



CPP ANNUAL USE OF CAPITAL SURVEY - 2014

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Popular, Inc.

Person to be contacted regarding this report:	José A. Méndez	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:	935,000,000	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	Dec 5, 2008	City:	San Juan
Date Repaid ¹ :	Jul 2, 2014	State:	Puerto Rico

¹If 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 type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	
<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 page 3.
<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 checked="" type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	See comments on page 3.
<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?

The funds received under the TARP's CPP during December 2008 gave Popular (the Corporation) the opportunity to raise capital quickly and improve our liquidity position, at low cost, with limited shareholder dilution, at a time when unprecedented market instability made it difficult to raise capital.

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

Popular used the proceeds from TARP, together with other available monies, to, among other things, make capital contributions and loans to our banking subsidiaries to ensure they remain well-capitalized thus and strengthen their ability to continue their creditworthy lending activities. This has contributed to Popular being able to continue strengthening its competitive position on P.R. increasing market share in most product categories.

The repayment of TARP during July 2014 and the restructuring of our U.S. operations were two of our main achievements during the year. Adjusted net income for the year, excluding these events, was \$301 million. These solid results in 2014 were driven by higher net interest income due to lower interest expense, a lower provision for loan losses, lower operating expenses, mainly pension costs and FDIC insurance, and lower income taxes.

In April, we announced our plan to sell our California, Chicago and Central Florida regions in order to focus our business on the New York Metro and Miami regions. During the course of the year, we completed the sale of the three regions and made significant progress in the operational restructuring. Credit quality remained stable despite the challenging economic conditions in P.R. Net charge-offs declined in P.R. and the U.S., both in absolute terms as well as a percentage of loans. Nonperforming loans as a percentage of total loans closed 2014 at 2.95%, fairly stable when compared to the previous year if we exclude loan balances from the regions that were sold as part of the U.S. restructuring. We continue to enjoy strong capital levels relative to peers and regulatory requirements. Our Tier 1 common equity ratio stood at 15.9% at 2014 year-end, or 110 basis points higher than in 2013, which still included our TARP capital.

During the six month period preceding the repayment of the TARP funds during July 2014, Popular continued with its lending evaluation and credit approval activities including, among other loan categories, the approval of approximately \$482 million in mortgage loans. Popular also maintained (as of June 30, 2014) the highest market share in P.R. in commercial loans, personal loans and credit cards, and net mortgage loan production.

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.