Liberbank

Financial Report

2015 Fourth Quarter

February 24th, 2016

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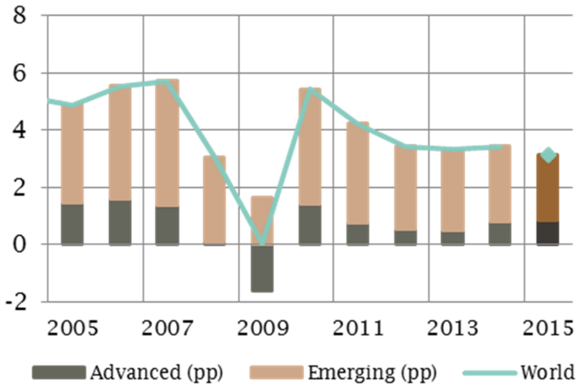
1. Macroeconomic Environment

The **Global economy** growth is weak and uneven, according to the IMF. Closing of the year is expected to reach an annual variation of 3.1%, and growths of 3.4% and 3.6% are foreseen for 2016 and 2017[1] respectively.

World: Gross Domestic Product

Annual variation (%) and contributions (pps)



Source: IMF

The main current risks come from China's deceleration, oil prices drop and the tightening of the monetary policy of the USA.

The economy of China is turning from investment and manufactures to consumption and services. During this process, it is converging to more sustainable growth rates (+6.9% in 2015, according to the National Statistics Office), but trade flows, both exports and imports, registered a significant contraction through the last quarter, leading to heightened uncertainty and more volatility in the international financial markets.

The **oil prices** continued their fall in the fourth quarter, given the production increase by the members of the Organization of Petroleum Exporting Countries (OPEC). This drop slows down the growth of the oil producing countries, while stimulates demand and reduces energy costs for importing countries, mainly developed economies. The positive impact of the fall of crude in these developed economies is being more limited than it should be expected, probably because most of these countries are still going through a deleveraging process.

In the **USA**, the Federal Reserve decided, in its Federal Open Market Committee in December, to increase the reference rate of interest, for the first time in seven years, by 25bp, up to the 0.25%-0.5% range. The solidity of the economy, consumption and labor market growth, and the recovery of the inflation, justified this measure. Despite being small and expected, this rise implies a new stage where the Federal Reserve will gradually phase out the monetary stimulus given since 2008. In February financial conditions have become less favorable, thus reducing the expectations of rises in rates in March. In any case, the rise is predicted to be established before the end of the year.

The **Eurozone** keeps on the path of a gradual economic recovery, making progress at a slightly higher pace during the last quarter of the year, sustained by the private consumption and external demand. Those countries where the structural reforms were most intense, are the substantial contributors to underpin this recovery. The IMF foresees a 1.5% growth for 2015.

Regarding the field of monetary policy, the ECB announced in December the extension of the Quantitative Easing (QE), more due to the increase of external risks, than to the internal evolution of the Eurozone, that it is being positive. This means the prolongation of the current assets purchase program until March of 2017. The asset range that can be purchased by the ECB is also extended, now including debt issued by regional and local governments as eligible assets. Finally, the rate of the deposit facility has been decreased from -0.2% to -0.3%. All these measures contribute to enhancing the liquidity conditions, thus easing the new credit flow and a reduction in interest rates.

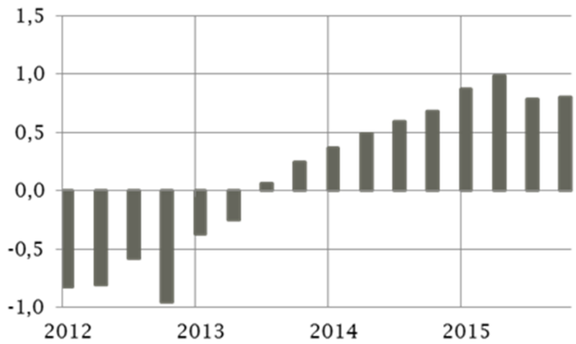
The **Spanish economy** maintained a high dynamism during the last quarter, according to the INE's National Accounting preview. The GDP quarterly growth rate remained constant at 0.8%, reaching 3.2% for the whole year.

This growth still relies on the private domestic demand, which dynamism is favored by the improvements in financial conditions, a more expansive tax policy, the drop in oil prices and improvements in the labor market. The external demand for goods shows a lesser expansive tone than previous quarters.

[1] *FMI, World Economic Outlook Report, January 2016.*

Spain: Gross Domestic Product

Quarterly variation (%) (Source: INE)



According to the National Statistical Institute (INE) Labor Force Survey, employment increased by 45,500 people during the fourth quarter. Seasonally adjusted, the employment grew by 0.73% QoQ. The number of job seekers went down by 71,300 people during the fourth quarter, and by 678,200 people during the last twelve months (being the highest decrease registered in the historical series). The unemployment rate reach 20.9%, reducing 2.81 pps through the year.

The deficit of the whole of the Public Administrations (excluded Local Authorities and financial sector support measures) reached 3.4% of the GDP up to October.

The recovery of the housing sector continues to consolidate, supported by more credit facilities and a higher demand. This is reflected in the evolution of housing prices, which grew by 4.5% YOY in the third quarter (source: INE). Housing sales have been making good progress, with an 11% YOY growth.

The oil prices fall has curbed inflation, closing 2015 at 0%. However, core inflation remains positive (around 0.9% YOY). The inflation differential with the European Monetary Union (EMU) is still favorable for Spain, contributing to the improvement of its competitiveness.

Within this context of positive evolution of the economic indicators, the recent general elections have introduced an element of uncertainty about the ability of the new government to keep implementing reforms, allowing to consolidate the incipient economic recovery.

Capital markets started 2016 with major setbacks and a high volatility. The origin of this turbulence lies in the uncertainty about Chinese economy and oil prices, and most recently, concerns about the European banks health.

The **regions** where Liberbank mainly develops its activity are the Autonomous Communities of Principado de Asturias, Cantabria, Extremadura, Castilla la Mancha and Madrid.

The latest estimates of Hispalink (December 2015) point that the economy of **Asturias** consolidates its growth, near 2.7% in 2015. **Cantabria** would register a growth of 2.9% for 2015, similar to that of the economy of **Castilla-La Mancha.** In **Extremadura** the growth would be of 3.2% for 2015 driven by agriculture and construction. Lastly, the economy of the **Comunidad de Madrid** would grow by 3.5% in 2015, still being the most dynamic autonomous community of the country.

The **Spanish Financial Sector**[2] operates in an environment marked by technological changes, continuous regulatory novelties, competitive pressure and low interest rates.

The banking business evolution through 2015 has been marked by credit decline, nonperforming assets reduction and a strong pressure on margins.

The credit stock accumulated a 29.5% fall from its peak level in 2008 to November 2015. However, it is decreasing at increasingly moderate rates (-3.2% in 2015, with data up to November). The flow of new credit keeps on growing (12.0% as of December) distributed among every credit portfolio. Additionally, the interest rates of new credit keep their way through moderation and convergence with those levels of the core countries of the Eurozone. For their part, customer deposits remain stable, with a 0.1% YTD variation in December.

The NPL levels are decreasing in a gradual way. The NPL ratio went down by 40bp compared to the previous year, reaching 9.7% in November.

The banking sector profitability indexes are still low (below cost of capital), but during 2015 they have shown normalization signs, with reductions of allowances and extraordinary provisioning, while margins improve driven by costs reduction and the emerging credit recovery.

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

2. Key indicators

In € Million	31/12/2015	30/09/2015	31/12/2014	% QoQ change	% Annual change
BALANCE SHEET					
Total Assets	42,136	42,463	43,137	-0.8%	-2.3%
Gross Loans	24,421	24,769	26,342	-1.4%	-7.3%
Retail Funds	29,075	28,727	29,864	1.2%	-2.6%
Shareholder's Equity	2,293	2,243	2,153	2.2%	6.5%
Total Equity	2,632	2,566	2,615	2.6%	0.6%
Loan to Deposits	88.8%	90.2%	89.7%	-1.4%	-0.9%
PROFIT AND LOSS ACCOUNT					
Net Interest Income	494	371	471		5.0%
Gross Margin	914	781	939		-2.6%
Pre-impairment Income (1)	479	452	500		-4.3%
Profit for the period (1)	112	161	108		3.7%
Profit attributable to the Group (1)	129	167	117		9.9%
RISK MANAGEMENT					
Non-performing Loans (NPL)	2,148	2,255	2,418	-4.7%	-11.2%
Non-performing Loans (NPL) (incl. APS protected assets)	4,919	5,215	5,715	-5.7%	-13.9%
Credit Loss Allowances	973	1,002	1,076	-2.8%	-9.5%
Credit Loss Allowances (incl. APS protected assets)	1,991	2,170	2,405	-8.2%	-17.2%
Net Foreclosed Assets	420	391	323	7.4%	30.1%
Net Foreclosed Assets (including APS)	1,829	1,736	1,412	5.4%	29.5%
Non-performing Ratio	10.0%	10.4%	10.6%	-0.4%	-0.6%
Non-performing Ratio (incl. APS protected assets)	20.1%	21.1%	21.7%	-0.9%	-1.6%
NPL coverage Ratio	45.3%	44.4%	44.5%	0.9%	0.8%
NPL coverage Ratio APS portfolio	54.8%	55.2%	55.6%	-0.4%	-0.8%
BANKING BUSINESS AND RESOURCES (Units)					
Group employees	5,143	5,287	5,283	-2.7%	-2.7%
FTEs (Liberbank + BCLM)	3,907	4,012	4,063	-2.6%	-3.8%
Branches	1,036	1,049	1,049	-1.2%	-1.2%
ATMs	1,357	1,373	1,377	-1.2%	-1.5%

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

APS Asset Protection Scheme, covering a 7,244 million euro 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 euro, the profit for the period would have been of 137 million euro and the profit attributable to the Group would have been of 145 million euro.

3. Financial Evolution

Consolidated balance sheet

In € Million	31/12/2015	30/09/2015	31/12/2014	% QoQ change	% Annual change
Cash and Financial Institutions	601	618	563	-2.7%	6.8%
Loans	22,810	22,951	24,164	-0.6%	-5.6%
Fixed Income portfolio	12,676	13,074	12,914	-3.0%	-1.8%
Trading book	0	0	37	2.0%	-100.0%
Available for sale	8,207	8,226	7,446	-0.2%	10.2%
Credit investments	2,326	2,787	2,951	-16.5%	-21.2%
Held to maturity	2,142	2,061	2,479	4.0%	-13.6%
Equity Securities	410	406	429	0.8%	-4.5%
Financial Derivatives	427	406	486	5.1%	-12.1%
Non current Assets held for sale	1,828	1,727	1,413	5.9%	29.4%
of which: Foreclosed Assets	1,828	1,727	1,402	5.9%	30.4%
Investments	387	410	295	-5.6%	31.3%
Tangible fixed Assets	693	691	688	0.3%	0.7%
Intangible fixed Assets	91	83	83	9.0%	8.6%
Other Assets	2,214	2,096	2,101	5.6%	5.4%
TOTAL ASSETS	42,136	42,463	43,137	-0.8%	-2.3%
Deposits by Central Banks	2,347	3,922	3,092	-40.2%	-24.1%
Deposits by Credit Institutions	982	586	923	67.6%	6.5%
Customer Deposits	34,556	33,790	34,916	2.3%	-1.0%
Bonds and Promissory Notes	421	401	318	4.8%	32.1%
Subordinated Debt Securities	136	161	239	-15.4%	-42.9%
Other Financial Liabilities	213	244	270	-12.5%	-20.9%
Financial Derivatives	81	62	55	29.3%	46.9%
Other Liabilities	768	730	708	5.2%	8.4%
TOTAL LIABILITIES	39,504	39,897	40,521	-1.0%	-2.5%
Capital and Reserves	2,205	2,117	2,036	4.1%	8.3%
Interim dividend	-40	-40	0		
Attributable Net Profit	129	167	117	-22.9%	9.9%
Valuation Adjustments	263	238	360	10.7%	-26.8%
Minority Interest	76	85	102	-10.4%	-25.7%
TOTAL EQUITY	2,632	2,566	2,615	2.6%	0.6%
TOTAL EQUITY AND LIABILITIES	42,136	42,463	43,137	-0.8%	-2.3%

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 fourth quarter (-0.8% QoQ).

The customer credit is beginning to stabilize (-0.6% QoQ) due to the increase of formalizations.

The fixed income portfolio decreases 3.0% due to the maturity of 450 million euro of retained covered bonds. This portfolio maintains a conservative risk profile. It is mainly composed by Spanish public debt, 94%, with an average yield of 1.8%, an average duration of 2.3 years, and accumulated capital gains of 464 million euro.

Financing from Central Banks and other Credit Institutions is reduced by 1.178 million euro in the fourth quarter. The retail customer funds grows 765 million euro due to the commercial initiative and the seasonality of the fourth quarter.

The liquidity indicators remain at optimum levels. The liquid assets amount to 8,123 million euro, all of them immediately available. The LTD ratio, which shows the funding balance in the retail business, stays at 88.8%. The LCR ratio, which measures the short term liquidity level, stands above 391% (the minimum required level is 60%).

The total equity grows 66 million euro in the last quarter as a consequence of the exchange of CoCos in October with an increase of 30 million euro in share capital and 26 million euro in issue premium.

Resources

In € Million	31/12/2015	30/09/2015	31/12/2014	% QoQ change	% Annual change
CUSTOMER FUNDS	29,075	28,727	29,864	1.2%	-2.6%
CUSTOMER FUNDS ON BALANCE SHEET	24,462	24,211	25,433	1.0%	-3.8%
Public Administrations	1,304	1,252	1,711	4.1%	-23.8%
Retail customer funds (residents)	22,836	22,625	23,367	0.9%	-2.3%
Demand Deposits	13,204	12,841	12,320	2.8%	7.2%
Term Deposits	9,391	9,578	10,939	-2.0%	-14.1%
Others (promissory notes and repurchase agreements)	242	206	109	17.2%	122.5%
Retail customer funds (nonresidents)	321	334	355	-3.6%	-9.3%
OFF-BALANCE SHEET CUSTOMER FUNDS	4,613	4,516	4,431	2.2%	4.1%
Mutual Funds	1,962	1,863	1,731	5.3%	13.3%
Pension Funds	1,555	1,565	1,616	-0.6%	-3.7%
Savings Insurance	1,096	1,089	1,085	0.7%	1.1%
WHOLESALE FUNDING (capital markets)	5,633	5,747	6,443	-2.0%	-12.6%
Covered Bonds (unretained)	5,322	5,421	6,166	-1.8%	-13.7%
Bonds and EMTNs	95	95	150	0.0%	-36.6%
Wholesale Promissory Notes	216	231	127	-6.3%	70.4%
TOTAL FUNDS	34,709	34,474	36,306	0.7%	-4.4%

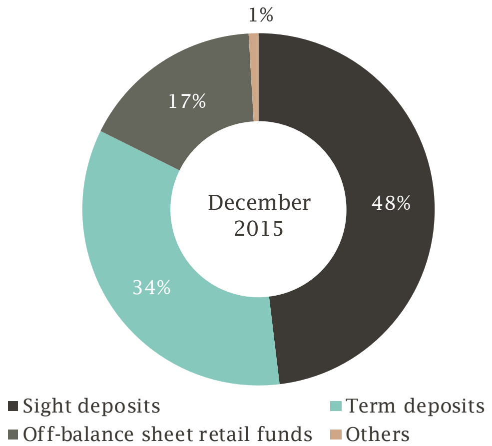
Customer funds total 29,075 million euro, which means a QoQ increase of 1.2%. This growth mostly comes from sight deposits and investment funds. The former improve during the end of the year due to seasonal factors. The investment funds collect savings from term deposits, under a low interest rate scenario and low payments from term deposits.

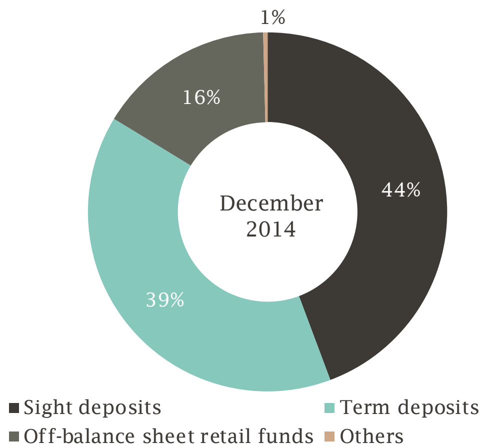
The increase in investments funds during the fourth quarter reaches +5.3%, above the sector average (+2.5%. Source: Inverco), mainly due to an increase in the net subscriptions of +3.7% QoQ (+1.0% in comparison with the sector).

Wholesale funding keeps dropping as a consequence of the covered bonds maturity (99 million euro QoQ) and the decrease of the resources raised from the Treasury liquidity auctions, responsible for the YOY fall of Public Administration deposits (-23.8% in comparison with December 2014).

Liberbank is still the deposits market leader, within its natural regions, with market shares reaching 34%.

Retail resources (Private residents)





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

Gross loans

In € Million	31/12/2015	30/09/2015	31/12/2014	% QoQ change	% Annual change
LOANS	24,421	24,769	26,342	-1.4%	-7.3%
of which: APS Loans	2,973	3,168	3,572	-6.2%	-16.8%
NON APS LOANS	21,448	21,601	22,771	-0.7%	-5.8%

Non APS Gross loans

In € Million	31/12/2015	30/09/2015	31/12/2014	% QoQ change	% Annual change
CREDIT TO PUBLIC ADMINISTRATIONS	1,175	1,215	1,372	-3.3%	-14.4%
CREDIT TO PRIVATE SECTORS	20,273	20,386	21,398	-0.6%	-5.3%
Productive activity financing	5,362	5,309	5,720	1.0%	-6.3%
Developers	307	330	376	-6.7%	-18.2%
Civil works	242	249	300	-2.7%	-19.2%
Other companies	4,812	4,730	5,045	1.7%	-4.6%
Household financing	14,623	14,795	15,376	-1.2%	-4.9%
Housing purchases and rehabilitation	13,996	14,171	14,714	-1.2%	-4.9%
Consumer Financing and others	627	624	662	0.5%	-5.2%
Demand debtors and others	288	283	302	1.9%	-4.6%
LOANS	21,448	21,601	22,771	-0.7%	-5.8%
of which: Non Performing Loans	2,148	2,255	2,418	-4.7%	-11.2%

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

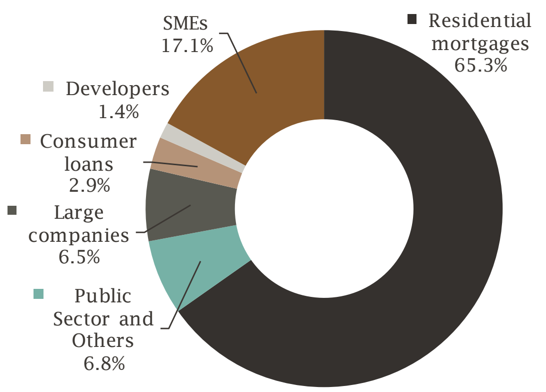
The Loans portfolio is near a trend change, pointing to a positive evolution (-0.7% QoQ).

During the fourth quarter, an historical high of new credit and loans operations have been formalized, 1,151 million euro, amounting to 3,146 million euro through the year (+45.6% over December 2014).

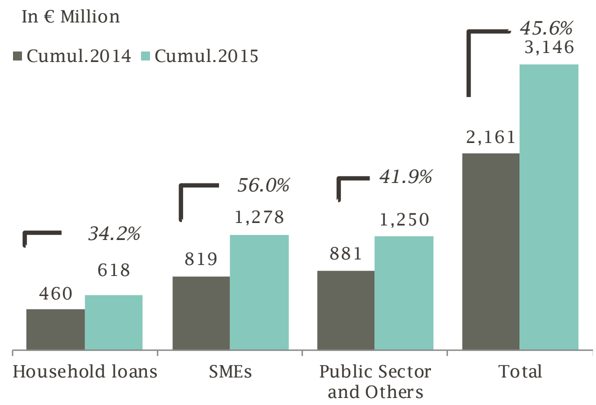
Household's new production has been more intense accumulating a YOY variation of +34.2%. Credit activity with SME and self-employed is also accelerating (+56.0% YOY). Both concentrate 60% of the lending formalized during 2015.

The Loans portfolio has a retail profile with a high level of guarantees (78% of the whole portfolio). The RED sector has an almost residual weight of 1.4%. Household's funding is the main risk portfolio (68% of the whole portfolio).

Non APS gross loans sector breakdown



Cumulative Lending Operations

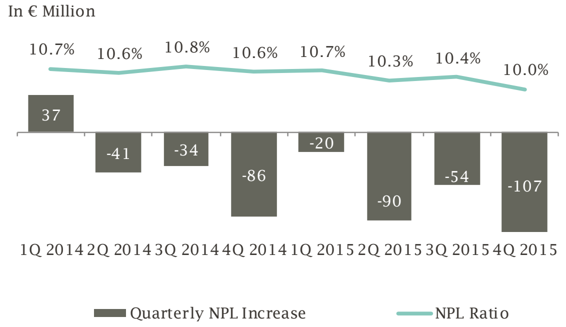


Credit Risk Analysis (excluding APS)

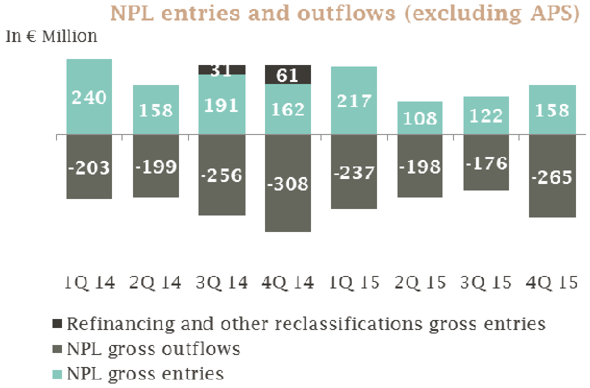
In € Million	NPL 31/12/2015	NPL YTD ch.	NPL Ratio 31/12/2015	NPL Ratio YTD ch.	Coverage Ratio 31/12/2015	Coverage Ratio YTD ch.
PRODUCTIVE ACTIVITY FINANCING	1,210	-282	22.6%	-3.5%	56.7%	2.9%
Real Estate development	179	-10	58.2%	7.8%	54.3%	-1.0%
Civil works	110	-24	45.5%	0.7%	107.2%	13.8%
Other corporates	921	-247	19.1%	-4.0%	51.2%	2.1%
HOUSEHOLD FINANCING	915	14	6.3%	0.4%	30.3%	0.8%
Housing purchase and rehabilitation	864	12	6.2%	0.4%	27.3%	0.6%
Consumer Financing and others	51	1	8.1%	0.6%	82.0%	3.3%
DEMAND DEBTORS AND OTHER RISKS	23	-2	1.6%	0.1%		
TOTAL CREDIT TO OTHER SECTORS	2,148	-270	10.0%	-0.6%	45.3%	0.8%

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

NPL ratios and Quarterly NPL increase (excluding APS)



NPL entries and outflows (excluding APS)

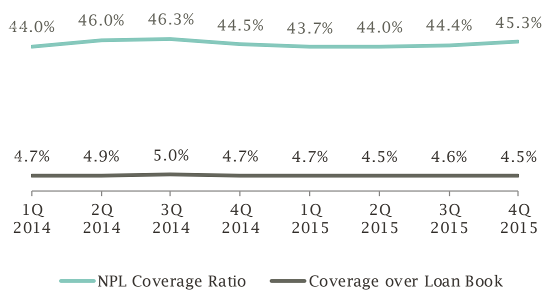


The NPL assets continue their decline, -107 million euro in the fourth quarter and -270 million YOY.

Therefore, the NPL ratio reaches 10.0% (decrease of 42bps in the fourth quarter). The impact of the loan deleveraging in the NPL ratio is +7 bps in this period.

The credit loss allowances amount to 973 million euro, with the NPL coverage ratio standing at 45.3% (incease of 81 bps YOY). This ratio is conditioned by the high weight of the mortgage

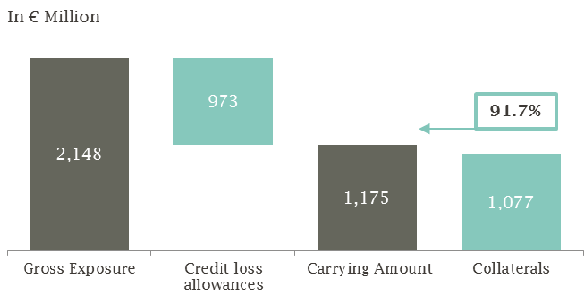
Coverage ratio of NPL and gross loans (excluding APS)



portfolio, which requires a lower level of coverage.

The collateral level in the NPL assets reach 91.7% of the carrying amount (in accordance with the European Banking Authority (EBA) definition under which the individual collateral of each loan is the minimum figure between the carrying amount and the guarantee).

Coverages



APS Portfolio

In € Million	Credit (1)	NPL (2)	Coverages (3)	Collaterals (4)	NPL Ratio (2/1)	Coverage Ratio (3/2)	Collateral Ratio 4/(2-3)
				31/12/2015			
LOANS	2,973	2,771	1,018	1,588	93.2%	36.7%	90.6%
Developers and Civil works	2,247	2,194	681		97.6%	31.0%	
Other companies	620	487	285		78.6%	58.6%	
Individuals	86	70	47		81.7%	66.7%	
Public Sector and others	20	20	5		98.2%	24.3%	
WRITE-OFFS	636	636	636	0		100.0%	
CONTINGENT LIABILITIES	86	53	24	0	61.6%	45.0%	0.0%
FORECLOSED ASSETS	2,279	2,279	871	1,408		38.2%	100.0%
TOTAL PORTFOLIO	5,974	5,739	2,548	2,996	96.1%	44.4%	93.9%
APS AVAILABLE			599			54.8%	115.6%

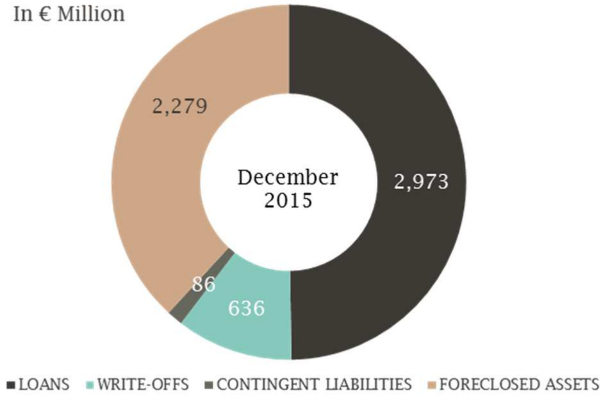
Source: Internal Information

The portfolio of risks covered by the Assets Protection Scheme (APS) amounts to 5,974 million euro, and is composed of credits, contingent liabilities and foreclosures, with a severe impairment but with sufficient coverages, including impairment losses, APS available and collaterals.

The coverage ratio including availables reaches 54.8%, however, the collaterals of this portfolio (according to EBA definition) reach 115.6% of the carrying amount (calculated as gross credit less credit loss allowances and APS available).

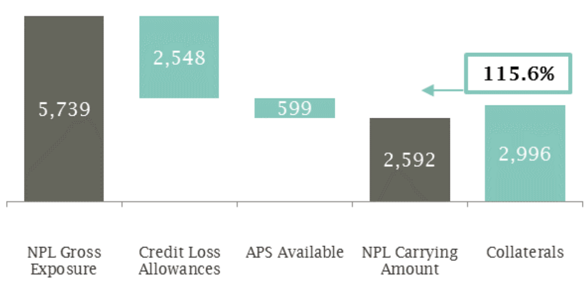
APS Portfolio

In € Million



Coverages

In € Million



Profit and loss account

In € Million	31/12/2015	31/12/2014	% Annual change
Financial income	758	944	-19.7%
Financial expenses	263	473	-44.3%
NET INTEREST INCOME	494	471	5.0%
Dividends	6	10	-43.9%
Results from equity method stakes	90	34	162.2%
Net fees	183	187	-2.0%
Gains (losses) on Financial Assets and Liabilities	193	300	-35.6%
Other operating results	-52	-63	-17.8%
GROSS MARGIN	914	939	-2.6%
Administrative costs	397	400	-0.8%
Staff costs	258	259	-0.4%
Other general administrative costs	139	141	-1.3%
Amortizations	38	39	-0.9%
PRE-IMPAIRMENT INCOME	479	500	-4.3%
Provisions	182	11	
Impairment losses on financial assets (net)	220	351	-37.4%
Impairment losses on other assets (net)	1	-7	
Other profits or losses	-35	-27	30.7%
PRE-TAX INCOME	41	118	-65.1%
Income tax	-71	10	
CONSOLIDATED NET PROFIT	112	108	3.7%
ATTRIBUTABLE NET PROFIT	129	117	9.9%

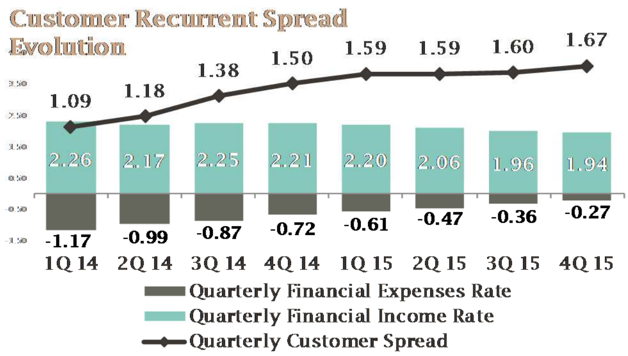
Income Statement Quarterly Evolution

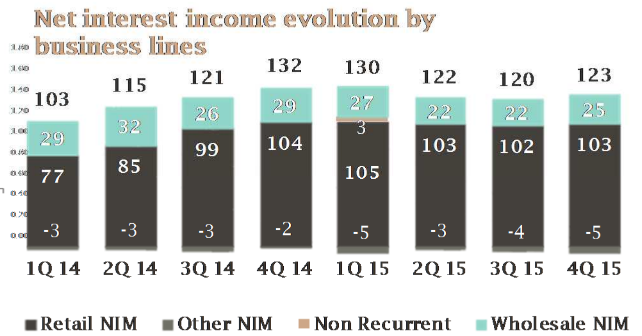
In € Million	1Q 2015	2Q 2015	3Q 2015	4Q 2015
Financial income	212	189	180	177
Financial expenses	82	67	60	54
NET INTEREST INCOME	130	122	120	123
Dividends	0	1	0	5
Results from equity method stakes	13	70	2	4
Net fees	48	43	43	48
Gains (losses) on Financial Assets and Liabilities	59	102	35	-3
Other operating results	-7	3	-3	-45
GROSS MARGIN	243	341	197	133
Administrative costs	99	102	99	97
Staff costs*	63	62	64	68
Administrative costs	36	40	35	29
Amortizations	10	9	10	9
PRE-IMPAIRMENT INCOME	135	229	88	27
Provisions*	0	124	4	54
Impairment losses on financial assets (net)	50	34	36	99
Impairment losses on other assets (net)	0	1	0	0
Other gains or losses	-6	-13	-7	-9
PRE-TAX INCOME	79	58	40	-135
Income tax	19	-4	0	-86
CONSOLIDATED NET PROFIT	59	62	40	-49
ATTRIBUTABLE NET PROFIT	57	68	42	-38

Quarterly contribution to the net interest income

In € Million	1Q 14	2Q 14	3Q 14	4Q 14	1Q 15	2Q 15	3Q 15	4Q 15
Financial income	244	237	235	228	212	189	180	177
Financial expenses	141	122	114	96	82	67	60	54
NET INTEREST INCOME	103	115	121	132	130 *	122	120	123

** Includes 3 million € of non recurrent interest income*





The net interest income has grown by 5.0% through 2015, reaching 494 million euro.

The retail business contribution remained stable throughout the final year (averaging +103 million euro per quarter), and customer spread is still growing up to 1.7%, as the financial costs containment is being more intense than the decrease of credit income.

The main growth lever of the interest income has been the term deposits prices management. The average cost of term deposits for the last quarter stands at 0.6%, 14bps below the previous quarter, but there is still room for improvement, as the average cost of new production for the quarter stands at 0.4% and keeps a downward trend.

The reduction of credit income has been marked both by volume decrease and drop of interest rates. The last quarter, volumes started to show recovery while new production prices have been reduced, pressured by competition and the fall of Euribor rates.

	4Q 2014			1Q 2015			2Q 2015			3Q 2015			4Q 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	27,216	2.2	151	26,125	2.3	147	25,722	2.1	133	25,139	2.0	123	24,674	1.9	120
of which: performing	21,314	2.7	144	20,491	2.7	139	20,271	2.5	126	19,782	2.4	117	19,647	2.3	112
Retail FE	25,476	0.7	46	23,898	0.6	37	24,440	0.5	29	24,246	0.4	22	24,113	0.3	16
Sight	12,443	0.1	2	12,409	0.1	2	12,767	0.1	2	12,665	0.1	2	13,027	0.1	2
Terms	11,789	1.4	42	10,832	1.2	33	10,495	1.0	26	10,541	0.7	19	9,543	0.6	14
Others	1,243	0.5	1	657	0.8	1	1,177	0.3	1	1,040	0.4	1	1,544	0.2	1
Wholesale FI	13,743	2.2	76	12,900	2.0	64	13,460	1.7	56	13,193	1.7	56	13,157	1.7	55
of which: fixed income	13,380	2.2	75	12,574	2.0	63	12,988	1.7	56	12,811	1.7	55	12,832	1.7	55
Wholesale FE	13,983	1.4	48	13,751	1.2	40	13,902	1.0	35	13,184	1.0	34	13,255	0.9	31
Financial Institutions	5,754	0.1	2	5,642	0.1	2	7,108	0.1	2	6,406	0.1	1	6,682	0.0	0
Repos PS and PA	568	0.5	1	939	0.0	0	217	0.0	0	250	0.1	0	213	0.2	0
Covered bonds	6,914	2.1	37	6,591	2.1	34	6,049	1.9	29	5,982	1.9	29	5,708	1.9	28
Bonds and others	746	4.6	9	579	3.3	5	528	3.1	4	547	2.6	4	652	2.0	3
Other FI & FE			-2			-5			-3			-4			-5

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

Fees

In € Million	1Q 2015	2Q 2015	3Q 2015	4Q 2015	Cumulated 31/12/2015	Cumulated 31/12/2014	% Annual change
FEES RECEIVED	**50**	**44**	**45**	**50**	**189**	**211**	**-10.5%**
Contingent liabilities	2	2	2	2	7	7	-7.7%
Contingent commitments	1	0	0	0	2	3	-36.0%
Collections and payments	19	19	20	21	78	84	-6.7%
Securities services	2	1	1	1	5	4	20.7%
Non banking financial products	11	9	9	14	43	40	8.1%
Others	16	14	12	13	54	73	-25.8%
FEES PAID	**1**	**2**	**1**	**2**	**6**	**25**	**-74.4%**
NET FEES	**48**	**43**	**43**	**48**	**183**	**187**	**-2.0%**

Source: Profit and loss account and own preparation

The contribution of fee income to the last quarter (48 million euro) is +5 million over the previous quarter, mainly due to higher income from the insurance business.

Fee income of the year goes down by -2.0% (-4 million euro), impacted by lower fees from APS and SAREB (-3 million euro).

Trading income during the whole year amount to 193 million euro, and come from the fixed income portfolio management and the sale of *Telecable de Asturias S.A.* (38 million euro).

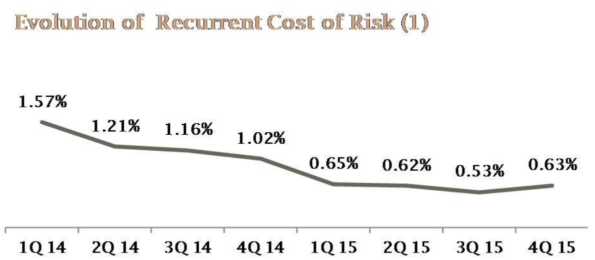
General costs and depreciation decrease by -0.8% (-3 million euro).

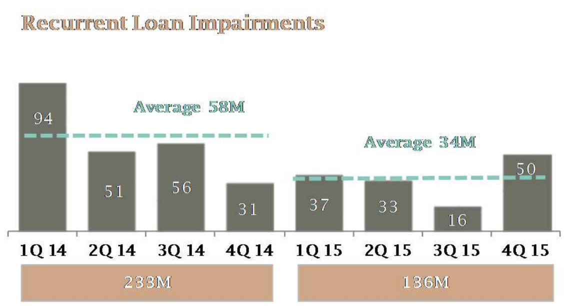
Provisions to allowances amount to 182 million euro for the year, of which 98 million euro are set aside to fund a voluntary redundancy scheme. The rest of allocations have been earmarked mainly to reinforce the provisions for legal contingencies. At the end of the year, certain legal action have been taken against the Bank, related to the application of "floor clauses" in some residential mortgages. According to estimations made by the Bank, based on its legal Advisors' assessment, they are not expected to cause a significant equity impact.

Recurrent credit allowances have decreased by 41.6% through the year (-103 million euro). Regarding credit investment, the recurrent risk cost stands at 0.63%. Non recurrent allowances (not individually assigned) amount to 75 million euro, aimed to reinforce the credit risk coverages.

Income tax reflects an income of 41 million euro due to the cancelation of tax liabilities as provided for in Law 27/2014, which establishes an exemption regime for dividends and capital gains from significant shareholdings.

The attributable net profit amounts to 129 million euro, meaning a 9.9% YOY growth.





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.

Solvency (Basel III phased-in)

In € Million	31/12/2015	30/09/2015	31/12/2014	Quarterly Change	Annual Change
CET 1 COMMON EQUITY TIER 1	2,257	2,229	2,161	28	95
Common equity Tier 1 (%)	13.7%	13.7%	13.3%	0.0%	0.4%
CAPITAL LEVEL 1/ TIER 1	2,304	2,304	2,281	0	23
Total TIER 1 (%)	13.9%	14.2%	14.0%	-0.2%	0.0%
TOTAL CAPITAL	2,304	2,304	2,281	0	23
Solvency ratio (%)	13.9%	14.2%	14.0%	-0.2%	0.0%
RISK WEIGHTED ASSETS	16,517	16,272	16,299	245	218
LEVERAGE RATIO	5.6%	5.5%	5.5%	0.1%	0.1%

Data including year-end results

According to Basel III ratios, under phased-in criteria, Liberbank's CET 1 Common Equity Tier 1 stands at 13.7% as of 31 December 2015 (minimum regulatory level of 4.5%), Capital Tier 1 of 13.9% (minimum regulatory level of 6%), and Total Capital of 13.9% (minimum regulatory level of 8%). In addition, the leverage rate stands at 5.6%.

The Share

Last 3rd of December, it was reported, by means of a significant event published on the website of the CNMV, the counter-split made on 11th January, carried out by grouping and cancelation of 2,715,624,366 Liberbank shares (former shares), to be exchanged for 905,208,122 newly issued shares (new shares), in a proportion of one new share for every three existing shares, with the subsequent rise of their nominal value from 0.3 euro to 0.9 euro.

Market Information	4Q2015
Number of shares outstanding	905,208,122
Daily average trading (shares number)	2,985,388
Daily average trading (euros)	4,515,531
Maximum Share price (euros)	1.881
Minimum Share price (euros)	1.560
Price at year end (euros)	1.746
Market capitalization at year end (euros)	1,580,493,381

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