

**A Coruña,
February 11th 2011**

2010 Results Presentation



Banco Pastor

The world is changing. Knowledge has never been so broad, so complete, and yet so misleading

It's time to psychoanalyze certain **clichés about medium sized banks**



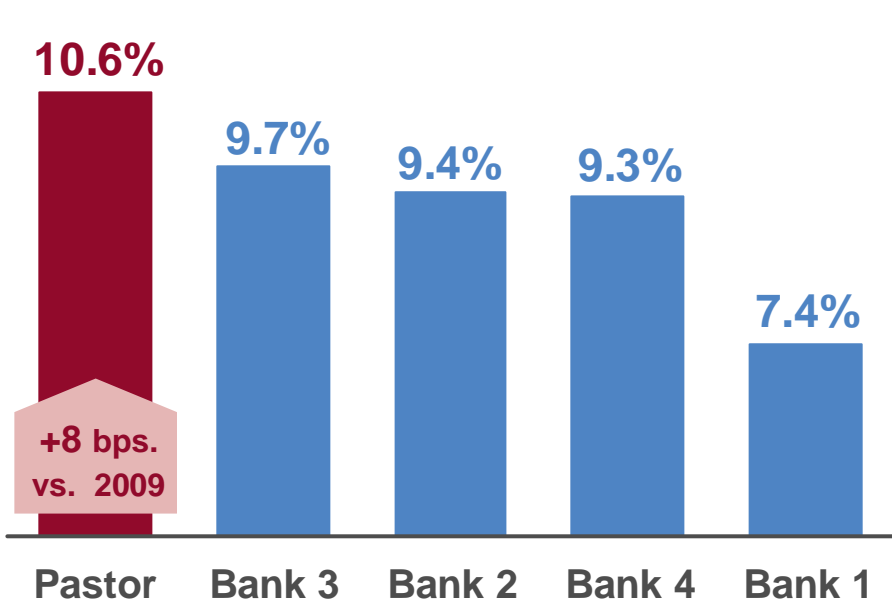
A 3D rendering of a grey maze with two reflective spheres. The maze is composed of rectangular walls of varying heights, creating a complex path. Two reflective spheres are placed within the maze, one in the lower-left area and one in the center-right area. The lighting is soft, creating subtle shadows and highlights on the walls and spheres.

 **Cliché #1:**

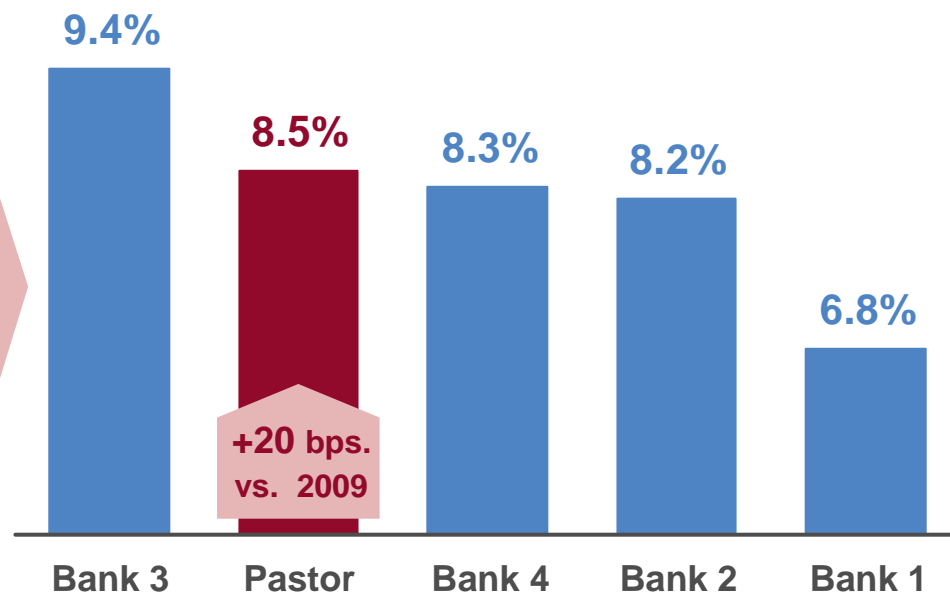
“Size guarantees greater solvency and strength”

#1-Does size guarantee greater solvency and strength?

Tier 1 Pastor vs. peers



Core Capital Pastor vs. peers



€1,6Bn of Core and €2Bn of Tier 1

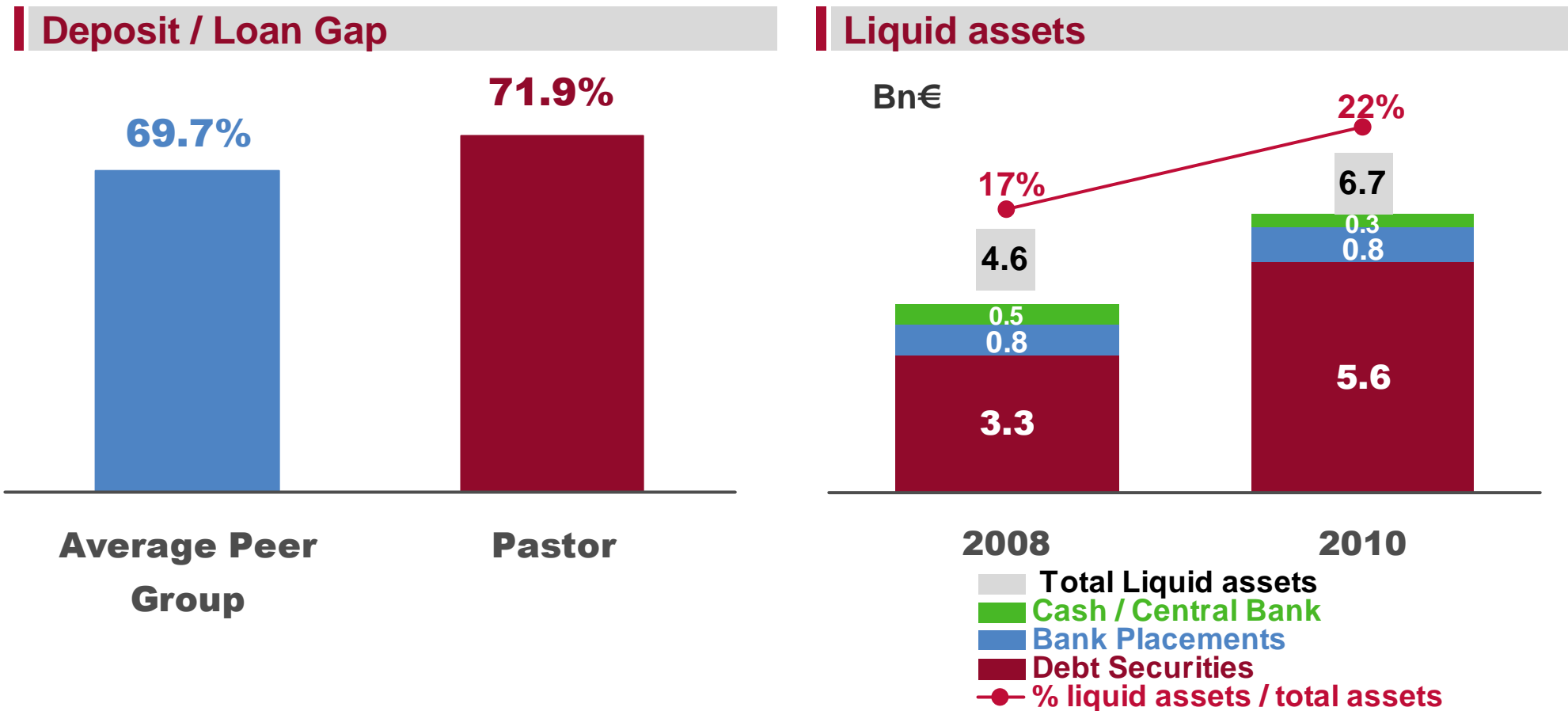
The only domestic bank with a Core Tier 1 above 10%

 Cliché # 2:

“Size determines an optimal financial structure”

Wall Street

#2- Does size determine an optimal financial structure?



A unique combination between liquid assets and a solid deposit base

#2- Does size determine an optimal financial structure?

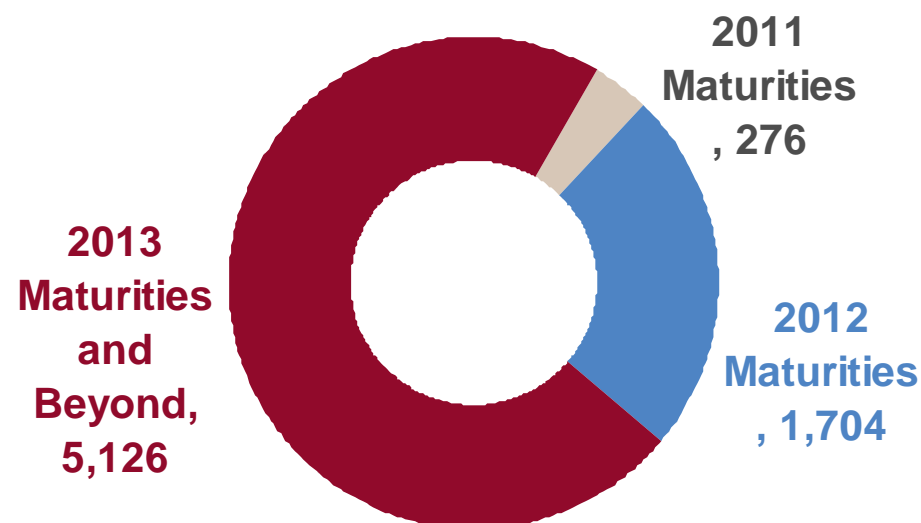
Spanish banks maturity profile (%)

%	2010	2011	2012	2013	>2013
SAN	3.7	15.3	16.3	11.9	43.9
BBVA	2.2	10.9	10.9	10.9	65.1
POP	4.6	17.9	30.6	5.9	41.5
SAB	0.2	18.0	23.1	9.9	48.9
BTO	5.0	13.0	18.0	17.8	46.2
BKT	0.0	11.1	25.9	22.1	40.9
PAS	0.0	3.9	25.2	18.1	52.8

Source: Companies and ACF Analysis. Data as of 09/30/2010

Wholesale funding maturity profile

Mn€



Spanish financial institution maturities for 2011: 97.5 Bn€

A comfortable liquidity position: 70% of our maturities go beyond 2012

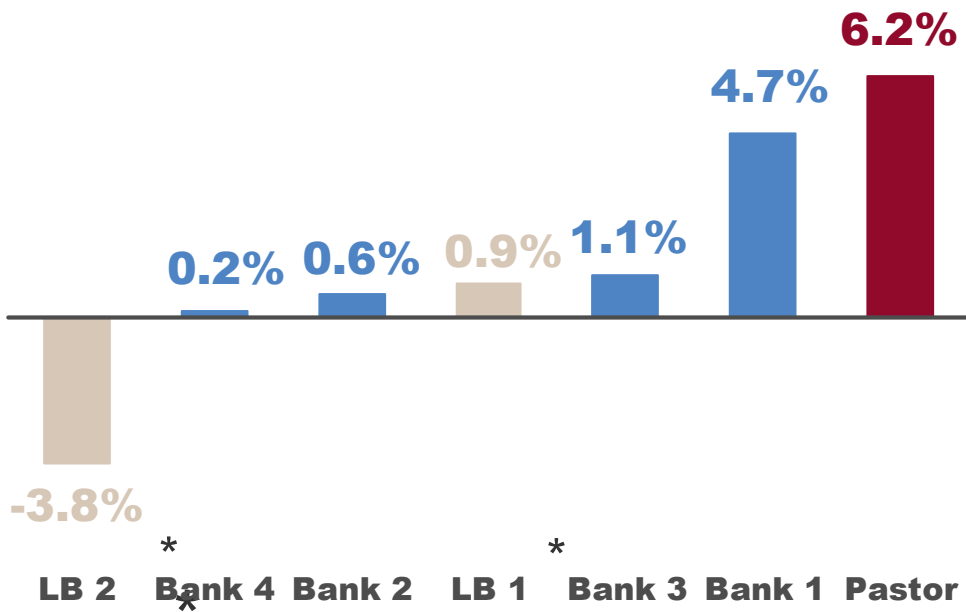


☒ Cliché # 3:

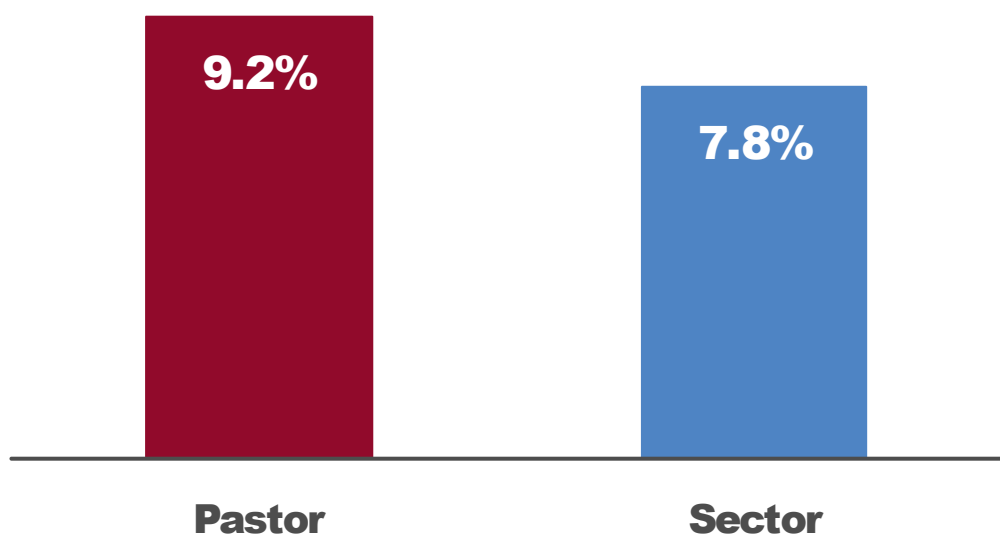
In a highly competitive environment, only the largest institutions are able to grow

#3- In a highly competitive environment, are only the largest institutions able to grow?

Loans and advances to customers



SME + Household time deposits



Yoy growth rates

(*) LB: Large Bank

Displaying commercial strength during the toughest year of the crisis

#3- In a highly competitive environment, are only the largest institutions able to grow?



Almost 9 of every 10 customers would recommend Pastor to their friends and relatives, vs. 7.5 in the banking sector



New individual added value personal customers
+35.2%

Life insurance	+10.5%
Home insurance	+68.8%
Other insurance	+43.8%
Pension plans	+ 9.0%
Payroll accounts&Pensions	+12.6%



Comparative figures: 2010 new operations vs. 2009

#3- In a highly competitive environment, are only the largest institutions able to grow?

**New added value
SME customer
caption +36.5%**



New self-employed customers	+38.3%
New foreign trade business grantors	x2 times
New commercial paper grantors	+43.5%
Business insurance	x2.6 times
Other insurance	x4.5 times

**Ranking 9th among
financial institutions by
ICO loan granting**



Comparative figures: 2010 new operations vs. 2009

#3- In a highly competitive environment, are only the largest institutions able to grow?

Galicia, a priority market

Personal customers

New added value customers **+76%**

Customer deposits yoy growth	x2.3 times
Loans to customers yoy growth	x3.5 times
Number of mortgage loans granted	+39,5%
Life insurance	+15.9%
Home insurance	x2 times

SMEs and entrepreneurs

New added SME customers	x2.2 times
SME deposit yoy growth	x4.5 times
New foreign trade business grantors	x2.6 times
New commercial paper grantors	+29.2%
ICO loan book	+82.1%

Comparative figures: 2010 new operations vs. 2009

17.6 % success rate in our campaign aimed to attract top quality SME's

Cliché # 4:

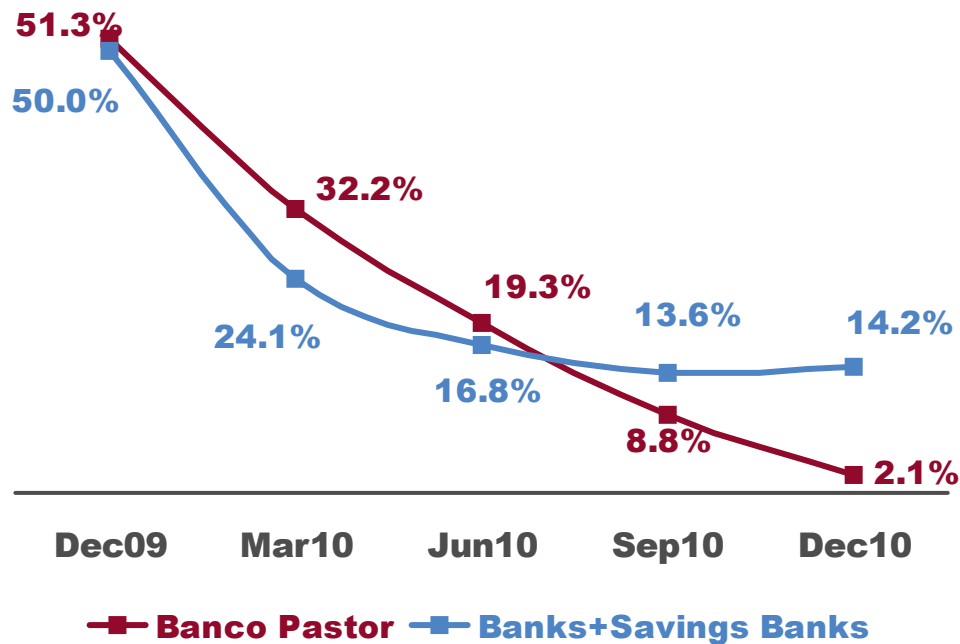
Pastor's asset quality is worse than the sector average



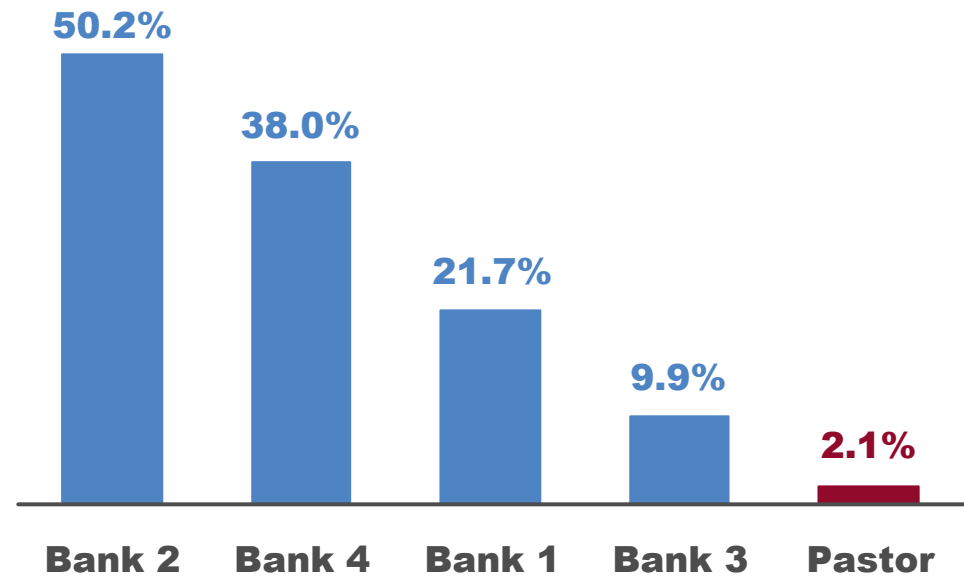
#4- Is Pastor's asset quality worse than the sector average?

NPL 2010 yoy growth rates

B.P.: 1,543Mn€



NPL 2010 annual growth

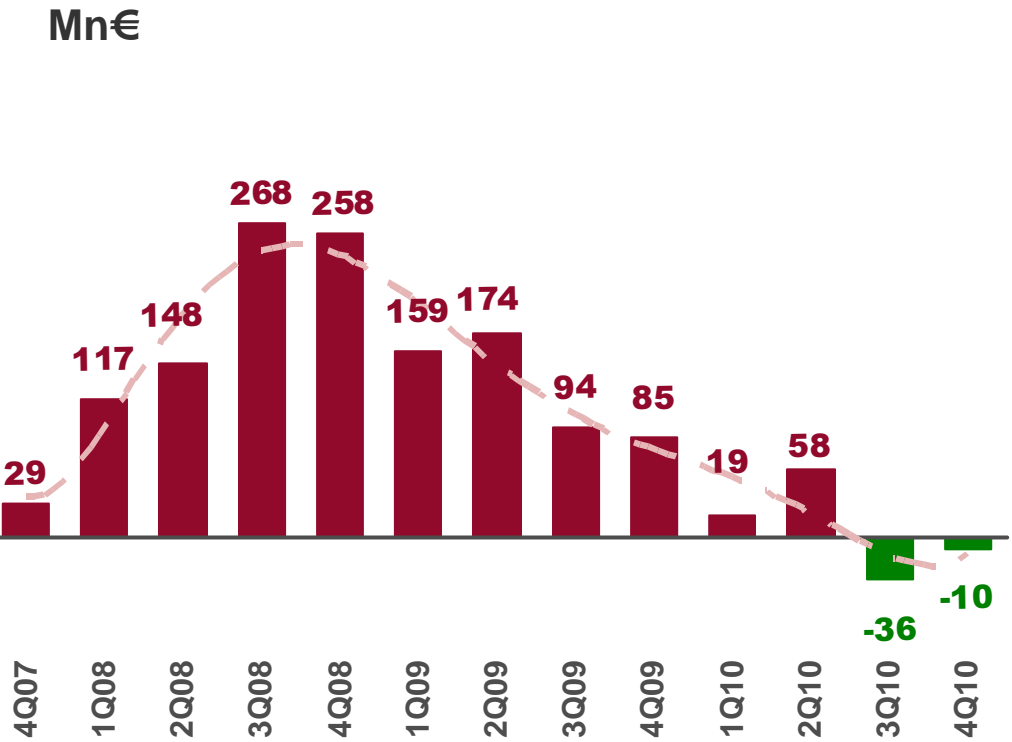


Source: Bank of Spain, data as of November 2010

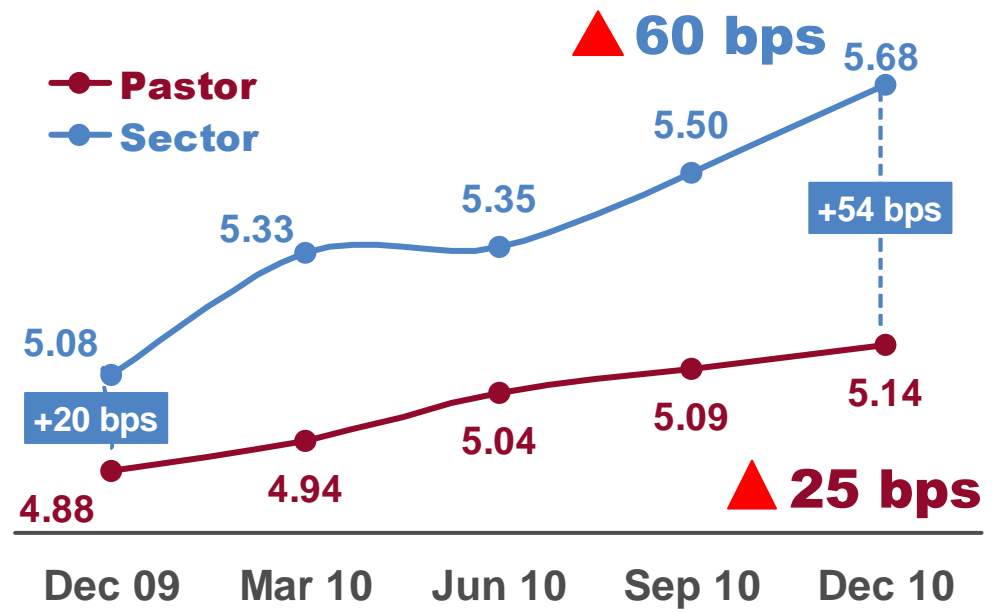
The lowest NPL growth, widening the gap with the sector

#4- Is Pastor's asset quality worse than the sector average?

Quarterly NPL growth



NPL Ratio Pastor vs. Sector



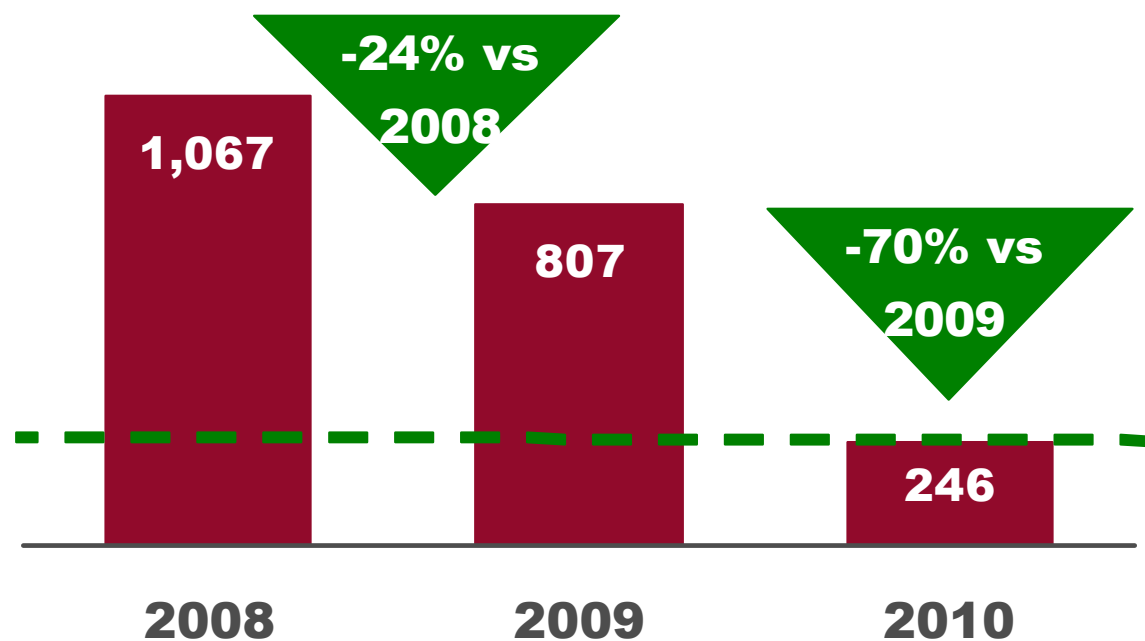
Source: Bank of Spain, data as of November 2010

2 successive quarters of negative NPL growth, and already 9 quarters ahead of the peak

#4- Is Pastor's asset quality worse than the sector average?

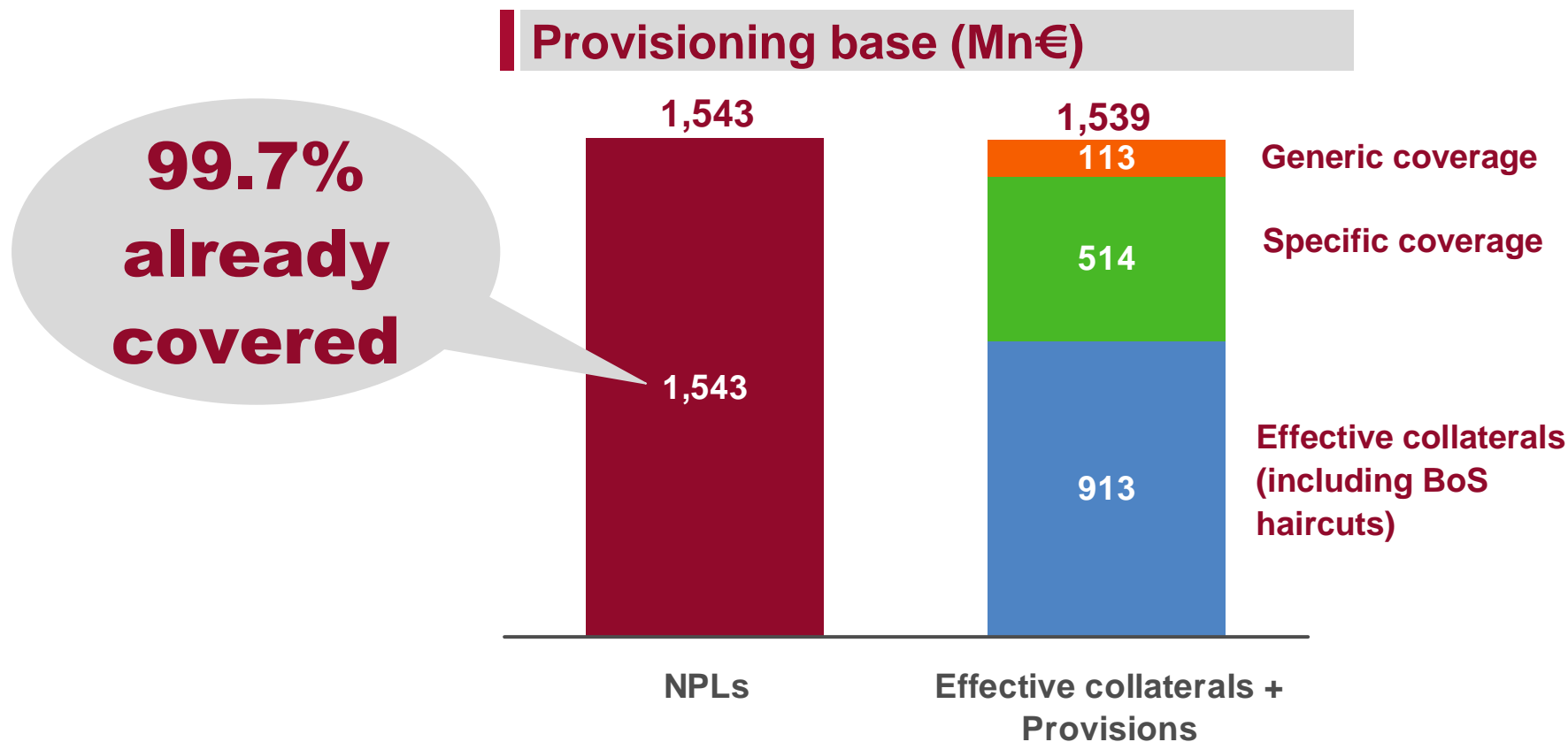
Accumulated net entries

Mn€



The key: sharp deceleration of gross and net NPL entries

#4- Is Pastor's asset quality worse than the sector average?

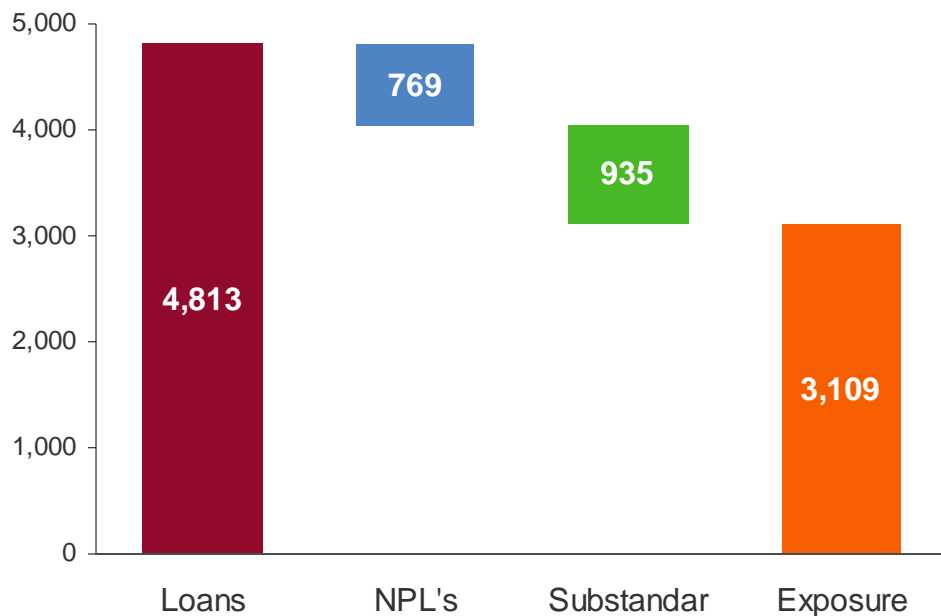


Reaping the first fruits of anticipation and long term focus

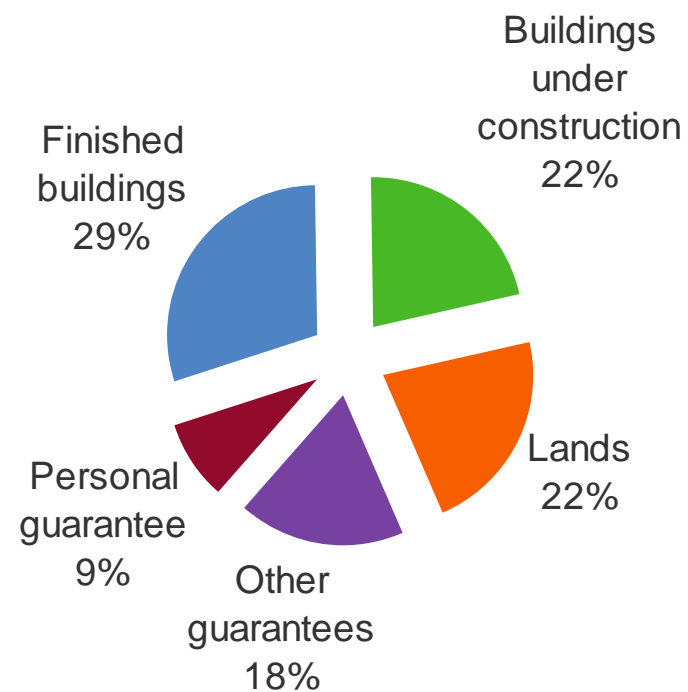
Loans to Real Estate & Construction

Loans to Real Estate & Construction

Mn€



Breakdown by guarantee type

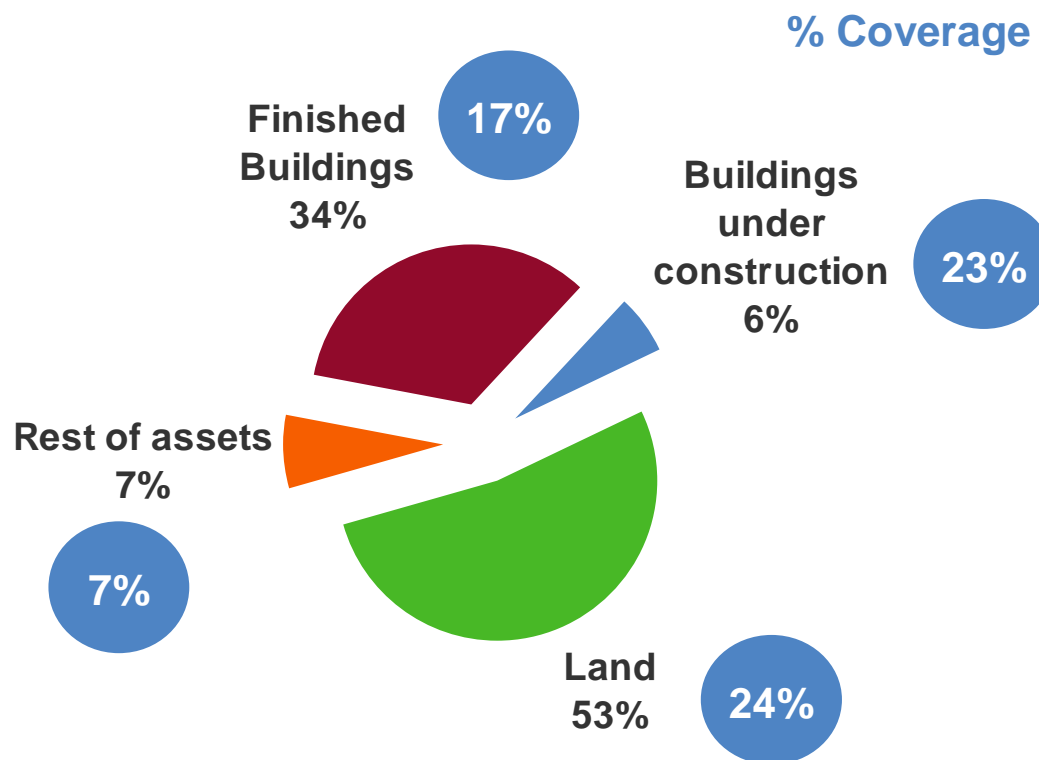


92% RE & Construction NPL's coverage

Real Estate assets held

Real Estate assets by type

Total Net value: 1.526 Mn€

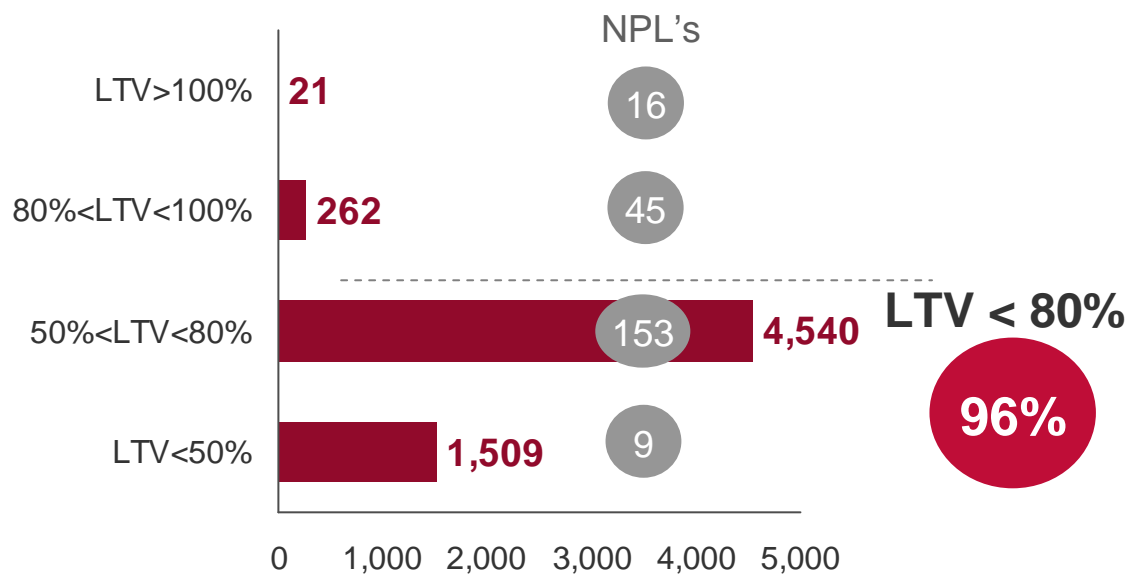


Mortgage loans to households

Breakdown of mortgage loans to households

Mortgage loans to households

€ Million	2010	Of which NPL's::
With guarantee	6,332	224
Without guarantee	44	9
Total	6,376	233



2011 Strategic Focus

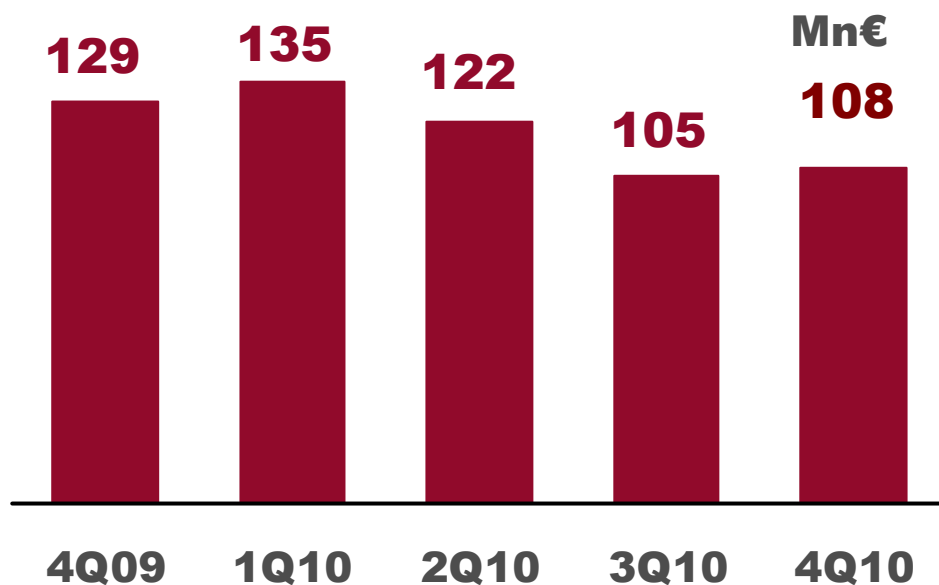


A conservative approach to funding

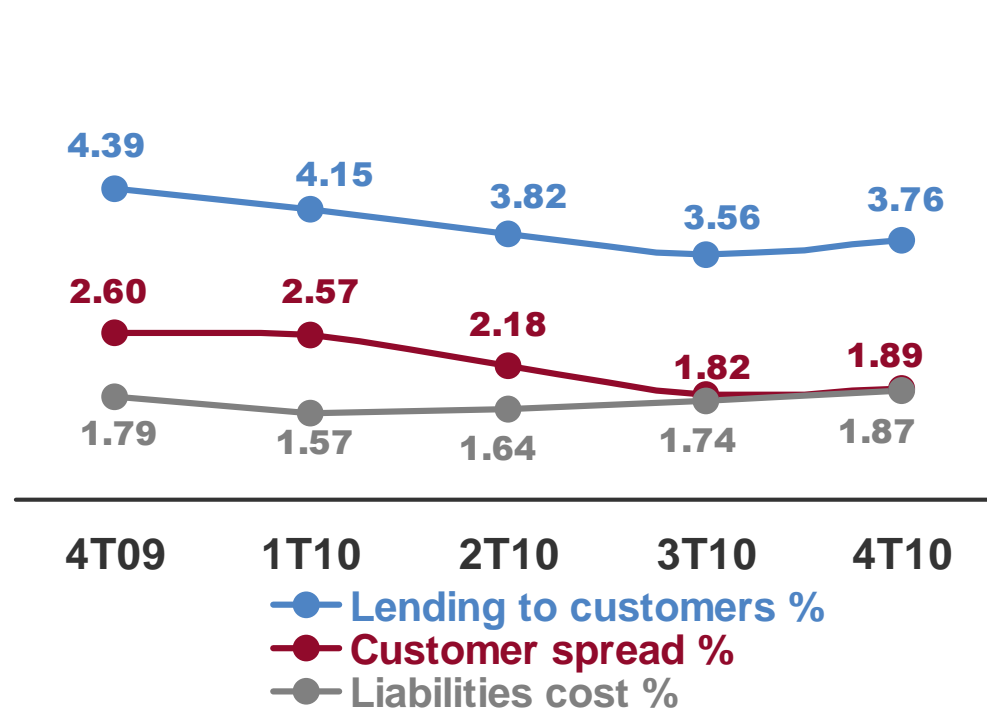
Profitability

The starting point for 2011: NII improvement in 4Q10

Net Interest Income qoq



Customer spread %



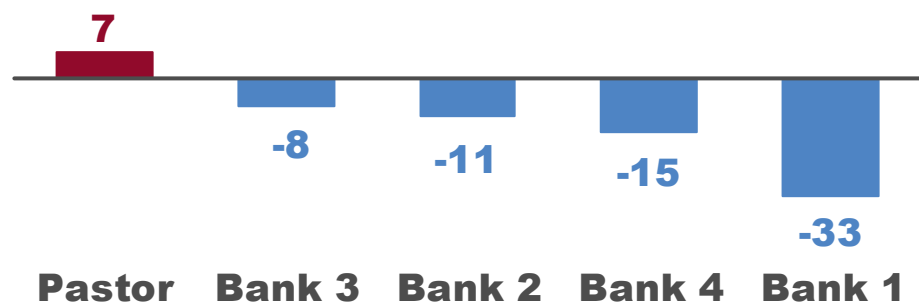
The quarters have been adjusted for interrupted operations for comparative purposes

The only domestic bank with NII growth in 4Q10

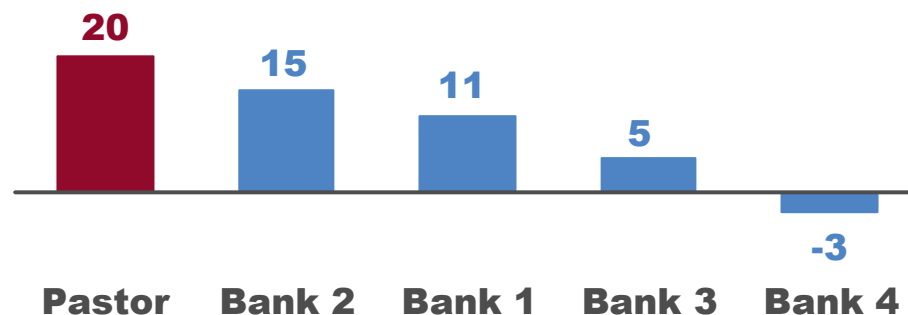
Profitability

Customer spread up due to loan yield protection and funding cost management

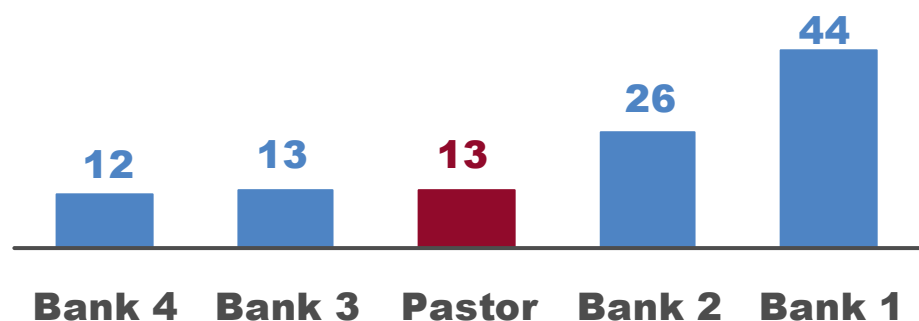
Customer Spread



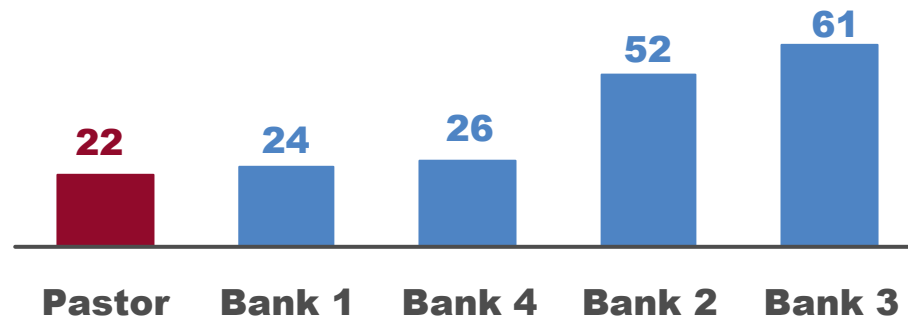
Loan yield



Liability cost



Wholesale funding cost

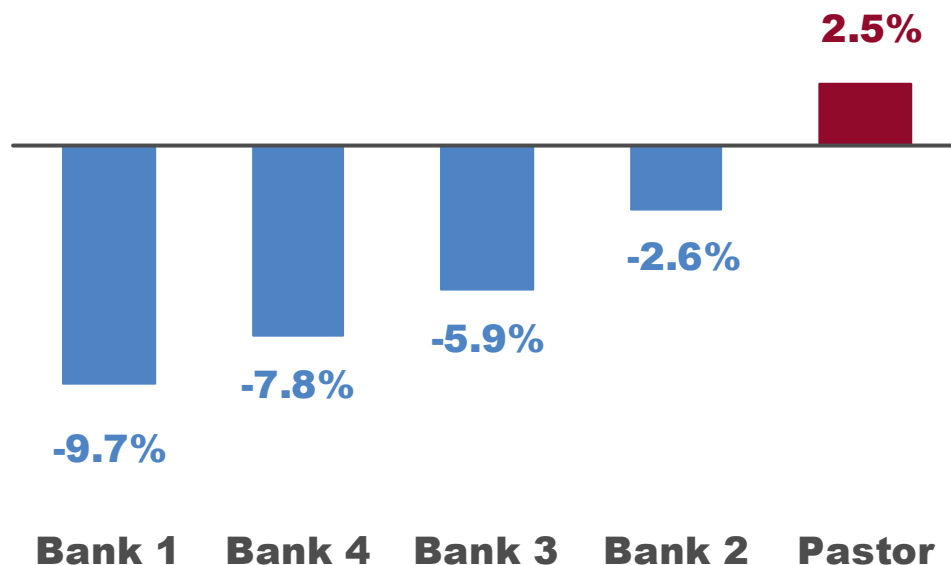


4Q10 vs. 3Q10 evolution (basis points)

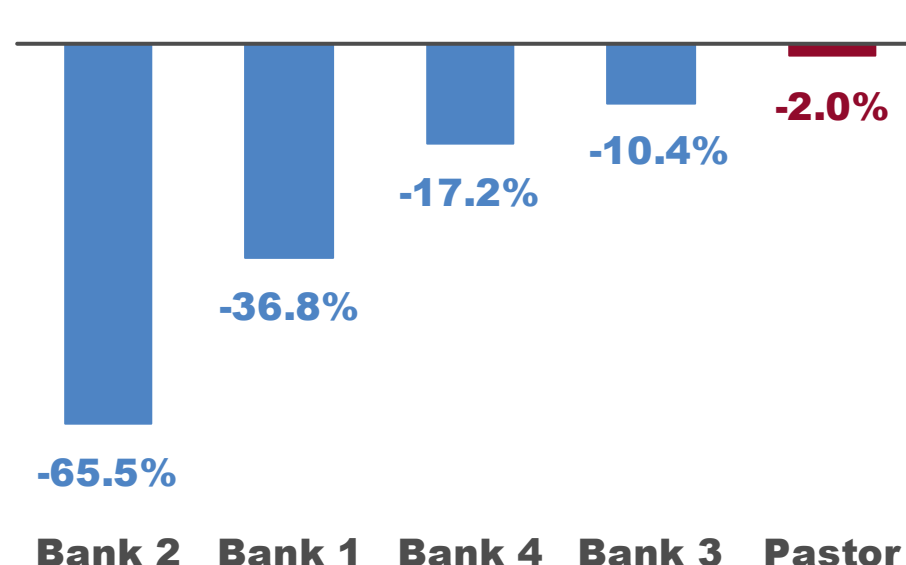
Profitability

The key management focus shifts to PBT after provisions

4Q10 Basic margin evolution

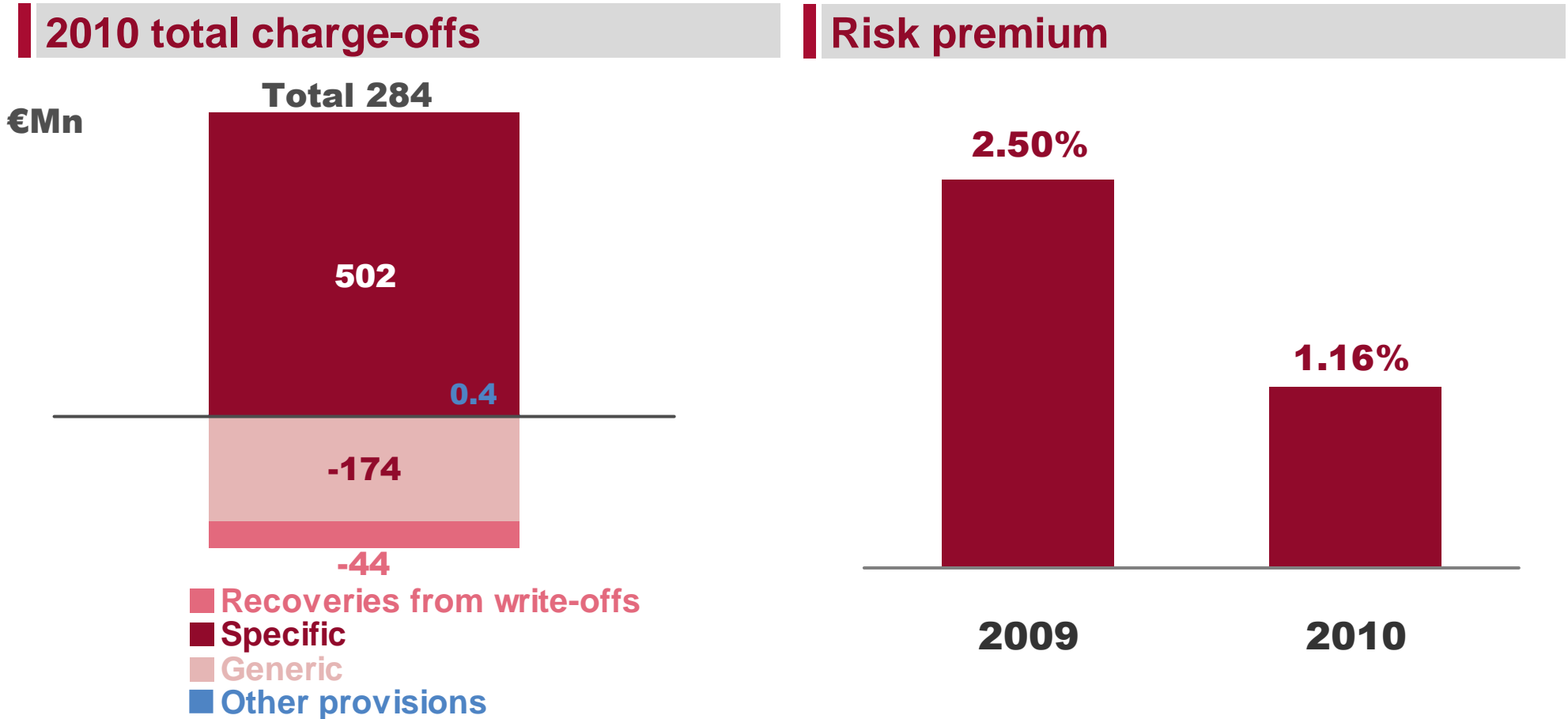


PBT after provisions yoy evolution

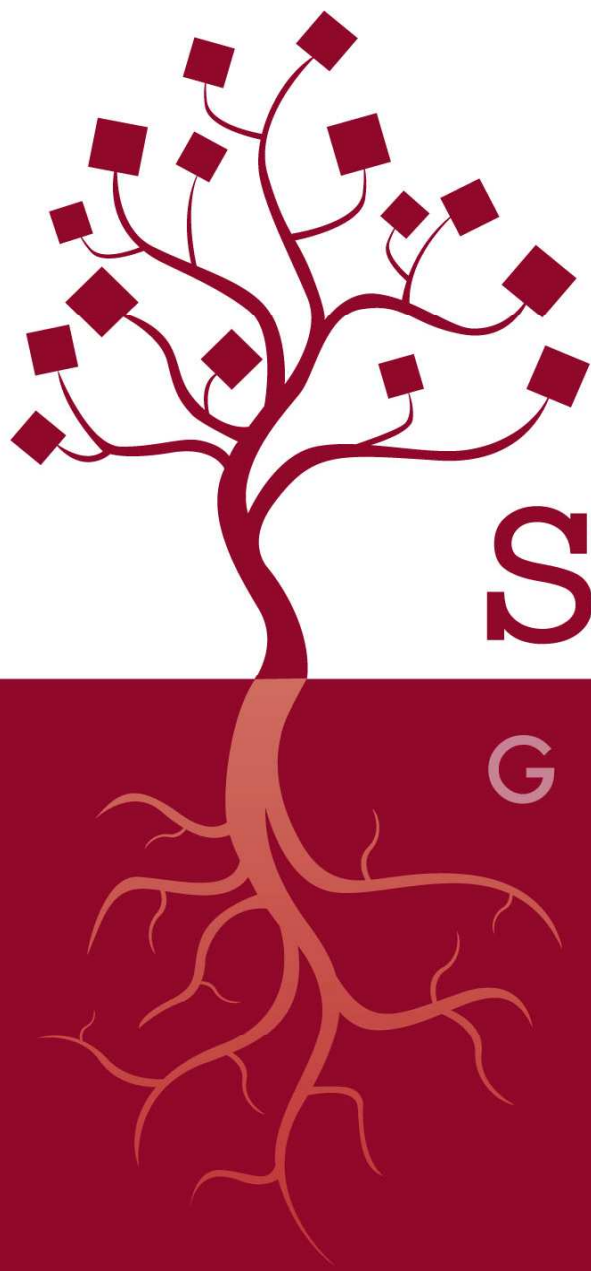


And the only domestic bank with recurrent margin growth

Normalising risk premium



Risk premium more than halved in just one year



smart

G R O W T H



Banco Pastor

Positioning ourselves for the new normal

From:

Volume-based growth

Homogeneous focus on all markets

One-size-fits-all commercial offer

Distribution model based on independent channels

Single branch model

Branches with wide-ranging operational functions

Limited expenditure on advertising

To:

Smart growth

Different business strategies depending on competitive position and customer profile

Customised solutions, focused on attracting and linking targeted customers

Distribution model based on channel integration. All-in-one territorial areas

Specialized branch model, depending on market profile

Branches regarded as outlets, with a tighter focus on commercial activities

Positioning and strengthening brand image

Smart growth in figures 2010-2013

2013 Targets

Profitability

- ▣ Double net profit and reach a double-digit ROE
- ▣ 80% of branches generating revenue
- ▣ 30% branch productivity improvement

Solvency

- ▣ Core capital above 9.50%
- ▣ Strengthen capital base via organic generation of 100bps of Core Capital

Liquidity

- ▣ 20% institutional funding over assets
- ▣ 750 bps commercial gap improvement

Levers

New commercial distribution model

- ▣ Based on channel integration and single territorial management
- ▣ Based on differentiation and specialization: Galicia vs. outside Galicia

Efficiency Master Plan

- ▣ Increasing commercial capacity by over 20%, freeing up administrative staff
- ▣ Cost savings plan will finance investments in advertising and technology

Risk management

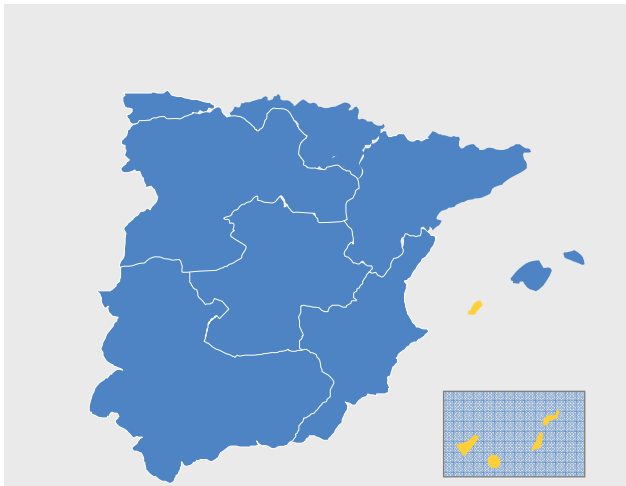
- ▣ Risk profile consistent with comfortable liquidity position and adequate solvency level
- ▣ Risk quality improvement and tighter control via higher exposure to existing customers and the introduction of customer rating

Optimum returns on real estate

- ▣ Reduction in non-performing assets will generate more than 900 Mn€ of liquidity throughout the 3-year period, and positive returns of 65 Mn€

A differentiated approach by market

Markets



Targets

Leader among urban households in Galicia

Reinforce our position in small towns and rural areas

Be the #1 choice for SMEs and self-employed customers

Gain market share in the middle-aged customer segment and medium to high income households

Be the #1 choice for SMEs and self-employed customers

In a nutshell

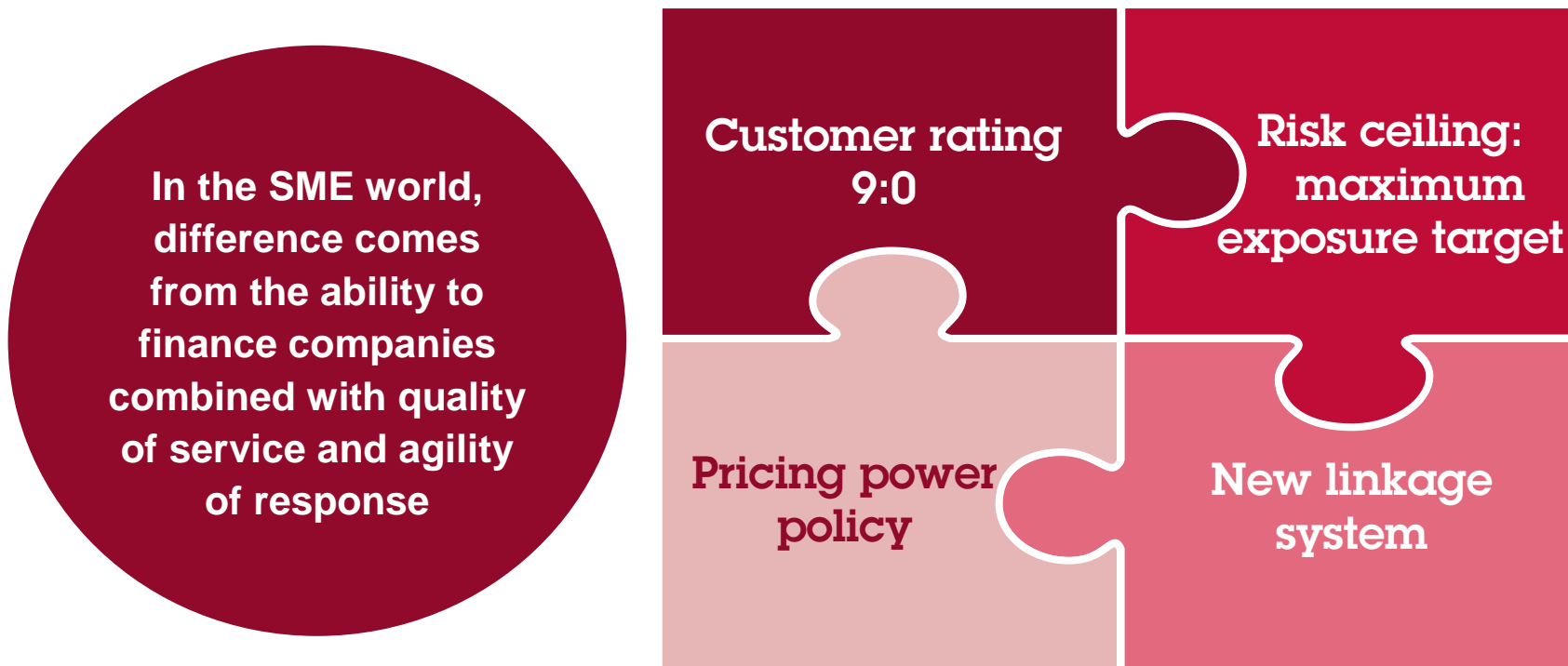
Consolidate leadership within the new competitive environment

Position ourselves as a specialised retail bank

Where specialization is the key to success

A targeted and tightly focused commercial action...

... which significantly improves productivity



Agile decision-making, industrializing pricing criteria

A customer-oriented distribution model

	Individuals	Self-employed	Micro-enterprises	Small companies	Medium sized companies	Large companies
SME branches					✓	✓
Comprehensive branches	✓	✓	✓	✓	✓	✓
Extended branches	✓	✓	✓	✓		
Basic branches	✓	✓	✓			
Private & internet banking	✓					

A new territorial concept:
ALL-IN-ONE GEOGRAPHICAL AREAS

And a new territorial management focus

CAIXA CATALUNYA 



"la Caixa"



Cajasol



CAJA GRANADA



Caja España



CajadeÁvila



Caja de Badajoz



caixaManresa



kutxa



iberCaja



BBVA



CAIXA Ontinyent
La caixa de les comarques



cajAstur



Caja Mediterránea



Caixa Tarragona



cajarRioja

Unnim

la caixa que suma



CAJA MADRID

Caja de



Burgos

can 

2010

45 Million individuals

3.4 Million companies



CAJAMURCIA



Bancaja



Unicaja



Banco Pastor



Banesto



Caja de Guadalajara



caixanova

Caja Sur



CAIXA GALICIA

Caja de Extremadura



Colonya Caixa Pollença

"SA NOS TRA"

Caixa Penedès



CAIXA LAIETANA bankinter.



cajAstur



Caja Mediterránea



Caixa Tarragona



CAJA DE JAEN



Caixa Sabadell

Caja Vital



Vital Kutxa



Caja Duero



CAJA CANTABRIA

Caixa Manlleu



Caixa Girona



caixaterrassa

caja segovia

2011

45 Million individuals
3.4 Million companies



BBVA



Caja España

SIP MARE NOSTRUM



Caja de Ahorros del Mediterráneo



Disclaimer

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