audit, Compliance and Risk Specialised Committee from May 2021.

The Board may seek support from the Specialised Audit Committee for certain of the tasks listed above. All decisions taken by the Board are documented and archived. The Board should meet as often as the interests of the Bank requires, at least four times per year.

2.2.1.2 Authorised Management

At 31st December 2021, the Authorised Management ("AM") is composed of two permanent members. The Authorised Management is responsible for the management of the business and functions as delegated by the Board of Directors accordingly. In particular, and without limitation, the Authorised Management shall have the following duties:

- Implement the strategies and policies agreed upon by the Board;
- Regularly assess the achievement of the targets for the business;
- Prepare corporate policies, strategies and strategic plans for the attention of and approval by the Board or its Committees;
- Submit the following to the Board or to one of its committees for approval or advice in accordance with such regulations and standards as are promulgated by the Board from time to time:

  a. Appoint and removal associates with material impact on the business;

[1] Please refer to the section 2.2.2.1.

b. Capital investments, financial measures, and the acquisition or divestiture of companies, participations and businesses of material significance in accordance with such regulations and standards as are promulgated by the Board from time to time;
c. Significant agreements with third parties and engagement in new business activities;
d. The revenue, financial, and investment budgets of the business and its divisions, business units and supporting functions, including any addenda thereto.

- Implement the matters approved by the Board;
- Prepare and submit quarterly and annual reports for the attention of and approval by the Board or its Committees and to keep the Board informed of all matters of material significance to the business;
- Implement modifications to the organisation of the business to ensure efficient operation of the business and achievement of optimised consolidated results;
- Promote an active internal and external communications policy;
- Ensure that management capacity, financial and other resources are provided and used efficiently;
- Promulgate guidelines, including guidelines for planning, controlling, reporting, finance, personnel, information and other technologies;
- Promote an internal control culture;
- Deal with such other matters as are delegated by the Board to the Authorised Management.

2.2.2 Other decision making bodies depending on the Board of Directors

2.2.2.1 Joint Specialised Committee

Since May 2021, the Bank has put in place a Joint Specialised Committee composed of Internal Audit, Compliance and Risk Management departments.

Its mission is to provide the Board on a quarterly basis with critical assessments with regards to the organization and operation of the institution in the risk, compliance and audit areas in order to enable the Board of Directors to fulfill its supervisory mission. The Board defines its mandate, composition and working procedures.

As of 31st December 2021, the Joint Specialised Committee was composed of three non-executive directors, the Chief Risk Officer, the Chief Compliance Officer and the Chief Internal Auditor.

2.2.2.1.1 Audit

The purpose of the Joint Specialised Committee regarding audit is to assist the Board in the areas of financial information, internal control, including internal and external audit.

The Joint Specialised Committee deliberates on:

- Monitoring the elaboration process of financial reports;
- Approving triannual audit plan, on Chief Internal Auditor's proposal;
- Supervising the quality and thoroughness of the works carried out by the internal audit function, as well as ensuring their Independence;
- Reviewing the annual summary report on the internal audit activities and submitting it for approval to the BoD;
- Annual review and approval of internal audit policies before submission to the approval of the BoD;
- Appointment, revocation and remuneration of the external auditors;
- Supervising the work done by the external auditors, analysing the audit plan, annual reports, and long form report and management letter;
- Supervising the independence of the external auditors in light of the other services provided to the Bank;
- Monitoring the implementation of the improvements recommended to the Authorised Managers by the auditors;
- Verifying the respect to the legal provisions and CSSF rules for the annual accounts.

2.2.2.1.2 Compliance

The Joint Specialised Committee has the following roles and responsibilities with regards to compliance in its function to assist the Board in its duties:

- The Committee shall have oversight responsibility for compliance matters, including the Bank's overall compliance programs, policies and procedures; significant legal or regulatory compliance exposure; and material reports or inquiries from government or regulatory agencies;
- Compliance programs, policies and procedures. The Committee shall oversee the Bank's compliance efforts with respect to the relevant policies, the Bank's Code of Ethics, and other relevant laws and regulations. The Committee shall monitor the Bank's efforts to implement compliance programs, policies and procedures that are designed to be:
    - Responsive to the various compliance and regulatory risks faced by the Bank;
    - Communicated in an effective manner to the Bank's employees;
    - Designed to encourage a lawful and ethical business conduct by the Bank's employees;

- The Committee shall monitor the Bank's efforts to implement legal and regulatory obligations arising from settlement agreements and other similar documents or orders. The Committee shall also review and issue any reports required by settlement agreements or other relevant legal obligations;
- The Committee shall oversee the investigation of and may also request the investigation of any significant instance of non-compliance with laws or the Bank's compliance programs, policies or procedures, or potential compliance violations that are reported to the committee; provided, however, that matters related to financial non-compliance or potential financial compliance violations shall be directed to the Specialised Audit Committee for investigation;
- The Committee shall oversee the review of complaints received from internal and external sources;
- Review of the compliance report and compliance charter;
- The Committee shall periodically review the Bank's efforts towards transparency and disclosure of its remuneration business practices in conjunction with the Specialised Nominations and Remuneration Committee;
- The Committee shall review the effective implementation of global policies and procedures and their consistency with local regulation;
- The Committee shall review in advance all new significant business projects prior their final review by the Board;
- The Committee shall also carry out all other duties as may be delegated to it by the Board.

2.2.2.1.3 Risk Management

The purpose of the Joint Specialised Committee in term of risk is to assist the Board in its mission to assess the adequacy between the risks incurred by the Bank and its ability to manage these risks and the financial situation of the group in terms of capital and liquidity. It also assists the Board on the definition of the overall risk strategy.

The Committee deliberates on:

- Status of the risk management in regards to the regulatory requirements;
- The risk situation, its future development and its adequacy with the Bank's risk strategy;
- Review of the Internal Capital and Liquidity Adequacy Assessment Process ("ICLAAP");
- The follow-up of the recommendations given to the Authorised Management and the actions to be taken in case of weaknesses identified by the control function;

- Actions to be taken in case of problems, deficiencies or irregularities highlighted by the risk management function.

2.2.2.2 Specialised Nomination and Remuneration Committee

The Specialised Nomination and Remuneration Committee meets, at least, on an annual basis. As of 31st December 2021, it is composed of two non-executive directors and the secretary, whom is the responsible of the Human Resources and is not a member of the Board. The role of the Specialised Nomination and Remuneration Committee is to assist the Board in the following areas:

Nominations:

- Recommend and review the criteria and internal procedures that need to be followed to select new Directors, Authorised Managers and key internal functions, as well as its regular assessment. In particular, the committee should set the level of knowledge and experience needed to hold these positions, assessing also new Director's availability;
- Set, with objectivity and adequacy to the strategy and long term interests of the Bank, the standards of nomination, renewal or dismissal of the aforementioned positions and the committees' memberships;
- Review annually the performance of the Board members;
- Recommend and review the internal procedures to appoint and evaluate the Authorised Managers and key functions;
- Make sure that Directors comply with the obligations set out in the Board internal rules;
- Review the declaration of mandates, conflict of interests and self-assessment of the Board members;
- Examine and review the succession plans of the Board members and Authorised Managers as well as put forward to the Board the alternatives of successions in an orderly manner.

Remunerations:

- Review and present to the Board the Remuneration Policy;
- Oversee the implementation of the Remuneration Policy;
- Ensure that the overall corporate governance principles and structures are considered, with the design and implementation of the remuneration policies and practices;
- Propose to the Board the principles and design of the remuneration plans;

- Submit to the Board the proposal for the remuneration of the Board members;
- Submit to the Board the compensation and terms of engagements of the Authorised Management.

2.2.3 Operating Committees

Andbank Luxembourg has created a structure of Operating Committees proportional to the existing scale and complexity of the business, risks and operations of the Bank. Those Committees do not directly depend on the Board and support the Authorised Management in the daily work.

2.2.3.1 Credit Committee

The function of the Credit Committee is to analyse and to approve, when it is authorised to do so, or alternatively to elevate to the Credit Committee of the Group ("CTC") or to the Board, any new credit proposal or renewal of Andbank Luxembourg. The committee's decision will always be subject to Andbank Luxembourg' Risk Policy.

The Credit Committee meets at least on a weekly basis and it is composed of the Managing Directors and representative members of the Credit department. It eventually could required the involvement of others departments on case by case basis. The Credit Committee is responsible for:

- Analyze any new credit proposal or renewal credit operations requested by the account manager and approve or reject any credit applications;
- Follow up of the irregular credit exposures (matured and exceeded credit lines, and overdrafts greater than EUR/USD 1.000 or accounts with more than 90 days in overdraft).

2.2.3.2 Accounting & Finance Committee

The Accounting & Finance Committee is composed by the Chief Financial Officer and one of the Authorised Manager and is held at least six times per year. The Committee has the following objectives:

- Analyse the accounting reports;
- Ensure the transmission in due course of the internal and regulatory reporting : AM, Headquarters in Andorra, CSSF and Banque Centrale du Luxembourg ("BCL");
- Draft the budget under the supervision of the AM;
- Ensure the monthly follow-up of the budget and dashboards, necessary to the good management of the Bank.

2.2.3.3 Assets & Liabilities Management Committee (“ALCO”)

The ALCO meets upon request and it is composed of at least one Managing Director, the Chief Risk Officer, a member of the Treasury and Dealing Room department and a member of Group Treasury Director.

Its mission is to evaluate, monitor and approve practices relating to risk due to imbalances in the balance sheet structure (i.e. liquidity and structural risks).

The Committee has the following objectives:

- Review the relevant developments in the financial markets and their potential impact on the Bank (interest rates, credit spreads and others);
- Analyse the liquidity situation and funding needs of the Bank and its medium term projections;
- Review the performance of the securities portfolio and analyse potential changes;
- Review the risks described in the risk policy and limits.

2.2.3.4 New Product Approval Committee

The New Product Approval Committee meets on demand and it is composed of at least one Managing Director, the Head of Legal department, the Chief Risk Officer and the Chief Compliance Officer.

The Risk Management department shall assess the impact of the new product in terms of capital adequacy, credit, market, operational, liquidity and structural risks and provide its assessment to the committee.

The Committee has the following objectives:

- Suggest to the Authorised Management the strategy to follow in terms of products and strategies, set by the Board;
- Ensure that all the activities have the procedures and the necessary tools for a satisfactory performance;
- Updating procedures and ensuring enforcement tools for new approved products to before being launched;
- Ensure that all the necessary new product authorisations are obtained before the start of the new activity.

2.2.3.5 IFA Committee

The IFA Committee meets on demand, and it is composed of at least one Managing Director, the Head of Legal department, the Private Desk department and the Head of Private Banking department. The IFA Committee produces the inventory of the activities of all the IFAs.

2.2.3.6 IT Committee

The IT Committee is composed by a member of the Authorised Management and a member of the IT & Organisation department (also acting as secretary) and is held at least six times per year.

The IT Committee has the following objectives:

- Review monthly and follow all the developments necessary to the IT function of Andbank Lux:
    - Project Management status and independencies with third parties;
    - Organization tasks related to IT & Organisation. The control of normative body is performed in an specific Organisation monthly meeting;
    - Review any relevant IT budget deviance;
    - Evaluate the status of audit points and independencies with third party;
    - Evaluate any new ICT Risk raised by IT & Organisation and discuss mitigation plan or risk acceptance.
- Review monthly of any new tasks related to Outsourcing controls;
- Review monthly any new relevant task related to BCP.

2.2.3.7 Compliance Committee

The Compliance Committee has the following objectives:

- Review monthly all the controls set-up by the Compliance department;
- Analyse the changes and new publications in terms of national and international regulations;
- Ensure that all the policies and procedures are in line with those regulations;
- Evaluate and identify the high risk clients in terms of AML, requiring an eventual communication to the authorities;
- Approve the annual report of the Compliance Officer, to be submitted to the Compliance Committee and subsequently to the Board and the CSSF;
- Monitoring the internal and external auditors' recommendations;
- Monitoring the others controls in terms of compliance: MiFID, Conflict of interests' policy and other;
- Status of the FATCA and CRS Reporting;

- IFA's requests are evaluated and approved or denied.

The Compliance Committee will be held on a regular basis, at least, on a quarterly basis, and is composed by the Authorised Management, the Chief Compliance Officer, and could require the involvement of other member depending on the topic.

2.2.3.8 Crisis Management Committee

The Crisis Committee is composed of the Authorised Management and, depending of the nature and the severity of the event, of different bodies of the Bank. It shall be held upon request, according to the specific needs. The Crisis Committee has the following objectives:

- Analyse, document, manage and put forward solutions;
- Prepare and request contingency plans to face potential crisis situations. The recovery and communication plans should also be led by this group.

2.3 Risk Management Framework

The Bank established a comprehensive risk management framework based on a three-lines-of-defense model, which groups different roles and responsibilities that are coherently delimited:

- The first line-of-defence consists of the business units that take or acquire risks under a predefined policy and limits and carry out controls on a day-to-day basis. Their objective is to identify as soon as possible the errors and omissions occurred during the processing of current transactions;
- The second line is formed by the support functions including the following functions: financial and accounting, IT, compliance and risk, which contribute to the independent risk control;
- Finally, the Internal Audit function, which provides an independent review and a critical valuation of the previous two lines, is the third line-of-defence.

2.3.2 Risk Management function

The Risk Management department promotes an internal risk culture aiming at improving staff awareness for sound and prudent operational management. It is also accountable for the identification, mitigation, management and reporting of all the risks to which the institution is, or may be, exposed. In addition, the risk control function ensures that the strategies, activities and organizational and operational structure are compatible with internal and regulatory requirements. It monitors compliance with these limits and, in case of breach, ensures that they are remedied as soon as possible. Thus, the risk control function shall ensure that the terminology, methods and technical resources used are consistent and effective.

The main responsible to follow the tracking and to report all type of risks is the Risk Management department. They report to the Authorised Management and related business units, the Joint Specialised Committee and the Board. The reporting task is divided on different timeframes (daily, monthly, quarterly or annually) depending on the information.

The Risk Appetite Framework is consistent with the strategic and business plan, capital planning and liquidity. Key Risk Indicators ("KRI") and set of thresholds within each area of material risk identified have been defined and implemented. The Risk Appetite Statement, embedded part of the Risk Strategy, outlines all level and types of risk that the Bank is willing to assume within its risk capacity to achieve the strategic objectives defined in the business plan.

3 Own funds

The Bank's own funds consist of the Social Capital and the Reserve account. The Social Capital is formed by ordinary shares issued by the Headquarter entity, Andorra Banc Agricol Reig ("Andbank Andorra" or "the Parent Company"). The reserved accounts are constituted by the yearly accumulated P&L results of the Bank. The intangible asset account is also deducted to come up with the ultimate own funds figure. The Bank's regulatory capital consists exclusively of Common Equity Tier 1 ("CET1") capital. The Bank does not have issued additional Tier 1 capital or Tier 2 capital as defined in the CRR.

The capital structure of the Bank as of 31st December 2021 and 30th June 2022 are as follows:

Common Equity Tier 1 (CET1) capital: instruments and reserves		Amount as of 31/12/2021	Amount as of 30/06/2022
1	Capital instruments and the related share premium accounts		
	of which: Instrument type 1	54,100,000	54,100,000
	of which: Instrument type 2	-	-
	of which: Instrument type 3	-	-
2	Retained earnings	-10,996,322	-9,187,364
3	Accumulated other comprehensive income (and other reserves)	-296,293	-1,363,378
3a	Funds for general banking risk	-	-
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-	-
5	Minority interests (amount allowed in consolidated CET1)	-	-
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	-
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**42,807,386**	**43,549,258**
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-16,847	-14,858
8	Intangible assets (net of related tax liability) (negative amount)	-237,574	-244,677
9	Empty set in the EU	-	-
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-387,055	-843,915
11	Fair value reserves related to gains or losses on	-	-

	cash flow hedges		
12	Negative amounts resulting from the calculation of expected loss amounts	-	-
13	Any increase in equity that results from securitised assets (negative amount)	-	-
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	-
15	Defined-benefit pension fund assets (negative amount)	-	-
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-	-
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities those entities have reciprocal cross holdings with the institution designed to inflate artificially own funds of the institution (negative amount)	-	-
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount 10% threshold and net of eligible short positions) (negative amount)	-	-
20	Empty set in the EU	-	-
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	-
20b	of which: qualifying holdings outside the financial sector (negative amount)	-	-
20c	of which: securitisation positions (negative amount)	-	-
20d	of which: free deliveries (negative amount)	-	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	-
22	Amount exceeding the 15% threshold (negative amount)	-	-
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	-
24	Empty set in the EU	-	-
25	of which: deferred tax assets arising from temporary differences	-	-
25a	Losses for the current financial year (negative amount)	-	-

25b	Foreseeable tax charges relating to CET1 items (negative amount)	-	-
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	-
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	-	-
29	**Common Equity Tier 1 (CET1) capital**	**42,165,910**	**42,445,808**
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	-	-
31	of which: classified as equity under applicable accounting standards	-	-
32	of which: classified as liabilities under applicable accounting standards	-	-
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	-	-
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	-
35	of which: instruments issued by subsidiaries subject to phase out	-	-
36	Additional Tier 1 (AT1) capital before regulatory adjustments	-	-
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-	-
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-
41	Empty set in the EU	-	-
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	-	-
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	-
44	Additional Tier 1 (AT1) capital	-	-
45	Tier 1 capital (T1 = CET1 + AT1)	**42,165,910**	**42,445,808**

Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	-	-
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	-	-
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	-
49	of which: instruments issued by subsidiaries subject to phase out	-	-
50	Credit risk adjustments	-	-
51	Tier 2 (T2) capital before regulatory adjustments	**42,165,910**	**42,445,808**
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	-
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-
56	Empty set in the EU	-	-
57	Total regulatory adjustments to Tier 2 (T2) capital	-	-
58	Tier 2 (T2) capital	-	-
59	Total capital (TC = T1 + T2)	**42,165,910**	**42,445,808**
60	Total risk weighted assets	**79,009,453**	**87,212,252**
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	53.37%	48.67%
62	Tier 1 (as a percentage of total risk exposure amount)	53.37%	48.67%
63	Total capital (as a percentage of total risk exposure amount)	53.37%	48.67%

64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer expressed as a percentage of risk exposure amount)	13.50%	13.50%
65	of which: capital conservation buffer requirement	2.50%	2.50%
66	of which: countercyclical buffer requirement	-	-
67	of which: systemic risk buffer requirement	-	-
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-	-
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	42.37%	37.67%
69	[non relevant in EU regulation]	-	-
70	[non relevant in EU regulation]	-	-
71	[non relevant in EU regulation]	-	-
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	-
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	-
74	Empty set in the EU	-	-
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	-	-
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	-
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	-
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	-
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	-
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-

82	Current cap on AT1 instruments subject to phase out arrangements	-	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-
84	Current cap on T2 instruments subject to phase out arrangements	-	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-

Tableau 2 : Own funds disclosure - Annex IV of Commission Implementing Regulation N°1423/2013

4 Capital Requirements

The core business activities developed by the Bank expose the entity to credit risk and operational risk, both have capital requirements and risk mitigation practices.

In order to calculate the regulatory capital requirements for credit risk associated to the credit portfolio activities, the Standardized Approach ("SA") described in the CRR regulation is used.

Regarding the operational risk, a Basic Indicator Approach ("BIA") based on a three year historical data model is applied to calculate the own funds requirements.

The breakdown of the own funds and the Pillar I Capital requirements are exposed hereafter:

In 000's EUR	31/12/2021	30/06/2022
Prudential own funds	**42,165.9**	**42,445.8**
Tier 1 Capital	42,965.9	42,445.8
Total Risk Exposure Amounts	**79,009.5**	**87,212.3**
Pillar 1 Capital Requirements	**6,320.8**	**6,977.0**
of which Credit Risk	5,052.2	5,373.5
of which Market Risk	-	-
of which Operational Risk	1,257.3	1,389.2
of which Credit Value Adjustment	11,292	214.23
Solvency Ratio (%)	**53.37%**	**48.67%**

Tableau 3 : Capital requirements

As a result of the 2021 ICLAAP, the Bank determined its additional Pillar II capital requirements as detailed below:

In 000's EUR	31/12/2021
Internal own funds	**41,406.9**
Tier 1 Capital	41,965.9
Profitability Risk	-1,559.0
Pillar 1 Capital Requirements	**6,320.8**
Pillar 2 Capital Add-ons	**7,437.0**
of which Credit Risk	2,130.0
of which Interest Rate Risk	4,952.0
of which Residual Risk	355.0
Pillar 1 + Pillar 2 Capital requirements	**13,757.8**
Total Risk Exposure Amounts	**171,972.5**
ICAAP Ratio (%)	**24.08%**

Tableau 4 : Pillar II requirements

Residual risks refer to different types of risk that are not negligible but are difficult to quantify. Andbank considers risks linked to the Bank's business and strategic, reputation, and on external factors, such as the macroeconomic and regulatory environment, as residual risks.

Due to the difficulty to evaluate and assess the different risks proposed, the Bank decided to allocate under the ICLAAP framework, as per a proposition of the Bank of Spain, 5% of the Pillar I capital requirements to cover possible loss events related to residual risks.

5 Credit Risk

Credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. A default is considered to have occurred when either both or the following have taken place:

- The client is "impaired", meaning unlikely to pay its credit obligations to the Bank without recourse of the Bank to action such as realizing security;
- The client is past due more than 90 days on any material obligation to the Bank.

The majority of the Bank's credit offer to Private Banking customers is mainly concentrated on clients holding assets at Andbank Luxembourg. The approach aims at standardizing the process by developing a credit risk policy detailing, in particular, the collateralization aspects with the application of appropriate haircuts to the assets market value according to its quality, liquidity, volatility and level of diversification.
Exceptionally, the Bank can grant credits for the non-private banking activities. In this case, the policy is based on a case-by-case analysis of the exposures and on the financial health of the counterparty. This analysis is focusing on the customer capacity to fulfill its financial obligations.

5.1 Standardised Approach

The Standardised Approach requires the banks to use, where possible, risk assessments prepared by External Credit Assessment Institutions ("ECAI") or expert credit agencies to determine the risk weightings applied to rated counterparties. The Bank uses the following ECAI: Moody's Investors Service, Standard & Poor's and Fitch Ratings. They are used for exposures on the Bank securities, securities collaterals for client credits, credit institutions and central government and central banks.

Breakdown of total exposures by risk weights was as follows:

In 000's EUR	Initial exposure as of 31/12/2021	Exposure after CRM	RWA
0%	165,584.0	165,584.0	-
20%	90,822.4	23,966.7	4,793.3
50%	706.3	-	-
75%	31,604.4	9,625.0	6,560.0
100%	163,502.7	54,424.4	46,038.4
250%	2,304.1	2,304.1	5,760.1
TOTAL	**454,525**	**246,640**	**63,152**

Tableau 5 : Breakdown of total exposures by risk weights

The total amount of exposures broken down by different types of exposure classes was as follows:

In 000's EUR	Initial Exposure as of 31/12/2021	Exposure after CRM	Exposure after CCF	RWA
Institutions	91,528.7	23,966.7	23,966.7	4,793.3
Central Governments or central banks	164,564.8	164,563.3	164,563.3	-
Corporates	158,655.0	49,576.7	41,190.7	41,190.7
Equity	2,304.1	2,304.1	2,304.1	5,760.1
Retail	31,604.4	9,625.0	8,746.7	6,560.0
Claim in the form of CIU	1.5	1.5	1.5	1.5
Other items	5,866.9	5,866.9	5,866.9	4,846.2
TOTAL	**454,525**	**255,904**	**246,639**	**63,152**

Tableau 6 : Detail of exposures to different classes

Geographic distribution of the exposures, broken down in significant areas by material exposure classes was as follows:

2021 On and off balance sheet exposures subject to credit per country (In 000's EUR)	
United States	9,138.3
Andorra	7,675.3
Spain	75,198.2
Luxembourg	310,119.7
France	18,317.9
Switzerland	19.500.0
Netherlands	5,143.7
Brazil	9.432.4
TOTAL	**454,525**

Tableau 7 : On and off balance sheet exposures subject to credit per country

Residual maturity breakdown of all the exposures, broken down by exposure classes was as follows:

Maturity band	Loans and advances	Available for sale portfolio	Commitments and guarantees	OTC derivative instruments (nominal)
< 1 y	57,576,326	-	28,783,511	18,802,053
> 1y; <5y	74,247,398	28,456,657	10,566,922	-
> 5y; <10y	6,348,291	11,280,804	-	-
>10y	-	-	-	-
No maturity	-	1,534	-	-
TOTAL	**138,172,015**	**39,738,995**	**39,350,433**	**18,802,053**

Tableau 8 : Residual maturity breakdown by exposure classes

The idiosyncratic risk (the impacts of risks that are particular to each individual borrower) of the gross exposures above 10% of the Bank's prudential own funds was as follows:

In 000's EUR	Exposure as of 31/12/2021	Eligible CRM techniques	Exposure after application of CRM	Exposure in % of own funds
Counterparty 1	155,667	-	-	0.00%
Counterparty 2	67,559	-67,559	-	0.00%
Counterparty 3	19,500	-15,603	3,897	9.24%
Counterparty 4	15,704	-15,704	-	0.00%
Counterparty 5	10,400	-	10,400	24.67%
Counterparty 6	9,054	-3,815	5,239	12.43%
Counterparty 7	8,000	-6,722	1,278	3.03%
Counterparty 8	7,000	-7,000	-	0.00%
Counterparty 9	6,367	-5,418	949	2.25%
Counterparty 10	6,348	-6,348	-	0.00%
Counterparty 11	5,760	-5,422	338	0.80%
Counterparty 12	5,188	-5,188	-	0.00%
Counterparty 13	5,006	-	5,006	11.87%
Counterparty 14	4,959	-	-	0.00%
Counterparty 15	4,949	-	4,949	11.74%
Counterparty 16	4,390	-	-	0.00%
Counterparty 17	4,245	-4,245	-	0.00%

Tableau 9 : Large exposures

5.2 Credit risk limits

With respect to the quality of the loan portfolio, Andbank Luxembourg has established four limits in terms of delinquency and coverage:

- Non Performing Loan ("NPL") Ratio shows the credit quality by means of the ratio between the amounts of doubtful loans on the total loans granted.
- Adjusted NPL Ratio shows the credit quality as the ratio of net doubtful loans to net total loans granted (net amounts are calculated by subtracting collateral from gross amount of loans).
- Adjusted Coverage Ratio is the percentage of the provisions amount by on the amount of doubtful credits given to clients.
- Net Non-performing loans on Equity is the percentage of the net doubtful loans on equity.

5.3 Credit risk Mitigation

As the credits are collateralized, the Bank monitors that the evolution of the eligible marketable securities, guarantees and other forms of collateral respect the limits established by the contracts signed by the customers. The main objective is to promote the early detection of any problem which might arise on the part of the borrowers and to focus attention on those credits which need to be more closely watched. The credit risk monitoring is organized in particular around the following controls:

- Daily examination of irregular exposures;
- Weekly review of irregularities expositions and/or watch list clients in Credit Committee;
- Monthly review of exposures for the provisioning process;
- Quarterly review, during the production of the solvency ratio and of the composition and quality of assets collateralized;
- Joint Specialised Committee is informed about the main irregularities on the credit activity, including accounts overdrafts;
- Annual review within the framework of the credit lines renewals.

The Bank has also implemented controls on its exposures concentration risks, whether direct or indirect:

- Effects of the diversification of the client's portfolio when computing the maximum Lombard value available for each credit line;
- Analysis of the concentration of indirect risks;
- Specific analyses of sectorial concentrations.

The Bank ensures to receive enough collateral, and ensures that assets are of good quality and broadly diversified in terms of nature, countries, industries and entities. Assets that could be potentially accepted by the Bank as collateral portfolio are:

- Stock-exchange listed company shares & ETF;
- Mutual funds;
- Sovereign and Corporate bonds;
- Preferred shares;
- Structured products, only those issued or commercialized by the Bank;
- Physical Gold and Silver and Certificates;
- Cash.

In 000's EUR	OECD	Market value as of 31/12/2021	% of assets	% of accumulated assets
Luxembourg	Y	162,932	47.24%	47.24%
Spain	Y	43,583	12.64%	59.88%
Ireland	Y	29,342	8.51%	68.38%
United States	Y	24,675	7.15%	75.54%
Brazil	N	16,295	4.72%	80.26%
Netherlands	Y	10,372	3.01%	83.27%
France	Y	7,737	2.24%	85.51%
United Kingdom	Y	5,960	1.73%	87.24%
Canada	Y	5,151	1.49%	88.73%
Mexico	Y	4,952	1.44%	90.17%
Others countries	N/A	33,902	9.83%	100.00%
TOTAL		**344,901**	**100%**	

Tableau 10 : Collateral value breakdown per country

The concentration to Luxembourg is explained by the importance of funds and financial assets in the client's portfolios as shown in the sector breakdown below:

In 000's EUR	Market Value as of 31/12/2021	% of assets	% of accumulated assets
Funds	191,666	55.57%	55.57%
Financial	63,669	18.46%	74.03%
Communications	15,839	4.59%	78.62%
Consumer, Non-cyclical	13,997	4.06%	82.68%
Basic Materials	13,000	3.77%	86.45%
Energy	9,662	2.80%	89.25%
Consumer, Cyclical	9,107	2.64%	91.89%
Others	8,418	2.44%	94.33%
Government	8,243	2.39%	96.72%
Industrial	5,635	1.63%	98.36%
Technology	3,545	1.03%	99.39%
Utilities	2,121	0.61%	100.00%

Tableau 11 : Collateral value breakdown by sector

5.4 NPL and Specific and general credit risk adjustments

As of 31st December 2021, the Bank had Non-Performing Loans for a total amount of EUR 19,647.

Asset Risk Classification	Credit Stage (IFRS 9)	Gross Carrying Amount	%
Performing	1	174,068,240	99.99%
	2	336	0%
Performing Total		174,068,576	99.99%
Non Performing	3	19,647	0.01%
Non Performing Total		19,647	0.01%
TOTAL		**174,088,224**	**100%**

Tableau 12 : Assets risk classification

Hereunder, the table discloses the geographical and counterparty type breakdown for exposure under Stage 3.

Counterparty Type	Country		Total
	Spain	Luxembourg	
Households	12,844.2	-	12,844.2
Non-financial corporations	1,620.0	759.2	2,379.2
Other financial corporations	-	4,423.7	4,423.7
Total	14,464.2	5,182.9	19,647.1

Tableau 13 : Geographical and counterparty breakdown of Stage 3 exposures

The Bank is prudent in making impairment assessment to provide adequate provisions for possible or actual losses.

In 000's EUR	31/12/2021
LuxGAAP Provision	12
IFRS 9 Provision	112

Tableau 14 : Provisions

The provisions under IFRS9 are mainly due to a loan not collateralized with an Exposure at Default of EUR 9M, credit lines portfolio with an Expected Credit Loss of EUR 22K and overdrafts.

Movements in allowances and provisions for credit losses	Opening balance	Changes due to modifications without derecognition (net)	Closing balance	Gains or losses on derecognition of debt instruments
Allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	- 311,130.37	248,750.25	-62,380.12	120,040.86
Debt securities	- 4,757.98	- 299.48	- 5,057.46	120,040.86
Central banks	-	-	-	-
General governments	- 628.00	54.25	- 573.75	43,201.07
Credit institutions	- 2,951.60	- 645.56	-3,597.16	76,839.79
Other financial corporations	-295.16	295.16	-	-
Non-financial corporations	- 883.22	-3.33	- 886.55	-
Loans and advances	- 306,372.39	249,049.73	- 57,322.66	-
Central banks	-	-	-	-
General governments	-	-	-	-
Credit institutions	-	-	-	-
Other financial corporations	- 3,213.87	2,452.86	- 761.01	-
Non-financial corporations	-81,657.30	40,987.84	- 40,669.46	-
Households	- 221,501.22	205,609.03	- 15,892.19	-
of which: collectively measured allowances	-	-	-	-
of which: individually measured allowances	- 311,130.37	248,750.25	- 62,380.12	120,040.86
Allowances for debt instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	-	-336.23	-336.23	-
Loans and advances	-	-336.23	-336.23	-
Central banks	-	-	-	-
General governments	-	-	-	-
Credit institutions	-	-	-	-
Other financial corporations	-	-69.71	-69.71	-
Non-financial corporations	-	-	-	-
Households	-	-266.52	-266.52	-
of which: collectively measured allowances	-	-	-	-
of which: individually measured allowances	-	-336.23	-336.23	-
of which: non-performing	-	-	-	-
Allowances for credit-impaired debt instruments (Stage 3)	- 355.95	-19,291.15	-19,647.10	-
Loans and advances	- 355.95	-19,291.15	-19,647.10	-
Central banks	-	-	-	-
General governments	-	-	-	-
Credit institutions	-	-	-	-
Other financial corporations	- 0.07	-4,423.60	-4,423.67	-
Non-financial corporations	- 85.35	-2,293.88	-2,379.23	-
Households	-270.53	-12,573.67	- 12,844.20	-
of which: collectively measured allowances	-	-	-	-
of which: individually measured allowances	- 355.95	-19,291.15	- 19,647.10	-
Total allowance for debt instruments	- 311,486.32	229,122.87	- 82,363.45	120,040.86
Commitments and financial guarantees given (Stage 1)	65,304.55	-35,558.05	29,746.50	-
Total provisions on commitments and financial guarantees given	65,304.55	-35,558.05	29,746.50	-

Tableau 15 : Movement in allowance and provisions for credit losses

5.5 Exposures in equities not included in the trading book

As of 31st December 2021, the Bank held shares in three affiliated undertakings for strategic reasons:

Andbank Asset Management Luxembourg S.A. hereafter "AAML" (owned 100%) is a collective investment undertaking Management Company with registered office in Luxembourg, founded by the Andbank Group in 2009 as part of its internationalization process and supervised by the Commission de Surveillance du Secteur Financier. The company is fully owned by the Bank. On 20th April 2012, the Institut Nacional Andorrà de Finances ("INAF") approved to increase the share capital of the company by an amount of EUR 1,000,000.00 resulting in total share capital of EUR 3,000,000.00. The total acquisition cost amounts to EUR 2,263,059.18.

Andbank RE General Partner SARL (owned 100%) is an entity with registered office in Luxembourg. On 19th February 2018, Andbank Luxembourg bought 12,000 shares with a nominal value of EUR 1.00 each. The total acquisition cost amounts to EUR 12,000.00.

Andbank RE Investment Fund SCA SICAV-SIF (owned 100%) is an entity with registered office in Luxembourg. On 12th April 2018, Andbank Luxembourg bought 29 shares with a nominal value of EUR 1,000 each. The total acquisition cost amounts to EUR 29,000.00.

Company	Country	Activity	Acquisition cost	% Direct ownership	Fair value	Result of the year
AAML	LUX	Management Company	2,263	100%	5,572	2,262
Andbank RE General Partner SARL	LUX	Management Company	12	100%	*	*
Andbank RE Investment Fund SCA SICAV-SIF	LUX	Investment fund	29	100%	*	*

Tableau 16 : Exposures in equities non included in the trading book

*At the date of issuance of Andbank Luxembourg S.A.'s annual accounts, the results of the year of Andbank RE General Partners SARL and Andbank RE Investment Fund SCA SICAV-SIF have not yet been audited.

5.6 Counterparty Credit Risk

The counterparty credit risk of the Bank is focused on FX contracts of the clients that are exclusively closed with the Parent Company. As of 31st December 2021, the exposure value was EUR 1,662,723 as per the mark-to-market method.

6 Operational Risk

According to the Basel Committee, the operational risk encompasses different types of events: internal and external fraud, labour relations, practices with customers, products and businesses, damages to material assets, system and execution failures.

The operational risk management of the Bank is framed by an internal policy supplemented by procedure dedicated to the realization of controls and on the collection of incidents.

The responsibility for the mitigation of these risks is the responsibility of all individuals within the business lines and support functions, which must promote an operational risk culture within their teams. The management control mechanism is also based on processes supervised by the Bank's control function.

For the calculation of regulatory requirements for operational risk, the Bank has adopted the Basic Indicator Approach. In addition, Andbank Luxembourg forecast the maximum amount of operational losses that might happen by stressing historical data considering three different scenarios. This information is used to calculate expected and unexpected losses and thus allocates additional capital amount to cover operational risk.

The mitigations factors set in place by the Bank are the following:

- Training to improve the awareness of the staff;
- Periodic review of the Risk and Control Self-Assessment ("RCSA");
- Business Continuity Plan ("BCP") and Disaster Recovery Plan ("DRP");
- Internal data-gathering related to operational risks. Incident reports are formalized by the business lines and support functions to ensure an exhaustive declaration of all profits or losses arising from an operational risk event. These reports contain all the necessary information to their analysis and follow-up and are sent for approval to the Risk Management department and to the Headquarter (the latter only for losses >10,000 EUR);
- One Key Risk Indicator also Recovery Indicator computing the total loss on the ordinary margin. The indicator was within the Appetite Zone (< 1.5%) during the year.

During 2021, there were 24 operational risk events among which 15 resulted in a financial loss for the Bank (total loss of EUR 53K).

7 Market Risk

The market risk is the risk of losses in positions on the trading or banking book arising from movements in the market price.
Market risk is managed in accordance with the Market Risk Policy which defines the fundamental principles, framework and governance for the management of market risk.
Market risk is subject to the limits established by the Board of Directors. In this sense, a series of different restraints are established for both: Banking and Trading book. At the time this report is written, the Bank does not hold a trading portfolio. Although there is currently no trading book, the Bank has a set of policies and procedures that aim at strictly circumscribe the level of risk taken low limits of intervention and robust monitoring of positions.
The Bank does not have capital requirements as defined in accordance with Part Three, Title IV, Chapters 2 to 4 of the CRR.

Market risks limits

Related with the investment banking activity and with the ALCO, the Bank limits the interest rate sensitivity of the trading portfolio at EUR 5,000 Value of Basis Point ("VBP"). Also, non-related to trading activity, the Bank also limits the interest rate risk emerging from the Fair Value through Other Comprehensive Income ("FVOCI") portfolio to EUR 50,000 VBP and for Hold To Maturity portfolio to EUR 40,000 VBP.

In addition, the positions that can be held in the Bank's trading portfolio have two qualitative limits set by the ALCO or Authorised Management:

- A limit on term of sensitivity is set at EUR 5,000;
- A limit on the notional amount is set at EUR 5 Million.

More restrictive conditions in term of Forex have been applied to avoid excessive exposure of the Bank to a specific group of currency on a daily basis.

For the purpose of the limits the following currencies are considered as liquid: USD, JPY, GBP, CHF, DKK, NOK, SEK, CAD, AUD, NZD, SGD, and HKD

A special focus is put on BRL which has a specific limit. The authorized limits on overall open position are the following:

- Liquid currency – intraday & overnight: 100,000 in EUR equivalent;
- Liquid currency – weekend: no limit;
- Illiquid currency: 50,000 in EUR equivalent; BRL currency: 50,000 in EUR equivalent.

The Bank calculates the following regulatory stress tests as set out in EBA/GL/2018/02 and CSSF 08/338:

- Parallel shift of +200 BP and -200 BP of interest rate curve are also used to perform the regulatory stress test as defined by Directive 2013/36/EU (Standard Shock) and circular CSSF 08/338;
- Scenarios SC1 to SC6 (Parallel shock up , Parallel shock down, Short rates shock up, Short rates shock down, Steepener shock, Flattener shock) are the defined EBA rate shock scenarios for measuring Economic Value of Equity ("EVE") under the standard EVE outlier test. When the decline in EVE is greater than 15.00% of the institutions Tier 1 capital under any of the six scenarios, the Bank should inform the competent authority within the next reporting cycle. When the amount of the negative impact on EVE is greater than 20% of the institution's own funds, the Bank will inform the competent authority immediately.

Change in EVE In EUR	December 2021
Outcome according to paragraph 113 of the EBA/GL/2018/02	-4,940,000
Parallel Shock Down	1,405,000
Parallel Shock Up	-4,940,000
Outcome according to paragraph 114 EBA GL/2018/02	-4,940,000
Parallel Shock Down	1,405,000
Parallel Shock Up	-4,940,000
Short Rates Shock Down	825,000
Short Rates Shock Up	-2,720,000
Steepener	-300,000
Flattener	-1,140,000

Tableau 17 : Interest Rate Stress Test (EVE impact)

In the worst-case scenario (an increase of 200bp in the Interest Rate curve) the Bank would suffer a negative impact of the EVE of EUR 4,940K. It would corresponds to 11.77% of the Bank's Equity. The main driver is the change of the economic value of the Bank's portfolio composed of fixed income investments and the growth in the credit activity.

From a Net Interest Income ("NII") perspective, the worst change in the forecasted NII expected within 12 months would amount to EUR 259K in case of a parallel shock down. It would mainly result from the negative interest paid to the BCL.

Change in NII EUR	December 2021
Flat scenario	141,000
Parallel Shock Down	-259,000
Parallel Shock Up	849,000
Short Rates Shock Down	3,000
Short Rates Shock Up	-
Steepener	257,000
Flattener	112,000

Tableau 18 : Interest Rate Stress Test (NII impact)

Market risk monitoring

The market risk monitoring is done through a daily examination in nominal and duration of detention of the Bank's trading exposures by the Risk Management department which ensures the coherence between the limits approved and the operational thresholds used by the Treasury and Dealing Room department.

8 Liquidity Risk

The liquidity risk plays a key role on the Bank's Risk Management framework. Liquidity and funding are critical, for this reason they are continuously managed to ensure they can be adjusted to sudden changes in market conditions or the operating environment, whether widespread or relatively small.

Regarding the funding, the Bank benefits from the support of its Parent Company and has established a Global Master Repurchase Agreements with several counterparties allowing to perform repurchase operations in case of need. The Bank receives extra liquidity from its Parent Company. This volatile excess of liquidity from the group is deposited with the Bank in order to access the BCL. This excess of liquidity is placed to the BCL, through the Bank, to minimize the counterparty risk from a corporate level. In addition, the Bank has a EUR 50M pledge from its Parent Company to mitigate the Large Exposure towards the Group. The liquidity from the Parent Company is not considered as a source of funding.

The Bank maintains daily deposits at the BCL. Consequently, the "Daily Liquidity Reporting" is sent to BCL in order to allow the market authority to follow the Bank situation. Internally, the Bank is performing a daily monitoring of LCR and Loan-to-Deposit ratio ("LtD") to ensure the liquidity situation is sufficient to handle with not only the business requirement but also the unforeseen situations in the market.

As of 31st December 2021, the LCR was of 183.00% well above the appetite limit set at 125%. As of 30th June 2022, the LCR was of 210.00%.

In 000's EUR	31/03/21	30/06/21	30/09/21	31/12/21	31/03/22	30/06/22	Average
Liquid Assets	142,487	103,673	105,661	157,686	151,924	208,842	145,046
Liquidity Buffer	142,487	103,673	105,661	157,686	151,924	208,842	145,046
Total Outflows	112,035	101,627	85,194	128,425	106,162	145,674	113,186
Inflows subject to 75% Cap	42,875	50,992	11,837	42,036	42,352	46,637	39,455
Net Liquidity Outflows	69,160	50,275	73,358	86,389	63,811	99,537	73,755
Liquidity Coverage Ratio	**206.03%**	**206.21%**	**144.00%**	**183.00%**	**238.00%**	**210.00%**	**197.87%**

Tableau 19 : Main components of LCR ratio

The Bank is also daily monitoring the Net Stable Funding Ratio which is binding since June 2021:

In 000's EUR	31/03/21	30/06/21	30/09/21	31/12/21	31/03/22	30/06/22
Total Available Stable Funding	165,048	194,757	205,214	219,936	251,107	220,778
Total Required Stable Funding	143,609	136,155	147,008	157,194	180,155	156,791
Net Stable Funding Ratio	**114.93%**	**143.04%**	**139.59%**	**139.91%**	**139.38%**	**140.81%**

Tableau 20 : Main components of NSFR ratio

On a quarterly basis, the Bank performs liquidity stress testing tests to assess the potential impact of extreme stress scenarios on its liquidity positions and current mitigation techniques taking into account both market liquidity (external factors) and funding liquidity (internal factors).

9 Other risks

9.1 Compliance Risk

Compliance risk is defined as the risk of regulatory scrutiny and/or sanctions or loss to reputation which may result in material financial loss for the Bank, as a result of its failure to comply with laws, regulations, its own code of conduct and standard of best practices.

Andbank Luxembourg is scrutinized by a strong regulatory regime in the Luxemburgish financial sector. The Bank constantly must adhere to new regulations and European directives. It requires a strong organization that is able to adapt and implement new regulatory requirements in a timely manner.

Although there aren't specific qualitative metrics that measures compliance risk, the Bank has put in place an organizational department that manages the policies and procedures necessary to meet all the regulatory requirements. In addition, a new regulatory committee is being created aiming to enforce and put in place the upcoming regulatory Banking requirements.

The Bank will apply the maximum diligence and the appropriate means to minimize the risk of normative noncompliance. In this sense, the necessary control mechanisms will be established to avoid regulatory non-compliance.

<u>Mitigation techniques of the Compliance Risk</u>

The Bank respects all laws and regulations in force by having developed a set of policies and procedures that includes supervision controls. By implementing those, the employees shall respect the regulatory framework of Andbank Luxembourg.

In the area of AML/CFT, key aspects are:

- A regulatory watch on AML/CFT issues is in place (strengthened rules on country restrictions);
- All high risk account openings are examined and validated by the Compliance department, completed by a formalized revision process updating the KYC elements on the existing client base.
- The implementation of a customer risk classification based on risk factors for the Private Bank activities;
- The on-going customer and transaction monitoring, including the clients' name screening against official list;
- The control of the status of the various breaches detected and the monitoring of the corrective actions defined to mitigate the gaps identified;
- Staff training and awareness (cf. paragraph on trainings).

In the area of market integrity, professional and personal ethics:

- The Bank has a MiFID control framework.
- The Bank has an inducements and conflict of interest policies to effectively manage conflicts of interests, to declare gifts and incentives, to guarantee the best conditions for the execution and safeguarding of assets, and to establish controls against market manipulation.

Regarding the internal code of ethics, the right of alert is granted to every employee ("whistleblowing"). This right is defined in the internal code of conduct which is handed to every employee at the inception of his/her employment contact.

In addition, the Compliance department prepares a summary annual report to the attention of the Board and Joint Specialised Committee on the compliance situation of the Bank, according to Circular 12/552 requirements. The document is approved by the Board of Directors and sent to the CSSF. In addition, the internal audit department is performing annual reviews on the MiFID and AML/CFT controls and triannual reviews on the compliance function. The main objective of those reviews is to detect any deficiencies and ensuring they are remediated, by performing a follow-up of the issues detected and their remediation processes.

9.2 Legal Risk

Legal risk can be defined as the risk of loss or imposition of penalties, damage or fines from the failure of the Bank to meet its legal obligations including regulatory or contractual requirements.

The Legal department identifies the legal risks linked to all the activities of the Bank (whether in current or future activities). The Legal department is in particular responsible to ensure that:

- All contracts are correctly written and updated;
- The Bank's procedures identify the main activities that might be subject to a legal risk;
- A legal watch is communicated to all employees.

When particular care is required (e.g. where the law of another jurisdiction may be relevant and where complex contractual relationships are intended), an external legal advisor may be consulted.

9.3 Climate-related and environmental risks

Andbank has initiated efforts and will continue to integrate climate-related and environmental risks (CR&E) into the Bank's risk management framework in order to be fully aligned with the CSSF Circular 21/773 and the EBA/REP/2021/18. CR&E risks may translate into physical and transitions risks that could materially impair the financial situation and the operational capacity of a credit institution.

Andbank recognises that CR&E risk inevitably acts as a risk driver that has the potential to materialise across all enterprise risk categories. Based on the initial materiality assessment of CR&E risk on Andbank's business model and associated risk categories, the Bank has identified the following material risk categories:

- Credit risk;
- Operational risk;
- Outsourcing risk.

10 Leverage ratio

The risk of excessive leverage is defined as the risk resulting from vulnerability due to financial leverage or conditional leverage that may require unintended corrective actions of business plans, including emergency sale of assets which could result in losses or result in the need for valuation adjustments of other assets. The risk of excessive leverage materializes as a mismatch of scale of activities and structure of the sources of financing and insufficient equipment of Group's own funds.

The objective of managing the risk of excessive leverage is therefore ensuring a sound relationship between the size of the core capital (Tier 1) and the sum of the balance sheet assets and off-balance sheet liabilities granted by the Bank and the Group.

For the purpose of measuring the risk of excessive leverage, bank leverage ratio is calculated in accordance with Article 451 of CRR II Ordinance i.e. as a measure of Tier 1 capital divided by the measure of total exposure and is expressed as a percentage rate.

In order to manage the excessive leverage, the Bank has some mitigation measures as the ALCO where all the securities of the Bank's portfolio have to be approved (including the bonds, which are the main target strategy). In addition, the Risk Management department is informed by the Treasury and Dealing Room department before executing some significant transactions, in order to evaluate the potential impact. Conservatively, the Bank set up its risk appetite limit at 6% well above the regulatory limit (3%).

As of 31st December 2021, the leverage ratio was of 9.43%. As of 30th June 2022, the leverage ratio was 8.51%.

On-balance sheet exposures (excluding derivatives and SFTs)		As of 31/12/2021	As of 30/06/2022
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	386,873,216	437,722,868
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**386,873,216**	**437,722,868**
Derivative exposures			
4	Replacement cost associated with *all* derivatives transactions (i.e. net of eligible cash variation margin)	-	1,239,324
5	Derogation for derivatives: original exposure method	1,662,723	1,109,805
11	**Total derivative exposures (sum of lines 4 to 10)**	**1,662,723**	**2,349,129**
Other off-balance sheet exposures			
17	Off-balance sheet exposures at gross notional amount	16,396,782	10,565,702
19	**Other off-balance sheet exposures (sum of lines 17 to 18)**	**16,396,782**	**10,565,702**
Capital and total exposures			
20	**Tier 1 capital**	**42,165,910**	**42,445,808**
21	**Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	**428,899,431**	**498,526,663**
Leverage ratio			
22	**Leverage ratio**	**9.43%**	**8.51%**

Tableau 21 : Leverage ratio - Annex I of Commission Implementing Regulation N°2016/200

The leverage ratio has slightly decreased from 10.45% in March 2021 until 8.51% in June 2022.

In 000's EUR	**31/03/2021**	**30/06/2021**	**30/09/2021**	**31/12/2021**	**31/03/2022**	**30/06/2022**
Total Exposure	400,836	387,221	405,316	428,899	442,428	498,526,663
Tier 1 Capital	41,897	42,607	41,552	42,166	42,879	42,446
Leverage ratio	**10.45%**	**11.00%**	**10.25%**	**9.43%**	**9.69%**	**8.51%**

Tableau 22 : Leverage ratio movements during the period

11 Unencumbered assets

An asset shall be treated as being encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralize or credit enhance any transaction from which it cannot be freely withdrawn.

Asset encumbrance is driven by repurchase agreements entered into with the Parent Company. There is no collateral received to be reported as encumbered (Template B – Collateral Received from the Commission Delegated Regulation 2017/2295 is consequently not disclosed).

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
		010	030
010	**Carrying amount of selected financial liabilities**		
050	Repurchase agreements		25,704,025
170	Total Sources of Encumbrance		**25,704,025**

Tableau 23 : Source of encumbrance – Annex I – Template C of Commission Delegated Regulation 2017/2295

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the reporting institution**	25,704,025	-			386,939,849	-		
020	Loans on demand	-	-			188,584,984	-		
030	Equity instruments	-	-			1,534	-	1,534	
040	Debt securities	25,704,025	-	25,704,025	-	14,351,870	-	13,364,666	-
050	of which: covered bonds	-	-	-	-	-	-	-	-
060	of which: asset-backed securities	-	-	-	-	-	-	-	-
070	of which: issued by general governments	-	-	-	-	9,346,907	-	9,346,907	-
080	of which: issued by financial corporations	18,744,877	-	18,744,877	-	4,017,759	-	4,017,759	-
090	of which: issued by non-financial corporations	6,959,147	-	6,959,147	-	987,203	-	-	-
100	Loan and advances other than loans on demand	-	-			174,010,918	-		
120	Other assets	-	-	-	-	9,990,544	-	-	-

Tableau 24 : Encumbered and unencumbered assets – Annex I – Template A of Commission Delegated Regulation 2017/2295

12 Capital buffers

The Bank has been required by the CSSF to maintain, on an individual level, own funds in excess of the capital requirement set out in article 92(1) of Regulation (EU) No 575/2013 ("CRR"). The additional own funds is set at 3% if the Total Risk Exposure Amount.

12.1 Capital Conservation Buffer

The Capital Conservation Buffer ("CCB") is a CRD IV buffer requirement, met by CET1 capital, which can be used to absorb losses during periods of stress. The Bank's current CCB rate is 2.50%.

12.2 Countercyclical buffer

The Countercyclical Buffer ("CCyB") is a CRD IV buffer requirement, met by CET1 capital, equal to the relevant capital requirements multiplied by the weighted average of countercyclical rates applicable in countries in which the exposures are located. The Bank's specific CCyB as of 31st December 2021 is illustrated in the table here below.

Total risk exposure amount in EUR	79,009,453
Institution specific countercyclical buffer rate	0.03%
Institution specific countercyclical buffer requirement in EUR	23,703

Tableau 25 : Amount of institution-specific countercyclical capital buffer – Annex I Table 2 of the Commission Delegated Regulation 2015/1555

The next table below discloses the geographical distribution of credit exposures relevant for the calculation of the Bank's specific countercyclical buffer rate.

ANDBANK Private Bankers

Andbank Luxembourg

Country	General credit exposures		Trading book exposure		Securitisation exposure		Own funds requirements				Own funds requirement weights	Countercyclical capital buffer rate
	Exposure value for SA	**Exposure value IRB**	**Sum of long and short position of trading book**	**Value of trading book exposure for internal models**	**Exposure value for SA**	**Exposure value for IRB**	**Of which: General credit exposures**	**Of which: Trading book exposures**	**Of which: Securitisation exposures**	**Total**		
LU	197,691,046	-	-	-	-	-	23,702.84	-	-	23,702.84	5.25%	0.05%
TOTAL	**197,924,736**	**-**	**-**	**-**	**-**	**-**	**23,702,84**	**-**	**-**	**23,702.84**	**5.25%**	**0.05%**

Tableau 26 : Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer – Annex I Table 1 of the Commission Delegated Regulation 2015/1555

13 Remuneration

The Bank's compensation model will foster corporate risk culture, promoting risk-taking practices consistent with the desired performance of the business areas and defined risk appetite.

The Remuneration Policy contains the following points to effectively integrate the values of the corporate risk culture:

- The policy will define a fixed remuneration as well as annual and multi-year plans of variable remuneration;
- The remuneration will not depend exclusively on the achievement of financial objectives, it also takes into account the risks taken to reach those objectives, both in the area of risk and in business;
- In the business area, the remunerations will consider business and risk objectives;
- In the area of risks, remuneration will focus on those objectives relevant to the performance of its function and will not include business objectives that may compromise its independence;
- In the rest of the central service areas (except for Internal Audit), the remuneration will be set based on the operating margin and the particular criteria of each area, valuing the inclusion of criteria based on the metrics and qualitative indicators of appetite to the risk that is relevant.

Remuneration policy

The Risk Management department assists in and informs on the definition of suitable risk-adjusted performance measures, as well as in assessing how the variable remuneration structure affects the risk profile and culture of the institution. It will also validate and assess risk adjustment data, and will review the policy of the Bank in order to assure the alignment with the risk management strategy and framework.

The disclosures in relation to the article 450 of CRR are available in the Bank's website: https://www.andbank.com/luxembourg/cadre-reglementaire-la-banque/.

14 Appendix

14.1 BoD skills and expertise

Mr Alberto Garfunkel
Appointed in: 2019
Expires in: AGM 2022

Mr Garfunkel holds a BA in Economics and Business Administration, from the University of Ben Gurion. Mr Garfunkel holds 44 years of experience within the financial sector. He began his career in the Israeli Bank Hapoalim in 1977, where he worked for 32 years, performing different functions. He worked until 1993 for the Beer Sheba Branch, where he finished Manager. Then, he has been relocated in New-York until 1999 and became in charge of the Western Hemisphere as Regional Manager. He returned in Israel until 2001 as Regional Manager for Hanegev District. From 2001 to 2006, he worked as CEO of the Bank in Zurich. The 3 following years, he came back in Israel as member of the BoD and Head of International Activities. He finally left the Group for Lombard Odier Darier Hentsch & Cie, as Senior Advisor. In 2010, he became member of the BoD of Union Bank Israel, and in parallel, became Senior Advisor for Andorra Banc Agricol Reig S.A. in 2012 and BoD member for Sigma Investment House in 2014.
He is Chairman of the Board of Directors of Andbank Luxembourg.

Mr Alfonso Amaro Perez
Appointed in: 2018
Expires in: AGM 2022

Mr. Amaro holds a Bachelor in Business Administration from the Universidad Nacional de Educación a Distancia and a Management Development Program “PDD” from the IESE Universidad de Navarra.
Mr Amaro holds almost 17 years of experience within the financial sector. His professional background includes 6 years working for Banco Banif, always in the operations area, where he reached the level of Deputy Director of Operations of Branch Network. Since 2011 he works for Andbank España, S.A. as Director of Support Area, where he leads an area of 70 employees, and since May 2018 he works for Andbank Luxembourg acting as General Manager in a first time, and now as Managing Director in charge of the areas of Operations, Treasury, and IT & Organisation. Mr. Amaro maintains his role in Andbank España, S.A. (25%).

Mr Ricard Rodriguez Fernandez
Appointed in: 2015
Expires in: AGM 2022

Mr Rodriguez holds a Master Degree in Economics from the Open University of Catalunya (Spain) and a Bachelor degree in Business Administration by the Autonomous University of Barcelona (Spain). Mr Rodriguez is Certified Anti Money Laundering Specialist (ACAMS).
Mr Rodriguez holds 23 years of experience within the financial sector, in audit and compliance areas. Before became Managing Director of Andbank Luxembourg in 2019, he was Director of Corporate Intelligence and International Governance of the Andbank's Group. As Managing Director of Andbank Luxembourg, Mr Rodriguez is responsible for the following departments: HR, Legal, Compliance, Risk Management, Credit, Internal Audit, IT and Finance. He is also Board member of Andbank Asset Management Luxembourg since 2019.

Mrs Isabela Perez Nivela
Appointed in: 2022
Expires in: AGM 2023

Mrs Isabela Perez Nivela holds a Law Degree from the University of Navarra. Mrs Perez has 22 years of career. She passed the examinations for General attorney in 2000 and practiced during 2 years at the Basc country. Then, she worked 8 years as Chief Legal Officer of the Spanish TAX authority in Catalonia. From 2011 to 2013, she was General Attorney of Catalonia. From 2013 to 2018, she has been part of the group Coca-Cola (Coca- Cola European Partners Iberia, Coca Cola Western Europe) as General Counsel, Secretary for the Board of Directors, Member of Negotiating Commission, VP Legal, Risk and Compliance Director, …). From 2018, she is Legal Vice President of Coca-Cola European Partners. She holds several mandate :

- Executive director and secretary of the Board of Coca-Cola European Partners Iberia,
- Independent Director of Hola Luz,
- Independent Director and chair of the Board of ANDBANK Wealth Management.

She is independent member of the Board of Directors of Andbank Luxembourg since 2022.

Mrs Perez is member of the Specialised Joint Committee and of the Remuneration and Nomination Committee.

Mr José Luis Muñoz Lasuén
Appointed in: 2009
Expires in: AGM 2022

Mr Muñoz holds a Degree in Business Administration from the ESADE (Barcelona), and a Master in Management and Business Administration from the ESADE (Barcelona).
Mr Muñoz holds 31 years of experience in the banking sector, including 22 years of career in Andorra Banc Agricol Reig S.A.
Mr Muñoz is member of the Nomination and Remuneration Committee and of the Joint Specialised Committee.

Josep Xavier Casanovas Arasa
Appointed in: 2013
Expires in: AGM 2022

Mr Casanovas holds an Executive Master in Business Administration from ESADE (Barcelona), a CEFA ("Certificate of European Financial Analyst") from the Instituto de Estudios Financieros, a Master in Business Administration from La Salle – Manhattan College (Barcelona & New-York), a Master specialization in Spanish taxes from the Colegio de Economistas de Cataluña, and a Degree in Economics, specializing in Business Administration and Management from the Universidad Autónoma de Barcelona.
Mr Casanovas has 32 years of experience in the banking sector and 24 years of seniority whithin Andbank's Group. He has been Managing Director of Andbank Luxembourg from 2013 to 2016, in charge of several areas such as Legal, Finance, HR, Credit, Internal Audit, Risk Management and Compliance. Until September 2021, he was Deputy CEO and CFO in Andbank Andorra. Now, he is Deputy CEO – Corporate Development and Public Policy, and at the same time member of the General Management responsible for Intervention and Control. In addition, Mr Casanovas is BoD member in 2 banking licenses of Andbank's Group under ECB supervision (Andbank Monaco & Andbank Luxembourg). Mr Casanovas is member of the Joint Specialised Committee.

14.2 Disclosure index providing information on where information required by the different articles in Part Eight of the CRR II can be found.

Article	Description	Reference to the report
435	**Risk management objectives and policies**	
435 (1) (a)	Strategies and processes to manage risks	2.3; 5; 5.2; 5.3; 6; 7; 8; 9
435 (1) (b)	Risk management structure and organization	2.2; 2.3
435 (1) (c)	Scope and nature of risk reporting and measurement systems	5.1; 5.2; 5.3, 6; 7; 8; 9
435 (1) (d)	Policies for hedging and mitigating risk	5.1; 5.2; 5.3, 6; 7; 8; 9
435 (1) (e)	Declaration of the management body on the adequacy of risk management arrangements	1
435 (1) (f)	Concise risk statement approved by the management body	1
435 (1) (f) (i)	Key ratios and figures providing external stakeholders a comprehensive view of the institution's management of risk	1
435 (1) (f) (ii)	Information on intragroup transactions and transactions with related parties that may have a material impact of the risk profile of the consolidated group	8
435 (2) (a)	Number of directorships held by members of the management body	2.2.1.1
435 (2) (b)	Recruitment policy for the selection of members of the management body	2.2.1
435 (2) (c)	Policy on diversity with regard to selection of members of the management body	2.2.1
435 (2) (d)	Separate risk committee and number of times it has met	2.2.2
435 (2) (e)	Description of the information flow on risk to the management body	2.3
436	**Scope of application**	
436 (a)	Name of the institution	1
436 (b)	Difference in the basis of consolidation for accounting and prudential purposes	2.1
436 (c)	Impediments to fund transfers	Not applicable
436 (d)	Potential capital shortfalls in unconsolidated subsidiaries	Not applicable
436 (e)	Derogation to the application of prudential requirements	Not applicable
437	**Own funds**	
437 (1) (a)	Full reconciliation of own funds and the balance sheet in the audited financial statements	3
437 (1) (b)	Description of the main features of own funds instruments	3
437 (1) (c)	Full terms and conditions of own funds instruments	3
437 (1) (d)	Disclosure of the nature and amounts of items deducted from own funds	3
437 (1) (e)	Description of all restrictions applied to the calculation of own funds	3
437 (1) (f)	Comprehensive explanation of the basis on which own funds are determined (if different from CRR treatment)	Not applicable
438	**Capital requirements**	
438 (a)	Summary of the approach to assessing the adequacy of internal capital to support current and future activities	4

438 (b)	Result of the ICAAP (upon demand from the relevant competent authority)	4
438 (c)	Capital requirements for credit risk for each exposure class of Article 112	5.1
438 (d)	Capital requirements for credit risk for each exposure class of Article 147	Not applicable
438 (e)	Capital requirements for position risk, large exposures,foreign-exchange risk, settlement risk and commodities risk	Not applicable
438 (f)	Capital requirements for operational risk	4
439	**Exposure to counterparty credit risk**	
439 (a)	Methodology used to assign internal capital and credit limits for counterparty credit exposures	5.1
439 (b)	Policies for securing collateral and establishing credit reserves	Not applicable
439 (c)	Policies with respect to wrong-way risk exposures	Not applicable
439 (d)	Impact of the amount of collateral to provide in case of a credit rating downgrade	Not applicable
439 (e)	Gross positive fair value of contracts, netting benefits, netted current credit exposure, collateral held and net derivatives credit exposures	5.6
439 (f)	Measures for exposure value	5.6
439 (g)	Notional value of credit derivative hedge and distribution of current credit exposure by types of credit exposure	Not applicable
439 (h)	Notional amounts of credit derivative transactions	Not applicable
439 (i)	Estimate of alpha	Not applicable
440	**Capital buffers**	
440 (1) (a)	Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer	12.2
440 (1) (b)	Amount of the specific countercyclical capital buffer	12.2
441	**Indicators of global systemic importance**	
442	**Credit risk adjustments**	
442 (a)	Definitions of 'past due' and 'impaired'	5
442 (b)	Description of the approaches and methods for determining specific and general credit risk adjustments	5.4
442 (c)	Total and average amounts of exposures by exposure class	5.1
442 (d)	Geographical distribution of exposures	5.1
442 (e)	Distribution of exposures by industry or counterparty type	Not available
442 (f)	Residual maturity breakdown of exposures by exposure class	5.1
442 (g)	Distribution of impaired and past due exposures and credit risk adjustments by industry or counterparty type	5.4
442 (h)	Geographical breakdown of impaired and past due exposures and credit risk adjustments	5.4
442 (i)	Reconciliation of changes in credit risk adjustments for impaired exposures	5.4
443	**Unencumbered assets**	11
444	**Use of ECAIs**	5.1
444 (a)	Names of nominated ECAIs	5.1
444 (b)	Exposure classes for which ECAIs are used	5.1
444 (c)	Description of the process used to transfer the issuer and	Not applicable

	issue credit assessments onto items not included in the trading book	
444 (d)	Mapping between external ratings and credit quality steps	Not applicable
444 (e)	Exposure values associated with each credit quality step	Not applicable
445	**Exposure to market risk**	
445	Capital requirements for position risk, large exposures, foreign-exchange risk, settlement risk and commodities risk	Not applicable
446	**Operational risk**	
446	Description of the methodology used for operational risk	6
447	**Disclosure of key metrics**	
447 (a)	Composition of own funds and own funds requirements	3
447 (b)	Amount of total risk exposure	3
447 (c)	Amount and composition of additional own funds	Not applicable
447 (d)	Combined buffer requirement	3
447 (e)	Leverage ratio and total exposure measure	10
447 (f)	Composition of Liquidity Coverage Ratio	8
447 (f) (i)	Average or averages of the liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period	8
447 (f) (ii)	Average or averages of total liquid assets coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period	8
447 (f) (iii)	Averages of their liquidity outflows, inflows and net liquidity outflows end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period.	8
447 (g)	Composition of Net Stable Funding Ratio:	8
447 (g) (i)	The net stable funding ratio at the end of each quarter of the relevant disclosure period	8
447 (g) (ii)	The available stable funding at the end of each quarter of the relevant disclosure period	8
447 (g) (iii)	The required stable funding at the end of each quarter of the relevant disclosure period	8
447 (h)	Own funds and eligible liabilities ratios and components, numerator and denominator	Not applicable
448	**Exposure to interest rate risk on positions not included in the trading book**	
448 (a)	IRBB key assumptions and frequency of measurement	7
448 (b)	IRRBB variation in earnings and economic value, broken down by currency	7
449	**Securitisation activity**	
450	**Remuneration policy**	
450 (1) (a)	Decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the	13

	financial year, including, if applicable, information about the composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders;.	
450 (1) (b)	Information on link between pay and performance	13
450 (1) (c)	Most important design characteristics of the remuneration system, criteria used for performance measurement, deferral policy	13
450 (1) (d)	Ratios between fixed and variable remuneration set in accordance with Article 94(1)(g) of Directive 2013/36/EU	13
450 (1) (e)	Information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based	13
450 (1) (f)	Main parameters and rationale for any variable component scheme and any other non-cash benefits	13
450 (1) (g)	Aggregate quantitative information on remuneration, broken down by business area	13
450 (1) (h)	Aggregate quantitative information on remuneration, broken down by senior management and members of staff with material impact	13
450 (1) (h) (i)	Amounts of remuneration for the financial year, split into fixed and variable remuneration, and the number of beneficiaries	13
450 (1) (h) (ii)	Amounts and forms of variable remuneration, split into cash, shares, share-linked instruments and other types	13
450 (1) (h) (iii)	Amounts of outstanding deferred remuneration, split into vested and unvested portions	13
450 (1) (h) (iv)	Amounts of deferred remuneration awarded during the financial year, paid out and reduced through performance adjustments	13
450 (1) (h) (v)	New sign-on and severance payments made during the financial year, and the number of beneficiaries of such payments	13
450 (1) (h) (vi)	Amounts of severance payments awarded during the financial year, number of beneficiaries and highest such award to a single person	13
450 (1) (i)	Number of individuals being remunerated EUR 1 million or more per financial year	13
450 (1) (j)	Total remuneration for each member of the management body or senior management (upon demand)	13
451	**Leverage ratio**	
451 (1) (a)	Leverage ratio per article 499(2) and (3)	10
451 (1) (b)	Breakdown of total exposure measure and reconciliation with financial statements	10
451 (1) (c)	Amount of derecognised fiduciary items	Not applicable
451 (1) (d)	Description of the process used to manage the risk of excessive leverage	10
451 (1) (e)	Description of the factors that had an impact on the leverage ratio during the period covered by the report	10
452	**Use of the IRB Approach to credit risk**	
453	**Use of credit risk mitigation techniques**	

453 (a)	Policies and processes for on- and off-balance sheet netting	5; 5.3
453 (b)	Policies and processes for collateral valuation and management	5.3
453 (c)	Description of the main types of collateral taken by the institution	5.3
453 (d)	Main types of guarantor and credit derivative counterparty and creditworthiness	5.3
453 (e)	Market and credit risk concentrations within the credit mitigation taken	5.3
453 (f)	Exposure value covered by eligible collateral by exposure class	5.3
453 (g)	Exposure value covered by guarantees and credit derivatives by exposure class	5.3
454	**Use of the Advanced Measurement Approaches to operational risk**	Not applicable
455	**Use of Internal Market Risk Models**	Not applicable