



FY 2013 Financial Results

Madrid, February 25th 2014

Disclaimer

This document was prepared by LIBERBANK, S.A., ("LIBERBANK") and is presented exclusively for informational purposes. It is not a prospectus and does not constitute an offer or recommendation to invest.

In making this presentation available, LIBERBANK gives no advice and makes no recommendation to buy, sell or otherwise deal in LIBERBANK shares, or any other securities or investment whatsoever.

This document does not constitute a commitment to subscribe, or an offer to finance, or an offer to sell, or a solicitation of offers to buy securities, nor does it aim to offer any kind of financial product, financial advice or other financial service. In particular, it is expressly remarked here that no information herein contained should be taken as a guarantee of future performance or results.

LIBERBANK does not guarantee the accuracy or completeness of the information contained in this document. LIBERBANK does not represent or warrant that the information contained herein is complete, exact or accurate, in particular with respect to data provided by third parties. This document may contain abridged or unaudited information and recipients are invited to consult the public documents and information submitted by LIBERBANK to the financial market supervisory authorities.

All opinions and estimates are given as of the date stated in the document and so may be subject to change. The value of any investment may fluctuate as a result of changes in the market. Neither LIBERBANK, nor any of its administrators, directors or employees, is obliged, either explicitly or implicitly, to keep these contents updated, nor to correct them in the case that any deficiency, error or omission were to be detected. Moreover, in reproducing these contents in any medium, LIBERBANK may introduce any changes it deems suitable, may omit partially or completely any of the elements of this document, and in case of any deviation between such a version and this one, assumes no liability for any discrepancy.

Distribution of this document in other jurisdictions may be prohibited or subject to specific legal requisites, and therefore recipients of this document or any persons who may eventually obtain a copy of it are responsible for being aware of and complying with said restrictions. By accepting this document you accept the foregoing restrictions and warnings.

Latest trend. Key Highlights

Profitability Paving the way

- **Net Interest Income** changed its trend to positive growth in the 4Q13 and should keep benefitting from a lower cost of funding during the next quarters.
- **Administrative costs keep reducing.** The impact of recently approved cost cutting measures should be fully reflected during 2014.

Asset Quality

- **Strong effort in provisioning**, € 424m during 2013. Cost of Risk of 165bp, well above normalized levels.
- NPL ratio (exc APS) stands at 10.4%, well below the average of the sector.
- Underlying **new NPL entries** (exc restructured loans) reduced during the fourth quarter.

Liquidity position keeps improving

- **Loan to deposits ratio keeps improving to 97% as of December13**, reflecting the deleverage process and the growth of the deposits base.
- **Liquid assets** cover c.3.8x wholesale funding maturities (exc ECB) until 2016.

Capital Reinforcement

- In a challenging environment, **Liberbank is able to generate capital organically.** The EBA capital ratio has improved by +114pb vs 1Q13.

Agenda

1. Commercial Activity

2. Results analysis

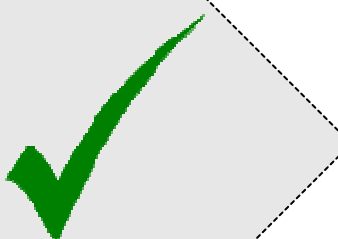
3. Asset Quality

4. Funding and Liquidity

5. Solvency

Challenges and opportunities

2013 – paving the way

- Franchise value enhancement
 - Transfer of problematic assets to the Sareb
 - Agreement with major trade Unions to adjust workforce cost base
 - Branch network restructuring completed
 - Listing and CoCos issuance
 - Reclassification of refinanced loans
 - Non-strategic divestments
 - Improved Liquidity Position
- 

2014 – focus on profitability...

- Focus on profitability through the leading position in the core regions with c.2 million clients
 - ❑ Time to reduce cost of funding
- Better performance of recoveries
- Selective lending growth
- Take advantage of significant unrealized gains (i.e 235 million capital gains generated during 2014 first quarter in the Fixed Income Portfolio).
- Reinforcement of the capital base

...in a still challenging environment

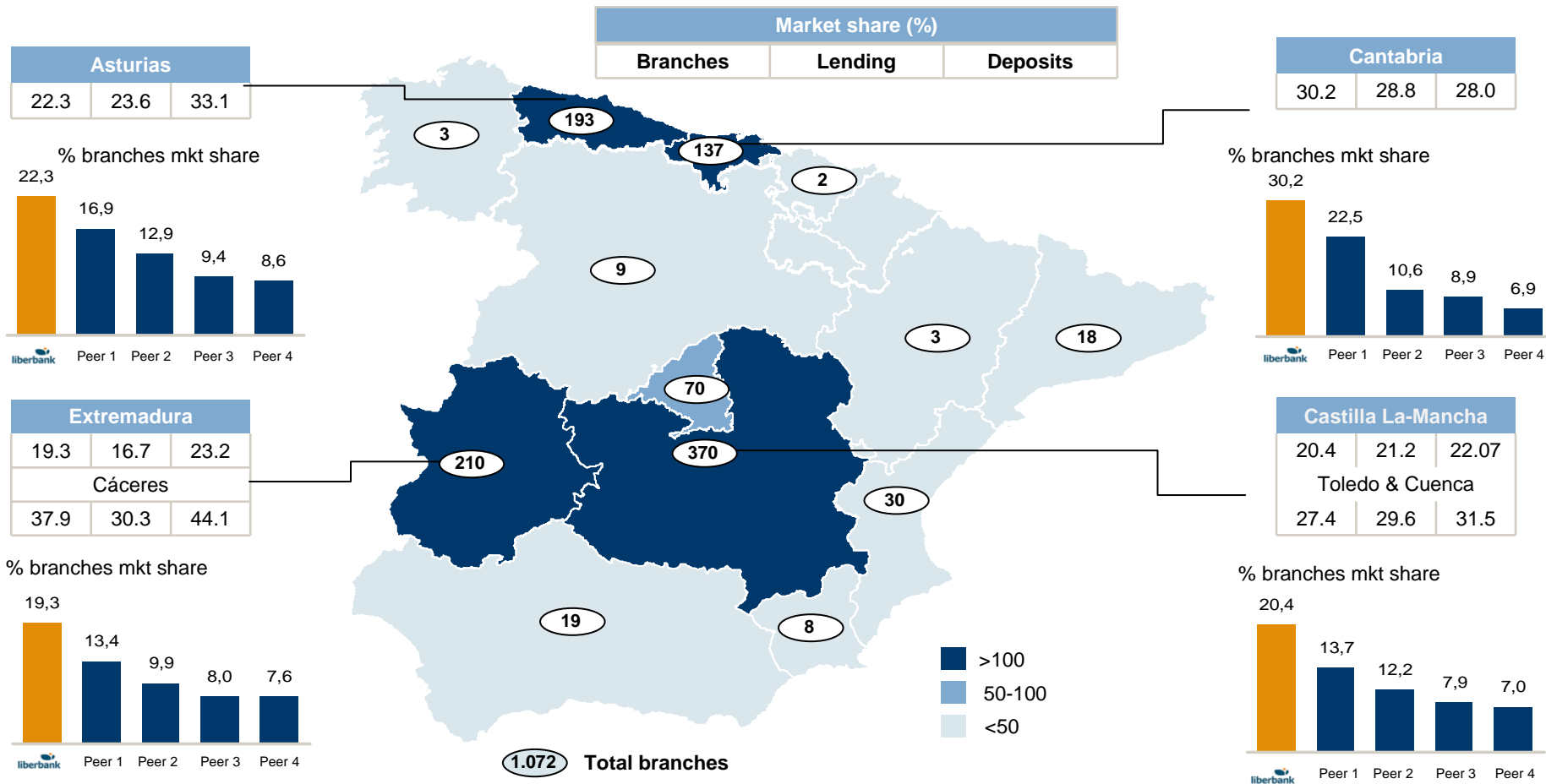
- Low interest rates
- Households and Corporates deleveraging
- CoR still above normalized levels

Market leader, efficient network

Market leader in its four home regions with significant market share premium vs. competitors

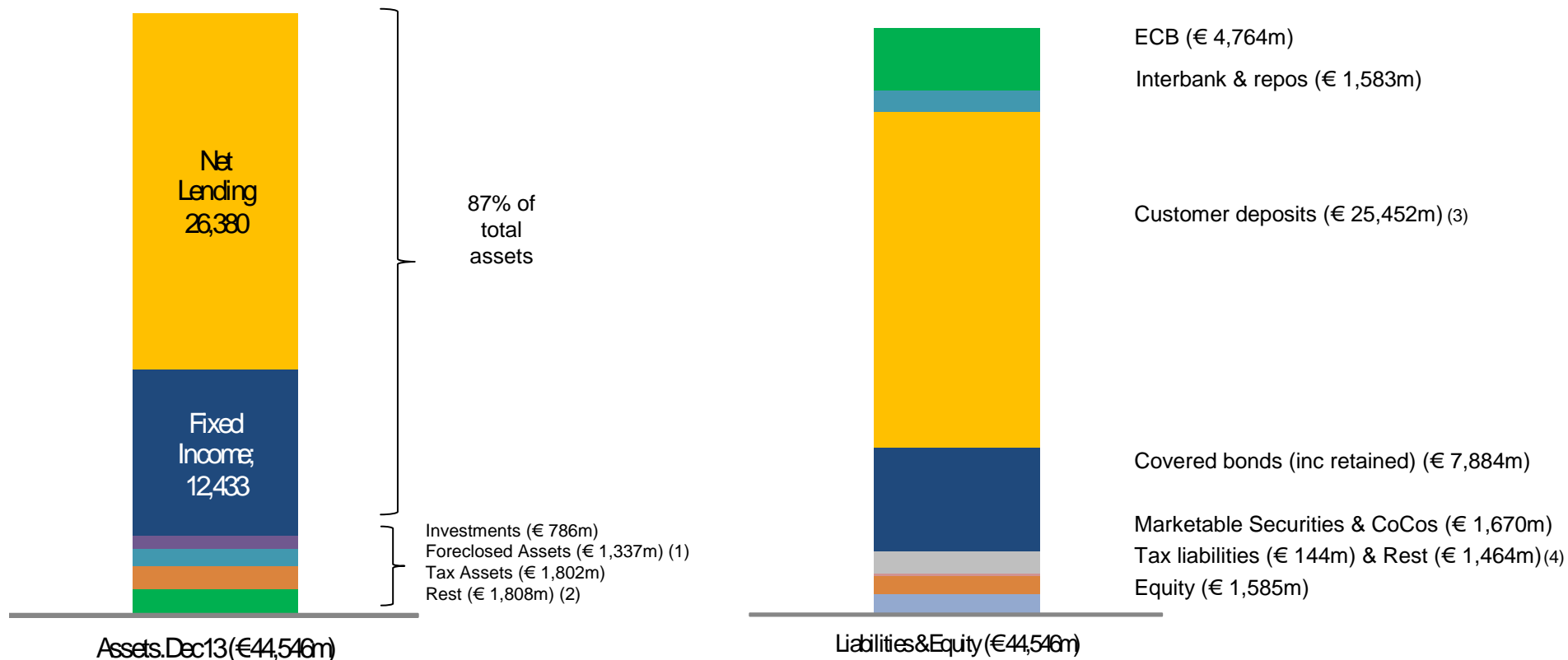
Efficient network (loans and deposits market share > branches market share)

Well-established network: over 80% branches are more than 20 years old and 95% more than 10 years in home regions



1. Liberbank's figures as of August 2013. Branches market share LBK as of June 2013, rest of banks BoS June 2013 and annual report CECA (2011) and UNACC and AEB 2012. Business market share according to OSR BoS and Liberbank June 2013

Balance Sheet. Pure retail banking



- After the transfer to Sareb, net lending has been reduced significantly in exchange of a larger Fixed Income portfolio.
- Equity of € 1,585m does not include the CoCos of €435m (€ 124m hold by FROB)

(1) Including APS foreclosed assets (€ 1,152m) (2) Rest of assets includes Cash and interbank deposits (€ 692m), property&equipment (€ 634m) and intangible assets (€ 75m) among others (3) Customer deposits includes commercial paper and other marketable securities placed to retail investors (4) Rest of liabilities includes provisions (€ 239m), valuation adjustments (€ 512m) and APS unused funds.

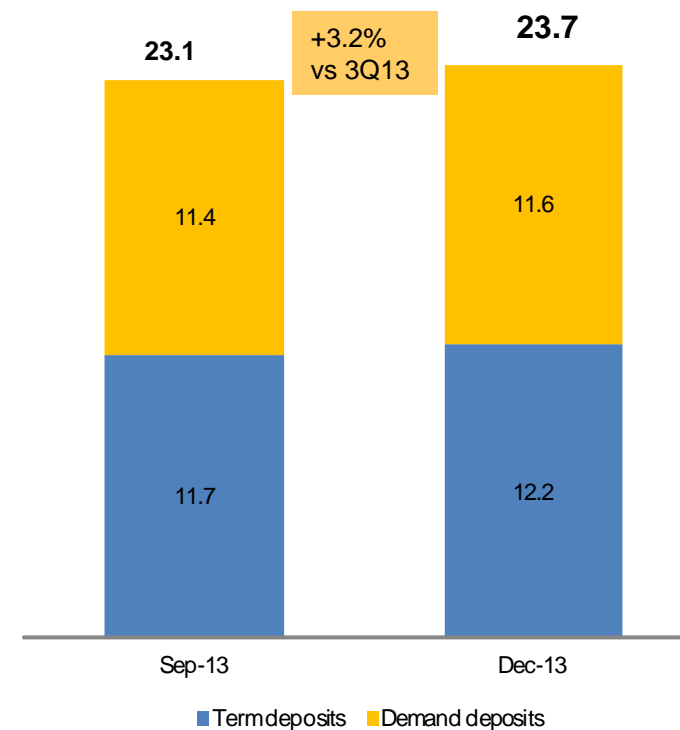
Retail funds going back to normal growth

In a challenging and restructuring environment the retail funds on balance sheet have increased by +0.7% YoY.

➤ On top of an already comfortable liquidity position (LtD ratio < 100%) the retail Funds have increased during the 4Q by more than 3%. **Best Quarter in Liberbank's short history**

| Eur m | 4Q12 | 3Q13 | 4Q13 | QoQ | YoY |
|--------------------------------------|---------------|---------------|---------------|-------------|-------------|
| RETAIL CUSTOMER FUNDS | 29,102 | 28,521 | 29,357 | 2.9% | 0.9% |
| Retail Funds on Balance Sheet | 25,268 | 24,665 | 25,452 | 3.2% | 0.7% |
| Public Institutions | 895 | 889 | 1,072 | 21% | 20% |
| Retail Customer (resident) | 23,955 | 23,419 | 24,030 | 3% | 0% |
| Demand deposits | 11,566 | 11,389 | 11,558 | 1% | 0% |
| Term deposits | 12,006 | 11,690 | 12,162 | 4% | 1% |
| Other | 383 | 340 | 310 | -9% | -19% |
| Non resident customers | 418 | 357 | 350 | -2% | -16% |
| Off-balance sheet funds | 3,834 | 3,856 | 3,906 | 1.3% | 1.9% |
| Mutual funds | 1,300 | 1,212 | 1,225 | 1% | -6% |
| Pension Plans | 1,524 | 1,538 | 1,560 | 1% | 2% |
| Insurance Funds | 1,010 | 1,106 | 1,121 | 1% | 11% |

Retail Customer Funds quarterly performance. Eur bn (1)



(1) Resident customers, excluding Public Institutions

Volumes. Selective deleveraging continues

Loan book size is decreasing as the Spanish economy continues its deleveraging process, although the pace is slowing down.

- In forthcoming quarters SMEs book should change its trend growing towards Liberbank's "natural market share".
- Negligible exposure to developers (exc APS).

| Eur m | 4Q12 | 3Q13 | 4Q13 | QoQ | YoY | NPL ratio |
|----------------------------|---------------|---------------|---------------|------------|--------------|--------------|
| TOTAL GROSS LOANS | 31,509 | 29,046 | 28,385 | -2% | -10% | 21.3% |
| APS | 4,623 | 4,126 | 3,932 | -5% | -15% | 88.4% |
| EXC APS | 26,886 | 24,920 | 24,453 | -2% | -9.0% | 10.4% |
| Public Sector | 1,887 | 1,302 | 1,339 | 3% | -29% | 0.0% |
| Loans to businesses | 7,405 | 6,728 | 6,525 | -3% | -12% | 25.7% |
| RED & Construction | 920 | 945 | 859 | -9% | -7% | 51.4% |
| Other corporates | 6,485 | 5,783 | 5,666 | -2% | -13% | 21.8% |
| Loan to individuals | 17,325 | 16,573 | 16,272 | -2% | -6% | 5.1% |
| Residential mortgages | 16,397 | 15,772 | 15,519 | -2% | -5% | 5.0% |
| Consumer and others | 928 | 801 | 753 | -6% | -19% | 5.7% |
| Other loans | 269 | 317 | 317 | 0% | 18% | 1.5% |

- **Defend low deposits cost base** and, where possible, amplify pricing advantage vs. market average. Increase sight deposits continuing to promote transactional banking
- **Strengthen market position with SMEs** by increasing working capital financing, as well as cross selling specialized lending products. Deploying new specialized commercial managers to centre attention on this segment
- **Foster commercial activity in off-balance sheet products (insurance and funds)** as a source of recurring fees and extraordinary capital generation meeting exclusive agreements earn-outs
- **Continue to seek efficiency** through further consolidation of the branches' network, as well as migration to less expensive channels and more flexible work models (UGGs, part-time schedules, employee rotation,...)
- **Improve customer experience and satisfaction** in presence and remote channels investing in new features and services
- **Reinforce market leadership in Home Regions**, regaining original social reputation and brand awareness and enlarging customer base

Agenda

1. Commercial Activity

2. Results analysis

3. Asset Quality

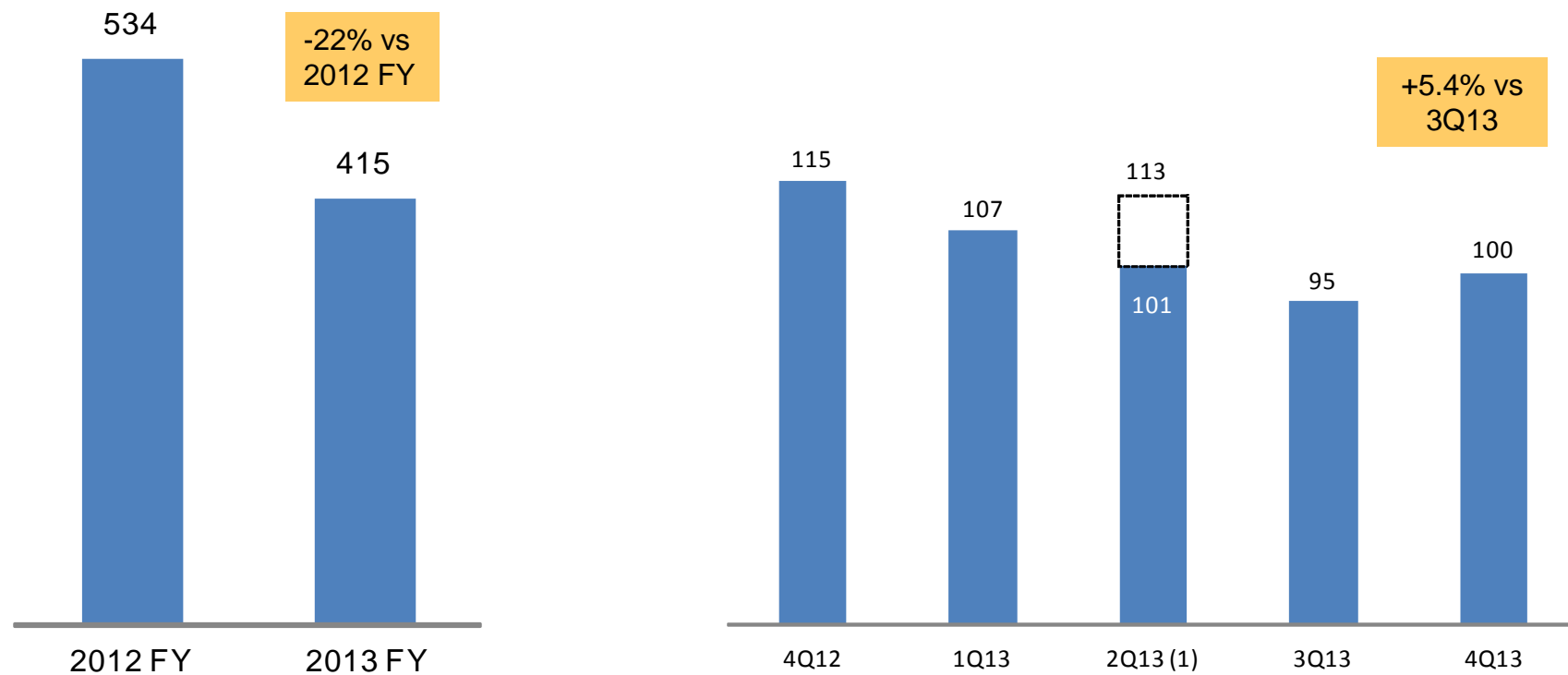
4. Funding and Liquidity

5. Solvency

Net Interest Income Recovery

Results

Net Interest Income performance (€ million). Net Interest Income should continue benefitting from a lower cost of funding, in both retail and wholesale in the following quarters.

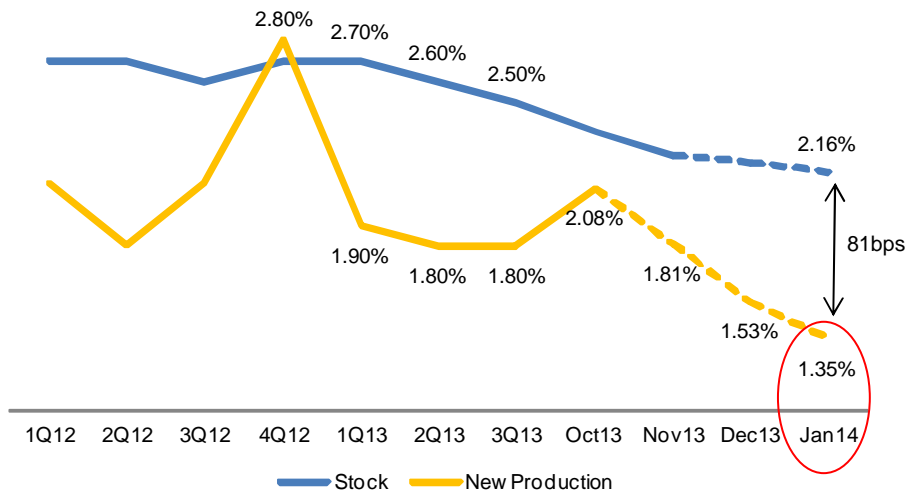


(1) 2Q13 NII includes € 11m of extraordinary interest income

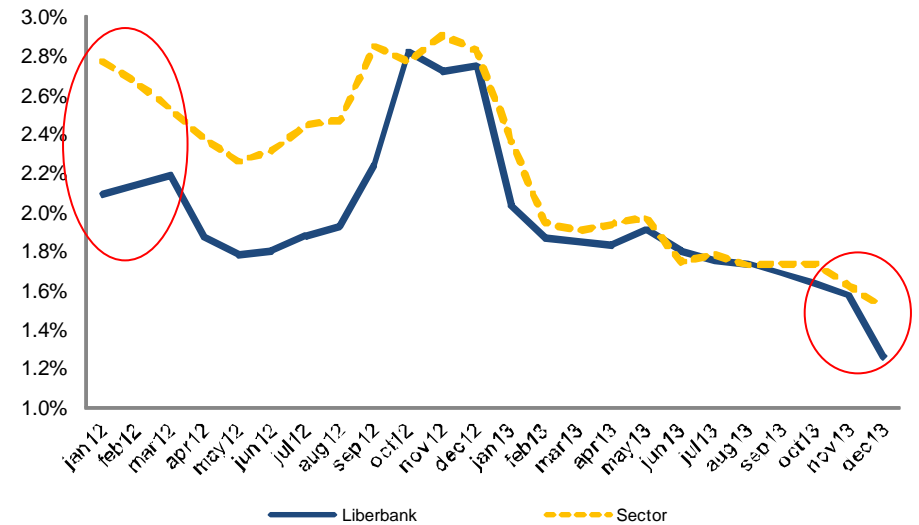
NII. Cost of term deposits

- **Cost of term deposits reduction is accelerating from the last months of 2013.** Together with the lower cost of wholesale funding should be the main driver in order to improve the NII in the short term.
- **Average duration** of term deposits is reducing and stands now at 9.4 months, allowing a faster repricing in forthcoming months, provided the better pricing environment remains.
- Normalization should bring back the competitive gap Liberbank used to have in the past.

Cost of term deposits. New and Stock

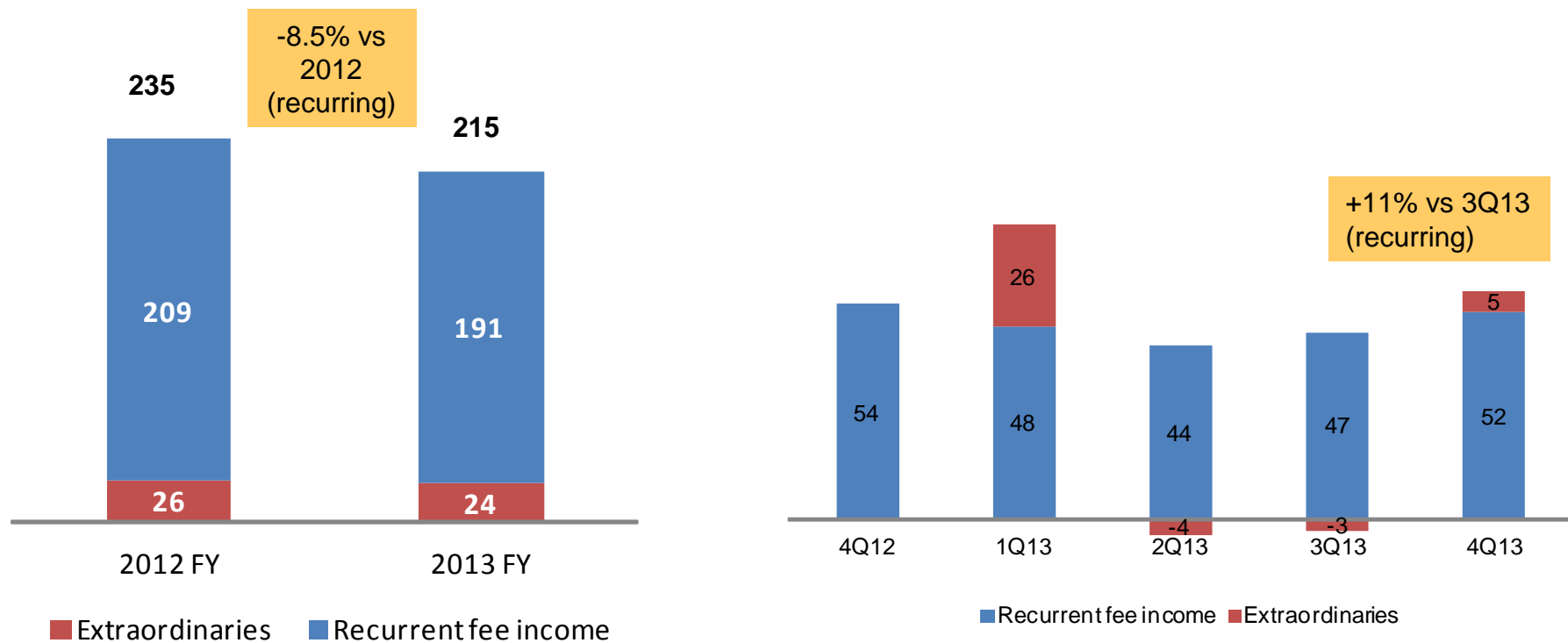


Households. Cost of term deposits (NEW)



Source: Liberbank and Bank of Spain

Fee Income (€ million). Strong performance of fees during the 4Q13. New initiatives to improve fee revenues through credit/debit card business and off-balance sheet products among others.



Costs - Restructuring Process is closed

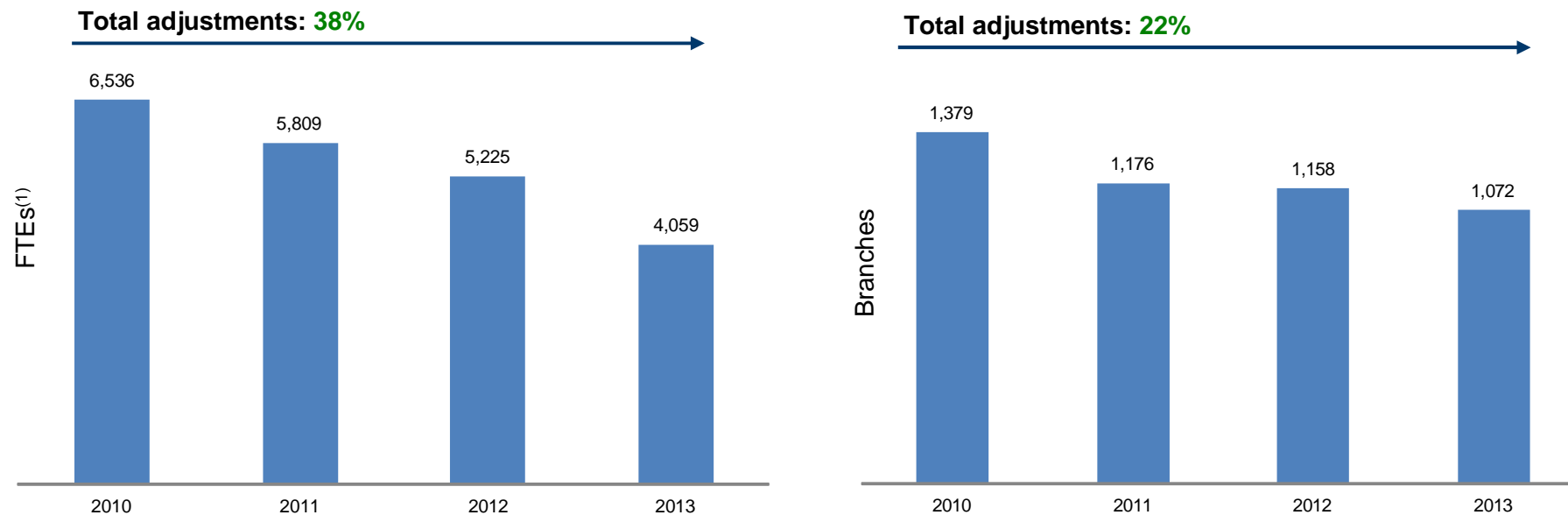
Results

➤ **FTEs. New measures to right-size FTEs capacity have been implemented.**

- Liberbank has achieved a 38% reduction in total FTEs since 2010 (prior to the integration) through the implementation of different measures as early retirements, temporary lay-offs, reduction of working hours and of employees in subsidiaries
- Suspension of pension plan contributions and of social benefits and reduction of fixed remuneration have also been implemented to reduce costs.

➤ **Branches: 307 closures already done (20% of 2010YE)**

- Very limited deposits outflow expected based on experience
- Branches with cost to income > 100% (< €4m of business volume)
- **Grouping through new branches classification (UGCs)** in order to reduce the number of Directors and the related costs.

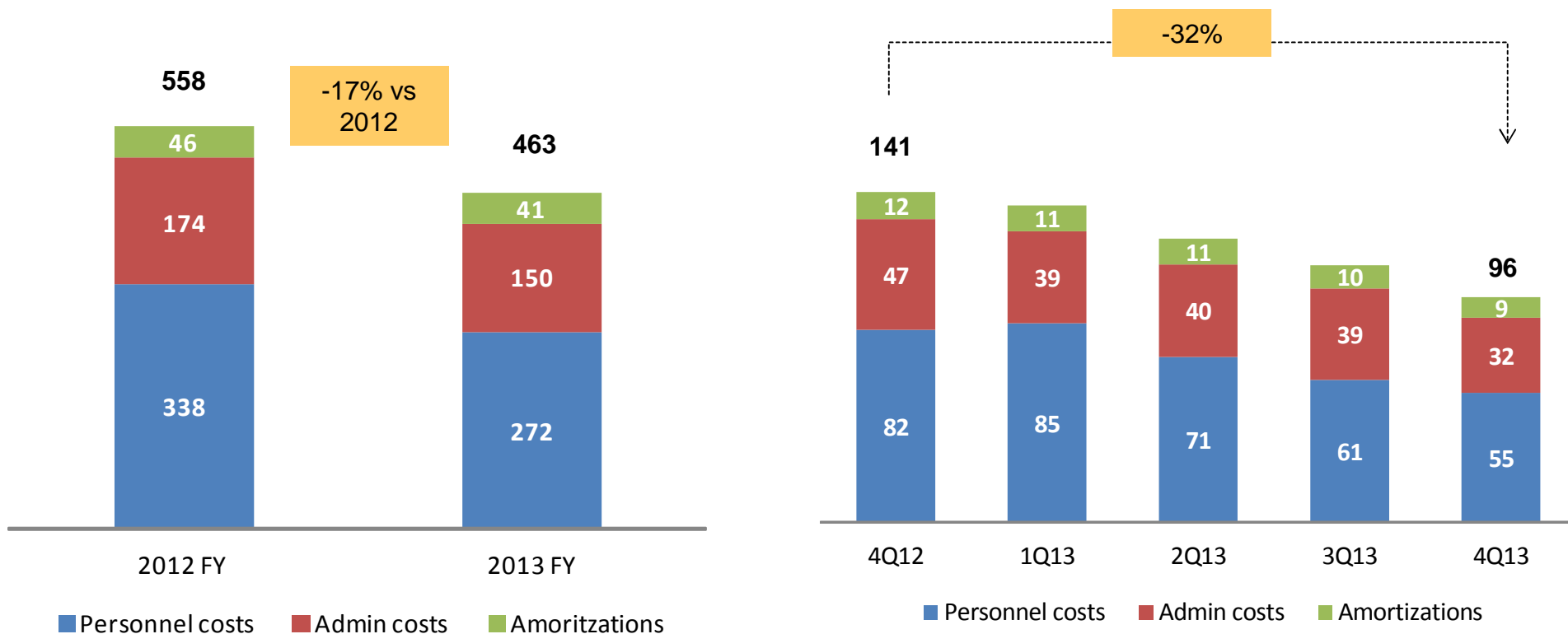


1. FTEs for Liberbank (individual accounts + CCM Banco). FTEs from subsidiaries not included.
Source: Liberbank internal figures

Costs – delivery on track

Costs reduction benefitting from the execution and delivery of the restructuring Plan. Full impact of recently approved cost cutting measures should be fully reflected during 2014.

(€ million)

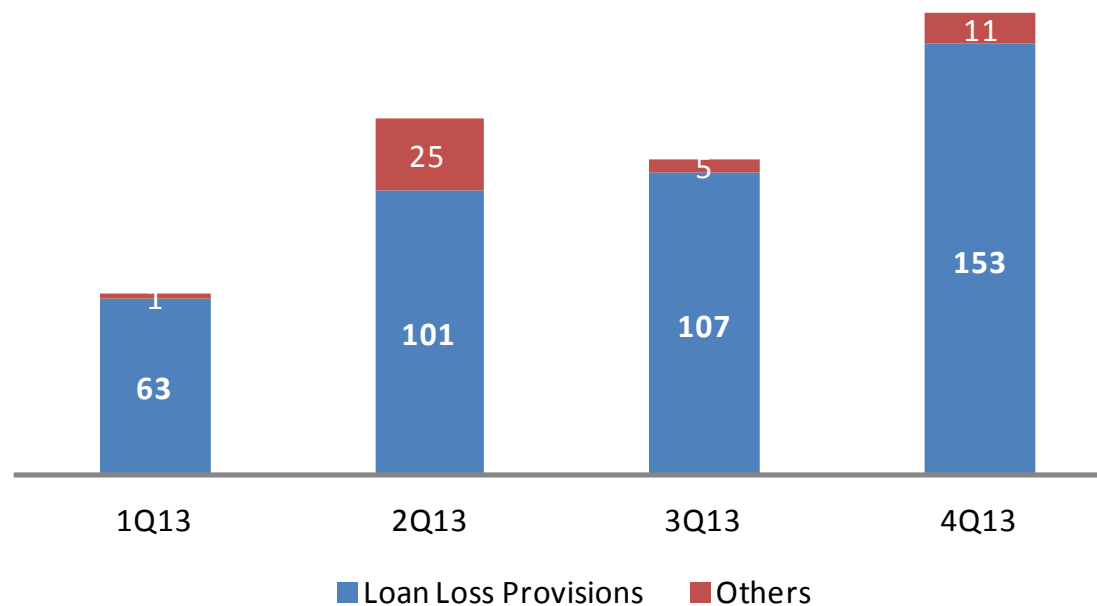


Strong effort in provisioning

- **Despite the big effort in provisions**, the bank has been able to reach a positive net attributable income of € 48m during 2013.
- The higher impairments during the fourth quarter are due to **reclassification of the restructured loans**. This charge is partially offset by the release of “Generic provisions”.
- **Cost of Risk unusually high. Progressive normalization from 2014 onwards.**

| | | | | |
|------------------|-------|-------|-------|-------|
| Cost of Risk (1) | 0.95% | 1.55% | 1.69% | 2.48% |
|------------------|-------|-------|-------|-------|

Impairment losses (€ millions).



(1) LLP over average gross loan portfolio (exc APS)

Quarterly P&L

Results

| €m | 1Q13 | 2Q13 | 3Q13 | 4Q13 | Var. 4Q vs 3Q | |
|---|-------------|-------------|-------------|------------|---------------|-------------|
| | | | | | €m | % |
| Interest Income | 291 | 277 | 263 | 257 | -6 | -2% |
| Interest Cost | -184 | -164 | -168 | -157 | 11 | -6% |
| NET INTEREST INCOME | 107 | 113 | 95 | 100 | 5 | 5% |
| Dividends | 5 | 0 | 3 | 0 | -2 | -85% |
| Results from equity method stakes | 0 | 16 | 6 | 17 | 11 | 196% |
| Net fees | 74 | 40 | 44 | 57 | 13 | 30% |
| Gains on financial assets & others | 14 | 118 | 31 | 84 | 54 | 176% |
| Other operating revenues | 0 | -9 | -5 | -28 | -23 | 460% |
| GROSS MARGIN | 200 | 278 | 173 | 230 | 58 | 33% |
| Administrative expenses | -125 | -111 | -100 | -88 | 12 | -12% |
| Staff expenses | -85 | -71 | -61 | -55 | 6 | -9% |
| General expenses | -39 | -40 | -39 | -32 | 7 | -18% |
| Amortizations | -11 | -11 | -10 | -9 | 1 | -12% |
| PRE PROVISION PROFIT | 65 | 156 | 62 | 135 | 73 | 118% |
| Provisions | 0 | -5 | -10 | 39 | 49 | -494% |
| Impairment on financial assets (net) | -64 | -126 | -112 | -164 | -52 | 46% |
| Impairment losses on other assets (net) | -16 | 16 | -2 | 1 | 3 | -150% |
| Others | 37 | -28 | -18 | 25 | 43 | nm |
| PROFIT BEFORE TAXES | 21 | 12 | -80 | 37 | 117 | nm |
| Taxes | 10 | 9 | 34 | -7 | -41 | nm |
| NET INCOME | 31 | 22 | -46 | 30 | 76 | nm |
| NET INCOME ATTRIBUTABLE | 33 | 18 | -37 | 34 | 71 | nm |

2013 P&L

Results

| €m | 2012 | 2013 | Var. | |
|---|---------------|-------------|--------------|-------------|
| | | | €m | % |
| Interest Income | 1,413 | 1,088 | -325 | -23% |
| Interest Cost | -879 | -673 | 206 | -23% |
| NET INTEREST INCOME | 534 | 415 | -119 | -22% |
| Dividends | 64 | 8 | -56 | -87% |
| Results from equity method stakes | 4 | 38 | 34 | 940% |
| Net fees | 235 | 215 | -20 | -8% |
| Gains on financial assets & others | 33 | 247 | 214 | 638% |
| Other operating revenues | -6 | -42 | -36 | 599% |
| GROSS MARGIN | 864 | 881 | 17 | 2% |
| Administrative expenses | -512 | -423 | 90 | -18% |
| Staff expenses | -338 | -272 | 65 | -19% |
| General expenses | -174 | -150 | 24 | -14% |
| Amortizations | -46 | -41 | 5 | -11% |
| PRE PROVISION PROFIT | 307 | 418 | 111 | 36% |
| Provisions | -42 | 24 | 66 | nm |
| Impairment on financial assets (net) | -2,182 | -466 | 1,716 | nm |
| Impairment losses on other assets (net) | -47 | 1 | 47 | nm |
| Others | -836 | 15 | 851 | nm |
| PROFIT BEFORE TAXES | -2,797 | -9 | 2,788 | nm |
| Taxes | 865 | 46 | -818 | nm |
| NET INCOME | -1,933 | 37 | 1,970 | nm |
| NET INCOME ATTRIBUTABLE | -1,834 | 48 | 1,882 | nm |

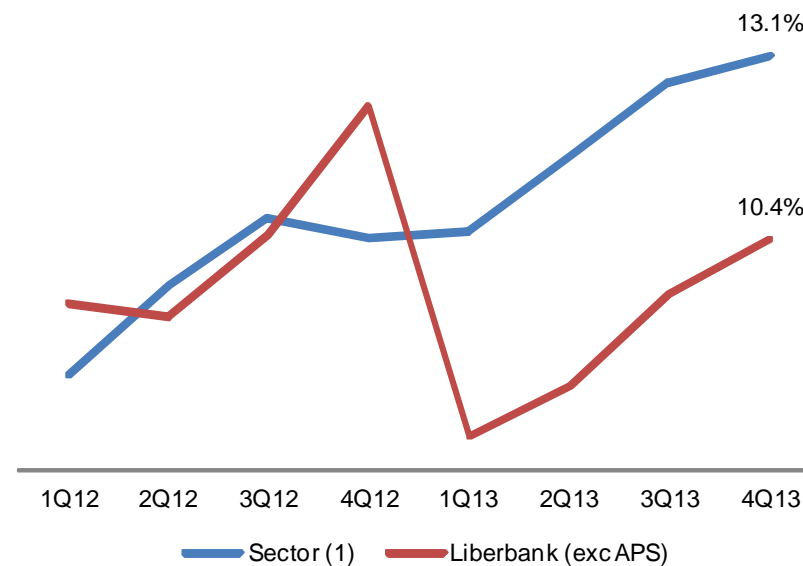
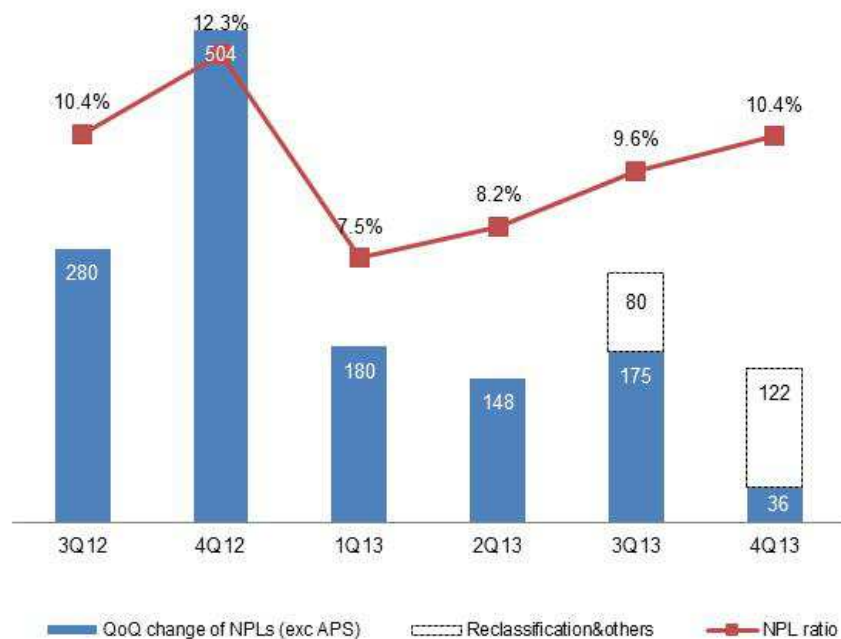
Agenda

1. Commercial Activity
2. Results Analysis
3. Asset Quality
4. Funding and Liquidity
5. Solvency

NPL ratio compares well vs the Sector

NPLs quarterly change (exc APS). Good news from the underlying trend supported by improving macro trends (€ m)

NPL ratio (exc APS) is 270 bp below the average of the sector

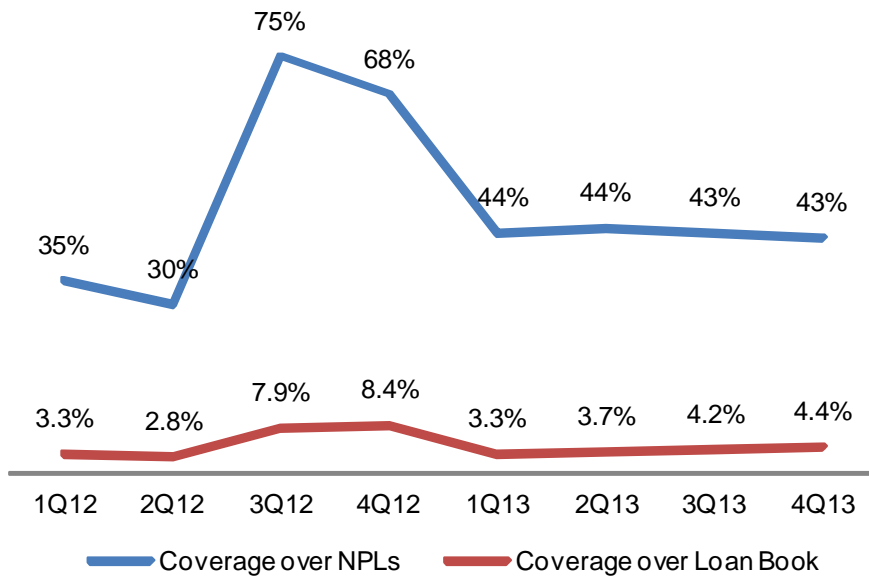


Source: Liberbank Banco de España.
 (1) Data for the sector as of Nov2013

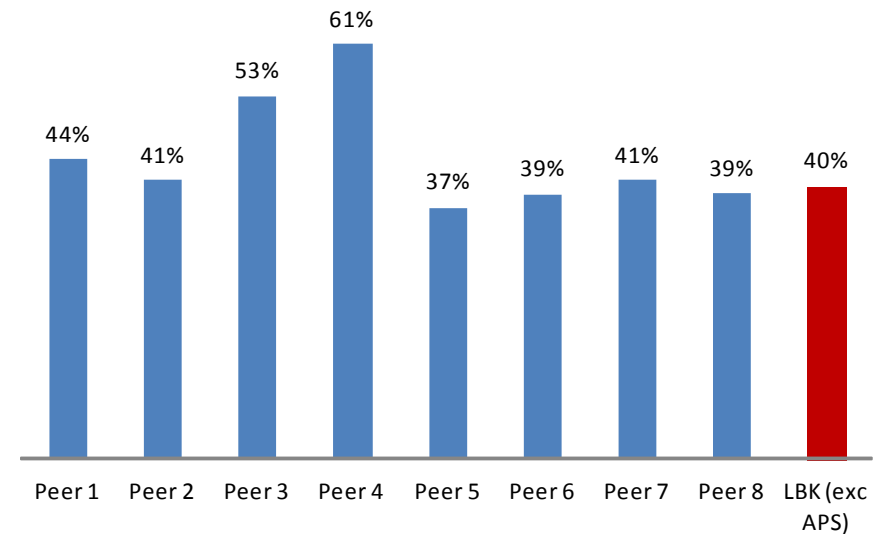
Coverage

- Despite the increase of NPLs, the coverage ratio remains stable. Coverage over the total loan book improves 27bp QoQ.
- Liberbank's loan book (exc APS) has negligible exposure to construction and high exposure to mortgages with relatively low LTVs. Coverage (exc RE and APS) compares well with the sector.

Coverage evolution (exc APS).



Coverage (exc RE and exc APS) vs Peers. Dec13



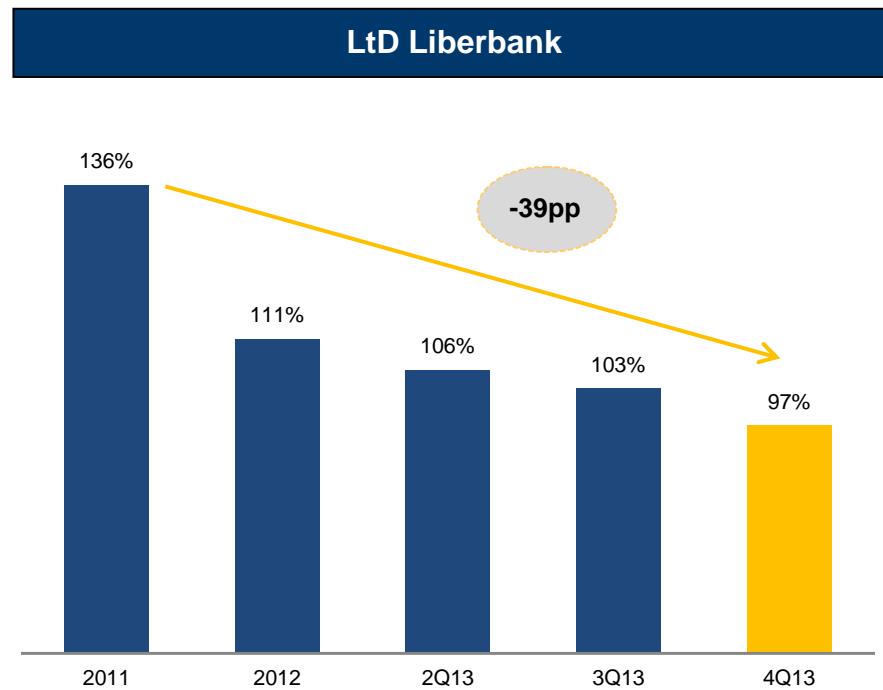
Peers are SAN Spain, BBVA Spain, CABK, BKIA, POP, SAB, BKT and Kutxabank. Kutxabank as of Jun13
 Source: Quarterly reports

Agenda

1. Commercial Activity
2. Results Analysis
3. Asset Quality
4. Funding and Liquidity
5. Solvency

Deleveraging. Lower LtD ratio & commercial gap

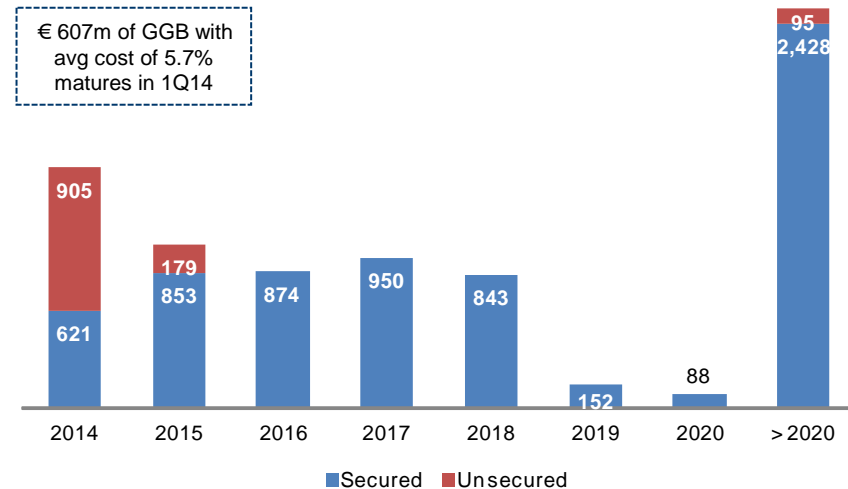
- LtD below 100% and very close to the 2016 target of 95% set in the Plan.
- This comfortable liquidity and funding position should be a driver for cheaper funding in the future.
- **Main driver for the deleveraging process is the fall in credit supported by a stable deposit base.**



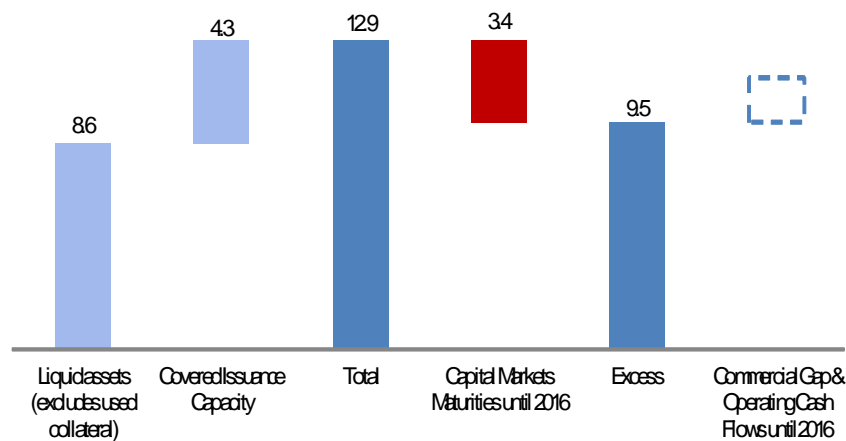
Comfortable wholesale funding and liquidity position

- Wholesale funding being gradually reduced. The most expensive funding (State Guaranteed Bonds) is being amortized shortly (4Q13-1H14).
- Capital markets maturities until 2015 fully covered with Fixed Income Portfolio amortizations
- ECB funding reliance stands at the same level as the sector while use of interbank, money market and Clearing Houses is below main listed peers.

Capital Markets Maturities. Dec13 (€ m)

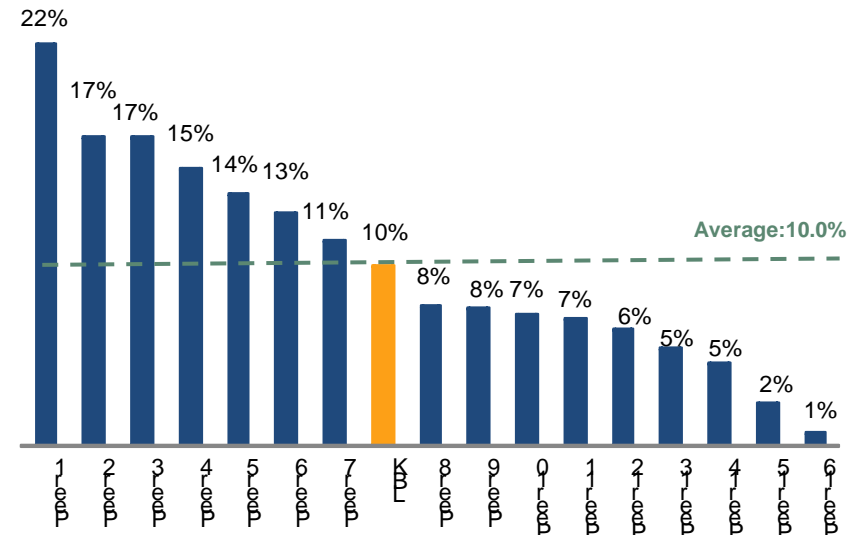


Comfortable liquidity position (Dec. 2013)



Source: Liberbank internal data, CECA and Quarterly reports

Peers ECB Financing Over Total Assets (Nov2013)



Agenda

1. Commercial Activity
2. Results Analysis
3. Asset Quality
4. Funding and Liquidity
5. Solvency

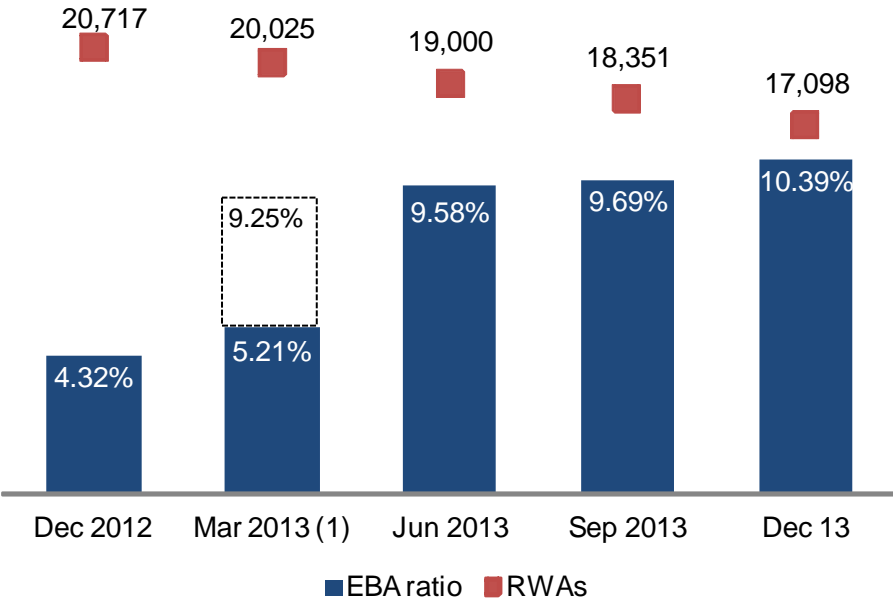
- Solid capital position post implementation of the measures included in the Plan
- Liberbank currently applies standard models, so it could reduce its RWAs density significantly under advanced methodologies.

A more comprehensive view on Capital

BIS 3 (phased in)
8.7%

Adequate provisioning for risk profile
43% NPLs (exc APS)

Capital ratios and RWAs (€ m)



(1) Pro-forma: Including the SLE exercise



Institutional Investors & Analysts Contact

Relacion.inversores@liberbank.es

+ 34 91 422 58 37