
SECURITIES NOTE

ABANCA CORPORACIÓN BANCARIA, S.A.

**FIRST ISSUE OF CÉDULAS
HIPOTECARIAS I/2019**

Nominal amount: EUR 750,000,000

Maturity: 28 May 2029

This Securities Note has been prepared in accordance with Annex XIII of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Regulation (EC) No 1787/2006 of 4 December 2006, Commission Regulation (EC) No 211/2007 of 27 February 2007, Commission Regulation (EC) No 1289/2008 of 12 December 2008, Commission Delegated Regulation (EU) No 311/2012 of 21 December 2011, Commission Delegated Regulation (EU) No 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No 621/2013 of 21 March 2013 and Commission Delegated Regulation (EU) No 759/2013 of 30 April 2013, and is supplemented by the Registration Document of ABANCA Corporación Bancaria, S.A., registered in the Official Register of the *Comisión Nacional del Mercado de Valores* ("CNMV") on 31 October 2018.

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I. RISK FACTORS RELATING TO THE SECURITIES

1. *Market risk*

Market risk refers to the risk linked to any financial activity that arises from the uncertainty as to future trends or fluctuations in the markets. It is possible that the *cédulas hipotecarias* (hereinafter, the "**Cédulas Hipotecarias**") issued by ABANCA Corporación Bancaria, S.A. ("**ABANCA**" or the "**Issuer**") pursuant hereto may, after being admitted to trading, be traded at below the initial issue price or the face value, depending on the prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer.

2. *Credit risk*

Credit risk refers to the risk of economic losses being generated by a payment default of the counterparty in a financial operation. In this particular case, such credit risk would consist of the Issuer not paying principal and/or interest on the Cédulas Hipotecarias on their respective due dates.

In this regard it should be noted that all *cédulas hipotecarias* issued by the Issuer from time to time are secured by a statutory mortgage over all mortgages which are at any time registered for the benefit of the Issuer, except those affected to *bonos hipotecarios* or which are the object of *participaciones hipotecarias* or *certificados de transmisión de hipoteca* (the "**Cover Pool**"), and without prejudice to the universal liability of the Issuer, in accordance with the provisions of Act 2/1981, of 25 March, on the Regulation of the Mortgage Market ("**Act 2/1981**"), and of Royal Decree 716/2009, of 24 April, which implements certain aspects of Act 2/1981 ("**Royal Decree 716/2009**").

At the time of the issuance of the Cédulas Hipotecarias, there are neither substitute assets (*activos de sustitución*) nor derivative financial instruments linked to the Cédulas Hipotecarias.

The credit risk of the Issuer is described in the Registration Document of ABANCA, registered in the Official Register of the CNMV on 31 October 2018.

3. *Risk of change of credit rating*

The Cédulas Hipotecarias have been assigned a credit rating of Aa2 by Moody's Investors Service España, S.A. ("**Moody's**") and a preliminary credit rating of AA by S&P Global Ratings Europe Limited ("**S&P**"). A credit rating agency may lower its rating or withdraw its rating if, in the sole judgement of the credit rating agency, the credit quality of the Cédulas Hipotecarias has declined or is in question. If any rating assigned to the Cédulas Hipotecarias is lowered or withdrawn, the market value of the Cédulas Hipotecarias may reduce.

Credit ratings are not a recommendation to buy, sell or hold securities. Credit ratings may be subject to revision, suspension or withdrawal at any time by the credit rating agency.

A credit rating may not reflect the potential impact of all risks related to the structure, market, additional factors discussed herein and other factors that may affect the value of the Cédulas Hipotecarias. In addition, a credit rating agency may at any time revise its relevant rating methodology with the result that, amongst other things, a rating assigned to the Cédulas Hipotecarias may, in the absence of any mitigating action being taken, be lowered.

The credit ratings assigned to the Issuer and the preliminary credit rating assigned to the Cédulas Hipotecarias are contained in section 7.5 of this Securities Note.

4. *Liquidity risk*

The Cédulas Hipotecarias are new securities which may not be widely distributed and for which there is currently no active trading market. Although application will be made for the Cédulas Hipotecarias to be admitted to trading on the AIAF Fixed Income Market (*AIAF Mercado de Renta Fija*), there is no assurance that such application will be accepted or, if accepted, that a trading market will develop. If a trading market develops, it may not continue for the life of the Cédulas Hipotecarias and the Cédulas Hipotecarias could trade at prices that are lower than the initial price for the Cédulas Hipotecarias. In addition, changes in the overall market for *cédulas hipotecarias* may adversely affect the liquidity of any trading market in the Cédulas Hipotecarias that does develop and any market price quoted for the Cédulas Hipotecarias. As a result, there can be no assurance that an active trading market will actually develop for the Cédulas Hipotecarias.

No market making agreement (*contrato de liquidez*) has been entered into for the Cédulas Hipotecarias.

5. *Early redemption risk*

In the event that the issuance limit (currently, 80 per cent. of the amount of the outstanding principal of the mortgage loans and credits in the Issuer's portfolio which meet the requirements laid down in section II of Act 2/1981 excluding any mortgage loans and credits serving as collateral of *bonos hipotecarios* or which are the object of *participaciones hipotecarias* or *certificados de transmisión de hipoteca*) is exceeded for any reason, the issuance limit must pursuant to Spanish law be restored by the Issuer within four months by undertaking any of the actions described in article 25 of Royal Decree 716/2009. As a result, the Issuer may elect to redeem Cédulas Hipotecarias in the necessary amount to restore the issuance limit. For more information on this early redemption option, please see section 4.9.2.2 of the Securities Note below.

An investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Cédulas Hipotecarias.

6. *There is no assurance that the Cover Pool will generate sufficient proceeds to make all interest and principal payments on the Cédulas Hipotecarias in the event of an insolvency of ABANCA. In addition, the Cover Pool is a dynamic pool of assets whose composition may change. However, no assets are earmarked or segregated for a specific series of cédulas hipotecarias or holders of cédulas hipotecarias.*

Although the Issuer has a statutory obligation to maintain a certain level of overcollateralisation ratio on an ongoing basis and such requirement is intended to ensure that the value of the Cover Pool will be sufficient to make payments of interest and principal on *cédulas hipotecarias* issued by the Issuer at any time, the Issuer cannot assure that the Cover Pool will generate sufficient proceeds to fulfil all of its obligations under the Cédulas Hipotecarias (without prejudice to the fact that the Cédulas Hipotecarias are general obligations of the Issuer) because:

- interest rate on variable rate mortgage loans may decrease resulting in decreased net interest income for the Issuer; and

- the value of the properties securing the mortgage loans in the Cover Pool may decrease as the Spanish residential real estate market may experience an overall decline in property values; and
- the rates of delinquencies, defaults, foreclosures and losses on the mortgage loans may increase due to various factors such as the national or international economic climate, regional economic or housing conditions, changes in tax laws, the availability of financing, inflation, political developments and government policies. Also, unemployment, loss of earnings, illness, divorce, personal bankruptcy and other similar factors may lead to an increase in the rate of delinquencies and defaults.

As of 31 March 2019, the nominal value of outstanding mortgage portfolio of the Cover Pool amounts to 14,984 million euros, the nominal value of outstanding mortgage loans and credits which meet the eligibility criteria set forth in section II of Act 2/1981 and in Royal Decree 716/2009 amount to 9,328 million euros. As a result, the total overcollateralisation ratio as of 31 March 2019 is of 740.2%. As at the date of this Securities Note, ABANCA has not issued any *bonos hipotecarios* and the amount of *cédulas hipotecarias* (including the Cédulas Hipotecarias) issued by ABANCA and outstanding amount to 2,533 million euros and therefore do not exceed the issue limit of 80 per cent. of the amount of the outstanding principal of the mortgage portfolio of the Cover Pool which meet the eligibility criteria set forth in section II of Act 2/1981 and in Royal Decree 716/2009.

The Cover Pool is a dynamic pool of assets whose composition may change. Therefore, the Issuer cannot assure that the composition of the Cover Pool at certain time in the future will resemble the current composition of the Cover Pool. The composition may change because:

- the Issuer may grant new loans / credits;
- existing loans / credits may be amortised, repaid or sold to third parties; and
- the legal and regulatory regime (including in relation to *cédulas hipotecarias*) may change or otherwise impact the Cover Pool.

Although *cédulas hipotecarias* are secured, unsubordinated obligations of the Issuer and upon insolvency, the holders of *cédulas hipotecarias* have a preferential claim to the Cover Pool, no assets are earmarked or segregated for a specific series of *cédulas hipotecarias* or holders of *cédulas hipotecarias*. Therefore, investors of other series of *cédulas hipotecarias* will have a same preferential claim to the Cover Pool as the holders of the Cédulas Hipotecarias.

The capital ratios of ABANCA are included in the risk factor headed "In relation to the Increasingly onerous capital requirements constitute one of the ABANCA Group's main regulatory challenges.

II. SECURITIES NOTE

1. PERSONS RESPONSIBLE

1.1 Persons Responsible

Pursuant to powers expressly granted by the Board of Directors of ABANCA Corporación Bancaria, S.A. ("ABANCA" or the "Issuer") on 25 March 2019, Mr. Juan Luis Vargas-Zúñiga de Mendoza, in his capacity as General Director of Capital Markets, Institutional Management and Distribution (*Director General de Mercado de Capitales, Gestión y Distribución*), and Mr. Alberto Manuel de Francisco Guisasola, in his capacity as Chief Financial Officer (*Director General de Finanzas*), acting for and on behalf of the Issuer, hereby assume responsibility for the contents of this Securities Note.

The Issuer is registered with the Mercantile Registry (Registro Mercantil) of A Coruña, in tome 3.426 of the General Section, folio 1 et seq, sheet C-47.803, entry 1. In addition, ABANCA is registered in the Special Registry of Banks and Bankers of the Bank of Spain, under code number 2080. The Issuer's registered office is at Calle Cantón Claudino Pita, no. 2, Betanzos 15300 A Coruña, Spain.

The Issuer holds Tax Identification Number (Número de Identificación Fiscal): A-70302039 and has Legal Entity Identifier (LEI) code number: 54930056IRB XK0Q1FP96.

1.2 Declaration by those responsible for the Securities Note

Mr. Juan Luis Vargas-Zúñiga de Mendoza and Mr. Alberto Manuel de Francisco Guisasola, for and on behalf of the Issuer confirm that, having taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

2. RISK FACTORS

See Section I "*Risk Factors*" above for risk factors in relation to the Cédulas Hipotecarias.

3. ESSENTIAL INFORMATION

3.1 Interest of natural and legal persons involved in the Issue

The natural and/or legal persons involved in the issue have no private interest that is material to the issue of the Cédulas Hipotecarias.

4. INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING

4.1 Total amount of securities being admitted to trading

The total nominal amount of the Cédulas Hipotecarias for which admission to trading will be sought is SEVEN HUNDRED AND FIFTY MILLION EUROS (€750,000,000), represented by seven thousand and five hundred (7,500) securities, each with a unit face value of ONE HUNDRED THOUSAND EUROS (€100,000).

The issue price is 99.340 per cent., and therefore the total effective amount of the issue is SEVEN HUNDRED AND FORTY FIVE MILLION AND FIFTY THOUSAND EUROS (€745,050,000) and the unit effective value is NINETY NINE THOUSAND THREE HUNDRED AND FORTY EUROS (€99,340).

4.2 Description of the type and the class of securities

The Cédulas Hipotecarias are securities that represent a credit right against the Issuer, bear interest and are redeemable on the date or dates fixed in the terms and conditions of the issue. The principal and interest of the Cédulas Hipotecarias are secured by a statutory mortgage over all mortgages which are at any time registered for the benefit of the Issuer (except those affected to *bonos hipotecarios* or which are the object of *participaciones hipotecarias* or *certificados de transmisión de hipoteca*) and without prejudice to the universal liability of the Issuer, in accordance with the provisions of Act 2/1981 and Royal Decree 716/2009.

This Securities Note is prepared for the purposes of the admission to trading of the issue of the Cédulas Hipotecarias denominated "First Issue of Cédulas Hipotecarias I/2019" (hereinafter, the "**Issue**").

The ISIN Code (International Securities Identification Number) assigned to the Cédulas Hipotecarias is ES0465936054.

The Cédulas Hipotecarias may be consolidated and form a single series with *cédulas hipotecarias* which the Issuer may issue from time to time, as a result, subsequent issues would have the same rights and obligations as this Issue (namely, identical unit face value, conditions regarding payment of coupons and maturity date, amongst other things).

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET

– Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Cédulas Hipotecarias has led to the conclusion that: (i) the target market for the Cédulas Hipotecarias is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU ("**MiFID II**"); and (ii) all channels for distribution of the Cédulas Hipotecarias to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Cédulas Hipotecarias (by either

adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

The Cédulas Hipotecarias have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state of the United States or any jurisdiction, and may not be offered or sold within the United States or to, or for the account or the benefit of, U.S. Persons (within the meaning of Regulation S under the Securities Act), except in accordance an exemption from, or a transaction not considered subject to, the registration requirements of the Securities Act and the applicable laws of other jurisdictions or states.

4.3 Legislation under which the securities have been created

The Cédulas Hipotecarias are issued in accordance with the Spanish legislation applicable to the Issuer and to such type of securities.

In particular, they are issued according to the terms of the consolidated text of the Securities Market Act approved by Royal Legislative Decree 4/2015 of 23 October 2015 and Royal Decree 1310/2005, of 4 November. In addition, the Cédulas Hipotecarias are subject to the provisions of Act 2/1981, Royal Decree 716/2009 and any further applicable legislation.

This Securities Note has been prepared following the model provided in Annex XIII of Commission Regulation 809/2004 of 29 April 2004, implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Regulation (EC) No 1787/2006 of 4 December 2006, Commission Regulation (EC) No 211/2007 of 27 February 2007, Commission Regulation (EC) No 1289/2008 of 12 December 2008, Commission Delegated Regulation (EU) No 311/2012 of 21 December 2011, Commission Delegated Regulation (EU) No 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No 621/2013 of 21 March 2013 and Commission Delegated Regulation (EU) No 759/2013 of 30 April 2013.

4.4 Representation of the securities

The Cédulas Hipotecarias are represented by book entries (*anotaciones en cuenta*) managed by the Spanish Central Securities Depository known as *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal* (IBERCLEAR) with address at Plaza de la Lealtad, 1, 28014, in Madrid, and its participating entities.

4.5 Currency of the securities

The Cédulas Hipotecarias are denominated in EUROS (€).

4.6 **Ranking of the securities being admitted to trading, including summaries of any clauses that are intended to affect ranking or subordinate the security to any present or future liabilities of the Issuer**

Principal and interest due in respect of all *cédulas hipotecarias* issued by the Issuer from time to time are secured by a statutory mortgage over all mortgages which are at any time registered for the benefit of the Issuer except those affected to *bonos hipotecarios* or which are the object of *participaciones hipotecarias* or *certificados de transmisión de hipoteca*, without prejudice to the universal liability of the Issuer, and, if they exist, by the substitute assets (*activos de sustitución*) and the economic flows generated by the derivative financial instruments linked to each issue, in accordance with the provisions of Act 2/1981 and of Royal Decree 716/2009. It is stated that, at the time of the issuance of the Cédulas Hipotecarias, there are neither substitute assets nor derivative financial instruments linked to this Issue.

The mortgage loans and credits eligible for the purpose of calculating the issuance limit of all *cédulas hipotecarias* issued by the Issuer from time to time meet the requirements laid down in section II of Act 2/1981 and in Royal Decree 716/2009.

Pursuant to article 24 of Royal Decree 716/2009, the volume of *cédulas hipotecarias* issued by ABANCA and outstanding will not exceed 80 per cent. of the amount of the outstanding principal of the mortgage loans and credits in its portfolio which meet the requirements laid down in section II of Act 2/1981 and in Royal Decree 716/2009, excluding any mortgage loans and credits affected to *bonos hipotecarios* or which are the object of *participaciones hipotecarias*. Such eligible loans and credits will include the principal of the *participaciones hipotecarias* acquired by the Issuer, which are in its portfolio and are also eligible.

In addition, the Cédulas Hipotecarias can be covered up to 5 per cent. of their principal amount outstanding by the substitute assets listed in article 17.2 of Act 2/1981, if any.

According to article 14 of Act 2/1981, holders of *cédulas hipotecarias* shall be treated as creditors with special preference, ranking in accordance with the provisions of article 1923.3 of the Spanish Civil Code, *vis-à-vis* any other creditors, as regards all the mortgage loans and credits registered in favour of the Issuer, except for those affected to *bonos hipotecarios* or which are the object of *participaciones hipotecarias* or *certificados de transmisión de hipoteca*, and with regard to the substitute assets and the economic flows generated from the derivative financial instruments linked to the issues, if any. All holders of *cédulas hipotecarias*, whatever their issue date, shall have the same priority over the loans and credits that secure them, and over the substitute assets and the economic flows generated by the derivative instruments linked to the particular issues, if any.

In the event of the insolvency (*concurso*) of the Issuer, holders of *cédulas hipotecarias* shall enjoy the special privilege established in article 90.1.1 of the Spanish Insolvency Act 22/2003, of 9 July, (*Ley 22/2003, de 9 de julio, Concursal*) (the "**Spanish Insolvency Act**").

Notwithstanding the above, during any such insolvency, in accordance with article 84.2.7 of the Spanish Insolvency Act, any payments arising from repayment of principal and interest of *cédulas hipotecarias* which are outstanding as of the date of

such insolvency proceedings shall be treated as credits against the insolvent estate (*créditos contra la masa*) up to the amount collected by the Issuer from the mortgage loans and credits and, if they exist, from the substitute assets which cover the relevant *cédulas hipotecarias* and from the economic flows generated by derivative financial instruments linked to the relevant issues.

Pursuant to article 21 of Royal Decree 716/2009, the Issuer will keep a special accounting registry of the mortgage loans and credits which serve as collateral for *cédulas hipotecarias* (stating whether they are eligible in accordance with article 3 of Royal Decree 716/2009) and of the substitute assets and the derivative financial instruments linked to each issue, if any.

4.7 Description of the rights attached to the securities, including any limitations of those rights, and procedure for the exercise of those rights

Under the existing legislation, the *Cédulas Hipotecarias* do not entitle their holders to any present and/or future voting or other non-financial rights over the Issuer.

The economic and financial rights of the holders of the *Cédulas Hipotecarias* are those set out in the terms and conditions of the *Cédulas Hipotecarias*, and which are set out in sections 4.8 and 4.9 below.

The financial servicing of the issue is performed by ABANCA. Please see section 5.2 below for more information.

No syndicate of holders of *Cédulas Hipotecarias* will be created for this Issue.

4.8 The nominal interest rate and provisions relating to interest payable

4.8.1 The date from which interest becomes payable and the due dates for interest

The *Cédulas Hipotecarias* bear interest from 28 May 2019 (the "**Issue Date**") at the rate of 0.750 per cent. per annum, (the "**Rate of Interest**") payable in arrear on 28 May in each year (each, an "**Interest Payment Date**") starting on 28 May 2020 and ending on the Maturity Date.

The amount of interest payable on each Interest Payment Date shall be EUR 750 in respect of each *Cédula Hipotecaria* of EUR 100,000 denomination. If interest is required to be paid in respect of a *Cédula Hipotecaria* on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such *Cédula Hipotecaria* divided by the Calculation Amount, where:

"**Calculation Amount**" means EUR 100,000.

"**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls.

"Regular Period" means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

If the due date for payment of any amount in respect of any Cédula Hipotecaria is not a TARGET Settlement Day, the holder shall not be entitled to payment of the amount due until the next succeeding TARGET Settlement Day and shall not be entitled to any further interest or other payment in respect of any such delay (following business day unadjusted convention).

"TARGET2" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

"TARGET Settlement Day" means any day on which TARGET2 is open for the settlement of payments in euro.

The formula for the calculation of interest payable on the Cédulas Hipotecarias is the following:

$$C = \frac{N \cdot i \cdot d}{Base \cdot 100}$$

where:

C Amount of interest.

N Nominal value of the Cédula Hipotecaria.

i Annual interest rate

D Number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, in accordance with the Base

Base The Act/Act (ICMA) day count convention for calculating interest unadjusted according to the following business day convention.

4.8.2 The time limit on the validity of claims to interest and repayment of principal

According to article 22 of Royal Decree 716/2009 and article 950 of the Spanish Code of Commerce (*Código de Comercio*), the time limit for validly claiming principal and interest payments will be three years from their respective payment dates.

4.8.3 Description of any market disruption or settlement disruption that affect the underlying

Not applicable.

4.8.4 Adjustment rules with relation to events concerning the underlying

Not applicable.

4.8.5 Calculation agent

There is no calculation agent.

4.9 Maturity date and arrangement for the amortisation of the securities

4.9.1 Redemption price

The Cédulas Hipotecarias will be redeemed at par upon maturity on 28 May 2029 (the "Maturity Date").

4.9.2 Redemption date and forms of redemption

4.9.2.1 *Final redemption*

Unless previously redeemed, or purchased and cancelled, the Cédulas Hipotecarias will be redeemed in full on the Maturity Date.

4.9.2.2 *Early redemption*

The Issuer may proceed to carry out an early redemption of the Cédulas Hipotecarias if the issuance limit (currently, 80 per cent. of the amount of the outstanding principal of the mortgage loans and credits in the Issuer's portfolio which meet the requirements laid down in section II of Act 2/1981 excluding any mortgage loans and credits serving as collateral of *bonos hipotecarios* or which are the object of *participaciones hipotecarias*) is exceeded for any reason. Pursuant to Spanish law the issuance limit must be restored by the Issuer within four months by undertaking any of the actions described in article 25 of Royal Decree 716/2009. As a result, ABANCA may proceed to redeem the Cédulas Hipotecarias early either by decreasing the face value of all the outstanding Cédulas Hipotecarias *prorata* between all of them or by cancelling any Cédulas Hipotecarias that ABANCA may hold in its portfolio, up to the amount of the excess in accordance with applicable legislation.

In the event of an early redemption, the Issuer shall give not less than 10 Business Days' notice to the CNMV, to the governing body of the AIAF Fixed Income Market, to IBERCLEAR and to the holders of Cédulas Hipotecarias by publishing an advertisement in the Daily Trading Bulletin (*Boletín Diario de Operaciones*) of the AIAF Fixed Income Market and/or a relevant information notice (*comunicación de información relevante*).

In the event of an early redemption, ABANCA will also pay any accrued and unpaid interest from (including) the last Interest Payment Date to (but excluding) the date fixed for redemption.

Likewise, by virtue of article 39 of Royal Decree 716/2009, the Issuer may redeem in advance any Cédulas Hipotecarias that, for any reason, are in its legitimate possession.

There is no option for early redemption by the holders of the Cédulas Hipotecarias.

4.10 Indication of yield

The internal rate of return for a subscriber who acquires the Cédulas Hipotecarias on the Issue Date and holds them to the Maturity Date is 0.819 per cent.

The internal rate of return for the initial investor has been calculated according to the following formula:

$$P_0 = \sum_{j=1}^n \frac{F_j}{\left(1 + \frac{r}{100}\right)^{\left(\frac{d}{Base}\right)}}$$

Where:

P₀ Issue price of the security

F_j Gross collection and payment flows over the life of the security

r Effective annual return or IRR

d Number of days between the first day of the relevant Interest Period and the Interest Payment Date

n Number of flows in the Issue

Base The Act/Act (ICMA) day count convention for calculating interest unadjusted according to the following business day convention.

4.11 Representations of security holders

No syndicate of holders of Cédulas Hipotecarias will be created for this Issue.

4.12 Resolutions, authorisations and approvals by virtue of which the securities have been issued

The resolutions and decisions of the corporate bodies of the Issuer for carrying out this Issue are listed below:

- Resolution of the Board of Directors of the Issuer dated 25 March 2019.

4.13 The issue date of the securities

The issue, disbursement and subscription date for the Cédulas Hipotecarias is 28 May 2019.

4.14 Restrictions on the free transferability of the securities

Under current legislation, there are no specific or general restrictions on the free transferability of the Cédulas Hipotecarias.

Pursuant to article 37 of Royal Decree 716/2009, *cédulas hipotecarias* can be transferred by any of the legally accepted methods and without the need for the intervention of a notary public or having to notify the debtor.

Pursuant to article 39.1 of Royal Decree 716/2009, issuers of *cédulas hipotecarias* can negotiate their own *cédulas hipotecarias* and for such purpose they can purchase, sell and pledge them.

5. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

5.1 Indication of the market where the securities will be traded and for which prospectus has been published

ABANCA has applied for the Cédulas Hipotecarias to be admitted to trading on the AIAF Fixed Income Market (*AIAF Mercado de Renta Fija*), in order for the Cédulas Hipotecarias to trade on that market no later than 30 days after the Issue Date.

If this time limit is not met, the Issuer will disclose the reasons for such failure to the CNMV and to the holders of the Cédulas Hipotecarias by inserting an advertisement in the Daily Trading Bulletin (*Boletín Diario de Operaciones*) of the AIAF Fixed Income Market, without prejudice to the liabilities incurred for the delay if the cause for the failure to meet said time limit is attributable to the Issuer.

The Issuer states that it knows the requirements and conditions for admission to listing, maintenance and delisting *cédulas hipotecarias* on the AIAF Fixed Income Market, pursuant to the legislation in force and the requirements of its governing bodies and undertakes to observe them.

5.2 Paying agents and depositary agents

The financial service of the Issue will be performed by ABANCA, which has the capacity to perform these functions and will make available to the holders of Cédulas Hipotecarias the amounts in respect of principal and interest of the Cédulas Hipotecarias at their respective due dates, without the need for holders to carry out any action in relation to the economic rights deriving from their securities.

Participating entities in IBERCLEAR may serve as depositary entities.

6. EXPENSES OF THE ADMISSION TO TRADING

Expense	Amount
Documentation examination fee for verification of requirements for admission to trading on official secondary markets	€61,206
IBERCLEAR charges	€1,500
AIAF Fees - Study, processing and admission to trading.	€1,500
Other expenses (rating)	€51,875
TOTAL:	€226,081

7. ADDITIONAL INFORMATION

7.1 Persons and entities acting as advisors in the Issue

Clifford Chance, S.L.P.U. acted as legal advisor to ABANCA in connection with the Issue.

Banco Santander, S.A., Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, NatWest Markets N.V., Norddeutsche Landesbank – Girozentrale - (NORD/LB) and Raiffeisen Bank International AG acted as placement entities of the Issue.

Allen & Overy acted as legal advisor to the placement entities in connection with the Issue.

7.2 Information in the Securities Note which has been reviewed by the auditors

Not applicable.

7.3 Other information sourced from third parties

Not applicable.

7.4 Continued validity of information sourced from third parties

Not applicable.

7.5 Ratings

The Cédulas Hipotecarias have been assigned a credit rating of Aa2 by Moody's and a preliminary credit rating of AA by S&P.

As of the date of this Securities Note, ABANCA has been assigned the following ratings by the following credit rating agencies:

Agency	Review date	Short-term rating	Long-term rating	Outlook
Moody's	May 2018	NP	Ba2	Positive
S&P	October 2018	B	BB+	Stable
Fitch	March 2019	F3	BBB-	Stable
DBRS	July 2018	R-2 (middle)	BBB (low)	Positive

Each of Moody's Investors Service España, S.A., Standard & Poor's Credit Market Services Europe Limited, Fitch Ratings España, S.A.U. and DBRS Ratings Limited is a rating agency established in the European Union and registered under Regulation (EC) no 1060/2009 of the European Parliament and of the Council, of 16 September 2009, on rating agencies (the "**CRA Regulation**"). A list of registered credit rating agencies

is published at the website of the European Securities and Markets Authority:
www.esma.europa.eu.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating agency.

8. UPDATES ON THE REGISTRATION DOCUMENT

8.1 I RISK FACTORS

Risks relating to the ABANCA Group

The following text shall replace the first paragraph of the Risk Factor headed "Credit risk":

"The ABANCA Group is exposed to the creditworthiness of its customers and counterparties. Credit risk can be defined as potential losses in respect of the full or partial breach of the debt repayment obligations of customers or counterparties (including, but not limited to, the insolvency of a counterparty or debtor), and also includes the value loss as a consequence of the credit quality of customers or counterparties. Credit risk is of concern in respect of the ABANCA Group's business activities in the banking, insurance, treasury and investee portfolio sectors. As of 31 March 2019, credits to clients and fixed income securities represented 61.26% and 20.69%, respectively, of the total assets of the ABANCA Group (59.16% and 22.83%, respectively, as of 31 December 2018, 57.34% and 25.28%, respectively, as of 31 December 2017 and 60.22% and 22.86%, respectively, as of 31 December 2016). As of 31 December 2018, €7,736 million fixed income securities were valued as financial assets at fair value through other comprehensive income (of which €4,289 million corresponded to Spanish fixed income securities), €3,869 million as financial assets at amortised cost and €3 million as non-trading financial assets mandatorily at fair value through profit or loss."

The following text shall replace the third paragraph of the Risk Factor headed "Credit risk":

"Non-performing or low credit quality loans have in the past negatively impacted the ABANCA Group's results of operations and, as well as to all the banking system, could do so in the future. As of 31 March 2019, the non-performing loans ("NPLs"), which correspond to the item "impaired assets" of the consolidated balance sheet of the ABANCA Group, amounted to €1,065.86 million, representing 2.1% of the total assets of the ABANCA Group (€1,093.81 million and 2.1%, respectively, as of 31 December 2018, €1,541.35 million and 3.0%, respectively, as of 31 December 2017 and €2,153.21 million and 4.8%, respectively, as of 31 December 2016). As of 31 March 2019, 74.4% of the NPLs were secured by real estate mortgages, while 0.4% were secured by other types of in rem securities (such as pledges) and 25.2% were unsecured (74.0%, 0.5% and 25.5%, respectively, as of 31 December 2018). As of 31 March 2019, the NPL Ratio of the ABANCA Group was 3.5% (3.6% as of 31 December 2018, 5.3% as of 31 December 2017 and 7.8% as of 31 December 2016) and the NPL Coverage Ratio of the ABANCA Group was 56.9% (56.1% as of 31 December 2018, 51.6% as of 31 December 2017 and 50.1% as of 31 December 2016). Should the ABANCA Group be unable to control the level of its non-performing or poor credit quality loans, this could adversely affect the ABANCA Group's financial condition and results of operations. NPL Ratio and NPL Coverage Ratio are APMs, the definition, explanation, use and reconciliation of which are set out in Section II "Registration Document", sub section 11.9 "Alternative Performance Measures"."

The following text shall replace the first paragraph of the Risk Factor headed "Unfavourable global economic conditions and, in particular, unfavourable economic conditions in Spain or in Galicia or any deterioration in the European or Spanish financial system, could have a material adverse effect on the ABANCA Group's business, financial condition and results of operations":

"The ABANCA Group conducts its business mainly in Spain (as of 31 March 2019, 98% of the total consolidated assets and liabilities of the ABANCA Group were located in Spain (98% as of 31 December 2018 and 97% as of both 31 December 2017 and 31 December 2016) and, as of 31 March 2019, the ABANCA Group held Spanish debt (mainly sovereign) representing 13% of its total consolidated assets (15%, 16% and 20% as of 31 December 2018, 2017 and 2016, respectively)). In particular, it has a remarkable footprint in the autonomous region (*comunidad autónoma*) of Galicia. Consequently, the income generated by most of the products sold and by the services rendered by the ABANCA Group depends on the economic conditions in Spain and especially in Galicia, and also indirectly on the economic conditions in the EEA."

The following text shall replace the fourth to sixth paragraphs of the Risk Factor entitled "Liquidity risk":

"As of 31 March 2019, ABANCA Group's financing structure consists of 79% of retail deposits, 8% of interbank funding, 8% of ECB funding and 5% of issuances (74% of retail deposits, 12% of interbank funding, 8% of ECB funding and 6% of issuances as of 31 December 2018). One of the ABANCA Group's major sources of funds are savings and demand deposits. As of 31 March 2019, 78.2% of the total consolidated liabilities of ABANCA were customer deposits (76.1% as of 31 December 2018, 76.4% as of 31 December 2017 and 82.0% as of 31 December 2016). The level of wholesale and retail deposits may fluctuate due to factors outside the ABANCA Group's control, such as a loss of confidence (including as a result of political initiatives, including bail-in and/or confiscation and/or taxation of creditors' funds) or competition from investment funds or other products. As of 31 March 2019, the ABANCA Group's client resources consisted of 60% demand deposits, 24% term deposits and 16% assets under management (60% demand deposits, 24% term deposits and 16% assets under management as of 31 December 2018).

As of 31 March 2019, the ABANCA Group presented a negative short-term (demand) gap of €2,312.59 million (€3,355.20 million as of 31 December 2018, €20,620.90 million as of 31 December 2017 and €17,188.23 million as of 31 December 2016), characteristic of retail banking, in which an important part of its liabilities consists of short-term liabilities, for which the historic behaviour indicates a high degree of stability. As of that date, the liquidity gap displayed a negative balance within the "up to 1 month" period of €75.37 million (€2,643.85 million as of 31 December 2018, €2,789.84 million as of 31 December 2017 and €758.81 million as of 31 December 2016), within the "between 1 and 3 months" period of €1,368.53 million (€751.75 million as of 31 December 2018, €2,414.66 million as of 31 December 2017 and €3,860.34 million as of 31 December 2016) and within the "between 3 and 12 months" period of €3,228.22 million (€1,907.31 million as of 31 December 2018, €4,978.54 million as of 31 December 2017 and €4,186.65 million as of 31 December 2016), mainly due to the great strength of the term deposits of customers, which also historically display a high degree of stability.

As of 31 March 2019, the retail loan to deposits ratio of the ABANCA Group was 91.0%, compared to 92.3% as of 31 December 2018, 93.3% as of 31 December 2017 and 90.9% as of 31 December 2016. However, ABANCA cannot guarantee that it will be able to meet its liquidity needs or meet them without incurring higher customer acquisition costs or having to liquidate part of its assets if there is some pressure on its liquidity for any reason, which could cause a negative impact on the interest margin of the ABANCA Group. The retail loan to deposits ratio is an APM, the definition, explanation, use and reconciliation of which is set out in Section II "Registration Document", sub section 11.9 "Alternative Performance Measures".

The following text shall replace the tenth paragraphs of the Risk Factor headed "Liquidity risk":

"As of 31 March 2019, the funding with the ECB (through the TLTRO II) amounted to €3,432.42 million, as of 31 December 2018 to €3,435.88 million, as of 31 December 2017 to €3,449.92 million and as of 31 December 2016 to €1,700.0 million, which represented 6.9%, 6.7%, 6.8% and 3.8%, respectively, of the total consolidated asset of the ABANCA Group, and 7.6, 7.4%, 7.4% and 4.1% of the consolidated liability of the ABANCA Group, as of 31 March 2019, 31 December 2018, 31 December 2017 and 31 December 2016, respectively."

The following text shall replace the last sentences of the first paragraph and the second paragraph of the Risk Factor entitled "Since the ABANCA Group needs to comply with evolving liquidity regulatory requirements, it may need to implement changes in business practices that could affect the profitability of its business activities":

"The LCR of the ABANCA Group was 235% as of 31 March 2019 (191% as of 31 December 2018, 229% as of 31 December 2017 and 265% as of 31 December 2016).

The NSFR ratio of the ABANCA Group was 127% as of 31 March 2019 (126% as of 31 December 2018, 129% as of 31 December 2017 and 126% as of 31 December 2016)."

The following text shall replace the first paragraph of the Risk Factor headed "Changes in interest rates may negatively affect the ABANCA Group's business":

"The ABANCA Group's results of operations depend upon the level of its net interest income, which is the difference between interest income from loans and other interest-earning assets and interest expense paid to its depositors and other creditors on interest-bearing liabilities. For the three-month period ended on 31 March 2019, the net interest income was €132.39 million and represented a 46.55% of the gross margin (for the one-year period ended on 31 December 2018, the net interest income was €544.69 million and represented a 51.85% of the gross margin, for the one-year period ended on 31 December 2017, the net interest income was €488.50 million and represented a 60.22% of the gross margin and for the one-year period ended on 31 December 2016, the net interest income was €407.92 million and represented 62.27% of the gross margin). The net interest income is an APM, the definition, explanation, use and reconciliation of which is set out in Section II "Registration Document", sub section 11.9 "Alternative Performance Measures"."

The following text shall replace the first paragraph of the Risk Factor headed "The ABANCA Group could generate less income from commissions":

"The net fees and commissions of the ABANCA Group reached €46.11 million during the three-month period ended on 31 March 2019, €176.24 million during the one-year period ended on 31 December 2018, €169.76 million during the one-year period ended on 31 December 2017 and €151.82 million during the one-year period ended on 31 December 2016, representing 16%, 17%, 21% and 23% respectively of the consolidated gross margin of the ABANCA Group for each of the said periods. Even though the income from commissions of the ABANCA Group increased by 11.8% between 31 December 2016 and 31 December 2017, 3.8% between 31 December 2017 and 31 December 2018 and 8.2% between 31 March 2018 and 31 March 2019, a stagnation of the markets or an increase in competition in the future could cause a decrease in the number of transactions carried out on behalf of its customers and, as a consequence, a decrease in the income from commissions of the ABANCA Group. Net fees and commissions is an APM, the definition, explanation, use and reconciliation of which is set out in Section II "Registration Document", sub section 11.9 "Alternative Performance Measures"."

The following text shall replace the second and third paragraphs of the Risk Factor headed "Market risk":

"As of 31 December 2018, excluding the credit investment portfolio, the exposure of the ABANCA Group subject to market risk came to a total €6,621.40 million in fixed income securities and €88.75 million in listed variable income securities (€3,385.77 million and €104.91 million, respectively, as of 31 December 2017 and €5,624.91 million and €131.18 million, respectively, as of 31 December 2016). The fixed income portfolio exposed to market risk mainly comprises government bonds, as of 31 December 2018, 43.68% corresponds to sovereign bonds of the Spanish government, 28.64% to bonds of other countries of the Monetary Economic Union and 12.41% to bonds of government agencies, autonomous regions and bonds backed by the Spanish government (41.39%, 36.23% and 11.47%, respectively, as of 31 December 2017 and 63.30%, 14.83% and 14.94%, respectively, as of 31 December 2016).

A standard measure to evaluate market risk is "VaR" (Value at Risk). As of 31 March 2019, the VaR of the fixed income and listed variable income portfolio (excluding the held-to-maturity portfolio and the credit investment portfolio) of the ABANCA Group, considering a daily time horizon and a confidence level of 99%, was €43.8 million (€42.2 million as of 31 December 2018, €21.9 million as of 31 December 2017 and €20.4 million as of 31 December 2016). In other words, on average, 99 out of 100 times, the real daily losses for the securities portfolio were lower than those reflected by the VaR."

The following text shall replace the first and second paragraphs of the Risk Factor headed "The non-recovery of certain tax assets could negatively affect the ABANCA Group":

"As of 31 December 2018, ABANCA had deferred tax assets amounting to a total of €3,358.40 million (€3,290.22 million as of 31 December 2017 and €3,302.94 million as of 31 December 2016). These tax assets or credits originate mainly from (i) accounting expenditure not tax-deductible in the year it is reported, but that could be in

the future (pre-paid taxes); (ii) negative tax bases in corporation tax due to the losses of the corresponding financial year; and (iii) certain deductions in corporation tax which cannot be applied in the corresponding financial year if the tax base of such tax is negative.

Pursuant to Law 27/2014, of 27 November, on CIT, as amended (the "**CIT Law**"), of the €3,358.40 million of deferred tax assets mentioned above, ABANCA considers that €2,646.33 million would become government debt securities (monetisable) if, after 18 years have passed (as from 31 December 2014 or from the accounting record of the tax asset, whichever date is the latest), said tax assets have not been able to be recovered. In this respect, ABANCA plans to pay the financial contribution established under the Additional Provision Thirteen of the CIT Law, having established a provision amounting to €4.28 million in the financial statements for the year ended on 31 December 2017, that was paid in July 2018, and a provision amounting to €3.50 million in the financial statements for the year ended on 31 December 2018 that will be paid in July 2019."

The following text shall replace the fourth and fifth paragraphs of the Risk Factor headed "The ABANCA Group's exposure to the Spanish real estate market makes it more vulnerable to adverse developments in the Spanish market":

"The ABANCA Group has lending exposure to risks in the property development and construction sector, with loans for property construction and/or development amounting to €74.7 million (2.8% of the ABANCA Group's total gross loans and receivables to customers) as of 31 December 2018, €70.5 million (2.2% of the ABANCA Group's total gross loans and receivables to customers) as of 31 December 2017 and €21.9 million (1.8% of the ABANCA Group's total gross loans and receivables to customers) as of 31 December 2016). The NPL ratio on loans to real-estate developers as of 31 December 2018 was 3.8%, 8.7% as of 31 December 2017 and 15.3% as of 31 December 2016) and provisions for this exposure as of 31 December 2018 amounted to €20.7 million, €35.8 million as of 31 December 2017 and €4.3 million as of 31 December 2016), representing 62.7%, 61.0% and 68.1% of coverage of NPL on loans to real-estate developers as of 31 December 2018, 31 December 2017 and 31 December 2016, respectively. NPL ratio on loans to real-estate developers and coverage of NPL on loans to real-estate developers ratio are alternative performance measures ("**APMs**"), the definition, explanation, use and reconciliation of which is set out in Section II "*Registration Document*", sub section 11.9 "*Alternative Performance Measures*".

Additionally, as of 31 March 2019 the ABANCA Group portfolio of foreclosed real estate assets stood at €40.84 million (out of which, 48% corresponded to residential assets, 18% non-residential assets and 34% to other assets). As of 31 December 2018, the ABANCA Group portfolio of foreclosed real estate assets stood at €65.43 million, €1,008.88 million as of 31 December 2017 and at €1,090.28 million as of 31 December 2016. The gross book value of foreclosed assets sold in the first quarter of 2019 was €28.4 million (€164.0 in 2018, €177.2 million in 2017 and €63.9 million in 2016). As of 31 March 2019, foreclosed assets coverage ratio was 62.1% (61.5% as of 31 December 2018 and 61.1% as of 31 December 2017). Foreclosed land assets coverage ratio reached 73.4% as of 31 March 2019 (73.2% as of 31 December 2018 and 75.5% as of 31 December 2017). Foreclosed assets coverage ratio and Foreclosed land assets coverage ratio are APMs, the definition, explanation, use and reconciliation of which

are set out in Section II "*Registration Document*", sub section 11.9 "*Alternative Performance Measures*".

The following text shall replace in its entirety the Risk Factor headed "The ABANCA Group may face business combination risks":

"The ABANCA Group may face business combination risks

The ABANCA Group may in the future undertake acquisitions and/or divestments of businesses, operations, assets and/or entities. Acquisitions and divestment transactions may involve complexities and time delays, for example in terms of integrating and/or merging businesses, operations and entities, and targeted benefits may, therefore, not be achieved or be delayed. Furthermore, the ABANCA Group may incur unforeseen liabilities from former and future acquisitions and divestments which could have a material adverse effect on its business, financial condition and capital, results of operations and prospects.

In particular, the acquisition of Deutsche Bank AG's private and commercial client banking unit in Portugal ("**PCC**") represented the first cross-border acquisition for the ABANCA Group and, as in any acquisition, it involves certain business combination risks. Please see Section II "*Registration Document*", sub-section 4.1.5 "*Any recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency*" for further information on the acquisition of PCC.

Additionally, on 22 November 2018, ABANCA communicated that it had been selected by the Portuguese Council of Ministers to acquire 99.8% of the shares in Banco Caixa Geral, S.A. ("**BCG**"), the Spanish subsidiary of the Portuguese Grupo Caixa Geral de Depósitos, for a total purchase price of €364 million (i.e. approximately 0.65 times the book value of BCG). BCG consists of 110 commercial offices, 524 employees and 131,640 clients (both retail and corporates) and its main business segments are retail banking, private banking and corporate banking with a total business volume of around €7,000 million (€2,950 million deposits, €3,446 million loans and advances and €389 million assets under management). As of the date of this Registration Document, the acquisition is subject to obtaining the relevant regulatory authorisations. Once obtained, the integration process will commence, and it is not expected to finalise prior to the end of the first half of 2019. For reference, as of 31 December 2017, BCG's consolidated RWAs amounted to €3,141.14 million and its consolidated Tier 1 capital to €484.25 million (source: audited annual individual accounts of Banco Caixa Geral, S.A. as of and for the year ended 31 December 2017). ABANCA intends to continue maintaining a solid solvency position and buffer to the Maximum Distributable Amount (as defined below), although there is no certainty that ABANCA will achieve it (source: audited annual individual accounts of Banco Caixa Geral, S.A. as of and for the year ended 31 December 2017)."

The following text shall replace the eighth paragraph of the Risk Factor headed "Increasingly onerous capital requirements constitute one of the ABANCA Group's main regulatory challenges":

"In addition, the Bank of Spain agreed on 28 March 2019 to maintain the countercyclical capital buffer applicable to credit exposures in Spain at 0% for the second quarter of 2019 (percentages will be revised each quarter)."

The following text shall replace the fourteenth paragraph of the Risk Factor headed "Increasingly onerous capital requirements constitute one of the ABANCA Group's main regulatory challenges":

"In February 2019, the Bank and ABANCA Holding Financiero, S.A. ("**ABANCA Holding**") together with its consolidated subsidiaries (hereinafter, ABANCA Holding together with its subsidiaries shall be referred to as "**ABANCA Holding Group**") received the decisions of the ECB regarding minimum capital requirements for 2019 following the outcomes of the most recent SREP. These decisions required ABANCA and ABANCA Holding to maintain a consolidated phased-in CET1 ratio of 8.75% of RWAs and a consolidated phased-in total capital ratio of 12.25% of RWAs. These ratios include the minimum "Pillar 1" capital requirements (CET 1 ratio of 4.50% of RWAs and total capital ratio of 8% of RWAs), the P2R (1.75% of RWAs) and the capital conservation buffer (2.5% of RWAs). As of 31 March 2019, the phased-in CET1 ratio of ABANCA was 14.4% of RWAs (14.6% as of 31 December 2018) and the phased-in total capital ratio was 16.6% of RWAs (15.5% as of 31 December 2018). As of 31 March 2019, the consolidated phased-in CET1 ratio of ABANCA Holding Group was 13.7% of RWAs (13.7% as of 31 December 2018) and the consolidated phased-in total capital ratio was 15.4% of RWAs (14.6% as of 31 December 2018)."

The following text shall replace the last sentence of the eighteenth paragraph of the Risk Factor headed "Increasingly onerous capital requirements constitute one of the ABANCA Group's main regulatory challenges":

"In May 2019 ABANCA received a formal communication from the Bank of Spain regarding the MREL Requirement, as determined by the SRB.

In accordance with such communication, ABANCA has been required to reach, by 1 January 2022, an amount of own funds and eligible liabilities on a consolidated basis equal to 10.55% of its consolidated total liabilities and own funds as of 31 December 2017. This MREL requirement would be equal to 20.06% in terms of consolidated RWAs, as of 31 December 2017.

The MREL requirement is aligned with ABANCA's expectations and the funding plan as described in its strategic plan."

The following text shall replace in its entirety the Risk Factor headed "The ABANCA Group is exposed to risk of loss from legal and regulatory claims":

"The ABANCA Group is exposed to risk of loss from legal and regulatory claims

The members of the ABANCA Group are and in the future may be involved in various claims, disputes, legal proceedings and governmental investigations. The outcome of these claims, disputes, legal proceedings and governmental investigations is inherently difficult to predict, particularly where the claimants seek very large or indeterminate damages, or where the cases present novel legal theories, involve a large number of parties or are in the early stages of discovery, and, therefore, ABANCA cannot state with confidence what the eventual outcome of these pending matters will be or what the eventual loss, fines or penalties related to each pending matter may be or if the reserves accounted will be sufficient.

Among the legal proceedings in which the ABANCA Group is involved there are several proceedings related to mortgage "floor clauses" (in connection with which ABANCA has set aside provisions amounting to €12 million as of 31 December 2018), proceedings related to the arrangement of interest rate hedges tied to mortgage loans granted to families and self-employed persons (in connection with which ABANCA has set aside provisions amounting to €3 million as of 31 December 2018) and proceedings related to the management of hybrid equity instruments and subordinated debt (in connection with which ABANCA has set aside provisions amounting to €5 million as of 31 December 2018). Please see " – *The invalidity of what are known as "floor clauses" ("cláusulas suelo") and their total retroactivity could negatively affect the ABANCA Group*" below for further information on the proceedings related to mortgage "floor clauses".

On 5 November 2018, the Supreme Court (*Tribunal Supremo*) held a plenary session to determine whether the borrower (as per traditional case law) or the lender (as ruled out in recent decisions of the Third Chamber (Administrative) of the Supreme Court) must pay the stamp duty (*actos jurídicos documentados*) levied on the public deeds that document the granting of a loan with a mortgage guarantee. On 27 November 2018, the Supreme Court published the rulings, stating that it had decided to confirm the traditional case law and determined that the borrower must pay the stamp duty in relation to the granting of mortgage loans. After this decision, the Spanish government approved Royal Decree-Law 17/2018, of 8 November, amending the Spanish Stamp Duty Law and set forth that as from 10 November 2018 stamp duty levied on the public deeds that document the granting of a loan with a mortgage guarantee shall be paid by the lender. This notwithstanding, customers may still claim that credit entities, including ABANCA, should bear this cost and first instance courts may rule in their favour on the basis of the recent case law of the Third Chamber (Administrative) of the Supreme Court. Also, courts may request to the European Court of Justice (the "ECJ") a preliminary ruling on the interpretation of the Spanish Stamp Duty Act, and the ECJ could decide that lenders must pay the stamp duty in relation to mortgage loans notarised prior to 10 November 2018.

These types of claims and proceedings may expose the ABANCA Group to monetary damages, direct or indirect costs or financial loss, civil and criminal penalties, loss of licenses or authorisations, or loss of reputation, as well as the potential regulatory restrictions on the ABANCA Group's businesses, all of which could have a material adverse effect on the ABANCA Group's business, financial condition and results of operations."

The Risk Factor headed "Steps taken towards achieving an EU fiscal and banking union" is updated as per the following information:

"On 24 September 2018, the EBA launched its 2018 EU-wide transparency exercise, the results of which published in December 2018 and the 2018 EU-wide stress tests were published by the EBA on 2 November 2018 (although ABANCA was not a participant."

8.2 4. INFORMATION ABOUT THE ISSUER

The following information is added in sub-section "–4.1.5. Any recent events particular to the Issuer which are to a material extent relevant to the evaluation of

the Issuer's solvency", immediately prior to paragraph "2018-2020 Strategic Initiatives":

- On 22 November 2018, ABANCA communicated that it had been selected by the Portuguese Council of Ministers to acquire 99.8% of the shares in BCG, the Spanish subsidiary of the Portuguese Grupo Caixa Geral de Depósitos, for a total purchase price of €364 million (i.e. approximately 0.65 times of BCG's book value). BCG consists of 110 commercial offices, 524 employees and 131,640 clients (both retail and corporates) and its main business segments are retail banking, private banking and corporate banking with a total business volume of around €7,000 million (€2,950 million deposits, €3,446 million loans and advances and €389 million assets under management). As of the date of this Registration Document, the acquisition is subject to obtaining the relevant regulatory authorisations. Once obtained, the integration process will commence, and it is not expected to finalise prior to the end of the first half of 2019. For reference, as of 31 December 2017, BCG's consolidated RWAs amounted to €3,141.14 million and its consolidated Tier 1 capital to €484.25 million (source: audited annual individual accounts of Banco Caixa Geral, S.A. as of and for the year ended 31 December 2017).
- On 18 January 2019 ABANCA issued Fixed Rate Reset Tier 2 Subordinated Notes for a nominal amount of €50,000,000 maturing on 18 January 2029. The notes were issued at par and their coupon was fixed at an annual 6.125% for the first five years and then will be reset for the following 5 years.
- In February 2019, ABANCA and ABANCA Holding Financiero, S.A. ("**ABANCA Holding**") together with its consolidated subsidiaries (hereinafter, ABANCA Holding together with its subsidiaries shall be referred to as "**ABANCA Holding Group**") received the decisions of the ECB regarding minimum capital requirements for 2019 following the outcomes of the most recent SREP. These decisions required ABANCA and ABANCA Holding to maintain a consolidated phased-in CET1 ratio of 8.75% of RWAs and a consolidated phased-in total capital ratio of 12.25% of RWAs. These ratios include the minimum "Pillar 1" capital requirements (CET 1 ratio of 4.50% of RWAs and total capital ratio of 8% of RWAs), the P2R (1.75% of RWAs) and the capital conservation buffer (2.5% of RWAs).
- On 29 April 2019 ABANCA announced the approval of a common project regarding the merger by absorption of ABANCA Holding (as absorbed company) by ABANCA (as absorbing company) (the "**Merger Project**" and the "**Merger**"). The share exchange ratio is of 5.77314872343397 shares of ABANCA, of one euro nominal value each, per each share of ABANCA Holding, of one euro nominal value each. The shareholders of ABANCA Holding will receive all the shares of ABANCA owned by ABANCA Holding, for which reason an increase in the share capital of ABANCA will not be necessary. Within the Merger, and with an instrumental purpose, ABANCA will propose to its shareholders the payment of a dividend against freely available reserves that will cause ABANCA Holding's equity to correspond to its stake in ABANCA, and that would be paid prior to the completion of the Merger but, in any case, no later than 27 September 2019.

The Board of Directors of ABANCA and ABANCA Holding consider that the Merger is positive for their respective shareholders, since it will reinforce the capital position of the Group to which ABANCA and ABANCA Holding belong by making possible to optimise the eligibility of capital instruments. Additionally, it will streamline the corporate and governance structure of the Group, which will result in more efficient management.

The Merger is expected to be submitted for the approval of the respective annual general shareholders' meetings of ABANCA and ABANCA Holding, that will be convened to be hold in June.

- In May 2019 ABANCA received a formal communication from the Bank of Spain regarding its minimum requirement for own funds and eligible liabilities, as determined by the Single Resolution Board.

In accordance with such communication, ABANCA has been required to reach, by 1 January 2022, an amount of own funds and eligible liabilities on a consolidated basis equal to 10.55% of its consolidated total liabilities and own funds as of 31 December 2017. This MREL requirement would be equal to 20.06% in terms of consolidated risk weighted assets, as of 31 December 2017.

The MREL requirement is aligned with ABANCA's expectations and the funding plan as described in its strategic plan."

8.3 6. ORGANISATIONAL STRUCTURE

Sub-section "-6.1. If the Issuer is part of a group, a brief description of the group and of the Issuer's position within it" is updated as follows:

The stake owned by ABANCA in ABANCA Corporación División Inmobiliaria, S.L.U.'s share capital shown in sub-section is 100%.

8.4 9. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Sub-section "-9.1. Names, business addresses and functions in the Issuer of (a) members of the administrative, management or supervisory bodies and (b) partners with unlimited liability, in the case of a limited partnership with a share capital, and an indication of the principal activities performed by them outside the Issuer where these are significant with respect to that Issuer" is updated as follows:

Footnote (1) in the first table is deleted.

The following information regarding Mr. Juan Carlos Escotet is added after the first table":

"On 26 November 2018, Mr. Juan Carlos Escotet fully resumed his normal duties as Chairman of the Board of Directors of ABANCA. The situation of partial and temporary delegation of his duties and responsibilities under the governance framework has therefore ended. Such governance framework contains provisions for the appropriate measures and resources to manage any contingency and its application has ensured that ABANCA has remained stable, operational and fully functioning."

8.5 10. MAJOR SHAREHOLDERS

The following table shall replace the table included in sub-section "– 10.1 To the extent known to the Issuer, a statement as to whether the Issuer is directly or indirectly owned or controlled and by whom, a description of the nature of such control, and a description the measures in place to ensure that such control is not abused.":

As of 31 March 2019, the shareholders of ABANCA are:

Shareholder	Interest
ABANCA Holding	86.79%
CLEARSTREAM BANKING, S.A.	1.33%
E.C. Nominees Limited	1.08%
Other shareholders	2.03%
Treasury shares	8.77%

8.6 11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFIT AND LOSSES

The following text shall replace in its entirety sub-section "–11.1. Financial statements":

"11.1 Historical Financial Information for the financial years ending 31 December 2018 and 31 December 2017

Financial information of the ABANCA Group

The table below includes the consolidated balance sheets of the ABANCA Group as of 31 December 2018 and 2017:

<i>(Millions of euros)</i>			
ASSETS	2018	2017 (*)	Var.
Cash, cash balances with central banks and other demand deposits	1,367.53	1,701.99	(19.65%)
Financial assets held for trading			
Derivatives	99.22	100.32	(1.10%)
Debt securities	-	-	-
	99.22	100.32	(1.10%)
Non-trading financial assets mandatorily at fair value through profit or loss			
Equity instruments	338.96	-	n.a.
Debt securities	32.63	-	n.a.
Loans and advances			
Customer	1.01	-	n.a.
	372.59	-	n.a.
Financial assets at fair value through other comprehensive income			
Equity instruments	-	33.77	(100.00%)
Debt securities	-	4.12	(100.00%)
	-	37.89	(100.00%)
Financial assets at fair value through other comprehensive income			
Equity instruments	43.03	494.37	(91.30%)

Debt securities a	7,736.29	9,293.15	(16.75%)
	7,779.32	9,787.53	(20.52%)
Financial assets at amortized cost			
Debt securities	3,868.85	3,539.90	9.29%
Loans and advances			
Credit institutions	1,334.56	535.24	149.34%
Customers	30,160.56	29,120.27	3.57%
	35,363.97	33,195.41	6.53%
Derivatives - hedge accounting Investments in joint ventures and associates	31.09	32.01	(2.90%)
Associates	222.54	158.55	40.36%
	222.54	158.55	40.36%
Assets covered by insurance or reinsurance contracts	4.48	6.02	(25.70%)
Tangible assets			
Fixed asset			
For own use	868.73	838.96	3.55%
Investment property	294.80	278.63	5.80%
	1,163.53	1,117.59	4.11%
Intangible assets			
Goodwill	61.73	61.73	0.00%
Other intangible assets	297.42	306.98	(3.12%)
	359.15	368.71	(2.59%)
Tax asset			
Current tax assets	95.00	118.52	(19.5%)
Deferred tax assets	3,358.40	3,290.22	2.07%
	3,453.40	3,408.74	1.31%
Other assets			
Insurance contracts linked to pensions	136.23	149.00	(8.57%)
Inventories	61.95	63.50	(2.45%)
Other assets	157.82	159.27	(0.91%)
	356.00	371.78	(4.24%)
Non-current assets and disposal groups classified as held for sale	409.60	497.82	(17.72%)
TOTAL ASSETS	50,982.42	50,784.35	0.39%

LIABILITIES AND EQUITY	2018	2017 (*)	Var.
Financial liabilities held for trading			
Derivatives	72.72	84.89	(14.34%)
	72.72	84.89	(14.34%)
Financial liabilities at amortized cost			
Deposits			
Central banks	3,435.88	3,449.92	(0.41%)
Credit institutions	4,294.14	4,290.97	0.07%
Customers	35,404.42	35,647.69	(0.68%)
Debt securities issued	754.83	789.73	(4.42%)
Other financial liabilities	244.77	148.03	65.31%
<i>Memorandum item: subordinated liabilities</i>	5.79	8.57	(32.41%)
	44,133.97	44,326.34	(0.43%)
Derivatives - hedge accounting	135.30	88.20	53.40%
Liabilities covered by insurance or reinsurance contracts	1,395.97	1,249.52	11.72%
Provisions			
Pensions and other post-employment defined benefit obligations	158.44	176.78	(10.38%)

Outstanding taxes legal proceedings and litigation	17.20	2.28	655.49%
Commitments and guarantees given	83.64	75.67	10.53%
Other provisions	85.25	154.95	(44.98%)
	344.53	409.68	(15.90%)
Tax liabilities			
Current tax liabilities	14.19	17.39	(18.40%)
Deferred tax liabilities	177.45	225.20	(21.20%)
	191.64	242.59	(21.00%)
Other liabilities	244.88	277.75	(11.84%)
TOTAL LIABILITIES	46,518.99	46,678.97	(0.34%)
EQUITY			
Own funds			
Capital			
Paid-up capita	2,453.66	2,453.66	0.00%
Share premium	433.90	433.90	0.00%
Equity instruments issued other than capital			
Other equity instruments issue	250.00	-	n.a.
Retained earnings	1,398.87	1,180.24	18.52%
Other reserves			
Reserves or accumulated losses of investments in joint ventures and associates	(8.60)	(9.82)	(12.47%)
Others	(14.19)	-	n.a.
Treasury shares	(229.73)	(226.94)	1.23%
Profit attributable to the owners of the Parent	430.42	367.07	17.26%
Interim dividends	(159.31)	(110.58)	44.06%
	4,555.03	4,087.53	11.44%
Accumulated other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gains or losses on defined benefit pension plans	(19.18)	(13.91)	37.92%
Fair value changes of equity instruments measured at fair value through other comprehensive income	2.70	-	n.a.
	(16.49)	(13.91)	18.53%
Items that may be reclassified to profit or loss			
Foreign currency translation	0.02	0.02	31.25%
Hedging derivatives Cash flow hedges reserve (effective portion)	(18.70)	(47.84)	(60.91%)
Fair value changes of debt securities sat fair value through other comprehensive income	(45.32)	90.09	(150.30%)
Share of other recognized income and expense of investments in joint ventures and associates	(11.13)	(10.51)	5.90%
	(75.13)	31.75	(336.62%)
Minority interests (non-controlling interests)			
Accumulated other comprehensive income	-	-	-
Other items	0.01	0.01	(8.33%)
	0.01	0.01	(8.33%)
TOTAL EQUITY	4,463.43	4,105.38	8.72%
TOTAL LIABILITIES AND EQUITY	50,982.42	50,784.35	0.39%

(*) Presented solely and exclusively for comparison purposes. See Note 1.2.

The table below includes the consolidated income statements of the ABANCA Group for the years ended 31 December 2018 and 2017:

(Millions of euros)

	Income / (Expenses)		
	2018	2017 (*)	Var.
Interest Income	724.91	689.79	5.09%
Financial assets at fair value through other comprehensive income	117.41	108.08	8.63%
Financial assets at amortized cost	632.53	596.84	5.98%
Other of interest income	(25.03)	(15.14)	65.33%
Interest expense	(180.21)	(201.29)	(10.47%)
NET INTEREST INCOME	544.69	488.50	11.50%
Dividend income	11.97	10.71	11.72%
Share of profit or loss of equity-accounted investees	9.77	7.42	31.80%
Fee and commission income	197.75	189.91	4.13%
Fee and Commission Expense	(21.50)	(20.15)	6.70%
Gains or losses on derecognition of financial assets and liabilities not measured	105.68	199.78	(47.10%)
Financial assets at amortized cost	(0.64)	(2.19)	(70.73%)
Other financial assets and liabilities	106.32	201.97	(47.36%)
Gains or losses on financial assets and liabilities held for trading, net	0.78	4.58	(82.95%)
Other gains or (-) losses	0.78	4.58	(82.95%)
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	190.04	-	n.a.
Other gains or (-) losses	190.04	-	n.a.
Gains or losses from hedge accounting, net	(7.58)	(2.20)	245.28%
Exchange differences, net	4.33	2.35	84.36%
Other operating income	87.61	61.84	41.68%
Other operating expenses	(94.01)	(144.93)	(35.14%)
Income from assets covered by insurance or reinsurance contracts	295.80	268.13	10.32%
Expenses from liabilities covered by insurance or reinsurance contracts	(274.78)	(254.79)	7.85%
GROSS INCOME	1.050.55	811.15	29.51%
Administrative expenses	(540.75)	(509.78)	6.07%
Personnel expenses	(319.45)	(315.00)	1.41%
Other administrative expenses	(221.30)	(194.79)	13.61%
Amortization	(52.55)	(48.81)	7.67%
Provisions or reversals of provisions	(12.42)	(22.41)	(44.58%)
Impairment or reversal of impairment on, and gains and losses arising from changes in cash flows from financial assets not measured at fair value through profit or loss, and modification net gains or losses	(25.86)	76.29	(133.90%)
Financial assets at fair value through other comprehensive income	(2.21)	(1.99)	10.99%
Financial assets at amortized cost	(23.65)	78.28	(130.21%)

NET OPERATING INCOME	418.98	306.44	36.73%
Impairment or reversal of impairment on investments in joint ventures or associates	1.19	(1.44)	(182.18%)
Impairment or reversal of impairment on non-financial assets	(1.82)	0.29	(725.86%)
Tangible assets	(1.82)	0.706	(361.06%)
Intangible assets	-	(0.41)	(100.00%)
Others	0.00	0.00	0.00%
Gains or losses on derecognition of non-financial assets, net	9.58	24.75	(61.30%)
Negative goodwill taken to profit or loss	-	-	-
Gains or losses on non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	36.10	38.13	(5.31%)
PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS	464.03	368.16	26.04%
Tax expense or income related to profit or loss from continuing operations	(33.61)	(1.09)	2,981.03%
PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS	430.42	367.07	17.26%
Profit or loss after tax from discontinued operations	-	-	-
PROFIT FOR THE YEAR	430.42	367.07	17.26%
Attributable to minority interests (non-controlling interests)	-	(0.00)	(100.00%)
Attributable to the owners of the Parent	430.42	367.07	17.26%

EARNINGS PER SHARE (euro)	At 31.12.2018	At 31.12.2017	Var.
Basic	0.1923	0.1639	17.33%
Diluted	0.1923	0.1639	17.33%

(*) Presented solely and exclusively for comparison purposes. See Note 1.2.

The following text shall replace in its entirety sub-section "–11.2. Financial statements":

"11.2. Financial statements

ABANCA prepares consolidated annual accounts from which the details in section 11.1 above have been extracted."

The following text shall replace in its entirety sub-section "–11.3.1. A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given":

"11.3.1. A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the

statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given

The historical financial information set out in Section 11.1 of this Registration Document has been extracted from the corresponding consolidated annual accounts which have each been audited by KPMG Auditores, S.L., without qualification."

The following text shall replace in its entirety sub-section "–11.3.3. Where financial data in the Registration Document is not extracted from the Issuer's audited financial statements state the source of the data and state that the data is unaudited":

"11.3.3 Where financial data in the Registration Document is not extracted from the Issuer's audited financial statements state the source of the data and state that the data is unaudited

Section 11.5 below includes interim financial information extracted from the unaudited condensed consolidated interim financial statements of ABANCA for the three-month period ended 31 March 2019."

The following text shall replace in its entirety sub-section "–11.4. Financial statements":

"11.4 Age of latest financial information

This Registration Document contains audited financial information as of and for the year ended 31 December 2018, which therefore is not older than 18 months from the date of this Registration Document."

The following text shall replace in its entirety sub-section "–11.5 Interim and other financial information":

"The table below includes the consolidated balance sheets of the ABANCA Group as of 31 March 2019 and 31 December 2018:

(million euros)	(Millions of euros)		Variation
	31-03-2019	31-12-2018 (*)	%
Cash, cash balances with central banks and other demand deposits	1,752.58	1,367.53	28.16%
Financial assets held for trading	127.83	99.22	28.84%
Financial assets not intended for trading, which are necessarily valued at fair value through profit or loss	312.79	372.59	(16.05%)
Financial assets designated at fair value through profit or loss	-	-	n.a.
Financial assets at fair value with changes in comprehensive income	6,410.52	7,779.32	(17.60%)
Financial assets at amortised cost	35,497.75	35,363.97	0.38%
Derivatives - hedge accounting	38.28	31.09	23.14%
Investments in joint ventures and associates	208.79	222.54	(6.18%)
Associates	208.79	222.54	(6.18%)
Assets covered by insurance or reinsurance contracts	4.61	4.48	2.90%
Tangible assets	1,183.89	1,163.53	1.75%
Fixed assets	898.13	868.73	3.38%

For own use	898.13	868.73	3.38%
Investment properties	285.76	294.80	(3.07%)
Intangible assets	363.56	359.15	1.23%
Goodwill	61.73	61.73	-
Other intangible assets	301.83	297.42	1.48%
Tax assets	3,432.29	3,453.40	(0.61%)
Current tax assets	58.57	95.00	(38.34%)
Deferred tax assets	3,373.72	3,358.40	0.46%
Other assets	363.95	356.00	2.23%
Insurance contracts linked to pensions	136.23	136.23	-
Inventories	62.89	61.95	1.51%
Other assets	164.83	157.82	4.45%
Non-current assets and disposal groups classified as held for sale	398.91	409.60	(2.61%)
TOTAL ASSETS	50,095.76	50,982.42	(1.74%)
Financial liabilities held for trading	89.93	72.72	23.67%
Financial liabilities at amortised cost	42,907.56	44,133.97	(2.78%)
Derivatives - hedge accounting	232.05	135.30	71.51%
Liabilities covered by insurance or reinsurance contracts	1,476.20	1,395.97	5.75%
Provisions	330.62	344.53	(4.04%)
Pensions and other post-employment defined benefit obligations	156.34	158.44	(1.32%)
Outstanding legal proceedings and litigation in relation to taxes	17.32	17.20	0.73%
Commitments and guarantees extended	83.46	83.64	(0.22%)
Other provisions	73.50	85.25	(13.78%)
Tax liabilities	218.32	191.64	13.92%
Current tax liabilities	51.38	14.19	262.18%
Deferred tax liabilities	166.93	177.45	(5.93%)
Other liabilities	195.52	244.88	(20.16%)
TOTAL LIABILITIES	45,450.20	46,518.99	(2.30%)
SHAREHOLDERS' EQUITY	4,691.87	4,555.03	3.00%
Capital	2,453.66	2,453.66	-
Paid-up capital	2,453.66	2,453.66	-
Share premium	433.90	433.90	-
Equity instruments issued other than capital	250.00	250.00	-
Retained earnings	1,836.13	1,398.87	31.26%
Other reserves	(35.33)	(22.78)	55.09%
Treasury shares	(230.53)	(229.73)	0.35%
Profit/(loss) attributable to the owners of the parent	156.21	430.42	(63.71%)
Interim dividends	(172.17)	(159.31)	8.07%
OTHER ACCUMULATED COMPREHENSIVE INCOME	(46.32)	(91.62)	(49.44%)
Items that will not be reclassified to profit or loss	(16.42)	(16.49)	(0.42%)
Actuarial gains or (-) losses on defined benefit pension plans	(19.18)	(19.18)	-
Changes in the fair value of equity instruments measured at fair value with changes in other comprehensive income	2.77	2.70	2.60%

Items that may be reclassified to profit or loss	(29.91)	(75.13)	(60.19%)
Foreign currency conversion	0.02	0.02	-
Hedging derivatives Cash flow hedges (effective portion)	23.88	(18.70)	n.a.
Changes in the fair value of debt instruments measured at fair value with changes in other comprehensive income	(53.61)	(45.32)	18.30%
Share of other recognised income and expense arising from investments in joint ventures and associates	(0.19)	(11.13)	(98.26%)
MINORITY INTERESTS (non-controlling interests)	0.01	0.01	(9.09%)
Other accumulated comprehensive income	-	-	n.a.
Other items	0.01	0.01	(9.09%)
TOTAL EQUITY	4,645.56	4,463.43	4.08%
TOTAL LIABILITIES AND EQUITY	50,095.76	50,982.42	(1.74%)

(*) Presented, solely and exclusively, for comparative purposes.

The table below includes the consolidated income statements of the ABANCA Group for the three-month periods ended on 31 March 2019 and 2018:

(million euros)	(Millions of euros)		Variation
	31-03-19	31-03-2018 (*)	%
Interest Income	177.11	169.80	4.30%
Interest Expense	(44.72)	(42.10)	6.23%
NET INTEREST INCOME	132.39	127.70	3.67%
Dividend Income	4.34	3.39	28.03%
Share of profit or loss of equity-accounted Investees	(3.73)	1.01	n.a.
Fee and Commission Income	51.82	46.97	10.32%
Fee and Commission Expense	(5.71)	(4.37)	30.65%
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	64.12	85.14	(24.69%)
Gains or losses on financial assets and liabilities held for trading, net	(1.58)	0.03	n.a.
Gains or losses on financial assets not intended for trading, which are necessarily valued at fair value through profit or loss, net	20.86	(2.23)	n.a.
Gains or losses on hedge accounting, net	8.45	(3.01)	n.a.
Exchange differences, net	1.54	0.59	160.64%
Other operating income	16.06	22.69	(29.20%)
Other operating expenditure	(9.37)	(17.06)	(45.05%)
Income from assets covered by insurance or reinsurance contracts	98.62	62.75	57.16%
Expenses from liabilities covered by insurance or reinsurance contracts	(93.39)	(58.17)	60.56%
GROSS INCOME	284.42	265.46	7.14%
Administrative expenses	(133.29)	(122.47)	8.83%
Personnel expenses	(80.78)	(76.44)	5.69%
Other administrative expenses	(52.51)	(46.03)	14.06%
Amortisation	(14.73)	(12.72)	15.86%

Provisions or reversals of provisions	7.37	13.47	(45.30%)
Impairment of the value or reversal of the impairment of value and gains or losses due to changes in cash flows of financial assets not valued at fair value through profit or loss or net gains or losses due to modification	(0.15)	(0.49)	(69.26%)
Financial assets at fair value with changes in other comprehensive income	0.01	(1.91)	n.a.
Financial assets at amortised cost	(0.16)	1.42	n.a.
NET OPERATING INCOME	143.62	143.25	0.25%
Impairment or reversal of impairment on investments in joint ventures or associates	-	0.67	(100.00%)
Impairment or reversal of impairment on non-financial assets	(0.82)	(0.42)	96.16%
Other	0.00	-	n.a.
Tangible assets	(0.82)	(0.42)	96.40%
Intangible assets	-	-	n.a.
Gains or losses on derecognition of non-financial assets, net	16.96	0.14	12,187.68%
Negative goodwill recognised in profit or loss	-	-	n.a.
Gains or losses on non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	4.71	12.11	(61.15%)
PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS	164.46	155.76	5.59%
Expense or income tax related to profit or loss from continuing activities	(8.25)	(0.51)	1,530.63%
PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS	156.21	155.25	0.62%
Profit or loss after tax from discontinued operations	-	-	n.a.
PROFIT / (LOSS) FOR THE PERIOD	156.21	155.25	0.62%
Attributable to minority interests (non-controlling interests)	(0.00)	-	n.a.
Attributable to the owners of the parent	156.21	155.25	0.62%

(*) Presented, solely and exclusively, for comparative purposes.

The following text shall replace in its entirety sub-section "–11.7. Significant change in the Issuer's financial position":

"11.7 Significant change in the Issuer's financial position

Since 31 March 2019 there has not been any significant change in the financial position of the Issuer."

The information on the ratings assigned by Fitch in sub-section "–11.8. Credit ratings" shall be amended as follows: (i) Review date: March 2019; (ii) Short-term rating: F3; (iii) Long-term rating: BBB-; and (iv) Outlook: Stable.

The following text shall replace in its entirety sub-section "–11.9. Alternative Performance Measures (APMs)":

"11.9 Alternative Performance Measures (APMs)

This Registration Document (and the documents incorporated by reference in this Registration Document) contains certain management measures of performance or APMs, which are used by management to evaluate the ABANCA Group's overall performance or liquidity. These measures are used in the Bank's planning, operational and financial decision-making and are commonly used in the finance sector as indicators to monitor institutions' assets, liabilities and economic/financial positions.

These APMs are not audited, reviewed or subject to review by ABANCA's auditors and are not measures required by, or presented in accordance with, IFRS-EU. Many of these APMs are based on ABANCA's internal estimates, assumptions and calculations. Accordingly, investors are cautioned not to place undue reliance on these APMs.

Furthermore, these APMs, as used by ABANCA, may not be comparable to other similarly titled measures used by other companies. Investors should not consider such APMs in isolation, as alternatives to the information calculated in accordance with IFRS-EU, as indications of operating performance or as measures of the ABANCA Group's profitability or liquidity. Such 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 and investors are advised to review these APMs in conjunction with the audited consolidated annual accounts incorporated by reference in this Registration Document.

ABANCA believes that the description of these APMs in this Registration Document follows and complies with the "ESMA Guidelines on Alternative Performance Measures" dated 5 October 2015.

The following are the APMs used in this Registration Document:

Average Total Assets ("ATA"): simple average of the consolidated total assets of all the quarterly balance sheets of the current fiscal year (including that corresponding to the month of December of the previous year) as semi-sum of the extremes. Averages are used to see how a specific variable performs in a period of time, beyond a particular moment.

		March		December	
		2019	2018	2017	2016
		<i>(€ million)</i>			
Numerator	1/2 Dec year-1 Total assets	50,982.42	50,784.35	45,138.41	47,266.55
	+ Mar year Total assets	50,095.76	48,828.37	48,482.92	48,643.00
	+ Jun year Total assets		49,809.06	49,321.79	48,326.17
	+ Sep year Total assets (<i>Total activo Septiembre</i>)		49,580.74	49,953.62	48,442.22
	+1/2 Dec year Total assets		50,982.42	50,784.35	45,138.41
Denominator	4 or 2 (depending on the date)	2	4	4	4
ATA		50,539.09	49,775.39	48,929.93	47,903.47

Source: ABANCA's internal information with management criteria.

Assets under Management ("AuMs"): comprises those balances of clients that, not being within the balance sheet of the entity, are managed by the same so that the client obtains a certain profitability. This category groups the Investment Funds, Pension Plans and Savings Insurance.

		March		December	
		2019	2018	2017	2016
(€ million)					
	Investment funds	3,823.01	3,757.36	3,632.21	2,497.46
Plus.....	Pension funds	1,392.26	1,372.03	1,402.99	1,333.15
Plus.....	Insurance products	1,302.64	1,241.42	1,088.55	966.86
AuMs		6,517.90	6,370.80	6,123.75	4,797.46

Cost to income ratio: operating expenditure divided by gross income. This ratio is relevant because it shows the gap between recurrent income and expenses.

		March		December	
		2019	2018	2017	2016
(€ million, except %)					
Numerator	+ Administrative expenses (<i>Gastos de administración</i>)	133.29	540.75	509.78	472.35
	+ Depreciation and amortisation (<i>Amortización</i>)	14.73	52.55	48.81	46.77
Denominator	Gross Margin/Gross Income (<i>Margen Bruto</i>)	284.42	1,050.55	811.15	655.04
Cost to income ratio		52.0%	56.5%	68.9%	79.2%

Coverage of NPL on loans to real-estate developers: a relevant indicator of asset quality in the banking sector that shows the level of impairment that the entity has already absorbed into its profit and loss accounts in respect of the total loans to real estate developers classified as non performing.

		March		December	
		2019	2018	2017	2016
(€ million, except %)					
Numerator	Accumulated impairment of financing of real estate construction and property development	20.4	20.7	35.8	54.3
Denominator.....	Non performing loans of financing of real estate construction and property development	31.3	33.0	58.6	79.8
Coverage of NPL on loans to real-estate developers		65.0%	62.7%	61.0%	68.1%

Customer spread ratio: difference between the average yield on the performing loan portfolio and the cost of retail deposits (demand and term). This APM is an indicator of profitability and measures the difference between the average yield on the performing loan portfolio and the cost of retail deposits.

		March		December	
		2019	2018	2017	2016
(%)					
Minus	Yield on performing loan to customers (rate) ⁽¹⁾	1.85	1.84	1.76	1.79
	Cost of retail funds (rate) ⁽²⁾	0.09	0.08	0.07	0.16
Customer spread ratio		1.77	1.76	1.69	1.63

Notes:

- (1) Interest income from the portfolio of performing loans to customers, with management criteria, divided by the average (calculated as the simple average from each daily statements of the relevant period) of performing loans to customers.
- (2) Interest expenses on retail deposits on the balance sheet, with management criteria, divided by the average (calculated as the simple average from each daily statements of the relevant period) of retail deposits.

Foreclosed assets coverage ratio: foreclosed impairment in respect of foreclosed assets¹. This is currently a very relevant indicator in the banking sector and it shows the level of impairment that the entity has already absorbed into its profit and loss accounts in respect of the total of foreclosed assets. This ratio is used by the ABANCA Group to measure the coverage foreclosed assets and it is also an indication of asset quality.

		March		December	
		2019	2018	2017	2016
(€ million, except %)					
Numerator	Impairment losses of assets foreclosed or received in payment of debt	522.25	532.43	616.26	671.67
Denominator.....	Gross assets foreclosed or received in payment of debt	840.84	865.43	1,008.88	1,090.28
Foreclosed assets coverage ratio		62.1%	61.5%	61.1%	61.6%

Foreclosed Assets over Total Assets ratio: reflects the weight of assets received in payment of debts over the total balance sheet of the entity. This APM is an indicator of asset quality and shows the weight of assets received in payment of debts over total assets of the ABANCA Group.

		March		December	
		2019	2018	2017	2016
(€ million, except %)					
Numerator	Net assets foreclosed or received in payment of debt (<i>Adjudicaciones o recuperaciones por impago</i>)	318.60	333.00	392.62	418.61
Denominator.....	Total assets (<i>Total activo</i>)	50,095.76	50,982.42	50,784.35	45,138.41
Foreclosed Assets over Total Assets ratio		0.6%	0.7%	0.8%	0.9%

Foreclosed land assets coverage ratio: foreclosed impairment in respect of foreclosed assets that are classified, according to their nature, as land. This shows the level of impairment that the entity has already absorbed into its profit and loss accounts in respect of the total land foreclosed. This ratio is used by the ABANCA Group to measure the coverage foreclosed assets with the status of land and it is also an indication of asset quality.

		March		December	
		2019	2018	2017	2016
(€ million, except %)					
Numerator.....	Impairment losses of land foreclosed assets or received in payment of debt	176.84	174.45	174.65	168.15
Denominator.....	Gross land foreclosed assets or received in payment of debt	240.85	238.19	231.47	222.41
Foreclosed land assets coverage ratio		73.4%	73.2%	75.5%	75.6%

The next three APMs in their aggregate are the net of "Fee and commission income" (*Ingresos por comisiones*) (€1.82 million as of 31 March 2019, €197.75 million as of 31 December 2018, €189.91 million as of 31 December 2017 and €167.59 million as of 31 December 2016) minus "Fee and commission expenses" (*Gastos por comisiones*) (€5.71 million as of 31 March 2019, €21.50 million as of 31 December 2018, €20.15 million as of 31 December 2017 and €15.77 million as of 31 December 2016) amounting to net

¹ "Foreclosed assets" is equivalent to the item "assets foreclosed or received in payment of debt".

amounts of €46.11 million as of 31 March 2019, €176.24 million as of 31 December 2018, €169.76 million as of 31 December 2017 and €151.82 million as of 31 December 2016. These total amounts have been divided by ABANCA by three types following internal criteria based on the types of business the mentioned income and expenses refer to.

Income from Non-banking Products Commercialization: fee income minus expenses originated by the commercialization of products considered as AUMs. This APM is an indicator of profitability and measures the revenues from commissions originated by these value-added products.

	March		December	
	2019	2018	2017	2016
	(€ million)			
Income from Non-banking Products Commercialization	14.33	57.82	52.14	43.28

Source: ABANCA's internal information with management criteria.

Income from Other Services Fees: other net commissions. Another indicator of profitability and measures the revenues from commissions originated by other services.

	March		December	
	2019	2018	2017	2016
	(€ million)			
Income from Other Services Fees	14.88	50.38	49.50	49.66

Source: ABANCA's internal information with management criteria.

Income from Payments and Other Services Fees: fee income minus expenses associated with typical bank activity. This APM is also an indicator of profitability and measures the revenues from commissions originated by banking services.

	March		December	
	2019	2018	2017	2016
	(€ million)			
Income from Payments and Other Services Fees	16.90	68.05	68.13	58.88

Source: ABANCA's internal information with management criteria.

Liquid assets: assets of a high quality, liquid, unencumbered and available that the Entity has in order to face possible liquidity stress events. They are specified in the available balance of the policy held by the Entity in the European Central Bank plus the balance of the discountable liquid assets that are not assigned nor pledged and, therefore, available, plus the balance in cash and the balance in central banks; as well as the balance of other assets, not discountable, but liquid and available. It is used by the ABANCA Group to show the assets the ABANCA Group could use to face a sudden outflow of customer funds.

	March		December		
	2019	2018	2017	2016	
	(€ million)				
Plus	Cash and central bank accounts	1,231.4	1,103.4	1,319.3	379.8
Plus	Collateral available for ECB operations inside of ECB guarantee pool	2,622.3	2,792.8	2,450.3	3,398.4
Plus	Collateral available for ECB operations outside of ECB guarantee pool	2,164.1	2,290.4	2,081.9	3,351.3
Plus	Other marketable assets non eligible for ECB	322.8	279.6	239.1	133.7
Liquid assets		6,340.5	6,466.2	6,090.7	7,263.2

Source: ABANCA's internal information with management criteria. The information concerning available liquid assets has been modified to reflect a more representative classification (affecting to Other marketable assets non eligible for ECB category by inclusion of the fixed income portfolio that is not eligible as collateral to ECB, but is indeed liquid), in consistency with the regulatory information reported to ECB.

Loan to Deposit (LtD) ratio: credit loans in respect of deposits. This is one of the most relevant liquidity indicators in the banking sector and it shows the ability of the entity to finance the loans to customers with the funds that obtain from these ones.

		March		December	
		2019	2018	2017	2016
		(€ million, except %)			
Numerator.....	Net loans and advances to customers (Préstamos y anticipos a la clientela)	30,686.35	30,161.56	29,120.27	27,182.08
Denominator ..	Net deposits from customers (Depósitos de la clientela)	35,531.68	35,404.42	35,647.69	33,683.83
Loan to Deposit (LtD) ratio		86.4%	85.2%	81.7%	80.7%

Net Interest Income ("NII"): difference between interest income from loans and other interest-earning assets and interest expense paid to depositors and other creditors on interest-bearing liabilities. This APM reflects the result of the banking activity of an entity.

		March		December	
		2019	2018	2017	2016
		(€ million)			
	Interest income (Ingresos por intereses)	177.11	724.91	689.79	673.86
Minus.....	Interest expense (Gastos por intereses)	44.72	180.21	201.29	265.94
Net Interest Income		132.39	544.69	488.50	407.92

Net fees and commissions: fees and commission income minus fee and commission expenses. This APM is an indicator of profitability and measures the margin obtained with respect to the fees and commissions.

		March		December	
		2019	2018	2017	2016
		(€ million)			
	Fee and commission income (Ingresos por comisiones)	51.82	197.75	189.91	167.59
Minus	Fee and commission expense (Gastos por comisiones)	5.71	21.50	20.15	15.77
Net fees and commissions		46.11	176.24	169.76	151.82

Non-performing Assets ("NPA"): sum of the total non-performing loans and the gross foreclosed assets. The sum of these two masses shows the total volume of unproductive assets that an entity has in its balance sheet. This APM is an indicator of asset quality and shows the size of the non-productive assets portfolio understood as non-performing loans plus foreclosed assets.

		March		December	
		2019	2018	2017	2016
		(€ million)			
	Impaired assets in loans and advances to customers (Activos deteriorados)	1,065.86	1,093.81	1,541.35	2,153.21
Plus	Gross assets foreclosed or received in payment of debt	840.84	865.43	1,008.88	1,090.28
NPA		1,906.70	1,959.24	2,550.23	3,243.48

NII over ATA: this APM reflects the result of the banking activity of an entity through a period. This ratio shows the NII obtained in a period over the average assets of the entity during the same period.

		March		December	
		2019	2018	2017	2016
(€ million, except %)					
Numerator	Net interest income ⁽¹⁾	132.39	544.69	488.50	407.92
Denominator.....	ATA	50,539.09	49,775.39	48,929.93	47,903.47
NII over Average total assets.....		1.0%	1.1%	1.0%	0.9%

Note:

(1) For the March 2019 calculation, numerator is annualised multiplying by 4

NPA coverage ratio: accumulated impairment of foreclosed assets plus impairment losses on loans and advances to customers divided by gross non-performing assets (non-performing loans plus gross foreclosed assets). This ratio is used by the ABANCA Group to measure the coverage ratio of non-performing assets and it is also an indication of asset quality.

		March		December	
		2019	2018	2017	2016
(€ million, except %)					
Numerator.....	Impairment losses of loans and advances to customers (<i>Préstamos y anticipos – Clientela</i>)	606.97	613.34	795.12	1,078.91
	- <i>Del que: Pérdidas por deterioro</i>				
	+ Impairment losses of assets foreclosed or received in payment of debt	522.25	532.43	616.26	671.67
Denominator.....	Impaired assets in loans and advances to customers (<i>Activos deteriorados</i>)	1,065.86	1,093.81	1,541.35	2,153.21
	+ Gross assets foreclosed or received in payment of debt	840.84	865.43	1,008.88	1,090.28
NPA coverage ratio.....		59.2%	58.5%	55.3%	54.0%

NPA ratio: gross non-performing assets divided by gross loans and advances to customers plus the gross foreclosed assets. This ratio is used by the ABANCA Group to measure the overall quality of the Group's loan portfolio.

		March		December	
		2019	2018	2017	2016
(€ million, except %)					
Numerator.....	NPA	1,906.70	1,959.24	2,550.23	3,243.48
Denominator.....	Gross loans and advances to customers	31,252.40	30,791.9	29,938.0	28,281.09
	- Repurchase agreements (<i>Adquisición temporal de activos</i>)	—	7	5	—
	- Extraordinary activities	544.24	412.20	374.14	525.43
	+ Gross assets foreclosed or received in payment of debt	840.84	865.43	1,008.88	1,090.28
NPA ratio.....		6.0%	6.3%	8.5%	11.2%

NPL coverage ratio: loan impairment in respect of NPLs. This is currently one of the most relevant indicators in the banking sector and it shows the level of credit provisions that the entity has already absorbed into its profit and loss accounts in respect of the total of impaired loans.

		March		December	
		2019	2018	2017	2016
		(€ million, except %)			
Numerator.....	Impairment losses of loans and advances to customers (<i>Préstamos y anticipos – Clientela - Del que: Pérdidas por deterioro</i>)	606.97	613.34	795.12	1,078.91
Denominator.....	Impaired assets in loans and advances to customers (<i>Activos deteriorados</i>)	1,065.86	1,093.81	1,541.35	2,153.21
NPL coverage ratio		56.9%	56.1%	51.6%	50.1%

NPL ratio: NPL loans in respect of gross customer loans (for calculation purposes, the amounts corresponding to extraordinary activities of loans and advances to customers are eliminated from the denominator). This is currently one of the most relevant indicators in the banking sector and it shows the quality of the credit investment of the entity insofar as it reflects the level of impaired loans in respect of the total volume of loans.

		March		December	
		2019	2018	2017	2016
		(€ million, except %)			
Numerator	Impaired assets in loans and advances to customers (<i>Activos deteriorados</i>)	1,065.86	1,093.81	1,541.35	2,153.21
Denominator...	Gross loans and advances to customers	31,252.40	30,791.97	29,938.05	28,281.09
	- Repurchase agreements (<i>Adquisición temporal de activos</i>)	—	—	451.27	—
	- Extraordinary activities	544.24	412.20	374.14	525.43
NPL ratio		3.5%	3.6%	5.3%	7.8%

NPL ratio on loans to real-estate developers: indicates the level of loans to real estate developers that are classified as non performing. This sector is given special attention due to the impact it has had in the last financial crisis.

		March		December	
		2019	2018	2017	2016
		(€ million, except %)			
Numerator.....	Non performing loans of financing of real estate construction and property development	31.3	33.0	58.6	79.8
Denominator.....	Total loans of financing of real estate construction and property development	965.4	874.7	670.5	521.9
NPL ratio on loans to real-estate developers		3.2%	3.8%	8.7%	15.3%

Performing Credit Portfolio: portfolio of loans granted by the entity that are not classified as NPL. It reflects the volume of credits for which the entity receives payments according to established schedules.

		March		December	
		2019	2018	2017	2016
		(€ million)			
Minus	Gross loans and advances to customers	31,252.40	30,791.97	29,938.05	28,281.09
	Repurchase agreements (<i>Adquisición temporal de activos</i>)	—	—	451.27	—
Minus	Extraordinary activities	544.24	412.20	374.14	525.43
Minus	Impaired assets in loans and advances to customers (<i>Activos deteriorados</i>)	1,065.86	1,093.81	1,541.35	2,153.21
Performing Credit Portfolio		29,642.31	29,285.96	27,571.30	25,602.45

Recurring revenues: net interest income plus net fees and commission income. This APM is an indicator of profitability, it is used by the ABANCA Group to measure the evolution of the revenues more directly linked to the ABANCA Group's main activities (income from interests and commissions).

	March		December	
	2019	2018	2017	2016
	(€ million)			
Net interest income	132.39	544.69	488.50	407.92
Plus..... Net fees and commissions	46.11	176.24	169.76	151.82
Recurring revenues	178.50	720.94	658.25	559.74

Retail Business Volume: sum of the total of loans to customers, plus customer deposits and AUMs. This measure shows the level of business with customers that is under the entity's management.

	March		December	
	2019	2018	2017	2016
	(€ million)			
Net loans and advances to customers (<i>Préstamos y anticipos a la clientela</i>)	30,686.35	30,161.56	29,120.27	27,182.08
Repurchase agreements (<i>Adquisición temporal de activos</i>)	—	—	451.27	—
Minus				
Gross deposits from customers (<i>Depósitos de la clientela sin ajustes por valoración bruto</i>)	35,446.18	35,320.57	35,545.26	33,559.08
Plus.....				
Assets acquired or sold under resale or repurchase agreements (<i>Cesiones temporales de activos</i>)	—	906.55	2,388.56	987.37
Minus				
Covered bond issues classified as deposits from customers	1,733.38	1,733.38	2,418.70	2,668.70
Minus				
AUMs	6,517.90	6,370.80	6,123.75	4,797.46
Plus.....				
Retail Business Volume	70,917.05	69,213.01	65,530.76	61,882.54

Retail Business Volume per employee: sum of the total of loans to customers, plus customer deposits and AUMs, over the workforce associated to the banking activity. This measure shows the level of business with customers that is under banking employees' management.

	March		December	
	2019	2018	2017	2016
	(€ million)			
Numerator	30,686.35	30,161.56	29,120.27	27,182.08
Net loans and advances to customers (<i>Préstamos y anticipos a la clientela</i>)				
- Repurchase agreements (<i>Adquisición temporal de activos</i>)	—	—	451.27	--
+ Gross deposits from customers (<i>Depósitos de la clientela sin ajustes por valoración bruto</i>)	35,446.18	35,320.57	35,545.26	33,559.08
- Assets acquired or sold under resale or repurchase agreements (<i>Cesiones temporales de activos</i>)	—	906.55	2,388.56	987.37
- Covered bond issues classified as deposits from customers	1,733.38	1,733.38	2,418.70	2,668.70
+ AUMs	6,517.90	6,370.80	6,123.75	4,797.46
Denominator ..	4,714	4,675	4,428	4,319
Employees of the Issuer (units) ⁽¹⁾				
Retail Business Volume per employee	15.0	14.8	14.8	14.3

Notes:

(1) The denominator (employees of the Issuer) includes temporary employees.

Retail Loan to Deposits (LtD) ratio: credit loans to retail customers in respect from deposits of retail customers. This is another relevant indicator in the banking sector due to it shows LtD ratio of the most stable clients.

		March		December	
		2019	2018	2017	2016
		(€ million, except %)			
Numerator	Net loans and advances to customers (Préstamos y anticipos a la clientela)	30,686.35	30,161.56	29,120.27	27,182.08
	- Repurchase agreements (Adquisición temporal de activos)	—	—	451.27	—
	Gross deposits from customers (Depósitos de la clientela sin ajustes por valoración (bruto))	35,446.18	35,320.57	35,545.26	33,559.08
Denominator.....	- Assets acquired or sold under resale or repurchase agreements (Cesiones temporales de activos)	—	906.55	2,388.56	987.37
	- Covered bond issues classified as deposits from customers	1,733.38	1,733.38	2,418.70	2,668.70
Retail Loan to Deposits ratio		91.0%	92.3%	93.3%	90.9%

Return on Average Equity ("ROE"): income to equity. This measure shows the level of profitability that the entity contributes to its shareholders.

		March		December	
		2019	2018	2017	2016
		(€ million, except %)			
Numerator	Net profit (Resultado del periodo) ⁽¹⁾	156.21	430.42	367.07	333.61
Denominator.....	Average shareholder's equity ⁽²⁾	4,623.45	4,267.35	4,038.09	4,031.98
ROE		13.5%	10.1%	9.1%	8.3%

Notes:

For the March 2019 calculation, numerator annualised multiplying by 4.

(1) Calculated as the simple average of the amounts of all the quarterly balance sheets for the current year (including the balance sheet corresponding to the December of the previous year) as a semi-sum of the extremes.

The following text shall be added in "Section 14. Documents on display":

"(e) ABANCA's Spanish-language audited consolidated annual accounts and the consolidated directors' reports, together with the respective audit reports of KPMG as of and for the year ended 31 December 2018 (together with English translations of such annual accounts, directors' and audit reports)."

The following text shall be added in "Section 15. Documents incorporated by reference":

"(iv) ABANCA Group's audited consolidated annual accounts and the directors' report, together with the audit report of KPMG as of and for the year ended 31 December 2018, prepared in accordance with IFRS-EU, available at ABANCA's website (<https://www.abancacorporacionbancaria.com/files/documents/cuentas-consolidadas-2018-es.pdf>) (together, the "2018 Consolidated Annual Accounts")."

English translation

English translation of the consolidated annual accounts and the consolidated directors' reports as of and for the year ended 31 December 2018 together with the English translation of the auditors' report thereon, are available at ABANCA's website (<https://www.abancacorporacionbancaria.com/files/documents/cuentas-consolidadas-2018-en.pdf>)

The referred English translation is for information purposes only. In the event of a discrepancy, the original Spanish-language versions prevail."

This Securities Note is signed for and on behalf of ABANCA Corporación Bancaria, S.A. in Madrid on 23 May 2019.

Mr. Juan Luis Vargas-Zúñiga de Mendoza **de Mr. Alberto Manuel de Francisco Guisasola**