

## REGISTRATION DOCUMENT



### **ABANCA Corporación Bancaria, S.A.**

*(incorporated with limited liability in the Kingdom of Spain)*

This Registration Document of ABANCA Corporación Bancaria, S.A. ("**ABANCA**", the "**Bank**" or the "**Issuer**"), a public limited company (*sociedad anónima*), has been approved by the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (the "**CNMV**") as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") as a registration document for the purposes of giving information with regard to the Issuer of non-equity securities during the period of 12 months after the date hereof. This Registration Document has been prepared in accordance with and including the information required by Annex 7 of Delegated Regulation (EU) 2019/980 of 14 March 2019. The CNMV has only approved this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer that is the subject of this Registration Document. Investors should make their own assessment as to the suitability of investing in such securities.

This Registration Document is only one of the parts that make up a prospectus for the purposes of the Prospectus Regulation. Should the Issuer use this Registration Document, during its validity, in order to prepare a prospectus for the purpose of the aforementioned regulation, the Issuer will publish the relevant securities note and, where appropriate, the summary on its website (<https://www.abancacorporacionbancaria.com/es/inversores/general/#programas-de-emision>) and on the website of the CNMV ([www.cnmv.es](http://www.cnmv.es)).

This Registration Document will be published on the Issuer's website (<https://www.abancacorporacionbancaria.com/es/inversores/general/#programas-de-emision>).

<p>This Registration Document will be valid as a registration document under the Prospectus Regulation for 12 months from 10 June 2025. The obligation to supplement this Registration Document in the event of significant new factors, material mistakes or material inaccuracies will not apply following the expiry of that period.</p>
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**10 June 2025**

## **IMPORTANT NOTICES**

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Registration Document or any information supplied by the Issuer and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any dealer appointed in relation to any issue of non-equity securities by the Issuer.

The delivery of this Registration Document shall not, in any circumstances, create any implication that the information contained in this Registration Document is true subsequent to the date hereof or the date upon which this Registration Document has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Registration Document has been most recently amended or supplemented.

### **Restrictions on distribution**

Persons into whose possession this Registration Document comes are required by the Issuer to inform themselves about and to observe any restrictions applicable to the distribution of this Registration Document. For a description of certain restrictions on offers, sales and deliveries of non-equity securities issued by the Issuer and on the distribution of this Registration Document, please see the applicable description of arrangements relating to subscription and sale of the relevant non-equity securities in the relevant prospectus.

This Registration Document does not constitute an offer or an invitation to subscribe for or purchase any securities and should not be considered as a recommendation by the Issuer or any dealer appointed in relation to any issue of non-equity securities by the Issuer that any recipient of this Registration Document should subscribe for or purchase any non-equity securities issued by the Issuer. Each recipient of this Registration Document shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

### **Roundings**

Certain figures included in this Registration Document have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

### **Forward-Looking Statements**

This Registration Document contains certain forward-looking statements. The words "anticipate", "believe", "expect", "plan", "intend", "targets", "aims", "estimate", "project", "will", "would", "may", "could", "continue" and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Registration Document, including, without limitation, those regarding the financial position, business strategy, management plans and objectives for future operations of the Issuer are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Issuer's actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of the Issuer and the environment in which it expects to operate in the future. Important factors that could cause the

Issuer's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other factors described in this Registration Document: (i) the Issuer's ability to integrate its newly-acquired operations and any future expansion of its business; (ii) the Issuer's ability to realise the benefits it expects from existing and future investments in its existing operations and pending expansion and development projects; (iii) the Issuer's ability to obtain requisite governmental or regulatory approvals to undertake planned or proposed investments; (iv) the Issuer's ability to maintain sufficient capital to fund its existing and future operations; (v) changes in political, social, legal or economic conditions in the markets in which the Issuer and its customers operate; (vi) changes in the competitive environment in which the Issuer and its customers operate; and (vii) failure to comply with regulations applicable to the business of the Issuer. Forward-looking statements contained in this Registration Document do not constitute profit forecasts or profit estimates of the Issuer or its Group within the meaning of the definition provided in article 1(c) and 1(d) of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*". Any forward-looking statements made by or on behalf of the Issuer speak only as at the date they are made. The Issuer does not undertake to update forward-looking statements to reflect any changes in their expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that the Issuer has made or may make in documents the Issuer has filed or may file with the CNMV.

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## **RISK FACTORS**

*Any investment in the non-equity securities issued by the Issuer is subject to a number of risks. Prior to investing in the non-equity securities issued by the Issuer, prospective investors should carefully consider risk factors associated with any investment in the relevant securities, the business of the Issuer (and its subsidiaries (the "ABANCA Group")) and the industries in which it operates together with all other information contained in this Registration Document, including, in particular the risk factors described below. Words and expressions defined in section "Capital, Liquidity and Funding Requirements and Loss Absorbing Regulations" or elsewhere in this Registration Document have the same meanings in this section.*

*Only risks which are specific to ABANCA or the ABANCA Group are included herein as required by the Prospectus Regulation. Additional risks and uncertainties relating to ABANCA or the ABANCA Group that are not currently known to ABANCA or that it currently deems immaterial or that apply generally to the banking industry (such as the reputational risk, risk related to the reduction of credit ratings, operational risks inherent to the activity, risks related to changes in the financial accounting and reporting standards or risks related to compliance with anti-money laundering, anti-corruption and anti-terrorism financing rules) for which reason have not been included herein, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of ABANCA or the ABANCA Group and, if any such risk should occur, the price of any non-equity securities issued by the Issuer may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in any non-equity securities issued by the Issuer is suitable for them in light of the information in this Registration Document and their personal circumstances.*

### **RISKS RELATING TO THE ABANCA GROUP**

#### **Business and financial risks and macroeconomic risk**

##### ***Credit Risk***

The ABANCA Group is exposed to the creditworthiness of its customers and counterparties. Credit risk can be defined as potential losses in respect of the full or partial breach of the debt repayment obligations of customers or counterparties (including, but not limited to, the insolvency of a counterparty or debtor) and also includes the value loss as a consequence of the credit quality of customers or counterparties. Adverse changes in the credit quality of the ABANCA Group's borrowers and counterparties could affect the recoverability and value of the ABANCA Group's assets and require an increase in provisions for problematic and doubtful debts and other provisions. Collateral and security provided to the ABANCA Group may be insufficient to cover the exposure or the obligations of others to the ABANCA Group. Credit risk is of concern in respect of the ABANCA Group's business activities in the banking, insurance, treasury and investee portfolio sectors.

As of 31 December 2024, credits to customers<sup>1</sup> represented 58.8% of the total assets of the ABANCA Group (60.8% as of 31 December 2023) and fixed income securities represented 19.2% of the total assets of the ABANCA Group (17.1% as of 31 December 2023). As of 31 December 2024, €3,859.43 million fixed income securities were valued as financial assets at fair value through other comprehensive income (€2,311.15 million as of 31 December 2023), €12,183.51 million as financial assets at amortised cost (€10,472.04 million as of 31 December 2023), €31.20 million as non-trading financial assets mandatorily at fair value through profit or loss (€35.62 million as of 31 December 2023), with no financial assets held for trading as of 31 December 2024 and as of 31 December 2023.

In the year ended 31 December 2024 the ABANCA Group allocated provisions for credit for an amount of €1,011.91 million.

Non-performing or low credit quality loans have in the past negatively impacted the ABANCA Group's results of operations and, as well as to all the banking system, could do so in the future. As of 31 December 2024, the "non-performing loans" ("NPLs", which correspond to the item "impaired assets" of the consolidated balance sheet of the ABANCA Group) amounted to €1,298.86 million (€1,129.74 million as of 31 December 2023). The increase in NPLs in 2024 was mainly due to the integration of the portfolio of Banco BIC Português, S.A. ("EuroBic") (€187 million). As of 31 December 2024, 39.2% of the NPLs were secured by real estate mortgages, while 1.1% were secured by other types of in rem securities (such as pledges) and 59.7% benefited from personal guarantees (37.7%, 2.1% and 60.2%, respectively, as of 31 December 2023). The entries of NPLs amounted to €335 million in the year ended on 31 December 2024 (of which €187 million corresponds to the integration of the EuroBic's portfolio) and to €342.0 million in the year ended on 31 December 2023.

As of 31 December 2024, the performing credit portfolio<sup>2</sup> of the ABANCA Group amounted to €48,919.74 million (€45,190.45 million as of 31 December 2023).

As of 31 December 2024, the outstanding balances of refinancing and restructuring transactions amounted to €1,023.43 million (€848.11 million as of 31 December 2023), €506.69 million of which related to impaired assets (€445.90 million as of 31 December 2023).

Some of the ratios that can be used as a measure of the asset quality of the ABANCA Group and of the ability of the ABANCA Group to absorb potential losses arising from them, are the NPL Ratio<sup>3</sup> (that stood at 2.6% as of 31 December 2024 and at 2.4% as of 31 December 2023), the NPL Coverage Ratio<sup>4</sup> (that stood at 77.9% as of 31 December 2024 and at 73.9% as of 31 December 2023) and the Texas Ratio<sup>5</sup> (that stood at 26.7% as of 31 December 2024 and at 27.5% as of 31 December 2023).

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<sup>1</sup> Credit to customers is an alternative performance measure ("APM"), which is unaudited and whose definition, explanation, use and reconciliation are set out in section 9 (Alternative Performance Measures (APMs)) of the 2024 Directors' Report.

<sup>2</sup> Performing credit portfolio is an APM, which is unaudited and whose definition, explanation, use and reconciliation are set out in section 9 (Alternative Performance Measures (APMs)) of the 2024 Directors' Report.

<sup>3</sup> NPL Ratio is an APM, which is unaudited and whose definition, explanation, use and reconciliation are set out in section 9 (Alternative Performance Measures (APMs)) of the 2024 Directors' Report.

<sup>4</sup> NPL Coverage Ratio is an APM, which is unaudited and whose definition, explanation, use and reconciliation are set out in section 9 (Alternative Performance Measures (APMs)) of the 2024 Directors' Report.

<sup>5</sup> Texas Ratio is an APM, which is unaudited and whose definition, explanation, use and reconciliation are set out in section 9 (Alternative Performance Measures (APMs)) of the 2024 Directors' Report.

The exposure to the real estate sector is a very significant factor of the credit risk of a financial entity and it has had, and may in the future have, a significant impact on the non-performing assets of the Spanish banking system. Declines in property prices adversely affect the credit quality of property developers to whom loans have been made and decrease the value of the real estate collateral securing a financial entity's mortgage loans. The ABANCA Group has lending exposure to risks in the property development and construction sector, with gross loans for property construction and/or development amounting to €1,000.2 million (1.9% of the ABANCA Group's total gross credit to customers) as of 31 December 2024 (€805.6 million (1.7% of the ABANCA Group's total gross loans and receivables to customers) as of 31 December 2023). The NPLs of the ABANCA Group in this segment represented 2.1% as of 31 December 2024 and 2.4% as of 31 December 2023.

Furthermore, Spanish real estate assets secure many of the ABANCA Group's outstanding loans, and the ABANCA Group holds Spanish real estate assets on its balance sheet, including real estate received in lieu of payment for certain underlying loans. As of 31 December 2024, the "non-performing assets" ("NPAs")<sup>6</sup> of the ABANCA Group amounted to €1,721.09 million, €1,298.86 million corresponding to total non-performing loans and €422.24 million corresponding to gross foreclosed assets (out of which, 28% corresponded to residential assets, 15% to non-residential assets and 57% to other assets); as of 31 December 2023, the NPAs of the ABANCA Group amounted to €1,607.30 million, €1,129.74 million corresponding to total non-performing loans and €477.55 million corresponding to gross foreclosed assets (out of which, 30% corresponded to residential assets, 17% to non-residential assets and 53% to other assets). The gross book value of foreclosed assets sold in 2024 was €59.87 million (€74.97 million in 2023).

As of 31 December 2024, the Coverage of Foreclosed Assets Ratio<sup>7</sup> of the ABANCA Group was 63.7% (63.0% as of 31 December 2023), the NPA Coverage Ratio<sup>8</sup> of the ABANCA Group stood at 74.4% (70.6% as of 31 December 2023) and the NPA Ratio<sup>9</sup> of the ABANCA Group stood at 3.4% (3.4% as of 31 December 2023).

Any default by borrowers or the materialisation of any other risks described above (including the inability of the ABANCA Group to control the level of its non-performing or poor credit quality loans or an adverse evolution of the Spanish real estate market) could have a material adverse effect on the ABANCA Group's business, financial condition and results of operations.

In this regard, additional provisions for expected losses were recognised as of December 2024 to reflect different aspects, including the current macroeconomic and geopolitical situation and climate and environmental risks (such as the isolated high altitude depression phenomenon that affected Valencia). These provisions amount to EUR €31.1 million.

***Unfavourable global economic conditions and, in particular, unfavourable economic conditions in Spain, in Portugal or in Galicia or any deterioration in the European, Spanish or Portuguese***

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<sup>6</sup> NPAs is an APM, which is unaudited and whose definition, explanation, use and reconciliation are set out in section 9 (Alternative Performance Measures (APMs)) of the 2024 Directors' Report.

<sup>7</sup> Coverage of Foreclosed Assets Ratio is an APM, which is unaudited and whose definition, explanation, use and reconciliation are set out in section 9 (Alternative Performance Measures (APMs)) of the 2024 Directors' Report.

<sup>8</sup> NPA Coverage Ratio is an APM, which is unaudited and whose definition, explanation, use and reconciliation are set out in section 9 (Alternative Performance Measures (APMs)) of the 2024 Directors' Report.

<sup>9</sup> NPA Ratio is an APM, which is unaudited and whose definition, explanation, use and reconciliation are set out in section 9 (Alternative Performance Measures (APMs)) of the 2024 Directors' Report.

***financial system, could have a material adverse effect on the ABANCA Group's business, financial condition and results of operations***

The ABANCA Group conducts its business mainly in Spain (as of 31 December 2024, 84% of the total consolidated assets of the ABANCA Group correspond to ABANCA's business in Spain (94% as of 31 December 2023)) and of the remaining 16%, 13% correspond to ABANCA's business in Portugal, where ABANCA has expanded its activity in recent years. In particular, in Spain, it has a remarkable footprint in the autonomous region (*comunidad autónoma*) of Galicia (please see "*Description of ABANCA—Distribution channels*"). As of 31 December 2024, 47% of ABANCA Group's credit granted in Spain is located in Galicia (45% as of 31 December 2023). This concentration in Galicia gives the ABANCA Group a better knowledge of the market, making it easier to manage the risk and the quality of acceptance, although at the same time it generates greater dependence on the evolution of the Galician economy.

Consequently, the income generated by most of the products sold and by the services rendered by the ABANCA Group depends on the economic conditions in Spain and Portugal and especially in Galicia. Therefore, events affecting the global economy in general or the Spanish or Portuguese economies in particular, both external and internal, could have a material adverse effect on the ABANCA Group's business, financial condition and results of operations. In addition, the Spanish and Portuguese economies are particularly sensitive to economic conditions in the Eurozone, the main market for Spanish and Portuguese goods and services exports. Accordingly, adverse economic conditions in the Eurozone might have an adverse effect on Spanish and Portuguese economic growth and, therefore, may also affect the business, financial condition and results of operations of the ABANCA Group.

Moreover, since the portfolio of credit to customers of the ABANCA Group consists mainly of credit to enterprises (representing 44% of the total credit portfolio as of 31 December 2024 (40% as of 31 December 2023)) and credit to households (mortgage and consumer mainly) (representing 40% of the total credit portfolio as of 31 December 2024 (41% as of 31 December 2023)), any adverse economic developments affecting extraordinarily industrial activities can be especially material for the ABANCA Group.

European financial markets have experienced volatility and have been adversely affected by concerns over economic contraction in certain EU member states, rising government debt levels. Public support measures to fight the COVID-19 pandemic have raised public deficits and debt levels. A significant number of financial institutions throughout Europe have substantial exposure to sovereign debt issued by Eurozone -and other- nations, which may be under financial stress (as regards ABANCA, please see "*Business and financial risks and macroeconomic risk—Market Risk*" below). Should any of those nations default on their debt, or experience a significant widening of credit spreads, financial institutions and banking systems throughout Europe could be adversely affected, with wider possible adverse consequences for global financial market conditions. As of 31 December 2024, the ABANCA Group held Spanish debt (mainly sovereign) representing 8% of its total consolidated assets (8% as of 31 December 2023).

On 24 February 2022, Russia launched a full-scale military action against Ukraine. The war in Ukraine caused an ongoing humanitarian crisis in Europe, as well as an increase in the price of certain raw materials and the cost of energy, as well as the adoption of sanctions, embargoes and restrictions towards Russia that affected the global economy generally and companies with operations with and in Russia specifically. October 2023's Hamas attack on Israel and its response added a new source of geopolitical uncertainty and instability. The prolongation or escalation of the conflicts could also lead to further



increases in energy, oil and gas prices, heightened inflationary pressures and exacerbated supply chain disruptions. Although the Group has no relevant direct exposures to companies based in those countries, the impact that such conflicts, or the outbreak of other conflicts, could have on the global and Spanish economies could have a material adverse effect on ABANCA's business, results and financial position. In addition, the outlook for energy prices remains highly uncertain and continues to pose a risk to the global economy.

Geopolitical and economic risks have also increased in recent years as a result of trade tensions between the United States and China, Brexit and the rise of populism, among other factors. The policies of the new U.S. government represent an additional source of uncertainty for the global economy. Some of the measures recently proposed by the Trump administration, such as higher tariffs on imports, could increase inflationary pressures and weaken economic growth. These and other policies of the new U.S. administration - including fiscal, regulatory, industrial or foreign policies - could lead to financial and macroeconomic volatility, could slow U.S. or global economic growth (especially if they lead to trade wars), increase inflation, affect interest rates, or otherwise increase financial and macroeconomic instability, all of which could adversely affect the ABANCA Group's business, financial condition and results of operations.

Both the European Commission's plan to increase defense spending and the fiscal expansion announced by Germany could boost the European economy but could also put upward pressure on public debt yield.

Inflation rates have shown a positive trend, aligning closely with central banks' price targets and supporting interest rate cuts. In Spain, inflation levels reached 2.8% at the end of 2024 (source: *Instituto Nacional de Estadística (INE)*), with underlying inflation -i.e., excluding unprocessed food and energy products- reaching 2.6% at the end of 2024 (source: *Instituto Nacional de Estadística (INE)*). The European Central Bank ("**ECB**") started reducing rates in June 2024, followed by the United States Federal Reserve in September 2024. On 5 June 2025, the ECB decided to lower the three key ECB interest rates by 25 basis points and as a result, the interest rates on the deposit facility, the main refinancing operations and the marginal lending facility decreased to 2.00%, 2.15% and 2.40% respectively, with effect from 11 June 2025. In addition, the ECB's asset purchase programme ("**APP**") and pandemic emergency purchase programme ("**PEPP**") are declining at a measured and predictable pace, as the Eurosystem no longer reinvests the principal payments from maturing securities.

Monetary policy is becoming meaningfully less restrictive, as the interest rate cuts are making new borrowing less expensive for firms and households and loan growth is picking up. However, the economy faces continued challenges and the ECB has again marked down their growth projections – to 0.9% for 2025, 1.2% for 2026 and 1.3% for 2027. The downward revisions for 2025 and 2026 reflect lower exports and ongoing weakness in investment, in part originating from high trade policy uncertainty as well as broader policy uncertainty. Uncertainties have intensified with Trump's administration's policies and their effects on both economic stability and global politics and the economic fragility amidst political uncertainties in the two key economies in the eurozone. With respect to the Spanish economy, in March 2025 the Bank of Spain revised upwards its GDP growth forecast for 2025 to 2.7%, two tenths of a percentage point higher than its previous projections in December 2024. It maintains a growth forecast of 1.9 % in 2026 and 1.7 % in 2027, although it points out that the forecasts are subject to high uncertainty due to increased trade and geopolitical tensions.

However, it is necessary to take into account that, regardless of the current scenario of interest rate cuts, and given the possibility that this scenario may change over the next year and therefore lead to a scenario of high inflation and related increases in interest rates, the ABANCA Group could be affected as a result

of the increase in financing costs and a decrease in the value of certain financial assets of the ABANCA Group, such as fixed-income assets, and may reduce gains or require the Group to record losses on sales of its loans or securities.

In addition, rising financing costs, inflation and a deteriorating macroeconomic situation could discourage customers from borrowing and may increase the difficulties for companies and households to meet debt service, especially in the sectors most affected by the increase in energy prices or in those in which recovery after the pandemic was slower, which could lead to increased delinquencies in outstanding loans.

### ***Structural interest rates risk***

The ABANCA Group's results of operations depend upon the level of its net interest income, which is the difference between interest income from loans and other interest-earning assets and interest expense paid to its depositors and other creditors on interest-bearing liabilities.

Interest rates are highly sensitive to many factors beyond the ABANCA Group's control, including fiscal and monetary policies of governments and central banks and regulation of the financial sectors in the markets in which it operates, as well as domestic and international economic and political conditions and other factors. Changes in market interest rates may affect the spread between interest rates charged on interest-earning assets and interest rates paid on interest-bearing liabilities and subsequently affect the ABANCA Group's results of operations. Consequently, fluctuations in interest rates may therefore have a material adverse effect on the ABANCA Group's business, financial condition and results of operations.

The ABANCA Group has conducted an analysis of the sensitivity of its profit and loss account to interest rates, considering two standard scenarios: (i) a drop in market interest rates by 100 basis points with respect to the implicit interest rates as at 31 December 2024 (determined by applying Bank of Spain and EBA criteria); and (ii) a rise of 100 basis points with respect to the implicit interest rates as at 31 December 2024. This analysis has shown that (i) a 100 basis points drop in Euribor would have had an impact of (a) -€97 million on the net interest income for the year ended 31 December 2024 and (b) -€106 million on the economic value of capital as of 31 December 2024; and (ii) a 100 basis point rise in Euribor would have had an impact of (a) €87 million on the net interest income for the year ended 31 December 2024 and (b) €99 million on the economic value of capital as of 31 December 2024. Please see the 2024 Audited Consolidated Annual Accounts for further information on the sensitivity analysis conducted as of 31 December 2024.

Given the uncertainty regarding the evolution of interest rates, the level of development of the ABANCA Group's net interest income cannot be assured, which may have a material effect on its business, financial situation and operating results. The commercial margin<sup>10</sup> of the ABANCA Group as of 31 December 2024 was 3.12% (3.20% as of 31 December 2023).

In order to diversify the sources of income beyond net interest income, the ABANCA Group (like other Spanish financial entities) has tried to find alternative means to achieve positive effects on its results of operations, with net fees and commissions among the main ones (especially through the insurance business) but also optimising its cost base and focusing on the growth of its credit portfolio. For the year

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<sup>10</sup> Commercial margin is an APM, which is unaudited and whose definition, explanation, use and reconciliation are set out in section 9 (Alternative Performance Measures (APMs)) of the 2024 Directors' Report.

ended on 31 December 2024, the net fees and commissions<sup>11</sup> of the ABANCA Group amounted to €330.14 million, which represented 15.90% of the gross margin of the ABANCA Group for that period (€294.10 million and 18.71%, respectively, for the year ended on 31 December 2023), with income from off-balance sheet funds being €144.48 million, income from banking services being €52.94 million, and income from collection and payment services being €132.72 million (€123.66 million, €51.93 million and €118.51 million, respectively for the year ended 31 December 2023).

### ***Liquidity risk***

Liquidity risk comprises uncertainties as regards the ability of the ABANCA Group, under adverse conditions, to timely access funding necessary to cover its obligations to clients as they become due and to meet the maturity of its liabilities. This risk includes both the risk of unexpected increases in the cost of funding and the risk of not being able to structure the maturity dates of the ABANCA Group's liabilities reasonably in line with its assets. The ABANCA Group's financial position could be adversely affected if access to liquidity and funding is limited or becomes more expensive for a prolonged period of time.

This situation may arise, among others, from general market conditions (such as alterations or closures in the financial markets), negative views of the perspectives of the sectors to which the ABANCA Group grants a large number of its loans, uncertainty as to the ability of a significant number of firms to ensure they can meet their liabilities as they fall due (which in turn could generate a negative view of the liquidity of the ABANCA Group among creditors and derive in a decrease in credit ratings), or higher debt costs and less access to funds. If there were a deterioration in the situation of the international capital markets, or the credit ratings of ABANCA worsened, it would likely be more difficult for it to attract resources in such markets. Furthermore, given that ABANCA is a Spanish credit institution, a crisis in Spanish sovereign bonds could increase its financing costs.

In such extreme circumstances, the ABANCA Group may not be in a position to continue to operate without additional funding support, which it may be unable to access. These factors may have a material adverse effect on the ABANCA Group's regulatory position, including its ability to meet its regulatory minimum liquidity requirements.

As of 31 December 2024, the ABANCA Group had Liquid Assets amounting to €23,412.12 million (€19,160.24 million as of 31 December 2023) to face maturities of senior, subordinated and covered bond issuances for an amount of €5,217 million (€5,011 million as of 31 December 2023). However, the ABANCA Group cannot guarantee that it will be able to meet its liquidity needs or meet them without incurring higher customer acquisition costs or having to liquidate part of its assets if there is some pressure on its liquidity for any reason, which could cause a negative impact on the interest margin of the ABANCA Group. Additionally, ABANCA has an issuing capacity of covered bonds (*cédulas hipotecarias y territoriales*) of €5,984 million as of 31 December 2024 (€6,091 million as of 31 December 2023).

As of 31 December 2024, ABANCA Group's financing structure consisted of 7% of interbank funding, 0% of ECB funding, 7% of issuances and 86% of retail deposits (amounting to €62,783.96 million as of that date (€53,569.31 million as of 31 December 2023), that compares with the €49,341.86 million of

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<sup>11</sup> Net fees and commissions is an APM, which is unaudited and whose definition, explanation, use and reconciliation are set out in section 9 (Alternative Performance Measures (APMs)) of the 2024 Directors' Report.

credit to customers<sup>12</sup> as at that date (€45,492.45 million as of 31 December 2023)). This is reflected in the Retail Loan to Deposits (LtD) ratio<sup>13</sup> of the ABANCA Group that as of 31 December 2024 was 78.6% (84.9% as of 31 December 2023)).

As of 31 December 2023, ABANCA Group's financing structure consisted of 9% of interbank funding, 1% of ECB funding, 8% of issuances and 82% of retail deposits. One of the ABANCA Group's major sources of funds are savings and demand deposits. As of 31 December 2024, 87% of the total consolidated liabilities of the ABANCA Group were customer deposits (83% as of 31 December 2023).

The level of customer deposits (either wholesale or retail) may fluctuate due to factors outside the ABANCA Group's control, such as a loss of confidence (including as a result of political initiatives, including bail-in and/or confiscation and/or taxation of creditors' funds) or competition from investment funds or other products.

As of 31 December 2024, the ABANCA Group's client resources consisted of 57% demand deposits (€45,251.83 million), 22% term deposits (€17,532.13 million) and 21% off-balance-sheet funds<sup>14</sup> (€16,315.84 million) (as of 31 December 2023, 61% demand deposits (€41,449.43 million), 18% term deposits (€12,119.88 million) and 21% off-balance-sheet funds (€14,015.07 million)).

Due to the last financial market crisis, that was followed by instability, reduced liquidity available to operators in the sector, increase in risk premium and higher capital requirements imposed by the supervisory authorities, government authorities and national central banks had to take action to support the credit system. In this context, the ECB implemented important interventions in monetary policy, both through the conventional channel of managing interest rates, and through unconventional channels, such as the provision of fixed rate liquidity with full allotment, the expansion of the list of assets that can be allocated as a guarantee, longer-term refinancing programmes such as the "Targeted Longer-Term Refinancing Operations" (TLTRO) introduced in 2014 (the "**TLTRO I**"), in 2016 (the "**TLTRO II**"), and in 2019 (the "**TLTRO III**"), and purchases on the debt securities market. As of 31 December 2024, the funding with the ECB amounted to €0 million, €921.14 million as of 31 December 2023, which represented 0% and 1.2%, respectively, of the total consolidated assets of the ABANCA Group, and 0% and 1.3% of the consolidated liabilities of the ABANCA Group, as of 31 December 2024 and 31 December 2023, respectively. Although currently the ABANCA Group primarily relies on retail deposits, there is a risk that any changes to the policies and requirements from the ECB, including any changes to the criteria for identifying the asset types admitted as collateral and/or their relative valuations or a reduction or discontinuation of these liquidity support operations, could affect the ABANCA Group's accessibility to such funding in the future.

In addition, the ABANCA Group is required to comply with certain liquidity requirements, the LCR requirements provided in CRR and the BCBS NSFR (please see section "*Capital, Liquidity and Funding Requirements and Loss Absorbing Regulations —Capital and eligible liabilities, liquidity and funding requirements*"). The LCR of the ABANCA Group was 239% as at 31 December 2024 (214% as of 31

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<sup>12</sup> Credit to customers is an APM, which is unaudited and whose definition, explanation, use and reconciliation are set out in section 9 (Alternative Performance Measures (APMs)) of the 2024 Directors' Report.

<sup>13</sup> The Retail Loan to Deposits (LtD) ratio is an APM, which is unaudited and whose definition, explanation, use and reconciliation is set out in section 9 (Alternative Performance Measures (APMs)) of the 2024 Directors' Report.

<sup>14</sup> Off-balance-sheet funds is an APM, which is unaudited and whose definition, explanation, use and reconciliation are set out in section 9 (Alternative Performance Measures (APMs)) of the 2024 Directors' Report.

December 2023) and the NSFR ratio of the ABANCA Group was 148% as at 31 December 2024 (133% as of 31 December 2023).

***Increased competition in the markets where the ABANCA Group operates may adversely affect the ABANCA Group's growth prospects and operations***

The markets in which the ABANCA Group operates are highly competitive and the ABANCA Group faces substantial competition in all parts of its business. The trend towards consolidation in the banking industry has created larger and stronger banks with which the ABANCA Group must now compete, some of which have received public capital support. This trend is continuing (through the ongoing takeover bid for Banco de Sabadell, S.A. launched by Banco Bilbao Vizcaya Argentaria, S.A. on 9 May 2024) and it might continue. The restructuring undergone by the Spanish banking industry has given rise to a scenario in which the number of entities has been sharply reduced and market concentration has increased. While in 2008 the five largest banks accounted for 44% of the market, in terms of total assets, as at 31 December 2024 their joint share was 70%, an increase of 61% (source: *Banco de España*, *CECA* and *AEB*). There can be no assurance that this increasing competition will not adversely affect the growth prospects of the ABANCA Group and therefore its operations.

The ABANCA Group also faces competition from non-bank competitors, some of them operating outside the regulated banking system (including internet-based e-commerce providers, mobile telephone companies and internet search engines and other large technology companies). The cost-structure, resources and size of the ABANCA Group may be more limited than those of some of these non-bank competitors and, thus, the reaction capacity of the ABANCA Group is reduced. In addition, some of these competitors are well oriented to the customer experience, are able to reach a wider number and scope of potential clients and have an important capability for massive data exploitation.

Regulatory changes such as the entry into force of the Second Payment Services Directive (PSD2) have favored the entry of new competitors (mainly big tech and fintech) and entail a certain risk of platformisation of the banking sector in the long term, with a potential impact on levels of competition, margins and the loss of customer relationships, especially in business lines such as payment methods and consumer financing.

The European Union ("EU") shadow banking system had total assets of over €44.8 trillion at the end of 2023, accounting for around 41% of the EU financial system (source: EU Non-Bank Financial Intermediation Risk Monitor 2024, published by the European Systemic Risk Board).

The degree of digitalisation of the ABANCA Group's customers (ABANCA's remote banking service is used by 66% of its banking customers) and their age pyramid make ABANCA consider the competition from digital providers as particularly sensitive.

If the ABANCA Group is unable to successfully compete with current and new competitors, or if it is unable to anticipate and adapt its offerings to changing banking industry trends, including technological changes, the ABANCA Group's business may be adversely affected. In addition, the ABANCA Group's failure to effectively anticipate or adapt to emerging technologies or changes in customer behaviour could delay or prevent the ABANCA Group's access to new digital-based markets, which would in turn have an adverse effect on its competitive position and business. For example, the rise in customer use of internet and mobile banking platforms in recent years could negatively impact the ABANCA Group's investments in bank premises, equipment and personnel for its branch network. The persistence or acceleration of this shift in demand towards internet and mobile banking may necessitate changes to the

ABANCA Group's retail distribution strategy, which may include closing and/or selling certain branches and restructuring its remaining branches and work force. These actions could lead to losses on these assets and may lead to increased expenditures to renovate, reconfigure or close a number of the ABANCA Group's remaining branches or to otherwise reform its retail distribution channel. Furthermore, the ABANCA Group's failure to swiftly and effectively implement such changes to its distribution strategy could have an adverse effect on its competitive position.

### ***Market risk***

The ABANCA Group is exposed to market risk as a consequence of its trading activities in financial markets and through the asset and liability management of its overall financial position, including the ABANCA Group's trading portfolio and other equity investments. Therefore, the ABANCA Group is exposed to losses arising from adverse movements in levels and volatility of interest rates, credit spreads, foreign exchange rates, and commodity and equity prices. The performance of financial markets may cause changes in the value of the ABANCA Group's investment, hold-to-collect and sell and trading portfolios. In some of the ABANCA Group's business, protracted adverse market movements, particularly asset price decline, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the ABANCA Group cannot close out deteriorating positions in a timely way. This may especially be the case for assets of the ABANCA Group for which there are less liquid markets. The volatile nature of the financial markets could result in unforeseen losses for the ABANCA Group.

As of 31 December 2024, excluding hold-to-collect portfolio and the credit investment portfolio, the exposure of the ABANCA Group subject to market risk came to a total €1,369.70 million in fixed income securities with fixed rate and €995.93 million in fixed income securities with floating rate (€736.74 million and €478.66 million, respectively, as of 31 December 2023) and €153.59 million in equity instruments (€102.12 million as of 31 December 2023). The fixed income portfolio exposed to market risk mainly comprises government bonds, as of 31 December 2024, 6.30% corresponds to sovereign bonds of the Spanish government and 85.96% to bonds of other countries of the Monetary Economic Union (14.00% and 84.86%, respectively, as of 31 December 2023). Of the global position considered at market risk, there is no position subject to inflation, since the largest position subject to inflation risk is in the hold to collect portfolio, treated at interest rate risk.

A standard measure to evaluate market risk is "VaR" (Value at Risk)<sup>15</sup>. As of 31 December 2024, the VaR of the fixed income securities and equity portfolio (excluding the hold-to-collect portfolio and the credit investment portfolio) of the ABANCA Group, considering a daily time horizon and a confidence level of 99%, was €7.4 million (€4.3 million as of 31 December 2023). The increase was due to the increase in the fixed-income and equity portfolio (primarily driven by the integration of EuroBic). In other words, on average, 99 out of 100 times, the real daily losses for the securities portfolio were lower than those reflected by the VaR.

If the ABANCA Group were to suffer substantial losses due to any such market volatility, it would adversely affect the ABANCA Group's business, financial condition and results of operations.

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<sup>15</sup> "VaR" is a statistic that measures and quantifies the potential loss amount within a firm, portfolio or position over a specific timeframe given a probability of occurrence.

Further, the value of certain financial instruments (such as derivatives not traded on stock exchanges or other public trading markets) are recorded at fair value, which is determined by using financial models other than publicly quoted prices that incorporates assumptions, judgements and estimations that are inherently uncertain and which may change over time or may ultimately be inaccurate. Consequently, failure to obtain correct valuations for such assets may result in unforeseen losses for the ABANCA Group in the case of any asset devaluations. Moreover, monitoring the deterioration of prices of assets like these is difficult and could lead to losses that the ABANCA Group does not anticipate.

***The non-recovery of certain tax assets could negatively affect the ABANCA Group***

As of 31 December 2024, the ABANCA Group had deferred tax assets amounting to a total of €3,655.42 million (€3,670.49 million as of 31 December 2023). These tax assets or credits originate mainly from (i) accounting expenditure not tax-deductible in the year it is reported, but that could be in the future (pre-paid taxes); (ii) negative tax bases in corporation tax due to the losses of the corresponding financial year; and (iii) certain deductions in corporation tax which cannot be applied in the corresponding financial year if the tax base of such tax is negative.

Pursuant to Law 27/2014, of 27 November, on Corporate Income Tax, as amended (the "**CIT Law**"), the ABANCA Group considers that €2,473.97 million of the €3,655.42 million deferred tax assets mentioned above would become government debt securities (monetisable) (which means that the ABANCA Group also considers that €1,181.45 million would not be monetisable) if, after 18 years have passed (as from 31 December 2014 or from the accounting record of the tax asset, whichever date is the latest), said tax assets have not been able to be recovered. In this respect, the ABANCA Group plans to pay the financial contribution established under the Thirteenth Additional Provision of the CIT Law, having established a provision amounting to €30.43 million in the 2024 Audited Consolidated Annual Accounts. The future recovery by the ABANCA Group of part of such tax assets will be subject to different time limitations depending on their origin (15 years for deductions pending application regulated by the CIT Law, except for any deduction for research and development and technological innovation activities, the offset deadline for which is 18 years). There is no time limitation for the offset of negative tax bases and deductions to avoid double taxation. Furthermore, the potential recovery of these tax assets is conditioned or limited by the existence of certain assumptions, such as the obtaining of sufficient profits; the non-reduction of corporation tax; or mistakes or discrepancies with the Spanish tax authorities in the settlement of such tax.

In the event that, in the future (i) the ABANCA Group should not generate profits (or should these be insufficient) within the period established by law in order to offset any non-monetisable tax credits; (ii) corporation tax was reduced; (iii) mistakes are detected in the tax settlements performed, or there are discrepancies therein as a result of verification actions by the Spanish tax authorities; or (iv) there are amendments in the regulations in force, or in the way in which they are applied or interpreted, the ABANCA Group could see the possibility of recovering the amount of these tax assets partly or completely restricted, with the consequent negative impact on the profit and loss account of the ABANCA Group.

**Internal operational risks**

***The ABANCA Group may face business combination risks***

The ABANCA Group has undertaken and may in the future undertake acquisitions and/or divestments of businesses, operations, assets and/or entities. Acquisitions and divestment transactions may involve

complexities and time delays, for example in terms of integrating and/or merging businesses, operations and entities, and targeted benefits may, therefore, not be achieved or be delayed. Furthermore, the ABANCA Group may incur unforeseen liabilities from former and future acquisitions and divestments which could have a material adverse effect on its business, financial condition and capital, results of operations and prospects.

Please see "*Description of ABANCA—History*" for a description of the acquisition transactions undertaken (or to be undertaken) by ABANCA, including the most recent ones: (i) on 28 January 2021, the acquisition of Bankoa, S.A. ("**Bankoa**"), a former Spanish subsidiary of the Crédit Agricole Group; (ii) on 30 November 2021, the acquisition of Novo Banco, S.A. ("**Novo Banco Spain**"); (iii) on 22 February 2023, the acquisition of Targobank, S.A. ("**Targobank Spain**"), the former Spanish subsidiary of Banque Fédérative du Crédit Mutuel, and the subsequent absorption of Targobank Spain and its subsidiary, Targobank CEMCICE Servicios España, S.A.U. ("**CEMCICE**"), by ABANCA; and (iv) the acquisition of EuroBic, on 11 July 2024, with technological integration expected to be completed in 2025. Although ABANCA has undertaken acquisitions of the sort in recent years and has proven expertise managing the processes related to them, this type of project represents a challenge, in terms of both technological capabilities and business integration. Any deviation or unforeseen events in these processes may have an impact on the outcome of the transaction and, thus, may have a material adverse effect on the ABANCA Group's business, financial condition and results of operations.

### ***Actuarial risk***

Actuarial risk is associated with the insurance business within the ABANCA Group's existing business lines and types of insurance. Actuarial risk reflects the risk arising from the execution of life and other insurance contracts, considering events covered and the processes used in the conduct of business, and distinguishing mortality, longevity, disability and morbidity risk. Management of this risk depends on actuarial management policies relating to subscription, pricing and accident rates. If actuarial risk was not correctly monitored and managed, it could adversely affect the ABANCA Group's business, financial condition and results of operations. The ABANCA Group had general and life-risk insurance premiums for a value of €567.3 million as of 31 December 2024 and €490.8 million as of 31 December 2023, representing an increase of 15.6%.

In addition, under the Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) framework, the insurance undertakings of the ABANCA Group are required to produce estimates that are based on assumptions and this exposes the ABANCA Group to the risk of these estimates being wrong either because the assumptions were not correct or because new factors not taken into account by the ABANCA Group arise.

### **Legal and regulatory risks**

#### ***Regulatory challenges, in particular, on capital, liquidity or funding requirements***

The ABANCA Group's operations are subject to ongoing regulation and associated regulatory risks, including the effects of changes in laws, regulations, policies and interpretations, in Spain, the EU and the other markets in which it operates. In addition, the specific effects of a number of new laws and regulations remain uncertain because the drafting and implementation of these laws and regulations are still ongoing. This creates significant uncertainty for the Bank and the financial industry in general. Any required changes to the ABANCA Group's business operations resulting from the legislation and



regulations applicable to such business could result in significant loss of revenue, limit the ABANCA Group's ability to pursue business opportunities in which the ABANCA Group might otherwise consider engaging, affect the value of assets that the ABANCA Group holds, require the ABANCA Group to increase its prices and therefore reduce demand for its products, impose additional costs on the ABANCA Group or otherwise adversely affect the ABANCA Group's businesses.

In addition to the increased regulation in terms of customer and investor protection and digital and technological matters, the regulations which most significantly affect the ABANCA Group, or which could most significantly affect the ABANCA Group in the future, are regulations relating to capital and liquidity requirements.

In particular, the Issuer and the ABANCA Group are subject to certain capital, liquidity and funding requirements (as described in the section "*Capital, Liquidity and Funding Requirements and Loss Absorbing Regulations —Capital and eligible liabilities, liquidity and funding requirements*"). These and other regulatory requirements, standards or recommendations may limit the Issuer and the ABANCA Group ability to manage their balance sheets and capital resources effectively or to access funding on more commercially acceptable terms, for example by requiring them to issue additional securities that qualify as own funds or eligible liabilities, to maintain a greater proportion of their assets in highly-liquid but lower-yielding financial instruments, to liquidate assets, to curtail business or to take any other actions, any of which may have a material adverse effect on the ABANCA Group's business, financial condition and results of operations.

As described in "*Capital, Liquidity and Funding Requirements and Loss Absorbing Regulations —Capital and eligible liabilities, liquidity and funding requirements*", the capital requirements for the ABANCA Group applicable from 1 January 2025 are a phased-in CET1 ratio of 8.125% of RWAs and a phased-in total capital ratio of 12.50% of RWAs. These capital requirements include the minimum "Pillar 1" capital requirements (CET1 ratio of 4.50% of RWAs and total capital ratio of 8.00% of RWAs), the P2R (CET1 ratio of 1.125% of RWAs and total capital ratio of 2.00% of RWAs), and the capital conservation buffer (2.5% of RWAs to be satisfied with additional CET1 capital).

As of 31 March 2025, the phased-in CET1 ratio of the ABANCA Group was 13.17% (12.83% as of 31 December 2024) and 12.86% fully loaded (12.83% as of 31 December 2024), its phased-in Tier 1 ratio was 14.78% (14.42% as of 31 December 2024) and 14.44% fully loaded (14.42% as of 31 December 2024) and its phased-in total capital ratio was 17.50% (17.06% as of 31 December 2024) and 17.09% fully-loaded (17.06% as of 31 December 2024)<sup>16</sup>.

In addition, as described in "*Capital, Liquidity and Funding Requirements and Loss Absorbing Regulations —MREL Requirements*" banks shall hold a minimum level of capital and eligible liabilities.

In May 2025, the Bank of Spain formally reported on the MREL to be achieved by ABANCA on a consolidated basis, which was established by the Single Resolution Board (the "**SRB**"). The MREL requirement for ABANCA to be met as from the receipt of such notification stands at 19.12% of TREA and at 5.25% of LRE. The TREA based ratio does not include the capital allocated to cover the Combined Buffer Requirement (2.5% TREA). The decision of MREL is aligned with ABANCA's

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<sup>16</sup> The solvency ratios as of 31 March 2025 do not necessarily match those contained in the 2025 Consolidated First Quarter Interim Financial Statements. It must be noted that the solvency ratios as of 31 March 2025 are the first ones calculated according to Regulation (EU) 2024/1623 ("**CRR III**") and the common reporting (COREP) framework must be reported to the Bank of Spain by 30 June 2025.

forecasts and the funding plan included in its strategic plan. As of 31 March 2025, ABANCA's MREL represented 22.75% of the TREA and 10.45% of the LRE (22.27% of the TREA and 10.33% of the LRE as of 31 December 2024).

As also described in "*Capital, Liquidity and Funding Requirements and Loss Absorbing Regulations — Capital and eligible liabilities, liquidity and funding requirements — Leverage Ratio*", the EU Banking Reforms contain a binding 3% Tier 1 LR requirement, that has been added to the own funds requirements and which institutions must meet in addition to their risk-based requirements. As of 31 December 2024 the Bank's phased-in LR was 6.51% and its fully-loaded LR was 6.51%, as of that date the ABANCA Group phased-in LR was 6.69% and its fully-loaded LR was 6.69%.

As described in the section "*Capital, Liquidity and Funding Requirements and Loss Absorbing Regulations*", failure by the Bank or the ABANCA Group to comply with certain of the existing regulatory requirements could result in the imposition of administrative actions or sanctions, such as prohibitions or restrictions on making "discretionary payments" (which includes distributions relating Additional Tier 1 capital instruments), further "Pillar 2" requirements or the adoption of any early intervention or, ultimately, resolution measures by resolution authorities pursuant to Law 11/2015, which, together with Royal Decree 1012/2015, has implemented BRRD into Spanish law, which may have a material adverse effect on the ABANCA Group's business, financial condition and results of operations.

Moreover, it should not be disregarded that new and more demanding additional regulatory requirements, standards or recommendations may be applied in the future and, since, as explained in "*Capital, Liquidity and Funding Requirements and Loss Absorbing Regulations*", CRD V Directive and BRRD II have been implemented into Spanish law by RDL 7/2021, RD 970/2021, RD 1041/2021 and certain Circulars of the Bank of Spain and most of the provisions of the EU Banking Reforms have started to apply, there is still uncertainty as to how will such implementation and application will affect the ABANCA Group.

Another example of regulatory changes that the ABANCA Group may face are new taxes and levies, which could negatively affect its results of operations. On 29 December 2022, Law 38/2022, of 27 December, for the establishment of temporary levies on energy and credit institutions and the creation of the temporary solidarity tax for high-net-worth individuals ("**Law 38/2022**") entered into force. Law 38/2022 created a temporary levy for credit institutions operating in Spain with a total interest and commission income in the year ended 31 December 2019 equal to or greater than €800 million (on an individual or a consolidated basis) (the "**Temporary Bank Levy**"). The Temporary Bank Levy applied during the years 2023 and 2024 and taxed, at a rate of 4.8%, the sum of the net interest income and commission income and expenses derived from the activity conducted in Spain as stated in the income statement for the calendar year before the payment obligation was triggered and as determined according to applicable accounting standards. Law 38/2022 expressly prohibited the direct or indirect pass-through of payments of the Temporary Tax Levy and failure to comply with this obligation would result in sanctions to the corresponding credit institution in the amount of 150% of the amount passed through. In accordance with Law 38/2022, ABANCA was subject to the Temporary Bank Levy, which accrued on 1 January for the corresponding financial year and had to be satisfied within the first 20 calendar days of September of that year. ABANCA registered in its profit and loss account €39 million in 2023 and €57.2 million in 2024 due to the Temporary Bank Levy. Pursuant to Additional Provision 5.1 of Royal Decree-law 8/2023, the Temporary Bank Levy was extended to the year 2024 and the potential integration of the Temporary Bank Levy as a permanent tax within the Spanish tax system in 2024 was

also contemplated. In this regard, on 21 December 2024, Law 7/2024 of 20 December was published in the Spanish Official Gazette (*Boletín Oficial del Estado*), which, among others, approved a new tax on the net interest income and commissions of certain financial institutions, including ABANCA, effective for tax periods beginning on or after 1 January 2024 (the "**Tax on Interest and Commission Margins**"). The Tax on Interest and Commission Margins substitutes the Temporary Bank Levy. The impact expected by the Bank in relation to the Tax on Interest and Commission Margins in the year 2025 will be significantly lower than the Temporary Bank Levy for the year 2024.

***The ABANCA Group is exposed to risk of loss from legal and regulatory claims***

The members of the ABANCA Group are, and in the future may be, involved in various claims, disputes, legal proceedings and governmental investigations (please see "*Description of ABANCA — Legal and Arbitration Proceedings*"). The outcome of claims, disputes, legal proceedings and governmental investigations is inherently difficult to predict, particularly where the claimants seek very large or indeterminate damages, or where the cases present novel legal theories, involve a large number of parties or are in the early stages of discovery, and, therefore, ABANCA cannot state with confidence what the eventual outcome of pending matters will be or what the eventual loss, fines or penalties related to each pending matter may be or if the reserves accounted will be sufficient.

The ABANCA Group is involved in several proceedings, in connection with which the provisions amounted to €35.06 million as of 31 December 2024 (of which €3.9 million corresponds to claims for advance payments; €24.0 million to formalisation costs and €7.2 million to other litigation arising from banking activity).

Legal claims and proceedings may expose the ABANCA Group to monetary damages, direct or indirect costs or financial loss, civil and criminal penalties, loss of licenses or authorisations, or loss of reputation, as well as the potential regulatory restrictions on the ABANCA Group's businesses, all of which could have a material adverse effect on the ABANCA Group's business, financial condition and results of operations.

**Risks arising from information technology systems (cyber risks) and other systems used by the Group**

Cyber risks can be defined as any risk of financial loss, disruption or damage to the reputation of an organisation from some sort of failure of its information technology systems (including loss of confidentiality, integrity, or availability of information or information systems) considering the impacts on its organisational operations and assets, individuals, other organisations and countries.

The occurrence of cyber risks is related to the dependence of technology in the provision of services and the threat environment.

ABANCA exposure to these risks has increased in recent years due to the implementation of the Group's digital strategy, which has meant a larger digital presence and more internal use of technologies and new technological paradigms.

ABANCA's remote banking service is used by 66% of its banking customers. During the year ended 31 December 2024, 1.6 million customers of the ABANCA Group had remote services for their queries and transactions (1.5 million during 2023). Moreover, 81.6% (80.2% in 2023) of the total transactions conducted by the ABANCA Group clients during that period were conducted through digital channels.

Besides, cyberattacks continue to be a global threat inherent across all industries, the financial sector being an attractive target, with the number and severity of attacks continuing to rise and the threats also increasing in sophistication. Financial sector remains a primary target for cybercriminals, hostile nation states, threat groups and hacktivists. ABANCA Group, like other institutions, experiences numerous attempts to compromise its cybersecurity posture. In 2024, cybersecurity incidents experienced by ABANCA included distributed denial of service (DDoS), phishing, credential stuffing, and attempts of exploitation of software vulnerabilities.

The impact of a successful cyberattack is also likely to include operational consequences (such as unavailability of services, networks, systems, devices, or data), unauthorised access to customer data or corrupt the integrity of financial data, such as records, algorithms and transactions, and remediation could come at significant cost.

Data privacy and cybersecurity laws, rules and regulations also continue to evolve and may result in ever-increasing public scrutiny and escalating levels of enforcement and sanctions. In addition, compliance with new legislation or regulations concerning data privacy or cybersecurity could require incurring significant additional costs and expenses.

Regulators worldwide continue to recognise cyber risk as a systemic risk to the financial sector and have highlighted the need for financial institutions to improve their monitoring and control of, and resilience to, cyberattacks. A successful cyberattack may, therefore, result also in significant regulatory fines for the ABANCA Group and in addition, in civil or criminal penalties, costly litigation, claims, proceedings, judgments, awards, sanctions, regulatory enforcement actions, government investigations or inquiries, or other adverse impacts, or be ordered to change ABANCA's business practices, policies or systems, any of which could have a material adverse effect on the ABANCA Group's business, financial condition and results of operations.

The gradual implementation of artificial intelligence systems ("**AI systems**") introduces new aspects to consider in risk management. To ensure the identification and adequate management of the risks derived from the use of AI, these initiatives are specifically analysed on the basis of a control framework drawn up with reference to the Regulation (EU) 2024/1689 on artificial intelligence and other international standards in this field. AI systems are exposed both to threats specific to this type of technology (such as, for example, the presence of hallucination errors in generative AI systems or the lack of transparency/explainability) and to threats common to other information systems (as is the case with most threats to privacy or security arising from the use of AI systems). The materialisation of these threats can have an impact on the Bank, such as financial penalties for breaches of artificial intelligence and data privacy regulations, claims for damages, failures in business processes, as well as an impact on the rights and freedoms of data subjects.

### **Sustainability (ESG) risks**

Climate change and environmental degradation are sources of structural changes affecting economic activity and, in turn, the financial system. It therefore presents financial risks for banks, insurers and the financial system in general. Thus, it is relevant for ABANCA in terms of its financial stability and balance sheet safety and soundness as climate change presents financial risks through two sub-types of events, mainly affecting credit risk:

- *Physical risks*, which refer to the financial impact of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as environmental degradation, such as air, water and land pollution, water stresses, biodiversity loss and deforestation.

These events damage physical assets and other infrastructure, disrupt business supply chains, affect agricultural production and can lead more broadly to loss of life and migration. This reduces asset values, results in lower profitability for businesses, damages public finances and increases the cost of settling underwriting losses for insurers. Indirect effects on the macroeconomic environment, such as lower output and productivity, exacerbate these direct impacts.

- *Transition risks* refer to any regulatory changes that may occur in terms of climate and environmental laws and regulations, and therefore to the financial losses of an entity that may result directly or indirectly from the process of adjusting to a lower carbon and more environmentally sustainable economy.

These changes may lead to a repricing of a wide range of asset values, a change in energy prices and a fall in the income and creditworthiness of some borrowers. This in turn would imply credit losses for lenders and market losses for investors.

Climate change mainly affects credit risk, but also has an impact on other prudential risks, such as business risk, reputational risk, operational risk, liquidity risk and market risk.

*Business risk:* Climatic and environmental factors that can lead to a reduction in activity volumes and therefore, narrower margins and higher costs, among others.

*Reputational risk:* The perception among stakeholders that statements, actions or communications are not in line with the Bank's sustainability profile, through financing to counterparties that fail to comply with their transition plans and adapt to sustainable regulations and trends may impact its reputation and therefore its ability to attract or retain customers.

*Operational risk:* weather and environmental factors could affect business continuity and operations of the Bank and its customers.

*Liquidity risk:* The Bank could suffer, due to a reputational event or a physical environmental weather event, an outflow of deposits.

*Market risk:* Climate and environmental events may impact both the fixed income and sovereign portfolio through the presence in the trading book of counterparties belonging to transition sensitive sectors.

Any of the conditions described above could have a material adverse effect on ABANCA's business, financial condition and results of operations.

In compliance with the commitments to which ABANCA is adhered (Net Zero Banking Alliance), in the last quarter of 2022 ABANCA began to define its decarbonisation pathway. ABANCA published its intermediate decarbonisation targets for 2030 in four of the sectors considered most intensive in terms of CO<sub>2</sub> emissions (steel, aviation, cement and coal), which was a further step forward in the Responsible and Sustainable Banking Action Plan 2021-2024 and in its commitment to continue supporting its customers in the sustainable transition.

In this regard, ABANCA has committed to stop financing coal by 2030 and has agreed to reduce the carbon intensity of its loan portfolio by 37% in aviation, 25% in steel production and 20% in cement production between 2021 and 2030.

Subsequently, at the end of 2023, ABANCA set new targets and committed to emissions reductions by 2030 in three key sectors, namely the fossil fuel, automotive and aluminium sectors, to move towards zero net emissions in its client portfolio by 2050. The publication of these targets for the most significant sectors was completed in June 2024, when ABANCA established new intermediate targets and committed to reducing emissions by 2030 in two key sectors, namely the electricity (generation) sector and the residential real estate sector.

ABANCA has thus extended its published decarbonisation pathway to a total of nine sectors and is committed to reducing the carbon intensity of its loan portfolio by 34% for the electricity (generation) sector and 17% for the residential real estate sector between 2023 and 2030.

With data at the end of 2024, there are 3 sectors in which ABANCA is already below the net zero emissions scenario for 2030: electricity, steel and aluminium. In coal, with a 2030 phase out target, exposure at the end of 2024 is residual.

## INFORMATION INCORPORATED BY REFERENCE

The information set out below shall be deemed to be incorporated by reference in, and to form part of, this Registration Document provided however that any statement contained in any document incorporated by reference in, and forming part of, this Registration Document shall be deemed to be modified or superseded for the purpose of this Registration Document to the extent that a statement contained herein modifies or supersedes such statement:

- ABANCA Group's unaudited condensed consolidated interim financial statements prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting and the consolidated interim directors' report as of and for the three-month period ended 31 March 2025, together with the limited review report of PricewaterhouseCoopers Auditores, S.L., available on ABANCA's website (<https://www.abancacorporacionbancaria.com/files/docs/cuentas-consolidadas-2025-1t-es.pdf>) (together, the **"2025 Consolidated First Quarter Interim Financial Statements"**).

The 2025 Consolidated First Quarter Interim Financial Statements were published by ABANCA as an announcement of other material information (*anuncio de otra información relevante*) (registry number: 34,455) on 30 April 2025, which is available on the CNMV's website.

- ABANCA Group's audited consolidated annual accounts prepared in accordance with IFRS-EU and the directors' report as of and for the year ended 31 December 2024 (the **"2024 Directors' Report"**), together with the audit report of PricewaterhouseCoopers Auditores, S.L., available on ABANCA's website (<https://www.abancacorporacionbancaria.com/files/docs/cuentas-consolidadas-2024-4t-es.pdf>) (together, the **"2024 Audited Consolidated Annual Accounts"**).

The 2024 Audited Consolidated Annual Accounts were published by ABANCA as an announcement of other material information (*anuncio de otra información relevante*) (registry number: 34,107) on 11 April 2025, which is available on the CNMV's website.

- ABANCA Group's audited consolidated annual accounts prepared in accordance with IFRS-EU and the directors' report as of and for the year ended 31 December 2023, together with the audit report of KPMG Auditores, S.L., available on ABANCA's website (<https://www.abancacorporacionbancaria.com/files/documents/cuentas-consolidadas-2023-4t-es.pdf>) (together, the **"2023 Audited Consolidated Annual Accounts"**).

The 2023 Audited Consolidated Annual Accounts were published by ABANCA as an announcement of other material information (*anuncio de otra información relevante*) (registry number: 27,661) on 22 March 2024, which is available on the CNMV's website.

Each document incorporated herein by reference is only as of the date of such document, and the incorporation by reference of such documents shall not create any implication that there has been no change in the affairs of ABANCA or the ABANCA Group, as the case may be, since the date thereof or that the information contained therein is current as of any time subsequent to its date.

Any documents themselves contained in or incorporated by reference in the documents incorporated by reference in this Registration Document shall not form part of this Registration Document.

### **English translations**

English translations of the 2025 Consolidated First Quarter Interim Financial Statements, of the 2024 Audited Consolidated Annual Accounts and of the 2023 Audited Consolidated Annual Accounts are available on ABANCA's website:

1. <https://www.abancacorporacionbancaria.com/files/docs/cuentas-consolidadas-2025-1t-en.pdf>
2. <https://www.abancacorporacionbancaria.com/files/docs/cuentas-consolidadas-2024-4t-en.pdf>
3. <https://www.abancacorporacionbancaria.com/files/documents/cuentas-consolidadas-2023-4t-en.pdf>

The referred English translations are for information purposes only. In the event of a discrepancy, the original Spanish-language versions prevail.



## DESCRIPTION OF ABANCA

### HISTORY AND DEVELOPMENTS

ABANCA, whose corporate name is "ABANCA Corporación Bancaria, S.A." is a Spanish bank which conducts its business under the commercial name "ABANCA".

ABANCA is registered with the Commercial Registry of A Coruña in tome 3,426 of the General Section, folio 1 et seq. sheet C-47,803. In addition, ABANCA is registered with the Special Registry of Banks and Bankers of the Bank of Spain, under code number 2080. ABANCA has its corporate address at Calle Cantón Claudino Pita, no. 2, Betanzos 15300 A Coruña, Spain, it holds Tax Identification Number (*Número de Identificación Fiscal*) A-70302039 and its Legal Entity Identifier (LEI) code is 54930056IRBXK0Q1FP96.

The telephone number of the registered address of ABANCA is (+34) 981 18 70 00 and its corporate website is "www.abancacorporacionbancaria.com/".

ABANCA was incorporated as a public limited company (*sociedad anónima*) subject to Spanish law and, as such, is governed by the legal regime established in the restated text of the Spanish Companies Law approved by Royal Legislative Decree 1/2010, of 2 July (*Texto Refundido de la Ley de Sociedades de Capital*). Moreover, in its condition of credit institution, ABANCA is subject to the supervision of the ECB and the Bank of Spain and the specific rules and regulations on credit institutions, mainly, Law 10/2014 (as defined in "Capital, Liquidity and Funding Requirements and Loss Absorbing Regulations") and other supplementary and concordant legislation.

ABANCA was incorporated in Spain on 14 September 2011 under the name "NCG Banco, S.A.", which was subsequently modified on 1 December 2014 to the current name, "ABANCA Corporación Bancaria, S.A.". According to Article 4 of its bylaws, ABANCA has been incorporated for an indefinite period.

### HISTORY

The following is a timeline of the most important events in ABANCA's history:

- On 25 June 2014, the transfer to ABANCA Holding Financiero, S.A. ("**ABANCA Holding**") (a company that was mainly owned by Mr. Juan Carlos Escotet Rodríguez) of the shares that the *Fondo de Reestructuración Ordenada Bancaria* (the "**FROB**") and the Deposit Guarantee Fund held in the Bank (which represented 88.33% of the share capital of the Bank) was completed.
- In August 2014, the boards of directors of the Bank and Banco Etcheverría, S.A. approved the absorption of Banco Etcheverría, S.A. by the Bank (the merger was registered with the Commercial Registry in November 2014). The activities of Banco Etcheverría, S.A. were located in the autonomous regions (*comunidades autónomas*) of Galicia, Madrid, Asturias, Castilla-La Mancha, Aragón and Canarias and also in the provinces of León and Valladolid.
- In December 2014, the General Shareholders' Meeting of the Bank agreed to amend the Bank's name, thus becoming "ABANCA Corporación Bancaria, S.A.".
- In May 2017, ABANCA purchased all shares in Popular Servicios Financieros, E.F.C., S.A.U. from Banco Popular Español, S.A., for a total amount of €39.3 million. Popular Servicios

Financieros, E.F.C., S.A.U. had a deep knowledge of consumer business and a historic base of prescribers focused on transactions with good quality in terms of payment capacity.

- On 9 June 2019, ABANCA completed the acquisition of Deutsche Bank AG's private and commercial client banking unit in Portugal ("**DB PCB**"). DB PCB was a business unit specialised in retail and private banking services (specially focused on personal and private banking), whose business generation capacity with corporations was leveraged on the ABANCA Group's know-how.
- On 10 June 2019, the annual general shareholders' meeting of ABANCA approved the absorption of ABANCA Holding by ABANCA (the "**Merger**"). The Merger was approved on 14 June 2019 by the annual general shareholders' meeting of ABANCA Holding and was registered with the Commercial Registry in February 2020.
- On 14 October 2019, ABANCA completed the acquisition of 99.8% of the shares in Banco Caixa Geral, S.A. ("**BCG**"), the former Spanish subsidiary of the Portuguese Grupo Caixa Geral de Depósitos. The main business segments of BCG were retail banking, private banking and corporate banking. This acquisition allowed the ABANCA Group to extend its commercial network (mainly in the autonomous region of Castilla y León) and to reinforce its presence in Extremadura and Galicia.

Following that acquisition, the relevant corporate bodies of ABANCA and BCG approved the absorption of BCG by ABANCA, this absorption was registered with the Commercial Registry in March 2020.

- On 28 January 2021, the ABANCA Group completed the acquisition of Bankoa. This acquisition reinforced the ABANCA Group position in the Basque Country, strengthening the enterprises and asset management business areas, which are considered to be strategic for the ABANCA Group, and also providing for potential growth in other business lines (such as working capital, business, consumer and insurance).

Following such acquisition, the relevant corporate bodies of ABANCA and Bankoa approved the absorption of Bankoa by ABANCA, which was registered with the Commercial Registry in November 2021.

- On 30 November 2021, once the required authorisations were received, the ABANCA Group acquired Novo Banco Spain from the Novo Banco Group. This acquisition strengthened the ABANCA Group's position in the areas of personal and private banking and corporate banking and has also provided growth potential in lines such as insurance activity.
- On 6 October 2023, ABANCA completed the acquisition of 100% of the shares in Targobank Spain from Banque Fédérative du Crédit Mutuel. As a result of such acquisition, Targobank Spain has allowed the ABANCA Group to extend its commercial network in Madrid, Andalusia and the Mediterranean basin and to strengthen the ABANCA Group's position in strategic lines such as insurance activity, payment services or investment funds, as well as small and medium-sized enterprises, which are considered to be strategic for the ABANCA Group and is producing significant synergies. Following such acquisition, in December 2023, the relevant corporate bodies of ABANCA, Targobank Spain and CEMCICE approved the absorption of Targobank Spain and CEMCICE by ABANCA, which merger was completed on 7 June 2024.

- In October 2023, the board of directors of ABANCA approved the absorption of Abanca Corporación Industrial y Empresarial, S.L.U. ("**ABANCA Corporación**") for the purposes of simplifying the corporate and governance structure of the ABANCA Group, increasing its transparency in the market and facilitating the efficient allocation of resources and reducing costs and duplicities (the "**ABANCA Corporación Absorption**"). The ABANCA Corporation Absorption was registered with the Commercial Registry on 4 March 2024.

With the same aim as the ABANCA Corporación Absorption, in December 2023, the relevant corporate bodies of ABANCA and Bankoa Kartera, S.A.U., Bankoa Mediación, S.L.U., ABANCA Corporación, División Inmobiliaria, S.L.U., Jocai XXI, S.L.U., Torres del Boulevard, S.L.U. and Corporación Empresarial de Representación Participativa, S.L.U. (the "**Absorbed Entities**") approved the absorption of the Absorbed Entities by ABANCA (the "**Absorbed Entities Absorption**"). The Absorbed Entities Absorption was registered with the Commercial Registry on 4 July 2024.

- On 11 July 2024, ABANCA completed the acquisition of 100% of EuroBic's share capital. This acquisition will allow the ABANCA Group to significantly strengthen its presence in Portugal, in particular in the areas of insurance, payment services and enterprises. The only remaining point with regard to this acquisition is the IT integration, which is expected to be completed in 2025. For further information on the EuroBic acquisition, please see the 2024 Audited Consolidated Annual Accounts and, in particular, Note 5.a (*Business combination – a. Acquisition of Banco BIC Portuges, S.A. (Eurobic) process*) thereof.

## STRATEGIC PLAN 2025-2027

The scenario that defines the framework to be faced by the Bank in the coming years is characterised by an economic context with high levels of uncertainty associated with geopolitical tensions and a growing asynchrony between the ECB's and the Fed's monetary policies, which increases the volatility in the behaviour of the financial markets.

The economic outlook for the euro area points to a slight recovery of activity in a context of a less restrictive monetary policy, although the core economies will continue to face difficulties in reviving their manufacturing industry, while Spain and Portugal are expected to prolong the expansionary cycle. The main risks to growth are linked to greater protectionism or the intensification of conflicts in Ukraine and the Middle East, which could generate new shocks in energy markets and global supply chains, generating new inflationary pressures and slowing down world trade.

In the competitive environment, activity in the financial sector will continue to be marked by a framework in which regulatory and supervisory pressure will be maintained. At the market level, the uncertainties are linked to changes in the Spanish banking map with potential mergers of large groups, in a context in which the fall in interest rates is putting pressure on the sector's margins.

ABANCA has a new strategic plan for the 2025-2027 period. This plan will focus on increasing recurring revenue generation, optimising costs, managing risks associated with the current environment and exponentially transforming the organisation, and the Bank is expected to continue focusing on geographic expansion, digital transformation, sustainability and strengthening its business model, in line with its previous strategic objectives.

To achieve these objectives, three fundamental strategic lines have been defined: 1) Drive diversified growth, 2) strengthen customer proximity and linkage, and 3) continue to make progress in an efficient and resilient transformation of the Bank.

1.- Driving diversified growth is key to sustained profitability over time. Diversification that acts in two areas:

- (i) Geographical diversification, which will increase the weight in the contribution to business and results of the territories outside Galicia and Portugal.
- (ii) Business diversification, with a series of priority lines such as off-balance sheet funds, insurance, financing to companies, mortgages and payment solutions.

2.- Strengthen customer proximity and linkage, based on two lines of action:

- (i) Strengthening the omnichannel platform.
- (ii) Consolidating the progress made in recent years in terms of proximity, quality and customer loyalty.

3.- Continue to make progress in the efficient and resilient transformation of the Bank to ensure its positioning, which is based on three lines of action:

- (i) Raising the focus on operational resilience.
- (ii) Improving processes at the service of the customer, relying on Data and Artificial Intelligence as levers for transformation.
- (iii) Keeping the team and people at the centre, promoting and supporting talent and accompanying them in the reskilling needs.

## **BUSINESS OVERVIEW**

ABANCA is a private credit and savings institution that develops a business model based on retail banking focusing on customers. Its corporate purpose is to carry out a range of activities, transactions and services pertaining to the banking business in general whether directly or indirectly related to it, which are permitted by the legislation in force, including the provision of investment services and other ancillary services and the implementation of insurance mediation activities, as well as the acquisition, possession, enjoyment and sale of all kinds of negotiable securities.

The ABANCA Group prepares its accounting information differentiated by business line pursuant to the provisions of IFRS 8. The business lines on the basis of which the information is presented are as follows:

- A. *Retail Banking*: this business line constitutes the main focus of the activity of the ABANCA Group and is aimed at a variety of retail customers (individuals, businesses and public administrations), who are provided with a range of financial and para-financial products through either the branch network or alternative distribution channels (internet, remote tools, on-line banking, mobile banking, etc.). Within the retail banking line, individuals and small and medium enterprises (SMEs) are considered strategic.

This business line contributed 80.35% of the gross margin of the ABANCA Group for the year ended on 31 December 2024 (85.51% for the year ended on 31 December 2023) and 44.48% of the profit before tax from continuing operations of the ABANCA Group for the year ended on 31 December 2024 (59.04% for the year ended on 31 December 2023).

- B. *Wholesale Banking*: market activity (treasury, issues, fixed income portfolio, etc.) and management of the equity portfolio in which the ABANCA Group has non-significant shareholdings. This business line also includes advisory activities in merger and acquisitions that consist mainly in the comprehensive management of external purchase and sale transactions and the entry of partners in companies from the Iberian market, in addition to capital increase, debt restructuring and other corporate transactions.

This business line contributed 15.19% of the gross margin of the ABANCA Group for the year ended on 31 December 2024 (8.54% for the year ended on 31 December 2023) and 52.43% of the profit before tax from continuing operations of the ABANCA Group for the year ended on 31 December 2024 (36.69% for the year ended on 31 December 2023).

- C. *Non-Financial Subsidiaries*: portfolio of non-financial companies created with the idea of supporting the local manufacturing industries and of contributing to the ABANCA Group's results.

This business line contributed 4.46% of the gross margin of the ABANCA Group for the year ended on 31 December 2024 (5.96% for the year ended on 31 December 2023) and 3.09% of the profit before tax from continuing operations of the ABANCA Group for the year ended on 31 December 2024 (4.27% for the year ended on 31 December 2023).

The following tables include a breakdown of the consolidated result before tax of the business lines of the ABANCA Group corresponding to the financial years 2024 and 2023:

Financial year 2024

SEGMENTATION 2024 (in accordance with IFRS-EU)	Retail	Wholesale	Non-	Total
	Banking	Banking	financial subsidiaries	
	(€ million)			
<b>Net interest income</b>	<b>1,404.90</b>	<b>240.89</b>	<b>(8.38)</b>	<b>1,637.40</b>
Dividend income	-	4.21	-	4.21
Share of profit or loss of equity-accounted investees	-	-	(4.47)	(4.47)
Fee and commission income and expense	329.88	0.25	-	330.14
Gains or losses on financial assets and liabilities	-	48.45	-	48.45
Exchange differences, net	0.14	9.10	0.08	9.32
Other operating income and expenses	(66.49)	12.52	105.46	51.49
<b>Gross margin</b>	<b>1,668.43</b>	<b>315.42</b>	<b>92.69</b>	<b>2,076.54</b>
Personnel expenses	(526.72)	(16.95)	(16.21)	(559.88)
Other administrative expenses, depreciation and amortisation	(435.56)	(16.52)	(41.58)	(493.66)
Provisions or reversals of provisions, and impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(128.04)	(27.12)	4.78	(150.37)
<b>Net Operating income</b>	<b>578.11</b>	<b>254.84</b>	<b>39.69</b>	<b>872.64</b>
Impairment or reversal of impairment on investments in joint ventures or associates and on non-financial assets	(7.58)	(5.24)	-	(12.82)
Gains or losses on derecognition of non-financial assets, net	0.04	5.52	0.00	5.56
Negative goodwill recognised in profit or loss	-	408.44*	-	408.44
Gains or losses on non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	-	9.07	0.00	9.07
<b>Profit before tax from continuing operations</b>	<b>570.57</b>	<b>672.63</b>	<b>39.69</b>	<b>1,282.88</b>

\*Please see “Description of ABANCA – History” for a description of the acquisition of EuroBic, which explains this negative goodwill and the 2024 Audited Consolidated Annual Accounts, in particular, Note 5.a (Business combination – a. Acquisition of Banco BIC Portuges, S.A. (Eurobic) process) thereof.

Financial year 2023

SEGMENTATION 2023 (in accordance with IFRS-EU)	Retail Banking	Wholesale Banking	Non- financial subsidiaries	Total
			(€ million)	
<b>Net interest income</b>	<b>1,197.82</b>	<b>28.86</b>	<b>5.14</b>	<b>1,231.82</b>
Dividend income	-	8.33	-	8.33
Share of profit and loss of equity-accounted investees	-	-	(4.54)	(4.54)
Fee and commission income and expense	294.10	-	-	294.10
Gains or losses on financial assets and liabilities	0.20	74.03	-	74.23
Exchange differences, net	(0.05)	6.12	(0.05)	6.02
Other operating income and expenses	(147.92)	16.85	93.09	(37.97)
<b>Gross margin</b>	<b>1,344.15</b>	<b>134.19</b>	<b>93.64</b>	<b>1,571.98</b>
Personnel expenses	(408.26)	(16.81)	(16.50)	(441.56)
Other administrative expenses, depreciation and amortisation	(321.62)	(18.74)	(41.07)	(381.44)
Provisions or reversals of provisions, and impairment or reversal of impairment on financial assets not measured at fair value through profit and loss	(112.63)	4.02	0.36	(108.26)
<b>Net Operating income</b>	<b>501.64</b>	<b>102.66</b>	<b>36.43</b>	<b>640.72</b>
Impairment or reversal of impairment on investments in joint ventures or associates and on non-financial assets	(2.32)	(6.40)	-	(8.72)
Gains or losses on derecognition of non-financial assets, net	-	6.74	(0.37)	6.37
Negative goodwill recognised in profit and loss	-	201.27*	-	201.27
Gains or losses on non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	-	6.05	0.01	6.07
<b>Profit before tax from continuing operations</b>	<b>499.31</b>	<b>310.32</b>	<b>36.08</b>	<b>845.71</b>

\*Please see “Description of ABANCA – History” for a description of the acquisition of Targobank, which explains this negative goodwill.

## Description of the main business lines

The ABANCA Group develops a business model based on retail banking where its main focus is the customer, who receives individual and specialised attention in those cases in which their profile so requires. The management of unproductive assets is another aspect carried out by ABANCA, with action policies designed under the premise of maximising the value of these assets.

In addition, the ABANCA Group also operates in the financial markets, which are a source of diversification for recurrent income and contribute to the optimisation of resources and risks.

The ABANCA Group identifies the following business lines which coincide with the breakdown reported in the 2024 Audited Consolidated Annual Accounts and the 2023 Audited Consolidated Annual Accounts:

## A. *Retail Banking*

The business with retail customers constitutes the main focus around which the most recurring activity of the ABANCA Group takes place. ABANCA's model focuses on providing all-round coverage for the financial needs of its customers through financial and para-financial products and services conceived and designed to include features which can meet their requirements and comply with the corporate values of ABANCA (responsibility, reliability, quality and innovation). The strategic focus of ABANCA is geographically differentiated into different areas: (i) Galicia, (ii) rest of Spain and (iii) Portugal. Please see "*Distribution channels*" below.

As of 31 December 2024, the ABANCA Group had approximately 2.7 million active customers. In turn, these customers are divided into 2.3 million individual customers and 0.4 million self-employed and enterprises.

The following table includes a breakdown of the consolidated result before tax of the ABANCA Group's "Retail Banking" business segment for the financial years 2024 and 2023:

<b>RETAIL BANKING (in accordance with IFRS-EU)</b>	<b>31 December 2024</b>	<b>31 December 2023</b>	<b>Var.</b>
		<i>(€ million)</i>	
<b>Net interest income</b>	<b>1,404.90</b>	<b>1,197.82</b>	<b>17.29%</b>
Dividend income	-	-	-
Share of profit and loss of equity-accounted investees	-	-	-
Fee and commission income and expense	329.88	294.10	12.17%
Gains or losses on financial assets and liabilities	-	0.20	(100.00%)
Exchange differences, net	0.14	(0.05)	n.a.
Other operating income and expenses	(66.49)	(147.92)	(55.05%)
<b>Gross margin</b>	<b>1,668.43</b>	<b>1,344.15</b>	<b>24.13%</b>
Personnel expenses	(526.72)	(408.26)	29.02%
Other administrative expenses, depreciation and amortisation	(435.56)	(321.62)	35.43%
Provisions or reversals of provisions, and impairment or reversal of impairment on financial assets not measured at fair value through profit and loss	(128.04)	(112.63)	13.68%
<b>Net Operating income</b>	<b>578.11</b>	<b>501.64</b>	<b>15.25%</b>
Impairment or reversal of impairment on investments in joint ventures or associates and on non-financial assets	(7.58)	(2.32)	226.57%
Gains or losses on derecognition of non-financial assets, net	0.04	-	n.a.
Negative goodwill recognised in profit and loss	-	-	-
Gains or losses on non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	-	-	-
<b>Profit before tax from continuing operations</b>	<b>570.57</b>	<b>499.31</b>	<b>14.27%</b>

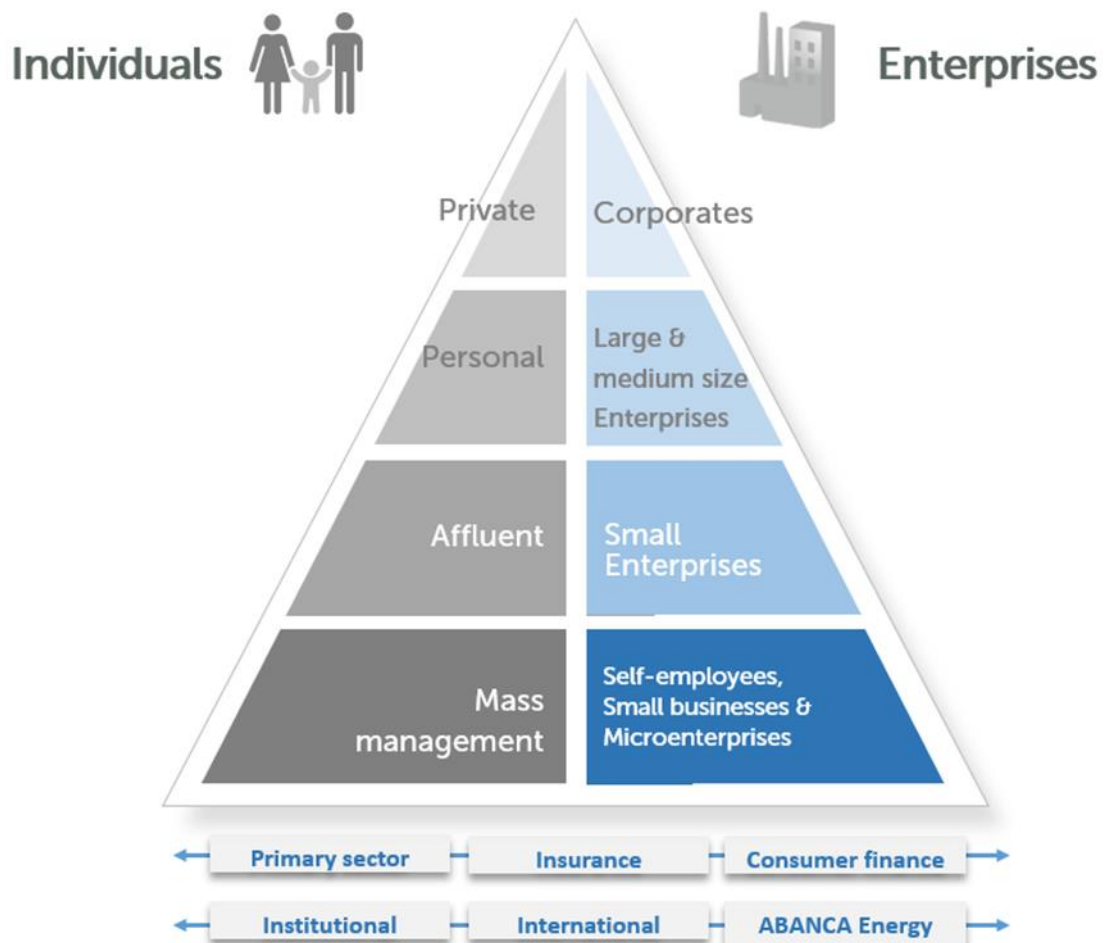
### Customer types and segmentation

ABANCA's commercial strategy is based on segmentation by types of customers, for the purpose of offering different products and services according to their needs, always following a model based on



attention and a differentiated value proposal. These products and services are offered in a multichannel environment, increasing the possibilities of interrelationship between the customer and the institution.

As shown in the figure below, the segmentation is divided into two interconnected areas so that the attention can be as personalised and as professional as possible.



The first area classifies the customers by their legal nature and based upon this classification more categories are identified. Based on these criteria, the customers can be divided in:

- *Individuals*, which in turn are classified in (i) mass management (groups of customers with certain homogeneous needs which can be addressed with a more standardised approach), and other categories which are more adapted to specific needs; (ii) affluent; (iii) personal banking; and (iv) private banking.
- *Enterprises*: the difference is made based on invoicing and activity, for the purpose of offering a better service adapted to the specific needs of each group: (i) self-employees, small businesses and micro-enterprises; (ii) small enterprises; (iii) large medium-size enterprises; and (iv) corporates.

The second area identifies certain customers based on other differentiating criteria. Thus, units for specific sectors are created (specialised businesses) to provide services to specific collectives:

- *Primary sector*: specialised unit serving individuals and legal entities related to agricultural and livestock activities, and another unit serving maritime and fishing activities.
- *Insurance*: this unit provides insurance solutions to all types of customers in the insurance business.
- *Consumer finance*: this unit provides solutions to the consumer sector, requested both by end consumers (purchase deferral, point of sale financing, etc.) and by businesses.
- *Institutional*: this unit deals with public sector needs.
- *International*: this unit develops the strategy of complementary international presence in geographic areas which have links with the "leading market" of the ABANCA Group. Please see "*Principal markets*" below.
- *ABANCA Energy*: this unit promotes the development of energy products by companies and families, encouraging the abandonment of energies based on fossil fuels and their replacement by new sustainable sources.

#### 1. Specialisation by legal nature

##### *Individuals*

Individual customers represent 86% of its total active customers and 40% of the financing granted to customers as of 31 December 2024. Within this total, as of 31 December 2024, €16.9 billion have been allocated to the acquisition of homes.

Among the main products and services of the ABANCA Group are the following:

- *Financing*: this includes the granting of mortgages, personal loans and consumer financing, products that provide different alternatives designed to adapt themselves to the payment capacity and preferences of the customers as regards payment periods, repayment methods, etc. the ABANCA Group complements this offer with other products such as guarantees, letters of credit or means of payment. Additionally, the ABANCA Group offers an increasing range of sustainable products such as financing of electric cars, installations of self-consumption and renewable energy storage facilities, as well as the implementation of renewable heating systems in the residential sector and loans to homeowners' associations to maintain or improve the safety of the building, its accessibility, the implementation of energy saving installations and the thermal insulation, etc.
- *Savings*: the products offered include, inter alia, term deposits, savings books, current accounts, investment funds in their different modalities, insurance, pension schemes and fixed- and variable-yield securities. Additionally, the ABANCA Group offers delegated portfolio management services with different options adjusted to the customer needs, including a variety of sustainable investments. These products are accessible to a wide range of customers as they can be formalised from €3,000.

In order to promote the generation of added value for all individual customers (and specially for those categorised in personal and private banking), ABANCA decided to optimise its corporate structure by merging its two investment fund management companies, Imantia Capital, S.G.I.I.C., S.A. and Bankoa Gestión, S.A., S.G.I.I.C., into a single company, ABANCA Gestión de Activos, S.A. S.G.I.I.C., a brand with which the bank will promote the growth of its off-balance sheet business. With this decision to merge the ABANCA Group gains efficiency through the standardisation of its catalogue of products in the off-balance sheet segment, avoiding duplications and increasing the transparency to the market.

- *Insurance:* the ABANCA Group provides a wide variety of insurance products that are aimed at covering all types of customer needs (e.g., car, home, business, accident or savings, among others).
- *Other services:* direct deposits, means of payment, brokerage of securities and normal operations through different types of channels of remote service channels.

The ABANCA Group operates a segmented and differentiated commercial management depending on the financial capacity of each customer: mass management, affluent, personal banking and private banking:

- *Mass management:* this unit serves those customers whose monthly income is lower than €1,500. It is the unit with the broadest base of customers, who are "characterised" to be served by one of the members of the office staff (directors, assistant directors, specialised managers or managers) following criteria of added value. The specialised members of the "Mass management" unit also provide services adapted to the needs of those customers with the higher number of products or services contracted with the ABANCA Group.
- *Affluent:* this unit serves customers with a regular monthly balance above €500 and additionally meeting different relationship conditions in terms of a minimum balance in value-added products, certain use of payment methods or general insurance policies contracted. These customers deal with specialist managers who provide an improved financial relationship with regard to each of the previously mentioned products.
- *Personal banking:* this unit serves customers whose net worth is between €100,000 and €500,000 and/or whose monthly income is higher than €3,000, and who therefore have a great interest in purchasing products which are an alternative to the fixed term and request more differentiated and personalised services. As of 31 December 2024, this segment represented had more than 330,000 customers.

In this endeavour, the managers and advisors of personal banking have become specialised and have obtained the European investment product certificates "European Investment Practitioner" (EIP) and "European Financial Advisor" (EFA), respectively, on financial markets, investment and savings products, taxation, regulations and standards, as well as financial planning and advice, accredited by the European Financial Planning Association (EFPA).

- *Private banking:* this unit is focused on serving those customers whose balance is above €500,000 through management with a more specific degree of personalisation, tailored to each customer. As of 31 December 2024, this segment had more than 15,700 customers.

The team of professionals who form the private banking unit include both senior advisers and the asset planner. The ABANCA Group's team of advisers and asset planners are qualified in different subjects related to financial advice and asset management, accredited by means of certifications recognised at a European level, such as the aforementioned EFA.

ABANCA offers a catalogue of products and services such as tailor-made structures, open fund architecture, integrated advice and information, incorporating advanced management tools such as the Openfinance suite.

### *Enterprises*

The service for enterprises holds another pillar in the activity of ABANCA, upon which one of the main focuses of development for ABANCA hinges on SMEs and the self-employed. As of 31 December 2024, the ABANCA Group had a customer base of more than 376,000 active enterprises and freelancers who are served by specialised managers assigned according to their needs. The breakdown of the lending portfolio of the ABANCA Group is well diversified in different business sectors, including manufacturing, wholesale and retail trade or transport and storage.

Among the range of products and services aimed at by this segment, the following should be noted:

- *Financing:*
  - *Working capital:* the ABANCA Group provides companies with the necessary liquidity for their daily activity with traditional products such as discounts, advance payments or credit accounts, which are complemented by specific solutions such as confirming or factoring.
  - *Other purposes:* the ABANCA Group provides everyday products such as guarantees, overdrafts, leasing, renting, risk coverage products, etc., or specific solutions for foreign trade operations. The latter include Comex advice, import-export financing, accounts in foreign currencies, payment risk coverage and the delivery of goods and international transfers, among other things. Additionally, the ABANCA Group offers an increasing range of sustainable products while providing support to the primary sector, from the dissemination of information on aid for business model improvement plans to assistance with formalities.
- *Cash saving-management:* company solutions include particular products such as "cash pooling", current and savings accounts, and joint promotion deposits or pension schemes, in addition to the everyday solutions offered to individuals.
- *Other products and services:* including insurance, e-commerce, different advice lines on commercial reports, public aid and subsidies, public tenders and bidding, specific electronic banking services for legal persons, etc.

Helping clients address their needs requires a high degree of technical and customer knowledge. The needs of enterprises often require bespoke financial solutions. In order to provide a more personalised service to such financial institutions, the ABANCA Group has units focused on managing specific enterprise segments:

- *Self-employees, small businesses & microenterprises*: this unit is intended for micro-businesses (turnover below €2 million annually), small shops and freelancers.

The structure of this unit comprises managers with a certain profile and specific training who are joined by branch directors who also manage part of this segment focused on the acquisition business (PST), point of sale financing, working capital and insurance, apart from the revitalisation of the commercial credit activity of these sectors.

- *Small enterprises*: this unit is intended to serve small enterprises (annual turnover between €2 million and €10 million).

This unit provides support to its customers in universal branches through "SMEs managers", providing products and services to cover all their banking needs.

- *Large & medium size companies*: this unit is intended to serve large and medium-sized enterprises. Its purpose is to serve companies (annual turnover between €10 million and €200 million), providing products and services to cover all their banking needs.

The unit provides support to its customers through "company managers", located in business centres.

- *Corporate Banking*: this unit serves those companies which define themselves as large-scale enterprises. Its aim is to serve large Spanish business groups (turnover of more than €200 million per year) in order to form part of their financing needs and provide them with integrated coverage. The managers of this area provide support to a large number of the main economic groups in Spanish territory.

Drawing on the know-how of the team, it also provides "tailored" financing structures, in specialised formats (syndicated loans, project finance, tax lease, leveraged buyouts of top-level securities, etc.), being active both in the origin and in purchases of the syndicated loan secondary market and the search for international opportunities, mainly in dollars.

## 2. Specialised Businesses

In addition to the area described above, the ABANCA Group also segments its business in another interconnected specialised area for the following sectors:

### *Primary sector*

ABANCA Mar and ABANCA Agro are examples of specialisation in the service for professionals, enterprises, co-operatives and other primary sector agents, embracing the entire value chain of the agriculture and livestock, wine, fishery and farming sectors.

ABANCA Mar provides its services to the maritime and fishery sector through a network of 112 branches as of 31 December 2024. It has a team of professionals with financial solutions (products and services) adapted to the characteristics and needs of the fishery sector and ancillary industry.

ABANCA Agro provides its services and support through a range of products designed for this collective (financial support for those affected by fires, aid for dairy farmers, etc.). This service is

provided through 238 branches as of 31 December 2024 where managers are specialised in this sector work.

### *Insurance*

This unit is of key importance as a generator of recurring results, while allowing ABANCA to diversify the sources of income generation.

ABANCA's "insurance" business unit has a structure divided in three lines: (i) "ABANCA Vida y Pensiones" to develop a wide range of life products (risk and savings), (ii) a general insurance line, where the joint venture with Crédit Agricole is to provide a wide and innovative product offer; and (iii) a brokerage line to meet the needs of those customers who demand more customised products due to their specific characteristics (complexity of risks, volume of coverage, etc.).

This efficient structure has been created following a relaunching process that redefined the organisational structure of the insurance business and pension schemes. This relaunching process was possible thanks to a series of purchases and mergers which have enabled ABANCA to hold 100% of the control over the value chain of its insurance business.

The life insurance activities are now provided by ABANCA Vida y Pensiones de Seguros y Reaseguros, S.A.U. (100% controlled by the ABANCA Group) after a series of purchases and mergers which started in 2014. Currently, this company is equipped with a technological system to now conduct internally its processes (without external suppliers taking part), hence greater management efficiency, improved customer experience, greater product customisation, and better sales support are achieved. In December 2023, ABANCA Vida y Pensiones launched its first simplified occupational pension plan for self-employed professionals.

With regards to bancassurance activities, on 8 July 2019, ABANCA announced an agreement with Crédit Agricole Assurances by which both entities will collaborate during the next 30 years to deal in the general insurance market in Spain and Portugal. This agreement resulted in a joint venture (ABANCA Seguros Generales) between ABANCA (50% interest) and Crédit Agricole Assurances (50% interest). Following the obtention of the relevant regulatory authorisations by the Directorate-General for Insurance (*Dirección General de Seguros*), ABANCA Seguros Generales started up with the launch of its first products (car and life/payment protection insurance) in 2021 and the "Flat Rate" service, in 2022 it expanded its catalogue by three new branches (home, life and retail insurance) and in 2023 it expanded its catalogue to include health and death insurance.

With regards to the last insurance line (brokerage), ABANCA Mediación, Correduría de Seguros Generales, S.A. (a company 100% owned by ABANCA Group) provides tailored solutions to companies with major risks that require greater complexity, either due to their high exposure or customers' particularities.

This new commercial model is supported by a team of commercial managers located across ABANCA's branches who are specialised in each area of the insurance business.

The ABANCA Group had general and life-risk insurance premiums for a value of €567.3 million as of 31 December 2024, representing an increase of 15.6% compared to 31 December 2023.

### *Consumer finance*

This business unit provides a specific structure for consumer credit, focusing on the point of sale, prescribers (concessionaires, retailers, etc.) and preauthorised credits for customers (cards/loans). ABANCA Consumer Finance has a team of managers that promotes the activity with businesses/concessionaires, as well as providing support to the network of offices. This is complemented by a call-center service for telephone sales and supporting business customers.

The acquisition of Popular Servicios Financieros, E.F.C., S.A.U. in May 2017 was an especially relevant milestone to the development of the "consumer finance" business unit, as it contributed a specialised team and also a large number of agreements with businesses and dealers in Spain and Portugal.

### *Institutional*

The public sector has a specific area in the ABANCA Group, in which financial solutions are offered to address the needs of public bodies, public enterprises, associations, foundations, etc. Organised around a territorial network, the institutional banking co-ordinators were managing a portfolio of more than 2,150 customers throughout Spain as of 31 December 2024. Loans, credit policies, guarantee lines, factoring and confirming are the main solutions which, each day, support the activity of institutional customers.

In addition, each year the area co-ordinates more than 350 collaboration agreements with town councils, autonomous regions, associations, foundations, etc. for the development of initiatives which promote the social, economic and cultural development of their environment. ABANCA also collaborates with revenue-collecting entities for the purpose of improving the efficiency of the processes for the collection of fees, public prices and other revenues.

### *International*

Although ABANCA concentrates its activity and business on the Iberian market, it also has two branches out of that area (in Switzerland and in Miami) and eight representative offices in Mexico, Panama, Venezuela, Brazil, the UK, France, Germany and Switzerland, aimed at providing coverage to the community abroad and the global expansion of Iberian companies which operate in such countries.

The central element of this model is customer service through teams located both in Iberia and in their country of residence. The customers have at their disposal up to three points of customer service contacts, between which they may choose at all times, depending on their needs: in their country of residence, their local representative office and, in Iberia, their corresponding branch supported by managers focused on the sector of non-resident customers plus, in the case of entrepreneurs, the ABANCA foreign trade manager team.

### *ABANCA Energy*

ABANCA Energy was launched in 2023 as a unit based on specialised knowledge. It thus joins other units, which the Bank has created in recent years to drive activity and meet the needs of sectors and customer collectives through differentiated solutions. The creation of ABANCA Energy offers customers with a wealth of knowledge in the field of renewable energy, which accumulates more than 20 years of experience in structuring project financing.

The unit is transversal to the entire organisation and brings together the participation of professionals and teams from different areas of the Bank, led by the Corporate and Specialised Banking division. The

unit was created to drive the development of energy projects by companies and families, promoting the gradual phaseout of fossil fuel-based energies and their replacement by new sustainable sources. The Bank responds to the needs of customers who want to develop projects related to energy generation, distribution, marketing and consumption activities, both in Spain and abroad. ABANCA Energy will contribute to ABANCA's objective of supporting the deployment of Next Generation EU funds and facilitating their arrival to their beneficiaries, both companies and families.

#### Recoveries and Real Estate assets

ABANCA is focused on reducing the volume of unproductive assets while maximising their value for ABANCA. The main lines of action are the management of arrears of the credit portfolio, the foresight to manage potential cases of arrears and the reduction of the stock of properties awarded, always under the premise of generating positive results for ABANCA.

The recovery task focuses on reducing portfolios of suspicious and failed transactions (both current and planned transactions) for the purpose of minimising their negative impact on the results through standardisation, collection or judicial management. All these arrangements have the support of the commercial network, mainly in early delinquency stages. ABANCA's NPL ratio<sup>17</sup> decreased significantly from 13.9% as of 31 December 2014 to 2.6% as of 31 December 2024 (2.4% as of 31 December 2023).

Beyond the ordinary recovery tasks, ABANCA also manages the reduction of this stock through the sale of portfolios. The activity is carried out by assessing the different divestment alternatives and strategies of these non-strategic assets, opting for the path enabling the highest value for ABANCA to be obtained.

With regards to the stock of real estate assets, ABANCA has a team in charge of all the processes associated with this type of assets, from their incorporation (where appropriate) and registration in the inventory, until the pricing and sale to third parties. In order to manage its stock of real estate assets, ABANCA chooses mixed solutions that combine outsourcing and internal management in such a way that control in the value chain is secured, and only those transactions which are less critical in the process are outsourced. In relation to the divestment strategy, a segmentation of the real estate portfolio is carried out based on the revaluation capacity of the assets, and prices are fixed for the purpose of maximising the profitability by maintaining an appropriate turnover.

As of 31 December 2024, the internal commercial team directed and co-ordinated a group of more than 380 real estate broker (REBs) distributed throughout the Iberian territory.

Although with a lower volume, ABANCA also carries out the management of leases depending on the type of agreement (commercial lease, social lease or subrogation).

#### **B. *Wholesale Banking***

Although ABANCA finances its credit activity as a retail business (with a Retail Loan to Deposits (LtD) ratio<sup>18</sup> of 78.6% as of 31 December 2024 (84.9% as of 31 December 2023)), the "Wholesale Banking"

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<sup>17</sup> NPL ratio is an APM, which is unaudited and whose definition, explanation, use and reconciliation is set out in section 9 (Alternative Performance Measures (APMs)) of the 2024 Directors' Report.

<sup>18</sup> Retail Loan to Deposits (LtD) ratio is an APM, which is unaudited and whose definition, explanation, use and reconciliation is set out in section 9 (Alternative Performance Measures (APMs)) of the 2024 Directors' Report.



business segment complements the commercial activity of ABANCA and constitutes an additional source of revenue for the consolidated statements of profit and loss.

One of the main functions of the area is to optimise the liquidity generated by the ABANCA Group. Furthermore, it manages the positions of treasury and liabilities in the capital markets in order to implement the transformation of the periods of the balance sheet and the exposure to interest risk. In addition, Wholesale Banking supports the areas of the commercial network which carry out the discretionary management of portfolios, disseminates knowledge to the managers/customers of the ABANCA Group of the most standardised investment portfolios, and controls the investment funds/pension schemes designed by the ABANCA Group. Furthermore, it collaborates in the distribution of treasury products to the commercial network (retail, enterprises, corporate, Comex and institutional) and co-ordinates the foreign exchange and derivatives desks, for the purpose of offering the best prices in these products to the internal areas (balance sheet/trading) and external customer. It is also responsible for the management of the investment portfolio in listed and non-listed companies which include non-representative shares for the purpose of generating profitability for the ABANCA Group through dividends or capital gains and maximising efficiency and solvency, minimising outflows and maximising inflows of resources into ABANCA. Moreover, this business line also includes advisory activities in merger and acquisitions, that consist mainly in the comprehensive management of external purchase and sale transactions and the entry of partners in companies from the Iberian market, in addition to capital increase, debt restructuring and other corporate transactions.

The following table includes a breakdown of the consolidated result before tax of the ABANCA Group's "Wholesale Banking" business segment for the financial years 2024 and 2023:

<b>WHOLESALE BANKING (in accordance with IFRS-EU)</b>	<b>31 December 2024</b>	<b>31 December 2023</b>	<b>Var.</b>
		<i>(€ million)</i>	
<b>Net interest income</b>	<b>240.89</b>	<b>28.86</b>	<b>734.62%</b>
Dividend income	4.21	8.33	(49.43%)
Share of profit and loss of equity-accounted investees	-	-	-
Fee and commission income and expense	0.25	-	n.a.
Gains or losses on financial assets and liabilities	48.45	74.03	(34.55%)
Exchange differences, net	9.10	6.12	48.73%
Other operating income and expenses	12.52	16.85	(25.71%)
<b>Gross margin</b>	<b>315.42</b>	<b>134.19</b>	<b>135.06%</b>
Personnel expenses	(16.95)	(16.81)	0.83%
Other administrative expenses, depreciation and amortisation	(16.52)	(18.74)	(11.85%)
Provisions or reversals of provisions, and impairment or reversal of impairment on financial assets not measured at fair value through profit and loss	(27.12)	4.02	n.a.
<b>Net Operating income</b>	<b>254.84</b>	<b>102.66</b>	<b>148.25%</b>
Impairment or reversal of impairment on investments in joint ventures or associates and on non-financial assets	(5.24)	(6.40)	(18.08%)
Gains or losses on derecognition of non-financial assets, net	5.52	6.74	(18.11%)
Negative goodwill recognised in profit and loss	408.44	201.27	102.93%
Gains or losses on non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	9.07	6.05	49.79%
<b>Profit before tax from continuing operations</b>	<b>672.63</b>	<b>310.32</b>	<b>116.75%</b>

### C. *Non-Financial Subsidiaries*

This business line is comprised of the portfolio of non-financial enterprises aimed at supporting the local production factories and the activities of the ABANCA Group (this business line includes the result of the insurance companies of the ABANCA Group except for the income and expenditure from commissions, which are incorporated into the retail banking segment).

As of 31 December 2024, the ABANCA Group maintained an investees portfolio with presence in the food and beverage sectors (*bodegas*), leisure and tourism (hotels, thalassotherapy and fitness, etc.), insurance (brokerage and insurance companies), finance (venture capital, consumer finance, means of payment, etc.) and others such as information and car, maritime, commercial transport, real estate and energy sectors, etc.

The following table includes a breakdown of the consolidated result before tax of the ABANCA Group's "Non-Financial Subsidiaries" business segment for the financial years 2023 and 2022:

SUBSIDIARIES (in accordance with IFRS-EU)	31 December 2024	31 December 2023	Var.
		(€ million)	
<b>Net interest income</b>	<b>(8.38)</b>	<b>5.14</b>	<b>n.a.</b>
Dividend income	-	-	-
Share of profit and loss of equity-accounted investees	(4.47)	(4.54)	(1.63%)
Fee and commission income and expense	-	-	-
Gains or losses on financial assets and liabilities	-	-	-
Exchange differences, net	0.08	(0.05)	n.a.
Other operating income and expenses	105.46	93.09	13.29%
<b>Gross margin</b>	<b>92.69</b>	<b>93.64</b>	<b>(1.02%)</b>
Personnel expenses	(16.21)	(16.50)	(1.73%)
Other administrative expenses, depreciation and amortisation	(41.58)	(41.07)	1.22%
Provisions or reversals of provisions, and impairment or reversal of impairment on financial assets not measured at fair value through profit and loss	4.78	0.36	1.228.89%
<b>Net Operating income</b>	<b>39.69</b>	<b>36.43</b>	<b>8.94%</b>
Impairment or reversal of impairment on investments in joint ventures or associates and on non-financial assets	-	-	-
Gains or losses on derecognition of non-financial assets, net	0.00	(0.37)	n.a.
Negative goodwill recognised in profit and loss	-	-	-
Gains or losses on non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	0.00	0.01	(71.43%)
<b>Profit before tax from continuing operations</b>	<b>39.69</b>	<b>36.08</b>	<b>10.02%</b>

### DISTRIBUTION CHANNELS

ABANCA is committed to a customer relationship model based on the multi-channel approach, through which the customer can connect with ABANCA through the different distribution channels offered. By means of a multi-channel distribution platform, the customer decides how and when to carry out their financial transactions, keeping the traditional office as the personalised customer support centre, supplemented by alternative channels (online banking, mobile banking, means of payment, ATM's, etc.).

## Branches

ABANCA's strategy is geographically differentiated into the following areas:

- Galicia: the "leading market" of ABANCA, where it has its major market share (as of 31 December 2024, ABANCA was the market leader in Galicia with a share of 41.5% (source: *Statement FI 132.E December 2024 of the Bank of Spain*)). ABANCA has a broad network of branches in its "leading market" (436 branches as at 31 December 2024).
- Rest of Spain: where the presence of ABANCA is selective and focused on larger towns (220 branches as of 31 December 2024). The integration of BCG, carried out in 2019, has allowed the ABANCA Group to extend its commercial network (mainly in the autonomous region of Castilla y León) and to reinforce its presence in Extremadura and Galicia. The integration of Bankoia and Novo Banco branch network in Spain, carried out in 2021, has provided further presence, especially in the Basque Country. Additionally, the incorporation of Targobank Spain has reinforced the presence of ABANCA in the rest of Spain, especially in those areas where ABANCA was less represented (Mediterranean area and Andalusia).
- Portugal: Portugal completes the strategy of geographic diversification carried out by ABANCA through the acquisition of EuroBic. The country plays a special role in ABANCA's approach due to its expected crucial role within the Iberian market and its economic relationship with Spain. The acquisition of EuroBic has reinforced the role of ABANCA in Portugal given its universal presence of branches so ABANCA is now a relevant player.

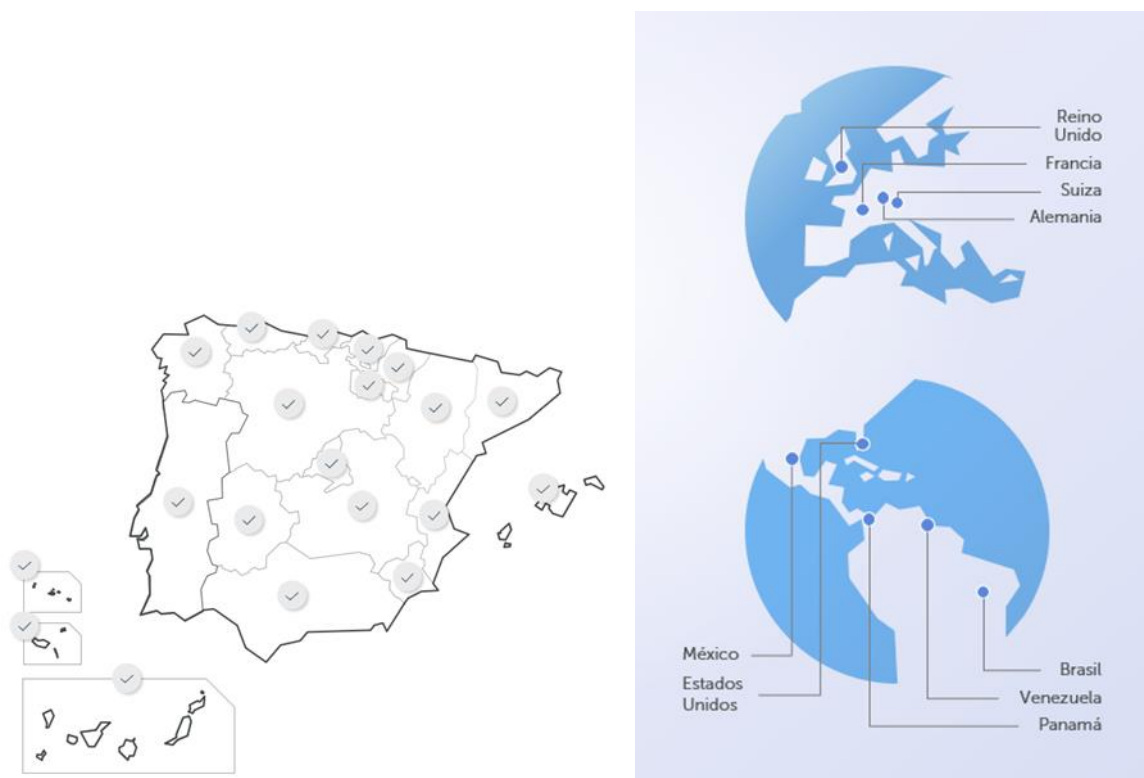
The branches of ABANCA are distributed as follows:

Number of branches	Dec 2024	Dec 2023
Spain .....	656	675
Galicia.....	436	437
Rest of Spain .....	220	238
Portugal .....	224	45
Abroad .....	2	2
Representative offices abroad .....	9	8
<b>Total .....</b>	<b>891</b>	<b>730</b>

ABANCA has also a network of agents which is complementary to the aforementioned branch network. This network of agents has an increasing relevance in the distribution network of ABANCA and contributes to a greater presence in the Spanish and Portuguese territories thanks to the 57 agents.

Number of agents	Dec 2024	Dec 2023
Spain .....	30	27
Portugal .....	27	27
<b>Total .....</b>	<b>57</b>	<b>54</b>

In addition, the presence of ABANCA in the Iberian market is complemented by a presence in the international markets through two operational branches in Switzerland and Miami (as of 31 December 2024) and representative offices (France, the UK, Switzerland, Germany, Panama, Brazil, Mexico and Venezuela). Please also see "*—History and development – History*" above.



\*Mexico includes 2 branches of Sentir Común SOFOM (Sociedad Financiera de Objeto Múltiple).

This geographic distribution is supported by an innovative and differential model whose main features are, among others, the expertise in dealing with customer needs, the combination of personal customer service and remote banking (on-line and telephone), the service through specialised units, simplicity and transparency in contracting and managing products and services as well as the international approach. Moreover, in all cases, this presence is complemented with certain digital channels (please see "*Digital channels*" below).

In recent years, ABANCA has continued with the process of optimising its network, phasing out branches in those centres where an over-presence has been identified based on the demographic and industrial characteristics of the area. Furthermore, offices have been opened in those places around Spain where the ABANCA Group did not have the appropriate representation. In addition, ABANCA has also taken advantage of the opportunities that have arisen in the sector to acquire businesses that improved its position until becoming an Iberian player. This approach has been reflected in the DB PCB, BCG, Bankoa, Novo Banco Spain, Targobank Spain and Eurobic transactions (please also see "*History and development – History*" above). Said transactions have been aimed at providing an inorganic growth that is totally complementary to the ABANCA's retail business.

### ATMs

As of 31 December 2024, ABANCA offers its customers a network of 1,402 integrated ATMs within the EURO 6000 network. ABANCA is also continuing with the implementation of state-of-the-art fully equipped ATMs as well as the implementation of new functionalities to respond to the demands reported by customers and branches. These devices allow customers to conduct on their own recurrent transactions that involve a high administrative load for the branch employees, such as making cash

withdrawals with return of coins, multiple payment of receipts and deposits of exact amounts and return of change with the card. Moreover, as of 31 December 2024, ABANCA had a wide network of point of sale terminals (85,629 units) and cards (3.4 million units).

### **Digital channels**

ABANCA also has a remote banking service (electronic and mobile banking) for all of its products that is used by 66% of its banking customers.

In order to adapt to new customers habits, ABANCA, within its digital strategy offers numerous payment tools (ABANCA Pay, ABANCA Cash, Samsung Pay, Apple Pay and Google Pay, contactless technology) and products suited to the demands of digital customers.

ABANCA has also ABANCA Conecta, a customer relationship model which supplements its remote communication tools with a comprehensive and personalised management through an agent. ABANCA Conecta has specialised management agents to improve the customer experience along with a multi-channel approach. ABANCA Conecta plays a relevant role in meeting the needs of customers with potential value who demand personalised but digital and remote advice. This channel, complementary to traditional branches, combines the remote attention services provided by the ABANCA staff with all the digital tools that ABANCA has implemented.

This digital strategy allowed ABANCA to increase the number of active digital customers (by 11.9% in Spain during 2024) with a special focus on electronic and mobile banking to carry out all types of transactions and manage and contract products. During the year ended 31 December 2024, 1.6 million customers of the ABANCA Group had remote services for their queries and transactions (1.5 million during 2023); moreover, 81.6% (80.2% in 2023) of the total transactions conducted by the ABANCA Group clients during that period were conducted through digital channels.

These digital channels play an important role in improving efficiency. Thanks to them, the transactional activity in branches has decreased and, consequently, productivity of the employees in branches has increased thanks to the longer time devoted to commercial work.

### **Customer experience**

The key idea of ABANCA's model of specialisation and differentiation is that the service must be provided in the most satisfactory, personalised and experiential manner to ABANCA customers. ABANCA focuses on creating and enhancing customer experiences that generate positive emotions, leading them to recommend ABANCA to friends and family, as well as maintaining long-term relationships, increasing the product bundling and, therefore, building loyalty for its products and brands.

ABANCA considers the digital strategy as one of the fundamental tools leading to the improvement of customer experience. In this respect, ABANCA's digital project seeks to accelerate processes to offer a multichannel and innovative service, with higher quality levels and with the possibility of contracting products and services without the need to go to branch. The promotion of the digital strategy, with a special emphasis on mobile banking and electronic banking to carry out all kinds of transactions, manage and contract products on-line and by telephone, has enabled ABANCA to increase both the number of active digital customers and loyal customers. ABANCA's app, for example, has evolved to boost business, facilitate operational downloads, improve customers' experience, and is committed to strengthening security. Improving the customer experience has been one of the app's major focuses over

2024, with initiatives such as the implementation of "*llave ABANCA*", a pioneering solution in the sector that has provided users with extra security without sacrificing agility; "dark mode", a development highly requested by users that increases privacy and reduces eye strain; and the ability to apply for consumer financing from the app, both for loans and cards. ABANCA continues to bring important new features to its mobile banking: such as the ability to set up instant money transfers, a redesigned investment layout, improved alerts for suspicious card payments, the ability to "pay later", a new feature that allows certain customers to defer account charges or debit card payments by transferring available credit from a credit card to their account and the addition of IAG to this channel with ABANCA's SOFia assistant (already available on ABANCA's website in the Help section), which will continue to add more features. Therefore, ABANCA continues to innovate and incorporate best practices in everything related to the digital world without neglecting its less digital customers. ABANCA has a high sensitivity regarding these customers, which is why they are given facilities in their transactions in the branches, with increased opening hours, offering them training in the use of ATMs and accompanying them in the use of the digital tools of the Bank. This high level of sensitivity extends especially to customers with disabilities, with the goal of ensuring equal access to services and information for everyone. To this end, ABANCA has both trained and qualified staff and measures and protocols to guide these customers according to their needs.

ABANCA has been using "*ABANCA ESCUCHA*" (ABANCA Listens) for years, a sophisticated, technological and recently updated comprehensive customer experience management tool to collect customer opinions and ratings quickly and in real time. This tool greatly facilitates omnichannel listening to customers who can express their opinions, suggestions, dissatisfactions and congratulations, through any of the channels that ABANCA makes available to them including web, mail, digital banking, and Contact Centre and that they will be duly processed.

In addition, "*ABANCA ESCUCHA*" allows the monitoring of the main experience metrics, brings together all customer interactions on a single platform, identifies with greater precision the aspects to improve and allows the Bank to resolve its customers' complaints more quickly. This tool, incorporated in 2023 and consolidated throughout 2024, uses artificial intelligence technology such as speech analysis, which allows written or spoken language to be automatically processed and thus promotes better and deeper research that is translated in more effective and efficient management of the customer experience.

In addition, it facilitates the management of customer dissatisfaction, involves the central service support areas, helps to extend the best commercial practices and encourages the identification of processes that can be improved from the customer's perspective to enable, consequently, the promotion of initiatives that solve them. ABANCA continues to deploy several initiatives in development that delve into the many valuable options this cutting-edge tool offers, such as the deployment of new surveys, the creation of new times such as product cancellation to detect early abandonment.

## **PRINCIPAL MARKETS**

Within its multi-channel distribution model (please see "*—Distribution Channels*" above), ABANCA has positioned itself as an Iberian entity. The carried out approach differentiates the following geographic areas:

- In the "leading market", the branch network remains as the basic instrument for the relationship with the customer, acting as the advice centre and point of sale, always counting on the support of remote services that make it easier for the customer to carry out their transactions. The credit

market share ABANCA had in the leading market as of 31 December 2024 amounted approximately to 34% in credit, 46% in deposits and 41% in total turnover (source: FI 132.E Statement of Bank of Spain dated 31 December 2024). As of December 2024, 51% of the credit and deposits base of ABANCA was originated in this market. In Galicia, the large branch network of the ABANCA Group makes it easier for the Galician population to access financial services in an environment with a dispersed population. As of 31 December 2024, ABANCA provided its services in 142 small towns where it is the only financial institution present through permanent branch offices or mobile branch offices (which move on a regular basis to other centres of population where there is no branch, thus favouring their financial inclusion).

- In the rest of the Spanish territory, ABANCA opts for a far more selective physical network, focusing on the customer, with a high net worth and strongly spurred on by online banking. The integration of BCG extended ABANCA Group's commercial network in the autonomous regions of Castilla y León and Extremadura. The acquisition of Bankoa reinforced the ABANCA Group position in the Basque Country as well as strengthened the enterprises and asset management business areas. Moreover, the acquisition of the Novo Banco Group's branch network in Spain reinforced ABANCA's position in urban areas of province capitals with high income and business fabric that support the business in neighbouring provinces by strengthening strategic business lines such as personal and private banking, enterprises (specially aimed at cross-border scope) and insurance activity. Additionally, the incorporation of Targobank Spain has reinforced the presence of ABANCA in areas where ABANCA was less represented such as Mediterranean basin and Andalusia.
- In Portugal, ABANCA has expanded itself throughout this territory. Currently ABANCA has a universal presence in a country with great links with ABANCA's mentioned "leading market". Furthermore, as it occurs in the rest of the territories where ABANCA operates, this physical presence is complemented by top-level digital solutions. Due to the acquisition of DB PCB's business, ABANCA had the opportunity to expedite this expansion based on an already consolidated branch network and client base. Additionally, the EuroBic acquisition has strengthened ABANCA's presence in Portugal.
- With regard to the international service model of ABANCA, this is focused on attention to the large community of entrepreneurs and families of Iberian origin who reside in European and American countries.

## **ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**

### **Board of Directors**

The table below sets forth, at the date of this Registration Document, the names of the members of the Board of Directors of ABANCA, their positions within ABANCA and their membership type:

<b>Name</b>	<b>Title</b>	<b>Category</b>
Mr. Juan Carlos Escotet Rodríguez	Chairman	Proprietary
Mr. Francisco Botas Ratera	Chief Executive Officer	Executive
Mr. Pedro Raúl López Jácome	Director	Other external
Mr. José García Montalvo	Director	Independent
Mr. José Ramón Rodrigo Zarza	Director	Independent
Mr. Eduardo Eraña Guerra	Director	Independent
Ms. Leticia Iglesias Herraiz	Director	Independent
Ms. Ana Valente da Cunha Barros	Director	Independent
Mr. Manuel Víctor López Figueroa	Director	Independent
Ms. Rosa María Sánchez-Yebra Alonso	Director	Independent
Mr. José Manuel González-Páramo Martínez-Murillo	Director	Independent
Mr. José Eduardo Álvarez-Naveiro Sánchez	Secretary (non-member)	
Ms. María Consolación Borrás Retamero	Vice Secretary (non-member)	

The business address of each member of the Board of Directors is Rua Nueva, 30, A Coruña, Spain.

The table below sets forth the names of those members of the Board of Directors of ABANCA with activities performed outside ABANCA or companies or members of the ABANCA Group as of the date of this Registration Document that are significant with respect to ABANCA:

<b>Director</b>	<b>Company</b>	<b>Title</b>
Mr. Juan Carlos Escotet Rodríguez	Confederación Española de Cajas de Ahorro	Director
	Banescio Holding, C.A.	Chairman
	Banescio Banco Universal, C.A.	Vice-Chairman
	Banescio Holding Latinoamérica, S.A.	Director
	Banescio USA	Vice-Chairman
	Banco Bic Português, S.A.	Chairman
	Cecabank, S.A.	Director
Mr. Francisco Botas Ratera	Sociedade para o Desenvolvimento de Proxectos Estratégicos de Galicia, S.L.	R.P.F. Director of Galicia Business and Financial Corporation, S.L.
	Banco Bic Português, S.A.	CEO
	Miura Holding, C.V.	Director/Chairman
Mr. Pedro Raúl López Jácome	MWM Holdings Group, INC	Director/Chairman
	Miura Capital Panamá, Inc.	Director/Chairman
Ms. Leticia Iglesias Herraiz	AENA SME, S.A.	Director
	Acerinox, S.A.	Director
Ms. Ana Valente da Cunha Barros	Petersham Ventures, LDA.	Partner
	REN-Redes Energéticas Nacionais SGPS, S.A.	Director



Ms. Rosa María Sánchez-Yebra Alonso	Statusdesafio Capital – Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	Director
	Banco Bic Português, S.A.	Director
	Sociedade para o Desenvolvimento de Proxectos Estratégicos de Galicia, S.L.	Director
	Pharmamar, S.A.	Director

As of the date of this Registration Document, there are no conflicts of interest in relation to members of the Board of Directors of ABANCA between any duties owed to ABANCA and their private interests and other duties. The Ethic and Conduct Code (*Código Ético y de Conducta*) of ABANCA contains provisions about, among others, conflicts of interest.

### ***Executive Credit Commission***

The Executive Credit Commission has the powers that correspond to the Board of Directors in relation to the granting and monitoring of funding transactions of any nature, including those related to the improvement, recognition, amendment, extension, advance of maturity, termination, extinction, renewal and, in general, whatsoever powers applicable with regard to acts, contracts or operations specific to the ordinary trading or course of banking entities as part of their operational funding mechanism.

As of the date of this Registration Document, the Executive Credit Commission is composed of the following directors:

<b>Name</b>	<b>Position</b>	<b>Category</b>
Mr. Francisco Botas Ratera	Chairperson	Executive
Mr. Pedro Raúl López Jácome	Member	Other external
Mr. José Ramón Rodrigo Zarza	Member	Independent
Mr. Manuel Víctor López Figueroa	Member	Independent
Mr. José Eduardo Álvarez-Naveiro Sánchez	Secretary (non-Member)	
Mr. José Luis Dorrego Martín-Barbadillo	Deputy Secretary (non-Member)	

### ***Audit and Compliance Commission***

The Audit and Compliance Commission has, in general terms, the following functions: (i) report to the General Meeting of Shareholders on the issues of its competence; (ii) functions with regard to the external auditor; (iii) functions regarding the information and internal control systems and the internal auditing function; (iv) to assess compliance with the Internal Code of Conduct in Securities Markets, with the Regulations of the Board of Directors and, in general, with ABANCAs' governance rules and make the necessary proposals for their improvement; (v) compliance function; to supervise compliance with and the performance of the internal control manual for criminal risk prevention approved by the Board of Directors; (vi) to report to the Board of Directors in advance on all matters set forth in the law,

the bylaws and in the Regulations of the Board of Directors; and (vii) to submit to the Board of Directors as many proposals it deems appropriate on matters within the purview of its powers.

As of the date of this Registration Document, the Audit and Compliance Commission is composed of the following directors:

<b>Name</b>	<b>Position</b>	<b>Category</b>
Mr. José García Montalvo	Chairperson	Independent
Ms. Leticia Iglesias Herraiz	Member	Independent
Mr. Pedro Raúl López Jácome	Member	Other external
Mr. José Ramón Rodrigo Zarza	Member	Independent
Mr. José Eduardo Álvarez-Naveiro Sánchez	Secretary (non-Member)	

### ***Appointments and Sustainability Commission***

The Appointments and Sustainability Commission has, in general terms, the following functions: (i) to evaluate the balance between knowledge, skills, diversity and experience within the Board of Directors and develop a description of the duties and necessary skills required for a particular appointment, evaluating the time and dedication required to effectively perform their duties; (ii) to establish a representation target for the under-represented gender in the Board of Directors and develop guidelines on how to achieve such objective; for the purpose of promoting gender diversity, the Committee will propose measures encouraging the Bank to have a significant number of women among its senior management; (iii) to regularly assess and review the Bank's corporate governance system, so that it fulfils its mission of promoting the social interests and takes into account, as appropriate, the legitimate interests of the remaining stakeholders; (iv) to regularly assess and review the Bank's sustainability strategy, so that it fulfils its mission of promoting the social interests and takes into account, as appropriate, the legitimate interests of the remaining stakeholders; additionally, to ensure that the ABANCA's sustainability practices are consistent with the defined strategy and policies; (v) to identify and recommend, with a view to its approval by the Board of Directors or the General Meeting of Shareholders, candidates to fill any vacancies in the Board of Directors; (vi) to review regularly the policy of the Board of Directors regarding the selection and appointment of members of senior management and formulate recommendations and report on proposals for the appointment and removal of senior managers and the basic conditions of their contracts; (vii) to implement and monitor the succession plan for directors approved by the Board of Directors; (viii) to inform previously the Board of Directors about the members who shall form part of each Commission; (ix) to verify, on a yearly basis, the status of ABANCA's directors and inform the Board of Directors accordingly for its consideration during the drafting of the annual report on corporate governance; (x) to evaluate regularly, and at least once a year, the structure, size, composition and performance of the Board of Directors, making recommendations with respect to possible changes; (xi) to evaluate regularly and report to the Board of Directors accordingly at least once a year as regards the suitability of the different members of the Board of Directors and that of the Board as a whole; (xii) to define policies and guidelines for the management of the human capital of ABANCA; and (xiii) to report on the appointment of a Chairperson of Honour.

As of the date of this Registration Document, the Appointments and Sustainability Commission is composed of the following directors:

<b>Name</b>	<b>Position</b>	<b>Category</b>
Mr. Eduardo Eraña Guerra	Chairperson	Independent
Mr. Pedro Raúl López Jácome	Member	Other external
Mr. José Ramón Rodrigo Zarza	Member	Independent
Mr. José Eduardo Álvarez-Naveiro Sánchez	Secretary (non-Member)	

### ***Remuneration Commission***

The Remuneration Commission has, in general terms, the following functions: (i) propose to the Board the remuneration policy of directors (which shall be put to the vote of the General Meeting under the Regulation of the Board of Directors) and that of the senior management, as well as the individual remuneration and remaining contract terms and conditions of executive directors, ensuring their observance; (ii) directly supervise the remuneration of the managers responsible for risk management and those with compliance; (iii) periodically review the remuneration schemes for their updating and ensure that the remuneration of directors and senior managers conform to standards of moderation and correspondence to the performance of ABANCA and that their remuneration and that of the identified staff (as defined in the applicable law) do not incentivise taking risks beyond the level authorised by ABANCA so that they are consistent with and promote sound and effective risk management. Furthermore, the remuneration policy of the identified staff shall be subject to a central and independent review at least once a year so as to be ascertain whether the remuneration patterns and procedures established by the board of directors are met; (iv) verify the independency of the external advisors that may be hired, if any, in the capacity of experts in remunerations; (v) ensure the transparency of the remuneration policies in such terms as envisaged by the applicable norms and regulations and the observance of the remuneration policy established by ABANCA; and (vi) assess the achievement of the objectives the remuneration is linked to, as well as the need to make risk-based adjustments, if any, to said remunerations.

As of the date of this Registration Document, the Remuneration Commission is composed of the following directors:

<b>Name</b>	<b>Position</b>	<b>Category</b>
Ms. Rosa María Sánchez-Yebra Alonso	Chairperson	Independent
Mr. José García Montalvo	Member	Independent
Mr. Pedro Raúl López Jácome	Member	Other external
Mr. José Eduardo Álvarez-Naveiro Sánchez	Secretary (non-Member)	

### ***Comprehensive Risk Commission***

The Comprehensive Risk Commission has, in general terms, the following functions: (i) advise the Board of Directors on the current and future risk appetite of ABANCA and its strategy on this regard and assisting it on ensuring the implementation of that strategy; (ii) oversee that the pricing policy of assets and liabilities offered to customers takes fully into account ABANCA's business model and its risk strategy; (iii) determine in collaboration with the Board of Directors, the nature, format and frequency of the information on risks that the Commission itself and the Board of Directors shall receive; (iv) collaborate in the implementation of rational remuneration policies and practices. To this end, the

Commission shall evaluate, without prejudice to the duties of the Remuneration Commission, whether the incentive policy provided for in the remuneration scheme takes into account the risk, the capital, the liquidity, and the probability and appropriateness of the profits; and (v) propose the selection, appointment, reappointment and dismissal of the Manager of the Chief Risk Officer.

As of the date of this Registration Document, the Comprehensive Risk Commission is composed of the following directors:

<b>Name</b>	<b>Position</b>	<b>Category</b>
Ms. Leticia Iglesias Herraiz	Chairperson	Independent
Mr. José García Montalvo	Member	Independent
Ms. Ana Valente da Cunha Barros	Member	Independent
Ms. Rosa María Sánchez-Yebra Alonso	Member	Independent
Mr. José Manuel González-Páramo	Director	Independent
Mr. José Eduardo Álvarez-Naveiro Sánchez	Secretary (non-Member)	

## Management Team

The following table specifies the management team of ABANCA (who are registered with the Senior Officers' Register (*Registro de Altos Cargos*) of the Bank of Spain) as of the date of this Registration Document:

<b>Name</b>	<b>Position</b>
Mr. Francisco Botas Ratera	Chief Executive Officer
Mr. Juan Luis Vargas-Zúñiga Mendoza	Chief Investment Officer
Mr. Gabriel González Eiroa	Chief Commercial Officer
Mr. José Luis Vázquez Fernández	Chief Credit Officer
Mr. Miguel Angel Escotet Alvarez	Chief CSR & Communications Officer
Mr. José Manuel Valiño Blanco	Chief Information & Processes Officer
Mr. Pablo Triñanes Lago	Chief Risk Officer
Mr. Alberto de Francisco Guisasola	Chief Financial Officer (CFO)
Mrs. Maria Camino Agra	Chief Human Resources Officer
Mr. José Eduardo Álvarez-Naveiro	Chief Legal Officer
Mr. Alfonso Caruana Cámara	Chief Business Unit Officer – International
Mr. Julián José Serrapio Vigo	Chief Audit Officer (CAO)
Mr. Pedro Veiga Fernández	Chief Strategy & Planning Officer
Mr. Jorge Martínez Martínez	Chief Business Unit Officer - Payments and Consumer Finance

There are no members of the management team of ABANCA with activities performed outside ABANCA or companies or members of the ABANCA Group as of the date of this Registration Document that are significant with respect to ABANCA.

As of the date of this Registration Document, there are no conflicts of interest in relation to members of the management team of ABANCA between any duties owed to ABANCA and their private interests and other duties. The Ethic and Conduct Code (*Código Ético y de Conducta*) of ABANCA contains provisions about, among others, conflicts of interest.

The business address of each member of ABANCA's management team mentioned above is Rua Nueva, 30, A Coruña, Spain.

## ORGANISATIONAL STRUCTURE

ABANCA is the parent company of the ABANCA Group. The following companies belong to the ABANCA Group and ABANCA's direct ownership of such companies as of the date of this Registration Document is as follows:

COMPANY	Ownership (direct)
BANCO BIC PORTUGUÊS, S.A.	100.00%
ESCOGEINMUEBLES, S.A.	100.00%
LABORVANTAGE INVESTIMENTOS INMOBILIARIOS, LDA	100.00%
AVANTTA SENTIR COMÚN, S.A. de C.V., SOFOM, E.N.R.	100.00%
ABANCA SERVICIOS FINANCIEROS E.F.C., S.A.	100.00%
B100. THE HEALTHY PROJECT, S.A.	100.00%
ABANCA GESTIÓN DE ACTIVOS, S.G.I.I.C.	91.65%
ABANCA INVEST, S.L.	100.00%
QUAERE INVESTMENT, S.L.	100.00%
VIBARCO, S.L.	100.00%
SIMEON SACV MEXICO	99.53%
SIMEON INVERSIONES CA VENEZUELA	100.00%
NATUR-HOTEL SPA ALLARIZ, S.A.	100.00%
SOGEVINUS, SGPS SA	100.00%
COMPLEJO RESIDENCIAL MARINA ATLÁNTICA, S.L.	100.00%
ABANCA GESTIÓN OPERATIVA, S.A.	100.00%
ABANCA MEDIACIÓN, CORREDURÍA DE SEGUROS GENERALES, S.A.	100.00%
ABANCA MEDIACIÓN, OPERADOR BANCA SEGUROS VINCULADO, S.L.	100.00%
ABANCA VIDA Y PENSIONES I, S.A.	100.00%
CORPORACIÓN EMPRESARIAL DE TENECIA DE ACTIVOS, S.L.	100.00%
CORPORACION EMPRESARIAL Y FINANCIERA DE GALICIA, S.L.	100.00%
CORPORACION EMPRESARIAL DE PARTICIPACION EN ORGANIZACIONES DE GALICIA, S.L.	100.00%
ESPACIOS TERMOLUDICOS, S.A.	100.00%
TORRE DE HERCULES INVERSIONES CORPORATIVAS, S.L.	100.00%
NUEVA PESCANOVA, S.L.	98.59%
REAL CLUB DEPORTIVO DE LA CORUNA, SAD	99.59%
CIDADE TECNOLÓGICA DE VIGO, S.A.	25.07%
CIDADE UNIVERSITARIA, S.A.	32.43%
PARQUE TECNOLÓGICO DE GALICIA, S.A.	37.34%
RAMINOVA INVERSIONES S.L.	50.00%
AUTOESTRADAS DO SALNÉS SOCIEDAD CONCESIONARIA DA XUNTA DE GALICIA, S.A.	30.00%
EMPRESA NAVIERA ELCANO, S.A.	20.25%
GRUPO EMPRESARIAL COPO, S.A.	35.64%
MUESTRALO, S.L.	25.00%

PAZO DE CONGRESOS DE VIGO, S.A.	22.22%
TRANSPORTES MONBÚS, S.L.	33.96%
SOCIEDADE PARA O DESENVOLVEMENTO DE PROXECTOS ESTRATÉXICOS DE GALICIA, S.L.	38.00%
VIÑEDOS Y BODEGAS DOMINIO DE TARES, S.A.	41.15%
ABANCA GENERALES DE SEGUROS Y REASEGUROS, S.A.	50.00%
DESARROLLOS INMOBILIARIOS FUENTEAMARGA, S.L.	33.00%

The book value of the investees portfolio of the ABANCA Group (excluding fully consolidated subsidiaries and associates) amounted to €154.88 million as of 31 December 2024 (€102.69 million as of 31 December 2023) and as of that date there were no material pending recapitalisation commitments. The absorption of ABANCA Corporación by ABANCA has been registered with the Commercial Registry on 4 March 2024.

Furthermore, as of 31 December 2024 the ABANCA Group had classified group entities for a value of €1,255.87 million recorded in "non-current assets and disposal groups classified as held for sale" and for a value of €499.58 million recorded in "liabilities included in disposal groups classified as held for sale".

## CAPITAL STRUCTURE

### Share capital

As of the date of this Registration Document, ABANCA's share capital is €2,476,208,900 divided into 2,251,099,000 fully subscribed and paid ordinary shares with a par value of €1.10 each. All shares are of the same class with the same rights attached.

### Shareholders

As of the date of this Registration Document, the shareholders of ABANCA are:

Shareholder	Interest
Mr. Juan Carlos Escotet Rodríguez	84.75% <sup>(*)</sup>
Other shareholders	13.15%
Treasury shares	2.10%

(\*) Out of which, 41.2481% indirectly held through Escotet Family Office, S.L.U.

ABANCA is controlled by Mr. Juan Carlos Escotet Rodríguez who, as detailed in the table above, holds 84.75% of the shares representing its share capital. Current internal governance rules of ABANCA are intended to ensure that such control is not abused. In this regard, and following the recommendations set out in Good Governance Code of Listed Companies (*Código de Buen Gobierno de las Sociedades Cotizadas*) published by the CNMV, ABANCA has a majority of independent directors on its Board of Directors and on each of its commissions (Please see "*Description of ABANCA—Administrative, Management and Supervisory Bodies*"). In addition, the Regulations of the Board of Directors contain a strict policy for transactions with related parties, with the aim of guaranteeing the proper management of conflicts of interest that may arise when carrying out transactions with its directors or persons related to them. Furthermore, in the case of authorisations for transactions with the President, the report of the Audit and Compliance Commission must be issued by independent directors exclusively.

ABANCA is not aware of any agreement which may at a subsequent date result in a change of control of the Issuer.

## LEGAL AND ARBITRATION PROCEEDINGS

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which ABANCA is aware), which may have, or have had during the 12 months prior to the date of this Registration Document, a significant effect on the financial position or profitability of the ABANCA Group. Notwithstanding this, the members of the ABANCA Group are, and in the future may, be involved in various claims, disputes, legal proceedings and governmental investigations.

The ABANCA Group is involved in several proceedings, in connection with which the provisions amounted to €35.06 million as of 31 December 2024 (of which 3.9 million corresponds to claims for advance payments; €24.0 million to formalisation costs and € 7.2 million to other litigation arising from banking activity).

## OVERVIEW OF FINANCIAL INFORMATION

The sections below contain financial information of the ABANCA Group extracted from its audited consolidated annual accounts, which have been prepared in accordance with IFRS-EU. The variations in the following tables have been calculated using the amounts in thousands of euros as to more accurately reflect the actual variation.

### 2024 Audited Consolidated Annual Accounts

The table below includes the consolidated balance sheet of the ABANCA Group as of 31 December 2024 and 2023:

*(millions of euros)*

ASSETS	2024	2023	Var.
<b>Cash, cash balances with central banks and other demand deposits</b>	<b>8,143.60</b>	<b>7,584.99</b>	<b>7.36%</b>
<b>Financial assets held for trading</b>			
Derivatives	275.87	337.17	(18.18%)
Debt securities	-	-	-
	<b>275.87</b>	<b>337.17</b>	<b>(18.18%)</b>
<b>Non-trading financial assets mandatorily at fair value through profit and loss</b>			
Equity instruments	197.31	153.83	28.27%
Debt securities	31.20	35.62	(12.41%)
Loans and advances			
Customers	-	-	-
	<b>228.51</b>	<b>189.45</b>	<b>20.62%</b>

<b>Financial assets designated at fair value through profit and loss</b>			
Equity instruments	-	-	-
Debt securities	-	-	-
<b>Financial assets at fair value through other comprehensive income</b>			
Equity instruments	3.68	0.59	527.65%
Debt securities	3,859.43	2,311.15	66.99%
	<b>3,863.11</b>	<b>2,311.74</b>	<b>67.11%</b>
<b>Financial assets at amortised cost</b>			
Debt securities	12,183.51	10,472.04	16.34%
Loans and advances			
Credit institutions	1,206.06	827.57	45.74%
Customers	50,331.71	45,516.12	10.58%
	<b>63,721.27</b>	<b>56,815.73</b>	<b>12.15%</b>
<b>Derivatives— hedge accounting</b>	<b>359.81</b>	<b>560.97</b>	<b>(35.86%)</b>
<b>Investments in joint ventures and associates</b>			
Associates	161.29	160.45	0.52%
	<b>161.29</b>	<b>160.45</b>	<b>0.52%</b>
<b>Assets covered by insurance or reinsurance contracts</b>	<b>4.87</b>	<b>3.91</b>	<b>24.57%</b>
<b>Tangible assets</b>			
Property, plant and equipment			
For own use	1,091.58	1,018.04	7.22%
Leased out under operating leases	-	-	-
Investment property	209.44	210.18	(0.35%)
	<b>1,301.02</b>	<b>1,228.22</b>	<b>5.93%</b>
<b>Intangible assets</b>			
Goodwill	70.25	70.25	-
Other intangible assets	413.92	408.10	1.43%
	<b>484.17</b>	<b>478.35</b>	<b>1.22%</b>
<b>Tax assets</b>			
Current tax assets	137.28	8.52	1,511.42%
Deferred tax assets	3,655.42	3,670.49	(0.41%)
	<b>3,792.70</b>	<b>3,679.01</b>	<b>3.09%</b>
<b>Other assets</b>			
Insurance contracts linked to pensions	26.67	26.86	(0.69%)
Inventories	71.88	71.79	0.12%
Other assets	156.65	198.67	(21.15%)
	<b>255.20</b>	<b>297.32</b>	<b>(14.17%)</b>



<b>Non-current assets and disposal groups classified as held for sale</b>	<b>1,255.87</b>	<b>1,181.49</b>	<b>6.30%</b>
<b>TOTAL ASSETS</b>	<b>83,847.28</b>	<b>74,828.79</b>	<b>12.05%</b>

(millions of euros)

<b>EQUITY AND LIABILITIES</b>	<b>2024</b>	<b>2023</b>	<b>Var.</b>
<b>LIABILITIES</b>			
<b>Financial liabilities held for trading</b>			
Derivatives	278.39	338.85	(17.84%)
	<b>278.39</b>	<b>338.85</b>	<b>(17.84%)</b>
<b>Financial liabilities designated at fair value through profit and loss</b>	<b>54.45</b>	<b>54.51</b>	<b>(0.11%)</b>
<b>Financial liabilities at amortised cost</b>			
Deposits			
Central banks	-	921.14	(100.00%)
Credit institutions	1,641.09	2,899.74	(43.41%)
Customers	67,650.57	57,810.89	17.02%
Debt securities issued	4,194.78	3,946.74	6.28%
Other financial liabilities	327.54	331.19	(1.10%)
<i>Memorandum item: subordinated liabilities</i>	1,743.50	1,551.43	12.38%
	<b>73,813.99</b>	<b>65,909.70</b>	<b>11.99%</b>
<b>Derivatives-- hedge accounting</b>	<b>346.27</b>	<b>419.72</b>	<b>(17.50%)</b>
<b>Liabilities covered by insurance or reinsurance contracts</b>	<b>1,884.92</b>	<b>1,762.77</b>	<b>6.93%</b>
<b>Provisions</b>			
Pensions and other post-employment defined benefit obligations	227.40	212.65	6.94%
Outstanding tax-related legal proceedings and litigation	35.06	11.79	197.27%
Commitments and guarantees given	104.60	91.10	14.82%
Other provisions	60.99	67.58	(9.76%)
	<b>428.05</b>	<b>383.13</b>	<b>11.72%</b>
<b>Tax liabilities</b>			
Current tax liabilities	59.22	35.04	68.99%
Deferred tax liabilities	155.38	125.19	24.12%
	214.60	160.23	33.93%

<b>Other liabilities</b>	<b>337.68</b>	<b>317.01</b>	<b>6.52%</b>
<b>Liabilities included in disposal groups classified as held for sale</b>	<b>499.58</b>	<b>524.47</b>	<b>(4.75%)</b>
<b>TOTAL LIABILITIES</b>	<b>77,857.90</b>	<b>69,870.38</b>	<b>11.43%</b>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
<b>Capital</b>			
<b>Paid-up capital</b>	<b>2,476.21</b>	<b>2,476.21</b>	<b>-</b>
<b>Share premium</b>	<b>208.79</b>	<b>208.79</b>	<b>-</b>
<b>Equity instruments issued other than capital</b>			
Other equity instruments	-	-	-
<b>Retained earnings</b>	<b>2,843.03</b>	<b>2,306.97</b>	<b>23.24%</b>
<b>Other reserves</b>			
Reserves or accumulated losses of investments in joint ventures and associates	(24.57)	(71.35)	(65.56%)
Other	(271.16)	(222.08)	22.10%
<b>Treasury shares</b>	<b>(85.73)</b>	<b>(83.92)</b>	<b>2.16%</b>
<b>Profit attributable to the owners of the parent</b>	<b>1,203.05</b>	<b>711.32</b>	<b>69.13%</b>
<b>Interim dividend</b>	<b>(159.49)</b>	<b>(107.14)</b>	<b>48.86%</b>
	<b>6,190.13</b>	<b>5,218.81</b>	<b>18.61%</b>
<b>Accumulated other comprehensive income</b>			
<b>Items that will not be reclassified to profit and loss</b>			
Actuarial gains or losses on defined benefit pension plans	(19.71)	(12.18)	61.81%

Fair value changes of equity instruments measured at fair value through other comprehensive income	-	0.07	(100.00%)
<b>Items that may be reclassified to profit and loss</b>			
Foreign currency translation	1.54	0.92	67.54%
Hedging derivatives Cash flow hedges reserve (effective portion)	(206.02)	(255.90)	(19.49%)
Fair value changes of debt securities measured at fair value through other comprehensive income	17.60	12.02	46.43%
Share of other recognized income and expense of investments in joint ventures and associates	2.24	1.81	23.28%
	<b>(204.35)</b>	<b>(253.26)</b>	<b>(19.31%)</b>
<b>Minority interests (non-controlling interests)</b>			
Accumulated other comprehensive income	(0.56)	(0.59)	(5.43%)
Other items	4.15	(6.56)	n.a.
	3.59	(7.15)	n.a.
<b>TOTAL EQUITY</b>	<b>5,989.37</b>	<b>4,958.41</b>	<b>20.79%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>83,847.28</b>	<b>74,828.79</b>	<b>12.05%</b>

In the year ended 31 December 2024 the Retail Business Volume of the ABANCA Group amounted to €128,441.66 million and its Retail Business Volume per employee was €16.9 million (€113,076.83 million and €18.2 million, respectively, in the year ended 31 December 2023)<sup>19</sup>.

The table below includes the consolidated statements of profit and loss of the ABANCA Group for the years ended 31 December 2024 and 2023:

(millions of euros)  
**Income / (Expenses)**

	2024	2023	Var.
<b>Interest Income</b>	<b>2,822.13</b>	<b>2,069.30</b>	<b>36.38%</b>
Financial assets at fair value through other comprehensive income	86.96	57.02	52.50%
Financial assets at amortised cost	2,598.02	1,972.24	31.73%
Other interest income	137.16	40.04	242.60%

<sup>19</sup> The Retail Business Volume and the Retail Business Volume per employee are APMs, which are unaudited and whose definition, explanation, use and reconciliation is set out in section 9 (Alternative Performance Measures (APMs)) of the 2024 Directors' Report.

<b>Interest expense</b>	<b>(1,184.73)</b>	<b>(837.48)</b>	<b>41.46%</b>
<b>NET INTEREST INCOME</b>	<b>1,637.40</b>	<b>1,231.82</b>	<b>32.93%</b>
<b>Dividend income</b>	<b>4.21</b>	<b>8.33</b>	<b>(49.43%)</b>
<b>Share of profit and loss of equity-accounted investees</b>	<b>(4.47)</b>	<b>(4.54)</b>	<b>(1.63%)</b>
<b>Fee and commission income</b>	<b>402.75</b>	<b>352.52</b>	<b>14.25%</b>
<b>Fee and commission expense</b>	<b>(72.61)</b>	<b>(58.43)</b>	<b>24.28%</b>
<b>Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit and loss, net</b>	<b>10.38</b>	<b>31.63</b>	<b>(67.20%)</b>
Financial assets at amortised cost	8.78	4.75	85.04%
Other financial assets and liabilities	1.59	26.89	(94.08%)
<b>Gains or losses on financial assets and liabilities held for trading, net</b>	<b>18.88</b>	<b>23.96</b>	<b>(21.18%)</b>
Other gains or losses	18.88	23.96	(21.18%)
<b>Gains or losses on non-trading financial assets mandatorily measured at fair value through profit and loss, net</b>	<b>10.62</b>	<b>18.46</b>	<b>(42.46%)</b>
Other gains or losses	8.64	18.46	(53.23%)
Reclassification of financial assets from amortised cost	1.99	-	n.a.
<b>Gains or losses on financial assets and liabilities designated at fair value through profit and loss, net</b>	<b>0.07</b>	<b>-</b>	<b>n.a.</b>
<b>Gains or losses from hedge accounting, net</b>	<b>8.50</b>	<b>0.18</b>	<b>4,676.97%</b>
<b>Exchange differences, net</b>	<b>9.32</b>	<b>6.02</b>	<b>54.84%</b>
<b>Other operating income</b>	<b>121.32</b>	<b>101.88</b>	<b>19.08%</b>
<b>Other operating expenses</b>	<b>(138.52)</b>	<b>(197.21)</b>	<b>(29.76%)</b>
<b>Income from assets covered by insurance or reinsurance contracts</b>	<b>101.16</b>	<b>93.31</b>	<b>8.40%</b>
<b>Expenses from liabilities covered by insurance or reinsurance contracts</b>	<b>(32.46)</b>	<b>(35.96)</b>	<b>(9.71%)</b>
<b>GROSS MARGIN</b>	<b>2,076.54</b>	<b>1,571.98</b>	<b>32.10%</b>
<b>Administrative expenses</b>	<b>(947.44)</b>	<b>(728.59)</b>	<b>30.04%</b>
Personnel expenses	(559.88)	(441.56)	26.79%
Other administrative expenses	(387.57)	(287.03)	35.03%

<b>Depreciation and amortisation</b>	<b>(106.09)</b>	<b>(94.41)</b>	<b>12.38%</b>
<b>Provisions or reversals of provisions</b>	<b>(62.45)</b>	<b>(43.73)</b>	<b>42.80%</b>
<b>Impairment or reversal of impairment on financial assets not measured at fair value through profit and loss</b>	<b>(87.92)</b>	<b>(64.52)</b>	<b>36.26%</b>
Financial assets at fair value through other comprehensive income	(0.46)	0.68	n.a.
Financial assets at amortised cost	(87.46)	(65.20)	34.14%
<b>NET OPERATING INCOME</b>	<b>872.64</b>	<b>640.72</b>	<b>36.20%</b>
<b>Impairment or reversal of impairment on investments in joint ventures or associates</b>	<b>(5.20)</b>	<b>(6.29)</b>	<b>(17.34%)</b>
<b>Impairment or reversal of impairment on non-financial assets</b>	<b>(7.62)</b>	<b>(2.43)</b>	<b>214.18%</b>
Tangible assets	(2.55)	(2.43)	5.03%
Intangible assets	(5.16)	-	n.a.
Other	0.09	0.00	9,000.00%
<b>Gains or losses on derecognition of non-financial assets, net</b>	<b>5.56</b>	<b>6.37</b>	<b>(12.77%)</b>
<b>Negative goodwill recognised in profit and loss</b>	<b>408.44</b>	<b>201.27</b>	<b>102.93%</b>
<b>Gains or losses on non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations</b>	<b>9.07</b>	<b>6.07</b>	<b>49.51%</b>
<b>PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>1,282.88</b>	<b>845.71</b>	<b>51.69%</b>
<b>Tax expense or income related to profit or loss from continuing operations</b>	<b>(50.30)</b>	<b>(30.38)</b>	<b>65.60%</b>
<b>PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>1,232.58</b>	<b>815.34</b>	<b>51.17%</b>
<b>Profit or loss after tax from discontinued operations</b>	<b>(30.28)</b>	<b>(104.19)</b>	<b>(70.94%)</b>
<b>PROFIT FOR THE YEAR</b>	<b>1,202.30</b>	<b>711.15</b>	<b>69.07%</b>
<b>Attributable to minority interests (non-controlling interests)</b>	<b>(0.75)</b>	<b>(0.18)</b>	<b>327.43%</b>
<b>Attributable to the owners of the parent</b>	<b>1,203.05</b>	<b>711.32</b>	<b>69.13%</b>

In the year ended on 31 December 2024, the Basic Margin of the ABANCA Group was €1,967.54 million, its Cost to Income Ratio was 50.7%, its operating expenses amounted to €1,053.53 million and

its Return on Equity was 21.3% (€1,525.91 million, 52.4%, €823.00 million and 14.5%, respectively, in the year ended on 31 December 2023)<sup>20</sup>.

## CREDIT RATINGS

As of the date of this Registration Document, ABANCA has been assigned the following ratings by the following credit rating agencies:

<u>Agency</u>	<u>Latest rating action</u>	<u>Short-term rating</u>	<u>Long-term rating</u>	<u>Outlook</u>
Moody's	November 2024	P-2	Baa2	Stable
S&P	March 2025	A-2	BBB	Stable
Fitch	February 2025	F2	BBB	Stable
DBRS	February 2025	R-1 (low)	A (low)	Stable

Each of Moody's Investors Service España, S.A., S&P Global Ratings Europe Ltd Sucursal en España, Fitch Ratings Ireland Spanish Branch, Sucursal en España and DBRS Rating GmbH, Sucursal en España is a rating agency established in the EU and registered under Regulation (EC) No 1060/2009, on credit rating agencies (the "**CRA Regulation**"). A list of registered credit rating agencies is published on ESMA's website: [www.esma.europa.eu](http://www.esma.europa.eu).

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<sup>20</sup> Basic Margin, Cost to Income Ratio, operating expenses and Return on Equity are APMs, which are unaudited and whose definition, explanation, use and reconciliation is set out in section 9 (Alternative Performance Measures (APMs)) of the 2024 Directors' Report.

## CAPITAL, LIQUIDITY AND FUNDING REQUIREMENTS AND LOSS ABSORBING REGULATIONS

### Capital and eligible liabilities, liquidity and funding requirements

The regulatory framework regarding the solvency of credit entities (which includes requirements to hold a certain level of own funds) ("**CRD IV**") is established by Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms ("**CRD IV Directive**"), Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on the prudential requirements for credit institutions and investment firms ("**CRR**") and any regulatory capital rules implementing the CRD IV Directive or the CRR which may from time to time be introduced. The implementation of the CRD IV Directive in Spain has largely taken place through Royal Decree-Law 14/2013, of 29 November, on urgent measures to adapt Spanish law to EU regulations on the subject of supervision and solvency of financial entities, Law 10/2014, of 26 June, on organisation, supervision and solvency of credit entities (the "**Law 10/2014**"), Royal Decree 84/2015, of 13 February, implementing Law 10/2014 (the "**Royal Decree 84/2015**"), and Bank of Spain Circulars 2/2014, of 31 January, and 2/2016, of 2 February, which has been recently amended by Bank of Spain Circular 3/2023 (the "**Bank of Spain Circular 2/2016**").

Directive 2014/59/EU of the European Parliament and of the Council of 15 May, establishing a framework for the recovery and resolution of credit institutions and investment firms ("**BRRD**"), that has been implemented in Spain through Law 11/2015, of 18 June, on the recovery and resolution of credit institutions and investment firms ("**Law 11/2015**") and Royal Decree 1012/2015, of 6 November, developing Law 11/2015 ("**Royal Decree 1012/2015**"), also establishes certain requirements in terms of a minimum level of capital and eligible liabilities in relation to total liabilities and own funds (known as "**MREL**").

On 23 November 2016, the European Commission presented a comprehensive package of reforms amending CRR, the CRD IV Directive, BRRD and Regulation (EU) No 806/2014 of the European Parliament and of the Council, of 15 July 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms (the "**SRM Regulation**"). On 14 May 2019 the text was formally approved by the Council of the European Union. On 7 June 2019 the following regulations were published: (i) Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 (as amended, replaced or supplemented from time to time, the "**CRD V Directive**") amending the CRD IV Directive, (ii) Directive (EU) 2019/879 of the European Parliament and of the European Council of 20 May 2019 (as amended, replaced or supplemented from time to time, "**BRRD II**") amending, among others, the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms, (iii) Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (as amended, replaced or supplemented from time to time, "**CRR II**") amending, among others, the CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, and reporting and disclosure requirements, and (iv) Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 (as amended, replaced or supplemented from time to time, the "**SRM Regulation II**") amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (the CRD V Directive, BRRD II, CRR II and the SRM Regulation II, the "**EU Banking Reforms**").

The CRD V Directive and the BRRD II were partially implemented into Spanish law through Royal Decree-Law 7/2021, of 27 April, ("**RDL 7/2021**") which has amended, amongst others, Law 10/2014 and Law 11/2015. Furthermore, Royal Decree 970/2021, of 8 November, ("**RD 970/2021**") which amended Royal Decree 84/2015, and Circulars 5/2021 and 3/2022 of the Bank of Spain, which amended the Bank of Spain Circular 2/2016, completed the implementation into Spanish law of the CRD V Directive and Royal Decree 1041/2021 ("**RD 1041/2021**"), which amended Royal Decree 1012/2015, completed the implementation of BRRD II into Spanish law.

The package of reforms presented by the European Commission on 23 November 2016 included a proposal to create a new asset class of "non preferred" senior debt. On 27 December 2017, Directive 2017/2399 amending Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy was published in the Official Journal of the European Union. Before that, Royal Decree-Law 11/2017, of 23 June, approving urgent measures on financial matters created in Spain the new asset class of senior non preferred debt.

Moreover, on 26 January 2021, the European Commission launched a targeted public consultation on technical aspects on a new review of BRRD, the SRM Regulation, and Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (the "**DGSD**"). The consultation was split into two main sections: a section covering the general objectives of the review focus, and a section seeking technical feedback on stakeholders experience with the current framework and the need for changes in the future framework, notably on (i) resolution, liquidation and other available measures to handle banking crises, (ii) level of harmonisation of creditor hierarchy in the EU and impact on no creditor worse-off principle, and (iii) depositor insurance. Further work will be needed and legislative proposals on this topic are still expected.

Additionally, on 27 October 2021, the European Commission published legislative proposals amending CRR and the CRD V Directive, and a separate legislative proposal amending CRR and BRRD in the area of resolution of credit institutions and investment firms. In particular, the main purposes of the European Commission's legislative proposals are to strengthen the risk-based capital framework, enhance the focus on environmental, social and governance (ESG) risks in the prudential framework, further harmonise supervisory powers and tools and reduce institutions' administrative costs related to public disclosures and to improve access to institutions' prudential data. These legislative proposals include: (i) a Directive amending CRD V Directive as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks; (ii) a Regulation amending CRR as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor; and (iii) a Regulation amending CRR and BRRD as regards the prudential treatment of global systemically important institution groups with a multiple point of entry resolution strategy and a methodology for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities (the so-called "daisy chain" proposal). In respect of the proposal referred to in limb (iii), the European Parliament and the Council adopted on 19 October 2022 Regulation (EU) 2022/2036 amending Regulation (EU) No 575/2013 and Directive 2014/59/EU as regards the prudential treatment of global systemically important institutions with a multiple-point-of-entry resolution strategy and methods for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities, which partially started to apply on 14 November 2022. In respect of the proposals referred to in limb (i) and (ii), on 24 April 2024 the European Parliament plenary approved the Regulation amending CRR ("**CRR III**") and the Directive amending CRD V Directive ("**CRD VI**"). On 30 May 2024 the EU Council adopted CRR III and CRD VI, the last step of the adoption procedures. On 19 June 2024, CRR III and CRD VI were published in the Official



Journal of the European Union and entered into force twenty days later. CRR III applies from 1 January 2025 (though some points apply from 9 July 2024) and Member States will have to transpose CRD VI into national law by 10 January 2026.

Moreover, on 18 April 2023 the European Commission adopted a legislative proposal to update the existing EU's bank crisis management and deposit insurance ("**CMDI**") framework. The package implies the review of the BRRD and SRM Regulation as well as a separate legislative proposal to amend the DGSD, all of which aim at further preserving financial stability, protecting taxpayers and depositors, and supporting the real economy and its competitiveness. The proposal enables authorities to organise the orderly market exit for a failing bank of any size and business model and consists of three pillars: (i) preserving financial stability and protecting taxpayers' money through facilitating the use of deposit guarantee schemes in crisis situations; (ii) shielding the real economy from the impact of bank failure by allowing authorities to fully use resolution as a key component of the crisis management toolbox; and (iii) better protecting depositors. The European Commission's proposal harmonises the standards of depositor protection across the EU and further extends the new framework of depositor protection to public entities. Furthermore, the proposal harmonises the protection of temporary high balances on bank accounts in excess of €100,000 linked to specific life events. In particular, the new rules introduce a new depositor preference, according to which the "super-preference" of deposit guarantee schemes is removed and a single-tier ranking for all deposits (covered deposits and deposit guarantee schemes' claims, non-covered deposits of households and small and medium enterprises, other non-covered deposits) is created. Therefore, covered deposits would have no "super-preference" on insolvency compared to other deposits, but would continue to be excluded from bail-in (and therefore have better protection than other deposits in a bail-in). Furthermore, the new rules foresee that all deposits relative to ordinary unsecured claims are preferred. The European Commission's proposal will go through the standard legislative process. In this regard, on 20 March 2024 the Economic and Monetary Affairs Committee of the European Parliament (the "**ECON**") voted on the CMDI framework. The ECON has introduced a modification in the ranking of creditors, which should make the deposit guarantee schemes (DGS) funded by banks to compensate depositors as well as the single resolution fund (SRF) more accessible for the funding of resolution. The ECON also proposed a two-tiered approach where deposits of retail clients as well as micro, small and medium-sized enterprises benefit from a higher priority ranking over eligible deposits of large enterprises and central and regional governments. On 24 April 2024, the European Parliament in plenary approved its position with respect to the CMDI framework (consisting of a Directive amending BRRD ("**BRRD III**"), a Regulation amending SRM Regulation ("**SRM Regulation III**") and a Directive amending the DGSD ("**DGSD II**"). On 19 June 2024, the European Council agreed on a negotiation mandate on the review of the CMDI proposal framework, with this mandate the European Council confirmed that it was on position for negotiations with the European Parliament regarding the final form of the CMDI proposal framework. Therefore, as of the date of this Registration Document there is a high degree of uncertainty with regards to the adjustments to the CMDI framework and when it will be finally implemented in the EU.

### **Capital requirements**

Under CRD IV, ABANCA and the ABANCA Group are required to hold a minimum amount of regulatory capital of 8% of risk weighted assets ("**RWAs**") of which at least 4.5% must be Common Equity Tier 1 ("**CET1**") capital and at least 6% must be Tier 1 capital (together, the "**minimum 'Pillar 1' capital requirements**").

Moreover, Article 104 of CRD IV Directive, as implemented in Spain by Article 68 of Law 10/2014 and Article 94 of Royal Decree 84/2015, and similarly Article 16 of Council Regulation (EU) No 1024/2013, of 15 October 2013, conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions, also contemplates that in addition to the minimum "Pillar 1" capital requirements, the supervisory authorities may require further capital to cover other risks, including those risks incurred by the individual institutions due to their activities not considered to be fully captured by the minimum "Pillar 1" capital requirements. This may result in the imposition of additional capital requirements on ABANCA and/or the ABANCA Group pursuant to this "Pillar 2" framework. Following the introduction of the Single Supervisory Mechanism, the ECB is in charge of assessing additional "Pillar 2" capital requirements ("**P2R**") through supervisory review and evaluation process (the "**SREP**") assessments to be carried out at least on an annual basis (accordingly requirements may change from year to year). CRD V Directive clarifies that P2R should be set in relation to the specific situation of an institution excluding macroprudential or systemic risks, but including the risks incurred by individual institutions due to their activities (including those reflecting the impact of certain economic and market developments on the risk profile of an individual institution) and it also allows the P2R to be partially covered with Additional Tier 1 instruments and Tier 2 instruments.

In addition to the minimum "Pillar 1" capital requirements and the P2R, credit institutions must comply with the "combined buffer requirement" set out in the CRD IV Directive as implemented in Spain. The "combined buffer requirement" has introduced five new capital buffers to be satisfied with additional CET1 capital: (i) the capital conservation buffer of 2.5% of RWAs; (ii) the global systemically important institutions ("**G-SII**") buffer, of between 1% and 3.5% of RWAs; (iii) the institution-specific countercyclical capital buffer (consisting of the weighted average of the countercyclical capital buffer rates that apply in the jurisdictions where the relevant credit exposures are located), which may be as much as 2.5% of RWAs (or higher pursuant to the competent authority); (iv) the other systemically important institutions ("**O-SII**") buffer, which may be as much as 3% of RWAs; and (v) the systemic risk buffer to prevent systemic or macro prudential risks, of at least 1% of RWAs (to be set by the competent authority). Circular 5/2021 of the Bank of Spain provides for the possibility that the authority may require a countercyclical buffer on an institution's exposures to a given sector, in addition to global exposures.

The Bank has not been classified as G-SII or as O-SII by the Financial Stability Board ("**FSB**") nor by any competent authority so, unless otherwise indicated by the FSB or by the Bank of Spain in the future, it is not required to maintain the G-SII buffer or the O-SII buffer.

On 16 May 2024, the Bank of Spain launched a public consultation on the Bank of Spain's revised framework for setting the countercyclical capital buffer ("**CCB**") and on 1 October 2024 the Bank of Spain announced the approval of the new framework for setting the CCB required of institutions for their exposures located in Spain, having identified a standard level of cyclical systemic risk (an intermediate level between high and low risk) to which a 1% CCB rate is assigned. The Bank of Spain has set the CCB rate at 0.5% from the fourth quarter of 2024, to be applicable from 1 October 2025. Subsequently, and provided that cyclical systemic risk remains at a standard level, the CCB rate will foreseeably be raised to 1% from the fourth quarter of 2025, to be applicable from 1 October 2026, though this second increase in the CCB rate will require a new decision from the Bank of Spain. On 18 December 2024 the Bank of Spain confirmed its intention (announced in May 2024) to propose an increase in the CCB to 1% as from 1 October 2025, subject to cyclical systemic risks remaining at their current intermediate level. In any case, the Bank of Spain may revise or even reverse this plan should important information emerge that would make it advisable.

On 31 December 2024, the Bank of Portugal announced its decision to maintain the CCB at 0% in the first quarter of 2025, before increasing to 0.75% from 1 January 2026. The CCB shall be maintained at 0% in the second quarter of 2025.

CRD V Directive clarifies that P2R should be positioned in the relevant stacking order of own funds requirements above the Minimum "Pillar 1" capital requirements and below the "combined buffer requirement" or the leverage ratio buffer requirement, as applicable.

In addition to the minimum "Pillar 1" capital requirements, the P2R and the "combined buffer requirements", the supervisor can also set a "Pillar 2" capital guidance ("**P2G**"). Thus, SREP decisions of 2016 onwards differentiate between P2R and P2G. Banks are expected to meet the P2G with CET1 capital on top of the level of binding capital requirements (minimum "Pillar 1" capital requirements, P2R and the "combined buffer requirements"). While P2R are binding requirements and breaches can have direct legal consequences for the banks, P2G is not directly binding and a failure to meet it does not automatically trigger legal action, even though the ECB expects banks to meet P2G. Consequently, the P2G is not relevant for the purposes of triggering the automatic restriction of the discretionary payments and calculation of the Maximum Distributable Amount. CRD V provides that when an institution repeatedly fails to meet the P2G, the competent authority should be entitled to take supervisory measures and, where appropriate, to impose additional own funds requirements.

In December 2024, the Bank received the decision of the ECB regarding minimum capital requirements applicable as from 1 January 2025 following the outcome of the most recent SREP. The decision requires ABANCA to maintain on a consolidated basis, a phased-in CET1 ratio of 8.125% of RWAs and a phased-in total capital ratio of 12.50% of RWAs. These ratios include the minimum "Pillar 1" capital requirements (CET1 ratio of 4.50% of RWAs and total capital ratio of 8% of RWAs), the P2R (CET1 ratio of 1.125% of RWAs and total capital ratio of 2.00% of RWAs), and the capital conservation buffer (2.50% of RWAs).

The table below sets out ABANCA's and the ABANCA Group's CET1 ratios, Tier 1 ratios, total capital ratios as of 31 March 2025<sup>21</sup>, 31 December 2024 and 31 December 2023:

	Phased in		Fully Loaded	
	ABANCA	ABANCA Group	ABANCA	ABANCA Group
CET1 ratio as at 31 March 2025	12.94%	13.17%	12.61%	12.86%
CET1 ratio as at 31 December 2024	12.67%	12.83%	12.65%	12.83%
CET1 ratio as at 31 December 2023	12.67%	12.60%	12.48%	12.38%
Tier 1 ratio as at 31 March 2025	14.78%	14.78%	14.40%	14.44%
Tier 1 ratio as at 31 December 2024	14.47%	14.42%	14.46%	14.42%
Tier 1 ratio as at 31 December 2023	14.63%	14.44%	14.44%	14.23%
Total Capital ratio as at 31 March 2025	17.88%	17.50%	17.42%	17.09%
Total Capital ratio as at 31 December 2024	17.46%	17.06%	17.45%	17.06%
Total Capital ratio as at 31 December 2023	17.14%	16.93%	16.95%	16.71%

The ABANCA Group also has a solid capitalisation, with an asset density (i.e., the percentage of RWAs over Total Assets) of 46.2% as at 31 December 2024 (45.2% as at 31 December 2023).

<sup>21</sup> The solvency ratios as of 31 March 2025 do not necessarily match those contained in the 2025 Consolidated First Quarter Interim Financial Statements. It must be noted that the solvency ratios as of 31 March 2025 are the first ones calculated according to CRR III and the common reporting (COREP) framework must be reported to the Bank of Spain by 30 June 2025.

Any failure by the Bank to comply with their regulatory capital requirements could result in the imposition of administrative actions or sanctions, such as further P2Rs or the adoption of any early intervention or, ultimately, resolution measures by resolution authorities pursuant to Law 11/2015, RD 1012/2015 and the SRM Regulation. See *"Risk Factors — Risk relating to the ABANCA Group — Legal and Regulatory Risks — Regulatory challenges on capital, liquidity or funding requirements"*.

## Leverage Ratio

In addition to the above, Article 429 of the CRR requires institutions to calculate their Leverage Ratio ("**LR**") in accordance with the methodology laid down in that article. The EU Banking Reforms contain a binding 3% "Pillar 1" leverage ratio requirement, that has been added to the own funds requirements in Article 92 of the CRR, and which institutions must meet in addition to their risk-based requirements.

The table below sets out ABANCA's and the ABANCA Group's LRs as of 31 March 2025<sup>22</sup>, 31 December 2024 and 31 December 2023:

	Phased in		Fully Loaded	
	ABANCA	ABANCA Group	ABANCA	ABANCA Group
LR as at 31 March 2025	6.54%	6.79%	6.54%	6.79%
LR as at 31 December 2024	6.51%	6.69%	6.51%	6.69%
LR as at 31 December 2023	6.45%	6.59%	6.37%	6.49%

This LR requirement is a parallel requirement to the risk-based own funds requirements described above.

Thus, any additional own funds requirements imposed by competent authorities to address the risk of excessive leverage should be added to the minimum leverage ratio requirement and not to the minimum risk-based own funds requirement. Furthermore, institutions should also be able to use any CET1 instruments that they use to meet their leverage-related requirements to meet their risk-based own funds requirements, including the "combined buffer requirement".

## MREL requirements

In addition to the minimum capital requirements under CRD IV, the BRRD regime prescribes that banks shall hold a minimum level of capital and eligible liabilities. The MREL shall be calculated as the amount of own funds and eligible liabilities and expressed as a percentage of the total liabilities and own funds of the institution. Although the specific MREL requirements may vary depending on the specific characteristics of the relevant entity and the resolution plan, MREL is expressed as two ratios that have to be met in parallel: (i) as a percentage of the total risk exposure amount ("**TREA**") (the "**MREL-TREA**"); and (ii) as a percentage of the Leverage Ratio Exposure ("**LRE**") (the "**MREL-LRE**"). Each may have to be met in part or in full with subordinated resources in the respective metric, as determined by the SRB.

MREL requirement is composed of a loss absorption amount ("**LAA**") and a recapitalisation amount ("**RCA**"). For the MREL-TREA, the LAA consists of the sum of the (consolidated) minimum

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<sup>22</sup> The LRs as of 31 March 2025 below do not necessarily match the LRs contained in the 2025 Consolidated First Quarter Interim Financial Statements. It must be noted that the LRs as of 31 March 2025 are the last LRs which have been reported to the Bank of Spain and are based on the common reporting (COREP) framework.

Supervisory “Pillar 1” requirement and P2R and for the MREL-LRE, the LAA corresponds to the (consolidated) LR requirement. Some adjustments may apply on a bank-by-bank basis.

In May 2025, the Bank of Spain formally reported on the MREL to be achieved by ABANCA on a consolidated basis, which was established by the SRB. The MREL requirement for ABANCA to be met as from the receipt of such notification stands at 19.12% of TREA and at 5.25% of LRE. The TREA based ratio does not include the capital allocated to cover the Combined Buffer Requirement (2.5% TREA). The decision of MREL is aligned with ABANCA's forecasts and the funding plan included in its strategic plan. As of 31 March 2025, ABANCA's MREL represented 22.75% of the TREA and 10.45% of the LRE (22.27% of the TREA and 10.33% of the LRE as of 31 December 2024).

According to the EU Banking Reforms, MREL application is subject to a different regime depending on the nature of the entity based on its resource volume and systemic profile. Thus, the MREL requirements are different for G-SIIs, "top tier" entities (entities which are not G-SIIs but have consolidated total assets above EUR 100 billion), other entities which the resolution authority has assessed as reasonably likely to pose a systemic risk in the event of its failure ("**other systemic entities**") and the rest of the resolution institutions. In particular, the EU Banking Reforms further include, as part of MREL, a new subordination requirement of eligible instruments for G-SIIs and "top tier" banks, involving a minimum "Pillar 1" subordination requirement and an institution specific "Pillar 2" subordination requirement. This "Pillar 1" subordination requirement shall be satisfied with own funds and other eligible MREL instruments (which MREL instruments may not for these purposes be senior preferred debt instruments and only senior non-preferred debt and subordinated debt will be eligible for compliance with the subordination requirement). Resolution authorities may also impose "Pillar 2" subordination requirements (including to institutions not constituting G-SIIs or "top tier" banks), which would be determined on a case-by-case basis but subject to certain caps. Although ABANCA is not a "top tier" bank as of the date of this Registration Document, it cannot be disregarded that it may comply with the conditions to be classified as such in the future, so that more demanding MREL requirements are applicable to it.

According to the EU Banking Reforms, any failure by an institution to meet the applicable minimum MREL requirements will be treated similarly as a failure to meet minimum regulatory capital requirements, where resolution authorities must ensure that they intervene and place an institution into resolution sufficiently early if it is deemed to be failing or likely to fail and there is no reasonable prospect of recovery.

If any Relevant Resolution Authority (as defined below) finds that there could exist any obstacles to resolvability of the Bank and/or the ABANCA Group, a higher MREL could be imposed.

### **Maximum Distributable Amount**

According to Article 48 of Law 10/2014, Article 73 of Royal Decree 84/2015 and Rule 24 of Bank of Spain Circular 2/2016, those entities failing to meet the "combined buffer requirement" or making a distribution in connection with CET1 capital to an extent that would decrease its CET1 capital to a level where the "combined buffer requirement" is no longer met will be subject to restrictions on (i) distributions relating to CET1 capital, (ii) payments in respect of variable remuneration or discretionary pension revenues and (iii) distributions relating to Additional Tier 1 capital instruments, until the maximum distributable amount calculated according to CRD IV (i.e., the firm's "distributable profits", calculated in accordance with CRD IV, multiplied by a factor dependent on the extent of the shortfall in CET1 capital) (the "**Maximum Distributable Amount**") has been calculated and communicated to the

Bank of Spain. Thereafter, any such distributions or payments will be subject to such Maximum Distributable Amount for entities (a) not meeting the "combined buffer requirement" or (b) in relation to which the Bank of Spain has adopted any of the measures set forth in Article 68.2 of Law 10/2014 aimed at strengthening own funds or limiting or prohibiting the distribution of dividends.

In accordance with Article 73 of Royal Decree 84/2015 and Rule 24 of the Bank of Spain Circular 2/2016, restrictions of discretionary payments will be scaled according to the extent of the breach of the "combined buffer requirement" and calculated as a percentage of the profits of the institution generated since the last annual decision on the distribution of profits. Such calculation will result in a "Maximum Distributable Amount" in each relevant period. As an example, the scaling is such that in the bottom quartile of the combined buffer requirement, no "discretionary payments" will be permitted to be made. As a consequence, in the event of breach of the "combined buffer requirement" (including where additional capital requirements are imposed that have the result of increasing the regulatory minimum required under CRD IV) it may be necessary to reduce discretionary payments (in whole or in part).

According to Article 16.a) of the BRRD a resolution authority will have the power to prohibit an entity from making discretionary payments above the "maximum distributable amount" for own funds and eligible liabilities (calculated in accordance with Article 16.a)(4) of the BRRD (the "**MREL-Maximum Distributable Amount Provision**") through distribution of dividends, variable remuneration and payments to holders of AT1 instruments, where it meets the "combined buffer requirement" but fails to meet that "combined buffer requirement" when considered in addition to the MREL requirements. The referred Article 16.a) of the BRRD includes a potential nine-month grace period whereby the resolution authority will assess on a monthly basis whether to exercise its powers under the MREL-Maximum Distributable Amount Provision before such resolution authority is compelled to exercise its power under such provisions (subject to certain limited exceptions).

### **Liquidity requirements**

The ABANCA Group should also comply with the Liquidity Coverage Ratio ("**LCR**") requirements provided in CRR. The LCR is the short-term indicator which expresses the ratio between the amount of available assets readily monetisable (cash and the readily liquidable securities held by the ABANCA Group) and the net cash imbalance accumulated over a 30-day liquidity stress period, it is a quantitative liquidity standard designed to ensure that banks have sufficient high-quality liquid assets to cover expected net cash outflows over a 30-day liquidity stress period. Since 1 January 2018, the entities to which this standard applies (including the ABANCA Group) must comply with 100% of the applicable LCR requirement. The LCR of the ABANCA Group was 239% as of 31 December 2024 (214% as of 31 December 2023).

The Basel Committee on Banking Supervision (the "**BCBS**") net stable funding ratio ("**NSFR**") is the 12-month structural liquidity indicator which corresponds to the ratio between the available amount of stable funding and the statutory amount of stable funding. It has been developed to provide a sustainable maturity structure of assets and liabilities such that banks maintain a stable funding profile in relation to their on- and off-balance sheet activities that reduces the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that could increase the risk of its failure. The BCBS contemplated in the Basel III phase-in arrangements document that the NSFR, including any revisions, would be implemented by member countries as a minimum standard by 1 January 2018, with no phase-in scheduled. The EU Banking Reforms contain the implementation of the BCBS standard on NSFR introducing some adjustments. The NSFR ratio of the ABANCA Group was 148% as of 31 December 2024 (133% as of 31 December 2023).

## Prudential treatment of NPLs

On 15 March 2018, the ECB published the addendum (the "**Addendum**") to the ECB Guidance to banks on NPLs published on 20 March 2017 (the "**NPL Guidance**"). The Addendum specifies the ECB's supervisory expectations for prudent levels of provisions for new NPLs, it is non-binding but serves as the basis for the supervisory dialogue between the significant banks and ECB banking supervision. The ECB assesses any differences between banks' practices and the prudential provisioning expectations laid out in the Addendum at least annually. During the supervisory dialogue, the ECB discusses with each bank divergences from the prudential provisioning expectations laid out in the addendum. After this dialogue and taking into account the bank's specific situation, ECB Banking Supervision decides, on a case-by-case basis, whether and which supervisory measures are appropriate. In addition, in a press release dated 11 July 2018, the ECB announced that, in order to address the stock of NPLs and with the aim of achieving the same coverage of NPL stock and flow over the medium term, it would set bank-specific supervisory expectations for the provisioning of NPLs. Such supervisory expectations for NPL provisioning, which are part of the ongoing supervisory dialogue, add more pressure on financial results.

As part of the EU Commission's package of measures aimed at addressing the risks related to high levels of NPLs in Europe, Regulation (EU) 2019/630 amends CRR as regards minimum loss coverage for non-performing exposures ("**NPEs**"), introducing a clear set of conditions for the classification of NPEs. This regulation establishes clear criteria on the determination of non-performing exposures, the concept of forbearance measures, deduction for non-performing exposures and treatment of expected loss amounts.

## Loss absorbing powers by the Relevant Resolution Authority under Law 11/2015 and the SRM Regulation

The BRRD (which has been implemented in Spain through Law 11/2015 and Royal Decree 1012/2015) is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in unsound or failing credit institutions or investment firms (each an "**institution**") so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system. The BRRD further provides that any extraordinary public financial support through additional financial stabilisation tools is only to be used by a member state as a last resort, after having assessed and exploited the other resolution tools set out below to the maximum extent practicable whilst maintaining financial stability.

In accordance with Article 20 of Law 11/2015, an institution will be considered as failing or likely to fail in any of the following circumstances: (i) it is, or is likely in the near future to be, in significant breach of its solvency or any other requirements necessary for maintaining its authorisation; (ii) its assets are, or are likely in the near future to be, less than its liabilities; (iii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iv) it requires extraordinary public financial support (except in limited circumstances). The determination that an institution is no longer viable may depend on a number of factors which may be outside of that institution's control.

As provided in the BRRD, Law 11/2015 contains four resolution tools and powers which may be used alone or in combination where the FROB, the SRB established pursuant to the SRM Regulation, as the case may be and according to Law 11/2015, the Bank of Spain or the CNMV, or any other entity with the authority to exercise any such tools and powers from time to time or to perform the role of primary bank resolution authority (each, a "**Relevant Resolution Authority**") as appropriate, considers that (a) an institution is failing or likely to fail in the near future, (b) there is no reasonable prospect that any

alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest.

The four resolution tools are: (i) sale of business (which enables the Relevant Resolution Authority to direct the sale of the institution or the whole or part of its business on commercial terms); (ii) bridge institution (which enables the Relevant Resolution Authority to transfer all or part of the business of the institution to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control)); (iii) asset separation (which enables the Relevant Resolution Authority to transfer certain categories of assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only)); and (iv) the bail-in (which includes certain elements of the Spanish Bail-in Power, as defined below). The bail-in includes the ability of the Relevant Resolution Authority to write down (including to zero) and/or to convert into equity or other securities or obligations (which equity, securities and obligations could also be subject to any future application of the Spanish Bail-in Power) certain unsecured debt claims and subordinated obligations.

The "**Spanish Bail-in Power**" is any write down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with any laws, regulations, rules or requirements in effect in Spain, relating to the transposition of the BRRD, as amended from time to time, including, but not limited to (i) Law 11/2015, as amended from time to time, (ii) Royal Decree 1012/2015, as amended from time to time, (iii) the SRM Regulation, as amended from time to time, and (iv) any other instruments, rules or standards made in connection with either (i), (ii) or (iii), pursuant to which any obligation of an institution can be reduced, cancelled, modified or converted into shares, other securities, or other obligations of such institution or any other person (or suspended for a temporary period).

In accordance with Article 48 of Law 11/2015 (and subject to any exclusions that may be applied by the Relevant Resolution Authority under Article 43 of Law 11/2015 in addition to the mandatory exclusions set forth in Article 27.3 of the SRM Regulation and in Article 42 of Law 11/2015), in the case of any application of the Spanish Bail-in Power to absorb losses and cover the amount of the recapitalisation, the sequence of any resulting write down or conversion shall be as follows: (i) CET1 items; (ii) the principal amount of Additional Tier 1 instruments; (iii) the principal amount of Tier 2 instruments; (iv) the principal amount of other subordinated claims that do not qualify as Additional Tier 1 capital or Tier 2 capital in accordance with claim ranking set out in the Spanish insolvency law; and (v) the principal or outstanding amount of "bail-inable liabilities" (*pasivos susceptibles de recapitalización interna*) in accordance with the hierarchy of claims in normal insolvency proceedings (with "non-preferred" ordinary claims subject to the Spanish Bail-in Power after any subordinated claims against the Bank but before the other ordinary claims against the Bank).

In addition to the Spanish Bail-in Power, the BRRD, Article 38 of Law 11/2015 and the SRM Regulation provide for the Relevant Resolution Authority to have the further power to permanently write down or convert into equity capital instruments and certain internal eligible liabilities at the point of non-viability of an institution or a group (the "**Non-Viability Loss Absorption**"). The point of non-viability of an institution is the point at which the Relevant Resolution Authority determines that the institution meets the conditions for resolution or that it will no longer be viable unless the relevant capital instruments are written down or converted into equity or extraordinary public support is to be provided and without such support the Relevant Resolution Authority determines that the institution would no longer be viable. The point of non-viability of a group is the point at which the group infringes or there are objective



elements to support a determination that the group, in the near future, will infringe its consolidated solvency requirements in a way that would justify action by the Relevant Resolution Authority in accordance with Article 38.3 of Law 11/2015. Non-Viability Loss Absorption may be imposed prior to or in combination with any exercise of any other Spanish Bail-in Power or any other resolution tool or power (where the conditions for resolution referred to above are met).

In accordance with Article 64.1(i) of Law 11/2015, the FROB has also the power to alter the amount of interest payable under debt instruments and other bail-inable liabilities of institutions subject to resolution proceedings and the date on which the interest becomes payable under the debt instrument (including the power to suspend payment for a temporary period).

## GENERAL INFORMATION

### Responsibility for this Registration Document

1. ABANCA, duly represented by the undersigned, Mr Juan Luis Vargas-Zúñiga de Mendoza, in his capacity as Chief Investment Officer (*Director General de Mercado de Capitales, Gestión y Distribución*) of ABANCA and Mr Alberto Manuel de Francisco Guisasola, in his capacity as Chief Financial Officer (*Director General de Finanzas*) of ABANCA, acting under the power of attorney granted by the Board of Directors on 28 April 2025, accept responsibility for the information contained in this Registration Document and declare, to the best of their knowledge, that the information contained in this Registration Document is in accordance with the facts and that the Registration Document contains no omissions likely to affect its import.

### Significant/Material Change

2. Save for the impact that the military conflict between Russia and Ukraine, the military conflict in the Middle East and the policies of the new U.S. government, such as higher tariffs on imports, may have on the global economy in general or the Spanish or Portuguese economies in particular, as disclosed in the 2024 Audited Consolidated Annual Accounts and in the risk factor headed "*Risks relating to the ABANCA Group— Business and financial risks and macroeconomic risk— Unfavourable global economic conditions and, in particular, unfavourable economic conditions in Spain, in Portugal or in Galicia or any deterioration in the European, Spanish or Portuguese financial system, could have a material adverse effect on the ABANCA Group's business, financial condition and results of operations*", since 31 December 2024 there has been no material adverse change in the prospects of ABANCA.
3. Since 31 March 2025 there has been no significant change in the financial position or in the financial performance of the ABANCA Group.

### Independent Auditors

4. The 2023 Audited Consolidated Annual Accounts have been audited without qualification, modifications of opinions, disclaimers or emphasis of matter by KPMG Auditores, S.L., independent auditors.

KPMG Auditores, S.L.'s office is at Paseo de la Castellana 259 C, 28046, Madrid (Spain) and is registered with the Official Registry for Auditors (*Registro Oficial de Auditores de Cuentas (ROAC)*) under number S0702.

5. The 2024 Audited Consolidated Annual Accounts have been audited without qualification, modifications of opinions, disclaimers or emphasis of matter by PricewaterhouseCoopers Auditores, S.L, independent auditors, who will audit the Issuer's accounts for the financial years ended on 31 December 2025 and 2026.

PricewaterhouseCoopers Auditores, S.L.'s office is at Torre PwC, Paseo de la Castellana 259 B, 28046, Madrid (Spain) and is registered with the Official Registry for Auditors (*Registro Oficial de Auditores de Cuentas (ROAC)*) under number S0242.

### **Approval of annual accounts**

6. The 2023 Audited Consolidated Annual Accounts were approved by the General Shareholders' Meeting of ABANCA held on 25 June 2024.
7. The 2024 Audited Consolidated Annual Accounts are pending approval by the General Shareholders' Meeting of ABANCA.

### **Unaudited financial information**

8. This Registration Document contains information which is not extracted from the audited consolidated annual accounts, such as the APMs and the data of general and life-risk insurance premiums, which have been extracted from the 2024 Directors' Report, which does not form part of the consolidated annual accounts for such year and has not been audited. The Registration Document also contains the condensed consolidated interim financial statements prepared as of and for the three-month period ended 31 March 2025 and such information is not audited but subject to a limited review by the Issuer's auditors.

### **Third party information**

9. Information included in this Registration Document sourced from a third party has been accurately reproduced, and so far as ABANCA is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### **Documents on Display**

10. Electronic copies of the bylaws (*Estatutos Sociales*) of ABANCA (as the same may be updated from time to time) may be inspected on ABANCA's website for the 12 months from the date of this Registration Document: <https://www.abancacorporacionbancaria.com/es/inversores/gobierno-corporativo/#estatutos>.

### **Material Contracts**

11. There are no contracts not entered into in the ordinary course of business which could result in any ABANCA Group member being under an obligation or entitlement that is material to the ability of ABANCA to meet its obligations to security holders in respect of any non-equity securities issued by the Issuer.

### **Validity of the Registration Document and of the Registration Document supplements**

12. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Registration Document after the end of its 12-month validity period.

### **Information on websites**

13. Information contained on any website referred to in this Registration Document does not form part of this Registration Document and has not been scrutinised or approved by the CNMV.

## **SIGNATURES**

In witness to their knowledge and approval of the contents of this Registration Document drawn up according to Annex 7 of Delegated Regulation (EU) 2019/980 of 14 March 2019, it is hereby signed by Mr Juan Luis Vargas-Zúñiga de Mendoza, in his capacity as Chief Investment Officer (*Director General de Mercado de Capitales, Gestión y Distribución*) of the Bank, and Mr Alberto Manuel de Francisco Guisasola, in his capacity as Chief Financial Officer (*Director General de Finanzas*) of the Bank, acting under the power of attorney granted by the Board of Directors on 28 April 2025.