1. 2016 OVERVIEW

Net profit grew up to 334 million euros with a 9.7% return

### Profitability
- Commercial margin grew 12%
- Expenses were reduced by 12%, increasing productivity
- The NPLs reduction meant a lower cost of risk

### Risk quality
- NPL balances were reduced by 20%
- 54% coverage adapted to the new regulatory environment

### Solvency
- The strong capital position is based on the organic generation of resources
- Comfortable position of more than 1,700 millions over the ECB capital requirements

### Commercial dynamism with enterprises
- Working capital financing for enterprises and freelancers increased 27%
- 33% increase in insurance sales, with growth in all categories
- Profitable growth focused on higher value-added segments

#### Key Figures
- **334 million** net profit
- **9.7%** ROTE
- **54%** coverage
- **14.7%** CET 1
- **13,034 million** financed volume
  - +13.5% capital excess
  - +27% working capital for enterprises and freelancers
  - +33% insurance production
1. 2016 OVERVIEW

Profitability was consolidated, and the quality of assets was improved in the last three years.

**Profitability**
ROTE

- 2013: 0.9%
- 2016: 9.7%

**Growth**
Retail Business Vol. (millions)

- 2013: 52,544
- 2016: 61,931

**Credit quality**
NPL ratio

- 2013: 15.1%
- 2016: 6.8%
2016, year of the digital transformation of our commercial structure to offer a personalised and specialised customer service
2. STRATEGY

Innovation commitment

Technological renovation:

100 million euro INVESTMENT

- ATMs
- POS
- Microsoft Surface

New customer habits:

- Launching of ABANCA Pay
- ABANCA has implemented contactless technology in cards
- Launching of ABANCA Cash
- ABANCA, second European financial company that offers mobile payment via Samsung Pay
2. STRATEGY

Digital transactions meant 43% of the total

More digital transactions:

+40% ELECTRONIC BANK TRANSFERS

+41% DIGITAL INTERACTIONS WITH CUSTOMERS

More digital users:

+37% MOBILE BANKING USERS
(at the head of the industry in terms of satisfaction)

+18% ACTIVE DIGITAL CUSTOMERS
2. STRATEGY

Our personalisation and specialisation strategy

Specialised service:

- ABANCA Enterprises
- ABANCA Insurance
- ABANCA Farming
- ABANCA Sea
- ABANCA Personal Banking
- ABANCA Private Banking
- Abanca Consumer Finance
- Management agents of Social Welfare

New products:

- Launching of APPlázame service (payment in instalments)
- Launching of Tú card (You card)
- Launching of Insurance Flat Rate
2. STRATEGY

Very positive response from customers

Evolution of the customer base, with more weight in:

- +4% Customers with direct-credit payroll
- +5% under 26 customers
- +1% Enterprises and freelancers
- +45% digital customers

Improvement of the satisfaction index:

- 2013 NSI: 54
- 2016 NSI: 68
- 2013 NPI: -42
- 2016 NPI: 12
3. BUSINESS EVOLUTION

3.8% increase in credit, directed at the highest value segments

**Key figures** (millions)

- **Credit to customers**: 25,571
- **Customer funds**: 34,715

**Structure of new financing** (%)

- SMEs and freelancers: 65%
- Other enterprises: 20%
- Households: 8%
- Public sector: 7%

*Latest available data: November 2016*
3. BUSINESS EVOLUTION

Higher growth than industry that reflects the gain of market share at national level

Spain market share

- 2.4% Deposits
- 2.1% Credit

ABANCA increases its national presence

+12 bp business volume during 2016

Galicia market share

- >41% Deposits
- >30% Credit

Leader in the north-west of Spain

Latest available data: September 16
3. BUSINESS EVOLUTION

More than 3,000 million euros to finance the daily activity of enterprises and freelancers, 27% more than in 2015

New working-capital financing for enterprises and freelancers (millions)

2015: 2,433
2016: 3,085

+27% yoy

Increase of working-capital financing for enterprises:

Engine of the economic activity
3. BUSINESS EVOLUTION

Credit production continues to improve the portfolio profitability

Credit to customers (millions)

<table>
<thead>
<tr>
<th>Month</th>
<th>Credit (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-16</td>
<td>25,571</td>
</tr>
<tr>
<td>Sep-16</td>
<td>25,461</td>
</tr>
<tr>
<td>Jun-16</td>
<td>25,364</td>
</tr>
<tr>
<td>Mar-16</td>
<td>24,992</td>
</tr>
<tr>
<td>Dec-15</td>
<td>24,638</td>
</tr>
</tbody>
</table>

+3.8% yoy

New production interest rates vs portfolio (%)

<table>
<thead>
<tr>
<th>Category</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Back book</td>
<td>1.81</td>
</tr>
</tbody>
</table>
| 4Q 2016 Front book | 2.19 │

+38bp
3. BUSINESS EVOLUTION

Growth in deposits along with the improvement of financing costs

<table>
<thead>
<tr>
<th>Deposits (millions)</th>
<th>New-production interest rates vs portfolio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-16: 29,918</td>
<td>+3.3% yoy</td>
</tr>
<tr>
<td>Sep-16: 29,842</td>
<td>+18.6% Balance of demand deposits</td>
</tr>
<tr>
<td>Jun-16: 29,646</td>
<td>-24bp</td>
</tr>
<tr>
<td>Mar-16: 29,046</td>
<td></td>
</tr>
<tr>
<td>Dec-15: 28,959</td>
<td></td>
</tr>
</tbody>
</table>

4Q 2016 Front book: 0.07
Back book: 0.31
3. BUSINESS EVOLUTION

Alternative products to deposits enable customers to optimise their portfolio

<table>
<thead>
<tr>
<th>Mutual funds, pension plans and insurance (millions)</th>
<th>Net subscriptions of mutual funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-16 4,797</td>
<td>+12.2% yoy</td>
</tr>
<tr>
<td>Sep-16 4,441</td>
<td></td>
</tr>
<tr>
<td>Jun-16 4,378</td>
<td></td>
</tr>
<tr>
<td>Mar-16 4,301</td>
<td></td>
</tr>
<tr>
<td>Dec-15 4,276</td>
<td>2.9% NATIONAL SHARE</td>
</tr>
</tbody>
</table>
3. BUSINESS EVOLUTION

33.3% increase in insurance sales, boosting revenue diversification

<table>
<thead>
<tr>
<th>Premiums for new insurance production (thousands)</th>
<th>Variation of new production by categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-16   42,215</td>
<td>Risk 35%</td>
</tr>
<tr>
<td>Dec-15   31,661</td>
<td>Car 50%</td>
</tr>
</tbody>
</table>

+33.3% yoy

| Business | 52%          |
| Property | 15%          |

15.9% return in the insurance business in 2016
The agencies verify the improvement of economic fundamentals of the bank

- **2016**
  - Bank's LT rating: 
    - DBRS Investment grade
    - First quarter 2017
    - +1 notch in S&P's
  - Covered bonds rating: 
    - DBRS
    - Fitch Ratings
    - Moody's
5. RESULTS

€334 million net profit registered with a 9.7% ROTE

<table>
<thead>
<tr>
<th>(millions)</th>
<th>Dec-16</th>
<th>Var Dec-16/ Dec-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>RECURRENT COMMERCIAL MARGIN</td>
<td>389.0</td>
<td>12.1%</td>
</tr>
<tr>
<td>Non-commercial margin (SAREB bonds, Fl portfolio...)</td>
<td>18.9</td>
<td>-74.5%</td>
</tr>
<tr>
<td>NET INTEREST INCOME</td>
<td>407.9</td>
<td>-3.2%</td>
</tr>
<tr>
<td>Net fees and commissions</td>
<td>151.8</td>
<td>5.9%</td>
</tr>
<tr>
<td>BASIC MARGIN</td>
<td>559.7</td>
<td>-0.9%</td>
</tr>
<tr>
<td>RECURRENT BASIC MARGIN</td>
<td>540.8</td>
<td>10.3%</td>
</tr>
<tr>
<td>Portfolio income and other</td>
<td>95.3</td>
<td>-74.8%</td>
</tr>
<tr>
<td>GROSS MARGIN</td>
<td>655.0</td>
<td>-30.5%</td>
</tr>
<tr>
<td>RECURRENT GROSS MARGIN</td>
<td>543.3</td>
<td>2.8%</td>
</tr>
<tr>
<td>Operating expenditure</td>
<td>519.1</td>
<td>-11.9%</td>
</tr>
<tr>
<td>Provisions and allocations</td>
<td>-154.0</td>
<td>-248.7%</td>
</tr>
<tr>
<td>Ordinary loan provisions</td>
<td>73.6</td>
<td>-40.1%</td>
</tr>
<tr>
<td>Other gains / losses</td>
<td>68.9</td>
<td>-30.3%</td>
</tr>
<tr>
<td>PBT</td>
<td>358.8</td>
<td>3.0%</td>
</tr>
<tr>
<td>Tax</td>
<td>25.2</td>
<td>37.3%</td>
</tr>
<tr>
<td>NET PROFIT</td>
<td>333.6</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

**Recurring margin increased 10%**

**Operating expenses were 12% reduced**

**9.7% Business profitability (ROTE) above industry**
5. RESULTS.

Recurrent improvement of financial margin based on the maintenance of credit revenues

The positive evolution of the financial margin throughout 2016 ....

... is based on the higher contribution of the commercial result of the bank

<table>
<thead>
<tr>
<th></th>
<th>1Q 2016</th>
<th>2Q 2016</th>
<th>3Q 2016</th>
<th>4Q 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit revenues</td>
<td>25%</td>
<td>26%</td>
<td>22%</td>
<td>23%</td>
</tr>
<tr>
<td>Rest</td>
<td>-34%</td>
<td>-30%</td>
<td>-28%</td>
<td>-24%</td>
</tr>
<tr>
<td>Expenses</td>
<td>-66%</td>
<td>-70%</td>
<td>-72%</td>
<td>-76%</td>
</tr>
<tr>
<td>Deposit costs</td>
<td>Rest</td>
<td>Rest</td>
<td>Rest</td>
<td>Rest</td>
</tr>
</tbody>
</table>
5. RESULTS.

12.1% growth in commercial margin

Volume effect
Performing credit balance (millions)

<table>
<thead>
<tr>
<th></th>
<th>Dec-16</th>
<th>Dec-15</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25,571</td>
<td>24,638</td>
</tr>
</tbody>
</table>

+3.8% yoy

Prices effect

<table>
<thead>
<tr>
<th>4Q 2016 Front book</th>
<th>2.12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit</td>
<td>0.07</td>
</tr>
<tr>
<td>Term</td>
<td>2.19</td>
</tr>
<tr>
<td>Spread</td>
<td>1.50</td>
</tr>
</tbody>
</table>

Commercial margin (millions)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>+12.1% yoy</td>
<td>347</td>
<td>389</td>
</tr>
</tbody>
</table>

Lending volume + Front book margin = Ordinary profit growth
5. RESULTS.
Better performance than the industry in the generation of revenues from services

Revenues from services rendered (millions)

<table>
<thead>
<tr>
<th></th>
<th>Dec-16</th>
<th>Dec-15</th>
<th>Dec-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>152</td>
<td>143</td>
<td>144</td>
</tr>
</tbody>
</table>

Year-over-year variation Fees & Commissions revenues

<table>
<thead>
<tr>
<th>Bank</th>
<th>Year-over-year variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank 1</td>
<td>6.1%</td>
</tr>
<tr>
<td>Bank 2</td>
<td>6.1%</td>
</tr>
<tr>
<td>Bank 3</td>
<td>5.9%</td>
</tr>
<tr>
<td>Bank 4</td>
<td>5.6%</td>
</tr>
<tr>
<td>Bank 5</td>
<td>5.5%</td>
</tr>
<tr>
<td>Bank 6</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Bank 7</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Bank 8</td>
<td>-6.3%</td>
</tr>
<tr>
<td>Bank 9</td>
<td>-9.5%</td>
</tr>
</tbody>
</table>

Fees & Commissions weight in the Basic Margin (%)

<table>
<thead>
<tr>
<th></th>
<th>Dec-16</th>
<th>Dec-15</th>
<th>Dec-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>27.1%</td>
<td>25.4%</td>
<td>20.5%</td>
</tr>
</tbody>
</table>
5. RESULTS.

Expenses fell 11.9%, thus increasing the levels of productivity and improving efficiency

Operating expenses (millions)

-11.9% yoy

589

Dec-15

519

Dec-16

vs +2.8% industry average*

Retail volume by employee (thousands)

15,360

Dec-16

14,492

Dec-15

*Data published in the presentations of 2016 results

Efficiency measures

- Renegotiation of major contracts
- Travel expenses optimisation
- Reduction of tenancy expenses
5. RESULTS

The cost of risk is 40% reduced due to the asset quality improvement

Allocations and provisions (millions)

- Ordinary loan provisions Dec-16: 74
- “Floor clauses” provision
- Annex IX impact and one-off recoveries: -258
- Total provisions & allocations Dec-16: -154

0.3% ordinary CoR

The improvement of the credit quality allows to hold the cost of the risk around 0.3%
6. RISK QUALITY, SOLVENCY AND LIQUIDITY

NPL ratio was reduced by 177bp in 2016, standing below 7%
6. RISK QUALITY, SOLVENCY AND LIQUIDITY

The high coverage for problematic assets, in line with the industry, reflects the prudent risk policies

- **50.1%**
  - NPL coverage

- **61.6%**
  - Coverage for foreclosed assets

- **54.0%**
  - Total coverage

The weight of foreclosed assets stands at only 1% of the balance sheet, one of the lowest of the market
ABANCA continues as one of the most capitalised banks of the industry

At the head of the industry with a comfortable capital position with regard to the regulator’s requirements

14.7% CET1 Phase In

1,790 million Capital excess over 7.5%

Comfortable capital position on ECB requirements

<table>
<thead>
<tr>
<th>Bank</th>
<th>CET1 Phase In</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank 1</td>
<td>7.96%</td>
</tr>
<tr>
<td>Bank 2</td>
<td>7.20%</td>
</tr>
<tr>
<td>Bank 3</td>
<td>6.82%</td>
</tr>
<tr>
<td>Bank 4</td>
<td>6.45%</td>
</tr>
<tr>
<td>Bank 5</td>
<td>5.83%</td>
</tr>
<tr>
<td>Bank 6</td>
<td>5.63%</td>
</tr>
<tr>
<td>Bank 7</td>
<td>5.30%</td>
</tr>
<tr>
<td>Bank 8</td>
<td>5.05%</td>
</tr>
<tr>
<td>Bank 9</td>
<td>4.78%</td>
</tr>
<tr>
<td>Bank 10</td>
<td>4.63%</td>
</tr>
<tr>
<td>Bank 11</td>
<td>4.56%</td>
</tr>
<tr>
<td>Bank 12</td>
<td>4.25%</td>
</tr>
<tr>
<td>Bank 13</td>
<td>3.35%</td>
</tr>
<tr>
<td>Bank 14</td>
<td>3.11%</td>
</tr>
</tbody>
</table>

*Ranking established according to the latest data available: Presentations of results 3Q 2016 and 4Q2016
6. RISK QUALITY, SOLVENCY AND LIQUIDITY

Higher than 11,700 million comfortable liquidity position

Liquid assets and issuance capability (millions)

<table>
<thead>
<tr>
<th></th>
<th>Amount (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquid assets</td>
<td>7,259</td>
</tr>
<tr>
<td>Issuance</td>
<td>4,482</td>
</tr>
<tr>
<td>capability</td>
<td></td>
</tr>
<tr>
<td>Total Dec-2016</td>
<td>11,741</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
7. MANAGEMENT PILLARS AND STRATEGIC OBJECTIVES

Refined commercial strategy

More **micro-oriented transactions** adjusted to our environment:

Consumer, means of payment, and SMEs, small businesses and freelancers

More **specialisation** in management:

Commercial procedures aligned with the particularities of each segment

More **value-added products**:

Foundation for the generation of revenues and value contribution for customers

More **efficiency**:

Optimisation plan for expenditure
Well-positioned to meet the objectives of the strategic plan

- Capital: >14%
- NSI: 70
- NPL ratio: 4.5-5.5%
- ROTE: 9-10%
- Credit: 27,000 million euros
Socially responsible
365 days a year
8. SOCIALLY RESPONSIBLE

CSR Highlights

January
ABANCA sponsors the Arzobispo San Clemente literary prizes

March
Beginning once again of the financial education program

April
ABANCA receives the Premio Excelencia of culture for the ABANCA ReSuena project
8. SOCIALLY RESPONSIBLE

CSR Highlights

April
PRESENTATION of Instituto de Educación Superior Intercontinental de la Empresa (IESIDE)

June
ABANCA presents its first Corporate Social Responsibility report

July
Environmental actions in Cies Islands, Cabanas and Vigo.
8. SOCIALLY RESPONSIBLE

CSR Highlights

**September**
ABANCA inaugurates in the Museum of León the exhibition ‘Bajo el signo de Picasso’

**November**
First Forum ABANCA Responsible aimed at Galician SMEs

**December**
Beginning of the restoration of Lugrís mural and transfer to the headquarters of ABANCA
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