Presentation of results 1Q-18
1. HIGHLIGHTS

Net profit got up to 155 million euros with a 13.4% advance in recurrent margin

- **155 million net profit**
- **4.6%** NPL ratio
- **15.6%** CET 1
- **56.5%** NPA coverage
- **92.0%** LTD
- **2,015 million capital excess**

**Profitability**
- Sustained growth of the recurring profitability (+13.4% basic margin)
- Leader in growth of margin and fees of the industry

**Quality of risk**
- NPL ratio was reduced to 4.6%, the second entity with the best quality of assets
- The reduction of the NPL ratio is done without damaging the coverage of unproductive assets, which reaches 56.5%

**Solvency and liquidity**
- Strong capacity of organic generation of capital of the highest quality CET 1 Ratio: 15.6%
- Sound financing structure based on stable deposits from customers

**Commercial dynamism**
- The acquisition of Deutsche Bank Portugal strengthens the position of the Bank in the sale of investment products (mutual funds, pension plans, insurance), generators of revenues from services
- Growth in credit to customers, that continues to be funded thanks to new deposits
The acquisition of Deutsche Bank Portugal strengthens the business model and positioning of ABANCA

- **Strengthening** of the capacity to generate recurring income
- **Geographic diversification**
- **Synergies** with the current ABANCA Portugal model aimed at enterprises

+20% Improvement of revenues from services
+6,500 million euros Business volume

41 Branches in main Portuguese economic centres
+ network of external agents
1. HIGHLIGHTS

In the first quarter, Insurance products were added to the mobile application, which is the most widely used in the industry with high satisfaction rates.

Entity whose customers make greater use of the mobile channel*

59% ✔
WEEKLY USE OF THE DIGITAL CHANNEL

VS
41%
INDUSTRY AVERAGE

Mobile Insurance
Development of innovative products that are well received by customers

2nd entity with better evolution in satisfaction index*

+33%  POSITIVE EMOTIONS
-25%  NEGATIVE EMOTIONS

NPI
Net Prescription Index (2013 vs 2018)

-42

* Pursuant to the research of the independent consultant EMO Insights
1. HIGHLIGHTS

The non-performing balance is reduced by 29%, reflecting the continuing improvement in the quality of the balance sheet

### Ranking of NPL ratio (%)

<table>
<thead>
<tr>
<th>Bank</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank 1</td>
<td>3.6%</td>
</tr>
<tr>
<td>ABANCA</td>
<td>5.1%</td>
</tr>
<tr>
<td>Bank 3</td>
<td>5.4%</td>
</tr>
<tr>
<td>Bank 4</td>
<td>6.2%</td>
</tr>
<tr>
<td>Bank 5</td>
<td>7.2%</td>
</tr>
<tr>
<td>Bank 6</td>
<td>7.6%</td>
</tr>
<tr>
<td>Bank 7</td>
<td>7.7%</td>
</tr>
<tr>
<td>Bank 8</td>
<td>7.7%</td>
</tr>
<tr>
<td>Bank 9</td>
<td>8.4%</td>
</tr>
<tr>
<td>Bank 10</td>
<td>8.6%</td>
</tr>
</tbody>
</table>

### Evolution of non-performing balances and NPL ratio (millions & %)

- Mar-17: 2,101 (6.5%)
- Jun-17: 1,865 (5.6%)
- Sep-17: 1,777 (5.4%)
- Dec-17: 1,541 (4.7%)
- Mar-18: 1,500 (5.1%)

17 consecutive quarters of non-performing loans fall

Source of comparisons throughout the document: entities that have disclosed full information on results of 1Q 2018

*With the application of IFRS 9 the SAREB bond is no longer considered as a credit investment, which reduces in the denominator of the ratio. This policy change does not affect the non-performing balance.*
1. HIGHLIGHTS

Sound financial profile to address the opportunities in the industry

NON-PERFORMING ASSETS COVERAGE

Bubble size = non-performing assets (net) / total assets
## 2. RESULTS

Net profit stood at 155 M€ thanks to the raise in recurrent revenues

### (millions)

<table>
<thead>
<tr>
<th></th>
<th>Mar-18</th>
<th>Var Mar 18/ Mar-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET INTEREST INCOME</strong></td>
<td>127.7</td>
<td>14.9%</td>
</tr>
<tr>
<td>Net fees and commissions</td>
<td>42.6</td>
<td>9.1%</td>
</tr>
<tr>
<td><strong>BASIC MARGIN</strong></td>
<td>170.3</td>
<td>13.4%</td>
</tr>
<tr>
<td>Portfolio Income</td>
<td>84.3</td>
<td>-43.6%</td>
</tr>
<tr>
<td>Others (net)</td>
<td>10.8</td>
<td>-</td>
</tr>
<tr>
<td><strong>GROSS MARGIN</strong></td>
<td>265.5</td>
<td>-6.4%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>135.2</td>
<td>4.8%</td>
</tr>
<tr>
<td>Provisions and allocations</td>
<td>-13.0</td>
<td>14.1%</td>
</tr>
<tr>
<td>Ordinary loan provisions</td>
<td>6.4</td>
<td>-60.7%</td>
</tr>
<tr>
<td>Other gains / losses</td>
<td>12.5</td>
<td>24.3%</td>
</tr>
<tr>
<td>PBT</td>
<td>155.8</td>
<td>-11.6%</td>
</tr>
<tr>
<td><strong>NET PROFIT</strong></td>
<td>155.3</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

**The basic margin, which reflects recurring revenues, grows 13.4%**

The decline in the result on financial transactions occurs because in **1Q-17 was the sale of CLH**

Expenses increase due to investment in projects that strengthen **the commercial capacity of the Bank and digitalisation**, as well as the **integration of ASF in the consolidation perimeter**

**+1.5% of net profit** compared with the previous year, thanks to the greater contribution from recurring elements that compensate for lower capital gains from CLH
2. RESULTS

Improvement of the interest margin based on the activity with retail clients

Evolution of net interest income

- **Margin (million euros)**
- **Spread (%)**

<table>
<thead>
<tr>
<th>1Q 2017</th>
<th>1Q 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>111.2</td>
<td>127.7</td>
</tr>
<tr>
<td>0.89%</td>
<td>1.00%</td>
</tr>
</tbody>
</table>

Causal interest margin increase (million euros)

- **1Q2017 Interest Margin**: 111.2
- **Retail activity**: 14.2
- **Wholesale activity**: 4.5
- **Others**: -2.1
- **1Q2018 Interest Margin**: 127.7

Evolution of commercial margin (ratios)

- **Loans yield**: 1.79%
- **Spread with clients**: 1.67%
- **Deposit costs**: 1.70%
- **0.11%**
- **0.07%**

1Q2017 2Q2017 3Q2017 4Q2017 Q2018
2. RESULTS

The advance in revenues from services rendered continues (+ 9.1%), mainly due to the sale of value-added products.

- Revenues from services rendered (million euros):
  - 2017: 39.1
  - 2018: 42.6
  - +9.1% year on year

- Revenues from insurance sales, pension plans and mutual funds (million euros):
  - 2017: 11.9
  - 2018: 13.1
  - +10.5% year on year

- Revenues from insurance sales, pension plans and mutual funds (million euros):
  - 2017: 11.5
  - 2018: 14.1
  - +22.3% year on year
### 2. RESULTS

**ABANCA is at the head of the industry in recurring revenue growth**

#### Year on year evolution of interest margin (%)

<table>
<thead>
<tr>
<th>Bank</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank 2</td>
<td>9.1%</td>
</tr>
<tr>
<td>Bank 3</td>
<td>5.1%</td>
</tr>
<tr>
<td>Bank 4</td>
<td>4.4%</td>
</tr>
<tr>
<td>Bank 5</td>
<td>4.3%</td>
</tr>
<tr>
<td>Bank 6</td>
<td>2.4%</td>
</tr>
<tr>
<td>Bank 7</td>
<td>2.4%</td>
</tr>
<tr>
<td>Bank 8</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Bank 9</td>
<td>-5.3%</td>
</tr>
<tr>
<td>Bank 10</td>
<td><strong>-16.9%</strong></td>
</tr>
</tbody>
</table>

#### Year on year evolution of basic margin (%)

<table>
<thead>
<tr>
<th>Bank</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank 2</td>
<td><strong>11.1%</strong></td>
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<tr>
<td>Bank 3</td>
<td>9.0%</td>
</tr>
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<td>Bank 4</td>
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</tr>
<tr>
<td>Bank 9</td>
<td>-2.6%</td>
</tr>
<tr>
<td>Bank 10</td>
<td>-7.5%</td>
</tr>
</tbody>
</table>
3. BUSINESS EVOLUTION

The business volume exceeds 66,000 million with growth in both credit and deposits

Key figures
(million euros)

+5.9% year on year

+8.3% year on year

27,841

37,709

Loans to customers

Customer funds

66,607 BUSINESS VOLUME
3. BUSINESS EVOLUTION

The performing credit portfolio increased 6% with the outstanding performance of enterprise financing

Performing loans (million euros)

<table>
<thead>
<tr>
<th>Year</th>
<th>Loans (million euros)</th>
<th>+5.9% year on year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q 2017</td>
<td>26,283</td>
<td></td>
</tr>
<tr>
<td>1Q 2018</td>
<td>27,841</td>
<td>+5.9%</td>
</tr>
</tbody>
</table>

Credit investment by type of customer (%)

- Individuals: 51%
- Enterprises: 37% (>600M€ Greater than 1Q 2017)
- Real Estate: 2%
- Public Administration: 10%
3. BUSINESS EVOLUTION

Funds from customers increased by 8.3% driven by investment funds and demand balances

Customer funds (million euros)

<table>
<thead>
<tr>
<th>1Q 2017</th>
<th>34,810</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q 2018</td>
<td>37,709</td>
</tr>
</tbody>
</table>

+8.3% year on year

Customer funds structure (%)

- Balance of demand deposits: 57%
- Term deposits: 26%
- Mutual funds, pension plans and savings insurance: 17%
3. BUSINESS EVOLUTION

The entry of new customers is accelerated with the incorporation of 63,000 new direct salary deposits

Retail deposits (million euros)

- 29,524 1Q 2017
- 31,407 1Q 2018

+6.4% year on year

+4.6% new customers

+8.8% credit/debit cards

+63,000 new direct salary deposits

+11.0% POS devices
3. BUSINESS EVOLUTION

The portfolio of off-balance sheet products increased by 19.2% and insurance production by 6.6%

<table>
<thead>
<tr>
<th>Mutual funds, pension plans and savings insurance (million euros)</th>
<th>Premiums new production of general insurance (million euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1Q 2017</strong> 5,286</td>
<td><strong>1Q 2017</strong> 12.8</td>
</tr>
<tr>
<td><strong>1Q 2018</strong> 6,302</td>
<td><strong>1Q 2018</strong> 13.6</td>
</tr>
<tr>
<td><strong>+19.2% year on year</strong></td>
<td><strong>+6.6% year on year</strong></td>
</tr>
<tr>
<td><strong>+38% BUSINESS INSURANCES</strong></td>
<td><strong>+37% HEALTH INSURANCE</strong></td>
</tr>
<tr>
<td><strong>+19bp PENSION PLANS</strong></td>
<td><strong>+9% LIFE-RISK INSURANCES</strong></td>
</tr>
<tr>
<td><strong>+7bp LIFE-SAVINGS INSURANCES</strong></td>
<td><strong>+7% HOME</strong></td>
</tr>
</tbody>
</table>

*Source: Latest available data INVERCO, ICEA and V2 (March 18)*
ABANCA has been ranked among the best Spanish entities by asset quality.

- Lowest non-performing loans portfolio of the industry:
  - Bank 2
  - Bank 3
  - Bank 4
  - Bank 5
  - Bank 6
  - Bank 7
  - Bank 8
  - Bank 9
  - Bank 10

- Weight of foreclosed assets in balance sheet less than 1%
  - ABANCA: 0.8%
  - Industry*: 1.5%

- (Non-performing loans + foreclosed assets) / Total assets:
  - Bank 1: 1.6%
  - Bank 2: 2.2%
  - Bank 3: 2.5%
  - Bank 4: 3.0%
  - Bank 5: 3.1%
  - Bank 6: 3.1%
  - Bank 7: 3.1%
  - Bank 8: 3.7%
  - Bank 9: 3.9%
  - Bank 10: 5.3%
4. RISK QUALITY, SOLVENCY AND LIQUIDITY

The reduction of non-performing assets has been carried out maintaining a high level of coverage

**53.6%**
NPL COVERAGE

**56.5%**
TOTAL COVERAGE

**61.1%**
COVERAGE FOR FORECLOSED ASSETS

<table>
<thead>
<tr>
<th>Bank</th>
<th>Texas Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank 2</td>
<td>43.7%</td>
</tr>
<tr>
<td>Bank 3</td>
<td>68.5%</td>
</tr>
<tr>
<td>Bank 4</td>
<td>69.0%</td>
</tr>
<tr>
<td>Bank 5</td>
<td>71.4%</td>
</tr>
<tr>
<td>Bank 6</td>
<td>76.3%</td>
</tr>
<tr>
<td>Bank 7</td>
<td>83.7%</td>
</tr>
<tr>
<td>Bank 8</td>
<td>89.0%</td>
</tr>
<tr>
<td>Bank 9</td>
<td>92.0%</td>
</tr>
<tr>
<td>Bank 10</td>
<td>n.a</td>
</tr>
</tbody>
</table>
4. RISK QUALITY, SOLVENCY AND LIQUIDITY

Strength of capital as shown by the excess of 2,015 million over CET1, despite the new regulatory environment

- **15.6%** CET1 PHASE IN
- **14.9%** CET1 FULLY LOADED
- **2,015** million CET1 EXCESS over ECB requirements

Despite the impact of IFRS9 implementation (18 bp in the CET1 Fully Loaded* ratio), capital levels continue to strengthen

* Calculated by applying all the impact in the current ratios
4. RISK QUALITY, SOLVENCY AND LIQUIDITY

Sound financing structure based on retail deposits

**Financing structure (%)**

- Retail deposits: 75%
- Interbank: 10%
- Central banks: 8%
- Issues: 7%

**LTD ratio (%) (ABANCA vs Industry)**

- ABANCA: 92.0
- Industry*: 110.6

*Estimated liquidity ratio based on latest information available from the BdE: January 18
4. RISK QUALITY, SOLVENCY AND LIQUIDITY

Broad compliance with the liquidity requirements established by the regulator

Wholesale funding position (million euros)

- Total maturities: 3,072
- Liquid assets + CB issue capacity: 10,933

\[ \times 2.1 \] Liquid assets o/ issue maturities

130% **NSFR**
NET STABLE FUNDING RATIO
Complying with Basel III 2018

269% **LCR**
LIQUIDITY COVERAGE RATIO
Complying with Basel III 2018
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