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**PROPOSED RESOLUTIONS TO BE SUBMITTED BY THE BOARD OF DIRECTORS OF BANCO POPULAR ESPAÑOL, S.A. TO THE ORDINARY GENERAL MEETING OF SHAREHOLDERS TO BE HELD IN MADRID ON 30 MAY 2006 ON FIRST CALL OR ON 31 MAY 2006 ON SECOND CALL FOR ITS APPROVAL.**

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## FIRST AGENDA ITEM

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**ONE.- Approval of the Annual Accounts (Balance Sheets, Profit and Loss Account and Annual Report) and the Directors' Report of Banco Popular Español, S.A. and its consolidated Group, as well as the proposed application of results and the directors' performance for fiscal year 2005.**

**Proposal:** Approval of the Annual Accounts (Balance Sheets, Profit and Loss Account and Annual Report) and the Directors' Report of Banco Popular Español, S.A. and its consolidated Group, as well as the proposed application of results and the directors' performance for fiscal year 2005.

The individual and consolidated annual accounts and directors' report for fiscal year 2005, formulated by the Board of Directors at its meeting on 3 March 2006, are contained in the individual and consolidated annual reports, respectively.

The proposed distribution of 2005 profits earned by the Banco Popular Español as shown in the Annual Report is as follows:

	<b>Euros</b>
Distribution:	
Statutory reserves	3,925,000.00
Voluntary reserves	155,252,693.98
For investment in Canary Islands	5,000,000
Active dividends	441,688,185.04
Interim dividends	109,632,015.11
Unpaid dividends	332,056,169.93
Distributed profits	605,865,879.02
FY profits	605,865,879.02

Of the sum of 441,688,185.04 which will be allocated to the payment of dividends, shareholders have already received 329,989,934.61 euros for the first, second and third quarter interim dividends paid against 2005 profits. The remaining 111,698,250.43 euros refers to the payment of a complementary dividend against 2005 profits in the amount of 0.0919 euros per share. This dividend will be paid to shareholders on 12 July 2006.

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## SECOND AGENDA ITEM

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### **TWO.- Amendment of certain articles of the Articles of Association and General Meeting Rules:**

**2.1 Amendment of article 13 of the Articles of Association and article 12 of the General Meeting Rules in relation to the application of one month of advance notice for the publication of the announcement of the General meeting and shareholders' right to request an addendum to the announcement including additional agenda items.**

**Proposal:** Modification of article 13 of the Articles of Association and article 12 of the General Meeting Rules to adapt them to the changes introduced into the Public Limited Companies Act by Law 19/2005 of 14 November on European public limited companies domiciled in Spain, in relation to the application of one month of advance notice for the publication of the announcement of the General meeting and shareholders' right to request an addendum to the announcement including additional agenda items.

#### **Article 13 of the Articles of Association**

*In both the second paragraph relative to the announcement of the Ordinary General Meeting and the sixth paragraph in relation to the announcement of the Extraordinary General Meeting, the **period of fifteen days will be replaced with the period of one month.***

*Addition of two new paragraphs immediately after the thirteenth paragraph which will read as follows:*

***However, shareholders representing at least five percent of the share capital may request the publication of an addendum to the announcement of the General Meeting of Shareholders including one or more additional agenda items. This right must be exercised by sending a notice by a reliable means which must be received at the company's registered offices within five days of the publication of the announcement.***

***The addendum to the meeting announcement will be published at least fifteen days in advance of the scheduled meeting date.***

#### **Article 12 of the General Meeting Rules**

*Inclusion of part 12.5 which reads as follows:*

***12.5 Shareholders representing at least five percent of the share capital may request the publication of an addendum to the announcement of the General Meeting of Shareholders including one or more additional agenda items. This right must be exercised by sending a notice by a reliable means which must be received at the company's registered offices within five days of the publication of the announcement.***

***The addendum to the meeting announcement will be published at least fifteen days in advance of the scheduled meeting date.***

**2. 2 Amendment of article 13 of the Articles of Association and article 11 of the General Meeting Rules in relation to the validity of the Ordinary General Meeting even when convened or held without being announced in advance.**

**Proposal:** Modification of article 13 of the Articles of Association and article 11 of the General Meeting Rules to adapt them to the changes introduced into the Public Limited Companies Act by Law 19/2005 of 14 November on European public limited companies domiciled in Spain, in relation to the validity of the Ordinary General Meeting even when convened or held without being announced in advance.

**Article 13 of the Articles of Association**

*Inclusion of a new paragraph after the fourth paragraph to read as follows:*

***The Ordinary General Meeting will be valid even when convened or held without being announced in advance.***

**Article 11 of the General Meeting Rules**

*Inclusion in part 11.1 of a second paragraph to read as follows:*

***The Ordinary General Meeting will be valid even when convened or held without being announced in advance.***

**2. 3 Amendment of article 16° of the Articles of Association relative to the extension of the term of office of directors to six years.**

**Proposal:** Amendment of article 16 of the Articles of Association to adapt it to the changes introduced into the Public Limited Companies Act by Law 19/2005 of 14 November on European public limited companies domiciled in Spain, in relation to the extension of the term of office of directors to six years.

**Article 16 of the Articles of Association**

*In the last paragraph, the term of five years will be replaced with **six years**.*

**2. 4 Amendment of article 16 of the Articles of Association relative to the Vice Presidency of the Board of Directors.**

**Proposal:** Amendment of article 16 of the Articles of Association to regulate the appointment of on or more Vice Presidents of the Board of Directors

**“Article 16 of the Articles of Association**

*Paragraph nine envisages the possibility of naming **various** vice presidents and paragraph thirteen is amended to read as follows:*

***If the Chairman is absent, ill or unable to perform his duties, the Vice President, or one of the Vice Presidents if there is more than one, will stand in for the Chairman in the performance of his duties. When there is no Vice President or when the designated Vice President is absent or unable to perform his duties, the Chairman will be replaced by the Chairman of the Appointments and Remuneration, Corporate Governance, and Conflict of Interest Committee and the Chairman of the Audit and Control Committee, respectively.***

**2.5 Inclusion of a new article 15 A in the Articles of Association and amendment of articles 12, 13, 14, 18 A, 24, 26 and 27 of the General Meeting Rules in relation to remote attendance at General Meetings.**

**Proposal:** Inclusion of a new article 15 A in the Articles of Association and amendment of articles 12, 13, 14, 18 A, 24, 26 and 27 of the General Meeting Rules in relation to remote attendance at General Meetings.

**Article 15 A of the Articles of Association**

*Introduction of a new article 15 A in the Articles of Association to read as follows:*

**Article 15 A.- Shareholders may attend the Meeting remotely by electronic means and may vote electronically during the Meeting itself as soon as this possibility is duly established in the Company's internal regulations and as long as the state of technology allows and the identity of the shareholders is duly guaranteed.**

**To this end, the Board of Directors may develop and supplement the necessary regulations to enable shareholders to exercise the aforementioned rights including, among other questions, the methodologies for identifying shareholders; the minimum advance connection time required to consider the shareholder present; and the procedures and rules applicable to the shareholders who attend the meeting remotely in order to exercise their rights.**

**Articles 12, 13, 14, 18 A, 24, 26 and 27 of the General Meeting Rules.**

**Article 12. Meeting Announcement**

*Inclusion of a second paragraph in part 12.2 to read as follows:*

**When the possibility of remote attendance using electronic means exists, the meeting announcement will describe the deadlines, procedures and modes of exercising the shareholders' rights established by the directors to enable the meeting to be conducted in an orderly fashion.**

**Article 13. Publications of the Meeting announcement and related documentation on the corporate website.**

*Inclusion of a final section in part 13.2 to read as follows:*

- **Information on the deadlines, procedures and modes for shareholders attending the Meeting remotely to exercise their rights.**

**Article 14. Shareholders' information rights once the General Meeting is announced.**

*Inclusion of a new part 14.6 to read as follows:*

**14.6 When the possibility of remote attendance exists, the shareholders who attend the Meeting remotely and exercise their right to information during the Meeting will be answered in writing no later than seven days after the date of the Meeting.**

*Introduction of a new Article 18° A which shall read as follows:*

**Article 18 A. Remote assistance at the General Meeting of Shareholders**

**18.A.1. Shareholders may attend the Meeting remotely by electronic means and may vote electronically during the Meeting itself as soon as this possibility**

*is duly established in the Company's internal regulations and as long as the state of technology allows and the identity of the shareholders is duly guaranteed. The announcement will describe the deadlines, procedures and modes of exercising the shareholders' rights established by the directors to enable the meeting to be conducted in an orderly fashion*

- 18.A.2. The remote attendance of shareholders and the consideration of such shareholders as present on the attendance list will be contingent upon those shareholders connecting to the remote attendance system by the time prior to the start of the Meeting indicated in the meeting announcement. Shareholders who connect subsequent to that time will not be considered in attendance.*
- 18.A.3. The votes cast on the proposals relative to items which may or may not be included on the agenda may be cast during the interval of time declared by the Meeting Committee once the Meeting is convened and the need for a vote determined. The votes cast outside of the established interval will not count.*
- 18.A.4. Under no circumstances may the existence of technical circumstances or security issues beyond the control of the Company which produce, recommend or provoke a temporary or definitive interruption of the connection be invoked as a deprivation of the shareholders' legitimate rights.*

#### **Article 24. Participation Requests**

*Introduction of three new paragraphs following the one paragraph that exists at present, with the following wording:*

*Likewise, the participation and proposals formulated by the shareholders who attend the Meeting remotely will be taken into account, as long as they are formulated pursuant to the provisions established in the meeting announcement.*

*The participation and proposed resolutions to be submitted by those planning to attend the meeting remotely, pursuant to the Public Limited Companies Act, will be forwarded to the Meeting Committee expressing the full name of the proposing shareholder and the number of direct or represented shares immediately prior to the Meeting.*

*The Board of Directors may determine in the meeting announcement the provisions it deems necessary to enable the Meeting to be conducted in an orderly fashion.*

#### **Article 26. Shareholders participation**

*Inclusion of a new section, 26.3, to read as follows:*

*26.2 Finally, the participation and the resolutions proposed by the shareholders who attend the Meeting remotely will be read.*

#### **Article 27. Requests of clarifications or additional information**

*Inclusion of a reference to article 12 along with the current reference to article 14.*

### **2. 6 Amendment of the First Transitory Provision of the Articles of Association relative to the Chairmanship and the composition of the Meeting Committee.**

**Proposal:** Amendment of the First Transitory Provision of the Articles of Association relative to the Chairmanship and the composition of the Meeting Committee.

### **First Transitory Provision of the Articles of Association**

*Amendment of the wording of the first two paragraphs to read as follows:*

***The Meeting Committee referred to in Article 15 of the Articles of Association is composed of the following permanent members: Ángel Carlos Ron Güimil, Chairman, and Gabriel Gancedo de Seras, Luis Montuenga Aguayo, José Ramón Rodríguez García, Eric Gancedo Holmer, Luis Herrando Prat de la Riba and Francisco Aparicio Valls, members.***

***The Ordinary and Extraordinary General Meetings will be chaired by Ángel Carlos Ron Güimil. If Ángel Carlos Ron Güimil is absent, ill, or unable to chair the meeting, he will be replaced as the Chair of the General Meeting by the Committee member appointed by the Committee.***

### **2.7 Elimination of the Second Transitory Provision of the Articles of Association relative to the Chairmanship of the Company.**

**Proposal:** Elimination of the Second Transitory Provision of the Articles of Association relative to the Chairmanship of the Company, since it is no longer applicable following the appointment of Ángel Carlos Ron Güimil as Chairman of the Meeting and Chairman of the Board of Directors.

The amendments referred to in this resolution are subject to administrative authorisation, pursuant to the terms of Royal Decree 1245/1995 of 14 July on the creation of banks, cross-border activities and other questions relative to the legal system governing credit institutions or notification for the purposes of inclusion in the Special Register.

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### THIRD AGENDA ITEM

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**THREE.- Re-election of Auditors to audit the financial statements of the Bank and its consolidated group.**

**Proposal:** Following the recommendation of the Audit and Control Committee, assumed by the Board of Directors and pursuant to article 204 of the Spanish Public Limited Companies Act, re-election of PricewaterhouseCoopers Auditores, S.L. as the auditors of the financial statements of the Bank and its consolidated group for one year.

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## FOURTH AGENDA ITEM

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**FOUR.- Authorisation to acquire treasury stock, under the conditions permitted by law, and to amortize them against stockholder equity through a reduction of capital, up to a limit of five percent (5%) of the share capital.**

**Proposal:** Pursuant to article 75 of the Public Limited Companies Act, the following resolution is proposed:

To authorise the Board of Directors of Banco Popular Español and the governing bodies of the companies controlled by Banco Popular Español to acquire, under the conditions allowed by the law, shares in Banco Popular Español up to the limits and subject to the requirements set out below:

- \* The par value of the shares acquired, combined with those already possessed by the Bank and its subsidiaries, may not exceed five percent of the share capital at any given time.
- \* The Bank and any acquiring subsidiary must be able to fund the unavailable reserve stipulated by law in these cases without depleting the capital or the legally unavailable reserves.
- \* All shares thus acquired must be paid in full.
- \* The minimum and maximum purchase prices may not be more than 20% more or less than the quoted price of the shares on the stock market on the date of the purchase.

This authorisation, which is granted for the maximum legal period, is understood without prejudice to the circumstances envisaged in the Law such as the freedom of acquisition.

The Board of Directors is further authorised to dispose of the treasury stock acquired or which may be acquired in the future and to amortise such treasury stock against stockholder equity, reducing the share capital and amending the Articles of Association accordingly, in the amounts considered appropriate or necessary at any given time, up to the maximum limit of treasury stock established at any given time, in one or more operation but within eighteen months of the date of the General Meeting.

This authorisation encompasses and replaces the authorisation granted at the Ordinary and Extraordinary General Meeting of Shareholders held on 25 May 2005.

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## FIFTH AGENDA ITEM

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**FIVE.- Authorisation of the Board of Directors to request that the shares, debentures and other securities issued now or in the future be admitted and/or excluded from trading on domestic or foreign organised secondary markets and to adopt the resolutions necessary for such securities to trade, remain on or be excluded from official trading.**

**Proposal:** Authorisation of the Board of Directors, which may in turn authorise the Executive Committee, to:

- 1.- Request permission for the shares, debentures and other securities issued now or in the future to trade on domestic or foreign organised secondary markets, subject to the rules governing such markets at any given time, particularly those relative to such securities being trading, remaining on or being excluded from official trading.
- 2.- Request that the shares, debentures and other securities issued now or in the future is excluded from trading on domestic or foreign organised secondary markets and to adopt the resolutions necessary for such securities to be excluded from official trading.
- 3.- Pass and all resolutions as may be necessary or convenient for the full enforcement of the resolutions which allow or disallows the trading of the aforementioned securities on domestic or foreign organised secondary markets.

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## SIXTH AGENDA ITEM

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**SIX- Report on the remuneration policies affecting the members of the Board of Directors, for a consultative vote.**

**Proposal:** Presentation to the General Meeting of Shareholders of the report on the remuneration policy affecting the members of the Board of Directors which, as established in the Articles of Association and the Board of Directors Rules, is in keeping with the company's traditional practice of not remunerating board members for the performance of their duties.

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**SEVENTH AGENDA ITEM**

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**SEVEN**.- Report to the General Meeting on changes introduced to the Board of Directors Rules.

**Proposal**: Report to the General Meeting of Shareholders on the changes introduced in the Board of Directors Rules.

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## EIGHTH AGENDA ITEM

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**EIGHT.- Empowerment of the Board of Directors with the authority to formalise, interpret, remedy and execute the resolutions passed by the General Meeting of Shareholders.**

**Proposal:** To vest the Board of Directors with the powers that are legally necessary to fully execute the resolutions passed by the General Meeting of Shareholders, including the ability to delegate the Executive Committee or other persons with such powers as the Board deems appropriate and to take any and all actions as may be required to obtain the authorisation or registration required by the Bank of Spain, the Directorate General of the Treasury and Financial Policy, the National Stock Market Commission, the Business Register or any other public or private entity. To this end, they are authorised with the broadest powers to formalize, interpret, remedy and execute the resolutions passed by the General Meeting until they are definitively registered in all corresponding registers and to rectify or correct such resolutions, provided that such rectifications or corrections are limited to following the verbal or written instructions of the Business Registrar of the competent government authority.

The Chairman of the Board, Ángel Carlos Ron Güimil, the Secretary of the Board, Francisco Aparicio Valls, and the Vice Presidents, Francisco Javier Zapata Cirugeda and Francisco Javier Lleó Fernández, are further empowered to appear individually before a notary public and to sign and grant any and all public deeds as may be necessary to formalise the preceding resolutions, with the complementary authority to take any and all decisions as may be necessary to register or deposit them with the pertinent Registers, including partial registration if necessary, and to rectify or correct the said resolutions, provided that such rectifications or corrections are limited to following the verbal or written instructions of the Business Registrar.

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