

October 9, 2008

Merrill Lynch Conference



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

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▶ Capital Base

▶ Efficiency / Cost Income

▶ Long-Term Earnings & Dividends

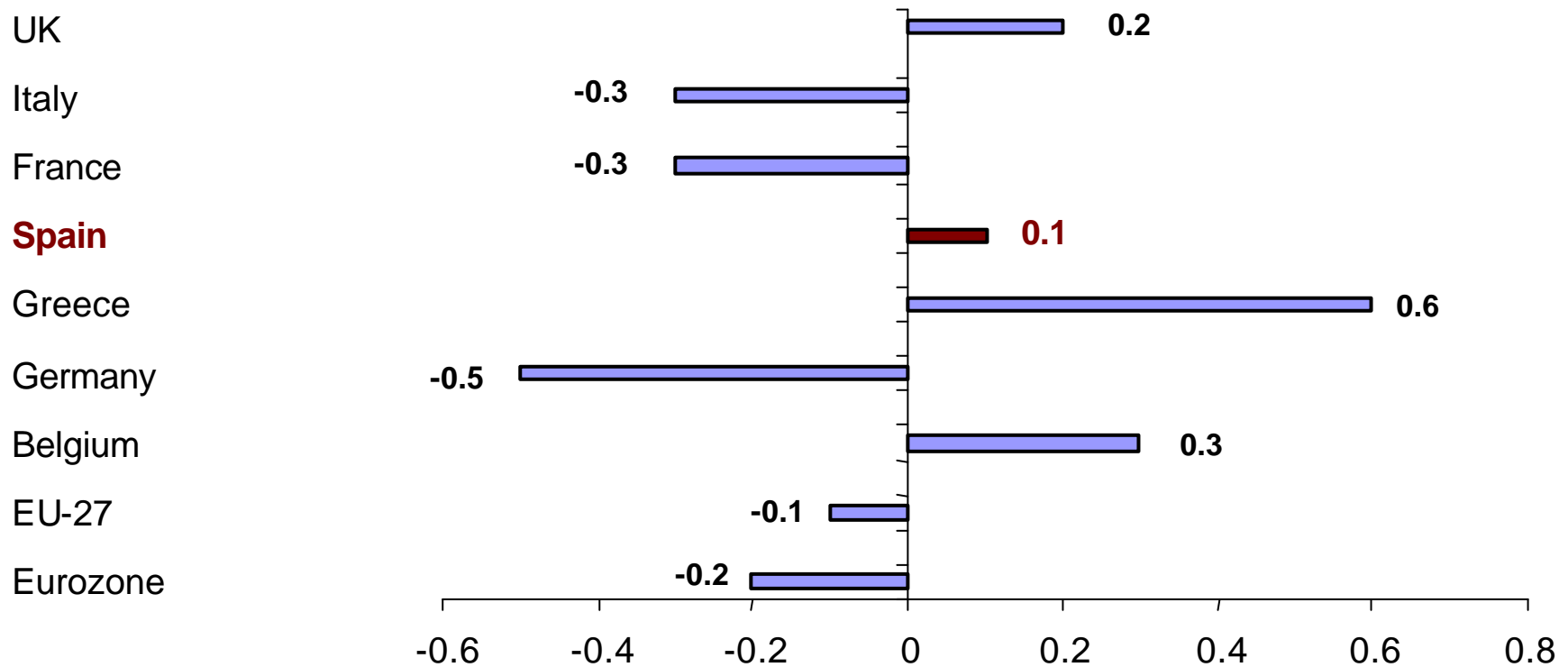
▶ Liquidity / Funding

Macroeconomic Parameters in Spain

GDP in EU

% Change in quarter (2Q 2008)

Declines in France and Germany bring Eurozone GDP to its first decline in its history

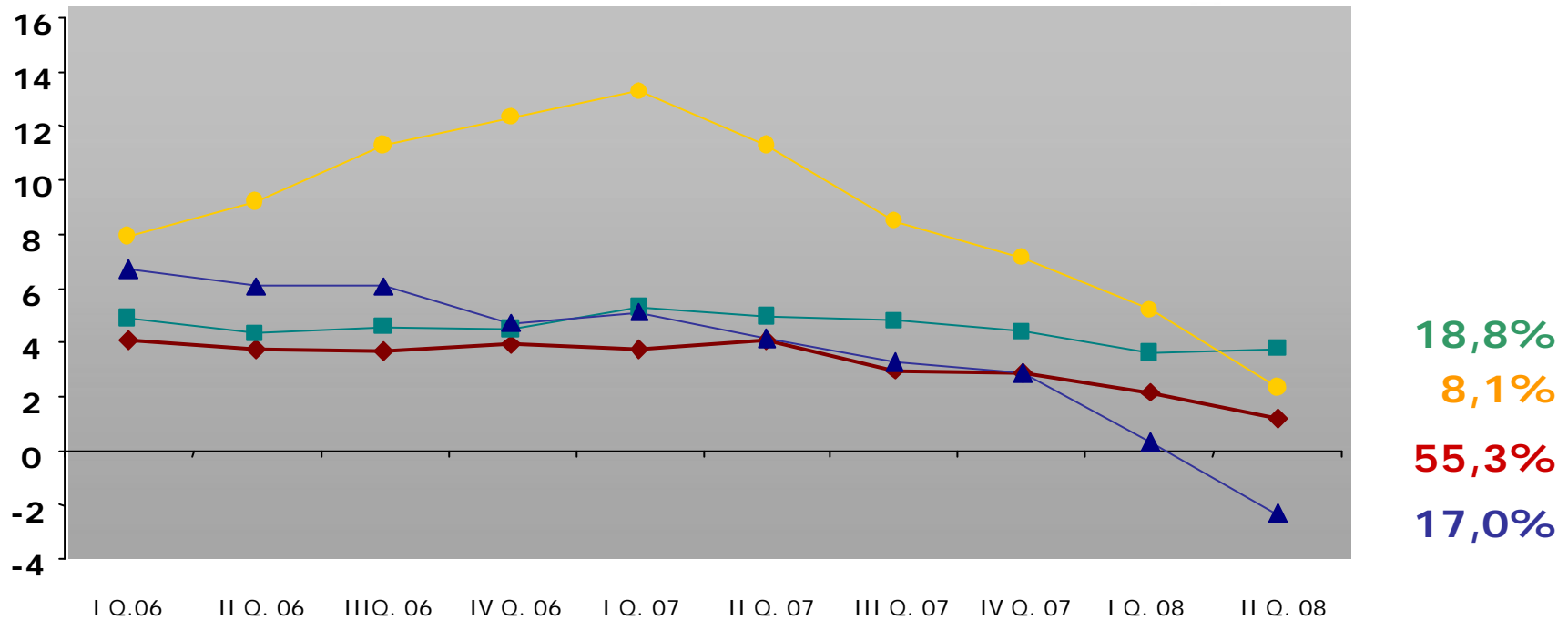


Source: INE, EUROSTAT

Macroeconomic Parameters in Spain

GDP COMPONENTS (Demand Based)

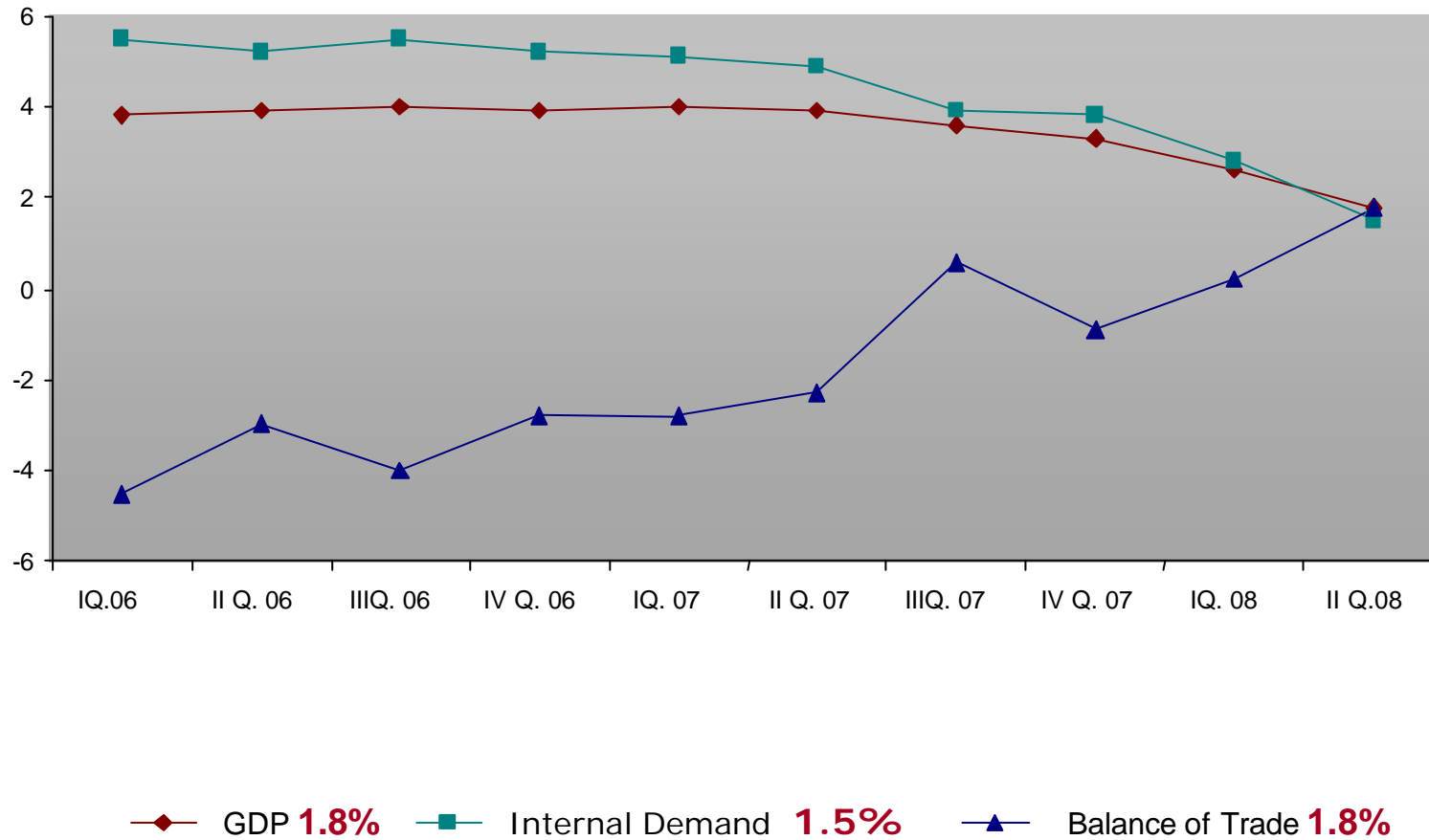
Weight on GDP



Change	
◆ Personal consumption	1,2%
◆ Government consumption	3,8%
▲ Construction investment	-2,4%
● Capital goods investment	2,3%

18,8%
8,1%
55,3%
17,0%

Macroeconomic Parameters in Spain



CAPITAL BASE

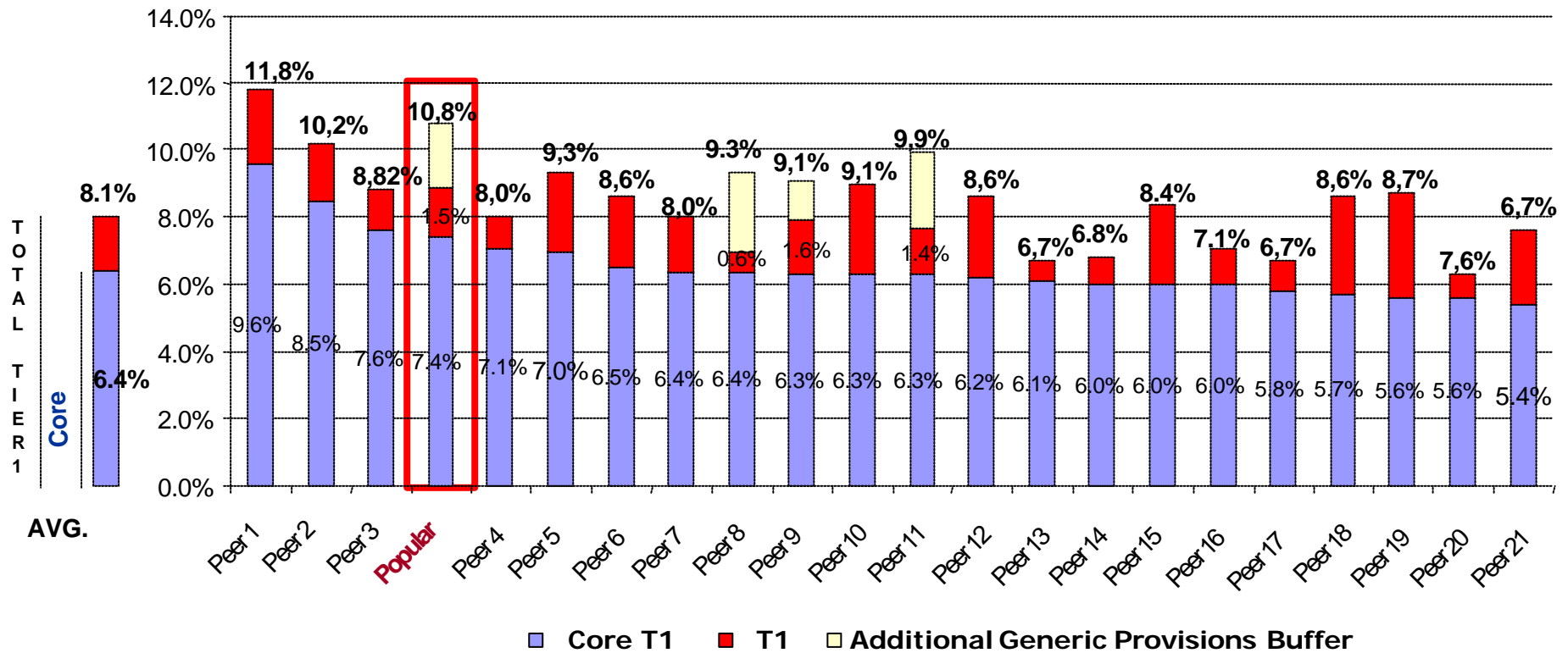
BANCO POPULAR STRENGTHS

- Generic Provisioning**
 - As of Q2 08, there are €1.6 Bn of generic provisions
 - If current situation deteriorates further, Banco Popular will be able to release up to €1.1 Bn
 - This would increase Banco Popular Core Tier 1 by 1.4 - 1.9% to 8.8 - 9.3% vs a EU peer average of 6.4%
- Core Tier I Capital - Release Under Basel II**
 - Bank of Spain approach to Basel II was very conservative
 - Average RWA reduction under Basel II only 10% for retail Spanish banks
- RWA/Tangible Assets**
 - Basel II conservatism means that Banco Popular has one of the highest RWA / TA ratios of its EU peers
 - Under IFRS 77% vs 43% EU peers average
- Low Level of Preferred Shares**
 - Banco Popular's proportion of hybrids in the capital structure is low (17%) vs most European peers (21%)
 - This gives Banco Popular additional room to issue up to 740 MM of Tier 1 within the current BoS regulatory 25% hybrids limit

CAPITAL BASE

TIER 1 AND CORE TIER 1: BANCO POPULAR vs. OTHER EUROPEAN BANKS (*)

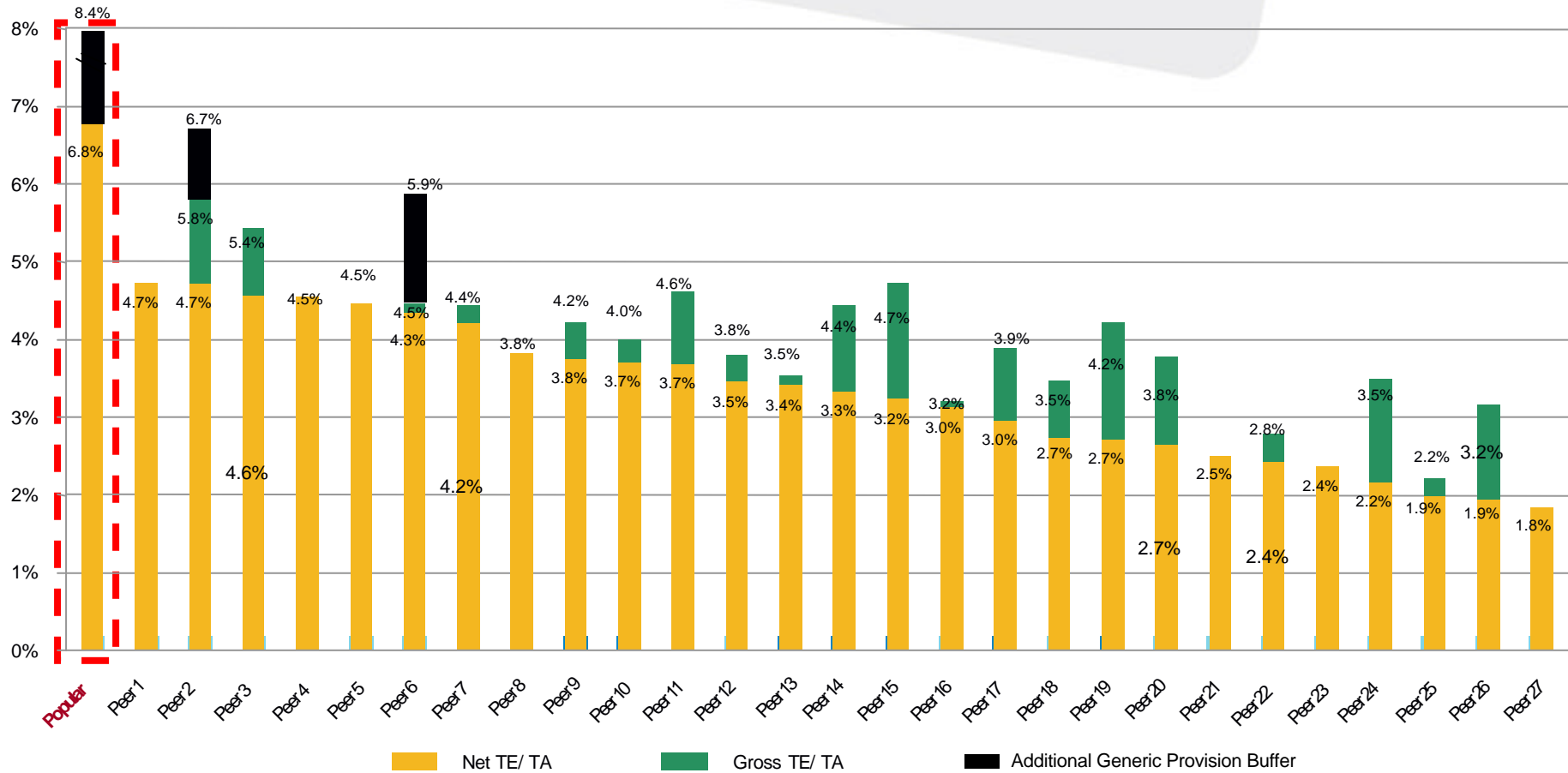
BASEL II



(*) Morgan Stanley; Basel II Latest available info. as of August 28, 2008.

CAPITAL BASE

Tangible Equity/ Tangible Assets (US GAAP Basis)^{(1) (2) (3)}



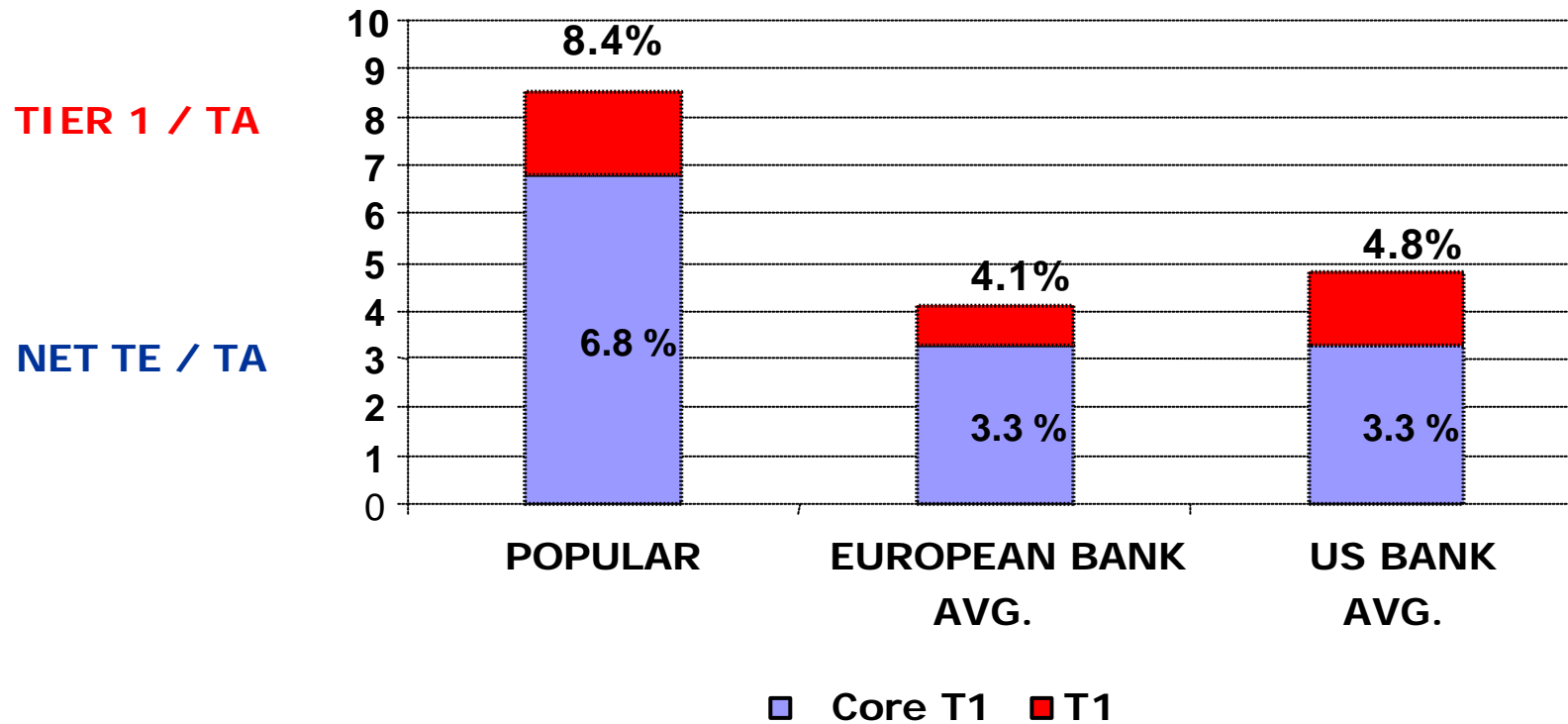
Notes

1. Goodwill/ intangible assets deducted for tangible assets and equity, respectively; mandatory convertibles into common equity included in equity
2. Adjusted for subsequent capital raisings
3. US gross/net TE adjusted for minorities to make comparable to EU peers
4. Assuming 40% of the repo assets as a proxy

CAPITAL BASE

TANGIBLE EQUITY TO
TANGIBLE ASSETS (*)

(US GAAP Basis)



(*) Morgan Stanley, Info as of August 28, 2008.

CAPITAL BASE

European Banks with lower leverage*

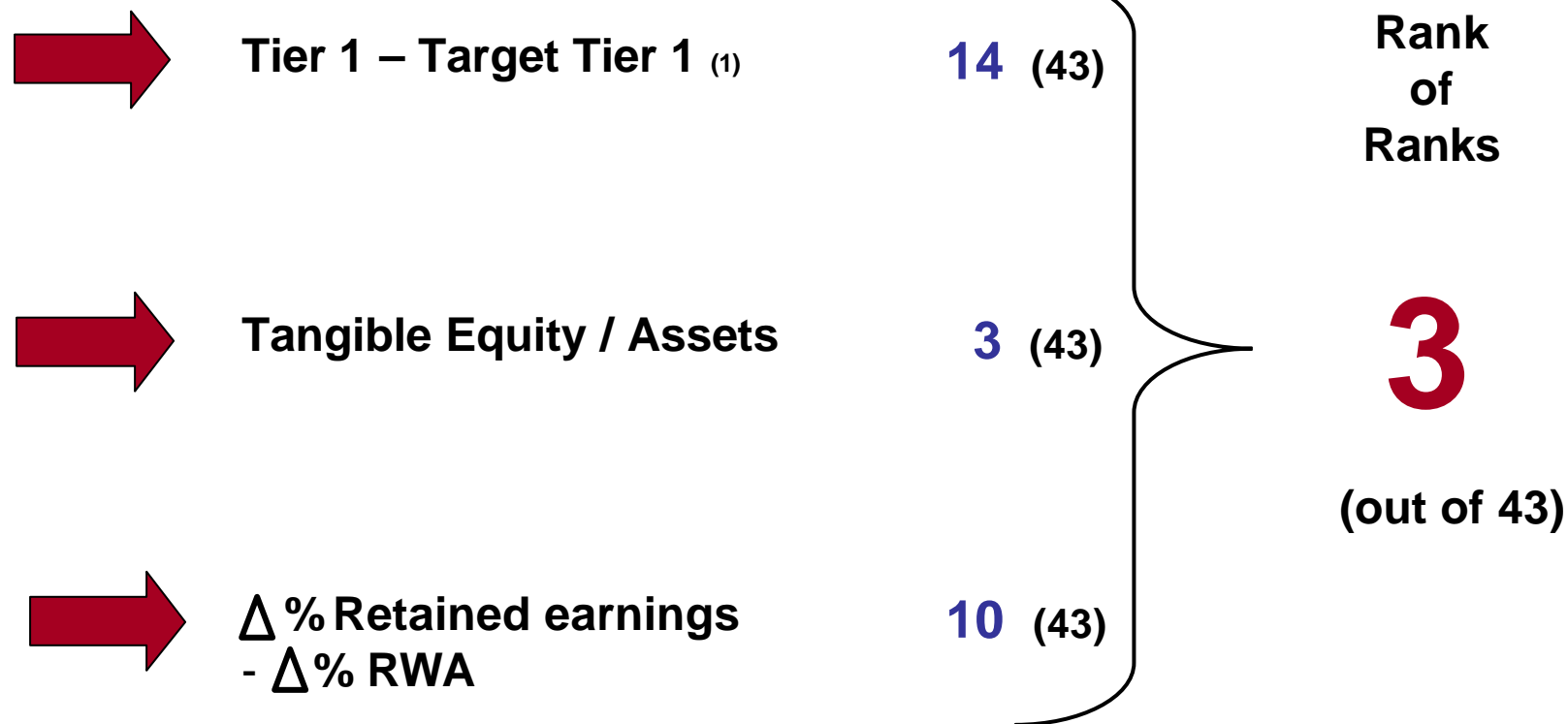
Bank	Core Tier 1 ratio	ML Target Core Tier 1 ratio	Tang equity/ assets ratio	Avg capital jaws 09E & 10E	Rank on Core Tier 1 ratio surplus/ deficit	Rank on Tang equity/ assets ratio	Rank on Capital jaws	Rank of Ranks
Julius Baer	11.2%	11.0%	5.2%	37.2%	12	9	1	1
Mediobanca	10.3%	8.0%	15.4%	2.0%	1	1	24	2
Banco Popular	6.6%	6.5%	6.0%	5.1%	14	3	10	3
BPM	6.1%	6.0%	6.3%	2.9%	15	2	19	4
Sabadell	6.2%	6.5%	5.6%	5.5%	25	5	9	5
Intesa	5.7%	6.0%	5.3%	3.7%	22	8	16	6
DnB NOR	6.5%	6.8%	4.3%	4.3%	20	15	12	7
Dexia	11.0%	9.0%	0.9%	6.5%	3	42	4	8
Banesto	6.2%	6.5%	3.9%	4.3%	21	17	13	9
NBG	8.3%	8.0%	4.9%	-0.5%	7	12	33	10
Handelsbanken	5.8%	5.7%	3.5%	2.5%	10	24	22	11
UBS AG	9.3%	9.0%	1.6%	3.9%	8	35	14	12
S E B	7.5%	7.8%	3.0%	4.9%	19	28	11	13
MPS	6.9%	7.0%	5.1%	-0.2%	18	10	32	14
Piraeus	7.6%	7.5%	5.6%	-8.3%	13	6	41	14
Norlea	6.5%	7.5%	3.8%	6.2%	37	19	6	16
KBC	6.7%	7.0%	3.6%	3.3%	23	23	17	17
Bank of Ireland	5.7%	6.5%	3.1%	9.6%	36	27	3	18
CS Group	8.7%	8.5%	1.7%	2.4%	9	34	23	18
Banco Popolare	6.0%	6.0%	4.8%	-1.4%	17	13	37	20
Danske Bank	8.0%	7.5%	2.3%	0.4%	4	33	31	21
BBVA	6.1%	6.8%	4.0%	2.9%	34	16	20	22
HSBC	7.9%	7.5%	3.5%	-7.9%	5	25	40	22
B&B	9.2%	9.0%	3.0%	0.6%	11	29	30	22
Bankinter	5.7%	6.5%	3.7%	3.8%	35	21	15	25
AIB	6.0%	6.5%	5.5%	-1.0%	29	7	35	25
SocGen	7.1%	7.0%	2.7%	1.6%	16	31	26	27
Standard Chartered	6.5%	7.0%	3.9%	1.3%	27	18	28	27
Alpha Bank	6.9%	7.5%	5.6%	-2.9%	31	4	38	27
Credit Agricole	6.5%	7.0%	1.5%	6.1%	28	37	8	27
BNP Paribas	6.2%	6.5%	2.5%	3.0%	24	32	18	31
Commerzbank	8.7%	7.0%	2.9%	-22.0%	2	30	42	31
UniCredit	6.0%	6.5%	3.7%	1.7%	30	20	25	33
Anglo Irish Bank	5.8%	7.5%	4.7%	2.9%	40	14	21	33
Barclays	6.3%	6.0%	1.6%	-1.0%	6	36	34	35
EFG Eurobank	6.9%	7.7%	5.0%	-5.8%	32	11	39	37
Deutsche Postbank	3.9%	6.0%	1.3%	16.6%	42	39	2	38
Deutsche Bank	7.1%	8.7%	1.3%	6.4%	39	41	5	39
HRX	6.3%	8.6%	1.3%	6.1%	41	40	7	40
Erste Bank	6.3%	7.0%	3.7%	-1.1%	33	22	36	41
Fortis	5.6%	6.0%	1.5%	1.4%	26	38	27	41
Swedbank	6.0%	7.0%	3.3%	1.2%	38	26	29	43

* Merrill Lynch Report, September 22, 2008.

CAPITAL BASE

European Banks with lower leverage*

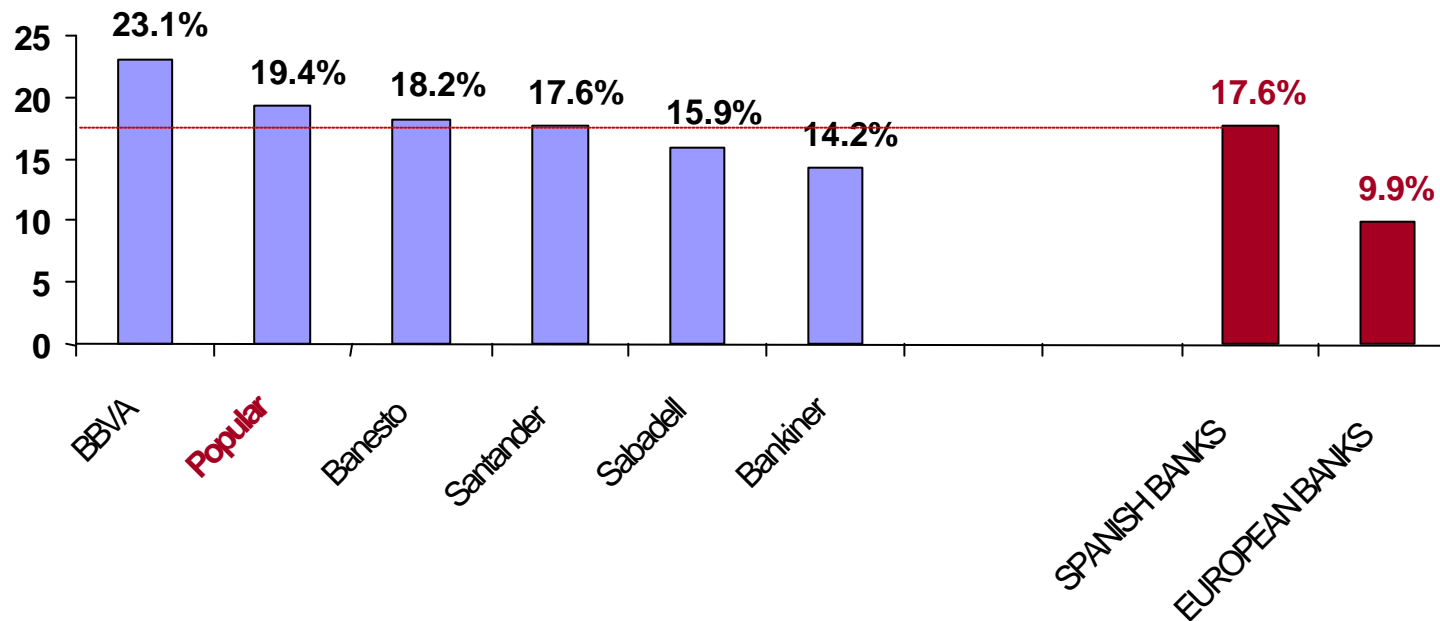
On the bases of:



(1) Desirable Tier 1 Core acc/. Merrill Lynch.

CAPITAL BASE

SOLID RETURNS OVER AMPLE CAPITAL:
ROE vs. OTHER BANKS (*)



(*) KBW Estimates 2008



- ▶ **Capital Base**

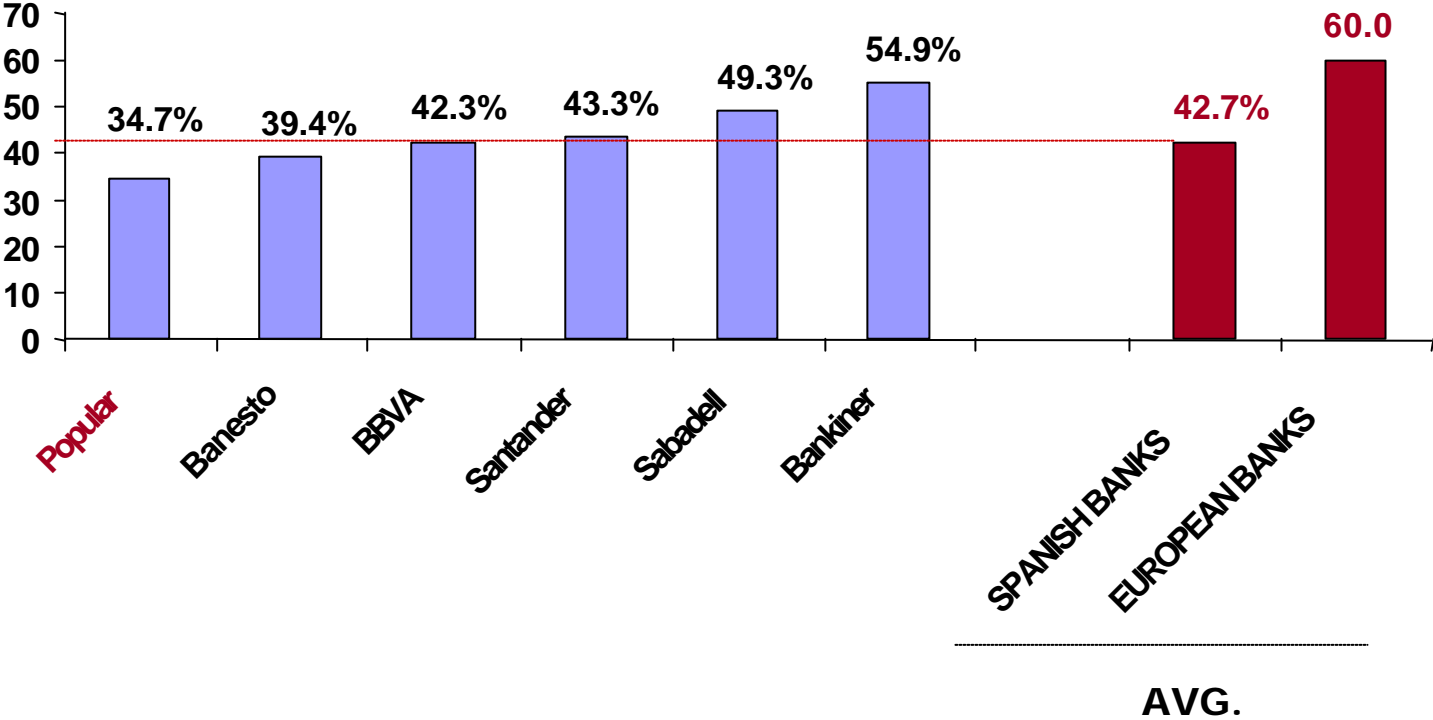
- ▶ **Efficiency / Cost Income**

- ▶ **Long-Term Earnings & Dividends**

- ▶ **Liquidity / Funding**

EFFICIENCY / COST INCOME

BEST EFFICIENCY IN CLASS: 2008 COST / INCOME (*)



(*) Estimates KBW



- ▶ **Capital Base**

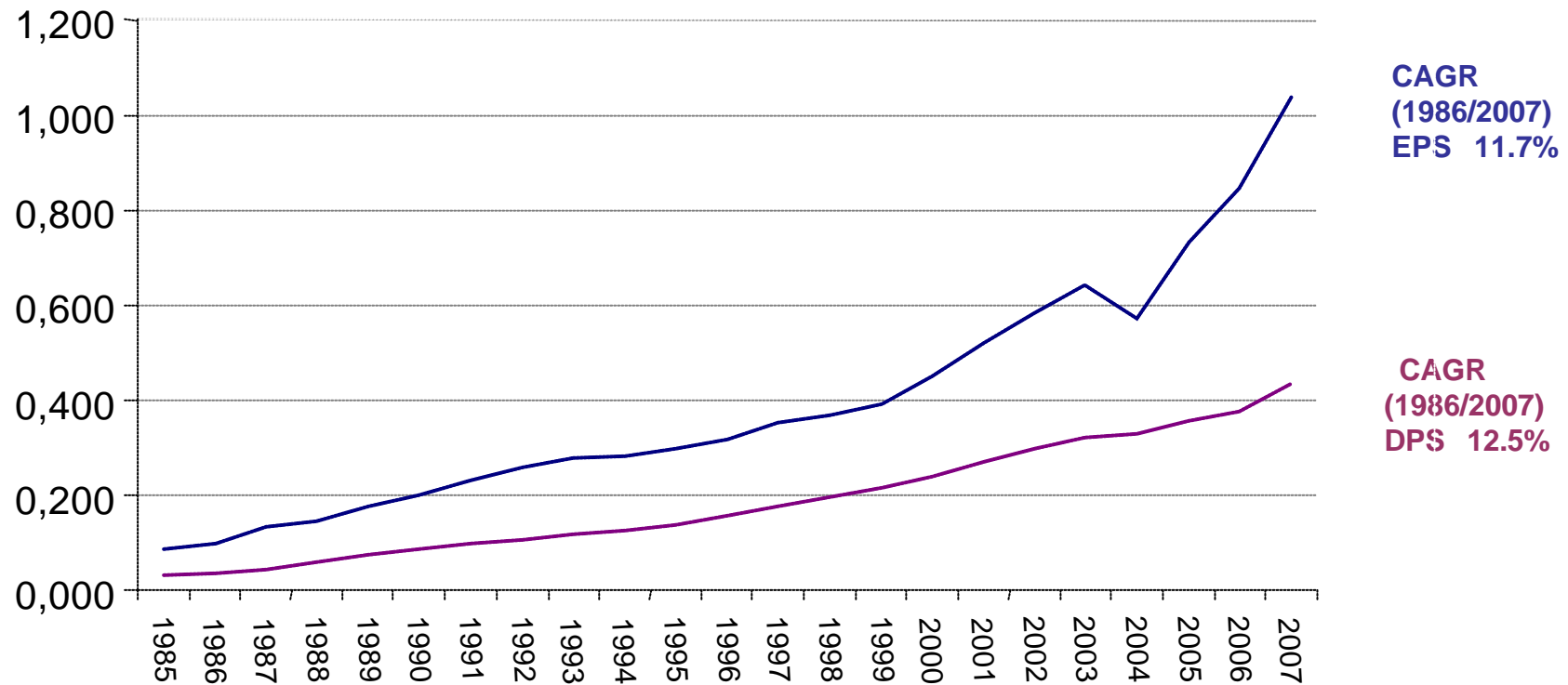
- ▶ **Efficiency / Cost Income**

- ▶ **Long-Term Earnings & Dividends**

- ▶ **Liquidity / Funding**

LONGTERM EARNINGS & DIVIDENDS

BANCO POPULAR: VERY SOLID LONG TERM TRACK RECORD IN EARNINGS AND DIVIDENDS





- ▶ **Capital Base**

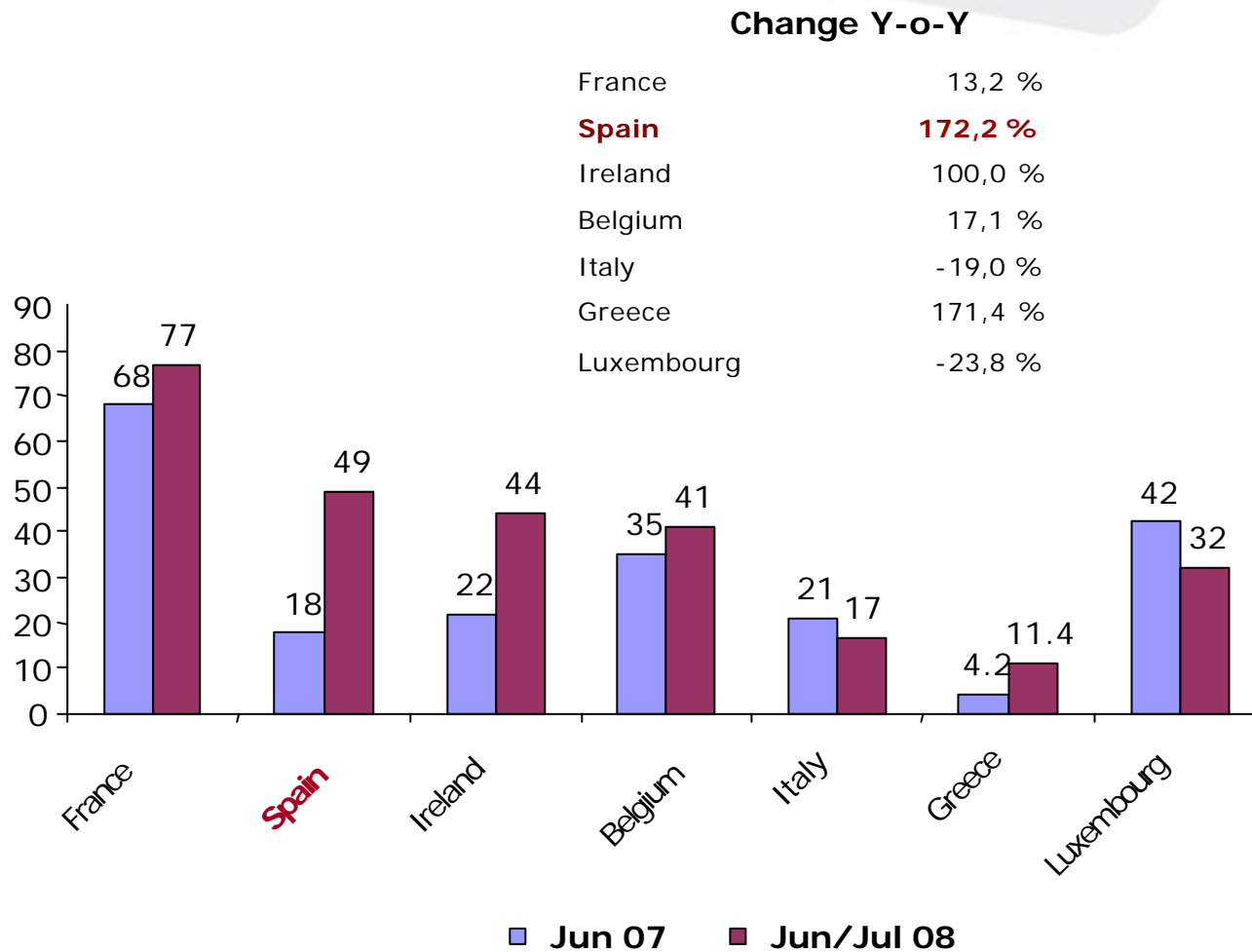
- ▶ **Efficiency / Cost Income**

- ▶ **Long-Term Earnings & Dividends**

- ▶ **Liquidity / Funding**

LIQUIDITY / FUNDING

ECB Funding €bn



Source: ECB, Bank of Spain, Redburn Partners

LIQUIDITY / FUNDING

SPANISH RECOURSE TO ECB FUNDING vs. GDP (%)

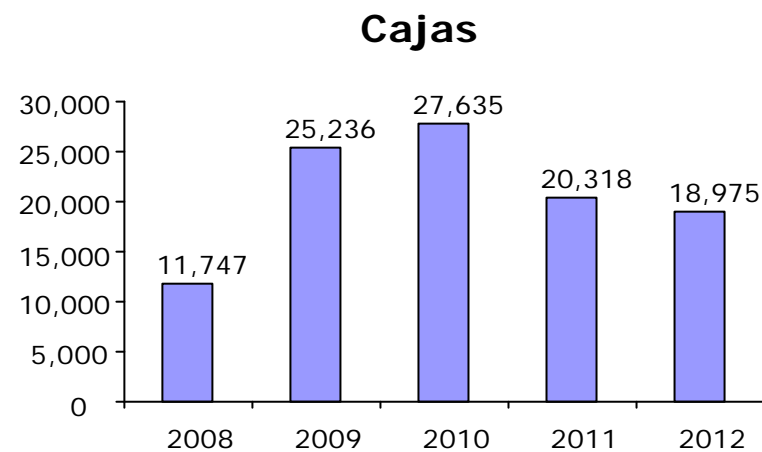
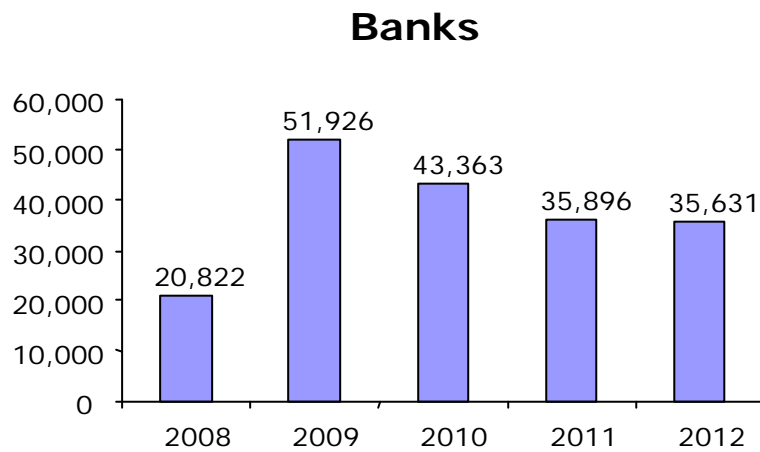
	ECB Recourse	GDP	GAP
Dec 2006	4.79	11.73	6.94
Mar 2007	4.89	11.70	6.82
Jun 2007	4.16	11.79	7.63
Sep 2007	4.62	11.81	7.19
Dec 2007	9.80	11.89	2.09
Mar 2008	9.42	11.87	2.45
Jun 2008	10.22	11.93	1.71

Source: **Bank of Spain, Eurostat**

LIQUIDITY / FUNDING

Debt Maturities

€ million



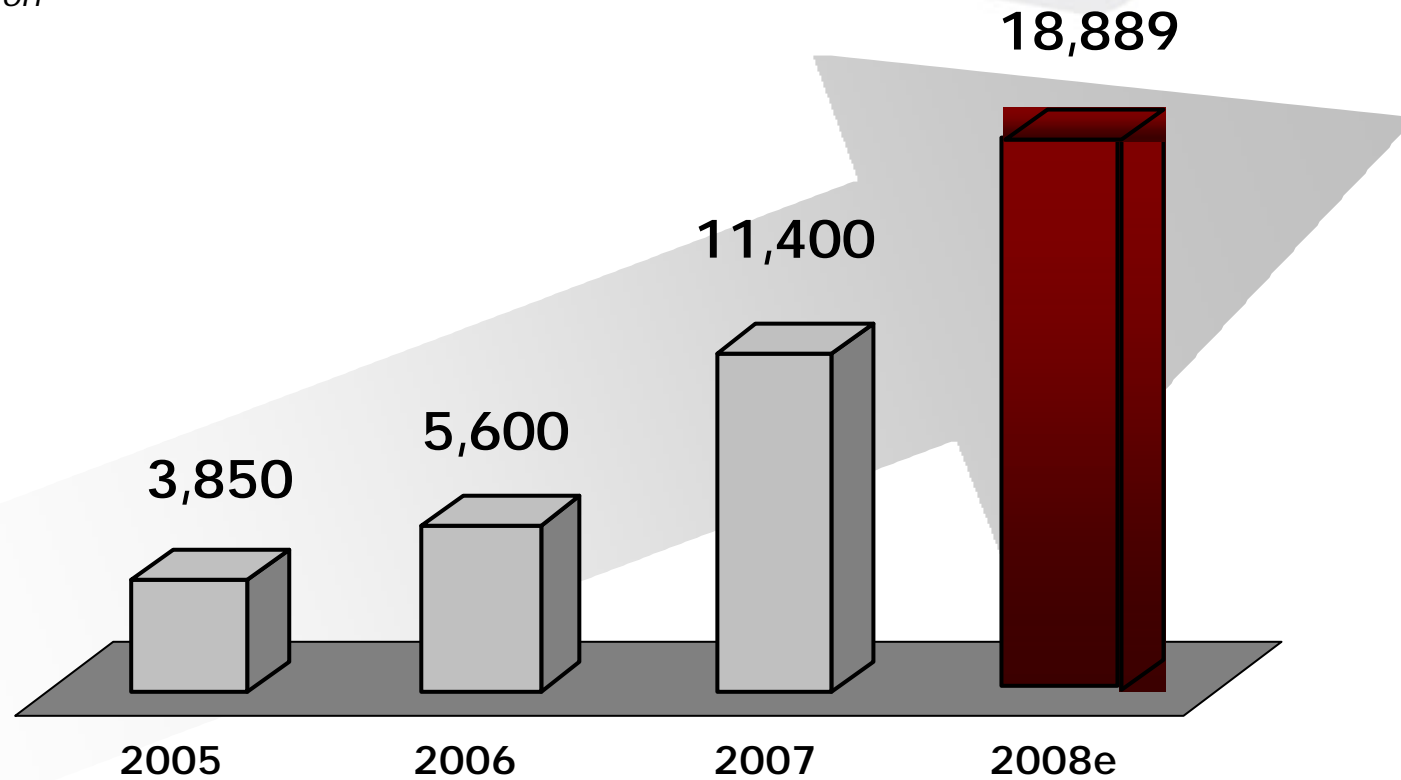
Debt rollovers will be at higher costs and will affect earnings

Source: EXPANSIÓN (Bloomberg data)

LIQUIDITY / FUNDING

2nd Line (ECB – Eeligible)

€ million



As of September 30, 2008, w/haircuts.

LIQUIDITY / FUNDING

LIQUIDITY SCENARIOS

CASE A: Worst case, with no issuance or rollovers

€ million	MATURITIES	
	remaining 2008	2009
Interbank deposits (net)	-2,847	-1,190
E.C.P.	-5,219	-1,034
EMTN	-1,552	-3,668
Covered Bonds	0	-325
TOTAL MATURITIES	-9.618	-6,217
2nd line of liquidity (*)	18,889	
Currently	12,689	
Additional ECB-eligible assets:	6,200	
TOTAL AVAILABLE w/o ROLLOVERS	9,271	
Securities maturing in Q4 2008	700	
2008 year-end net excess funding (*)		9,472
Excess Funding available year-end	9,971	3,255

(*) ECB eligible, w/ haircuts
As of September 30, 2008

LIQUIDITY / FUNDING

LIQUIDITY SCENARIOS

CASE B: Without new issuance

€ million	MATURITIES	
	remaining 2008	2009
EMTN	-1,552	-3,668
Covered Bonds	0	-325
TOTAL MATURITIES	-1,552	-3,993
2nd line of liquidity (*)	18,889	
Currently	12,689	
Additional ECB-eligible assets:	6,200	
TOTAL AVAILABLE w/o ROLLOVERS	17,337	
Securities maturing in Q4 2008	700	
2008 year-end net excess funding (*)		17,135
Excess Funding available year-end	18,037	13,142

(*) ECB eligible, w/ haircuts

As of September 30, 2008

LIQUIDITY / FUNDING

Loans and deposits growth

June 08 – June 07

Growth

	<u>€ million</u>	<u>%</u>
Loans	+ 6,766	+ 8.1
Deposits (*)	+ 6,507	+ 15.1
COMMERCIAL GAP	+ 259	

(*) Excluding repos

IN SUMMARY:

Strong Capital:

- among best in Europe
c. 11% Core T1 plus buffer

Funding:

- manageable maturities
in 2008 and 2009: € 5,5 bn

Liquidity:

- € 19 bn second-line
collateral liquidity

Strong Core Deposits Growth:

- + 15.1% year-on-year



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