

Ms. Elke König
Single Resolution Board
Treurenberg 22
1049 Brussels
Belgium

Madrid, 4 June, 2017

Dear Ms. König,

I acknowledge receipt of your letter of 2 June 2017. As your team may have shared with you, the cooperation and the information reporting by Banco Popular team and advisors commenced immediately and has continued diligently to date, as it has been the case with Deloitte since your letter of 24 May 2017.

I was personally involved in the initial conference call led by [REDACTED] In the call a point was made by SRB's representatives that has caused me concern. I feel myself obligated to share it with you.

It was indicated that, in case a decision to carry out a marketing exercise of the Bank pursuant to art. 26 of Spanish Law 11/2015 in the context of a resolution situation were eventually made, the SRB would be keen to organize a competitive bid in a short period of time and to facilitate as far as possible a level playing field in terms of information on Banco Popular to interested bidders, balancing if possible, and to the extent possible, the deeper knowledge on Banco Popular reached by those particular Banks already engaged in exploring a private M&A transaction.

To that effect the SRB's representatives hinted the possibility of a discreet prior sounding process by SRB's advisors amongst potentially interested banks or investors around the globe.

I am worried that such an exercise would be associated with Banco Popular and SRB, and inevitably reach the media, causing a significant risk of precipitating negative consequences for Banco Popular's business, aborting all chances of a privately negotiated transaction that we continue pursuing, triggering a situation that forces Banco Popular into resolution and, eventually, disturbing and jeopardising an orderly and economically efficient development of the process if then commenced. I truly believe that such a marketing exercise would not be advisable.

In addition to the significant risks the sounding would entail, I would not expect any meaningful yield as to identifying truly interested candidates capable of competing with the ones already engaged in discussions with us. A specific analysis requested from Lazard shortly ago concluded that there would be no real candidates out of the group of Spanish

banks we contacted. The report by Lazard is one of the documents shared with your team. You may find it, as we did ourselves, sufficiently comprehensive and convincing.

Yours sincerely,



Emilio Saracho