

Madrid, July 24, 2008

FINANCIAL RESULTS



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▶ Core Business Growth

▶ Funding Strength

▶ Branch Network Expansion

▶ Earnings

▶ Solvency

Core Business Growth

(€ million)

30.06.08

? %

Total assets managed	124,132	6.7
On-balance sheet total assets	108,928	11.2
Total equity	6,592	12.1
Funds managed:	98,168	4.0
On-balance sheet funds	82,964	9.1
Other intermediated funds	15,204	-17.1
Lending to customers (gross)	90,610	8.1
Contingent risks	12,467	8.5
<hr/>		
Customers (thousands)	6,838	2.0
Employees	15,419	7.0
Branches	2,568	4.7

Core Business Growth

MAJOR LOAN CATEGORIES(*)

June. 08

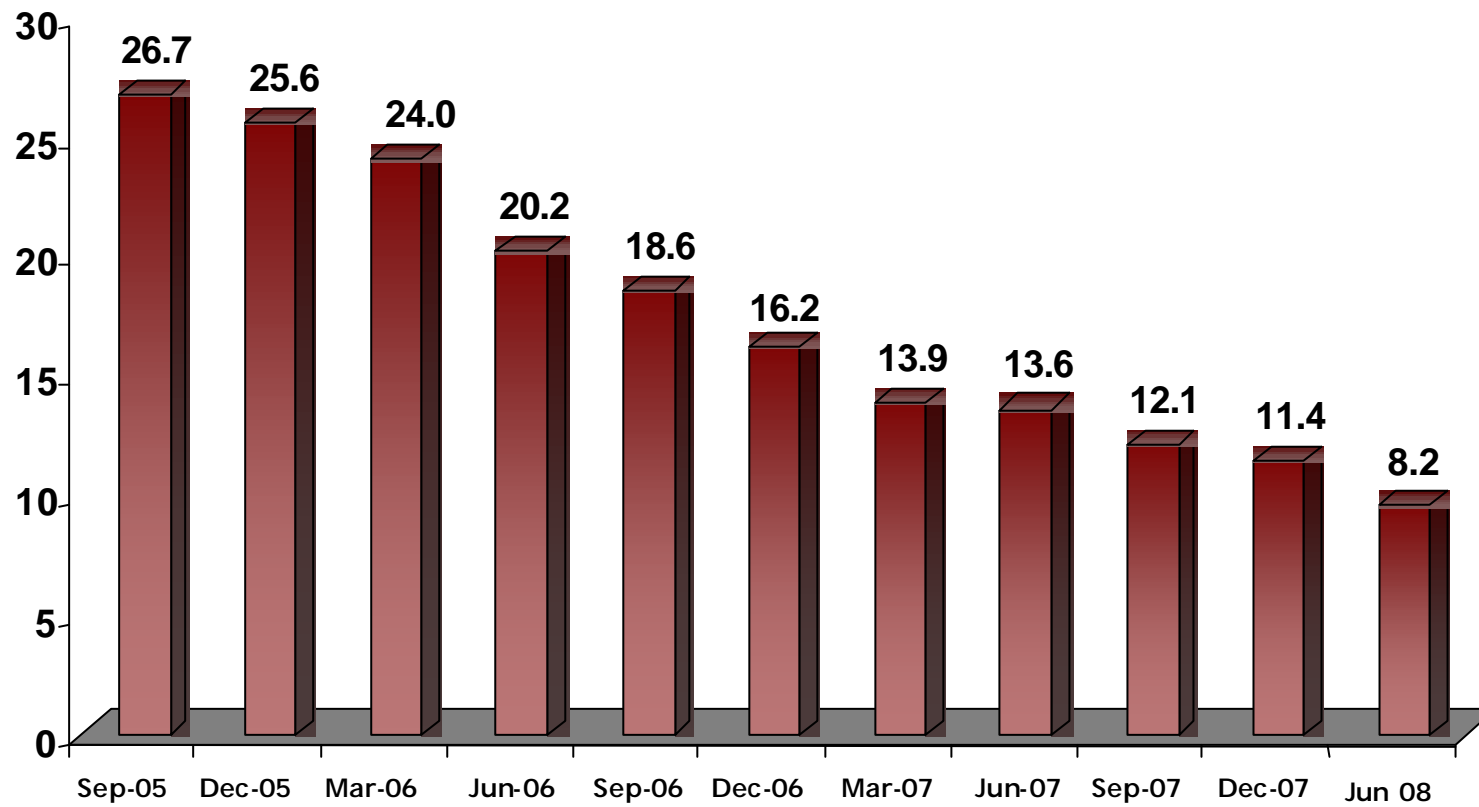
	Growth rate %	% of total
Bill discounting	-9.9(**)	7.9
Mortgage loans	8.2	54.2
Loans & overdrafts	11.5	33.7
Leasing	0.1	4.2
TOTAL	7.2	100.0

Note All loans except NPLs & Repos

*(**) Underlying rate of growth is -4.4 %*

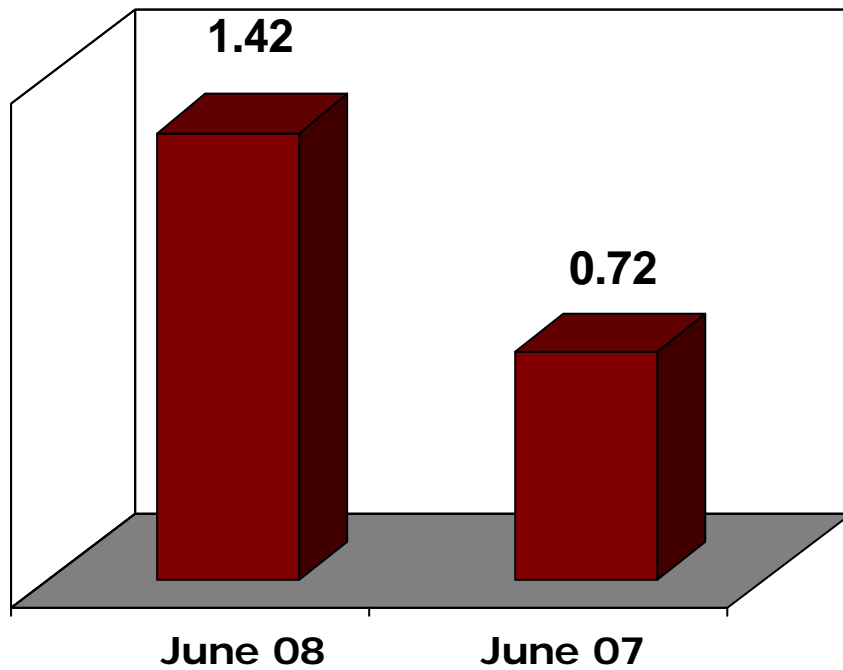
Core Business Growth

MORTGAGE LOAN GROWTH (Y-on-Y %)

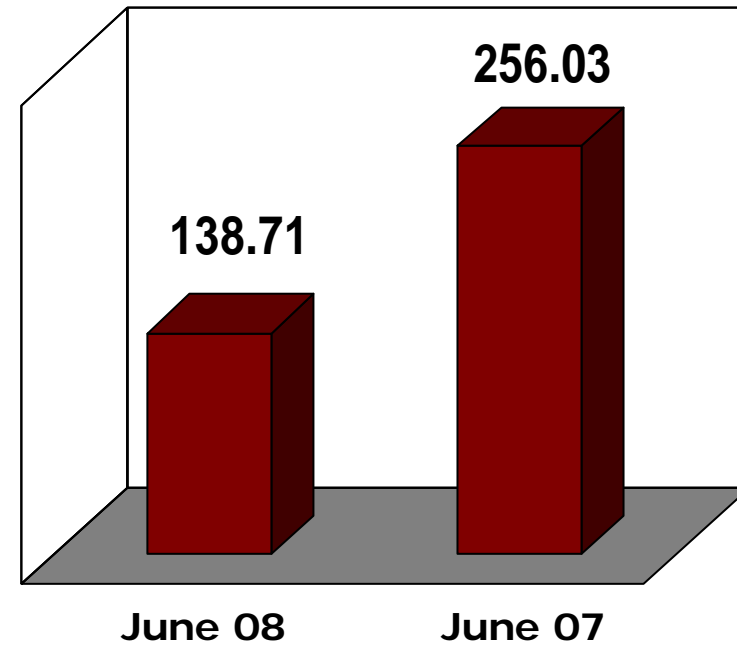


Core Business Growth – Asset quality

Nonperforming risk(%)



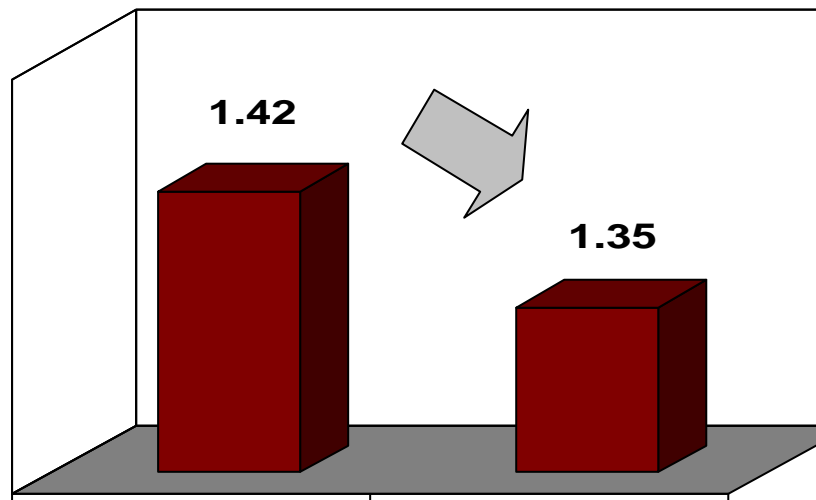
NPR Coverage(%)



Core Business Growth – Asset quality

POPULAR GROUP (EX – PORTUGAL)

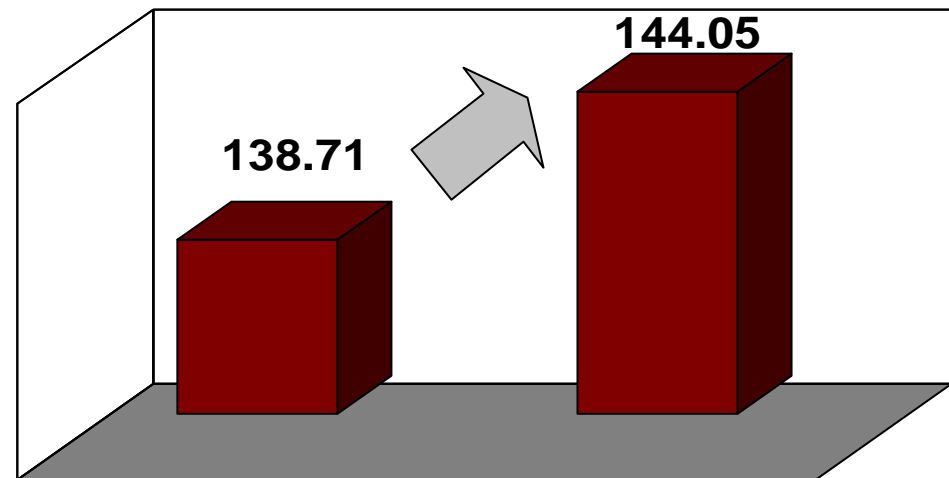
Nonperforming risk



June 08

Ex BPP

NPR Coverage



June 08

Ex BPP

Core Business Growth

CUSTOMER FUNDING

(€ million)

	30.06.08	% Change	% of Total
Demand deposits	18,240.6	-7.0	37.1
Time deposits	22,077.2	61.9	44.8
Commercial paper for customers	8,907.4	-6.4	18.1
TOTAL	49,225.2	15.1	100.0

Core Business Growth

Customer deposit

(EX – PORTUGAL)

	<u>June 08</u>	<u>June 07</u>	<u>Variación %</u>
Popular group	43.382	35.597	+21,9
Portugal	2.634	3.208	-17,9
Popular group (EX – PORTUGAL)	40.748	32.389	+25,8

((€ million)

Core Business Growth

Loans and deposits growth

June 08 – June 07

	Growth	
	€ million	%
Loans	+ 6,766	+ 8.1
Deposits (*)	+ 6,507	+ 15.1
COMMERCIAL GAP	+ 259	

(*) Excluding repos

Core Business Growth

FUNDS MANAGED

<i>(€ Million)</i>	June 08	Var. %
On-balance sheet funds	82,964.5	9.1
Other intermediated funds:	15,204.4	-17.1
Mutual funds	10,110.2	-18.1
Portfolio asset management	1,052.4	-43.5
Pension funds	4,041.8	-2.1
Total funds managed	98,168.9	4.0

Core Business Growth

MUTUAL FUNDS VOLUMES IN JUNE 2008 vs. INDUSTRY – SPAIN ONLY –

(€ million)	Net Asset Value			
	June. 07	% Change	June. 08	June. 07
Money market	1,265.2	0.4	Improvement in market share	
Bonds	4,439.2	12.6		
Fixed income	5,704.4	9.6	4.85	4.58
Equity	687.6	-58.6		
Balanced	579.6	-47.0		
Guaranteed	2,411.9	-21.3		
Global	322.2	-62.4		
TOTAL	9,705.7	-18.3		
		-22.8		

BANCO POPULAR GROUP*
INDUSTRY

Outperformance due to:

Net Inflows

Popular

Industry

-16.5

-19.0

Management/markets

-1.8

-3.8

* Excluding BPP. The total amount including BPP amounts to €10,110.2 million (-18.1)

Source: Inverco

▶ **Core business growth**

▶ **Funding Strength**

▶ **Branch Network Expansion**

▶ **Earnings**

▶ **Solvency**

Funding Strength

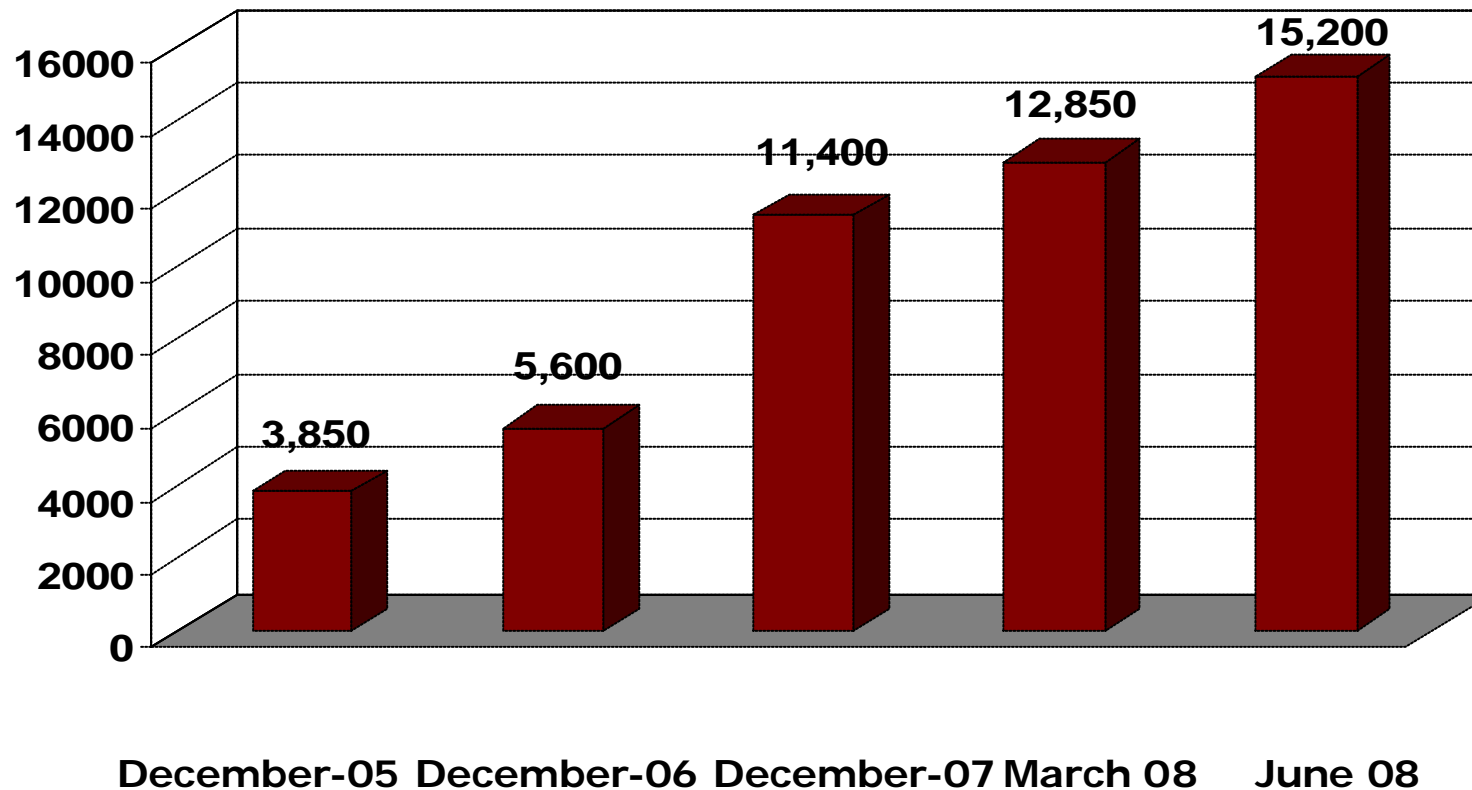
- Strong second line of liquidity composed of bonds and notes that are
- Stocked to be used when convenient in the ECB's auctions
 - **€ 5.6 billion** at year-end 2006
 - **€ 11.4 billion** at year-end 2007
 - **€ 12.8 billion** in march 2008
 - **€ 15.2 billion** in june 2008
- Displacement or maturities 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**

Funding Strength

- Strong backing to liquidity

Evolution of the second line of liquidity

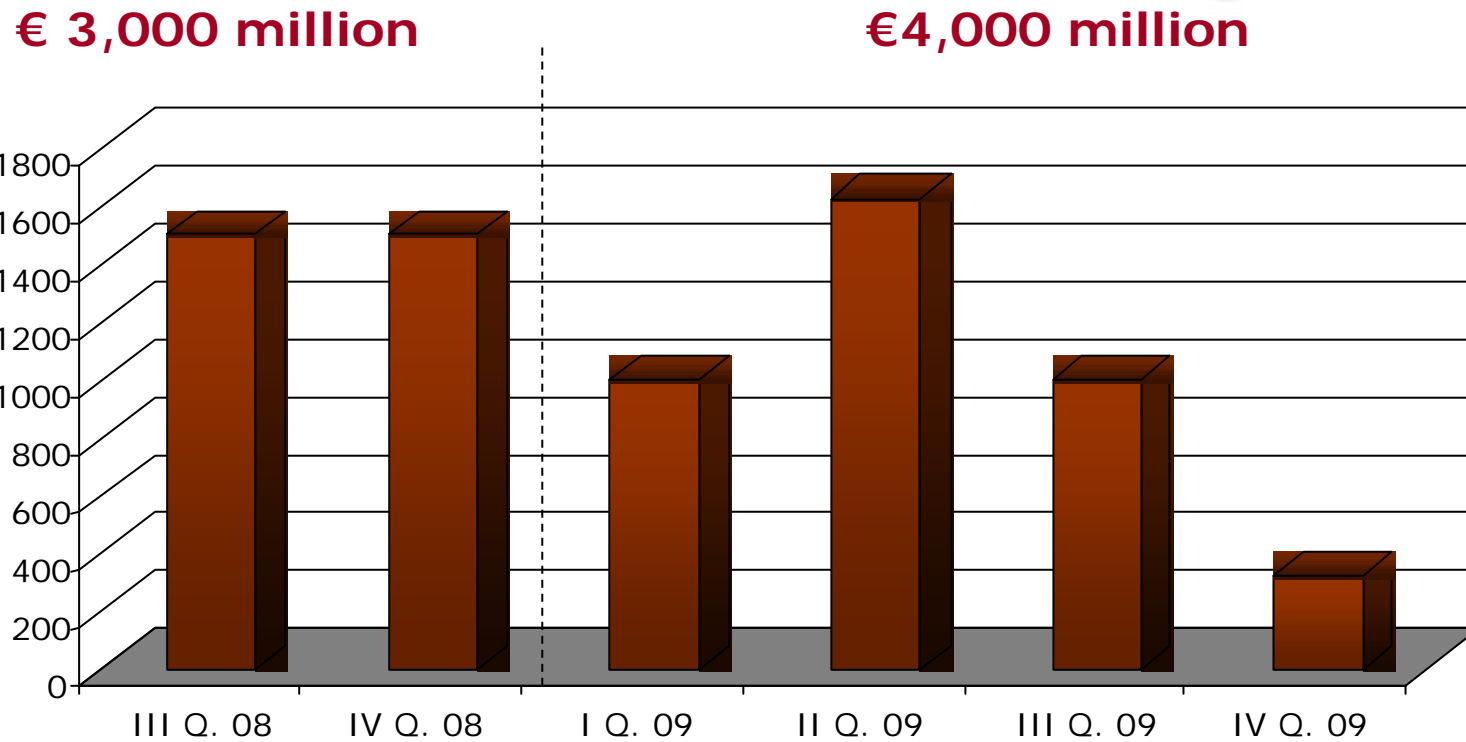
€ Million



Funding Strength

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

Low funding requirements from pending maturities



Fully covered with 2nd liquidity line of € 15,200 million

▶ **Core business growth**

▶ **Funding Strength**

▶ **Branch Network Expansion**

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▶ **Solvency**

Branch Network Expansion

	Branches					
	Year 2007	Year 2008			SPAIN	ABROAD
	Nº Branches	Opened	Closed	Nº Branches		
Banco Popular	1.328	11	10	1.329		
Banco Andalucía	311	13		324		
Banco Crédito Balear	102	1	1	102		
Banco Castilla	197			197		
Banco Vasconia	130	3		133		
Banco Galicia	147	1		148		
Popular Portugal	218	13		231		231
Popular Banca Privada	21			21		
Popular Francia	14		14	--		--
Popular-e.com	7		1	6		
Popular Hipotecario	1			1		
Heller Portugal	2			2		2
Popular de Factoring	1			1		
Totalbank	14			14		14
Total Bancos Filiales	1.165	31	16	1.180		
Total Group	2.493	42	26	2.509	2.262	247
Mundocredit branches	38	21		59	59	
Total	2.531	63	26	2.568	2.321	247

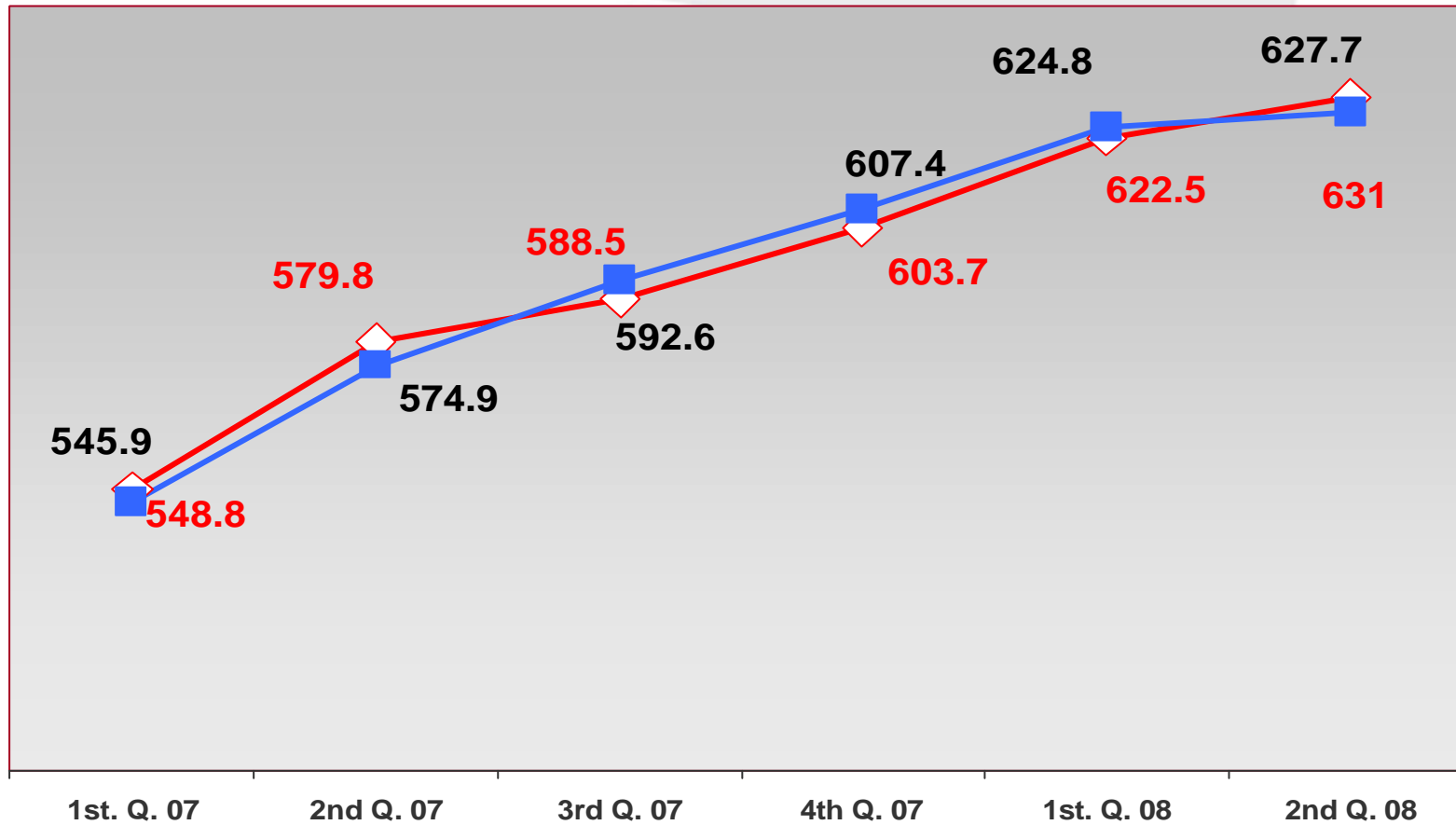
- ▶ **Core business growth**
- ▶ **Funding Strength**
- ▶ **Branch Network Expansion**
- ▶ **Earnings**
- ▶ **Solvency**

Earnings

(€ Million)	June. 2008	Δ y-on-y (%)
Net interest revenue	1,253.5	11.1
Revenues from equity method entities	>	>
Net fees	438.7	-0.2
Insurance business	25,3	-5.5
Asset trading and exchange gains (net)	69,7	-4.6
Gross Income	1,787.2	6.9
Operating cost	572,7	8.6
Personnel expenses	396,7	9.7
Other general administrative expenses	176,0	6.1
Net Operating Income	1,185.3	5.7
Impairment charges	490,7	157.5
Other income (net)	214.2	>
Profit Before Taxes	908.8	-3.6
Corporate income tax provision	236,1	-20.2
Consolidated profit for the period	672.7	4.0
Results from discontinued operations (net)	40,0	
Income attributed to minority interests	37.9	1.5
Profit attributed to the Group	674.8	10.1

Earnings

NET INTEREST REVENUE



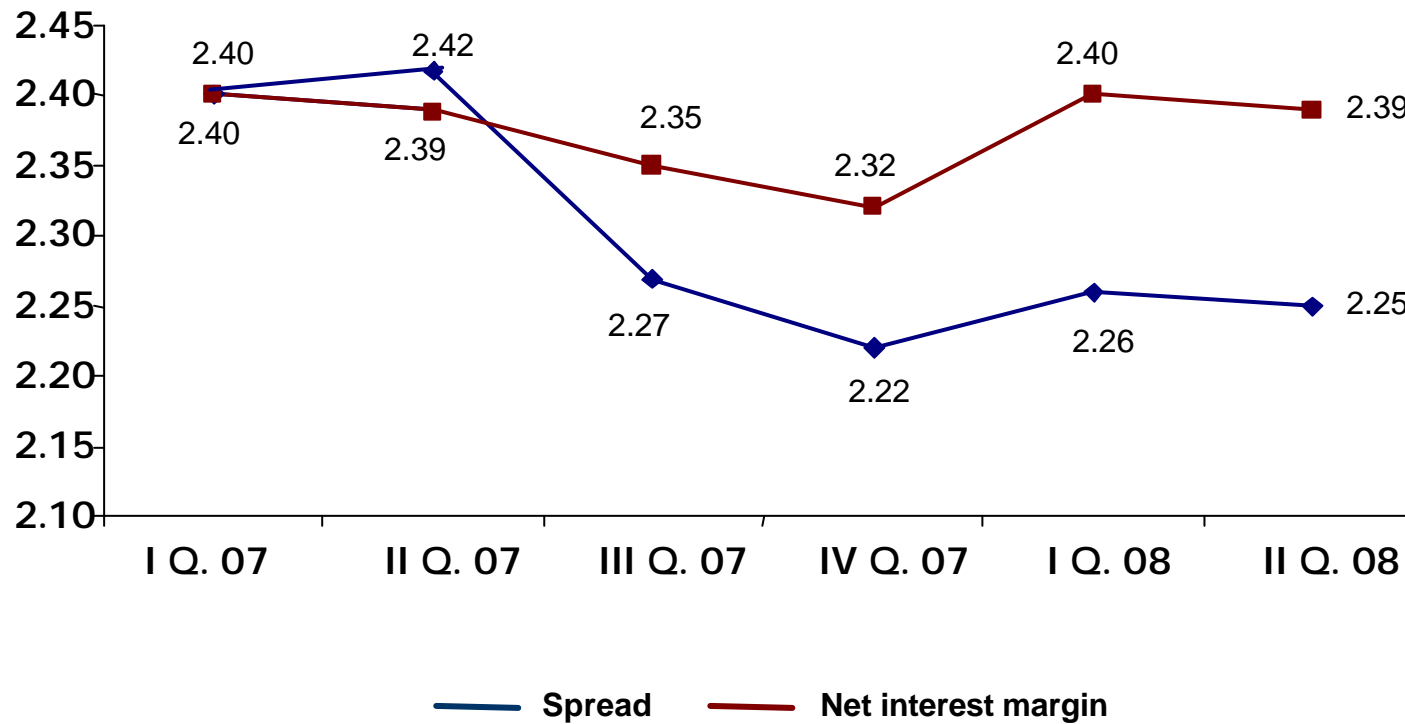
■ Net Interest Income excluding dividend income seasonality

■ Net Interest Income

Earnings

BANKING MARGINS

	2 Q 08	1 Q 08	4 Q 07	3 Q 07	2 Q 07	1 Q 07
Spread	2.25	2.26	2.22	2.27	2.39	2.40
Net interest margin	2.39	2.40	2.32	2.35	2.42	2.40



Earnings

FEE INCOME GROWTH

<i>June 2008</i>	Year-on-year (%)	As % of total fees
Loan-related fees:	31.8	15.6
Fees from guarantees	-1.2	13.9
Collection & card-related	3.2	25.4
Forex & securities dealing	-39.9	1.9
Customer financial asset mgt:	-16.7	23.5
Securities portfolio	-1.0	3.6
Mutual funds & pension plans	-19.0	19.9
Account mgt. fees and other	7.4	19.7
TOTAL	-0.2	100.0

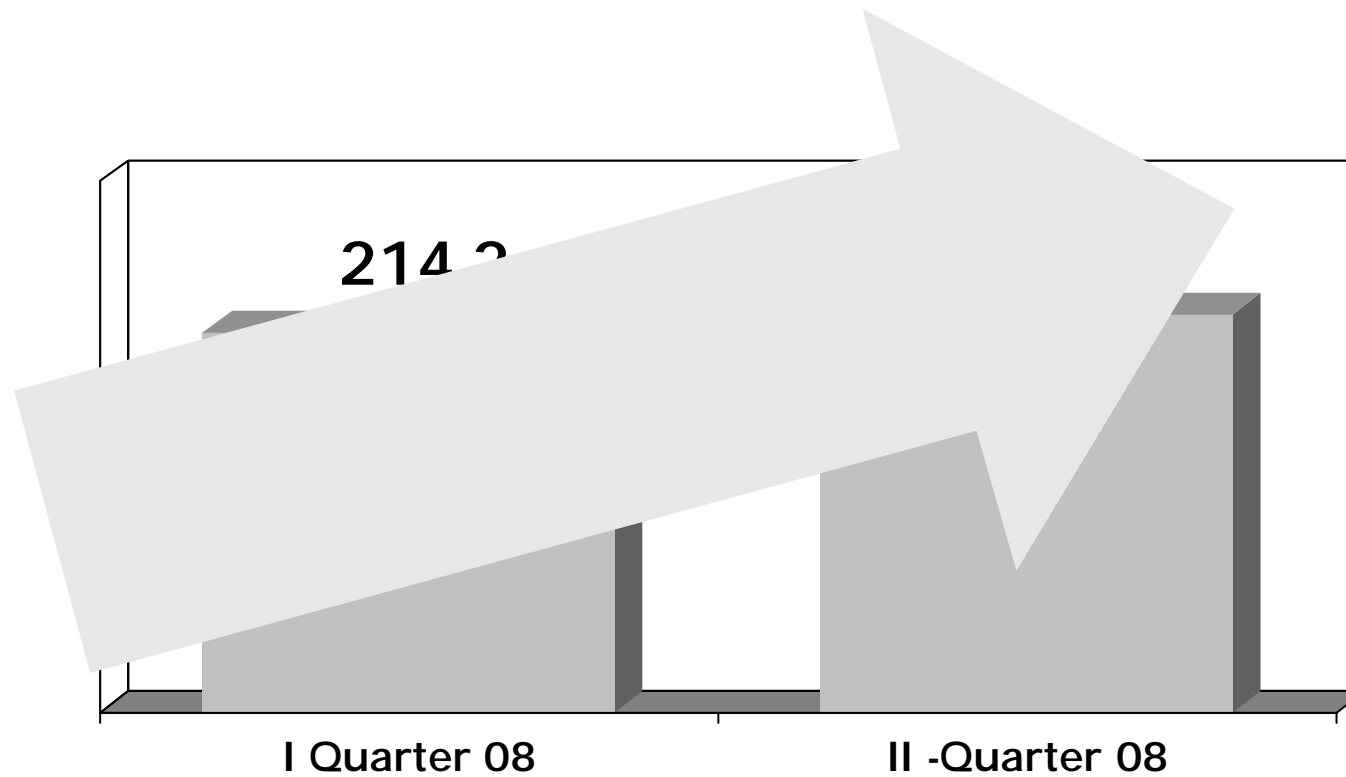
Earnings

FEE INCOME GROWTH

Standalone quarters

(€ million)

? 4,8%



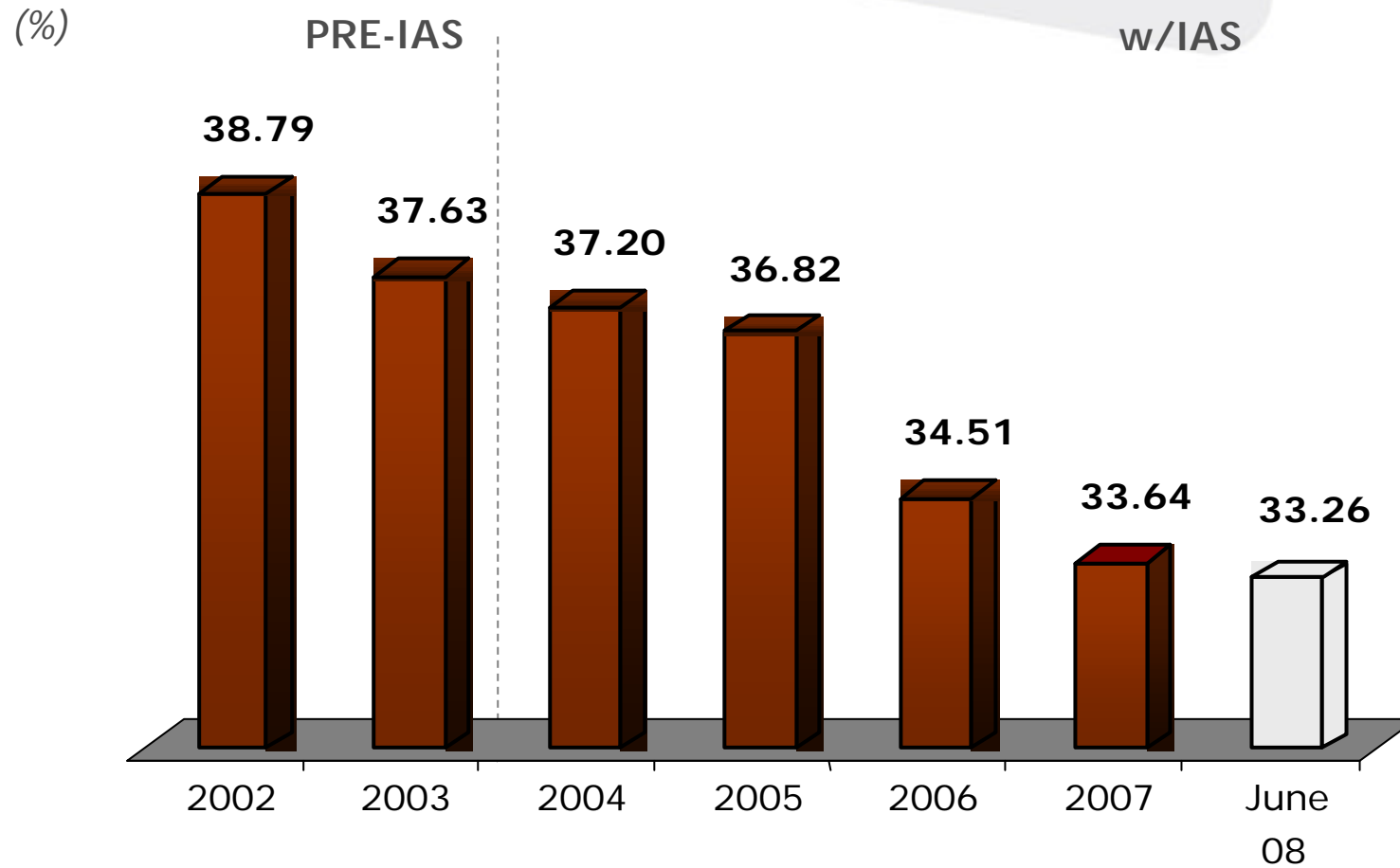
Earnings

NON-PAYROLL EXPENSES

<i>(€ Thousand)</i>	June. 08	% variation	As % of total expenses
General Expenses	176,038	6.1	100.0
Rentals	30,496	14.2	17.3
Communications	13,047	2.8	7.4
Maintenance of premises & equipment	11,387	-2.1	6.5
IT and other technical expenses	35,399	-1.9	20.1
Office supplies	3,897	-4.0	2.2
Technical reports and legal expenses	7,820	7.1	4.5
Advertising	15,455	-4.1	8.8
Insurance	2,175	-3.6	1.2
Security and fund transport services	8,536	-8.3	4.9
Travel	6,739	8.7	3.8
Property taxes, VAT and other	25,223	6.0	14.3
Other general expenses	15,864	63.8	9.0

Earnings

COST/INCOME RATIO EVOLUTION

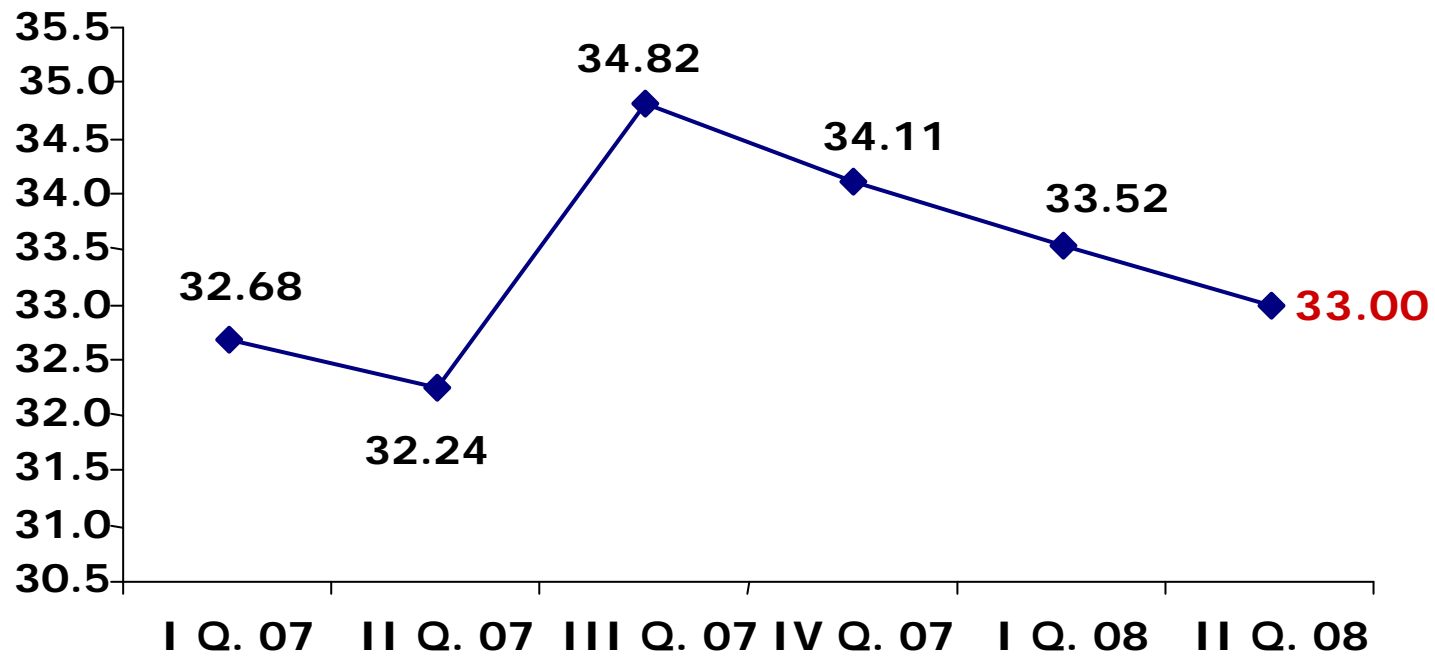


Earnings

COST/INCOME RATIO EVOLUTION

(%)

(Standalone quarters)



Earnings

IMPAIRMENT CHARGES

(€ million)

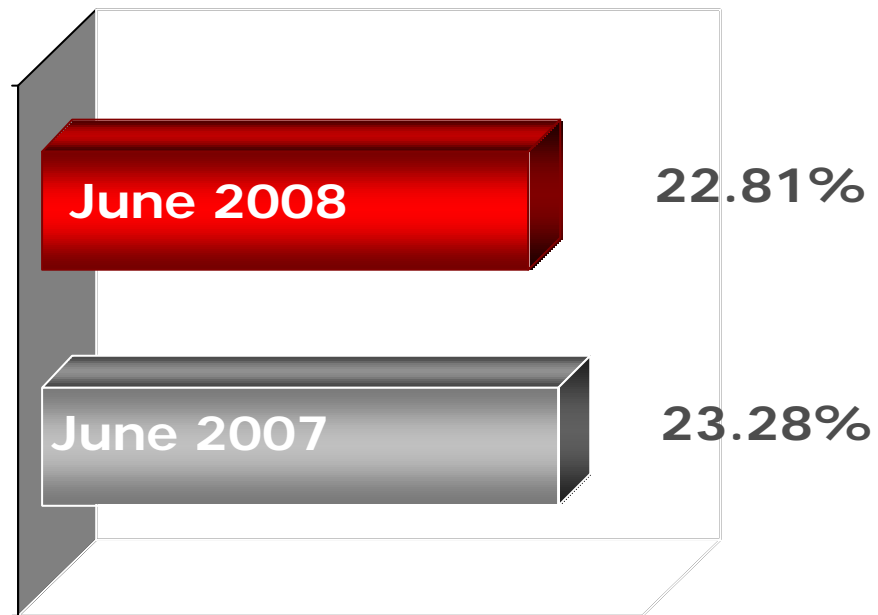
2008

	I Q.	II Q.
Loans impairment charges	129.2	331.9
Of which { Colonial Martinsa-Fadesa		173.4
Ordinary impairment charges	129.2	158.5

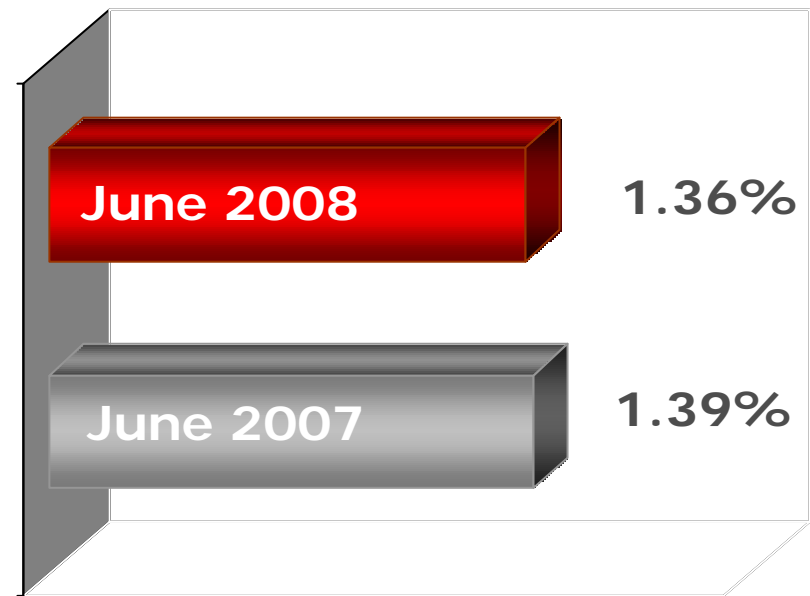
Earnings

PROFITABILITY

ROE



ROA



Earnings

RETURN & EFFICIENCY: SECTOR COMPARISON

ROA

Banco Popular	
June 08	1.36 %

Ave. Banks Dec. 07:	0.89%
Ave. Savings Banks Dec. 07:	1.02%

Cost/Income Ratio *

Banco Popular	
June 08	30.37 %

Ave. Banks Dec. 07:	38.08%
Ave. Savings Banks Dec. 07:	43.47%

Consolidated data

** Cost base excludes depreciation*

Source: AEB & CECA

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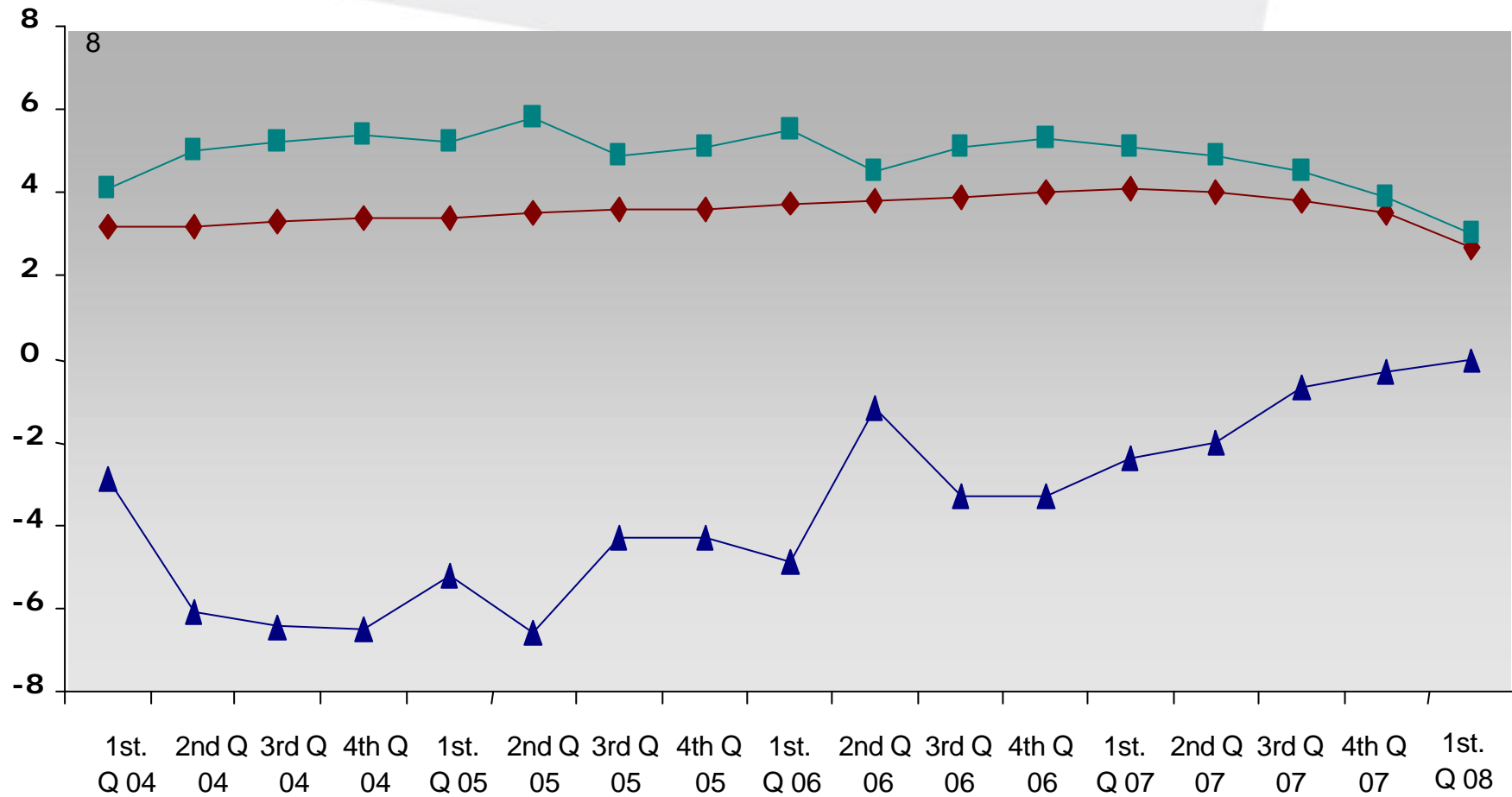
Solvency

SOLVENCY

<i>(€ Million)</i>	<i>Jun. 08</i>	<i>Dec. 07</i>	<i>Basle II June 08</i>
Total core capital	6,074 6.67%	5,752 6.47%	6,070 7.37%
Total Tier I	7,353 8.07%	7,040 7.92%	7,350 8.92%
Total Tier 2	1,532 1.69%	1,552 1.75%	1,040 1.26%
Computable BIS capital	8,885 9.76%	8,592 9.67%	8,389 10.18%
Total BIS risk weighted assets	91,083	88,877	82,371

ANNEX

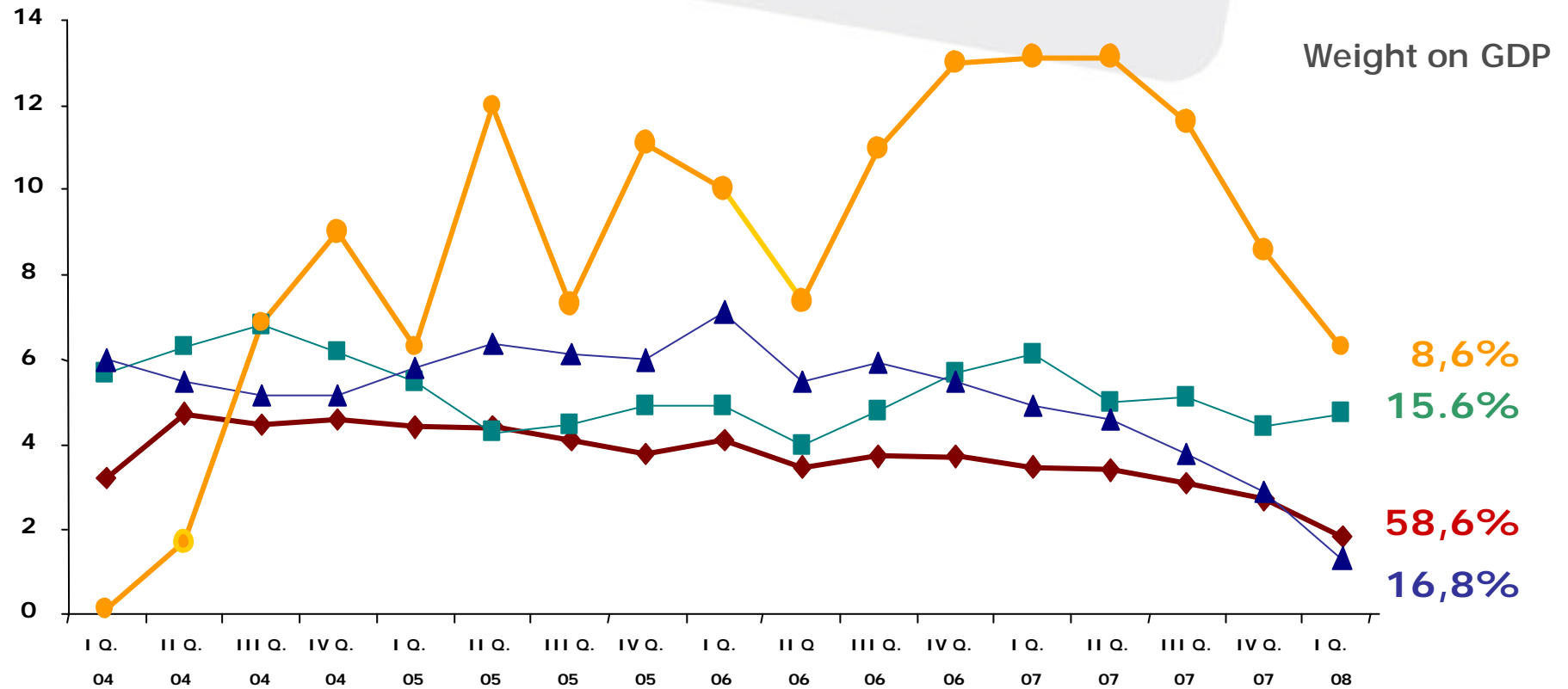
Macroeconomic Parameters in Spain



◆ GDP 2.7 % ◆ Internal Demand -3.0% ▲ Balance of Trade -0.0%

Source: INE

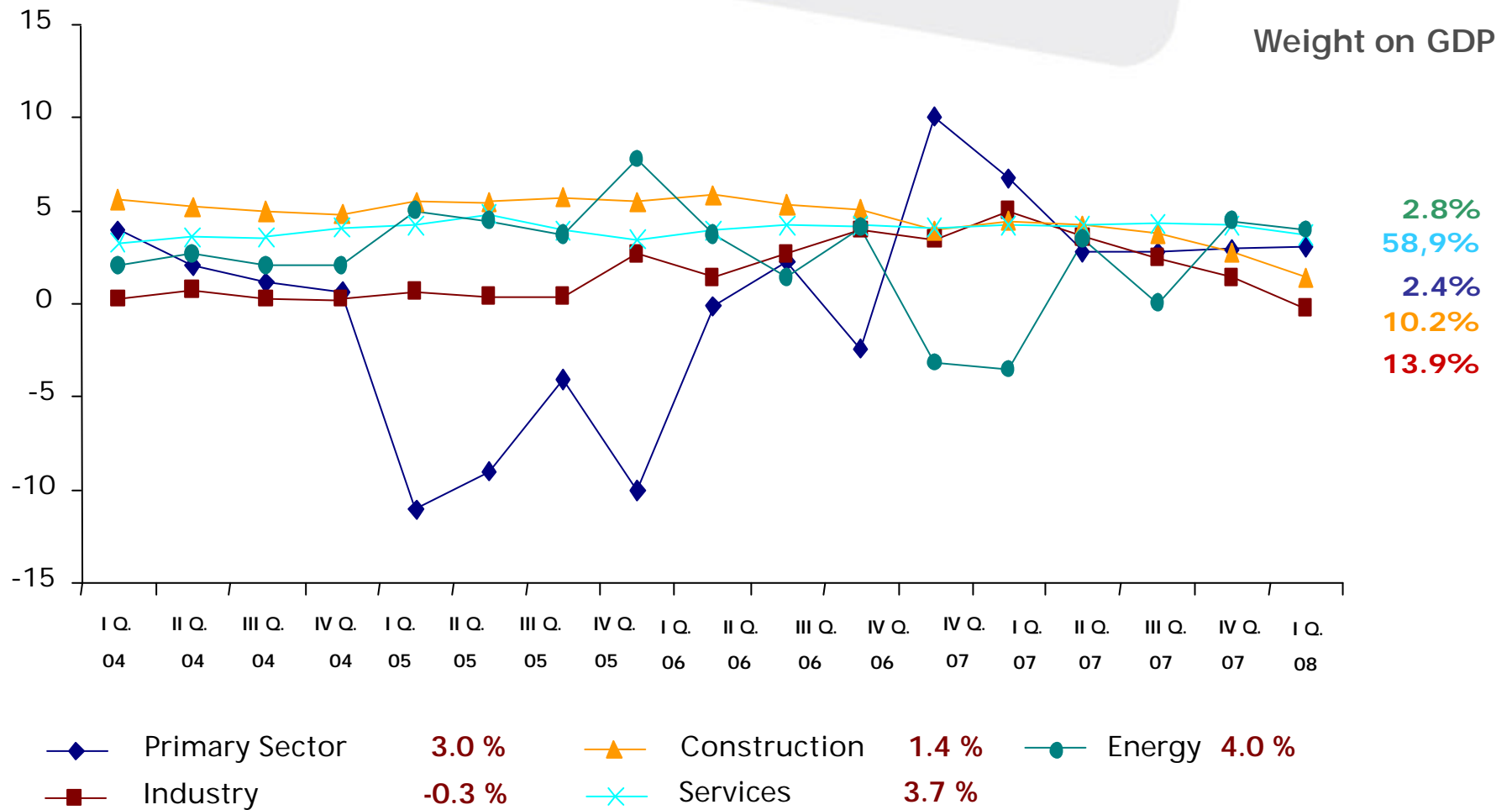
Macroeconomic Parameters in Spain



Personal consumption	1.8%	Government consumption	4.4%
Construction investment	1.3%	Capital goods investment	6.3%

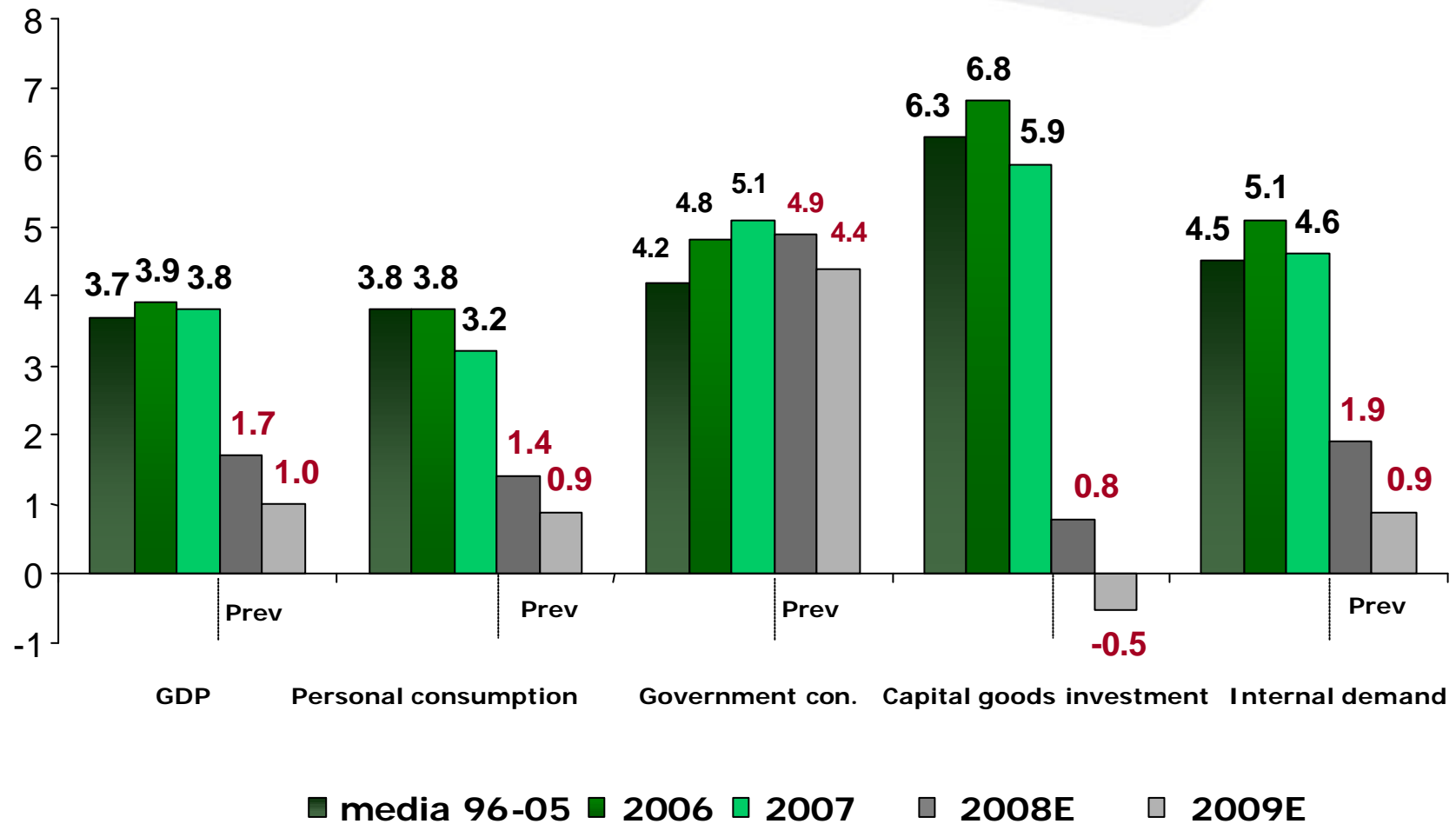
Source: INE

Macroeconomic Parameters in Spain



Source: INE

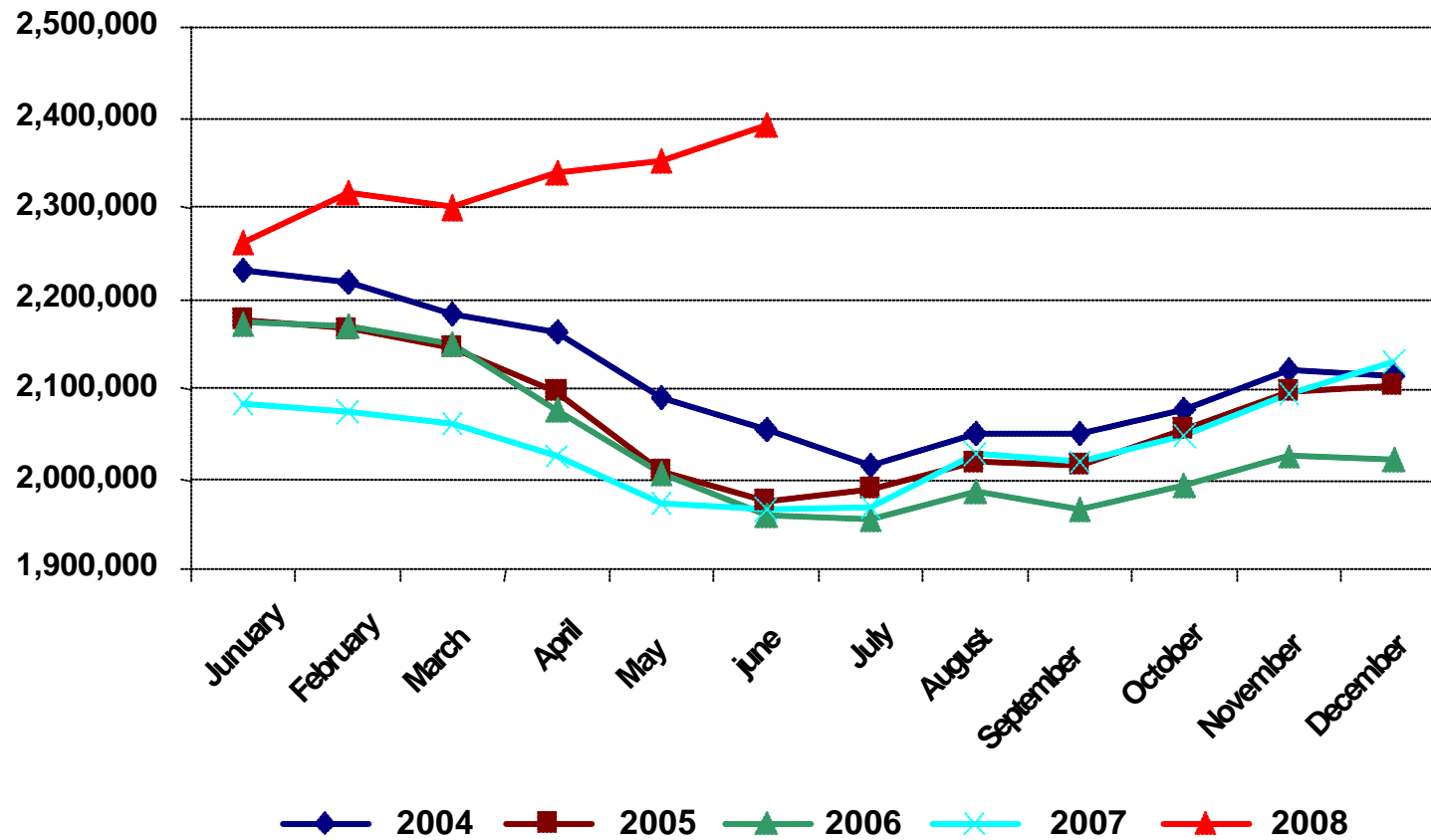
Economic Environment: SPAIN



Source: INE, FUNCAS

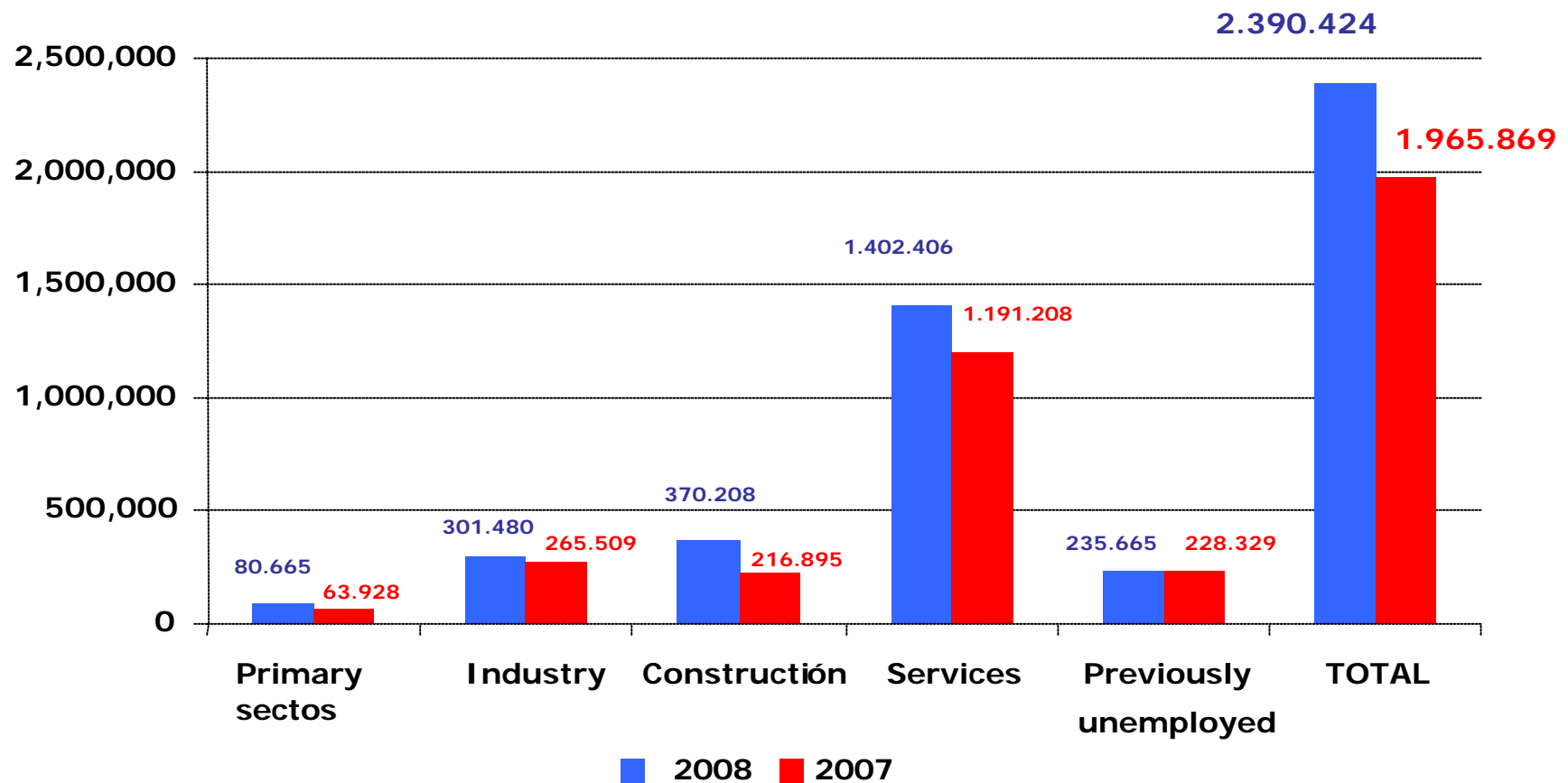
Economic Environment: SPAIN

UNEMPLOYMENT 2004 - 2008



Economic Environment: SPAIN

UNEMPLOYMENT BY SECTOR (june 08)



Economic Outlook: SPAIN

CPI (Spain)

(%)

	Monthly	Year to date	Year on Year
June 2008	0,6	2,8	5,0

The June CPI figure grew 0.40% to **5.0%**

Underlying inflation stood at **3.3%**, the same as in May

The CPI index grew **0.60%** in June



BANCO POPULAR ESPAÑOL
BANCO DE ANDALUCÍA
BANCO DE CASTILLA
BANCO DE CRÉDITO BALEAR
BANCO DE GALICIA
BANCO DE VASCONIA