Liberbank

Financial Report

2019 Third Quarter

October 29th, 2019

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Legal Notice

1. Macroeconomic Environment

1.1 International Economic Situation

During the third quarter of 2019 the global macroeconomic situation continued to show deterioration signs. High levels of economic, political and commercial uncertainty also continue to erode confidence, growth and job creation.

In this scenario, the Organization for Economic Cooperation and Development (OECD) has worsened its economic projections for both advanced and emerging countries, arguing that global growth could stagnate at persistently low levels if governments do not take vigorous measures. As a result, it revised the global growth outlook downwards by three and four tenths for 2019 and 2020, to 2.9% and 3.0% respectively, the lowest level in the last decade.

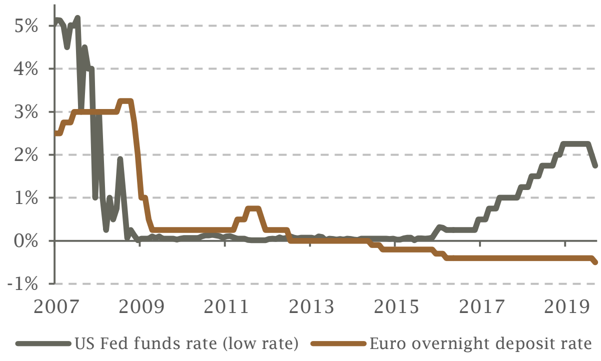
The U.S economy is still cooling, due to the trade war with China and a lower dynamism of the world economy. Job creation also slowed this year, however, the unemployment rate stays at only 3.5%, coupled with a robust wage growth.

Although there is still no evidence of an economic worsening, the unusual accumulation of risks over the economic activity[1] has prompted the Federal Reserve (FED) to make two interest rate cuts during the third quarter of the year, down to the 1.75%-2.0% range. This reduction is part of a "precautionary adjustment" that seeks to consolidate the economic dynamism at a time of certain weakness in business investment. The FED does not expect to make additional adjustments and keeps the long-term interest rate expectation intact, although the markets discounts a cut before the end of the year.

Besides that, the FED expects a slight slowdown in GDP, from 2.2% in 2019, down to 1.8% in 2022, and inflation to converge in the medium term with the 2% target. If these forecasts are met, the U.S. economy would chain 13 consecutive years of economic growth, the more lasting expansion in the recent history.

In Europe, the European Central Bank (ECB) reduced in September the interest rate on the Deposit Facility, from -0.40% to -0.50%, and expects rates to remain at current or lower levels until inflation outlook converges to the 2% target level. Also in September, the ECB announced new expansive monetary policy measures, including: a new asset purchase program (QE), a new financing round conditioned on lending to businesses and consumers (TLTRO-III), and a tiering of the interest rate banks are paying on their deposits with the ECB.

Interest rates in U.S.A. and Eurozone *%*



Source: Thomson Reuters

Following these measures, the ECB expects the Eurozone GDP to grow by 1.1% in 2019 and accelerate slightly up to 1.4% in 2021, in a convergence process towards its potential, while it estimates that the inflation will remain below 1.5%, still far from the 2% target.

As in the U.S., the ECB's actions are aimed at strengthening the economic growth, in an uncertainty context about the resolution and the consequences of Brexit, and where the short-term indicators of the second quarter have been surprising on the downside. Among them: the weakness of the economic sentiment indices of the industrial sector and the deterioration of the GDP in Germany (-0.1% QoQ in 2Q19), on the verge of an economic recession.

1.2. Spanish Economy

The Spanish economy was not oblivious to this deterioration in the activity, so after registering an increase of 2.4% in the 2018 GDP, the Bank of Spain (BdE) forecasts point to a growth of 2.0% in 2019 (four tenths below that published three months ago), and in the future, the activity is expected to continue losing momentum, growing by 1.7% in 2020 and by 1.6% in 2021. These figures are still compatible with a job creation scenario, which will allow a progressive reduction of the unemployment rate to around 13% at the end of 2021.

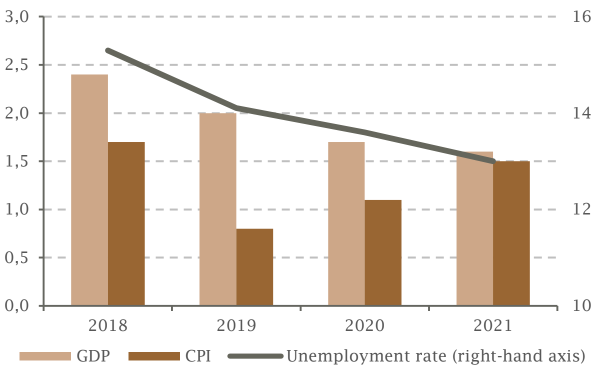
This worsening of the macroeconomic outlook responds to the most recent economic information (pointing to a weakening of the activity) and to the revision of historical data of

[1] As of October 3rd 2019, the New York FED estimates a 34.8% probability of recession in the next 12 months for the U.S. economy.

the National Accounts, revealing a loss of vigor in domestic demand. Within this context, investments, both households and businesses, are expected to show a more contained strength, as there are fewer needs to expand the installed capacity and less growth in the real estate market.

Spain: macroeconomic projections

Annual rate, %



Source: Fed, ECB and BdE

1.3 Spanish Financial System

By the end of 2019, Spain will have chained six consecutive years of GDP growth. However, this sustained advance has not been enough to completely correct the imbalances coming from the previous expansive period and the subsequent crisis. Among them, the volume of credit should be highlighted, as it is still falling, a decade after reaching its maximum at the end of 2008 (-0.99% YoY with data as of August).

The credit evolution (-37% since November 2008) has been compatible with an environment of historically low interest rates, directly affecting the earnings and profitability of the banking institutions, but has contributed to the reduction of the NPL ratio (standing at 5.2% at the end of August, 1.1 p.p. below the ratio recorded a year earlier), as well as other factors such as the reduction in unemployment levels.

Regarding savings, data known up to August 2019, show a solid annual growth in the total volume of deposits (+6.1%), with positive contributions from both households and companies. In both cases, and as it has been happening in recent years, growth is concentrated in demand deposits in contrast to the downward trend in term deposits, whose yields are reaching historic lows (even negative in some segments), given the current situation of interest rates.

The economic context described above presages a high pressure on the banking system profitability, and it is more necessary than ever to persevere in improving the quality of balance sheets and increasing the levels of efficiency and solvency. To this end, the irruption of new digital technologies in the sector will undoubtedly be a determining factor.

2. Highlights

01	Ranking EQUOs national banks as of September 30th, 2019 1º		**Liberbank has been rated as the best national bank in service quality**
02	CET 1 Fully-loaded 13.02%		**The second best solvency ratio in the sector** (of listed banks in Spain)
03	YoY growth of customer resources +5%	YoY growth of performing credit +9%	**Business growth above market's average**
04	Deposits share in natural territories 23%	Credit share in natural territories 18%	**Leadership in natural territories**
05	YoY growth of resources in our expansion regions +19%	YoY growth of performing credit in our expansion regions +16%	**Strong growth in new markets**
06	Insurance and mutual funds contribution to the net income 55%		**Strong insurance and mutual funds business, with growing contribution to net profit**
07	YtD Tangible Book value per share variation 11%		**Value creation for the shareholder**
08	Liquid assets (in € million) 6,687		**Excellent liquidity position, improved after the issue of covered bonds totaling 1,000 million euros**
09	NPL ratio 3.86% NPAs yearly sales (in € million) 370		**Proven capacity to transform its balance sheet** (in the last 15 quarters, the NPL ratio fell from 20% and foreclosed sales total 2,714M)
10	% NPLs coverage 51%	% NPAs coverage 49%	**Coverages matching risks**

3. Key indicators

Key Indicators

In € Million	30/09/2019	30/06/2019	30/09/2018	% QoQ change	% Annual change
BALANCE SHEET					
Total Assets	42,075	40,235	39,131	4.6%	7.5%
Gross Performing Loans	23,786	23,525	21,906	1.1%	8.6%
Customer Funds	30,718	30,971	29,307	-0.8%	4.8%
Total Equity	3,112	3,015	2,836	3.2%	9.7%
Loan to Deposits	97.7%	95.2%	95.8%	2.5%	2.0%
PROFIT AND LOSS ACCOUNT				3Q19 Contribution	
Net Interest Income	346	230	335	116	3.2%
Gross Margin	498	339	523	159	-4.8%
Pre-impairment Income	204	144	227	60	-10.1%
Profit before taxes	121	90	138	31	-12.3%
Profit attributable to the Group	96	73	108	24	-10.9%
SOLVENCY					
Risk-weighted Assets	17,211	16,949	17,214	1.5%	0.0%
Common equity Tier 1 /CET1 phased-in	14.5%	14.3%	13.9%	0.2%	0.6%
Tier 1 /Capital Level1 phased-in	14.5%	14.3%	13.9%	0.2%	0.6%
Solvency Ratio phased-in	16.1%	15.9%	15.4%	0.2%	0.6%
Common equity Tier 1 /CET1 fully-loaded	13.0%	12.7%	12.1%	0.3%	0.9%
RISK MANAGEMENT					
Non-performing Loans (NPL)	954	1,011	1,436	-5.6%	-33.6%
Gross Foreclosed Assets	1,644	1,738	2,136	-5.4%	-23.0%
Non-performing Loans Ratio	3.9%	4.1%	6.2%	-0.3%	-2.3%
NPL coverage Ratio	51%	50%	52%	0.5%	-1.0%
Foreclosed Assets coverage Ratio	49%	50%	49%	-1.0%	-0.4%
BANKING BUSINESS AND RESOURCES (Units)					
Group employees	3,760	3,767	3,933	-0.2%	-4.4%
Employees (Liberbank, S.A.)	3,093	3,094	3,171	0.0%	-2.5%
FTEs (Liberbank, S.A.) (1)	2,715	2,710	2,777	0.2%	-2.2%
Branches	607	629	684	-3.5%	-11.3%
ATMs	1,267	1,270	1,281	-0.2%	-1.1%

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

(1) *Full-Time Equivalent: calculated by dividing the hours actually worked through the year (considering the reduction in working hours arising from the current Temporary Collective Dismissal) by the hours scheduled in a full year.*

4. Financial Evolution

Consolidated balance sheet

In € Million	30/09/2019	30/06/2019	30/09/2018	% QoQ change	% Annual change
Cash, cash at central banks and other demand deposits	639	1,065	734	-40.1%	-13.0%
Financial assets (FA) held for trading	14	14	15	3.3%	-7.7%
Non-trading FA mandatorily at fair value through P&L	162	168	189	-3.8%	-14.4%
FA at fair value (FV) through o/ comprehensive income	1,068	836	1,997	27.7%	-46.5%
Financial Assets at amortized cost	34,639	32,727	31,043	5.8%	11.6%
Debt securities	9,296	7,814	8,023	19.0%	15.9%
Loans and advances	25,343	24,913	23,020	1.7%	10.1%
of which: to customers	24,567	24,250	22,906	1.3%	7.3%
Derivatives – Hedge accounting	579	473	299	22.5%	93.9%
FV changes of hedged items in portfolio hedge of IR risk	183	123	6	48.6%	
Investments in subsidaries, joint ventures and associates	539	509	401	6.0%	34.4%
Tangible assets	1,244	1,245	1,135	-0.1%	9.6%
Intangible Assets	145	143	134	1.5%	8.4%
Tax assets and other Assets	1,971	2,009	2,057	-1.9%	-4.2%
Non current Assets held for sale	892	924	1,122	-3.4%	-20.4%
TOTAL ASSETS	**42,075**	**40,235**	**39,131**	**4.6%**	**7.5%**
Financial liabilities (FL) held for trading	14	14	16	3.1%	-9.2%
FL measured at amortized cost	37,425	36,099	35,844	3.7%	4.4%
Deposits	35,773	35,440	35,283	0.9%	1.4%
Debt securities issued	1,421	420	409		
Other financial liabilities	231	239	152	-3.6%	51.7%
Derivatives – Hedge accounting	1,168	747	85	56.4%	
Liabilities under insurance and reinsurance contracts	8	7	8	3.3%	-5.0%
Provisions	115	123	154	-6.7%	-25.5%
Tax liabilities and other liabilities	234	230	189	1.4%	23.7%
TOTAL LIABILITIES	**38,963**	**37,220**	**36,295**	**4.7%**	**7.3%**
Minority Interest	0	0	0	0.0%	
Shareholder's Equity	2,873	2,849	2,778	0.8%	3.4%
Accumulated Other Comprehensive Income	239	165	58	44.5%	
TOTAL EQUITY	**3,112**	**3,015**	**2,836**	**3.2%**	**9.7%**
TOTAL EQUITY AND LIABILITIES	**42,075**	**40,235**	**39,131**	**4.6%**	**7.5%**

Source: Balance sheet consolidated account (FA: Financial Assets. FV: Fair Value. IR: Interest Rate).

The balance sheet of the Group increases by 4.6% during the third quarter, reaching 42,075 million euros. This quarterly increase of the balance sheet is related to the wholesale business, as retail business, conditioned by the summer seasonality, grows at a slower pace.

The two main asset headings are *Loans and Advances* and the securities portfolio.

The balance sheet heading *Loans and Advances* include gross performing credit, which increases by 1.1% during the third quarter, and gross non-performing credit, which declines by 5.6%, as well as their coverages and other value adjustments.

The securities portfolio is mainly reflected under the *Debt securities, Financial Assets at fair value through other comprehensive income* and *Investments in subsidiaries, joint ventures and* *associates.* This portfolio grew by 19.0% during the quarter, mostly driven by new investments following the covered bonds issuance.

As of September 30th, 92% of the securities portfolio is composed by fixed income, where 92% is sovereign debt bonds. The average yield is 1.3% and 92% is classified under the Amortized Cost portfolio.

Reduction of NPA continues to be a strategic priority for Liberbank. Proof of this is evidenced in the evolution of *Non-Current Assets Held for Sale*, 3.4% lower than at the end of June.

Customer funds registered under the *Deposits* heading of *Liabilities,* show a quarterly growth of 0.9%, maintaining the trend observed in previous quarters of transferring term deposits to sight deposits and off-balance products, mainly mutual funds.

The Group's *Total Equity* grew by 3.2% driven by income generation and accumulated capital gains. Taking into account the amortization of treasury shares, the payment of dividends and the equity improvement, the tangible book value per share increases by 11% during the year.

Resources

In € Million	30/09/2019	30/06/2019	30/09/2018	% QoQ change	% Annual change
CUSTOMER FUNDS	30,718	30,971	29,307	-0.8%	4.8%
Customer Funds On Balance Sheet	24,760	25,129	23,658	-1.5%	4.7%
Public Administrations	2,192	2,193	1,954	0.0%	12.2%
Creditors and promissory notes	22,568	22,936	21,704	-1.6%	4.0%
Demand Deposits	17,380	17,337	15,880	0.2%	9.4%
Term Deposits	5,188	5,599	5,820	-7.3%	-10.9%
Others (promissory notes)	0	0	3		-100.0%
Off-Balance Sheet Customer Funds	5,959	5,842	5,649	2.0%	5.5%
Mutual Funds	3,504	3,394	3,136	3.3%	11.7%
Pension Funds	1,476	1,467	1,492	0.6%	-1.1%
Saving Insurances	979	982	1,021	-0.3%	-4.1%
REPURCHASE AGREEMENTS	2,886	1,836	2,188	57.2%	31.9%
WHOLESALE FUNDING (capital markets)	3,725	2,729	2,895	36.5%	28.6%
Covered Bonds (non-retained)	3,630	2,634	2,800	37.8%	29.6%
Bonds and EMTNs	95	95	95	0.0%	0.0%
TOTAL FUNDS	37,329	35,536	34,390	5.0%	8.5%

Total customer funds amount to 37,329 million euros, growing 8.5% YoY (+5.0% during the third quarter).

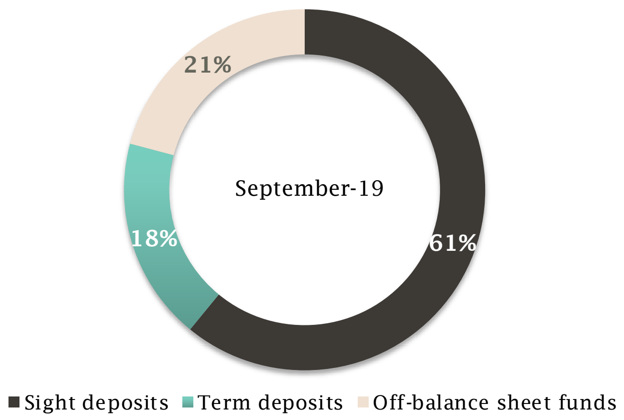
Customer funds total 30,718 million euros. They increased +4.8% YoY and decrease slightly during the third quarter (-0.8%), due to purely seasonal factors related to the extra payrolls in June.

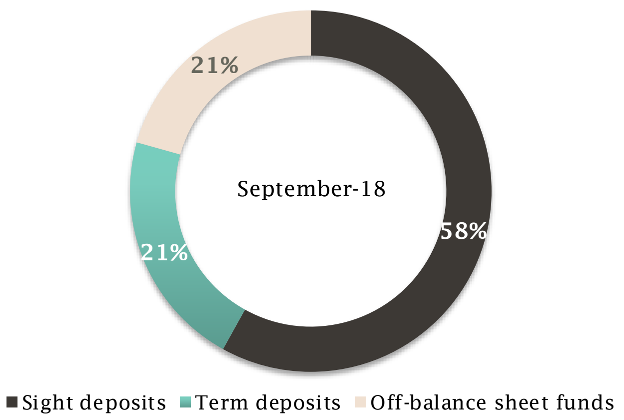
The growth is concentrated in sight deposits (+9.4% YoY, +0.2% QoQ) and mutual funds (+11.7% YoY, +3.3% QoQ). The latter recorded 286 million euros of net subscriptions in the year (87 million euros during the third quarter), offering a highly diversified range of investment products.

Household deposits (which include mutual funds) show a YoY increase significantly higher than the average for the sector in Spain (+4.8% vs. +2.2% as of August), thereby strengthening the Bank's market share in this segment. Households represent 86% of the total customer funds, thus giving the Bank a very stable deposit base.

On September 18th, 1,000 million euros of 10-year covered bonds were issued, at a 0.26% rate (similar to that of Spanish sovereign bonds with the same maturity). The issue had a demand of 1,700 million euros, proving the confidence of investors in the Entity.

Retail resources





Gross performing loans

In € Million	30/09/2019	30/06/2019	30/09/2018	% QoQ change	% Annual change
Credit To Public Administrations	3,048	2,575	1,776	18.4%	71.7%
Credit To Private Sectors	20,738	20,951	20,131	-1.0%	3.0%
Productive activities financing	5,775	5,771	5,723	0.1%	0.9%
Real Estate	292	281	229	4.0%	27.5%
Other companies	5,483	5,490	5,494	-0.1%	-0.2%
Household financing	14,622	14,566	14,087	0.4%	3.8%
Consumer and other loans	860	852	776	0.9%	10.8%
Housing	13,762	13,714	13,311	0.3%	3.4%
Advances and unclassified risks	341	614	321	-44.4%	6.4%
PERFORMING LOANS	23,786	23,525	21,906	1.1%	8.6%

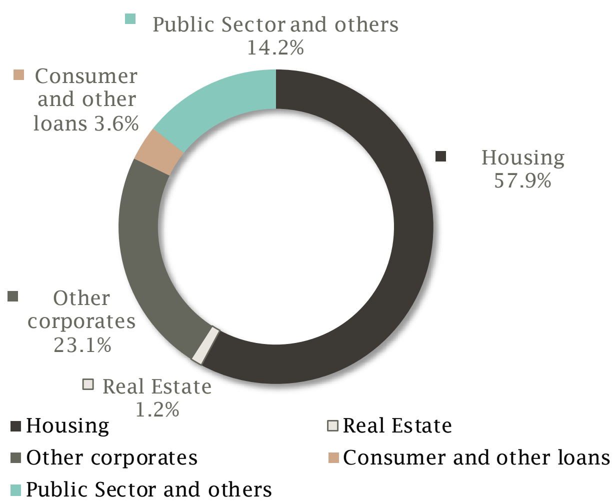
Performing loans amount to 23,786 million euros, growing by +8.6% YoY and by +1.1% during the third quarter, despite the seasonal decrease caused by the repayment of the double advance of pensions in June.

Mortgages to Households, loans to companies, and credit to Public Administrations represent 58%, 24% and 13% of the total portfolio respectively. Real Estate loans stay at 1%.

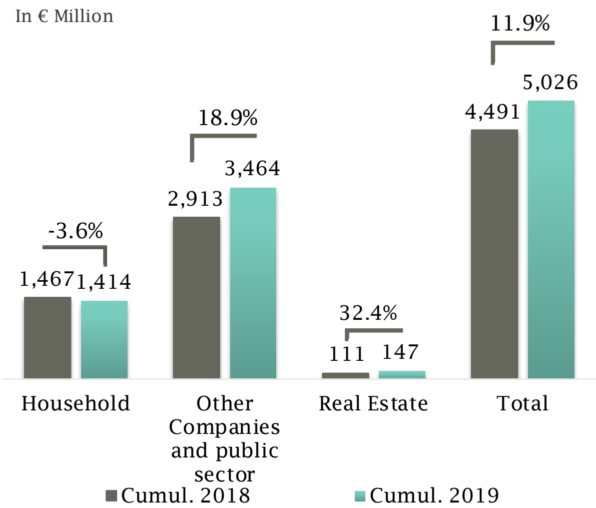
Liberbank's commercial dynamism granting mortgages drives this credit portfolio to grow by +3.4% in the last 12 months (in contrast with the sector figure, -1.4% YoY as of August). This product offers an attractive profitability with low risk, and contributes to attract new customers and reinforce the commercial bundling of existing ones. 59% of these transactions are formalized in our expansion regions, mainly Madrid, where the real estate market is more dynamic. The average LTV of new transactions is 69%.

New operations amount to 5,026 million euros of loans and credits and another 1,380 million euros of discount operations, confirming, leasing and guarantees, meaning increases of +11.9% and +6.9%, respectively over the same period last year.

Gross performing loans sector breakdown



Cumulative Lending Operations



Gross NPL Evolution

In € Million	NPL			NPL Ratio		
	30/09/2019	QoQ ch.	YoY ch.	30/09/2019	QoQ ch.	YoY ch.
Productive Activity Financing	**494**	**-42**	**-325**	**7.9%**	**-0.6%**	**-4.6%**
Real Estate	104	-16	-209	26.2%	-3.6%	-31.5%
Other companies	390	-27	-116	6.6%	-0.4%	-1.8%
Household Financing	**442**	**-15**	**-152**	**2.9%**	**-0.1%**	**-1.1%**
Consumer and other loans	49	3	6	5.4%	0.2%	0.1%
Housing	392	-18	-158	2.8%	-0.1%	-1.2%
Demand Debtors, Public Admin and Other	**19**	**1**	**-5**	**0.5%**	**0.0%**	**-0.6%**
TOTAL GROSS NPL	**954**	**-57**	**-482**	**3.9%**	**-0.3%**	**-2.3%**

Non-performing loans fell by 57 million euros during the third quarter, accumulating 482 million euros reduction in the last twelve months (-33.6%).

The NPL ratio decreases -26 bps in the quarter, and -2.30 p.p. in the last twelve months, standing at 3.86%, below the Spanish banking sector average.

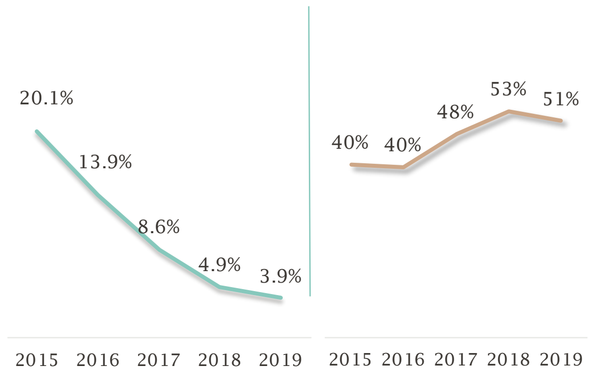
The coverage ratio stays above 50% (51% as of September). 41% of NPLs are household mortgages, with a high level of collateralization, therefore requiring lower coverages.

The annual volume of NPL entries declined by 10% compared to the same period of the previous year, staying below 50 million euros for the sixth consecutive quarter.

Refinanced loans decline to 480 million euros, and represents only 1.9% of the gross loans. 69% is classified as non-performing loan.

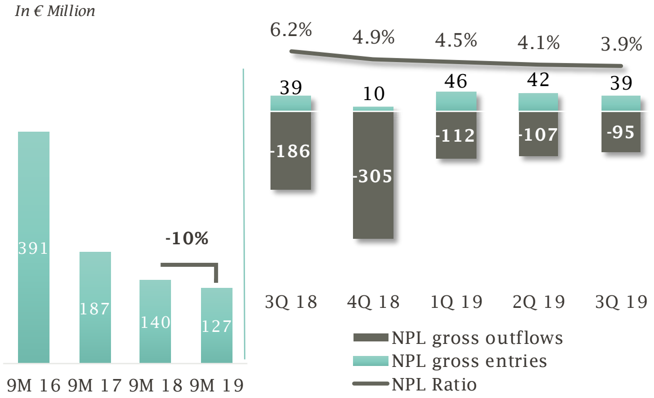
NPL ratio and Coverage

In € Million



Annual entries / NPL entries and outflows

In € Million



NPL Coverages

In € Million	NPL	Impairment losses	NPL minus Impairment losses	Coverage ratio	Guarantees*
Productive Activity Financing	**494**	**333**	**160**	**67.5%**	**203**
Real Estate	104	49	55	47.3%	68
Other companies	390	284	106	72.9%	136
Household Financing	**442**	**136**	**306**	**30.7%**	**356**
Consumer and other loans	49	43	6	87.1%	1
Housing	392	93	300	23.6%	355
Demand Debtors, Public Admin and Other Risks	**19**	**13**	**5**		**1**
TOTAL GROSS NPL	**954**	**482**	**472**	**51%**	**560**

** Guarantee= Limited appraisal value, calculated as the minimum value between the latest appraisal value and the outstanding debt.*

Gross Foreclosed Assets Evolution

(excluding property investments)

In € Million	30/09/2019	30/06/2019	30/09/2018	% QoQ ch.	% YoY ch.
Houses under construction	277	294	343	-5.9%	-19.3%
Finished houses	472	494	633	-4.3%	-25.4%
Land	676	720	920	-6.1%	-26.5%
Offices, premises, warehouses and other buildings	218	230	240	-5.0%	-8.9%
TOTAL GROSS FORECLOSED ASSETS	**1,644**	**1,738**	**2,136**	**-5.4%**	**-23.0%**

Foreclosed assets outflows, classified as *Non Current Assets Held for Sale*, amount to 107 million euros in the quarter, 370 million euros through the year, all of them retail sales. Around 60% of the quarter sales are Land and Houses under construction.

The foreclosed assets portfolio falls by -5.4% in the third quarter and -23.0% in the last twelve months, with significant decreases among all types of assets.

The NPA's pool decreases by 975 million euros in the last twelve months (-27.3%), while its coverage level stays at 49% as of September 30th.

In addition, investment property sales amounted to 29 million euros of gross debt during the third quarter (58 million euros during the year).

Impaired Assets Evolution (and their coverages)

In € Million	30/09/2019	30/06/2019	30/09/2018	QoQ variation	YoY variation
NPL	954	1,011	1,436	-57	-482
Foreclosed Assets	1,644	1,738	2,136	-94	-492
NON-PERFORMING ASSETS	**2,598**	**2,749**	**3,572**	**-151**	**-975**
NPA ratio	**9.8%**	**10.5%**	**14.0%**	**-0.6%**	**-4.2%**
NPL impairment losses	482	505	740	-23	-258
NPL coverage ratio	**51%**	**50%**	**52%**	**0.5%**	**-1.0%**
Foreclosed assets impairment losses	797	861	1,045	-63	-247
Foreclosed assets coverage ratio	**49%**	**50%**	**49%**	**-1.0%**	**-0.4%**
NPA coverage ratio (NPL + foreclosed assets)	**49%**	**50%**	**50%**	**-0.4%**	**-0.7%**

Profit and loss account

In € Million	30/09/2019	30/09/2018	% Annual change
Financial income	408	403	1.4%
Financial expenses	62	67	-8.0%
NET INTEREST INCOME	346	335	3.2%
Dividends	6	5	
Results from equity method stakes	26	27	-0.8%
Net fees	135	134	0.8%
Gains (losses) on Financial Assets and Liabilities	21	36	-41.0%
Other operating results	-37	-14	165.8%
GROSS MARGIN	498	523	-4.8%
Administrative costs	261	269	-3.0%
Staff costs	178	176	1.3%
Other general administrative costs	83	93	-11.2%
Amortizations	33	27	21.3%
PRE-IMPAIRMENT INCOME	204	227	-10.1%
Provisions	18	22	-16.6%
Impairment losses on financial assets (net)	45	44	1.7%
Impairment losses on other assets (net)	5	8	
Other profits or losses	-14	-13	5.4%
PRE-TAX INCOME	121	138	-12.3%
Income tax	25	28	-10.8%
Profit from discontinued operations (net)	0	-2	
CONSOLIDATED NET PROFIT	96	108	-10.9%
Attributable Net Profit	96	108	-10.9%

Source: Consolidated Profit and loss account (CP1 Statement of the Bank of Spain).

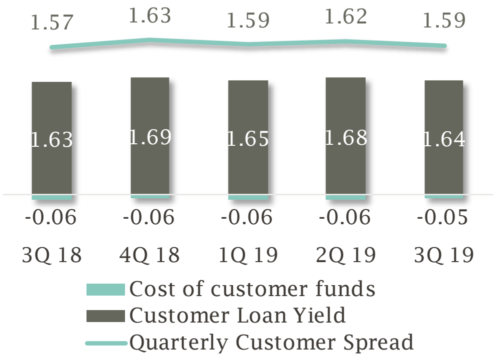
Income Statement Quarterly Evolution

In € Million	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19
Financial income	135	139	134	138	137
Financial expenses	21	22	20	21	20
NET INTEREST INCOME	115	117	114	116	116
Dividends	0	1	5	0	0
Results from equity method stakes	2	3	2	21	3
Net fees	42	49	45	45	45
Gains (losses) on Financial Assets and Liabilities	6	-3	5	12	5
Other operating results	-5	-50	-21	-5	-11
GROSS MARGIN	160	117	150	188	159
Administrative costs	85	87	89	85	88
Staff costs	57	60	59	59	60
Administrative costs	28	27	30	26	27
Amortizations	9	10	11	11	11
PRE-IMPAIRMENT INCOME	66	20	51	93	60
Provisions	8	5	6	7	5
Impairment losses on financial assets (net)	13	13	14	16	16
Impairment losses on other assets (net)	1	0	0	2	2
Other gains or losses	-8	-3	-3	-6	-5
PRE-TAX INCOME	36	-1	28	62	31
Income tax	10	2	7	10	8
Profit from discontinued operations (net)	-2	4	0	0	0
CONSOLIDATED NET PROFIT	24	2	21	52	24
ATTRIBUTABLE NET PROFIT	24	2	21	52	24

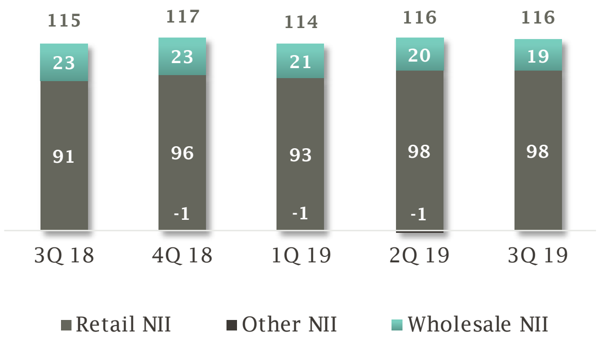
Quarterly contribution to the net interest income

In € Million	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19
Financial income	135	139	134	138	137
Financial expenses	21	22	20	21	20
NET INTEREST INCOME	115	117	114	116	116

Customer Spread Evolution



Net interest income evolution by business lines



Net interest income grows by +3.2% YoY, including both wholesale and retail businesses.

In the retail business, the net interest income growth is even higher, 6.2%, based on credit growth and an adequate price management. The combination of both factors allows to maintain, for four consecutive years, the customer spread near 1.60% (1.59% at the end of September), within a continued drop of interest rates scenario.

The Net interest income of the third quarter totals 116 million euros, similar figure to that of the previous quarter, despite including lower income from NPL.

New credit contributes positively to this improvement in the customer spread, with an average yield of 2.4% (credit to private sector), above the average profitability of the performing portfolio (1.7%).

Quarterly Net Interest Income Evolution

	3Q 2018			4Q 2018			1Q 2019			2Q 2019			3Q 2019		
	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	23,334	1.6	95	23,466	1.7	99	23,569	1.6	97	24,099	1.7	101	24,678	1.6	101
of which: performing	21,817	1.7	93	22,125	1.7	95	22,451	1.7	95	23,040	1.7	98	23,683	1.7	99
Retail FE	23,674	0.1	3	23,910	0.1	3	24,198	0.1	4	24,410	0.1	4	24,904	0.1	3
Sight	15,923	0.0	1	16,032	0.0	1	16,514	0.0	1	16,777	0.0	1	17,308	0.0	1
Terms	5,935	0.1	2	5,783	0.1	2	5,798	0.1	2	5,707	0.1	2	5,421	0.1	2
Others	1,816	0.0	0	2,096	0.0	0	1,886	0.1	0	1,926	0.1	0	2,176	0.1	0
Wholesale FI	10,690	1.2	32	10,588	1.2	31	10,432	1.1	30	10,270	1.1	29	9,577	1.2	29
of which: fixed income	9,614	1.3	32	9,675	1.3	30	9,633	1.2	30	9,124	1.3	30	8,225	1.4	30
Wholesale FE	12,118	0.3	9	11,966	0.3	8	11,437	0.3	9	11,550	0.3	9	10,910	0.4	10
Financial Institutions	8,831	-0.3	-7	8,847	-0.3	-7	8,385	-0.3	-7	8,499	-0.3	-6	7,693	-0.3	-6
Repos PS and PA	67	0.0	0	51	0.0	0	38	0.0	0	27	0.0	0	38	0.0	0
Covered bonds	2,800	1.5	11	2,684	1.5	10	2,634	1.5	10	2,634	1.5	10	2,796	1.5	10
Bonds and others	420	5.0	5	384	5.6	5	380	5.6	5	390	5.6	5	382	5.7	5
Other FI & FE			0			-1			-1			-1			0

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

Fees

In € Million	3Q 2018	4Q 2018	1Q 2019	2Q 2019	3Q 2019	% Cum. Annual Change
FEES RECEIVED	44	51	48	48	48	2.3%
Contingent liabilities	1	2	2	1	2	13.7%
Contingent commitments	0	0	0	0	0	38.9%
Collections and payments	19	19	19	21	22	0.2%
Securities services	1	1	1	1	1	-19.1%
Non banking financial products	14	20	18	16	16	11.9%
Others	8	9	8	8	8	-9.1%
FEES PAID	2	2	2	3	3	37.2%
NET FEES	42	49	45	45	45	0.8%
RECURRENT NET FEES	42	45	45	45	45	4.4%

Source: Profit and loss account and own preparation

Net fees also repeat the figure of the previous quarter, 45 million euros, showing a +4.4% YoY growth (taking into account its recurrent components). The main lines supporting this growth are insurance products (+7.5% YoY), and mutual funds (+18.9% YoY), due to a more profitable product mix and to the growth in assets under management.

Gains (losses) on Financial Assets and Liabilities add 5 million euros in the quarter, 21 million euros through the year, mainly coming from fixed income sales and value adjustments of financial instruments at fair value.

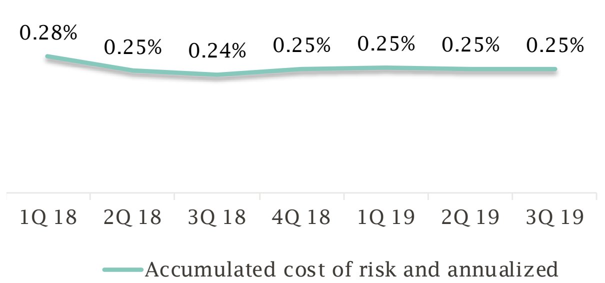
General administration costs decreased by 3.0% YoY.

Provisions (net) registers 5 million euros in the quarter, mainly coming from the reorganization of the commercial network.

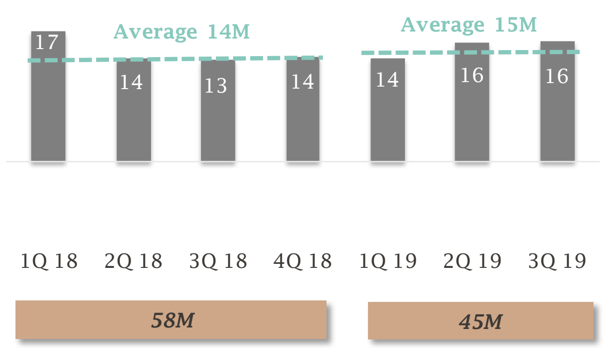
Impairment losses on financial assets (net) registers the credit impairments (16 million euros during the quarter). The annualized cost of risk stands at 25 bps, in line with expected levels.

Finally, *Other gains or losses* registers -5 million euro, due to foreclosed sales results and the impairment of non-current assets held-for-sale.

Evolution of Cost of Risk



Loan Impairments



Solvency (Basel III phased-in)

In € Million	30/09/2019	30/06/2019	30/09/2018	Quarterly Change	Annual Change
CET 1 COMMON EQUITY TIER 1	2,496	2,420	2,385	76	111
Common equity Tier 1 (%)	14.5%	14.3%	13.9%	0.2%	0.6%
CAPITAL LEVEL 1/ TIER 1	2,496	2,420	2,385	76	111
Total TIER 1 (%)	14.5%	14.3%	13.9%	0.2%	0.6%
TOTAL CAPITAL	2,765	2,690	2,654	76	111
Solvency ratio (%)	16.1%	15.9%	15.4%	0.2%	0.6%
RISK WEIGHTED ASSETS	17,211	16,949	17,214	263	-2
LEVERAGE RATIO	6.2%	6.3%	6.2%	0.0%	0.0%

Solvency (Basel III Fully loaded)

In € Million	30/09/2019	30/06/2019	30/09/2018	Quarterly Change	Annual Change
CET 1 COMMON EQUITY TIER 1	2,241	2,159	2,079	83	162
Common equity Tier 1 (%)	13.0%	12.7%	12.1%	0.3%	0.9%
CAPITAL LEVEL 1/ TIER 1	2,241	2,159	2,079	83	162
Total TIER 1 (%)	13.0%	12.7%	12.1%	0.3%	0.9%
TOTAL CAPITAL	2,511	2,429	2,349	82	162
Solvency ratio (%)	14.6%	14.3%	13.6%	0.3%	0.9%
RISK WEIGHTED ASSETS	17,218	16,954	17,225	264	-7
LEVERAGE RATIO	5.6%	5.6%	5.5%	0.0%	0.1%

The results for the first nine months of 2019 are included (20% pay-out excluded).

As of September 30th, 2019, Liberbank's CET 1 Common Equity Tier 1 phased-in stands at 14.5% (+65 bps YoY), Capital Tier 1 stands at the same figure and Total Capital stands at 16.1% (+65 bps YoY), far exceeding the requirements to date: Common equity Tier 1 ratio of 9.5% and Total Capital ratio of 13.0%.

At the same date, Liberbank's CET 1 Common Equity Tier 1 fully loaded stands at 13.0% (+95 bps YoY), Capital Tier 1 stands at the same figure and Total Capital stands at 14.6% (+95 bps YoY).

The organic generation of results, the fall of NPAs and the increase of unrealized capital gains support the improvement of the capital ratios and offset the impact of new credit and fixed income investments.

The Share

Market Information	3Q2019
Number of shares outstanding (*thousands*)	3,040,746
Average Daily Trading Volume (*#shares*)	2,295,360
Average Daily Trading Volume (*€*)	734,437
Maximum Share price *(€)*	0.38
Minimum Share price *(€)*	0.28
Closing Price *(€)*	0.28
Closing Market Capitalization (*€ million*)	854

On July 17th, the public deed for the reduction of the share capital of Liberbank, S.A., amounting to 516 thousand euros, was registered at the Mercantile Registry of Madrid, through the redemption of 25,800,000 treasury shares at 0.02 euros par value each, representing 0.841% of the share capital. Following this transaction, the share capital was set at 60,815 thousand euros, represented by 3,040,745,993 registered shares of 0.02 par value each. This share capital reduction does not entail any change in the earnings per share calculation (either basic or diluted).

Regarding the shareholding structure, the Fundación Bancaria Caja de Ahorros de Asturias, together with the Fundación Bancaria Caja de Extremadura and the Fundación Bancaria Caja Cantabria own 23.4%, Oceanwood Capital Management Limited (including Oceanwood European Financial Select Opportunities Master Fund and Oceanwood Opportunities Master Fund) owns 17.1% (including 9.1% through financial instruments), Ernesto Luis Tinajero Flores (via Aivilo Spain SL) owns 7.1% and Fernando Masaveu Herrero (including Corporación Masaveu, Flicka Forestal and Fundación María Cristina Masaveu) owns 5.8%. The remaining 46.6% of share capital is owned by wholesale and retail investors.

Liquidity

The Banking business grows in a balanced way, and Liberbank's liquidity position remains very solid.

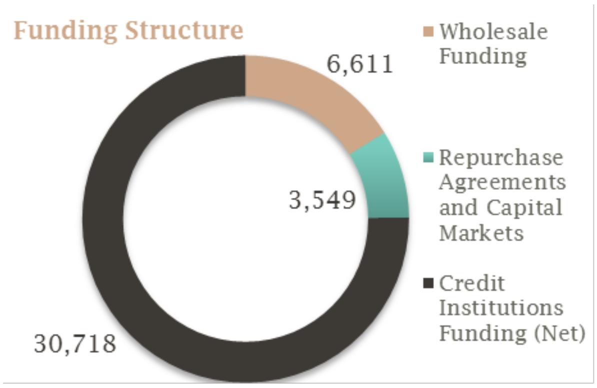
The LTD ratio, which represents the percentage of credits funded by Retail deposits stands at 98%.

The LCR ratio, that indicates the short term liquidity level, stands at 219%, well above the regulatory requirements (100%).

The NSFR ratio, which measures the ratio between available stable funds and the desirable available stable funds according to the type of investments made by the Group, stands at 118%.

The Group's liquid assets amount to 6,200 million euros, immediately available. In addition, Liberbank has an issuance capacity of 4,197 million euros.

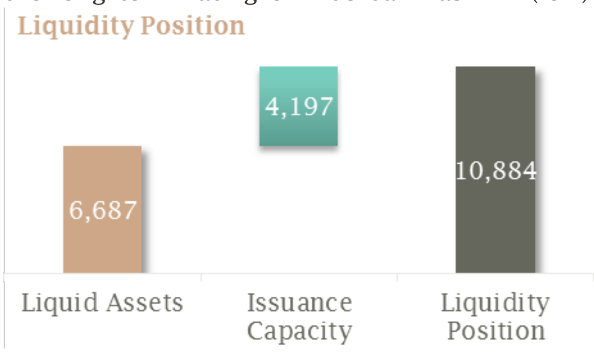
Liberbank's funding structure is grounded on a wide base of stable funds, highly diversified and with no concentration of maturities in the short and medium term.



Debt Ratings

Fitch. On March 20th, 2019, the agency raised the long term rating up to BB+, with stable perspective and a Viability Rating (VR) of bb+.

DBRS. On June 14th, 2019, the agency confirmed the long term rating of Liberbank as BBB (low)



and raised the perspective from negative to stable. The short term rating stands at R2 middle.

Moody's. On March 21st 2019, the agency revised upwards the long term credit rating of Liberbank from Ba3 to Ba2, with stable perspective. Moody's also improved the long-term counterparty risk rating (CR Assessment) from Ba1 to Baa3. In this way, the agency also revised upwards the covered bonds rating, from A1 to Aa2.

Liberbank sustainable

The Liberbank Group is committed to responsible management in the strategic lines that will define its corporate social responsibility plan (CSR 2020-2022), seeking to direct the Entity towards a new sustainable banking system, where the experience of the Liberbank Group's professionals will be improved. These strategic lines are materialized in targets aligned with the World Health Organization's Sustainable Development Objectives (SDO):

- Awareness with SDO (2030's Agenda).
- Development of internal initiatives to promote healthy living (LBK Saludable).
- Gradual implementation of Equality measures.
- Employee experience project "*Nos movemos juntos*", aiming to create a people based culture.
- Support for the development and financing of green products.
- Development of financial education plans, aimed at different groups.
- Creation of Liberbank forests. Paperless offices where waste is separated. Prioritization of the use of sustainable materials in advertising. Transition to a more efficient and sustainable facilities. Sponsorship and collaboration with programs aimed at fighting the climate change and protecting biodiversity (Fundación Oso de Asturias, Vuelta al Tajo, Farinato Race; etc.).

5. Glossary

In addition to the financial information presented in this document, prepared in accordance with IFRS, certain Alternative Performance Measures (APM) are included, as defined by the guidelines on Alternative Performance Measures published by the European Securities and Markets Authority (ESMA) on June 30 2015 (ESMA/2015/1057) ("the ESMA guidelines").

ESMA guidelines define an APM as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Liberbank uses some APMs, which have not been audited, aiming to contribute to a better understanding of the financial evolution of the Group. These measures should be considered additional information, and should by no means replace the financial information. Moreover, these measures might differ, both in their definition and calculation, from other similar measures calculated by other corporates, and therefore, may not be comparable.

Alternative Performance Measures (APM):

NPL (Non-performing Loans): Non-performing customer loans (gross) registered under the *"Financial Assets (FA) held for trading", "Non-trading FA mandatorily at fair value (FV) through P&L","FA at FV through other comprehensive income" and "Financial Assets at amortized cost"* heading, inside the "*Loan and receivables, to customers"* heading. As of September 30th, 2019, amount to 954 million euros (1,011 million euros as of June 30st, 2019 and 1,436 million euros as of September 30th, 2018), and is included in "Non-performing Loans", within the "Key indicators – Risk Management" section.

NCAHS (Non-current assets held for sale): Gross Foreclosed assets of real-estate nature registered under the "*Non-current assets held for sale"* heading. As of September 30th, 2019 amount to 1,644 million euros (1,738 million euros as of June 30st, 2019 and 2,136 million euros as of September 30th, 2018), and is included in "Gross foreclosed assets" within the "Key indicators – Risk Management" section.

NPL Ratio: Quotient between non-performing loans (gross) and total loans (gross). Numerator and denominator are registered under the *"Financial Assets (FA) held for trading", "Non-trading FA mandatorily at fair value (FV) through P&L","FA at FV through other comprehensive income" and "Financial Assets at amortized cost"* heading, inside the *"Loans and receivables"* heading of the public balance sheet. Neither numerator nor denominator, include repurchase agreements, value adjustments or debts accounted in the prudential balance sheet within the Other financial assets not related to Credit institutions heading. The NPL ratio stands at 3.9% as of September 30th, 2019 (4.1% as of June 30st, 2019 and 6.2% as of September 30th, 2018).

In € Million	30/09/2019	30/06/2019	30/09/2018	Report Section
NPL Ratio (1/2)	**3.9%**	**4.1%**	**6.2%**	**See "Key Indicators - Risk Management"**
(1) Gross NPL	**954**	**1,011**	**1,436**	**See "Key Indicators - Risk Management"**
(2) Total Gross Loans	**24,740**	**24,536**	**23,342**	
(+) Gross performing Loans	23,786	23,525	21,906	See "Key Indicators - Balance Sheet"
(+) NPL	954	1,011	1,436	See "Key Indicators - Risk Management"

RED NPL Ratio: Quotient between non-performing loans (gross) of the Real Estate Development sector, registered under the *"Financial Assets (FA) held for trading", "Non-trading FA mandatorily at fair value (FV) through P&L","FA at FV through other comprehensive income"* and *"Financial Assets at amortized cost"* heading, inside the "*Loan and receivables, to customers"* heading, and total loans (gross) of the Real Estate Development Sector, registered under the *"Financial Assets (FA) held for trading", "Non-trading FA mandatorily at fair value (FV) through P&L","FA at FV through other comprehensive income"* and *"Financial Assets at amortized cost"* heading, inside the "*Loan and receivables, to customers"* heading. As of September 30th, 2019 stands at 26.2% (29.8% as of June 30st, 2019 and 57.7% as of September 30th, 2018).

In € Million	30/09/2019	30/06/2019	30/09/2018	Report Section
Real Estate NPL Ratio (1/2)	**26.2%**	**29.8%**	**57.7%**	**See "Gross NPL Evolution - Productive Activity Financing - Real Estate"**
(1) Real Estate Gross NPL	**104**	**119**	**313**	See "Gross NPL Evolution - Productive Activity Financing - Real Estate"
(2) Real Estate Total Gross Loans	**396**	**401**	**542**	
(+) Performing Loans (under "Credit to Private Sectors - Productive activities financing - Real Estate")	292	281	229	See "Gross Performing Loans - Credit to Private Sectors - Productive activities financing - Real Estate"
(+) Gross NPL (under "Productive activities financing - Real Estate")	104	119	313	See "Gross NPL Evolution"

Loan to deposit: Quotient between customer loans (net) and Deposits. Loans are recorded under the *"Financial Assets (FA) held for trading", "Non-trading FA mandatorily at fair value (FV) through P&L","FA at FV through other comprehensive income"* and *"Financial Assets at amortized cost"* heading, inside the "*Loan and receivables, to customers"* heading of the public balance sheet, from which repurchase agreements are deducted. Deposits are registered under the *"Financial liabilities measured at amortized cost (Deposits)*" heading of the public balance sheet. For the purpose of this calculation covered bonds, repurchase agreements, central Banks and credit institutions deposits are deducted, and promissory notes and retail CoCos are added. As of September 30th, 2019 stands at 97.7% (95.2% as of June 30st, 2019 and 95.8% as of September 30th, 2018).

In € Million	30/09/2019	30/06/2019	30/09/2018	Report Section
Loan to deposits (1/2)	**97.7%**	**95.2%**	**95.8%**	**See "Key Indicators - Balance Sheet"**
(1) Loans (Net)	**24,729**	**24,418**	**23,092**	
(+) Loans and advances to customers	24,567	24,250	22,906	See "4. Financial Evolution - Consolidated Balance Sheet"
(+) Non-trading FA mandatorily at fair value through P&L	161	168	186	
(-) Repurchase agreements	0	0	0	
(2) Deposits	**25,308**	**25,637**	**24,114**	
(+) Customer Funds on Balance Sheet	24,760	25,129	23,658	See "Resources"
(+) Value adjustments	540	494	442	
(+) Debt securities issued	8	15	14	Internal Information
(+) Retail CoCos	0	0	0	

Liquidity Coverage Ratio (LCR): Quotient between high quality liquid assets and the Total net cash outflows (outflows minus inflows) expected during a 30 day stress scenario. As of September 30th, 2019 stands at 219%.

In € Million	30/09/2019
Liquidity Coverage Ratio (LCR) (1/2)	**219%**
(1) High quality liquid assets	**4,809**
(2) Total net cash outflows (outflows minus inflows) expected during a 30 day stress scenario	**2,192**

Net Stable Financial Ratio (NSFR): Quotient between the available stable funding and the required stable funding. This quotient must be at least, of 100% at every moment. The "available stable funding" is defined as the proportion of own and external resources expected to be reliable over the time horizon considered by the NSFR (1 year). The amount of stable funding required is a function of the liquidity characteristics and residual maturities of its various assets and off-balance sheet positions. As of June 30th, 2019 stands at 118%.

In € Million	30/09/2019
Net Stable Financial Ratio (NSFR) (1/2)	118%
(1) Available stable funding	31,450
(2) Required stable funding	26,696

Credit coverage Ratio: Defined as Credit impairment losses over NPL (gross). Numerator and denominator are registered under the *"Financial Assets (FA) held for trading"*, *"Non-trading FA mandatorily at fair value (FV) through P&L","FA at FV through other comprehensive income"* and *"FA at Amortized cost"* inside the "*Loan and receivables, to customers"* heading of the public balance sheet. As of September 30th, 2019 stands at 51% (50% as of as of June 30st, 2019 and 52% as of as of September 30th, 2018).

In € Million	30/09/2019	30/06/2019	30/09/2018	Report Section
Credit coverage ratio (1/2)	51%	50%	52%	See "Key Indicators - Risk Management"
(1) NPL impairment losses	482	505	740	See "Impaired Assets Evolution (and their coverages)"
(2) Non-Performing Loans (NPL)	954	1,011	1,436	See "Key Indicators - Risk Management"

Foreclosed assets coverage Ratio: Defined as foreclosed assets impairment losses over foreclosed assets (gross). Numerator and denominator are recorded under the *"Non-current assets held for sale heading"*. As of September 30th, 2019 stands at 49% (50% as of as of June 30st, 2019 and 49% as of September 30th, 2018).

In € Million	30/09/2019	30/06/2019	30/09/2018	Report Section
Foreclosed assets coverage ratio (1/2)	49%	50%	49%	See "Key Indicators - Risk Management"
(1) Foreclosed assets impairment losses	797	861	1,045	See "Gross Foreclosed Assets Evolution"
(2) Gross Foreclosed Assets	1,644	1,738	2,136	See "Key Indicators - Risk Management"

Impaired assets coverage Ratio: Defined as Credit impairment losses, registered under the *"Financial Assets (FA) held for trading", "Non-trading FA mandatorily at fair value (FV) through P&L","FA at FV through other comprehensive income"* and *"Financial Assets at amortized cost"* heading, inside the "*Loan and receivables, to customers"* heading, plus foreclosed assets impairment losses registered under the "*Non-current assets held for sale"* heading, over NPL (gross), registered under the *"Financial Assets (FA) held for trading", "Non-trading FA mandatorily at fair value (FV) through P&L","FA at FV through other comprehensive income"* and *"Financial Assets at amortized cost"* heading, inside the "*Loan and receivables, to customers"* heading, plus foreclosed assets (gross), registered under the "*Non-current assets held for sale"* heading. As of September 30th, 2019 stands at 49% (50% as of June 30st, 2019 and 50% as of September 30th, 2018).

In € Million	30/09/2019	30/06/2019	30/09/2018	Report Section
Impaired assets coverage ratio (1/2)	**49%**	**50%**	**50%**	**See "Key Indicators - Risk Management"**
(1) Non-productive assets impairment losses	**1,279**	**1,366**	**1,784**	
(+) NPL impairment losses	482	505	740	See "Impaired Assets Evolution (and their coverages)"
(+) Foreclosed assets impairment losses	797	861	1,045	
(2) Non-productive assets	**2,598**	**2,749**	**3,572**	
(+) Gross Non-performing Loans	954	1,011	1,436	
(+) Gross Foreclosed assets	1,644	1,738	2,136	

Risk Cost: Quotient between the *"financial assets impairment losses (Loans)"* heading of the consolidated public profit and loss account (annualized when not corresponding to a full financial year), over Loans (gross), registered under the *"Financial Assets (FA) held for trading", "Non-trading FA mandatorily at fair value (FV) through P&L","FA at FV through other comprehensive income"* and *"Financial Assets at amortized cost"* heading *"Financial Assets at amortized cost"* heading, inside the "*Loan and receivables, to customers"* heading. The recurrence of impairments is taken into account while annualizing them. As of September 30th, 2019 stands at 0.25% (0.25% as of June 30st, 2019 and 0.24% as of September 30th, 2018).

In € Million	30/09/2019	30/06/2019	30/09/2018	Report Section
Cost of Risk (1/2)	**0.25%**	**0.25%**	**0.24%**	**See "Evolution of Cost of Risk"**
(1) Impairment losses on financial assets (net) (of Loans)	**45**	**29**	**44**	**See "Loan Impairments"**
(2) Total Gross Loans	**24,740**	**24,536**	**23,342**	
(+) Gross Performing Loans	23,786	23,525	21,906	See "Key Indicators - Balance Sheet"
(+) Non-performing Loans	954	1,011	1,436	See "Key Indicators - Risk Management"
Non-recurrent impairments (not annualized)	*-4*	*-3*	*9*	Internal Information

Customer spread: Defined as the difference between financial income from retail business (annualized when not corresponding to a full financial year), registered under the *"Financial Income"* heading of the public profit and loss consolidated account, and expressed in relative terms, over gross loans average balances, registered under the *"Financial Assets (FA) held for trading", "Non-trading FA mandatorily at fair value (FV) through P&L","FA at FV through other comprehensive income"* and *"Financial Assets at amortized cost"* heading, inside the "*Loan and receivables, to customers"* heading, minus retail financial costs (annualized when not corresponding to a full financial year), registered under the *"Financial expenses"* heading of the public profit and loss consolidated account and expressed in relative terms (over customer deposits average balances), registered under the *"Financial Liabilities at amortized costs"* heading. As of September 30th, 2019 stands at 1.59% (1.62% as of June 30st, 2019 and 1.57% as of September 30th, 2018).

In € Million	30/09/2019	30/06/2019	30/09/2018	Report Section
Customer Spread (1-2)	**1.59%**	**1.62%**	**1.57%**	**See "Customer Spread Evolution"**
(1) Quarterly Financial Income Rate (a/b)	**1.64%**	**1.68%**	**1.63%**	See "Quarterly Net Interest Income Evolution"
(a) Quarterly Financial Income coming from retail business	101	101	95	
(b) Gross Loans Average Balance	24,678	24,099	23,334	
(2) Quarterly Financial costs Rate (c/d)	**0.05%**	**0.06%**	**0.06%**	
(c) Quarterly retail financial costs	3	4	3	
(d) Customers resources on balance sheet average balance	24,904	24,410	23,674	

Tangible Book value per share: Quotient between "*Total Equity*" reduced by "*Minority Interests*" and "*Intangible Assets*" of the Balance sheet, and the number of outstanding shares. As of September 30th, 2019 stays at 0.98 (0.94 as of June 30st 2019 and 0.88 as of September 30th 2018). The number of outstanding shares as of June 30th 2019 takes into account the amortization of 25.8 million treasury shares, approved by the General Shareholder's Meeting on April 30th 2019, and carried out on July 17th 2019.

In € Millions	30/09/2019	30/06/2019	30/09/2018	Report Section
Tangible Book value per share (1/2)	**0.98**	**0.94**	**0.88**	
(1) Tangible assets (a-b-c)	**2,967**	**2,872**	**2,691**	
(a) Total Equity	3,112	3,015	2,831	See "Consolidated Balance Sheet"
(b) Minority interests	0	0	0	See "Consolidated Balance Sheet"
(c) Intangible assets	145	143	139	See "Consolidated Balance Sheet"
(2) Nº of shares outstanding (thousands)	**3,041**	**3,041**	**3,067**	See "The share" and "Significant subsequent events"

Management indicators and public financial statements reconciliation:

Net Fees: includes "*Fees income and Fees costs*" headings of the public statement.

Gains (losses) on financial assets and liabilities: matches with the *"Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net"," Gains or (-) losses on financial assets and liabilities held for trading, net", "Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net"* and *"Gains or (-) losses from hedge accounting, net"* headings from the public account.

Other operating results (net): includes *"other operating income"* and *"other operating costs"* headings of the public account.

Operating Margin: equals the spread between *"Gross Margin"* and *"Administrative costs"* plus *"Amortizations"* headings of the public account.

Provisions: matches with *"Provisions or reversal of provisions"* heading of the public account.

Financial assets impairment losses (net): matches with the "*Financial assets not measured at fair value through profit or loss impairment losses or reversal of impairment losses*" heading of the public account.

Other assets impairment losses (net): matches with the "*Non-financial assets impairment losses or reversal of impairment losses*" heading of the public account.

Other gains / losses: matches with the "*Gains or (-) losses on derecognition of non-financial assets, net*", "*Negative goodwill recognized in profit or loss"* and *"Gains or losses coming from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations"*, all of them from the public account.

Pre-tax Income: matches with the *"Profit or loss before tax from continuing operations"* heading of the public account.

Income Tax: matches with the *"Tax expense or income related to profit or loss from continuing operations"* heading of the public account.