



# FINANCIAL RESULTS

January - February - March

2008



**Banco Popular Group**



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## ▶ Core Business Growth

▶ Funding Strength

▶ Branch Network Expansion

▶ Earnings

▶ Solvency



# Core Business Growth

(€ million)	31.03.08	? %
Total assets managed	120,715	7.6
On-balance sheet total assets	104,513	11.1
Total equity	6,239	12.4
Funds managed:	97,747	5.3
On-balance sheet funds	81,545	9.1
Other intermediated funds	16,202	-10.3
Lending to customers (gross)	89,372	11.7
Contingent risks	12,272	10.3
<hr/>		
Customers (thousands)	6,785	2.0
Employees	15,329	8.2
Branches	2,576	4.7



# Core Business Growth

- MAJOR LOAN CATEGORIES

*Mar. 08*

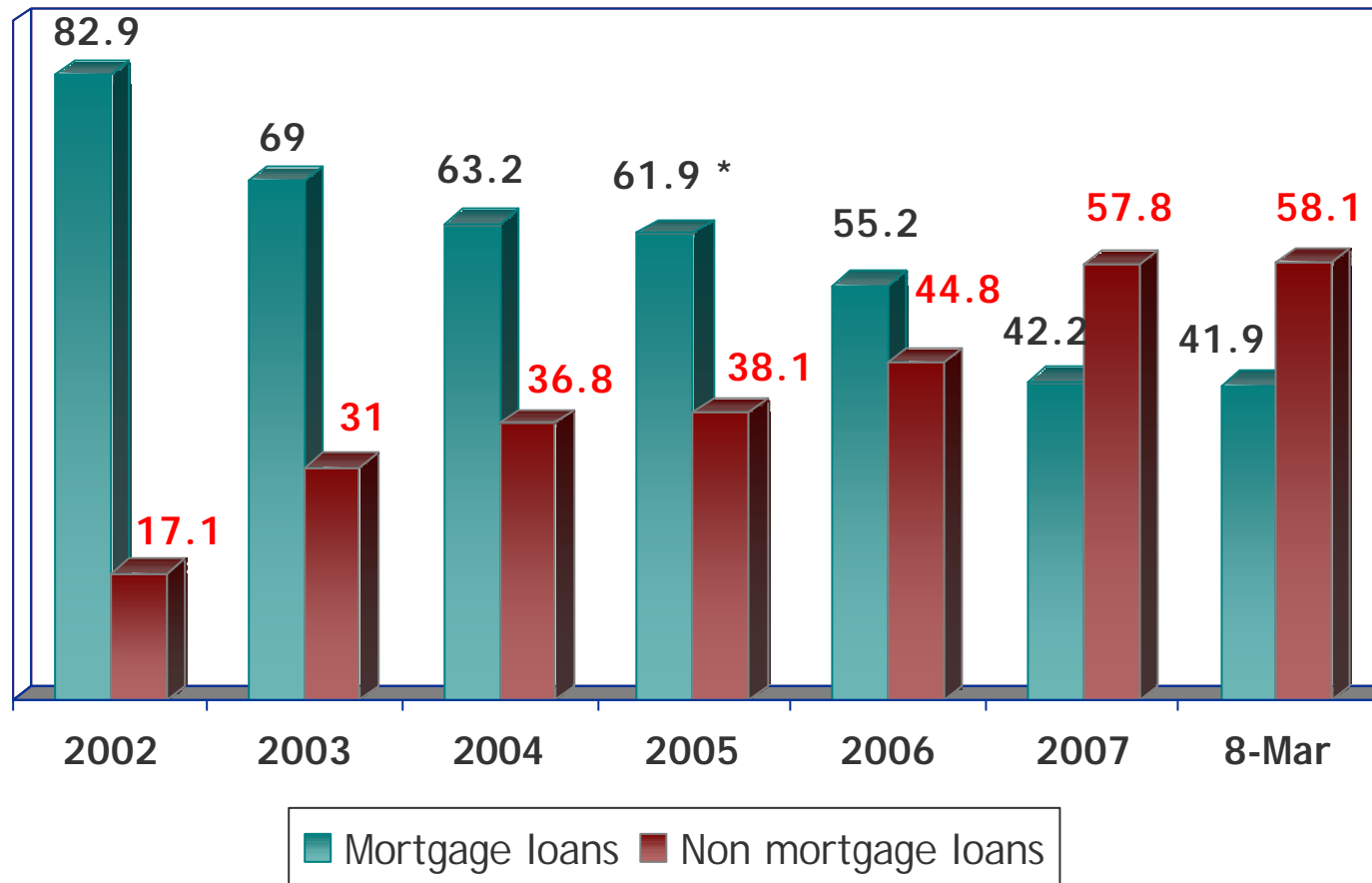
	Growth rate %	% of total
Bill discounting	-1.0	8,0
Mortgage loans	9.6	54.0
Loans & overdrafts	19.2	33.8
Leasing	1,6	4.2
<b>TOTAL</b>	<b>11.3</b>	<b>100.0</b>

*Note All loans except NPLs & Repos*



# Core Business Growth

- CONTRIBUTION TO NET NEW LENDING (%)



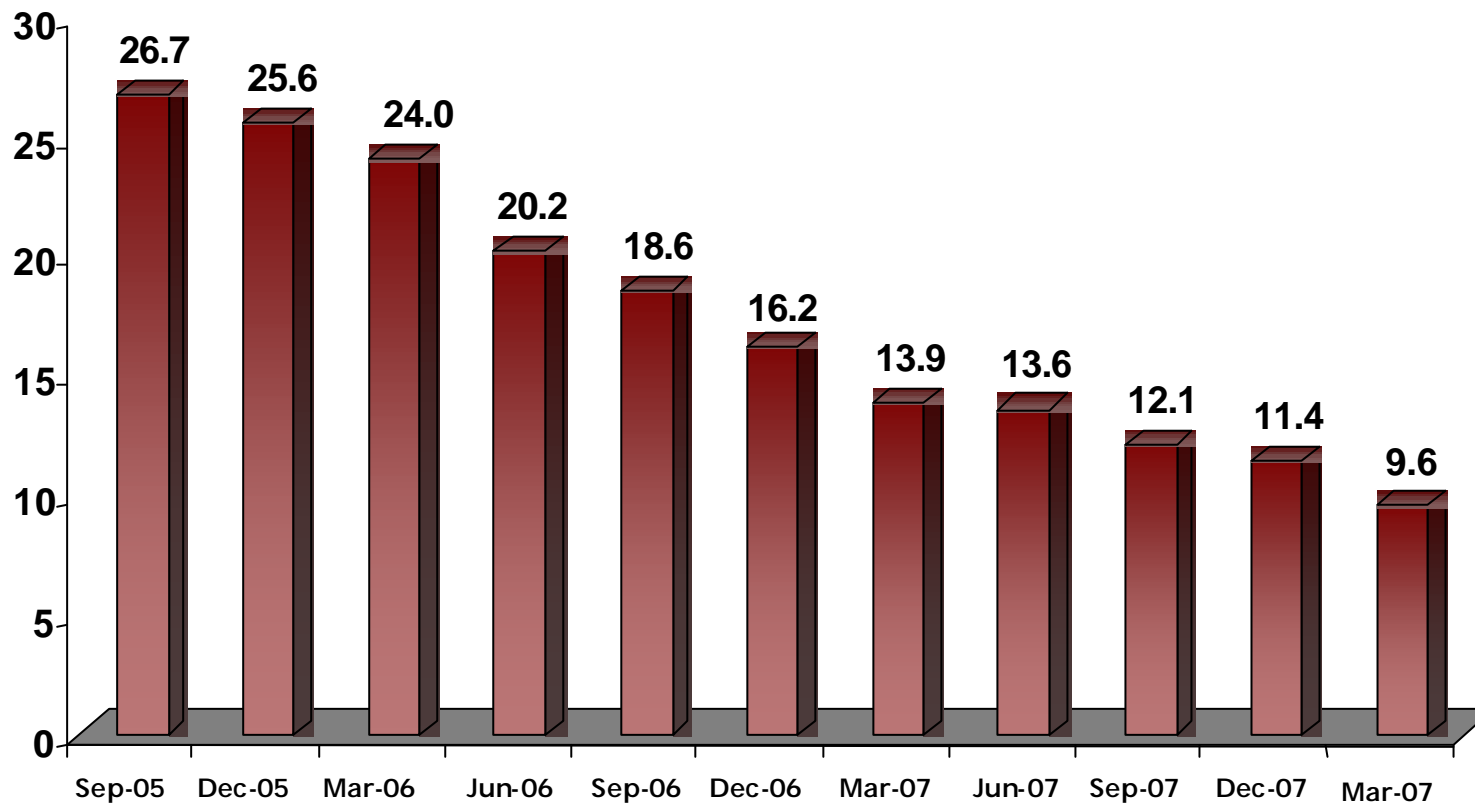
Ex Totalbank

\* Adjusted for securitization



# Core Business Growth

- MORTGAGE LOAN GROWTH (Y-on-Y %)

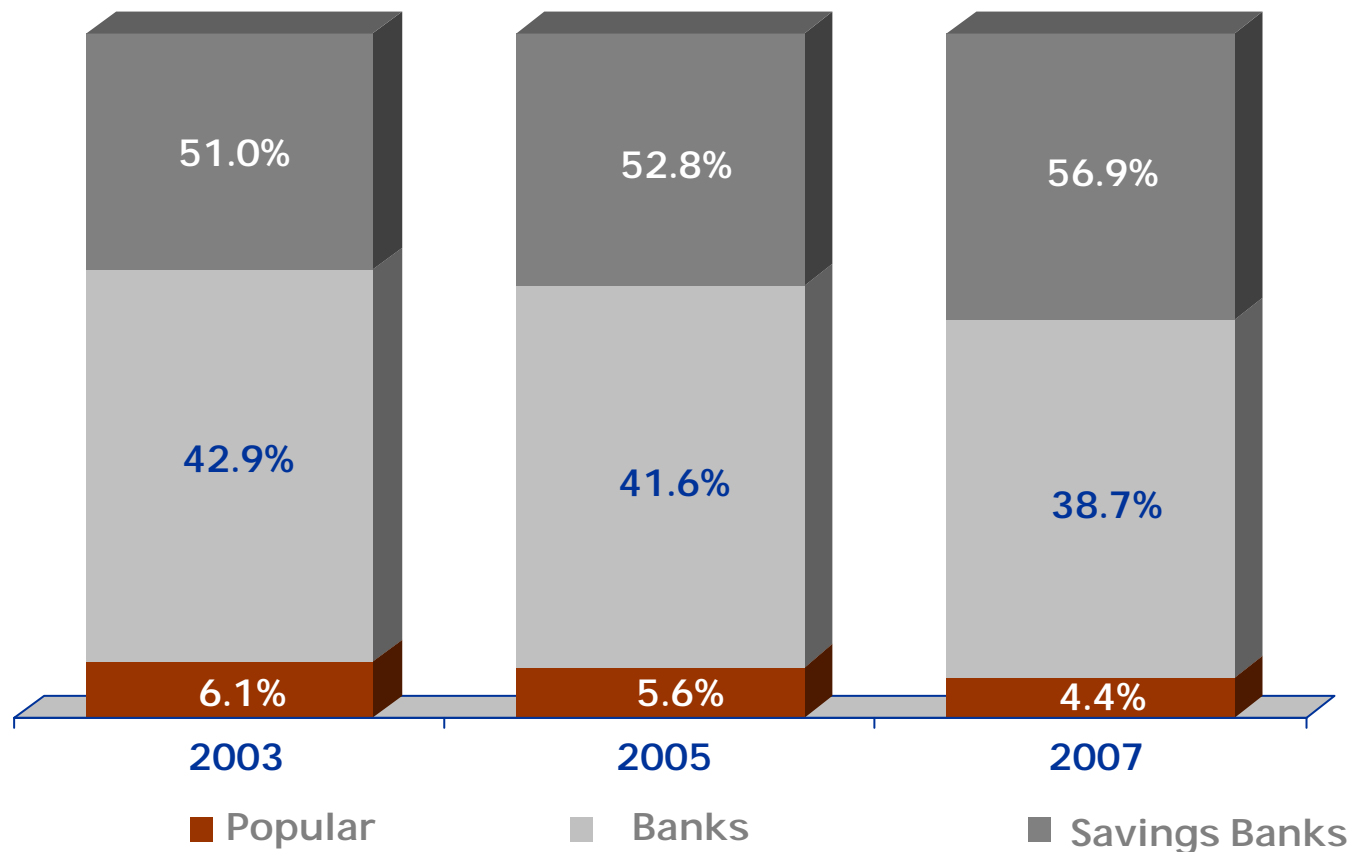




# Core Business Growth

## Loans to RE activity corporates of Bank and Savings Banks\*

### Market Shares



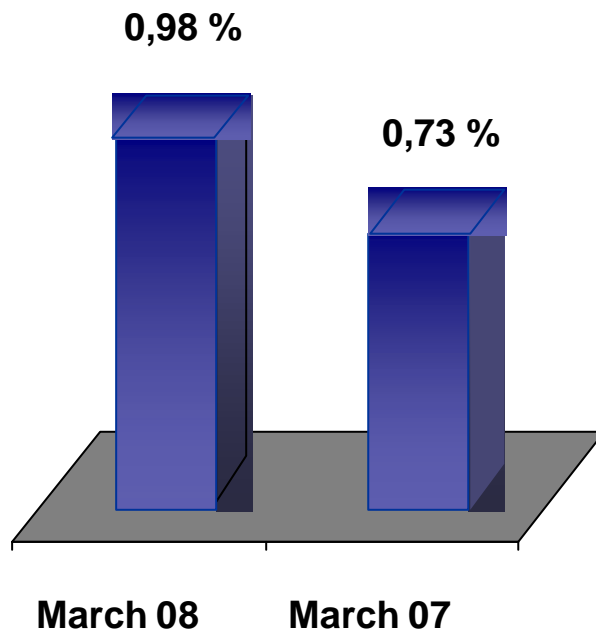
(\* Source: Bank of Spain T 13)



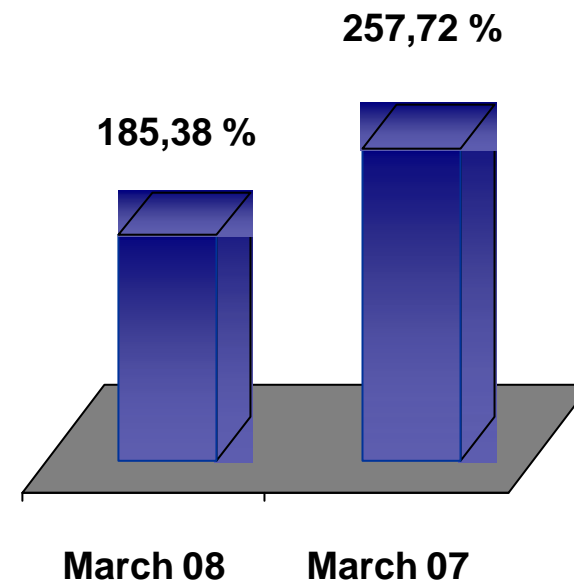


# Core Business Growth – Asset quality

## Nonperforming risk



## NPR Coverage

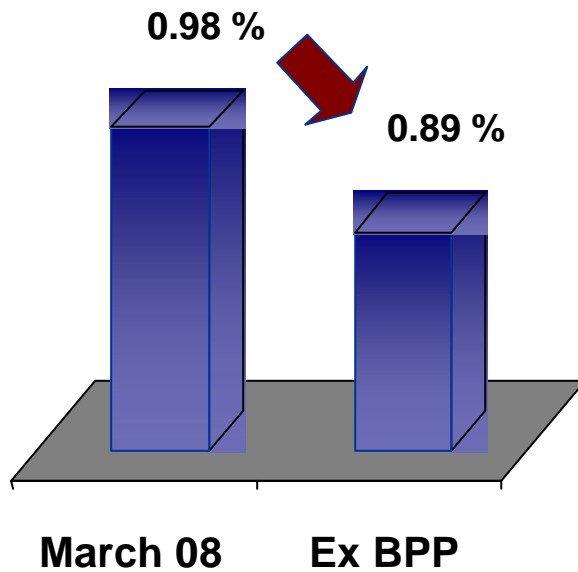




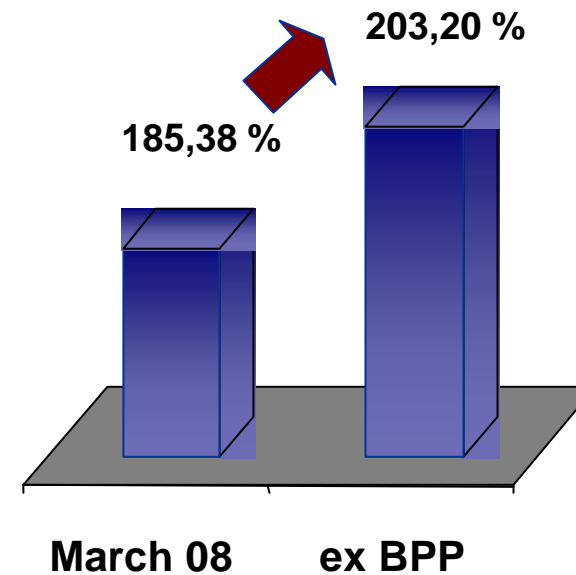
# Core Business Growth – Asset quality

## POPULAR GROUP (EX – PORTUGAL)

### Nonperforming risk



### NPR Coverage





## Core Business Growth – Asset quality

### ROA

#### VERY STRONG CAPACITY TO ABSORB CHARGES TO P&L

As % of average total assets

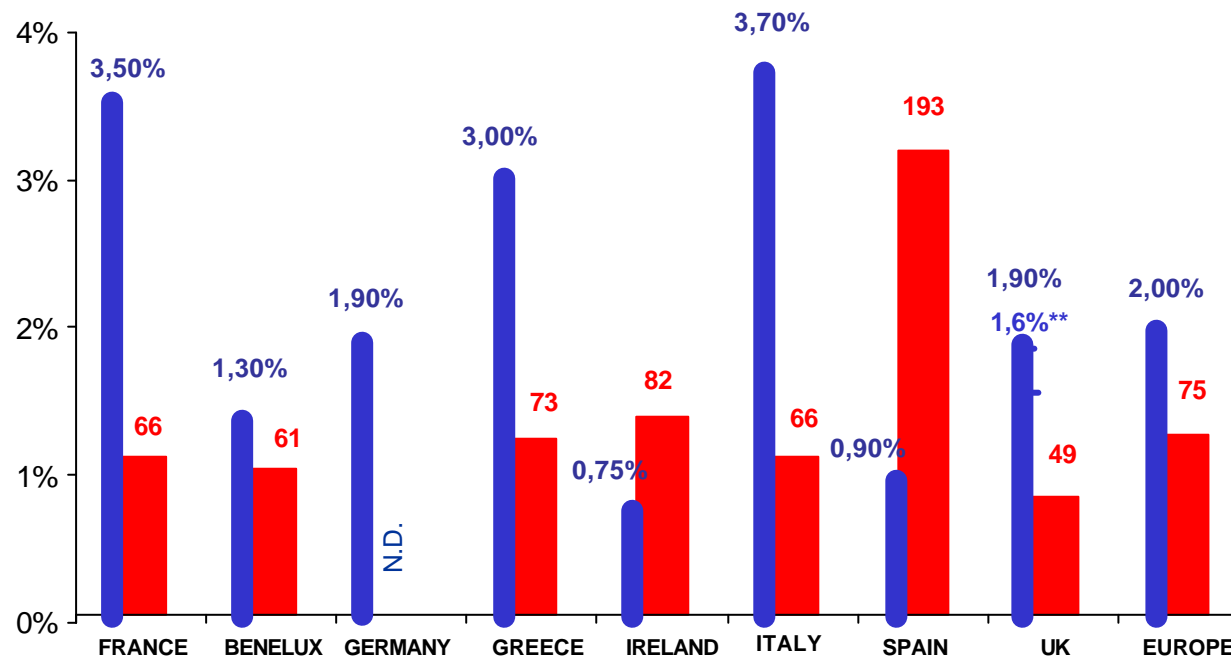
	I Q. 08	Year 07
Total revenue	3.41	3.47
Pre - provisioning operating profit	2.25	2.29
Charges & provisions	0.54	0.35
Net income	1.32	1.36



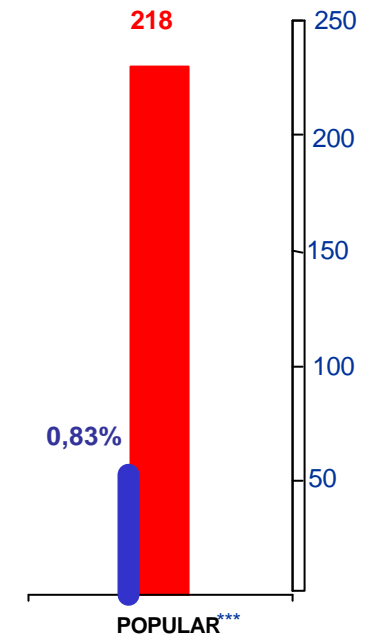
# Core Business Growth – Asset quality

## NPLs AND COVERAGE

NPLs



COBERTURA



\* Estimates KBW, UBS y Bloomberg. Major Banks

\*\* W/o Asian Bank

\*\*\* 12/07

 COVERAGE

 NPLs



# Core Business Growth

## ■ CORE RESIDENT CUSTOMER FUNDING

(€ million)

	31.03.08	% Change	% of Total
Demand deposits	17,883.7	4.0	41.0
Time deposits	16,693.8	56.2	38.2
Commercial paper for customers	9,087.6	1.3	20.8
<b>TOTAL</b>	<b>43,665.1</b>	<b>18.5</b>	<b>100.0</b>



# Core Business Growth

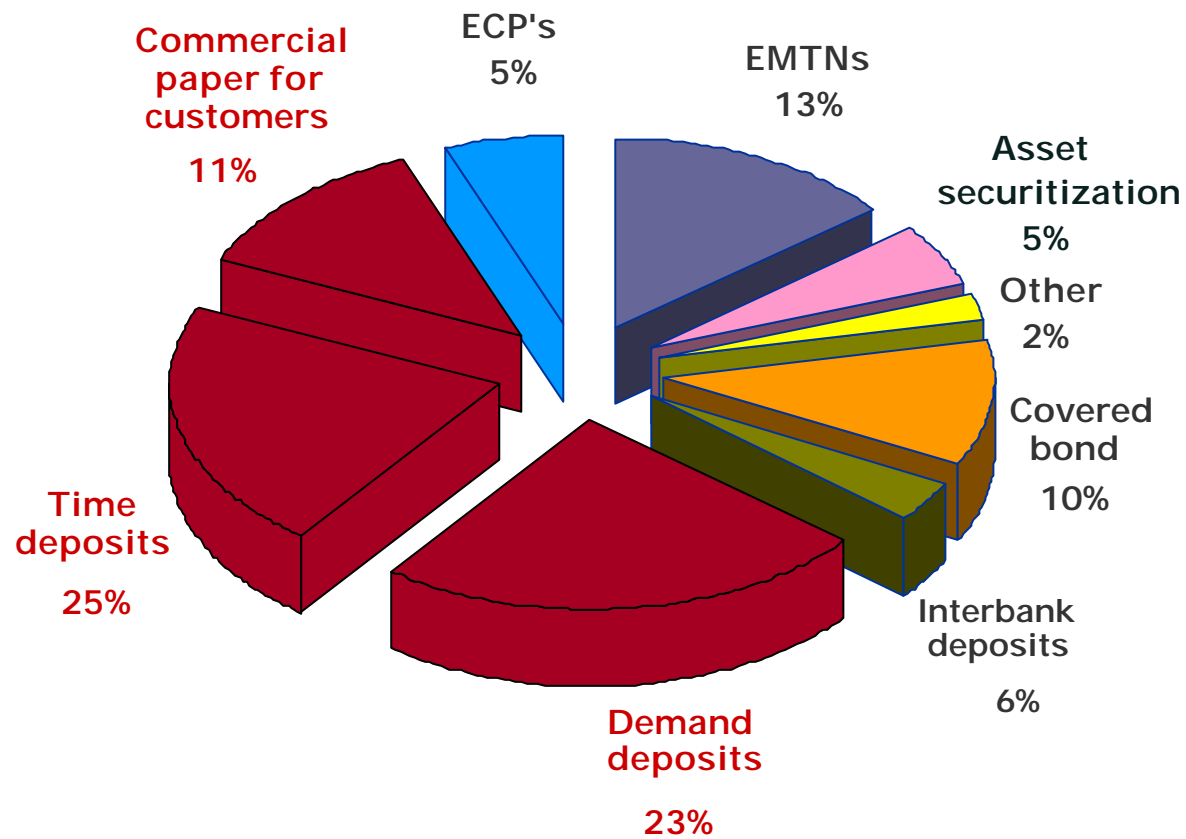
## FUNDING BREAK-DOWN

Customer  
funding

59%

Wholesale  
funding

41%





# Core Business Growth

- **FUNDS MANAGED**

(€ Million)

	<b>March 08</b>	<b>Var. %</b>
<b>On-balance sheet funds</b>	81,545.1	9.1
<b>Other intermediated funds:</b>	16,202.4	-10.3
Mutual funds	10,926.5	-10.9
Portfolio asset management	1,187.6	-33.9
Pension funds	4,088.4	2.0
<b>Total funds managed</b>	97,747.5	5.3



# Core Business Growth

- MUTUAL FUNDS VOLUMES IN MARCH 2008 vs. INDUSTRY – SPAIN ONLY –

(€ million)	Net Asset Value		Improvement in market share	
	Mar. 07	% Change	Mar. 08	Mar. 07
Money market	1,354.2	-0.7		
Bonds	4,342.0	13.4		
<b>Fixed income</b>	<b>5,696.2</b>	<b>9.7</b>	4.80	4.58
Equity	819.9	-49.0		
Balanced	700.8	-40.3		
Guaranteed	2,907.5	-1.4		
Global	387.3	-55.1		
<b>TOTAL</b>	<b>10,511.7</b>	<b>-10.8</b>		
		<b>-14.9</b>		

**BANCO POPULAR GROUP\***  
**INDUSTRY**

**Outperformance due to:**

Net Inflows

Management/markets

Popular

Industry

-10.4

-13.3

-0.4

-1.6

\* Excluding BPP. The total amount including BPP amounts to €10,926.5 million (-10.3)

Source: Inverco





▶ **Core business growth**

▶ **Funding Strength**

▶ **Branch Network Expansion**

▶ **Earnings**

▶ **Solvency**



## Funding Strength

- Strong second line of liquidity composed of bonds and notes that are stocked
- to be used when convenient in the ECB's auctions
  - €5.6 billion at year-end 2006
  - €11.4 billion at year-end 2007
  - €12.8 billion in march 2008
- Displacement or maturities to future years has resulted in a low and manageable volume of amortization
  - €3 billion in 3 Q. and 4 Q. 2008
  - €4 billion in 2009
- No discounting with ECB in 1 Q. 2008

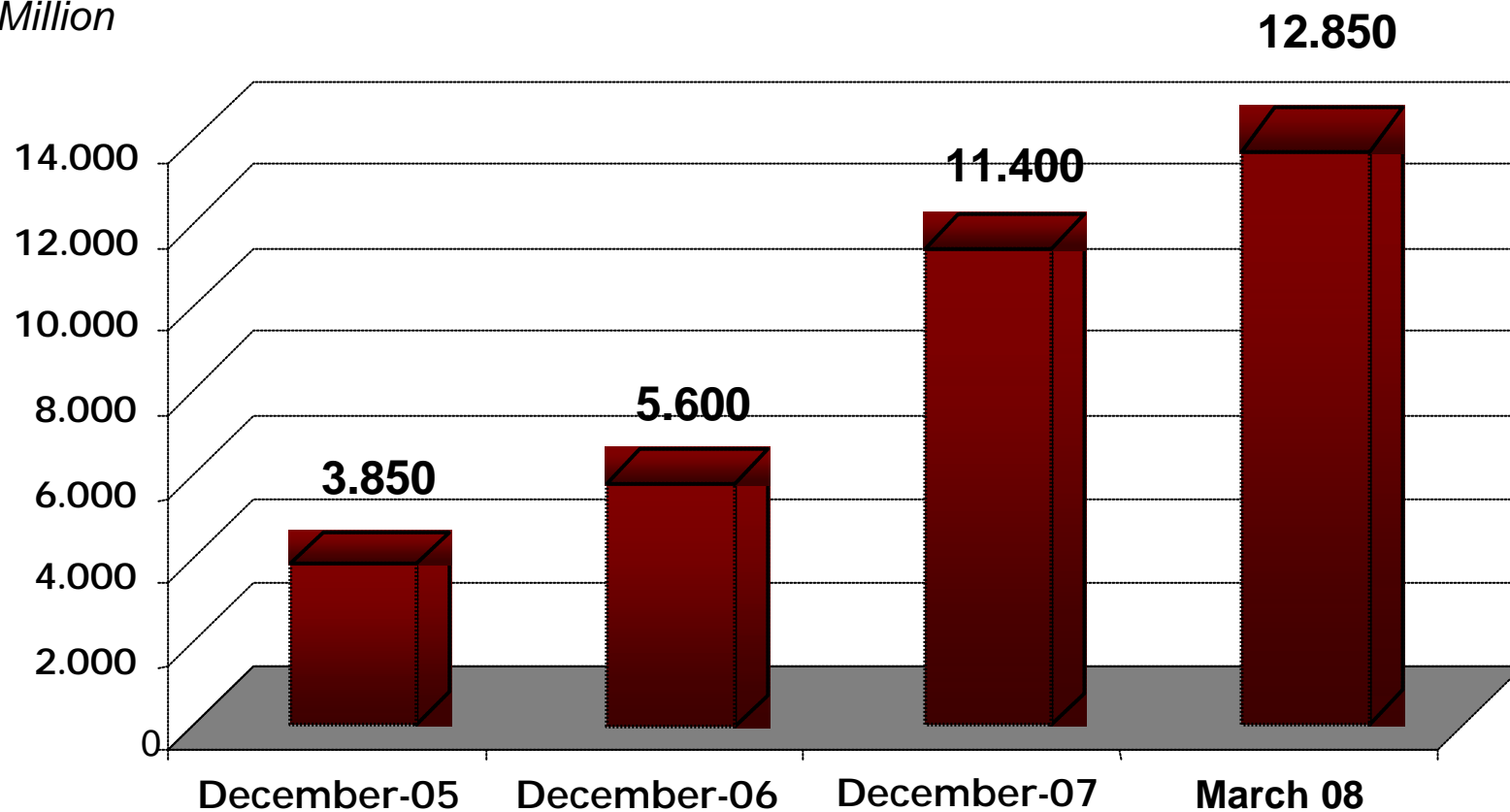


# Funding Strength

- Strong backing to liquidity

Evolution of the Second line of liquidity

€ Million

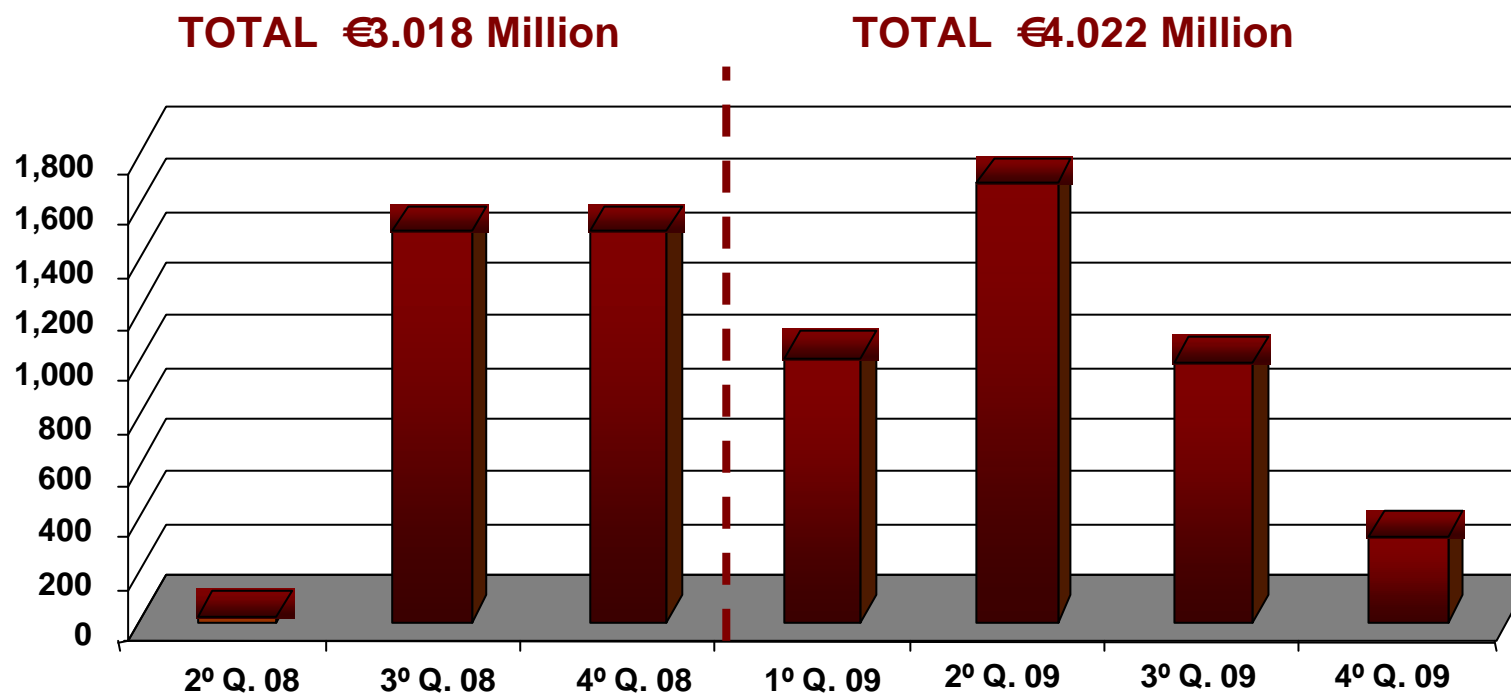




# Funding Strength

- Small maturities of medium to long term wholesale Funding in 2008 - 2009

Low funding requirements from pending maturities



Fully covered with 2<sup>nd</sup> liquidity line



▶ **Core business growth**

▶ **Funding Strength**

▶ **Branch Network Expansion**

▶ **Earnings**

▶ **Solvency**



# Branch Network Expansion

	Year 2007 Nº Branches	Year 2008		Nº Branches	SPAIN	ABROAD
		Opened	Closed			
<b>Banco Popular</b>	<b>1.328</b>	<b>5</b>	<b>2</b>	<b>1.331</b>		
Banco Andalucía	311	8		319		
Banco Crédito Balear	102			102		
Banco Castilla	197			197		
Banco Vasconia	130			130		
Banco Galicia	147			147		
Popular Portugal	218	12		230		230
Popular Banca Privada	21			21		
Popular Francia	14			14		14
Popular-e.com	7			7		
Popular Hipotecario	1			1		
Heller Portugal	2			2		2
Popular de Factoring	1			1		
Totalbank	14			14		14
Total Bancos Filiales	1.165	20		1.185		
<b>Total Group</b>	<b>2.493</b>	<b>25</b>	<b>2</b>	<b>2.516</b>	<b>2.256</b>	<b>260</b>
Mundocredit branches	38	21		59	59	
<b>Total</b>	<b>2.531</b>	<b>46</b>	<b>2</b>	<b>2.575</b>	<b>2.315</b>	<b>260</b>



- ▶ **Core business growth**
- ▶ **Funding Strength**
- ▶ **Branch Network Expansion**
- ▶ **Earnings**
- ▶ **Solvency**



# Earnings

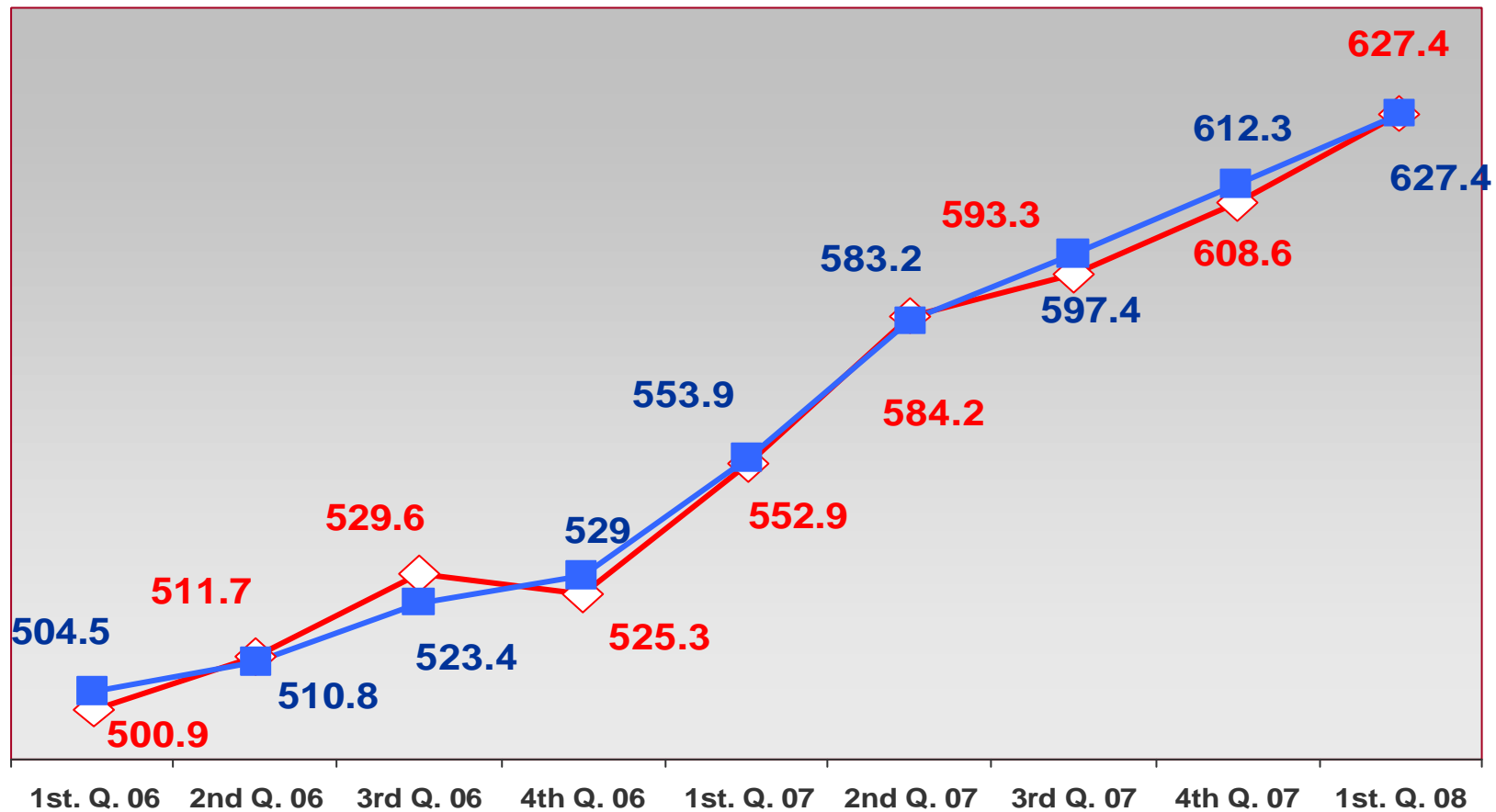
(€ Million)	Mar. 2008	Δ y-on-y (%)	Ex non recurring (%)
<b>Net interest revenue</b>	<b>627.4</b>	<b>13.5</b>	<b>13.8</b>
Revenues from equity method entities	>	>	
Net fees	215.7	-4.5	
Insurance business	12.8	-7.6	
Asset trading and exchange gains (net)	31.2	-2.0	
<b>Gross Income</b>	<b>887.1</b>	<b>7.5</b>	<b>9.4</b>
<b>Operating cost</b>	<b>287.9</b>	<b>8.9</b>	
Personnel expenses	200.7	9.7	
Other general administrative expenses	87.2	7.2	
<b>Net Operating Income</b>	<b>585.2</b>	<b>6.3</b>	<b>9.2</b>
<b>Profit Before Taxes</b>	<b>479.5</b>	<b>7.5</b>	<b>13.1</b>
Corporate income tax provision	136.1	-3.1	
<b>Consolidated profit for the period</b>	<b>343.4</b>	<b>12.3</b>	<b>16.6</b>
Income attributed to minority interests	20.9	14.9	
<b>Profit attributed to the Group</b>	<b>322.5</b>	<b>12.1</b>	<b>16.4</b>





# Earnings

## ■ NET INTEREST REVENUE



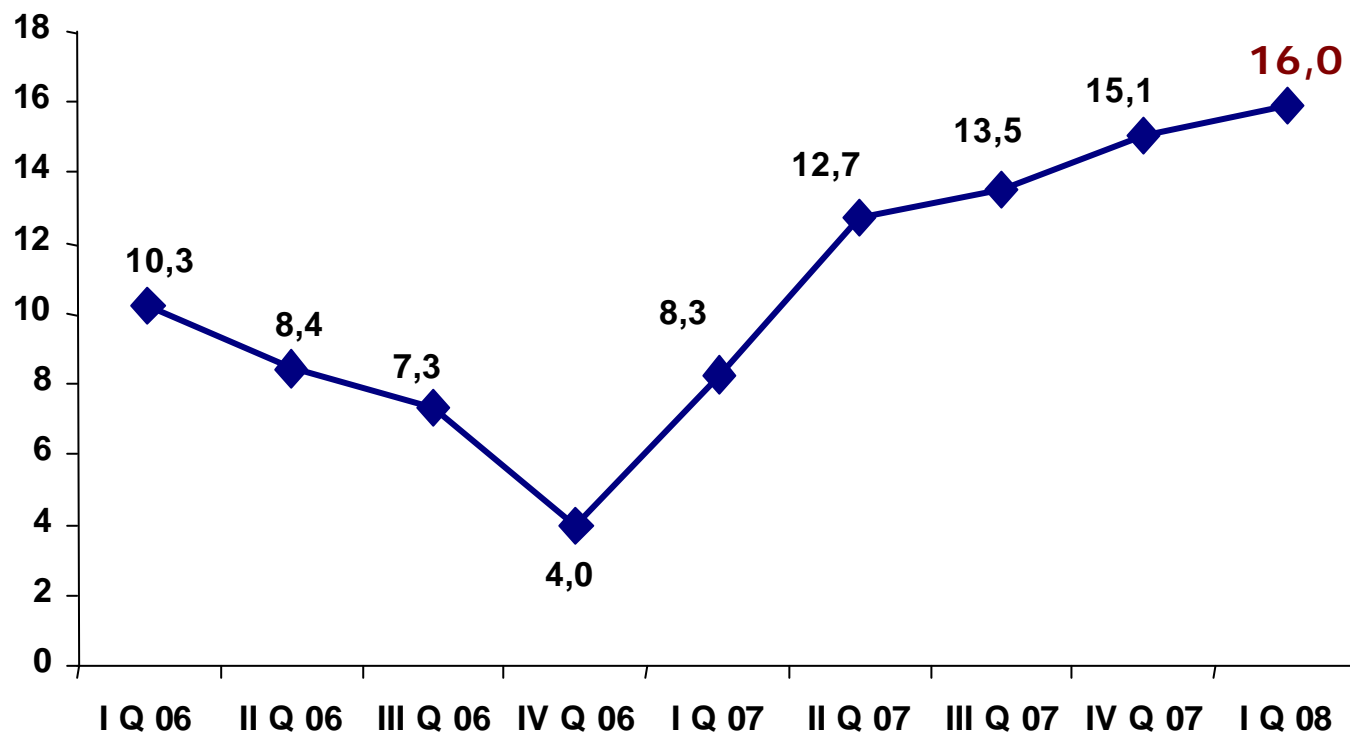
■ Trending of Net Interest Income excluding dividend income seasonality

■ Net Interest Income



# Earnings

- NET INTEREST REVENUE TREND EXDIVIDENDS (%)

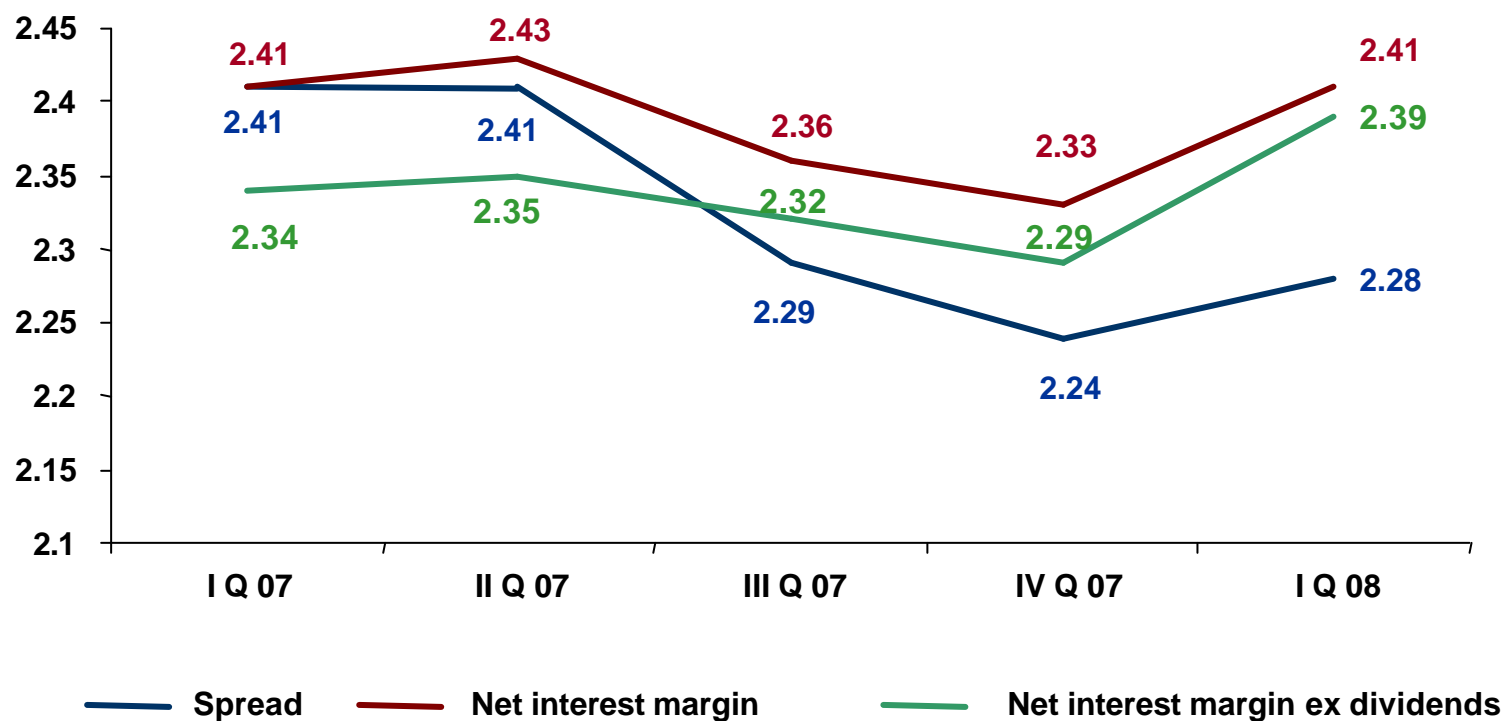




# Earnings

## BANKING MARGINS

	1 Q 08	4 Q 07	3 Q 07	2 Q 07	1 Q 07
Spread	2.28	2.24	2.29	2.41	2.41
Net interest margin	2.41	2.33	2.36	2.43	2.41
Net interest margin ex dividends	2.39	2.29	2.32	2.35	2.34





# Earnings

## ■ FEE INCOME GROWTH

<i>Mar 2008</i>	Year-on-year (%)	As % of total fees
Loan-related fees:	24.5	15.2
Bill discounting	-5.3	5.2
Other	49.0	10.0
Fees from guarantees	-0.5	14.3
Collection & card-related	-3.3	24.8
Forex & securities dealing	-27.6	2.4
Customer financial asset mgt:	-13.2	24.5
Securities portfolio	-3.9	3.2
Mutual funds & pension plans	-14.4	21.3
Account mgt. fees and other	-10.0	18.8
<b>TOTAL</b>	<b>-4.5</b>	<b>100.0</b>



# Earnings

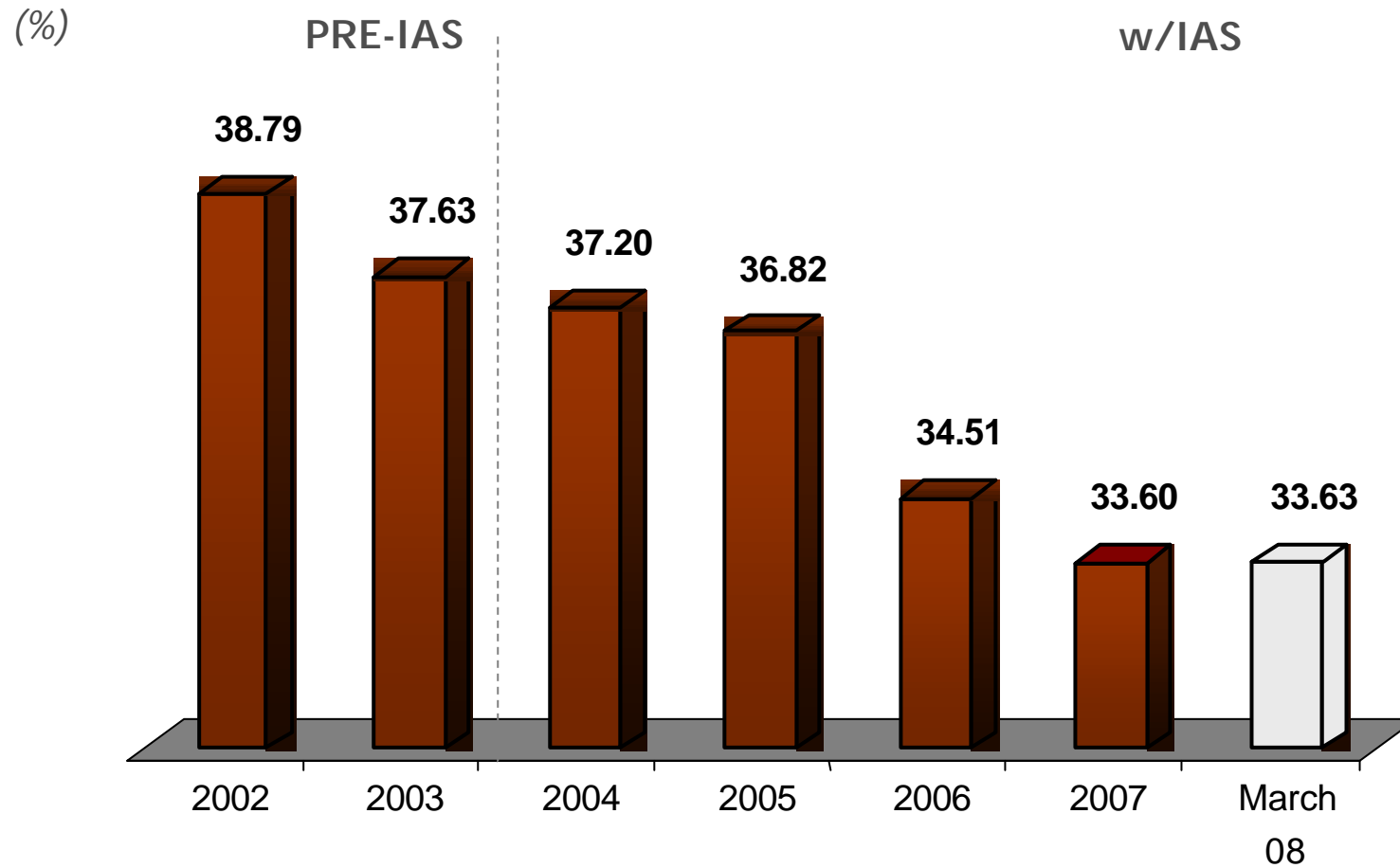
## ■ NON-PAYROLL EXPENSES

<i>(€ Thousand)</i>	Mar. 08	% variation	As % of total expenses
<b>General Expenses</b>	<b>87.226</b>	<b>7.2</b>	<b>100.0</b>
Rentals	14.244	4.1	5.0
Communications	6.969	7.7	2.4
Maintenance of premises & equipment	5.844	-0.6	2.0
IT and other technical expenses	16.791	-7.3	5.8
Office supplies	2.146	-5.4	0.8
Technical reports and legal expenses	3.827	15.2	1.3
Advertising	8.092	21.2	2.8
Insurance	1.110	10.9	0.4
Security and fund transport services	4.989	10.2	1.7
Travel	3.264	10.7	1.2
Property taxes, VAT and other	12.440	8.5	4.3
Other general expenses	7.510	49.8	2.6



# Earnings

## ■ COST/INCOME RATIO EVOLUTION

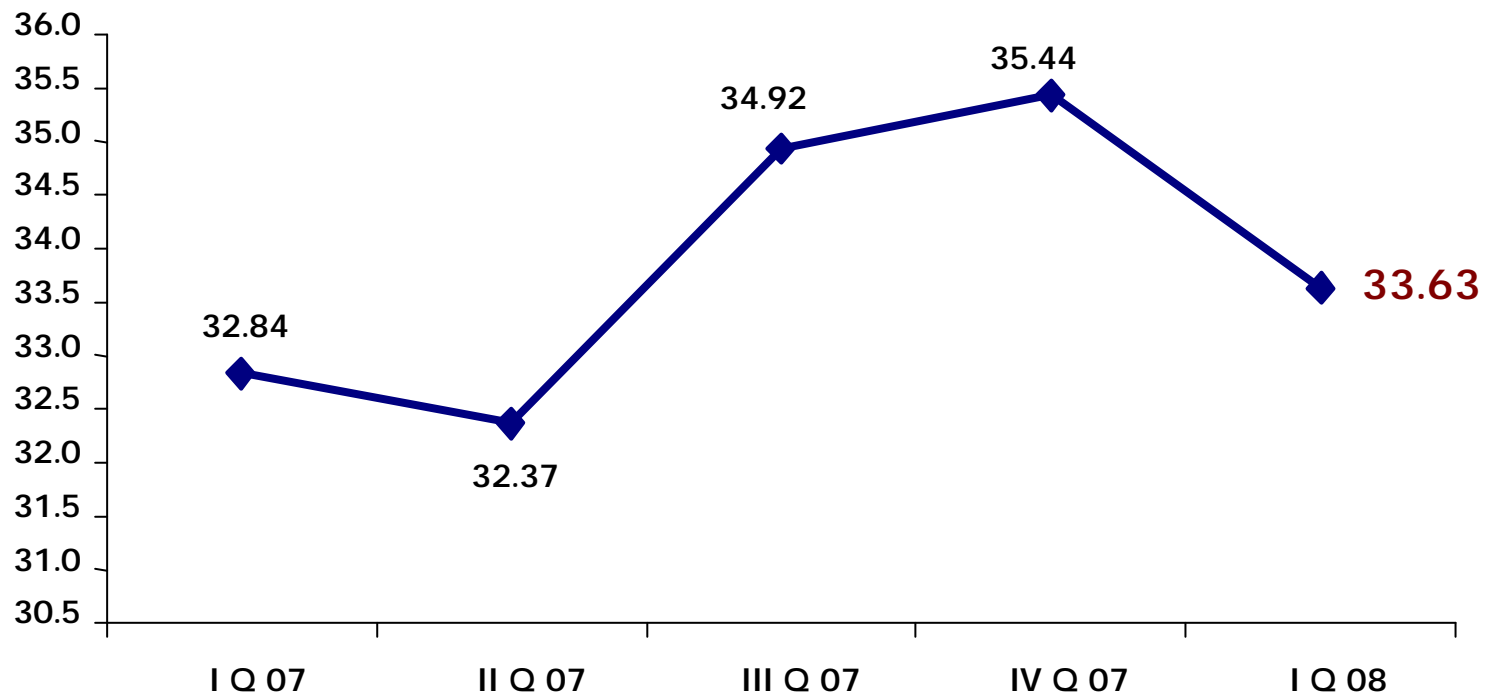




# Earnings

## ■ COST/INCOME RATIO EVOLUTION

(%)

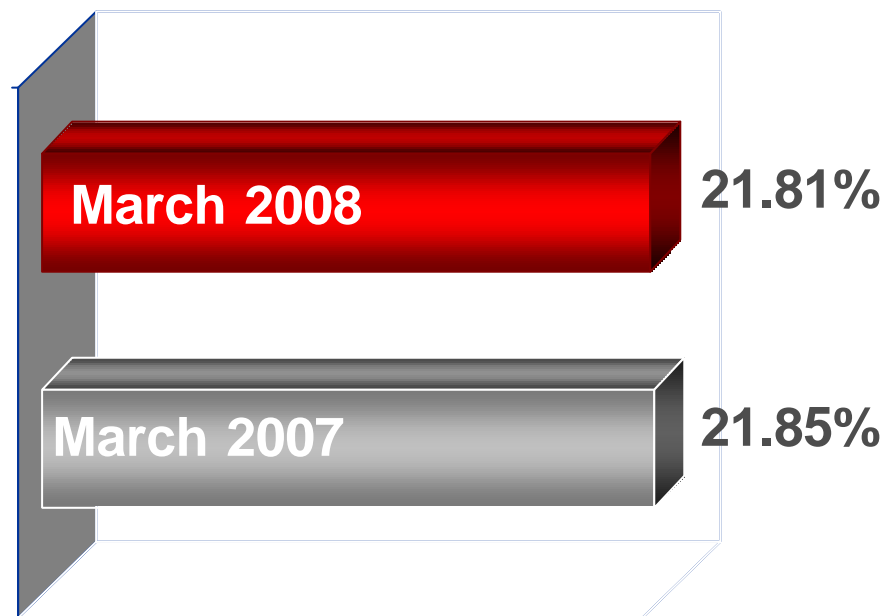




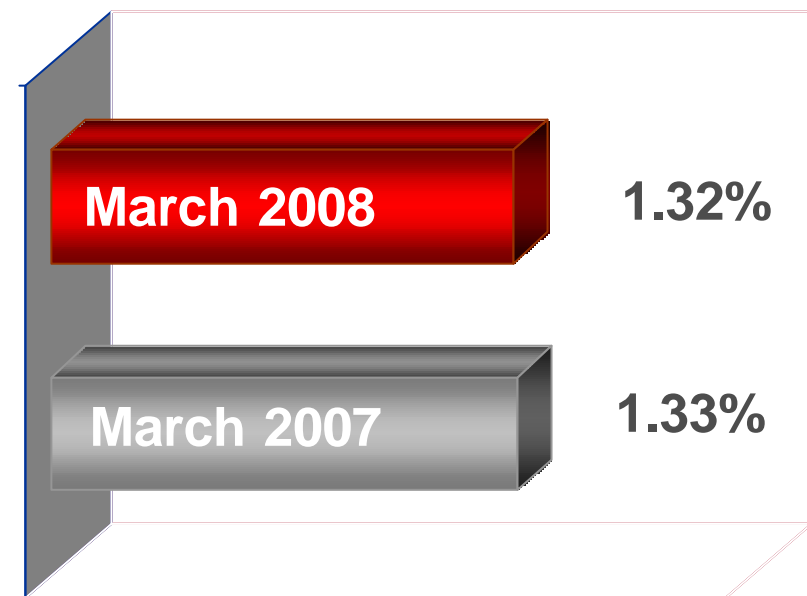
# Earnings

- PROFITABILITY

## ROE



## ROA







# Earnings

- RETURN & EFFICIENCY: SECTOR COMPARISON

## ROA

<b>Banco Popular</b>	
<b>March 08</b>	<b>1.32 %</b>

<b>Ave. Banks Sep. 07:</b>	<b>1.19%</b>
<b>Ave. Savings Banks Sep. 07:</b>	<b>0.91%</b>

## Cost/Income Ratio \*

<b>Banco Popular</b>	
<b>March 08</b>	<b>30.69 %</b>

<b>Ave. Banks Sep. 07:</b>	<b>38.08%</b>
<b>Ave. Savings Banks Sep. 07:</b>	<b>43.47%</b>

*Consolidated data*

*\* Cost base excludes depreciation*

*Source: AEB & CECA*



- ▶ **Core business growth**
- ▶ **Funding Strength**
- ▶ **Branch Network Expansion**
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# Solvency

## ■ SOLVENCY

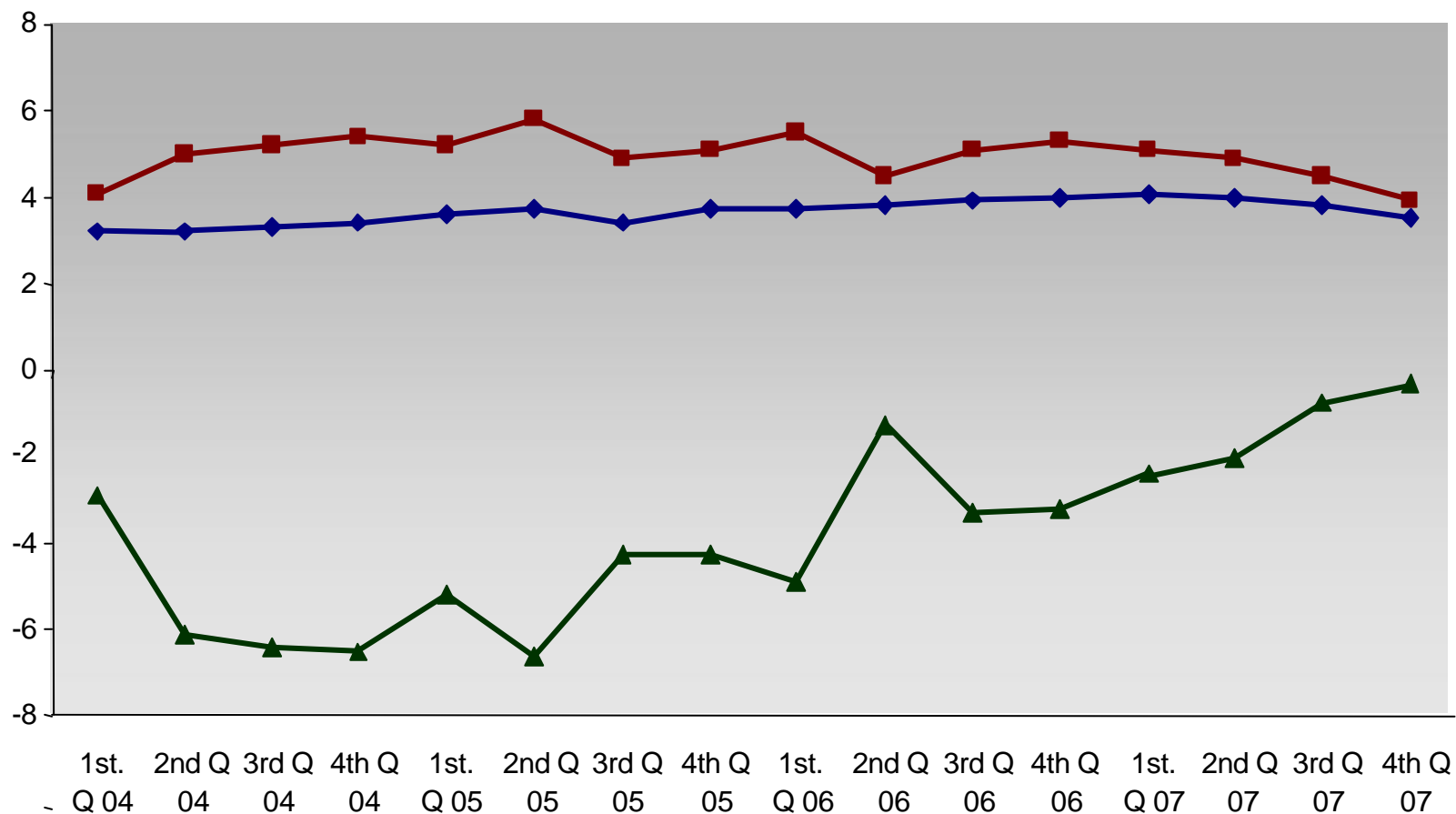
(€ Million)

	<i>Mar. 08</i>	<i>Dec. 07</i>
Total core capital	5,927	5,752
	6.60%	6.47%
Total Tier I	7,206	7,040
	8.02%	7.92%
Total Tier 2	1,553	1,552
	1.73%	1.75%
RR.PP computable BIS	8,759	8,592
	9.75%	9.67%
<b>Total BIS risk weighted assets</b>	<b>89,820</b>	<b>88,877</b>

# ANNEX



# Macroeconomic Parameters in Spain



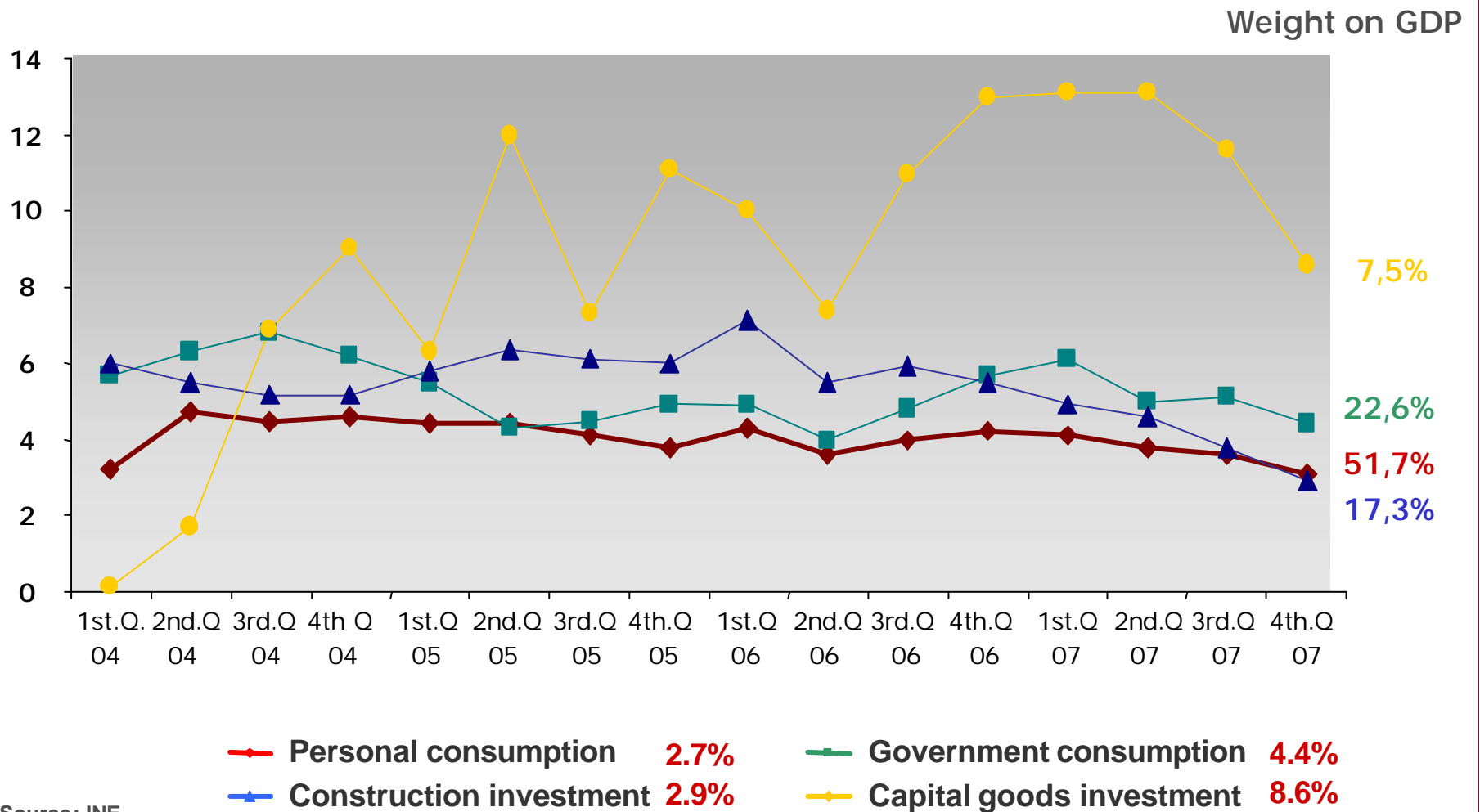
◆ GDP 3.5 %    ■ Internal Demand -3.9%    ▲ Balance of Trade -0.3%

Source: INE



# Macroeconomic Parameters in Spain

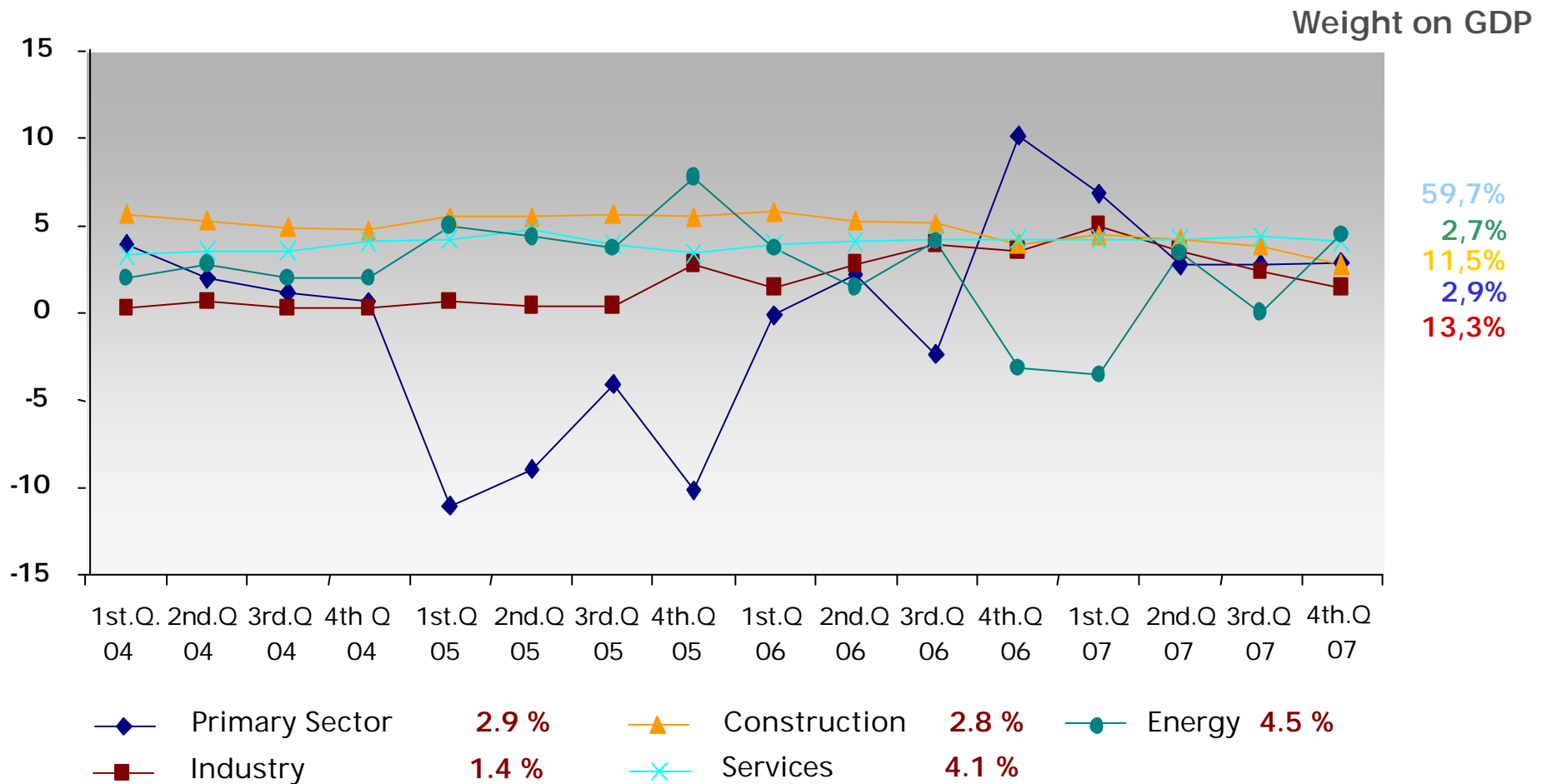
- Demand sourced GDP: Risks due to dependence on construction and household consumption





# Macroeconomic Parameters in Spain

- Supply sourced GDP: Significant weight of construction vs. Historical & int'l benchmarks. Services support



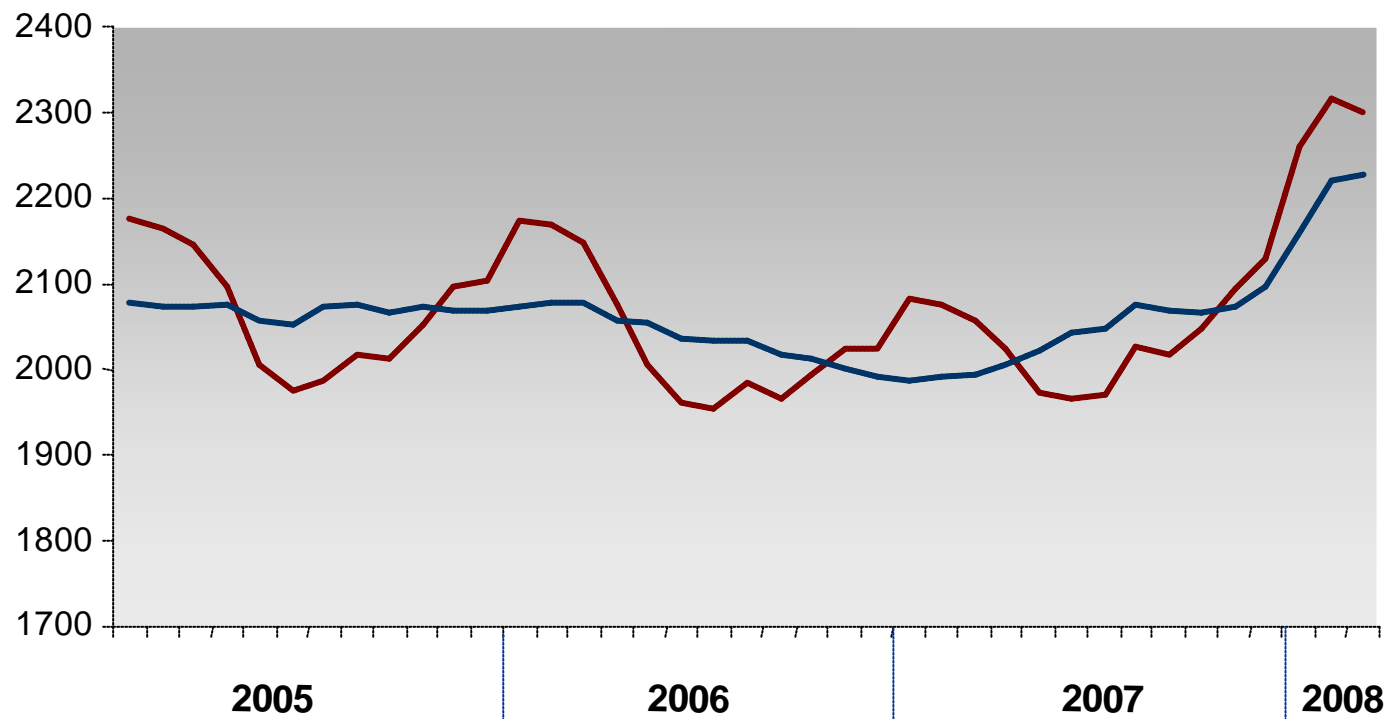
Source: INE



# Economic Environment: SPAIN

## REGISTERED UNEMPLOYMENT

Thousands



— Original data — Adjusted for seasonal effects

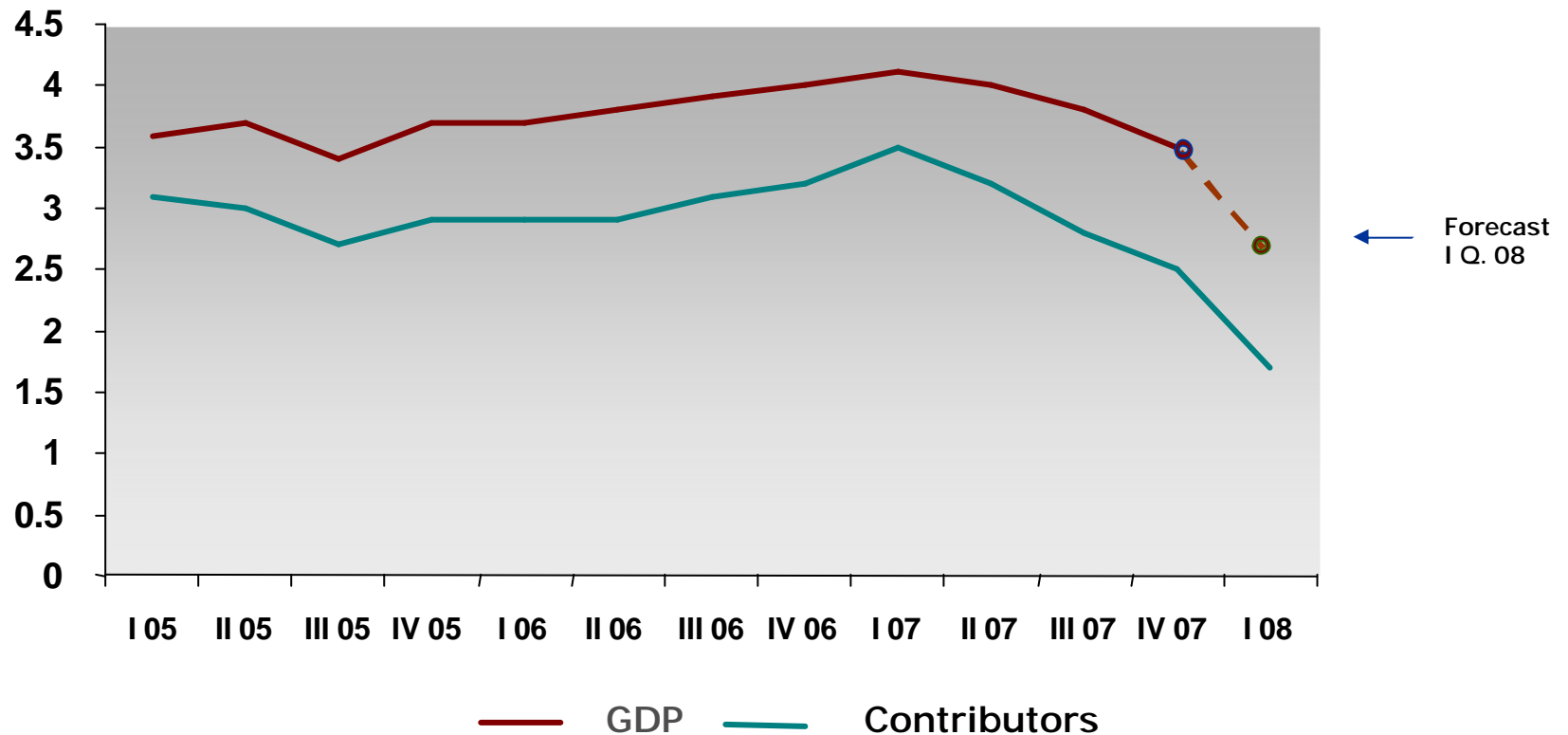
Sources: MTAS, INE, and ICO





# Economic Environment: SPAIN

GPD and Social Security Contributors (1)  
(Y -on-Y %)



(1) Without 2005 regularized immigrants

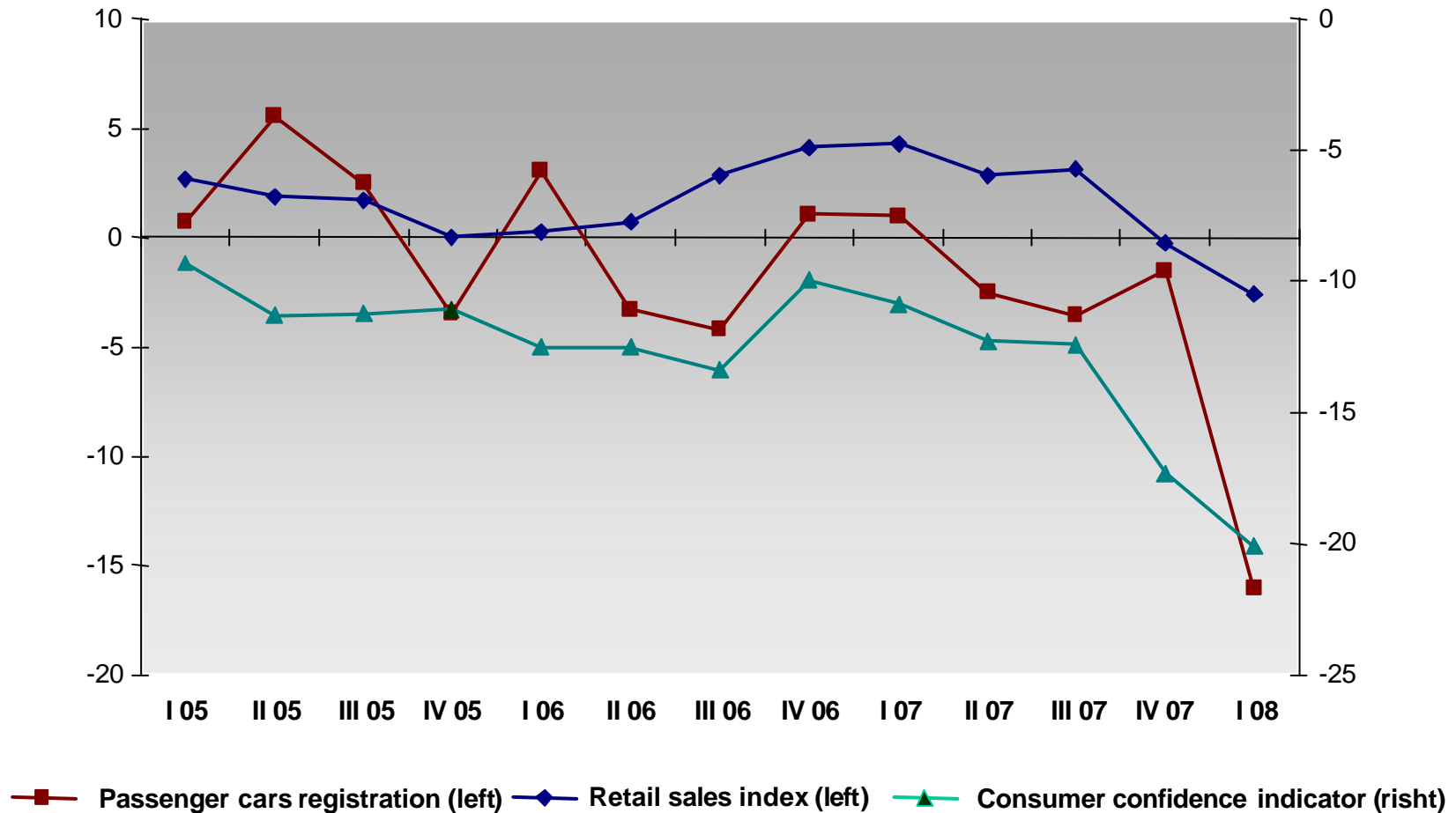
Sources: MTAS, INE, and ICO



# Economic Environment: SPAIN

## PERSONAL CONSUMPTION INDICATORS

(y -on-y %) and balances



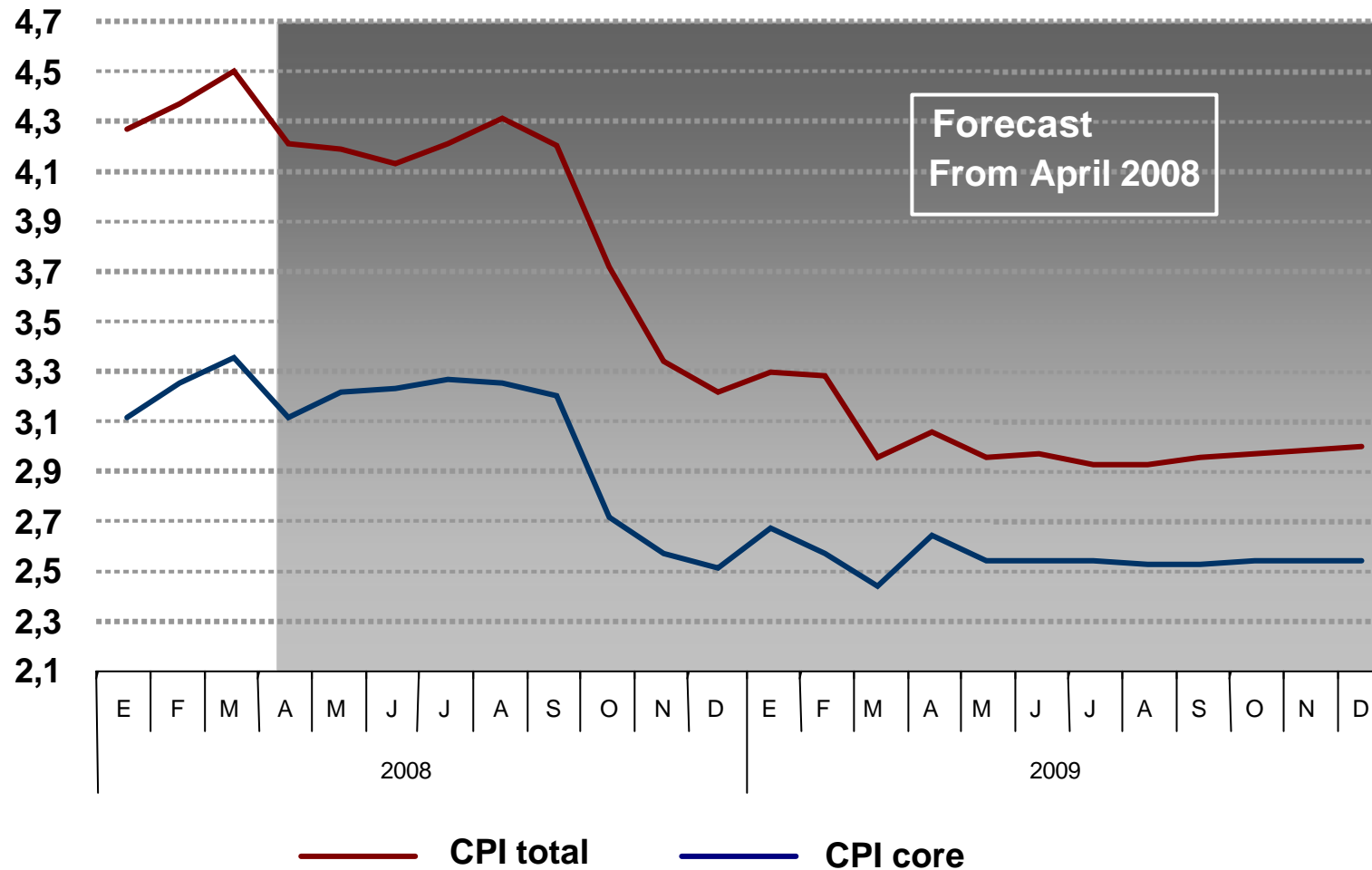
Sources: MTAS, INE, and ICO



# Economic Outlook: SPAIN

## CPI FORECAST

(Y - on - Y %)



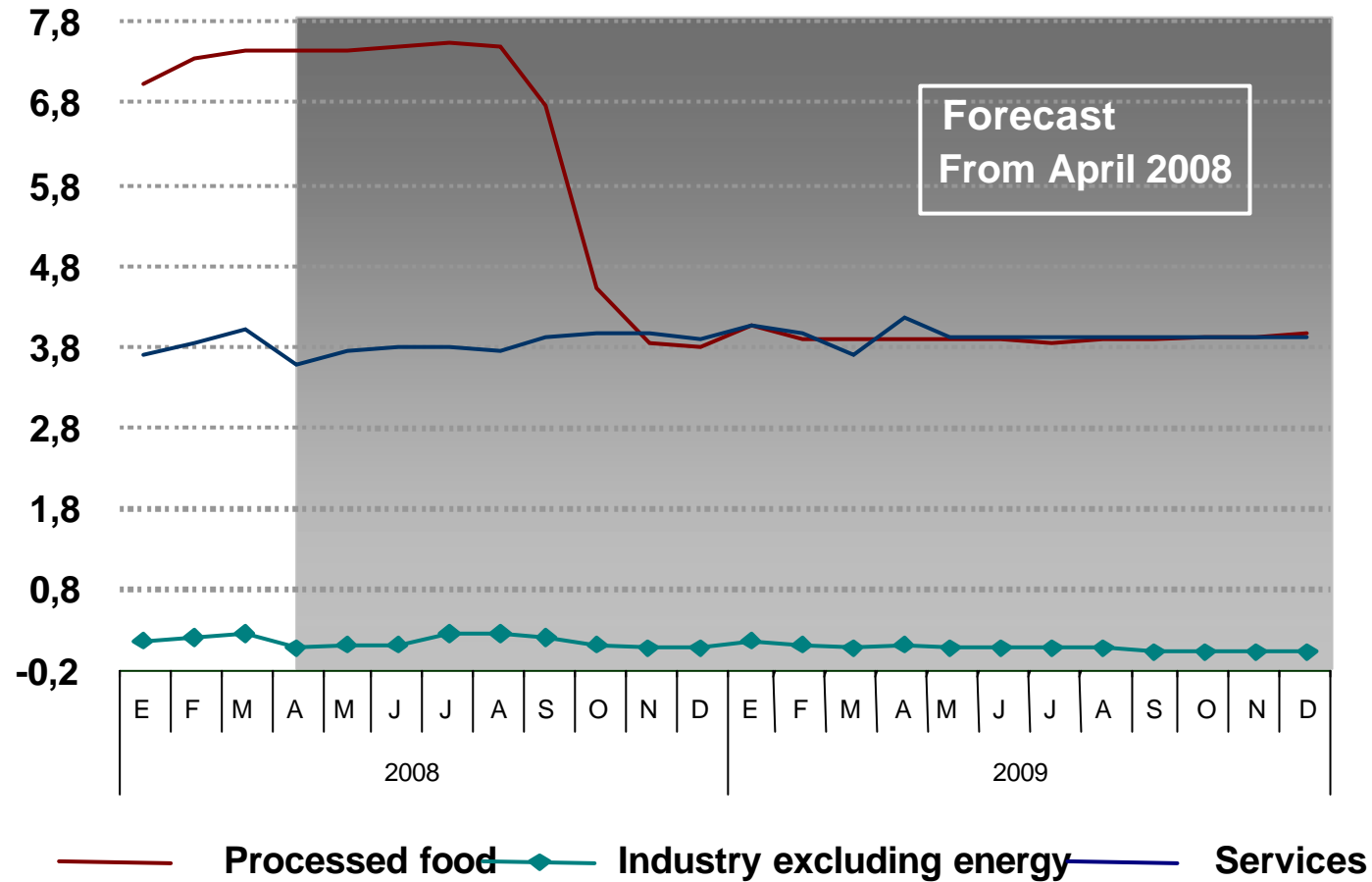
Sources: INE and PREVISIONES FUNCAS



# Economic Outlook: SPAIN

## CPI FORECAST

(Y - on - Y %)



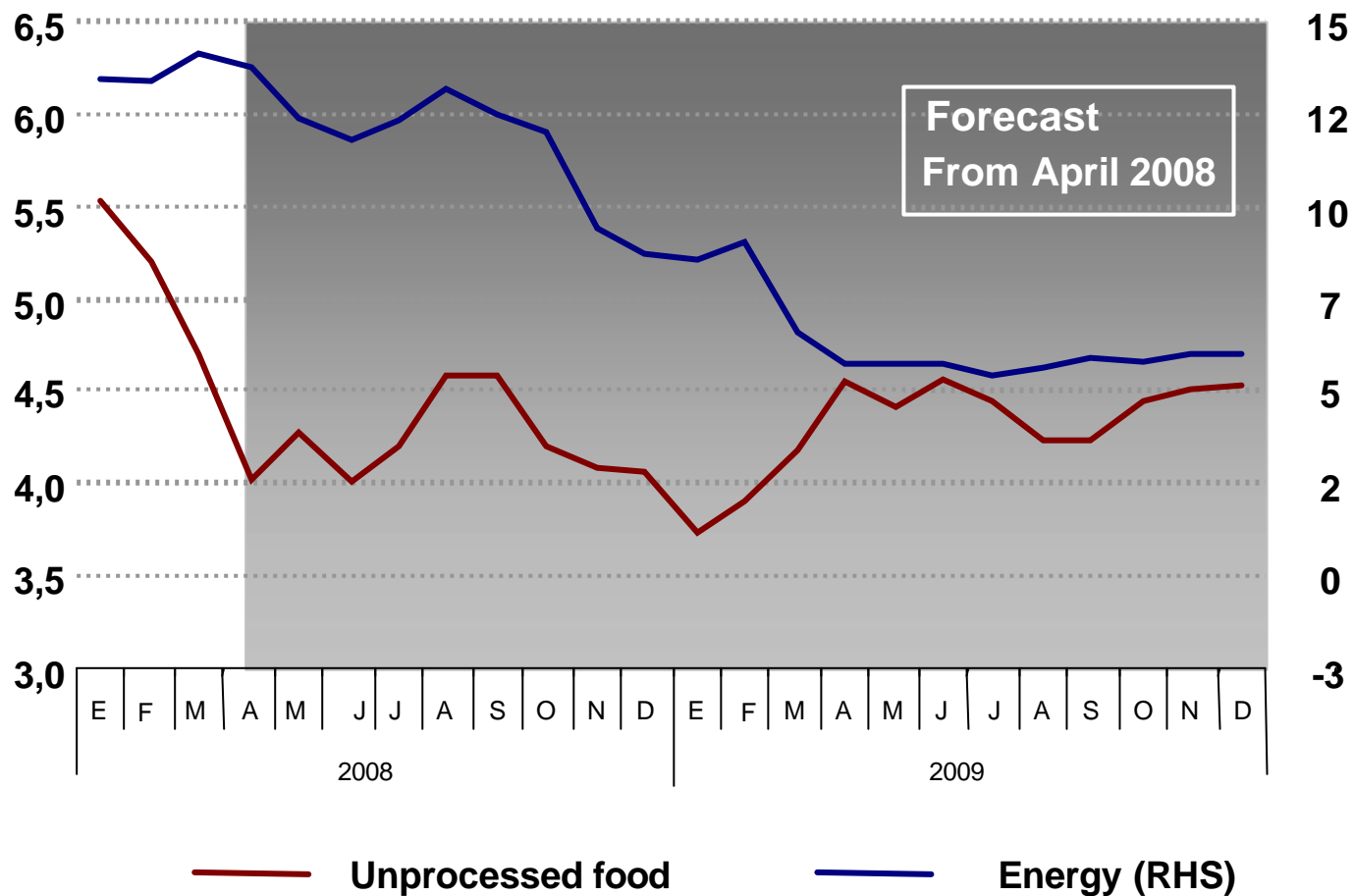
Sources: INE and PREVISIONES FUNCAS



# Economic Outlook: SPAIN

## CPI FORECAST

(Y - on - Y %)



Sources: INE and PREVISIONES FUNCAS



# Economic Environment: SPAIN

Data in %	Benchmark data		
	2007	2008	2009
Local economists as of January (*)	3.8	2.7	
<b>Downward revisions:</b>			
Servicio de estudios BBVA (April 08)	3.8	1.7 - 2.2	
Local economists & BE (April 08)	3.8	2.5	2.1
IMF (April 08)	3.8	1.8	1.7
FUNCAS (April 08)	3.8	2.0	0.9

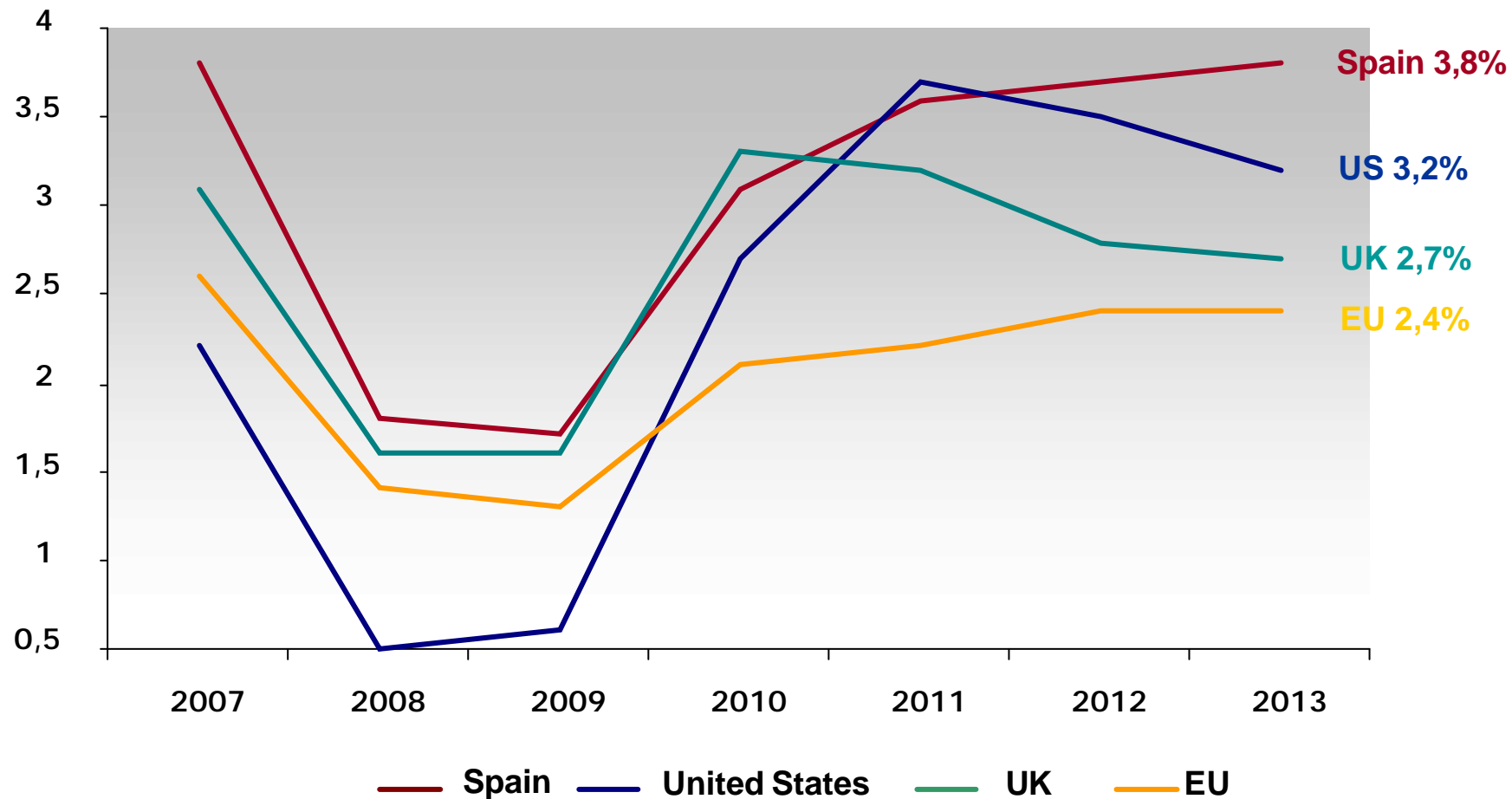
(\*) Analistas Financieros Internacionales, BBVA, FUNCAS, InterMoney, ICO, Instituto de Estudios Económicos (IEE), ICAE, Caja Madrid, Caixa Catalunya, Santander, La Caixa, Consejo superior de Cámaras de Comercio. Etc....



# Economic Environment: SPAIN

## IMF FORECAST

GPD (%)



Source: IMF



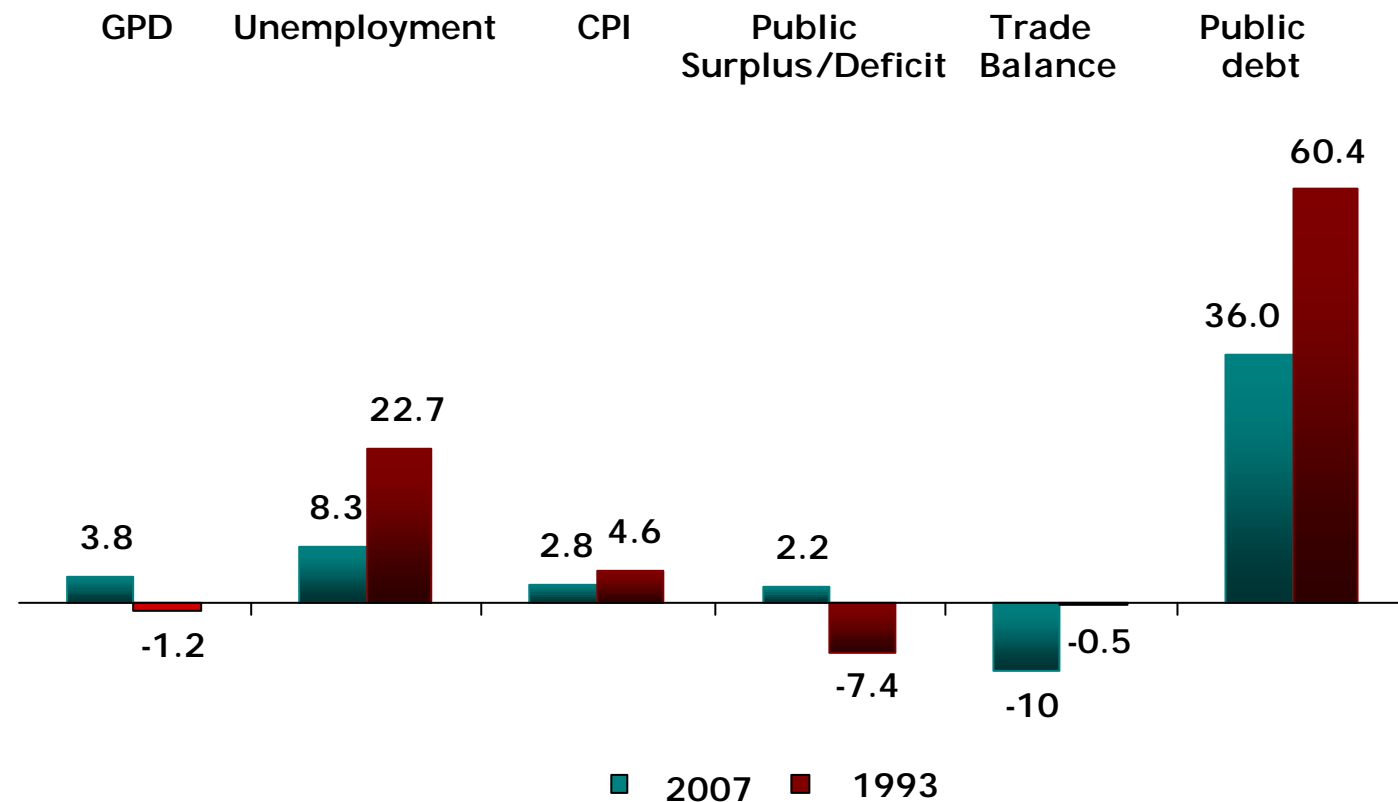
# Economic Environment: SPAIN

## THE 1993 CRISIS VS. CURRENT SITUATION

GREATER STABILITY TODAY

BASIC DIFFERENCE IS THE CURRENCY TODAY: EURO

(in %)



Source: EL PIS Newspaper



# **Banco Popular Español**

Velázquez 34. 28001 Madrid

Telephone: 34 915207000

Fax: 34 915779208

**Banco Popular Español  
Banco de Andalucía  
Banco de Castilla  
Banco de Crédito Balear  
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