



FINANCIAL RESULTS

2007



Banco Popular Group



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▶ Core Business Growth

▶ Funding Strength

▶ Branch Network Expansion

▶ Earnings

▶ Solvency



Core Business Growth

(€ million)

31.12.07

? %

Total assets managed
On-balance sheet total assets
Total equity
Funds managed:
 On-balance sheet funds
 Other intermediated funds
Lending to customers (gross)
Contingent risks

125,109

107,169

6,224

104,284

86,344

17,940

88,108

12,315

14.5

16.9

12.6

14.4

17.5

1.6

13.9

9.2

Customers (thousands)

6,748

2.3

Employees

15,037

7.0

Branches

2,531

3.6



Core Business Growth

■ MAJOR LOAN CATEGORIES (*)

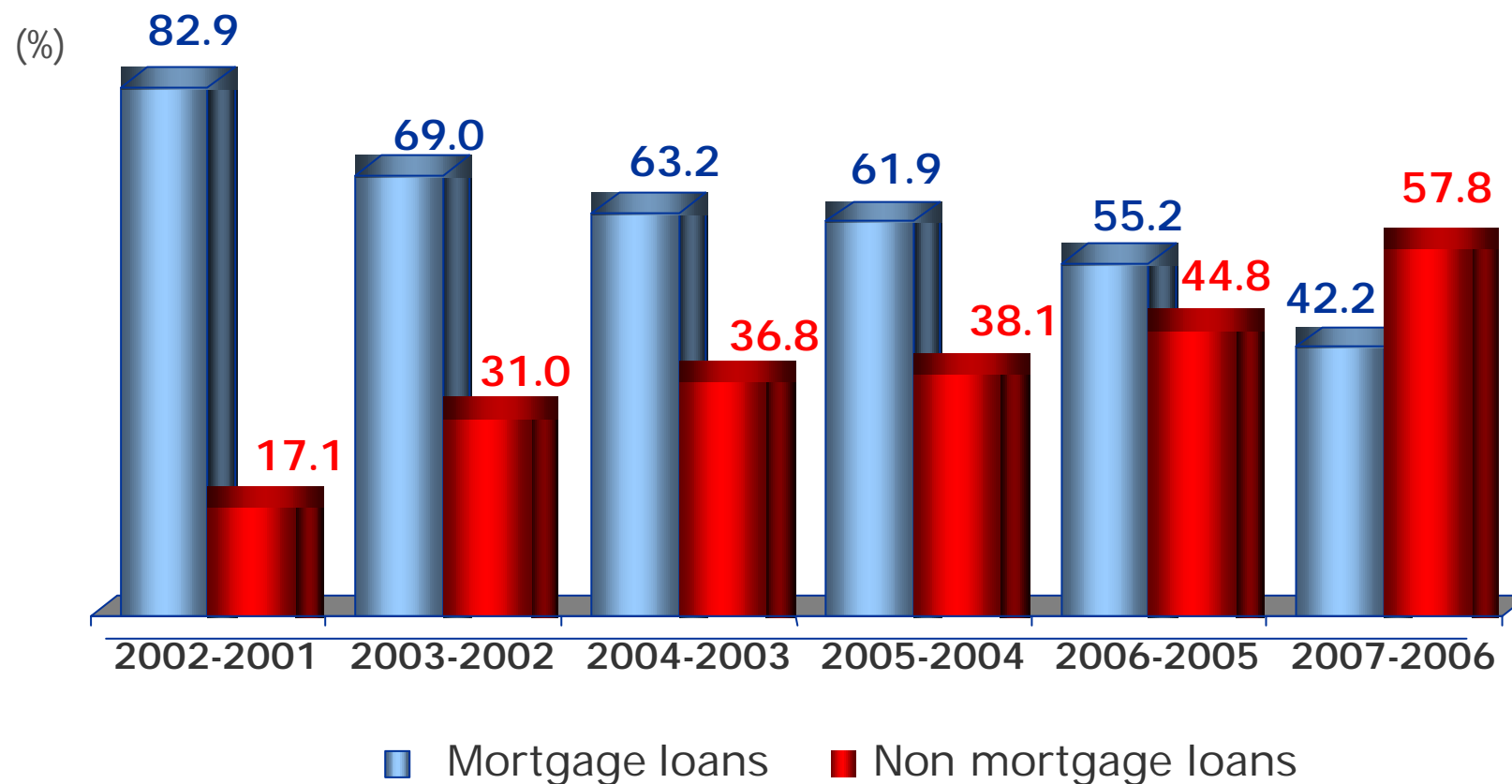
<i>(Accumulated % change)</i>	Growth rate December 07	% of Total loans
Bill discounting	2.8	8.8
Mortgage loans	11,4	53.7
Loans & overdrafts	22.8	33.2
Leasing	4.6	4.3
TOTAL	13.8	100.0

() All loans except NPLs & Repos*



Core Business Growth

■ CONTRIBUTION TO NET NEW LENDING

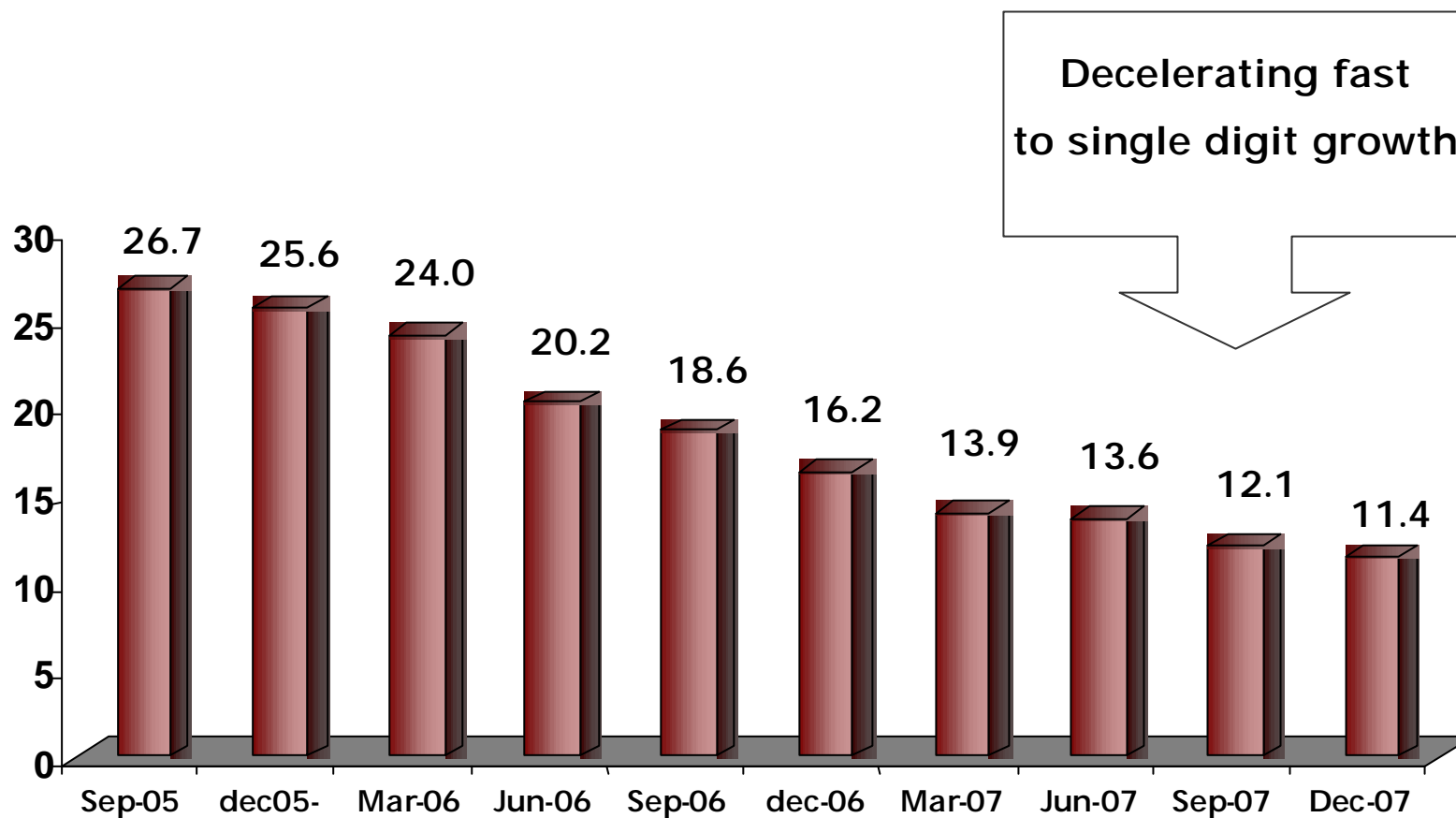


* Adjusted for securitization



Core Business Growth

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





Core Business Growth

Total loans for Residential Developments *
€ 4,994 million in loans to 1,810 names

Of which

- More than 55 % of loan value is completed over 75 %
- 52 % of loan value is in developments sold over 50 %
- Average LTV is 58.2 %

() As of sept-07. Loans to developments greater than € 1 million*



Core Business Growth

Outstanding mortgage loans to individuals



Average affordability is 27.3 % (as a percent of disposable income)

Conservative leverage over residential value

Mortgage loans

LTV

55,24%

Residential mortgage loans

58,24%

Residential mortgage to individuals loans

60,55%

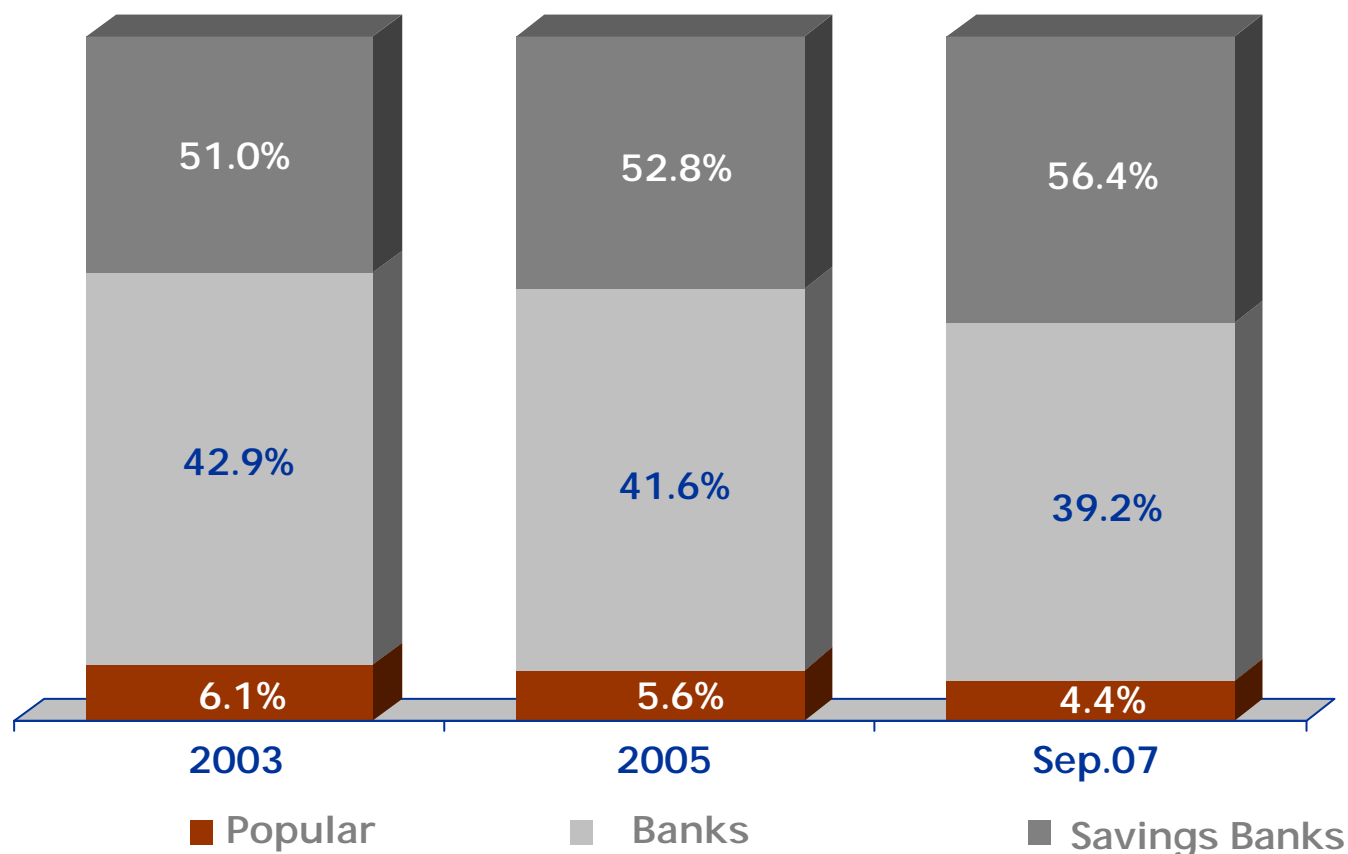
(*) sep 07



Core Business Growth

Loans to RE activity corporates of Bank and Savings Banks*

Market Shares

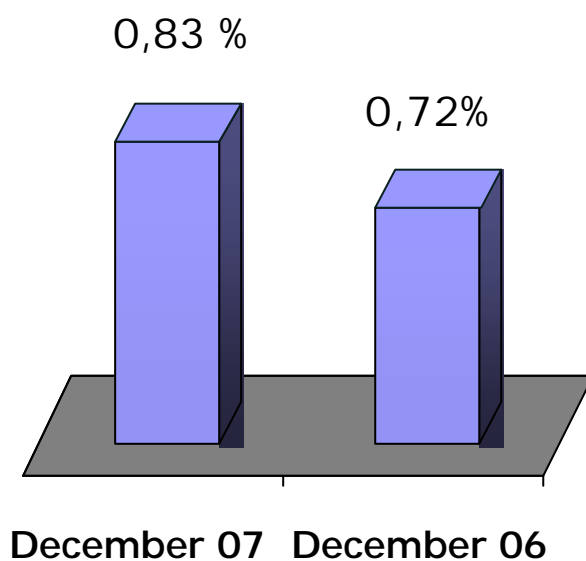


(*) Source: Bank of Spain T 13

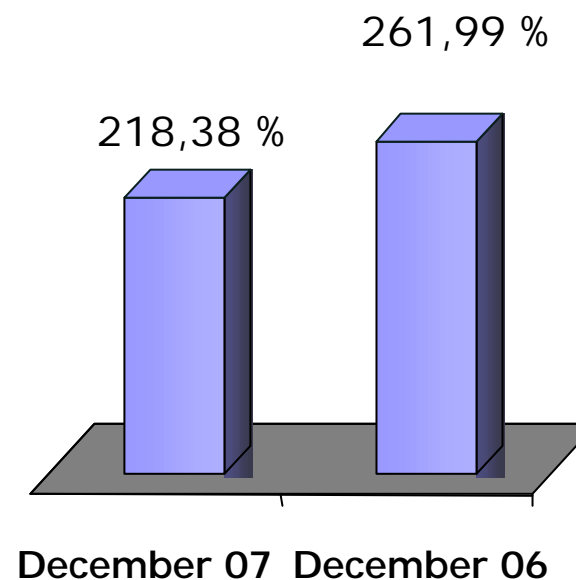


Core Business Growth – Improved asset quality

Nonperforming risk



NPR Coverage





Core Business Growth – Credit Improvement

■ NPLs AND RELATED COVERAGE

(€ Million)

1st. Q. 07

2nd. Q. 07

3ed.. Q. 07

4th. Q. 07

TOTAL

NPLs

Additions	183,1	176,1	217,5	271,7	848,4
Recoveries	96,8	108,2	91,5	126,8	423,3
Write-offs	-52,1	-51,4	-50,7	-71,9	-226,1
Total	34,2	16,6	75,3	73,0	199,0

COVERAGE

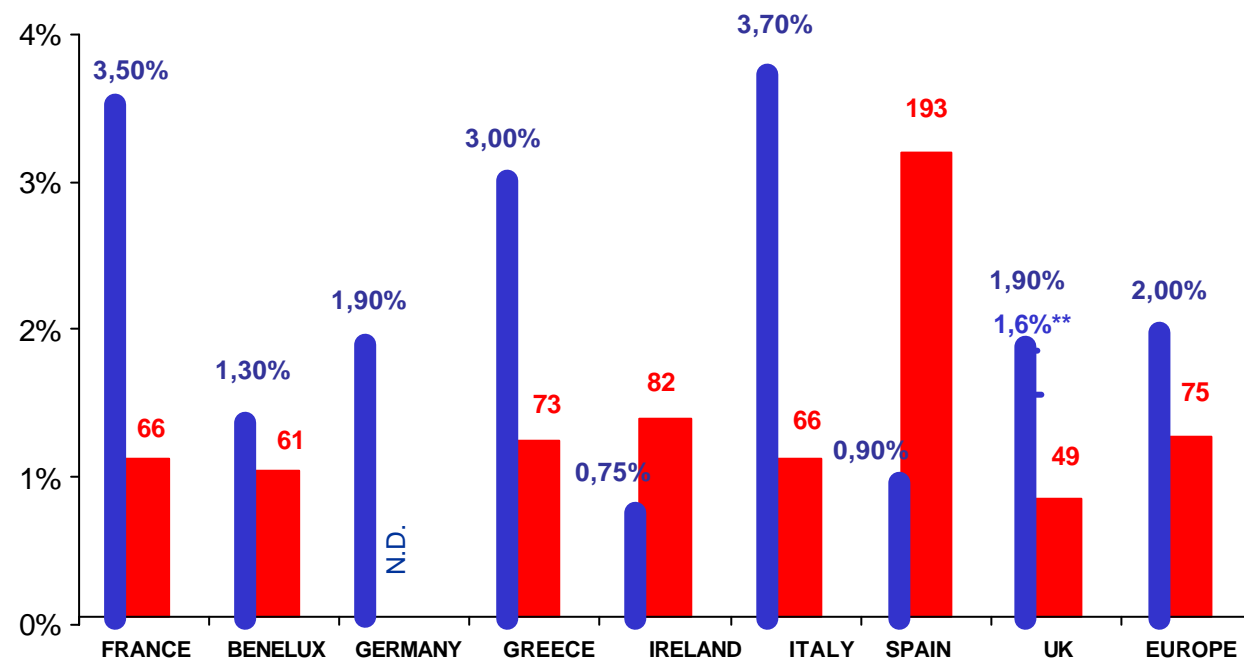
Balance	1.726,0	1.757,2	1.774,0	1.822,4	1.822,4
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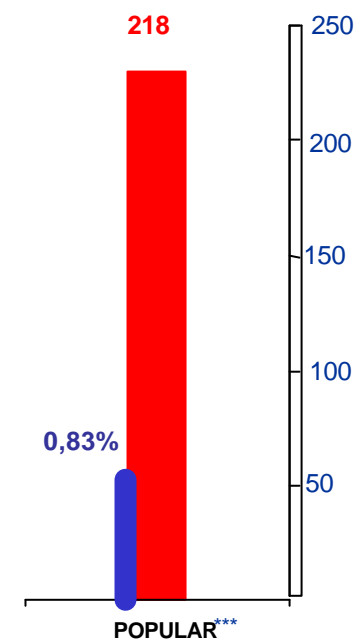
Core Business Growth– Improved asset quality

NPLs AND COVERAGE

NPLs



COVERAGE



* Estimates KBW, UBS y Bloomberg. Major Banks

** W/o Asian Banks

*** 12/07

 **COVERAGE**
 **NPLs**



Core Business Growth

■ CORE RESIDENT CUSTOMER FUNDING

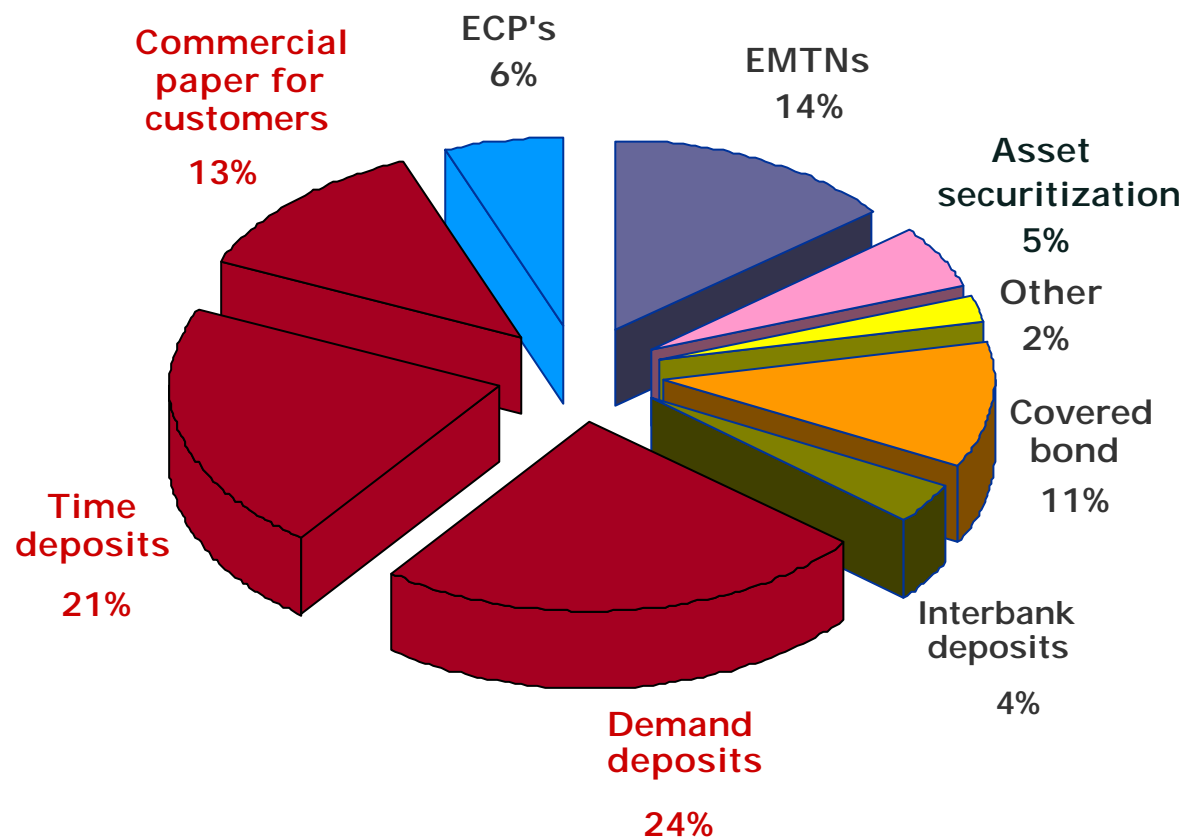
(€ million)

	Dec. - 07	Variation %	% of Total
Demand deposits	18,790.8	4.2	42.3
Time deposits	14,814.1	32.8	33.4
Commercial paper for customers	10,806.2	21.8	24.3
TOTAL	44,411.1	16.7	100.0



Core Business Growth

■ FUNDING BREAK-DOWN



Customer
funding

58%

Wholesale
funding

42%



Core Business Growth

- FUNDS MANAGED

(€ Million)

December 07

Var. %

On-balance sheet funds

86,343.9

17.5

Other intermediated funds:

17,940.4

1.6

Mutual funds

12,097.2

-0.3

Portfolio asset management

1,571.3

1.4

Pension funds

4,271.9

7.4

Total funds managed

104,284.3

14.4



Core Business Growth

MUTUAL FUNDS VOLUMES IN 2007 vs. INDUSTRY – SPAIN ONLY –

		Net Asset Value			
(€ million)	Dec. 07	% Change			
Money market	1,299.8	-8.0	Improvement in market share		
Bonds	4,509.3	15.7			
Fixed income	5,808.8	9.4	Dec 07	Dec 06	
			4.89	4.58	
Equity	1,323.4	-13.2			
Balanced	919.6	-27.3			
Guaranteed	3,045.7	12.3			
Global	564.7	-33.3			
TOTAL	11,662.2	0.0			
		-6.1			

BANCO POPULAR GROUP*
INDUSTRY

Outperformance due to:

Net Inflows

Management/markets

Popular

Industry

-2.4

-7.9

2.4

1.8

* Excluding BPP. The total amount including BPP amounts to €12,097.2 million (-0.3)

Source: Inverco



Core Business Growth

■ ASSET PORTFOLIO MANAGEMENT

(€ Million)	Dec 07	Dec 06	Change in Amount	%
Discretionary Asset Management				
Popular Gestión Privada	724.7	803.9	-79.2	-9.9
Banco Popular Portugal	216.5	218.1	-1.6	-0.7
Subtotal	941.2	1,022.0	-80.8	-7.9
HNWI-SICAV				
Sogeval	-	33.1	-33.1	-
Popular Gestión Privada	630.1	494.9	135.2	27.3
Subtotal	630.1	528.0	102.1	19.3
TOTAL	1,571.3	1,550.0	21.3	1.4



Core Business Growth

■ PENSION ASSETS UNDER MANAGEMENT

		Variation		
(€ Million)	Dec 07	Dec 06	Amount	%
Private Plans	3,374.1	3,143.6	230.5	7.3
Corporate Schemes	897.8	832.3	65.5	7.9
Group employees	680.4	639.4	41.0	6.4
TOTAL	4,271.9	3,975.9	296.0	7.4



- ▶ Core business growth

- ▶ Funding Strength

- ▶ Branch Network Expansion

- ▶ Earnings

- ▶ Solvency




Funding Strength

- Strengthening of liquidity during 2007
 - Sustained and robust growth in:
 - Pagarés para clientes: Domestic Commercial Paper placed among **customers** as a tax efficient alternative to time deposits
 - **€2 billion in the year**
 - ECP´s: Commercial paper placed among institutional clients
 - **€3.8 billion in the year**
 - Interbank funding reduced in € 500 million net borrowing position



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
- Displacement or maturities to future years has resulted in a very low and easily manageable volume of short term amortization
 - Up to August 2008: only €1 billion from medium to long term debt
 - €3 billion in remainder of year
- No discounting with ECB on 31 December 2007

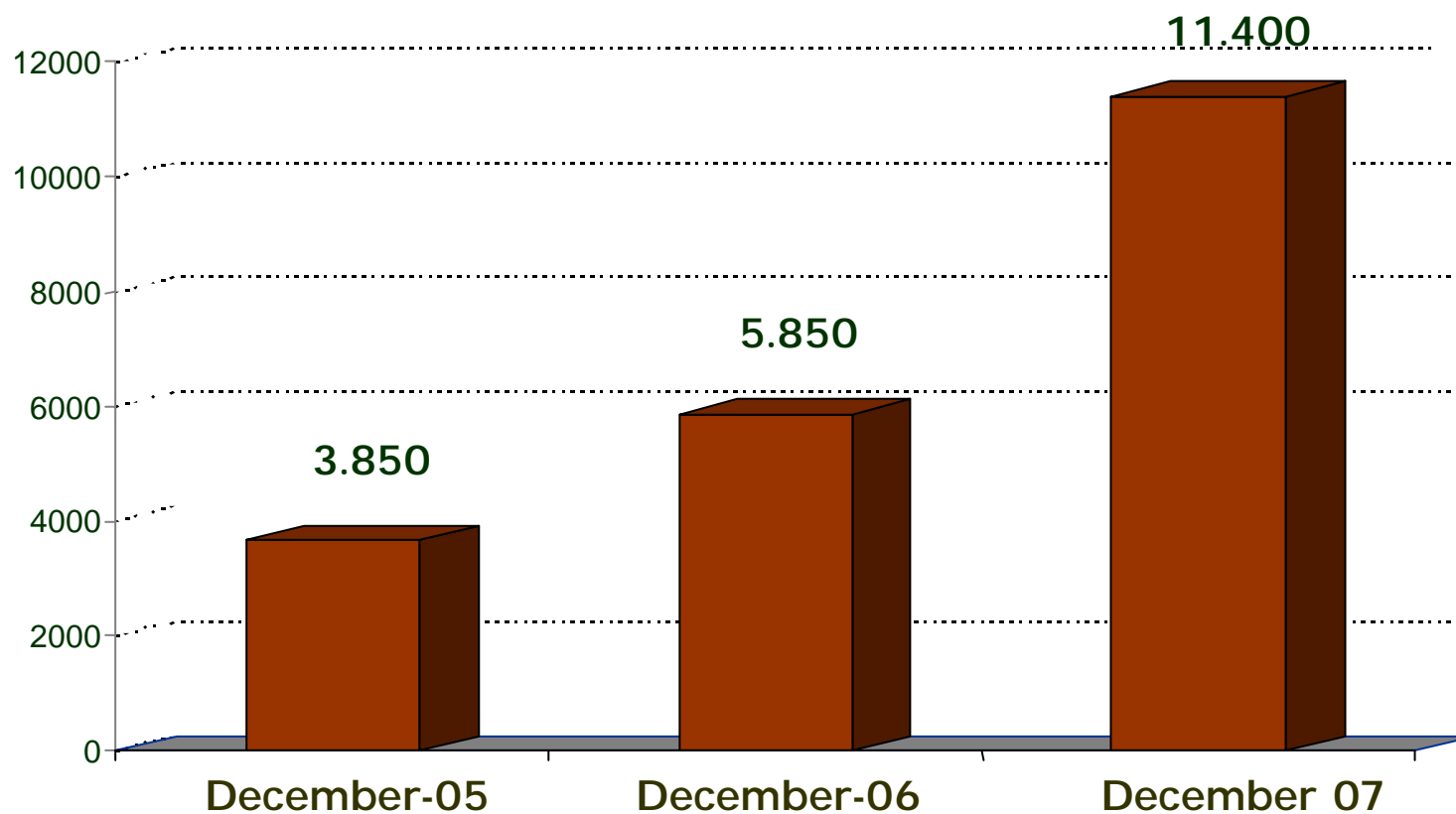


Funding Strength

- Strong backing to liquidity

Evolution of the Second line of liquidity

€ Million

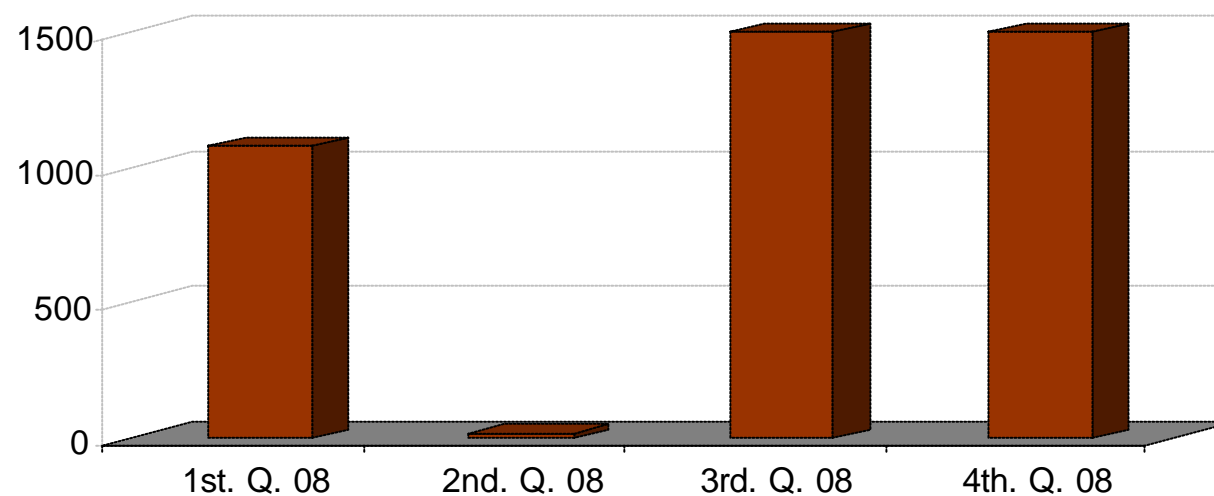




Funding Strength

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

Low funding requirements from maturities



Fully covered with 2nd liquidity line



- ▶ Core business growth
- ▶ Funding Strength
- ▶ Branch Network Expansion
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Branch Network Expansion

	Branches					
	Year 2006	Year 2007			SPAIN	ABROAD
	Nº Branches	Opened	Closed	Nº Branches		
Banco Popular	1.319	11	2	1.328		
Banco Andalucía	309	2		311		
Banco Crédito Balear	102			102		
Banco Castilla	196	1		197		
Banco Vasconia	128	2		130		
Banco Galicia	147			147		
Popular Portugal	200	18		218		218
Popular Banca Privada	16	5		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	1.123	42		1.165		
Total Group	2.442	53	2	2.493	2.245	248
Mundocredit branches	1	37		38	38	
Total	2.443	90	2	2.531	2.283	248



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



Earnings

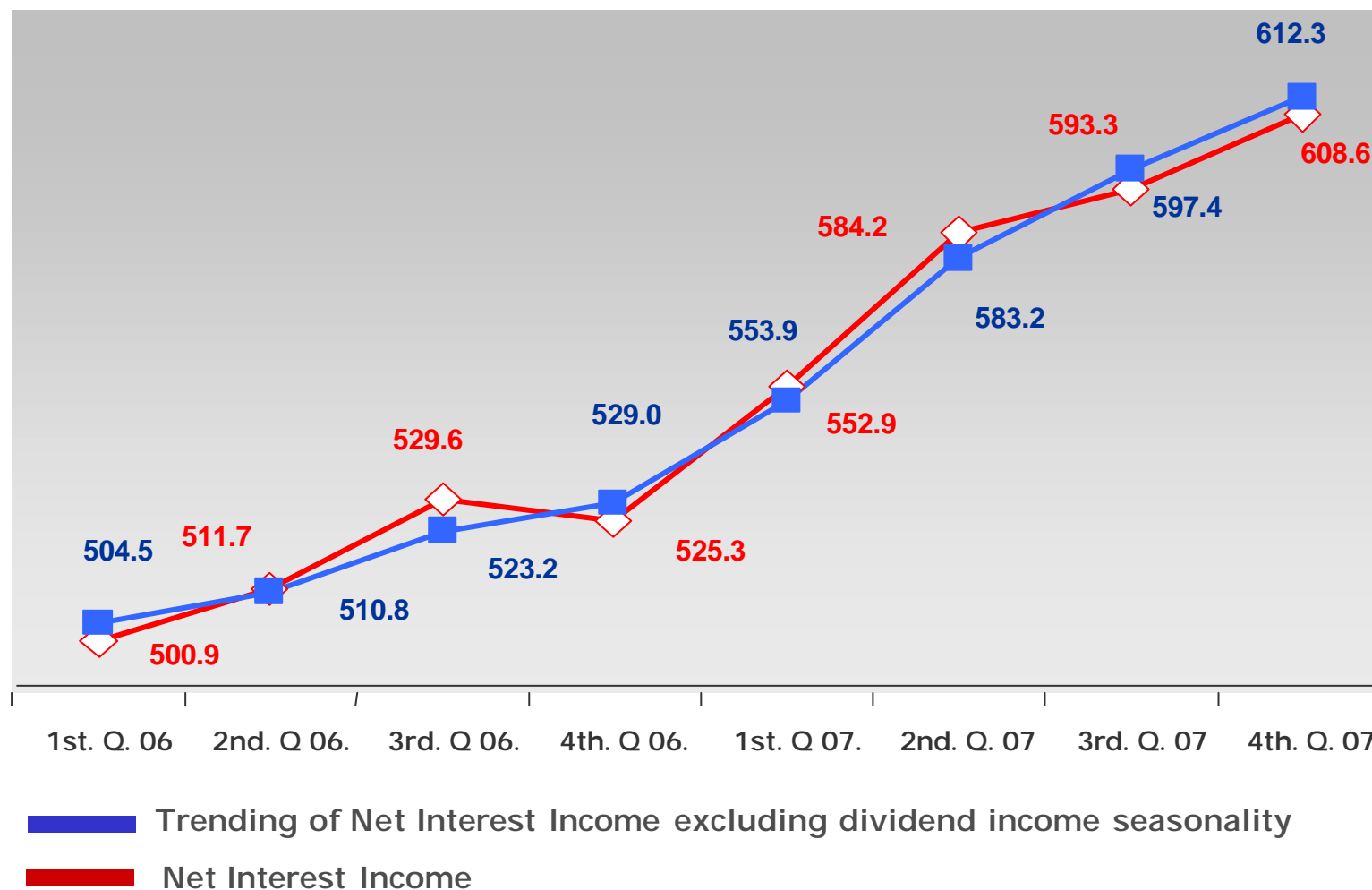
(€ Million)	Dec. 2007	Δ y-on-y (%)	Ex non recurring (%)
Net interest revenue	2,339.0	13.1	
Revenues from equity method entities	3.9	26.6	
Net fees	883.6	0.3	
Insurance business	53.4	18.2	
Asset trading	72.4	20.9	
Exchange gains (net)	52.2	2.0	
Gross Income	3,404.5	9.6	10.3
Operating cost	1,108.2	7.2	
Personnel expenses	755.9	7.1	
Other general administrative expenses	352.3	7.6	
Net Operating Income	2,245.6	11.4	12.6
Profit Before Taxes	1,943.9	12.8	15.7
Corporate income tax provision	607.3	-3.9	
Consolidated profit for the period	1,336.6	22.5	
Income attributed to minority interests	76.4	17.2	
Profit attributed to the Group	1,260.2	22.8	



Earnings

■ NET INTEREST REVENUE

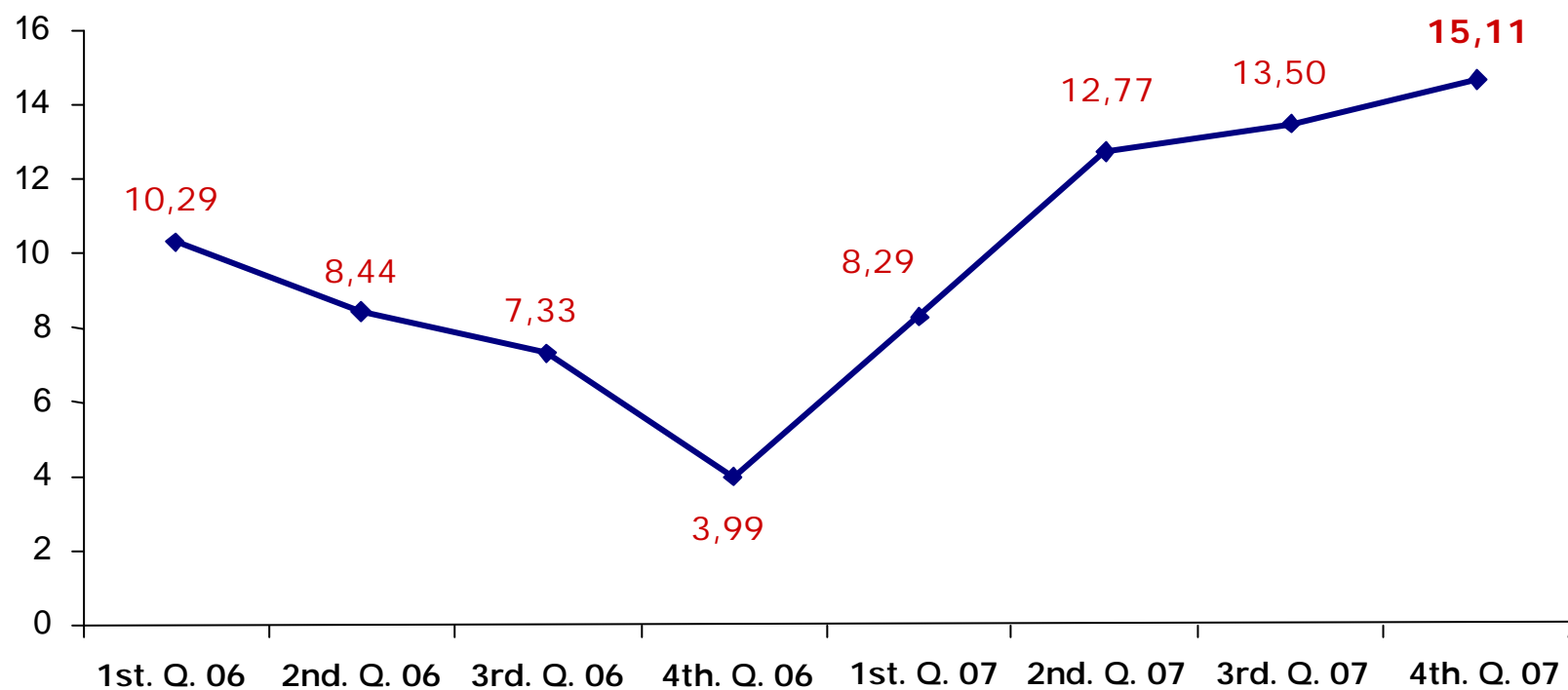
(€ Million)





Earnings

■ NET INTEREST REVENUE TREND EX-DIVIDENDS





Earnings

■ FEE INCOME GROWTH

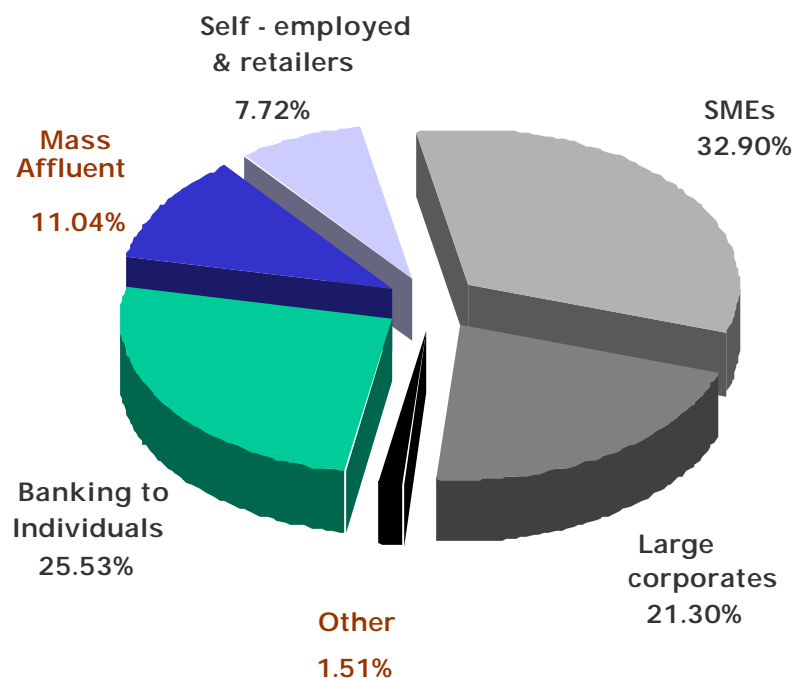
<i>Dec 2007</i>	Year-on-year (%)	As % of total fees
Loan-related fees:	7.5	12.1
Bill discounting	2.0	5.3
Other	12.2	6.8
Fees from guarantees	-3.3	14.5
Collection & card-related	-8.0	25.0
Forex & securities dealing	20.8	3.0
Customer financial asset mgt:	2.6	27.9
Securities portfolio	7.0	3.6
Mutual funds & pension plans	2.0	24.3
Account mgt. fees and other	5.6	17.5
TOTAL	0.3	100.0



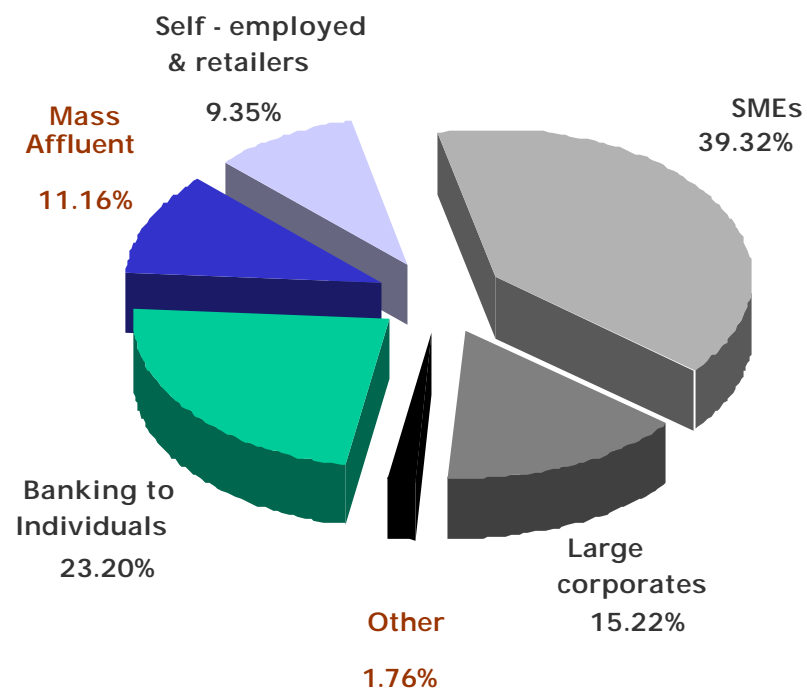
Earnings

- Asset and revenue segmentation

As % of Asset Volume



As % of Total Revenue





Earnings

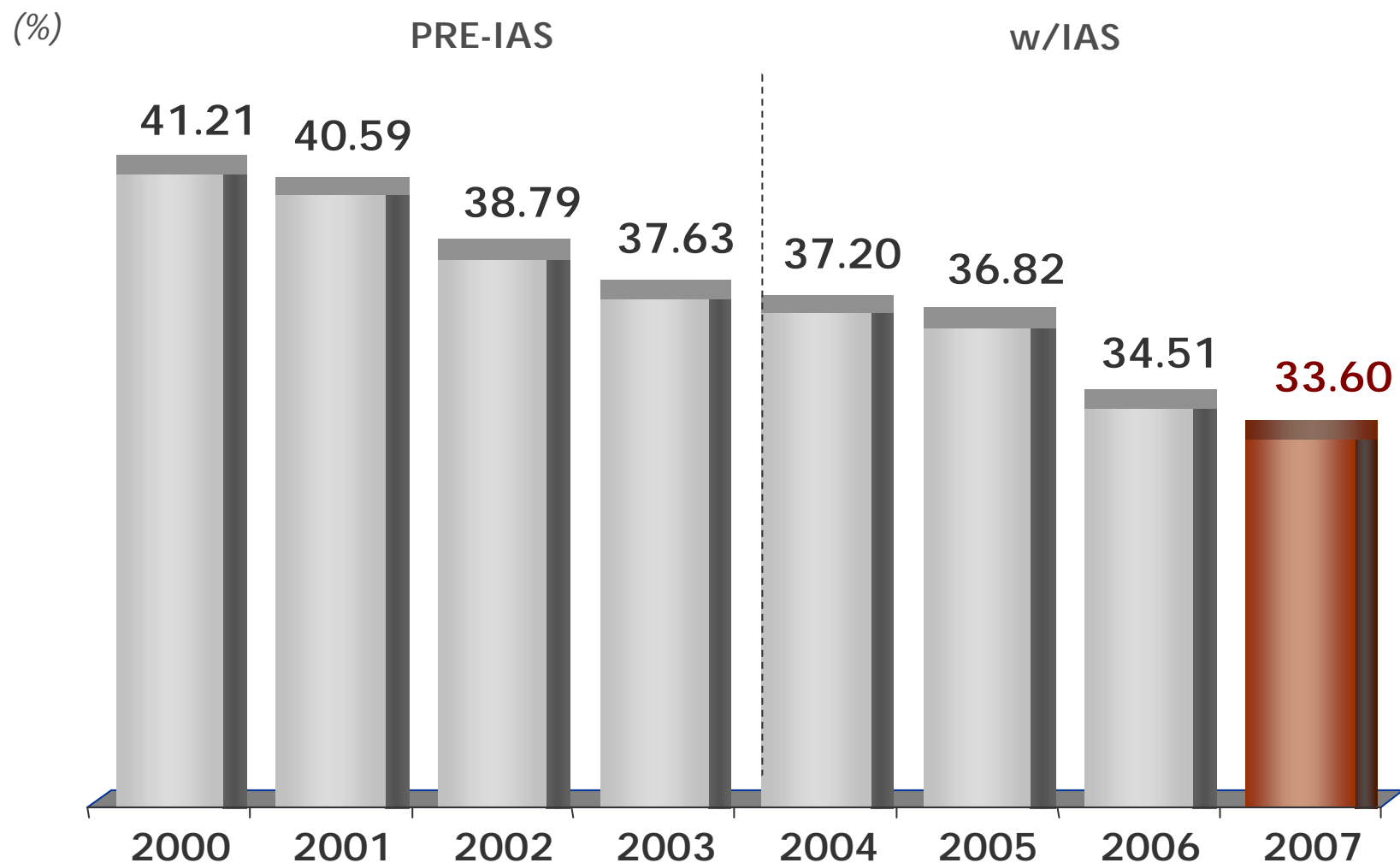
■ NON-PAYROLL EXPENSES

<i>(€ Thousand)</i>	Dec. 07	% variation	As % of total expenses
General Expenses	352,297	7.6	100.0
Rentals	55,838	7.5	15.8
Communications	25,957	-8.2	7.4
Maintenance of premises & equipment	23,633	-0.7	6.7
IT and other technical expenses	73,447	9.1	20.8
Office supplies	7,964	2.8	2.3
Technical reports and legal expenses	17,523	50.5	5.0
Advertising	38,746	2.6	11.0
Insurance	4,528	-0.9	1.3
Security and fund transport services	18,966	-0.4	5.4
Travel	12,990	10.4	3.7
Property taxes, VAT and other	51,899	16.5	14.7
Other general expenses	20,806	9.2	5.9



Earnings

■ COST/INCOME RATIO EVOLUTION

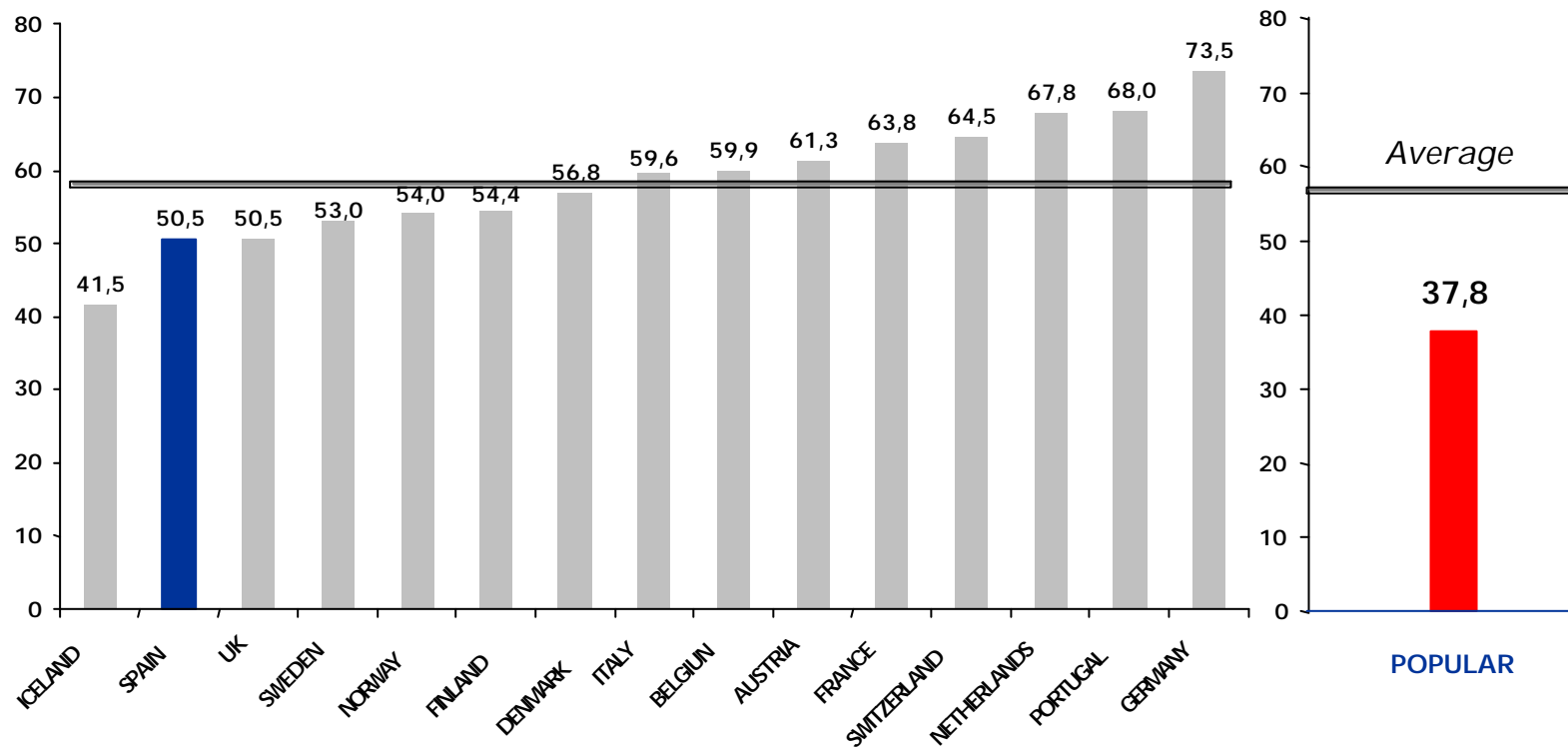




Earnings

Popular: European Leader in cost/income ratio (*) 2004-06

Average Cost/Income (incl. Depreciation) (%)



(*) Source: Arthur D. Little



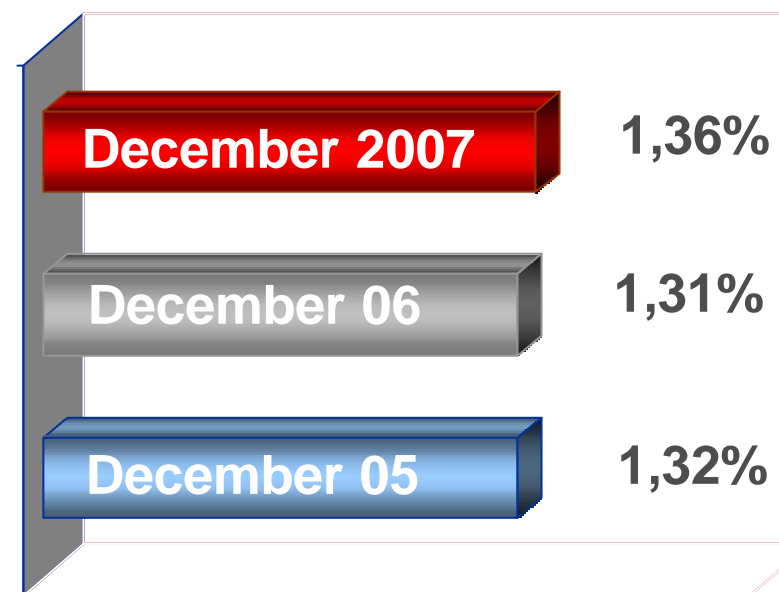
Earnings

- PROFITABILITY

ROE



ROA





Earnings

■ RETURN & EFFICIENCY: SECTOR COMPARISON

ROA

Banco Popular	
December 07	1.36 %

Ave. Banks Sep. 07:	1.19%
Ave. Savings Banks Sep. 07:	0.91%

Cost/Income Ratio *

Banco Popular	
December 07	30.69 %

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

Consolidated data

** Cost base excludes depreciation*

Source: AEB & CECA



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Solvency

- SOLVENCY

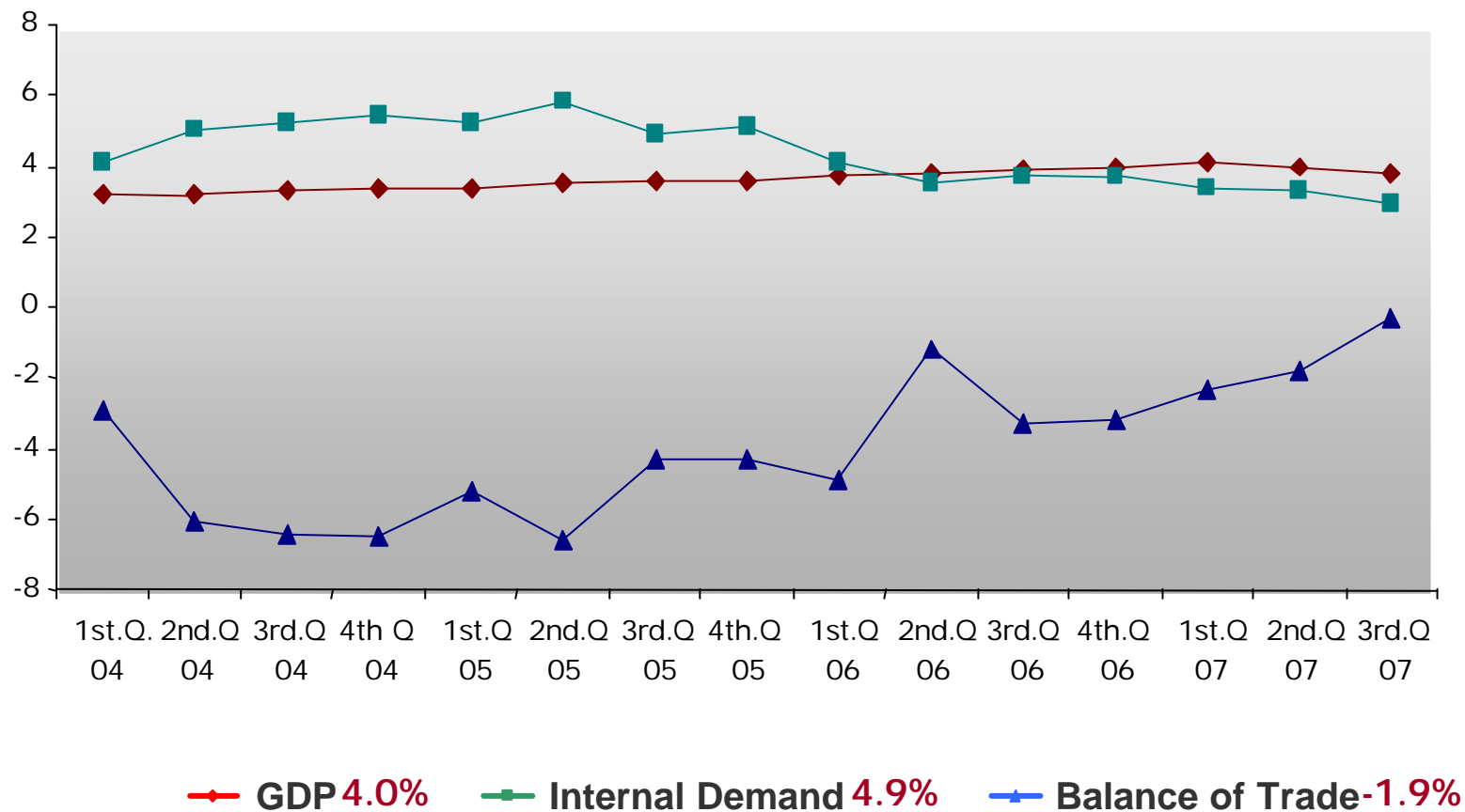
(€ Million)

	<i>Dec. 07</i>	<i>Sep. 07</i>	<i>Dec. 06</i>
Total core capital	5,752.2 6.47%	5,682.1 6.66%	5,201.7 6.74%
Total Tier I Capital	7,040.2 7.92%	6,970.1 8.17%	6,189.7 8.02%
Total Tier 2 Capital	1,552.1 1.75%	1,512.9 1.77%	1,423.6 1.85%
BIS computable capital	8,592.3 9.67%	8,483.0 9.94%	7,613.3 9.87%
Total BIS risk weighted assets	88,877.4	85,313.3	77,140.2

ANNEX



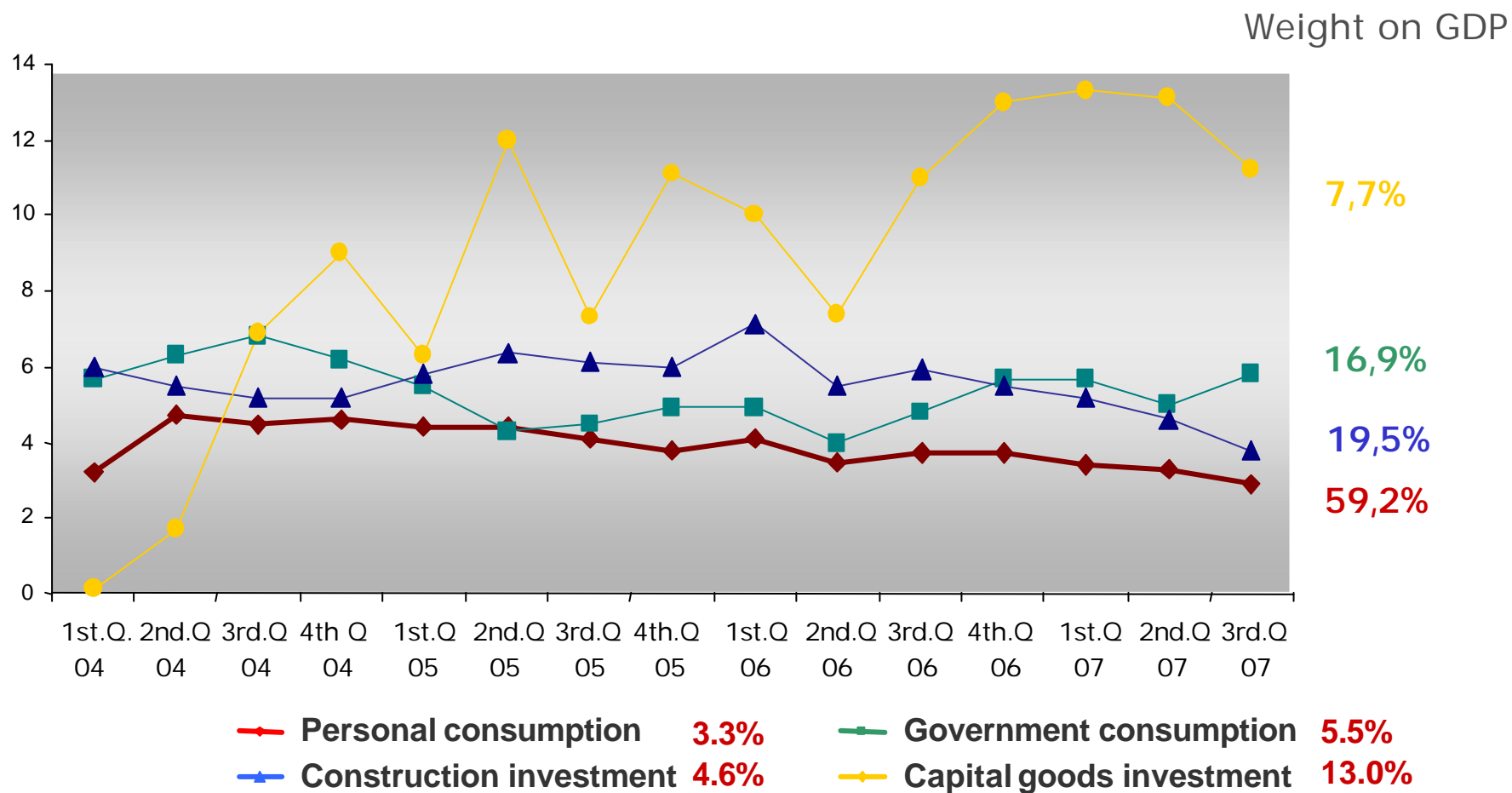
Macroeconomic Parameters in Spain



Source: INE



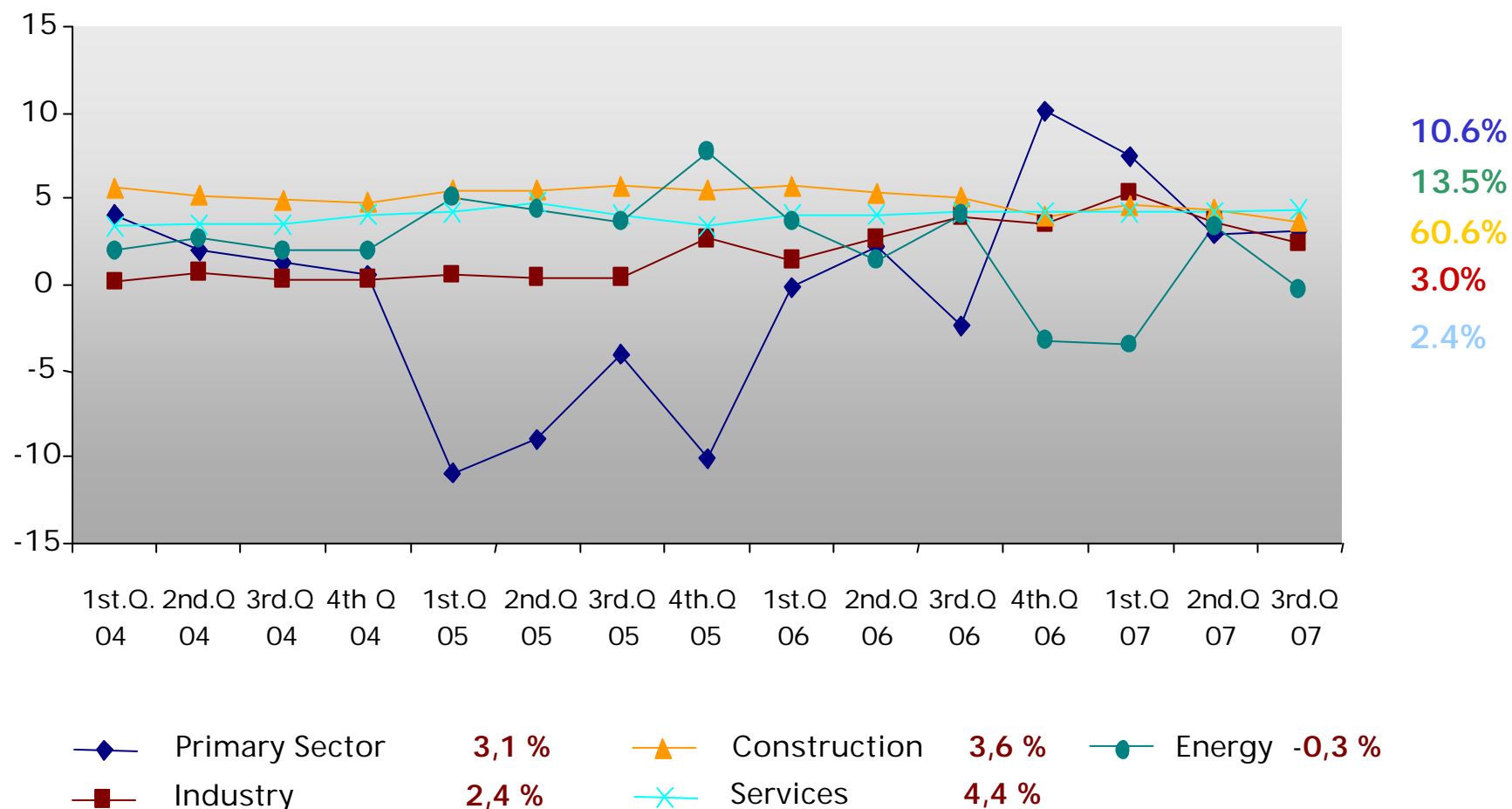
Macroeconomic Parameters in Spain





Macroeconomic Parameters in Spain

Weight on GDP



Source: INE

2007

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