Net profit reaches €250.1 million with a 10.7% profitability

**Profitability**
- The bank maintains very robust levels of profitability (ROE 10.7%)
- Recurring revenues remains as pillar of profitability (+5.6% basic margin)
- Investment Grade Fitch and DBRS

**Risk Quality**
- The non-performing loan ratio falls to 3.3% after 21 consecutive quarters of reduction
- With a 59.0% coverage ratio of non-performing assets and the best Texas ratio of the sector (34.5%), ABANCA ranks as the most healthy entity

**Solvency and Liquidity**
- Capital levels far exceed regulatory requirements
- Sound financing structure based on customer deposits

**Commercial Dynamism**
- The incorporation of DB PCB Portugal increases the business volume nearly up to 80,000 million
- Business formalisations with SMEs and freelancers maintain their dynamism, a 6.4% more than the first half of 2018
- Insurance formalisation grows 7.4% driven by innovation and technological capabilities

250.1 M€ net profit
10.7% ROE
3.3% NPL ratio
-18.8% non-performing loans
59.0% NPA coverage
34.5% ratio Texas
14.7% CET 1
196% LCR
DB PCB Portugal incorporation
~80,000 M€ business volume with customers
2. Half-year highlights

**DB PCB Portugal and BCG Spain integrations contribute 14,000 M€ to the business volume and more than 200,000 new customers**

**INCORPORATION OF DEUTSCHE BANK PCB PORTUGAL**
From June 9th, it has already been included in balance sheet and P&L account
Successful IT integration

**ACQUISITION OF BANCO CAIXA GERAL ESPAÑA**

- 📊 ~7,000M€ Business Volume
- 👥 131,000 Customers
- 📍 110 New branches

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**ABANCA PORTUGAL**

- 📊 >7,000M€ Business Volume
- 👥 79,000 Customers
- 📍 70 Points of sale
- 📈 99% retention
Alliance with Crédit Agricole Assurances to develop the general insurance business in Spain and Portugal

Industrial Partner

CRÉDIT AGRICOLE ASSURANCES

N° 1
BANKASSURANCE in Europe

N° 1
INSURER in France

Top 10
INSURER in Europe

ABANCA
distribution and “Know Your Client”

CRÉDIT AGRICOLE ASSURANCES
technical and product expertise

→ New insurance company with headquarters in Galicia
→ 50% ownership between both partners
→ Long-term stability
→ Digital and innovative approach
Criteria of sustainability in the business activity and corporate governance

**GOVERNANCE**
- Incorporating best practices of governance model of listed companies

**GREEN FINANCING**
- Projects in Plan Nacional Integrado Energía y Clima (PNIEC)
- Renewable energy projects Power Purchase Agreement (PPA) in collaboration with large companies
- Fishing fleet renewal
- Improving primary sector energy efficiency

**ENVIRONMENTAL POLICY**
- Energetically intelligent corporate premises and branch network
- Sustainable transportation
- ZERO Paper Policy

**ALPHA RESPONSIBLE**
- Portfolio management of socially responsible investment funds
- Available ABANCA Private Banking and ABANCA Personal Banking customers
3. Results

Net profit got up to 250.1 million euros based on recurrent margin soundness

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET INTEREST INCOME</strong></td>
<td>272.1</td>
<td></td>
</tr>
<tr>
<td>Net fees and commissions</td>
<td>93.2</td>
<td>5.7%</td>
</tr>
<tr>
<td><strong>BASIC MARGIN</strong></td>
<td>365.3</td>
<td>5.6%</td>
</tr>
<tr>
<td>Dividends and results through equity method</td>
<td>4.2</td>
<td>-69.2%</td>
</tr>
<tr>
<td>Gains/losses on financial assets and liabilities (net)</td>
<td>107.9</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Others (net)</td>
<td>13.3</td>
<td>-15.1%</td>
</tr>
<tr>
<td><strong>GROSS MARGIN</strong></td>
<td>490.6</td>
<td>1.5%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>302.6</td>
<td>9.1%</td>
</tr>
<tr>
<td>Provisions and allocations</td>
<td>1.4</td>
<td>-</td>
</tr>
<tr>
<td>Ordinary loan provisions</td>
<td>23.7</td>
<td>61.0%</td>
</tr>
<tr>
<td>Other gains/losses</td>
<td>80.2</td>
<td>-</td>
</tr>
<tr>
<td><strong>PBT</strong></td>
<td>266.7</td>
<td>7.8%</td>
</tr>
<tr>
<td>Tax</td>
<td>16.6</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET PROFIT</strong></td>
<td>250.1</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

The basic margin grew by 5.6%, as a result of the good evolution of the business with customers.

Investment in projects that reinforce the technological capacity and generation of income.

ROE: 10.7%

Impact on margin and fees of DB PCB Portugal starting in the second half of the year.
Retail activity boosts net interest income growth

Evolution of net interest income (million euros)

- **Margin (million euros)**
- **Total spread**

**+5.6% year on year**

<table>
<thead>
<tr>
<th>Jun-18</th>
<th>Jun-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>257.8</td>
<td>272.1</td>
</tr>
</tbody>
</table>

| 1.01%  | 1.05%  |

Causal interest margin increase (million euros)

- **Jun-18 net interest income**: 257.8
- **Retail activity**: +18.3
- **Market activity**: +0.9
- **Others**: -4.8
- **Jun-19 net interest income**: 272.1
3. Results

Constant growth of the commercial margin based on good price management and commercial dynamism

**Evolution of commercial margin (rates)**

- Loans yield: 1.79% → 1.71% → 1.70% → 1.76% → 1.77% → 1.74%
- Deposit costs: 1.78% → 0.08% → 0.08% → 0.08% → 0.09% → 0.10%
- Customer spread: 1.84% → 1.85% → 1.83%

**Cost of deposits in €**

- 2Q 2018: 1.79%
- 3Q 2018*: 1.71%
- 4Q 2018: 1.70%
- 1Q 2019: 1.76%
- 2Q 2019: 1.77%

**Formalisations - Spreads with customers - (€ and $)**

- Formalisation spread (€): 2.14%
- Formalisation spread ($) (in €): 2.70%

// * Excluding one-off transactions (8.2ME)
Revenues from service provision advanced by 5.7% with strength in the lines of greatest contribution to customers

Revenues from services provided (million euros)

<table>
<thead>
<tr>
<th></th>
<th>Jun-18</th>
<th>Jun-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>88.2</td>
<td>93.2</td>
</tr>
<tr>
<td>Growth</td>
<td>+5.7% year on year</td>
<td></td>
</tr>
</tbody>
</table>

Revenues from sales of insurance, pension plans and investment plans (million euros)

<table>
<thead>
<tr>
<th></th>
<th>Jun-18</th>
<th>Jun-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>28.0</td>
<td>30.7</td>
</tr>
<tr>
<td>Growth</td>
<td>+9.9% year on year</td>
<td></td>
</tr>
</tbody>
</table>

Revenues from collection and payment services (million euros)

<table>
<thead>
<tr>
<th></th>
<th>Jun-18</th>
<th>Jun-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>32.3</td>
<td>34.9</td>
</tr>
<tr>
<td>Growth</td>
<td>+8.1% year on year</td>
<td></td>
</tr>
</tbody>
</table>

Revenues from banking services (million euros)

<table>
<thead>
<tr>
<th></th>
<th>Jun-18</th>
<th>Jun-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>27.9</td>
<td>27.5</td>
</tr>
<tr>
<td>Growth</td>
<td>+0.7% eliminating outliers of consolidation</td>
<td>-1.3% year on year</td>
</tr>
</tbody>
</table>
3. Results

The financial strength of the bank allows significant investments in technological and business capabilities.

Operating expenses
(million euros)

<table>
<thead>
<tr>
<th>Category</th>
<th>Jun-19</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating expenses</td>
<td>277.5</td>
<td></td>
</tr>
<tr>
<td>CPI Update</td>
<td>8.5</td>
<td></td>
</tr>
<tr>
<td>Digitalisation and other projects</td>
<td>15.0</td>
<td></td>
</tr>
<tr>
<td>Amortisation</td>
<td>2.1</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>-0.5</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>302.6</td>
<td></td>
</tr>
</tbody>
</table>

Distribution of the increase of expenditure aimed at projects

- 30.7% Operational excellence
- 59.0% Business increase
- 10.3% Capital optimisation

Total investment in projects over the past 18 months (from the beginning of the strategic planning period 2018-2020): +145M€
The investment in digital capabilities boosts productivity of the commercial network

Digital transactions
(month) (millions)

54.8%
DIGITAL TRANSACTIONS O/TOTAL

+7.7%
year on year

211.7  228.1
Jun-18  Jun-19

Productivity per employee
(units/day*)

0.82  0.99  1.05
Jun-17  Jun-18  Jun-19

* Product sales for the semester per management agent and per day
3. Results

The cost of risk remains stable among the lowest in the sector, as a result of the prudence in granting credit.

Provisions and allocations (million euros)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount (million euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions</td>
<td>23.7</td>
</tr>
<tr>
<td>One-off recoveries and others</td>
<td>-22.3</td>
</tr>
<tr>
<td>Total provisions and allocations</td>
<td>1.4</td>
</tr>
</tbody>
</table>

Cost of risk evolution (%)

<table>
<thead>
<tr>
<th>Period</th>
<th>Cost of Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-18</td>
<td>0.10%</td>
</tr>
<tr>
<td>Jun-19</td>
<td>0.14%</td>
</tr>
<tr>
<td>Sector</td>
<td>0.27%</td>
</tr>
</tbody>
</table>

**Source**: Latest information available reported by banks.
The business volume soon reach 80,000 million with the incorporation of DB PCB Portugal
The performing credit portfolio increased 13.5%, increasing funding to enterprises

Performing credit to customers*
(million euros)

<table>
<thead>
<tr>
<th></th>
<th>Jun-18</th>
<th>Jun-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excl. ABANCA Portugal</td>
<td>28,227</td>
<td>29,611</td>
</tr>
<tr>
<td>ABANCA (excl. Portugal)</td>
<td>706</td>
<td>3,215</td>
</tr>
<tr>
<td>ABANCA Portugal</td>
<td>28,933</td>
<td>32,826</td>
</tr>
</tbody>
</table>

Credit investment by type of customer

- **Individuals**: 50%
- **Enterprises**: 38%
- **Public Adm.**: 9%
- **Real Estate**: 3%

*Adjusted by atypical movements
The bank manages customers’ resources of more than 44,000 M€, with increasing weight of off-balance sheet funds.
4. Business Evolution

Deposits increased driven by new customers

Customer deposits (million euros)

<table>
<thead>
<tr>
<th>ABANCA (excl. Portugal)</th>
<th>ABANCA Portugal</th>
</tr>
</thead>
<tbody>
<tr>
<td>32,380</td>
<td>35,001</td>
</tr>
</tbody>
</table>

170

32,210

33,900

Jun-18

Jun-19

- **35,000** NEW DIRECT-SALARY DEPOSITS
- **+25.5%** CREDIT/DEBIT CARDS*
- **>50,000** NEW CUSTOMERS DURING 2019
- **+6.8%** POS DEVICES*

*Business figures in Spain
The incorporation of DB PCB Portugal increases by 45% the off-balance sheet funds and boosts capabilities in personal and private banking.

**Off-balance sheet funds (million euros)**

- **ABANCA (excl. Portugal)**: 6,574
- **ABANCA Portugal**: 2,802

**SHARES PORTUGAL**
- **7%** market share of investment funds
- **35%** international investment funds share

**SHARES SPAIN**
- **+2bp** pension plans
- **+3bp** investment funds
- **+7bp** life-savings insurances

**1,726M€**
- Securities deposits
- **+11.6%** year-on-year

//Source: Latest available data INVERCO, ICEA, V2, Bank of Portugal and the Portuguese CMVM (March 19).
Strong premium growth supported by innovation and technological capabilities

New insurance production (million euros)

### General Insurance
- **Jun-18**: 16.6
- **Jun-19**: 19.6
  - **+18.0%** year on year

### Life Insurance
- **Jun-18**: 136.7
- **Jun-19**: 145.0
  - **+6.1%** year on year
5. Risk quality, solvency and liquidity

The bank has reduced by 18.8% its non-performing loans

Non-performing loans evolution (million euros)

-18.8% year on year

Jun-18: 1,401
Jun-19: 1,137

NPL ratio evolution (%)

Jun-18: 5.8%
Jun-19: 3.3%

/ Estimated NPL ratio for the sector. Last data available according to BdE by April’19

21 consecutive quarters lowering NPL ratio
ABANCA at the head of the sector by asset quality

Lowest non-performing loan portfolio of the sector

Size of foreclosed asset portfolio

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

/ Comparative source: Latest information available reported by banks
5. Risk quality, solvency and liquidity

Sound coverage that places ABANCA as the most healthy entity in the Spanish system

- **57.1%** NPL COVERAGE
- **59.0%** TOTAL COVERAGE
- **61.8%** FORECLOSED ASSETS COVERAGE

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

- **ABANCA** 34.5%
- Bank 2: 38.0%
- Bank 3: 38.9%
- Bank 4: 45.8%
- Bank 5: 47.8%
- Bank 6: 55.1%
- Bank 7: 55.6%
- Bank 8: 59.2%
- Bank 9: 68.0%
- Bank 10: 81.4%
- Bank 11: n.a.

// Comparative source: Latest information available reported by banks
5. Risk quality, solvency and liquidity

Comfortable liquidity position based on retail deposits

Financing structure

- Retail deposits 78%
- Interbank 8%
- Issues 7%
- Central banks 7%

97.6% LTD

Wholesale funding ratio (million euros)

- Liquid assets of issue maturities: 3,089 x 1.9 = 12,270
- Total maturities
- Liquid assets + Coverage Bond issue capacity

129% NSFR
NET STABLE FUNDING RATIO

196% LCR
LIQUIDITY COVERAGE RATIO

COMPLYING WITH BASEL III
5. Risk quality, solvency and liquidity

The capital ratio reaches 16.8%, reinforced by issues of computable instruments

Capitalisation structure

<table>
<thead>
<tr>
<th></th>
<th>CET1</th>
<th>AT1</th>
<th>TIER2</th>
<th>Total capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun-18</td>
<td>14.7%</td>
<td>0.9%</td>
<td>1.2%</td>
<td>14.7%</td>
</tr>
<tr>
<td>Jun-19</td>
<td>14.7%</td>
<td>0.9%</td>
<td>1.2%</td>
<td>14.7%</td>
</tr>
</tbody>
</table>

TOTAL CAPITAL

- **16.8%** PHASE IN
- **16.1%** FULLY LOADED

CET1

- **14.7%** PHASE IN
- **14.0%** FULLY LOADED
6. Key conclusions

Financial summary

1. RESULTS

250.1M€ of Net profit

The bank continues to be **one of the most profitable in the Spanish sector** (10.7% ROE)

The technological effort improves profitability and productivity thanks to digital capabilities

2. BUSINESS

Performing loans: 32,826 M€, **+13.5% vs 1H 2018**

+6.4% of credit granted to SMEs and freelancers

Customer funds: 44,515 M€, **+14.3% vs 1H 2018**

Off-balance sheet resources: 9,514 M€, **+44.7% vs 1S 2018**

Insurance: +7.4% registered in new production premiums

3. RISK QUALITY

NPL ratio: **3.3%**, amounting **21 consecutive quarters of NPL ratio reduction**

1.5% non-performing assets over total assets with a 59.0% coverage

Best Texas Ratio of the sector (**Texas Ratio 34.5%**)

4. CAPITAL

14.7% CET1 (phase in) strengthening the leadership of ABANCA in terms of capital

14.0% CET1 (fully loaded)

5. LIQUIDITY

Clearly retail liquidity profile

x1.9 liquid assets on issue maturities

OTHER RELEVANT INFORMATION

Last 18th July, DBRS decided to **upgrade one notch** ABANCA’s rating, placing it at **BBB**

DBRS, as Fitch did, granted the **investment grade** to ABANCA
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