

**CPP ANNUAL USE OF CAPITAL SURVEY - 2012**



**NAME OF INSTITUTION**

(Include Holding Company Where Applicable)

Popular, Inc.

Person to be contacted regarding this report:	Jose A. Mendez	RSSD: (For Bank Holding Companies)	1129382
UST Sequence Number:	117	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	935,000,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:	0	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	Dec 5, 2008	City:	San Juan
Date Repaid <sup>1</sup> :	N/A	State:	Puerto Rico

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

*American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.*

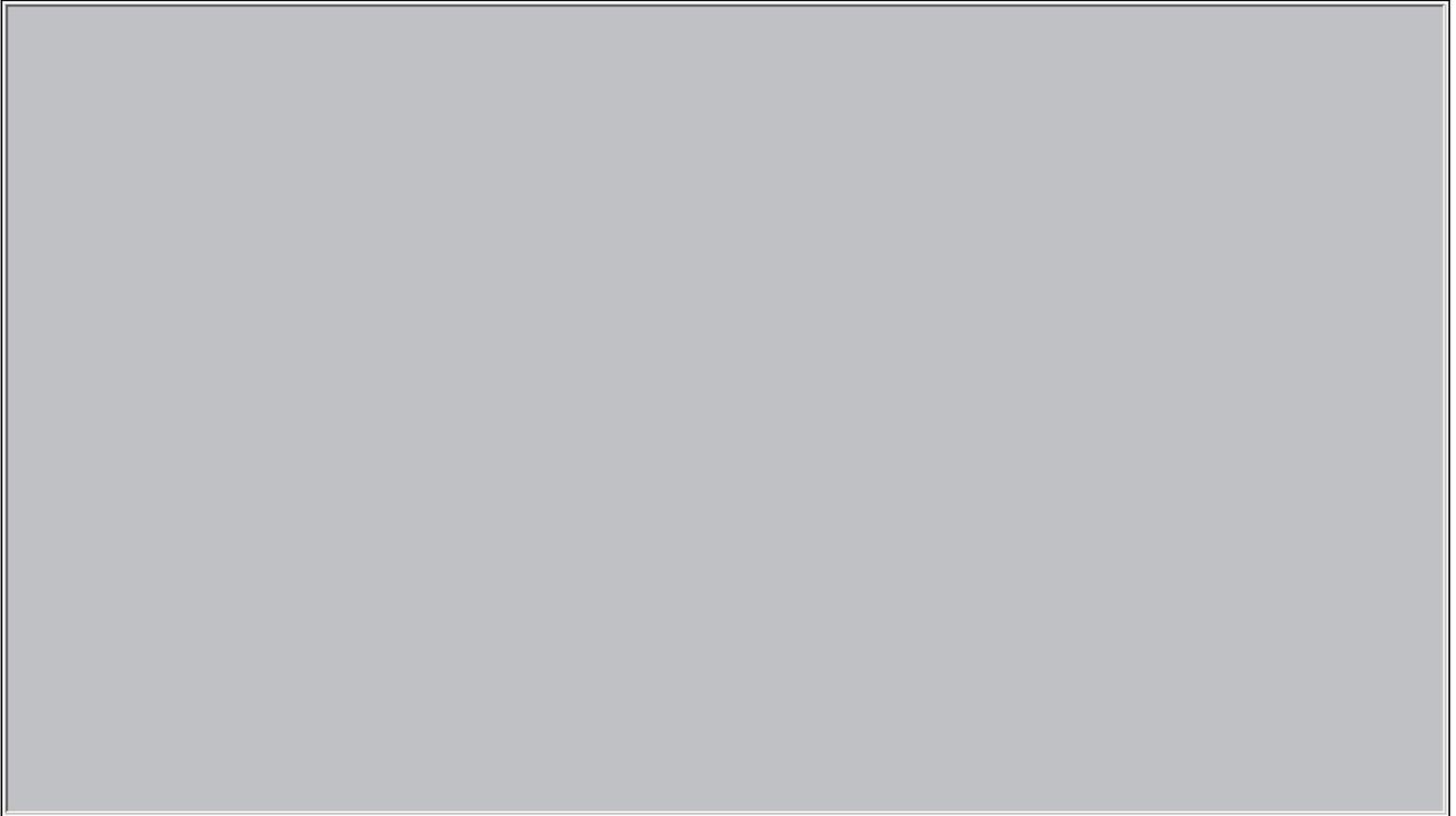
What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	See comments on the last page under the caption "Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds".
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	See comments on the last page under the caption "Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds".
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/> Make other investments	
<input type="checkbox"/> Increase reserves for non-performing assets	
<input type="checkbox"/> Reduce borrowings	
<input type="checkbox"/> Increase charge-offs	
<input type="checkbox"/> Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/> Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?



Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

Popular (the Corporation) has taken significant steps during the past years to counter the effects of the broad economic slowdown in the United States and the prolonged economic recession in Puerto Rico, our principal market, where the economy entered into recession in the second quarter of 2006. In 2008, we considered it prudent to participate in the TARP Capital Purchase Program (CPP) in order to strengthen our capital and liquidity position.

The funds received under the TARP's CPP during December 2008 gave the Corporation the opportunity to raise capital quickly and improve our liquidity position, at low cost, with limited shareholder dilution, at a time when the unprecedented market instability made it difficult for us to raise capital. We have used the proceeds from the TARP, together with other available moneys, to make capital contributions and loans to our banking subsidiaries to ensure they remain well-capitalized, and strengthen their ability to continue creditworthy lending in our home markets.

During 2012, Popular continued its lending evaluation and approval activities. This included, among other loan categories, approximately \$1.5 billion in mortgage loans originations, as well as \$1.8 billion in consumer, credit cards and automobile financing. Additionally, during 2012 several strategic loan acquisitions aggregating approximately \$800 million were completed, mainly mortgage loans in the United States, and consumer and mortgage loans in Puerto Rico. The Corporation also continues to experience improvements in its credit quality metrics; for example, non-performing assets decreased approximately \$384 million, or 18% during 2012; and \$617 million, or 26%, over the last two years. The net charge off ratio was under 2% for 2012, the lowest level since 2007. Furthermore, the Corporation had a strong capital position at December 31, 2012 with excess capital of approximately \$1.9 billion. Going forward, the Corporation will continue helping the communities we serve thru creditworthy lending efforts, as well as continue enhancing our credit quality metrics, capitalize on our leading market position, and make further improvements in our United State franchise.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.