

**A Coruña,
April 30th 2009**

CORPORATE
FINANCE

Results Presentation 1Q09



Banco Pastor

A very active start of 2009

- ▣ PBT €67m; net profit €45m
- ▣ PPP rose to €130m
- ▣ Recurrent revenues up 18.7%
- ▣ Operating cost down by 1.3%
- ▣ Provisions on average loans at 57 bp versus 95 bp in 2008
- ▣ Bottom line influenced by the sale of the Unión Fenosa Stake in Jan 2008
- ▣ Signed a 10 year strategic agreement with Axa for non life insurance business
- ▣ Pastor issued €1bn of 3 year bonds in February
- ▣ €250m preferred shares issued in April
- ▣ Sale of remaining stake in Fenosa to be recorded on IIQ2009
- ▣ Highly successful sale and lease back assets currently going on

Resilient operating performance in a challenging environment

2009: the year of the global recession

GDP Forecast

1.2

-3

-0.5

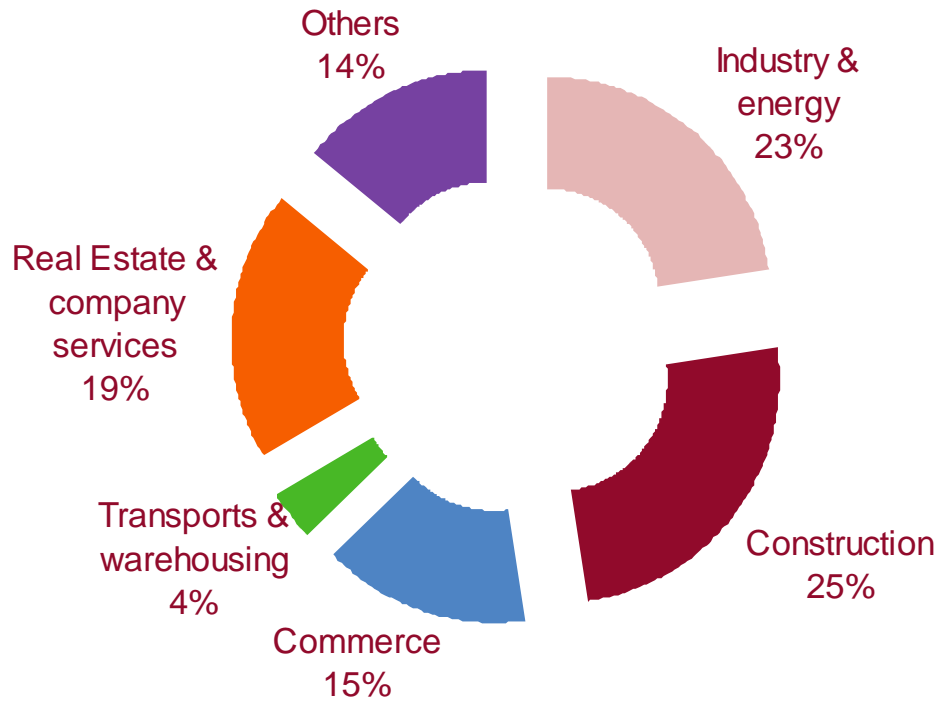
4Q08

2009e

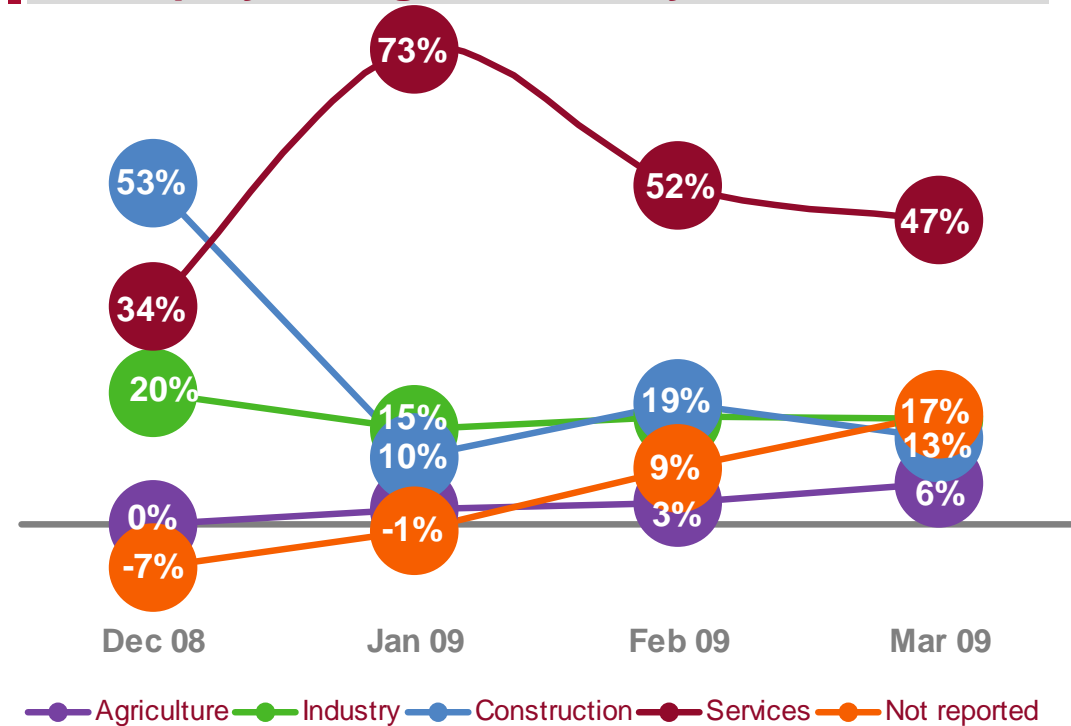
2010e



Defaulted companies by sector



Unemployment generation by sector



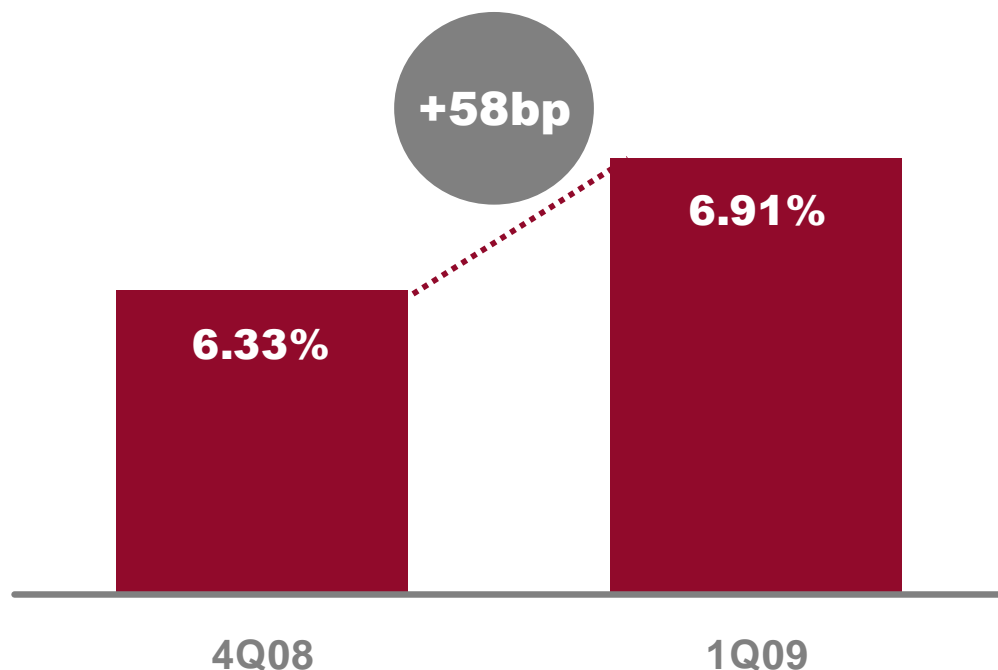
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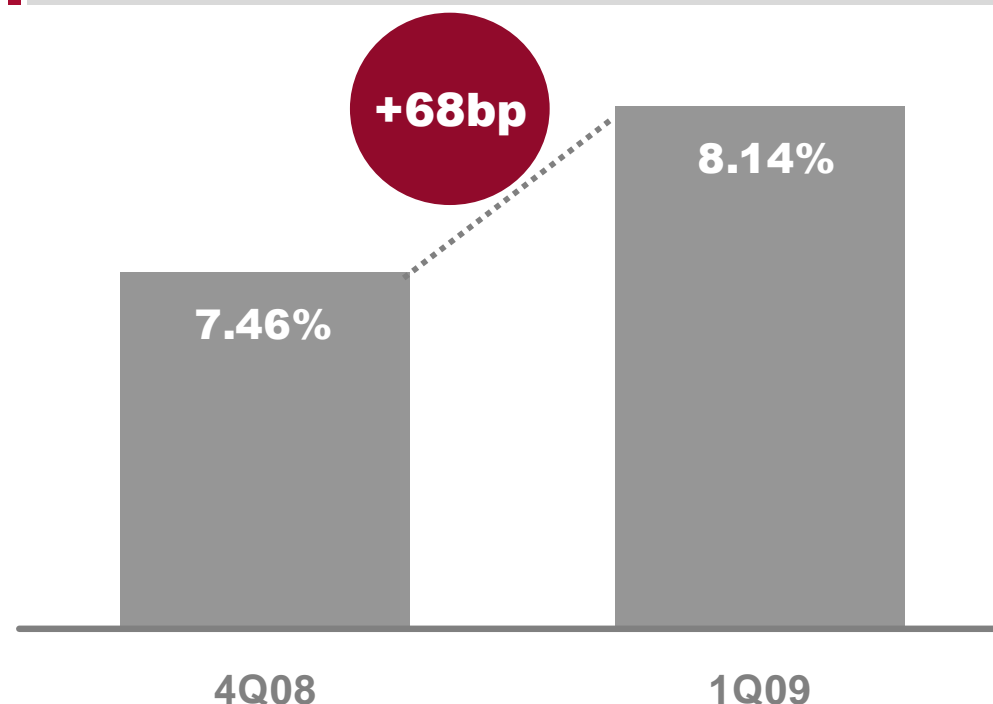
Capital Base

A strong capital base of excellent quality

Core Capital



Tier 1



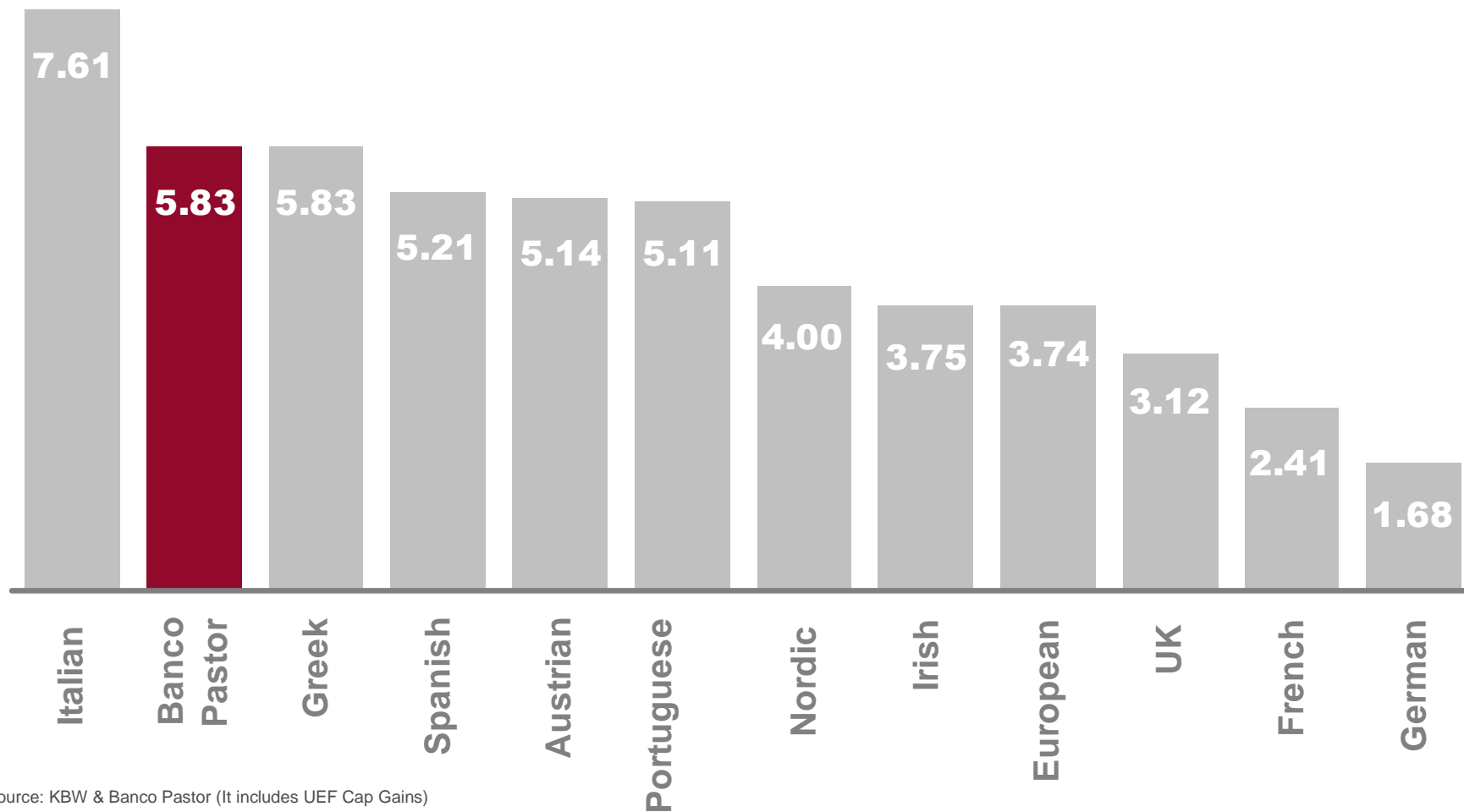
Comfortable in capital

- ☒ BIS ratio c.11%
- ☒ Scrip Dividend passed in Shareholders General Meeting
- ☒ New Tier 1 capital issue, €250m Preferred non cumulative stock: +129 bp in Tier 1
- ☒ Capital gains will help to strengthen capital position
- ☒ A unique and strong shareholder structure

Capital Base

Among the best capitalised banks in Europe

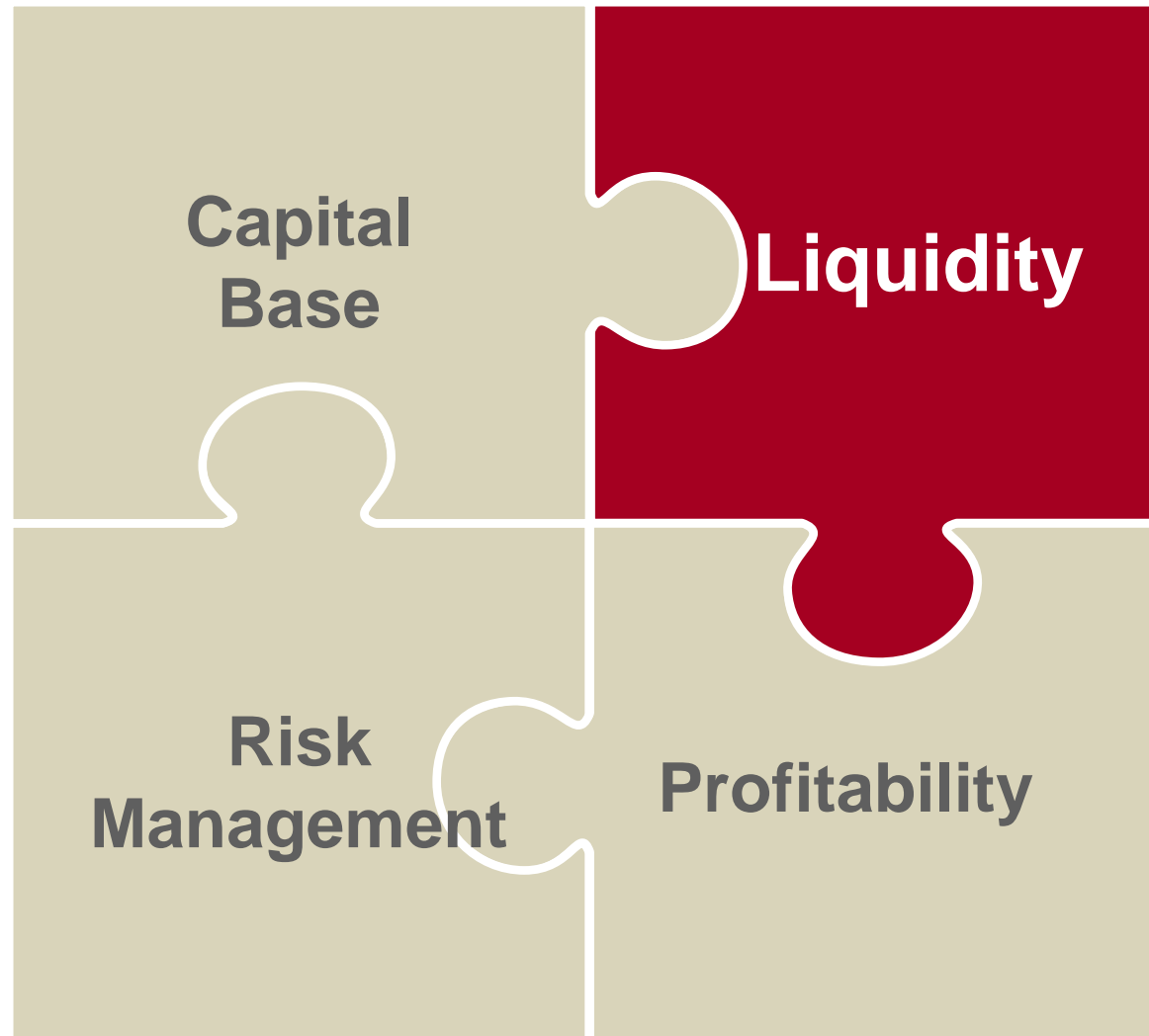
Equity / Assets



Source: KBW & Banco Pastor (It includes UEF Cap Gains)

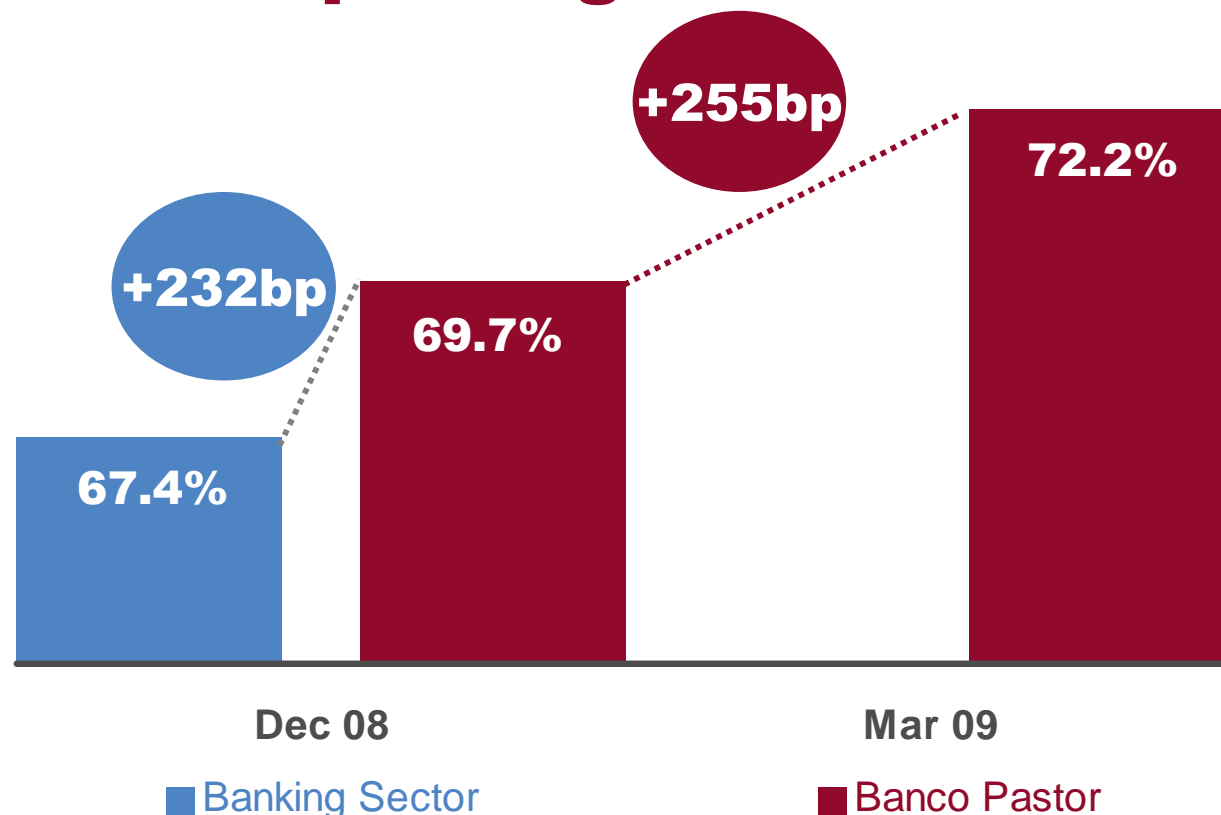
Far better than the Spanish and European counterparts

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Liquidity

Further improving the commercial gap



**Maturities in Spain
for 2009 and 2010**

€145,604m

Healthy balance sheet structure

- ▣ 15 months functioning without needing to tap markets
- ▣ February 09 €1bn of 3 year senior debt issue with government guarantee
- ▣ Liquid assets in balance sheet
- ▣ €3,400m contingency portfolio

Liquidity

...supported by our strong deposit base

Term deposits 13.8%

€' Mill	Mar 09	Mar 08	Abs Var.	% YoY
From Public Authorities	442	837	-394	-47.1%
Resident sector	11,777	11,335	442	3.9%
Non resident sector	1,643	1,476	167	11.3%
Resident + Non resident sec.	13,420	12,810	610	4.8%
Total Deposits (*)	13,863	13,647	216	1.6%

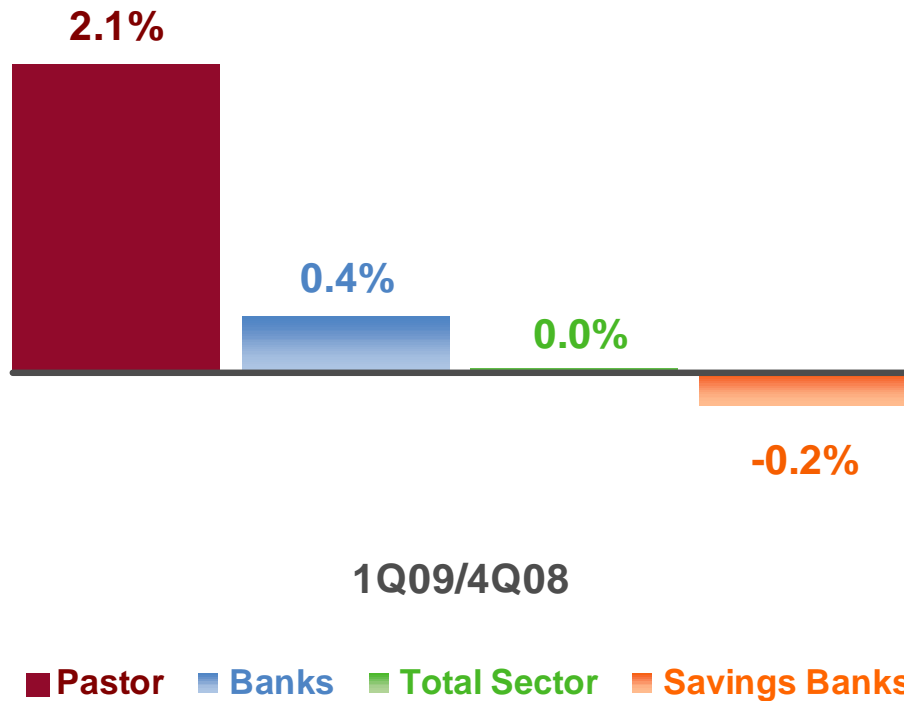
(*) Ex Repos

Deposits growth is resilient and driven by resident and non resident sector

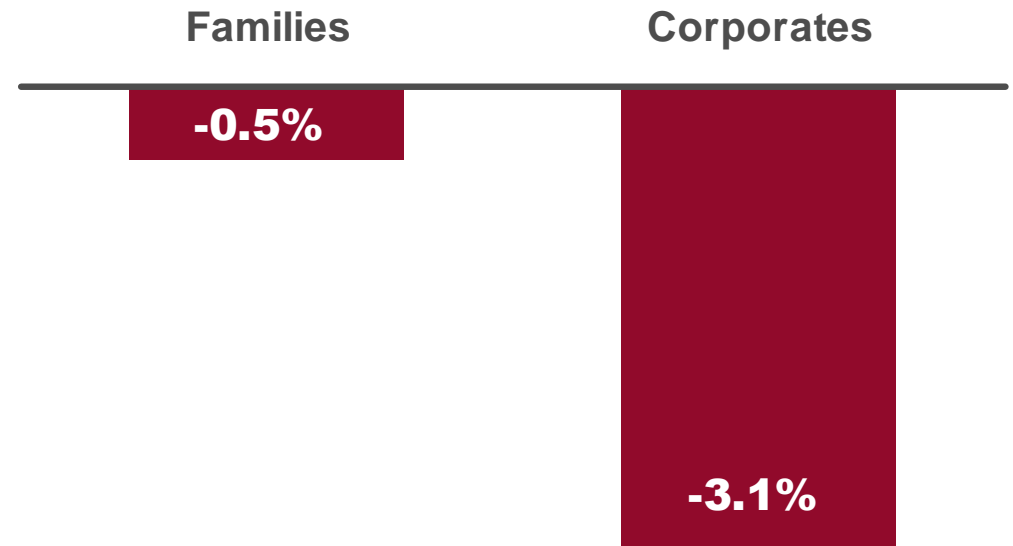
Liquidity

Consistently outperforming the sector

Resident sector: Quarterly growth



Evolution savings in families and corporates



Source: BoS
Note: Total sector evolution from Dec 08 to Feb 09

Source: BoS
Note: Total sector evolution from Dec 08 to Feb 09

Showing a healthier than the sector's deposit growth

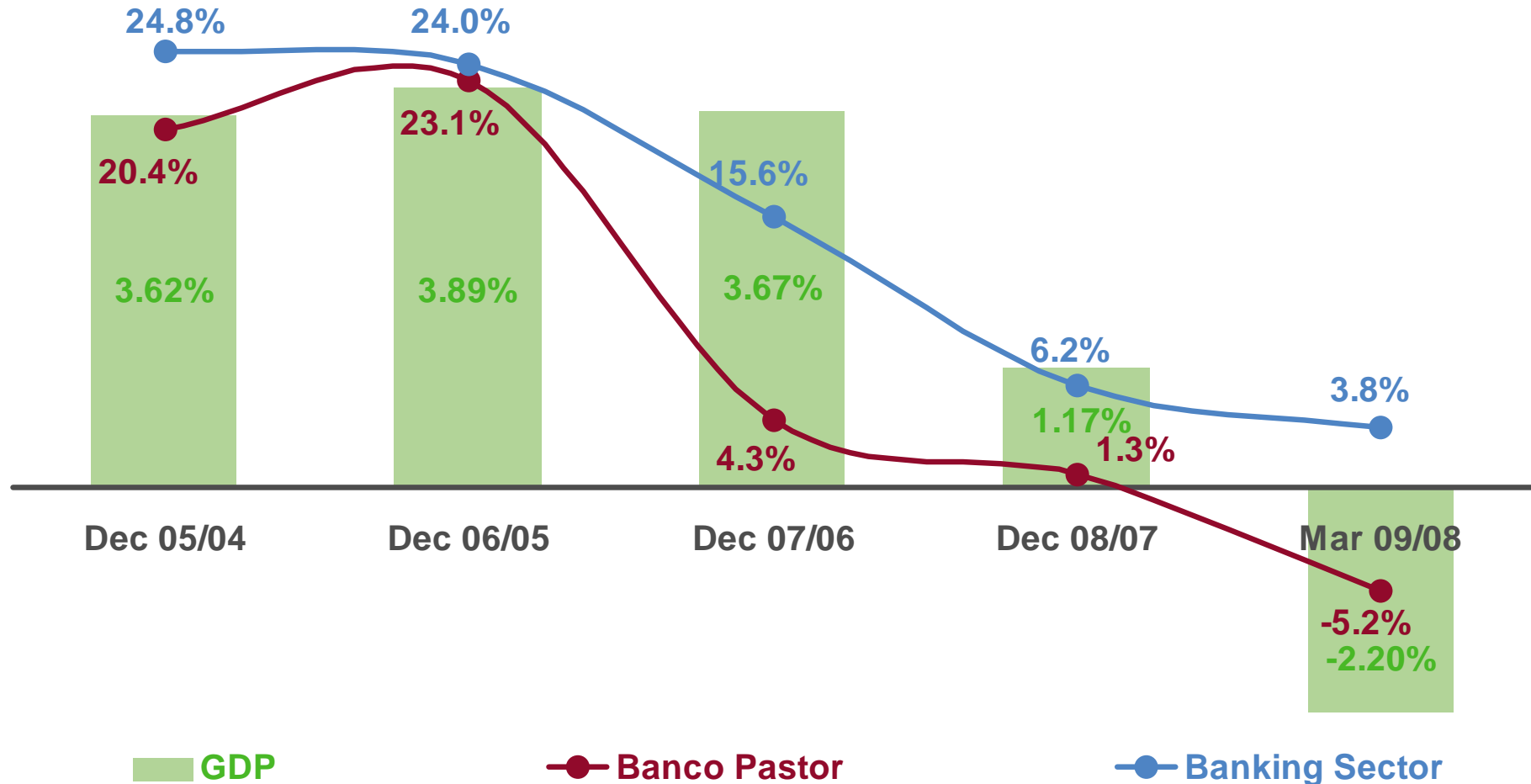
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Risk Management

A reality check...

Loans annual growth



Since 2005, loan growth has been lagging the sector's

Risk Management

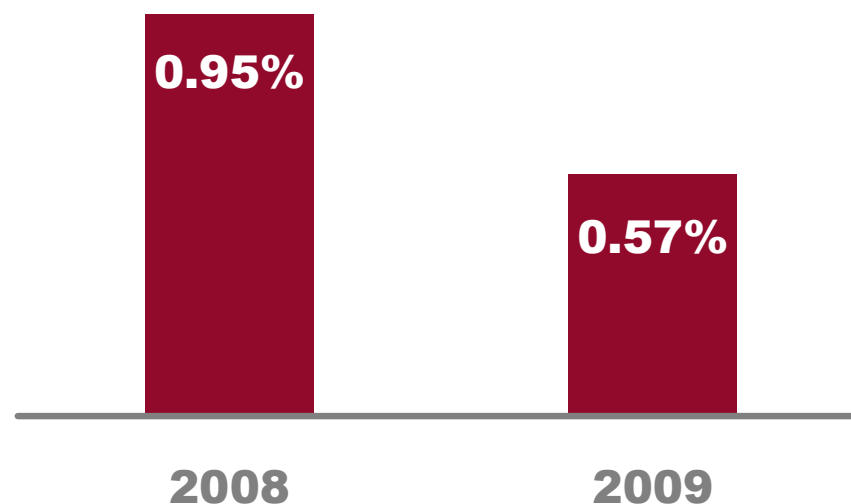
Managing through the credit cycle

Main Ratios

NPL Ratio 4.18%

Global Coverage 96.2%

Risk Premium



Meeting the risk management challenge

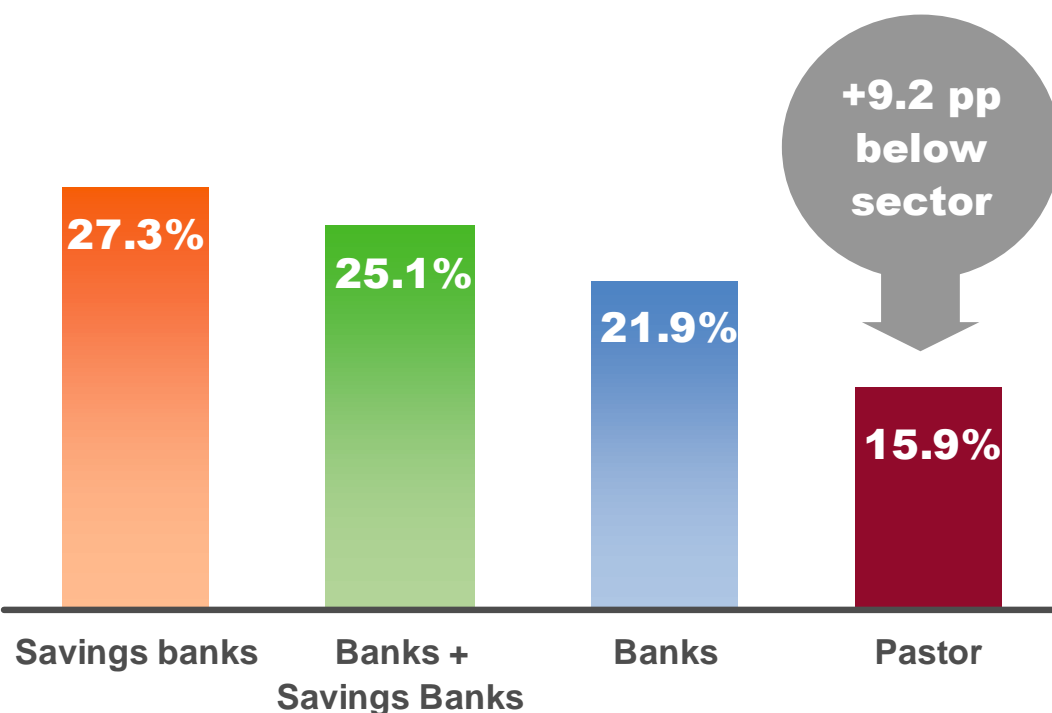
- ▣ Significant reinforcement in people dedicated to risk management
- ▣ Incentive scheme biased to asset quality management
- ▣ 57% loans have collateral +60% of NPLs are asset backed
- ▣ Average LTV in mortgages 60%, 49% in land financing and 56% in developers: gap to assume a fall in prices
- ▣ €461m provisions to offset asset quality impact: €115m Generic provision + €346m Specific provisions

Capital gains from UEF to replenish generic provisioning back to 2006 levels

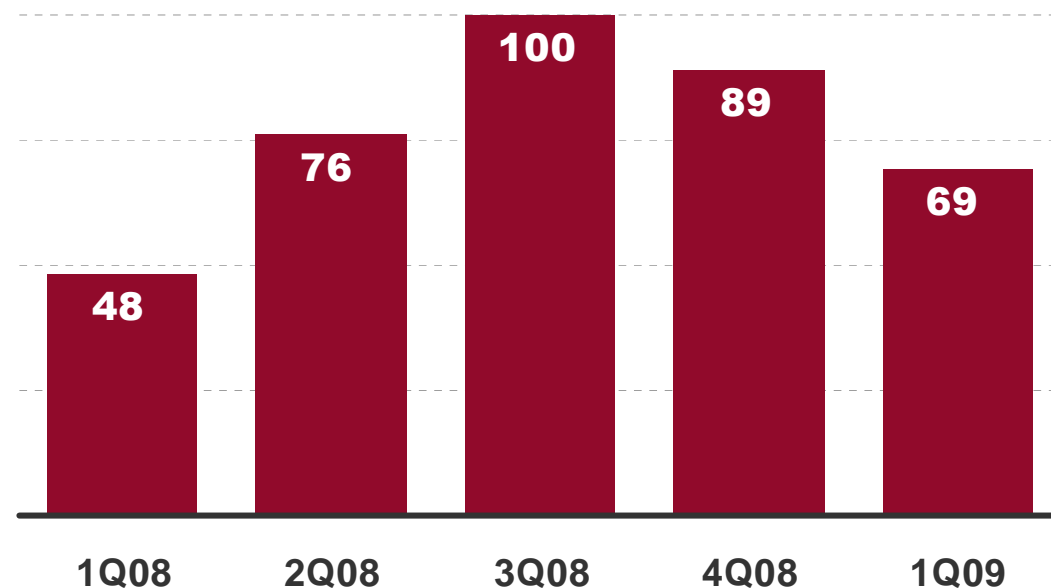
Risk Management

Net entries showing deceleration

1Q09 growth in NPL entries



Quarterly net NPL entries (base 100 3Q08)



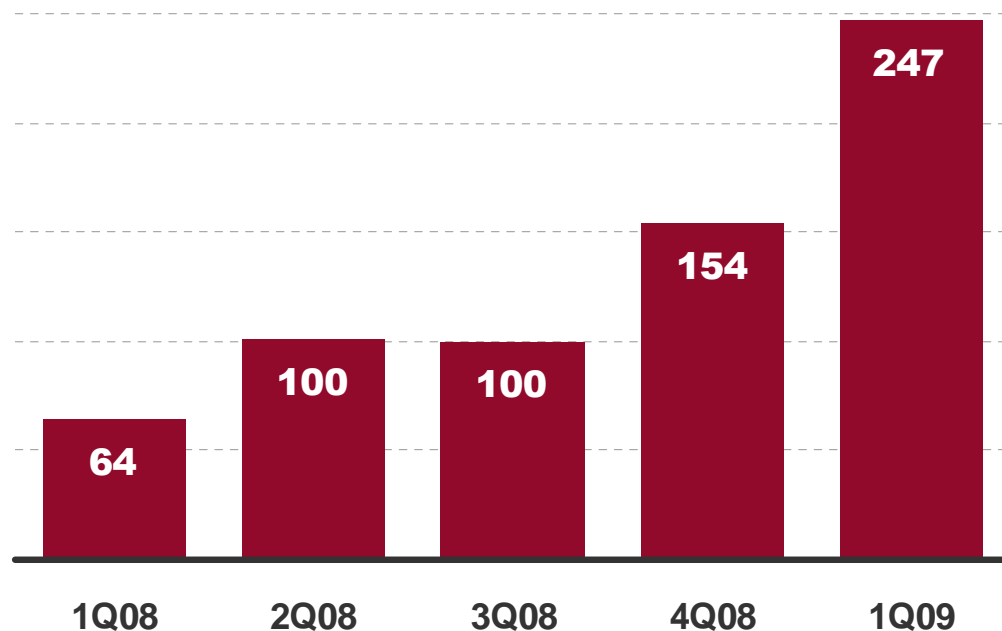
Source: BoS
Note: Total sector growth from Dec 08 to Feb 09

Lowering the level of net entries for two quarters in a row !

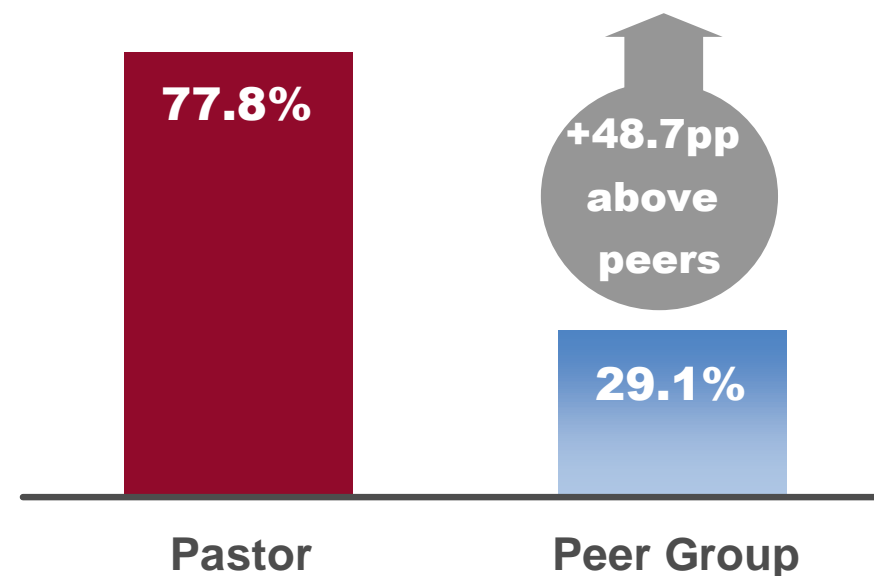
Risk Management

And recoveries getting stronger and stronger

Quarterly NPL recoveries (base 100 3Q08)



NPL Recoveries / NPL Entries Ratio



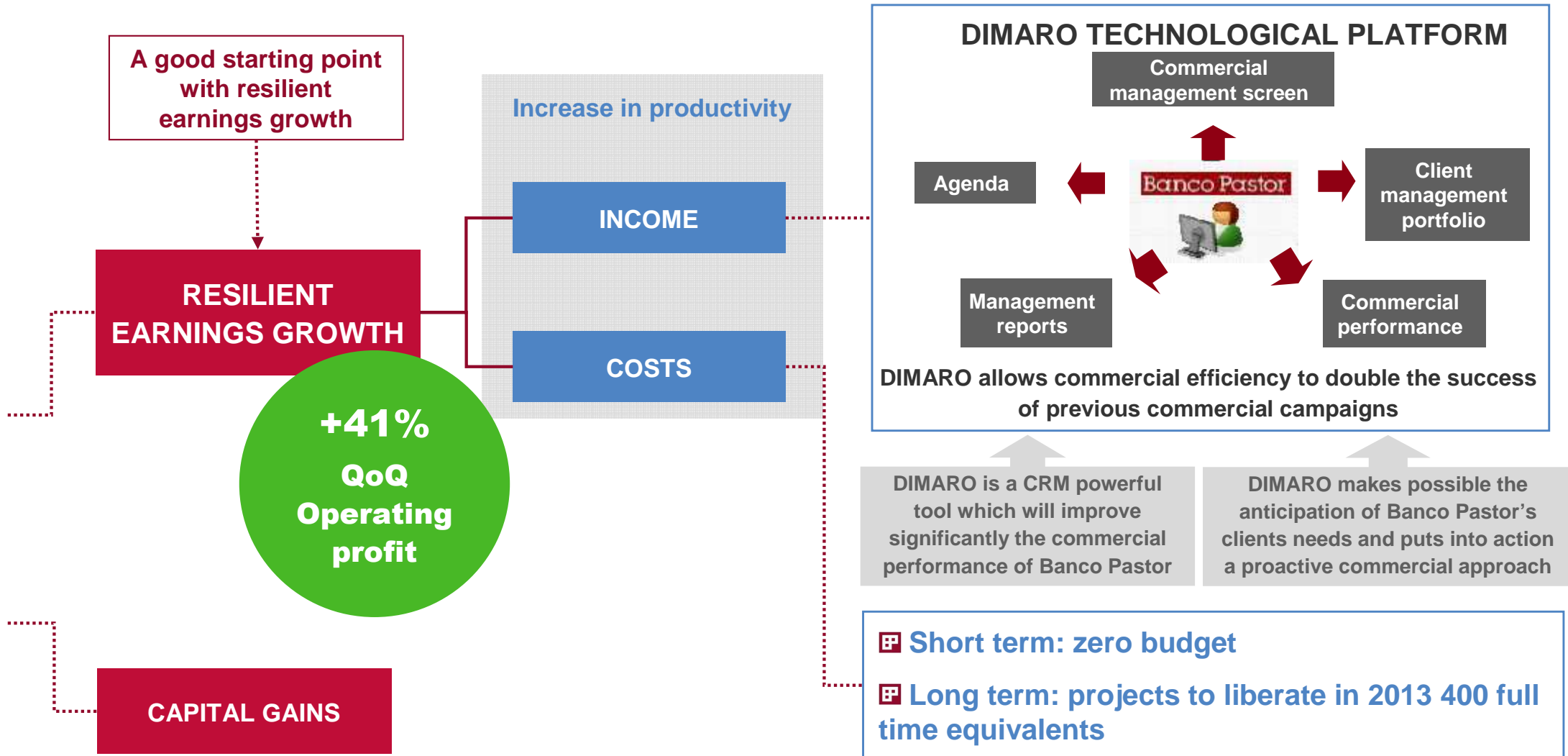
Q1 recoveries are up 60.7% improving an already good Q4 2008 !

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Profitability

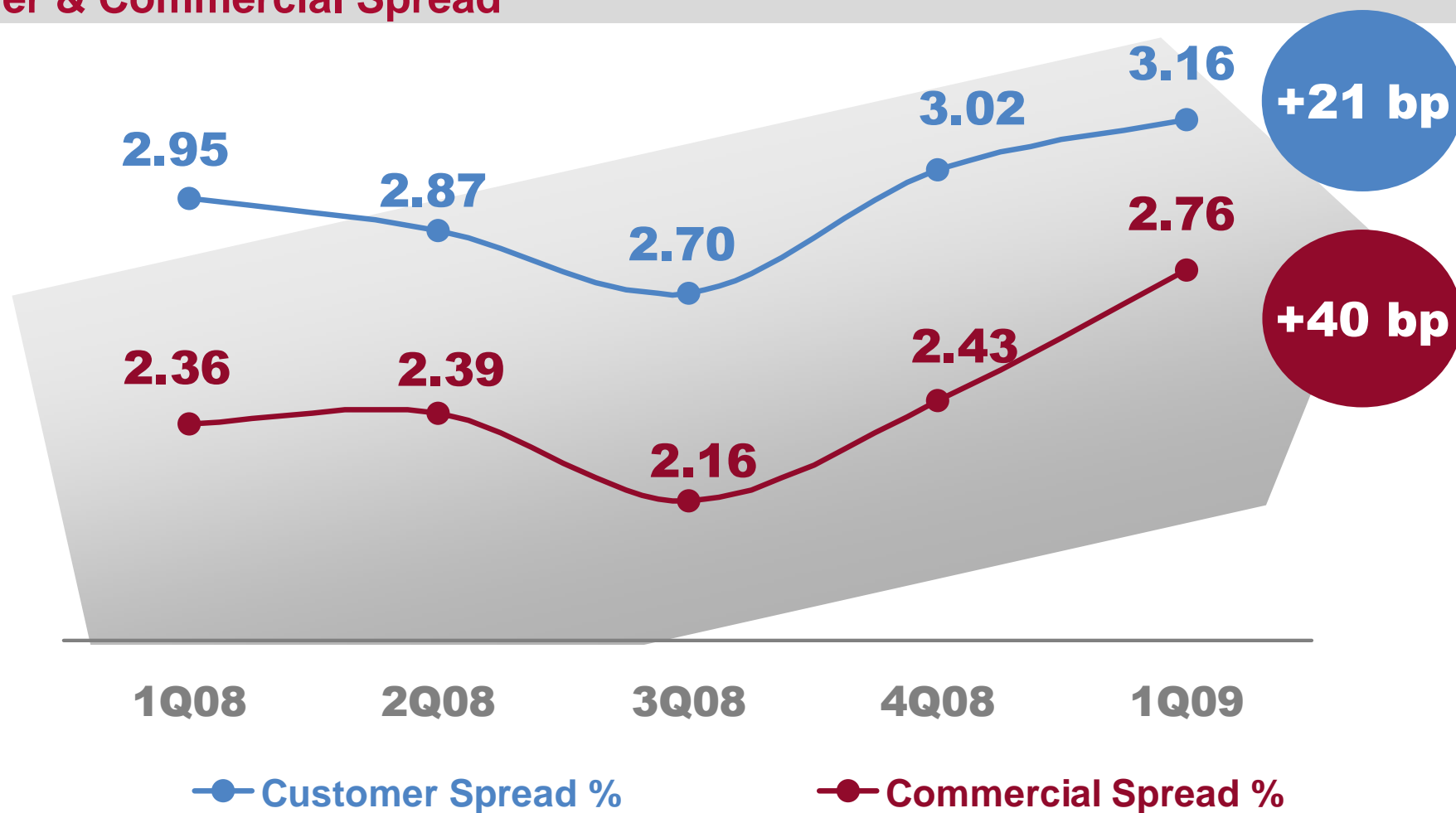
A twofold strategy to manage the downturn



Profitability

Advancing the commercial spread 40 bp YOY

Customer & Commercial Spread

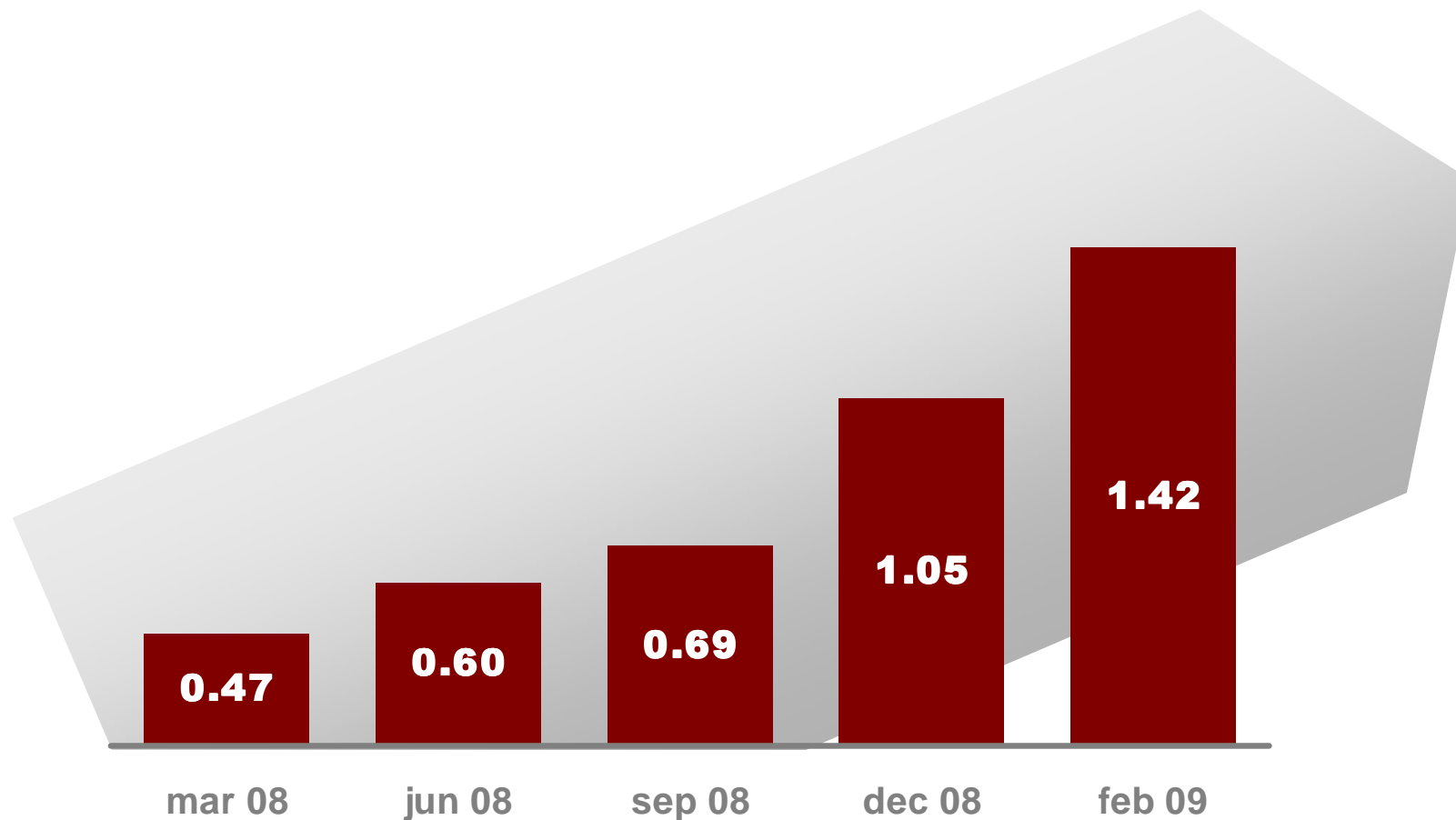


One of the best customer spreads in the industry

Profitability

Adding increasing value with the new production

Excess Spread on New Loan Production (%)

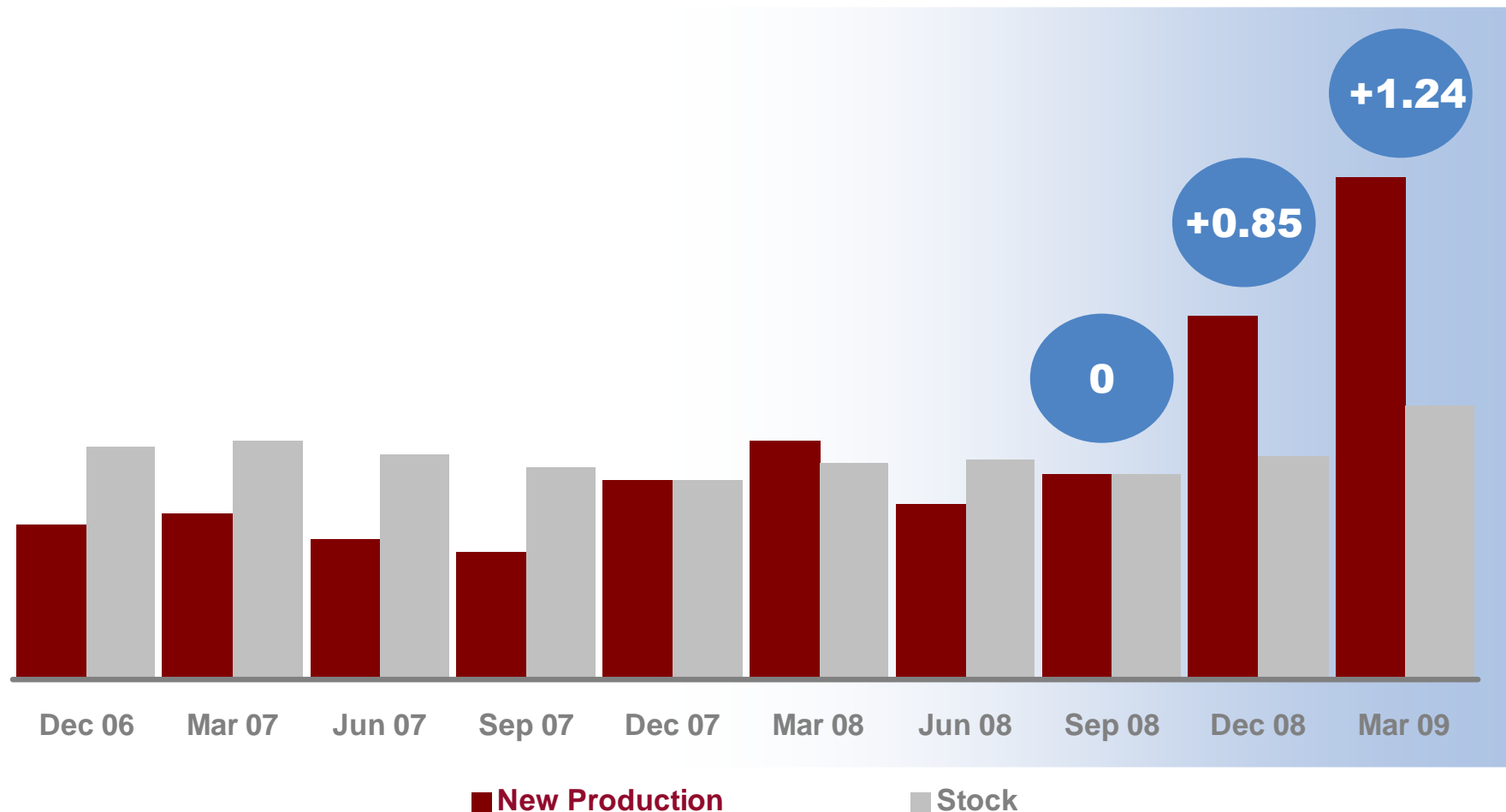


The excess spread versus the sector is getting bigger as time passes

Profitability

And surpassing at an increasing rate the stock's spread

Spread New Production vs Stock

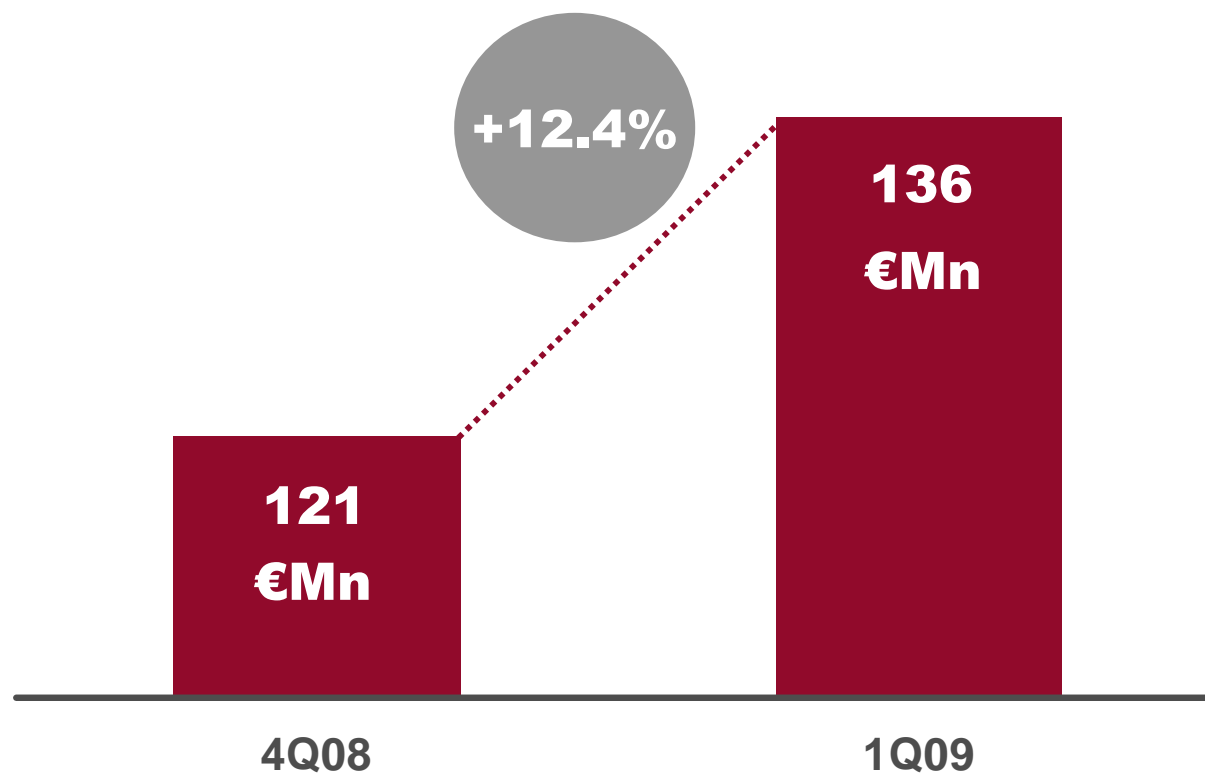


In March the new production spread was 124 bp higher than the stock

Profitability

Thus, the net interest income explodes in the quarter

Net Interest Income (Ex. Dividends)

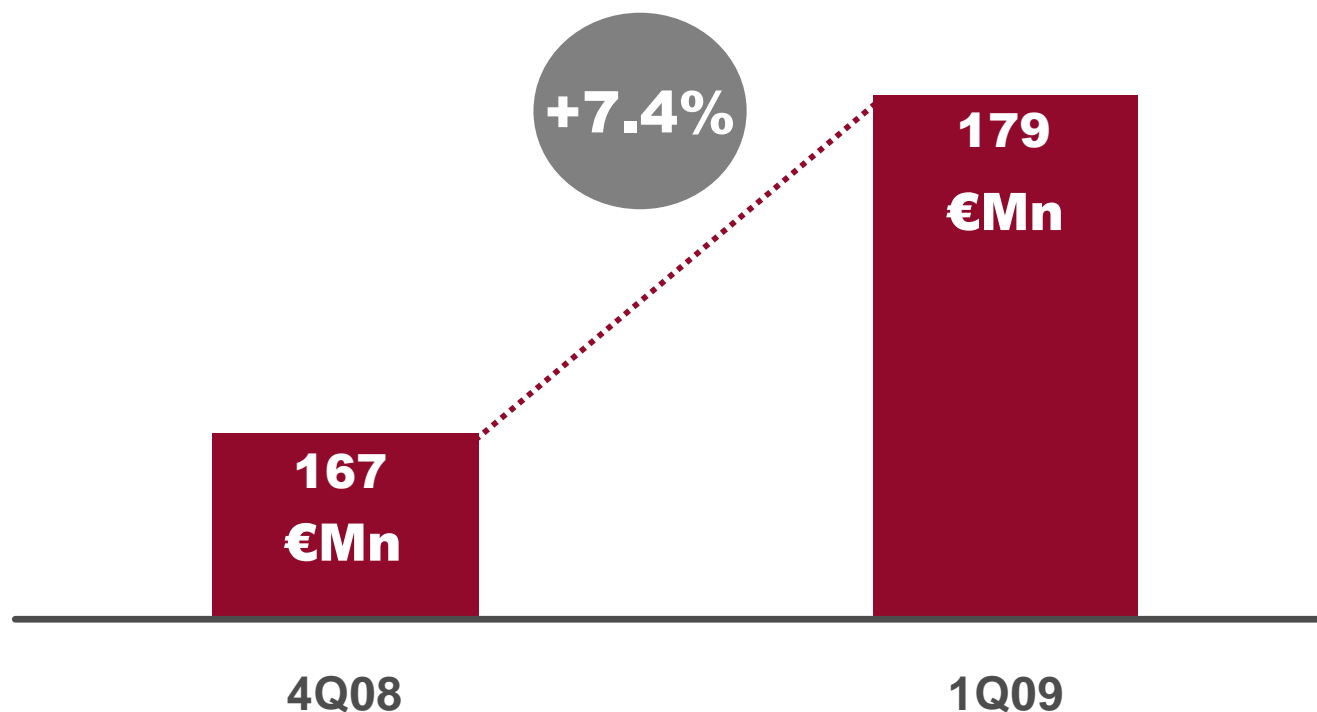


NII grew 12.4% in the quarter versus 8.2% for the peer group

Profitability

A 7.4% growth in fully recurrent income in just one quarter !

Basic Margin

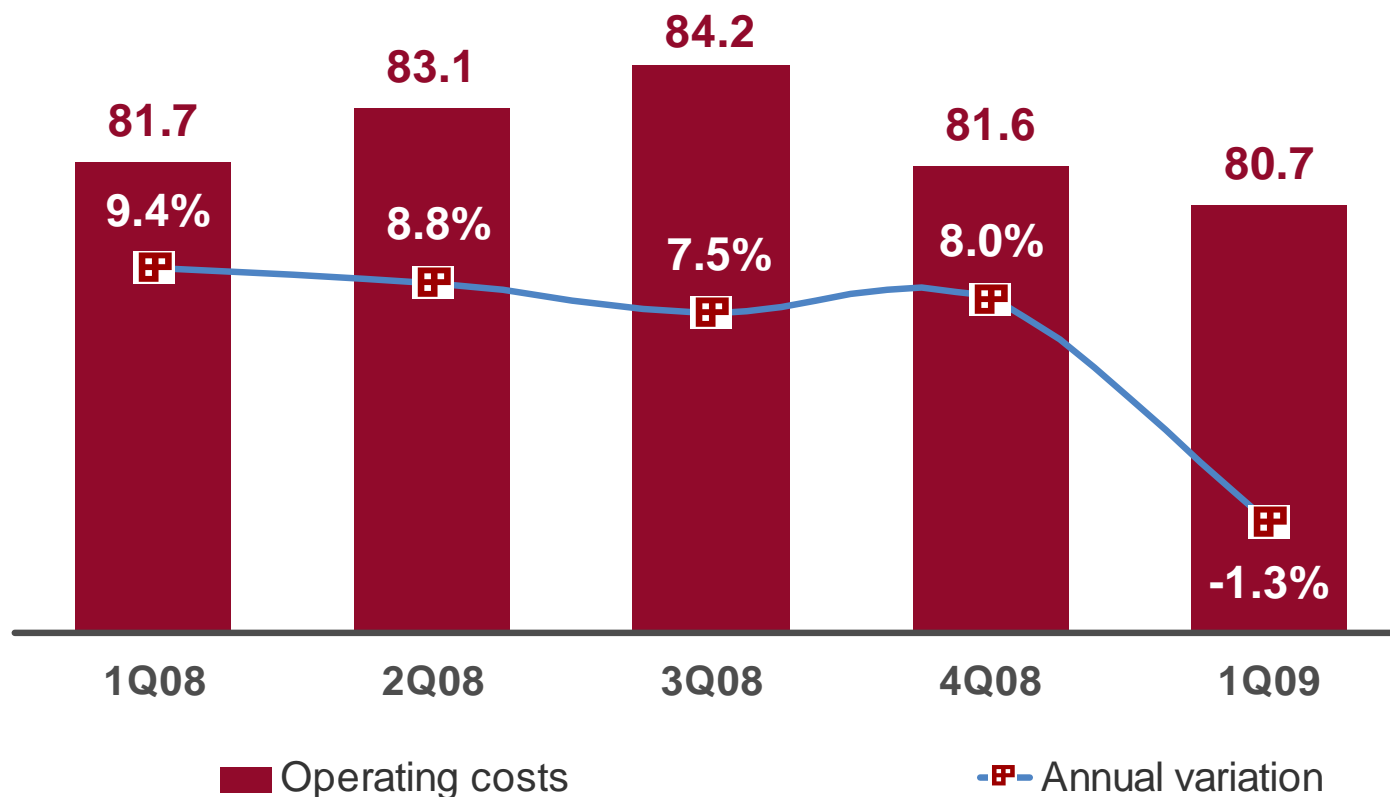


Outperforming 2008 quarterly growth

Profitability

A tight cost control

Quarterly operating costs evolution

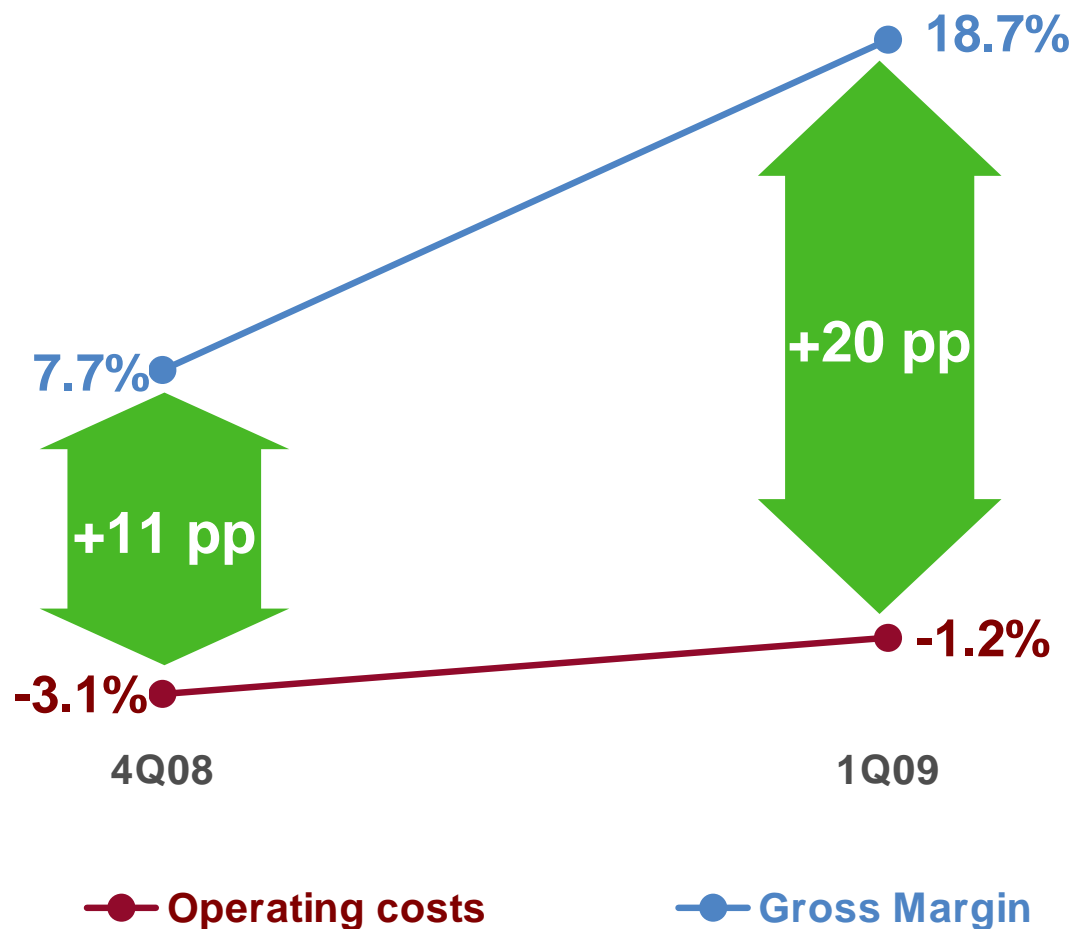


A very flexible and agile cost management

Profitability

Quarterly widening jaws between costs and income growth

Gross Margin vs Operating costs

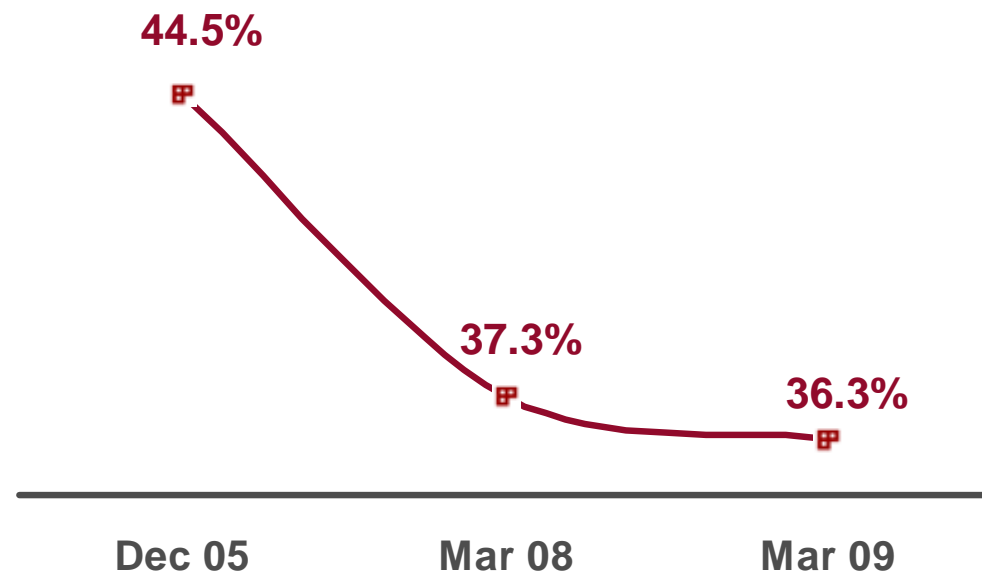


Cost to income ratio

**Cost to income
European Banks**

62%

Source: KBW analysis

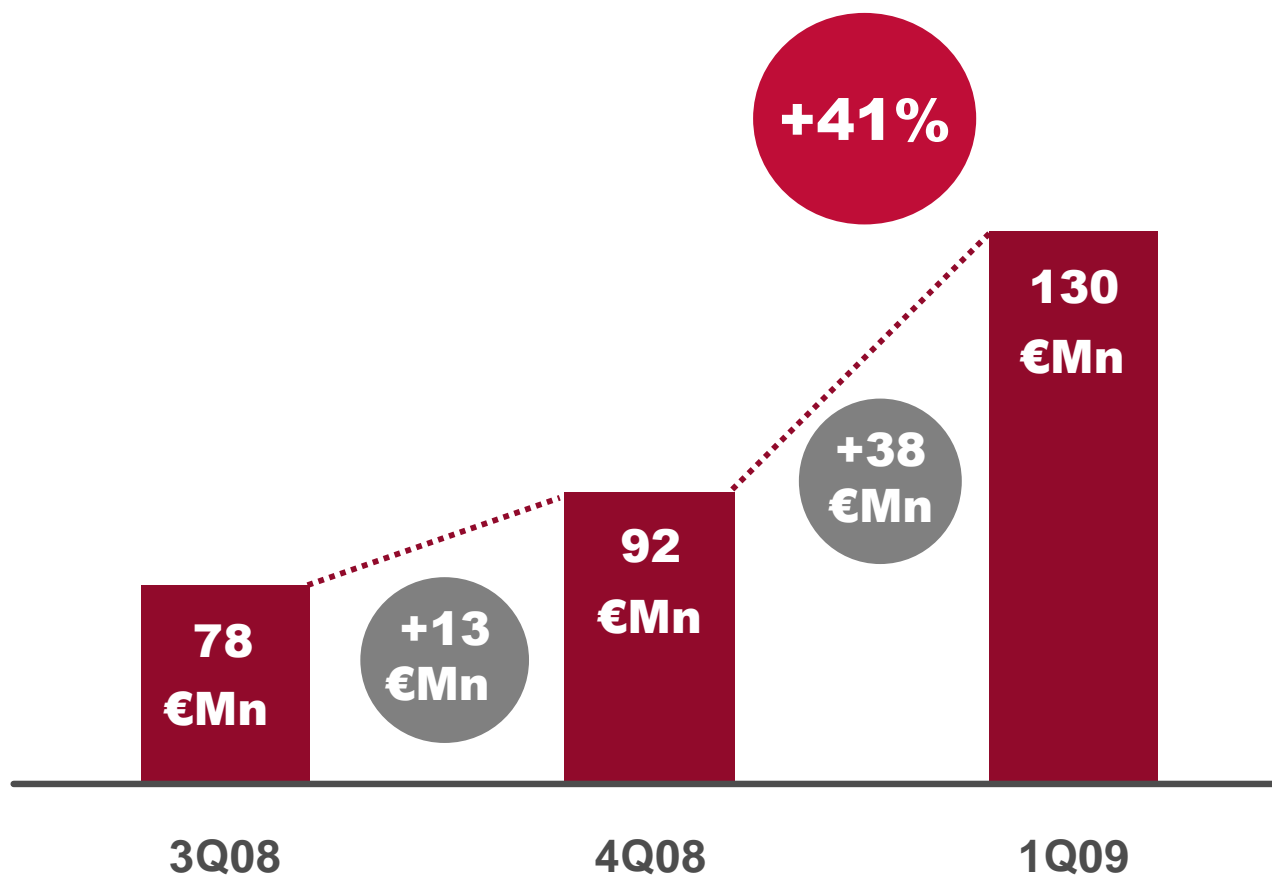


Improving even more our cost to income ratio

Profitability

Recurrent commercial operating profit advancing 67% in 2 quarters

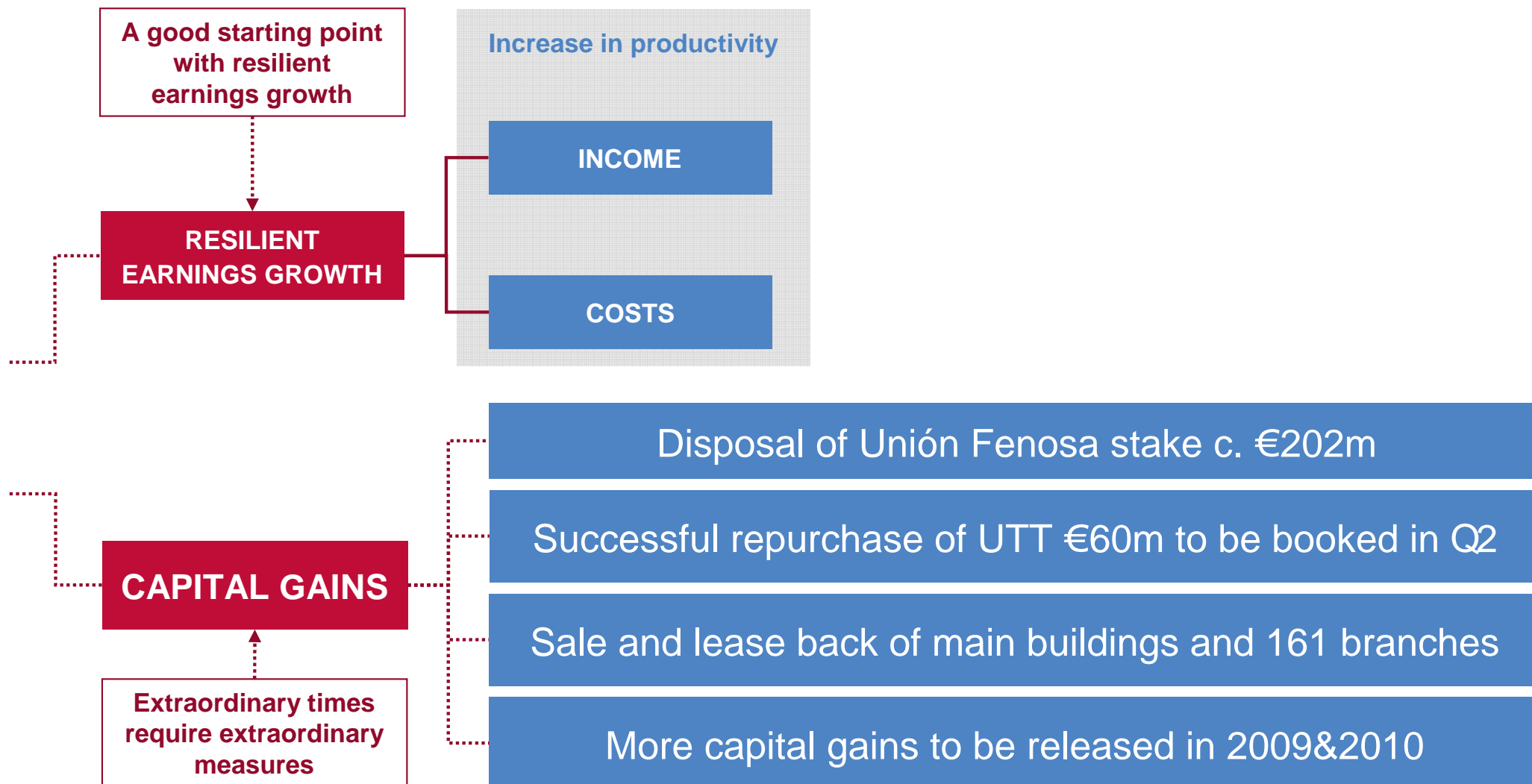
Operating Margin: Quarterly growth



Showing a robust earning power capacity

Profitability

A twofold strategy to manage the downturn



Surfing the crisis wave...



A leading position in efficiency

- Adapting cost base to the new normal



A good recurrent profitability

- +18.7% operating profit ex Fenosa 2008



Strong capital base of excellent quality

- Significant capital gains to be recorded in IH2009
- No exposure to toxic assets nor emerging markets
- Reduced market risk



Outstanding liquidity

- No maturities in 2009
- Funding needs solved for 2010



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