

//ABANCA

Investor Presentation – January 2019

DISCLAIMER

No reliance may be placed for any purposes whatsoever on the information contained in this document (the " **Presentation**") or any other material discussed in the presentation, or on its completeness, accuracy or fairness. The information and opinions contained in the Presentation and any other material discussed in the presentation are provided as at the date of the Presentation and are subject to change without notice. This document has not been approved by any regulatory authority. Furthermore, the information contained in this document has not been independently verified and neither ABANCA Corporación Bancaria, S.A. (the "**Bank**") nor any other party is under any duty to update or inform you of any changes to such information. No representation or warranty, express or implied, is made as to the truth, fullness, accuracy, reasonableness or completeness of the information or opinions contained in the Presentation (or whether any information has been omitted from the document). Accordingly, neither the Bank, nor ABANCA Holding Financiero, S.A., nor any of their affiliates, directors, partners, employees or advisers nor any other person, shall be liable for any direct, indirect or consequential loss or damage (in contract, tort or otherwise) suffered by any person as a result of relying on any statement in or omission from the Presentation and any such liability, responsibility or obligation is expressly disclaimed.

Statements other than statements of historical fact included in the Presentation if any, including, without limitation, those regarding any party's intentions, beliefs, current expectations, targets and projections about future events, business strategy, management plans and objectives or future financial position, operations and customers are forward-looking statements. Forward-looking statements involve known risks, uncertainties and other factors, which may cause the transaction's, the project's or the relevant party's, actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by any forward-looking statements. Forward-looking statements are based on numerous assumptions. Forward-looking statements are not guarantees of future performance and actual results may differ materially from those made in or suggested by any forward-looking statements. Forward-looking statements speak only as of the date on which they are made and the Bank expressly disclaims any obligation or undertaking to release any update of or revisions to any forward looking statements, any change in the Bank's expectations or any change in events, conditions or circumstances on which any forward-looking statements may be based.

Some data contained in this Presentation has been obtained from third parties. While such data is believed, in good faith, to be reliable for the purpose used in this Presentation, there are limitations with respect to the availability, accuracy, completeness and comparability of such data. Neither the Bank, nor ABANCA Holding Financiero, S.A., nor any of their affiliates has independently verified such data and can provide no assurance as to its accuracy or completeness. Certain statements in this Presentation regarding the market and competitive position data are based on the internal analyses of the Bank, which may involve certain assumptions and estimates based on the knowledge and experience of the management of the Bank in the markets in which it operates. While the Bank believes, acting in good faith, that such internal analyses and estimates are reasonable and reliable, they and their underlying methodology and assumptions have not been verified by any independent sources for accuracy or completeness and are subject to change. Accordingly, no reliance should not be placed on any of the industry, market or competitive position data contained in this Presentation.

Certain numerical figures included in this document have been rounded. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding.

DISCLAIMER (Cont'd)

Certain alternative performance measures (as defined in the ESMA Guidelines on Alternative Performance Measures) ("**APMs**") are included in this document. Such APMs, which have not been prepared in accordance with the International Financial Reporting Standards, as adopted by the EU ("I**FRS-EU**"), have been extracted or derived from the accounting records of the Bank and its consolidated subsidiaries (the "**Group**"). The Bank believes that the APMs contribute to a better understanding of the Group's results of operations by providing additional information on what the Group considers being some of the drivers of the Group's financial performance. These APMs, however, should not be regarded as alternatives to revenues, cash flow or net income as indicators of operational performance or liquidity. The APMs are not audited, reviewed or subject to a pro forma review by the Bank's auditors. These APMs are not measurements of the Group's financial performance under IFRS-EU and should not be considered as alternatives to the information in the consolidated annual accounts or to any performance measures prepared in accordance with IFRS-EU. Many of these APMs are based on the Bank's historical data and there can be no guarantee that these results will actually be achieved. Different companies may use different definitions of the APMs. Therefore the Bank's definitions of these measures may not be comparable to the definitions used by other companies. The APMs must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS-EU.

This Presentation is provided for information purposes only and does not constitute, nor must it be interpreted as, an offer to sell or exchange or acquire, or an invitation for offers to buy securities issued by any of the companies mentioned herein or a request for any vote or approval in any jurisdiction.

Nothing in this Presentation constitutes an offer to sell or the solicitation of an offer to buy any securities of the Bank in the United States.

No use or exploitation may be made in any way of the contents of the Presentation, nor of any of the signs, trademarks and logotypes which it contains. This prohibition extends to any kind of reproduction, distribution, transmission to third parties, public communication or conversion into any other medium, for commercial purposes, without the previous express permission of the Bank and/or other respective proprietary title holders. Any failure to observe this restriction may constitute a legal offence which may be sanctioned by the prevailing laws in such cases.

TABLE OF CONTENTS

1. ABANCA at a glance

2. Combining a profitable business model...

3. ...with a strong balance sheet

A. Appendix



Retail domestic bank with low risk profile and a leading position in the northwest of Spain

ABANCA is a flagship **retail and SME banking group** in the Northwest of Spain combined with targeted expansion in the most industrial regions in Iberia …

… delivering an **attractive and diversified growth** profile with increasing recurring revenues **(+10.0% growth year-on-year**) and growth potential in insurance and asset gathering businesses …

… executing a digital project that seeks to accelerate its transformation to reinforce its technological leadership in order to offer a fully-fledged multi-channel and innovative service …

…with a sound financial position, on the back of one of the **soundest solvency positions (CET1 Fully Loaded 14.0%)** combined with one of the highest NPA Coverage (57.2%) in the Spanish sector…

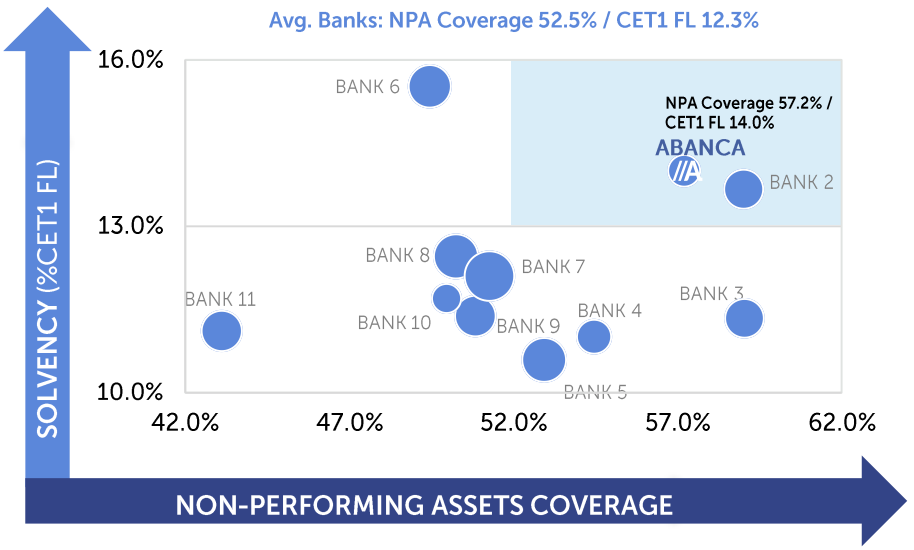
…with a strong performance during 2015-2017 that has allowed ABANCA to be one of the two Spanish Banks to have its **Pilar 2 Requirements reduced for 2018**…

…implementing a tailored and **disciplined risk management** culture and a detailed RAF, leading to a well diversified retail portfolio under an overall medium-low risk appetite…

… and with a **strong corporate governance** with a Board of Directors formed by professionals with broad experience in the Financial Sector and with a majority of independent members.

Source: ABANCA Group information. Unless otherwise stated, data refers to 3Q2018 from ABANCA Group. Companies 3Q2018 Financial Reports. Benchmark considers Santander (Spain), BBVA (Spain), CaixaBank (ex-BPI), Bankia, Sabadell (ex-TSB), Bankinter (Spain), Unicaja, Liberbank, Ibercaja and Kutxabank

Spanish banks NPA coverage / solvency benchmarking



Note: Bubble size represents Non-performing assets (net) / Total assets

ABANCA Group's Key Metrics (3Q18)

Total assets *#10 in Spain*	CET1 FL *#2 in Spain*	RoE	Asset quality *#2 and #3 in Spain- NPA ratio and coverage*	Retail LTD
€49.6bn	14.0%	12.6%	7.2% / 57.2%	91.7%

NPA ratio / NPA Coverage

//ABANCA

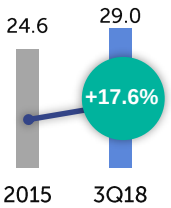
Strong commercial dynamics and levers to support profitability

> Strong fundamentals supporting an RoE above 8% during last years…

Growing portfolio

Performing credit portfolio

€bn

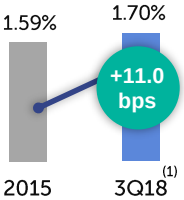


- ✓ Supportive macro fundamentals
- ✓ Strong commercial dynamics, with a clear focus on SMEs while focusing on high quality credit origination

Improving customer spread

Customer spread

%

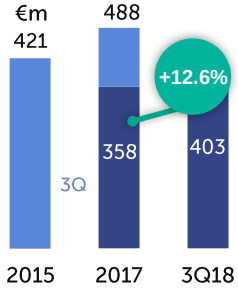


- ✓ Credit growth has enabled to maintain income level despite Euribor reduction
- ✓ Reduction in the cost of funding along with an increase in credit volume

Sustainable revenue growth

Net interest income

€m

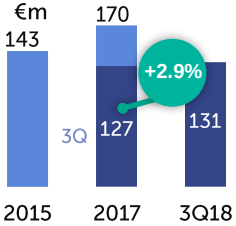


- ✓ Sustainable recurrent net interest income expansion driven by retail activity (10.3% ex. one-offs)(1)
- ✓ Also positively impacted by expensive legacy covered bonds maturities

Significant commissions level

Net fees and commissions

€m

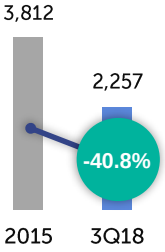


- ✓ Strong growth coming from value added products (+7.6% ex. one-offs(2))
- ✓ Going forward significant potential income expansion from business acquisition in Portugal and Spain

Prudent risk management

NPAs reduction

€m

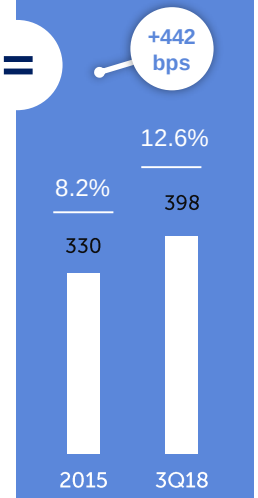


- ✓ Clear focus on risk management, with clear path to NPAs reduction
- ✓ Significant cost of risk reduction

Earnings resilience and RoE above 8%

RoE(3) and Net profit

€m



Having achieved strategic targets for 2017…

Commercial Dynamics Credit Volume (€bn)	Risk Management NPL ratio(5)	Profitability (RoE)(3)	Solvency position CET1 Phased In
Target 2017 >€27bn ✓	Target 2017 5.3% - 6.0% ✓	Target 2017 >8% ✓	Target 2017 >14% ✓
Dec 2017 €27.6bn(4)	Dec 2017 5.3%	Dec 2017 9.1%	Dec 2017 14.9%
Sep 2018 €29.0bn(4)	Sep 2018 4.5%	Sep 2018 12.6%	Sep 2018 14.9%(6)

Source: ABANCA Group information. Unless otherwise stated, data refers to 3Q2018 from ABANCA Group. Notes: (1) Excluding one-off transactions (€8.2m).(2) Isolating the one-off impact of the CLH stake sale in 1H17. (3) Annualized figures for 3Q18. (4) Performing credit portfolio. (5) According to IFRS9, which application implies the SAREB bond is no longer included in the denominator of the ratio. (6) CET1 Fully Loaded 14.0% 3Q18.

//ABANCA

ABANCA, a growing company

> After the acquisition of Banco Caixa Geral, ABANCA will become the 7th Spanish Financial Institution by shareholders equity and the 8th by Total assets

A combination of organic and inorganic growth...

Business volume growth

Credit volume (€bn)(1)



AuMs growth

AuM (€bn)



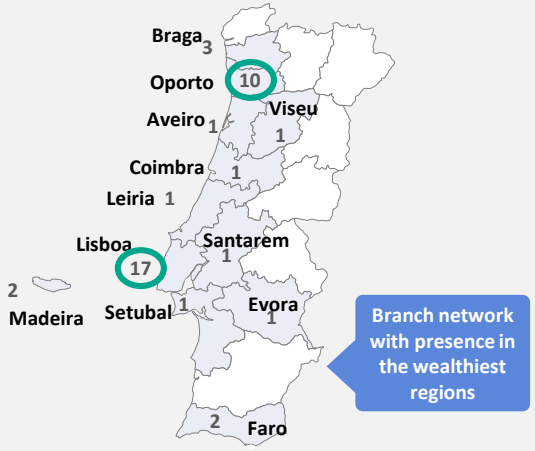
Profitability

Net interest income (€m)



DB retail business in Portugal Footprint (March 27, 2018)

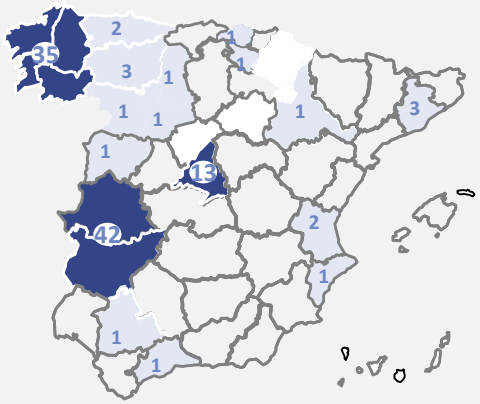
Business volume(2)	+€6,500m
AuMs(2)	+€3,100m
Loan portfolio(2)	+€2,400m



- Natural choice for geographical expansion given the existing border links
- Growing private and personal clients positively contributing to fees potential
- Reinforce DB's business generation capacity with corporates leveraging on ABANCA's know how

Banco Caixa Geral (November 22, 2018)

Business volume(2)	+€7,000m
AuMs(2)	+€389m
Loan portfolio(2)	+ €3,446m



- Complements Abanca's model and strategy, extending commercial network in new provinces (mainly in Castilla León) and reinforcing presence in Extremadura and Galicia
- Generates significant value through badwill and synergies

Source: ABANCA Group information. Unless otherwise stated, data refers to 3Q2018 from ABANCA Group. Notes: (1) Performing credit portfolio. (2) Information as of December 2017. (3) €395m ex. one-offs transactions (€8.2m)

ABANCA's geographical positioning

> Reference retail and SMEs banking group, with dominant positions in the Northwest of Spain (i.e. 40.9% deposits market share in Galicia, excluding BCG)

> Development and promotion of alternative channels

ABANCA MARKET SHARE IN GALICIA (ex BCG)

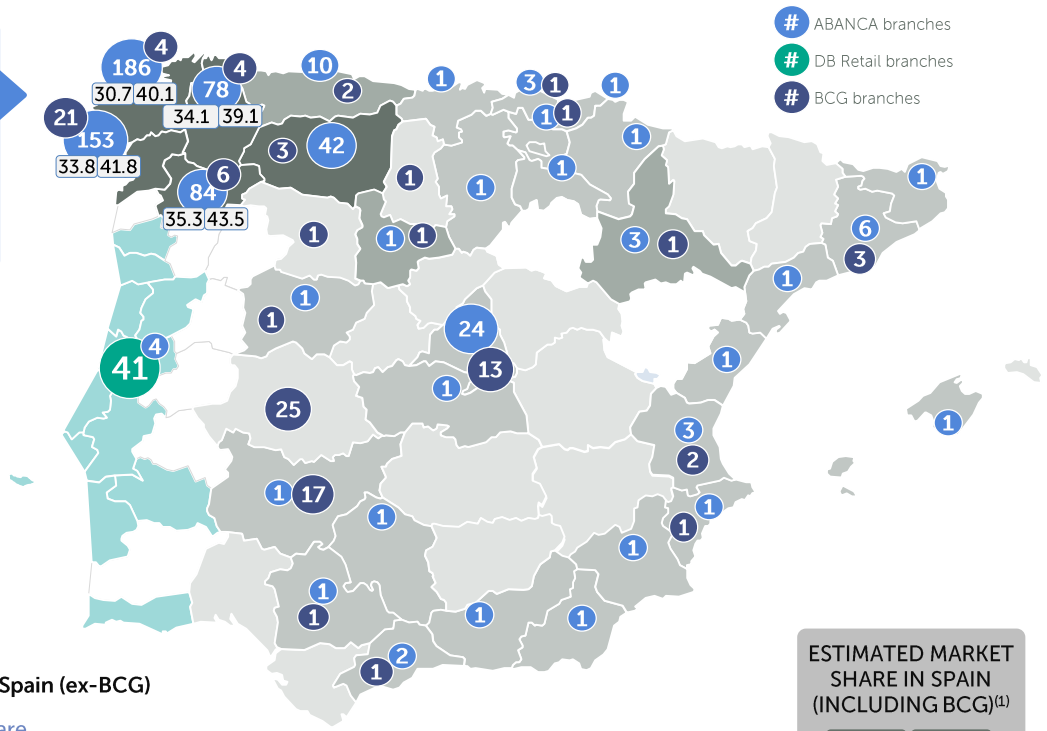
Loans	Deposits
32.4%	40.9%

41 DB Retail Business in Portugal (with a 0.9% market share)

Pending regulatory approvals

110 BCG in Spain (with a 0.3% market share for loans and for deposits)

Pending regulatory approvals



ABANCA's Market share in Spain (ex-BCG)

- > 7.0% loan market share
- 2.0% - 7.0% loan market share
- 2.0% - 0.1% loan market share
- < 0.1% loan market share
- Not present
- Number of branches (Sep–18)

ESTIMATED MARKET SHARE IN SPAIN (INCLUDING BCG)(1)

Loans	Deposits
2.6%	3.0%

Branches in Spain **728(1)**

Strong position in ABANCA's core regions: La Coruña, Lugo, Pontevedra and Orense, with a deposits market share at around or above 40%. Also large presence in Leon and Asturias

Expanded operations through acquisition of DB Retail Business in Portugal and Banco Caixa Geral

ABANCA has a dense capillary branch network in Galicia, and is deploying multichannel capabilities which multiply reach and effectiveness of its branch network and increase proximity to clients

With a multi-channel strategy in place...



Source: ABANCA internal Group information (branches per province in Spain) and Statement FI 132.E of the Bank of Spain (commercial market shares in Spain, as of June 2018). Portuguese Banking Association (branches and commercial market shares in Portugal, as of June 2018). Banco Caixa Geral branches as of December 2017. Unless otherwise stated, data refers to 3Q2018 from ABANCA Group. Notes: (1) includes branches and market share for BCG as of December 2017

//ABANCA

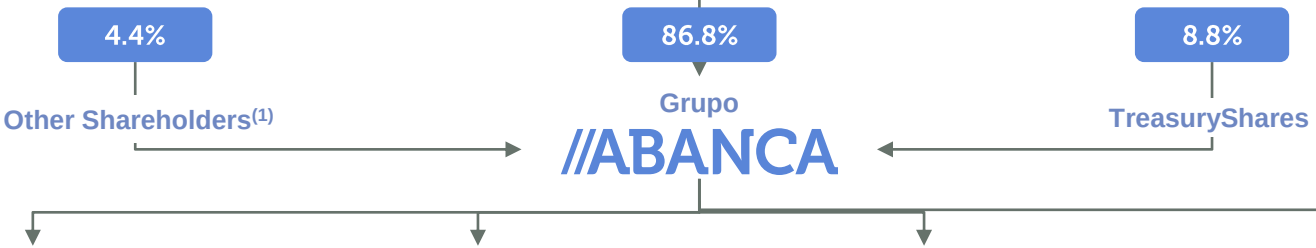
Group structure

> Juan Carlos Escotet as controlling shareholder (c.90%) acquired ABANCA's seeds in 2014, NCG Banco a clean bank that had already been restructured by the FROB

ABANCA Holding Financiero
Shareholding company which main and "key" asset is the 86.8% stake in ABANCA Group

Balance Sheet key items as of FY17 (€m)

	ABANCA Holding Group	ABANCA Group		ABANCA Holding Group	ABANCA Group
			Equity[2]	4,010	4,105
Loans and advances	29,664	29,656	Liabilities	47,046	46,679
Securities Portfolio	13,533	13,524	Deposits from customers	35,731	35,648
Tax Assets	3,456	3,409	Debt securities issued [3]	995	790
Other Assets	4,403	4,196	Other Liabilities	10,320	10,242
Total Assets	**51,056**	**50,784**	**Total Equity and Liabilities**	**51,056**	**50,784**



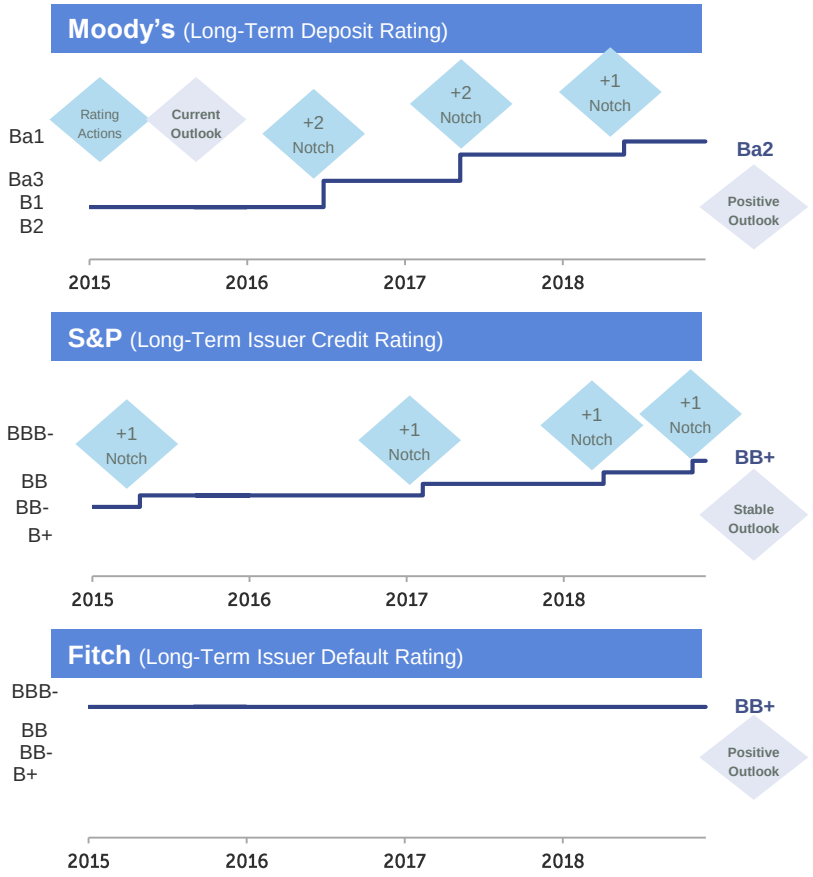
ABANCA Seguros	ABANCA Corporación Bancaria	ABANCA Servicios Financieros	ABANCA Corporación Industrial
(Bank-assurance & life insurance)	(Banking business)	(Consumer finance)	(Industrial stakes)
ABANCA offers bespoke solutions to its client base covering the whole spectrum of insurance products	ABANCA is focused on providing all-round coverage for the financial needs of its customers, with a multi-channel approach and specialised segments	ABANCA focuses on point of sale and prescribers financing	ABANCA's Investees portfolio

Source: ABANCA Group information. Data refers to FY2017 from ABANCA Holding Group and ABANCA Group except Abanca Group ownership stakes which have been updated to 3Q2018. Notes: (1) Includes 1.1% stake from E.C. Nominees Limited and 3.3% stake corresponding to other minorities. (2) Equity at ABANCA Holding Group lower (-€95m) than ABANCA Group due to: i) impact of PPA (€74m), ii) equity consolidation elimination process (-€169m). (3) Difference corresponds mainly to Senior bonds guaranteed with shares of ABANCA Corporación Bancaria S.A. and maturity in October 2019 (€195m) and impact of PPA (€10m).

Recent rating upgrades underline improvement in performance metrics

ABANCA's rating evolution

ABANCA's ratings
from three major rating agencies



Potential for further rating upgrade

- **Recent rating upgrades** have been underpinned by:
  - ABANCA's strong capital position, improving profitability and low and decreasing NPAs
  - Improving credit profile of Spain
- **Moody's, Fitch** and **DBRS have positive rating outlook** on ABANCA
- **S&P** has affirmed the stable rating outlook post announcement of BCG acquisition

	Moody's	S&P	Fitch	DBRS
	Positive	**Stable**	**Positive**	**Positive**
ABANCA ratings	Aa3	**AA- Covered**	AA-	AA (L)
	A1	A+	A+	**A (H) Covered**
	A2	A	A	A
	A3	A-	**A- Covered**	A (L)
	Baa1	BBB+	BBB+	BBB (H)
	Baa2	BBB	BBB	BBB
	Baa3	BBB-	BBB-	**BBB (L) Senior**
	Ba1	**BB+ Senior**	**BB+ Senior**	BB (H)
	Ba2 Deposit	BB	BB	BB
	Ba3	BB-	BB-	BB (L)
	B1	B+	B+	B (H)
	B2	B	**B**	B
	B3	B-	B-	B (L)
	Caa1	CCC+	CCC+	CCC, CC, C (H)
	Caa2	CCC	CCC	CCC, CC, C
	Caa3	CCC-	CCC-	CCC, CC, C (L)

Source: Moody's, S&P, Fitch and DBRS. Unless otherwise stated, data refers to the ABANCA's rating on the date of publication of this presentation.

Note: Range of ratings shown above does not represent full ratings scale of the rating agencies.

//ABANCA

TABLE OF CONTENTS

1. **ABANCA at a glance**

2. **Combining a profitable business model...**

3. **...with a strong balance sheet**

A. Appendix



As of september 2018 net profit reached €398m (12.6% ROE(1)), with a 14.0% CET1 fully loaded

PROFITABILITY

398
€m
NET PROFIT

+10.0%
RECURRING REVENUES

12.6%
RoE(1)

ASSET QUALITY

7.2%
NPA RATIO

-19.6%
NPA VOLUME YEAR ON YEAR DECREASE

57.2%
NPA COVERAGE RATIO

SOLVENCY AND LIQUIDITY

14.0%
CET 1 RATIO FULLY LOADED

125% / 216%
NSFR/ LCR

91.7%
RETAIL LTD

COMMERCIAL DYNAMISM

+5.1%
RETAIL BUSINESS VOLUME

+12.3%
ASSETS UNDER MANAGEMENT

+4.3%
GENERAL INSURANCE PREMIUMS

Source: ABANCA Group information. Unless otherwise stated, data refers to 3Q2018 from ABANCA Group. (1) Annualized figures for 3Q18.

Sound financial dynamics, with net banking income increasing by 10.0% YoY (3Q17-3Q18)

(€m)	Dec-17	Dec-16	Var Dec 17/ Dec-16	Sep-18
NET INTEREST INCOME	488.5	407.9	**19.8%**	**403.5**
Net fees and commissions	169.8	151.8	**11.8%**	**130.7**
NET BANKING INCOME	658.3	559.7	**17.6%**	**534.2**
Results from entities through equity method	7.4	6.4	**15.6%**	**6.5**
Dividend income	10.7	19.6	**-45.3%**	**10.3**
Gains or losses on financial assets and liabilities (net)	202.2	92.8	**117.9%**	**293.8**
Others (net)	-67.4	-23.5	**187.0%**	**-23.5**
GROSS MARGIN	811.2	655.0	**23.8%**	**821.2**
Operating expenditure	558.6	519.1	**7.6%**	**440.0**
Credit and other provisions	-53.9	-154.0	**-65.0%**	**19.3**
Normalised loan provisions	63.8	73.6	**-13.3%**	**29.4**
Other gains / losses	61.7	68.9	**-10.3%**	**38.0**
PROFIT BEFORE TAXES	368.2	358.8	**2.6%**	**399.9**
NET PROFIT	367.1	333.6	**10.0%**	**398.3**

Net interest income grew boosted by the continuous improvement in the commercial margin

Income from services fees improved 7.6% isolating non-recurring items

Operating expenses have been influenced by the reinforcement of the investment in digitalisation and the improvement of commercial capability, implementing a very conservative expenditure recognition policy

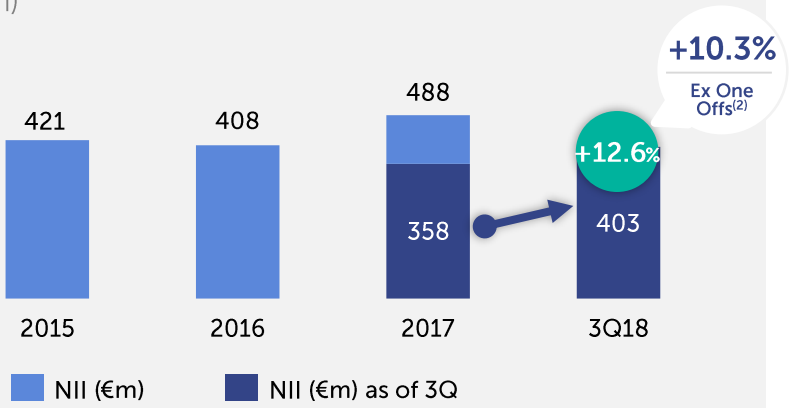
Business Profitability (**RoE**[(1)]) reached 12.6%

Source: ABANCA Group information. Unless otherwise stated, data refers to ABANCA Group. (1) Annualized figures for 3Q18 .

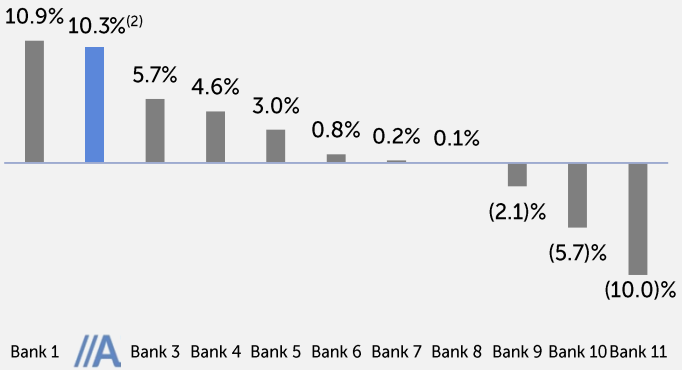
Consistent improvement in NII driven by retail client activity

Net interest income (€m)

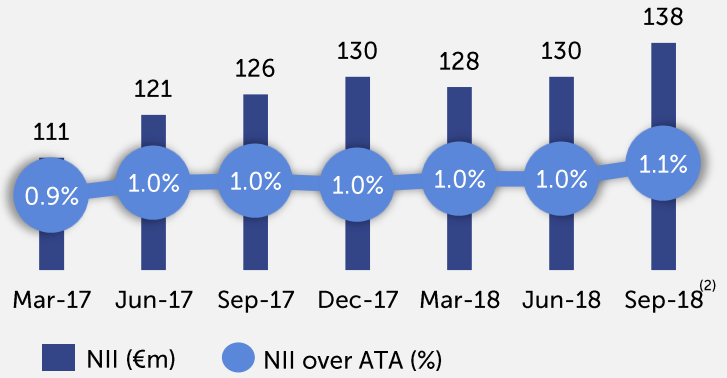
A 200bps increase in interest rates would imply c.€195m growth in NII



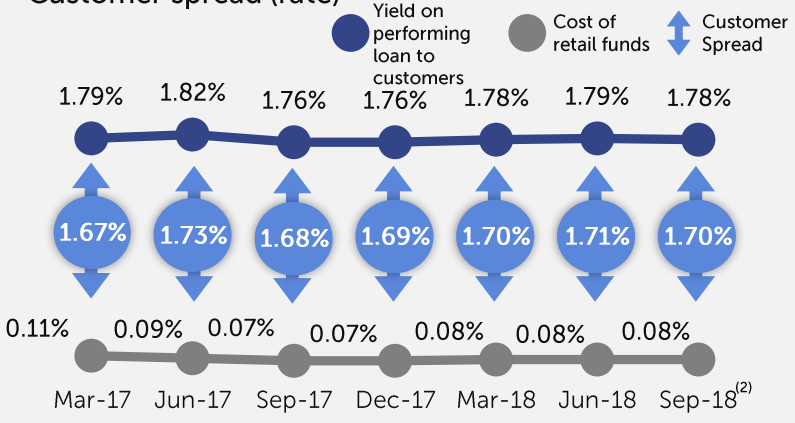
Net interest income YoY change (3Q17-3Q18)(1)



Net interest income quarterly evolution (€m)

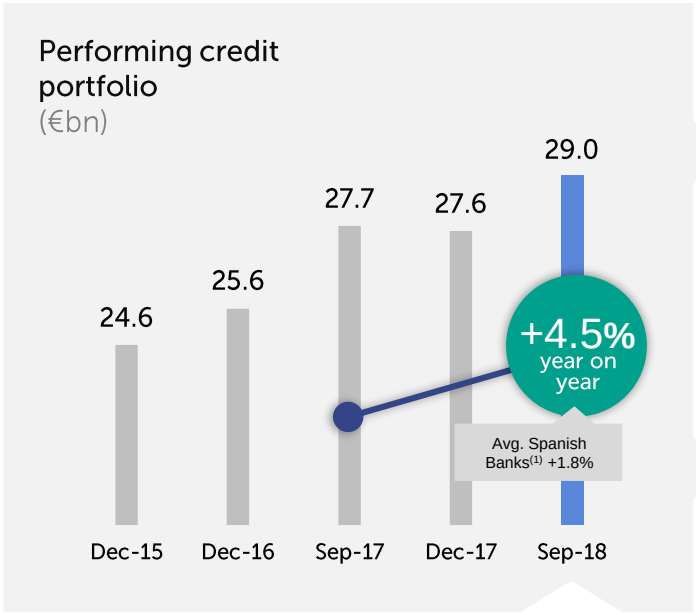


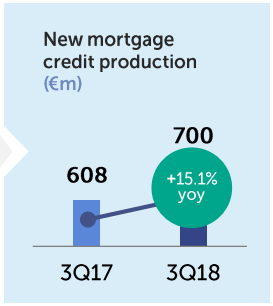
Customer spread (rate)

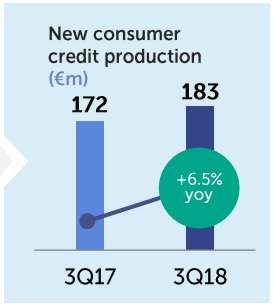


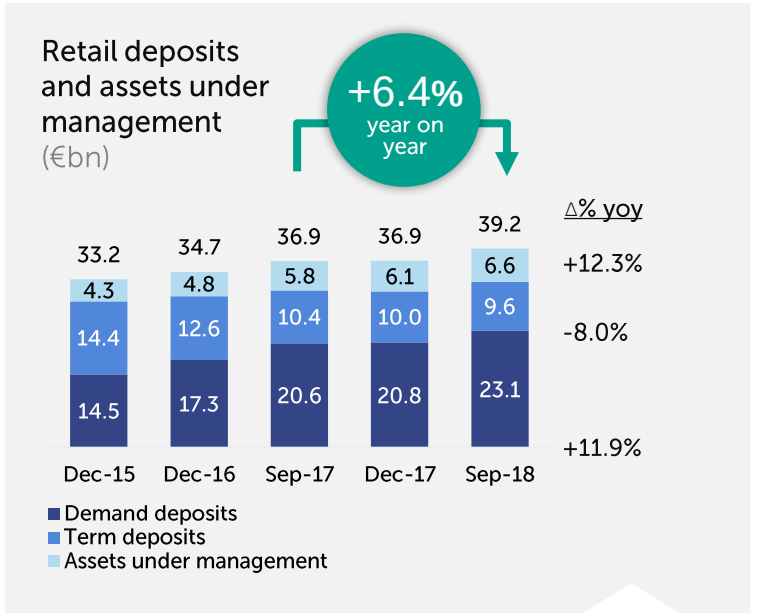
Source: ABANCA Group information. Unless otherwise stated, data refers to 3Q2018 from ABANCA Group. Notes: (1) Companies 3Q2018 Financial Reports. Benchmark considers Santander (Spain), BBVA (Spain), CaixaBank (ex-BPI), Bankia, Sabadell (ex-TSB), Bankinter (Spain), Unicaja, Liberbank, Ibercaja and Kutxabank. (2) Excluding one-off transactions (€8.2m).

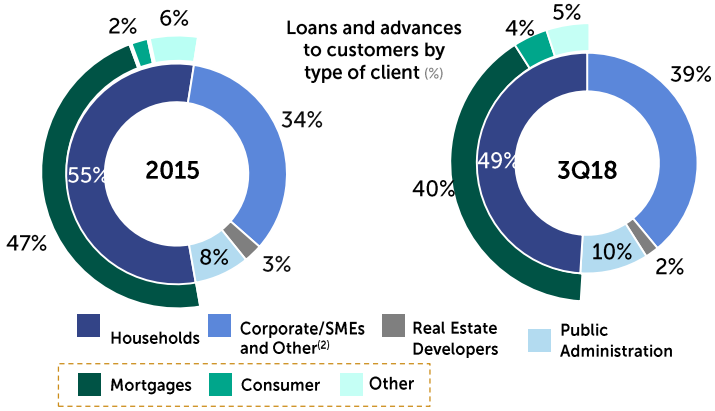
Strong commercial dynamics that have supported growth in net banking income

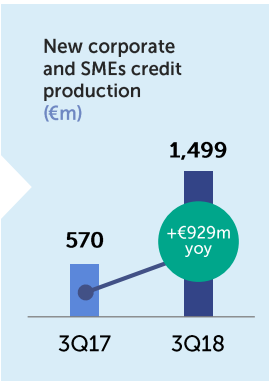


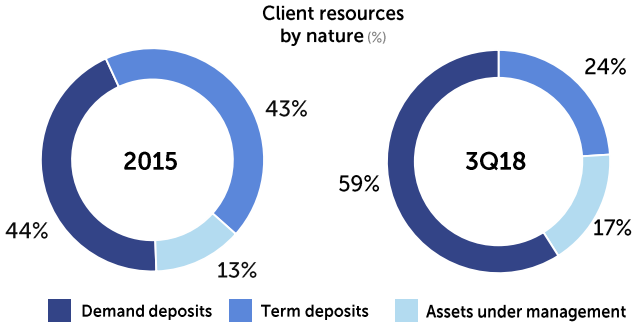












Source: ABANCA Group information. Unless otherwise stated, data refers to 3Q2018 from ABANCA Group. Notes: (1) According to data from Banco de España for total credit (excluding NPLs) from deposit taking entities as of Sep-18
(2) Other includes: Other Financial Entities.

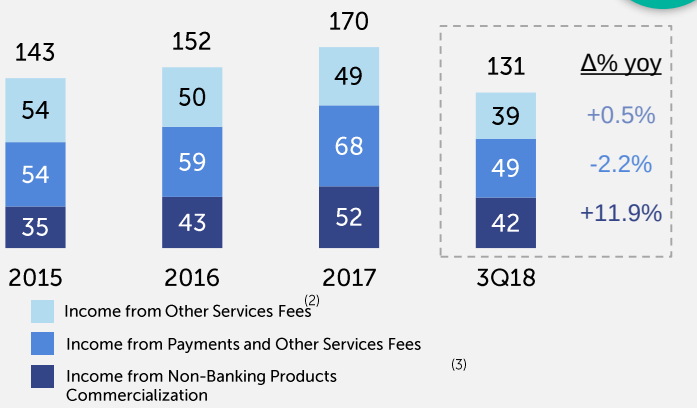
ABANCA

Fees reflect focus on asset gathering and insurance business

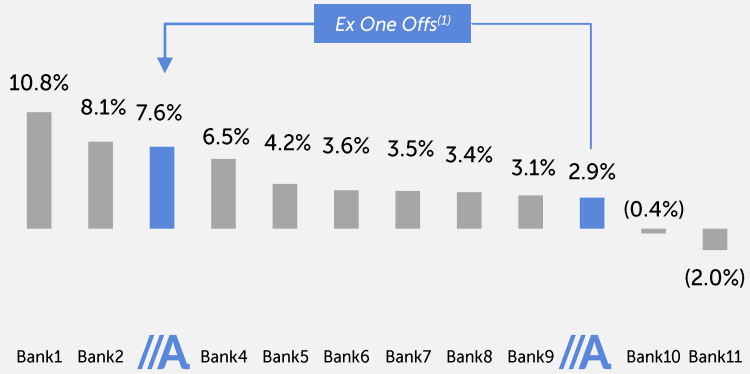
Net fees and commissions (€m)

+7.6% Ex One Offs(1)

+2.9% year on year

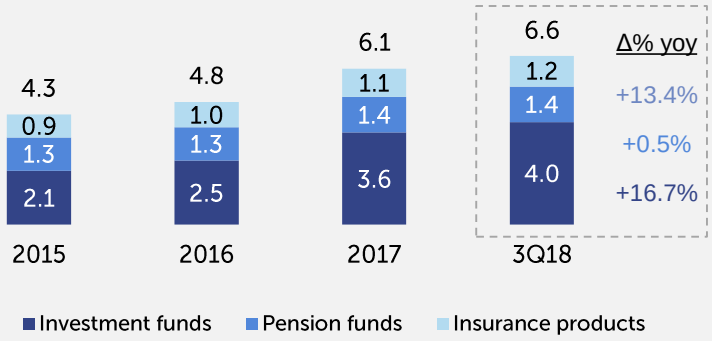


Banks net fees and commissions YoY change (3Q17-3Q18)(4)



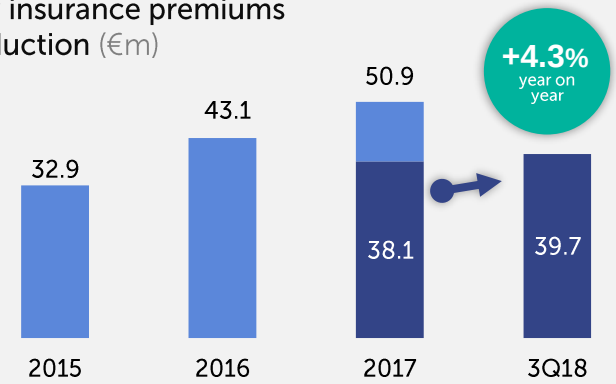
AuMs evolution (€bn)

The add-on of Deutsche Bank Portugal and BCG will contribute additional +€3.5bn AuMs to the current €6.6bn



New insurance premiums production (€m)

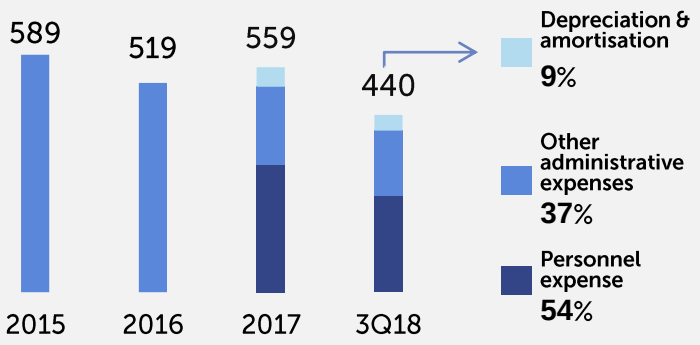
+4.3% year on year



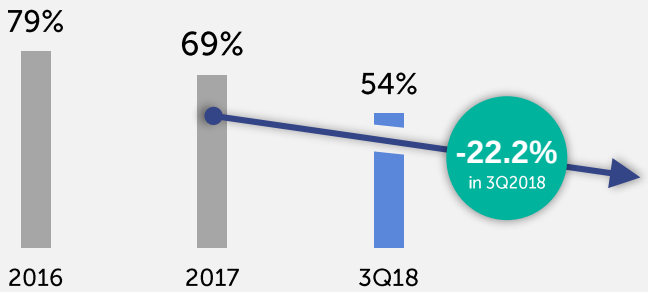
Source: ABANCA Group information. Unless otherwise stated, data refers to 3Q2018 from ABANCA Group. Notes: (1) Isolating the one-off impact of the CLH stake sale in 1H17. (2) Mainly includes commissions related to credit portfolio and contingent risks, as well as underwriting and recovery claims commissions. (3) Includes investment funds, pension funds and insurance products. (4) Companies 3Q2018 Financial Reports. Benchmark considers Santander (Spain), BBVA (Spain), CaixaBank (ex-BPI), Bankia, Sabadell (ex-TSB), Bankinter (Spain), Unicaja, Liberbank, Ibercaja and Kutxabank.

Positive jaws with revenues growing faster than costs

Operating expenditure (€m)

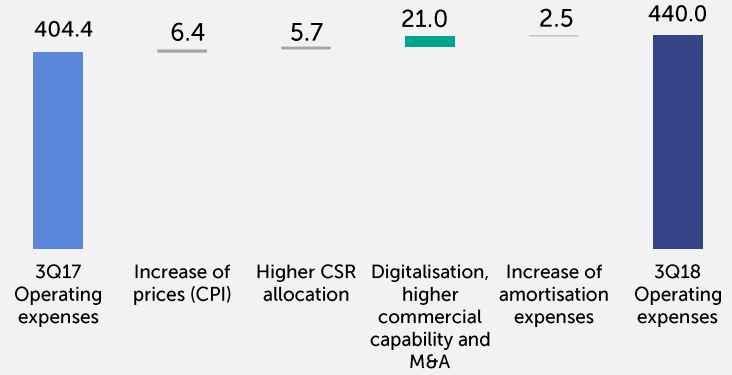


Cost to income ratio (%)

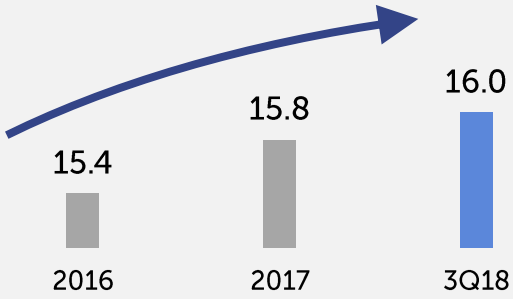


Positive jaws

Operating expenditure(€m)



Retail business volume per employee (€m)



Significant increase in productivity per employee

Source: ABANCA Group information. Unless otherwise stated, data refers to 3Q2018 from ABANCA Group.

ABANCA

TABLE OF CONTENTS

1. **ABANCA at a glance**

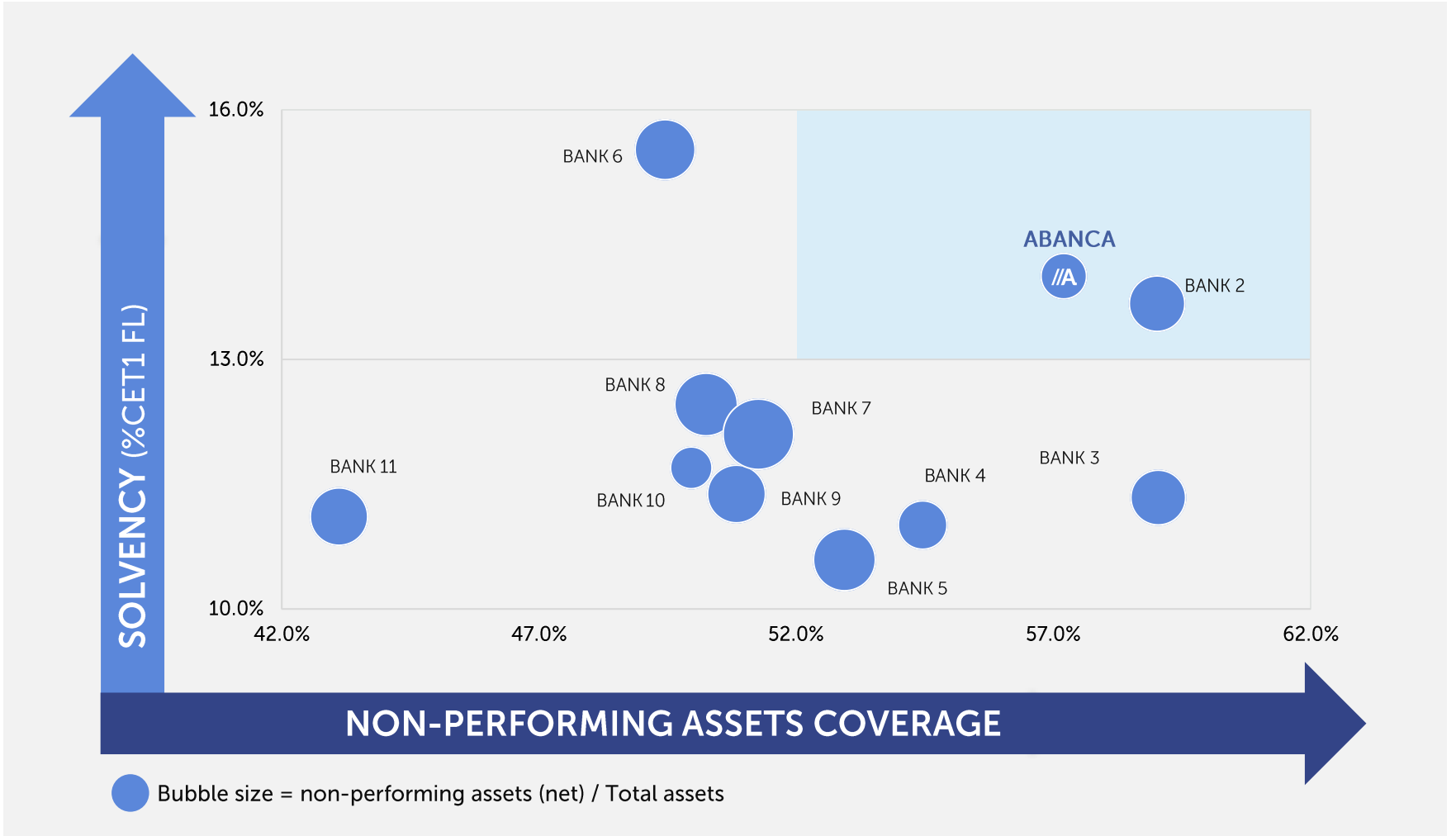
2. **Combining a profitable business model…**

3. **…with a strong balance sheet**

A. Appendix



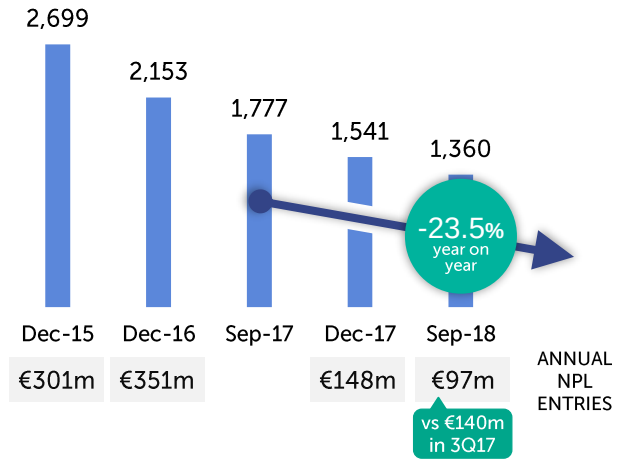
Comfortable common equity position with a sound NPA coverage level

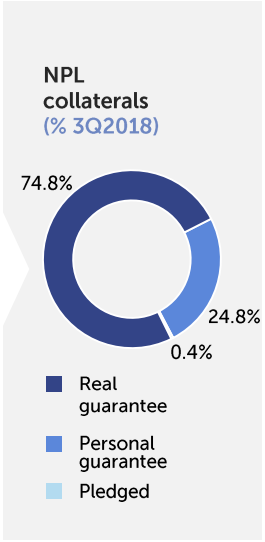


Source: ABANCA Group information. Unless otherwise stated, data refers to 3Q2018 from ABANCA Group. Companies 3Q2018 Financial Reports. Benchmark considers Santander (Spain), BBVA (Spain), CaixaBank (ex-BPI), Bankia, Sabadell (ex-TSB), Bankinter (Spain), Unicaja, Liberbank, Ibercaja and Kutxabank

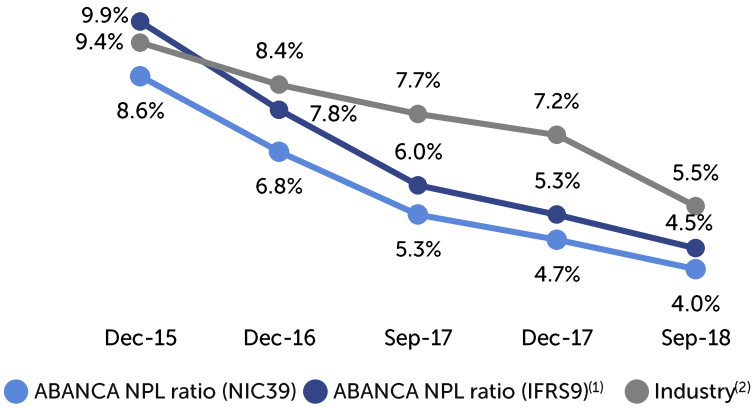
NPL reduction widens the gap with the sector in terms of asset quality

Non-performing loans (€m)





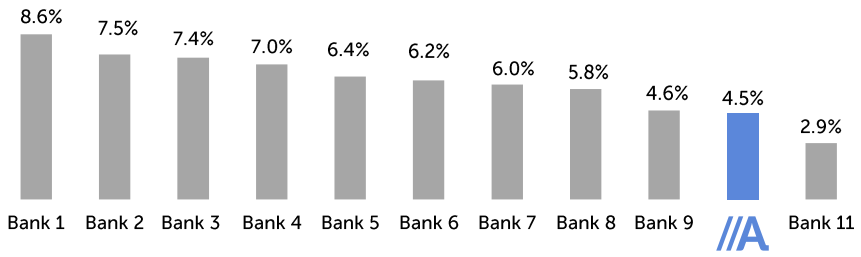
NPL ratio performance (%)



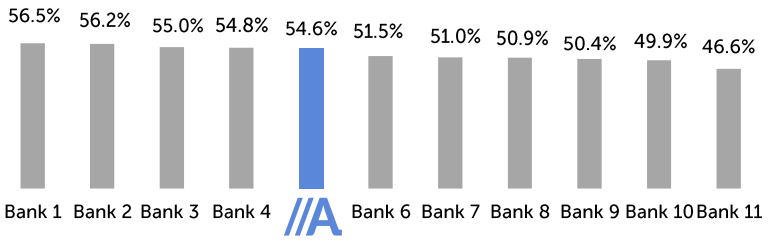
19 consecutive quarters decreasing NPL volumes

IFRS9 has increased the NPL coverage ratio up to c.54% (c.€40m additional provisions)

Banks NPL ratio benchmarking (%)



Banks NPL coverage benchmarking (%)



Source: ABANCA Group information. Unless otherwise stated, data refers to 3Q2018 from ABANCA Group. Companies 3Q2018 Financial Reports. Benchmark considers Santander (Spain), BBVA (Spain), CaixaBank (ex-BPI), Bankia, Sabadell (ex-TSB), Bankinter (Spain), Unicaja, Liberbank, Ibercaja and Kutxabank. Notes: (1) With the application of IFRS 9 the SAREB bond is no longer included in the denominator of the ratio. This policy change does not affect the non-performing balance. (2) According to data from Banco de España as of Sep-18

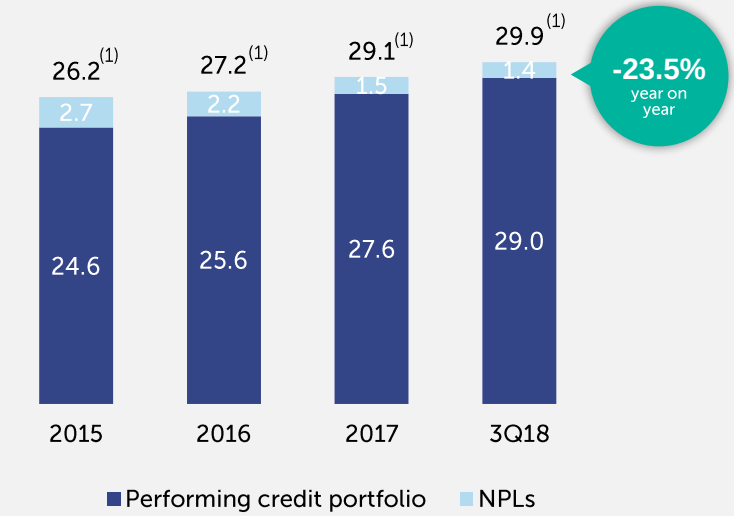
//ABANCA

The improvement in asset quality leads to a reduction in cost of risk

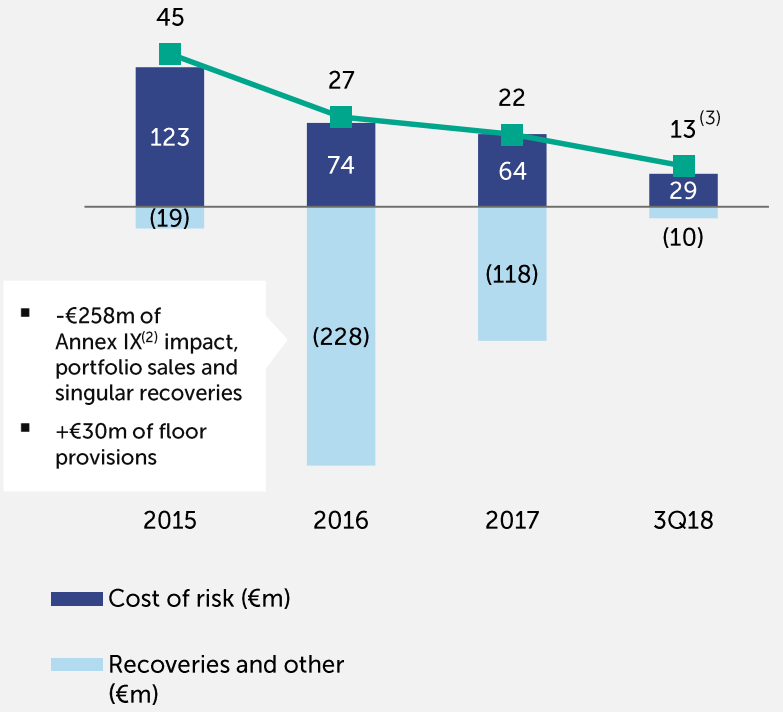
> Improvement in risk profile driven by NPL reduction...

> ... combined with a significant reduction in credit impairments

Loans and advances to customers evolution
(€bn)



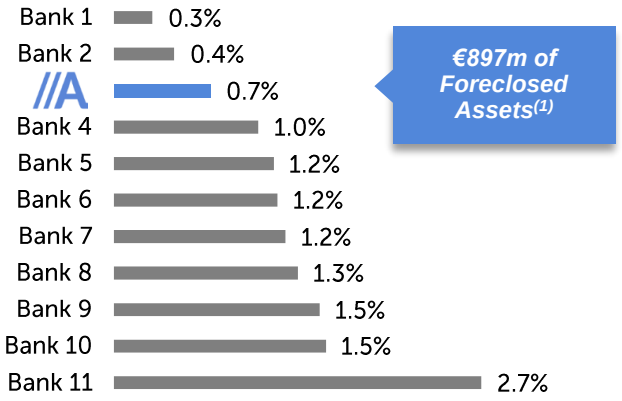
Evolution of cost of risk (bps)



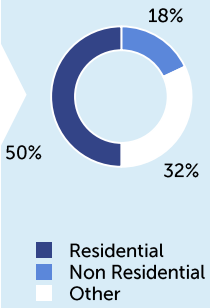
Source: ABANCA Group information. Unless otherwise stated, data refers to 3Q2018 from ABANCA Group. Notes: (1) Includes Repurchase agreements, Valuation adjustments and amounts from extraordinary activities (-€1.1bn in 2015, -€0.6bn in 2016, -€0.4bn in Sep-18). (2) Bank of Spain (BdE) published in May 2016 the Circular 4/2016 which aims to update the Circular 4/2004, mainly its Annex IX, adapting it to the recent banking and accounting regulatory developments (e.g. international accounting standards approved by the IASB, such as IAS 39 and IFRS 9; BCBS' Guidelines on credit risk management and their coverage; Implementing Regulation of the Commission concerning reporting with supervisory purposes; etc). (3) Annualized figures for 3Q18.

Limited weighting of foreclosed assets whilst maintaining great coverage levels

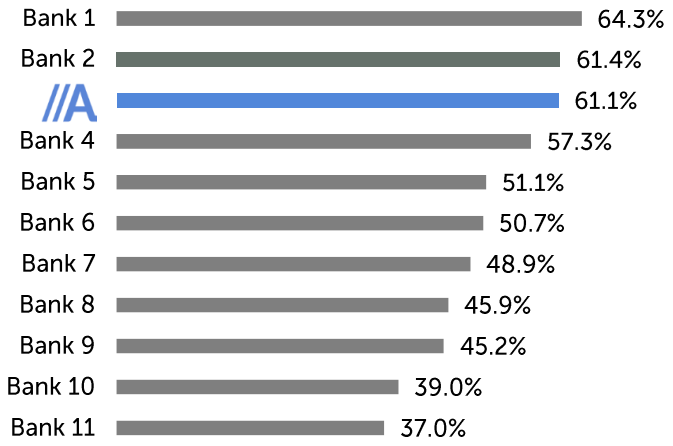
Foreclosed assets over total assets (%)



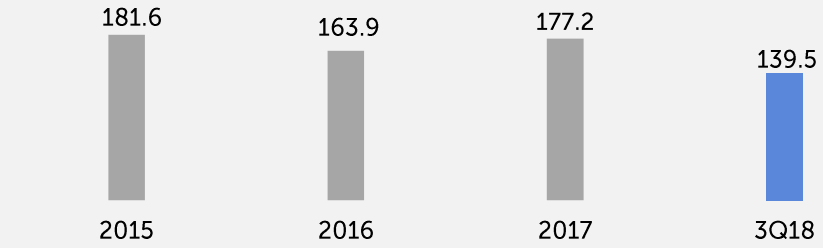
Foreclosed Assets Breakdown (% 3Q2018)(1)



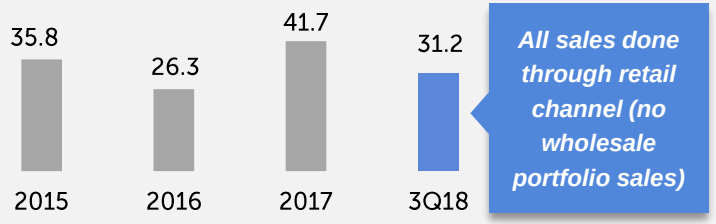
Coverage of foreclosed assets (%)



Foreclosed assets sold – volume(1) (€m)

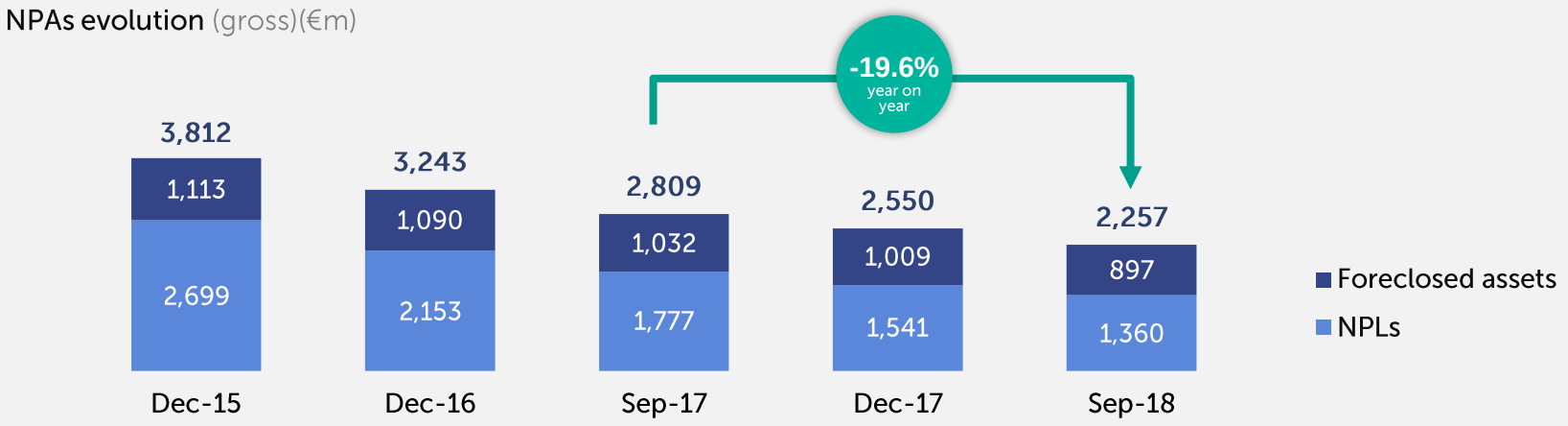


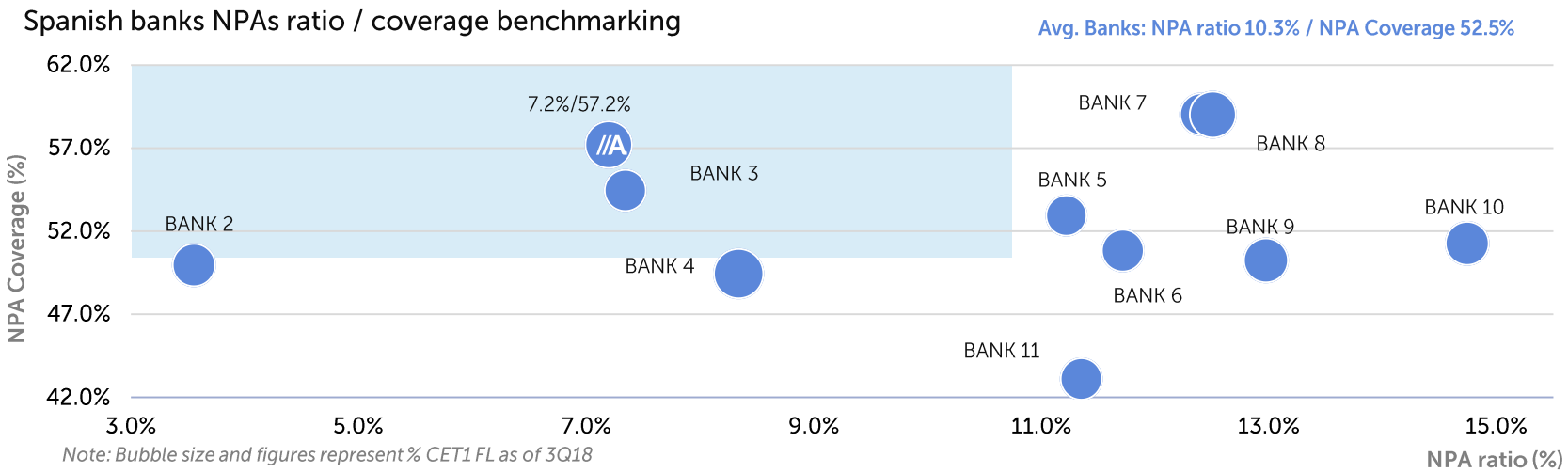
Sales of foreclosed assets – profit(2) (€m)



Source: ABANCA Group information. Unless otherwise stated, data refers to 3Q2018 from ABANCA Group. Companies 3Q2018 Financial Reports. Benchmark considers Santander (Spain), BBVA (Spain), CaixaBank (ex-BPI), Bankia, Sabadell (ex-TSB), Bankinter (Spain), Unicaja, Liberbank, Ibercaja and Kutxabank (for which foreclosed assets information appears as of FY2017). Notes: (1) Gross book value. (2) Sales price minus commercialization costs minus Net Book Value.

Strong NPA reduction strategy whilst maintaining best in-class coverage levels



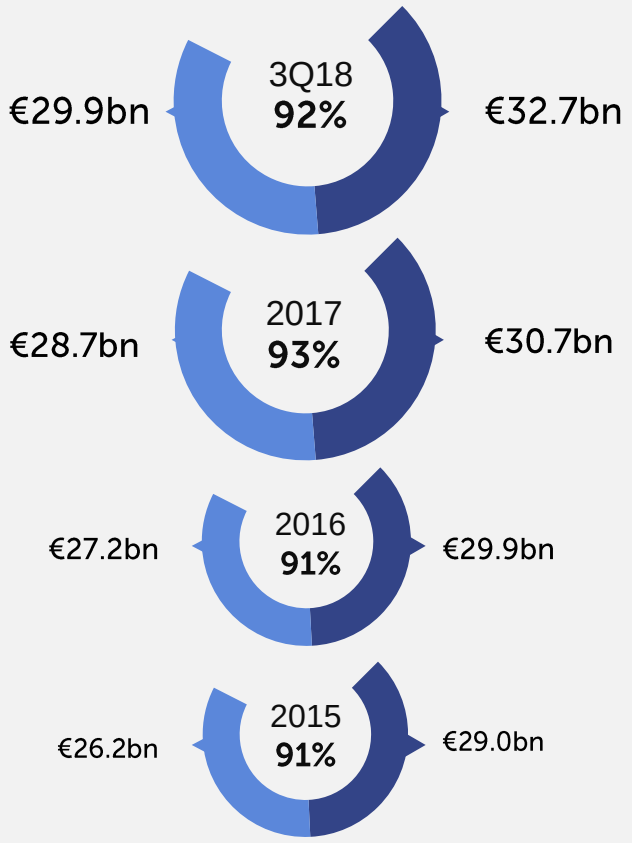


Source: ABANCA Group information. Unless otherwise stated, data refers to 3Q2018 from ABANCA Group. Companies 3Q2018 Financial Reports. Benchmark considers Santander (Spain), BBVA (Spain), CaixaBank (ex-BPI), Bankia, Sabadell (ex-TSB), Bankinter (Spain), Unicaja, Liberbank, Ibercaja and Kutxabank

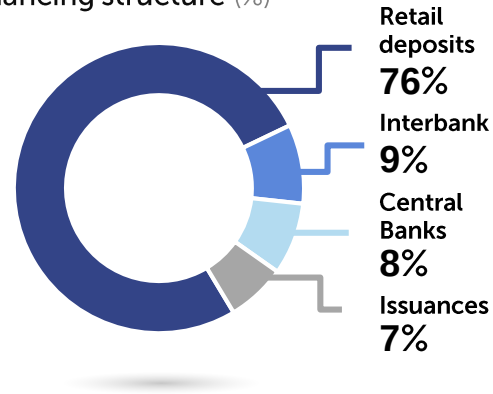
Strong balance sheet

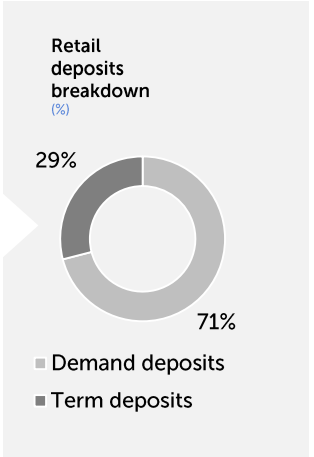
Clear retail funding base

Retail loan to deposits ratio (%)

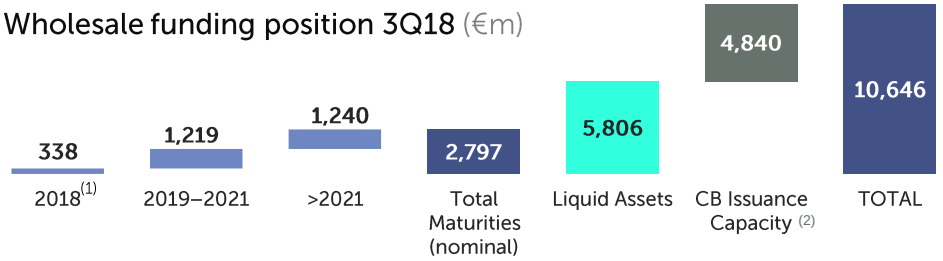


Financing structure (%)





Wholesale funding position 3Q18 (€m)



125%
NSFR
NET STABLE FUNDING RATIO
Complying with Basel III
2018

216%
LCR
LIQUIDITY COVERAGE RATIO
Complying with Basel III
2018

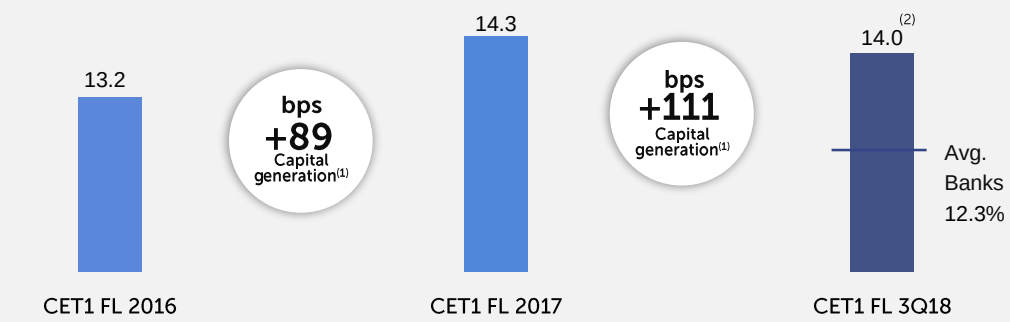
2.1x
Liquid assets / issued maturities

Source: ABANCA Group information. Unless otherwise stated, data refers to 3Q2018 from ABANCA Group. Notes: (1) 2018 maturities: €335m - 4th Dec. 2018; €3m - 16th Dec. 2018

//ABANCA

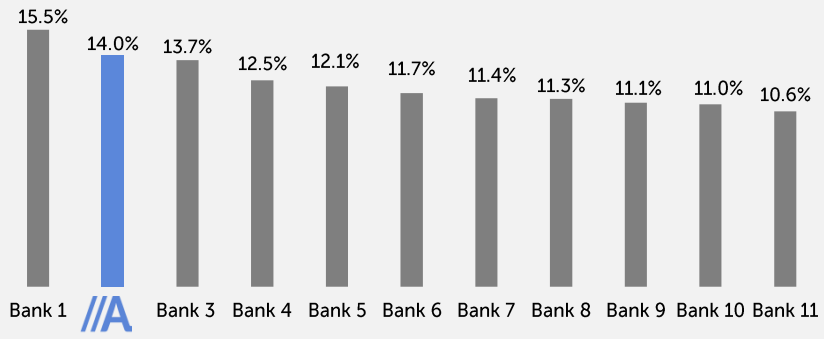
One of the soundest solvency position in the sector

Fully loaded CET1 evolution (%)

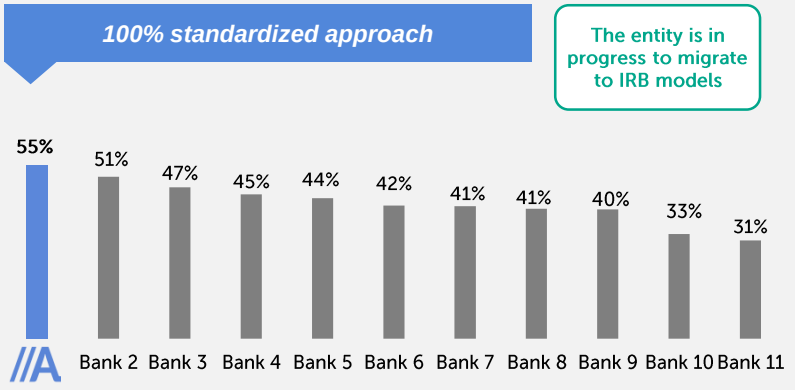


Besides organic capital generation ABANCA maintains different levers to continue improving its capital. The most relevant being the migration to IRB models which is in progress

Spanish banks fully loaded CET1 benchmarking (%)



Spanish banks density of RWAs benchmarking (%)



Note: Calculated as RWA over Total Assets. For Banks with international exposures considers only domestic Business.

Source: ABANCA Group information. Unless otherwise stated, data refers to 3Q2018 from ABANCA Group. Companies 3Q2018 Financial Reports. Benchmark considers Santander (Spain), BBVA (Spain), CaixaBank (ex-BPI), Bankia, Sabadell (ex-TSB), Bankinter (Spain), Unicaja, Liberbank, Ibercaja and Kutxabank. (1) Capital generation includes net profit minus pay out. (2) Negative impact in CET1 in 2018 YTD mainly driven by IFRS9 implementation, RWA increase from business growth, deductions and impact of portfolio valuations

TABLE OF CONTENTS

1. **ABANCA at a glance**

2. **Combining a profitable business model…**

3. **…with a strong balance sheet**

A. Appendix



Consolidated balance sheet: ABANCA Holding Group and ABANCA Group - December 2017 (i)

Assets FY2017 (€m)	ABANCA Holding Group	ABANCA Group	Add-on
Cash, cash balances with central banks and other demand deposits	1,702	1,702	-
Financial assets held for trading	104	100	4
Financial assets designated at fair value through profit or loss	38	38	-
Equity instruments	34	34	-
Debt securities	4	4	-
Available-for-sale financial assets	9,788	9,788	1
Equity instruments	494	494	-
Debt securities	9,294	9,293	1
Loans and receivables	33,204	33,195	9
Debt securities	3,540	3,540	-
Loans and advances	29,664	29,656	9
Credit institutions	535	535	-
Customers	29,129	29,120	9
Derivatives – hedge accounting	32	32	-
Investments in subsidiaries, joint ventures and associates	163	159	4
Assets covered by insurance or reinsurance contracts	6	6	-
Tangible assets	1,070	1,118	(48)
Fixed assets	772	839	(66)
Investment properties	297	279	18
Intangible assets	529	369	160
Goodwill	62	62	-
Other intangible assets	467	307	160
Tax assets	3,456	3,409	47
Current tax assets	114	119	(4)
Deferred tax assets	3,342	3,290	52
Other assets	372	372	-
Non-current assets and disposal groups classified as held for sale	592	498	94
Total Assets	**51,056**	**50,784**	**272**

Contribution from ABANCA Holding

The PPA impacts stems from the fair value adjustments (FVAs) in the business combination in all assets, liabilities and contingent liabilities that at the acquisition date were recognized with different accounting method. These FVAs in ABANCA Holding Group are reversed by the time they are recognized in ABANCA Group

Impact derived from fiscal consolidation

Source: ABANCA Group information. Unless otherwise stated, data refers to FY2017 from ABANCA Group.

Consolidated balance sheet: ABANCA Holding Group and ABANCA Group - December 2017 (ii)

Liabilities and equity FY2017 (€m)	ABANCA Holding Group	ABANCA Group	Add-on
Financial liabilities held for trading	85	85	-
Financial liabilities at amortised cost	44,615	44,326	289
Deposits	43,472	43,389	83
Central banks	3,450	3,450	-
Credit institutions	4,291	4,291	-
Customers	35,731	35,648	83
Debt securities issued	995	790	205
Other financial liabilities	148	148	-
Derivatives – hedge accounting	88	88	-
Liabilities under insurance or reinsurance contracts	1,250	1,250	-
Provisions	411	410	1
Tax liabilities	319	243	77
Current tax liabilities	11	17	(7)
Deferred tax liabilities	309	225	83
Other liabilities	278	278	-
Total liabilities	**47,046**	**46,679**	**367**
Shareholders' equity	3,822	4,088	(266)
Paid-in capital	369	2,454	(2,085)
Share premium	8	434	(426)
Retained earnings	3,297	1,180	2,117
Accumulated reserves or losses on investments in joint ventures and associates	(10)	(10)	-
Treasury shares	-	(227)	227
Profit attributable to the owners of the Parent	289	367	(78)
Interim dividends	(131)	(111)	(20)
Other cumulative comprehensive income	(14)	18	(31)
Minority interests (non-controlling interests)	202	0	202
Total equity	**4,010**	**4,105**	(95)
Total liabilities and equity	**51,056**	**50,784**	**272**

Impact derived from fiscal consolidation

PPA impact

- PPA impact €10m
- Contribution from ABANCA Holding €195m: Corresponds mainly to Senior bonds Guaranteed with shares of ABANCA Corporación Bancaria, S.A. and maturity in October 2019

- PPA impact €74m
- Equity consolidation elimination process - €169m

Source: ABANCA Group information. Unless otherwise stated, data refers to FY2017 from ABANCA Group.

Solid track record on profitability, growth and credit quality consolidation

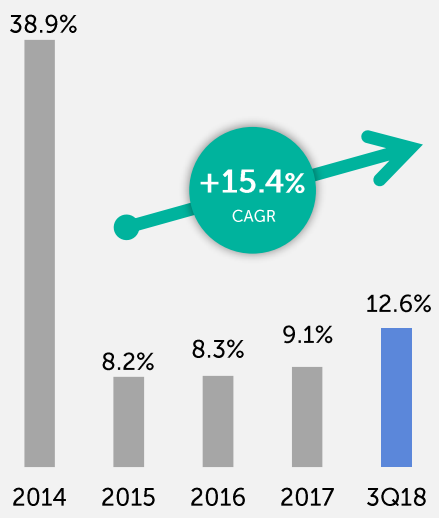
Profitability has consolidated

... Delivering a healthy growth profile

... With a significant improvement in asset quality

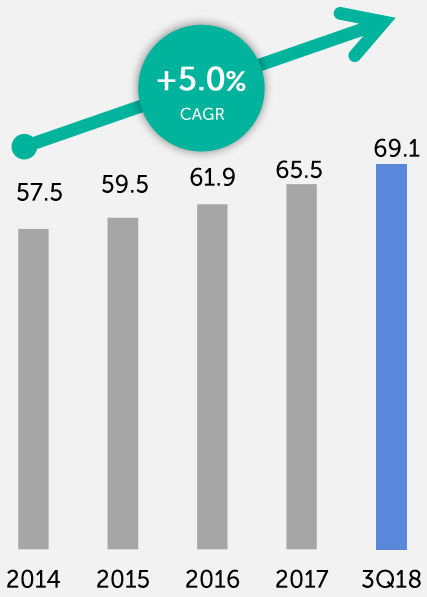
Profitability

RoE(1)



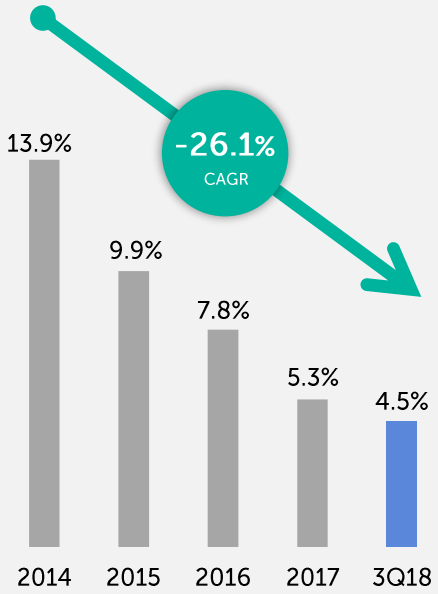
Growth

Retail business volume (€bn)



Credit quality

NPL ratio

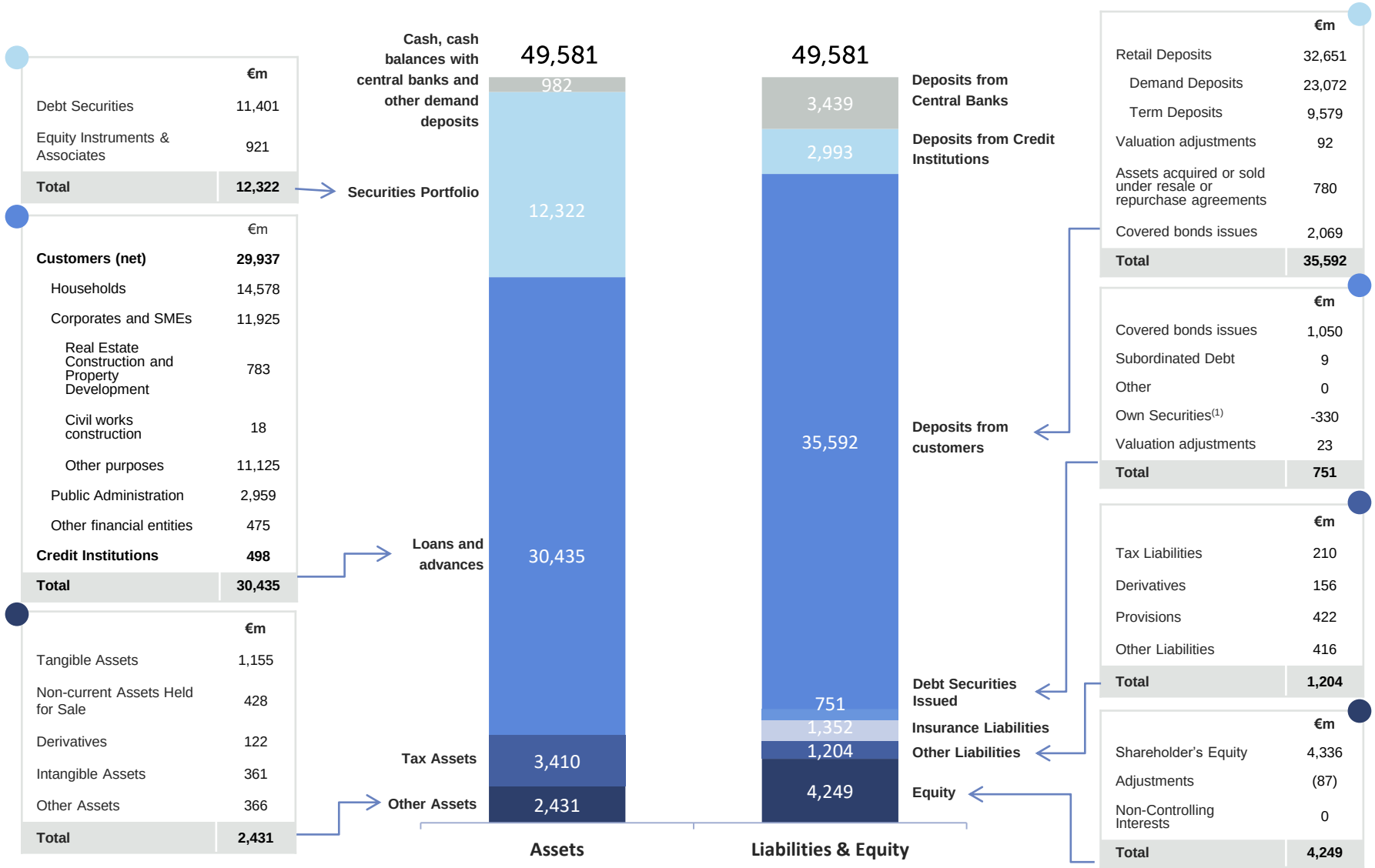


Source: ABANCA Group information. Unless otherwise stated, data refers to 3Q2018 from ABANCA Group. (1) Annualized figures for 3Q18.

//ABANCA

Appendix

Balance sheet breakdown - September 2018 (€m)



	€m
Debt Securities	11,401
Equity Instruments & Associates	921
Total	**12,322**

	€m
Customers (net)	**29,937**
Households	14,578
Corporates and SMEs	11,925
Real Estate Construction and Property Development	783
Civil works construction	18
Other purposes	11,125
Public Administration	2,959
Other financial entities	475
Credit Institutions	**498**
Total	**30,435**

	€m
Tangible Assets	1,155
Non-current Assets Held for Sale	428
Derivatives	122
Intangible Assets	361
Other Assets	366
Total	**2,431**

	€m
Retail Deposits	32,651
Demand Deposits	23,072
Term Deposits	9,579
Valuation adjustments	92
Assets acquired or sold under resale or repurchase agreements	780
Covered bonds issues	2,069
Total	**35,592**

	€m
Covered bonds issues	1,050
Subordinated Debt	9
Other	0
Own Securities(1)	-330
Valuation adjustments	23
Total	**751**

	€m
Tax Liabilities	210
Derivatives	156
Provisions	422
Other Liabilities	416
Total	**1,204**

	€m
Shareholder's Equity	4,336
Adjustments	(87)
Non-Controlling Interests	0
Total	**4,249**

Source: ABANCA Group information. Unless otherwise stated, data refers to 3Q2018 from ABANCA Group. Notes: (1) Retained Covered Bonds.

ABANCA

Detail on fixed income portfolio - September 2018 (€m)

Debt Securities Portfolio Breakdown (€m)

	3Q18
Financial assets at fair value with changes in other comprehensive income	7,306
Spanish Debt	3,965
Other countries of EU Debt	3,172
Other Debt	169
Financial assets at amortised cost	4,052
SAREB	3,459
Other countries of EU Debt	593
Financial assets not intended for trading, which are necessarily valued at fair value through profit or loss	**42**
Financial assets held for trading	**2**
Total	**11,401**

Source: ABANCA Group information. Unless otherwise stated, data refers to 3Q2018 from ABANCA Group.

Loans and advances to customers breakdown

(€m)	Net Book Value	% NPL	% Coverage
Public administration	2,959	0.0%	83.9%
Other financial entities	475	0.5%	98.6%
Corporates and SMEs	11,925	5.3%	77.1%
Real estate construction and property development	*783*	*7.5%*	*64.4%*
Other purposes	*11,125*	*5.0%*	*79.2%*
o/w. corporates	4,825	2.9%	129.6%
o/w. SMEs and freelancers	6,300	6.6%	62.4%
Civil works construction	*18*	*55.4%*	*43.3%*
Households	14,578	4.7%	33.5%
Mortgages and other	*13,472*	*4.7%*	*31.6%*
Consumer finance	*1,105*	*4.7%*	*56.2%*
TOTAL	**29,937**	**4.5%**	**54.6%**

>75% of NPL due to a large transaction executed in 2003 (pre-ABANCA)

Source: ABANCA Group information. Unless otherwise stated, data refers to 3Q2018 from ABANCA Group.

ABANCA 2018-2020 strategic initiatives



1. Transform the organization

- A more flexible organization, simplified and cooperative
- Efficient Digitalisation: processes and customer relations
- Boosting an Innovative Culture
- Organic and Inorganic Growth above market average

2. Customer experience

- Multi-channel relation and homogeneous experience with high standards
- Client knowledge. Strengthen and monetize Data Base and Analytics
- Promoting supply of value and engagement
- Fintech alliances: Innovation, Experience, Opportunities

3. Recurring profitability levels above cost of capital

- Boosting Insurance business
- Focus on Micro: Consumer, Companies, SMEs segments
- Optimising Use of Capital: Allocation, RAROC, IRB Models
- Reinforce positioning in highly profitable markets

Source: ABANCA Group information.

Appendix

Glossary

- ABANCA Group: ABANCA Corporación Bancaria S.A. consolidated
- ABANCA Holding: ABANCA Holding Financiero S.A.
- ABANCA Holding Group: ABANCA Holding Financiero S.A. consolidated
- ALAC: Additional Loss Absorbing Capacity (S&P)
- AuMs: Assets Under Management. Includes Investment funds, Pension funds, and Insurance products
- AT1: Additional Tier 1
- Bps: Basis Points
- BCBS: Basel Committee on Banking Supervision
- BCG: Banco Caixa Geral
- CAGR: Compound Annual Growth Rate
- CB: Covered Bonds
- CET1: Common Equity Tier 1
- CSR: Corporate Social Responsibility
- DB: Deutsche Bank
- EEA: European Economic Area
- EU: European Union
- FL: Fully Loaded
- FVA: Fair Value Adjustments
- FY: Full Year
- IASB: International Accounting Standards Board
- IFRS9: International Financial Reporting Standard 9
- IRB: Internal Rating Based
- LCR: Liquidity Coverage Ratio
- LGF: Loss Given Failure (Moody's)
- LTD: Loan to Deposits Ratio
- NIC39: Norma Internacional de Contabilidad 39
- NII: Net Interest Income
- NPA: Non-Performing Assets
- NPL: Non-Performing Loans
- NSFR: Net Stable Funding Ratio
- PPA: Purchase Price Allocation
- PRIIP: Packaged Retail Investment and Insurance-Based Products
- QJD: Qualifying Junior Debt (Fitch)
- RAC: Risk-Adjusted Capital (S&P)
- RAF: Risk Assessment Framework
- RAROC: Risk-Adjusted Return On Capital
- RoE: Return on Equity
- SAREB: Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria
- SME: Small and Medium Enterprises
- The Bank: ABANCA Corporación Bancaria S.A.
- YoY: Year on Year
- 3Q: 3rd quarter of the year
- 1H: 1st semester

//ABANCA

