Aresbank

2024
ANNUAL REPORT

Chairman's LETTER

Dear shareholders,

The year 2025 marks a significant milestone in the history of Aresbank, as we have the honour of celebrating our bank's 50th anniversary. I would like to dedicate a few words to three key elements in this success story.

First and foremost, our shareholders, among whom the Libyan Foreign Bank stands out for its constant support and commitment. Second, the professional team that has shaped Aresbank into what it is today. Finally, in recognition of the institution's commitment to quality service, our valued clients, continue to consider Aresbank as their bank for foreign trade activities.

Thanks to this support, Aresbank has successfully fulfilled its mission of serving as a commercial and economic bridge between the MENA region and Europe. This has been achieved through a specialized range of products and services designed to provide security for commercial transactions, even in times of uncertainty. In this way, Aresbank has been steadfast in supporting our clients in both regions.

These strong pillars make possible the achievement of this important milestone in the bank's history, at a time when Aresbank is well-positioned to face future challenges. This readiness is driven by the renewal of its executive team, the continuous updating of its governance models to keep them aligned with evolving banking regulations, significant investment in technology, and a solid financial position.

Aresbank has successfully fulfilled its mission of serving as a commercial and economic bridge between the MENA region and Europe.

As I have highlighted in previous years, Aresbank is undergoing a process of adaptation to the new challenges affecting the economy and, in particular, the financial sector. On this matter, the bank is currently upgrading its technological infrastructure in alignment with the Digital Operational Resilience Act (DORA), incorporating cutting-edge tools. This transformation will enable more efficient management and, consequently, a higher quality of service for our clients. Likewise, Aresbank is deeply committed to the growing importance of ESG criteria and is undertaking various initiatives in this area, including climate risk assessment projects, contributions aimed at mitigating the effects of climate events, and the development of academic training programs related to finance.

The combined effect of all these factors has resulted in a strong performance for Aresbank in 2024. The bank leveraged its strength in international trade to grow its documentary credit business, thereby increasing its fee income by 59% to €15.3 million. Additionally, it improved its net interest margin by 15% to €20.8 million, despite interest rate cuts introduced by monetary authorities starting in June. This was achieved by orientating its activities to finance foreign trade transactions, without increasing the institution's overall risk profile. As a result, Aresbank achieved a solid gross margin of €37.8 million, marking a 29% increase compared to the previous year. In terms of profitability, the bank recorded a net profit of €13.2 million, the highest result in recent years.

This strong performance is also reflected in the bank's financial position, which, despite the significant increase in commercial activities, maintains a high level of solvency, with a CET1 ratio of 60.3%, well above the sector average in Spain.

Aresbank's long trajectory and expertise in its key markets have enabled to achieve these strong results despite an economic and geopolitical context marked by several challenges, including uneven growth rates, persistent inflationary pressures, and tensions between political and economic blocs at a global level.

In 2024, global economic growth showed signs of slowing, with an estimated rate of 3% and a projected 2.8% for 2025. Moreover, this growth has been irregular; while the European Union recorded a modest 0.9% growth in 2024, the United States expanded by 2.8%, and emerging regions such as China and India grew at rates of 4.8% and 7.0%, respectively. These more moderate growth rates, combined with the restrictive monetary policies implemented by central banks throughout 2023 and early 2024, contributed to a slowdown in inflation, that had surged to high levels in 2022 and 2023 following the post-pandemic economic recovery. However, with the easing of monetary measures that began in mid-2024, some leading indicators have shown an upward trend in inflation, which could once again influence monetary policy decisions.

Aresbank has successfully navigated numerous challenges over the past 50 years, an accomplishment that would not have been possible without the trust and commitment of our employees and the continued support of our shareholders. I would like to take this opportunity to express our deepest gratitude to the shareholders and customers for your trust which allows us to continue being the bank of choice for our clients' foreign trade operations while keeping developing a high-quality range of products and services.

A. Ragib

Ahmed A. Omar Ragib
Chairman of the Board of Directors

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Directors’ REPORT

1. ECONOMIC AND FINANCIAL SITUATION

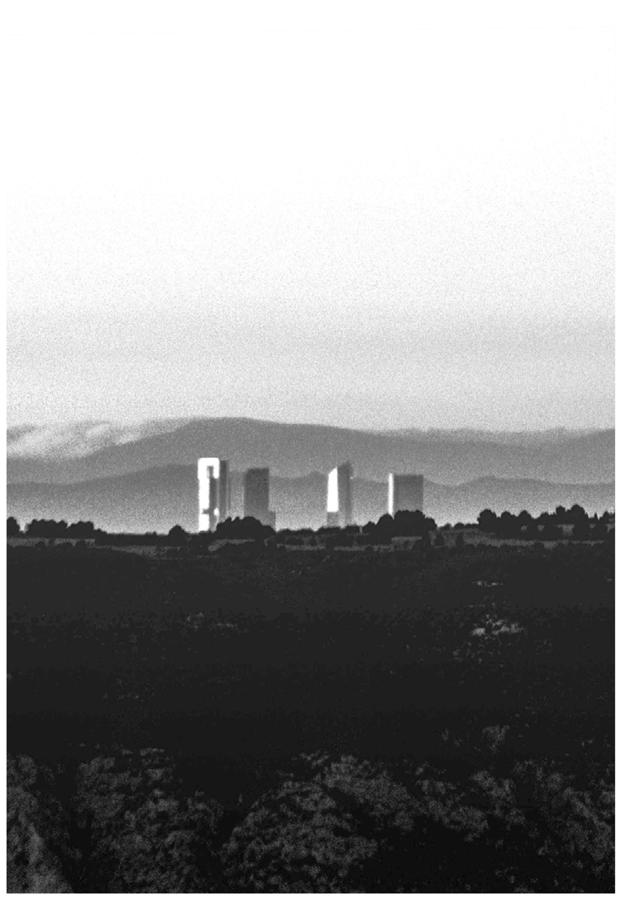
1.1 The international economy

2024 could well be described as the year of the consolidation of instability, a stage that began with the outbreak of the covid pandemic at the end of 2019. Since then, the world has witnessed growing instability, first economic, which has then extended to the geopolitical level. On the latter level, certain conflicts remain open that add instability and uncertainty to the economic outlook for the coming quarters. Likewise, the electoral change in the United States will surely have an impact on the world organization due to the protectionist measures it intends to apply.

Despite this complex context, global economic growth is estimated at around 2.9% for 2024, slightly below the historical average. The relaxation of monetary policy applied by several of the major economies may have contributed to this growth, as inflation levels have been contained, at least temporarily. In this sense, the Federal Reserve (FED) has placed interest rates in a range of 5.50% to 4.75%, while the European Central Bank (ECB) has moved between 4.5% and 3%. However, in recent months, a new growth in price indices has begun to be observed, which could result in a revision of monetary policies if this trend is consolidated.

The main economies have had the opposite behavior; while the U.S. economy has been resilient, with expected growth of 2.2% in 2024, supported by robust domestic demand and a stable labor market, China has faced structural challenges, including a slowdown in the real estate sector and increasing competition in technology industries, projecting GDP growth of 4.5% for 2024 and 4.7% for 2025, well below the growth of the last decade. For its part, the European Union recorded a modest growth in 2024 of 0.7%, weighed down by the loss of competitiveness, a fact that has been recorded by the Union authorities, and which they are currently addressing with measures that include greater integration of the common market or the simplification of the regulatory burden.

The uneven growth of the US and European economies, as well as expectations of new tariffs to be imposed by the United States, have resulted in a significant appreciation of the US dollar against the euro in the second half of 2024. In addition, this protectionist policy could influence global trade relations in the medium term and create new alliances between countries.



1.2 The Spanish context

The Spanish economy, after overcoming the most severe effects of the pandemic and facing the challenges arising from an uncertain geopolitical environment, shows a dynamic outlook for 2024 and with favorable prospects for 2025, although it still needs a structural review in several key sectors. According to the latest estimates from the Bank of Spain, Spain's Gross Domestic Product (GDP) is expected to grow by 3.1% in 2024 and 2.5% in 2025, driven by the following levers:

- Private consumption grew by 2.8% and was the main component to explain the evolution of GDP, as a result of the favorable evolution of disposable income, employment and the increase in the population.
- The tourism sector, which accounts for 13.1% of GDP, has been a very important element for the labor market, although the unemployment rate stands at 11.5% in 2024, which is still high compared to the rest of the European economies. According to the National Institute of Statistics (INE), Spain received 93.8 million international travelers in 2024 as a whole, a new high that is 10.2% higher than the figure for 2023. Expenditure also broke records: it reached 126,282 million, 16.1% more than the previous year.
- Public investment plays a key role, thanks in part to the European funds of the Next Generation EU program, although its impact will be conditioned by the efficiency in its management and allocation.

However, the Spanish economy continues to face significant challenges, the main one being public debt, with a general government debt to GDP of 103.1%. Although private sector indebtedness is more moderate, there are two factors that affect expectations of the evolution of the sector's performance. On one hand, the real estate market has become a social problem due to the lack of residential housing and the strong growth in prices: on the other hand, inflation (2.9% in 2024) has not yet been controlled. In addition, greater price pressure is expected mainly due to the country's strong dependence on energy.

1.2.1 THE EXTERNAL SECTOR

Despite the aforementioned geopolitical tensions, international trade has surprised by reaching the all-time high of 33 trillion US dollars in 2024 according to the UN, driven by the increase in exchanges of 7% in services and 2% in goods. Developed economies have accounted for most of this growth, while countries with a strong export character have suffered reductions of 1%, such as China and India.

Spain has shown a solid performance in merchandise exports, especially compared to other economies in the Eurozone. According to preliminary data for 2024, an increase of 3.2% in exports is projected, highlighting the capital goods sectors (19.5% of the total), food, beverages and tobacco (17.5%), chemical products (17.0%) and the automotive sector (14.2%).

International trade has surprised by reaching the all-time high of 33 trillion US dollars in 2024.

+3.2%

in exports is projected, highlighting the capital goods sectors, food, beverages and tobacco, chemical products and the automotive sector

Despite this positive development, Spain continues to face a trade deficit, with an estimated coverage rate of 90.0% in 2024, slightly higher than the 86.3% in 2023, mainly due to the energy deficit that accounts for 66% of total imports. The Spanish Ministry of Economy published with data as of October 2024, a trade surplus with the European Union of 2,161 million euros. With non-EU destinations, the trade deficit was reduced by 6,093 million euros.

Despite the threats of protectionist measures, Spain can look optimistically at its situation in international markets thanks to the support it has from the tourism sector and the principle of agreement between the European Union and Mercosur, which will allow the country to strengthen historical relations with member countries. However, if these protectionist measures are finally implemented, certain sectors such as manufacturing or food could face a contraction in international trade flows.

1.2.2 THE SPANISH BANKING SECTOR

The Spanish banking sector continues to be resilient despite the different challenges it faces, such as pressure for greater banking concentration, regulatory challenges and moderation in official interest rates.

Despite the moderation in interest rates, the sector's profitability continued to grow in the first half of 2024. Consolidated net income increased by 22% year-on-year, resulting in return on assets (ROA) growth of 16 bps to 0.91%. As for ROE

(return on equity), it has also improved, reaching 14.2% in all significant institutions — the highest among large European economies, only behind Italian institutions — which is 4 pp more than the average.

These positive results were partly achieved thanks to the reasonable financing costs faced by banks given their business model oriented to the retail segment, which provides a large base of customer deposits.

The solvency of the Spanish banking system has increased slightly in the last year, with the CET1 ratio standing at 13.3% in June 2024, 15 bps above its level in June 2023. However, the Bank of Spain, taking into account, among other factors, the 20% increase in insolvency proceedings in 2024, has activated part of the countercyclical buffer (CCA) on exposures in Spain, which implies that the banking supervisor anticipates risks inherent to the economic cycle. In any case, the asset quality shown by Spanish banks still remains at stable levels below 4%.

1.3 Libya's economic context

Relative internal stability has allowed Libya's GDP growth estimates to be optimistic. GDP is expected to reach $53.72 billion by the end of 2024, with projections of $61.08 billion in 2025 and $63.59 billion in 2026. This increase has derived from the recovery in crude oil production, reaching 1.14 million barrels per day in August 2024, with the aim of reaching 2 million barrels in the coming years. This increase reflects the ability of the oil sector to overcome temporary challenges.

With regard to institutional stability, it is worth mentioning that in September 2024, Libyan institutions agreed on a new administration for the Central Bank, which will strengthen monetary policy and support growing domestic and international investment aimed at increasing crude oil production in the country.

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Libya's GDP growth estimates (in billions of dollars)

In turn, the banking sector is in a good financial situation, with an adequate level of capitalization and a strong liquidity position. This solidity is contributing to the development of the private sector in various economic sectors, fostering an environment conducive to economic diversification and the creation of new business opportunities, which allow the development of key aspects such as the modernization of the oil industry, the development of public infrastructure and solving structural challenges such as the migratory crisis and the unemployment rate and reducing dependence on hydrocarbons.

2. SITUATION OF THE ENTITY. BALANCE SHEET AND RESULTS EVOLUTION

Aresbank concludes the 2024 financial year with excellent results, driven by the execution of the new business strategy established for the 2024-2026 period. The results support the main pillars on which we seek to build a path of sustained and sustainable growth. Not only has a noticeable improvement been achieved in our net profit for the year (going from €631 thousand at the end of 2023 to €13,167 thousand in 2024), but we have also experienced a very significant growth in gross business margin (+29% in year-on-year terms), which has allowed us to end the year close to the level of €38 million in terms of margin —compared to €29 million the previous year— with an outstanding cost-to-income ratio (37.2% vs. 40.5% a year earlier) and a top-quality Tier 1 capital of 60.33% —well above the 14.16% required in 2024— which denotes the bank's high solvency to develop its business.

Despite operating in an environment of falling interest rates, the excellent role that our foreign trade activity is playing is essential to understand the evolution of our business and results: the increase in the number of transactions received (+41%), together with the increase in confirmation rates (+68%) and the average amount of transactions (+7%) mean that not only have we recovered levels of contribution to results higher than those in past recent years, but we have laid a solid base to try to beat our historical records in 2025, based on our firm commitment to diversification, geographically and in terms of sources of funding

Net profit 2023 vs. 2024 (in thousands of euros)

Gross business margin 2023 vs. 2024 (in thousands of euros)

60.33%

Top-quality Tier 1 capital in 2024

+41%

Increase in the number of transactions received

+68%

Increase in confirmation rates

+7%

Increase in average amount of transactions

We have laid a solid base to try to beat our historical records in 2025, based on our firm commitment to diversification, geographically and in terms of sources of funding.

The consistently positive results throghtout the year have had a significant impact on our transactional banking, allowing us to leverage the momentum to set new historical records, thanks to the intense relational and collaborative work with various entities within our area of influence (MENA), impacting our lending activity in relation to the discounting of letters of credits, and historical volumes, doubling its contribution to the income statement. All this has allowed us to more than offset the effects of the rate cut on our business, without hindering our efficiency in terms of risk management, with a default rate in line with previous years, thanks to adequate coverage of transactions, which translates to a rate close to 0% on non-guaranteed exposures.

All the aformentioned aspects above position Aresbank as a key member of the Libyan Foreign Bank Group, and deeply committed to greater interaction between its different subsidiaries, in order to take advantage of its wide geographical presence, in more than 23 countries. The established strategy is based on one hand, on maintaining our traditional strengths in foreign trade, expanding the geographies in which we operate; and on the other, exploring new business opportunities linked to our areas of expertise, seeking diversification and stable growth of our results.

3. ARESBANK FOCUS IN THE COMING YEAR

We face what will be the year of the celebration of our 50th Anniversary with the conviction that we have laid the foundations of an entity that, while maintaining its essence and traditions, operates with a strong foundation for sucess in a ever-changing and volatile environment.

The excellent results of 2024 make us ambitious in terms of our prospects for 2025, for which we are confident that many of the investments carried out will start to yield results. The foreseeable path of de-escalation of interest rates has led us to establish contingency business plans, with the aim of limiting this impact by acting on different levers, such as the optimization of our balance sheet, liquidity and funding base, maintaining a criteria of prudence and profitability in our investments in terms of margin.

Regarding foreign trade activity, our objective is to consolidate all that has been achieved, and to take advantage of this inertia to continue growing, both in volume and in the geographies in which we operate, with a clear focus on diversification as a key element on which our business strategy pivots.

One of the first relevant events of 2025 is the transition to a new computer system, which will come into operation during the second quarter of the year. We are sure that this important change will allow us not only to provide a higher quality of service, reliability and scalability to our business, for which we will undertake a review and automation of processes, but we are confident that we will further improve the experience and service provided to our customers.

The automation and digitalization of our service offer will be one of the key events not only of 2025, but for this new stage of Aresbank, with a clear focus on optimizing our resources, seeking stable growth in a sustained manner, guaranteeing the resilience of our business and ensuring data security.

The transition to a new computer system will allow us to provide a higher quality of service, which will further improve the experience and service provided to our customers.

We are firmly committed to maintaining a strong generation of income that allows us to carry out the necessary agenda of investments of all kinds in order to provide extra quality to our services, aspiring to make Aresbank the benchmark entity in its market niche, foreign trade in and with the MENA area.

4. CORPORATE GOVERNANCE

During 2024, the Bank has continued in the process of adapting its governance bodies to the Internal Governance Guidelines of the European Banking Authority EBA/GL/2021/05 which repealed the EBA/GL/2017/11 Guideline of 26 September 2017. In addition, the Bank has maintained at all times the principle of proportionality provided in Article 74(2) of Directive 2013/36/EU, which aims to ensure that the internal governance systems are consistent with the individual risk profile and business model of the entity, to effectively achieve the objectives of the regulatory provisions in compliance with regulatory requirements. In this regard, per the Guidelines of the European Banking Authority and the regulations in force, the functions mentioned above are assigned to the management body.

Thus, the Board of Directors of Aresbank is the company's representative body and has the broadest powers for its administration, except for those which, due to the matter in question, are reserved for the General Shareholders' Meeting by application of the regulations in force.

To enhance the effectiveness of the management and supervisory functions entrusted to it, the Board has established committees composed of its members, currently the Nominations and Remuneration Committee, the Audit Committee and the Risk, Compliance and IT Committee. The name of the latter Committee (formerly the Risk and Compliance Committee) was approved by the Board of Directors on March 17th, 2023, at the proposal of the Nominations and Remuneration Committee, and as a result of the amendments made to the Internal Governance Policy, in order to include in the then Risk and Compliance Committee a matter which, for governance reasons, should be included in a delegated Committee of the entity's management body.

The main functions of the management body include, among others:

- the general business strategy, overall strategy, investments and risk culture;
- the internal governance and control framework, compliance with capital and liquidity requirements;
- decision-making on the periodic financial information to be made public or provided to the supervisory authorities;
- the operations that the entity carries out with shareholders or those represented on the Board;
- remuneration policies, corporate culture and values;
- the conflict of interest policy;
- the integrity of the information systems, taking the necessary measures to ensure the full functioning of the financial and operational control functions;
- the policy for evaluating the suitability of the members of the Board of Directors and the holders of key functions;
- the appointment of Directors and Assistant Directors;
- as well as any other powers that cannot be delegated to other bodies of the Company, as provided in the bylaws and applicable regulations.

Regarding the composition of the Board of Directors, it should be noted that on May 24th, 2024, the General Shareholders' Meeting of Aresbank approved the removal of the Director appointed as Vice-Chairman of the entity in March 2019, Mr. Fekri A. Sinan; as well as of the Director Mr. Mustafa Mohamed Ali Elmanea, and of the Director Mr. Ali Kadri representing the shareholder *Crédit Populaire d'Algérie*.

In addition, the General Meeting agreed at that same meeting to appoint Mr. Saleh Amer Mohamed Edbayaa as a non-executive Director, replacing Mr. Sinan; Mr. Ahmed A. Otman Aldoughra, replacing Mr. Elmanea, and Mr. Yasin Mohamed Elabyed; both appointments as non-executive Board members.

On the other hand, the same General Shareholders' Meeting approved the re-election of Mr. Javier Iglesias de Ussel Ordis, as independent Director, for a statutory period of three years.

On September 20th, 2024, the Board of Directors, following the provisions of Article 26 of the Company's Bylaws, approved the appointment of Mr. Saleh Amer Mohamed Edbayaa as Vice-Chairman of the Board. In addition, on the same date, the Extraordinary General Meeting of Aresbank approved the appointment of Mr. Khalid M. Thark Dubaj Elmrgni as a non-executive Director and the re-election of Mr. Ahmed A. A. Elabbar as a non-executive Director, whose term of office had expired in the same month of September, for the statutory period of three years.

Aresbank, through the Board of Directors, has carried out efficient and prudent management of the entity's business activity and has exercised the management and supervisory functions corresponding to it under current regulations. In this sense, to facilitate the management function of the Board of Directors, we recall that in September 2023, the Board of Directors approved the creation of a Management Committee, as a delegated body of the Board, whose main function was to centrally manage the most relevant aspects of the entity's operations, being responsible for the execution of strategies and matters set by the Board of Directors that the latter, under the legislation in force, the Articles of Association or the Regulations of the Board of Directors, may agree to delegate to it. The members of the Management Committee include members of the entity's General Management, in addition to the heads of key functions in each management area, and the amendments to its internal regulations were approved by the Board of Directors at its meeting held on January 26th, 2024.

Without prejudice to the responsibility and functions attributed to the Management Committee, The Board of Directors has consistently upheld the ultimate responsibility for the entity, particularly in overseeing the approval and implementation of policies, management procedures, and decision-making necessary to ensure full compliance with all regulatory and legal requirements at both the national and European levels.

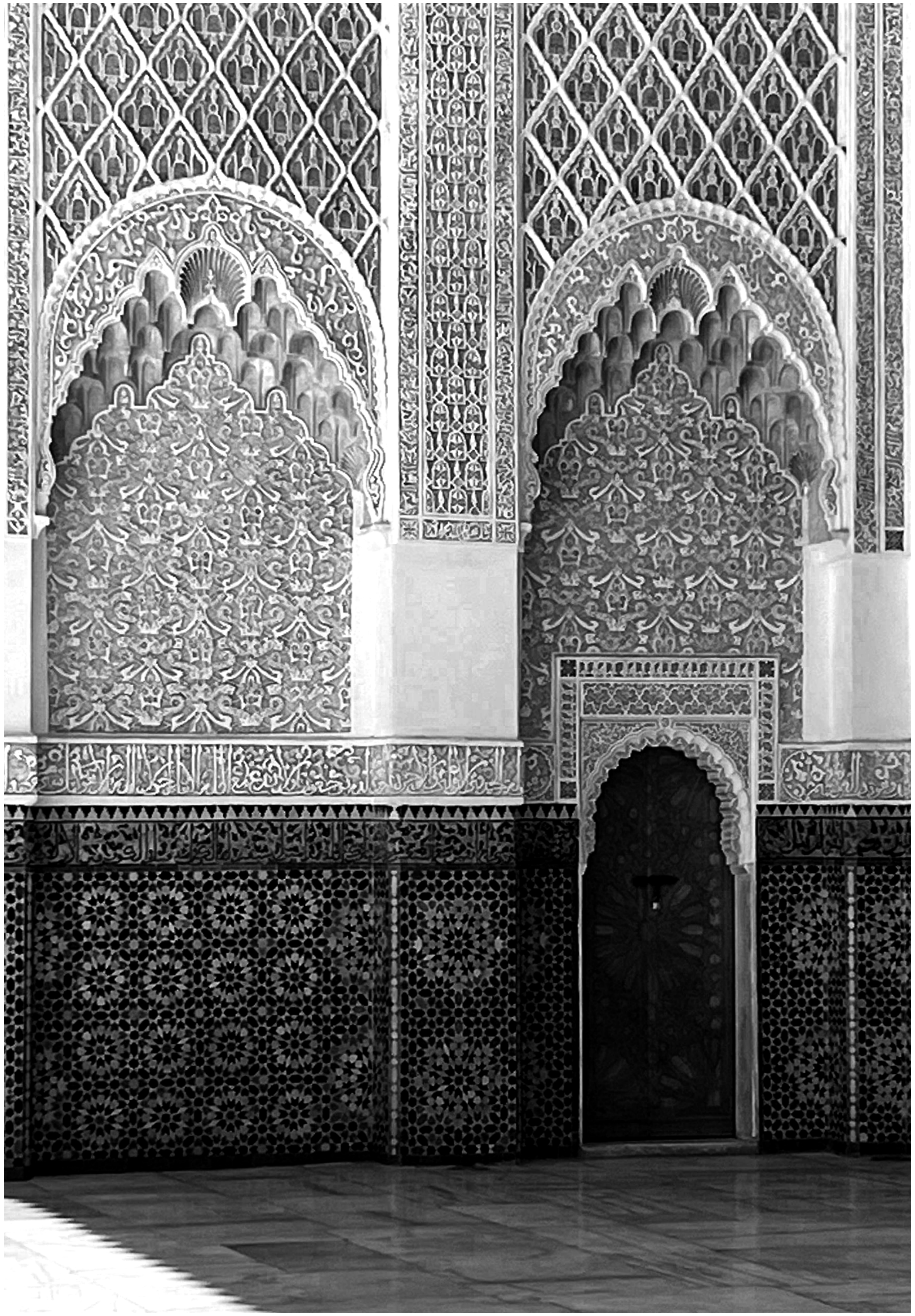
Aresbank, through the Board of Directors, has carried out efficient and prudent management of the entity's business activity and has exercised the management and supervisory functions corresponding to it under current regulations.

For these purposes, and in compliance with its functions, the Board of Directors has approved and revised, throughout 2024, a series of policies that have facilitated the management of the entity's activity, such as: Credit Risk Management Framework Policy, the Internal Governance Policy, the Remuneration Policy, the Recovery Plan —with data as of 31 December 2023—; the revision of the Suitability Assessment Policy for members of the administrative body, Senior Management and key function holders, in the terms defined in the EBA/GL/2021/06 Guidelines. In connection with this Policy, and following the Guidelines of the European Banking Authority, the Bank carried out in January 2024 an individual suitability assessment of all Directors, as well as a continuous and collective one of the management body.

On the other hand, the Board of Directors also approved the Structural Balance Sheet Risk Policy, the Related Party Guarantees Policy, the Criminal Risk prevention model; revised the Operational Risk, Liquidity, Reputational Risk and Money Laundering Prevention Policies; and approved the Information Security Policy and technological risk management and the Technological Contingency and Business Continuity Plan.

Within the framework of technological and sustainable development of the bank's activity, and to comply with all regulatory requirements, in July 2023, the Board of Directors approved the migration of Aresbank's technological platform to a new one, and the outsourcing of an essential service and its residual risk. The banking platform migration project has been developed throughout the year 2024, and the estimated roll-out date for the new platform remains May 2025.

Finally, at its meeting held on September 20, 2024, the Board of Directors of the Bank, in accordance with the provisions of Article 11 of the Bylaws, unanimously approved the sale of 144 shares of the capital of Aresbank, S.A. from Crédit Populaire d'Algérie to Libyan Foreign Bank.



5. SUBSEQUENT EVENTS TO DECEMBER 31ST, 2024

The Annual Accounts of the year 2024 have been formulated by Aresbank' Board of Directors in the resolution dated on February 21st, 2025.

6. ACQUISITION OR DISPOSAL OF OWN SHARES

As in previous years and due to its equity capital structure, Aresbank has not acquired, held or performed operations with its own shares during 2024, and 2023.

7. RESEARCH & DEVELOPMENT EXPENSES

The Bank did not invest in projects related to R&D during 2024, and 2023.

8. ENVIRONMENTAL INFORMATION

The entire operative of Aresbank is subject to the legislation of protection and improvement of the environment. The Bank has adopted the appropriate measures in relation to the protection and improvement of the environment and the minimization, of the environmental impact, complying with current regulations in this regard. During the 2024 financial year, no environmental investments have been made and, likewise, it has not been considered to register any provision for risks and burdens of an environmental nature as there are no contingencies related to the protection and improvement of the environment.

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Financial STATEMENTS 2024

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Balance Sheet

BALANCE SHEET FOR THE YEARS ENDED DECEMBER 31st, 2024, AND 2023
(thousands of euros)

ASSETS	2024	(*)2023
CASH, BALANCES WITH CENTRAL BANKS AND DEMAND DEPOSITS (Note 7)	173,221	203,183
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Note 8)	49,918	14,871
Debt securities	49,918	14,871
FINANCIAL ASSETS AT AMORTIZED COST (Note 9)	732,035	746,219
Debt securities	18,378	27,438
Loans and advances	713,657	718,781
• Financial entities	456,491	429,583
• Clients	257,166	289,198
TANGIBLE ASSETS (Note 10)	31,091	31,132
For own use	12,597	12,535
Investment property	18,494	18,597
INTANGIBLE ASSETS (Note 11)	2,763	1,156
Other intangible assets	2,763	1,156
TAX ASSETS (Note 12)	17,771	18,875
Current tax assets	1,898	-
Deferred tax assets	15,873	18,875
OTHER ASSETS (Note 13)	199	151
Rest of other assets	199	151
Total assets	**1,006,998**	**1,015,587**

(*) **Presented, solely and exclusively, for comparative purposes (see Note 3.3).**
These financial statements and the accompanying Notes 1 to 32 are an integral part of the Annual Accounts as of December 31st, 2024. The financial statements are originally issued in Spanish and prepared in accordance Spanish Banking regulations, issued by Bank of Spain. Consequently, certain accounting practices applied by the Company may not conform to generally accepted principles in other countries. In the event of a discrepancy, the Spanish-language version prevails.

OFF BALANCE SHEET ITEMS (Note 20)	2024	(*)2023
LENDING COMMITMENTS GRANTED	99,603	79,780
OTHER COMMITMENTS GRANTED	404,271	200,116

LIABILITIES	2024	(*)2023
FINANCIAL LIABILITIES AT AMORTIZED COST (Note 14)	654,147	677,890
Deposits	651,807	676,491
• Deposits from central banks	22,040	28,206
• Deposits from credit institutions	521,290	595,707
• Deposits from other creditors	108,477	52,578
Other financial liabilities	2,340	1,399
PROVISIONS (Note 10)	2,920	1,947
Taxes and other legal contingencies	22	22
Contingent exposure and commitments	2,898	1,925
TAX LIABILITIES (Note 12)	319	799
Liabilities from current tax	319	799
OTHER LIABILITIES (Note 13)	2,499	1,497
Total liabilities	**659,885**	**682,133**

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SHAREHOLDERS' NET EQUITY	2024	(*)2023
OWN FUNDS	347,313	334,145
Share capital / Paid up capital (Note 17)	300,001	300,001
RETAINED EARNINGS (Note 18)	34,145	33,513
Profit (or loss) for the period (Note 4)	13,167	631
OTHER COMPREHENSIVE INCOME (Note 19)	(200)	(691)
Elements that can be reclassified to profit (or loss)	(200)	(691)
• Changes in fair value of debt instruments at fair value through other comprehensive income	(200)	(691)
Total net equity (Note 16)	**347,113**	**333,454**
Total liabilities and net equity	**1,006,998**	**1,015,587**

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Income Statement

PROFIT & LOSS ACCOUNT FOR THE YEARS ENDED DECEMBER 31st, 2024, AND 2023

(thousands of euros)

	2024	(*)2023
INTEREST INCOME (Note 22)	44,126	48,111
Financial assets at fair value through other comprehensive income	869	75
Financial assets at amortized cost	43,257	48,018
Rest of interest income	-	18
(INTEREST EXPENSES) (Note 23)	(23,298)	(30,064)
Interest margin	**20,828**	**18,047**
COMMISSIONS INCOME (Note 24)	15,345	9,652
(COMMISSIONS EXPENSE) (Note 25)	(1,110)	(629)
GAINS OR (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES NOT AT FAIR VALUE THROUGH PROFIT (OR LOSS), NET	242	167
Rest of assets and liabilities	242	167
EXCHANGE DIFFERENCES, NET (Note 5.8)	101	203
OTHER OPERATING INCOME (Note 26)	2,362	2,219
(OTHER OPERATING EXPENSE) (Note 26)	(5)	(440)
Gross margin	**37,763**	**29,219**

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	2024	(*)2023
ADMINISTRATIVE EXPENSES	(13,538)	(11,564)
Personnel expenses (Note 27)	(9,148)	(7,941)
Other administrative expenses (Note 28)	(4,390)	(3,623)
AMORTIZATION (Note 30)	(513)	(446)
PROVISIONS OR (RELEASE OF PROVISIONS) (Note 15)	(952)	669
IMPAIRMENT LOSSES OR RELEASE ON FINANCIAL ASSETS NOT AT FAIR VALUE THROUGH PROFIT (OR LOSS): ASSETS VALUED AT AMORTIZED COST. (Note 31)	(4,845)	(25,817)
GAINS OR (LOSSES) ON DEREGISTRATION IN NON-FINANCIAL ASSETS, NET	(3)	(8)
Profit (or loss) before taxes	**17,912**	**(7,947)**
EXPENSES OR REVENUES ON CORPORATE INCOME TAX (Note 21)	(4,745)	8,578
Profit (or loss) from ordinary activity	**13,167**	**631**
Profit (or loss) after taxes	**13,167**	**631**

(*) **Presented, solely and exclusively, for comparative purposes (see Note 3.3).**
These financial statements and the accompanying Notes 1 to 32 are an integral part of the Annual Accounts as of December 31st, 2024. The financial statements are originally issued in Spanish and prepared in accordance Spanish Banking regulations, issued by Bank of Spain. Consequently, certain accounting practices applied by the Company may not conform to generally accepted principles in other countries. In the event of a discrepancy, the Spanish-language version prevails.

Statement of Changes in Equity

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED ON DECEMBER 31st, 2024 & 2023

(thousands of euros)

A. STATEMENT OF RECOGNIZED INCOME AND EXPENSE

	2024	(*)2023
PROFIT (OR LOSS) FOR THE PERIOD	13,167	631
OTHER COMPREHENSIVE INCOME	491	622
Items that can be reclassified into results	**491**	**622**
Debt instruments at fair value through other comprehensive income (Note 32)	687	903
• Gains or (-) losses through net equity	687	903
Tax effect	(196)	(281)
Global result of the year	**13,658**	**1,253**

(*) Presented, solely and exclusively, for comparative purposes (see Note 3.3).

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B. CHANGES IN EQUITY IN THE PERIOD

(thousands of euros)

YEAR-END 2024	Equity: Issued capital	Equity: Retained earnings	Equity: Result for the period	Revaluation adjustments	Total
BALANCE SHEET AS OF 31/12/23	300,001	33,513	631	(691)	**333,454**
Error adjustments	-	-	-	-	-
Adjustments due to accounting policy change	-	-	-	-	-
ADJUSTED BALANCE SHEET	300,001	33,513	631	(691)	**333,454**
TOTAL RECOGNIZED INCOME AND EXPENSE	-	-	13,167	491	**13,658**
OTHER CHANGES THROUGH EQUITY	-	632	(631)	-	**1**
Dividend distribution	-	-	-	-	-
Transfers between items	-	631	(631)	-	-
Other Issuances (reduction) for equity instruments	-	1	-	-	1
BALANCE SHEET AS OF 31/12/24	300,001	34,145	13,167	(200)	**347,113**

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(*)YEAR-END 2023	Equity: Issued capital	Equity: Retained earnings	Equity: Result for the period	Revaluation adjustments	Total
BALANCE SHEET AS OF 31/12/22	300,001	43,634	(10,121)	(1,313)	**332,201**
Error adjustments	-	-	-	-	-
Adjustments due to accounting policy change	-	-	-	-	-
ADJUSTED BALANCE SHEET	300,001	43,634	(10,121)	(1,313)	**332,201**
TOTAL RECOGNIZED NCOME AND EXPENSE	-	-	631	622	**1,253**
OTHER CHANGES THROUGH EQUITY	-	(10,121)	10,121	-	**-**
Dividend distribution	-	-	-	-	-
Transfers between items	-	(10,121)	10,121	-	-
Other Issuances (reduction) for equity instruments	-	-	-	-	-
BALANCE SHEET AS OF 31/12/23	300,001	33,513	631	(691)	333,454

(*) Presented, solely and exclusively, for comparative purposes (see Note 3.3).

These financial statements and the accompanying Notes 1 to 32 are an integral part of the Annual Accounts as of December 31st, 2024. The financial statements are originally issued in Spanish and prepared in accordance Spanish Banking regulations, issued by Bank of Spain. Consequently, certain accounting practices applied by the Company may not conform to generally accepted principles in other countries. In the event of a discrepancy, the Spanish-language version prevails.

Cash-flow Statement

CASH-FLOW STATEMENT FOR THE YEARS ENDED ON DECEMBER 31ST, 2024 & 2023

(thousands of euros)

	2024	(*)2023
A. CASH-FLOW FROM OPERATING ACTIVITIES	(27,981)	15,455
(+) PROFIT (OR LOSS) FOR THE PERIOD	13,167	631
(+) ADJUSTMENTS TO REACH THE OPERATING CASH FLOW	11,195	16,679
Amortization	513	446
Other adjustments	10,682	16,233
(-) NET INCREASE OR (DECREASE) IN OPERATING ASSETS	24,753	(268,521)
Assets at fair value through other comprehensive income	35,047	6,781
Financial assets at amortized cost	(9,131)	(269,373)
Other operating assets	(1,163)	(5,929)
(+) NET INCREASE OR (DECREASE) IN OPERATING LIABILITIES	(23,771)	(268,311)
Financial liabilities at amortized cost	(24,684)	(266,999)
Other operating liabilities	913	(1,312)
(+) INFLOWS OR (OUTFLOWS) FROM CORPORATE INCOME TAX	(3,819)	(2,065)
B. CASH-FLOW FROM INVESTING ACTIVITIES	(2,082)	(1,203)
(-) OUTFLOWS	2,082	1,203
Tangible assets (Note 10)	252	122
Intangible assets (Note 11)	1,830	1,081
(+) INFLOWS	-	-
Tangible assets	-	-

(*) **Presented, solely and exclusively, for comparative purposes (see Note 3.3).**
These financial statements and the accompanying Notes 1 to 32 are an integral part of the Annual Accounts as of December 31st, 2024. The financial statements are originally issued in Spanish and prepared in accordance Spanish Banking regulations, issued by Bank of Spain. Consequently, certain accounting practices applied by the Company may not conform to generally accepted principles in other countries. In the event of a discrepancy, the Spanish-language version prevails.

	2024	(*)2023
C. CASH-FLOW FROM FINANCING ACTIVITIES	-	-
(-) DIVIDEND'S PAYMENT (Note 4)	-	-
D. EFFECT OF THE EXCHANGE RATE FLUCTUATIONS	101	203
E. NET INCREASE OR (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	(29,962)	14,455
F. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	203,183	188,728
G. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	173,221	203,183

CASH COMPONENTS AND EQUIVALENTS AT THE END OF THE PERIOD	2024	(*)2023
Cash (Note 7)	142	162
Cash equivalent balances in Central Banks (Note 7)	161,770	191,311
Other financial assets (Note 7)	11,309	11,710

(*) **Presented, solely and exclusively, for comparative purposes (see Note 3.3).**
These financial statements and the accompanying Notes 1 to 32 are an integral part of the Annual Accounts as of December 31st, 2024. The financial statements are originally issued in Spanish and prepared in accordance Spanish Banking regulations, issued by Bank of Spain. Consequently, certain accounting practices applied by the Company may not conform to generally accepted principles in other countries. In the event of a discrepancy, the Spanish-language version prevails.

Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR CLOSED DECEMBER 31ST, 2024

1. GENERAL INFORMATION

Aresbank, S.A. (hereinafter, "Aresbank" or the "Bank") was established by public deed dated April 1st, 1975. The Bank is registered in the Mercantile Registry of Madrid, on page nº 28,537, sheet 18, 1st inscription of General Companies Volume 3,740. Since April 2nd, 1975, Aresbank is registered at the Bank of Spain's Special Registry for Banks and Bankers under number 0136. Its fiscal ID Bank number is A28386191.

Aresbank is a joint stock company. Its corporate purpose per Article 3 of its bylaws is as follows:
"The main objective of the Bank is to contribute to the development of the economic cooperation between the Arab countries and Spain by financing foreign trade and promoting investment and attracting funds from Arab and International Financial Markets.

Notwithstanding the above mentioned, the corporate object of the Bank consists of all activities relating to banking operations allowed by the Spanish legislation and not forbidden to banking entities except the reception of funds from individuals which will be limited to those who are involved in foreign trade transactions with the Bank.

The activities outlined in the company's objectives may be carried out either directly or indirectly, through the ownership of shares or interests in companies with similar or identical purposes."

The share capital of Aresbank, S.A. as of December 31st, 2024, amounts to 300,000,960.00 euros and it is formed of 104,167 registered shares with a nominal value of 2,880.00 euros each (Note 17).

The Bank's registered address is Paseo de la Castellana, 257, Madrid, where its Head Office is located.

The Bank is part of a Group of companies headed by Libyan Foreign Bank with head offices in Dat El Imad, Administrative Complex - Tower II - Tripoli - Libya.

The Bank is part of a Group of companies headed by Libyan Foreign Bank with head offices in Dat El Imad, Administrative Complex - Tower II - Tripoli – Libya.

2. GENERAL OBJECTIVES

The Bank's general objectives can be summarized as the following:

- To increase the economic cooperation between Spain and the Arab countries by financing foreign trade and other investments and trying to increase its resources through the fundraising of deposits from Arab and international financial markets.
- To identify and evaluate investment opportunities and new projects.
- To offer Spanish technical experience and know-how for the implementation of economic and industrial projects in the Arab world.
- To cooperate with Spanish Banks and other institutions channeling financial resources coming from international or Arab monetary markets.
- To strengthen relations and cooperation between Arab and Spanish businesses.

3. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

3.1 Basis of presentation

The accompanying financial statements of the year 2024 were prepared from the accounting records of the Bank in conformity with the accounting criteria of the Circular 4/2017 and its subsequent amendments, issued by the Bank of Spain, and in accordance with the Commercial Law, Royal Decree 1/2010, of July 2nd, and other Spanish regulation applicable, and accordingly give a true and fair view of the Bank net worth and financial position as of December 31st, 2024 and of the results of its operations and the cash flows for the years to end.

The information in these Annual Accounts is responsibility of the Directors of Aresbank. The Annual Accounts of the year 2024 have been formulated by the Board of Directors of the Bank in the resolution dated on February 21st, 2025, and they will be presented to the General Shareholders' Assembly for approval, which is expected to adopt them without any significant changes. Except as otherwise indicated, these Annual Accounts are presented in thousands of euros.

The information presented in these Financial Statements has been prepared and formulated by the Board of Directors, based on the assumption that the management of the Entity will continue in the future. As such, the accounting rules have not been applied to determine the value of equity for purposes of its full or partial transfer, or for hypothetical liquidation.

The amounts reflected in the accompanying Annual Accounts are presented in thousands of euros, except in cases where it is more convenient to use a smaller units. Therefore, certain items that appear without a balance in the Annual Accounts could present some balance if smaller units were used. To present the amounts in thousands of euros, the accounting balances have been rounded; thus, the amounts that appear in certain tables may not match the sum of the individual figures listed.

3.2 Accounting principles

The Bank's Annual Accounts were prepared on the basis of the accounting criteria established by the Bank of Spain in its Circular 4/2017 and its amendments, as set forth in Note 5.

The annual accounts of the Bank for the financial year ended December 31st, 2024 have been drawn up taking into account all the accounting principles and rules and the applicable mandatory valuation criteria in such a way as to show, in all material respects, a true and fair view of the Bank's assets and liabilities as of December 31st, 2024, as well as the results of its operations and cash flows for the year ended on that date, in accordance with the applicable financial reporting regulatory framework referred to above and, in particular, with the accounting principles and criteria contained therein.

3.3 Comparison of information

For comparative purposes the Governing Board of the Bank presents, for each of the captions detailed in the accompanying Annual Accounts, both figures for 2024 and those corresponding to the previous years. All captions that present no balance as of December 31st, 2024, and 2023, have been removed. The comparative information for the financial year 2023 broken down in these annual accounts has been subject to certain non-significant modifications in order to improve comparability with the figures for the financial year 2024. The information contained in these annual accounts referring to the year 2023 is presented, exclusively, for comparative purposes with the information referred to that year and, therefore, does not constitute the annual accounts of the Entity for the year 2023.

3.4 Accounting estimates and errors

The information included in the accompanying annual accounts is as mentioned, the responsibility of the Directors of Aresbank. In these annual accounts, estimates have been used where appropriate to value certain assets, liabilities, income, expenses, and commitments. These estimates were made by the Bank's senior management and approved by the Directors. They relate to:

- The losses for impairment of certain assets (see Notes 8, 9 and 31).
- The useful life adopted for tangible and intangible assets (see Notes 10 and 11).
- The estimate of the need or not to constitute provisions and the amount, if any, of the provisions to be constituted (see Note 15).
- Estimation of income tax expense and deferred assets and liabilities (see Note 21).

These estimates were made in accordance with the best available information about the items concerned and it is possible that future events may make it necessary to modify them in some ways in the forthcoming years. Any modification will in any case be made prospectively recognizing the effects of that change on the related profit (or loss) account.

During the year 2024 and until the date of preparation of the annual accounts for the year 2024, there has been no error or change in accounting estimates, which due to its relative importance was necessary to include in the annual accounts authorized by the Board of Directors.

The current military and geopolitical conflicts, the evolution of inflation levels and interest rates as a result of the ECB's monetary policies, among others, have generated uncertainty about the current macroeconomic situation and its future evolution, and could negatively affect the economy and business activities of the areas where the Bank operates. As of the date of preparation of these Financial Statements, the Bank has not been significantly affected, nor is expected to be significantly affected in the future by the impact of this situation.

3.5 Changes in accounting and regulatory principles

There have not been changes in accounting principles applied by the Bank during 2024.

3.6 External auditors

The Annual Accounts of Aresbank, S.A. as of December 31st, 2024 have been audited by KPMG Auditores, S.L., same as the ones from the year before.

The fees corresponding to the services provided by the auditing company KPMG Auditores, S.L. of the Bank's Annual Accounts during the year ended December 31st, 2024, and 2023, regardless of the time of their billing, are as follows:

(thousands of euros)	2024	(*)2023
For audit-related services	62	62
Other services	-	6
Other expenses	3	3
Total Professional Services	**65**	**71**

"Other services" include the fees for the Report on Agreed Procedures relating to the Contribution to the Single Resolution Fund.

During the financial years 2024 and 2023, professional services have been provided to the Bank by other entities affiliated with KPMG International, which are detailed below:

(thousands of euros)	2024	(*)2023
Annual Report of the External Expert on the Prevention of Money Laundering and Terrorist Financing	-	13
Analysis and benchmarking on the liquidity risk management and control framework	34	-
Total Professional Services	**34**	**13**

The services contracted by the Bank with its auditor comply with the independence requirements set out in Law 12/2010, of 30th June, amending Law 19/1988, of 12th July, on Audit of Accounts and do not include the performance of work incompatible with the audit function.

3.7 Risk management

According to the European Commission recommendations on the publication of information regarding financial instruments (risk management); Aresbank has included in the Note 6 and in the Directors' Report the most significant data.

3.8 Environmental information

The overall operations of Aresbank are subject to environmental protection legislation. The Bank has adopted appropriate measures in relation to environmental protection and enhancement and to the minimization, where appropriate, of the enviromental impact, in compliance with the relevant current regulations. The Bank did not make environmental investments in 2024, and 2023, nor did it consider it necessary to record any provision for environmental risks and charges nor does it consider that there are significant contingencies relating to environmental protection and enhancement.

3.9 Solvency

SPANISH REGULATIONS

On June 26th, 2013, the European Parliament and the Council of the European Union approved Regulation No. 575/2013 on prudential requirements for credit institutions and investment firms, and the Directive 2013/36/EU of access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms. The entry into force of these regulations caused the repeal of all current regulation of Bank of Spain regarding own funds (Circular 3/2008 and Circular 7/2012) that were incompatible with the new regulation, involving the implementation of Basel III agreements with a gradual timetable to achieve its full implementation.

Regulation N°575/2013 entered into force on January 1st, 2014 and it was applicable directly and immediately to the European financial institutions, although certain regulatory options must be set by the national supervisor. The Directive 2013/36/EU was added to the Spanish Law through the publication of the Royal Decree-Law 14/2013, of November 29th, on urgent measures for the adaptation of the Spanish law to the rules of the European Union in the field of supervision and solvency of financial institutions. During 2014, Law 10/2014 of June 26th, on the organization, supervision and solvency of credit institutions came into force.

Among other aspects, the Regulation N°. 575/2013 included:

- Definition of the elements of computable own funds and minimum requirements. Three levels are set at this stage: level 1 ordinary capital (4.5% as minimum capital ratio required), tier 1 capital (6% as minimum capital ratio required) and level 2 capital (8% as minimum capital ratio required).
- Definition of prudential filters and deductions of elements in each of the levels of capital. The regulation incorporates new deductions with respect to Basel II (net tax assets, pension funds...) and modifies existing deductions. However, it establishes a gradual timetable for their full implementation between 5 and 10 years.
- Limitation on the computation of minority interests.
- Requirement that financial institutions calculate a leverage ratio, defined as the capital of level I of the Bank divided by the total exposure.

Likewise, 2013/36/EU directive set new buffers of additional capital, which are in part common to all European financial institutions and in part set by the supervisor for each Bank individually. The non-fulfillment of such capital buffets imposes limitations on discretionary distributions of results.

Based on the communication received from the Directorate-General of Supervision of Bank of Spain, dated on December 17th, 2024, in accordance with Article 68.2.a) from Law 10/2014, the Bank is required to maintain a minimum capital ratio, on an individual basis, not less than 17.626% of its risk exposure total amount. This prudential requirement applies from January 1st, 2025.

On December 31st, 2024, and 2023, the Bank complies with the regulatory capital requirements mentioned in the previous paragraph, and presents the following comparative with the previous year:

(thousands of euros)	2024	(*)2023
TOTAL EQUITY (COMPUTABLE)	331,133	331,652
CET 1	**331,133**	**331,652**
Paid-in capital	300,001	300,001
Retained Earnings	13,728	13,159
Reserves	20,417	20,354
Other comprehensive income	(200)	(691)
Intangible Assets (-)	(2,763)	(1,156)
Other transitory adjustments (-)	(50)	(15)
TIER 2	-	-
Credit risk adjustments (Std approach)	-	-
COMMON EQUITY TIER 1 RATIO	60.33%	70.82%
SURPLUS (+) / DEFICIT (-) ON CET 1 RATIO	306,432	310,579
SOLVENCY RATIO	60.33%	70.82%
SURPLUS (+) / DEFICIT (-) ON SOLVENCY RATIO	287,220	294,189

306,432

thousands of euros represented the surplus on CET 1 Ratio

60.33%

was the Solvency Ratio

3.10 Minimum reserves requirement

As of December 31st, 2024, and 2023, as well as throughout the years 2024, and 2023, the Bank complied with the minimum requirements for this coefficient by the applicable Spanish regulations (see Note 7).

3.11 Deposit Guarantee Fund

On November 24th, 2021, Royal Decree 1041/2021, of November 23rd, which modifies Royal Decree 2606/1996, of December 20th, on deposit guarantee funds of credit institutions, came into force; and Royal Decree 1012/2015, of November 6th, which implements Law 11/2015, of June 18th, on the recovery and resolution of credit institutions and investment services companies, which modifies the Royal Decree 2606/1996, of December 20th, on deposit guarantee funds of credit institutions.

In accordance with the modification made by this Royal Decree in article 4 and article 7 of Royal Decree 2606/1996, the Deposit Guarantee Fund assures the coverage of deposits made by credit institutions, companies and agencies securities, and by portfolio management companies and financial advisory companies on behalf of their clients; that is, when these entities are holders of a deposit in which they act as representatives or agents of third parties and provided that the legal beneficiary has been identified or is identifiable before the circumstances described in article 8 occur.

Likewise, according to the modification made in article 9 bis.1, credit institutions will have identified at all times the admissible and guaranteed deposits of each depositor with the level of detail determined by the Bank of Spain.

Credit institutions and branches attached to the Deposit Guarantee Fund must take into account and comply with the new provisions introduced in Royal Decree 2606/1996, in addition to complying with the obligations established in Circular 8/2015, of December 18th, of the Bank of Spain, to the entities and branches attached to the Deposit Guarantee Fund of Credit Institutions, on information to determine the bases for calculating contributions to the Deposit Guarantee Fund of Credit Institutions.

The Management Committee of the Deposit Guarantee Fund in Credit Institutions (FGD), in its session dated April 3rd, 2024, under the provisions of Article 6 of Royal Decree-Law 16/2011, of October 14th, which creates the FGD and article 3 of Royal Decree 2606/1996, of December 20th, on deposit guarantee funds of credit institutions, establishes the annual contributions corresponding to 2024 in the following terms:

a. No annual contribution to the deposit guarantee compartment of the FGD.

b. Make an annual contribution to the securities collateral compartment of the FGD equal to 2 ‰ of 5% of the value on the last trading day of 2024 of the guaranteed securities, as defined in article 4.2 of Royal Decree Law 2606/1996, existing as of December 31st, 2024.

c. The amount of the contribution to the institution's securities guarantee compartment is quantified directly in view of the declaration of "information to determine the bases for calculating the contributions" to the FGD according to the model provided in Annex 1 of Circular 8/2015, of December 18th, from Bank of Spain, with data as of December 31st, 2024.

d. Likewise, the Management Committee has agreed that the disbursement of the contribution to the securities compartment will be made on February 28th, 2025.

Aresbank does not have to make any contribution regarding 2024. (Note 26).

3.12 Single Resolution Board

The Single Resolution Board (SRB) is an independent EU agency that it is not publicly funded. Instead, banks operating across the Banking Union must pay an annual levy towards the running costs of the SRB. The determination and raising of Administrative Contribution is based on the Commission Delegated Regulation (EU) 2017/2361 of 14 September 2017 on the final system of contributions to the administrative expenditures of the Single Resolution Board, which came into force on January 8th, 2018.

The 2024 annual administrative contribution to the SRB amounted to 2 thousand euros.

3.13 Single Resolution Fund

The Single Resolution Fund (SRF) is an emergency fund that can be drawn upon in times of crisis. It can be used to ensure the efficient application of resolution tools (after other options have been exhausted) as a bail-in tool. The SRF ensures that the financial industry as a whole ensures the stabilization of the financial system, all credit institutions in the countries that make up the European Banking Union must pay an annual fee by law to the SRF. These fees are called contributions. The fund aims to avoid the use of taxpayer money to recapitalize banks in the event that they require additional funding, as EU law requires them to contribute to the fund on an annual basis.

The individual amount each bank owes is calculated pro-rata to the amount of its liabilities (excluding own funds and covered deposits) in respect of the aggregate liabilities (excluding own funds and covered deposits) of all the credit institutions and certain investment firms of the European Banking Union countries. Amounts banks owe to the fund are adjusted in proportion to the risks taken by each institution.

Following the completion of the target level verification exercise, the Single Resolution Board confirmed that the financial means available in the Single Resolution Fund reached the target level of at least 1% of covered deposits held in Member States participating in the Single Resolution Mechanism set out in Article 69, paragraph 1 of Regulation (EU) No 806/2014 (SRMR). As a result, no regular annual contributions have been collected during 2024 from the institutions included in the scope of the Single Resolution Fund. (Note 26).

In order to cover its operating expenses, FROB will charge entities a fee for FROB's activities as resolution authority, which will be governed by the provisions of Law 11/2015 and, failing that, by Law 8/1989, of April 13th, on Public Fees and Prices and by Law 58/2003, of December 17th, on General Taxation.

Its most relevant characteristics for the purposes of its settlement and collection are as follows (sixteenth additional provision of Law 11/2015):

- Accrual. The fee is due on 1 January of each year, except for newly incorporated entities, where the fee is due on the date of incorporation.
- Tax base. The tax base will be the sum that each entity must contribute as an annual ordinary contribution to the National Resolution Fund or, as the case may be, to the Single Resolution Fund.
- Tax fee. The tax fee will be the result of applying a tax rate of 2.5 percent to the tax base.
- FROB will be responsible for the management, settlement and collection of the fee.

No amount was paid during 2024 for these expenses, regarding actions carried out as resolution authority, the exercise of surveillance functions, reporting and application of the resolution instruments during preventive and executive phases, as the ordinary annual contribution has not been collected.

3.14 ECB supervision

In accordance with Article 30(1) of Council Regulation (EU) No 1024/2013 the ECB levies an annual supervisory fee on credit institutions established in the participating Member States and branches established in a participating Member State by a credit institution established in a non-participating Member State.

This annual supervisory fee is calculated following the methodology laid down in Article 10 of Regulation (EU) No 1163/2014 (ECB/2014/41) taking into account the following elements:

- The classification of the Bank as Less Significant Institution (LSI).
- The total amount of annual supervisory fees, as set out in Decision (EU) 2024/871 of the European Central Bank (ECB/2024/8) and published on the ECB Banking Supervision website.
- The total assets and risk exposure, as determined in accordance with Decision (EU) 2019/2158 of the European Central Bank (ECB/2019/38).

The fee paid in 2024 amounted to 8 thousand euros.

13,167

thousands of euros was the net profit for the year 2024

3.15 Subsequent Events to December 31st, 2024

The Annual Accounts of the year 2024 have been formulated by Aresbank' Board of Directors in the resolution dated on February 21st, 2025. Likewise, the Board will propose to the Shareholder's Assembly the distribution of the result to retained earnings (Note 4).

Regardless of what has been mentioned in this report, between the closing date and the date of formulation of these annual accounts, no other additional fact that significantly affects them and that has not been included in these annual accounts has been revealed.

4. RESULTS DISTRIBUTION

The proposal that will be submitted to the General Shareholders' Meeting of Aresbank, S.A. for the distribution of the profit of the year 2024, together with the distribution of the result for the year 2023 approved by the General Shareholders' Meeting dated on May 24th, 2024, is the following:

(thousands of euros)	2024	2023
NET PROFIT (OR LOSS) FOR THE YEAR	13,167	631
To retained earnings (legal reserve)	(1,317)	(63)
To retained earnings (voluntary reserve)	-	(568)
Dividends payoff	**11,850**	**-**

5. ACCOUNTING PRINCIPLES AND VALUATION METHODS APPLIED

This Annual Accounts have been prepared applying the Spanish regulations (Circular 4/2017 from Bank of Spain), as well as its successive amendments, and other provisions of the financial information regulatory framework applicable to the Bank.

5.1 Going concern principle

The Annual Accounts have been formulated considering that Aresbank will continue to operate for a limitless period. Consequently, the application of accounting standards is not intended to determine the value of the net worth in the event of liquidation.

5.2 Accrual basis of accounting

Interest income and expenses are recognized on accrual basis using the effective interest rate method. In accordance with standard banking practices, transactions are recorded on the date they take place, which may differ from their value date, which is the basis for computing interest income and expenses. However, following the Bank of Spain regulations, accrued interests related to doubtful debts, including those from country risk transactions, are recorded as income when collected. Income from financial commissions related to the opening of documentary credits or granting of loans that do not correspond to expenses directly incurred in the execution of the transactions are apportioned over the life of the transaction, as another component of the effective profitability of the documentary credit or loan. Income from dividend is recognized when the shareholder's right to receive the payment is established.

5.3 Recognition of income and expenses

As a general criterion, income from ordinary activities is recognized as the delivery of goods or the provision of contractually committed services with its customers. The Bank recognizes as income over the life of the contract the amount of the compensation to which it expects to be entitled in exchange for such goods or services. When cash inflows are deferred over time, fair value is determined by discounting future cash flows.

However, when a debt instrument is considered to be impaired on an individual basis or is included in the category of those that suffer impairment because its recovery is considered remote, other than those financial assets purchased or originated with credit impairment, the interest to be recognized in the profit and loss account is the result of applying the effective interest rate on its amortized cost (i.e. adjusted for any value adjustment for impairment losses) recognizing an impairment of the same amount.

For financial assets purchased or originated with credit impairment, interest income is calculated by applying the credit-quality-adjusted effective interest rate to the amortized cost of the financial asset.

Dividends are recognized when the shareholder's right to receive payment is declared. Notwithstanding the foregoing, interest and dividends accrued prior to the date of acquisition of the instrument and outstanding are not part of the acquisition cost nor are they recognized as income.

5.4 Financial Assets

CLASSIFICATION

Circular 4/2017 contains three main categories for financial assets classification: measured at amortized cost, measured at fair value with changes in other accumulated comprehensive income, and measured at fair value through profit or loss.

The classification of financial instruments measured at amortized cost or fair value must be carried out on the basis of two tests: the entity's business model and the assessment of the contractual cash flow, commonly known as the "solely payments of principle and interest" criterion (hereinafter, the SPPI).

A debt instrument will be classified in the amortized cost portfolio if the two following conditions are fulfilled:

a. The financial asset is kept within the framework of a business model whose objective is to maintain financial assets in order to obtain contractual cash flows.

b. The contractual conditions of the financial asset give rise to cash flows that are sole payments of principal and interest, understanding the same as the compensation for the time value of the money and the credit risk of the debtor.

A debt instrument will be classified in the portfolio of financial assets at fair value with changes in other comprehensive income if the two following conditions are fulfilled:

a. The financial asset is maintained within the framework of a business model whose purpose combines collection of the contractual cash flows and sale of the assets.

b. The contractual conditions of the financial asset give rise, on specified dates, to cash flows that are only principal and interest payments on the outstanding amounts.

VALUATION OF FINANCIAL ASSETS

All financial instruments are initially recognized at fair value and, in the case of a financial asset or financial liability not at fair value through profit (or loss), transaction costs are directly attributable to the acquisition or issue of the financial asset or financial liability.

Excluding all trading derivatives not considered as accounting or economic hedges, all the changes in the fair value of the financial instruments arising from the accrual of interest and similar items are recognized under the headings "Interest income" or "Interest expenses", as appropriate, in the accompanying income statement in which period the change occurred.

The changes in fair value after the initial recognition, for reasons other than those mentioned in the preceding paragraph, are treated as described below, according to the categories of financial assets and liabilities.

"Financial assets held for trading", "Non-trading financial assets mandatorily at fair value through profit (or loss)" and "Financial assets designated at fair value through profit (or loss)"

Financial assets are registered under the heading "Financial assets held for trading" if the objective of the business model is to generate gains by buying and selling these financial instruments or generate short-term results. The financial assets registered in the heading "Non-trading financial assets mandatorily at fair value through profit (or loss)" are assigned to a business model which objective is to obtain the contractual cash flows and / or to sell those instruments, but its contractual cash flows do not comply with the requirements of the SPPI test.

In "Financial assets designated at fair value through profit (or loss)" the Bank classifies financial assets only if it eliminates or significantly reduces a measurement or recognition inconsistency (an 'accounting mismatch') that would otherwise arise from measuring financial assets or financial liabilities or recognizing gains or losses on them, on different bases.

The assets recognized under these headings of the balance sheets are measured upon acquisition at fair value and changes in the fair value (gains or losses) are recognized as their net value under the heading "Gains (losses) on financial assets and liabilities, net" in the accompanying income statements. Interests from derivatives designated as economic hedges on interest rate are recognized in "Interest income" or "Interest expenses", depending on the result of the hedging instrument. However, changes in fair value resulting from variations in foreign exchange rates are recognized under the heading "Gains (losses) on financial assets and liabilities, net" in the accompanying income statements).

"FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME"

Assets recognized under this heading in the balance sheet are measured at their fair value. Subsequent changes in fair value (gains or losses) are recognized temporarily net of tax effect, under the heading "Accumulated other comprehensive income —Items that may be reclassified to profit or loss—Fair value changes of debt instruments measured at fair value through other comprehensive income" in the balance sheet.

The amounts recognized under the headings "Accumulated other comprehensive income- Items that may be reclassified to profit or loss - Fair value changes of financial assets measured at fair value through other comprehensive income" and "Accumulated other comprehensive income- Items that may be reclassified to profit or loss - Exchange differences" continue to form part of the Bank's equity until the corresponding asset is derecognized from the balance sheet or until an impairment loss is recognized on the corresponding financial instrument. If these assets are sold, these amounts are derecognized and included under the headings "Gains (losses) on financial assets and liabilities, net" or "Exchange differences, net", as appropriate, in the income statement for the year in which they are derecognized.

The net impairment losses in "Financial assets at fair value through other comprehensive income" over the year are recognized under the heading "Impairment losses on financial assets, net — Financial assets at fair value through other comprehensive income" in the income statements for that period.

Any variation in the value of non-monetary items that come from exchange differences are transiently recorded under the heading "Other comprehensive income - Items that can be reclassified into results - Currency conversion" of the balance sheet.

Changes in foreign exchange rates resulting from monetary items are recognized under the heading "Exchange differences, net" in the accompanying income statement.

Financial assets shall be valued at fair value with changes in results unless it is valued at amortized cost or at fair value through other comprehensive income.

"FINANCIAL ASSETS AT AMORTIZED COST"

A financial asset is classified as subsequently measured at amortized cost if it is held within a business model whose objective is to hold financial assets in order to collect and Meets the SPPI Criterion. The assets under this category are subsequently measured at amortized cost, using the effective interest rate method. Net impairment losses of assets recognized under these headings arising in each period are recognized under the heading "Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss — financial assets measured at cost" in the income statement for that period.

5.5 Non-current assets held for sale

Property assets or other non-current foreclosed assets by the Bank in full or partial fulfilment of the payment obligations of its debtors will be considered "Non-current assets held for sale", except those that the Bank decides to hold for continuing use.

"Non-current assets held for sale" are generally measured at the lower of their fair value less the costs of their sale and their book value calculated at the date of their classification as held for sale. "Non-current assets held for sale" shall not be depreciated or amortized during the time they remain in this category.

Non-current assets held for sale include foreclosed assets, measured at the lower of fair value minus selling costs or book value.

5.6 Financial Liabilities

The standard does not require the business model and SPPI tests to be carried out for the classification of financial liabilities as in the case of financial assets.

"FINANCIAL LIABILITIES HELD FOR TRADING" AND "FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT (OR LOSS)"

The subsequent changes in the fair value (gains or losses) of the liabilities recognized under these headings of the balance sheets are recognized as their net value under the heading "Gains (losses) on financial assets and liabilities, net" in the accompanying income statements except for the financial liabilities designated at fair value through profit and loss under the fair value option for which the amount of change in the fair value that is attributable to changes in the own credit risk which is presented in other comprehensive income (for the measurement of changes in credit risk). Interests from derivatives designated as economic hedges on interest rate are recognized in "Interest income" or "Interest expenses", depending on the result of the hedging instrument. However, changes in fair value resulting from variations in foreign exchange rates are recognized under the heading "Gains (losses) on financial assets and liabilities, net" in the accompanying income statements.

"FINANCIAL LIABILITIES AT AMORTIZED COST"

The liabilities under this category are subsequently measured at amortized cost, using the effective interest rate method.

5.7 Impairment of debt instruments measured at amortized cost or fairvalue with changes in other comprehensive

The entry into force of Circular 4/2017 has meant a substantial change in the impairment model, replacing the incurred loss approach contained in Circular 4/2004, with an expected loss approach.

The new impairment model applies to debt instruments at amortized cost, debt instruments measured at fair value with changes in other comprehensive income, as well as other exposures involving credit risk, such as loan commitments granted, financial guarantees granted, and other commitments granted.

The criteria for the analysis and classification of transactions in the financial statements according to their credit risk include, on one hand, the insolvency credit risk and, on the other hand, the country risk to which, if any, they are exposed. Credit exposures in which there are reasons for their rating for insolvency credit risk as for country-risk, are classified in the category corresponding to insolvency risk, unless it corresponds to a worse category by country-risk, without prejudice to the fact that impairment losses due to insolvency risk are calculated by the concept of country-risk when it implies greater demand.

Impairment losses for the period are charged to the profit and loss account as an expense, with consideration for the carrying amount of the asset. Subsequent reversals of previously recognized impairment hedges are recorded as income in the profit and loss account. For instruments measured at fair value with changes in other comprehensive income, the instrument shall subsequently be adjusted to fair value for consideration in "Other accumulated comprehensive income" of equity.

CLASSIFICATION OF TRANSACTIONS ACCORDING TO INSOLVENCY CREDIT RISK

Financial instruments, including off-balance sheet exposures, are classified into the following categories, taking into account whether there has been a significant increase in credit risk since the initial recognition of the transaction, and whether a default event has occurred:

STAGE 1
Normal risk

The risk of a default event has not increased significantly since the initial recognition of the transaction. The impairment value correction for this type of instrument is equivalent to the expected credit losses in twelve months.

STAGE 2
Normal risk under special surveillance

The risk of a non-compliance event has increased significantly since the initial recognition of the operation. The impairment value correction for these types of instruments is calculated as the expected credit losses over the estimated life of the transaction.

STAGE 3
Non-performing risk

A default event has occurred in the operation.
The impairment value correction for these types of instruments is calculated as the expected credit losses over the estimated life of the transaction.

Write-off

Operations for which the Bank has no reasonable expectation of recovery. The impairment value correction for this type of instrument is equivalent to its carrying amount and entails its total derecognition of the asset.

For financial instruments classified in "Stage 1 — Normal Risk", the Bank assesses whether it is still appropriate for whether it is still appropriate for expected twelve-month credit losses to be recognized. Reggarding this, the Bank carries out an assessment of whether there has been a significant increase in credit risk since its initial recognition. If it has occurred, the financial instrument is transferred to "Stage 2 — Normal Risk under Special Surveillance" and its expected lifetime credit loss is recognized. This assessment is symmetrical, allowing the financial instrument to return to the "Stage 1 — Normal Risk" category.

The Bank's credit risk management systems contain both quantitative and qualitative elements, which in combination or by themselves, could indicate that there has been a significant increase in credit risk. Regardless of the valuation based on probabilities of default and indications of debasement of the credit risk of the exposure, to determine if there has been a significant increase in the credit risk since initial recognition, the Bank analyzes the indicators included in Annex 9 of Circular 4/2017.

Notwithstanding the foregoing, for those assets in which the counterparty has low credit risk, the Bank applies the provision in the standard to consider that its credit risk has not increased significantly. This type of counterparties includes, mainly, central banks, public administrations, deposit guarantee funds and resolution funds, credit institutions, mutual guarantee societies and non-financial corporations considered part of the public sector.

For the purpose of determining default risk, the Bank applies a definition that is consistent with the one it uses for the internal management of credit risk of financial instruments and takes into account quantitative and qualitative indicators.

Reggarding this, the Bank considers an exposure to be in default when any of the following circumstances occur:

- Overdue period of more than 90 days. Likewise, all operations of a holder are included when the amount of operations with overdue balances more than 90 days exceeds 20% of the amounts pending collection.
- There are reasonable doubts about the full reimbursement of the asset.

A financial instrument is considered to be credit-impaired when one or more events have occurred with a negative impact on its estimated cash flows. Evidence of credit impairment in financial asset includes, but is not limited to, the following:

- Significant financial difficulties of the issuer or borrower.
- Breach of contractual clauses, such as events of default or default.
- Granting by the lender of concessions or advantages for economic or contractual reasons due to economic difficulties of the borrower, which otherwise would not have been granted and which show evidence of deterioration.
- Increasing likelihood that the borrower will go bankrupt or in any other financial reorganization situation.
- Disappearance of an active market for the financial instrument in question caused by the financial difficulties of the issuer.
- Purchase or origination of a financial asset at a significant discount reflecting credit losses suffered.

It is possible that a single specific event can be identified or, on the contrary, the credit impairment is a combined effect of several events.

METHODOLOGIES FOR ESTIMATING EXPECTED CREDIT LOSSES DUE TO INSOLVENCY

To determine expected credit loss due to insolvency, individual and collective estimates are made according to the following criteria:

- Individual estimates are made for the following types of operations:
  - Non-performing transactions: transactions that the Entity considers to be significant due to late payment, transactions classified in this category for reasons other than late payment and transactions that do not belong to a homogeneous risk group.
  - Standard operations under special supervision: transactions that are considered significant by the Institution, transactions classified in this category as a result of an individual analysis other than automatic operations and operations that do not belong to a homogeneous risk group.
- Collective estimates are made for all operations that do not have to be individually estimated.

Individualized loss estimates arise as the negative difference in the present values of expected future cash flows over the remaining life of the financial instruments, discounted at the effective interest rate, and their respective credit exposure values at the date of calculation.

Since the Bank has not developed internal methodologies for collective estimates, it uses the alternative solutions contained in Annex 9 of Circular 4/2017, which consider the type of collateral of the operation, the segment of the credit risk and the age of the overdue amounts.

Individual estimates are made for the following types of operations: non-performing transactions & standard operations under special supervision.

A credit exposure is considered in default if payments are overdue by more than 90 days or there are doubts about full reimbursement.

CREDIT RISK DUE TO COUNTRY RISK

Country risk is considered to be the risk that occurs in counterparties resident in a given country due to circumstances other than usual commercial risk (sovereign risk, transfer risk or risks arising from international financial activity) or insolvency risk. The Bank classifies operations carried out with third parties into different groups according to the economic evolution of the countries, their political situation, regulatory and institutional framework, capacity and experience of payments, assigning to each of them the percentages of provision in accordance with the provisions of current regulations.

Non-performing assets due to the materialization of country risk are those operations with final obligors resident in countries that have prolonged difficulties in servicing their debt, considering the possibility of recovery, as well as off-balance sheet exposures whose recovery is considered remote due to the circumstances attributable to the country.

The Bank maintains significant exposures to credit risk due to country risk, so the levels of provision for this item are significant in relation to the total impairment hedges constituted by the Bank.

5.8 Transactions and balances in foreign currency

The Bank's functional and presentation currency is the Euro and, therefore, all balances and transactions denominated in currencies other than the Euro are deemed to be denominated in foreign currency (see Note 6.2).

Monetary assets and liabilities denominated in foreign currency are translated into Euro at the year-end average spot exchange rate on the date of the financial statements, as published by the European Central Bank.

After that time, the following rules apply for the conversion of balances denominated in foreign currency to euros:

- Monetary assets and liabilities are translated into euros using exchange rates at the closing date of each financial year.
- Non-cash items measured at fair value are translated at the exchange rate of the date on which fair value was determined.
- Income and expenses are converted by applying the exchange rate of the date of the transaction.

The exchange differences arising in the translation are recorded, generally, for their net amount in the caption "Exchange Differences" of the Income Statement, whose amount in 2024, and 2023 has been 101 and 203 thousand euros of profit, respectively.

The countervalue in euro of the assets and liabilities nominated in foreign currency (US dollars mainly) as of December 31st, 2024 amounts, respectively, to 455,570 and 454,108 thousand euros (466,746 and 465,366 thousand euros, respectively, as of December 31st, 2023).

5.9 Write-off of financial instruments

A financial asset is derecognized from the balance sheet when any of the following circumstances occur:

- Contractual rights to the cash flow they generate have expired; or
- The financial asset is transferred, and the significant risks and rewards of the financial asset are substantially transferred, or even if there is no transfer or substantial retention of these, control of the financial asset is transferred.

On the other hand, a financial liability is derecognized from the balance sheet when the obligations they generate have been extinguished or when they are reacquired by the Bank, either with the intention of relocating them again, or with the intention of canceling them.

5.10 Reclassification among portfolios of financial instruments

Only when a change in the business model for the management of financial assets takes place does the Bank carry out the reclassification of the debt instruments concerned, on the basis that a change in the business model is considered exceptional or rare.

During the period there has been no change in the Bank's business model, so no reclassification of portfolios of debt instruments has been carried out.

5.11 Tangible assets

"Tangible Assets for Own Use" are the property items of which the Bank considers it will make ongoing use of, and the property items acquired for finance lease purposes. These assets are valued at cost minus accumulated depreciation and, if appropriate, minus any loss for impairment disclosed by comparing the net value of each item with its recoverable amount.

Depreciation is calculated systematically by the straight-line method, applying the years of estimated useful life of the items to the acquisition cost of the assets minus their residual value. In the case of the land on which the buildings and other structures are located, the land is deemed to have an indefinite life and therefore, it is not depreciated. The annual provisions for depreciation of tangible assets are charged to the Income Statement and are calculated on the basis of the following averaged years of estimated useful life of the various groups of items.

All assets are depreciated according to the Royal Decree 27/2014 of November 27th. The annual depreciation coefficients used are the following:

	Coefficient
Property	2%
Furniture and installations	8% to 12%
Office and EDP equipment	12% to 25%

The cost of upkeep and maintenance of the "Tangible Assets for Own Use" are recognized as an expense of the period in which they are incurred.

The investment property included in the caption "Tangible Assets" comprises the net values of the land, buildings and other structures which the Bank holds for rental or for obtaining a capital gain on their sale as a result of future increases in their respective market prices.

The methods applied by the Bank to recognize the cost of assets assigned in operating lease transactions, to determine their depreciation and to estimate their respective useful lives and to record their losses for impairment, are the same as those described for "Tangible Assets for Own Use".

5.12 Intangible Assets

Intangible assets are identifiable non-monetary assets, although without physical appearance, which arise as a result of a legal transaction or have been developed internally by the Bank. The Bank only recognizes intangible assets whose cost can be reasonably and objectively estimated, and the Bank estimates that it is probable to obtain economic benefits from them in the future.

Intangible assets are recorded in the balance sheet at their cost of acquisition or production, net of its accumulated depreciation and any impairment losses that could have suffer.

5.13 Leases

On January 1st, 2019, Circular 2/2018 came into force, which includes modifications in the accounting for the lessee. The single ledger accounting model requires that the assets and liabilities of all leases be recognized. The rule provides for two exceptions to the recognition of lease assets and liabilities, which can be applied in the case of short-term contracts and those whose underlying asset is of low value. The Bank has decided to apply both exceptions.

The lessee must recognize in the asset a right of use that represents its right to use the leased asset that is recorded under the heading "Tangible assets — Property, plant and equipment" of the balance sheet (see Note 10), and a lease liability that represents its obligation to make the lease payments recorded under the heading "Financial liabilities at amortized cost — Other financial liabilities" of the balance sheet (see Note 14).

At the lease starting date, the lease liability represents the present value of all outstanding lease payments. Liabilities recorded in this section of the balance sheet are valued after their initial recognition at amortized cost, which is determined in accordance with the "effective interest rate" method.

A financial liability is derecognized from the balance sheet when the obligations they generate have been extinguished or when they are reacquired by the Bank.

Rights of use are initially recorded at cost. This cost should include the initial valuation of the lease liability, any payments made before the start date less lease incentives received, all direct upfront expenses incurred, as well as an estimate of expenses to be incurred by the lessee such as expenses related to the removal and dismantling of the underlying asset.

The assets recorded in this balance sheet chapter are valued after their initial recognition at less cost:

- Accumulated depreciation and accumulated impairment, and
- Any revaluation of the corresponding lease liability.

Interest expense on lease liabilities is recognized in the profit and loss account under “Interest expense”. Variable payments not included in the initial valuation of lease liabilities are recorded under the heading “Administrative expenses — Other administrative expenses” in the profit and loss account.

Depreciation is calculated, applying the straight-line method on the cost of acquiring the assets, on the life of the lease. Provisions for depreciation of tangible assets are recorded in the “Depreciation” chapter of the profit and loss account.

In the case of opting for one of the two exceptions to not recognize the right of use and the corresponding liability on the balance sheet, payments related to the corresponding leases are recognized in the profit and loss account, over the contract term or on a straight-line or other basis that best represents the structure of the lease transaction, under the heading “Other operating expenses”.

Sublease and operating lease income is recognized in the profit and loss account under “Other operating income”.

The lessor’s accounting model requires that, from the beginning of the transaction, lease agreements can be classified as financial when substantially all the risks and rewards inherent in ownership of the contract asset are transferred. Leases that are not financial are considered operating leases.

In financial leases, where entities act as lessors of an asset, the sum of the present values of the amounts they will receive from the lessee plus the guaranteed residual value, which is usually equivalent to the exercise price of the purchase option by the lessee at the end of the contract, are recorded as financing lent to third parties; so it is included in the chapter “Financial assets at amortized cost” of the balance sheet.

In operating leases, if the entities act as lessors, they present the cost of acquiring the leased assets under the heading “Tangible assets - Property, plant and equipment - Assigned operating lease” of the balance sheet. (see Note 10). These assets are written off in accordance with the policies adopted for similar tangible assets for own use income and expenses from leases are recognized in the profit and loss account, on a straight-line basis, under the headings “Other operating income” and “Other operating expenses”, respectively (see Note 26).

In the case of sales at fair value with subsequent lease, the results generated by the sale, for the portion actually transferred, are recorded in the profit and loss account at the time of the sale.

5.14 Contingent Assets

Contingent assets are possible assets that arise from past events and whose existence is conditional, and will be confirmed only by the occurrence or non-occurrence of events beyond the control of the Bank.

Contingent assets are not recognized in the Balance Sheet or in the Income Statement. The Bank informs of their existence provided that it is probable that these assets will give rise to an increase in resources embodying economic benefits.

5.15 Provisions and contingent liabilities

Provisions are present obligations of the Bank arising from past events whose nature at the balance sheet date are clearly specified but whose amount or settlement date is uncertain and the Bank expects to settle on maturity through an outflow of resources embodying economic benefits.

The Bank recognizes in the Balance Sheet all the significant provisions when it forecasts that it is more likely that the obligation might have to be settled.

Provisions are measured taking into account the best available information on the consequences of the event that gives rise to the obligation and are reviewed at each closing date and adjusted accordingly in the Balance Sheet. They are used to meet the specific obligation for which they were originally recognized and are fully or partially released when these obligations cease to exist or decrease. Provisions are classified according to the obligations covered (Note 15).

As of December 31st, 2024, and 2023, there were still pending some legal proceedings and claims brought against the Bank arising from the habitual performance of its activities. The legal advisors and the Directors of the Bank consider that the outcome of these legal proceedings and claims will not have any significant negative effect additional to those included as a provision in the annual accounts of the years in which they are concluded.

Contingent liabilities are possible obligations of the Bank that arise as a result of past events and whose existence is conditional on the occurrence or non-occurrence of one or more future events beyond the control of the Bank. They include the present obligations of the Bank when it is not probable that an outflow of resources embodying economic benefits will be required to settle them or when, in extremely rare cases, their amount cannot be measured with sufficient reliability.

Information regarding the aforementioned contingent liabilities, if any, is disclosed in the Notes to the Financial Statements.

5.16 Pension commitments

As of December 31st, 2024, and 2023, Aresbank’ pension commitments with the serving employees were externalized by means of defined contribution pension plan and an insurance contract.

These pension fund commitments cover the rights derived from:

a. The Collective Agreement.
b. The agreements approved by the Board of Directors in 1991 for the Management and certain employees, extending the latter agreement to all of the employees, without exception, by means of an agreement approved by the Board of Directors on October 18th, 2002.

As a result of these operations, Aresbank has no actuarial or financial risk by reason of the mentioned commitments. The total amount contributed in 2024 amounted to 204 thousand euros, and 188 thousand euros in 2023 (Note 27).

Aresbank’ outstanding balance related to the employees’ contributions with the pension fund management company (BanSabadell Pensiones) amounts to a total of 3,956 thousand euros as of December 31st, 2024 and 3,651 thousand euros in 2023.

5.17 Corporate Income tax

The Bank recognizes as an expense the tax levied on profits from continuing activities accrued in the year, which is obtained on the basis of the result of the same and taking into account the temporary differences between the accounting result and the tax result (tax base). Existing bonuses and deductions on the tax rate are taken into consideration. The differences between the tax levied on the profits from the continuing activities payable and the expense for such tax caused by the temporary allocation differences are recorded as deferred tax assets or liabilities, as applicable.

By application of Rule 42 of Circular 4/2017, the quantification of deferred tax assets and liabilities is carried out by applying to the temporary difference, or credit that corresponds, the tax rate at which it is expected to recover or settle. As of December 31st, 2024, and 2023, the Bank has fiscal assets (Note 12).

5.18 Staff costs: short-term remuneration

This type of remuneration is valued, without updating, by the amount to be paid for the services received, generally recorded as staff expenses for the year and as a liability accrual account, for the difference between the total expense and the amount already paid.

5.19 Severance payments

In accordance with the labor regulations in force, entities are obliged to pay compensation to employees with whom, under certain conditions, their employment relations are terminated. These indemnities are charged to results as soon as there is a plan that requires payment of the same.

5.20 Financial Guarantees

Financial guarantees are contracts under which the Bank undertakes to pay specific amounts by a third party in the event of not doing so, regardless of their legal form, which may be, among others, that of a collateral, financial or technical guarantee and irrevocable documentary credit issued or confirmed by the Bank.

5.21 Off-Balance Sheet items

Off-balance sheet items shall include balances representing rights, obligations and other legal situations that in the future may have an impact on net assets, as well as any other balances needed to reflect all transactions entered into by entities although they may not impinge on their net assets. Off-balance-sheet items will include the balances representing rights, obligations and other legal situations that may have financial repercussions in the future, as well as those other balances that are necessary to reflect all the operations carried out by the entities, even if they do not compromise their wealth. Off-balance-sheet items shall be grouped into the following categories: guarantees granted, contingent commitments granted, financial derivatives, pension commitments and risks and similar obligations, transactions on behalf of third parties and other off-balance-sheet accounts.

The category "Other commitments granted" includes transactions where the institution secures third-party obligations through financial guarantees or other contracts.

The category "Other commitments granted" shall include all transactions whereby an institution secures obligations of a third party arising as a result of financial guarantees granted by the institution or by other contracts. This category includes:

a. Other financial guarantees: it will collect the amount of any financial guarantee not included as financial guarantee, financial guarantee, credit derivatives sold, derivative risks contracted on behalf of third parties.

b. Irrevocable documentary credits: they will include irrevocable payment commitments made against delivery of documents. They shall be recorded for the maximum amount for which the institution is liable to third parties on the date to which the balance sheet relates.

c. Other guarantees provided: they will include all kinds of guarantees and bonds such as technical guarantees and those for the import and export of goods and services. They shall include irrevocable formalized pledges of guarantee and the guarantee letters as soon as they may be enforceable by law and entrenchments of any kind.

d. Other contingent risks: It shall include the maximum amount of which the entity is liable to third parties for any operation in which the entity assumes a contingent risk not included in other items.

In transactions in which interest is due, the maximum amount shall include, in addition to the principal guaranteed, the overdue interest outstanding. The amounts guaranteed may be reduced or deregistered from off-balance-sheet only if it is reliable that the risks guaranteed have been reduced or cancelled or when they are paid against third parties or must be recorded in the liabilities because the beneficiaries have claimed payment.

The category "Loan commitments granted" shall include those irrevocable commitments which could give rise to the recognition of financial assets. This category shall be broken down into the following headings:

a. Drawable by third parties: balances drawable by third parties at the balance sheet date, within the limit or principal of the credit contracts granted by the Bank, whatever their type, distinguishing the amounts immediately drawable by the holder from those that will only be drawable if certain future events occur.

b. Other contingent commitments: This shall include the amount of any remaining commitments not included in other items that may result in the recognition of financial assets in the future.

5.22 Commissions

The Entity classifies the commissions it charges or pays into the following categories:

FINANCIAL FEES

These types of fees, which form an integral part of the actual performance or cost of a financial transaction and are charged or paid in advance, are recognized in the profit and loss account generally over the expected life of the financing, net of the related direct costs, as an adjustment to the cost or actual return of the transaction.

NON-FINANCIAL FEES

This commission arises for the provision of services by the Entity and is recorded in the profit and loss account throughout the period of the execution of the service, or, if it is a service that is executed in a singular act, at the time of the performance of the singular act.

5.23 Statement of recognized income and expenses

This statement presents the income and expenses generated by the Bank as a result of its activity during the year, distinguishing those recorded as results in the profit and loss account for the year and the other income and expenses recorded, in accordance with the provisions of current regulations, directly in equity.

Therefore, in this statement it is presented:

a. The result of the exercise.

b. The net amount of income and expenses recognized temporarily during the year as "Other accumulated overall income" in equity.

c. The net amount of income and expenses recognized recorded, where appropriate, during the financial year in equity, as well as other items whose recording is made directly against equity definitively.

d. The tax on profits accrued for the concepts indicated in letters b) and c) above.

e. The total income and expenses recognized, calculated as the sum of the previous sections.

Changes in income and expenses recognized in equity as "Other accumulated comprehensive income" are broken down into:

a. Valuation gains (losses): includes the amount of income, net of expenses incurred in the year, recognized directly in equity. Amounts recognized in the period as Other accumulated comprehensive income are recorded under this heading, even if in the same period they are transferred to the profit and loss account at the initial value of other assets or liabilities or are reclassified to another item.

b. Amounts transferred to the profit and loss account: includes the amount of valuation gains or losses previously recognized in equity, even in the same period, which are recognized in the profit and loss account for the period.

c. Amount transferred to the initial value of hedged items: includes, where applicable, the amount of valuation gains or losses previously recognized in equity, even in the same period, which are recognized at the initial value of assets or liabilities as a result of cash flow hedges.

d. Other reclassifications: includes, where appropriate, the amount of transfers made in the year between items of "Other accumulated global result" in accordance with the criteria established in current regulations.

The amounts of these items are presented by their gross amount, showing their corresponding tax effect in the heading "Income tax" of the state.

The statement of changes in equity shows adjustments for accounting changes and error corrections, recognized income and expenses, and other equity movements like result distribution and transfers.

5.24 Statement of changes in equity

This statement presents all changes in equity, including those arising from changes in accounting criteria and corrections of errors that may have occurred. This statement therefore shows a reconciliation of the carrying amount at the beginning and end of the financial year of all the items that make up the Bank's equity, grouping the movements according to their nature into the following items:

- Adjustments for changes in accounting criteria and errors: which includes significant changes in equity that arise, if any, as a result of the retroactive restatement of the balances of the financial statements resulting from changes in accounting criteria or correction of errors.
- Recognized income and expenses: collect, in aggregate, the total of the items recorded in the statement of Income and Expenses recognized above.
- Other changes in equity: includes the rest of the items recorded in equity, such as the distribution of the Bank's results, transfers between equity items as a result of the distribution of the result of the year and any other increase or decrease in equity

5.25 Cash-Flow Statement

The concepts used in the Cash-Flow Statement have the following definitions:

a. Cash-flows that are inflows and outflows of cash and cash equivalents, the latter being defined as highly liquid short-term investments with low risk of alternation in value.

b. Operating activities that are typical activities and other activities that cannot be classified as lending or funding.

c. Investing activities, relating to the acquisition, sale or disposal by other means of long-term assets and other investments not included in cash and cash equivalents.

d. Financing activities which are activities giving rise to changes in the size and composition of net worth and of liabilities that do not form part of operating activities and long-term financial liabilities.

5.26 Related Parties

The parties related to the Bank include, in addition to its parent company and controlled entities, the Bank's key management personnel (the members of its Board of Directors and the executive vice presidents, together with their close family members) and the entities over which the key management personnel may exercise significant influence or control.

See Note 32.c for the detail of the related party transactions during 2024, and 2023.

Related-party transactions were made on terms equivalent to those that prevail in arm's-length transactions or, when this was not the case, the related compensation in kind was recognized.

5.27 Offsetting balances

It shall be only offset and, therefore, shown in the balance sheet as net debt, the debtor and creditor balances arising for transactions in which contractually, or by legal regulation, allow compensation, and there is an intention to offset them, or to realize the asset and them to settle the liability simultaneously.

As of December 31st, 2024, and 2023, the Entity has no financial assets and liabilities offset. Likewise, at such dates, the Entity has no rights of set-off associated with financial assets and liabilities subject to enforceable contractual netting agreements that have not been cleared.

5.28 Hedge accounting and risk mitigation

The Bank uses derivative instruments to reduce its exposure to foreign currency exchange rate risks. The Bank designates an operation as of coverage, since the beginning of the transaction or the instrument included in this coverage, properly documenting the hedging transaction. The Bank only records as hedging transactions the ones which are considered highly effective throughout the life of the transaction.

The coverage operations carried out by the Bank are classified as fair value hedging that cover the exposure to changes in the fair value of financial assets and liabilities or commitments still unrecognized, or a portion of such assets, liabilities or commitments attributable to an identified risk in particular and provided that affect the profit (or loss) account. The differences in the covered elements and in their coverage are recognized directly in the profit (or loss) account.

6. RISK MANAGEMENT

Aresbank has defined a risk management framework based on the three-line defense scheme developed in the EBA's Guidelines on Internal Governance (EBA GL/2021/05). This structure promotes the prudent and effective management of the Entity and, in turn, ensures the independence of control functions from the business lines they oversee. In order to effectively supervise all risks to which the Entity is exposed, the Entity's internal control functions are independent, posses sufficient authority, and have access to the Board of Directors.

Finally, the internal governance framework is based on a solid risk culture, as it has rigorous ethical and professional standards that are reflected in several policies within the Entity. The fundamental objective is to adapt to a changing economic and regulatory environment, facing risk management in a responsible way.

Risk management is based on the following fundamentals:

- The Board of Directors approves the Entity's general risk strategy, risk appetite and risk management framework. In addition, it monitors and controls that the strategy and framework are applied in a coherent manner.
- The Risk, Compliance and IT Committee advises and supports the Board of Directors in relation to monitoring the Entity's general risk strategy, current and future risk appetite. The business strategy, objectives, corporate culture and values of the Entity must be aligned with the established risk strategy.
- The Risk, Compliance and IT Committee monitors the execution of capital and liquidity management strategies, as well as all the other relevant risks, such as market, credit, operational (including legal and technological) and reputational risks, in order to assess their adequacy with the approved risk strategy and risk appetite.
- The third line of defense is represented by the Audit Committee, whose main responsibility is to supervise the preparation of financial information and the monitoring of all the activities and units of the Entity.

The Entity has a Risk Appetite Framework that reflects and limits the target risk profile defined by the Board of Directors, based on current regulations, the requirements and recommendations made by supervisors and based on the best market practices.

Risk appetite covers both risks whose assumption and management constitute the strategic objective of the Entity's activity, and those whose assumption is not desired, but cannot be fully avoided. The assumption, control, management, mitigation and disintermediation, where appropriate, of these risks will be subject to the policies approved for this purpose.

With respect to its content, the Risk Appetite Framework has the following scope:

- Define the principles of risk appetite.
- Detail the structure and metrics associated with these principles, as well as their methodology and the stress scenarios used.
- To establish the Government of approval and review of appetite.
- Establish the monitoring to be carried out on compliance with risk appetite.

Finally, Aresbank reviews different scenarios based on regulatory exercises, with the main objective of anticipating possible events that adversely affect the Entity. Among them we can find the following:

- Capital and Liquidity Self-Assessment Report (IACL), which assesses the level of risk and the contingency measures that the Entity has in place to maintain adequate levels of capital and liquidity in situations of stress.
- The recovery plan, which determines the tools available to Aresbank to re-establish its situation in a very severe financial crisis. The plan provides financial and macroeconomic stress scenarios with varying degrees of severity, as well as idiosyncratic and systemic events.

6.1 Credit Risk

The credit risk makes up the largest part of Aresbank' risk exposures. The total credit risk weighted assets under Pillar I, using standard approach, are 495,435 thousand euros. Aresbank calculates risk weighted assets as a product of the exposure and relevant risk weight determined by its supervisor. Risk weights are determined by the category of the borrower and depend upon external credit assessments by ECAIs (Standard & Poor's, Moody's and Fitch) and also on the type of banking product.

The Bank currently has a focussed business target market which caters to the trade finance business, primarily between Spain and the Arab world, and interbank market transactions. The total gross lending amounted as of December 31st, 2024, to 731,909 thousand euros, in comparison with 732,336 thousand euros in 2023. The key component of the total lending was "Loans and Advances to Credit Institutions", for an amount of 467,762 thousand euros, from which 245,452 thousand euros are placed within the Interbank market. Contingent exposures have increased from the previous year to a total amount of 404,271 thousand euros.

CREDIT INVESTMENT EXPOSURES (thousands of euros)	2024	2023
Balance sheet exposures (Gross)	731,909	732,336
Granted guarantees	404,271	200,116
Drawable balances	99,603	79,780
Total	**1,235,783**	**1,012,232**

1,235,783

thousands of euros was the total of credit investment exposures in 2024

RISK CONCENTRATION BY ACTIVITY AND GEOGRAPHICAL AREA

The breakdown corresponding to December 31st, 2024, and 2023 are as follows:

2024 (thousands of euros)	Total	Spain	Rest of E.U.	America	Rest of the world
CREDIT INSTITUTIONS	649,030	234,538	121,448	5,263	287,781
Central Banks	161,770	161,770	-	-	-
Rest	487,260	72,768	121,448	5,263	287,781
PUBLIC ADMINISTRATIONS	35,389	12,075	23,314	-	-
Other financial entities	35,280	-	-	-	35,280
NON-FINANCIAL CORPORATES AND INDIVIDUALS	330,693	236,079	62,832	28,327	3,455
Real Estate development and construction (including soil)	2,933	2,933	-	-	-
Civil works construction	32,631	4,323	-	28,308	-
Corporates	278,144	211,964	62,832	19	3,329
SME and individuals	16,985	16,859	-	-	126
OTHER HOUSEHOLDS (OTHERS)	155	155	-	-	-
Total	**1,050,547**	**482,847**	**207,594**	**33,590**	**326,516**

2023 (thousands of euros)	Total	Spain	Rest of E.U.	America	Rest of the world
CREDIT INSTITUTIONS	653,222	415,750	115,216	2,024	120,232
Central Banks	191,311	191,311	-	-	-
Rest	461,911	224,439	115,216	2,024	120,232
PUBLIC ADMINISTRATIONS	10,347	3,840	2,030	4,477	-
Other financial entities	41,823	-	-	-	41,823
NON-FINANCIAL CORPORATES AND INDIVIDUALS	284,125	195,255	46,655	34,863	7,352
Real Estate development and construction (including soil)	2,913	2,913	-	-	-
Civil works construction	31,047	4,323	-	26,724	-
Corporates	245,338	187,227	46,643	8,139	3,329
SME and individuals	4,827	792	12	-	4,023
OTHER HOUSEHOLDS (OTHERS)	465	465	-	-	-
Total	**989,982**	**615,310**	**163,901**	**41,364**	**169,407**

6.2 Market Risk

The measurement, control and monitoring of the Aresbank' market risk comprises all operations in which net worth risk is assumed as a result of changes in market factors. This risk arises from changes in the risk factors —interest rates, exchange rates, liquidity risk, and others—.

INTEREST RATE RISK

Interest rate risk is the possibility that fluctuations in interest rates might have an adverse effect on the value of a financial instrument. Aresbank holds loans and deposits as of December 31st, 2024, and 2023. Aresbank does not experience a significant interest rate gap which focuses on the mismatches between the interest reset periods of on-balance-sheet assets and liabilities and of off-balance-sheet items.

FOREIGN CURRENCY RISK

The global net position in foreign currency of Aresbank as of December 31st, 2024 amounts to 1,462 thousand euros, not exceeding the 2% of the entity's own funds; thus, no capital requirement is applicable. The Bank does not have a material trading book in the sense that there is no risk pertaining to interest rate related instruments, equities and commodities in the trading book (see Note 5.4).

LIQUIDITY

Liquidity risk management consists of ensuring that the Bank will at all times have sufficient liquidity to meet its payment commitments associated with the cancellation of its liabilities on their respective maturity dates, without compromising its ability to respond quickly to strategic market opportunities, with the objective of maintaining an optimal level of liquid assets under a prudent policy.

In this context, the keys to solving liquidity problems lie in anticipation and preventive management. Aware of this, the Bank considers both aspects its first lines of defense against the potential adverse effects of an illiquidity situation on its results, reputation and solvency.

In terms of early identification, the Bank continuously monitors its short, medium and long-term liquidity situation and the evolution of the main money and capital markets in which it operates. To this end, it has:

a. assume the responsibility for liquidity management,

b. analyze the maturities of the assets and liabilities flow in different time horizons, and

c. access the markets to operate products according to authorized limits.

In regard to preventive management, the Assets and Liabilities Committee (ALCO) guides the structural management of liquidity towards

a. the balance between positive and negative financial flows over a broad observation horizon,

b. diversification of uses and sources of financing, and

c. protection of the Bank's ability to finance its growth and meet its payment obligations on the date. and contractually established form at a reasonable cost and without affecting your reputation.

Finally, in terms of anticipation, the Entity has a cushion of liquid assets free of charges that allows it to comfortably face situations of severe stress. The quality, relative liquidity and pledge capacity of the assets that make up the buffer are regularly checked and subjected to stress tests to determine their ability to cope with extreme circumstances.

The main metrics currently used for the control of liquidity and its results as of December 31st, 2024, and 2023 are:

- Daily liquidity control, through which the Bank permanently monitors its intraday liquidity, the eligibility of securities for appeal to Bank of Spain financing (policy) and the adequacy of its room for manoeuvre (available liquid assets buffer) to deal with short-term cash outflows, among other indicators.
- Liquidity gap, which provides information on cash flow movements in order to detect the existence of gaps between collections and payments over time.

The analysis of the liquidity of the Bank shows that the Bank has sufficient liquidity to meet its near-term liabilities.

As of December 31st, 2024, and 2023, the liquidity gap was as follows, expressed in their respective currency:

2024
(thousands of euros)

ASSETS	At sight	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Insensitive	Total
Cash, Central Bank cash balances and other demand deposits	8,524	-	-	-	-	-	-	8,524
Loans to credit institutions	-	179,667	16,390	5,984	-	-	-	202,041
Loans and advances to clients	-	58,980	98,039	41,819	-	-	121	198,959
Fixed income portfolio	-	5,700	-	-	53,700	9,100	-	68,500
Other assets	-	-	-	-	-	-	-	-
Total Assets	**8,524**	**244,347**	**114,429**	**47,803**	**53,700**	**9,100**	**121**	**478,024**

LIABILITIES	At sight	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Insensitive	Total
Deposits from central Banks and credit institutions	80,877	47,475	99	999	-	36	-	129,486
Deposits from client	47,869	-	-	29	-	136	-	48,034
Other liabilities	-	-	-	-	-	-	-	-
Total Liabilities	**128,746**	**47,475**	**99**	**1,028**	**-**	**172**	**-**	**177,520**
Simple Gap	(120,222)	196,872	114,330	46,775	53,700	8,928	121	300,504
Accrued Gap	(120,222)	76,650	190,980	237,755	291,455	300,383	300,504	300,504

2024
(thousands of US dollars countervalued to euro)

ASSETS	At sight	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Insensitive	Total
Cash, Central Bank cash balances and other demand deposits	5,275	-	-	-	-	-	-	5,275
Loans to credit institutions	-	353,784	61,863	-	-	-	-	415,647
Loans and advances to clients	-	29,006	52	6,712	-	-	-	35,770
Fixed income portfolio	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total Assets	**5,275**	**382,790**	**61,915**	**6,712**	**-**	**-**	**-**	**456,692**

LIABILITIES	At sight	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Insensitive	Total
Deposits from central Banks and credit institutions	225,523	166,622	-	-	-	-	-	392,145
Deposits from client	60,154	-	-	19	-	-	-	60,173
Other liabilities	-	-	-	-	-	-	-	-
Total Liabilities	**285,677**	**166,622**	**-**	**19**	**-**	**-**	**-**	**452,318**
Simple Gap	(280,402)	216,168	61,915	6,693	-	-	-	4,374
Accrued Gap	(280,402)	(64,234)	(2,319)	4,374	4,374	4,374	4,374	4,374

2023
(thousands of euros)

ASSETS	At sight	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Insensitive	Total
Cash, Central Bank cash balances and other demand deposits	195,036	-	-	-	-	-	-	195,036
Loans to credit institutions	-	52,055	11,408	-	-	-	-	63,463
Loans and advances to clients	-	66,552	17,241	14,648	90,681	20,200	121	209,443
Fixed income portfolio	-	1,000	8,000	-	21,000	-	-	30,000
Other assets	-	-	-	-	-	-	-	-
Total Assets	**195,036**	**119,607**	**36,649**	**14,648**	**111,681**	**20,200**	**121**	**497,942**

LIABILITIES								
Deposits from central Banks and credit institutions	122,262	16,525	10,000	25,000	-	-	-	173,787
Deposits from client	25,376	-	-	-	29	14	-	25,410
Other liabilities	-	-	-	-	-	-	-	-
Total Liabilities	**147,629**	**16,525**	**10,000**	**25,000**	**29**	**14**	**-**	**199,197**
Simple Gap	47,407	103,082	26,649	(10,352)	111,652	20,168	121	298,745
Accrued Gap	47,407	150,489	177,138	166,786	278,438	298,624	298,745	298,745

2023
(thousands of US dollars countervalued to euro)

ASSETS	At sight	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Insensitive	Total
Cash, Central Bank cash balances and other demand deposits	2,029	-	-	-	-	-	-	2,029
Loans to credit institutions	-	250,357	109,502	4,525	-	-	-	364,384
Loans and advances to clients	-	80,540	-	-	-	-	-	80,540
Fixed income portfolio	-	-	13,575	-	-	-	-	13,575
Other assets	-	-	-	-	-	-	-	-
Total Assets	**2,029**	**330,897**	**123,077**	**4,525**	**-**	**-**	**-**	**460,528**

LIABILITIES								
Deposits from central Banks and credit institutions	136,703	118,646	176,470	4,525	-	-	-	436,344
Deposits from client	25,148	-	8	-	-	1,010	-	26,166
Other liabilities	-	-	-	-	-	-	-	-
Total Liabilities	**161,851**	**118,646**	**176,478**	**4,525**	**-**	**1,010**	**-**	**462,510**
Simple Gap	(159,822)	212,251	(53,401)		-	(1,010)	-	(1,982)
Accrued Gap	(159,822)	54,429	(972)	(972)	(972)	(1,982)	(1,982)	(1,982)

The Bank has included within its liquidity management the monitoring of the short-term liquidity coverage ratio (LCR) and the net stable funding ratio or NSFR (net stable funding ratio), reporting to the regulator the required information on a monthly and quarterly basis respectively.

The measurement of liquidity based on these metrics is part of the liquidity risk control system established in the Bank:

- Short-term liquidity ratio (LCR): under the stress scenario defined by the Basel III capital agreement, the 30-day liquidity ratio as of December 31st, 2024 amounted to 168.44% (243.67% as of December 31st, 2023), both figures above the regulatory minimum.
- Structural Funding Ratio (NSFR): The Bank maintains a balanced long-term funding structure adjusted to its liquidity profile. As of December 31st, 2024, the structural funding ratio stood at 152.28% (136.22% as of December 31st, 2023), also above the Basel III target.

Additionally, the Bank has established a series of alerts and limits subject to continuous monitoring that allow anticipating possible liquidity tensions and activating in the event of requiring the convening and holding of extraordinary or crisis meetings (depending on the situation) of the ALCO.

The latter is contemplated in the liquidity risk contingency plan, which constitutes a second line of action against the potential adverse effects derived from an illiquidity situation. In essence, it is a practical action plan that optimizes the Bank's response to situations categorized as high or critical exposure in time, cost and form, as well as mitigating possible disturbances and impacts on business continuity during these episodes.

168.44%

Short-term liquidity ratio (LCR)

152.28%

Structural Funding Ratio (NSFR)

6.3 Operational Risk

The operational Risk relates to the risk of loss resulting from inadequate or failed internal processes, human resources, systems or from external events. Unlike other risks, this is generally a risk that is not associated with products or businesses but is found in processes and/or assets and is generated internally (people, systems, processes) or as a result of external risks, such as natural disasters. For the purpose of calculating regulatory capital for operational risk, Aresbank opts for the basic indicator approach. As a result, the Operational Risk Capital burden, amounting to 4,278 thousand euros, is based on the average of positive gross income of the previous three years multiplied by 15%.

7. CASH, BALANCES WITH CENTRAL BANKS AND DEMAND DEPOSITS

This caption on the Balance Sheet reflects available cash as well as deposits maintained in the Bank of Spain in accordance with the compulsory reserves ratio (see Note 3.10). The caption breakdown as of December 31st, 2024, and 2023 is as follows:

(thousands of euros)	2024	2023
Cash	142	162
Bank of Spain - Nostro Account	161,770	191,311
Demand deposits	11,309	11,710
Total	**173,221**	**203,183**

The caption "Other demand deposits" is presented net, as it includes 7 thousand euros due to impairments (6 thousand euros for generic and 1 thousand euros for country-risk impairments).

For the purposes of preparing the statement of cash flows, the Bank has considered cash the balance of "Cash, cash balances in central banks and other demand deposits" (see Note 5.25).

Note 6.2 includes information on liquidity risk and on maturities and financial assets included under this heading. Note 32.a includes information on the fair value of these instruments. Note 6.2 includes information on interest rate risk included under this balance sheet heading.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The breakdown of this caption as of December 31st, 2024, and 2023 is as follows:

NATURE (thousands of euros)	2024	2023
Fixed income (Spain)	49,978	14,931
Generic impairments	(60)	(60)
Total	**49,918**	**14,871**

CURRENCY		
Euro	49,978	14,931
Total	**49,918**	**14,871**

The interest accrued in 2024 for debt securities amounted to 869 thousand euros (2023: 75 thousand euros) (see Note 22).

The detail of the valuation adjustments made through equity it is shown in Note 19, in regard to debt securities.

Note 6.2 includes information on liquidity risk and on maturities and financial assets included under this heading. Note 32.a includes information on the fair value of these instruments. Note 6.2 includes information on interest rate risk included under this balance sheet heading.

100%

Total financial assets rated in both 2024 and 2023

RATING (thousands of euros)	2024	2023	2024	2023
AAA	6,245	-	12.51%	-
AA+	4,157	2,030	8.33%	13.65%
AA-	5,713	-	11.44%	-
A-	17,360	3,840	34.78%	25.82%
BBB	7,111	-	14.25%	-
BBB-	9,332	9,001	18.69%	60.53%
Total	**49,918**	**14,871**	**100.00%**	**100.00%**

9. FINANCIAL ASSETS AT AMORTIZED COST

The detail of this caption as of December 31st, 2024, and 2023 is as follows:

(thousands of euros)	2024	2023
DEBT SECURITIES	18,528	27,561
LOANS AND ADVANCES TO:		
Credit institutions	459,871	429,733
Customers	261,259	291,602
Total Financial assets at amortized cost, gross	**739,658**	**748,896**
IMPAIRMENT ADJUSTMENTS TO:		
Debt securities	(150)	(123)
Credit institutions	(3,380)	(150)
Customers	(4,093)	(2,404)
Total Financial assets at amortized cost, net	**732,035**	**746,219**

The breakdown by currency, residual maturity and sectors of the caption "**Financial assets at amortized cost**" as of December 31st, 2024, and 2023, is as follows:

Note 6.2 includes information on liquidity risk and on maturities and financial assets included under this heading. Note 32.a includes information on the fair value of these instruments. Note 6.2 includes information on interest rate risk included under this balance sheet heading.

(thousands of euros)

BY CURRENCY	2024	2023
Euro	282,215	286,504
Other currencies	449,820	459,715
Total Financial assets at amortized cost, net	**732,035**	**746,219**

BY RESIDUAL MATURITY		
Up to 3 months	516,974	613,206
Over 3 months to 1 year	105,940	19,308
Over 1 year to 5 years	62,940	88,576
Over 5 years	46,181	25,129
Total Financial assets at amortized cost, net	**732,035**	**746,219**

BY SECTOR		
Residents	206,894	392,853
Non-Residents	525,141	353,366
Total Financial assets at amortized cost, net	**732,035**	**746,219**

9.1 Debt securities

The detail by nature as of December 31st, 2024, and 2023 is as follows:

The interest accrued during the year 2024 of debt securities registered at amortized cost amounted to 826 thousand euros (2023: 504 thousand euros) (see Note 22).

(thousands of euros)	2024	2023
Bonds	5,114	18,639
Promissory notes	13,414	8,922
Debt securities, gross	**18,528**	**27,561**
Impairment adjustments	(150)	(123)
Debt securities, net	**18,378**	**27,438**

9.2 Loans and advances to credit institutions

The detail by nature as of December 31st, 2024, and 2023 is as follows:

The interest accrued during the year 2024 on loans and advances to credit institutions registered at amortized cost amounted to 23,254 thousand euros (2023: 28,510 thousand euros) (Note 22).

(thousands of euros)	2024	2023
Time deposits	459,726	427,880
Non-Performing Assets	-	-
Interest accrued	212	1,853
Commissions	(67)	-
Purchase premium/discounts	-	-
Loans and advances to credit institutions, gross	**459,871**	**429,733**
Impairment adjustments	(3,380)	(150)
Loans and advances to credit institutions, net	**456,491**	**429,583**

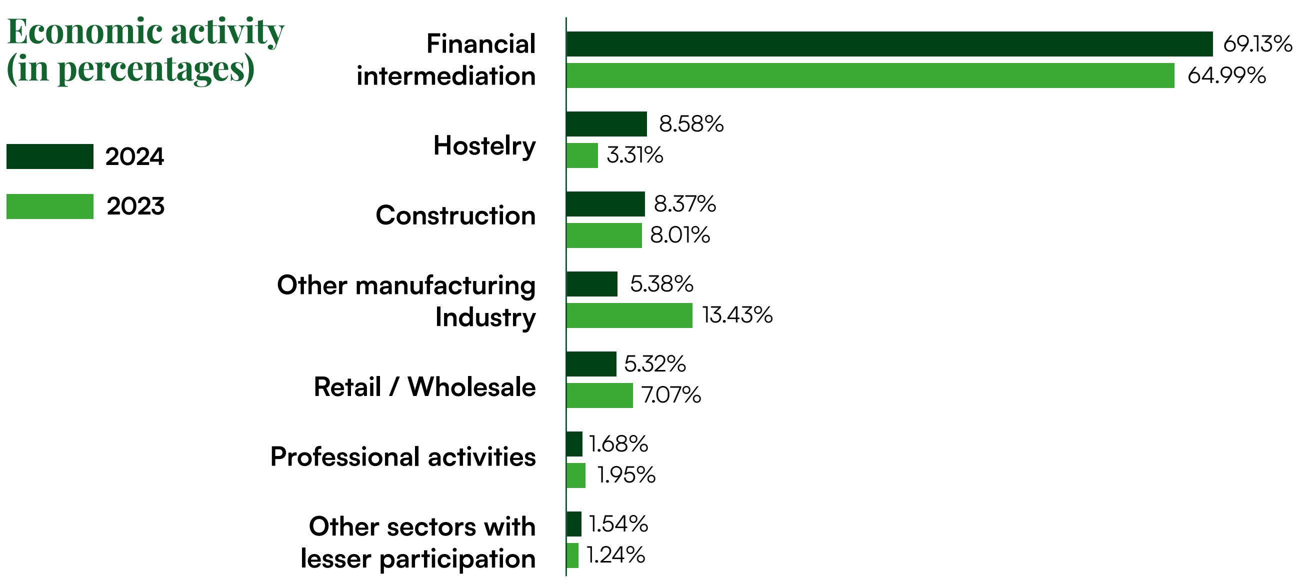
9.3 Loans and advances to customers

The breakdown as of December 31st, 2024, and 2023 is as follows:

The line "Other financial assets" includes an approximate amount of 499 thousand euros mainly consisting of bails and advances to suppliers as of December 31st, 2024 (610 thousand euros as of December 31st, 2023).

BY TYPE (thousands of euros)	2024	2023
Other term receivables	234,728	289,979
Receivable on demand and other	-	1,241
Non-Performing Assets	27,068	4
Other Financial Assets	499	610
Commissions	(1,676)	(1,530)
Premiums / Discount	(89)	(133)
Interest Accrued	729	1,431
Loans and advances to other debtors, gross	**261,259**	**291,602**
Impairment adjustments	(4,093)	(2,404)
Loans and advances to other debtors, net	**257,166**	**289,198**

Economic activity (in percentages)



The detail of the economic activities regarding **"Financial assets at amortized cost"** is as follows:

ECONOMIC ACTIVITY	2024	2023
Financial intermediation	69.13%	64.99%
Retail / Wholesale	5.32%	7.07%
Other manufacturing Industry	5.38%	13.43%
Professional activities	1.68%	1.95%
Hostelry	8.58%	3.31%
Other sectors with lesser participation	1.54%	1.24%
Construction	8.37%	8.01%
Total	**100.00%**	**100.00%**

The detail by geographic areas of the above caption in terms of percentage is as follows:

The interest accrued during the year 2024 from loans and advances to customers registered at amortized cost amounted to 18,620 thousand euros (2023: 18,814 thousand euros) (see Note 22).

GEOGRAPHIC AREA	2024	2023
Spain	28.26%	52.66%
Other European Union countries	24.37%	21.60%
Arab countries (Asia)	3.57%	4.16%
Other European countries	15.60%	12.88%
Arab countries (Africa)	24.33%	3.43%
United States of America	-	5.27%
Canada	3.87%	-
Total	**100.00%**	**100.00%**

9.4 Unimpaired past due financial assets

Below is the breakdown of unimpaired overdue financial assets as of December 31st, 2024, and 2023, classified according to maturity, by nature of the financial instrument and counterparty:

LOANS AND ADVANCES (thousands of euros)	2024 ≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	Total
Credit institutions	813	6	-	819
Other financial companies	3,340	-	-	3,340
Total	**4,153**	**6**	**-**	**4,159**

LOANS AND ADVANCES (thousands of euros)	2024 ≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	Total
Credit institutions	5,364	-	-	5,364
Other financial companies	1,230	-	-	1,230
Households	-	1	-	1
Total	**6,594**	**1**	**-**	**6,595**

9.5 Non-performing financial assets and impairment adjustments

The following is the detail of the financial assets at amortized cost, by nature of the financial instrument and counterparty, as well as the detail of the value adjustments, differentiating whether it has been determined according to an individualized or collective analysis:

2024 (thousands of euros)	Gross amount	*Of which: Non-performing*	Specific value adjustments for financial assets: Estimated individually	Specific value adjustments for financial assets: Collectively estimated	Collective value adjustments for losses: Incurred but not reported	Total
DEBT SECURITIES	18,528	-	-	(150)	-	18,378
LOANS AND ADVANCES	721,130	26,153	-	(7,473)	-	713,657
Credit institutions	459,871	-	-	(3,380)	-	456,491
Other financial companies	37,634	26,125	-	(2,354)	-	35,280
Non-financial corporations	223,446	-	-	(1,713)	-	221,733
Households	179	28	-	(26)	-	153
Total	**739,658**	**26,153**	**-**	**(7,623)**	**-**	**732,035**

2023 (thousands of euros)	Gross amount	*Of which: Non-performing*	Specific value adjustments for financial assets: Estimated individually	Specific value adjustments for financial assets: Collectively estimated	Collective value adjustments for losses: Incurred but not reported	Total
DEBT SECURITIES	27,561	-	-	(132)	-	27,438
LOANS AND ADVANCES	721,335	4	-	(2,554)	-	718,781
Credit institutions	429,733	-	-	(150)	-	429,583
Other financial companies	42,578	-	-	(755)	-	41,823
Non-financial corporations	248,548	-	-	(1,638)	-	246,910
Households	476	4	-	(11)	-	465
Total	**748,896**	**4**	**-**	**(2,677)**	**-**	**746,219**

Impaired assets are regularly analyzed. The main factors considered in assessing the impairment of each asset are the following:

FACTOR 1
Analysis of the financial statements

FACTOR 2
Evolution and analysis of the income statements and the client's ability to pay

FACTOR 3
Analysis of expected cash flows

FACTOR 4
Customer capitalization movements

FACTOR 5
Changes in debt

FACTOR 6
Evolution and analysis of the cost structure

FACTOR 7
Value of guarantees and their variations

FACTOR 8
Any present or future event that may affect the customer's ability to pay

The following is a breakdown of the financial assets at amortized cost categorized by nature of the financial instrument and counterparty, and their classification by categories of normal risk (Stage 1), normal risk under special surveillance (Stage 2) and doubtful risk (Stage 3):

	2024			2023		
(thousands of euros)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
DEBT SECURITIES	18,378	-	-	27,438	-	-
LOANS AND ADVANCES	615,534	71,993	26,130	662,959	55,820	2
Central banks	-	-	-	-	-	-
Public Administrations	-	-	-	-	-	-
Credit institutions	456,485	6	-	429,583	-	-
Other financial companies	-	9,155	26,125	10,754	31,069	-
Non-financial corporations	158,901	62,832	-	222,179	24,731	-
Households	148	-	5	443	20	2
Total	**633,912**	**71,993**	**26,130**	**690,397**	**55,820**	**2**

During the years 2024, and 2023, the following movements have been made between the different phases of risks:

(thousands of euros)

TRANSFERS BETWEEN STAGE 1 AND STAGE 2	2024	2023
To Stage 2 from Stage 1	9,161	25
To Stage 1 from Stage 2	-	10,093
TRANSFERS BETWEEN STAGE 2 AND STAGE 3		
To Stage 3 from Stage 2	26,145	-
To Stage 2 from Stage 3	-	-
TRANSFERS BETWEEN STAGE 1 AND STAGE 3		
To Stage 3 from Stage 1	-	4
To Stage 1 from Stage 3	-	-

The movement of impairment losses recorded to cover the credit risk of financial assets included in this category during the years 2024, and 2023 is as follows:

(thousands of euros)	Stage 1	Stage 2	Stage 3	Total
BALANCE AS OF 31 DECEMBER 2022	(2,144)	(1,013)	(1,249)	(4,406)
From which:				
• Individually calculated	-	(1,013)	(1,206)	(2,219)
• Collectively calculated	(2,144)	-	(43)	(2,187)
Increases in origination	(30,164)	(270)	(349)	(30,783)
Decreases due to write-off	29,586	1,278	-	30,864
Changes due to changes in credit risk	-	-	-	-
Changes due to modifications without write-off	-	-	-	-
Decrease in the value corrective account for write-off	-	-	1,596	1,596
Others	52	-	-	52
BALANCE AS OF 31 DECEMBER 2023	(2,670)	(5)	(2)	(2,677)
From which:				
• Individually calculated	-	-	-	-
• Collectively calculated	(2,670)	(5)	(2)	(2,677)
Increases in origination	(6,656)	(1,965)	(117)	(8,738)
Decreases due to write-off	3,899	16	103	4,018
Changes due to changes in credit risk	789	(756)	(7)	26
Changes due to modifications without write-off	-	-	-	-
Decrease in the value corrective account for write-off	-	-	-	-
Others	(252)	-	-	(252)
BALANCE AS OF 31 DECEMBER 2024	(4,890)	(2,710)	(23)	(7,623)
From which:				
• Individually calculated	-	(2,710)	-	(2,710)
• Collectively calculated	(4,890)	-	(23)	(4,913)

9.6 Impairment adjustments

The movements in 2024, and 2023 of the balance of "**Impairment adjustments**" by type of coverage of the items "Cash, balances with Central Banks and demand deposits", "Financial assets at amortized cost" and "Financial assets at fair value through other comprehensive income" are as follows:

The caption "Other" as of December 31st, 2024, and 2023 includes adjustments due to foreign exchange and reclassifications.

	Specific Allowance	Collective Allowance	Country risk Allowance	Total
BALANCE AS OF 31 DECEMBER 2022	1,249	2,678	570	4,497
Additions (see Note 31)	349	4,432	26,039	30,820
Disposals (see Note 31)	-	(4,973)	(25)	(4,998)
Other	(1,596)	(55)	(25,897)	(27,548)
BALANCE AS OF 31 DECEMBER 2023	2	2,082	687	2,771
Additions (see Note 31)	124	6,009	2,847	8,980
Disposals (see Note 31)	(103)	(3,841)	(190)	(4,134)
Other	-	73	-	73
BALANCE AS OF 31 DECEMBER 2024	23	4,323	3,344	7,690

9.7 Impaired and write-off financial assets

The following is the movement in fiscal years 2024, and 2023 of the Bank's impaired financial assets that are not recorded in the balance sheet because their recovery is considered remote, although the Bank has not interrupted the actions to obtain the recovery of the amounts due:

(thousands of euros)	2024	2023
STARTING BALANCE	48,531	48,527
ADDITIONS	-	1,606
Use of the balance of the impairment	-	1,596
Direct write-down in the P&L account	-	-
Contractually payable interest	-	10
Other concepts	-	-
DISPOSALS	-	(1,548)
Cash collection of nominals from counterparties	-	(5)
Cash collection of interest from counterparties	-	-
Debt forgiveness	-	(1,543)
Other concepts	-	-
EXCHANGE DIFFERENCES	95	(54)
Final balance	**48,626**	**48,531**

10. TANGIBLE ASSETS

a) Movement

The movements of the caption "Tangible Assets" of the Balance Sheets as of December 31st, 2024, and 2023 are as follows:

(thousands of euros)

COST	For own use	Investment Property	Total (*)
BALANCE AS OF 31 DECEMBER 2022	16,300	21,766	**38,066**
Additions	122	-	122
Disposals	(60)	-	(60)
BALANCE AS OF 31 DECEMBER 2023	16,362	21,766	**38,128**
Additions	252	-	252
Disposals	(8)	-	(8)
BALANCE AS OF 31 DECEMBER 2024	16,606	21,766	**38,372**

(*) From which 25,749 thousand euros corresponds to the historical value of the land.

ACCUMULATED AMORTIZATION			
BALANCE AS OF 31 DECEMBER 2022	(3,692)	(3,066)	**(6,758)**
Allowance (Note 30)	(187)	(103)	(290)
Disposals	52	-	52
BALANCE AS OF 31 DECEMBER 2023	(187)	(103)	**(290)**
Allowance (Note 30)	252	-	252
Disposals	5	-	5
BALANCE AS OF 31 DECEMBER 2024	(4,009)	(3,272)	**(7,281)**

NET TANGIBLE ASSETS	For own use	Investment Property	Total (*)
BALANCE AS OF 31 DECEMBER 2023	12,535	18,597	**31,132**
BALANCE AS OF 31 DECEMBER 2024	12,597	18,494	**31,091**

(*) From which 25,749 thousand euros corresponds to the historical value of the land.

As of December 31st, 2024, and 2023, the Entity had no tangible assets that were temporarily out of service or removed from active use.

As of December 31st, 2024, and 2023, the Entity did not have any commitment to purchase or sell tangible assets for a significant amount.

The breakdown of fully amortized tangible assets is as follows:

(thousands of euros)	Furniture	Installations	Office Equipment	Others	Total
BALANCE AS OF 31 DECEMBER 2023	567	747	232	64	**1,610**
BALANCE AS OF 31 DECEMBER 2024	582	757	232	93	**1,729**

b) Tangible Assets for Own Use

The detail by nature of the items which comprises the balance of this caption as of December 31st, 2024, and 2023, is as follows:

(thousands of euros)

COST	Land & Building	Furniture	Installations	Office Equipment	Other	Total
BALANCE AS OF 31 DECEMBER 2022	14,030	640	1,018	398	214	16,300
Additions	-	1	45	76	-	122
Disposals	-	-	(13)	(47)	-	(60)
BALANCE AS OF 31 DECEMBER 2023	14,030	641	1,050	427	214	16,362
Additions	-	4	131	117	-	252
Disposals	-	-	-	(8)	-	(8)
BALANCE AS OF 31 DECEMBER 2024	14,030	645	1,181	536	214	16,606
ACCUMULATED AMORTIZATION						
BALANCE AS OF 31 DECEMBER 2022	(1,825)	(612)	(849)	(321)	(85)	(3,692)
Allowance (Note 30)	(98)	(7)	(35)	(42)	(5)	(187)
Disposals	-	-	13	39	-	52
BALANCE AS OF 31 DECEMBER 2023	(1,923)	(619)	(871)	(324)	(90)	(3,827)
Allowance (Note 30)	(98)	(7)	(32)	(46)	4	(187)
Disposals	-	-	-	5	-	5
BALANCE AS OF 31 DECEMBER 2024	(2,021)	(626)	(903)	(365)	(94)	(4,009)

NET TANGIBLE ASSETS	Land & Building	Furniture	Installations	Office Equipment	Other	Total
BALANCE AS OF 31 DECEMBER 2023	12,107	22	179	103	124	12,535
BALANCE AS OF 31 DECEMBER 2024	12,009	19	278	171	120	12,597

At the balance sheet date, the Bank did not maintain any tangible fixed assets balance transferred under Leasing.

c) Investment property

The Bank is the lessor of certain offices within the building placed at Paseo de la Castellana, 257 in Madrid, and a trade premise at Calle León y Castillo, Las Palmas de Gran Canaria. These operating lease contracts can be cancelled without penalties, with a prior notice agreed between 3 and 4 months, depending on the agreements. The total expected earnings from these operating leases, until the maturity of the contracts, amount to 8,384 thousand euros until December 2038 (last contract maturity date), with the following breakdown:

During 2024, and 2023, income from these operating leases coming from investment properties amounted to 1,348 and 1,308 thousand euros, respectively. They are settled in the item “Other Operating Income” of the Income Statement (Note 26). The operating expenses related to said investment properties amounted to 469 and 276 thousand euros respectively and are settled in the caption “Other Administrative Expenses” (Note 28) as premises expenses. Those are passed on to the tenants and are recorded in “Other” under “Other operating income” (Note 26).

(expressed in thousands of euros)	2024	2023
Up to one year	1,678	1,403
From 1 year to 5 years	4,976	4,589
Over 5 years	1,730	702
Total	**8,384**	**6,694**

11. INTANGIBLE ASSETS

The movements of this caption as of December 31st, 2024, and 2023 are as follows:

The amount of intangible assets fully amortized as of December 31st, 2024, amounts to 1,666 thousand euros (1,608 thousand euros in 2023)

COST

(thousands of euros)	2024	2023
BALANCE AS OF JANUARY 1ST	2,955	1,874
Additions	1,830	1,081
Disposals	-	-
BALANCE AS OF DECEMBER 31ST	4,785	2,955

ACCUMULATED AMORTIZATION

BALANCE AS OF JANUARY 1ST	(1,799)	(1,643)
Allowance (Note 30)	(223)	(156)
Disposals	-	-
BALANCE AS OF DECEMBER 31ST	(2,022)	(1,799)

NET INTANGIBLE ASSETS

BALANCE AT THE BEGINNING OF THE PERIOD	1,156	231
BALANCE AT THE END OF THE PERIOD	2,763	1,156

12. TAX ASSETS AND TAX LIABILITIES

This chapter includes the amount of all assets of a tax nature. The detail of these items as of December 31st, 2024, and 2023 is as follows:

TAX ASSETS

(thousands of euros)	2024	2023
Corporate income tax (Note 21)	954	-
Corporate income tax (previous years)	944	-
Other deferred tax assets	15,873	18,875
Total	**17,771**	**18,875**

TAX LIABILITIES

(thousands of euros)	2024	2023
Social Security	24	19
Income tax payable	293	222
Corporate Income Tax payable (Note 21)	-	458
Collection accounts	2	100
Total	**319**	**799**

13. OTHER ASSETS AND OTHER LIABILITIES

The detail of these two captions is as follows:

The caption "Accrued expenses" includes mainly overheads accruals. The caption "For financial guarantees" includes, as of December 31st, 2024, and 2023, commissions from guarantees granted to clients, which are accrued over the expected life of the guarantee at the effective interest rate.

	Assets		Liabilities	
(thousands of euros)	2024	2023	2024	2023
Prepaid expenses	199	144	1,899	1,404
Financial guarantees	-	-	198	57
Accrued expenses	-	-	402	29
Rest	-	7	-	7
Total	**199**	**151**	**2,499**	**1,497**

14. FINANCIAL LIABILITIES AT AMORTIZED COST

The breakdown of this caption of the Balance Sheets as of December 31st, 2024, and 2023 is as follows:

DEPOSITS (thousands of euros)	2024	2023
From central banks	22,040	28,206
From credit institutions	521,290	595,707
From other creditors	108,477	52,578
Total Deposits	**651,807**	**676,491**
Other financial liabilities	2,340	1,399
Total Financial liabilities at amortized cost	**654,147**	**677,890**

The detail by currency and residual maturity of "**Financial liabilities at amortized cost**" of the Balance Sheets as of December 31st, 2024, and 2023 is as follows:

Note 6.2 includes information on liquidity risk and on maturities and financial assets included under this heading. Note 32.a includes information on the fair value of these instruments. Note 6.2 includes information on interest rate risk included under this balance sheet heading.

(thousands of euros)	2024	2023
BY CURRENCY		
Euro	200,809	212,796
Other currencies	453,338	465,094
Total Financial liabilities at amortized cost	**654,147**	**677,890**
BY RESIDUAL MATURITY		
Up to 3 months	613,597	584,533
Over 3 months to 1 year	21,442	93,327
Over 1 year to 5 years	13	30
Over 5 years	19,095	-
Total Financial liabilities at amortized cost	**654,147**	**677,890**

14.1 Central Bank deposits

The breakdown of the "Central Bank deposits" balance sheet as of December 31, 2024, and 2023 is as follows:

During the 2024 financial year, interest expense amounted to 1,247 thousand euros (2023: 1,462 thousand euros) (see Note 23).

(thousands of euros)	2024	2023
Demand deposits		
Current accounts	22,040	28,206
VALUATION ADJUSTMENTS	-	-
Central Bank deposits	**22,040**	**28,206**

14.2 Deposits of credit institutions

The detail of "**Deposits from credit institutions**" of the Balance Sheet as of December 31st, 2024, and 2023 is as follows:

As of December 31st, 2024, the Libyan Foreign Bank holds deposits amounting 40 million euros and 120 million dollars (35 million euros and 290 million dollars in 2023).

The interest accrued during the year 2024 on deposits of credit institutions amounted to 21,960 thousand euros (2023: 28,601 thousand euros) (see Note 23).

(thousands of euros)	2024	2023
Time deposits	215,232	351,166
Other accounts	305,959	242,346
Valuation adjustments	99	2,195
Deposits from credit institutions	**521,290**	**595,707**

14.3 Customer deposits

The detail of the caption "**Deposits from other creditors**" of the Balance Sheet as of December 31st, 2024, and 2023 is as follows:

The interest accrued during the 2024 financial year on customer deposits amounted to 3 thousand euros (2023: 1 thousand euros) (see Note 23).

(thousands of euros)

PUBLIC SECTOR	2024	2023
SPANISH GOVERNMENT	3,129	58

OTHER RESIDENT SECTORS		
DEMAND DEPOSITS		
Current accounts	20,784	15,107
TIME DEPOSITS		
Fixed term deposits	29	42

OTHER NON- RESIDENT SECTORS	2024	2023
DEMAND DEPOSITS		
Current accounts	84,380	36,352
TIME DEPOSITS		
Fixed term deposits	155	1,019
Deposits from other creditors	**108,477**	**52,578**

14.4 Other financial liabilities

All financial liabilities recorded under this heading of the attached balance sheet are classified in the portfolio of "Financial liabilities at amortized cost" so they are valued at their amortized cost. It includes the amount of obligations payable in the nature of financial liabilities not included in other items.

Details of "**Other financial liabilities**" of the Balance Sheets as of December 31st, 2024, and 2023 grouped by financial instrument are as follows:

(thousands of euros)	2024	2023
Other accounts	1,919	221
Rental deposits	198	197
Special accounts	223	981
Other financial liabilities	**2,340**	**1,399**

15. PROVISIONS

The breakdown of this caption as of December 31st, 2024, and 2023, is as follows:

(thousands of euros)	2024	2023
Legal and tax	22	22
Contingent exposures and commitments	2,898	1,925
Total	**2,920**	**1,947**

The movements of the caption "Provisions" in 2024, and 2023, is as follows:

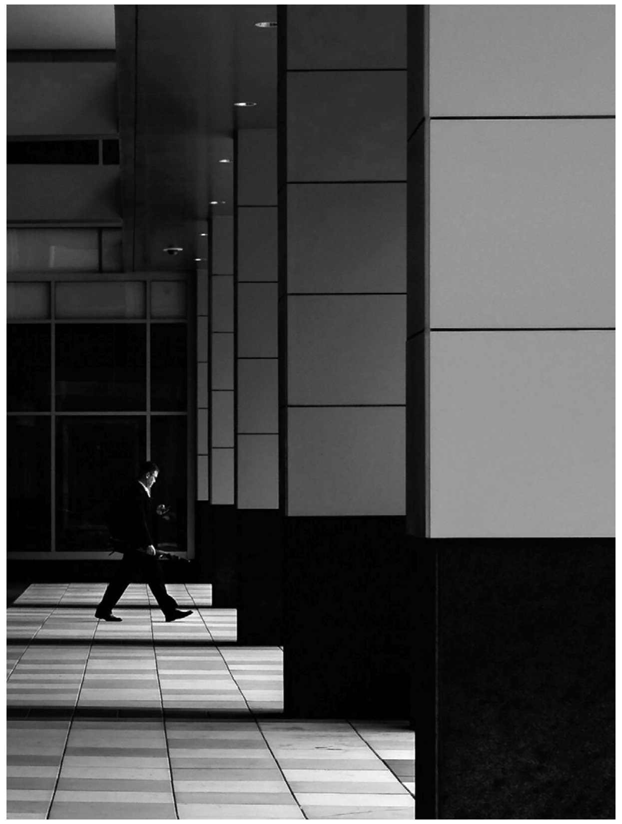
(thousands of euros)	Provision for taxes	Contingent exposures and commitments	Other contingencies	Total
BALANCE AS OF 31 DECEMBER 2022	22	2,579	-	2,601
Net allowances through P&L	-	2,249	-	2,249
Allowances released through P&L	-	(2,918)	-	(2,918)
Other	-	15	-	15
BALANCE AS OF 31 DECEMBER 2023	22	1,925	-	1,947
Net allowances through P&L	-	3,553	-	3,553
Allowances released through P&L	-	(2,602)	-	(2,602)
Other	-	22	-	22
BALANCE AS OF 31 DECEMBER 2024	22	2,898	-	2,920

The provisions recorded by the Entity represent the best estimate of future obligations. The Directors of the Entity consider that there is no significant risk that the materialization of these estimates, taking into account the amount of these provisions, will entail a material adjustment on the carrying value of the assets and liabilities of the Entity in the next accounting year.

The Entity quantifies the provisions taking into account the best available information on the consequences of the event that caused them and the provisions are re-estimated at each accounting close, and are used to meet the specific obligations for which they were originally recognized; they may be reserved, totally or partially, when these obligations cease to exist or decrease.

The provisions relating to "Commitments and guarantees granted" include the amount set for generic and specific provisions of contingent risks, understood as those operations in which the Entity guarantees obligations of a third party, arising as a result of financial guarantees granted or other types of contracts, as well as contingent commitments, understood as irrevocable commitments that may give rise to the recognition of financial assets.

The breakdown by type of coverage of "**Provisions for Contingent Exposures and Commitments**" is as follows:



"Provisions for contingent exposures and commitments" is considered as a remote risk depending on their evolution.

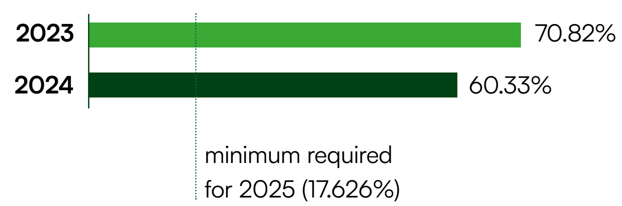
(thousands of euros)	2024	2023
Specific provision	687	270
Generic provision	1,682	757
Country risk provision	529	898
Total	**2,898**	**1,925**

16. SHAREHOLDERS' EQUITY

The Bank's equity amounted to 347,113 thousand euros at December 31st, 2024 (333,454 thousand euros at December 31st, 2023). The Bank shows by the end of the year 2024 a capital solvency ratio of 60.33% (70.82% as of December 31, 2023) in terms of CET1 that highly exceeds the 17.626% minimum required by the Regulator for the year 2025 (see Note 3.9).

The movement of this heading for the years 2024, and 2023 is shown in the Statement of Changes in Equity.

Capital solvency ratio 2023 vs. 2024



17. SHARE CAPITAL

The share capital of Aresbank, S.A. as of December 31st, 2024, amounts to 300,001 thousand euros, and it is formed of 104,167 registered shares, fully disbursed, with a nominal value of 2,880 euros each.

The composition of the shareholders as of December 31st, 2024, is as follows:

There are no convertible shares or any other securities, which might confer similar rights. Aresbank, S.A. does not hold any of its own shares, either directly or indirectly through subsidiaries.

	Amount (thousand euros)	Number of shares	% owned
Libyan Foreign Bank	299,586	104,023	99.86%
Crédit Populaire d'Algèrie	415	144	0.14%
Total	**300,001**	**104,167**	**100.00%**

99.86%

of Aresbank's share capital is owned by the Libyan Foreign Bank

18. RETAINED EARNINGS

The breakdown of the reserves as of December 31st, 2024, and 2023 is as follows:

(thousands of euros)	2024	2023
Legal reserve	20,417	20,354
Undistributed results	13,728	13,159
Total	**34,145**	**33,513**

LEGAL RESERVE

According to the Companies Act, companies must transfer 10% of annual profits to the legal reserve until it reaches, at least, 20% of the capital. The legal reserve can be used to increase capital, provided that the remaining legal reserve balance does not fall below 10% of the final stock capital. Except for this purpose, while the legal reserve does not exceed the limit of 20% of capital, it can only be used to compensate losses, if there are no other reserves available for this purpose.

In any case, the Bank is subject to minimum regulatory capital requirements (Note 3.9).

19. OTHER COMPREHENSIVE INCOME

The balances in this chapter include the adjustments made to changes in the fair value of debt instruments with changes in other comprehensive income, that are temporarily recorded in equity. These are expressed net from tax effect.

(thousands of euros)	2024	2023
Fixed Income (Spain)	(200)	(691)
Valuation Adjustments	**(200)**	**(691)**

The Bank periodically conducts an assessment of the existence of objective evidence that instruments classified in the portfolio of financial assets measured at fair value with changes in other comprehensive income are impaired.

In the "Statement of Recognized Income and Expenses" for the years 2024, and 2023, the movement during these years is presented under this heading.

20. OFF-BALANCE SHEET ITEMS

"**Off-balance sheet items**" shall include balances representing rights, obligations and other legal situations that may have a future impact on net assets, as well as any other balances needed to reflect all transactions entered into by the Bank although they may not impinge its net assets.

a) Other commitments granted

It corresponds to transactions for which an entity guarantees obligations of a third party, arising as a result of financial guarantees granted by the entity or by other types of contracts. The entity must pay on behalf third parties in the event of non-payment by those originally obliged to pay, in response to the commitments made in the course of its usual activity.

The breakdown as of December 31st, 2024, and 2023 is as follows:

FINANCIAL GUARANTEES (thousands of euros)	2024	2023
Irrevocable issued documentary credits	4,586	81
Irrevocable confirmed documentary credits	302,948	173,030
Other Bank guarantees and indemnities	96,737	27,005
Total	**404,271**	**200,116**
Memo item: Doubtful contingent exposure	**5,659**	**9,357**

Detail by geographic area of "Irrevocable documentary credits issued and confirmed" is as follows:

The income obtained from these guarantee-transactions is recognized in the Income Statement as "Fee and Commission Income" (Note 24).

GEOGRAPHIC AREA (thousands of euros and in percentages)	2024	2023	2024	2023
SPAIN	2,221	-	0.72%	-
EU COUNTRIES	-	-	-	-
OTHER EUROPEAN COUNTRIES	4,432	4,422	1.44%	2.55%
ARAB COUNTRIES				
Libya	286,730	163,972	93.24%	94.72%
Algeria	2,575	-	0.84%	-
Other Arab countries	11,041	3,520	3.59%	2.04%
AFRICAN COUNTRIES	535	1,197	0.17%	0.69%
Total	**307,354**	**173,111**	**100.00%**	**100.00%**

The detail by geographic area of "**Other Bank guarantees & indemnities**" is as follows:

GEOGRAPHIC AREA (thousands of euros and in percentages)	2024	2023	2024	2023
SPAIN	88,113	14,596	91.09%	54.05%
EU COUNTRIES	673	685	0.70%	2.54%
OTHER EUROPEAN COUNTRIES	3,644	3,539	3.77%	13.10%
ARAB COUNTRIES				
Libya	4,288	8,185	4.43%	30.31%
REST OF THE WORLD				
Argentina	19	-	0.01%	-
Total	**96,737**	**27,005**	**100.00%**	**100.00%**

b) Lending commitments granted

Breakdown is as follows:

(thousands of euros)	2024	2023
Drawable by third parties		
By other resident sectors	86,652	57,740
Non-residents	12,951	22,040
Total	**99,603**	**79,780**

21. CORPORATE INCOME TAX

The Entity has open to inspection the last four years for the taxes to which its activity is subject. Due to the different interpretations that may be made of the tax rules applicable to the operations carried out by the Entity, there may be certain tax liabilities of a contingent nature for the years pending inspection, which cannot be objectively quantified. However, in the director of the entity's opinion, the possibility that in future inspections these contingent liabilities will materialize is remote and, in any case, the tax debt that could arise from them would not significantly affect the attached annual accounts.

According to tax legislation, positive accounting results are taxed at a tax rate of 30% in 2024, and 2023. The resulting tax payable may be reduced by applying certain deductions. However, tax settlements cannot be considered as definite until either Tax Authorities have checked them or until the inspection period has legally expired. At present, this is a four-year period to be counted from the end of the tax declaration period. The fiscal years open to inspection are 2020 onwards, except for the Corporate Income Tax, which is subject to inspection from 2019 onwards.

The reconciliation between the annual profit and the taxable income of the Corporate Tax is as follows:

(thousands of euros)	2024	2023
ACCOUNTING PROFIT (OR LOSS) FOR THE YEAR BEFORE TAX	17,912	(7,947)
PERMANENT DIFFERENCES	3	0
TEMPORARY DIFFERENCES		
Positives	52,623	49,350
Negatives	(49,379)	(23,473)
Total	**21,159**	**17,930**
OFFSET OF PRIOR YEAR NEGATIVE TAXABLE BASES	(10,580)	(12,551)
TAXABLE PROFIT	10,579	5,379
TAX LIABILITIES	3,174	1,614
DEDUCTIONS	-	-
WITHHOLDING TAX	(309)	(311)
ADVANCED PAYMENT ON CORPORATE TAX	(3,819)	(2,065)
CORPORATE INCOME TAX PAYABLE / (RECEIVABLE) (NOTE 12)	(954)	(762)

The figures for 2023 correspond to those declared in July 2024 before the Spanish Tax Authorities. Those for 2024 are estimates, no significant changes are expected to the final statement.

Deferred tax assets relate primarily to provisions established as impairment losses on financial assets, which the Entity considered to be non-deductible, and to deferred taxes on losses in the portfolio of Financial Assets at fair value with changes in other comprehensive income. Deferred tax liabilities correspond mainly to the deferred tax associated with the revaluation of financial assets at fair value with changes in other comprehensive income.

The movement experienced by the headings of current and deferred tax assets and liabilities during the years 2024, and 2023 is as follows:

	2024				2023			
	Tax assets		Tax liabilities		Tax assets		Tax liabilities	
(thousands of euros)	Currents	Deferred	Currents	Deferred	Currents	Deferred	Currents	Deferred
Opening balance	-	18,875	799	-	2,620	7,808	382	-
Additions	1,898	4,122	97	-	63	16,984	485	-
Disposals	-	(7,124)	(577)	-	(2,683)	(5,917)	(68)	-
Final balance (Note 12)	**1,898**	**15,873**	**319**	**-**	**-**	**18,875**	**799**	**-**

As of December 31st, 2024, and 2023, the expense (-) or tax revenue on the results of continued activities is as follows:

(thousands of euros)	2024	2023
Current tax	(1,962)	(2,770)
Deferred tax	717	7,848
Tax credit (capitalization)	-	3,500
Tax credit (amortization)	(3,500)	-
Expenses or revenues on corporate income tax	**(4,745)**	**8,578**

The entity has amortized the tax credit capitalized in the previous year, totaling 3,500 thousand euros.

The Bank has negative taxable bases (carry-forward losses) totaling 17,866 thousand euros (30,417 thousand euros as of December 31st, 2023), originally from the tax year 2010.

The limitations established in the Royal-Decree Law 3/2016 affect taxpayers with a net turnover of at least 20 million euros, regarding two types of tax credits: the right to offset negative tax bases and reversals on impairments of certain credits that would have generated deferred tax assets, which are tax credits that are applied to the tax base, and, on deductions for internal and international double taxation, both those generated in the current tax period and those pending application, which are tax credits that are applied to the tax payable. In addition, it includes a new additional provision (fifteen) to the Corporate Tax Law whose paragraph 1 establishes new limits to the right to offset negative tax bases for those taxpayers whose net turnover was, at least, 20 million euros during the 12 months preceding the start of the tax period. However, it does not provide a time limit for their application, affecting only the percentage limit without modifying the minimum compensation amount, up to 1 million euros. In this sense, limits are set to the 50% of the tax base prior to the application of the capitalization reserve and the offsetting of the negative tax bases, for those taxpayers whose net turnover in the twelve months prior to the starting date of the tax period were between 20 million and 60 million euros; and, a further limit of the 25% of the above-mentioned taxable base if the net turnover were at or above 60 million euros.

Due to the different interpretations that may be given to certain legal rules and the results of future inspections, there may be tax liabilities that can not be objectively assessed. However, the Bank's Directors, based on the opinion of their tax advisors, believe that these potential tax liabilities would not significantly affect these Annual Accounts.

The ninth final provision of Law 7/2024, of 20 December, established the Tax on the Income from Interest and Fees of Certain Financial Institutions. This tax, direct and progressive, falls on the net interest income and fees derived from the activity carried out in Spain by credit institutions, financial credit institutions and branches of foreign credit institutions obtained, respectively, in the tax periods beginning in 2024, 2025 and 2026. A scale is established that, after reducing the taxable base by 100 million euros, includes five brackets: 1%, 3.5%, 4.8%, 6% and 7% (maximum rate applicable to the part of the taxable base that exceeds 5,000 million euros).

On December 25th, 2024, Royal Decree-Law 9/2024, of December 23rd, came into force, which modified the accrual of the tax, establishing that it will be accrued on the last day of the calendar month following the end of the tax period for those entities that have the status of taxpayers on that date. On January 22nd, 2025, Royal Decree-Law was repealed by the agreement of the Congress of Deputies.

The Bank has not recorded any impact on its financial statements at the end of the 2024 financial year as a result of the establishment of the aforementioned tax, having estimated that it will not be subject to this tax because it does not reach the minimum taxable base.

22. INTEREST INCOME

This chapter of the Profit and Loss Account covers interest accrued in the financial year for all financial assets, and with the return being obtained from applying the effective interest rate method. Interest is recorded at its gross amount, without deducting, where appropriate, withholding tax made at source.

The breakdown of this caption as of December 31st, 2024, and 2023 is as follows:

(thousands of euros)	2024	2023
Loans and receivables to central banks (Note 7)	557	190
Loans and receivables to credit institutions (Note 9.2)	23,254	28,510
Loans and receivables to other debtors (Note 9.3)	18,620	18,814
Debt securities (Note 8 and 9.1)	1,695	579
Others	-	18
Total	**44,126**	**48,111**

23. INTEREST EXPENSE

This chapter of the Income Statement records the interest accrued in the period on all financial liabilities with an implicit or explicit return. It is calculated by applying the effective interest rate method. Its breakdown as of December 31st, 2024, and 2023 is as follows:

The origin of these interests comes from the "Financial liabilities at amortized cost".

(thousands of euros)	2024	2023
Deposits at Central Banks (Note 14.1)	1,247	1,462
Deposits from credit institutions (Note 14.2)	21,960	28,601
Deposits from other creditors (Note 14.3)	91	1
Total	**23,298**	**30,064**

24. COMMISSIONS INCOME

It comprises the amount of all fees and commissions accrued in favor of the Bank in the accounting year, except those that are part of the effective interest rate on financial instruments that are included in the "Interests and Similar Income".

The detail of this chapter of the Income Statement as of December 31st, 2024, and 2023 is as follows:

(thousands of euros)	2024	2023
Guarantees and contingent commitments granted (Note 20)	12,547	7,545
Maintenance, collections and payment services	2,094	1,354
Loans and other commissions	704	753
Total	**15,345**	**9,652**

25. COMMISSIONS EXPENSE

It shows the amount of all fees and commissions paid or payable by the Bank in the accounting year, except those that form an integral part of the effective interest rate on financial instruments that are included in "Interest and Similar Charges".

The detail of this chapter of the Income Statement as of December 31st, 2024, and 2023 is as follows:

(thousands of euros)	2024	2023
Commissions assigned to correspondents	30	12
Other fees and commissions	1,080	617
Total	**1,110**	**629**

26. OTHER OPERATING INCOME AND EXPENSE

"Other operating income" includes the income from other operating activities of credit institutions not included in other captions. The detail of this chapter of the Income Statement as of December 31st, 2024, and 2023 is follows:

(thousands of euros)	2024	2023
Operating income from investment properties (Note 10.c)	1,348	1,308
Other	1,014	911
Total	**2,362**	**2,219**

The breakdown under "Other operating expenses" in the profit and loss account for the years 2024, and 2023 is as follows:

(thousands of euros)	2024	2023
Contribution to Deposits Guarantee Fund (Note 3.11)	-	(13)
Contribution to the Single Resolution Fund (Note 3.13)	-	(420)
Other	(5)	(7)
Total	**(5)**	**(440)**

78

employees was the average staff in 2024

27. PERSONNEL EXPENSES

The breakdown of Personnel expenses captions as of December 31st, 2024, and 2023 is as follows:

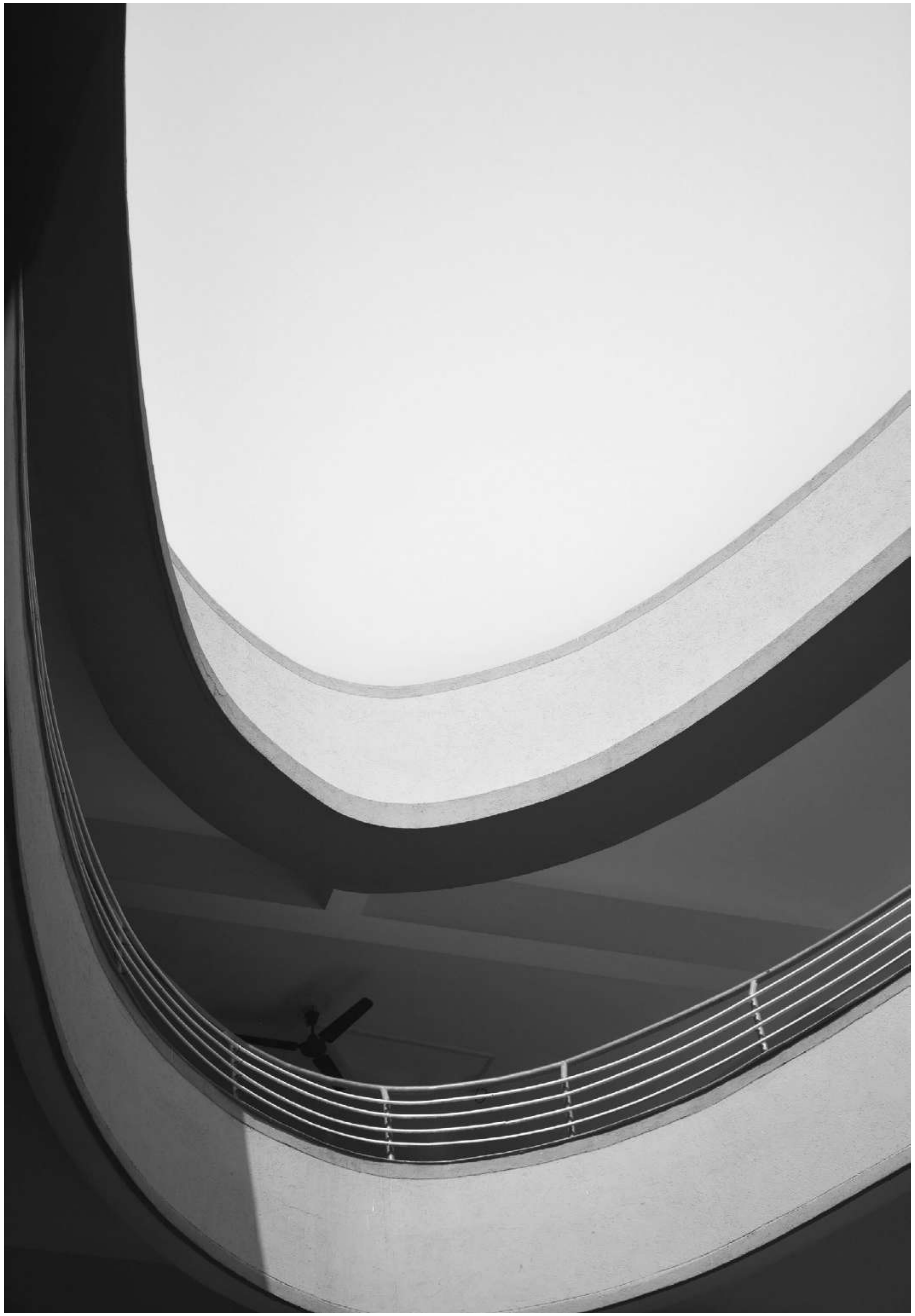
The heading "Wages and salaries" includes a provision of 1,040 thousand euros (800 thousand euros in 2023) as the best estimate of the total extraordinary gratifications that have been submitted for approval during 2024 by the competent bodies.

(thousands of euros)	2024	2023
Wages and salaries	6,395	5,587
Social Security expenses	1,268	1,132
Defined contribution plans (Note 5.16 and Note 29)	215	191
Severance payments	265	29
Other expenses	1,005	1,002
Total	**9,148**	**7,941**

The personnel of the Bank as of December 31st, 2024, and 2023 are as follows:

The average staff has been 78 employees in 2024 (73 employees in 2023). During the year 2024, and 2023, the Bank had 1 employee with disabilities equal to or greater than 33%.

	December 31st, 2024			December 31st, 2023		
	Women	Men	Total	Women	Men	Total
General Management	-	2	2	-	2	2
Managers	3	7	10	3	6	9
Rest	25	44	69	24	41	65
Total	**28**	**53**	**81**	**27**	**49**	**76**



28. OTHER ADMINISTRATIVE EXPENSES

The breakdown of this caption as of December 31st, 2024, and 2023 is as follows:

(thousands of euros)	2024	2023
Installations and maintenance	1,006	943
Travelling and transportation	263	85
Communications	726	479
Legal and professional fees	1,009	560
Governing and control bodies	1,045	1,171
Withholding and sales taxes	76	238
Insurances	64	67
Commercial Offices and delegations	23	20
Business development	109	19
Subscriptions, contributions and others	69	41
Total	**4,390**	**3,623**

29. REMUNERATION AND OTHER COMPENSATIONS TO THE BOARD OF DIRECTORS AND GENERAL MANAGEMENT OF THE BANK

a) Board of Directors

The breakdown of the total remuneration and attendance allowances received (in gross amount) by the Directors who have served on the Bank's Board of Directors throughout 2024 is as follows:

2024 (thousands of euros)	Remuneration	Allowance	Total
Board Member #1	191	46	237
Board Member #2 (up to 24.05.24)	80	27	107
Board Member #3 (up to 24.05.24)	38	-	38
Board Member #4 (up to 24.05.24)	48	1	49
Board Member #5	119	15	134
Board Member #6 (since 14.06.24)	61	23	84
Board Member #7	150	1	151
Board Member #8	146	-	146
Board Member #9 (since 19.09.24)	46	15	61
Board Member #10 (since 05.11.24)	18	8	26
Total	**897**	**136**	**1,033**

The breakdown of the total remuneration and attendance allowances received (in gross amount) by the Directors who have been part of the Board of Directors of the Bank throughout 2023 is as follows:

Aresbank, S.A. has no other obligations derived from pensions or life insurance premiums with any of the members of the Board of Directors. The Bank does not hold direct risks with Board members as of December 31st, 2024, and as of December 31st, 2023. In compliance with the requirements of article 229 of the Spanish Companies Act (LSC), administrators have reported no conflict with the interests of the Bank.

2023 (thousands of euros)	Remuneration	Allowance	Total
Board Member #1	187	46	233
Board Member #2	186	54	240
Board Member #3	114	-	114
Board Member #4	117	31	148
Board Member #5	109	20	129
Board Member #6	150	-	150
Board Member #7 (up to 21.03.23)	30	15	45
Board Member #8 (since 19.04.23)	98	-	98
Total	**991**	**166**	**1,157**

b) General Management

The breakdown of the retribution for the General Management in 2024 is as follows:

2024 (thousands of euros)	Remuneration	Allowance	Total
General Manager	541	16	557
Deputy General Manager	443	29	472
Total	**984**	**45**	**1,029**

The breakdown of the retribution for the General Management in 2023 is as follows:

The amounts debited for pension funds and insurances in the Income Statement of the Bank in 2024 amounted to 23 thousand euros (21 thousand euros in 2023) (Note 27).

2023 (thousands of euros)	Remuneration	Allowance	Total
General Manager (since 03.04.23)	226	10	236
Deputy General Manager (since 10.04.23)	279	15	294
General Manager (Interim) (up to 02.06.23)	119	3	122
Total	**624**	**28**	**652**

c) Situations of conflict of interest of the Directors of the Entity

In accordance with the provisions of article 229 of the Capital Companies Law, the directors have informed the Bank that, during the 2024 financial year, they or their related persons, as defined in article 231 of the aforementioned Capital Companies Law:

- No transactions have been made with the Entity, with the exception of ordinary operations, carried out under standard conditions for clients and of little relevance, defined as those whose information is not necessary to express a true and fair view of the assets, financial situation and results of the Entity.
- They have not used the entity's name or invoked their status as administrators to unduly influence private operations.
- They have not made use of the social assets, including the confidential information of the Entity, for private purposes.
- They have not taken advantage of the business opportunities of the Entity.
- They have received benefits or remuneration from third parties other than the Entity and its Group associated with the performance of their position, except in the case of mere courtesy attentions.
- They have not developed activities on their own behalf or for others that involve effective competition, whether punctual or potential, with the Entity or that, in any other way, place them in a permanent conflict with the interests of the Entity.

30. AMORTIZATION

The detail of this caption as of December 31st, 2024, and 2023 is as follows:

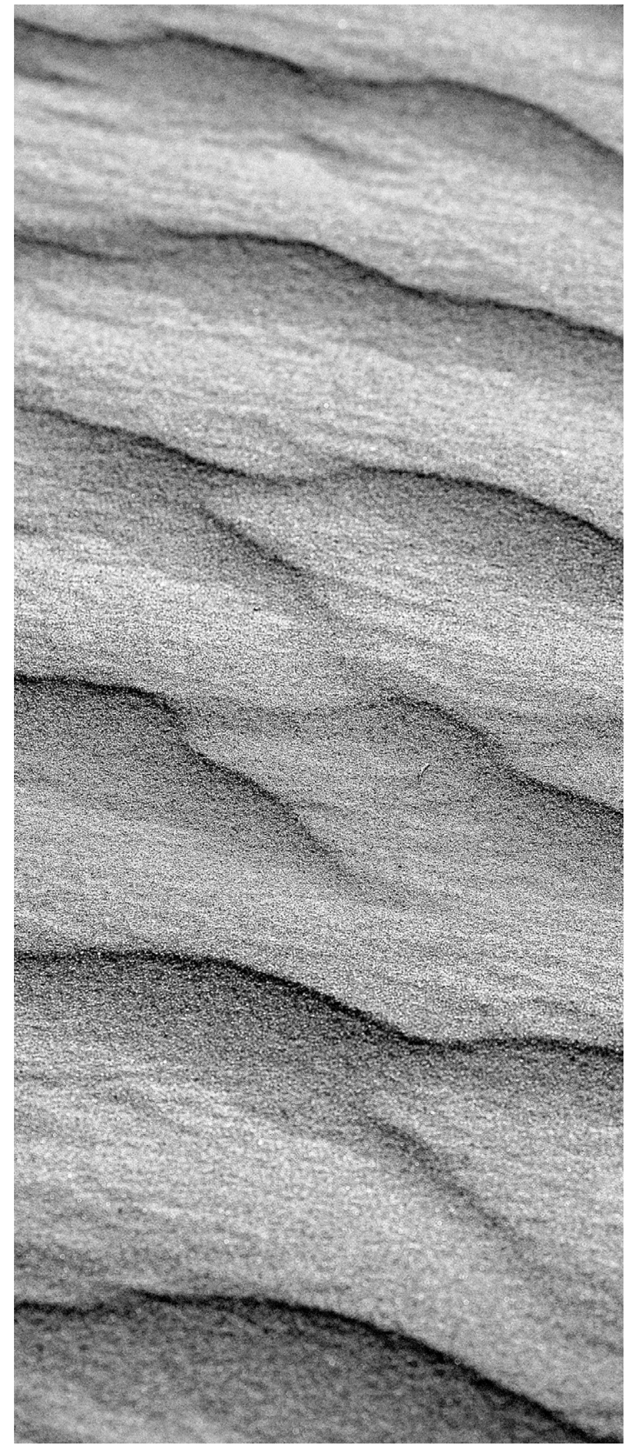
(thousands of euros)	2024	2023
TANGIBLE ASSETS		
Investment Property (Note 10.a)	103	103
For own use (Note 10.b)	187	187
INTANGIBLE ASSETS		
Software (Note 11)	223	156
Total	**513**	**446**

31. IMPAIRMENT LOSSES OR RELEASE ON FINANCIAL ASSETS NOT AT FAIR VALUE THROUGH PROFIT (OR LOSS)

The detail of this caption is as follows:

As of December 31st, 2024, and 2023 the allowances for impairment are mainly due to provisions allocated for Country Risk, specific and generic risks.

FINANCIAL ASSETS AT AMORTIZED COST (Note 9.6) (thousands of euros)	2024	2023
Allowances	(8,979)	(30,820)
Releases	4,134	5,003
Total	**(4,845)**	**(25,817)**



32. ADDITIONAL INFORMATION

a) Fair value of financial instruments

The following charts present the fair value of the financial instruments of the Bank at December 31, 2024, and 2023 with the breakdown by classes of financial assets and liabilities and on the following levels:

LEVEL 1

Financial instruments whose fair value has been determined with their market price, without any modifications.

LEVEL 2

Financial instruments whose fair value has been estimated based on market prices of organized markets for similar instruments or using other valuation techniques in which all significant inputs are based, directly or indirectly, on observable market data.

LEVEL 3

Instruments whose fair value is estimated using valuation techniques in which any significant input is not based on observable market data. An input is considered significant when it is important in the determination of the fair value as a whole.

For the purposes of the preceding paragraphs, an input is considered significant when it is material in the determination of fair value as a whole.

The following table summarizes the carrying amount of financial instruments based on the level of fair value determination as at December 31st, 2024, and 2023:

ASSETS (thousands of euros)	2024				
	Level 1	Level 2	Level 3	Total at fair value	Total balance
CASH, BALANCES WITH CENTRAL BANKS AND DEMAND DEPOSITS	161,912	11,309	-	173,221	173,221
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	49,918	-	-	49,918	49,918
FINANCIAL ASSETS AT AMORTIZED COST					
Debt securities	-	18,378	-	18,378	18,378
Loans and advances to financial entities	-	456,491	-	456,491	456,491
Loans and advances to clients	-	257,166	-	257,166	257,166

LIABILITIES	Level 1	Level 2	Level 3	Total at fair value	Total balance
FINANCIAL LIABILITIES AT AMORTIZED COST					
Deposits from central banks	-	22,040	-	22,040	22,040
Deposits from credit institutions	-	521,290	-	521,290	521,290
Deposits from other creditors	-	108,477	-	108,477	108,477
OTHER FINANCIAL LIABILITIES	-	2,340	-	2,340	2,340

ASSETS (thousands of euros)	2023				
	Level 1	Level 2	Level 3	Total at fair value	Total balance
CASH, BALANCES WITH CENTRAL BANKS AND DEMAND DEPOSITS	191,473	11,710	-	203,183	203,183
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	14,871	-	-	14,871	14,871
FINANCIAL ASSETS AT AMORTIZED COST					
Debt securities	13,525	13,913	-	27,438	27,438
Loans and advances to financial entities	-	429,583	-	429,583	429,583
Loans and advances to clients	-	289,198	-	289,198	289,198

LIABILITIES	Level 1	Level 2	Level 3	Total at fair value	Total balance
FINANCIAL LIABILITIES AT AMORTIZED COST					
Deposits from central banks	-	28,206	-	28,206	28,206
Deposits from credit institutions	-	595,707	-	595,707	595,707
Deposits from other creditors	-	52,578	-	52,578	52,578
OTHER FINANCIAL LIABILITIES	-	1,399	-	1,399	1,399

The general valuation criteria followed by the Bank for estimating the fair value of its financial instruments are:

a. In the event of an active market publishing quoted prices that are deep and observable, these are taken as prices to obtain fair value.

b. For instruments with non-market or low markets, their fair value is initially determined, in most cases, based on their acquisition cost. Subsequently, if a reliable estimate of their fair value cannot be made from the observation of recent transactions of the same or different instruments, the price of recent transactions, or through the use of a valuation model in which all the variables of the model come exclusively from market-observable data, the fair value presented in the tables above is equal to their cost and classified as "Level 3".

c. In the specific case of financial assets classified as cash, cash balances with central banks and other demand deposits and liabilities classified as amortized in the tables above, due to their characteristics of interest rate, maturity dates, counterparties, etc. the Bank's Directors consider that their carrying amount (amortized cost) does not differ materially from their fair value, therefore its amortized cost is presented as their fair value.

During the years 2024, and 2023, no transfers of financial instruments recorded at fair value, maintained at the end of those years, were made between levels 1, 2, and 3.

b) Fair value for tangible assets

As of December 31st, 2024, there are tangible assets registered at a net book value of 31,091 thousand euros (2023: 31,132 thousand euros) whose fair value at that date does not differ significantly from their carrying amount.

c) Most significant balances with related companies

The most important balances with related companies as of December 31st, 2024, and 2023 are as follows:

LIABILITIES (Note 14) (thousands of euros)	2024	2023
DEPOSITS FROM CREDIT INSTITUTIONS		
Libyan Foreign Bank	155,507	297,443
CURRENT ACCOUNTS		
Libyan Foreign Bank	61,299	30,320

d) Transactions with related companies

The interest and commissions paid to Aresbank' shareholders for the deposits and accounts held in the Bank amounted to 13,263 thousand euros in 2024 and 24,493 thousand euros in 2023 (see Notes 23 y 25).

e) Information regarding payment to suppliers. (Law 15/2010, from July 5th)

Based on the Resolution dated in January 29th, 2016, from the ICAC, the following information is incorporated in connection with the average payment period to suppliers in commercial operations.

24 days

was the average payment period

(number of days)	2024	2023
Average payment period (suppliers)	24	35
Paid transactions ratio	24	35
Pending transactions ratio	12	0

The information on invoices paid in a period less than the maximum established in the delinquency regulations is as follows:

	2024	2023
Monetary volume paid (in thousands of euros)	5,893	3,442
Percentage of total monetary payments to suppliers	95.48%	86.96%
Number of invoices paid	2,080	2,127
Percentage of total number of invoices paid to suppliers	93.19%	89.86%

f) Mortgage market

On November 30th, 2010, the Bank of Spain has issued Circular 7/2010, which develops certain aspects of the mortgage market as a consequence of the approval of the Law 41/2009, of December 7th, that modified thoroughly the Law 2/1981, of March 25th, regulating the mortgage market, and of the Royal Decree 716/2009, of April 24, that develops this Law. Due to the Bank's type of activity, the Directors do not consider including detailed information something relevant.

g) Agency Contracts

Neither at the end of the 2024, and 2023 financial years nor at any time during those years, the Bank has maintained in force “agency contracts” in the manner in which these are contemplated in article 22 of Royal Decree 1245/1995, of July 14.

h) Abandoned balances and deposits

As of December 31st, 2024, the Entity has no balances immersed in abandonment (2023: 3 thousand dollars) as defined in article 18 of Law 33/2003, of November 3rd, on the assets of public administrations.

i) Other commitments

As of December 31st, 2024, and 2023, the Entity did not maintain additional commitments to those broken down in the previous Notes.

j) Earnings per share

During the years 2024, and 2023, Aresbank, S.A. holds 104,167 shares (see Note 17), amounting the earnings per share for 2024 to 126.41 euros (6.06 euros for 2023).

The Customer Service report of Aresbank reports that no claim was received during the year 2024.

k) Seasonality of operations

The nature of the most significant operations carried out by the Bank correspond mainly to the typical activities of financial institutions, not being affected by factors of significant seasonality.

l) Other public information required by Circular 4/2017 of the Bank of Spain

The following is another public information required in Circular 4/2017 of the Bank of Spain:

The Entity did not have “Assets foreclosed or received in payment of debts” as of December 31, 2024, and 2023.

As of December 31, 2024, and 2023, the Bank had not issued neither bonds and mortgage notes nor public covered bonds.

m) Customer Service

In accordance with art. 17 of Order ECO/734/2004, of March 11th, on customer service departments and services and the customer ombudsman of financial institutions, and art. 29 of the Regulation for the Defense of the Client of the Entity, the information for the financial years 2024, and 2023 is included below.

The Customer Service report of Aresbank states that no claim was received during the year 2024. One claim was received during the year 2023, which was not admitted as the bank was not an active party in the matter.

In accordance with this legal requirement, the department in charge of Customer Services prepared the report on its activities in 2023, which was submitted to the Bank's Board of Directors at its meeting held on February 21st, 2025.

126.41€

were the earnings per share for 2024

3

Proposal of profit DISTRIBUTION

Formulation and signing of the annual accounts, directors' report and proposal of profit distribution made by the administrators

BASIS FOR DISTRIBUTION (thousands of euros)	2024
Profit (or loss) before taxes	17,912
Corporate income tax estimation	(4,745)
Total	**13,167**

DISTRIBUTION	
Retained earnings (Legal Reserve)	1,317
Dividend payout	11,850
Total	**13,167**

The Board of Directors of ARESBANK, S.A. in the resolution dated on February 21st, 2025, has unanimously agreed to formulate the Annual Accounts, the Directors' Report and Proposal of Profit Distribution corresponding to the fiscal year 2024, stated in the one hundred thirty-six (136) previous pages.

Likewise, in compliance with article 253 of the Spanish Companies Act, all the directors who attended said Board Meeting, either personally or by representation, and who are listed below, signed the Annual Accounts, the Directors' Report, and the Proposal for Profit Distribution at the end of the meeting.

Mr. Ahmed A. Omar Ragib
(Chairman)

Mr. Saleh Amer Mohamed Edbayaa
(Vice-Chairman)

By proxy,

Mr. Ahmed A. Otman Aldoughra
(Director)

Mr. Ahmed A. A. Elabbar
(Director)

By proxy,

Mr. Yasin Mohamed Elabye
(Director)

Mr. Javier Iglesias de Ussel y Ordis
(Director)

Mr. Antonio del Campo de los Santos
(Director)

Madrid, 21 February 2025

Mr. Ahmed A. Omar Ragib
(Chairman)

Mr. Gabriel Gracia González
(Secretary, Non-Director)

Annex

Auditor's REPORT

KPMG

Auditor's Report on Aresbank, S.A.

(Together with the annual accounts and directors' report of Aresbank, S.A. for the year ended 31 December 2024)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Paseo de la Castellana, 259C
28046 Madrid

Independent Auditor's Report on the Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of Aresbank, S.A.

REPORT ON THE ANNUAL ACCOUNTS

Opinion

We have audited the annual accounts of Aresbank, S.A. (the "Bank"), which comprise the balance sheet at 31 December 2024, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Bank at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 3 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Accounts* section of our report.

We are independent of the Bank in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans and advances
See notes 6.1, 9 and 31 to the annual accounts

Key audit matter	*How the matter was addressed in our audit*
The Bank's portfolio of loans and advances to financial institutions and clients reflects a net balance of Euros 713,657 thousand at 31 December 2024, while allowances and provisions recognised at that date for impairment total Euros 7,473 thousand. The process of estimating impairment of the portfolio of loans and advances due to credit risk, on both an individual and a collective basis, in accordance with Bank of Spain Circular 4/2017, entails a significant and complex estimate. In the case of the individual analysis, these allowances and provisions for portfolios of impaired loans and advances consider the debtors' forecast business performance and the market value of the collateral provided for credit transactions. For the collective analysis, the Bank applies the alternative solutions presented in Circular 4/2017, and the main aspects considered are the identification and classification of exposures through loans that are under special monitoring or impaired, portfolio segmentation, and the use of significant assumptions such as the realisable value of the collateral associated with credit transactions. The current war and geopolitical conflicts, the evolution of inflation and interest rates, among others, have generated uncertainty about the current macroeconomic situation and its future evolution, which could affect the economy and business activities in the areas where the Bank operates. The Bank has taken all these aspects into account in the quantification of the impairment of financial assets, increasing the uncertainty associated with their estimation. The consideration of this aspect as a key audit matter is based both on the significance for the Bank of the loans and advances portfolio, and thus the significance of the corresponding allowances and provisions recognised, and on the relevance, subjectivity and complexity of the process for classifying these financial assets for the purpose of estimating and calculating impairment thereon, while taking into consideration the additional situation generated by the current uncertainty.	Our audit approach in relation to the Bank's estimate of impairment of loans and advances to financial institutions and clients due to credit risk included an assessment of the relevant controls associated with the processes for estimating impairment, as well as different tests of detail on that estimate. Our procedures relating to the control environment were focused on assessing the main controls in the following key areas: governance, accounting policies, refinancing and restructuring, monitoring of loans outstanding, the process of estimating allowances and provisions, and assessment of the integrity, accuracy, quality and updating of the data and of the control and management process in place. Our tests of detail on the estimate of impairment included the following: – Impairment of individually significant transactions: we selected a sample from the population of significant risks and assessed the appropriateness of their classification on the basis of their credit risk, as well as the allowances and provisions recognised. – With respect to the allowances and provisions for impairment estimated collectively, we evaluated the methodology used by the Bank, assessing the integrity of the input balances for the process and validating the correct functioning of the calculation engine. In the execution of our audit procedures, we have taken into consideration the impacts of the current situation of uncertainty in the calculation of impairment. Lastly, we evaluated whether the disclosures in the notes to the annual accounts are appropriate, in accordance with the criteria set out in the financial reporting framework applicable to the Bank.

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Provisions for commitments and guarantees extended See notes 6.1, 15 and 20 to the annual accounts	
Key audit matter	*How the matter was addressed in our audit*
The Bank's portfolio of commitments and guarantees extended reflects a balance of Euros 503,874 thousand in the off-balance sheet items at 31 December 2024, while allowances and provisions recognised at that date for impairment total Euros 2,898 thousand. The allowances and provisions for commitments and guarantees extended, especially the country-risk provision, are estimated in accordance with Bank of Spain Circular 4/2017. These estimates are significant and complex and involve a high degree of judgement and technical difficulty due to the Bank's risk exposure in other countries. The consideration of this aspect as a key audit matter is based both on the significance of the Bank's portfolio of commitments and guarantees extended, and thus of the related provision, as well as on the subjectivity and complexity of the process for classifying the commitments and guarantees for the purpose of estimating impairment thereon and of the calculation of that impairment.	Our audit approach in relation to the Bank's estimate of allowances and provisions for the portfolio of commitments and guarantees extended included an assessment of the relevant controls associated with the processes for estimating the allowances and provisions, as well as different tests of detail on that estimate. Our procedures relating to the control environment were focused on assessing the main controls in the following key areas: governance, evaluating accounting policies and their alignment with accounting regulations applied by the Bank of Spain, monitoring of transactions, the process of estimating allowances and provisions, and assessment of the integrity, accuracy, quality and updating of the data and of the control and management process in place. Our tests of detail on the estimate of impairment included the following: – Analysis of the Bank's exposure in different countries and its correct classification following Bank of Spain criteria. – Assessment of the integrity of the input balances in the process, as well as validation of the adequate working of the calculation engine. – Recalculation of the associated allowances and provisions. Lastly, we evaluated whether the disclosures in the notes to the annual accounts are appropriate, in accordance with the criteria set out in the financial reporting framework applicable to the Bank.

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Other Information: Directors' Report

Other information solely comprises the 2024 directors' report, the preparation of which is the responsibility of the Bank's Directors and which does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not encompass the directors' report. Our responsibility for the directors' report, in accordance with the requirements of prevailing legislation regulating the audit of accounts, consists of assessing and reporting on the consistency of the directors' report with the annual accounts, based on knowledge of the Bank obtained during the audit of the aforementioned annual accounts, and assessing and reporting on whether the content and presentation of the directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraph, the information contained in the directors' report is consistent with that disclosed in the annual accounts for 2024 and the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Annual Accounts

The Directors are responsible for the preparation of the accompanying annual accounts in such a way that they give a true and fair view of the equity, financial position and financial performance of the Bank in accordance with the financial reporting framework applicable to the Bank in Spain, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible for overseeing the preparation and presentation of the annual accounts.

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Auditor's Responsibilities for the Audit of the Annual Accounts

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

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

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Bank's Directors.
- Conclude on the appropriateness of the Bank's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

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

We also provide the Bank's Audit Committee with a statement that we have complied with the applicable ethical requirements relating to independence, and to communicate with them all matters that may reasonably any matters that may reasonably constitute a threat to our independence and, where appropriate, the safeguard measures adopted to eliminate or reduce the threat.

From the matters communicated to the Bank's Audit Committee, we determine those that were of most significance in the audit of the annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional Report to the Audit Committee

The opinion expressed in this report is consistent with our additional report to the Bank's Audit Committee dated 21 February 2025.

Contract Period

We were appointed as auditor by the shareholders at the ordinary general meeting on 24 May 2024 for the period ending 31 December 2024.

Previously, we had been appointed for a period of three years by the shareholders at their ordinary general meeting, and have been auditing the annual accounts since the year ended 31 December 2015.

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

Salvador Quesada Torrejón
On the Spanish Official Register of Auditors ("ROAC") with No. 18,303

21 February 2025

Aresbank