ABANCA
2018 Interim results
The net profit reaches 247 million, 7.8% more than in 2017, placing the ROE at 11.8%

**Profitability**
- Recurring revenues remain as a pillar of profitability (+8.1% of basic margin)
- The net profit increased by 7.8% driven by the greater contribution of recurring revenues

**Quality of risk**
- NPL ratio was reduced to 4.6%, keeping the entity among the best in the sector
- The asset coverage ratio reaches 56.6% and the entity maintains the best Texas Ratio in the sector

**Solvency and liquidity**
- 1,809 million of capital excess that allows ABANCA to face future business opportunities
- Comfortable position as to compliance with regulatory requirements of liquidity LCR 225%

**Commercial dynamism**
- The business volume grew 6.3% and stands at the 70,000 million threshold.
- Credit grew by 6% with a leading role in financing to businesses and self-employed
- Value-added products: mutual funds, pension plans and savings insurance grew by 18.2%; and general insurance 6.9%
1. HIGHLIGHTS

The specialisation and the development of new products boost the levels of customer satisfaction

AWARDS

Best Strategy of Customer Experience
Asociación para el Desarrollo de la Experiencia de Cliente (DEC)

Smart Companies TOP 5 ranking of companies more focused on customers
Smartme Analytics

2nd entity in evolution of emotional bonding with its customers
EMO Insights International

VARIATION ON VALUE-CUSTOMERS
+75.1%
year on year
1. HIGHLIGHTS

The branch network adapts to offer higher quality of service via specialisation

622
ABANCA Branches

45
ABANCA Branches for Enterprises

2,334
SPECIALISED MANAGEMENT AGENTS
1. HIGHLIGHTS

Constant path of reduction of NPL ratio, placing ABANCA as one of the best in asset quality

<table>
<thead>
<tr>
<th>Bank</th>
<th>NPL ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank 1</td>
<td>3.6%</td>
</tr>
<tr>
<td>ABANCA</td>
<td>4.6%</td>
</tr>
<tr>
<td>Bank 3</td>
<td>5.0%</td>
</tr>
<tr>
<td>Bank 4</td>
<td>5.4%</td>
</tr>
<tr>
<td>Bank 5</td>
<td>6.2%</td>
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<td>7.7%</td>
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<td>Bank 9</td>
<td>7.7%</td>
</tr>
<tr>
<td>Bank 10</td>
<td>8.4%</td>
</tr>
<tr>
<td>Bank 11</td>
<td>8.6%</td>
</tr>
</tbody>
</table>

NPL ratio evolution (%)

- ABANCA NPL ratio
- Industry NPL ratio

<table>
<thead>
<tr>
<th>Date</th>
<th>ABANCA NPL ratio</th>
<th>Industry NPL ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar-17</td>
<td>8.1%</td>
<td></td>
</tr>
<tr>
<td>Jun-17</td>
<td>7.7%</td>
<td></td>
</tr>
<tr>
<td>Sep-17</td>
<td>7.7%</td>
<td></td>
</tr>
<tr>
<td>Dec-17</td>
<td>7.3%</td>
<td></td>
</tr>
<tr>
<td>Mar-18</td>
<td>6.2%</td>
<td></td>
</tr>
<tr>
<td>Jun-18</td>
<td>6.1%</td>
<td></td>
</tr>
</tbody>
</table>

* Estimated NPL ratio. Last date available according to BdE data: April 18.
1. HIGHLIGHTS

ABANCA is solidly positioned to face opportunities of growth

NON-PERFORMING ASSETS COVERAGE

Bubble size = non-performing assets (net) / total assets
1. HIGHLIGHTS

All rating agencies state the good performance achieved by ABANCA as well as its potential improvement.

- **DBRS**
  - Long Term rating: Up
  - Covered bonds rating: Up
  - Outlook: POSITIVE

- **S&P Ratings Services**
  - Long Term rating: Up
  - Covered bonds rating: Up
  - Outlook: POSITIVE

- **Fitch Ratings**
  - Long Term rating: Up
  - Covered bonds rating: Up
  - Outlook: POSITIVE

- **Moody’s**
  - Long Term rating: Up
  - Covered bonds rating: Up
  - Outlook: POSITIVE

→ **ABANCA has investment grade**
→ All agencies assigned to ABANCA an outlook that states that it will continue to improve its rating
→ In the report "El Pulso de la banca 1T 2018" prepared by the consultancy company Alvarez&Marsal **ABANCA is located in first position of Spanish entities**
2. RESULTS

Net profit reached €247 million, 7.8% more than in 2017.

<table>
<thead>
<tr>
<th>(millions)</th>
<th>Jun-18</th>
<th>Var Jun18/ Jun-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET INTEREST INCOME</strong></td>
<td>257.8</td>
<td>11.0%</td>
</tr>
<tr>
<td>Net fees and commissions</td>
<td>88.2</td>
<td>0.7%</td>
</tr>
<tr>
<td><strong>BASIC MARGIN</strong></td>
<td>345.9</td>
<td>8.1%</td>
</tr>
<tr>
<td>Results of entities through equity method</td>
<td>5.0</td>
<td>7.0%</td>
</tr>
<tr>
<td>Dividend Income</td>
<td>8.6</td>
<td>1.0%</td>
</tr>
<tr>
<td>Gains or losses on financial assets and liabilities (net)</td>
<td>108.1</td>
<td>-40.1%</td>
</tr>
<tr>
<td>Others (net)</td>
<td>15.6</td>
<td>-</td>
</tr>
<tr>
<td><strong>GROSS MARGIN</strong></td>
<td>483.3</td>
<td>2.0%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>277.5</td>
<td>5.2%</td>
</tr>
<tr>
<td>Provisions and allocations</td>
<td>-2.3</td>
<td>-93.4%</td>
</tr>
<tr>
<td>Ordinary loan provisions</td>
<td>14.7</td>
<td>-42.9%</td>
</tr>
<tr>
<td>Other gains / losses</td>
<td>39.3</td>
<td>97.6%</td>
</tr>
<tr>
<td>PBT</td>
<td>247.4</td>
<td>-6.4%</td>
</tr>
<tr>
<td><strong>NET PROFIT</strong></td>
<td>247.0</td>
<td>7.8%</td>
</tr>
</tbody>
</table>

**The margin of interest** grew by 11.0% mainly due to the improvement of the commercial margin.

**Revenues from services** improve by 7.7% isolating non-recurring items.

Costs influenced by:
- **Investment in projects** that reinforce the commercial capacity of the Bank and digitalisation.
- **Incorporation of ASF**
- **Regulation** adaptation costs

+7.8% net profit with respect to the previous year
ROE: 11.8%
2. RESULTS

Continuous 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>Period</th>
<th>Margin</th>
<th>Spread</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Q 2017</td>
<td>121.2</td>
<td>0.9%</td>
</tr>
<tr>
<td>3Q 2017</td>
<td>126.0</td>
<td>0.9%</td>
</tr>
<tr>
<td>4Q 2017</td>
<td>130.1</td>
<td>1.0%</td>
</tr>
<tr>
<td>1Q 2018</td>
<td>127.7</td>
<td>1.0%</td>
</tr>
<tr>
<td>2Q 2018</td>
<td>130.1</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

**Causal interest margin increase (million euros)**
- Interest margin 1H2017: 232.3
- Retail activity: 19.3
- Wholesale activity: 10.3
- Other: -4.2
- Interest margin 1H 2018: 257.8

**Evolution of commercial margin (rates)**
- Loans yield: 1.8%
- Spread with clients: 1.7%
- Deposit costs: 0.1%

[Graph showing the evolution of net interest income and the causal interest margin increase]
2. RESULTS

Revenue from services rendered got up to €88 millions with a growth of 7.7%, highlighting insurance selling.

Revenues from services rendered (million euros)

- 2Q 2017: 42.9
- 3Q 2017: 39.5
- 4Q 2017: 42.7
- 1Q 2018: 42.6
- 2Q 2018: 45.6

Revenues from insurance sales, pension plans and mutual funds (million euros)

- Jun-17: 24.0
- Jun-18: 28.0

Revenues from banking services* (million euros)

- Jun-17: 24.2
- Jun-18: 27.9

*Excludes income derived from on-off transactions registered in 1H 2017
2. RESULTS

The bank has increased resources aimed at improving its technology and productivity

Operating expenses (million euros)

<table>
<thead>
<tr>
<th></th>
<th>Jun-18</th>
<th></th>
<th>Jun-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel exp.</td>
<td>153.9</td>
<td>97.9</td>
<td>151.7</td>
</tr>
<tr>
<td>Admin. exp.</td>
<td>25.7</td>
<td>88.0</td>
<td>24.1</td>
</tr>
</tbody>
</table>

Operating expenses/ATA (%)

<table>
<thead>
<tr>
<th></th>
<th>Bank 1</th>
<th>Bank 2</th>
<th>Bank 3</th>
<th>Bank 4</th>
<th>Bank 5</th>
<th>Bank 6</th>
<th>Bank 7</th>
<th>Bank 8</th>
<th>Bank 9</th>
<th>Bank 10</th>
<th>Bank 11</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.9%</td>
<td>1.0%</td>
<td>1.1%</td>
<td>1.1%</td>
<td>1.1%</td>
<td>1.2%</td>
<td>1.2%</td>
<td>1.2%</td>
<td>1.4%</td>
<td>1.5%</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

1. Investment in technology and business projects
   - 53.5% Operational excellence
   - 23.5% Capital optimisation
   - 23.0% Business increase

2. Incorporation of ASF in the consolidation perimeter
3. Regulation adaptation costs
2. RESULTS

The greater use of digital channels allows to increase productivity levels

<table>
<thead>
<tr>
<th>Weight of digital transactions over total (month taken alone) (%)</th>
<th>+37.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nº DIGITAL TRANSACTIONS</td>
<td>47.0% → 54.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business volume per employee (million euros)</th>
<th>15.9 → 16.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-17</td>
<td>Jun-18</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Productivity per employee (units)</th>
<th>0.93 → 1.04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-17</td>
<td>Jun-18</td>
</tr>
</tbody>
</table>
2. RESULTS

The improvement of asset quality leads to a low cost of risk

Provisions and allocations (million euros)

<table>
<thead>
<tr>
<th>Allocation</th>
<th>Jun-17</th>
<th>Jun-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocations</td>
<td>14.7</td>
<td></td>
</tr>
<tr>
<td>Singular recoveries and</td>
<td></td>
<td>25.8</td>
</tr>
<tr>
<td>others</td>
<td>-17.0</td>
<td></td>
</tr>
<tr>
<td>Total provisions and</td>
<td></td>
<td>14.7</td>
</tr>
<tr>
<td>allocations</td>
<td>-2.3</td>
<td></td>
</tr>
</tbody>
</table>

Cost of risk evolution (million euros)

-42.9% year on year

COR 0.1%
3. BUSINESS EVOLUTION

The business volume grew 6.3% and stands at the 70,000 million threshold

Key figures
(million euros)

+6.2% year on year

Loans to customers: 28,933

+7.6% year on year

Customer funds: 38,954

69,255
BUSINESS VOLUME

+6.3% year on year
3. BUSINESS EVOLUTION

The performing credit portfolio increased 6% with a diversified structure

Performing loans (million euros)

Jun-17: 27,238
Jun-18: 28,933

+6.2% year on year

Credit investment by type of customer (%)

- Individuals: 50%
- Enterprises: 38%
- Real Estate: 2%
- Public Administration: 10%
Dynamism in the generation of business along with good risk management

1st new home mortgages formalisations (million euros)

<table>
<thead>
<tr>
<th></th>
<th>2Q 2017</th>
<th>2Q 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st new home</td>
<td>331</td>
<td>380</td>
</tr>
<tr>
<td>mortgages</td>
<td></td>
<td></td>
</tr>
<tr>
<td>formalisations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(million euros)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

+14.6% year on year

Consumer formalisations (million euros)

<table>
<thead>
<tr>
<th></th>
<th>2Q 2017</th>
<th>2Q 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer</td>
<td>87</td>
<td>100</td>
</tr>
<tr>
<td>formalisations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(million euros)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

+15.7% year on year

Formalisations from SMEs and self-employed (million euros)

<table>
<thead>
<tr>
<th></th>
<th>2Q 2017</th>
<th>2Q 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formalisations from SMEs and self-employed</td>
<td>310</td>
<td>826</td>
</tr>
<tr>
<td>(million euros)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

>500 M€ year on year

The levels of delinquency in the new production are well below than those of the portfolio (less than 0.5%)

ABANCA has formalised **500 million euros more than last year** in transactions with SMEs and self-employed segments

2018 Interim results / Source: Latest information available (Statement I-2 Industry May18)
3. BUSINESS EVOLUTION

The funds raised from customers increased by 8%, with a leading role in demand balances and investment funds.

Customer funds (million euros)

Jun-17: 36,204
Jun-18: 38,954

+7.6% year on year

Customer funds structure (%)

- Demand deposits: 58%
- Term deposits: 25%
- Mutual funds, pension plans and savings insurance: 17%
3. BUSINESS EVOLUTION

The retail deposits increased by 6%, driven by new customers

- Retail deposits (million euros)
  - Jun-17: 30,642
  - Jun-18: 32,380
  - +5.7% year on year

- Changes:
  - +4.2% new customers
  - +8.7% credit/debit cards
  - +41,000 new direct-salary deposits
  - +12.1% POS devices
3. BUSINESS EVOLUTION

Strong growth in the sale of off-balance sheet products, portfolio of which already exceeds 6,500 million

Mutual funds, pension plans and savings insurance (million euros)

- Jun-17: 5,562
- Jun-18: 6,574

+18.2% year on year

NATIONAL SHARES*

- Jun-17: 26.8
- Jun-18: 28.6

+6bp

PENSION PLANS

+20bp

MUTUAL FUNDS

3.5%

NET SUBSCRIPTIONS OF MUTUAL FUNDS IN 1H2018

Premiums new production of general insurance (million euros)

- Jun-17: 26.8
- Jun-18: 28.6

+6.9% year on year

NEW PRODUCTION

- +28% BUSINESS INSURANCES
- +18% HEALTH
- +16% LIFE-RISK INSURANCES
- +15% HOME

*Source: Pension Plans: Latest available data INVERCO (March’18) Mutual funds and subscriptions: May’18
4. RISK QUALITY, SOLVENCY AND LIQUIDITY

The entity accumulates 18 quarters improving delinquency

Non-performing loans evolution (millions)

-24.9% year on year

18 consecutive quarters of non-performing loans fall

NPL ratio evolution (%)

NPL ratio*: ABANCA Industry

Jun-17  Sep-17  Dec-17  Mar-18  Jun-18

7.7%  7.7%  7.3%  6.2%  6.1%

6.3%  6.0%  5.3%  5.1%  4.6%

/ * Estimated NPL ratio. Last date available according to BoS data: April 18
ABANCA at the head of the sector 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
- Bank 11

Weight of foreclosed assets in balance sheet less than 1%
Well below the industry

- ABANCA: 0.7%
- Industry: 1.6%

(Non-performing loans + foreclosed assets) / Total assets

- Bank 1: 1.6%
- Bank 2: 2.5%
- Bank 3: 3.0%
- Bank 4: 3.1%
- Bank 5: 3.1%
- Bank 6: 3.1%
- Bank 7: 3.1%
- Bank 8: 3.5%
- Bank 9: 3.7%
- Bank 10: 3.9%
- Bank 11: 5.3%
4. RISK QUALITY, SOLVENCY AND LIQUIDITY

First entity in coverage of non-performing assets

**53.6%**
NPL COVERAGE

**56.6%**
TOTAL COVERAGE

**61.2%**
FORECLOSED ASSETS COVERAGE

Texas Ratio
(Non-performing assets / Coverage + Capital)

<table>
<thead>
<tr>
<th>Bank</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank 2</td>
<td>43.7%</td>
</tr>
<tr>
<td>Bank 3</td>
<td>55.3%</td>
</tr>
<tr>
<td>Bank 4</td>
<td>68.5%</td>
</tr>
<tr>
<td>Bank 5</td>
<td>69.0%</td>
</tr>
<tr>
<td>Bank 6</td>
<td>71.4%</td>
</tr>
<tr>
<td>Bank 7</td>
<td>76.3%</td>
</tr>
<tr>
<td>Bank 8</td>
<td>83.7%</td>
</tr>
<tr>
<td>Bank 9</td>
<td>89.0%</td>
</tr>
<tr>
<td>Bank 10</td>
<td>92.0%</td>
</tr>
<tr>
<td>Bank 11</td>
<td>n.a.</td>
</tr>
</tbody>
</table>
4. RISK QUALITY, SOLVENCY AND LIQUIDITY

Broad compliance with the liquidity requirements established by the regulator

Wholesale funding position (million euros)

- Total maturities: 2,797
- Liquid assets + CB issue capacity: 10,305

Liquid assets o/ issue maturities: \[ \times 1.9 \]
4. RISK QUALITY, SOLVENCY AND LIQUIDITY

Strong capital position, with an excess of 1,809 million euros over CET1

- **14.6%**
  - CET1 PHASE IN

- **13.8%**
  - CET1 FULLY LOADED

- **1,809 million**
  - CET1 EXCESS over ECB requirements
The net profit reaches 247 million, 7.8% more than in 2017, placing the ROE at 11.8%

**Profitability**
- Recurring revenues remain as pillar of profitability (+8.1% of basic margin)
- The net profit increased by 7.8% driven by the greater contribution of recurring revenues

**Quality of risk**
- NPL ratio was reduced to 4.6%, keeping the entity among the best in the sector
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**Solvency and liquidity**
- 1,809 million of capital excess that allows ABANCA to face future business opportunities
- Comfortable position as to compliance with regulatory requirements of liquidity LCR 225%

**Commercial dynamism**
- The business volume grew 6.3% and stands at the 70,000 million threshold
- Credit grew by 6% with a leading role in financing to businesses and self-employed
- Value-added products: mutual funds, pension plans and savings insurance grew by 18.2%; and general insurance 6.9%
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