



Financial Results



Banco Pastor

Third Quarter 2007 Presentation

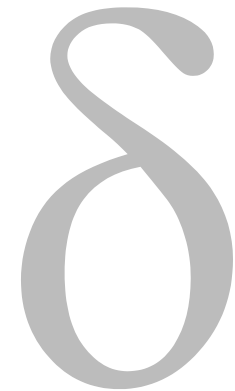
A Coruña, 22nd October 2007

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- **Delta key metrics**
 - **Business**
 - **Branch expansion**
 - **Conclusions & 2008 Guidelines**

The power of anticipation: remembering Delta Plan...

In November 2005 we presented our strategic plan for the 3 year period, including the following guidelines

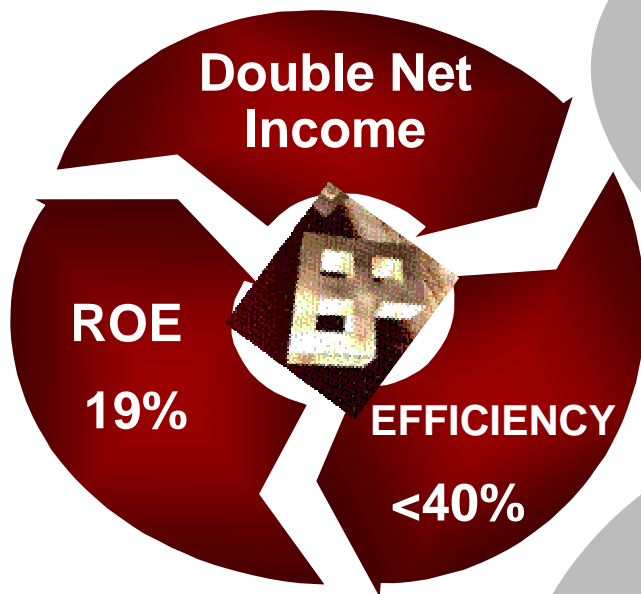
- ▣ **Evolve from doubling the size to doubling net profit**
 - ✦ So, expanding the balance sheet in a balanced growth with a 16% CAGR 05/08
 - ✦ Refocusing the balance sheet towards SME's and deposit gathering and training the organization to a different approach in business: the art of deposit gathering
- ▣ **Assuming a positive although decelerating environment that forecasted**
 - ✦ GDP08e: +2.5%-2.7%
 - ✦ Interest rates increases
 - ✦ Soft landing of Real estate sector: 2006 prices +5%, 2007/9 +0%
- ▣ **As a result of macro assumptions: rising NPLs in the sector towards a more normalized level**



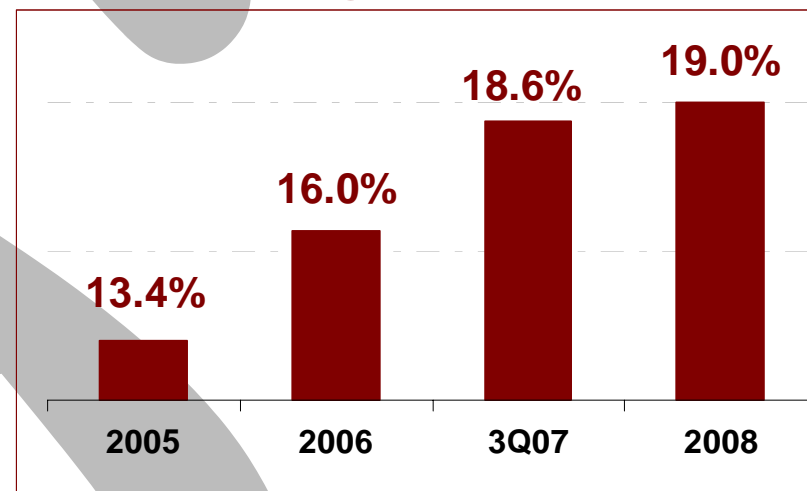


Delta key metrics

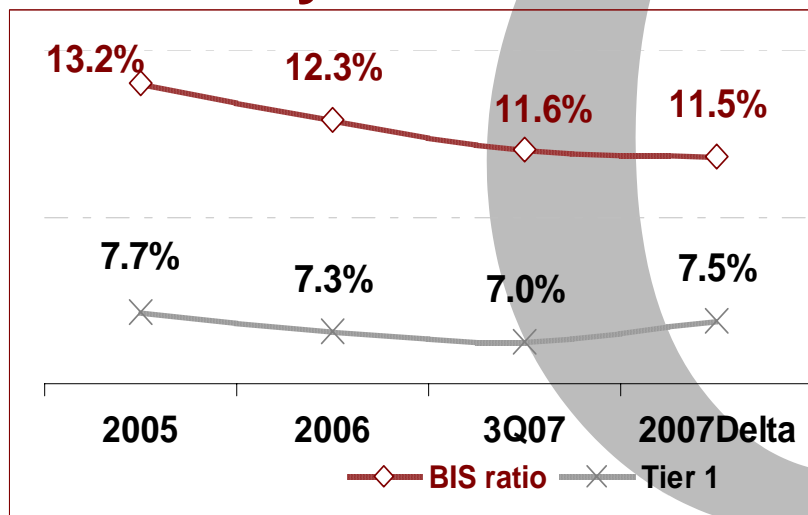
More & Better



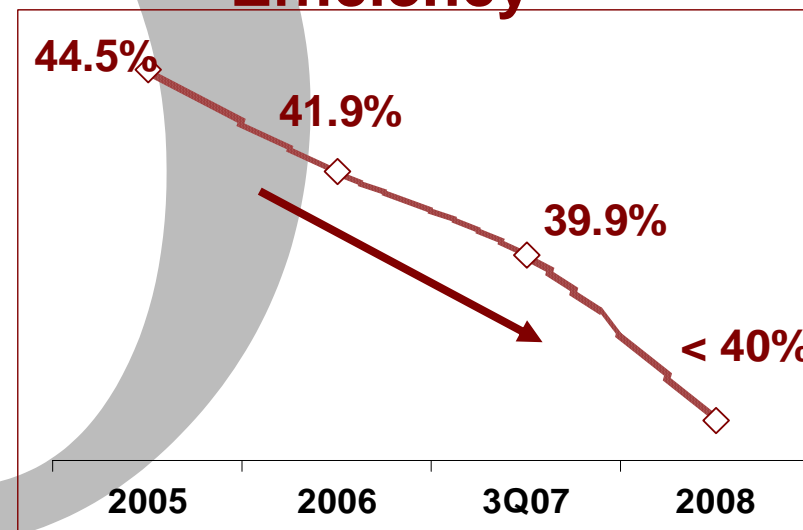
ROE



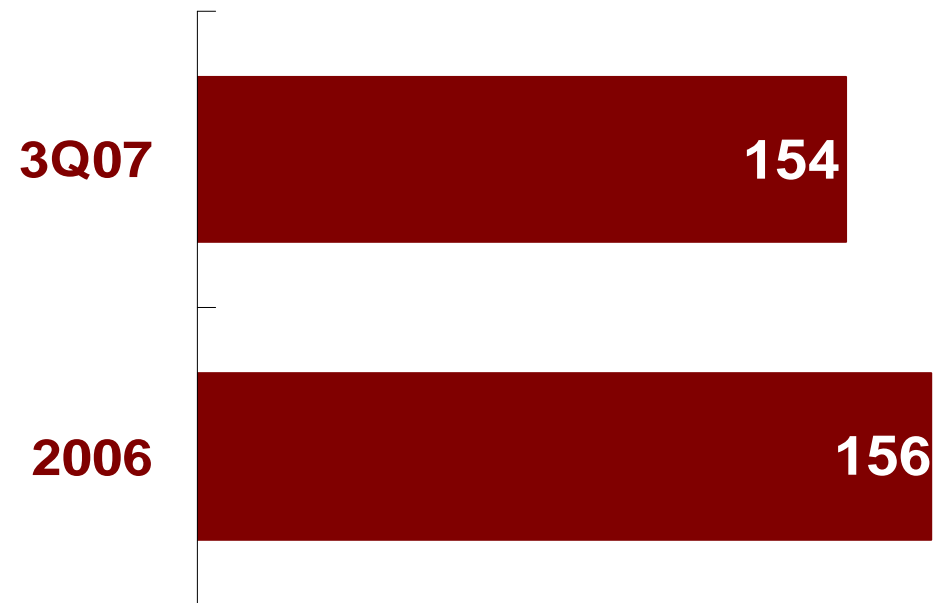
Solvency



Efficiency



Generating in 9 months, net profit of 2006!

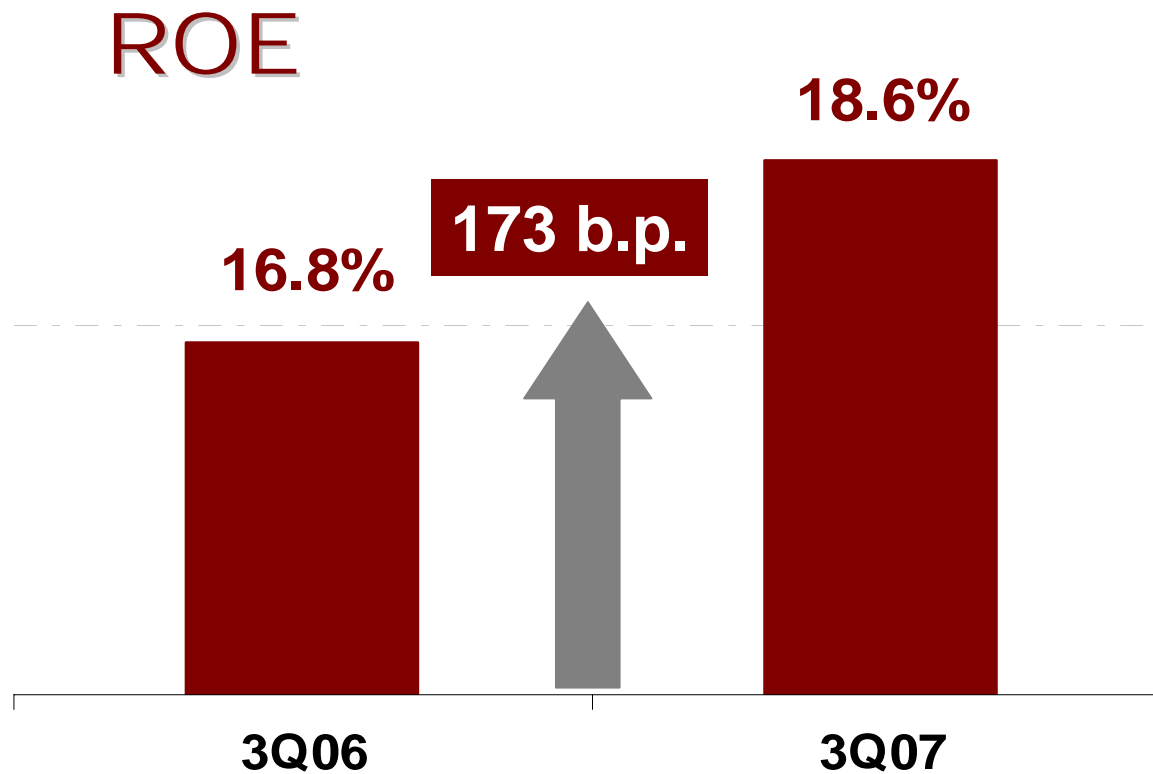


154mm

 **Twelve quarters in a row delivering net profit growth over 25%**

Leading to significant improvement in ROE

Delta key metrics: Profitability



Returns on capital have improved strongly

Sustained double digit growth in all margins

Delta key metrics: Profitability

+21.5% Net interest margin

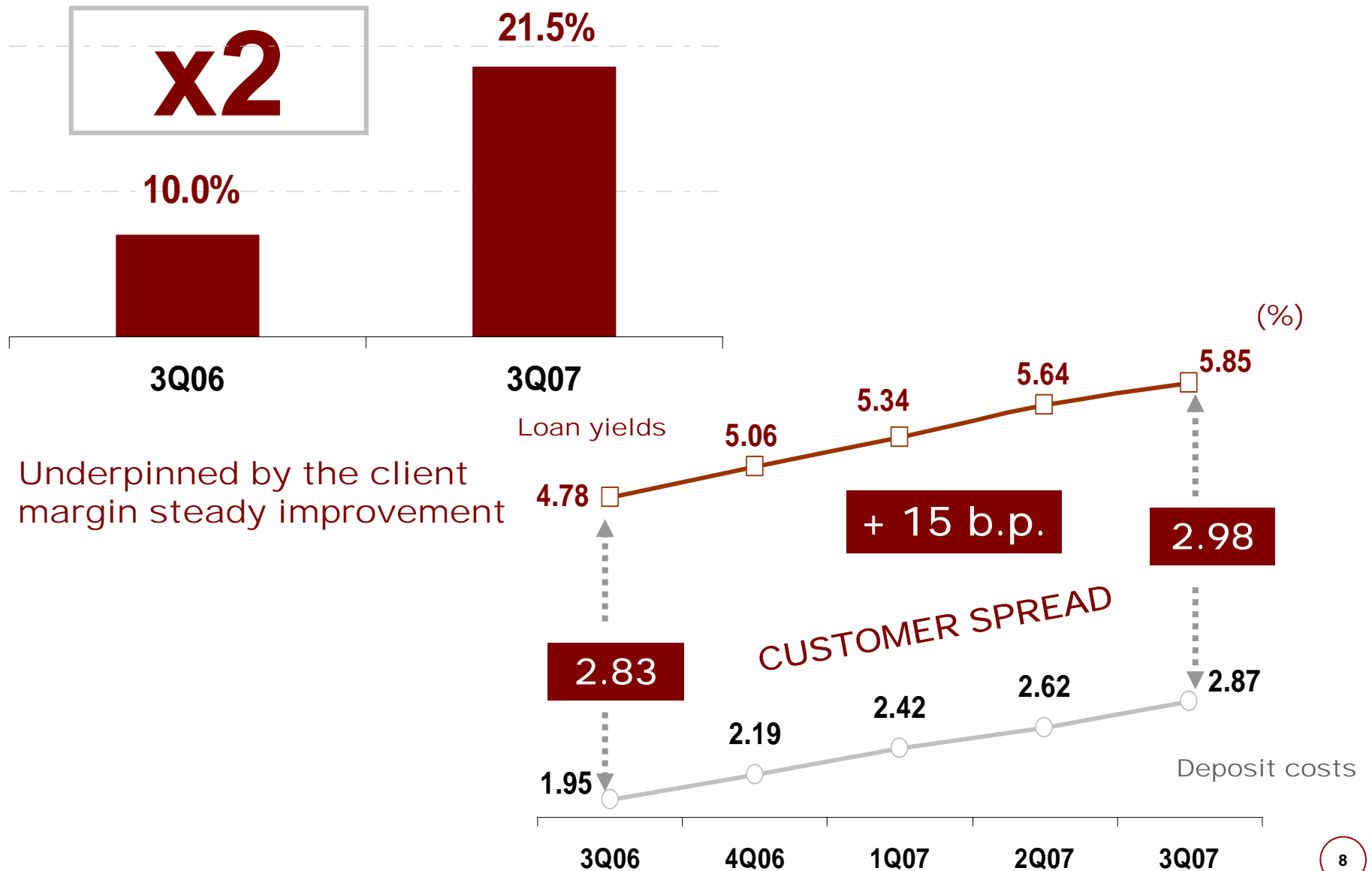
+17.9% Basic margin

+16.1% Ordinary margin

+19.7% Operating margin

Speeding up the net interest margin

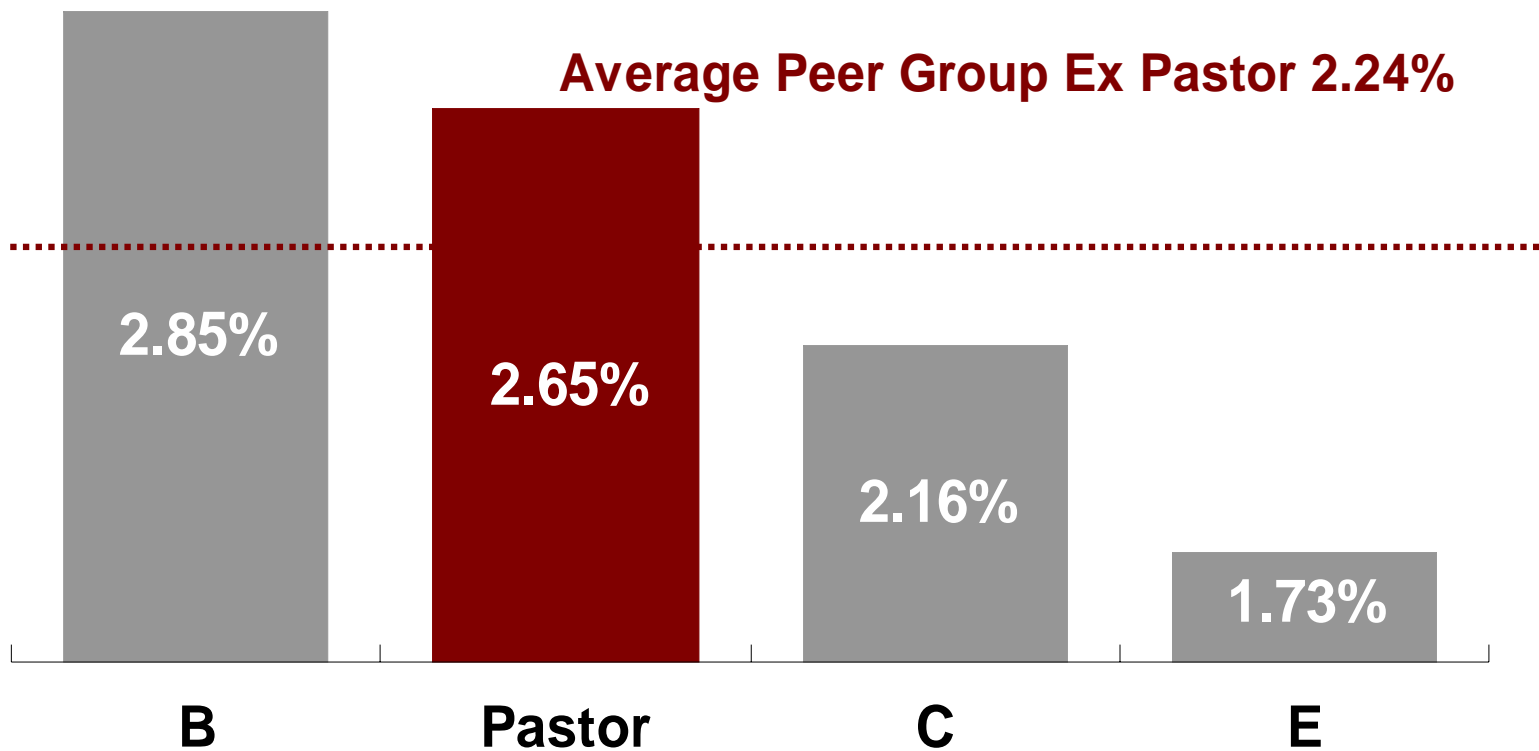
Delta key metrics: Profitability



It is not growth for the sake of growth!

Delta key metrics: Profitability

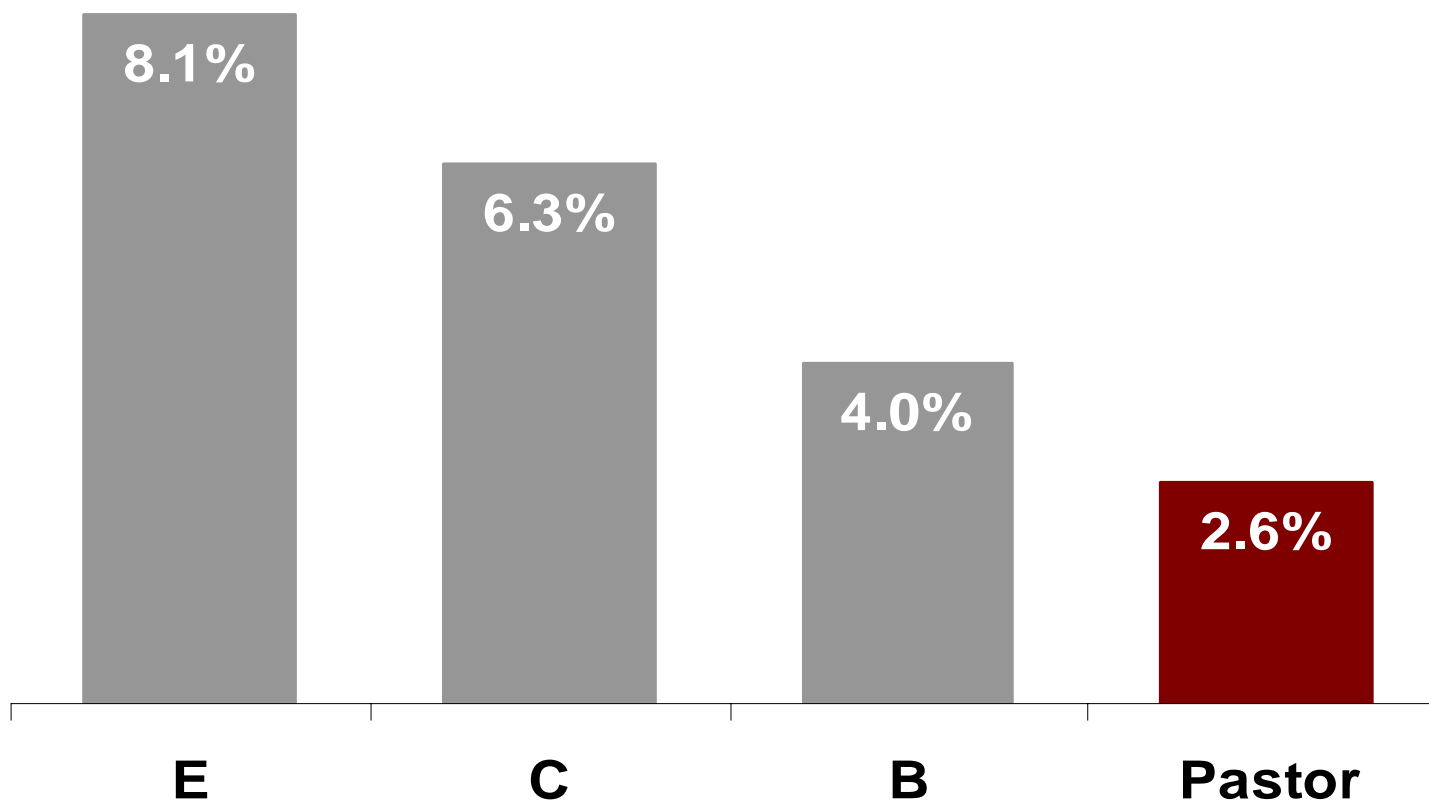
Productivity of the Growth: NII/ ATA's



With low volatility

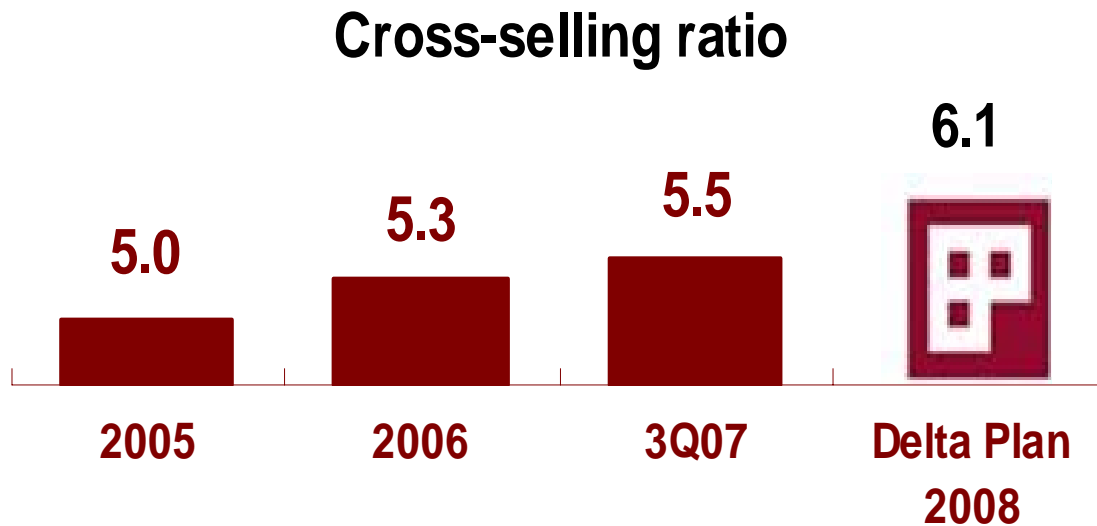
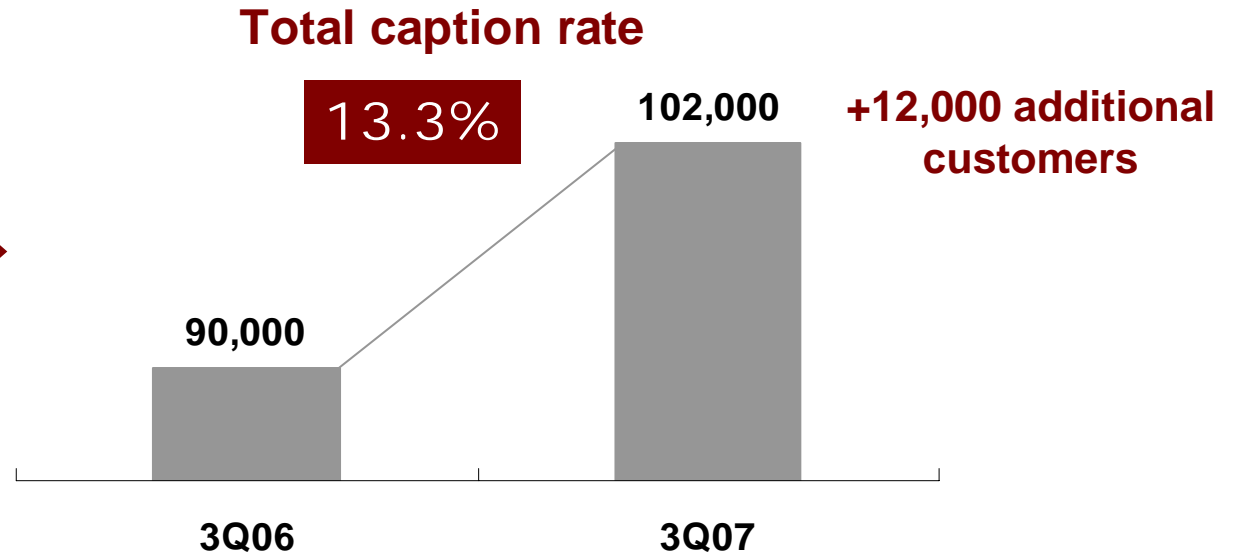
Delta key metrics: Profitability

Total Trading/Total Income



A win win combination: new customers acquisition + client penetration

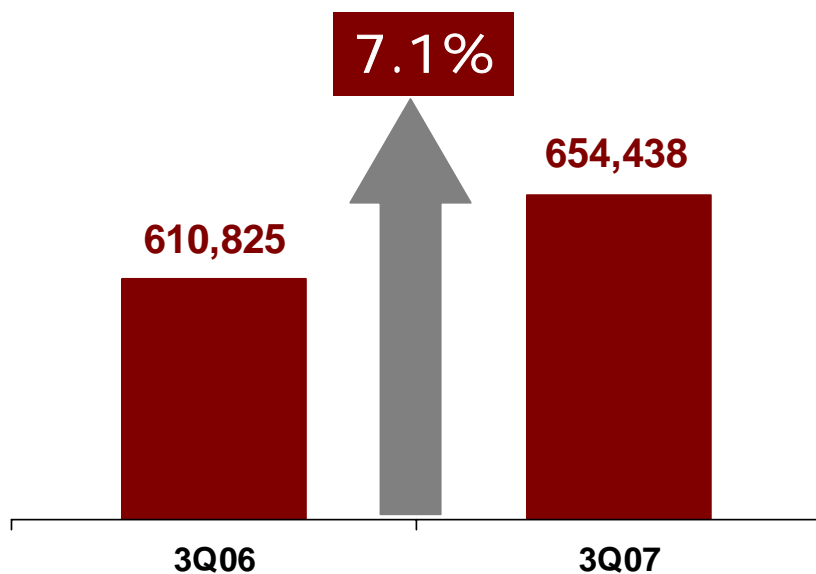
A customer centric business model



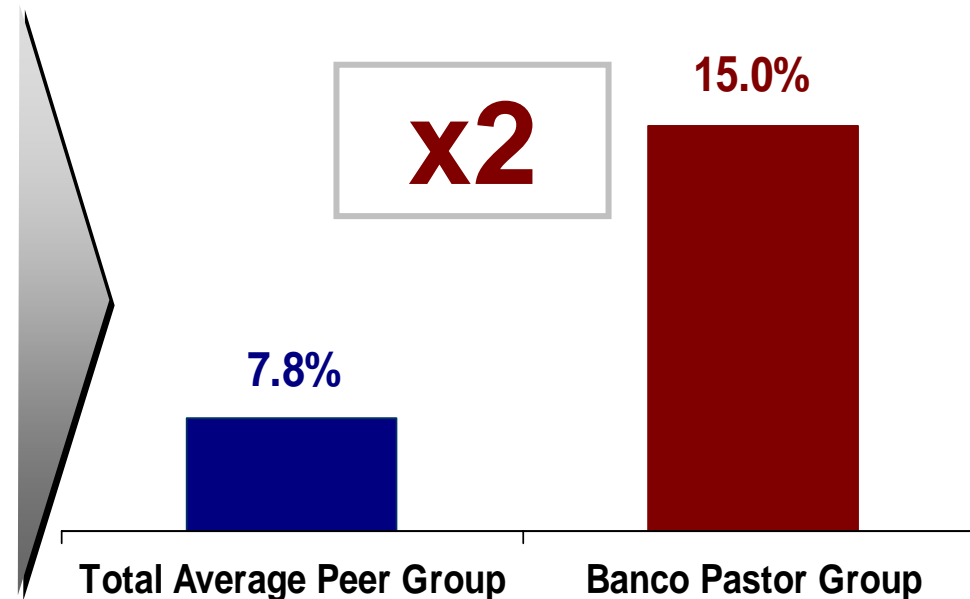
... consolidating a client oriented strategy and an increasing commercial activity

A customer centric business model

Sale of new products



Net Fees

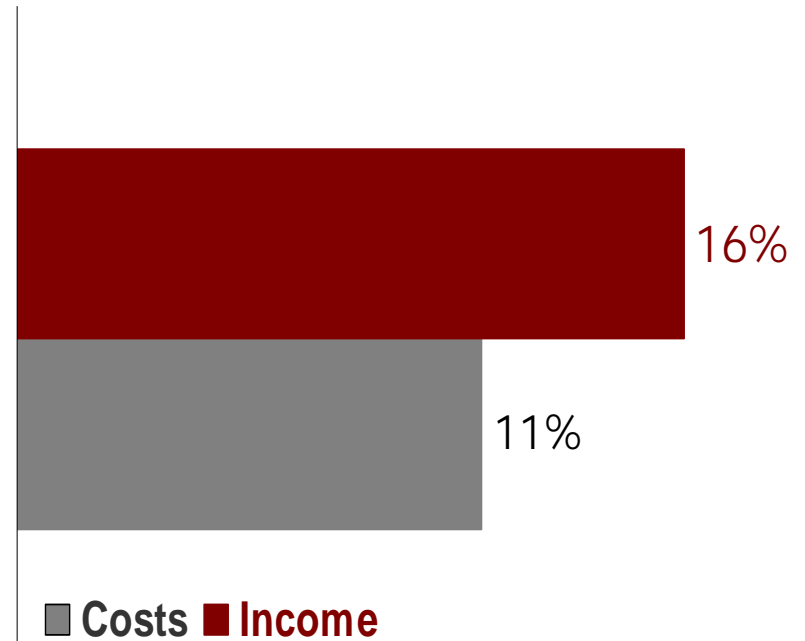
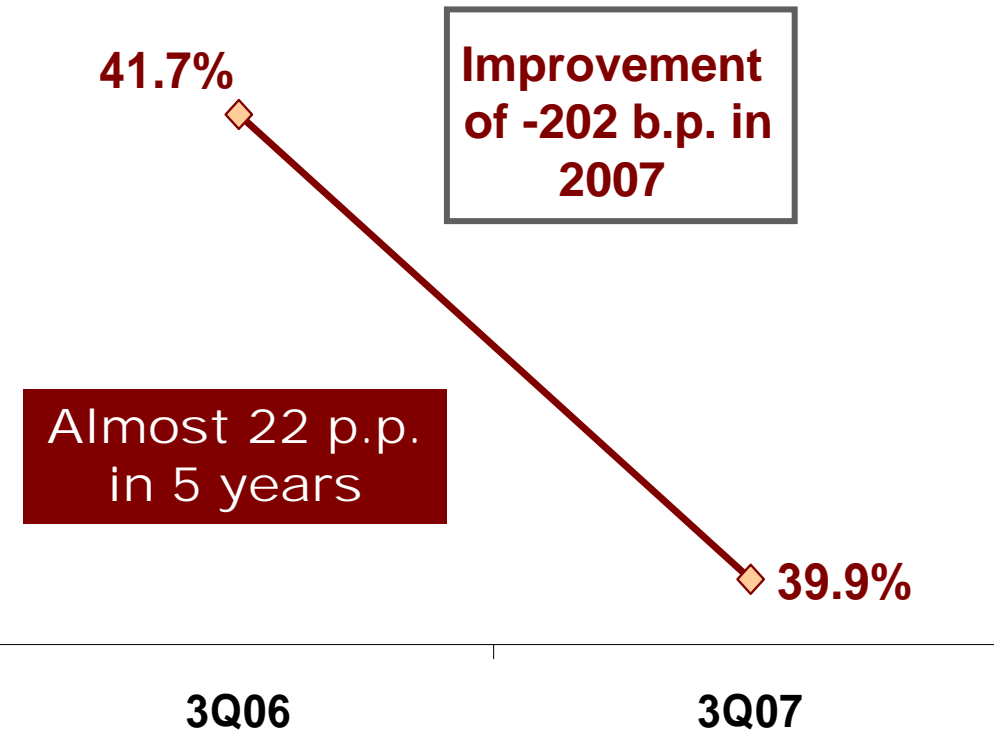


	YoY 3Q07/06
Brokerage fees	44.9%
Insurance	42.7%
Cheques, payment orders & other fees	15.6%
Import/export business	14.0%
Contingent liabilities	12.2%

Boosting efficiency through productivity

Delta key metrics: Efficiency

Cost to income ratio



▣ 3rd consecutive quarter below 40%

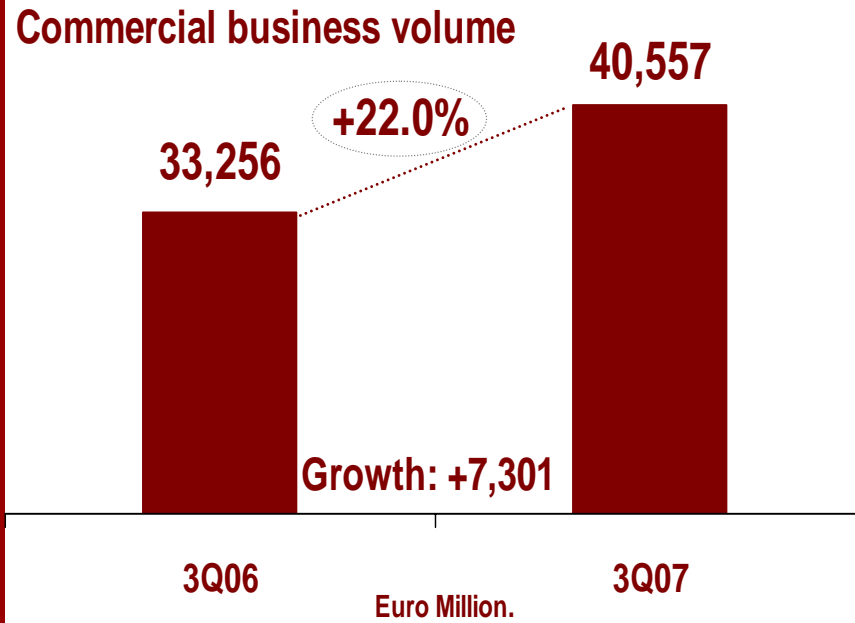
▣ Strong positive jaws



Business

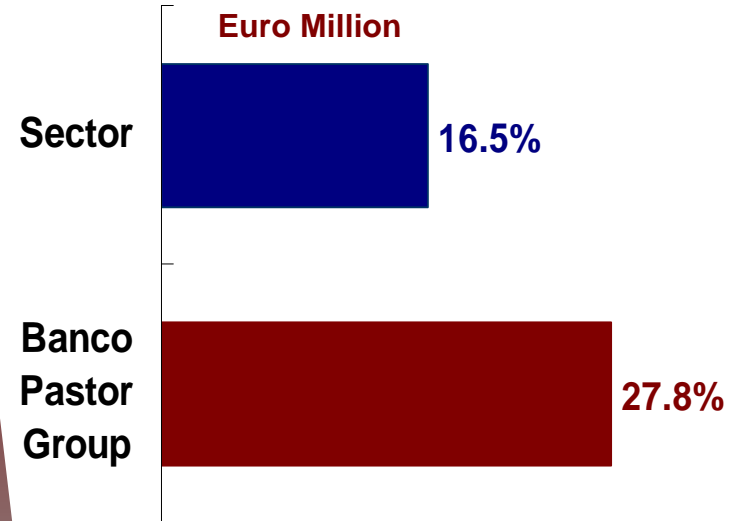
Solid earnings momentum driven by sustained and balanced business growth

Delta key metrics: Balanced growth

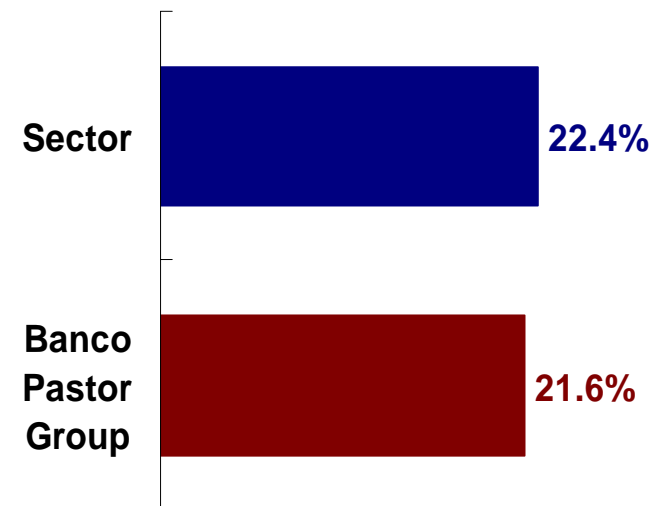


 **54% business growth stems from loans**

Deposits Yoy growth rates



Loans Yoy growth rates



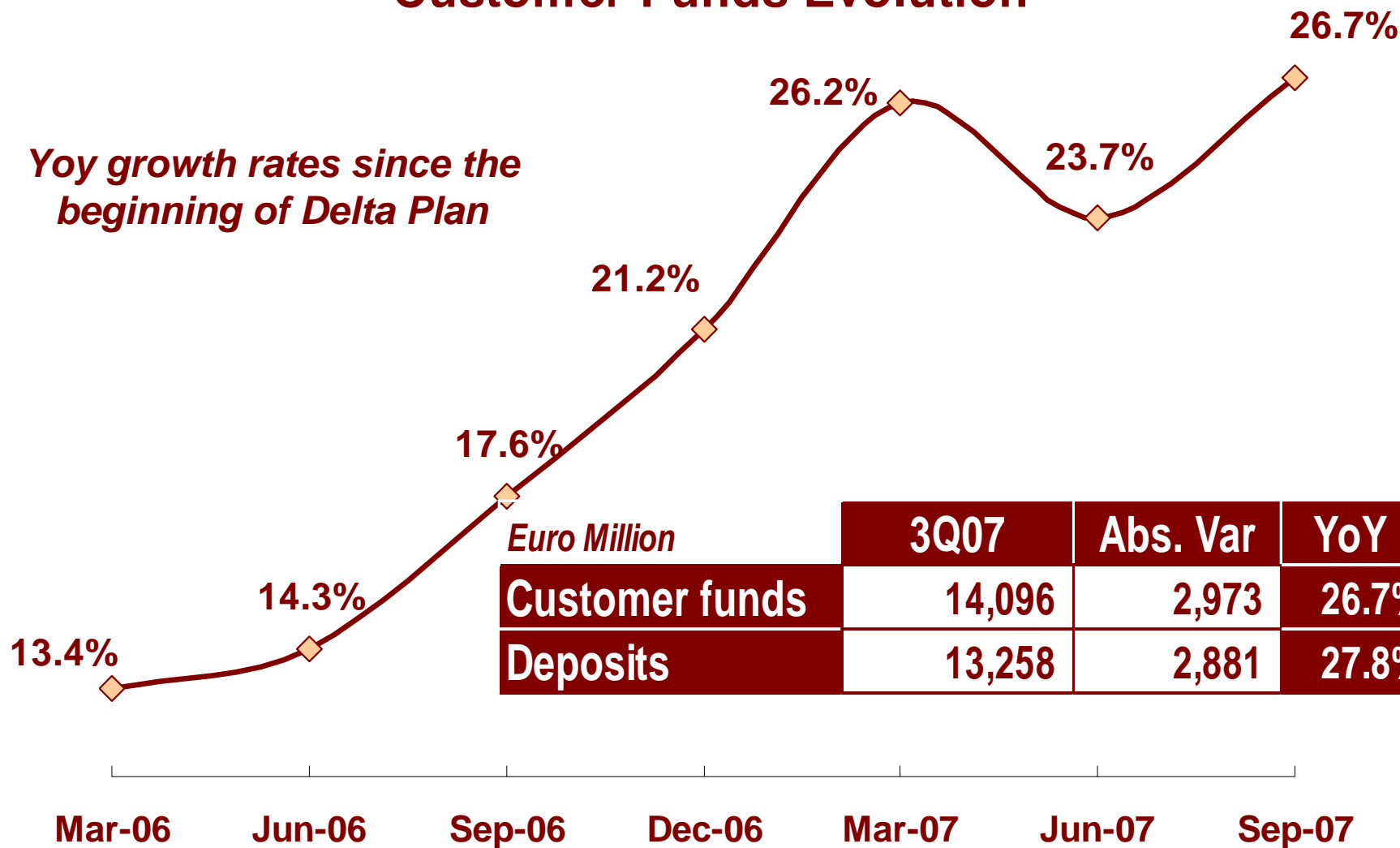
Source: Bank of Spain. Resident sector.

The art of deposit gathering ...

Delta key metrics: Balanced growth

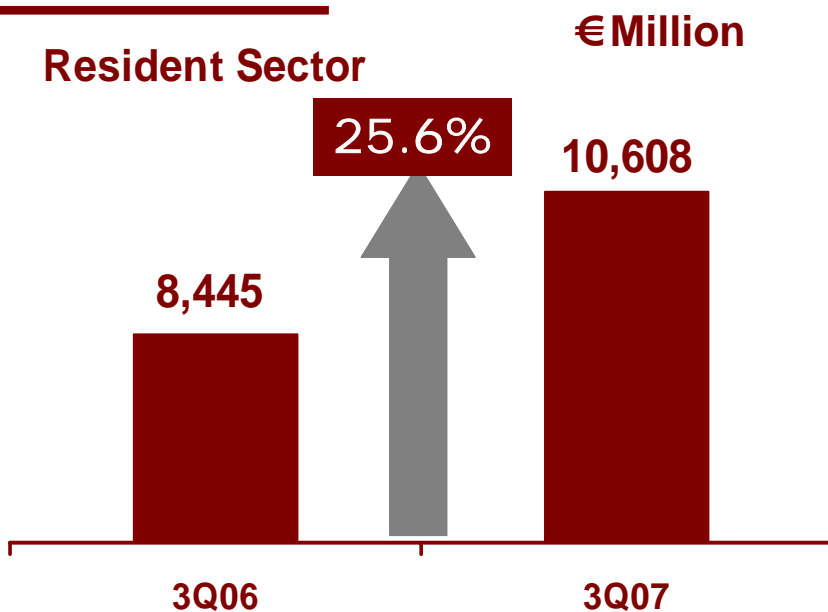
Customer Funds Evolution

Yoy growth rates since the beginning of Delta Plan

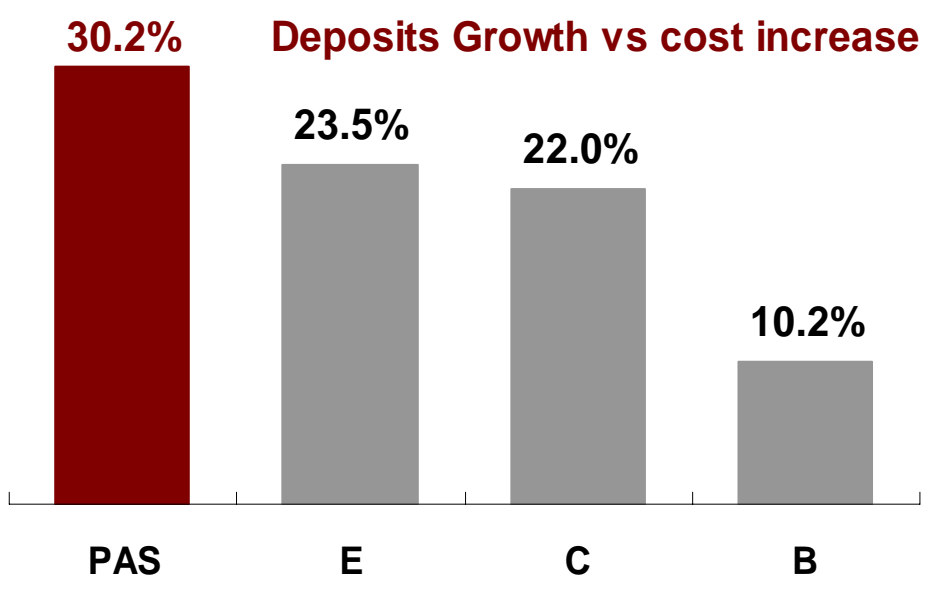


Intense growth in customer liabilities

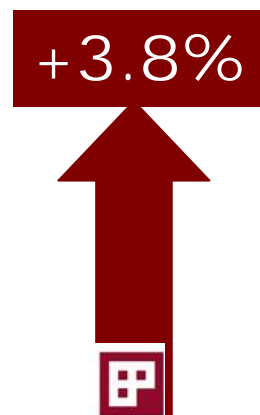
Delta key metrics: Balanced growth



	Yoy %
Time deposits	37.5%
Sight deposits	11.6%



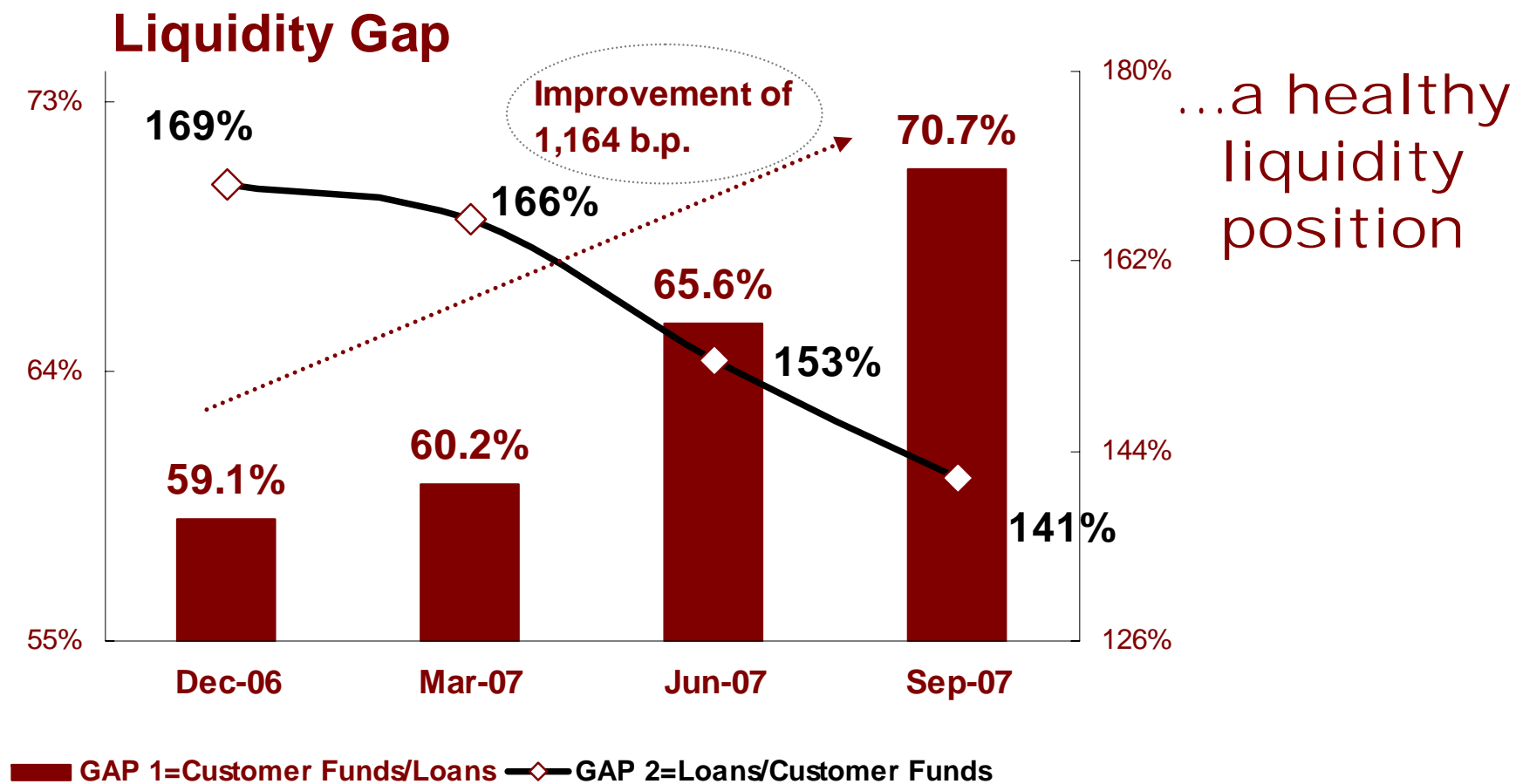
And mutual funds outperforming the sector...



Source: Inverco. August 2007.

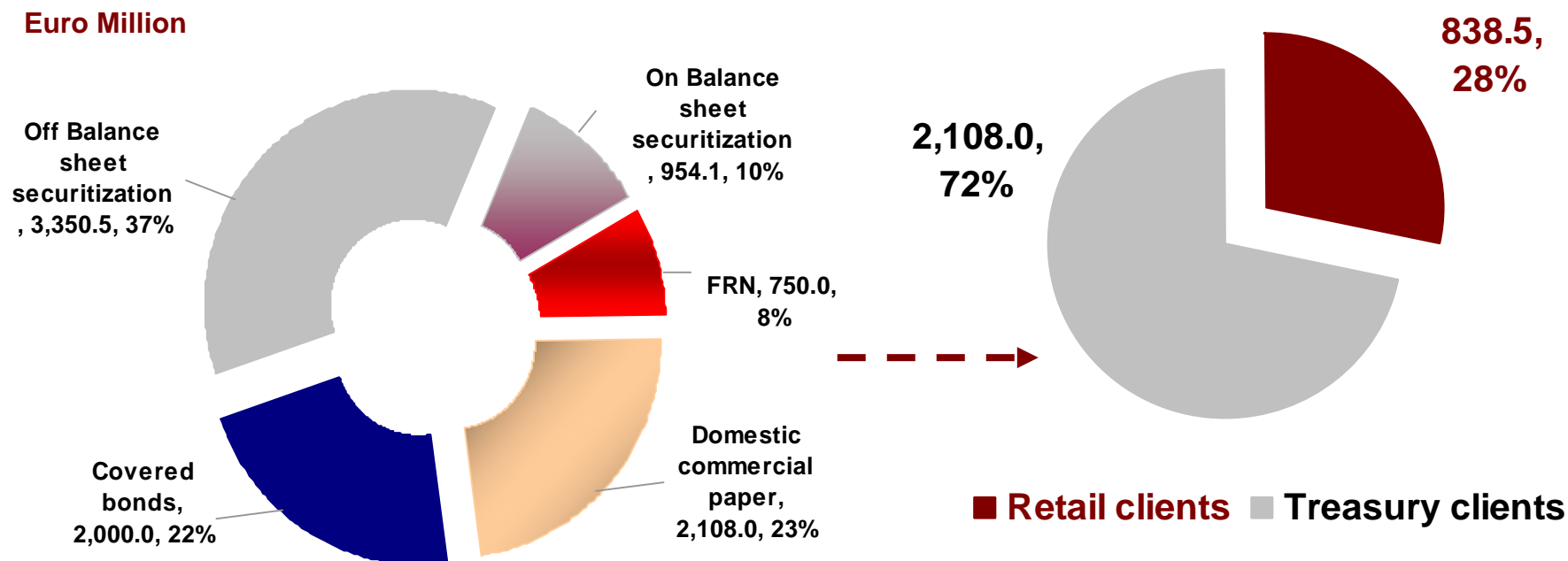
A strong deposit franchise leading to...

Delta key metrics: Balanced growth



 This sets Banco Pastor as the domestic bank least dependent of wholesale funding

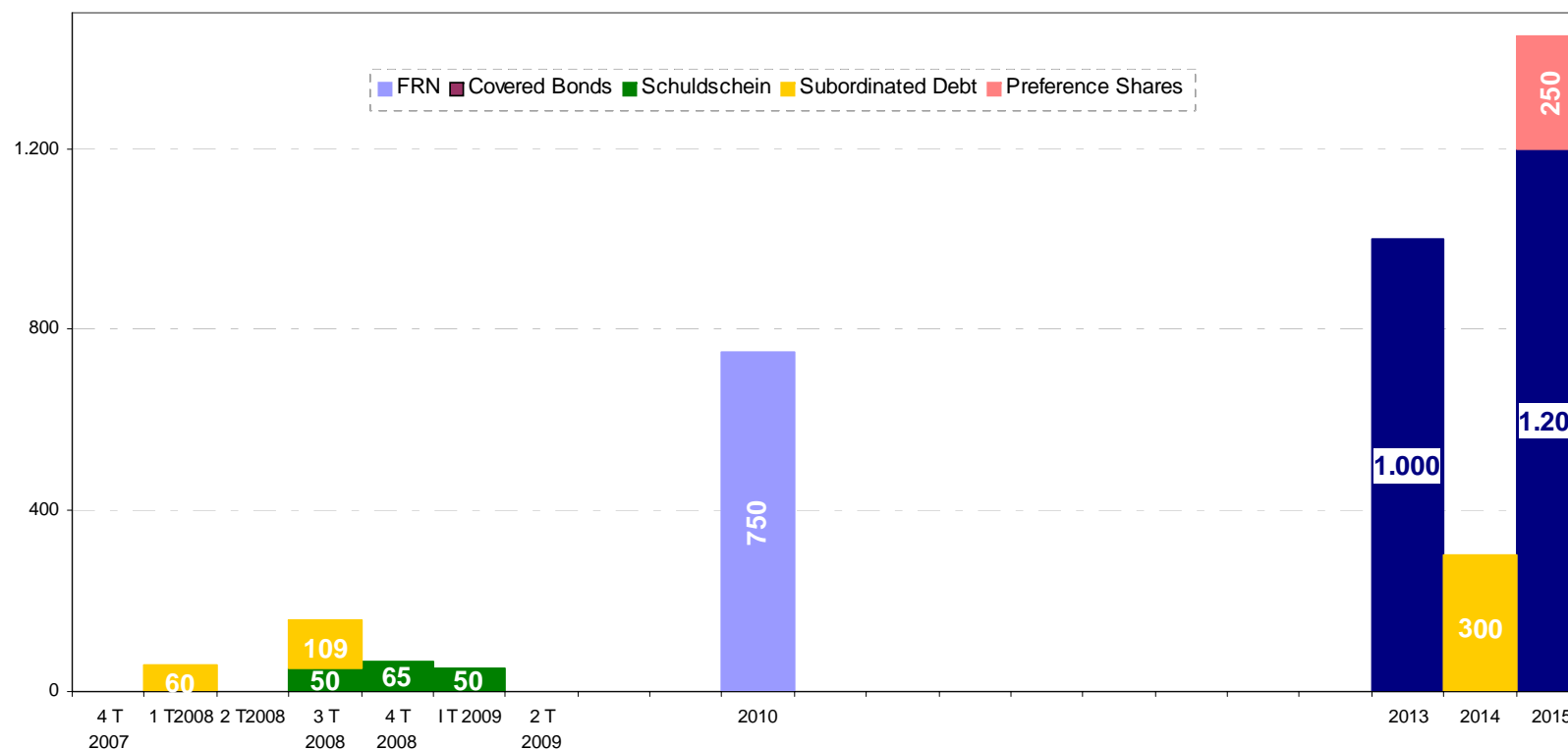
Funding structure



- ▣ Diversifying instruments and maturities as leading guidelines
- ▣ Low reliance on the interbank market (as a matter of fact net lenders during the last weeks)
- ▣ No need to refund securitizations sold
- ▣ Non callable debt by investors before maturity
- ▣ No liquidity facilities to off-balance sheet conduits: no conduits

Preparing for the future

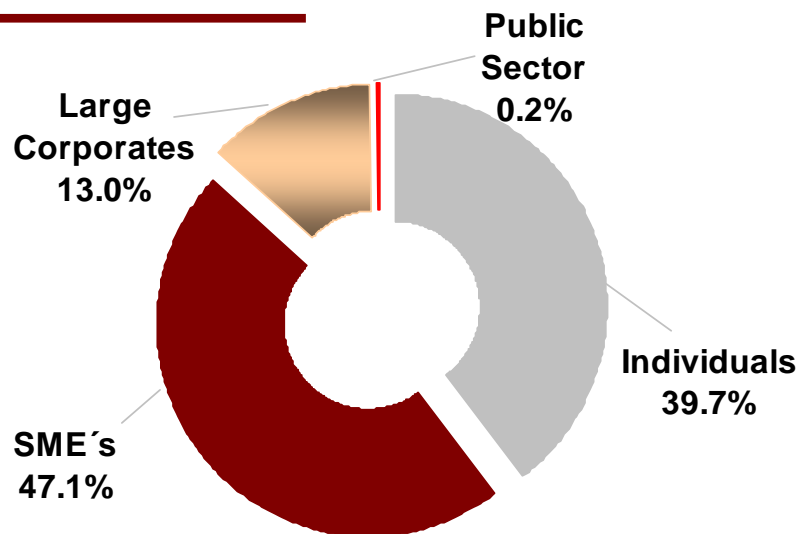
Wholesale funding:maturity profile





 **The long term approach leaves room to easily readapt to a changing environment**

High quality and sustained growth ...

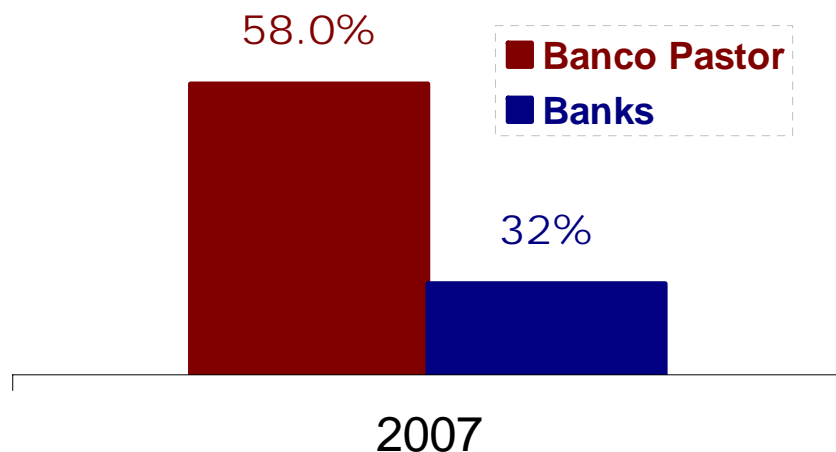
Delta key metrics: Balanced growth



-  Since 2005, Pastor production to SME's has been steadily over half of the new production
-  Our market share of new production to SME's doubles our global market share

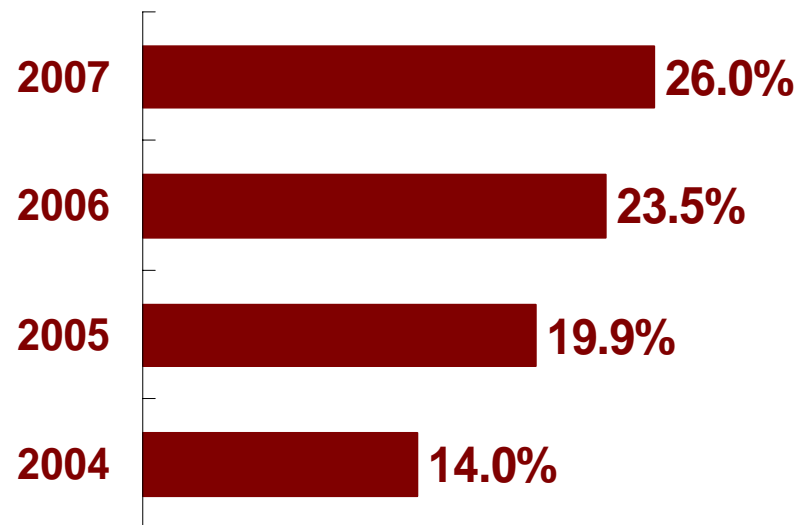
Some say it ... Some do it!

% loans to companies below €1mm of new production



Source: Bank of Spain. August 2007.

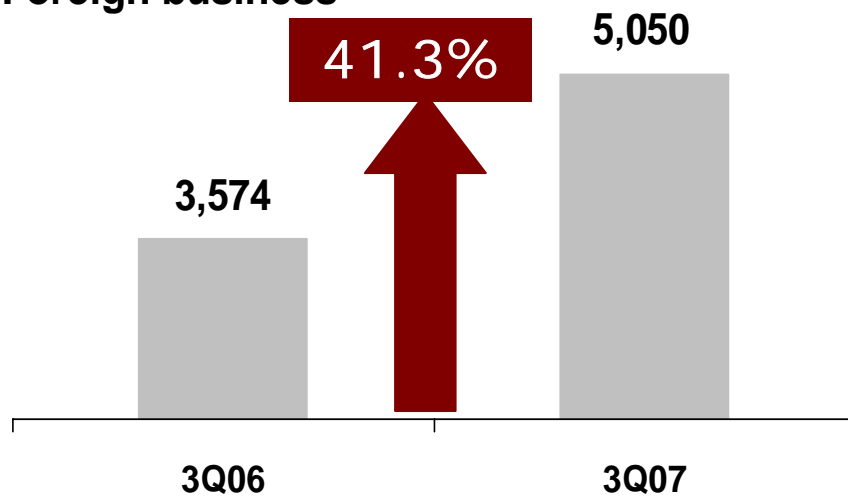
Growth gap in SME's Banco Pastor vs Banks



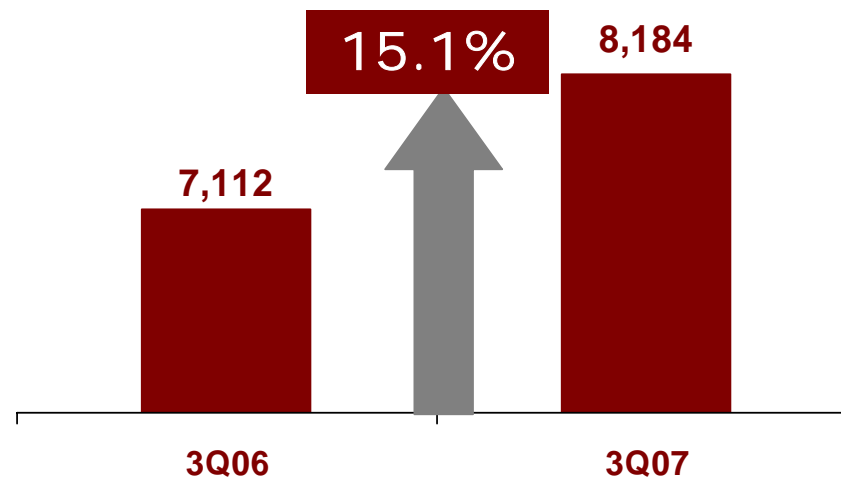
With breakthrough results in typical SME's products **€ Million**

Delta key metrics: Balanced growth

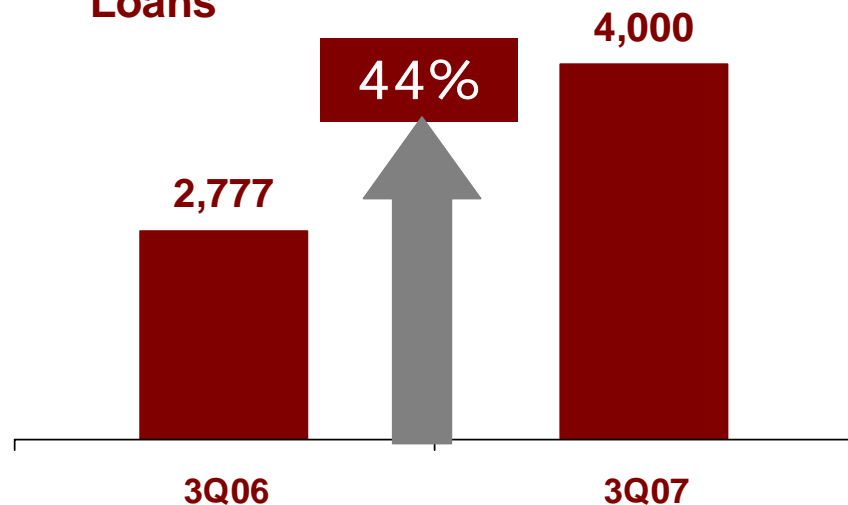
Foreign business



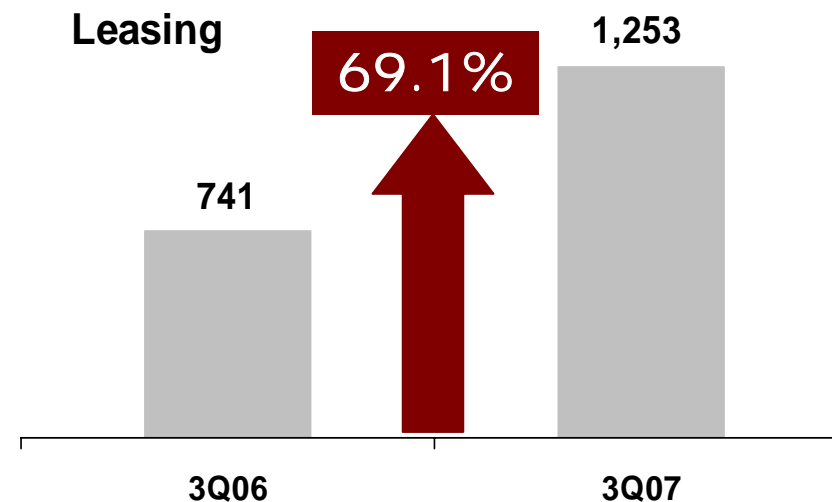
Commercial Paper



Loans

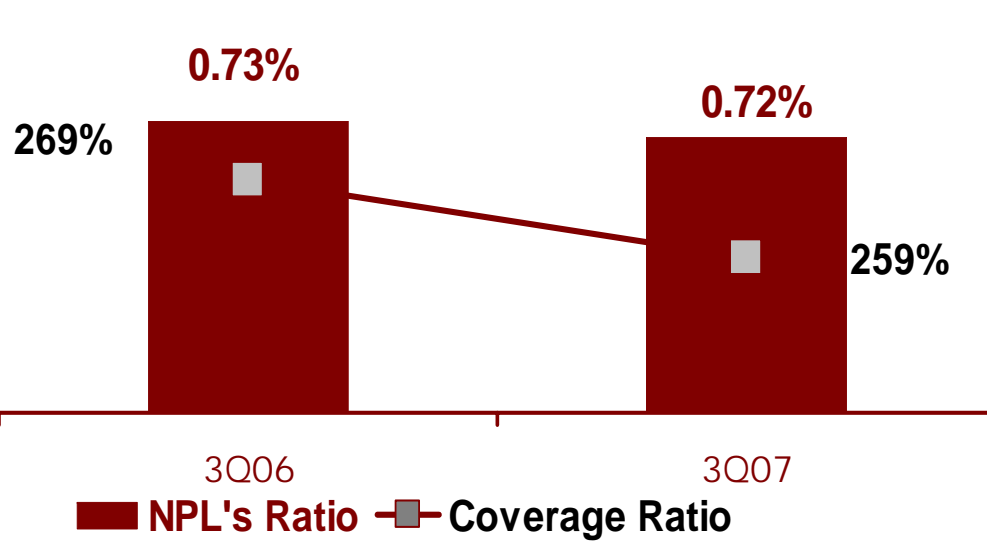


Leasing



Robust asset quality and high coverage

Delta key metrics: Asset quality is a must



Losses from impairment of assets

74,534

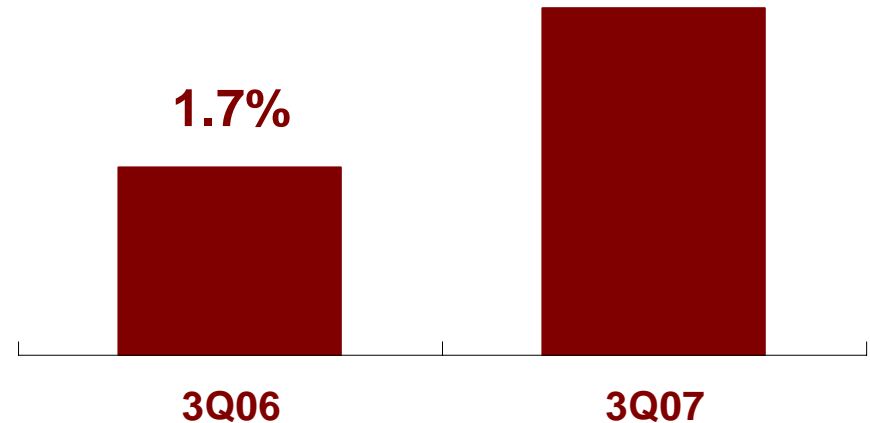
+14.2%

Generic Reserves / Loan Portfolio

Source: Financial Statements.

Generic provisions

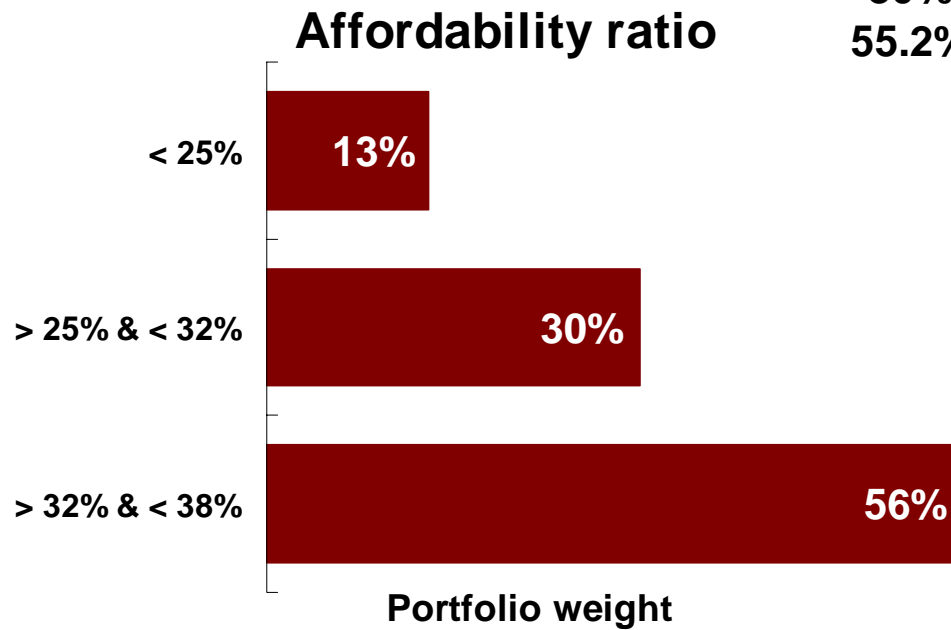
391mm



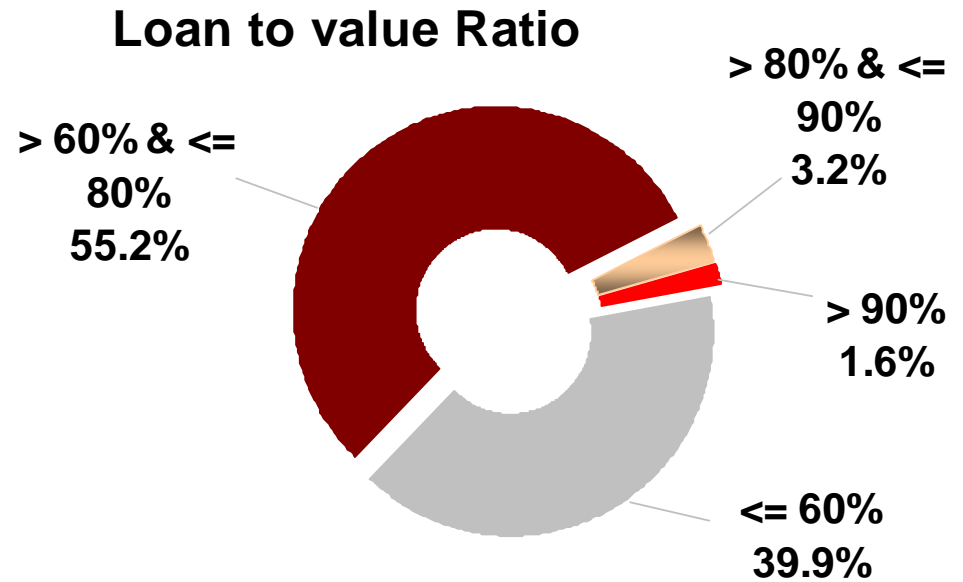
Delta key metrics: Asset quality is a must

And very prime mortgages ...

 **74% are first residence**



 **Average Affordability ratio: 34.7%**



 **Average LTV ratio: 51.4%**



Branch expansion

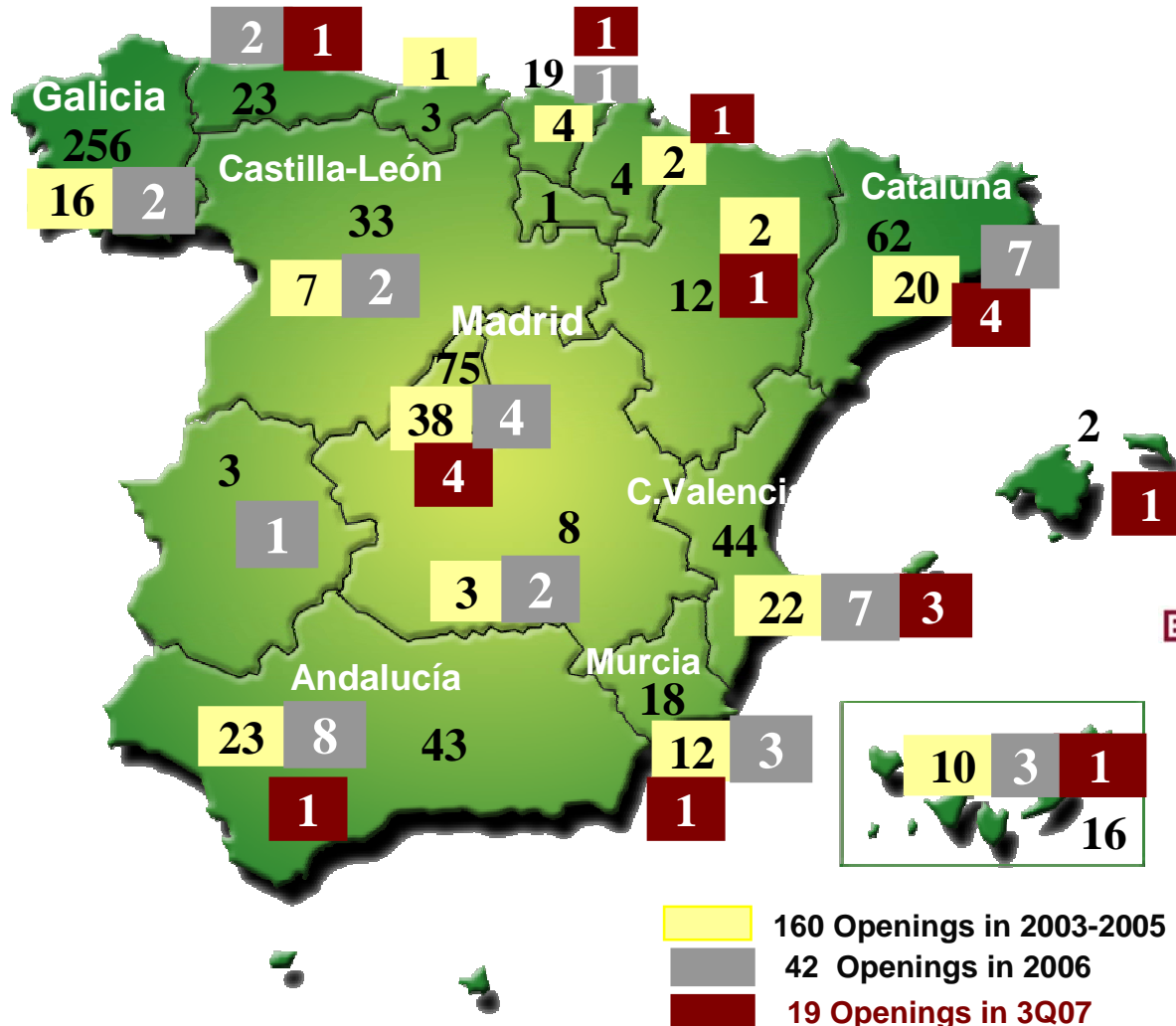
19 Openings as of 3Q2007

Branches

624

YOY 7.4%

Branch expansion

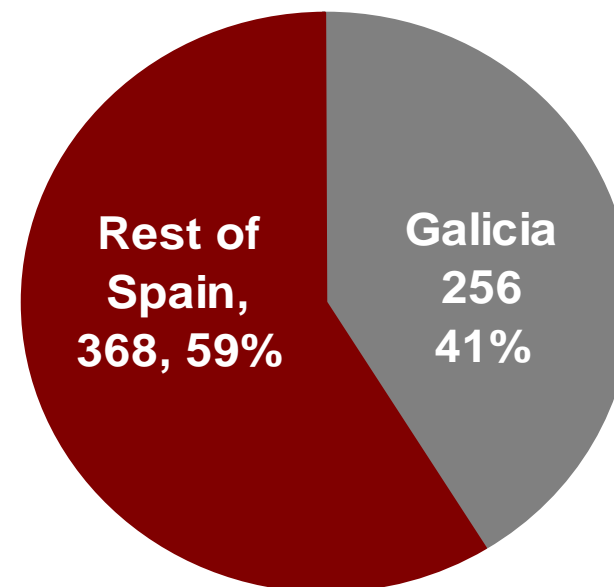
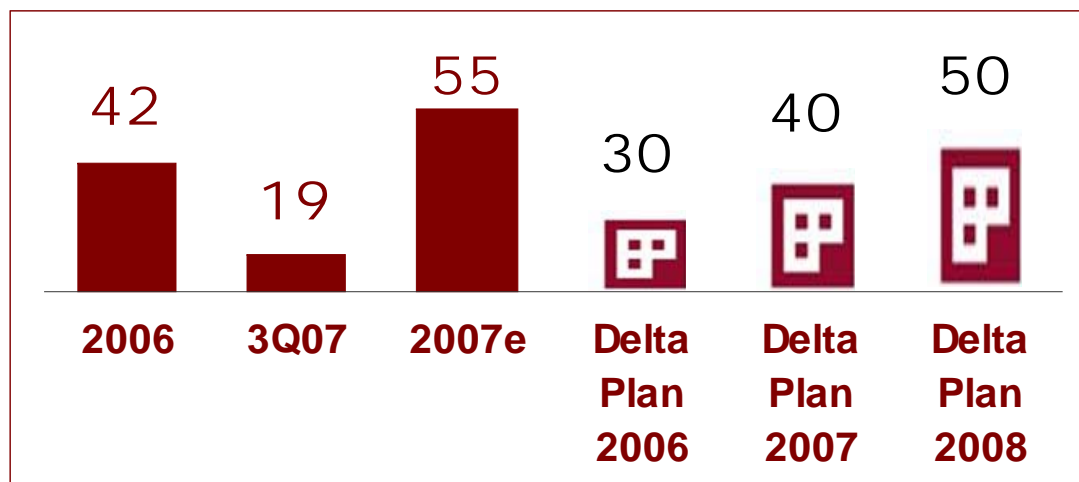


 Foreign Branches:

-  Miami
-  Oporto

Branch expansion will be almost completed by end 2007

Branch openings



- 
And compelling payback economics for organic branch investment



Conclusions & 2008 Guidelines

Conclusions

- ▣ **Despite the turbulence, our targets remain unchanged**
- ▣ **Guidelines 2008:**
 - ✦ Loans 10%-15%
 - ✦ Customer funds 15%
 - ✦ Delta targets for efficiency, profitability and solvency
- ▣ **Positive although decelerating macro environment for business**
 - ✦ GDP 2007 3.7%. GDP 2008 2.8%
 - ✦ Macro drivers anticipated in the Delta Plan
- ▣ **Key issues successfully anticipated 2 years ago**
- ▣ **Very strong liquidity franchise with a bias towards deposit gathering**
- ▣ **Low volatility in earnings+low market risk appetite**
- ▣ **No significant industrial portfolios to mark to market**
- ▣ **Growth embedded in the franchise as 35% of our branches have less than 5 years and are cruising to full maturity**
- ▣ **Our track record to date makes us confident we will deliver in the opportunities we see to drive future growth and we see ourselves in the right track to meet our targets.**

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Financial Results



Banco Pastor

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A Coruña, 22nd October 2007