

Resolutions proposed by the Board of Directors of Banco Popular Español, S.A. submitted to the Extraordinary General Meeting of Shareholders at the session held in Madrid on 9 and 10 November 2008, on first and second call, respectively.

One.- Approval of the Merger Plan between the Banco Popular Español, S.A., Banco de Castilla, S.A., Banco de Crédito Balear, S.A., Banco de Galicia, S.A. and Banco de Vasconia, S.A. Approval of the merger balance sheet closed on the 30th June 2008. Approval of the Merger between the Banco Popular Español, S.A., Banco de Castilla, S.A., Banco de Crédito Balear, S.A., Banco de Galicia, S.A. and Banco de Vasconia, S.A., through the takeover of the last four by the first one, termination of the four merged companies and the general transfer of all their respective assets to the Banco Popular Español, S.A. Capital increase to meet the share exchange and the corresponding alteration to the final article of the merging company's Articles of association, all of which complies with the provisions established in the Merger Plan. Inclusion of the merger in the tax regime of Chapter VIII of Title VII of the Corporate Tax Law.

Proposal:

1.1 Approval of the Merger Plan formulated by the Board of Directors of the affected companies dated 25 September 2008.

Approval of the Merger Plan involving Banco Popular Español, S.A. as the absorbing company and Banco de Castilla, S.A., Banco de Crédito Balear, S.A., Banco de Galicia, S.A. and Banco de Vasconia, S.A. as the absorbed companies, formulated and signed by the directors of the companies and approved by their respective Boards of Directors on 25 September 2008. KPMG Auditores, S.L., as the independent expert designated by the Madrid Business Register, has issued the report required in article 236 of the Public Limited Companies Act on the Merger Plan. The Merger Plan is enclosed herewith as Appendix 1.

As established in article 226 of the Business Register Regulations, the Merger Plan has been filed with the Business Registers in Madrid, Salamanca, Baleares, Pontevedra and Navarra, where the pertinent marginal notes have been made.

1.2 Approval of the Merger Balance dated 30 June 2008, verified by the company's auditors.

Approval of the balance sheet for the period ended 30 June 2008 as the merger balance sheet. The balance sheet was formulated and approved by the Board of Directors at its meeting held on 25 September 2008 and verified by the company's auditors. The merger balance and the auditor's report are enclosed herewith as Appendix II.

1.3 Approval of the merger of Banco Popular Español, S.A., Banco de Castilla, S.A., Banco de Crédito Balear, S.A., Banco de Galicia, S.A. and Banco de Vasconia, S.A., by means of the absorption of the last four by the first, with the extinguishment of the four absorbed companies and the transfer of their respective assets and liabilities to Banco Popular Español, S.A., pursuant to the terms established in the Merger Plan.

Approval of the merger of Banco Popular Español, S.A., as the absorbing company, and Banco de Castilla, S.A., Banco de Crédito Balear, S.A., Banco de Galicia, S.A. and Banco de Vasconia, S.A., as the absorbed companies by means of the absorption of the last four by the first, in the terms of the Merger Plan formulated and signed on 25 September 2008 by the Board of Directors of the affected companies.

As consequence of the merger by absorption, Banco de Castilla, S.A., Banco de Crédito Balear, S.A., Banco de Galicia, S.A. and Banco de Vasconia, S.A. will be extinguished by dissolution without liquidation and their assets and liabilities will be transferred to Banco Popular Español, S.A., which acquires all of the rights and obligations of the absorbed companies by universal succession.

As established in article 228 of the Business Register Regulations, it is hereby made known that the merger shall take place under the following circumstances:

One.- Identification of the companies participating in the Merger:

1.1 Absorbing company:

Banco Popular Español, S.A., of Spanish nationality, with offices in Madrid, calle Velázquez 34 esquina a Goya 35, and corporate tax code (CIF) A-28000727. It is registered at the Madrid Commercial Registry Office in general volume 16,219, Ledger 0, Sheet 187, page M2715, registration no. 1 and in the Spanish Bank and Bankers' Register under number 0075.

1.2 Absorbed companies:

Banco de Castilla, S.A., of Spanish nationality, with offices in Salamanca, Plaza de los Bandos no.10 and tax identification code (CIF) A-37000163. Registered at the Salamanca Business Register in volume 14, section 3 of the Corporate Ledger, sheet 189, registration 76 and in the Spanish Bank and Bankers' Register under number 0082.

Banco de Crédito Balear, S.A., of Spanish nationality, with offices in Palma de Mallorca, Plaza de España no.1 and tax identification code (CIF) A07000136. Registered at the Balears Business Register in volume 21, ledger 190, sheet number 975, registration 1 and in the Spanish Bank and Bankers' Register under number 0024.

Banco de Galicia, S.A., of Spanish nationality, with offices in Vigo (Pontevedra), Calle Policarpo Sanz nº 23 and tax identification code (CIF) A-36600229. Registered at the Pontevedra Business Register on sheet 139 of Corporate Ledger 827, page number 2304, registration 557 and in the Spanish Bank and Bankers' Register under number 0097.

Banco de Vasconia, S.A., of Spanish nationality, with offices in Pamplona, Plaza del Castillo nº 39 and tax identification code (CIF) A-31000417. Registered at the Navarre Business Register in general volume 167 of the Corporate Ledger, sheet 1, page number NA-1240, registration 937 and in the Spanish Bank and Bankers' Register under number 0095.

Two. – Statutory modifications.

As a consequence of the capital increase by Banco Popular Español, S.A. to cover the merger share exchange, according to the terms indicated in the Merger Plan and in Part Four, the first point of the Final Article of the Articles of Association must be amended. Once the capital increase is subscribed and paid in full, the wording of that article shall be as follows:

Final Article.-

1. The capital registers a total of ONE HUNDRED AND TWENTY-THREE MILLION, FIVE HUNDRED AND SEVENTY-FOUR THOUSAND AND FIVE EUROS AND TEN CENTS (123,574,055.10 €), represented by one thousand and thirty-five million, seven hundred and forty thousand and fifty-one shares (1,235,740,551), represented by book entries since the 14th December 1992. The equity capital has been paid in full.

Three.- Share exchange.

The share exchange rate determined according to the real asset value of Companies participating in the Merger will be the following:

- Five (5) shares of **Banco Popular Español, S.A.** for three (3) shares of **Banco de Castilla, S.A.**
- Sixteen (16) shares of **Banco Popular Español, S.A.** for seven (7) shares of **Banco de Crédito Balear, S.A.**
- Two (2) shares of **Banco Popular Español, S.A.** for one (1) share of **Banco de Galicia, S.A.**
- Seven (7) shares of **Banco Popular Español, S.A.** for five (5) shares of **Banco de Vasconia, S.A.**

No complementary cash payment is foreseen, unless it is necessary to establish mechanisms intended for facilitating the spin-off for shareholders of the Banco de Castilla, S.A., Banco de Crédito Balear, S.A. and Banco de Vasconia, S.A. who own a number of shares that is not a multiple of the number resulting from the exchange equation, through purchasing shares at peak prices.

CREDIT SUISSE SECURITIES (EUROPE) LIMITED, as the financial adviser for the merger, has issued a fairness opinion to the Board of Directors of Banco Popular in which it has stated that the exchange rate is fair from a financial point of view.

The forty-three million three hundred ninety-two thousand nine hundred (43,392,900) shares of Banco de Castilla representing 100% of its share capital have a par value of 0.60 € each, fully subscribed and paid in and are represented by book entries.

The fourteen million ninety-six thousand four hundred forty-eight (14,096,448) shares of Banco de Crédito Balear representing 100% of its share capital have a par value of 0.75 € each, fully subscribed and paid in and are represented by book entries.

The thirty million four hundred twenty-nine thousand (30,429,000) shares of Banco de Galicia representing 100% of its share capital have a par value of 0.30 € each, fully subscribed and paid in and are represented by book entries.

The thirty-two million (32,000,000) shares of Banco de Vasconia representing 100% of its share capital have a par value of 0.30 € each, fully subscribed and paid in and are represented by book entries.

In conformity with the contents of article 249 of the Corporate Law, the shares of the Banco de Castilla, S.A., Banco de Crédito Balear, S.A., Banco de Galicia, S.A. and Banco de Vasconia, S.A., owned by the Banco Popular Español, S.A., may not be exchanged for shares of the Banco Popular and shall be redeemed.

Four.- Capital increase to cover the share exchange under the merger by absorption.

The Banco Popular owns 41,291,024 shares of the Banco de Castilla, S.A., 9,088,178 of the Banco de Crédito Balear, S.A., 28,463,390 of the Banco de Galicia, S.A. and 30,981,290 of the Banco de Vasconia, S.A.

To cover the merger exchange equation, the Banco Popular Español, S.A. shall increase its share capital by a nominal amount of two million, thirty thousand, eight hundred Euros and ten cents (2,030,801.10 €), through issuing and marketing twenty million, three hundred and eight thousand and eleven ordinary shares (20,308,011) with a par value of 0.10 Euros each, which shall be of the same category and series as those currently on the market, represented by book entries.

In the afore-mentioned increase in share capital, the difference between the quoted price of the Banco Popular's shares at the close of the market on the 24th September 2008 and the par value of the new shares issued by the same bank shall be considered a share premium.

Therefore, the increase in capital shall be issued with an overall share premium of 173,836,574.16 Euros, which implies a share premium of 8.56 Euros for each share issued.

Both the par value of such shares and the corresponding share premium shall be totally paid as a consequence of the general transfer of the assets of Companies merged by the Banco Popular, which shall inherit the rights and obligations of the four Companies.

When the capital increase takes place, permission will be requested for the new shares issued under this resolution to trade on the stock exchanges where the shares of Banco Popular Español, S.A. are traded at the time of the capital increase.

For the purposes of article 27 b) of the Stock Exchange Act approved by Decree 1506/1967 of 30 June, it is hereby made known that the company shall abide by the rules that exist now or could be enacted in the future with regard to the stock exchange, and particularly with regard to the trading and the exclusion from trading of the shares of Banco Popular Español, S.A. It is further made known that if a request were made in the future to cease trading the shares of Banco Popular Español, S.A., such a request shall be made with the same formalities referred to in that article, guaranteeing the interest of the shareholders who oppose or vote against the resolution, complying with the requirements established in the Public Limited Companies Act and concordant provisions, all in accordance with the terms of the aforementioned Stock Exchange Act, the Securities Market Act and related provisions.

Five .-Share exchange procedure.

The share exchange procedure of the Banco de Castilla, S.A., Banco de Crédito Balear, S.A., Banco de Galicia, S.A. and Banco de Vasconia, S.A. for shares of the Banco Popular Español, shall be the following:

- (a) Upon agreement of the merger by the General Meeting of Shareholders of the five participating Companies, and after submission before the National Securities Market Commission of documentation equivalent to that mentioned in articles 26.1.d) and 41.1.c), presumably necessary, and other related documents of Royal Decree 1310/2005, of the 4th November, and registration of the merger deed at the Madrid Business Register, the share exchange of shares of the Banco de Castilla, S.A., Banco de Crédito Balear, S.A., Banco de Galicia, S.A. and Banco de Vasconia, S.A. for shares of the Banco Popular Español, S.A. shall take place.
- (b) The exchange shall take place as from the date indicated in the announcements published in the Commercial Registry's Official Bulletin, in one of the leading daily newspapers of the provinces where the companies participating in the merger have their respective offices and, when considered necessary, in Spanish Stock Market Bulletins. For this purpose, the Banco Popular Español, S.A., predictably or, where appropriate, another financial entity, shall act as Agent, in accordance with the afore-mentioned announcements.
- (c) The share exchange of shares of the Banco de Castilla, S.A., Banco de Crédito Balear, S.A., Banco de Galicia, S.A. and Banco de Vasconia, S.A. for those of the Banco Popular Español, S.A. shall be carried out by entities participating in the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear) (**Management Company for Securities Registry, Clearance and Settlement**), which are their depositories, according to the procedures established for book entries, in conformity with the specifications of Royal Decree 116/1992, of the 14th February, and by applying the contents of article 59 of the Corporate Law, where applicable.
- (d) Shareholders who own shares representing a fraction of the number of shares of the Banco de Castilla, S.A., Banco de Crédito Balear, S.A. and Banco de Vasconia, S.A. established as a share exchange may purchase or transfer shares in order to exchange them according to this method. Notwithstanding the above, companies involved in the merger may establish mechanisms intended for facilitating the exchange for shareholders of the Banco de Castilla, S.A., Banco de Crédito Balear, S.A. and Banco de Vasconia, S.A. who own a number of shares that is not a multiple of the number resulting from the exchange equation. This includes nominating a Peak Agent.
- (e) As a consequence of the merger, shares of the Banco de Castilla, S.A., Banco de Crédito Balear, S.A., Banco de Galicia, S.A. and Banco de Vasconia, S.A. shall be totally wiped off and cancelled.

Six. Date as from which the exchanged shares allow for participation in corporate earnings.

The shares that the Banco Popular Español, S.A. issues when increasing its capital as described in part 4 to meet the spin-off shall be ordinary shares, equal to those currently on the market and shall be represented by book entries.

As from the date of registration of the new shares in Iberclear's accounts' registers, they shall grant their title holders the same political rights as those currently on the market. With regard to economic rights, the new shares shall entitle participation in corporate earnings distributed as from the 17th January 2009, inclusive.

Seven. Date of merger for accounting purposes.

Transactions carried out by the Banco de Castilla, S.A., Banco de Crédito Balear, S.A., Banco de Galicia, S.A. and Banco de Vasconia, S.A. shall be considered completed for accounting purposes on behalf of the Banco Popular Español, S.A. as from the 30th June 2008.

Eight. Special rights.

No one owns special category shares or special rights other than shares in merged Companies, whereby no special right or offer of any type of option is granted.

Shares of the Banco Popular Español, S.A. presented to shareholders of the Banco de Castilla, S.A., Banco de Crédito Balear, S.A., Banco de Galicia, S.A. and Banco de Vasconia, S.A. on account of the merger shall not grant their owners any special right.

Nine. Advantages for independent experts and directors.

In the merging company, no type of advantages shall be given to the independent expert involved in the merger process or to directors of any of the entities participating in the merger.

1.4 Establishment of the procedure for facilitating the share exchange and delegation of powers.

Pursuant to the terms of the Merger Plan and at the proposal of the Board of Directors, it is agreed to approve a mechanism intended to facilitate the exchange of the shares for the shareholders of Banco de Castilla, S.A. who own a number of shares not equal to three (3) or a multiple of three (3); of Banco de Crédito Balear, S.A. who own a number of shares not equal to seven (7) or a multiple of seven; of Banco de Vasconia, S.A. who own a number of shares not equal to five (5) or a multiple of five (5), notwithstanding the fact that the shareholders of Banco de Castilla, S.A., Banco de Crédito Balear, S.A. and Banco de Vasconia, S.A. may acquire or transfer shares in order to participate in the exchange with a minimum of three (3) shares or a multiple of three (3) in the case of Banco de Castilla, S.A., seven (7) or a multiple of seven (7) in the case of Banco de Crédito Balear, S.A. and five (5) or a multiple of five (5) in the case of Banco de Vasconia, S.A. The basic terms and conditions of the approved mechanism are as follows:

1. In view of the fact that the exchange rate of the merger is equivalent, in unitary terms, to 1 share of Banco Popular Español, S.A. for every 0.6 shares of Banco de Castilla, S.A.; 1 share of Banco Popular Español, S.A. for every 0.4375 shares of Banco de Crédito Balear, S.A.; 1 share of Banco Popular Español, S.A. for every 0.5 shares of Banco de Galicia, S.A. and 1 share of Banco Popular Español, S.A. for every 0.7143 shares of Banco de Vasconia, S.A., at the end of the last trading session of Banco de Castilla, S.A., Banco de Crédito Balear, S.A. and Banco de Vasconia, S.A. on the stock exchange (hereinafter, the "Date of Reference"), each shareholder of Banco de Castilla, S.A., Banco de Crédito Balear, S.A. and Banco de Vasconia, S.A. who, according to the application of the aforementioned unitary exchange rate, does not own a number of shares of Banco de Castilla, S.A. which is three (3) or a multiple of three (3); of Banco de Crédito Balear, S.A. which is seven (7) or a multiple of seven (7) and of Banco de Vasconia, S.A. which is five (5) or a multiple of five (5), and therefore has excess fractions of shares of Banco de Castilla, S.A., Banco de Crédito Balear, S.A. and Banco de Vasconia, S.A., may transmit those fractions to the agent designated for this purpose. It shall be understood that each shareholder of Banco de Castilla, S.A., Banco de Crédito Balear, S.A. and Banco de Vasconia, S.A. may participate in the acquisition of excess shares foreseen herein without the need to send instructions to the Iberclear participating entity, which shall report on the results of the transaction once concluded.

2. Pursuant to the above and based on the agreed exchange equation, the only circumstances under which there may be an acquisition of fractions of shares would be as follows:

| Number of shares of Banco de Castilla, S.A. | Corresponding number of shares of Popular Español, S.A. according to the merger plan | Fractions of Banco de Castilla, S.A. shares |
|--|---|--|
| 1 | 1 | 0.4 |
| 2 | 3 | 0.2 |
| 3 | 5 | 0 |

| Number of shares of Banco de Crédito Balear, S.A. | Corresponding number of shares of Popular Español, S.A. according to the merger plan | Fractions of Banco de Crédito Balear, S.A. shares |
|--|---|--|
| 1 | 2 | 0.125 |
| 2 | 4 | 0.25 |
| 3 | 6 | 0.375 |
| 4 | 9 | 0.0625 |
| 5 | 11 | 0.1875 |
| 6 | 13 | 0.3125 |
| 7 | 16 | 0 |

| Number of shares of Banco de Vasconia, S.A. | Corresponding number of shares of Popular Español, S.A. according to the merger plan | Fractions of Banco de Vasconia, S.A. shares |
|--|---|--|
| 1 | 1 | 0.2857 |
| 2 | 2 | 0.5714 |
| 3 | 4 | 0.1428 |
| 4 | 5 | 0.4286 |
| 5 | 7 | 0 |

3. The acquisition price of the fractions of shares will be 11.50 euros in the case of Banco de Castilla stock; 13.90 euros per share in the case of Banco de Crédito Balear stock and 9.92 euros per share in the case of Banco de Vasconia stock, according to the share exchange equation.

4. The entity designated as the fraction agent shall acquire the excess fractions of shares existing at the end of trading of Banco de Castilla, S.A., Banco de Crédito Balear, S.A. and Banco de Vasconia, S.A. stock on the Date of Reference.

The excess fractions of shares of Banco de Castilla, S.A., Banco de Crédito Balear, S.A. and Banco de Vasconia, S.A. stock referred to above which are acquired by the agent shall be exchanged for the corresponding shares of Banco Popular Español, S.A. according to the Merger Plan.

With regard to this mechanism for facilitating the exchange, it is agreed to authorise the Board of Directors, which in turn has the power to authorise the Executive Committee, to develop, remedy or supplement the basic aspects of the mechanism as necessary to ensure the most efficient execution of the share exchange. These powers include deciding the Date of Reference as it is defined in this resolution and the acquisition price of the excess shares as foreseen in this resolution, drafting announcements of the exchange and designating a merger agent and a fraction agent, signing any and contracts and taking any other actions which may be necessary in this regard.

1.5 Information on equity modifications.

The members of the Board of Directors hereby declare to the General Meeting of Shareholders that none of the companies involved in the merger have experienced substantial changes in their assets or liabilities between the date of the Merger Plan and date of the General Meeting of Shareholders.

The remunerations and dividend payments reflected in the Merger Plan paid between the dates indicated are not considered relevant modifications since they were taken into account when calculating the equation for the share exchange contained in the Merger Plan.

1.6. Application of the tax regimen referred to in Chapter VIII of Title VII of the Revised Text of the Corporate Tax Law approved by Legislative Royal Decree 4/2004.

The tax authorities will be notified of the application of the tax regimen referred to in Chapter VIII of Title VII of the Revised Text of the Corporate Tax Law approved by Legislative Royal Decree 4/2004, as required under the terms of article 96 of that law.

1.7 Authorisation of the Merger.

The validity and efficacy of the Merger Plan approved by the shareholders as item one on the meeting agenda is contingent upon approval by the Ministry of the Economy and Taxation, pursuant to the terms of article 45.c) of the Bank Law of 31 December 1946.

Two.- Delegation of powers in the Board of Directors, with the power of substitution, for formalising, interpreting, remedying and executing the agreements adopted by the General Meeting to the full.

Proposal: To delegate the Board of Directors with all of the legal powers needed to take any and all actions as may be necessary or conducive to the full execution, development and effectiveness of the resolutions adopted by the General Meeting of Shareholders, including the power to delegate the Executive Committee or the persons of the Board's choice, taking any and all steps as may be necessary or conducive to obtaining the authorisations or inscriptions required by the Bank of Spain, the **Ministry of the Economy and Taxation**, the Comisión Nacional del Mercado de Valores, the Business Register or any other public or private body.

To that end, these powers shall include but are not limited to signing all kinds of public and private instruments, making declarations, publishing announcements, requesting authorisation, notifying supervisory authorities and requesting the registration of the resolutions in the pertinent registers. To that end, they may formalise, interpret, remedy, clarify, complete and execute, in the broadest sense, the resolutions adopted by the General Meeting in order to file them with the corresponding registers, and they rectify, clarify, complete or remedy those resolutions provided that such rectifications or corrections are in keeping with the spirit and legal framework of the resolutions and are limited to following the orders of the Bank of Spain, the Comisión Nacional

del Mercado de Valores, the Directorate General of the Treasury and Financial Policy of the Ministry of the Economy and Taxation or any other competent authority.

The Chairman, Ángel Ron Güimil, the Vice President – Chief Executive, Roberto Higuera Montejo, the Secretary of the Board, Francisco Aparicio Valls and the Assistant Secretaries, Francisco Javier Zapata Cirugeda and Francisco Javier Lleó Fernández are authorised, jointly and severally, to appear before the competent administrative authorities, particularly the Bank of Spain, the Ministry of the Economy and Taxation, the Comisión Nacional del Mercado de Valores, the governing bodies of the stock exchange and any other authority, administration or institution in relation to any of the decisions adopted by the General Meeting in order to take the actions that are needed for their full validity and effectiveness.

The Chairman, Ángel Carlos Ron Güimil, the Secretary of the Board, Francisco Aparicio Valls and the Assistant Secretaries Francisco Javier Zapata Cirugeda and Francisco Javier Lleó Fernández, are furthermore empowered, without distinction, to appear before a notary public to sign any and all public deeds which may be required to formalise and solemnise the foregoing resolutions, with the complementary faculties deemed convenient, until such time as they are registered or deposited in the corresponding register, even partially if necessary, and to rectify or correct the foregoing resolutions provided that such rectifications or corrections are limited to following the verbal or written instructions of the Business Registrar.