

QUARTERLY REPORT
2011
April-May-June



Highlights

| (Amounts in € thousand) | 30.06.11 | 30.06.10 | Var. % |
|------------------------------------------------------------------|--------------------------|-------------|---------|
| Business volume | | | |
| Total assets managed | 143,136,197 | 141,793,194 | 0.9 |
| On-balance sheet total assets | 130,398,107 | 128,281,581 | 1.6 |
| Own funds | 9,073,774 | 8,620,726 | 5.3 |
| Adjusted customer deposits | 82,637,540 | 66,281,010 | 24.7 |
| Lending to customers (gross) | 100,431,264 | 99,550,262 | 0.9 |
| Solvency | | | |
| Core capital(%) | 9.84 | 8.58 | |
| Tier 1 (%) | 9.84 | 9.14 | |
| BIS ratio | 9.90 | 9.46 | |
| Leverage | 14.41 | 14.75 | |
| Risk management | | | |
| Total risks | 116,978,454 | 117,528,351 | (0.5) |
| Non-performing loans | 6,531,062 | 5,924,433 | 10.2 |
| Allowances for credit losses | 2,620,122 | 2,914,670 | (10.1) |
| % nonperforming ratio | 5.58 | 5.04 | |
| % coverage of non-performing and written-off loans | 59.64 | 61.01 | |
| % coverage of non-performing and not written-off loans | 40.12 | 49.20 | |
| % coverage with guarantees | 100.9 ⁽¹⁾ | | |
| Earnings | | | |
| Net interest income | 1,044,992 | 1,276,222 | (18.1) |
| Gross operating income | 1,521,034 | 1,772,857 | (14.2) |
| Profit before provisions | 857,603 | 1,142,545 | (24.9) |
| Profit before tax | 260,733 | 474,737 | (45.1) |
| Consolidated profit for the year | 306,826 | 354,375 | (13.4) |
| Net profit attributed to the Group | 305,425 | 354,556 | (13.9) |
| Net return and efficiency | | | |
| Average total assets | 127,269,425 | 122,134,555 | 4.2 |
| Average total equity | 8,789,229 | 8,288,703 | 6.0 |
| ROA (%) | 0.48 | 0.58 | |
| ROE (%) | 6.95 | 8.56 | |
| Operating efficiency (%) | 40.14 | 32.87 | |
| Per share data | | | |
| Final number of shares fully diluted (thousands) | 1,613,360 ⁽²⁾ | 1,431,222 | 12.7 |
| Average number of shares (thousands) | 1,588,672 | 1,404,998 | 13.1 |
| Share closing market price (€) | 3.88 | 4.21 | (7.8) |
| Market capitalization | 5,382,716 ⁽³⁾ | 5,612,566 | (4.1) |
| Book value per share(€) | 5.62 | 6.02 | (6.6) |
| Net earnings per share (€) | 0.192 | 0.252 | (23.9) |
| Dividend per share paid in the period (€) | 0.100 | 0.150 | (33.3) |
| Price/Book value | 0.69 | 0.70 | |
| Price/Earnings (annualized) | 10.10 | 8.35 | |
| Other data | | | |
| Shareholders | 149,866 | 141,365 | 6.0 |
| Employees | 14,111 | 14,292 | (1.3) |
| Spain | 12,272 | 12,503 | (1.8) |
| Men | 8,312 | 8,538 | (2.6) |
| Women | 3,960 | 3,965 | (0.1) |
| Abroad | 1,839 | 1,789 | 2.8 |
| Men | 1,131 | 1,130 | 0.1 |
| Women | 708 | 659 | 7.4 |
| Branches | 2,222 | 2,299 | (3.3) |
| Spain | 1,971 | 2,048 | (3.8) |
| Abroad | 251 | 251 | - |
| Mundocredit branches | - | 38 | (100.0) |
| ATMs | 2,852 | 2,958 | (3.6) |

(1) Risk coverage ratio including the value guarantees after application of the discounts defined in Appendix IX of Bank of Spain Circular 4/2004.

(2) Including 97,196 thousand of debentures necessarily convertible in October 2013 and 128,866 convertible in December 2013. Net profit not adjusted for the coupon payment of the MCN December 2013.

(3) Not including the necessarily convertible debentures.

The Group's consolidated financial statements at 30 June 2011 included herein have been audited and were prepared in accordance with the accounting principles and methods established by the International Financial Reporting Standards adopted by the European Union (IFRS-EU). The regulatory changes introduced in 2010 did not affect the comparability of the financial information for preceding periods published in this Report.

Salient aspects

Despite the economic recovery in Europe and to a lesser degree also in Spain, with GDP growth rates now positive, the present context is one of maximum adversity. The unprecedented sovereign risk crisis which has its origin in Greece is what has triggered the current situation. Despite the recent agreement to support Greece, the greatly feared contagious effect on other peripheral economies has in fact arisen, with the risk premiums of Spain and Italy standing at record heights.

Neither the transparency exercise conducted by the Spanish financial entities some months ago with the publication of their exposure to the property development and construction sector nor the capital stress tests published with positive results for the financial system as a whole have managed to restore market confidence.

In this difficult scenario, Banco Popular has maintained its strengths, with sufficient capital and liquidity to face up to extremely adverse scenarios. Thus, core capital at quarter end stood at 9.84%, 41 basis points higher than that at the end of 2010 and 126bp more than at June 2010. Tier 1 capital also stood at 9.84% and the BIS ratio at 9.90%.

This capital strength was reflected in the results of the stress tests conducted by the European Supervisor EBA, the hypotheses of which were especially demanding for the Spanish financial entities, not only because of the projected macroeconomic scenario but also because of the definition of capital and the methodology applied for calculating the operating income. Nevertheless, at 2012 year end Banco Popular would have a core capital of 9.6% in the base scenario and of 7.4% in the adverse scenario, which signifies capital cushions with respect to the minimum requirement.

With regard to liquidity, a fundamental aspect at the present time, Banco Popular continued to reduce its dependence on the wholesale markets, which represented 26% of the Bank's total funding compared with 29% at June 2010. One of the Bank's strategic objectives has thus been achieved thanks to the reduction of over €3,000 million in the commercial gap in one year and, therefore, in the loan-to-deposit ratio, which improved 9 percentage points in the same period.

It is noteworthy that the aforementioned improvement was due to the strong capture of customer deposits, which were up by €3,355 million year on year and by €1,979 million in the quarter, representing growth of 5.4% and 3.1%, respectively. This growth made it possible to expand market share above that at 2010 year end and June 2010.

The Bank also has a second liquidity line of €11,189 million which will enable it to meet all the maturities of its funding sources at medium and long term until 2014.

Finally, and also as regards liquidity, the Bank has demonstrated its issuance capability in a very adverse environment, having raised €2,000 million in the first half of the year, €500 million of them in Senior Debt, indicating that the market rightly values the Bank's relative position compared with its peers.

Lending to customers was up 0.9% with respect to June 2010 and 2.1% in the quarter, thanks to the Bank's comfortable capital position and its excellent results in attracting retail deposits.

As regards earnings, Banco Popular's attributed profit of €305 million in the first half of 2011 was 13.9% lower than in the same period of 2010.

Net interest income rose 2.7% in the quarter, although it was 18.1% down year on year. As explained at the end of the first quarter, net interest income bottomed out at that time and the expectations are of an improvement thereafter because of the higher expected profitability of lending due to the repricing of the portfolio and bigger spreads in loan arrangements.

Thus, the yield on loans and receivables rose from 4.06% in the first quarter of 2011 to 4.24% in the second quarter, offsetting the rise in customer fund costs of 1.95% compared with 1.81% in the preceding quarter, leading to a rise of 4 basis points in the customer spread to 2.29%.

The cost of wholesale liabilities was virtually stable because of the substantial arrangement of retail funds and this also made it possible to improve the net interest income by 4 basis points to 1.66%.

Banco Popular thus maintained, for yet another quarter, its greater profitability compared with its peers.

As regards the other components of the gross operating income, noteworthy was the strong performance of fees and commissions, which amounted to €350 million in the first half, 3% higher than in the same period of 2010 and 4.1% up on the first quarter due to the strong performance of banking service-related fees and commissions.

The results on financial asset and liability transactions and other income fell overall by 19.7% half-year on half-year, i.e. with a decrease in income of €31 million to €126 million. This decrease was due to the lower volume of repurchases and to the poorer behaviour of exchange and insurance income.

Thus, operating income overall totalled €1,521 million in the half year, 14.2% below the figure for the same period in 2010.

As regards costs, the growth of around 5% year on year continued as a result of the rise in VAT and the costs arising from the several technology projects in which the Bank is engaged.

Because of the aforementioned matters, the net operating income for the half year amounted to €558 million, 24.9% lower than in 2010. In the quarter to quarter comparison, the decline was 9.4%, which would not arise if the extraordinary items of €33 million included in the first quarter were eliminated.

As regards the provisions for impairment of financial assets and property and other provisions, the provisions booked in the first half totalled €1,100 million, compared with €807 million in the same period of 2010, signifying an increase of €293 million. This increase was due partially to the withdrawal of €120 million less of general allowance, period on period (€84 million in the first half of 2011 compared with €204 million in the same period of 2010). Also, in the first quarter the substantial gains arising from the joint venture with Allianz made it possible to book €466 million of extraordinary provisions (€325 million for strengthening the coverage of property and €141 million for substandard credit).

Disregarding the impact of the €141 million of extraordinary provisions for credit, the ordinary specific provisions declined from €839 million in the first half of 2010 to €608 million in the first half of 2011, and this decline of €231 million reflected the lower needs for provisions. Thus, the risk premium fell from 1.34% in the first half of 2010 to 1.27% in the first half of 2011. Disregarding the impact of the withdrawal of general allowance and of the extraordinary provisions, the risk premium figures would be 1.75% and 1.13%, respectively, indicating the lower need for ordinary credit impairment provisions.

Also noteworthy was the positive contribution of bad debt recovery income, which continued its clearly upward trend. In the first half of 2011 €31 million were recovered under this heading compared with €44 million in 2010, and this 84% increase illustrates the potential for recovery of troubled credits.

The specific, general and written-off asset provisions amounting to €5,778 million together with the post-Bank of Spain haircut adjusted guarantees (€3,995 million), signify an overall coverage of 100.9% of the doubtful and written-off portfolio. At 2010 year end the figure was 95.7% and 98.7% at March 2011. Disregarding the aforementioned guarantees, the coverage at the end of June was 59.6%.

The coverage for property and equity instruments also improved very significantly from 29% at 2010 year end to 35% at the end of June 2011.

Finally as regards the evolution of the doubtful balances portfolio, at the end of June 2011 the Bank's non-performing loans ratio was 5.58%, 14 basis points higher than that in the first quarter; this evolution was slightly better than the 17 basis points rise in the first quarter compared with the fourth quarter of 2010.

It is important to point out that although there is still no evidence of a relaxation of the additions to non-performing balances, the increase at Banco Popular has been clearly lower than that in the banking sector as a whole, the rate for which was 6.50% in May (the latest available figure), signifying an increase of 124 basis points with respect to June 2010 compared with the increase of 54 basis points at Banco Popular.

The outlook for the rest of 2011 is one of difficulty in the markets where the negative bias against Spain will foreseeably be maintained. Nevertheless, Banco Popular is strongly placed to take advantage of such opportunities as may arise and to obtain the profits which market consensus expects.

Balance Sheet

(Amounts in € thousand)

| | 30.06.11 | 31.12.10 | 30.06.10 | % variation | |
|------------------------------------------------------------------|--------------------|--------------------|--------------------|-------------|------------|
| | | | | 6 months | 12 months |
| Assets | | | | | |
| Cash and balances with central banks | 892,792 | 682,814 | 1,322,478 | 30.8 | (32.5) |
| Financial assets held for trading | 1,107,574 | 1,231,424 | 1,602,477 | (10.1) | (30.9) |
| Other financial assets at fair value through profit or loss | 441,014 | 464,775 | 457,312 | (5.1) | (3.6) |
| Investment portfolio | 17,579,667 | 16,570,211 | 14,771,266 | 6.1 | 19.0 |
| Loans and receivables | 101,314,045 | 102,087,079 | 101,268,470 | (0.8) | - |
| Loans and advances to other debtors | 98,158,607 | 96,032,311 | 96,957,182 | 2.2 | 1.2 |
| Other loans and receivables | 3,155,438 | 6,054,768 | 4,311,288 | (47.9) | (26.8) |
| Of which interbank deposits | 459,420 | 371,786 | 380,901 | 23.6 | 20.6 |
| Hedging derivatives | 664,479 | 1,038,301 | 1,356,181 | (36.0) | (51.0) |
| Non-current assets held for sale | 3,161,765 | 3,100,790 | 2,943,499 | 2.0 | 7.4 |
| Investments | 576,497 | 168,752 | 73,790 | > | > |
| Insurance contracts linked to pensions | 153,743 | 161,428 | 166,135 | (4.8) | (7.5) |
| Reinsurance assets | 3,068 | 3,530 | 3,303 | (13.1) | (7.1) |
| Tangible assets | 1,632,360 | 1,890,474 | 1,997,367 | (13.7) | (18.3) |
| Intangible assets | 634,933 | 657,079 | 485,237 | (3.4) | 30.9 |
| Tax assets | 1,187,497 | 1,025,485 | 1,018,997 | 15.8 | 16.5 |
| Other assets | 1,048,673 | 1,057,704 | 815,069 | (0.9) | 28.7 |
| Total Assets | 130,398,107 | 130,139,846 | 128,281,581 | 0.2 | 1.6 |
| Liabilities | | | | | |
| Financial liabilities held for trading | 839,107 | 1,160,739 | 1,543,234 | (27.7) | (45.6) |
| Other financial liabilities at fair value through profit or loss | 110,914 | 128,453 | 130,740 | (13.7) | (15.2) |
| Financial liabilities at amortised cost: | 118,513,919 | 117,435,427 | 114,835,383 | 0.9 | 3.2 |
| Liabilities of credit institutions | 12,296,956 | 12,649,746 | 19,367,798 | (2.8) | (36.5) |
| Of which interbank deposits | 4,037,569 | 4,726,417 | 4,177,935 | (14.6) | (3.4) |
| Deposits from other creditors | 82,637,540 | 79,383,524 | 66,281,010 | 4.1 | 24.7 |
| Debt certificates including bonds | 20,184,142 | 21,850,829 | 26,292,654 | (7.6) | (23.2) |
| Subordinated liabilities | 2,357,859 | 2,381,317 | 1,857,943 | (1.0) | 26.9 |
| Other financial liabilities | 1,037,422 | 1,170,011 | 1,035,978 | (11.3) | 0.1 |
| Hedging derivatives | 642,747 | 764,140 | 856,478 | (15.9) | (25.0) |
| Insurance contract liabilities | 596,854 | 1,090,567 | 1,068,956 | (45.3) | (44.2) |
| Provisions for contingent exposures | 338,085 | 342,074 | 445,858 | (1.2) | (24.2) |
| Tax liabilities | 483,852 | 443,979 | 616,601 | 9.0 | (21.5) |
| Other liabilities | 315,905 | 522,148 | 560,872 | (39.5) | (43.7) |
| Total liabilities | 121,841,383 | 121,887,527 | 120,058,122 | - | 1.5 |
| Equity | | | | | |
| Total equity | 9,073,774 | 8,775,632 | 8,620,726 | 3.4 | 5.3 |
| Capital, reserves and retained earnings | 8,768,349 | 8,352,744 | 8,266,170 | 5.0 | 6.1 |
| Profit or loss for the period | 305,425 | 590,163 | 354,556 | | (13.9) |
| Dividends paid and declared | - | (167,275) | - | | |
| Valuation adjustments | (609,555) | (572,365) | (438,004) | 6.5 | 39.2 |
| Minority interests | 92,505 | 49,052 | 40,737 | 88.6 | > |
| Net asset value | 8,556,724 | 8,252,319 | 8,223,459 | 3.7 | 4.1 |
| Total liabilities and equity | 130,398,107 | 130,139,846 | 128,281,581 | 0.2 | 1.6 |

Funds Managed

(Amounts in € thousand)

| | 30.06.11 | 31.12.10 | 30.06.10 | % variation | |
|-------------------------------------------------|--------------------|--------------------|--------------------|--------------|--------------|
| | | | | 6 months | 12 months |
| Customer deposits | | | | | |
| General government | 6,359,617 | 9,284,684 | 6,458,667 | (31.5) | (1.5) |
| Other private sectors | 59,191,108 | 57,094,212 | 55,691,800 | 3.7 | 6.3 |
| Residents | 52,409,588 | 50,141,587 | 48,549,550 | 4.5 | 8.0 |
| Nonresidents | 6,781,520 | 6,952,625 | 7,142,250 | (2.5) | (5.1) |
| Valuation adjustments (+/-) | 347,899 | 328,698 | 393,904 | 5.8 | (11.5) |
| Subtotal customer deposits | 65,898,624 | 66,707,594 | 62,543,760 | (1.2) | 5.4 |
| Deposits at central counterparty entities | 16,738,916 | 12,675,930 | 3,737,250 | 32.1 | > |
| Total customer deposits | 82,637,540 | 79,383,524 | 66,281,010 | 4.1 | 24.7 |
| Unadjusted debt certificates including bonds: | 19,808,618 | 21,256,428 | 25,530,738 | (6.8) | (22.4) |
| Bonds and other securities outstanding ... | 18,193,468 | 19,254,910 | 20,502,602 | (5.5) | (11.3) |
| Commercial paper | 1,615,150 | 2,001,518 | 5,028,136 | (19.3) | (67.9) |
| Valuation adjustments (+/-) | 375,524 | 594,401 | 761,916 | (36.8) | (50.7) |
| Total debt certificates including bonds | 20,184,142 | 21,850,829 | 26,292,654 | (7.6) | (23.2) |
| Subordinated liabilities | 2,357,859 | 2,381,317 | 1,857,943 | (1.0) | 26.9 |
| Total on-balance sheet funds (a) | 105,179,541 | 103,615,670 | 94,431,607 | 1.5 | 11.4 |
| Mutual funds | 6,327,225 | 6,643,054 | 7,255,274 | (4.8) | (12.8) |
| Asset portfolio management | 915,613 | 936,562 | 902,008 | (2.2) | 1.5 |
| Pension funds | 4,093,598 | 4,128,743 | 4,051,805 | (0.9) | 1.0 |
| Insurance premium | 1,401,654 | 1,357,721 | 1,302,526 | 3.2 | 7.6 |
| Total other intermediated funds (b) ... | 12,738,090 | 13,066,080 | 13,511,613 | (2.5) | (5.7) |
| Total funds managed (a+b) | 117,917,631 | 116,681,750 | 107,943,220 | 1.1 | 9.2 |

Customer deposits

(Amounts in € thousand)

| | 30.06.11 | 31.12.10 | 30.06.10 | % variation | |
|---------------------------------------------------------------------------|-------------------|-------------------|-------------------|--------------|------------|
| | | | | 6 months | 12 months |
| Demand deposits | 21,346,977 | 20,143,915 | 21,389,659 | 6.0 | (0.2) |
| Time deposits | 38,620,839 | 38,452,147 | 35,252,209 | 0.4 | 9.6 |
| Asset repos | 5,001,427 | 7,396,910 | 5,151,194 | (32.4) | (2.9) |
| Other accounts and valuation adjustments ... | 929,381 | 714,622 | 750,698 | 30.1 | 24.1 |
| Subtotal customer deposits | 65,898,624 | 66,707,594 | 62,543,760 | (1.2) | 5.4 |
| Marketable securities distributed through the branch network (*) | 3,047,692 | 3,048,074 | 3,557,679 | 0.0 | (14.3) |
| Total | 68,946,316 | 69,755,668 | 66,101,439 | (1.2) | 4.3 |

(*) Including convertible debentures, preferred shares and commercial paper distributed through the branch network.

Lending to customers

| (Amounts in € thousand) | 30.06.11 | 31.12.10 | 30.06.10 | % variation | |
|---------------------------------------------------|--------------------|-------------------|-------------------|-------------|------------|
| | | | | 6 months | 12 months |
| Lending to general government | 1,430,456 | 568,856 | 603,132 | > | > |
| Lending to other private sectors | 98,666,528 | 97,469,595 | 98,767,910 | 1.2 | (0.1) |
| Residents | 88,308,858 | 87,902,605 | 89,235,593 | 0.5 | (1.0) |
| Nonresidents. | 10,357,670 | 9,566,990 | 9,532,317 | 8.3 | 8.7 |
| Total lending to customers | 100,096,984 | 98,038,451 | 99,371,042 | 2.1 | 0.7 |
| Other loans. | 334,280 | 174,151 | 179,220 | 91.9 | 86.5 |
| Total credit to customers and others . . . | 100,431,264 | 98,212,602 | 99,550,262 | 2.3 | 0.9 |
| Valuation adjustments (+/-) | (2,272,657) | (2,180,291) | (2,593,080) | 4.2 | (12.4) |
| Total | 98,158,607 | 96,032,311 | 96,957,182 | 2.2 | 1.2 |

Lending to customers by type

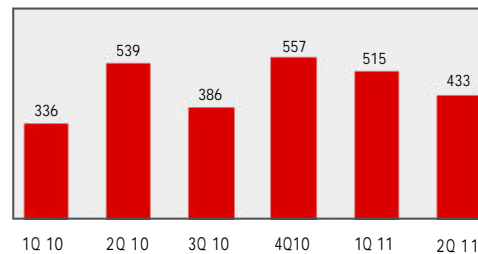
| (Amounts in € thousand) | 30.06.11 | 31.12.10 | 30.06.10 | % variation | |
|---------------------------------------------|--------------------|-------------------|-------------------|-------------|------------|
| | | | | 6 months | 12 months |
| Trade loans and discounts. | 4,404,415 | 4,439,317 | 4,707,975 | (0.8) | (6.4) |
| Secured loans | 49,334,699 | 48,895,689 | 48,380,061 | 0.9 | 2.0 |
| Mortgage | 47,514,154 | 47,744,092 | 48,278,167 | (0.5) | (1.6) |
| Other. | 1,820,545 | 1,151,597 | 101,894 | 58.1 | > |
| Repos | 6,749,956 | 6,987,608 | 6,221,454 | (3.4) | 8.5 |
| Term loans and other lending | 30,811,387 | 29,100,473 | 31,331,580 | 5.9 | (1.7) |
| Leasing | 2,836,454 | 2,963,106 | 3,159,591 | (4.3) | (10.2) |
| Doubtful assets | 6,294,353 | 5,826,409 | 5,749,601 | 8.0 | 9.5 |
| Total lending to customers | 100,431,264 | 98,212,602 | 99,550,262 | 2.3 | 0.9 |

Risk Management Performance*

(Amounts in € thousand)

| | 30.06.11 | 30.06.10 | variation | |
|-----------------------------|-----------|-----------|-----------|--------|
| | | | Amount | % |
| Nonperforming loans: | | | | |
| Balance at 1 January | 6,055,019 | 5,511,516 | 543,503 | 9.9 |
| Additions | 2,043,309 | 2,151,762 | (108,453) | (5.0) |
| Recoveries | 1,095,188 | 1,275,531 | (180,343) | (14.1) |
| Other changes | - | - | - | - |
| Net variation | 948,121 | 876,231 | 71,890 | 8.2 |
| % increase | 15.7 | 15.9 | | |
| Writeoffs | (472,078) | (463,314) | (8,764) | 1.9 |
| Balance at 30 June | 6,531,062 | 5,924,433 | 606,629 | 10.2 |

Quarterly variation in net additions to non-performing balances (€ million)



| | 30.06.11 | 30.06.10 | variation | |
|---------------------------------------|-----------|-----------|-----------|--------|
| | | | Amount | % |
| Credit loss allowances: | | | | |
| Balance at 1 January | 2,448,164 | 2,770,486 | (322,322) | (11.6) |
| Annual provision: | | | | |
| Gross | 1,492,265 | 1,560,043 | (67,778) | (4.3) |
| Recoveries | (827,157) | (970,207) | 143,050 | (14.7) |
| Net | 665,108 | 589,836 | 75,272 | 12.8 |
| Other variations | (34,982) | (52,578) | 17,596 | (33.5) |
| Writeoffs | (458,168) | (393,074) | (65,094) | 16.6 |
| Balance at 30 June | 2,620,122 | 2,914,670 | (294,548) | (10.1) |
| Of which sub-standard risk provisions | 896,174 | 609,830 | 286,344 | 47.0 |

| | Specific | General | Country risk | Total |
|--------------------------------|-----------|----------|--------------|-----------|
| Balance at 1 January | 2,117,794 | 328,974 | 1,396 | 2,448,164 |
| Net provisions | 747,918 | (83,749) | 939 | 665,108 |
| Amount used | (458,168) | - | - | (458,168) |
| Other variations and transfers | (34,982) | - | - | (34,982) |
| Balance at 30 June | 2,372,562 | 245,225 | 2,335 | 2,620,122 |

* Including doubtful off-balance sheet risks and country risk and the related country risk allowance.

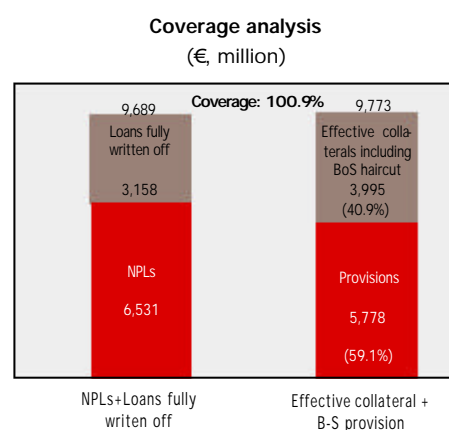
Risk Management Performance

(Amounts in € thousand)

| | 30.06.11 | 30.06.10 | variation | |
|------------------------------------------------------------|-------------|-------------|-----------|-------|
| | | | Amount | % |
| Risk quality measures (%): | | | | |
| Total Risks | 116,978,454 | 117,528,351 | (549,897) | (0.5) |
| Nonperformance (Nonperforming loans/Total risks) | 5.58 | 5.04 | 0.54 | |
| Credit risk premium. | 1.27 | 1.34 | (0.07) | |
| Typical spread on lending to customers | 1.83 | 2.52 | (0.69) | |

Coverage by type of non-performing balance:

| | |
|----------------------------------------------------------------------------------|-----------|
| Non-performing balances without mortgage guarantee or pledge guarantee | 1,781,579 |
| Non-performing balances with mortgage guarantee or pledge guarantees | 4,749,483 |
| Value of guarantees (including haircuts) | 3,994,693 |
| Total non-performing balances | 6,531,062 |
| Loans fully written off | 3,158,073 |
| Non-performing balances+Loans fully written off | 9,689,135 |
| Total value of guarantees (*) | 3,994,693 |
| Provisions for insolvency | 2,620,122 |
| Provisions for insolvency with written-off balances. | 5,778,195 |
| % Coverage for non-performing and written-off balances. | 59.64 |
| % Coverage for non-performing balances excl. written-off balances. | 40.12 |
| % Coverage with guarantees | 100.9 |



(*) Does not include written-off loan guarantees.

Asset impairment:

| | | | | |
|----------------------------------------------------|------------------|----------------|-----------------|--------------|
| Financial assets | 578,001 | 619,310 | (41,309) | (6.7) |
| Credit risk and provisioning | 583,990 | 586,671 | (2,681) | (0.5) |
| Of which: bad debts recoverd | 81,346 | 43,838 | 37,508 | 85.6 |
| Investments | (5,989) | 32,639 | (38,628) | |
| Non-financial assets and property | 521,625 | 188,066 | 333,559 | > |
| Total | 1,099,626 | 807,376 | 292,250 | 36.2 |

Solvency

(Amounts in € thousand)

| Basilea II | 30.06.11* | 30.06.10 |
|---------------------------------------------------------|------------------|------------------|
| Total core capital | 8,917,362 | 8,163,647 |
| <i>Core capital (%)</i> | 9.84 | 8.58 |
| Total Tier 1 Capital | 8,917,362 | 8,698,571 |
| <i>Tier 1 ratio (%)</i> | 9.84 | 9.14 |
| BIS computable capital | 8,971,688 | 9,003,515 |
| Capital cushion | 1,720,540 | 1,390,772 |
| <i>BIS ratio (%)</i> | 9.90 | 9.46 |
| Leverage ⁽¹⁾ | 14.41 | 14.75 |
| <i>Memorandum item:</i> | | |
| Total BIS risk-weighted assets ⁽²⁾ | 90,639,348 | 95,159,288 |

⁽¹⁾ Includes € 200 million of Subordinated Debt distributed in July.

⁽¹⁾ Calculated with data from the end of each period.

⁽²⁾ Including credit, exchange, market and operational risk.

Equity

(Amounts in € thousand)

| | Capital & reserves | Valuation adjustments | Minority interests | Net asset value |
|------------------------------------------------------------|--------------------|-----------------------|--------------------|------------------|
| Balance at 31/12/2010 | 8,775,632 | (572,365) | 49,052 | 8,252,319 |
| Capital increase | (17,706) | - | - | (17,706) |
| Variation in treasury stock | 19,855 | - | - | 19,855 |
| Gain on treasury stock transactions | 1,335 | - | - | 1,335 |
| Actuarial differences | 15,259 | - | - | 15,259 |
| Remuneration of mandatory convertible debentures | (31,137) | - | - | (31,137) |
| Consolidation operations and other (net) | 5,765 | - | (149) | 5,616 |
| Corporate operations | (654) | - | 57,772 | 57,118 |
| Value adjustments | - | (37,190) | (3,810) | (41,000) |
| Net profit at 30 June 2011 | 305,425 | - | 1,401 | 306,826 |
| Dividends paid in 2011 | - | - | (11,761) | (11,761) |
| Balance at 30/06/2011 | 9,073,774 | (609,555) | 92,505 | 8,556,724 |

Consolidated income and profitability

| | (Amounts in € thousand) | | | (Annualized % of ATA) | | |
|-------------------------------------------------------------------------------|--------------------------|------------------|----------------|-----------------------|-------------|---------------|
| | 30.06.11 | 30.06.10 | % variation | 30.06.11 | 30.06.10 | variation |
| Interest and similar income | 2,204,406 | 2,054,514 | 7.3 | 3.46 | 3.36 | 0.10 |
| - Interest expense and similar charges | 1,159,414 | 778,292 | 49.0 | 1.82 | 1.27 | 0.55 |
| = Net interest income | 1,044,992 | 1,276,222 | (18.1) | 1.64 | 2.09 | (0.45) |
| + Return on equity instruments | 3,835 | 7,892 | (51.4) | 0.01 | 0.01 | - |
| + Share of results of entities accounted for using the equity method | 22,358 | 23,500 | (4.9) | 0.04 | 0.04 | - |
| + Fees and commissions, net | 350,257 | 339,962 | 3.0 | 0.55 | 0.56 | (0.01) |
| ± Gains or losses on financial assets and liabilities (net) | 36,705 | 61,499 | (40.3) | 0.06 | 0.10 | (0.04) |
| + Exchange differences (net) | 20,750 | 27,164 | (23.6) | 0.03 | 0.04 | (0.01) |
| ± Other operating results (net) | 42,137 | 36,618 | 15.1 | 0.06 | 0.06 | - |
| = Gross operating income | 1,521,034 | 1,772,857 | (14.2) | 2.39 | 2.90 | (0.51) |
| - Administrative expenses: | 610,611 | 582,693 | 4.8 | 0.96 | 0.95 | 0.01 |
| Personnel expenses | 387,174 | 381,917 | 1.4 | 0.61 | 0.63 | (0.02) |
| Other general administrative expenses | 223,437 | 200,776 | 11.3 | 0.35 | 0.33 | 0.02 |
| - Depreciation & amortisation | 52,820 | 47,619 | 10.9 | 0.08 | 0.08 | - |
| = Net operating income (Pre-provision profit) .. | 857,603 | 1,142,545 | (24.9) | 1.35 | 1.87 | (0.52) |
| - Financial asset impairment and provisioning .. | 578,001 | 619,310 | (6.7) | 0.91 | 1.01 | (0.10) |
| - Impairment of other assets | 521,625 | 188,066 | > | 0.82 | 0.31 | 0.51 |
| ± Gains/(Losses) on assets sales (net) | 502,756 | 139,568 | > | 0.79 | 0.23 | 0.56 |
| = Profit before tax | 260,733 | 474,737 | (45.1) | 0.41 | 0.78 | (0.37) |
| - Income tax | (46,093) | 130,603 | > | (0.07) | 0.21 | (0.28) |
| + Gains/losses on discontinued operations (net) | - | 10,241 | (100.0) | - | 0.02 | (0.02) |
| = Consolidated profit for the year | 306,826 | 354,375 | (13.4) | 0.48 | 0.58 | (0.10) |
| - Profit attributed to minority interests | 1,401 | (181) | - | - | - | - |
| = Profit attributed to the controlling company | 305,425 | 354,556 | (13.9) | 0.48 | 0.58 | (0.10) |
| Net return on risk-weighted assets (RORWA) (%) | | | | 0.67 | 0.77 | (0.10) |
| Net return on equity (ROE) (%) | | | | 6.95 | 8.56 | (1.61) |
| Operating efficiency ratio (%) | | | | 40.14 | 32.87 | 7.27 |
| <i>In € million</i> | | | | | | |
| Average total assets | | | | 127,269 | 122,135 | 5,135 |
| Risk-weighted average total assets (RWA) .. | | | | 91,364 | 92,963 | (1,599) |
| Average equity | | | | 8,789 | 8,289 | 501 |

Due to the transaction with Allianz, the 2010 figures have been restated to facilitate comparison

Quarterly Consolidated Income

(Amounts in € thousand)

| | 2010 | | | 2011 | |
|------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| | 2nd | 3rd | 4th | 1st | 2nd |
| Interest and similar income | 1,015,972 | 1,028,340 | 1,062,917 | 1,073,594 | 1,130,812 |
| - Interest expense and similar charges | 403,114 | 424,659 | 510,924 | 558,142 | 601,272 |
| = Net interest income | 612,858 | 603,681 | 551,993 | 515,452 | 529,540 |
| +Return on equity instruments | 5,508 | 402 | 1,339 | 1,905 | 1,930 |
| +Share of results of entities accounted for using the equity method | 11,772 | 11,996 | 11,260 | 11,649 | 10,709 |
| +Fees and commissions, net | 177,063 | 165,513 | 169,369 | 171,619 | 178,638 |
| ±Gains or losses on financial assets and liabi- lities (net) | 27,437 | 45,797 | 37,933 | 23,589 | 13,116 |
| +Exchange differences (net) | 14,290 | 12,450 | 14,085 | 10,958 | 9,792 |
| ±Other operating results (net) | 23,250 | 5,316 | (6,369) | 40,635 | 1,502 |
| =Gross operating income | 872,178 | 845,155 | 779,610 | 775,807 | 745,227 |
| - Administrative expenses: | 299,211 | 302,102 | 321,874 | 297,686 | 312,925 |
| Personnel expenses | 194,449 | 198,172 | 198,177 | 189,852 | 197,322 |
| Other general administrative expenses .. | 104,762 | 103,930 | 123,697 | 107,834 | 115,603 |
| - Depreciation & amortisation | 21,856 | 21,996 | 26,584 | 28,068 | 24,752 |
| =Net operating income (Pre-provision profit) | 551,111 | 521,057 | 431,152 | 450,053 | 407,550 |
| - Financial asset impairment and provisioning | 343,369 | 421,422 | 191,401 | 408,560 | 169,441 |
| - Impairment of other assets | 68,118 | 271,278 | 142,407 | 426,994 | 94,631 |
| ±Gains/(Losses) on assets sales (net) | 58,449 | 379,881 | (1,560) | 497,698 | 5,058 |
| =Profit before tax | 198,073 | 208,238 | 95,784 | 112,197 | 148,536 |
| - Income tax | 52,190 | 44,524 | 31,245 | (76,858) | 30,765 |
| +Gains/losses on discontinued operations (net) | 4,513 | 4,572 | 5,478 | - | - |
| =Consolidated profit for the year | 150,396 | 168,286 | 70,017 | 189,055 | 117,771 |
| - Profit attributed to minority interests | (144) | 1,432 | 1,264 | 3,352 | (1,951) |
| =Profit attributed to the controlling company | 150,540 | 166,854 | 68,753 | 185,703 | 119,722 |

Due to the transaction with Allianz, the 2010 figures have been restated to facilitate comparison

Quarterly Profitability

(Annualized % of ATA)

| | 2010 | | | 2011 | |
|-------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|
| | 2nd | 3rd | 4th | 1st | 2nd |
| Interest and similar income | 3.31 | 3.35 | 3.37 | 3.38 | 3.55 |
| - Interest expense and similar charges | 1.31 | 1.38 | 1.62 | 1.76 | 1.89 |
| = Net interest income | 2.00 | 1.97 | 1.75 | 1.62 | 1.66 |
| + Return on equity instruments | 0.02 | - | - | 0.01 | 0.01 |
| + Share of results of entities accounted for using the equity method | 0.04 | 0.04 | 0.04 | 0.04 | 0.03 |
| + Fees and commissions, net | 0.58 | 0.54 | 0.54 | 0.54 | 0.56 |
| ± Gains/losses on financial assets and liabilities (net) | 0.09 | 0.15 | 0.12 | 0.08 | 0.04 |
| + Exchange differences (net) | 0.04 | 0.04 | 0.04 | 0.03 | 0.03 |
| ± Other operating results (net) | 0.07 | 0.01 | (0.02) | 0.12 | 0.01 |
| = Gross operating income | 2.84 | 2.75 | 2.47 | 2.44 | 2.34 |
| - Administrative expenses: | 0.97 | 0.98 | 1.02 | 0.94 | 0.98 |
| Personnel expenses | 0.63 | 0.64 | 0.63 | 0.60 | 0.62 |
| Other general administrative expenses | 0.34 | 0.34 | 0.39 | 0.34 | 0.36 |
| - Depreciation & amortisation | 0.07 | 0.07 | 0.08 | 0.09 | 0.08 |
| = Net operating income (Pre-provision profit) | 1.80 | 1.70 | 1.37 | 1.41 | 1.28 |
| - Financial asset impairment and provisioning | 1.12 | 1.37 | 0.61 | 1.28 | 0.53 |
| - Impairment of other assets | 0.22 | 0.88 | 0.46 | 1.34 | 0.29 |
| ± Gains/(Losses) on assets sales (net) | 0.19 | 1.23 | - | 1.56 | 0.01 |
| = Profit before tax | 0.65 | 0.68 | 0.30 | 0.35 | 0.47 |
| - Income tax | 0.17 | 0.14 | 0.10 | (0.24) | 0.10 |
| + Gains/losses on discontinued operations (net) | 0.01 | 0.01 | 0.02 | - | - |
| = Consolidated profit for the year | 0.49 | 0.55 | 0.22 | 0.59 | 0.37 |
| - Profit attributed to minority interests | - | - | - | 0.01 | (0.01) |
| = Profit attributed to the controlling company | 0.49 | 0.55 | 0.22 | 0.58 | 0.38 |

| | | | | | |
|---------------------------------------------------|-------|-------|-------|-------|-------|
| Net return on risk-weighted assets (RORWA) (%) | 0.65 | 0.73 | 0.31 | 0.82 | 0.52 |
| Net return on equity (ROE) (%) | 7.30 | 8.11 | 3.31 | 8.45 | 5.44 |
| Operating efficiency ratio (%) | 32.87 | 33.80 | 35.52 | 38.37 | 41.99 |

In € million

| | | | | | |
|------------------------------------------|---------|---------|---------|---------|---------|
| Average total assets | 122,697 | 122,968 | 126,040 | 127,241 | 127,297 |
| Risk-weighted average total assets (RWA) | 93,610 | 94,028 | 93,322 | 92,223 | 90,506 |
| Average equity | 8,246 | 8,235 | 8,298 | 8,793 | 8,802 |

Due to the transaction with Allianz, the 2010 figures have been restated to facilitate comparison

Yields and Costs

(Amounts in € thousand and rates annualized)

| | 30.06.11 | | | | 30.06.10 | | | |
|-----------------------------------------------------|--------------------|------------------|-------------------|------------------|--------------------|------------------|-------------------|------------------|
| | Average balance | Distribution (%) | Income or expense | Average rate (%) | Average balance | Distribution (%) | Income or expense | Average rate (%) |
| Financial system | 4,507,284 | 3.54 | 23,493 | 1.04 | 5,954,293 | 4.88 | 16,947 | 0.57 |
| Loans and discounts (a) | 93,635,879 | 73.57 | 1,942,947 | 4.15 | 90,695,174 | 74.26 | 1,860,168 | 4.10 |
| Securities portfolio | 17,469,656 | 13.73 | 233,274 | 2.67 | 13,889,985 | 11.37 | 172,199 | 2.48 |
| Other assets | 11,656,606 | 9.16 | 4,692 | 0.08 | 11,595,103 | 9.48 | 5,200 | 0.09 |
| Total earning assets (b) | 127,269,425 | 100.00 | 2,204,406 | 3.46 | 122,134,555 | 100.00 | 2,054,514 | 3.36 |
| Financial system | 11,408,644 | 8.96 | 102,193 | 1.79 | 19,539,784 | 16.00 | 91,396 | 0.94 |
| Customer funds (c) | 79,408,627 | 62.39 | 747,145 | 1.88 | 57,870,713 | 47.38 | 428,609 | 1.48 |
| Demand accounts | 14,894,141 | 11.70 | 55,601 | 0.75 | 14,591,486 | 11.95 | 26,642 | 0.37 |
| Savings and time deposits | 48,730,402 | 38.48 | 603,444 | 2.48 | 42,513,602 | 34.80 | 400,227 | 1.88 |
| Deposits at central counterparty entities | 15,784,084 | 12.21 | 88,100 | 1.12 | 765,625 | 0.63 | 1,740 | 0.45 |
| Marketable debt securities & other | 22,974,040 | 18.05 | 300,195 | 2.61 | 31,564,703 | 25.84 | 245,492 | 1.56 |
| Other interest-bearing liabilities | 249,876 | 0.20 | 9,881 | 7.91 | 290,116 | 0.24 | 12,795 | 8.82 |
| Other funds | 4,439,009 | 3.49 | - | - | 4,580,536 | 3.75 | - | - |
| Equity | 8,789,229 | 6.91 | - | - | 8,288,703 | 6.79 | - | - |
| Total funds (d) | 127,269,425 | 100.00 | 1,159,414 | 1.82 | 122,134,555 | 100.00 | 778,292 | 1.27 |
| <i>Customer spread (a-c)</i> | | | | 2.27 | | | | 2.62 |
| <i>Spread (b-d)</i> | | | | 1.64 | | | | 2.09 |

Due to the transaction with Allianz, the 2010 figures have been restated to facilitate comparison

Quarterly Yields and Costs

(Data in % and rates annualized)

| | 2010 | | | | | | 2011 | | | |
|------------------------------------------------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|
| | 2nd | | 3rd | | 4th | | 1st | | 2nd | |
| | Distri- bution | Rate | Distri- bution | Rate | Distri- bution | Rate | Distri- bution | Rate | Distri- bution | Rate |
| Financial system | 4.27 | 0.62 | 3.55 | 0.97 | 4.38 | 0.93 | 4.10 | 0.85 | 2.98 | 1.31 |
| Loans and discounts (a) | 74.40 | 4.00 | 74.32 | 4.00 | 73.80 | 4.05 | 73.20 | 4.06 | 73.94 | 4.24 |
| Securities portfolio..... | 11.64 | 2.56 | 12.58 | 2.65 | 12.63 | 2.68 | 13.56 | 2.66 | 13.90 | 2.68 |
| Other assets | 9.69 | 0.09 | 9.55 | 0.08 | 9.19 | 0.08 | 9.14 | 0.08 | 9.18 | 0.08 |
| Total earning assets (b) | 100.00 | 3.31 | 100.00 | 3.35 | 100.00 | 3.37 | 100.00 | 3.38 | 100.00 | 3.55 |
| Financial system | 15.65 | 1.00 | 15.77 | 1.13 | 11.30 | 1.40 | 8.71 | 1.65 | 9.22 | 1.93 |
| Customer funds (c) | 48.46 | 1.53 | 53.02 | 1.71 | 58.23 | 1.84 | 61.82 | 1.81 | 62.97 | 1.95 |
| Demand accounts | 11.91 | 0.38 | 12.21 | 0.54 | 11.22 | 0.57 | 11.48 | 0.66 | 11.93 | 0.83 |
| Savings and time deposits | 35.71 | 1.94 | 39.51 | 2.11 | 41.66 | 2.29 | 37.94 | 2.44 | 38.17 | 2.51 |
| Deposits at central counter- party entities | 0.84 | 0.52 | 1.30 | 0.49 | 5.35 | 0.96 | 12.40 | 0.97 | 12.87 | 1.26 |
| Marketable debt securities & other | 24.95 | 1.59 | 20.86 | 1.33 | 19.71 | 1.94 | 18.26 | 2.60 | 17.84 | 2.63 |
| Other interest-bearing liabilities... | 0.23 | 8.84 | 0.23 | 9.02 | 0.21 | 5.17 | 0.20 | 7.42 | 0.19 | 8.41 |
| Other funds | 3.98 | - | 3.44 | - | 3.97 | - | 4.10 | - | 2.87 | - |
| Equity..... | 6.72 | - | 6.70 | - | 6.58 | - | 6.91 | - | 6.91 | - |
| Total funds (d) | 100.00 | 1.31 | 100.00 | 1.38 | 100.00 | 1.62 | 100.00 | 1.76 | 100.00 | 1.89 |
| <i>Customer spread (a-c)</i> | | <i>2.47</i> | | <i>2.29</i> | | <i>2.21</i> | | <i>2.25</i> | | <i>2.29</i> |
| <i>Spread (b-d)</i> | | <i>2.00</i> | | <i>1.97</i> | | <i>1.75</i> | | <i>1.62</i> | | <i>1.66</i> |

Due to the transaction with Allianz, the 2010 figures have been restated to facilitate comparison

Net Fee and Commission Income

(Amounts in € thousand)

| | 30.06.11 | 30.06.10 | % variation | Distribution (%) | |
|-----------------------------------------------------|----------------|----------------|----------------|---------------------|--------------|
| | | | | 2011 | 2010 |
| Banking services..... | 328,789 | 316,931 | 3.7 | 93.9 | 93.2 |
| Portfolio administration | 39,422 | 38,117 | 3.4 | 11.3 | 11.2 |
| Securities portfolios..... | 11,739 | 10,873 | 8.0 | 3.4 | 3.2 |
| Asset portfolio management | 2,008 | 1,715 | 17.1 | 0.6 | 0.5 |
| Mutual funds..... | 23,103 | 23,000 | 0.4 | 6.6 | 6.8 |
| Pension plans | 2,572 | 2,529 | 1.7 | 0.7 | 0.7 |
| Other banking services..... | 242,274 | 226,985 | 6.7 | 69.2 | 66.8 |
| Securities and foreign currency purchase and sale.. | 5,452 | 5,958 | (8.5) | 1.6 | 1.8 |
| Demand account administration | 49,127 | 49,427 | (0.6) | 14.0 | 14.5 |
| Provision of collateral and other guarantees | 61,934 | 58,493 | 5.9 | 17.7 | 17.2 |
| Asset transaction services..... | 22,838 | 23,266 | (1.8) | 6.5 | 6.8 |
| Collection and payment handling..... | 38,503 | 39,089 | (1.5) | 11.0 | 11.5 |
| Other | 64,420 | 50,752 | 26.9 | 18.4 | 14.9 |
| Means of payment | 47,093 | 51,829 | (9.1) | 13.4 | 15.2 |
| Defaults | 21,468 | 23,031 | (6.8) | 6.1 | 6.8 |
| Total..... | 350,257 | 339,962 | 3.0 | 100.0 | 100.0 |

Due to the transaction with Allianz, the 2010 figures have been restated to facilitate comparison

Personnel and general expenses

(Amounts in € thousand)

| | 30.06.11 | 30.06.10 | % | Distribution (%) | |
|---------------------------------------------|----------------|----------------|-------------|------------------|--------------|
| | | | | variation | 2011 |
| Personnel expenses: | 387,174 | 381,917 | 1.4 | 63.4 | 65.5 |
| Wages and salaries | 288,936 | 286,816 | 0.7 | 47.3 | 49.2 |
| Social security charges | 70,129 | 67,855 | 3.4 | 11.5 | 11.6 |
| Other personnel expenses | 13,468 | 13,768 | (2.2) | 2.2 | 2.4 |
| Pensions | 14,641 | 13,478 | 8.6 | 2.4 | 2.3 |
| General expenses: | 223,437 | 200,776 | 11.3 | 36.6 | 34.5 |
| Rents and common services | 53,356 | 53,555 | (0.4) | 8.7 | 9.2 |
| Communications | 14,313 | 12,233 | 17.0 | 2.3 | 2.1 |
| Maintenance of premises and equipment | 16,264 | 15,574 | 4.4 | 2.7 | 2.7 |
| IT and other technical expenses | 44,651 | 37,340 | 19.6 | 7.3 | 6.4 |
| Stationery and office supplies | 2,573 | 3,338 | (22.9) | 0.4 | 0.6 |
| Technical reports and legal expenses | 11,330 | 11,279 | 0.5 | 1.9 | 1.9 |
| Advertising and publicity | 13,465 | 11,889 | 13.3 | 2.2 | 2.0 |
| Insurance | 2,921 | 2,421 | 20.7 | 0.5 | 0.4 |
| Security and fund transport services | 9,884 | 8,030 | 23.1 | 1.6 | 1.4 |
| Travel | 4,729 | 4,883 | (3.2) | 0.8 | 0.8 |
| VAT and other | 34,713 | 25,886 | 34.1 | 5.7 | 4.4 |
| Other general expenses | 15,238 | 14,348 | 6.2 | 2.5 | 2.5 |
| Total | 610,611 | 582,693 | 4.8 | 100.0 | 100.0 |

Due to the transaction with Allianz, the 2010 figures have been restated to facilitate comparison

Market Performance of the Bank's Shares

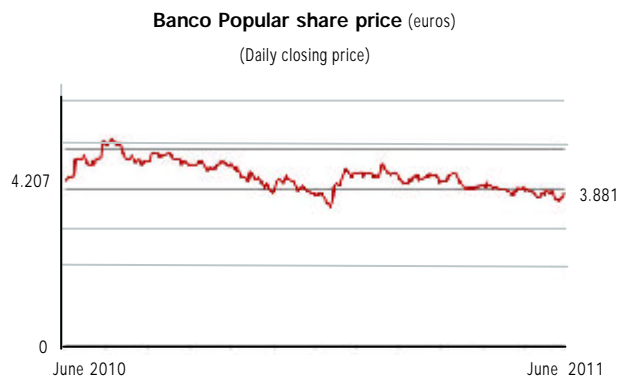
Market information

| Quarters | Share liquidity (Number in thousands) | | | Share market price (€) | | | Dividend paid (€) | Market return* |
|-------------------|------------------------------------------|------------------|---------------|---------------------------|-------------|-------------|-----------------------|-------------------|
| | Average shares outstanding | Shares traded | % | High | Low | Closing | | |
| 2010 1st | 1,265,852 | 739,774 | 58.44 | 5.96 | 4.67 | 5.45 | 0.0750 | 7.7 |
| 2nd | 1,265,852 | 1,022,958 | 80.81 | 6.00 | 3.76 | 4.21 | 0.0750 | (21.4) |
| 3rd | 1,265,852 | 633,766 | 50.07 | 5.34 | 4.03 | 4.65 | 0.0835 ⁽¹⁾ | 12.3 |
| 4th | 1,352,243 | 774,728 | 57.29 | 4.78 | 3.80 | 3.84 | 0.0750 | (15.6) |
| Year total | 1,287,450 | 3,171,226 | 246.32 | 6.00 | 3.76 | 3.84 | 0.3085 | (19.1) |
| 2011 1st | 1,375,285 | 772,152 | 56.14 | 4.65 | 3.51 | 4.15 | 0.0500 | 9.3 |
| 2nd | 1,382,863 | 556,331 | 40.23 | 4.41 | 3.63 | 3.88 | 0.0500 ⁽²⁾ | (5.2) |

* Appreciation (depreciation) and dividend as % of initial price in each period.

⁽¹⁾ Delivery of 1 share for each 70 shares. Excess shares are paid taking as a reference the weighted average price at the session 16/04/2010, the day before the Shareholders Meeting at which this distribution was approved (€5.8429).

⁽²⁾ Optional dividend: cash payment of €0.05 (gross) or exchange for new issue shares at the rate of 1 for 78 (reference price €3.881)



| Market ratios | 30.06.11 | 30.06.10 |
|--------------------------------|----------|----------|
| Price / Book value | 0.69 | 0.70 |
| Price / Earnings (PE ratio) | 10.10 | 8.35 |
| Dividend return ^(*) | 5.0 | 6.2 |

* Profitability calculated included the dividend paid in Q2, annualised

Treasury Stock

| (Thousands of shares) | Number | | | | Treasury Stock* | | | |
|-----------------------|---------|---------|---------|---------|--------------------------|---------------------|----------------|----------------|
| | Average | Maximum | Minimum | Closing | Total outstanding (a) | Total traded (b) | As % of (a) | As % of (b) |
| 2010 | | | | | | | | |
| First quarter | 23,231 | 28,287 | 15,657 | 24,050 | 1,333,151 | 739,744 | 1.74 | 3.14 |
| Second quarter | 31,224 | 38,999 | 20,839 | 29,386 | 1,333,151 | 1,022,958 | 2.28 | 2.98 |
| Third quarter | 17,880 | 30,102 | 11,135 | 18,916 | 1,333,151 | 633,766 | 1.34 | 2.82 |
| Fourth quarter | 20,684 | 29,475 | 4,212 | 26,080 | 1,375,284 | 774,728 | 1.50 | 2.67 |
| 2011 | | | | | | | | |
| First quarter | 16,090 | 31,374 | 1,427 | 1,427 | 1,375,284 | 772,152 | 1.17 | 2.08 |
| Second quarter | 15,943 | 28,736 | 1,427 | 22,506 | 1,387,298 | 556,331 | 1.15 | 2.87 |

* Calculated on average treasury stock held in the quarter.

Basis of presentation and accounting principles and standards

Pursuant to Regulation 1606/2002 of the European Parliament and Council, dated July 19, 2002, the obligation for companies whose securities were listed on a regulated market in a Member State of the European Union at the date of their balance sheets to prepare consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) came into force on January 1, 2005.

The Bank of Spain, as the accounting regulator of the Spanish banking industry, implemented and adapted the accounting standards for credit institutions in its Circular 4/2004, as published in the Official State Gazette on December 30, 2004. That Circular was partly amended by Circular 6/2008 and by Circular 3/2010.

Accounting principles and policies and valuation standards

The Group's accounting policy is based on the accounting principles set forth in Note 15 to the 2010 consolidated financial statements, which included most notably the following:

A) Impairment of the value of assets: The treatment of financial assets differs from that of all other assets, as discussed below.

Coverage is envisaged for the losses on financial assets, provided that they are based on objective evidence. Specific and general allowances are booked for customer-attributable credit-loss risk, and specific allowances for country risk.

The specific allowance reflects the deterioration of assets individually identified as impaired, and the general allowance reflects the inherent loss incurred based on the nature of each risk and estimated by statistical procedures pending allocation to specific transactions.

The Bank of Spain has stipulated models and methodology conforming to IFRS for the calculation of the foregoing allowances.

The regulations require strict treatment in the classification of doubtful balances in customer transactions, since default in the payment of one installment triggers the classification as nonperforming of the entire transaction.

For all other assets, including goodwill, impairment is deemed to exist if and when the book value of the assets exceeds their recoverable amount. In the case of goodwill, an impairment test must be performed at least once a year, since goodwill is not systematically amortized, and the appropriate writedown is booked if there is evidence of impairment.

B) Income:

B1) Fees: Under IFRS the treatment of fees collected or paid differs depending on whether they are compensation for a service rendered or a cost incurred, or are remuneration additional to the interest rate on the transaction. The former are recognized as income when the service is rendered or the cost is incurred, and the latter are accrued over the term of the transaction.

B2) Interest and dividends: Interest is recognized on an accrual basis by the effective interest rate method, and dividends are recorded when declared.

C) *Financial instruments are classified for valuation purposes and recorded as follows:*

- Instruments classified in the trading portfolio, including financial derivatives, are recorded at fair value, with changes taken to the income statement.
- Loans and discounts and held-to-maturity investments are recorded at their amortized cost.
- Available-for-sale financial assets are valued at fair value, and changes in value are recorded in net worth until realized, at which time they are recognized in the income statement.
- Substantially all financial liabilities are valued at amortized cost.

D) *Non-financial and intangible assets and inventories.* These are valued at cost. For the valuation of tangible assets, the Banco Popular Group has not, on a general basis, taken the option provided in IFRS to revalue them, and accordingly they are presented in the balance sheet at cost restated, where appropriate, pursuant to the applicable enabling legislation, net of accumulated depreciation.

E) *Non-current assets held for sale.* Recorded in this caption are the assets bought or foreclosed.

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NOTES

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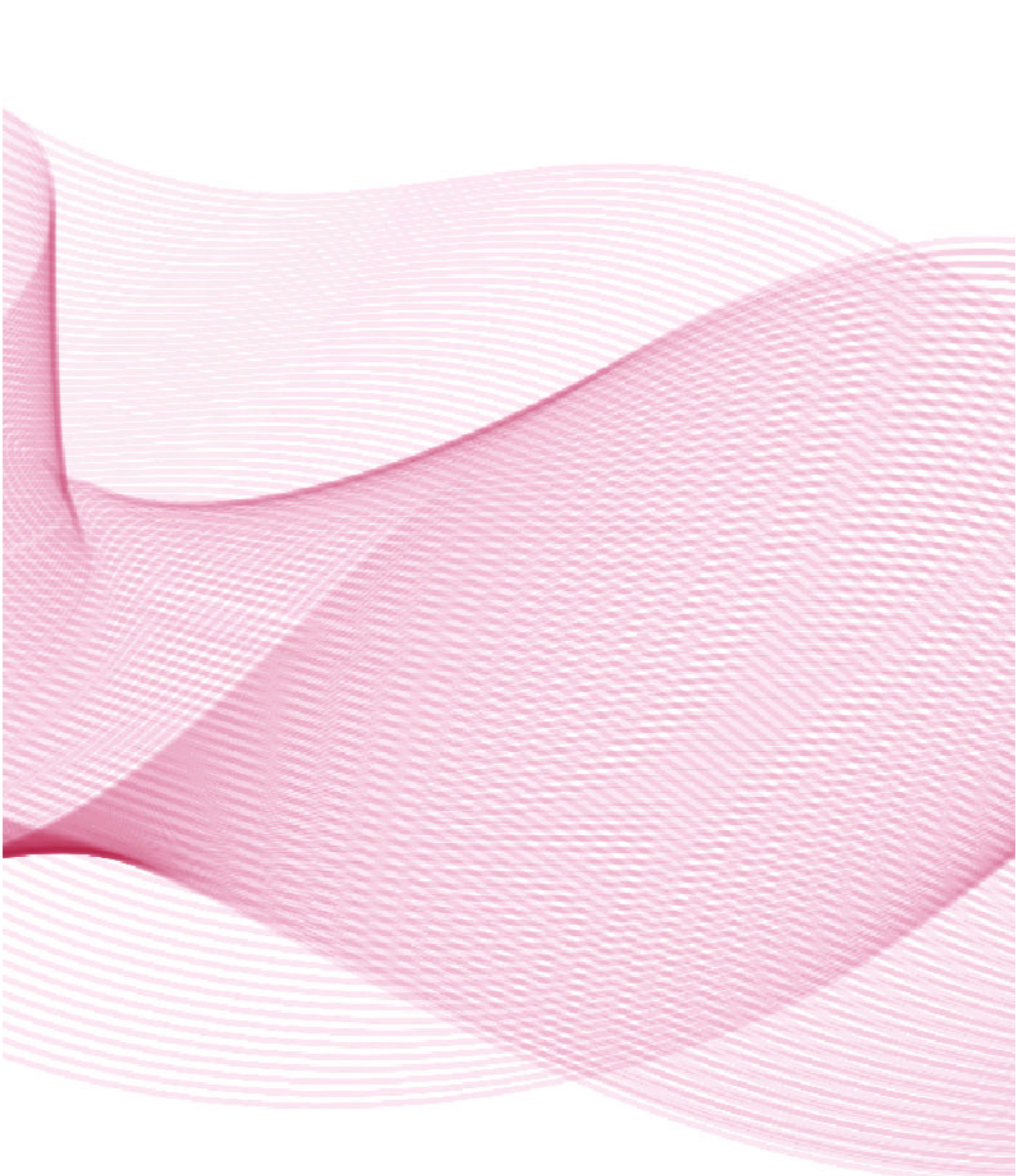
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