1. HIGHLIGHTS

The 18.4% growth in recurring revenues drives net profit to 276 million

- **276 million net profit**
- **5.35% NPL ratio**
- **14.1% CET 1**
- **93.2% LTD**
- **+31.5% Mutual funds, pension plans and savings insurances**
- **+19.6% Production of general insurances**

**Profitability**
- Recurrent revenues increase (+18.4% basic margin) while the cost of risk decreases
- Profitability stood at 10.4%, 40% above the industry average

**Quality of risk**
- The NPL rate was reduced by 23.5% year on year, standing at 5.35%
- The non-performing asset ratio reaches 56.3%

**Solvency and liquidity**
- Comfortable position of more than 1,755 millions over the ECB capital requirements
- Sound financing structure based on customer deposits

**Commercial dynamism**
- The integration of Popular Servicios Financieros (renamed as ABANCA Servicios Financieros) constitutes the launch platform for the consumer finance business
- Off-balance business: mutual funds, pension plans and savings insurance grew by 31.5%, while general insurance grew by 19.6%
- Direct salary deposits grew 5.5%
Remarkable improvement in recurrent revenues, which grew by 18.4%
1. HIGHLIGHTS

Commercial dynamism drives growth in business volume

Business volume with customers (million euros)

Sep 17 64,585
Sep 16 59,744

+8.1% year on year
1. HIGHLIGHTS

The mobile platform is reinforced as a marketing channel

FLEXIBLE FINANCING THROUGH MOBILE PHONE

PRE-GRANTED LOANS THROUGH MOBILE PHONE
1. HIGHLIGHTS

The bank is at the head of the industry in terms of loyalty of individual customers and corporates

**INDIVIDUALS**

+18 points

vs +3 industry

CUSTOMER SATISFACTION*

best evolution of the industry

**CORPORATES**

>9 (out of 10)

ASSESSMENT FROM CUSTOMERS in terms of intention* to continue being clients of ABANCA.

*According to the latest EMO INDEX Report (published in May ‘17) of Customer experience conducted annually by the independent expert “Émo insights”

* According to last survey of the independent company ‘MDK Market Research’ of September 17
ABANCA is solidly positioned to face the opportunities of the industry

*Latest data available from banks
The NPL ratio was reduced down to 5.35%.

NPL evolution

<table>
<thead>
<tr>
<th>Year</th>
<th>NPL Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep-16</td>
<td>6.99%</td>
</tr>
<tr>
<td>Sep-17</td>
<td>5.35%</td>
</tr>
</tbody>
</table>

14 CONSECUTIVE QUARTERS REDUCING NPL RATIO

- Reduction of 23.5% of NPL ratio
  - For the reinforcement of internal management mechanisms
  - Complemented by an active policy of selling portfolios
1. HIGHLIGHTS

Dynamism in the sale of non-performing assets to improve balance quality

- Without impairment within coverage levels 56.3%
- 1,600M€ sale of non-performing assets
- NPL and written off loans
- Without negative impact in income statement
2. RESULTS

Net profit stood at 276.4 M€ thanks to the improvement of recurrent revenues

<table>
<thead>
<tr>
<th>(million euros)</th>
<th>Sep-17</th>
<th>Var Sep-17/ Sep-16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET INTEREST INCOME</strong></td>
<td>358.4</td>
<td>19.7%</td>
</tr>
<tr>
<td>Net fees and commissions</td>
<td>127.0</td>
<td>15.1%</td>
</tr>
<tr>
<td><strong>BASIC MARGIN</strong></td>
<td>485.4</td>
<td>18.4%</td>
</tr>
<tr>
<td>Portfolio income and other</td>
<td>153.4</td>
<td></td>
</tr>
<tr>
<td><strong>GROSS MARGIN</strong></td>
<td>638.8</td>
<td>42.2%</td>
</tr>
<tr>
<td>Operating expenditure</td>
<td>404.4</td>
<td>2.8%</td>
</tr>
<tr>
<td>Provisions and allocations</td>
<td>-37.2</td>
<td>-70.6%</td>
</tr>
<tr>
<td>Ordinary loan provisions</td>
<td>35.4</td>
<td>-42.1%</td>
</tr>
<tr>
<td>Other gains / losses</td>
<td>29.5</td>
<td>-65.0%</td>
</tr>
<tr>
<td><strong>PBT</strong></td>
<td>301.1</td>
<td>12.8%</td>
</tr>
<tr>
<td><strong>NET PROFIT</strong></td>
<td>276.4</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

*Note: The data for Sep17 include for the first time the accounting integration of ABANCA Servicios Financieros (ASF),*
2. RESULTS

The improvement in the interest margin and revenues from services rendered allow the basic margin to consolidate an increasing trend.

Interest margin evolution (million euros)
- Sep-16: 299.5
- Sep-17: 358.4 (+19.7% year on year)

Commercial margin evolution (million euros)
- 3Q 2016: 97.2
- 4Q 2016: 101.6
- 1Q 2017: 103.7
- 2Q 2017: 109.6
- 3Q 2017: 118.3

Revenues from services rendered (million euros)
- Sep-16: 110.4
- Sep-17: 127.0 (+15.1% year on year)

Revenues from recurrent revenues (million euros)
- Sep-16: 409.8
- Sep-17: 485.4 (+18.4% year on year)

**Market share improvements:***
- **+6bp** National Market Share of Pension Plans
- **+30bp** National Market Share of Mutual Funds
2. RESULTS

The cost of risk continues to decline due to the lower amount of non-performing assets

<table>
<thead>
<tr>
<th>Allocations and provisions (million euros)</th>
<th>Cost of risk evolution (million euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocations 35.4</td>
<td>61.1</td>
</tr>
<tr>
<td>Singular recoveries and others -72.6</td>
<td>Sep-16</td>
</tr>
<tr>
<td>Total provisions &amp; allowances -37.2</td>
<td>Sep-17</td>
</tr>
</tbody>
</table>

-42.1% year on year
3. BUSINESS EVOLUTION

The commercial dynamism of the bank is translated into the growth of the business volume with its clients

**Key figures** (million euros)

<table>
<thead>
<tr>
<th>Loan to customers</th>
<th>Customer funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>27,717</td>
<td>36,868</td>
</tr>
</tbody>
</table>

**+8.9%**
year on year

**+7.5%**
year on year
3. BUSINESS EVOLUTION

New formalisations outperform amortisations and improve recurring financial margin

Loan to customers (million euros)

<table>
<thead>
<tr>
<th></th>
<th>Sep-16</th>
<th>Sep-17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25,461</td>
<td>27,717</td>
</tr>
</tbody>
</table>

+8.9% year on year

New production interest rates vs portfolio (%)

<table>
<thead>
<tr>
<th></th>
<th>Back book</th>
<th>3Q Front book</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.81</td>
<td>2.27</td>
</tr>
</tbody>
</table>

+46 b.p.
3. BUSINESS EVOLUTION

Funds from customers grow, both through traditional savings and value-added products

**Customer funds**
(million euros)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep-16</td>
<td>34,284</td>
<td></td>
</tr>
<tr>
<td>Sep-17</td>
<td>36,868</td>
<td>+7.5% year on year</td>
</tr>
</tbody>
</table>

**Evolution of deposits from individuals**
(million euros)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep-16</td>
<td>29,842</td>
<td></td>
</tr>
<tr>
<td>Sep-17</td>
<td>31,025</td>
<td>+4.0% year on year</td>
</tr>
</tbody>
</table>

**+5.5%**
Direct salary deposits vs same period 2016

**GREAT WELCOME OF THE SALARY DEPOSIT SERVICE**
3. BUSINESS EVOLUTION

Strong breakthrough in sales of off-balance sheet products highlighting pension plans

**Premiums for new general insurance production** (million euros)

- Sep-16: 31.8
- Sep-17: 38.1
  - +19.6% year on year

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

- Sep-16: 4,441
- Sep-17: 5,843
  - +31.5% year on year

**Pension plans**

- +9% BALANCE
- x2 CUSTOMERS’ AVERAGE PROFITABILITY
  - ABANCA’s plans vs industry

Current campaign
4. RISK QUALITY, SOLVENCY AND LIQUIDITY

The NPL ratio is reduced to 5.35%, improving by 31.3% vs the industry

**NPL ratio evolution (%)**

- Sep-16: 8.51%
- Dec-16: 8.41%
- Mar-17: 8.27%
- Jun-17: 7.72%
- Sep-17: 7.78%

- Sep-16: 6.99%
- Dec-16: 6.84%
- Mar-17: 6.54%
- Jun-17: 5.61%
- Sep-17: 5.35%

**2,213€ NPL BALANCE**

**1,777€ NPL BALANCE**

*Estimated NPL ratio for last available date according to BdE data: July 17
High coverage of non-performing assets

53.6% NPL Coverage
56.3% Total Coverage
60.9% Coverage for Foreclosed Assets

Foreclosed assets account only 1% of the balance sheet
Strength of capital, with a ratio of 14.1%, which is a 1,755 million excess over CET1
4. RISK QUALITY, SOLVENCY AND LIQUIDITY

Comfortable liquidity position based on retail deposits

<table>
<thead>
<tr>
<th>Liquid assets and issue capability (million euros)</th>
<th>Total Sep-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquid assets</td>
<td>5,874</td>
</tr>
<tr>
<td>CB issue capability</td>
<td>4,448</td>
</tr>
<tr>
<td></td>
<td>10,322</td>
</tr>
</tbody>
</table>

Comfortable structure of wholesale financing based on customer 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

93.2% LTD
Retail loan to deposits
5. STRATEGIC PLAN

We met the strategic objectives

Profitability 9-10%
Capital >14%
NPL ratio 4.5-5.5%
NSI 70
Credit 27,000 million euros
Thank you
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