

Results Presentation

1st H08



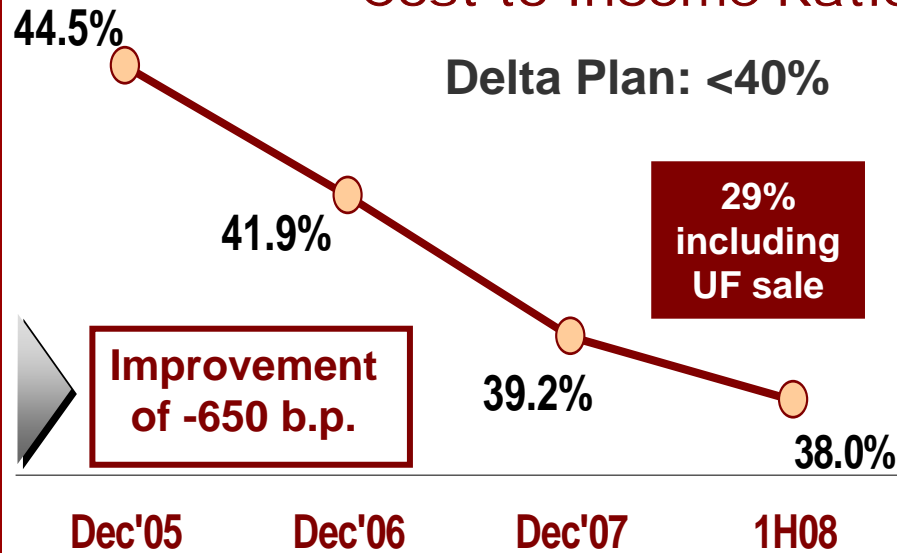
A Coruña, July 31th 2008

- ▣ Achieving 2 main targets ROE & efficiency well ahead of schedule
- ▣ Second best spread within the industry
- ▣ High double digit growth in net profit
- ▣ Outstanding liquidity position
- ▣ Solid and reinforced capital base

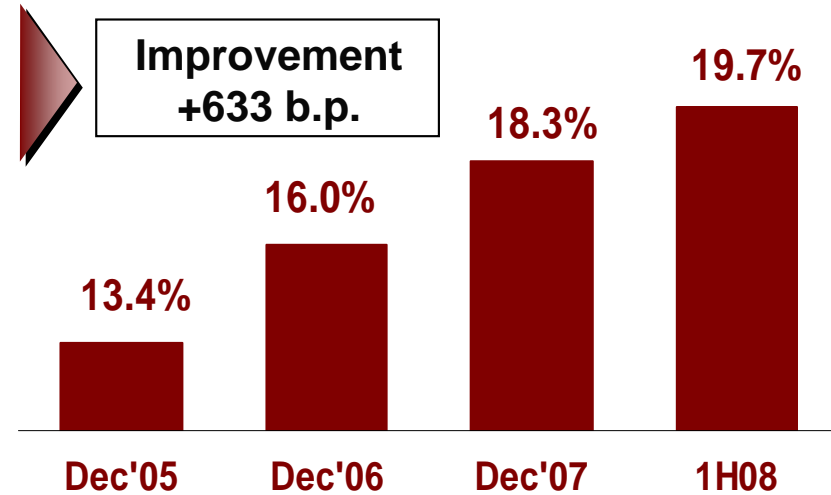
Delivering on our promises !

Delta key metrics

Cost to Income Ratio

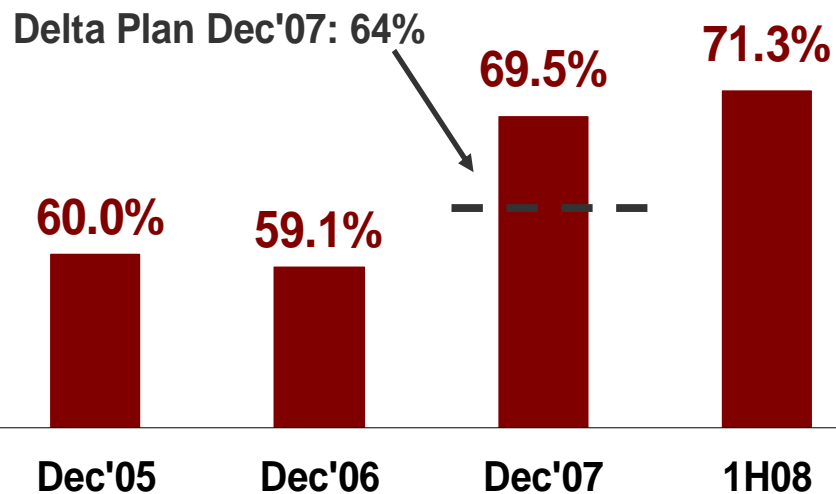


ROE Delta Plan: 19%

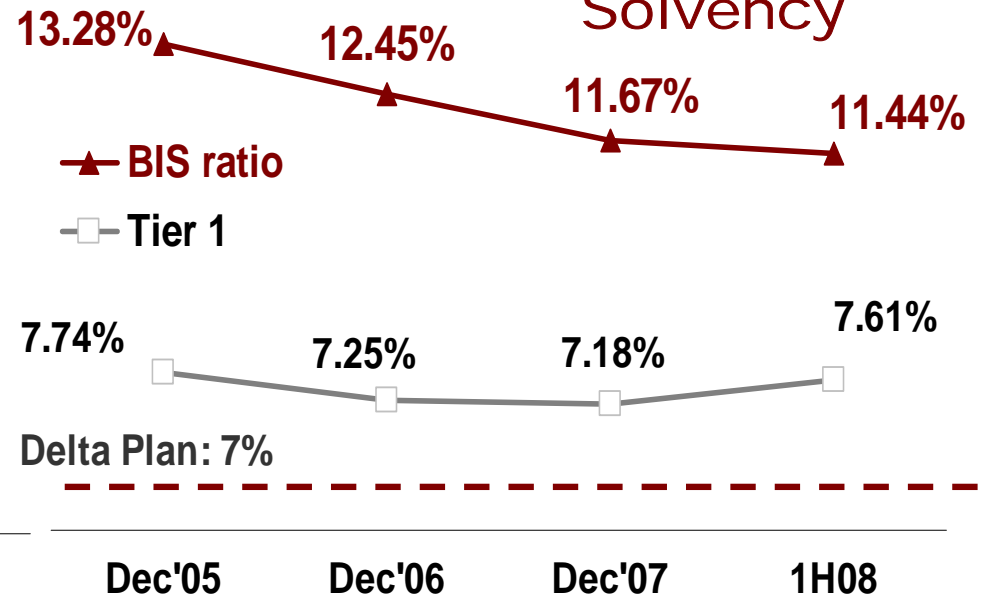


1H08 ratio: ex UF sale.

Liquidity Ratio

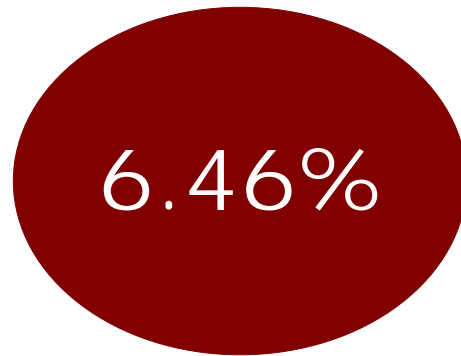


Solvency

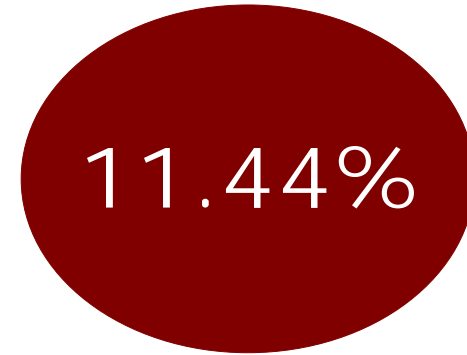


A leading capital position

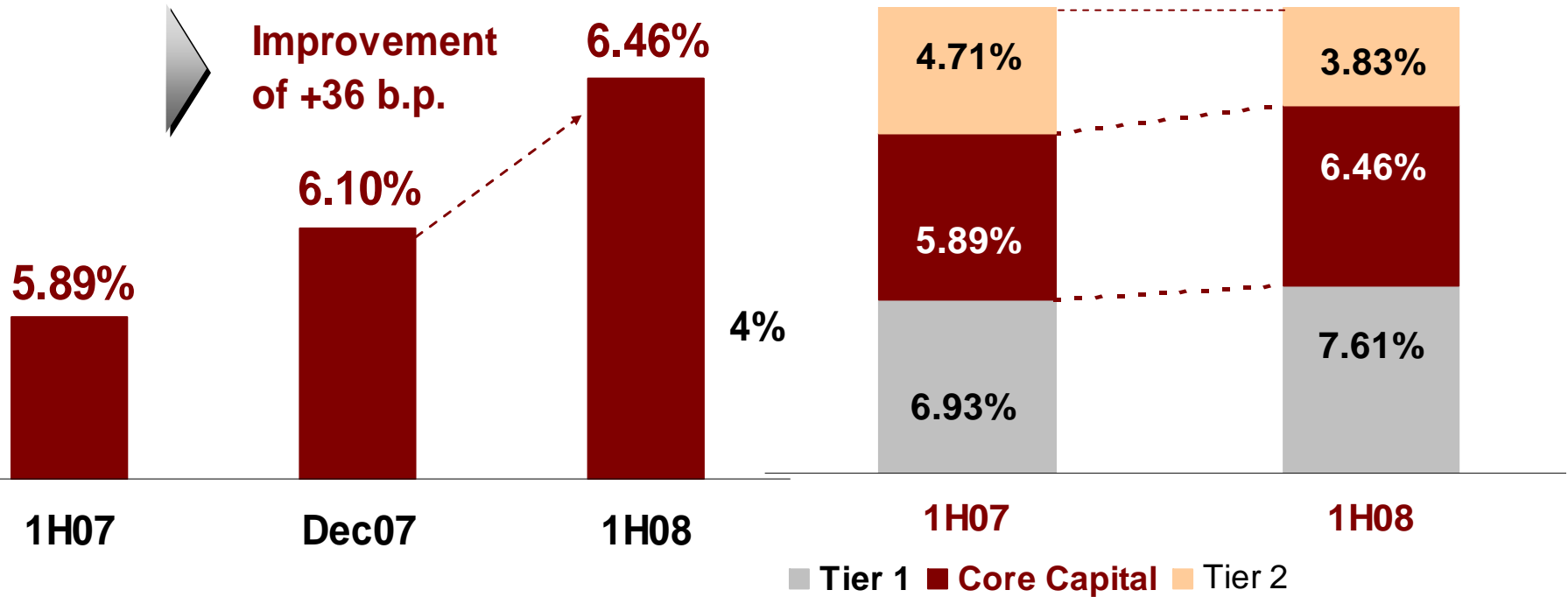
*“Global banks are revealing further write downs and capital raising measures as the impact of the global crisis unfolds”
Financial Times, July 08*



Core Tier 1



Bis Ratio



The year of the 3 R's

Recurrent earning power

- ▣ Spread
- ▣ Commercial activity:
 - ❖ Clients and cross-selling



Risk management

Resources



Loans



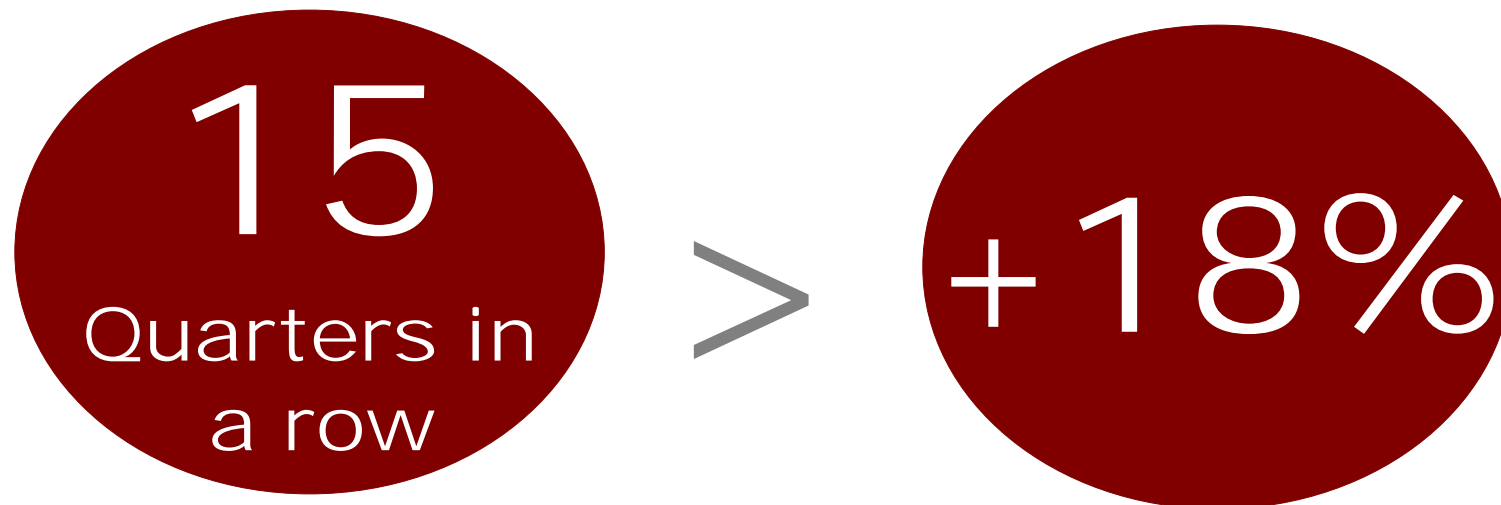
The year of the 3R's

Still resilient ...

124.4 mm

+38.3% CAGR in the last 4 years!

3R: Profitability



A strong operating performance

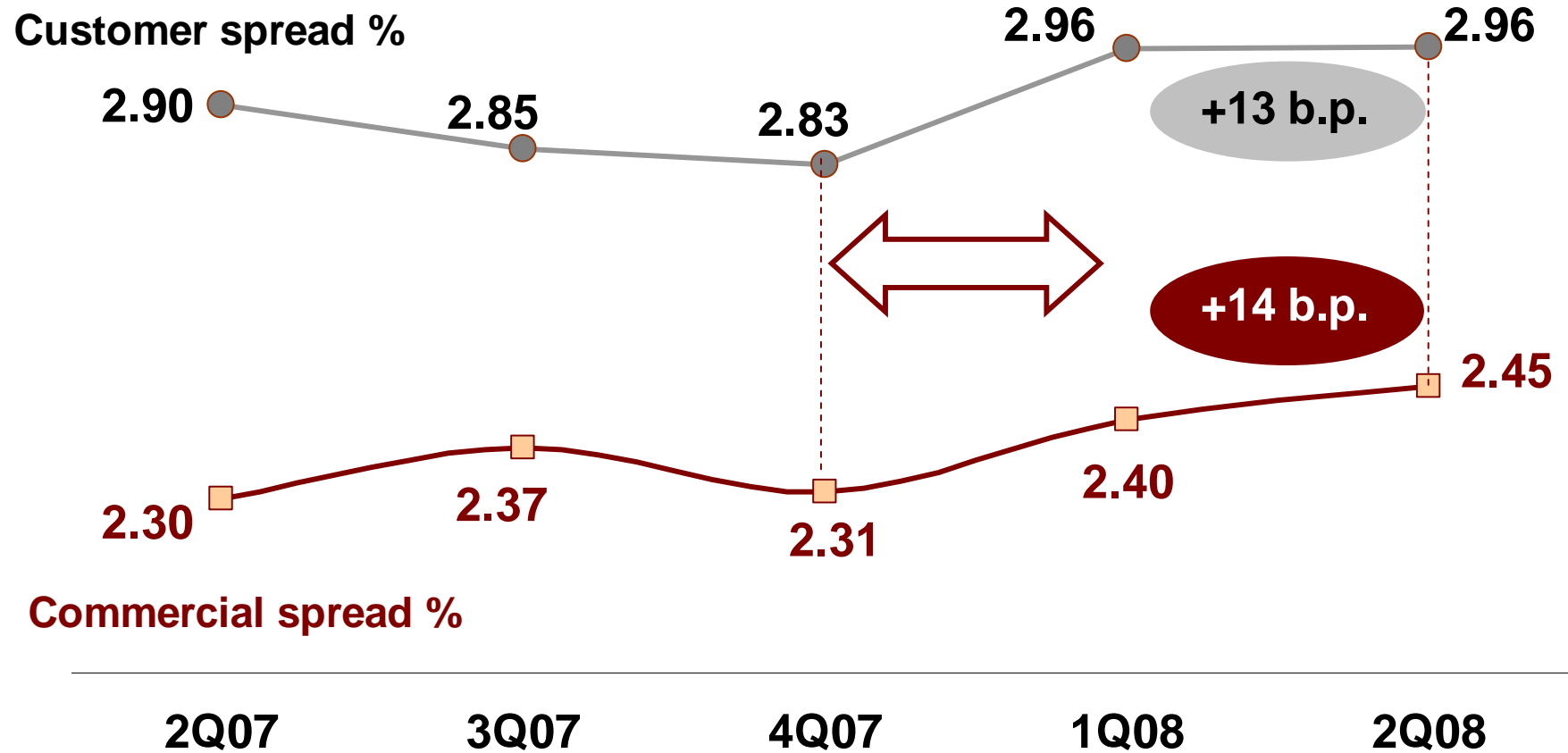
		<u>Like for like (*)</u>
+5.8%	Net Interest Income	+9.0%
+5.1%	Basic Margin	+7.5%
+41.2%	Ordinary Revenue	
+63.7%	Operating Revenue	
+11.0%	Income Before Taxes	
+18.2%	Income Attributed to the Group	

Maintaining earnings momentum!

(*) Adjusted for € 7.8 Mn stemming from the sale of participative loans.

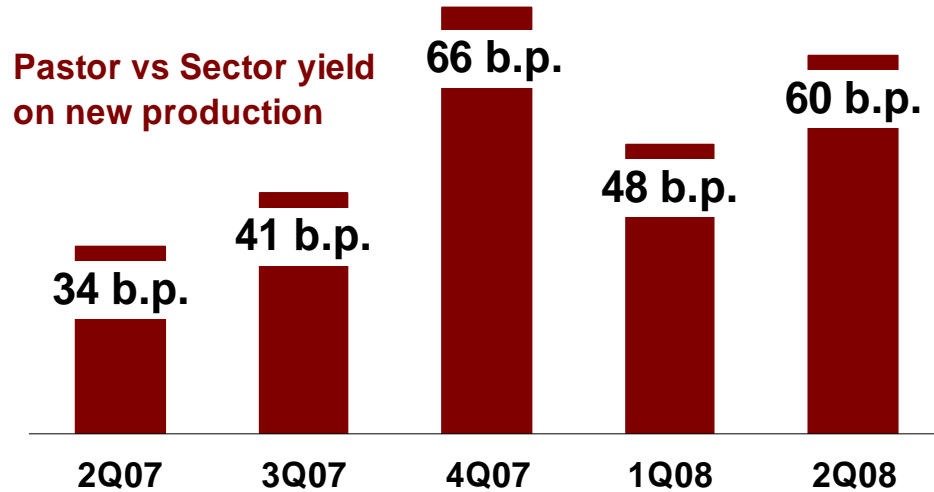
Top line gives a defensive angle ...

Annual Net Spread QoQ evolution



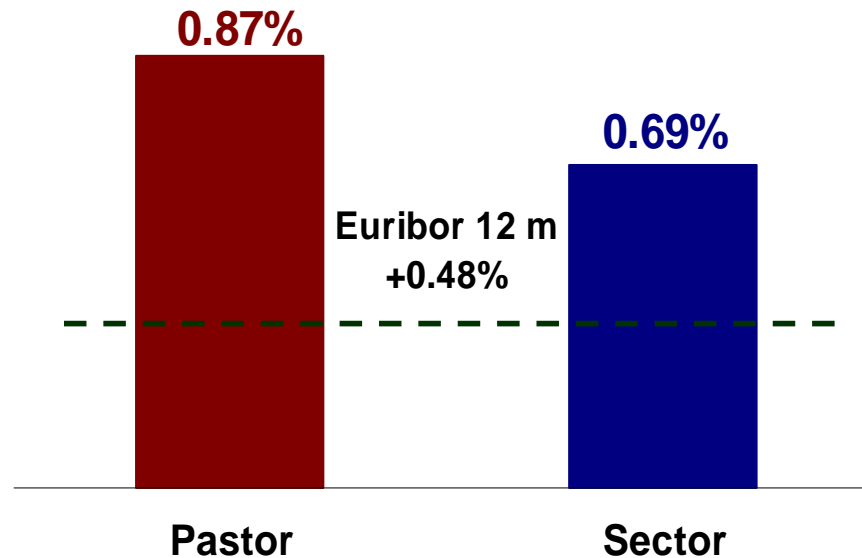
A competitive advantage that keeps widening

Spread in excess of new production



Source: Bank of Spain.

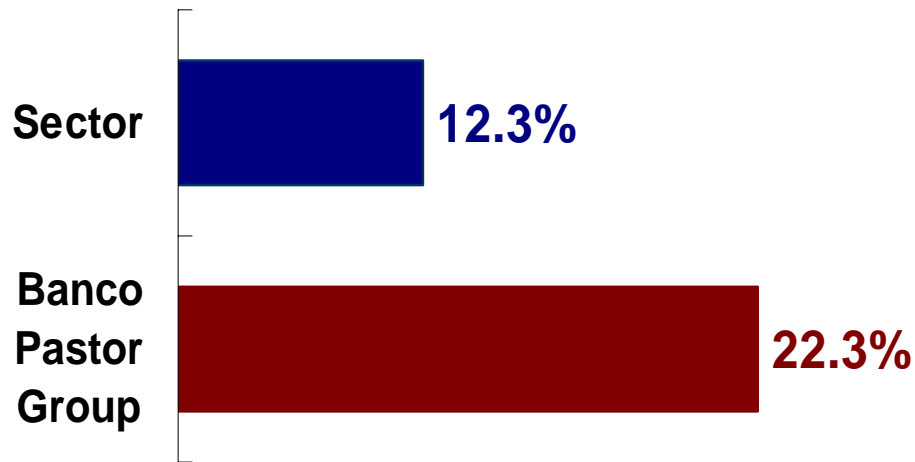
Loan yield increase yoy total new production Accumulated May 08 vs may 07



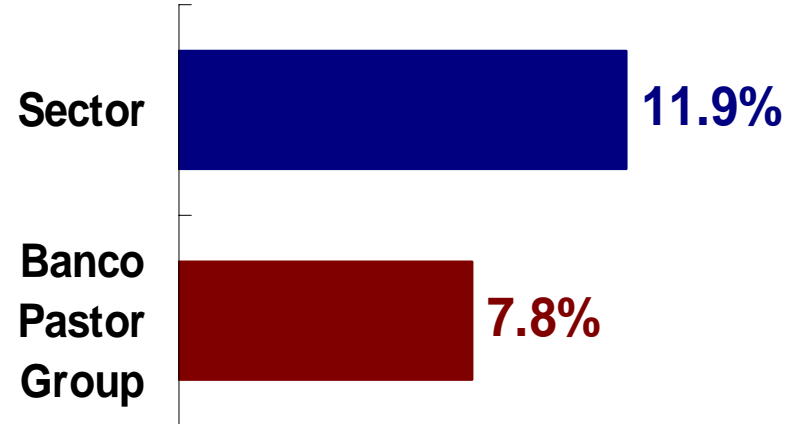
3R: Profitability

The focus now is on the liability side...

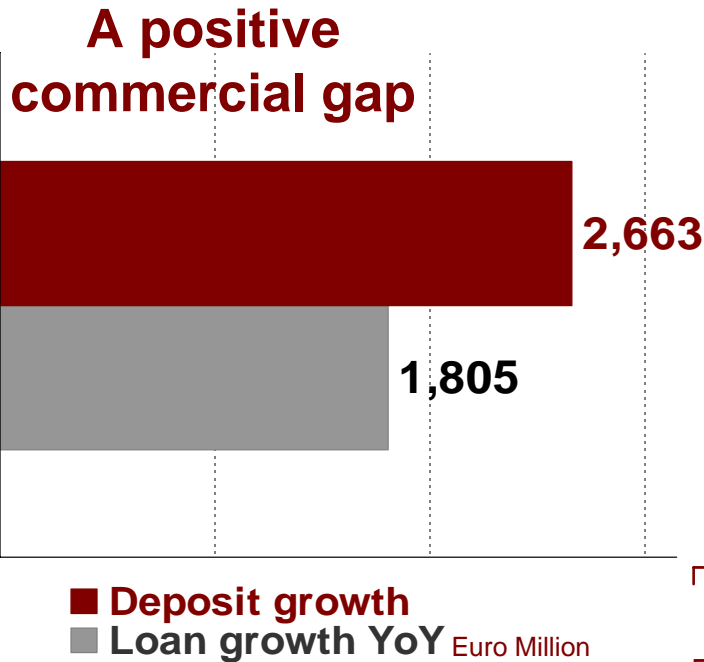
Deposits Yoy growth rates



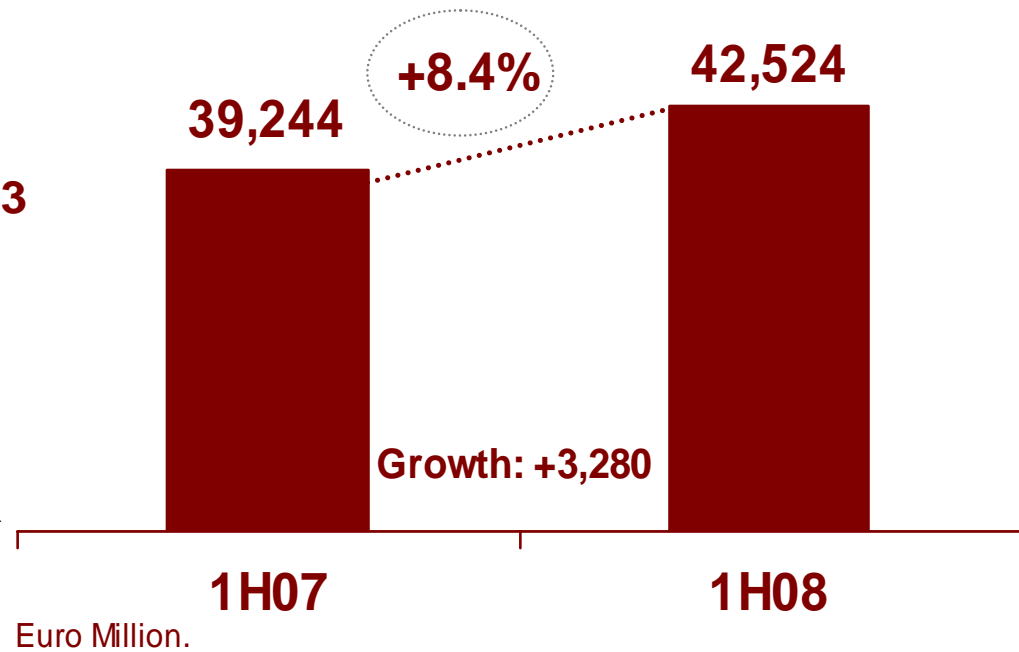
Loans Yoy growth rates



Source: BoS Resident sector May08.

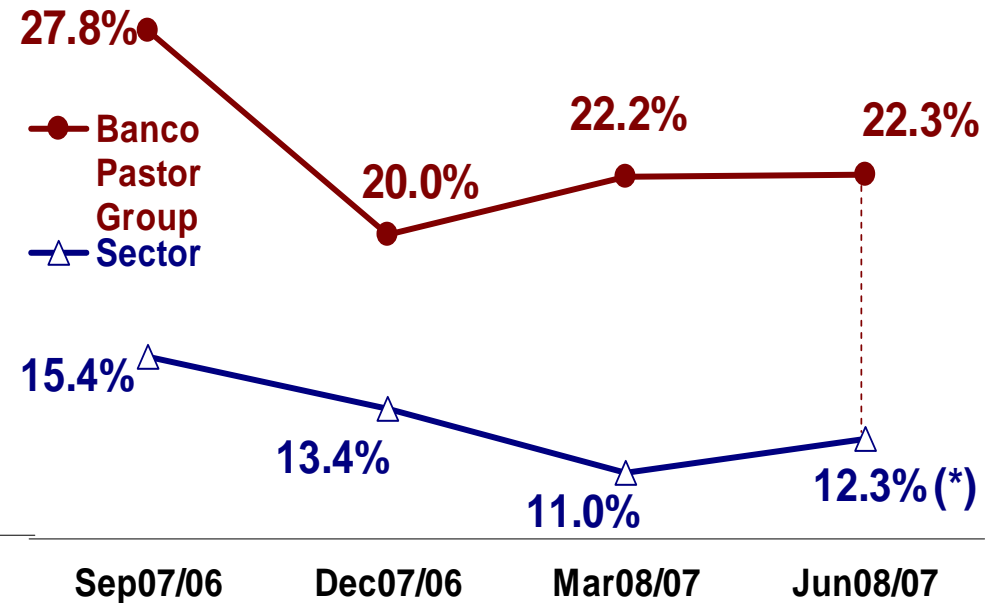
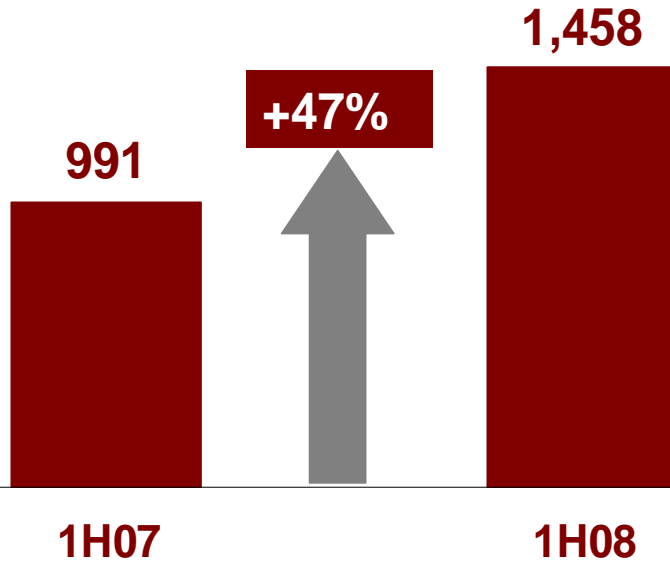


Commercial business volume



One more quarter with deposits on the rise!

Customer Deposits growth € Mn



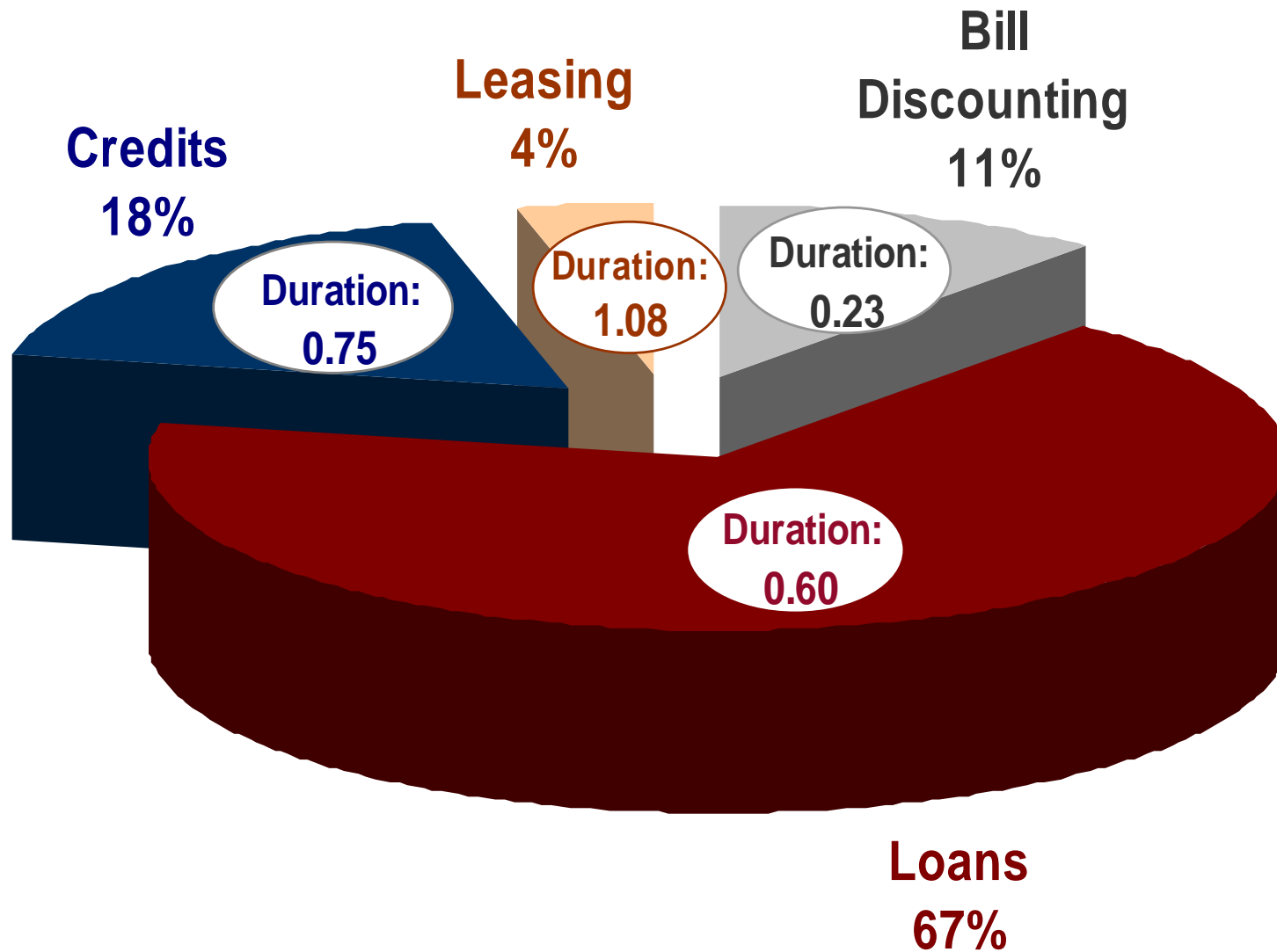
(*) BoS Resident sector May08.

3R: Resources

€ K	1H08	Abs.Var.	YoY %
From Public Authorities	602,637	-67,631	-10.1%
Resident Sector	12,516,015	2,740,274	28.0%
Non Resident Sector	1,502,102	-9,728	-0.6%
Total Deposits	14,620,754	2,662,915	22.3%
Customer Funds	15,280,011	1,904,402	14.2%

And a great flexibility in repricing assets ...

Average duration of the assets is 0.59 years !!



Or the opportunity to adapt

Growth has never been disconnected from clients

Commercial Activity=Profitability=Client acquisition + Linkage

Capturing

Total caption ratio

14%

84,000

74,000

**+10,000
additional
customers**

1H07

1H08

Cross selling ratio

5.6

Linkage

**Claim ratio per
€1,000 Mn average
business growth**

4.6

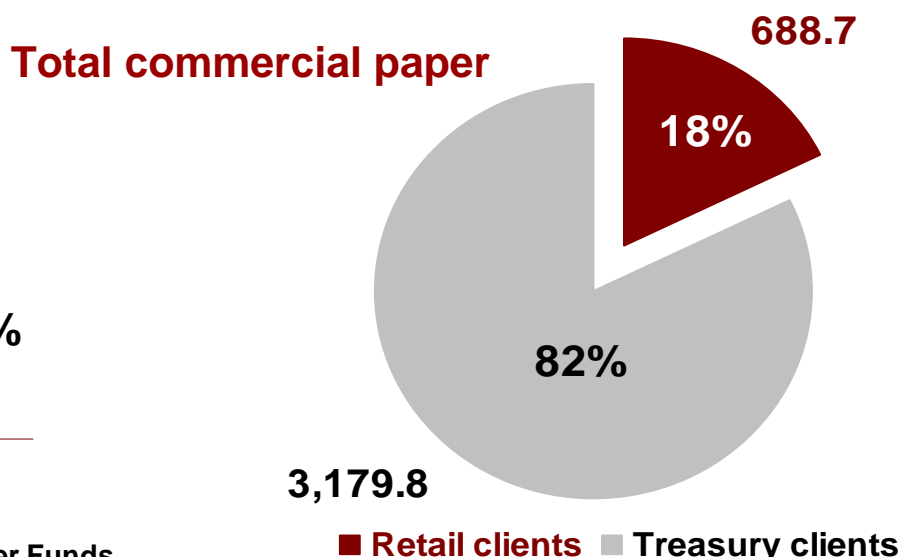
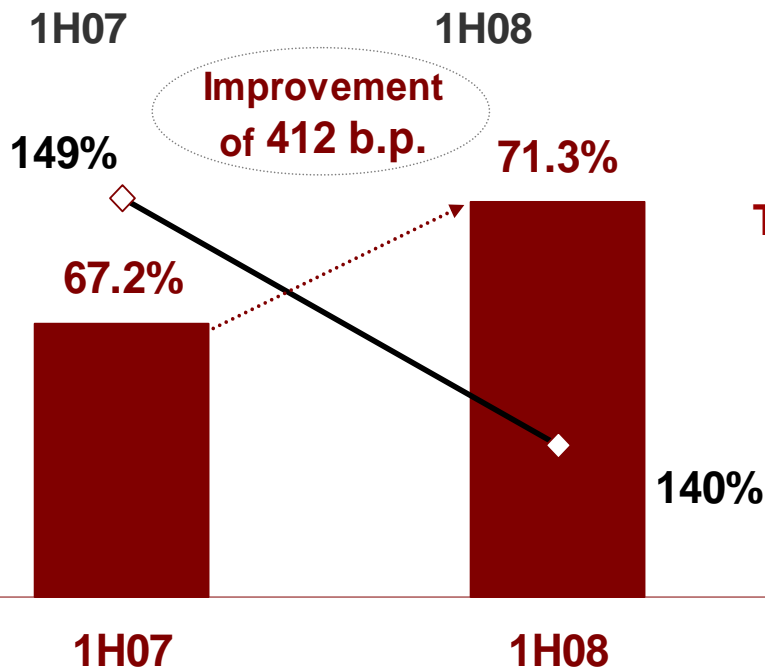
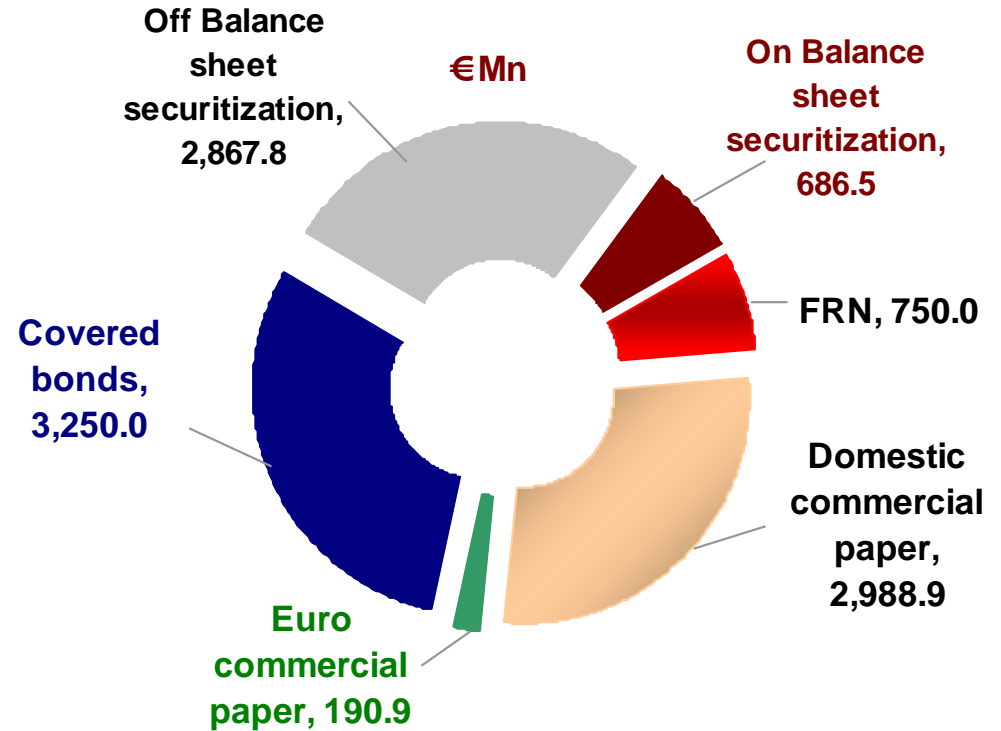
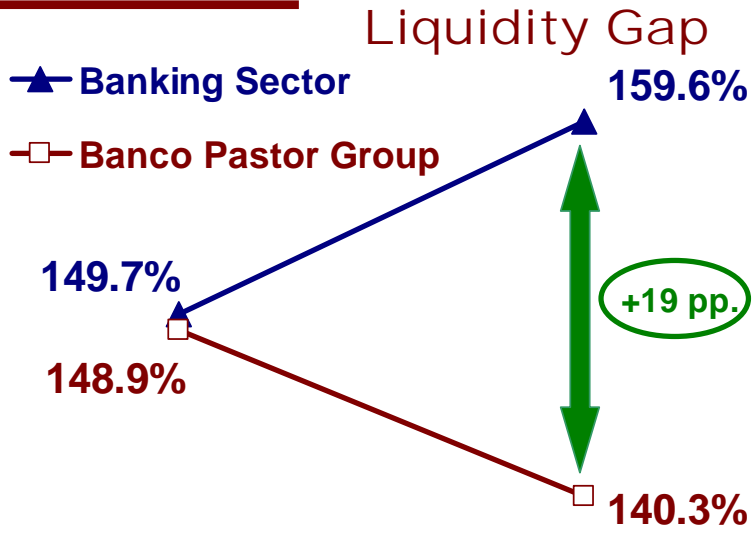
1.8

Banco Pastor

Banks

3R: Resources

A robust liquidity position = a major competitive advantage

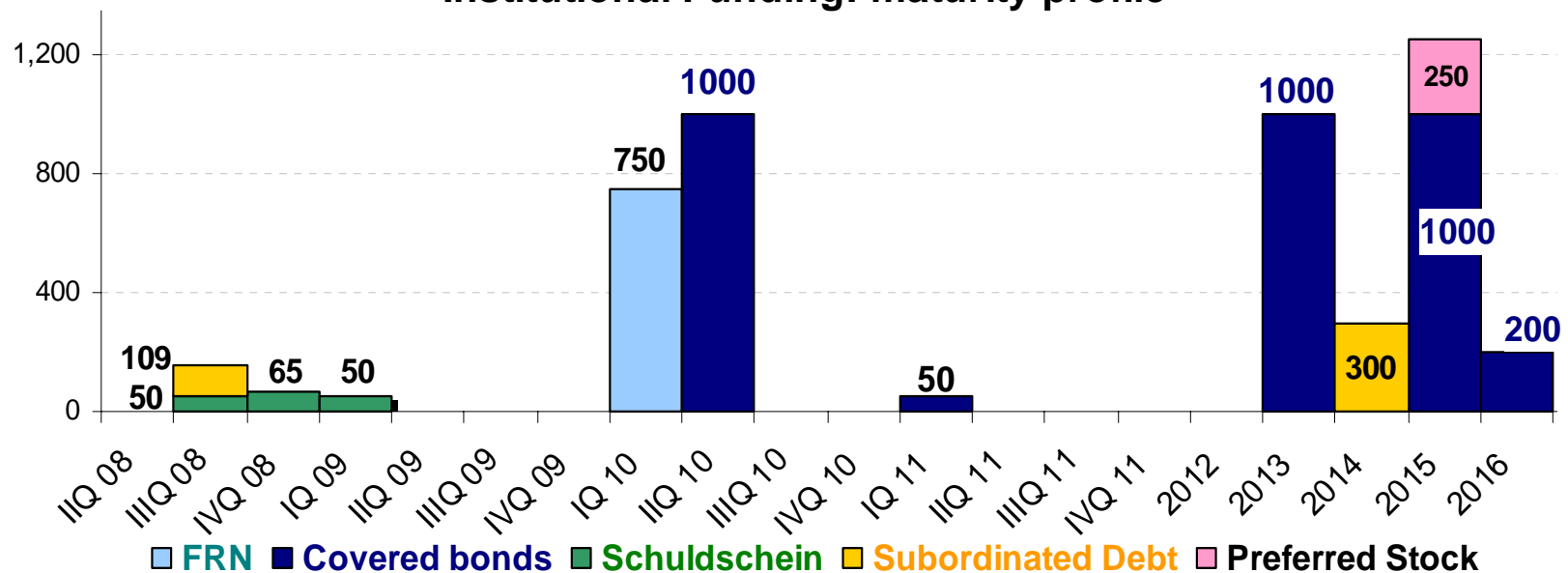


No liquidity concerns in the short/medium term

But to protect from market volatility.....

- **Launching a new 1.000 million covered bond in June 2008 maturing in 2010 ...**
- **Underwriting a new European Commercial Paper Program**

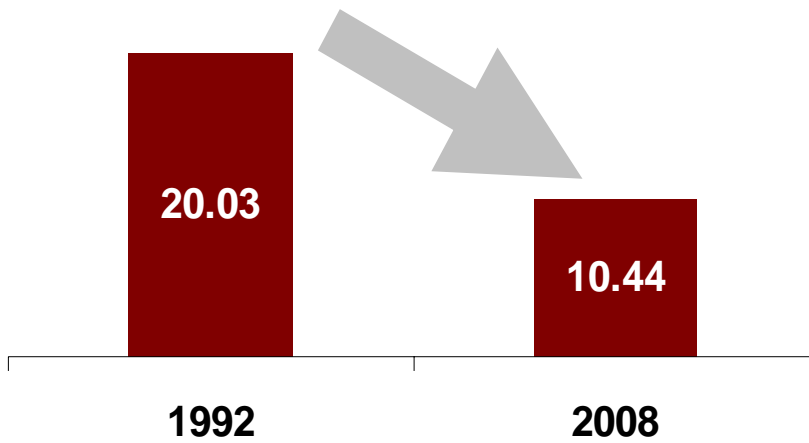
Institutional Funding: maturity profile



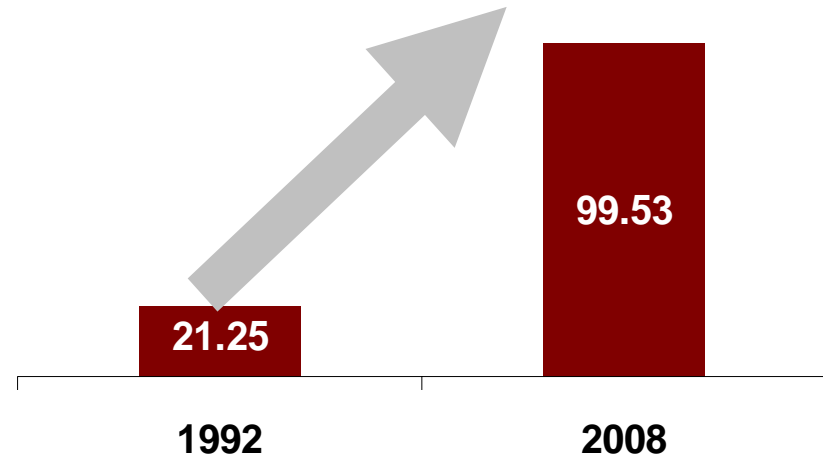
It's the economy, something better something worse...

3R: Resources

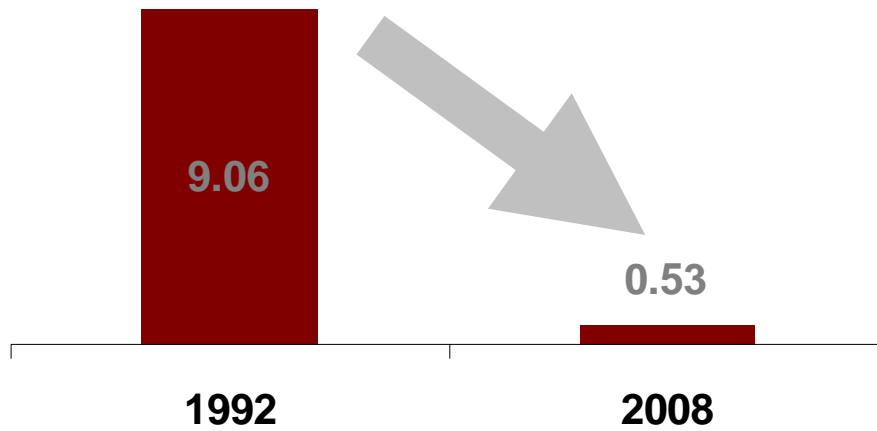
% Unemployment



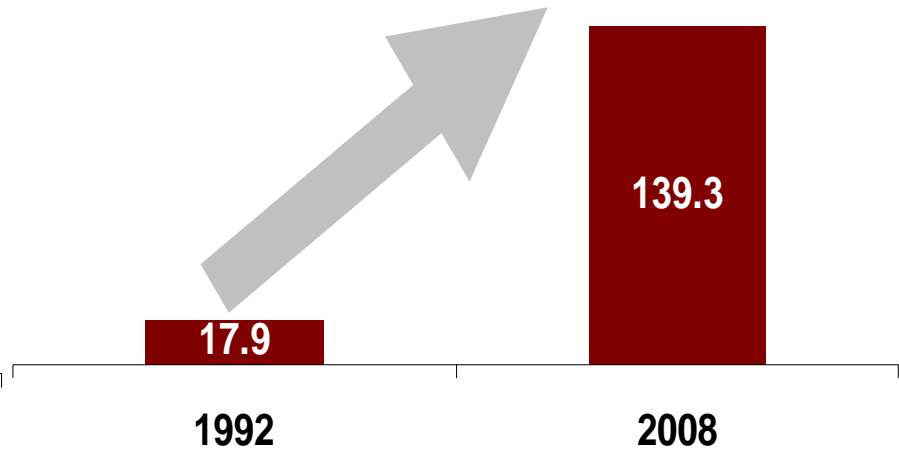
Mortgage Debt/GDP



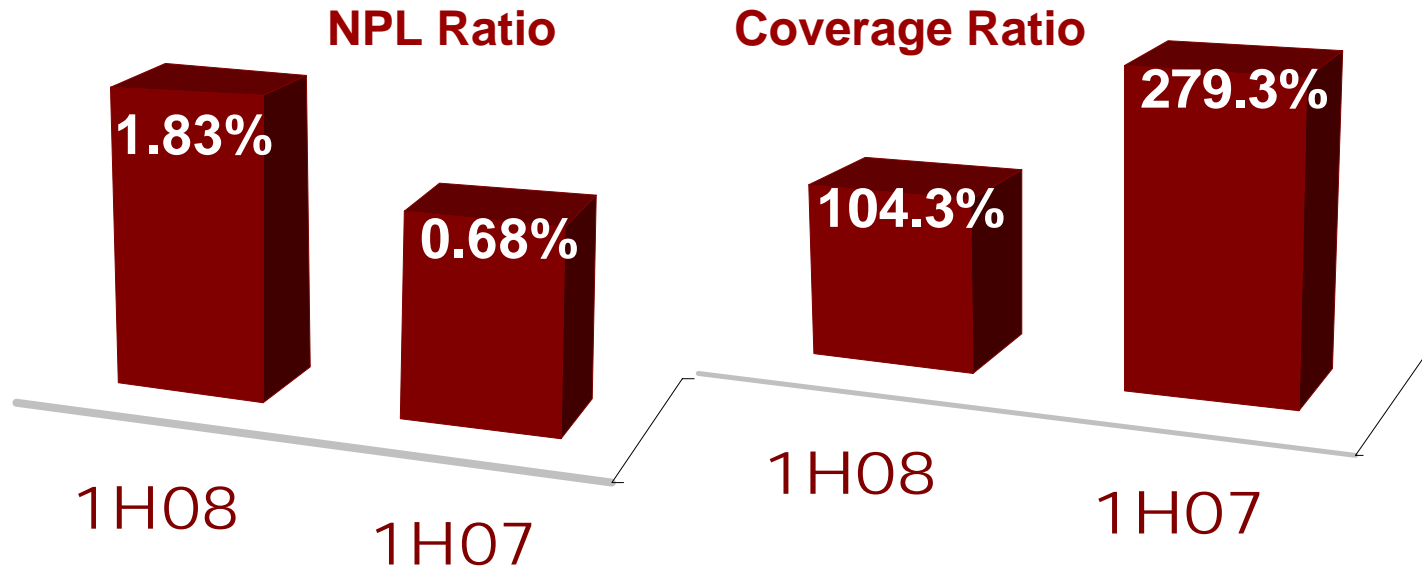
Real Rates of Interest



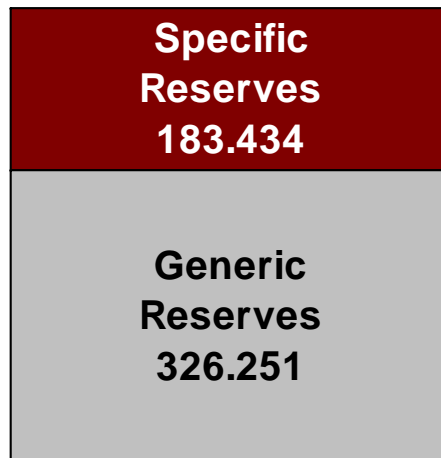
Brent



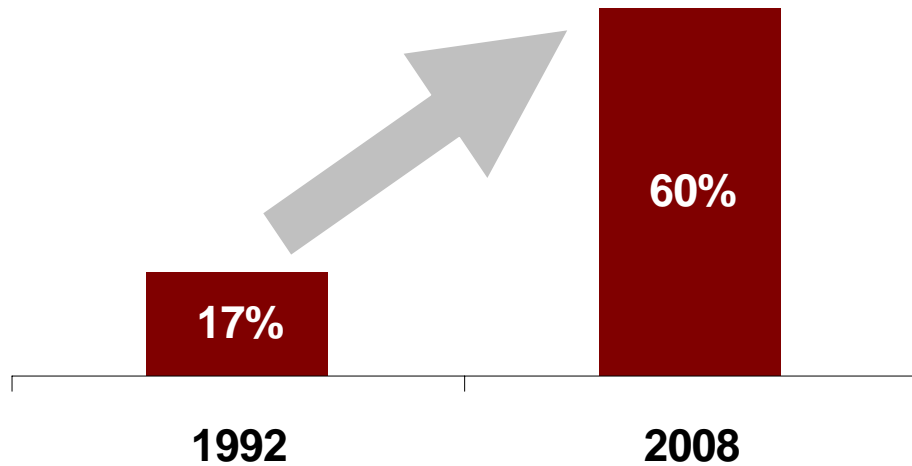
Thinking ahead, staying ahead ...



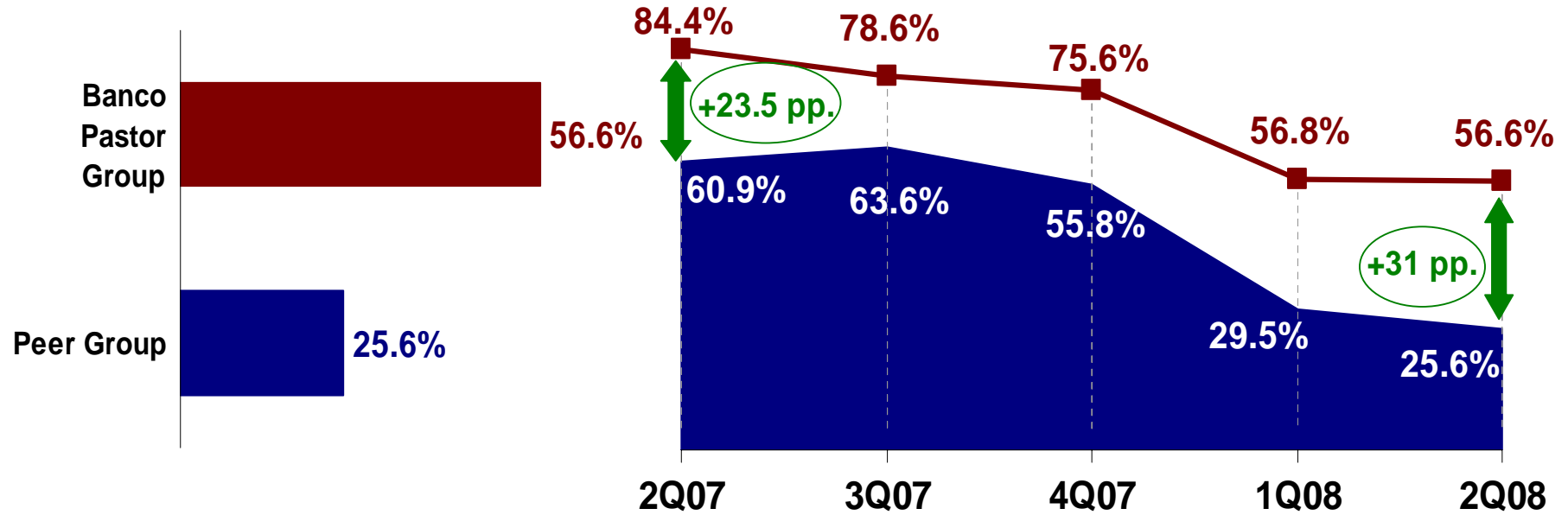
LOAN RESERVES 509.685 MILLION



% Asset Backed Lending

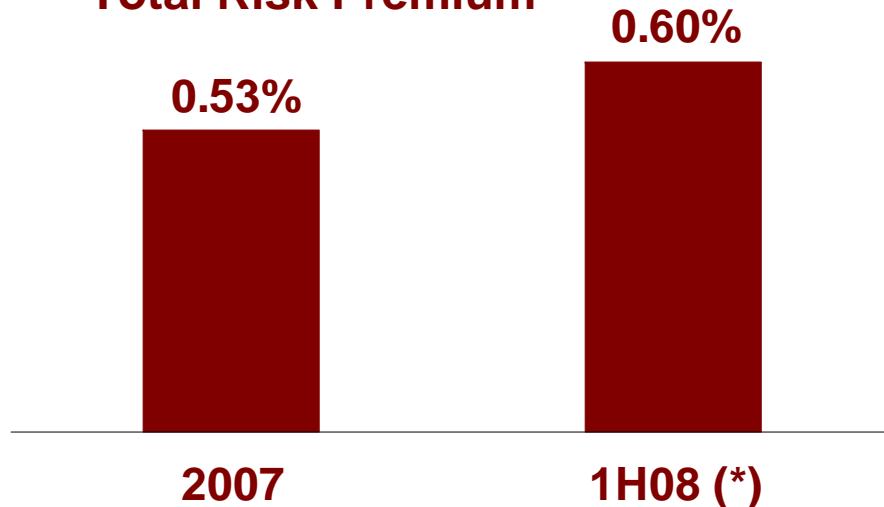


Recovery capacity becomes a main driver of future revenue generation



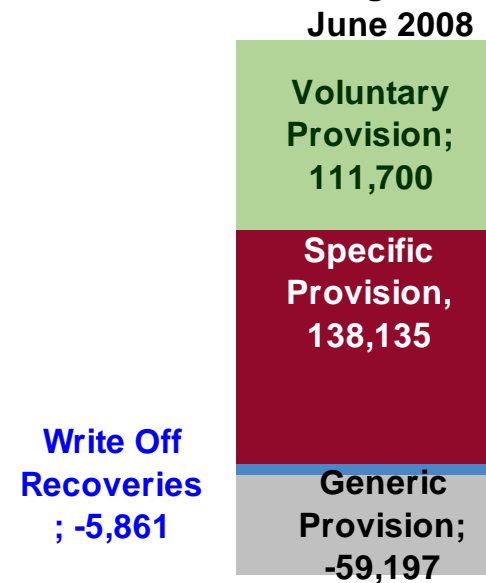
3R: Risk management

Total Risk Premium



(*) Excluding the one off as a result of applying UNF trading gain.

Total Credit Charge Offs 184.7 million



Balance sheet flexibility=revenue generation

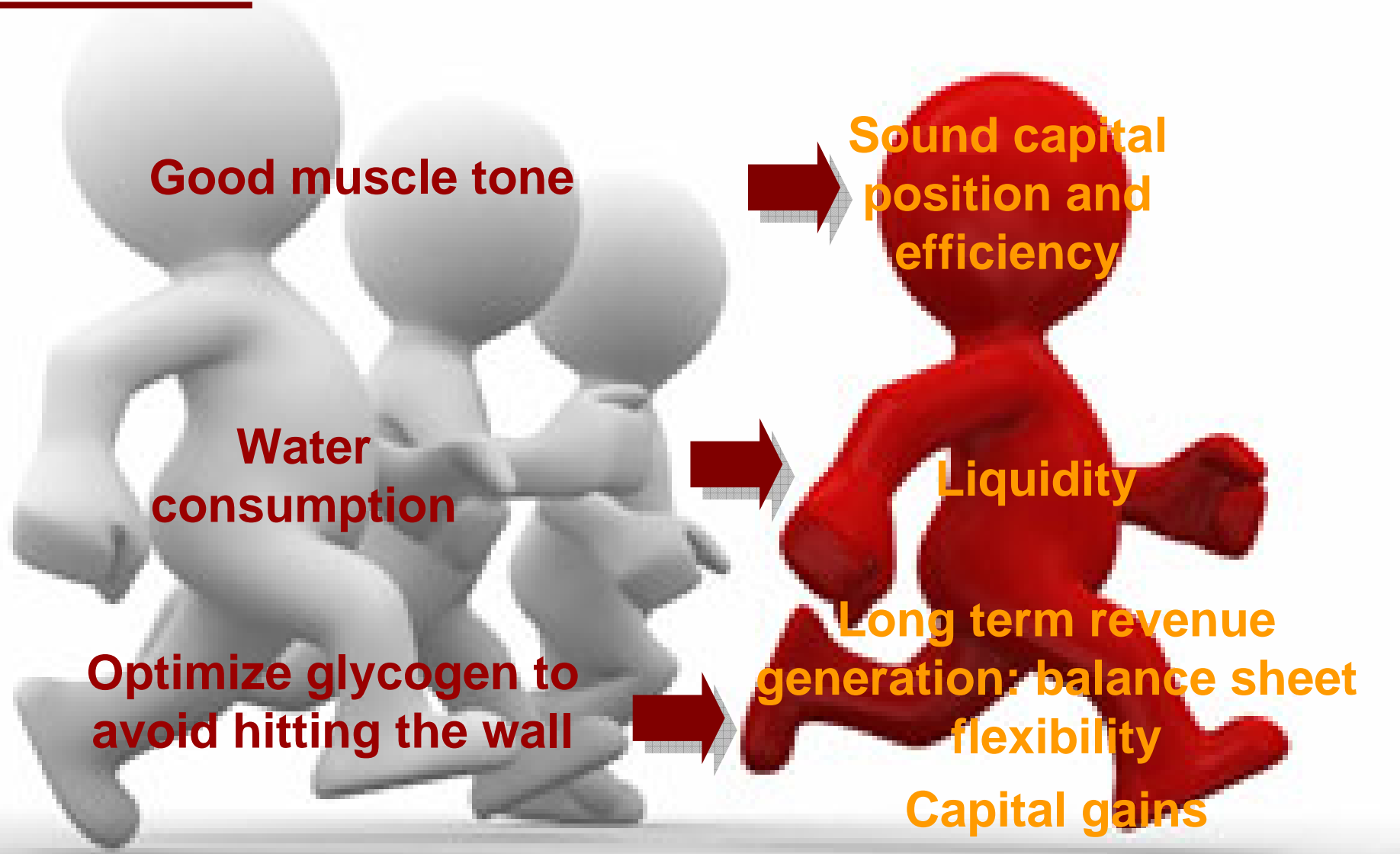
Asset quality

Liquidity

Sprinters versus marathon runners

Depending on your needs and previous positioning, you choose different alternatives to solve the same problems

Well placed to run the race



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