

2nd April 2009

Positioning in the current banking environment



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Relative positioning of Banco Popular in the current banking environment

Relative positioning vs peers

1	Capital	→	Strong	✓
2	Business	→	Strong	✓
3	Results	→	Strong	✓
4	Asset soundness	→	Strong	✓

1 Strength of capital

*Relative positioning
vs peers*

Relevant aspects

Capital

Strong

- Core capital of 7.17% amongst the highest of European banks without Government backed share issues
- Strongest bank in Europe and in America in terms of Tangible Equity / Total Tangible Assets (*source: Morgan Stanley*)
- Prospects of sustained strong capital ratios over the next 2 years despite macroeconomic headwinds

1 Banco Popular continues strengthening its capital...

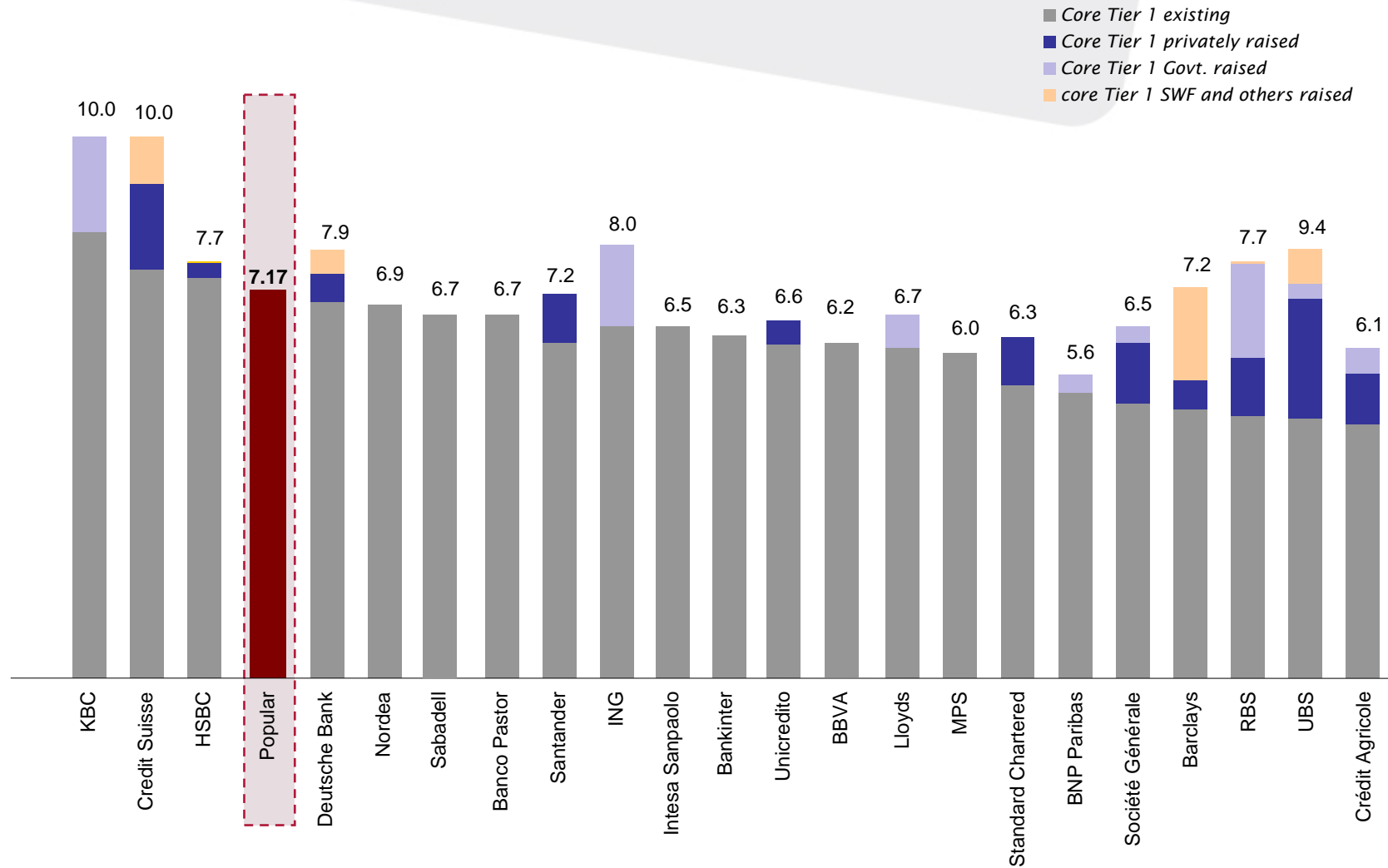
<i>(In euro million)</i>	<i>Dec 07</i>	<i>Dec 08</i>
Total core capital	5,752.2	6,604.5
	6.47%	7.17%
Total Tier I capital	7,040.2	7,475.7
	7.92%	8.12%
Total Tier 2 capital	1,552.1	905.8
	1.75%	0.98% ⁽¹⁾
Total BIS capital	8,592.3	8,381.4
	9.67%	9.10% ⁽¹⁾

(1) Amortisation of 200 million € subordinated debt

1

...and is the 4th European bank in terms of solvency according to BIS criteria

Ratio Core Tier 2008E (%)

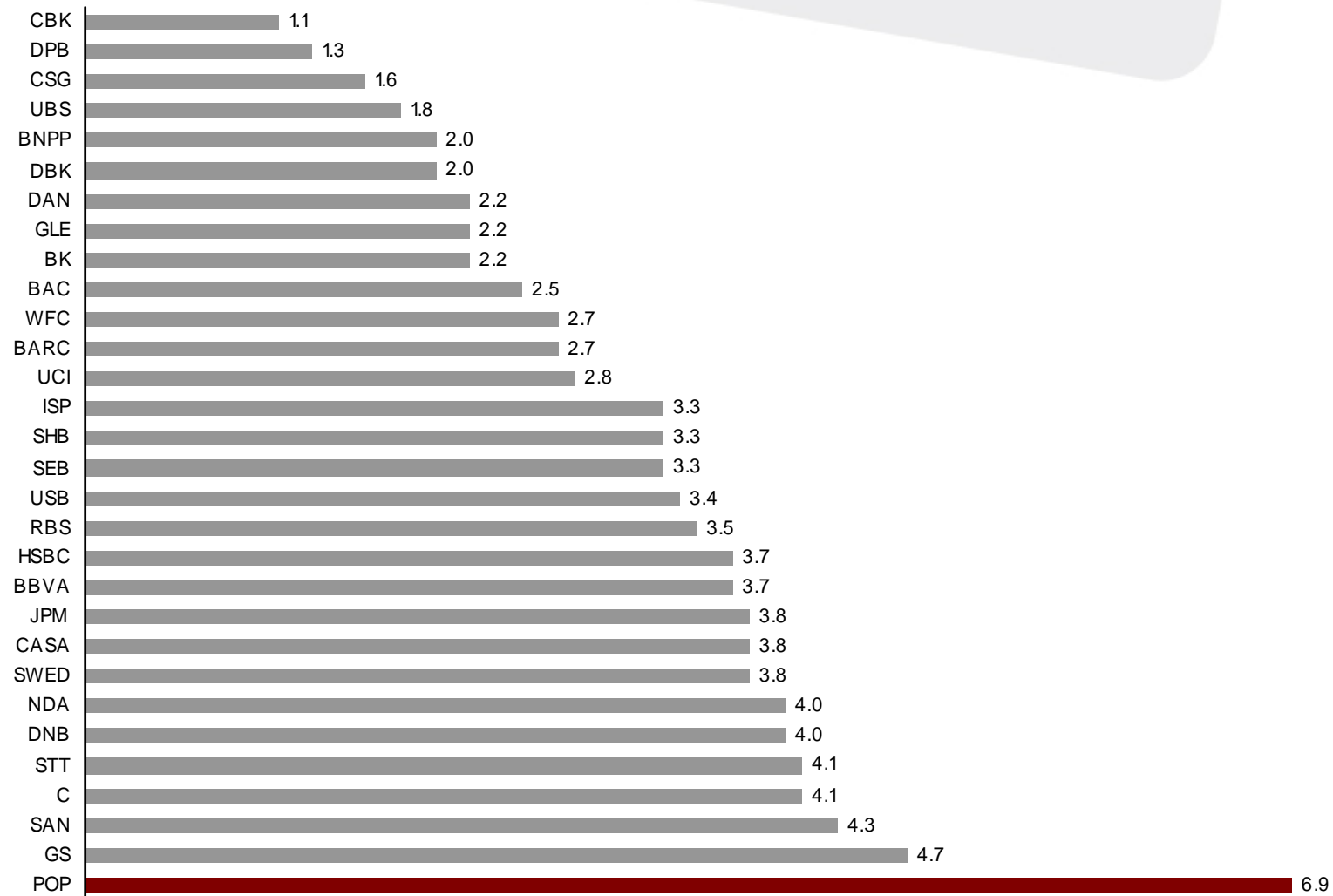


Includes top 20 European banks by market capitalization + Spanish banks.
 Data as of December 2008 (estimated and actual if available)
 Source: Brokers and own research.

1

Banco Popular has the highest ratio of tangible equity / tangible total assets among European and American banks

Tangible common equity / Tangible total assets



2 Strength of business model

*Relative positioning
vs peers*

Relevant aspects

Business

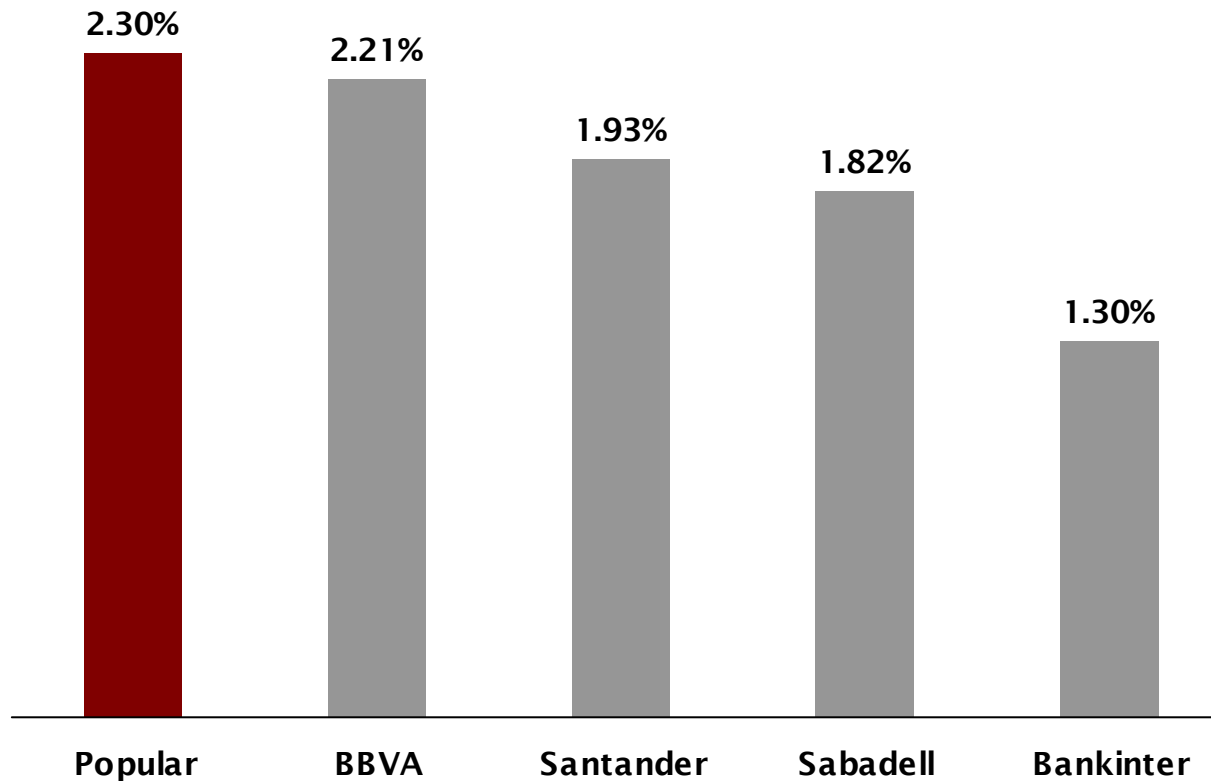
Strong

- Banco Popular has the highest Net Interest margin ratio (NIM) among Spanish banking groups...
- ...as well as the best relationship between NIM and net fees & commissions of the sector
- In addition, Banco Popular remains the most efficient bank in Europe

2

Banco Popular has the highest NIM ratio among Spanish banking groups

2008 NIM Benchmark (%)

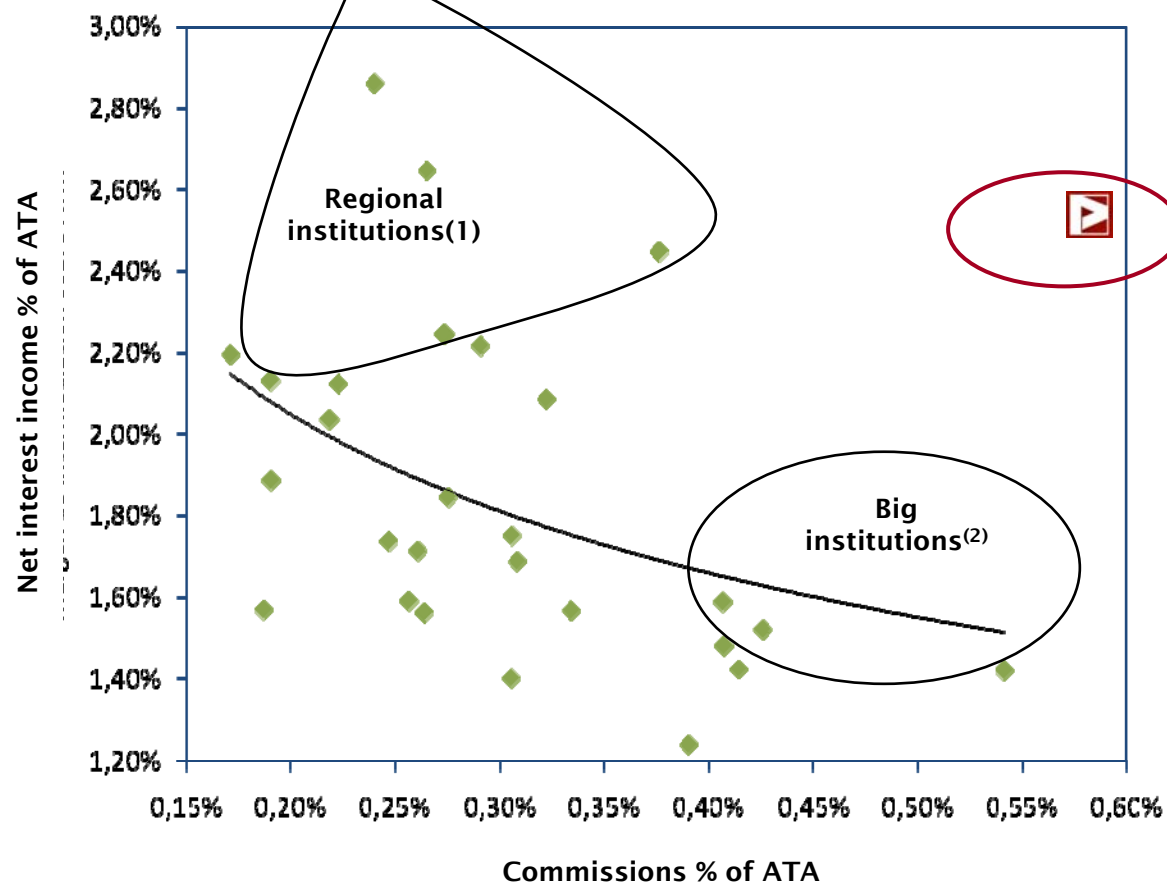


2 Spanish financial institutions have focused on growth rather than management of margins and prices

Popular shows the best ratio of Net Interest Margin / Net Fees & Commissions amongst Spanish banks and savings banks

Benchmark of net interest income / average tangible assets and net fees & commissions / business volume

(Data as of December 2007)



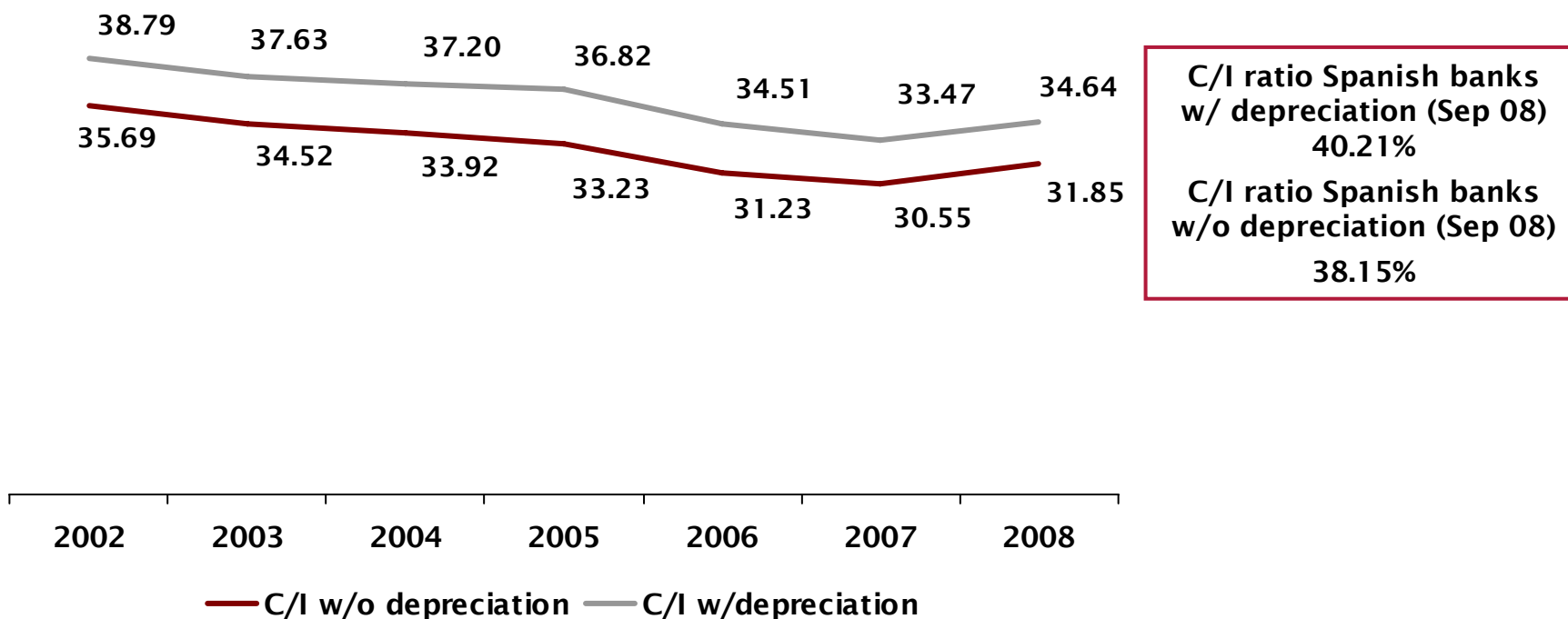
⁽¹⁾ Entities operating in regional markets

⁽²⁾ Big banks and savings banks

Source: Market study Deloitte

2 Banco Popular's efficiency remains unbeaten in Spain...

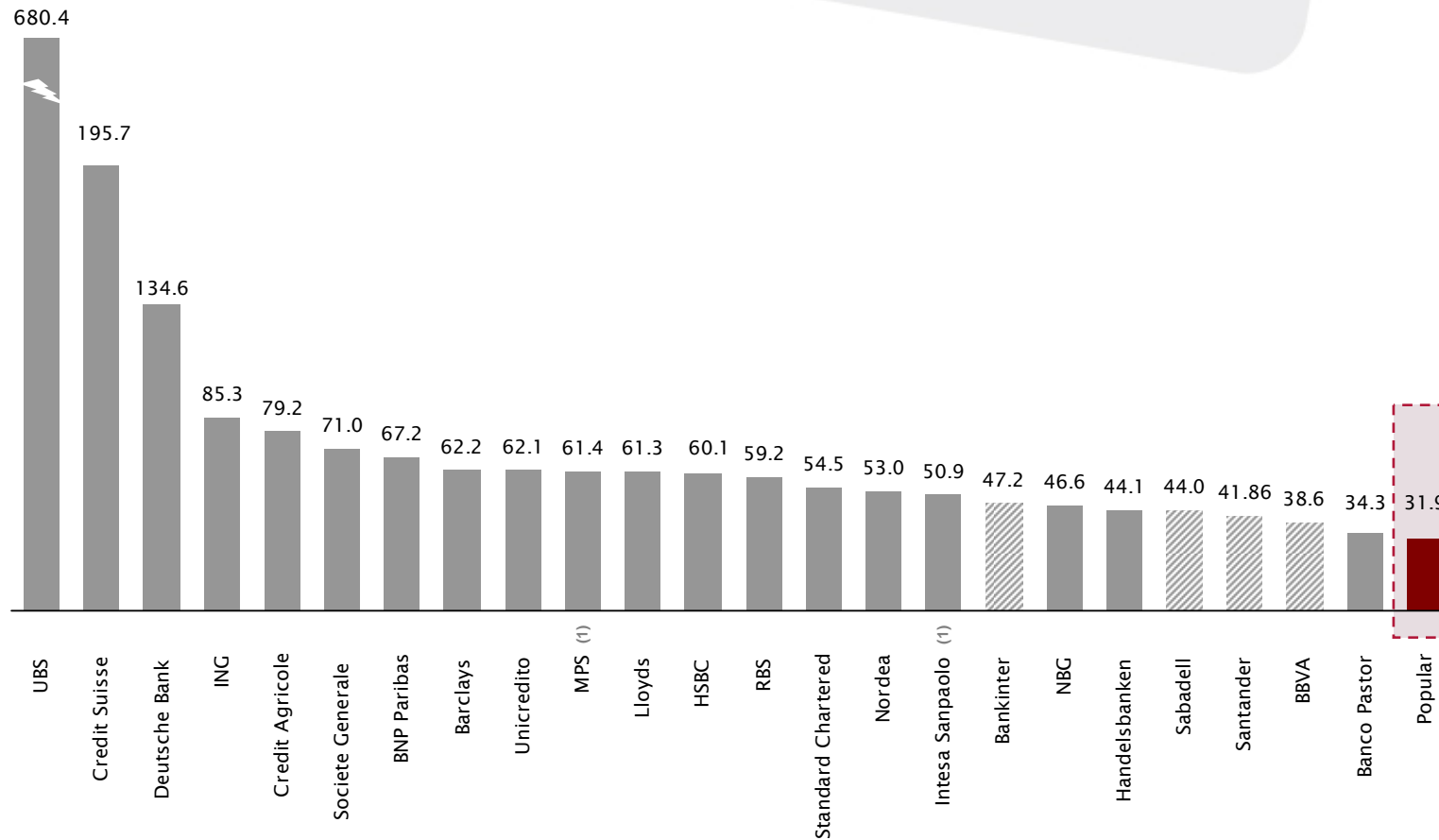
Cost/Income Trending



2

...but also in Europe

Reported 2008 efficiency ratios (%)



Includes top 20 European banks by market capitalization + Spanish banks

⁽¹⁾ As of 3Q08

Source: Quarterly results

3 Strength of results

*Relative positioning
vs peers*

Relevant aspects

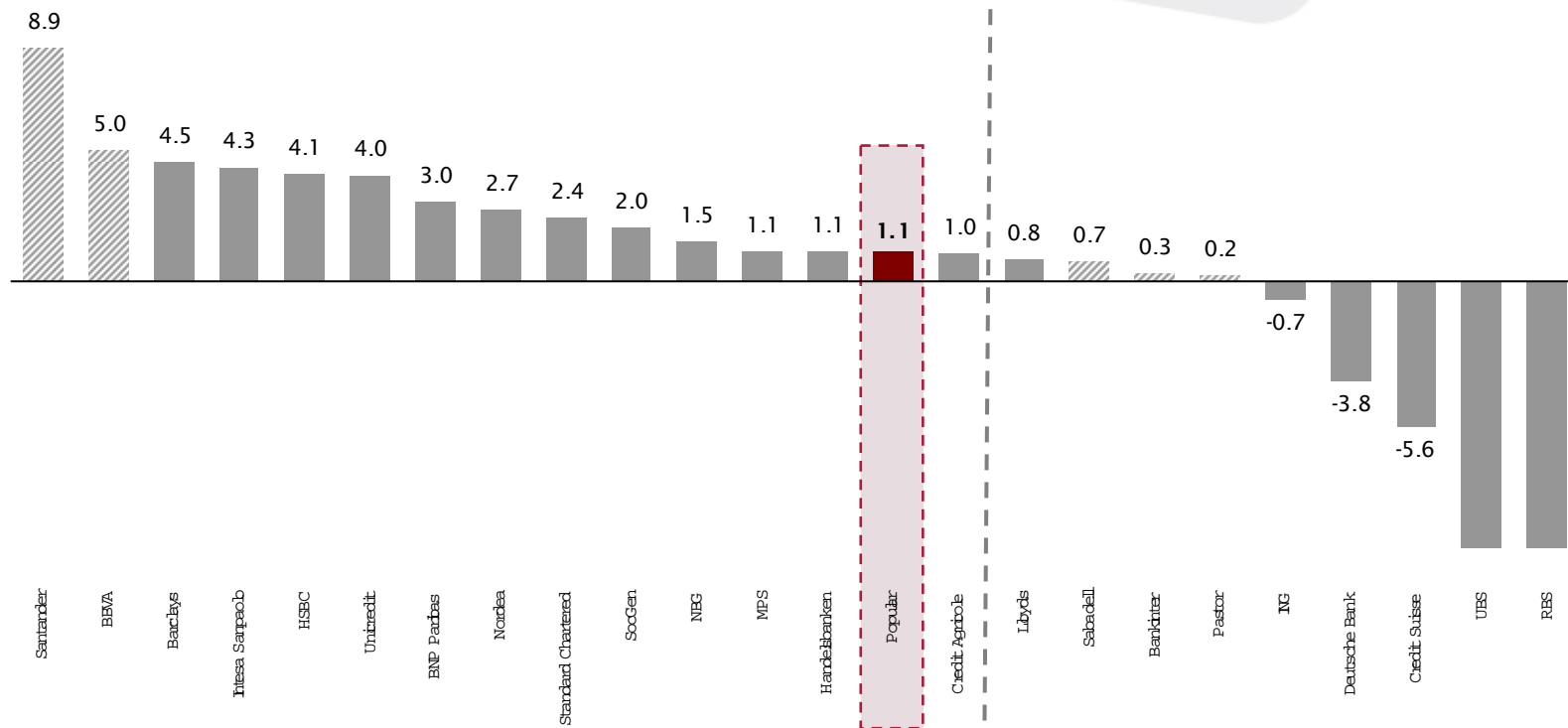
Results

Strong

- **Banco Popular positioned among top 15 European banks in terms of 2008 Net Income...**
- **...but among the best in terms of 2008 ROE**
- **Robust recurrent pre-provision profit available to absorb potential future credit quality deterioration, even in extreme scenarios**

3 Despite conservative policies, Banco Popular ranks 14th in Europe and 11th in the Eurozone area by Net Income 2008

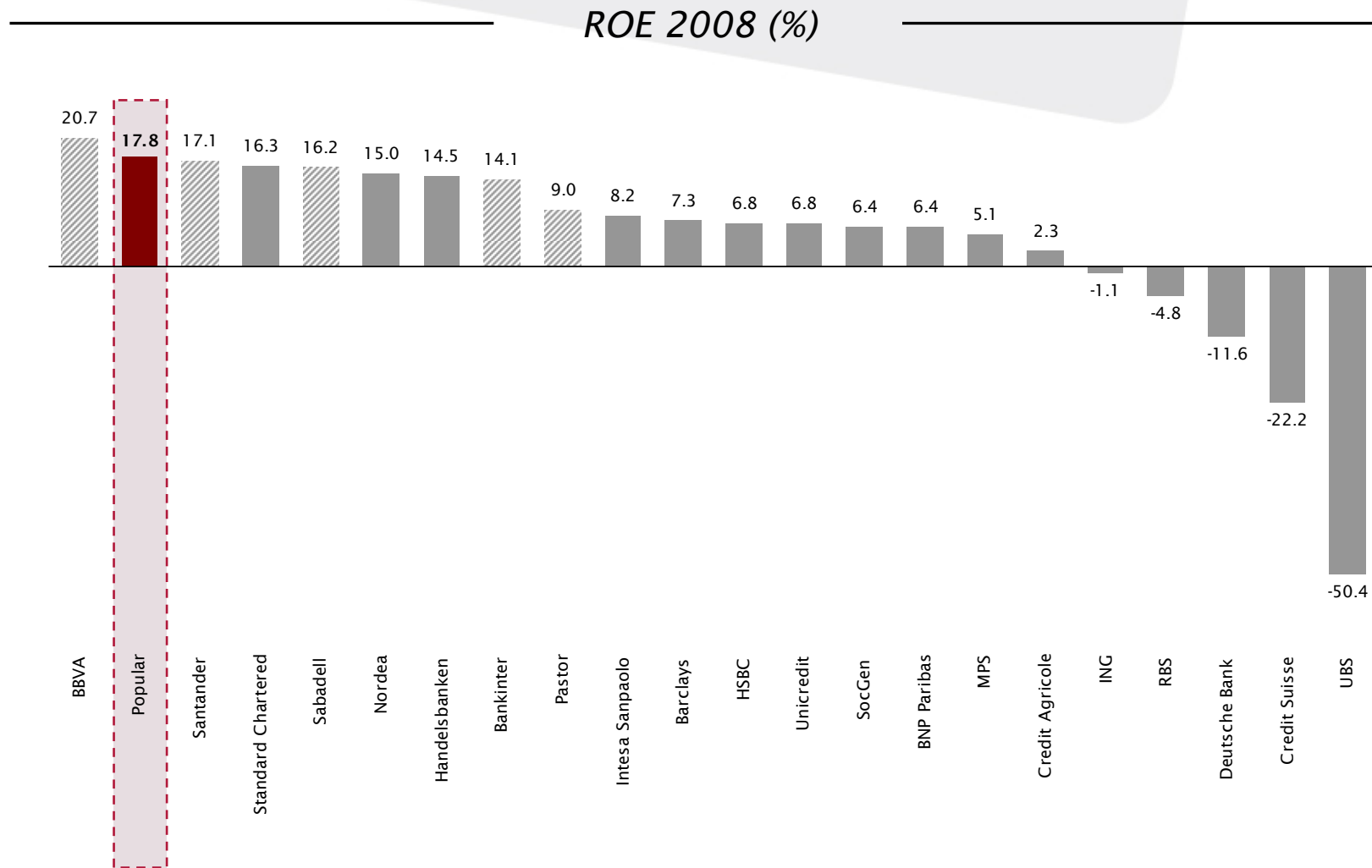
(Billion euros)



Europe's 15th largest banks with 2008 net income in excess of 1.0 bn €

Includes top 20 European banks by market capitalization + Spanish banks.
FactSet as of March 18, 2009 and 4Q08 results for SAN, BBVA, POP, SAB and PAS.

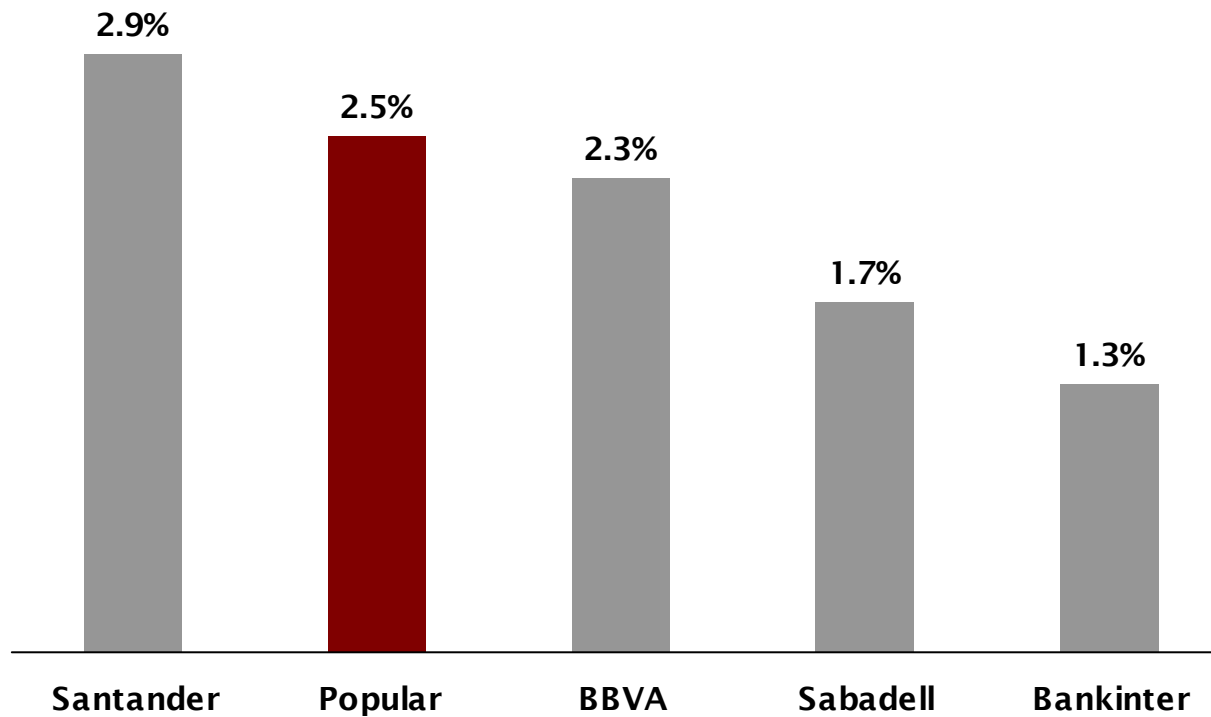
3 Profitability of Banco Popular is amongst the highest in Europe



*Includes top 20 European banks by market capitalization + Spanish banks.
FactSet as of March 18, 2009 and 4Q08 results for SAN, BBVA, POP, SAB and PAS.*

3 Banco Popular's high ratio of net op. inc. / gross loans provides cushion to absorb potential future credit quality deterioration

2008 net op. income / gross loans (%)



Data for Santander and BBVA for Spain only
Source: B. Popular and quarterly results

4 Soundness of assets

*Relative positioning
vs peers*

Relevant aspects

**Asset
soundness**

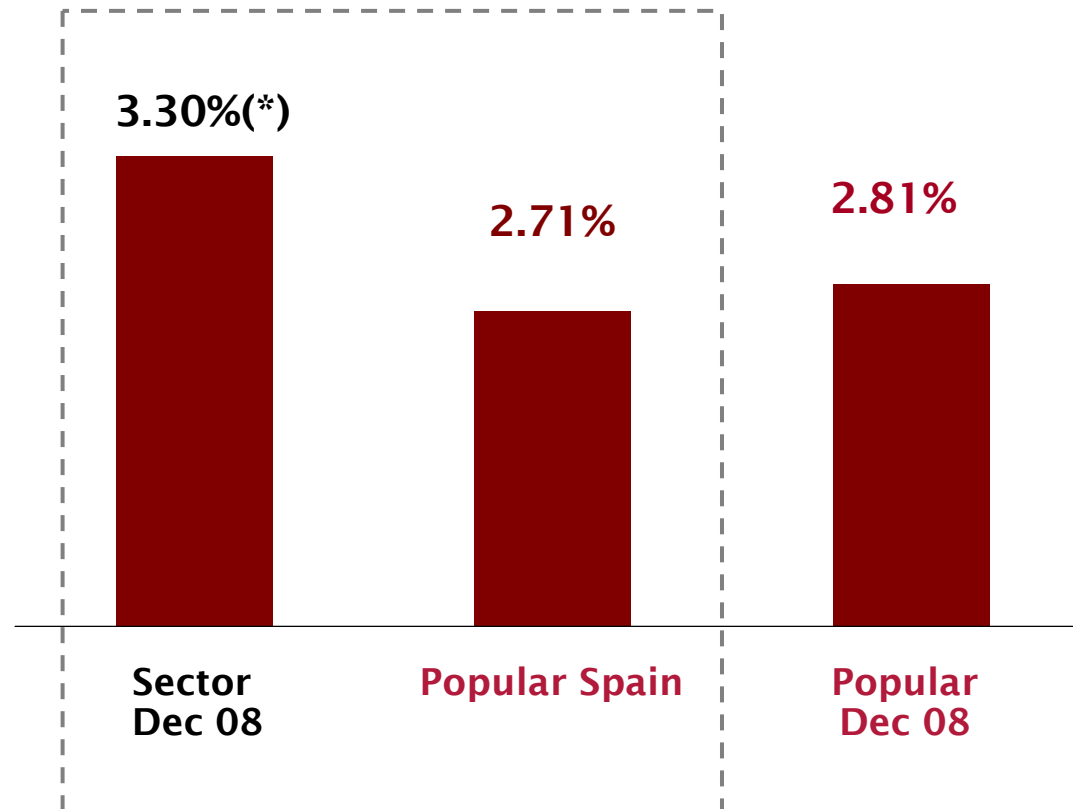
Strong

- **NPL ratio of 2.71% in Spain, lower than the domestic financial sector average...**
- **...with NPL growth lower than its peers in recent quarters**
- **Developers' risk is limited and well managed and lending portfolio is well collateralized**
- **Coverage ratio of 159.4% incl. guarantees and provisions**

4

Banco Popular has a lower NPL ratio than the Spanish sector average...

Non performing loans ratio (%)

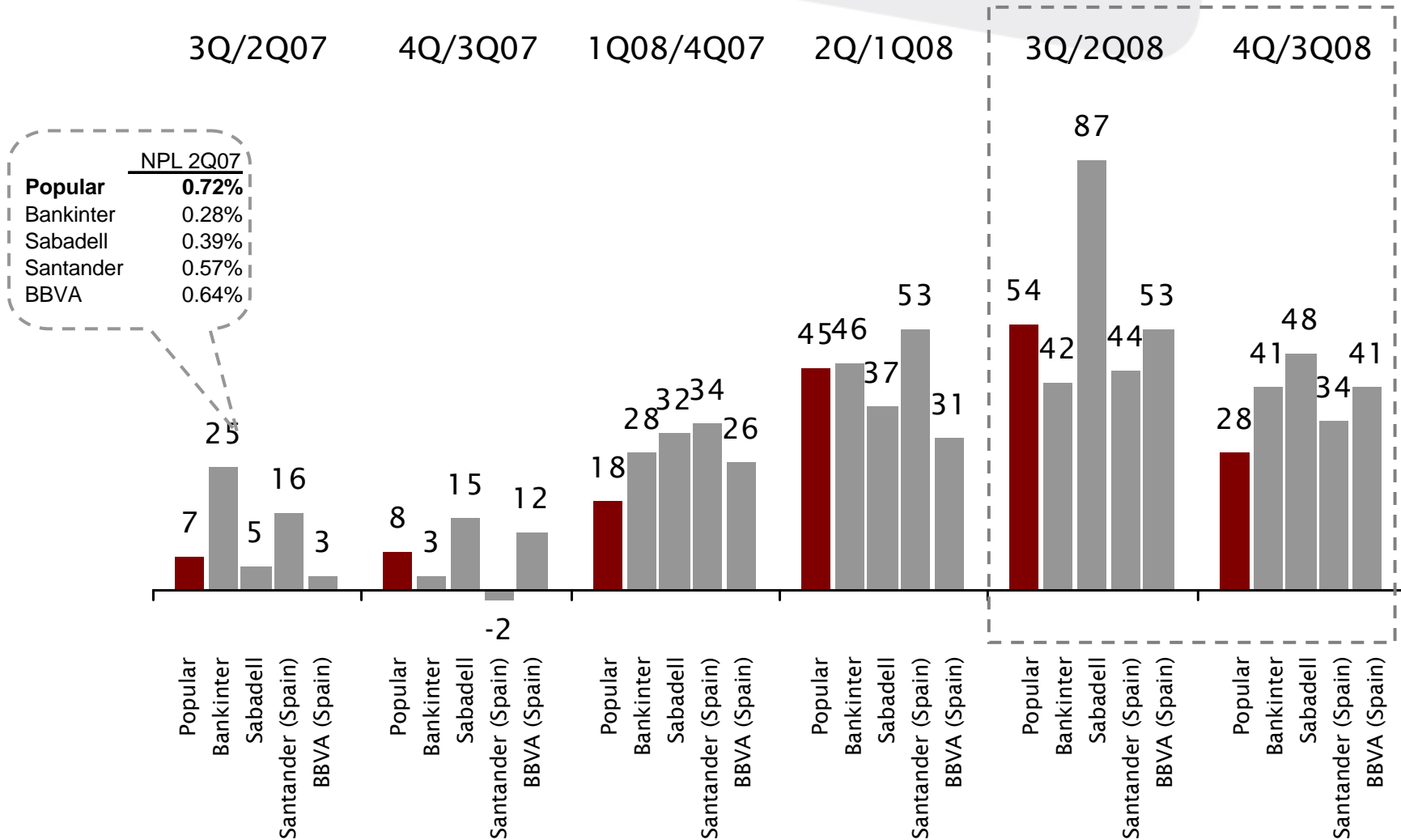


(*) Average of banks and savings banks. Other resident sectors
Source: Banco de España

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...with the growth of NPLs lower than its peers in recent quarters

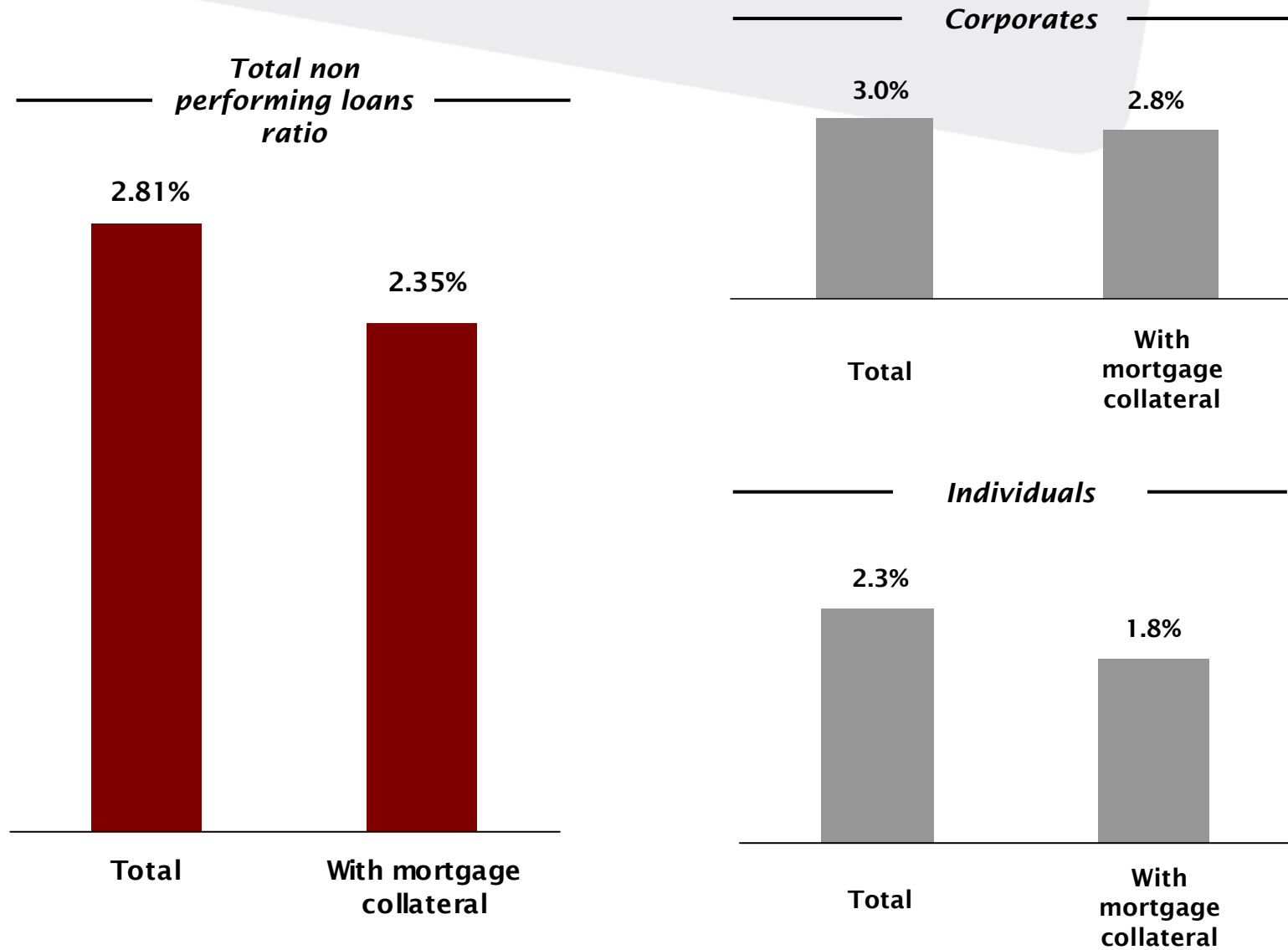
QonQ growth of NPL ratio (%)



Source: Quarterly reports and own analysis

4

Moderate non performing loans ratio in mortgages, in particular from individuals



4

Popular has a solid global coverage ratio of 159.4%

In million euro	Non-performing Loans	Value of collateral (1)	Specific provisions	Generic provisions
With mortgage collateral	1,221	2,114	168	-
Without mortgage collateral	1,822	518	754	-
Total	3,043	2,632	922	1,296
Specific Coverage Ratio		86.5%	30.3%	42.6%
Global Coverage Ratio				159.4%
Stressed Global Coverage Ratio⁽²⁾				133.4%

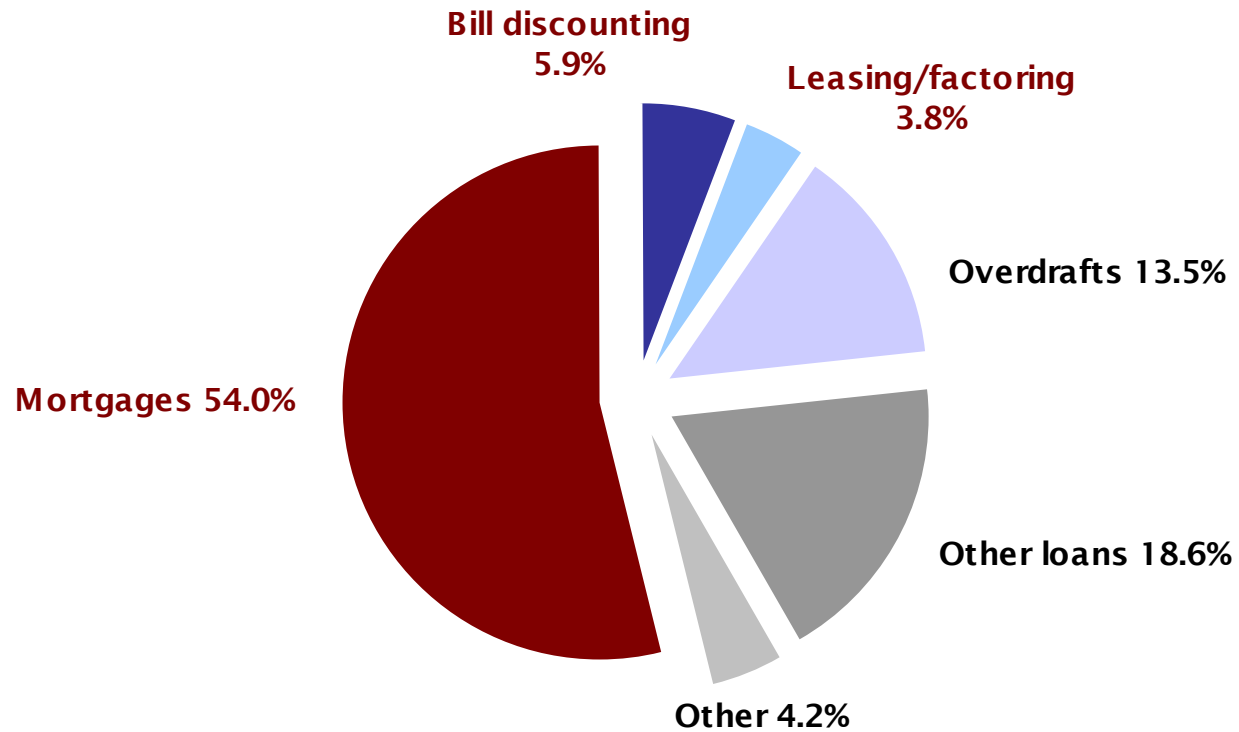
(1) Latest available appraisal value in case of mortgage collateral and effective value in rest of the cases

(2) Appraisal value of collateral reduced by 30%

4

Popular's lending portfolio is well collateralized

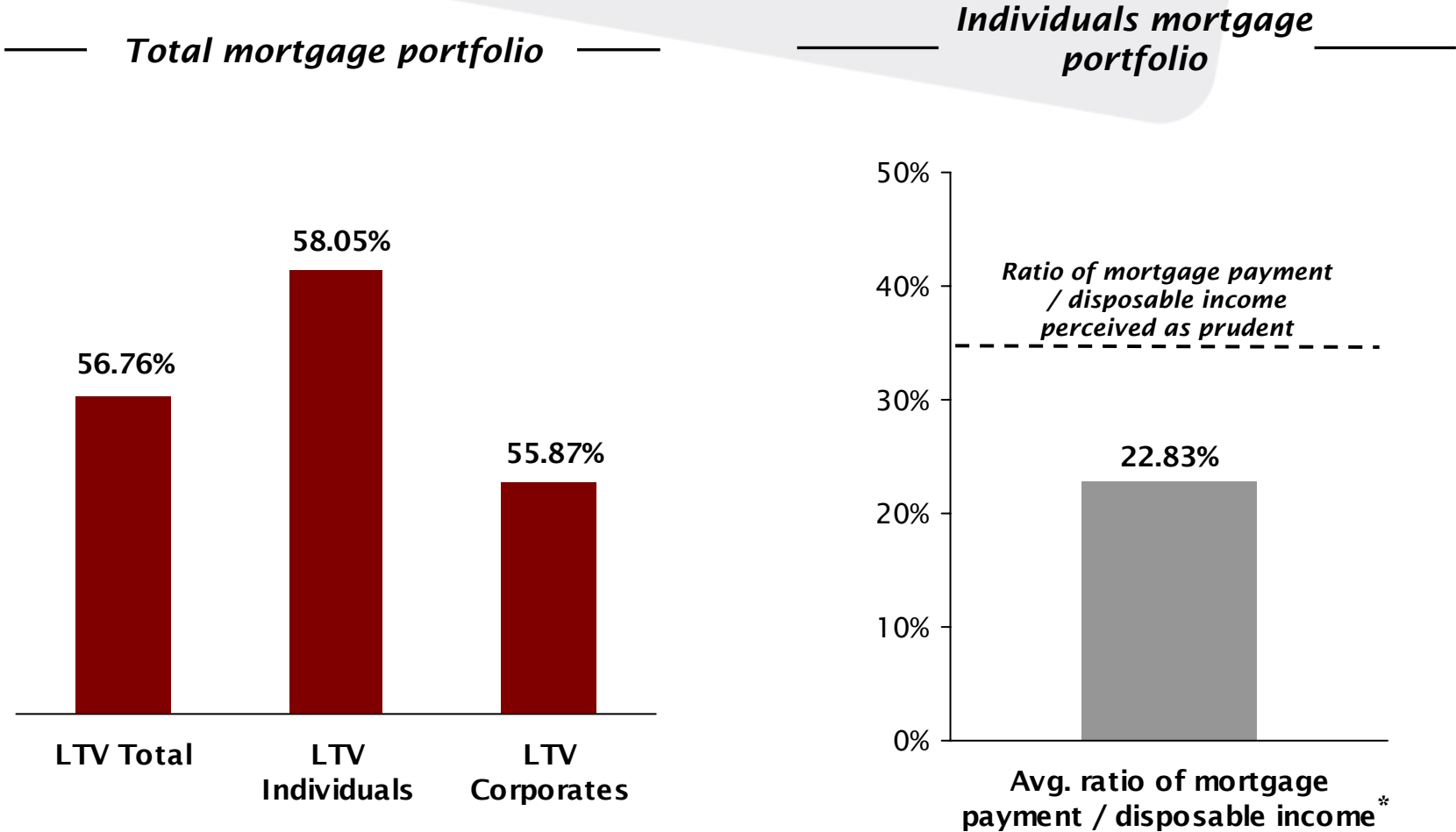
Total Risks



Total with collateral (mortgages, bill discounting and leasing): 63.7%

4

In addition, Popular's mortgage collaterals are of high quality



(*) Affordability (%)

Confidence in the future

- **Differentiated retail banking model with strong recurrent pre-provisions profit despite extremely challenging environment**
- **Strong anchors to face headwinds: prominent capital position, ample liquidity and best-of-class efficiency ratios**
- **Despite a fast initial credit quality deterioration, NPL net entries are currently decelerating**
- **Banco Popular has a highly collateralized loan book, lower than average LTV, high quality customers and experienced workforce**

Thank you!

