First nine months 2011

Madrid, October 28th, 2011

BANCO POPULAR

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Agenda

1. Summary remarks 9M-11

2. Financial highlights

3. Revenues and operating performance

4. Business drivers

5. Risk management

6. Liquidity and capital

7. Integration of Banco Pastor

8. Closing remarks and outlook

Summary remarks January-September 2011

- Net Profit of €404m (9M2010: €521m).
- Total Ordinary Revenues of €2,251m, 14% down driven by higher funding cost.
- NPL entries stable/edging up. Bad Debt ratio at 5.85%. 1.30 pp better than the industry. Remarkable provisioning/cleaning up effort: Y-t-d provisions of €1.4 bn (1.54% of RWAs).
- Customer Deposits 3.4% up y/o/y. Loan book kept at same levels. Gap below 140%.
- Liquidity at comfortable levels. Full confidence in reaching new Oct 27th EBA capital targets.
- Launched on October 10th an all-paper bid for Banco Pastor on the back of 52% pre-acceptances.
- Popular becomes a “major Spanish bank” – Big gap with followers.

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Financial Highlights

(€, million)	9M-11	9M-10	Change (€m)	Change
Net interest income	**1,560**	**1,880**	**-320**	**-17.0%**
Fees and commissions	515	505	10	1.9%
Trading and other income	176	232	-56	-24.1%
Gross operating income	**2,251**	**2,618**	**-367**	**-14.0%**
Expenses	-1,004	-954	-50	5.2%
Pre-provisioning profit	**1,247**	**1,664**	**-417**	**-25.0%**
Provisions for loans and investments (ordinary & accelerated)	-768	-1,041	273	-26.2%
Net of Provisions for real estate (ordinary & accelerated), goodwill and extraordinary gains	-111	60	-171	>
Net profit	**404**	**521**	**-117**	**-22.5%**
Non-performing ratio	**5.85%**	**5.17%**		**+68 b.p.**
Efficiency ratio	**41.11%**	**33.80%**		**+7.31 p.p.**
Loans to deposits ratio	**138%**	**142%**		**-4.00 p.p.**
Core Capital (local rules)	**9.76%**	**8.66%**		**+110 b.p.**

Note: restated 2010 following Allianz-Popular Holding

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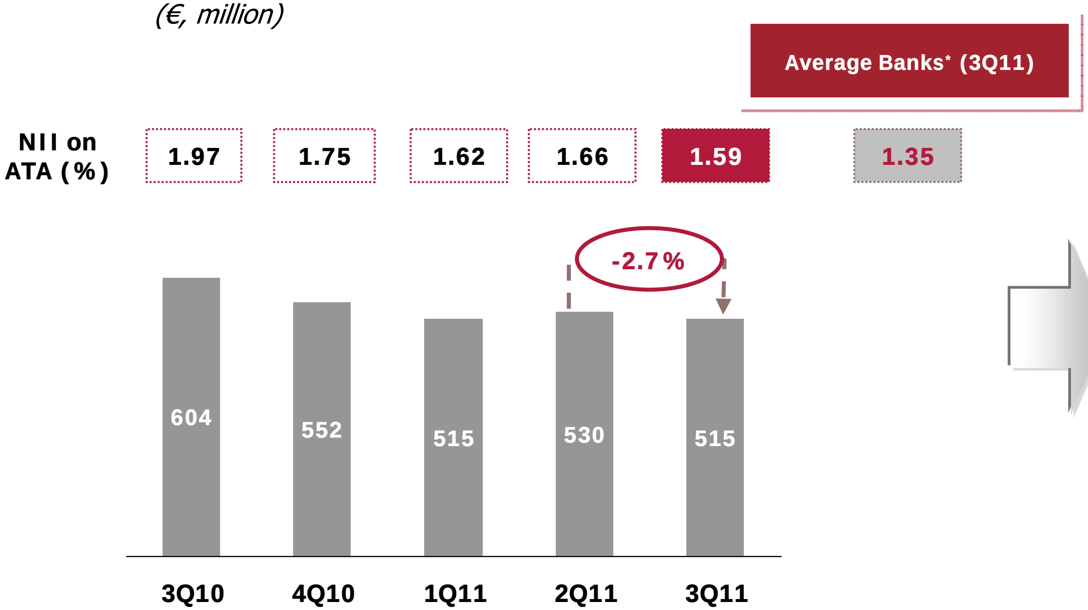
3Q2011 NII at 1Q2011 level. Y/o/Y higher interest revenues did not compensate higher funding costs

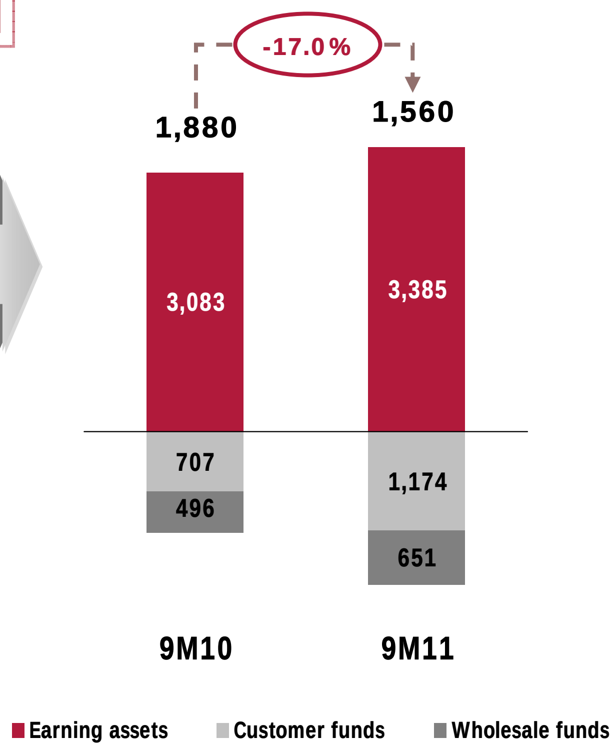
Net interest income evolution

(€, million)



Interest revenues/Interest expenses

(€, million)

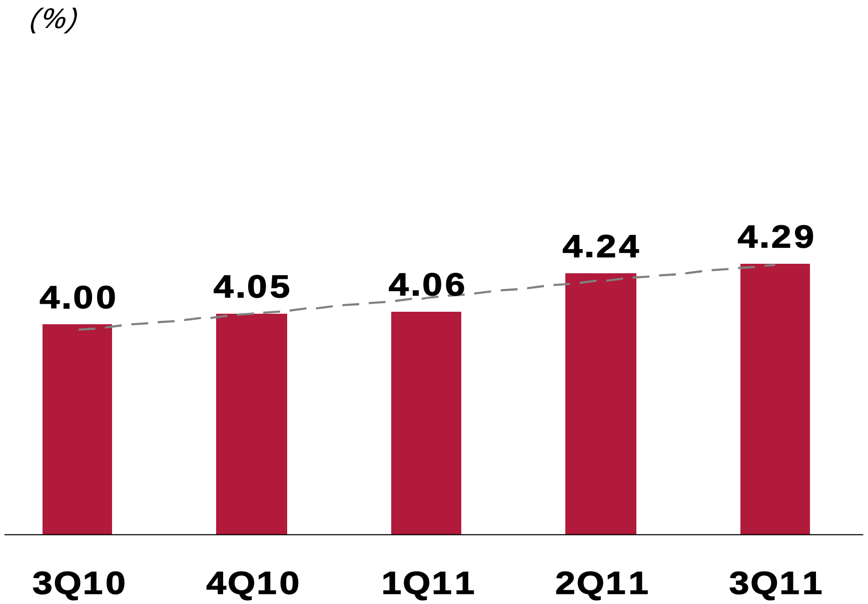


*Average banks: Sabadell, Banesto, Bankinter.

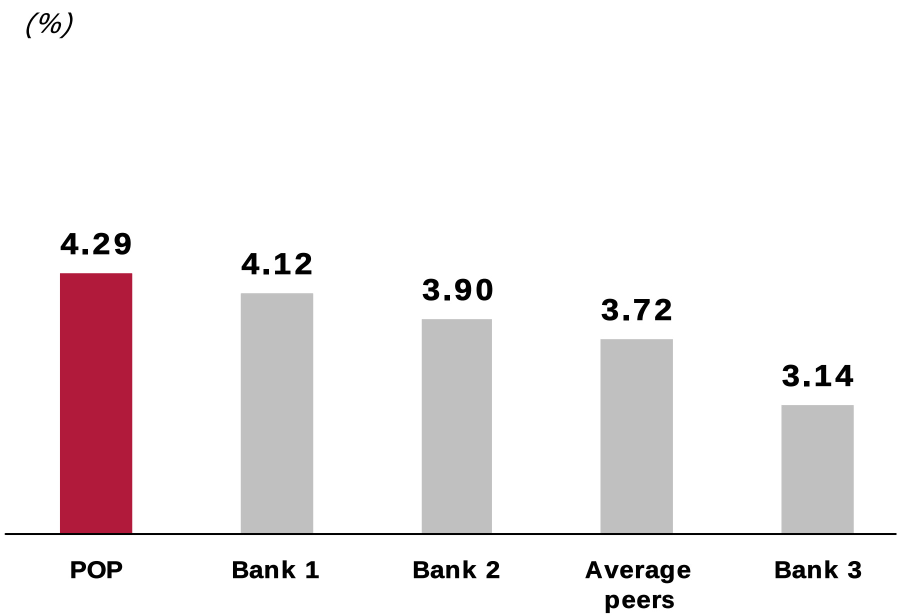
Note: restated 2010 following Allianz-Popular Holding

We keep our leadership in loans yields allowing us to maintain the best client spread.

Loans Yields. Quarterly evolution



Loans Yields 3Q11 vs industry [1]

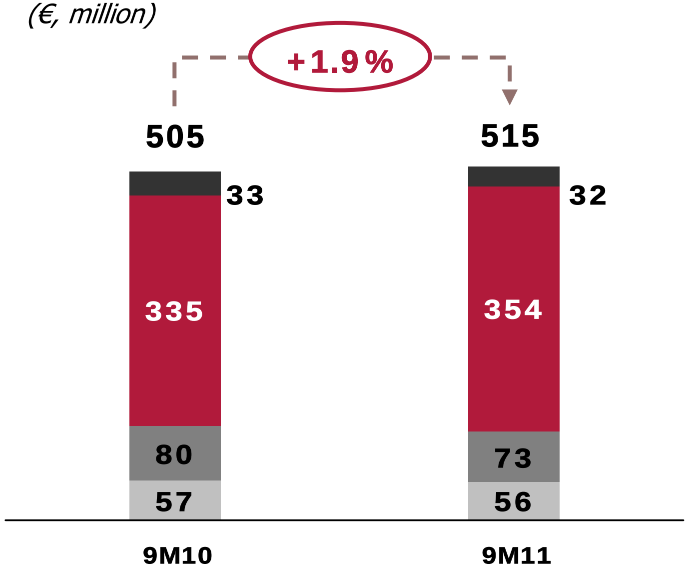


- ✓ **Client spread Popular: 2.19%**
- ✓ **Client spread Peer Group: 1.71%**

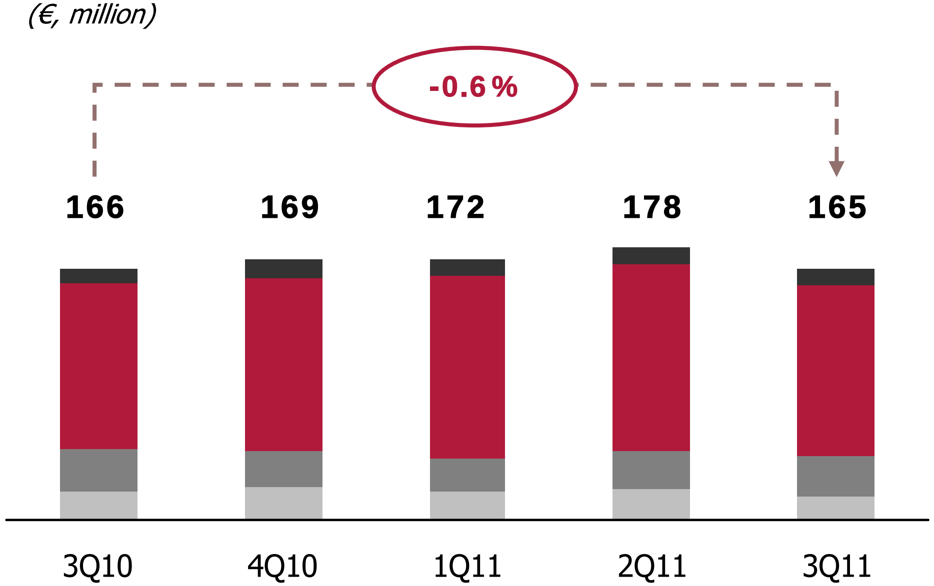
(1) Peer: Sabadell, Banesto, Bankinter. Source: Quarterly reports 3Q11

Fee Income marginally up to €515m (+1.9% YoY).

Fees and commissions (YoY)



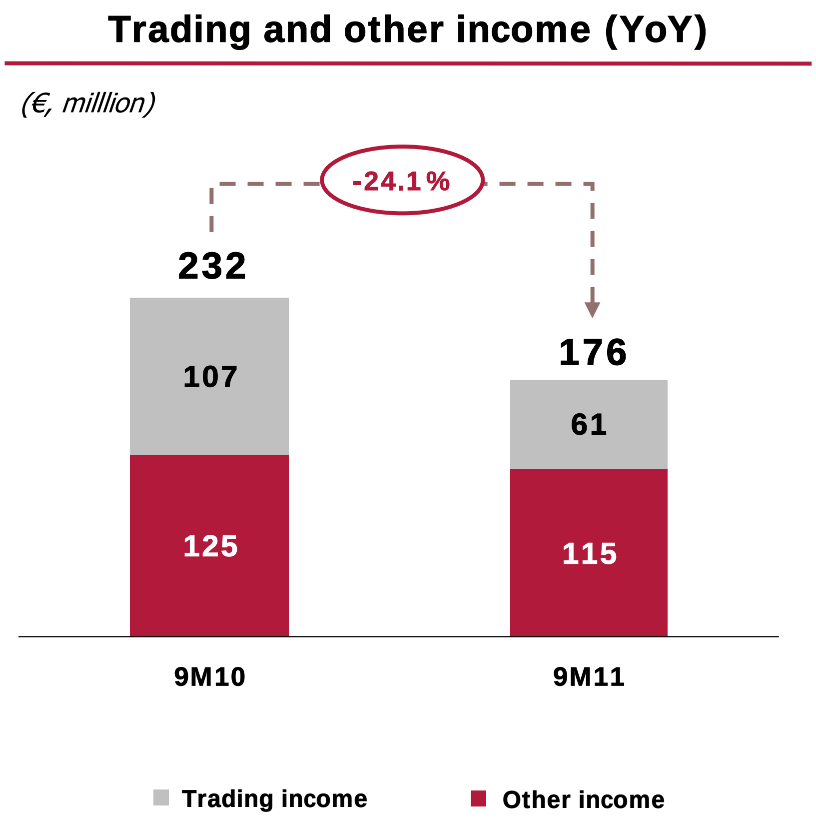
Fees and commissions (QoQ)



AuM Fees
Other banking fees
Payments handling
Debt-in-arrear handling

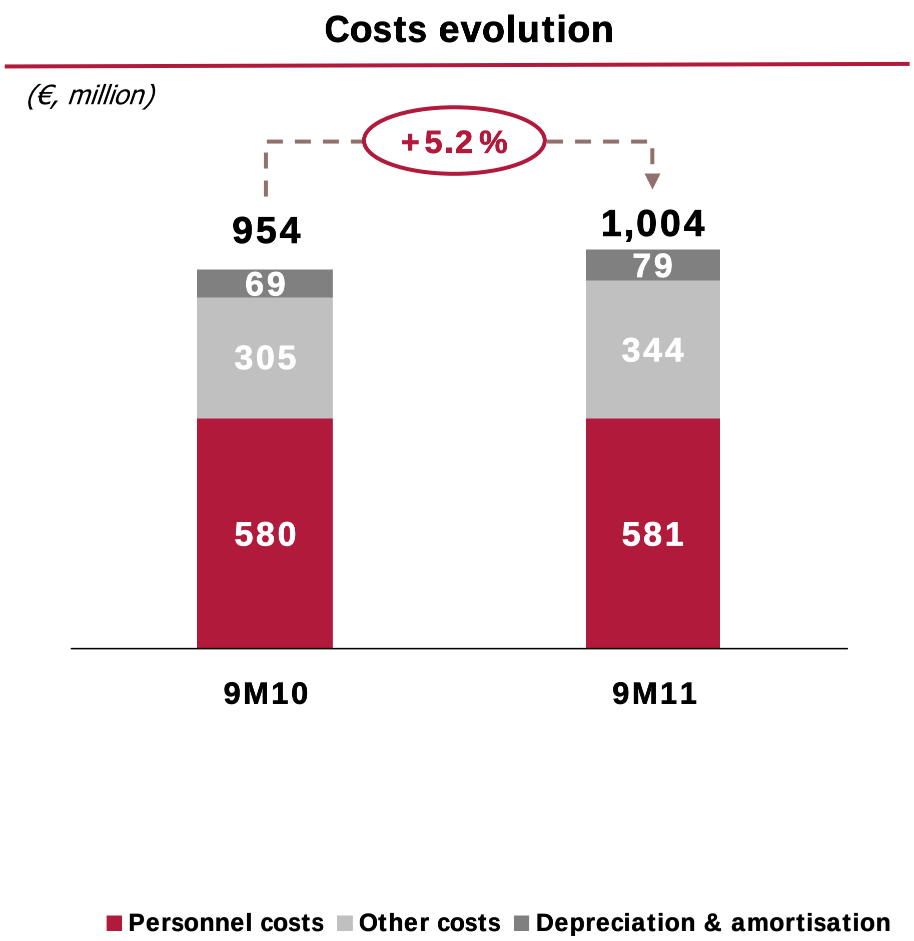
Note: restated 2010 following Allianz-Popular Holding

Trading and other income at 176m, 24.1% down YoY (fewer buy-backs).



Note: restated 2010 following Allianz-Popular Holding

Staff Costs flat. Other costs up driven mainly by IT investments, marketing and VAT taxes.



Note: restated 2010 following Allianz-Popular Holding

As anticipated, we have lower needs of specific provisions. Qualitatively, this is a significant improvement.

Provisions for loans and investments (YoY)

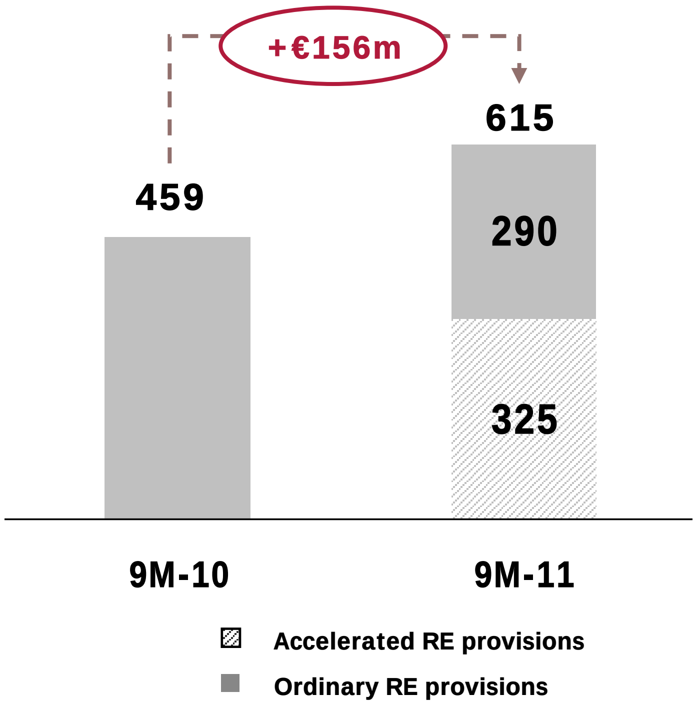
(€, million)	9M-10	9M-11	Change (€m)	(2)
Specific and other (1)	1,159	908	-251	F
Countercyclical	-232	-159	+73	F
Investments	34	-6	-41	F
Recoveries from written off loans	-83	-113	-30	F
Other provisions & allowances (net)	-1	-3	-2	F
Exceptional credit provisions	164	141	-23	F
Total	**1,041**	**768**	**-273**	**F**

(1) Net of country Risk
(2) F: favourable
Note: restated 2010 following Allianz-Popular Holding

On Real Estate, we keep increasing provisions (+€156m Y/o/Y). Ahead of the ordinary calendar.

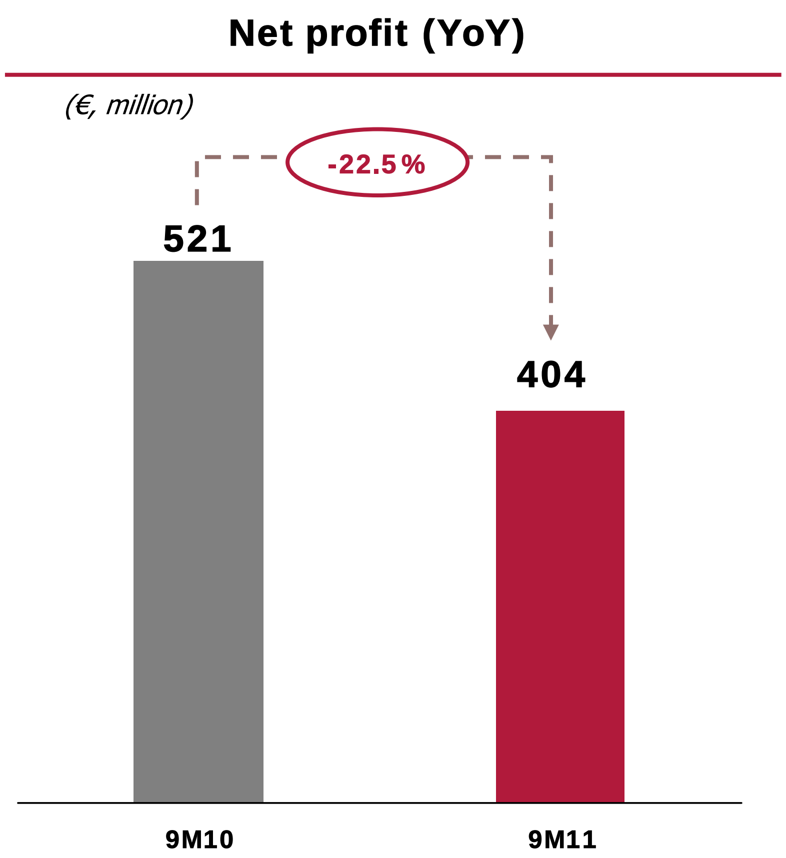
Provisions for real estate[1]

(€, million)



[1] *Includes 25 million for goodwill in 2010 and 13 million in 2011.*

January to September 2011 Net profit, after ordinary & accelerated provisions, reached €404m.



P&L recap.

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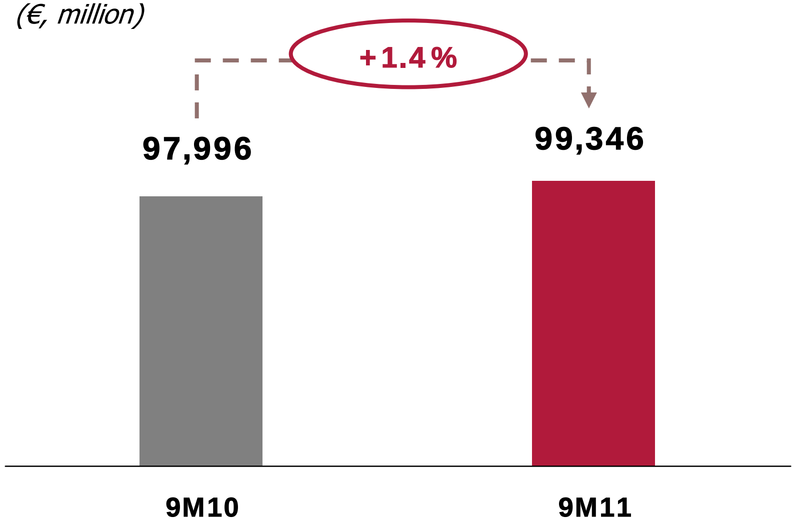
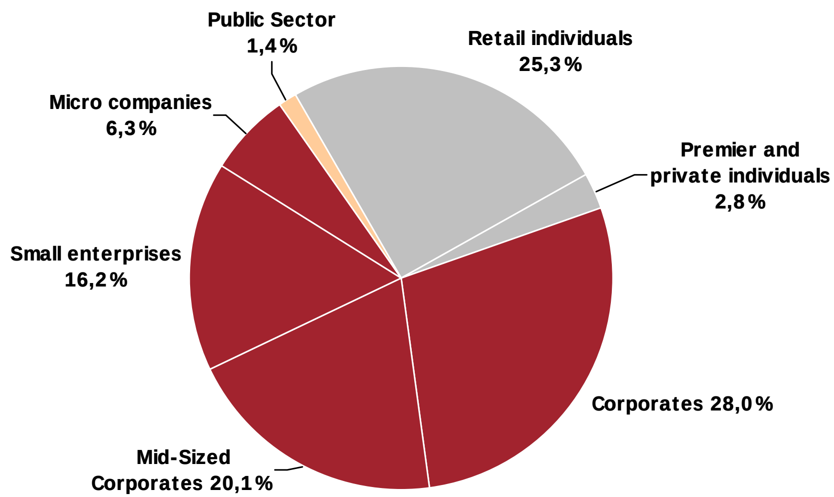
Loans up (+1.4% Y/o/Y) in spite of the still sluggish demand of credit. 65% of new loans have a mortgage collateral.

Loans evolution

(€, million)



Loans breakdown by sector [1]

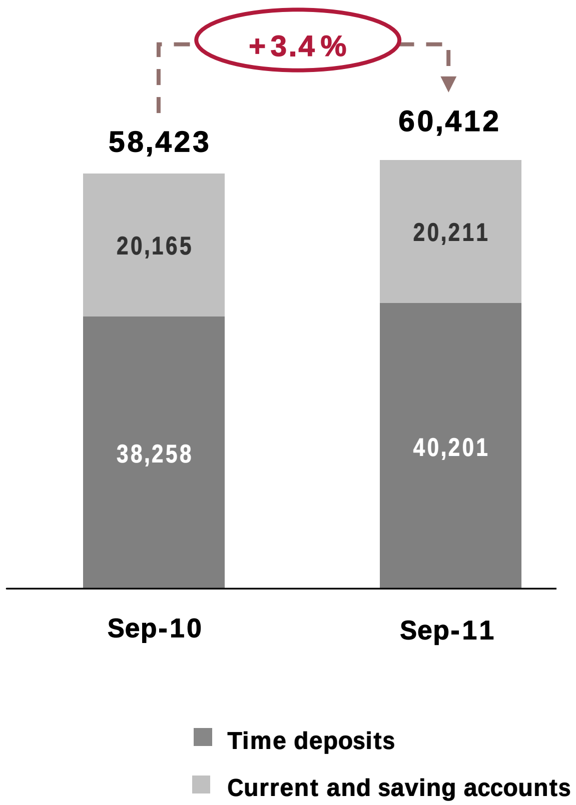


([1]) *Data as of August 2011*

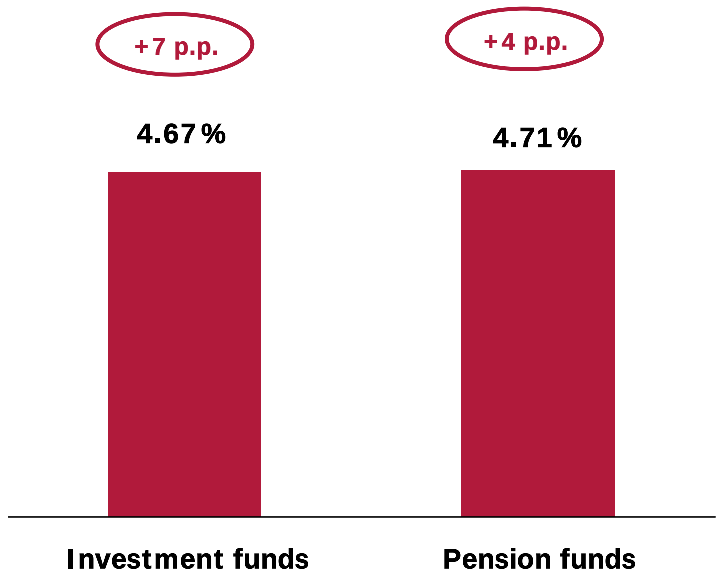
Retail customer deposits c. €2bn up and other AuM holding up well in spite of m-to-market.

Pure customer deposits

(€, million)



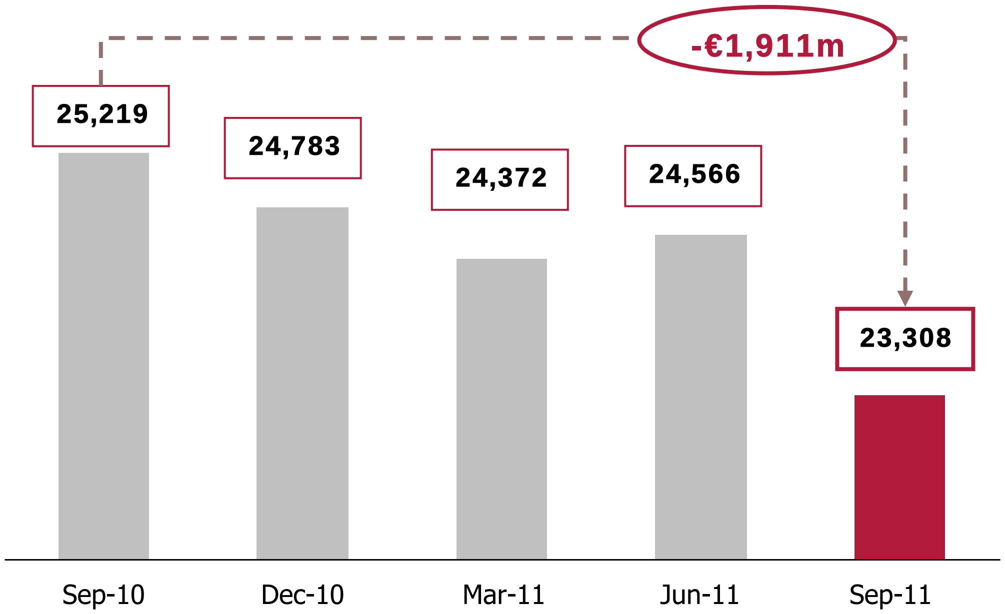
Market share in other retail off b/s funds* (YoY)



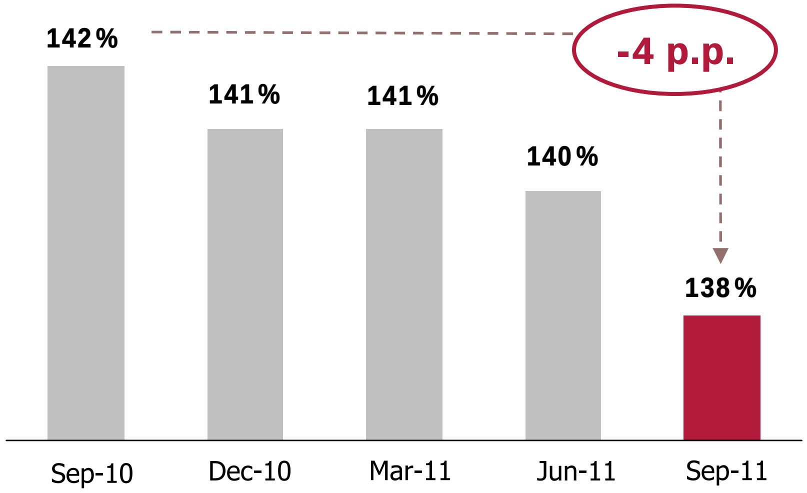
(*) Source: Inverco

Following the increase in customer deposits, the loans to deposits ratio improves 4 p.p. YoY.

Evolution of the commercial gap[1]



Loans/deposits ratio (%)



[1]GAP: Loans: Total loans to customers (net)- Other credits- Repos- Valuation adjustments of Repos – ICO Credit lines - Securitisations; Deposits: Demand deposits + time deposits +Other accounts and valuation adjustments + Collection accounts (included in Other financial liabilities)

ICO Credit lines: credit lines to SMEs prefunded by State

We keep gaining new customers and increasing market share, consistently

3Q11 Deposits campaign

- **+€4.5Bn new total deposits: 100% renewals and +20% new money**
- **Purely retail: EUR40,000 average deposit**
- **Lengthening maturities**
- **Lower cost: 55 bps. below last year's campaign**

4Q11 Payroll campaign

- **New offers for new customers**
- **Focusing on cheap retail funding**
- **Improving cross-selling**

Market share[1]:

- ❑ **Credits: +2 b.p. YoY**
- ❑ **Deposits: +23 b.p. YoY**

- ❑ **165,366 new Retail Customers[2]**
- ❑ **43,008 new SMEs[2]: 15% market share**

(1) August 2011. Source: Bank of Spain. Last available information
(2) Data as of September 2011

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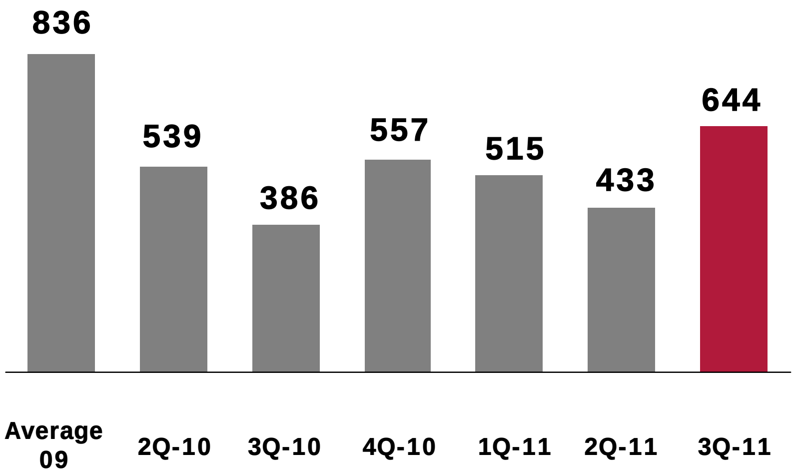
Net NPL entries up Q/o/Q (+€211m) due to lower recovery rates in the quarter, however gross entries flat. NPL ratio firmly below the industry (-130 b.p.)

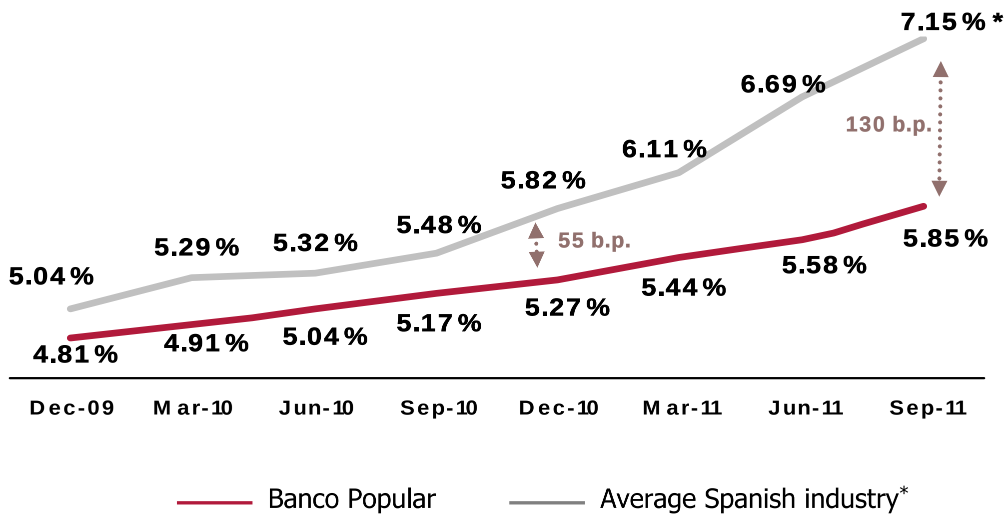
Evolution of net entries of NPLs

(€, million)

Recoveries (%)	54.6	58.2	56.4	50.0	57.2	39.4



NPL ratio evolution

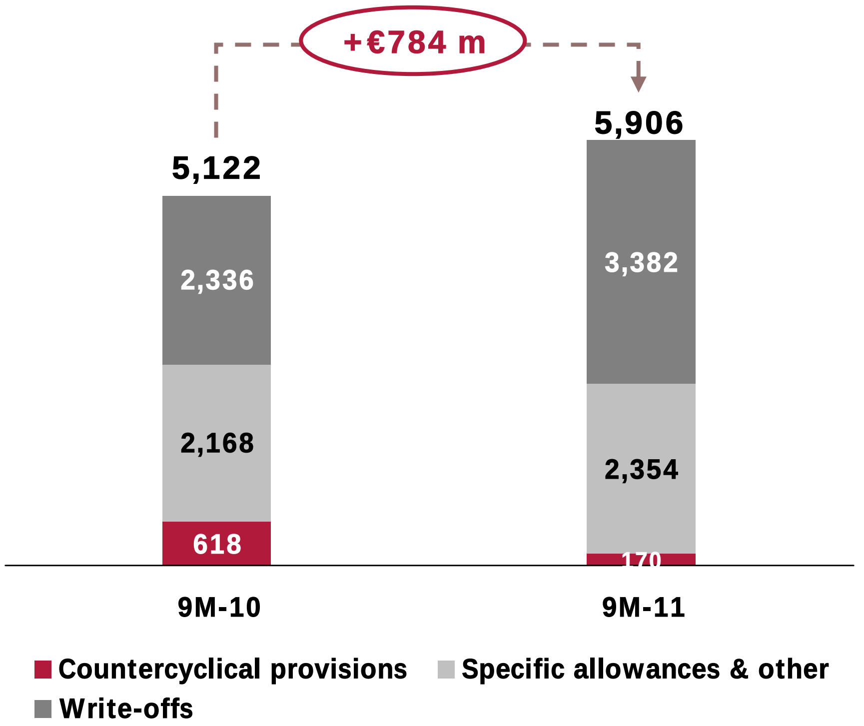


(*) *Average banks, saving banks and credit unions. Data as of August 2011*

The credit provisions stock is up by +€784m. Good coverage even after strict haircuts in the value of the collaterals.

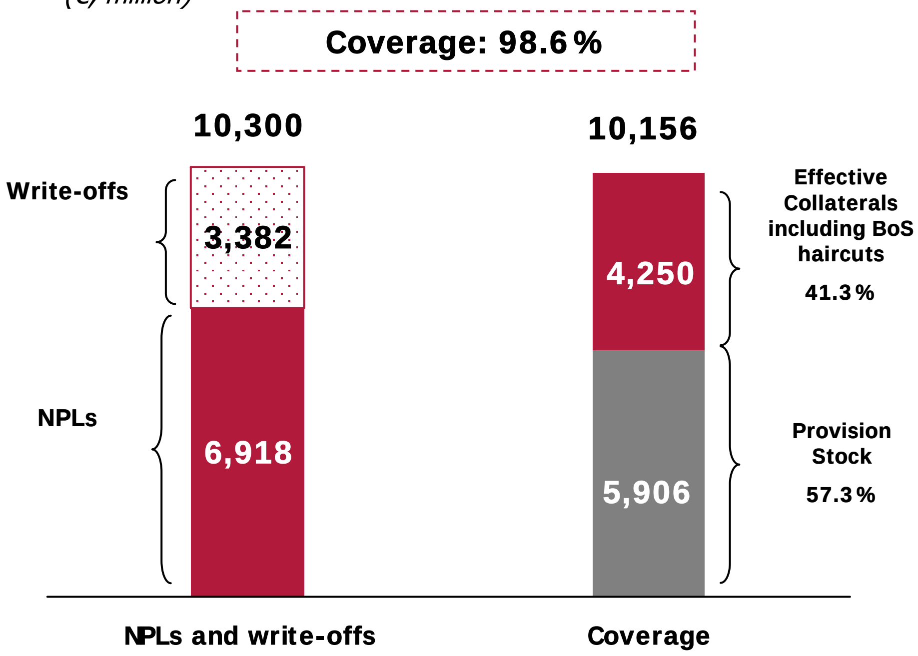
Provision Stock

(€, million)



Coverage analysis

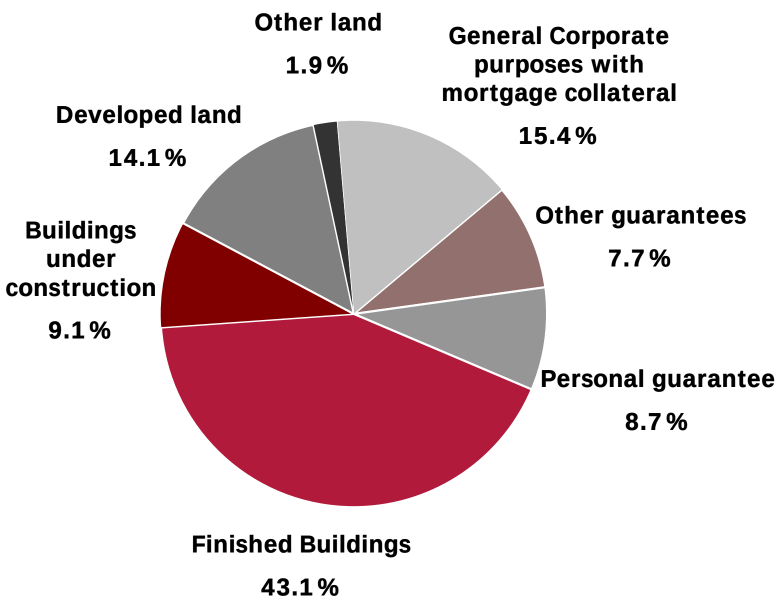
(€, million)



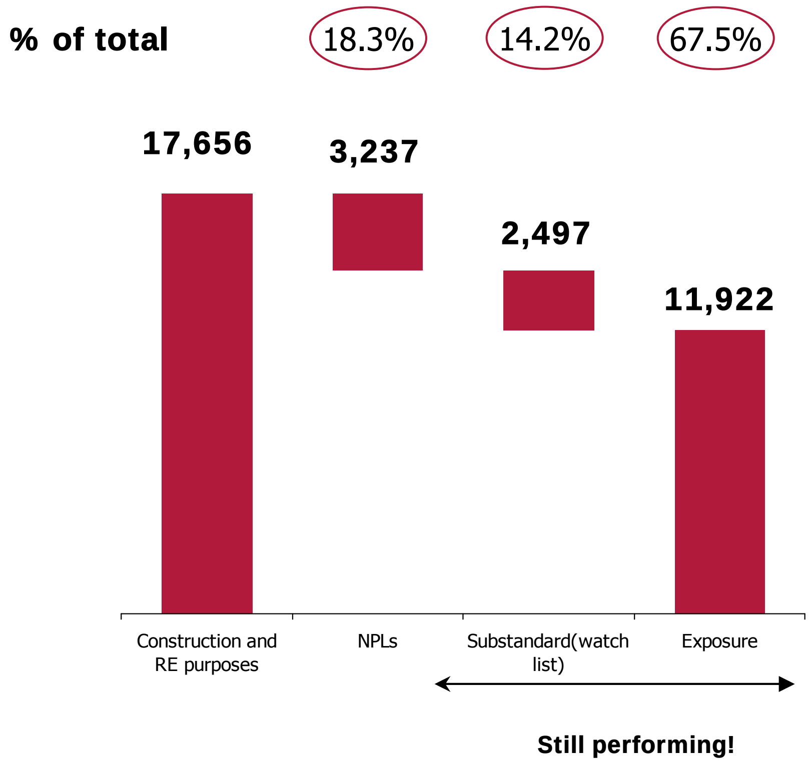
(*) BoS haircuts: First residence, 20%; Commercial RE 30%; Other finished residences, 40%, Land, 50%

BofS Transparency Exercise: lending to construction and RE purposes. Most of the customers performing in spite of the big slowdown.

Construction and real estate breakdown by type



NPLs and Substandard ("watch list")



BofS Transparency exercise: Real Estate assets held in Spain. Provisions and coverage, up.

Real Estate assets, including long term investments (€, million)

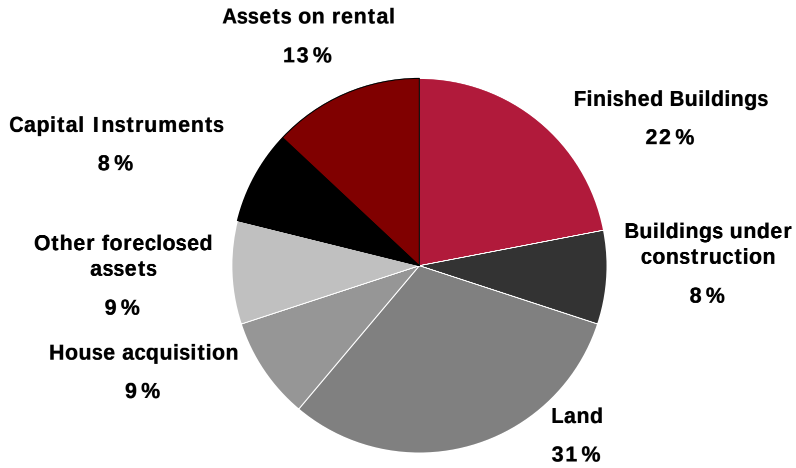
Net amount	**3,838**
❑ Construction and developers	2,973
❑ Residential repossessions	419
❑ Other Non RE companies repossessions	446
Provisions	**1,552**

Assets on rental (€,million)

Net amount	**616**

Capital instruments (€,million)

Net amount	**402**



Coverage[1]:
Sep-11........... 34%
Dec-10............29%

[1] *Provision over acquired and repossessed assets and capital instruments*

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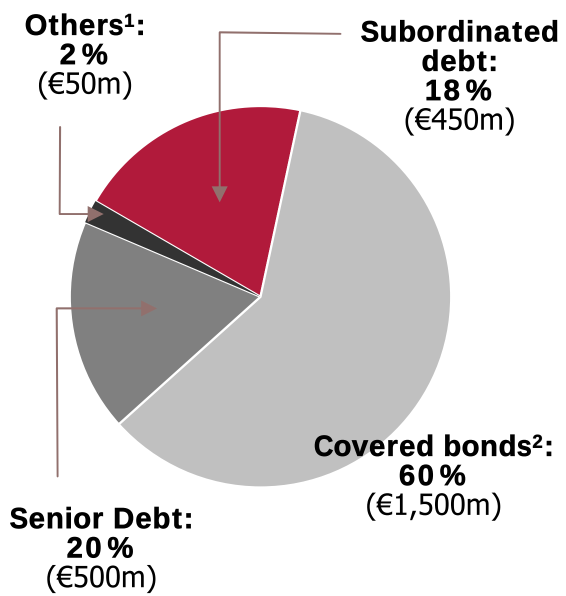
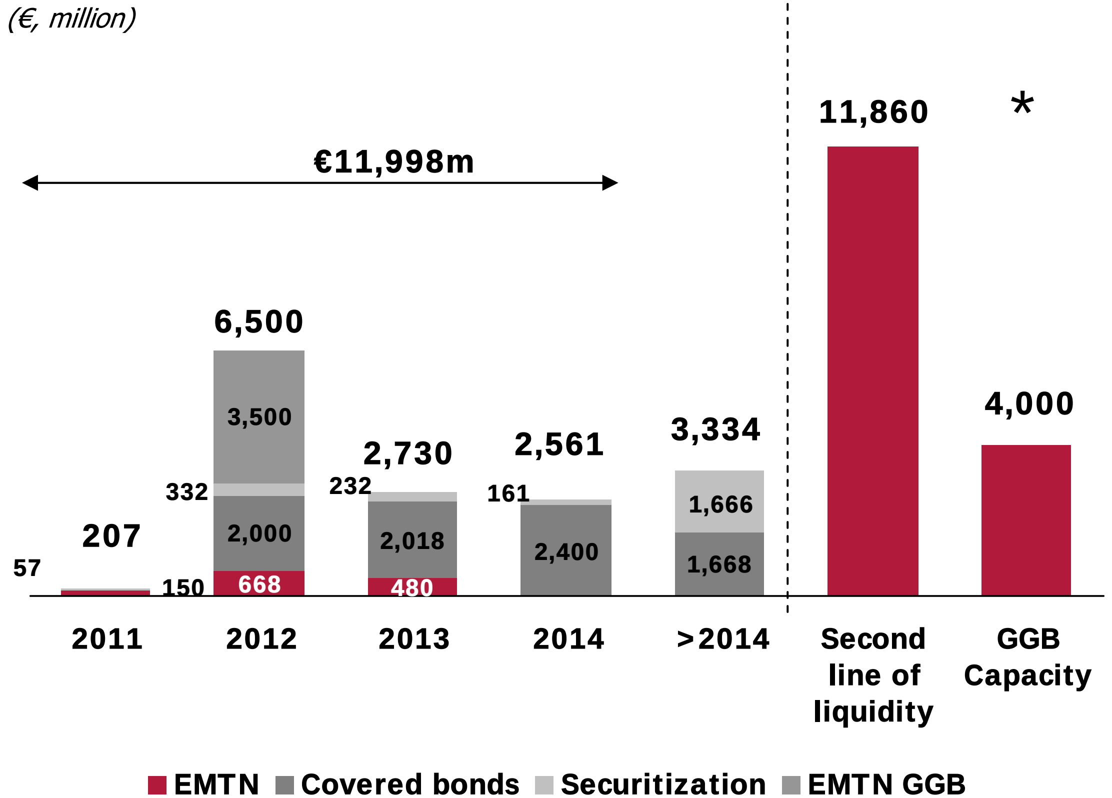
We managed to raise senior, subordinated, and covered bonds in spite of dysfunctional markets. Comfortable maturities & backed by a 2nd line of liquidity to face the worst possible scenario.

New issues 2011: €2,500m



Long and medium term debt maturities and liquidity pool

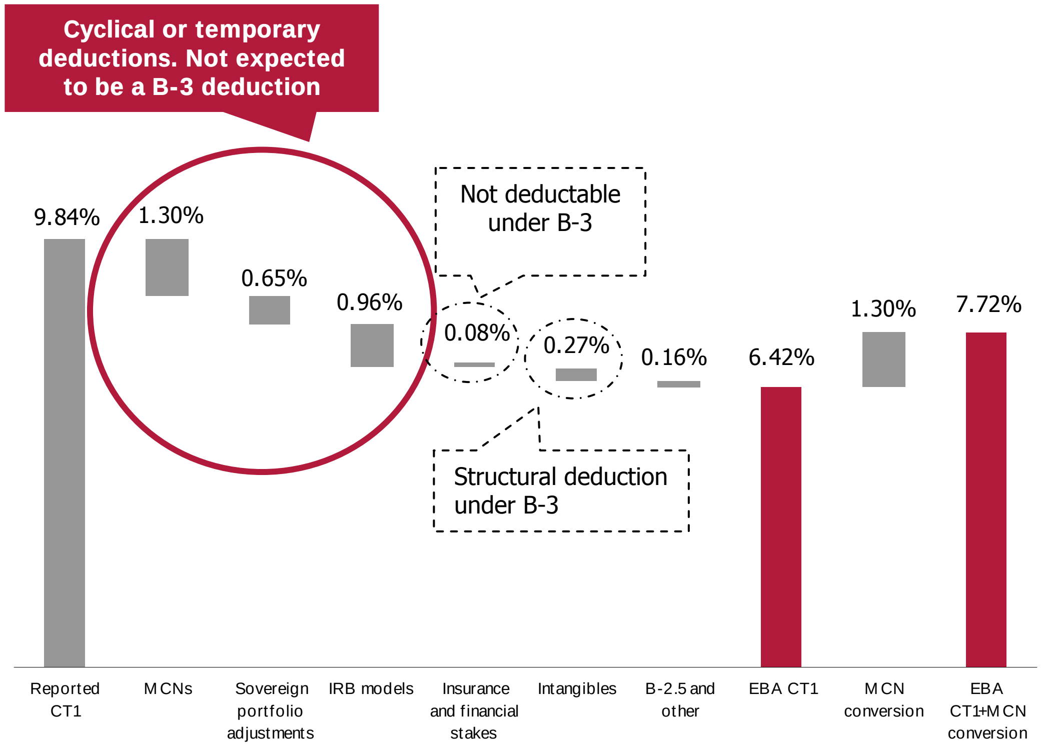


(1) Portugal EIB funding.
(2) New issue +€150m Covered bonds, October 2011
(*) After haircuts

Good capital levels (current regulations!) and full confidence in bridging the gap to the Oct. 27th new EBA definitions without any kind of State capital injection.

Reconciliation reported CT1 and new EBA CT1

June 2011. € m



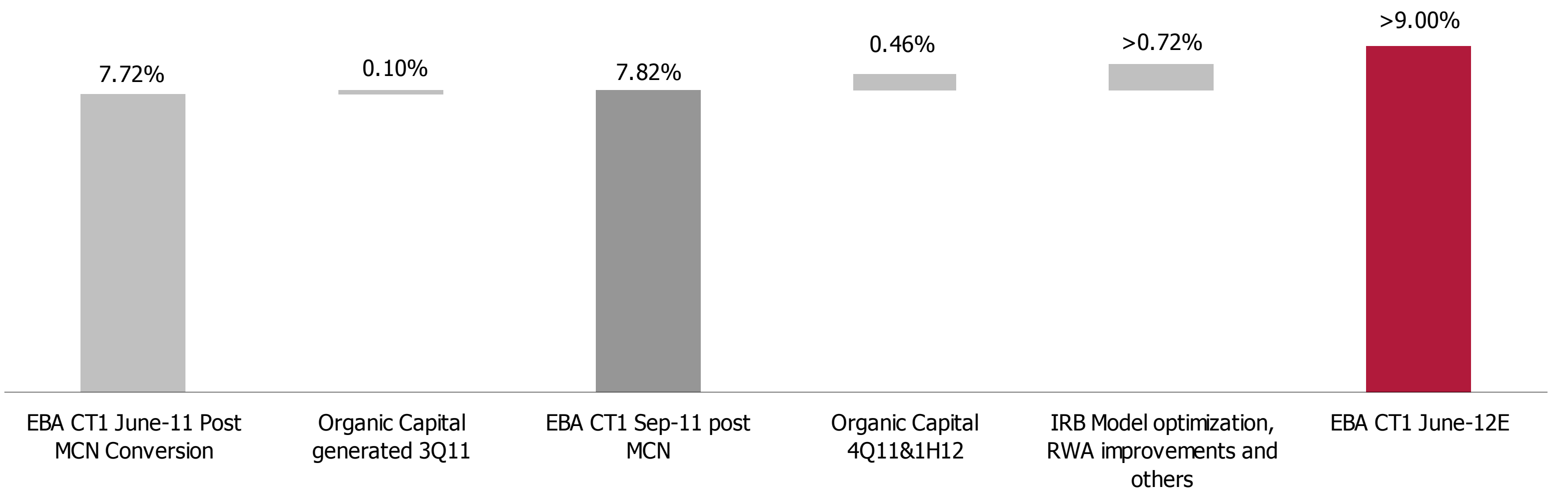
RWA €90,639m → **€91,710m**

Summary new European capital standards:

- EBA CT1 ≥ 9% by June 2012
- MCN not considered as CT1 in contrast to Spanish regulation
- Mark to Market of Sovereign debt and public loans (AFS net and HTM and loans gross). Negative valuations deducted from CT1.
- RWA under B-2.5
- Local IRB models deductions (50% against CT1) vs 50% TIER1/TIER2 under B-2
- Insurance and financial stakes (50% against CT1) vs 50% TIER1/TIER2 under B-2
- Intangibles: deductable gross against CT1 including software related intangibles vs. Tier 1 under B-2.

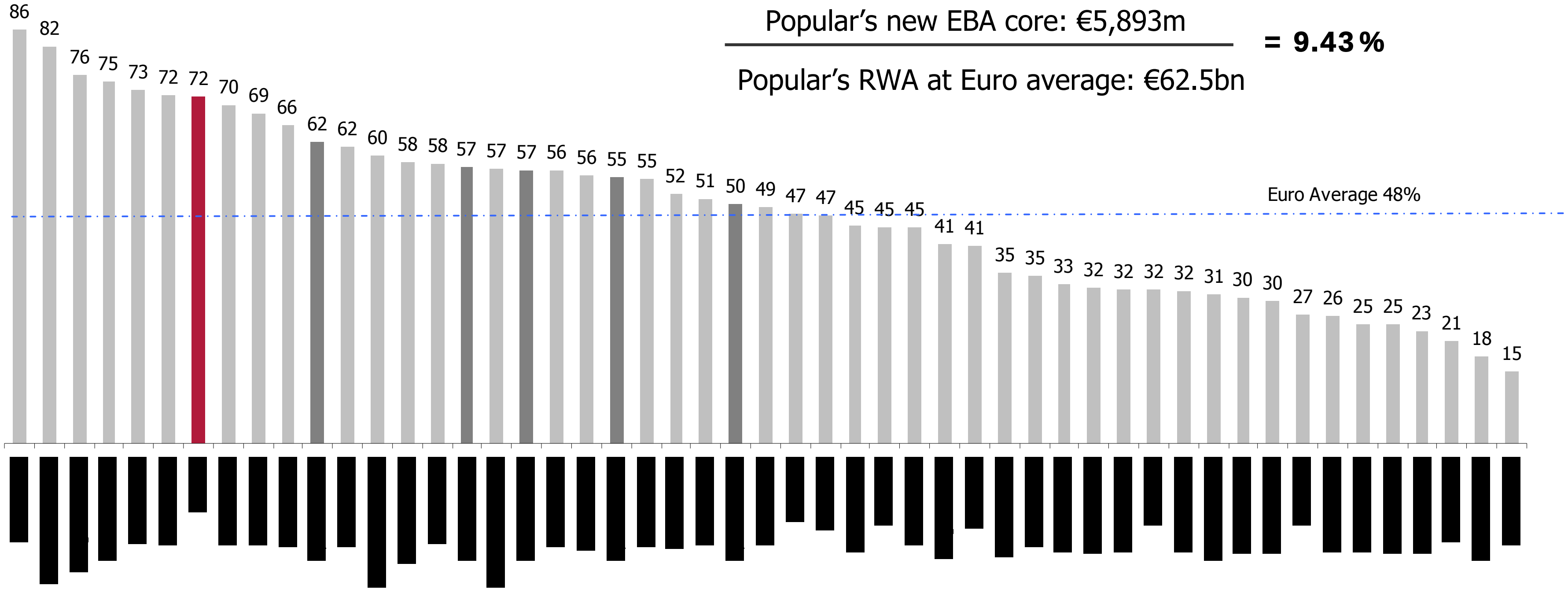
Banco Popular has identified several measures to achieve the required buffer by June 2012.

Capital measures to comply with the Oct.27th EBA new capital requirements.



On EBA capital ratios: new standards focusing on capital definition (numerator) and little on the RWA (denominator). We are not always comparing apples with apples!!!

RWA over Total Assets 2010



Source: KBW

European Banks: Mediobanca, BES, OTP, Raiffeisen Int., Alpha Bank, UBI Banca, Banco Popolare, BPM, Piraeus Bank, Sabadell, Bank of Cyprus, Millennium bcp, Erste Bank, VanLanschot, Bankinter, BPI, BBVA, NBG, Credem, Banesto, EFG Eurobank, SpareBank SR1, Intesa Sanpaolo, Santander, Unicredito, Standard Chartered ,Bank of Ireland, DnB NOR, HSBC, MPS, KBC, Lloyds Banking Group, Commerzbank, ING, SEB, Natixis, Nordea, RBS, Swedbank, Deutsche Postbank, BNP Paribas, Société Générale, Barclays, Danske Bank, Handelsbanken, Dexia, Crédit Agricole, Credit Suisse, Deutsche Bank, UBS.

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Integration of Banco Pastor. Key messages.

1 Financially attractive to our shareholders	▪ EPS([1]) accretive from day 1; ROI >15% by year 3 ▪ Premium paid is 2.5x covered by the NPV of the synergies
2 Strategically relevant	▪ Consolidates Banco Popular as a leading player in the Spanish market: there will be 5 major banks ▪ Brings a profitable underlying business with a low execution risk given its similar business mix
3 Balance sheet reinforcement	▪ Banco Popular will put aside €1.6bn (pre-tax) of allowances anticipating future provisioning needs (7x Banco Pastor's current rate) ▪ NPA coverage rises from 47% to 54%, among highest in the industry
4 Shareholders Bases reinforced and Top Capital levels maintained	▪ Key Banco Pastor shareholders become key shareholders of Popular ▪ We plan to issue €700m of MCN to offset the goodwill generated by anticipated new provisioning charges

1. Ex restructuring costs

1 Financially Attractive.

The transaction offers Banco Popular significant earnings enhancing potential

Key Elements Affecting Earnings Going Forward

- €1,108m of post-tax fair value adjustments reduces future provisioning at Pastor
- €147.2m of yearly synergies to be achieved by year three

Estimated EPS Accretion / (Dilution)[1]

2012	2013	2014
>1%	>3%	>3%

RoI[2]

>15% by year 3

1. *Assuming phased-in synergies and excluding restructuring costs*
2. *Invested capital = economic capital of the business to maintain a core capital of 9%*

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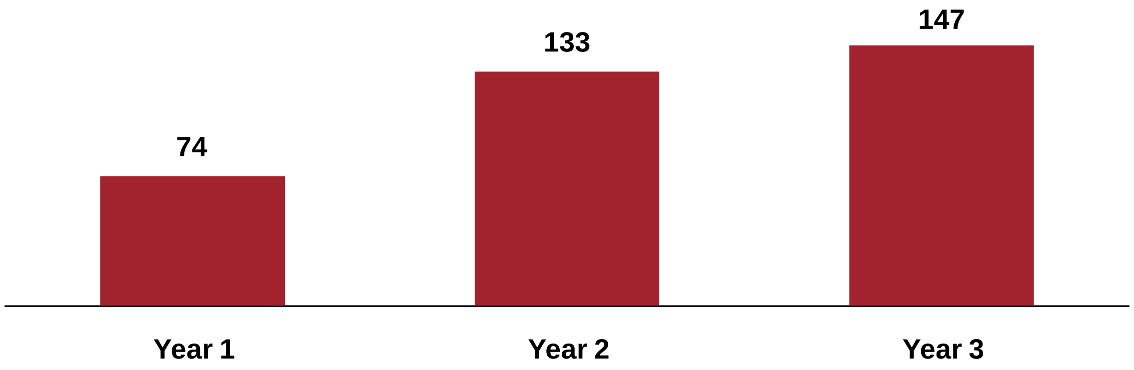
Financially Attractive. €147m of Run-Rate Synergies.

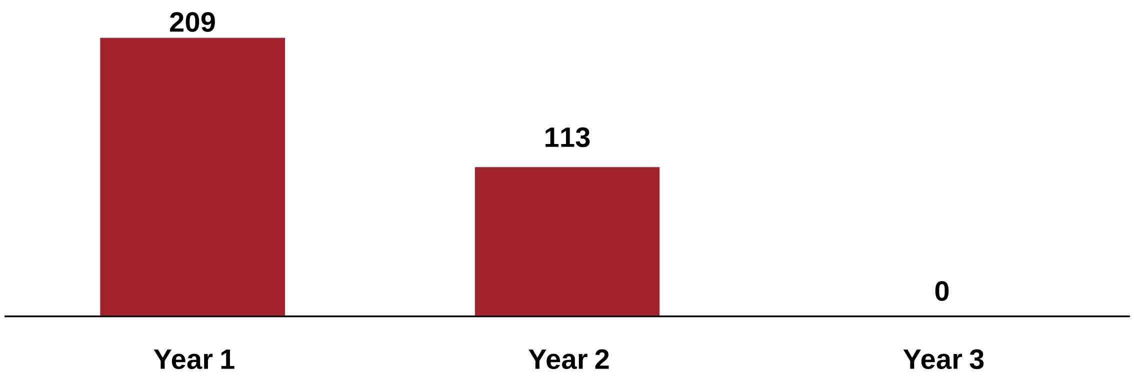
1b

Popular estimates significant synergies to spring from the acquisition, which will represent approximately 60% of the value of the transaction

Annual Synergies (€m)



Implementation Costs (€m)



Synergies: 39.5% of Pastor Operating Costs

Restructuring Costs: 2.2x Run-rate Synergies

Net present value of €799m, c.60% of the value of the transaction (2.5x premium paid)

2 Strategically relevant.

The combined entity, with over €160bn total assets, would consolidate itself among the top five banking groups

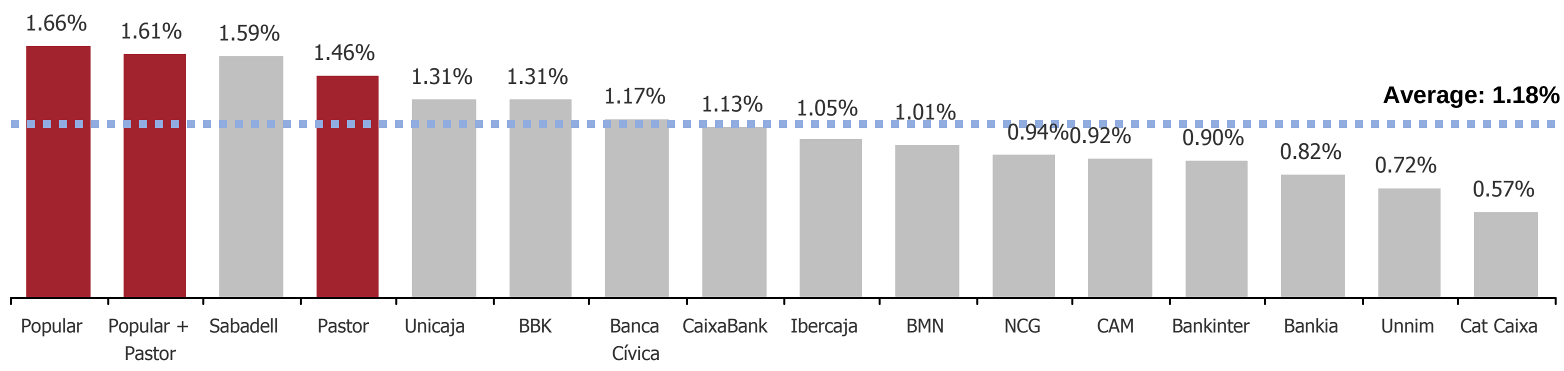
POST-DEAL

Ranking Jun 2011	Total Assets (Bn€)
Assets > 150 €bn	
Santander Spain+ Banesto	316
BBVA Spain	300
Bankia	285
Caixabank	273
Popular + Pastor	161
Assets 70 - 150 €bn	
Sabadell	95
Unicaja+C.E.+C.Duero	79
Catalunya Caixa	76
NCG	76
BBK Bank	74
Cívica	72
CAM	71
Assets < 70 €bn	
BMN	68
Bankinter	57
Effibank	52
Ibercaja	45
Unnim	29
B.Valencia	24
Caja 3	21
Banca March	13
Caixa Ontinyent	1
Caixa Pollença	0

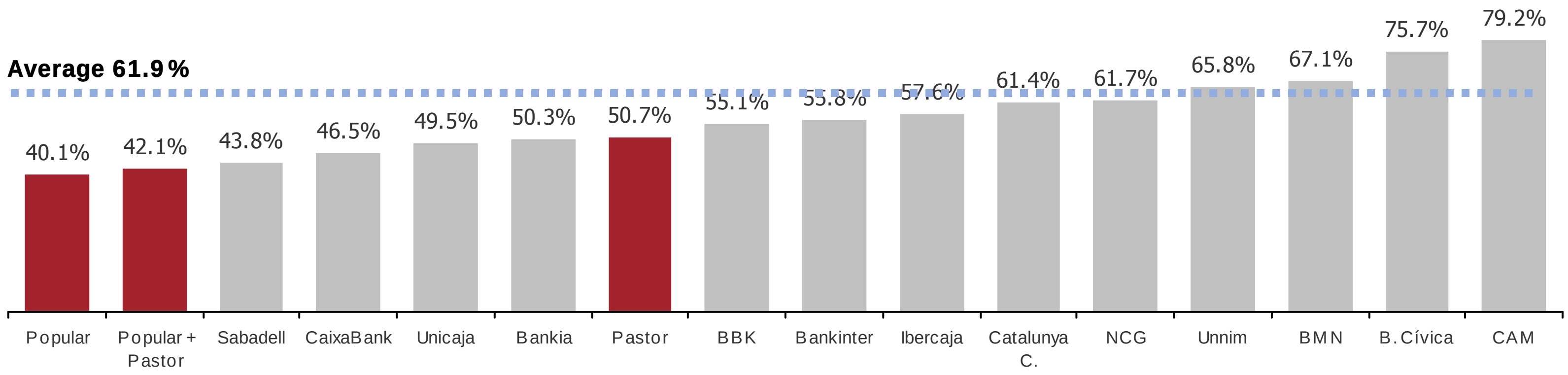
Strategically relevant. Perfect fit and best-of-breed efficiency.

Banco Pastor's underlying banking business is very profitable compared to the sector

Net Interest Margin[1]



Efficiency[2]



Note: Information as of 1H 2011 except Unicaja, BBK and Caja Vital as of 1Q2011
1.Net interest margin over average total assets
2.General and administration costs over gross margin

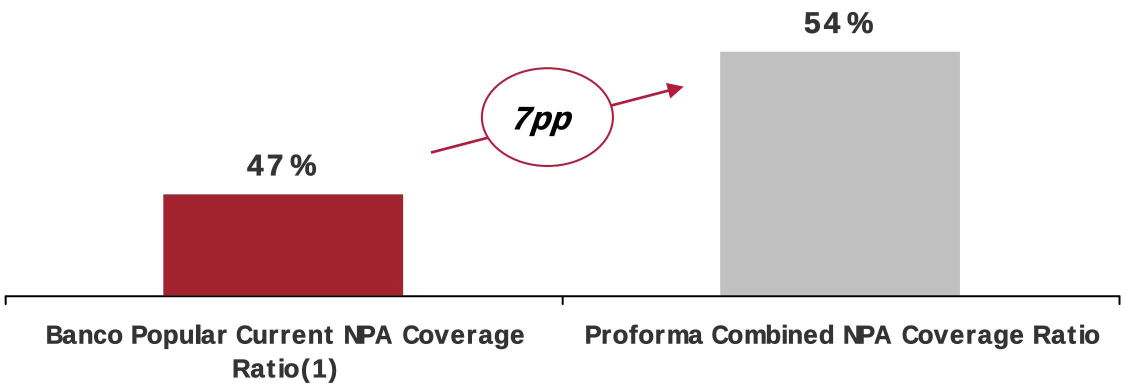
3

Balance sheet reinforcement. Extraordinary Provisions and Increased Coverage Levels.

The extraordinary provisions charged against reserves upon closing of the transaction will allow the group to significantly reduce provisioning requirements going forward

As a consequence of the transaction, coverage levels of the combined entity will increase by €1,583m (€1,108m net)

Proforma Combined Coverage Ratios



1. *NPAs= NPLs + Real estate assets + written off loans. Coverage includes specific, generic provisions and R.E. assets provisions*

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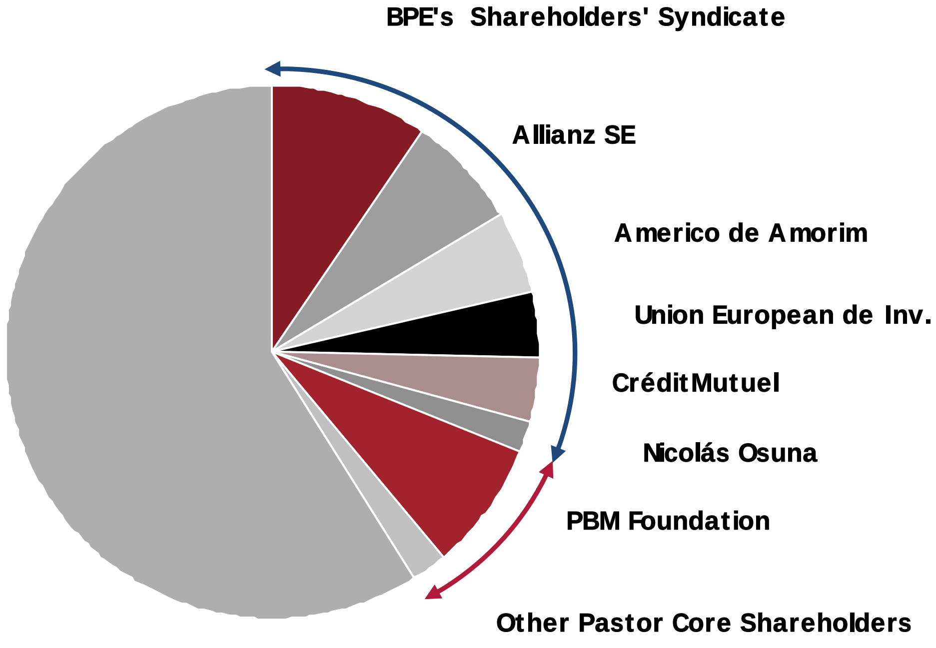
Shareholders Bases reinforced and Top Capital levels maintained.

Core Shareholders of the Combined Group



Combined Core Shareholders 41.0%

Key Shareholders	% of Pastor	Proforma Shareholding excl. €700m of Mandatory Convertibles
PBM Foundation	42.18%	7.8%

Source: Company Data
Data as of 31-Aug-2011

Agenda

Closing Remarks, Recap first nine months 2011

- Net Profit of €404m (9M2010: €521m).
- Total Ordinary Revenues of €2,251m, 14% down driven by higher funding cost.
- NPL entries stable/edging up. Bad Debt ratio at 5.85%. 1.30 pp better than the industry. Remarkable provisioning/cleaning up effort: Y-t-d provisions of €1.4 bn (1.54% of RWAs).
- Customer Deposits 3.4% up y/o/y. Loan book kept at same levels. Gap below 140%.
- Liquidity at comfortable levels. Full confidence in reaching new Oct 27th EBA capital targets.
- Launched on October 10th an all-paper bid for Banco Pastor on the back of 52% pre-acceptances.
- Popular becomes a “major Spanish bank” – Big gap with followers.

Outlook Full 2011

- Macro, micro and regulatory environment will remain very challenging.

- Ordinary Revenues should start improving within the next two quarters.

- 2011 Net profit within the range of current market consensus.

- New EBA Capital Requirements do not alter our plans. We 100% rule out any public capital injection.

- ....It is being a tough year for banking, but Popular will start 2012 in a very good position, being able

  i. to benefit from its Pastor acquisition, both in terms of lower combined provisioning needs and in term of NPAs higher coverage

  ii. to benefit from the build up of NPV €800m of synergies and

  iii. to hopefully enjoy a clearer regulatory and sovereign environment.

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Many Thanks.

Happy to take any questions.

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