

PUBLIC DISCLOSURE

August 21, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Banco Popular de Puerto Rico
RSSD No. 940311

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San Juan, Puerto Rico 00918

Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: Banco Popular de Puerto Rico is rated **OUTSTANDING**.

The following table indicates the performance level of the institution with respect to the lending, investment and service tests.

PERFORMANCE LEVELS	<u>Banco Popular de Puerto Rico</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

The major factors supporting the institution's rating follow:

- The volume of lending related to the Home Mortgage Disclosure Act ("HMDA") and small businesses reflected excellent responsiveness to credit needs in the bank's assessment areas.
- The geographic distribution of lending was good.
- The distribution of loans to individuals of different income levels and businesses of different sizes was good.
- BPPR was a leader in providing community development loans, investments and services that were responsive to the needs of the assessment areas.
- BPPR's branch and service delivery systems were readily accessible to geographies and to individuals of different income levels.

INSTITUTION

DESCRIPTION OF INSTITUTION*

Total assets	\$25.8 billion
Net loans & leases	\$15.0 billion
Total domestic deposits	\$14.7 billion
Number of branches	199
Headquarters	San Juan, PR
Bank holding company	Popular Inc.

*Data as of December 31, 2005

Banco Popular de Puerto Rico (“Banco Popular” or “BPPR”) is a full service commercial bank headquartered in San Juan, Puerto Rico. Banco Popular is primarily engaged in retail and corporate banking activities, operating offices throughout Puerto Rico and the United States Virgin Islands (“USVI”). The bank is a wholly owned subsidiary of Popular Inc., a multi-regional diversified financial holding company with \$38 billion in combined total assets as of December 31, 2005.

In Puerto Rico (“PR”), BPPR has a dominant market position in deposits, ranking first; and in extending residential mortgages, auto loans, and personal loans. BPPR operates 199 retail branches throughout its assessment areas, including 192 in Puerto Rico and seven in the USVI. The vast majority of deposits, approximately \$13.8 billion representing 94% of the total, are located in Puerto Rico with the remainder in the USVI.

Banco Popular has 13 assessment areas, 11 in Puerto Rico and 2 in the USVI. Details follow:

Puerto Rico

- Metropolitan Statistical Area (“MSA”) 41980 (San Juan-Caguas-Guaynabo);
- MSA 10380 (Aguadilla-Isabela-San Sebastian);
- MSA 38660 (Ponce);
- MSA 32420 (Mayaguez);
- MSA 41900 (San German-Cabo Rojo);
- MSA 25020 (Guayama);
- MSA 21940 (Fajardo);
- MSA 49500 (Yauco);
- Non-MSA A (Municipalities of Adjuntas, Jayuya, Utuado, Las Marias, Maricao);
- Non-MSA B (Municipalities of Coamo, Santa Isabel, Salinas); and
- Non-MSA C (Municipality of Vieques).

U.S. Virgin Islands

- Non-MSA island of St. Thomas
- Non-MSA island of St. Croix

Banco Popular's assessment areas are in compliance with the requirements of Section 228.41 of Regulation BB and do not arbitrarily exclude any low- or moderate-income ("LMI") geographies. There are no financial or legal factors that would prevent the bank from fulfilling its responsibilities under CRA. A map of the Puerto Rico and USVI assessment areas appears in Appendix E.

SCOPE OF EXAMINATION

Procedures

BPPR's assessment areas were evaluated using the Federal Financial Institutions Examination Council's *Interagency CRA Procedures for Large Retail Institutions*.

Products

Banco Popular's home purchase, refinance, home improvement, small business and other loans qualifying as community development were evaluated. The mortgage loans were reported under the HMDA and small business loans reported under CRA. HMDA-related loans were reported for Puerto Rico only, as reporting requirements under HMDA are not applicable with respect to dwellings in U.S. territories, such as the USVI. Bank management supplied data for mortgage loans BPPR originated in the USVI.

Examiners verified the integrity of HMDA and small business loan data. The review indicated that the HMDA data submitted was in compliance with the reporting requirements of Regulation C and the small business data was in compliance with the reporting requirements under CRA.

BPPR also originates small farm and multifamily loans; however, these products were excluded from the analysis because they represented a low volume that would not affect the overall conclusions if included. Multifamily loans qualifying as community development loans were considered in the evaluation of community development lending.

Affiliates

At management's request, the HMDA-related and small business activities of the following consumer-related BPPR affiliates were considered during the examination:

- Popular Finance, Inc., a small loan and secondary mortgage company;
- Popular Mortgage Inc., a mortgage origination and secondary marketing subsidiary;
- Popular Auto Inc., an automobile financing and leasing company; and
- Popular Securities, Inc., a registered broker-dealer.

Of BPPR's total number of HMDA-related loans, the bank accounted for 49% of activity while the combined affiliates accounted for 51%. Affiliate activity was concentrated in home purchase and refinance lending.

Examination Period

HMDA-related and CRA small business loans originated or purchased between January 1, 2004, and December 31, 2005, were evaluated. Examiners also evaluated community development services, community development loans, and qualified investments for the same period.

Lending Distribution Analysis

In evaluating the geographic distribution of HMDA-related loans, examiners analyzed the proportion of loan originations in LMI and non-LMI geographies compared with the proportion of owner-occupied housing units in LMI and non-LMI geographies. For small business loans the analysis compared the proportion of loan originations in LMI and non-LMI geographies with the proportion of businesses in LMI and non-LMI geographies.

In evaluating the borrower characteristics of HMDA-related loans, the analysis compared the proportion of LMI loan originations with the proportion of LMI families in the assessment areas. The analysis of small business loans compared the proportion of loan originations extended to businesses having gross annual revenues ("GAR") of \$1 million or less with the proportion of businesses with GAR of \$1 million or less. For small business loans, the amount of the loan was also used as a proxy to identify lending to businesses with GAR of \$1 million or less.

BPPR's HMDA-related and small business loan originations were also compared to the 2005 market aggregate of all institutions reporting such loans in each full-review assessment area. Accounting irregularities related to purchases from affiliates were uncovered at many other financial institutions island-wide, resulting in numerous re-filings of the HMDA-LARs and rendering the aggregate data unreliable for comparison. Therefore, at this examination, the HMDA data used in the examiner's aggregate analyses included only loan origination data and excluded all HMDA-reportable purchase data. Aggregate HMDA and small business data were unavailable for the USVI.

Only loans inside the assessment areas were included in the analysis of geographic and borrower distribution. Before reaching a conclusion about the bank's overall performance regarding geographic distribution and borrower characteristics in each assessment area, examiners gave greater weight to certain loan products. In each assessment area, a product's volume compared with total retail lending volume determined the weight of a product's performance in an overall conclusion.

Deriving Overall Conclusions

Overall conclusions regarding the bank's CRA performance were based primarily on performance in Puerto Rico; given the Puerto Rico assessment areas contain 96% of all branches and 94% of total deposits. Accordingly, performance in the USVI was not significantly weighted in the overall CRA evaluation.

Within Puerto Rico, examiners conducted a full review of BPPR's performance in MSA 41980 (San Juan-Caguas-Guaynabo), MSA 10380 (Aguadilla-Isabela-San Sebastian), and MSA 32420 (Mayaguez). Within the USVI, a full scope review was conducted of the Non-MSA island of St. Thomas. Overall conclusions about performance in Puerto Rico were primarily influenced by the bank's performance in MSA 41980, which represents 72% of total lending, 82% of deposits, and 71% of branches in the combined Puerto Rico assessment areas.

This evaluation also included limited reviews of performance in the Puerto Rico MSAs of 38660, 41900, 25020, 21940, 49500, and, non-MSAs A, B, and C. In the USVI, the Non-MSA island of St. Croix was also a limited review. Limited review areas did not materially impact the overall conclusion.

Exhibit 1 on page BB 6 highlights additional key assessment area data for the combined Puerto Rico assessment areas and the USVI assessment area over the examination period.

**EXHIBIT 1: Summary of Key Assessment Area Data
ALL ASSESSMENT AREAS**

	Puerto Rico	US Virgin Islands	TOTALS
Total Population*	3,806,742	104,415	3,911,157
Population % of AA population	97%	3%	100%
Families	1,008,067	25,623	1,033,690
Families % of AA families	98%	2%	100%
Total Census Tracts*	822	30	852
Tracts % AA tracts	96%	4%	100%
LMI tracts	215	7	222
LMI tracts % all AA LMI tracts	97%	3%	100%
Total Owner-Occupied Units*	919,182	16,766	935,948
Units % of AA units	98%	2%	100%
Business Establishments **	22,182	1,961	24,143
Bus. est. % AA bus. est.	92%	8%	100%
Number of Branches	192	7	199
Branches % all branches	96%	4%	100%
Branches in LMI tracts	38	1	39
LMI branches % AA LMI branches	97%	3%	100%
Branch Deposits (\$'000s) ***	13,755,573	852,427	14,608,000
Deposits % AA deposits	94%	6%	100%
Deposit Market Share (%) / Rank in Market***	25.59%/1	48.53%/1	
Home Purchase Originations****	10,875	101	10,976
HP originations % AA orig.	99%	1%	100%
Refinance Originations ****	6,397	102	6,499
Refi orig. % AA orig.	98%	2%	100%
Home Improvement Originations****	23,970	31	24,001
Home Improvement orig. % AA orig.	100%	0%	100%
Small Business Originations ****	43,901	483	44,384
SB orig. % AA orig.	99%	1%	100%
Combined Loan Totals****	85,143	717	85,860
% of AA Orig.	99%	1%	100%

* Source: 2000 Census Data.

** Source: 2005 D&B USVI.

*** Source: FDIC Summary of Deposit Data as of June 30, 2005.

**** Originations include Originations and loans purchased between Jan. 1, 2004 and December 31, 2005.

Community Contacts

Examiners conducted interviews with two community contacts during the examination, in order to learn more about community credit needs. Contacts were located throughout the bank's assessment areas and included representatives of a community-based organization and an affordable housing advocacy agency.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Banco Popular's overall performance in meeting the credit needs of its assessment areas through lending activities is rated outstanding based on excellent performance in Puerto Rico and high satisfactory performance in the USVI.

The data used to evaluate the bank's lending test performance in its various assessment areas appear in the Appendix D tables. Lending activity is depicted in Table 1, geographic distribution in Tables 2-5, and borrower characteristics are depicted in Tables 6-9. There are separate tables for lending in the Puerto Rico and USVI assessment areas.

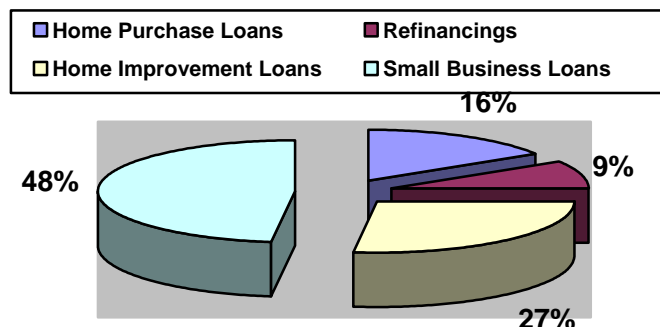
Lending Activity:

BPPR's lending activity showed excellent responsiveness to retail credit needs in the bank's assessment areas when measured in terms of the number and dollar amount of home purchase, refinance, home improvement and small business loans originated or purchased during the examination period. This conclusion is primarily based on excellent lending activity in Puerto Rico.

The bank originated 92,721 home purchase, refinance, home improvement, and small business loans totaling approximately \$7.8 billion during the examination period. Exhibit 2, at right, shows the breakdown of the lending by product.

Assessment Area Concentration: Substantially all the bank's lending was made in its assessment areas as shown in Exhibit 3. BPPR's mortgage company affiliate originated or

Exhibit 2
Summary of BPPR's
Assessment Area Lending Activity



purchased most of the bank's home purchase loans and refinancings. Most home improvement and small business loans are originated or purchased by the bank and are part of the analysis of assessment area concentration.

EXHIBIT 3								
Lending Inside and Outside the Assessment Area								
Product	Inside				Outside			
	#	%	\$(‘000s)	%	#	%	\$(‘000s)	%
HMDA Home Purchase	1,566	100	116,891	100	2	<1	352	<1
HMDA Refinancings	1,205	100	132,432	100	6	<1	715	<1
HMDA Home Improvement	22,158	100	299,449	100	5	<1	52	<1
Total HMDA-related	24,929	100	548,772	100	13	<1	1,119	<1
Small Business	44,384	100	3,720,191	100	26	<1	3,004	<1
TOTAL LOANS	69,313	100	4,268,963	100	39	<1	4,123	<1

Note: Affiliate loans not included in Exhibit 3.

Geographic Distribution:

Based primarily on good loan distribution in Puerto Rico, the overall analysis showed good geographic distribution of HMDA-related and small business loans. The analysis considered performance context issues, such as lending opportunities reflected in the number of owner-occupied units and the market aggregate performance. For HMDA-related loans, conclusions were based primarily on performance in moderate-income geographies. Very low levels of owner-occupied housing units make it difficult to extend HMDA-related loans in low-income geographies.

Borrower Distribution:

Based primarily on loan distribution in Puerto Rico, the overall distribution of loans among borrowers of different income levels and businesses of different sizes was good. Consideration was given to the wide disparity between housing prices and incomes, which makes owner-occupied housing unaffordable to LMI families in the bank's assessment areas. This disparity also sharply limits the availability for refinancings to LMI families. Performance relative to moderate-income borrowers was given the most weight because the income level of low-income borrowers precludes them from most home purchase opportunities.

Community Development Lending:

BPPR’s community development lending performance was excellent based on excellent performance in Puerto Rico and good performance in the USVI. As shown in the chart below, the bank extended 363 community development loans totaling \$467 million, which included \$362 million in new commitments. For details see lending volume tables numbered 1 in Appendix D.

Community Development		
Purpose	#	\$ (000s)
Affordable Housing	68	260,985
Economic Development	30	31,475
Community Services	250	79,025
Revitalize and Stabilize	15	95,807
Totals	363	467,292

BPPR’s community development lending was responsive to community needs. Affordable housing initiatives represented 56% of total activity. According to community contacts, financing for affordable housing is an important need in Puerto Rico. Additionally, 21% of the bank’s community development lending went to revitalize low- and moderate-income geographies through the preservation and creation of jobs for low- and moderate-income individuals. Lending for community service initiatives represented 17% of total activity while lending for economic development initiatives represented 7% of total activity.

INVESTMENT TEST

BPPR’s performance under the investment test is rated outstanding based on excellent responsiveness in Puerto Rico and adequate performance in USVI.

Overall, the bank made 520 qualified investments totaling \$169 million, of which \$111 million were new investments since the prior examination. Over 96% of investments were made in Puerto Rico, as investment opportunities in the USVI remain limited. As shown in the chart below, the vast majority of investments, \$149 million, representing 88% of total qualified investments, supported the development of affordable housing, addressing a primary need identified through the bank’s outreach efforts with community groups and local government agencies.

Qualified Investments		
Purpose	#	\$(000s)
Affordable Housing	88	149,442
Community Services	396	19,142
Economic Development	36	298
Totals	520	168,882

SERVICE TEST

BPPR's performance under the service test is rated outstanding based primarily on its excellent performance in Puerto Rico. In USVI, performance was adequate.

Retail Services:

Retail delivery systems are readily accessible to geographies and individuals of different income levels. Within the bank's assessment areas, 38 or 20% of branches are located in LMI areas as compared to 25% of the population residing in LMI areas. In addition, BPPR has 41 branches located in middle- or upper-income census tracts that are adjacent to low-income areas. Moreover, 25 of these branches are located in shopping centers that are generally accessible and contribute to the institution's ability to serve these LMI areas.

To the extent that changes were made, the bank's record of opening and closing branches did not adversely affect the accessibility of its delivery systems, especially in LMI areas.

Alternative delivery systems slightly enhanced the bank's performance in its assessment areas. BPPR operated 306 off-site ATM locations across its assessment areas, 43, or 14%, were located in LMI areas, providing additional electronic access to banking services through this extended network. Moreover, 73 ATMs are located in shopping centers, increasing the accessibility of bank services to LMI individuals.

Business hours were reasonable and did not vary in a way that inconvenienced certain portions of the assessment areas, particularly LMI geographies. Extended business hours in the morning, evening, and on weekends were regularly provided throughout the assessment areas.

Community Development Services:

BPPR's is a leader in providing community development services throughout the assessment areas. The bank's level of performance was excellent in Puerto Rico and adequate in the USVI. During the two year review period, BPPR sponsored 5,755 community development services throughout its assessment areas, including financial education/literacy seminars, and technical assistance activities to non-profit organizations. Additionally, bank officers serve on various boards of directors and employees are key members of committees, or are actively involved with community groups and organizations providing financial services that benefit LMI area residents and small businesses.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices, including the Equal Credit Opportunity Act and the Fair Housing Act, was identified as being inconsistent with helping to meet community credit needs.

COMMONWEALTH OF PUERTO RICO

CRA RATING FOR THE COMMONWEALTH OF PUERTO RICO: OUTSTANDING

The lending test is rated: Outstanding

The investment test is rated: Outstanding

The service test is rated: Outstanding

Major factors supporting the rating include:

- Excellent responsiveness to assessment areas' credit needs;
- Good geographic distribution of loans in the bank's assessment areas;
- Good distribution of loans among individuals of different incomes and businesses of different sizes;
- An excellent level of community development lending;
- An excellent level of qualified investments;
- BPPR is a leader in providing community development services that are responsive to the needs of the assessment areas; and,
- Readily accessible delivery systems to geographies and individuals of different income levels.

SCOPE OF EXAMINATION

A full review of BPPR's performance in the Puerto Rico assessment areas of MSA 41980 (San Juan-Caguas-Guaynabo), MSA 10380 (Aguadilla-Isabela-San Sebastian), and MSA 32420 (Mayaguez) was conducted. A limited review of the bank's performance was conducted in the other Puerto Rico assessment areas. As shown in Exhibit 4, the combined full-scope areas make up 83% of the bank's loans and 89% of deposits in the Commonwealth.

BPPR's overall CRA rating is significantly driven by the performance in the Puerto Rico assessment areas, which accounts for 94% of its total retail deposits, and 99% of its total HMDA-reportable and small business lending activity for the bank. While there are many financial institutions competing in the Commonwealth for banking products and services, BPPR maintains the largest retail bank network in Puerto Rico with 192 branches and 306 off-site ATMs as of the examination date. BPPR is also a market leader, capturing 26% deposit market share in Puerto

Rico. BPPR's primary bank competitors in the Puerto Rico assessment areas include FirstBank, WesternBank, Banco Santander, Doral Bank, R-G Premier, and Citibank, NA.

In order to derive the state rating, full-scope assessment areas were weighted based on the proportion of loan originations and deposits in each. Consequentially, MSA 41980 had a substantial impact on rating the overall performance of the bank, capturing 82% branch deposits and 72% of loans, with MSA 10380 and MSA 32420 having a lesser impact.

Additional key assessment area data can be found in Exhibit 4 on the next page.

EXHIBIT 4: Summary of Key Assessment Area Data: Puerto Rico Assessment Areas

	MSA 41980	MSA 10380	MSA 38660	MSA 32420	MSA 41900	MSA 25020	MSA 21940	MSA 49500	Non-MSA Group A	Non-MSA Group B	Non-MSA Group C	Totals
Total Population*	2,509,007	312,602	264,919	115,048	136,212	83,570	78,533	118,063	89,307	90,375	9,106	3,806,742
Population % of AA population	66%	8%	7%	3%	4%	2%	2%	3%	2%	2%	0%	100%
Families	666,815	84,782	66,781	29,991	37,400	21,780	20,864	30,800	22,963	23,494	2,397	1,008,067
Families % of AA families	66%	8%	7%	3%	4%	2%	2%	3%	2%	2%	0%	100%
Total Census Tracts**	536	64	60	30	25	15	16	29	22	21	4	822
Tracts % AA tracts	65%	8%	7%	4%	3%	2%	2%	4%	3%	3%	0%	100%
LMI tracts	168	8	22	8	1	0	4	2	1	0	1	215
LMI tracts % all AA LMI tracts	78%	4%	10%	4%	0%	0%	2%	1%	0%	0%	0%	100%
Total Owner-Occupied Units*	605,085	77,868	59,826	25,589	37,223	20,152	19,622	29,134	19,837	22,187	2,659	919,182
Units % of AA units	66%	8%	7%	3%	4%	2%	2%	3%	2%	2%	0%	100%
Business Establishments**	16,927	1,207	1,193	874	492	228	384	336	225	256	60	22,182
Bus. est. % AA bus. est.	76%	5%	5%	4%	2%	1%	2%	2%	1%	1%	0%	100%
Number of Branches	132	13	12	9	4	4	4	4	5	4	1	192
Branches % all branches	69%	7%	6%	5%	2%	2%	2%	2%	3%	2%	1%	100%
Branches in LMI tracts	27	3	4	1	1	0	1	0	1	0	0	38
LMI branches % AA LMI branches	71%	8%	11%	3%	3%	0%	3%	0%	3%	0%	0%	100%
Branch Deposits (\$'000s)***	11,272,509	541,142	512,814	347,265	222,774	186,257	176,142	165,978	162,429	126,060	42,203	13,755,573
Deposits % AA deposits	82%	4%	4%	3%	2%	1%	1%	1%	1%	1%	0%	100%
Deposit Market Share (%) / Rank in Market	23.77%/1	45.83%/1	27.73%/1	28.03%/2	31.74%/2	62.56%/1	51.05%/1	50.95%/1	83.16%/1	85.88%/1	100%/1	
Home Purchase Originations****	7,809	829	475	346	455	155	248	188	92	236	42	10,875
HP originations % AA orig.	72%	8%	4%	3%	4%	1%	2%	2%	1%	2%	0%	100%
Refinance Originations****	4,804	498	214	153	234	125	132	80	67	84	6	6,397
Refi orig. % AA orig.	75%	8%	3%	2%	4%	2%	2%	1%	1%	1%	0%	100%
Home Improvement Originations*	16,527	2,128	1,087	600	783	744	466	488	506	501	140	23,970
Home Improvement orig. % AA orig.	69%	9%	5%	3%	3%	3%	2%	2%	2%	2%	1%	100%
Small Business Originations****	31,890	3,717	2,061	1,366	941	818	766	897	725	557	163	43,901
SB orig. % AA orig.	73%	8%	5%	3%	2%	2%	2%	2%	2%	1%	0%	100%
Combined Loan Totals****	61,030	7,172	3,837	2,465	2,413	1,842	1,612	1,653	1,390	1,378	351	85,143
% of AA Orig.	72%	8%	5%	3%	3%	2%	2%	2%	2%	2%	0%	100%

Sources: *2000 Census Data, **2005 D&B, *** FDIC Summary of Deposit Data as of June 30, 2005, **** Originations include originations and loan purchased between January 1, 2004 and December 31, 2005.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN PUERTO RICO

LENDING TEST

Banco Popular's overall record of meeting the lending needs of its assessment areas through its lending activities was outstanding based on excellent performance in MSA 41980 (San Juan-Caguas-Guaynabo) and MSA 10380 (Aquadilla-Isabella-San Sebastian), and good performance in MSA 32420 (Mayaguez).

Lending Activity:

BPPR's lending activity showed excellent responsiveness to retail credit needs in the bank's assessment areas when measured in terms of the number and dollar amount of HMDA-related and small business loans originated or purchased in each assessment area.

This conclusion was based on excellent lending activity in MSA 41980, MSA 10380, and MSA 32420.

Geographic Distribution:

Based on good distribution in MSA 41980 and MSA 10380, and adequate distribution in MSA 32420, the overall analysis showed good geographic distribution of loans. The analysis considered performance context issues, such as lending opportunities reflected in the number of owner-occupied units and the market aggregate performance. For HMDA-related loans, conclusions were based primarily on performance in moderate-income geographies. Very low levels of owner-occupied housing units make it difficult to extend HMDA-related loans in low-income areas.

Distribution by Borrower Income and Revenue Size of the Business:

Based on good distribution in MSA 41980, MSA 10380, and MSA 32420, the overall distribution of loans among borrowers of different income levels and businesses of different sizes was good. This is despite the wide disparity between housing prices and incomes, which makes owner-occupied housing unaffordable to LMI families in the bank's assessment areas. This disparity also sharply limits the availability for refinacings to LMI families. Performance relative to moderate-income borrowers was given the most weight because the income level of low-income borrowers precludes them from home purchase opportunities.

Community Development Loans:

Banco Popular's community development lending performance was excellent, based on excellent performance in MSA 41980, and good performance in MSA 10380, and MSA 32420. During the examination period, community development loan commitments totaled \$448 million in Puerto Rico, or 96% of BPPR's total community development lending activity.

Community development lending was responsive to the credit needs identified by community contacts in Puerto Rico. Affordable housing initiatives provided for the construction and/or rehabilitation of at least 7,608 affordable housing units throughout the bank's assessment areas.

The volume of community development lending increased substantially from the last examination when community development lending totaled \$244 million. Increased multifamily lending and community development lending to revitalize and stabilize low- and moderate-income geographies that preserved and created jobs for low- and moderate-income individuals were in part responsible for the increase.

INVESTMENT TEST

BPPR's performance under the investment test was rated outstanding and highly responsive to its credit needs based on excellent performance in MSA 41980, and adequate performance in MSAs 10380 and 32420. Performance was enhanced by \$160 million in island-wide investments benefiting the Commonwealth on a broader regional basis.

BPPR's investments exhibited excellent responsiveness to the credit and community development needs in the Puerto Rico assessment areas, totaling \$162 million. Investments in affordable housing activities represented 88% of the total investment dollars, while investments in community service activities represented 76% of the total number of investments. The affordable housing investments consisted primarily of collateralized mortgage obligations issued by the Government National Mortgage Association ("GNMA"), Federal National Mortgage Association ("FNMA"), and the Puerto Rico Housing Finance Corporation. An additional \$3 million in grants were made to organizations that promote community development, of which over \$2 million were concentrated in MSA 41980.

SERVICE TEST

BPPR's performance under the service test was outstanding in Puerto Rico based on an excellent level of retail delivery systems and community development services. The conclusions are based on excellent performance in MSA 41980 and 10380, and adequate performance in MSA 32420.

Retail Services:

BPPR's branch delivery systems were readily accessible to geographies and individuals of different income levels in the assessment areas, as branches are located in virtually every municipality on the island of Puerto Rico. Of the bank's 192 branches throughout Puerto Rico, 38 or 20% are in LMI areas, compared to the 25% of the assessment area population that resides in LMI geographies. In addition, BPPR used alternative delivery systems, including 306 off-site ATMs and mortgage and consumer loan origination affiliates, to enhance delivery of its products and services. Of the total off-site ATMs, 43 or 14% were located in LMI areas.

Also, BPPR's branch network enhances overall retail services to LMI individuals given its proximity to census tracts that are adjacent to LMI geographies. For example, throughout the

island there were 41 branches identified in upper- and middle-income tracts that serve residents of adjacent low-income tracts. Moreover, 25, or 61% of these branches are located in shopping centers that are generally accessible, as many shopping centers in Puerto Rico are adjacent to public housing and include Plaza Las Americas, Santa Francisco Shopping Center, Santa Maria Shopping Center, and Plaza del Sol.

The bank's record of opening and closing branches did not adversely affect the accessibility of its delivery systems, especially in LMI areas. The bank's extended and weekend hours did not vary in a way that inconveniences certain portions of the assessment areas. The bank has placed numerous kiosks throughout the branches, allowing customers to access the Bank's web site and learn about available products and services free of charge.

Community Development Services:

BPPR is a leader in providing community development services throughout its assessment areas. The bank's level of performance was excellent in MSAs 41980 and 10380, and adequate in MSA 32420. The following community development service activities are considered responsive to the needs of the Commonwealth:

- BPPR sponsored 5,755 financial services throughout its assessment areas. Services included financial education and literacy seminars and technical assistance to non-profit organizations. There were 4,045 financial services outreach workshops conducted through the Banco En La Community Program, 224 interactive financial education sessions held through the Some Thing of Value program, and 1,418 seminars held for the Populoso program. BPPR also sponsored 43 commercial business forums, and held 25 technical assistance sessions for non-profits and community groups.
- Additionally, 53 BPPR officers and staff members serve on boards of directors or are key members of committees for 67 community development organizations. These 67 organizations provide community development services to LMI individuals.
- Other BPPR employees are also actively involved with 20 non-profit community groups, who provide financial services, financial education, and community services that benefit LMI area residents and small businesses. The service area for some of the groups is island-wide and others serve the communities of San Juan, Cantera, Ponce, Caguas and Santurce.
- BPPR's affiliate Popular Mortgage, Inc., through its Vivienda Popular ("VP") unit, conducts home buyer education programs and operates a First Home Club, with 43 families participating in the program. VP works with municipalities in obtaining home funds to first time homebuyers, participates in the conversion of housing projects from rental to homeownership, and provides assistance to low-income borrowers. This initiative lead to the Housing Department of San Juan providing a \$30,000 subsidy per family for 30 families in the conversion of the Vistas de San Juan project. VP staff

provides technical support to housing trust groups and developers working to provide low-income housing.

Additionally, BPPR's initiated activities that were considered innovative, supporting both individual and business community development needs, including:

- Something of Value Program (Algo de Valor) - Through a collaborative effort BPPR management and the Board of Education designed a financial education curriculum for grades one through eight around the bank's numismatics collection (a collection of coins, paper money and medals), the history of money, the use of money as a medium of exchange, money and Puerto Rico's history and culture, and modern day money management practices. During the 24 month review period, BPPR has conducted 254 financial education training sessions, in which 12,779 students attended, the vast majority of which are LMI.
- School Sisters (Escuelas Hermanas) - The program is an integrated partnership between 13 public community schools and BPPR branch offices. The schools partner with the nearest branch office and staff. The program's goal is to improve the future economic opportunities of LMI students by raising their literacy level, thereby eliminating school desertion. Nine of the schools have begun Montessori pilot projects with 24 Montessori classrooms. The schools and branch offices currently participating in the program are all located within MSA 41980.
- Populoso Financial Education Program - BPPR developed the Populoso savings account for children under 17. As part of the program, BPPR employees conduct financial education activities and seminars in different schools and communities teaching LMI children the importance of saving.
- Banco en la Comunidad - BPPR staff provides basic financial advice to individuals who lack banking relationships in LMI communities on subjects such as savings, financial planning and bank services. Since 2004, the program has been expanded to include financial educational workshops at universities, schools and elderly homes.
- Financial Education Forums- BPPR sponsors financial educational forums for the small business community to provide product and service advice to them, to identify the commercial customer's credit needs, and to develop products to meet their needs. Forums have been held for small business owners, family owned-businesses, and dental school students.
- Leader-to-Leader Institute - In partnership with the Institute, BPPR has developed a program to improve non-profit organizations' leadership. The program's mission is to strengthen the management expertise of non-profit organizations and to build more effective nonprofit organizations throughout the island.

METROPOLITAN AREA

(FULL REVIEW)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MSA 41980 (SAN JUAN-CAGUAS-GUAYNABO)

The MSA 41980 assessment area has the greatest impact on the overall rating and comprises the largest portion of the institution's retail operations. The MSA contains 69% of all branch locations and 82% of all deposits. Additionally, the assessment area represents 66% of the total population, 65% of the total census tracts, and 66% of the total owner-occupied housing units. Seventy two percent of HMDA-related and small business loans extended by BPPR were originated in this MSA.

San Juan is home to the Commonwealth's state capital and government offices, and expectedly, this MSA has the greatest concentration of financial institutions competing for deposits and lending opportunities. As of June 30, 2005, BPPR was the market leader for deposits with 24% deposit market share in the MSA. Other primary competitors in the area include FirstBank, Westernbank, Banco Santander, and Doral Bank.

PERFORMANCE CONTEXT

Demographic Characteristics

In 2004, the Federal Office of Management and Budget revised the definitions of MSAs, resulting in a realignment of the assessment area groupings. The current MSA (41980) replaces CMSA 7442 (SAN JUAN-CAGUAS-ARECIBO), which existed at the last examination and comprised 30 municipalities.

The current MSA is comprised of 41 municipalities that make up the assessment area. The municipalities are San Juan, Arecibo, Caguas, Barranquitas, Toa Baja, Canovanas, Orocovis, Loiza, Manati, Morovis, San Lorenzo, Comerio, Ciales, Vega Baja, Juncos, Naguabo, Vega Alta, Naranjito, Barceloneta, Yabucoa, Humacao, Cidra, Catano, Hatillo, Aguas Buenas, Florida, Cayey, Aibonito, Quebradillas, Bayamon, Rio Grande, Maunabo, Camuy, Carolina, Guaynabo, Gurabo, Dorado, Las Piedras, Toa Alta, Trujillo Alto, and Corozal.

According to the 2000 census, the population of the assessment area is 2.5 million, of which 666,815 are considered families. Both represent approximately 66% of their respective totals in Puerto Rico. Additionally, 30% of the assessment area families reside in LMI geographies.

Income Characteristics

The HUD-adjusted median family income (MFI) for MSA 41980 was \$20,900 for 2005 and \$20,600 for 2004. According to census data, 26% of families residing in the MSA are considered low-income, 15% moderate-income, and more than 41% of families subsist below the poverty

level. Low income and the high levels of poverty experienced throughout the MSA make it difficult for families to afford homes, indicating the need for affordable housing and economic development initiatives. Community contacts cited both affordable housing and small business loans as important local credit needs.

Housing Characteristics

The MSA contains approximately 928,000 housing units, of which 65% are owner-occupied, 25% are rental, and 10% are vacant. Within LMI geographies, the availability of owner-occupied units is prevalent and account for 28% of the total housing units in low-income geographies and 64% of the total housing units in moderate-income areas. However, despite these opportunities to offer mortgage-related products to this segment of the assessment area, affordability issues are rampant in the MSA.

Consider, San Juan boasts the highest HUD adjusted median family income in Puerto Rico for 2005; however, the high median housing values still makes homeownership difficult for LMI borrowers. An analysis of the median family income to median housing values illustrates the challenges faced by local lenders.

SAN JUAN-CAGUAS-GUAYNABO							
Housing/Income Affordability Analysis							
MSA	Median Values			Low Income		Moderate-Income	
41980	MHV*	MFI**	MHV/ MFI	50% of MFI	MHV/ MFI	80% of MFI	MHV/ MFI
		\$83,801	\$20,900	4.0	\$10,450	8.0	\$16,720

*MHV – Median Housing Value for the assessment area as of the 2000 Census.

**MFI – Median Family Income for the assessment area as of the 2005 HUD-adjusted income figures.

As indicated in the table above, housing values based on 2000 census data range from five to eight times greater than LMI income levels. Considering that homes have appreciated further since the 2000 census, the issue of affordability is likely more pronounced than displayed above.

Labor, Employment and Economic Characteristics

According to the U.S. Department of Labor statistics, unemployment levels are high in the assessment area and increased from 9.7% in 2004 to 10.3% in 2005. During that period the MSA experienced an increase in its labor force, growing from 933,527 individuals in 2004 to 953,460 in 2005. High unemployment levels reduce the opportunities for HMDA-related loan originations and reflect the need for economic development.

Additional assessment area demographics can be found in Exhibit 5 on the following page.

Exhibit 5

Combined Demographic Report

Assessment Area: MSA 41980

Analysis Year: 2005

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	18	3.4	15,987	2.4	12,242	76.6	172,535	25.9
Moderate-income	150	28.0	181,209	27.2	101,845	56.2	102,116	15.3
Middle-income	207	38.6	270,040	40.5	115,126	42.6	102,671	15.4
Upper-income	161	30.0	199,579	29.9	47,212	23.7	289,493	43.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	536	100.0	666,815	100.0	276,425	41.5	666,815	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	22,350	6,322	1.0	28.3	14,134	63.2	1,894	8.5
Moderate-income	250,829	159,979	26.4	63.8	63,999	25.5	26,851	10.7
Middle-income	368,557	245,506	40.6	66.6	87,467	23.7	35,584	9.7
Upper-income	286,289	193,278	31.9	67.5	65,052	22.7	27,959	9.8
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	928,025	605,085	100.0	65.2	230,652	24.9	92,288	9.9
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	209	1.2	157	1.3	50	1.1	2	0.5
Moderate-income	3,278	19.4	2,392	20.0	796	17.3	90	23.9
Middle-income	4,836	28.6	3,493	29.2	1,233	26.8	110	29.3
Upper-income	8,604	50.8	5,914	49.5	2,516	54.8	174	46.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	16,927	100.0	11,956	100.0	4,595	100.0	376	100.0
Percentage of Total Businesses:				70.6		27.1		2.2

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MSA 41980 (SAN JUAN-CAGUAS-GUAYNABO)

LENDING TEST

BPPR's overall lending performance in the MSA was excellent. The tables in Appendix D contain the data used to evaluate the bank's lending performance in MSA 41980. Lending activity is illustrated in Table 1, geographic distribution in Tables 2-5 and borrower characteristics are illustrated in Tables 6-9.

Lending Activity:

BPPR's responsiveness to the credit needs of MSA 41980 was excellent and reflected its significant presence in the area. The bank's rank among the aggregate for market share of small business lending exceeded its deposit market share position. BPPR ranks first out of 11 banks in deposits in the MSA and ranked first in small business lending with 61% of the market share in 2005.

Regarding HMDA-related lending in the MSA for 2005, the bank ranked 2nd in home purchase lending and 4th in refinance lending with market shares of 17% and 10%, respectively. The bank ranks 1st in market share for home improvement lending with 53%.

Geographic Distribution:

Overall, the geographic distribution of HMDA-related and small business loans was good when compared with the number of owner-occupied housing units and small business establishments. Performance varied between HMDA-related products and loans to small businesses. Overall distribution of small business and home improvement loans was excellent, while home purchase and refinance lending performance was adequate.

For HMDA-related loans, examiners based conclusions on performance in low and moderate-income geographies. Of the owner-occupied units located in LMI census tracts, 96% are located in moderate-income census tracts. As noted in the Performance Context section, the low number of owner-occupied housing units generally makes it difficult to extend housing-related credit in low-income areas. Moreover, in the LMI areas of the City of San Juan, where most of the island's low-income tracts are located, many residents do not hold title to the property. This limits mobility and precludes normal mortgage financing.

Similarly, there were 11,956 small businesses operating within the assessment area, of which only 157 (1%) were located in low-income geographies and 2,392 (20%) were in moderate-income areas, restricting the number of small business loans extended within those geographies.

The following table summarizes the bank's performance in low- and moderate-income tracts with respect to each loan product.

MSA 41980 (San Juan-Caguas-Guaynabo)				
Product	Low-Income Census Tracts		Moderate -Income Census Tracts	
	BPPR Performance	2005 Aggregate Comparison	BPPR Performance	2005 Aggregate Comparison
Home Purchase	ADEQUATE	BELOW	ADEQUATE	SIMILAR TO
Refinance	ADEQUATE	SIMILAR TO	ADEQUATE	SLIGHTLY BELOW
Home Improvement	GOOD	SIMILAR TO	EXCELLENT	SIMILAR TO
Small Business	EXCELLENT	SIMILAR TO	EXCELLENT	SLIGHTLY ABOVE

Distribution by Borrower Income and Revenue Size of the Business:

The overall distribution of loans among borrowers of different income levels and businesses of different sizes in the San Juan-Caguas-Guaynabo MSA was good. HMDA-related lending to LMI borrowers was challenging due to the large gap between borrower income levels and housing costs.

Lending to low-income borrowers for home purchase and home improvement originations was excellent. BPPR ranked first in its respective peer groups, outperforming the aggregate for low-income borrowers. BPPR originated 39%, or 58 out of the total 148 home purchase loans originated by all lenders in the market to low-income borrowers. For home improvement loans, the bank originated 48%, or 354 out of the total 739 loans originated in the market aggregate to low-income borrowers.

Also, the bank had an excellent level of lending to moderate-income borrowers for home improvement loan originations. Banco Popular ranked first in its peer group, performing similar to the aggregate, originating 58%, or 1,300 out of the total 2,224 home improvement loans originated by all lenders in the market to moderate-income borrowers.

Overall distribution of small business loans to businesses with GAR of \$1 million or less was good. In addition, 80% of small business loans were in amounts of \$100 thousand or less while 75% of the aggregate's small business loans were in amounts of \$100 thousand or less.

The following table summarizes the bank's performance with respect to these borrowers as well as with respect to small businesses.

MSA 41980 (San Juan-Caguas-Guaynabo)				
PRODUCT	Low-Income Borrowers		Moderate-Income Borrowers	
	BPPR Performance	2005 Aggregate Comparison	BPPR Performance	2005 Aggregate Comparison
Home Purchase	EXCELLENT	SIGNIFICANTLY ABOVE	ADEQUATE	SIMILAR
Refinance	ADEQUATE	BELOW	ADEQUATE	SLIGHTLY BELOW
Home Improvement	EXCELLENT	SLIGHTLY BELOW	EXCELLENT	SIMILAR
Small Business	Lending to Businesses with GAR <= \$1 Million		2005 Aggregate Comparison	
	GOOD		SIMILAR TO	

Community Development Lending:

Banco Popular’s level of community development lending activity in the MSA was excellent with 233 loans totaling nearly \$308 million, or 69% of community development lending activity in Puerto Rico.

Community development lending was responsive to identified community needs as it targeted affordable housing, the revitalization of distressed neighborhoods and community service activities to low- and moderate-income individuals.

Examples of community development loans included:

- A \$20 million loan to renovate an existing 272 unit multifamily apartment complex so that the property may be sold to its low- and moderate-income residents. Most of the residents currently receive Section 8 funds from HUD and will receive down payment assistance, reduced interest rates and vouchers for mortgage assistance payments.
- An \$8.3 million loan to construct 130 units of affordable housing in Canovanas.

INVESTMENT TEST

BPPR’s investment test performance in MSA 41980 is excellent. The assessment area benefited from \$159 million in state-wide investments in collateralized mortgage obligations that target affordable housing development across Puerto Rico.

Grant Activity		
Purpose	#	\$(000s)
Affordable Housing	3	33
Community Services	242	2,005
Economic Development	27	259
Total	272	2,297

Affordable housing was a primary credit need identified by community contacts. As illustrated in the accompanying table, qualified investments specifically benefiting the MSA primarily were in the form of grants and in-kind contributions and totaled approximately \$2 million. In all, the charitable contributions made in the MSA represented 77% of all community development grants made in Puerto Rico. Examples of local community development grants included:

- A \$100,000 donation to a community development foundation supporting an educational fund targeting low-income students in the MSA.
- A \$62,000 grant to a community group organized to improve local schools and the quality of life in low-income communities. The grant will cover various administrative and personnel expenses including funding teacher’s workshops.

SERVICE TEST

The bank’s performance under the service test in MSA 41980 is excellent, as BPPR is a leader in providing community development services.

Retail Services:

Overall, BPPR’s delivery systems were readily accessible to all portions of the bank’s assessment areas when compared with the percentage of population residing in LMI geographies.

Of the 132 branches in the MSA assessment area, 27 or 20% are located in LMI geographies compared with 30% of the assessment area population residing in LMI geographies. BPPR’s branch presence in census tracts adjacent to LMI census tracts enhanced retail service to the LMI population. Specifically, three additional branches: Plaza Las Americas, UPR, and Parque Escorial are located in middle- and upper-income geographies that also serve residents of adjacent LMI tracts. Additionally, most of the non-LMI branches are located in shopping centers and other similar locations that are generally accessible as many shopping centers in Puerto Rico are adjacent to public housing.

BPPR used multiple alternative delivery systems that also enhanced the distribution of banking services throughout the assessment area. The bank maintained 214 off-site ATMs in the MSA, and 32 or 15% of them were located in LMI geographies. The bank has placed 32 kiosks

throughout the branches, allowing customers to access the Bank's web site and learn about available products and services free of charge.

Changes in branch locations have not adversely affected the accessibility of the bank's delivery systems, particularly in LMI geographies and to LMI individuals.

Branch hours were reasonable and did not vary in a way that inconveniences certain portions of the community. The majority of branches provided extended or weekend hours. Of the 27 branches in LMI tracts, 14 or 47% have extended or weekend hours.

Community Development Services:

BPPR provided an excellent level of community development services to the assessment area. Specifically, BPPR sponsored 4,325 activities, including:

- Over 3,000 financial service outreach workshops through the Banco En La Community Program;
- Over 200 interactive financial education sessions through its Some Thing of Value program;
- Approximately 1,000 seminars under its Populoso program; and,
- Fifty technical assistance sessions to the small businesses community.

Additionally, 15 BPPR staff members serve on the boards of directors or are key members of committees, representing 16 community development organizations, specializing in financial literacy, financial management expertise, and managing fund raising events.

METROPOLITAN AREA

(FULL REVIEW)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MSA 10380 (AQUADILLA-ISABELA-SAN SEBASTIAN)

The MSA 10380 assessment area is the second most weighted area in BPPR's overall Puerto Rico rating. The MSA contains 7% of all branch locations, 4% of all deposits and 8% of the HMDA-related and small business lending activity in Puerto Rico.

BPPR is the market leader in MSA deposits, capturing 46% of the market share, reported by the FDIC as of June 30, 2005. Other primary competitors in the area include Westernbank, Banco Santander, and Banco Bilbao Vizcaya.

PERFORMANCE CONTEXT

Demographic Characteristics

The realignment of MSA groupings by the Federal Office of Management and Budget, previously detailed, resulted in MSA 10380 replacing MSA 0060 (Aquadilla), which existed at the last examination and comprised the one municipality. The current MSA is comprised of the following eight municipalities in the assessment area: Aquadilla, Lares, San Sebastian, Aguada, Anasco, Isabela, Moca, and Ricon.

The MSA encompasses the northwestern portion of the island of Puerto Rico. According to the 2000 census, the population of this assessment area is 312,602 and represents 8% of the total population in Puerto Rico. Additionally, there are 84,782 families in the MSA, of which approximately 8% resides in moderate-income geographies. The MSA contains no low-income geographies.

Income Characteristics

The HUD-adjusted MFI for MSA 10380 was \$15,000 for 2005 and \$14,800 for 2004. According to 2000 census data, 25% of families residing in the MSA are considered low-income, 15% moderate-income, and 55% of families subsist below the poverty level. Low-income and the high levels of poverty experienced throughout the MSA make it extremely difficult for families to afford homes, indicating the need for affordable housing and economic development initiatives. Community contacts cited both affordable housing and small business loans as important local credit needs.

Housing Characteristics

The MSA contains approximately 118,000 housing units, of which 66% are owner-occupied, 22% are rental, and 12% are vacant. Within LMI geographies, the availability of owner-occupied units is limited with only 5,643 units located in moderate-income geographies. As illustrated in the table below, affordability issues are rampant in the MSA, where housing values range from five to eight times LMI income levels.

AQUADILLA-ISABELA-SAN SEBASTIAN							
Housing/Income Affordability Analysis							
MSA	Median Values			Low Income		Moderate-Income	
10380	MHV*	MFI**	MHV/ MFI	50% of MFI	MHV/ MFI	80% of MFI	MHV/ MFI
	\$60,016	\$15,000	4.0	\$7,500	8.0	\$12,000	5.0

*MHV – Median Housing Value for the assessment area as of the 2000 Census.

**MFI – Median Family Income for the assessment area as of the 2005 HUD-adjusted income figures.

Labor, Employment and Economic Characteristics

According to the U.S. Department of Labor statistics, unemployment levels in the Aquadilla-Isabela-San Sebastian assessment area increased slightly over the examination period from 12.3% in 2004 to 13.7% in 2005 and remain high. During that period the MSA experienced an increase in its labor force, as well, growing from 110,006 individuals to 115,783. High unemployment levels reduce the opportunities to make HMDA-related loans and reflect the need for economic development.

Additional assessment area demographics can be found in Exhibit 6 on the following page.

Combined Demographics Report

Exhibit: 6

Analysis Year: 2005

Assessment Area: MSA 10380

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	21,197	25.0
Moderate-income	8	12.5	6,839	8.1	4,460	65.2	12,581	14.8
Middle-income	49	76.6	69,732	82.2	38,154	54.7	14,359	16.9
Upper-income	7	10.9	8,211	9.7	3,266	39.8	36,645	43.2
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	64	100.0	84,782	100.0	45,880	54.1	84,782	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	10,782	5,643	7.2	52.3	3,676	34.1	1,463	13.6
Middle-income	95,783	65,085	83.6	68.0	19,117	20.0	11,581	12.1
Upper-income	11,618	7,140	9.2	61.5	3,117	26.8	1,361	11.7
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	118,183	77,868	100.0	65.9	25,910	21.9	14,405	12.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	333	20.8	310	22.3	19	9.9	4	21.1
Middle-income	1,152	71.9	979	70.4	159	82.8	14	73.7
Upper-income	117	7.3	102	7.3	14	7.3	1	5.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,602	100.0	1,391	100.0	192	100.0	19	100.0
	Percentage of Total Businesses:			86.8		12.0		1.2
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	1	8.3	1	10.0	0	0.0	0	0.0
Middle-income	10	83.3	8	80.0	2	100.0	0	0.0
Upper-income	1	8.3	1	10.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	12	100.0	10	100.0	2	100.0	0	0.0
	Percentage of Total Farms:			83.3		16.7		0.0

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MSA 10380 (AQUADILLA-ISABELA-SAN SEBASTIAN)

LENDING TEST

BPPR's overall lending performance in MSA 10380 was excellent.

Lending Activity:

BPPR's responsiveness to credit needs in MSA 10380 was excellent. The bank's rank and market share among all lenders for small business lending exceeded its deposit market position. The bank ranks first in small business lending with 65% of the market in 2005. HMDA-related lending was slightly less consistent as the bank operates in a highly competitive mortgage market. In 2005 the bank ranked 1st in home purchase and home improvement lending with market shares of 27% and 65%, respectively. In refinance lending, it ranked 3rd with 15% of the market.

Geographic Distribution:

The geographic distribution of HMDA-related and small business loans reflects good penetration, although performance varied between HMDA-related products and loans to small businesses. Since this MSA has no low-income census tracts, conclusions were based on performance in moderate-income geographies. Small business lending opportunities were also limited, as there were only 990 small businesses operating within the assessment area, of which only 150 or 15% were located in moderate-income geographies.

BPPR's lending performance in moderate-income census tracts for home purchase and refinance lending was excellent in 2005 compared with the market aggregate and similarly situated banks. Small business lending exhibited good performance while home improvement lending performance was adequate.

The following table summarizes the bank's performance with respect to loan products in moderate-income census tracts.

MSA 10380 (Aguadilla-Isabela-San Sebastian)				
Product	Low-Income Census Tracts*		Moderate -Income Census Tracts	
	BPPR Performance	2005 Aggregate Comparison	BPPR Performance	2005 Aggregate Comparison
Home Purchase	NOT APPLICABLE	NOT APPLICABLE	EXCELLENT	ABOVE
Refinance	NOT APPLICABLE	NOT APPLICABLE	EXCELLENT	ABOVE
Home Improvement	NOT APPLICABLE	NOT APPLICABLE	ADEQUATE	SLIGHTLY BELOW
Small Business	NOT APPLICABLE	NOT APPLICABLE	GOOD	SIMILAR TO

* There are no low income tracts in the MSA.

Distribution by Borrower Income and Revenue Size of the Business:

The overall distribution of loans among borrowers of different income levels and businesses of different sizes in the Aquadilla-Isabella-San Sebastian MSA was good. This rating is primarily based on good performance in lending to moderate-income borrowers for home improvement originations and good performance in lending to businesses with GAR of \$1 million or less.

As previously noted in the Performance Context section, originations by all lenders, particularly to low-income borrowers outside of the San Juan-Caguas-Guaynabo MSA were very limited. The aggregate extended only two home purchase loans, two refinance loans, and 25 home improvement loans to low-income borrowers. Of those totals, Banco Popular's market share was one home purchase loan, no refinance loans, and eight home improvement loans.

In the moderate-income category lending opportunities increased slightly for home purchase and refinance loans, as the bank originated 11 home purchase loans compared to the aggregate's 43 originations, and three refinance loans compared to the aggregate's 44 originations. The bank was the market leader in home improvement loans, originating 154 loans while the aggregate originated 163 loans. The volume of home improvement lending indicates a higher demand for smaller size loans that are typical of home improvement lending.

Overall distribution of small business loans to businesses with GAR of \$1 million or less was good. In addition, 85% of small business loans were in amounts of \$100,000 or less. In contrast, 82% of the aggregate's loans were in amounts of \$100 thousand or less.

The following table summarizes the bank’s performance with respect to HMDA-related and small business lending. Aggregate HMDA-related lending volumes were too low to allow for a meaningful comparison.

MSA 10380 (Aguadilla-Isabela-San Sebastian)				
PRODUCT	Low-Income Borrowers		Moderate-Income Borrowers	
	BPPR Performance	2005 Aggregate Comparison	BPPR Performance	2005 Aggregate Comparison
Home Purchase	ADEQUATE	NOT APPLICABLE	ADEQUATE	NOT APPLICABLE
Refinance	ADEQUATE	NOT APPLICABLE	ADEQUATE	NOT APPLICABLE
Home Improvement	ADEQUATE	NOT APPLICABLE	GOOD	NOT APPLICABLE
Small Business	Lending to Businesses with GAR <= \$1 Million		2005 Aggregate Comparison	
	GOOD		SIMILAR TO	

Community Development Lending:

BPPR’s community development lending performance in MSA 10380 was good, representing 3% of the bank’s community development lending activity in Puerto Rico. Commitments totaled \$15 million.

BPPR’s performance was comparable to other peer banks within the MSA. The bank ranked 2nd out of six similarly situated banks in terms of annualized community lending as a percentage of total deposits within the MSA. Within the MSA, most of the community development lending targeted economic development.

Examples of community development lending included:

- A \$1 million loan to construct 150 affordable housing units in Isabela. Sixty-three units to be constructed under Law 124 and 87 units under Rural Development programs.
- An \$8.8 million loan to the Municipality of Aquadilla to develop a 70 bedroom hotel “Las Cascades”, in a moderate-income census tract in Aquadilla. Completion of the hotel is expected to create 90 to 100 jobs for low- and moderate-income workers as well as revitalize the surrounding community.

INVESTMENT TEST

BPPR’s investment test performance in MSA 10380 is adequate. The assessment area benefited from \$160 million in state-wide investments in collateralized mortgage obligations that target affordable housing development across Puerto Rico.

Over the examination period, the bank made six community development investments in the form of charitable grants and in-kind contributions, totaling \$54,000 that specifically benefited the MSA. Examples of local community development grants included:

- A \$15,000 grant supporting an education center offering after school and educational activities for local LMI students.
- A \$10,000 grant to a community development educational organization dedicated to combating drug prevention and school desertion among LMI at-risk youth. Funds contributed to the strengthening of academic and artistic improvement programs.

SERVICE TEST

Performance under the service test was excellent.

Retail Services:

The bank's delivery systems were readily accessible to geographies and individuals of different income levels in MSA 10380. As of December 31, 2005, three branches or 23% of the 13 branches in the MSA were in LMI census tracts and compared favorably with the 8% of the population residing in LMI census tracts. Additionally, there is one branch in a middle-income tract that is located in a shopping center accessible to LMI borrowers in the community.

Alternative delivery systems such as ATMs slightly enhanced the bank's performance. Of the bank's 17 off-site ATMs, BPPR maintained one or 6% in a LMI location and an additional ATM is located in a shopping center, again, allowing LMI borrowers further accessibility. The bank has placed two kiosks in the branches, allowing customers to access the BPPR's web site and learn about available products and services free of charge.

Products and services did not vary in a way that inconveniences certain portions of the assessment area, particularly LMI geographies and LMI individuals. Branch hours were tailored to the needs of the community.

Community Development Services:

BPPR provides a relatively high level of community development services in the MSA 10380 assessment area.

The bank conducted 240 financial outreach workshops through the Banco En La Community Program, two interactive financial education sessions through the Some Thing of Value program, two seminars were held under the Populoso program, and four commercial business forums. Vivienda Popular established relationships for HOME projects within the MSA, and conducted homeownership fairs.

METROPOLITAN AREA

(FULL REVIEW)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MSA 32420 (MAYAGUEZ)

The Mayaguez assessment area is the least weighted full-review area of BPPR's overall Puerto Rico rating. The MSA contains 5% of all branch locations, 3% of all deposits and 3% of the HMDA-related lending activity in Puerto Rico.

BPPR is a market leader in deposits, second to only WesternBank, capturing 28% of the market share as reported by the FDIC as of June 30, 2005. Other primary competitors in the area include R&G Premier, Banco Santander, and Doral Bank.

PERFORMANCE CONTEXT

Demographic Characteristics

The realignment of the MSA groupings by the Federal Office of Management and Budget, previously detailed, resulted in MSA 32420 replacing MSA 4840 (Mayaguez), which existed at the last examination and remains comprised of the one municipality.

The MSA encompasses the central western portion of the island of Puerto Rico. According to the 2000 Census, the population of this assessment area is 115,048 and represents 3% of the total population in Puerto Rico. Additionally, there are about 30,000 families in the MSA, of which approximately 21% reside in LMI geographies.

Income Characteristics

The HUD-adjusted MFI for MSA 32420 was \$18,350 for 2005 and \$18,200 for 2004. According to census data, 25% of families residing in the MSA are considered low-income, 15% moderate-income, and 44% of families subsist below the poverty level. Low-income and the high levels of poverty experienced throughout the MSA make it extremely difficult for families to afford homes, indicating the need for affordable housing and economic development initiatives. This situation is consistent with the income characteristics of the other MSAs throughout Puerto Rico. The combination of low-income and high poverty levels makes it challenging for families to afford homes and increases the need for financial institutions to provide creative financing to facilitate affordable housing.

Housing Characteristics

The MSA contains 45,787 housing units, of which 56% are owner-occupied, 32% are rental, and 11% are vacant. Within low-income geographies, the availability of owner-occupied units is extremely limited and account for only 1% (381 units) of the total MSA units. As illustrated in

the affordability analysis below, housing values range from five to eight times greater than LMI income levels.

MAYAGUEZ							
Housing/Income Affordability Analysis							
MSA	Median Values			Low Income		Moderate-Income	
10380	MHV*	MFI**	MHV/ MFI	50% of MFI	MHV/ MFI	80% of MFI	MHV/ MFI
		\$74,509	\$18,350	4.1	\$9,175	8.1	\$14,680

*MHV – Median Housing Value for the assessment area as of the 2000 Census.

**MFI – Median Family Income for the assessment area as of the 2005 HUD-adjusted income figures.

Labor, Employment and Economic Characteristics

According to the U.S. Department of Labor, unemployment levels in the Mayaguez assessment area increased marginally over the examination period and remain high. From 2004 to 2005, the unemployment rate went from 12.3% to 13.4%. The labor force also increased slightly by 531 individuals during this period to 38,107 individuals. High unemployment rates reduce the opportunities to make HMDA-related loans and reflect the need for economic development.

Additional assessment area demographics can be found in Exhibit 7 on the following page.

Combined Demographics Report

Exhibit 7

Analysis Year: 2005

Assessment Area : MSA 32420

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	3.3	1,779	5.9	1,374	77.2	7,598	25.3
Moderate-income	7	23.3	4,565	15.2	2,711	59.4	4,492	15.0
Middle-income	14	46.7	14,325	47.8	6,357	44.4	4,955	16.5
Upper-income	8	26.7	9,322	31.1	2,728	29.3	12,946	43.2
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	30	100.0	29,991	100.0	13,170	43.9	29,991	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	2,618	381	1.5	14.6	2,078	79.4	159	6.1
Moderate-income	7,805	3,673	14.4	47.1	3,035	38.9	1,097	14.1
Middle-income	22,001	12,658	49.5	57.5	6,716	30.5	2,627	11.9
Upper-income	13,363	8,877	34.7	66.4	3,144	23.5	1,342	10.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	45,787	25,589	100.0	55.9	14,973	32.7	5,225	11.4
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	15	1.7	12	1.8	3	1.6	0	0.0
Moderate-income	259	29.6	189	28.0	65	35.1	5	33.3
Middle-income	476	54.5	373	55.3	95	51.4	8	53.3
Upper-income	124	14.2	100	14.8	22	11.9	2	13.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	874	100.0	674	100.0	185	100.0	15	100.0
Percentage of Total Businesses:				77.1		21.2		1.7
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	1	16.7	1	16.7	0	0.0	0	0.0
Middle-income	4	66.7	4	66.7	0	0.0	0	0.0
Upper-income	1	16.7	1	16.7	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	6	100.0	6	100.0	0	0.0	0	0.0
Percentage of Total Farms:				100.0		0.0		

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MSA 32420 (MAYAGUEZ)

LENDING TEST

BPPR's overall lending performance in the MSA was good.

Lending Activity:

BPPR's responsiveness to the credit needs of the assessment area was considered excellent. The bank's rank and market share of small business lending exceeded the bank's deposit market share.

HMDA-related lending was slightly less consistent with the bank's deposit market position as the bank operates in a highly competitive mortgage market. In 2005 the bank ranked 1st in home purchase lending and home improvement lending with market shares of 31% and 57%, respectively. In refinance lending, it ranks 3rd with 12% of the market.

Geographic Distribution:

The geographic distribution of HMDA-related and small business loans reflects adequate penetration although performance varied between HMDA-related products and loans to small businesses. Conclusions were based primarily on performance in moderate-income geographies. This MSA has only one low-income census tract and seven moderate-income census tracts. There are also a low number of owner-occupied housing units present in low-income geographies adding to the challenge of extending HMDA-related credit. For home purchase lending, the bank's opportunities to originate loans are largely driven by where the local construction developments take place.

BPPR's lending performance in moderate-income census tracts for home purchase lending was poor in comparison with the market aggregate and similarly situated banks. Performance of home improvement lending was good while small business and refinance lending performance was adequate.

The table on the following page summarizes the bank's performance with respect to loan products in low- and moderate-income tracts.

MSA 32420 (Mayaguez)				
Product	Low-Income Census Tracts		Moderate -Income Census Tracts	
	BPPR Performance	2005 Aggregate Comparison	BPPR Performance	2005 Aggregate Comparison
Home Purchase	GOOD	SIGNIFICANTLY ABOVE	POOR	SIGNIFICANTLY BELOW
Refinance	ADEQUATE	ABOVE	ADEQUATE	BELOW
Home Improvement	ADEQUATE	BELOW	GOOD	SIMILAR TO
Small Business	GOOD	BELOW	ADEQUATE	SLIGHTLY ABOVE

Distribution by Borrower Income and Revenue Size of the Business: The overall distribution of loans among borrowers of different income levels and businesses of different sizes in the Mayaguez MSA was good. This rating is primarily based on good performance in lending to moderate-income borrowers for home improvement originations and good performance for lending to businesses with GAR of \$1 million or less.

Banco Popular's performance in HMDA-lending to low-income borrowers in the MSA was considered adequate in relation to the housing affordability issues noted in the performance context section. In the low-income category, the aggregate extended only three home-purchase loans, six refinance loans and 41 home improvement loans to low-income borrowers. Of those totals, Banco Popular's market share was no home purchase loans, one refinance loan, and 18 home improvement loans to low-income borrowers.

In the moderate-income category, HMDA lending was considered adequate too. The bank originated six home purchase and eight refinance loans to moderate-income borrowers compared to the aggregate's 43 home purchase and 52 refinance loan originations to moderate-income borrowers. For home improvement loans, BPPR ranked first in its peer group, originating 54%, or 59 out of the total 110 home improvement loans made by all lenders to moderate-income borrowers.

Overall distribution of small business loans to businesses with GAR of \$1 million or less was good. In addition, 80% of small business loans were in amounts of \$100,000 or less. BPPR's performance was comparable to the aggregate which originated 76% in amounts of \$100,000 or less.

The following table summarizes the bank's performance with respect to HMDA-related and small business lending. Aggregate HMDA-related lending volumes were too low to allow for a meaningful comparison.

MSA 32420 (Mayaguez)				
PRODUCT	Low-Income Borrowers		Moderate-Income Borrowers	
	BPPR Performance	2005 Aggregate Comparison	BPPR Performance	2005 Aggregate Comparison
Home Purchase	ADEQUATE	NOT APPLICABLE	ADEQUATE	NOT APPLICABLE
Refinance	ADEQUATE	NOT APPLICABLE	ADEQUATE	NOT APPLICABLE
Home Improvement	ADEQUATE	NOT APPLICABLE	Good	NOT APPLICABLE
Small Business	Lending to Businesses with GAR <= \$1 Million		2005 Aggregate Comparison	
	Good		Similar to	

Community Development Lending:

Banco Popular’s community development lending activity in MSA 32420 (Mayaguez) was good with 12 loan originations totaling \$3 million, or less than 1% of community development lending activity in Puerto Rico.

Within the MSA community development lending efforts were directed at affordable housing and community service activities. The bank’s performance was comparable to other similarly situated banks within the MSA when comparing annualized community development loans to deposits, ranking 3rd out of five banks.

Examples of community development lending included:

- A \$1.2 million loan to construct 70 multifamily units for elderly LMI individuals in Mayaguez. The project will be funded by low-income housing tax credits. (“LIHTC”).
- A \$30,000 term loan to operate a day care center in Hormigueros so that LMI parents can work while their children are in day care.

INVESTMENT TEST

BPPR’s investment test performance in MSA 32420 is adequate. The assessment area benefited from \$159 million in state-wide investments in collateralized mortgage obligations that target affordable housing development across Puerto Rico.

The bank made 10 community development investments in the form of charitable grants and in-kind contributions, totaling \$63 thousand which specifically benefited the MSA. Efforts were primarily directed at economic development and community service organizations and

represented 2% of all grant activity in Puerto Rico. Examples of local community development investments included:

- A \$10,000 grant to a local community organization, providing educational services to deaf and down syndrome children from low-income families.
- A \$10,000 donation to a local university to assist in recognizing students that have started their own enterprises and small businesses.

SERVICE TEST

The bank's overall performance under the service test is adequate.

Retail Services:

The bank's delivery systems were reasonably accessible to geographies and individuals of different income levels in the Mayaguez MSA. As of December 31, 2005, one of nine branches or 11% were located in LMI geographies compared with 22% of the population residing in the LMI census tracts. An additional four branches are located in middle- and upper-income tracts strategically within shopping centers and other locations accessible to adjacent LMI areas.

Products, services and branch hours did not vary in a way that inconveniences certain portions of the assessment area, particularly LMI geographies and LMI individuals. The bank has placed four kiosks in the branches, allowing customers to access the Bank's web site and learn about available products and services free of charge.

Community Development Services:

BPPR provides a relatively high level of community development services in the MSA 32420 assessment area.

- The bank conducted 10 commercial business forums, 61 financial outreach seminars through the Banco En La Community Program, and 85 seminars under the Populoso program.
- Also a BPPR staff member served as a board member at a local health center providing physical therapy to LMI handicapped children.

METROPOLITAN AND NON-METROPOLITAN AREAS

(LIMITED REVIEW)

MSA 38660 (PONCE, PR)

MSA 41900 (SAN GERMAN-CABO ROJO, PR)

MSA 25020 (GUAYAMA, PR)

MSA 21940 (FAJARDO, PR)

MSA 49500 (YAUCO, PR)

**NON-MSA A (MUNICIPALITIES OF ADJUNTAS, JAYUYA, UTUADO, LAS
MARIAS, MARICAO, PR)**

NON-MSA B (MUNICIPALITIES OF COAMO, SANTA ISABEL, SALINAS, PR)

NON-MSA C (MUNICIPALITY OF VIEQUES, PR)

The performance and demographic information for the above assessment areas covering the examination period can be found in the Appendix D tables. Conclusions regarding performance in the individual limited-review assessment areas are related to the overall Commonwealth of Puerto Rico's performance. Details follow:

Assessment Area	Lending Test	Investment Test	Service Test
MSA 38660	Consistent	Consistent	Consistent
MSA 41900	Consistent	Consistent	Consistent
MSA 25020	Consistent	Consistent	Consistent
MSA 21940	Consistent	Consistent	Consistent
MSA 49500	Consistent	Consistent	Consistent
Non-MSA A	Consistent	Consistent	Consistent
Non-MSA B	Consistent	Consistent	Consistent
Non-MSA C	Consistent	Consistent	Consistent

U.S. VIRGIN ISLANDS

CRA RATING FOR ST. THOMAS: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: High Satisfactory

The service test is rated: High Satisfactory

Major factors supporting the rating include:

- The lending activity reflected good responsiveness to the assessment area credit needs;
- The level of community development lending was good;
- The geographic distribution of loans in the bank's assessment areas was adequate;
- Distribution of loans among borrowers of different income levels and businesses of different sizes was good;
- The level of qualified investments was good; and,
- Delivery systems were accessible to essentially all portions of the assessment area.

SCOPE OF EXAMINATION

For the USVI assessment areas, a full review of the institution's performance in the Non-MSA area of St. Thomas and a limited review for the Non-MSA area of St. Croix were conducted for the examination period.

The majority of BPPR's loans and deposits were concentrated in Non-MSA St. Thomas. As a result, this assessment area had a greater impact on the overall rating of the bank in the USVI. The Non-MSA St. Thomas assessment area contains 82% of the assessment area's deposits, 77% of loans and 63% of all USVI branches.

DESCRIPTION OF INSTITUTION'S OPERATIONS

As of December 31, 2005, BPPR operated seven retail branches in the USVI, containing \$852 million in deposits. These branches represent approximately 4% of its total branch network in Puerto Rico and the USVI. BPPR is one of only two banks in the assessment area. As of June 30, 2005, BPPR leads its lone competitor, Firstbank of Puerto Rico, in deposit market share with 57% of assessment area deposits.

Additional key assessment area data can be found in Exhibit 8 on the following page.

EXHIBIT 8: Summary of Key Assessment Area Data for The U.S. Virgin Islands

	St Thomas	St Croix	Totals
Total Population*	51,181	53,234	104,415
Population % of AA population	49%	51%	100%
Families	12,373	13,250	25,623
Families % of AA families	48%	52%	100%
Total Census Tracts	15	15	30
Tracts % AA tracts	50%	50%	100%
LMI tracts	0	7	7
LMI tracts % all AA LMI tracts	0%	100%	100%
Total Owner-Occupied Units*	8,048	8,718	16,766
Units % of AA units	48%	52%	100%
Business Establishments**	1,181	780	1,961
Bus. est. % AA bus. est.	60%	40%	100%
Number of Branches	5	2	7
Branches % all branches	71%	29%	100%
Branches in LMI tracts	0	1	1
LMI branches % AA LMI branches	0%	100%	100%
Branch Deposits (\$'000s)***	696,487	155,940	852,427
Deposits % AA deposits	82%	18%	100%
Deposit Market Share (%)/ Rank in Mar	56.77%/1	33.36%/2	
Home Purchase Originations****	60	41	101
HP originations % AA orig.	59%	41%	100%
Refinance Originations****	63	39	102
Reti orig. % AA orig.	62%	38%	100%
Home Improvement Originations****	21	10	31
Home Improvement orig. % AA orig.	68%	32%	100%
Small Business Originations****	394	89	483
SB orig. % AA orig.	82%	18%	100%
Combined Loan Totals****	538	179	717
% of AA Orig.	75%	25%	100%

* Source: 2000 Census Data.

** Source: 2005 D&B USVI.

*** Source: FDIC Summary of Deposit Data as of June 30, 2005.

**** Originations include Originations and loans purchased between Jan. 1, 2004 and December 31, 2005.

PERFORMANCE CONTEXT

Demographic Characteristics

According to the 2000 Census, the population of the USVI assessment areas is approximately 104,000 and about evenly divided between St. Thomas and St. Croix. The population in the USVI assessment areas represents about 3% of the total population residing in BPPR's assessment areas. St. Thomas has no LMI census tracts while St. Croix has seven. In the full review St. Thomas assessment area, the vast majority of families, 71%, reside in middle-income census tracts.

Income Characteristics

Income levels in the USVI are generally higher than in Puerto Rico. As indicated in the table at the right, St. Thomas's median income is somewhat higher than St. Croix.

HUD MEDIAN FAMILY INCOMES		
NON-MSA	2004	2005
St. Thomas, USVI	\$35,600	\$37,350
St. Croix, USVI	\$29,900	\$29,900

Housing Characteristics

According to the 2000 census, the USVI assessment areas have 47,812 housing units, of which 16,766 or 35% are owner-occupied. Approximately 44% of housing units are renter-occupied and 19% are vacant. Vacant housing units in non-LMI tracts are generally vacation homes that are not occupied year-round. Many rental units are apartments that are part of private homes. About 5,000 rental units are public housing.

As reported by the USVI Bureau of Economic Research in the adjacent chart, average home prices in the USVI have climbed over the examination period, most notably in St. Thomas, where a 27% increase was experienced from 2004 to 2005. As a result, housing costs in relation to family incomes significantly limit opportunities for home purchase.

MEDIAN HOME SALES PRICES		
NON-MSA	2004	2005
St. Thomas	\$509,879	\$649,655
St. Croix	\$302,278	\$302,874

In response to addressing affordable housing issues in the USVI, Banco Popular participates in government sponsored initiatives promoting affordable housing through their investments in mortgage-back securities and bonds issued by the Federal National Mortgage Association and the U.S. Department of Housing and Urban Development.

Labor, Employment and Economic Characteristics

According to the USVI Bureau of Economic Research, the local economy is in the midst of an economic expansion attributed to a vibrant tourism sector and strong business investment. Private sector development projects such as Hovensa's \$400 million desulphurization unit, the \$150 million Yacht Haven Hotel, and the \$63 million Sapphire Beach Recreational Center supports this economic growth.

As shown in the chart at the right, the jobless rate decreased slightly during the examination period in the two assessment areas and unemployment levels are much higher in St. Croix. High unemployment levels reflect the need for additional economic development in the area.

AVERAGE UNEMPLOYMENT RATES		
NON-MSA	2004	2005
St. Thomas	6.8%	6.5%
St. Croix	10.4%	8.7%

Detailed performance context data for the USVI assessment areas is provided in Exhibit 9 below:

EXHIBIT 9								
Assessment Area Demographics								
U.S. Virgin Islands								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	3	10	2,798	11	1,481	20	7,264	28
Moderate-income	4	13	3,547	14	1,537	20	3,526	14
Middle-income	15	50	12,319	48	3,275	44	3,991	16
Upper-income	8	27	6,959	27	1,192	16	10,842	42
N/A	0	0	0	0	0	0	0	0
Total Assessment Area	30	100.0	25,623	100.0	7,485	100	25,623	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	5,182	1,183	7	23	2,893	56	1,106	21
Moderate-income	5,968	2,310	14	39	2,702	45	956	16
Middle-income	22,840	8,288	49	36	10,609	46	3,943	17
Upper-income	13,822	4,985	30	36	4,859	35	2,894	21
Total Assessment Area	47,812	16,766	100.0	35	21,063	44	8,899	19
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	122	6	77	7	14	5	31	6
Moderate-income	658	34	403	34	91	33	164	33
Middle-income	1,181	60	697	59	174	62	310	61
Upper-income	0	0	0	0	0	0	0	0
Tract not reported	0	0	0	0	0	0	0	0
Total Assessment Area	1,961	100.0	1,177	100.0	279	100.0	505	100.0
Percentage of Total Businesses				60.0	14.2		25.8	

Note: In Exhibit 9, demographic data are drawn from the 2000 Census, and business data are from 2005 D&B based on the 2000 Census.

NON-METROPOLITAN AREA

(FULL REVIEW)

NON-MSA ST. THOMAS

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Overall lending test performance in this assessment area is good.

The USVI tables in Appendix D present the facts and data used to evaluate the bank's lending test performance in its various assessment areas. Lending activity is illustrated in USVI Table 1, geographic distribution in Tables 2-5, and borrower characteristics are shown in Tables 6-9.

Lending Activity:

BPPR's lending activity demonstrated good responsiveness to retail credit needs in St. Thomas. During the examination period, 144 HMDA-related loans and 394 small business loans were originated. Lending volume in St. Thomas increased 10% compared with the previous examination as small business loan volume increased 88%. Refinance and home improvement volume declined 65% and 59%, respectively, while home purchase volume increased 30%. An increasing interest rate environment was the primary factor in the refinance volume decline.

Geographic Distribution:

There are no LMI census tracts in Non-MSA St. Thomas. Geographic distribution in middle- and upper-income tracts was adequate with lending sufficiently distributed among all census tracts.

Distribution by Borrower Income and Revenue Size of the Business:

Performance in St. Thomas was good based primarily on its excellent lending to small businesses. HMDA-related lending performance to LMI borrowers was adequate in consideration of the housing affordability issues. BPPR originated only one home purchase loan to a low-income borrower and one refinance loan to a moderate-income borrower during the examination period. There were no aggregate data available for comparison in the USVI.

Overall distribution of small business loans to businesses with GAR of \$1 million or less was excellent. In addition, 77% of small business loans were in amounts of \$100,000 or less. In comparison, 77% of the aggregate's loans were in amounts of \$100,000 or less.

The following table summarizes the bank's performance with respect to HMDA-related and small business lending.

USVI - St. Thomas				
PRODUCT	Low-Income Borrowers		Moderate-Income Borrowers	
	BPPR Performance	2005 Aggregate Comparison	BPPR Performance	2005 Aggregate Comparison
Home Purchase	ADEQUATE	NOT APPLICABLE	ADEQUATE	NOT APPLICABLE
Refinance	ADEQUATE	NOT APPLICABLE	ADEQUATE	NOT APPLICABLE
Home Improvement	ADEQUATE	NOT APPLICABLE	ADEQUATE	NOT APPLICABLE
Small Business	Lending to Businesses with GAR <= \$1 Million		2005 Aggregate Comparison	
	Excellent		Similar	

Community Development Lending:

BPPR’s overall community development lending performance was good. During the examination period, community development lending in the USVI totaled \$19 million or 4% of BPPR’s total community development lending. Activity was concentrated on the island of St. Thomas with \$17.5 million or 91% of all USVI community development lending activity.

Community development lending performance in the Virgin Islands assessment area has improved since the last examination with seven community development loans at this examination compared to only one loan at the last examination.

Four loans targeted affordable housing on both St. Thomas and St. Croix. In addition, two loans were for revitalization and stabilization including a \$10.5 million loan to the USVI Port Authority to rebuild the port in St. Thomas benefiting the entire USVI. Rebuilding the port will bring needed jobs to low- and moderate-income individuals. While the island of St. Thomas is made up of middle- and upper-income census tracts, the nonmetropolitan middle-income census tracts are considered distressed areas with high degrees of poverty and, therefore, received positive consideration for community development lending.

INVESTMENT TEST

BPPR’s investment test performance in St. Thomas was good. The assessment area benefited from \$6.7 million in investments targeting the entire USVI, including St. Thomas. Examples follow:

- A FNMA security backed by a pool of multifamily housing loans for \$4.7 million. The underlying loans collateralizing the mortgage-backed security are affordable housing loans funded by low-income housing tax credits.

- A \$2 million HUD bond to develop affordable housing throughout the USVI.

Additionally, BPPR made six grants and in-kind contributions, totaling about \$6,000 to community development service organizations that specifically benefited St. Thomas.

SERVICE TEST

Banco Popular's performance under the service test was good.

Retail Services:

Given the small geographic area of St. Thomas, BPPR's delivery systems were accessible to essentially all portions of the bank's assessment area. St. Thomas has no LMI census tracts. Of the five branches, four were located in middle-income geographies and one was in an upper-income geography.

Services did not vary in a way that inconveniences certain portions of the assessment area. Deposit and credit services are available at all branches as well as via telephone and the Internet. All branches offer extended or weekend hours.

Community Development Services:

BPPR provides an adequate level of community development services in the assessment area. BPPR conducted eight financial services outreach workshops through the Banco En La Community Program, eight financial education seminars to teen-agers under the Populoso Program, and one financial education seminar to a senior citizen group. BPPR's employees participated as officers in 15 community organizations providing services to LMI individuals.

NON-METROPOLITAN AREA

(LIMITED REVIEW)

NON-MSA ST. CROIX

The performance and demographic information for the above assessment area can be found in the Appendix D tables.

Conclusions regarding performance in non-MSA St. Croix were compared with the overall USVI performance, which represents the performance in non-MSA St. Thomas. Conclusions follow:

Assessment Area	Lending Test	Investment Test	Service Test
Non-MSA St. Croix	Consistent	Consistent	Consistent

CRA APPENDIX A
SCOPE OF EXAMINATION

BANCO POPULAR DE PUERTO RICO			
TIME PERIOD REVIEWED		1/1/2004 TO 12/31/2005	
FINANCIAL INSTITUTION		PRODUCTS REVIEWED	
Banco Popular de Puerto Rico, 209 Munoz Rivera Avenue San Juan, PR		<ul style="list-style-type: none"> • Home purchase • Refinancings • Home improvement • Small business • Community development 	
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
Popular Mortgage, Inc.	Bank subsidiary		<ul style="list-style-type: none"> • Home purchase • Refinancings
Popular Finance, Inc. Popular Auto, Inc.	Bank subsidiary		<ul style="list-style-type: none"> • Home purchase • Refinancings • Home improvement

CRA APPENDIX B

Summary of Ratings

Name	Lending Test Rating	Investment Test Rating	Service Test Rating	Overall State Rating
Puerto Rico	Outstanding	Outstanding	Outstanding	Outstanding
United States Virgin Islands	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory

CRA APPENDIX C

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small, relatively permanent statistical subdivision of a county or statistically equivalent entity delineated for data presentation purposes by a local group of census data users or the geographic staff of a regional census center in accordance with Census Bureau guidelines. Designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time they are established, census tracts generally contain between 1,000 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries are delineated with the intention of being stable over many decades, so they generally follow relatively permanent visible features. However, they may follow governmental unit boundaries and other invisible features in some instances; the boundary of a state or county (or statistically equivalent entity) is always a census tract boundary.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Family: A family is a group of two or more people related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family.

Full review: Performance is analyzed considering performance context, quantitative factors and qualitative factors.

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (“HMDA”): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancings of home improvement and home purchase loans.

Household: A household consists of all the people who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. The count of households excludes group quarters.

Limited-scope review: Performance is analyzed using only quantitative factors.

Low-income: Individual income that is less than 50% of the area median income, or a median family income that is less than 50%, in the case of a geography.

Metropolitan Statistical Area (“MSA”): A geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core.

Metropolitan Division: A county or group of counties within a **Metropolitan Statistical Area** that contains a population of at least 2.5 million and represents an employment center(s) associated through commuting ties.

Middle-income: Individual income that is at least 80% and less than 120% of the area median income, or a median family income that is at least 80% and less than 120%, in the case of a geography.

Moderate-income: Individual income that is at least 50% and less than 80% of the area median income, or a median family income that is at least 50% and less than 80%, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income ("Call Report") and the Thrift Financial Reporting ("TFR") instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Upper-income: Individual income that is more than 120% of the area median income, or a median family income that is more than 120%, in the case of a geography.

CRA APPENDIX D

FFIEC Interagency Core CRA PE Tables

Institution ID: 940311

Table 1. Lending Volume												
Lending Volume		State: Puerto Rico		Evaluation Period: JANUARY 01, 2004 TO DECEMBER 31, 2005								
MA/Assessment Area	% of Rated Area Loans (#) in MA/AA ³	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans ¹		Total Reported Loans		
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full-Review:												
San Juan-Caguas MSA 41980	71.74	34,146	3,217,122	31,890	2,827,176	0	0	233	307,865	66,269	6,352,163	0.00
Aguadilla-Isabella MSA 10380	8.03	3,685	207,700	3,717	260,639	0	0	20	14,830	7,422	483,169	0.00
Mayaguez MSA 32420	2.83	1,239	89,446	1,366	122,140	0	0	12	3,380	2,617	214,966	0.00
Limited-Review:												
Ponce MSA 38660	4.67	2,212	124,903	2,061	157,549	0	0	42	51,303	4,315	333,755	0.00
San German-Cabo MSA 41900	2.79	1,635	119,098	941	64,637	0	0	3	25	2,579	183,760	0.00
Guayama MSA 25020	2.21	1,213	48,431	818	53,537	0	0	12	21,670	2,043	123,638	0.00
Fajardo MSA 21940	2.06	1,139	85,615	766	46,986	0	0	0	0	1,905	132,601	0.00
Yauco MSA 49500	1.92	872	41,889	897	51,538	0	0	9	35,820	1,778	129,247	0.00
Non MSA A	1.64	774	26,691	725	35,174	0	0	15	2,857	1,514	64,722	0.00
Non MSA B	1.70	1,002	48,598	557	33,441	0	0	9	9,960	1,568	91,999	0.00
Non MSA C	0.39	200	13,400	163	9,531	0	0	1	399	364	23,330	0.00

- (1) The evaluation period for Community Development Loans is JANUARY 01, 2004 TO DECEMBER 31, 2005.
- (2) Deposit data as of 2005. Rated area refers to either the state or multi-state MSA rating area.
- (3) Loan data as of 2005. Rated area refers to either the state or multi-state MSA ratings area.

FFIEC Interagency Core CRA PE Tables

Institution ID: 940311

Table 2. Geographic Distribution of Home Purchase Loans														
Geographic Distribution: HOME PURCHASE			State: Puerto Rico				Evaluation Period: JANUARY 01, 2004 TO DECEMBER 31, 2005							
MA/Assessment Area	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income ¹			
	#	% of Total ²	% Owner Occ Units ³	% BANK Loans	% Owner Occ Units ³	% BANK Loans	% Owner Occ Units ³	% BANK Loans	% Owner Occ Units ³	% BANK Loans	Low	Mod	Mid	Upp
Full-Review:														
San Juan-Caguas MSA 41980	10,624	70.85	1.04	0.56	26.44	18.19	40.57	38.21	31.94	43.03	0.97	16.62	35.92	46.48
Aguadilla-Isabella MSA 10380	969	6.46	0.00	0.00	7.25	6.30	83.58	79.36	9.17	14.34	0.00	4.81	81.98	13.22
Mayaguez MSA 32420	426	2.84	1.49	1.17	14.35	4.93	49.47	64.55	34.69	29.34	0.53	12.83	49.73	36.90
Limited-Review:														
Ponce MSA 38660	796	5.31	1.08	0.13	28.60	9.92	36.74	52.89	33.58	37.06	1.27	17.55	29.32	51.86
San German-Cabo MSA 41900	561	3.74	0.00	0.00	1.05	0.71	88.18	84.31	10.77	14.97	0.00	1.17	80.83	18.00
Guayama MSA 25020	288	1.92	0.00	0.00	0.00	0.00	77.50	80.21	22.50	19.79	0.00	0.00	73.44	13.60
Fajardo MSA 21940	465	3.10	0.00	0.00	19.99	15.70	59.68	59.35	20.33	24.95	0.00	18.58	54.07	27.25
Yauco MSA 49500	276	1.84	0.00	0.00	4.75	0.72	69.76	68.84	25.49	30.43	0.00	2.80	70.47	26.73
Non MSA A	172	1.15	0.00	0.00	22.46	34.88	72.32	62.21	5.22	2.91	0.00	20.18	77.13	2.69
Non MSA B	369	2.46	0.00	0.00	0.00	0.00	77.87	45.26	22.13	54.74	0.00	0.00	72.14	27.86
Non MSA C	49	0.33	0.00	0.00	6.32	12.24	93.68	87.76	0.00	0.00	0.00	11.90	88.10	0.00

- (1) Based on 2005 Aggregate HMDA Data for Originations only.
- (2) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
- (3) Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 census information.

FFIEC Interagency Core CRA PE Tables

Institution ID: 940311

Table 3. Geographic Distribution of Home Improvement Loans														
Geographic Distribution: HOME IMPROVEMENT			State: Puerto Rico				Evaluation Period: JANUARY 01, 2004 TO DECEMBER 31, 2005							
MA/Assessment Area	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income ¹			
	#	% of Total ²	% Owner Occ Units ³	% BANK Loans	% Owner Occ Units ³	% BANK Loans	% Owner Occ Units ³	% BANK Loans	% Owner Occ Units ³	% BANK Loans	Low	Mod	Mid	Upp
Full-Review:														
San Juan-Caguas MSA 41980	17,229	69.43	1.04	0.89	26.44	26.29	40.57	42.32	31.94	30.50	0.96	24.69	41.68	32.66
Aguadilla-Isabella MSA 10380	2,140	8.62	0.00	0.00	7.25	5.00	83.58	82.57	9.17	12.43	0.00	5.99	83.32	10.68
Mayaguez MSA 32420	607	2.45	1.49	0.99	14.35	11.37	49.47	55.19	34.69	32.45	1.86	12.66	54.93	30.54
Limited-Review:														
Ponce MSA 38660	1,120	4.51	1.08	0.54	28.60	20.09	36.74	42.77	33.58	36.61	0.70	23.16	39.21	36.93
San German-Cabo MSA 41900	796	3.21	0.00	0.00	1.05	1.13	88.18	86.56	10.77	12.31	0.00	1.10	86.17	12.73
Guayama MSA 25020	760	3.06	0.00	0.00	0.00	0.00	77.50	81.32	22.50	18.68	0.00	0.00	81.31	18.69
Fajardo MSA 21940	494	1.99	0.00	0.00	19.99	19.03	59.68	58.91	20.33	22.06	0.00	17.69	57.09	25.22
Yauco MSA 49500	500	2.01	0.00	0.00	4.75	3.60	69.76	71.80	25.49	24.60	0.00	3.50	70.24	26.26
Non MSA A	516	2.08	0.00	0.00	22.46	24.03	72.32	72.67	5.22	3.29	0.00	20.69	72.87	6.44
Non MSA B	511	2.06	0.00	0.00	0.00	0.00	77.87	82.97	22.13	17.03	0.00	0.00	82.38	17.62
Non MSA C	143	0.58	0.00	0.00	6.32	16.78	93.68	83.22	0.00	0.00	0.00	17.86	82.14	0.00

- (1) Based on 2005 Aggregate HMDA Origination Data only.
- (2) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
- (3) Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 census information.

FFIEC Interagency Core CRA PE Tables

Institution ID: 940311

Table 4. Geographic Distribution of Home Mortgage Refinance Loans														
Geographic Distribution: HOME MORTGAGE REFINANCE State: Puerto Rico Evaluation Period: JANUARY 01, 2004 TO DECEMBER 31, 2005														
MA/Assessment Area	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income ¹			
	#	% of Total ²	% Owner Occ Units ³	% BANK Loans	% Owner Occ Units ³	% BANK Loans	% Owner Occ Units ³	% BANK Loans	% Owner Occ Units ³	% BANK Loans	Low	Mod	Mid	Upp
Full-Review:														
San Juan-Caguas MSA 41980	6,282	75.76	1.04	0.65	26.44	14.96	40.57	35.34	31.94	49.04	0.68	17.33	36.70	45.29
Aguadilla-Isabella MSA 10380	576	6.95	0.00	0.00	7.25	7.99	83.58	76.04	9.17	15.97	0.00	5.52	81.43	13.05
Mayaguez MSA 32420	204	2.46	1.49	0.98	14.35	7.84	49.47	46.08	34.69	45.10	0.42	13.61	43.89	42.08
Limited-Review:														
Ponce MSA 38660	296	3.57	1.08	0.00	28.60	11.82	36.74	35.47	33.58	52.70	0.65	15.66	35.59	48.11
San German-Cabo MSA 41900	278	3.35	0.00	0.00	1.05	0.36	88.18	80.94	10.77	18.71	0.00	2.06	78.13	19.81
Guayama MSA 25020	165	1.99	0.00	0.00	0.00	0.00	77.50	68.48	22.50	31.52	0.00	0.00	72.08	27.92
Fajardo MSA 21940	180	2.17	0.00	0.00	19.99	15.00	59.68	62.78	20.33	22.22	0.00	18.17	52.17	29.65
Yauco MSA 49500	96	1.16	0.00	0.00	4.75	3.13	69.76	58.33	25.49	38.54	0.00	2.61	62.85	34.54
Non MSA A	86	1.04	0.00	0.00	22.46	17.44	72.32	72.09	5.22	10.47	0.00	18.97	73.71	7.32
Non MSA B	122	1.47	0.00	0.00	0.00	0.00	77.87	70.49	22.13	29.51	0.00	0.00	73.40	26.60
Non MSA C	7	0.08	0.00	0.00	6.32	28.57	93.68	71.43	0.00	0.00	0.00	8.82	91.18	0.00

- (1) Based on 2005 Aggregate HMDA Origination Data only.
- (2) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.
- (3) Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 census information.

FFIEC Interagency Core CRA PE Tables

Institution ID: 940311

Table 5. Geographic Distribution of Small Loans to Businesses														
Geographic Distribution: SMALL LOANS TO BUSINESSES State: Puerto Rico Evaluation Period: JANUARY 01, 2004 TO DECEMBER 31, 2005														
MA/Assessment Area	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income ¹			
	#	% of Total ²	% Businesses ³	% BANK Loans	% Businesses ³	% BANK Loans	% Businesses ³	% BANK Loans	% Businesses ³	% BANK Loans	Low	Mod	Mid	Upp
Full-Review:														
San Juan-Caguas MSA 41980	31,890	72.64	1.23	1.13	19.37	21.95	28.57	34.40	50.83	42.51	1.15	19.37	32.33	44.67
Aguadilla-Isabella MSA 10380	3,717	8.47	0.00	0.00	14.42	12.75	77.88	70.16	7.71	17.08	0.00	12.31	68.46	17.51
Mayaguez MSA 32420	1,366	3.11	1.72	1.32	29.63	17.86	54.46	46.63	14.19	34.19	2.12	15.24	49.10	31.42
Limited-Review:														
Ponce MSA 38660	2,061	4.69	1.09	0.63	25.57	15.87	43.00	40.42	30.34	43.09	0.95	16.93	38.72	41.99
San German-Cabo MSA 41900	941	2.14	0.00	0.00	5.28	4.99	88.01	80.66	6.71	14.35	0.00	3.96	80.09	14.09
Guayama MSA 25020	818	1.86	0.00	0.00	0.00	0.00	87.72	79.46	12.28	20.54	0.00	0.00	68.38	31.11
Fajardo MSA 21940	766	1.74	0.00	0.00	23.44	25.46	64.84	46.48	11.72	28.07	0.00	25.14	44.34	27.06
Yauco MSA 49500	897	2.04	0.00	0.00	24.11	2.79	63.69	71.79	12.20	25.42	0.00	1.97	69.84	27.38
Non MSA A	725	1.65	0.00	0.00	30.22	25.79	68.89	72.14	0.89	2.07	0.00	25.85	70.55	2.12
Non MSA B	557	1.27	0.00	0.00	0.00	0.00	89.45	81.33	10.55	18.67	0.00	0.00	77.62	20.92
Non MSA C	163	0.37	0.00	0.00	0.00	9.82	100.00	90.18	0.00	0.00	0.00	5.71	92.38	0.00

- (1) Based on 2005 Aggregate Small Business Data only.
- (2) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
- (3) Source of data - DUN & BRADSTREET 2005.

FFIEC Interagency Core CRA PE Tables

Institution ID: 940311

Table 6. Borrower Distribution of Home Purchase Loans														
Borrower Distribution: HOME PURCHASE		State: Puerto Rico				Evaluation Period: JANUARY 01, 2004 TO DECEMBER 31, 2005								
MA/Assessment Area	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data (%) ²			
	#	% of Total ¹	% Families ³	% BANK Loans ¹	% Families ³	% BANK Loans ¹	% Families ³	% BANK Loans ¹	% Families ³	% BANK Loans ¹	Low	Mod	Mid	Upp
Full-Review:														
San Juan-Caguas MSA 41980	10,624	70.38	25.87	0.91	15.31	2.61	15.40	7.78	43.41	62.20	0.47	2.79	10.79	85.79
Aguadilla-Isabella MSA 10380	969	6.42	25.00	0.10	14.84	2.06	16.94	5.26	43.22	78.12	0.11	2.35	8.85	87.06
Mayaguez MSA 32420	426	2.82	25.33	0.00	14.98	2.11	16.52	4.69	43.17	74.41	0.40	5.48	12.17	81.82
Limited-Review:														
Ponce MSA 38660	796	5.27	26.02	0.00	14.79	2.01	15.72	12.56	43.47	45.10	0.16	2.23	12.78	84.73
San German-Cabo MSA 41900	561	3.72	24.55	0.18	15.10	1.78	17.56	4.46	42.79	74.69	0.25	2.58	8.92	88.25
Guayama MSA 25020	288	1.91	25.32	1.04	14.76	2.78	16.23	7.29	43.69	42.71	2.91	8.45	21.16	67.39
Fajardo MSA 21940	465	3.08	24.41	0.22	15.62	2.37	17.29	4.73	42.68	46.02	0.40	3.09	10.29	86.22
Yauco MSA 49500	276	1.83	25.31	0.36	14.97	1.45	16.28	8.33	43.43	57.97	0.00	2.06	10.84	87.10
Non MSA A	172	1.14	27.44	0.00	16.47	4.65	16.21	5.81	39.89	43.02	0.45	3.14	10.76	85.20
Non MSA B	369	2.44	22.93	0.27	13.76	2.44	16.49	11.11	46.82	50.14	0.13	2.93	14.63	82.19
Non MSA C	49	0.32	28.79	0.00	17.31	0.00	14.94	4.08	38.97	81.63	0.00	0.00	2.38	97.62

- (1) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
- (2) Based on 2005 Aggregate HMDA Origination Data only.
- (3) Percentage of Families is based on the 2000 Census information.

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Table 7. Borrower Distribution of Home Improvement Loans														
Borrower Distribution: HOME IMPROVEMENT State: Puerto Rico Evaluation Period: JANUARY 01, 2004 TO DECEMBER 31, 2005														
MA/Assessment Area	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data (%) ²			
	#	% of Total ¹	% Families ³	% BANK Loans ¹	% Families ³	% BANK Loans ¹	% Families ³	% BANK Loans ¹	% Families ³	% BANK Loans ¹	Low	Mod	Mid	Upp
Full-Review:														
San Juan-Caguas MSA 41980	17,229	69.34	25.87	3.69	15.31	13.72	15.40	22.13	43.41	56.39	4.49	13.50	21.96	59.08
Aguadilla-Isabella MSA 10380	2,140	8.61	25.00	0.84	14.84	7.20	16.94	22.71	43.22	68.69	1.48	9.67	23.38	60.83
Mayaguez MSA 32420	607	2.44	25.33	3.79	14.98	17.79	16.52	27.02	43.17	50.25	8.01	20.48	23.65	46.93
Limited-Review:														
Ponce MSA 38660	1,120	4.51	26.02	3.48	14.79	10.71	15.72	21.79	43.47	61.07	3.60	14.12	22.72	59.30
San German-Cabo MSA 41900	796	3.20	24.55	2.51	15.10	10.93	17.56	23.37	42.79	61.56	5.02	15.06	20.69	58.38
Guayama MSA 25020	760	3.06	25.32	1.71	14.76	10.13	16.23	17.50	43.69	68.55	2.13	10.82	17.87	68.36
Fajardo MSA 21940	494	1.99	24.41	4.25	15.62	16.80	17.29	20.85	42.68	52.43	4.73	14.71	22.24	57.79
Yauco MSA 49500	500	2.01	25.31	1.00	14.97	9.20	16.28	21.20	43.43	66.20	1.31	12.69	19.26	66.52
Non MSA A	516	2.08	27.44	1.36	16.47	6.20	16.21	20.35	39.89	70.16	2.30	5.98	20.69	70.57
Non MSA B	511	2.06	22.93	1.37	13.76	6.46	16.49	19.77	46.82	70.45	1.83	6.18	21.05	69.79
Non MSA C	143	0.58	28.79	0.00	17.31	6.29	14.94	20.98	38.97	70.63	1.19	7.14	25.00	65.48

- (1) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
- (2) Based on 2005 Aggregate HMDA Origination Data only.
- (3) Percentage of Families is based on the 2000 Census information.

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Table 8. Borrower Distribution of Home Mortgage Refinance Loans														
Borrower Distribution: HOME MORTGAGE REFINANCE State: Puerto Rico Evaluation Period: JANUARY 01, 2004 TO DECEMBER 31, 2005														
MA/Assessment Area	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data (%) ²			
	#	% of Total ¹	% Families ³	% BANK Loans ¹	% Families ³	% BANK Loans ¹	% Families ³	% BANK Loans ¹	% Families ³	% BANK Loans ¹	Low	Mod	Mid	Upp
Full-Review:														
San Juan-Caguas MSA 41980	6,282	74.84	25.87	0.53	15.31	2.87	15.40	8.98	43.41	64.10	0.79	3.88	12.07	77.27
Aguadilla-Isabella MSA 10380	576	6.86	25.00	0.00	14.84	1.74	16.94	7.47	43.22	77.26	0.10	2.21	8.89	82.28
Mayaguez MSA 32420	204	2.43	25.33	0.49	14.98	6.37	16.52	11.27	43.17	56.86	0.83	7.22	13.47	70.42
Limited-Review:														
Ponce MSA 38660	296	3.53	26.02	0.00	14.79	2.03	15.72	8.11	43.47	62.16	0.80	2.49	9.79	78.08
San German-Cabo MSA 41900	278	3.31	24.55	0.00	15.10	1.44	17.56	7.55	42.79	75.18	0.28	4.02	10.75	80.28
Guayama MSA 25020	165	1.97	25.32	0.61	14.76	3.03	16.23	4.85	43.69	67.27	0.27	4.56	8.72	79.46
Fajardo MSA 21940	180	2.14	24.41	0.56	15.62	3.89	17.29	11.11	42.68	57.78	1.34	5.02	14.72	68.45
Yauco MSA 49500	96	1.14	25.31	0.00	14.97	0.00	16.28	4.17	43.43	79.17	0.40	3.41	9.24	79.12
Non MSA A	86	1.02	27.44	0.00	16.47	1.16	16.21	8.14	39.89	68.60	0.00	4.07	10.84	79.67
Non MSA B	122	1.45	22.93	0.00	13.76	0.00	16.49	2.46	46.82	66.39	0.13	1.56	6.26	85.40
Non MSA C	7	0.08	28.79	0.00	17.31	0.00	14.94	14.29	38.97	71.43	2.94	2.94	17.65	73.53

- (1) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.
- (2) Based on 2005 Aggregate HMDA Origination Data only.
- (3) Percentage of Families is based on the 2000 Census information.

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Table 9. Borrower Distribution of Small Loans to Businesses									
Borrower Distribution: SMALL LOANS TO BUSINESSES State: Puerto Rico Evaluation Period: JANUARY 01, 2004 TO DECEMBER 31, 2005									
MA/Assessment Area	Total Small Loans to Businesses		Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Data ³	
	#	% of Total ⁴	% of Businesses ¹	% BANK Loans ²	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less
Full-Review:									
San Juan-Caguas MSA 41980	31,890	71.85	70.63	64.46	25,600	3,936	2,354	26,064	16,231
Aguadilla-Isabella MSA 10380	3,717	8.37	82.02	71.62	3,153	348	216	2,844	1,938
Mayaguez MSA 32420	1,366	3.08	77.12	63.25	1,104	158	104	1,273	810
Limited-Review:									
Ponce MSA 38660	2,061	4.64	73.18	65.16	1,715	227	119	1,991	1,239
San German-Cabo MSA 41900	941	2.12	82.32	63.76	799	97	45	859	547
Guayama MSA 25020	818	1.84	76.75	72.13	712	66	40	585	375
Fajardo MSA 21940	766	1.73	83.59	72.58	652	86	28	521	375
Yauco MSA 49500	897	2.02	75.00	74.02	794	64	39	610	435
Non MSA A	725	1.63	86.22	82.76	664	33	28	472	351
Non MSA B	557	1.25	78.52	70.20	483	51	23	411	272
Non MSA C	163	0.37	83.33	79.75	141	15	7	105	86

- (1) Businesses with revenues of \$1 million or less as a percentage of all businesses. Data – Dun & Bradstreet 2005.
- (2) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses.
- (3) Based on 2005 Aggregate Small Business Data only.
- (4) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

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Table 10. Qualified Investments									
Qualified Investments State: Puerto Rico Evaluation Period: JANUARY 01, 2004 TO DECEMBER 31, 2005									
MA/Assessment Area	Prior Period Investments ¹		Current Period Investments		Total Investments			Unfunded Investments ²	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total \$'s	#	\$(000's)
Full-Review:									
San Juan-Caguas MSA 41980	0	0	272	2,297	272	2,297	89.76	0	0
Aguadilla-Isabella MSA 10380	0	0	6	54	6	54	2.11	0	0
Mayaguez MSA 32420	0	0	10	63	10	63	2.46	0	0
Limited-Review:									
Ponce MSA 38660	0	0	20	83	20	83	3.24	0	0
San German-Cabo MSA 41900	0	0	0	0	0	0	0.0	0	0
Guayama MSA 25020	0	0	3	3	3	3	0.12	0	0
Fajardo MSA 21940	0	0	1	2	1	2	0.082	0	0
Yauco MSA 49500	0	0	1	10	1	10	0.39	0	0
Non MSA A	0	0	2	15	2	15	0.59	0	0
Non MSA B	0	0	1	5	1	5	0.20	0	0
Non MSA C	0	0	2	27	2	27	1.06	0	0
Statewide / Regional Investments	29	48,497	155	111,126	184	159,623	0.00	0	0

- (1) Prior period investments means investments made in a previous evaluation period that are outstanding as of examination date.
(2) Unfunded commitments means legally binding investment commitments that are tracked and recorded by the Bank's financial reporting system.

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Table 11. Distribution of Branch Delivery System and Branch Openings/Closings																
Distribution of Branch Delivery System and Branch Openings/Closings State: Puerto Rico Evaluation Period: JANUARY 01, 2005 TO DECEMBER 31, 2005																
MA/Assessment Area	Branches						Branch Opening / Closings						Population			
	# of Bank Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography			
			Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Review:																
San Juan-Caguas MSA 41980	132	66.33	1	26	44	61	1	3	0	-1	0	3	2.50	27.70	40.22	29.57
Aguadilla-Isabella MSA 10380	13	6.53	0	3	6	4	0	0	0	0	0	0	0.00	8.34	81.90	9.77
Mayaguez MSA 32420	9	4.52	0	1	5	3	0	0	0	0	0	0	6.23	15.60	47.41	30.76
Limited-Review:																
Ponce MSA 38660	12	6.03	0	4	4	4	0	0	0	0	0	0	2.92	31.98	35.82	29.29
San German-Cabo MSA 41900	4	2.01	0	1	2	1	0	0	0	0	0	0	0.00	1.35	87.50	11.15
Guayama MSA 25020	4	2.01	0	0	2	2	0	0	0	0	0	0	0.00	0.00	79.09	20.91
Fajardo MSA 21940	4	2.01	0	1	2	1	0	0	0	0	0	0	0.00	21.94	55.28	22.77
Yauco MSA 49500	4	2.01	0	0	2	2	0	0	0	0	0	0	0.00	4.84	70.12	25.04
Non MSA A	5	2.51	0	1	4	0	0	0	0	0	0	0	0.00	23.23	71.73	5.04
Non MSA B	4	2.01	0	0	3	1	0	0	0	0	0	0	0.00	0.00	77.59	22.41
Non MSA C	1	0.50	0	0	1	0	0	0	0	0	0	0	0.00	6.48	93.52	0.00

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Table 1. Lending Volume											
Lending Volume		State: U.S. Virgin Islands				Evaluation Period: JANUARY 01, 2004 TO DECEMBER 31, 2005					
MA/Assessment Area	% of Rated Area Loans (#) in MA/AA ³	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans ¹		Total Reported Loans	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)
Full-Review:											
USVI St. Thomas	75.00	144	27,127	394	42,501	0	0	5	17,533	543	87,161
Limited-Review:											
USVI St. Croix	25.00	90	10,884	89	15,342	0	0	2	1,650	181	27,876

- (1) The evaluation period for Community Development Loans is JANUARY 01, 2004 TO DECEMBER 31, 2005.
- (2) Deposit data as of 2005. Rated area refers to either the state or multi-state MSA rating area.
- (3) Loan data as of 2005. Rated area refers to either the state or multi-state MSA ratings area.

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Table 2. Geographic Distribution of Home Purchase Loans														
Geographic Distribution: HOME PURCHASE State: U.S. Virgin Islands Evaluation Period: JANUARY 01, 2004 TO DECEMBER 31, 2005														
MA/Assessment Area	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income ¹			
	#	% of Total ²	% Owner Occ Units ³	% BANK Loans	% Owner Occ Units ³	% BANK Loans	% Owner Occ Units ³	% BANK Loans	% Owner Occ Units ³	% BANK Loans	Low	Mod	Mid	Upp
Full-Review:														
USVI St. Thomas	60	59.41	0.00	0.00	0.00	0.00	0.00	28.33	0.00	71.67	0.00	0.00	0.00	0.00
Limited-Review:														
USVI St. Croix	41	40.59	0.00	14.63	0.00	24.39	0.00	21.95	0.00	39.02	0.00	0.00	0.00	0.00

- (1) Aggregate HMDA Data not available. No requirement for HMDA filings in U.S. territories.
- (2) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
- (3) Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 census information.

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Table 3. Geographic Distribution of Home Improvement Loans														
Geographic Distribution: HOME IMPROVEMENT State: U.S. Virgin Islands										Evaluation Period: JANUARY 01, 2004 TO DECEMBER 31, 2005				
MA/Assessment Area	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income ¹			
	#	% of Total ²	% Owner Occ Units ³	% BANK Loans	% Owner Occ Units ³	% BANK Loans	% Owner Occ Units ³	% BANK Loans	% Owner Occ Units ³	% BANK Loans	Low	Mod	Mid	Upp
Full-Review:														
USVI St. Thomas	21	67.74	0.00	0.00	0.00	0.00	0.00	38.10	0.00	61.90	0.00	0.00	0.00	0.00
Limited-Review:														
USVI St. Croix	10	32.26	0.00	0.00	0.00	30.00	0.00	20.00	0.00	50.00	0.00	0.00	0.00	0.00

- (1) Aggregate HMDA Data not available. No requirement for HMDA filings in U.S. territories.
- (2) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
- (3) Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 census information.

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Table 4. Geographic Distribution of Home Mortgage Refinance Loans														
Geographic Distribution: HOME MORTGAGE REFINANCE State: U.S. Virgin Islands Evaluation Period: JANUARY 01, 2004 TO DECEMBER 31, 2005														
MA/Assessment Area	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income ¹			
	#	% of Total ²	% Owner Occ Units ³	% BANK Loans	% Owner Occ Units ³	% BANK Loans	% Owner Occ Units ³	% BANK Loans	% Owner Occ Units ³	% BANK Loans	Low	Mod	Mid	Upp
Full-Review:														
USVI St. Thomas	63	61.76	0.00	0.00	0.00	0.00	0.00	41.27	0.00	58.73	0.00	0.00	0.00	0.00
Limited-Review:														
USVI St. Croix	39	38.24	0.00	12.82	0.00	17.95	0.00	25.64	0.00	43.59	0.00	0.00	0.00	0.00

- (1) Aggregate HMDA Data not available. No requirement for HMDA filings in U.S. territories.
- (2) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.
- (3) Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 census information.

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Table 5. Geographic Distribution of Small Loans to Businesses														
Geographic Distribution: SMALL LOANS TO BUSINESSES State: U.S. Virgin Islands										Evaluation Period: JANUARY 01, 2004 TO DECEMBER 31, 2005				
MA/Assessment Area	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income ¹			
	#	% of Total ²	% Businesses ³	% BANK Loans	% Businesses ³	% BANK Loans	% Businesses ³	% BANK Loans	% Businesses ³	% BANK Loans	Low	Mod	Mid	Upp
Full-Review:														
USVI St. Thomas	394	81.57	0.00	0.00	0.00	0.00	0.00	65.23	0.00	34.77	0.00	0.00	52.08	29.51
Limited-Review:														
USVI St. Croix	89	18.43	0.00	3.37	0.00	25.84	0.00	37.08	0.00	33.71	1.67	20.00	21.67	26.67

- (1) Based on 2005 Aggregate Small Business Data only
- (2) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
- (3) Source of data - DUN & BRADSTREET 2005.

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Table 6. Borrower Distribution of Home Purchase Loans														
Borrower Distribution: HOME PURCHASE State: U.S. Virgin Islands Evaluation Period: JANUARY 01, 2004 TO DECEMBER 31, 2005														
MA/Assessment Area	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data (%) ²			
	#	% of Total ¹	% Families ³	% BANK Loans ¹	% Families ³	% BANK Loans ¹	% Families ³	% BANK Loans ¹	% Families ³	% BANK Loans ¹	Low	Mod	Mid	Upp
Full-Review:														
USVI St. Thomas	60	59.41	0.00	0.00	0.00	1.67	0.00	8.33	0.00	90.00	0.00	0.00	0.00	0.00
Limited-Review:														
USVI St. Croix	41	40.59	0.00	0.00	0.00	4.88	0.00	14.63	0.00	80.49	0.00	0.00	0.00	0.00

- (1) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
- (2) Aggregate HMDA Data not available. No requirement for HMDA filings in U.S. territories.
- (3) Percentage of Families is based on the 2000 Census information.

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Table 7. Borrower Distribution of Home Improvement Loans														
Borrower Distribution: HOME IMPROVEMENT State: U.S. Virgin Islands Evaluation Period: JANUARY 01, 2004 TO DECEMBER 31, 2005														
MA/Assessment Area	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data (%) ²			
	#	% of Total ¹	% Families ³	% BANK Loans ¹	% Families ³	% BANK Loans ¹	% Families ³	% BANK Loans ¹	% Families ³	% BANK Loans ¹	Low	Mod	Mid	Upp
Full-Review:														
USVI St. Thomas	21	67.64	0.00	0.00	0.00	0.00	0.00	23.81	0.00	76.19	0.00	0.00	0.00	0.00
Limited-Review:														
USVI St. Croix	10	32.26	0.00	0.00	0.00	10.00	0.00	10.00	0.00	80.00	0.00	0.00	0.00	0.00

- (1) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
- (2) Aggregate HMDA Data not available. No requirement for HMDA filings in U.S. territories.
- (3) Percentage of Families is based on the 2000 Census information.

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Table 8. Borrower Distribution of Home Mortgage Refinance Loans														
Borrower Distribution: HOME MORTGAGE REFINANCE State: U.S. Virgin Islands Evaluation Period: JANUARY 01, 2004 TO DECEMBER 31, 2005														
MA/Assessment Area	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data (%) ²			
	#	% of Total ¹	% Families ³	% BANK Loans ¹	% Families ³	% BANK Loans ¹	% Families ³	% BANK Loans ¹	% Families ³	% BANK Loans ¹	Low	Mod	Mid	Upp
Full-Review:														
USVI St. Thomas	63	61.76	0.00	0.00	0.00	0.00	0.00	6.35	0.00	93.65	0.00	0.00	0.00	0.00
Limited-Review:														
USVI St. Croix	39	38.24	0.00	0.00	0.00	5.13	0.00	23.08	0.00	71.79	0.00	0.00	0.00	0.00

- (1) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.
- (2) Aggregate HMDA Data not available. No requirement for HMDA filings in U.S. territories.
- (3) Percentage of Families is based on the 2000 Census information.

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Table 9. Borrower Distribution of Small Loans to Businesses									
Borrower Distribution: SMALL LOANS TO BUSINESSES State: U.S. Virgin Islands Evaluation Period: JANUARY 01, 2004 TO DECEMBER 31, 2005									
MA/Assessment Area	Total Small Loans to Businesses		Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Data ³	
	#	% of Total ⁴	% of Businesses ¹	% BANK Loans ²	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less
Full-Review:									
USVI St. Thomas	394	81.57	0.00	59.14	304	52	38	288	144
Limited-Review:									
USVI St. Croix	89	18.43	0.00	64.04	58	16	15	60	30

- (1) Businesses with revenues of \$ 1 million or less as a percentage of all businesses. Data – Dun & Bradstreet 2005.
- (2) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses.
- (3) Based on 2005 Aggregate Small Business Data only.
- (4) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

FFIEC Interagency Core CRA PE Tables

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Table 10. Qualified Investments									
Qualified Investments	State: U.S. Virgin Islands		Evaluation Period: JANUARY 01, 2004 TO DECEMBER 31, 2005						
MA/Assessment Area	Prior Period Investments ¹		Current Period Investments		Total Investments			Unfunded Investments ²	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total \$'s	#	\$(000's)
Full-Review:									
USVI St. Thomas	0	0	6	7	6	7	62.50	0	0
Limited-Review:									
USVI St. Croix	0	0	10	13	10	13	37.50	0	0
Statewide / Regional Investments	0	0	2	6,681	2	6,681	0.00	0	0

- (1) Prior period investments means investments made in a previous evaluation period that are outstanding as of examination date.
- (2) Unfunded commitments means legally binding investment commitments that are tracked and recorded by the Bank's financial reporting system.

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Table 11. Distribution of Branch Delivery System and Branch Openings/Closings																
Distribution of Branch Delivery System and Branch Openings/Closings State: U.S. Virgin Islands Evaluation Period: JANUARY 01, 2004 TO DECEMBER 31, 2005																
MA/Assessment Area	Branches						Branch Opening / Closings						Population			
	# of Bank Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography			
			Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Review:																
USVI St. Thomas	5	71.43	0	0	4	1	0	0	0	0	0	0	0.00	0.00	72.36	27.64
Limited-Review:																
USVI St. Croix	2	28.57	0	1	1	0	0	0	0	0	0	0	21.59	27.88	26.62	23.90


Banco Popular de Puerto Rico


Assessment Area

January 1, 2004 - December 31, 2005




Legend

 Island

 Assessment Area

Miles



0 2 4



Banco Popular de Puerto Rico

Assessment Area

January 1, 2004 - December 31, 2005

