PKF Attest

FUND FOR ORDERLY BANK RESTRUCTURING

ANNUAL ACCOUNTS AND MANAGEMENT REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025, TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

PKF Attest

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL ACCOUNTS

To the Governing Committee of the Fund for Orderly Bank Restructuring:

Opinion

We have audited the Annual Accounts of the Fund for Orderly Bank Restructuring (FROB), which comprise the balance sheet as at 31 December 2025, the income statement, the statement of changes in equity, the statement of cash flows and the notes to the Annual Accounts for the financial year then ended.

In our opinion, the accompanying Annual Accounts give, in all material respects, a true and fair view of the equity and financial position of FROB as at 31 December 2025, and of its results and cash flows for the financial year then ended, in accordance with the applicable financial reporting framework (identified in Note 2.1 to the Annual Accounts) and, in particular, with the accounting principles and criteria contained therein.

Basis for opinion

We conducted our audit in accordance with the auditing standards applicable in Spain. Our responsibilities under those standards are further described in the section entitled "Auditor's responsibilities for the audit of the Annual Accounts" of our report.

We are independent of FROB in accordance with the ethical requirements, including those relating to independence, applicable to our audit of the Annual Accounts in Spain, as required by the regulations governing the auditing of accounts. In this regard, we have not provided any services other than the statutory audit, nor have any situations or circumstances arisen which, in accordance with the aforementioned regulations, could have affected or compromised our independence.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were considered to be the most significant risks of material misstatement in our audit of the Annual Accounts for the current period. These risks were addressed in the context of our audit of the Annual Accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

Valuation of investments in group companies and associates

Description

Notes 2.4, 4.2.l, 4.4.1 and 6.2 to the accompanying Annual Accounts describe the estimates and accounting policies used in preparing the Annual Accounts to measure investments in group companies and associates and any related impairment losses. These estimates and accounting policies, together with the performance of the entities themselves, could affect the measurement of the investments recognised in the Annual Accounts.

The criteria used to measure these investments require the exercise of significant judgement and the use of significant estimates by the Chair and Management of FROB. Accordingly, these estimates have been made on the basis of the best information available as at the date on which the Annual Accounts were prepared.

Once this analysis has been performed, where there are indications of impairment of these interests and investments, FROB carries out an impairment test to determine whether their recoverable amount is lower than their carrying amount.

The recoverable amount of these investments recognised in the accompanying Annual Accounts will depend, among other factors, on: (i) the extent to which the key assumptions underlying the business plans are actually met, where this is the valuation method used; (ii) the assumptions made on the basis of the best information available; (iii) certain uncertainties regarding the combined effect that certain events or contingencies could have on the investee entities; and, finally, (iv) the price that may be obtained, where applicable, from the sale of the entities in which FROB currently holds an interest.

Our response

Our audit procedures in relation to this area included, among others, the following:

- Obtaining an understanding of the procedures established by FROB to ensure the use of appropriate valuation criteria and mitigate errors in the estimation of those valuations.
- Reviewing and recalculating the impairment tests performed by FROB on the investments.
- Reading and obtaining an understanding of the audited financial information for investments measured by reference to their equity.
- Verifying the disclosures in the Annual Accounts.

Provisions and contingencies arising from litigation and claims

Description

In carrying out its mandate to manage the resolution of entities at the executive stage and to exercise the powers conferred on it by Law 11/2015, the rest of the Spanish legal framework and European Union law, FROB may become involved in administrative or judicial proceedings, or proceedings of any other legal nature, arising in the ordinary course of its activities.

These proceedings are generally concluded only after a lengthy period of time and are complex in nature under the applicable legislation. The Chair and Management of FROB determine when a provision should be recognised based on an estimate made using prudent and consistent calculation procedures that take into account the uncertainty inherent in these proceedings.

The analysis of these legal proceedings therefore requires a high degree of judgement and the application of complex estimates, which justifies their consideration as a key audit matter.

Our response

Our audit procedures in relation to this area included, among others, the following:

- Analysing the recognition and measurement criteria implemented by FROB in respect of provisions and contingencies.
- Requesting confirmations from both FROB's Legal Department and its external legal advisers regarding the assessment and measurement of any resulting risks.

- Assessing whether the disclosures in the Annual Accounts relating to provisions and contingencies comply with the applicable regulations.

Other information: Management Report

The other information comprises solely the Management Report for the 2025 financial year, the preparation of which is the responsibility of the Chair of FROB and which does not form an integral part of the Annual Accounts.

Our audit opinion on the Annual Accounts does not cover the Management Report. Our responsibility for the Management Report, as required by the regulations governing the audit of accounts, is to evaluate and report on whether the Management Report is consistent with the Annual Accounts, based on the knowledge of the entity obtained in the course of the audit of those accounts, and also to evaluate and report on whether the content and presentation of the Management Report comply with the applicable regulations. If, based on the work we have performed, we conclude there are material misstatements, we are required to report them.

Based on the work performed, as described in the preceding paragraph, the information contained in the Management Report is consistent with that contained in the Annual Accounts for the 2025 financial year, and its content and presentation comply with the applicable regulations.

Responsibilities of the Chair of FROB for the Annual Accounts

The Chair of FROB is responsible for preparing the accompanying Annual Accounts so they give a true and fair view of FROB's equity, financial position and results, in accordance with the financial reporting framework applicable in Spain, and for such internal control as is necessary to enable the preparation of Annual Accounts that are free from material misstatement, whether due to fraud or error.

In preparing the Annual Accounts, the Chair is responsible for assessing FROB's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Chair intends to liquidate FROB or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Annual Accounts

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

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

Annex 1 to this auditor's report provides a more detailed description of our responsibilities for the audit of the Annual Accounts. This description, which appears on page 5 below, forms an integral part of our auditor's report.

[*Stamp: Institute of Chartered Accountants of Spain; PKF ATTEST SERVICIOS EMPRESARIALES, S.L. 2026 No. 01/25/19167 96.00 EUR; CORPORATE SEAL: Audit report on annual accounts subject to Spanish and international auditing standards*]

[*Stamp: PKF ATTEST Servicios Empresariales, S.L. Registered in the Official Register of Auditors (ROAC) under No. S1520; Alfredo Ciriaco Fernández Registered in the ROAC under No. 17,938*]

22 June 2026

Annex 1 to our auditor's report

In addition to the information included in our auditor's report, this Annex sets out our responsibilities for the audit of the Annual Accounts.

Auditor’s responsibilities for the audit of the Annual Accounts

As part of an audit conducted in accordance with the auditing standards applicable in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Annual Accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain sufficient appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FROB’s internal control.

- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chair.

- Conclude on the appropriateness of the Chair’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on FROB’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Annual Accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause FROB to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Annual Accounts, including the disclosures, and whether the Annual Accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Chair of FROB regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

From among the significant risks communicated to the Chair of FROB, we determine those that were of most significance in the audit of the Annual Accounts for the current period and which are therefore the risks considered most significant.

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

Translation of financial statements originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

FROB

BALANCE SHEET CORRESPONDING TO 31 DECEMBER 2025 AND 2024

(Thousands of Euros)

ASSETS	Notes	2025	2024	EQUITY AND LIABILITIES	Notes	2025	2024
NON-CURRENT ASSETS				**EQUITY**			
Intangible assets		**-**	**-**	**CAPITAL AND RESERVES WITHOUT VALUATION ADJUSTMENTS**	**8**	**15.471.179**	**8.218.200**
Property, plant and equipment		**181**	**162**	Equity fund		8.218.200	5.520.847
Non-current investments in group companies and associates	**6**	**15.467.137**	**8.961.829**	Profit/(loss) for the period		7.252.979	2.697.353
Equity instruments		15.467.137	8.961.829				
Non-current financial investments	**6**	**-**	**-**	**VALUATION ADJUSTMENTS**	**8**	**-**	**-**
Debt securities		-	-	Financial assets at fair value with changes in net equity		-	-
Other financial assets		-	-				
						15.471.179	**8.218.200**
Total non-current assets		**15.467.318**	**8.961.991**	**NON-CURRENT LIABILITIES**			
				Non-current provisions	**11**	**20.867**	**4.719**
				Non-current payables	**7**	**-**	**-**
				Other non-current debts			
						20.867	**4.719**
				CURRENT LIABILITIES			
				Current provisions	**11**	**-**	**-**
CURRENT ASSETS				**Current payables**	**7**	**200.365**	**933.182**
Trade and other receivables	**6**	**10**	**10**	Other current debts		200.365	933.182
Current financial investments	**6**	**-**	**1.059**				
Credits to third parties		-	-				
Debt securities		-	-				
Other financial assets		-	1.059				
				Trade and other payables		**982**	**574**
Cash and cash equivalents	**5**	**226.065**	**193.615**	Other payables	**7**	607	415
Cash		226.065	193.615	Other debts with public institutions	**10**	375	159
Total current assets		**226.075**	**194.684**			**201.347**	**933.756**
TOTAL ASSETS		**15.693.393**	**9.156.675**	**TOTAL EQUITY AND LIABILITIES**		**15.693.393**	**9.156.675**

Notes 1 to 14 to the Financial Statements are an integral part of the Balance Sheet at 31 December 2025.

Translation of financial statements originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

FROB

PROFIT AND LOSS ACCOUNT CORRESPONDING TO THE YEAR

ENDED AT 31 DECEMBER 2025 AND 2024

(Thousands of Euros)

	Notes	Income / (Expenses)	
		Year 2025	Year 2024
CONTINUING OPERATIONS			
1. Revenue	**12.1**	**-**	**-**
Fees for activities performed by the FROB as Resolution Authority		-	-
2. Other operating income		**-**	**-**
3. Personnel costs	**12.2**	**(4.767)**	**(4.495)**
Salaries and wages		(4.058)	(3.854)
Employee benefits expense		(709)	(641)
4. Other operating expenses	**12.3**	**(2.800)**	**(2.780)**
External services		(2.674)	(2.657)
Other operating expenses		(126)	(123)
5. Amortization and depreciation		**(15)**	**(33)**
6. Provision surpluses	**11**	**-**	**308**
7. Allocation of provisions	**11**	**(16.148)**	**(124)**
Allocation of provisions for EPA and other liabilities		(16.148)	(124)
8. Extraordinary income		**6.569**	**1.148**
9. Extraordinary expenses		**-**	**(3)**
10. Other results	**11**	**-**	**93**
RESULTS FROM OPERATING ACTIVITIES		**(17.161)**	**(5.886)**
11. Finance income	**6**	**779.762**	**515.241**
Income from shares in group companies		770.000	489.783
Banking interests		9.653	8.480
Government debt interest		-	16.704
Other interests		109	274
12. Finance expenses	**7**	**(14.930)**	**(25.277)**
Interests and commissions		(14.930)	(25.277)
Update of provisions		-	-
13. Impairment and gains/(losses) on disposal of financial instruments	**6**	**6.505.308**	**2.213.275**
Impairment and losses		6.505.308	2.213.275
NET FINANCE INCOME/(EXPENSE)		**7.270.140**	**2.703.239**
PROFIT/(LOSS) FOR THE PERIOD		**7.252.979**	**2.697.353**

Notes 1 to 14 to the Financial Statements are an integral part of the Profit and Loss Account corresponding to the year ended at 31 December 2025.

Translation of financial statements originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

FROB

STATEMENT OF CHANGES IN EQUITY CORRESPONDING TO THE YEAR ENDED AT 31 DECEMBER 2025 AND 2024

A) STATEMENT OF RECOGNIZED INCOME AND EXPENSES

(Thousands of Euros)

	Income / (Expenses)	
	Year 2025	Year 2024
PROFIT/(LOSS) FOR THE PERIOD (I)	**7.252.979**	**2.697.353**
Income and expenses recognized directly in equity		
- Measurement of financial instruments	**-**	**-**
Financial assets at fair value with changes in net equity	-	-
- Tax effect	-	-
TOTAL INCOME AND EXPENSES DIRECTLY RECOGNIZED IN EQUITY (II)	**-**	**-**
Amounts transferred to the income statement		
- Measurement of financial instruments	**-**	**-**
Financial assets at fair value with changes in net equity	-	-
- Tax effect	-	-
TOTAL AMOUNTS TRANSFERRED TO THE INCOME STATEMENT (III)	**-**	**-**
TOTAL RECOGNIZED INCOME AND EXPENSES (I+II+III)	**7.252.979**	**2.697.353**

Notes 1 to 14 to the Financial Statements are an integral part of the Statement of Recognized Income and Expenses corresponding to the year ended at 31 December 2025.

Translation of financial statements originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

STATEMENT OF CHANGES IN EQUITY CORRESPONDING TO THE YEAR ENDED AT 31 DECEMBER 2025 AND 2024

B) STATEMENT OF TOTAL CHANGES IN EQUITY

(Thousands of Euros)

	Equity Fund	Profit/(Loss) for the period	Valuation Adjustments	TOTAL
Balance at 31 December 2023	**5.065.247**	**455.600**		**5.520.847**
Total recognized income and expenses	-	**2.697.353**		**2.697.353**
Operations with Fund promoters	**455.600**	**(455.600)**	-	**-**
- Distribution of previous year's profit/(loss) (Note 3)	455.600	(455.600)	-	-
Other variations in equity	-	-	-	-
Balance at 31 December 2024	**5.520.847**	**2.697.353**		**8.218.200**
Adjustments for changes in criteria	-	-	-	-
Adjustments for errors	-	-	-	-
ADJUSTED BALANCE AT 1 JANUARY 2025	**5.520.847**	**2.697.353**		**8.218.200**
Total recognized income and expenses	-	**7.252.979**		**7.252.979**
Operations with Fund promoters	**2.697.353**	**(2.697.353)**	-	**-**
- Distribution of previous year's profit/(loss) (Note 3)	2.697.353	(2.697.353)	-	-
Other variations in equity	-	-	-	-
Balance at 31 December 2025	**8.218.200**	**7.252.979**		**15.471.179**

Notes 1 to 14 to the Financial Statements are an integral part of the Statement of Total Changes in Equity corresponding to the year ended at 31 December 2025.

FROB

STATEMENT OF CASH FLOWS CORRESPONDING TO THE YEAR ENDED AT 31 DECEMBER 2025 AND 2024

(Thousands of Euros)

	Notes	Collections / (Payments)	
		Year 2025	Year 2024
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**764.985**	**485.390**
Profit/(Loss) for the period before tax		**7.252.979**	**2.697.353**
Adjustments for:		**(7.260.546)**	**(2.704.628)**
- Amortization and depreciation		15	33
- Impairment corrections	**6**	(6.505.308)	(2.213.275)
- Changes in provisions	**6 y 11**	16.148	(184)
- Finance income	**6**	(779.762)	(515.241)
- Finance expenses	**7**	14.930	25.277
- Other income and expenses		(6.569)	(1.238)
Changes in working capital		**1.467**	**900**
- Trade and other receivables	**6**		1
- Other current assets		1.059	33.423
- Trade and other payables		408	20
- Other current liabilities	**11**		(14.659)
- Other non-current assets and liabilities		-	(17.885)
Other cash flows from operating activities		**771.085**	**491.765**
- Interests paid	**7**	(15.246)	(24.879)
- Dividend payments		770.000	489.783
- Interests received	**6**	9.762	25.716
- Other payments		6.569	1.145
CASH FLOWS FROM INVESTING ACTIVITIES (II)		**(35)**	**518.644**
Payments for investments		**(35)**	**(726.445)**
- Property, plant and equipment		(35)	-
- Other financial assets	**6**	-	(726.445)
Proceeds on divestments		**-**	**1.245.089**
- Other financial assets	**6**	-	1.245.089
CASH FLOWS FROM FINANCING ACTIVITIES (III)		**(732.500)**	**(932.500)**
Proceeds and payments from financial liabilities		**(732.500)**	**(932.500)**
- Repayment and amortization of other debts		(732.500)	(932.500)
EFFECT IN VARIATIONS OF EXCHANGE RATES (IV)		-	-
NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS (I+II+III+IV)		**32.450**	**71.534**
Cash and cash equivalents at beginning of the year		193.615	122.081
Cash and cash equivalents at year-end		226.065	193.615

Notes 1 to 14 to the Financial Statements are an integral part of the Statement of Cash Flows corresponding to the year ended at 31 December 2025.

FROB

Annual accounts for the
financial year ended
31 December 2025 and
Management Report

Annual Report for the financial year ended 31 December 2025

1. Activity

FROB is a public-law entity with its own legal personality and full public- and private-law capacity to fulfil its purposes. It was established on 14 July 2009 pursuant to Royal Decree-Law 9/2009 of 26 June on bank restructuring and strengthening of own funds of credit institutions[1]. FROB's activities are currently governed by Law 11/2015 of 18 June on the recovery and resolution of credit institutions and investment firms (hereinafter, "Law 11/2015"), which, together with Royal Decree 1012/2015 of 6 November implementing that Law, transposes into Spanish law Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms.

The main features of the resolution framework established by Law 11/2015 derive from the incorporation into Spanish law of the harmonised resolution framework laid down in Directive 2014/59/EU and Regulation (EU) 806/2014 on the Single Resolution Mechanism, and are as follows:

- At the preventive phase of resolution, all entities operating in the market are required to have recovery and resolution plans in place in the event that they encounter financial difficulties or become non-viable.

- The costs of resolving an entity must be borne by its shareholders and private creditors or, where appropriate, by the industry itself, with particular protection afforded to depositors and public funds. To this end, internal loss-absorption mechanisms (bail-in) have been established, together with resolution funds financed by the entities themselves.

- Responsibility for resolution, as regards entities falling within the remit of the national authorities as a result of the allocation of responsibilities between the Single Resolution Board and the national resolution authorities laid down in Article 7 of Regulation (EU) 806/2014, is assigned, at the preventive stage, to the Bank of Spain in the case of credit institutions and to the Spanish National Securities Market Commission (CNMV) in the case of investment firms. FROB is designated as the Executive Resolution Authority for those entities.

Under this framework, FROB's purpose is to manage the resolution of entities at the executive stage and to exercise the other powers conferred on it by Law 11/2015, the rest of the Spanish legal framework, and European Union law.

In general, the objectives pursued by resolution processes are as follows:

- Ensure the continuity of activities, services and operations whose interruption could disrupt the provision of services essential to the real economy or financial stability, in particular systemically important financial services and payment, clearing and settlement systems, taking into account the size, market share, internal or external interconnectedness, complexity or cross-border nature of the entity or its group.

- Avoid adverse effects on the stability of the financial system by preventing the difficulties of one entity from spreading to the system as a whole and maintaining market discipline.

- Ensure the most efficient use of public resources by minimising any extraordinary public financial support that may need to be provided.

- Protect depositors whose funds are guaranteed by the Deposit Guarantee Fund for Credit Institutions and investors covered by the Investment Guarantee Fund.

- Protect the repayable funds and other assets of entities' clients.

[1] Repealed by Royal Decree-law 24/2012 of 31 August on the restructuring and resolution of credit institutions, which was itself repealed by Law 9/2012 of 14 November on the restructuring and resolution of credit institutions, which gave statutory force to the provisions contained therein. That Law was also repealed by Law 11/2015 of 18 June on the recovery and resolution of credit institutions and investment firms, which is currently in force, except as provided in its First Transitional Provision.

In pursuing these objectives, every effort shall be made to minimise the cost of resolution and avoid any destruction of value, except where strictly necessary to achieve the resolution objectives.

FROB will have the following financing arrangements at its disposal to finance the resolution measures provided for:

- A National Resolution Fund (NRF), without legal personality, managed by FROB and established as a separate pool of assets, whose financial resources have, since its establishment in 2015, been determined by reference to 1% of the covered deposits of all entities subject to Law 11/2015, i. e. the entities required to contribute to both the NRF and the SRF. Following the full mutualisation of the various national compartments of the SRF upon expiry of the transitional period defined in the IGA, the target level to be reached by the NRF must be determined solely on the basis of the entities that contribute to it, namely investment firms that do not form part of banking groups and branches of third-country institutions. In application of the foregoing, given that the current financial resources of the NRF are sufficient to cover 1% of the covered deposits of the entities that contribute to the NRF, it was not considered necessary to collect the ex-ante contributions for the 2025 contribution cycle.

  The contributions collected by FROB for the National Resolution Fund are limited to those from entities which, while falling within the scope of Law 11/2015, are not required to contribute to the Single Resolution Fund (SRF). Accordingly, the entities required to contribute to the NRF are investment firms whose legally required minimum share capital is at least 730,000 euros or whose activities do not meet the characteristics described in Article 1.3(b) of Law 11/2015, provided that they do not fall within the scope of consolidated supervision of the parent undertaking carried out by the ECB. In addition, pursuant to Final Provision Eight of Royal Decree-Law 19/2018 of 23 November on payment services and other urgent financial measures, which amends, among others, Articles 1.2(e) and 53.1(a) of Law 11/2015, with effect from the 2019 contribution collection cycle, the entities required to contribute also include branches in Spain of credit institutions and investment firms established outside the European Union.

- FROB may also, in order to fulfil its purposes, resort to alternative financing arrangements, such as issuing fixed-income securities, taking out loans, obtaining credit facilities and entering into any other borrowing transactions, provided that ordinary contributions are insufficient to cover the costs of resolution and extraordinary contributions are not immediately available or are insufficient. In any event, FROB's external financing, irrespective of the form in which it is arranged, may not exceed the limit established for this purpose in the annual General State Budget Laws.

- FROB may request loans from the financing arrangements of other European Union Member States where ordinary contributions are insufficient to cover the costs of resolution, extraordinary contributions are not immediately available, and the alternative financing arrangements referred to in the preceding paragraph cannot be used on reasonable terms.

These financing arrangements may be used to the extent necessary to ensure the effective application of the resolution tools. In particular, the financing arrangements may take the form of, among others, one or more of the following measures:

- Providing guarantees.
- Granting loans or credit facilities.
- Acquiring assets or liabilities and either retaining their management or entrusting it to a third party.
- Making contributions to a bridge institution or an asset management vehicle.
- Paying compensation to shareholders and creditors.
- Making contributions to the entity where it is decided to exclude certain liabilities from bail-in.
- Granting loans to other financing arrangements.
- Recapitalising an entity, subject to the terms and limitations laid down in Law 11/2015.

To cover its operating expenses, FROB collects from the entities liable to pay the "fee for activities carried out by FROB as resolution authority", which is governed by the provisions of Law 11/2015 and, in matters not provided for therein, by Law 8/1989 of 13 April on Fees and Public Prices and General Tax Law 58/2003 of 17 December. Its main characteristics, in accordance with Additional Provision Sixteen of Law 11/2015, are as follows:

- Taxable event. The performance by FROB of its functions of monitoring, reporting and applying resolution tools during the preventive and executive stages of the resolution.
- Taxable persons. Credit institutions and investment firms established in Spain.

- Tax base. The amount that each entity is required to pay as its annual ordinary contribution to the National Resolution Fund or, where applicable, to the Single Resolution Fund.
- Tax liability. The amount resulting from applying a tax rate of 2.5% to the tax base.
- FROB is responsible for the administration, assessment and collection of the fee.
- Revenue derived from this fee constitutes budgetary revenue of FROB.

FROB's own funds may also be increased through the capitalisation of loans, credit facilities or any other borrowing transactions of in respect of which the General State Administration is the creditor.

As regards its legal framework, for the purposes of its budgetary regime, FROB shall apply, in matters not provided for in Law 11/2015, the provisions of Articles 64 to 68 of Law 47/2003 of 26 November, General Budget Act. However, it is not subject to the following:

- The general rules governing the financial, accounting and control regime of public-sector bodies dependent on or linked to the General State Administration, except as regards external audit by the Court of Auditors, in accordance with the provisions of Organic Law 2/1982 of 12 May on the Court of Auditors, and the submission of the internal financial management regime to ongoing financial control by the General State Comptroller, as provided for in Chapter III of Title VI of Law 47/2003 of 26 November, General Budget Act.

- The provisions of Law 33/2003 of 3 November on the Assets of Public Administrations, in the exercise of its resolution functions. In any event, FROB will not be subject to the provisions of Title VII of the aforementioned Law 33/2003, concerning the business assets of the General State Administration. In this regard, any holdings, shares, securities and other instruments that FROB may acquire in the exercise of its resolution powers shall not form part of the assets of the Public Administrations.

FROB is governed and managed by a Governing Committee comprising, as at 31 December 2025, eleven members: the Chair of FROB; four members appointed by the Bank of Spain, one of whom, the Deputy Governor, serves as Vice-Chair; three representatives of the Ministry of Economy, Trade and Business; the Vice-Chair of the Spanish National Securities Market Commission (CNMV); and two representatives of the Ministry of Finance. In addition, a representative appointed by the Comptroller General of the State Administration and a representative appointed by the Attorney General of the State attend the Committee's meetings with the right to speak but not to vote.

However, decisions of the Governing Committee affecting the General State Budget or FROB's management of its portfolio of holdings, shares, securities and other instruments are taken by a reduced composition of the Committee, comprising the Chair of FROB, three representatives of the Ministry of Economy, Trade and Business and two representatives of the Ministry of Finance. Representatives appointed by the Comptroller General of the State Administration and the Attorney General of the State also attend meetings of the Committee in its reduced composition with the right to speak but not to vote.

FROB's registered office is located at 38 Avenida del General Perón, Madrid.

2. Basis of preparation of the Annual Accounts and other information

2.1 Financial reporting framework applicable to FROB

These Annual Accounts have been prepared by the Chair of FROB in accordance with the applicable financial reporting framework applicable to the entity as set out in:

a) The Spanish Commercial Code and other applicable commercial legislation.

b) The Spanish General Accounting Plan approved by Royal Decree 1514/2007 of 16 November, as subsequently amended.

c) The mandatory standard issued by the Spanish Accounting and Audit Institute in implementation of the Spanish General Accounting Plan and the related supplementary rules.

d) Other applicable Spanish accounting legislation.

2.2 True and fair view

FROB's Annual Accounts have been prepared from its accounting records and are presented in accordance with the applicable financial reporting framework (see Note 2.1) and, in particular, the accounting principles and criteria contained therein (see Note 4), so as to give a true and fair view of its assets and financial position as at 31 December 2025 and of its results, changes in equity and cash flows for the financial year then ended.

FROB's Annual Accounts for the 2024 financial year were approved by the Governing Committee on 24 June 2025. The Annual Accounts for the 2025 financial year, which were prepared by the Chair of FROB on 19 June 2026, will be submitted to the Governing Committee for approval and are expected to be approved without amendment.

2.3 Accounting principles applied

FROB's annual accounts have been prepared taking into account all mandatory accounting principles and standards that have a material effect on them (see Note 4). No mandatory accounting principle having a material effect on these Annual Accounts has been omitted. No non-mandatory accounting principles have been applied in preparing the Annual Accounts.

2.4 Critical aspects of measurement and estimation uncertainty

The information contained in these Annual Accounts is the responsibility of the Chair of FROB.

Significant accounting estimates and assumptions

In preparing these Annual Accounts, estimates have been used to measure certain items recognised therein. In particular, estimates have been made to determine the measurement of the investments in Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. (hereinafter, "Sareb") and BFA Tenedora de Acciones, S.A.U. (hereinafter, "BFA"), and to determine whether there are any impairments thereof.

The recoverable amounts of the equity investments and, where applicable, the corresponding impairment losses determined by comparing those amounts with their carrying amounts, have been calculated as follows:

a.- In the case of Sareb, the recoverable amount was determined on the basis of its value in use, as derived from the estimated cash flows included in its current financial projections (approved by its Board of Directors on 25 February 2026), and compared with the fair value derived from the calculation performed for the Sareb share transactions carried out on 5 April 2022 (see Note 6.2). Both values, value in use and fair value, result in a nil value for the investment in Sareb. Accordingly, the investment in Sareb remains fully impaired in the accompanying balance sheet and had no impact on equity during the 2025 financial year. The value thus calculated is consistent with the company's negative equity.

b.- With regard to the investment in BFA, and consistently with the estimates made in previous financial years, FROB has considered the investee's individual equity, adjusted for any unrealised capital gains existing at the measurement date, to be the best estimate of its recoverable amount, as established in the Recognition and Measurement Standard 9 of Royal Decree 1514/2007.

Accordingly, as at 31 December 2025, the net carrying amount of FROB's investment in BFA, which is equal to the recoverable amount, was 15,467,137 thousand euros (see Note 6.2). This amount corresponds to BFA's individual equity of, 5,511,966 thousand euros, adjusted for unrealised capital gains of 9,955,171 thousand euros relating to BFA's investment in CaixaBank, as shown by BFA's audited Annual Accounts for the 2025 financial year, resulting in the recognition of a reversal of impairment of 6,505,308 thousand euros.

At the end of the 2024 financial year, FROB estimated the recoverable amount of its investment in BFA, taking into account BFA's individual equity, adjusted for the unrealised capital gains existing at that date, as shown in its audited Annual Accounts for the 2024 financial year, resulting in the recognition of a reversal of impairment of 2,213,275 thousand euros. Accordingly, as at 31 December 2024, the net carrying amount of FROB's investment in BFA was 8,961,829 thousand euros.

These estimates have been made based on the best information available at the date these annual accounts were prepared, although the recovery of these assets at the value at which they are recorded will depend on the evolution of the investee entities and, in the case of BFA, mainly on the amount obtained from the sale of CaixaBank shares.

In addition, FROB granted a number of guarantees in connection with the various restructuring and resolution processes involving credit institutions, primarily with the aim of maximising efficiency in the use of public funds in the sale or integration of certain entities.

The final settlement of these guarantees took place in the 2024 financial year.

In addition, the entity is subject to certain legal claims arising from these divestment processes, which are duly analysed to assess their merits (see Note 11).

FROB has estimated the amount of the provisions recognised using the methodology described in Note 4.9.

Going concern principle

In preparing the Annual Accounts for the 2025 financial year, the going concern basis of accounting has been applied, taking into account the existence of income and cash flow budgets which, if achieved, would ensure FROB's ability to continue as a going concern.

This accounting principle assumes that FROB will continue as a going concern and will therefore realise its assets and settle its liabilities in the normal course of operations. Accordingly, the accounting principles applied are not intended to determine the value of its equity for the purposes of its disposal, in whole or in part, or the amount that would result in the event of liquidation.

2.5 Comparison of information

The information relating to the 2024 financial year included in these Annual Accounts is presented solely for comparative purposes with the figures for the 2025 financial year.

2.6 Changes in accounting policies

There were no significant changes in accounting policies during the 2025 financial year compared with those applied in the 2024 financial year.

2.7 Correction of errors

In preparing the accompanying Annual Accounts, no material errors were identified that required the restatement of amounts included in the Annual Accounts for the 2024 financial year.

2.8 Materiality

In determining the information to be disclosed in these notes in relation to the various items in the financial statements and other matters, FROB has taken into account their materiality in relation to the Annual Accounts for the 2025 financial year, in accordance with the Conceptual Framework of the Spanish General Accounting Plan.

2.9 Environmental impact

Given the nature of FROB's activities, it does not have a material impact on the environment. For this reason, no information in this respect is disclosed in these Annual Accounts.

2.10 Information on deferred payments to suppliers. Third Additional Provision, "Disclosure requirement" of Law 15/2010 of 5 July

In compliance with the provisions of Law 15/2010 of 5 July, amending Law 3/2004 of 29 December, establishing measures to combat late payment in commercial transactions, and the Resolution of 29 January 2016 of the Institute of Accounting and Auditing on the information to be included in the notes to the Annual Accounts regarding the average payment period to suppliers in commercial transactions, details of the required information are provided below:

	2025	2024
	Days	
Average payment period to suppliers	6.79	5.95
Ratio of paid transactions	6.65	5.97
Ratio of transactions pending payment	13.85	3.20
	Thousands of euros	
Total payments made	2,633	2,754
Total payments outstanding	55	12

2.11 Presentation of consolidated financial statements

Spanish commercial legislation requires, subject to certain exceptions, parent entities of groups of companies to prepare the corresponding consolidated Annual Accounts and consolidated Management Report, in which subsidiaries are fully consolidated.

The aforementioned legislation establishes that an entity is a subsidiary of another entity when the parent controls it or, in other words, has the power to govern the financial and operating policies of a business so as to obtain economic benefits from its activities. Control, and therefore the existence of a group, is presumed when, among other circumstances, the parent holds a majority of the voting rights and has the power to appoint or remove a majority of the members of its board of directors.

In this context, FROB analysed whether it was required to prepare consolidated Annual Accounts following the acquisition, as described in Note 6 to these Annual Accounts, of majority interests in the share capital of certain credit institutions. Following consultation with the Bank of Spain and the Spanish National Securities Market Commission, FROB concluded it was under no legal obligation to do so. The matters taken into consideration to reach this conclusion included the following:

- the highly exceptional circumstances provided for by law that require FROB to intervene in processes in which it acquires majority interests in the share capital of entities or assumes control of their governing bodies;

- the fact that these interests are acquired pursuant to a legal mandate and with a view to completing and ensuring compliance with the restructuring/resolution plan, which must ultimately result in the transfer of the business to third parties, without FROB's actions being construed as equivalent to substantive rights intended to enable it to participate actively in the management of the businesses by directing their financial and operating policies with a view to obtaining economic benefits from their activities.

- FROB's resource allocation decisions are not based on the ability of its assets to generate cash flows, but rather on the explicit, unconditional and irrevocable guarantee of the Kingdom of Spain, which places the instruments issued by FROB on an equivalent footing with Spanish government debt.

In addition, it should be taken into consideration that the presentation of consolidated Annual Accounts, currently including Sareb and BFA, would not provide investors with relevant information about FROB, as they would not fulfil the objective of presenting a true and fair view of the nature and purpose of its majority interests.

3. Appropriation of profit

Until 2024, FROB's results were included in its equity fund. In the 2025 financial year, pursuant to Article 53.3 of Law 9/2012 of November 14 on the restructuring and resolution of credit institutions and, in view of FROB's surplus liquidity, it will be proposed that 550,000 thousand euros be paid into the Public Treasury. The appropriation of profit for the 2025 and 2024 financial years is as follows:

	Thousands of euros	
	2025	2024
Basis of appropriation:		
Profit for the year	7,252,979	2,697,353
Appropriation:		
Equity fund	6,702,979	2,697,353
Transfer to the Public Treasury (Article 53.3 of Law 9/2012)	550,000	-

4. Recognition and measurement policies

The main recognition and measurement policies applied by FROB in preparing the Annual Accounts for the 2025 financial year, in accordance with those established in the Spanish General Accounting Plan approved by Royal Decree 1514/2007 of 16 November (the "Spanish General Accounting Plan"), are as follows:

4.1 Non-current assets

4.1.1 Intangible assets

Software that meets the recognition criteria is capitalised at acquisition or development cost. It is amortised on a straight-line basis over a period of four years from the date each application is brought into use.

Software maintenance costs are recognised in profit or loss in the financial year in which they are incurred. As at 31 December 2025, none of FROB's intangible assets were impaired, nor had any been impaired during the 2025 financial year.

4.1.2 Property, plant and equipment

Initial measurement –

Items of property, plant and equipment are initially measured at cost, being either their acquisition price or production cost, depending on whether they are acquired or produced by the entity, respectively.

The acquisition cost includes, in addition to the amount invoiced by the supplier after deducting any discounts or price reductions, all additional directly attributable costs incurred until the asset is in the condition necessary for it to operate as intended, including those relating to its location and any other conditions necessary for it to operate as intended.

Subsequent measurement –

Subsequent to acquisition, items of property, plant and equipment are measured at acquisition price or production cost, less accumulated depreciation and, where applicable, any accumulated impairment losses that may need to be recognised.

Depreciation –

Tangible assets are depreciated systematically and on a straight-line basis over their estimated useful lives, taking into account their estimated residual value at the end of those useful lives. The estimated useful lives of the various items of property, plant and equipment owned by the entity as at 31 December 2025, calculated on the basis of the entity's best estimate of the depreciation they normally undergo as a result of their operation and use, also taking into account any technical and commercial obsolescence that may affect them, are as follows:

	Estimated useful life (years)
Information processing equipment	4
Furniture and other equipment	5

Any changes that may arise in the useful lives of the various items of property, plant and equipment are accounted for by adjusting the depreciation charge for future financial years or periods on the basis of the revised estimated useful lives.

During the 2025 financial year, there were no changes in the estimated useful lives of any items of property, plant and equipment owned by the entity.

Impairment –

An impairment loss arises on an item of property, plant and equipment when its carrying amount exceeds its recoverable amount, the latter being the higher of its fair value less costs to sell and its value in use, as those terms are defined in the Spanish General Accounting Plan.

At each reporting date, the entity assesses whether there is any indication that an item of property, plant and equipment may be impaired. If such an indication exists, the entity estimates the recoverable amount of the asset concerned in order to determine the amount of any impairment loss to be recognised, which, where necessary, is charged to the income statement. Any reversals of previously recognised impairment losses resulting from increases in the recoverable amount of an item of property, plant and equipment are recognised in the income statement. However, such reversals may not result in the asset being recognised at an amount exceeding the carrying amount that would have been determined had no impairment loss previously been recognised.

As at 31 December 2025, none of FROB’s items of property, plant and equipment were impaired, nor had any been impaired during the 2025 financial year.

4.2 Financial assets – Categories of financial assets

4.2.1 Financial assets at cost – Group companies and associates

In accordance with the applicable accounting regulations, "group entities" are entities controlled by another entity. Control is defined as the power to govern the financial and operating policies of a business so as to obtain economic benefits from its activities. Control is generally, although not exclusively, evidenced by the entity's, direct or indirect ownership of 50% or more of the voting rights of investees or, even where this percentage is lower or nil, where applicable other circumstances or agreements, as applicable, result in the existence of control.

Although the majority investments held by FROB in furtherance of its purpose do not meet the definition of group companies, in view of the specific nature of FROB's management of those investments, as indicated in Note 2.11, for the purposes of preparing these Annual Accounts they have been accounted for as investments in group entities, as this is considered to be the accounting treatment that best reflects a true and fair view of these investments. Accordingly, in these Annual Accounts they are presented under "Long-term investments in group companies and associates - Equity instruments" in the accompanying balance sheet and are measured at acquisition cost, net of any impairment losses that may have been recognised on those investments (see Note 4.4.1).

Dividends accrued on these investments, provided that they do not clearly arise from profits generated prior to the acquisition date, are recognised, where applicable, in the income statement

Note 6.2 provides certain significant information on these investments.

4.2.2 Financial assets at amortised cost

A financial asset is classified in this category, even if it is admitted to trading on an organised market, if the entity holds the investment in order to collect the contractual cash flows. In addition, the contractual terms of the asset must give rise, on specified dates, to cash flows that consist solely of payments of principal and interest on the principal amount outstanding.

Contractual cash flows consisting solely of payments of principal and interest on the principal amount outstanding are characteristic of a basic lending agreement, irrespective of whether the transaction bears no interest or a below-market rate of interest.

Managing a group of financial assets in order to collect their contractual cash flows does not mean that the entity must hold all the instruments to maturity; financial assets may be considered to be managed with that objective even if sales have occurred or are expected to occur in the future. For this purpose, the entity must consider the frequency, amount and timing of sales in prior financial years, the reasons for those sales and expectations regarding future sales activity.

The entity's management of these investments is a matter of fact and does not depend on its intentions for an individual instrument. An entity may have more than one policy for managing its financial instruments and, in some circumstances, it may be appropriate to separate a portfolio of financial assets into smaller portfolios to reflect the level at which the entity manages its financial assets.

This category generally includes trade and non-trade receivables:

- Trade receivables: financial assets arising from the sale of goods or provision of services in the ordinary course of the entity's activities, where payment is deferred; and
- Non-trade receivables: financial assets that are neither equity instruments nor derivatives, do not arise from commercial transactions and have fixed or determinable payments arising from loans or credit granted by the entity.

Initial measurement –

Financial assets classified in this category are initially measured at a fair value which, unless there is evidence to the contrary, is the transaction price, equivalent to the fair value of the consideration transferred, plus any directly attributable transaction costs.

However, trade receivables with a maturity of no more than one year that do not bear an explicit contractual rate of interest, as well as loans to employees, dividends receivable and amounts receivable in respect of called-up equity instruments that are expected to be received in the short term, may be measured at nominal value where the effect of not discounting the cash flows is not material.

Subsequent measurement –

Financial assets classified in this category are subsequently measured at amortised cost. Accrued interest is recognised in the income statement using the effective interest method.

However, receivables with a maturity of no more than one year that are initially measured at nominal value in accordance with the preceding section continue to be measured at that amount, unless they have become impaired.

Any impairment losses that may arise on these assets are recognised in accordance with Note 4.4.2.

Note 6.3 provides certain significant information on these investments.

4.3 Cash

Cash balances, all of which are denominated in euros, are recognised in these Annual Accounts at nominal value.

Interest accrued on bank accounts and deposits held by FROB is calculated using the effective interest method, based on the contractual interest rates, and is recognised under "Financial income – Bank interest", or, where applicable, under "Finance costs – Bank interest" in the attached income statement.

Note 5 provides certain material information on cash balances.

4.4 Impairment of financial assets

FROB monitors its financial assets to have information that allows for the identification of evidence of possible impairment to proceed, where appropriate, with the corresponding impairment test. A financial asset is considered to be impaired when its recoverable amount is lower than its carrying amount. When this occurs, the impairment loss (the difference between the recoverable amount and the carrying amount of the asset) is recognised in the income statement.

When the recovery of any recognised amount is considered remote, that amount is derecognised from the balance sheet, without prejudice to any actions that FROB may take to seek recovery until its rights have been definitively extinguished, whether by expiry of the limitation period, waiver or other causes.

A financial asset is considered to be impaired - and its carrying amount is therefore adjusted to reflect the effect of the impairment - when there is objective evidence that events have occurred giving rise to:

- In the case of debt instruments (loans and debt securities), an adverse impact on the future cash flows estimated when the transaction was entered into.

- In the case of equity instruments, an inability to recover their carrying amount in full.

As a general rule, adjustments to the carrying amount of financial instruments as a result of impairment are recognised in the income statement for the financial year in which the impairment arises, while reversals of previously recorded impairment losses, where applicable, are recognised in the income statement for the financial year in which the impairment is reversed or reduced.

The criteria applied by FROB to determine whether impairment losses exist for each of the different categories of financial instruments are set out below, together with the method used to calculate the related impairment allowances and account for them:

4.4.1 Investments in entities

FROB estimates and recognises impairment losses on investments in group entities whenever there is objective evidence, in accordance with the applicable regulations, that the carrying amount of an investment in such entities will not be recoverable.

The impairment loss to be recognised is estimated as the difference between the carrying amount of the investments and their recoverable amount, defined as the higher of their fair value less costs to sell and the present value of the future cash flows arising from the investment.

The most significant aspects of the methodology applied at the end of the 2025 financial year to estimate the recoverable amount of the various equity investments and, consequently, the related impairment losses, are described in Note 2.4 of the notes to the Annual Accounts.

Impairment losses and, where applicable, their reversals are recognised as an expense or income, respectively, in the income statement (see Note 6.2). The reversal of a previously recognised impairment loss shall be limited to the carrying amount of the investment that would have been recognised at the reversal date had no impairment loss been recognised.

4.4.2 Debt instruments classified as financial assets at amortised cost

FROB estimates and recognises impairment losses on debt instruments classified as financial assets at amortised cost whenever there is objective evidence, in accordance with the applicable regulations, that events have occurred subsequent to the recognition of a financial asset that result in a reduction or delay in the collection of the cash flows associated with that asset, which may be due to the insolvency of the debtor.

The impairment loss on these assets is calculated as the positive difference between the carrying amount of the asset and the present value of its estimated cash flows.

The circumstances that FROB may consider to indicate that these investments may have become impaired, and which are taken into account in estimating impairment, without prejudice to the provisions of the Resolution of 18 September 2013 of the Institute of Accounting and Auditing, include: non-payment of coupons on contingent convertible instruments and subordinated debt; the existence of significant qualifications in audit reports that raise doubts as to the viability or solvency of the entities; and other circumstances of a similar nature that may cast doubt on the ability of the issuers of the securities to meet their payment obligations.

Impairment losses and, where applicable, their reversals are recognised as an expense or income, respectively, in the income statement (see Note 6.3). The reversal of a previously recognised impairment loss shall be limited to the carrying amount of the investment that would have been recognised at the reversal date had no impairment loss been recognised.

4.5 Financial liabilities at amortised cost

FROB classifies all financial liabilities in this category unless they are required to be measured at fair value through profit or loss.

This category generally includes trade payables (financial liabilities arising from the purchase of goods and services in the ordinary course of the entity's activities, where payment is deferred) and non-trade payables (financial liabilities that are not derivatives and do not arise from commercial transactions, but from loans or credit received by FROB).

Financial liabilities classified in this category are initially measured at fair value which, unless there is evidence to the contrary, is the transaction price, equivalent to the fair value of the consideration received, adjusted for any directly attributable transaction costs. These financial liabilities are subsequently measured at amortised cost. Accrued interest is recognised in the income statement using the effective interest method.

However, trade payables with a maturity of no more than one year that do not bear a contractual rate of interest, as well as amounts payable to third parties in respect of called-up equity interests that are expected to be paid in the short term, are measured at nominal value where the effect of not discounting the cash flows is not material.

4.6 Derecognition of financial instruments

A financial asset is derecognised from the balance sheet when any of the following circumstances arise:

1. The contractual rights to the cash flows from the financial asset expire; or

2. The contractual rights over the cash flows of the financial asset are transferred and the risks and rewards of ownership of the asset are substantially transferred or, even when neither transmission nor retention of these exists, the control of the financial asset is transferred.

A financial liability, in turn, is derecognised from the balance sheet when the obligations giving rise to it are extinguished or when it is repurchased by FROB, either with the intention of reselling it or with the intention of cancelling it.

4.7 Taxation

Law 11/2015 establishes that, for tax purposes, FROB shall be treated in the same way as the Deposit Guarantee Fund for Credit Institutions. Accordingly, FROB is exempt from corporate tax and from any indirect taxes that may arise in connection with its establishment, operation, or any acts or transactions carried out in pursuit of its purposes, as well as from any indirect taxes that may be passed on to it.

4.8 Income and expenses

Income and expenses are recognised in the income statement on an accrual basis; that is, when the goods and services to which they relate are actually acquired or provided, irrespective of when the resulting cash settlement takes place.

Operating leases

In operating lease operations, ownership of the leased asset and substantially all the risks and rewards associated with the asset remain with the lessor.

FROB leases the offices in which its registered office is located under an operating lease (see Note 1). The main terms of the lease agreement are as follows:

Lease term	Penalties
31 January 2028	Early termination

The annual rent for 2025 and 2024 financial years amounted to 659 thousand euros and 638 thousand euros, respectively (VAT exempt).

In January 2023, the lease contract was novated, extending its term to 31 January 2028, with annual rent for the first year of 627 thousand euros (VAT exempt), subject to annual review in accordance with Article 4(6) of Law 2/2015 of 30 March on the de-indexation of the Spanish economy.

Operating lease payments are recognised on a straight-line basis in the accompanying income statement (see Note 12.3).

4.9 Provisions and contingencies

In preparing the annual accounts, FROB distinguishes between:

a) Provisions: liabilities covering present obligations arising from past events, the settlement of which is likely to result in an outflow of resources, but whose exact amount and/or timing is uncertain. These obligations may arise from legal or contractual requirements or from constructive obligations assumed by FROB.

b) Contingent liabilities: possible obligations arising from past events, whose existence will be confirmed by the occurrence or non-occurrence of one or more future events beyond FROB's control.

The Annual Accounts include provisions for all obligations where it is considered more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the Annual Accounts but are disclosed in the notes to the Annual Accounts unless the possibility of an outflow is considered remote, in which case no disclosure is made (see Note 11).

Provisions are measured at the present value of the best estimate of the amount required to settle or transfer the obligation, taking into account the available information regarding the event and its consequences. Adjustments arising from the unwinding of the discount on such provisions are recognised as a finance cost as they accrue.

Any reimbursement receivable from a third party upon settlement of the obligation is recognised as an asset, provided there is no doubt that the reimbursement will be received, except where there is a legal arrangement whereby part of the risk has been transferred to a third party and FROB is not liable for that part. In such circumstances, the reimbursement is taken into account in estimating the amount at which the corresponding provision, where applicable, is recognised.

4.10 Related-party transactions

For the purposes of preparing these Annual Accounts, FROB's "related parties" are considered to comprise the Bank of Spain, FROB's key management personnel and the entities in which FROB holds a majority interest in the share capital or governing bodies (see Note 1).

Transactions between FROB and its related parties are accounted for in accordance with the general recognition and measurement principles, i.e. at fair value.

Note 13 provides information on the related-party balances recognised in these Annual Accounts.

4.11 Definition of fair value and amortised cost

For the purposes of preparing these Annual Accounts, fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Fair value is determined without deducting any transaction costs that may be incurred on disposal. An amount resulting from a forced or urgent transaction or from any involuntary liquidation is not regarded as fair value.

As a general rule, fair value is determined by reference to a reliable market value, which is understood to be the quoted price in an active market. An active market is one in which the goods or services traded are homogeneous, willing buyers or sellers can normally be found at any time, and prices are known and readily available to the public and reflect actual, current and regularly occurring market transactions.

By contrast, where no active market exists, fair value is estimated using generally accepted valuation models and techniques, such as reference to recent transactions, the fair value of substantially identical financial instruments and generally accepted discounted cash flow methods. In all cases, the techniques used are those that have proved to produce the most realistic estimates of fair value, while seeking to maximise the use of market-obtained data.

Amortised cost of a financial instrument is the amount at which it was initially measured, less any repayments of principal and interest, and adjusted, as appropriate, for the amount recognised in the income statement using the effective interest method in respect of accrued interest and the difference between the initial amount and the instrument's redemption value. In the case of financial assets, amortised cost also takes into account any impairment losses recognised.

The effective interest rate is the discount rate that equates the initial value of a financial instrument with the present value of the estimated cash flows over its expected life, based on its contractual terms and without taking into account future credit losses. The calculation includes, where applicable, any finance fees charged in advance when the finance is granted.

5. Cash and cash equivalents – Cash

As at 31 December 2025 and 2024, the breakdown of this line item in the accompanying balance sheets was as follows:

	Thousands of euros	
	31.12.2025	31.12.2024
Accounts held with the Bank of Spain	224,372	191,690
Current accounts with other institutions	1,040	749
Accrued interest receivable	653	1,176
	226,065	**193,615**

At 31 December 2025, the accounts held by FROB with the Bank of Spain had accrued interest income of 9,621 thousand euros (8,426 thousand euros as at 31 December 2024) (€ster less 20bp), which is recognised under "Financial income – Bank interest" in the accompanying income statement (see Note 13). At 31 December 2025, 653 thousand euros was outstanding (1,176 thousand euros as at 31 December 2024), which was collected on 5 January 2026.

Similarly, during the 2025 financial year, the interest income accrued on the current accounts held by FROB with other institutions amounted to 32 thousand euros (54 thousand euros as at 31 December 2024), and is recognised under "Financial income – Bank interest" in the accompanying income statement (see Note 13).

6. Financial assets

6.1 Breakdown of financial assets

Below is a breakdown of the financial assets owned by the FROB as at 31 December 2025 and 2024, classified according to the breakdown required by applicable regulations:

31.12.2025:

Classes / Categories	Thousands of euros						
	Long-term financial instruments			Short-term financial instruments			
	Equity instruments (Note 6.2)	Debt securities	Loans and other	Debt securities	Loans and other	Trade and other receivables	Total
Financial assets at cost (*)	15,467,137	-	-	-	-	-	**15,467,137**
Financial assets at amortised cost	-	-	-	-	-	10	**10**
Total	**15,467,137**	**-**	**-**	**-**	**-**	**10**	**15,467,147**

(*) Includes the amount of the investments, net of the related impairment losses (see Note 6.2).

31.12.2024:

Classes / Categories	Thousands of euros						
	Long-term financial instruments			Short-term financial instruments			
	Equity instruments (Note 6.2)	Debt securities	Credits and others	Debt securities	Loans and other (Note 6.3)	Trade and other receivables	Total
Financial assets at cost (*)	8,961,829	-	-	-	-	-	**8,961,829**
Financial assets at amortised cost	-	-	-	-	1,059	10	**1,069**
Total	**8,961,829**	**-**	**-**	**-**	**1,059**	**10**	**8,962,898**

(*) Includes the amount of investments, net of the related impairment losses (see Note 6.2).

6.2 Long-term investments in Group companies and associates – Equity instruments

A breakdown of the investments included under this heading in the accompanying balance as at 31 December 2025 and 2024 is provided below:

<u>31.12.2025</u>:

Company	%	Registered office	Thousands of euros					
			Financial data of investee entities (*)			Carrying amounts of FROB's participation		
			Share capital	Reserves and other equity items	Profit/(loss)	Cost	Impairment	Net carrying amount
BFA	100%	Madrid	1,918,367	2,871,898	721,701	19,604,000	(4,136,863)	15,467,137
Sareb	50.14%	Madrid	171,547	(17,616,840)	(3,140,487)	656,168	(656,168)	-
Total						**20,260,168**	**(4,793,031)**	**15,467,137**

(*) This information relating to the financial position of these companies has been obtained from their audited Annual Accounts for the financial year ended 31 December 2025, excluding non-controlling interests.

<u>31.12.2024</u>:

Company	%	Registered office	Thousands of euros					
			Financial data of investee entities (*)			Carrying amounts of FROB's investments		
			Share capital	Reserves and other equity items	Profit/(loss)	Cost	Impairment	Net carrying amount
BFA	100%	Madrid	1,918,367	2,885,537	756,361	19,604,000	(10,642,171)	8,961,829
Sareb	50.14%	Madrid	171,547	(13,809,751)	(2,825,620)	656,168	(656,168)	-
Total						**20,260,168**	**(11,298,339)**	**8,961,829**

(*) The information relating to the financial position of these companies has been obtained from their audited Annual Accounts for the financial year ended 31 December 2024, excluding non-controlling interests.

The movements of the balance of "Long-term investments in Group companies and associates – Equity instruments" in the accompanying balance sheets during the 2025 and 2024 financial years are set out below:

	Thousands of euros
Balance at the beginning of the 2024 financial year	**6,748,554**
Net reversal of impairment recognised in the income statement	2,213,275
Balance as at 31 December 2024	**8,961,829**
Net reversal of impairment recognised in the income statement	6,505,308
Balance as at 31 December 2025	**15,467,137**

<u>BFA Tenedora de Acciones, S.A.U. ("BFA")</u>

BFA was initially incorporated as a credit institution. However, with effect from 2 January 2015, it relinquished its status as a credit institution, and the corresponding deed of amendment of its Articles of Association was registered with the Madrid Mercantile Registry on 28 January 2015. Until 26 March 2021, the date on which the merger between Bankia and CaixaBank was completed, pursuant to which Bankia shareholders received CaixaBank shares (0.6845 newly issued ordinary CaixaBank shares for each outstanding ordinary Bankia share), BFA remained Bankia's holding company. As at 31 December 2025, BFA holds an 18.1% interest in theshare capital of CaixaBank S.A.

In the 2025 financial year, FROB received dividends of 770,000 thousand euros in respect of its investment in BFA, comprising 510,000 thousand euros received as a final dividend out of BFA's profit for 2024 financial year and 260,000 thousand euros as an interim dividend out of BFA's profit for the 2025 financial year. These amounts are classified under "Finance income" in the accompanying income statement (see Note 6.4).

As regards the divestment period, pursuant to Law 9/2012, FROB was required to complete the divestment of its interest within five years of the financial injection. However, Royal Decree-Law 4/2016 of 2 December on urgent measures in financial matters amended Transitional Provision One of Law 11/2015, extending the period to seven years and setting the deadline at December 2019, with the possibility of a further extension by resolution of the Council of Ministers where necessary to better achieve the resolution objectives. In this regard, on 25 February 2025, the Council of Ministers approved a further extension of this period with a view to promoting the more efficient use of public resources by maximising the recovery of aid and allowing greater flexibility in the implementation of FROB's divestment strategy. Accordingly, the period currently runs until December 2027.

At the end of the 2025 financial year, in accordance with the criteria set out in Notes 2.4 and 4.4.1, FROB estimated the recoverable amount of its investment in BFA, taking into account BFA's individual equity of 5,511,966 thousand euros, adjusted for unrealised gains of 9,955,171 thousand euros relating to BFA's investment in CaixaBank, as reflected in BFA's audited Annual Accounts for the 2025 financial year. This resulted in the recognition of a reversal of impairment of 6,505,308 thousand euros, which was recognised under “Impairment and gains/(losses) on disposal of financial instruments – Impairments and losses” in the accompanying income statement. Accordingly, as at 31 December 2025, the net carrying amount of FROB's investment in BFA amounted to 15,467,137 thousand euros.

At the end of the 2024 financial year, FROB estimated the recoverable amount of its investment in BFA, taking into account BFA's individual equity, adjusted for the unrealised gains existing at that date, as reflected in BFA's audited Annual Accounts for the 2024 financial year. This resulted in the recognition of a reversal of impairment of 2,213,275 thousand euros, which was recognised under "Impairment and gains/(losses) on disposal of financial instruments – Impairment and losses" in the accompanying income statement. Accordingly, as at 31 December 2024, the net carrying amount of FROB's investment in BFA amounted to 8,961,829 thousand euros.

Asset Management Company for Assets Arising from Bank Restructuring ("Sareb")

As at 31 December 2025 and 2024, FROB's investment in Sareb is classified, together with other items, under "Long-term Investments in Group companies and associates – Equity instruments" in the accompanying balance sheet.

On 18 January 2022, Royal Decree-Law 1/2022 of 18 January was approved, amending Law 9/2012 of 14 November on the restructuring and resolution of credit institutions; Law 11/2015 of 18 June on the recovery and resolution of credit institutions and investment firms; and Royal Decree 1559/2012 of 15 November establishing the legal framework for asset management companies, in relation to the legal framework applicable to the Asset Management Company for Assets Arising from Bank Restructuring (hereinafter "RDL 1/2022"). As stated in its preamble, the purpose of RDL 1/2022 was to address the urgent need to reform Sareb's capital structure and governance in order to adapt them to Sareb's reclassification in the National Accounts as an entity within the public sector, which took place during the 2021 financial year.

Among other amendments, RDL 1/2022 removed the limits on the State's shareholding in Sareb, thereby enabling FROB to acquire a majority interest in its share capital with the aim of taking effective control of the company, without Sareb thereby acquiring the status of a state-owned company.

On the basis of the foregoing, FROB's Governing Committee, meeting in its restricted composition, approved a procedure for the purchase of Sareb shares from private shareholders, with the aim of acquiring a majority interest of at least 50.01% of the share capital. The purchase procedure was designed to meet the requirements of transparency, competition and non-discrimination. To this end, the approval of the General State Comptroller was obtained both as regards the reasonableness of the proposed purchase price and the conduct of the purchase procedure, thereby ensuring consistency with the general principles governing FROB's actions in its capacity as a public-sector entity.

FROB's technical staff performed a valuation of Sareb using two approaches: (i) an accounting-based valuation based on its equity as reported in the latest approved Annual Accounts (for the 2020 financial year); and (ii) a valuation based on projected cash flows arising from the expected performance of the company and its asset portfolio, as set out in its Business Plan then in force (in the version approved by the Board of Directors on 24 February 2021). The results of these approaches assigned a value of zero to Sareb's shares, as both approaches produced negative valuations.

This nil value of the company led to the establishment of a nominal price per share that would allow for a proportional allocation based on each shareholder's interest. The price was determined on the basis of an exchange ratio of €0.01 for every 39,710 shares (the highest number by which the total number of Sareb shares could be divided without leaving any shares outside the offer, thereby ensuring equal treatment of all shareholders), which implied a valuation of 360 euros for 100% of Sareb's share capital.

Based on this valuation, on 26 January 2022 FROB sent all Sareb shareholders an offer to purchase their entire shareholdings. The offer was accepted by shareholders representing 4.24% of the share capital.

Accordingly, on 5 April 2022, the share purchase agreements were executed and Sareb was notified of the purchase transaction for the purposes of recording it in its Register of Registered Shares. As a result, the procedure enabled FROB's interest to exceed the minimum shareholding sought, reaching 50.14% as from that date, without this giving rise to any present or future capital contribution commitments.

Accordingly, in the 2022 financial year, the shares acquired as part of the process of taking control were recognised at their acquisition price (15.25 euros).

Furthermore, on 25 February 2026, Sareb's Board of Directors approved the updated financial projections for the 2026-2027 period.

This update was carried out taking into consideration the approval, on 3 October 2025, of a new Strategic Plan for Sareb for the period 2025 to 2027, which is configured based on what will be the company's two strategies until its liquidation: (i) Public Housing Reserve Strategy, agreeing on the technical and legal adaptation of the assets for their subsequent transfer to the General State Administration for the generation of a public park of affordable and social rental housing, in accordance with the Agreement of the Council of Ministers of 1 July 2025 and in compliance with the mandate of RDL 1/2022; and (ii) Divestment Strategy: directed at the remaining perimeter that has not been selected to be transferred and whose objective is market sale, continuing the divestment mandate and aiming to obtain income that allows it to meet its essential obligations.

In application of the criteria set out in Notes 2.4 and 4.4.1 above, FROB estimated the recoverable amount of this investment on the basis of the financial projections for the 2026-2027 period and compared it with the fair value derived from the Sareb share transactions carried out on 5 April 2022. Both resulted in a nil value and, accordingly, the investment remained fully impaired as at 31 December 2025.

6.3 Short-term financial instruments

As at 31 December 2025 and 2024, the balance under this heading in the accompanying balance sheets is broken down as follows:

	Thousands of euros	
	2025	2024
FTA2015 liquidity facility (CX sale)	-	1,059
Total	**1,059**	**1,059**

<u>Financial assets at amortised cost</u>

FTA2015 Subordinated Class B Bond

As part of the resolution process for CX, the entity carried out a process for the sale of a portfolio of assets, which was awarded to Blackstone, with the sale being completed in April 2015. The transaction was structured through the transfer of the portfolio to an Asset Securitisation Fund (FTA2015) and other Blackstone Group companies, and received financial support from FROB through: (i) the subscription by FROB of a subordinated bond; (ii) the granting of a guarantee covering impaired loans, the initially estimated cost of which amounted to 124,000 thousand euros and which was settled in the 2017 financial year for 37,546 thousand euros; and, iii) the provision of a liquidity line.

At the end of the 2024 financial year, this category included the subordinated Class B Bond subscribed by FROB as part of the resolution process for Catalunya Banc S.A. (CX), amounting to 524,703 thousand euros, which was fully impaired. On 18 December 2025, FTA2015 was definitively terminated by means of a notarial deed and, accordingly, was derecognised from FROB's accounts with no additional impact thereon.

FTA2015 liquidity facility (CX sale)

As mentioned above, FROB provided certain forms of financial support in connection with the sale of a portfolio of assets carried out by Catalunya Banc as part of FROB's divestment process from the entity. This support included the granting of a liquidity facility to FTA2015 for a maximum amount of 400 million euros, which was repaid in full on 4 June 2025.

The amount drawn down as at 31 December 2024 was 1,037 thousand euros. The facility also generated financial income (interest and related fees) of 109 thousand euros (274 thousand euros in 2024), which was also settled in full on the date referred to in the preceding paragraph.

Kingdom of Spain government debt securities

As at 31 December 2025 and 2024, there was no balance under "Kingdom of Spain government debt securities", since the entire portfolio matured during 2024. During the 2024 financial year, new securities classified under this heading were purchased with a nominal value of 720,000 thousand euros, while securities with a nominal value of 1,245,000 thousand euros matured, generating interest income of 16,704 thousand euros, which was recognised, together with other items, under the "Finance income – Government debt interest" in the accompanying income statement (see Note 6.4).

6.4 Finance income

A breakdown of the balance under this heading in the accompanying income statements for the 2025 and 2024 financial years is provided below:

	Thousands of euros	
	2025	2024
- Income from investments in Group companies (Note 6.2)	770,000	489,783
- Bank interest (Note 5)	9,653	8,480
- Government debt interest (Note 6.3)	-	16,704
- Other interest (Note 6.3)	109	274
Total	**779,762**	**515,241**

7. Financial liabilities

7.1 Breakdown of financial liabilities

A breakdown of the financial liabilities assumed by FROB as at 31 December 2025 and 2024, presented in accordance with the breakdown required by the applicable regulations, is provided below:

31.12.2025:

Categories \ Class	Thousands of euros					
	Long-term financial instruments		Short-term financial instruments			Total
	Bonds and other marketable securities	Other long-term financial liabilities	Bonds and other marketable securities	Other short-term financial liabilities (Note 7.3)	Sundry payables (Note 7.3)	
Financial liabilities at amortised cost	-	-	-	200,365	605	200,970
Total	**-**	**-**	**-**	**200,365**	**605**	**200,970**

31.12.2024:

Categories \ Class	Thousands of euros					
	Long-term financial instruments		Short-term financial instruments			Total
	Bonds and other marketable securities	Other long-term financial liabilities	Bonds and other marketable securities	Other short-term financial liabilities (Note 7.3)	Sundry payables (Note 7.3)	
Financial Liabilities at amortised cost	-	-	-	933,182	415	933,597
Total	**-**	**-**	**-**	**933,182**	**415**	**933,597**

7.2 Short-term debt – Other financial liabilities

This heading includes the loan granted to FROB by the Kingdom of Spain on 3 December 2012 to finance the implementation of the European financial assistance programme. This loan enabled the funds disbursed by the Financial Stability Facility (hereinafter, "FSF") of the European Stability Mechanism (hereinafter, "ESM") to be channelled through the Kingdom of Spain down to Spanish credit institutions. The financial terms of this loan are the same as those established by the FSF of the ESM.

The loan was disbursed in two tranches: the first disbursement, amounting to 39,468 million euros, was made in 2012, and the second, amounting to 1,865 million euros, was made in 2013, through the delivery of financial instruments (bills and bonds) issued by the ESM with the following characteristics:

ISIN	Issue date	Expiry date (*)	Nominal amount (Thousands of euros)	Issue price
Tranche 1			**39,468,000**	
EU000A1U97C2	11/12/2012	11/02/2013	2,500,000	100.00%
EU000A1U97D0	11/12/2012	11/10/2013	6,468,000	99.90%
EU000A1U98U2	11/12/2012	11/06/2014	6,500,000	100.00%
EU000A1U98V0	11/12/2012	11/12/2014	12,000,000	100.00%
EU000A1U98W8	11/12/2012	11/12/2015	12,000,000	100.00%
Tranche 2			**1,865,000**	
EU000A1U98X6	5/02/2013	5/08/2015	1,865,000	100.00%
Total			**41,333,000**	

(*) Maturity date of the financial instruments through which the loan was provided.

Since the loan was entered into, the following events have taken place:

- On 9 December 2013, following authorisation from the ESM, it was agreed to convert 27,170 million euros of the loan from the Kingdom of Spain into an equity contribution to FROB (see Note 8.1).
- During the 2014 financial year, 307,540 thousand euros of funds not used for Sareb were repaid, together with a voluntary partial repayment of the loan amounting to 399,284 thousand euros.
- On 30 June 2017, 20 February 2020 and 20 December 2021, following authorisation from the ESM, further portions of the loan from the Kingdom of Spain were converted into equity contributions to FROB in the amounts of 3,000 million euros, 3,000 million euros and 5,591 million euros, respectively (see Note 8.1).
- On 11 December 2024, the first repayment relating to Tranche 2, amounting to 932,500 thousand euros, fell due.
- On 20 October 2025, following authorisation from the ESM, a further addendum to the loan from the Kingdom of Spain's was signed, resulting in a change to its repayment schedule.
- Accordingly, on 11 December 2025, 732,500 thousand euros relating to Tranche 2 was repaid, with the remaining amount outstanding until 11 December 2026.

Accordingly, as at 31 December 2025, the outstanding balance of the loan granted by the Kingdom of Spain amounted to 200,000 thousand euros (932,500 thousand euros in 2024), relating entirely to the second disbursement, as detailed below:

	Nominal amount (Thousands of euros)	
ISIN	2025	2024
Tranche 2		
EU000A1U98X6	200,000	932,500
Total	**200,000**	**932,500**

In the 2025 financial year, the loan gave rise to finance costs of 138 thousand euros (853 thousand euros in the 2024 financial year) in respect of the accrual of the arrangement fee and other related costs. These amounts are recognised, together with other items, under “Finance costs – Interest and fees” in the accompanying income statement (see Note 7.4).

Interest accrued on the loan during the 2025 financial year amounted to 14,792 thousand euros (24,424 thousand euros in the 2024 financial year), and is recognised, together with other items, under “Finance costs – Interest and fees” in the accompanying income statement (see Note 7.4). As at 31 December 2025, accrued interest payable of 227 thousand euros (682 thousand euros as of 31 December 2024) is recognised together with the outstanding principal under "Short-term debt – Other financial liabilities" in the accompanying balance sheet.

7.3 Trade and other payables – Sundry payables

The balance under this heading in the accompanying balance sheets as at 31 December 2025 and 2024 includes amounts payable to various creditors.

7.4 Finance costs

A breakdown of the balance under this heading in the accompanying income statements for the 2025 and 2024 financial years is provided below:

	Thousands of euros	
	2025	2024
Interest and fees		
- Interest and fees on other debt (Notes 7.2 and 7.3)	14,930	25,277
Total	**14,930**	**25,277**

8. Equity

8.1 Equity fund

A breakdown of the contributions made to FROB since its establishment in the 2009 financial year is provided below:

Contributing entities	Thousands of euros			
	Capitalisation of loans*	Cash contributions	Fixed-income securities	Total
Spanish State Budget				
- RDL 9/2009	-	6,750,000	-	6,750,000
- RDL 2/2012	-	6,000,000	-	6,000,000
- RDL 14/2013	27,170,000	-	-	27,170,000
- Law 11/2015	11,591,175	-	-	11,591,175
Deposit Guarantee Fund for Credit Institutions (**)				
- RDL 9/2009	-	1,500,146	749,854	2,250,000
Total	**38,761,175**	**14,250,146**	**749,854**	**53,761,175**

(*) See Note 7.2. for details.

(**) During the 2012 financial year, the interest held by the Deposit Guarantee Fund for Credit Institutions in FROB's Equity Fund was settled on the basis of the equity reported in FROB's 2011 Annual Accounts.

In addition to FROB's initial funding established by Royal Decree-Law 9/2009 (9,000,000 thousand euros, of which 6,750,000 thousand euros was provided from the Spanish State Budget and 2,250,000 thousand euros by the Deposit Guarantee Fund of Credit Institutions), Royal Decree-Law 2/2012 of 3 February on the restructuring of the financial sector provided a further 6,000,000 thousand euros contribution for the Spanish State Budget. Furthermore, on 9 December 2013, following authorisation from the ESM, it was agreed to convert 27,170,000 thousand euros of the loan from the Kingdom of Spain into a contribution to FROB's Equity Fund. In addition, on 30 June 2017 and 20 February 2020, further portions of the loan were converted into contributions to FROB's Equity Fund, amounting to 3,000,000 thousand euros on each occasion, pursuant to Article 53.4 of Law 11/2015 and as provided for in the loan agreement, following authorisation from the ESM (see Note 7.2).

On 20 December 2021, following authorisation from the ESM, a further portion of the loan from the Kingdom of Spain was converted into a contribution to FROB's Equity Fund, amounting to 5,591,175 thousand euros (see Note 7.2).

As at 31 December 2025, FROB's own funds amounted to 15,471,179 thousand euros (8,218,200 thousand euros as at 31 December 2024), comprising an Equity Fund of 8,218,200 thousand euros (the aforementioned 53,761,175 thousand euros and the results generated by FROB from its establishment to 31 December 2024) and profit for the 2025 financial year of 7,252,979 thousand euros.

Although the FROB can operate with negative own funds, Article 53.4 of Law 11/2015 provides that the own funds of the FROB can be increased, if applicable, through the capitalisation of loans, credits, or any other debt operations of the FROB where the General Administration of the State is listed as creditor. In this regard, the loan agreement between the Kingdom of Spain and FROB allows, subject to prior authorisation from the ESM, for the loan to be converted in whole or in part into an equity contribution to FROB.

9. Information on the nature and level of risks arising from financial instruments

The main risk factors associated with FROB's financial instruments and the policies adopted to manage them are described below:

Liquidity risk

Liquidity risk is the risk that FROB may not have sufficient resources to meet its obligations as they fall due.

A breakdown by maturity of the balances under certain headings in the accompanying balance sheets as at 31 December 2025 and 2024 is set out below, based on contractual maturities under a "normal market conditions" scenario:

31.12.2025:

	Thousands of euros						
	Up to 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
Assets:							
Cash and cash equivalents	226,065	-	-	-	-	-	226,065
Short-term financial investments-							
Debt securities							
Other financial assets							
Total as at 31 December 2025	226,065	-	-	-	-	-	226,065
Liabilities:							
Short-term debt-							
Other financial liabilities	200,365	-	-	-	-	-	200,365
Total as at 31 December 2025	200,365	-	-	-	-	-	200,365
Asset-liability difference as at 31 December 2025	**25,700**	**-**	**-**	**-**	**-**	**-**	**25,700**
Cumulative asset-liability difference as at 31 December 2025	**25,700**	**25,700**	**25,700**	**25,700**	**25,700**	**25.700**	

31.12.2024:

	Thousands of euros						
	Up to 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
Asset:							
Cash and other cash equivalents	193,615	-	-	-	-	-	193,615
Short-term financial investments-							
Debt securities							
Other financial assets	1,059	-	-	-	-	-	1,059
Total on 31 December 2024	194,674	-	-	-	-	-	194,674
Liabilities:							
Short-term debt-							
Other financial liabilities	933,182	-	-	-	-	-	-
Total as at 31 December 2024	933,182	-	-	-	-	-	933,182
Asset-liability difference as at 31 December 2024	**(738,508)**	**-**	**-**	**-**	**-**	**-**	**(738,508)**
Cumulative asset-liability difference as at 31 December 2024	**(738,508)**	**(738,508)**	**(738,508)**	**(738,508)**	**(738,508)**	**(738,508)**	

FROB's ability to meet its obligations in the years concerned is supported by the following factors:

- Law 11/2015 allows for the capitalisation of loans, credit facilities or any other FROB borrowing arrangements under which the General State Administration is the creditor.

- Since the 2024 financial year, BFA's results have enabled FROB to receive dividends from its investment in BFA, and these dividend distributions are expected to continue in the coming years, given that BFA repaid all of its debt in 2024.

Credit risk

Credit risk is defined as the risk that a counterparty may fail, as a result of insolvency, to meet its payment obligations in respect of financial assets held by FROB when they fall due.

As at 31 December 2025, there was no significant exposure to this risk.

Interest rate risk

Structural interest rate risk is the risk that adverse movements in interest rates may affect FROB's financial and economic position as a result of differences in the timing of maturities and depreciation of its balance sheet items.

Market risk

Market risk is the risk of an adverse impact on profit or equity arising from unfavourable movements in the prices of both bonds and securities held by FROB and its own issuances.

Other risks

FROB has no material direct exposures to risks associated with its financial instruments other than those already disclosed in these Annual Accounts.

10. Government authorities and tax matters

10.1 Current balances with government authorities

The balance under "Trade and other payables – Other amounts payable to government authorities" within current liabilities in the accompanying balance sheet as at 31 December 2025 and 2024 is broken down as follows:

	Thousands of euros	
	31.12.2025	31.12.2024
Tax authorities, withholdings payable	306	99
Social Security contributions payable	69	60
Total	**375**	**159**

10.2 Tax matters

As indicated above (see Note 4.7), FROB is exempt from Corporate Income Tax and from any indirect taxes that may arise as a result of its establishment, its operations and any acts or transactions carried out in the fulfilment of its purposes.

11. Provisions and contingencies

11.1 Long-term provisions

The balance under "Long-term provisions" within liabilities in the accompanying balance sheets as at 31 December 2025 and 2024 is broken down as follows:

	Thousands of euros	
	31.12.2025	31.12.2024
Other provisions	20,867	4,719
Total	**20,867**	**4,719**

The movements in the balance under this heading during the 2025 and 2024 financial years are as follows:

	Thousands of euros
Balance as at 31 December 2023	**4,595**
Provision charge	124
Balance as at 31 December 2024	**4,719**
Provision charge	16,148
Balance as at 31 December 2025	**20,867**

Other provisions

Banco de Valencia EPA provision:

During the 2021 financial year, FROB received a claim in connection with the portfolio of assets covered by the Banco de Valencia EPA. In this regard, on 7 May 2024, a judgment was handed down ordering FROB to satisfy the claim. Accordingly, for the purposes of the 2023 year-end closing, a provision of 4,595 thousand euros was recognised to cover the payment arising from the judgment should it be upheld. FROB appealed this judgment to the Provincial Court and, following the dismissal of the appeal, lodged an appeal on points of law with the Supreme Court.

For the purposes of the 2025 year-end closing, and as a result of accrued interest, the provision recognised in this respect was increased by 123 thousand euros (124 thousand euros in 2024), with a corresponding charge to "Provision charges" in the income statement for the 2025 financial year. As a result, the provision amounted to 4,842 thousand euros (4,719 thousand euros as at 31 December 2024), as recognised under "Long-term provisions" in the accompanying balance sheet.

Hércules portfolio perimeter provision:

In the last quarter of 2020, a claim for 19.8 million euros was brought against FROB on the grounds that certain losses resulting from balance-sheet adjustments made as part of the CX sale process were covered by the Guarantee Letter issued by FROB in respect of perimeter adjustments relating to the Hércules portfolio. Following the trial held in July 2022, Madrid Court of First Instance No. 12 handed down a judgment dismissing the claimant's claims. The claimant appealed the judgment and, in a judgment dated 30 March 2026, the Eleventh Section of the Madrid Provincial Civil Court partially upheld the appeal, ordering FROB to pay 16,025 thousand euros plus statutory interest, with no order as to costs at either instance. The claimant subsequently applied for the clarification of the Provincial Court's judgment, thereby suspending the time limit for lodging the appeal on points of law currently being prepared by FROB.

As at 31 December 2025, FROB recognised a provision in this respect of 16,025 thousand euros, with a corresponding charge to "Provision charges" in the income statement for the 2025 financial year. The provision is recognised under "Long-term provisions" in the accompanying balance sheet.

11.2 Other guarantees and contingent liabilities

As part of the sale of a portfolio of assets by Catalunya Banc to FTA2015 (described in Note 6.3), FROB provided a number of guarantees in favour of the investor. These included a guarantee covering any potential liability for amounts relating to periods prior to the effective date that might be imposed on FTA2015 by a final judgment in connection with floor clauses. Under this guarantee, BBVA (having suceeded to Catalunya Banc's position) brought a claim against FTA2015 and FROB for any amounts that it might be required to reimburse, which BBVA itself described as being of an unspecified and unquantifiable amount. Following various stages of the legal proceedings, in October 2025, the Supreme Court dismissed BBVA's appeal on points of law and ordered it to pay the costs, bringing to an end proceedings that had lasted 9 years.

As at 31 December 2025, FROB does not consider it necessary to recognise any provision in the 2025 Annual Accounts in this respect.

11.3 Contingent assets

In the course of its activities, FROB is involved in a number of ongoing proceedings that could give rise to contingent assets.

12. Income and expenses

12.1 Revenue

This heading in the income statement includes, pursuant to the Fifth Transitory Provision of Law 11/2015, the amount accrued in respect of the levy on the activities carried out by FROB as Resolution Authority. As can be seen, no levy was collected in 2024 or 2025 because, since the rules governing the levy are linked to the collection of ordinary contributions to the SRF and the NRF (see Note 1), which did not take place in either 2024 or 2025, there was no taxable base on which the relevant decisions concerning the collection of the FROB levy could be made in those years.

	Thousands of euros	
	2025	2024
Levy on activities carried out by FROB in its capacity as Resolution Authority	-	-
Total	**-**	**-**

12.2 Staff costs and average headcount

The breakdown of "Staff costs" in the accompanying income statements for the 2025 and 2024 financial years is as follows:

	Thousands of euros	
	2025	2024
Wages, salaries and similar expenses	4,058	3,854
Social Security contributions	625	566
Other employee benefit costs	84	75
Total	**4,767**	**4,495**

The average number of employees and the total headcount in the 2025 financial year, broken down by professional category and gender, are shown in the following table:

<u>2025 financial year</u>

	Average number of employees 2025			Total headcount as at 31 December 2025 31 December 2025		
	Men	Women	Total	Men	Women	Total
Senior management*	3	2.75	5.75	3	2	5
Group II	12.25	10.20	22.45	13	10	23
Group III	0.64	4	4.64	1	4	5
Group IV	1	3	4	1	3	4
Group V	0	3	3	-	3	3
Total	**16.89**	**22.95**	**39.84**	**18**	**22**	**40**

** Pursuant to Royal Decree 451/2012 of 5 March, governing the remuneration arrangements for the most senior officers and executives in the public business sector and other entities. Includes the Chair, who is considered a senior public official.*

<u>2024 financial year</u>

	Average number of employees 2024			Total headcount as at December 2024 31 December 2024		
	Men	Women	Total	Men	Women	Total
Senior management*	3.02	2.79	5.81	3	3	6
Group II	12.20	9.54	21.74	12	11	23
Group III	0.62	4	4.62	-	4	4
Group IV	1	3	4	1	3	4
Group V	-	3	3	-	3	3
Total	**16.84**	**22.33**	**39.17**	**16**	**24**	**40**

** Pursuant to Royal Decree 451/2012 of 5 March, governing the remuneration arrangements for the most senior officers and executives in the public business sector and other entities. Includes the Chair, who is considered a senior public official.*

12.3 Other operating expenses

A breakdown of "Other operating expenses" in the income statements for the 2025 and 2024 financial years is provided below:

	Thousands of euros	
	2025	2024
Leases	659	638
External professional services	1,638	1,634
Banking and similar services	8	15
Other operating expenses	369	370
Governing Committee (Note 13)	126	123
Total	**2,800**	**2,780**

12.4 Other Information

Fees related to audit services and other services provided by FROB's auditor, PKF Attest Servicios Empresariales, S.L., or by any firm related to the auditor through control, common ownership or management, for the 2025 financial year are as follows (thousands of euros):

	Services provided by the statutory auditor and related firms	
	2025	2024
Audit services	33	33
Other assurance services	-	-
Total audit and related services	**33**	**33**
Tax advisory services	-	-
Other services	-	-
Total professional services	**-**	**-**
Total	**33**	**33**

13. Related-party transactions and balances

A breakdown of the balances recognised by FROB with related parties in these Annual Accounts for the 2025 and 2024 financial years is provided below (thousands of euros):

2025 financial year:

	Bank of Spain	Investee companies	Governing Committee and Senior Management
Assets:			
Long-term investments in Group companies and associates – Equity instruments (Note 6.2)	-	15,467,137	-
Cash and cash equivalents – Cash (Note 5)	225,025	-	-
Income statement:			
Staff costs (Senior Management)	-	-	1,038
Other operating expenses (Note 12.3)	-	-	126
Finance income (Note 6.4)	9,621	770,000	-

2024 financial year:

	Bank of Spain	Investee companies	Governing Committee and Senior Management
Assets:			
Long-term investments in Group companies and associates – Equity instruments (Note 6.2)	-	8,961,829	-
Cash and cash equivalents – Cash (Note 5)	192,866	-	-
Income statement:			
Staff costs (Senior Management)	-	-	1,012
Other operating expenses (Note 12.3)	-	-	123
Finance income (Note 6.4)	8,426	489,783	-

In the 2025 financial year, FROB recognised an expense of 126 thousand euros (123 thousand euros at 31 December 2024) in respect of attendance allowances for members of the Governing Committee. Of this amount, the attendance allowances corresponding to members who are considered Senior Public Officials are paid into the Treasury (see Note 12.3).

As at 31 December 2025, there were no advances or loans outstanding to any current or former members of FROB's Governing Committee, nor had any life or liability insurance policies been taken out for them or any pension or guarantee commitments been entered into in respect of them.

14. Events after the reporting period

The most significant events occurring between the end of the financial year and the date on which these Annual Accounts were authorised for issue are set out below:

- On May 25, 2026, BFA distributed to FROB a final dividend of 461.7 million euros out of its profit for the 2025 financial year. Together with the interim dividend of 260 million euros distributed in November 2025, this brought the total dividends paid out of BFA's profit for the 2025 financial year to 721.7 million euros, representing 100% of BFA's profit for that year.

Except as mentioned in the preceding paragraph, no significant events worthy of mention have occurred or come to FROB's attention between the end of the financial year and the date on which these Annual Accounts were formally prepared.

FROB

Management Report for the financial year ended 31 December 2025

1.- INTRODUCTION

In line with the approach followed in recent years, FROB's activities during the 2025 financial year focused primarily on two areas: (i) on the one hand, it carried out its activities within the framework of the Single Resolution Mechanism, in its capacity as the National Resolution Authority; and, (ii) on the other, it continued to undertake actions relating to the restructuring and resolution processes involving entities that received public funds in recent years.

2.- ACTIVITIES WITHIN THE FRAMEWORK OF THE SINGLE RESOLUTION MECHANISM

As regards the first of these areas, within the framework of the European resolution mechanism, FROB performs its functions as the National Executive Resolution Authority within a broad institutional framework that requires close cooperation and coordination among the various National Resolution Authorities and the Single Resolution Board (SRB), as well as with both national and EU-level supervisory authorities. FROB, through its Chair, represents Spain on the SRB.

Accordingly, as a member of the SRB Plenary Session, FROB has participated in the various plenary meetings held, as well as in its committees and working groups, with the aim of further developing a common approach within the Banking Union to resolution planning and execution. FROB has also participated actively, in close cooperation with the Spanish preventive resolution authorities, representing Spain's position in the various European and international forums in which resolution-related matters are discussed, including the Resolution Committee (ResCo) of the European Banking Authority and the Resolution Steering Group (ReSG) of the Financial Stability Board (FSB).

FROB also participates in the SRB’s Internal Resolution Teams for each of the significant credit institutions with a presence in Spain and votes in the Extended Executive Sessions that take decisions concerning them. It is also the authority responsible for the national implementation of the SRB’s resolution decisions. In this context, in June 2017 FROB implemented the resolution scheme for Banco Popular Español approved by the Single Resolution Board. This action did not involve any public financial assistance or guarantees.

Lastly, for all other institutions (less significant credit institutions and investment firms), FROB is the authority responsible for approving and implementing resolution measures and has an advisory role in the planning phase.

3.- MONITORING OF RESOLUTION MEASURES

At the same time, FROB has continued to monitor the measures arising from previous restructuring and resolution processes, as well as to manage and monitor the various forms of financial support and guarantees provided in connection with those processes. In this regard, it should be noted that, pursuant to the First Transitional Provision of Law 11/2015, restructuring and resolution proceedings initiated before the entry into force of that Law, together with all ancillary measures associated with them, including financial support instruments and the management of hybrid instruments, will continue to be governed, until their completion, by the legislation previously applicable.

Currently, the FROB's activities in this area are derived primarily from the channelling by the FROB, in December 2012 and March 2013, of financial aid from the European Stability Mechanism (ESM) for the recapitalization of eight credit institutions undergoing restructuring or resolution, as well as subscribing part of the capital of the Asset Management Company for Assets Arising from Bank Restructuring (Sareb) and acquiring part of its subordinated debt.

As a result of these measures, as at 31 December 2025 FROB continued to hold 100% of BFA, which in turn held 18.1% of CaixaBank’s share capital at that date. FROB is also Sareb’s largest shareholder, with a 50.14% interest following the share purchase process completed on 5 April 2022.

The interests previously held by FROB in the other credit institutions that received financial assistance were disposed of through successive divestment processes. The agreements for the sale of the various institutions or portfolios of assets belonging to those institutions included the provision of certain guarantees, all of which were fully settled during the 2024 financial year.

Furthermore, the various restructuring and resolution processes involving institutions have been, and continue to be, the subject of a number of legal claims and, accordingly, part of FROB's activities is focused on managing the resulting litigation.

In addition, in June 2017 FROB implemented the resolution scheme for Banco Popular Español approved by the Single Resolution Board. This action did not involve any public financial assistance or guarantees.

3.1 BFA Tenedora de Acciones, S.A.U ("BFA")

BFA was initially incorporated as a credit institution. However, with effect from 2 January 2015, it ceased to operate as a credit institution following its voluntary relinquishment of that status, and on 28 January 2015 the corresponding deed amending its Articles of Association was registered with the Madrid Mercantile Registry.

Until 26 March 2021, the date on which the merger between Bankia and CaixaBank became effective, under which Bankia shareholders received CaixaBank shares (0.6845 newly issued ordinary CaixaBank shares for each outstanding ordinary Bankia share), BFA remained the parent company of the Bankia Group. As at 31 December 2025, BFA held a 18.1% interest in the share capital of CaixaBank, S.A.

As regards the divestment period, under Law 9/2012 FROB was required to complete the divestment of its interest within five years of the financial injection. However, Royal Decree-Law 4/2016 of 2 December on urgent financial measures amended the First Transitional Provision of Law 11/2015, extending the period to seven years and setting the deadline at December 2019, with the possibility of a further extension by the Council of Ministers where necessary to better achieve the resolution objectives. In this regard, on 25 February 2025 the Council of Ministers approved a further extension of the period with a view to promoting the more efficient use of public resources by maximising the recovery of financial assistance and allowing greater flexibility in the implementation of FROB's divestment strategy. Accordingly, the deadline currently extends to December 2027.

In accordance with the applicable valuation criteria and rules, FROB estimated the recoverable amount of its interest in BFA. Accordingly, as at 31 December 2025, the carrying amount of FROB's interest in BFA, which was equal to its recoverable amount, stood at 15,467,137 thousand euros. This amount corresponds to BFA's individual equity of 5,511,966 thousand euros plus unrealised gains of 9,955,171 thousand euros relating to BFA's interest in CaixaBank, as reflected in BFA's audited Annual Accounts for the 2025 financial year. As a result, an impairment reversal of 6,505,308 thousand euros was recognised under "Impairment and gains or losses on disposals of financial instruments – Impairment and losses" in the accompanying income statement.

In accordance with the applicable valuation criteria and rules, FROB estimated the recoverable amount of its interest in BFA. In the 2025 financial year, BFA's results enabled it to continue the dividend distributions to FROB initiated in previous years. During 2025, FROB received dividends of 770,000 thousand euros from BFA, comprising a final dividend of 510,000 thousand euros out of BFA's profit for the 2024 financial year and an interim dividend of 260,000 thousand euros out of BFA's profit for the 2025 financial year. These amounts are classified under "Finance income" in FROB's income statement.

3.2.- SAREB

The Company for the Management of Assets Proceeding from the Restructuring of the Banking System, S.A. (Sareb) was incorporated pursuant to the Seventh Additional Provision of Law 9/2012 of 14 November as a public limited company with a fixed term expiring in November 2027.

At the time of its incorporation, Sareb's own funds amounted to 4,800 million euros (8% of its total assets), of which 1,200 million euros corresponded to share capital and 3,600 million euros to two issues of unsecured contingently convertible subordinated debt subscribed by its shareholders. FROB held 45.00% of Sareb's share capital (540 million euros) and 45.9% of its subordinated debt (1,652 million euros).

On 31 December 2012, assets of the institutions classified in Group 1 (BFA-Bankia, Catalunya Banc, NCG Banco and Banco Valencia) amounting to 36,695 million euros were transferred to Sareb, followed on 28 February 2013 by assets of the Group 2 institutions (Liberbank, BMN, CEISS and Caja3) amounting to 14,086 million euros. Accordingly, the total value of the assets transferred to Sareb amounted to 50,781 million euros.

The consideration for the transfer was paid through the delivery of six issues of senior debt issued by Sareb and irrevocably guaranteed by the Spanish State, with a nominal amount of 100,000 euros per security, maturities of one, two and three years, an interest rate of 3-month Euribor plus a spread, and the possibility of full or partial redemption through the issuance of new bonds.

As a result of the losses arising from the valuation of its assets pursuant to Bank of Spain Circular 5/2015 of 30 September, which sets out Sareb's specific accounting requirements, Sareb had negative equity of 1,218 million euros at the end of 2015. Accordingly, at its meeting held on 5 May 2016, the General Meeting of Shareholders approved the appropriate measures to restore the company's equity position, including the conversion of 2,170 million euros of subordinated debt into equity. In FROB's case, these measures entailed the conversion into equity of 996 million euros of subordinated debt. Following this conversion, FROB's interest in Sareb's share capital stood at 45.9%.

As a result of the accumulated losses arising from its ordinary activities, Sareb had exhausted its equity by the end of the 2020 financial year, triggering one of the circumstances requiring conversion of the subordinated debt issued. Accordingly, following approval by the General Meeting of Shareholders on 26 May 2021, Sareb's Board of Directors adopted the necessary resolutions to restore its equity position. These included reducing the existing share capital to zero and capitalising the remaining balance of subordinated debt (1,430 million euros, of which 656 million euros corresponded to FROB). As a result of these measures, FROB derecognised the equity interest it held at the end of 2020 and recognised a new equity interest equivalent to the balance of subordinated debt converted. As at 31 December 2021, FROB continued to hold a 45.9% interest in Sareb's share capital and no longer held any subordinated debt in Sareb.

On 19 January 2022, Royal Decree-Law 1/2022 of 18 January was published, amending Law 9/2012 of 14 November on the restructuring and resolution of credit institutions; Law 11/2015 of 18 June on the recovery and resolution of credit institutions and investment firms; and Royal Decree 1559/2012 of 15 November establishing the legal framework for asset management companies, in relation to the legal framework applicable to the Company for the Management of Assets Proceeding from the Restructuring of the Banking System (hereinafter, "RDL 1/2022"). As stated in its preamble, RDL 1/2022 was intended to address the urgent need to reform Sareb's capital structure and governance in order to adapt them to Sareb's reclassification in the National Accounts as a unit belonging to the general government sector, which took place in 2021.

Among other amendments, RDL 1/2022 removed the limits on the State's ownership interest in Sareb, thereby allowing FROB to acquire a majority interest in its share capital with a view to taking effective control of the company, without Sareb thereby acquiring the status of a state-owned public-sector company.

On this basis, FROB's Governing Committee, meeting in its restricted composition, approved a procedure for the purchase of Sareb shares from private shareholders, with the aim of acquiring a majority interest of at least 50.01% of its share capital. The purchase procedure was designed to comply with the requirements of transparency, competition and non-discrimination. To this end, the approval of the General State Comptroller's Office was obtained both as regards the reasonableness of the proposed purchase price and the conduct of the purchase procedure, thereby ensuring consistency with the general principles governing FROB's activities as a public-sector entity. Under this procedure, FROB submitted an offer to all Sareb shareholders to purchase their entire holdings for a symbolic price (equivalent to 0.01 euros for every 39,710 shares, implying a value of 360 euros for 100% of Sareb's share capital). The offer was accepted by 20 of the 31 private shareholders, representing 4.24% of the share capital, thereby increasing FROB's interest to 50.14%.

On 3 October 2025, Sareb's General Meeting approved its new Strategic Plan for the 2025–2027 period, structured around the two strategies that will guide the company through to its liquidation: (i) the Public Housing Reserve Strategy, involving the technical and legal preparation of assets for their subsequent transfer to the General State Administration for the creation of a public stock of affordable and social rental housing, in accordance with the Council of Ministers' Resolution of 1 July 2025 and in fulfilment of the mandate established by RDL 1/2022; and (ii) the Divestment Strategy, covering the remaining portfolio not selected for transfer and aimed at selling those assets on the market, thereby continuing to fulfil Sareb's divestment mandate and generating income to enable it to meet its essential obligations.

At the end of the 2025 financial year, FROB's 50.14% interest in Sareb's share capital was fully impaired.

3.3 Monitoring and management of guarantees provided in connection with divestments

As part of the sale and resolution processes involving financial institutions, FROB has historically provided a number of guarantees aimed at encouraging participation by prospective purchasers, thereby maximising the proceeds from the sales and minimising the use of public resources. These guarantees were finally settled in full during the 2024 financial year.

Catalunya Banc, S.A. (CX)

On 21 July 2014, following a competitive process, FROB and the Deposit Guarantee Fund awarded the sale of their respective interests in the share capital of Catalunya Banc (representing 98.4% of the institution's share capital) to Banco Bilbao Vizcaya Argentaria for 1,165 million euros[2]. The sale was completed on 24 April 2015.

In parallel with this divestment process, Catalunya Banc itself sold a loan portfolio (the Hércules portfolio) to Blackstone through an Asset Securitisation Fund (FTA). The sale was completed on 15 April 2015, and FTA2015 was definitively wound up on 18 December 2025.

In addition, in connection with both sale processes, the sale of the asset portfolio and the sale of the institution, FROB provided a number of guarantees, all of which were fully settled during the 2024 financial year.

Furthermore, as part of the sale of the asset portfolio, FROB provided FTA2015 with a liquidity facility of up to 400 million euros, which was repaid in full on 4 June 2025 and generated finance income of 109 thousand euros during the 2025 financial year.

NCG Banco, S.A. (NCG)

On 18 December 2013, FROB's Governing Committee approved the award of 88.33% of the shares in NCG (owned by FROB and the Deposit Guarantee Fund) to Banco Etcheverría – Grupo Banesco (Abanca Holding) for 1,003 million euros, with the following payment schedule: 40% upon completion of the sale and the remaining 60% in successive instalments through to 2018. On 25 June 2014, all the conditions precedent set out in the sale and purchase agreement were satisfied and the shares were transferred on that date. At that time, the purchaser made the first payment of 403 million euros. A schedule was established for payment of the remaining amount in a number of instalments, with the purchaser retaining the right to make early payments. Accordingly, on 6 May 2016 the purchaser made an early payment of 300 million euros and, on 3 February 2017, paid the remaining 300 million euros, thereby completing payment in full ahead of schedule.

In addition, with a view to maximising the sale price and thereby minimising the use of public resources, certain guarantees were provided to NCG, all of which were fully settled during the 2024 financial year.

4.- FINANCING AND CASH MANAGEMENT

With regard to the loan agreement between the Spanish State, as lender, and FROB, as borrower, entered into in December 2012 for the implementation of the European financial assistance programme, which enabled the funds disbursed by the European Stability Mechanism (ESM) to the Kingdom of Spain to be channelled to Spanish credit institutions[3], it should be recalled that the financial terms applicable to the loan are the same as those under the loan agreement between the Kingdom of Spain and the ESM.

Following the repayments made in 2014[4] and the successive conversions of portions of the loan into equity contributions in December 2013, June 2017, February 2020 and December 2021, amounting to 27,170 million

[2] Of which FROB accounts for 67.08% and the Deposit Guarantee Fund for 32.92%.

[3] The first disbursement (39,468 million euros) was used to recapitalise the Group 1 institutions (BFA-Bankia, NCG Banco, Catalunya Banc and Banco de Valencia) and to finance FROB's contribution to Sareb, while the second disbursement (1,865 million euros) was used to recapitalise the Group 2 institutions (Banco Mare Nostrum, Banco Ceiss, Caja 3 and Liberbank).

[4] This comprised, on the one hand, the repayment of funds not used for Sareb (307.54 million euros) and, on the other, a voluntary partial repayment of 399.28 million euros.

euros, 3,000 million euros, 3,000 million euros and 5,591 million euros, respectively, the outstanding balance of the loan from the Spanish State to FROB as at 31 December 2023 stood at 1,865 million euros.

On 11 December 2024, the first repayment of Tranche 2, amounting to 932,500 thousand euros, fell due.

During the 2025 financial year, the second repayment of Tranche 2 of the loan, amounting to 732,500 thousand euros, fell due in accordance with the latest addendum to the State-FROB loan agreement, which amended the repayment schedule. This left an outstanding balance of 200,000 thousand euros, which is due for repayment in December 2026. In addition, FROB made the corresponding payments in respect of fees and interest.

Furthermore, FROB's borrowing limit, established in Article 49 of Law 31/2022 of 23 December on the General State Budget for 2023, which remained in force in 2025 following the extension of the Budget, was 6,870 million euros. FROB's outstanding borrowings at the end of the 2025 financial year amounted to 200 million euros. FROB also has the capacity to issue State-guaranteed debt of up to an additional 5,200 million euros over and above its existing borrowings.

As regards cash and cash equivalents, the breakdown as at 31 December 2025 is as follows:

PRODUCT	(€ million)
Government debt portfolio	-
Current accounts	226
Total	**226**

5.- OTHER MANAGEMENT DEVELOPMENTS DURING 2025

In addition, the following developments relating to the management and operation of FROB are noteworthy:

- FROB's Annual Accounts and Management Report for the 2024 financial year were formally prepared and approved and subsequently submitted to the Ministry of Economy, Trade and Business and to the General State Comptroller's Office for inclusion in the General State Account and onward submission to the Court of Auditors.

6.- EVENTS AFTER THE REPORTING PERIOD AND OUTLOOK FOR 2026

Pursuant to Article 53.3 of Law 9/2012 of 14 November on the restructuring and resolution of credit institutions ("Any profit accrued and recognised in its Annual Accounts shall be paid into the Public Treasury") and in view of the projected liquidity surplus in FROB's cash account, the following appropriation of the profit for the 2025 financial year, amounting to 7,252,979 thousand euros, will be proposed to FROB's Governing Committee together with the approval of the Annual Accounts: (i) 6,702,979 thousand euros to the Equity Fund; and (ii) 550,000 thousand euros to be paid by FROB into the Public Treasury.

For the financial year ended 31 December 2025, BFA reported a profit of 722 million euros and, by means of a sole shareholder resolution dated 22 May 2026, FROB approved the proposal to distribute 722 million euros to FROB by way of dividends, representing 100% of BFA's profit for the year, through an interim dividend and a final dividend. The interim dividend out of profit for the 2025 financial year, amounting to 260 million euros, was distributed to FROB in November 2025, while the 462 million euros final dividend out of profit for the 2025 financial year was transferred to FROB on 25 May 2026.

This distribution of 722 million euros in dividends out of BFA's profit for 2025, together with the dividends distributed out of its profits for 2023 and 2024 (335 million euros and 665 million euros, respectively), brings the total amount effectively recovered by FROB through dividends in respect of the financial assistance provided to the BFA-Bankia Group to 1,722 million euros.

As regards FROB's outlook for the 2026 financial year, it will continue its regular activities to maintain its capacity to execute any resolution process swiftly and efficiently, both within the framework of the Single Resolution

Mechanism and at purely national level. In particular, this will involve adapting its internal manuals and procedures to international best practices and testing its crisis management capabilities through simulation exercises.

Similarly, monitoring developments in the financial sector against a changing geopolitical and macroeconomic backdrop will be a key priority during 2026. To this end, FROB will maintain a high level of coordination and cooperation with the various institutions responsible for resolution and supervision, both at national level (the Bank of Spain and the CNMV) and internationally (in particular, the Single Resolution Board, the European Banking Authority and the FSB Resolution Steering Group). Furthermore, in the context of the approved reform of the European Union’s crisis management framework, FROB will continue to provide technical support to the General Secretariat of the Treasury and International Financing in connection with its transposition into national law, drawing on the knowledge and practical experience acquired by FROB over the years.

FROB will also continue to strengthen communication and coordination channels with other external stakeholders that could be directly or indirectly involved in the execution of a resolution.

At the same time, FROB will continue to monitor previous restructuring and resolution processes. This entails detailed monitoring of the activities of the entities in which FROB continues to hold an equity interest.

As regards contributions to the SRF for the 2026 cycle, following the verification exercise through which the SRB confirmed that the SRF’s financial means exceeded the target level, on 13 February 2026 the SRB announced on its website that the SRF target level had been reached and that, accordingly, no contributions would be collected in 2026.

In addition, a significant workload is expected to continue during the 2026 financial year as a result of litigation relating to actions taken by FROB.

Lastly, as regards FROB’s funding through collection of the levy governed by the Sixteenth Additional Provision of Law 11/2015, its current legal framework will need to be amended in order to decouple it from ordinary contributions to the National Resolution Fund or, where applicable, the Single Resolution Fund.

7.- OTHER INFORMATION

No research and development (R&D) activities were carried out during the 2025 financial year. Furthermore, FROB’s Equity Fund does not consist of shares that may be acquired by FROB and, accordingly, FROB does not hold any treasury shares.

FROB

The undersigned, in his capacity as Chair of FROB, hereby prepares the accompanying Annual Accounts of FROB for the financial year ended 31 December 2025 and the Management Report for the 2025 financial year, These documents are set out on the 41 attached pages, duly initialled by me for identification purposes, and will be submitted to the Governing Committee for approval.

Signed: Álvaro López Barceló
Chair of FROB