Liberbank

Financial Report

2015 First Quarter

May 04, 2015

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1. Macroeconomic Environment

The **Global Economy** is accelerating during the first quarter of 2015, but the recovery is far from being uniform.

The global GDP data at the end of 2014 displayed a 3.4% YoY growth, and is expected to reach 3.5% by the end of 2015 (source: International Monetary Fund, April 2015).

The United States and China are leading the global economy, while the emerging countries are expected to grow at a more moderate pace than in 2014, with two of those countries, Brazil and Russia, facing serious difficulties.

Despite the differences in growth, prospects are still favorable, driven by two expansive factors: the lower oil prices and the lax monetary policy.

The **Eurozone** economy grew in 2014 by 0.9% and expectations for 2015 are even better (1.5%). This growth is uneven across the countries, and based on temporary factors, so structural reforms will be required to consolidate it (source: International Monetary Fund, April 2015).

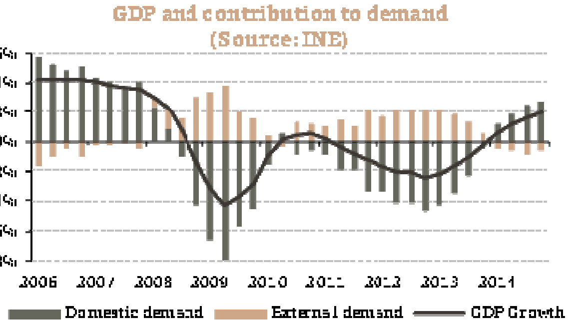
Several activity indicators show economic growth acceleration, for the first quarter of 2015. The most relevant indicator is the retail sales data, growing by 3.7% YoY in January and by 3.6% YoY in February the highest records since 2005 (source: EUROSTAT).

The major cause of uncertainty in the Eurozone is still Greece. In spite of an extension of the redemption term, agreed in February, there are still 7,200 million euros awaiting disbursement, which will not be delivered until the required structural reforms begin to be implemented. It is crucial that the negotiations continue, and that the stand-off between Greece and its European partners comes to an end.

The **Spanish economy** has improved slightly during the first quarter of 2015. According to the Bank of Spain (BDE), it grew by 0.8% QoQ (0.7% in the fourth quarter of 2014), responding once more to the domestic demand momentum.

For the whole of 2015, the BDE expects a 2.8% growth, given the positive thrust of the monetary expansion measures and the rise of the external sector. However, national and international agencies agree that it will be necessary to keep up with the structural reforms to consolidate this growth.

The fall in prices is slowly decelerating, aligned with the growth expectations. Inflation increased by four tenths in March, reaching -0.7% (source: Instituto Nacional de Estadística, INE), due to the slight upturn of oil prices.



The labor market also shows the steady progress of the economy: the unemployment rate reached 23.7% by the end of 2014, decreasing two percentage points since December 2013 (source: INE). The occupation growth has been concentrated in services, industry and construction (showing the recovery of the latter) and decreased in the farming sector. The affiliation rate to Social Security grows in March by 3.3% YoY, accumulating 20 months in a row of seasonally adjusted growth (source: Ministerio de Empleo y Seguridad Social).

The Public Sector ended 2014 with a 5.7% GDP deficit, slightly above the Government target (5.5%). There is a commitment to reduce this to 4.2%, which will take a major effort by the Public Administration.

As for the housing market, it is predictable that 2015 will be the year when the sector recovery begins, based on three pillars: price stabilization, a lower cost of credit and the increase of sales, which is already visible in some regions of the country.

The **activity of Liberbank** takes place mainly in the Autonomous Communities of Principado de Asturias, Cantabria, Extremadura, Castilla La Mancha and Madrid.

The economy of **Asturias** experienced a slight GDP growth in 2014 (0.8% source: INE). The most dynamic sectors were: the services sector (particularly tourism) and the industrial sector (where employment grew by 9.7%). During 2015, Asturias' economy is expected to consolidate its recovery (with a GDP growth close to 1.7%), based on the services and industrial sectors once more. The construction sector may show positive variation rates, while the farming sector will keep losing ground within the regional economy (source: Hispalink, February 2015 forecasts).

The economy of **Cantabria** experienced a 1.0% GDP growth in 2014 (source INE). The most dynamic sectors are farming (based on milk production and cattle sales) and services (due to transport and communication). Forecasts point to a GDP growth in 2015 of 1.5%, thanks to the construction and industry recovery, which underwent a severe adjustment during recent years (source: Hispalink, February 2015 forecasts).

The economy of **Castilla-La Mancha** experienced a 1.2% GDP growth in 2014 (source INE), sustained by the farming sector, which experienced a considerable boost (based on exports and the good performance of the food industry) and, to a lesser extent, to services and industry. In 2015 this evolution should be strengthened thanks to the thrust of the above mention factors, and to a better performance of the construction sector (source: Hispalink, February 2015 forecasts).

The economy of **Extremadura** experienced a 2.2% GDP growth in 2014 (source INE) and is expected to reach 1.6% in 2015. The agricultural sector, is one of the pillars of the regional economy, and will grow less than the national farming sector. On the other hand, a recovery of both the construction and the manufacturing sectors is expected (source: Hispalink, February 2015 forecasts).

The economy of the **Comunidad de Madrid** consolidates its growth and a sustained job creation, with a GDP growth of 1.0% in 2014. It is expected an acceleration up to 2.3% for 2015 (source: AIREF). Madrid remains the most dynamic region of the country and its contribution to the national GDP already exceeds that of Cataluña.

The results of the **Spanish Banking Sector**[1] for 2014 amounted to 11,962 million euros, 36.1% higher than in 2013. The net interest income rose by 1.1% due to a sharp decline of funding costs and despite the credit deleveraging, and the low interest rates scenario. Fees were stabilized, and administrative costs were reduced by 2.6% contributing to a significant improvement of the efficiency levels, reaching 47.3% (1 p.p. under 2013 ratio). Loan impairments fell due to lower NPL entries,, offsetting the reduction of trading income.

The Credit reduction continues, with an annual decrease until February of 0.6%, which is sharper in the corporate portfolio than in households.

On the liabilities side, the total volume of deposits decreases by 1.4% since the beginning of the year (with February data), due to an increase in consumption and the channeling of savings to mutual funds, which already represents a significant proportion of the total customer funds (circa 26%). The mutual funds accumulate in the three first months of the year a growth of 10.5% (source: Inverco).

The NPL ratio reached its highest in 2013 (13.1%) and in 2014 experienced a noticeable improvement despite the credit deleveraging, reaching 11.7% by February 2015.

The activity levels are gradually recovering, the financial imbalances are being fixed, the non productive assets stocks begin to reduce and the financial sector results improve. The consolidating and intensifying of these trends will largely depend on the evolution of the Spanish economy and the reinforcement of its recovery.

[1] Source: Statistical bulletin of Banco de España. This same source is used for all the data of the financial sector, unless otherwise specified.

In the **European area**, after the significant advances made in 2014 in the creation of European Banking Union, the European Commission (EC) has begun to pay attention to the **capital markets**, which are far of being integrated, and compared to another advanced economies, are less developed and have less diversified funding sources.

In this scenario, the EC has opened a public consultation regarding a report to create the capital markets union, which seems plausible by 2019. The intention is to reaffirm the role of the capital markets in the funding of the EU investment, but taking into account the decisive role of banks in the capital markets and their complementarity as funding sources.

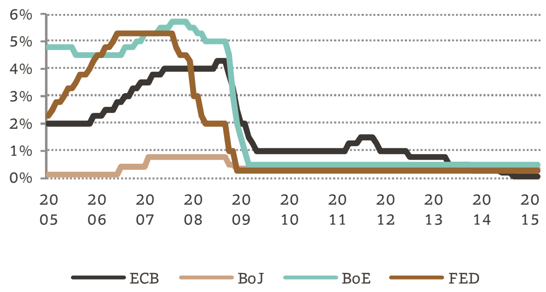
Regarding the **Money markets**, the ECB started on March 9 the Quantitative Easing (QE) program, which implies buying public and private debt up to 60,000 million euros monthly until September 2016. This program will inject 1.14 billion euros, aimed to stimulate the European economy and achieve a sustainable recovery of inflation. Bonds with returns below the interest rate of the deposit facility (-0.20%) will be excluded of this purchase program.

During the first three weeks of the program, the ECB purchased 41,000 million euros of public debt securities, in line with the initially established target.

Furthermore, the European banking has requested 98,000 million euros in the third liquidity auction of the TLTROS. This figure confirms the start of the recovery of credit demand on the Eurozone. This funding cost has been reduced from 0.15% to 0.05%.

The interest rates, with almost no room for new declines, remain at an all-time historical low of 0.05%, set in September 2014.

Key ECB Interest rates (Source: Central Banks)



2. Key Indicators

Key Indicators

In € Million	31/03/2015	31/12/2014	31/03/2014	% YTD change	% Annual change
BALANCE SHEET					
Total Assets	42.355	43.137	44.830	-1,8%	-5,5%
Gross Loans	25.908	26.342	27.853	-1,6%	-7,0%
Retail Funds	29.316	29.864	30.024	-1,8%	-2,4%
Shareholder's Equity	2.195	2.153	1.619	1,9%	35,6%
Total Equity	2.733	2.615	1.789	4,5%	52,8%
Loan to Deposits	90,3%	89,7%	95,9%	0,6%	-5,6%
PROFIT AND LOSS ACCOUNT					
Net Interest Income	130	471	103		25,9%
Gross Margin	232	939	401		-42,2%
Pre-impairment Income	123	500	292		-57,9%
Profit for the period	51	108	117		-56,1%
Profit attributable to the Group	50	117	113		-56,0%
Cost to Income	42,7%	42,6%		0,1%	
ROA (Attributable Net Profit/ATM)	0,5%	0,3%		0,2%	
ROE (Attributable Net Profit/FPM)	9,2%	5,9%		3,2%	
RISK MANAGEMENT					
Non-performing Loans (NPL)	2.398	2.418	2.578	-0,8%	-7,0%
Non-performing Loans (NPL) (incl. APS protected assets)	5.552	5.715	6.042	-2,9%	-8,1%
Credit Loss Allowances	1.048	1.076	1.136	-2,6%	-7,8%
Credit Loss Allowances (incl. APS protected assets)	2.316	2.405	2.720	-3,7%	-14,8%
Foreclosed Assets (net, not including APS)	349	323	223	8,0%	56,8%
Non-performing Ratio	10,7%	10,6%	10,7%	0,0%	-0,1%
Non-performing Ratio (incl. APS protected assets)	21,4%	21,7%	21,7%	-0,3%	-0,3%
NPL coverage Ratio	43,7%	44,5%	44,0%	-0,8%	-0,4%
NPL coverage Ratio APS portfolio	52,9%	52,8%	52,4%	0,0%	0,5%
(including foreclosed assets and write-off)					
BANKING BUSINESS AND RESOURCES (Units)					
Employees	5.249	5.283	5.410	-0,6%	-3,0%
FTEs (Liberbank + BCLM)	4.035	4.063	4.156	-0,7%	-2,9%
Branches	1.049	1.049	1.072	0,0%	-2,1%
ATMs	1.373	1.377	1.401	-0,3%	-2,0%

3.Financial Evolution

Consolidated balance sheet

In € Million	31/03/2015	31/12/2014	31/03/2014	% YTD change	% Annual change
Cash and Financial Institutions	586	563	438	4.0%	33.6%
Loans	23,841	24,164	25,371	-1.3%	-6.0%
Fixed Income portfolio	12,236	12,914	13,921	-5.2%	-12.1%
Equity Securities	456	429	441	6.2%	3.3%
Financial Derivatives	564	486	171	16.1%	230.4%
Non current Assets held for sale	1,520	1,413	1,425	7.5%	6.6%
of which: Foreclosed Assets	1,510	1,402	1,397	7.7%	8.1%
Investments	311	295	316	5.7%	-1.4%
Tangible and intangible fixed Assets	763	772	734	-1.1%	3.9%
Other Assets	2,078	2,101	2,013	-1.1%	3.3%
TOTAL ASSETS	**42,355**	**43,137**	**44,830**	**-1.8%**	**-5.5%**
Deposits by Credit Institutions and Central Banks	4,156	4,015	5,465	3.5%	-23.9%
Customer Deposits	33,916	34,916	35,605	-2.9%	-4.7%
Bonds and Promissory Notes	295	318	680	-7.5%	-56.7%
Subordinated Debt Securities	239	239	454	0.2%	-47.2%
Other Financial Liabilities	218	270	217	-19.2%	0.5%
Financial Derivatives	59	55	49	8.3%	20.1%
Other Liabilities	738	708	571	4.1%	29.2%
TOTAL LIABILITIES	**39,621**	**40,521**	**43,041**	**-2.2%**	**-7.9%**
Capital and Reserves	2,145	2,036	1,506	5.3%	42.5%
Attributable Net Profit	50	117	113	-57.4%	-56.0%
Valuation Adjustments	433	360	68	20.3%	540.0%
Minority Interest	106	102	103	3.8%	3.2%
TOTAL EQUITY	**2,733**	**2,615**	**1,789**	**4.5%**	**52.8%**
TOTAL EQUITY AND LIABILITIES	**42,355**	**43,137**	**44,830**	**-1.8%**	**-5.5%**

The balance sheet size decreases in the first quarter by 1.8% (782 million euros), as a consequence of the smaller size of the Fixed income portfolio.

The fixed income portfolio decreased by 5.2% compared to the end of 2014, due to sales and maturities of 677 million euros.

Regarding liabilities, customer deposits decline by 2.9% (-1,000 million euros), due to the maturity of covered bonds (745 million euros) and to a lower funding from the Treasury liquidity auctions (193 million euros below the previous quarter).

The credit deleveraging continues, but at a slower pace. The quarter decline of -1.3% (-3.8% in 1Q14), is partially offset by the increase of new operations, still insufficient to compensate the credit portfolio amortizations.

The evolution of credits and deposits allow maintaining the liquidity indicators of the entity at appropriate levels. Thereby, the Loan to Deposit ratio, which measures the retail business funding balance, stands at 90.3% and the LCR ratio (which measures short term liquidity), whereas a 60% will be required by October 2015, currently exceeds 400%.

The liquid assets amount to 9,486 million euros and there are no relevant wholesale maturities throughout the year (100 million euros in December).

The wholesale funding remains diversified. During the first quarter, 575 million euros of long term ECB funding (TLTROS) have been obtained. The total funding from the ECB amounts to 3,245 million euros at the end of the quarter (7.7% of the balance sheet).

The quarterly increase of the total equity, 4.5%, arises from the increase of the unrealized gains of the available for sale fixed-income portfolio, amounting to 643 million euros, representing 8.6% of the portfolio value.

Resources

In € Million	31/03/2015	31/12/2014	31/03/2014	% YTD change	% Annual change
CUSTOMER FUNDS	**29,316**	**29,864**	**30,024**	**-1.8%**	**-2.4%**
CUSTOMER FUNDS ON BALANCE SHEET	**24,855**	**25,433**	**25,899**	**-2.3%**	**-4.0%**
Public Administrations	1,439	1,711	1,785	-15.9%	-19.4%
Retail customer funds (residents)	23,061	23,367	23,765	-1.3%	-3.0%
Demand Deposits	12,499	12,320	11,304	1.5%	10.6%
Term Deposits	10,495	10,939	12,102	-4.1%	-13.3%
Others (promissory notes and repurchase agreements)	67	109	359	-38.0%	-81.3%
Retail customer funds (nonresidents)	355	355	349	0.2%	1.8%
OFF-BALANCE SHEET CUSTOMER FUNDS	**4,460**	**4,431**	**4,125**	**0.7%**	**8.1%**
Mutual Funds	1,733	1,731	1,450	0.1%	19.5%
Pension Funds	1,630	1,616	1,590	0.9%	2.5%
Savings Insurance	1,098	1,085	1,084	1.2%	1.3%
WHOLESALE FUNDING (capital markets)	**5,694**	**6,443**	**7,444**	**-11.6%**	**-23.5%**
Covered Bonds (unretained)	5,421	6,166	6,826	-12.1%	-20.6%
Bonds and EMTNs	95	150	447	-36.6%	-78.8%
Wholesale Promissory Notes	179	127	170	40.7%	5.0%
TOTAL FUNDS	**35,010**	**36,306**	**37,468**	**-3.6%**	**-6.6%**

Sources: Bank of Spain's Official Statements and Other Internal Information Sources. On-balance covered bonds are not included.

The customer funds amount to 29,316 million euros, showing a quarterly decline of 1.8% (-548 million euros), partly due to season factors and partly due to a drop of Public Administrations resources, very volatile (-272 million euros).

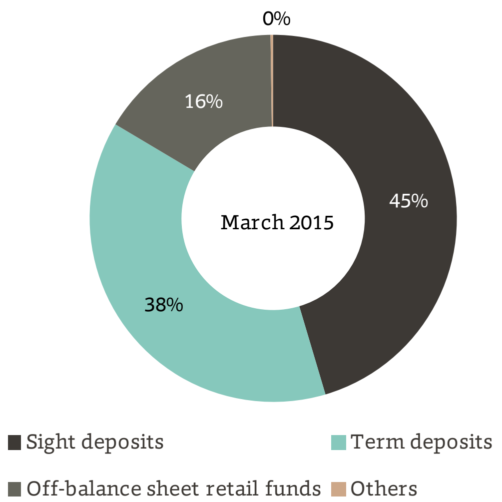
The mutual funds maintain a positive variation (0.1% QoQ), as the sight deposits (1.5%), while term deposits fall by 4.1%, reflecting the management of the margin of the front book operations.

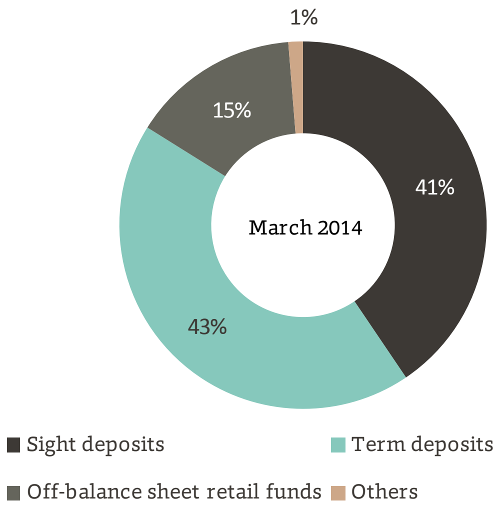
The answer to low interest rates is a shift of customer deposits to off-balance products looking for higher yields, or to sight deposits, looking for higher availability.

The intervention of Banco Madrid, the managed part of the Liberbank's mutual funds, didn't have a material impact on resources, but has reduced the dynamism of this product during the second fortnight of March. Liberbank funds have no financial positions in Banco Madrid, and are deposited in Cecabank.

The high amount of covered bonds maturing reduced the capital markets funding by 11.6% during the first quarter.

Retail resources (Private residents)





Gross loans

In € Million	31/03/2015	31/12/2014	31/03/2014	% YTD change	% Annual change
LOANS	25,908	26,342	27,853	-1.6%	-7.0%
of which: APS Loans	3,412	3,572	3,848	-4.5%	-11.3%
NON APS LOANS	22,496	22,771	24,004	-1.2%	-6.3%

Non APS Gross loans

In € Million	31/03/2015	31/12/2014	31/03/2014	% YTD change	% Annual change
CREDIT TO PUBLIC ADMINISTRATIONS	1,502	1,372	1,360	9.4%	10.4%
CREDIT TO PRIVATE SECTORS	20,994	21,398	22,644	-1.9%	-7.3%
Productive activity financing	5,589	5,720	6,298	-2.3%	-11.3%
Developers	354	376	535	-5.8%	-33.9%
Civil works	244	300	295	-18.6%	-17.4%
Other companies	4,990	5,045	5,467	-1.1%	-8.7%
Household financing	15,110	15,376	16,010	-1.7%	-5.6%
Housing purchases and rehabilitation	14,486	14,714	15,304	-1.6%	-5.3%
Consumer Financing and others	624	662	705	-5.7%	-11.5%
Demand debtors and others	296	302	336	-2.0%	-12.1%
LOANS	22,496	22,771	24,004	-1.2%	-6.3%
of which: Non Performing Loans	2,398	2,418	2,578	-0.8%	-7.0%

Sources: Bank of Spain's Official Statements and other Internal Information Sources.

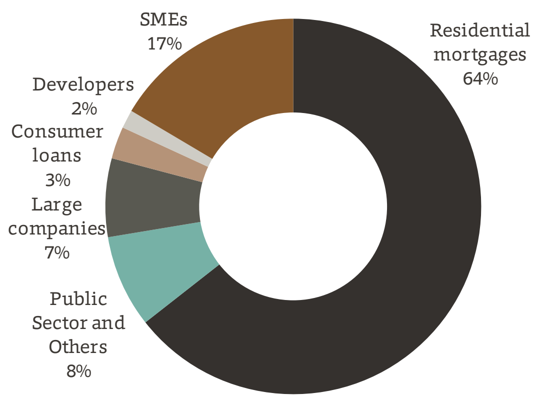
The loan portfolio clearly has a retail profile. Household financing represents 67% of the portfolio while risks related to developers account for a residual 2% of the total amount.

The drop of credit is moderating (-1.2% during the first quarter of 2015 vs. -1.8% in the first quarter of 2014). A total of 10,472 new credit and loans operations have been formalized, amounting to 607 million euros, which means a 48.8% YoY growth.

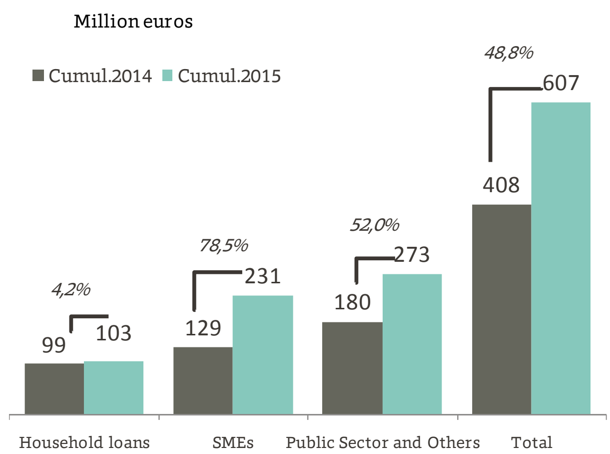
SMEs was the main focus. A network of specialized managers has allowed detecting creditworthy business opportunities, thereby increasing the amount of new production by 78.5% YoY during the first quarter of 2015.

Regarding household, several initiatives have been implemented to relaunch consumer financing, and take advantage of the favorable macroeconomic background.

Non APS gross loans private sector breakdown



Cumulative Lending Operations with homogeneous classiffication criteria

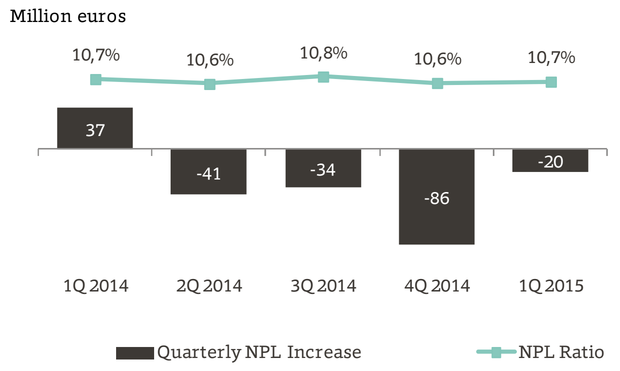


Credit Risk Analysis (excluding APS)

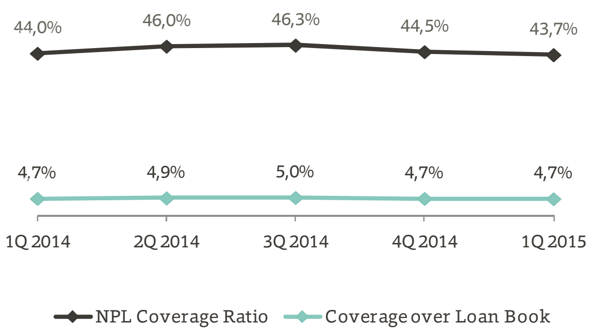
In € Million	NPL 31/03/2015	NPL Annual ch.	NPL Ratio 31/03/2015	NPL Ratio Annual ch.	Coverage Ratio 31/03/2015	Coverage Ratio Annual ch.
PRODUCTIVE ACTIVITY FINANCING	1,442	-50	25.8%	-0.3%	53.9%	0.0%
Real Estate development	181	-9	51.0%	0.6%	55.9%	0.7%
Civil works	114	-20	46.6%	1.8%	92.7%	-0.7%
Other corporates	1,148	-21	23.0%	-0.2%	49.7%	0.6%
HOUSEHOLD FINANCING	931	30	6.2%	0.3%	28.2%	-1.4%
Housing purchase and rehabilitation	887	35	6.1%	0.3%	25.6%	-1.1%
Consumer Financing and others	44	-5	7.0%	-0.4%	80.2%	1.5%
DEMAND DEBTORS AND OTHER RISKS	25	0	1.4%	-0.1%		
TOTAL CREDIT TO OTHER SECTORS	2,398	-20	10.7%	0.0%	43.7%	-0.8%

Sources: Bank of Spain's Official Statements and other Internal Information Sources.

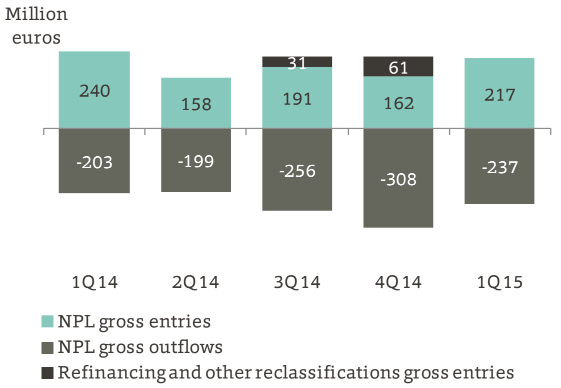
NPL ratios and Quarterly NPL increase (excluding APS)



Coverage ratio of NPL and gross loans (excluding APS)



NPL entries and outflows (excluding APS)



For the fourth quarter in a row the NPL assets decline, however, the NPL ratio stays at 10.7%, affected by the credit fall. The deleveraging impact on the NPL ratio is up to 13 b.p. this year.

The credit loss allowance amounts to 1,048 million euros, so the NPL coverage ratio stands at 43.7%, conditioned by the high weight of the mortgage portfolio, which requires a lower level of coverage.

Profit and loss account

In € Million	31/03/2015	31/03/2014	% Annual change
Financial income	212	244	-13.2%
Financial expenses	82	141	-41.8%
NET INTEREST INCOME	**130**	**103**	**25.9%**
Dividends	0	0	-53.2%
Results from equity method stakes	13	5	149.3%
Net fees	48	50	-4.0%
Gains (losses) on Financial Assets and Liabilities	59	259	-77.4%
Other operating results	-18	-17	8.1%
GROSS MARGIN	**232**	**401**	**-42.2%**
Administrative costs	99	98	0.5%
Staff costs	63	62	1.6%
Other general administrative costs	36	36	-1.5%
Amortizations	10	10	-4.8%
PRE-IMPAIRMENT INCOME	**123**	**292**	**-57.9%**
Provisions	0	6	
Impairment losses on financial assets (net)	50	114	-56.5%
Impairment losses on other assets (net)	0	0	
Other profits or losses	-6	-7	-19.6%
PRE-TAX INCOME	**67**	**164**	**-59.0%**
Income tax	16	47	-66.4%
CONSOLIDATED NET PROFIT	**51**	**117**	**-56.1%**
ATTRIBUTABLE NET PROFIT	**50**	**113**	**-56.0%**

Source: Profit and loss account

Income Statement Quarterly Evolution

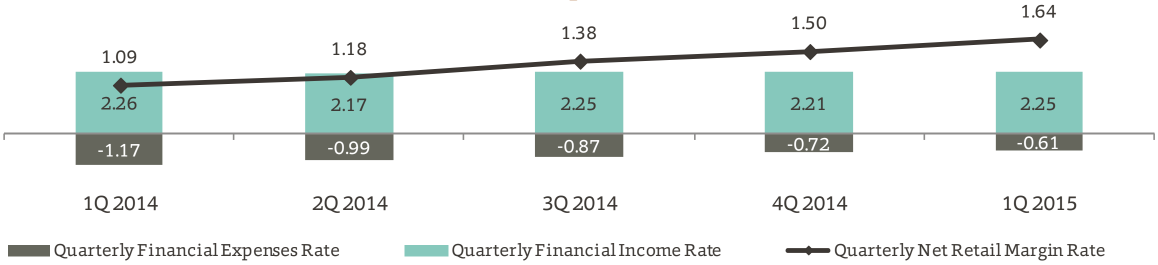
In € Million	1T 2014	2T 2014	3T 2014	4T 2014	1T 2015
Financial income	244	237	235	228	212
Financial expenses	141	122	114	96	82
NET INTEREST INCOME	**103**	**115**	**121**	**132**	**130**
Dividends	0	0	1	9	0
Results from equity method stakes	5	12	12	5	13
Net fees	50	50	46	40	48
Gains (losses) on Financial Assets and Liabilities	259	6	18	16	59
Other operating results	-17	-13	-22	-12	-18
GROSS MARGIN	**401**	**171**	**177**	**190**	**232**
Administrative costs	98	102	101	99	99
Staff costs*	62	63	64	69	63
Administrative costs	36	38	37	30	36
Amortizations	10	10	10	9	10
PRE-IMPAIRMENT INCOME	**292**	**60**	**66**	**82**	**123**
Provisions*	6	-12	6	11	0
Impairment losses on financial assets (net)	114	72	74	90	50
Impairment losses on other assets (net)	0	-8	0	1	0
Other gains or losses	-7	-33	-13	27	-6
PRE-TAX INCOME	**164**	**-27**	**-27**	**7**	**67**
Income tax	47	-14	-16	-7	16
CONSOLIDATED NET PROFIT	**117**	**-12**	**-11**	**14**	**51**
ATTRIBUTABLE NET PROFIT	**113**	**-9**	**-6**	**18**	**50**

Quarterly contribution to the net interest income

In € Million	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015
Financial income	244	237	235	228	212
Financial expenses	141	122	114	96	82
NET INTEREST INCOME	**103**	**115**	**121**	**132**	**130** *

** Includes 3 million € of non recurrent interest income in the 1Q 2015*

Customer Spread Evolution



The net interest income stands at 130 million euros per quarter, with a slight decrease compared to 2014 fourth quarter, attributable to lower income from the wholesale business.

Retail business maintains an increasing contribution to the profit and loss account (110 million euros in the first quarter of 2015, and 105 million euros in the previous one). The difference between the credit financial income and the cost of customer funds (customer spread) increases for the sixth consecutive quarter to 1.64%.

The credit profitability remains stable, despite the fall of the benchmark rates, that is repricing the variable rate portfolio (mainly the mortgage portfolio). Prices of the front book (higher than back book ones) and a faster growth in more profitable business lines compensate the effect of the fall in interest rates.

The costs of retail funding decrease thanks to an active price management within term deposits. The cost of new production improves on a continuous basis, and closes this quarter with an average of 0.4%, 0.2 p.p. lower compared to the previous quarter.

The term deposits portfolio reduces its quarterly average cost down to 1.2% (0.2 p.p. below the average of the 4Q 2014).

	1Q 2014			2Q 2014			3Q 2014			4Q 2014			1Q 2015		
	Aver.bal	Rate	FI/FE	Aver.bal	Rate	FI/FE	Aver.bal	Rate	FI/FE	Aver.bal	Rate	FI/FE	Aver.bal	Rate	FI/FE
Retail FI	28,119	2.3	159	28,176	2.2	153	27,750	2.3	156	27,216	2.2	151	26,125	2.3	147
of which: performing	22,076	2.7	150	22,110	2.7	147	21,676	2.8	151	21,314	2.7	144	20,491	2.7	139
Retail FE	25,065	1.2	73	24,984	1.0	62	25,409	0.9	55	25,476	0.7	46	23,898	0.6	37
Sight	11,431	0.1	3	11,840	0.1	3	11,937	0.1	2	12,443	0.1	2	12,409	0.1	2
Terms	12,481	2.1	67	12,343	1.8	55	12,298	1.7	51	11,789	1.4	42	10,832	1.2	33
Others	1,153	1.3	4	801	2.1	4	1,174	0.6	2	1,243	0.5	1	657	0.8	1
Wholesale FI	13,767	2.5	85	14,307	2.3	84	15,168	2.1	78	13,743	2.2	76	12,900	2.0	64
of which: fixed income	13,169	2.5	84	13,765	2.4	83	14,820	2.1	78	13,380	2.2	75	12,574	2.0	63
Wholesale FE	15,853	1.6	64	15,962	1.4	58	15,789	1.4	54	13,983	1.4	48	13,751	1.2	40
Financial Institutions	6,497	0.3	5	6,544	0.3	6	6,630	0.2	4	5,754	0.1	2	5,642	0.1	2
Repos PS and PA	518	0.8	1	1,168	0.3	1	1,242	0.4	1	568	0.5	1	939	0.0	0
Covered bonds	7,384	2.3	42	7,215	2.3	41	7,034	2.3	40	6,914	2.1	37	6,591	2.1	34
Bonds and others	1,454	4.5	16	1,036	4.0	10	883	4.2	9	746	4.6	9	579	3.3	5
Other FI & FE			-3			-3			-3			-2			-5

PS: Private Sectors; PA: Public Administrations; FE: Financial Expenses; FI: Financial Income

Fees show a QoQ variation of -4.0% (-2.6 million euros), affected by fewer transactions, the regulatory headwinds and lower fees from SAREB.

The fees of mutual funds and insurance products remain as the main drivers.

Fees

In € Million	1Q-2014	2Q-2014	3Q-2014	4Q-2014	1Q-2015	% Annual change
FEES RECEIVED	**53**	**53**	**48**	**58**	**50**	**-6.1%**
Contingent liabilities	2	2	2	2	2	-10.6%
Contingent commitments	1	1	1	1	1	-13.8%
Collections and payments	22	22	21	19	19	-14.0%
Securities services	1	1	1	1	2	35.4%
Non banking financial products	12	9	9	10	11	-6.1%
Others	15	18	15	25	16	2.4%
FEES PAID	**3**	**2**	**2**	**18**	**1**	**-47.3%**
NET FEES	**50**	**50**	**46**	**40**	**48**	**-4.0%**

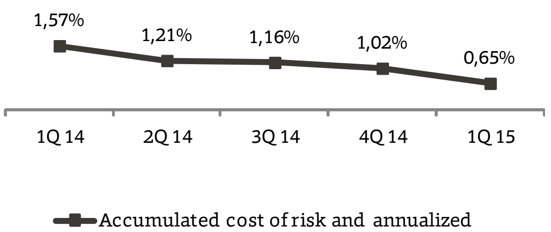
Source: Profit and loss account and own preparation

Trading income amounts to 59 million euros, coming mainly from the fixed-income portfolio. The unrealized gains of the available for sale fixed income portfolio keep growing (76 million euros in this quarter).

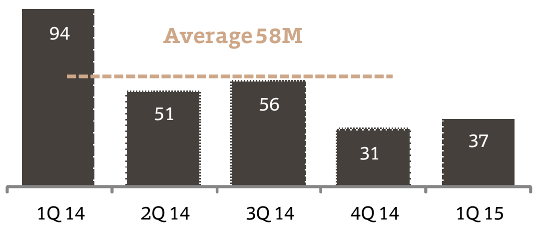
The effort to streamline the general costs allows keeping them stable, after four consecutive years of adjustments, leading to a reduction of 44.2% below those of the first quarter of 2010.

The reduction of credit loss allowances is remarkable, 56.5% YoY. The cost of risk ratio remains at 0.65% (close to the Group target, considering recurrent impairment losses).

Evolution of Recurrent Costs of Risk (1)



Recurrent Loan Impairments



1) Cost of risk is the quotient between the annualized recurrent loan impairments and the Non APS gross loans at the end of each quarter

The attributable net profit amounts to 50 million euros, 56.0% below the first quarter of 2014, due to lower trading income.

The net income generation based on the recurrent business follows the improvement path thanks to several factors:

- The appropriate price management allows to increase the interest margin.
- The general costs restraint.
- Normalization of the costs of risk.

Solvency (Basel III phased-in)

In € Million	31/03/2015	31/12/2014	31/03/2014	% YTD change	% Annual change
CET 1 COMMON EQUITY TIER 1	**2.188**	**2.161**	**1.749**	**27**	**440**
Common equity Tier 1 (%)	13,5%	13,3%	10,2%	0,2%	3,3%
CAPITAL LEVEL 1/ TIER 1	**2.334**	**2.281**	**1.887**	**53**	**448**
Total TIER 1 (%)	14,4%	14,0%	11,0%	0,4%	3,3%
TOTAL CAPITAL	**2.334**	**2.281**	**1.887**	**53**	**448**
Solvency ratio (%)	14,4%	14,0%	11,0%	0,4%	3,3%
RISK WEIGHTED ASSETS	**16.258**	**16.299**	**17.131**	**-41**	**-873**
LEVERAGE RATIO	**5,7%**	**5,5%**	**3,9%**	**0,3%**	**1,8%**

Data including year-end results.

During the last twelve months, Liberbank has noticeably reinforced its solvency level, thanks to income generation, risks control, conversion of debentures into shares and to the capital increase held in the second quarter of 2014.

According to the new Basel III ratios, Liberbank Group reaches a CET 1 Common Equity Tier 1 at 31 March of 13.5% (minimum regulatory level of 4.5%), a Capital Tier 1 of 14.4% (minimum regulatory level of 6%), and a Total Capital of 14.4% (minimum regulatory level of 8%). In addition, the leverage rate stands at 5.7%.

The quarterly increase of the solvency ratios is based on profit generation, thus the beginning of the transitional period schedule has a low significant impact.

The share

Liberbank share price closed the first quarter of 2015 at EUR 0.746 per share. The average volume of daily trading is 8 million shares. Liberbank's market cap amounts to 1,949 million euros at March 31, 2015.

Información de mercado	1T2015
Número de acciones en circulación	2,612,630,166
Contratación media diaria (nº acciones)	8,290,150
Contratación media diaria (euros)	5,746,234
Cotizacion máxima (euros)	0.760
Cotización mínima (euros)	0.614
Cotización al cierre (euros)	0.746
Capitalización al cierre (millones de euros)	1,949,022,104

Relevant events after the closing of the quarter

Third period for voluntary conversion open to CoCos holders

As scheduled, 17 April 2015 was the last day of the third period for voluntary conversion of CoCos into equity. Applications were received for the conversion of 200,958 CoCos with a nominal value of 10€ per bond, which were converted into 2 million euros of shareholder's equity.

Regarding the average weighted prices of the shares and the minimum and maximum limits provided, 2,650,543 new shares were issued, representing 0.1014% of the outstanding shares.

Reverse stock split

The General Meeting held on April 21st, approved a reverse split shares, that will imply to exchange 3 existing shares for 1 new share. The nominal value will rise up from 30 euro cents to 90 euro cents, without changing the total share capital. The financial-economic impact of this reverse split is neutral for the bank. The main purpose is to reduce the share volatility and allow the entry of new shareholders. The reverse stock split date will be announced through a Relevant Event.