



Goldman Sachs European Financials Conference
“Focusing at home or abroad?”

Jacobo González-Robatto, Group CFO

June 10th 2010

Disclaimer



This presentation has been prepared by Banco Popular solely for purposes of information. It may contain estimates and forecasts with respect to the future development of the business and to the financial results of the Banco Popular Group, which stem from the expectations of the Banco Popular Group and which, by their very nature, are exposed to factors, risks and circumstances that could affect the financial results in such a way that they might not coincide with such estimates and forecasts. These factors include, but are not restricted to, (i) changes in interest rates, exchange rates or any other financial variables, both on the domestic as well as on the international securities markets, (ii) the economic, political, social or regulatory situation, and (iii) competitive pressures. In the event that such factors or other similar factors were to cause the financial results to differ from the estimates and forecasts contained in this presentation, or were to bring about changes in the strategy of the Banco Popular Group, Banco Popular does not undertake to publicly revise the content of this presentation.

This presentation contains summarised information and may contain unaudited information. In no case shall its content constitute an offer, invitation or recommendation to subscribe or acquire any security whatsoever, nor is it intended to serve as a basis for any contract or commitment whatsoever.



Agenda

1. Focusing at home or abroad?

2. Conclusions

Banco Popular in a nutshell

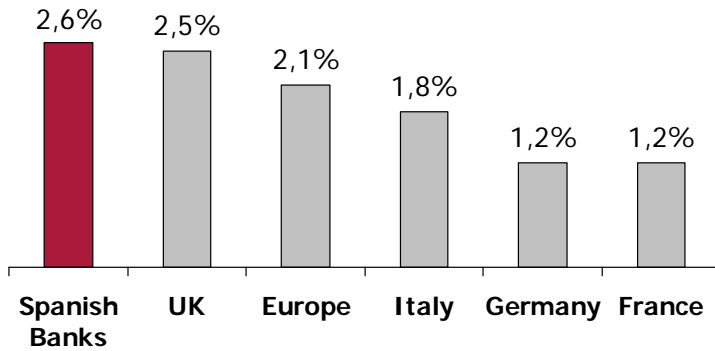


- ✓ **Banco Popular ranks 3rd amongst Banks in Spain. 5th, including Saving Banks and overall 4th by profits**
 - 2,380 branch network, 14,400 employees, 4.8% overall market share.
 - €97bn total loans (over 50% mortgage guaranteed), €63bn customer deposits.
 - 13bn AUMs. 32bn wholesale funding.
- ✓ **A pure retail and commercial bank whose revenue generation capacity outperforms peers.**
- ✓ **Clear focus on SMEs (44% loan book) and individuals (30% loan book)**
- ✓ **High margins, best in class efficiency and fortress capital are the main hallmarks of Popular.**
- ✓ **This superior business model has proven successful in Spain for decades and we are successfully exporting it abroad i.e. to Portugal and Florida.**

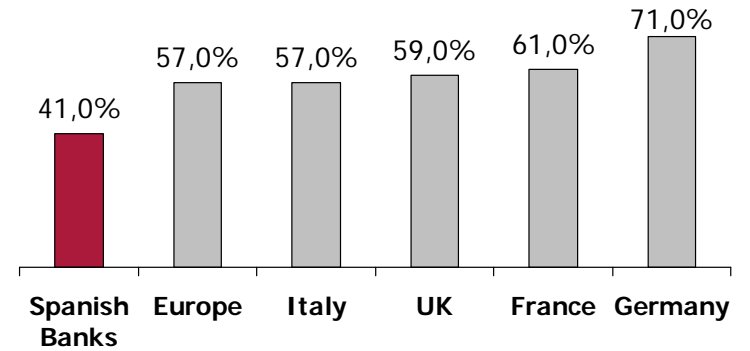
Spanish financial market: a good choice despite current headwinds



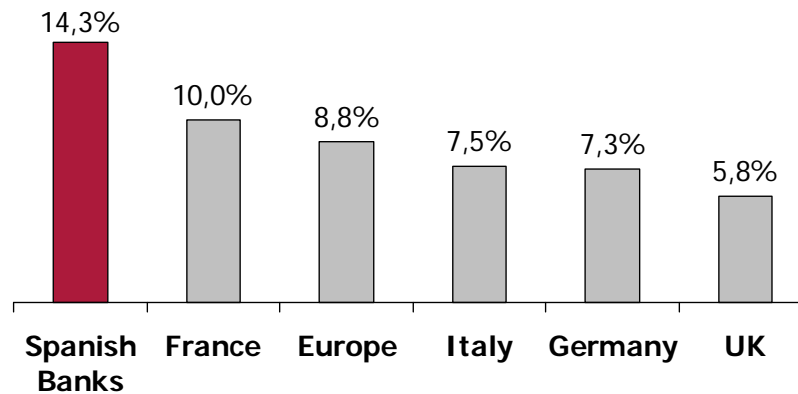
Net Interest Income 2010e



Efficiency ratio 2010e



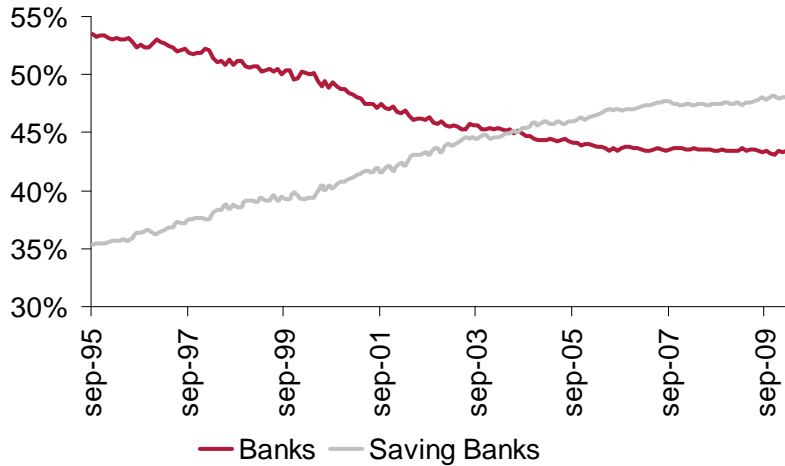
RoNAV 2010e



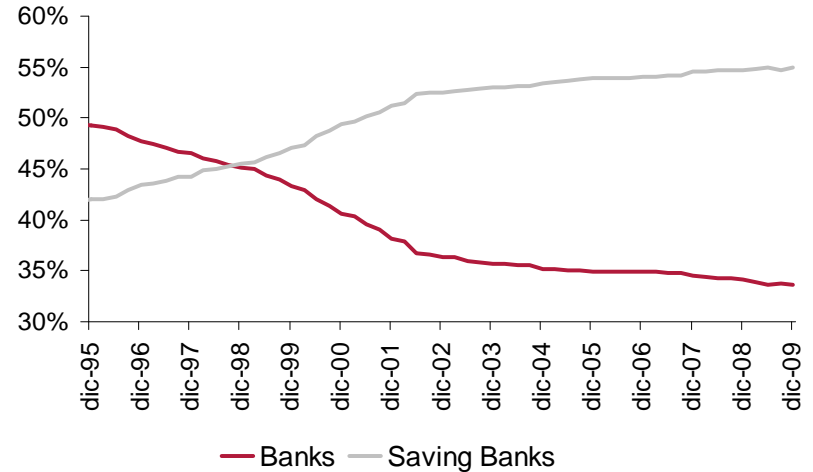
Saving banks (cajas) have grown massively over the last years in volumes but not in profitability



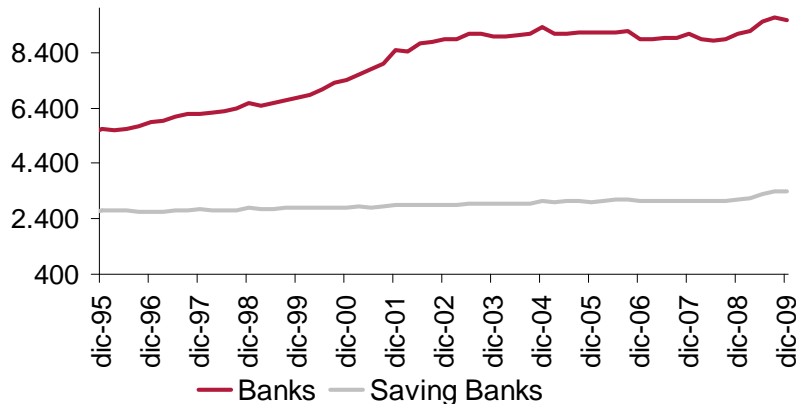
Lending market share banks vs. cajas



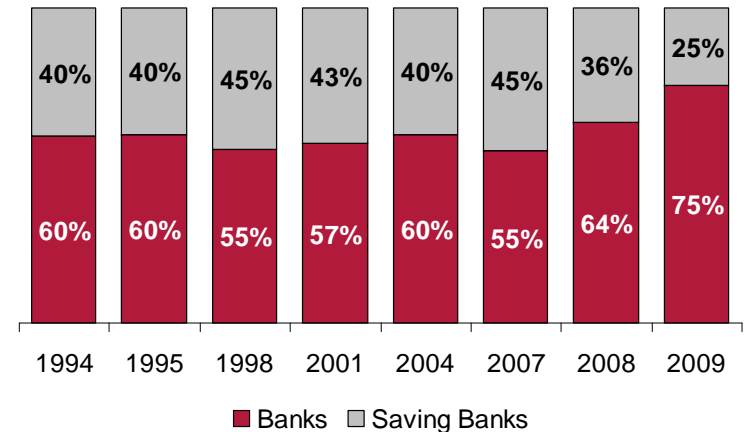
Branches market share banks vs. cajas



Business per branch banks vs. cajas

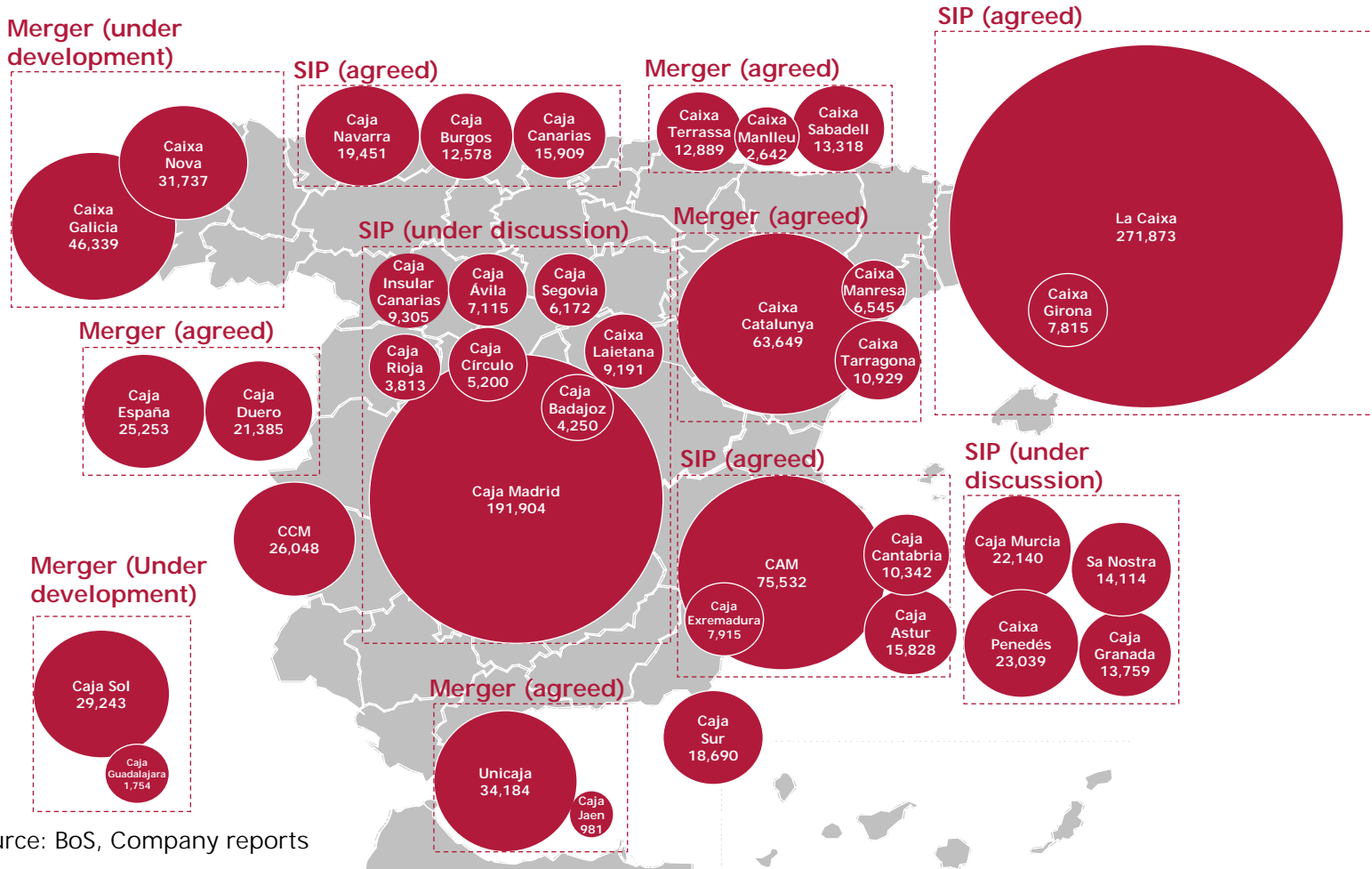


Net Profit market share banks vs. cajas



Source: BoS; Only Spanish operations, Lending market share over system

As a consequence, the restructuring of these saving banks is on the way



Source: BoS, Company reports

Until now, 37 out of 45 saving banks are in process of being restructured. According to the BoS, the projects consider reductions of the offices of 25% on average and reductions of staff between 15%-18%.

Our nationwide presence allow us to take advantage of all market opportunities... provided they are sound and sensible

Banco Popular Retail Network distribution

(Number of branches)



Total Branches Spain: 2,085

Total Staff Spain: 12,639

Popular has shown in the past that "organic" is a not always a bad route to increase market share in a consolidation environment...



Santander banks market share

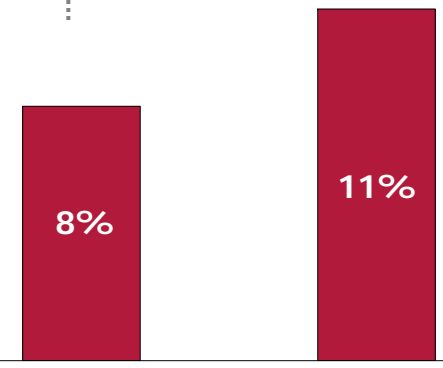
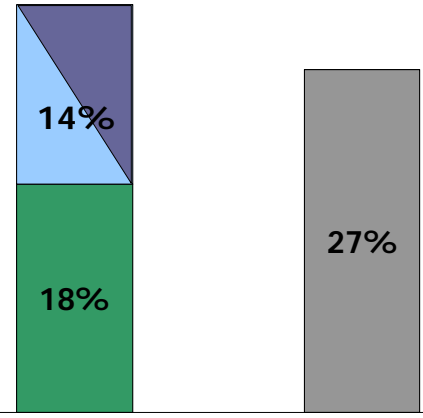
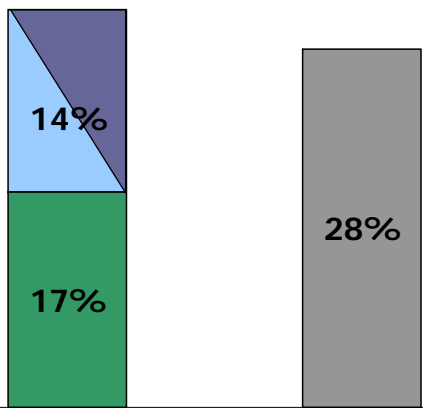
BBVA banks market share

Popular banks market share

-300 b.p.

-500 b.p.

+300 b.p.



1997 2009

■ Central + Hispano
■ Santander ■ Santander Spain

1997 2009

■ Bilbao + Vizcaya ■ Argentario ■ BBVA Spain

1997 2009

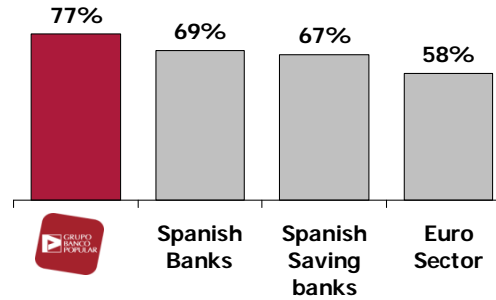
■ Banco Popular

Note: Lending market share vs. banks
 Source: Company data; BoS

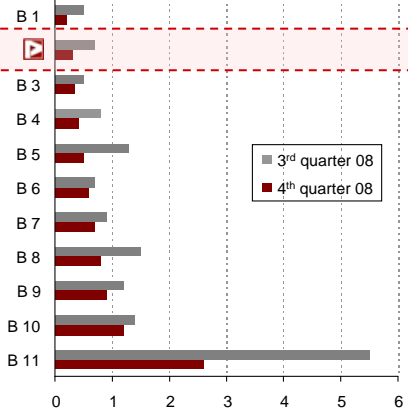
As a consequence we are the leading retail and SME franchise



Loan to Assets



Claims per volume



Source: BoS; Latest available data

✓ Retail Franchise

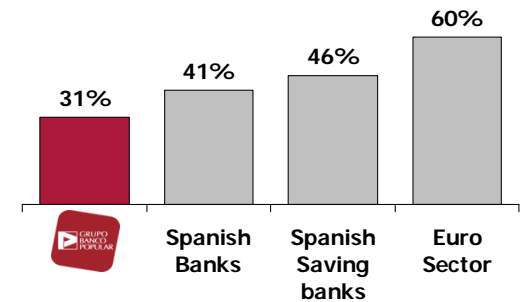
✓ Quality of service



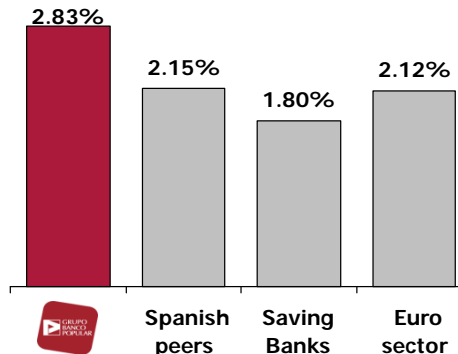
✓ Efficiency

✓ Profitability

Cost to Income ratio



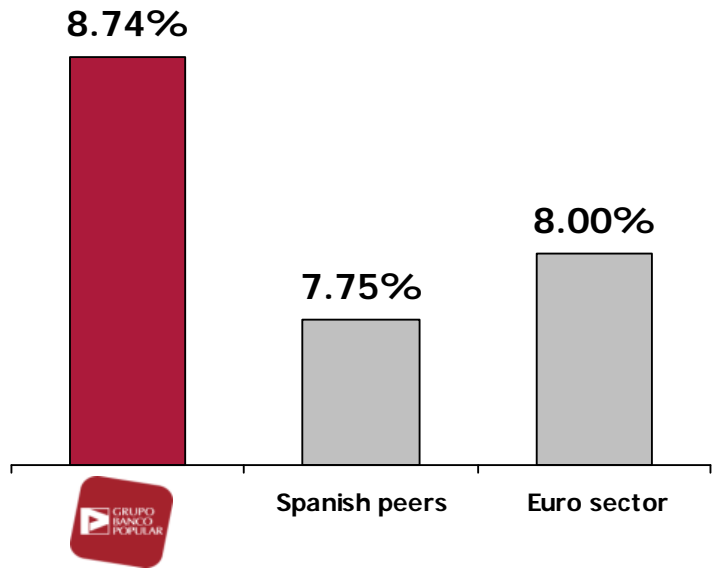
Pre-Provision profit over loans



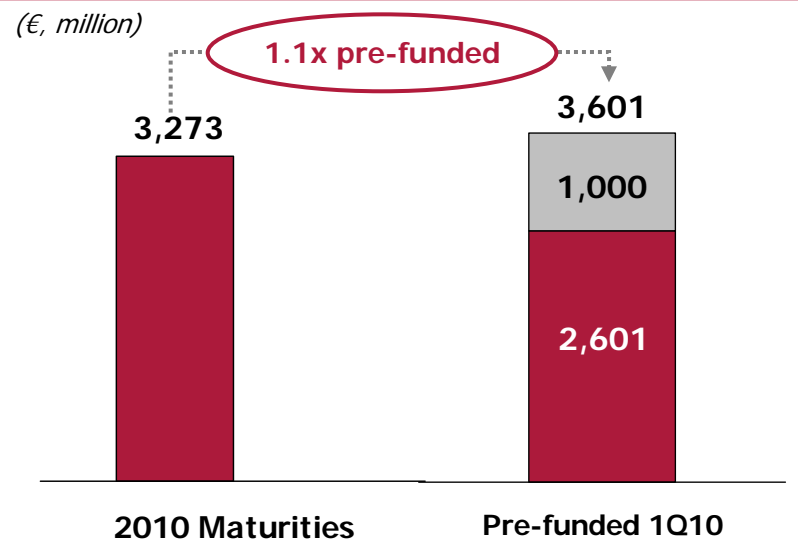
... enjoying an unique financial position



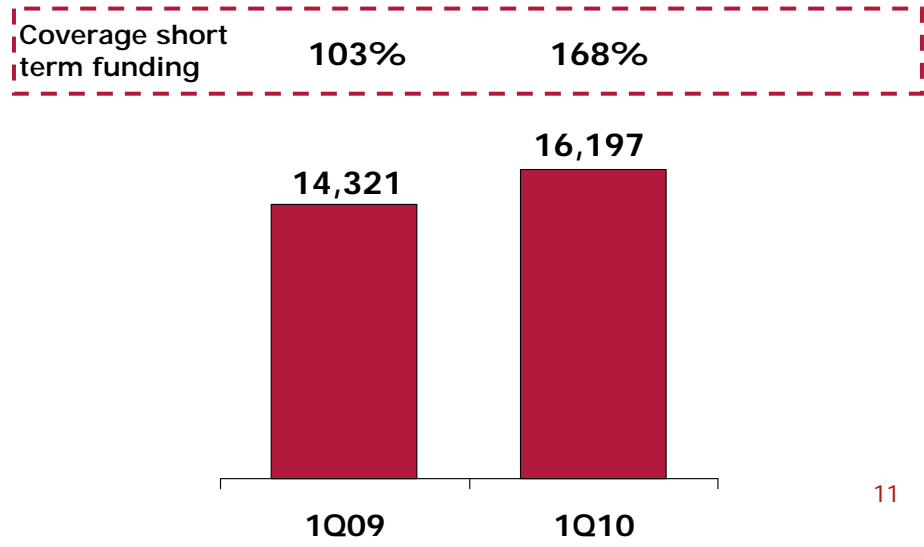
Fortress capital



2010 M&L Term maturities & funding evolution



Second line of liquidity (EUR m)





Agenda

1. Focusing at home or abroad?

2. Conclusions

Conclusions



- **Still cautious with the economic & markets situation: preserving capital & reinforcing liquidity.**
- **This tough environment is leading to a huge re-structuring process of the Spanish system.**
- **Popular has a “winner” business model and is the natural beneficiary from a consolidation process.**
- **Network capillarity is the name of the game, as it gives institutions the capacity to gain market share organically and extract potential synergies**
- **Future growth should maintain the DNA of the group, at home or abroad: SME and family focus, high margins, efficiency and outstanding profitability.**



grupobancopopular.es



grupobancopopular.mobi



902 301 000

