BANCO PASTOR LEADS THE SECTOR IN SOLVENCY AND SHIELDS ITSELF WITH €829 MILLION IN PROVISIONS

- Pre-provision profit, that is, net operating income, reached €710.7 million, a 34.3% yoy growth
- Banco Pastor is leader in solvency
- NPL´s came to a standstill during the last quarter, below the sector´s average
- Income before taxes posted €130.5 million, and income attributed to the Group amounted to €101.1 million, after the allocation of €122.9 million to extraordinary provisions

A Coruña, February 12th 2010.- Banco Pastor considers prudence should be maintained as its main priority in 2010. Therefore, it has made the necessary effort to accumulate a total amount of €829 million in provisions, the highest level ever, thus shielding itself against any contingency throughout 2010 and the following years. These funds have grown €336 million year on year.

In the meanwhile, pre-provision profit reflected commercial margins growing on a continuous basis. Gross operating income showed a 21.6% yoy increase, and net operating income rose by 34.3%. Nevertheless, Banco Pastor, following its cautious and conservative policies under the current circumstances, has decided to sacrifice bottom-line profit. Income attributed to the Group stood at €101.1 million, 38.4% below last year´s. Isolating the allocation of €122.9 million to extraordinary provisions, income attributed to the Group would have reached €187.1 million, thus growing €23 million above 2008, that is, 14% yoy.

"Solvency and risk management should be our top priorities now and during the coming months. Strengthening our balance sheet is as important, or even more so, than profits. We must not think of 2010, which will undoubtedly be a complicated year, but of 2011 and 2012, as they will actually mark the future financial map and the way out of the crisis for Spain" pointed out Mr. José María Arias, Chairman of Banco Pastor. Arias remarked that Banco Pastor has achieved its goals for 2009: "to fill up its tanks with provisions and to activate its commercial gears in order to promote customer caption and linkage".

CAPITAL BASE, NPL´s AND LIQUIDITY

In 2009 Banco Pastor led the banking sector in solvency, showing the best combination between Core Capital and Tier 1 within the banking system. Core Capital stood at 8.26%, Tier 1 at 10.55 and BIS Ratio posted 12.47%, widely outperforming the ratios reported in 2008: 6.33%, 7.46% and 10.56%.

"I can´t be but satisfied with our results, though I don´t think we should deceive ourselves regarding 2010 and even 2011. They will be hard years, and any financial institution unable to activate the commercial gears of its branch network at its maximum level will find itself in serious difficulties. Moreover, risk management will be another key issue. Banco Pastor has restrained NPL growth, which is another motive for satisfaction" pointed out Jorge Gost, CEO of Banco Pastor.

Opposing market trends, Banco Pastor has been able to maintain its NPL ratio at 2009 year end at the same level of the third quarter, that is, 4.88%, below the sector´s average, which stands above 5%.

Loan loss reserves amounted to €829 million in absolute terms, almost 70% above the previous year, of which 304 is generic fund and 126 is substandard. As a result, the coverage ratio stood at 53.28% - 118.7% including asset backed guarantees.

At the same time, Banco Pastor still maintains an enviable leading position in liquidity, summarized by a 71.7% coverage ratio of loans to customers by customer deposits, a first line of liquidity above €2,500 million and institutional funding maturities already rolled over through 2012.

EFFICIENCY AND COMMERCIAL ACTIVITY

Since administrative expenses only grew by 4.4%, the efficiency ratio stood at 31.11%, among the best in the sector. Recurrent efficiency, that is, excluding capital gains from the sale of Unión Fenosa, posted 38.20%, much below the sector´s average and our peers, and thus maintaining Pastor´s position in the ranking.

Regarding commercial activity, customer funds on balance sheet amounted to €14,416 million, €664 million above December 2008, 4.8% in relative terms. Resident sector deposits, which stand for 86% of total deposits, grew 7.2%, a significant increase over the 1.8% rate of Q3; this improvement has brought about important advances in our market share, both in individuals and corporates. The increase in sight deposits during the last quarter was especially relevant, driven by the success of our campaign "Triplete payroll account", launched in September.

The evolution of total off-balance sheet funds has also been very satisfying: the stock of pension funds increased by 12.5% yoy, and mutual funds rose 3.7%; this rate is especially relevant considering that the sector as a whole fell by -3.0% yoy.
However, this is no coincidence: our fund "Fonpastor 70" has been awarded as the best in its 10-year category, and our fund manager,

"Gespastor", ranks ninth in profitability among the 88 Spanish fund managers.

As a result of the acceleration of 4Q, the yoy growth rate of loans to customers nears zero at the end of 2009. Nevertheless, it is worth pointing out the remarkable increase in mortgages to individuals: €878 million, 21.8% yoy.

On the other hand, the increase in loans to SME´s is also considerable, both regarding ICO (Spanish Official Credit Institute) loans, where Pastor is a significant reference within the sector, and other products. The stock of ICO loans grew 13.5% yoy, but the number of operations increased by more than 50% and the amount granted, by 41.3%. In the meanwhile, the number of loans granted with personal guarantees was 13.7% higher than the previous year´s, and this percentage rose to 29.0% for asset backed loans (excluding loans to developers).

It is also worth pointing out that the stock of commercial paper grew €172 million in the last quarter. This sustains the fact that, even under the current crisis, we provide reliable support to SME´s and professionals and attend their financial needs.

Consolidated P&L Account

(€ Thousands)	Dec.09	Dec. 08	Yoy Dec.09/ Dec.08 Absolute	%
= NET INTEREST INCOME	**547,418**	**526,225**	**21,193**	**4.0%**
(+) Dividend Income	2,136	21,488	(19,352)	(90.1)%
(+/-) Income from equity method	182	5,851	(5,669)	(96.9)%
(+) Net fees and commissions	154,054	163,367	(9,313)	(5.7)%
(+/-) Results from financial transactions+Foreign exchange (net)	347,285	157,619	189,666	120.3%
(+) Other operating income/expense	35,753	19,293	16,460	85.3%
= GROSS OPERATING INCOME	**1,086,828**	**893,843**	**192,985**	**21.6%**
(-) Administrative expenses	345,056	330,655	14,401	4.4%
(-) Personnnel expenses	235,873	240,721	(4,848)	(2.0)%
(-) Other general administrative expenses	109,183	89,934	19,249	21.4%
(-) Amortisation and depreciation	30,995	33,933	(2,938)	(8.7)%
= NET OPERATING INCOME	**710,777**	**529,255**	**181,522**	**34.3%**
(+/-) Net provisions to allowances	1,534	(7,395)	8,929	N/A
(+/-) Losses from impairment of financial assets (net)	604,281	245,032	359,249	146.6%
(+/-) Other results (net)	25,543	(70,723)	96,266	N/A
= INCOME BEFORE TAXES	**130,505**	**220,895**	**(90,390)**	**(40.9)%**
(+/-) Income tax	27,914	57,162	(29,248)	(51.2)%
= CONSOLIDATED NET PROFIT	**102,591**	**163,733**	**(61,142)**	**(37.3)%**
= INCOME ATTRIBUTED TO THE GROUP	**101,074**	**164,141**	**(63,067)**	**(38.4)%**

Pro-memoria: adjusted for extraordinary provisions

GROSS OPERATING INCOME (Adjusted)	**253,416**	**220,895**	**32,521**	**14.7%**
NET OPERATING INCOME (Adjusted)	**187,112**	**164,141**	**22,971**	**14.0%**