First nine months 2012

BANCO POPULAR

Madrid, October 26th 2012

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Agenda

"9 months results as planned. The announced capital increase well on track"

Key highlights 9M 2012

Recurrent revenues	• Pre-Provision Profit up 31.4% to €1,639 million.
Active liquidity management	• Strong growth on customer deposits in 3Q. Loan to deposits ratio improves further to 126% (target for the whole year).
Significant reinforcement in provisions. Proactive risks management	• Strong clean-up to date. The expected amounts to be set aside for the whole year 2012 (€9.3Bn) will allow us to face extreme and very severe scenarios

Business Plan and rights issue	• Plan submitted to BoS. We expect approval soon.
	• Capital Increase with Preferred Rights on track.
	    • Core shareholders support obtained.
	    • Shareholders meeting scheduled for November 10th
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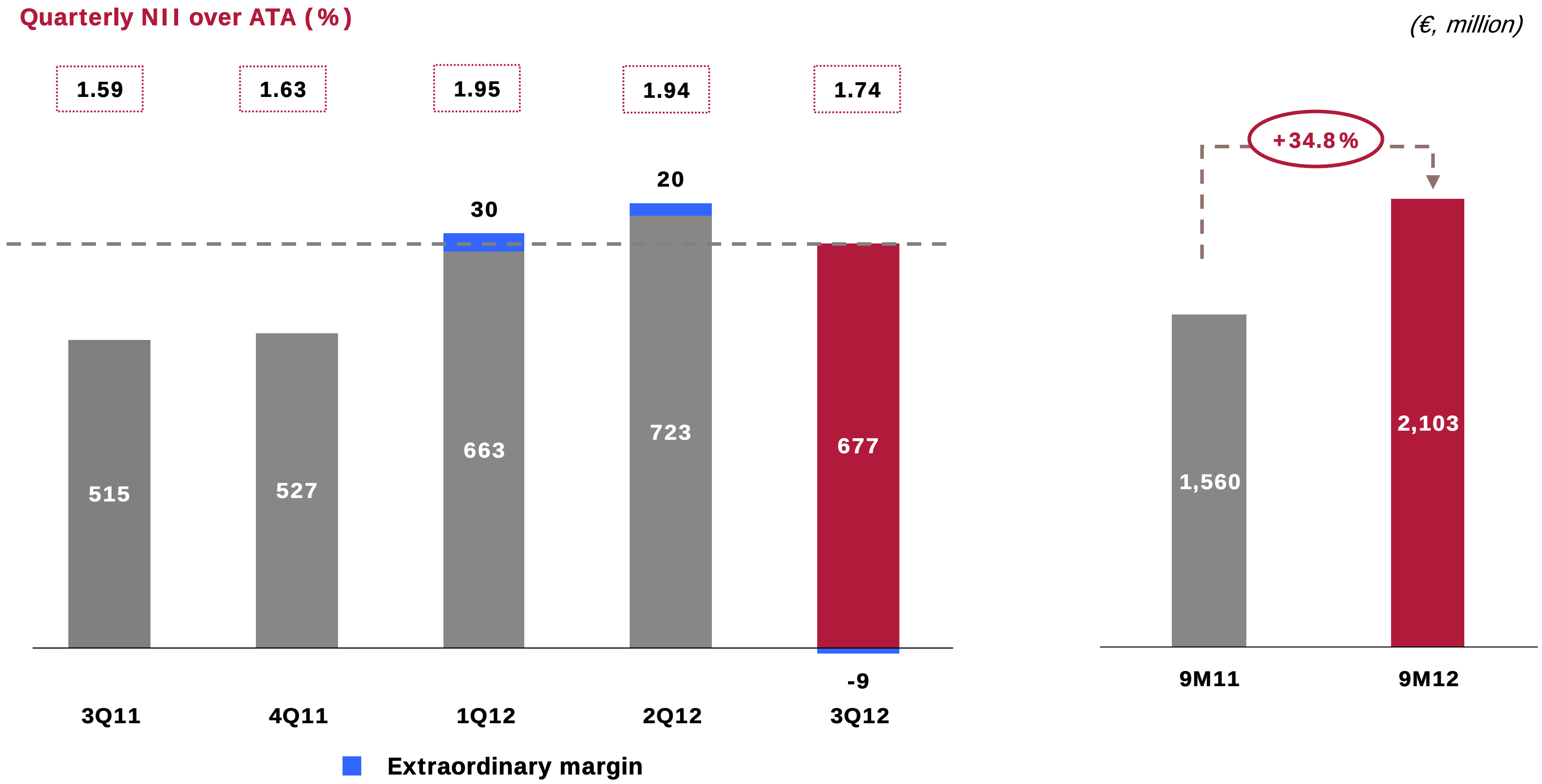
Financial Highlights 9M12

(€, million)	9M12	9M11	Change YoY (€m)	Change YoY (%)
Net interest income	**2,103**	**1,560**	**+543**	**+34.8%**
Fees and commissions	601	515	+86	+16.7%
Trading and other recurrent income	212	176	+36	+20.45%
Gross operating income	**2,916**	**2,251**	**+665**	**+29.5%**
Total Operating Costs and depreciation	-1,277	-1,004	-273	+27.2%
Pre-provisioning profit	**1,639**	**1,247**	**+392**	**+31.4%**
Provisions for loans and investments (ordinary & accelerated)	-991	-768	-223	+29.0%
Provisions for real estate (ordinary & accelerated) and exceptional one-offs	-281	-110	-171	+155.4%
Profit Before Tax	**367**	**369**	**-2**	**-0.5%**
Net profit	**251**	**404**	**-153**	**-37.9%**
Non-performing loans ratio	**7.81%**	**5.85%**		**+ 196 b.p.**
Efficiency ratio	**40.31 %**	**41.11%**		**-80 b.p.**
Loans to deposits ratio	**126 %**	**132 %**		**-6 p.p.**
Core Capital EBA	**10.3%**	**7.13%**		**+317 b.p.**

Note: 'Trading and other income' includes FGD fees (€ 130Mn 9M12). Includes Pastor figures since February 17th 2012

Strong growth in NII during the year (+35%) in spite of the drive to close the loan to deposits gap. 3Q12, NII has been sound but not as exceptional as in 2Q12 due to a push to close the commercial gap and improve the overall liquidity position

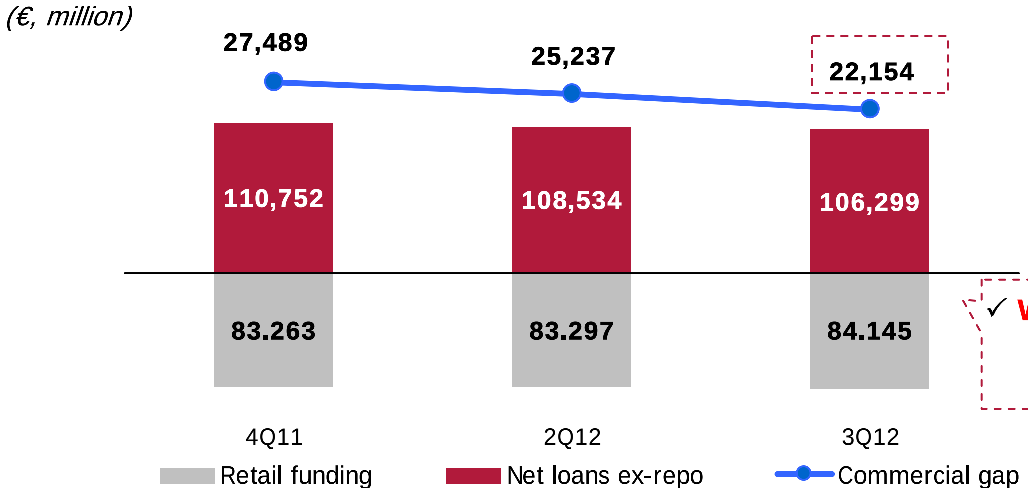
Net Interest Income evolution



(*) Includes Banco Pastor since February 17th 2012.

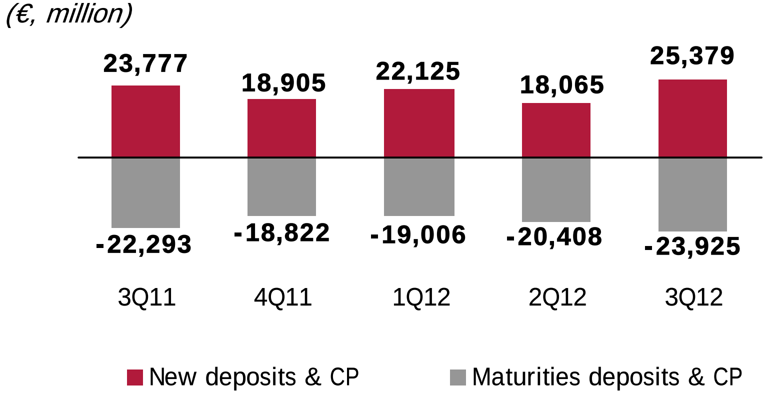
Excellent growth in retail deposits in a challenging 3rd quarter. Commercial gap full year target met in 3Q. Quality Market share up.

Loans and deposits evolution (€M)

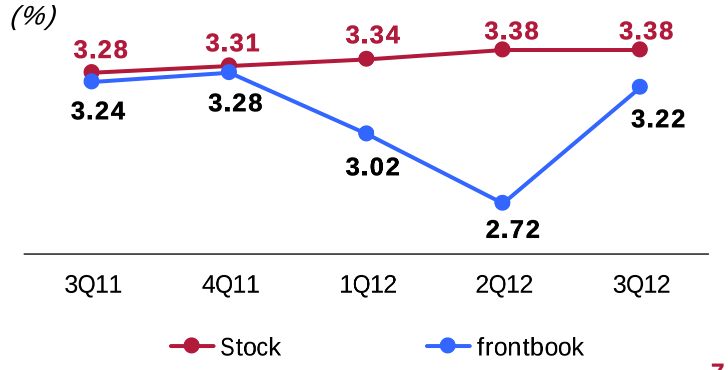


✓ We increase our market share in deposits, substantially

Quarterly evolution: time deposits and commercial paper

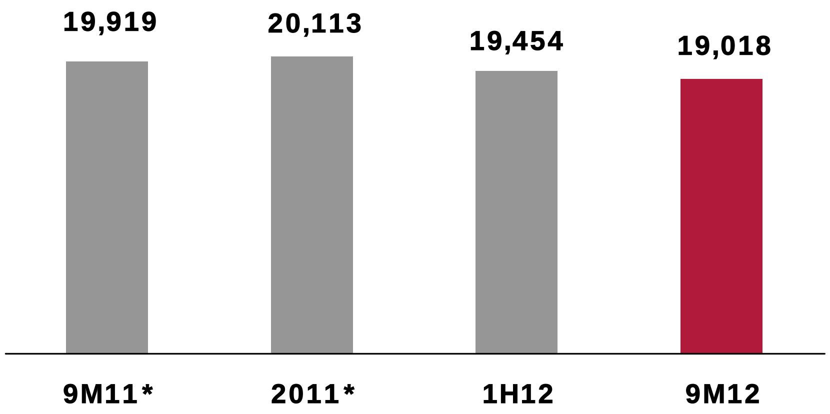


Deposits and commercial paper costs: frontbook vs. stock



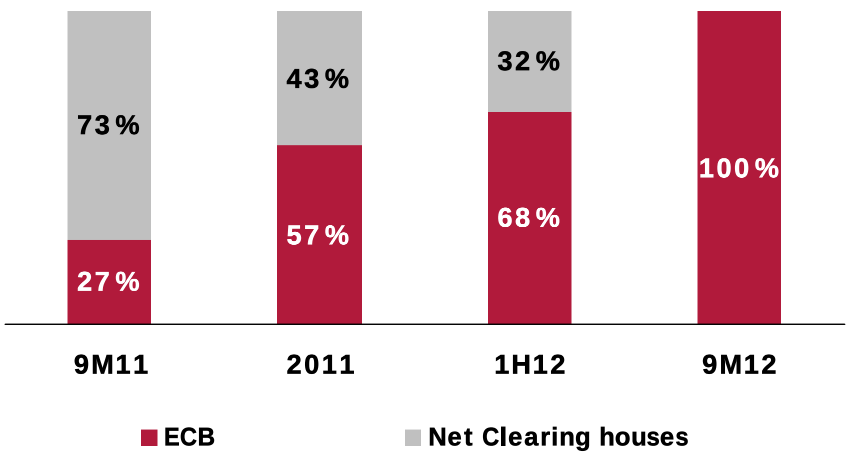
...Did not need to increase ALCO portfolio to drive NII up. We have even reduced our ALCO portfolio in spite of having more than €12Bn of available, unencumbered, collateral. We have used LTRO funds just to replace clearing & repo houses due to their volatility

ALCO portfolio evolution (€M)



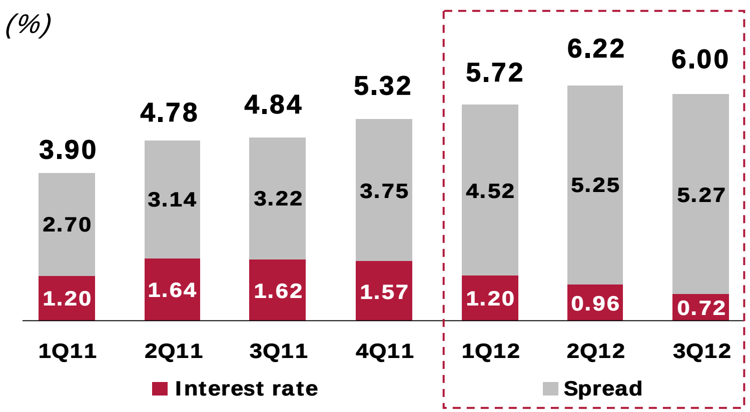
* Pastor pro-forma

Funding of the ALCO portfolio (%)

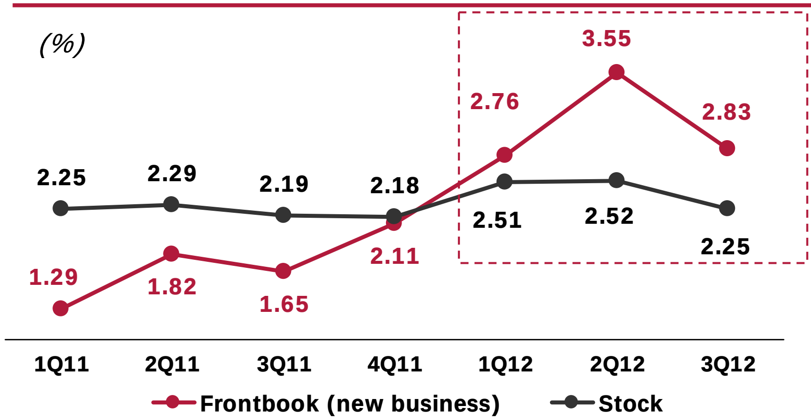


...and we keep our leadership in margins vs. the industry intact. Our NII strength remains in good shape, thanks to our business mix & floors

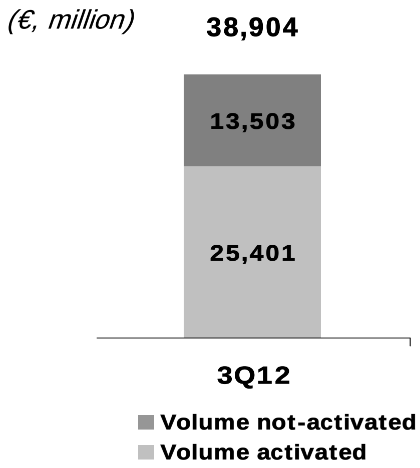
Frontbook loans yield



Client spread: frontbook vs. stock



Interest rate floors

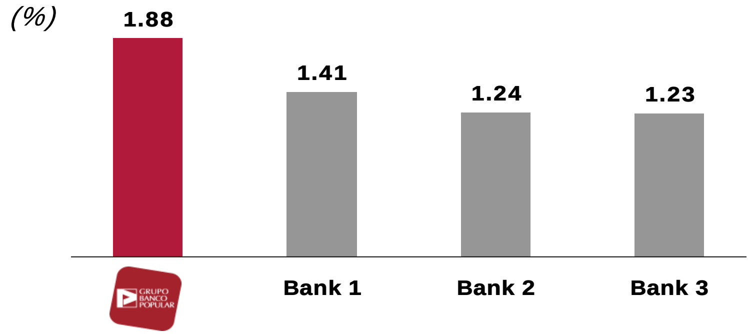


40% of the book in Spain

65% activated

4.37% average interest rate of the floor

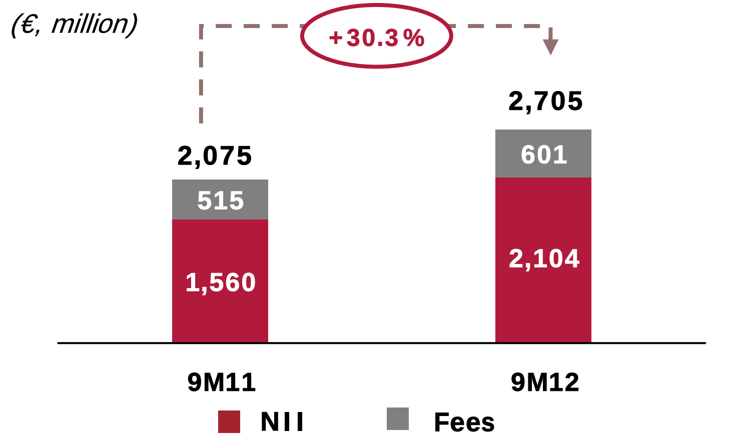
NIM comparison 9M12



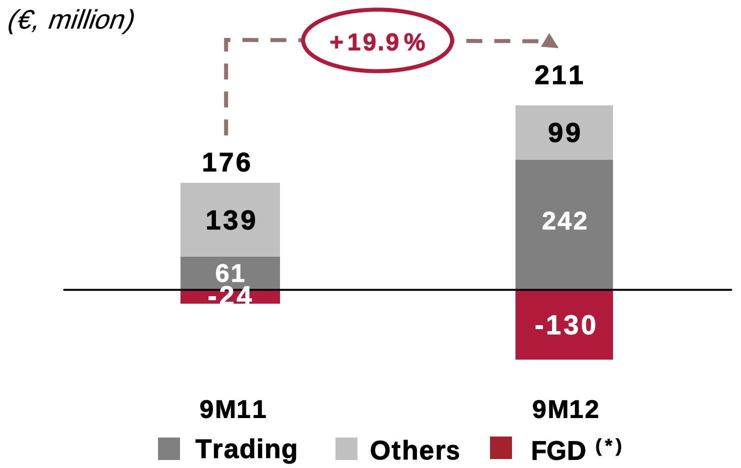
Banks: Sabadell, Caixabank y Bankinter. Last available data.

Ordinary transactional fees and trading (most, buybacks) doing well, which helps to explain revenues of €2.9Bn to September…. despite the higher FGD(*) costs (€130M!)

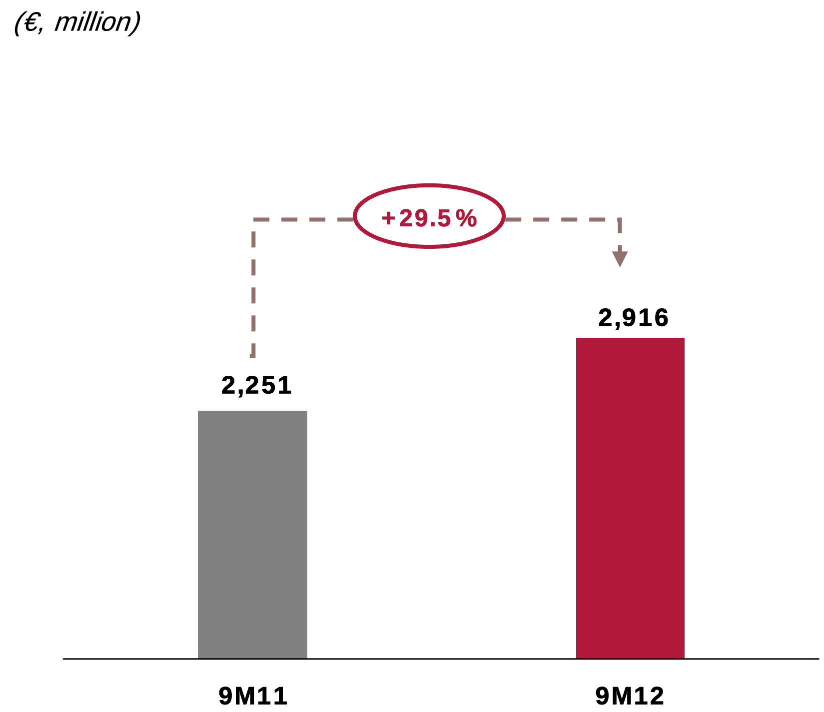
Basic, ordinary revenues 9M12



Trading & other 9M12



Total revenues evolution 9M12



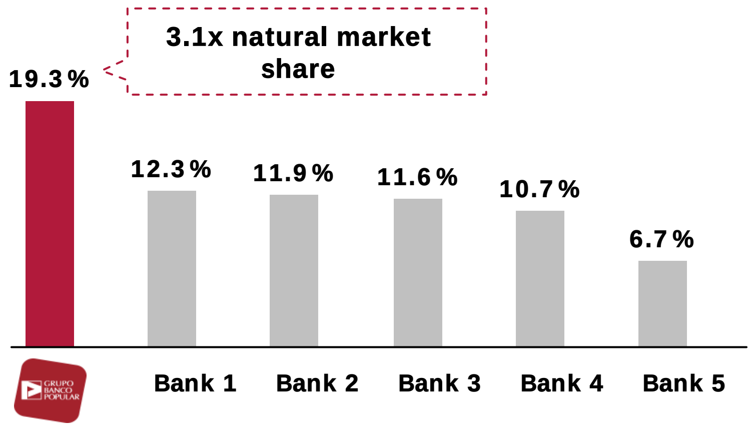
Note: Includes Banco Pastor since February 17th 2012. (*) FGD = Spanish insurance Fund fee. Not fully recurrent going forward

The commercial push has had a special focus on deposits, to big success, in spite of the specially tough conditions... (stress tests, macro environment, euro-zone crisis, etc). We keep scoring excellent results in the SME-ICO lines

Deposits campaign ‘Efecto Gasol’ September

- **€8,474 M deposits gathered...**
- **... which means 114% of the total maturities in the month**
- **With 11,862 new customers...**
- **... and €2,240 M of “fresh money”**
- **Improving in addition our retention rate reaching an average of 82%**

ICO credit lines (self financed)



Source: ICO September 2012. Banks: Santander, Bankia, BBVA, Sabadell and Caixabank

International business

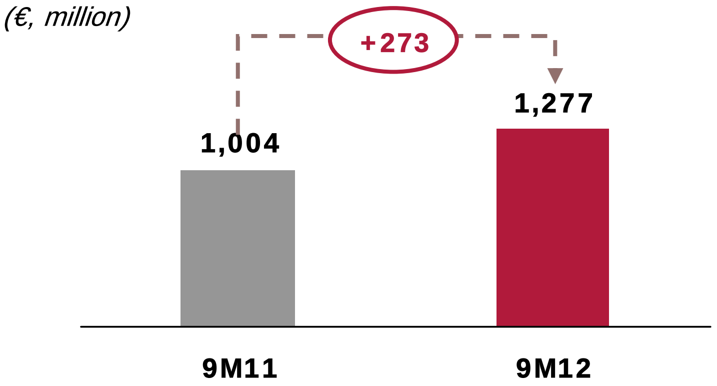
Strong focus on external business:

✓ **12.62% credit to imports market share**
2.03x over our natural market share

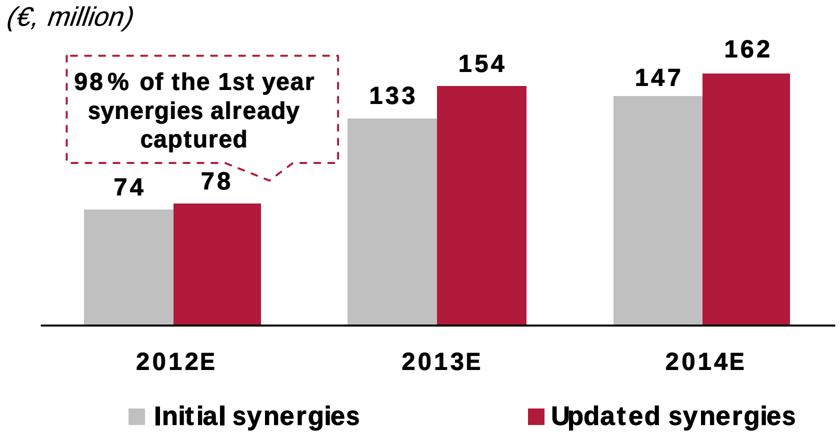
✓ **7.73% credit to exports market share**
1.25x over our natural market share

The costs incorporates Banco Pastor. Synergies execution ahead of plan (staff and branches reduction). Current and future expected synergies will allow us to further improve our unique efficiency

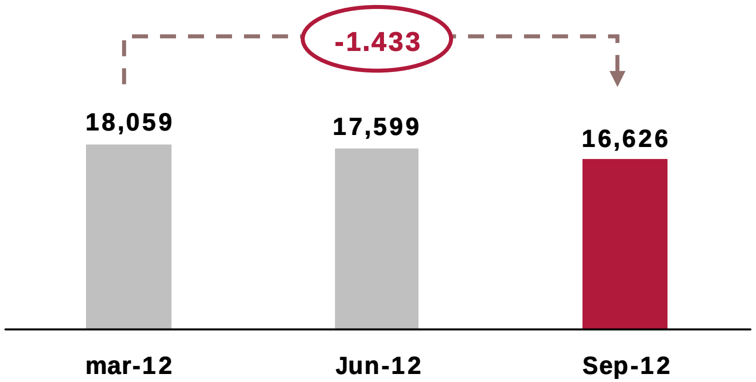
Total costs



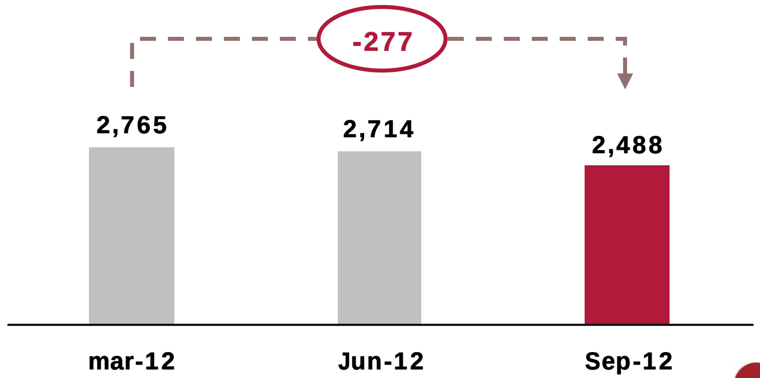
Annual synergies



Total Staff evolution - FTEs

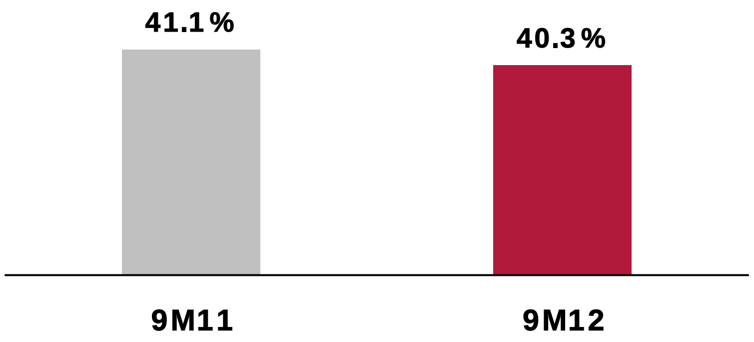


Number of branches evolution

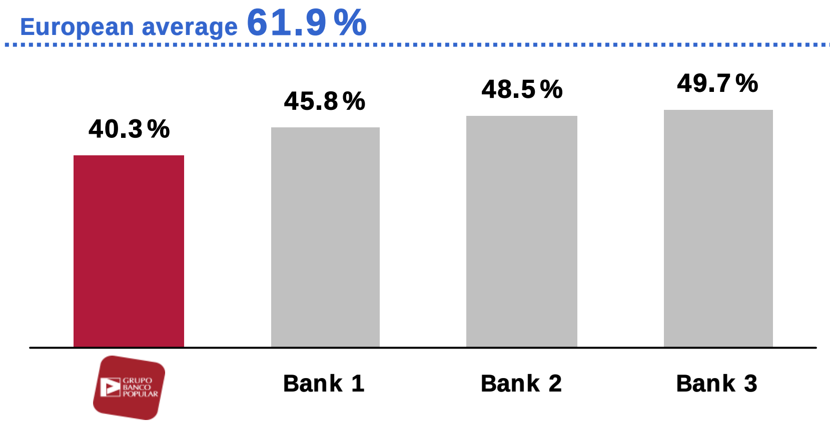


We keep our differentiation: Both pre-provision profit & efficiency ratios remain the best of the Spanish banking system

Cost-to-income ratio



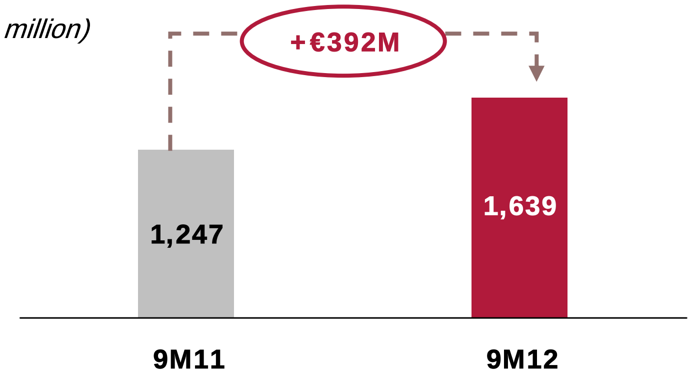
Cost-to-income ratio vs. Peers 9M12



Peers: Bankinter, Caixabank and Sabadell

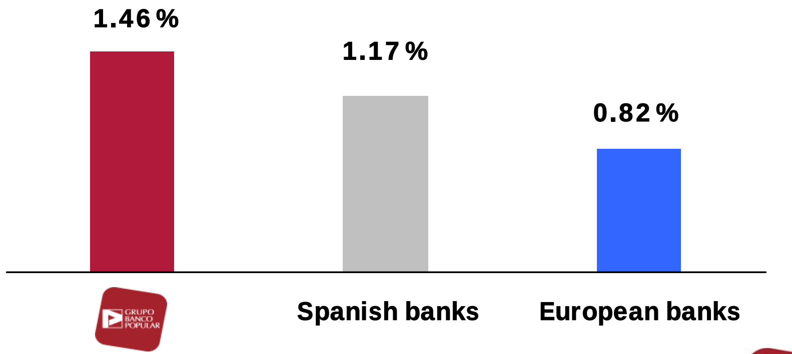
Pre-provision profit

(€, million)



Note: Banco Pastor included since February 17th 2012

Pre-provision profit over ATAs 9M12

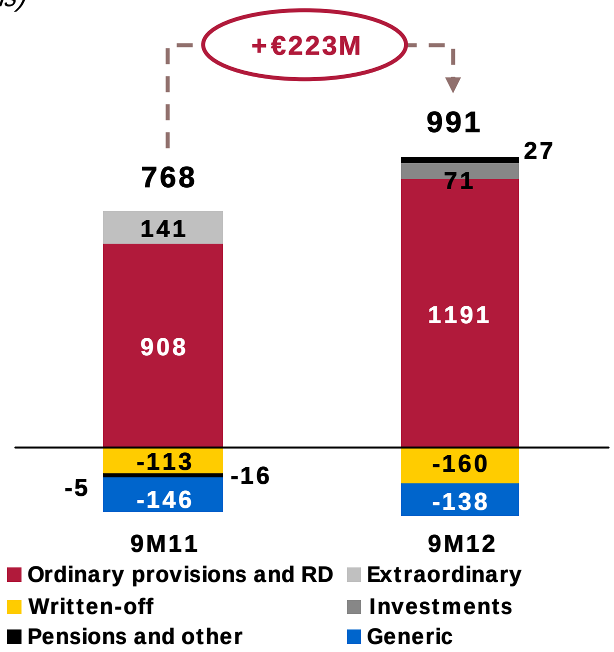


Source: Latest available data from banks (Sabadell, Banesto, Santander España, BBVA España, Caixabank, Bankinter and Cívica) and KBW

We continue to book significant provisions (through P&L and through FVA). These should reach much higher levels in the fourth quarter; as already made public, we expect to cover all the pending RD provisions (specific & generic ones) by year end

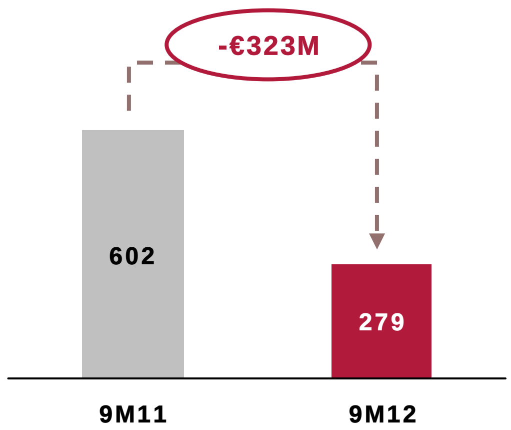
Credit provisions

(€, millions)



Foreclosed assets provisions

(€, millions)

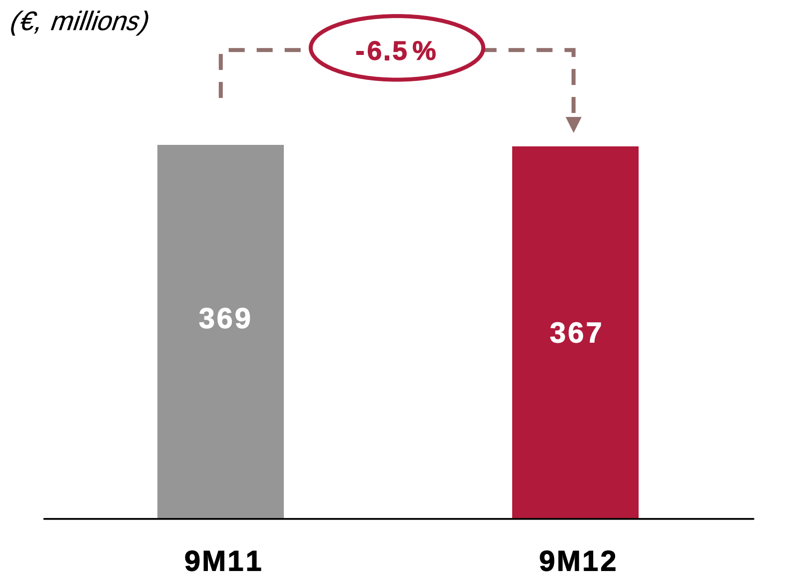


We have booked on top €2.6 Bn gross for loan-loss provisions against capital (fair valuation adjustment following the Pastor acquisition) which allows a sound increase in coverage

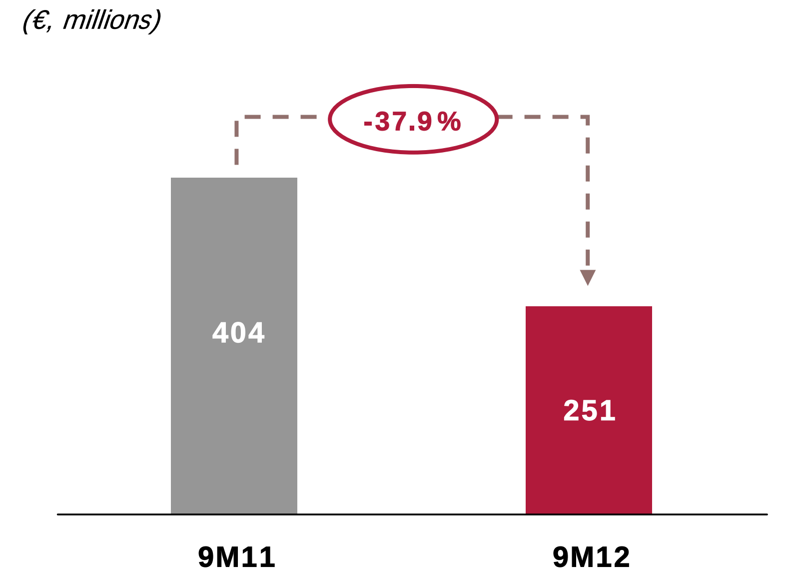
Note: Banco Pastor included since February 17th 2012

Net profit in line with our internal estimates

Profit before taxes



Net profit



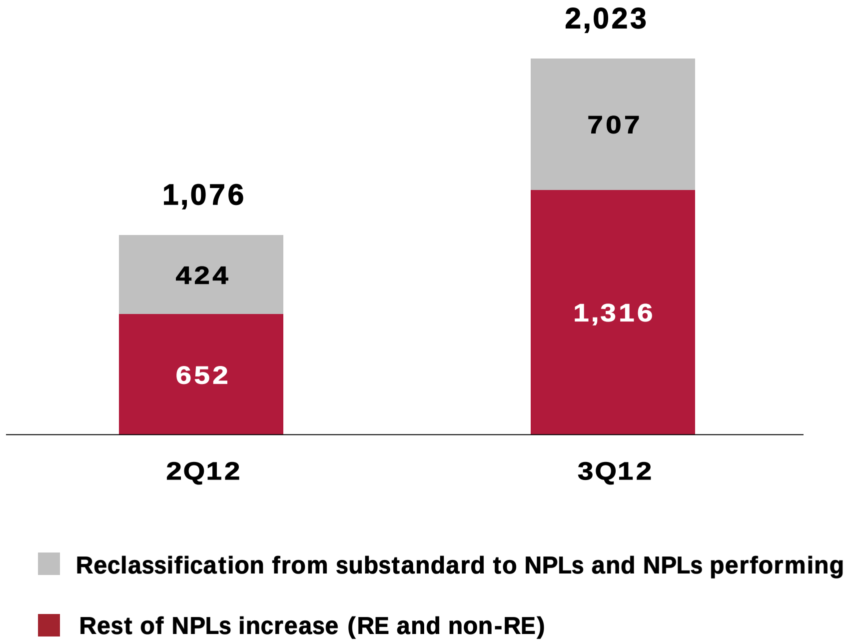
Note: Banco Pastor included since February 17th 2012. In 9M11 was an important tax credit which distorts the comparative of the net profit.

Agenda

NPL net entries up, as a consequence of the weak macro environment and a proactive risk management policy. Entries in line with our business plan 2012-2014, made public on October 1st (Rights Issue announcement)

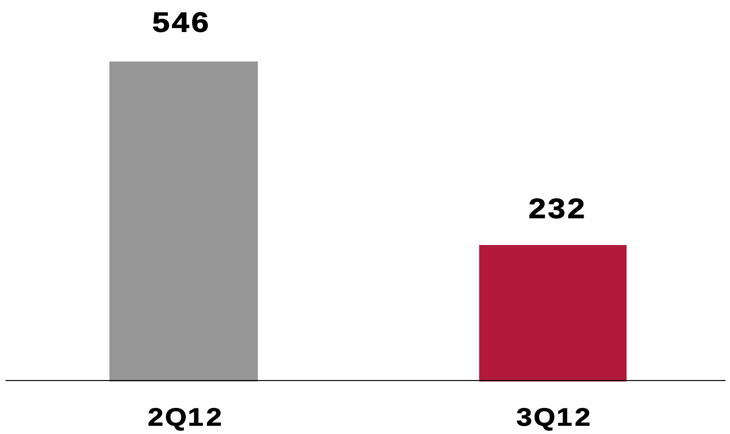
NPLs net entries by type

(€, million)



Foreclosed assets gross entries

(€, million)



It is important to remind that the New Business Plan includes a massive clean up, that will allow us to cope with extremely adverse scenarios (E.L. under the OW stressed scenario on RE related assets by 2014 brought forward by end 2013)

Loss absorption capacity

	sep-12	Pro-forma 2013E				
€bn unless otherwise stated	Total exposure	Provisions (1)	i.e. PD capacity (2)	Provisions over total exposure	Writte offs (100% provisioned)	Cumulative provisions 2007/13e including write offs over total exposure
Loans to Real estate developers	**21.4**	**7.5**	**78.0%**	**35.0%**	**1.0**	**37.9%**
Foreclosed assets	**9.7**	**5.4**	**100.0%**	**55.7%**	**0.0**	**55.7%**
- Of which land			*100.0%*			
- Of which building in progress			*100.0%*			
- Of which finished property			*100.0%*			
Loans to Corporates and SMEs non Real Estate related	**44.9**	**3.0**	**15.0%**	**6.7%**	**3.2**	**12.9%**
Loans to individuals	**31.9**	**1.0**	**10.3%**	**3.1%**	**0.2**	**3.7%**
Total Spain	**107.9**	**16.9**		**15.7%**	**4.4**	**19.0%**
Total exposure	**121.0**	**17.5**		**14.5%**	**5.0**	**17.9%**

We expect to increase RE provisions up to Oliver Wyman Adverse Case required levels by 2013
Additionally, in 2014 we expect we will book provisions of over €1bn for credit loans in Spain
NPAs coverage to be on the region of 60-65% in 2012e-2014e

(1) Provisions without writte-offs nor sales since 01/01/2012. Writte-offs as of December-11
(2) Based on analysts LGD
Note: NPA=NPLS+RE+write-offs

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Agenda

1. 9M 2012 Results and operating performance

    1.1 P&L main drivers

    1.2 Risk management

    1.3 Liquidity & funding

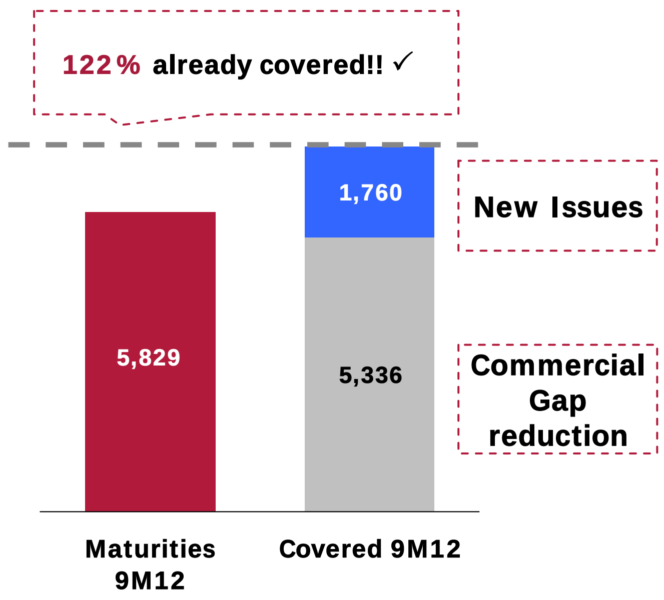
    1.4 Solvency and EBA capital

2. Business Plan and rights issue

3. Conclusions and outlook – Q&A

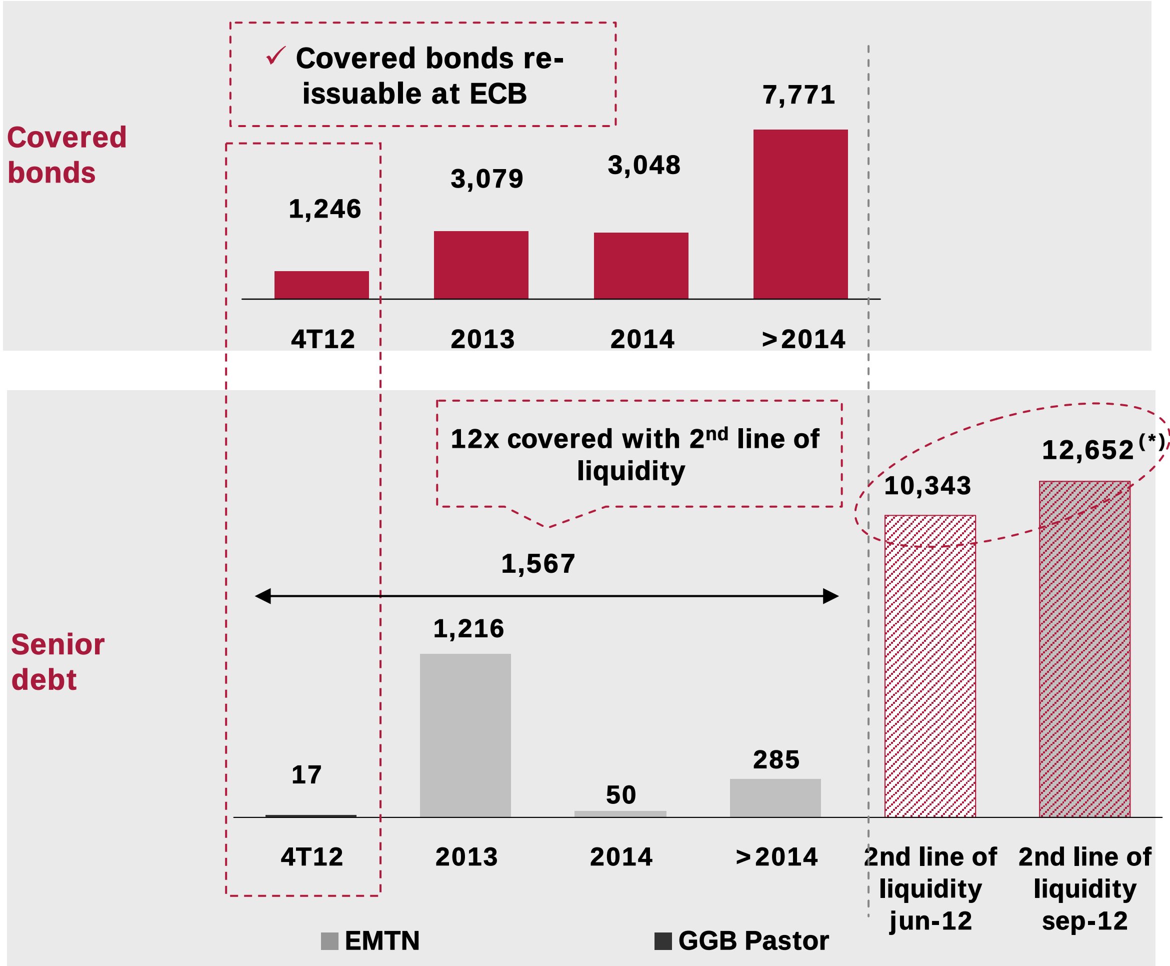
As we said at the beginning of this presentation , our liquidity position in 3Q has improved markedly: unencumbered assets up 22%.

Active liquidity management



Maturities of the year are already covered by 122% due to the significant reduction of the commercial gap and the issues done

Maturities profile (€M)

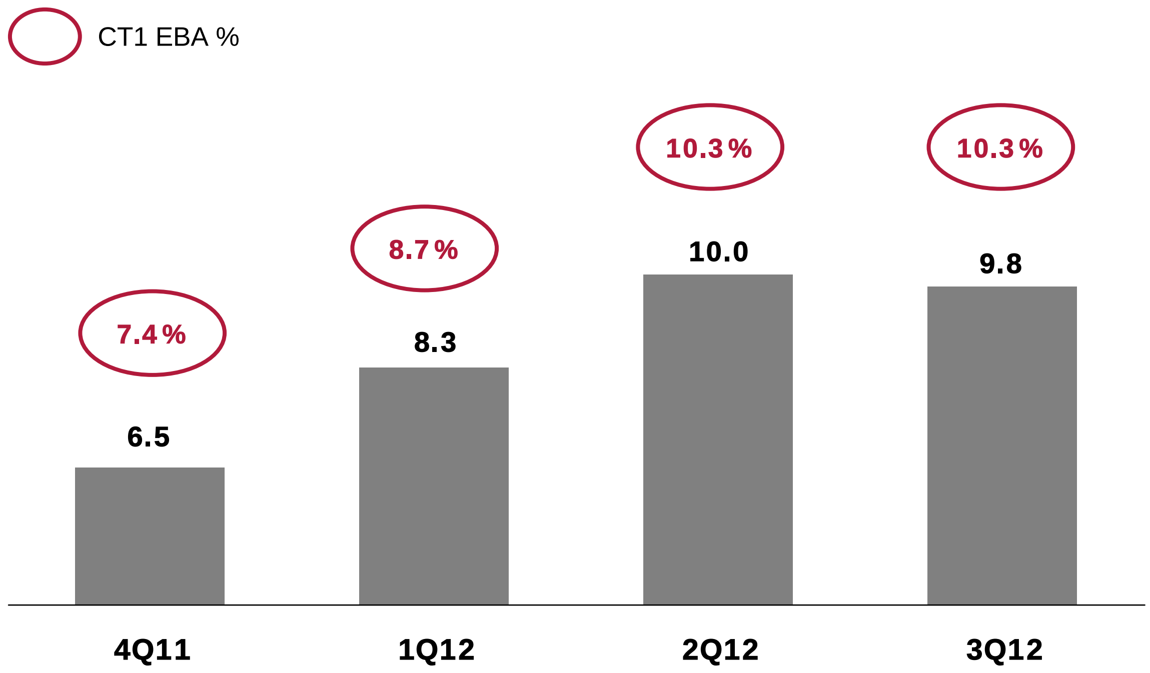


(*) *After haircuts. It includes treasury accounts and financial assets at market prices*

Agenda

Capital up from 7.4% to 10.3% in the year to September. 4Q12 mandatory provisions impact on capital will be offset by the capital increase. Thus, keeping comfortable CT1 levels

Core Capital EBA (€ Bn)



RWAs (€ Bn)	88.2	95.1	97.2	94.8

Agenda

The key pillars of the New Business Plan were published on October 1st. The plan is still pending of approval by the BoS/Brussels (MoU) but we do not expect significant changes.

Key Pillars

1	Massive provisions: €9.3Bn in 2012 and €2.2Bn in 2013. Fresh Anticyclical in 2014
2	Recapitalise the bank through a rights issue of €2.5bn to be concluded early December
3	Create an internal “bad bank” to pro-actively manage non-core assets
4	With record provisions and record tangible fresh capital, Banco Popular should become one of the most solvent, profitable, and well provisioned bank in our country

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The capital increase well on track. The core five shareholders have confirmed their support.

Next steps. Preliminary timetable for the Planned €2.5bn Capital Transaction

10th Nov	• Extraordinary Shareholders Meeting
Mid-November to early December	• Right issue period
Early December	• Closing and settlement

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Outlook 2012/2013/2014

1. The macro & micro environment in Spain still challenging, *very* particularly in the Real Estate sector

2. Spanish Government Measures go in the right direction but obviously will take time to pay off. Essential that Europe act together.

3. Our provisioning effort is huge (19% of the Spanish risks) so we will have the capacity to deal with extreme NPL scenarios, with an exceptional high coverage (NPAs coverage >60%)

4. Complex industry wide environment (deleverage, low interest rates, recession….) though Popular count on an unique business model and an excellent strategic position to outperform peers and benefit from the industry consolidation without the need to conduct acquisitions

Thank you

Happy to take any questions

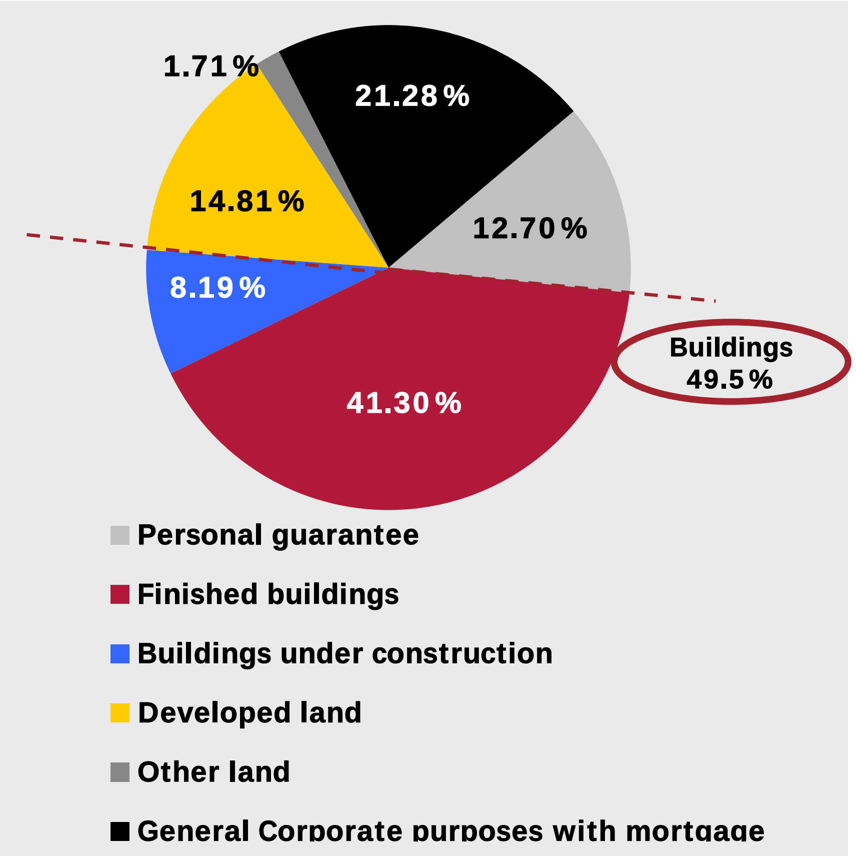
Appendix

Credit Exposure

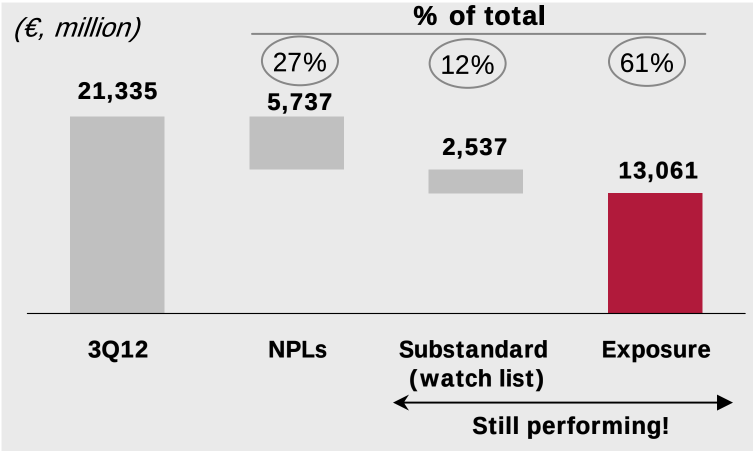
(€, million)	**9M12**
Lending to construction & RE purposes	21,335
Public works	1,780
Corporates	14,226
SMEs	28,916
Individuals with mortgage collateral	28,497
Individuals with other collaterals	174
Individuals rest	3,303
Total Spain	**98,230**
Rest (repos, public administration, non Spain)	19,742
Total gross loans	**117,972**

BoS Transparency exercise: Lending to construction and RE purposes in Spain remains our most affected sector

Lending to construction and RE: breakdown by type



Total exposure to RE lending



Coverage of RE lending

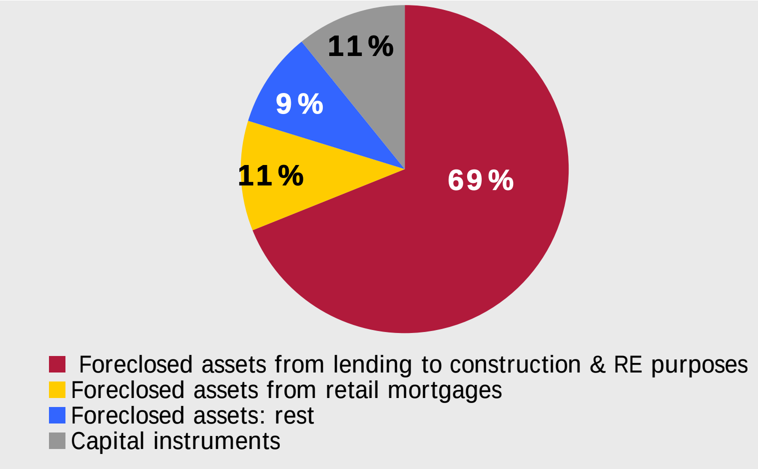
(€, million)	2Q12	3Q12
Specific + Generic	3,160	3,175
Write-offs	1,123	1,253
Total	**4,283**	**4,428**
NPLs & Substandard coverage	**48%**	**54%**

BoS Transparency exercise: Real Estate assets held in Spain. During these 9 months, we have increased strongly our coverage

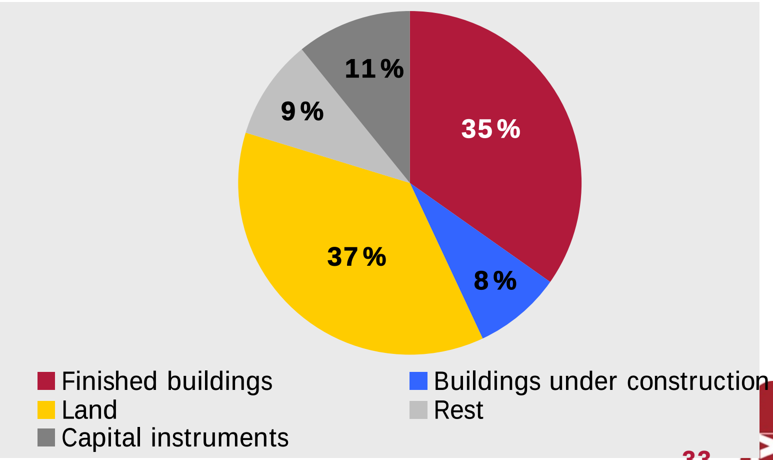
Foreclosed assets: detail & coverage

(€, million)	2Q12	3Q12
Foreclosed assets (net amount)	5,623	5,705
Capital instruments (net amount)	340	274
Provisions	3,912	4,023
Coverage	**40%**	**40%**

Foreclosed assets: split by origin



Foreclosed assets: split by type of collateral



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