Contact:

Investor Relations:
Jorge A. Junquera
Chief Financial Officer
Senior Executive Vice President
787-754-1685

Media Relations:
Teruca Rullán
Senior Vice President
Corporate Communications
787-281-5170 or 917-679-3596/mobile

News

For Immediate Release:

Popular, Inc. Reports Net Income of $65.7 million for the Quarter ended June 30, 2012

- **Net interest margin of 4.33% for Q2 2012 vs. 4.27% for Q1 2012**
- **Improvement in credit quality (excluding covered loans) continues:**
  - **Net charge-offs fell to $98.0 million for Q2 2012 vs. $108.1 million for Q1 2012; declining for the third consecutive quarter and at the lowest level since Q1 2008**
  - **Non-performing loans held-in-portfolio declined by $120 million, down 7% from Q1 2012 and 33% from Q3 2010 peak; lowest level since Q1 2009**
  - **Inflows of commercial, construction, and legacy non-performing loans held-in-portfolio declined by $31 million, or 22%, from Q1 2012; down for the third consecutive quarter**
- **Unfavorable adjustments in the quarterly valuation of loans held-for-sale of $27.3 million in Q2 2012**
- **FDIC loss share income of $2.6 million in Q2 2012 vs. expense of $15.3 million in Q1 2012; mostly due to 80% mirror accounting on $19.2 million of higher provision for loan losses on covered loans for Q2 2012 vs. Q1 2012 and to the covered reimbursable expenses related mostly to construction loans**
- **Expense of $25.0 million recognized in Q2 2012 as a result of the early cancellation of certain short-term borrowings**
- **Tax benefit of $72.9 million was recognized related to the tax treatment of the loans acquired in the Westernbank FDIC-assisted transaction**

San Juan, Puerto Rico, Wednesday, July 18, 2012 – Popular, Inc. ("the Corporation" or "Popular") (NASDAQ: BPOP) reported net income of $65.7 million for the quarter ended June 30, 2012, compared with net income of $48.4 million for the quarter ended March 31, 2012.

2- Popular, Inc. 2012 Second Quarter Results

Mr. Richard L. Carrión, Chairman of the Board and Chief Executive Officer, said: "Two consistently positive trends stand out in this quarter's results. First, our net interest margin and our revenue-generating capacity remain strong. Second, credit metrics keep improving. The decrease of $120 million in non-performing loans marks our largest quarterly decline in this credit cycle. Despite various headwinds we are continuing our progress."

Refer to the accompanying "Financial Supplement to Second Quarter 2012 Earnings Release" for detailed financial information and key performance ratios. Table B provides a breakdown of main categories in the income statement.

Earnings Highlights – Second Quarter 2012 compared with First Quarter 2012

	Quarter ended		
(Dollars in thousands except per share information)	June 30, 2012	March 31, 2012	$ Variance
Net interest income	$341,200	$337,582	$3,618
Provision for loan losses – non-covered loans	81,743	82,514	(771)
Provision for loan losses – covered loans [1]	37,456	18,209	19,247
Net interest income after provision for loan losses	222,001	236,859	(14,858)
FDIC loss share income (expense)	2,575	(15,255)	17,830
Other non-interest income	91,149	139,163	(48,014)
Operating expenses	327,879	296,167	31,712
(Loss) income before income tax	(12,154)	64,600	(76,754)
Income tax (benefit) expense	(77,893)	16,192	(94,085)
Net income	$65,739	$48,408	$17,331
Net income applicable to common stock	$64,809	$47,477	$17,332
Net income per common share - basic and diluted [2]	$0.63	$ 0.46	$0.17

[1] Covered loans represent loans acquired in the Westernbank FDIC-assisted transaction that are covered under FDIC loss sharing agreements.

[2] Per share data has been adjusted to retroactively reflect the 1-for-10 reverse stock split effected on May 29, 2012.

Main events for the quarter ended June 30, 2012

- The results for the second quarter of 2012 reflect a tax benefit of $72.9 million related to the tax treatment of the loans acquired in the Westernbank FDIC-assisted transaction (the "Acquired Loans"). In June 2012, the Puerto Rico Department of the Treasury (the "P.R. Treasury") and the Corporation entered into a Closing Agreement (the "Closing Agreement") to clarify that those Acquired Loans are a capital asset and any gain resulting from such loans will be taxed at the capital gain tax rate of 15% instead of the ordinary income tax rate of 30%, thus reducing the deferred tax liability on the estimated gain and recognizing an income tax benefit for accounting purposes during the quarter. As part of the Closing Agreement, the Corporation prepaid to the P.R. Treasury the estimated tax of $72.9 million related to these estimated capital gains. The effective tax rate for the Corporation's Puerto Rico banking operations for 2012 is estimated at 20%.

- During the second quarter of 2012, negative valuation adjustments on commercial and construction loans held-for-sale of approximately $34.7 million were recognized by Banco Popular de Puerto Rico ("BPPR"). The quarterly valuation analyses of the outstanding loans held-for-sale, which considered the impact of recent appraisals and market indicators, resulted in an unfavorable adjustment of $27.3 million for the current quarter. Also, there were $7.4 million in additional unfavorable valuation adjustments, mostly from the reclassification of certain loans from loans held-for-sale to other real estate. As of June 30, 2012, commercial and construction loans held-for-sale in the BPPR reportable segment amounted to $177 million.
- During the quarter ended June 30, 2012, the Corporation recognized a loss on the early extinguishment of debt of $25.0 million related to the early termination of $350 million in outstanding repurchase agreements ("repos") with contractual maturities between March 2014 and May 2014, with an average cost of 4.36%. The Corporation anticipates replacing these repos with short-term borrowings at current market rates.
- In early May 2012, the Corporation received a $131 million cash dividend from its investment in EVERTEC's parent company. As a result of the dividend, the Corporation's equity investment balance in the entity was reduced by the amount of the dividend and stands at $62 million as of quarter-end. The Corporation's participation interest in the entity was 48.5% as of quarter-end.
- During the quarter ended June 30, 2012, approximately $273 million in performing mortgage loans were acquired by Banco Popular North America ("BPNA") and $225 million in performing consumer loans by BPPR.
- The Company announced that it now expects to earn between $210 million and $225 million for 2012. This is a higher nominal range than the $185 million to $200 million range previously disclosed. However, after excluding the three unusual events of the quarter (i.e., the tax benefit, the expense on the early extinguishment of high-cost repos and the negative valuation adjustments on loans held for sale) the range is $10 million less than previously disclosed.

4- Popular, Inc. 2012 Second Quarter Results

Net interest income

- The net interest margin was 4.33% for the second quarter of 2012, compared with 4.27% for the first quarter of 2012. The increase in net interest income of $3.6 million for the second quarter of 2012, compared with the first quarter of 2012, was principally due to a higher yield on the covered loan portfolio and a lower average balance and cost of interest-bearing deposits, partially offset by a lower yield on investment securities and a reduction in the yield of non-covered loans. Refer to Table D for detailed information on average financial condition balances and an analysis of yield / rates by main categories.
- The increase in interest income on loans was mostly due to an increase in the interest derived from covered loans by $4.3 million, or 69 basis points. This increase was primarily attributable to a commercial single loan pool accounted for under ASC 310-30 that was paid off in the second quarter of 2012 and its remaining discount was accreted into interest income.
- Additionally, there was an increase of $2.3 million in interest income in the non-covered mortgage loan portfolio, which was mainly associated with higher volumes driven by loan purchases by BPNA during the second quarter of 2012.
- The decrease in interest income on non-covered construction loans of $3.1 million was principally related to the Corporation's U.S. mainland operations' full recovery of certain large loan relationships during the first quarter of 2012 that had been in non-accrual.
- The decrease in interest income on consumer loans of $1.5 million was mainly related to the credit cards portfolio due to a combination of lower average balances and lower blended rates.
- The Corporation's interest expense on deposits decreased by $3.2 million, or 5 basis points, reflecting the continuing progress in repricing the Corporation's deposit base and a decrease in the average balance of deposits, mainly in retail certificates of deposit and brokered certificates of deposit.
- Additionally, the interest expense on short-term borrowings, including repos, declined $0.5 million, as the Corporation used available liquid funds to repay short-term debt.
- The BPPR reportable segment recorded $298.5 million in net interest income for the quarter ended June 30, 2012, compared with $290.1 million for the quarter ended March 31, 2012. The net interest margin was 5.07% for the second quarter of 2012, compared with 4.90% for the first quarter of the current year. The increase in net interest income was principally due to higher interest income from the covered loan portfolio by $4.3 million as previously explained, coupled

with the reduction in the interest expense on deposits due to lower volumes and a reduction in the average cost from 0.87% for the first quarter of 2012 to 0.81% for the second quarter of 2012.

- The BPNA reportable segment recorded $69.6 million in net interest income for the quarter ended June 30, 2012, compared with $74.1 million for the quarter ended March 31, 2012. The net interest margin was 3.55% for the second quarter of 2012, compared with 3.78% for the first quarter of the current year. The decrease in net interest income was principally related to the commercial and construction loan portfolios' lower volumes and to the previously mentioned interest recovery related to certain large loan relationships collected during the first quarter, partially offset by higher mortgage loan volume related to purchases during the second quarter of 2012.

Provision for loan losses

- The provision for loan losses for the quarter ended June 30, 2012 amounted to $119.2 million, an increase of $18.5 million when compared with the first quarter of 2012, mainly related to the covered loan portfolio. The ratio of total allowance for loan losses to loans held-in-portfolio stood at 3.10% as of June 30, 2012, compared with 3.25% as of March 31, 2012.

- The provision for loan losses for the non-covered loan portfolio amounted to $81.7 million, relatively unchanged from the first quarter of 2012. The current quarter provision for loan losses reflected lower net charge-offs and reductions in the allowance for loan losses, mainly from the commercial, legacy and consumer loan portfolios as a result of continued improvement in credit trends. These improvements were in part offset by higher loss trends in the residential mortgage loan portfolio in the BPPR reportable segment coupled with a lower reserve release, compared to the first quarter of 2012, as the first quarter included a net benefit of $24.8 million from the enhancements to the Corporation's allowance for loan losses methodology. The increase in the residential mortgage loan loss trends was principally related to the implementation of a revised charge-off policy during the first quarter of 2012.

- The provision for loan losses on the covered loan portfolio, which increased by $19.2 million, was primarily driven by loans accounted for pursuant to ASC 310-30. The provision for loan losses for loans accounted under ASC 310-30 amounted to $28.2 million for the quarter ended June 30, 2012, compared with $11.4 million for the first quarter of 2012. The increase of $16.8 million in the provision for loan losses on these loans was prompted by credit losses in excess of those originally estimated at the acquisition date, related to certain commercial and construction loan pools. The provision for loan losses related to loans accounted under ASC 310-20 amounted to $9.2 million for the quarter ended June 30, 2012, compared with $6.8 million for the first quarter of 2012. Net charge-offs on these covered loans accounted for under ASC 310-20 amounted to $29.6 million, an increase of $25.3 million from the first quarter of 2012. This increase in net charge-offs was mainly related to the receipt of discounted pay-offs from two particular relationships, for which impaired amounts were reserved in prior periods.

Non-interest income

Non-interest income for the quarter ended June 30, 2012 decreased by $30.2 million compared with the quarter ended March 31, 2012. The principal unfavorable variances were in the following categories of the income statement included in Exhibit B:

- Net loss on sale of loans, including unfavorable valuation adjustments on loans held-for-sale, totaled $15.4 million for the second quarter of 2012, compared with a net gain of $15.5 million for the first quarter of 2012. The negative variance of $30.9 million, compared with the first quarter, was principally due to valuation adjustments on loans held-for-sale from the quarterly valuation analysis of $27.3 million.
- Higher trading account losses by $5.1 million primarily due to higher realized losses on derivatives in the mortgage banking business, that are economically offset by higher gains on securitization transactions, but which benefits are recorded in the net gain (loss) on sale of loans category.
- Other service fees decreased by $4.0 million, mostly due to a quarter-over-quarter unfavorable variance in mortgage servicing fees of $6.6 million, primarily from higher unfavorable valuation adjustments, partially offset by an increase in credit card fees of $1.7 million mainly as a result of higher interchange fees from increased customer purchasing activity. Refer to Table F in the Financial Supplement for a breakdown of other service fees.
- The category of other operating income in Table B shows a decrease of $5.7 million mostly due to lower income from investments accounted for under the equity method principally driven by a quarter-over-quarter negative variance of $7.7 million from the equity pick-up from PRLP 2011 Holdings, LLC, which holds the commercial and construction loans sold by BPPR during 2011, of which BPPR retained a 24.9% equity participation. Partially offsetting this unfavorable

variance was a gain of $2.5 million from the sale of the wholesale indirect general agency property and casualty business of Popular Insurance during the second quarter of 2012.

- The above unfavorable variances in non-interest income were partially offset by FDIC loss share income of $2.6 million recognized in the second quarter of 2012, compared with FDIC loss share expense of $15.3 million for the first quarter of 2012. This variance was principally associated with the increase of $19.2 million in the provision for loan losses on covered loans and with the recognition of $10.7 million mirror offset of reimbursable loan-related expenses from the FDIC under the loss sharing agreements, partially offset by higher amortization of the loss share asset mainly due to a reduction in expected losses and as a result of the pay-off of a single loan pool during the quarter. Refer to Table O for financial information on the covered loans and the composition of the FDIC loss share income (expense).

Operating expenses

Operating expenses increased by $31.7 million for the second quarter of 2012 compared with the first quarter of 2012. Refer to Table B which provides a breakdown of operating expenses by main categories. The principal favorable variances were as follows:

- Higher loss on early extinguishment of debt by $25.0 million primarily related to the previously mentioned cancellation of certain high-cost repos by BPPR.
- Higher business promotion expenses by $4.1 million mostly from credit card reward programs and other retail product promotional campaigns in Puerto Rico and from BPNA's New York Region's rebranding efforts concentrated in the second quarter.
- Higher professional fees by $4.0 million, mainly from appraisal services, credit collection efforts through attorneys and consulting fees, including services related to strategic projects to achieve efficiencies, such as the redesigning of credit lending and administration processes.
- The category of other operating expenses in Table B shows an increase of $18.8 million, which was mainly driven by the following factors: lower credits to the provision for unfunded credit commitments by $4.4 million in the second quarter of 2012, compared with the first quarter of 2012, mainly due to decreases in the funding rate and a lower magnitude of improvements in the potential loss expectations than in the previous quarter; and to costs associated with the collection efforts of the covered loan portfolio. Under the loss share agreements, 80% of certain expenses are reimbursable by the FDIC and although the related expenses are reflected in this category, the

80% offset to these expenses is recorded in the income statement category of FDIC loss share income (expense) in non-interest income, as previously indicated.

These unfavorable variances were partially offset by a decrease in the category of other real estate owned costs by $11.8 million and in personnel costs by $5.2 million.

- The variance in the category of other real estate owned costs, which considers gains (losses) on sale of properties and fair value write-downs from valuation assessments, was principally due to higher gains on the sale of commercial and construction real estate properties by $10.6 million, including sales by BPPR and BPNA.
- Personnel costs decreased by $5.2 million, as shown in Table B, principally due to a decrease in the category of salaries by $1.0 million; pension, postretirement and medical insurance costs by $2.3 million; and in other personnel costs by $3.5 million. These favorable variances were partially offset by an increase in commissions, incentives and other bonuses of $1.6 million, mostly from an increase in fees from the sale and administration of investment products from the retail business at Popular Securities.

  The decrease in the salaries category was mainly related to a reduction in base salaries for full-time equivalent employees (FTEs). Pension, postretirement and medical insurance costs were lower in the current quarter mainly due to a reduction in medical and life insurance costs. The decrease in other personnel costs was principally due to the recognition in the first quarter of 2012 of severance accruals related to a voluntary employee exit program as part of the Corporation's efficiency efforts and to lower payroll taxes.

  FTEs were 8,093 as of June 30, 2012, compared with 8,329 as of December 31, 2011 and 8,074 as of March 31, 2012.

Income taxes

Income tax benefit amounted to $77.9 million for the quarter ended June 30, 2012, compared with an income tax expense of $16.2 million for the first quarter of 2012. The positive variance in income tax was principally related to the previously mentioned tax benefit of $72.9 million from the Closing Agreement with the P.R. Treasury and to lower taxable income in the Corporation's Puerto Rico operations for the second quarter of 2012.

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Credit Quality

Most credit quality metrics continued to demonstrate positive trends driven by actions taken by the Corporation to address problem loans and mitigate the overall credit risk.

- Net charge-offs, excluding covered loans, for the quarter ended June 30, 2012 decreased by $10.1 million, when compared with the quarter ended March 31, 2012. Annualized net charge-offs to average non-covered loans held-in-portfolio decreased 20 basis points, from 2.13% for the quarter ended March 31, 2012 to 1.93% for the quarter ended June 30, 2012. The reduction was principally due to lower net charge-offs from the commercial loan portfolio in the BPPR and BPNA reportable segments by $14.7 million. Refer to Table J for further information on the Corporation's net charge-offs and related ratios.

- Non-performing loans held-in-portfolio, excluding covered loans, decreased by $120 million from March 31, 2012 to June 30, 2012. The decrease was mostly attributed to reductions from the commercial, legacy and mortgage loan portfolios. As of June 30, 2012, non-performing commercial loans held-in-portfolio in the BPPR and BPNA reportable segments decreased by $30 million and $22 million, respectively, when compared with March 31, 2012. Non-performing legacy loans decreased by $24 million when compared with the prior quarter. Non-performing mortgage loans held-in-portfolio as of June 30, 2012 amounted to $633 million, a decrease of $34 million compared with March 31, 2012. The decrease was driven by non-performing loans from the residential mortgage loan portfolio of the BPPR reportable segment, prompted by higher levels of troubled debt restructured ("TDRs") loans returning to accrual status, and a slowdown in the inflows of non-performing loans. Refer to Table I for the activity in non-performing loans, excluding covered loans and loans held-for-sale.

- The allowance for loan losses to loans held-in-portfolio ratio, excluding covered loans, stood at 3.14% as of June 30, 2012 compared with 3.25% as of March 31, 2012. The general and specific reserves related to non-covered loans amounted to $561 million and $88 million, respectively, as of June 30, 2012, compared with $589 million and $76 million, respectively, as of March 31, 2012. The decrease in the general reserve component was mainly driven by lower loss trends in the commercial, legacy and consumer loan portfolios, primarily reflecting the improvements in the credit environment. Nonetheless, the residential mortgage loan portfolio of the BPPR reportable segment required higher allowance levels mainly due to higher specific reserves for loans restructured under the Corporation's loss mitigation program. Refer to Tables H through M for detailed credit quality information, including the activity in the allowance for loan losses.

Refer to the section below for explanations on the main variances.

BPPR Reportable Segment

- The provision for loan losses for non-covered loans of the BPPR reportable segment totaled $66.4 million, or 98.55% of net charge-offs, for the second quarter of 2012, relatively unchanged when compared with $67.8 million for the first quarter of 2012. The provision for loan losses for the quarter ended June 30, 2012 reflected lower net-charge offs and reductions in the allowance for loans losses for the commercial and consumer loan portfolios, when compared with the first quarter of 2012. These favorable variances were in part offset by higher loss trends for the residential mortgage portfolio and a lower reserve release, compared to the first quarter of 2012, as the first quarter included a net benefit of $7.1 million from the enhancements to the Corporation's allowance for loan losses methodology.

- Net charge-offs related to non-covered loans amounted to $67.4 million, or 1.85% of annualized net charge-offs to average non-covered loans held-in-portfolio for the quarter ended June 30, 2012, compared to $73.7 million or 2.01%, respectively, for the quarter ended March 31, 2012. This decrease was principally driven by lower net charge-offs from the commercial loan portfolio of $9.0 million attributed to lower levels of problem loans. This favorable variance in net charge-offs was partly offset by an increase of $2.6 million from the residential mortgage loan portfolio, primarily due to the revised charge-off policy implemented during the first quarter of 2012.

- Non-performing loans held-in-portfolio of the BPPR reportable segment, excluding covered loans, decreased by $68 million as of June 30, 2012, when compared with March 31, 2012. The decrease in non-performing loans at the BPPR reportable segment was mainly driven by a reduction in the commercial and mortgage loan portfolios by $30 million and $33 million, respectively. The reduction in the commercial non-performing loans was mainly associated with problem loan resolutions and a decline in the inflows to non-performing status. The decrease in the non-performing residential mortgage loans was mainly due to higher levels of TDRs returning to accrual status, after complying with six months of satisfactory payment.
- At June 30, 2012, the allowance for loan losses for non-covered loans of the BPPR reportable segment totaled $447 million or 2.99% of non-covered loans held-in-portfolio, essentially at the same level as the first quarter of 2012. The allowance for loan losses reflected a decrease in the

general reserve component, mainly due to lower loss trends in the commercial and consumer loan portfolios. This improvement was offset by higher reserve requirements for the residential mortgage loan portfolio due to a higher net charge-off trend, coupled with higher specific reserves for loans restructured under loss mitigation programs. Refer to Table L for information on the allowance for loan losses of the Corporation's Puerto Rico operations.

BPNA Reportable Segment

- The provision for loan losses for the BPNA reportable segment amounted to $15.3 million, or 50.08% of net charge-offs, for the second quarter of 2012, compared with $14.7 million or 42.74% of net charge-offs for the first quarter of 2012. The provision for loan losses remained relatively flat, as the effect of lower net charge offs for the second quarter of 2012 was offset by a lower reserve release, compared with the first quarter of 2012, as the first quarter included the positive impact of $17.7 million of the enhancements to the Corporation's allowance for loan losses methodology.

- Net charge-offs for the quarter ended June 30, 2012 decreased by $3.9 million, when compared with the quarter ended March 31, 2012. Annualized net charge-offs to average loans held-in-portfolio decreased 28 basis points, from 2.43% for the quarter ended March 31, 2012 to 2.15% for the quarter ended June 30, 2012. As previously mentioned, the decrease in net charge-offs was mainly observed in the commercial loan portfolio, prompted by higher recoveries during the quarter and by the continued credit stabilization at the BPNA reportable segment.

- Non-performing loans held-in-portfolio at the BPNA reportable segment amounted to $287 million as of June 30, 2012, a decrease of $52 million compared with March 31, 2012. The decrease was mainly driven by reductions in the commercial and legacy loan portfolios of $22 million and $24 million, respectively. This decrease in non-performing loans was the result of problem loan resolutions, loan sales, a reduction in the inflows of non-performing loans, and charge-offs.

- At June 30, 2012, the allowance for loan losses for the BPNA reportable segment totaled $202 million or 3.51% of loans held-in-portfolio, compared with $217 million or 3.87% of loans held-in-portfolio at March 31, 2012. The decline in the allowance for loan losses was primarily driven by a reduction of $15 million in the general reserve component, when compared to March 31, 2012 mainly due to lower loss trends, as the U.S. mainland continues to reflect improved credit performance. Refer to Table M for information on the allowance for loan losses of the BPNA reportable segment.

Financial Condition Highlights – June 30, 2012 compared to March 31, 2012

- Total assets amounted to $36.6 billion as of June 30, 2012, compared with $37.0 billion as of March 31, 2012. Refer to Table C for a detailed presentation of the Corporation's Consolidated Statements of Condition.
- Total loans held-in-portfolio amounted to $24.7 billion as of June 30, 2012 and March 31, 2012. Refer to Table G for a breakdown by loan categories. The decrease of $265 million in non-covered commercial loans held-in-portfolio from March 31, 2012 to June 30, 2012 was mostly associated with the cancellation and repayment of certain commercial lines of credit in Puerto Rico and charge-offs during the current quarter. The decrease in the commercial loan portfolio was offset in part by an increase in mortgage loans held-in-portfolio principally due to (i) mortgage loan purchases at BPNA during the second quarter of 2012 of approximately $273 million (unpaid principal balance), and (ii) loans purchased and originated at the Corporation's Puerto Rico operations. The increase in consumer loans held-in-portfolio of $231 million from March 31, 2012 to June 30, 2012 was mainly due to a purchase of consumer loans by BPPR for approximately $225 million (unpaid principal balance). The decline in total covered loans of $205 million was principally due to collections and to charge-offs in the second quarter of 2012 of $58.5 million.
- Deposits amounted to $27.4 billion as of June 30, 2012, compared with $27.2 billion as of March 31, 2012. Table G presents a breakdown of deposits by major categories. The increase in demand deposits from March 31, 2012 to June 30, 2012 of $366 million was principally related to public funds. The decrease in non-brokered time deposits of $237 million was primarily from retail certificates of deposit. Total brokered deposits amounted to $3.1 billion as of June 30, 2012, compared with $2.9 billion as of March 31, 2012.
- The Corporation's borrowings amounted to $3.6 billion as of June 30, 2012, compared with $4.7 billion as of March 31, 2012. The decrease in borrowings was principally in repos by approximately $0.7 billion mostly associated with the previously mentioned early extinguishment of debt and use of available funds to repay short-term debt.
- Stockholders' equity was $4.0 billion as of June 30, 2012 and March 31, 2012. Refer to Table A for capital ratios and Table N for Non-GAAP reconciliations.

13- Popular, Inc. 2012 Second Quarter Results

Forward-Looking Statements

The information included in this news release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and involve certain risks and uncertainties that may cause actual results to differ materially from those expressed in forward-looking statements. Factors that might cause such a difference include, but are not limited to (i) the rate of growth in the economy and employment levels, as well as general business and economic conditions; (ii) changes in interest rates, as well as the magnitude of such changes; (iii) the fiscal and monetary policies of the federal government and its agencies; (iv) changes in federal bank regulatory and supervisory policies, including required levels of capital; (v) the relative strength or weakness of the consumer and commercial credit sectors and of the real estate markets in Puerto Rico and the other markets in which borrowers are located; (vi) the performance of the stock and bond markets; (vii) competition in the financial services industry; (viii) possible legislative, tax or regulatory changes; (ix) the impact of the Dodd-Frank Act on our businesses, business practice and cost of operations; and (x) additional Federal Deposit Insurance Corporation assessments. For a discussion of such factors and certain risks and uncertainties to which the Corporation is subject, see the Corporation's Annual Report on Form 10-K for the year ended December 31, 2011, as well as its filings with the U.S. Securities and Exchange Commission. Other than to the extent required by applicable law, including the requirements of applicable securities laws, the Corporation assumes no obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of such statements.

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Founded in 1893, Popular, Inc. is the leading banking institution by both assets and deposits in Puerto Rico and ranks 37th by assets among U.S. banks. In the United States, Popular has established a community-banking franchise providing a broad range of financial services and products with branches in New York, New Jersey, Illinois, Florida and California.

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An electronic version of this press release can be found at the Corporation's website, www.popular.com.

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14- Popular, Inc. 2012 Second Quarter Results

Popular will hold a conference call to discuss the financial results on Wednesday, July 18, 2012 at 10:30 a.m. Eastern time. The call will be broadcast live over the Internet and can be accessed through the investor relations section of the Corporation's website: www.popular.com.

Listeners are recommended to go to the website at least 15 minutes prior to the call to download and install any necessary audio software. The call may also be accessed through a dial-in telephone number 866-804-6926 or 857-350-1672. The conference code is 45836565.

A replay of the webcast will be archived in Popular's website during the respective period. A telephone replay will be available from 5 p.m. on Wednesday, July 18, 2012 at 888-286-8010 or 617-801-6888. The replay passcode is 95455273.

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Financial Supplement follows