

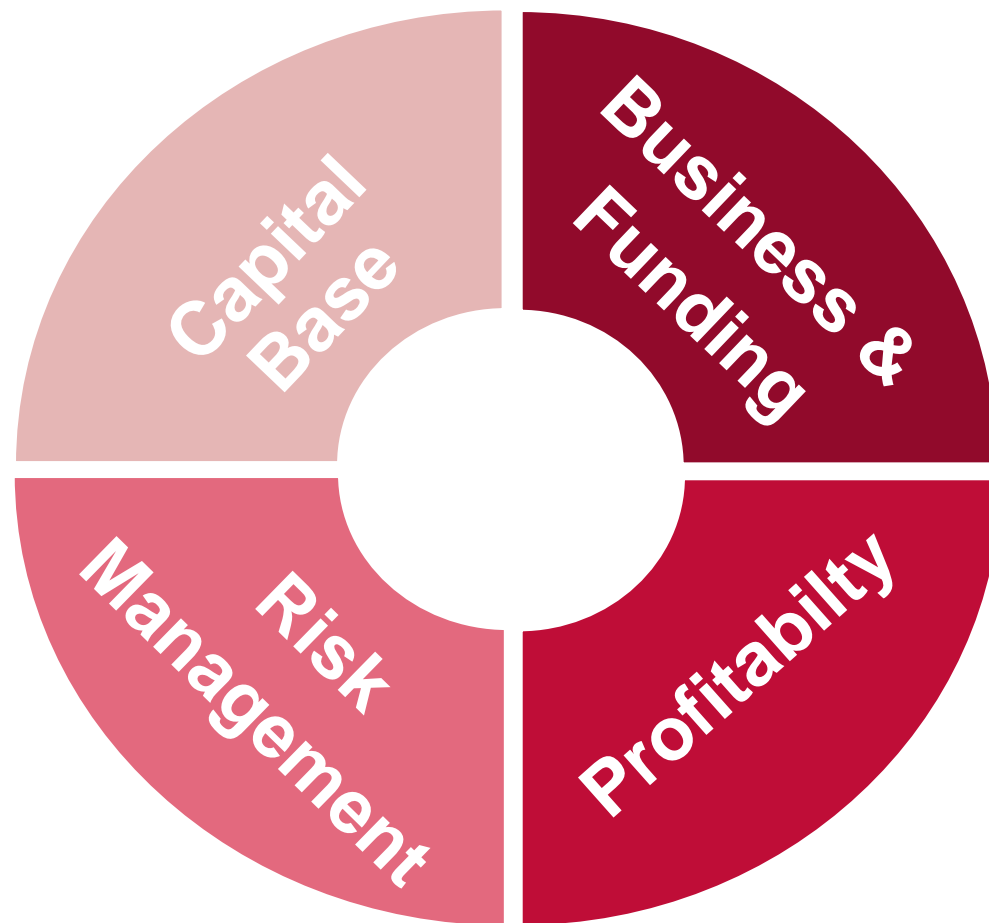
**A Coruña,
October 29th 2010**

3Q2010 Results Presentation



Banco Pastor

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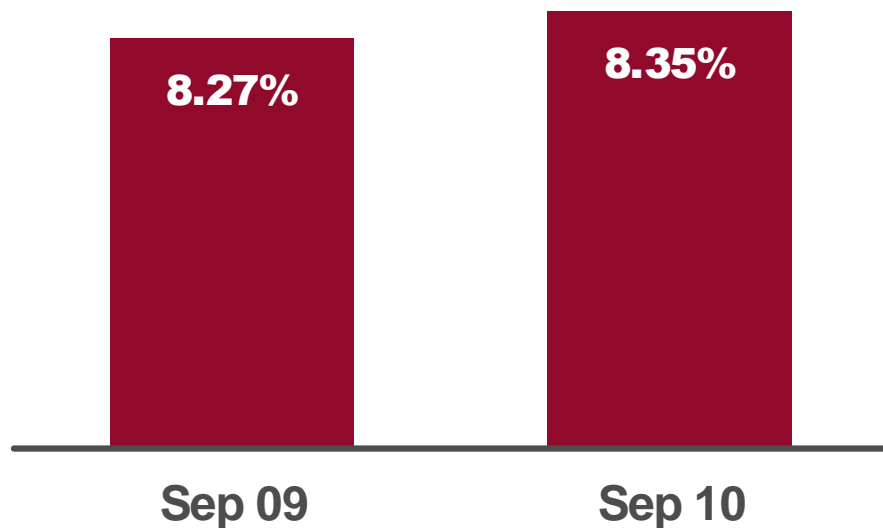


Capital Base

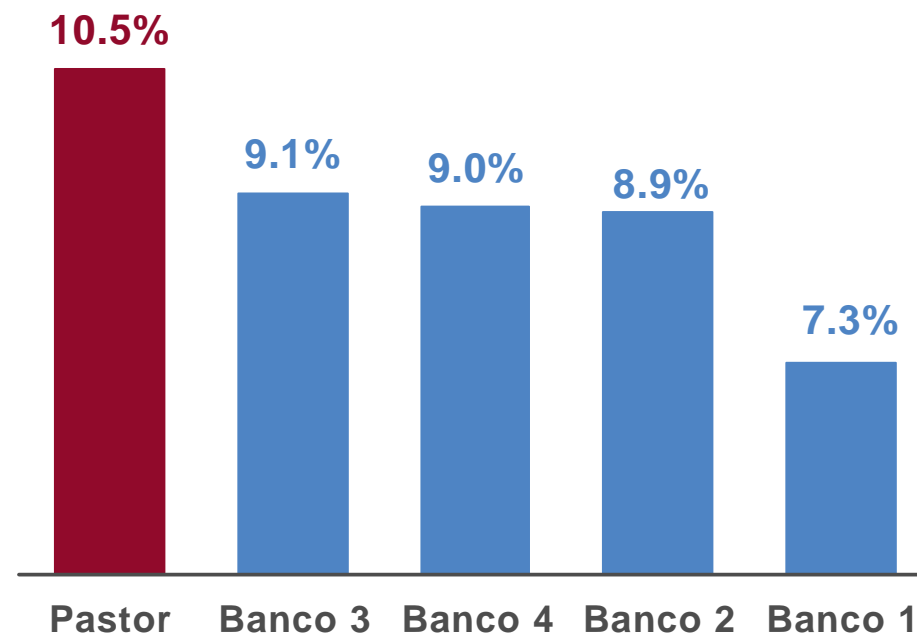


A sound capital base

Core capital



Tier 1 Pastor vs. peer group



■ €1.6 Bn of Core and €2 Bn of Tier 1 Capital

■ The only Spanish bank with a Tier 1 above 10%

Top quality and quantity

Capital Base

...with very limited impact from new Basel 3



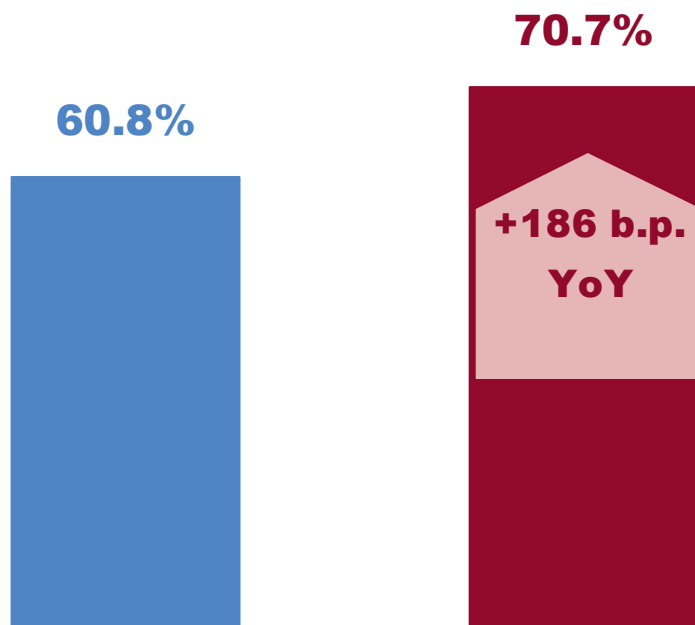
- ▣ Already showing Basel III compliance (including the capital conservation buffer) well ahead of time
- ▣ As of today, Pastor has 28% of surplus capital under Basel III standards or €413 Mn

Business & Funding

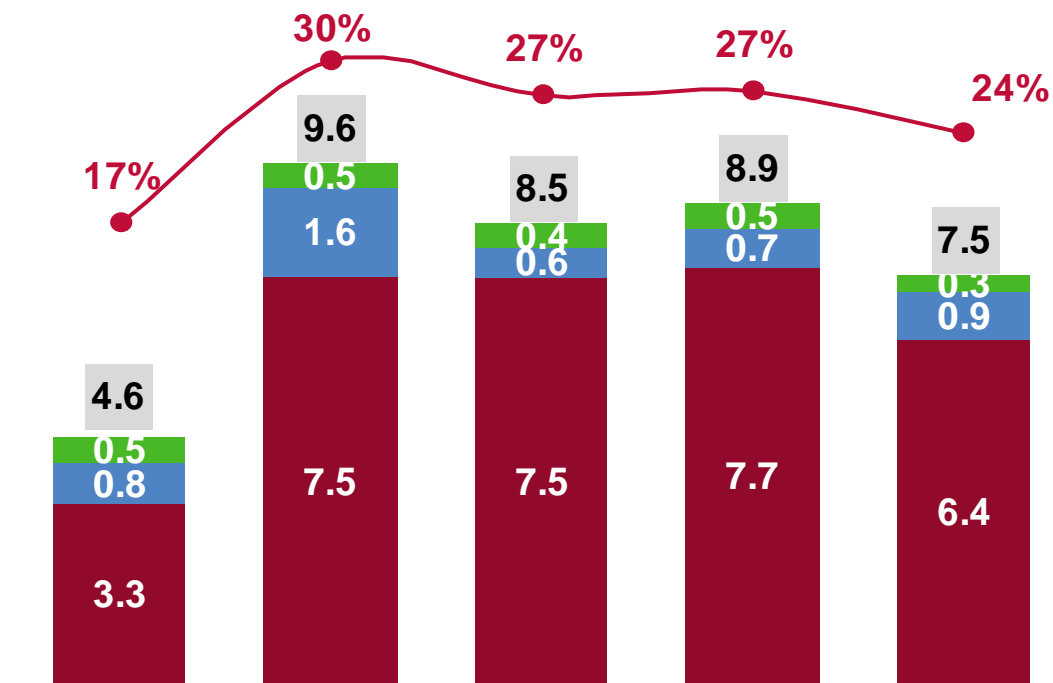


A leading liquidity structure

Gap deposits/ loans



Liquid assets



Average Peer Group

Pastor

Data: Benchmark ex - repos

- Debt Securities
- Cash / Central Bank
- Bank Placements
- Total Liquid assets
- % liquid assets / total assets

Business & Funding

Comfortable with liquidity

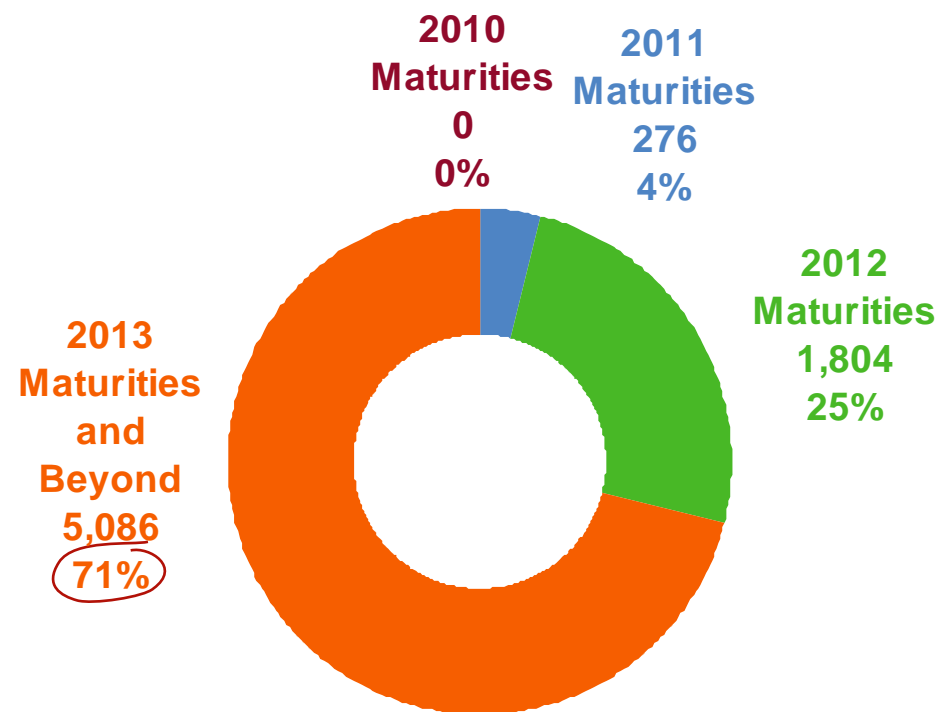
Funding structure

	€ Mn.	%
Covered bonds	5,237	64%
Securitisations sold	1,171	14%
FRN	1,137	14%
Commercial paper	432	5%
Preferred stock	150	2%
Subordinated debt	86	1%
Total Institutional funding	8,213	100%

First line of liquidity

€2.1Bn

Wholesale funding maturity profile



No relevant maturities until 2012

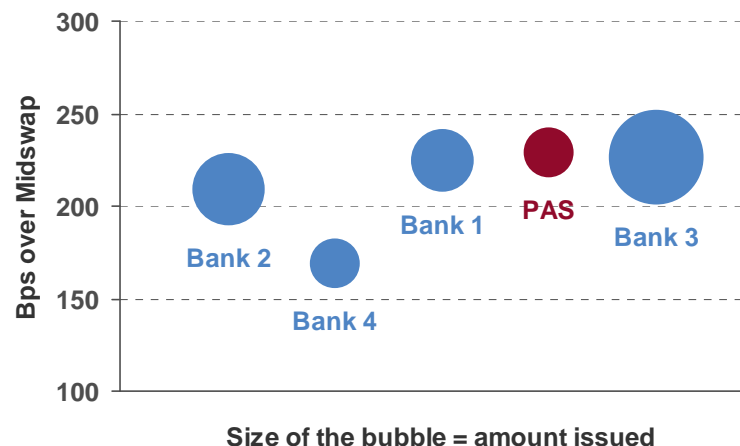
Business & Funding

Successfully tapping the market in September

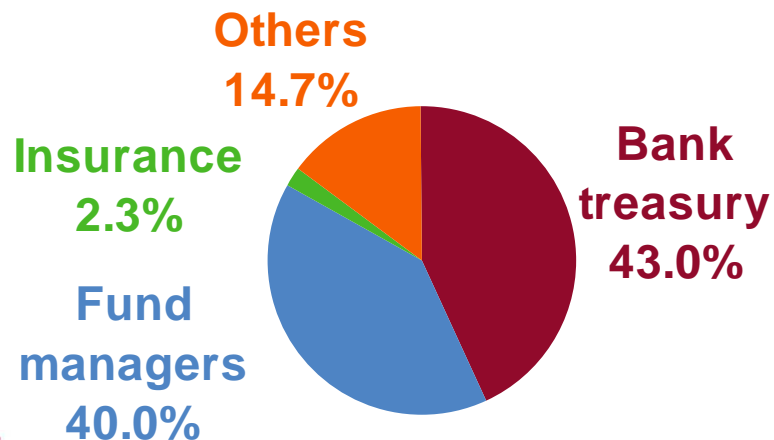
Terms

- €500 Mn of 2-year covered bonds
- Reoffer midswap + 230 bps
- Completed in only 5 hours
- Extended another €100 Mn in October

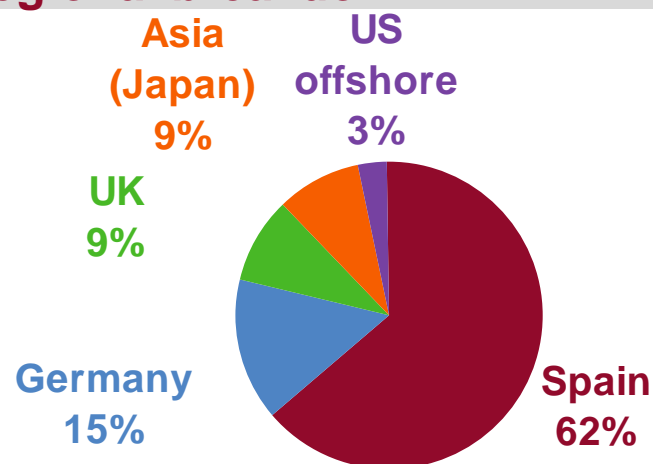
Domestic banks issuances



Breakdown by investor type



Regional breakdown



Executing a broad funding strategy

- ▣ Decreasing reliance on short-term funding by €2 Bn
- ▣ Double digit deposit growth for two quarters in a row
- ▣ Substantial liquid asset buffer maintained at €2 Bn
- ▣ One of a kind: no relevant maturities until 2012
- ▣ €600 Mn of 2-year covered bonds issue completed
- ▣ Diversified range of funding products and sources
- ▣ Plans to further reduce wholesale funding while reinvesting for growth

Funding and liquidity position continues to strengthen

Business & Funding

What about business volume?

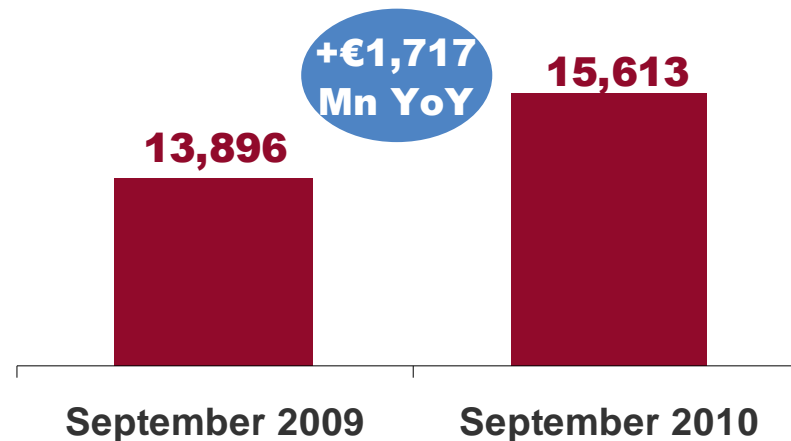
Customer deposits



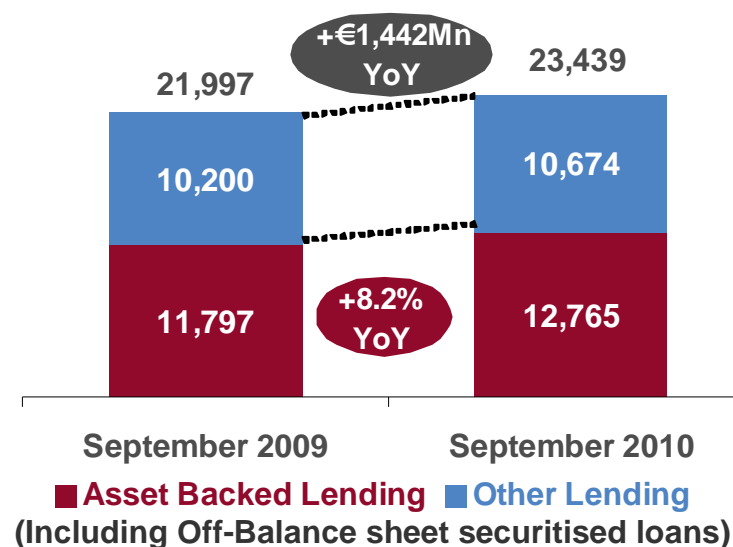
Net loans to customers



Customer deposits YoY growth



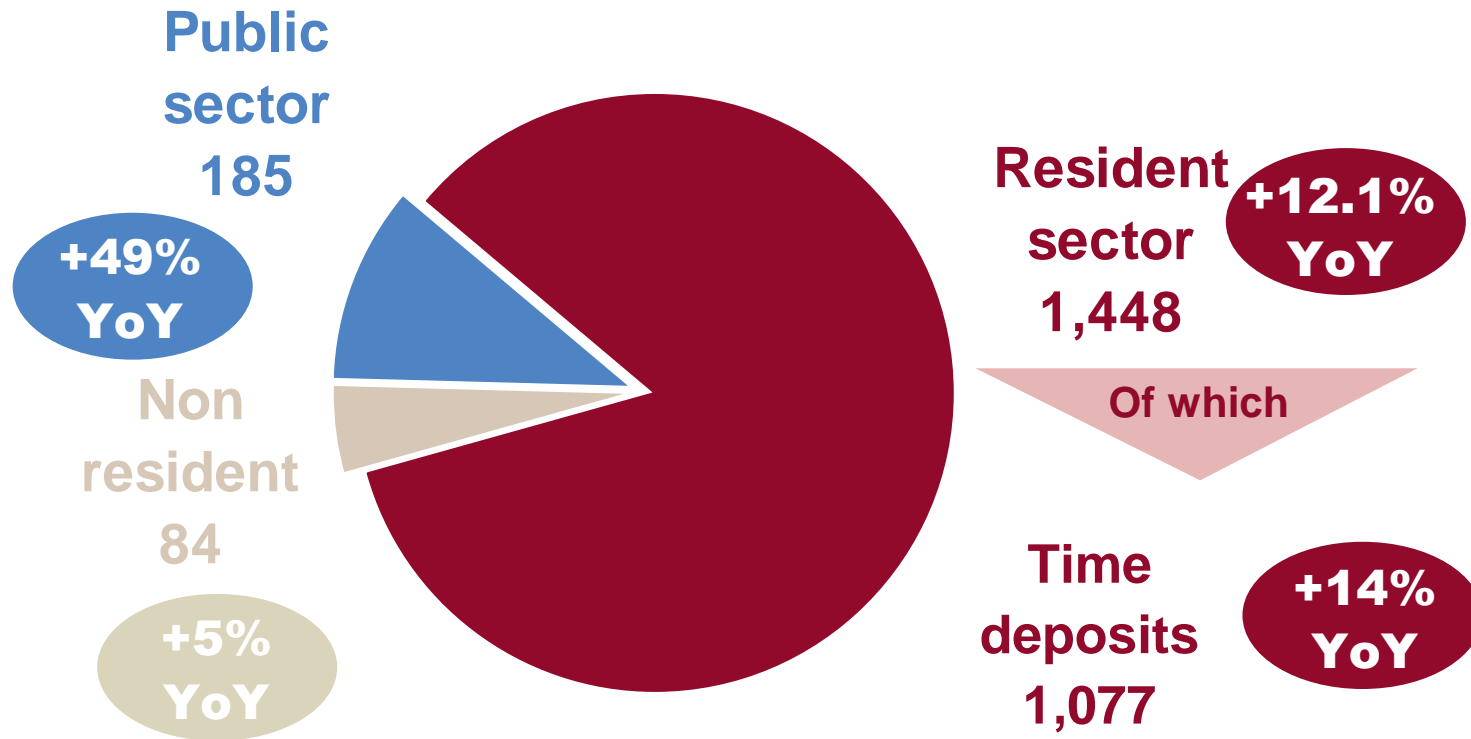
Net loans to customers YoY growth



Business & Funding

Growth driven by resident sector

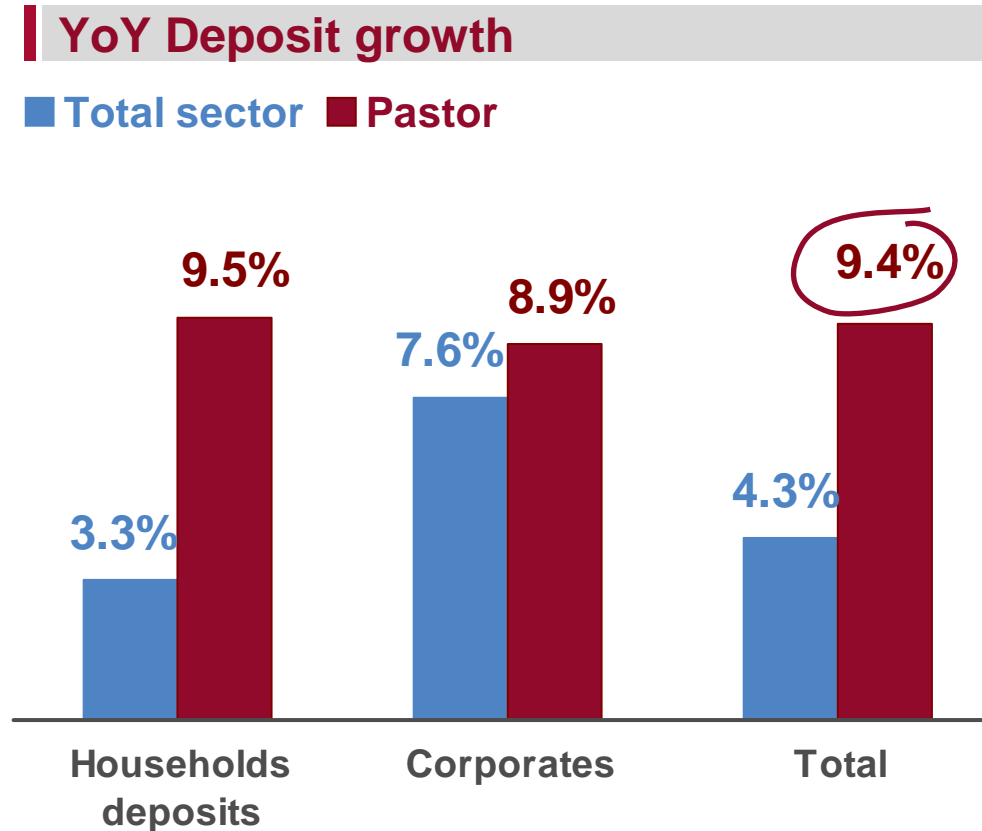
On-Balance sheet customer funds : YoY growth (€ Mn)



Reinforcing our deposit base at a steady, double digit growth rate

Business & Funding

Overcoming the deposit challenge through households and corporates...



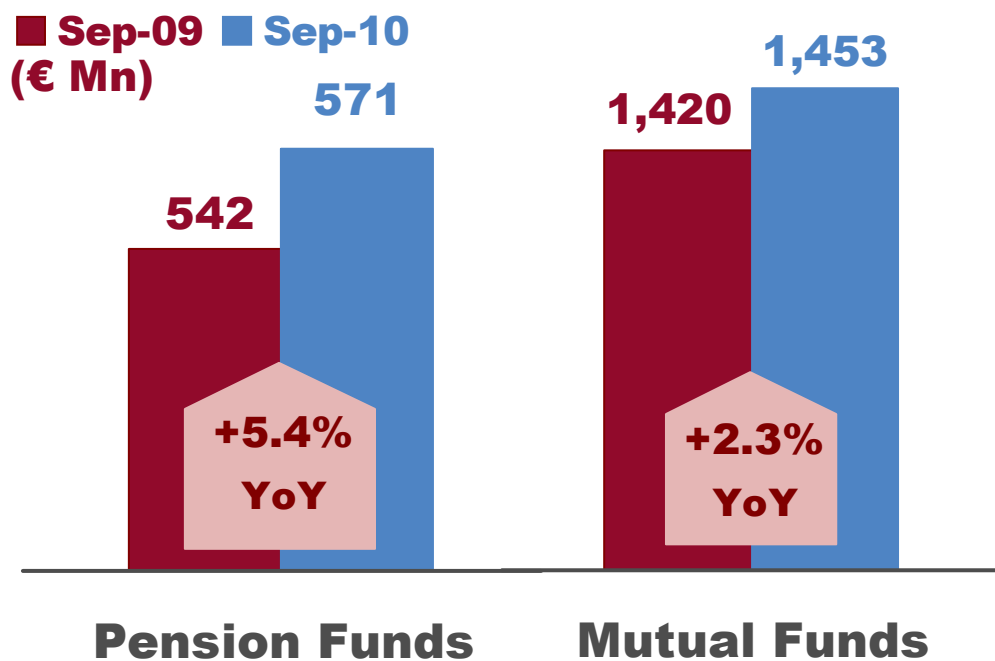
Sector data source: Bank of Spain as of August 2010

... and also outperforming the increase in household savings rate

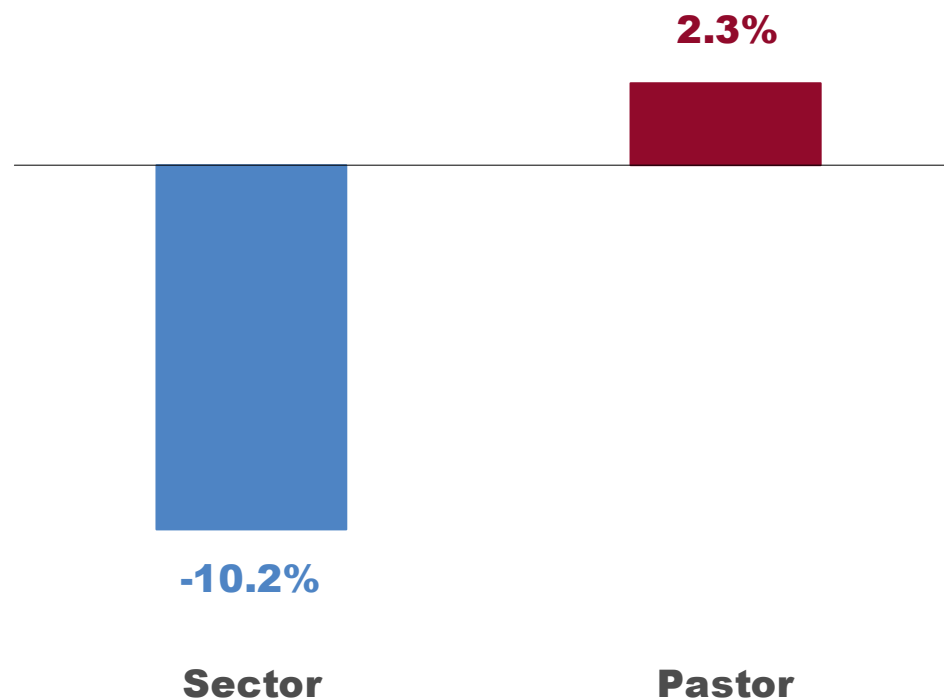
Business & Funding

Actively managing Off-Balance sheet funds despite the adverse market conditions

Yoy Off-Balance sheet funds growth



Mutual funds YoY growth vs. Sector



Source: Inverco, available data for the sector as of September 2010

Business & Funding

Strategic alliances to generate value

Gespastor

Pastor Vida

Transaction overview

Active asset management

Generating value rotating assets



Fonpastor 70
"Lipper Fund Award 2010"



Gespastor, Top 10 asset manager out of 88 by 'Ranking of Spanish Asset Managers 1994-2009' released by IESE



Expansión
Standard&Poors awards

Strategic alliance concentrating on core competency

A win win deal since it properly values Pastor's retail franchise while showing great upside for both parties

Tranquilidade Life Insurance will be in charge of management, while Pastor will assume the commercial side

Rationale of the transaction

Executive commercial agreement for 7-10 years

Joint venture 50/50 for exclusive distribution of life insurance and pension funds in Spain, through Pastor's branch network

Liquidity

€25.75 Mn

€64 Mn

Booked capital gains

€19 Mn NOT YET RECORDED

€42 Mn NOT YET RECORDED

Further upside potential to an additional €38 Mn depending on success of the 10 year business plan

Price to book / Price earnings

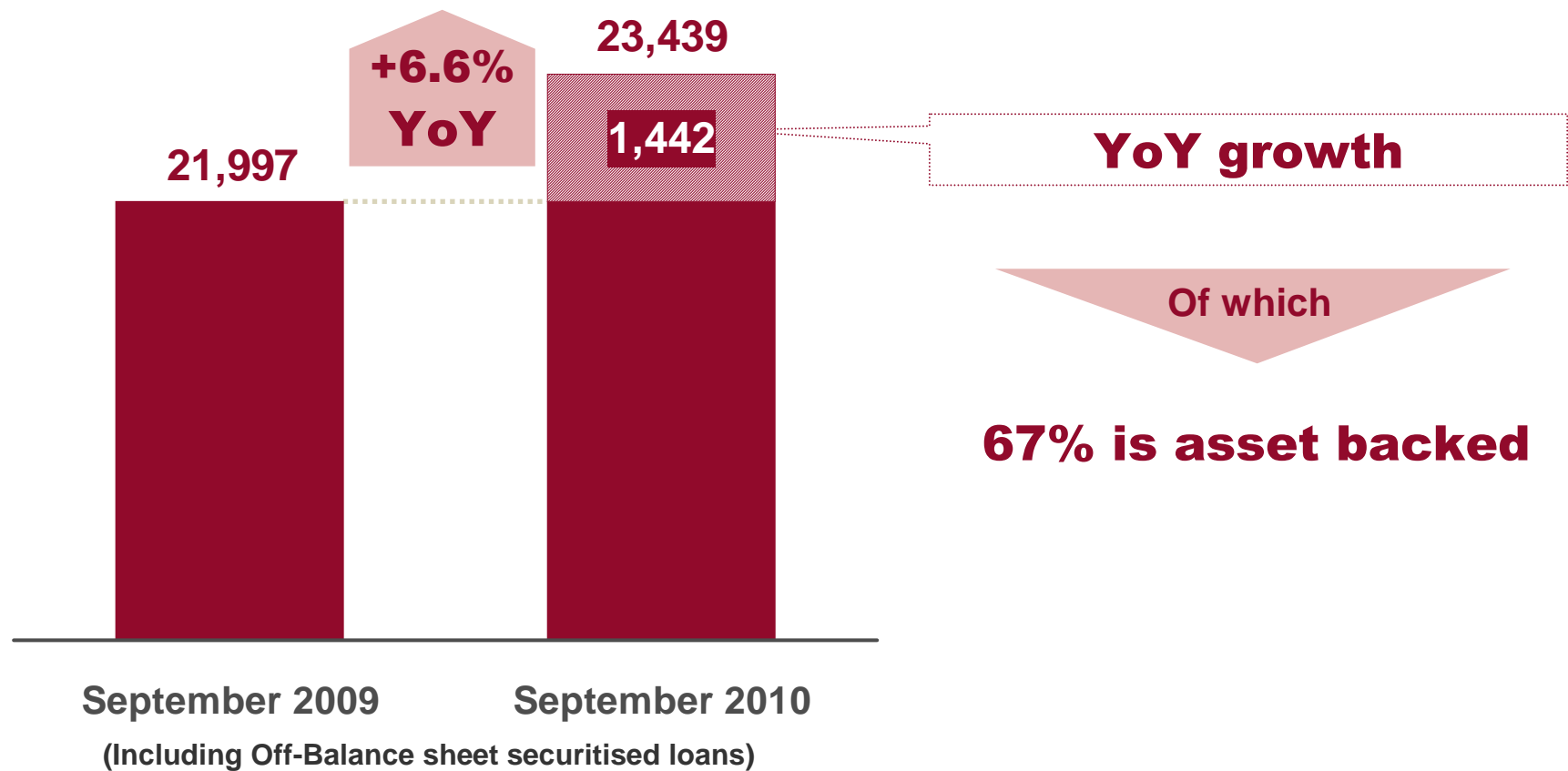
Over 3 times / 22.9 x times

~ 3 times / 33 x times

Business & Funding

Meeting creditworthy loan demand...

Net loans to customers YoY growth



...while preserving asset quality

Business & Funding

A successful and focused commercial activity



+33% YoY

Pension plans



+29% YoY

Life insurance



+93% YoY

Home insurance

That thrives in present restructuring

Business & Funding

A targeted commercial action...



- ▣ 32,800 top quality Spanish companies targeted among €1.2 Mn
- ▣ Success rate: 11%, reaching 9% of our SME's customer base



- ▣ 8th in the ranking of financial institutions by ICO loans granted
- ▣ x2 ICO loan book

... allows us to expand our presence in the SME's sector

x2 times

New added value SME's customer caption

x1.8 times

New commercial paper grantors

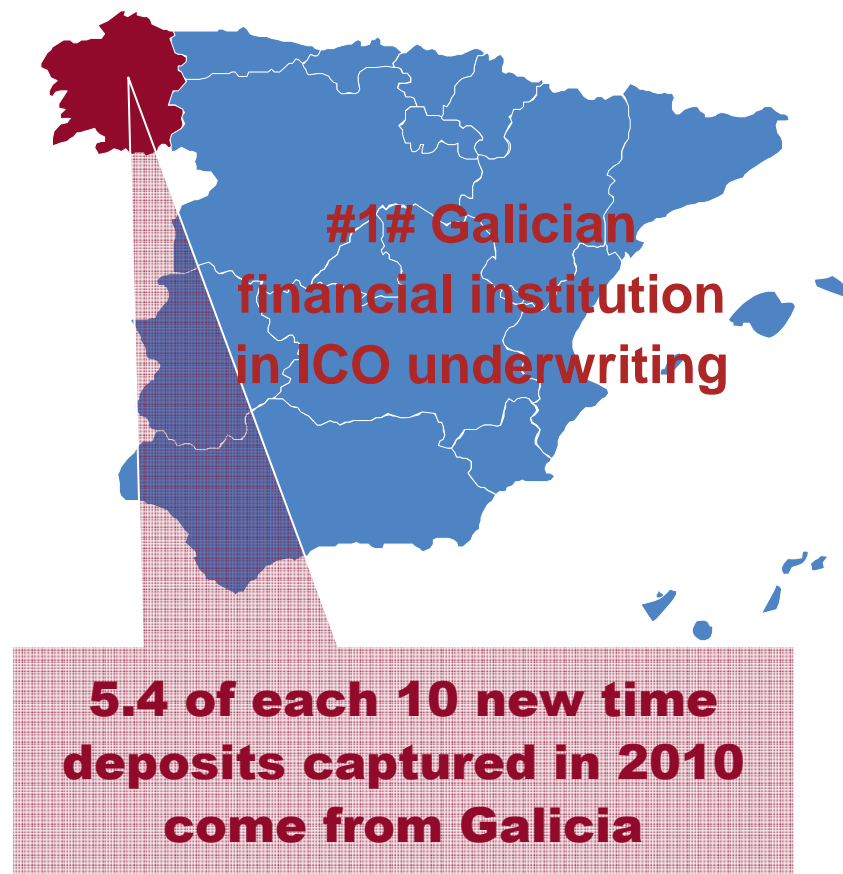
x2.3 times

New foreign trade business grantors

(% yoy growth)	2010e	2011e
GDP	-0,4%	0,4%
Internal Demand	-1,1%	-0,9%
Foreign Trade Balance	0,7%	1,3%

Business & Funding

Galicia: A key market and a strong franchise



Mortgage loans **+66%**

Life insurance **+41%**

New added value customers **+92%**

ICO loans balance **+44% YoY**

New foreign trade business grantors **x2.8 times**

New added value SMEs **x4.9 times**

(Jan-Sep10 accumulated data vs. Jan-Sep09)

New opportunities arising from the consolidation process in our core market

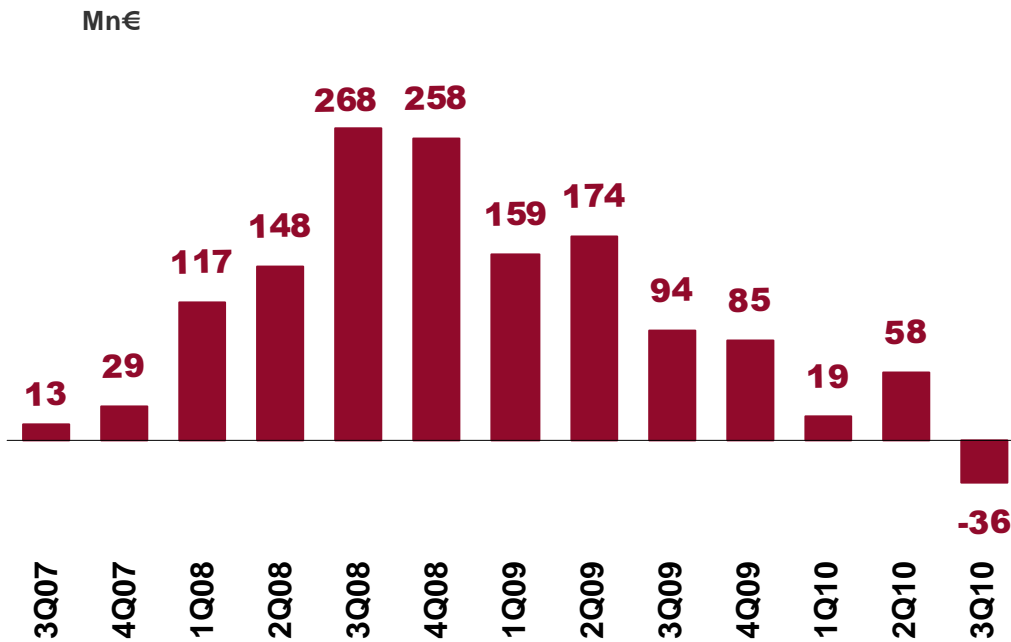
Risk Management



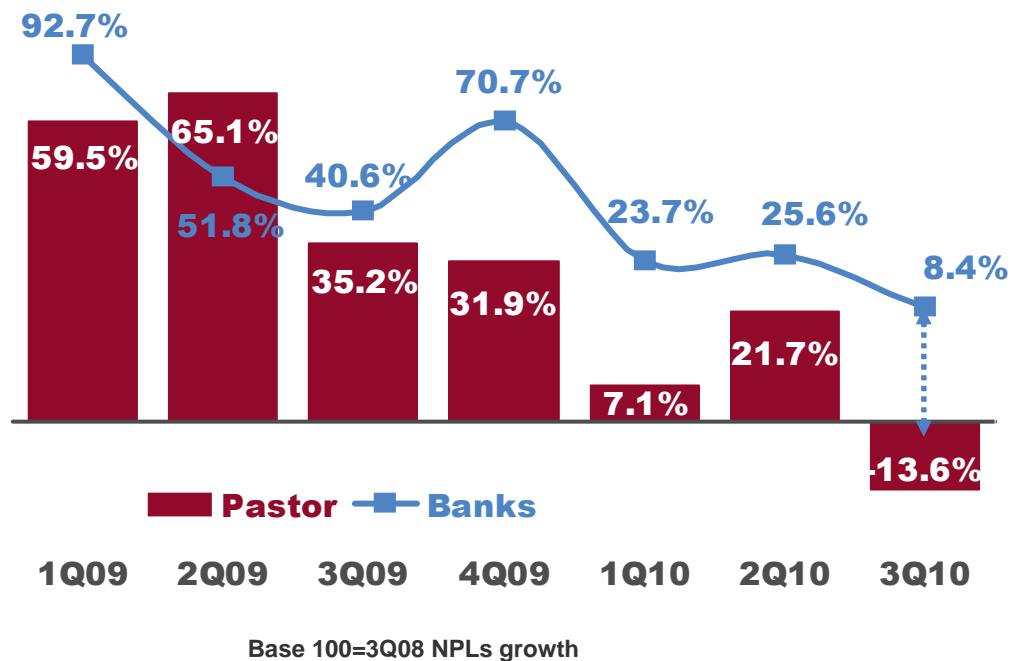
NPL deceleration

NPLs: €1,553 Mn

NPL quarterly growth evolution



NPL quarterly growth Pastor vs. Banks

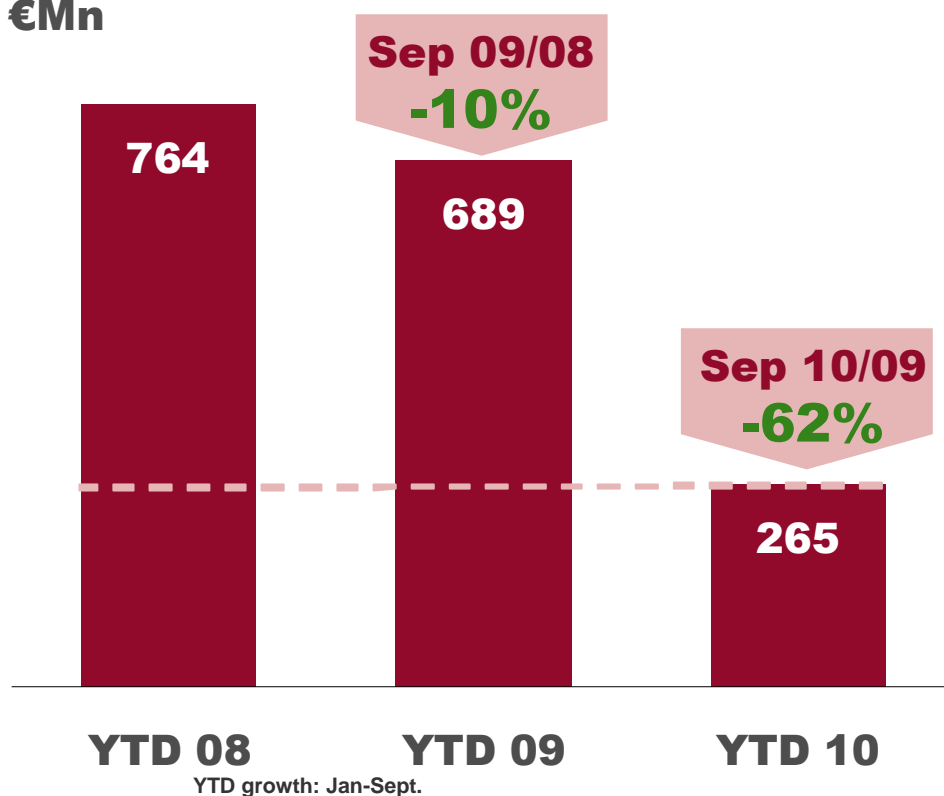


8 quarters beyond the peak and 5 lagging the sector's growth rate

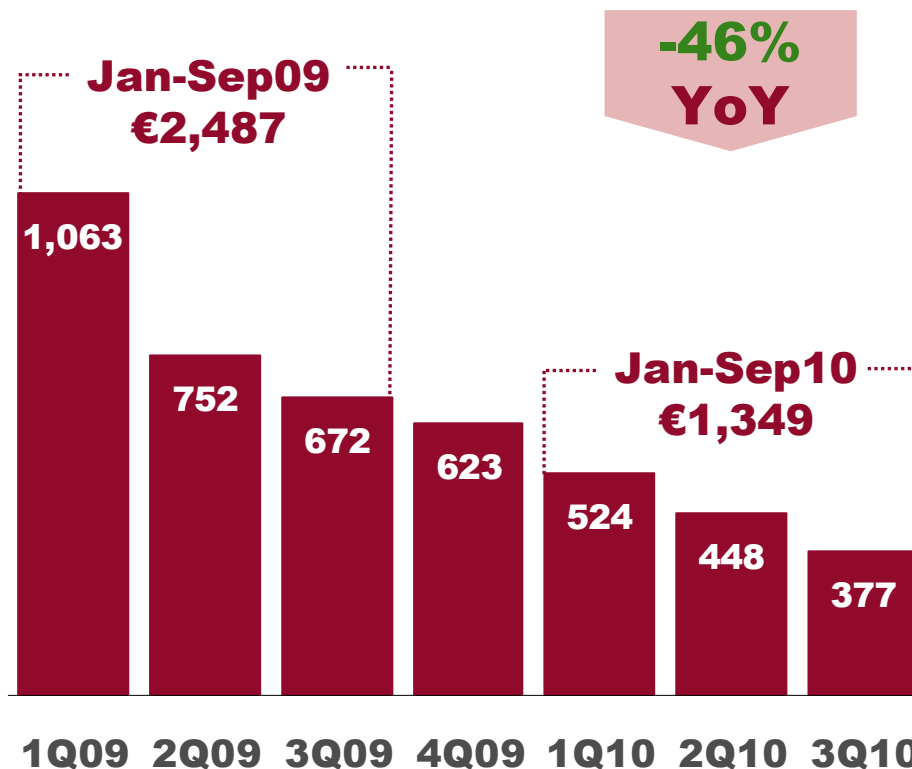
NPL formation continues to slow down

NPL net entries

€Mn



Gross entries quarterly evolution

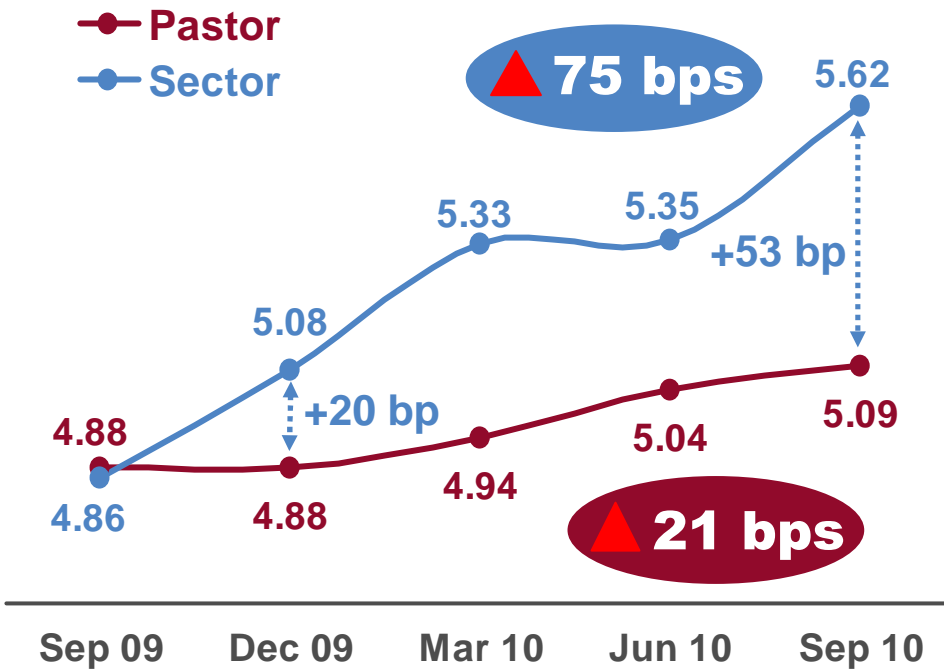


Gross entries falling for 6 quarters in a row

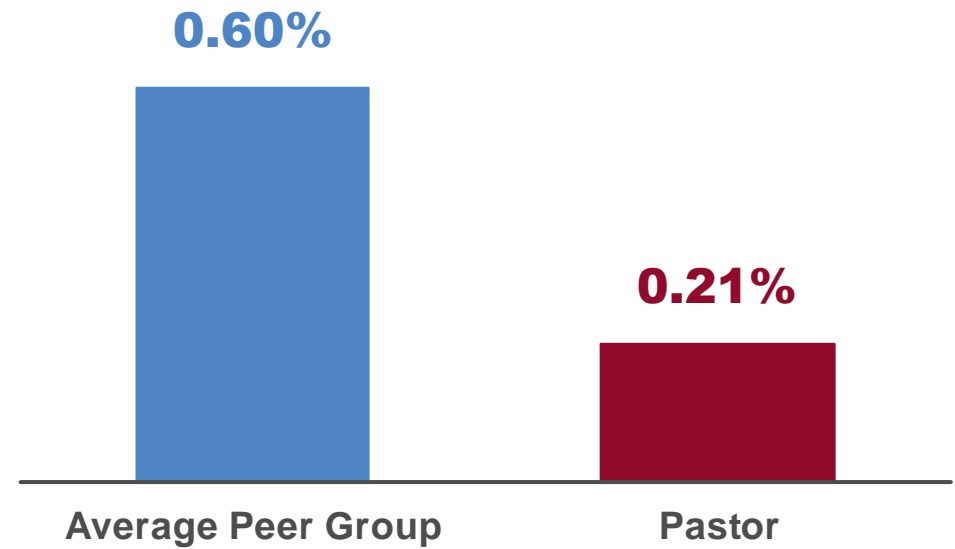
Risk Management

Further widening the NPL gap vs. the system

NPL ratio Pastor vs. Sector



NPL ratio YTD evolution (p.p.)

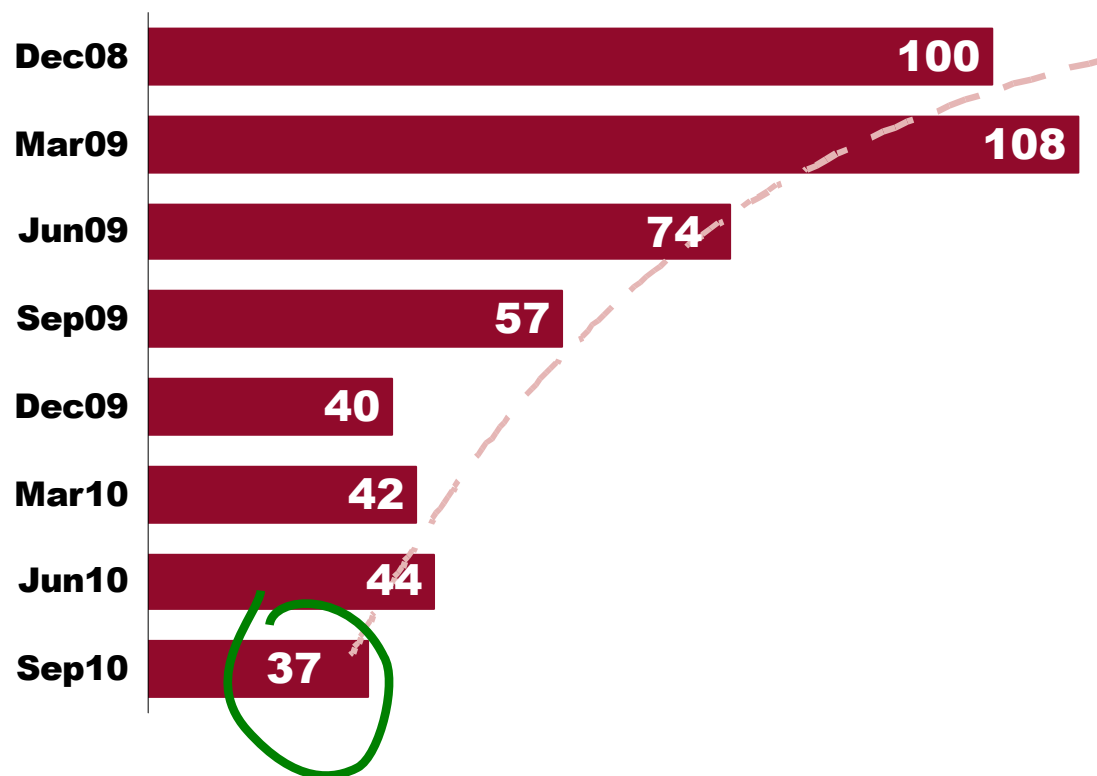


Source: Bank of Spain, available data as of August 2010

Best positioned for the fourth consecutive quarter

Confirming the trend !!

Pastor's total late/missed payment (Base=100 Dec08)



The leading npl index shows a steady improvement

Risk Management

New regulation changes the approach to provisions and coverage

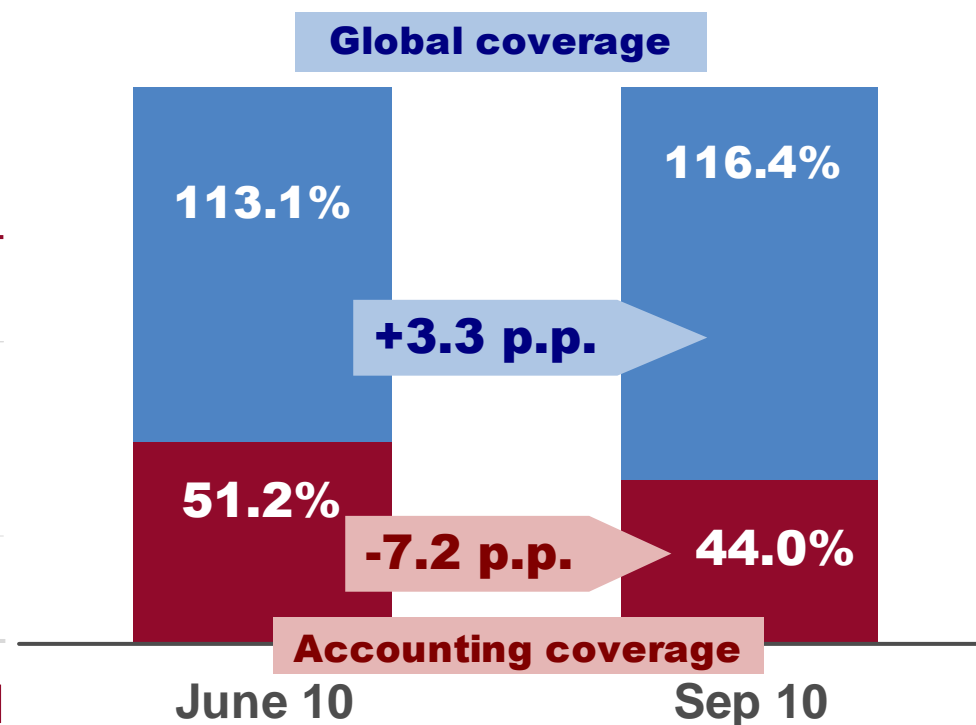
Provisions

Mn€

Provisions

Specific	624
Generic reserves	76
Total	700

Coverage ratio



€61 Mn of capital gains to be recorded at end 2010

Regulatory coverage: 84%

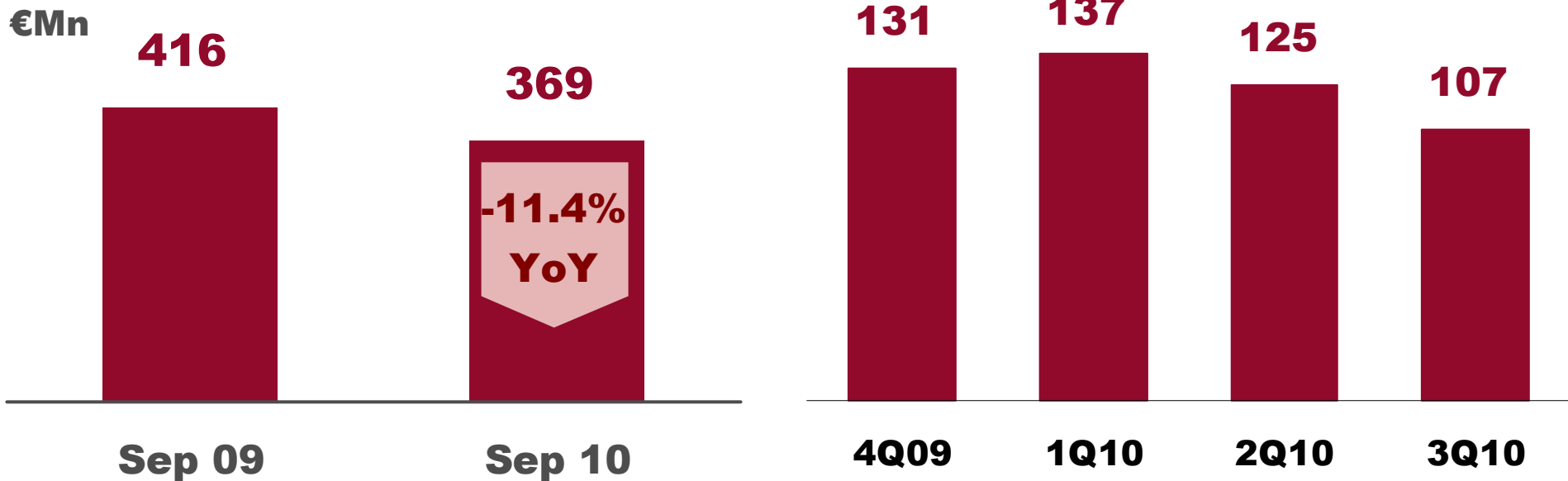
Profitability



Managing margin pressure

Net interest income evolution

Net interest income QoQ



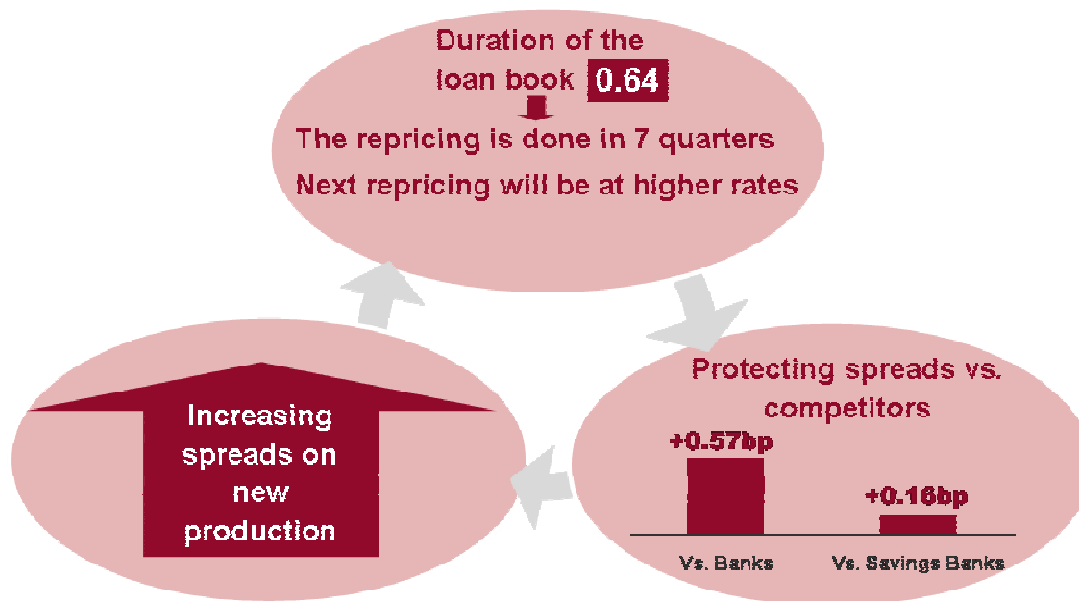
Average Peer Group

-11.7%

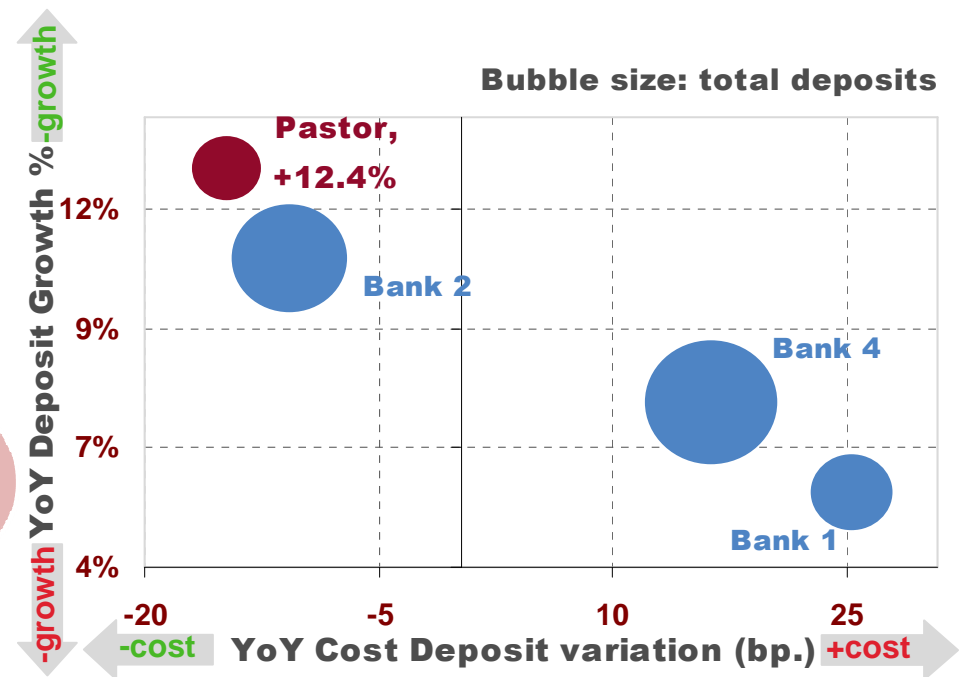
Profitability

Growing At a Reasonable Price in deposits

The repricing game is done



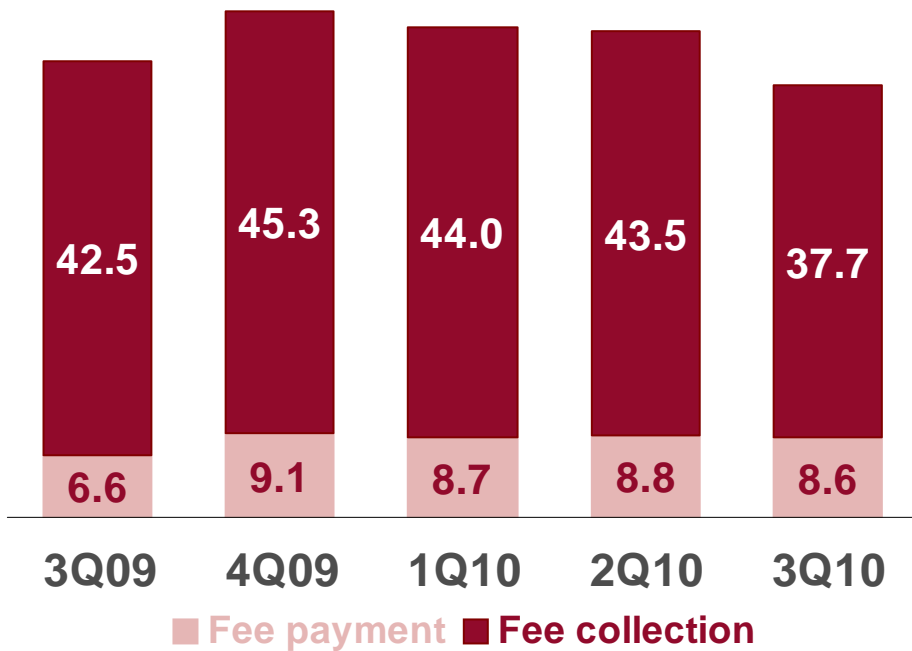
Deposits vs. cost deposit YoY evolution



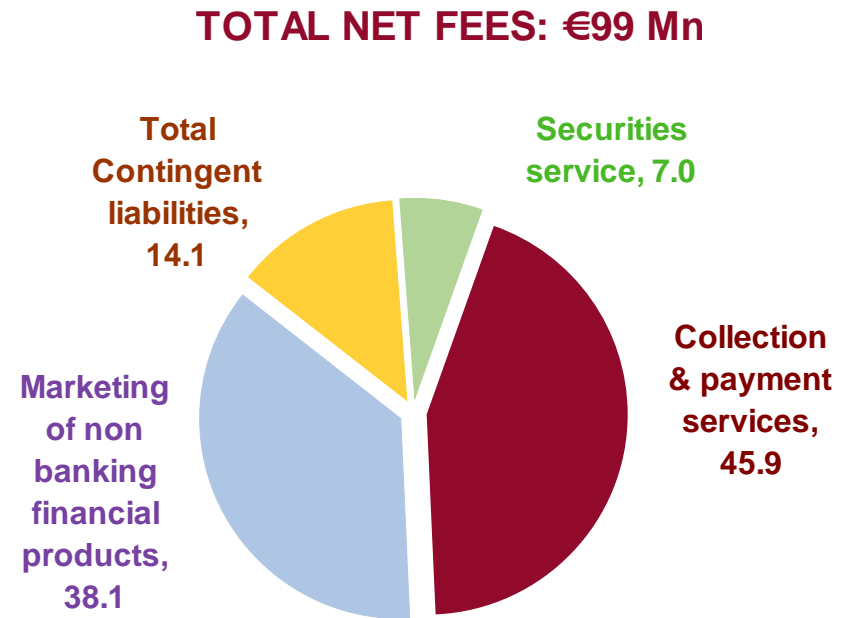
Profitability

Displaying recurrency

Net fees QoQ



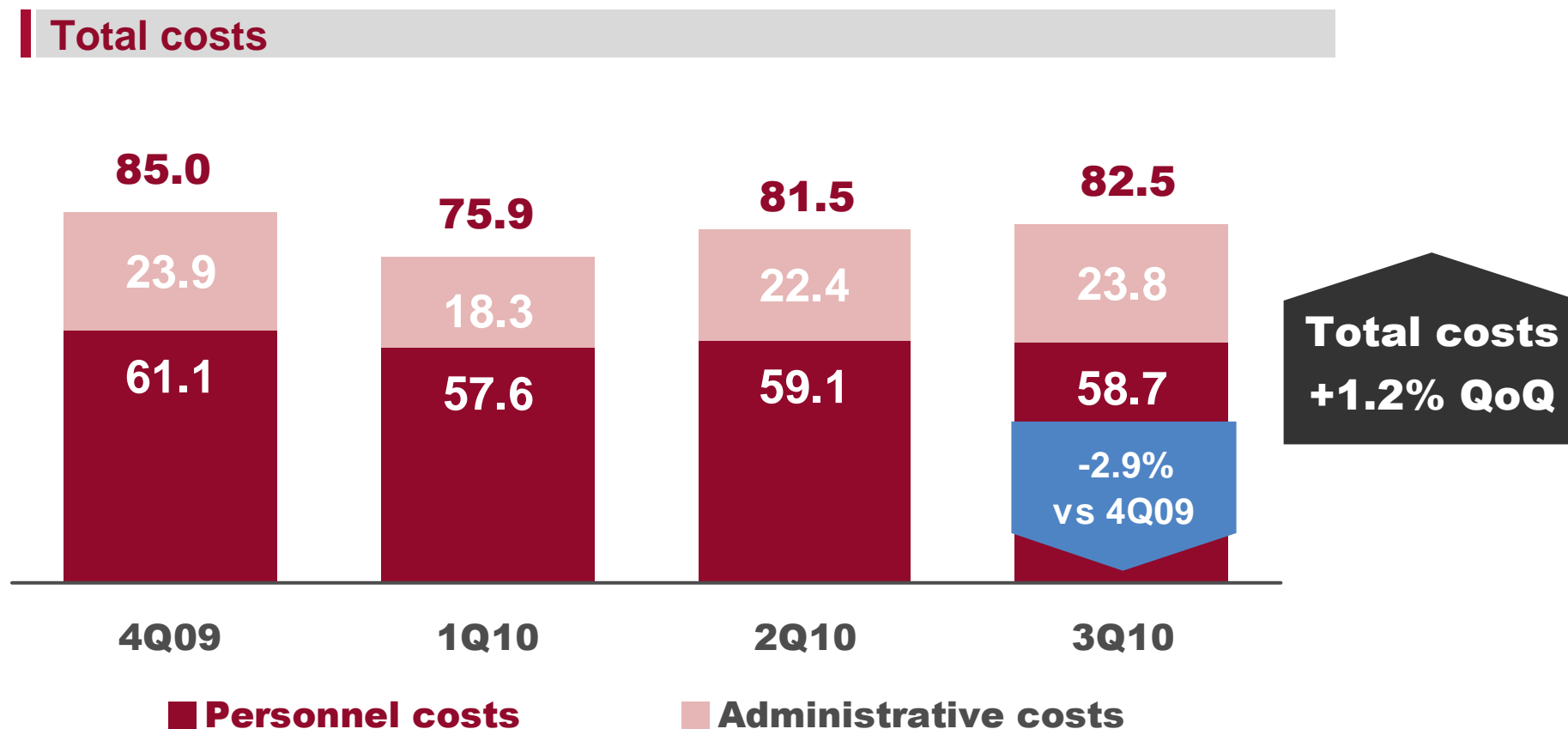
Net fees



Good behaviour of insurance and pension fund fees

Profitability

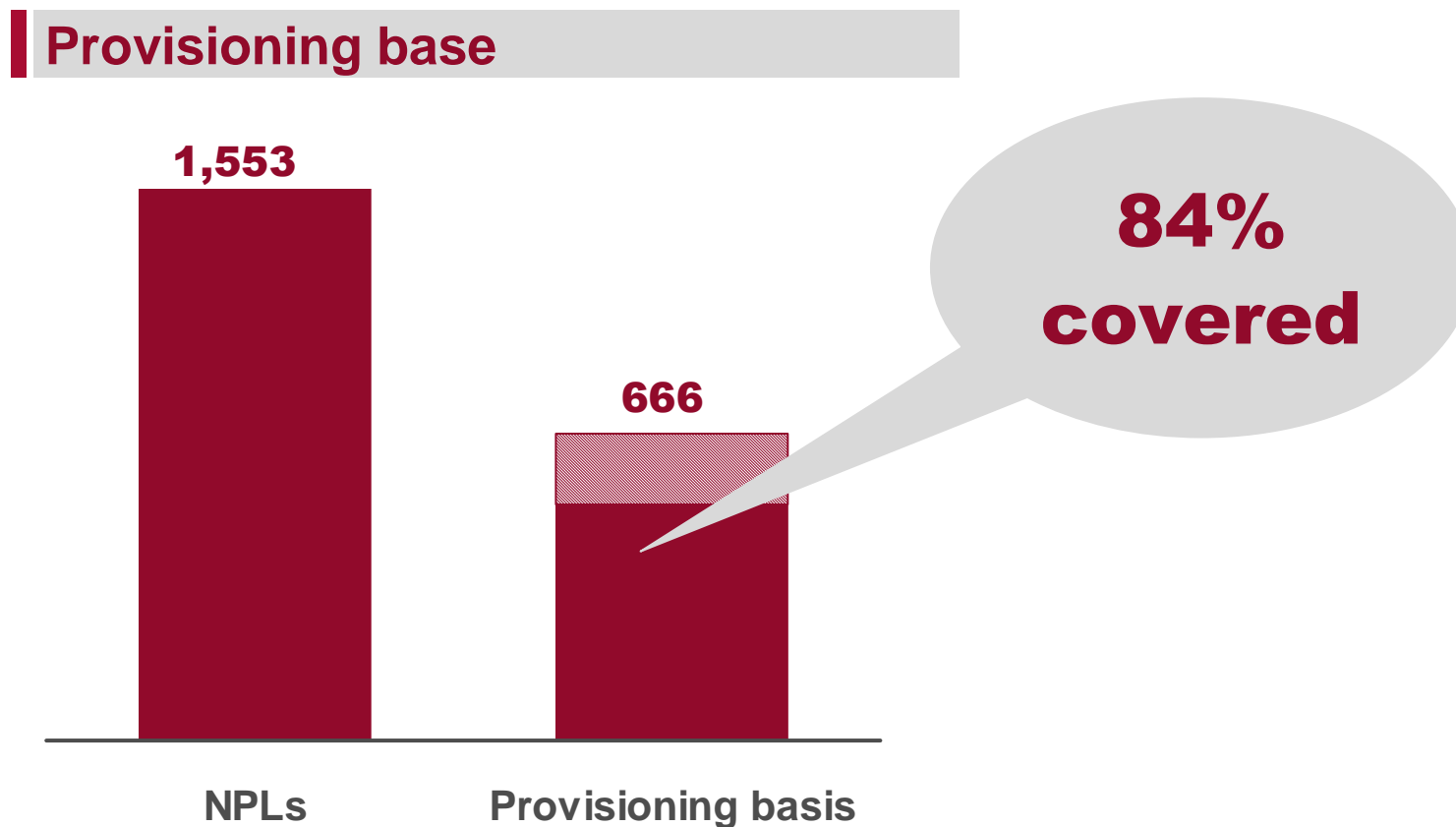
Managing cost reduction



Ex rental costs: €26.3 Mn as of September 2010

Thus reaching a cost to income ratio of 38.5%, a 302 b.p improvement on sector's average

NPLs no longer equal provisioning...

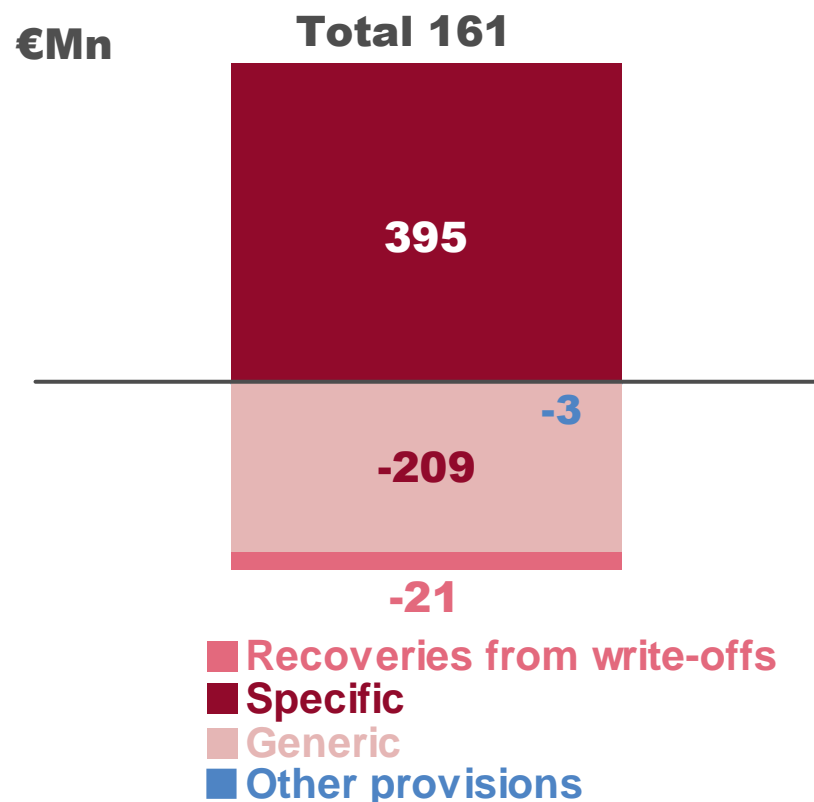


A new concept emerges as a key metric: provisioning base

Profitability

Turning the corner

Total charge-offs



Asset impairments

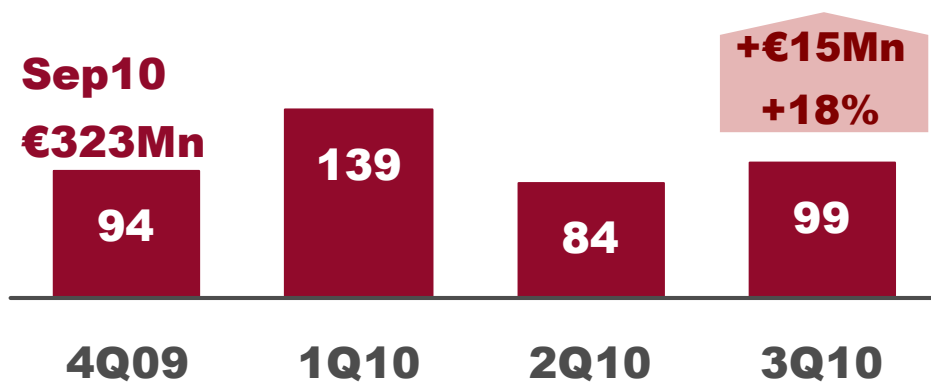
€Mn	1Q10	2Q10	3Q10
Calendar effect	131.7	120.2	109.8
Impact of new regulation			33.6
(-) Generic	-32.1	-78.0	-99.4
(-) Recoveries from write offs	-4.3	-11.1	-6.1
Impact from loan book	95.4	31.1	37.9
Impact from real estate	4.8	12.6	73.6

Limited impact of the new regulation

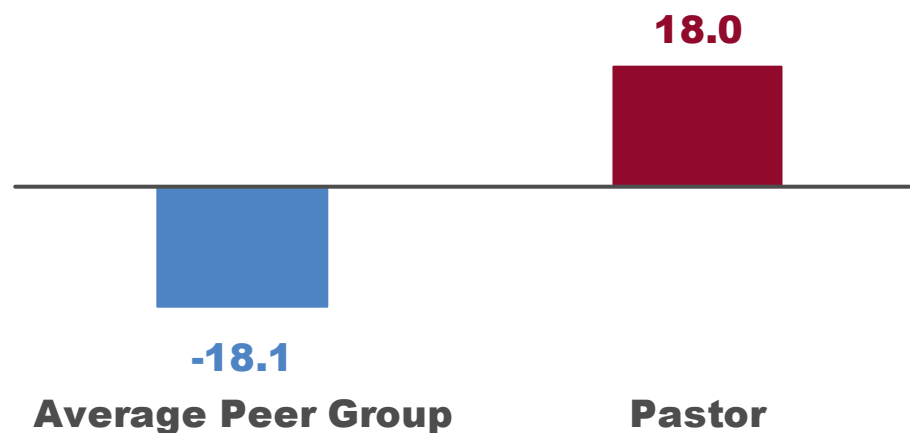
Profitability

Profits share sector's trend

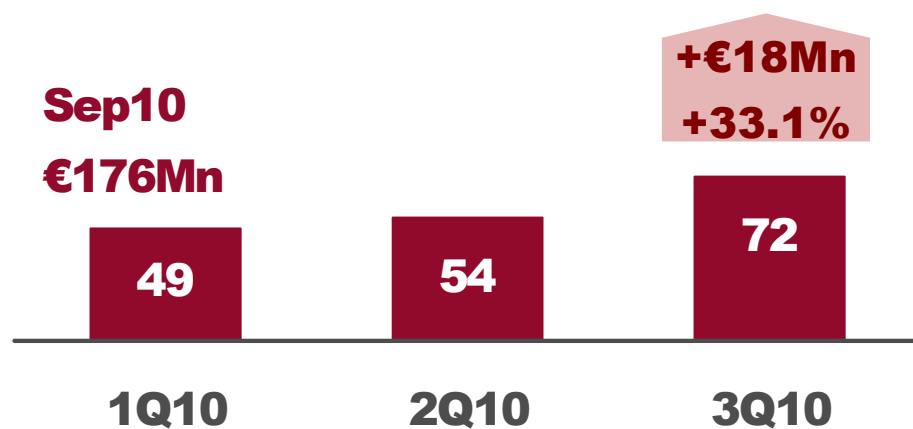
Net operating income



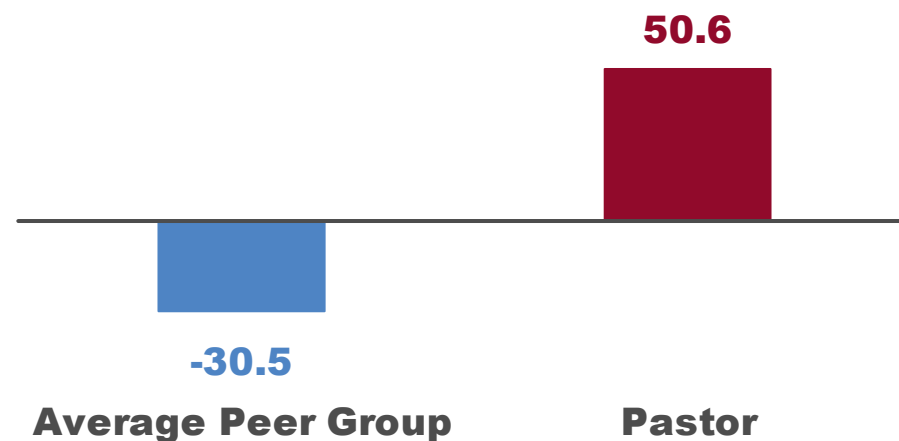
Net operating income QoQ evolution %



PBT after provisions



PBT after provisions YoY evolution %



Creating our own future

- ▣ Delivered solid business results
- ▣ From a solid capital position
- ▣ With sound and improving liquidity
- ▣ And a strategic focus reinvesting in future growth
- ▣ Improving asset quality trends

Disclaimer

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