ir@abanca.com



//ABANCA Investor Presentation

January-21

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. 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 any of its affiliates, directors, partners, employees or advisers nor any other person, shall accept any liability whatsoever (whether in contract, tort or otherwise) arising directly or indirectly from the use of this Presentation or 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, including (without) limitation) statements containing the words "anticipated", "expects", "intends", "may", "plans", "forecasts", "projects", "will", "would", targets", "believes" and similar words. 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. The Issuer may not actually achieve or realize its plans, intentions or expectations. 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. As there is always uncertainty with respect to any forward looking statement, potential investors must not rely on any forward looking statement in making investment decisions in respect of any securities of the Bank. 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 any of its 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. In addition this document contains certain financial and other information in relation to other companies operating in the banking sector which has been derived from publicly available sources. The Bank has not independently verified such information nor its underlying methodology or assumptions and can provide no assurance as to its accuracy or completeness. The Bank has not accepted any responsibility whatsoever and makes no representation or warranty expressed or implied for the fairness, accuracy, completeness or verification of such information. Accordingly, undue reliance should not be placed on any of the industry, market or competitive position data contained in this presentation.

DISCLAIMER

- 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.

- 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 ("**IFRS-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. Potential investors are cautioned not to place undue reliance on these APMs.

- 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



Key figures (3Q2020)

	3Q20
Attributable profit (€m)	143.4
Recurrent pre-provision profit (ex ROF) growth	+16.6%
Retail LTD	96.3%
Retail business volume (€bn)/ Var.	89.6 / +5.7%
Recurring revenues	+12.5%
NPA / NPL ratios	4.4% / 2.6%
NPA Coverage / NPL Coverage ratios	64.0% / 66.0%
CET1 phase-in / CET1 fully loaded ratios	13.3% / 12.7%
Total capital phase-in ratio (%)	16.4%
Texas ratio	31.0%
Independent members of the Board of Directors	Majority (7 of 10)
Risk appetite framework	Medium-low appetite
Environmental, Social & Governance factors	High level of development Commitment of strategic plan

Retail and SME Banking Group with a Profitable and Increasingly Diversified Business Model

Sound Financial Profile to face COVID environment

Strong Corporate Governance

 Source: ABANCA Group information. Unless otherwise stated, data refers to 'Sep20.

Clear roadmap

Strategic Plan (2018-2020)

Transform the organization

- A more flexible, simplified and cooperative organization
- Efficient digitalisation: Processes and customer relations
- Boosting an innovation culture



Customer experience

- Multi-channel relation and homogeneous experience with high standards
- Customer knowledge. Data base and analytics strengthening and monetising
- Fintech alliances: innovation, experience, opportunities

Recurring profitability levels above cost of capital

Boosting Insurance business

- Internalization of the operating capacity of the life insurance company and promotion of the non-life sector through a Joint Venture with an industrial partner / Partnership with Crédit Agricole Assurance to further enhance non-life insurance products value proposition / Insourcing of ABANCA Vida y Pensiones to equip ABANCA Vida y Pensiones with a technological system to conduct internally its processes
- Promote on-line transactions and sales

Focus on Retail Segments: Individuals and SMEs

- Boost activities on consumer and means of payment through ABANCA Servicios Financieros, which expands and diversifies its activity in various sectors
- Incorporate payment solutions and acquiring opportunities arising in PSD2 contexts
- Enhance SMEs and working capital business through value services, structure of specialised management agents and new commercial procedures
- Organic and inorganic growth

Optimising Use of Capital: Allocation, RAROC, IRB Models

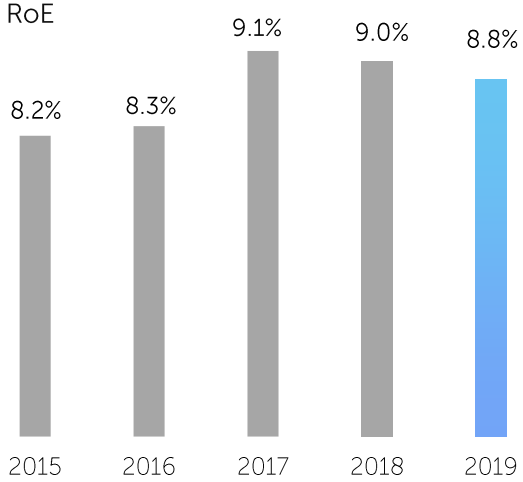
- Pricing strategy based on RAROC methodology
- IRB adoption

Solid track record of strengthening both financial profile and profitability

Profitability has been **consolidating**

Profitability

RoE



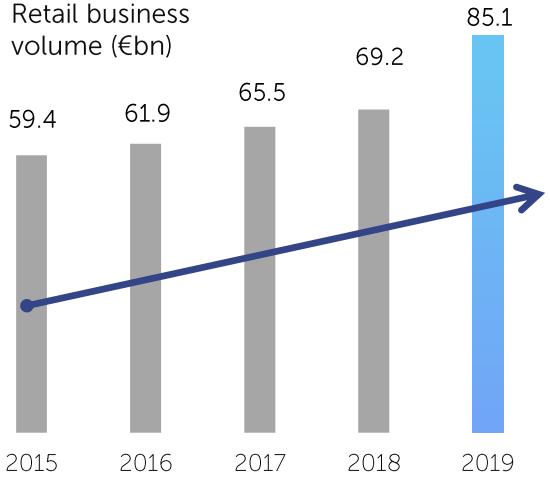
2015	2016	2017	2018	2019
>8%	>7%	>8%	>9%	>8%

Consistent track record of profitability, with higher contribution of recurrent lines

Delivering Healthy Growth Profile

Growth

Retail business volume (€bn)



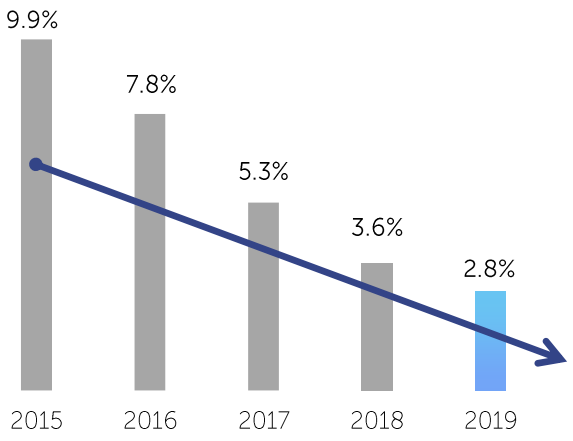
2015	2016	2017	2018	2019
59bn	62bn	65bn	69bn	85bn

Stable funding structure based on Retail deposits

And **'Best in Class'** improvement in Asset Quality

Credit quality

NPL ratio



2015	2016	2017	2018	2019
<12%	<8%	<6%	<4%	<3%

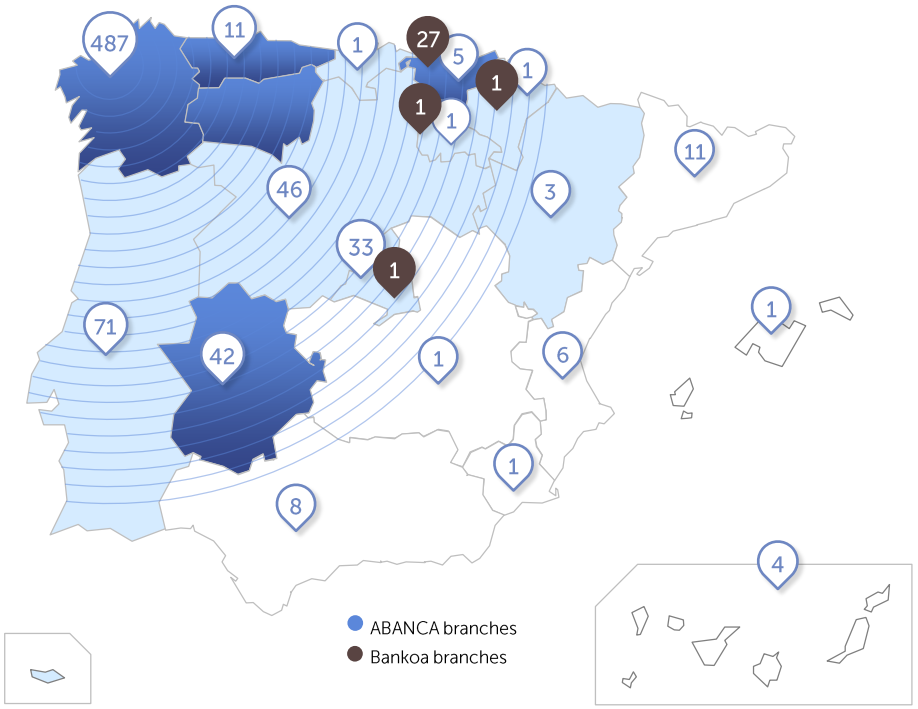
One of the **lowest NPL ratio** and **NPA coverage ratio** in Spain

Ahead of Strategic Targets

Source: ABANCA Group information. 2015, 2016 and 2017 figures correspond to ABANCA Group under the former consolidation structure.

Iberian player with a multi-channel strategy

Selective Expansion Across the Iberian Peninsula



Market shares

GALICIA
Leader in Galicia

44.1%	33.9%
DEPOSITS	CREDIT
+324bp year-on-year	+141bp year-on-year

SPAIN

2.9%	2.6%
DEPOSITS	CREDIT
+25bp year-on-year	+27bp year-on-year

PORTUGAL

1.4%	28.1%
CREDIT	INTERNATIONAL INVESTMENT FUNDS

1st in the segment of international investment funds

4.5 App Store
4.3 Google play

Top Rated Mobile Banking App in the Sector

TOP Performers (2)

In main functions / sections of mobile banking

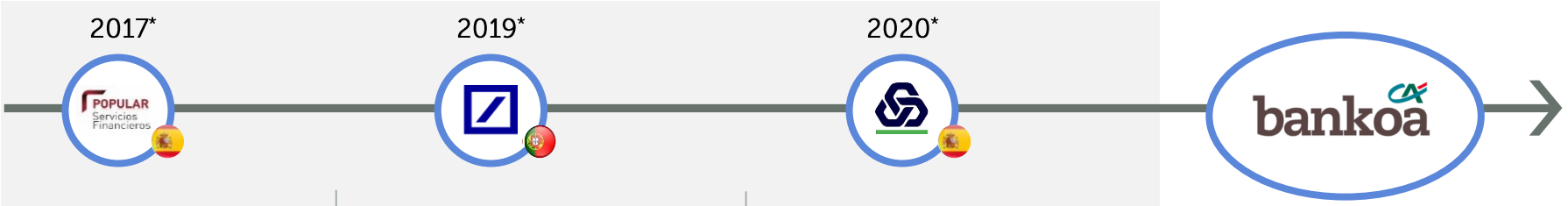


105,450

New active digital customers focused on electronic and mobile banking during the nine-month-period.

Source: ABANCA Group information except Bankoa´s branches (information provided by the company). Unless otherwise stated, data refers to 'Sep20. (1) Source of market shares: Statement FI 132.E and UEM of the Bank of Spain (commercial market shares in Galicia and Spain, as of Jun-20) and CMVM (Jun-20). Source of investment funds: CMVM as of Sep-20 (Portugal) (2) Source: Emo insights international- 8º estudio emociones en el sector bancario de particulares en España (report on emotions in the private banking sector in Spain).

Inorganic growth in business volume to create value



Popular
Servicios Financieros

- Deep knowledge of the consumer business
- Historic base of prescribers focused on transactions with good quality in terms of payment capacity

DB PCB
(DB Retail business in Portugal)

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

Banco Caixa Geral,
Strategic geographical expansion

- 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

Bankoa,
Strategic geographical expansion

- **Reinforce the positioning of ABANCA** in one of the wealthiest and dynamic regions in Spain, where the current presence of ABANCA is limited
- **Strengthen business segments that are strategic for ABANCA**, such as enterprises and asset management.
- Provide **growth potential in business lines** such as working capital, businesses, consumer and insurance.

Three successful incorporations in the last years that have brought about value without affecting the current business

- Organic growth has been reinforced by bolt-on acquisitions under strict financial discipline
- Inorganic growth assures that ABANCA keeps the control of resulting entity at the same time that it creates shareholders value and sustainable double digit ROIC in the medium term
- ABANCA approaches transactions under both capital and IT integration affordability

* Date of the end of the process after both legal/accounting effectiveness and IT integration.

Recent announcement for the acquisition of Bankoa

(€m)	Bankoa	ABANCA Group	ABANCA Group + Bankoa	Var. Inc.entity vs. ABANCA Group
Business Key Figures[1]				
Loans and advances to customers	1,788	39,363	41,150	4.5%
Retail deposits from customers	1,575	40,812	42,387	3.9%
Off-balance sheet funds	1,011	9,454	10,465	10.7%
Nº of points of sale	30	743	773	4.0%
Balance Sheet[1]				
Total assets	2,314	64,452	66,766	3.6%
Total equity	173	4,766	4,939	3.6%
P&L[2]				
Net interest income	27.4	574.6	602.0	4.8%
Net fees & commissions	12.9	205.5	218.4	6.3%
Gross margin	40.8	910.8	951.6	4.5%
PBT	10.3	430.2	440.5	2.4%

Significant presence in the Basque Country

x7 Number of branches

x7 Business volume

x15 Off-balance sheet liabilities

Potential of synergies

\+ Income and cost synergies would improve Bankoa's efficiency

Impact CET 1

-42 bp

Notes: [1] ABANCA Group as at September 30, 2020 and Bankoa as at June 30, 2020. [2] Profit and Loss Statement as at December 31, 2019

Powerful boost to the insurance business as a source of income and profitability

New Revenue Growth Opportunities — Captured through a **well Designed Strategy**

Spanish Insurance Market Attractiveness

- ✓ Spanish Insurance market contribution is expected to provide banks greater resilience and stability facing this crisis
- ✓ Considered as one of the most profitable markets, the Average RoEs Spanish Market:

17.8% [1]	7.0% [2]
Bancassurance	Banking Activities

- ✓ Insurance companies operating in Spain linked to banking groups shows that they continue to hold (with increasing weight) around 50% of the activity and results generated by the insurance sector [1]

New company of Life Insurance & Pension Plans

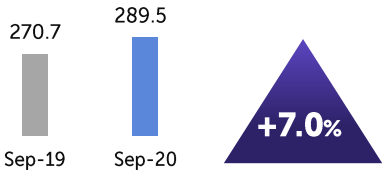
- → More **personalised** products
- → More **efficiency in management**
- → Better **customer experience**
- → Better **sales support**

Agreement on general insurance

- → **Leading** insurance bank **in Europe**
- → **Joint-venture** 50%-50%
- → **Long term** and stability
- → Creation of **exclusive and innovative products**
- → Ranging throughout **Spain and Portugal**

Dynamism in the marketing of insurance

Premiums of general and life-risk insurance



Life-risk insurance premiums	Car insurance premiums
+8% yoy	**+5% yoy**
Funeral insurance premiums	Payment protection insurance premiums
+12% yoy	**+17% yoy**

Source: ABANCA Group information. Unless otherwise stated, data refers to 'Sep-20. Notes: [1] According to data from: AFI 13/10/2020, referred to 'Dec19. [2] Risk dashboard EBA 4Q19.

Business model based on the Strong Risk Management Culture and Corporate Governance of ABANCA

Cross-sectional risk management that involves the whole organization, with three lines of defense

- Comprehensive risk committee. Monthly, with the presence of the Chief Executive Officer
- Analysis of global risk propensity (current and future): Tracking indicators for all risks
- Anticipation of factors in decision making
- Tracking the pricing of assets and liabilities

- Collaboration in the establishment of rational policies and remuneration
- Approaches to specific action plans
- Reformulation of the interest rates risk management approved by the Bank of Spain
- Specific regulation of operations with related parties, including other Banks owned by the same shareholders
- Reporting. Control of established limits. Tracking of the RAF

1. EXECUTION

2. OVERVIEW

3. STRUCTURE

- Comprehensive risk management at all levels of the organization and risks
- Control mechanism according to risk appetite framework
- Control and management independency (clearly differentiated unit)

- Governance bodies. Creation of a Comprehensive Risk Management Commission apart from the Credit Executive Commission (differential element vs other entities)
- Management. Creation of a second risk defence line. Corporate Control and Risk general management, separate from the Credit Unit (differential element vs other entities)
- Qualified technicians profiles to measure and track each type of risk

7/10

Board of Directors formed by professionals with broad experience in the Financial Sector and with a **majority of independent members**

Risk appetite framework

Medium-low

 Source: ABANCA Group information. Unless otherwise stated, data refers to 'Sep20.

Responsible finance at the heart of what we do

Member of the United Nations Global Compact

- By becoming a partner of the United Nations Global Compact, ABANCA commits to align not only its strategies but also transactions with universal principles on human and labour rights, the environment and anti-corruption measures, as well as to take actions in order to improve society goals
- ABANCA endorses the UN Global Compact Sustainable Ocean Principles

Addressing Sustainable Development Goals

- ABANCA has the firm intention of working for a sustainable and responsible business model that allows us to contribute to achieving the goals established in the 2030 Agenda and the Paris Agreement, i.e. an action plan that seeks to improve the future generations' lifes in a sustainable way
- ABANCA has the above goals embedded into its strategy(1)

Founding Member of the UNEP-FI group

- Global partnership between the United Nations Environment Programme and the Financial sector
- ABANCA became one of the Founding Signatories of the Principles of Responsible Banking and is one of the 38 entities that have signed the Collective Commitment for Climate Action of United Nations
- It expanded its Corporate Social Responsibility policy by becoming a signatory of the Principles for Responsible Investment of UNEP FI

ESG Strategy Integrated Across the Group with Specific Ambitions

Environmental

- **Environmental commitment**: a further step in its involvement in facing the climate emergency
- **Greenhouse Gas (GHC) reduction**: in 2020, ABANCA set a 50% target reduction in scope 2 of carbon footprint and an energy supply contract so it would be wholly stemmed from renewable energy sources
- **Energy Transition**: new model of branches and headquarters designed in an energetically intelligent manner.
- **Consumption Control**: improving also efficiency with an energy management system and developing disruptive business solutions using block chain
- **Electrical Waste Management**: agreements with specialised companies for managing electrical and physical waste

Social

- **Commitment with society**: reforestation, clean out the coast and removal of invading species
- **Sustainable finance**: renewable energy projects, loans to individuals for home renovations for improving energy efficiency and acquisition of efficient vehicles
- ABANCA launched the first ESG discretionary **portfolio management service** in Spain
- **Fishing & Agricultural sectors**: grant advances for sustainable investments, finance for improving energy efficiency, substitution of traditional energy for biomass, improvement in waste treatment or energy-efficient vehicles
- **Sustainable client service**: ongoing development of ABANCA Digital

Governance

- **Commitment to our stakeholders**
- **Policy framework**: Energy and environmental, Sustainability, Responsible Investment policies
- **Code of Ethics & Conduct and an Anticorruption Policy**, which are biding to all employees
- **Equality and work-life balance policy** to ensure equal opportunities and treatment between men and women in the ABANCA Group
- **Responsible investments**: ABANCA participates of the Capital of companies engaged in Renewable Energy Production

Notes: (1) Further information in the Corporate website: https://www.abancacorporacionbancaria.com/files/documents/memoria-corporativa-rs-2019-en.pdf

Sound financial profile to face COVID environment

Solid capitalisation levels

16.4%
Total Capital

1,225M€
Capital excess over requirements

Comfortable liquidity position

96.3%
Retail LTD

10,905M€
Liquid assets

High coverage levels

66.0%
Non-performing loans coverage

31.0%
Texas ratio

Maximum asset quality

2.6%
NPL ratio

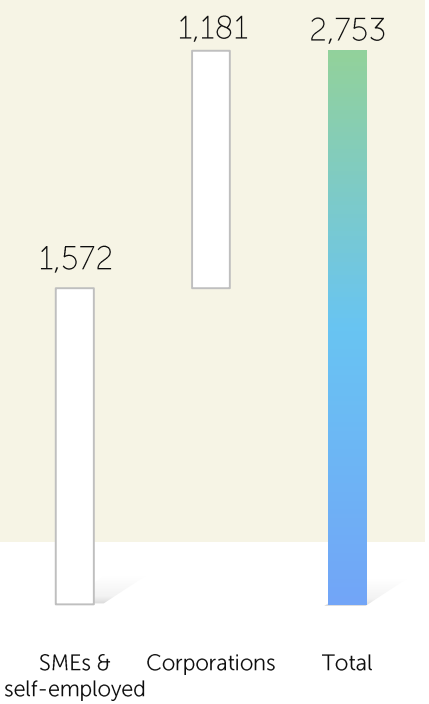
0.4%
Foreclosed assets over total assets

 Source: ABANCA Group information. Unless otherwise stated, data refers to 'Sep 20.

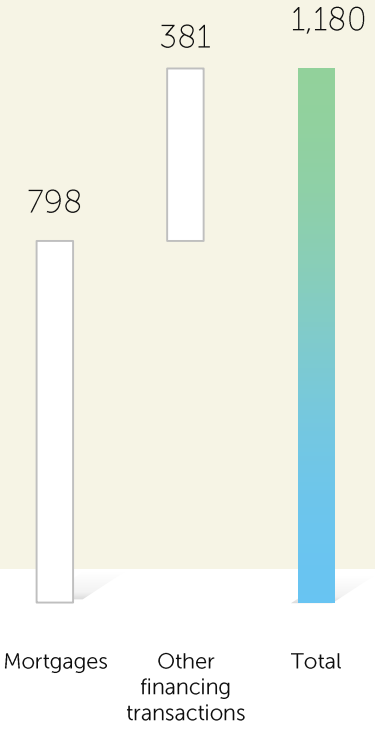
Comprehensive support to society to overcome the impacts of the pandemic

FINANCING

ICO transactions granted
(€m)



Financial flexibilization
(€m)



STATE-GUARANTEED TRANSACTIONS

Lending balance of customers with state-guaranteed transactions

4,560M€

28.8%

Of lending to SMEs and Corporations

MORTGAGE MORATORIUMS

798M€

5.5%

O/ total mortgage portfolio

MORATORIUMS OF OTHER FINANCING TRANSACTIONS

381M€

7.8%

O/ total consumer financing

ABANCA has provided **proactive support** to 17.3% of its business with individuals and enterprises

Source: ABANCA Group information. Unless otherwise stated, data refers to 'Sep20.

TABLE OF CONTENTS

1. ABANCA at a Glance

2. Combining a Profitable Business Model…

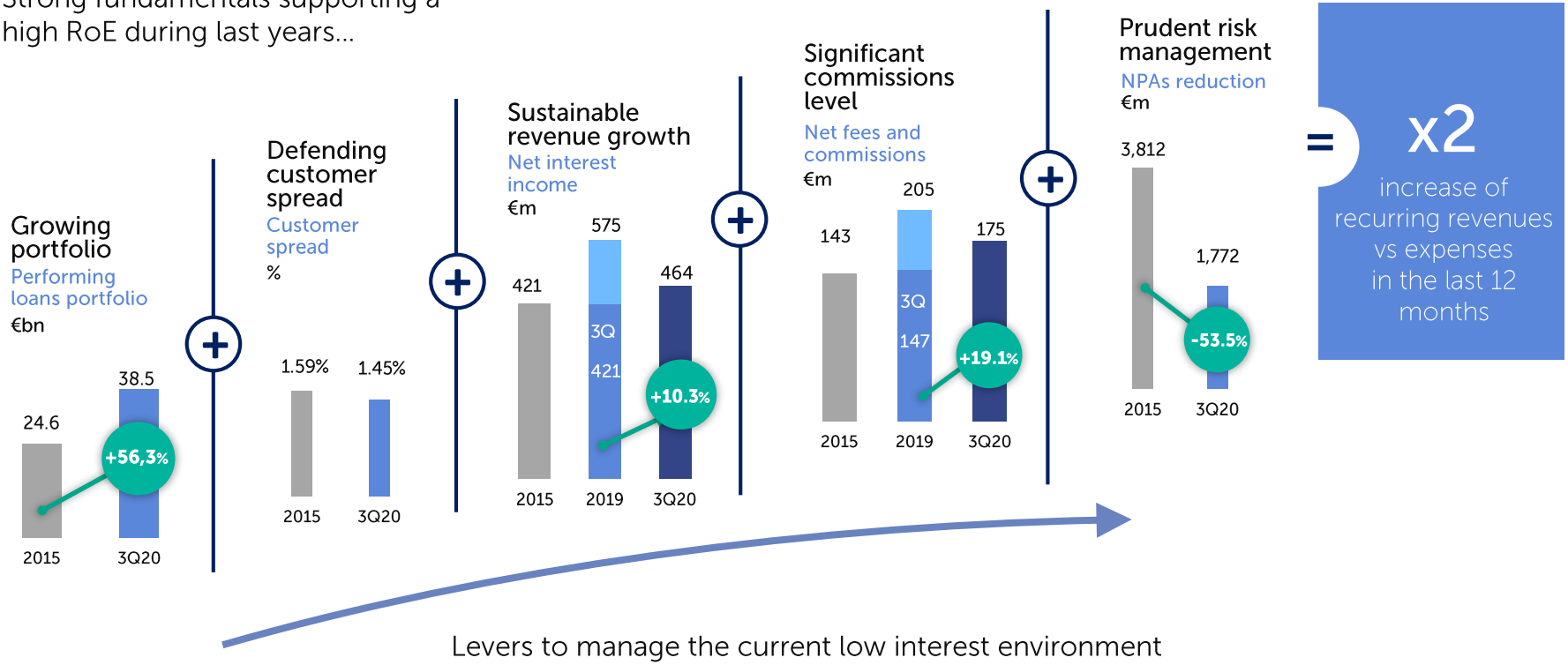
3. …With a Strong Balance Sheet

A. Appendix



Our strong commercial dynamics and levers support profitability

Strong fundamentals supporting a high RoE during last years...



Levers to manage the current low interest environment

1 Increase Income
- Income increase services
- Boost of insurance business
- Wholesale Balance TLTRO III Strategy Optimization

2 Expenditure reduction
- Rationalization project
- Internationalisation of Life Insurance Company

3 Corporate transactions: Synergies
- DB PCB
- Banco Caixa Geral
- Bankoa

Source: ABANCA Group information. 2015 figures correspond to ABANCA Group under the former consolidation structure

Profitable business model

Attributable profit reaches 143 million, maintaining solid growth and increasing efficiency

(millions)	Sep-20	Var. Sep-20 /Sep-19
NET INTEREST INCOME	463.9	10.3%
Net fees and commissions	175.2	19.1%
BASIC MARGIN	639.1	12.5%
Dividends and share of profit or loss of equity-accounted investees	-9.4	-
Gains or losses on financial assets and liabilities (net)	226.4	-
Others (net)	20.8	-23.4%
GROSS MARGIN	876.9	25.7%
Operating expenses	517.5	6.4%
PRE-PROVISION PROFIT	359.4	69.9%
Provisions and impairments	164.6	-
Credit allocations	210.8	-
One-off recoveries and others	-46.2	-
Others	-8.2	-
PBT	186.7	-52.7%
Tax and other	43.3	-
ATTRIBUTABLE PROFIT	143.4	-62.2%

Recurring revenues grows by **12.5%** while expenses only **6.4%** thanks to the efficiency **measures implemented** and the **synergies attained in the incorporations**

Reinforcement of provisions to face the crisis

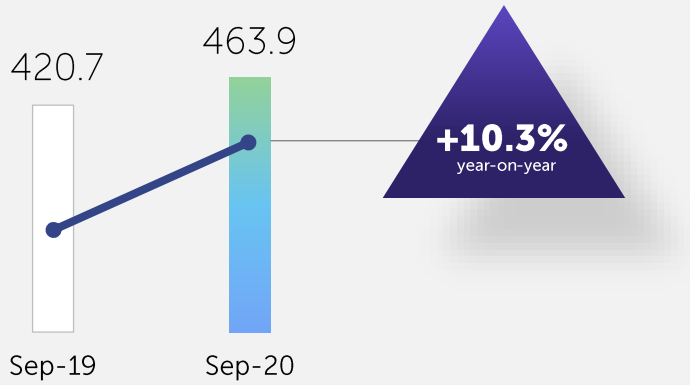
After allocating 211 to **reinforce provisions** ABANCA obtains a **ROE of 4.0%**

Note: Sep-19 data are homogeneous with those of Sep-20 taking into account the takeover of the holding company. Date of incorporation of DB PCB: 9th June 2019 Date of incorporation of BCG: 1st September 2019. Effective date of reverse merger: 1st January 2019

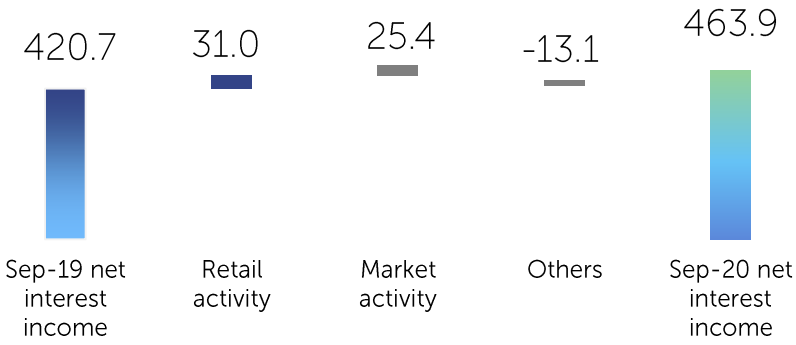
18

Consistent improvement in NII driven by retail client activity

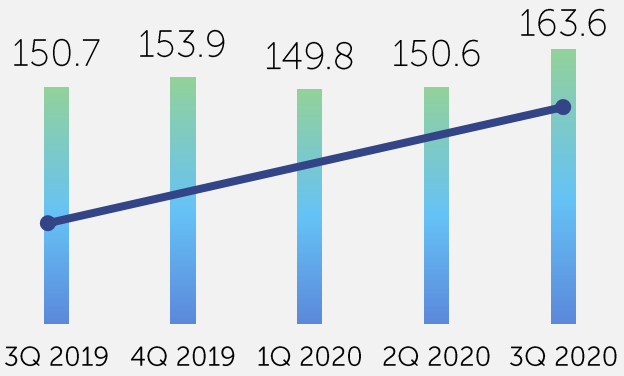
Net interest income
(€m)



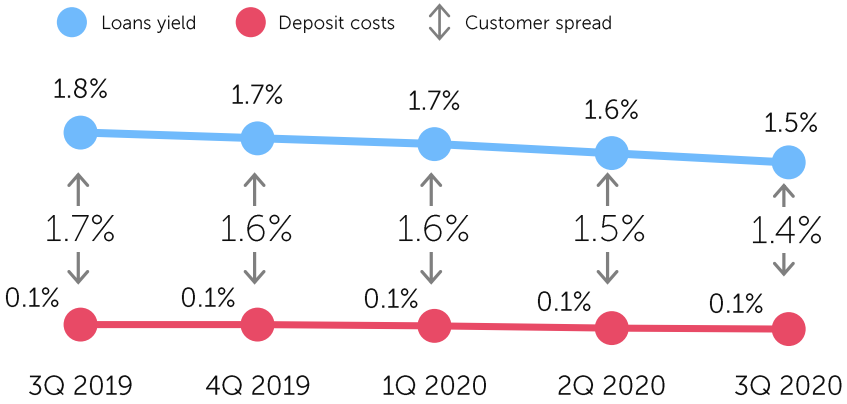
Causal net interest income increase
(€m)



Net interest income – Quarterly evolution
(€m)



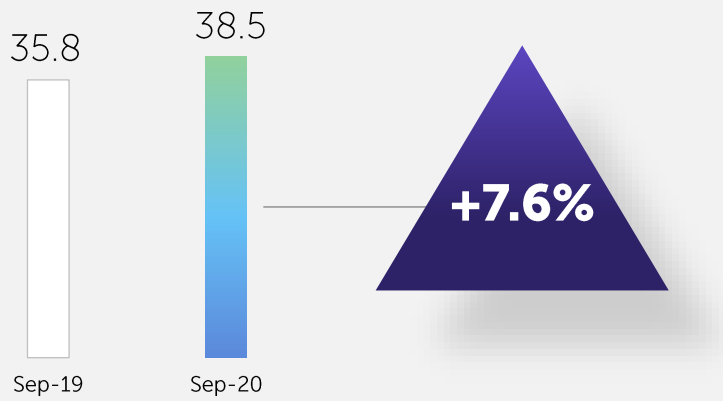
Customer spread (rate)



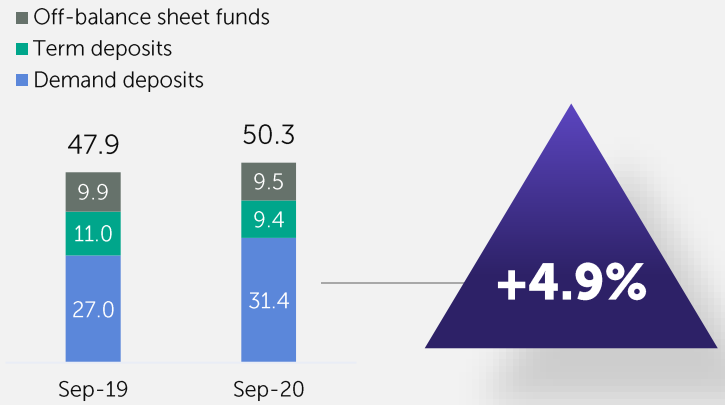
 Source: ABANCA Group information.

Strong commercial dynamics that have supported growth in net banking income

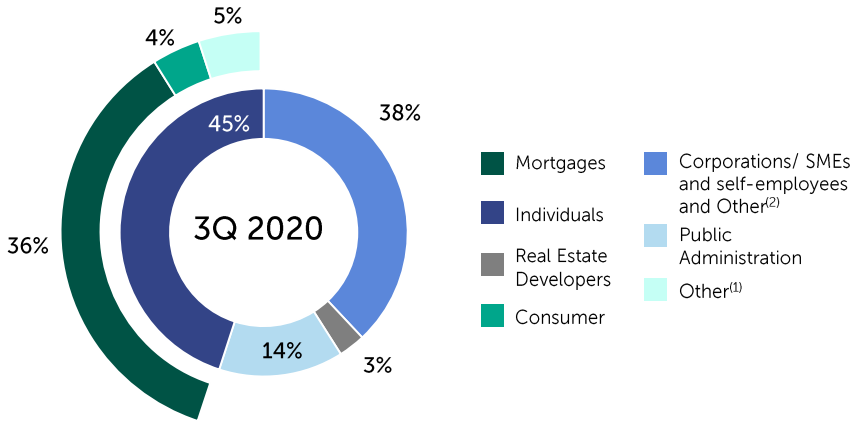
Performing loans portfolio (€bn)



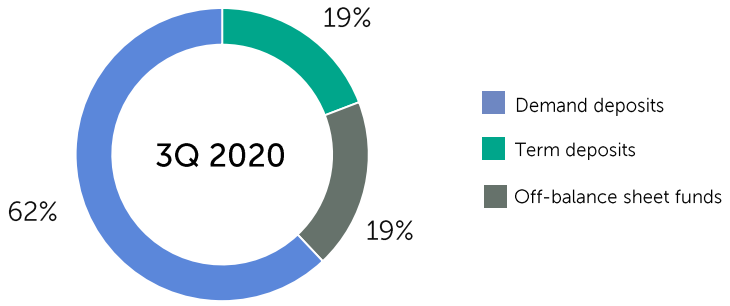
Retail deposits and off-balance sheet funds (€bn)



Loans and advances to customers by type of client (%)



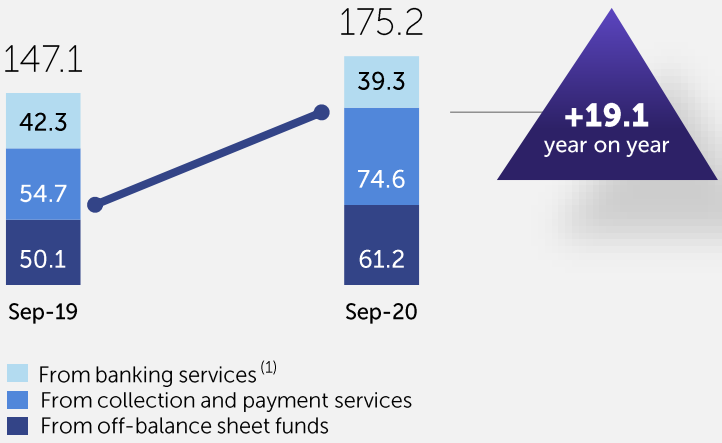
Customer resources by nature (%)



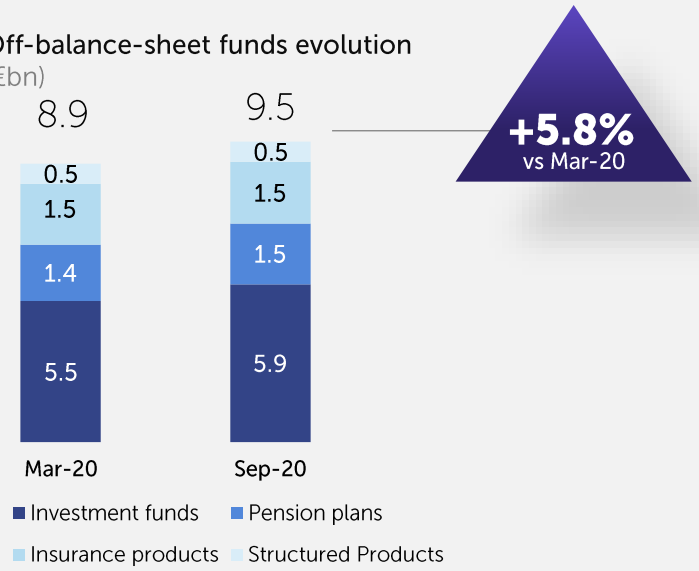
Source: ABANCA Group information. Unless otherwise stated, data refers to 'Sep20. Notes: (1) Includes Investment loans commercialized by ABANCA Portugal (2) Other includes: Other Financial Entities.

Fees reflect focus on asset gathering and insurance business

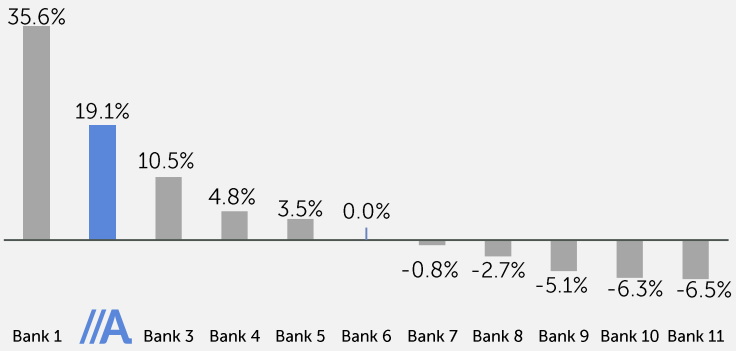
Net fees and commissions
(€m)



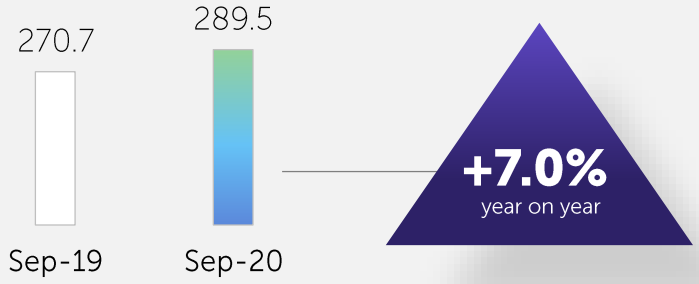
Off-balance-sheet funds evolution
(€bn)



Banks net fees and commissions YoY change (3Q19-3Q20)



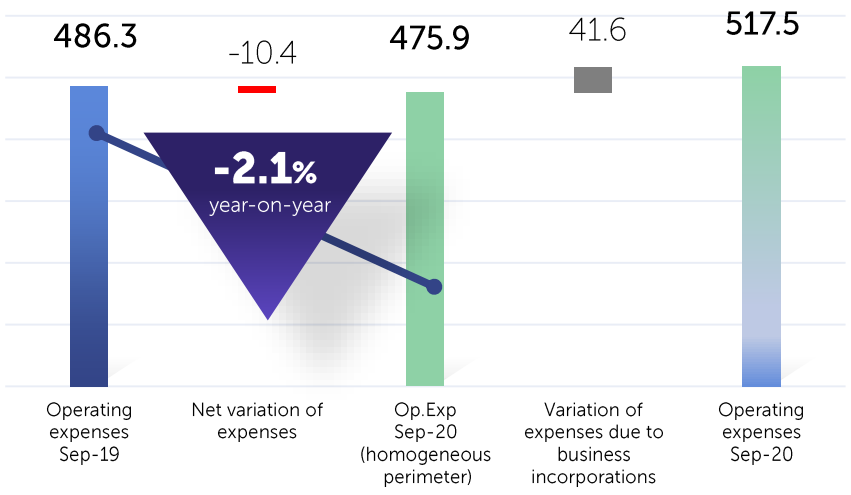
Premiums of general and life-risk insurance (€m)



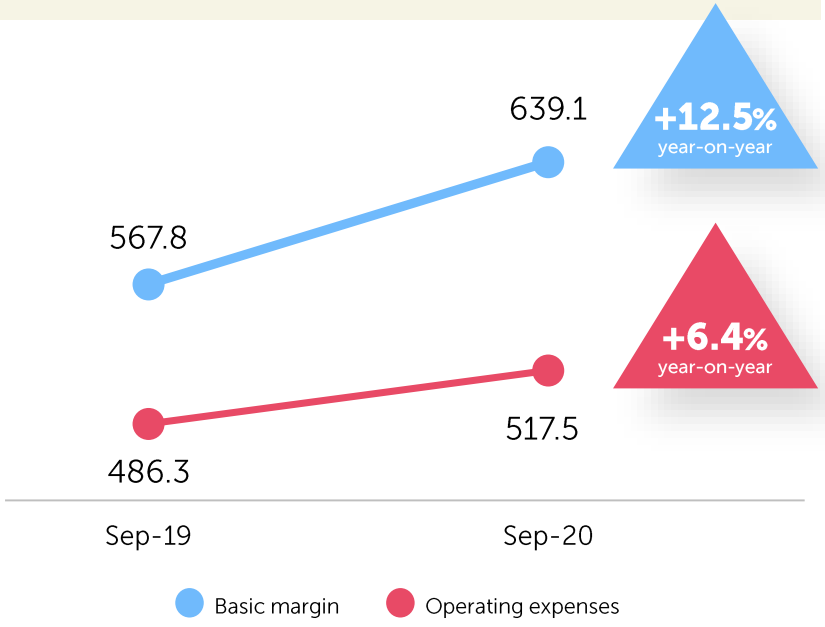
Source: ABANCA Group information. Unless otherwise stated, data refers to Sep-20. Companies 3Q20 Financial Reports. Benchmark considers Santander (Spain), BBVA (Spain), CaixaBank, Bankia, Sabadell, Bankinter, Unicaja, Liberbank, Ibercaja and Kutxabank. Note: (1) Mainly includes commissions related to credit portfolio and contingent risks, as well as underwriting and recovery claims commissions.

Efficiency improvement based on revenue growth and expense control

Operating expenses (€m)



Basic margin evol. & operating expenses (€m)



2.1% reduction in ordinary expenses thanks to streamlining projects

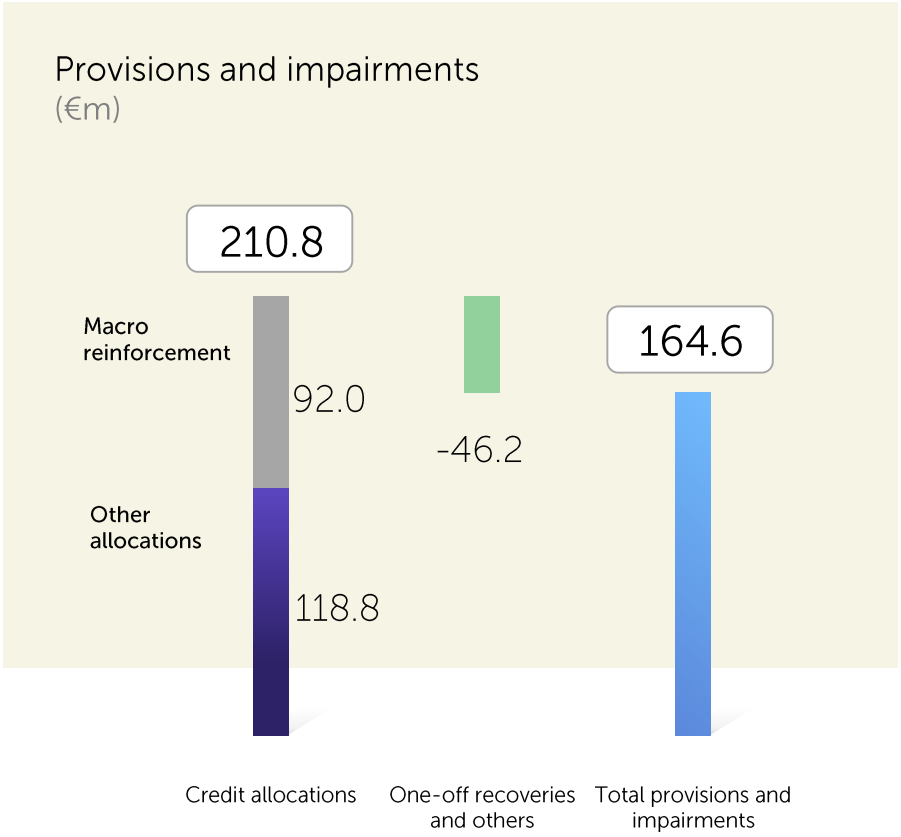
Synergies attained in incorporations exceeded objectives set

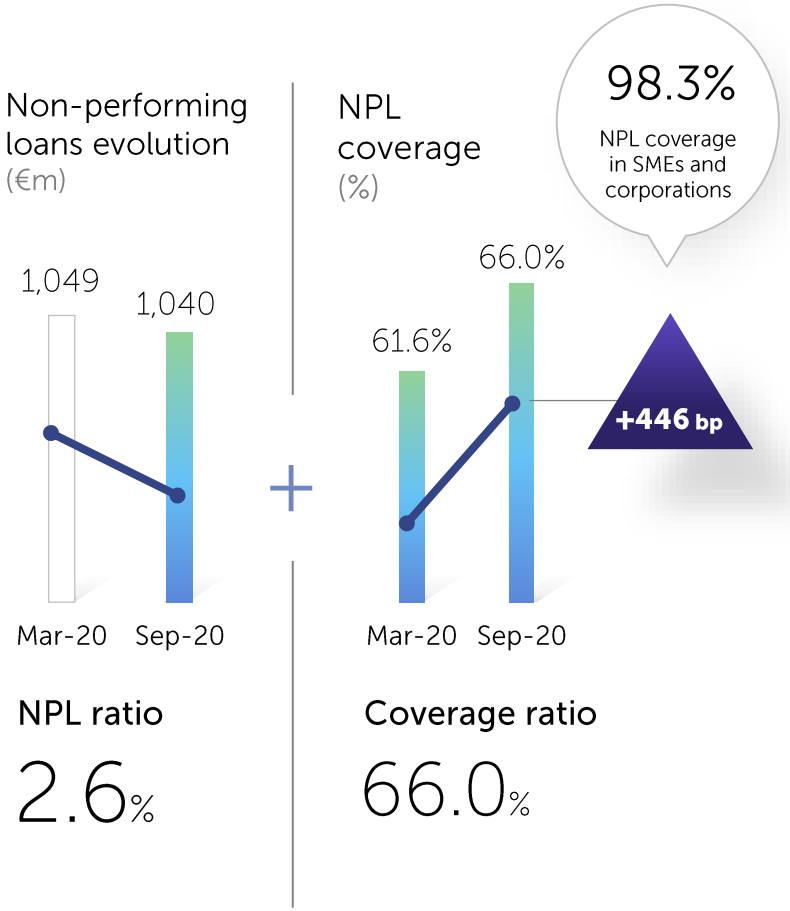
59.0% COST TO INCOME RATIO

x2 INCREASE OF RECURRING REVENUES VS EXPENSES

 Source: ABANCA Group information. Unless otherwise stated, data refers to 'Sep20.

Reinforcement of provisions to face COVID environment



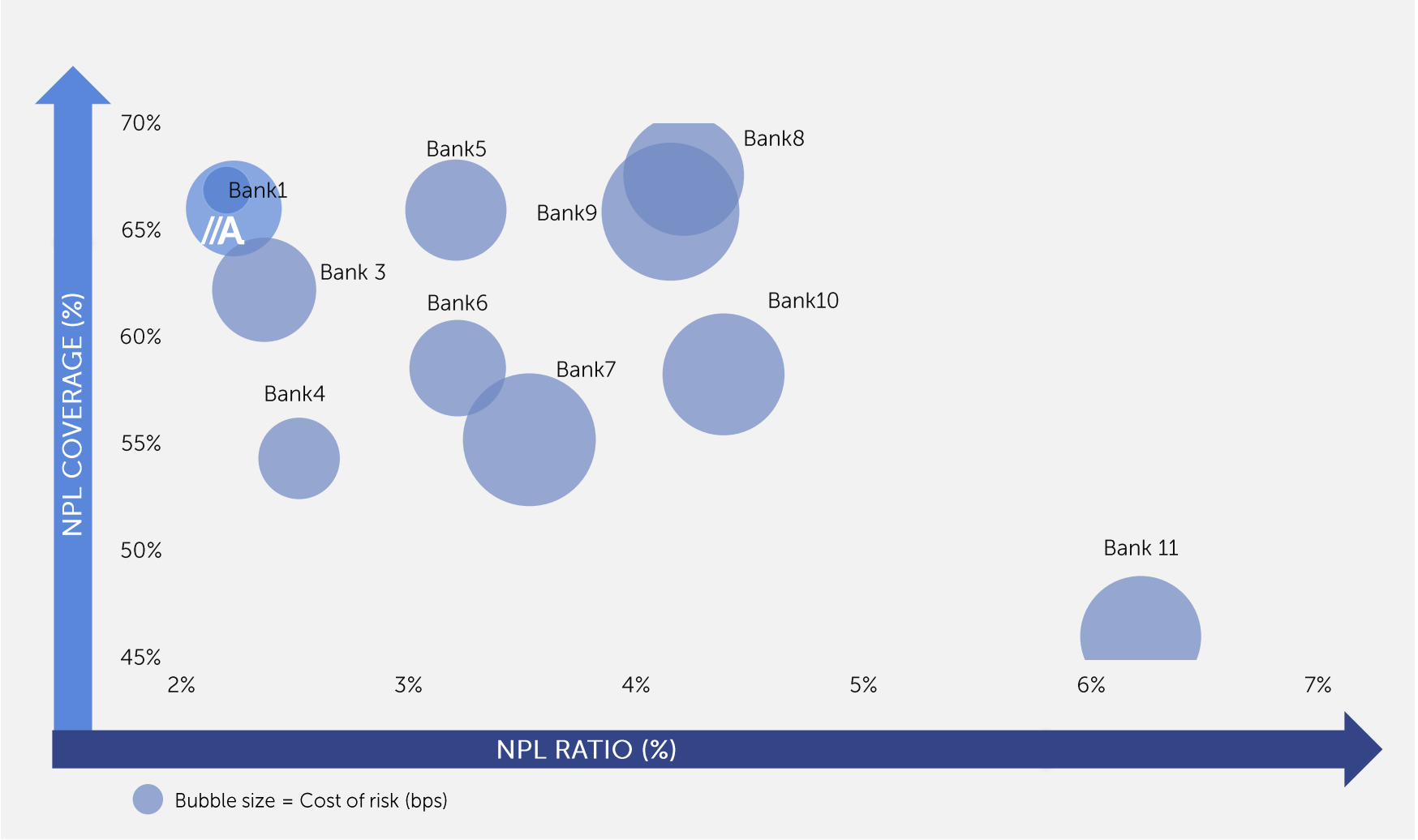


0.63% Cost of Risk

Among the best NPL and coverage ratio of the sector

 Source: ABANCA Group information. Unless otherwise stated, data refers to 'Sep20.

Among the best NPL and coverage ratio of the sector



Source: ABANCA Group information. Unless otherwise stated, data refers to 'Sep20. Companies 3Q20 Financial Reports. Benchmark considers Santander (Spain), BBVA (Spain), CaixaBank, Bankia, Sabadell, Bankinter, Unicaja, Liberbank. Ibercaja and Kutxabank.

TABLE OF CONTENTS

1. ABANCA at a Glance

2. Combining a Profitable Business Model…

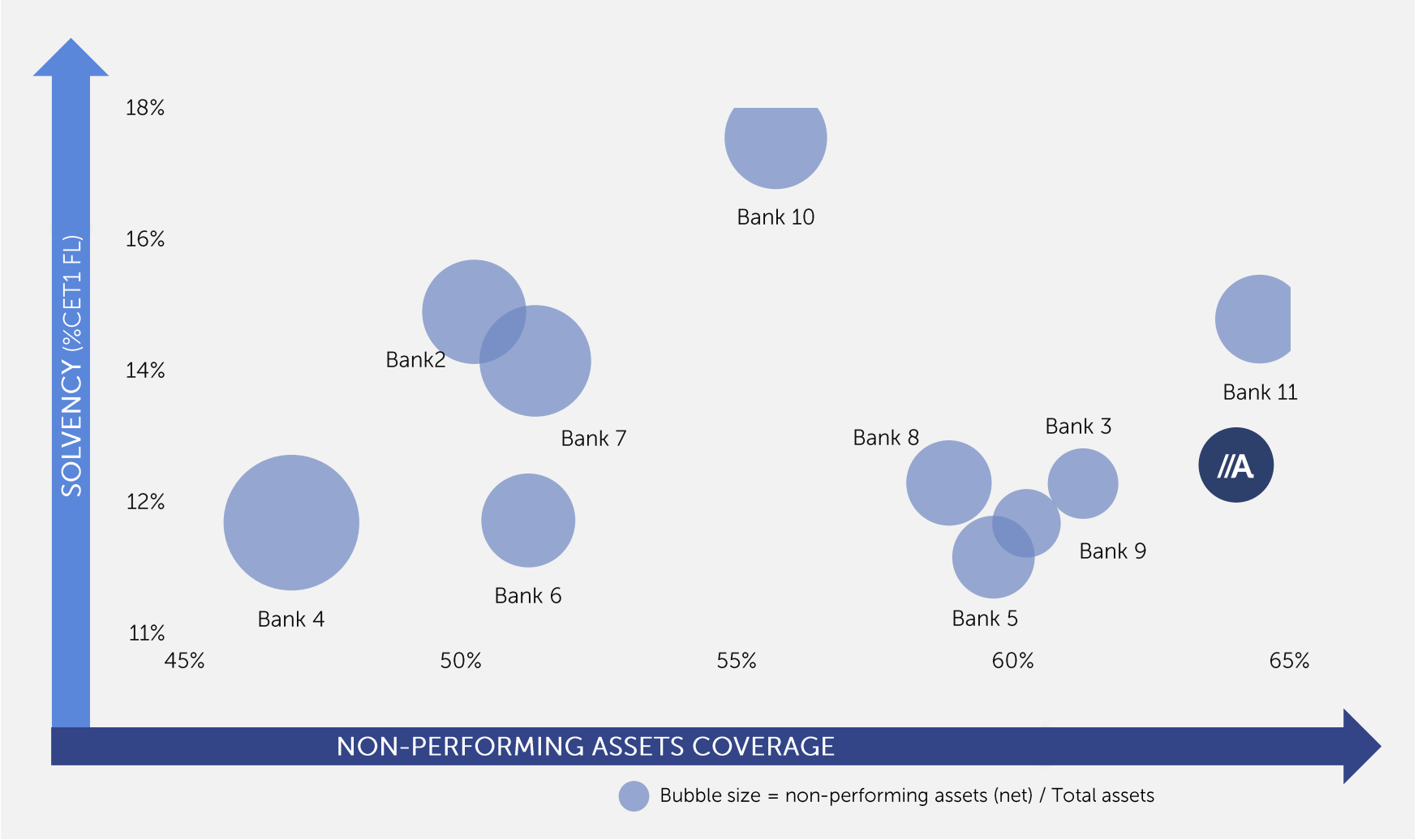
3. …With a Strong Balance Sheet

A. Appendix



Strong Balance Sheet

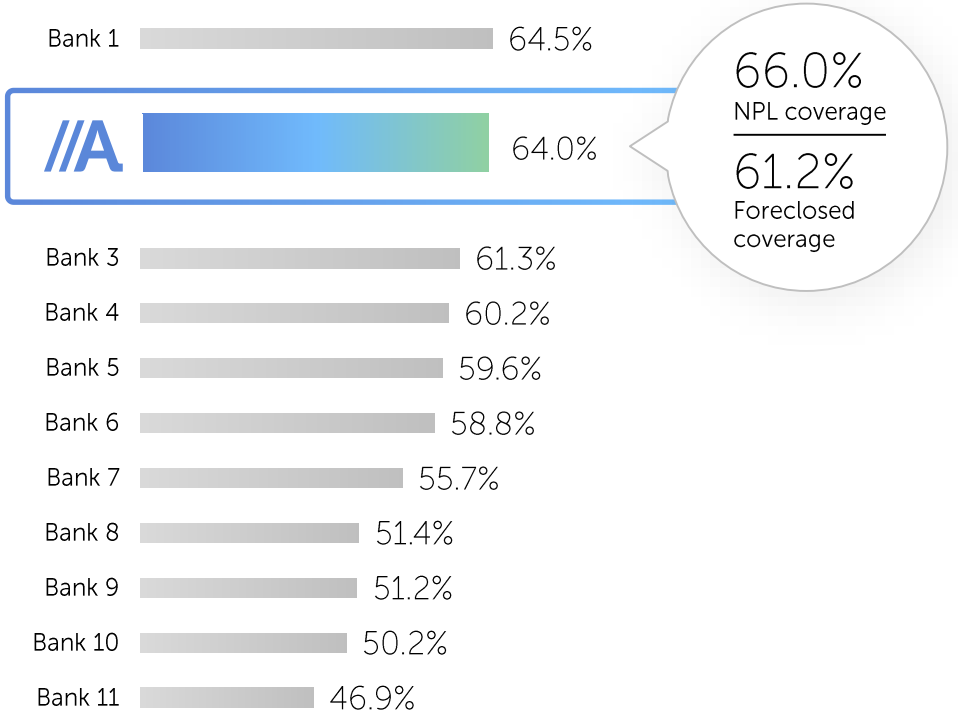
ABANCA's sound financial profile confirms it among the most healthy entities in the Spanish banking sector



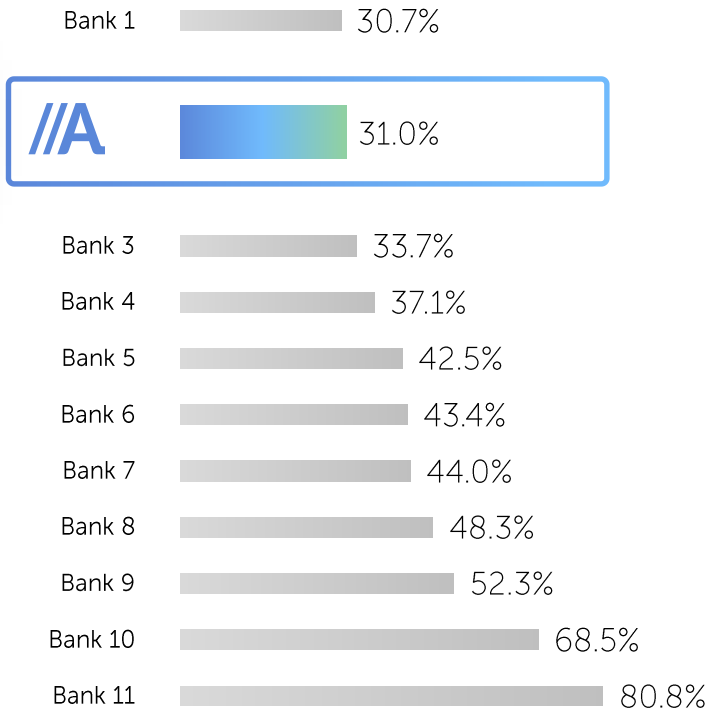
Source: ABANCA Group information. Unless otherwise stated, data refers to 'Sep20. Companies 3Q20 Financial Reports. Benchmark considers Santander (Spain), BBVA (Spain), CaixaBank, Bankia, Sabadell, Bankinter, Unicaja, Liberbank. Ibercaja and Kutxabank. Santander (Spain), BBVA (Spain) and Kutxabank foreclosed assets as of Jun20.

The ABANCA's coverage ratios are among the highest in the industry

Non-performing assets coverage
Coverage / non-performing assets



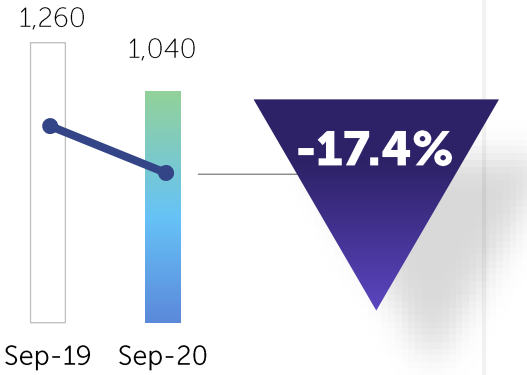
Texas ratio
Non-performing assets / (Coverage + Capital)



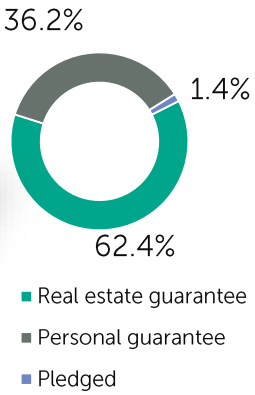
Source: ABANCA Group information. Unless otherwise stated, data refers to 'Sep20. Companies 3Q20 Financial Reports. Benchmark considers Santander (Spain), BBVA (Spain), CaixaBank, Bankia, Sabadell, Bankinter, Unicaja, Liberbank. Ibercaja and Kutxabank. Santander (Spain), BBVA (Spain) and Kutxabank foreclosed assets as of Jun20

NPL Reduction widens the gap with sector in terms of Asset Quality

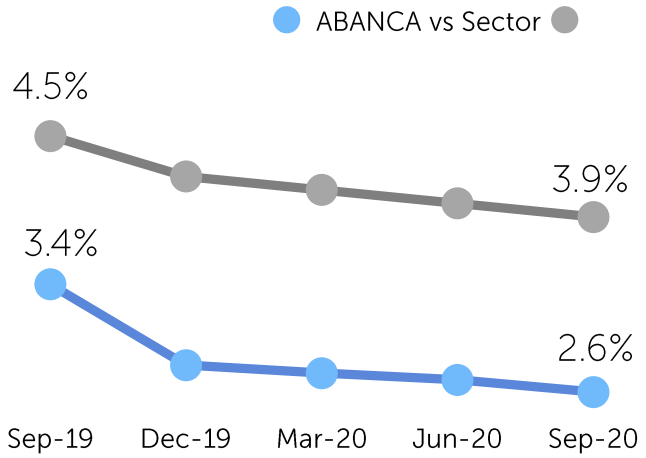
Non-performing loans evolution
(€m)



NPL collaterals
(% 3Q20)



NPL ratio evolution
(%)

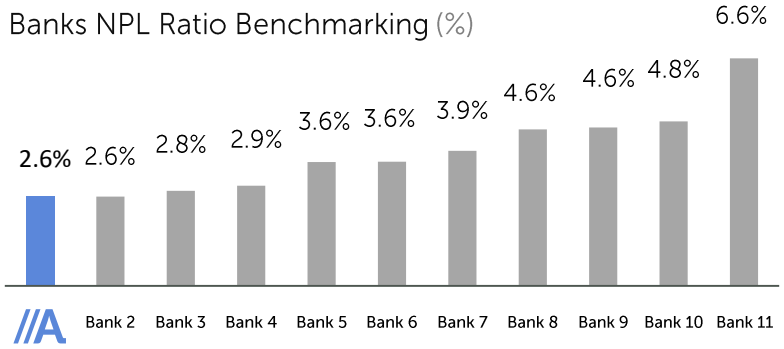


Binding agreement
(4Q 2020)

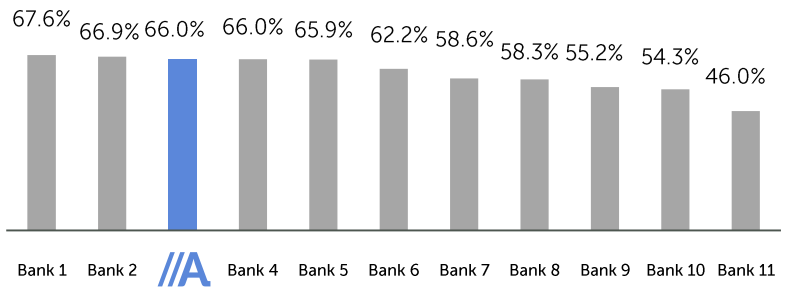
~€250m of impaired balance

~20% coverage

Banks NPL Ratio Benchmarking (%)



Banks NPL Coverage Benchmarking (%)



Source: ABANCA Group information. Unless otherwise stated, data refers to 'Sep20. / Spanish bkn. industry: data according to data BdE: Sep'20 ./Companies 3Q20 Financial Reports. Benchmark considers Santander (Spain), BBVA (Spain), CaixaBank, Bankia, Sabadell, Bankinter, Unicaja, Liberbank. Ibercaja and Kutxabank.

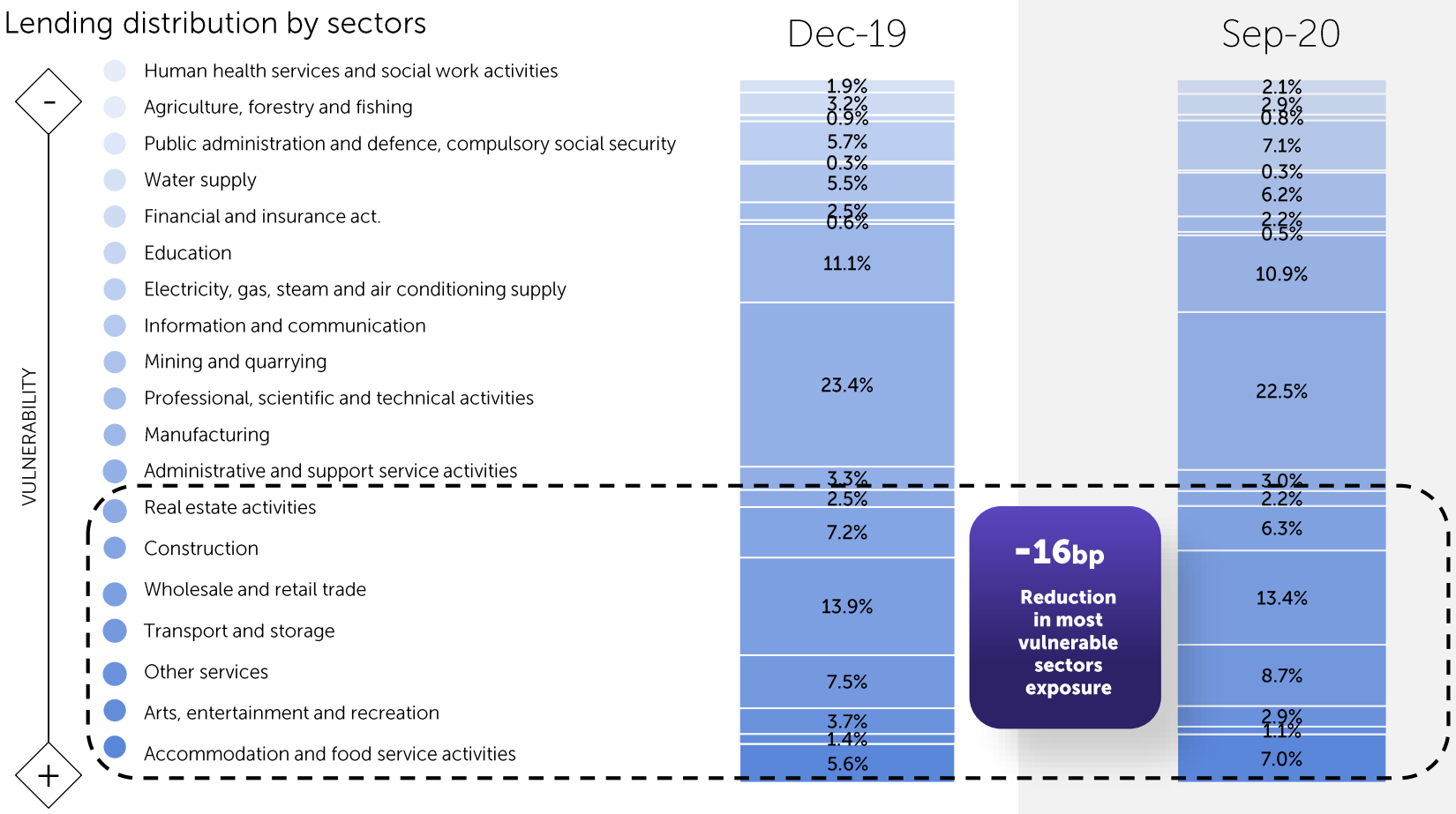
Strong Balance Sheet

The coverage ratio reaches 98% in SME and Corporations

(€m)	Net Book Value	% NPL	% Coverage
Public Administration	**5,382**	**0.0%**	**80.4%**
Other financial institutions	**701**	**0.5%**	**84.5%**
Corporations and SMEs	**15,356**	**3.1%**	**98.3%**
Real Estate construction and property development	1,178	2.9%	92.1%
Other purposes	13,798	3.1%	98.9%
on which Corporations	7,341	1.2%	129.3%
on which SMEs and self-employed	6,457	5.1%	91.1%
Civil engineering	379	3.9%	95.5%
Individuals	**17,923**	**3.0%**	**37.5%**
Mortgages and other	16,322	2.9%	32.7%
Consumer	1,602	4.0%	72.5%
TOTAL	**39,363**	**2.6%**	**66.0%**

 Source: ABANCA Group information. Unless otherwise stated, data refers to 'Sep20.

Well diversified enterprises lending portfolio

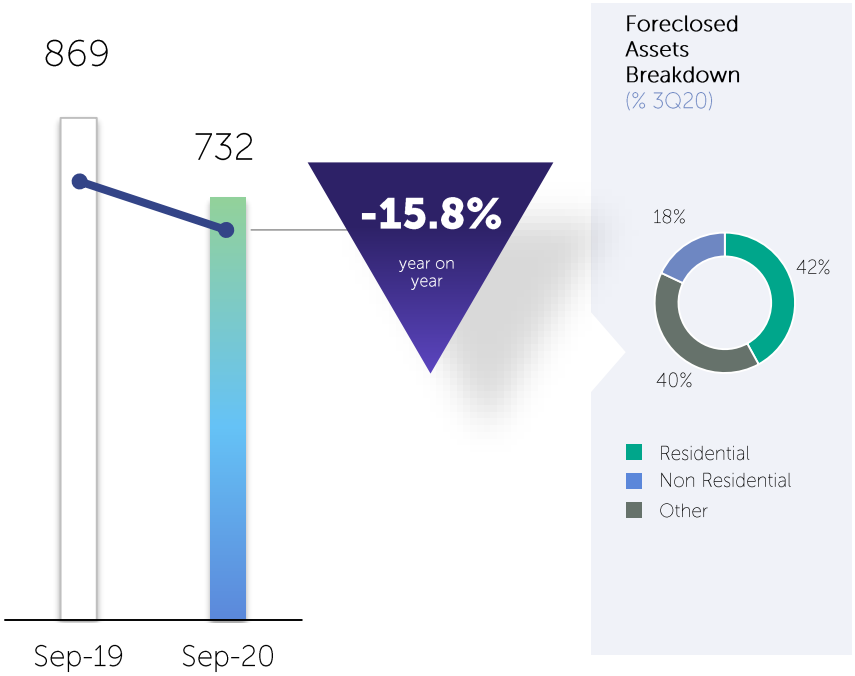


Colour degrade graph showing the sectoral impact according to heat map prepared by ABANCA.
Amounts of "Other services" reclassified to other lines according to the main NACE of each borrower.

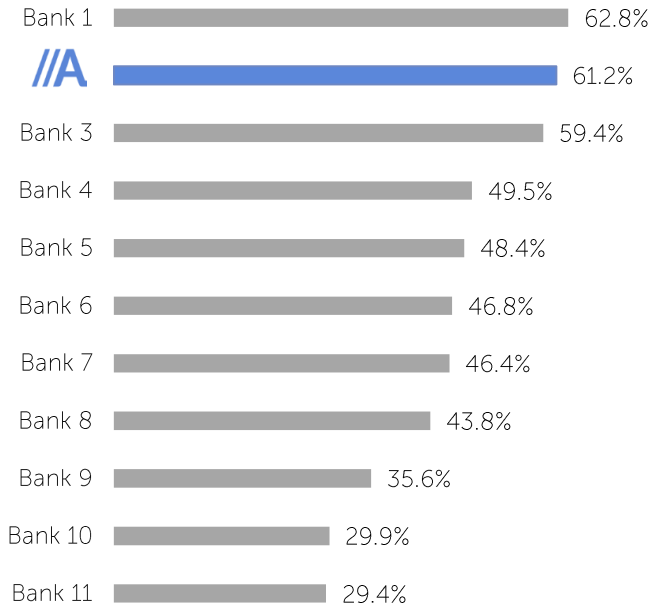
30

Limited weighting of foreclosed assets whilst maintaining great coverage levels

Foreclosed assets (gross) (€m)



Coverage of foreclosed assets (%)



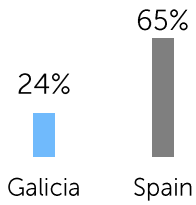
Source: ABANCA Group information. Unless otherwise stated, data refers to 'Sep20. Companies 3Q20 Financial Reports. Benchmark considers Santander (Spain), BBVA (Spain), CaixaBank, Bankia, Sabadell, Bankinter, Unicaja, Liberbank. Ibercaja and Kutxabank. Santander (Spain), BBVA (Spain) and Kutxabank foreclosed assets as of Jun20.

Context: greater resilience of the Galician economy

Galicia has structural factors, and hence less impact than in Spain

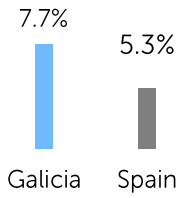
Less weight of tourism (10.4% Galicia vs 12.3% Spain) and less dependence on foreign tourists

% Weight of foreign tourism



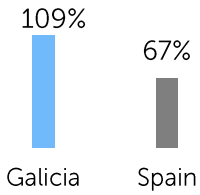
Greater weight of the **food and agriculture** and fishing industry

% Food and agriculture o/GDP



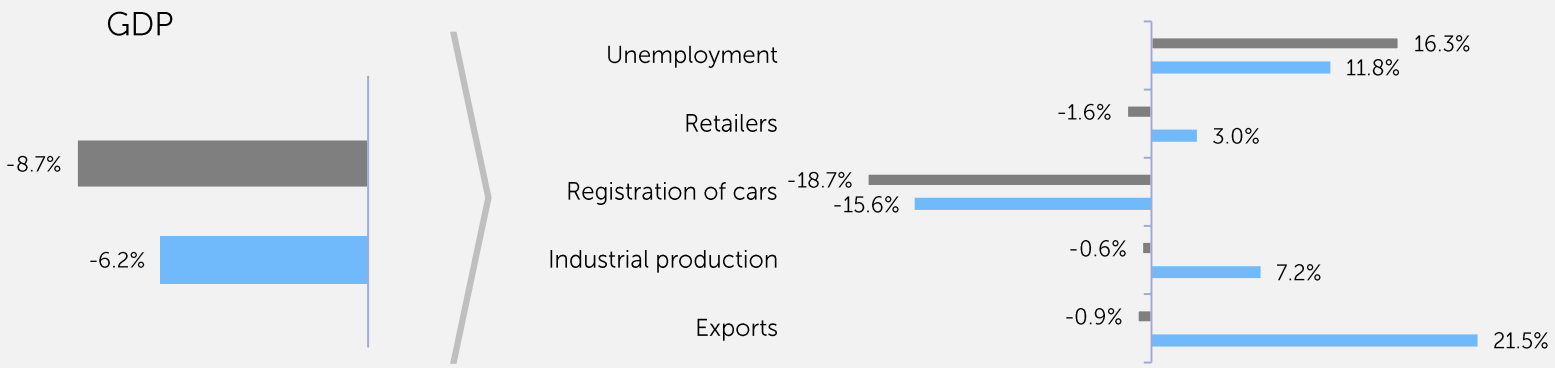
Greater **openness to foreign markets** that lessens the impact on national market

% Foreign openness o/ GDP



Confirming the greater resilience of the Galician economy



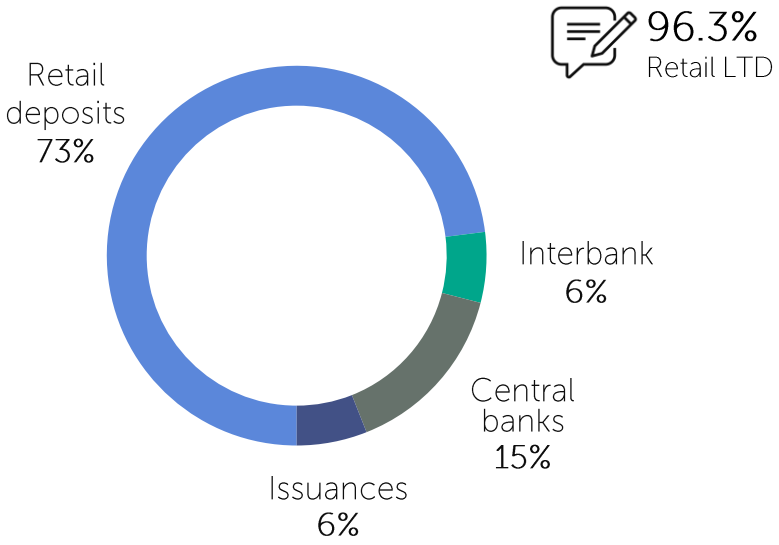


Note: Year-on-year variation. Source; Last available information provided by Instituto Nacional de Estadística (INE). Data corresponding to Q3 in GDP and unemployment and last month available for the rest of variables (November, October or September)

Strong Balance Sheet

Comfortable liquidity position based on retail deposits

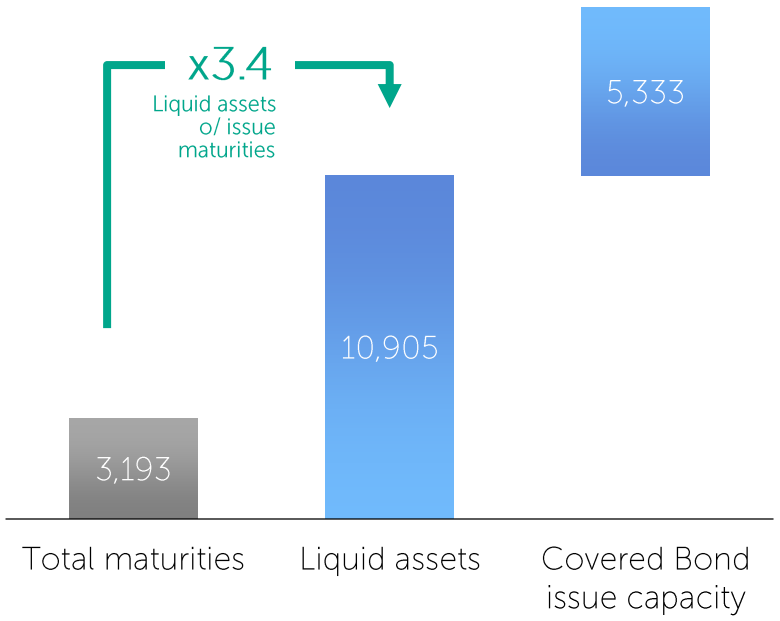
Financing structure



Latest public Issuances

- **September 2019** - €300m 4.625% 10.5NC5.5 Tier 2
- **May 2019** - €750m 0.750% 10yr Covered Bond
- **January 2019** - €350m 6.125% 10NC5 Tier 2
- **September 2018** - €250m 7.500% PerpNC5 Additional Tier 1

Wholesale funding (€m)



134% NSFR
net stable funding ratio

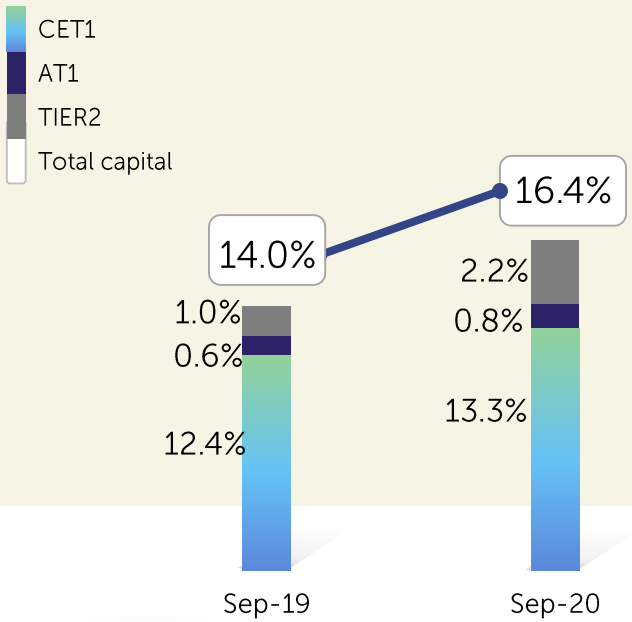
261% LCR
liquidity coverage ratio

COMPLYING WITH BASEL III

Source: ABANCA Group information. Unless otherwise stated, data refers to Sep20.

The capital ratio increases up to 16.4% with 1,225 million excess over regulatory requirements

Capitalisation structure



536bp.
EXCEEDING CET1 CAPITAL REQUIREMENTS (1)

412bp.
EXCEEDING TOTAL CAPITAL REQUIREMENTS

1,592M€
EXCEEDING CET1 CAPITAL REQUIREMENTS (1)

1,225M€
EXCEEDING TOTAL CAPITAL REQUIREMENTS

46.1 %
Density of RWAs

20.06 %
MREL Requirements

100% of ABANCA´RWA are currently calculated under standardized models

The migration to IRB models is in progress. The conversations with the authorities have started

Highest density of RWA among Spanish peers

Source: ABANCA Group information. Note: Sep-19 data are homogeneous with those of Sep-20 taking into account the takeover of the holding company. (1) Considering the amended composition of the P2R communicated in April, 2020 and refrended unchanged by the Supervisor for 2021

TABLE OF CONTENTS

1. ABANCA at a Glance

2. Combining a Profitable Business Model…

3. …With a Strong Balance Sheet

A. Appendix



TABLE OF CONTENTS

A. Appendix

a. Further Material on ABANCA's Financials

b. ABANCA's Corporate Governance

c. Ratings

d. Glossary



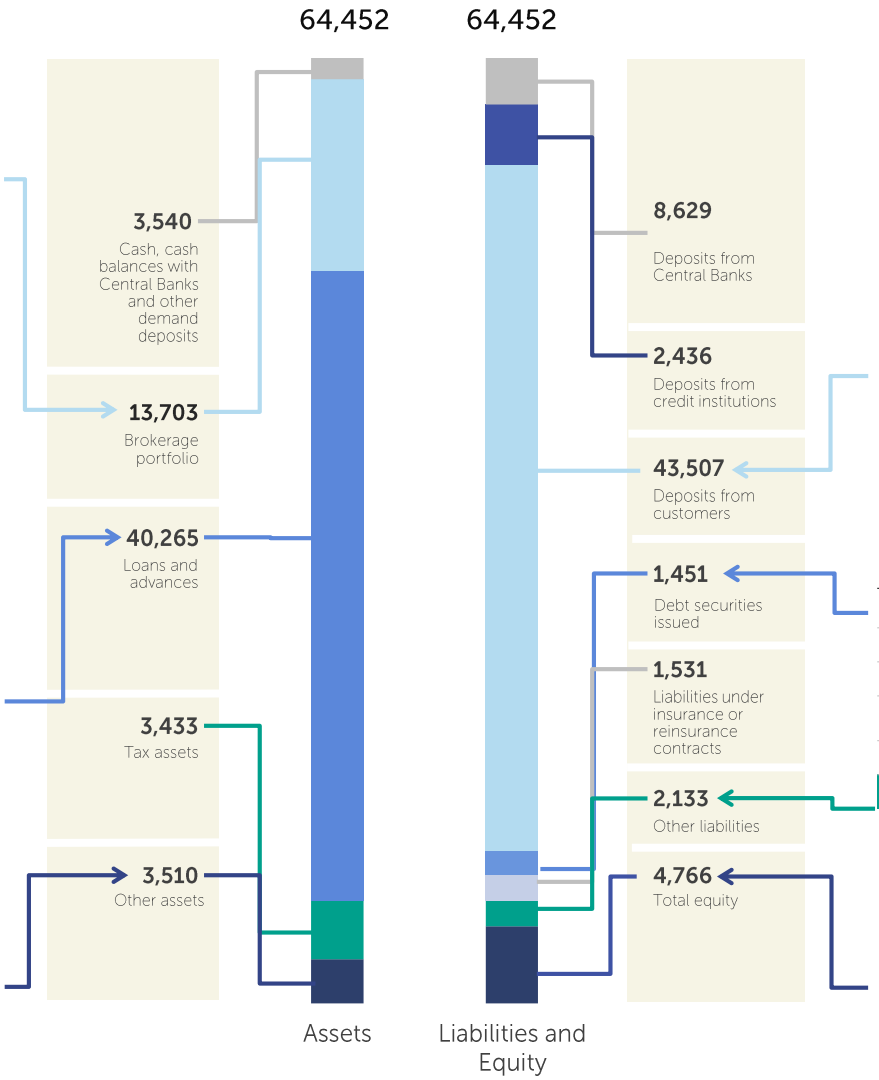
Appendix
Balance sheet distribution

(€m)

Debt securities (Fixed-income portfolio)	13,354
Equity instruments and Corporations	349
Total	**13,703**

to customers (net)	39,363
Individuals	17,923
Corporations and SMEs	15,356
Real Estate construction and property development	1,178
Civil engineering	379
Other purposes	13,798
Public Administration	5,382
Other financial institutions	701
Credit institutions	903
Total	**40,265**

Tangible assets	1,232
Non-current assets and disposal groups classified as held for sale	1,225
Derivatives	178
Intangible assets	547
Other assets	329
Total	**3,510**



From retail customers	40,812
Demand	31,434
Term	9,378
Valuation adjustments	108
Repurchase agreements	1,047
Covered bonds issued and other	1,540
Total	**43,507**

Covered bonds issued	1,750
Subordinated debt	653
Other non-convertible securities	-
Own securities	(1,000)
Valuation adjustments	48
Total	**1,451**

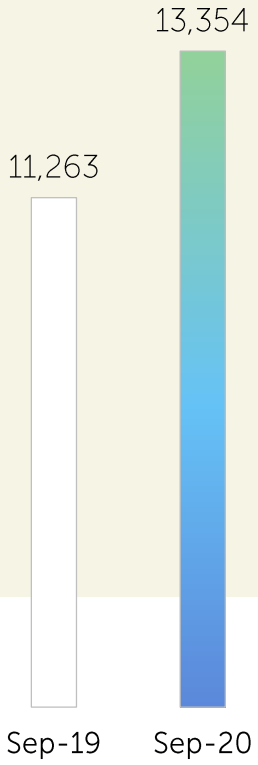
Tax liabilities	179
Derivatives	418
Provisions	353
Liabilities in disposal groups classified as held for sale	695
Other liabilities	489
Total	**2,133**

Shareholders' equity	4,746
Other accumulated global income	30
Minority interests	(11)
Total	**4,766**

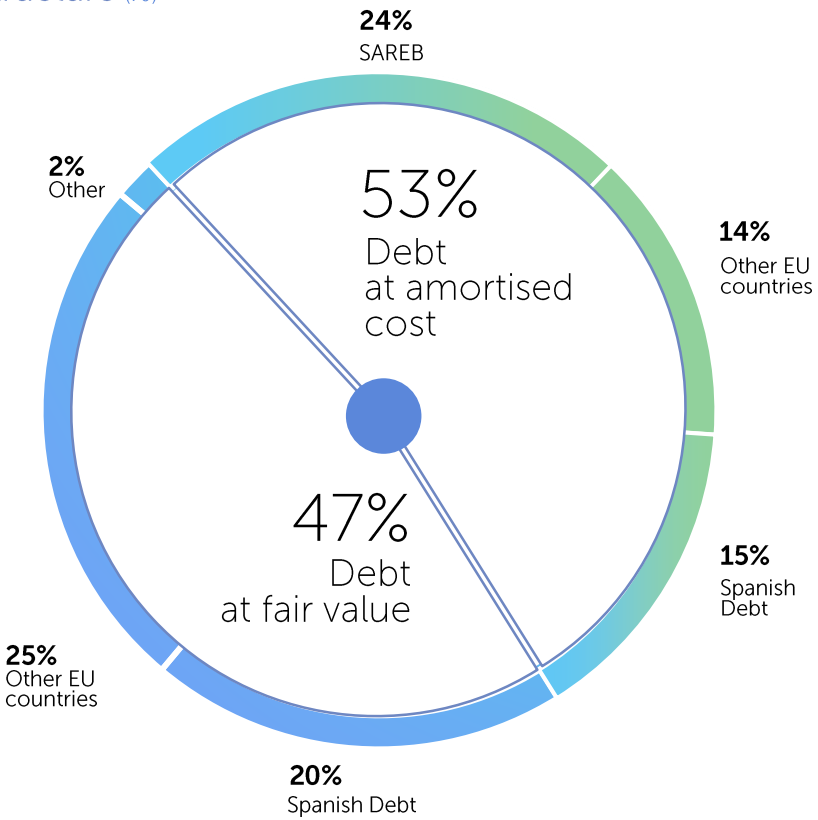
 Source: ABANCA Group information. Unless otherwise stated, data refers to 'Sep20.

Fixed-income portfolio evolution

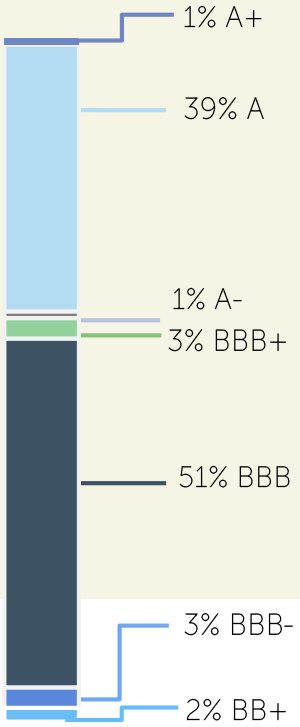
Fixed income portfolio (€m)



Fixed-income portfolio structure (%)



Breakdown of ALCO portfolio by rating (%)



Source: ABANCA Group information. Unless otherwise stated, data refers to 'Sep20.

TABLE OF CONTENTS

A. Appendix

a. Further Material on ABANCA's Financials

b. ABANCA's Corporate Governance

c. Ratings

d. Glossary



Strong Corporate Governance

Board of Directors formed by professionals with broad experience in the Financial Sector and with a majority of independent members



Juan Carlos Escotet

Chairman

Main shareholder and Chairman of Banesco International Financial Group



Francisco Botas

Chief Executive Officer

Former Chief Executive Officer of Banco Etcheverría



Eduardo Eraña Guerra

Ordinary member

Former Chairman Visa Inc., Latam and Caribbean region



Pedro Raúl López Jácome

Ordinary member

Former Chairman of Multiplicas Casa de Bolsa

CEO of MWM Securities Group-Miura Financial Services



Carina Szpilka Lázaro

Ordinary member

Former CEO of ING Direct Spain



José García Montalvo

Ordinary member

Professor at Harvard University and Universidad Pompeu Fabra

Adviser for the EU, OECD and World Bank among others



José Ramón Rodrigo Zarza

Ordinary member

Former Deputy General Manager for Risk and Area Risk Manager for Latam of Banco Santander



Leticia Iglesias

Ordinary member

Former Board Member and President of Global Risk Commission at BMN

Former Managing Director of ICJCE

Deputy Direction of CNMV



Ana da Cunha Barros

Ordinary member

Former Managing Director of Barclays, Portugal

Former Director of Citigroup, Portugal, Spain, US and UK



Manuel López Figueroa

Ordinary member

Former CEO of Banco Caixa Geral, S.A.

 Source: ABANCA Group information. Unless otherwise stated, data refers to 'Sep20.

TABLE OF CONTENTS

A. Appendix

a. Further Material on ABANCA's Financials

b. ABANCA's Corporate Governance

c. Ratings

d. Glossary

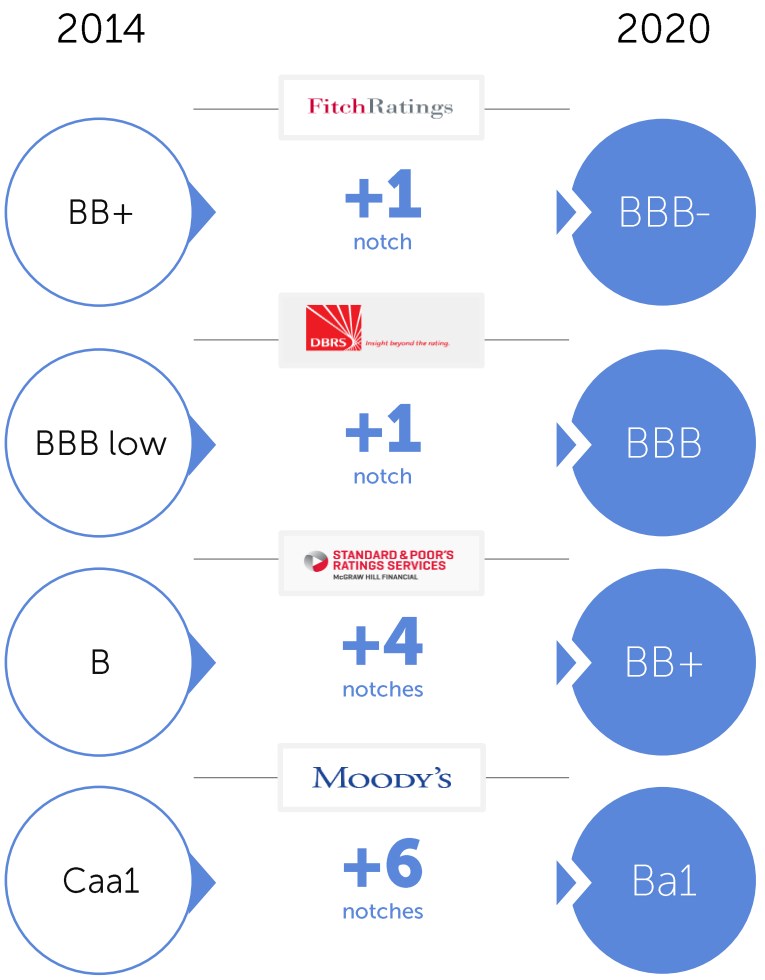


All the rating agencies have upgraded ABANCA´s rating since the arrival of new property achieving Investment Grade in Fitch and DBRS

STRONG RATING FUNDAMENTALS

ABANCA ratings

Fitch	S&P	Moody's	DBRS
Negative	Negative	Stable	Negative
AA+	AA+ Covered	Aa1 Covered	AA (H)
AA	AA	Aa2	AA
AA-	AA-	Aa3	AA (L)
A+	A+	A1	A (H)
A	A	A2	A
A-	A-	A3	A (L)
BBB+	BBB+	Baa1	BBB (H)
BBB	BBB	Baa2	BBB Senior
BBB- Senior	BBB-	Baa3	BBB (L)
BB+	BB+ Senior	Ba1 Deposit	BB (H)
BB Tier 2	BB	Ba2 Tier 2	BB
BB-	BB-	Ba3	BB (L)
B+ AT1	B+	B1	B (H)
B	B	B2	B
B-	B-	B3	B (L)
CCC+	CCC+	Caa1	CCC, CC, C (H)
CCC	CCC	Caa2	CCC, CC, C
CCC-	CCC-	Caa3	CCC, CC, C (L)



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

TABLE OF CONTENTS

A. Appendix

a. Further Material on ABANCA's Financials

b. ABANCA's Corporate Governance

c. Ratings

d. Glossary



Glossary

- ABANCA Group: ABANCA Corporación Bancaria S.A. consolidated
- ALCO: Asset-Liability Committee
- AT1: Additional Tier 1
- BCG: Banco Caixa Geral, S.A.
- CEO: Chief Executive Officer
- CET1: Common Equity Tier 1
- CNMV: Comisión Nacional de Mercado de Valores
- DB PCB: Deutsche Bank PCB
- EU: European Union
- FL: Fully Loaded
- GDP: Gross Domestic Product
- ICJCE: Instituto de Censores Jurados de Cuentas de España
- ICO: Instituto Crédito Oficial
- IRB: Internal Rating Based
- LCR: Liquidity Coverage Ratio
- LTD: Loan to Deposits Ratio
- MREL: Minimum Requirement for Own Funds and Eligible Liabilities
- NII: Net Interest Income
- NPA: Non-Performing Assets
- NPL: Non-Performing Loans
- NSFR: Net Stable Funding Ratio
- OECD: Organisation for Economic Co-operation and Development
- PBT: Profit before tax
- POS: Points of sale
- PRIIP: Packaged Retail Investment and Insurance-Based Products
- PSD2: Payment Services Directive
- RAF: Risk Assessment Framework
- RAROC: Risk-Adjusted Return On Capital
- ROE: Return on equity
- ROIC: Return on invested capital
- RWA: Risk-weighted asset
- SAREB: Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria
- SME: Small and Medium Enterprises
- TLTRO: Targeted longer-term refinancing operations
- YoY: Year on Year

//ABANCA

