3Q19 Covered Bonds Investor Presentation

ABANCA

November 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 ("**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.

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. Cover pool information



Highlights

//ABANCA

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

Sound Financial Profile with High Solvency Position

Fully-fledged Multi-Channel and Innovative Service

Strong Corporate Governance

BUSINESS	3Q19
Total Assets (€bn)	56.9
Retail business volume (€bn)/ Var.	84.8 / +22.6%
Performing credit (€bn)	35.8
Retail deposits (€bn)	38.0

ASSET QUALITY	3Q19
NPA ratio* / NPL ratio*	5.2% / 3.1%
NPA Coverage / NPL Coverage	59.7% / 57.8%
Texas ratio	37.2%

PROFITABILITY	3Q19
Net profit (€m)	402
Basic margin (€m) / Var	571 / +6.9%
ROE	11.5%

CAPITAL	3Q19
CET1 ratio (phase-in)	13.1%
Total capital ratio (phase-in)**	16.0%

LIQUIDITY	3Q19
Retail LTD	96.8%
Liquid assets (€bn)	7.0
CB issuance capacity (€bn)	6.9

Source: ABANCA Group information. * Proforma data *after the sale of non-performing asset portfolio (Oct-19) / ** Data including the recent Tier2 issuance (Oct-19)*

Ratings

Fitch (Long-Term Issuer Default Rating)

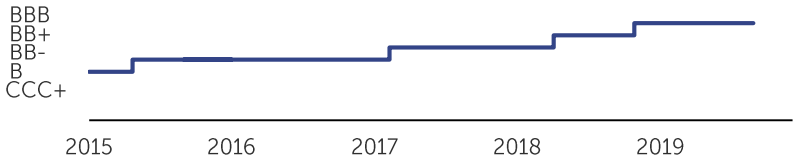


Investment grade

BBB- Stable

FitchRatings

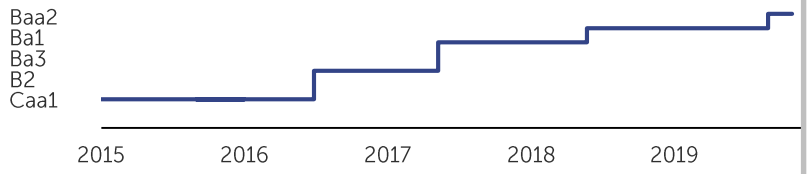
S&P (Long-Term Issuer Credit Rating)



BB+ Positive

STANDARD & POOR'S RATINGS SERVICES
McGRAW HILL FINANCIAL

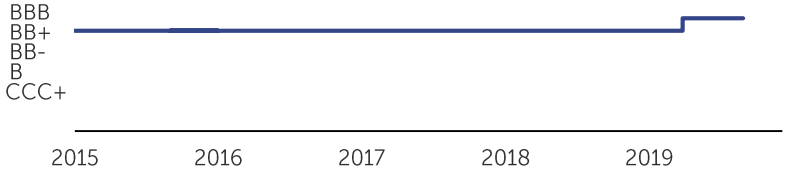
Moody's (Long-Term Deposit Rating)



Ba1 Positive

MOODY'S

DBRS (Long-Term Issuer Default Rating)



Investment grade

BBB Stable

DBRS Insight beyond the rating.

COVERED BONDS RATING

AA+ Estable

STANDARD & POOR'S RATINGS SERVICES
McGRAW HILL FINANCIAL

Aa1

MOODY'S

Maximum attainable rating for Spanish Covered Bonds

LCR elegibility of our recent issuances improved to HQLA Level 1

COVERED BOND LABEL

Quarterly reported Harmonised Transparency Template (HTT)

TABLE OF CONTENTS

1. ABANCA at a glance

2. Cover pool information



Mortgage Portfolio Overview

Mortgage Portfolio Overview		Residential		Commercial	
Total mortgage cover pool (€m)	15,743.7	Total amount (€m)	12,621.8	Total amount (€m)	3,122.0
Substitution assets	0	Number of loans	182,150	Number of loans	11,831
Outstanding covered bonds (€m)	2,483.4	Number of borrowers	306,967	Number of borrowers	16,372
Total OC	534.0%	Average loan balance (€k)	69.3	Average loan balance (€k)	263.9
Number of loans	193,981	Interest only loans	0.2%	Interest only loans	19.3%
Number of debtors	323,339	Weighted Average LTV (%)	56.4%	Weighted Average LTV (%)	58.3%
Average loan balance (€k)	81.2	Weighted Average Maturity (years)	20.9	Weighted Average Maturity (years)	11.8
Weighted Average LTV (%)	56.7%	Weighted Average Rate (%)	1.1%	Weighted Average Rate (%)	2.4%
Weighted Average Seasoning (months)	94.5	Floating Rate loans (%)	98.1%	Floating Rate loans (%)	87.9%
Weighted Average Maturity (years)	18.9	Arrears >90 days (%)	2.3%	Arrears >90 days (%)	6.3%
Weighted Average Rate (%)	1.3%	10 largest exposures (%)	0.2%	10 largest exposures (%)	10.0%
Arrears >90 days (%)	3.1%				
Floating rate loans (%)	96.1%				
Loans in Euros (%)	98.0%				

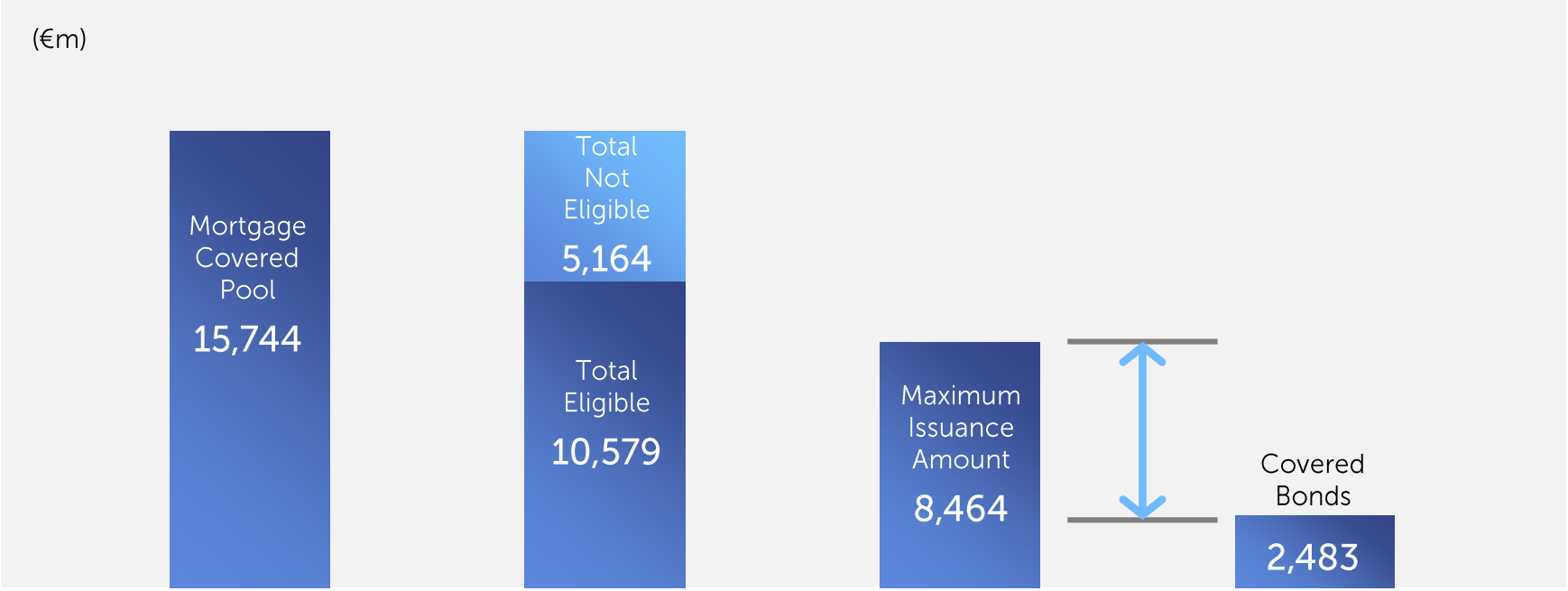
Unless otherwise stated, data refers to 3Q19 from ABANCA

Outstanding Covered Bonds

ISIN	Issue Date	Maturity Date	Ccy	Nominal outstanding	Coupon type	Coupon	LCR status
ES0312362017	18-11-04	18-11-19	EUR	26,829,268	Fixed	4.26%	No
ES0312358015	31-03-05	31-03-20	EUR	116,666,666	Fixed	4.00%	No
ES0414958142	06-05-10	31-07-20	EUR	50,000,000	Fixed	4.90%	No
ES0312298054	24-03-06	24-03-21	EUR	300,000,000	Fixed	4.00%	2A
ES0312298021	14-12-05	14-12-22	EUR	129,629,630	Fixed	3.75%	No
ES0312298096	25-10-06	25-10-23	EUR	100,000,000	Fixed	4.25%	No
ES0317046003	23-05-05	23-05-25	EUR	200,000,000	Fixed	3.88%	No
ES0312342019	30-06-05	30-06-25	EUR	410,256,410	Fixed	3.75%	2A
ES0312298120	25-05-07	25-05-27	EUR	200,000,000	Fixed	4.76%	No
ES0465936054	28-05-19	28-05-29	EUR	750,000,000	Fixed	0.75%	1
ES0371622020	10-04-06	10-04-31	EUR	200,000,000	Fixed	4.25%	No

Unless otherwise stated, data refers to 3Q19 from ABANCA

Over-collateralisation

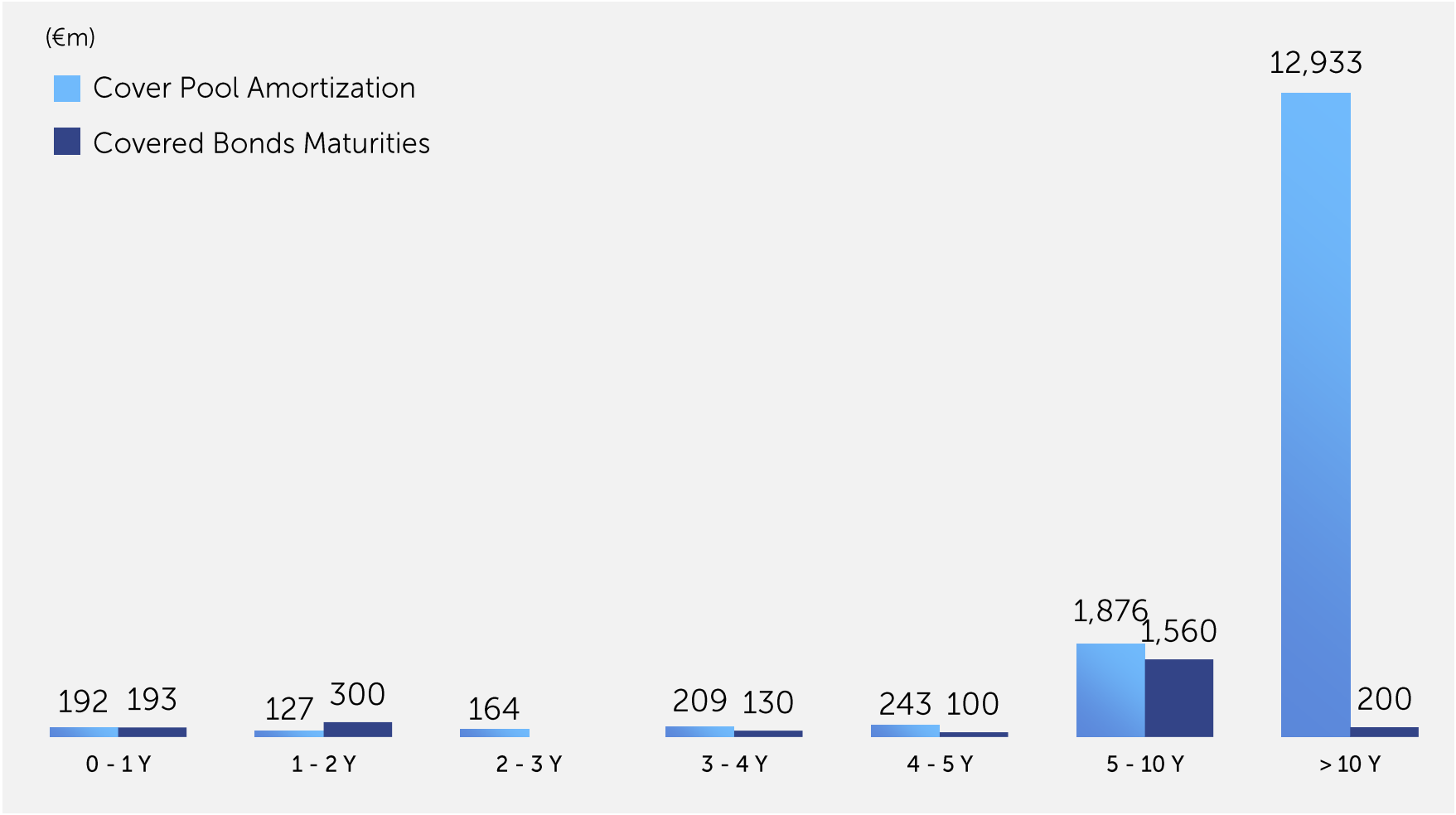


Over-collateralisation (OC)	Legal / Regulatory	Actual
OC (%)	25.0%	534.0%
Eligible OC (%)		326.0%

Unless otherwise stated, data refers to 3Q19 from ABANCA

Cover pool information

Amortization profile

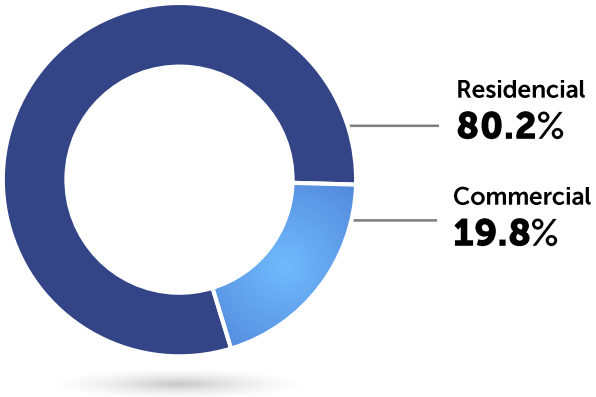


 Unless otherwise stated, data refers to 3Q19 from ABANCA

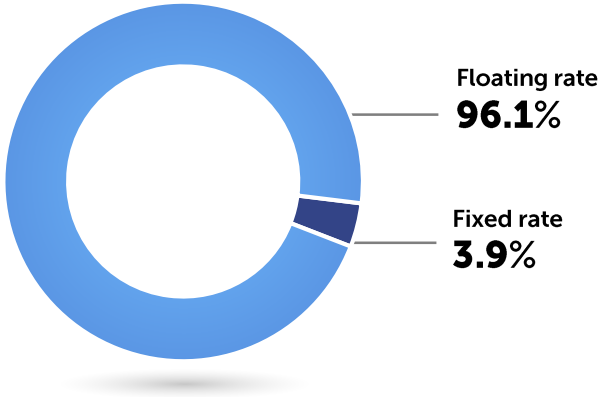
//ABANCA

Cover Pool Highlights

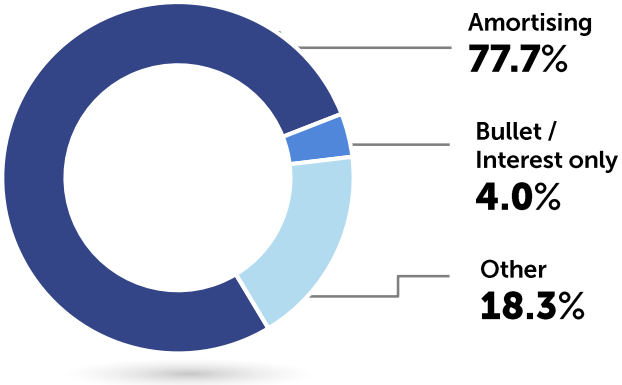
Residential/Commercial



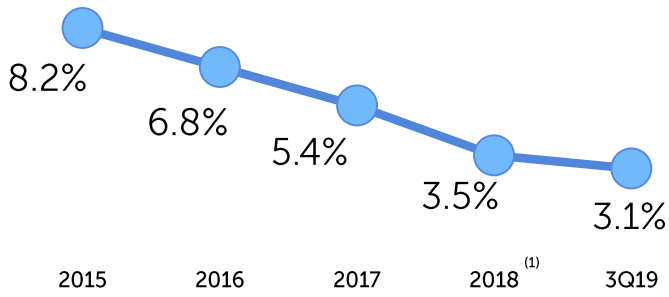
Breakdown by interest rate



Repayment type



Arrears > 90 days

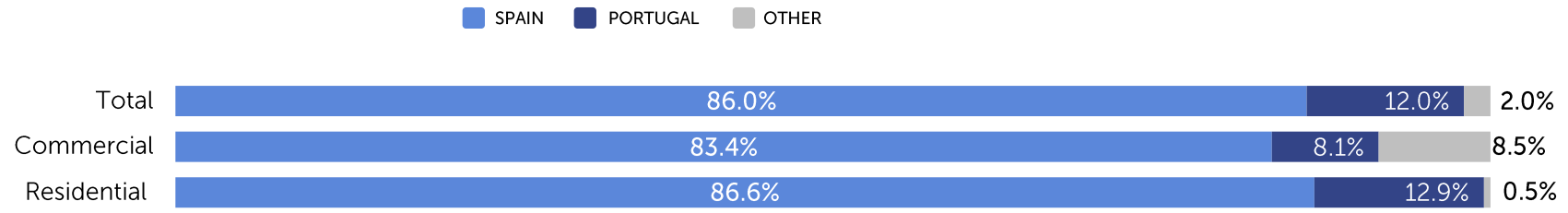


Unless otherwise stated, data refers to 3Q19 from ABANCA.
Notes: (1) 2018 adjusted to current criteria

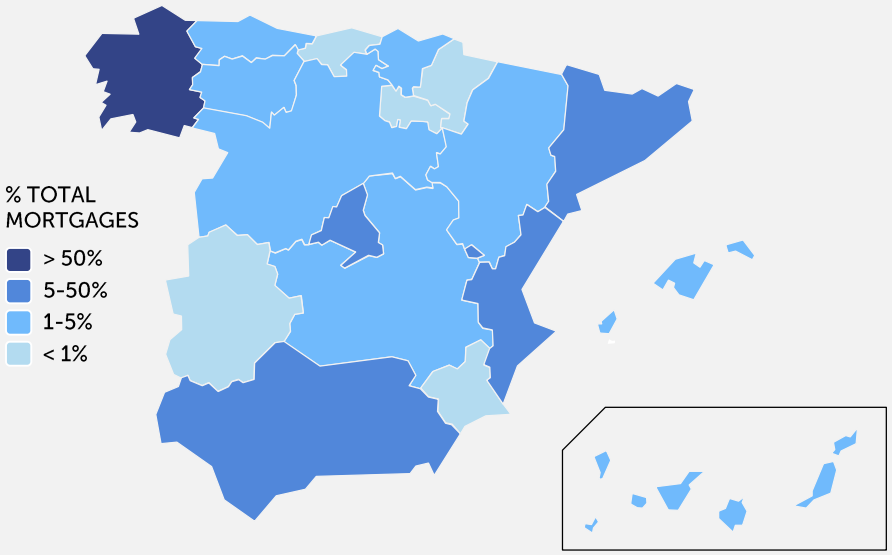
//ABANCA

Cover Pool Highlights

Geographical Distribution



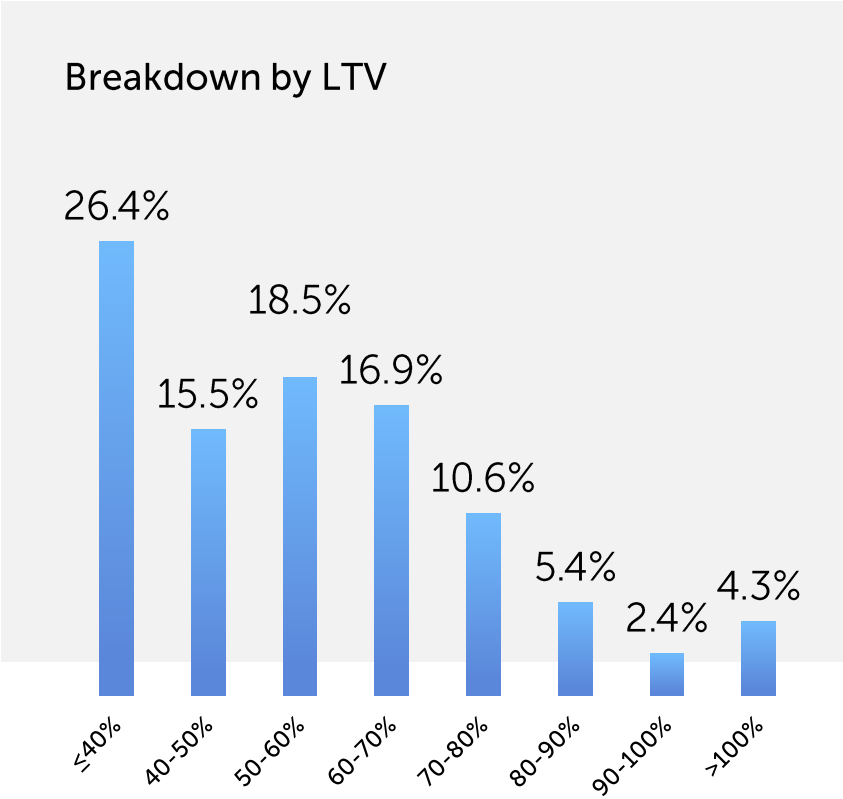
Geographical Distribution (Spain)

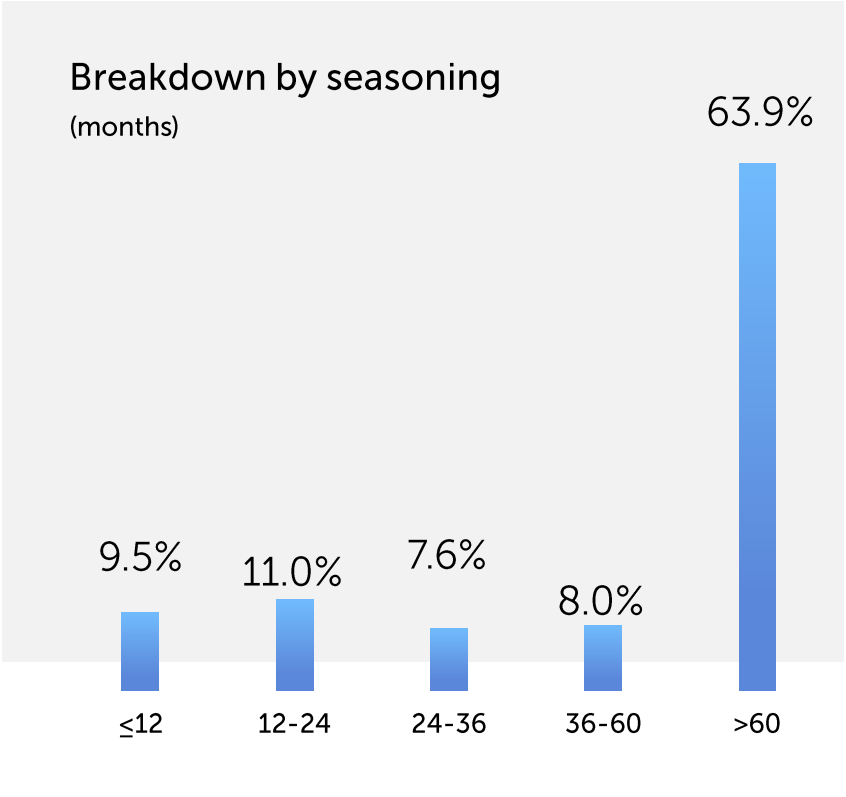


Balance per region	% Residential Loans	% Commercial Loans	% Total Mortgages
Andalusia	5.0%	4.7%	5.0%
Aragon	1.0%	1.2%	1.0%
Asturias	1.6%	2.4%	1.8%
Balearic Islands	1.3%	0.7%	1.2%
Basque Country	1.5%	2.4%	1.7%
Canary Islands	2.1%	2.1%	2.1%
Cantabria	0.5%	0.2%	0.4%
Castile La Mancha	1.2%	0.8%	1.1%
Castile León	4.5%	3.9%	4.3%
Catalonia	9.4%	4.5%	8.5%
Extremadura	0.4%	0.2%	0.3%
Galicia	51.9%	42.5%	50.0%
La Rioja	0.3%	0.2%	0.3%
Madrid	11.6%	26.6%	14.6%
Murcia	0.8%	0.8%	0.8%
Navarra	0.2%	0.5%	0.3%
Valencia	6.6%	6.1%	6.5%

 Unless otherwise stated, data refers to 3Q19 from ABANCA

Cover Pool Highlights





Weighted Average LTV: 56.7%

- 60.4% of the mortgage portfolio have LTV lower than 60%
- 87.9% of the mortgage portfolio have a LTV lower than 80%

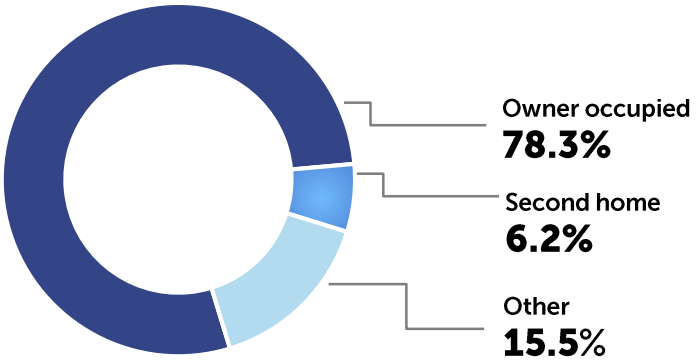
Weighted Average seasoning: 94.5 months

- 71.9% of the pool has a seasoning above 3 years

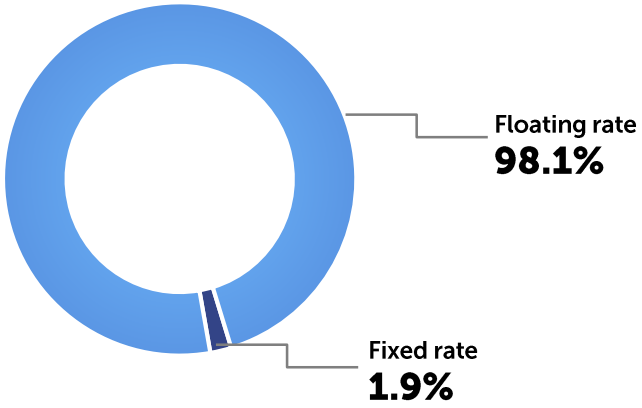
 Unless otherwise stated, data refers to 3Q19 from ABANCA

Residential Mortgage Portfolio

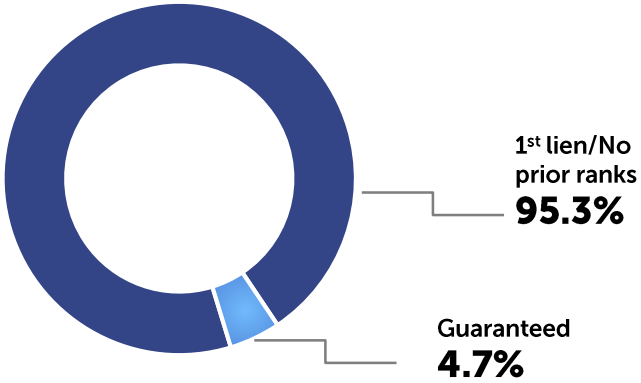
Breakdown by type of residence



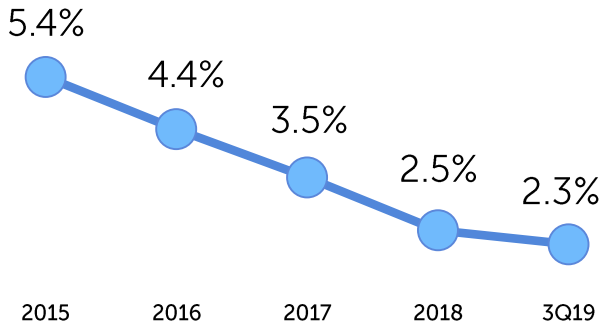
Breakdown by interest rate



Loan by ranking



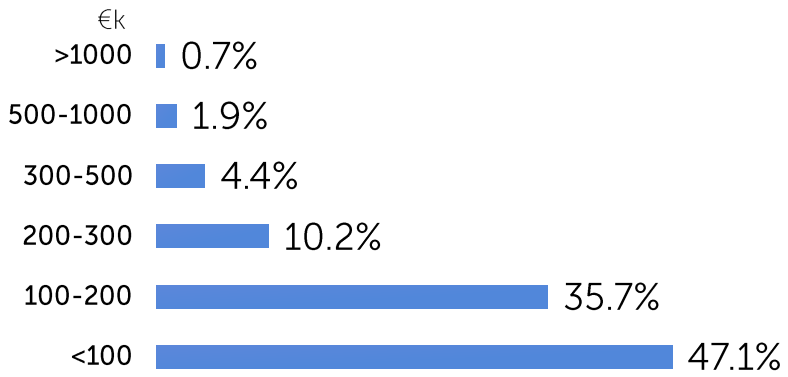
Arrears > 90 days



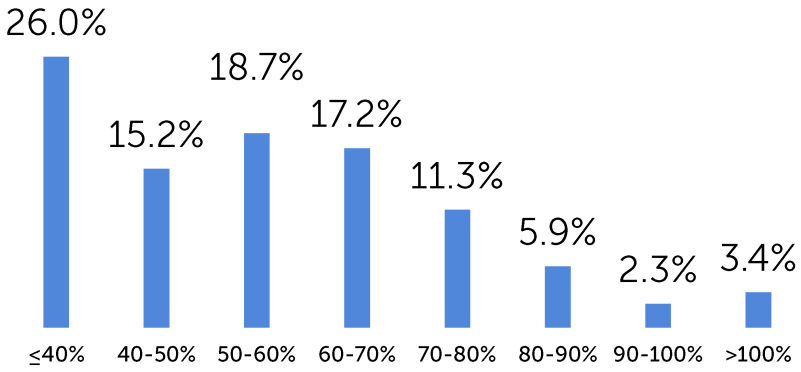
Unless otherwise stated, data refers to 3Q19 from ABANCA

Residential Mortgage Portfolio

Breakdown by loan size

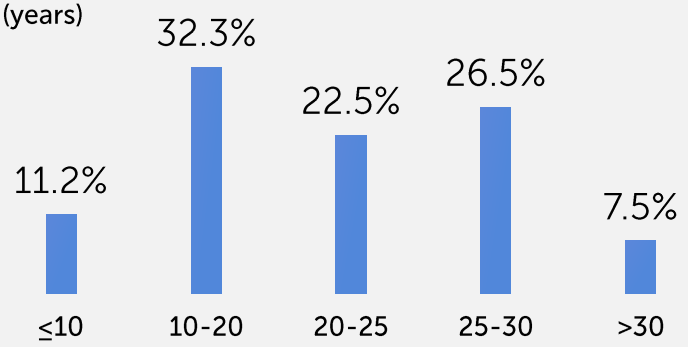


Breakdown by LTV



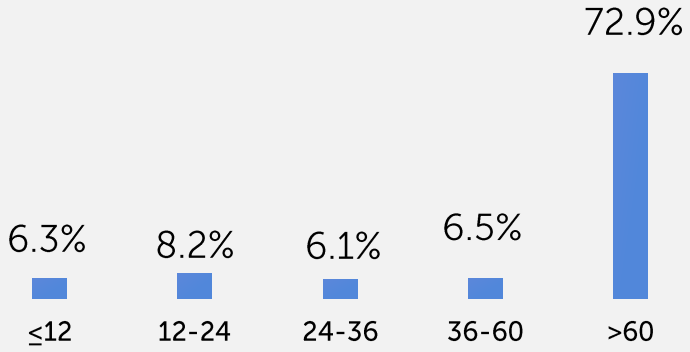
Breakdown by Maturity

(years)



Breakdown by Seasoning

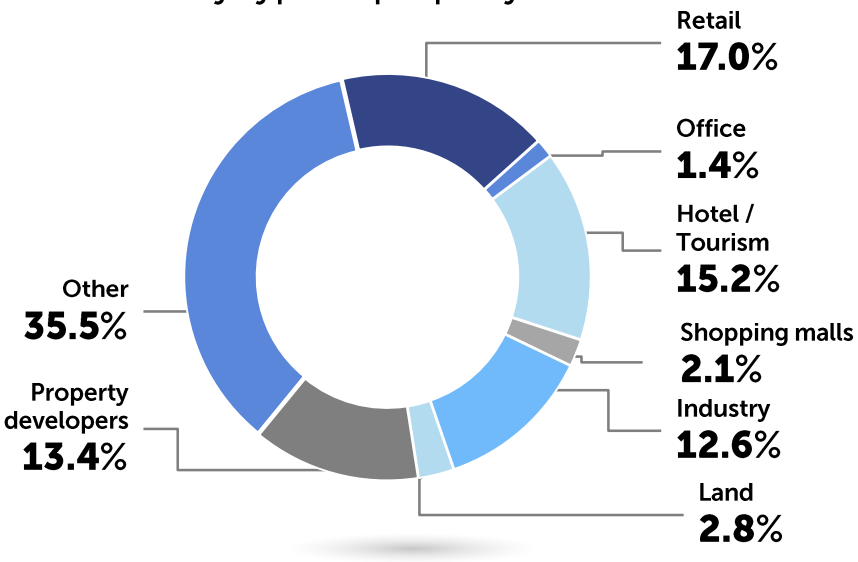
(months)



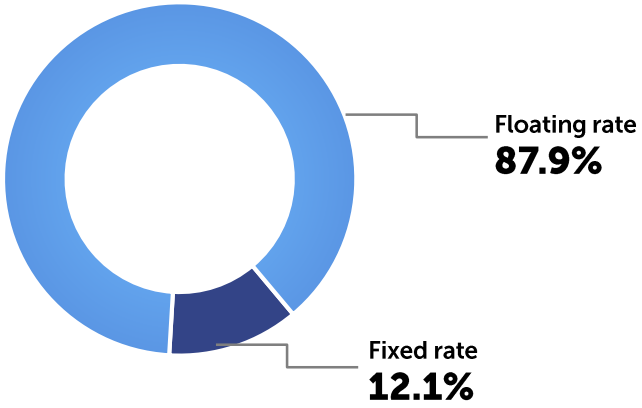
Unless otherwise stated, data refers to 3Q19 from ABANCA

Commercial Mortgage Portfolio

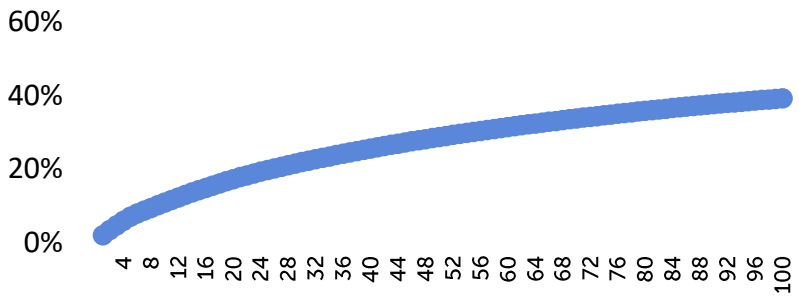
Breakdown by type of property



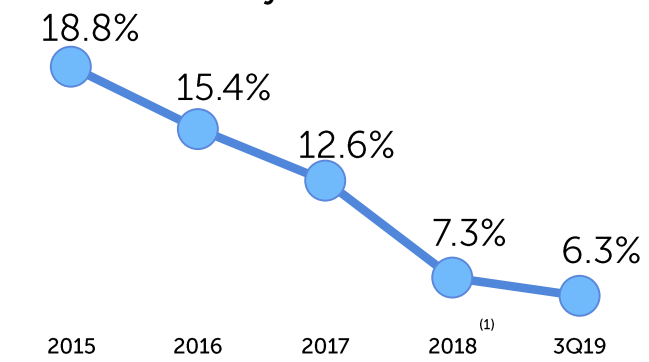
Breakdown by interest rate



Cumulative Top 100 Borrowers



Arrears > 90 days

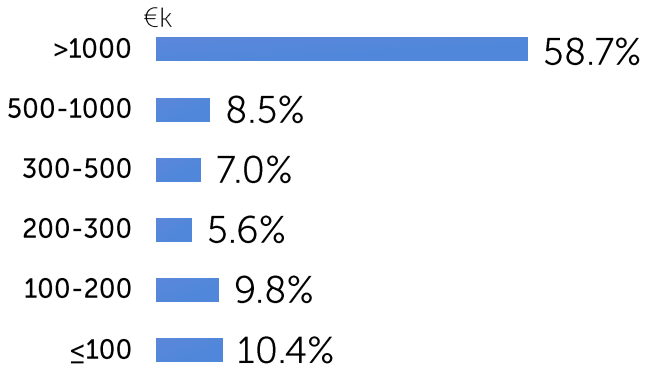


Unless otherwise stated, data refers to 3Q19 from ABANCA.
Notes: (1) 2018 adjusted to current criteria

ABANCA

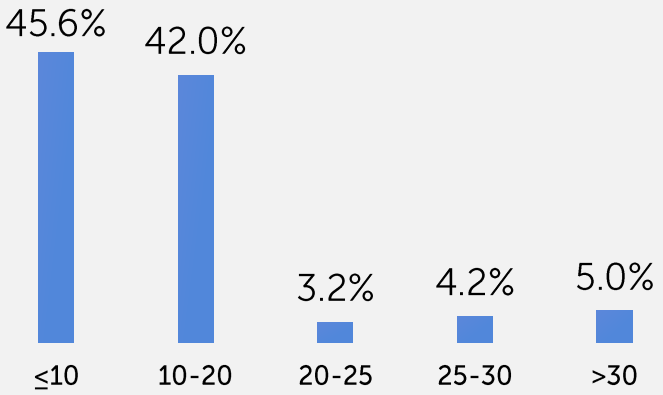
Commercial Mortgage Portfolio

Breakdown by loan size

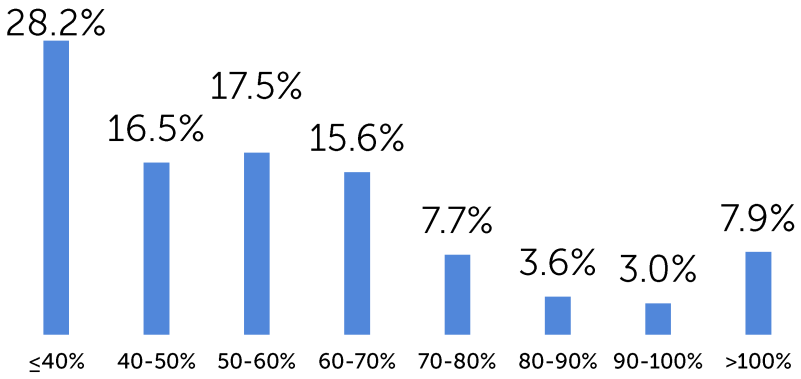


Breakdown by Maturity

(years)

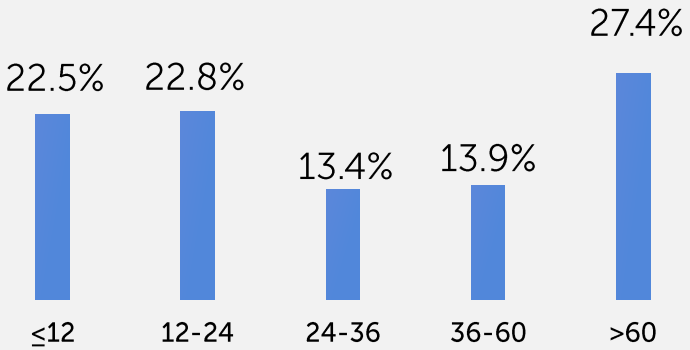


Breakdown by LTV



Breakdown by Seasoning

(months)



Unless otherwise stated, data refers to 3Q19 from ABANCA

Glossary

- €bn: Billions of euros
- €m: Millions of euros
- €k: Thousands of euros
- ABANCA: ABANCA Corporación Bancaria, S.A
- Bp: Basis Points
- CCy: Currency
- CET1: Common Equity Tier 1
- EUR: Euros
- LCR: Liquidity Coverage Ratio
- LTD: Loan to Deposits Ratio
- LTV: Loan to Value
- NPA: Non-Performing Assets
- NPL: Non-Performing Loans
- OC: Over-collateralisation

//ABANCA

