

Govern d'Andorra

Sustainable Bond Offering

Investor Presentation
Private & Confidential

September 2026

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Govern d'Andorra

1. Andorra at a Glance

Andorra at a Glance



Strategically located between Spain and France, with a modern, multilingual economy.



- Located in the southwest of Europe, in the heart of the Eastern Pyrenees, Andorra, with 90,105¹ inhabitants. The country borders Spain to the south through the autonomous community of Catalonia and, France to the north through, the Occitanie region.
- With 468 km² of surface, only 8% is urbanized land, which makes the country a paradise for nature lovers.
- Catalan is the official language, although the diversity of nationalities that make up the resident population means that other languages such as Spanish, French and Portuguese are very present.

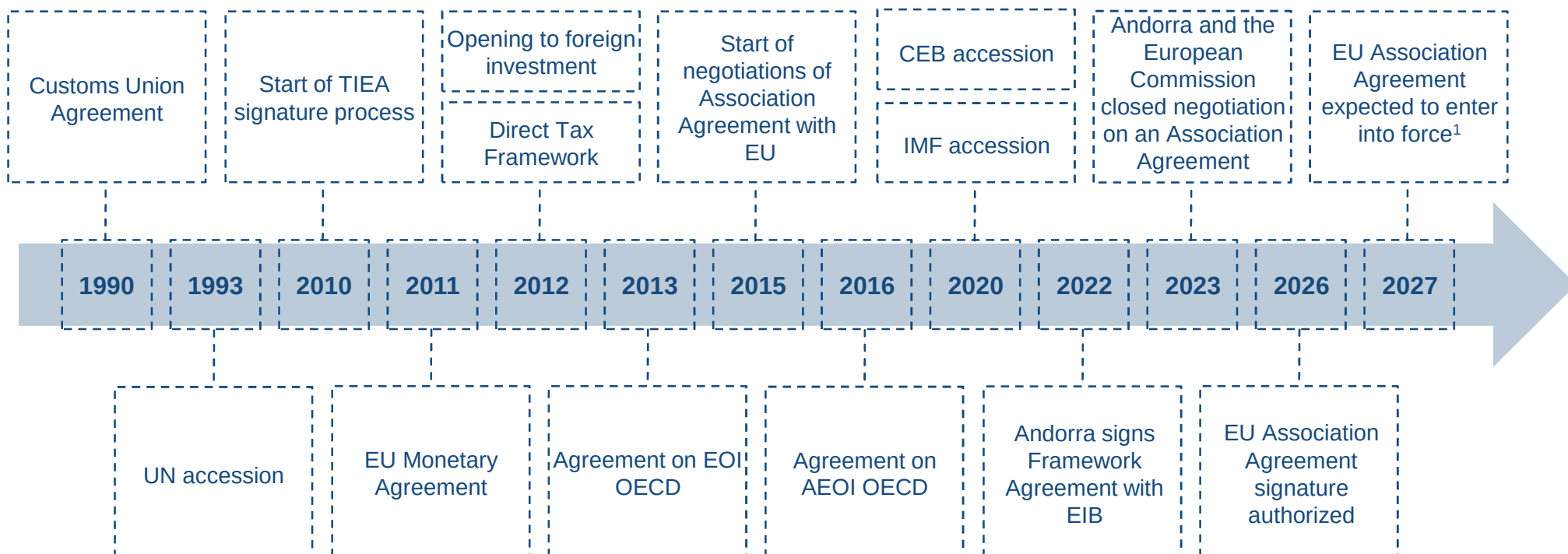
Source: Government of Andorra

Note: (1) Data as of July 2026

Andorra at a Glance



Established three-decade journey of international cooperation and homologation.



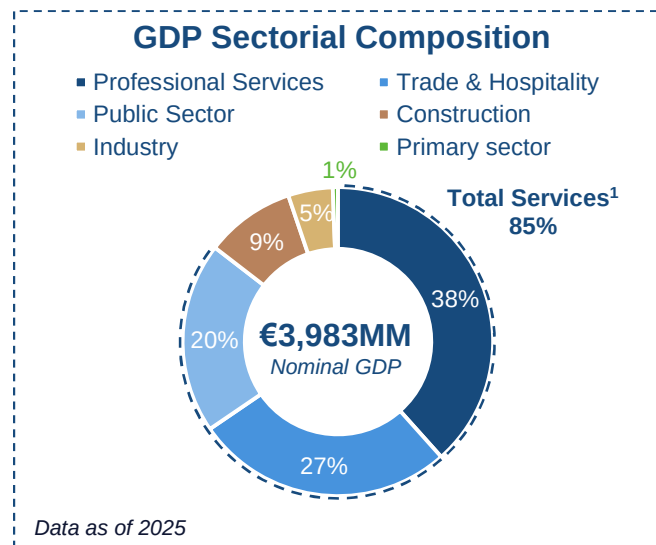
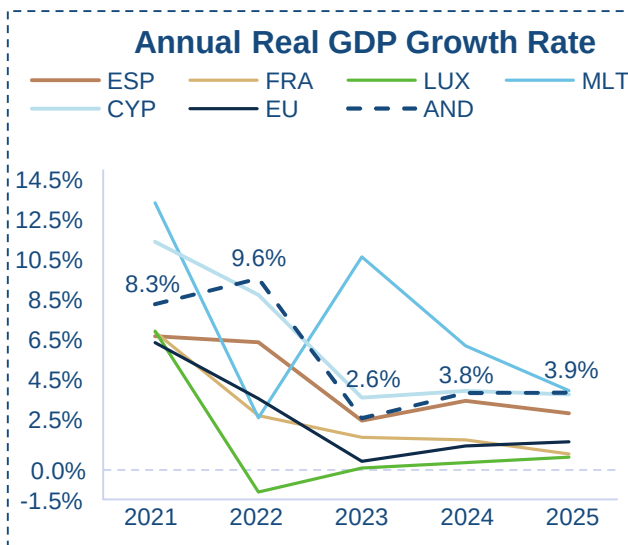
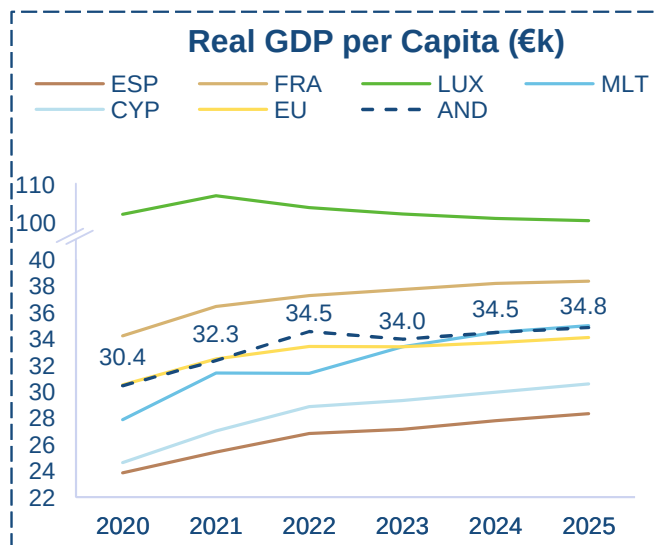
Source: Government of Andorra; European Council

Note: (1) In Jul '26 the EU authorized for signature in the European council the Association Agreement with the EU, with signature scheduled for the 19th October, this milestone will integrate Andorra into an extended EU internal market and progressively open access for its financial services sector, subject to enhanced regulatory oversight and alignment with EU rules

Andorra at a Glance



Resilient, strong and growing economy.



Tourism

Services, particularly tourism and trade, are the backbone of Andorra's economy, attracting 9.2 million visitors in 2025.



Commerce

Commercial ties with neighbor countries and high degree of economic & financial integration within Europe, through euro usage.



Financial Services

A major contributor to economic activity (12.9%² of GDP), skilled employment and tax revenues, with the banking system at its core.



Real Estate

Real Estate market has developed in the last few years backed by increasing residential demand and limited housing supply.

Source: Government of Andorra; Eurostat; World Bank Group

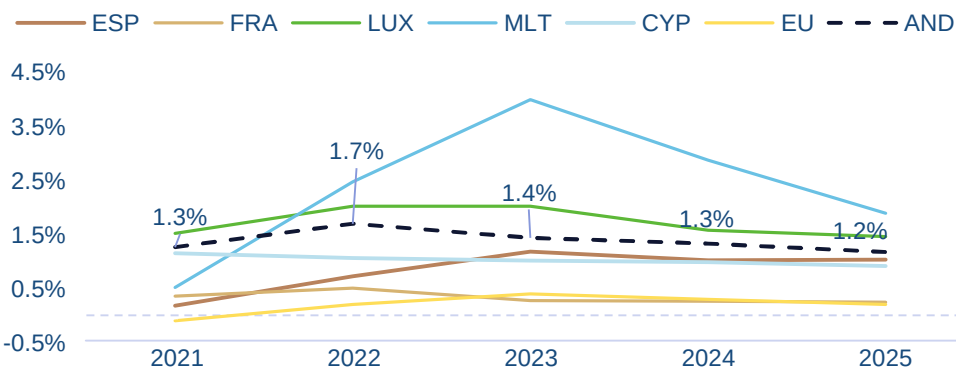
Note: Country codes are defined as follows: AND = Andorra; CYP = Cyprus; ESP = Spain; FRA = France; LUX = Luxembourg; MLT = Malta. EU refers to the aggregate data for the 27 Member States of the European Union; (1) Total Services excludes Construction, Industry and Primary sectors; (2) Financial services represented 12.9% of total sectorial contribution to GDP as of 2024

Andorra at a Glance

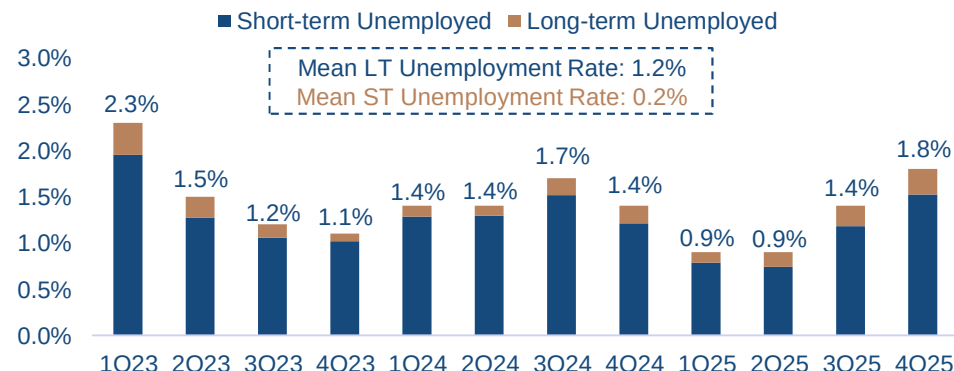


Andorra showcases a dynamic labor market, pairing strong demographic expansion with low unemployment.

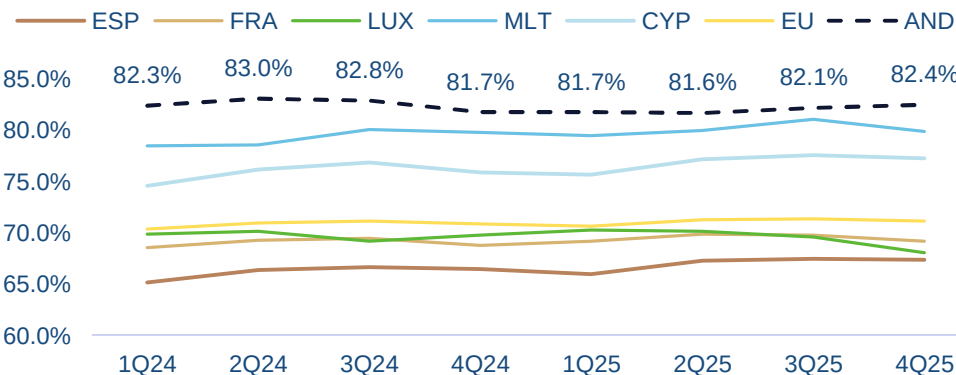
Annual Population Growth Rate



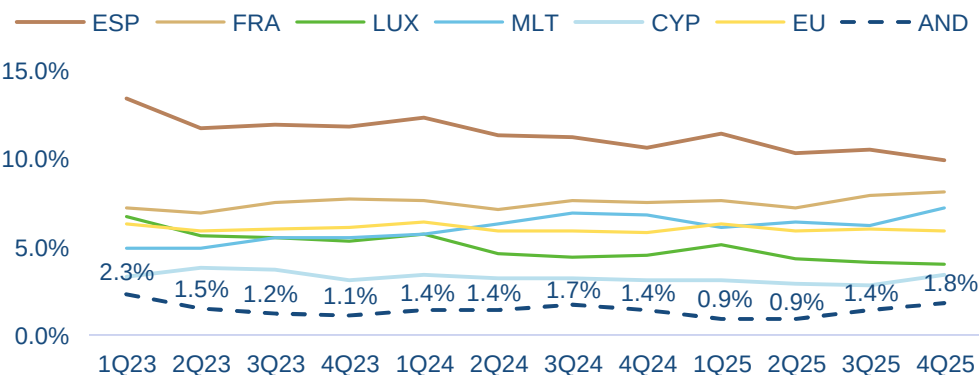
Andorra Unemployment Rate



Employment Rate



Annual Unemployment Rate



Source: Government of Andorra; Eurostat; World Bank Group; IMF

Note: Country codes are defined as follows: AND = Andorra; CYP = Cyprus; ESP = Spain; FRA = France; LUX = Luxembourg; MLT = Malta; EU refers to the aggregate data for the 27 Member States of the European Union

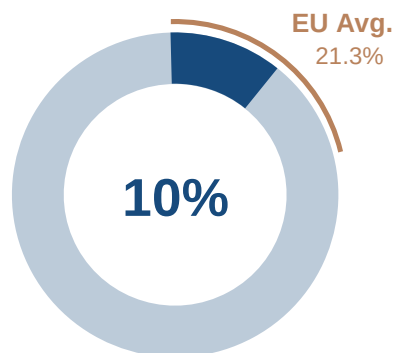
Andorra at a Glance



Andorra combines one of Europe's most stable and lowest tax system with an expanding tax treaty network.

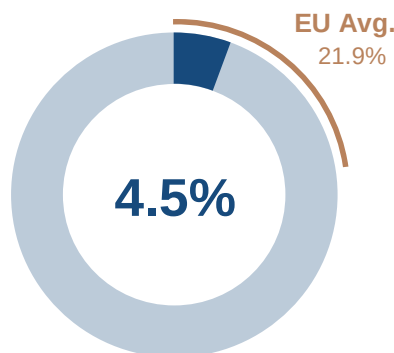
Stable and predictive tax system since inception in 2012

Corporate Income Tax



Based on 10% rate for Corporate Income Tax

Indirect Taxes



Based on 4.5% rate for Value Added Tax

International Tax Framework

Double tax treaty with:

France	Liechtenstein	Luxembourg
Malta	Spain	Cyprus
UAE	San Marino	Portugal

Hungary	Croatia	Czech Rep.
Netherlands	UK	Lithuania
Montenegro	Latvia	Romania
Estonia	South Korea	Monaco
Iceland	Belgium	Germany
Slovenia	Bulgaria	Slovakia
Austria		

+19
since 2022

Pending entry into force, signature or in negotiations

Source: Government of Andorra; Tax Foundation (CIT); Tax Foundation (VAT)

Andorra at a Glance



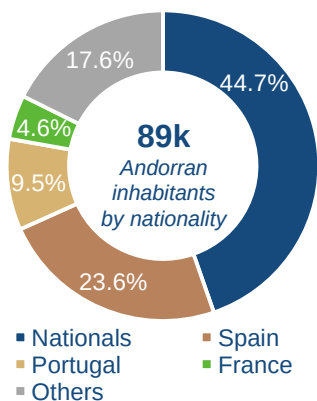
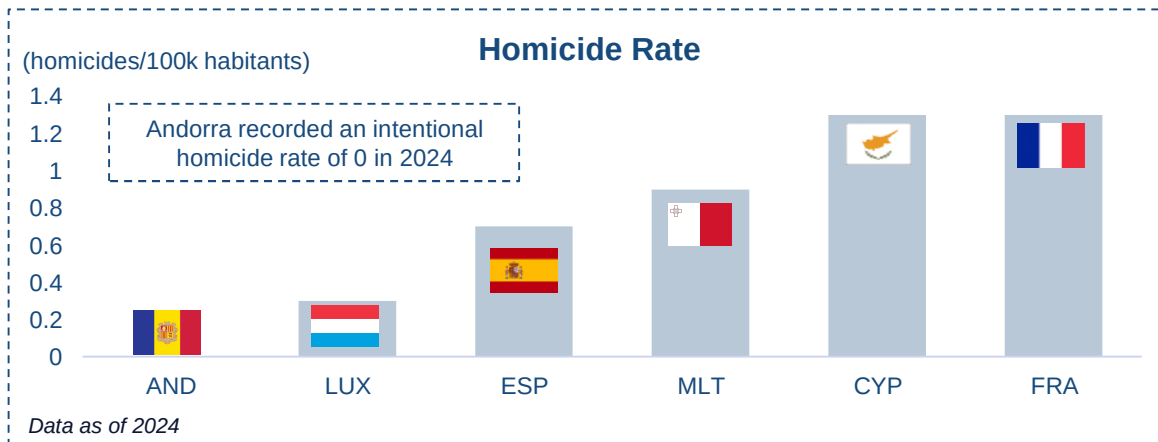
Model of success underpinned stability and safety driving a top-ranked quality of life.

#4 Healthcare System

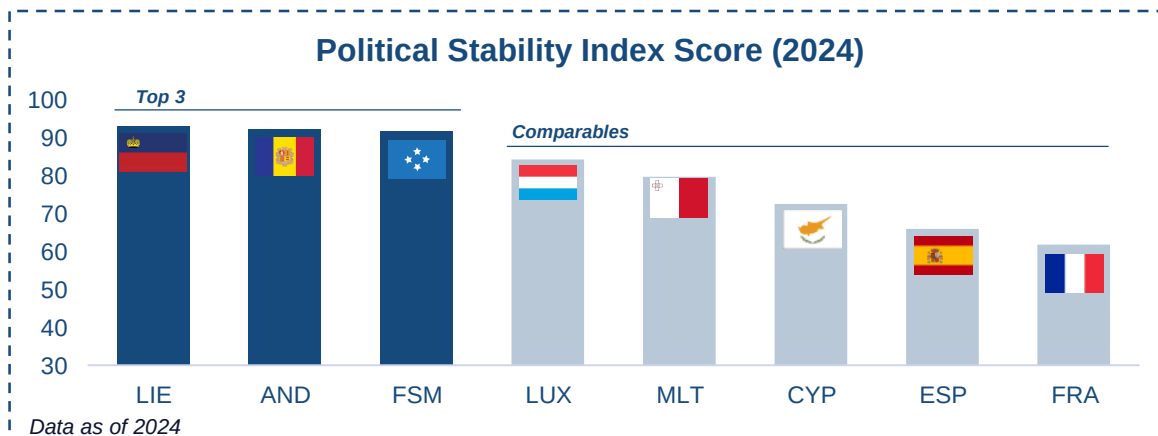
#2 Political Stability (2024)

#8 Life Expectancy (2024)

#32 Human Development Index (2023)



The Principality of Andorra has a multicultural and multilingual society, influenced by a significant foreign resident population.



Source: Government of Andorra; World Bank Group; Human Development Index

Note: Country codes are defined as follows: AND = Andorra; CYP = Cyprus; ESP = Spain; FRA = France; LUX = Luxembourg; MLT = Malta, LIE = Liechtenstein; FSM = Federated States of Micronesia. EU refers to the aggregate data for the 27 Member States of the European Union

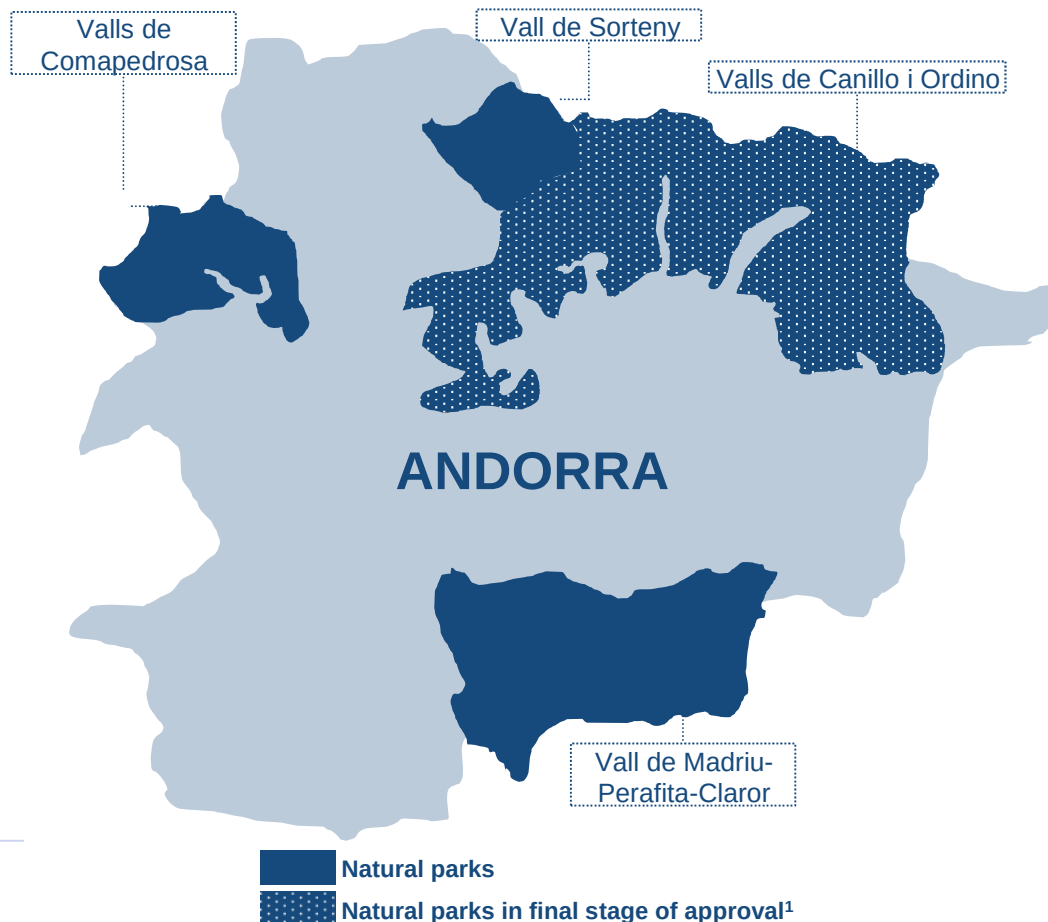
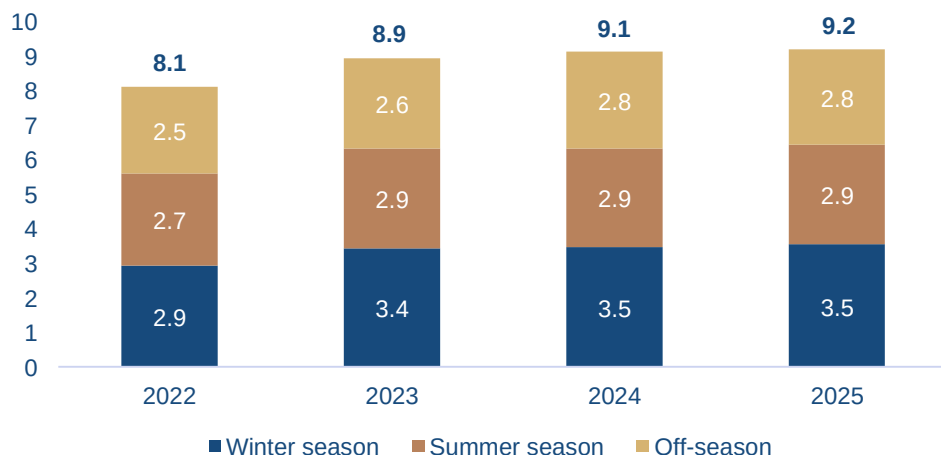
Andorra at a Glance



Natural parks provide a high quality of life while attracting stable, year-round tourist flows.

~30%¹ of Andorra's territory is protected as **Natural Parks**, exceeding, ahead of 2030, the international target of conserving at least 30% of the earth's land surface

Tourists by season (millions)



Source: Government of Andorra

Notes: (1) 30% includes the proposed Valls de Canillo i Ordino National Nature Park (8,834 ha). The Government approved the draft law on 10 September 2026; the park's official designation remains subject to the approval and entry into force of the corresponding law.



Govern d'Andorra

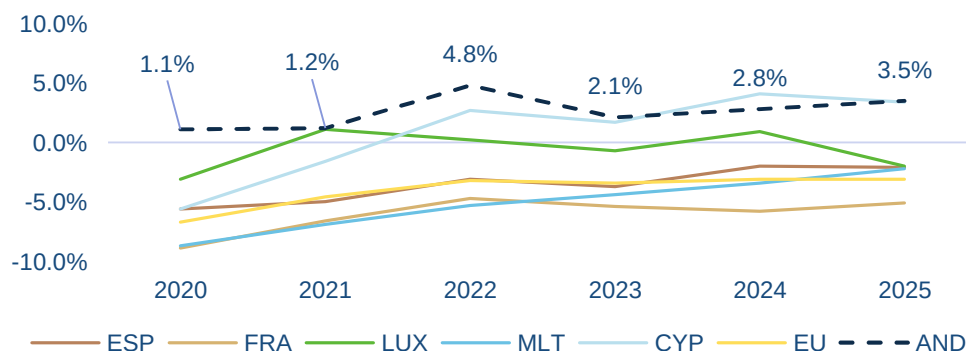
2. Andorra's Debt Management Strategy

Andorra's Debt Management Strategy



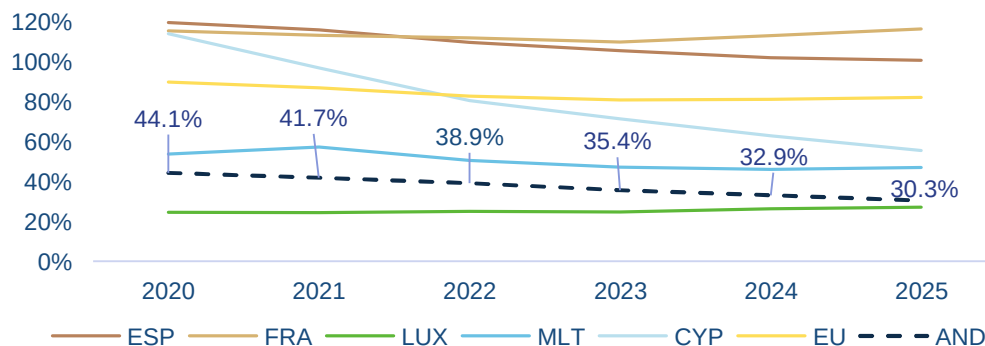
Disciplined debt and fiscal management yields budget surplus and lowest debt-to-GDP among European peers.

Fiscal Balance (% of GDP)



- In 2025, the country posted a 3.5% fiscal surplus to GDP, beating budget estimates and ranking the **2nd highest in Europe after Norway**
- Since the COVID-19 pandemic (2022-2025), the country has recorded **annual fiscal surpluses of >2% of GDP**

General Government Debt (% of GDP)



- Debt-to-GDP experienced a **material decrease of 13.8 percentage points** from 2020 to 2025
- Among lowest Debt-to-GDP levels vs peers and EU
- Strengthened¹ and robust fiscal framework anchored by a **tightening legal General Administration Debt-to-GDP ceiling**, from 40% currently to 35%

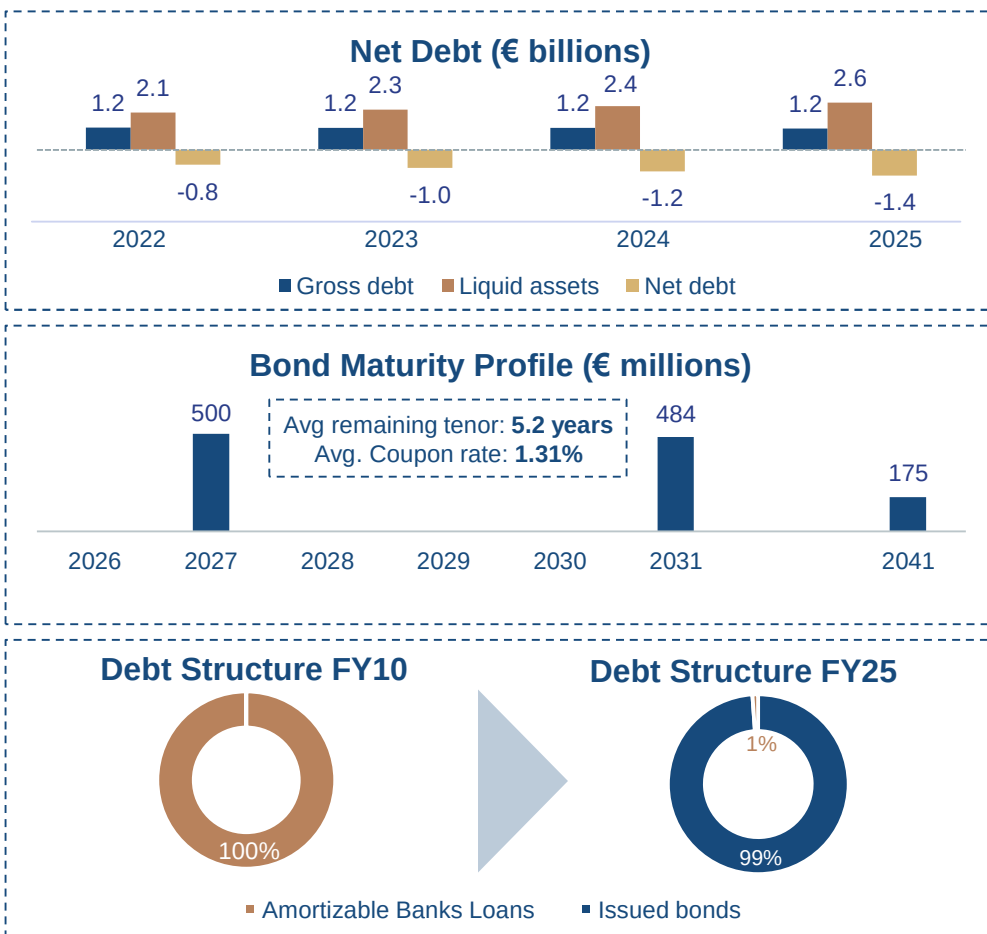
Source: Government of Andorra; Eurostat; World Bank Group

Notes: (1) On April 2026 Law 4/2026 was passed, lowering current and projected Public and Administrative Debt-to-GDP ceiling thresholds by 5% while also introducing flexibility to exceed limits for strategic debt refinancing or during economic recessions, conditional to cash surpluses in preceding years.

Andorra's Debt Management Strategy



Prudent fiscal policy delivers a robust net creditor position and a controlled, long-term debt profile.



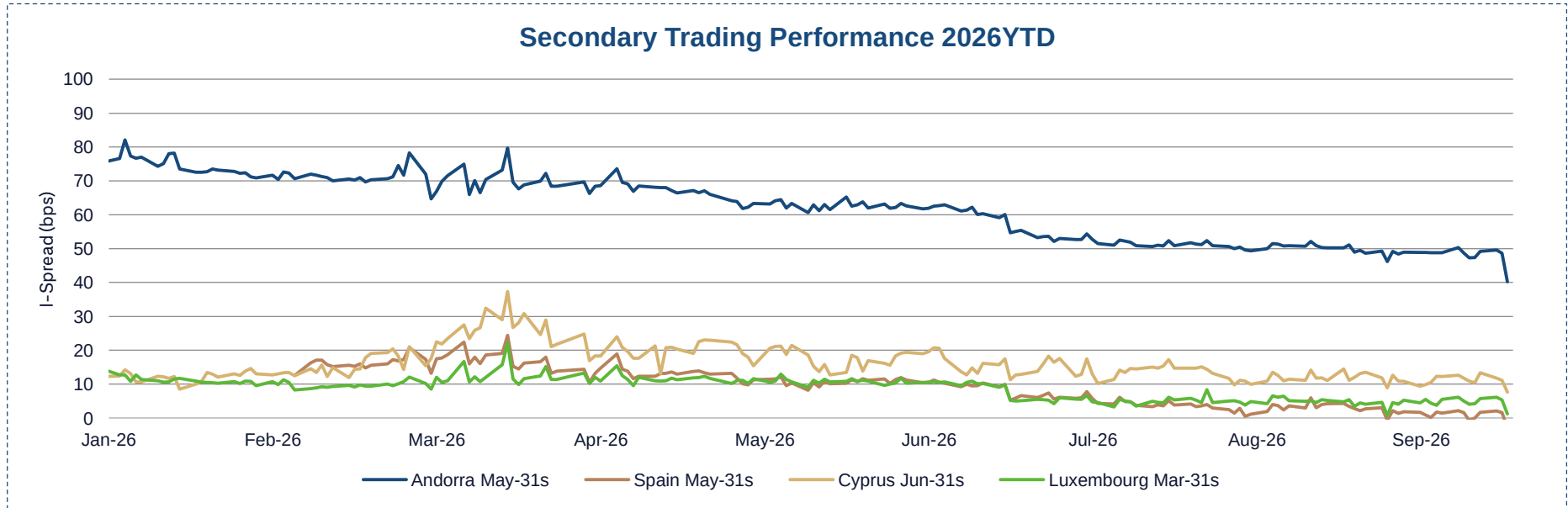
Source: Government of Andorra; Cbonds

- **Strong net creditor status**, with liquid assets representing 66% of GDP and far exceeding its gross public debt
- **Manageable maturity profile** with proactive debt management that **reduces near-term refinancing risk**
- Strong track record **accessing international debt capital markets**, having shifted its funding from local bank debt to bonds

Andorra's Debt Management Strategy



Andorra's Relative Value vs. Peers.



	Spain May-31	Cyprus Jun-31	Luxembourg Mar-31
Ratings (S&P / Moody's / Fitch)	A+ / A3 / A	A- / A3 / A-	AAA / Aaa / AAA
Current Differential	-43bps	-32bps	-39bps
Minimum Differential (YTD)	-43bps	-32bps	-39bps
Average Differential (YTD)	c. -50bps	c. -45bps	c. -50bps

Source: Bloomberg, Moody's, S&P, Fitch

Andorra's Debt Management Strategy



Recognized strengthened credit position, supported by upgrades since last issuance and a positive outlook.

	MOODY'S 2022 → 2026 Baa2 (Stab) ▲ Baa1 (Pos)	S&P Global Ratings 2022 → 2026 BBB+ (Stab) ▲ A- (Pos)	FitchRatings 2022 → 2026 A- (Stab) ► A- (Stab)
 Fiscal Prudence & Surpluses	<i>"...robust economic and fiscal prospects, building on... better-than-expected fiscal outcomes... including larger fiscal surpluses..."</i>	<i>"...improvements in Andorra's fiscal... buffers... enabled the principality to post continued fiscal surpluses..."</i>	<i>"A prudent fiscal framework has maintained fiscal and macroeconomic stability... underpinned by a national fiscal framework..."</i>
 Low & Declining Public Debt	<i>"...fiscal strength as 'aa1', reflecting a moderate debt burden... and strong debt affordability..."</i>	<i>"This pace of economic activity has enabled the principality to post continued fiscal surpluses and maintain a low debt burden..."</i>	<i>"Low Public Debt... debt ratio of 30.9% of GDP in 2025... is well below the median for 'A' rated peers..."</i>
 Institutional & Monetary Strength (EU/ECB)	<i>"The positive outlook reflects the prospects of the Association Agreement... which could enter into force in 2027..."</i>	<i>"...the ECB's decision to provide Andorran banks... with enhanced access to euro liquidity via the ECB's EUREP permanent facility..."</i>	<i>"The EU Association Agreement (EUAA) has moved into the formal approval phase... Successful approval would deepen Andorra's integration..."</i>
 Robust Economic Growth	<i>"...building on stronger-than-anticipated macroeconomic performance..."</i>	<i>"...strong 2024-2025 economic growth, which was more than 3x the euro area average..."</i>	<i>"Above Eurozone Growth: Andorra's economy expanded ... in 2025, with activity remaining robust..."</i>

Source: Moody's, S&P and Fitch credit rating reports



Govern d'Andorra

3. Andorra's Sustainability Strategy

Andorra's Sustainability Strategy



Comprehensive national strategy supporting a sustainable and resilient growth model.

Building on the foundations of its 2020-2023 Action Plan, Andorra has developed a long-term strategic vision centered on sustainable development, economic diversification, and climate resilience. This strategy is implemented through a series of sector-specific plans extending to 2030 and 2050 and aligned with the UN Sustainable Development Goals.

The EU Association Agreement was authorized for signature by the EU Council in July 2026, with signature scheduled for 19 October 2026, paving the way for Andorra's progressive integration into the EU internal market, including in sustainable finance.



Andorra's sustainability agenda combines environmental transition, economic diversification and social cohesion within a framework increasingly aligned with EU standards and the UN SDGs.

Source: Govern d'Andorra Green, Social and Sustainability Bond Framework



Andorra's Sustainability Strategy



Accelerating its net-zero transition through decarbonization targets, energy investments and climate action.

Andorra's climate strategy combines ambitious emission reduction targets, energy transition investments and climate resilience measures.



Updated Nationally Determined Contributions (NDC)

- NDC 3.0 submitted in February 2025, becoming one of the first countries to submit updated Paris Agreement Commitments
- Target of 63% reduction in net GHG emissions by 2035 vs 2005 levels; long-term commitment to carbon neutrality by 2050



Net Zero Government Initiative

- Joined in October 2023 under COP Presidency
- Roadmap towards net-zero emissions from public operations by 2050



Forces Elèctriques d'Andorra (FEDA) Investment Programme

- Energy transition towards 33% self-sufficiency by 2030
- Supported by €60m EIB framework loan to finance renewable energy, electricity networks and heating & cooling infrastructure



Climate Vulnerability & Adaptation

- Climate change risks mitigation efforts supported by the Pyrenean Climate Change Observatory and country's Climate & Ecological State of Emergency commitments

Andorra's Sustainability Strategy



Reinforcing sustainable finance ambitions through a green, social and sustainability bond framework.

Andorra's Green, Social and Sustainability Bond Framework 2026 has been drafted in accordance with the International Capital Markets Association's (ICMA) 2025 Green Bond Principles (GBP), 2025 Social Bond Principles (SBP) and 2021 Sustainability Bond Guidelines (SBG) and has been externally verified by Sustainable Fitch.



The
Green Bond
Principles



The
Social Bond
Principles



The
Sustainability Bond
Guidelines

Key Changes in the Framework:

Strengthening EU Taxonomy alignment criteria where possible

Commitment to provide qualitative assessment of EU taxonomy alignment in allocation reporting

Reducing the look-back period in allocation to one year and increasing forward-looking allocation window to three years

Aligning the Use of Proceeds categories more closely to the ICMA Green and Social Bond Principles and Sustainability Bond Guidelines

Framework Features

Use of Proceeds	• 7 green and 5 social categories • Lookback period of 1-year and forward period of 3 years to reflect Andorra's budget cycle and investment horizon • Respect of PAB exclusion
Process for Project Evaluation and Selection	A two-fold selection and evaluation process: • Inter-Ministerial Working Group (IMWG) • Steering Committee
Management of Proceeds	• Bond by bond approach, proceeds allocated within 3 years of issuance • Proceeds and their corresponding Eligible Green and Social Expenditures tracked by Ministry responsible for Finance • Unallocated proceeds to respect exclusion criteria in Framework
Reporting	• Allocation and impact reports to be produced at least annually until full allocation • The degree and share of EU Taxonomy-aligned expenditures allocated .
External Review	• Sustainable Fitch provides an independent Second Party Opinion on the Green, Social and Sustainability Bond Framework

Source: Govern d'Andorra Green, Social and Sustainability Bond Framework



Andorra's Sustainability Strategy



Green use of proceeds: robust framework for deploying capital across a portfolio of eligible green projects.

Category	Description	Contribution to the SDGs
Renewable energy	Expenditures for the development, construction, acquisition, operation, maintenance and integration of renewable energy generation, storage and grid infrastructure. Aligned, where feasible, with EU Taxonomy Substantial Contribution Criteria or, alternatively, recognized performance thresholds (e.g., carbon intensity of transmitted/distributed electricity ≤ 100 gCO ₂ e/kWh; renewable heat systems and electricity storage subject to specific technical criteria).	 
Energy efficiency	Expenditures promoting energy savings and efficiency improvements in public and private sectors, aligned with EU Taxonomy criteria or performance thresholds (e.g., minimum 30% energy reduction, NZEB standards for new buildings, EPC class A).	  
Clean transportation	Expenditures aimed at deploying low-carbon public transportation and promoting low-carbon individual transportation. These expenditures shall be aligned with EU Taxonomy Substantial Contribution Criteria for the relevant activities.	  
Sustainable water and wastewater management	Expenditures for sustainable water and wastewater infrastructure that contribute to improve water quality, wastewater collection and treatment systems, and enhanced climate resilience through flood prevention and mitigation measures.	 
Pollution prevention and control & circular economy	Expenditures aimed at developing, constructing, operating and maintaining sustainable waste treatment infrastructure and projects, aligned with EU Taxonomy criteria or recognized market practices in sustainable waste management.	  
Sustainable management of living natural resources, land use and biodiversity protection	Expenditures relating to the development of sustainable agriculture or projects that contribute to the preservation and restoration of natural landscapes, aligned with EU Taxonomy criteria or recognized market practices such as certified agriculture (EU Organic) or forestry (FSC/PEFC).	 
Climate change adaptation	Expenditures for the improvement of resilience and adaptive capacities with the goal of facing climate change consequences, aligned with EU Taxonomy criteria or recognized market practices.	

Andorra's Sustainability Strategy



Social use of proceeds: framework dedicated to enhance quality of life and social well-being.

Category	Description	Contribution to the SDGs
Access to essential services - health and healthcare	Expenditures relating to the provision, modernization, and operation of public and subsidized healthcare infrastructures and services.	
Access to essential services - education	Expenditures relating to the provision, modernization, and operation of public education infrastructures and services.	
Employment generation	Expenditures supporting stable employment creation and preservation, including support for the MSME sector, professional integration of persons with disabilities, and reintegration of unemployed individuals.	
Affordable housing	Expenditures relating to the production, financing, and allocation of access to affordable housing.	
Socio-economic advancement and empowerment	Expenditures aimed at reducing social and economic inequalities and promoting social inclusion, autonomy, equal opportunities, and resilience against serious social and environmental risks.	

Source: Govern d'Andorra Green, Social and Sustainability Bond Framework

Andorra's Sustainability Strategy



Independent assessment of the Green, Social and Sustainability Bond Framework.

Pre-issuance verification:

- The Government of Andorra has mandated Sustainable Fitch to provide an independent Second Party Opinion on the Green, Social and Sustainability Bond Framework
- The Second Party Opinion is publicly available on the Government's website

Post-issuance verification:

- The Government of Andorra will appoint an independent external reviewer to provide third party assurance on the allocation report and its conformity with the Framework until full allocation of proceeds
- The audit report will be made publicly available on the Government's website



Sustainable
Fitch

Excellent ✓

Good

Aligned

Not Aligned

**Use of
Proceeds**

Good

**Evaluation and
Selection**

Excellent

**Management of
Proceeds**

Good

**Reporting and
Transparency**

Excellent



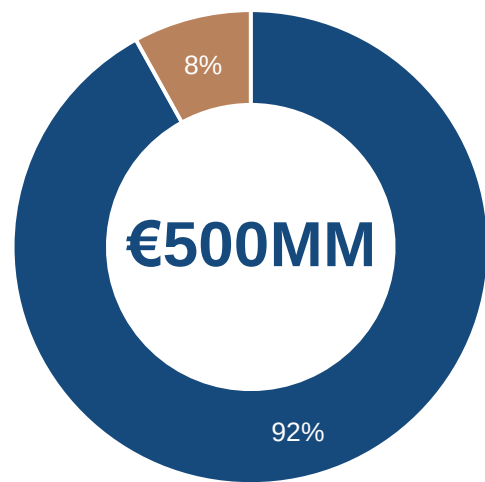
Source: Govern d'Andorra Green, Social and Sustainability Bond Framework; Sustainable Fitch Second-Party Opinion

Andorra's Sustainability Strategy



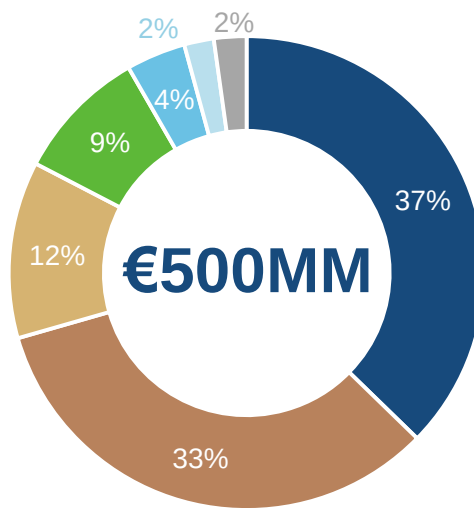
Overview of the distribution of sustainable bond proceeds from 2021 to 2024.

Breakdown by Eligible Expenditure Category



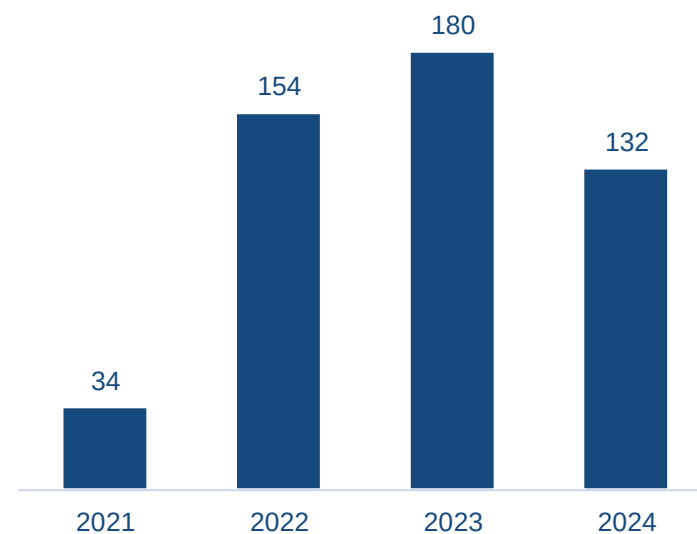
■ Social ■ Green

Breakdown by Eligible Expenditure Category



■ Access to Health
■ Socio-economic advancement and empowerment
■ Access to Education
■ Affordable housing
■ Circular economy
■ Sustainable water, waste and wastewater mngmt.
■ Other

Breakdown by Year (€ millions)



Source: Govern d'Andorra Sustainability Bond Report 2024

Andorra's Sustainability Strategy



Case studies.

Social: Public Housing



Parc Públic d'habitatge

Affordable housing programme to improve access to accommodation for individuals facing housing needs. The initiative expands the public affordable housing stock, allocates homes, and prioritises applicants based defined criteria the goal of promoting social inclusion, housing affordability, and community cohesion.

Amount allocated by bond

€17MM

Key applicants' requirements

5 years

of uninterrupted residency in Andorra

>30% rent to income

to demonstrate housing need

2.2x cap

on income to minimum wage



Green: Renova Programme



Government subsidy to support energy efficiency upgrades and renewables energy system installations in residential buildings with the goal of reducing greenhouse gas emissions and promote household savings

Amount allocated by bond

€1.5MM

Key programme highlights

+€18mm mobilised

since 2011

+500 renewable systems

financed since 2011

+3,500 applications

since 2011

~87% approval rate

of applications



Source: Govern d'Andorra Sustainability Bond Report 2024



Govern d'Andorra

4. Key Credit Highlights & Transaction Summary

Key Credit Highlights



Foundation of established stability and fiscal discipline powers a strong, prosperous, service-driven economy.



Resilient services-oriented economy with a strong growth track record



Robust institutional framework strengthened by closer EU alignment



Strong creditor position supports controlled debt levels



Dynamic labor market paired with stable growing population



Solid model of stability underpinned by a high quality of life



Competitive and internationally aligned tax & regulatory framework