



9M09 results roadshow

London, October 2009



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9M09 results highlights

<i>(€, million)</i>	To September 09	To September 08	Change
Net interest income	2,120	1,899	+11.6%
Pre-provisioning profit	2,068	1,774	+16.6%
Provisions for loans	(1,095)	(572)	+€523m
Recurrent Net Profit	734	781	-6%
Net profit stated	651	959	-32.1%
Non-performing ratio	4.63%	2.19%	+244 b.p
Loan to Deposits ratio	170%	231%	-6100 b.p
Efficiency ratio	29.06%	32.62%	-356 b.p.
Core tier 1 ratio	8.62% ⁽¹⁾	6.78%	184 b.p

⁽¹⁾ Includes the recent capital raising and MCB



9M09 results highlights:

✓ **Operating excellence-** Strong revenue generation and pre-provisioning profit on the back of:

- Capacity and ability to maintain margins above peers
- Best efficiency ratio in the European Industry
- Growing business volumes above competitors

✓ **Asset quality:** still in a tough cycle but trends improving substantially:

- Sharp decrease of gross entries
- Sustained recovery rates with elevated quality
- Reasonable release of anti-cyclical provisions

✓ **Financial strength:** capital ratios well above industry and with a high quality. Material reduction of commercial gap.

Agenda

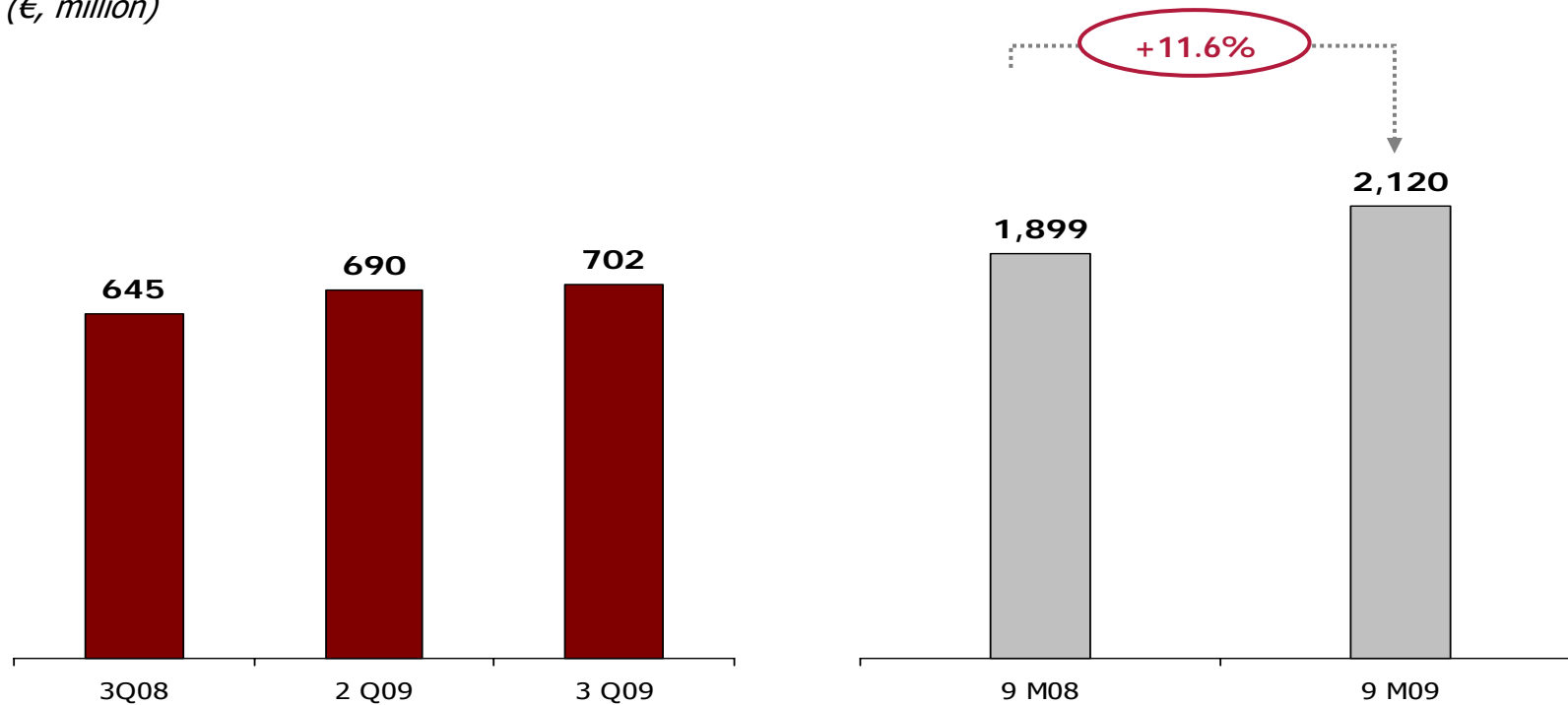
- 1. Solid operating performance and high quality earnings**
- 2. Business resilience: credit and deposits growth**
- 3. Asset quality: trends improving**
- 4. Financial strength: strong solvency**
- 5. Summary remarks and outlook**



Thanks to our model we keep improving our high quality net interest income

Net Interest Income Evolution

(€, million)

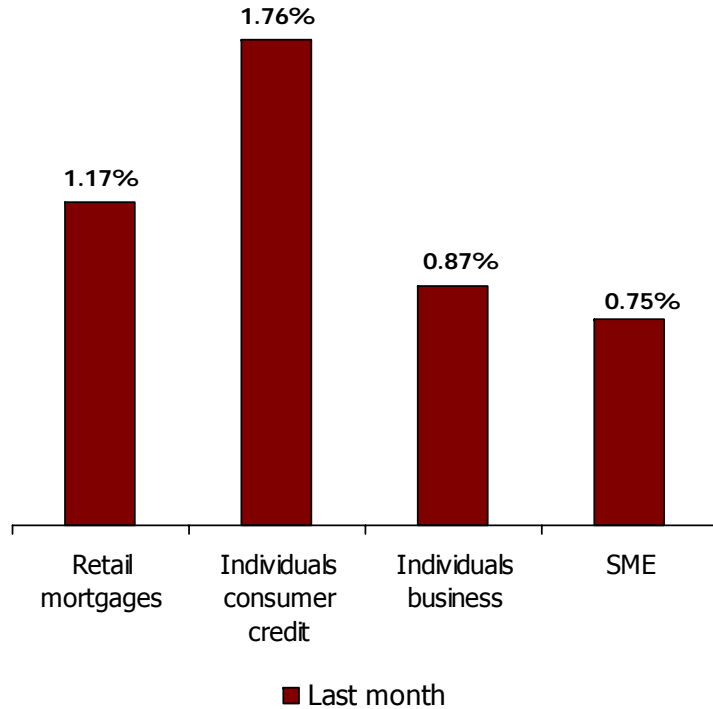


With a low contribution from the hedging portfolio: 3% of total NII 9M09

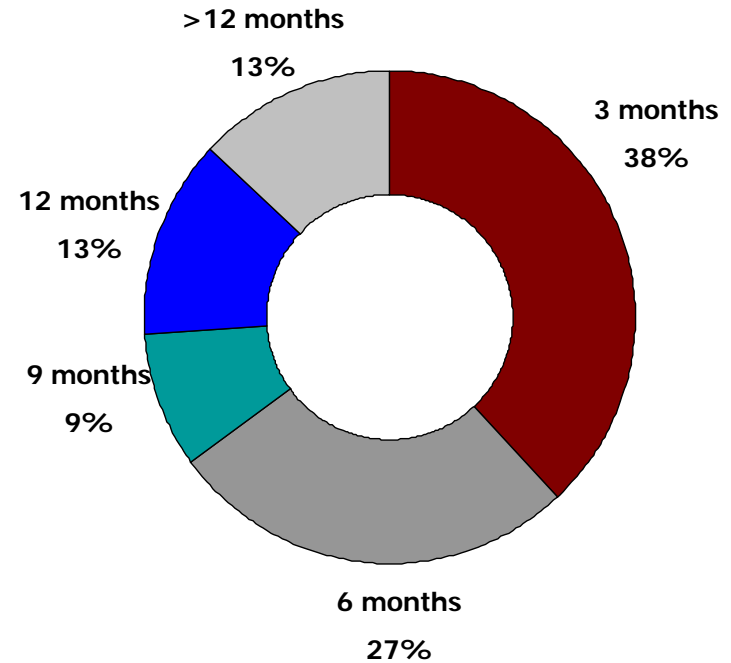


We have capacity to adjust margins above peers ... and we show the ability to do so...

Loan spreads vs industry



Term deposits: rate renewals

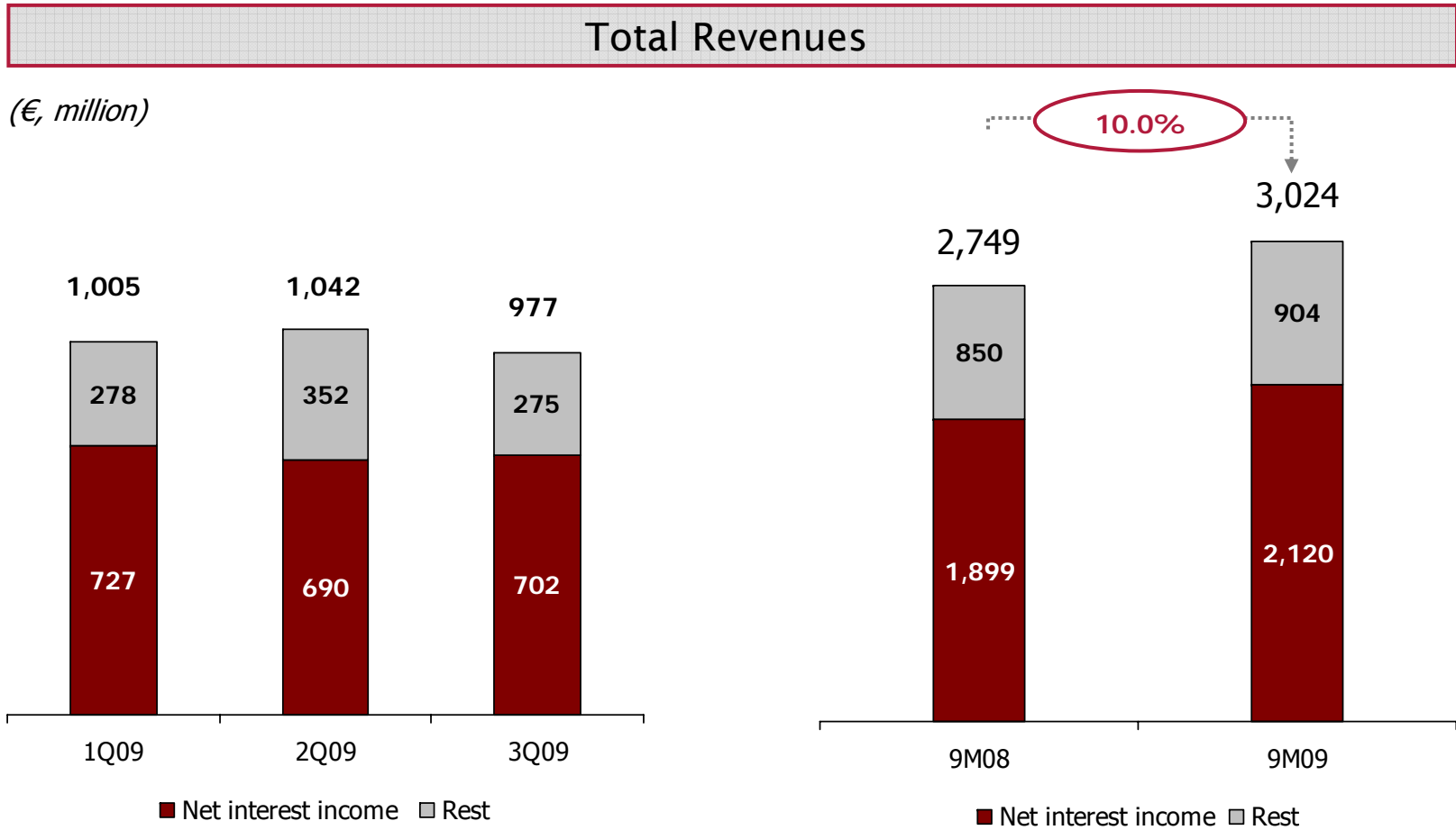


Note: Data as of August 2009

Source: Banco de España

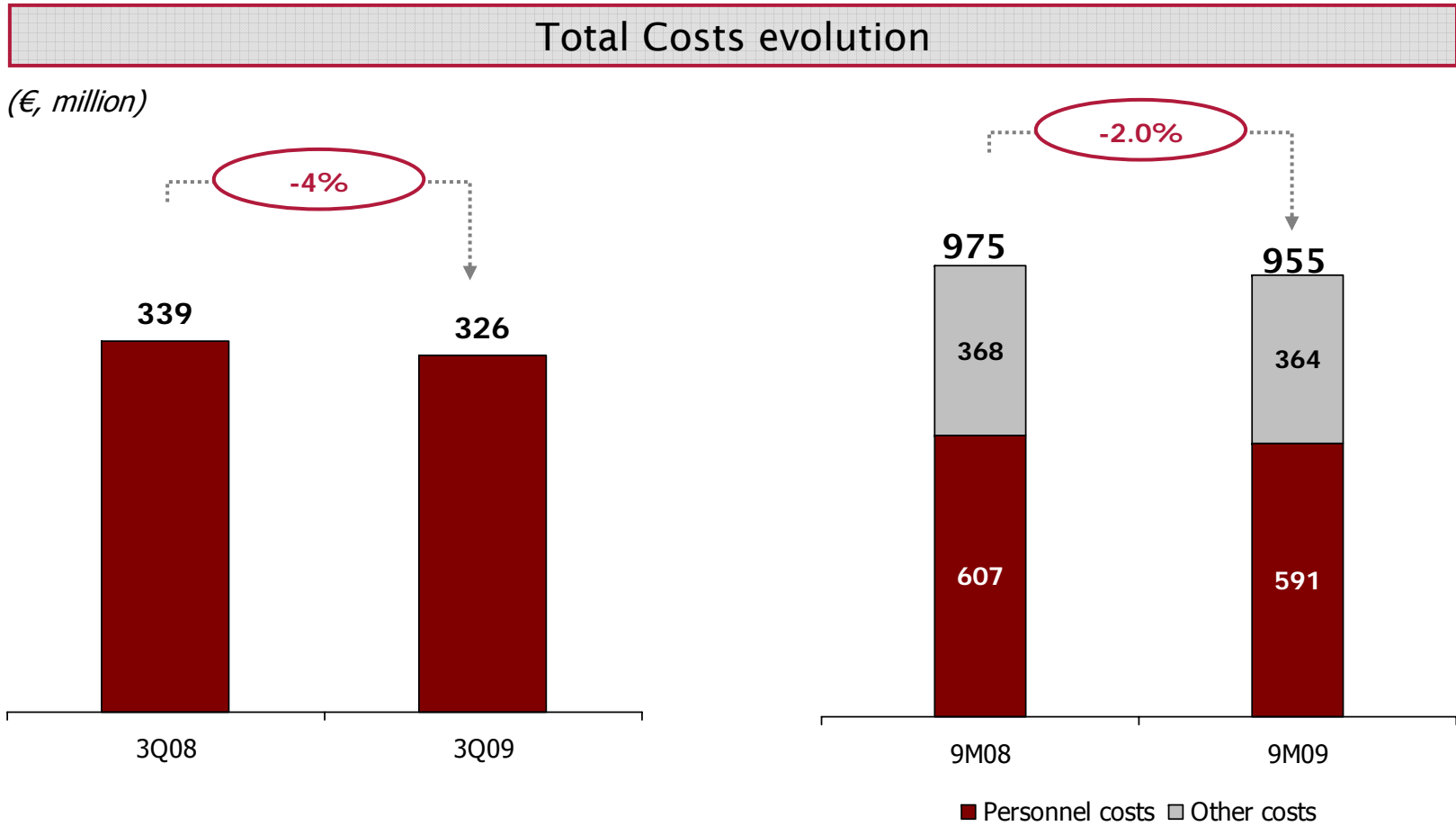


Driving our total revenues up by 10% YoY





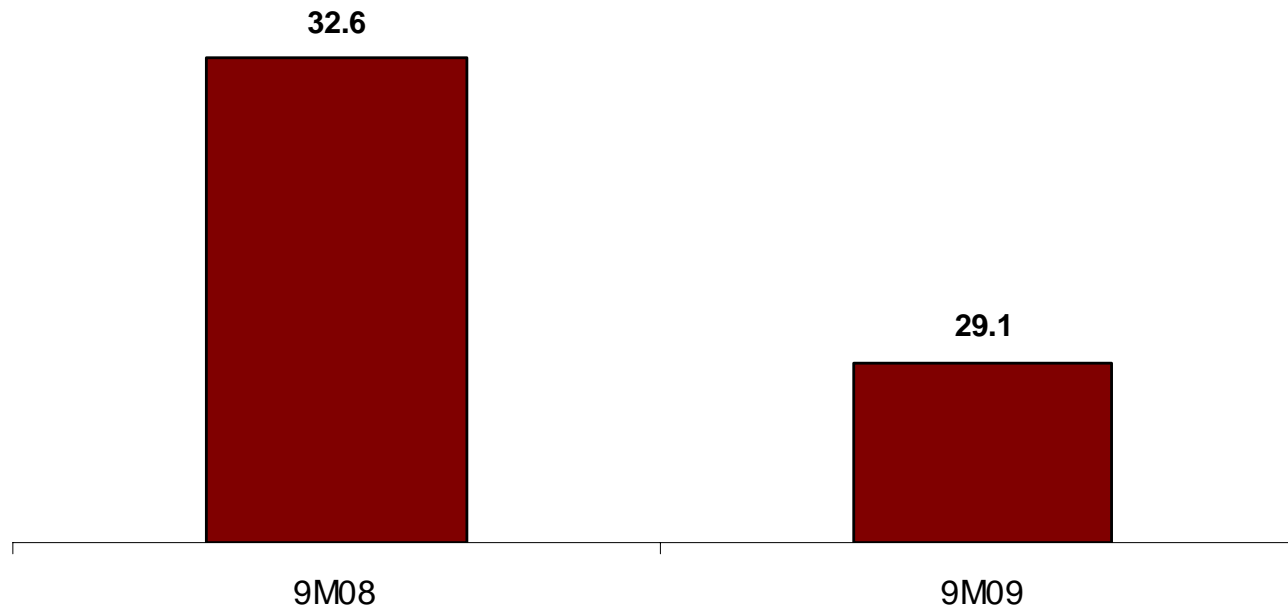
We continue to manage costs actively





Keeping and improving our efficiency

Efficiency ratio evolution (%) ⁽¹⁾



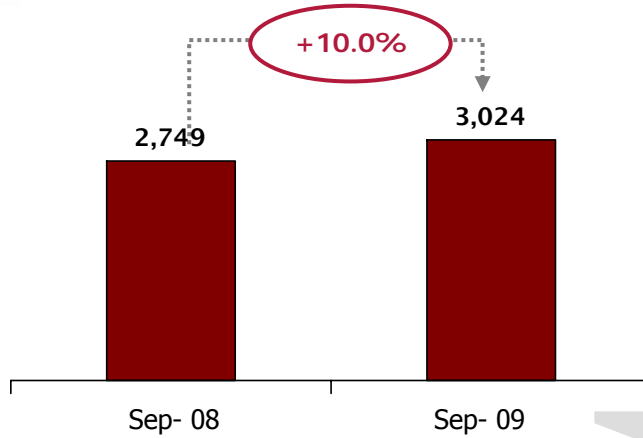
(1) Efficiency ratio excludes depreciation and amortization costs



All the above lead us to a 17% increase in pre-provision profit

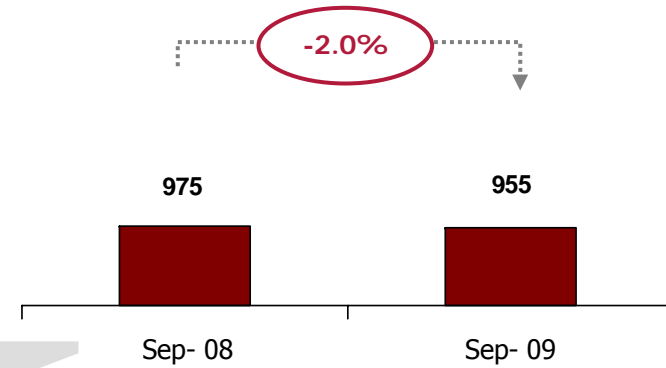
Total revenues up

(€, million)



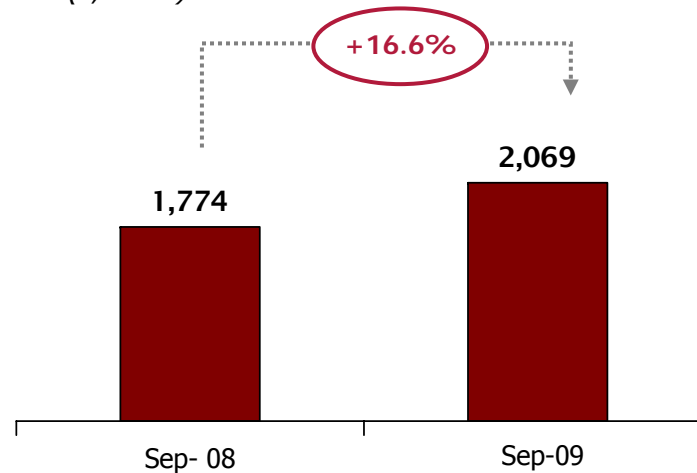
Operating costs down

(€,million)



Pre-provision profit up

(€,million)





Our EUR2.1bn pre-provisioning profit to September 09 allows us to devote a substantial amount to credit provisions

Provisions for loans evolution

(€, million)

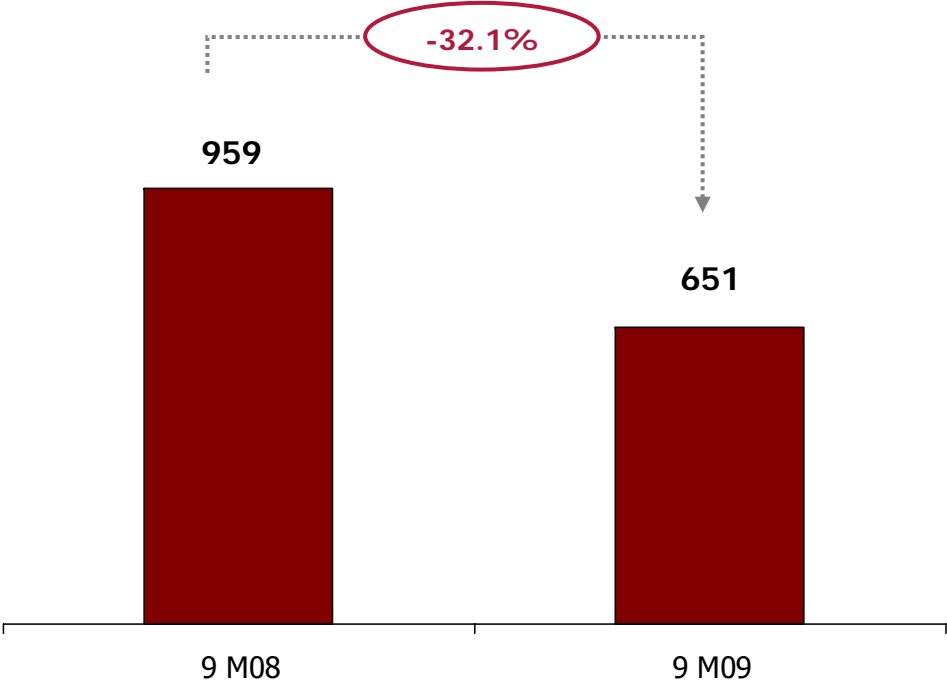
	1Q09	2Q09	3Q09	9M09
Provisions From Lending Activity	295.5	412.7	386.6	1,094.8
<i>o/w Specific</i>	503.2	517.8	529.6	1,550.6
<i>o/w Precautionary</i>	70.6	77.9	15.0	163.5
<i>o/w Generic</i>	-180.2	-69.4	-135.0	-384.6
<i>o/w Other (1)</i>	-27.5	-35.7	-8.0	-71.2
Provisions From Investment Portfolio	8.5	104.7	15.4	128.6
FINANCIAL ASSETS IMPAIRMENT LOSSES	304.0	517.4	402.0	1,223.4
Provisions from Real Estate / Other	140.0	73.9	63.5	277.4
TOTAL P&L PROVISIONS	444.0	591.3	465.5	1,500.8

(1) Includes recovery of bad debts written off and country risk

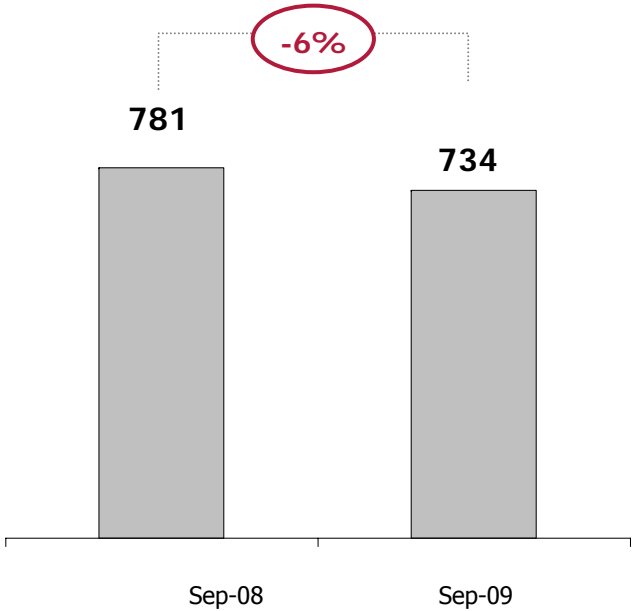


Hence, our net profit falls as a consequence of higher provisions

Net attributable profit stated and recurrent (€, million)



NET PROFIT STATED



RECURRENT NET PROFIT



Agenda

1. Solid operating performance and high quality earnings

2. Business resilience: credit and deposits growth

3. Asset quality: trends improving

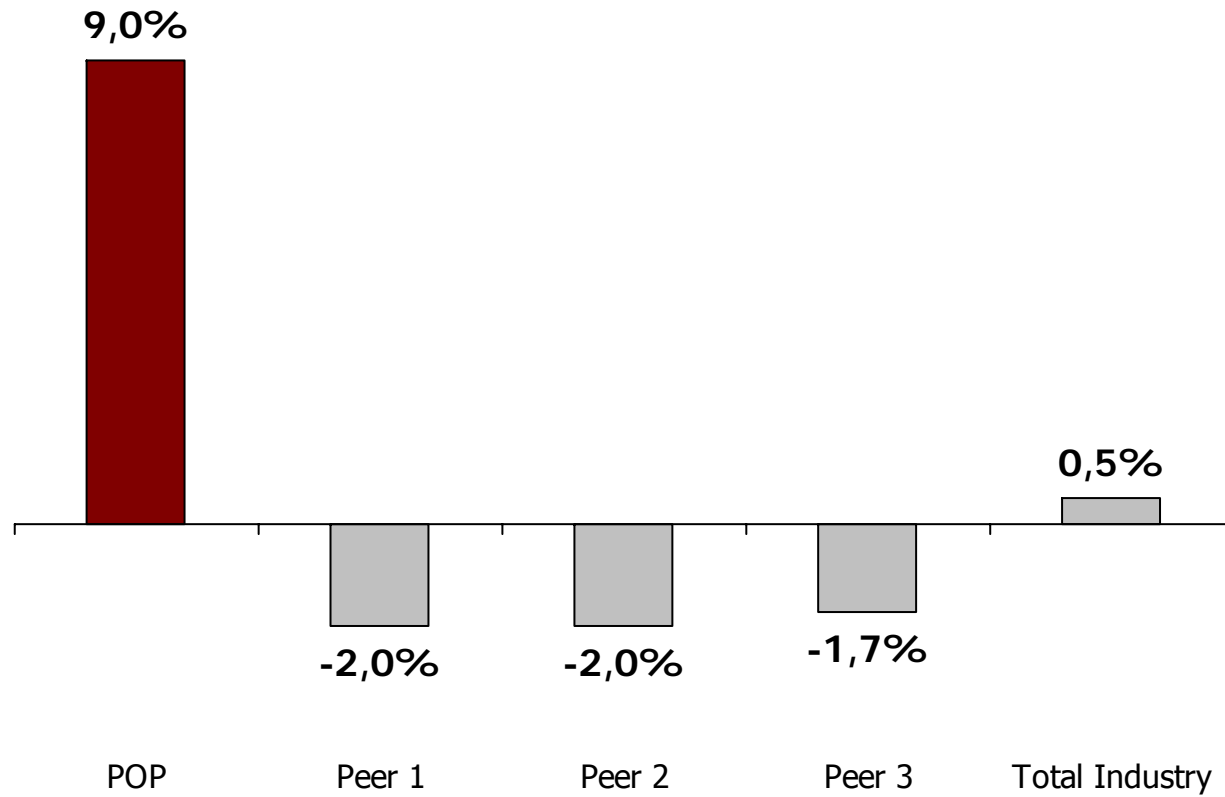
4. Financial strength: strong solvency

5. Summary remarks and outlook



Taking advantage of market opportunities well above peers

Business volume growth 3Q09 YoY

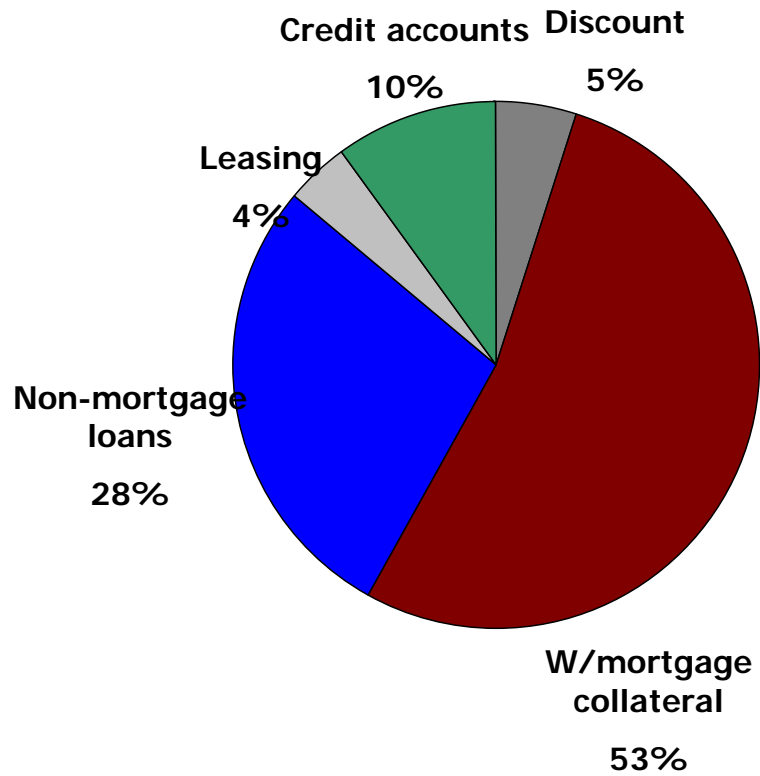


* Note: Total system data as of August 09.; Business volume= total loans +deposits+ AuM

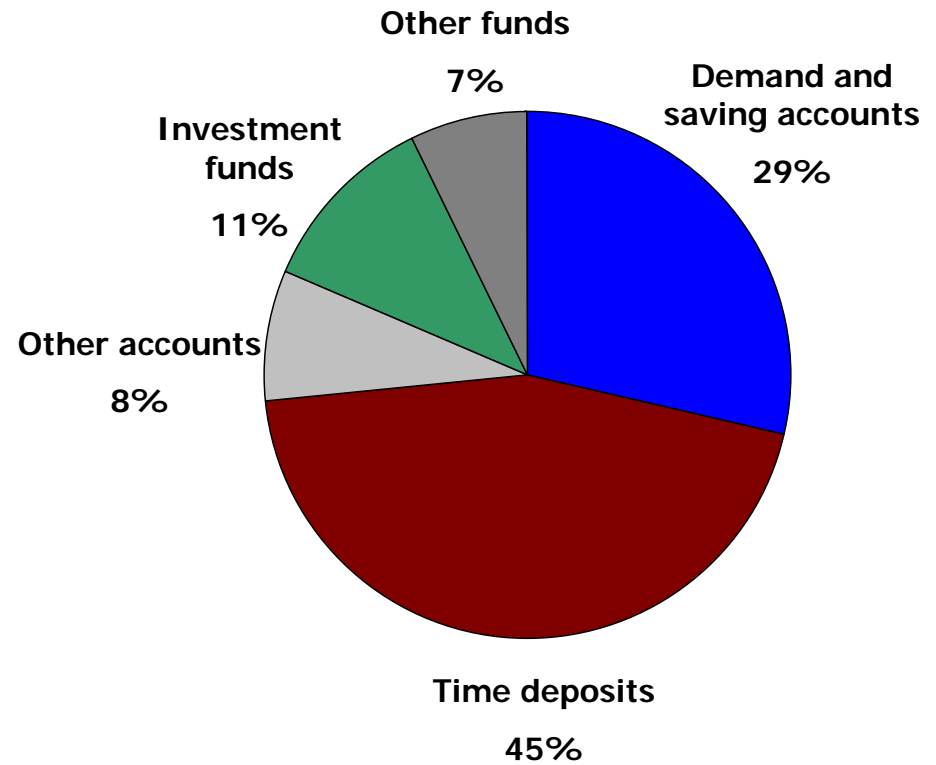


We stick to our commercial banking business model

Breakdown of loans



Breakdown of retail funds





We keep strengthening our SME franchise

28,266 new corporates clients in 2009

20.100 new Leasing & Renting products sold



VOLUME FINANCED

€969m

NUMBER OF TRASACTIONS

22,160

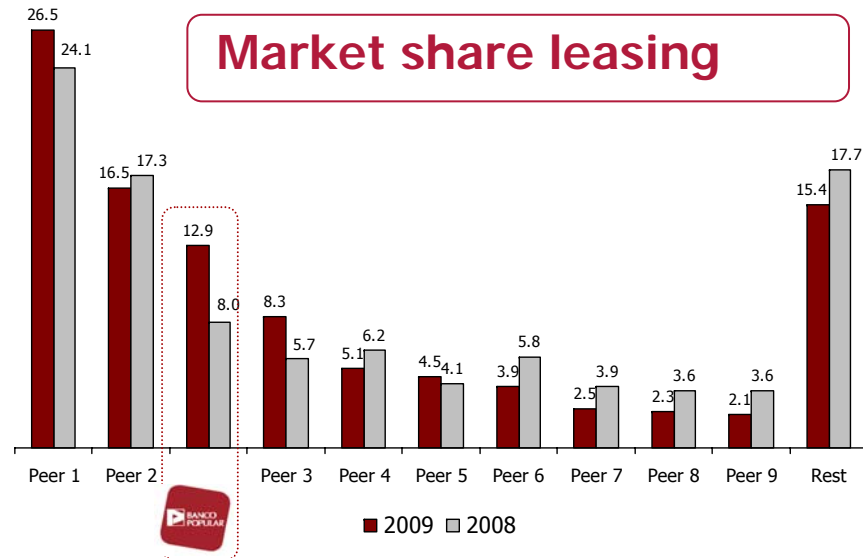
Línea Bienvenida PYMES

8,550 new transactions with total volume of **€461m**

International Business
+4.8% YoY Business Volume

+10.2% YoY trade finance

Market share leasing

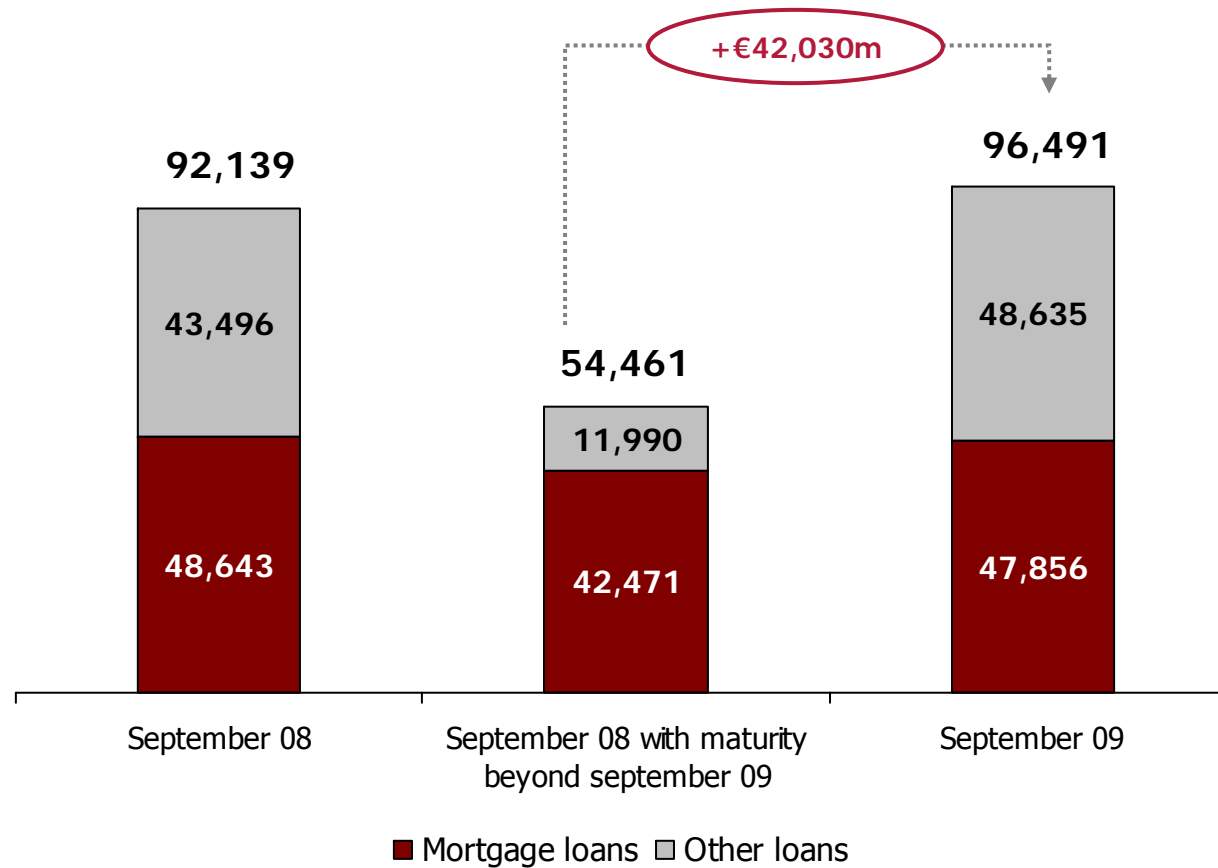




We keep lending and we remain keen to increase our portfolio

Growth of lending portfolio and new production

(€, million)

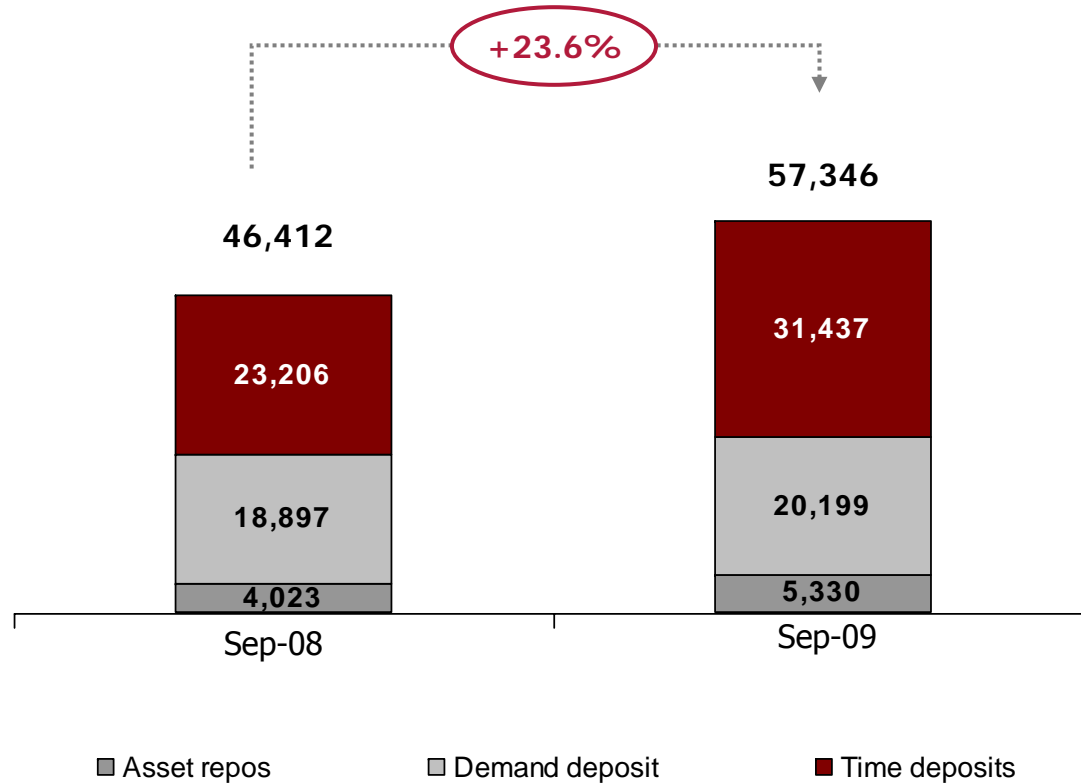




In tough times we are able to increase our deposit base substantially

Client deposit evolution

(€, million)

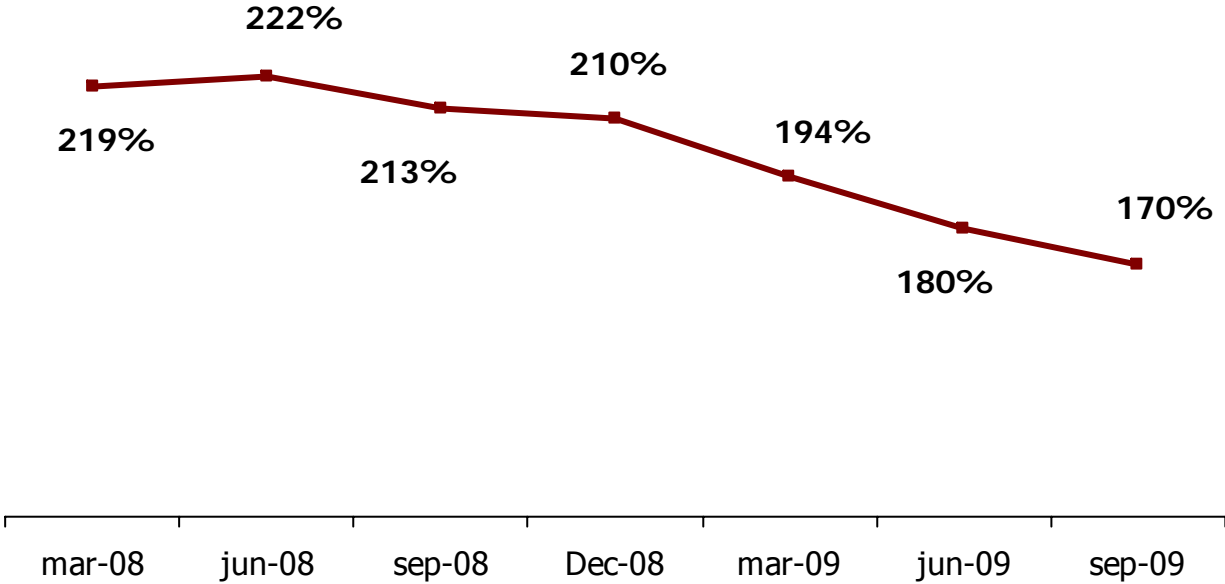




Resulting in a continued decline of our LTD ratio...

Loan/deposits ratio

(In %)



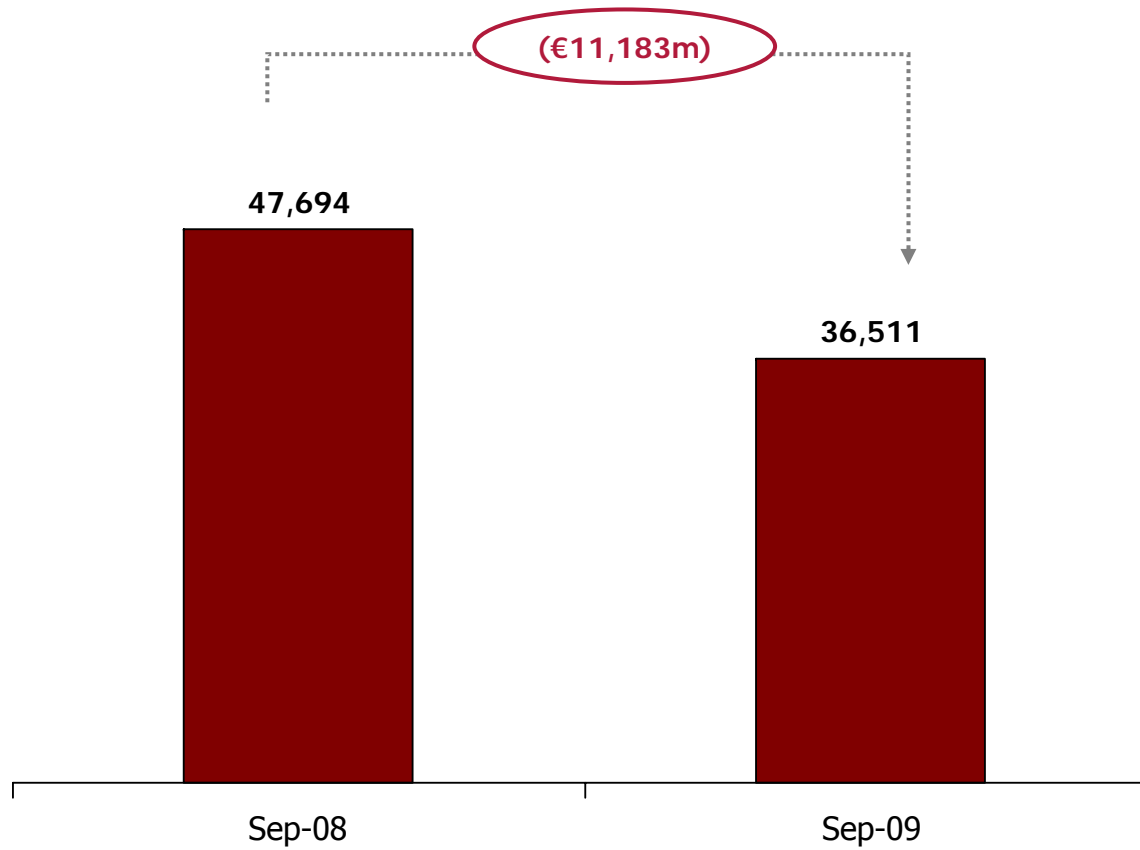
... with a leverage ratio of 14.34x



...and a material reduction of our commercial gap

Commercial gap evolution

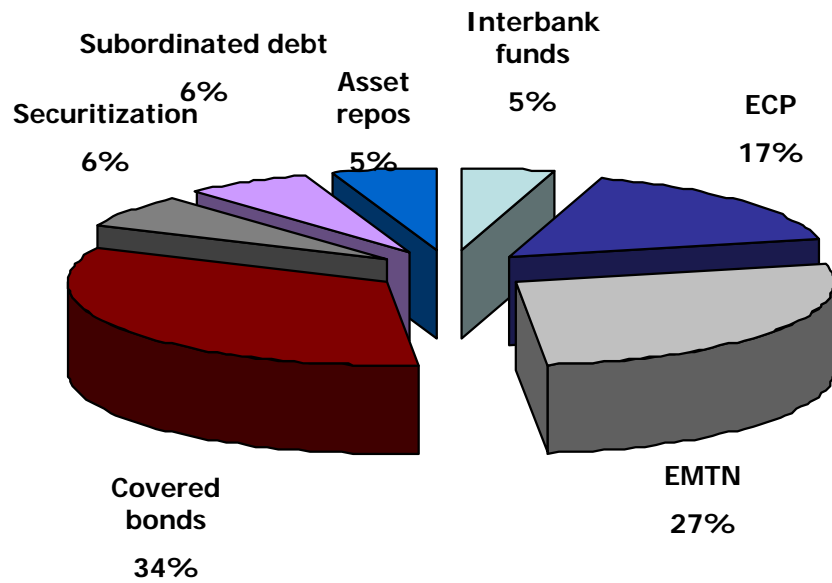
(€, million)





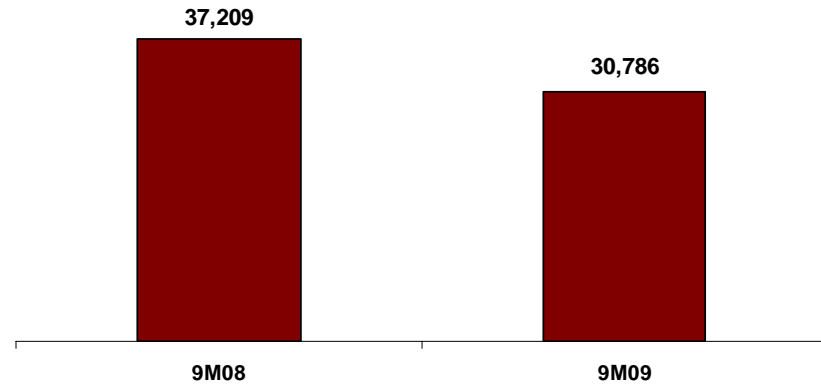
Sound liquidity position with a decreasing reliance on wholesale funding

Wholesale funding breakdown



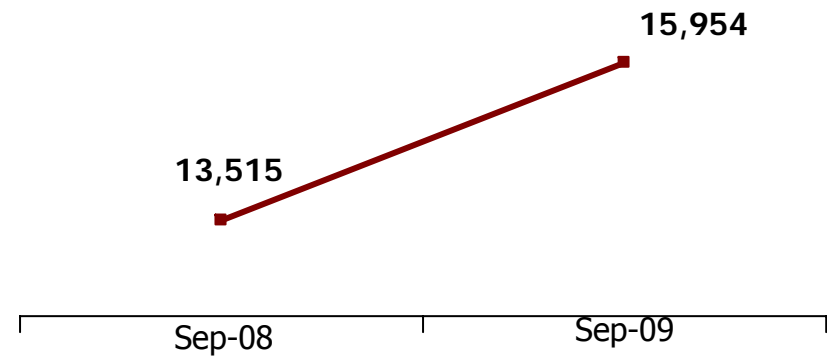
Wholesale funding evolution

(€, million)



Second line of liquidity (cash basis)

(€, million)



✓ Covers wholesale maturities in more than one year



Agenda

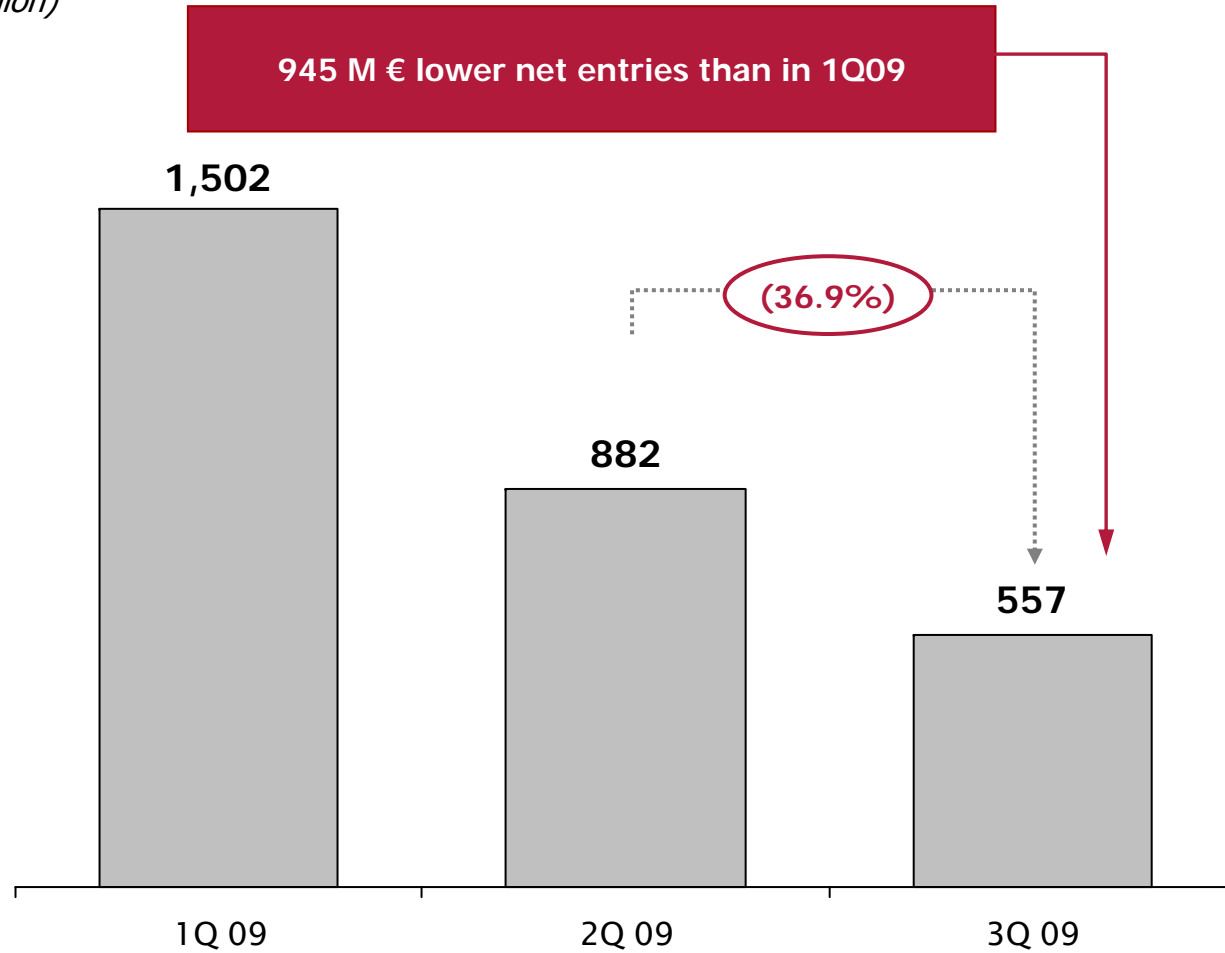
1. Solid operating performance and high quality earnings
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Net NPL entries have decreased by 36.9 % vs. 2Q09

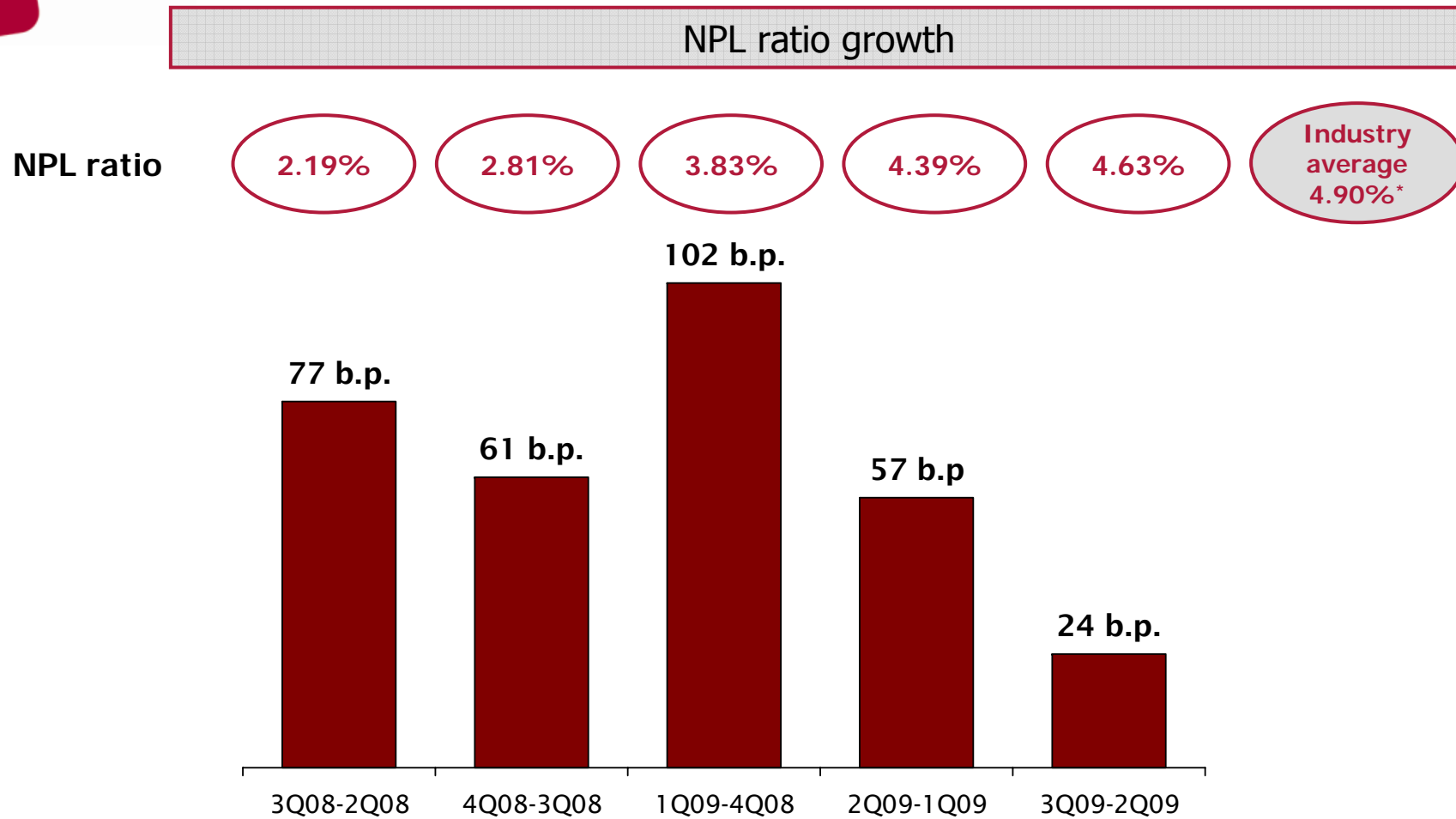
Evolution of net entries of NPLs

(€, million)





NPL ratio grows at a slower rate

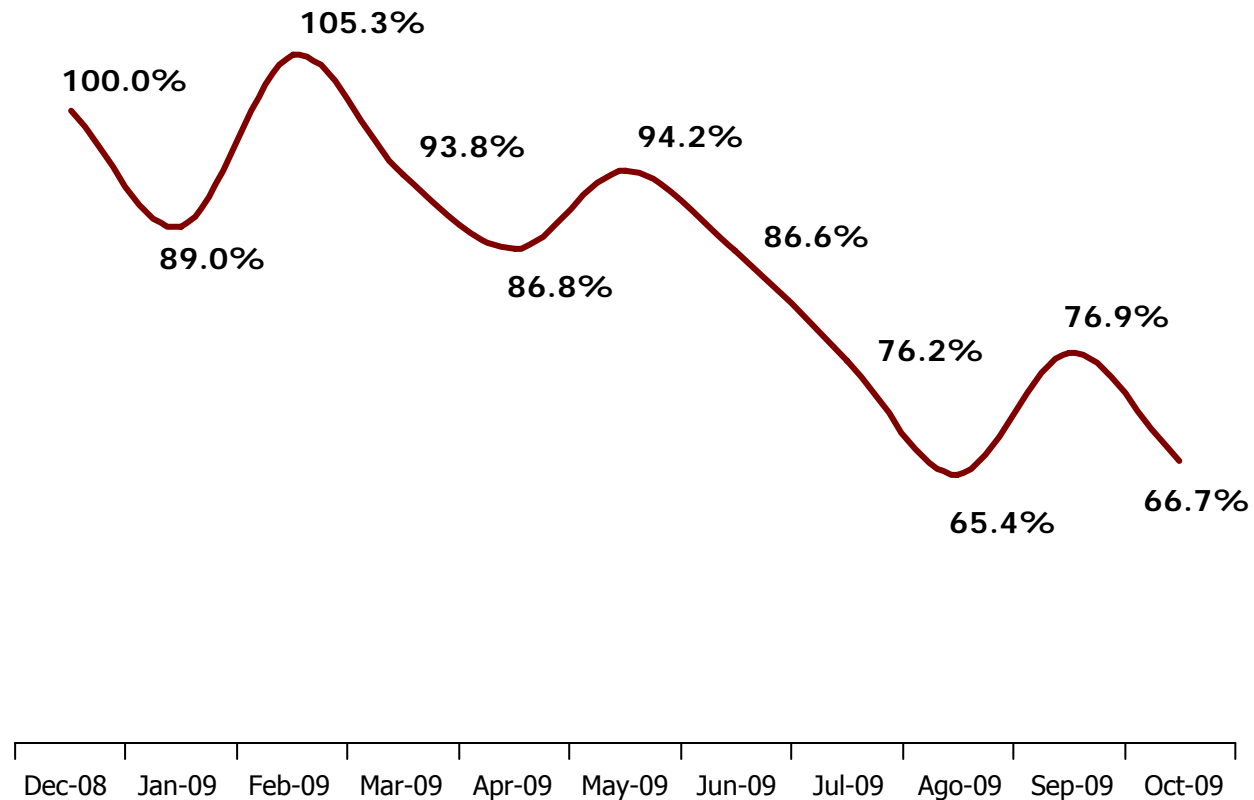


*Average of banks and savings banks as of August 2009. Other resident sectors. Source: Banco de España



Early problem indicators also show a marked improvement

Banco Popular's late/failed payment (30-90 days) index evolution



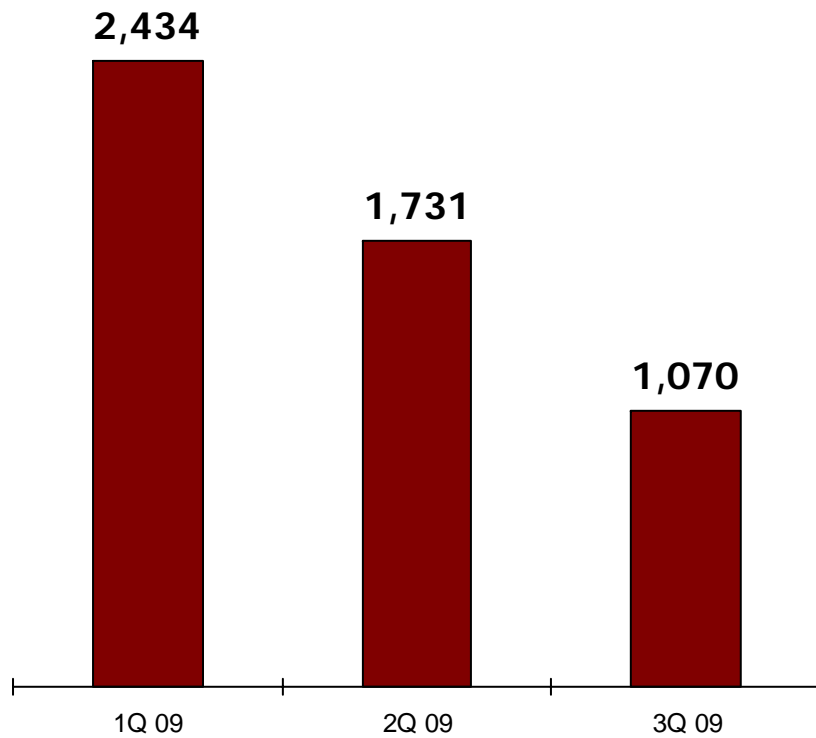
Note: Index shows evolution of € volume of Banco Popular's clients who have failed or defaulted payments (30-90 days) but are not non performing according to Bank of Spain regulation. Base of as December 2008. Data as of the beginning of each month.



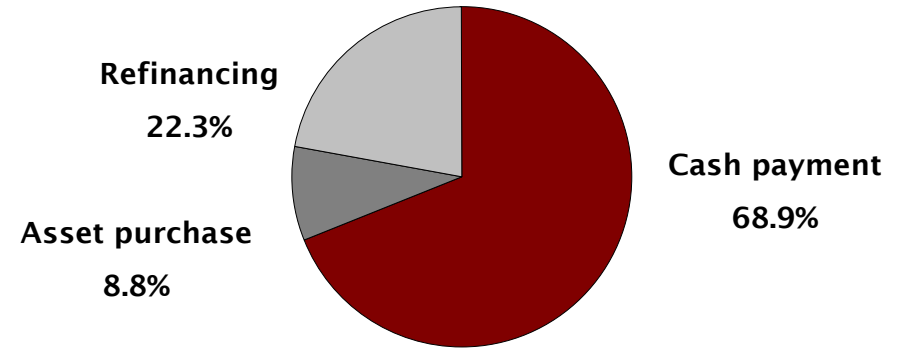
Sustained and quality recoveries

Evolution of gross entries

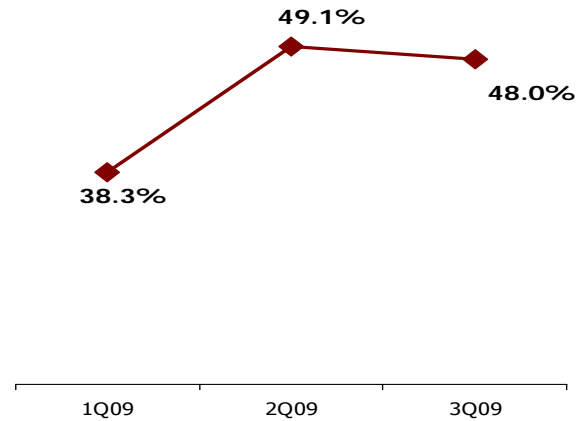
(€, million)



Recoveries 3Q09



Recovery rates

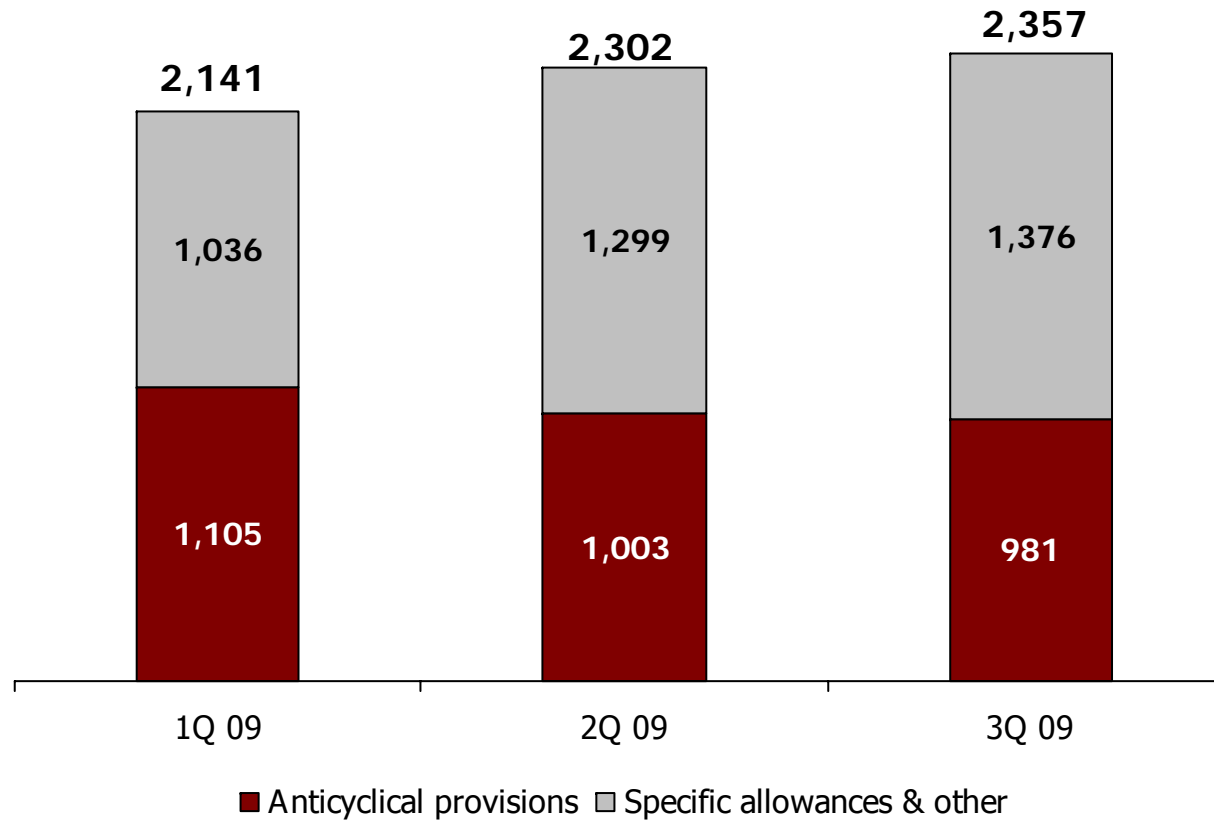




We keep building provisions and we expect to do so during 2010

Loan loss allowances

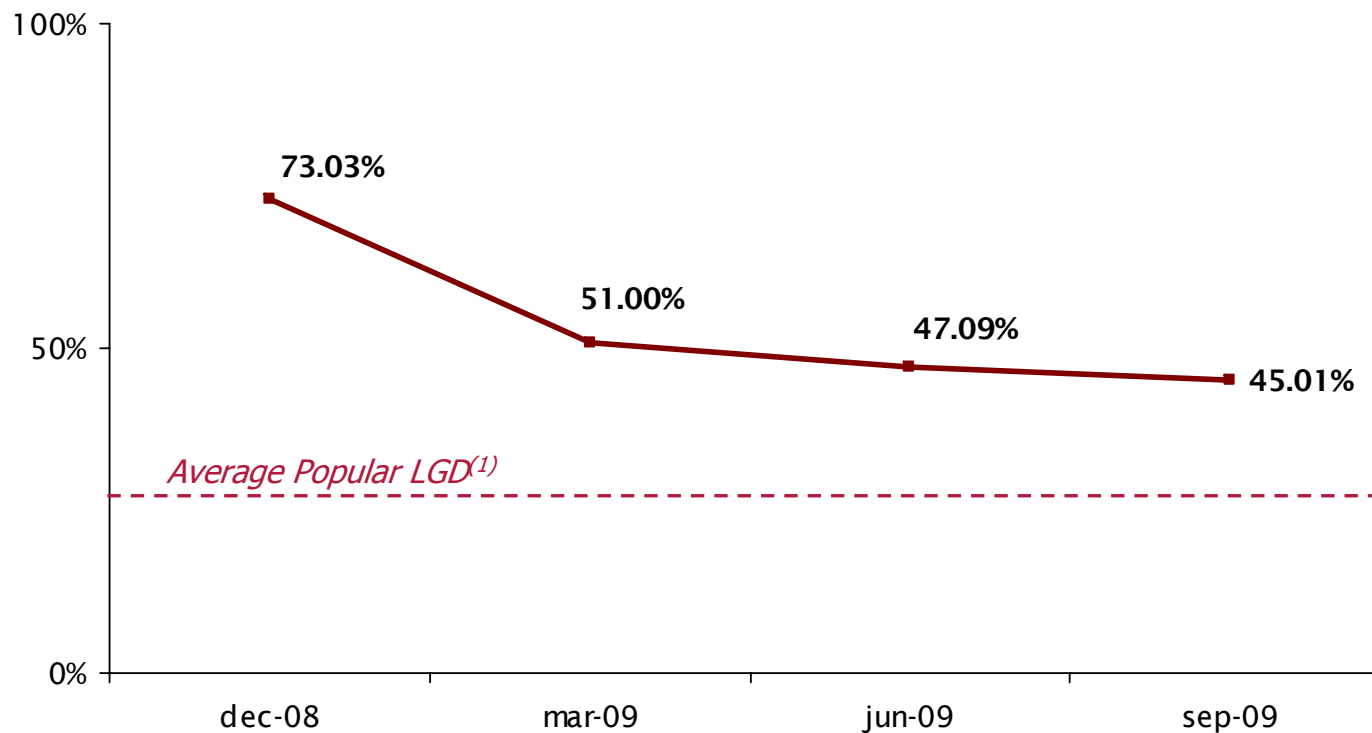
(€,million)





However, the expected loss should be substantially lower than the provisions. NPLs \neq losses!

Coverage ratio evolution



LGD: Loss Given Default. Includes internal IRB models for SME and mortgages and regulatory LGD for the rest of the portfolio.

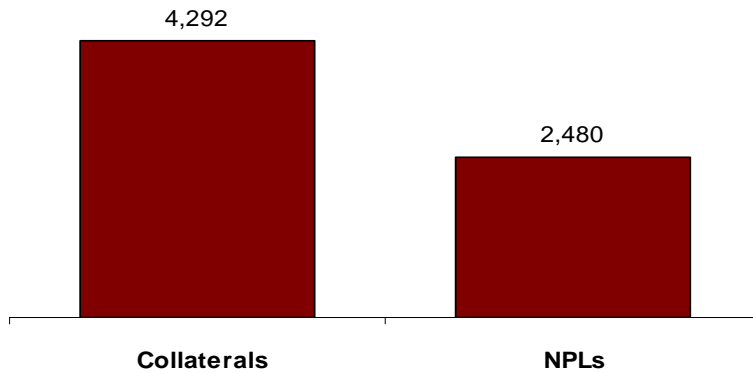


As our NPLs are high collateralized

With collateral 3Q09

(€,million)

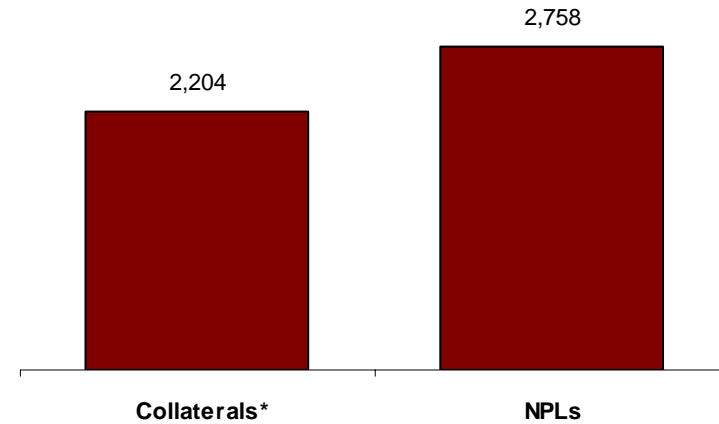
173% coverage



Without collateral 3Q09

(€,million)

80% coverage



124% GLOBAL COVERAGE

* Including total generic provisions



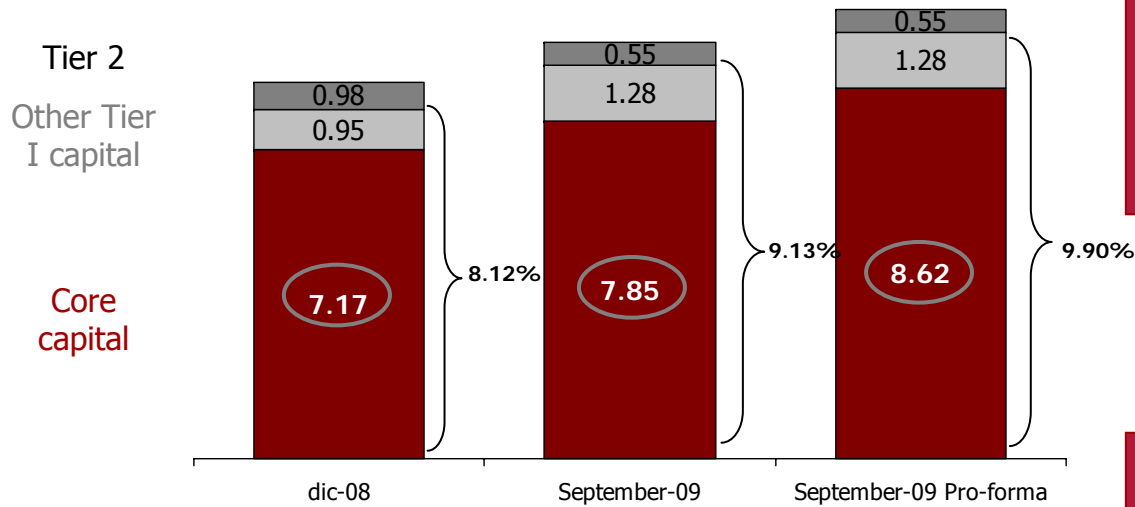
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Popular shows the highest core capital ratios (w/o public injections) and anticipates itself to new capital requirements

Capital ratios evolution



- ✓€500m capital increase
- ✓ABB process in september
- ✓5% discount vs. last close
- ✓More than 3x oversubscribed

- ✓€700m mandatory convertible
- ✓Retail transaction placed in october
- ✓Subscription closed in one week

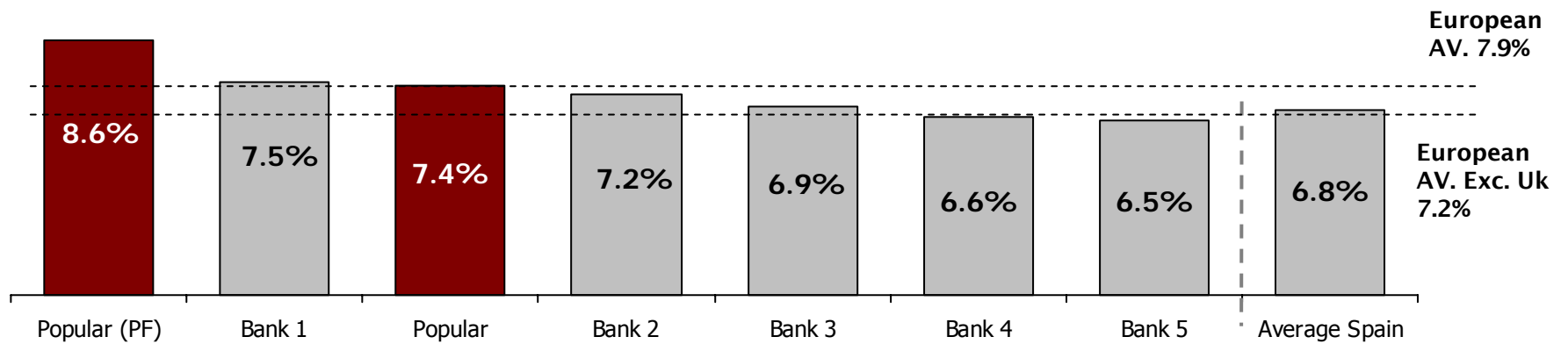
RWA (M €)	92,129	91,044	91,044
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BIS II ratio	9.10%	9.68%	10.45%
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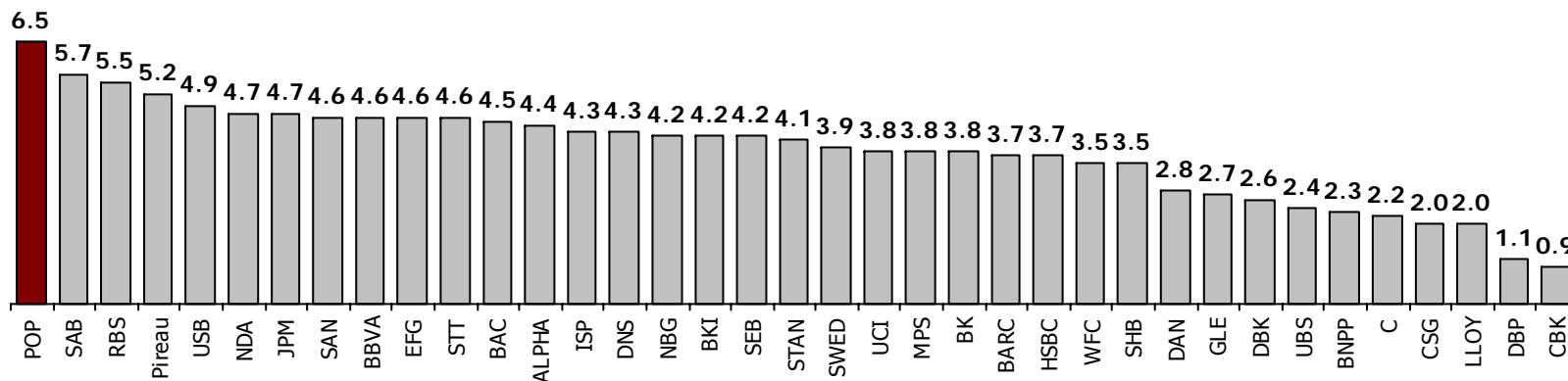
We are the Spanish bank with the highest capital ratios, both core and tangible

Core capital of Spanish banks (1H 2009)



Tangible equity / tangible total assets

(In %)



Source: Morgan Stanley, 11 Sep 2009.



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Summary remarks

✓ **Operating excellence:** Strong revenue generation and pre-provisioning profit on the back of:

- Capacity and ability to maintain margins above peers
- Best efficiency ratio in the European Industry
- Growing business volumes above competitors

✓ **Asset quality:** still in a tough cycle but trends improving substantially:

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- Sustained recovery rates with elevated quality
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✓ **Financial strength:** capital ratios well above industry and with a high quality. Material reduction of commercial gap.



Outlook

Still cautious with the economic situation but we remain determined to help our customers through the cycle

We stand by our guidance y/e 2009:

- Operating profit to grow 10% YoY

- NPL ratio to remain below 5.5%

We are confident about the superiority of our business model, which will prove itself successful through the cycle.

Banco Popular will fill the gaps left by others.

Appendix - Summary income statement

<i>(€ in millions)</i>	September 08	September 09	Change
Net interest income	1,899	2,120	11,6%
Net fees and commissions	651	579	-11.0%
Trading and other operating income	199	325	63.3%
Total revenues	2,749	3,024	+10.0%
Operating expenses	897	879	-2.0%
Personnel expenses	607	591	-2.7%
Administrative costs	289	288	-0.5%
Depreciations	79	77	-2,3%
Pre-provisioning profit	1,774	2,069	16.6%
Financial assets impairment	-588	-1,223	91.5%
Other provisions	-21	25	-
Net operating income	1,165	871	-25.3%
Other non-operating income	170	47	-72.4%
Profit before tax	1,335	918	-31.3%
Income tax	361	256	-29.2%
Discontinued operations	40	-	-
Consolidated profit for the year	1,014	662	-34.7%
Minority interest	55	11	-80.1%
Stated net income	959	651	-32.1%



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