Financial Report

2013 Fourth Quarter

1.

Macroeconomic Environment

The **world economy** has experienced a slower growth during 2013 compared to the previous year. The advanced economies' indicators showed a widespread improvement, especially in the US and the United Kingdom, while in the Eurozone and in Japan these improvements were less intense. The emerging countries behaved heterogeneously as China and India showed a robust growth, whereas Brazil and Russia reported a weaker situation. As for 2014, the main international organizations foresee that the economic recovery will continue to progress moderately, with the contribution of the advanced economies.

The **Eurozone** experienced a slight recovery during the last year, with quarterly rates close to 0%, however YoY rates were negative (-0,3%, source: Eurostat). In the central countries the growth trend was clearly positive, with the exception of France. Some peripheral countries, such as Spain, Ireland and Portugal, experienced a modest recovery, showing positive growth rates in the third and fourth quarters, although the YoY rates remained negative.

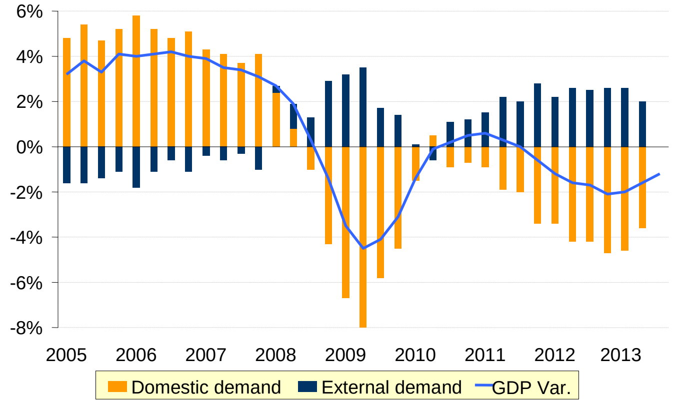
The fiscal policy measures implemented in the Eurozone, as well as the solutions adopted by the ECB (interest rate reduction down to 0.25% and a forward guidance strategy) and the progress towards a banking union, have all contributed to restore confidence. Consequently, in 2013 the risk premiums decreased 52% in Ireland, 45% in Spain, 37% in Greece, 33% in Italy and 28% in Portugal. However, the financial fragmentation is still high.

As for the **Spanish economy evolution**, it declined by 1.2% in 2013. In the last quarter, the GPD stood at -0.1% YoY (0.3% QoQ). This slight improvement in activity follows a decrease in the negative contribution of the domestic demand, and a positive contribution of external demand (although at a slower pace).

Private consumption has been showing negative annual rates since the mid-2012 (the QoQ rate for the third quarter of 2013 was 0.4%, source: INE, last available data), primarily due to the labor market situation, with total unemployment rate (26.03%, source: EPA) and youth unemployment rate (55.06%), amongst the highest in the Eurozone.

GDP and demand contribution

Source: INE



Nevertheless, the labor market is beginning to signal a trend reversal, showing the first positive results for job creation (first positive quarterly rate since 2008, in seasonally adjusted terms).

According to the Ministry of Economy, the trade balance showed a deficit of 14,125 million euro for the first eleven months of the year, which is 52% lower than the same period last year. Specifically, exports rose 5.4% YoY while imports fell 1.8%. The exit from a technical recession situation, together with the tax measures applied, should both contribute to solve the public deficit problem (-5.44% of the GPD in November, source: Ministry of Finance).

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

In **Asturias,** the main sectors are services and industry (44% and 19% respectively of the Gross Value Added, 2012 last available data), while construction has a lower prominence in this region when compared to the rest of the country. The job destruction pace has slowed down in 2013, which forecasts a slight recovery during 2014.

The economic growth in **Cantabria** was above the Spanish average, based on a productive structure mainly aimed at the industry sector (20.2% of the regional GVA in 2012). Another regional economic driver of the region is external trade, thanks largely to the Port of Santander. As in other northern Autonomous Communities, the level of real estate development exposure was less extensive and its unemployment rate remains below the national average (20% in 2013).

In **Castilla La Mancha** the primary sector has traditionally played an important role (6.3% vs. 2.3% in Spain). However, in the last few years, the service sector has been gaining ground as the new driving force of the region's economy. The relative weight of the construction sector still remains high (10.1% of the regional GVA in 2012). Most of the required adjustments in the number of unsold houses, and pricing, are completed. And the proximity to Madrid is an asset in reducing the still high amount of stock.

The activity of **Extremadura** is characterized by a significant weight of the primary sector (5.4% of the regional GVA in 2012) and the public sector (26.3% of the regional GVA in 2012). Construction and SMEs are the pillars of this economy, which is developing a nascent trade with Portugal. This economy still shows a high level of dependence on the tertiary sector.

The Autonomous Community of **Madrid** has turned into the most dynamic region of Spain, with a cumulative growth above the national average, which has positioned it among the exclusive group of the 25 most prosperous regions in Europe. The region maintains its leadership in foreign investment (76.4%), and an external investment of more than 50% of the national total figures between 2012 and 2013. Construction adjustment seems more advanced than in other regions. The unemployment rate has constantly been lower than the Spanish one, and in the last quarters it is showing a more moderate growth.

The **Spanish financial sector** performance is still marked by a deleveraging process of the private sector. Borrowing fell in November (last available data) to an approximated rate of 12.05% YoY (source: Bank of Spain's Statistical Bulletin). This is partly due to the transfer of assets to the SAREB (Company for the Management of Assets proceeding from Restructuring of the Banking System). Regarding the non-performing asset ratio, it is still increasing (12.5% in November, source: Bank of Spain) while the housing market data shows lower adjustments in both prices and sales. As a plan to reactivate commercial credit, in October of 2013, the Bank of Spain reduced the weight of credit risk for loans to certain SMEs, by implementing RWA criteria accepted at a European level.

On the other hand, deposits are rising (6.3% YoY in November. Source: Bank of Spain's Statistical Bulletin), and the savings rate stands at 9.2% of available income in 3Q2013, a rate similar to the rate of 2007 (source: INE).

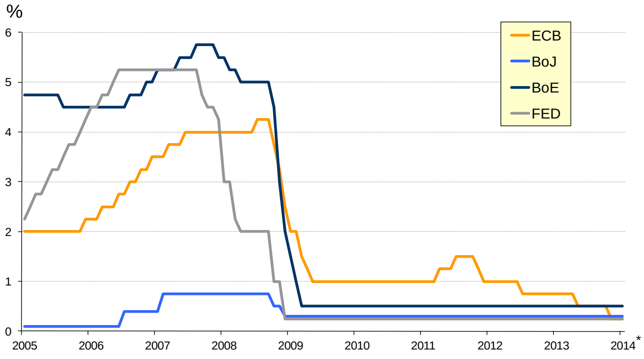
Regarding regulatory changes, the Law on Savings Banks and Foundations, published December 2013, introduces significant changes, as it rules that the Savings Banks which carry out their financial activities through a bank, or hold an interest in excess of 10% in a bank must become bank foundations before the end of 2014.

In order to restore the confidence in the banking sector, the ECB began in November the Comprehensive Assessment of the banking system. This Comprehensive Assessment includes a Supervisory Risk Assessment, an Asset Quality Review and a Stress Test. The purpose is to analyze the quality of the assets, followed by the stress test which will provide a clear picture of the banks' shock absorption capacity under stress. The ECB will conduct the Stress Tests in collaboration with the EBA. This will be the first pillar of the banking union.

The European Council of December 19th -20th advanced towards the construction of a banking union, after achieving an agreement on a more general approach for the creation of the single resolution mechanism. The second pillar of the banking union will be composed of a single authority (the Resolution Board) and have the financial support of a single fund (the Resolution Fund), which will be funded by banking contributions. Over the next ten years its account balance will be mutualized, progressively losing its national status. It may be used to liquidate banks, regardless of the country of origin.

In the meeting of the 5th of December, the ECB Government Council decided to maintain the interest rate of the main refinancing operations at 0.25%. At the same time, the Council confirmed the guidelines on the future development of the monetary policy communicated in July; the Council expects the key rates to remain at current or lower levels, for a long period of time.

Key Interest Rates
Source: Central Banks



* until January

Regarding the international stock markets, 2013 has been defined by a dual performance in developed countries vs. emerging ones. The performance of the main index in countries such as the US, Germany and Japan has experienced increases above 25%, reaching new record highs for the first two countries. The IBEX 35 index finally regained momentum at the end of the year, with a raise of 21% at the end of 2013. On the other hand, emerging countries showed a poor performance in general terms, following the weakness of some economies, with significant capital outflows.

Looking ahead 2014, the expectations are pointing towards slight increases for European and Spanish equities, supported by a better performance of the macro indicators, low interest rates and the recovery of corporate earnings, together with an improvement of the financial environment as a whole.

2.

Key indicators

Key Indicators

In € Million	December'13	December'12	% annual change
BALANCE SHEET			
Total assets	44.546	46.255	-3,7%
Gross loans *(1)*	28.385	31.510	-9,9%
Retail funds	29.358	29.105	0,9%
Shareholder's equity	1.511	997	51,5%
Total equity	1.585	1.099	44,1%
Loan to deposits *(1)*	97%	111%	-13,4%
PROFIT AND LOSS ACCOUNT			
Net interest income	415	534	-22,4%
Gross margin	881	864	1,9%
Pre-impairment income	418	307	36,3%
Profit for the period	37	-1.933	
Attributable net profit	48	-1.834	
Cost to income	48%	59%	-11,3%
SOLVENCY			
Risk-weighted assets	17.098	20.717	-17,5%
Core capital	10,4%	4,6%	5,8%
Tier 1	10,4%	5,2%	5,2%
Solvency ratio	10,4%	7,8%	2,6%
RISK MANAGEMENT *(1)*			
Non-performing loans (NPL)	2.541	1.800	41,2%
Non-performing loans (NPL) *(including assets protected by the APS)*	6.043	5.541	9,1%
Credit loss allowances	1.082	782	38,2%
Credit loss allowances *(including assets protected by the APS)*	2.693	2.663	1,1%
Foreclosed assets *(net, not including APS)*	214	146	45,9%
Non-performing ratio	10,4%	6,7%	3,7%
Non-performing ratio *(including assets protected by the APS)*	21,3%	17,6%	3,7%
NPL coverage ratio	44,6%	48,1%	-3,5%
NPL coverage ratio APS portfolio *(incluiding foreclosed assets and write-off)*	52,5%	55,4%	-2,9%
BANKING BUSSINESS AND RESOURCES (Units)			
Employees	5.456	5.896	-7,5%
FTEs	4.059	5.225	-22,3%
Branches	1.072	1.158	-7,4%
ATMs	1.403	1.464	-4,2%

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) 31 December 2012 data are excluding assets transferred to the SAREB February 2013.
(2) 2012 results include 3,101 millions euros in extraordinary provisioning.

3.

Financial evolution

Consolidated balance sheet

In € Million	December'13	December'12	% annual change
Cash and Financial Institutions	692	742	-6,7%
Loans	26.380	29.052	-9,2%
Fixed income portfolio	12.433	8.081	53,9%
Equity securities	474	1.265	-62,6%
Financial Derivatives	108	168	-35,8%
Non current assets held for sale	1.366	3.843	-64,5%
of which: foreclosed asset	1.337	2.412	-44,5%
Investments	312	116	170,2%
Tangible and intangible fixed assets	747	786	-5,0%
Other Assets	2.036	2.204	-7,6%
TOTAL ASSETS	**44.546**	**46.255**	**-3,7%**
Deposits by credit institutions and Central Banks	5.408	5.351	1,1%
Customer deposits	34.941	35.371	-1,2%
Bonds and promissory notes	1.345	2.402	-44,0%
Subordinated debt securities	450	860	-47,7%
Other financial liabilities	214	346	-37,9%
Financial Derivates	85	66	28,1%
Other liabilities	519	760	-31,7%
TOTAL LIABILITIES	**42.962**	**45.156**	**-4,9%**
Capital and reserves	1.463	2.831	-48,3%
Atributtable net profit	48	-1.834	
Valuation adjustments	-20	-5	
Minority interest	94	108	-12,7%
TOTAL EQUITY	**1.585**	**1.099**	**44,1%**
TOTAL EQUITY AND LIABILITIES	**44.546**	**46.255**	**-3,7%**

The balance sheet structure changed during 2013 due to the transfer of assets to the SAREB, the subordinated liability management and the equity divestments.

The transfer of assets to the SAREB was completed on February 28th last, and implied a significant reduction of the Non-current assets held for sale in the amount of 2,918 million euros (2,140 million in net credit plus 778 million in foreclosed assets). In exchange, the bank received bonds with a variable interest rate linked to the Euribor 3m + 190 b.p. (with an average maturity of 2 years).

The subordinated liability management performed last April, exchanged 866 million euros of subordinated debt and preferred shares, into 467 million euros of equity, 329 million euros of convertible bonds, (of which 18 million became shares in November) and 16 million euros of term deposits. In addition, the subordinated liabilities increased by 124 million euros with the issuance of CoCos that were subscribed by the FROB.

Equity divestments have reduced risk weighted assets and generated capital gains.

Regarding the bank's funding sources, wholesale funding has significantly declined, due to the maturity and buy backs, while retail funding has recovered, particularly in the last quarter of the year.

The growth of retail deposits and the drop in loans, improved the loan-to-deposits ratio from 111% as of Dec12 to 97% in Dec13.

Finally, the net income attributable to the Group amounts to 48 million euro.

Resources

In € Million	December'13	December'12	% Annual change
RETAIL FUNDS	**29,358**	*** 29,105**	**0.9%**
RETAIL FUNDS ON BALANCE SHEET	**25,452**	**25,272**	**0.7%**
Public Administrations	1,072	895	19.7%
Retail customer funds (residents)	24,031	23,958	0.3%
Sight deposits	11,558	11,566	-0.1%
Term deposits	12,162	12,009	1.3%
Others (promissory notes and repurchase agreements)	311	383	-18.8%
Retail customer funds (nonresidents)	350	418	-16.3%
OFF-BALANCE SHEET RETAIL FUNDS	**3,905**	**3,833**	**1.9%**
Mutual Funds	1,225	1,300	-5.8%
Pension Funds	1,560	1,524	2.4%
Savings Insurance	1,121	1,010	11.0%
WHOLESALE FUNDS (capital markets)	**7,942**	**9,247**	**-14.1%**
Covered bonds (unretained)	6,706	7,123	-5.9%
Bonds and EMTNs	1,053	2,092	-49.7%
Wholesale promissory notes	182	31	484.2%
TOTAL FUNDS	**37,299**	**38,352**	**-2.7%**

** Excluding the subordinated instruments wich were subject to the Subordinated Liability Exercise during 2013*

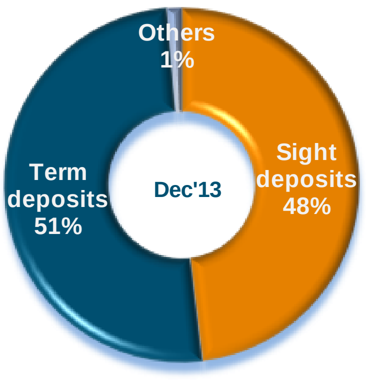
Sources: Bank of Spain's Official Statements and Other Internal Information Sources. On-balance covered bonds are not included.

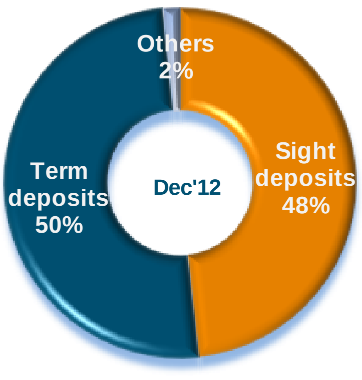
The retail funds show a year-end figure growth of nearly 1%, which has been moving in a positive direction throughout the year, as the annual variation rates (not affected by seasonal patterns), have rebounded from a negative -3.1% in the first quarter to a positive +0.9% in the last one.

The performance of the term deposits was especially positive, with an annual change of +1.3% (+472 million euros in the fourth quarter), as a result of a significant commercial effort. The term deposits cost has gradually declined, resulting in a better scenario for Liberbank Group.

Following the Group's strategy, wholesale funding fell by 14%, thus reducing the dependency on capital markets.

On-balance Retail resources (Other resident sectors)





Gross loans

In € Million	December'13	December'12	% annual change
LOANS	**28,385**	**31,510**	**-9.9%**
of which:APS assets	3,932	4,623	-14.9%
NON APS LOANS	**24,452**	**26,887**	**-9.1%**

Non APS Loans

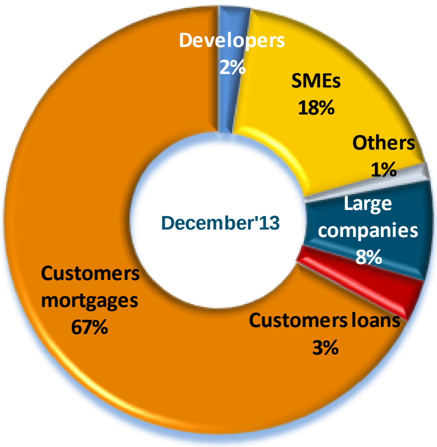
In € Million	December'13	December'12	% annual change
CREDIT TO PUBLIC ADMINISTRATIONS	**1,339**	**1,887**	**-29.0%**
CREDIT TO PRIVATE SECTORS	**23,113**	**25,000**	**-7.5%**
Productive activity financing	6,525	7,405	-11.9%
Real state development	553	548	0.9%
Civil works	306	372	-17.9%
Other companies	5,666	6,485	-12.6%
Individual financing	16,272	17,325	-6.1%
Housing purchase and rehabilitation	15,519	16,397	-5.4%
Consumer Financing and others	754	928	-18.8%
Demand debtors and others	316	269	17.5%
LOANS	**24,452**	**26,887**	**-9.1%**
of which: Non Performing Loans	2,541	1,800	41.2%

After the transfer of assets to the SAREB, the risk profile of the Group has changed substantially. Circa 70% of the non APS risk portfolio is individual financing, and the real estate development sector constitutes only 2% of the gross lending.

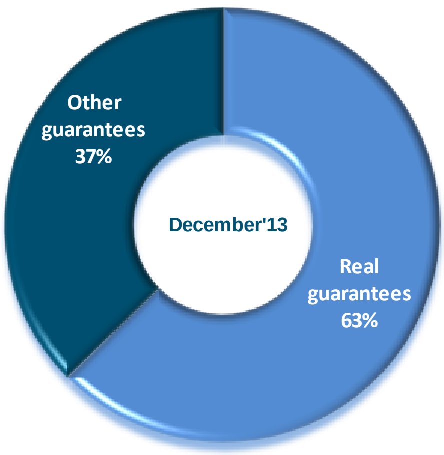
Credit decreased by 9.1% vs. 2012, due to the general deleveraging of the system and the replacement of bank financing by the issuance of government debt securities.

Throughout the year, 33,463 lending operations were formalized, totaling 1,563 million euros. 45% of this amount is financing productive activities other than construction and real estate development. 27% corresponds to individual lending and 24% goes for Public Administration.

Non APS gross loans private sector breakdown



Non APS gross loans private sector guarantee breakdown



Non performing loans

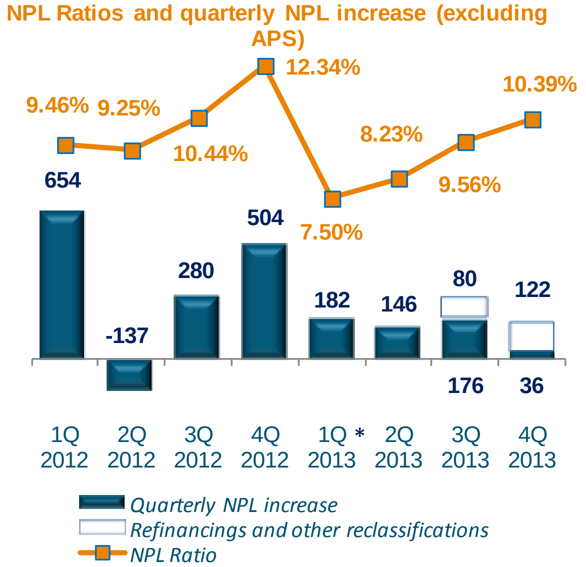
In € Million	December'13	December'12	Annual change
Liberbank excluding APS	2,541	1,800	41.2%
APS	3,502	3,742	-6.4%
TOTAL	**6,043**	**5,541**	**9.1%**

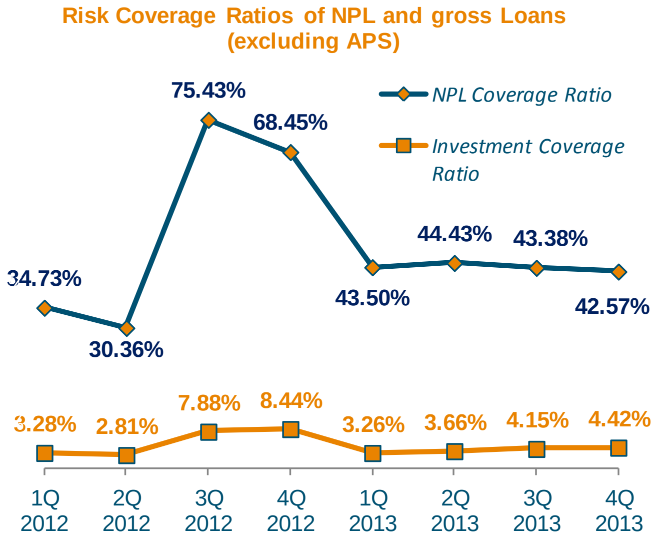
December'12 data exclude the risk portfolio transferred to the SAREB

Credit Risk Analysis (excluding APS)

	NPL		NPL Ratio		Coverage Ratio	
In € Million	Dec'13	Annual ch.	Dec'13	Annual ch.	Dec'13	Annual ch.
PRODUCTIVE ACTIVITY FINANCING	**1,678**	**513**	**25.7%**	**9.5%**	**50.2%**	**-3.6%**
Real Estate development	281	8	50.8%	4.7%	62.0%	-11.0%
Civil works	160	11	52.4%	11.5%	75.5%	17.9%
Other companies	1,238	494	21.8%	10.0%	44.3%	-1.7%
INDIVIDUAL FINANCING	**843**	**236**	**5.1%**	**1.6%**	**28.3%**	**5.3%**
Housing purchase and rehabilitation	780	220	5.0%	1.6%	23.6%	4.6%
Consumer Financing and others	62	16	5.7%	0.6%	87.1%	16.2%
DEMAND DEBTORS AND OTHER RISKS	**20**	**-8**	**1.5%**	**0.3%**		
TOTAL CREDIT TO OTHER PRIVATE SECTORS	**2,541**	**741**	**10.4%**	**3.7%**	**42.6%**	**-0.9%**

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





** After excluding the asset portfolio transferred to the SAREB, the NPL ratio of December'12 stays at 6.7% and the coverage rate at 43.5%.*

The growth rate of the Non-performing loans is slowing down, despite the new refinancing account classification criteria. The NPL ratio (ex APS) is 10.39%, below the banking sector average (12.5% in November. Source: Bank of Spain). Individual financing risks, which represent the largest part of the portfolio, have an NPL ratio significantly lower, at 5.1%.

The risk coverage level stands at 42.6%, and it is affected by the high weight of the mortgage portfolio, which considering guarantees, requires a lower level of provisioning. The APS portfolio goes up to 6,220 million euros (including loans and credits, write-offs, foreclosed assets and bank guarantees), and it has a total risk coverage of 52.5%.

Profit and loss account

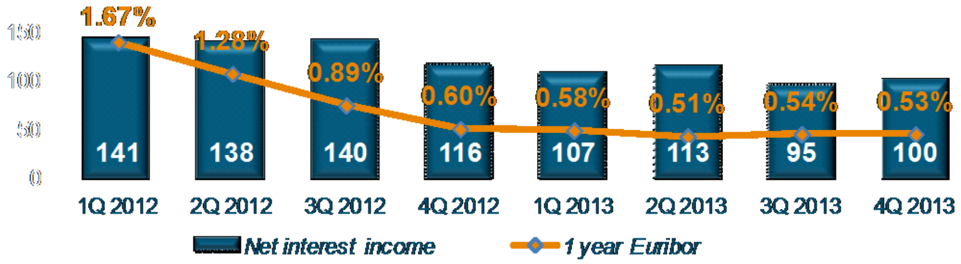
In € Million	Dec'13	Dec'12	% Annual change
Financial income	1,088	1,413	-23.0%
Financial expenses	673	879	-23.4%
NET INTEREST INCOME	**415**	**534**	**-22.4%**
Dividends	8	64	-87.2%
Results from equity method stakes	38	4	
Net fees	215	235	-8.3%
Gains (losses) on Financial Assets and Liabilities	247	33	
Other operating results	-42	-6	
GROSS MARGIN	**881**	**864**	**1.9%**
Administrative costs	423	512	-17.5%
Staff costs	272	338	-19.4%
Administrative costs	150	174	-13.9%
Amortizations	41	46	-10.6%
PRE-IMPAIRMENT INCOME	**418**	**307**	**36.3%**
Provisions	-24	42	
Impairment losses on financial assets (net)	465	2,182	-78.7%
Impairment losses on other assets (net)	1	47	-97.8%
Other gains or losses	16	-833	
PRE-TAX INCOME	**-9**	**-2,797**	**-99.7%**
Income tax	-46	-865	-94.7%
CONSOLIDATED NET PROFIT	**37**	**-1,933**	
ATTRIBUTABLE NET PROFIT	**48**	**-1,834**	

Profit and loss account. Quarterly Evolution

In € Million	1Q 2013	2Q 2013	3Q 2013	4Q 2013
Financial income	291	277	263	257
Financial expenses	184	164	168	157
NET INTEREST INCOME	**107**	**113**	**95**	**100**
Dividends	4	2	3	0
Results from equity method stakes	1	15	6	16
Net fees	74	40	44	57
Gains (losses) on Financial Assets and Liabilities	17	115	31	84
Other operating results	-3	-6	-5	-28
GROSS MARGIN	**200**	**278**	**172**	**231**
Administrative costs	124	111	100	87
Staff costs	85	71	61	56
Administrative costs	39	40	39	31
Amortizations	11	11	10	9
PRE-IMPAIRMENT INCOME	**65**	**156**	**62**	**135**
Provisions	0	5	10	-40
Impairment losses on financial assets (net)	64	126	112	163
Impairment losses on other assets (net)	16	-16	2	-1
Other gains or losses	37	-28	-18	24
PRE-TAX INCOME	**21**	**12**	**-80**	**37**
Income tax	-10	-10	-34	7
CONSOLIDATED NET PROFIT	**31**	**22**	**-46**	**30**
ATTRIBUTABLE NET PROFIT	**33**	**18**	**-37**	**34**

Quarterly contribution to the net interest income

In € Million	1Q 2012	2Q 2012	3Q 2012	4Q 2012	1Q 2013	2Q 2013	3Q 2013	4Q 2013
Financial income	383	367	347	316	291	277	263	257
Financial expenses	242	229	207	200	184	164	168	157
NET INTEREST INCOME	**141**	**138**	**140**	**116**	**107**	**113***	**95**	**100**

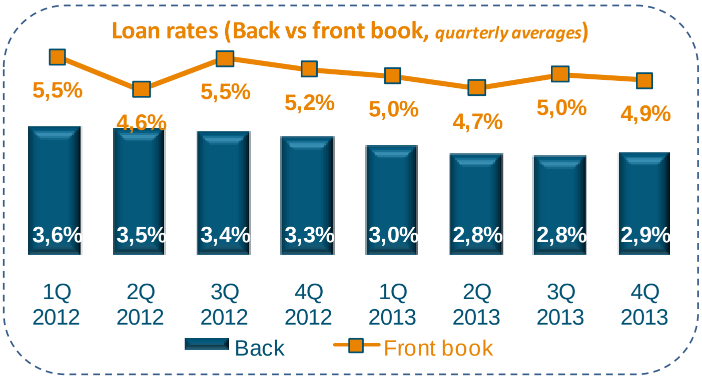


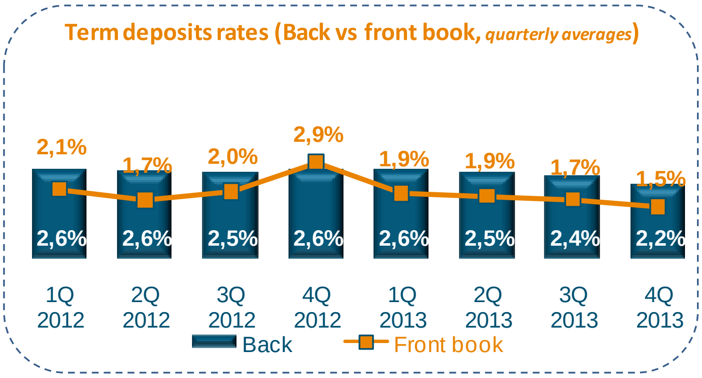
**Includes non-recurrent results*

The net interest income recovered during the fourth quarter of the year, since the interest revenues have already absorbed great part of the interest rate drop, while financial expenses decreased, supported by the commercial management of term deposits prices, and by an optimization of the use of wholesale financial resources.

	1Q 2013			2Q 2013			3Q 2013			4Q 2013		
	Aver.bal.	Rate	FI/FE	Aver.bal.	Rate	FI/FE	Aver.bal.	Rate	FI/FE	Aver.bal.	Rate	FI/FE
Retail FI	**33,132**	**2.54**	**210**	**31,507**	**2.27**	**178**	**30,509**	**2.19**	**167**	**29,645**	**2.22**	**165**
of which: performing	*26,562*	*3.04*	*202*	*25,359*	*2.73*	*173*	*24,294*	*2.64*	*160*	*23,426*	*2.69*	*158*
Retail FE	**24,649**	**1.43**	**88**	**25,151**	**1.34**	**85**	**25,130**	**1.28**	**81**	**25,603**	**1.25**	**80**
Sight	11,517	0.15	4	11,764	0.15	4	11,692	0.11	3	11,808	0.12	4
Terms	12,284	2.61	80	12,269	2.50	77	12,418	2.40	75	12,710	2.22	71
Others	848	1.62	3	1,118	1.21	3	1,020	1.10	3	1,085	2.17	6
Wholesale FI	**10,907**	**2.87**	**78**	**12,885**	**2.89**	**93**	**13,315**	**2.86**	**95**	**13,446**	**2.76**	**93**
of which: fixed income	*10,169*	*2.98*	*76*	*12,200*	*2.97*	*91*	*12,721*	*2.93*	*93*	*12,513*	*2.93*	*92*
Wholesale FE	**18,477**	**1.94**	**90**	**18,231**	**1.83**	**83**	**17,707**	**1.91**	**84**	**16,588**	**1.79**	**74**
Financial Institutions	6,366	0.81	13	6,969	0.51	9	6,698	0.62	10	6,594	0.46	8
Repos PS y PA	276	2.23	2	258	3.04	2	331	2.39	2	330	2.37	2
Covered bonds	8,615	2.28	49	8,394	2.21	46	8,402	2.20	46	7,770	2.26	44
Other FI & FE			**-4**			**9**			**-3**			**-3**

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





Source: Internal data

Souce: I1 and I2 from Liberbank and BCLM

Front book margins are better than portfolio, both in lending and in customer term deposits. Wholesales expenses decreased due to amortizations and repurchases, following the hedging swaps booked over the covered bonds portfolio.

FEES

In € Million	1Q 2013	2Q 2013	3Q 2013	4Q 2013	Cumulative Dec'13	Dec'12	% Annual change
FEES RECEIVED	**82**	**47**	**51**	**70**	**250**	**266**	**-6.1%**
Contingent liabilities	3	2	2	2	10	12	-19.6%
Contingent commitments	1	1	1	1	3	5	-34.4%
Foreign exchange	0	0	0	0	0	0	-48.4%
Collections and payments	23	23	24	23	92	101	-8.3%
Securities services	3	1	2	14	19	8	130.3%
Non banking financial products	40	8	9	23	80	45	79.8%
Others	13	12	12	8	45	95	-52.6%
FEES PAID	**8**	**7**	**7**	**13**	**35**	**31**	**10.6%**
NET FEES	**74**	**40**	**44**	**57**	**215**	**235**	**-8.3%**

Source: Profit and loss account and own preparation

Net fees total 215 million euros, showing a decrease of 8.3% YoY. Both 2013 and 2012 **commissions** were affected by non-recurrent items (24 million euros in 2013 and 25 million euros in 2012).

The investments in various companies added a profit (both **dividends and results of entities accounted for using the equity method**) of 46 million euros, 22 million euro less than the previous year, as a result of equity divestments (-595 million euros).

Net **gains on financial assets** amounted to 247 million euros, and included 54 million euros from the hybrid instruments exchange, along with another 193 million euros that mainly arise from the sale of fixed income securities and equity stakes.

Staff and general costs absorb 48% of the Group's gross margin and decline 17.5%, but they still don't show the full extent of the savings generated by signing a labor agreement with the two major trade unions. This agreement will reduce labor costs by 25% (YoY base) and will help to improve the Group's efficiency.

Impairments amount to 465 million euros. 41 million euros of these correspond to the securities portfolio and 424 million euros to the loan book, of which 50 million euros correspond to cover the requirements arising from the reclassification of refinanced loans. These impairments imply a significant effort during the last two years, which now cover most of the expected loss in the lending portfolio, which was estimated by Oliver Wyman.

The **Attributable Net Profit** amounts to 48 million euros.

Solvency

In € Million	Dec'13	Dec' 12	% Annual change
CORE CAPITAL	**1,776**	**954**	**86.2%**
Core Capital (%)	10.4%	4.6%	5.8%
TIER 1	**1,777**	**1,073**	**65.6%**
Total TIER 1 (%)	10.4%	5.2%	5.2%
TOTAL CAPITAL	**1,777**	**1,616**	**9.9%**
Solvency ratio(%)	10.4%	7.8%	2.6%
RISK WEIGHTED ASSETS	**17,098**	**20,717**	**-17.5%**

The Recapitalization and Restructuring Plan, approved by the Bank of Spain and the European Commission on December 19th and 20th of 2012 detailed the measures that would be implemented during 2013, to cover the 1,198 million euros deficit estimated by Oliver Wyman in a macroeconomic adverse scenario.

The initiatives taken to cover that deficit were the following:

- Divestment Plan carried out over 2012 and 2013.
- Transfer of assets to the SAREB, done in February 2013.
- Subscription by the FROB of 124 million euros in convertible securities, in March 2013.
- Hybrid instruments and subordinated liabilities exchange materialized last April.

These initiatives, in addition to the organic capital generation, and to the optimization of the risk-weighted assets, has enabled the Group to reach a Total Capital figure of 1,777 million euros and a 10.4% Core capital ratio, fulfilling the solvency legal requirements, within the time limit set by the Recapitalization Plan.

According to Basel III regulation, that takes effect in January 1, 2014, the Group estimates that CET 1 Common Equity Tier 1 would amount to 8.7% (minimum regulatory level of 4.5%), a Capital Level 1 of 10.17% (minimum regulatory level of 6%) and a Total Capital ratio of 10.17% (minimum regulatory level of 8%).

On May 16th, **Liberbank's share** was listed in the secondary market, via *listing* process. Besides providing a better access to private capital, being listed in the stock exchange increases the Group's transparency, and so aligns management with shareholders' goals.

Liberbank share price closed the fourth quarter at EUR 0.72 per share, an increase of 37% compared to September and an increase of 80% above the fixed price in the Sales Facility (EUR 0.40 per share). The average volume of daily trading is about 3.3 million shares. At the end of the year, Liberbank's market cap amounted to 1,039 million euros.

Regarding the shareholding structure, CajAstur owns 45.72% of the shares, Caja Extremadura owns 13.85% and Caja Cantabria owns 9.70% of Liberbank shares.

Market information	4Q 2013
Number of shares outstanding	1,443,583,076
Daily average trading (shares number)	3,320,084
Daily average trading (euros)	2,059,912
Maximum Share price (euros)	0.720
Minimum Share price (euros)	0.535
Price at year end (euros)	0.720
Market capitalization at year end (millions of €)	1,039