Banco Popular Group

A BRIGHT NEW WORLD

January | February | Mar

2006

DISCLAIMER

This presentation has been prepared by Banco Popular solely for purposes of information. It may contain estimates and forecasts with respect to the future development of the business and to the financial results of the Banco Popular Group, which stem from the expectations of the Banco Popular Group and which, by their very nature, are exposed to factors, risks and circumstances that could affect the financial results in such a way that they might not coincide with such estimates and forecasts. These factors include, but are not restricted to, (i) changes in interest rates, exchange rates or any other financial variable, both on the domestic as well as on the international securities markets, (ii) the economic, political, social or regulatory situation, and (iii) competitive pressures. In the event that such factors or other similar factors were to cause the financial results to differ from the estimates and forecasts contained in this presentation, or were to bring about changes in the strategy of the Banco Popular Group, Banco Popular does not undertake to publicly revise the content of this presentation.

This presentation contains summarised information and may contain unaudited information. In no case shall its content constitute an offer, invitation or recommendation to subscribe or acquire any security whatsoever, nor is it intended to serve as a basis for any contract or commitment whatsoever.

1st. Quarter 2006

FINANCIAL RESULTS

1st. Quarter 2006

FINANCIAL RESULTS

1. Core Business Growth
2. Improved Asset Quality
3. Strong Customer Acquisition
4. Branch Network Expansion
5. Earnings

1st. Quarter 2006

1 Core Business Growth

CORE BUSINESS GROWTH

(Euro million)

	31.03.06	Var %
Total assets managed	97,013	19.6
On-balance sheet total assets	80,417	18.7
Total equity	5,008	10.0
Funds managed:	76,197	23.1
On-balance sheet funds	59,601	22.7
Other intermediated funds	16,596	24.3
Lending to customers (gross)	69,760	21.9
Contingent risks	10,323	23.7
Customers (thousands)	6,303	10.1
Employees	13,883	2.5
Branches	2,403	1.2

CORE BUSINESS GROWTH - LINES OF BUSINESS

(Euro Million)

TOTAL ASSETS

COUNTRY	2006	2005	Δ %	Contribution 2006	Contribution 2005
SPAIN	73,970	62,334	18.7	92%	92%
PORTUGAL	6,447	5,415	19.1	8%	8%
TOTAL	80,417	67,749	18.7		

ACTIVITY	2006	2005	Δ %	Contribution 2006	Contribution 2005
Commercial Banking	69,943	57,675	21.3	87%	85%
Institutional & Markets	10,474	10,073	4.0	13%	15%
TOTAL	80,417	67,748	18.7		

CORE BUSINESS GROWTH

MAJOR LOAN CATEGORIES (*)

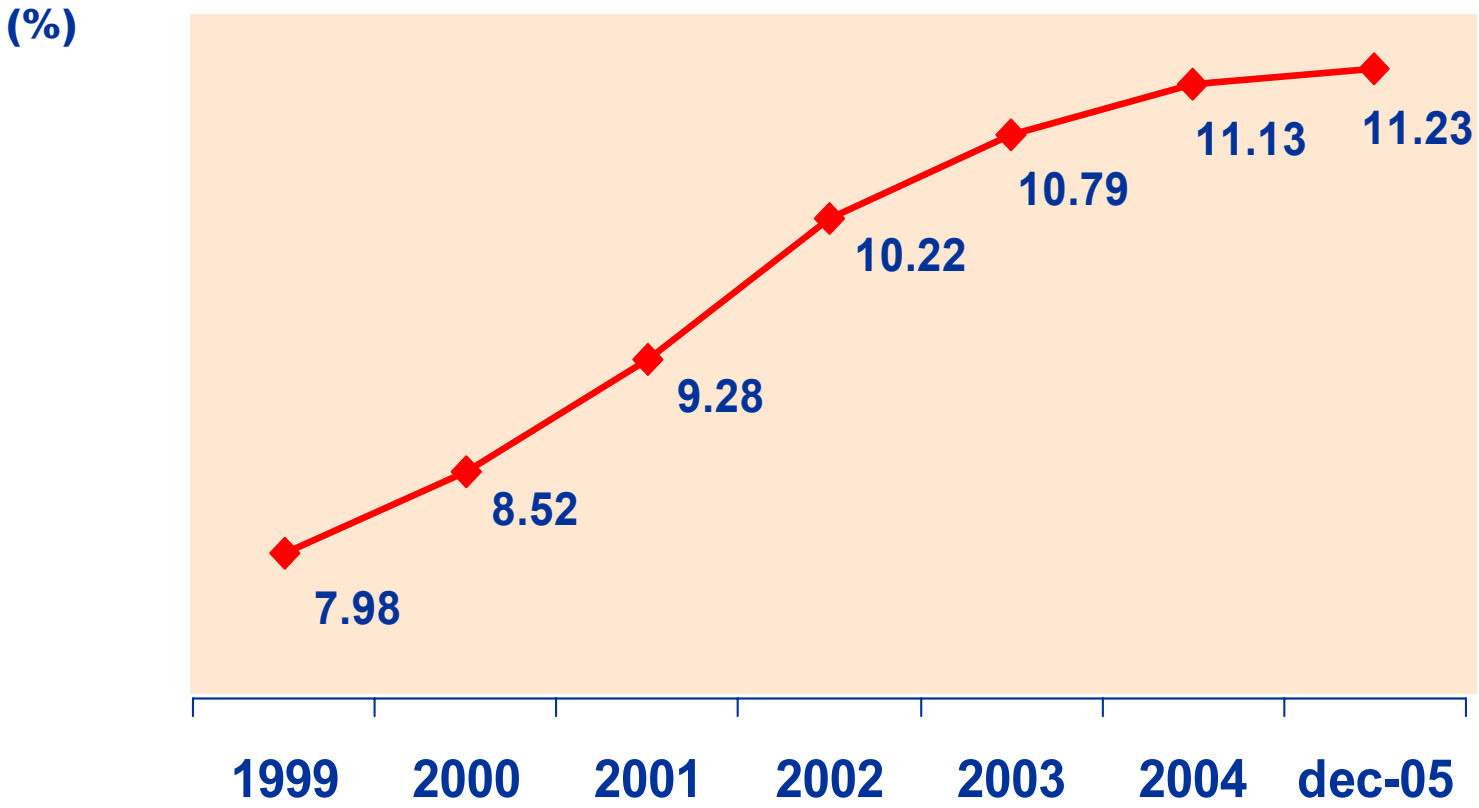
(Accumulated % change)

	Growth rate *March 06*	% of total loans
Bill discounting	13.6	9.7
Mortgage loans	24.0	55.2
Loans & overdrafts	22.6	30.0
Leasing	14.0	5.1
TOTAL	21.9	100.0

(*) All loans except NPLs & Repos

CORE BUSINESS GROWTH - LOANS TO CLIENTS

MARKET SHARE OVER NON PUBLIC BANKS (Private Resident Secto



Source: AEB (Información: Balance Reservado)

CORE BUSINESS GROWTH - LOANS TO CLIENTS

MARKET SHARE OVER ALL BANKS BY LOAN TYPE (Private Resident Secto

(%)

	Pre IAS				IAS	
	2000	2001	2002	2003	2004	2005
Bill discounting	10.17	10.22	10.75	11.09	10.82	10.00
Mortgage loans	3.34	4.17	4.75	4.98	4.98	4.89
Loans & overdrafts	3.95	4.12	4.10	4.37	4.71	5.12
Leasing	9.00	9.40	9.00	8.50	10.1	9.7

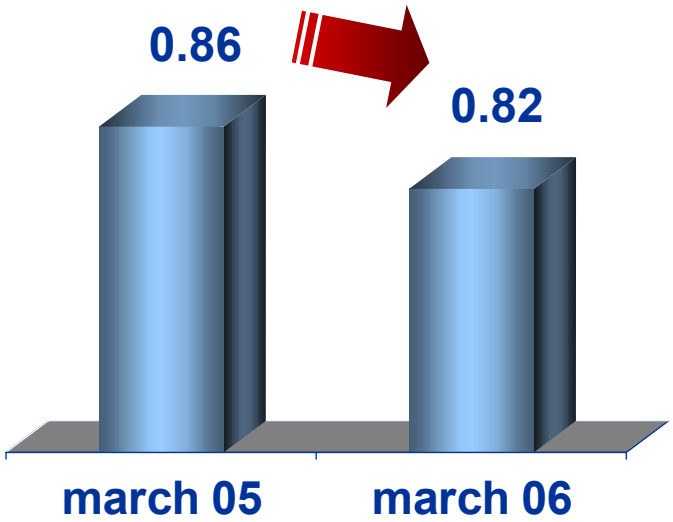
Source: Banco de España - Asociación Española de Leasing

CORE BUSINESS GROWTH - RISK MANAGEMENT

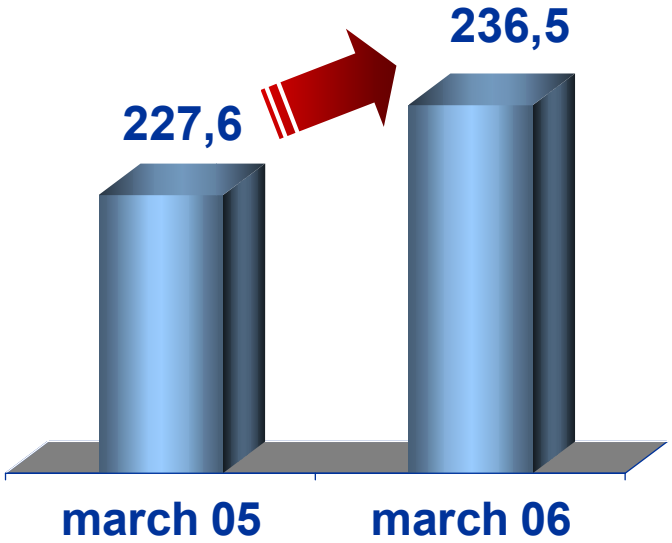
(Euro Million)

	31.01.05	31.03.05	30.06.05	30.09.05	31.12.05	31.03.0
Nonperforming loans:	612.5	612.5	564.6	554.3	596.8	591.0
Change		-47.9	-10.3	42.5	-5.8	67.9
Balance		564.6	554.3	596.8	591.0	658.9
Allowance for c. losses:	1,218.8	1,218.8	1,285.2	1,341.4	1,410.2	1,469.9
Change		66.4	56.2	68.8	59.7	88.1
Balance		1,285.2	1,341.4	1,410.2	1,469.9	1,558.0
Nonperformance Ratio		0.86	0.80	0.83	0.78	0.82
Writeoffs/Total Risks		0.03	0.07	0.11	0.17	0.03
Coverage Ratio		227.6	242.0	236.3	248.7	236.5

CORE BUSINESS GROWTH - IMPROVED ASSET QUALIT



Nonperformance



Coverage

CORE RESIDENT-CUSTOMER FUNDING

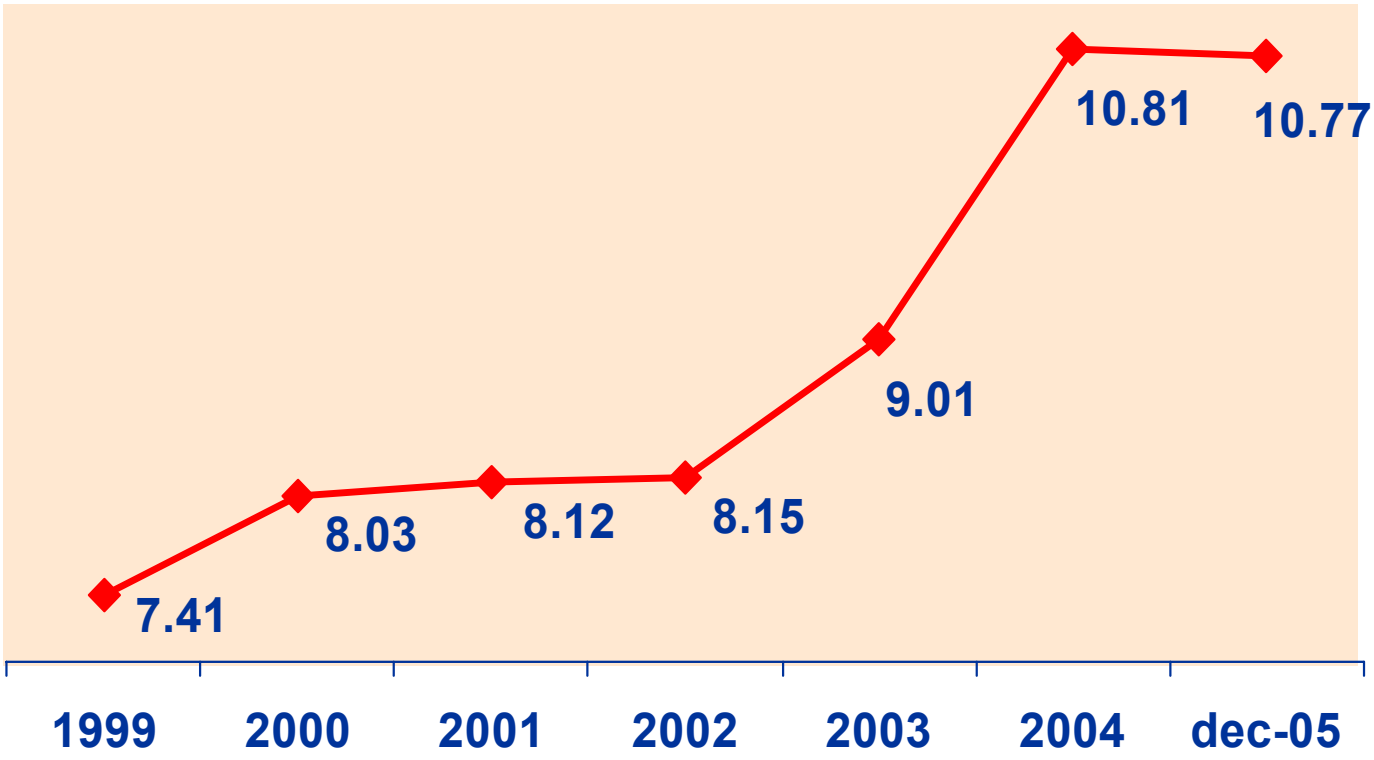
(March 31, 2006)

	Amount (€ million)	*Δ %*	*% of total*
Demand deposits	**15,445.2**	**14.7**	**49.7**
Time deposits	**9,938.0**	**-5.0**	**31.9**
Customers commercial paper	**5,725.6**	**19.1**	**18.4**
TOTAL	**31,108.8**	**8.2**	**100.0**

CORE BUSINESS GROWTH - CLIENTS DEPOSITS

MARKET SHARE OVER NON PUBLIC BANKS (Private Resident Secto

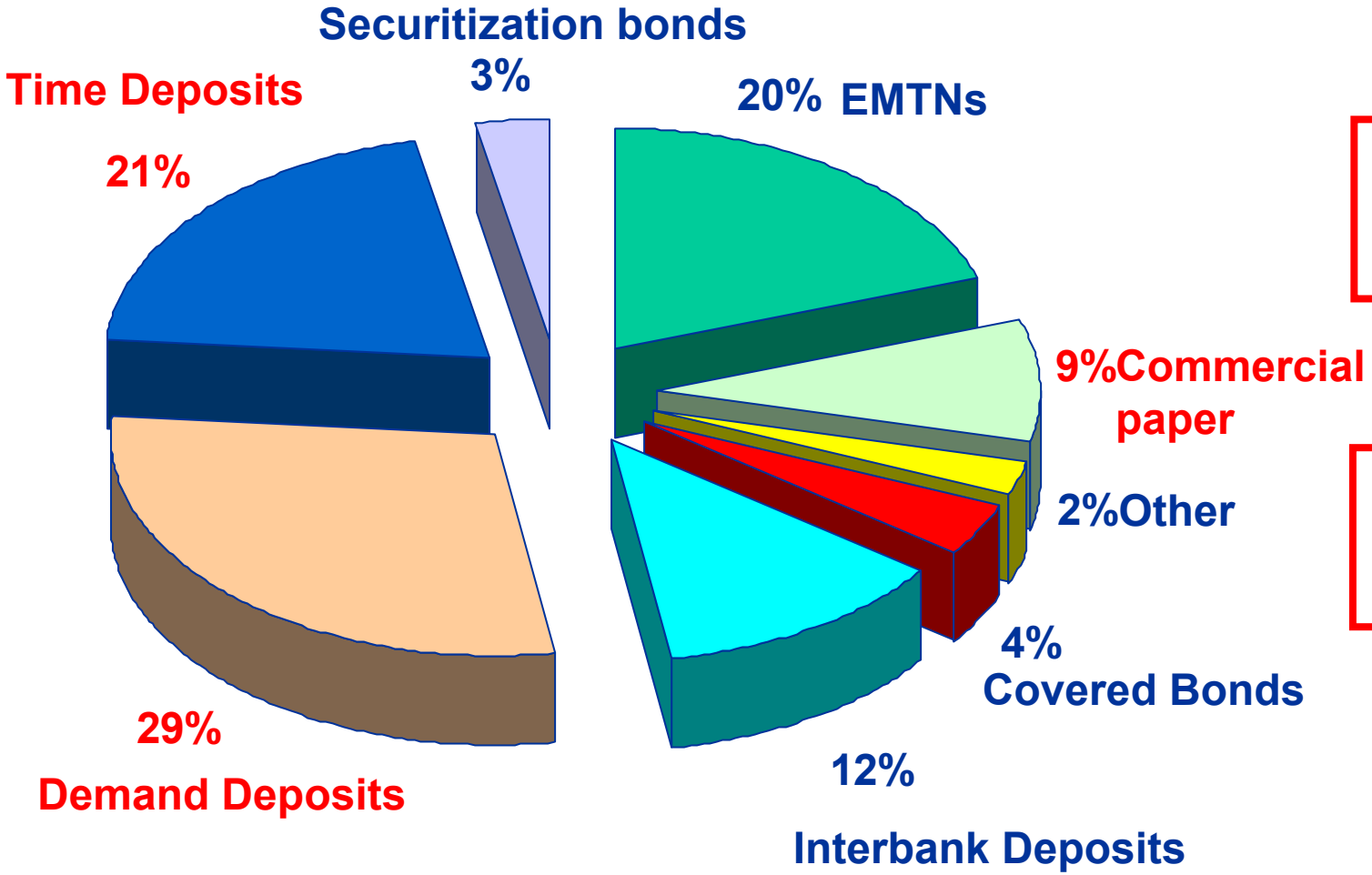
(%)



Source: AEB (Información: Balance Reservado)

CORE BUSINESS GROWTH

FUNDING BREAK-DOWN



Retail
59%

Wholesale
41%

FUNDS MANAGED

(Euro Million)

	31.03.06	% variation
On-balance sheet funds	59,601	22.8
Other intermediated funds:		
Mutual funds	11,445	25.8
Portfolio asset management	1,495	40.2
Pension funds	3,656	14.5
Total	16,596	24.3
Total funds managed	76,197	23.1

CORE BUSINESS GROWTH

MUTUAL FUNDS VOLUMES IN 2005 vs. INDUSTRY –SPAIN ONLY

	Net Asset Value march 06(€ million)	% change
Money Market	1,507.9	-13.8
Bonds	3,240.5	36.7
Fixed income	4,748.4	15.2
Equity	1,513.7	54.4
Balanced	1,314.8	55.3
Guaranteed	2,584.9	1.0
Global	815.9	136.0
TOTAL	10,977.7	24.0
		13.3

BANCO POPULAR GROUP

INDUSTRY

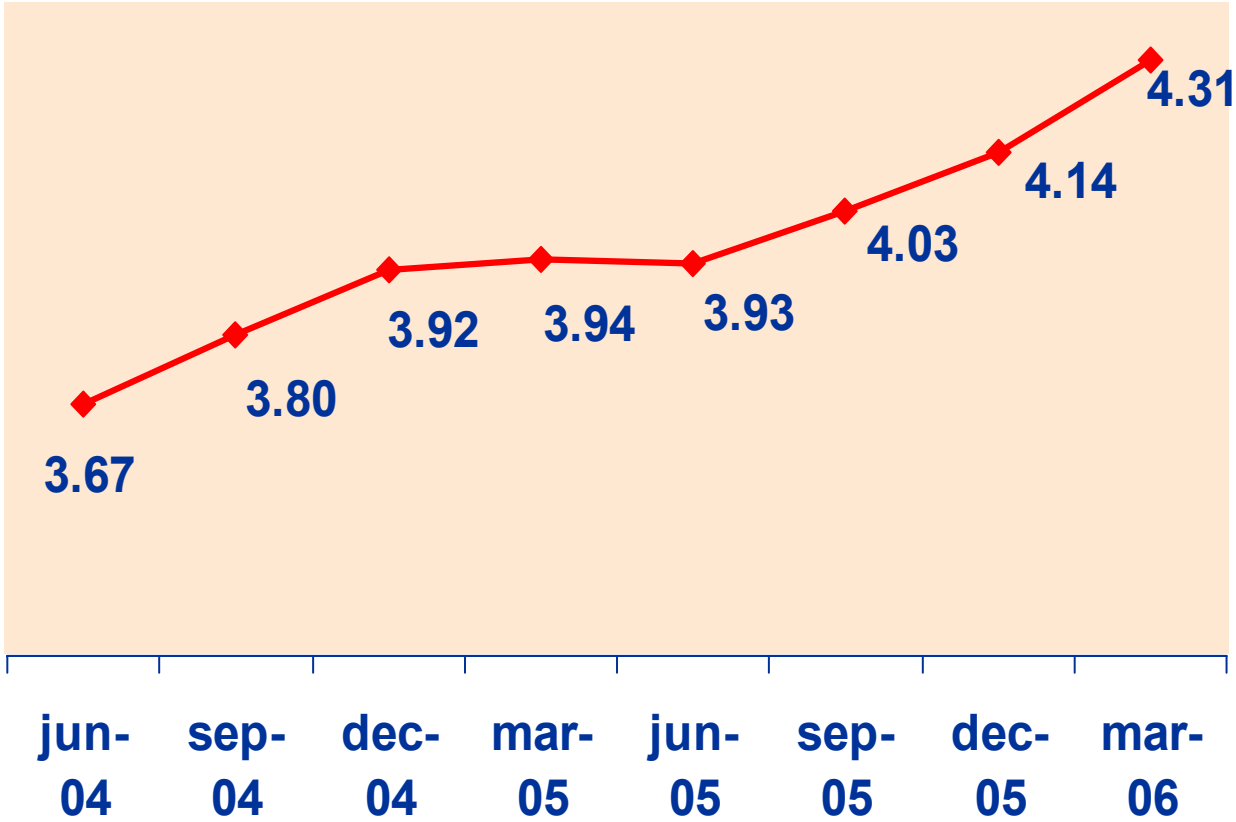
Outperformance due to:

	POPULAR	INDUSTRY
Net Inflows	17.4%	7.7%
Management / Markets	6.6%	5.6%

	March 06	March 05
Improvement in market share	4.31%	3.94%

* Excluding BNC. The total amount including BNC amounts to €11.445 million (+25,8%)

MARKET SHARE PERFORMANCE BANCO POPULAR GROU



Source: Inverco

CORE BUSINESS GROWTH - ASSET MANAGEMENT

ASSET PORTFOLIO MANAGEMENT

(Euro Thousand)

	March 06	March 05	Change in Amount	Change in %
Discretionary Asset Management				
Popular Gestión Privada	859,043	717,694	141,349	19.6
Banco Popular Portugal	205,079	68,841	136,238	197.9
Subtotal	1,064,122	786,535	277,587	35.2
HNWI-SICAV				
Sogeval	31,615	28,340	3,275	11.5
Popular Gestión Privada	399,316	251,234	148,082	58.9
Subtotal	430,931	279,574	151,357	54.1
TOTAL	1,495,053	1,066,109	428,944	40.2

CORE BUSINESS GROWTH - ASSET MANAGEMENT

PENSION ASSETS UNDER MANAGEMENT

(Euro Thousand)

	March 06	March 05	Change in Amounts	Change in %
Private Plans	2,896,931	2,512,028	384,903	15.32
Corporate Schemes	758,578	679,761	78,817	11.59
Group employees	597,149	558,879	38,270	6.85
TOTAL	3,655,509	3,191,789	463,720	14.53

CORE BUSINESS GROWTH

GROWTH RATE – NON MORTGAGE LOANS

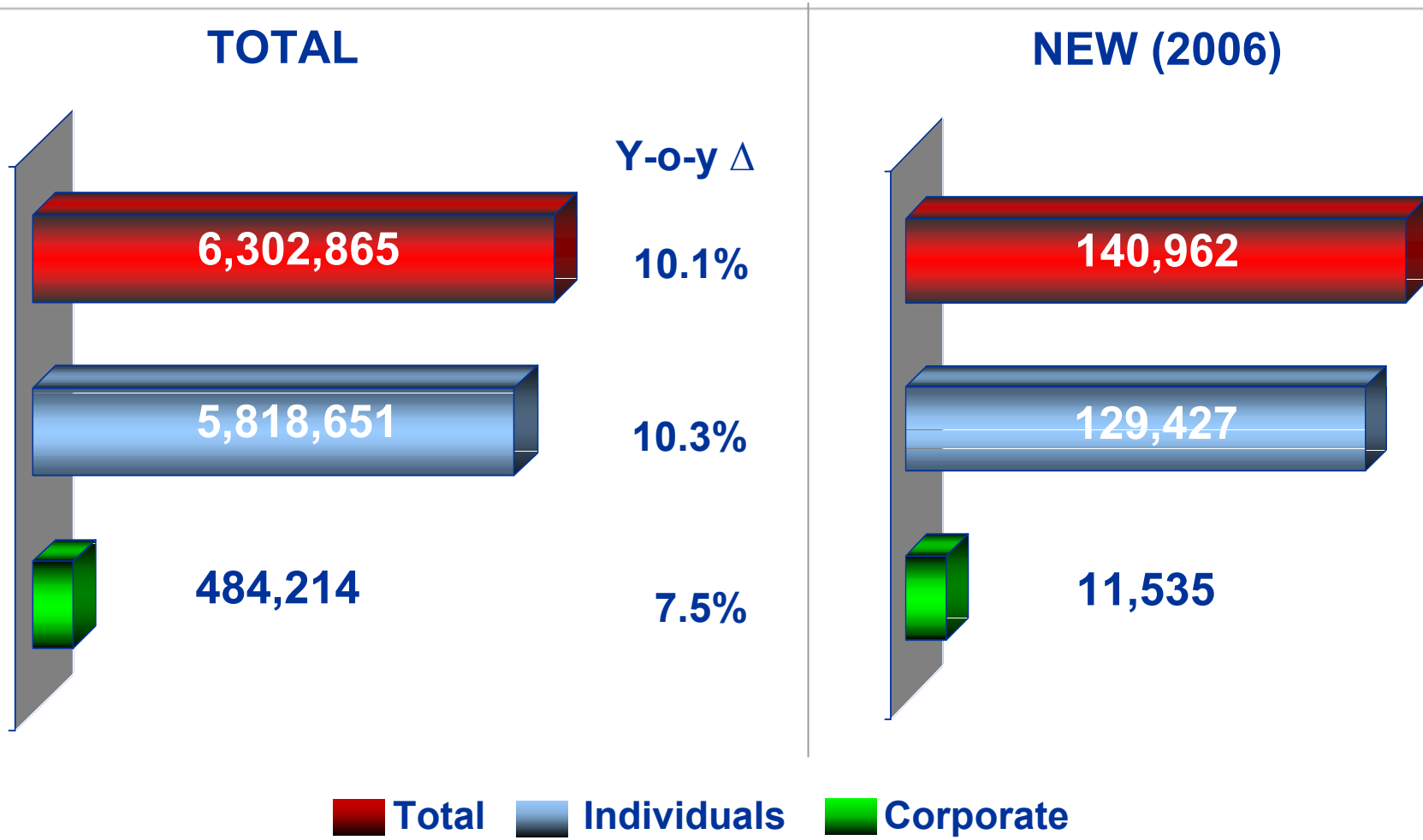
	Dec. 03	Dec. 04	Dec. 05	Mar. 06
Bill discounting	18.0	14.2	6.7	14.7
Loans & overdrafts	9.8	22.4	27.5	23.4
Leasing	12.0	24.3	15.3	12.6
Non mortgage	**12.5**	**20.1**	**19.8**	**19.6**
Growth (y-on-y) Loans to private sector residents	19.4	23.7*	23.7	22.6

Excluding REPOs, prepayment & other and NPL
* Adjusted for securitization

1st. Quarter 2006

2 Strong Customer Acquisition

STRONG CUSTOMER ACQUISITION



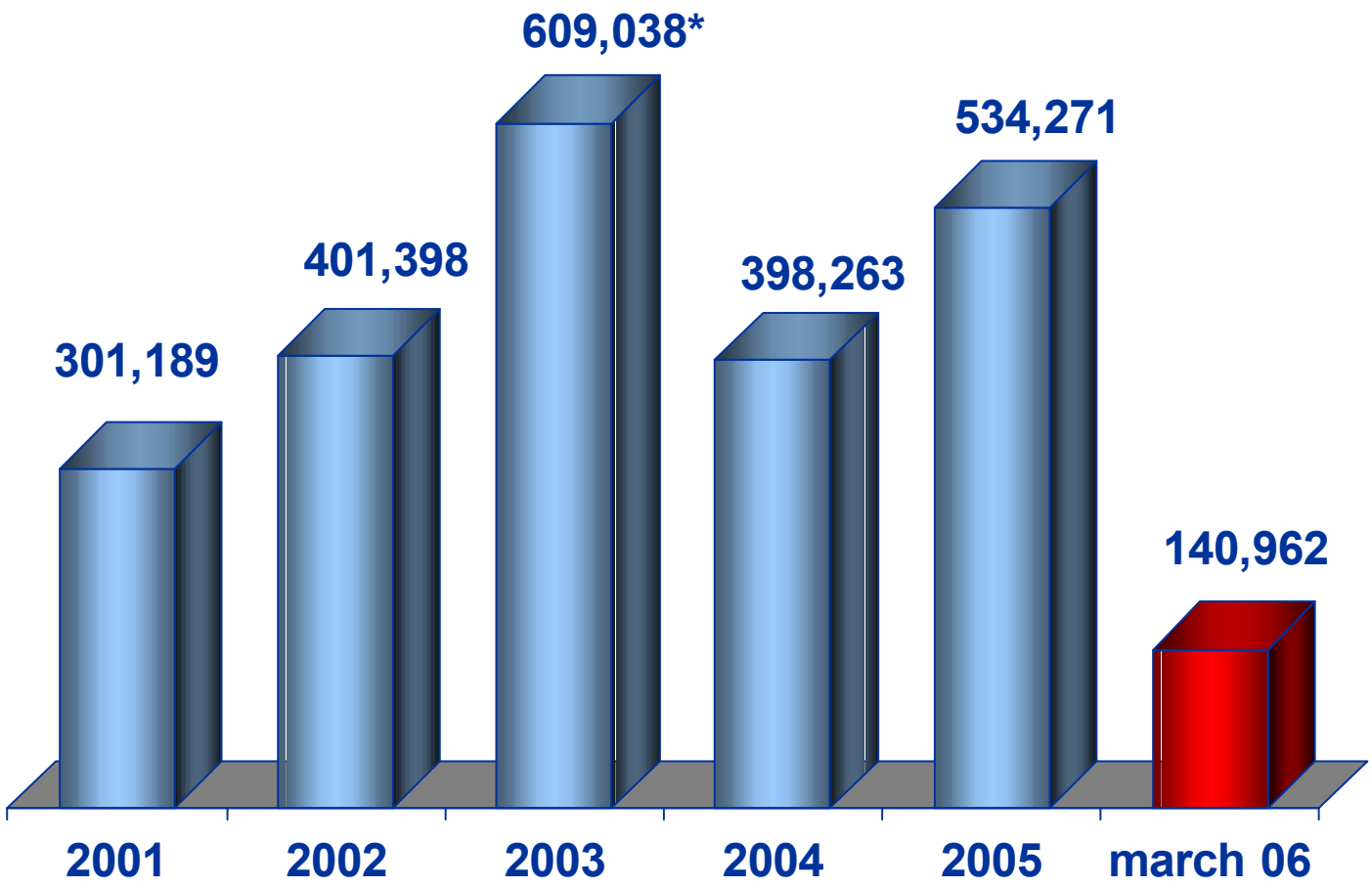
STRONG CUSTOMER ACQUISITION

COMMERCIAL PERFORMANCE

	31.03.06	31.03.05	Variation Absolute	Variation %
Total number of customers (000)	6,303	5,724	579	10.1
Individuals	5,819	5,274	545	10.3
Corporates	484	450	34	7.5
Internet customers				
Bank-on-line				
Number of customers (000)	2.078	1,747	331	18.9
Individuals	1,809	1,509	300	19.8
Corporates	269	238	31	13.3
Bancopopular-e				
Number of customers (000)	902	625	277	44.3
Productivity (products sold per employee in the commercial network)	85.7	79.6	6.1	7.7
Cross-selling (Products per customer)	3.30	3.27	0.03	0.9

STRONG CUSTOMER ACQUISITION

NET NEW CLIENTS (inc. BPP)



* BNC acquisition

STRONG CUSTOMER ACQUISITION

EXPLOIT NEW CUSTOMER POTENTIAL

Total linked clients "Spain"

December 2004	1.750.644
March 2005 ……..	1.806.701
June 2005	1.873.388
December 2005	1.965.277
March 2006 ……	2.026.175

y-on-y

12.1%

One third of all Spanish clients have 4 products or more

1st. Quarter 2006

3 Branch Network Expansion

BRANCH NETWORK EXPANSION

NETWORK ACTIVITY THROUGH MARCH 2006

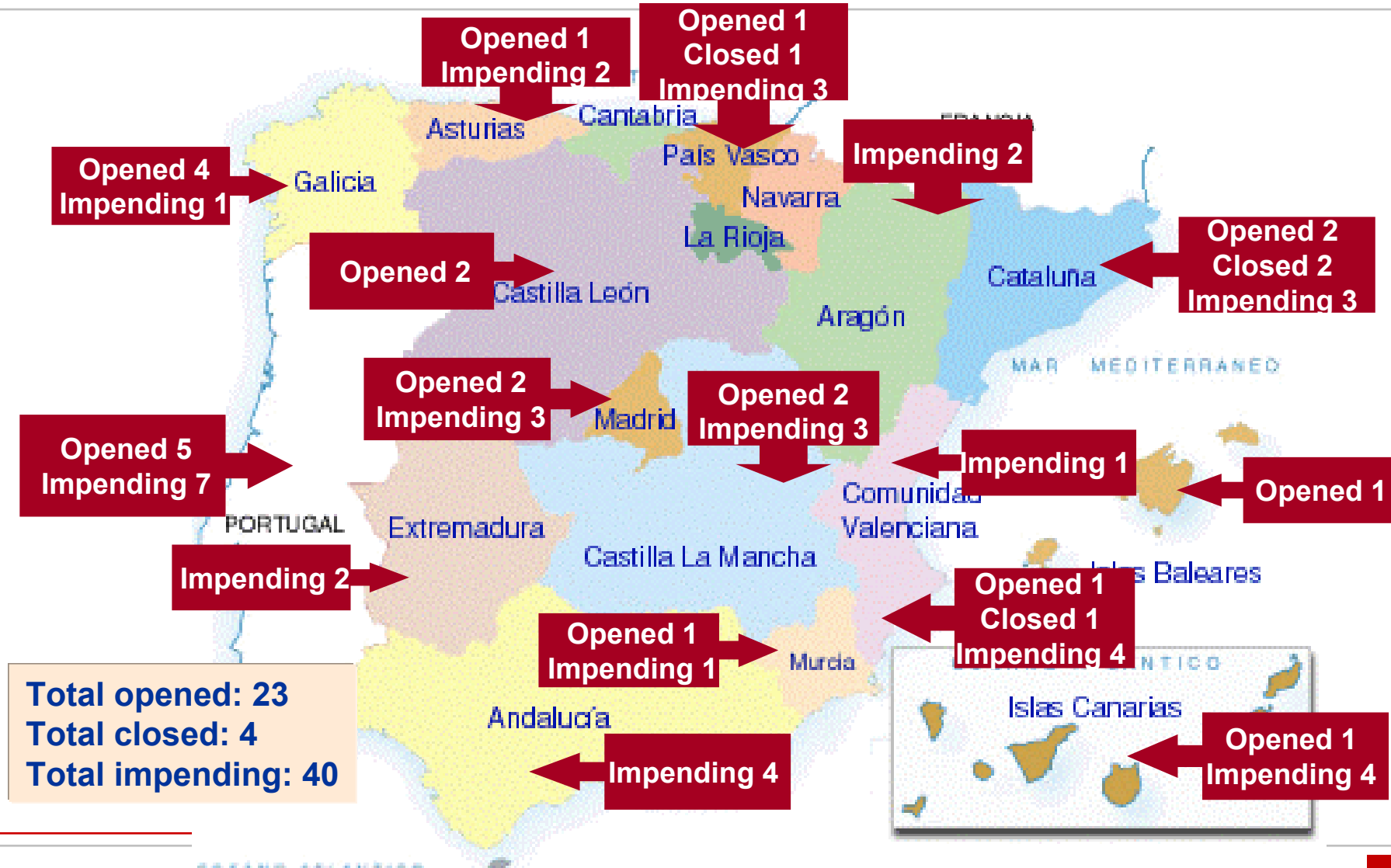
Opened Branches **23**

Closed Branches **4**

Impending Branches **40** → Refurbished 26
In progress 14

BRANCH NETWORK EXPANSION

NETWORK ADJUSTMENTS THROUGH MARCH 2006



1st. Quarter 2006

4 Earnings

EARNINGS

(Euro Million)	1st. Q. 2006	y-on-y % △
Net interest revenue	522.5	10.9
Fees for services	186.3	11.4
Ordinary revenue	731.6	10.3
Operating cost	238.6	9.9 *
Operating income	466.2	10.9
Income before taxes	388.1	14.1
Net income attributable	243.5	15.0

* w/o compensating fees

EARNINGS - NET EARNINGS BY LINE OF BUSINESS

Consolidated data
(Euro million)

	Δ% SPAIN	Δ% PORTUGAL	Contribution % SPAIN	Contribution % PORTUGAL
Net interest revenue	10.0	23.8	92.7	7.3
Ordinary revenue	9.5	22.2	93.1	6.9
Operating income	10.5	17.5	94.5	5.5
Income before taxes	14.5	5.4	95.6	4.4
Consolidated income for the period	15.1	20.8	95.5	5.5
Income attributed to the Group	14.7	21.2	94.8	5.2

EARNINGS - NET EARNINGS BY LINE OF BUSINESS

NET PROFIT BEFORE MINORITIES

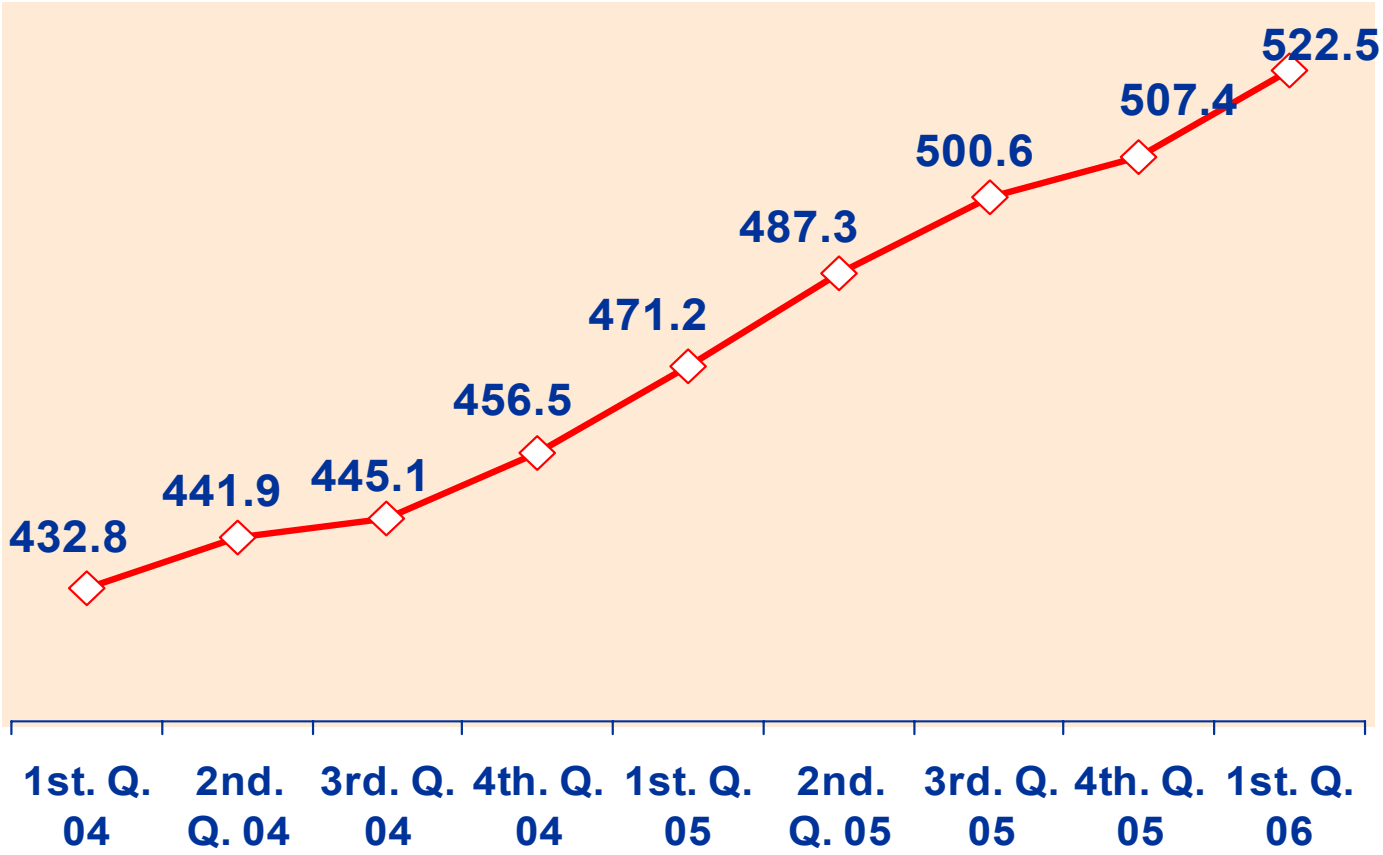
(Euro Million)

	March 2006	March 2005
Commercial Banking	237.1	207.1
Institutional & Markets	22.6	17.9
Net Profit	259.7	225.0

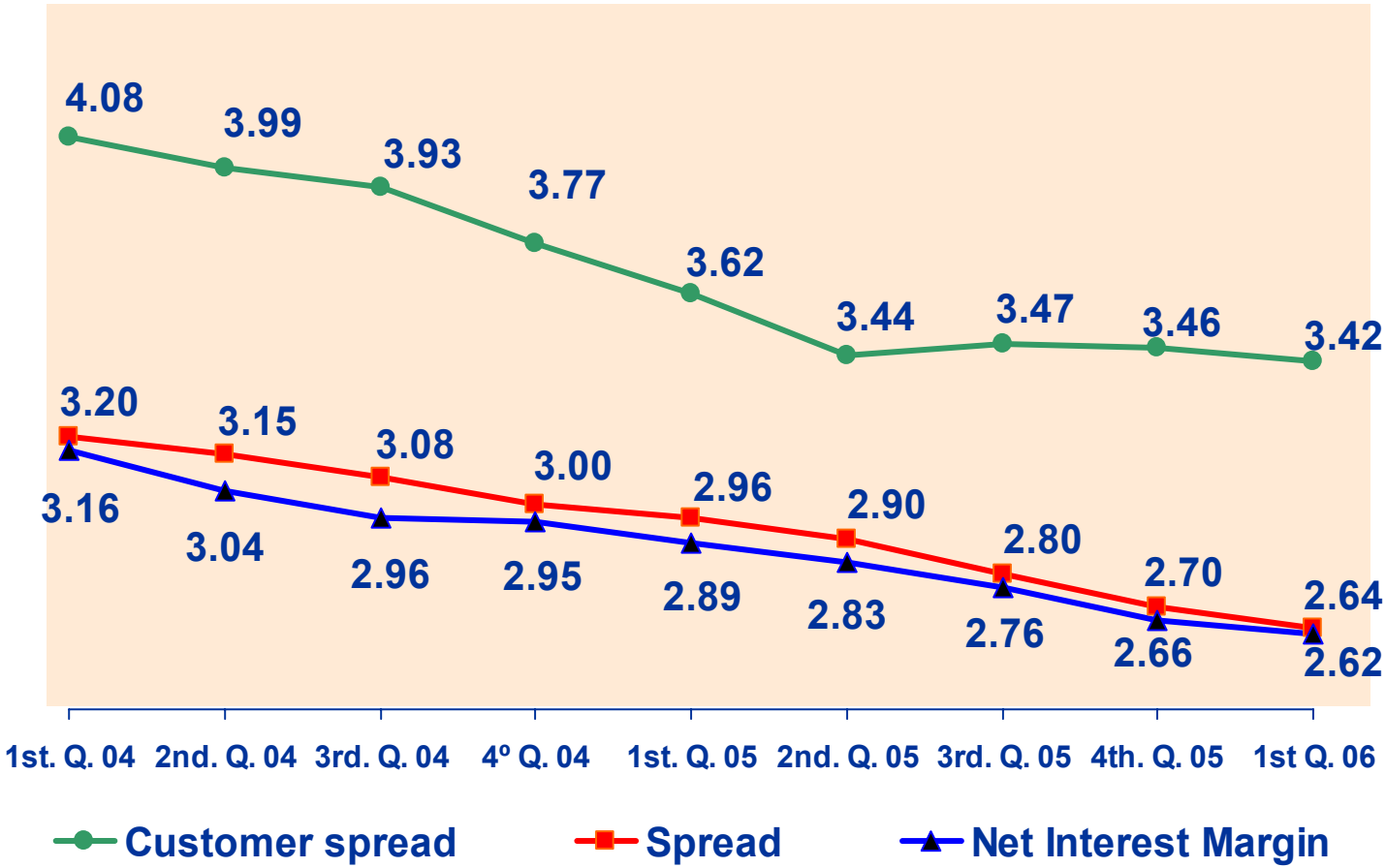
	△%	% Contribution 2006	% Contribution 2005
Commercial Banking	14.5	91.3	92.0
Institutional & Markets	26.3	8.7	8.0
Net Profit	15.4		

NET INTEREST REVENUE

(Euro Million)



NET INTEREST MARGIN & SPREAD



NET INTEREST MARGIN CAUSAL ANALYSIS

	March 06		March 05	
	Balance	Rates	Balance	Rates
Interest-earning assets	79,626	4.31	65,154	4.39
Interest-bearing liabilities	79,626	1.69	65,154	1.50
Spread		2.62		2.89

	Balance 06 Rates 05	Change due to		
		Structure	Rates	Total
Interest-earning assets	4.38	-0.01	-0.07	-0.08
Interest-bearing liabilities	1.55	0.05	0.14	0.19
Spread	2.83	-0.06	-0.21	-0.27

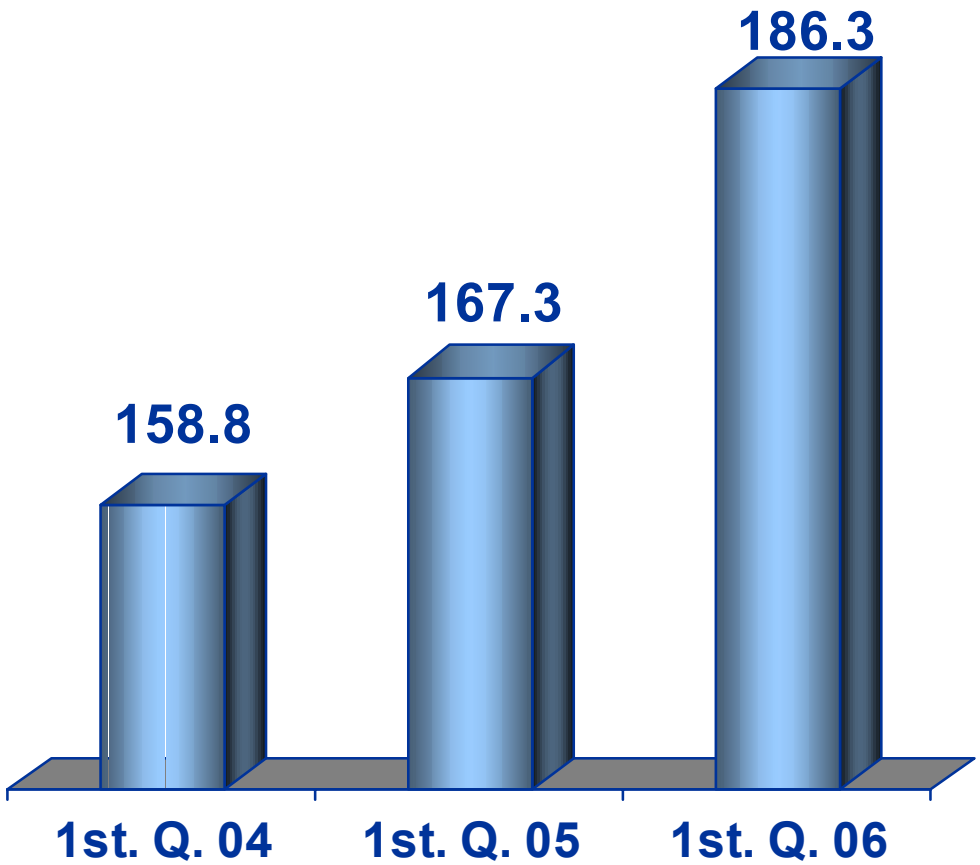
FEES FOR SERVICES

	Year-on-year % accum. △	*As % of total fees*
Loan-related fees:	-11.3	13.0
Bill discounting	-15.4	6.0
Other	-7.5	7.0
Fees from guarantees	12.8	14.3
Collection & card-related	20.1	31.0
Forex & securities dealing	53.1	3.2
Customer financial asset mgt:	13.6	30.1
Securities portfolio	3.9	3.5
Mutual funds & pension plans	15.0	26.6
Account mgt. fees and other	4.2	8.4
TOTAL	11.4	100.0

EARNINGS

FEES FOR SERVICES

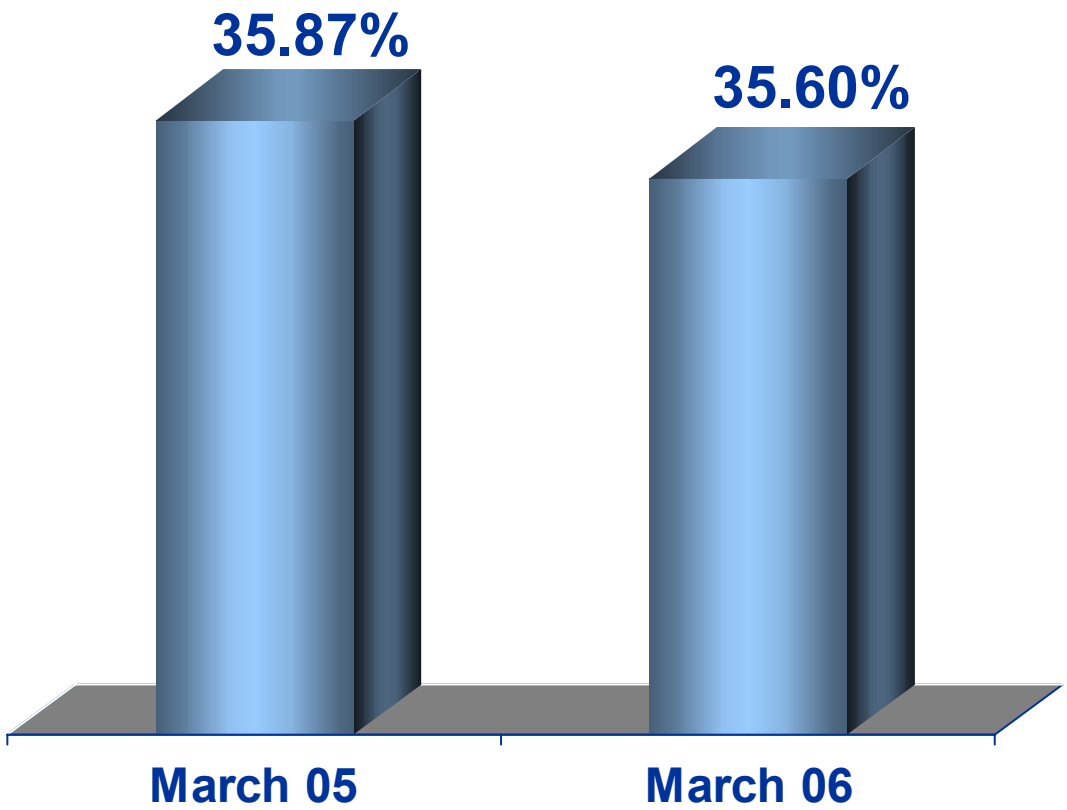
(Euro Million)



y-on-y accum.

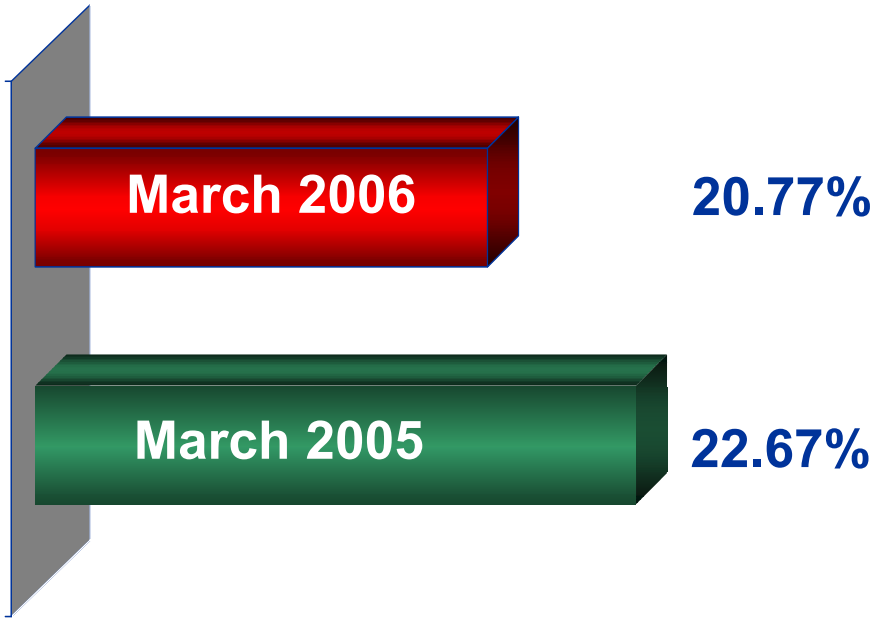
11.4%

COST/INCOME RATIO

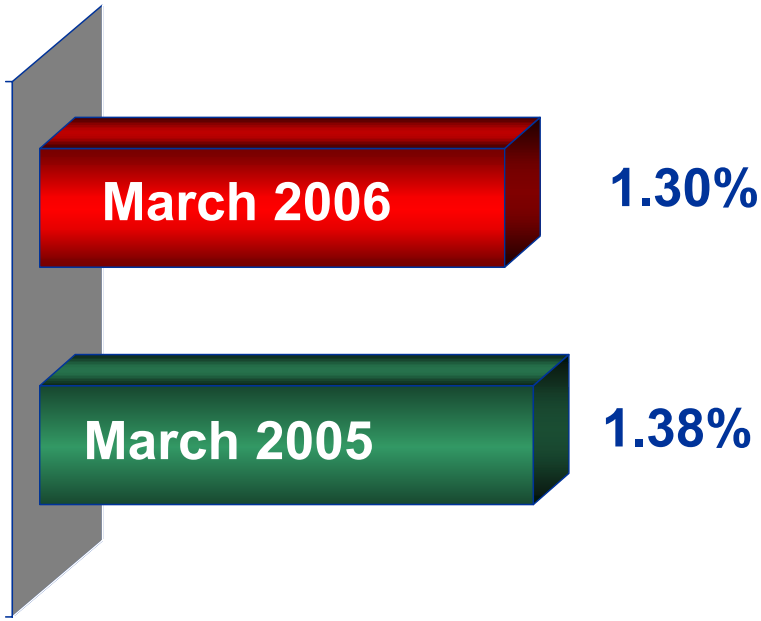


PROFITABILITY

ROE



ROA



SECTOR COMPARISON; RETURN & EFFICIENCY

ROA

Banco Popular	
March 06	1.30%

Ave. Nonpublic Banks Sept. 05
0.78%

Ave. Savings Banks Sept. 05
0.68%

Cost/Income Ratio *

Banco Popular	
March 06	32.24%

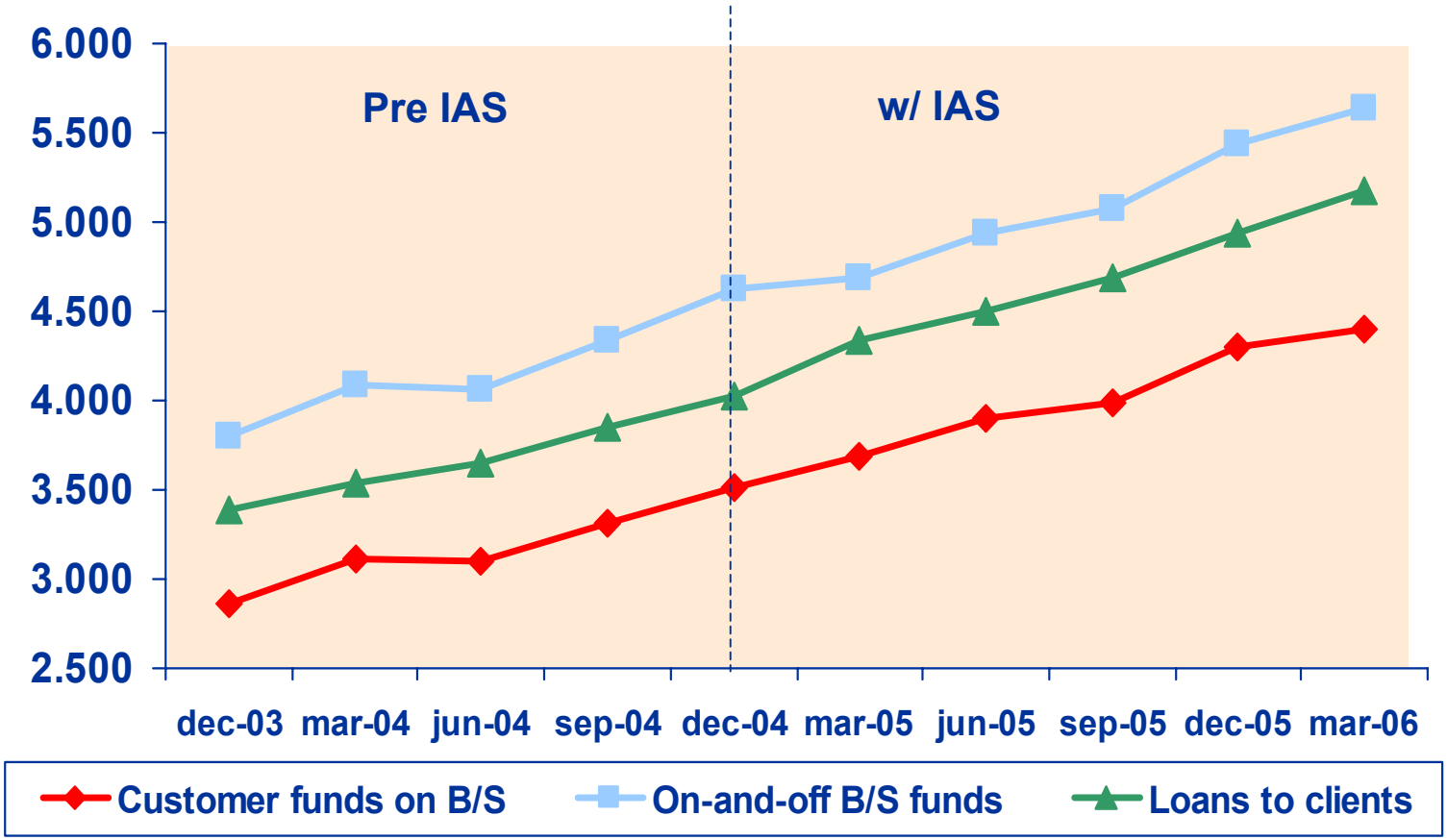
Ave. Nonpublic Banks Sept. 05
47.11%

Ave. Savings Banks Sept. 05
50.01%

Aggregate data
* Cost base excludes depreciation

BUSINESS MANAGEMENT METRICS (BY EMPLOYEE)*

(Euro Thousand)

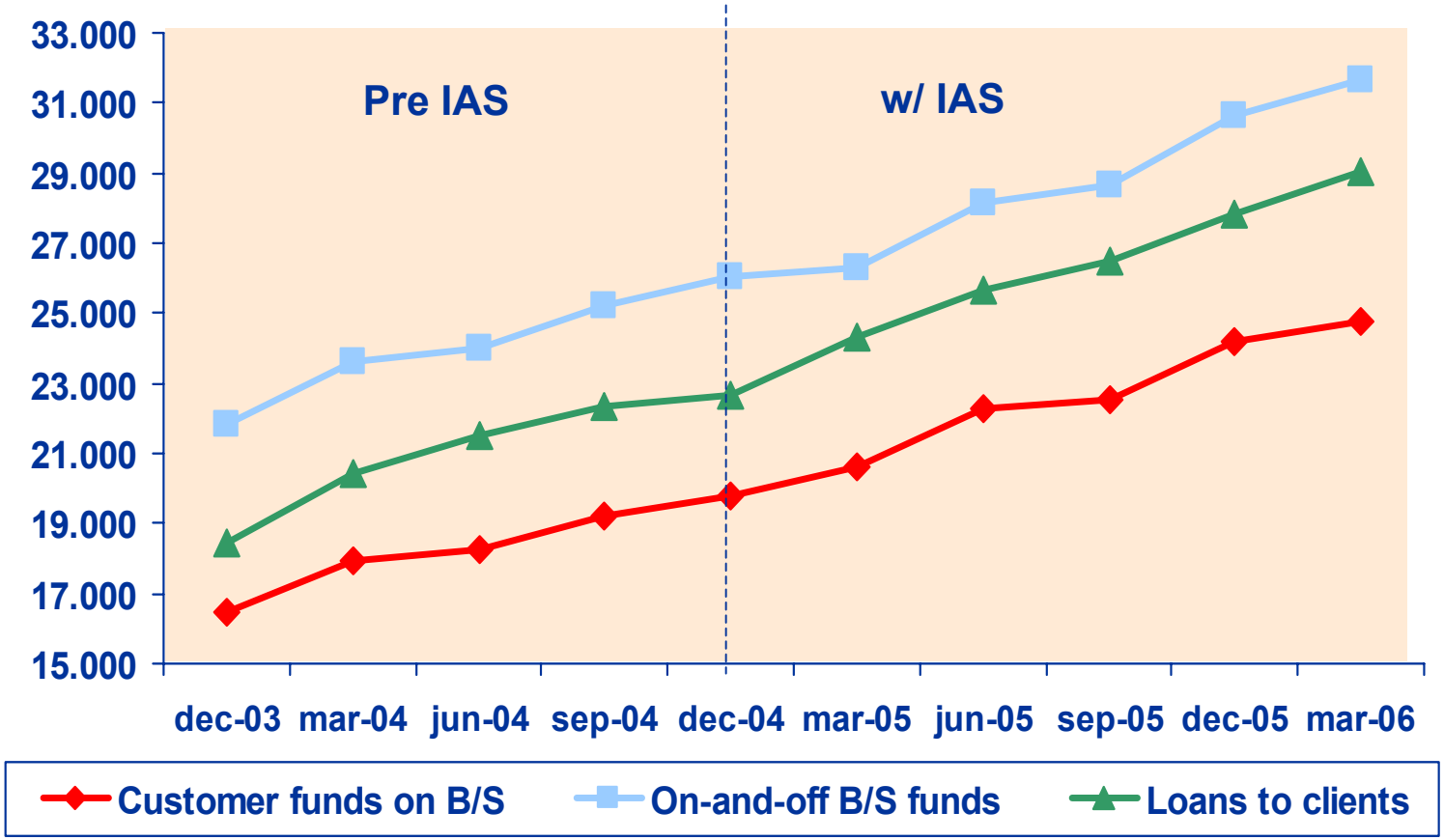


* Only banking employees

EARNINGS - PRODUCTIVITY

BUSINESS MANAGEMENT METRICS (BY BRANCH OFFIC

(Euro Thousand)



1st. Quarter 2006

5 Banco Popular Portuga

BANCO POPULAR PORTUGAL

(Euro Thousand)	March 2006	March 2005	Δ%
Net interest revenue	37,451	31,025	20.7
Fees for services	8,490	7,230	17.4
Ordinary revenue	46,303	38,747	19.5
Operating cost	18,828	15,952	18.0
Depreciation	2,519	1,830	37.6
Operating income	24,956	20,965	19.0
Net income	12,226	11,523	6.1

LOANS & DEPOSITS

(Euro Thousand)

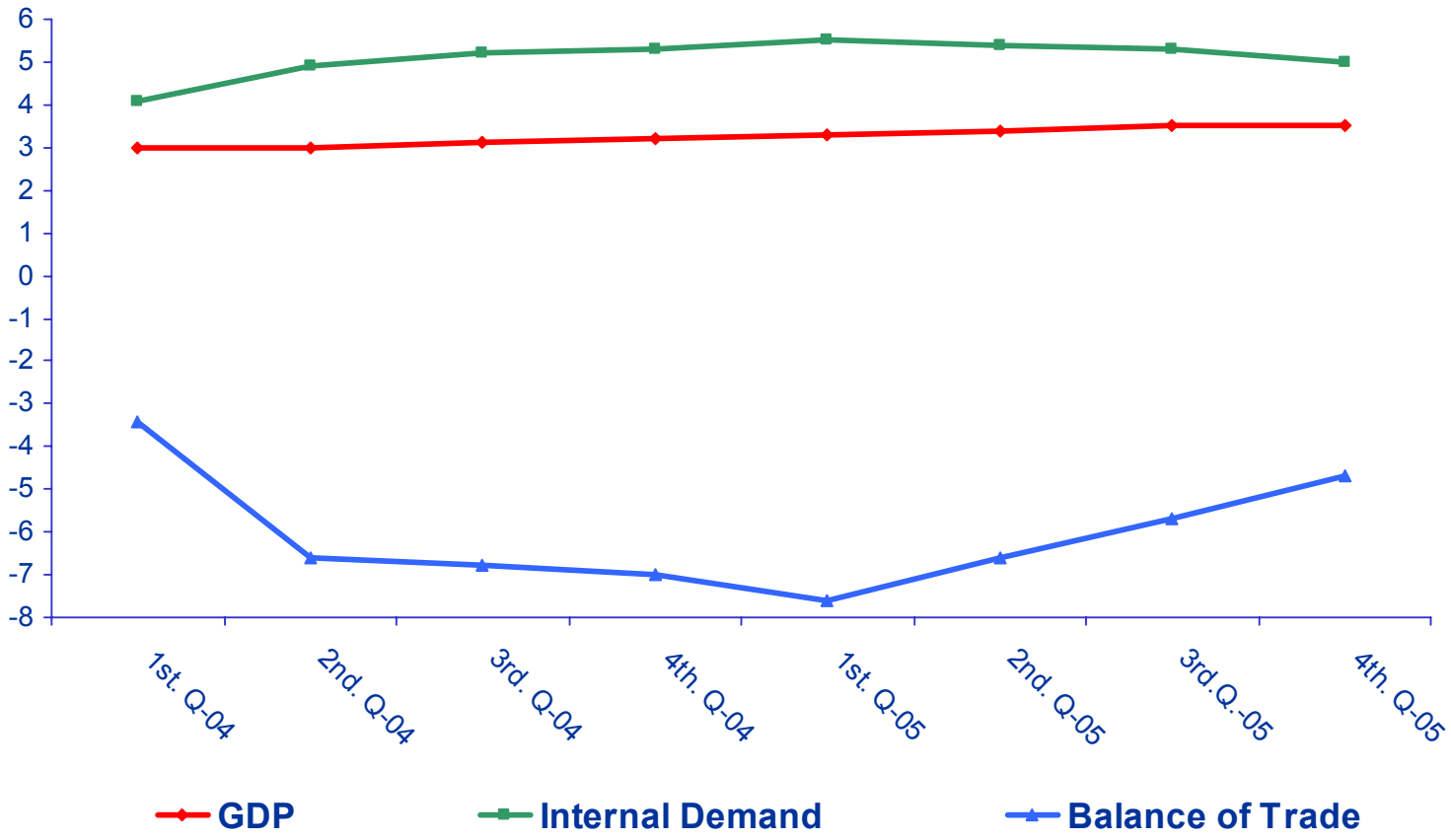
	March 2006	March 2005	Δ%
Loans to Clients	5,338,376	4,377,180	22.0
Developer Mortgage	1,588,686	1,474,592	7.7
Residential Mortgage	905,223	748,756	20.9
Consumer	65,844	19,050	<
Other Unsecured Lending	2,662,409	2,074,943	28.3
Overdraft	19,888	4,823	<
NPLs	96,326	55,016	75.1
Customer Deposits	3,030,763	2,677,327	13.2
Demand	655,143	651,356	0.6
Time	2,346,739	2,001,956	17.2
Other Currency	28,881	24,015	20.3

	March 2006	March 2005
R O E	13.62	14.54
R O A	0.78	0.96
Cost/Income Ratio	46.10	45.89
Branches	172	150

1st. Quarter 2006

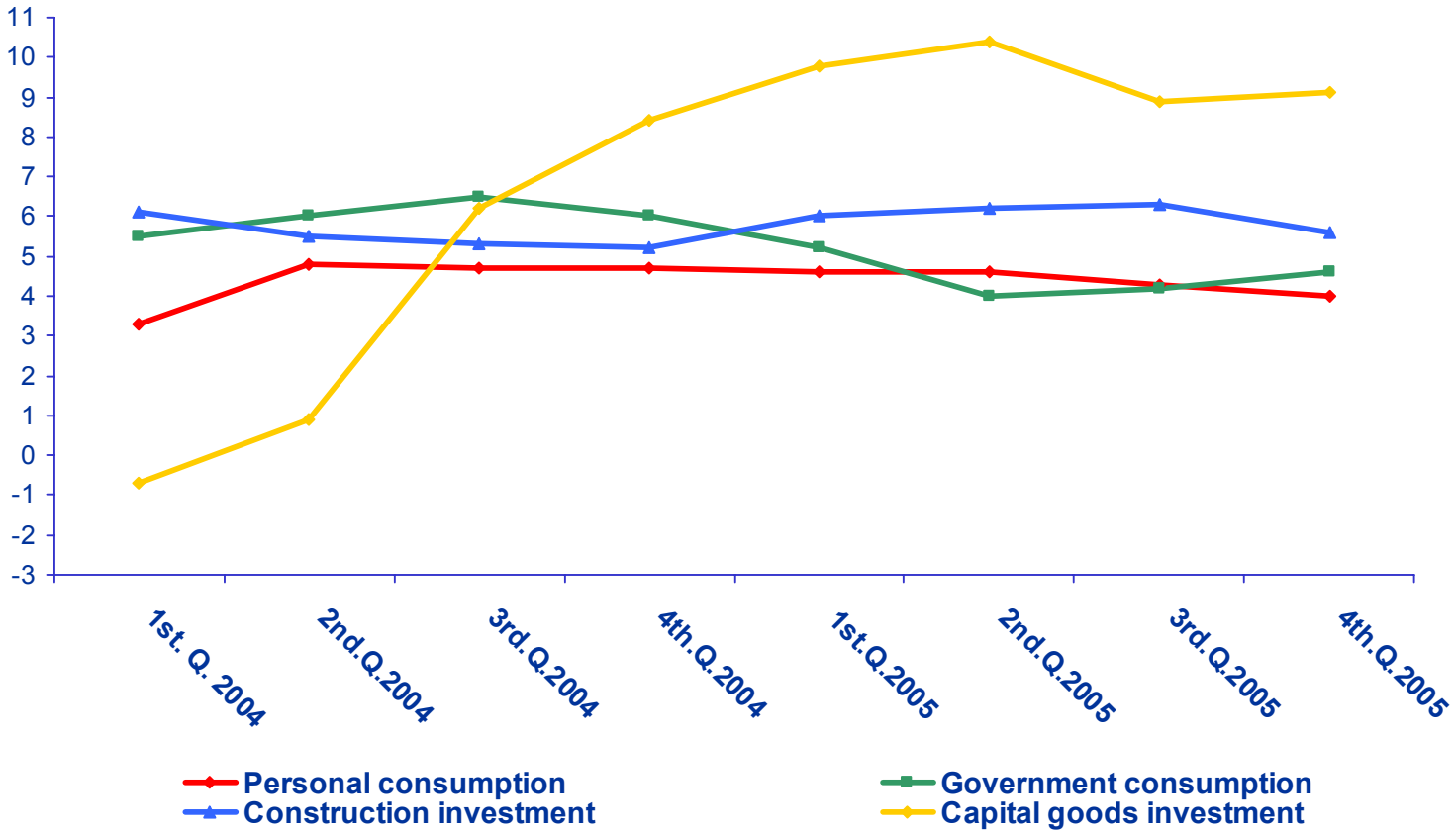
6 Annex

MACROECONOMIC PARAMETERS IN SPAIN



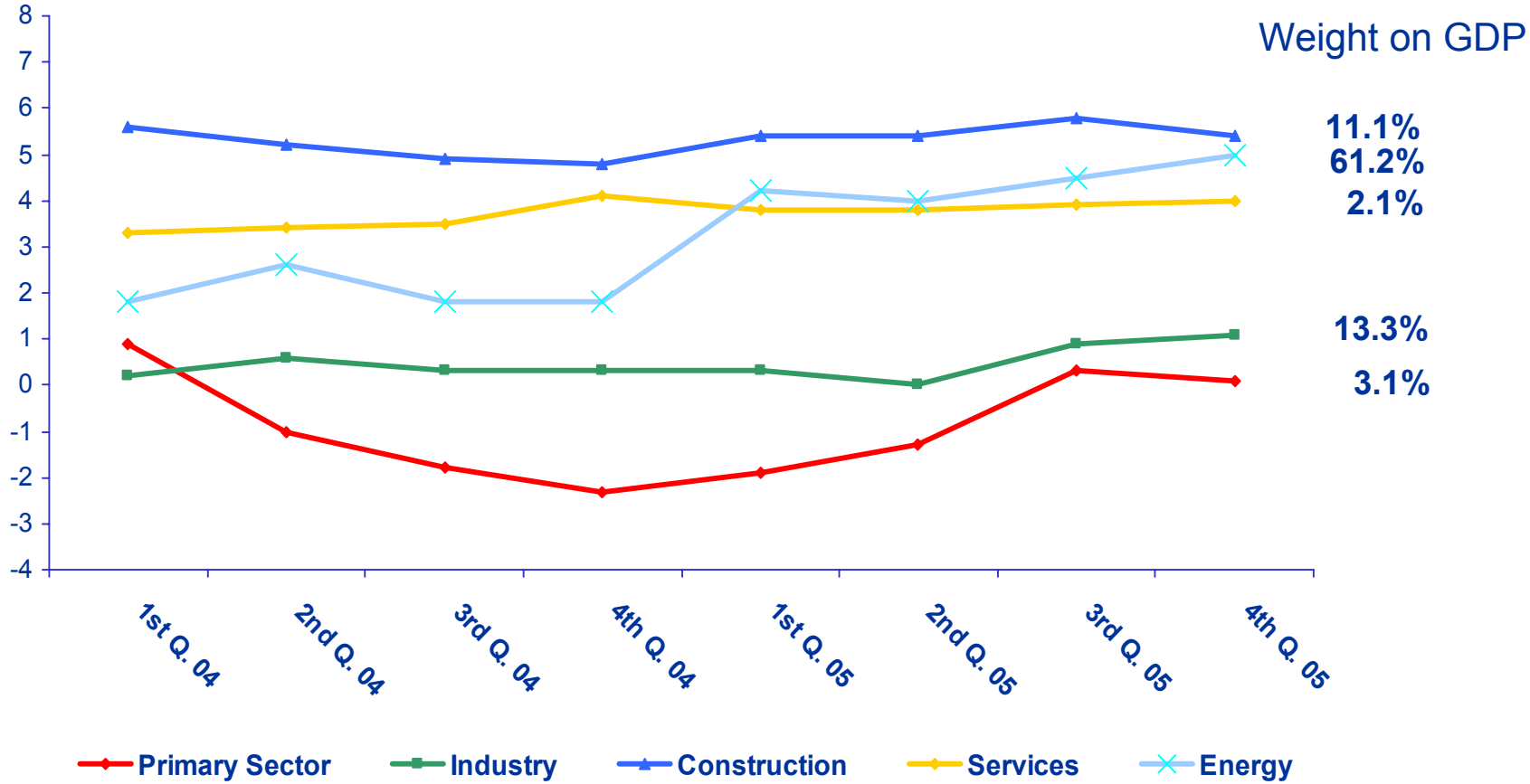
Source: INE

MACROECONOMIC PARAMETERS IN SPAIN



Source: INE

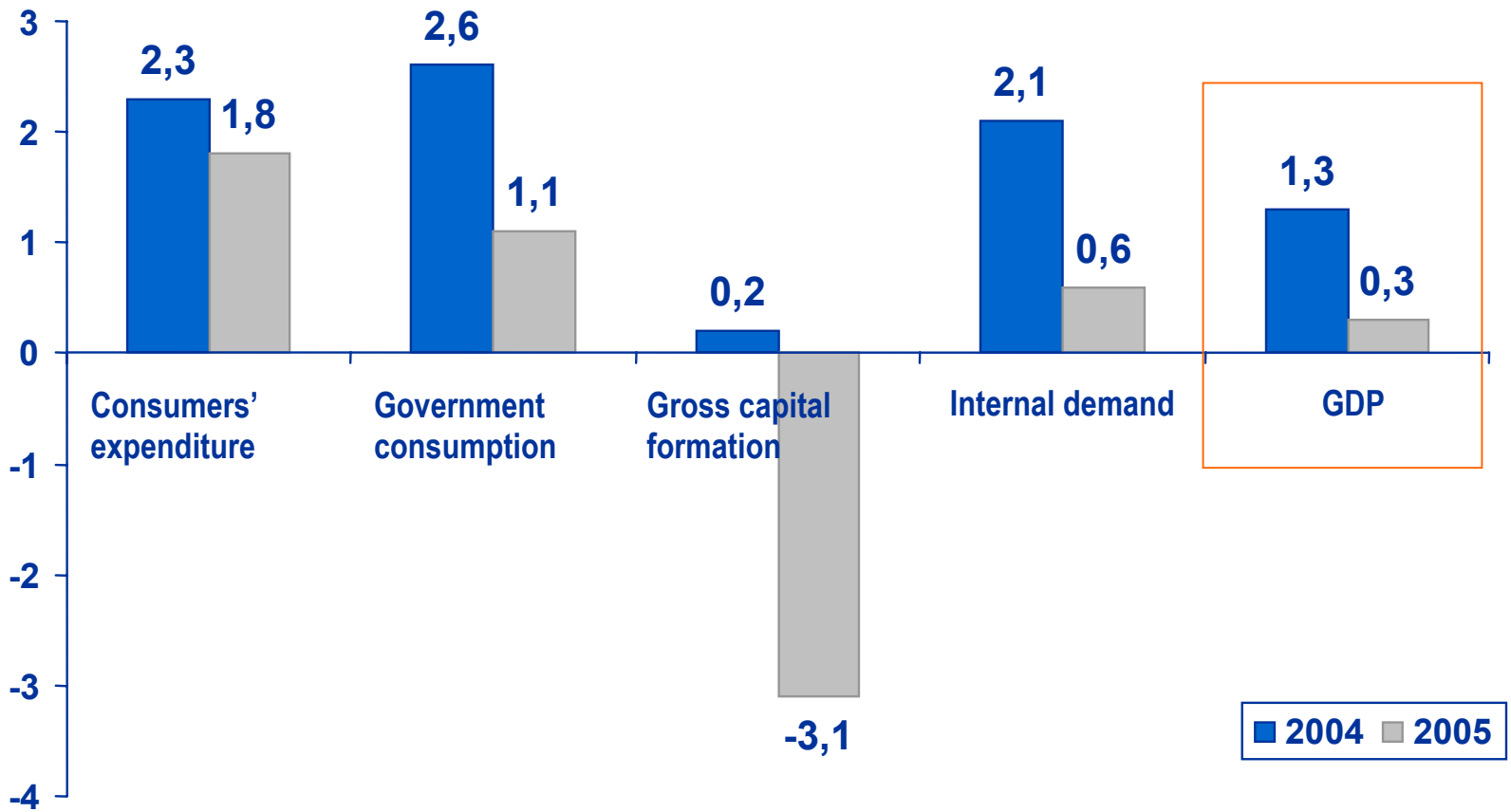
MACROECONOMIC PARAMETERS IN SPAIN



Source: INE

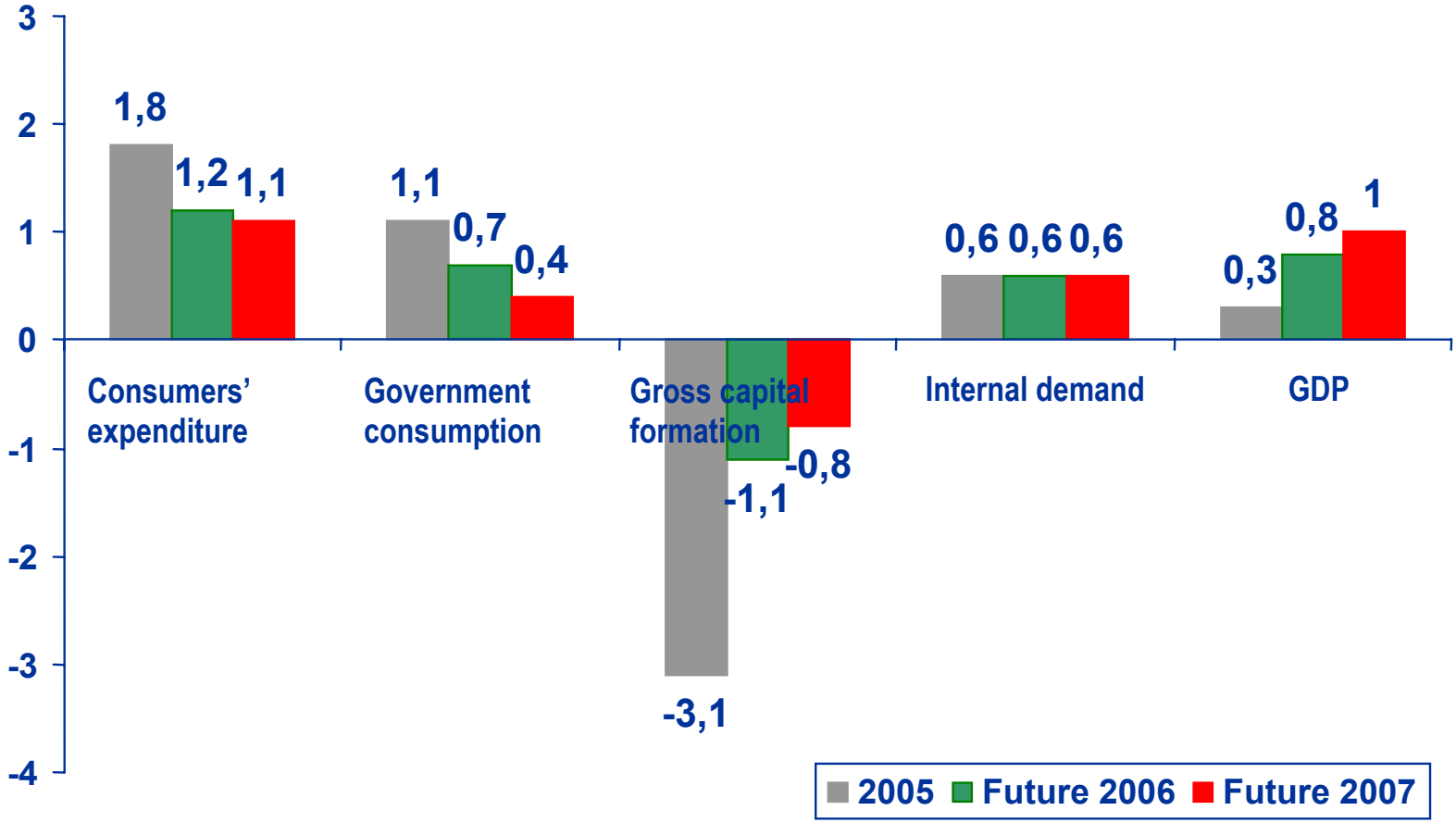
MACROECONOMIC PARAMETERS IN PORTUGAL

Past evolution of GDP components (%)



MACROECONOMIC PARAMETERS IN PORTUGAL

GDP: expected trend (%)



Banco Popular Español

Velázquez 34. 28001 Madrid
Telephone: 34 915207000
Fax: 34 915779208

11 banks in Spain Portugal France

Banco Popular Español
Banco de Andalucía
Banco de Castilla
Banco de Crédito Balear
Banco de Galicia
Banco de Vasconia

Banco Popular Portugal
Banco Popular France
Banco Popular Hipotecario
Bancopopular-e.com
Popular Banca Privada

www.grupobancopopular.es