



October 19, 2009

Dear Fellow Shareholder:

Today we reported our financial results for the third quarter of 2009. The Corporation posted a \$125 million loss, compared with a \$183.2 million loss in the second quarter of 2009 and a net loss of \$668.5 million for the third quarter of 2008.

Third-quarter results still reflect the effects of a deepening recession and rising unemployment in Puerto Rico.

The provision for loan losses amounted to \$331 million in the quarter as we continue to maintain a high level of reserves, which increased to \$1.2 billion, compared with reserves of \$1.1 billion in the second quarter of 2009 and \$726 million in the third quarter of 2008.

The environment in Puerto Rico is complicated - the unemployment rate stands at 16.4% - and the residential construction market remains depressed.

Construction loans charged off have rapidly accelerated during the first nine months of the year.

We are managing the deterioration in our loan portfolios with a number of operational initiatives. We have segregated functions in the reinforced commercial and credit divisions so that specialized groups manage specific aspects: underwriting, early-stage loan management, loan restructuring and workouts and collection. We have also launched marketing campaigns with discounted offers and incentives to spur an increase in absorption rates.

While we have experienced early success in these initiatives, we expect nonperforming loans and price pressures to increase in the foreseeable future as the Puerto Rico real estate market recovers.

On the U.S. mainland, some economic indicators have shown signs of stability but our consumer and mortgage portfolios are still feeling the impact of substantial job losses in the U.S. economy. The U.S. bank has now a consolidated network of 104 branches across five states and is focused on branch-based businesses similar to that of Puerto Rico.

Having substantially completed the restructuring of our U.S. operations and given the recent stock exchange offer, which strengthened the composition of our capital base, we continue to work on improving our U.S. franchise and maintaining our dominant position in Puerto Rico for the turn of the cycle. We are also seeking expansion opportunities outside of Puerto Rico for our processing unit EVERTEC, which processed 836.3 million transactions during the first nine months of 2009, including 414 million transactions processed through its ATM network in Puerto Rico. EVERTEC is on pace to surpass last year's income and exceed this year's budget.

Cost-saving measures - headcount and salary reductions, freeze of the retirement plan and suspension of matching contributions on savings plans - remain in place. We will continue to identify new areas of cost savings and seek alternatives to navigate this painful recession.

An economic turnaround will take time but we are confident that Popular will be well positioned for the recovery. Thank you for your continued support and for your patience during this extraordinarily difficulty period.

Sincerely,

A handwritten signature in black ink, appearing to be 'Richard L. Carrión', written in a cursive style.

Richard L. Carrión
Chairman and CEO
Popular, Inc.