ABANCA
Presentation of Results 2015
Santiago de Compostela.
1. Period highlights
2. Focus on customers
3. Business Evolution
4. Results
5. Risk quality, solvency and liquidity
6. Key findings
7. Medium-term prospects
8. Social responsibility
1. PERIOD HIGHLIGHTS

Business return and asset quality improvement

**Profitability**
- Net Profit exceeds 330 millions
- Commercial margin improves constantly quarter by quarter
- Profitability stands at 8.7%

**Risk quality**
- NPL ratio is reduced to 8.6%, establishing a position below the industry average
- Increase of coverage to 63%, well above the industry average

**Solvency**
- Strong capital position with a CET1 ratio reaching 14.75%
- 1,249 million surplus over the ECB requirements

**Commercial dynamism with households and enterprises**
- Funding granted rises 52%
- Value added: the new production of insurance grows 35%, funds and pension plans assets 27%

**330 million Profit**
- 8.7% ROTE

**63% coverage**

**14.75% CET1**
- 1,249 millions over the minimum

**+1,676 million customer funds in 2015**

**+52% Funding granted**
2. FOCUS ON CUSTOMERS

ABANCA is the Spanish entity that improves further the purchase experience of its customers

EMO INDEX 2015 Growth vs 2014

+25.7

Index of customer emotional links with their bank
Consultant: Emo insights
2. FOCUS ON CUSTOMERS

Technological leadership for better customer service

1. **Time to Market**
   New products within a few weeks, and execution of complex projects within reduced deadlines

2. **Full electronic management**
   Fully digital life cycle management of processes (electronic file)

3. **Internationally recognized quality standards**
   The only European bank that has the highest level of CMMi® certification: Level 5

4. **Wide functional coverage**
   The technological platform of ABANCA is characterized by its broad functional coverage across all channels

5. **Fingerprint Identification**
   The first Spanish financial institution with a mobile banking service that supports fingerprint ID (Touch-id) in its mobile banking. Mobile banking with the universal accessibility certificate

6. **The best solutions**
   Taking the best of various technologies, Best of Breed, and a Bi-modal approach allow better solutions

82 million expenses + investment in technology

+27% increase

PRESENTATION OF RESULTS 2015
2. FOCUS ON CUSTOMERS

The number of digital customers increases 18% with special prominence in mobile banking

Active digital customers

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>404,266</td>
</tr>
<tr>
<td>2015</td>
<td>476,421</td>
</tr>
</tbody>
</table>

Access channel (last 6 months)

- Web: 42%
- Mobile: 27%
- Web and mobile: 31%

Among the best valued banking apps in Apple Store and Android Play Store
2. FOCUS ON CUSTOMERS

More than 100 millions will be invested in the new branch model to provide the best customer experience

- **Personalized customer service**
  - Customer demands

- **Waiting area**
  - Specialized management
  - Advisory service for each customer

- **Self-service area**
  - ATMs equipped with latest technologies and a wider range of services

- **Better use of space, technology customer service and sustainable branch**

PRESENTATION OF RESULTS 2015
3. BUSINESS EVOLUTION

The growth of profitable commercial activity strengthens

Credit to customers* (millions)

<table>
<thead>
<tr>
<th></th>
<th>Dec-14</th>
<th>Dec-15</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>23,759</td>
<td>24,738</td>
</tr>
</tbody>
</table>

+4.1% year-on-year

Customer funds (millions)

<table>
<thead>
<tr>
<th></th>
<th>Dec-14</th>
<th>Dec-15</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31,718</td>
<td>33,394</td>
</tr>
</tbody>
</table>

+5.3% year-on-year

Market share of credit in Galicia

31%  38 bp growth

Market share of deposits in Galicia

41%  27 bp growth

*Amounts as to performing loans
3. BUSINESS EVOLUTION

11,444 M € granted, 52% more

Total volume funded (millions)

- Dec-14: 7,524
- Dec-15: 11,444

+52% Amount
+49% No. of transactions

Credit structure

- Enterprises: 34.1%
- Public Sector: 7.8%
- Real Estate: 2.4%
- Households: 55.8%

Focus on households and SMEs to improve profitability mix
3. BUSINESS EVOLUTION

Growth focused on attracting value-added products

Retail deposits (millions)

<table>
<thead>
<tr>
<th></th>
<th>Dec-15</th>
<th>Dec-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>29,118</td>
<td>28,118</td>
</tr>
</tbody>
</table>

+3.6% year-on-year

Investment funds, pension plans and insurance (millions)

<table>
<thead>
<tr>
<th></th>
<th>Dec-15</th>
<th>Dec-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>4,276</td>
<td>3,600</td>
</tr>
</tbody>
</table>

+18.8%

Profitable growth

Market share +7bp
3. BUSINESS EVOLUTION

Boost to the insurance business
Insurance sales increased by 35%

Premium for new insurance production (thousand)

<table>
<thead>
<tr>
<th>Year</th>
<th>Premium (thousand)</th>
<th>Year-on-year increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>31,528</td>
<td>+35%</td>
</tr>
<tr>
<td>2014</td>
<td>23,430</td>
<td></td>
</tr>
</tbody>
</table>

Launch of innovative products

- New Flat Rate of ABANCA Insurance
  Add your insurance policies up, divide payments and multiply benefits

Market share of non-life insurance in Spain

+14bp
4. RESULTS. PROFIT AND LOSS ACCOUNT

330 million profit with an advance in recurring revenues

<table>
<thead>
<tr>
<th>(millions)</th>
<th>Dec-14</th>
<th>Dec-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMMERCIAL MARGIN</td>
<td>351</td>
<td>354</td>
</tr>
<tr>
<td>No commercial margin (SAREB bonds, FI portfolio...)</td>
<td>208</td>
<td>68</td>
</tr>
<tr>
<td>NET INTEREST INCOME</td>
<td>559</td>
<td>421</td>
</tr>
<tr>
<td>Revenues from services provided</td>
<td>158</td>
<td>171</td>
</tr>
<tr>
<td>Trading Gains and Investees excl. insurance</td>
<td>450</td>
<td>342</td>
</tr>
<tr>
<td>Others (net)</td>
<td>-21</td>
<td>8</td>
</tr>
<tr>
<td>GROSS MARGIN</td>
<td>1,146</td>
<td>943</td>
</tr>
<tr>
<td>Operating expenditure</td>
<td>528</td>
<td>589</td>
</tr>
<tr>
<td>Recurring costs</td>
<td>528</td>
<td>519</td>
</tr>
<tr>
<td>Cost of projects, purchases and mergers</td>
<td>-</td>
<td>71</td>
</tr>
<tr>
<td>Provisions and allowances</td>
<td>66</td>
<td>104</td>
</tr>
<tr>
<td>Other extraordinary results (net)</td>
<td>50</td>
<td>99</td>
</tr>
<tr>
<td>Tax</td>
<td>-556</td>
<td>18</td>
</tr>
<tr>
<td>NET PROFIT</td>
<td>1,157</td>
<td>330</td>
</tr>
</tbody>
</table>

Positive evolution of commercial margin

Strength in provision of services

Prudence in risk management

Normalization of results

Return **8.7%** (ROTE)

Capitalization **14.75%** (CET1)
4. RESULTS. FINANCIAL MARGIN

Constant growth of the recurring commercial margin

<table>
<thead>
<tr>
<th>Volume effect</th>
<th>Prices effect</th>
<th>Commercial margin (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performing credit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mar-15</td>
<td>23.683</td>
<td>Dec-15: 93</td>
</tr>
<tr>
<td>Dec-14</td>
<td>23.759</td>
<td></td>
</tr>
</tbody>
</table>

Front book 4Q:
- 0.33 Credit
- 2.31 Term

Back book:
- 0.74 Credit
- 2.02 Term

Improving both the mix and margin of new credits
Income for provision of services grows 8.2%

+8.2% year-on-year revenues variation (%)

171 millions of revenues from services rendered*

... with contribution from the main lines of services

+26% Investment funds, pension plans and saving insurance

+13% off-balance sheet assets

+45% insurance

*Includes insurance contribution
4. RESULTS. OPERATING EXPENDITURE

Strong investment in projects that promote a profitable business in the coming years

Operating expenditure (millions)

-1.7%

<table>
<thead>
<tr>
<th>Expenditure 2014</th>
<th>Recurring expenditure 2015</th>
<th>Projects</th>
<th>Purchases and mergers</th>
<th>Expenditure 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>528</td>
<td>519</td>
<td>35</td>
<td>36</td>
<td>589</td>
</tr>
</tbody>
</table>

> New commercial methodology
> ABANCA DIGITAL
> Openings and transformation plan
> Technological updating to the new branch model
5. RISK QUALITY, SOLVENCY AND LIQUIDITY

Asset quality improved 30% due to the boost in the recovery

NPL balance

<table>
<thead>
<tr>
<th>Year</th>
<th>NPL Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-15</td>
<td>2.695</td>
</tr>
<tr>
<td>Dec-14</td>
<td>3.841</td>
</tr>
</tbody>
</table>

-30% in 2015

Very low weight of foreclosed assets: representing 1% of the balance
ABANCA normalizes its NPL ratio below industry average for the first time in the last six years.
5. RISK QUALITY, SOLVENCY AND LIQUIDITY

High credit coverage of 63% applying prudent risk policies

Credit coverage

<table>
<thead>
<tr>
<th>2015</th>
<th>271</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>208</td>
</tr>
</tbody>
</table>

60.9% Coverage for NPL plus foreclosed assets
ABANCA is one of the most capitalized entities of the sector in Europe

- CET1: 3,686 million
- 14.75% CET1 ratio
- +1,249 million Capital excess over 9.75%

Solid capital ratios enable us to face and surpass the requirements of the European regulator

*CET1 taking into account a dividend payout of 315 M€*
5. RISK QUALITY, SOLVENCY AND LIQUIDITY

Among the entities with the greatest surplus with respect to the ECB requirements

**Surplus***

<table>
<thead>
<tr>
<th>Ent. 1</th>
<th>Ent. 2</th>
<th>Ent. 3</th>
<th>Ent. 4</th>
<th>Ent. 5</th>
<th>Ent. 6</th>
<th>Ent. 7</th>
<th>Ent. 8</th>
<th>Ent. 9</th>
<th>Ent. 10</th>
<th>Ent. 11</th>
<th>Ent. 12</th>
<th>Ent. 13</th>
</tr>
</thead>
</table>

**CET1 (phase-in)**

<table>
<thead>
<tr>
<th>Ent. 1</th>
<th>Ent. 2</th>
<th>Ent. 3</th>
<th>Ent. 4</th>
<th>Ent. 5</th>
<th>Ent. 6</th>
<th>Ent. 7</th>
<th>Ent. 8</th>
<th>Ent. 9</th>
<th>Ent. 10</th>
<th>Ent. 11</th>
<th>Ent. 12</th>
<th>Ent. 13</th>
</tr>
</thead>
</table>

* According to last data available
5. RISK QUALITY, SOLVENCY AND LIQUIDITY

Comfortable liquidity position above 10,900 millions

- Liquid assets and issuance capacity (millions)
  - Liquid assets: 6,647
  - Issuance capability: 4,271
  - Total: 10,917

- Liquidity coverage ratio (LCR): 322%
- Net Stable Funding Ratio (NSFR): 132%

Loans are 90% of customer deposits
5. RISK QUALITY, SOLVENCY AND LIQUIDITY

The rating agencies support the improvement of the economic fundamentals of the entity

<table>
<thead>
<tr>
<th>Agency</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Strength</strong></td>
<td>b-</td>
<td>b+</td>
</tr>
<tr>
<td><strong>Rating L/T</strong></td>
<td>B</td>
<td>B+</td>
</tr>
<tr>
<td><strong>Financial Strength</strong></td>
<td>bb-</td>
<td>bb+</td>
</tr>
<tr>
<td><strong>Rating L/T</strong></td>
<td>BB+</td>
<td>BB+</td>
</tr>
<tr>
<td><strong>Financial Strength</strong></td>
<td>BB (high)</td>
<td>BBB (low)</td>
</tr>
<tr>
<td><strong>Rating L/T</strong></td>
<td>BBB (low)</td>
<td>BBB (low)</td>
</tr>
</tbody>
</table>
## 6. KEY FINDINGS

**2015. Firm steps in the consolidation of a sustainable business model**

<table>
<thead>
<tr>
<th>Amounts in million €</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROFIT</td>
<td>330</td>
</tr>
<tr>
<td>ROTE</td>
<td>8.7%</td>
</tr>
<tr>
<td>Performing Credit Balance Variation</td>
<td>4.1%</td>
</tr>
<tr>
<td>Deposits Balance Variation</td>
<td>3.6%</td>
</tr>
<tr>
<td>NPL ratio</td>
<td>8.6%</td>
</tr>
<tr>
<td>Coverage ratio</td>
<td>63%</td>
</tr>
<tr>
<td>CET1 Ratio</td>
<td>14.75%</td>
</tr>
</tbody>
</table>

> **Customer-centric approach** with 26% increase in customer experience

> **Increasing dynamism** of commercial activity

> Increasing sustainable profitability

> **Strengthening capital ratios** via organic generation of funds

> **Asset quality improvement**

> New Corporate Governance in accordance with international best practices

> Increased credit rating supports the evolution of the entity
7. MEDIUM-TERM PROSPECTS

Strengthening of recurring business and asset quality improvement

Medium-term targets

- **Credit** >€30bn
- **Deposits** >€35bn
- **ROE** 8-11%
- **Efficiency** 45%

- **Strengthening** of commercial margin: retail banking will continue to be the core business of ABANCA
- **Balancing** of the proportion of deposits – investment funds
- **Development** of potential for growth in means of payment, insurance and investment funds.
- **Generating** recurring profitability in line with cost of capital
- **Avoid increasing market volatility** by reducing carry trade assets and liabilities
- **Continue improving asset quality**, while high levels of coverage are maintained
- **Maintain high capital ratios** that allow the entity to comfortably meet the demands of the regulator
8. CSR HIGHLIGHTS

Strengthening the commitment to the community

Launch of 'Words for Galicia'
Kailash Satyarthi, Nobel Peace Price 2014, opened with his visit to Galicia this space for knowledge and exchange of ideas.

Global Shapers
A caravan of Global Shapers social movement has travelled in June 30 Spanish cities to understand the situation and concerns of young people.

Agreement with Fundación Deporte Galego
100 Galician clubs, 1,000 teams and nearly 15,000 license holders of 22 sports disciplines, 10,000 of which are children

Fundraising campaign S.O.S Nepal
236,518.94 euros donated by customers and not customers, employees and also the Bank, which has matched the contribution of the aforementioned groups.
8. CSR HIGHLIGHTS

Strengthening the commitment to the community

“Picasso and the Cubism in the ABANCA’s Art Collection" at the Thyssen Museum
Twelve works by Picasso, Juan Gris, Braque and five other top-level artists reviewed the importance and influence of this movement in the history of art

ABANCA’s art collection declared of cultural interest
The 1,349 works of art were declared to be of cultural interest endorsing their artistic value

Toy donation campaign
ABANCA Obra Social collaborated for the second consecutive year with the Red Cross in the campaign ‘There are many toys. One way to help’.

ABANCA ReSuena
Program with the Symphony Orchestra of Galicia for the social reintegration of children and youth at risk and exclusion.
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