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Annual results

Highlights

(Amounts in € thousand)

	31.12.09	31.12.08	Var. %
Business volume			
Total assets managed	142,352,635	123,806,700	15.0
On-balance sheet total assets	129,290,148	110,376,051	17.1
Own funds	8,415,854	6,734,394	25.0
Adjusted customer deposits	59,557,592	51,665,410	15.3
Lending to customers (gross)	97,362,922	93,452,619	4.2
Solvency			
Core capital(%)	8.61	7.17	
Tier 1 (%)	9.18	8.12	
BIS ratio	9.66	9.10	
Leverage	16.17	17.17	
Risk management			
Total risks	114,469,528	108,584,628	5.4
Non-performing loans	5,511,516	3,042,612	81.1
Allowances for credit losses	2,770,486	2,221,902	24.7
% nonperforming ratio	4.81	2.80	
% coverage (Credit loss allowance/Nonperforming loans)	50.27	73.03	
Earnings			
Net interest income	2,822,553	2,535,261	11.3
Gross operating income	4,054,170	3,656,770	10.9
Profit before provisions	2,761,628	2,340,214	18.0
Profit before tax	1,072,906	1,461,020	(26.6)
Consolidated profit for the year	780,347	1,110,700	(29.7)
Net profit attributed to the Group	766,132	1,052,072	(27.2)
Adjusted net profit(1)	1,102,208	1,184,372	(6.9)
Net return and efficiency			
Average total assets	114,939,968	107,221,735	7.2
Average total equity	6,975,540	5,913,340	18.0
ROA (%)	0.68	1.04	
ROE (%)	10.98	17.79	
Operating efficiency (%)	29.31	33.25	
Per share data			
Final number of shares (thousands)	1,333,151	1,235,741	7.9
Average number of shares (thousands)	1,250,825	1,213,540	3.1
Share closing market price (€)	5.13	6.08	(15.6)
Market capitalization	6,839,065	7,513,305	(9.0)
Book value per share(€)	6.31	5.45	15.8
Net earnings per share (€)	0.613	0.867	(29.3)
Dividend per share paid in the period (€)(2)	0.402	0.501	(19.8)
Price/Book value	0.81	1.12	
Price/Earnings (annualized)	8.37	7.01	
Other data			
Shareholders	136,207	130,282	4.5
Employees	14,431	15,069	(4.2)
Spain	12,709	13,370	(4.9)
Men	8,684	9,185	(5.5)
Women	4,025	4,185	(3.8)
Abroad	1,722	1,699	1.4
Men	1,124	1,112	1.1
Women	598	587	1.9
Branches	2,370	2,563	(7.5)
Spain	2,119	2,314	(8.4)
Abroad	251	249	0.8
Mundocredit branches	49	59	(16.9)
ATMs	3,119	3,390	(8.0)

(1) *Attributed net profit excluding precautionary provisions net of tax.*
(2) *Excluding the second interim dividend out of 2009 earnings which was exceptionally paid in December for tax reasons.*

The Group's consolidated financial statements at 31 December 2009 included herein have not 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 2009 did not affect the comparability of the financial information for preceding periods published in this Report.

Salient aspects

2009 was an exceptional year because of the magnitude and depth of the crisis of the economies in our environment and, consequently, was also an exceptional year for Banco Popular.

GDP shrank significantly, provoking the entry into recession of substantially all western countries. Spain, after a decade of sustained growth, recorded for the first time in 2009 negative rates of change in its GDP.

The combined action of the monetary authorities of the major economies is permitting a certain return to normality in the money markets – which had been seriously affected at the end of 2008 -, but there is still persistent weakness in consumption and in solvent demand for credit, both strongly influenced by the recessionary situation in our environment.

The monetary and public investment measures have been able to partially mitigate the lack of domestic demand, although the most dramatic consequence of the crisis, namely unemployment, continues unabated.

Despite the sharp collapse of the property sector, Spain's GDP did not fall in the same proportion as in other countries. The fiscal situation in our main market should, with appropriate economic policies, make it possible to face up to these difficult years since our starting point was the absence of a budget deficit at the beginning of the crisis and a manageable amount of public debt.

Only from the fourth quarter of 2009 did modest rates of economic recovery begin to be observed in the countries of our environment, making it possible to harbour hopes that this exceptional economic situation will gradually abate.

In this difficult context, Banco Popular remained faithful to its business model, which has proved to be a winner in the financial world thanks to its capability of generating record earnings before provisions in what was possibly the worst year of the economic cycle. Additionally, strategies to strengthen both capital and liquidity were implemented, despite the satisfactory levels existing at the beginning of the year, with the objective of positioning the Group in an unbeatable competitive situation so as to press forward with its strategy of organic growth and to take advantage of the opportunities which the new cycle will undoubtedly provide.

Banco Popular has always been outstanding for its very notable capital strength, with the highest tangible capital ratio in Europe. Nevertheless, in 2009 this position was strengthened still further with a capital increase of €500 million and completion of a €700 million mandatory convertible debenture issue. The aim was to improve capital strength in the face of a possible lengthening of the crisis, to have sufficient muscle to finance the strategy of organic growth and preparedness to meet the new regulatory requirements. Accordingly, the core capital at 31 December stood at 8.61% and the Tier 1 funds at 9.18%. These ratios are among the highest in Europe – disregarding the entities that have received state aid – and the strongest of any big Spanish bank. Also noteworthy is the high quality of the composition of the capital base, which will make it possible to apply the announced new solvency rules without any significant impairment of the ratios.

From the liquidity standpoint, 2009 saw the achievement of two milestones that significantly enhanced the Bank's ample liquidity position. On the one hand, the commercial gap was reduced by nearly €9,000 million and, consequently, the loans/deposits ratio improved by 32 percentage points. On the other hand, the liquidity reserves increased by approximately €9,000 million and at year end stood at over €18,000 million of effective value, thus permitting ample coverage of the wholesale funding maturities for more than one year.

As regards commercial activity, Banco Popular's differentiated business model based on customer service was further strengthened as evidenced by the growth of market share in both loans and deposits. Lending to customers grew by 4.2%, with new loans of €42,000 million extended mainly to SMEs and households, with the consequent gain in market share of 6 basis points. Also, savers' confidence in the Bank led to a 15.3% rise in deposits and an advance of 10 basis points in market share. This growth was led by time deposits, which were up 23.1%, although demand deposits also recorded a notable 10.0% advance.

The recurring nature and soundness of Banco Popular's business model are evidenced by its gross operating income of over €4,000 million, 10.9% up on that of 2008.

The strength of this caption lies in the exceptional net interest income, up by 11.3% and characterised by the almost complete absence of atypical items. In profitability terms the net interest margin was 10 basis points higher than in 2008 at 2.46% and remained clearly higher than that of the Bank's competitors – around 25 basis points higher than that of the next most profitable bank. This strong performance was the outcome of the growth in quality business, proper management of commercial spreads, and an appropriate balance sheet structure to take advantage of the downward trend of interest rates.

As regards non-financial income in the form of fees and commissions, gains on financial assets and liabilities, and insurance business, the Bank also demonstrated high management capability, with the contribution of these items to total income again standing at around 30%.

The strong ability to generate recurring income, plus efficiency in cost management, enabled the Bank to achieve a record net operating profit, with an increase of 18% over 2008.

A factor contributing to this excellent performance was the 2.2% reduction in operating costs. The merger processes undertaken made it possible to reduce the number of branches by 144 in 2009 and to reduce the headcount by natural means – 638 fewer staff than in 2008 -, with a cost saving without impairment of income. As a result, Banco Popular reached a another record minimum efficiency rate in Spain of 29.31%, which was 3.94% lower than that in 2008, nearly 30 percentage points below the average rate for all European banks and over 10 percentage points below the average for all Spanish banks.

As regards credit quality, the most notable feature was the slowdown from quarter to quarter of the net additions to delinquent balances; the 18 basis points increase in the non-performing ratio in the fourth quarter was very much lower than the rise of 102 basis points in the first quarter. The non-performing ratio at year end thus stood at 4.81%, which was lower than the 5% figure for the sector as a whole in November. This favourable result was the outcome not only of the decline in gross additions but also of the rising volume of recoveries, which in the fourth quarter of 2009 represented 65% of the gross additions. The evolution of both aggregates permits moderate optimism in the forecasts for 2010, when the maximum delinquency is expected to occur in one or other of the central quarters.

Despite this change of trend in additions to non-performing balances, the stringent schedules of provisioning and a major effort to apply highly conservative criteria made it necessary to book provisions in 2009 of €1,520 million for credit risk, €232 million for financial investments and €408 million for non-financial assets, mainly property.

The effort in booking provisions was offset partially by the Bank's ability to generate €458 million of gains on sales of assets, mainly of branch offices in sale and lease-back transactions.

Particularly noteworthy in the total provisions was the booking of €335 million to the allowance for sub-standard credit risk and of a further €145 million to the allowance for properties because of the length of time they have been in the Bank's portfolio. The combined total of these two provisions - €480 million – is of a precautionary nature and is responsive to the prudence with which the Bank manages its risks in preparation, as far as possible, for future impairments.

As a result of this higher provisioning, Banco Popular's coverage ratio at year end was 50.27%, which was 5.26 percentage points higher than at September end and amply covered the expected loss in the non-performing portfolio.

The sharp increase in provisions mentioned above led to a reduction of 27.2% in attributed profit to €766 million, as compared with €1,052 million in 2008. Disregarding the precautionary provisions booked in each year, the adjusted profit would have been €1,102 million, down by 7% on 2008.

In 2010 the Group expects a gradual return to normality, both in income – foreseeably there will be a shrinkage of margins as a result of historically low interest rates and persistent weak demand for credit – and in the lower pressure of impaired assets and the consequent reduction of exceptional writedown requirements. However, uncertainty persists about the macroeconomic situation, public sector financing, re-ordering of the banking sector, and withdrawal of the exceptional liquidity measures orchestrated by the central banks, which will involve changes in the environment and will have to be appropriately managed.

Having regard to the commentary in the preceding paragraphs, Banco Popular is well-prepared to face the challenges of 2010, thanks to its excellent staff, to its capital strength, to its comfortable liquidity position, to the volume of ordinary and extraordinary provisions already booked, and to the success of its business model, which endow it with better margin profitability and outstanding ability to generate ordinary earnings.

Balance Sheet

(Amounts in € thousand)

	31.12.09	31.12.08	% variation
Assets			
Cash and balances with central banks	3,748,699	1,859,577	>
Financial assets held for trading	1,353,902	1,334,199	1.5
Other financial assets at fair value through profit or loss	416,972	336,666	23.9
Available-for-sale financial assets	11,030,058	3,760,410	>
Loans and receivables	102,298,399	96,606,802	5.9
Loans and advances to other debtors	94,956,488	91,701,521	3.5
Other loans and receivables	7,341,911	4,905,281	49.7
Held-to-maturity investments	2,266,524	34,854	>
Hedging derivatives	1,469,702	992,626	48.1
Non-current assets held for sale	2,735,721	1,660,596	64.7
Investments	56,148	32,151	74.6
Insurance contracts linked to pensions	173,851	182,368	(4.7)
Reinsurance assets	2,792	5,566	(49.8)
Tangible assets	1,806,836	1,355,443	33.3
Intangible assets	486,932	546,576	(10.9)
Tax assets	708,531	827,306	(14.4)
Other assets	735,081	840,911	(12.6)
Total Assets	**129,290,148**	**110,376,051**	**17.1**
Liabilities			
Financial liabilities held for trading	1,195,636	1,729,742	(30.9)
Other financial liabilities at fair value through profit or loss	104,172	134,520	(22.6)
Financial liabilities at amortised cost:	116,448,911	98,957,138	17.7
Deposits from credit institutions	23,899,952	14,263,878	67.6
Deposits from other creditors	59,557,592	51,665,410	15.3
Debt certificates including bonds	30,333,821	30,208,172	0.4
Subordinated liabilities	1,820,215	1,616,757	12.6
Other financial liabilities	837,331	1,202,921	(30.4)
Hedging derivatives	597,357	414,217	44.2
Insurance contract liabilities	1,073,484	931,865	15.2
Provisions for contingent exposures	476,824	474,463	0.5
Tax liabilities	392,543	185,717	>
Other liabilities	553,237	490,733	12.7
Total liabilities	**120,842,164**	**103,318,395**	**17.0**
Equity			
Own funds	8,415,854	6,734,394	25.0
Capital, reserves and retained earnings	7,849,529	5,989,597	31.1
Profit or loss for the period	766,132	1,052,072	(27.2)
Dividends paid and declared	(199,807)	(307,275)	(35.0)
Valuation adjustments	(15,649)	30,770	
Minority interests	47,779	292,492	(83.7)
Total equity	**8,447,984**	**7,057,656**	**19.7**
Total liabilities and equity	**129,290,148**	**110,376,051**	**17.1**

Funds Managed

(Amounts in € thousand)

	31.12.09	31.12.08	% variation
Unadjusted customer deposits	59,288,645	51,494,503	15.1
General government	7,154,546	6,491,790	10.2
Other private sectors	52,134,099	45,002,713	15.8
Residents	44,704,662	38,639,457	15.7
Nonresidents	7,429,437	6,363,256	16.8
Valuation adjustments (+/-)	268,947	170,907	57.4
Total customer deposits	59,557,592	51,665,410	15.3
Unadjusted debt certificates including bonds:	29,807,983	29,846,312	(0.1)
Bonds and other securities outstanding	20,968,488	20,040,340	4.6
Commercial paper	8,839,495	9,805,972	(9.9)
Valuation adjustments (+/-)	525,838	361,860	45.3
Total debt certificates including bonds	30,333,821	30,208,172	0.4
Subordinated liabilities	1,820,215	1,616,757	12.6
Total on-balance sheet funds (a)	**91,711,628**	**83,490,339**	**9.8**
Mutual funds	8,000,270	8,649,348	(7.5)
Asset portfolio management	876,068	875,706	-
Pension funds	4,186,149	3,905,595	7.2
Total other intermediated funds (b)	**13,062,487**	**13,430,649**	**(2.7)**
Total funds managed (a+b)	**104,774,115**	**96,920,988**	**8.1**

Customer deposits

(Amounts in € thousand)

	31.12.09	31.12.08	% variation
Demand deposits	20,718,196	18,833,114	10.0
Time deposits	31,662,508	25,719,428	23.1
Asset repos	6,649,223	6,692,298	(0.6)
Other accounts and valuation adjustments	527,665	420,570	25.5
Customer deposits	**59,557,592**	**51,665,410**	**15.3**
Domestic commercial paper	3,060,951	5,737,102	(46.6)
Total	**62,618,543**	**57,402,512**	**9.1**

Lending to customers

(Amounts in € thousand)

	31.12.09	31.12.08	% variation
Lending to general government.	288,607	561,395	(48.6)
Lending to other private sectors	97,074,315	92,891,224	4.5
Residents.	87,223,770	83,524,458	4.4
Nonresidents.	9,180,896	9,187,806	(0.1)
Other loans	669,649	178,960	>
Total lending to customers	**97,362,922**	**93,452,619**	**4.2**
Valuation adjustments (+/-)	(2,406,434)	(1,751,098)	37.4
Total	**94,956,488**	**91,701,521**	**3.5**

Lending to customers by type

(Amounts in € thousand)

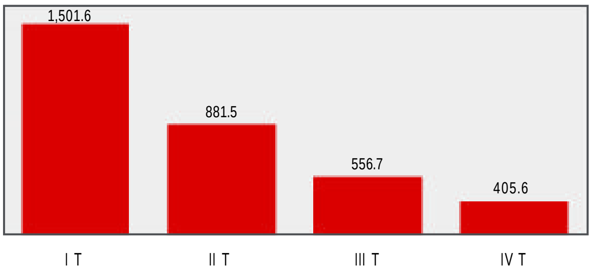
	31.12.09	31.12.08	% variation
Trade loans and discounts	5,038,485	6,377,878	(21.0)
Secured loans	47,781,508	48,420,181	(1.3)
Mortgage	47,655,668	48,276,130	(1.3)
Other	125,840	144,051	(12.6)
Term loans and other lending.	35,977,524	32,189,445	11.8
Leasing	3,231,087	3,612,091	(10.5)
Doubtful assets	5,334,318	2,853,024	87.0
Total lending to customers	**97,362,922**	**93,452,619**	**4.2**

Risk Management Performance*

(Amounts in € thousand)

	31.12.09	31.12.08	Variation Amount	Variation %
Nonperforming loans:				
Balance at 1 January	3,042,612	834,478	2,208,134	>
Additions	6,380,483	3,645,362	2,735,121	75.0
Recoveries	3,034,992	866,502	2,168,490	>
Other changes	-	-	-	
Net variation	3,345,491	2,778,860	566,631	20.4
% increase	>	>		
Writeoffs	(876,587)	(570,726)	(305,861)	53.6
Balance at 31 December	5,511,516	3,042,612	2,468,904	81.1

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



	31.12.09	31.12.08	Variation Amount	Variation %
Credit loss allowances:				
Balance at 1 January	2,221,902	1,822,353	399,549	21.9
Annual provision:				
Gross	3,253,130	1,656,596	1,596,534	96.4
Recoveries	(1,904,785)	(936,843)	(967,942)	>
Net	1,348,345	719,753	628,592	87.3
Other variations	(100,994)	12,039	(113,033)	
Writeoffs	(698,767)	(332,243)	(366,524)	>
Balance at 31 December	2,770,486	2,221,902	548,584	24.7
Of which sub-standard risk provisions	610,360	275,252	335,108	>

	Specific	General	Country risk	Total
Balance at 1 January	*922,037*	*1,296,003*	*3,862*	*2,221,902*
Net provisisons	1,923,333	(574,257)	(731)	1,348,345
Amount used	(698,767)	-	-	(698,767)
Other variations and transfers	(229,756)	128,762	-	(100,994)
Balance at 31 December	*1,916,847*	*850,508*	*3,131*	*2,770,486*

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

Risk Management Performance

(Amounts in € thousand)	31.12.09	31.12.08	Variation Amount	Variation %
Risk quality measures (%):				
Total Risks	114.469.528	108.584.628	5.884.900	5,4
Nonperformance (Nonperforming loans/Total risks)	4.81	2.80	2.01	
Coverage (Credit loss allowance/Nonperforming loans)	50.27	73.03	(22.76)	
Credit risk premium	1.69	1.02	0.67	
Typical spread on lending to customers	3.07	2.63	0.44	

Coverage by type of non-performing balance:

Non-performing balances without mortgage guarantee	3,008,086
Provisions *	2,456,936
Non-performing balances with mortgage guarantee	2,503,430
Guarantees	4,116,974
Provisions	313,550
Total non-performing balances	5,511,516
Guarantees	4,116,974
Provisions	2,770,486

* Including general and sub-standard risk provision.

Asset impairment:

	31.12.09	31.12.08	Variation Amount	Variation %
Financial assets	**1,752,394**	**998,162**	**754,232**	**75.6**
Credit risk	1,520,037	905,174	614,863	67.9
of which provision to precautionary allowance	335,108	189,000	146,108	77.2
Investments	232,357	92,988	139,639	>
Non-financial assets and property	**407,968**	**84,537**	**323,431**	**>**
of which provision to precautionary property allowance	145,000	-	145,000	100.0
Total	**2,160,362**	**1,082,699**	**1,077,663**	**99.5**

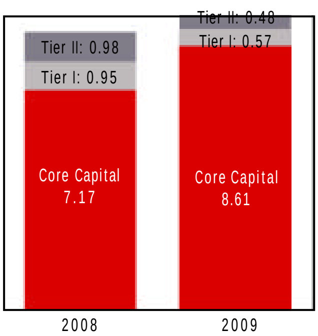
Solvency

(Amounts in € thousand)

	31.12.09	31.12.08
Total core capital	**7,947,799**	**6,604,457**
Core capital (%)	*8.61*	*7.17*
Total Tier 1 Capital	**8,473,330**	**7,475,671**
Tier 1 ratio (%)	*9.18*	*8.12*
Total Tier 2 Capital	**442,928**	**905,735**
BIS computable capital	**8,916,258**	**8,381,406**
Capital cushion	1,529,701	1,011,082
BIS ratio (%)	*9.66*	*9.10*
Leverage*	16.17	17.17
Memorandum item:		
Total BIS risk-weighted assets	92,331,963	92,129,050

* Calculated with data from the end of each period

Variation in capital ratios (%)



Equity

(Amounts in € thousand)

	Capital & reserves	Valuation adjustments	Minority interests	Net worth
Balance at 31/12/2008	**6,734,394**	**30,770**	**292,492**	**7,057,656**
Capital increase	650,441	-	-	650,441
Merger adjustments	70,128	-	(230,700)	(160,572)
Variation in treasury stock	(74,961)	-	-	(74,961)
Gain on treasury stock transactions	61,382	-	-	61,382
Actuarial differences	(6,092)	-	286	(5,806)
Issuance and remuneration of mandatory convertible debentures	693,344	-	-	693,344
Consolidation operations (net)	(30,751)	-	(1,256)	(32,007)
Value adjustments	-	(46,419)	(20)	(46,439)
Net profit at 31 december 2009	766,132	-	14,215	780,347
Dividends paid in 2009	(448,163)		(27,238)	(475,401)
Balance at 31/12/2009	**8,415,854**	**(15,649)**	**47,779**	**8,447,984**

Consolidated income and profitability

	(Amounts in € thousand)			(Annualized % of ATA)		
	31.12.09	31.12.08	% variation	31.12.09	31.12.08	Variation
Interest and similar income	5,059,068	6,289,255	(19.6)	4.40	5.86	(1.46)
- Interest expense and similar charges	2,236,515	3,753,994	(40.4)	1.94	3.50	(1.56)
+ Remuneration of capital redeemable on demand	-	-	-	-	-	-
= Net interest income	**2,822,553**	**2,535,261**	**11.3**	**2.46**	**2.36**	**0.10**
+Return on equity instruments	7,771	23,839	(67.4)	0.01	0.02	(0.01)
+RShare of results of entities accounted for using the equity method	814	14,356	(94.3)	-	0.01	(0.01)
+Fees and commissions, net	763,444	864,548	(11.7)	0.66	0.81	(0.15)
±Gains or losses on financial assets and liabilities (net)	356,168	74,484	>	0.31	0.07	0.24
+Exchange differences (net)	48,339	54,229	(10.9)	0.04	0.05	(0.01)
+Other operating income	286,043	250,380	14.2	0.25	0.24	0.01
- Other operating expenses	230,962	160,327	44.1	0.20	0.15	0.05
=Gross operating income	**4,054,170**	**3,656,770**	**10.9**	**3.53**	**3.41**	**0.12**
- Administrative expenses:	1,188,456	1,215,770	(2.2)	1.03	1.13	(0.10)
Personnel expenses	792,053	818,142	(3.2)	0.69	0.76	(0.07)
Other general administrative expenses	396,403	397,628	(0.3)	0.34	0.37	(0.03)
- Depreciation & amortisation	104,086	100,786	3.3	0.09	0.10	(0.01)
=Net operating income (Pre-provision profit)	**2,761,628**	**2,340,214**	**18.0**	**2.41**	**2.18**	**0.23**
- Provisioning expense (net)	(13,478)	29,515	>	(0.01)	0.03	(0.04)
- Credit risk asset impairment	1,520,037	905,174	67.9	1.33	0.84	0.49
- Impairment of other assets	640,325	177,525	>	0.56	0.17	0.39
±Gains/(Losses) on assets held for sale (net)	458,162	233,020	96.6	0.40	0.22	0.18
=Profit before tax	**1,072,906**	**1,461,020**	**(26.6)**	**0.93**	**1.36**	**(0.43)**
- Income tax	292,559	390,343	(25.1)	0.25	0.36	(0.11)
+Gains/losses on discontinued operations (net)	-	40,023	(100.0)	-	0.04	(0.04)
=Consolidated profit for the year	**780,347**	**1,110,700**	**(29.7)**	**0.68**	**1.04**	**(0.36)**
- Profit attributed to minority interests	14,215	58,628	(75.8)	0.01	0.06	(0.05)
=Profit attributed to the controlling company	**766,132**	**1,052,072**	**(27.2)**	**0.67**	**0.98**	**(0.31)**
Net return on risk-weighted assets (RORWA) (%)				0.86	1.23	(0.37)
Net return on equity (ROE) (%)				10.98	17.79	(6.81)
Operating efficiency ratio (%)				29.31	33.25	(3.94)
In € million						
Average total assets				114,940	107,222	7,718
Risk-weighted average total assets (RWA)				91,148	90,458	690
Average equity				6,976	5,913	1,063

Quarterly Consolidated Income

(Amounts in € thousand)

2009

	1th	2st	3nd	4rd
Interest and similar income	1,484,337	1,280,934	1,206,852	1,086,945
- Interest expense and similar charges	757,246	590,820	504,540	383,909
+ Remuneration of capital redeemable on demand	-	-	-	-
= Net interest income	**727,091**	**690,114**	**702,312**	**703,036**
+Return on equity instruments	1,714	1,646	2,041	2,370
+RShare of results of entities accounted for using the equity method	54	28	336	396
+Fees and commissions, net	195,577	193,543	189,875	184,449
±Gains or losses on financial assets and liabilities (net)	50,138	130,716	62,634	112,680
+Exchange differences (net)	11,988	11,537	10,921	13,893
+Other operating income	77,122	62,502	58,685	87,734
- Other operating expenses	58,760	47,951	49,661	74,590
=Gross operating income	**1,004,924**	**1,042,135**	**977,143**	**1,029,968**
- Administrative expenses:	284,750	293,945	300,261	309,500
Personnel expenses	192,850	196,226	202,091	200,886
Other general administrative expenses	91,900	97,719	98,170	108,614
- Depreciation & amortisation	25,635	25,424	25,666	27,361
=Net operating income (Pre-provision profit)	**694,539**	**722,766**	**651,216**	**693,107**
- Provisioning expense (net)	(10,415)	(5,464)	(9,552)	11,953
- Credit risk asset impairment	295,490	412,689	386,605	425,253
- Impairment of other assets	148,475	178,595	78,929	234,326
±Gains/(Losses) on assets held for sale (net)	65,156	159,895	99,426	133,685
=Profit before tax	**326,145**	**296,841**	**294,660**	**155,260**
- Income tax	94,494	77,359	83,738	36,968
+Gains/losses on discontinued operations (net)	-	-	-	-
=Consolidated profit for the year	**231,651**	**219,482**	**210,922**	**118,292**
- Profit attributed to minority interests	6,890	1,657	2,330	3,338
=Profit attributed to the controlling company	**224,761**	**217,825**	**208,592**	**114,954**

2008

	1th	2st	3nd	4rd
Interest and similar income	1,501,263	1,544,565	1,639,911	1,603,516
- Interest expense and similar charges	876,574	915,085	994,590	967,745
+ Remuneration of capital redeemable on demand	-	-	-	-
= Net interest income	**624,689**	**629,480**	**645,321**	**635,771**
+ Return on equity instruments	5,288	11,506	4,944	2,101
+ RShare of results of entities accounted for using the equity method	40	50	1,639	12,627
+ Fees and commissions, net	215,735	226,247	208,653	213,913
± Gains or losses on financial assets and liabilities (net)	17,725	23,115	24,354	9,290
+ Exchange differences (net)	11,088	11,134	16,659	15,348
+ Other operating income	62,278	73,181	43,436	71,485
- Other operating expenses	37,031	43,331	27,215	52,750
= Gross operating income	**899,812**	**931,382**	**917,791**	**907,785**
- Administrative expenses:	290,559	293,594	312,530	319,087
Personnel expenses	198,583	198,129	210,624	210,806
Other general administrative expenses	91,976	95,465	101,906	108,281
- Depreciation & amortisation	26,209	25,877	26,415	22,285
= Net operating income (Pre-provision profit)	**583,044**	**611,911**	**578,846**	**566,413**
- Provisioning expense (net)	2,214	5,050	13,039	9,212
- Credit risk asset impairment	129,161	331,893	110,688	333,432
- Impairment of other assets	6,289	10,490	33,187	127,559
± Gains/(Losses) on assets held for sale (net)	32,745	170,333	180	29,762
= Profit before tax	**478,125**	**434,811**	**422,112**	**125,972**
- Income tax	135,594	101,765	123,597	29,387
+ Gains/losses on discontinued operations (net)	2,932	37,091	-	-
= Consolidated profit for the year	**345,463**	**370,137**	**298,515**	**96,585**
- Profit attributed to minority interests	20,929	17,140	16,620	3,939
= Profit attributed to the controlling company	**324,534**	**352,997**	**281,895**	**92,646**

Quarterly Profitability

(Annualized % of ATA)

	2008				2009			
	1th	2st	3nd	4rd	1th	2st	3nd	4rd
Interest and similar income	5.76	5.84	5.98	5.88	5.39	4.50	4.14	3.65
- Interest expense and similar charges	3.37	3.46	3.63	3.55	2.75	2.08	1.73	1.29
+ Remuneration of capital redeemable on demand	-	-	-	-	-	-	-	-
= Net interest income	**2.40**	**2.38**	**2.35**	**2.33**	**2.64**	**2.42**	**2.41**	**2.36**
+Return on equity instruments	0.02	0.04	0.02	0.01	0.01	0.01	0.01	0.01
+RShare of results of entities accounted for using the equity method	-	-	0.01	0.05	-	-	-	-
+Fees and commissions, net	0.83	0.85	0.76	0.78	0.71	0.68	0.65	0.62
±Gains or losses on financial assets and liabilities (net)	0.07	0.09	0.09	0.03	0.18	0.46	0.21	0.38
+Exchange differences (net)	0.04	0.04	0.06	0.06	0.04	0.04	0.04	0.05
+Other operating income	0.24	0.28	0.16	0.26	0.28	0.22	0.20	0.29
- Other operating expenses	0.14	0.16	0.10	0.19	0.21	0.17	0.17	0.25
=Gross operating income	**3.45**	**3.52**	**3.35**	**3.33**	**3.65**	**3.66**	**3.35**	**3.46**
- Administrative expenses:	1.12	1.11	1.14	1.17	1.03	1.03	1.03	1.04
Personnel expenses	0.76	0.75	0.77	0.77	0.70	0.69	0.69	0.68
Other general administrative expenses	0.35	0.36	0.37	0.40	0.33	0.34	0.34	0.36
- Depreciation & amortisation	0.10	0.10	0.10	0.08	0.09	0.09	0.09	0.09
=Net operating income (Pre-provision profit)	**2.24**	**2.31**	**2.11**	**2.08**	**2.53**	**2.54**	**2.23**	**2.33**
- Provisioning expense (net)	0.01	(0.02)	0.05	0.04	(0.04)	(0.02)	(0.03)	0.04
- Credit risk asset impairment	0.50	1.25	0.40	1.22	1.08	1.45	1.32	1.43
- Impairment of other assets	0.02	0.03	0.12	0.47	0.54	0.63	2.27	0.79
±Gains/(Losses) on assets held for sale (net)	0.13	0.60	-	0.11	0.24	0.56	0.34	0.45
=Profit before tax	**1.84**	**1.64**	**1.54**	**0.46**	**1.19**	**1.04**	**1.01**	**0.52**
- Income tax	0.52	0.38	0.45	0.11	0.35	0.27	0.29	0.12
+Gains/losses on discontinued operations (net)	0.01	0.14	-	-	-	-	-	-
=Consolidated profit for the year	**1.33**	**1.40**	**1.09**	**0.35**	**0.84**	**0.77**	**0.72**	**0.40**
- Profit attributed to minority interests	0.08	0.06	0.06	0.01	0.02	-	0.01	0.01
=Profit attributed to the controlling company	**1.25**	**1.33**	**1.03**	**0.34**	**0.82**	**0.77**	**0.71**	**0.39**
Net return on risk-weighted assets (RORWA) (%)	1.54	1.63	1.32	0.43	1.01	0.97	0.93	0.52
Net return on equity (ROE) (%)	21.95	23.87	19.06	6.29	13.73	13.24	12.32	5.91
Operating efficiency ratio (%)	32.29	31.52	34.05	35.15	28.34	28.21	30.73	30.05
In € million								
Average total assets	104,196	105,859	109,672	109,160	110,167	113,871	116,745	118,977
Risk-weighted average total assets (RWA)	89,349	90,452	90,723	91,415	92,005	90,627	90,271	91,688
Average equity	5,915	5,917	5,915	5,895	6,549	6,580	6,774	7,782

Yields and Costs

(Amounts in € thousand and rates annualized)

	31.12.09				31.12.08			
	Average balance	Distri-bution (%)	Income or expense	Average rate (%)	Average balance	Distri-bution (%)	Income or expense	Average rate (%)
Financial system	5,777,958	5.03	74,275	1.29	7,783,749	7.26	309,686	3.98
Loans and discounts (a).	89,952,972	78.26	4,745,001	5.27	89,071,929	83.07	5,755,815	6.46
Securities portfolio	8,285,180	7.21	228,887	2.76	3,980,538	3.71	207,424	5.21
Other assets	10,923,858	9.50	10,905	0.10	6,385,519	5.96	16,330	0,26
Total earning assets (b)	**114,939,968**	**100.0**	**5,059,068**	**4.40**	**107,221,735**	**100.0**	**6,289,255**	**5.86**
Financial system	15,978,283	13.90	230,170	1.44	11,950,170	11.15	485,528	4.06
Customer funds (c)	52,697,996	45.85	1,121,940	2.13	43,603,071	40.67	1,348,247	3.09
Demand accounts	13,562,859	11.80	84,156	0.62	13,327,297	12.43	226,038	1.70
Savings and time deposits. . . .	39,135,137	34.05	1,037,784	2.65	30,275,774	28.24	1,122,209	3.71
Marketable debt securities & other	33,416,580	29.07	862,054	2.58	39,377,318	36.73	1,900,978	4.83
interest-bearing liabilities.	281,999	0.25	22,351	7.93	303,281	0.28	19,241	6.34
Other funds	5,589,570	4.86	-	-	6,074,555	5.65	-	-
Equity	6,975,540	6.07	-	-	5,913,340	5.52	-	-
Total funds (d)	**114,939,968**	**100.0**	**2,236,515**	**1.94**	**107,221,335**	**100.0**	**3,753,994**	**3.50**
Customer spread (a-c).				*3.14*				*3.37*
Spread (b-d)				*2.46*				*2.36*

Quarterly Yields and Costs

(Data in % and rates annualized)

	2009							
	1th		2st		3nd		4rd	
	Distribu tion	*Rate*	Distribu tion	*Rate*	Distribu tion	*Rate*	Distribu tion	*Rate*
Financial system	5.79	2.77	5.63	1.03	3.61	1.01	5.13	0.71
Loans and discounts (a)	81.79	6.21	77.53	5.54	76.67	5.01	75.90	4.44
Securities portfolio	3.75	4.49	5.70	2.39	8.82	2.79	10.28	2.35
Other assets	8.67	0.01	11.14	0.01	10.90	0.00	8.69	0.01
Total earning assets (b)	**100.00**	**5.39**	**100.00**	**4.50**	**100.00**	**4.14**	**100.00**	**3.65**
Financial system	11.33	2.84	12.81	1.57	15.19	0.88	16.06	0.95
Customer funds (c)	46.58	2.78	45.90	2.24	44.94	1.96	46.00	1.58
Demand accounts	11.70	1.08	11.26	0.61	12.10	0.44	12.11	0.39
Savings and time deposits	34.88	3.35	34.64	2.76	32.84	2.52	33.89	2.00
Marketable debt securities & other interest-bearing liabilities	30.41	3.66	29.96	2.77	28.91	2.40	27.14	1.44
Otros pasivos con coste	0.26	7.47	0.25	7.49	0.24	7.69	0.23	9.07
Other funds	5.48	-	5.30	-	4.92	-	4.03	-
Equity	5.94	-	5.78	-	5.80	-	6.54	-
Total funds (d)	**100.00**	**2.75**	**100.00**	**2.08**	**100.00**	**1.73**	**100.00**	**1.29**
Customer spread (a-c)		*3.43*		*3.30*		*3.05*		*2.86*
Spread (b-d)		*2.64*		*2.42*		*2.41*		*2.36*

	2008							
	1th		2st		3nd		4rd	
	Distribu tion	*Rate*	Distribu tion	*Rate*	Distribu tion	*Rate*	Distribu tion	*Rate*
Financial system	7.37	4.02	6.81	4.21	8.33	4.04	6.52	3.62
Loans and discounts (a)	83.75	6.27	83.90	6.36	81.69	6.61	83.01	6.61
Securities portfolio	3.79	5.47	3.88	5.25	3.94	5.96	3.25	3.95
Other assets	5.09	0.02	5.41	0.02	6.04	0.02	7.22	0.03
Total earning assets (b)	**100.00**	**5.77**	**100.00**	**5.85**	**100.00**	**5.98**	**100.00**	**5.88**
Financial system	9.77	4.04	11.67	4.31	11.85	3.83	11.24	4.09
Customer funds (c)	38.63	2.86	39.63	2.96	39.12	3.22	45.16	3.29
Demand accounts	12.96	1.60	12.26	1.47	11.80	1.76	12.72	1.94
Savings and time deposits	25.67	3.49	27.37	3.62	27.33	3.85	32.44	3.82
Marketable debt securities & other interest-bearing liabilities	40.23	4.60	37.20	4.74	37.55	5.05	32.08	4.93
Otros pasivos con coste	0.29	6.48	0.28	6.60	0.28	6.22	0.28	6.08
Other funds	5.40	-	5.63	-	5.81	-	5.84	-
Equity	5.68	-	5.59	-	5.39	-	5.40	-
Total funds (d)	**100.00**	**3.37**	**100.00**	**3.46**	**100.00**	**3.63**	**100.00**	**3.55**
Customer spread (a-c)		*3.41*		*3.40*		*3.39*		*3.32*
Spread (b-d)		*2.40*		*2.39*		*2.35*		*2.33*

Net Fee and Commission Income

(Amounts in € thousand)

	31.12.09	31.12.08	% variation	Distribution (%) 2009	2008
Risk fees and commissions	233,800	266,031	(12.1)	30.6	30.8
Asset transaction services	115,108	143,108	(19.6)	15.1	16.6
Provision of collateral and other guarantees	118,692	122,923	(3.4)	15.5	14.2
Asset management fees and commissions	156,578	196,972	(20.5)	20.5	22.8
Securities portfolios	28,615	30,257	(5.4)	3.8	3.5
Mutual funds	82,020	114,387	(28.3)	10.7	13.2
Pension plans	45,943	52,328	(12.2)	6.0	6.1
Management service fees and commissions	373,066	401,545	(7.1)	48.9	46.4
Collection and payment handling	191,487	215,876	(11.3)	25.1	25.0
Securities and foreign currency purchase and sale	15,688	17,374	(9.7)	2.0	2.0
Demand account administration	98,196	106,553	(7.8)	12.9	12.3
Other	67,695	61,742	9.6	8.9	7.1
Total	**763,444**	**864,548**	**(11.7)**	**100.0**	**100.0**

2009	1th	2st	3nd	4rd
Risk fees and commissions	64,674	57,839	56,839	54,448
Asset transaction services	35,290	28,601	26,449	24,768
Provision of collateral and other guarantees	29,384	29,238	30,390	29,680
Asset management fees and commissions	38,465	38,991	38,209	40,913
Securities portfolios	6,261	7,827	6,222	8,305
Mutual funds	20,938	20,172	20,301	20,609
Pension plans	11,266	10,992	11,686	11,999
Management service fees and commissions	92,438	96,713	94,827	89,088
Collection and payment handling	46,478	50,925	48,746	45,338
Securities and foreign currency purchase and sale	3,639	4,461	4,191	3,397
Demand account administration	22,590	24,589	24,105	26,912
Other	19,731	16,738	17,785	13,441
Total	**195,577**	**193,543**	**189,875**	**184,449**

Personnel and general expenses

(Amounts in € thousand)

	31.12.09	31.12.08	% variation	Distribution (%) 2009	2008
Personnel expenses:	**792,053**	**818,142**	**(3.2)**	**66.6**	**67.3**
Wages and salaries	601,843	617,781	(2.6)	50.6	50.8
Social security charges	138,821	142,379	(2.5)	11.7	11.7
Other personnel expenses	24,641	26,165	(5.8)	2.1	2.2
Pensions	26,748	31,817	(15.9)	2.2	2.6
General expenses:	**396,403**	**397,628**	**(0.3)**	**33.4**	**32.7**
Rents and common services	86,450	68,820	25.6	7.3	5.7
Communications	27,162	28,607	(5.1)	2.3	2.4
Maintenance of premises and equipment	27,191	25,307	7.4	2.3	2.1
IT and other technical expenses	81,630	73,711	10.7	6.9	6.1
Stationery and office supplies	7,194	8,475	(15.1)	0.6	0.7
Technical reports and legal expenses	25,099	19,785	26.9	2.1	1.6
Advertising and publicity	26,376	37,557	(29.8)	2.2	3.1
Insurance	4,463	4,504	(0.9)	0.4	0.4
Security and fund transport services	20,171	20,353	(0.9)	1.7	1.7
Travel	9,349	12,695	(26.4)	0.8	1.0
Property taxes, VAT and other	48,331	51,273	(5.7)	4.0	4.2
Other general expenses	32,987	46,541	(29.1)	2.8	3.7
Total	**1,188,456**	**1,215,770**	**(2.2)**	**100,0**	**100.0**

2009	1th	2st	3nd	4rd
Personnel expenses:	**192,850**	**196,226**	**202,091**	**200,886**
Wages and salaries	144,458	149,986	154,025	153,374
Social security charges	35,077	34,805	34,582	34,357
Other personnel expenses	6,153	6,124	6,431	5,933
Pensions	7,162	5,311	7,053	7,222
General expenses:	**91,900**	**97,719**	**98,170**	**108,614**
Rents and common services	18,310	20,692	21,696	25,452
Communications	6,389	5,745	8,025	7,003
Maintenance of premises and equipment	6,585	6,707	6,039	7,860
IT and other technical expenses	18,234	21,314	19,327	22,755
Stationery and office supplies	1,678	1,853	1,782	1,881
Technical reports and legal expenses	4,852	6,259	6,061	7,927
Advertising and publicity	7,118	7,503	6,324	5,431
Insurance	1,094	1,121	1,169	1,079
Security and fund transport services	5,028	3,806	6,689	4,648
Travel	2,406	2,617	1,715	2,611
Property taxes, VAT and other	12,355	12,132	11,576	12,268
Other general expenses	7,851	7,970	7,767	9,399
Total	**284,750**	**293,945**	**300,261**	**309,500**

Information by segment

As stated in the 2008 annual reporting documents, the Banco Popular Group is managed and directed at entity level. For the purposes of the information by segment and as indicated in that annual report, the main segment defined is the geographical segment, and the secondary segment is the activity segment. The balance sheet total in each geographical segment reflects the amount corresponding to Spain and Portugal, respectively. In each of the secondary segments the contribution of each to total assets in the consolidated balance sheet is shown.

The information by geographical segment is as follows:

	31.12.09		31.12.08		% variation	
	Spain*	Portugal	Spain*	Portugal	Spain*	Portugal
Net interest income	2,676,567	145,986	2,365,641	169,620	13.1	(13.9)
Gross income	3,871,618	182,552	3,459,181	197,589	11.9	(7.6)
Profit before provisions	2,697,968	63,660	2,253,464	86,750	19.7	(26.6)
Total assets	119,082,207	10,207,941	101,153,412	9,057,393	17.7	12.7
Number of employees	13,046	1,385	13,895	1,378	(6.1)	0.5
Number of branch offices	2,183	236	2,335	234	(6.5)	0.9

(*) Also includes the remaining international activity that does not constitute a separate segment.

The breakdown by business activity segment is as follows:

	Consolidated profit			Total assets		
	31.12.09	31.12.08	% variation	31.12.09	31.12.08	% variation
Asset management	62,864	48,140	30.6	564,112	323,941	43.2
Insurance activity	27,087	26,168	3.5	953,035	829,447	14.9
Commercial banking	553,756	890,113	(37,8)	89,681,356	91,834,924	(2.3)
Corporate and markets	136,640	146,279	(6.6)	38,091,645	17,317,739	>
Total	780,347	1,110,700	(29.7)	129,290,148	10,376,051	17.1

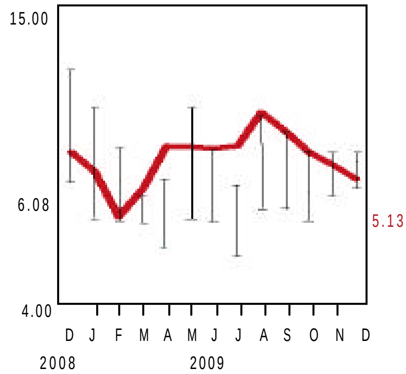
Market Performance of the Bank's Shares

Market information

Quarters		Share liquidity (Number in thousands) Average shares outstanding	Shares traded	%	Share market price (€) High	Low	Closing	Dividend paid (€)	Market return*
2008	1st	1,215,433	998,308	81.93	11.98	8.51	11.50	0.1222	(0.7)
	2nd	1,215,433	805,224	66.25	12.21	8.69	8.79	0.1234	(22.5)
	3rd	1,215,433	944,346	77.70	9.98	6.50	8.29	0.1250	(4.5)
	4th	1,216,743	638,486	52.50	8.91	5.60	6.08	0.1300	(0.3)
Year total		**1,215,753**	**3,386,364**	**278.54**	**12.21**	**5.60**	**6.08**	**0.5006**	**(43.8)**
2009	1st	1,235,741	747,715	60.50	6.79	3.21	4.77	0.1235	(0.3)
	2nd	1,235,741	617,349	49.96	6.70	4.59	6.21	0.0800	0.2
	3rd	1,265,852	769,185	60.76	7.62	5.51	6.85	0.1237 (1)	0.1
	4th (2)	1,265,852	578,737	45.72	6.90	5.11	5.13	0.0750	(0.2)
Year total		**1,250,797**	**2,712,986**	**216.90**	**7.62**	**3.21**	**5.13**	**0.4022**	**(9.0)**

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

Banco Popular share price (euros)
(High, Low and Closing in each month)



Market ratios	31.12.09	31.12.08
Price / Book value	0.81	1.12
Price / Earnings (PE ratio)	8.37	7.01
Dividend return (2)	7.84	8.23

(1) Delivery of 1 share for each 50 shares. Excess shares are paid taking as a reference the weighted average price at the session on 25/06/2009, the day before the Shareholders Meeting at which this distribution was approved (€6.1862).
(2) Excluding the second interim dividend out of 2009 earnings which was exceptionally paid in December for tax reasons.

Treasury Stock

(Thousands of shares)	Number Average	Maximum	Minimum	Closing	Total outstanding (a)	Total traded (b)	Treasury Stock* As % of (a)	As % of (b)
2008								
First quarter	723	724	720	724	1,215,433	998,308	0.06	0.07
Second quarter	724	724	724	724	1,215,433	805,224	0.06	0.09
Third quarter	1,011	2,634	724	2,634	1,215,433	944,346	0.08	0.11
Fourth quarter	7,323	10,116	724	10,116	1,235,741	638,486	0.59	1.15
2009								
First quarter	18,580	35,520	10,116	20,060	1,235,741	747,715	1.50	2.48
Second quarter	24,714	31,960	12,451	28,614	1,235,741	617,349	2.00	4.00
Third quarter	9,599	31,280	1,618	9,045	1,333,151	769,185	0.72	1.25
Fourth quarter	18,429	23,585	9,596	23,230	1,333,151	578,737	1.38	3.18

** 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.

Basis of presentation

The accompanying financial information was prepared in accordance with the new regulations and reflects all the economic activities of the Banco Popular Group, both financial and insurance and non-financial, and accordingly provides a true and fair view of the consolidated net worth, financial position, risks and results of operations.

The entry into force of Bank of Spain 6/2008 enabled the Group to take the option of recording actuarial gains and losses through net worth and therefore, for comparison purposes the published information relating to previous periods has been amended as appropriate.

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 2008 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.

Disclaimer

This financial report 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 variable, 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 report, 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 report.

This financial report contains summarised information and 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.

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