

# **Informe Anual 2009** **2009 Annual Report**



**Crédit Andorrà**

*al vostre servei i al servei del país*



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**Crédit Andorrà**

**Comparative summary of financial data for the last two years**  
**Crèdit Andorrà Group**

	2009	2008
<b>Key balance sheet figures</b>		
<i>(amounts shown in thousand euros)</i>		
Cash and at banks	622,418	1,717,016
Loans to customers	3,030,163	2,902,788
Customer deposits	4,373,749	4,879,467
Securities and other instruments on deposit with third parties (*)	4,880,707	3,933,301
<b>Ratios (%)</b>		
Equity / Deposits	12.57	13.33
Equity / Loans	18.15	22.41
Loans / Deposits	69.28	59.49
Profits / Average capital + Reserves	13.01	14.74
Profits / Average total assets (**)	1.3	1.57
Solvency	23.45	20.37
Liquidity	71.06	70.08
Operating costs less Tax / Ordinary margin	31.36	31.26
<b>Other figures</b>		
Number of employees	482	468
Andorra branch network	19	21
<b>Fitch Ratings</b>		
Long-term	A	A
Short-term	F1	F1
Individual	B	B
Support	4	3

(\*) See note 18 of Annual Report.

(\*\*) As per ANIF memorandum 141/02.

## Introduction

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For the last two years, the international economic and financial situation has been characterised by great volatility and uncertainty. However, at the end of 2009, the figures seem to suggest the deterioration in the economy is coming to an end. Indicators point to a push by the economies of emerging countries and a certain stabilisation of the leading world economies, specifically the United States, Japan and the European Union. Nonetheless, there are still risk factors, such as the financial crisis, property prices and high unemployment, which will have to be monitored very closely.

In the second quarter of 2009, developed economies started to come out of the recession with moderate rates of growth and the forecasts given by the OECD for 2010 are for slightly positive growth. This is predicted to be 0.9% in the Euro area as a whole and 2.5% for the United States, with more significant growth being estimated for the emerging economies known as the “BRIC”, around 9.9%. In general terms, the world economy is expected to grow by 4% in 2010, with a slow but sustained recovery for developed countries and strong growth for emerging countries, which will boost the economies in the rest of the world.

The Andorran economy has also been affected by the general slowdown and its traditional pillars, namely the financial sector, retail, tourism and construction have all slumped, with key indicators showing a clear downward trend.

One institutionally significant event has been Andorra’s adaptation to the international standards required by the OECD in terms of the transparency and exchange of information for tax purposes. This process has culminated in the approval of the classified Act on information exchange for tax purposes, with prior request and with the signing of more than a dozen bilateral agreements so that we can join the group of cooperating countries. Consequently, the Andorran banking sector is now in line with the rearrangement of the international financial system, albeit still maintaining a high degree of confidentiality in customer relations.

The consolidated balance sheet for the Crèdit Andorrà Group as at December 31, 2009 places total business volume at 12,285 million euros, a rise of 569 million euros and 4.9% more than the previous year. Total assets under management stand at 9,254 million euros, 5% up on the previous year, of note being the change in trend in the transfer of deposits to off-balance-sheet assets.

Although the granting of loans has slowed up significantly due to the fall in demand for consumer credit and because a more conservative policy has been applied in assessing risk, credit investment still rose in 2009 by 4.38%, mainly thanks to the performance of mortgage-backed loans and credit to the public sector, totalling 3,030 million euros.

The total operating income for the Crèdit Andorrà Group was 164.44 million euros, 10.27% down on last year, and the net profit from operations, at 72.67 million euros, was 19.28% less than in 2008. Thanks to rationalisation and stricter cost control we have managed to maintain an excellent efficiency ratio of 31.36%. All these effects overall have led to a consolidated net profit for the Crèdit Andorrà Group of 76.65 million euros, after having applied a prudent and conservative policy of provisions.

Crèdit Andorrà has always been characterised by its strength in terms of both capital and liquidity. Our solvency and liquidity ratios, 23.45% and 71.06% respectively, continue to be far above the legal minimums established, these being 10% and 40%. We should also note that we have managed to maintain our market share in terms of business volume in spite of the strong competition.

Given the situation we are experiencing in the market, in 2009 we have implemented a plan to improve the Group’s overall efficiency. This contains three broad objectives. The first is to protect our entity’s profits, while the second is to boost the Group’s sustainability. Here we should point out that we have improved the value we offer our customers by aiming our management at preserving capital and improving returns. We have started up a new management IT system to help us create new international projects and adapt the organisation to the constant

## Introduction

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innovation required by our business with efficiency and security. Lastly, the third objective is to develop engines of growth by pushing the Crèdit Andorrà Group's internationalisation project.

Regarding the objectives of the 2007-2010 Strategic Plan, we have continued to make progress with our international expansion plan and with carrying out projects that generate value for the Crèdit Andorrà Group.

With regard to our expansion in Latin America, and specifically our consolidation in Panama, the Group has taken a significant step forward by creating Crèdit Andorrà Panamá Securities, a firm that will provide brokerage and consultancy services in financial markets.

In Europe, we have strengthened our asset management by moving the funds of Crèdit Andorrà to our collective investment companies in Luxembourg (Crediinvest Sicav and Investcredit Sicav) in order to distribute the funds internationally. And through the insurance holding ERM, our Group has continued to expand in Spain by opening three new branches in Tarragona, Palma de Mallorca and Seville, adding to a commercial network that had previously covered Barcelona and Girona.

Our organisation wishes to bring our activities in line with the best international practices and standards and we have achieved significant recognition in this area.

Firstly, Fitch Ratings has maintained its classification for our entities for another year, with a long-term rating of "A", a short-term rating of "F1", a "B" individual rating and a support "4" rating, with a stable outlook. This is particularly relevant given the current state of the international financial system. According to Fitch, these ratings continue to be "a reflection of the leading position of entities in the Andorran market, of conservative management and solid profitability" and they confirm "the healthy quality of the bank's assets, its significant liquidity and strong capitalisation".

On the other hand, we have also renewed our two international certificates, ISO 9001:2008 for Crediinvest, the Group's fund investment manager, and for the bank's departments of Treasury and Capital Markets and Market Administration and Control. And, for the first time, 2009 also saw this certification for Valira Capital Asset Management, our fund manager located in Madrid.

Lastly, we should also point out that Crèdit Andorrà has started internal operations to adapt the organisation to the European standards in terms of investor protection and information related to investment services, as established by the EU Markets in Financial Instruments Directive (MiFID).

In the area of Social Responsibility, our Group works to integrate the concerns and expectations of society as a strategic value, presenting quality services and acting responsibly towards society and the environment. In 2009, the Group's overall investment, channelled fundamentally through the Crèdit Andorrà Foundation, accounted for 1.97% of the profits. 24% was allocated to education, 37% to culture, 20% to social programmes, 5% to cooperation with economic development and 14% to environmental initiatives.

Our leading position in Andorra's financial sector and our desire to be competitive internationally has led us to grow while maintaining our solvency and to diversify our business with the utmost professional discipline. Every day we will continue striving to improve our customer relations and thereby contribute towards the economic and social development of the communities in which we operate. In order to achieve all this, we have what is most important: a solid mission for the future, a great team of professionals and the trust and confidence of our shareholders and customers.

## The Board of Directors

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**BOARD OF DIRECTORS**

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Chairman of the Board of Directors

**Antoni Pintat Santolària**

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Vice-chairman

**Jaume Casal Mor**

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Chief Executive Officer / Secretary

**Josep Peralba Duró**

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Member of the Board

**Rosa Pintat Santolària**

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Member of the Board

**Maria Reig Moles**

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Member of the Board

**Josep Vidal Martí**

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**EXECUTIVE COMMITTEE MEMBERS**

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Chief Executive Officer and General Manager

**Josep Peralba Duró**

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Corporate Deputy General Manager

**Xavier Cornella Grau**

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Business Deputy General Manager

**Xavier Cornella Castel**

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Private Banking Division Director

**David Betbesé Aleix**

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Insurance Group Director

**Josep Brunet Niu**

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Commercial Banking Division Director

**Jordi Cinca Mateos**

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Financial Division Director

**José Luis Dorado Ocaña**

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General Secretary to the C.E.O.

**Agustí Garcia Puig**

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Loans Department Director

**Frederic Giné Diumenge**

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Accounting, Reporting and Corporate Risk Control Director

**Josep Lluís Grasa Jordana**

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Resources Division Director

**Ramon Lladós Bernaus**

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**Financial statements  
Crédit Andorrà Group**



## Consolidated balance sheets at 31 December 2009 and 2008

### Crédit Andorrà Group

#### ASSETS

	2009	Euros (thousands)	2008 (*)
<b>Cash and deposits with OECD central banks</b>	<b>29,925</b>		<b>31,496</b>
<b>Deposits with Andorran National Institute of Finance (ANIF) (notes 4 and 19)</b>	<b>46,245</b>		<b>46,245</b>
<b>Financial intermediaries (notes 4 and 5)</b>	<b>589,974</b>		<b>1,677,766</b>
Financial intermediaries at sight	88,669		134,706
Due from banks on time deposit	503,824		1,550,814
Provision for insolvencies	-2,519		-7,754
<b>Loan investments (notes 4 and 5)</b>	<b>3,002,649</b>		<b>2,882,289</b>
Customer loans and credits	2,856,473		2,694,799
Overdrafts on customer accounts	147,310		178,391
Customer bills discounted	26,380		29,598
Provision for insolvencies	-27,514		-20,499
<b>Securities portfolio (notes 4 and 6)</b>	<b>1,330,832</b>		<b>888,364</b>
Bonds and other fixed-income instruments	1,259,159		816,360
Provision for insolvencies	-1,302		-2,654
Provision for market fluctuations	-5		—
Investments in Group companies	27,308		22,118
Other investments	23,247		24,827
Provision for market fluctuations	—		—
Shares and other equity securities	14,844		14,844
Provision for market fluctuations	-2,109		-2,143
Investment funds	9,690		15,012
<b>Intangible assets and expenses to be amortized (notes 2.4 and 7)</b>	<b>21,582</b>		<b>133,679</b>
Goodwill	—		195,668
Intangible assets and expenses to be written off	62,417		52,225
Accumulated amortization	-40,835		-114,214
<b>Fixed assets (note 7)</b>	<b>278,773</b>		<b>247,229</b>
Fixed assets	401,057		360,154
Accumulated depreciation	-121,999		-112,925
Provision for depreciation	-285		—
<b>Accrued income and prepaid expenses (note 12)</b>	<b>29,487</b>		<b>69,389</b>
Accrued income	28,749		62,129
Prepaid expenses	738		7,260
<b>Other assets</b>	<b>33,613</b>		<b>41,523</b>
Operations in course	30,056		37,430
Stock	344		583
Options purchased	3,213		3,510
<b>Total assets</b>	<b>5,363,080</b>		<b>6,017,980</b>

(\*) Shown solely for purposes of comparison.

Notes 1 to 22 herewith form an integral part of the consolidated financial statements.

## LIABILITIES

	Euros (thousands)	
	2009	2008 (*)
<b>Andorran National Institute of Finance (ANIF)</b>	<b>58,614</b>	<b>61,020</b>
<b>Creditors (note 4)</b>	<b>4,411,907</b>	<b>4,885,100</b>
Banks and lending institutions	38,158	5,633
Customer deposits	4,373,749	4,879,467
<b>Bonds issued (note 4)</b>	<b>72,206</b>	<b>83,504</b>
<b>Provision for risks and contingencies (note 8)</b>	<b>2,707</b>	<b>2,742</b>
Provision for pensions and similar obligations	—	—
Provision for contingent liabilities	308	392
Other provisions	2,399	2,350
<b>Provision for general banking risks (note 11)</b>	<b>40,855</b>	<b>53,281</b>
<b>Subordinated liabilities (note 11)</b>	<b>150,000</b>	<b>150,000</b>
<b>Accrual accounts (note 12)</b>	<b>15,582</b>	<b>52,268</b>
Accrued expenses	13,375	51,165
Deferred income	2,207	1,103
<b>Other liabilities</b>	<b>25,594</b>	<b>43,869</b>
Operations in course	11,235	26,549
Options issued	2,124	2,498
Suppliers and other creditors	12,235	14,822
<b>Minority interest</b>	<b>705</b>	<b>801</b>
<b>Share capital (note 11)</b>	<b>70,000</b>	<b>70,000</b>
<b>Reserves (note 11)</b>	<b>473,255</b>	<b>565,390</b>
Legal reserve	14,000	7,000
Guarantee reserve	33,063	33,063
Voluntary reserve	273,164	377,850
Revaluation reserve	115,562	115,562
Consolidation reserve	37,466	31,915
<b>Income (notes 10 and 11)</b>	<b>41,655</b>	<b>50,005</b>
Income for year	76,655	85,005
Income from previous years awaiting allocation	—	—
Dividends paid out in advance	-35,000	-35,000
<b>Total liabilities</b>	<b>5,363,080</b>	<b>6,017,980</b>

(\*) Shown solely for purposes of comparison.

Notes 1 to 21 herewith form an integral part of the consolidated financial statements.



## Consolidated off-balance-sheet records as at December 31, 2009 and 2008

### Crédit Andorrà Group

	2009	Euros (thousands)	2008 (*)
<b>Contingent liabilities</b>	<b>242,293</b>		<b>256,549</b>
Guarantees given	239,587		253,685
Documentary letters of credit issued or received with notification to customers	2,706		2,864
<b>Commitments and contingent risks</b>	<b>453,535</b>		<b>488,298</b>
Operating commitments and risks	420,731		449,147
Actuarial commitments and risks	12,356		12,227
Other contingent commitments and risks	20,448		26,924
<b>Forward operations (note 14)</b>	<b>1,379,585</b>		<b>3,749,051</b>
Forward foreign exchange transactions	708,516		2,785,041
Forward transactions on other financial instruments	671,069		964,010
<b>Customer securities held in custody (note 18)</b>	<b>6,003,081</b>		<b>4,618,022</b>
Securities held in custody by third parties	4,880,707		3,933,301
Securities held in own custody	1,122,374		684,721
<b>Other off-balance-sheet records exclusively for management control (note 18)</b>	<b>734,548</b>		<b>775,296</b>
Guarantees and commitments obtained	344,872		404,973
Other off-balance-sheet records	389,676		370,323

(\*) Shown solely for purposes of comparison.

Notes 1 to 21 herewith form an integral part of the consolidated financial statements.

**Consolidated profit and loss account for years ended  
December 31, 2009 and 2008**

**Crédit Andorrà Group**

	Euros (thousands)	
	2009	2008 (*)
<b>Interest and related income</b>	<b>153,855</b>	<b>247,784</b>
ANIF and financial intermediaries at sight	1,324	3,341
On loan investments	122,576	222,589
On bonds and other fixed-income securities	29,955	21,854
<b>Interest and related expenses</b>	<b>-85,646</b>	<b>-182,004</b>
ANIF and financial intermediaries	-1,493	-4,289
On customer deposits	-74,654	-169,002
On bonds	-3,380	-1,243
On subordinated liabilities	-6,119	-7,470
On internal pension fund	—	—
<b>Income from equity securities</b>	<b>314</b>	<b>537</b>
From other investments	49	339
From shares and other equity securities	265	198
<b>Financial margin</b>	<b>68,523</b>	<b>66,317</b>
<b>Commissions, net (note 12)</b>	<b>81,466</b>	<b>98,153</b>
Commissions on services supplied	92,016	110,410
Commissions on services received	-10,550	-12,257
<b>Results of financial transactions</b>	<b>14,025</b>	<b>18,450</b>
Net provision for market fluctuations (note 6)	38	-41
Foreign exchange earnings	5,925	10,647
Income from securities transactions	4,175	3,483
Income from forward transactions	36	716
Share in losses / profits of companies accounted by equity method	3,854	3,620
Other	-3	25
<b>Other ordinary profit</b>	<b>435</b>	<b>360</b>
<b>Ordinary margin</b>	<b>164,449</b>	<b>183,280</b>

(\*) Shown solely for purposes of comparison.

Notes 1 to 21 herewith form an integral part of the consolidated financial statements.

	Euros (thousands)	
	2009	2008 (*)
<b>Ordinary margin</b>	<b>164,449</b>	<b>183,280</b>
<b>Personnel costs</b>	<b>-31,415</b>	<b>-35,805</b>
Personnel, Board of Directors and indemnities	-23,992	-27,618
Social Security	-2,279	-3,012
Ordinary allocations to other insurance institutions (notes 3.9 and 9)	-2,220	-2,313
Other personnel costs	-2,924	-2,862
<b>General expenses (note 12)</b>	<b>-35,712</b>	<b>-37,062</b>
Supplies	-783	-984
External services	-19,371	-20,508
Taxes	-15,558	-15,570
<b>Depreciation expenses, net</b>	<b>-24,359</b>	<b>-22,319</b>
Depreciation allowed on intangible and tangible fixed assets	-24,359	-22,319
<b>Provision for depreciation of fixed assets, net</b>	<b>-285</b>	<b>1,950</b>
Allocation of provision for depreciation of fixed assets	-285	—
Recovery of provisions	—	1,950
<b>Operating margin</b>	<b>72,678</b>	<b>90,044</b>
<b>Provision for insolvencies, net (notes 5 and 6)</b>	<b>-4,616</b>	<b>-9,258</b>
Allocations to provision for insolvencies	-12,344	-9,258
Recovery of provisions for insolvencies	7,728	—
<b>Provision for risks and contingencies, net (note 8)</b>	<b>-624</b>	<b>-373</b>
Allocations to provision for risks and contingencies	-708	-886
Recovery of provisions for risks and contingencies	84	513
<b>Provision for general banking risks (note 11)</b>	<b>—</b>	<b>—</b>
<b>Ordinary profit</b>	<b>67,438</b>	<b>80,413</b>
<b>Extraordinary profit (note 12)</b>	<b>9,196</b>	<b>4,933</b>
Recovery of provisions for general banking risks (note 11)	12,431	11,351
Other extraordinary profit	-3,235	-6,418
<b>Profit for the year</b>	<b>76,634</b>	<b>85,346</b>
<b>Profit attributed to minority interest</b>	<b>-21</b>	<b>341</b>
<b>Profit attributed to the Group</b>	<b>76,655</b>	<b>85,005</b>

(\*) Shown solely for purposes of comparison.

Notes 1 to 21 herewith form an integral part of the consolidated financial statements.

**Statement of source and application of funds for years ended  
December 31, 2009 and 2008**

**Crédit Andorrà Group**

**SOURCES OF FUNDS**

	2009	Euros (thousands)	2008 (*)
<b>Funds generated by operations</b>	<b>90,216</b>		<b>100,076</b>
Profit for the year	76,656		85,005
Net provision for insolvencies	4,616		9,258
Net provision for asset depreciation	285		—
Net provision for market fluctuations	—		41
Allocations to other funds	624		373
Other	-12,469		-13,300
Depreciation of tangible and intangible fixed assets	24,359		22,319
(Profit) / Loss on sale of fixed assets	-1		—
Profits from companies accounted for by equity method	-3,854		-3,620
<b>Positive change in liabilities over assets</b>	<b>1,242,953</b>		<b>22,702</b>
Cash	—		—
ANIF and financial intermediaries	1,125,552		—
Other headings	117,401		22,702
<b>Net increase in liabilities</b>	<b>—</b>		<b>1,125,119</b>
Creditors - Customers	—		1,057,927
Subordinated liabilities	—		—
Bonds issued	—		67,192
<b>Net decrease in assets</b>	<b>1,571</b>		<b>—</b>
Securities portfolio less investments	1,571		—
<b>Sale of permanent investments</b>	<b>—</b>		<b>301</b>
Sale of investments	—		301
Sale of fixed assets	—		—
<b>Total source of funds</b>	<b>1,334,740</b>		<b>1,248,198</b>

(\*) Shown solely for purposes of comparison.

Notes 1 to 21 herewith form an integral part of the consolidated financial statements.

## APPLICATION OF FUNDS

	Euros (thousands)	
	2009	2008 (*)
<b>Funds applied to operations</b>	<b>10,017</b>	<b>-289</b>
Applied from other funds	—	—
Other	10,017	-289
<b>Positive change in assets over liabilities</b>	<b>9,556</b>	<b>588,470</b>
ANIF and financial intermediaries	2,406	588,470
Other headings	7,150	—
<b>Net decrease in liabilities</b>	<b>517,016</b>	<b>—</b>
Creditors - Customers	505,718	—
Bonds issued	11,298	—
<b>Net increase in assets</b>	<b>569,031</b>	<b>526,393</b>
Cash	—	12,147
Loan investments - Customers	130,212	157,490
Securities portfolio less investments	438,819	356,756
<b>Purchase of permanent investments</b>	<b>51,502</b>	<b>38,840</b>
Purchase of investments	—	413
Purchase of tangible and intangible fixed assets	51,502	38,427
<b>Funds applied to financing operations</b>	<b>177,618</b>	<b>94,784</b>
Supplementary dividend for previous year	35,000	35,000
Preliminary dividend for current year	35,000	50,000
Other equity amounts	107,618	9,784
<b>Total application of funds</b>	<b>1,334,740</b>	<b>1,248,198</b>

(\*) Shown solely for purposes of comparison.

Notes 1 to 21 herewith form an integral part of the consolidated financial statements.

## Notes on the consolidated financial statements at December 31, 2009 and 2008

### Crédit Andorrà Group

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#### Note 1 Identity of the Bank and its activities

Crédit Andorrà SA (hereinafter the Bank), authorised in 1949, is a limited company engaged in banking activities which it carries out as a commercial bank and as a private bank, and is subject to the rules and regulations governing financial institutions operating in Andorra.

The Bank's registered offices are at Avinguda Meritxell, 80, Andorra la Vella, Principality of Andorra.

Crédit Andorrà SA is the parent company in the Group and, together with its subsidiaries, set out in notes 2.4 and 6.1, form part of the Crédit Andorrà SA Group (hereinafter the Group).

#### Note 2 Bases of presentation and consolidation principles

##### 2.1 Approval by the General Shareholders' Meeting

The Group's annual consolidated financial statements for the year ending December 31, 2008 were approved by the Bank's General Shareholders' Meeting on April 28, 2009.

The annual consolidated financial statements of the Group, of the Bank and of almost all the companies that form part of the Group for the year 2009 are pending approval by their respective General Shareholders' Meetings. Nevertheless, the Bank's Board of Directors believes they will be approved without any changes.

##### 2.2 Presentation and Application of the Accounting Plan of the Andorran Financial System

These consolidated financial statements have been drawn up by the Bank's administrators based on the accounting records of the banks and companies that go to make up the Group, and have been prepared according to the Accounting Plan of the Andorran Financial System approved by the government of Andorra on January 19, 2000, so that they show a true and fair view of the consolidated equity, consolidated financial position, consolidated results and resources obtained and applied by the Group.

The consolidated financial statements are presented in thousands of euros, which is the currency used for the Group's operations and presentations, rounded up or down to the nearest thousand.

The Andorran National Institute of Finance (ANIF) is the body charged with the supervision and control of those entities that go to make up the Andorran financial system, as well as the implementation and application of the Accounting Plan and those regulations applicable to these entities.

Note 3 summarises the accounting principles and policies and the most significant valuation criteria applied in preparing these consolidated financial statements.

No mandatory accounting principle or valuation criterion having a significant effect on these consolidated financial statements has been excluded.

##### 2.3 Critical aspects of valuation, estimating uncertainty and relevant opinions made when applying accounting policy

The preparation of the consolidated financial statements requires the use of relevant accounting estimates, the application of opinion and processes of estimation and hypothesis. In this respect, below is a summary

providing details on those aspects that have involved a greater degree of opinion and complexity or for which the hypotheses and estimates are significant in preparing these consolidated financial statements.

- Useful life of tangible and intangible assets and expenses that can be depreciated.
- Fair value of certain assets and liabilities not listed.
- Calculation of provisions made.

Although the estimates made by the Bank's administrators as at December 31, 2009 have been carried out according to the best available information to date, events that may take place in the future may require these to be modified in the next few years. This modification will be carried out prospectively, recognising the effects of the change in estimate in the corresponding consolidated profit and loss accounts.

## 2.4 Consolidation principles

According to the Accounting Plan of the Andorran Financial System, there is a relationship of control by a dominant entity over a dependent entity when the former, either directly by itself or indirectly through other persons or entities acting on its behalf or in agreement with the former:

- holds a majority of the voting rights or is able to make use of, pursuant to an agreement with other shareholders, a majority of the voting rights of the latter;
- has the right or has actually exercised the right to appoint or remove a majority of the members of the governing body;
- has appointed, exclusively with its votes, at least half plus one of the members of the governing body of the latter, or
- controls the governing body because at least half plus one of the members of the governing body of the latter are board members or senior management, directly or indirectly, of the former.

The same economic group is made up of those entities that, irrespective of their legal form, activity or company domicile, constitute:

- a decision-making unit so that one of these entities exercises, directly or indirectly, the sole management of the other entities or the aforementioned management is exercised by one or more individuals acting systematically and co-ordinately, and
- an economic unit of risk as its solvency, capacity to generate funds or future viability depends closely on any of its components.

In any case, the dominant entities and their dependent entities are understood as an economic group.

Multigroup entities are those not included in the economic group but which are managed by one or more entities of the group and which form part of its share capital, together with one or more other entities which are not related to it. Entities are understood to be managed jointly when, in addition to forming part, directly or indirectly, of the capital, any of the following circumstances apply:

- joint management has been established in the company articles of association, or
- there are pacts or agreements that allow shareholders to exercise their right to veto in taking company decisions.

Associated entities are those not included in the economic group but which meet both the following requirements:

- one or more group entities form a part, directly or indirectly, of the entity's share capital, and
- a long-lasting relationship has been created that contributes to its activity.

These requirements are deemed to have been met when one or more group entities hold a direct or indirect share in the company's capital of at least 20%, or 3% if it is quoted on a regulated market.

### **Consolidation methods**

Full integration is applied when the entity to be consolidated carries out a non-differentiated activity (entities from the financial system or instrumental and/or auxiliary entities, fundamentally) and when it belongs to the economic group.

According to the full integration method, the book value of investments and flows resulting from this situation is replaced with the assets and liabilities, and with the income and expenditure of the investee company, i.e. the items of the subsidiaries to be consolidated that form part of the group are included within or added to the balance sheet and to the profit and loss account of the parent company, replacing the book value of the investment with the assets and liabilities of the companies to be consolidated.

All significant balances from the balance sheet and the off-balance-sheet accounts, i.e. loans, debts and claims existing between Group entities, have been eliminated.

Income and expenditure related to significant transactions between consolidated entities have been eliminated and do not affect the Group's results. Results produced by internal transactions have been eliminated and deferred until realised via third parties.

The difference between the book value of companies consolidated by the fully-integrated method and their equity at year-end is included in the consolidation reserves.

The accounts of the consolidated entities are governed by the same rules of classification, valuation, depreciation and supply.

The consolidation of the profit or loss generated by subsidiaries acquired in a financial year is carried out by taking only into consideration the results for the period between the date of acquisition and the date this period ends.

In the case of the fully-integrated consolidation method, in the consolidated profit or loss, the part corresponding to the Group, according to the Group's percentage investment, is differentiated from the part corresponding to the minority, i.e. that which does not belong to the Group. In the liabilities of the balance sheet, the heading "Minority interest" reflects the part that does not form part of the equity and that corresponds to minority shareholders.

The equity method is applied when the entity to be consolidated is an associated company, when it belongs to the economic group but carries out a differentiated activity and when it is a multigroup company with a differentiated activity.

In the equity consolidation method, the book value of the investment is replaced by the corresponding percentage of equity in the investee company, with adjustment to liabilities, if necessary, of the differences between the investment and the equity of the company consolidated via the equity method. As established by ANIF Memorandum 162/05, in subsequent consolidations any variations in equity (if negative, up to the difference between the equity of the previous consolidation and the book value of the investment) are presented within the section "Share in (losses) / profits of companies accounted for by equity method" of the profit and loss account of the financial statements for the part corresponding to the profit or loss of the investee company. In other cases, variations in equity have a balancing entry in liabilities under "Consolidation reserves".

### Consolidated entities

These consolidated financial statements include the following fully-owned companies, consolidated by the fully and proportionally integrated method (in thousand euros):

2009	Domicile	Activity	Consolidation method	Auditor	% participation	Equity	Profits / Losses	Dividends paid out
Crediinvest SA (*)	Andorra	Fund Manager	Fully	KPMG	100%	707	714	1,043
Crèdit Iniciatives SA (*)	Andorra	Venture capital	Fully	—	100%	13,944	12	—
Patrigest	Andorra	Property	Fully	—	100%	877	90	—
Crèdit Capital								
Immobiliari SAU (**)	Andorra	Property	Fully	—	100%	10,185	188	—
Crèdit Andorrà								
Preference Ltd.	Cayman	Financial	Fully	—	100%	1	—	—
Valira Asset		Investment						
Management SL	Spain	advice	Fully	KPMG	60%	1,762	-54	260
Crèdit Andorrà Panamá	Panamá	Banking	Fully	KPMG	100%	5,113	-961	—

2008	Domicile	Activity	Consolidation method	Auditor	% participation	Equity	Profits / Losses	Dividends paid out
Crediinvest SA (*)	Andorra	Fund manager	Fully	KPMG	100%	1,036	2,300	2,738
Crèdit Iniciatives SA (*)	Andorra	Risk capital	Fully	—	100%	13,932	60	—
Patrigest	Andorra	Property	Fully	—	100%	2,046	30	—
Crèdit Capital								
Immobiliari SAU (**)	Andorra	Property	Fully	—	100%	9,997	1,954	—
Crèdit Andorrà								
Preference Ltd.	Cayman	Financial	Fully	—	100%	1	—	—
Valira Asset		Investment						
Management SL	Spain	advice	Fully	KPMG	60%	2,001	853	—
Crèdit Andorrà Panamá	Panamá	Banking	Fully	KPMG	100%	4,891	-135	—

(\*) Percentage direct and indirect participation.

(\*\*) Formerly CaixaBank SA.

**Crediinvest SA SA** is a fund management company, for which Crèdit Andorrà SA acts as a sales entity.

In 2009, Crediinvest SA opened new investment bodies in Luxembourg through which it plans to manage part of its customer funds that, to date, had been managed with funds domiciled in Andorra. With this action, the Crèdit Andorrà Group takes a step forward in the internationalisation process it is currently undertaking, through which it aims to break into new markets and gain access to a larger number of potential customers.

**Crèdit Andorrà SA** is the depository for the Andorran investment funds.

This company, and the various investment bodies it manages, come under the supervision and control of the ANIF. The dividend obtained in 2009 was 393 thousand euros as supplementary dividend for 2008, and 650 thousand euros as dividend charged to the 2009 financial year.

**Crèdit Iniciatives SA** is a venture capital company.

**Patrigest SA** is a property asset management company. During 2009, Patrigest Informació Financera SL (Andorra), a company that, as at December 31, 2008, was 96.7% owned by Patrigest SA and 3.3% owned by Crèdit Andorrà SA, joined the consolidatable subgroup Crèdit Assegurances (see note 6.1).

**Crèdit Capital Immobiliari SAU** is a property company. As from December 6, 2007, when the government of Andorra authorised the modification of the corporate purpose (previously banking business) and the change in company name (previously CaixaBank SA) to the current purpose and name, its sole corporate purpose is to manage the assets of the Crèdit Andorrà Group. The company's present activity is limited to holding and managing certain property from the acquisition of CaixaBank SA on July 31, 2005, and on which Crèdit Andorrà SA exercised a call option in 2008.

**Crèdit Andorrà Preference Ltd.** is a 100% owned subsidiary of Crèdit Andorrà, established in December 2005 for the issue of preferred shares (see note 11).

**Valira Asset Management SL**, established in January 2007 with its head offices in Madrid (Spain), is a company with a complete structure for management and advisory services in the area of Hedge Fund investments. It currently has its own instruments to manage and control risks.

In September 2007, Crèdit Andorrà SA joined this company as a majority shareholder with a 60% share.

On January 15, 2008, Valira Asset Management SL, with the authorisation of Spain's National Securities Commission (hereinafter the CNMV), established a Mutual Fund Institutions Management Society under the name of Valira Capital Asset Management S.G.I.I.C. SAU. Its corporate purpose consists of advising on eligible counterparties, administration, representation, management of investments and management of the subscriptions and reimbursement of investment funds and companies, as established by Clause 40 of Spanish Act 35/2003, dated November 4.

On November 3, 2009, once it had registered with ANIF, Valira Asset Management SL applied to the CNMV for permission to extend its activities in order to be able to manage traditional investment funds and OEIC (open-ended investment companies), as well as custody and administration activities (see note 20).

**Crèdit Andorrà Panamá Holding SA** is a 100% owned subsidiary of Crèdit Andorrà SA whose sole corporate purpose is to carry out the functions of a parent company for the consolidatable subgroup Crèdit Andorrà Panamá, the vehicle used by the Bank to channel the expansion of its Latin American business.

In September 2008, the Republic of Panama Superintendency of Banks (the supervising authority in that country) authorised an international banking licence for Crèdit Andorrà. Subsequently, on November 17, 2008, Banco Crèdit Andorrà (Panamá) SA, a company was set up, 100% owned by Crèdit Andorrà Panamá Holding SA, whose main corporate purpose is asset management, offering customers a wide variety of financial services and global financial advice.

In 2009, the Crèdit Andorrà Group was granted a licence by the National Securities Commission of the Republic of Panama to operate through the securities firm **Crèdit Andorrà Panamá Securities SA**. This subsidiary, 100% owned by Crèdit Andorrà Panamá Holding SA, will focus its services on brokerage and financial investment.

In addition to the above-mentioned companies, the consolidatable subgroup Crèdit Andorrà Panamá is also made up of the companies Crèdit Andorrà Panamá Patrimonial SA (100%) and Crèdit Andorrà Panamá Call Center SA (100%). As at December 31, 2009, the company is waiting to receive, from the Republic of Panama Superintendency of Banks, confirmation of the registration of the subsidiaries Patrigest Uruguay SA (100%, representative office in Montevideo) and Water Stone SA (50%, Uruguayan law firm acquired during 2009) as subsidiaries of Crèdit Andorrà Panamá Holding SA.

The establishment of the consolidatable subgroup Crèdit Andorrà Panamá forms part of the expansion policy of the Crèdit Andorrà Group through Latin America, which has led to the Group having a presence in countries such as Spain, Switzerland, Luxembourg, Uruguay and Panama.

On the other hand, and as part of its development plan, the Bank has also taken out investment commitments totalling 20,168 thousand euros, subject to certain regulatory authorisation and administrative procedures.

The Group entities consolidated by the equity method are mentioned in notes 6.1 and 6.2.

## **2.5 Comparing the information**

The information contained in these financial statements for 2009 referring to 2008 is only presented for comparative purposes and therefore does not constitute the Group's consolidated financial statements for 2008.

In order to comply with Memorandum 191/09 of September 11, 2009, and to make it easier to compare the information provided, the details of the net commissions for services corresponding to 2008 presented in note 12.3 have been given again.

## **Note 3 Accounting principles and valuation guidelines**

The accounting principles and policies and the valuation criteria established by the ANIF in the Accounting Plan of the Andorran Financial System have been applied in preparing these financial statements for 2009. These principles are as follows:

### **3.1 Going concern premise**

In preparing the consolidated accounts, it has been assumed that the management of the entities within the Group will continue in the future. The application of the accounting rules has therefore not been aimed at determining the value of the net consolidated equity for the purposes of its total or partial transfer, nor the resulting amount in the case of it being dissolved.

### **3.2 Accrual accounting**

Income and expenditure are recorded according to the accrual period, applying the financial method for those transactions with a liquidation date of more than twelve months. The only exception relates to interest on very doubtful loans, which is recorded as income only when collected.

Applying this principle, the accrual accounts contain the income accrued but not paid and the expenses accrued and not paid, as well as any prepaid income and expenses.

### **3.3 Recording principle**

Following banking practice, transactions are recorded on the date they take place, which may be different from the corresponding value date, which is taken as the basis for calculating income and expenditure for interest.

### **3.4 Conversion of foreign currencies**

Assets and liabilities expressed in foreign currencies other than the euro are converted to euros at the exchange rate current on the balance sheet date, set by the Group of Andorran Banks (ABA in Catalan), except deposits in foreign currency at banks hedged by forward foreign currency contracts. These deposits are converted at current exchange rates at the time they are made, and gains or losses under corresponding forward foreign exchange contracts are recorded during the life of the contracts in the profit and loss account. Income and expenditure are converted at exchange rates current on the date transactions take place.

Below are details of the key exchange rates set by the ABA at December 31, 2009 and 2008:

	2009	2008
US dollars	1.4280	1.4127
Swiss francs	1.4877	1.4980
Pounds sterling	0.8942	0.9789
Japanese yen	132.43	127.73
Canadian dollars	1.5057	1.7325

### 3.5 Provision for insolvencies

#### A. Specific provisions

The determination of specific provisions is based on quantitative and qualitative regulatory guidelines and detailed analysis of exposure to credit risk, carried out by the entity itself, bearing in mind experience of actual loan losses and other relevant factors.

#### B. General provisions

The Group carries a general provision fund for insolvencies regarding loan investments as follows:

- 1% of loan investments to customers.
- 0.5% of bank loan investment to banks.
- Loan investments for the part covered by financial guarantee contracts and loans secured by the pledge of listed securities, with the limit of the market value of these securities, loans and mortgage loans are not recorded under general provisions.

The Group also carries a general provision fund for the institutional securities portfolio:

- 1% of the bonds issued by non-bank entities.
- 0.5% of the bonds issued by banks.
- Bonds issued by the central administrations of OECD countries and Andorra or those expressly guaranteed by these organisms are not recorded under general provisions.

#### C. Provision for country risk

The Group operates only with correspondent banks and lending institutions established in Andorra and in OECD countries. The securities portfolio is made up of issues carried out in Andorra and the OECD, except in the case of the odd issue traded in recognised financial markets. With regard to these bonds, no country risk provision is made, given that they are regularly traded with daily market quotations reflecting their real value.

### 3.6 Securities portfolio

The securities that go to make up the Group's securities portfolio are presented, according to their classification, in line with the following criteria:

#### Fixed income

The fixed-income securities that form part of the Group's portfolio are presented, according to their classification, in line with the following criteria:

- Securities classified as part of the trading portfolio, which are bonds the Group expects to see before maturity in order to benefit in the short term from price variations, are brought into account at their market value. The profit or loss arising from the valuation of these bonds, without taking into account the accrued interest, is recorded net in the profit and loss account under the item "Results of financial transactions – Income from

securities transactions” in the enclosed profit and loss account. Interest accrued after acquisition is recorded under “Interest and related income – Bonds and other fixed-income securities”.

b) Securities within the held-to-maturity portfolio are bonds that the Group has decided to keep until they mature, being capable of doing so. These securities are recorded at their adjusted cost price. The cost price is adjusted daily by the amount resulting from accruing the negative or positive difference between the reimbursement value and cost price during the remaining life of the security. The result of this accrual is recorded under “Interest and related income – Bonds and other fixed-income securities”.

On the disposal of securities, any losses arising are carried to the profit and loss account as extraordinary profit or loss; in the case of profit, this accrues lineally throughout the remaining life of the security sold.

c) The rest of the securities are classified in the ordinary investment portfolio and are valued at their adjusted cost price. However, the difference between the market or fair value and the adjusted cost price is calculated and provision is made, charged to the profit and loss account, to the market fluctuations fund equal to the sum of the negative differences less the sum of the positive differences up to the amount of the negative differences.

The market value of unlisted fixed-income securities, and listed fixed-income securities in the case where the current market situation does not allow prices to be calculated correctly, has been determined using either a model (an evaluation study carried out by an independent professional of renowned prestige) or by using other information obtained from the same market (prices indicated by brokers). Valuation using a market model is largely based on the determination and recording of movements in market values related to credit risk. These movements are shown under provision for market fluctuations mentioned above.

Transfers of securities from the trading portfolio to any other portfolio are carried out at market price, less the accrued interest, if necessary. Securities are transferred from the ordinary investment portfolio to the held-to-maturity portfolio at adjusted cost price or market value, whichever is lower, and any losses arising are written off, if necessary.

#### **Permanent investments**

Permanent investments are initially recorded at cost and later adjusted to show the underlying book value of the Group’s investment in the equity of the subsidiary company.

Securities are transferred from the permanent investment portfolio to other portfolios at net book value.

#### **Shares and investment funds**

Shares and parts of investment funds within the trading portfolio are recorded at market value.

Shares and parts of investment funds classified in the ordinary investment portfolio are shown at cost price or market value, whichever is lower, and negative valuation differences are recorded in a market fluctuations fund.

Market value is determined in accordance with the following criteria:

- Listed shares: share price on the last day of the year.
- Unlisted shares: underlying book value, based on the last available balance sheet.
- Parts of investment funds: latest values provided by the managing companies and/or depositories of the investment funds.

### 3.7 Intangible assets and amortizable expenses

Intangible assets, basically corresponding to the cost of IT applications, and amortizable expenses are stated at cost and amortized over their useful life up to a maximum of 5 years.

Regarding the amortization of goodwill resulting from the acquisition of CaixaBank SA on July 31, 2005, pursuant to that established in the Accounting Plan of the Andorran Financial System, with prior authorisation from the ANIF and given the exceptional nature of the transaction that created this goodwill, as well as its permanent nature, up to December 31, 2009, the amortization of goodwill was calculated over a period of 10 years, covering 50% of the annual cost of this amortization as a charge to reserves.

At December 31, 2009, with prior authorisation from the ANIF and according to the principle of prudence, the Group amortized the remaining goodwill at that date, charged to reserves. This has no impact on the Group's compliance with that established in the Act governing solvency and liquidity criteria, or Act 20/2007, of October 18, on public limited companies, as the aforementioned goodwill was adjusted at the time of calculating the capital base.

With regard to amortizable expenses, only those expenses are recorded that may be affected in more than one year, such as expenditure related to the start-up of new subsidiaries or businesses. In this respect, expenditure is recorded directly related to the start-up of new subsidiaries and/or businesses until these are fully operational, from which time such expenses are recorded in the profit and loss account for the year in which they occur.

### 3.8 Fixed assets

Fixed assets are recorded at cost, updated if necessary, less accumulated depreciation, which is spread over the economic life of each individual asset. Land where buildings and other constructions are located has an indefinite life and is therefore not depreciated.

Provision for depreciation is made when an irreversible loss of economic value of the fixed asset is apparent.

At June 12, 2008, and with the prior presentation of valuations carried out by an independent expert, the ANIF authorised Crèdit Andorrà SA to revalue certain working fixed assets (basically property) by 30% and non-working fixed assets by 90% of the difference between the market value established in this valuation and the book value of the assets at December 31, 2006. The revaluation totalled 101,628 thousand euros, recorded with a balancing entry in a revaluation reserve, as established by the Accounting Plan of the Andorran Financial System (see note 11).

Premises acquired or built before December 31, 1989 appear on the balance sheet at their estimated market value, as established by an independent expert in November 1989 (see note 11).

When a decrease in value takes place, amounts recorded as revaluation reserve may be transferred directly to voluntary reserves.

Upkeep and maintenance costs of fixed assets that do not improve their use or lengthen their useful life are charged to the profit and loss account when they occur, under general expenses.

Individual fixed assets are depreciated using the straight-line method in accordance with the following terms:

	Years
Buildings	50 to 30
Installations	10 to 6
Furniture	10 to 3
IT equipment	5 to 3
Vehicles	3

Property acquired through partial or full foreclosure on loans is recorded under “Non-working fixed assets” at either the book value of the loan foreclosed at the time of acquisition or the estimated market value of the assets, whichever is lower.

Subsequently, assets acquired through foreclosure on unrepaid loans that are not applied to buildings / equipment for own use or that remain unsold within a period of 3 years are depreciated, as of the date of foreclosure, according to the following cumulative depreciation percentages:

Between 3 and 4 years	25%
Between 4 and 5 years	50%
Between 5 and 6 years	75%
More than 6 years	100%

### 3.9 Provision for risks and contingencies

#### A. Specific provisions on contingent liabilities

Provisions for contingent liabilities contain the amounts to cover contingent payments or contingencies of a specific nature.

#### B. Provision for pensions and similar obligations

Obligations with all Crèdit Andorrà SA employees and their beneficiaries related to such contingencies as retirement, death and incapacity (defined contribution system) are currently outsourced to an independent Andorran foundation (Previfun), established in 1998, and are governed under the *Regulation of Mutual Funds for Benefit and Aid to Crèdit Andorrà SA Employees*, approved by the Ordinary General Shareholders’ Meeting of October 23, 2006.

### 3.10 Provision for general banking risks

The Group makes provision for general banking risks corresponding to funds allocated by the Bank for reasons of prudence, given the risks inherent in its banking activity.

### 3.11 Financial derivatives

The Group uses these instruments, principally futures or forward currency contracts, to hedge its balance positions in currencies other than the euro, recorded in off-balance sheet accounts at the nominal exchange amount at maturity of the respective contracts (see note 14).

Transactions undertaken in order to eliminate or significantly reduce exchange rate, interest rate or market risks in equity positions or other operations are considered hedging transactions. Any profit or loss generated by these hedging transactions is accrued in the profit and loss account symmetrically as income or expenditure for the item hedged.

Non-hedging operations, i.e. trading transactions undertaken in regulated markets, are stated at their listed value and fluctuations are recorded in the profit and loss accounts.

Any profit or loss from trading transactions under contract outside these markets is not recorded in the profit and loss accounts until settled. However, the positions are valued on a monthly basis and, if necessary, provisions are made against results for the potential net losses for each type of risk that has arisen from such valuations. The types of risk considered for these purposes include interest rate, market price and exchange rate risk.

### **3.12 Indirect tax on banking and financial services**

In its meeting on May 14, 2002, the General Council of the Principality of Andorra approved the Indirect Taxation on Banking and Financial Services Act. This Act came into force in 2002 and its object was to levy taxes on services provided by banking and financial entities. Subsequently, on July 10, 2002, the Government of Andorra approved the regulations related to the Indirect Taxation on Banking and Financial Services Act.

The rate is calculated according to a system that estimates, based on economic and financial data, the value of the services provided.

On February 21, 2005, the General Council of the Principality of Andorra approved the Act to Modify the Indirect Tax Rate on Banking and Financial Services, raising the rate from 7% to 12%, applicable as of April 1, 2005. Subsequently, on March 30, 2005, it approved the regulations to Amend the Act on Indirect Taxation on Banking and Financial Services.

Accrued expenditure for indirect tax on banking and financial services in 2009 (“indirect banking service tax” or ISI in Catalan) amounted to 12,744 thousand euros (12,830 thousand euros in 2008), and is recorded under the heading “General expenses – Taxes” in the profit and loss account (see note 12.4). The net amount due, having deducted payments on account, is recorded under the heading “Other liabilities – Suppliers and other creditors” on the enclosed balance sheet. Should the Group be entitled to a tax refund, this is recorded under the heading “Accrued Income – Prepaid expenses”. This tax will be paid during the first quarter of the next year.

### **3.13 Unused lines of credit**

Lines of credit granted to customers are recorded in the balance sheet at the amount provided, and the amounts available in off-balance sheet accounts are recorded under the heading “Commitments and contingent risks – Operating commitments and risks”.

## Note 4 Maturity of financial assets and liabilities and breakdown by currency

### 4.1 Distribution of maturity of financial assets and liabilities

The residual maturity of certain assets and liabilities at December 31, 2009 and 2008 is as follows (in thousand euros):

2009	Due and doubtful	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total
<b>Assets</b>							
ANIF	—	46,245	—	—	—	—	46,245
Financial intermediaries – sight, gross	—	88,669	—	—	—	—	88,669
Financial intermediaries – forward, gross	—	441,075	32,614	30,135	—	—	503,824
Loan investments, gross	83,094	111,305	148,121	909,417	1,023,680	754,546	3,030,163
Bonds and other fixed-income instruments	—	2,001	—	65,223	605,863	586,072	1,259,159
<b>Total</b>	<b>83,094</b>	<b>689,295</b>	<b>180,735</b>	<b>1,004,775</b>	<b>1,629,543</b>	<b>1,340,618</b>	<b>4,928,060</b>
<b>Liabilities</b>							
ANIF	—	58,614	—	—	—	—	58,614
Banks and lending institutions	—	38,158	—	—	—	—	38,158
Customer deposits	—	1,798,917	1,098,106	1,371,088	42,552	63,086	4,373,749
Bonds issued	—	—	15,000	26,185	20,033	10,988	72,206
<b>Total</b>	<b>—</b>	<b>1,895,689</b>	<b>1,113,106</b>	<b>1,397,273</b>	<b>62,585</b>	<b>74,074</b>	<b>4,542,727</b>
<b>2008</b>							
	Due and doubtful	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total
<b>Assets</b>							
ANIF	—	46,245	—	—	—	—	46,245
Financial intermediaries – sight, gross	—	134,706	—	—	—	—	134,706
Financial intermediaries – forward, gross	—	794,930	315,534	440,350	—	—	1,550,814
Loan investments, gross	62,160	200,621	154,737	810,730	915,830	758,710	2,902,788
Bonds and other fixed-income instruments	—	—	19,265	108,350	65,557	623,188	816,360
<b>Total</b>	<b>62,160</b>	<b>1,176,502</b>	<b>489,536</b>	<b>1,359,430</b>	<b>981,387</b>	<b>1,381,898</b>	<b>5,450,913</b>
<b>Liabilities</b>							
ANIF	—	51,020	—	10,000	—	—	61,020
Banks and lending institutions	—	5,633	—	—	—	—	5,633
Customer deposits	—	1,992,295	1,148,675	1,659,385	10,543	68,569	4,879,467
Bonds issued	—	—	—	69,013	14,491	—	83,504
<b>Total</b>	<b>—</b>	<b>2,048,948</b>	<b>1,148,675</b>	<b>1,738,398</b>	<b>25,034</b>	<b>68,569</b>	<b>5,029,624</b>

Interest rates on variable rate customer loans with maturity of more than one year are indexed at the one-year interbank market interest rate. At December 31, 2009 and 2008 there were no amounts without maturity date.

## 4.2 Currency breakdown

Details of the currency breakdown of certain assets and liabilities as at December 31, 2009 and 2008 (in thousand euros) are as follows:

2009	Euros	US dollars	Swiss francs	Pounds sterling	Japanese yen	Canadian dollars	Other currencies	Total
<b>Assets</b>								
<b>ANIF</b>	<b>46,245</b>	—	—	—	—	—	—	<b>46,245</b>
Financial intermediaries, at sight	73,871	6,905	867	2,050	854	748	3,374	88,669
Banks and lending institutions	219,360	170,868	—	77,164	—	18,264	18,168	503,824
Provision for insolvencies (-)	-1,097	-854	—	-386	—	-91	-91	-2,519
<b>Total financial intermediaries, net</b>	<b>292,134</b>	<b>176,919</b>	<b>867</b>	<b>78,828</b>	<b>854</b>	<b>18,921</b>	<b>21,451</b>	<b>589,974</b>
Customer loans and credits	2,762,650	7,522	61,304	8,001	16,576	138	282	2,856,473
Overdrafts on customer accounts	63,291	79,493	664	3,464	218	121	59	147,310
Customer bills discounted	26,376	4	—	—	—	—	—	26,380
Provision for insolvencies (-)	-27,082	-133	-76	-108	-80	-3	-32	-27,514
<b>Total loan investments, net</b>	<b>2,825,235</b>	<b>86,886</b>	<b>61,892</b>	<b>11,357</b>	<b>16,714</b>	<b>256</b>	<b>309</b>	<b>3,002,649</b>
<b>Securities portfolio, net</b>	<b>1,070,961</b>	<b>187,263</b>	—	<b>72,608</b>	—	—	—	<b>1,330,832</b>
<b>Total</b>	<b>4,234,575</b>	<b>451,068</b>	<b>62,759</b>	<b>162,793</b>	<b>17,568</b>	<b>19,177</b>	<b>21,760</b>	<b>4,969,700</b>
<b>Liabilities</b>								
<b>ANIF</b>	<b>58,614</b>	—	—	—	—	—	—	<b>58,614</b>
<b>Banks and lending institutions</b>	<b>3,036</b>	<b>3,393</b>	<b>10,310</b>	<b>7,926</b>	<b>13,441</b>	—	<b>52</b>	<b>38,158</b>
<b>Customer deposits</b>	<b>3,670,667</b>	<b>471,471</b>	<b>31,271</b>	<b>155,079</b>	<b>4,147</b>	<b>19,121</b>	<b>21,993</b>	<b>4,373,749</b>
<b>Bonds issued</b>	<b>71,991</b>	<b>215</b>	—	—	—	—	—	<b>72,206</b>
<b>Total</b>	<b>3,804,308</b>	<b>475,079</b>	<b>41,581</b>	<b>163,005</b>	<b>17,588</b>	<b>19,121</b>	<b>22,045</b>	<b>4,542,727</b>

<b>2008</b>	<b>Euros</b>	<b>US dollars</b>	<b>Swiss francs</b>	<b>Pounds sterling</b>	<b>Japanese yen</b>	<b>Canadian dollars</b>	<b>Other currencies</b>	<b>Total</b>
<b>Assets</b>								
<b>ANIF</b>	<b>46,245</b>	—	—	—	—	—	—	<b>46,245</b>
Financial intermediaries, at sight	105,012	14,045	1,665	5,101	1,437	1,780	5,666	134,706
Banks and lending institutions	927,728	448,038	—	146,082	—	17,893	11,073	1,550,814
Provision for insolvencies (-)	-4,640	-2,240	—	-730	—	-89	-55	-7,754
<b>Total financial intermediaries, net</b>	<b>1,028,100</b>	<b>459,843</b>	<b>1,665</b>	<b>150,453</b>	<b>1,437</b>	<b>19,584</b>	<b>16,684</b>	<b>1,677,766</b>
Customer loans and credits	2,573,646	21,279	69,708	5,716	23,943	85	422	2,694,799
Overdrafts on customer accounts	119,988	54,444	1,343	1,367	1,022	171	56	178,391
Customer bills discounted	29,598	—	—	—	—	—	—	29,598
Provision for insolvencies (-)	-18,349	-350	-1,108	-69	-616	-3	-4	-20,499
<b>Total loan investments, net</b>	<b>2,704,883</b>	<b>75,373</b>	<b>69,943</b>	<b>7,014</b>	<b>24,349</b>	<b>253</b>	<b>474</b>	<b>2,882,289</b>
<b>Securities portfolio, net</b>	<b>874,515</b>	<b>13,849</b>	—	—	—	—	—	<b>888,364</b>
<b>Total</b>	<b>4,653,743</b>	<b>549,065</b>	<b>71,608</b>	<b>157,467</b>	<b>25,786</b>	<b>19,837</b>	<b>17,158</b>	<b>5,494,664</b>
<b>Liabilities</b>								
<b>ANIF</b>	<b>61,020</b>	—	—	—	—	—	—	<b>61,020</b>
<b>Banks and lending institutions</b>	<b>3,975</b>	<b>951</b>	—	<b>2</b>	<b>705</b>	—	—	<b>5,633</b>
<b>Customer deposits</b>	<b>4,073,941</b>	<b>573,825</b>	<b>31,750</b>	<b>160,066</b>	<b>3,143</b>	<b>19,846</b>	<b>16,896</b>	<b>4,879,467</b>
<b>Bonds issued</b>	<b>76,205</b>	<b>7,299</b>	—	—	—	—	—	<b>83,504</b>
<b>Total</b>	<b>4,215,141</b>	<b>582,075</b>	<b>31,750</b>	<b>160,068</b>	<b>3,848</b>	<b>19,846</b>	<b>16,896</b>	<b>5,029,624</b>

### 4.3 Bonds issued

The Bank has different financing programmes and instruments to appropriately plan the management of liquidity. Within these programmes, the Bank used both short-term and long-term structured products, channelled through securities.

All the bonds issued have been sold to the Bank's customers.

The movement in the years 2009 and 2008 was as follows:

	2009	2008
<b>Opening balance for the year</b>	<b>83,504</b>	<b>14,507</b>
Issues	59,076	71,214
Amortization	-70,374	-2,217
<b>Closing balance for the year</b>	<b>72,206</b>	<b>83,504</b>

## Note 5 Loan investments and financial intermediaries

### 5.1 Analysis of loan investments and financial intermediaries

The evaluation of loan investments and financial intermediaries with regard to minimum legal requirements and internal criteria, according to the breakdown as at December 31, 2009 and 2008 (in thousand euros) is set out as follows:

2009	Normal	Past due	Doubtful	Total	Insolvency provision	Net amount
Financial intermediaries, at sight	88,669	—	—	88,669	—	88,669
Due from banks on time deposit	503,824	—	—	503,824	-2,519	501,305
<b>Total financial intermediaries</b>	<b>592,493</b>	<b>—</b>	<b>—</b>	<b>592,493</b>	<b>-2,519</b>	<b>589,974</b>
Customer loans and credits	2,782,058	30,150	44,265	2,856,473	-24,620	2,831,853
Overdrafts on customer accounts	141,753	674	4,883	147,310	-2,607	144,703
Customer bills discounted	23,258	3,101	21	26,380	-287	26,093
<b>Loan investments - customers</b>	<b>2,947,069</b>	<b>33,925</b>	<b>49,169</b>	<b>3,030,163</b>	<b>-27,514</b>	<b>3,002,649</b>

<b>2008</b>	Normal	Past due	Doubtful	Total	Insolvency provision	Net amount
Financial intermediaries, at sight	134,706	—	—	134,706	—	134,706
Due from banks on time deposit	1,550,814	—	—	1,550,814	-7,754	1,543,060
<b>Total financial intermediaries</b>	<b>1,685,520</b>	<b>—</b>	<b>—</b>	<b>1,685,520</b>	<b>-7,754</b>	<b>1,677,766</b>
Customer loans and credits	2,642,944	21,762	30,093	2,694,799	-16,672	2,678,127
Overdrafts on customer accounts	171,581	1,586	5,224	178,391	-3,471	174,920
Customer bills discounted	26,103	3,143	352	29,598	-356	29,242
<b>Loan investments - customers</b>	<b>2,840,628</b>	<b>26,491</b>	<b>35,669</b>	<b>2,902,788</b>	<b>-20,499</b>	<b>2,882,289</b>

## 5.2 Provision for insolvencies

Movements in provision for insolvencies of forward financial intermediaries and loan investments during 2009 and 2008 (in thousand euros) were as follows:

<b>2009</b>	Opening balance	Allocations / (Recoveries)	Amounts applied	Other movements	Closing balance
<b>Financial intermediaries</b>					
Provision banks on time deposit	7,754	-5,348	—	113	2,519
<b>Loan investments</b>					
Specific loan investment provisions	9,721	12,344	-4,307	29	17,787
General loan investment provisions	10,778	-1,046	—	-5	9,727
<b>Total loan investment provisions</b>	<b>20,499</b>	<b>11,298</b>	<b>-4,307</b>	<b>24</b>	<b>27,514</b>
<b>Total provisions</b>	<b>28,253</b>	<b>5,950</b>	<b>-4,307</b>	<b>137</b>	<b>30,033</b>

<b>2008</b>	Opening balance	Allocations / (Recoveries)	Amounts applied	Other movements	Closing balance
<b>Financial intermediaries</b>					
Provision banks on time deposit	5,709	2,095	—	-50	7,754
<b>Loan investments</b>					
Specific loan investment provisions	6,359	8,179	-4,969	152	9,721
General loan investment provisions	12,065	-1,326	—	39	10,778
<b>Total loan investment provisions</b>	<b>18,424</b>	<b>6,853</b>	<b>-4,969</b>	<b>191</b>	<b>20,499</b>
<b>Total provisions</b>	<b>24,133</b>	<b>8,948</b>	<b>-4,969</b>	<b>141</b>	<b>28,253</b>

At December 31, 2009, the Group had an NPL coverage ratio of 55.96% for loans not secured by mortgage collateral and 116.16% for loans secured by mortgage collateral.

### 5.3 Collateral security for loan investment

Collateral security obtained for loan investments as at December 31, 2009 and 2008 (in thousand euros) is broken down as follows:

2009	Cash deposits	Securities	Mortgages	Total secured	Unsecured	Total
<b>Loan investments, gross</b>						
Customer loans and credits	59,802	251,169	1,812,950	2,123,921	732,552	2,856,473
Overdrafts on customer accounts	—	—	—	—	147,310	147,310
Customer bills discounted	—	—	—	—	26,380	26,380
<b>Total security for loan investments</b>	<b>59,802</b>	<b>251,169</b>	<b>1,812,950</b>	<b>2,123,921</b>	<b>906,242</b>	<b>3,030,163</b>

2008	Cash deposits	Securities	Mortgages	Total secured	Unsecured	Total
<b>Loan investments, gross</b>						
Customer loans and credits	61,410	207,971	1,655,366	1,924,747	770,052	2,694,799
Overdrafts on customer accounts	—	—	—	—	178,391	178,391
Customer bills discounted	—	—	—	—	29,598	29,598
<b>Total security for loan investments</b>	<b>61,410</b>	<b>207,971</b>	<b>1,655,366</b>	<b>1,924,747</b>	<b>978,041</b>	<b>2,902,788</b>

At December 31, 2009, the heading “Customer loans and credits” included housing loans that, according to current legislation, were granted for a total of 589 thousand euros (744 thousand euros in 2008) (see note 19.3).

Overdrafts on customer accounts includes overdrafts with the investment fund managed by the Group, totalling 73,865 thousand euros (99,846 thousand euros in 2008).

### 5.4 Loan investments to the public sector

Breakdown of loan investments to public sector entities as at December 31, 2009 and 2008 (in thousand euros):

	2009	2008
<b>Loan investments to the public sector</b>		
Loans secured by the state of Andorra	138,165	83,561
Loans on counties in the Principality of Andorra	87,209	85,131
Other Andorran public bodies and para-public entities	65,883	56,694
<b>Total</b>	<b>291,257</b>	<b>225,386</b>

The balance of “Other Andorran public bodies and para-public entities” basically corresponds to the reclassification of loans between the Bank and the para-public society, Centre de Tractament de Residus d’Andorra SA.

The Bank calculates a general provision of 1% of the total balance of these loan operations to the public sector (see note 3.5).

## Note 6 Securities portfolio

### 6.1 Holdings in Group companies

The Group has direct holdings in the following Group companies, consolidated according to the equity method (in thousand euros), at December 31, 2009 and 2008:

2009	Domicile	Activity	% holding	Capital	Equity	2009 Earnings	Dividends paid out	Book value
Crédit Assegurances	Andorra	Insurance	100%	4,000	27,035	4,846	—	27,035
Water Stone SA	Uruguay	Services	50%	273	273	—	—	273
								<b>27,308</b>

2008	Domicile	Activity	% holding	Capital	Equity	2009 Earnings	Dividends paid out	Book value
Crédit Assegurances	Andorra	Insurance	100%	4,000	20,643	3,233	—	20,643
Patrigest Informació Financera SL (*)	Andorra	Services	100%	3	1,475	352	—	1,475
								<b>22,118</b>

(\*)Percentage direct or indirect holding.

The corporate purpose of **Crédit Assegurances SAU**, parent company of the consolidatable subgroup **Crédit Assegurances**, is to carry out insurance actions and cover risks based on contracts of private law, including the life assurance branch in any of its types. It comes under the legal provisions established in the Act governing the actions of insurance companies of the Principality of Andorra, dated May 11, 1989. Its sole shareholder is **Crédit Andorrà SA**.

At December 31, 2009, the consolidatable subgroup **Crédit Assegurances** included the Spanish company **ERM SA** (76%) and the Andorran companies **Vincles SA** (100%), **Actiu Assegurances SA** (55%), **Financiera d'Assegurances SA** (24.55%), **Línia Asseguradora Andorrana SL** (12.52%), **Consell Assegurador SL** (19.64%) and **Patrigest Informació Financiera SL** (100%).

**Patrigest Informació Financiera SL**, a company that provides services and advice mostly to Group companies, joined the consolidatable subgroup **Crédit Assegurances** on October 23, 2009 (see note 2.4).

This holding in **Crédit Assegurances SAU** has been consolidated by the equity method as the insurance activity is deemed to be different from banking.

## 6.2 Other investments and qualified holdings

The Group had the following direct “Other investments” and “Qualified holdings” as at December 31, 2009 and 2008 (in thousand euros):

2009									
	Domicile	Consolidation process	Activity	% holding	Capital	Equity	Earnings	Dividends paid out	Net book value
<b>Other investments (*)</b>									
Esports de Neu Soldeu-Incles SA (ENSISA)	Andorra	Equity method	Snow-sports services	49.57%	23,385	36,557	-2,078	—	18,120
Other (**)	Andorra	Equity method	Services	—	1,618	17,635	140	—	5,127
									<b>23,247</b>
<b>Qualified holdings (*)</b>									
SEMTEE SA	Andorra		Services	17.05%	25,242	36,159	2,532	—	4,633
Other				—	156	15,157	-330	300	7,025
									<b>11,658</b>

(\*) Latest financial statements available.

(\*\*) Includes direct holdings Seguriser SA, Administració i Serveis SL, SPI SA and indirect holdings SPA SA, Clige SA and Naturtec SA, the latter without book value.

2008									
	Domicile	Consolidation process	Activity	% holding	Capital	Equity	Earnings	Dividends paid out	Net book value
<b>Other investments (*)</b>									
Esports de Neu Soldeu-Incles SA (ENSISA)	Andorra	Equity method	Snow-sports services	49.57%	23,385	38,635	—	—	19,150
Other (**)	Andorra	Equity method	Services	—	2,407	19,078	129	—	5,677
									<b>24,827</b>
<b>Qualified holdings (*)</b>									
SEMTEE SA	Andorra		Services	17.05%	25,242	34,439	3,884	1,974	4,633
Other				—	156	14,989	-1,392	—	7,025
									<b>11,658</b>

(\*) Latest financial statements available.

(\*\*) Includes Seguriser SA, Administració i Serveis SL, SPI SA, SPA SA, Clige SA and Naturtec SA.

“Other investments” are consolidated by the equity method (see note 6.1).

Qualified holdings in a company are those in which the entity holds, directly or indirectly, at least 5% of its capital or of its voting rights, or in which the entity can appoint, directly or indirectly, at least 20% of the members of the Board of Directors of the company or in which the entity exercises significant influence.

Significant influence is understood as participation in the financial and operational decisions of a company, although these may not be controlled, and this may be exercised in various ways, usually via representation on the governing body, with participation in the processing establishing policies, important transactions, changing directors or technological dependence. Significant influence can be secured via participation in ownership or via agreements. It is assumed that significant influence is exercised when the holding company holds, directly or indirectly, more than 20% of the voting rights or of the capital of the investee company or 3% if listed on regulated markets.

Qualified holdings are recorded at cost price or market value, whichever is lowest.

Esports de Neu Soldeu-Incles SA (ENSISA) manages the ski resort Soldeu-El Tarter, at Canillo (Andorra), and also owns 50% of Neus de Valira SA (Nevasa), an Andorran company whose purpose is the commercialisation of “Grandvalira”.

SEMTEE SA (Societat d’Economia Mixta Termolúdic Escaldes-Engordany) manages the thermal water centre Caldea, located at Escaldes (Andorra).

The holding in Seguriser SA (Seguretat i Serveis SA) was consolidated by the equity method, as established by Memorandum 145/02, dated November 20, 2002, of the Andorran National Institute of Finance.

In 2009, dividends brought into account from “Other investments” and “Qualified holdings” totalled 49 thousand euros (2008: 363 thousand euros).

### 6.3 Investment funds

A breakdown of holdings in investment funds at December 31, 2009 and 2008 is as follows (in thousand euros):

	2009	2008
<b>Investment funds managed by:</b>		
Group-related entities	7,759	8,353
Entities not related to the Group	1,931	6,659
	<b>9,690</b>	<b>15,012</b>

#### 6.4 Portfolio evaluation

The book value of those securities classified in the valuation categories set out in note 3.6 as at December 31, 2009 and 2008 is given below (in thousand euros):

	2009	2008
Trading portfolio:		
Fixed income instruments	16	153
Equity instruments	—	—
Held-to-maturity portfolio	1,250,962	427,834
Permanent investments	50,555	46,945
Investment funds	9,690	15,012
Ordinary investment portfolio:		
Fixed-income instruments	8,181	388,373
Equity instruments	14,844	14,844
<b>Total</b>	<b>1,334,248</b>	<b>893,161</b>
	<b>2009</b>	<b>2008</b>
Listed securities	811,804	471,799
Unlisted securities	522,444	421,362
	<b>1,334,248</b>	<b>893,161</b>
Market fluctuation fund	-2,114	-2,143
Provision for insolvencies	-1,302	-2,654
<b>Total</b>	<b>1,330,832</b>	<b>888,364</b>

The held-to-maturity portfolio is principally made up of issues of government bonds from OECD countries and other bonds and fixed-income securities issued by banks with a public guarantee, as well as products structured with capital secured against underlying government bonds from OECD countries.

The acquisition cost of instruments in the trading portfolio as at December 31, 2009 was 16 thousand euros (2008: 148 thousand euros), which correspond to listed securities.

The market value, as at December 31, 2009, of the held-to-maturity portfolio was 1,208,191 thousand euros (2008: 392,768 thousand euros), of which 803,391 thousand euros was for listed securities while the rest, 404,800 thousand euros, was securities valued as per the model or unlisted.

Pursuant to the Act governing mandatory investment ratios (see note 19.3), as at December 31, 2009, the Group had subscribed 103,430 thousand euros to government bonds of the Principality of Andorra, issued on December 30, 2009. This bond issue matures on December 31, 2013, at the official one-year Euribor interest rate of the European Central Bank, established on the first working day of each year. The amount subscribed by the Group is recorded under the heading “Securities portfolio – Bonds and other fixed-income securities” in the consolidated balance sheet included here, within the held-to-maturity portfolio, as an unlisted security and not included in the calculation of the liquidity ratio.

The market value of the ordinary investment portfolio held in fixed-interest instruments as at December 31, 2009 was 8,208 thousand euros (2008: 388,840 thousand euros), all of which corresponds to unlisted securities and where the market value is estimated according to the accounting principles and valuation criteria mentioned in note 3.6.

The market value of the ordinary investment portfolio held in equity shares as at December 31, 2009, was 14,346 thousand euros (2008: 13,745 thousand euros).

## 6.5 Provision for market fluctuation

Movements in provision for market fluctuation in 2009 and 2008 (in thousand euros) were as follows:

2009	Opening balance	Allocations	Amounts applied	Other movements	Closing balance
<b>Securities portfolio</b>					
Bonds and other fixed-income instruments	—	—	—	5	5
Other holdings	—	—	—	—	—
Shares and other equity instruments	2,143	-38	—	4	2,109
Investment funds	—	—	—	—	—
<b>Total movements for year</b>	<b>2,143</b>	<b>-38</b>	<b>—</b>	<b>9</b>	<b>2,114</b>

2008	Opening balance	Allocations	Amounts applied	Other movements	Closing balance
<b>Securities portfolio</b>					
Bonds and other fixed-income instruments	5,563	—	-5,563	—	—
Other holdings	—	—	—	—	—
Shares and other equity instruments	2,109	41	—	-7	2,143
Investment funds	—	—	—	—	—
<b>Total movements for year</b>	<b>7,672</b>	<b>41</b>	<b>-5,563</b>	<b>-7</b>	<b>2,143</b>

The Bank has a general provision fund for insolvencies whose details are as follows:

2009	Opening balance	Allocations / (Recoveries)	Amounts applied	Other movements	Closing balance
<b>Securities portfolio</b>					
Bonds and other fixed-income instruments	2,654	-1,334	—	-18	1,302
<b>2008</b>					
<b>Securities portfolio</b>					
Bonds and other fixed-income instruments	2,344	310	—	—	2,654

## Note 7 Fixed assets

### 7.1 Intangible assets and amortizable expenses

The movements in intangible assets and amortizable expenses for last year were as follows (in thousand euros):

<b>Acquisition cost</b>	<b>31.12.08</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers /Other</b>	<b>Elimination</b>	<b>31.12.09</b>
Goodwill	195,668	—	—	—	-195,668	—
IT applications	45,050	4,225	—	—	—	49,275
Amortisable expenses	7,175	6,406	—	-439	—	13,142
<b>Total intangible assets</b>	<b>247,893</b>	<b>10,631</b>	<b>—</b>	<b>-439</b>	<b>-195,668</b>	<b>62,417</b>
<b>Provision for depreciation</b>						
Goodwill						
Charged to reserves	-68,484	-9,783	—	-97,835	176,102	—
Charged to profit and loss account	-9,783	-9,783	—	—	19,566	—
IT applications	-33,713	-3,660	—	-20	—	-37,393
Amortisable expenses	-2,234	-1,209	—	1	—	-3,442
<b>Total goodwill</b>	<b>-114,214</b>	<b>-24,435</b>	<b>—</b>	<b>-97,854</b>	<b>195,668</b>	<b>-40,835</b>
<b>Total, net</b>	<b>133,679</b>	<b>-13,804</b>	<b>—</b>	<b>-98,293</b>	<b>—</b>	<b>21,582</b>

As mentioned in note 3.7, at December 31, 2009, with prior authorisation from the ANIF, the Group amortized the part of goodwill originating on July 31, 2005, charged to reserves, from the acquisition of the bank CaixaBank, which was pending amortization on that date (see note 2.4).

During the second quarter of 2008, the project was initiated to implement a new IT platform required to adapt the Bank even further to the changes and constant technological innovation in the industry. The additions under the item “IT applications” are mainly related to this project, which is expected to culminate with the start-up of the new IT platform during 2010.

## 7.2 Fixed assets

The movements in fixed assets for 2008 were as follows (in thousand euros):

Acquisition cost	31.12.08	Additions	Retirements	Transfers / Other	31.12.09
<b>Working fixed assets</b>					
Land	52,204	—	—	—	52,204
Buildings	74,127	1,185	-13	-276	75,023
Installations	61,006	4,322	—	91	65,419
Furniture	16,325	603	—	102	17,030
IT equipment	26,345	1,869	—	55	28,269
Vehicles	331	86	-15	88	490
Fixed assets in progress	4,829	10,534	—	—	15,363
<b>Subtotal</b>	<b>235,167</b>	<b>18,599</b>	<b>-28</b>	<b>60</b>	<b>253,798</b>
<b>Non-working fixed assets</b>					
Land	96,986	6,267	—	—	103,253
Buildings	21,938	15,826	—	—	37,764
Art funds	6,063	179	—	—	6,242
<b>Subtotal</b>	<b>124,987</b>	<b>22,272</b>	<b>—</b>	<b>—</b>	<b>147,259</b>
<b>Total fixed assets</b>	<b>360,154</b>	<b>40,871</b>	<b>-28</b>	<b>60</b>	<b>401,057</b>
<b>Provision for depreciation</b>					
<b>Working fixed assets</b>					
Buildings	-32,403	-2,179	—	422	-34,160
Installations	-37,163	-3,753	—	-7	-40,923
Furniture	-14,554	-1,023	—	-19	-15,596
IT equipment	-22,804	-1,932	—	-24	-24,760
Vehicles	-275	-87	15	-15	-362
Other	—	—	—	—	—
<b>Subtotal</b>	<b>-107,199</b>	<b>-8,974</b>	<b>15</b>	<b>357</b>	<b>-115,801</b>
<b>Non-working fixed assets</b>					
Buildings	-5,651	-733	253	8	-6,123
Other	-75	—	—	—	-75
<b>Subtotal</b>	<b>-5,726</b>	<b>-733</b>	<b>253</b>	<b>8</b>	<b>-6,198</b>
<b>Total provision for depreciation</b>	<b>-112,925</b>	<b>-9,707</b>	<b>268</b>	<b>365</b>	<b>-121,999</b>
Provisions for depreciation	—	-285	—	—	-285
<b>Total fixed assets, net</b>	<b>247,229</b>	<b>30,879</b>	<b>240</b>	<b>425</b>	<b>278,773</b>

With regard to the additions under “Fixed assets in progress”, these mainly correspond to acquisitions resulting from the implementation of the new IT platform (see notes 3.7 and 7.1).

Land and buildings classified as non-working fixed assets are largely made up of acquisitions carried out with the entity’s own funds; a total of 15,070 thousand euros is granted in rent to third parties.

Of the total additions under “Non-working fixed assets”, 19,040 thousand euros correspond to property acquired by the Bank in allocations or assignments of goods or effects in payment of debt during 2009.

As at December 31, 2009, all buildings were available for sale.

The fully depreciated fixed assets as at December 31, 2009 totalled 97,954 thousand euros (2008: 87,630 thousand euros).

## Note 8 Provision for risks and contingencies

Movements in provision for risks and contingencies in 2009 and 2008 (in thousand euros) are given below:

<b>2009</b>	Opening balance	Allocation	Recoveries	Amounts applied	Other movements	Closing balance
Provision for contingent liabilities	392	—	-84	—	—	308
Other provisions	2,350	708	—	-659	—	2,399
	<b>2,742</b>	<b>708</b>	<b>-84</b>	<b>-659</b>	<b>—</b>	<b>2,707</b>

<b>2008</b>	Opening balance	Allocation	Recoveries	Amounts applied	Other movements	Closing balance
Provision for contingent liabilities	912	—	-513	-7	—	392
Other provisions	2,006	886	—	-542	—	2,350
	<b>2,918</b>	<b>886</b>	<b>-513</b>	<b>-549</b>	<b>—</b>	<b>2,742</b>

“Other provisions” includes the necessary provisions resulting from early retirement commitments at December 31, 2009 and 2008.

## Note 9 Pension fund and other funds

At December 31, 2009, obligations with all Crèdit Andorrà employees and their beneficiaries related to such contingencies as retirement, death and incapacity are currently outsourced to an independent Andorran foundation (Previfun), established in 1998, and are governed under the *Regulation of Mutual Funds for Benefit and Aid to Crèdit Andorrà SA Employees*, approved by the Ordinary General Shareholders’ Meeting of October 23, 2006.

On October 23, 2006, Crèdit Andorrà SA and the abovementioned Foundation established the specific contributions, of a compulsory nature, which both the Bank and the employees would make every year, with contributions from the former totalling 2,220 thousand euros for 2009 (2008: 2,313 thousand euros).

Voluntary contributions to the Employees Fund (Previfun) amounted to 750 thousand euros (2008: 1,035 thousand euros).

## Note 10 Distribution of profits

The proposed distribution of profits of Crèdit Andorrà SA for the year 2009 to be presented by the Board of Directors to the General Shareholders' Meeting for approval (in thousand euros) is as follows:

	2009	2008
<b>Group profits for the year</b>	<b>76,655</b>	<b>85,005</b>
Profits awaiting application	—	—
Consolidation adjustments:		
For dividends	1,327	2,762
For other (net)	-2,766	-7,336
<b>Profit available for distribution from the Bank</b>	<b>75,216</b>	<b>80,431</b>
Dividend payments	-70,000	-70,000
Transfer to legal reserve	—	-7,000
Transfer to reserves	-5,216	-2,931
Extraordinary contribution to Fundació Crèdit Andorrà SA allocation fund	—	-500
<b>Profits awaiting application</b>	<b>—</b>	<b>—</b>

During 2009, Crèdit Andorrà SA distributed interim dividends of 35,000 thousand euros (2008: 35,000 thousand euros).

The profit from the Group's consolidated companies will be distributed in the manner agreed by their respective Shareholders' Meetings.

## Note 11 Movements in shareholders' equity

In 2009 and 2008, the following movements (in thousand euros) took place in Shareholders' Equity:

2008	Share capital	Legal reserve	Guarantee reserve	Revaluation reserve	Voluntary reserve	Consolidation reserve	Retained earnings carried forward	Profit	Total
<b>Balance at beginning of year before distribution</b>	<b>70,000</b>	<b>7,000</b>	<b>33,063</b>	<b>115,562</b>	<b>377,850</b>	<b>31,915</b>	—	<b>50,005</b>	<b>685,395</b>
Supplementary dividend	—	—	—	—	—	—	—	-35,000	-35,000
Application of 2008 profits / transfer to reserves	—	7,000	—	—	2,931	—	—	-9,931	—
Consolidation adjustments	—	—	—	—	—	—	—	-4,574	-4,574
Amortization of consolidation of goodwill charged to 2008 profit (notes 3.7 and 7.1)	—	—	—	—	—	—	—	—	—
Extraordinary contribution to Fundació Crèdit Andorrà SA allocation fund	—	—	—	—	—	—	—	-500	-500
<b>Balance at beginning of year following distribution</b>	<b>70,000</b>	<b>14,000</b>	<b>33,063</b>	<b>115,562</b>	<b>380,781</b>	<b>31,915</b>	—	—	<b>645,321</b>
Profits for 2009	—	—	—	—	—	—	—	76,655	76,655
Interim dividend 2009	—	—	—	—	—	—	—	-35,000	-35,000
Amortization of consolidation of goodwill charged to 2008 profit (consolidation adjustment) (notes 3.7 and 7.1)	—	—	—	—	—	—	—	—	—
Amortization of goodwill charged to 2009 reserves (notes 3.7 and 7.1)	—	—	—	—	-107,617	—	—	—	-107,617
Consolidation reserves adjustment	—	—	—	—	—	5,551	—	—	5,551
<b>Total</b>	<b>70,000</b>	<b>14,000</b>	<b>33,063</b>	<b>115,562</b>	<b>273,164</b>	<b>37,466</b>	—	<b>41,655</b>	<b>584,910</b>

2008	Share capital	Legal reserve	Guarantee reserve	Revaluation reserve	Voluntary reserve	Consolidation reserve	Retained earnings carried forward	Profit	Total
<b>Balance at beginning of year before distribution</b>	<b>70,000</b>	<b>7,000</b>	<b>33,063</b>	<b>13,934</b>	<b>361,196</b>	<b>33,040</b>	—	<b>76,001</b>	<b>594,234</b>
Supplementary dividend	—	—	—	—	—	—	—	-50,000	-50,000
Application of 2007 profits / transfer to reserves	—	—	—	—	36,220	—	—	-36,220	—
Consolidation adjustments	—	—	—	—	—	—	—	1,186	1,186
Amortization of consolidation goodwill charged to 2007 profit (notes 3.7 and 7.1)	—	—	—	—	—	—	—	9,783	9,783
Extraordinary contribution to Fundació Crèdit Andorrà SA allocation fund	—	—	—	—	—	—	—	-750	-750
<b>Balance at beginning of year following distribution</b>	<b>70,000</b>	<b>7,000</b>	<b>33,063</b>	<b>13,934</b>	<b>397,416</b>	<b>33,040</b>	—	—	<b>554,453</b>
Profits for 2008	—	—	—	—	—	—	—	85,005	85,005
Interim dividend 2008	—	—	—	—	—	—	—	-35,000	-35,000
Amortization of consolidation goodwill charged to 2007 profit (consolidation adjustment) (notes 3.7 and 7.1)	—	—	—	—	-9,783	—	—	—	-9,783
Amortisation of goodwill charged to 2008 reserves (notes 3.7 and 7.1)	—	—	—	—	-9,783	—	—	—	-9,783
Consolidation reserves adjustment	—	—	—	—	—	-1,125	—	—	-1,125
Revaluation fixed assets (note 3.8)	—	—	—	101,628	—	—	—	—	101,628
<b>Total</b>	<b>70,000</b>	<b>7,000</b>	<b>33,063</b>	<b>115,562</b>	<b>377,850</b>	<b>31,915</b>	—	<b>50,005</b>	<b>685,395</b>

### Share capital

Share capital is represented by 790,000 “A” series shares and 210,000 “E” series shares, each of 70 euros, fully subscribed and paid up. Both series have the same economic and policy-making rights, the latter being syndicated.

### Legal reserve

In compliance with the Act governing companies passed by the General Council on October 18, 2007, a legal reserve must be established of a minimum of 10% of the profit until 20% of the share capital has been reached. At 31 December, 2009, the Bank had this reserve totally set up.

### Guarantee reserve

In accordance with Andorran legislation passed in 1995, Crèdit Andorrà SA has established a guarantee reserve for deposits and other operational obligations of 33,063 thousand euros (2008: 33,063 thousand euros). This reserve cannot be distributed (see note 19.3).

### Revaluation reserve

This reserve corresponds to two revaluations:

The first, totalling 13,934 thousand euros, corresponds to revaluations of buildings for own use of property acquired or built before December 31, 1989.

The second, totalling 101,628 thousand euros, corresponds to the revaluation authorised by the ANIF on June 12, 2008 of the land, building work and installations of working and non-working fixed assets (see note 3.8), according to the following details (in thousand euros):

	Book value before revaluation	Expert valuation	Percentage revaluation	Revaluation
<b>Working land</b>	<b>16,828</b>	<b>53,354</b>	<b>30%</b>	<b>10,958</b>
<b>Working buildings:</b>	<b>14,890</b>	<b>105,351</b>	<b>30%</b>	<b>27,138</b>
Revaluation amount building corresponding to land	—	—	—	6,813
Revaluation amount building corresponding to building	—	—	—	20,325
<b>Non-working land</b>	<b>27,656</b>	<b>89,630</b>	<b>90%</b>	<b>55,777</b>
<b>Non-working buildings:</b>	<b>3,208</b>	<b>11,825</b>	<b>90%</b>	<b>7,755</b>
Revaluation amount building corresponding to land	—	—	—	5,725
Revaluation amount building corresponding to building	—	—	—	2,030
<b>Total</b>	<b>62,582</b>	<b>260,160</b>	<b>—</b>	<b>101,628</b>

### Consolidation reserves

The consolidation reserves correspond to accrued profits in previous years by Group companies forming part of the consolidation perimeter from the date of their acquisition or constitution up to December 31, 2009 that have not been distributed as dividends.

Consolidation reserves	31.12.2009	31.12.2008
Companies consolidated by the fully-integrated method	11,992	11,230
Companies consolidated by the equity method	25,474	20,685
	<b>37,466</b>	<b>31,915</b>

### Subordinated liabilities

On October 26, 2005, the ANIF Board of Governors agreed to authorise the issue of preference shares by Crèdit Andorrà SA Preference Ltd., to be accounted for as Tier 1 type regulatory capital of the Crèdit Andorrà SA Group.

In accordance with this ANIF authorization, on December 22, 2005 Crèdit Andorrà Preference Ltd. carried out an issue of 100 million euros in preference shares, without voting rights and with a specified annual dividend of 5% in the first three years following issue and then variable annually with reference to the CMS 10-year rate plus 30 basis points, with a maximum of 8%, adjusted for the number of days during the year when the CMS 10-year rate is equal to or higher than the CMS 2-year rate.

On January 25, 2006, the ANIF Board of Governors agreed to authorize an increase in the preference share issue by Crèdit Andorrà Preference Ltd. amounting to an additional 50 million euros, given that the other components of the equity of Crèdit Andorrà SA continued to account for around 70% of the Group's total shareholder equity. These preference shares are identical in nature to those of the first issue.

Crèdit Andorrà Preference Ltd. is a wholly-owned subsidiary of Crèdit Andorrà SA and the issue mentioned has the joint and several and irrevocable guarantee of Crèdit Andorrà SA, as indicated in the corresponding information folder for the issue.

This issue of a perpetual nature was fully taken up by third parties outside the Group and may be fully written off should the issuing company so decide, and with authorisation from the ANIF, after a period of six years following its being paid up.

The variable coupon paid in the period from December 22, 2008 to December 22, 2009 was 4.08%.

This year, Fitch Ratings has renewed the A- rating for this preference share issue.

#### **Provision for general banking risks**

The Group makes provision for general banking risks corresponding to funds allocated by the Bank for reasons of prudence, given the risks inherent in its banking activity.

The movements in 2009 and 2008 were as follows:

	<b>2009</b>	<b>2008</b>
<b>Opening balance for the year</b>	<b>53,281</b>	<b>64,620</b>
Allocation to fund	—	—
Recoveries	-12,431	-11,351
Other	5	12
<b>Closing balance for the year</b>	<b>40,855</b>	<b>53,281</b>

## Note 12 Other balance sheet and profit and loss account items

Other significant items in the balance sheet and profit and loss account for the years ended December 31, 2009 and 2008 (in thousand euros) are shown below:

### 12.1 Asset accrual accounts

	2009	2008
Accrued interest	18,396	54,163
Commissions	10,353	7,966
Other	738	7,260
	<b>29,487</b>	<b>69,389</b>

Includes the accrued interest yet to mature on accounts with financial intermediaries, the securities portfolio and the loan portfolio of the Group. It also contains the accrued management commissions pending payment related to the investment funds managed by the Group, which will be paid at the beginning of 2010.

### 12.2 Liability accrual accounts

	2009	2008
Accrued expenses	13,375	51,165
Interest	9,465	46,248
Other	3,910	4,917
Before-due receipts	2,207	1,103
	<b>15,582</b>	<b>52,268</b>

Includes the accrued interest yet to mature on accounts at sight and on time deposit held by customers, as well as accrued expenses not due that are associated with various concepts, principally general expenses and personnel costs.

### 12.3 Commissions for services

The details of these items in the profit and loss account (in thousand euros) are as follows:

	2009	2008
<b>Commissions on services supplied</b>		
For transactions with associated companies	—	—
For transactions with securities and other instruments to third parties	73,141	92,105
For loan transactions	6,786	6,596
For foreign exchange transactions	—	—
Other	12,089	11,709
Account administration and maintenance	7,949	7,571
Other	4,140	4,138
	<b>92,016</b>	<b>110,410</b>
<b>Commissions on services received</b>		
For transactions with associated companies	—	—
For transactions with financial intermediaries	-7,504	-8,638
Other	-3,046	-3,619
	<b>-10,550</b>	<b>-12,257</b>
<b>Net service commissions</b>	<b>81,466</b>	<b>98,153</b>

## 12.4 General expenses and taxes

The details of these items in the profit and loss account (in thousand euros) are as follows:

	2009	2008
<b>General expenses</b>		
Supplies	-783	-984
	<b>-783</b>	<b>-984</b>
<b>External services</b>		
Research and development	-226	-165
Leases	-1,309	-1,044
Repairs and conservation (maintenance)	-2,258	-2,320
Services from independent professionals	-4,710	-5,967
Fund security and transport services	-1,627	-1,802
Insurance premiums	-331	-321
Advertising and public relations	-2,190	-2,133
Utilities	-2,278	-2,318
Other	-4,442	-4,438
	<b>-19,371</b>	<b>-20,508</b>
<b>Taxes</b>		
Indirect taxes on banking services (ISI)	-12,744	-12,830
Other taxes	-2,814	-2,740
	<b>-15,558</b>	<b>-15,570</b>
	<b>-35,712</b>	<b>-37,062</b>

## 12.5 Extraordinary profit

The details of these items in the profit and loss account (in thousand euros) are as follows:

	2009	2008
Net profit (loss) from disposal of tangible and intangible assets	1	—
Recovery provision for general banking risks	12,431	11,351
Extraordinary profit	717	511
Extraordinary loss	-3,953	-6,929
	<b>9,196</b>	<b>4,933</b>

## Note 13 Net foreign currency positions

At the end of 2009 and 2008, the Group held the following significant foreign currency positions (in thousand euros):

2009	Assets	Liabilities	Net position
Euros	4,602,128	4,600,870	1,258
US dollar	453,429	476,327	-22,898
Swiss franc	84,481	63,074	21,407
Pound sterling	163,867	163,505	362
Japanese yen	17,656	17,589	67
Canadian dollar	19,290	19,236	54
Other currencies	22,229	22,479	-250
	<b>5,363,080</b>	<b>5,363,080</b>	

2008	Assets	Liabilities	Net position
Euros	5,159,781	5,183,963	-24,182
US dollar	553,128	589,665	-36,537
Swiss franc	160,658	161,539	-881
Pound sterling	71,836	32,409	39,427
Japanese yen	35,354	13,315	22,039
Canadian dollar	19,974	19,946	28
Other currencies	17,249	17,143	106
	<b>6,017,980</b>	<b>6,017,980</b>	

Exchange rates applied at year-end are those set by the Agrupació de Bancs Andorrans (see note 3.4).

## Note 14 Financial derivatives

### 14.1 Analysis of financial derivatives

At December 31, 2009 and 2008, the Group held the following positions in over-the-counter financial derivatives, not listed on organized markets (face value in thousand euros).

2009	Less than 1 year	From 1 to 5 years	More than 5 years	Total
<b>Firm transactions</b>				
Foreign exchange transactions	708,516	—	—	708,516
Interest rate swaps	19,236	40,576	459,121	518,933
Credit default swap	40,000	10,000	—	50,000
Futures	—	—	—	—
<b>Option transactions</b>				
Options	—	6,083	96,053	102,136
	<b>767,752</b>	<b>56,659</b>	<b>555,174</b>	<b>1,379,585</b>

2008	Less than 1 year	From 1 to 5 years	More than 5 years	Total
<b>Firm transactions</b>				
Foreign exchange transactions	2,783,420	1,621	—	2,785,041
Interest rate swaps	219,700	29,865	501,275	750,840
Credit default swap	92,079	10,000	—	102,079
Futures	—	—	—	—
<b>Option transactions</b>				
Options	1,639	7,732	101,720	111,091
	<b>3,096,838</b>	<b>49,218</b>	<b>602,995</b>	<b>3,749,051</b>

At year-end, these positions in financial derivatives were being used as hedge instruments for Group assets and liabilities or to offset open customer positions (see notes 3.11 and 14.2).

At December 31, 2009 and 2008 there were no transactions under contract in regulated markets.

#### 14.2 Treatment of hedges

Financial derivatives used to hedge specific market risks are individually assigned to those assets, liabilities or off-balance sheet positions being hedged and are initially recorded at cost. Forward foreign currency contracts are later adjusted at market value, applying these fluctuations to the profit and loss account. Market fluctuations of these hedge positions are monitored and controlled using RiskMetrics and ALM II models (for management of assets and liabilities).

#### Nota 15 Pledged assets

At December 31, 2009, Crèdit Andorrà had on its books a total of 6,190 thousand euros (2008: 5,612 thousand euros) in guarantees required for futures transactions undertaken in regulated markets on account of third parties. It also had a total of 24,590 thousand euros on deposit with financial intermediaries as pledged assets providing guarantee for its own obligations (2008: 25,430 thousand euros).

## Note 16 Transactions with entities or persons related to the Group or Group entities

Given that these financial statements are consolidated, there are no operations with entities or persons related to the Group or with Group entities that have not been consolidated by the fully-integrated method that account for more than 10% of equity as shown in the balance sheet or 5% of the result for the year in the profit and loss account.

	2009					
	Shareholders	Board of Directors		General Management	Companies	Other related parties
		Shareholders	Non-shareholders			
<b>Individuals</b>	—	—	—	—	—	—
<b>Corporations</b>	—	—	—	—	—	—
<b>Balances</b>						
<b>Assets</b>	—	—	—	—	—	—
Loan investments, banks and lending institutions	—	—	—	—	—	—
Accrual accounts	—	—	—	—	—	—
<b>Liabilities</b>	—	—	—	—	—	—
Financial intermediaries	—	—	—	—	—	—
Time deposits	—	—	—	—	—	—
Accrual accounts	—	—	—	—	—	—
<b>Transactions with main shareholder</b>	—	—	—	—	—	—
Interest and income – assimilated	—	—	—	—	—	—
Interest and income – liable to assimilation	—	—	—	—	—	—
Other	—	—	—	—	—	—
<b>Off-balance-sheet records</b>	—	—	—	—	—	—

At December 31, 2009, there was no transaction with any shareholder or member of the Board of Directors and/or Executive Committee (non-shareholders) accounting for more than 10% of equity as shown in the balance sheet or 5% of the result for the year as shown in the profit and loss account.

All transactions with entities and persons related to the Group are under market conditions.

## Note 17 Risk control and management

The management and control of risk has always been a priority objective of Crèdit Andorrà SA and, with this in mind, we have developed the necessary infrastructure, internal methods and controls.

Policy and limits on risks are established and supervised by a committee called the Assets, Liabilities and Risks Committee (with functions equivalent to those of ALMCO, Assets and Liabilities Management Committee). Among other functions, this committee approves risk policies affecting the management of assets and liabilities of the entity and management mandates. The committee also sets and revises the limits of balancing entries with banks and supranational entities and/or private entities. With the aim of avoiding a concentration of risk, it also establishes limits for issuers of financial instruments, whether within or outside the Crèdit Andorrà SA balance sheets.

All steps taken by this committee bear in mind the rules of ANIF, the Andorran national body that regulates, controls and supervises the country's financial activity and new regulatory trends, in compliance with the directives of the New Basle Capital Accord, which emphasises increasing sensitivity towards risk and risk management.

For some years, and without putting aside conventional methods of risk control, Crèdit Andorrà SA has applied Value-at-Risk (VaR) methodology to all areas of risk management. By means of statistical and stochastic techniques, VaR provides a measurement of risk. Formally, VaR is a synthetic figure that indicates the potential maximum loss for a specific interval of confidence in the value of a portfolio over a fixed time span.

### **Management of market risk**

The market VaR is calculated daily for a timescale of one day and with a confidence interval of 95% for portfolios of the entity as a whole. A detailed report indicating the VaR, with various timescales and confidence intervals, is periodically sent to members of the Executive Committee and the Assets, Liabilities and Risks Committee. These VaR measurements, along with others, provide a test of integrity and consistency. During this period, the average daily VaR for share portfolios, calculated with a 95% interval of confidence and a timescale of one day, was 58.6 thousand euros, with a maximum and minimum of 147.6 thousand euros and 18.1 thousand euros respectively, compared with the authorised risk limit of 200 thousand euros.

For the securities portfolios as a whole, the average daily VaR, calculated at a 95% level of confidence, was 3,505.8 thousand euros, with a maximum and minimum of 6,449.4 thousand euros and 974.7 thousand euros respectively, compared with the authorised risk limit of 6,000 thousand euros.

An analysis of this report is supported by Backtesting tests. In 2009, Backtesting tests showed that both gains and losses were more volatile than expected statistically, due to the situations of high stress occurring in the financial markets. The daily VaR for the share portfolios as a whole, with a 95% level of confidence, was consequently exceeded by 6.9% of all cases throughout 2009, compared with the expected 5%. For investment portfolios as a whole, the daily VaR, with a 95% level of confidence, was exceeded by 3.8% of all cases throughout the year.

### **Management of credit risk**

At the end of 2009, of the total exposure to credit risk, interbank deposits accounted for 13.0%, the securities portfolio 25.7% while customer loans accounted for the remaining 61.4%.

With regard to interbank deposits and the securities portfolio, Crèdit Andorrà SA also introduced the loan VaR as a management and control tool. This is calculated by applying the so-called "CreditManager", programme developed by J.P. Morgan. Crèdit Andorrà SA follows the loan VaR with a timescale of one year and a confidence level of 99%.

At year-end, the loan VaR for the securities portfolio and interbank deposits was 13,239.1 thousand euros out of a total risk exposure of 1,592,304.2 thousand euros. This loan VaR is below the risk limit of 22,000 thousand euros set by the Assets, Liabilities and Risks Committee. In other words, this loan VaR level would be equivalent to having a portfolio with an average rating of AA.

Under credit risk, special attention is given to balancing-entry risk and country risk. These risks are regularly monitored, always keeping within established limits.

### **Management of interest rate and foreign currency risk**

Crèdit Andorrà SA has traditionally paid particular attention to maintaining a very strict relation between investment and how it is financed. For this reason, the Assets, Liabilities and Risks Committee has not set any ordinary limit for the establishment of open positions and therefore any gap not in keeping with the normal development of daily operations must have prior authorisation.

Exposure to interest rate risk as a consequence of gaps between investment and financing is very limited. In fact, at the end of 2009, a displacement parallel to the interest rate curve of all currencies of 1% would have had an impact of less than 0.5% of shareholder equity.

Liquidity risk, understood as that risk arising from any difficulty the entity may have in meeting its payments or in obtaining funds for that purpose is handled through specific management tools. The daily monitoring of this has been one of the entity's priorities.

Foreign currency risk is also subject to daily monitoring, both with regard to at-sight transactions and those at term. At year-end, the open position in foreign currency risk, consolidated in euros, amounted to 1,083.6 thousand euros, as against the established limit of 5 million euros.

### Management of operational risk

The Basle Committee defined operational risk as the risk of direct and indirect loss caused by errors or omissions in processes, by persons and internal systems or by outside events.

Crédit Andorrà SA continues to develop the organizational structure and to establish the capacities needed to ensure adaptation to the Basle Capital Accord insofar as it refers to the measurement and management of operational risk.

Daily VaR



## Note 18 Other off-balance-sheet records

Details of the composition by type of security and other securities deposited and held in trust with third parties at year-end are set out below (in thousand euros):

	2009	2008
Equity instruments	1,237,152	1,031,871
Fixed income instruments	1,072,007	1,593,421
Parts of investment funds whose depository is not an Andorran bank	2,243,892	860,503
Other	327,656	447,506
	<b>4,880,707</b>	<b>3,933,301</b>

Details of “Other off-balance-sheet records” at year-end (in thousand euros) were as follows:

	2009	2008
Guarantees and obligations received	344,872	404,973
Unlisted own shares and those held in trust	273,448	263,710
Very doubtful loans	41,432	43,027
Other	74,796	63,586
	<b>734,548</b>	<b>775,296</b>

In compliance with explanatory memorandum 169/06 provided by the ANIF Accounting Plan of the Andorran Financial System, published on October 12, 2006, in “Clause V. Other off-balance-sheet records with functions exclusively related to administrative control”, bonds issued by the government of Andorra are recorded under “unlisted own shares” and shares of Crèdit Andorrà SA, shown at face value, are recorded as “those held in trust”.

## Note 19 Compliance with regulations

### 19.1 Act governing the solvency and liquidity criteria of financial entities

At its session held on February 29, 1996, the General Council of the Principality of Andorra passed the Act governing the solvency and liquidity criteria of financial entities (hereinafter “the Act”).

In accordance with this Act, the Group must maintain an ordered financial structure to ensure its capacity to meet its obligations. This capacity can be observed essentially from a dual perspective: on the one hand, by quantifying the sufficiency of its equity (solvency ratio); on the other, by means of a suitable period of time between the maturities of obligations and the availability of investments (liquidity ratio). The Crèdit Andorrà Group must maintain specific ratios with regard to quantitative measurement of the amounts of assets, liabilities and certain off-balance-sheet records calculated under accounting criteria, as well as qualitative options on the various components, valuation of risk and other factors.

This Act makes it obligatory to maintain a solvency ratio, made up according to the recommendations of the “Basel Committee on Banking Supervision”, with a minimum of 10% of the weighted risk of assets. It also obliges financial entities to maintain a minimum liquidity ratio of 40%.

The requirements regarding minimum equity are calculated according to the Group's exposure to credit risk (depending on the assets, commitments and other off-balance-sheet records with this risk, in terms of their amounts, characteristics, counterparts, guarantees, etc.), to counterpart risk and the position and liquidation of the trading portfolio, to exchange risk and the position in gold (according to the overall net position in currency and net position in gold) and to commodity risk.

Below are details of the adjusted consolidated equity as at December 31, 2009 and 2008 and the corresponding solvency and liquidity ratios in comparison with the aforementioned legal requirements:

	31.12.2009	31.12.2008
Capital and reserves	434,348	534,834
Preferred shares	150,000	150,000
Provision for general banking risks	40,855	33,844
Intangible assets	-21,582	-133,680
<b>Tier 1</b>	<b>603,621</b>	<b>584,998</b>
Revaluation reserve	115,562	115,562
General provision loan investment banks	2,519	7,754
<b>Tier 2</b>	<b>118,081</b>	<b>123,316</b>
<b>Total adjusted equity</b>	<b>721,702</b>	<b>708,314</b>
<b>Risk-adjusted assets</b>	<b>3,077,755</b>	<b>3,477,461</b>
<b>Tier 1 (%)</b>	<b>19.61%</b>	<b>16.82%</b>
<b>Tier 2 (%)</b>	<b>3.84%</b>	<b>3.55%</b>
<b>Solvency ratio (%)</b>	<b>23.45%</b>	<b>20.37%</b>

	Bank's current ratio		Legal minimum ratio
	2009	2008	
Solvency ratio	23.45%	20.37%	10%
Liquidity ratio	71.06%	70.08%	40%

It should be noted that the calculation of the solvency ratio is carried out according to ANIF Memorandum no. 159/04 on Equity Requirements. This memorandum, which is technically binding, complements the Act governing the solvency and liquidity criteria of financial entities of February 29, 1996, and is designed to foster greater security and stability in the Andorran financial system by incorporating the hedging of market risks.

The Act also limits the concentration of risks in favour of any one beneficiary to 20% of the Bank's equity. It also establishes that the concentration of risks that individual exceeds 5% of equity cannot go beyond the limit of 400% of this equity. Similarly, the balances or transactions maintained with members of the Board of Directors cannot be above 15% of equity.

In 2009, the Bank met the requirements set out in this Act. The highest concentration of risk in favour of any single beneficiary was 16.7% of the Bank's equity. Total loans, discounts and other transactions creating individual credit risk in excess of 5% of the Bank's equity did not go above 56.20%.

## **19.2 Act on international cooperation on crime and the fight against money or security laundering arising from international crime**

On July 24, 2001, the current Act on international cooperation on crime and the fight against money and security laundering arising from international crime came into force, replacing the previous Act protecting bank secrecy and preventing money or security laundering resulting from international crime, of 1995.

In compliance with this Act, the Bank has established a number of internal control and reporting procedures aimed at protecting bank secrecy and at foreseeing and preventing money laundering operations and the financing of terrorism. Specific training programmes have been carried out in this area.

At its session on December 11, 2008, the General Council of the Principality of Andorra passed the Act amending the Act on international cooperation on crime and the fight against money and security laundering arising from international crime. This amendment of Andorran legislation against laundering and against the financing of terrorism updates the previous Act, adapting it to international standards in this area and harmonizing it with the equivalent laws in Europe.

## **19.3 Act governing mandatory investment ratios**

At its session on June 30, 1994, the General Council of the Principality of Andorra passed the Act governing mandatory investment ratios. This Act obliges entities whose activities include receiving public deposits and which use these in granting loans and other investments to maintain an investment ratio in Andorran public funds.

On December 9, 2009, the Decree was passed that amends the Decree regulating the Act governing mandatory investment ratios of August 22, 1994, which obliges entities to maintain an investment ratio of 2% in public funds in their assets.

### **Government bonds**

In compliance with this ratio, as at December 31, 2009, Crèdit Andorrà SA had subscribed 103,430 thousand euros to government bonds of the Principality of Andorra, issued on December 30, 2009 and maturing on December 31, 2013 at a one-year Euribor interest rate, established on the first working day of each year (2008: 105,292 thousand euros). This figure is recorded under the heading "Securities portfolio – Bonds and other fixed-income instruments" of the enclosed balance sheet (see note 6.4).

### **Housing funding programme**

Also included in calculations as public funds are loans granted as part of a programme classified as of national and social interest, aimed at the preferential funding of housing, approved by the government of Andorra on April 26, 1995. As at December 31, 2009 and 2008, the loans granted under this programme amounted to 589 and 744 thousand euros, respectively, and they are recorded under the heading "Loan investments – Customer loans and credits" on the balance sheet. These loans accrue a fixed annual interest of 6% (see note 5.3).

### **Guarantee reserves**

In its session on May 11, 1995, the General Council of the Principality of Andorra passed the Act governing the guarantee reserves for deposits and other operational bonds to be maintained and deposited by entities operating in the financial system. This Act makes it compulsory for entities involved in the Andorran financial system to maintain, among their permanent resources, minimum reserves of equity to guarantee their operational obligations of up to 4% of the entities' total investments, after deducting investments made using shareholders' equity or funds from financial institutions

In its session on March 26, 2003, the government of Andorra passed a Decree regarding the conditions to be applied to deposits of guarantee reserves established by entities operating in the financial system, and the deposits that can be approved as public funds for the purposes of complying with the mandatory investment ratio established for banking entities. In accordance with this Decree, the effective percentage applied in

calculating guarantee reserves to be provided by banking entities is 1.25% of the volume of investments made by the entity for all concepts, after deducting investments made using shareholders' equity or funds from financial institutions. The net base to which the previously fixed percentage is applied is established based on the figures from the individual balance sheet of the entity as at December 31, 2002. Consequently, the amount established by Crèdit Andorrà SA for this concept was 33,063 thousand euros.

In accordance with the aforementioned Act, entities involved in the Andorran financial system must mandatorily set up and maintain guarantee reserves deposited with the ANIF. Specifically, the Crèdit Andorrà SA Group has investments totalling 46,245 thousand euros, with 33,063 thousand euros from Crèdit Andorrà SA, 12,972 thousand euros in compliance with the commitments undertaken with the purchase of the banking entity CaixaBank SA in 2005, and 210 thousand euros from the investment fund management company Crediinvest SA.

In 2009 and 2008, the balance and return from these deposits (in thousand euros) was as follows:

<b>2009</b>			
<b>Mandatory investment</b>	<b>Deposit</b>	<b>Interest rate</b>	<b>Period</b>
Crèdit Andorrà SA	46,035	2.1475%	December 31, 2008 – February 27, 2009
		1.9250%	February 27, 2009 – December 31, 2009
Crediinvest SA	210	2.1475%	December 31, 2008 – February 27, 2009
		1.9250%	February 27, 2009 – December 31, 2009
	<b>46,245</b>		
<b>2008</b>			
<b>Mandatory investment</b>	<b>Deposit</b>	<b>Interest rate</b>	<b>Period</b>
Crèdit Andorrà SA	46,035	4.338%	December 31, 2007 – January 31, 2008
		4.265%	January 31, 2008 – December 31, 2008
Crediinvest SA	210	4.338%	December 31, 2007 – January 31, 2008
		4.265%	January 31, 2008 – December 31, 2008
	<b>46,245</b>		

#### **19.4 Act to Apply the Agreement between the Principality of Andorra and the European Union on taxation of returns on savings in the form of interest payments**

At its session held on February 21, 2005, the General Council of the Principality of Andorra ratified the Agreement between the Principality of Andorra and the European Union on the establishment of measures equivalent to those provided for in Directive 2003/48/EC of the European Council on taxation of savings income in the form of interest payments. Also, at its session on June 13, 2005, it passed the Act to apply the abovementioned Agreement.

During last year, Crèdit Andorrà SA, in its role as payment agent, fulfilled all the obligations set out in the Agreement and the Act dealing with its application and duly paid the amount withheld as established in the abovementioned legislation.

### **19.5 Act 10/2008, of June 12, governing mutual funds under Andorran law**

On June 12, 2008, the General Council of the Principality of Andorra passed the Act governing mutual funds under Andorran law in order to establish criteria of transparency to ensure investors have enough information, as well as to establish the liabilities and obligations of entities involved in their management, deposit, administration and distribution and in all complementary services.

All mutual funds and entities to which the aforementioned Act applies had a period of one year from this Act coming into force, on July 16, 2008, to carry out the necessary adaptations and to apply for the corresponding ANIF registration of mutual funds under Andorran law or foreign mutual funds when managed or distributed in Andorra within the corresponding category and to enclose the documents required by this Act.

All collective investment undertakings managed by the Group and to which this Act applies were adapted within the time and in the manner established. For its part, the Bank has started the necessary processes to ensure compliance with the obligations established by this Act for depositories.

### **Note 20 Significant events following year-end**

On January 22, 2010, Spain's National Securities Commission passed the modification to the programme of activities of Valira Capital Asset Management, SGIIC SA.

### **Note 21 Other matters of interest**

Crèdit Andorrà SA established the Fundació Crèdit Andorrà SA, registered in the Principality of Andorra on December 15, 1987, for an indefinite period of time. The Foundation has its own legal identity, is of Andorran nationality and of a private nature.

With the coming into force of the new Act 11/2008, of June 12, on foundations, its articles of association have been adapted, as well as reordering its equity and registering with the Foundation Register.

This Foundation, which is a non-profit organization, aims to contribute to improving the quality of economic, cultural and social life in Andorra by taking on, programming, funding and carrying out specific goals. Among these goals, of particular note is the granting of study scholarships to those who deserve them in order to help them get the best possible education in whatever areas that may have an influence on the bettering of the economic, scientific, educational, cultural and services structure of the country.

In 2009, and always with the aim of adapting its work to the needs of the country, the activities carried out by the Fundació Crèdit Andorrà focused on three major areas. These included its social programmes, particularly those aimed at the elderly and organisations dealing with the disabled. Another key area was education, particularly granting scholarships, as well as cultural activities, dealing with pedagogical aspects and all those areas directly related to the country, its history and its natural environment.

As a result of the international financial and economic crisis starting in 2008, and with the clear desire to progress in terms of transparency related to financial activity, on September 7, 2009 the General Council of the Principality of Andorra passed Act 3/2009 on the exchange of information on fiscal matters with prior request, which contains the principles of the OECD Model Agreement on Exchange of Information in Tax Matters.

In February 2010, Andorra signed bilateral agreements with Austria, Liechtenstein, Monaco, San Marino, France, Belgium, Argentina, the Netherlands, Portugal, Spain, Denmark, Finland, Norway, Sweden, Iceland, Pharaoh Islands and Greenland (17 in total).

With these agreements signed, the Andorran state achieves the minimum 12 required to comply with the rules established by the OECD and joins the list of states cooperating in exchanging information on tax matters.

## **Note 22 English translation**

These consolidated financial statements are a free translation of the consolidated financial statements originally issued in Catalan. In the event of a discrepancy, the Catalan language version prevails. These consolidated financial statements are presented in conformity with the accounting principles and valuation criteria established by the Accounting Plan of the Andorran Financial System. Certain accounting practices applied by the Group that conform with the Accounting Plan of the Andorran Financial System may not conform with generally accepted accounting principles in other countries.

**AUDITORS' REPORT**  
**Crèdit Andorrà Group**

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**KPMG Auditores S.L.**  
Edifici La Porta de Barcelona  
Av. Diagonal, 682  
08034 Barcelona

**Independent Group Auditor's Report**

(Free translation from the original in Catalan (see note 22).  
In the event of discrepancy, the Catalan-language version prevails)

To the Shareholders of  
Crèdit Andorrà, SA

We have audited the accompanying consolidated financial statements of Crèdit Andorrà, SA (the Bank) and subsidiaries (the Group) as of December 31, 2009, which include the consolidated balance sheet, the consolidated statements of earnings, the consolidated statement of source and application of funds and the consolidated notes. These consolidated financial statements are the responsibility of the Bank's Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Board of Directors, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Crèdit Andorrà, SA and subsidiaries as of December 31, 2009, and the results of their operations and their sources and application of funds for the year then ended in conformity with the accounting principles and valuation criteria established by the Accounting Plan of the Andorran Financial System.

KPMG Auditores, SL



Francesc Gibert Pibernat

March 19, 2010

# Corporate Social Responsibility 2009 Report





## Corporate responsibility and Crèdit Andorrà

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For Crèdit Andorrà, sustainability is a key element in our culture and a strategic value for the Group. Social and environmental commitment form the basis of service to the country, as we work to create wealth and boost the development of society and the environment. The bank is a benchmark in Andorra in terms of social policies and in generating opportunities for professionals.



Since 2004, Crèdit Andorrà has followed an action plan of corporate social responsibility with specific actions carried out both in terms of the environment and society. Since 2003 we have published a social responsibility report in accordance with the standards established by the Global Reporting Initiative (GRI).

## A comprehensive view of the year

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This report explains the Crèdit Andorrà Group's commitment to corporate social responsibility, providing information on our strategy and the Group's progress throughout the year from the perspective of the economy, environment and society.

The following highlights the most relevant actions and provides a succinct but comprehensive view of how CSR is put into practice within the Group.

- ▼ Automatic branch at the Illa Carlemany shopping centre.



## Customers

At the Crèdit Andorrà Group we have a totally customer-oriented philosophy, customers being at the core of our business. That's why we believe it's vital to actively attend to their needs in order to identify and satisfy them effectively and efficiently.

To continue guaranteeing ongoing improvement and customer satisfaction and to align ourselves with the best practices worldwide in asset management, the Crèdit Andorrà Group has once again renewed its two international **ISO 9001:2008** certificates for Crediinvest and also for the bank's Treasury and Capital Market and Market Administration and Control departments. These ISO 9001:2008 certificates are in addition to the **GIPS certification** (Global Investment Performance Standards) held by Crediinvest for the last three years. Since 2006, Crediinvest has also formed part of the **AIMA** (Alternative Investment Management Association), being the first Andorran institution to belong to this association, which proposes and prepares lines of action within the sector with regard to the legislation, regulation and standards of good governance, among others. Lastly, in 2009 we also obtained ISO 9001:2008 certification for Valira Capital Asset Management, the Crèdit Andorrà Group's fund manager located Madrid.

Crèdit Andorrà is currently working on adopting the **principles established in the EU MiFID** (Markets in Financial Instruments Directive), with these already being followed by our fund management firm Crediinvest.

With the clear aim of offering customers more freedom in terms of office hours as well as more autonomy, we have implemented **automatic branches** as a new business model at different commercial and tourist points in the country, namely the Illa Carlemany shopping centre and Soldeu, and have also installed **terminals for deposits and small change dispensers** at the self-service areas of the main branches.

- ▼ Slogan from the campaign for longer office hours at the branches



Another step forward in serving the country and in adapting to the needs of our customers has been the **extension of our office hours at midday** and the start-up of our **Crèdit Direct Line**, a telephone banking service to make any kind of query or transaction without the need to go to a branch.

Also of note is the intense work carried out in 2009 to start up a **new banking platform** in 2010, which will add speed and security to transactions and improve communication between the Bank and its customers.

To ensure **customer satisfaction**, every year we produce studies to evaluate the degree of satisfaction. In 2009 we carried out a survey with Individual Banking customers and the overall rating was 7.4 on average, on a scale from 0 to 10.

In line with the commitment undertaken by the Crèdit Andorrà Group towards people and the environment, we offer our customers a range of **socially responsible products**: the Clau Visa Unicef card, the socially responsible investment fund Crediinvest SICAV Sustainability and the insurance policies Crèditvida Previsió, Crèditvida Capital, PIAM and Crèditсалut. In 2009 we also added two new insurance products for travel assistance on our cards: for loss of luggage and for assault while at an ATM, as well as launching the ecological Crèditcotxe promotion and further extending the advantages and discounts for the Bank's customers.

- ▼ Clau Visa Unicef card



Main indicators	Score (scale of 0 to 10)
Degree of overall satisfaction of Individual Banking customers	7.4
	Number of users
Number of Clau Visa Unicef card users	735
	Euros
Customer donations via the Clau Visa Unicef card	24,830
Bank's contribution to the Clau Visa Unicef programme	26,454

## Teamwork

The success of the Crèdit Andorrà Group is based on the quality, skill and professionalism of its workforce, helping the Bank to evolve and progress over the last few years. Teamwork and leadership have been two crucial elements in taking on the main challenges of the year: the change in the software platform and the new international projects.

The change towards the **new software platform**, Avaloq, has involved everyone working at Crèdit Andorrà. Within this context, training has been essential to build the skills that allow people to successfully push the project forward. This training has employed a blended learning methodology that combines class-based training sessions with e-learning. Online learning has been implemented at the Bank as a result of this technological project, the most ambitious project we have taken on and one that has led to the professional enrichment of those involved.

As part of the Crèdit Andorrà Group's **internationalisation process**, we have further strengthened our language training to train employees to take on the new challenges effectively. The management of this international project has involved the contribution of different areas of the Bank, as well as a change in work dynamics that have given rise to a more global and less local vision. Another consequence of this process has been the opportunity for employees to have an international career working in Latin America.

▼ The CorCrèdit team at work.



<b>Main indicators</b>	<b>Years</b>	<b>Percentages</b>	<b>Number of people</b>	<b>Euros</b>	<b>Hours</b>
<b>Profile and equal opportunities</b>					
Crédit Andorrà Group workforce	—	—	482	—	—
Crédit Andorrà workforce	—	—	409	—	—
Disabled people working at Crédit Andorrà	—	—	3	—	—
Employees aged between 31 and 45	—	57%	—	—	—
Employees of Andorran nationality	—	54%	—	—	—
Women on the workforce (out of total)	—	41%	—	—	—
Women in executive positions (out of all executive positions)	—	22%	—	—	—
Staff with permanent contract	—	100%	—	—	—
Voluntary resignations (out of total)	—	4.91%	—	—	—
Average permanence in company	15.23	—	—	—	—
<b>Professional development and training</b>					
Staff that have received training	—	100%	—	—	—
Expenditure on training in terms of payroll	—	2.17%	—	—	—
Average investment in training per worker	—	—	—	1,041.12	—
Average hours of training per worker	—	—	—	—	97.86
Training within working hours	—	36%	—	—	—
Training on IT applications	—	—	7,134	—	20,250*
Financial and banking training	—	—	70	—	4,808
Language training	—	—	229	—	9,552
Total hours of training in preventing occupational hazards and environmental issues	—	—	—	—	195.5

(\*) 19,954 hours correspond to the new software platform, Avaloq.

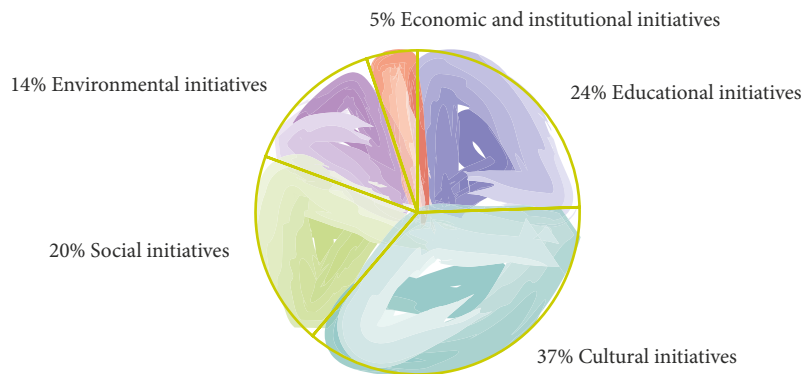
## The Community

Both Crèdit Andorrà and the Crèdit Andorrà Foundation have strong roots in the society of the Principality of Andorra and for this reason we give support to and coordinate **our own programmes as well as collaborating with those organisations** that work for the overall development of Andorran society and strengthen our ties of cooperation with the different groups in the territory. Our involvement is based on planning and proactiveness.

In 2009, the Crèdit Andorrà Group invested **1.97% of its total net profits** in initiatives aimed at the community.

### Consolidated total investment of the Group (percentage)

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The programmes carried out covered three broad sectors: support for society, education, and knowledge and culture.

In the area of **social initiatives**, we continued to pay particular attention to **senior citizens**, extending the proposals offered to them as part of L'Espai, the permanent centre where different activities are carried out aimed at this group of people; workshops, courses, talks and activities of the Senior Citizens Voluntary Association of the Crèdit Andorrà Foundation went to make up the intensive programme throughout the year at L'Espai.

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▼ Students at the L'Espai computer centre.



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▼ National Sport for All Day.



We have also continued to support actions regarding **diseases of great social concern**, continuing different programmes implemented in previous years, especially with informative talks and workshops aimed both at those suffering from these diseases and their carers. In 2009 the scope of our cancer initiatives was extended, as well as adding diabetes to the list of diseases that warrant special attention.

As part of our **social collaboration**, of note is our continued work with organisations such as the Crèdit Andorrà Foundation Scholarship Holders Association and the Andorra Special Olympics, as well as maintaining our support for the action plan of the National Strategy for Nutrition, Sport and Health (ENNES), set up by the government of Andorra. In 2009 we also collaborated once again with the Andorran Science Society by organising workshops, with the blood donation programme organised by the Andorran Red Cross and with the Andorra la Vella Fair by sponsoring 50% of the cost of renting the AIVA grounds (Association of Vehicle Importers of Andorra). And for the second consecutive year, together with Vallnord and with the collaboration of the Club Super3, we also organised a Family Day on the Pal ski slopes.

With regard to **collaboration with sport**, we have supported and sponsored different sports events aimed at encouraging young Andorrans to take up sport. Skiing takes pride of place in our country and we are therefore present at the Borrufa Trophy and various competitions organised by the different ski clubs. Once again we also sponsored first level international football camps, the 16th

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▼ Skier competing for the Borrufa Trophy.



Vilaseca-Valverde Soccer Campus and the 2nd Carles Riba Seven-a-side Football Campus, among others. Apart from grassroots sport, we also provide constant, sustained support for different initiatives and groups by collaborating with and sponsoring several sports-related bodies.

Lastly, in the area of **social cooperation abroad**, Crèdit Andorrà (Panamá) has signed a cooperation agreement with the Chamber of Commerce Foundation of Panama to promote the creation of a Training and Preparation of Social Enterprises Unit.

With regard to **educational initiatives**, the areas we have prioritised have been the **granting of scholarships, aid and prizes**, as well as our cooperation with the University of Andorra. Regarding the first area, of note is the granting of several scholarships for hotel, catering and tourism studies as well as for postgraduate studies, our co-sponsorship of the grants given by the Fulbright Bilateral Committee, and also our contribution to the postgraduate scholarships awarded by the Ministry of Education and Culture for young Andorrans who wish to extend their training in research. In this same area we should also mention the giving, for the first time, of the Calvó Armengol International Prize for research, awarded every two years for contributions to the study of social interaction.

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- ▼ The new scholarship holders for 2009 awarded by the Crèdit Andorrà Foundation, with Antoni Pintat, Chairman of the Board of Trustees and Josep Peralba, Chairman of the Delegate Committee, in the centre.



With regard to **cooperation with the University of Andorra**, the main actions were the sponsorship to carry out higher professional studies organised by the Computer Sciences and Management School, support for the midwife training programme, the sponsoring of the continued training course Open opera and aid for an academic course, namely the postgraduate in Andorran law, which in 2009 also involved the publication of two new volumes from the collection on Andorran law books.

Finally, and as part of our **cultural initiatives**, we should mention our continued support for both **musical and stage arts**. In musical arts, by means of the ONCA Foundation we have continued to promote the Andorran National Classical Orchestra (ONCA), in its sixteenth season, as well as the Andorran National Youth Chamber Orchestra (JONCA) and the JONCA Soloists. Through the Ordino

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- ▼ Santa Cecília concert by the ONCA and the Children's and Youth Orchestras of the Music and Dance Institute.



Festivals Association we have also taken part in the 27th International Narciso Yepes Festival, with the Friends of Organs Foundation of the Valleys of Andorra we have presented the tenth International Organ Cycle and, in collaboration with the Catalan Cultural Centre, we have contributed to the Carles Sabater Award for the best song of the year in Catalan. On the other hand, to celebrate the Day of Portugal, of Camões and of the Portuguese Communities, the Portuguese Embassy in Andorra organised a series of events including a fado concert with the collaboration of Crèdit Andorra and we also sponsored a concert for two pianos by Víctor and Luis del Valle, organised by the Spanish Embassy in Andorra.

With regard to stage arts, our participation in the Andorran National Stage Foundation (ENA) has allowed us to support the programme for its season of shows in Andorra, as well as taking part in the international presentation of different in-house productions and organising the 12th Demonstration of Young Theatre.

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- ▼ During the performance of *Pròxima estació, Vivaldi!* at the International Narciso Yepes Festival.



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- ▼ From left to right, Joan Ollé and Lluís Cartes during the poetry and music recital of *Quartet dels mals endreços*.



In order to promote and reclaim **art**, Crèdit Andorrà has an art collection that contains around a hundred paintings by the most renowned Catalan painters from the 18th to the 20th century, as well as a unique collection of twenty Catalan domestic timepieces from the 18th century and the predella from the church of Sant Miquel de Prats, one of the most important examples of 16th century painting in Andorra. That's why we have published a book to share the sights, landscapes, light and colours that have filled our art collection with history. Also along these lines, we have held the exhibition *El nostre romànic... en petit format*, a travelling display of models of the churches of Andorra. We have also **collaborated with other institutions** in the area of culture. For example, we provided our support to the Cercle de les Arts i de les Lletres in holding the 32nd Andorran Literary Night and the 15th Andorra Poster Arts. Crèdit Andorrà contributed the 50th Anniversary Crèdit Andorrà Theatre Prize, the Grandalla Poetry Prize and the prizes for Sculpture and Painting. For the fourth consecutive year, we also collaborated with the Circuit'Art, a series of exhibitions that focus on a different artistic discipline each year, in 2009 this being sculpture, as well as taking part in the 1st International Digital Photography Salon organised by the Andorran Photography Federation. Lastly, and through the Crèdit Andorrà Foundation, we supported the government in two publications aimed at disseminating the history of the country: the publication of the book *Història de la premsa andorrana (1917-2005)* and of the catalogue for the exhibition entitled *Andorra, un profund i llarg viatge*.

## The Environment

The Crèdit Andorrà Group has a firm commitment to protecting and conserving the environment, as well as to minimising environmental impact. This is a strategic objective of the Group, brought about through initiatives that aim to ensure that all the activities we carry out respect the environment, encouraging and promoting the involvement of all those who go to make up the Group. Moreover, and as a way of extending environmental commitment to our branches, we base their construction on environmental criteria that guarantee the maximum efficiency and respect for the environment.

The **environmental management system** implemented in 2004 and certified under standard ISO 14001 allows us to evaluate the significant environmental impact of our activities and to prioritise improvements in this area. Of note is the progress achieved in some of the internal initiatives carried out in 2009: improving the insulation of the IT system building, training given on sustainable construction to those in charge of the building work, improving air conditioning systems at the Head Office and installing independent thermostats, the purchase of personal protection equipment as part of the Emergency Plan implementation, the start-up of a digital press cuttings service available via the Intranet, resulting in significant savings in paper, the modification in the timetable of delivery vans to minimise the number of trips, the purchase of materials and electrical apparatus that respect the environment and improving the energy efficiency of our branches.

As part of the environmental management system and our CSR policy, every year we carry out training and awareness raising actions aimed at the Bank's employees by using aspects of internal communication. On the other hand, in order to raise the awareness of citizens as a whole we have collaborated in different **environmental initiatives** such as the 1st Salon for the Construction of Sustainable Pyrenees, the National Waste Plan of the government of Andorra and the TV programme on *Andorra Televisió* entitled Elements.

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#### Main indicators

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Investment in and expenditure on the environment (€)	
(expenses on collaboration activities, building work and maintenance, training, audits and patronage)	156,813
Electricity consumption (MWh)	6,592
Fuel-oil consumption (litres)	231,731
Total tonnes of CO <sub>2</sub>	1,813
Water consumption (m <sup>3</sup> )	17,329
Consumption of paper for internal use (tonnes)	20.56
Consumption of paper for customers (tonnes)	42.12

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▼ Inaugural speech from the 1st Salon for the Construction of Sustainable Pyrenees.



## The Economy

**Economic balance, transparency and ongoing improvement in the overall management** of the Crèdit Andorrà Group are the main factors that enable the Bank's sustainable economic management. Good economic results and excellence in management establish the Bank as a leader in Andorra's financial sector. Crèdit Andorrà is recognised as one of the most solvent and best managed banks in the world. It enjoys excellent solvency and liquidity ratios and has earned other international distinctions, such as the Andorran Bank of the Year given by *The Banker* (2002, 2003, 2004, 2006, 2007 and 2008). Fitch Ratings has maintained its ratings for our organisation, classifying us with a long-term rating of "A", an "F1" short-term rating, an individual rating of "B" and a support rating of "4", with a stable outlook. This is particularly relevant given the current state of the international financial system. According to Fitch, these ratings continue to be "a reflection of the leading position of the company in the Andorran market, of conservative management and solid profitability" and they confirm "the healthy quality of the bank's assets, its significant liquidity and strong capitalisation".



According to the **Top 1000** ranking (July 2009 edition) of the most capitalised banks in the world, Crèdit Andorrà comes 562nd, heading the list of Andorran banks.

On the other hand, the Francofonia Economic Congress awarded us with its **Francofonia 2009 economic prize**.

- ▼ From left to right, Stéphane Attali, President of ESA; Reine Codsí, Chairman of the *Comité National Libanais du FFA*; Josep Peralba, CEO of Crèdit Andorrà; Tammam Salam, Lebanese Minister of Culture; Roger Nasnas, President of the Economic and Social Council of the Lebanon, and Christian Estrosi, French Minister for Industry.



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- ▼ Torre de las Américas, the site of Banco Crèdit Andorrà (Panamá)



The development of new businesses and reinforcing expansion are basic goals in the 2007-2010 Strategic Plan of the Crèdit Andorrà Group. In 2009 we took another step forward in the **internationalisation of the Crèdit Andorrà Group in Latin America**, as we were granted, by the *Comisión Nacional de Valores* (CNV) of the Republic of Panama, a business licence through Crèdit Andorrà Panamá Securities, being the first Andorran bank to get a securities firm licence in Panama. Within the area of insurance, the Group has expanded in Spain through its insurance holding ERM, which has opened three new subsidiaries in Palma de Mallorca, Tarragona and Seville.

With the philosophy of serving its customers and serving the country, Crèdit Andorrà is involved in the economic development of Andorra, taking the shape of different **economic initiatives** to support the business fabric. With the coming into force of the new Social Security Act, Crèdit Andorrà organised a **series of talks** to explain the main changes and the measures to which different economic agents and groups in the country will have to adapt. Other talks organised were, on the one hand, the talk entitled *Current situation of financial markets* by Bestinver, which analysed the current situation of the Crèdit Andorrà funds, advised by this financial services firm, their potential appreciation and also the global financial scenario; and, on the other hand, the third *Andorra Update* provided ideas to tackle the new era of tourism, a key element in the Andorran economy, and presented the main advances and trends in the world of the economy and business.

Once again, in 2009 we continued our **collaboration with business institutions and associations**, such as the Business Meeting in the Pyrenees Association, in holding the 20th Business Meeting in the Pyrenees; the Andorran Family Business Association with the Andorran Family Business Cycle, celebrating its eleventh edition in 2009 under the title *Family and ownership, the challenge of continuity*, the 8th Andorran Family Business Forum, and the Andorra Euram Circle of the Ignasi Villalonga Institute of Economics and Business with a conference and a round table to debate the opportunities and challenges of trade in the Euro region of the Mediterranean Arc. With the consultancy firm Opció Recursos Humans we organised the talk *Leading and managing in uncertain times*, whose aim was to analyse the current economic situation, and with Ecotècnic we have provided support by holding a specialist workshop that, under the title *The keys to good hotel management in times of crisis*, presented the seven key points for good

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- ▼ Marcos Urarte during the talk *Leading and managing in uncertain times*.



management in this area. Together with the Council of Portuguese Communities and with the Portuguese Embassy in Andorra we held the colloquium *The Portuguese community: its role in Andorra society* and with the Club of Portuguese Entrepreneurs of Andorra (CEPA) we organised a talk on the new Social Security Act and the new Employment Regulations. We have also signed a sponsorship agreement with APEDE, the Panamanian Association of Business Executives, to promote training among Panamanian business people.

Finally, and in the area of **publications**, since 1981 Crèdit Andorrà has produced a publication with the key socio-economic data for Andorra and, in 2009, this was called *Andorra 2008*. Together with the Andorra Chamber of Commerce we have also published the *Practical Manual of the General Accounting Plan for Andorra 2008*.

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**Main indicators (thousand euros)**

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Profits	76,655
Income	261,362
Operating costs	34,656
Staff costs	31,415
Investment in sponsorship and social programmes	1,506
Payments to capital providers	155,646
Taxes	15,558
Investment and expenses on environmental matters*	157

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(\*) Expenses on collaboration activities, building work and maintenance, training, audits and patronage.

**For more information, you can access the complete CSR report  
and the Report on the activities of the Crèdit Andorrà Foundation  
through our corporate website**

**[www.creditandorra.ad](http://www.creditandorra.ad)**

## Branch network of Crèdit Andorrà

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### Head Office

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Av. Meritxell, 80  
AD500 Andorra la Vella  
Principality of Andorra  
Tel.: +376 88 86 00  
Fax: +376 88 86 01  
Swift: CRDA AD AD  
www.creditandorra.ad

### Branches

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#### Andorra la Vella

##### MAIN BRANCH

Av. Meritxell, 80  
AD500 Andorra la Vella  
Tel.: +376 88 86 00  
Fax: +376 88 86 01  
Tel. Corporate banking:  
+376 88 93 00

##### PLAÇA REBÉS

Pl. Rebés, 3  
AD500 Andorra la Vella  
Tel.: +376 88 81 00 / +376 88 83 60  
Fax: +376 88 83 61  
Tel. Corporate banking:  
+376 88 97 00

##### PRADA RAMON

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AD500 Andorra la Vella  
Tel.: +376 88 86 70  
Fax: +376 88 86 71  
Tel. Corporate banking:  
+376 88 90 95

##### PRAT DE LA CREU

C/ Prat de la Creu, 83  
AD500 Andorra la Vella  
Tel.: +376 88 81 60  
Fax: +376 88 81 61

##### SANTA COLOMA

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AD500 Andorra la Vella  
Tel.: +376 88 81 80  
Fax: +376 88 81 81

#### Canillo

##### CANILLO

Pl. Major  
AD100 Canillo  
Tel.: +376 88 84 60  
Fax: +376 88 84 61

#### Encamp

##### COPRÍNCEP EPISCOPAL

Av. de Joan Martí, 67  
AD200 Encamp  
Tel.: +376 88 84 20  
Fax: +376 88 84 21

##### PAS DE LA CASA

C/ Sant Jordi, 7  
AD200 Pas de la Casa  
Tel.: +376 88 84 40  
Fax: +376 88 84 41

##### PLAÇA DEL CONSELL

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Tel. Corporate banking:  
+376 88 94 00

##### ENGORDANY

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Fax: +376 88 82 81

##### FITER I ROSSELL

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AD700 Escaldes-Engordany  
Tel.: +376 88 82 60  
Fax: +376 88 82 61

#### La Massana

##### LES FONTETES

Av. del Través, 1  
AD400 La Massana  
Tel.: +376 88 85 70  
Fax: +376 88 85 71

##### SANT ANTONI

Av. Sant Antoni, 34  
AD400 La Massana  
Tel.: +376 88 85 00  
Fax: +376 88 85 01

#### Ordino

##### ORDINO

C/ Major  
AD300 Ordino  
Tel.: +376 88 85 50  
Fax: +376 88 85 51

#### Sant Julià de Lòria

##### PLAÇA LAURÈDIA

Av. Verge de Canòlich, 55  
AD600 Sant Julià de Lòria  
Tel.: +376 88 83 40  
Fax: +376 88 83 41

##### VERGE DE CANÒLICH

Av. Verge de Canòlich, 17-19  
AD600 Sant Julià de Lòria  
Tel.: +376 88 83 00  
Fax: +376 88 83 01

### Automatic branches

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##### ILLA CARLEMANY

Illa Carlemany shopping centre

##### SOLDEU

Ctra. General, s/n (Soldeu)

## Crèdit Andorrà Group

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### Banking and financial services

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#### BANCO CRÈDIT ANDORRÀ (PANAMÀ)

Regus Business Centre  
Torres de las Américas  
Torre A, piso 10  
Punta Pacífica  
Panama, Republic of Panama  
Tel.: +507 306 48 00

#### OFICINA DE REPRESENTACIÓ DE URUGUAY

(REPRESENTATIVE OFFICE)

Ruta 8, km 17.500  
(Zonamérica)  
Edificio @3, Oficina 007  
C.P.: 91600  
Montevideo, Uruguay  
Tel.: +598 2 5184895

### Asset Management

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#### CRÈDIT ANDORRÀ ASSET MANAGEMENT

Crediinvest SA  
C/ Bonaventura Armengol, 6-8  
AD500 Andorra la Vella  
Principality of Andorra  
Tel.: +376 88 95 10

#### CRÈDIT ANDORRÀ PANAMÀ SECURITIES

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Torres de las Américas  
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Punta Pacífica  
Panama, Republic of Panama  
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#### VALIRA CAPITAL ASSET MANAGEMENT SA

C/ Moreto, 5  
28014 Madrid  
Tel.: +34 914 290 837

#### PRIVATE INVESTMENT MANAGEMENT

PIM Private Investment Management SA  
Case Postale 539  
Rue du Général-Dufour 20  
CH - 1211 Genève 17  
Tel.: +41 22 849 02 90

#### INVESTCREDIT SICAV – CREDIINVEST SICAV

Sociétés d'investissement à capital variable  
Registered Office: Aerogolf Center, 1A Hoehenhof, L-1736 Senningerberg, Luxembourg

### Insurance

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#### CRÈDIT ASSEGURANCES

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#### VINCLES

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Principality of Andorra  
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#### ERM HOLDING

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#### GIRONA

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#### PALMA DE MALLORCA

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#### SEVILLE

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#### TARRAGONA

Plaça de Mossèn Cinto  
Verdaguer, 5, entl. 2a  
43003 Tarragona  
Tel.: +34 977 252 473

### Social activity

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#### CRÈDIT ANDORRÀ FOUNDATION

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## **Crèdit Andorrà**

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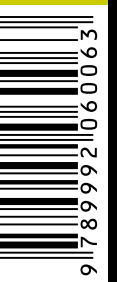
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**Crédit Andorrà**

*al vostre servei i al servei del país*



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