
//ABANCA
Inaugural Green Bond
Senior Preferred
August 2021
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Executive Summary

Background

- Social Responsibility considerations are rooted in ABANCA´s DNA since the Bank's establishment
- ESG approach from the highest top management levels to more operational bodies
- Actively participating in the most relevant ESG initiatives & alliances
- Clear roadmap to contribute to a more sustainable business

Green Bond Rationale

- ABANCA has implemented a Sustainability plan "Sentir Planeta ABANCA" (Feel Planet ABANCA), which is aligned with the UN SDGs and has materialised in selected ESG initiatives at corporate level
- Establishing a SDG Bond Framework is an important step to align ABANCA's business, origination and wholesale finance with its funding strategy
- Senior preferred green bond issuance is the first step to fulfill long-term MREL target with SDG compliant instruments

Investment Highlights

- Solid financial profile: best in class asset quality metrics, good capitalisation and profitability, all of them supported by a remarkable track record of ratings strengthening
- Strong Corporate Governance, accurate and scalable ESG selection process of eligible assets and SDG Framework fully aligned with the latest Green and Social Bond Principles
- Focus on the Renewable Energy category for the inaugural Green Bond Senior Preferred issue

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Historical commitment aligned with new forward looking focus

Sustainability is not a new concept...

Financial inclusion

98%

Galician population served

Social investment

€70M

social investment since 2015

Sustainable finance

€700M

Project financing with environmental interaction in 2020, at corporate level

Support for enterprises and households

76%

of ABANCA's total lending

Digitization

72%

of our customers are digital

€800M

Plan Activamos: aid to finance home renovations to improve energy efficiency on retail businesses, since 2014

... but is more important now than ever and requires new ways of acting

ABANCA's long-term DNA

Commitment to the SDGs and the Paris Agreement

ABANCA is committed to society & environment,

Therefore it accepts that it must act throughout its value chain to contribute to sustainable development.

Single-patron of Afundación, ABANCA Social Work.

The bank is a long term player in renewable energy: dedicated teams involved in project financing since ABANCA´s inception.

EU 2050 Strategy

Action Plan in Sustainable Finance

The financial sector plays a key role

both in terms of its exposure to climate risk, as well as its responsibility in channelling investments into the recovery and transition process.

The market opens up new business opportunities

64%* of Spaniards support a #GreenRecovery

Customers are more conscious of sustainability criteria.

Market demands, technological advances and innovation are fuelling new niches for a sustainable economy.

/ Source: ABANCA Group information unless otherwise stated, data refers to 'Jun21. Digital customers as of 'Dec20. *
Source: Climate Survey 2020 elaborated by the European Investment Bank (EIB)

Sustainability Plan aligned with the UN SDGs

- ABANCA is determined to drive sustainable growth through its activity in a transparent way and in line with the Principles of the United Nations Global Compact and with the Sustainable Development Goals (SDGs)
- ABANCA is also integrating the goals of the Paris Agreement
- ABANCA undertakes to act in a comprehensive way to achieve these goals and disseminate the commitments acquired internally and externally within its scope of action

Main ESG action lines & Goals

Environmental

We are tackling the climate emergency.

Goal 1: to work to mitigate the effects of climate change and promote sustainability of the environment affected by our activity.

Socio-economic

We support recovery and transformation for sustainable development.

Goal 2: support for our customers towards sustainability transition.

Solid Governance

We have a management model focused on the needs of stakeholders and a clear intention to integrate ESG factors & assessment and control of new risks.

Goal 3: to promote sustainable economic activity by integrating ESG aspects into the management model, business and risk model.

Enhance our support role within sensible sectors

Priority Sustainable Development Goals



Participation in the key sustainability initiatives and setting specific targets

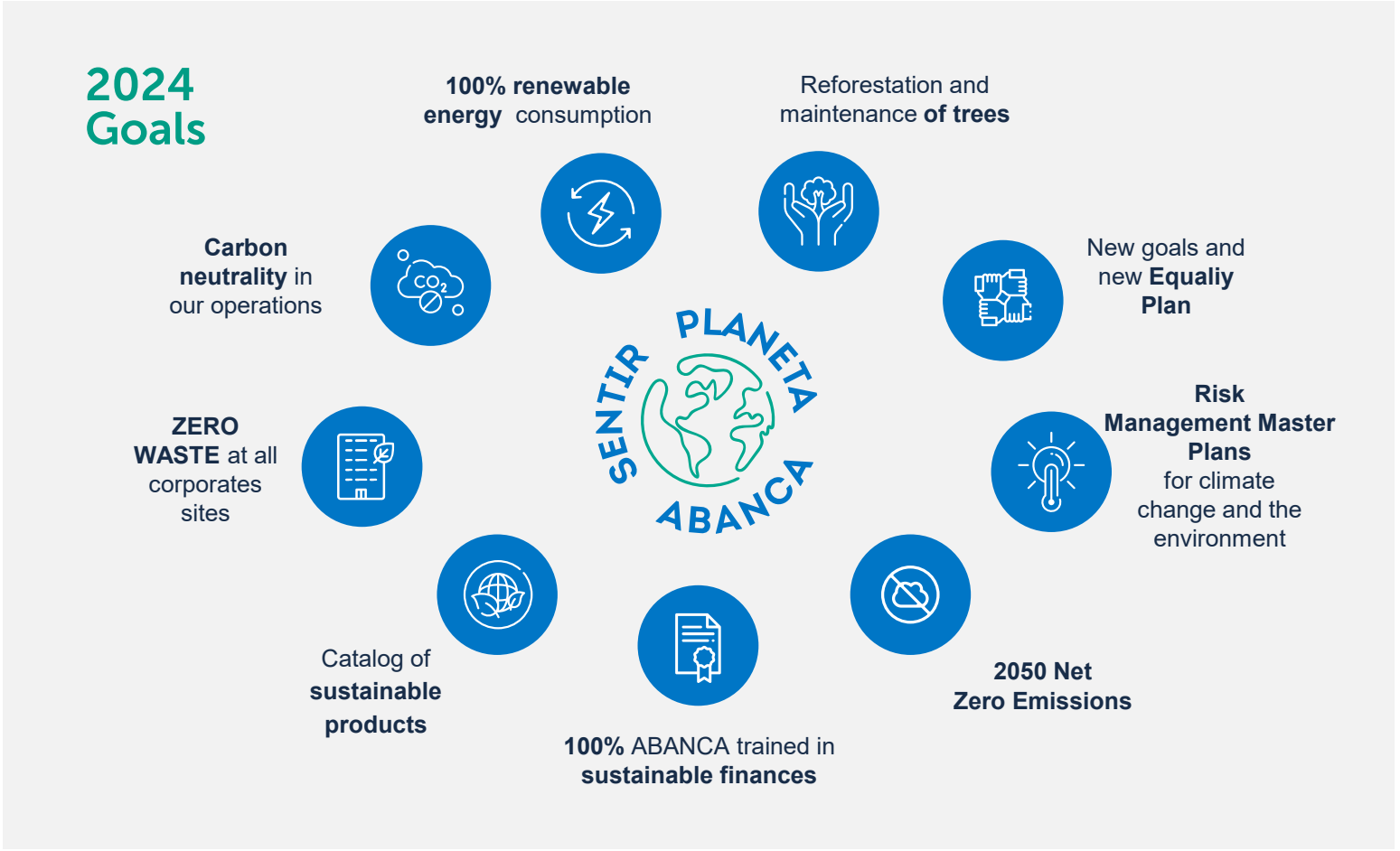
ABANCA plays an active role in the transformation of society and is involved in Key Sustainability Initiatives...

Global alliances

- Member of the Global Compact Network since 2015
- Founding Signatory of the Principles for Responsible Banking and accession to the UNEP-FI Collective Commitment to Climate Action since 2019
- Signatory of the Sectorial Agreement for the Climate of the Spanish banking sector since 2019
- Signatory of the Principles for Responsible Investment since 2020
- Signatory of the Sustainable Ocean Principles since 2020
- Net-Zero Banking Alliance since 2021

... while having set specific targets to reduce its own carbon footprint

Sustainability Plan 2021 -2024: Feel the Planet ABANCA



//ABANCA

Different initiatives carried out in all ESG fields

Environment protection

Mitigate climate change and protecting biodiversity to build sustainable business models

- → **Footprint offsetting Project in Galicia** – initiative with a positive impact on the protection and sustainable development of the local environment. Around 2000 trees planted in the first half of 2021, partly carried out by volunteers of the corporate program and in collaboration with the Galicia Forestry Association, which oversees for compliance with environmental requirements (certification FSC system and the PEFC system)In addition: the project follows the criteria for offsetting of the Office for Climate Change (Spain)
- → **100% renewable energies** - 3,624 tCO2e emissions avoided in 2020 with the use of 100% renewable energy in our offices
- → **ZERO WASTE** - corporate headquarters in A Coruña and Madrid obtained the Zero Waste certificate from AENOR. Implementation of policy in other corporate headquarters in 2020
- → **Public-private partnerships forest management** - ABANCA is a patron of the ARUME Foundation. The Foundation works in the creation and implementation of a collaboration model of technical-financial nature, specialised in the restoration and capitalisation of the Galician forests, with particular attention to conifers and, especially, endangered traditional and endemic species.
- → **"REDES VIVAS"** – recovery of 1,384Kg of ghost (fishing) nets from Galician coasts and transformation (handmade net mending process done by "rederas" – net makers -) into 1,514 m2 of nets for grassroots sport clubs (the project began in 2019)
- → **"PLANCTON"** - awareness initiatives on the preservation of the biodiversity throughout the Galician coastline: 3tn of waste have been removed from the coasts since April 2021
- → **Efficient office model** to reduce our energy consumption, aligned with the energy efficiency plan 2021-2024

Social & Economic interaction

Transition to sustainable business models

- → **ABANCA NEXT Generation** - distribution of European funds and strengthen our close collaboration with the public administrations and with companies when developing projects and rebuilding the economy
- → **Green Transition portfolio** - Development of a Green product offering for our clients to finance energy efficiency & renewable energy projects
- → **ABANCA Agro & Mar** - specialist services for professionals, companies, co-operatives and other primary sector agents, encompassing the entire value chain of the agriculture and livestock breeding, wine, fishing and aquaculture industries: € 23M financed in the first half of 2021
- → **Alpha 360 ESG investment Model** - application of the PRI, PRB and the UN Global Compact and promoting the integration of ESG criteria in the selection of funds and in asset analysis. Discretionary portfolio management through three investment options (end of May: 877 million managed): Alpha Responsable, Exponential Future and Cíclica.

Afundación & ABANCA Social Work

- → **Financial literacy** - set up of digital financial education programmes by ABANCA and Afundación that reached more than 92,000 people through the digital channels and on-site activities (in 2020)
- → **Education and cultural program** - 217,423 participants in educational projects in 2020
- → In 2012 ABANCA voluntarily adhered to the Code of Good Practices for viable debt restructuring. This has led to the agreement of the Social Housing Fund and contribute to 436 social housing projects (accumulated 2020)
- → **Volunteering and social mediation program** - in 2020, even in a context of major difficulties due to the situation caused by COVID-19, more than 30,000 hours were allocated to volunteering action

Governance

Governance structure

- → **Appointments and Sustainability Commission**
- → **Social Responsibility and Sustainability Committee**
- → **Sustainability Work group**

Public reporting transparency

- → **Climate action report**
- → **PRB progress report and contribution to SDGs**
- → **PRI Reporting**
- → **Corporate report**
- → **Corporate framework**

Risk management

- → **ESG Risk Management Master Plan** - a master plan that implements actions for each of the supervisory expectations for the integration of environmental and climatic risks in accordance with the templates sent by the ECB. The master plan was approved by the Board of Directors and sent as required to the ECB in May

ESG commitment is fully integrated into the Corporate Governance process to support business activity

ABANCA's Corporate Governance bodies

Appointments & Sustainability Commission
Defines the direction of the CSR Strategy (quarterly meetings)

Implemented by the Social Responsibility & Sustainability Committee
Chaired by the ABANCA's CEO. Includes representatives of several business units (monthly meetings)

Sustainability Work group
Link between the management and the business in charge of the operational aspects of the Sustainability Policy

Different policies to ensure the responsible banking approach

- ✓ Code of Ethics and Conduct
- ✓ Anti-corruption policy
- ✓ Fiscal policy
- ✓ Human Rights Commitment
- ✓ Quality policy
- ✓ CSR Report
- ✓ Sustainability plan
- ✓ Sustainability policy
- ✓ Responsible investment policy & sustainability risks integration
- ✓ Statement on main adverse sustainability impacts



Initiatives to fight against Covid-19 underline ABANCA's commitment with its different stakeholders

ABANCA has shown its commitment to support its customers, employees and the wider community during the unprecedented crisis caused by COVID-19

For our employees: Contingency plan

The main measures implemented since the start of the pandemic include:

- Creation of a **Crisis Committee** for managing the pandemic
- Preparation, implementation and regular revision of the protocols in accordance with the regulations in force
- **Implementation of teleworking**
- Special care taken to protect vulnerable employees against COVID-19
- Preparation of the Diagnostic test policy
- Launch of **ABANCA With You**, a channel created to support employees during lockdown, both from a personal, family and professional viewpoint

For our customers: support, business continuity and communication

ABANCA's focus was on implementing customer support measures to lessen COVID-19 impact, including:

- **70 %** of the branch network has remained open since the outbreak of the pandemic
- Reinforcement of digital channels: **75% of the 30** most frequently requested products are contracted online through "ABANCA signature" service
- **450,000** advances of pension payments and **3,171** advances of unemployment payments
- **€7,900M** in credit facilities to support companies, SMEs, self-employed professionals, businesses and comercial establishments – **ABANCA's Advance Plan**
- **€3,321M** of the State-guaranteed financing arranged
- **€1,280M** in financial moratoria
- **Reactivation plan** signed with four Galician County Councils
- **Financing alternatives for Regional Business Confederation of Extremadura (CREEX)**

For society: Listen and respond to its needs

To provide support to people impacted in the communities where we live and work, ABANCA launched, among others the following initiatives:

- **€4M** in medical supplies to reinforce Galician public hospitals capacity against COVID-19
- **700,000** healthcare professionals protected by the creation of collective insurance in which ABANCA Insurance participated
- **44,000** nutritionally balanced meals for kids over summer holiday 2021 period through the Cubert@s programme from Afundación (ABANCA's Social Work)
- Despite the suspension of competitions arising from the pandemic, ABANCA maintained its sponsorship support agreements with sports clubs
- **60+, we accompany you**, programme. Afundación team and volunteers stayed in permanent contact with elderly people affected by the loneliness arising form the social distancing measures

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Rationale for issuing Green Bonds

Green bond funding strategy

- Creating a complete business cycle between origination and wholesale finance.
- Promote a transparent tracking of our allocated use of proceeds.
- Improve market engagement with the increasing ESG investors base.

Sustainable bonds market

- Being an active player in a developing ESG oriented capital market.
- Making a clearer and easier model to track the use of proceeds´ accountability.
- Adapt our market presence to internationally accepted market guidance, best market practices and emerging regulation on sustainable finance and sustainability related disclosures.

Path towards carbon neutrality

- Financing the protection of our environment.
- Taking a step-by-step and progressive approach to transitioning into an ESG eligible banking business portfolio.
- Taking action where needed, trying to maximise the effect and positive impact in our carbon neutral commitments.

SDG Framework overview

Key Elements

- → **Aligned:** ABANCA's SDG Framework complies with ICMA Principles and their four common core components
- → **Traceable:** Every eligible facility has to be individually tagged, and metrics have to be calculated at individual project level
- → **Granular:** ABANCA is a retail bank, so anything ESG-related must be retail business conscious too
- → **Forward-Looking:** ABANCA will update this Framework with additional categories in the future, as ABANCA develops its qualification system to include new eligible categories aligned with the EU Taxonomy technical screening criteria

1 Use of Proceeds

- Focus on **Eligible Green and Social Business Lines**
- **Eligible Green Business Lines:** individual assets or projects linked to renewable energy generation with clear and measurable environmental benefits, linked to the EU Environmental Objectives and selected UN SDGs
- **Eligible Social Business Lines:** The ABANCA's aim is to further develop its Eligible business lines under this framework, including business lines with a positive social impact.

2 Project Evaluation & Selection

- Individual asset tagging system, designed to maximize efficiency and eventually EU Taxonomy alignment
- Impact metrics collected used at asset or project level.
- The Social Responsibility & Sustainability Committee / Work group will:
  - Assess and validate the registers of Eligible assets
  - Monitor the reliability of the system to guarantee a consistent labelled portfolio and adjusting it accordingly
  - Update ABANCA's SDG Framework in due course.

3 Management of proceeds

- ABANCA's Funding/Treasury team will manage the net proceeds from the Notes
- An equivalent amount will be earmarked to the pool of Eligible assets
- Internal monitoring system to ensure the Eligible Portfolio always exceeds the allocated outstanding amount
- On a best effort basis, ABANCA intends to allocate the net proceeds of each Sustainability Financing issued under this Framework within 36 months from the respective settlement date.

4 Reporting

- ABANCA will provide annual **Allocation and Impact reporting**
- **Allocation reporting:** information on the allocation of net proceeds on an annual basis until full allocation
- **Impact Report:** will provide, where feasible, information on output, impact indicators, and will disclose information on methodologies and / or assumptions made to get to these impact indicators, aligned with best practice in the market.

5 External review

- Second Party Opinion Provided by Sustainalytics
- Annual external assurance on allocation will be provided
- The selection and impact methodology will be separately audited by an external party.

SDG framework: https://www.abancacorporacionbancaria.com/files/documents/sdg-bond-framework-jul-2021-en.pdf

1. Use of proceeds

→ ABANCA's SDG Framework and inaugural Green Bond issue will **initially focus on a single eligible business line**

→ ABANCA's intention is to update its SDG Framework with additional categories aligned with the EU Taxonomy as it further develops its ESG Qualification System

Eligible green business lines

Renewable Energy

for electricity generation

Total volume:

€ 620 M

Eligibility criteria

Facilities granted to finance the acquisition, construction, operation, maintenance or repowering of renewable energy production facilities from the following sources

→ **Solar:** photovoltaic or concentrated solar power – CSP

→ **Wind**: inland or offshore floating platforms

EU environmental objective

→ **Climate change mitigation**

→ **GHG emissions reduction**

UN SDGs



→ **7.1**

→ **7.2**

→ **7.3**



→ **13.2**

Exclusions: Coal mining, fossil fuel extraction, tobacco, gambling

/ Source: ABANCA Group information unless otherwise stated, data refers to 'Jun21

2. Project Evaluation & Selection

→ Process for Project Evaluation and Selection

A three-step process

1

Labelling

Initial provisional ESG label assigned to each suitable financing facility at Business Unit level

2

Label confirmation

Relevant Risk Committee validates the ESG label

3

Pool monitoring

Social Responsibility & Sustainability Committee / Work group assesses and validates the registers of Eligible Assets, monitors and substitutes Eligible Assets if need be, updates the Framework

Key internal Governance over internal Evaluation & Selection tools

Characteristics of ESG Labels

- Labels are assigned to the asset/financing over their entire life at ABANCA i.e. until they mature or are transferred to a third party
- Designed to be **compliant with the EU Taxonomy**
- Include the data, documents and metrics needed to **perform the Impact Assessment**

Social Responsibility and Sustainability Committee

- Composed of members of the Funding / Treasury team and the Sustainability Department
- In charge of supervising the governance of the Framework
- The Committee will meet at least on an annual basis for these purpuses

Sustainability Work group

- In charge of the operative and practical implications of the ESG-related matters
- Will provide support to IT and business units
- Will design new labels as need arises, where possible EU-Taxonomy aligned, and integrate them into the ESG business workflow.

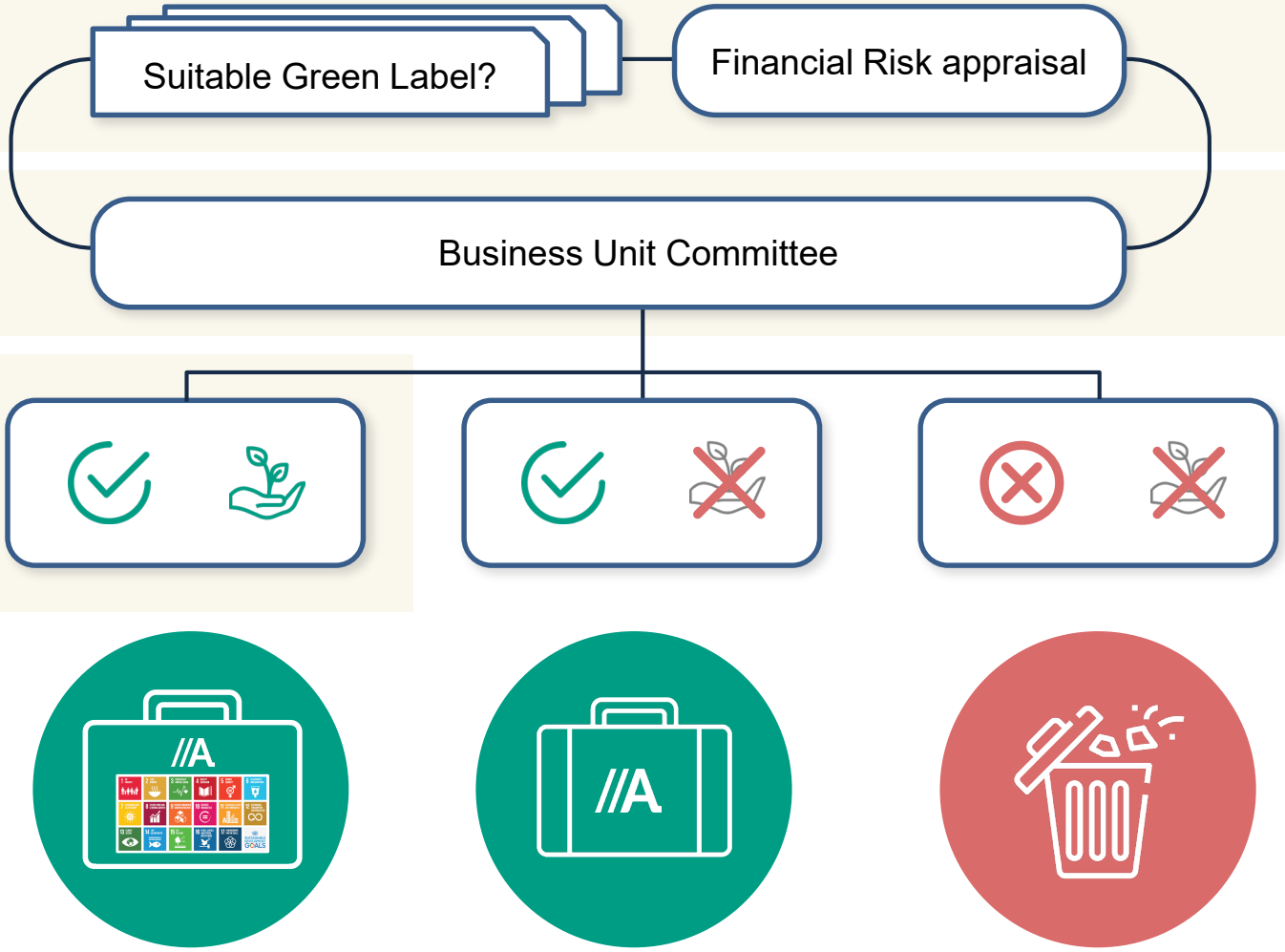
2. Project Evaluation & Selection

ABANCA'S ESG ASSET TAGGING SYSTEM

Business Unit assigns provisional label

Business Unit Risk Committee verify provisional label

Label becomes permanently attached to approved facility



3. Management of Proceeds

DEPARTMENT

ABANCA's Funding/Treasury team will be in charge of managing the net proceeds from the Notes issued under the Sustainability Financing Framework

EARMARKING

The net proceeds will be deposited on ABANCA's general treasury and an equivalent amount will be earmarked to the pool of Eligible assets per Sustainability Financing Instrument issued

PORTFOLIO APPROACH

An internal monitoring system will ensure that the total amount of Eligible Green and Social assets in each register always exceeds the total amount of funds registered under each corresponding Sustainability Financing Instrument. ABANCA will monitor the balance and composition of each register on an annual basis

ALLOCATION

Full allocation of the net proceeds within 36 months following the settlement date of relevant issuance, on a best effort basis

UNALLOCATED PROCEEDS

In case of insufficient Eligible assets, ABANCA will temporary invest the balance of the unallocated proceeds in cash or cash equivalent ESG eligible instruments according to its treasury management policy

4. Reporting

→ Approximately one year after the inaugural issuance and annually thereafter until full allocation of the net proceeds, ABANCA will publish an allocation and impact reporting, which will be publicly available on the Bank's website

→ The impact reporting will provide, where feasible, information on output and impact indicators as described below

→ Impact and selection methodology will be **audited by an external auditor**

Impact indicator	Output indicators	Impact reporting KPI
• Estimated annual GHG emissions avoided (tCO2eq/year)	• Capacity installed (MW) • Expected annual renewable energy generation (MWh/year)	• Renewable energy



Impact calculation methodology[1]

GHG emissions calculations: The emissions calculation method for the bank's renewable energy portfolio will follow the principle of aggregation of individual facilities. Each physical installation will be calculated individually, following the applicable guidance for estimating the tons of CO2 attributable to that particular installation, and the total per business line will be arrived at by aggregating individual data.

$$\sum_{j=1}^{N}\left(\sum_{i=1}^{n}\left((G_i * P_j * A_i) - (G_i * P_j * B)\right)\right)$$

N = Total eligible financing transactions by line of business

Pj = ABANCA's percentage share of total financing (0 ≤ Pj ≤ 1).

n = Number of Facilities / farms / plants in each eligible financing operation.

Gi = Annual estimate of energy attributable to each facility/farm/plant (GWhe annual)

Ai = Estimated Absolute Emissions attributable to each facility / farm / plant (Tm CO2e annually)

B = Baseline Emissions for the region / country in which each facility / farm / plant is installed (Tm CO2e annually)

Allocation Reporting KPIs

- Total amount of Sustainability Financing Instruments issued
- Total amount of net proceeds allocated to each pool of Eligible Business Lines
- Balance of unallocated proceeds per Sustainability Financing Instrument issued, if any

[1] The Eligible Balance shall be calculated taking into consideration every financed amount deemed to be essential for the declared purpose. In the case of project financing, all the tranches of each financing will be included, since all of them are essential for the effective contracting of the financing and, therefore, for the effective conclusion of the project. In the case of separately financed accessory facilities that are essential for the correct operation of the financed facilities (e.g., connection lines), they shall also be included as eligible balance.

Applicable Guidelines:

EIB methodologies for carbon footprint calculation - July 2020

TEG Final Report to the European Commission on Taxonomy

5. External review

Positive Second Party Opinion by Sustainalytics

Second-Party Opinion
ABANCA Sustainable Development Goals Framework

SUSTAINALYTICS
a Morningstar company
SECOND-PARTY OPINION

Evaluation Summary

Sustainalytics is of the opinion that the ABANCA Sustainable Development Goals Framework is credible and impactful and aligns to the four core components of the Green Bond Principles 2021. This assessment is based on the following:

USE OF PROCEEDS The eligible category for the use of proceeds, Renewable Energy, is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals ("SDGs"), specifically SDG 7.

PROJECT EVALUATION / SELECTION ABANCA Corporación Bancaria, S.A.'s Social Responsibility and Sustainability Committee, which consists of representatives from its Funding/Treasury team, and the Sustainability Department, along with its Sustainability Workgroup, will be responsible for the evaluation and selection of Eligible Assets. The Eligible Assets are pre-screened by its relevant business units, per the criteria defined in the Framework. Sustainalytics considers the project selection process in line with market practice.

MANAGEMENT OF PROCEEDS ABANCA Corporación Bancaria, S.A.'s Funding/Treasury team will be responsible for the allocation of proceeds. ABANCA Corporación Bancaria, S.A. intends to achieve full allocation of proceeds within 36 months from the date of issuance. The unallocated proceeds will be invested in cash or cash equivalent instruments, in accordance with ABANCA Corporación Bancaria's treasury management policy. This is in line with market practice.

REPORTING ABANCA Corporación Bancaria, S.A. intends to report on the allocation and the impact of proceeds on its website, approximately one year after the inaugural issuance and annually thereafter until full allocation. The allocation reporting is expected to include the total size of each issuance, category-level details on the allocation of net proceeds, and the balance of unallocated proceeds. In addition, ABANCA Corporación Bancaria, S.A. intends to report on relevant quantitative impact where feasible and has provided indicative metrics in the Framework. Sustainalytics views ABANCA Corporación Bancaria, S.A.'s allocation and impact reporting as aligned with market practice.

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Sustainalytics is of the opinion that the ABANCA Sustainable Development Goals Framework is credible and impactful and aligns to the four core components of the Green Bond Principles 2021

Use of Proceeds	Sustainalytics considers that financing for renewable energy projects will lead to positive environmental impacts and advance the UN Sustainable Development Goals, in particular SDG 7
Project evaluation and selection	Sustainalytics views that ABANCA's internal project selection & evaluation process is in line with market practice
Management of Proceeds	ABANCA's commitment on the full allocation of proceeds (within 36 months) as well as the management of unallocated proceeds are in line with market practice according to Sustainalytics
Reporting	Sustainalytics considers that the expected KPIs ABANCA intends to use for both the allocation and impact reporting and the frequency of the reports (annually) are in line with market practice

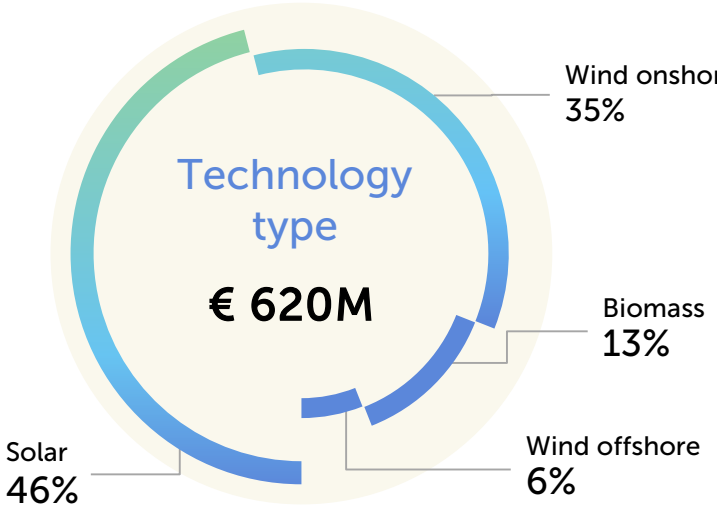
SDG Framework: https://www.abancacorporacionbancaria.com/en/investors/general/
SPO: https://www.abancacorporacionbancaria.com/files/documents/sdg-bond-external-verification-2021-en.pdf

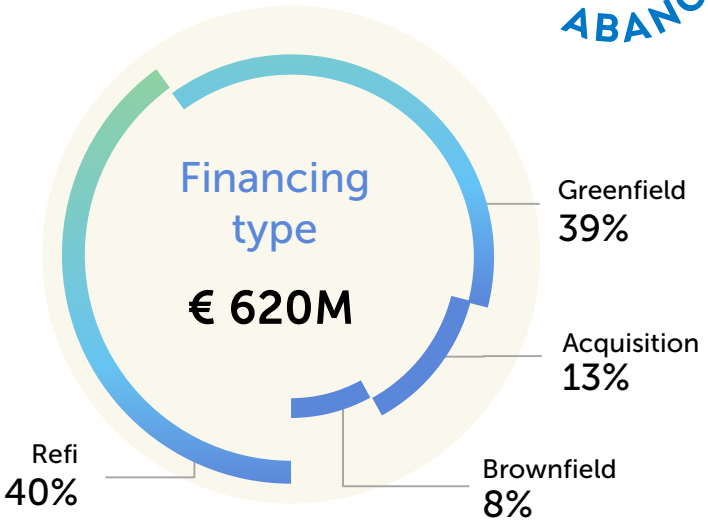
Green Bond portfolio overview and estimated impact

Eligible Renewables portfolio

€ 620M
295 projects







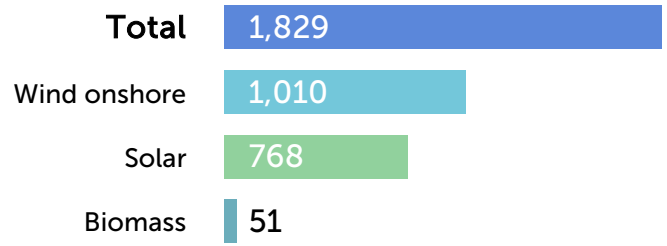
Eligible portfolio Impact

857.50 MW
total installed capacity

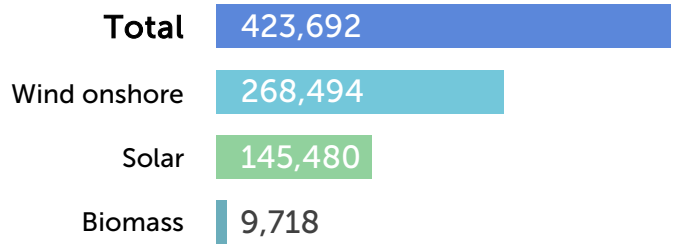
1,828.91 GWh
annual generation

423,692 t CO2eq/ year
Estimated avoided emissions

Annual generation
(GWh)



Avoided CO_2 emissions
(t CO2eq/year)



/ Source: ABANCA Group information unless otherwise stated, data refers to 'Jun21

Examples of Renewable Energy projects financed by ABANCA



Kincardine Offshore Windfarm

- **Location:** Southeast Aberdeen (Scotland) approximately 15 Km. into the sea, afloat in waters between 60-80 meters deep
- **Type:** offshore floating windfarm
- **Technology:** one wind turbine Vestas V80 and five Vestas V164
- **Capacity:** 50 MW
- **Advantages:** cleaner, more stable and stronger wind currents; mitigation (or even elimination) of the adverse effects of fixed offshore platforms (i.e. impact on marine ecosystems both during building and throughout the life cycle)
- **ABANCA share of financing:** approximately 8% of the € 400M facility (2020)



CFV Triangulum Australe

- **Location:** Spain, in Cáceres, Huesca, Salamanca and Valladolid provinces.
- **Type:** Photovoltaic
- **Technology:** Nine photovoltaic plants with more than 740.000 individual panels completed in December 2019
- **Capacity:** 250 MW
- **ABANCA share of financing:** 15% of the total syndication amount of € 132.5M.

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Key figures

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

	2Q21
Total assets (€M)	73,523
Loans & advances to customers (net) (€M)	45,196
Retail deposits (€M)	46,393
Off-balance sheet funds (€M)	11,646
Retail business volume (€M)	103,236
Retail LTD	97.4%
Attributable profit (€M)	157.0
Recurring revenues (€M)	460.9

Sound Financial Profile after the exit from the pandemic

NPL ratio	1.9%
NPA ratio	3.3%
NPL Coverage	83.8%
NPA Coverage ratio	74.2%
CET1 phased-in ratio	13.2%
CET1 fully loaded ratio	12.5%
Total capital phased-in ratio	17.3%
Texas ratio	27.2%

Ratings: Investment Grade entity

Investment grade

Baa3 Stable

MOODY'S

Investment grade

BBB Stable

DBRS Insight beyond the rating.

Investment grade

BBB- Negative

FitchRatings

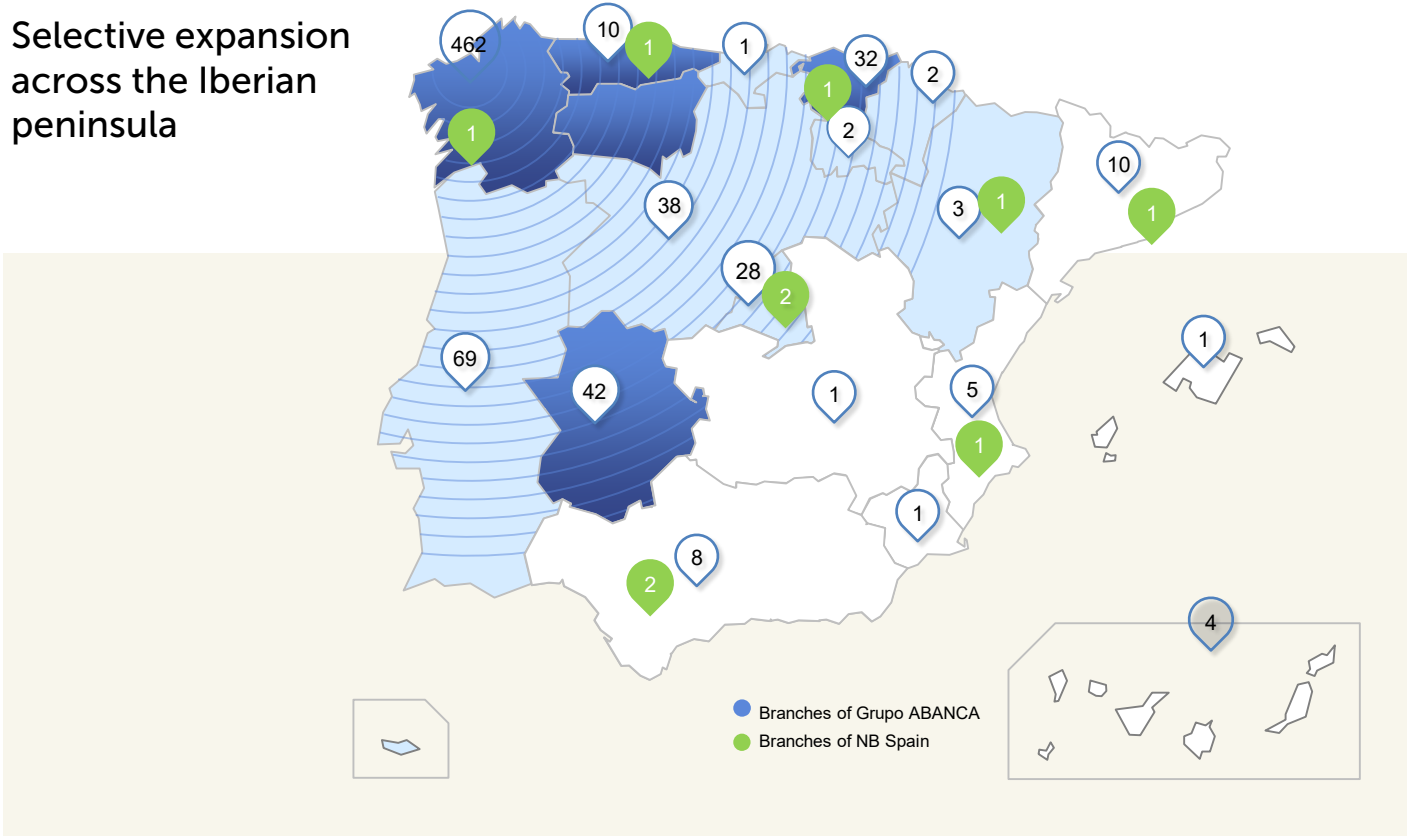
BB+ Stable

STANDARD & POOR'S RATINGS SERVICES
McGRAW HILL FINANCIAL

Source: ABANCA Group information. Unless otherwise stated, data refers to Jun21.

Iberian player with multi-channel strategy

Selective expansion across the Iberian peninsula



Market shares



45.1% DEPOSITS
+122bp year-on-year

35.2% CREDIT
+62bp year-on-year



3.0% DEPOSITS
+8bp year-on-year

2.9% CREDIT
+14bp year-on-year

PORTUGAL



1.3% CREDIT

24.0% INTERNATIONAL INVESTMENT FUNDS

1st in the segment of international investment funds

Top Rated Mobile Banking App in the Sector

Development of innovative products

+16% Digital active customers

Source: ABANCA Group information. Unless otherwise stated, data refers to 'Jun21. (1) Source of market shares: Statement FI 132.E of the Bank of Spain (market shares in Galicia and Spain, as of Mar-21) and CMVM (Mar-21). Source of investment funds: CMVM as of Mar-21 (Portugal) / Digital customers as of 'Dec20.

Inorganic growth in business volume to create value

2017* — Popular Servicios Financieros

- In-depth knowledge of the consumer financing business.
- Historical record of promoters based on high quality transactions in terms of payment capacity.

2019* — DB PCB
Retail Business in Portugal

- Territory of logical geographic expansion given the existing border links.
- Growth of personal and private banking customers that contribute positively to the potential for generating revenues from services.
- Strengthening the capacity to generate business with enterprises, taking advantage of the ABANCA's know-how.

2020* — Banco Caixa Geral
Geographic expansion strategy

- It complements the ABANCA's model and strategy, expanding the commercial network in new provinces (mainly Castilla y León) and reinforcing the presence in Extremadura and Galicia.
- Generation of value by means of synergies.

Proven successful model in incorporations

Bankoa
Geographic expansion strategy

- **Reinforces the positioning of ABANCA** in one of the wealthiest and most dynamic areas in Spain, where the current presence of ABANCA is limited
- **Strengthens the strategic business segments for ABANCA**, such as corporations and asset management.
- It offers **potential growth in business lines** such as working capital, companies, consumer finance and insurance.

IT integration expected for 4Q 2021

Novo Banco Spain
Geographic expansion strategy

- **The acquisition will strengthen ABANCA's positioning** in strategic business segments for the bank:
  - Personal and Private Banking.
  - Enterprises especially aimed at the cross-border scope.
- It will allow **progress in efficiency, given the synergies identified** in both costs and income.

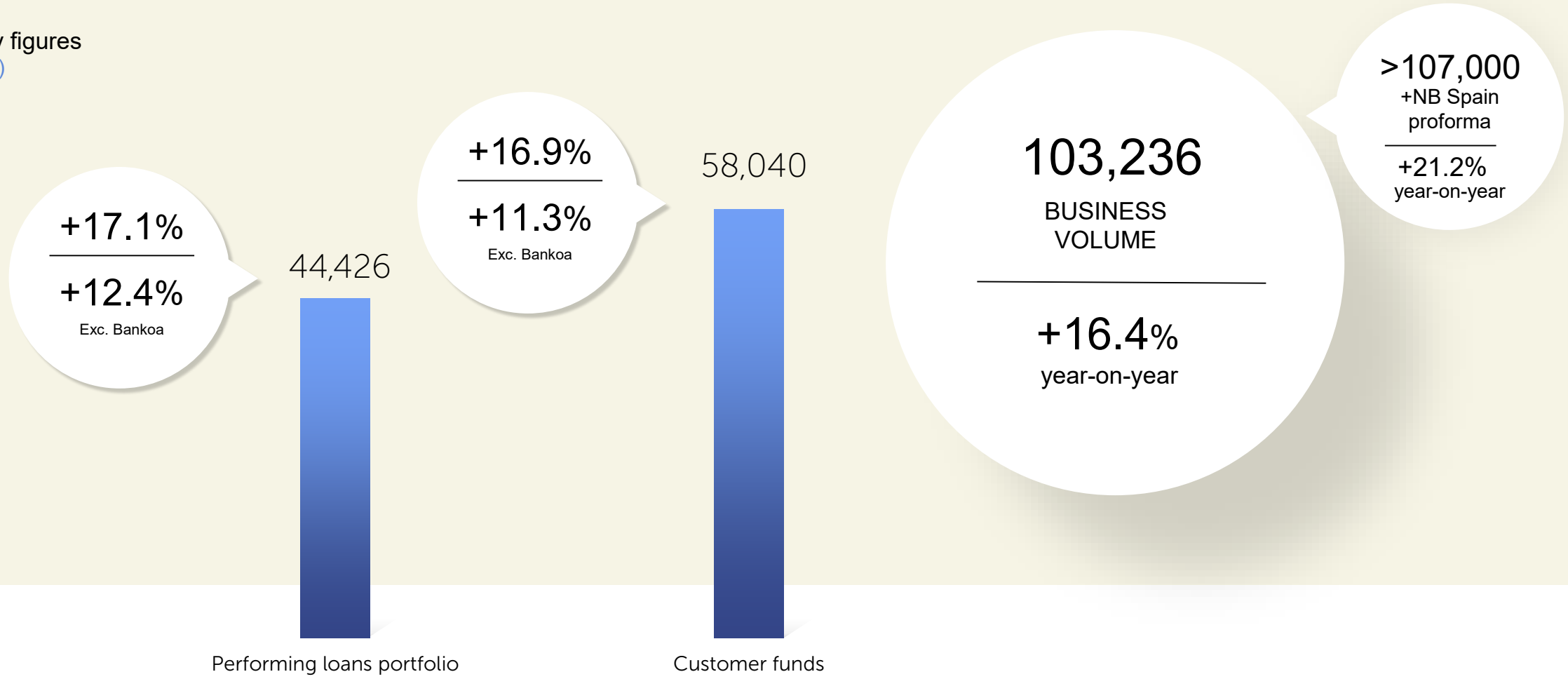
IT integration expected for 2022

- Organic growth has been reinforced by bolt-on acquisitions under strict financial discipline
- Inorganic growth assures that ABANCA keeps the control of the 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.

Business volume exceeds 107,000 million euros, driven by the balanced rise both in loans and customer funds

Key figures
(€M)



Source: ABANCA Group information. Unless otherwise stated, data refers to Jun21.

Attributable profit reaches 157 million maintaining solid growth of recurring revenues

(€M)	Jun-20	Jun-21	Var. Jun-21 / Jun-20
NET INTEREST INCOME	**300.4**	**333.6**	11.1%
Net fees and commissions	117.3	127.3	8.5%
BASIC MARGIN	**417.7**	**460.9**	10.4%
Dividends and share of profit or loss of equity-accounted investees	-11.9	2.8	-
Gains or losses on financial assets and liabilities (net)	209.2	113.4	-45.8%
Others (net)	7.2	-12.1	-
GROSS MARGIN	**622.2**	**564.9**	-9.2%
Operating expenses	349.9	336.6	-3.8%
PRE-PROVISION PROFIT	**272.3**	**228.3**	-16.1%
Provisions and impairments	117.5	76.4	-35.0%
Credit allocations	162.8	81.8	-49.8%
One-off recoveries and others	-45.3	-5.4	-88.1%
Others	-3.7	44.2	-
PBT	**151.1**	**196.1**	29.8%
Tax and other	18.1	39.1	-
ATTRIBUTABLE PROFIT	**133.1**	**157.0**	18.0%

Basic margin grows by 10.4%
thanks to the good performance of net interest income (+11.1%) and net fees and commissions (+8.5%)

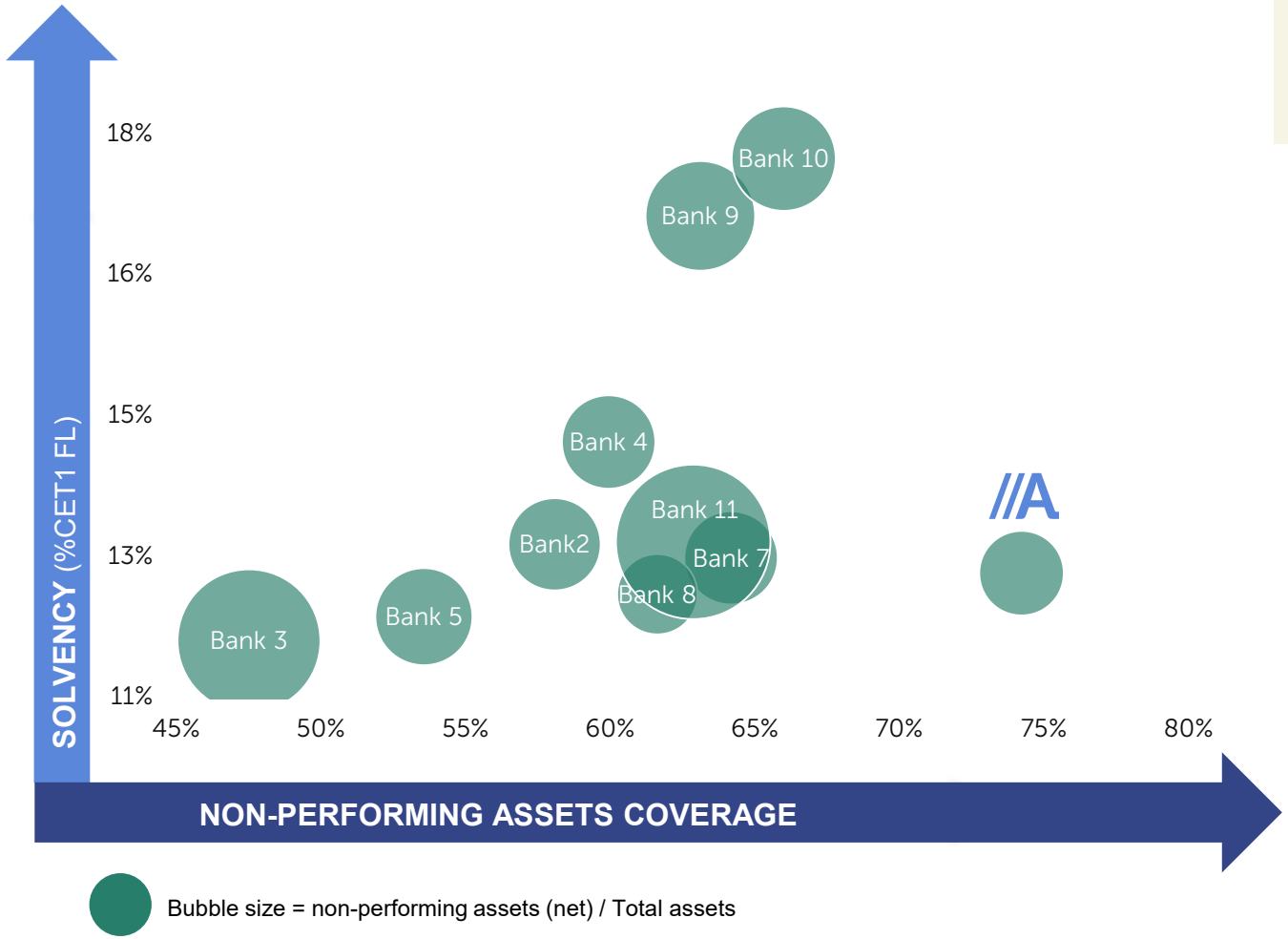
Expenses reduce by -3.8%
thanks to the efficiency measures implemented and the synergies attained in the incorporations

Cost of risk remains controlled
thanks to the advance of provisions and the good credit quality of the portfolio

ABANCA **improves its results by 18.0% and reaches 157 million**

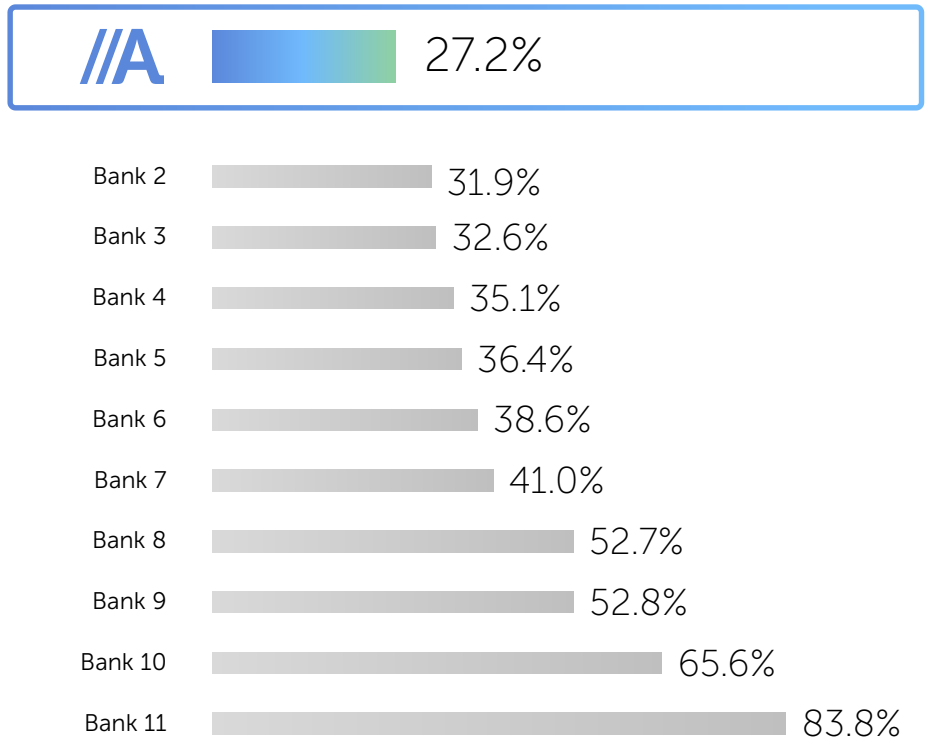
Tanking into account the natures of some items registered as " Impairment of non-financial assets", they have been classified in "Provisions and impairments"
The impact of the purchase of Bankoa, net of attainment costs (initially registered as "Operating expenses"), was registered in "Others"

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



Texas ratio

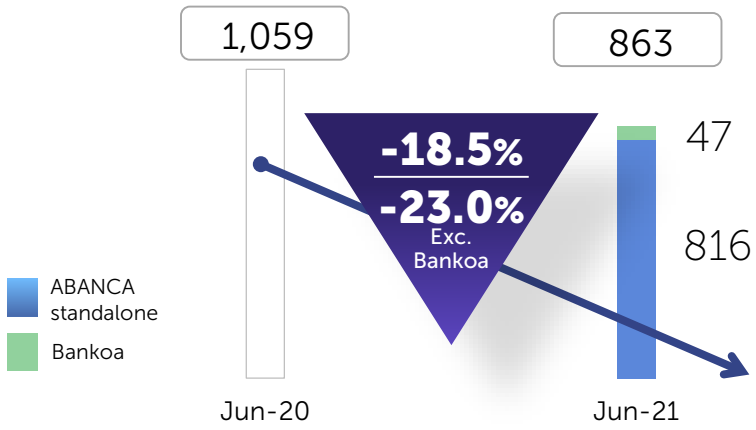
Non-performing assets / (Coverage + Capital)

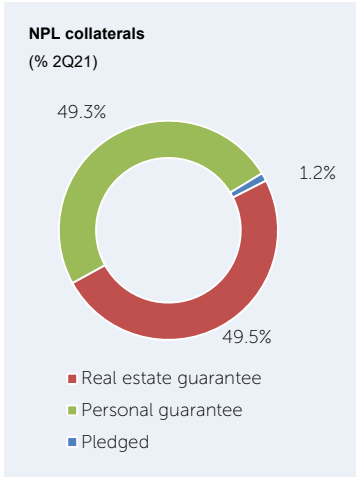


Source: ABANCA Group information unless otherwise stated, data refers to 'Jun21. Companies 2Q21 Financial Reports. Benchmark considers Santander (Spain), BBVA (Spain), CaixaBank, Sabadell, Bankinter, Unicaja, Liberbank, Ibercaja, Kutxabank and Cajamar. Kutxabank foreclosed assets as of Dec-20.

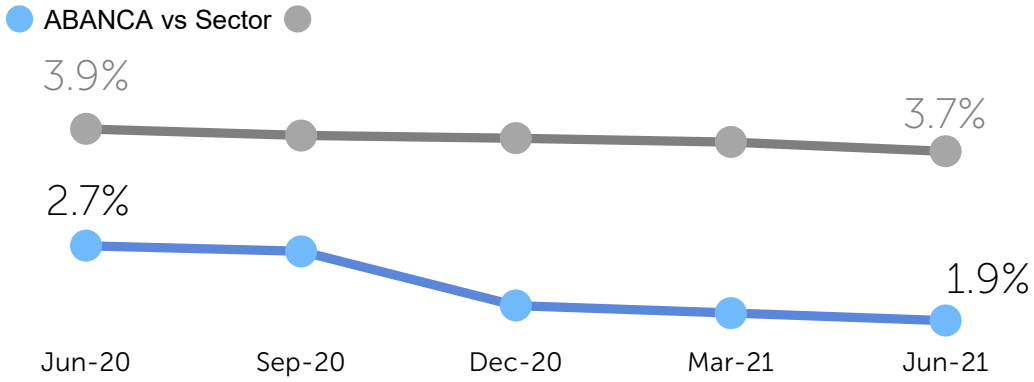
NPL reduction widens the gap with sector in terms of asset quality

Non-performing loans evolution (€M)





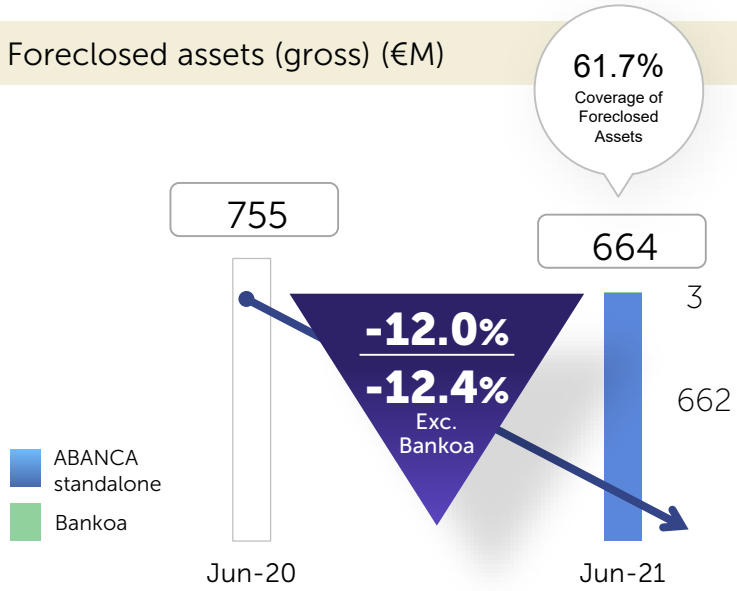
NPL ratio evolution (%)

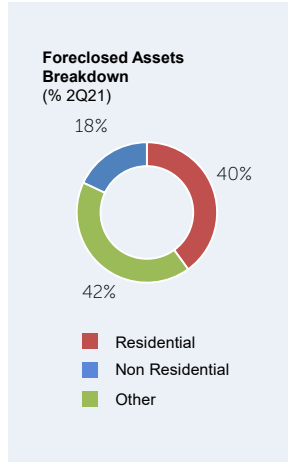


NPL Breakdown (%)

(€M)	Net Book Value	% NPL	% Coverage
Public administration	**9,856**	**0.0%**	**80.6%**
Other financial institutions	**479**	**0.1%**	**290.6%**
Corporations and SMEs	**16,203**	**3.1%**	**102.4%**
Real estate construction and property development	693	2.6%	90.2%
Other purposes	15,142	3.0%	103.8%
Of which Corporations	7,341	1.5%	106.7%
Of which SMEs and self-employees	7,801	4.5%	103.0%
Civil engineering	368	5.0%	77.8%
Individuals	**18,658**	**1.8%**	**56.0%**
Mortgages and other	16,972	1.6%	50.4%
Consumer	1,686	3.8%	79.6%
TOTAL	**45,196**	**1.9%**	**83.8%**

Foreclosed assets (gross) (€M)

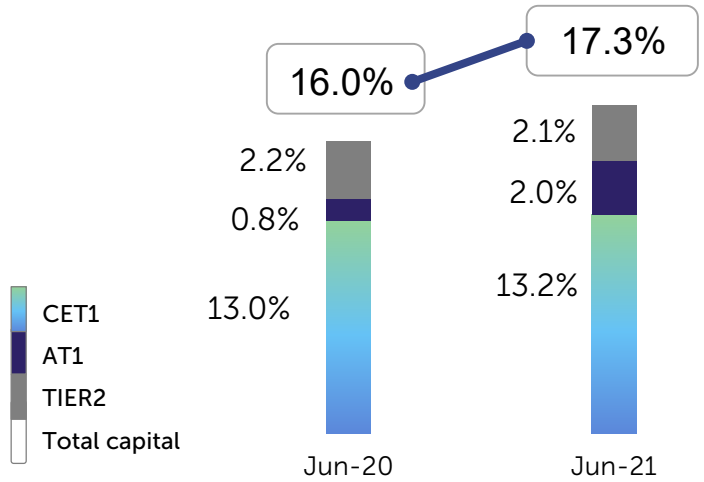




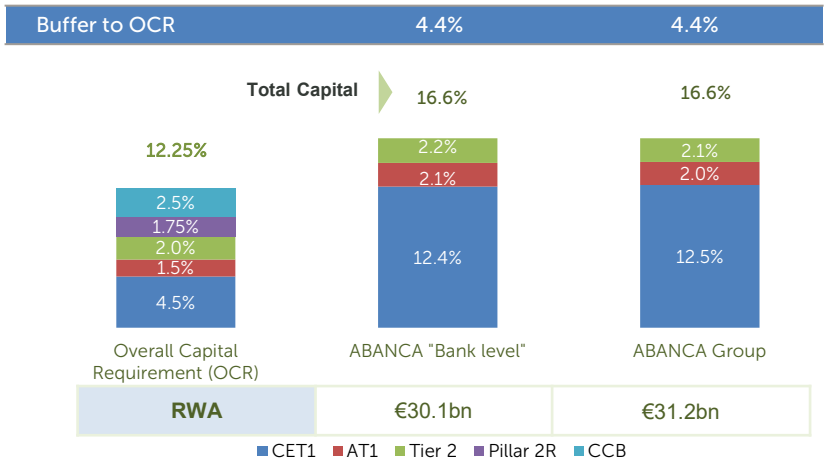
Source: ABANCA Group information. Unless otherwise stated, data refers to Jun21. / Source Spanish bkn NPL ratio. Sector: BdE: June´21

Solid and well diversified capital position

Capitalisation structure (Phased-in basis)



Solvency & Buffers to OCR (Fully Loaded basis)



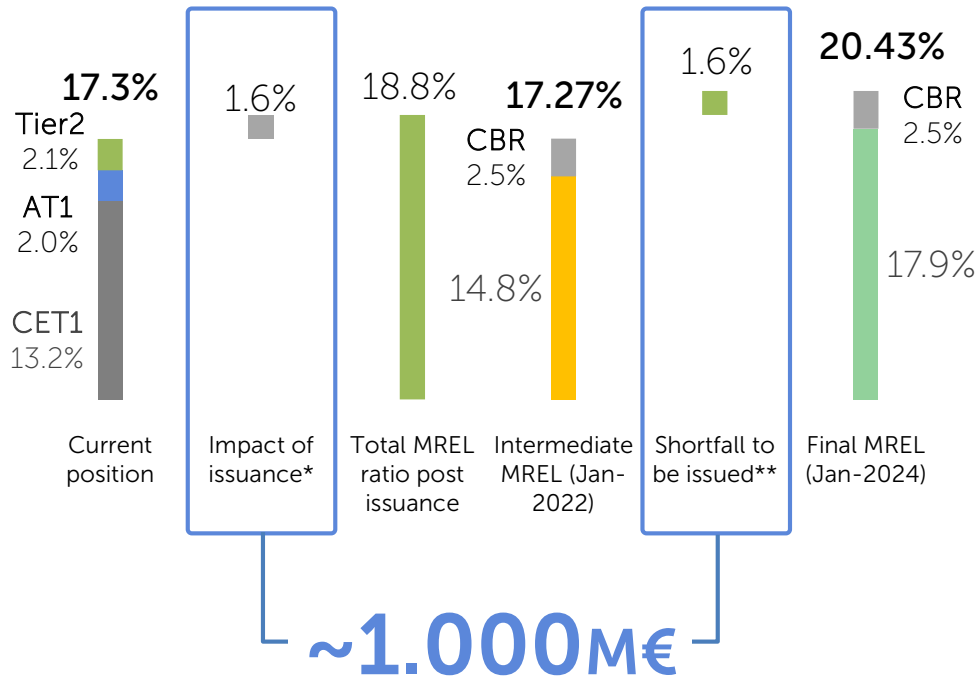
42.5%
Density of RWAs

Highest density of RWA among Spanish peers

100%
ABANCA´RWA calculated under standardised models.

Migration to IRB models is in progress (discussions with the authorities started)

MREL Position



ABANCA has completed its capital requirements classified as AT1 and Tier2

Expected volume of issues meet MREL requirement

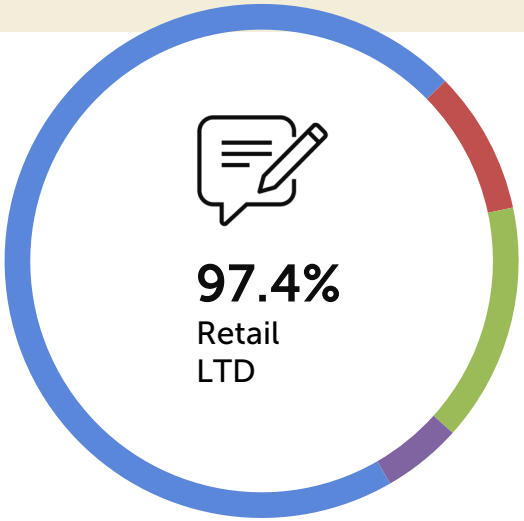
2024 MREL shortfall of around €1.0Bn, expected to be completed with two transactions:

- Current Inaugural Green SP issuance
- Additional SNP/SP before 2024

/ Source: ABANCA Group information unless otherwise stated, data refers to 'Jun21
* Estimation under €500M issuance subject to the final amount issued ** Subject to regulatory evolution

Comfortable liquidity position based on retail deposits

Financing structure



Retail deposits **71%**

Interbank **9%**

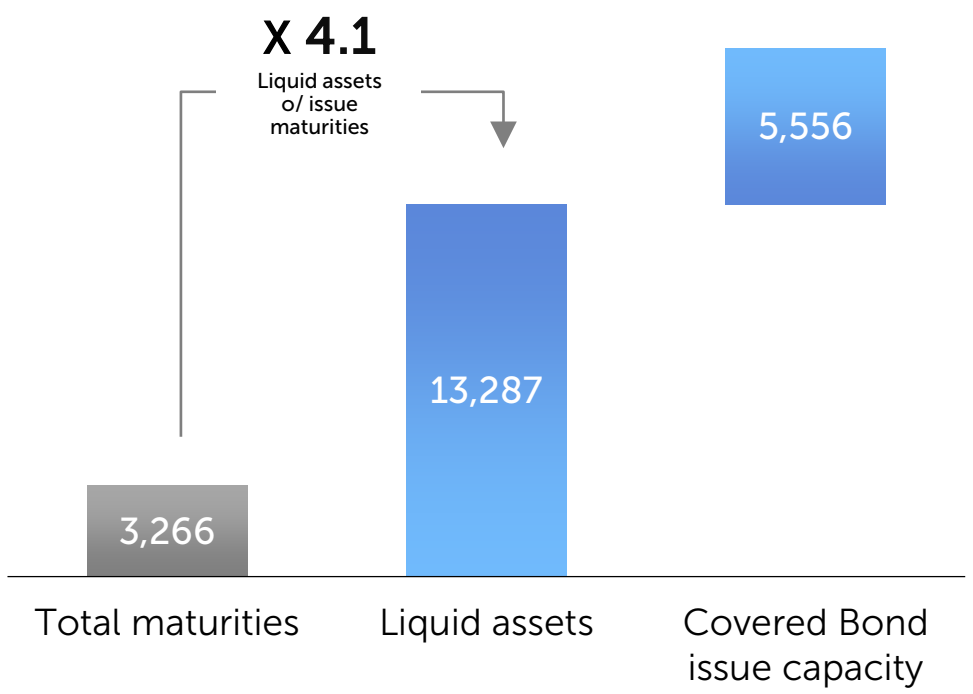
Central banks **15%**

Issuances **5%**

Latest public Issuances

- **January 2021** – €375M 6.000% PerpNC5.5 Additional Tier 1
- **October 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
- **October 2018** - €250M 7.500% PerpNC5 Additional Tier 1

Wholesale funding (€M)



131% NSFR
Net Stable Funding Ratio

258% LCR
Liquidity Coverage Ratio

COMPLYING WITH BASEL III

Source: ABANCA Group information. Unless otherwise stated, data refers to Jun21.

Clear roadmap for the next years

Strategic Plan (2021-2024)

1 Focus on INCOME

+ Boost to Insurance (ASG)
+ Off-balance GAP reduction
+ Pricing/services: CoR and Bundling
+ Growth in Value Customers
+ Consumer & MoP

2 Focus on COSTS

+ Optimising distribution model Omnichannel: branch network reduction, remote management, digital, MK Automation,...
+ Improve costs in transformation Centralisation, efficient backs and Call center,revision of support structures and Central Services, processes...
+ Inorganic growth synergies

3 Focus on RISK MANAGEMENT linked to current environment

+ Appetite framework on selective non-affected sectors
+ Recovery. Network involvement, anticipation model, governance and traceability...
+ Cybersecurity. Secure by desing, resilience and risk culture plan...

4 Focus on TRANSFORMATION

+ Exponential On Going transformation
+ Service Tech Secure
+ Reskillings
+ Sustainability

5 INCORPORATIONS

+ Open to explore market opportunities

"Emotional and Value Banking"

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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 Corporate finance and Investment banking 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.

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1. ABANCA's Corporate Governance

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All the rating agencies have upgraded ABANCA's rating in the last years, achieving the investment grade in Moody´s, Fitch and DBRS

STRONG RATING FUNDAMENTALS

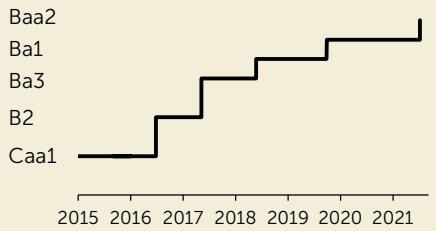
ABANCA ratings

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

Moody's

Investment grade

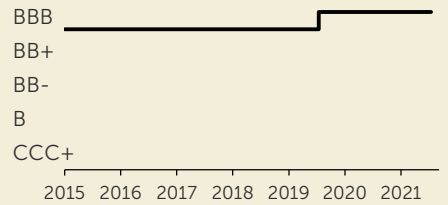
Baa3 Stable



DBRS Insight beyond the rating.

Investment grade

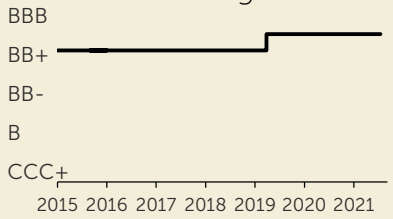
BBB Stable



FitchRatings

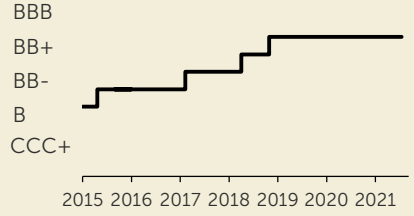
Investment grade

BBB- Negative



STANDARD & POOR'S RATINGS SERVICES
McGRAW HILL FINANCIAL

BB+ Stable



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

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1. ABANCA's Corporate Governance

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Glossary

- ABANCA Group: ABANCA Corporación Bancaria S.A Consolidated
- ASG: ABANCA Seguros Generales
- AT1: Additional Tier 1
- CBR: Combined Buffer Requeriment
- CCB: Capital Conservation Buffer
- CEO: Chief Executive Officer
- CET1: Common Equity Tier 1
- CNMV: Comisión Nacional de Mercado de Valores
- CO2: Carbon dioxide
- CSR: Corporate Social Responsibility
- DB PCB: Deutsche Bank PCB
- ECB: European Central Bank
- EU: European Union
- FL: Fully Loaded
- FSC: Forest Stewarship Council
- GHG: Greenhouse Gas
- GWh: Gigawatts hour
- ICJCE: Instituto de Censores Jurados de Cuentas de España
- ICMA: International Capital Market Association
- IRB: Internal Rating Based
- KPI: Key Performance Indicators
- LCR: Liquidity Coverage Ratio
- LTD: Loan to Deposits Ratio
- MK: Marketing
- MoP: Means of Payments
- MREL: Minimum Requirement for Own Funds and Eligible Liabilities
- MW: Megawatt
- NB: Novo Banco
- NPA: Non-Performing Assets
- NPL: Non-Performing Loans
- NSFR: Net Stable Funding Ratio
- OCR: Overall Capital Requirement
- OECD: Organisation for Economic Co-operation and Development
- PBT: Profit before tax
- PEFC: Programme for the Endorsement of Forest Certification
- PRB: Principles for Responsible Banking
- PRI: Principles for Responsible Investment
- RWA: Risk-weighted asset
- SDG: Sustainable Development Goals
- SME: Small and Medium Enterprises
- SNP: Senior Non Preferred
- SP: Senior Preferred
- SPO: Second Party Opinion
- UN: United Nations
- UNEP-FI: United Nations Environment Programe – Finance Initiative
- UK: United Kingdom
- US: United States

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//ABANCA

