



Aresbank

Prudential Relevance Report

December 2025

ACRONYMS

COAP	Assets and Liabilities Committee	IRRBB	Interest Rate Risk in the Banking Book
APRs	Risk-weighted assets	CSRBB	Credit Spread Risk in the Banking Book
CET1	Common Equity Tier 1	IT	Information Technology
CNMV	National Securities Market Commission	LCR	Liquidity Coverage Ratio
CRCO	Chief Risk and Compliance Officer	RAF	Risk Appetite Framework
EBA	European Banking Authority	MENA	Middle East and North of Africa
ECB	European Central Bank	NSFR	Net Stable Funding Ratio
HQLAs	High Quality Liquid Assets	TSCR	Total SREP capital requirements
eHQLA	Eligible HQLA – Eligible Liquid Assets	AT2	Subordinated debt
IACL	Capital and Liquidity Self-Assessment Report	OCR	Overall capital requirement
CAP	Capital Self-Assessment Procedure	AML/CFL	Prevention of Money Laundering and Terrorist Financing
LCP	Liquidity Contingency Plan		
SREP	Supervisory Review and Evaluation		
SEPBLAC	Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences		
TFEU	Treaty on the Functioning of the European Union		

ARES BANK PRUDENTIAL RELEVANCE REPORT

(December 31, 2025)

CONTENTS

ACRONYMS	2
1. GENERAL INFORMATION REQUIREMENTS	5
1.1. INTRODUCTION	5
1.2. THE ENTITY	5
1.3. BUSINESS MODEL AND STRATEGY	6
1.4. MAIN LINES OF BUSINESS.....	6
1.5. MAIN MARKETS	7
2. GOVERNANCE, MANAGEMENT AND CONTROL FRAMEWORK OF RISKS.....	8
2.1. RISK APPETITE STATEMENT	9
2.2. STRUCTURE AND ORGANIZATION OF THE RISK MANAGEMENT FUNCTION.....	10
a. Board of Directors.....	11
b. Risk, Compliance & IT Committee	12
c. Audit Committee	14
d. Nomination and Compensation Committee	15
e. Management Committee	16
f. General Management and specialized committees	17
g. Global Risk Control	23
2.2.1. GLOBAL RISK PROFILE.....	25
2.2.2. CREDIT RISK.....	25
2.2.3. CONCENTRATION RISK.....	26
2.2.4. MARKET RISK	27
2.2.5. STRUCTURAL BALANCE SHEET RISK.....	28
2.2.6. LIQUIDITY RISK	28
2.2.7. OPERATIONAL RISK	31
2.2.8. TECHNOLOGICAL RISK	32
2.2.9. ESG RISK	33
3. CAPITAL	43
4. CAPITAL REQUIREMENTS	44
4.1. MINIMUM CREDIT RISK REQUIREMENTS.....	45
4.2. CONCENTRATION RISK REQUIREMENTS	45
4.3. CAPITAL REQUIREMENTS FOR OPERATIONAL RISK	47
4.4. MREL	48
5. CREDIT RISK AND DILUTION	49
5.1. IDENTIFICATION OF THE EXTERNAL RATING AGENCIES USED.....	51
5.2. DESCRIPTION OF THE PROCESS OF ASSIGNING CREDIT RATINGS FROM PUBLIC ISSUANCES OF SECURITIES TO COMPARABLE ASSETS	51
5.3. EFFECT ON CREDIT RISK EXPOSURES OF THE APPLICATION OF RISK REDUCTION TECHNIQUES	51
5.4. CHANGES IN IMPAIRMENT LOSSES AND PROVISIONS IN 2025	53

6. SECURITIZATION TRANSACTIONS.....	54
7. INFORMATION ON THE MARKET RISK OF THE TRADING TABLE.....	54
8. INFORMATION ON FINANCIAL INSTRUMENTS NOT INCLUDED IN THE TRADING BOOK	54
9. INTEREST RATE RISK ON POSITIONS NOT INCLUDED IN THE TRADING BOOK..	55
9.1. IRRBB Risk.....	55
10. COMPENSATION INFORMATION.....	57
10.1. GOVERNANCE.....	57
10.2. PROCEDURE FOR DETERMINING THE IDENTIFIED GROUP.....	59
10.3. VARIABLE REMUNERATION POLICY AND MANAGEMENT SYSTEM BY OBJECTIVES	60
10.3.1. DETERMINATION OF VARIABLE REMUNERATION	61
10.3.2. DEFERRAL AND PAYMENT IN INSTRUMENTS	62
10.3.3. EX ANTE RISK ADJUSTMENT MECHANISM	63
10.3.4. EX POST RISK ADJUSTMENT MECHANISM. REMUNERATION REDUCTION CLAUSES (MALUS). CLAUSES FOR DEFERRAL AND RECOVERY OF REMUNERATION ALREADY PAID (CLAWBACK) 64	
10.3.5. PERSONAL HEDGING AND CIRCUMVENTION STRATEGIES	66
10.4. REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS	66
10.5. REMUNERATION SYSTEM FOR MEMBERS OF THE DIRECTORATE-GENERAL	67
10.6. REMUNERATION SYSTEM FOR THE IDENTIFIED STAFF THAT EXERCISES CONTROL FUNCTIONS	67
10.6.1. REMUNERATION SYSTEM FOR THE REST OF THE MEMBERS OF THE IDENTIFIED STAFF 69	
10.7. ARESBANK'S GENERAL REMUNERATION SYSTEM	70
10.8. REMUNERATION AND OTHER BENEFITS TO THE BOARD OF DIRECTORS AND GENERAL MANAGEMENT	72
10.9. REMUNERATION AND OTHER BENEFITS TO THE IDENTIFIED STAFF.....	74
11. LEVERAGE RATIO.....	74
12. ASSETS WITH CHARGES	75

1. GENERAL INFORMATION REQUIREMENTS

1.1. Introduction

The purpose of this report is to comply with the disclosure requirements set out within the Framework established in Regulation (EU) 2024/1623, amending Regulation (EU) No. 575/2013 (CRR III) and Directive (EU) 2019/878, amending Directive 2013/36/EU (CRD V), applicable on 31 December 2025.

This regulation requires credit institutions to disclose, at least annually and duly integrated in a single document called "Prudential Relevance Report", specific information on those data on financial situation and activity that may be relevant to the market and other interested parties, in order to assess the risks they face. Its market strategy, its risk control, its internal organisation and its financial situation in order to comply with the minimum capital requirements provided for in the solvency regulations.

In accordance with Implementing Regulation (EU) 2024/3172, the information contained in this document meets the principles of clarity, significance, consistency over time and comparability between institutions, describing the main activities of the Entity and their significant risks and providing quantitative and qualitative information on the processes and procedures that the entity uses to identify, measure and manage those risks. The Prudential Relevance Report has been verified prior to its publication by the Internal Audit and approved by the Board of Directors on June 16th, 2025.

This report will be presented annually and will be made public on the Aresbank website (www.aresbank.es).

1.2. The Entity

The information presented in this report corresponds to the entity Aresbank, S.A. (hereinafter, "Aresbank" or "the Entity"), which was incorporated on April 1, 1975. The Entity is registered in the Mercantile Registry of Madrid page no. 28,537, folio 18, entry 1 of Volume 3,740 General of Companies. Aresbank has been registered in the Special Register of Banks and Bankers of the Bank of Spain under supervisory code 0136 since 2 April 1975. Its tax identification number is A28386191 and LEI 95980020140005658381.

Aresbank is a public limited company whose corporate purpose is set out in Article 3 of its Articles of Association:

"The main purpose of the Entity is to contribute to the development of economic cooperation between Spain and the Arab countries through the financing of foreign trade, the promotion of investments and the raising of funds from the Arab and international financial markets in general."

The share capital of Aresbank, S.A. as of December 31, 2025 amounts to 300,000,960.00 Euros and is composed of 104,167 shares with a par value of 2,880.00 Euros each.

The registered office is located in Madrid, Paseo de la Castellana nº 257, where the main office is located.

1.3. Business Model and Strategy

Aresbank S.A., is a Spanish bank founded in 1975 as Banco Árabe Español, S.A. by Arab and Spanish entities, including the Libyan Arab Foreign Bank and Kuwait Foreign Trading Contracting & Investment Co on the Arab side and the Official Credit Institute (ICO), the National Institute of Industry (INI), Banco Bilbao, Banco Popular, Banco Central and Banco Atlántico, among others, on the Spanish side. Since 2008, the Entity has been 99.86% owned by the Libyan Foreign Bank (LFB) and 0.14% by Credit Populaire d'Algerie.

According to Aresbank's statutes, its mission is as follows:

- To increase economic cooperation between Spain and the MENA area, financing foreign trade operations, promoting investments and raising funds in international markets.
- Identify and evaluate investment opportunities in new projects.
- To offer its experience and technical capacity to carry out economic development programs in the MENA area, helping to strengthen business relations in the region.
- To collaborate with Spanish financial institutions and other institutions in the task of channelling financial resources from the MENA region.

Aresbank has total assets as of December 31, 2025 of €1,045,148 thousand, a net worth of €351,833 thousand (CET1 €335,163 thousand) and an off-balance sheet exposure of €342,752 thousand.

1.4. Main lines of business

Aresbank's main lines of business are as follows:

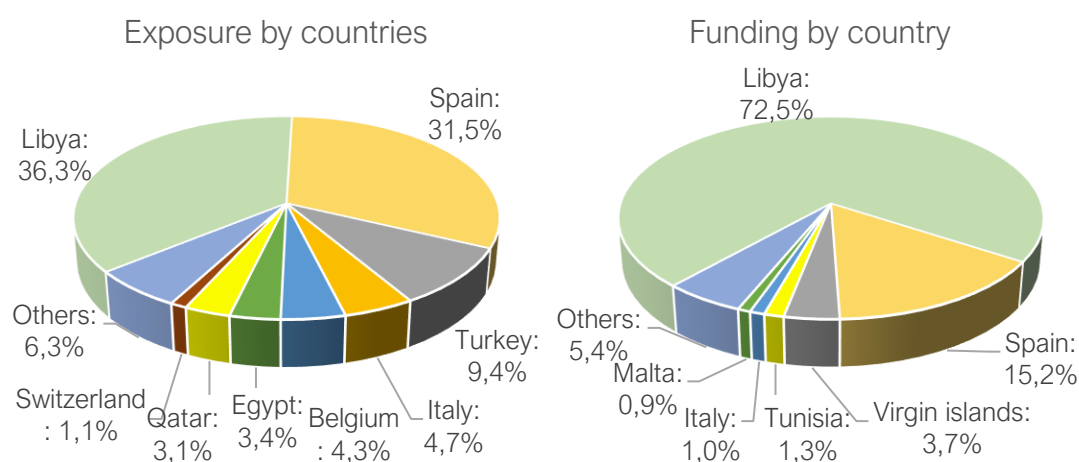
Business lines	Sublines
Foreign Trade	Issuance, notification and confirmation of documentary credits
	Import and export charges
	Foreign Trade Finance
	Issuance of guarantees and guarantees
Corporate and bank financing	Loans and credits to companies and banks
	Syndicated loans

Treasury and Capital Markets	Corporate Checking Accounts
	Transactions in the interbank market
	Fixed income trading

- **Foreign trade:** Aresbank channels, through various banking products, international commercial transactions, mainly those related to the MENA area. The main products included in this line of activity are documentary credits, documentary remittances, payment orders, etc.
- **Financing:** Aresbank offers financing to its customers, and it does so through two different channels. On the one hand, it offers advances, pre-financing or post-financing associated with the foreign trade products discussed in the previous point. On the other hand, it provides direct corporate financing to companies and financial institutions.
- **Treasury and capital markets:** Aresbank carries out intermediation activity between entities in the MENA area and Europe, as well as investment in fixed income products.

1.5. Main markets

At the end of 2025, 54.4% of Aresbank's credit risk exposure was concentrated in Europe, the United States and Turkey, while financing came mainly from financial institutions and companies in the MENA area:



2. GOVERNANCE, MANAGEMENT AND CONTROL FRAMEWORK OF RISKS

Aresbank's Internal Governance Policy, approved by the Board of Directors on 20 June 2025, is based on the Guidelines on Internal Governance issued by the European Banking Authority ("EBA") with reference EBA/GL/2021/05 and adopted by the Bank of Spain on 31 December 2021. These guidelines specify the internal governance systems, procedures and mechanisms that credit institutions should implement to ensure effective and prudent management, in accordance with Article 74(1) of Directive 2013/36/EU as amended from time to time. In accordance with Article 74.2 of the aforementioned Directive, the structure, scope and level of detail of the policies, procedures and metrics described in this Prudential Relevance Report respond to the application of the principle of proportionality.

In this context, Aresbank adapts its risk management, internal governance, remuneration, liquidity and capital frameworks to the nature, scale and complexity of its business model. The Entity's organizational structure includes:

- The Shareholders' Meeting, the Board of Directors and their committees
- The Management Committee
- Specialized committees
- Internal control functions
- The areas of corporate management

Aresbank has defined an internal control framework based on the three lines of defence established in the Guidelines on Internal Governance (EBA GL/2021/05), which promote the prudent and effective management of the Institution. To ensure the adequacy of the internal control mechanisms, the Entity's governance is based on the following model:

- **First line of defense**

Business lines assume risks and are directly responsible for their operational management on an ongoing basis. The first line of defense covers the business and corporate governance areas and they are responsible for managing their risks and implementing the appropriate controls. The first line of defense ensures prudent risk-taking, risk management, and regulatory compliance to ensure a strong risk culture across the bank.

- **Second line of defense**

The Global Risk Control function is responsible for identifying, measuring, monitoring and reporting on the risks to which the entity is or could be exposed, regardless of the first line of defence.

The compliance function is responsible for ensuring compliance with applicable laws, regulations and standards, as well as advising the Board of Directors on the measures to be taken in the event of non-compliance.

- **Third line of defense**

The internal audit function independently reviews the first and second lines of defense, assesses the efficiency and effectiveness of the bank's risk management, corporate governance, and internal control processes, and reports to the Board of Directors on deficiencies.

This definition meets the criteria of independence of the control functions with respect to the business lines they supervise through an appropriate segregation and making available to them sufficient powers, financial and human resources to be able to effectively perform their functions. In addition, the Entity's internal control functions have adequate and sufficient authority, rank and access to the Board of Directors to fulfill its mission, and a risk management framework.

Furthermore, the Board of Directors and the Management Committee are aware of the legal, organisational and operational structure of the Entity, and ensure that it is aligned with the business strategy and that there is effective independence of the internal control functions. This structure is aimed at complying with the principles established in the Risk Appetite Framework and avoiding possible conflicts of interest arising from the Entity's activity.

2.1. Risk Appetite Statement

The Board of Directors is responsible for approving and supervising the Risk Appetite Framework (MAR), which reflects and limits the target risk profile, based on current regulation and the requirements and recommendations made by supervisors and based on best market practices. Aresbank's Risk Appetite Framework was approved by the Board of Directors on 17 January 2025 and is reviewed annually in accordance with current regulations.

The Board of Directors is involve in all areas related to the Risk Appetite Framework, since the Entity's risk culture is part of this body and it is the latter that ultimately ensures compliance with the appetite, transmitting the risk culture in the organisation. Any significant modification due to changes in the business or due to the economic and financial situation of the moment, previously assessed by the Risk, Compliance and IT Committee, must be approved by the Board of Directors. Therefore, ultimately, the Board of Directors is the body responsible for establishing Aresbank's risk appetite, monitoring the risk profile and consistency between the two.

Aresbank's Risk Appetite Framework distinguishes the following concepts:

- **Risk appetite:** establishing, for each type of risk considered, the level of objective risk that Aresbank is willing to assume in the execution of its business strategy.

- **Risk tolerance:** margin in addition to risk appetite, which the Entity considers acceptable and acceptable in the achievement of its objectives.
- **Risk capacity:** this is the maximum risk that the Entity can assume, taking into account the current level of resources, without compromising its capital, liquidity and operational capacity needs.

Aresbank, in its objective of guaranteeing efficient management of its resources, in addition to achieving recurring and stable results over time, aims to maintain a prudent overall level of risk. The revision of the Risk Appetite Framework (MAR) includes both the risks identified in the capital and liquidity assessment processes (IACL) and the risks considered relevant for management purposes to which the Entity is exposed in the exercise of its activity:

Risks identified	
Credit risk	Business Risk
Concentration risk	Liquidity risk
Operational risk	Structural balance sheet risks
Technological risk	

In order to establish the Entity's risk appetite, it is necessary to define indicators that allow the levels of risk to be measured and set. In this regard, Aresbank has selected a series of indicators based on its business model and the guideline issued by the European Banking Authority (EBA): Guidelines on the indicators of the recovery plans EBA/GL/2021/11, which are integrated into their management.

For the measurement of most risks (credit, concentration, liquidity, and balance sheet structures) there are quantitative indicators that respond to the needs raised. However, there are other types of risks (operational or reputational) that by their nature are difficult to measure quantitatively, and for which a qualitative assessment must be made.

The Board of Directors, within the framework established in the CRRIII and the CRDV, supervises the disclosure process through the approval of the Prudential Relevance Report, published annually, as well as communications with third parties with interests in the Entity, including the competent authorities.

2.2. Structure and organization of the risk management function

Directive (EU) 2019/878 (CRD V) requires banks to have strong governance mechanisms in place that include, among other things, effective processes for identifying, supervising and reporting risks, as well as adequate internal control mechanisms. The EBA Guidelines on Internal Governance (EBA/GL/2021/05) outline the practices that banks should follow to develop and maintain a culture that fosters a positive attitude towards risk control and regulatory compliance within the bank, as well as a robust and comprehensive internal control framework. The Board of Directors is responsible for establishing and overseeing the internal control framework, the implementation of which is the responsibility of the entire bank, through the three lines of defense.

Aresbank has defined an internal control framework based on the three lines of defence established in the aforementioned EBA Guidelines on Internal Governance, which promote the prudent and effective management of the Entity. To ensure the adequacy of internal control mechanisms, Aresbank has an adequate and transparent organisational and functional structure, in which internal control functions are independent of the business lines they control, with an appropriate segregation of duties and with appropriate competences to effectively perform their functions.

In this way, the structure of the Entity does not compromise the ability of the Supervisory Board to effectively supervise and manage the risks faced by the Entity, or the ability of the competent supervisory authority.

a. Board of Directors

The governing bodies of the Entity, in accordance with the provisions of the Bylaws, are the General Shareholders' Meeting and the Board of Directors, whose activities are regulated in their own Regulations.

The specific responsibilities of the Board of Directors in relation to internal governance include the approval of all policies that reflect the general administration of the Entity, the supervision of the risks inherent in the activity carried out by Aresbank and the establishment, approval and supervision of the general business strategy and its financing. In addition, it carries out, through the different committees, a periodic monitoring of the aforementioned strategies and policies, addressing the deficiencies identified. The members of these committees are appointed on the basis of their suitability, in consideration of their knowledge, skills, experience and the tasks of each committee.

Specifically, in relation to the 2025 financial year, Aresbank's Board of Directors has carried out the following activities related to risk control:

Activities	Date
Review of the Risk Report prepared by Global Risk Control	At each meeting of the Governing Body
Review of the indicators of the Risk Appetite Framework	At each meeting of the Governing Body
Anti-Money Laundering Report Review	Presented at every session of the Risk, Compliance, and IT Committee
2025 Budget Approval	22/11/2024
Learn about the 2024 Annual Report on the Prevention of Money Laundering	16/01/2025, presented to the Risk, Compliance and IT Committee

Approve the update of the Risk Appetite Framework	17/01/2025, approved by the Board of Directors
Approval of updates to the Internal Government Policy	20/06/2025, approved by the Board of Directors
Approval of the 2024 Prudential Relevance Report	20/06/2025, approved by the Board of Directors
Approval of Conflicts of Interest Policy	05/12/2025, approved by the Governing Body
Approval of the Technological Risk Management (ICT) and Information Security Policy	05/12/2025, approved by the Governing Body
Approval of the Outsourcing Policy review	22/04/2025, approved by the Board of Directors
Approval of the update of the Remuneration Policy New Remuneration Policy. Variable remuneration policy	17/01/2025, approved by the Board of Directors 05/12/2025, approved by the Governing Body
Approval of the annual review of the Suitability Policy for members of the Board of Directors and key function holders	17/01/2025, approved by the Board of Directors 05/12/2025, approved by the Governing Body
Approval of the revision of the Business Continuity Plan. Approval of the revision of the Anti-Money Laundering Policy	05/12/2025, approved by the Governing Body

Aresbank has three delegated committees of the Board of Directors, whose members are appointed, through a suitability assessment, and in consideration of their knowledge, skills, experience and the tasks of each committee. The committees provide support to the Board of Directors in specific areas and facilitate the development and implementation of a strong internal governance framework. The delegation of functions to committees does not relieve the Governing Body of the collective fulfilment of its tasks and responsibilities.

b. Risk, Compliance & IT Committee

It is a non-executive committee that advises and supports the Board of Directors in relation to the Bank's risk strategy, compliance with current regulations and information technology strategy.

It meets six times a year and is composed of a minimum of three non-executive members, at least one of whom will be an independent director. The Chairman of the Committee shall be an independent director and the person responsible for AML/CFT.

The functions are structured in three large blocks:

- **Risk functions:**
 - Advising and supporting the Board of Directors in relation to the monitoring of the entity's current and future overall risk strategy and risk appetite, taking into account all types of risks, to ensure that they are in line with the entity's business strategy, objectives, corporate culture and values;
 - Assist the Board of Directors in monitoring the implementation of the entity's risk strategy and the corresponding limits established;
 - Monitor the execution of an institution's capital and liquidity management strategies, as well as all 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;
 - Recommend to the Board of Directors any adjustments to the risk strategy that are deemed necessary as a result, inter alia, of changes in the entity's business model, market developments or recommendations made by the risk management function.
 - To provide advice on the appointment of external consultants that the Governing Council may decide to engage for advice or support;
 - Analyse a number of possible scenarios, including stress scenarios, to assess how the entity's risk profile would react to external and internal events;
 - Monitor consistency between all important financial products and services offered to customers and the bank's business model and risk strategy.
 - The risk committee should assess the risks associated with the financial products and services offered and take into account the consistency between the prices assigned to those products and services and the benefits obtained; and
 - Assess the recommendations of the internal or external auditors and verify the proper application of the measures taken

- **Compliance Features:**
 - Advise and support the Board of Directors in relation to the application of applicable Compliance policies and regulations.
 - Monitor the implementation of internal compliance policies, which should be well documented and available to all staff.
 - Receive advice from the compliance function on the measures to be taken to ensure compliance with applicable laws, rules, regulations and standards.

- Ensure that the compliance function carries out a structured and well-defined compliance monitoring programme and that internal compliance policies are adhered to.
- Receive the report of an external expert on the prevention of money laundering and evaluate the measures necessary to solve the deficiencies identified.
- o **Information Technology (IT) Functions:**
 - Review the technology and cybersecurity strategy and advise the Board for approval.
 - Assist the Board of Directors in matters of Technology Risks, to oversee the management of IT operational risks inherent to relevant products, activities, processes and systems.
 - Evaluate technology policies for subsequent approval by the Board of Directors and advise the Board of Directors on IT matters to facilitate the regular monitoring and evaluation of the internal governance framework from a technology perspective.
 - Oversee the execution and implementation of the strategy, taking into account technological and cybersecurity risks.

c. Audit Committee

The Audit Committee is responsible for overseeing the process of preparing and presenting financial information, ensuring that it is accurate, consistent and represents the true and true image of the Entity. On the other hand, it carries out a complete and general monitoring of all the activities and units of the Entity, and especially of the internal control areas, through the internal audit process. It meets six times a year and will be composed of a minimum of three non-executive members of the Board, with a majority of independent directors. The Chair of the Committee is an independent director.

The Audit Committee, through its chairman, shall report on its activities to the Board of Directors at least twice a year.

In accordance with Directive 2014/56/EU, amending Directive 2006/43/EC, the Audit Committee has the following tasks:

- Monitor the effectiveness of the entity's internal quality control and risk management systems and internal audit function
- Supervise the establishment of accounting policies by the entity
- To supervise the process of preparing financial information and to make recommendations aimed at ensuring its integrity
- Participate in the selection and propose the appointment, re-election or change of the head of the Internal Audit department, which must be approved by the Board of Directors with the report of the Appointments and Remuneration Committee
- To examine and supervise the independence of statutory auditors or audit firms, and, in particular, the adequacy of the provision of non-audit services to the Entity

- Supervise the statutory audit of the annual financial statements, in particular their outcome, taking into account the observations and conclusions of the competent authority
- Be responsible for the selection procedure of statutory auditors or external audit firms and recommend approval of their appointment by the Nomination and Remuneration Committee, their remuneration and dismissal
- To report to the Board of Directors on how it has contributed to the integrity of financial information and the role that the Audit Committee has played in that process
- Receive and consider internal audit reports

d. Nomination and Compensation Committee

The Nomination and Remuneration Committee is a non-executive body that meets at least once a year. It is composed of a minimum of three non-executive directors, at least one of whom will be an independent director. The Chair of the Committee is an independent director.

The Nomination and Remuneration Committee supports the Board of Directors in all aspects of decisions regarding the appointment of members of the Board of Directors and key function holders, as well as the evaluation of the Board of Directors itself.

More specifically, the Nomination and Remuneration Committee, among other things, defines the profiles required for the positions of key function holders and plays a relevant role in the establishment and implementation of the suitability policy, succession planning and diversity policy. In particular, it should set a target for underrepresented gender representation on the Governing Board, and how to achieve it.

To this end, the Nomination and Remuneration Committee, inter alia, provides support and advice to the Board of Directors with respect to remuneration policy and participates in decisions on the remuneration of members of key function holders.

The Nomination and Remuneration Committee should also ensure that incentives to take risks are balanced with incentives to manage them and that remuneration is gender-neutral, in accordance with the EBA Guidelines on sound remuneration policies in accordance with Directive 2013/36/EU (EBA/GL/2021/04).

The functions of the remuneration committee are as follows:

- It is responsible for making decisions on remuneration, in particular with regard to the remuneration of members of the management body in their management role, as well as other identified personnel
- Advises the Board of Directors on the definition of the remuneration policy, including to ensure that the remuneration policy does not discriminate between women and men and supports equal treatment of staff of different genders

- Supports the Board of Directors in monitoring remuneration policies, practices and processes, as well as compliance with the remuneration policy and the requirement that the remuneration policy be non-discriminatory between women and men
- Check if the current remuneration policy is up to date and propose any necessary changes
- Reviews the appointment of external remuneration consultants that the Board of Directors may decide to engage for advice or support
- Monitors the adequacy of information provided to shareholders on remuneration policies and practices
- Assesses the mechanisms and systems put in place to ensure that the remuneration system takes due account of all types of risks, liquidity and capital levels, promotes and is consistent with appropriate and effective risk management, and is in line with the corporate business strategy, objectives, culture and values, the risk culture and the long-term interests of the entity
- Assesses the achievement of performance objectives and the need for ex post adjustments to risk, including the application of pay reduction clauses and recovery of remuneration already paid
- It analyzes in different scenarios how compensation policies and practices react to internal and external events, and backtests the criteria used to determine the granting and ex-ante adjustment to risk based on actual risk results
- The remuneration of senior managers in compliance functions and in the risk management and audit functions will be directly supervised by the remuneration committee

e. Management Committee

The main purpose of the Management Committee is to ensure centralised management of the most relevant aspects of the Entity's operations, being responsible for the execution of strategies and matters set by the Board of Directors, which the latter, in accordance with current legislation, the Bylaws or the Regulations of the Board of Directors, agree to delegate to him.

The Management Committee has Internal Regulations that regulate its composition, the convening and attendance at Committee meetings, the adoption of agreements and the powers conferred.

The members of the Management Committee are as follows:

- Managing Director
- Deputy Director General
- Chief Risk and Compliance Officer (CRCO)
- Director of Business Development
- Chief Financial Officer
- Director of Systems and Information Technology
- Director of Legal Advice

The heads of the rest of the areas of the Entity may attend as guests or speakers.

The main functions of the Management Committee, in accordance with the provisions of the EBA/GL/2021/05 guide on internal governance, are as follows:

- The Management Committee actively participates in the activities of the Entity and in decision-making on an appropriate and well-founded basis, constructively and critically analysing the proposals, explanations and information it receives in order to form an opinion and make decisions.
- The Management Committee is responsible for the implementation of the strategies set by the Board of Directors and periodically discusses the implementation and suitability of these strategies with the Board of Directors.
- The Management Committee reports to the Board of Directors on a regular and comprehensive basis, and where necessary, without unnecessary delay, on what is relevant to assessing a situation, risks and changes that affect or may affect the entity, for example, important decisions on business activities and risks assumed, the assessment of the entity's economic and business environment, of its liquidity and solid capital base, and the assessment of its exposures to relevant risks.
- To analyse and evaluate the proposals, prior to their presentation to the Board of Directors, in relation to the strategies and policies of the entity, except those corresponding to internal control functions, which will be presented directly by the internal control functions to the Board of Directors through their respective Committees.
- The Management Committee addresses the development of new markets, products and services, and significant changes to existing ones, as well as exceptional transactions. On the other hand, it also covers relevant changes in processes, such as new outsourcing agreements and systems.

The Management Committee may agree to set up ad hoc committees or auxiliary committees, on a permanent or temporary basis, to which it may delegate any of the functions entrusted to it, as well as to take decisions on any matter within its competence. These committees will act in the manner and under the conditions established for this purpose by the Management Committee.

The Assets and Liabilities Committee (COAP), the Internal Control Body (OCI) and the Credit, Investments and Risks Committee remain fully operational as specialized Committees. However, the decisions taken at the meetings of these Committees may be reported to the Management Committee, before being reported to the corresponding Executive Committee of the Board, or to the Board of Directors directly, as the case may be.

f. General Management and specialized committees

- o **General Directorate**

The General Management is responsible for managing and directing the general activity of the Entity. Article 35 of the Regulations of the Board of Directors specifies that the Board of Directors, through the Appointments and Remuneration Committee, may appoint one or more general managers, setting their remuneration and powers. The Directorate-General is composed of the Director-General and the Deputy Director-General.

General Directorate	
<i>Members</i>	<ul style="list-style-type: none"> • Managing Director • Deputy Director General
<i>Responsibilities</i>	<ul style="list-style-type: none"> • Implementation of strategies, policies and procedures approved by the Board of Directors and analysis of the implementation and suitability of such strategies • To analyse the proposals, explanations and information received from the different specialised committees, and to inform the Board of Directors of those matters that exceed the established levels of delegation
<i>How it works</i>	<ul style="list-style-type: none"> • The decision-making of the General Directorate is carried out jointly and jointly by its members, and therefore unanimity of both is required • In case of disagreement, the decision will be submitted to the Management Committee

In the event of incapacity or vacancy caused by the dismissal, revocation or suspension of any of the members of the General Directorate for the performance of their functions, whether temporarily or permanently, these will be assumed by the Management Committee for the duration of this circumstance.

All the departments of the Entity report hierarchically to the General Management, with the exception of the internal control functions which, in order to guarantee their independence, report hierarchically to the Audit Committee in the case of the Internal Audit department and to the Risk, Compliance and IT Committee for the Global Risk Control department.

○ **Specialized Committees**

Aresbank also has executive committees specialised in different areas to facilitate the management of the Bank. The functions performed by each Committee, its composition and its functioning, are described in the Internal Governance Policy, without prejudice to the fact that certain exceptional committees may be created in specific circumstances.

The resolutions of the different committees are adopted by an absolute majority, with the exception of the Credit, Investments and Risks committee, in which unanimity of the members with voting rights is required. In the event of a tie, the chairman of the committee has a qualified vote.

o **COAP:**

The committee for the monitoring and control of liquidity and financing is the Assets and Liabilities Committee (COAP). The composition and functions of the Committee are as follows:

Assets and Liabilities Committee (COAP)	
<i>Members</i>	<ul style="list-style-type: none"> • Director-General, who chairs the Committee • Deputy Director General • Chief Financial Officer • Chief Risk and Compliance Officer (CRCO) • Director of Treasury • Director of Business Development
<i>Periodicity</i>	<ul style="list-style-type: none"> • The Committee shall meet on an ordinary basis on a monthly basis and/or when necessary at the request of two of its members. At least 50 per cent of the Committee's members are required to attend. The Committee may be held online or in person.
<i>Secretary</i>	<ul style="list-style-type: none"> • Member of the Treasury Department.
<i>Responsibilities</i>	<ul style="list-style-type: none"> • Implement the strategy defined by the Board of Directors with respect to liquidity risk management and structural balance sheet risks. • Review the management of assets and liabilities and carry out an analysis of the temporal structure of the interest rate curves (level, slope, convexity) and their expectations, verifying that the balance sheet structure is aligned with the risk appetite set by the Entity's Risk Appetite Framework. • Supervise, measure and control exposure to liquidity and structural balance sheet risk by means of stress tests, proposing the corrective measures that may be necessary at all times to maintain the parameters set out in the Risk Appetite Framework. • To manage the available sources of liquidity and the use made of them in accordance with the Entity's strategic forecasts (asset allocation).

	<ul style="list-style-type: none"> • Review the liquidity policy and submit it to the Board of Directors for approval. • Monitor market risk, highlighting risks associated with interest rates and exchange rates. • Review the impact of credit risk on capital and liquidity management, taking into account the financial resources available and the pricing policies associated with assets and liabilities, verifying that it is in line with the provisions of the Entity's Risk Appetite Framework. • Responsible for the formal implementation of the Liquidity Contingency Plan in the event that it is approved by the Board of Directors.
<i>How it works</i>	<ul style="list-style-type: none"> • The decisions of the Committee are taken by a simple majority of its members - present or represented - and must be reflected in a minute, which will be signed by the Chairman and the Secretary of the Committee.

Liquidity and funding management is carried out through an organisational structure with a clear segregation of the roles and responsibilities of each of the lines of defence, with the aim of avoiding conflicts of interest and applying risk management that allows compliance with the risk appetite approved by the Board of Directors.

o **Credit, Investment and Risk Committee**

The Credit, Investments and Risks Committee has the objective of analysing credit and investment operations in accordance with the delegations established in the Credit Risk Management Framework for said body. In turn, it is responsible for monitoring the loan portfolio, ensuring that the situation of borrowers remains within the parameters existing at the time of the initial granting of risk and reviews and manages that other risks are aligned with the Bank's strategy and Risk Appetite Framework.

Credit, Investment and Risk Committee	
<i>Members</i>	<ul style="list-style-type: none"> • Director General, who chairs the Committee. Voting rights. • Deputy Director General. Voting rights. • Chief Risk and Compliance Officer (CRCO). Right of veto. • Director of Business Development. Rapporteur, without voting or veto rights.
<i>Secretary</i>	<ul style="list-style-type: none"> • Director of Global Risk Control.

<i>Periodicity</i>	<ul style="list-style-type: none"> The Committee will meet in an ordinary manner on a monthly basis. The Committee may be held online or in person.
<i>Responsibilities</i>	<ul style="list-style-type: none"> The Credit and Investment Committee has the objective of analyzing credit and investment operations.
<i>How it works</i>	<ul style="list-style-type: none"> The decisions of the Committee are adopted unanimously by its members with the right to vote - present or represented - provided that the right of veto is not exercised, and must be reflected in a minute, which will be signed by all the members of the Committee.

The Credit Risk Management Framework is far-reaching within the Bank, as it affects the admission, monitoring and management of credit risk. This policy is aligned with the Risk Appetite Framework (MAR) authorised by the Board of Directors, with the ultimate aim of granting financing to borrowers who can meet their economic and financial obligations in accordance with the contractual terms and conditions.

o **Internal Control Body (OCI)**

In compliance with the provisions of Article 26 ter of Law 10/2010 of 28 April, and Article 35 of Royal Decree 304/2014, Aresbank has an Internal Control Body (OCI) responsible for the application of procedures for the prevention of money laundering and terrorist financing. The OCI is a collegiate body chaired by the Representative to SEPBLAC, who is appointed by the Board of Directors of Aresbank. The rest of the members are appointed according to their role and their relationship with the fulfillment of the obligations related to the PBC.

Internal Control Body (OCI)	
<i>Members</i>	<ul style="list-style-type: none"> General Director, Aresbank's representative to SEPBLAC, who chairs the OCI Deputy Director General Chief Risk and Compliance Officer (CRCO) Director of Legal Advice Director of Business Development Director of Global Banking Services Head of Compliance and Prevention of Money Laundering and Terrorist Financing Director of Information Systems and Technologies

<i>Secretary</i>	<ul style="list-style-type: none"> • Head of the Anti-Money Laundering and Terrorist Financing area.
<i>Periodicity</i>	<ul style="list-style-type: none"> • The Committee shall meet in ordinary session at least six times a year, or when necessary at the request of two of its members. At least 50 per cent of the Committee's members are required to attend. The Committee may be held online or in person.
<i>Responsibilities</i>	<ul style="list-style-type: none"> • Implement the organizational and operational structure necessary to comply with the AML/CFT strategy adopted by the Board of Directors. • Ensure the implementation of internal AML/CFT policies and procedures. • Review the AML/CFT activity report at least once a year. • Ensure adequate, timely and sufficiently detailed reporting on anti-money laundering and countering the financing of terrorism to the competent authority. • Propose and adopt, where appropriate, the appropriate control measures to guarantee AML/CFT in Aresbank. • To approve the modifications made to: <ul style="list-style-type: none"> ○ The Manual for the Prevention of Money Laundering and Terrorist Financing ○ The Money Laundering and Terrorist Financing Risk Self-Assessment Report ○ The customer risk assessment model ○ Annual training plan • Monitor compliance with employees' obligations in terms of AML/CFT, scheduling courses or orientation and internal training activities. • To know the results of the Annual Report of the External Expert, to approve the necessary action plans and to follow up on the correction of possible deficiencies. • To analyse the Annual Report and the Action Plan on AML/CFT, as well as the analysis of the Entity's risk exposure in this area. • Approve the establishment of activities with high-risk customers.
<i>How it works</i>	<ul style="list-style-type: none"> • The decisions of the Committee are taken by a simple majority of its members - present or represented - and must be reflected in a record,

	which will be signed by the Chairman and the Secretary of the Committee.
--	--

In compliance with Article 26.1 of Law 10/2010, the Board of Directors of Aresbank approves the policies on due diligence, information, document retention, internal control, risk assessment and management, ensuring compliance with the relevant provisions and communication, with the main objective of preventing and preventing operations related to money laundering and terrorist financing. being mandatory for all employees of the Entity.

In accordance with the principle of proportionality provided for in Article 74(2) of Directive 2013/36/EU and its successive amendments, Global Risk Control combines the functions of risk management and compliance, grouping together the Entity's second line of defence.

g. Global Risk Control

The European Banking Authority (EBA), through guidance EBA/GL/2021/05, establishes the need to carry out comprehensive risk management that encompasses the entire organisation, taking the form of a three-line defence structure and the establishment of a Risk Appetite Framework.

The main functions of Global Risk Control, which constitutes the second line of defense, within the scope of **risk control** are the following:

a) Risk strategy and decisions

- Is actively involved, and at an early stage, in the development of an entity's risk strategy and ensures that the entity has effective risk management procedures in place.
- It provides the Board of Directors with all relevant risk-related information to enable it to establish the institution's level of risk appetite.
- It assesses the soundness and sustainability of the strategy and risk appetite, and ensures that this appetite is appropriately translated into specific risk limits.
- It assesses the strategies and risk appetite of the business units, including the objectives proposed by the business units, and engages before the management body makes a decision on such strategies and the risk appetite ensuring that the objectives are reasonable and consistent with the entity's risk strategy.
- The involvement of the risk management function in decision-making processes should ensure that risk-related aspects are duly taken into account. However, the responsibility for the decisions taken will continue to lie with the business and internal units, and ultimately with the Board of Directors.

b) Significant changes

- Before taking decisions on significant changes or exceptional transactions, the risk management function should be involved in assessing the impact of such exceptional changes and transactions on the entity's overall risk, and should report its findings directly to the management body before the management body takes a decision.

- The risk management function assesses how the identified risks could affect the institution's ability to manage its risk profile, liquidity and sound capital base under normal and adverse circumstances.

c) Risk identification, measurement, assessment, management, mitigation, control and communication

- Ensure that an appropriate risk management framework is in place and that all risks are appropriately identified, assessed, measured, controlled, managed and reported by all relevant units of the entity.
- Ensure that identification and evaluation are not based solely on quantitative information, but also take into account qualitative approaches.
- Ensure that related-party transactions are reviewed and that the risks that such transactions pose to the entity are properly identified and assessed.
- Ensure that all identified risks are effectively controlled by business units.
- Regularly monitor the entity's real risk profile, carefully comparing it with its strategic objectives and risk appetite, so that the Management Committee can make decisions and the Board of Directors can question them.
- Analyze trends and identify new or emerging risks, as well as increases in risks arising from changes in circumstances and conditions. It also regularly reviews actual risk results against previous estimates (i.e. backtesting) in order to assess and improve the accuracy and effectiveness of the risk management process.
- Evaluate possible ways to mitigate risks. The information presented to the management body should include proposals for appropriate risk mitigation measures.

d) Unapproved risk exposures

- Independently assess breaches of risk appetite or risk limits (including determining their cause and conducting a legal and economic analysis of the actual cost of closing, reducing or hedging risk exposure versus the potential cost of maintaining it). The risk management function reports to the relevant business units and the management body, and recommends possible solutions. It should report directly to the Governing Body when the non-compliance is significant.
- The risk management function plays a key role in ensuring that a decision on its recommendation is taken at the appropriate level, that it is complied with by the relevant business units and that it is duly communicated to the management body.

The main functions within the scope of **compliance** are as follows:

- Advise the management body on the measures to be taken to ensure compliance with applicable laws, rules, regulations and standards, and assess the potential impact of any changes in the legal or regulatory environment on the entity's activities and compliance framework.

- Ensure that a structured and well-defined Compliance Program is implemented and executed to comply with applicable regulations.
- That function should report to the management body and communicate, as appropriate, with the risk management function on the institution's compliance risk and its management. The management body should take into account the findings of the compliance function in decision-making processes.
- Verify, in close cooperation with the risk management function and the legal department, that new products and procedures comply with the existing legal framework and, where appropriate, with any known imminent changes to legislation, regulations and supervisory requirements.
- Take appropriate action against internal or external conduct that may facilitate or enable fraud, money laundering, terrorist financing or other economic crime and against disciplinary offences (e.g. failure to comply with internal procedures or limits).

2.2.1. Global risk profile

In order to identify material risks, Aresbank has developed a methodology that allows it to assess the risks to which it is exposed and calculate its materiality. In addition to this analysis, an assessment of each material risk has been carried out in accordance with the criteria established in EBA/GL/2022/03 - Guidelines on common procedures and methodologies for supervisory review and evaluation (SREP) and supervisory stress tests under Directive 2013/36/EU and its successive amendments. For the assessment of each risk, the overall management of the Entity has been considered, as well as the risk management and control mechanisms evaluated in accordance with the SREP methodology. All material risks are integrated into management through the metrics contemplated in the Risk Appetite Framework and capital allocation.

Aresbank, in its objective of guaranteeing prudent management of its risks, in addition to achieving recurring and stable results over time, intends to maintain a prudent overall level of risk.

As of December 31, 2025, Aresbank presents the following capital indicators, calculated in accordance with current regulations:

Indicators	31/12/2024	31/12/2025
Ratio Capital Total	60.3%	39.2%
Ratio CET1	60.3%	39.2%
Leverage Ratio	26,7%	23,9%

2.2.2. Credit risk

It is the possibility of loss arising from a debtor's failure to comply with its contractual obligations. Aresbank's total exposure to credit risk amounted to €1,401,520 as of December 31, 2025, corresponding to credit risk-weighted assets of €783,708 thousand.

The distribution of exposure by sector is as follows:

Exposure Category	Exposure
Administrations and Central Banks	256.715
Public Sector	11.132
Institutions	699.819
Companies	269.823
Retailers	3.449
Exposures secured by real estate mortgages	44.289
Exposures in situations of non-compliance	20.172
Collective Investment Funds	-
Exposures to entities and companies with short-term credit assessment	62.702
Others	33.419
Total	1.401.520

As can be seen, the Bank maintains an adequate quality of credit risk exposure, since most of the non-performing loans have effective personal guarantees, granted by guarantors without appreciable risk as set out in Article 139 of Annex IX of Bank of Spain Circular 4/2017. In addition, its risk profile is characterized by:

- The nature and composition of credit risk exposure implies low risk.
- Exposure to complex operations and products is low.
- The level of restructured or refinanced and doubtful exposures is very low.
- The credit risk of normal exposures is low.
- NPL coverage is high.
- **Processes, methods and systems for measuring and assessing risks**

The Credit Risk Management Framework establishes the set of credit risk monitoring and control procedures that allow the Bank to manage its credit risk exposures in accordance with its appetite and strategy. These procedures are supported by a robust data infrastructure, with the aim of ensuring that information on credit risk exposures, borrowers and collateral is adequate and kept up to date. Such data are integrated into risk management, and in turn, comply with the authorities' requirements for the regular submission of prudential and statistical information, as well as being used for the conduct of stress tests.

2.2.3. Concentration risk

Concentration risk represents the possibility of losses due to significant exposures that are interrelated and whose likelihood of default is subject to common risk factors, such as sector of

activity or geographical location, among others. The following risks are identified, measured and monitored through the Risk Appetite Framework, which establishes target tolerance thresholds and limits in accordance with current regulations.

Aresbank establishes concentration limits based on three criteria:

- Individual concentration
- Geographical concentration
- Sectoral concentration

The maximum individual concentration limits are determined based on the definition of Regulation (EU) 2024/1623 ("CRR III").

Aresbank manages its geographical concentration according to two criteria:

1. First, a concentration limit is established for exposures in a given country, depending on the credit quality of that country
2. Secondly, countries are grouped into homogeneous risk groups, for which concentration limits are established

Finally, Aresbank has adopted a creditworthiness approach to the setting of concentration limits. This approach is embodied through the credit rating granted by the three major rating agencies (Fitch, S&P and Moody's), which are generally accepted in the financial markets. Thus, the concentration limits in each country are established as a percentage of the Entity's CET1, which varies depending on the country's rating.

As a result of its activity and the main function described in its Articles of Association, concentration risk is a relevant risk for Aresbank. However, in relation to this risk, the following aspects must be considered:

- It derives from the Entity's strategic mission, which consists of increasing economic cooperation between Spain and the MENA area, financing foreign trade operations, promoting investments and raising funds in international markets
- High credit quality of counterparties mitigates risk taken
- Appropriate management procedures (limits, monitoring and reporting) are in place for the control of this risk and its monitoring, including the Risk Appetite Framework and the periodic risk report
- The concentration of sectors of activity remains at acceptable levels

2.2.4. Market risk

Market risk is the risk of incurring losses due to changes in the market price of financial assets held in the trading book.

In order to mitigate market risk, Aresbank takes the following actions:

- Monitoring of positions according to the defined strategy, including trading volume.
- Periodically report to the COAP and the Risk, Compliance and IT Committee on positions affected by market movements, as part of the Entity's risk management process.
- Positions are tracked against generally accepted sources of information (Bloomberg or Reuters). Likewise, liquidity and possible risk coverage are evaluated.

The Treasury and Capital Markets department is responsible for ensuring compliance with established rules and procedures. The Global Risk Control department is responsible for monitoring the market risk of the trading book in order to identify trends, concentrations and other relevant risks, to monitor the market value of financial assets and, finally, to supervise the correct application of the Entity's policies. The trading portfolio strategy is approved by the Board of Directors and its implementation will be reviewed periodically by the COAP.

2.2.5. Structural balance sheet risk

Structural balance sheet risk originates mainly through interest rate risk, which is defined as the current or future risk to both the recurring margin and the economic value of an institution, derived from fluctuations in interest rates on sensitive instruments.

Aresbank monitors structural balance sheet risk (IRRBB) on a regular basis. As a result of Aresbank's business model, the Entity has a balance sheet structure in which most maturities are very short-term, which means that the repricing of assets and liabilities in the face of rate variations is very short-term, thus mitigating structural balance sheet risk.

2.2.6. Liquidity risk

Liquidity risk can be expressed as the probability of an institution incurring losses arising from the inability or inability to have sufficient liquid resources to meet the payment obligations committed within a given time horizon. Liquidity risk is also considered to be the ability of an entity to comply with its business plan; In this case, the risk stems from the inability to find financing to leverage asset strategies (structural liquidity).

The treatment of liquidity risk is set out in European Directive 2013/36/EU of the European Parliament and of the Council, of 26 June 2013 and its successive amendments, on access to the activity of Credit Institutions and the prudential supervision of Credit Institutions and Investment Firms (known as CRD).

In addition, Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 and its successive amendments on the prudential requirements for credit institutions and investment firms, in Part Six: Definitions and liquidity coverage requirements, defines the liquidity coverage and stable funding requirements. indicators introduced by Basel III.

Aresbank has a Risk of Equity Policy approved by the Board of Directors, aimed at complying with the objectives defined in the Risk Appetite Framework in terms of risk indicators. Liquidity and which establishes the governance of liquidity risk management, so that regulatory requirements are met and best practices and risk management principles are incorporated.

Aresbank integrates the following benchmark metrics for the management of the Entity's liquidity and funding into its Risk Appetite Framework:

- Liquidity Coverage Ratio (LCR)
- Net Stable Funding Ratio (NSFR)
- Interbank Loans to deposits (LtD)
- Survival Horizon

Liquidity policy

One of the fundamental pillars for good liquidity risk management is the establishment of a solid and effective internal governance framework, which allows for the adequate identification, evaluation, control, monitoring and reporting of such risk. To achieve this objective, the policy is based on three basic pillars:

1. Policies, principles and procedures, in order to guide the management, measurement and monitoring of liquidity risk.
2. Risk identification and assessment, in order to provide a recurring process for identifying, classifying and evaluating events likely to cause liquidity risk.
3. Risk control and reporting, in order to inform the Assets and Liabilities Committee (COAP) and the Board of Directors of a possible change in the Entity's risk profile.

In turn, it provides the following guidelines:

- It establishes the roles and responsibilities of the different departments that are directly involved in the management and control of liquidity and funding risk.
- It defines the general criteria for identifying, quantifying, monitoring, reporting and managing liquidity risk in order to ensure consistency between commercial activities, traceability and consistency of methodologies and risk management.
- Defines the liquidity risk management indicators used by the Entity, in addition to the ratios established by regulation.

Funding structure

At the end of the 2025 financial year, Aresbank had liabilities of €668,112 thousand, of which 53.8% were in foreign currency (mainly in USD) and 46.2% in euros.

In terms of the type of liability instrument, Aresbank has the following financing structure at the end of the year:

Funding Source	Stock Total
Central bank deposits	23,956
Deposits from financial institutions	460.118
Customer deposits	96.214
Other financial liabilities	87.824
Total funding	6:68.112

- Maturity gap

The maturity gap refers to the difference between the inflows and outflows of funds in the Entity in the different maturities contemplated. Aresbank maintains a maturity structure that allows it to have sufficient resources to meet liquidity outflows in the existing maturities for the different maturities:

Term	< 1 month	Between 1 and 2 months	Between 2 and 3 months	Between 3 and 4 months	Between 4 and 5 months	> 5 months
Asset Expirations	538.511	78.024	68.903	5.988	23.105	227.248
% Tickets	57,2%	8,3%	7,3%	0,6%	2,5%	24,1%
Financing maturities	-505.665	-65.912	-33.797	0	0	-62.738
% Departures	75,7%	9,9%	5,1%	0,0%	0,0%	9,4%
Single Gap	32.846	12.112	35.106	5.988	23.105	164.510
Accumulated gap	32.846	44.958	80.064	86.052	109.157	273.667

As can be seen, Aresbank has a maturity structure focused on the short term in both its assets and liabilities, maintaining accumulated positive gaps in all periods. This allows it to be significantly adaptable to variations in market circumstances.

- Main liquidity indicators

The liquidity risk strategy is integrated into the Bank's strategy and the Risk Appetite Framework, in terms of liquidity indicators. The main metrics and thresholds defined by the Entity are as follows:

Indicators	31/12/2025
Liquidity Coverage Ratio (LCR)	250.9%
Net Stable Funding Ratio (NSFR)	158,6%
Survival horizon	>12 months
Interbank LtD	69,7%

- Managing intraday liquidity risk

Aresbank is exposed to intraday liquidity risk as a result of potential operational imbalances in its expected liquidity inflows and outflows. In the event of an unexpected imbalance, Aresbank has sufficient high-quality liquid assets (HQLAs) available for hedging.

In order to manage intraday liquidity, the following process has been implemented:

- Advance identification of gaps or concentrations of relevant outflows, as well as the time at which they may occur.
- Management of the temporality of inflows and outflows in order to minimise the gaps that may occur throughout the day.
- Liquidity Contingency Plan

Aresbank has developed a Liquidity Contingency Plan in order to have a procedure that specifies the strategies to be adopted in the event of a liquidity deficit in stressful situations.

The Liquidity Contingency Plan will be activated in the event of non-compliance with the liquidity metrics of the Risk Appetite Framework, other internal management indicators or in the event of any exceptional situation related to the evolution of the business or the financial markets that foresees a material risk in the liquidity and funding position.

The Assets and Liabilities Committee (COAP) is the body in charge of analysing current or potential events that may put the Entity at risk, detecting deviations from the target level of any of the indicators.

2.2.7. Operational risk

The Basel Committee on Banking Supervision defines operational risk as "the risk of suffering losses due to the inadequacy or failure of processes, personnel and systems, or due to external events".

Aresbank's operational risk control and management objective focuses on the identification, measurement, evaluation, control, mitigation and reporting of operational risk. Therefore, the priority is to identify and minimize operational risk events, regardless of whether they entail an economic loss for the Entity. Measurement also contributes to the prioritization of operational risk management.

Operational risk management is based on the three-line of defence structure, set out in Aresbank's operational risk policy, which is fully integrated into the Bank's overall risk management processes. Operational risk appetite is set by the Board of Directors through the Risk Appetite Framework (MAR).

Operational Risk Governance

Aresbank has established 3 lines of defence for effective operational risk management and control. The three independent lines of defense are:

- First line of defense: these are all the corporate areas of the Entity that are related to business acquisition, operations management and those that provide functional support to the performance of the activity.
- Second line of defense: Global Risk Control makes up this second line of defense, independent of the first, which will help establish the necessary controls and analyze the operational risk situation to which the Entity is exposed.
- Third line of defense: Internal Audit reviews the effectiveness of operational risk management and control by the first and second lines of defense.

2.2.8. Technological risk

Aresbank's core business is the provision of financial services that rely on various resources, such as human resources, facilities and services, and information technologies, among others. Therefore, the management of ICT risks is a fundamental element in information management, since it is essential to achieve trust both from the client and from public opinion and regulatory bodies. Therefore, it is of great importance to maintain an adequate, visible and documented control environment to maintain confidence in the management of business activity.

Aresbank considers technological risk to be the risk of loss or significant deterioration of the Entity's risk profile arising from the inadequacy, failure or unavailability of information and communication systems, cybersecurity, data integrity and confidentiality, digital services provided by third parties, or the Entity's ability to ensure the operational continuity of its critical or important functions.

Aresbank's technological risk management is aligned with:

- the European Banking Authority Guidelines on ICT and Security Risk Management (EBA/GL/2025/02),
- Regulation (EU) 2022/2554 on the Digital Operational Resilience of the Financial Sector (DORA).

Digital Operational Resilience (DORA)

In line with the DORA Regulation, Aresbank has initiated the implementation of a digital operational resilience framework aimed at ensuring its ability to prevent, resist, respond to and recover from severe technological incidents. This framework includes the identification of critical or important functions, the integration of ICT risk into operational continuity processes, and the structured management of technological incidents.

In accordance with the principle of proportionality and the Bank's business model, DORA's implementation strategy is adapted to Aresbank's nature, scale and risk profile.

Below are the roles and responsibilities regarding technology risk and cybersecurity:

- **Board of Directors:** it is the decision-making and approval body and, therefore, with the greatest responsibility for the management of technological and information security risks. The following functions fall on it: responsible for approving the IT strategic plan, approving IT policies, periodically evaluating the internal governance framework from a technological perspective and establishing the IT risk appetite.
- **Risk, Compliance and IT Committee:** reviews the Entity's risk strategy, compliance with current regulations and information technology strategy. Its functions include ensuring that the technology strategy is in line with the strategic objectives defined by the Board of Directors.

- **Management Committee:** body responsible for proposing the IT strategy, ensuring a balance between regulatory impact, operational efficiency and business activity in the context of the necessary technological and operational transformation.
- **Global Risk Control:** combines risk management and regulatory compliance functions, grouping together the Entity's second line of defense. He is actively involved in the development of the Entity's risk strategy and the implementation of effective procedures for the management and mitigation of all risks, including the approval of new products.
- **Internal Audit:** verifies that the IT risk management systems are adequate and reliable and comply with current regulations on ICT risk management and security.
- **Information Systems and Technology:** It is responsible for ensuring the correct and adequate development of training, support and guidance actions for the owners of the processes and/or assets in terms of technological risk management.
- **Information Security Officer:** is responsible for ensuring the correct and adequate compliance with the policies and development of information security procedures in the Entity.
- **ICT Risk Manager:** is responsible for establishing risk management frameworks aligned with the business, coordinating ICT risk policies, validating compliance with standards and procedures, advising on regulatory criteria, and managing the risk program.

The control and management of technological risk in the Entity has been defined in accordance with the usual scheme of three lines of defence and is integrated into the Risk Appetite Framework. Likewise, there is involvement from all levels of the organisation, starting with the Board of Directors, in accordance with the provisions of the EBA/GL/2025/02 guide on ICT and security risk management and Regulation (EU) 2022/2554 on the digital operational resilience of the financial sector (DORA). In line with these regulations, Aresbank has a Technology Risk Management (ICT) and Information Security Policy and a Business Continuity Plan.

Materiality and internal capital

Technological risk is not considered material for the purposes of Pillar I, as it is included in the operational risk. In addition, following its assessment in the Capital and Liquidity Self-Assessment (IACL) process, the Entity considers that the technological risk is adequately mitigated by the existing controls. However, the materiality of technological risk is periodically reviewed by the Board of Directors through the Risk Appetite Framework, taking into account the evolution of the technological and regulatory environment.

2.2.9. ESG Risk

Aresbank has carried out an analysis that aims to identify which exposures in the banking portfolio can be considered sensitive to physical climatic events and to order them in accordance with the regulatory format in accordance with the provisions of Commission Implementing Regulation (EU)

2024/3172 of 29 November 2024, which establishes the implementing technical standards (ITS) for the public disclosure of information by financial institutions. In this regard, Aresbank has carried out an analysis following the prudential disclosure framework for ESG risks defined by the EBA (Final draft ITS on Pillar 3 disclosures on ESG risks) for Pillar 3, as well as in line with the ECB's supervisory expectations (ECB Banking Supervision (2020, Guide on climate-related and environmental risks) in terms of identification, management and disclosure of climate and environmental risks. This analysis is based on a structured screening of sensitivity by sector of activity, real estate guarantee and maturity tranche.

The implemented logic classifies each counterparty by CNAE sector, determines its time horizon from the residual maturity, assigns an analysis geography and crosses that information with matrices of physical hazards by scenario and term. From this crossing, an exposure is considered sensitive when, for any of the hazards analysed, a risk score equal to or greater than 2 is reached.

To carry out this exercise, the "disorderly" climate trajectory (2.5-3°C of global warming according to the SSP2-4.5 scenario) is used. According to the Network for Greening the Financial System (2024, NGFS Climate Scenarios for central banks and supervisors – Phase IV), "disorderly" scenarios represent trajectories in which climate policies are introduced late or divergently across countries and sectors, resulting in a more abrupt subsequent adjustment and higher transition risks for the same temperature outcome. Both the NGFS and the ECB (see "The update of the ESCB statistical climate indicators" of November 2025 and the statistical release note Climate change indicators, also published in November 2025) further underline that these scenarios should be understood as plausible trajectories for risk analysis and stress testing, and not as one-off predictions of the future.

Regarding the current context, the available evidence suggests that the global economy is not on a fully orderly path (1.8°C target, according to the SSP1-2.6 scenario of the Shared Socioeconomic Pathways (SSP) used by the "Intergovernmental Panel on Climate Change" 2026 to project the future evolution of the climate).

The ECB has pointed out that current climate policies are not ambitious enough to achieve carbon neutrality by 2050 and that delaying the transition increases costs and risks for the economy and the financial system. In the same vein, the United Nations Environment Programme, in its 2025 "Emissions Gap Report" estimates that policies currently in place remain consistent with an approximate warming of 2.8 °C over the century. Consequently, it can be said that the trajectory observed today shares several features of a delayed and potentially disordered transition, although it should not be mechanically confused with an exact reproduction of the "disordered" regulatory scenario. In this note, this scenario should be understood as a prudential and plausible reference to assess vulnerabilities, and not as a specific forecast of the most likely scenario.

The perimeter used for Template 5 consists of 35 counterparties and an aggregate volume of €320.60 million of exposure. The portfolio has a clear European concentration (Spain, Malta,

Belgium, Germany, Switzerland), although it also incorporates some counterparts in Asia (Iran, Turkey), Africa (Libya) and South America (Argentina):

Continent	No. of counterparts	Exposure (million euros)
Europe	30	295,48
Asia	2	20,82
Africa	2	4,26
South America	1	0,04
Total	35	320,6

By sector, the largest economic exposure is concentrated in N – professional, scientific and technical activities (€77.8 million), C – manufacturing (€50.7 million), F – construction (€47.8 million), L – financial and insurance activities (€41.1 million) and G – trade and distribution (€39.9 million). These rows explain practically the entire resulting workforce, together with the row relating to loans with properties provided as collateral, which corresponds entirely to the counterparty Hotel Astoria (44.5 million euros):

Sector	Total value (million euros)
A - Agriculture, livestock, forestry and fisheries	0,86
C - Manufacturing	50,68
D - Supply of electricity, gas, steam and air conditioning	4,16
F - Construction	47,81
G - Wholesale & Retail Trade	39,89
H - Transport and storage	0,2
K - Telecommunications, programming, consulting, IT infrastructures and other information services	13,57
L - Financial and insurance activities	41,14
N - Professional, scientific and technical activities	77,79
Collateralized loans with commercial real estate	44,5
TOTAL	320,60

The exercise combines two levels of territorial resolution. For exposures located in Europe, priority is given to the NUTS3 territorial classification, as it is the regional statistical reference used in a standardized way at the European level. For non-European exposures, as well as for certain fallback cases where it is not possible to assign a comparable NUTS3 unit, the ADM classification (geoBoundaries: Runfola, D. et al. (2020) geoBoundaries: A global database of political administrative boundaries) is used, corresponding to the first subnational administrative level.

On this territorial basis, climate information aggregated by hazard, indicator, scenario and year is consulted. When the portfolio has specific locations that better represent the exposure to physical risk than the province or territorial unit of domicile, the territorial approximation is replaced by a direct analysis by coordinates, in order to more accurately reflect the economic or physical location underlying the risk.

Acute hazards are distinguished from chronic hazards in the analysis:

- Acute: river flooding, coastal flooding, wind, landslide and fire.
- Chronic: drought, subsidence and water stress.
- For each of the hazards analysed, two ways of applying the risk obtained are differentiated, using, depending on the case, the direct data associated with a location or the aggregated data by territorial unit:
- Direct queries by coordinates for those counterparties for which it has been possible to identify a sufficient number of main physical assets, as well as residential or commercial real estate collateral with specific coordinates.
- Data aggregated by territory, recalculated at the NUTS3 level for Europe and ADM1 for the rest of the world, cross-referenced with the type of asset and the asset class.

When the analysis is not carried out on specific coordinates, but on aggregated information at the territorial level, the methodology is based on a spatial representation of the geographical unit considered. To do this, a sample of points is generated depending on the surface area of the territory analysed (approximately one point per square kilometre). Then, for each of these points and for each combination of climate hazard, indicator, scenario and year, the available impact values are retrieved and aggregated into a single value representative of the territory.

Aggregation is carried out using the mean or median, depending on the nature of the hazard analysed, as detailed in the following table:

Aggregation	Climate Episodes
Medium	Subsidence, Fire, Water Stress, Drought(Standard Precipitation Index, Consecutive Dry Days), Landslides, Wind
Media	River flooding, Coastal flooding

In the analysis of Aresbank's portfolio, point coordinates or lists of representative assets are used for 21 of the 35 counterparties, while for the remaining 14 this is carried out from a territorial proxy at the provincial level or equivalent. This combination is suitable for a heterogeneous portfolio with the

simultaneous presence of holding companies, real estate developers, multi-asset industrial groups and project-intensive companies. Aresbank's portfolio shows both a European presence and a presence distributed across other continents. As maps of higher granularity are available in Europe, these are used against global maps for European assets.

For the disordered scenario, the time references of climate data sets are not uniform between hazards. In Europe, drought and water stress normally use reference years 2030 in the short and medium term, and 2050 in the long term; river flooding, coastal flooding and fire are referenced in 2035; and some structural or less up-to-date hazards, such as subsidence, wind or landslides, keep the last historical years available at the base. Outside Europe, coverage is smaller and is mainly concentrated on river flooding, coastal flooding, wind and water stress, with references 2030 and 2050 for floods and water stress, and 2050 for wind. All this can be seen in a synthetic way in the following tables, which include the specific parameterization of the scenario by hazard, deadline, climatic trajectory and reference year:

Climate hazard	Term	Scenario	Reference period
Coastal flooding	Short	CPR 4.5	Window 2015 - 2045
Coastal flooding	Medium	CPR 4.5	Window 2015 - 2045
Coastal flooding	Long	CPR 4.5	Window 2035 - 2065
River flooding	Short	CPR 4.5	Window 2015 - 2045
River flooding	Medium	CPR 4.5	Window 2015 - 2045
River flooding	Long	CPR 4.5	Window 2035 - 2065
Water stress	Short	SSP3-7.0	Window 2015 - 2045
Water stress	Medium	SSP3-7.0	Window 2015 - 2045
Water stress	Long	SSP3-7.0	Window 2035 - 2065
Wind	Term	SSP2-4.5	Window 2015 - 2045
Wind	Term	SSP2-4.5	Window 2015 - 2045
Wind	Term	SSP2-4.5	Window 2015 - 2045

Danger	Term	Scenario	Reference period
Coastal flooding	Short	CPR 4.5	Window 2020 - 2050
Coastal flooding	Medium	CPR 4.5	Window 2020 - 2050
Coastal flooding	Long	CPR 4.5	Window 2020 - 2050
Drought	Short	CPR 4.5	Window 2015 - 2045
Drought	Medium	CPR 4.5	Window 2015 - 2045
Drought	Long	CPR 4.5	Window 2035 - 2065
Fire	Short	CPR 4.5	Window 2023 - 2050
Fire	Medium	CPR 4.5	Window 2023 - 2050
Fire	Long	CPR 4.5	Window 2023 - 2050
Landslides	Short	History	Historical series until 2018
Landslides	Medium	History	Historical series until 2018
Landslides	Long	History	Historical series until 2018
River flooding	Short	CPR 4.5	Window 2020 - 2050
River flooding	Medium	CPR 4.5	Window 2020 - 2050
River flooding	Long	CPR 4.5	Window 2020 - 2050

Subsidence	Short	History	Historical series until 1980
Subsidence	Medium	History	Historical series until 1980
Subsidence	Long	History	Historical series until 1980
Water stress	Short	SSP3-7.0	Window 2015 - 2045
Water stress	Medium	SSP3-7.0	Window 2015 - 2045
Water stress	Long	SSP3-7.0	Window 2035 - 2065
Wind	Short	History	Historical series 1979 - 2019
Wind	Medium	History	Historical series 1979 - 2019
Wind	Long	History	Historical series 1979 - 2019

In addition, the logic used to classify risk into the four maturity categories in the table takes into account the possible risk in maturities prior to maturity. Thus, exposures classified as medium-term incorporate the sensitivities detected in both the short and medium term, while exposures classified as long-term incorporate the sensitivities detected in the short-term, medium-term and long term. Therefore, the interpretation of the disordered scenario as of 31 December 2025 should be understood as a prudential combination of climate proxies by hazard and horizon, and not as a single, completely uniform climate trajectory for all indicators.

On this basis, the main criteria applied to each counterparty can be summarised as follows:

- Design, engineering, EPC, distributed construction and trading companies: in these cases, the physical exposure is dispersed between construction sites, customers, warehouses, contracts or subsidiaries.
- Real estate development and unique assets: they allow for a practically punctual location, because the physical risk is associated with an identifiable real estate asset or a specific commercial guarantee.
- Multi-plant industry or groups with nuclear assets: they are analyzed using representative assets, because their registered office does not adequately capture the physical operational risk.
- Logistics, retail and distribution: combine a broad territorial presence with identifiable logistics and commercial nodes; For this reason, platforms, warehouses or key locations are prioritized over the simple registered office.
- Industrial services or support: these are processed according to hubs, key industrial centres or provincial proxy, depending on the specific nature of the entity and the information available on its own assets.

Below, we detail how the final table associated with Template 5 has been prepared and a qualitative reading of the results obtained from the processed information is provided:

1. Input pre-processing: validation of mandatory columns, CNAE classification, calculation of the residual maturity and the total amount of exposure as a sum of debt, loans, advances, trade finance and other exposures, including guarantees.

2. Construction of sensitivities: for each counterparty, a dictionary is generated for each scenario and term with acute and chronic dangers. Sensitivities derived from point coordinates replace those derived from province when available.
3. Regulatory aggregation: Each counterparty is assigned to a row in the template. Commercial and residential real estate guarantees are separated from the general CNAE grouping.

The sensitivity of a counterparty is considered positive if at least one acute or chronic hazard appears in any of the terms of the scenario. Sensitive exposures are then distributed between chronic only, acute only and acute and chronic. The particularity is that, for the counterparties analyzed, all cases with an acute signal also simultaneously carry a chronic signal:

Exposure	Total value (million euros)
Reported total gross exposure	320,60
Sensitive exposure to physical risk	320,56
Non-sensitive exposure	0,04
Sensitive exposure in cube 0 - 5 years	318,49
Sensitive exposure in cube+20 years	2,08
Sensitive exposure with chronic signal	93,27
Sensitive exposure with acute and chronic signal	227,29
Stage 2 Sensitive Exposure	63,09
Stage 3 Sensitive Exposure	11,07

The conclusion of the disorderly scenario yields a portfolio that is almost entirely sensitive to physical risk, with a dominant mix of acute and chronic mixed-signal exposures and, secondarily, chronic signal exposures. No material amounts are observed in the category of exclusively acute sensitivity. The sectoral structure of the workforce is also clear: most of the exposure is concentrated in N – professional, scientific and technical activities, C – manufacturing, F – construction, L – financial and insurance activities, G – wholesale and retail trade and the row of collateralized loans with commercial real estate.

The reading by regulatory row can be summarized as follows:

- A – Agriculture, livestock, forestry and fisheries (EUR 0.86 million): classified as acute and chronic. The pattern is consistent with an agri-food activity mainly exposed to drought and water stress, with the additional presence of acute fire signals.
- C – Manufactures (€50.68 million gross): remains the most complex and diversified industrial row. The dominant hazards are drought and water stress, with subsidence in part of heavy manufacturing; The acute signal comes mainly from fire and, in some assets, from river flooding.
- D – Supply of electricity, gas, steam and air conditioning (EUR 4.16 million): classified as only chronic, essentially due to water stress. There are no sharp material signs in the scenario commented on.

- F – Construction (EUR 47.81 million): classified as acute and chronic. The pattern is consistent with a mix of developers or specific properties exposed to drought/subsidence and project-based construction companies also exposed to fire and river flooding.
- G – Wholesale and retail trade (€39.89 million): the queue is entirely acute and chronic. The dominant pattern is drought and water stress combined with fire and, in some cases, river flooding.
- H – Transport and storage (€0.20 million): classified as chronic-only due to drought and water stress. The low materiality of the row does not alter the overall reading of the portfolio.
- K – Telecommunications, programming, consultancy, IT infrastructure and other information services (€13.57 million): acute and chronic, with a combination of fire, drought, subsidence and water stress. The result is consistent with the selection of representative technological and industrial assets.
- L – Financial and insurance activities (EUR 41.14 million): there is a clear duality. A part of the portfolio remains in acute and chronic and another in only chronic. The chronic signal in this row is closely linked to territorial proxies or look-through on industrial and food assets.
- N – Professional, scientific and technical activities (€77.79 million): this is the largest row of the workforce and one of the largest contributors to the mixed acute-chronic component of the whole.
- Collateralised loans with commercial real estate (€44.50 million): this portfolio is classified as chronic only. In addition, the entire amount appears as Stage 2, so this row explains most of the Stage 2 column of the file.

In turn, the following observations should be highlighted:

- No "sharp only": no exposure enters exclusively by sharp signal. Whenever an acute signal appears, it is accompanied by at least one associated chronic signal, so the file does not present amounts in the column corresponding to exclusively acute sensitivity.
- Stage 2 concentrated: The €63.09 million classified as Stage 2 is still concentrated in four counterparties. In terms of regulatory ranks, this concentration is mainly divided between collateralized loans with commercial real estate, L – financial and insurance activities, G – wholesale and retail trade, and C – manufacturing.
- Limited presence of Stage 3: Sensitive exposures classified in Stage 3 amount to €11.07 million and are limited to two counterparties under L – financial and insurance activities, and F – construction. In addition, a counterparty is also classified in Stage 3, but does not appear within this block as it is not exposed, in the scenario analyzed, to any of the chronic or acute hazards considered in the exercise. Overall, this is a small block compared to the total portfolio and clearly dominated by the first of the two previous sensitive exposures.
- Residual long-term: the 20+ bucket is still small compared to the total (€2.08 million) and is concentrated in a limited number of counterparties with open or very long-term maturities.

Most of this amount is concentrated in the former, while the rest corresponds to real estate or industrial exposures of comparatively small amounts.

Based on the results of the exercise, the main conclusions are as follows:

1. The portfolio analysed has a potentially high physical sensitivity in the disordered scenario: practically all the exposure falls into some category of physical climate sensitivity. The dominant signal is chronic, although a very significant portion of the portfolio simultaneously combines acute and chronic hazards. The absence of "only acute" amounts suggests that, in this portfolio, signs of fire or river flooding normally appear over territories that already present tensions of drought, water stress or subsidence.
2. The result depends significantly on the location assumptions. In industrial, retail or energy names, the use of representative assets substantially improves the quality of screening compared to the use of the registered office; In holdings, traders or distributed construction companies, the use of territorial proxy is still necessary and reasonable for a first approach exercise.

- The template is useful as an outreach and prioritization tool, but should not be interpreted as a full measurement of economic impact. The next natural steps are the refinement of asset inventories, the implementation of impairments and defaults on exit, and the incorporation of a more explicit framework of financial materiality.

Finally, the results of Template 5 of Pillar 3 are attached in response to the aforementioned study:

Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk
Geographies: Europe, Asia, Africa and South America.

a	b	c	d	e	f	g	h	i	j	k	l	m	n	o														
															Gross carrying amount (MIn EUR)													
															of which exposures sensitive to impact from climate change physical events													
															Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			
<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity	of which Stage 2 exposures	Of which non-performing exposures																						
A - Agriculture, livestock, forestry and fishing	0,86	0,86	-	-	-	0,01	-	-	0,86	-	-	-	-	-														
B - Mining and quarrying																												
C - Manufacturing	50,68	48,95	-	-	1,69	4,90	15,08	-	35,56	0,87	-	-	-	-														
D - Electricity, gas, steam and air conditioning supply	4,16	4,16	-	-	-	0,51	4,16	-	-	-	-	-	-	-														
E - Water supply; sewerage, waste management and remediation activities																												
F - Construction	47,81	47,42	-	-	0,38	3,47	0,47	-	47,34	-	-	-	-	-														
G - Wholesale and retail trade	39,89	39,89	-	-	-	2,38	-	-	39,89	7,87	-	-	-	-														
H - Transportation and storage	0,20	0,20	-	-	-	0,86	0,20	-	-	-	-	-	-	-														
I - Accommodation and food service activities																												
J - Publishing, broadcasting, and content production and distribution activities																												
K - Telecommunications, computer programming, consultancy, IT infrastructure and other information services	13,57	13,57	-	-	-	2,23	-	-	13,57	-	-	-	-	-														
L - Financial and insurance activities	41,14	41,14	-	-	-	2,27	23,56	-	17,58	9,85	-	-	-	-														
M - Real estate activities																												
N - Professional, scientific and technical activities	77,79	77,79	-	-	-	4,27	5,30	-	72,49	-	-	-	-	-														
O - Administrative and support service activities																												
Loans collateralised by residential immovable property																												
Loans collateralised by commercial immovable property	44,50	44,50	-	-	-	4,08	44,50	-	-	44,50	-	-	-	-														

3. CAPITAL

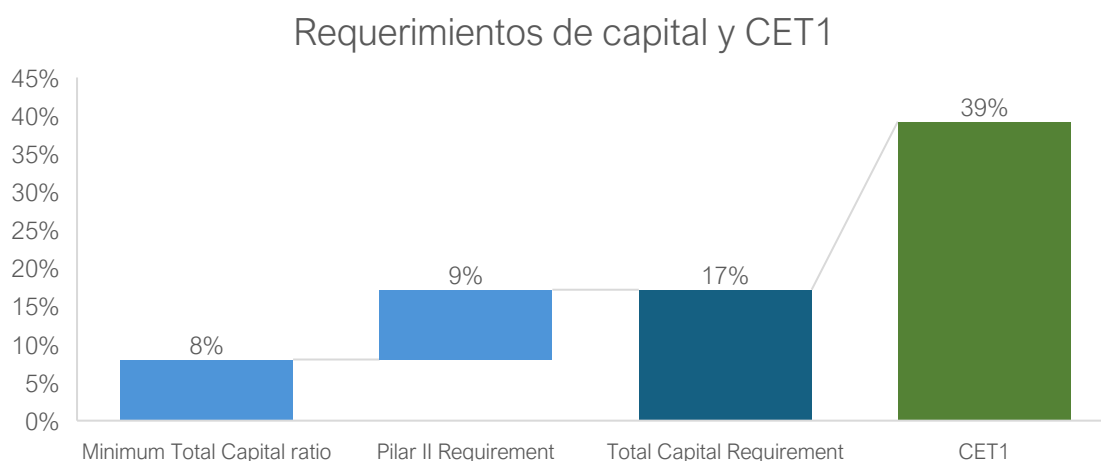
In accordance with Regulation (EU) 2024/1623, amending Regulation (EU) No 575/2013 (CRR III) and Article 85 of Law 10/2014, institutions must publish, at least annually, relevant information for the proper understanding of their business profile, their risk management policies and objectives, as well as a detail of their exposure to the different risks and the composition of their capital base.

For the 2025 financial year, the Bank of Spain made a total capital requirement of 17.63%, which Aresbank has met throughout the year.

Following the supervisory review and evaluation process (Supervisory Review and Evaluation Process ("PRES")), the Banco de España has informed Aresbank of its decision regarding the minimum prudential capital requirements effective as of 1 January 2026, which stand at 17.16% in accordance with Article 68.2.a) of Law 10/2014, which includes:

- The minimum total capital ratio of 8% required in Article 92(1)(c) of Regulation (EU) No 575/2013, which the institution must maintain at all times
- An equity requirement of 9.16% to be maintained in excess of the minimum (P2R), in accordance with Article 69.1 of Law 10/2014, which the entity must maintain at all times, which 56.25% must be met with Common Equity Tier 1 capital (CET1) and 75% with Tier 1 capital (CET1), at least, in accordance with section 6 of article 94 of Royal Decree 84/2015.

As of December 31, 2025, Aresbank maintained a CET1 capital ratio of 39.2%, which allows it to comply with the requirement for the 2026 financial year:



The evolution of Aresbank's CET1 ratio over the last three years is as follows:

Indicators	31/12/2023	31/12/2024	31/12/2025
Capital Total			
Common Equity Tier 1 (CET1)	3:31.652	3:31.133	3:35.163
Tier 2	-	-	-
Total APRs	468.282	548.910	855.343
Ratio CET1	70.8%	60.3%	39.2%
Total Capital Ratio	70.8%	60.3%	39.2%

Thousands of euros

Aresbank's eligible equity was as follows (figures in thousands of euros):

CET1	2025
Capital	300.001
Accumulated Earnings	13.728
Other bookings	21.734
Other cumulative overall result	316
Other intangible assets	-562
Other transitional adjustments	-54
Eligible results	-
Total	335.163

Thousands of euros

4. CAPITAL REQUIREMENTS

As of December 31, 2025, Aresbank's capital requirements were as follows:

Type of risk	Risk subtypology	Material	Approach	Regulatory Capital 2025 (Pillar I)	Internal Capital 2025 (Pillar I + Pillar II)
Credit Risk	Credit Risk	✓	Pillar I	65.383	65.383
	Foreign Currency Risk	✗	Loans vs total		-
	Country Risk	✓	Var. 10% CET1 ratio		-
Credit Concentration Risk	Individual conc.	✓	BdE Approach	-	42.341
	Sector conc.	✓	BdE Approach	-	1.094
Market Risk	Market Risk	✗	Pillar I	-	-
	Exchange Rate Risk	✗	FX vs PR		-
Structural balance sheet risks		✗		-	644
Operational Risk	Operational Risk	✓	Pillar 1	5.731	5.731
	Legal Risk	✗		-	1.146
	Technological risk	✗			
	Reputational risk	✗			

Business Risk	✓	Observed historical deviation	-	2.998
TOTAL			71.114	119.337
			Pillar I	Pillar II
Total capital allocated			71.114	119.337

Thousands of euros

The total value of CET1 instruments and the Entity's Total Capital is €335,163 thousand. Thus, comparing these figures with capital requirements, it can be seen that the Entity has room to meet its regulatory and internal capital requirements:

	Capital Requirements	Total Aresbank Capital*	Capital Buffer
Regulatory Capital (Pillar I)	71.114	335.163	264.049
Internal Capital (Pillar I + Pillar II)	119.337		215.826

*As of 31/12/2025, Aresbank's total capital is categorised as CET1.

4.1. Minimum credit risk requirements

Aresbank has followed the standard method for assessing Pillar I capital requirements associated with credit risk. In this regard, 8% of regulatory capital consumption has been allocated on total RWAs, according to the standard method described in Regulation (EU) 2024/1623, amending Regulation (EU) No. 575/2013.

The following table shows the capital requirements for credit risk as of December 31, 2025, broken down by exposure category:

Exposure Category	Exposure	APRs	Capital (8%)
Administrations and Central Banks	256.715	42.757	3.421
Public Sector	11.132	-	-
Institutions	699.818	436.200	34.896
Companies	269.823	181.667	14.533
Retailers	3.449	1.652	132
Exposures secured by real estate mortgages	44.289	33.575	2.686
Exposures in situations of non-compliance	20.172	4.284	343
Collective Investment Funds	-	-	-
Exposures to entities and companies with short-term credit assessment	62.702	50.882	4.071
Others	33.419	32.691	2.615
Total	1.401.520	783.708	65.383

Thousands of euros

4.2. Concentration risk requirements

The calculation of the capital needs for credit concentration risk has been carried out using the sectoral and individual concentration indices using the simplified option proposed by the Bank of Spain's CAP guide.

As indicated in the guide, for the calculation of the concentration ratios, the total direct risk of the Entity in the EU has been considered. Risks with general governments, deposit institutions, securitised assets and derivative product risk have not been included.

Risk of individual concentration

Evaluated aspect	Definition
Definition	It is defined as the possibility of material losses, due to the concentration of risk in a given borrower or in a group of borrowers linked to each other.
Regulatory reference	Guidelines on common procedures and methodologies for the PRES; Regulation (EU) 575/2013.
Materiality criterion	To determine the materiality of this risk, the Individual Concentration Index defined by the Bank of Spain in the CAP Guide has been chosen.
Materiality threshold	According to the methodology proposed by the Bank of Spain, the Individual Concentration Index must be less than or equal to 0.10%.
Magnitude	Individual concentration index: 12,28
Materiality	Aresbank considers the risk of individual concentration as material

Aresbank's individual concentration ratio is 12,28, implying additional capital requirements for this risk of 42.341 thousand euros. The comparison with previous years is as follows:

ICI	2023	2024	2025
	12,26	12,27	12,28

Risk of sectoral concentration

Evaluated aspect	Definition
Definition	It is defined as the possibility of material losses arising from the concentration of risk in a group of borrowers whose main source of income is the same sector.
Regulatory reference	Guidelines on common procedures and methodologies for SREP ; Regulation (EU) 575/2013.
Materiality criterion	To determine the materiality of this risk, the Sectoral Concentration Index defined by the CAP guide has been chosen.
Materiality threshold	According to the methodology proposed by the guide, when the Sector Concentration Index is less than or equal to 18%, it would not imply any capital surcharge.
Magnitude	Sectorial Concentration Index: 24,78
Materiality	Aresbank considers the risk of sectoral concentration as material

Aresbank's Sector Concentration Index is 24,78, which implies additional capital requirements for this risk of €1,094 thousand. The following table shows the distribution of exposure by sector:

Sector	Exposure
Real Estate (BRC)	50.404

Basic Materials (MAT)	-
Non-Banking Finance (GNF)	-
Processing and manufacturing industries (IND)	45.880
Non-basic or discretionary consumption (CNB)	100.167
Telecommunication and information technology services (CIT)	-
Transportation and Logistics (TRL)	5.935
Business and Professional Services (SCP)	96.036
Basic necessities (PPN)	2.725
Public Utility Supplies (SUP)	-
Health and Care (SAL)	-
Fossil Energy (ENE)	10.392
Total	311.539

Thousands of euros

Aresbank's exposure is mainly concentrated in the non-basic or discretionary consumer sector, which accounts for 32.2% of the total, and in the business and professional services sector, which accounts for 30.8%. The remaining exposure is more evenly distributed among the rest of the sectors.

4.3. Capital requirements for operational risk

Aresbank has followed the Standardised Measurement Approach (SMA) defined in Regulation (EU) 2024/1623, which amends Regulation (EU) No 575/2013 containing the CRR III to assess the capital needs for Pillar I associated with operational risk.

As a result, capital requirements for operational risk at the end of 2025 amounted to €5,731 thousand.

Due to prudential principles, Aresbank, for the purposes of Pillar II, has decided to allocate an additional amount reflecting its potential exposure to operational risk subtypes, such as risk arising from ICT or reputation systems, despite having been considered non-material.

To this end, it has applied 3% of the capital requirements for Pillar I distributed as follows:

Operational risk subtype	Distribution	Capital 2025
Legal risk	25%	287
Reputational risk	45%	516
Technological risk	30%	344
Total	100%	1.146

Thousands of euros

- Residual operational risk:

Evaluated aspect	Definition
Definition	Residual operational risk corresponds to events not included in any of the other secondary operational risks analysed (conduct, reputation, ICT model and systems). It includes events related to external fraud, legal fraud, and losses on tangible assets.
Regulatory reference	Guidelines on common procedures and methodologies for SREP ; Regulation (EU) 575/2013
Guidelines	Losses incurred from operational risk events not considered in the above categories
Materiality criterion	The materiality of this risk shall be assessed by the impact on CET1 of losses caused by residual operational events.
Materiality threshold	Destruction of capital in excess of 10 basis points of the CET1 Ratio due to events linked to operational risk.
Materiality	Material

Losses in the last 5 years due to these types of operational risk (reputation, ICT systems and residual) do not exceed the materiality threshold. Given the idiosyncrasies of the risk, characterised by numerous low-loss events or events with a low probability of extraordinary losses, in addition to its recognition among the risks of Pillar I of the European solvency regulations, this risk is considered material. Given the low occurrence of operational risk events and the existing control over the risk factors that could cause losses due to operational risk, it can be concluded that there is a low risk of prudential impact, taking into account the current level of risk and the system of controls.

4.4. MREL

The publication of Directive (EU) 2024/1174 amending Directive 2014/59/EU2 and Regulation (EU) 806/2014 as regards certain aspects of the minimum requirement for own funds and eligible liabilities (MREL) provides that resolution authorities should not determine the MREL for settlement entities, unless they consider it justified to establish an MREL above the amount of loss absorption, assessing the possible impact on financial stability of a possible liquidation of the Entity, as well as the risk of contagion to the financial system.

Having assessed the possible impact on financial stability of a possible liquidation of the Institution, as well as the risk of contagion to the financial system, also with regard to the financing capacity of the Deposit Guarantee Fund, the Bank of Spain, as the preventive resolution authority, has determined that it is not justified to determine an MREL that exceeds the sufficient amount of loss absorption.

In this regard, pursuant to Article 12d, 2a of Regulation (EU) 806/2014, the competent authorities, the FROB as the enforcement resolution authority and the Directorate General for Supervision of the Banco de España as the competent supervisor, have agreed to revoke the MREL requirement for Aresbank.

5. CREDIT RISK AND DILUTION

The annual accounts report sets out the principles, accounting policies and valuation criteria applied in accordance with current regulations, describing the approaches and methods used to determine the impairment of financial assets.

Aresbank establishes a classification of transactions under Section II of Annex IX of Bank of Spain Circular 4/2017, "Classification of transactions based on credit risk due to insolvency". Aresbank has methodologies for estimating hedges subject to individualised estimation and uses the alternative solutions for estimating collective hedges, revised in Bank of Spain Circular 6/2021.

These methodologies are approved by the Board of Directors, ensuring that they are adequate, integrated into the Bank's credit risk management system and form part of the processes, in particular those of pricing and granting operations.

1) Classification of operations

Aresbank defines the following risk categories:

- Stage 1: Normal
- Stage 2: Normal on special surveillance
- Stage 3: Doubtful. In this category, a distinction is made between doubtful transactions due to late payment (non-payments of more than 90 days) and doubtful transactions for reasons other than late payment

Automatic risk reclassification criteria

As an automatic criterion for reclassification of risks, the age of the defaults will be taken into account. In this way, a transaction with an unpaid amount of capital, interest or expenses contractually agreed more than 30 days old will be reclassified as normal risk under special surveillance and if the unpaid one is more than 90 days old, it will be classified as doubtful. In addition, when a customer has a transaction classified as non-performing due to non-payments of more than 90 days, and this transaction represents more than 20% of the customer's total risks with the Entity, the carry-over effect will be applied, which consists of considering all the transactions of this customer as doubtful.

Subjective risk classification criteria

On the other hand, in addition to the automatic reclassification criteria mentioned above, Aresbank applies a review criterion of significant increase in risk for those customers subject to individualised analysis. To this end, the following aspects are assessed:

- Normal Risk in Special Surveillance

Aresbank considers that a customer has suffered a significant increase in risk since the initial recognition when it is observed that any of the indicators analysed has deteriorated above the

established thresholds. In this case, the Entity must analyze on an individual basis the convenience of reclassification to this category.

- Non-performing risk for reasons other than late payment

In line with the alert system defined by the Entity and the criteria set out in Annex IX of Bank of Spain Circular 4/2017, criteria have been established that would lead to the reclassification of a transaction or customer as non-performing risk, after carrying out an individualised analysis.

Refinanced and restructured operations

A refinanced operation is understood to be one granted to a holder to replace one or more operations previously granted, due to difficulties in complying in a timely manner with the conditions of the initial operations. A restructured transaction is one in which a write-off is made or assets are received to reduce the debt, or in which its conditions are modified to extend its maturity, vary the amortization table, establish grace periods, etc., with the aim of reducing the financial obligations of the operation and allowing the customer to meet them in a context of financial difficulties.

Failed risk

Doubtful transactions with an age in the category of more than 4 years or when 100% credit risk coverage has been maintained for more than 2 years will be considered as non-performing risk. In addition, transactions of holders who are declared in bankruptcy for which it is recorded that the liquidation phase has been declared or will be declared must be considered as failed. Classification in this category for the aforementioned assumptions does not imply that the Entity interrupts the negotiations or that it takes the appropriate legal actions to recover its amount.

2) Provisions for insolvencies

In line with that established in Annex IX of BdE Circular 4/2017, Aresbank has two methodologies for calculating the provision for insolvencies, the collective method and the individualised analysis.

Collective method

It is used to calculate provisions for insolvencies of transactions at normal risk, normal under special surveillance and doubtful, provided that they have not been considered as individually significant. Aresbank has adopted the alternative solutions provided in the amendment of Bank of Spain Circular 6/2021 of 22 December 2021 amending Circular 4/2017 for the calculation of provisions by the collective method.

Individualized analysis

Risks classified as normal risk under special surveillance or doubtful risks that exceed the threshold of significance will be subject to individualised analysis for the calculation of insolvency coverage. The amount of the coverage of a transaction by individualized analysis shall be calculated as the

difference between the gross carrying amount of the transaction and the discounted value of the estimated cash flows expected to be received, discounted using the effective interest rate. In addition, the estimated amount to be recovered from the effective security rights received will be considered.

5.1. Identification of the external rating agencies used

In accordance with Regulation (EU) No 575/2013, as amended by Regulation (EU) 2024/1623 (CRR III), the Entity applies external ratings to determine the risk weight for each exposure class, under the standard approach to credit risk, using for credit ratings, external rating agencies that are eligible as ECAIs: Standard & Poor's, Moody's and Fitch.

The Bank also periodically reviews the adequacy of the ECAI used and the ratings applied, in line with the requirements of internal control and credit risk management, ensuring that their use is consistent with the risk profile and with the supervisory guidelines in force.

5.2. Description of the process of assigning credit ratings from public issuances of securities to comparable assets

As of December 31, 2025, the Entity has not assigned credit ratings of public securities issues to comparable assets.

5.3. Effect on credit risk exposures of the application of risk reduction techniques

A breakdown of credit risk exposures as of December 31, 2025, broken down by credit quality grades (measured by the percentage applied for the purpose of calculating the risk-weighted exposure value) and by risk category, before applying risk mitigation techniques, is presented below:

Risk Category	Breakdown of total exposures by risk weights							
	0%	20%	30%	50%	75%	100%	Other	Totals
Central governments or central banks	229.941	-	-	-	-	10.610	16.164	256.715
Entities and companies with short-term evaluation	-	13.617	-	0	2.597	43.510	2.977	62.701
Entities without short-term evaluation	-	12.209	135.518	49.079	-	440.931	62.083	699.820
International organizations	2.024	-	-	-	-	-	-	2.024
Exposures to companies without short-term credit assessment, other than specialized loans	-	-	-	5.969	6.178	257.676	-	269.823
Guaranteed exposures	-	-	-	-	-	-	44.289	44.289
Defaulted exposures	-	-	-	-	-	1.352	18.820	20.172

Multilateral Development Banks	4.170	-	-	-	-	-	-	4.170
Public Sector Entities	2.974	-	-	-	-	-	-	2.974
Regional Administrations or Local Authorities	1.964	-	-	-	-	-	-	1.964
Other Exposures	166	-	-	-	-	33.253	-	33.419
Retailers	-	-	-	-	3.449	-	-	3.449
Total	241.239	25.826	135.518	55.048	12.224	787.332	144.333	1.401.520

Thousands of
euros

- Counterparty and geographical distribution of impaired positions

The distribution of doubtful financial assets at amortized cost by type of instrument and counterparty sector is as follows:

	Non-performing financial instruments	Provision
Debt securities	-	-
Loans and advances	14.635	-7.839
Central banks	-	-
Public Administrations	-	-
Credit institutions	992	-5.649
Other financial companies*	13.616	-2.159
Non-financial corporations	-	-
Of which: SMEs	-	-
Households	27	-31
Total	14.635	-7.839

Thousands of euros

*Non-performing loans with other financial institutions are guaranteed by CESCE for 99% and monetary guarantees for the remaining 1%, so no provisions are made for this reason.

The breakdown of non-performing off-balance sheet exposures by instrument type and counterparty sector is as follows:

Off-Balance Sheet Exposures	Doubtful off-balance sheet exposures	Provision
Central banks	-	-
Public Administrations	-	-
Credit institutions	1.352	-89
Other financial companies	-	-
Non-financial corporations	4.304	-508
Households	-	-
Total	5.656	-597

Thousands of
euros

The breakdown of non-performing debt instruments by geographical area is as follows:

	Spain		Rest of the EU		Rest	
	Non-performing debt instruments	Provision	Non-performing debt instruments	Provision	Non-performing debt instruments	Provision
Debt securities	-	-	-	-	-	-
Loans and advances	27	-27	-	-	14.632	-768
Total Debt Instruments	28	-23	-	-	14.632	-768

Thousands of euros

For non-performing off-balance sheet exposures, the breakdown by geographical area is as follows:

	Spain		Rest of the EU		Rest	
	Dubious exposures	Provision	Dubious exposures	Provision	Dubious exposures	Provision
Loan commitments granted	-	-	-	-	-	-
Financial guarantees granted	-	-	-	-	4.304	-597
Other commitments granted	-	-	-	-	-	-
Total Off-balance sheet exposures	-	-	-	-	4.304	-597

Thousands of euros

In addition, as of December 31, 2025, Aresbank had provisioned for country risk for a total of €3,805 thousand, of which €540 thousand corresponded to off-balance sheet exposures.

5.4. Changes in impairment losses and provisions in 2025

The following is the movement of impairment losses recorded for credit risk coverage of financial assets:

	Coverage specific	Group coverage	Coverage country-risk	Total
Balance as of December 31, 2024	23	4.323	3.344	7.690
Endowments	772	2.648	634	4.054
Recoveries	-	-1.180	-173	-1.353
Others	-	-12	-	-12
Balance as of December 31, 2025	795	5.779	3.805	10,379

Thousands of
euros

6. SECURITIZATION TRANSACTIONS

The Entity has not carried out asset securitisation transactions and therefore does not maintain outstanding balances of securitisation transactions.

7. INFORMATION ON THE MARKET RISK OF THE TRADING TABLE

For the purposes of calculating the capital requirements associated with the trading book, it should be noted that the Entity considers as such those positions in financial instruments that are held with the intention of trading or that serve as a hedge for the elements of said portfolio.

At the end of 2025, Aresbank did not have a trading book.

8. INFORMATION ON FINANCIAL INSTRUMENTS NOT INCLUDED IN THE TRADING BOOK

The Entity holds shares in financial instruments not included in the trading book that are classified within the available-for-sale and amortized cost portfolios, the breakdown of which as of December 31, 2025 is as follows:

Nature	2025	2024
Spanish public debt	9.159	13.059
Foreign public debt (EU)	32.372	27.527
Other foreign public debt	2.618	-
Spanish Private Fixed Income	18.896	27.920
Foreign private fixed income (EU)	-	-
Impairment allowances	-116	-210
Currency:		
<i>Euro</i>	62.929	68.296
<i>Dollar</i>	2.618	-
Total	62.929	68.296

Thousands of
euros

The breakdown by rating of financial assets designated at fair value through other comprehensive income is as follows:

Rating	2025	%	2024	%
AAA	6.194	11,5%	6.245	12,5%
AA+	2.618	4,9%	4.157	8,3%
AA	4.142	7,7%	-	-
AA-	-	-	5.713	11,4%
A+	10.685	19,9%	-	-
A	4.223	7,9%	-	-
A-	18.740	34,9%	17.360	34,8%
BBB+	7.128	13,3%	-	-
BBB	-	-	7.111	14,3%
BBB-	-	-	9.332	18,7%
TOTAL	53.730	100%	49.918	100%

Thousands of euros

9. INTEREST RATE RISK ON POSITIONS NOT INCLUDED IN THE TRADING BOOK

On 24 April 2023, the Bank of Spain adopted, by agreement of the Executive Committee, guidelines EBA/GL/2022/14 specifying "the criteria for the identification, assessment, management and mitigation of risks arising from possible variations in interest rates and for the assessment and monitoring of credit spread risk of activities outside the trading book of institutions". With the adoption of these guidelines, the Banco de España has introduced a series of amendments to the Guide to Capital Self-Assessment Processes (CAP) and Liquidity Self-Assessment Processes (PAL), in order to ensure consistency and alignment of the supervisory expectations included in the aforementioned Guide with the EBA/GL/2022/14 guidelines and with Directive (EU) 2019/878.

Among the modifications that are proposed is the incorporation of the need to explicitly assess the materiality of the risk of CSRBB (credit spread risk in the banking book), and to include in the IACL information on the way in which it is quantified, valued and, where appropriate, allocated internal capital. It is proposed that institutions, when they exceed the alert defined by the sensitivity of the results (earnings, a concept that includes interest margins and changes in the market value of instruments at fair value), in addition to indicating measures to correct the situation, should assess the need to allocate additional capital. They must also consider this risk in the IACL stress tests.

9.1. IRRBB Risk

Aresbank calculates the impact of interest rate shocks on its FSC (economic value metric) on a quarterly basis, applying 6 scenarios:

- parallel upward movement
- Parallel downward movement
- positivisation (lowering short-term rates and raising long-term rates)
- flattening (rising short-term rates and lowering long-term rates)
- Rise in short-term rates
- Lowering short-term rates

The results of this analysis are reported annually through the IACL. In the event that the impact on FSC is greater than 15% of the Entity's CET1 in any of the six scenarios, Aresbank will apply the procedure defined to manage the deviation.

Evaluated aspect	Definition
Definition	The current or future risk to both the recurring margin and the economic value of an institution, arising from adverse interest rate fluctuations affecting interest rate sensitive instruments
Regulatory reference	EBA/GL/2022/14 European Banking Authority Guidelines on Interest Rate Risk Management (IRRBB) and Credit Spread Risk Assessment and Monitoring (CSRBB) of Non-Trading Activities
Guidelines	Change in economic value due to fluctuations in interest rates and sensitivity of the net interest margin to changes in interest rates in different scenarios
Material criterion	It is taken from the scenario with the greatest deterioration of the EVE and the comparison of this decrease in economic value with the materiality threshold
Material threshold	This threshold is set by regulation at the lowest value between 15% of CET1 or the sum of the recurring margin of the last three years
Magnitude	Threshold of 15% of CET1 (50.€274 thousand) and the sum of the recurring income for the last three years (€64,535 thousand). Impact of €6,442 thousand in the worst-case scenario
Materiality	Non-Material

The result of the analysis shows that the Entity is exposed to interest rate variations, although the impact is not material. This is mainly explained by the structure of the balance sheet and the business model, which reduces the impact of both the maturity gap and the base gap. This conclusion is based on the following results, obtained in the exercise of measuring impacts on FSC for each scenario:

Date of exercise	12/31/2025
<i>In thousands of euros</i>	Δ EVE
Parallel Upward Movement	-6.442
Parallel Downward Motion	6.861
Positivization	-64
Flattening	177
Rise in short-term rates	-1.267
Lowering short-term rates	1.264
Maximum deterioration	-6.442
Threshold of 15% of CET1	50.274
Threshold adds recurring margin 3 years	64.535

Thousands of euros

Taking into account the results obtained for the different scenarios, the most adverse scenario is compared with the significance threshold proposed by the regulations. In this regard, it can be seen that the maximum deterioration of the EVE occurs in the scenario of a parallel movement of interest rate hikes, estimated at 6,442 thousand euros.

Finally, this impairment is also not more than 50% of the recurring margin forecast for the 2025 financial year:

IRRBB Risk Materiality Analysis (recurring margin)	2025
Gross margin	40.820
Administrative costs	-6.328
Personnel costs	-10.040
Depreciation	-838
Recurring Margin	23.614
50% of recurring margin	11.807
Variation in Economic Value	6.442

Thousands of euros

These results are mainly explained as a result of Aresbank's balance sheet structure and, specifically, the weighted average duration of assets (0.50) is higher than that of liabilities (0.22), which indicates a positive duration gap between both sides of the balance sheet. In this type of situation, with an increasing yield curve, the economic value tends to be more sensitive to interest rate movements that have a greater impact on the asset, generating a loss in the event of a rise in rates, and a gain in the event of a fall in rates.

On the other hand, in the CAP guide issued in 2024 by the Bank of Spain, the simplified capital rule by IRRBB is aligned with the current definition of the supervisory outlier test (SOT) of Directive (EU) 2019/878, subsequently amended in some areas by Directive (EU) 2024/1619 (CRD VI), where the sensitivity threshold of the EVD used in this rule becomes 15% of Tier 1 capital in 20% of total equity. In addition, EVE sensitivity values are taken into account in the six type scenarios defined in the Directive. Given that the impact on EVE is less than 15% of CET1, this does not apply in the case of Aresbank.

10. COMPENSATION INFORMATION

The information relating to the Entity's remuneration policy and practices is prepared and disclosed in accordance with current regulations (CRR, CRD, EBA/GL/2021/04, Law 10/2014), which is applicable to credit institutions and aims to promote healthy and effective management of the Entity's risk and long-term interests.

The purpose of this section is to provide transparent and relevant information on the Entity's remuneration framework, in line with its risk profile, its organisational structure and its business model.

10.1. Governance

In accordance with Guidelines EBA/GL/2021/04, the Board of Directors of the Entity, in its supervisory role, is responsible for adopting and maintaining the Entity's Remuneration Policy, as well as for

supervising its implementation to ensure its full operation as planned. It will also approve any subsequent significant exemptions for individual staff and changes to the remuneration policy and will carefully consider and monitor their effects.

The Nomination and Remuneration Committee shall have access to all data and information relating to the Board of Directors' decision-making process on the definition, implementation, supervision and review of the Remuneration Policy. The Committee shall also have adequate financial resources and unrestricted access to all information and data of the internal control functions, and shall ensure the appropriate participation of those functions within the respective areas of expertise and, if necessary, seek external advice.

The Nomination and Remuneration Committee may collaborate with other Delegated Committees of the Board of Directors whose activities may have an impact on the definition and proper functioning of remuneration policies and practices, namely the Risk, Compliance and IT Technology Committees, and the Audit Committee; and shall provide appropriate information to the Board and, where appropriate, to the General Meeting, where necessary, on the activities carried out. In this regard, the compliance function will analyse how the remuneration policy affects the Entity's compliance with legislation, regulations, internal policies and risk culture, and will communicate all compliance risks and non-compliance issues detected to the Board of Directors.

It will also be the responsibility of the Appointments and Remuneration Committee to directly supervise the remuneration of personnel who carry out the functions of Internal Control, within the Identified Staff.

- **Internal control functions**

Aresbank's internal control functions are composed of: (i) the Risk Management function; (ii) the Compliance function and (iii) the Internal Audit function.

The internal control functions will participate, where appropriate, in the process of preparing and modifying the Remuneration Policy, as detailed below:

- a) On the one hand, the global risk control function may contribute to defining performance measures that are in line with the risk profile of the Entity, for which it will take as a reference the provisions of the Risk Appetite Framework. This function may be invited to attend the meetings held by the Appointments and Remuneration Committee on this matter.
- b) Without prejudice to the tasks of the Nomination and Remuneration Committee, the Risk, Compliance and IT Committee, with the advice of the risk and compliance function, shall examine whether the incentives offered by the Remuneration Policy take into account the risk, capital and liquidity of the entity, as well as the likelihood of making a profit in time.
- c) On the other hand, the Compliance function will be responsible for analysing how the Remuneration Policy affects Aresbank's compliance with current regulations, internal policies and risk culture, and will communicate all compliance risks and non-compliance

problems detected to the Board of Directors. The Board will take into account the findings of the Compliance function during the processes of approving, reviewing and monitoring the Remuneration Policy.

- d) Finally, the Internal Audit function will carry out an independent review of the definition, application and effects of Aresbank's Remuneration Policy on its risk profile and the way in which these effects are managed in the review of the aforementioned Policy.

10.2. Procedure for determining the identified group

Aresbank has a procedure for determining the Identified Staff, which is part of the Entity's general remuneration policy and also governs the remuneration policy of the Identified Staff, as well as the cases of inclusion in this group.

The purpose of the Procedure is to regulate the rules that contain the qualitative and quantitative criteria for determining the categories of personnel whose professional activities have a significant impact on the risk profile of the Entity.

The approval of the procedure corresponds to the Board of Directors of the Entity. In line with the criteria set out in Law 10/2014, Aresbank's Identified Staff will be those staff members who:

- They are members of the Board of Directors
- They are members of the General Directorate
- They exercise "Internal Control Functions". In the case of Aresbank, the following are defined in its remuneration policy:
 - Responsible for the Risk Management function
 - Compliance Function Leader
 - Responsible for the Internal Audit function

And, in addition,

- Personnel who meet any of the following qualitative criteria specified in the procedure for determining the identified group:

The staff member has leadership responsibilities in relation to:

- a) Legal affairs.
- b) The soundness of accounting policies and procedures.
- c) Finance, including taxation and budgeting.
- d) Carrying out economic analyses.
- e) The prevention of money laundering and terrorist financing.
- f) Human resources.
- g) The development and implementation of the remuneration policy.
- h) Information technology.

- i) Information security.
- j) The management of agreements for the outsourcing of essential or important functions, as per Article 30(1) of Commission Delegated Regulation (EU) 2017/565.

The Entity maintains at the disposal of the competent authority a list with the nominative detail of the Identified Collective, as established in current regulations.

10.3. Variable remuneration policy and management system by objectives

In accordance with paragraph 20 of the EBA/GL/2021/04 Guidelines dated 2 July 2021 on sound remuneration policies under Directive 2013/36/EU (hereinafter referred to as "Guidelines EBA/GL/2021/04"), credit institutions must include in their remuneration policies, among other aspects: "the institution's performance targets, business areas and personnel", "methods for measuring performance, including performance criteria", "the structure of variable remuneration, including, where applicable, the instruments used to award part of the variable remuneration", and "ex ante and ex post risk adjustment measures for variable remuneration".

In this regard, Aresbank has developed a variable Remuneration Policy that includes a management system by objectives that establishes the main criteria to be followed when establishing variable remuneration objectives and evaluating their achievement, which covers the variable remuneration of the members of the Identified Personnel who perform control functions, and which covers the variable remuneration of the remaining members of the Identified Personnel.

In addition, according to section 14, article 213 of the EBA/GL/2021/04, "The risk alignment process includes the process of performance and risk measurement; the award process; and the payment process. At each stage of the risk alignment process, variable remuneration should be adjusted for all current and future risks assumed. Institutions need to ensure that incentives to take risks are balanced with incentives to manage it." Therefore, the definition of corporate objectives, as well as those of the department/business unit and individuals, must be aligned with risk.

As part of the process of aligning the Remuneration Policy with the Entity's risk profile, variable remuneration will be adjusted for all present and future risks assumed. To this end, a combination of quantitative and qualitative criteria will be used to ensure that all necessary risks, outcomes and risk adjustments are reflected, and that the necessary measures tailored to their risk profile are put in place.

In this context, Aresbank's Remuneration Policy establishes that it must promote and be compatible with sound and effective risk management and must not offer incentives to take risks that exceed the level tolerated by the Entity.

Similarly, performance should be rewarded in a way that aligns compensation with the employee's generated results and the level of risk assumed. Therefore, the Entity should strike an appropriate

balance between the different components of remuneration, taking into account current and future risks and results and avoiding incentives that encourage risk-taking beyond the level tolerated by the Entity. In this regard, the Remuneration Policy allows the alignment of employee remuneration with the results of the Entity, the cost and volume of capital necessary to support the risks assumed, the cost and level of liquidity risk assumed in the management of its activities, consistency with the probability and timing of possible future income being reflected in current profits, and the risks assumed by employees, and the qualitative criteria established in performance evaluations.

When determining the amount of variable remuneration, all current and future types of risks shall be taken into account, as well as the cost of capital and liquidity required. Accordingly, both financial (quantitative criteria) and non-financial (qualitative criteria) indicators will be used, combining the employee's performance with that of his or her business unit and the overall results of the Entity. The calculation will be based on annual evaluation metrics, according to predefined scales for the achievement of objectives and the weight assigned to each metric.

Aresbank's Remuneration Policy establishes respectively the ex-ante and ex-post risk adjustment mechanisms, as well as the remuneration reduction clauses (malus) and the deferral and recovery clauses of the remuneration already paid (clawback).

Regarding the configuration of objectives, EBA GL/2021/04 is located in guideline 220 that "Institutions must define the objectives of the institution, business units and staff. These objectives should be derived from the institution's business and risk strategy, corporate values, risk appetite and long-term interests, and should also take into account the institution's cost of capital and liquidity. Institutions should evaluate the achievements of the institution's business units and identify employee achievements during the accrual period based on their goals." In this sense, the establishment of corporate objectives includes a set that includes risk objectives, in addition to those specific to the objectives of the Risk Appetite Framework (MAR), which function as ex-ante adjustments of the fund. From that point on, the objectives are broken down to establish the objectives of each department, with the obligation to cover the four groups of corporate objectives, which include risk objectives. For the definition of individual objectives, the cascade process continues, with the aim of addressing all the clusters established at the corporate and departmental level.

10.3.1. Determination of variable remuneration

The setting of the variable component of remuneration shall take into account the following aspects:

- The variable remuneration component shall not exceed 100 per cent of the fixed component of each individual's total remuneration. However, the General Meeting of Shareholders of the Entity may approve a higher level, provided that it does not exceed 200% of the fixed component, in accordance with the procedure provided for in Article 34.1.g) 2 of Law 10/2014. In this case, the following procedure must be followed:

The General Meeting of Shareholders shall take its decision on the basis of a detailed recommendation of the Board of Directors setting out the reasons for and scope of the decision and including the number of persons affected and their positions, as well as the expected effect on the Entity's maintenance of a solid capital base.

The General Meeting of Shareholders of the Entity shall adopt the decision by a two-thirds majority, provided that at least half of the shares or equivalent voting rights are present or represented at the vote. If it is not possible to reach the above quorum, the resolution will be adopted by a majority of at least three-quarters of the share capital present or represented with voting rights.

The Board of Directors shall notify all shareholders sufficiently in advance of the matter to be submitted for approval.

The Board of Directors shall communicate to Banco de España the recommendation addressed to the General Shareholders' Meeting, including the highest level of the variable component of the proposed remuneration and its justification, and shall certify that this level does not affect the Institution's obligations under the solvency regulations, and taking into account in particular the institution's own resources obligations. The Board of Directors shall also inform Banco de España of the decision taken in this regard by the General Shareholders' Meeting, including the highest maximum percentage of the variable component of the approved remuneration.

The Appointments and Remuneration Committee shall annually assess the adequacy of the criteria set for determining variable remuneration, so that in the event that they perform poorly, variable remuneration may be reduced to zero. For its part, this Committee will have the power to propose, where appropriate, the modifications it deems pertinent to the Board of Directors.

The Entity shall ensure that the method for measuring results has appropriate controls in place to ensure that the award criteria cannot be manipulated. Such controls will be necessary to verify that variable remuneration is correctly linked to results and that the Remuneration Policy is applied appropriately, avoiding any violation of regulatory requirements.

The performance assessment shall be part of a multi-year framework to ensure that the assessment process is based on long-term results, and that the actual payment of the results-based components of remuneration is phased over a period that takes into account the underlying business cycle of the credit institution and its business risks.

10.3.2. Deferral and payment in instruments

As provided for in Article 34.1 m) of Law 10/2014, a substantial part, and in any case at least 40 per cent, of the variable remuneration element will be deferred for a period of between four and five years, and will be correctly adapted to the nature of the business, its risks and the activities of the corresponding staff member. For those members of the Identified Staff whose remuneration constitutes a "particularly high amount", at least 60% will be deferred. For these purposes, the

duration of the deferral period shall also be determined in accordance with the economic cycle, the nature of the business, its risks and the activities of the personnel concerned. However, the entity, following the principle of proportionality and in accordance with article 34.2 b) of the LOSS, exempts from the application of the clauses described above those members of the Identified Staff whose variable remuneration is less than €50,000 and does not represent less than 1/3 of their total annual remuneration.

The Entity has established that at least 50% of the variable remuneration for the staff of the Identified Staff who exceed the thresholds established in the previous paragraph, will be paid through non-pecuniary instruments. This instrument will be non-transferable and will be referenced to the value of the Entity, taking into account its concession price value for the calculation of the ratio.

The variable remuneration portion received in instruments is subject to a retention period, which shall be of an appropriate duration in order to align the incentives with the longer-term interests of the Entity, taking into account the time period of the deferral and the impact of the staff of the Identified Staff determined for this purpose on the risk profile of the Entity and the duration of the economic cycle.

In accordance with the EBA Guidelines, the minimum retention period will be one year, which may be reduced to 6 months for some members of the Identified Staff who are not part of Senior Management or the Board of Directors. However, the institution may set a longer period, where the ex post adjustments to the risk depend mainly on changes in the value of the instruments granted.

10.3.3. Ex ante risk adjustment mechanism

In order to comply with the requirements of Article 450.1 of Regulation (EU) 575/2013, the ex ante risk adjustment mechanism is described below.

The total amount of any variable remuneration element is subject to a possible downward adjustment at the discretion of the Appointments and Remuneration Committee, which may be up to zero depending on the following criteria:

- (i) A variable remuneration adjustment depending on the evolution of the risk profile and the evolution of results. The adjustment may be applied to all personnel or individually, to reflect the different types of risk. This variable remuneration adjustment may reduce the initial purse to zero and ensure that the variable remuneration granted is fully aligned with the risks assumed. This adjustment will be related to risk and control factors, such as regulatory and regulatory non-compliances, breaches of risk limits (solvency, liquidity) or exceeding the expected loss threshold in terms of operational risk, and internal control indicators or similar elements (e.g. results of internal audit reports).
- (ii) A reduction to zero in the event that the capital of the Entity is less than the Maximum Distributable Amount (MDA), under the terms provided for in Article 141 of Directive 2013/36/EU, or as determined by law at any given time.

10.3.4. Ex post risk adjustment mechanism. Remuneration reduction clauses (malus). Clauses for deferral and recovery of remuneration already paid (clawback)

Variable remuneration, including the deferred part, will be paid and may be consolidated only if it is sustainable in accordance with the financial situation of the Entity, and if it is justified on the basis of the financial results obtained.

The Entity will have ex post risk adjustment mechanisms, through which the Entity itself will adjust the remuneration of a member of the Identified Staff, either by reducing the remuneration in cash or by reducing the number or value of the instruments granted, or by requiring the recovery of variable remuneration already paid ("malus"). Up to 100 per cent of the total variable remuneration, regardless of the mode of payment, will be subject to these ex post adjustment clauses, either as a reduction in remuneration, or as a recovery of amounts already paid as variable remuneration ("clawback"). These clauses shall be complementary, but not incompatible in their application.

The Entity may apply a deferral period to variable remuneration so that a sufficient part of such remuneration can be adjusted according to the results of the risk over time, according to the period to be determined at any given time, by means of adjustments to the risk and the nature of Aresbank's business. To this end, this deferral must take into account elements such as:

- (i) the responsibility assumed by the members of the Board of Directors, General Management and the rest of the members of the Identified Staff;
- (ii) the economic cycle and the nature of the Entity's activities; the risk profile of the Entity and its business units;
- (iii) the amount of the variable remuneration granted to each member of the Identified Staff; y
- (iv) the specific regulatory requirements required by the local regulations where the member of the Identified Collective provides their services.

Without prejudice to the foregoing, the entire variable remuneration pending payment is subject at all times to reduction or cancellation clauses ("malus"), as well as recovery ("clawback"), in the event of a poor financial performance of the Bank as a whole or of a specific division or area or of the exposures generated by the member of the Identified Staff to which they are applicable. To this end, the performance evaluation carried out will be compared with the a posteriori behaviour of the variables that contribute to achieving the objectives.

Thus, the Board of Directors, after the opinion of the Appointments and Remuneration Committee, will adopt such a resolution if, during the period that elapses until its corresponding payment, any of the following circumstances occur:

- (i) A reformulation of annual accounts that do not come from a regulatory change and provided that, in accordance with the aforementioned reformulation, the new amount of variable remuneration to be settled is lower than that initially accrued.

- (ii) Significant failures in risk management committed by the Entity or by a business or management unit.
- (iii) An increase in the Entity's capital needs, which were not foreseen at the time the exposures were generated.
- (iv) Failure by the person belonging to the Identified Collective to comply with the suitability conditions established for said group.
- (v) Fraudulent action by the employee or that has caused serious damage to the Entity, involving fault or negligence.
- (vi) Disciplinary dismissal of a member of the Identified Collective. In the case of members of the board of directors, the cessation of the position of Director due to breach of their duties, fraudulent action or actions for which Aresbank may exercise corporate liability action against them.
- (vii) Establishment of regulatory sanctions to which the employee's conduct has contributed, or judicial convictions for acts that could be attributable to the unit or the personnel responsible for them. Likewise, non-compliance with Aresbank's internal Code of Conduct.
- (viii) Irregular conduct, whether individual or collective. In particular, consideration shall be given to the negative effects arising from the placing on the market of unsuitable products and the responsibilities of the persons or bodies that made such decisions.

Without prejudice to the provisions of this section, the cases of application of the "malus" or "clawback" clauses may be modified in accordance with the requirements that may be established in this regard by the Banco de España, the competent European authority at any time or, where appropriate, when it may be approved by the Board of Directors of the Institution; all this without prejudice to the provisions of Article 36.2 of Royal Decree 84/2015 and Rule 39.4 of Circular 2/2016, which allow the supervisor to establish criteria that allow variable remuneration to be contracted based on possible negative financial results or other variables that are defined at any given time. Likewise, the reduction will occur when, at the request or recommendation of the Bank of Spain, the dividend distribution policy is restricted.

With respect to the decision of the Board of Directors, at the proposal of the Nomination and Remuneration Committee, that the circumstances that should lead to the application of the "clawback" clause have been met, as well as the procedure that allows the Entity to claim the proportional refund of the amount charged to the person of the Identified Staff involved, The criteria set out in this paragraph shall be followed.

With regard to the variable remuneration already paid, whether it is deferred or not, it will be subject to partial or total recovery by the Entity when, during the three years immediately following its payment, it becomes apparent that the payment has been made in whole or in part on the basis of information whose falsity or serious inaccuracy is demonstrated. a posteriori, manifestly or derive risks assumed during the conditional period.

In all the cases mentioned above, the entity will duly communicate the amounts of reduction and recovery to the members of the group affected.

10.3.5. Personal hedging and circumvention strategies

Aresbank will ensure as far as possible that the Identified Staff does not use personal hedging strategies or insurance related to remuneration and liability that undermine the effects of alignment with sound risk management that promote its remuneration system, which will also be applicable to variable remuneration, whether deferred or retained.

Aresbank will maintain effective mechanisms to ensure that the Identified Group complies with the requirements on personal hedging strategies. To this end, the Entity's internal control functions will carry out random inspections in order to verify that the Entity is not carrying out such hedging strategies, and must inform the Department of People and Corporate Services of any non-compliance detected.

Personal collection insurance such as health care or life insurance are excluded from the coverage strategy. In general terms, circumvention is understood as non-compliance with remuneration requirements and would occur when the Entity does not comply with the objectives and purpose of the requirements considered as a whole.

The Entity shall ensure that variable remuneration is not paid through instruments that have as their object or lead to non-compliance with the remuneration requirements, including, in this case, agreements between the Entity and third parties in which the employee or member of the Identified Staff has a financial or personal interest.

The Entity may not create offshore structures or entities or contracts with persons acting on behalf of the entity for the purpose of manipulating the outcome of the identification process and circumventing the application of the remuneration requirements to employees to whom these requirements would otherwise apply.

10.4. Remuneration of members of the Board of Directors

In accordance with the provisions of Article 27 of the Bylaws, the maximum amount of remuneration of the members of the Board of Directors is approved each year by the General Shareholders' Meeting and will be in force as long as it is not modified by this body.

The following remuneration system shall apply in the same way to both Proprietary Directors and Independent Directors, for their functions as members of the Board of Directors. This remuneration system will be made up of the following elements:

- a) A fixed remuneration, determined for each year by the General Shareholders' Meeting, as provided for in Article 27 of Aresbank's Bylaws. Unless otherwise determined by the General Meeting, the Board of Directors shall decide on the distribution of remuneration among each

of its members, as well as on the functions performed and attendance at meetings of the Board and its Committees.

- b) Per diems for attendance at meetings, to cover travel, accommodation and subsistence expenses, for each non-resident Director who attends the meetings of the Council, and per diems for attending meetings for resident Councillors, as well as those corresponding to the presidency and attendance at each of the Council's delegated Committees.

Both items will be proportional to the annual attendance at the boards of directors held throughout the year, as well as to the activity carried out during the same within the Board and its delegated committees.

10.5. Remuneration system for members of the Directorate-General

The remuneration system of Aresbank's General Management will consist of the following elements:

- a) A fixed remuneration.
- b) Variable remuneration, appropriate to the functions and responsibilities assumed, in accordance with the employment contract signed with the member of the Directorate-General, whatever its legal nature, which must be set by the Board of Directors, depending on the performance carried out by the member of the Directorate-General, throughout the previous financial year or subject to the established multi-year objectives, taking into account in any case the established quantitative and qualitative criteria applicable to these members, according to the terms set out in the Remuneration Policy.

10.6. Remuneration system for the Identified Staff that exercises control functions

Chapter 2 of the EBA Guidelines, on the governance of remuneration, sets out the terms of the independent control function that is exercised by a certain group in a credit institution and which corresponds to organisational units independent of the business and corporate functions, which are responsible for the control and monitoring of transactions and the risks arising from them. ensuring compliance with applicable laws, rules and regulations and advising management functions on matters related to their field of expertise.

The independent control functions include the functions of risk management, compliance and internal audit and, in the case of Aresbank, correspond to Global Risk Control, Compliance and Internal Audit, which report hierarchically to the Risk, Compliance and IT Committee and the Audit Committee, respectively.

Variable remuneration for control functions shall be derived primarily from the control objectives, and to some extent from the performance of the entity and not from the direct performance of the business areas they control. The methods used to determine the variable remuneration of control functions

shall not compromise the objectivity of the staff or their independence and shall ensure that no conflicts of interest arise for the staff in control functions.

The Entity shall establish a significantly lower ratio between the fixed and variable components of remuneration for control functions compared to the business units that they control.

The EBA Guidelines also provide that the remuneration of the staff identified in independent control functions must be directly supervised by the Nomination and Remuneration Committee. This Committee will make recommendations on the definition of the remuneration package and the amounts of remuneration to be paid to the identified group that exercises the control functions.

In this regard, the establishment of the remuneration of these identified personnel will be based on the following parameters:

- a) For the establishment of the fixed remuneration of the Identified Staff that exercises control functions, it must be in accordance with the principles established in the Banking Collective Agreement in force at any given time, by category or professional level; for which the professional experience within the sector, the level of responsibility and dedication required for the performance of the position will have been taken into consideration; their professional career in the Institution, ensuring, at all times, to ensure that said remuneration is in line with the average maintained by the staff with control functions in all the main Spanish credit institutions.
- b) The proposal for the granting of variable remuneration will be determined separately from the business units, and must reflect the assessment of the functions and responsibilities of the position. In addition, variable remuneration will be determined based on the Annual Performance Evaluation, the company's results, as well as the degree of compliance with the annual or multi-year objectives set by the Entity and in accordance with the quantitative criteria established in the Remuneration Policy.

The Annual Performance Evaluation of the personnel who exercise control functions must be carried out by the Audit Committee, in the case of the Identified Staff of the internal audit functions, and by the Risks, Compliance and IT Committee, for the Identified Staff in compliance and risk management functions.

The proposal for variable remuneration of this group will be made by the Chairman of the Audit and Risk, Compliance and IT Committees in accordance with the criteria indicated above.

The proposal will be submitted to the Appointments and Remuneration Committee for approval, and it will be this Committee that annually assesses the suitability of the criteria set to determine the variable remuneration of this group and, where appropriate, will propose the modifications it deems necessary for approval by the Board of Directors.

For the purposes of calculating the variable remuneration, the remediation of this Identified Staff of the findings identified by the Internal Audit and/or by the supervisory authority will be taken into account. The methods used to determine the variable remuneration of control functions, such as risk management, compliance and internal audit, shall not compromise the objectivity of staff or their independence.

The functions of the members of the Identified Staff set out in this section are described in the Entity's Internal Governance Policy, and communicated in a timely manner to the supervisory authority. This description will also serve to define and assign responsibility for the remediation and follow-up of the findings and actions of both the audit and supervisory functions, and will be linked to a system of appropriate incentives and remuneration

10.6.1. Remuneration system for the rest of the members of the Identified Staff

This section refers to the remuneration system for the rest of the staff of the Identified Staff who hold key positions that may affect the risk profile of the Entity.

Thus, the remuneration system or salary composition is the same as the rest of the groups, although the monitoring and evaluation method varies to achieve the established objectives, always maintaining the principles established in the Banking Collective Agreement in force at all times.

The total remuneration is made up of:

- a) Fixed remuneration: It must be in accordance with the principles established in the Banking Collective Agreement in force at any given time. In addition, like the rest of Aresbank's employees, this group of employees has the following as their main social benefits: life and accident insurance; health insurance for the employee, spouse and children under 25 years of age; access to training subsidies for language study; the possibility of requesting salary advances and loans in accordance with the Banking Collective Agreement and the internal regulations governing this type of product; and participation in the Aresbank, S.A. Pension Plan, in which the Entity, once the employee has been in the promoter's workforce for more than one (1) month, makes an annual contribution on their behalf, equivalent to fifteen days of their gross annual salary.
- b) Variable remuneration: It is defined according to the company's results and the provisions of the Management System by Objectives (SGO) and variable remuneration policy, through which this group of employees will be valued for the performance of their activity duly stipulated for each year, as well as by annual or multi-year personal objectives set.

The annual evaluation of this group will depend on the Appointments and Remuneration Committee, following a report from the General Management and the Directorate of People and Corporate Services, who will propose the annual evaluation of this group of employees to the aforementioned

Committee, with the intention that it has all the necessary information for the evaluation and can carry out its evaluation in the most objective way possible.

The maximum amount of variable remuneration achievable by this group of employees will be 100% of their gross annual salary.

The evaluation of the annual and multi-annual objectives set for the granting of variable remuneration will follow the following basic principles:

- It shall promote and be compatible with adequate and effective risk management, not offering incentives for the assumption of risks that exceed the level tolerated by the institution.
- It shall be compatible with the strategy set by the institution, the objectives, values and long-term interests of the institution, including measures to avoid conflict of interest.
- The General Management of the entity will always be evaluated by the Appointments and Remuneration Committee.
- The Multiannual Remuneration Plans that are established will be based on evaluating the achievement of certain objectives in a multi-year framework and their payment may be staggered over a period of time in accordance with the objectives set.
- When the Bank decides to implement remuneration on the basis of a multi-year plan, the conditions for its accrual, collection, recognition, calculation and communication must be developed in internal regulations approved for this purpose.

In cases where contributions to the Pension Plan are made as variable remuneration, as an additional component of said remuneration, these will be considered discretionary pension benefits. Aresbank will ensure that when a member of the Identified Staff leaves the Entity or retires, discretionary pension benefits are not paid without considering the financial situation of the Entity, or the risks assumed by that member, which may affect the Entity in the long term.

The systems established in this area by the Board of Directors will be applicable to the Identified Staff, with the scope and application to be determined. In addition, this Policy may include pension commitments with the members of the Identified Staff to cover retirement, death and disability contingencies under the terms provided for in the Banking Collective Agreement, as well as other individual or collective agreements. The pension policy will be, in any case, compatible with the business strategy, objectives, values and long-term interests of the entity.

Finally, Aresbank will ensure that the reduction and recovery clauses envisaged apply in the same way to discretionary pension benefits as to other elements of variable remuneration.

10.7. Aresbank's general remuneration system

In line with the provisions of the Remuneration section of the Bank's latest Prudential Relevance Report, Aresbank pays its employees an annual remuneration in accordance with the provisions of

the Banking Collective Agreement in force at any given time, which follows the aforementioned criteria of internal pay equity and gender equality.

The annual remuneration of Aresbank S.A. staff is made up of:

- a) Fixed remuneration: This is made up of the employee's gross annual salary and will be determined in accordance with the provisions of the Banking Agreement.
- b) Variable remuneration: It consists of a variable amount depending on the provisions of the Management System by Objectives (SGO) and variable remuneration policy. To this end, the evaluation of the company's results will be considered, as well as the evaluation of each employee, whose objectives are defined at the beginning of the year, analyzed at the end of each financial year and applied in a single payment in the following year. This procedure is found in Annex II, and is applicable to the entire workforce.

Alternatively, Aresbank may approve Multi-Year Remuneration Plans that combine the achievement of objectives within a certain period of time with the payment of variable remuneration in a staggered manner over a period of time.

Within the principle of internal equity and in compliance with the provisions of Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions, Aresbank's staff, without prejudice to the group indicated in section 6.2 above, is divided into two main profiles: Administrative and/or Technical Staff and Commercial Staff.

- i. Administrative and/or Technical Staff

Your salary is made up of:

- a) Fixed remuneration: It is in accordance with the principles established in the Banking Collective Agreement in force at any given time. In addition, like the rest of Aresbank's employees, this group of employees has the following as their main social benefits: life and accident insurance; health insurance for the employee, spouse and children under 25 years of age; access to training subsidies for language study; the possibility of requesting salary advances and loans in accordance with the Banking Collective Agreement and the internal regulations governing this type of product; and participation in the Aresbank, S.A. Pension Plan, in which the Entity, once the employee has been in the promoter's workforce for more than one (1) month, makes an annual contribution on their behalf, equivalent to fifteen days of their gross annual salary.
- b) Variable remuneration: It is determined based on the provisions of the Management System by Objectives (SGO) and variable remuneration policy and the results of the Entity, through which each employee is valued for the performance of their daily activities and functions that determine their position, as well as annual or multi-year personal objectives set for each employee. as set out in Annex II.

Throughout each year and depending on the hierarchical cascade, each manager monitors the progress of the fulfillment of the objectives set by the people under their command, with the intention that they are achieved appropriately. As the final evaluation of the employee is carried out by the immediate hierarchical superior, the General Management and the Directorate of People and Corporate Services have the capacity to rectify said evaluation when they consider it appropriate.

ii. Commercial Staff

Your salary is made up of:

- a) Fixed remuneration: It is in accordance with the principles established in the Banking Collective Agreement in force at any given time. In addition, like the rest of Aresbank's employees, this group of employees has the following as their main social benefits: life and accident insurance; health insurance for the employee, spouse and children under 25 years of age; access to training subsidies for language study; the possibility of requesting salary advances and loans in accordance with the Banking Collective Agreement and the internal regulations governing this type of product; and participation in the Aresbank, S.A. Pension Plan, in which the Entity, once the employee has seniority.

10.8. Remuneration and other benefits to the Board of Directors and General Management

Next, in accordance with the provisions of paragraph 3 of Article 37 of Royal Decree 84/2015, the information on the remuneration accrued in each financial year by the members of the Board of Directors is indicated, which reflects the total amount of the remuneration accrued and an individualised breakdown by remuneration concepts.

The breakdown of the total fixed and variable remuneration and other benefits (in gross amount and figures in thousands of euros) by the directors who have been part of the Board of Directors of the Entity throughout the 2025 financial year:

a) Board of Directors

FY2024	Fixed remuneration	Variable remuneration	Other features	Total
Director 1	185	-	47	232
Director 2*	159	-	46	205
Director 3	122	-	9	131
Director 4	121	-	46	167
Director 5	119	-	30	149
Director 6	94	-	31	125
Director 7	153	-	1	154
Director 8	150	-	1	151

TOTAL	1.103	-	211	1.314
--------------	--------------	----------	------------	--------------

* Since 06/12/2025, he has been appointed Chairman of the Board of Directors Thousands of euros

The breakdown of the total remuneration and attendance allowances received (in gross amount and figures in thousands of euros) by the directors who have been part of the Board of Directors of the Entity throughout the 2024 financial year is as follows:

FY2024	Fixed remuneration	Variable remuneration	Other features	Total
Director 1	191	-	46	237
Director 2*	80	-	27	107
Director 3*	38	-	-	38
Director 4*	48	-	1	49
Director 5	119	-	15	134
Director 6**	61	-	23	84
Director 7	150	-	1	151
Director 8	146	-	-	146
Director 9***	46	-	15	61
Director 10****	18	-	8	26
TOTAL	897	-	136	1.033

* Until 24/05/2024

Thousands of euros

** From 14/06/2024

From 19/09/2024

From 05/11/2024

Aresbank, S.A. has no other pension and life insurance obligations with any of the members of the Board of Directors. The Entity does not have direct risks with directors of the Entity as of December 31, 2025. In compliance with the requirements of article 229 of the Capital Companies Act (LSC), the directors have communicated that they have no situations of conflict of interest with the Entity.

b) General Directorate

The breakdown of the remuneration to the General Management of the Entity during the 2025 financial year is broken down below (figures in thousands of euros):

FY2025	Remuneration	Other features	Total
General Director	608	17	625
Deputy General Director	487	25	512
TOTAL	1.095	42	1.137

Thousands of euros

The breakdown of the remuneration to the Bank's General Management during the 2024 financial year is as follows:

FY2024	Remuneration	Other features	Total
General Director	541	16	557
Deputy General Director	443	29	472
TOTAL	984	45	1.029

Thousands of euros

The amounts owed to the Entity's income statement for contributions to pension plans and insurance in 2025 amounted to €26 thousand (€23 thousand in 2024).

10.9. Remuneration and other benefits to the Identified Staff

The disclosure of information on the remuneration of the identified staff is based on the provisions of Article 450 of Regulation (EU) No 575/2013, in its current wording following the amendments introduced by the so-called CRR III, which establishes the specific requirements for public information on remuneration policies and practices.

These obligations have been developed by Implementing Regulation (EU) 2021/637 of 15 March 2021, which specifies the content, format and standardised disclosure templates for Pillar III, in particular those relating to identified staff and their remuneration structure.

The following table breaks down the aggregate data on the remuneration of Aresbank's Identified Staff in 2025 and the number of employees by area of activity:

FY2025	People	Other features
Business Functions	3	407
Independent internal control functions	3	308
Corporate Functions	5	675
TOTAL	11	1.390

Thousands of euros

11. LEVERAGE RATIO

The leverage ratio is calculated in accordance with Article 429 of Regulation (EU) No 575/2013 (CRR) as amended, including amendments introduced by Delegated Regulation (EU) 2015/62 on exposure measurement.

As of December 31, 2025, the Bank's leverage ratio was 23.8%, as follows:

	Phase-in	Fully-loaded
Exposure value: Total exposure corresponding to the leverage ratio	1.401.520	1.401.520
Capital: Tier 1 Capital (CET1)	335.163	335.163
Leverage ratio	23,9%	23,9%

Thousands of

euros

Leverage risk monitoring is built into the regular monitoring of risk indicators. There is a limit defined in the Bank's Risk Appetite Framework, which is monitored and reported to the Risk, Compliance and IT Committee, ensuring that the ratio comfortably exceeds the minimum regulatory threshold (3%).

12. ASSETS WITH CHARGES

The concept of assets with encumbrances ("asset encumbrance") refers to the assets of the Entity, as well as the collateral received, which is committed as a result of their use in secured financing transactions.

The total balance sheet of Aresbank as of December 31, 2025 is shown below, distinguishing the assets and collateral received with and without encumbrances by type of asset or collateral, respectively, as well as the liabilities associated with them:

	Carrying Assets with Charges	Fair value of assets with charges	Carrying Assets Without Encumbrances	Fair value of unencumbered assets
Assets of the Entity			1.045.148	
Demand loans			208.877	
Debt securities			62.929	
<i>of which: issued by public administrations</i>			38.983	
<i>of which: issued by financial companies</i>			5.166	
<i>of which: issued by non-financial corporations</i>			18.780	
Loans and advances other than demand loans			723.007	
<i>of which: Loans secured by real estate</i>			44.289	
Other assets			50.334	
Security rights received			51.579	
Demand loans				
Debt securities				
Loans and advances other than demand loans			51.579	

Thousands of euros