

Liberbank

Financial Report 2015 Third Quarter

November 3rd, 2015

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1. Macroeconomic Environment

The **Global economy** has grown at a moderate pace during the third quarter¹ of 2015, in line with the previous quarter, maintaining the differences between developed and emergent economies. Prospects for developed economies are still favorable and they are expected to grow this year at the highest level since 2010. The developing economies continue decelerating, with more significant downside risks. Thus, according to IMF (International Monetary Fund) last forecasts, the global growth will reach 3.1% in 2015, 0.3% below 2014, and the lowest record since 2010.

In the **USA**, after the activity upturn of the second quarter (3.9% annualized QoQ), the figures of the third quarter point that this dynamism will continue, albeit more slowly, thanks to the strength of private consumption, favorable financial conditions and improvements in the labor and housing markets. The oil prices fall coupled with the dollar appreciation, maintain the downward pressures on prices. All this, combined with the worsening of the macroeconomic environment, led the Federal Reserve Monetary Policy Committee, in its September meeting, to delay the first increase of interest rates. In addition, it reviewed its GDP growth forecasts slightly upwards for 2015 from 1.9% in June up to 2.1%, and downwards for 2016 and 2017, to 2.3% and 2.2% respectively.

In the **Eurozone**, the most recent data point to an ongoing economic recovery. After the 0.4% quarter increase during the second quarter (0.5% for the first quarter), the GDP is expected to keep the same growth rate during the third quarter, as the main qualitative indicators point.

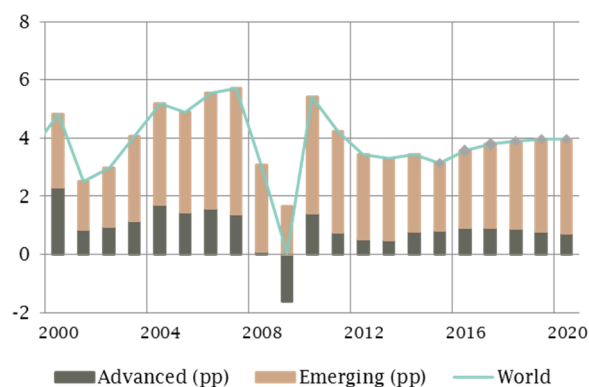
The inflation decreased again due to the fall of oil prices, although the core inflation remained stable. The growth of prices continues well below the 2% target set by the ECB, and for this reason the Government Board decided to keep the reference rate of interest at 0.05%. Besides, it reaffirmed its commitment of fully implement the current assets purchase program, and even extend it if ever required. It also revised downwards, its expectations of both growth (1.4%, 1.7% and 1.8% for 2015, 2016 and 2017 respectively) and inflation, owing to a lower external demand and to the fall of energy prices. Furthermore, it noted that the increasing uncertainty about the emergent economies and

the volatility of the markets, poses a risk which could compromise the future growth.

With regard to **emergent economies**, the light deceleration continues. The moderation in the growth pace is due to both structural and cyclical factors: drop in commodities prices, tightening of the global funding conditions, deceleration in China and geopolitical risks amongst others.

World: Gross Domestic Product

Annual variation (%) and contributions (pp)



The **Spanish economy** maintained a high dynamism during the second quarter with a 1% QoQ growth (0.9% in the first quarter). This was due to an increase of the domestic demand, mainly coming from the household consumption and investment in capital goods.

Indicators concerning the third quarter point to a light moderation in the growth rate². According to the Bank of Spain last forecasts, the GDP would have increased during the third quarter by 0.8% compared to the previous quarter.

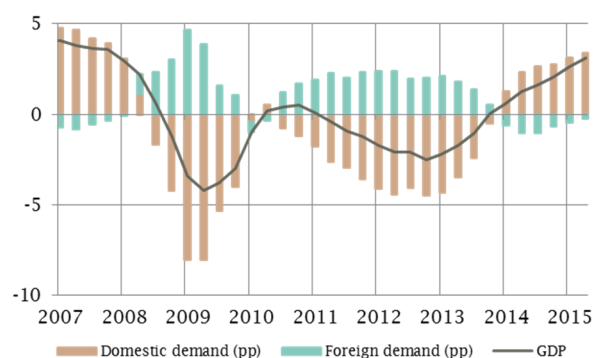
The growth still remains anchored in the private domestic demand, which dynamism is helped by the improvement on financial conditions, a more expansive fiscal policy, the drop in oil prices and enhancements in the labor market. However, the external demand for goods shows a lesser expansive tone than previous quarters, while tourist services exports have grown.

¹ Source: JP Morgan PMI

² As shown by opinion indicators like the Economic Sentiment Indicator of the European Commission or the Markit Activity PMI

Spain: Gross Domestic Product

Quarterly variation (%) and contributions (pp)



The labor market shows the good progress of the economy. Employment increased by 411,800 people during the second quarter (Source: INE). The active population also grew, therefore the unemployment rate went down 1.4 percentage points to 22.4%.

Figures for the third quarter point to a slowdown, as shown by the affiliations to Social Security (3.3% YoY for the third quarter of 2015 vs. 3.5% YoY for the second quarter).

The GDP deficit reached 2.5%, according to the Ministerio de Hacienda y AA.PP., 22% lower than that of the same period of 2014. The deficit stays within the Government target for 2015 (2.9%).

The recovery of the housing sector continues supported by more credit facilities and a higher demand. This is reflected in the evolution of housing prices, which grew by 4% YoY in the second quarter (source: INE). Housing sales and mortgage granting would have been making good progress during the third quarter.

Finally, the last oil prices fall has taken inflation to negative levels. However, core inflation remains positive (around 0.7% YoY). The inflation differential with the European Union is still favorable for Spain, contributing to the improvement of its competitiveness.

Regarding the **regions** where Liberbank mainly develops its activity³:

The economy of **Asturias** consolidates its growth, supported both by the external sector and domestic demand. Asturias could grow 2.6% in 2015 and 2.1% in 2016, and create 14,000 new

jobs during the biennium. Exports keep their dynamism, driven by semi-processed products, in particular, iron and steel.

The recovery of the economy of **Castilla-La Mancha** is accelerating. It is foreseen a 3.3% growth for 2015 and 2.9% for 2016, and the creation of 35,000 new jobs during the biennium.

The GDP growth forecast of **Cantabria** remains at 2.5% for 2015 and at 2.4% for 2016. The unemployment rate decreased during the third quarter almost near 10%, almost doubling the average of the whole country (source: EPA)

The economy of the **Comunidad de Madrid** accelerates its growth pace, driven by the external sector and domestic demand. Madrid could grow by 3.3% in 2015 and by 3.1% in 2016, creating 170,000 new jobs through the biennium, thus decreasing the unemployment rate down to 13%.

In **Extremadura** the GDP growth forecast for 2015 amounts to 2.8%, and 2.9% for 2016. It is estimated for the biennium to increase 14,000 new jobs in the region per year.

Regarding the evolution of the **Spanish Financial Sector**⁴, the credit stock continues to decline 32% from its peak level in 2008 to July, although the decrease is moderating. The YoY variation as of August 2015 amounts to -5.5%, more intense in corporate credits (-7.0%) and more moderate in households (-4.2% YoY as of August).

The flow of new credit keeps on growing. Mortgages granted between January and August 2015 rose by 32.5% compared to the same period of the previous year, and consumption credits grew by 21.1% in the same period.

The NPL rate is still decreasing down to 10.2%⁵ in August, as the non performing credits cumulate twelve consecutive months declining (-20.9% YoY in August).

Deposits of resident private sector show a slight decline, with a YoY reduction of -1.9% in August. The higher decreases are those of term deposits, as the savings are diverting to off-balance products, mainly investment funds, which show a YoY increase of 20.9%⁶ in August.

To conclude, the **Spanish Banking Sector** results are largely influenced by the deleveraging and the low interest rates. Nonetheless, the net interest margin shows a YoY increase of 3.3% for the first half of 2015, due to the reduction of financial costs. Administrative costs remain

³ Source: BBVA research

⁴ Source: Statistical bulletin of Banco de España. This same source is used for all the data of the financial sector, unless otherwise specified.

⁵ Source: Balance sheets of Deposit Entities

⁶ Source: Inverco

moderate (+0.9% YoY in June) and in the same way, allowances and losses from financial and non-financial asset impairments are moderating, both of them declining by 8.1% YoY, but still absorbing a significant amount of the pre-impairment income (circa 60%). Accordingly, earnings before taxes decreases by 6.1% in the first half of 2015 compared to the first half of 2014.

2. Key indicators

In € Million	30/09/2015	30/06/2015	30/09/2014	% QoQ change	% Annual change
BALANCE SHEET					
Total Assets	42,463	42,845	45,258	-0.9%	-6.2%
Gross Loans	24,769	25,659	26,853	-3.5%	-7.8%
Retail Funds	28,727	29,596	30,522	-2.9%	-5.9%
Shareholder's Equity	2,243	2,249	2,205	-0.3%	1.7%
Total Equity	2,566	2,549	2,603	0.7%	-1.4%
Loan to Deposits	90.2%	90.5%	89.7%	-0.2%	0.5%
PROFIT AND LOSS ACCOUNT					
Net Interest Income	371	251	339		9.4%
Gross Margin	781	584	788		-0.8%
Pre-impairment Income (1)	452	364	457		-1.2%
Profit for the period (1)	161	121	121		32.9%
Profit attributable to the Group (1)	167	125	123		35.1%
RISK MANAGEMENT					
Non-performing Loans (NPL)	2,255	2,308	2,503	-2.3%	-9.9%
Non-performing Loans (NPL) (incl. APS protected assets)	5,215	5,373	5,916	-2.9%	-11.8%
Credit Loss Allowances	1,002	1,016	1,158	-1.4%	-13.5%
Credit Loss Allowances (incl. APS protected assets)	2,170	2,255	2,560	-3.8%	-15.2%
Net Foreclosed Assets	391	374	237	4.6%	64.8%
Net Foreclosed Assets (including APS)	1,736	1,611	1,359	7.7%	27.7%
Non-performing Ratio	10.4%	10.3%	10.8%	0.1%	-0.4%
Non-performing Ratio (incl. APS protected assets)	21.1%	20.9%	22.0%	0.1%	-1.0%
NPL coverage Ratio	44.4%	44.0%	46.3%	0.4%	-1.8%
NPL coverage Ratio APS portfolio (including foreclosed assets and write-off)	48.4%	48.6%	49.6%	-0.3%	-1.2%
BANKING BUSINESS AND RESOURCES (Units)					
Group employees	5,287	5,223	5,338	1.2%	-1.0%
FTEs (Liberbank + BCLM)	4,012	4,014	4,078	-0.1%	-1.6%
Branches	1,049	1,049	1,055	0.0%	-0.6%
ATMs	1,373	1,373	1,384	0.0%	-0.8%

Sources: Consolidated Public Finances, Bank of Spain's official statements and Other Internal Information Sources.

APS Asset Protection Scheme, covering a 7,244 million euros risk portfolio from Banco de Castilla La Mancha

- (1) In 2015, following the IFRIC 21, the accounting of the contributions to the Deposit Guarantee Fund is registered in the P&L account as a one-time charge in December, instead of charging it throughout the year. Taking into account a linear accrual of these contributions, margin before provisions, at 30 September 2015, would amount to 418 million euros, practically the same as that at 30 September 2014 (-0.1% YoY). The profit for the period would have been of 137 million euros at 30 September 2015 (+45.9% YoY). Finally, the profit attributable to the Group would have been of 145 million euros at 30 September 2015, compared to 98 million euros at 30 September 2014 (47.1% YoY).

3. Financial Evolution

Consolidated balance sheet

In € Million	30/09/2015	30/06/2015	30/09/2014	% QoQ change	% Annual change
Cash and Financial Institutions	618	667	496	-7.3%	24.7%
Loans	22,951	23,698	24,610	-3.2%	-6.7%
Fixed Income portfolio	13,074	12,751	14,883	2.5%	-12.2%
Trading book	0	0	0	5.5%	3.1%
Available for sale	8,226	7,907	9,235	4.0%	-10.9%
Credit investments	2,787	2,787	2,975	0.0%	-6.3%
Held to maturity	2,061	2,057	2,674	0.2%	-22.9%
Equity Securities	406	451	434	-9.8%	-6.3%
Financial Derivatives	406	384	359	5.8%	13.2%
Non current Assets held for sale	1,727	1,603	1,383	7.8%	24.9%
of which: Foreclosed Assets	1,727	1,602	1,355	7.8%	27.4%
Investments	410	420	319	-2.5%	28.6%
Tangible fixed Assets	691	690	649	0.1%	6.6%
Intangible fixed Assets	83	83	84	0.1%	-1.6%
Other Assets	2,096	2,098	1,969	-0.1%	6.5%
TOTAL ASSETS	42,463	42,845	45,185	-0.9%	-6.0%
Deposits by Central Banks	3,922	4,046	4,772	-3.1%	-17.8%
Deposits by Credit Institutions	586	668	856	-12.3%	-31.5%
Customer Deposits	33,790	34,068	35,137	-0.8%	-3.8%
Bonds and Promissory Notes	401	286	453	40.1%	-11.4%
Subordinated Debt Securities	161	170	372	-5.3%	-56.6%
Other Financial Liabilities	244	277	285	-11.9%	-14.3%
Financial Derivatives	62	51	50	22.9%	25.5%
Other Liabilities	730	729	692	0.1%	5.4%
TOTAL LIABILITIES	39,897	40,296	42,616	-1.0%	-6.4%
Capital and Reserves	2,117	2,124	2,051	-0.3%	3.2%
Interim dividend	-40	0	0		
Attributable Net Profit	167	125	123	33.2%	35.1%
Valuation Adjustments	238	217	289	9.8%	-17.9%
Minority Interest	85	83	105	2.0%	-19.2%
TOTAL EQUITY	2,566	2,549	2,569	0.7%	-0.1%
TOTAL EQUITY AND LIABILITIES	42,463	42,845	45,185	-0.9%	-6.0%

Source: Balance sheet consolidated account. 2014 accounts were restated in application of IFRIC 21 for comparative purposes.

The balance sheet size remains almost stable in the third quarter (-0.9% QoQ).

Loans decline -3.2% QoQ, affected by the deleveraging of Public Administrations, and the seasonal decrease of loans in the third quarter, due to the pension prepayment of June.

The fixed income grows 2.5% QoQ due to the acquisition of Public debt classified as available for sale. This portfolio maintains a conservative risk profile. It is mainly composed by Spanish public debt, 92%, with an average yield of 1.8%,

an average duration of 2.3 years, and accumulated capital gains of 435 million euros.

The investment portfolio declines 44 million in the third quarter, the main variation is attributable to the sale of *Telecable Asturias S.A.*

Financing from Central Banks and other Credit Institutions, is reduced -3.1% and -12.3% respectively, the same as the retail customer funds, although moderately (-0.8% QoQ).

The liquidity indicators remain at optimum levels. The LTD ratio, which shows the funding balance in the retail business, stays at 90.2%. The

LCR ratio, which measures the short term liquidity level, stands above 400%. This ratio is required from October 2015, when it must exceed 60%. Liquid assets amount to 8,546 million euros, and there are no relevant wholesale maturities this year (100 million euros in December).

The accumulation of earnings allows an increase in total equity of 0.7% QoQ, despite the interim dividend of 40 million (9 million in cash and 31 million in shares held as treasury) that will be paid in October.

Resources

In € Million	30/09/2015	30/06/2015	30/09/2014	% QoQ change	% Annual change
CUSTOMER FUNDS	28,727	29,596	30,522	-2.9%	-5.9%
CUSTOMER FUNDS ON BALANCE SHEET	24,211	25,128	26,116	-3.6%	-7.3%
Public Administrations	1,252	1,702	2,302	-26.4%	-45.6%
Retail customer funds (residents)	22,625	23,082	23,454	-2.0%	-3.5%
Demand Deposits	12,841	12,837	11,715	0.0%	9.6%
Term Deposits	9,578	10,087	11,513	-5.0%	-16.8%
Others (promissory notes and repurchase agreements)	206	158	226	30.2%	-8.6%
Retail customer funds (nonresidents)	334	344	360	-3.0%	-7.4%
OFF-BALANCE SHEET CUSTOMER FUNDS	4,516	4,468	4,406	1.1%	2.5%
Mutual Funds	1,863	1,788	1,714	4.2%	8.7%
Pension Funds	1,565	1,595	1,606	-1.9%	-2.6%
Savings Insurance	1,089	1,085	1,086	0.3%	0.2%
WHOLESALE FUNDING (capital markets)	5,747	5,689	6,637	1.0%	-13.4%
Covered Bonds (unretained)	5,421	5,421	6,239	0.0%	-13.1%
Bonds and EMTNs	95	95	188	0.0%	-49.4%
Wholesale Promissory Notes	231	173	210	33.2%	9.8%
TOTAL FUNDS	34,474	35,285	37,159	-2.3%	-7.2%

Customer funds total 28,727 million euros, which means a QoQ decline of -2.9%. This fall mostly comes from Public Administration deposits (-26.4% QoQ), while retail customer funds from residents also show decline, but much more moderated (-2.0% QoQ). This decline is mainly due to seasonal factors (the household spending increase during summer).

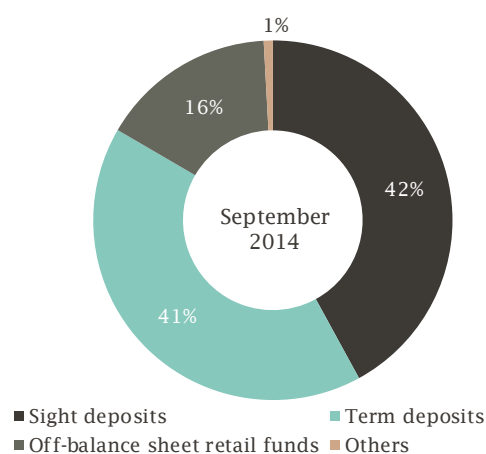
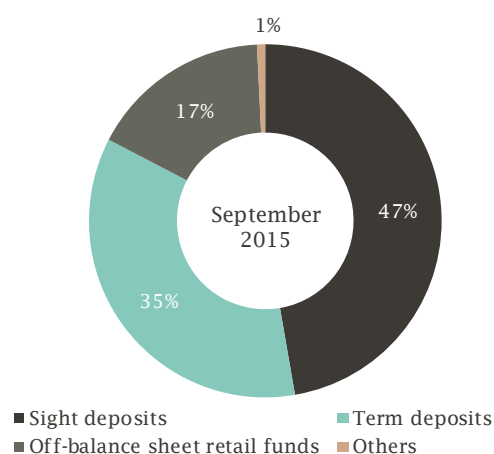
The persistence of low interest rates reduced the attractiveness of Term deposits, leading to withdrawals (-5.0% QoQ). Meanwhile, mutual

funds demonstrate the reverse trend, showing a QoQ advance of 4.2%.

Therefore, the liabilities structure is being modified: Term deposits represent 35% of private sector savings (on and off-balance), and the weight of off-balance products grows slightly up to 17% (16% at September 2014).

Deposits of individuals (including off-balance products) amount 24.924 million euros and decline -1.4% QoQ, -1.3% YoY.

Retail resources (Private residents)



Retail resources: Sight deposits, Term deposits, promissory notes and repurchase agreements (private residents).

Gross loans

In € Million	30/09/2015	30/06/2015	30/09/2014	% QoQ change	% Annual change
LOANS	24,769	25,659	26,853	-3.5%	-7.8%
of which: APS Loans	3,168	3,284	3,709	-3.5%	-14.6%
NON APS LOANS	21,601	22,375	23,144	-3.5%	-6.7%

Non APS Gross loans

In € Million	30/09/2015	30/06/2015	30/09/2014	% QoQ change	% Annual change
CREDIT TO PUBLIC ADMINISTRATIONS	1,215	1,404	1,331	-13.5%	-8.8%
CREDIT TO PRIVATE SECTORS	20,386	20,971	21,813	-2.8%	-6.5%
Productive activity financing	5,309	5,486	5,910	-3.2%	-10.2%
Developers	330	347	474	-5.1%	-30.5%
Civil works	249	234	301	6.4%	-17.3%
Other companies	4,730	4,905	5,135	-3.6%	-7.9%
Household financing	14,795	14,911	15,605	-0.8%	-5.2%
Housing purchases and rehabilitation	14,171	14,289	14,926	-0.8%	-5.1%
Consumer Financing and others	624	622	680	0.3%	-8.2%
Demand debtors and others	283	574	298	-50.7%	-4.9%
LOANS	21,601	22,375	23,144	-3.5%	-6.7%
of which: Non Performing Loans	2,255	2,308	2,503	-2.3%	-9.9%

The quarterly evolution of credit is affected by seasonality and the deleveraging of the Public Administrations, which falls 13.5% this quarter. Household risks, representing 68.5% of the portfolio, show a much more moderated decline (-0.8% QoQ).

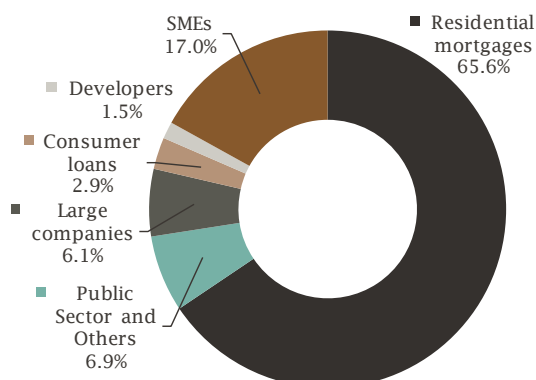
During the third quarter, 10,971 new credit and loans operations have been formalized, amounting to 616 million euros. The total

amount reaches 1,995 million euros in 2015 (39.9% above 2014).

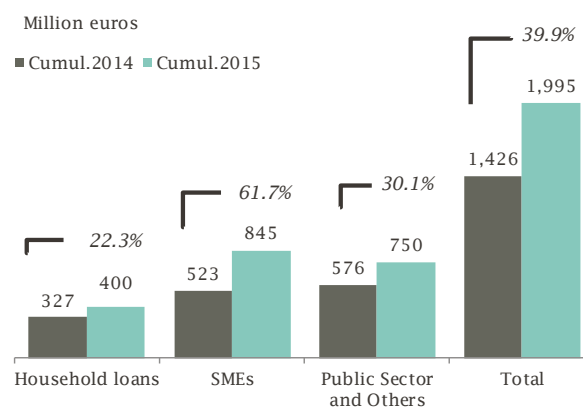
Household's new production has been more intense during the third quarter, cumulating a YoY variation of 22.3%. Commercial activity with SME and self-employed is also accelerating. They concentrate 42% of the lending formalized during 2015, with a YoY growth of 61.7%.

The Loans portfolio has a retail profile. The RED sector has an almost residual weight of 1.5%.

Non APS gross loans private sector breakdown



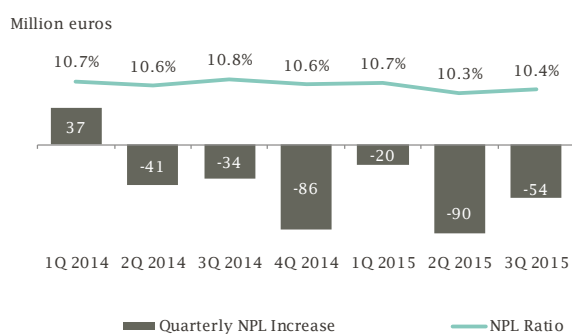
Cumulative Lending Operations



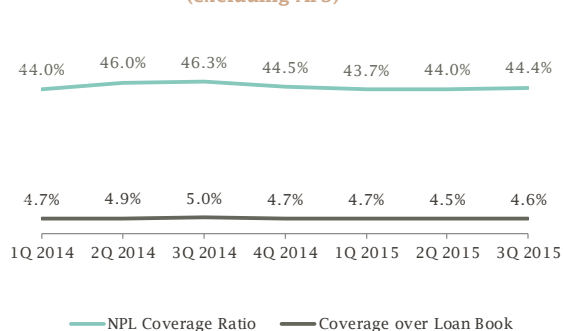
Credit Risk Analysis (excluding APS)

In € Million	NPL		NPL Ratio		Coverage Ratio	
	30/09/2015	YTD ch.	30/09/2015	YTD ch.	30/09/2015	YTD ch.
PRODUCTIVE ACTIVITY FINANCING	1,303	-189	24.5%	-1.5%	55.4%	1.5%
Real Estate development	184	-6	55.8%	5.4%	53.9%	-1.4%
Civil works	110	-24	44.4%	-0.4%	100.1%	6.7%
Other corporates	1,009	-159	21.3%	-1.8%	50.8%	1.7%
HOUSEHOLD FINANCING	935	34	6.3%	0.5%	29.7%	0.2%
Housing purchase and rehabilitation	882	30	6.2%	0.4%	26.6%	-0.1%
Consumer Financing and others	53	4	8.5%	1.1%	81.9%	3.2%
DEMAND DEBTORS AND OTHER RISKS	17	-8	1.1%	-0.3%		
TOTAL CREDIT TO OTHER SECTORS	2,255	-163	10.4%	-0.2%	44.4%	-0.1%

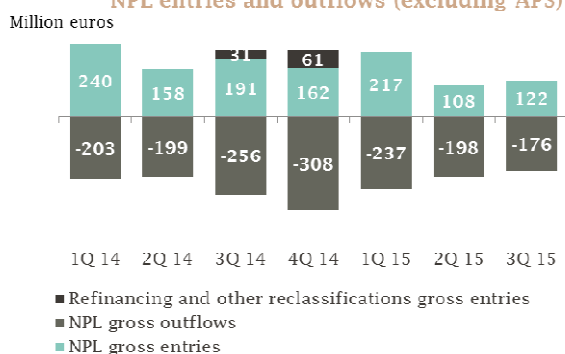
NPL ratios and Quarterly NPL increase (excluding APS)



Coverage ratio of NPL and gross loans (excluding APS)



NPL entries and outflows (excluding APS)



For the sixth consecutive quarter the NPL assets decline, although, the NPL ratio slightly increase to 10.4%, affected by the lower credit lending. The impact of the loan deleveraging in the NPL ratio is 37 bps in the third quarter.

The credit loss allowances amount to 1,002 million euros, with the NPL coverage ratio at 44.4%, conditioned by the high weight of the mortgage portfolio, which requires a lower level of coverage.

Profit and loss account

In € Million	30/09/2015	30/09/2014	% Annual change
Financial income	581	716	-18.9%
Financial expenses	209	377	-44.4%
NET INTEREST INCOME	371	339	9.4%
Dividends	1	1	-18.2%
Results from equity method stakes	85	29	193.3%
Net fees	134	147	-8.5%
Gains (losses) on Financial Assets and Liabilities	196	284	-30.9%
Other operating results	-7	-13	-45.9%
GROSS MARGIN	781	788	-0.8%
Administrative costs	300	301	-0.2%
Staff costs	190	190	0.1%
Other general administrative costs	110	111	-0.8%
Amortizations	29	29	-0.7%
PRE-IMPAIRMENT INCOME	452	457	-1.2%
Provisions	129	0	
Impairment losses on financial assets (net)	120	261	-53.8%
Impairment losses on other assets (net)	1	-8	
Other profits or losses	-26	-54	-52.3%
PRE-TAX INCOME	176	150	17.7%
Income tax	15	28	-47.5%
CONSOLIDATED NET PROFIT	161	121	32.9%
ATTRIBUTABLE NET PROFIT	167	123	35.1%

Source: Profit and loss account. 2014 accounts were restated in application of IFRIC 21 for comparative purposes.

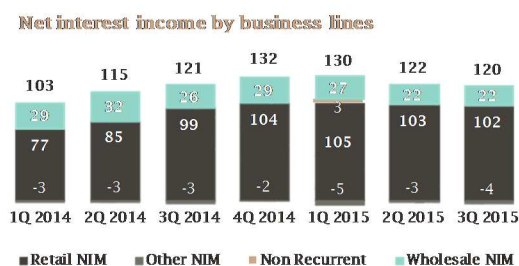
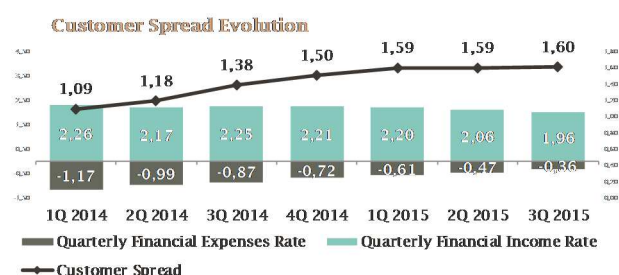
Income Statement Quarterly Evolution

In € Million	1Q 2015	2Q 2015	3Q 2015
Financial income	212	189	180
Financial expenses	82	67	60
NET INTEREST INCOME	130	122	120
Dividends	0	1	0
Results from equity method stakes	13	70	2
Net fees	48	43	43
Gains (losses) on Financial Assets and Liabilities	59	102	35
Other operating results	-7	3	-3
GROSS MARGIN	243	341	197
Administrative costs	99	102	99
Staff costs*	63	62	64
Administrative costs	36	40	35
Amortizations	10	9	10
PRE-IMPAIRMENT INCOME	135	229	88
Provisions*	0	124	4
Impairment losses on financial assets (net)	50	34	36
Impairment losses on other assets (net)	0	1	0
Other gains or losses	-6	-13	-7
PRE-TAX INCOME	79	58	40
Income tax	19	-4	0
CONSOLIDATED NET PROFIT	59	62	40
ATTRIBUTABLE NET PROFIT	57	68	42

Quarterly contribution to the net interest income

In € Million	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015
Financial income	244	237	235	228	212	189	180
Financial expenses	141	122	114	96	82	67	60
NET INTEREST INCOME	103	115	121	132	130*	122	120

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



The net interest income reaches 371 million euros, showing a 9.4% YoY growth.

The retail business contribution remains stable, and customer spread improved to 1.6%.

The average cost of term deposits (0.7%) goes down by 28 bps compared to the previous quarter, but there is still room for improvement, as the average cost of new production for the quarter stands at 0.4%.

The reduction of credit income is affected by loans decrease and drop of interest rates. New production is being granted at similar prices to those of the performing portfolio (near 2.4%).

	3Q 2014			4Q 2014			1Q 2015			2Q 2015			3Q 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	27,750	2.3	156	27,216	2.2	151	26,125	2.3	147	25,722	2.1	133	25,139	2.0	123
of which: performing	21,676	2.8	151	21,314	2.7	144	20,491	2.7	139	20,271	2.5	126	19,782	2.4	117
Retail FE	25,409	0.9	55	25,476	0.7	46	23,898	0.6	37	24,440	0.5	29	24,246	0.4	22
Sight	11,937	0.1	2	12,443	0.1	2	12,409	0.1	2	12,767	0.1	2	12,665	0.1	2
Terms	12,298	1.7	51	11,789	1.4	42	10,832	1.2	33	10,495	1.0	26	10,541	0.7	19
Others	1,174	0.7	2	1,243	0.5	1	657	0.8	1	1,177	0.3	1	1,040	0.4	1
Wholesale FI	15,168	2.1	78	13,743	2.2	76	12,900	2.0	64	13,460	1.7	56	13,193	1.7	56
of which: fixed income	14,820	2.1	78	13,380	2.2	75	12,574	2.0	63	12,988	1.7	56	12,811	1.7	55
Wholesale FE	15,789	1.4	54	13,983	1.4	48	13,751	1.2	40	13,902	1.0	35	13,184	1.0	34
Financial Institutions	6,630	0.2	4	5,754	0.1	2	5,642	0.1	2	7,108	0.1	2	6,406	0.1	1
Repos PS and PA	1,242	0.4	1	568	0.5	1	939	0.0	0	217	0.0	0	250	0.1	0
Covered bonds	7,034	2.3	40	6,914	2.1	37	6,591	2.1	34	6,049	1.9	29	5,982	1.9	29
Bonds and others	883	4.2	9	746	4.6	9	579	3.3	5	528	3.1	4	547	2.6	4
Other FI & FE			-3			-2			-5			-3			-4

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

Fees

In € Million	1Q 2015	2Q 2015	3Q 2015	Cumulated		% Annual change
				30/09/2015	30/09/2014	
FEES RECEIVED	50	44	45	139	153	-9.6%
Contingent liabilities	2	2	2	5	5	-5.8%
Contingent commitments	1	0	0	2	2	-36.8%
Foreign exchange	0	0	0	0	0	10.2%
Collections and payments	19	19	20	57	65	-11.6%
Securities services	2	1	1	4	3	40.5%
Non banking financial products	11	9	9	29	30	-2.3%
Others	16	14	12	42	48	-13.3%
FEES PAID	1	2	1	4	7	-33.2%
NET FEES	48	43	43	134	147	-8.5%

Fee income remained similar to the previous quarter (43 million euros), implying a variation of -8.5% YoY (-12.5 million euros), impacted by the card pay interchange fees limitation, and lower fees from SAREB.

Trading income during the quarter reflect the sale of *Telecable de Asturias S.A.* (35.6 million euros). Over the whole year the trading income amount to 194 million euros, following active management of the fixed-income portfolio.

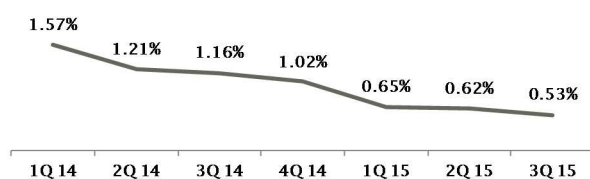
General costs decrease by 3 million euros below the second quarter figures, which were higher due to IT costs and technical reports, related to projects to improve efficiency and productivity in the mid-term. The YoY variation stands at -0.2%.

Provisions to allowances amount to 129 million, during the first nine months of 2015, of which 111 million euros are set aside to fund a voluntary redundancy scheme, which will start at the end of 2015.

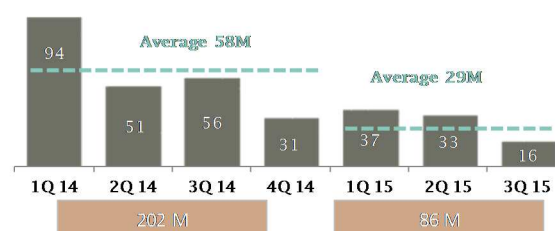
Recurrent credit allowances have decreased to less than half of those registered during the first nine months of 2014. Regarding credit investment, the recurrent risk cost stands at 0.53%.

In addition to the recurrent allowances, the bank booked 30 million euros of non-recurrent provisions (not individually assigned), were during the year (20 million in the third quarter).

Evolution of Recurrent Cost of Risk (1)



Recurrent Loan Impairments



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

The attributable net profit amounts to 167 million euros, meaning a 35.1% YoY growth.

Considering the linear accrual of the contribution to the Deposit Guarantee Fund, the attributable net profit would have been 145 million euros, representing a 47.1% YoY growth (homogenously compared).

Solvency (Basel III phased-in)

In € Million	30/09/2015	31/12/2014	30/09/2014	YTD Change	Annual Change
CET 1 COMMON EQUITY TIER 1	2,229	2,161	2,358	67	-129
Common equity Tier 1 (%)	13.7%	13.3%	14.2%	0.4%	-0.5%
CAPITAL LEVEL 1/ TIER 1	2,304	2,281	2,488	23	-185
Total TIER 1 (%)	14.2%	14.0%	15.0%	0.2%	-0.8%
TOTAL CAPITAL	2,304	2,281	2,488	23	-185
Solvency ratio (%)	14.2%	14.0%	15.0%	0.2%	-0.8%
RISK WEIGHTED ASSETS	16,272	16,299	16,605	-27	-333
LEVERAGE RATIO	5.5%	5.5%	5.6%	0.0%	-0.1%

Data including year-end results

Under phased-in criteria, Liberbank's CET 1 Common Equity Tier 1 stands at 13.7% as of 30 September 2015 (minimum regulatory level of 4.5%), Capital Tier 1 of 14.2% (minimum regulatory level of 6%), and Total Capital of 14.2% (minimum regulatory level of 8%). In addition, the leverage rate stands at 5.5%.

senior debt stayed at B1, and the covered bonds rating stands at A2.

Significant Events subsequent to quarter end

Interim dividend out of 2015 profit

On September 28, the Board of Directors agreed the distribution of an interim dividend out of the 2015 profit.

Such dividend was paid last October 13, delivering 1 share (coming from shares held for treasury) for every 45 shares, besides a cash dividend to counteract the fiscal impact of the share dividend, which amounted 9 million euros.

Period for voluntary conversion open to CoCos holders

As scheduled, 16 October 2015 was the last day of a new period for voluntary conversion of CoCos into equity. Holders of 5,560,221 CoCos with a nominal value of 10€ per bond, request to convert them in shares, implying a 55.6 million euros conversion of shareholder's equity.

Regarding the average weighted prices of the shares and the minimum and maximum limits provided, 100,343,657 new shares were issued, representing 3.695% of the outstanding shares.

The Share

Liberbank share price closed the second quarter at EUR 0.538 per share. The average daily trading volume is close to 6 million shares. Liberbank's market cap exceeds 1,400 million euros at September 30, 2015.

Market Information	3Q2015
Number of shares outstanding	2,615,280,709
Daily average trading (shares number)	5,922,405
Daily average trading (euros)	3,649,229
Maximum Share price (euros)	0.689
Minimum Share price (euros)	0.520
Price at year end (euros)	0.538
Market capitalization at year end (euros)	1,407,021,021

The Rating

Fitch. Last May 19, Fitch assigned Liberbank a financial strength long term rating of BB, with stable perspective, a short term rating of B and a Viability Rating (VR) of bb.

DBRS. On September 30, the agency placed the long term rating of Liberbank as BBB (low), with stable perspective, and a short term rating of R2 middle.

Moody's. On June 17, assigned Liberbank a Baseline Credit Assessment (BCA) rating of b1. The long term rating of deposits and unsecured