

Madrid, 27th April 2009

FINANCIAL RESULTS 2009
1st QUARTER



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Agenda

1. Highlights of the Quarter
2. Profit & Loss Account
3. Business performance
4. Solvency and Liquidity
5. Conclusions

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1 Highlights of the Quarter

- 0 Exceptional growth – the largest in many years- in the three margins: clients, business and total
- 1 Net Recurrent Profit of **300.5 M €** **-0.6 %** compared to 1Q08
- 2 Core capital ratio increases **17** basis points in 1Q09. The highest tangible equity amongst European and American banks
- 3 Efficiency ratio reaches a new record: **28.34%**
- 4 Outstanding growth of **19.1%** in pre-provision profit
- 5 Priority of soundness over earnings: **175 M €** of precautionary provisions
- 6 Recurrency of revenues: strong net interest income which grows by **16.4%**
- 7 Reduction in operating expenses of **2.0%**

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2

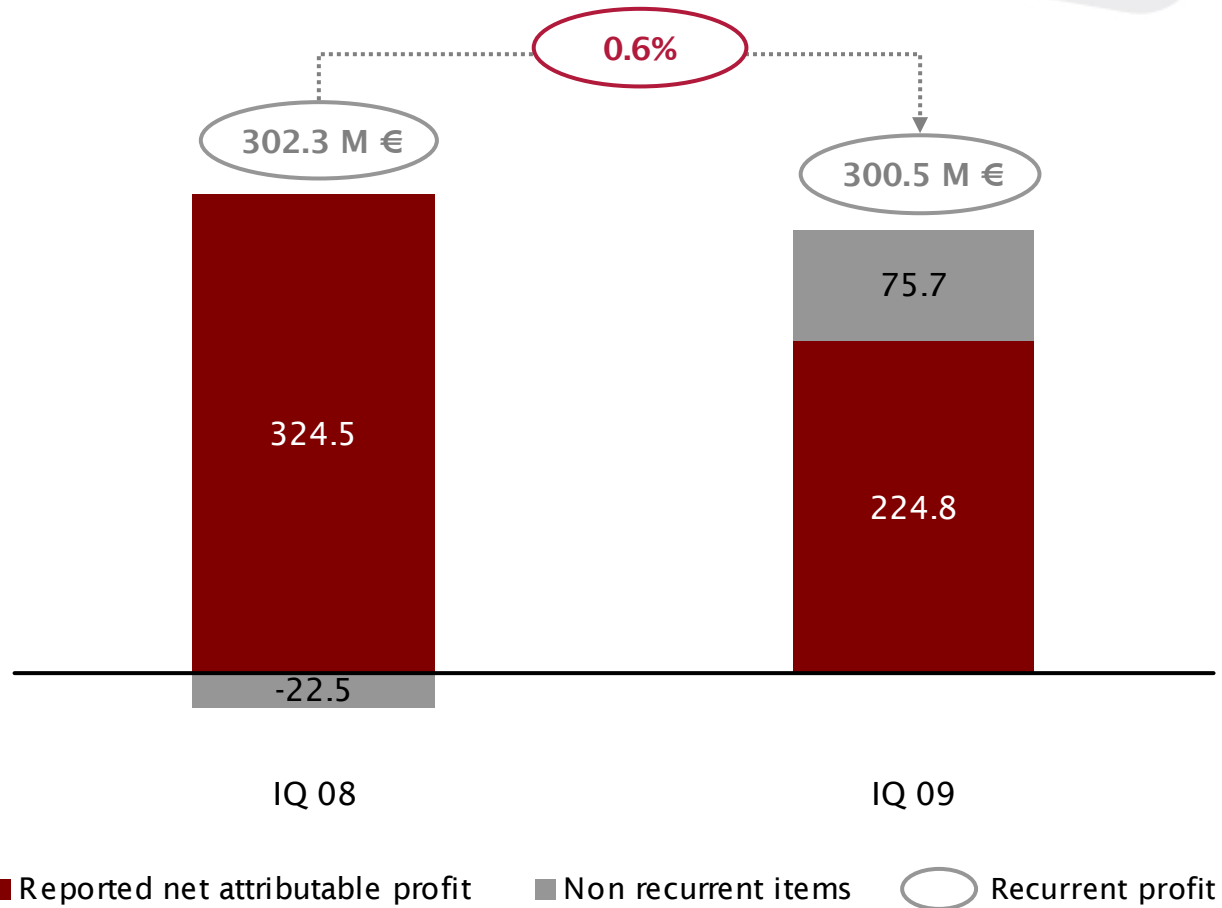
The recurrent banking business shows outstanding strength despite the difficult economic background

Euro '000	IQ 08	IQ 09	Var (%)
Net interest income	624,689	727,091	16.4
Net fees and comissions and other	275,123	277,833	+1.0
Gross income	899,812	1,004,924	11.7
Personnel expenses	198,583	192,850	-2.9
Other general expenses and amortisations	118,185	117,535	-0.6
Net Operating Income (Pre-provision Profit)	583,044	694,539	19.1
Impairment charges (net)	131,632	304,015	>
Other results	28,927	-74,794	<
Net attributable profit	324,534	224,761	-30.7
Net recurrent attributable profit	302,308	300,459	-0.6%

2

After precautionary provisions, net attributable profit reaches 225 M €

Excluding non recurrent items, net attributable profit is in line with 1Q08



2

All margins are above market estimates, while net attributable profit is in line

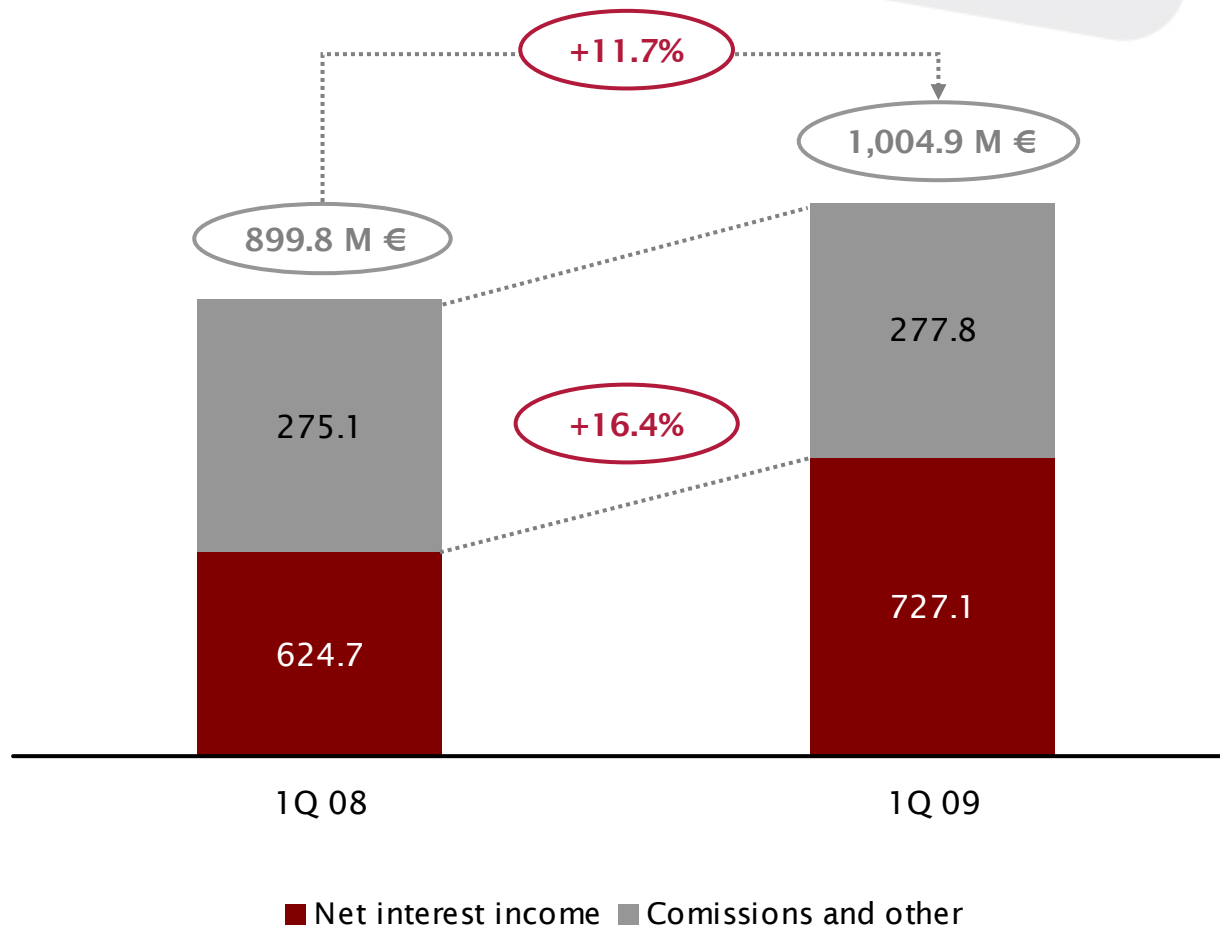
Euro millions	IQ 09	Market Consensus ⁽¹⁾	Diff vs consensus
Net interest income	727.1	651.3	+11.6%
Gross income	1,004.9	910.2	+10.4%
Operating expenses	284.8	303.1	-6.0%
Net operating income (Pre-provision profit)	694.5	594.2	+16.7%
Impairment charges including precautionary provisions and other extraordinary items ⁽²⁾	368.0	282.4	+30.3%
Net attributable profit	224.8	214.5	+4.8%
Recurrent net attributable profit	300.5	n.A	n.a

⁽¹⁾ Source: Analysts' estimates

⁽²⁾ Precautionary provisions of 175 M €

2 1,004.9 M € of revenues in 1Q09, 12% above 1Q08

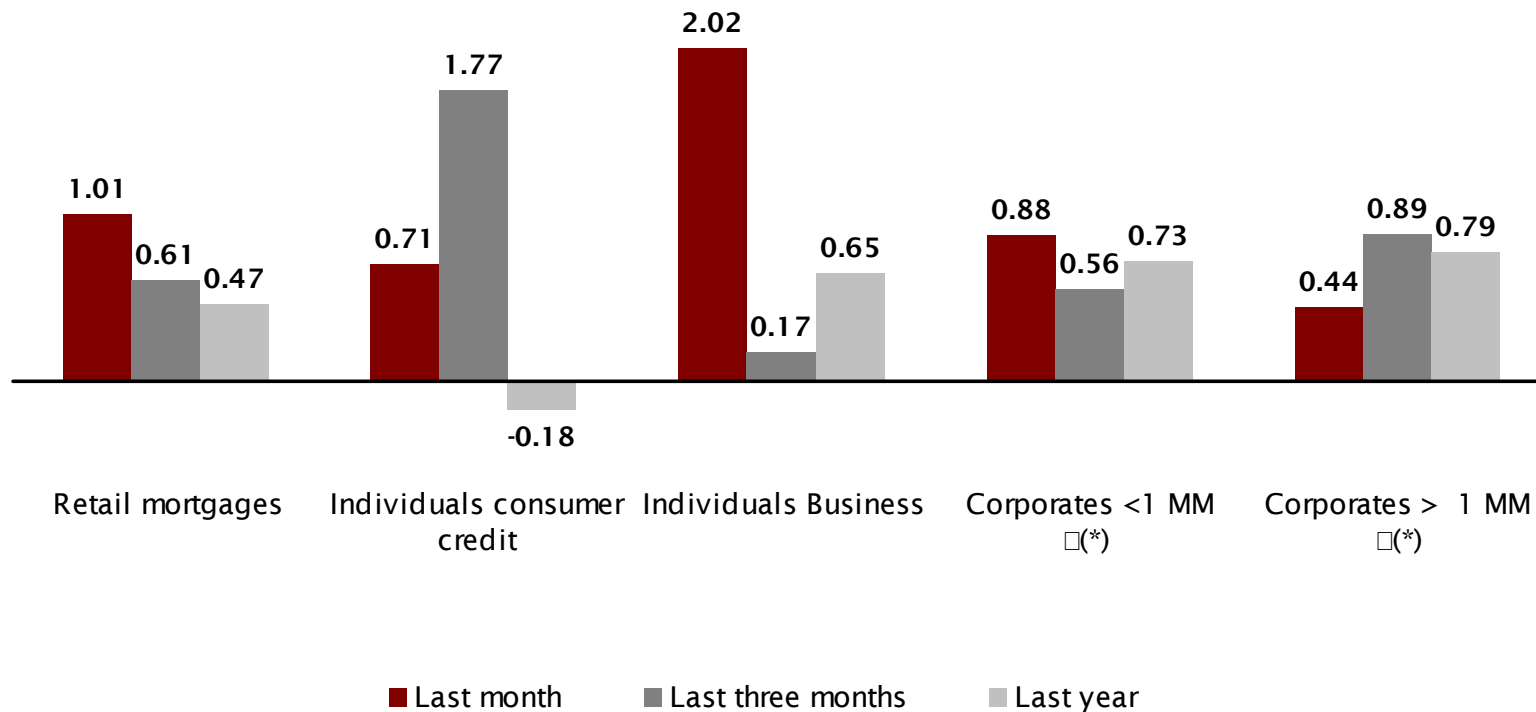
Gross income evolution (M €)



2

Solid revenues: Banco Popular maintains larger spreads in its transactions

Avg. interest rates spreads vs. Spanish banks in monthly completed transactions. APR (%)

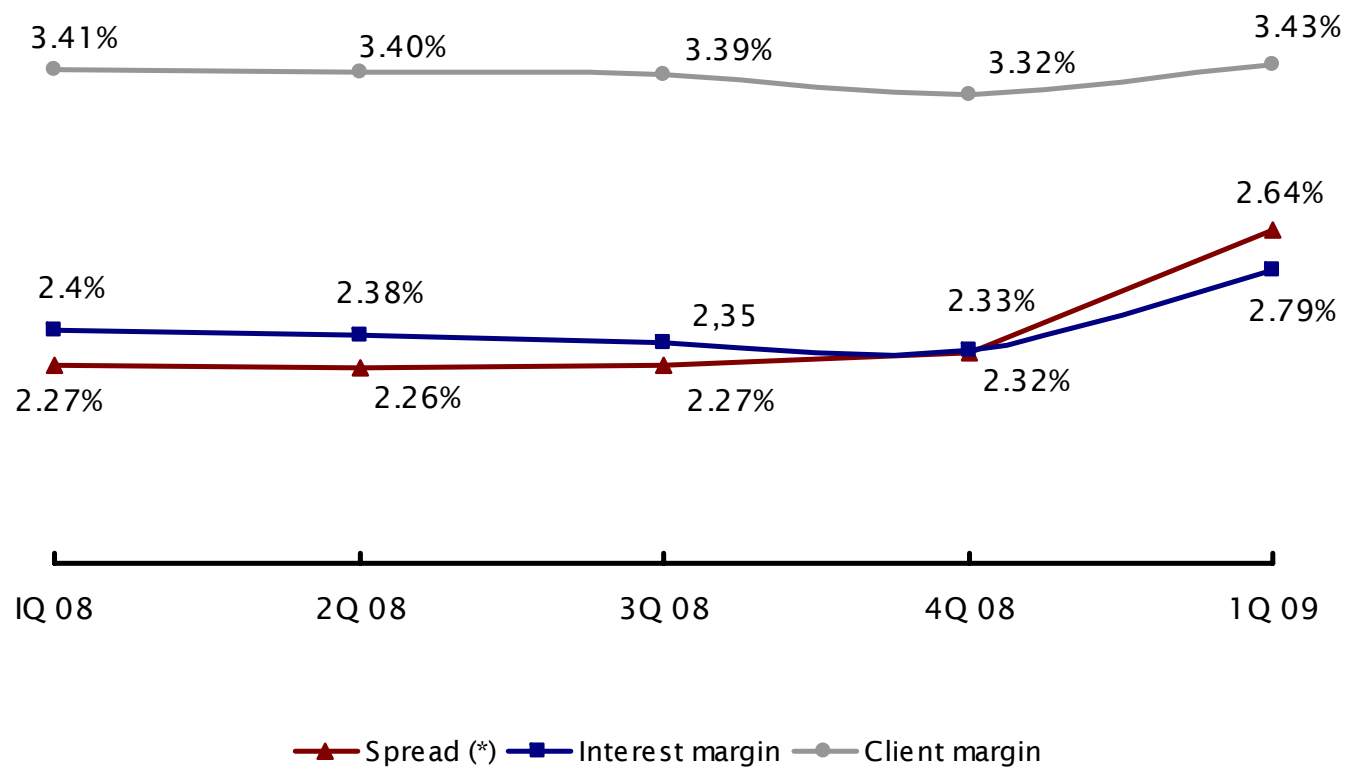


(*) Completed transactions of more / less than 1 M €
Source: Banco de España

2

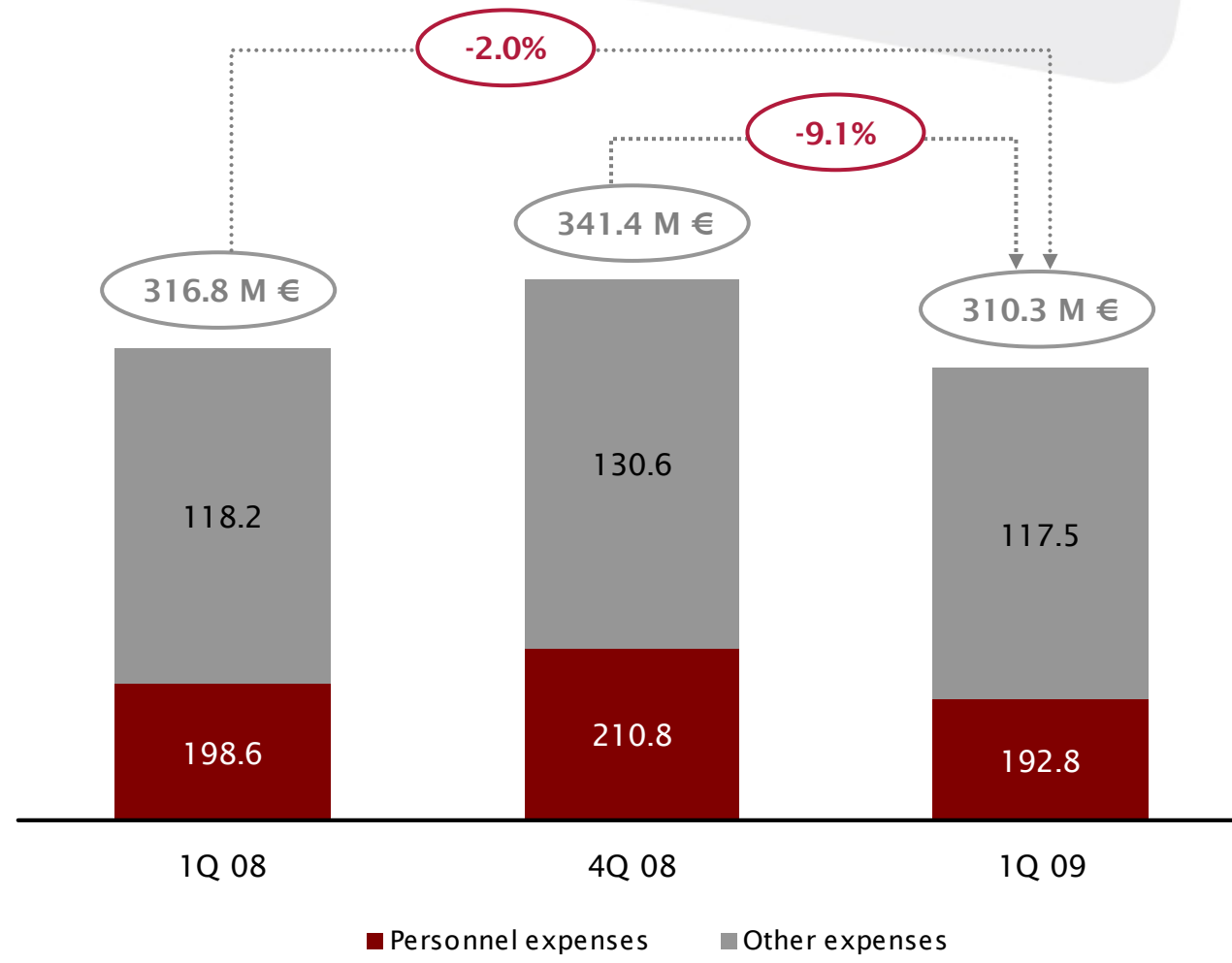
The increase of asset yields has offset the rise in the retail funding cost

Evolution of financial margins (%)



(*) Interest earning assets - Interest bearing liabilities

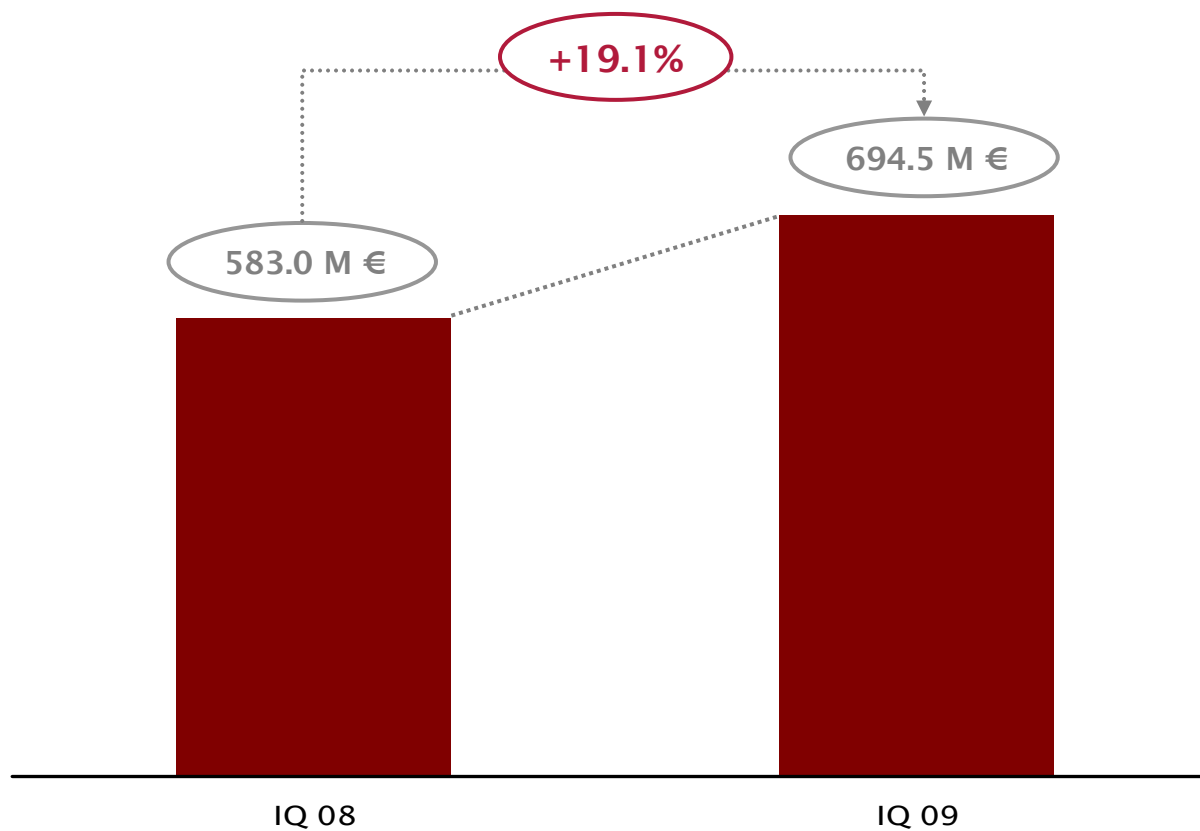
2 Reduction in operating expenses



2 Higher revenues and lower operating expenses drive Net Operating Income (Pre-provision profit) up by 19.1%

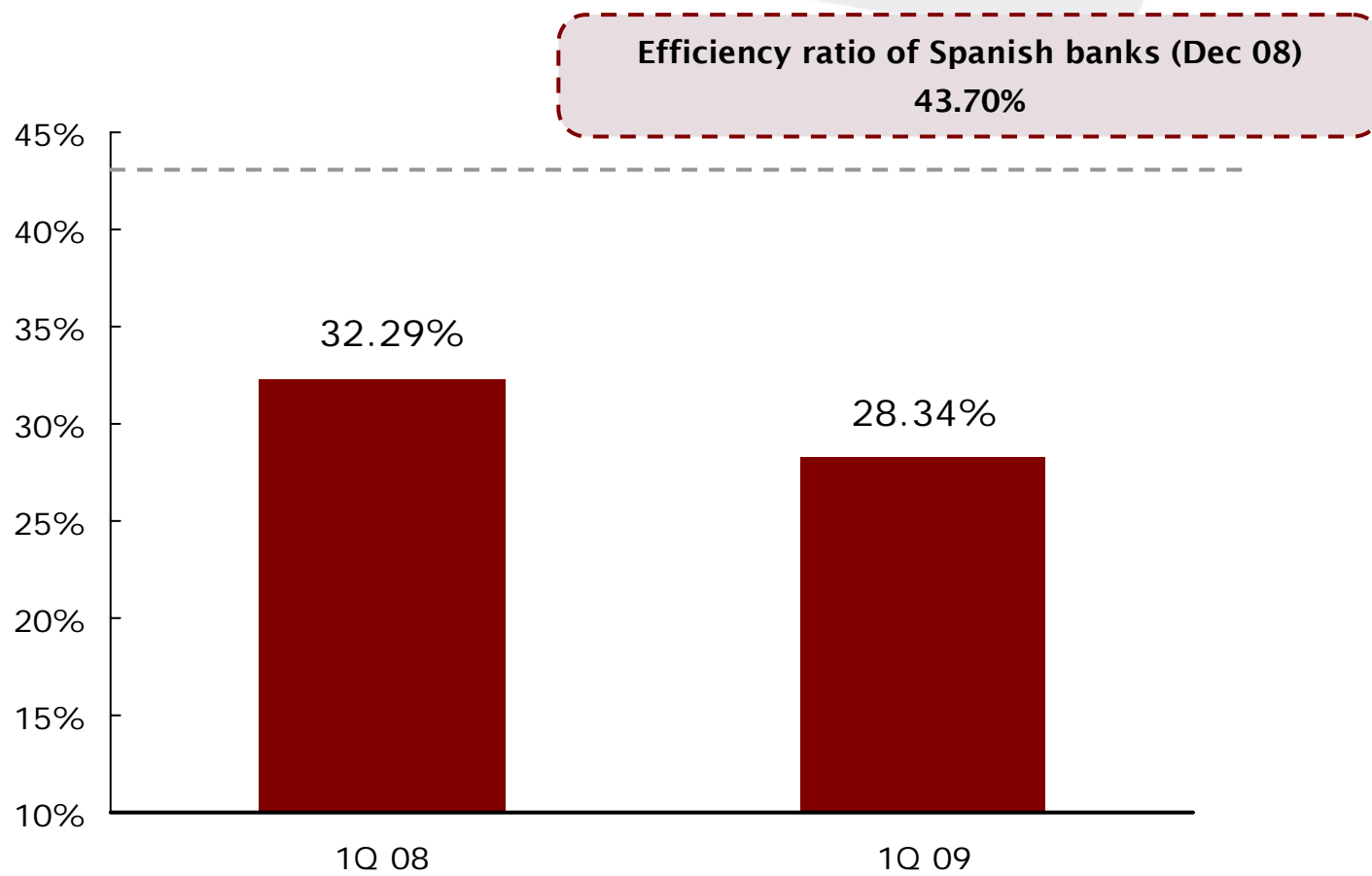
...

**Evolution Net Operating Income
(Pre-provision profit) (M €)**



2 ... allowing us to maintain the best efficiency ratio in the Spanish banking sector, breaching the 30% level ...

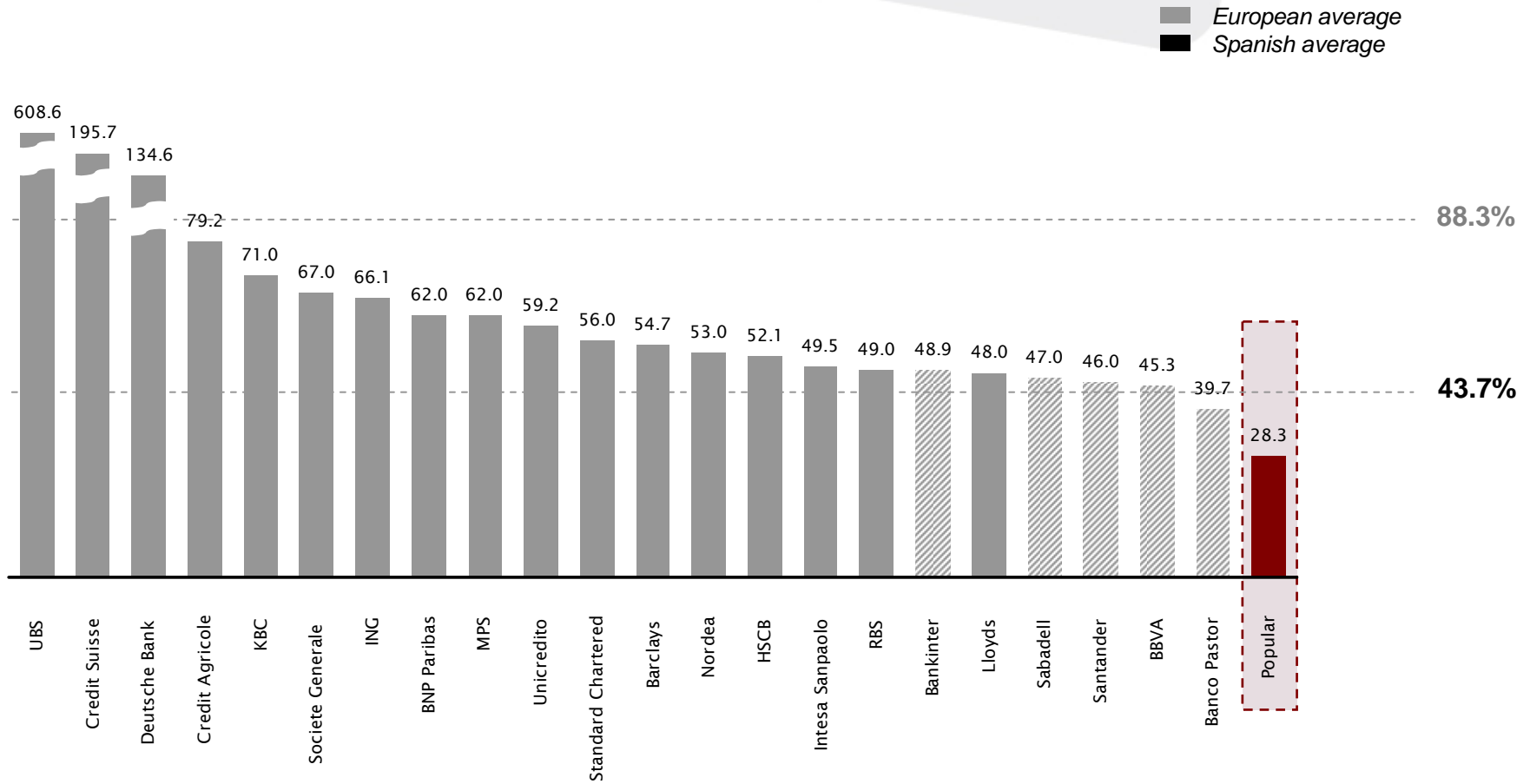
Evolution of efficiency ratio



2

... and the best amongst western banks...

Efficiency ratio* (%)



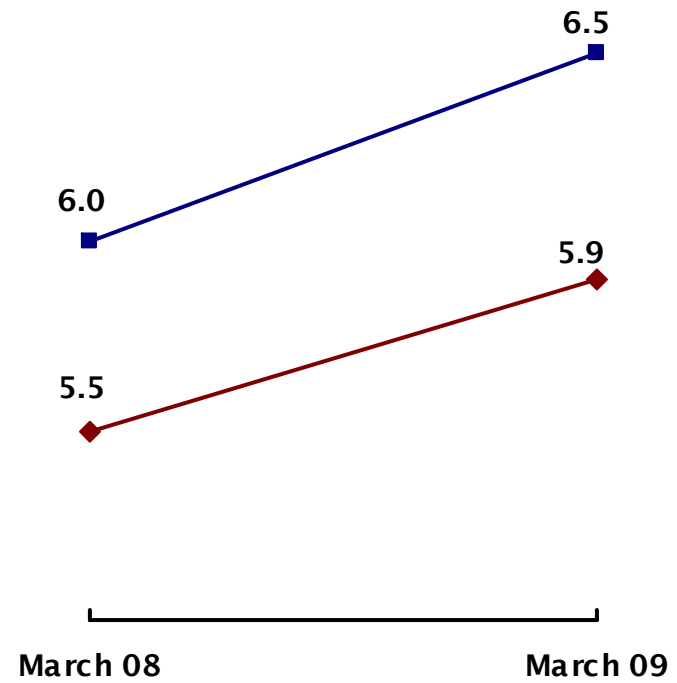
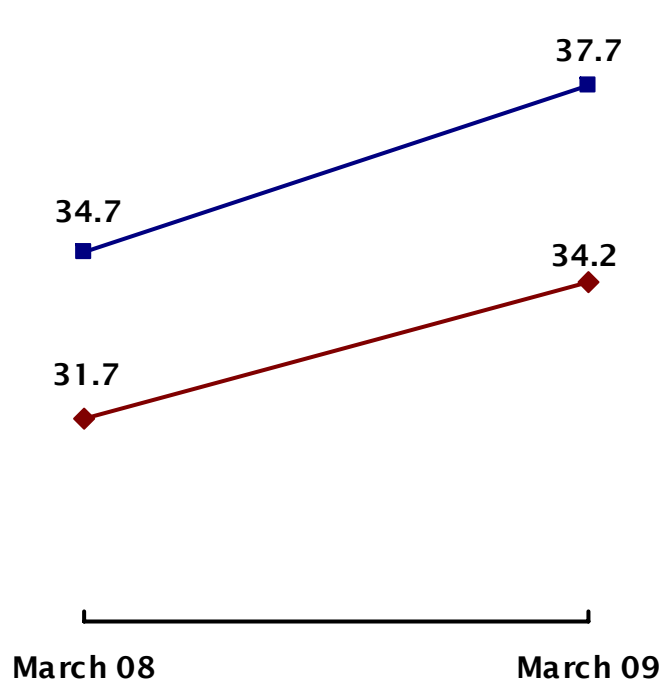
* w/o depreciation in the cost base for spanish banks
 Source: Analysts' estimates. Latest available data

2 ... while we continue improving our productivity

Productivity (M €)

Branches

Employees



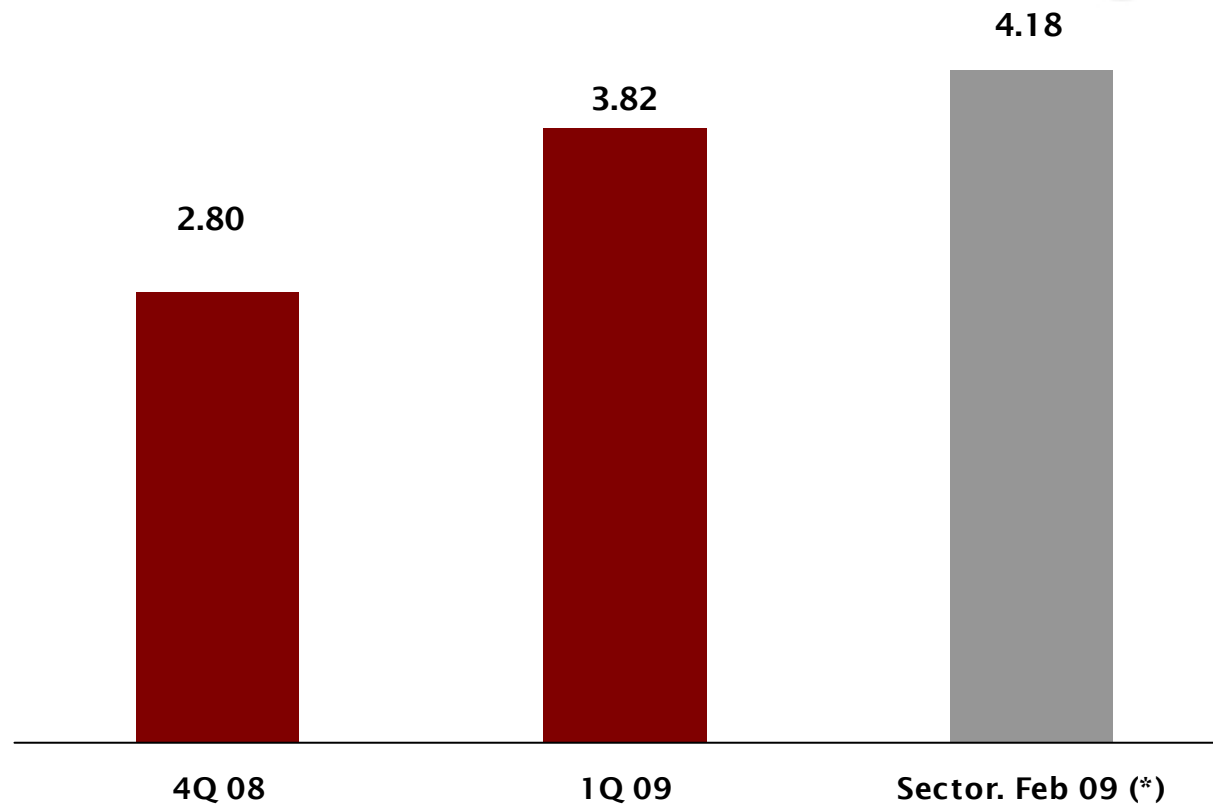
◆ Deposits/Branch
■ Customer loans/Branch

◆ Deposits/Employee
■ Customer loans/Employee

2

NPL increase due to worsening macroeconomic conditions...

Evolutio of NPL ratio (%)



(*) Source: Banco de España.

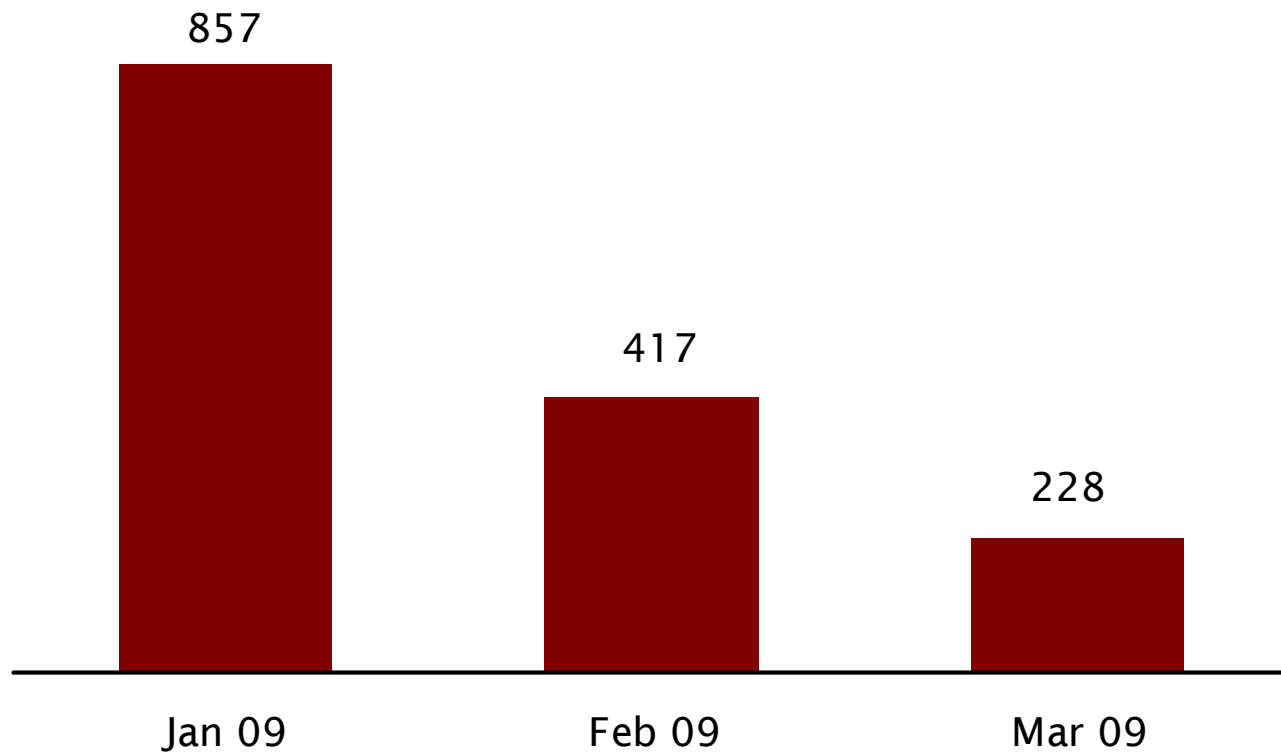
2 ... but backed by a real coverage ratio well above the reported data

Euro millions	Non performing loans	Value collateral⁽¹⁾	Specific provisions	Generic provisions
With mortgage collateral	1,781	3,157	238	
Without mortgage collateral	2,419	308	794	
Total	4,200	3,465	1,032	1,105
Partial coverage ratio		82.5%	24.6%	26.3%
Reported coverage ratio				50.9%
Global coverage ratio				133.4%

⁽¹⁾ Appraisal value in the case of real estate collaterals and effective value in the remaining cases

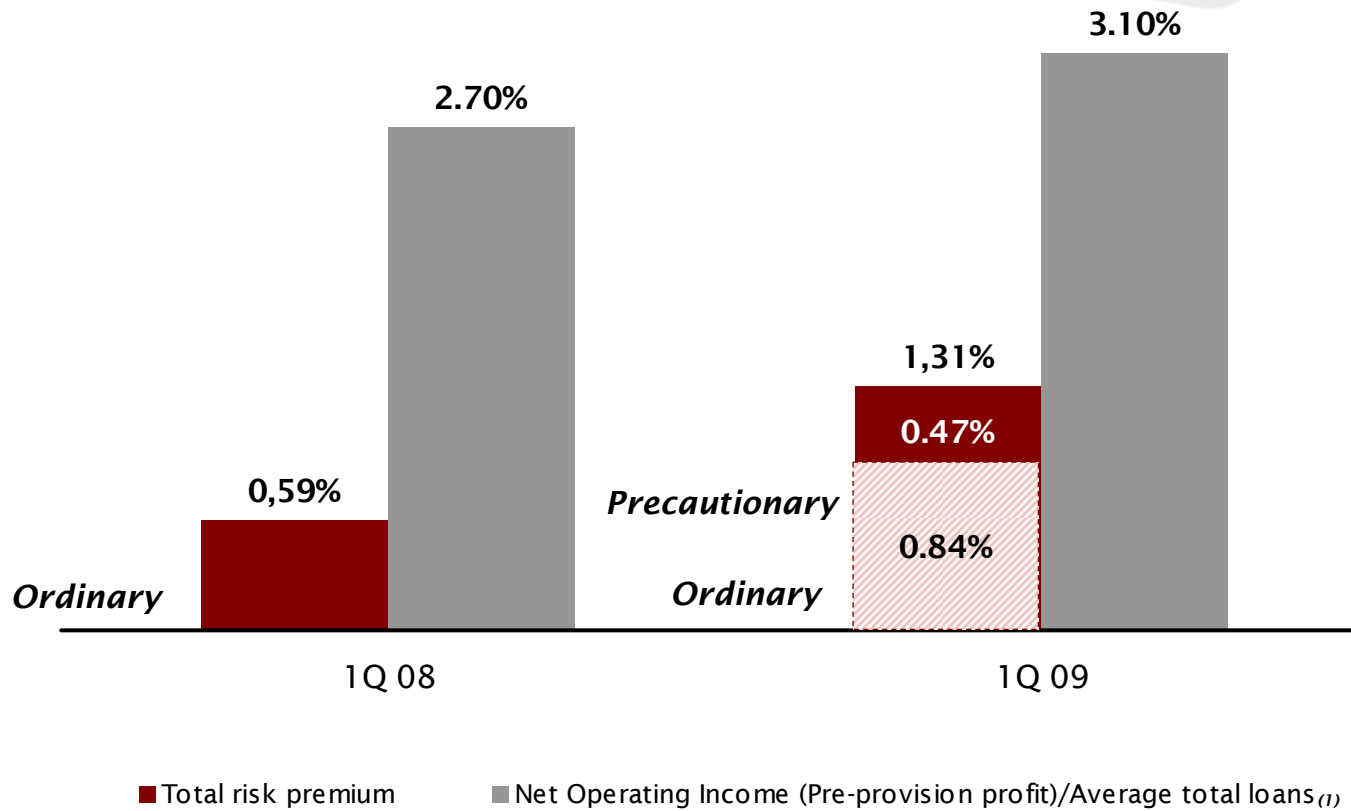
2 We signal a slowdown in net entries of NPLs

Evolution of net entries of bad loans
(M €)



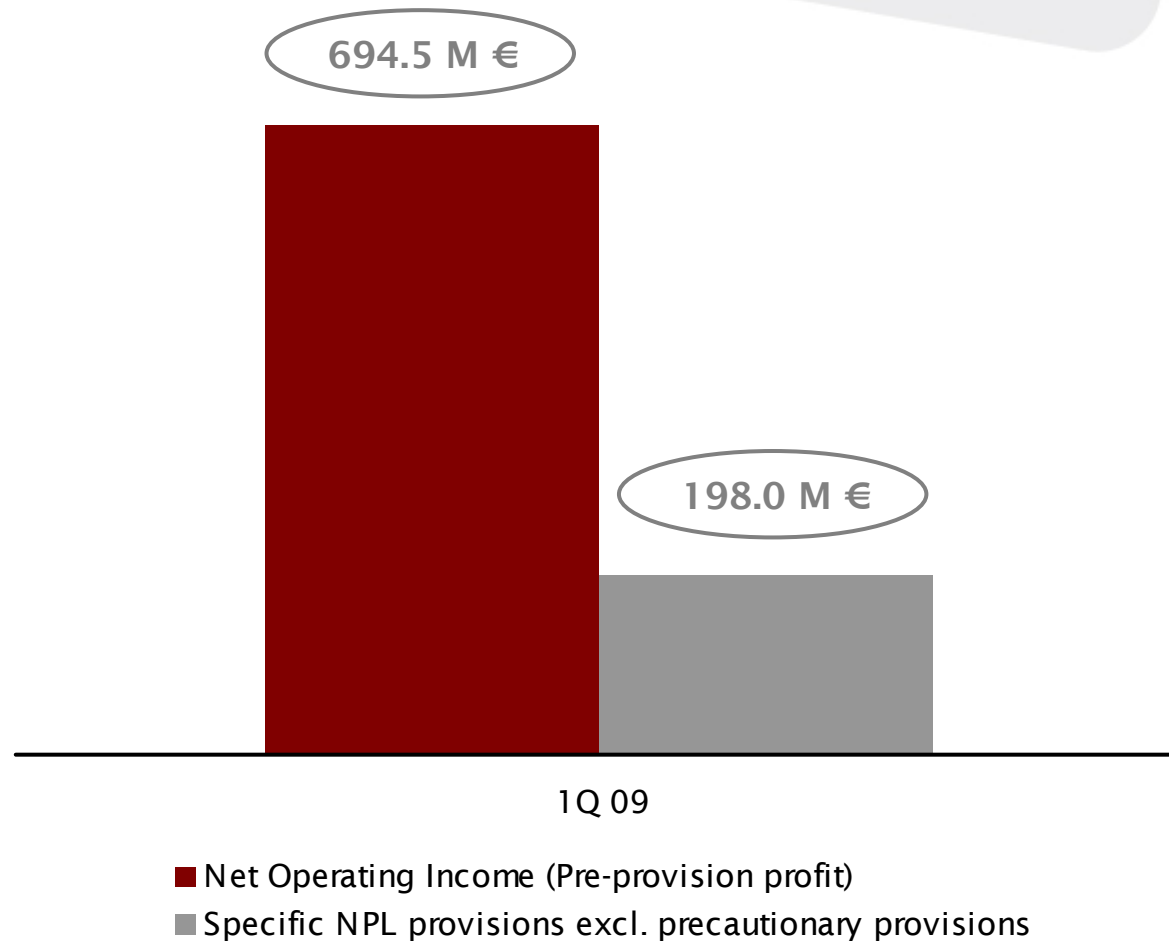
2

Our risk premium remains largely covered by the recurrent business...



⁽¹⁾ Average net total loans

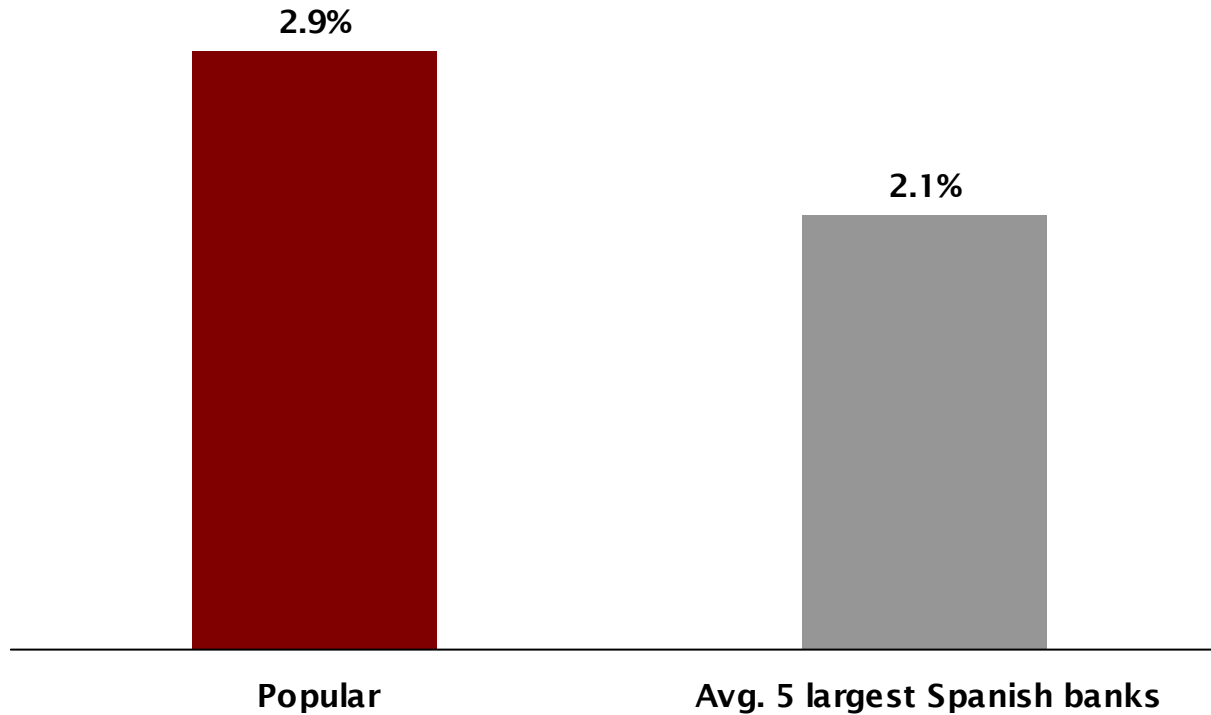
2 ... as well as our NPL provisions



2

Our high ratio of Net Operating Income (pre-provision profit)/gross total loans provides a cushion to absorb potential future worsening of credit quality

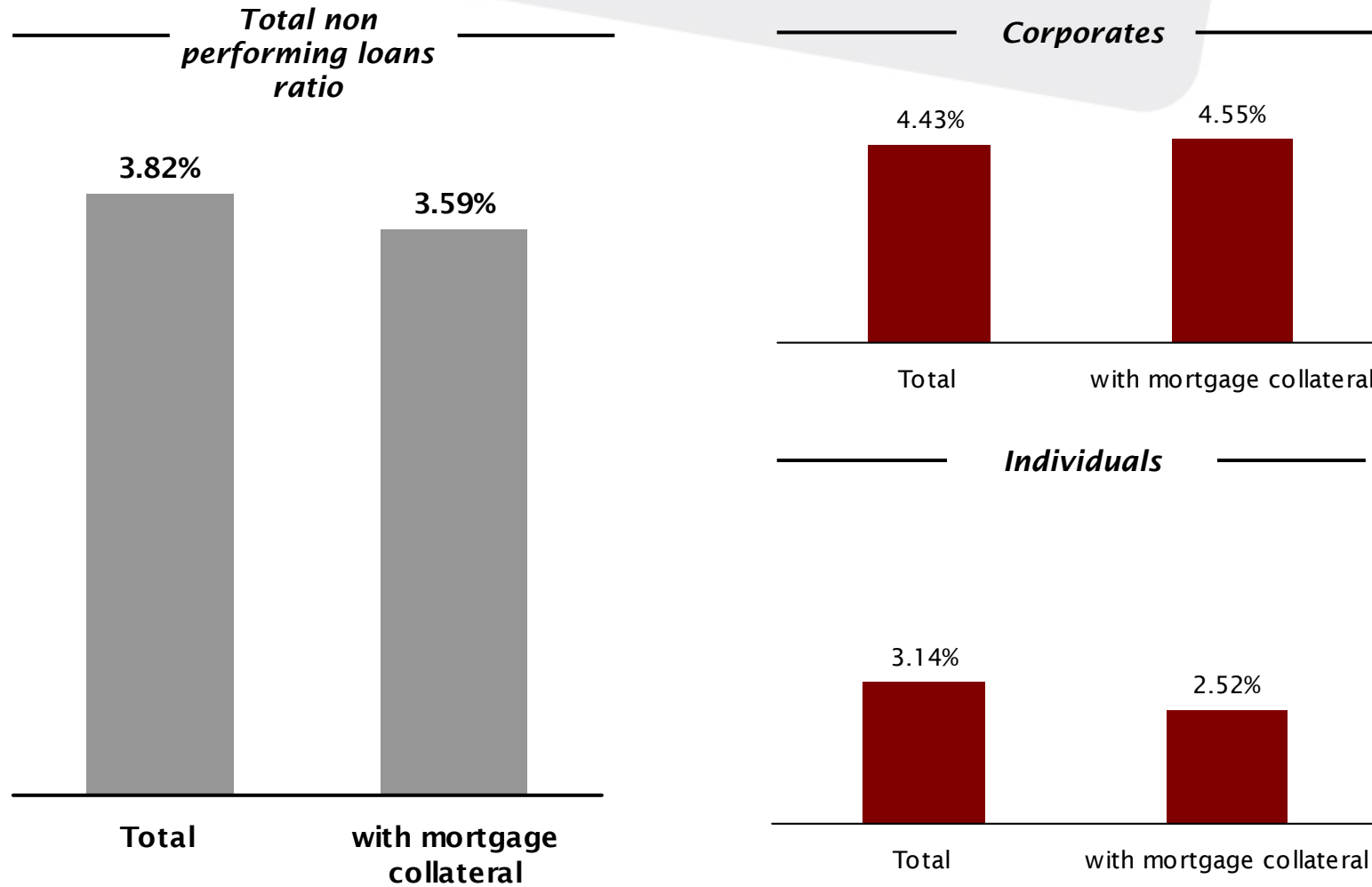
**Net Operating Income (Pre-provision profit) /
Gross Total Loans (%)**



*Note: Data included are for end of period, not averages as included in page 21
Source: B. Popular and quarterly results*

2

We maintain a moderate non performing loans ratio in mortgages, in particular from individuals...

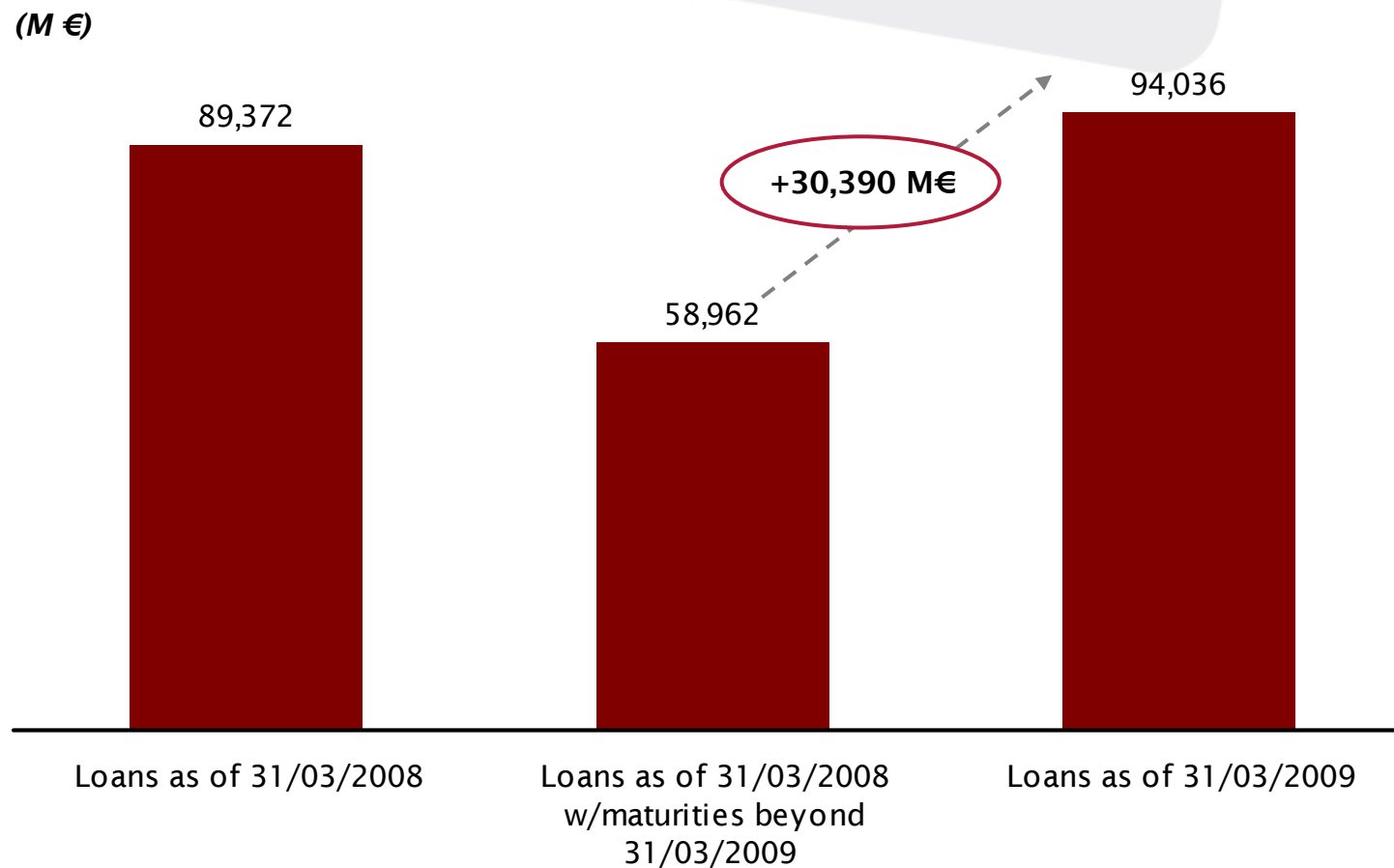


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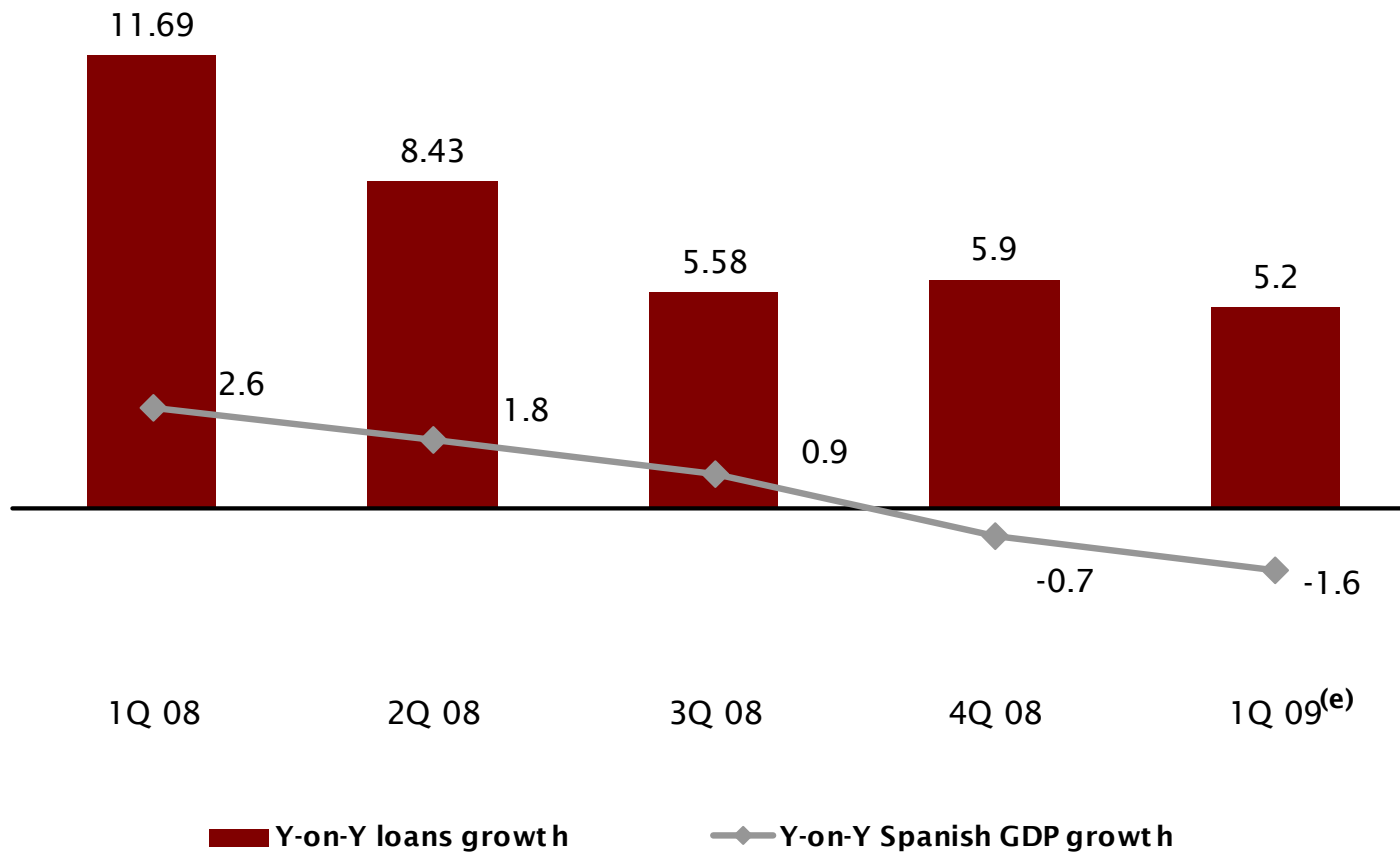
3

We have reached a level of new loan generation of loans of 30,390 M € in 1Q09...



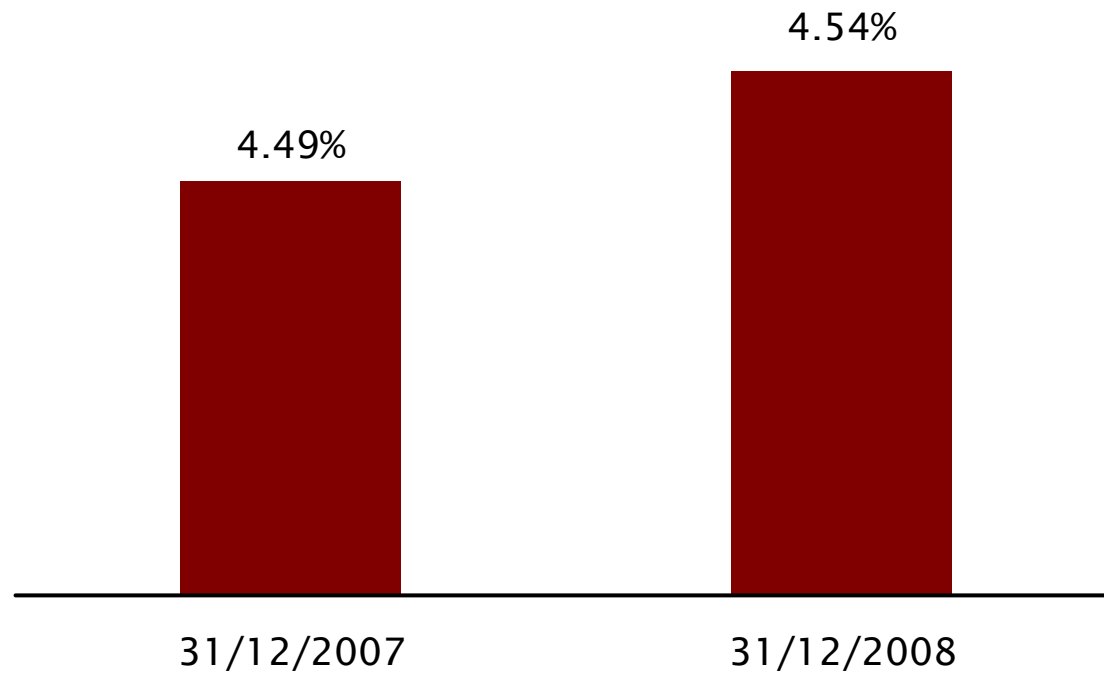
3 ... outperforming the underlying economic growth...

Y-on-Y growth of loans vs. Y-onY Spanish GDP growth (%)



3 ... and gaining market share

Customer loans market share

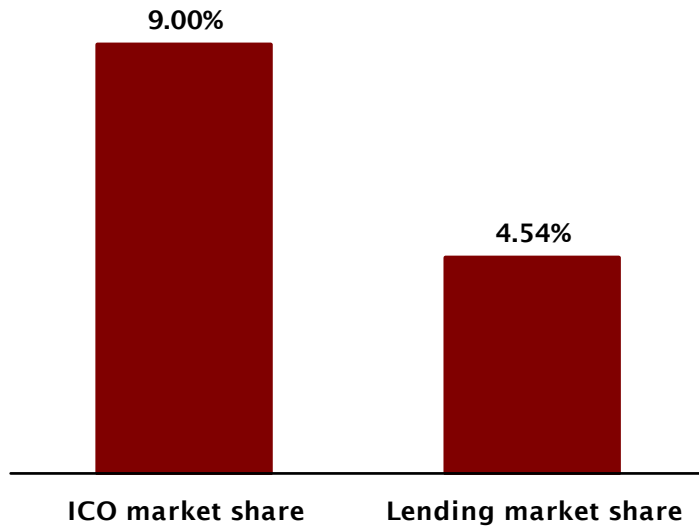


3

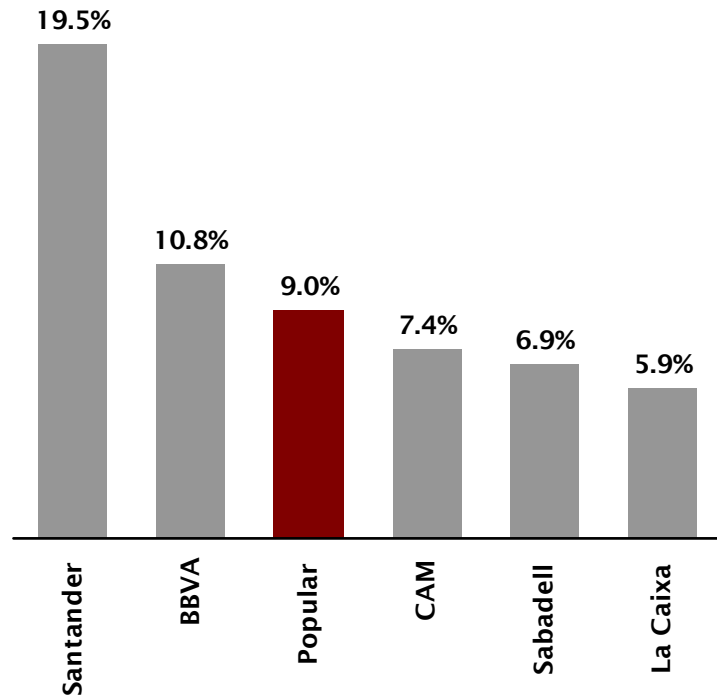
We are outgrowing the sector in channeling the Government's financial aid to customers

ICO Lines of Credit*

Banco Popular's ICO market share vs. lending market share



ICO loans market shares

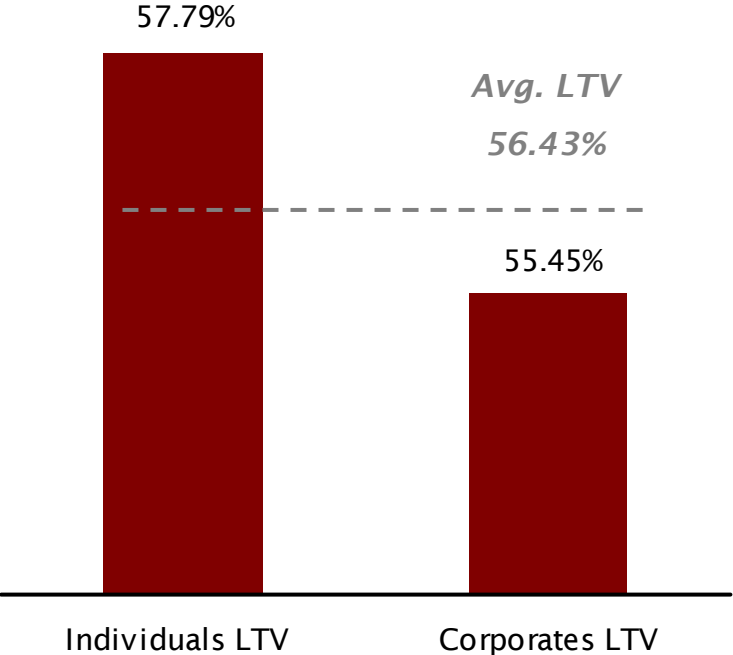


*ICO refers to State Credit Agency
Source: AEB data as of 15/04/2009

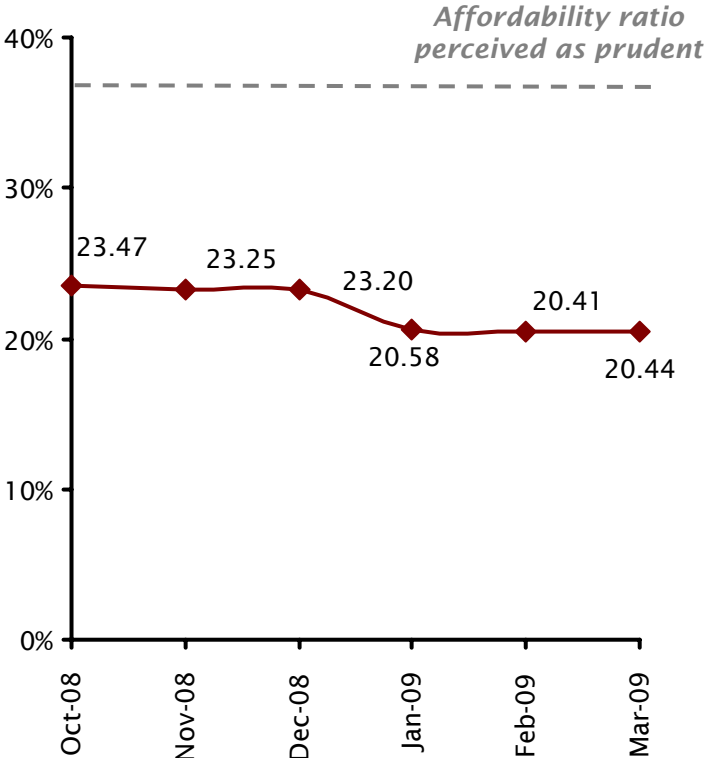
3

With low mortgage LTV's and decreasing affordability ratios

Mortgage loans: LTV of corporates and individuals



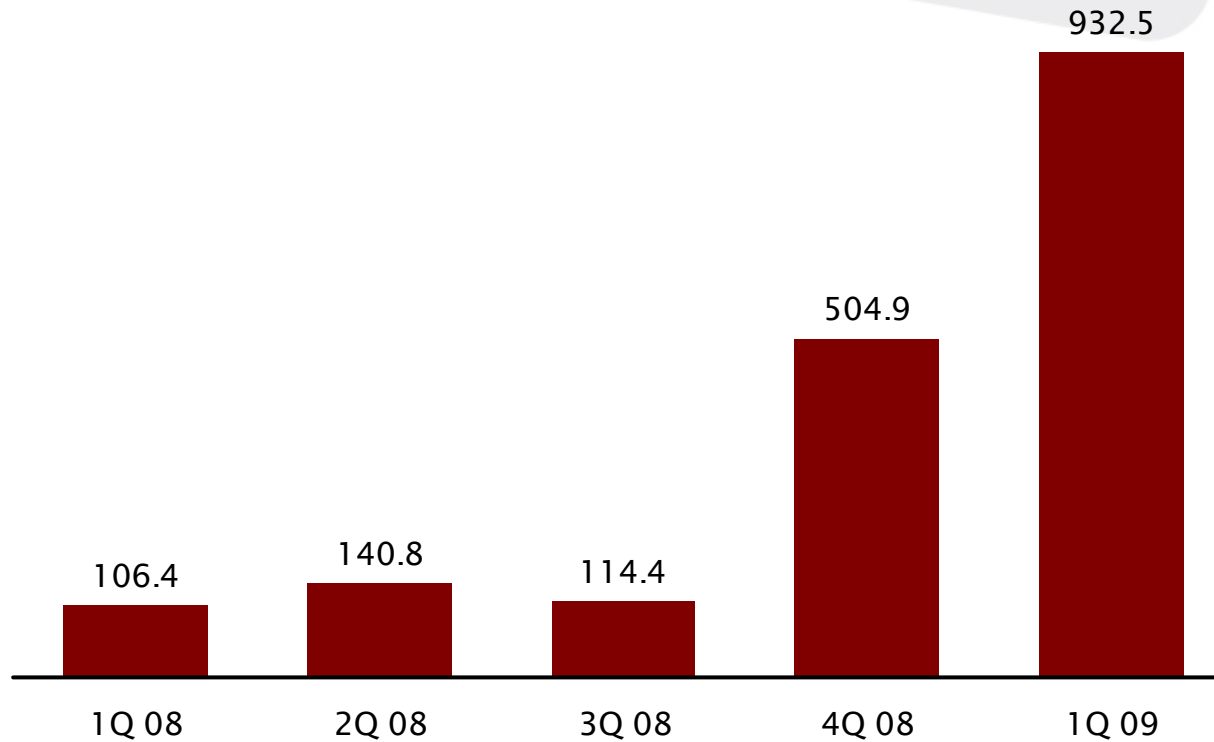
Evolution of the average affordability ratio⁽²⁾ of new loans (%)



⁽¹⁾ Ratio of mortgage payment / disposable income

3 The risk management organisational improvements undertaken during 2008 have started to show positive results, which we perceive as recurrent

Evolution of quarterly NPL recoveries
(M €)



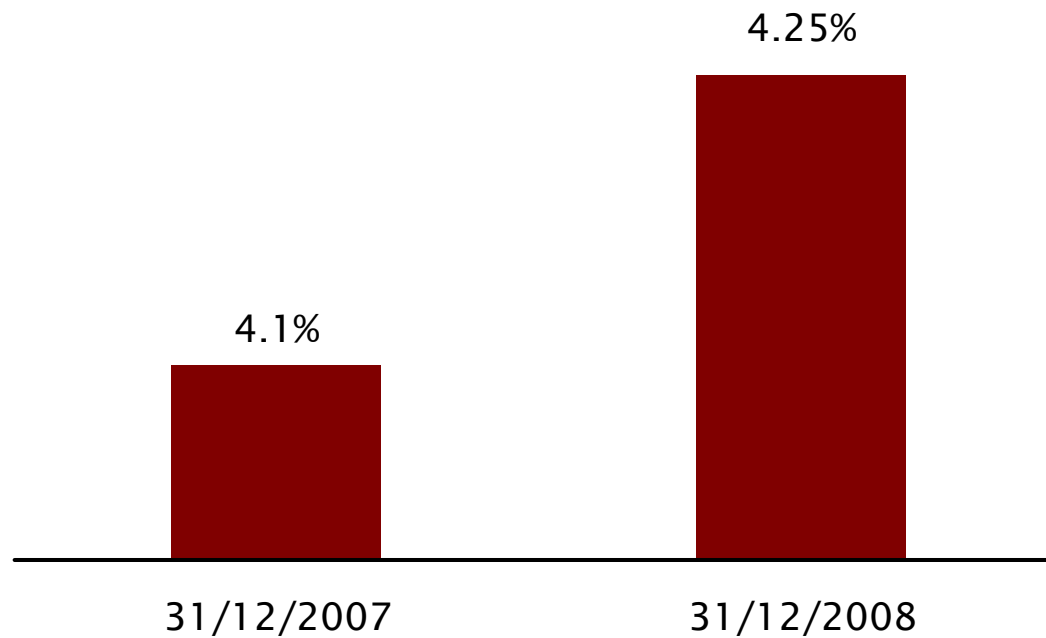
Specialised NPL recoveries and management teams have been strengthened throughout all regional and central units

3 Client deposits grow by 23.0% in a highly competitive environment

Euro millions	1Q 08	1Q 09	YoY (in %)
Demand and savings deposits	19,978.2	17,567.8	-12.1%
Repos	1,787.7	5,998.2	>
Time deposits	20,096.7	27,788.0	38.3%
Other accounts and valuation adjustments	233.4	428.8	83.7%
Total deposits	42,096.0	51,782.8	23.0%
Commercial paper for customers	9,153.8	4,520.9	-50.6%
Retail preference shares	438.0	878.0	>
Total	51,687.8	57,181.7	+10.6%

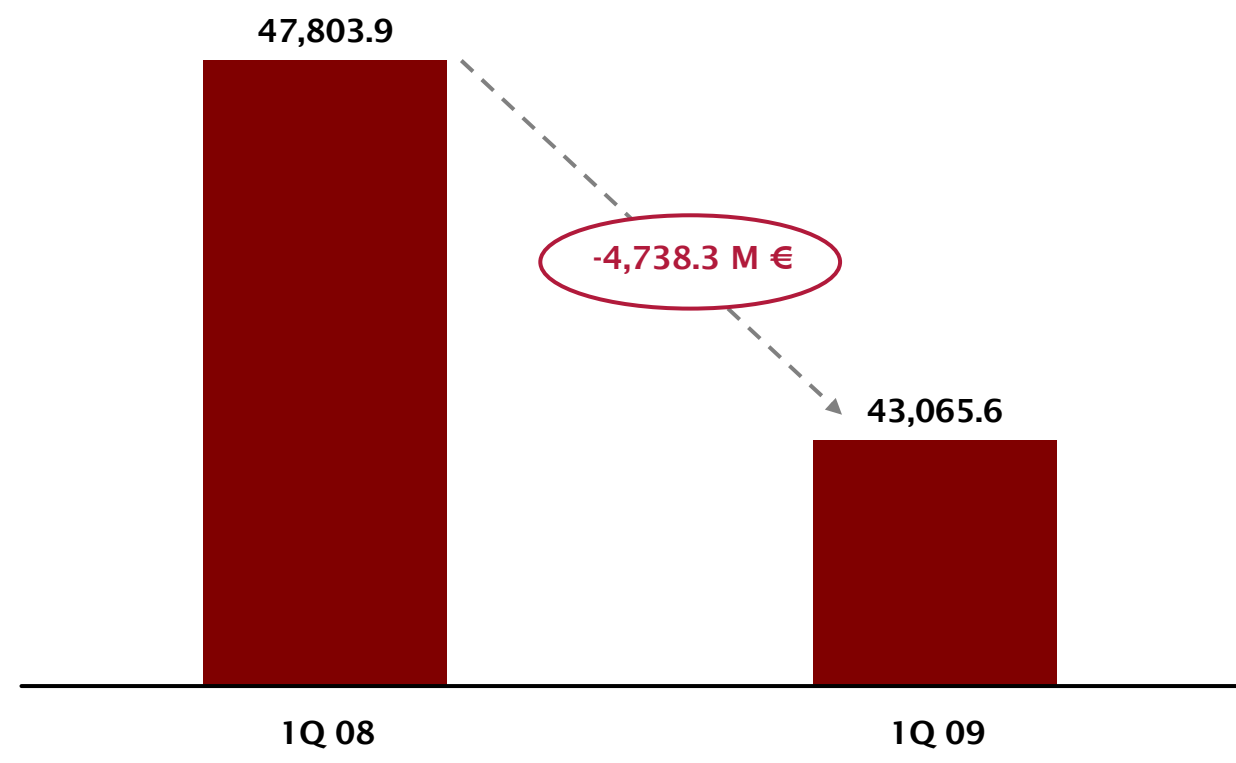
3 Improving our market share...

Deposit market share



3 ... and the commercial gap

Evolution of the commercial gap (M €)



3 We are still focused in attracting deposits

Deposits from competitors

(+ 47%)
€3,590 million
increase during the first
quarter

New clients

15,203
147% growth YoY

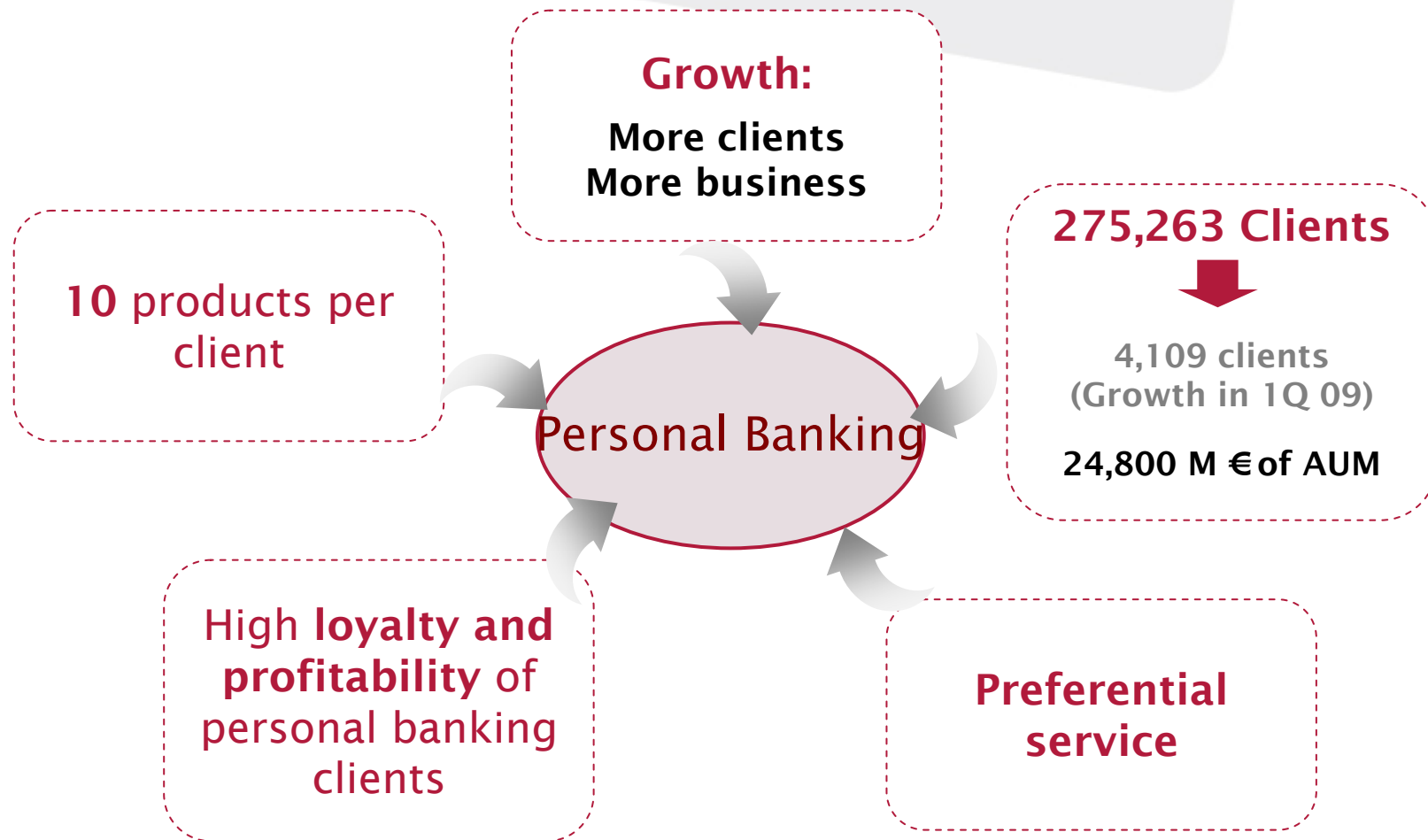
Loyalty

20,425
clients with an increased
product penetration

Profitability

10,073
clients with increased
profitability for the bank

3 Strengthening personal banking...



3 ... and in corporate & SME banking

Corporate Banking

14,628
SMEs acquired
during 1Q09*



Financing
volume

252 M € (+218%)

Nr. of
transactions

5,800 (+178%)

**Línea Bienvenida
PYMES**

3,070 transactions

166 M €

Leasing

5,134

transactions

**International
Business**

**34% growth in
financing
transactions**

* Includes self-employed and commercial

3

Implementation of a new commercial system in our branch network allows for the rationalisation and optimisation of the commercial effort

85%

Of our branches successfully apply the new commercial system

250 th

Commercial client alerts detected applying business intelligence and managed by our branches

160 th

Commercial opportunities of individuals managed by our branches

60 th

Commercial opportunities of corporates managed by our branches

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Banco Popular continues strengthening its capital through the generation of strong results and the recent issuance of 440 m € in preferred shares

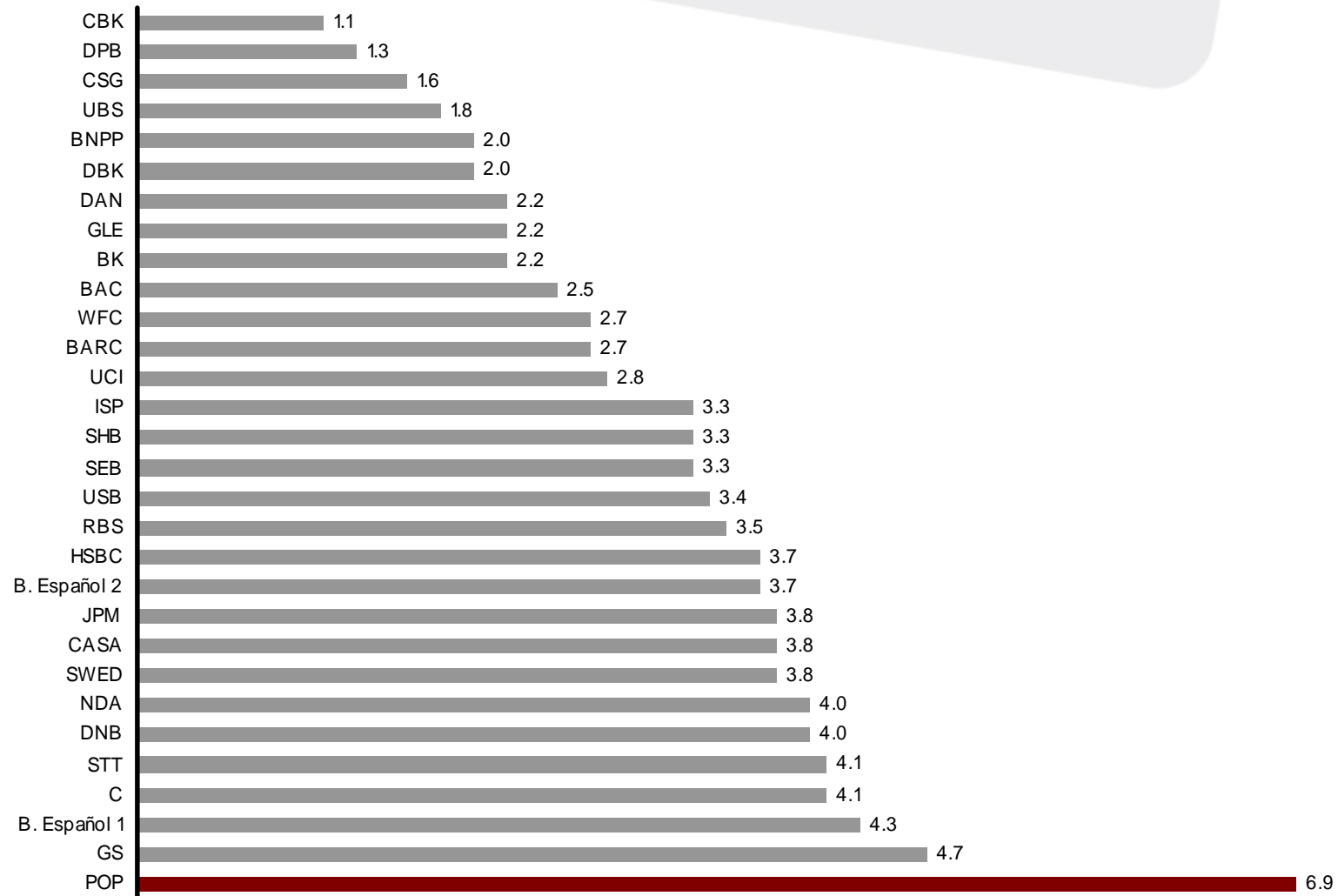
	<i>Mar 08</i>	<i>Dec 08</i>	<i>Mar 09</i>
Total Core Capital	6.60%	7.06%	7.23%
Total Tier I capital	8.02%	8.04%	8.47%
Total Tier 2 capital	1.73%	0.98% ⁽¹⁾	0.78%
BIS Ratio	9.75%	9.02% ⁽¹⁾	9.25%

⁽¹⁾ Amortisation of subordinated debt of 200 million euro

4

Banco Popular leads the European and American ranking of banks in terms of tangible equity / tangible total assets

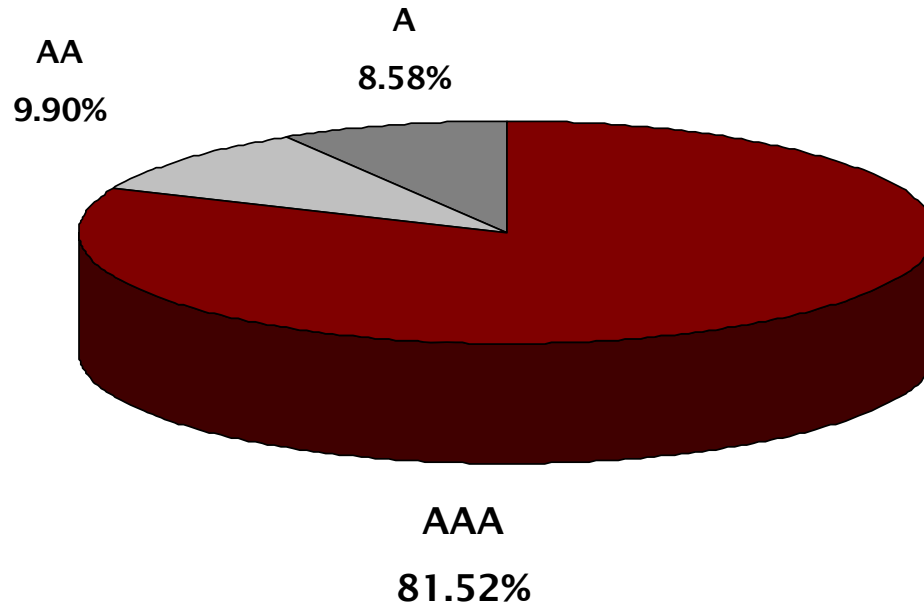
Tangible equity / Tangible total assets (%)



4 Second line of liquidity covers all wholesale maturities in an extreme scenario of non-renewal

*Strong second line of liquidity **

Breakdown of total liquid assets by rating



Banco Popular has a second line of liquidity of 14,321 M € after deduction of 500 M € discounted at the ECB

* ECB eligible assets

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5 Conclusions

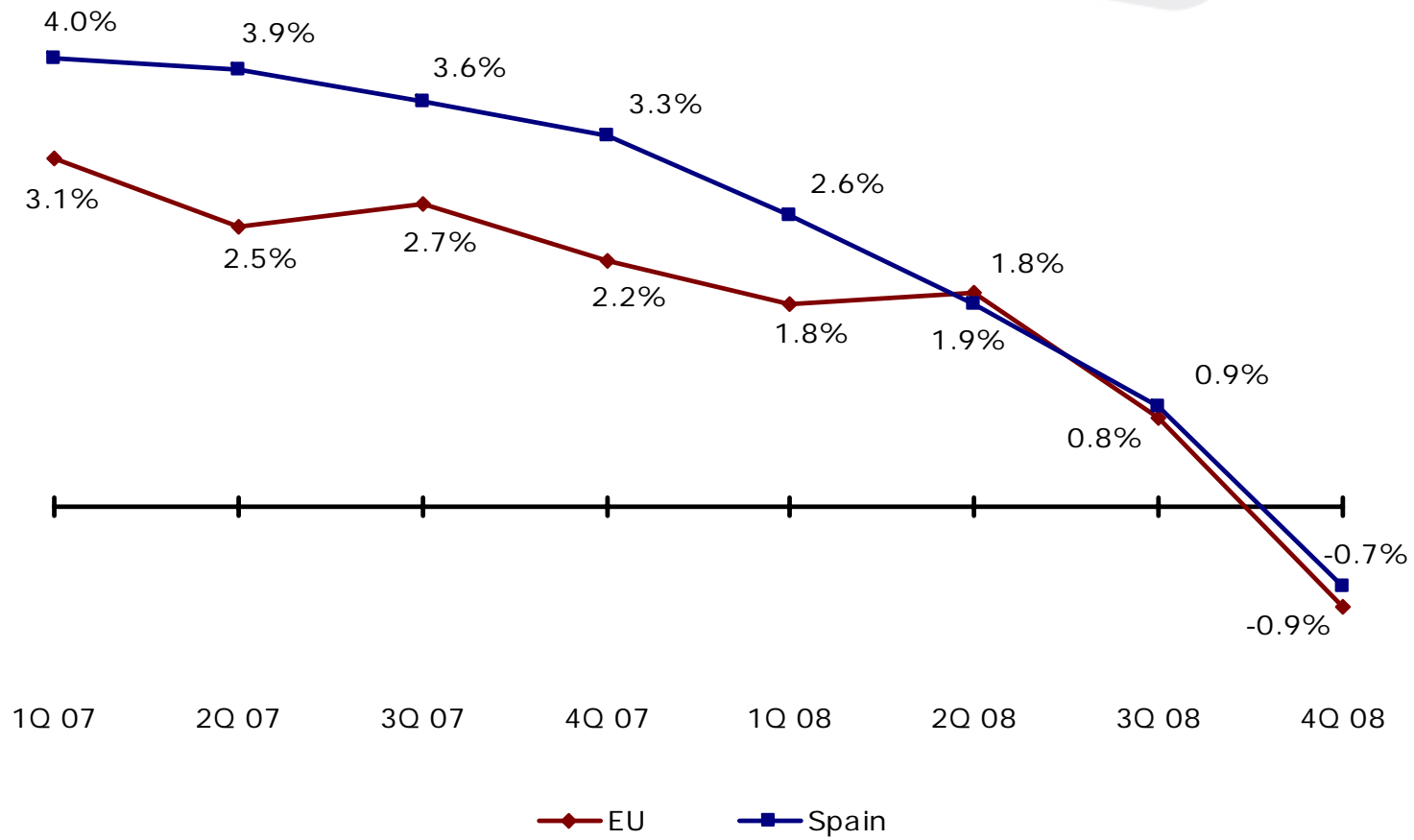
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APPENDIX

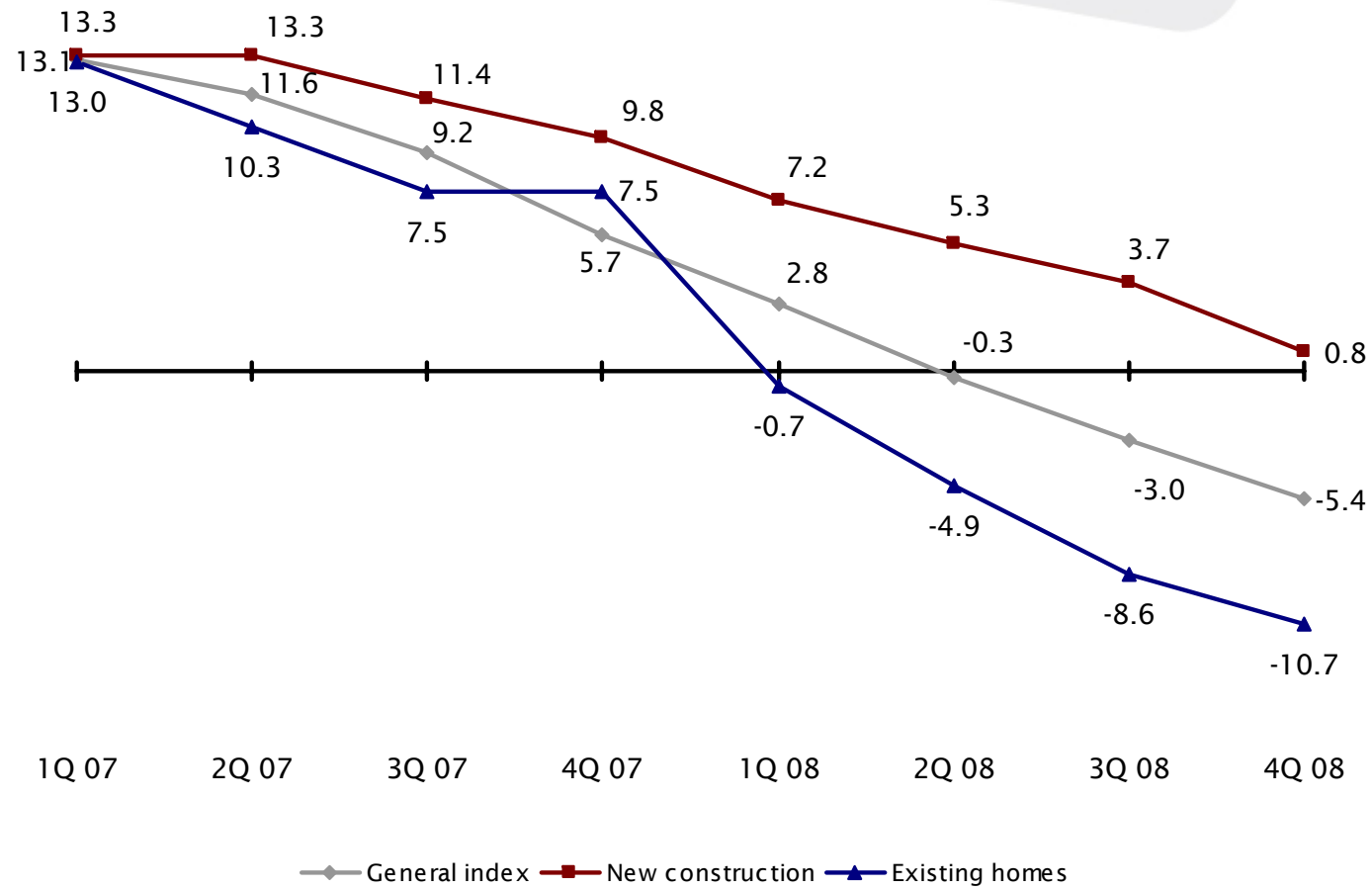
Macroeconomic situation: Spain

Evolution of the YoY GDP growth



Macroeconomic situation: Spain

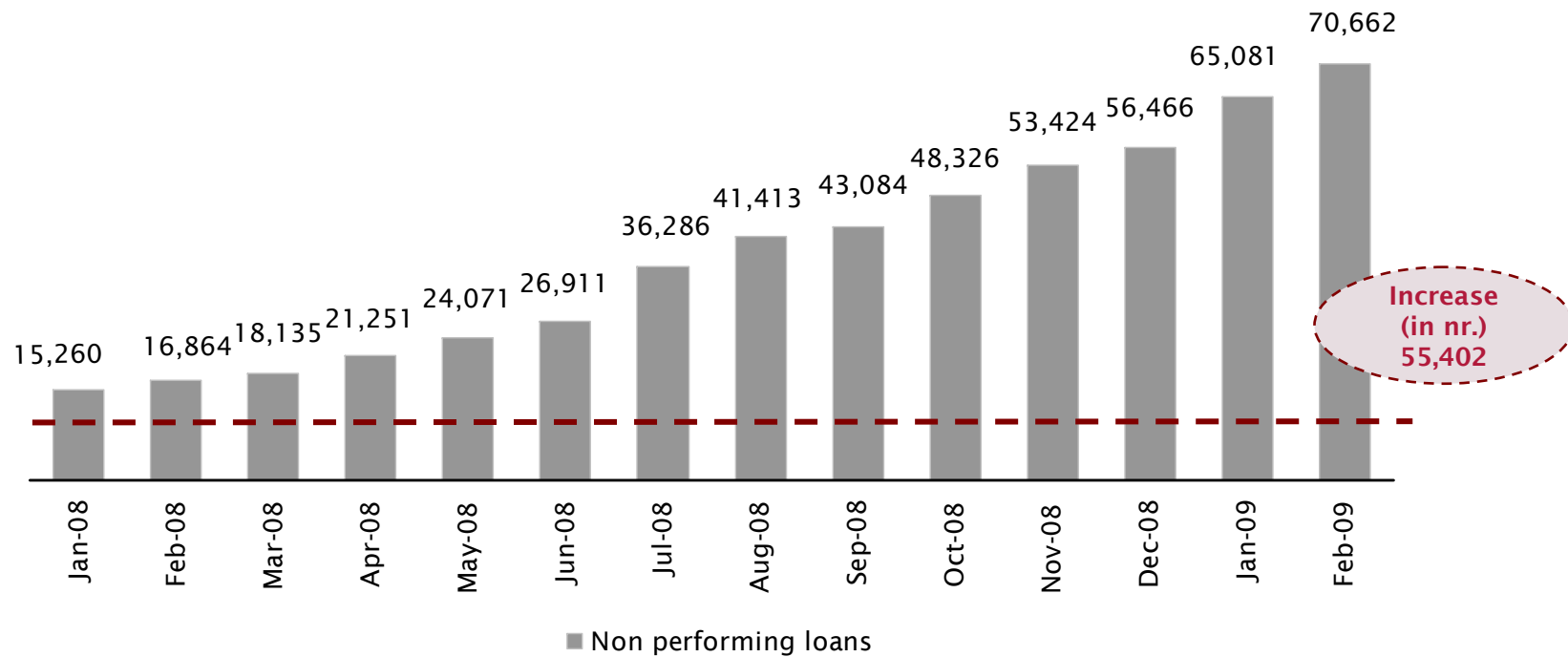
Evolution of the YoY growth in real estate prices (%)



Macroeconomic situation: Spain

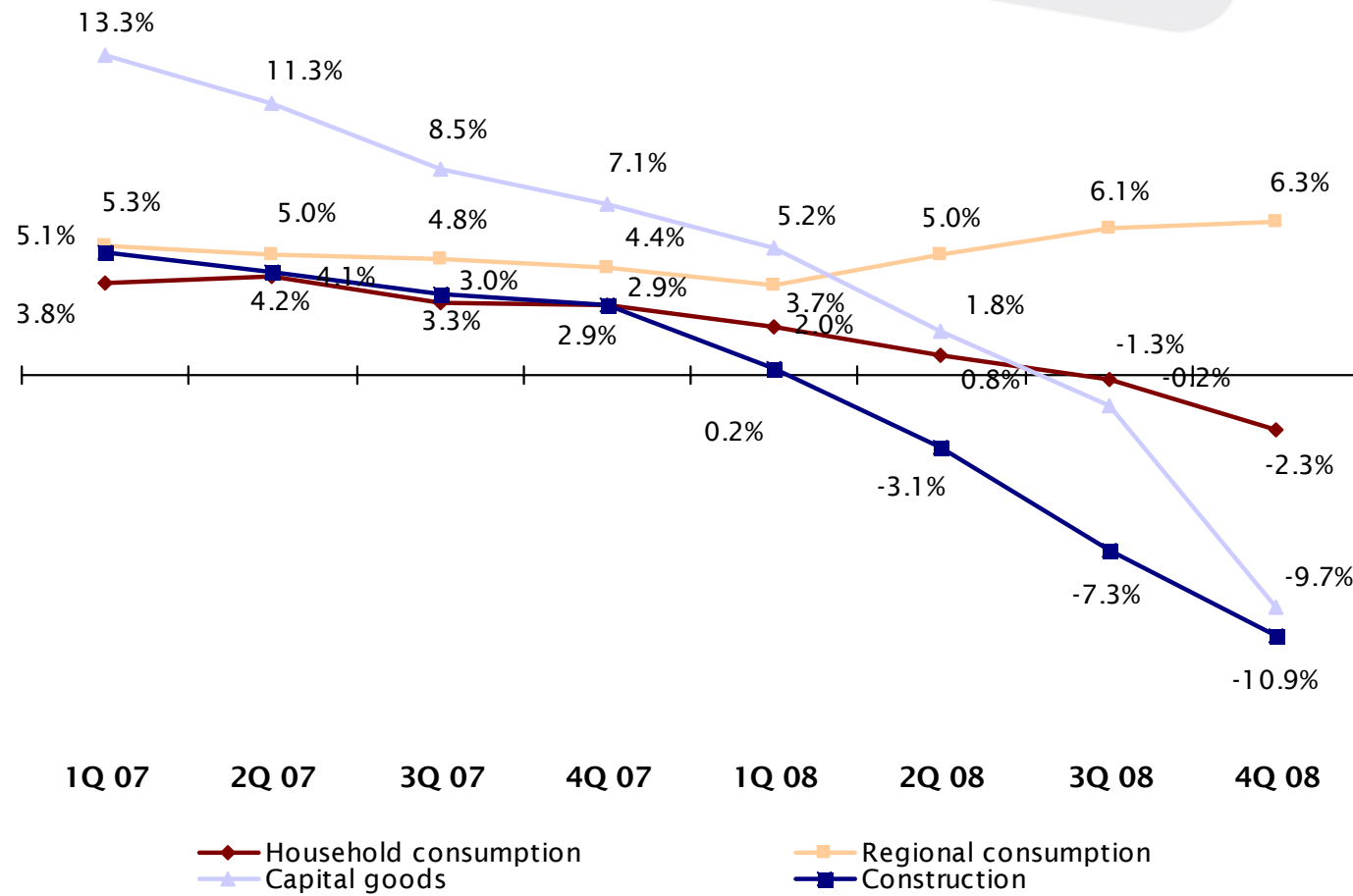
Non performing loans

Nr. of non performing loans
(Banks + Savings Banks)



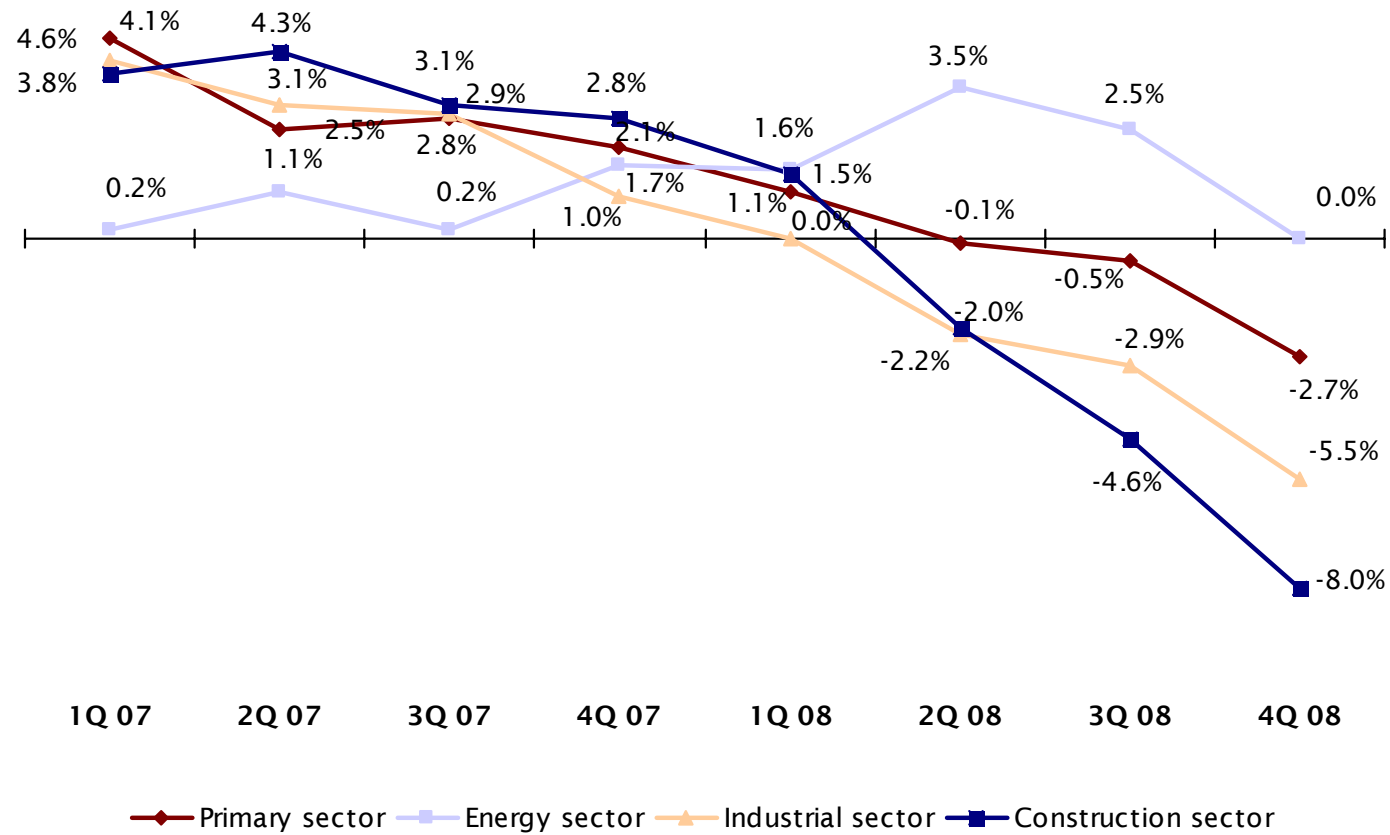
Macroeconomic situation: Spain

YoY evolution of GDP components
(Demand)



Macroeconomic situation: Spain

YoY evolution of GDP components
(Supply)



Macroeconomic situation: Spain

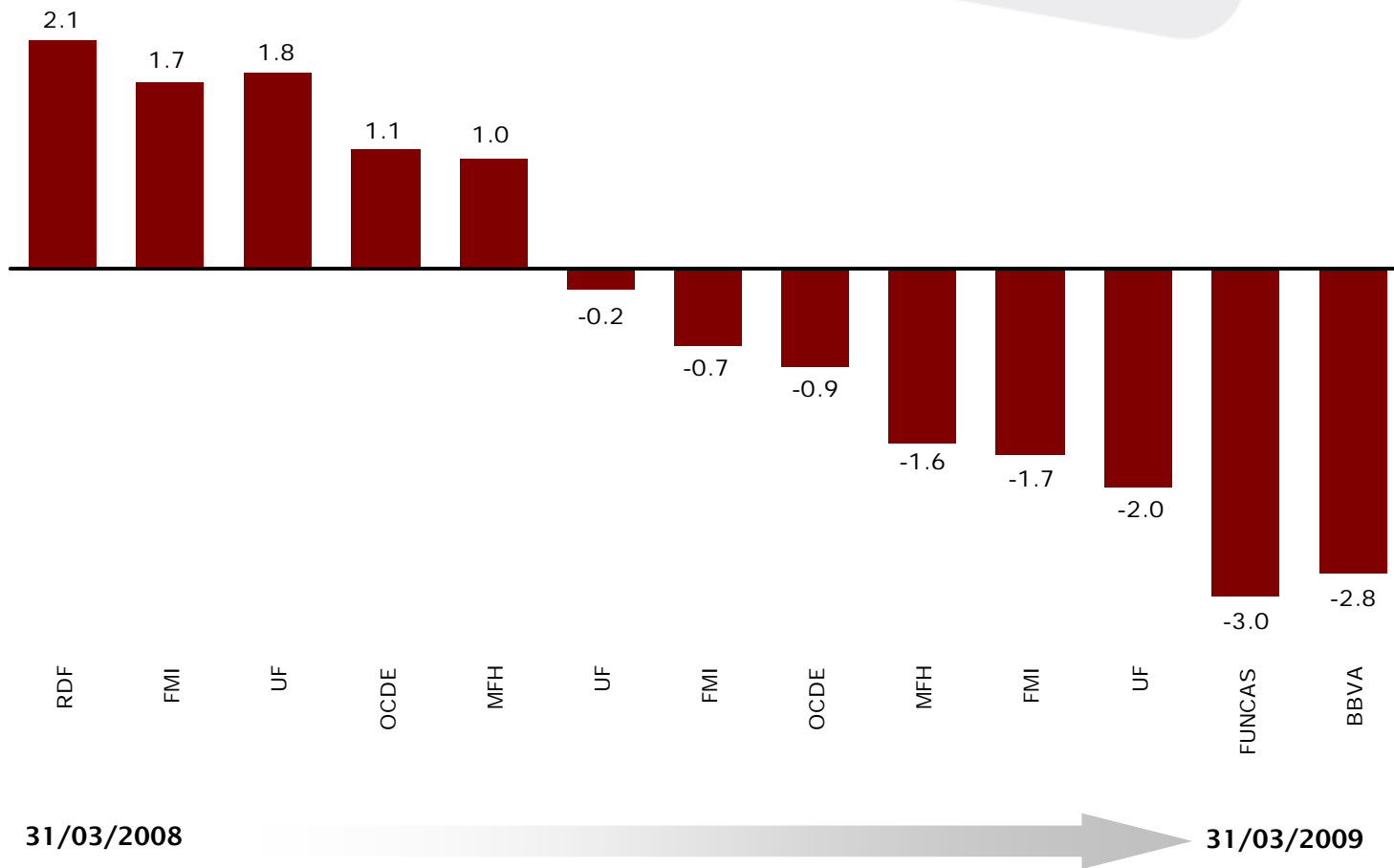
IMF macroeconomic forecasts

SPAIN	2009	2010	2011	2012	2013
GDP	-3.0%	-0.7%	2.0%	3.1%	3.3%
Inflation	2.6%	2.0%	2.1%	2.2%	2.4%
Unemployment	16.1%				

EUROZONE	2009	2010	2011	2012	2013
GDP	-4.2%	-0.4%	2.8%	2.2%	2.2%
Inflation	1.9%	1.8%	1.8%	1.9%	1.9%
Unemployment	9.3%				

Macroeconomic situation: Spain

Evolution of Real GDP growth forecasts for 2009 (%)



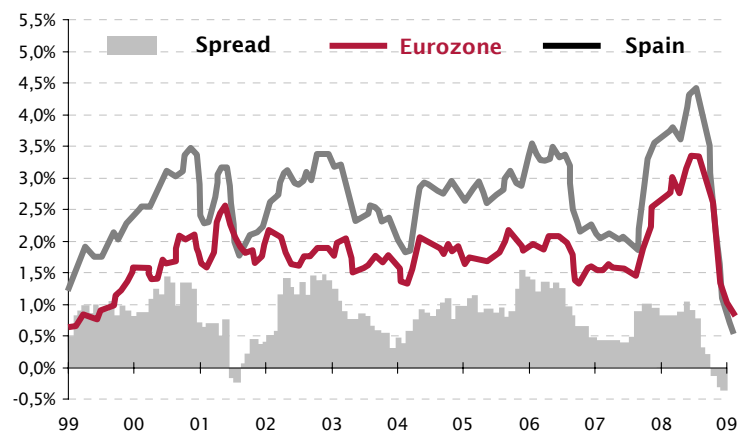
Source: AEB. BdE: mar. 08; FMI: apr.08; UE: apr.08; OCDE: jun.08; MEH: sept.08; UE: oct.08; FMI: nov.08; OCDE: Nov 08; MEH: jan.09; FMI: jan.09; UE:jan.09; FUNCAS: feb 09 and BBVA: mar.09

Macroeconomic situation: Spain

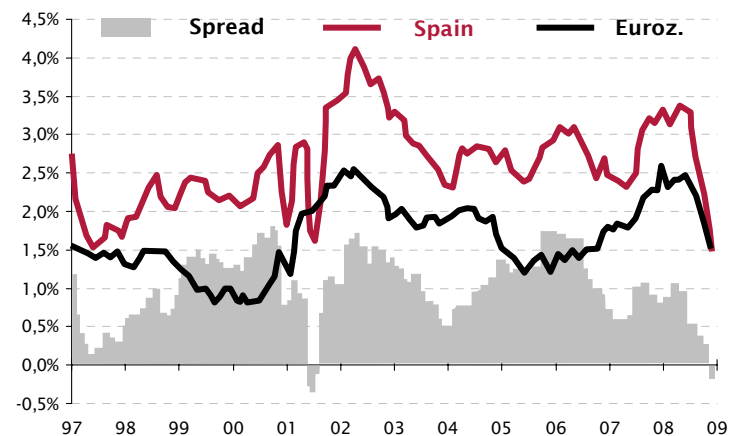
Spanish inflation rate forecast (%)

- The weak internal demand in the Spanish economy is driving a slowdown of the inflation rate which is driven by the evolution of the volatile components (energy and basic food) and by the core underlying
- For the following months a continuous drop for the Spanish inflation rate is expected (as well as for the Eurozone), until negative rates are reached, an event which is expected to be more pronounced in Spain
- The average general inflation rate for 2009 is expected to be -0.3% in Spain (0.7% for the Eurozone). The minimum is set at -1.5% for Spain (-0.1% for the Eurozone)
- Although the underlying inflation rate will continue decreasing more aggressively in Spain, the average is expected to be at 1.1% for Spain and 1.3% for the Eurozone, discarding the risk of deflation

Inflation rate spread Spain-Eurozone



Underlying inflation rate spread Spain-Eurozone

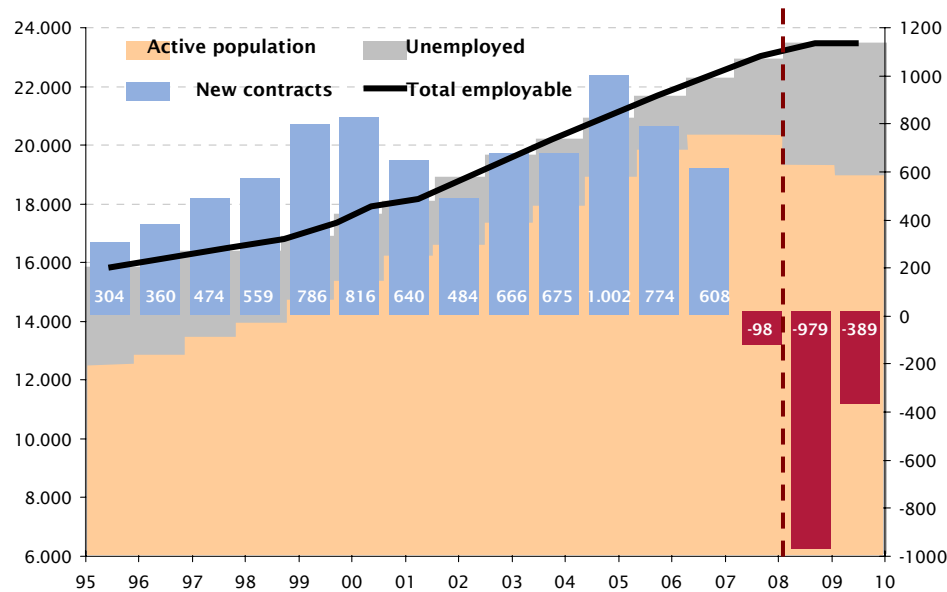


Macroeconomic situation: Spain

Labour market estimates (Spain)

- Intensification of employment destruction
- The total number of employed in Spain is likely to be below 19 million by 2010
- In 2009 and 2010, the real evolution as well as the estimates of worsening of the labour market will have a negative impact on the consumption pattern of Spaniards

Labour market evolution 1995-2010 (thousand people)

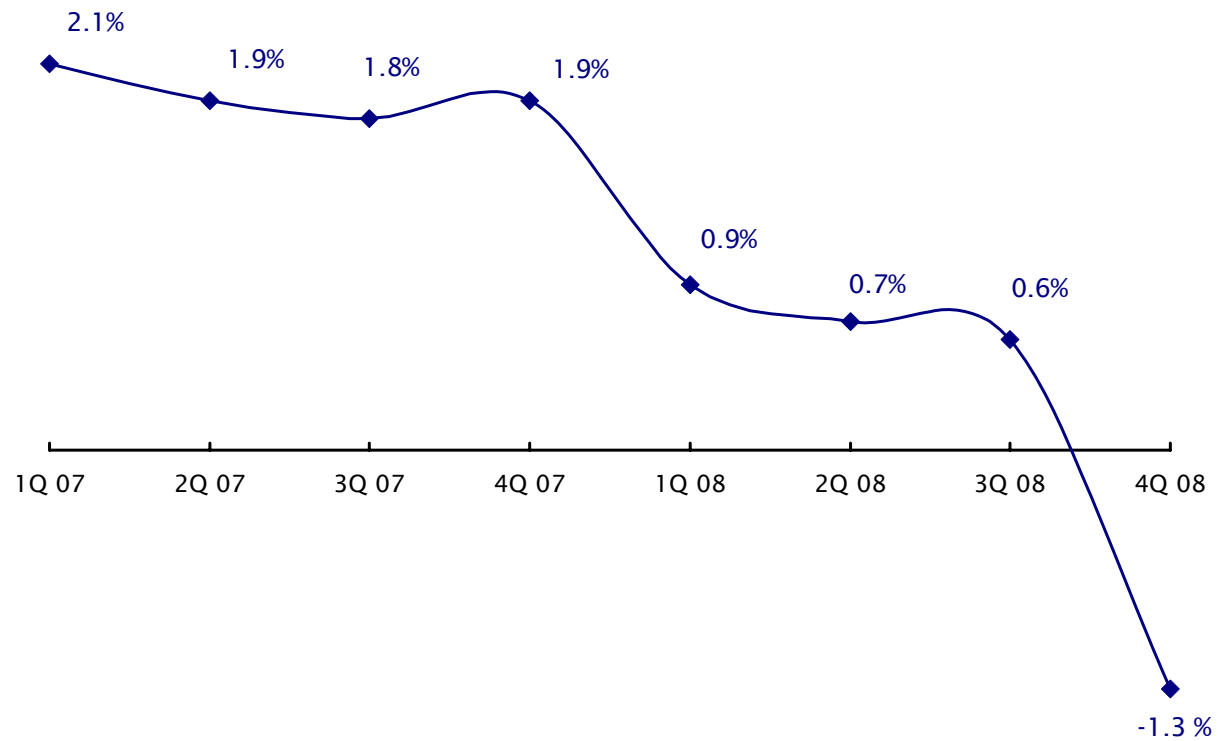


Labour market estimates 2009-2010

	YoY growth of employed	YoY growth of active population	Unemployment rate
2009	-5.2 %	2.2 %	17.4 %
2010	-2.3 %	0.4 %	19.4 %

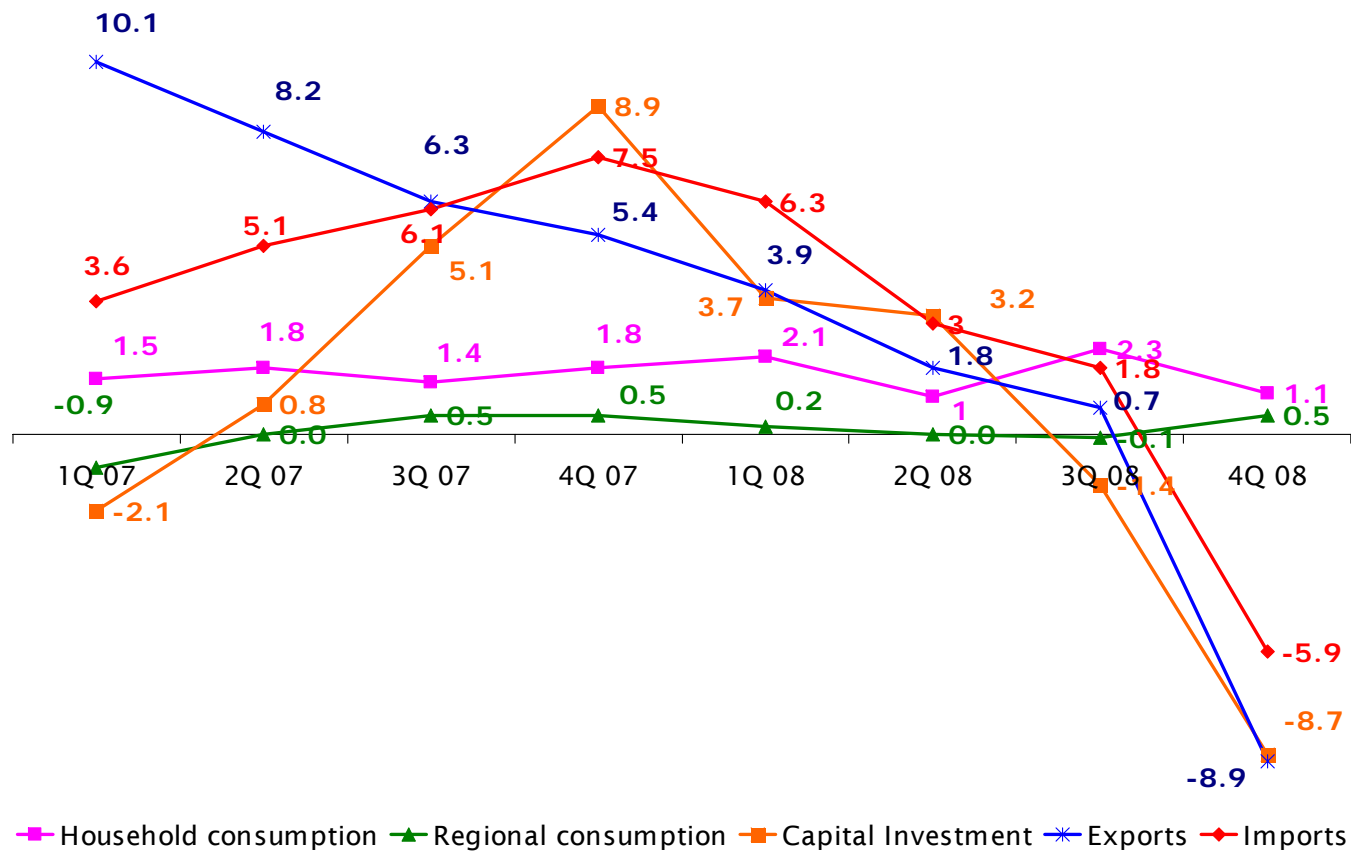
Macroeconomic situation: Portugal

YoY GDP growth



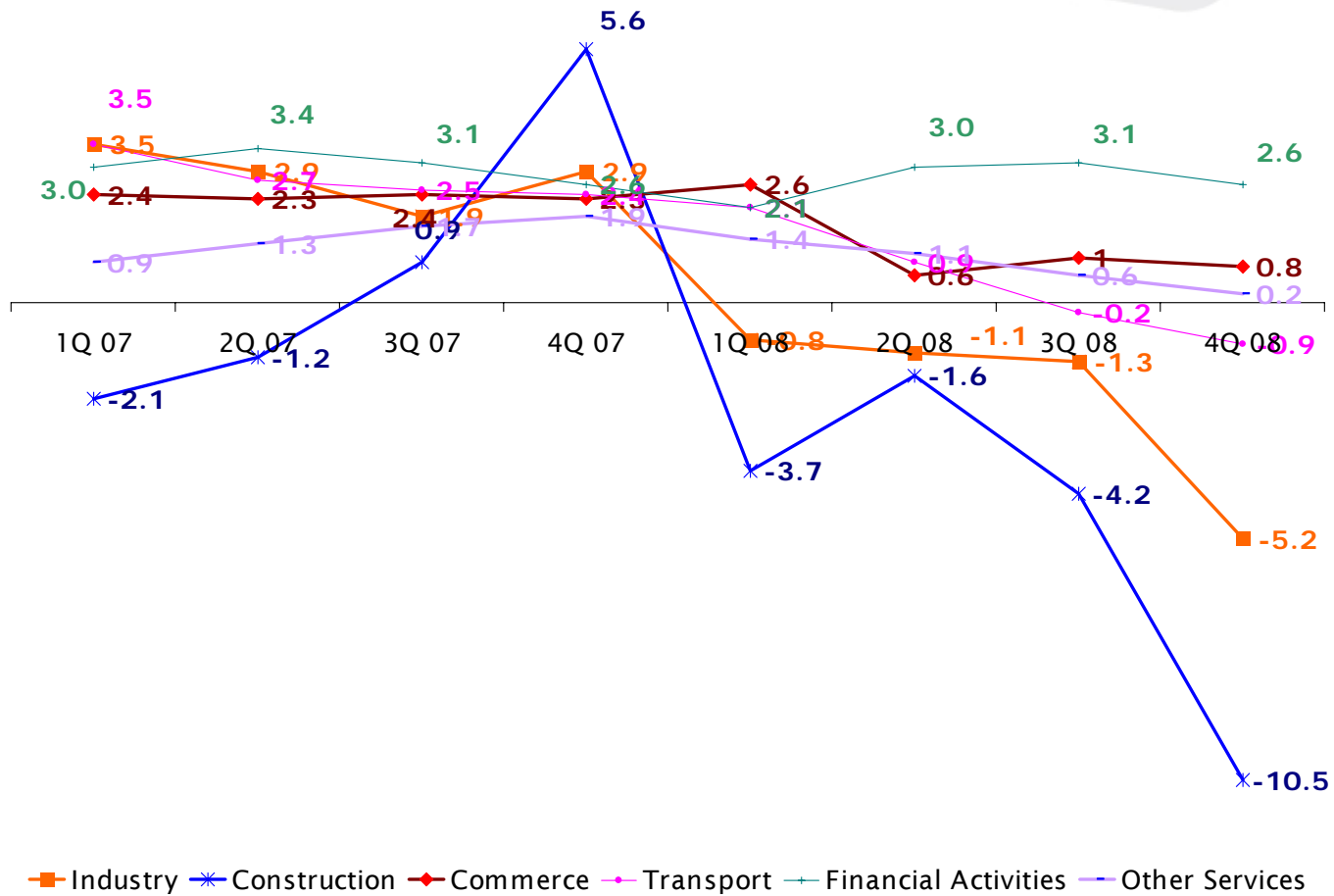
Macroeconomic situation: Portugal

YoY evolution of GDP components
(Demand)



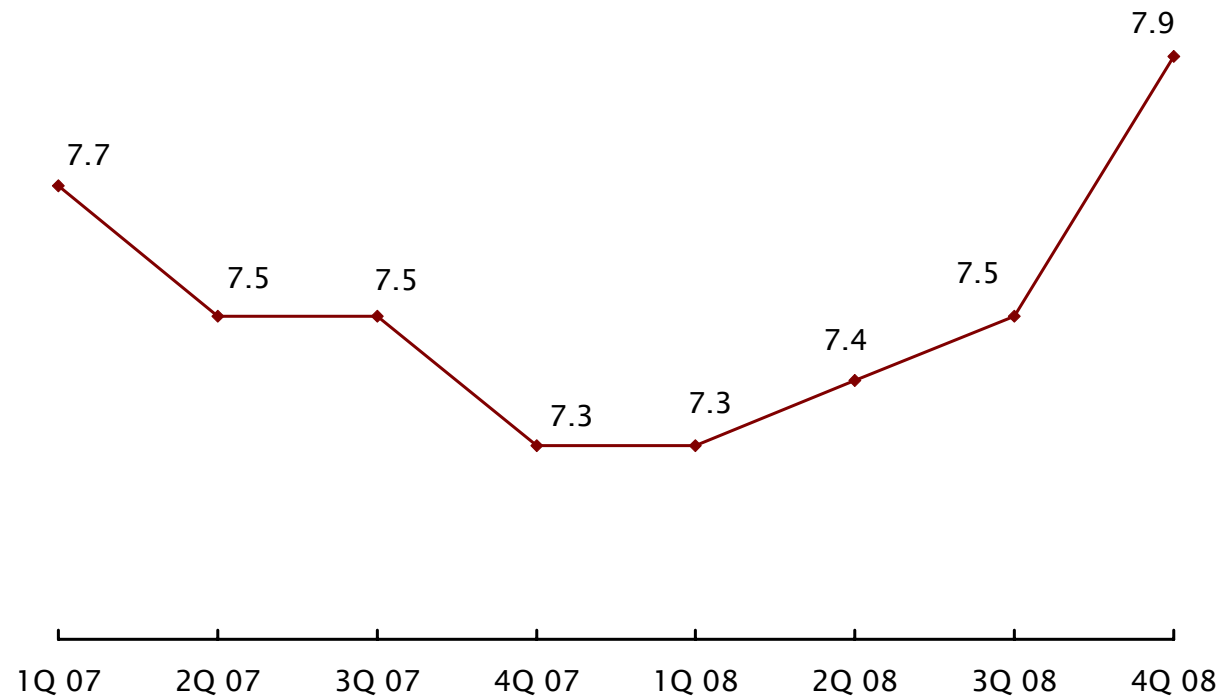
Macroeconomic situation: Portugal

YoY evolution of GDP components (Supply)



Macroeconomic situation: Portugal

*Unemployment
trend (YoY in %)*



Macroeconomic situation: Portugal

