1. HIGHLIGHTS

Net profit grew up to 153 million euros with a 10.2% advance in recurrent margin

| 153 million | 6.5%  | 14.5%  | 3,660 million |
| NET PROFIT  | NPL ratio | CET1 capital ratio | FINANCED VOLUME |
| +10.2%      | 53%          | 1,791 million         | +36% TO SMEs AND FREELANCERS |
| RECURRENT MARGIN | COVERAGE | CAPITAL EXCESS | +34% INSURANCE PRODUCTION |

PROFITABILITY
- 153M€ Profit after tax
- Significant improvement of recurrent income
- The greatest growth of the industry as to financial margin

RISK QUALITY
- One of the entities with the best NPL ratio
- Risk coverage strength: 53% of problematic assets

SOLVENCY
- Strong capital position based on the organic generation of resources
- Comfortable position of 1,791 millions over ECB requirements

FOCUS ON FREELANCERS & SMEs
- 65% of financed volume granted aimed at SMEs and freelancers
- SME & freelancers business grew 36%
- 3,660 M€ credit granted in the first quarter
**1. HIGHLIGHTS**

Acquisition of *Popular Servicios Financieros* to create the fifth consumer financial banking entity of the Spanish market

**POPULAR SERVICIOS FINANCIEROS**
Territory distribution

- **GALICIA**: 43 employees, 4 branches
- **MADRID**: 11 employees, 1 branch
- **PAÍS VASCO**: 4 employees, 1 branch
- **ARAGÓN**: 3 employees, 1 branch
- **CATALUÑA**: 6 employees, 1 branch
- **PORTO**: 12 employees, 1 branch
- **VALENCIA**: 7 employees, 1 branch
- **ANDALUCÍA**: 5 employees, 1 branch

- **500,000** customers
- **15,000** agreements with small shops and dealerships
- **200** million euros in credit

Excellent portfolio quality:
- **3% NPL ratio**
- **152%** coverage

**OBJECTIVE**
800 millions in new credit in the next three years

Possibility of future acquisitions always aligned with Strategic Plan
There is a clear improvement in recurrent income, with a 10.2% growth in the basic margin.

**Net interest income**
- Mar-16: 97.4
- Mar-17: 111.2
  - Growth: +14.2% yoy

**Fees**
- Mar-16: 37.0
- Mar-17: 39.1
  - Growth: +5.6% yoy

**Basic margin**
- Mar-16: 134.3
- Mar-17: 150.2
  - Growth: +10.2% yoy
1. HIGHLIGHTS

The differential management of the business allows Abanca to take the lead in terms of growth in commercial income

<table>
<thead>
<tr>
<th>Year on year evolution of interest margin</th>
<th>Year on year evolution of basic margin</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ABANCA</strong></td>
<td><strong>ABANCA</strong></td>
</tr>
<tr>
<td>Bank 2</td>
<td>Bank 2</td>
</tr>
<tr>
<td>Bank 3</td>
<td>Bank 3</td>
</tr>
<tr>
<td>Bank 4</td>
<td>Bank 4</td>
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<tr>
<td>Bank 5</td>
<td>Bank 5</td>
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<td>Bank 6</td>
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<tr>
<td>Bank 7</td>
<td>Bank 7</td>
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<tr>
<td>Bank 8</td>
<td>Bank 8</td>
</tr>
<tr>
<td>Bank 9</td>
<td>Bank 9</td>
</tr>
</tbody>
</table>

**ABANCA**

- **14.2%**

**Bank 2**

- **6.3%**

**Bank 3**

- **5.6%**

**Bank 4**

- **-1.2%**

**Bank 5**

- **-4.1%**

**Bank 6**

- **-8.6%**

**Bank 7**

- **-9.4%**

**Bank 8**

- **-12.2%**

**Bank 9**

- **-12.7%**

**Bank 2**

- **8.8%**

**Bank 3**

- **6.3%**

**Bank 4**

- **0.6%**

**Bank 5**

- **-2.7%**

**Bank 6**

- **-3.2%**

**Bank 7**

- **-7.7%**

**Bank 8**

- **-8.5%**

**Bank 9**

- **-12.1%**

Variation data with homogeneous consolidation perimeter

---

5 2017 1Q Results
1. HIGHLIGHTS

The Bank managed 900 million customer transactions, 29% more, thanks to the investment in digitisation.

Total transactions (millions)

- Branches
- Digital

<table>
<thead>
<tr>
<th></th>
<th>1Q 2016</th>
<th>1Q 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branches</td>
<td>287.5</td>
<td>409.5</td>
</tr>
<tr>
<td>Digital</td>
<td>429.4</td>
<td>516.8</td>
</tr>
</tbody>
</table>

+29.2% yoy

By March-17 ABANCA made 44% of its customer interactions through digital channels.
2. RESULTS

Net profit stood at 153 M€ thanks to the improvement of revenues

<table>
<thead>
<tr>
<th>(millions)</th>
<th>Mar-17</th>
<th>Var Mar 17/ Mar-16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET INTEREST INCOME</strong></td>
<td>111.2</td>
<td>14.2%</td>
</tr>
<tr>
<td>Net fees and commissions</td>
<td>39.1</td>
<td>5.6%</td>
</tr>
<tr>
<td><strong>BASIC MARGIN</strong></td>
<td>150.2</td>
<td>10.2%</td>
</tr>
<tr>
<td>Results of entities via equity method</td>
<td>1.4</td>
<td>29.5%</td>
</tr>
<tr>
<td>Dividend Income</td>
<td>4.1</td>
<td>-</td>
</tr>
<tr>
<td>Gains or losses on financial assets and liabilities (net).</td>
<td>144.1</td>
<td>-</td>
</tr>
<tr>
<td>Others (net)</td>
<td>-16.1</td>
<td>101.4%</td>
</tr>
<tr>
<td><strong>GROSS MARGIN</strong></td>
<td>283.7</td>
<td>73.6%</td>
</tr>
<tr>
<td>Operating expenditure</td>
<td>129.0</td>
<td>0.1%</td>
</tr>
<tr>
<td>Provisions and allocations</td>
<td>-11.4</td>
<td>-</td>
</tr>
<tr>
<td>Ordinary loan provisions</td>
<td>16.3</td>
<td>-16.9%</td>
</tr>
<tr>
<td>Other gains / losses</td>
<td>10.1</td>
<td>-</td>
</tr>
<tr>
<td><strong>PBT</strong></td>
<td>176.1</td>
<td>58.9%</td>
</tr>
<tr>
<td><strong>NET PROFIT</strong></td>
<td>153.0</td>
<td>99.7%</td>
</tr>
</tbody>
</table>

**Net interest income grew 14%** driven by the continuous improvement of the commercial margin and the cost reduction of issues.

The basic margin, generating key factor of recurrent income, increased by 10.2%.

Operating costs remain stable while recurring revenues increase.
2. RESULTS

The growth of the commercial margin and the reduction of wholesale costs explain the continuous improvement of the financial margin.
2. RESULTS

Income from services rendered increased by 5.6% driven by the sale of value-added products

Revenues from services rendered (millions)

<table>
<thead>
<tr>
<th>Month</th>
<th>Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar-16</td>
<td>37.0</td>
</tr>
<tr>
<td>Mar-17</td>
<td>39.1</td>
</tr>
</tbody>
</table>

+5.6% year on year

+33.7%
PREMIUMS OF NEW PRODUCTION INSURANCE

7.6%
NATIONAL SHARE NET SUBSCRIPTIONS OF MUTUAL FUNDS IN 2017

ABANCA consolidates the growth rate in fees income performed in 2016
2. RESULTS

Strong increase in productivity while keeping the cost base stable

ABANCA is one of the banks with the highest volume of investment in technology and digitalisation, with more than 150 M€ in the last two years.
2. RESULTS

The improvement in productivity allows to increase income while controlling costs, so that the operating margin advances 44%.

Operating margin without extraordinary results (millions)

- Gross operating income without extraordinary results
- Operating expenditure

<table>
<thead>
<tr>
<th></th>
<th>Mar-16</th>
<th></th>
<th>Mar-17</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross</td>
<td>163</td>
<td>+35M€</td>
<td>179</td>
<td>-50M€</td>
</tr>
<tr>
<td>Margin</td>
<td>129</td>
<td></td>
<td>129</td>
<td></td>
</tr>
</tbody>
</table>

+44.3% year-on-year
2. RESULTS

The reduction of non-performing assets implies lower provisions, which stand for 0.3% of the credit.

**Allocations and provisions (millions)**

<table>
<thead>
<tr>
<th>Allocations</th>
<th>Singular recoveries and other</th>
<th>Total provisions &amp; allocations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>-28</td>
<td>-11</td>
</tr>
</tbody>
</table>

**Cost of risk evolution (millions)**

<table>
<thead>
<tr>
<th></th>
<th>Mar-16</th>
<th>Mar-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-16,9% year on year</td>
<td>16</td>
<td></td>
</tr>
</tbody>
</table>
3. BUSINESS EVOLUTION

More intense than the industry growth in credit and customer funds

**Key figures (millions)**

- **Credit to customers**: 26,283, +5.2% year-on-year
- **Customer funds**: 34,810, +4.4% year-on-year

**ABANCA increases its loan to customers volume by 5.2% vs a fall of 1.6% in the industry**
3. BUSINESS EVOLUTION

New financing focused on freelance and SME segments

Structure of new financing (%)

- SMEs and freelancers: 65% (up 36% year on year)
- Other enterprises: 13%
- Households: 7%
- Public sector: 15%
3. BUSINESS EVOLUTION

The volume of credit continues to increase with higher contribution to results by the new formalisations

Credit to customers (millions)

- Mar-16: 24,992
- Jun-16: 25,364
- Sep-16: 25,461
- Dec-16: 25,571
- Mar-17: 26,283

+5.2% year on year

New production interest rates vs portfolio (%)

- Back Book: 1.79
- 1Q Front Book: 1.96

+17 b.p
3. BUSINESS EVOLUTION

Demand deposits and value added products gain weight in a structure of customer funds that continues to increase

Customer funds (%)

<table>
<thead>
<tr>
<th></th>
<th>Mar-16</th>
<th>Jun-16</th>
<th>Sep-16</th>
<th>Dec-16</th>
<th>Mar-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>33,347</td>
<td>34,024</td>
<td>34,284</td>
<td>34,715</td>
<td>34,810</td>
</tr>
</tbody>
</table>

+4.4% year on year

Customer funds structure (%)

- **Demand deposits** 51% vs 45% Mar-16
- **Term deposits** 34% vs 42% Mar-16
- **Mutual funds, pension plans and savings insurance** 15% vs 13% Mar-16

Optimisation of financing structure:

- Transition of deposits toward demand balances and adjustment of liabilities price in the current interest rates environment
- Growth in off-balance sheet balances, especially mutual funds (generating leverage of fees for the Bank and profitability for customers)
3. BUSINESS EVOLUTION

Value-added products increase recurring revenues ...

Mutual funds, pension plans and savings insurance (millions)

- Mar-16: 4,301
- Jun-16: 4,378
- Sep-16: 4,441
- Dec-16: 4,797
- Mar-17: 5,286

+22.9% year on year

+985M€
CUSTOMER FUNDS IN MUTUAL FUNDS, PENSION PLANS AND SAVINGS INSURANCE

+44.6%
YEAR-ON-YEAR INCREASE OF CUSTOMER FUNDS IN MUTUAL FUNDS
3. BUSINESS EVOLUTION

... while providing customers with an alternative to get a higher return on their savings

7.6%
NATIONAL MARKET SHARE OF SUBSCRIPTIONS TO MUTUAL FUNDS IN 2017

+467M€
NET SUBSCRIPTIONS OF MUTUAL FUNDS IN 2017

+16bp
NATIONAL MARKET SHARE OF MUTUAL FUNDS

Structure of subscriptions to mutual funds

- Guaranteed funds 56%
- Funds with equity securities component 11%
- Fixed-income funds 33%

3. BUSINESS EVOLUTION

33.7% increase in insurance sales, boosting revenue diversification

Premiums for new insurance production (thousands)

<table>
<thead>
<tr>
<th></th>
<th>Mar-16</th>
<th>Mar-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premiums</td>
<td>9,780</td>
<td>13,076</td>
</tr>
</tbody>
</table>

+33.7% year on year

Variation of new production by categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home</td>
<td>16%</td>
</tr>
<tr>
<td>Car</td>
<td>24%</td>
</tr>
<tr>
<td>Life-Risk</td>
<td>52%</td>
</tr>
<tr>
<td>Funeral</td>
<td>67%</td>
</tr>
<tr>
<td>Corporate</td>
<td>82%</td>
</tr>
</tbody>
</table>
Non-performing loans were reduced 19% leaving the NPL ratio at 6.54%
ABANCA became the third bank with the best portfolio quality.
4. RISK QUALITY, SOLVENCY AND LIQUIDITY

High coverage of problematic assets, at the top of the industry

- **49.4%**  
  NPL coverage

- **60.9%**  
  Coverage for foreclosed assets

- **53.3%**  
  Total coverage

The weight of foreclosed assets stands at only 1% of the balance sheet, one of the lowest of the market
4. RISK QUALITY, SOLVENCY AND LIQUIDITY

1,791 million excess capital make ABANCA the second most capitalised bank in the industry

14.5% CET1 Phase In

1,791 million Capital excess over 7.5%

<table>
<thead>
<tr>
<th>Surplus over ECB requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank 1</td>
</tr>
<tr>
<td>ABANCA</td>
</tr>
<tr>
<td>Bank 3</td>
</tr>
<tr>
<td>Bank 4</td>
</tr>
<tr>
<td>Bank 5</td>
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<tr>
<td>Bank 6</td>
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<tr>
<td>Bank 7</td>
</tr>
<tr>
<td>Bank 8</td>
</tr>
<tr>
<td>Bank 9</td>
</tr>
</tbody>
</table>
Comfortable position as to liquidity

Retail liquidity ratio (%)

<table>
<thead>
<tr>
<th>Bank</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank 1</td>
<td>87%</td>
</tr>
<tr>
<td>Bank 2</td>
<td>94%</td>
</tr>
<tr>
<td>ABANCA</td>
<td>94%</td>
</tr>
<tr>
<td>Bank 4</td>
<td>107%</td>
</tr>
<tr>
<td>Bank 5</td>
<td>110%</td>
</tr>
<tr>
<td>Bank 6</td>
<td>112%</td>
</tr>
<tr>
<td>Bank 7</td>
<td>115%</td>
</tr>
<tr>
<td>Bank 8</td>
<td>117%</td>
</tr>
<tr>
<td>Bank 9</td>
<td>120%</td>
</tr>
</tbody>
</table>

**ABANCA maintains a sound financing structure based on deposits**

**ABANCA broadly meets long and short term liquidity requirements established by the ECB for 2018**

**LCR**
LIQUIDITY COVERAGE RATIO
Complying with Basel III 2018

**NSFR**
NET STABLE FUNDING RATIO
Complying with Basel III 2018

5,044 million € LIQUID ASSETS
## 5. IMPLEMENTATION OF THE STRATEGY

**ABANCA** begins in 2017 a new strategic cycle

### STRATEGIC PLAN

**Sustainable and recurrent growth** (with negative interest rates)

#### Quantitative objectives

<table>
<thead>
<tr>
<th>Objective</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAPITAL</td>
<td>&gt;14%</td>
</tr>
<tr>
<td>NPL rate</td>
<td>4.5 - 5.5%</td>
</tr>
<tr>
<td>CREDIT</td>
<td>27,000 million euros</td>
</tr>
</tbody>
</table>

#### Qualitative objectives

- Micro-business orientation (consumer, SMEs)
- Consolidate leadership based on commercial methodology and customer-centric approach
- Omnichannel approach with digital banking that optimises market access and quality for customers
- Service specialisation for customers

### 99% compliance degree of 2015-2016 strategic plans
Thank you
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