

## A LA COMISIÓN NACIONAL DEL MERCADO DE VALORES

A los efectos previstos en el artículo 82 de la vigente Ley 24/1988, de 28 de julio, del Mercado de Valores, Liberbank S.A. comunica el siguiente

### HECHO RELEVANTE

Moody's ha hecho pública su primera asignación de calificación crediticia para Liberbank, resultante de la integración de Cajastur (que controla el 75 por ciento del Banco de Castilla-La Mancha), Caja Extremadura y Caja Cantabria, otorgando una calificación de Baa1 con perspectiva negativa a largo plazo, lo que supone una mejora respecto a la calificación anterior, de Baa2 en revisión negativa, otorgada en marzo de 2011 a Cajastur y a Caja Cantabria.

Moody's destaca en sus calificaciones los siguientes factores:

- la sólida posición en los mercados naturales de las entidades integrantes de Liberbank (las comunidades de Asturias, Extremadura, Cantabria y Castilla La Mancha);
- el adecuado nivel de capitalización, con un core capital del 9,35 por ciento, que se reforzará con el plan de recapitalización hasta el 10 por ciento;
- la cómoda situación de liquidez, que apenas requiere refinanciación en los próximos doce meses;
- y una adecuada calidad de riesgos, una positiva evolución en la integración del Banco de Castilla-La Mancha y unos buenos ratios fundamentales.

Moody's explica que la asignación de la perspectiva negativa es coherente con la calificación al sistema financiero español y tiene en cuenta el negativo entorno económico nacional.

Madrid, 13 de septiembre de 2011



## Rating Action: Moody's assigns Baa1/P-2/C- to Liberbank; outlook negative (Spain)

Global Credit Research - 13 Sep 2011

Madrid, September 13, 2011 -- Moody's Investors Service has today assigned long and short-term debt and deposit ratings of Baa1/Prime-2 and a standalone bank financial strength rating of C- (mapping to Baa2 on the long-term scale) to the new entity Liberbank. This follows the transfer to Liberbank (effective as of 11 August 2011) of the financial businesses of three savings banks:

- (i) Caja de Ahorros de Asturias (Cajastur, Baa2, P-2 on review for downgrade/D+)
- (ii) Caja de Ahorros de Santander y Cantabria (Caja Cantabria, Baa2, P-2 on review for downgrade/D-)
- (iii) Caja de Ahorros y Monte de Piedad de Extremadura (Caja Extremadura, unrated)

Moody's rates Liberbank's dated subordinated debt Baa2, the preference shares Ba3 (hyb) and the government-guaranteed debt at Aa2. The outlook on all the ratings is negative.

At the same time, following the transfer, Moody's has withdrawn Cajastur and Caja Cantabria's standalone BFSRs, long-term and short-term deposit ratings and long-term issuer ratings.

### DETAILS OF THE TRANSACTION

On 29 and 30 June, the three savings banks approved the transfer of all of their assets and liabilities to Liberbank, a newly constituted commercial bank—with the exception of the social welfare projects. Liberbank's creation was part of the savings banks' recapitalisation plan, which involved the transfer of their financial business to a commercial bank. This is a precondition for savings banks -- if they expect to receive public funds in the form of capital or raise capital from investors -- as these institutions do not have share capital.

The segregation of all assets and liabilities from the savings banks to Liberbank took place on August 11. Following the transfer, the savings banks' role is to manage their social welfare projects financed through dividends paid by Liberbank. Subsequently, all of the debt obligations of the savings banks have been assumed by Liberbank. All of the other ratings of Cajastur and Caja Cantabria have been withdrawn.

### RATINGS RATIONALE

#### ASSIGNMENT OF BFSR AND DEPOSIT RATINGS

The C- standalone BFSR -- which maps to Baa2 on the long-term scale -- reflects (i) Liberbank's well established franchise in its core markets (the regions of Asturias, Extremadura, Cantabria and Castilla La Mancha); (ii) adequate capital levels, with a core capital ratio of 9.35% (according to the RD 2/2011) at end-June 2011, which will be reinforced to 10% before end-September 2011 as part of the entity's recapitalisation plan; (iii) a solid liquidity position, with modest refinancing requirements over the next 12 months, and; (iv) adequate risk positioning, albeit with a high degree of credit-risk concentrations by borrower and sector. The BFSR of Liberbank also reflects the credit strength of Cajastur, which is the major shareholder of the bank with 66% of the capital. Moody's had always rated highly Cajastur but for the acquisition of Caja Castilla La Mancha (CCM; unrated) and the potential integration into Banco Base. Given the good progress on the integration of CCM and the failed integration into Banco Base (for further details please see "Debt ratings of CAM, Cajastur and Caja Cantabria under pressure following the break of Banco Base" published on 1 April 2011), the positive fundamentals of Cajastur come to the fore again and are a key driver of Liberbank's overall credit profile.

The BFSR also takes into consideration Liberbank's weakening asset-quality indicators, which despite comparing favourably with the system average -- the bank reported a problem loan ratio of 5.3% at end June 2011 vs. 6.42% for the banking system as a whole -- they remain challenged by Spain's weak economic outlook and the uncertainties within the real-estate sector. Furthermore, Moody's expects that the very difficult domestic operating environment will continue to subdue growth and exert downward margin pressures arising from the increased level of non-earning assets and higher funding costs. This is likely to limit internal capital generation from recurrent sources. Overall, the BFSR incorporates the resilience of Liberbank's credit profile to Moody's base case scenario, although it may not be entirely resilient to a stress scenario.

Moody's has assigned a negative outlook to Liberbank's standalone BFSR, consistent with the negative outlook on the Spanish banking system, taking into account the very weak economic environment, ongoing asset quality challenges and the negative outlook on profitability, all of which continue to provide a challenging backdrop for the bank's operations and place a negative bias on the assigned ratings.

Liberbank's senior debt and deposit ratings of Baa1 incorporate Moody's assumption of a moderate probability of systemic support for the bank, resulting in a one-notch uplift from its standalone credit strength. The outlook on the senior debt and deposit ratings is negative, reflecting the current review for possible downgrade of the Kingdom of Spain's Aa2 bond rating and the negative outlook on Liberbank's standalone BFSR.

### METHODOLOGIES USED

The methodologies used in this rating were Bank Financial Strength Ratings: Global Methodology published in February 2007, Incorporation of Joint-Default Analysis into Moody's Bank Ratings: A Refined Methodology published in March 2007, and Moody's Guidelines for Rating Bank Hybrid Securities and Subordinated Debt published in November 2009. Please see the Credit Policy page on [www.moody.com](http://www.moody.com) for a copy of these methodologies.

Headquartered in Madrid, Spain, Liberbank had total assets of EUR52.3 billion as of end-June 2011.

### REGULATORY DISCLOSURES

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The rating has been disclosed to the rated entity or its designated agents and issued with no amendment resulting from that disclosure.

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