

April – May – June 2007

July 19th 2007



Grupo Banco Popular

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▶ Core business growth

▶ Strong Customer Acquisition

▶ Branch Network Expansion

▶ Earnings

▶ Banco Popular Portugal

Core Business Growth

<i>(€ million)</i>	30.6.07	Δ %
Total assets managed	116.327	16.2
On-balance sheet total assets	97.987	17.3
Total equity	5.881	11.4
Funds managed:	94.419	19.5
On-balance sheet funds	76.079	21.9
Other intermediated funds	18.340	10.5
Lending to customers (gross)	83.844	16.7
Contingent risks	11.487	0.6
<hr/>		
Customers (thousands)	6.707	5.2
Employees	14.413	2.5
Branches	2.453	1.8

Core Business Growth

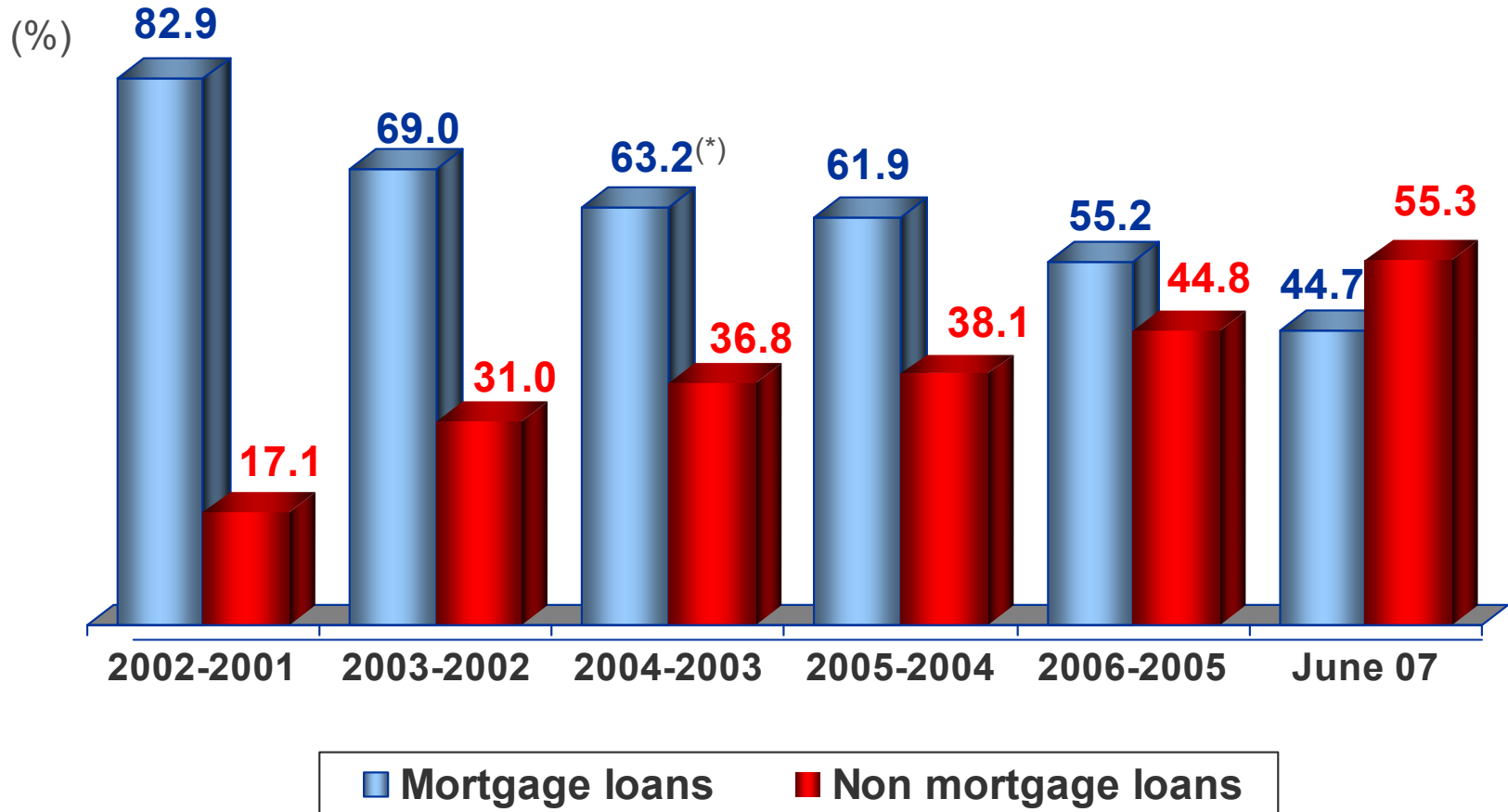
■ MAJOR LOAN CATEGORIES (*)

<i>June 2007</i> <i>(Accumulated % change)</i>	Growth rate %	% of Total loans
Bill discounting	15.4	9.4
Mortgage loans	13.6	53.7
Loans & overdrafts	25.2	32.4
Leasing	3.7	4.5
TOTAL	16.8	100.0

(*) All loans except NPLs & Repos

Core Business Growth

■ GROWTH



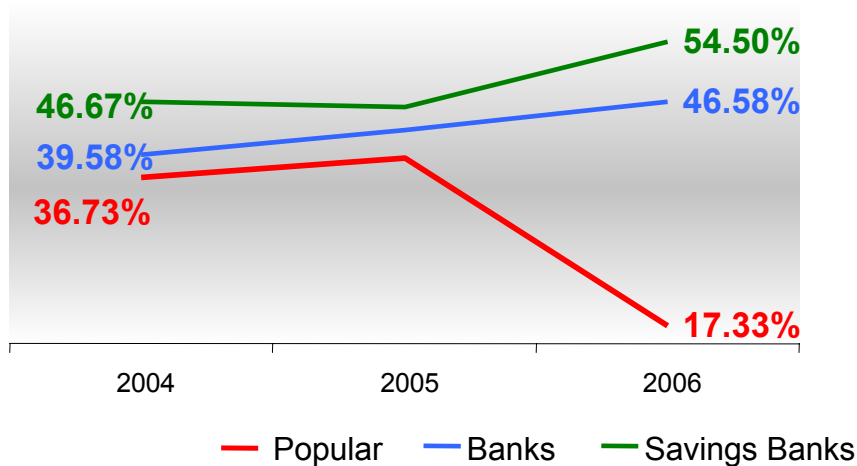
(*) Adjusted for securitization

Core Business Growth – Credit Improvement

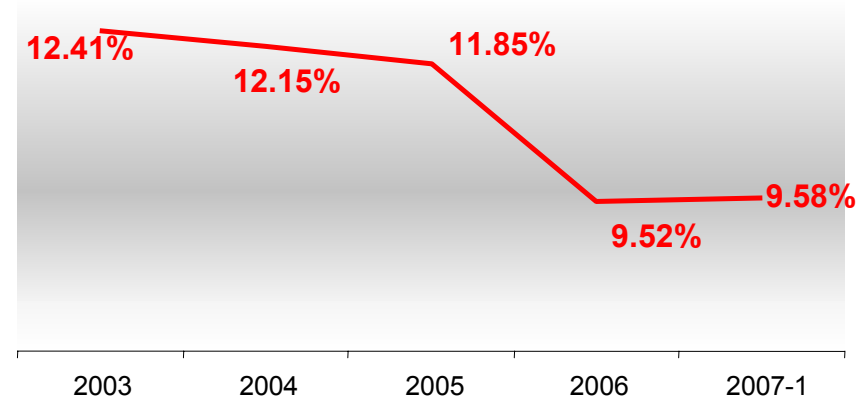
MARKET SHARE IN REAL ESTATE ACTIVITIES(*)

CORPORATE REAL ESTATE SECTOR VOLUME

ANNUAL CHANGE



MARKET SHARE OF CORPORATE RE SECTOR (BANKS ONLY)



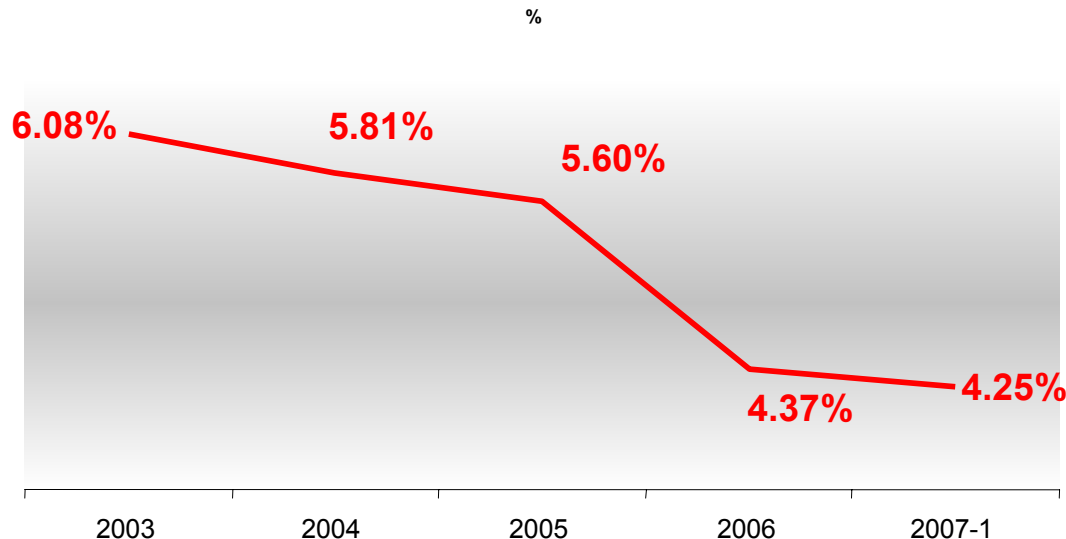
(*)Includes developer & other Real Estate activities

Source: Bank of Spain and T13

Core Business Growth – Credit Improvement

- Market share in REAL ESTATE ACTIVITIES (*) of 4.25%, well below Popular's normal market share of 5.5%, means that

MARKET SHARE OF CORPORATE RE SECTOR
(Total system)
%



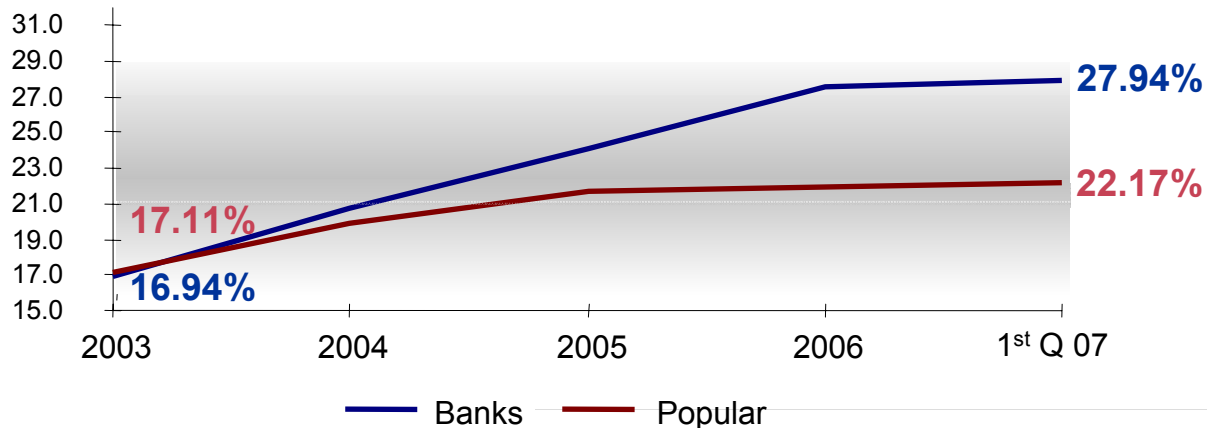
- Popular has much less exposure to developers and other real estate companies than the average of the Spanish banking industry

(*)Includes developer & other Real Estate activities

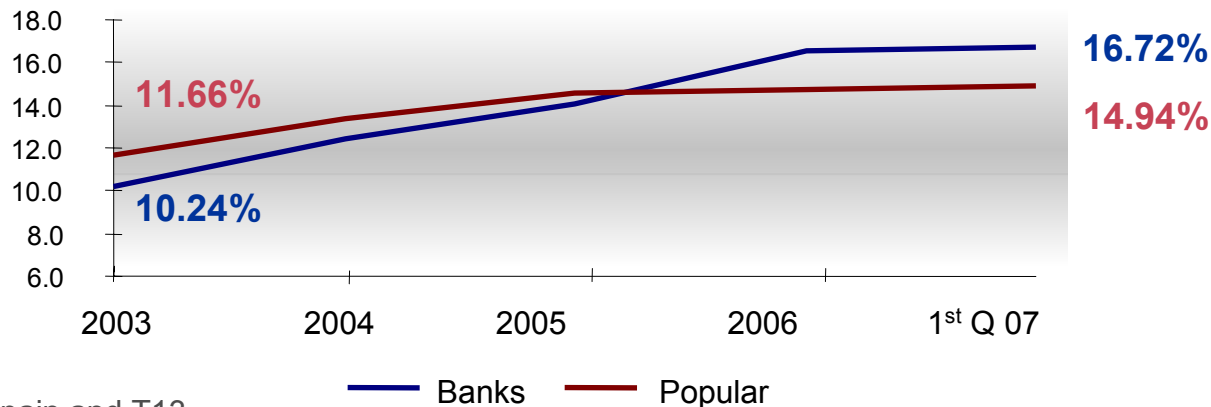
Source: Bank of Spain and T13

Core Business Growth – Credit Improvement

CORPORATE REAL ESTATE VOLUME AS A % OF CORPORATE LOANS IN SPAIN



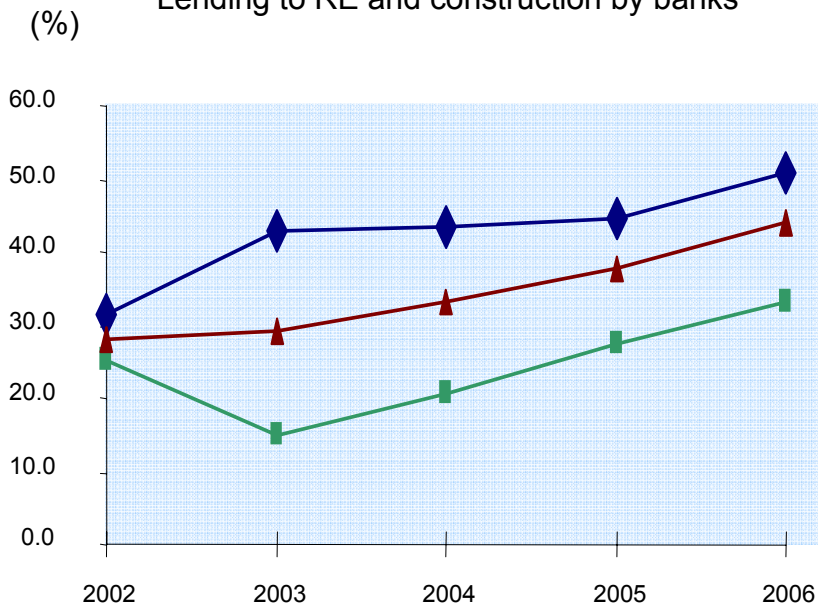
CORPORATE REAL ESTATE VOLUME AS A % OF TOTAL LOANS IN SPAIN



Core Business Growth – Credit Improvement

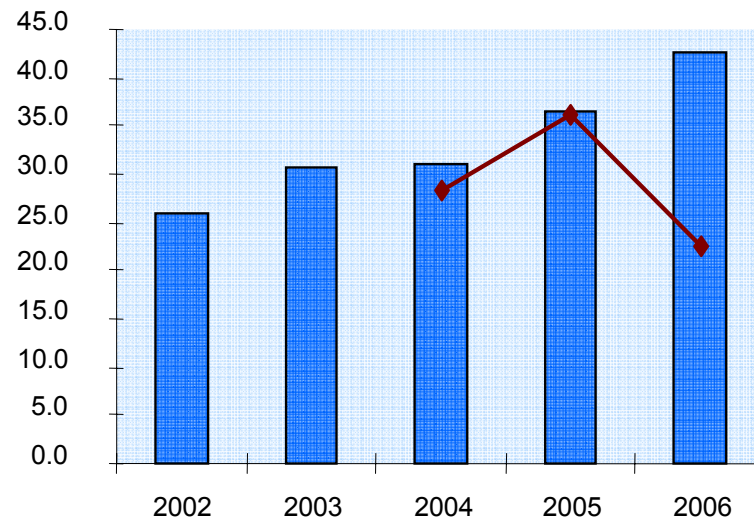
LOANS TO REAL ESTATE AND CONSTRUCTION COMPANIES

Lending to RE and construction by banks



◆ Real Estate
■ Construction
▲ Total

Lending to RE and construction



■ Banks total
◆ Banco Popular

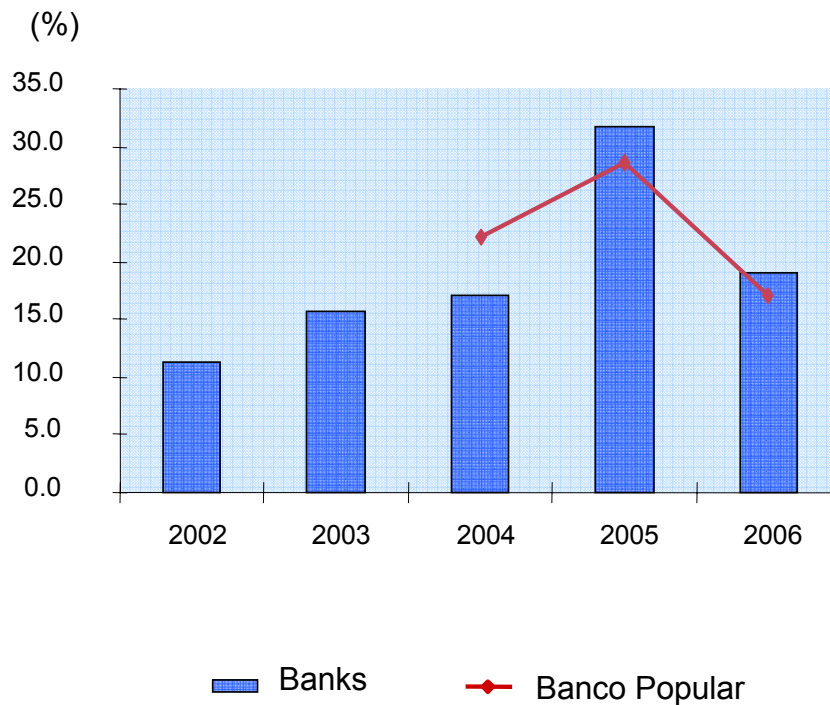
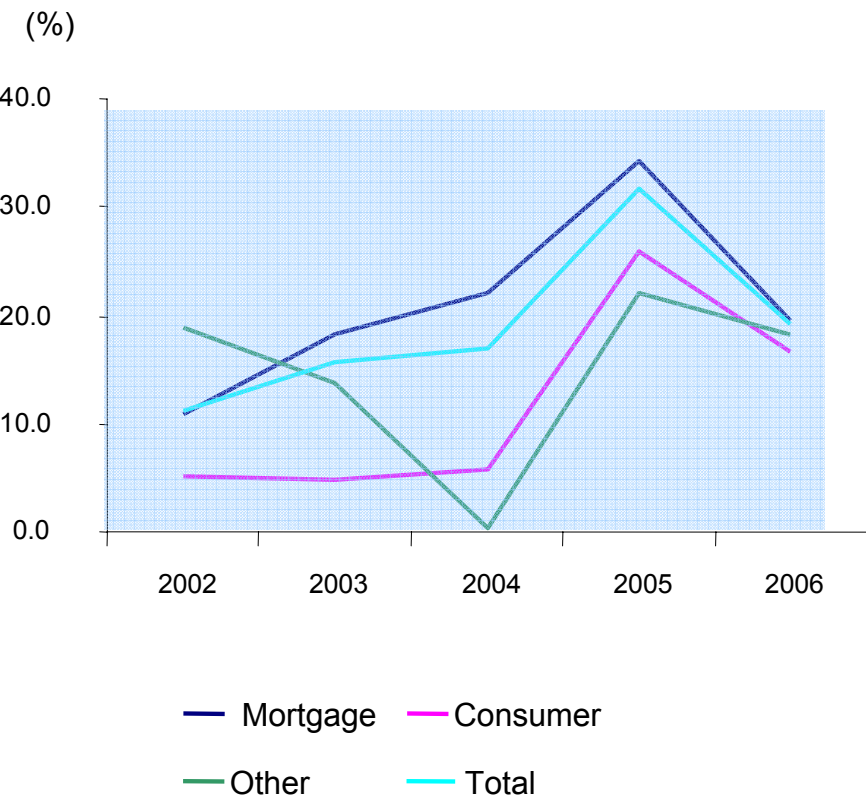
Annual variation (%)

Core Business Growth – Credit Improvement

HOUSEHOLD FINANCING

Financing of households by banking sector

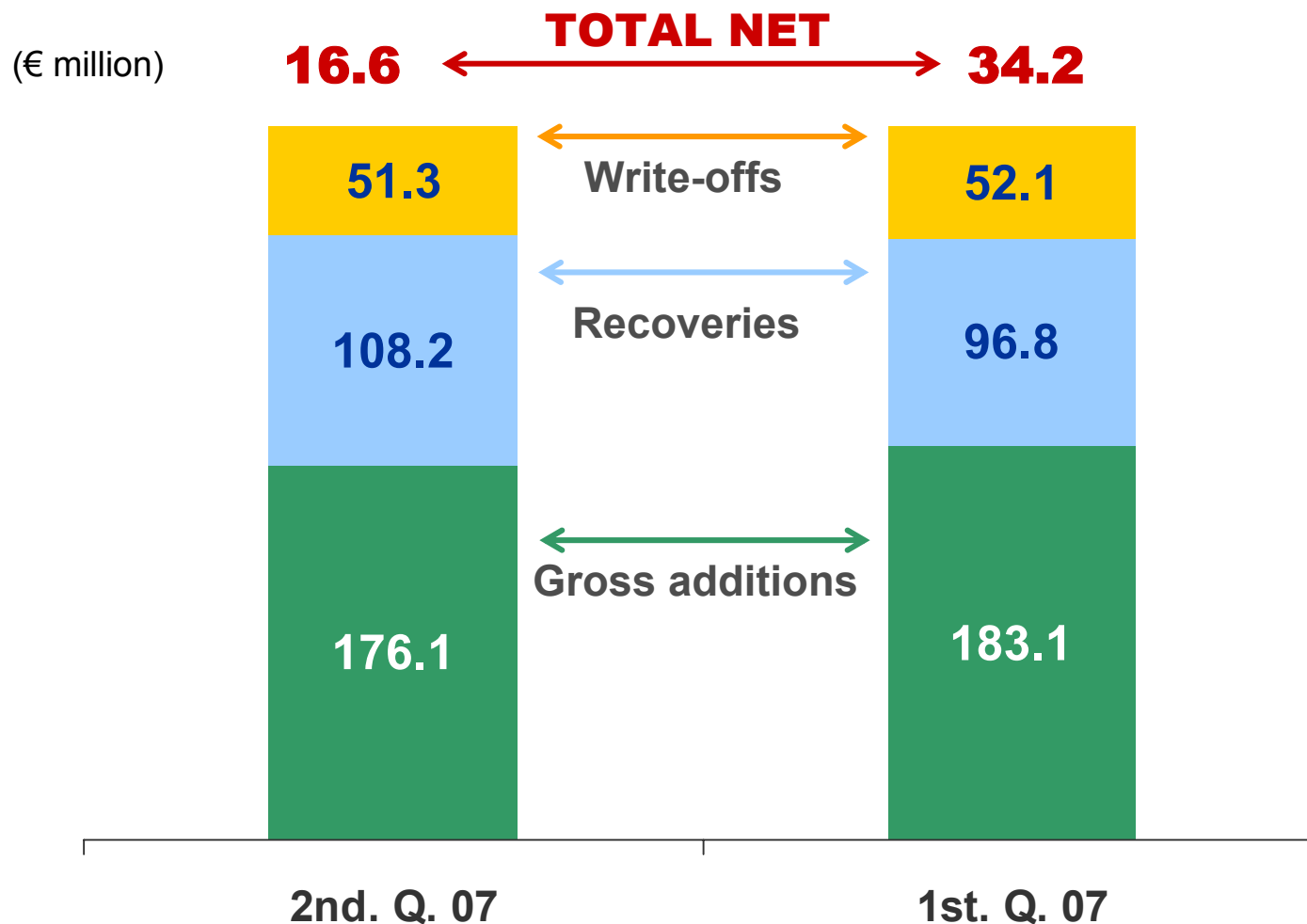
Total financing



Annual variation en (%)

Core Business Growth – Credit Improvement

- NPL EVOLUTION: Decrease of quarterly NPL additions



Core Business Growth – Credit Improvement

■ NPLs AND RELATED COVERAGE

<i>(€ Million)</i>	1st. Q. 06	2nd.Q. 06	1st. Q. 07	2nd. Q. 07
<u>NPLs</u>				
Balance	658.9	619.1	669.7	686.3
Net additions	94.0	6.4	86.3	67.9
Writeoffs	-26.2	-46.2	-41.2	-51.3
Net Change	67.8	-39.8	34.2	16.6
<u>COVERAGE</u>				
Balance	1,558.0	1,577.4	1,726.0	1,757.1
Net additions	88.1	19.4	60.8	31.2
Specific	25.3	-6.0	-1.2	-6.8
General	63.9	25.6	62.3	38.1
Country Risk	-1.1	-0.2	-0.2	-0.1

Core Business Growth – Credit Improvement

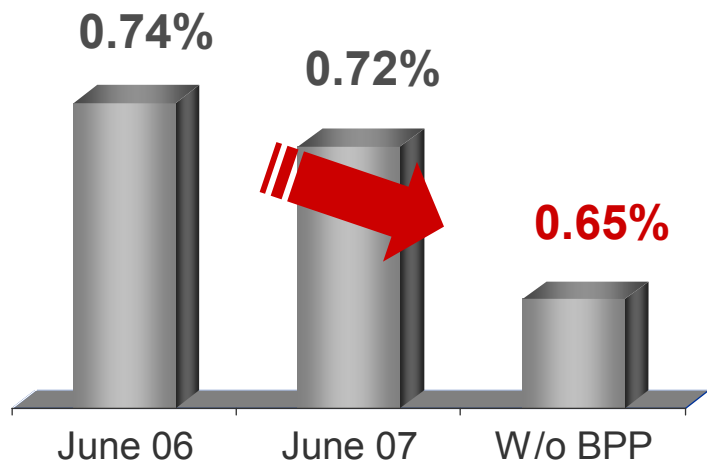
▪ BANCO POPULAR PORTUGAL

(€ Thousand)

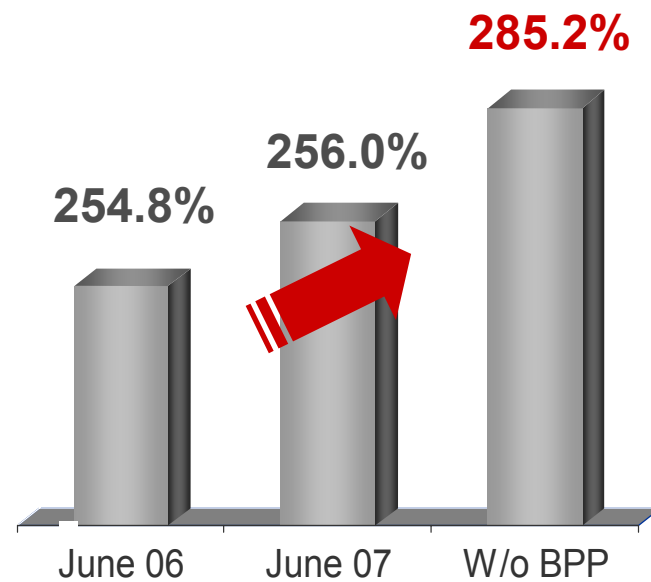
	Year 2006			Year 2007	
	2 Q. 06	3 Q. 06	4 Q. 06	1 Q. 07	2 Q. 07
Total Risks	5,688,072	5,826,283	6,005,737	6,072,975	6,129,348
NPL	92,953	94,942	90,915	103,309	106,130
Coverage	105,499	105,700	109,721	111,542	102,766
Nonperforming risk	1.63%	1.63%	1.51%	1.70%	1.73%
NPR coverage	113.50%	111.33%	120.69%	107.97%	96.83%

Core Business Growth – Credit Improvement

- Nonperforming risk

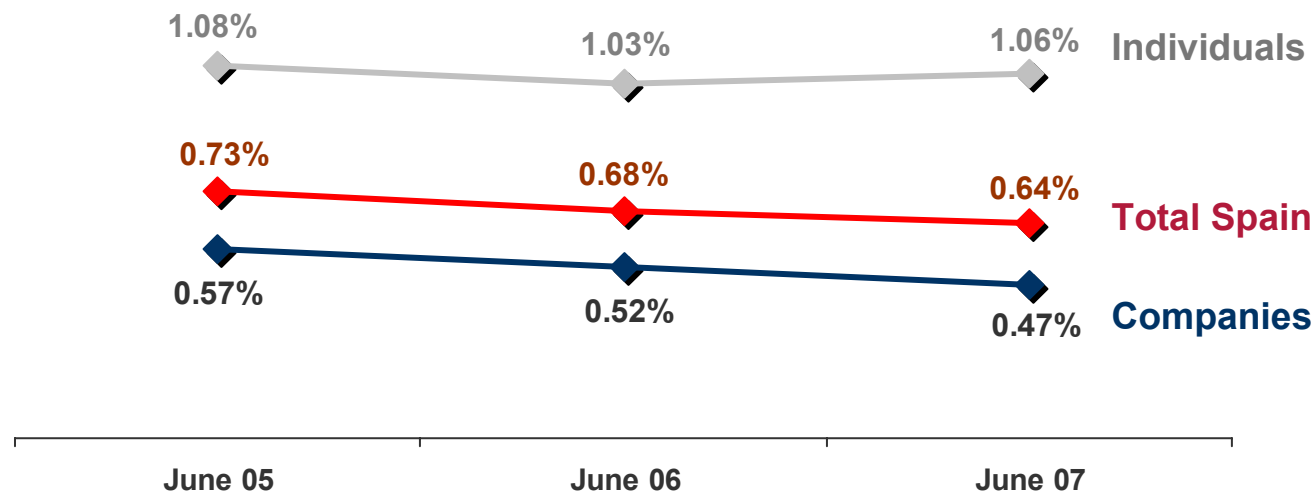


- NPR Coverage



Core Business Growth – Credit Improvement

EVOLUTION & BREAK DOWN OF NPL RATIO (SPAIN)



Total NPL Ratio: 0.72% (*)

(*) NPL Ratio of BP Portugal: 1.73%

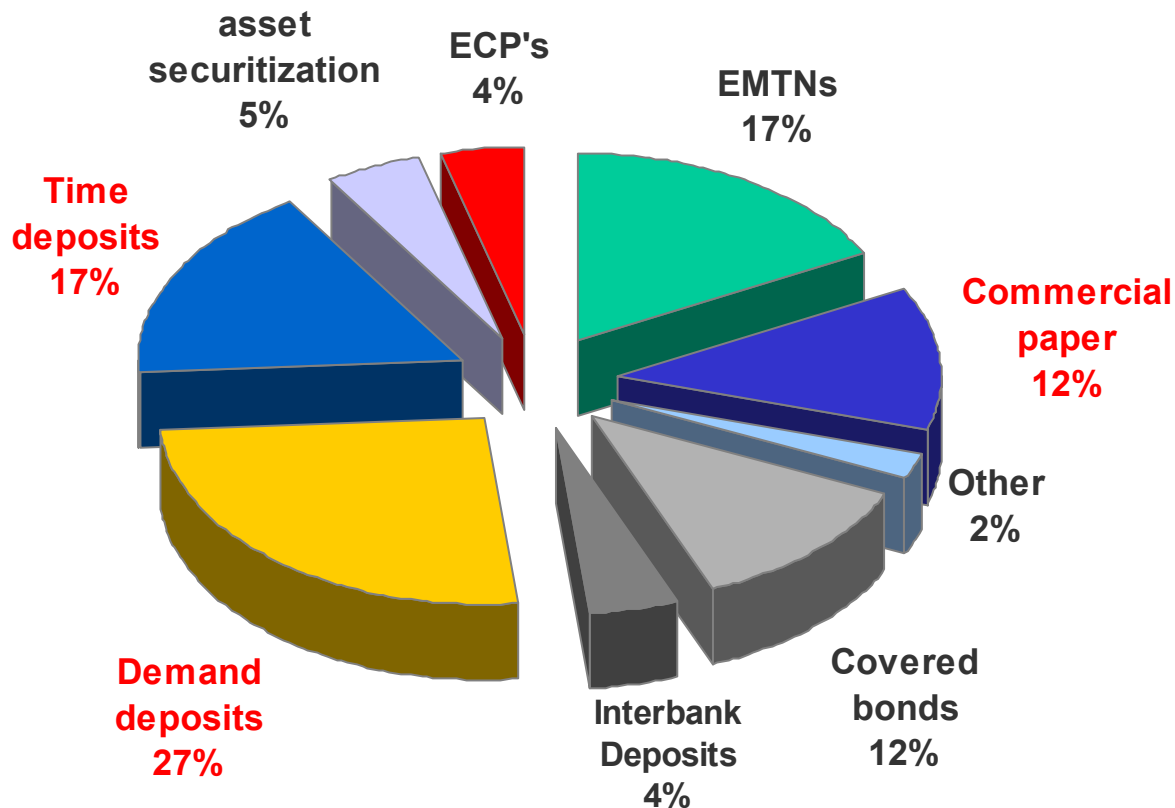
Core Business Growth

■ CORE RESIDENT CUSTOMER FUNDING

<i>June 2007</i>	Amount (€ million)	Variation %	% of Total
Demand deposits	16.381,8	0.14	45.69
Time deposits	9.958,4	2.33	27.78
Commercial paper with clients	9.513,4	36.78	26.53
TOTAL	35.853,6	8.50	100.00

Core Business Growth

■ FUNDING BREAK-DOWN



Retail
55%

Wholesale
45%

Core Business Growth

▪ FUNDS MANAGED

(€ Million)

	June 07	Var. %
On-balance sheet funds	76,079.2	21.9
Other intermediated funds:	18,339.6	10.5
Mutual funds	12,348.5	7.9
Portfolio asset management	1,863.3	25.5
Pension funds	4,127.8	12.6
Total funds managed	94,418.8	19.5

Core Business Growth

MUTUAL FUNDS VOLUMES IN 2006 vs. INDUSTRY – SPAIN ONLY –

Net Asset Value

(€ million)

	June 07	% Change	Improvement in market share	
			June 07	June 06
Money market	1,259.9	-18.0		
Bonds	3,943.9	17.4		
Fixed income	5,203.8	6.3	4.58	4.35
Equity	1,662.7	29.8		
Balanced	1,092.8	-16.8		
Guaranteed	3,066.3	23.2		
Global	856.7	-12.6		
TOTAL	11,882.3	8.4		
		3.0		

← BANCO POPULAR GROUP*
← INDUSTRY

Outperformance due to:

	Popular	Industry
Net Inflows	1.1	-3.5
Management/markets	7.3	6.5

(*) Excluding BPP. The total amount including BPP amounts to €12,348.5 million (+7.9%)

Source: Inverco

Core Business Growth


ASSET PORTFOLIO MANAGEMENT

(€ Million)	June 07	June 06	Change in	
			Amount	%
Discretionary Asset Management				
Popular Gestión Privada	888.9	838.4	50.5	6.0
Banco Popular Portugal	222.7	196.8	25.9	13.2
Subtotal	1,111.6	1,035.2	76.4	7.4
HNWI-SICAV				
Sogeval	33.6	30.8	2.8	9.1
Popular Gestión Privada	718.1	418.9	299.2	71.4
Subtotal	751.7	449.7	302.0	67.1
TOTAL	1,863.3	1,484.9	378.4	25.5

Core Business Growth

■ PENSION ASSETS UNDER MANAGEMENT

			Variation	
(€ Million)	June 07	June 06	Amount	%
Private Plans	3,255.2	2,872.5	382.7	13.3
Corporate Schemes	872.6	792.4	80.2	10.1
Group employees	665.9	625.8	40.1	6.4
TOTAL	4,127.8	3,664.9	462.9	12.6





▶ **Core business growth**

▶ **Strong Customer Acquisition**

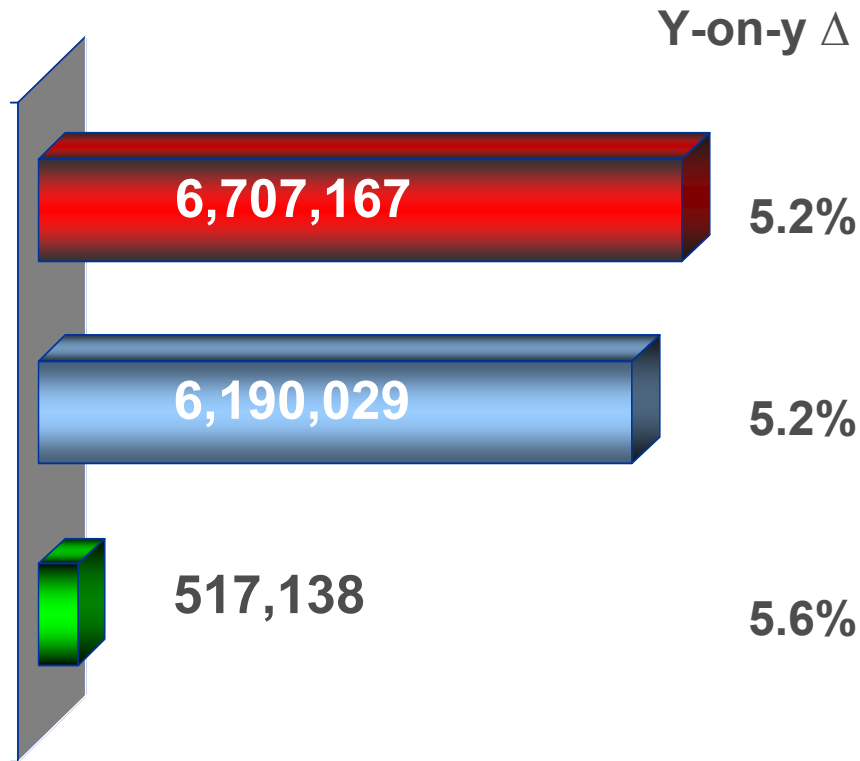
▶ **Branch Network Expansion**

▶ **Earnings**

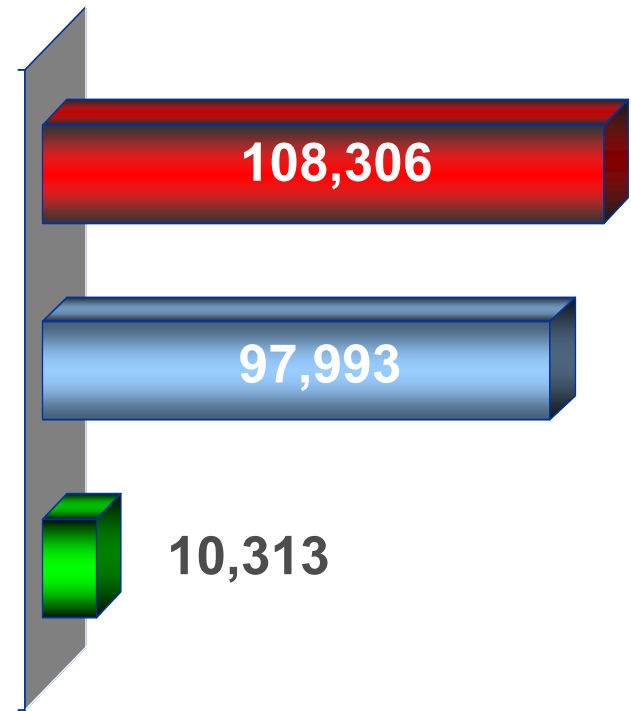
▶ **Banco Popular Portugal**

Strong Customer Acquisition

TOTAL



NEW (2007)



 Total  Individuals  Corporate



- ▶ **Core business growth**

- ▶ **Strong Customer Acquisition**

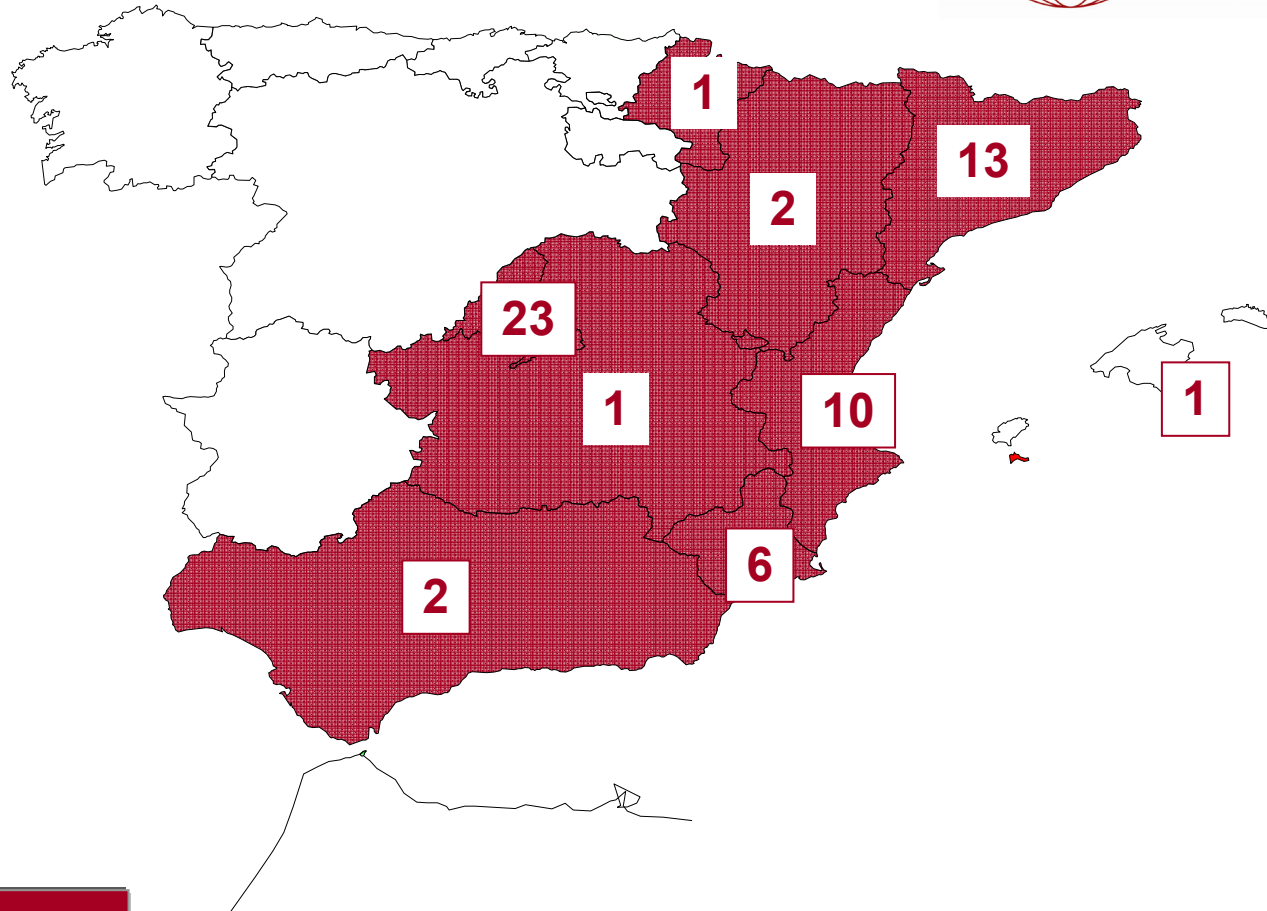
- ▶ **Branch Network Expansion**

- ▶ **Earnings**

- ▶ **Banco Popular Portugal**

Branch Network Expansion

- EXPANSION PLAN DECEMBER 2007



TOTAL: 59 branches



- ▶ **Core business growth**

- ▶ **Strong Customer Acquisition**

- ▶ **Branch Network Expansion**

- ▶ **Earnings**

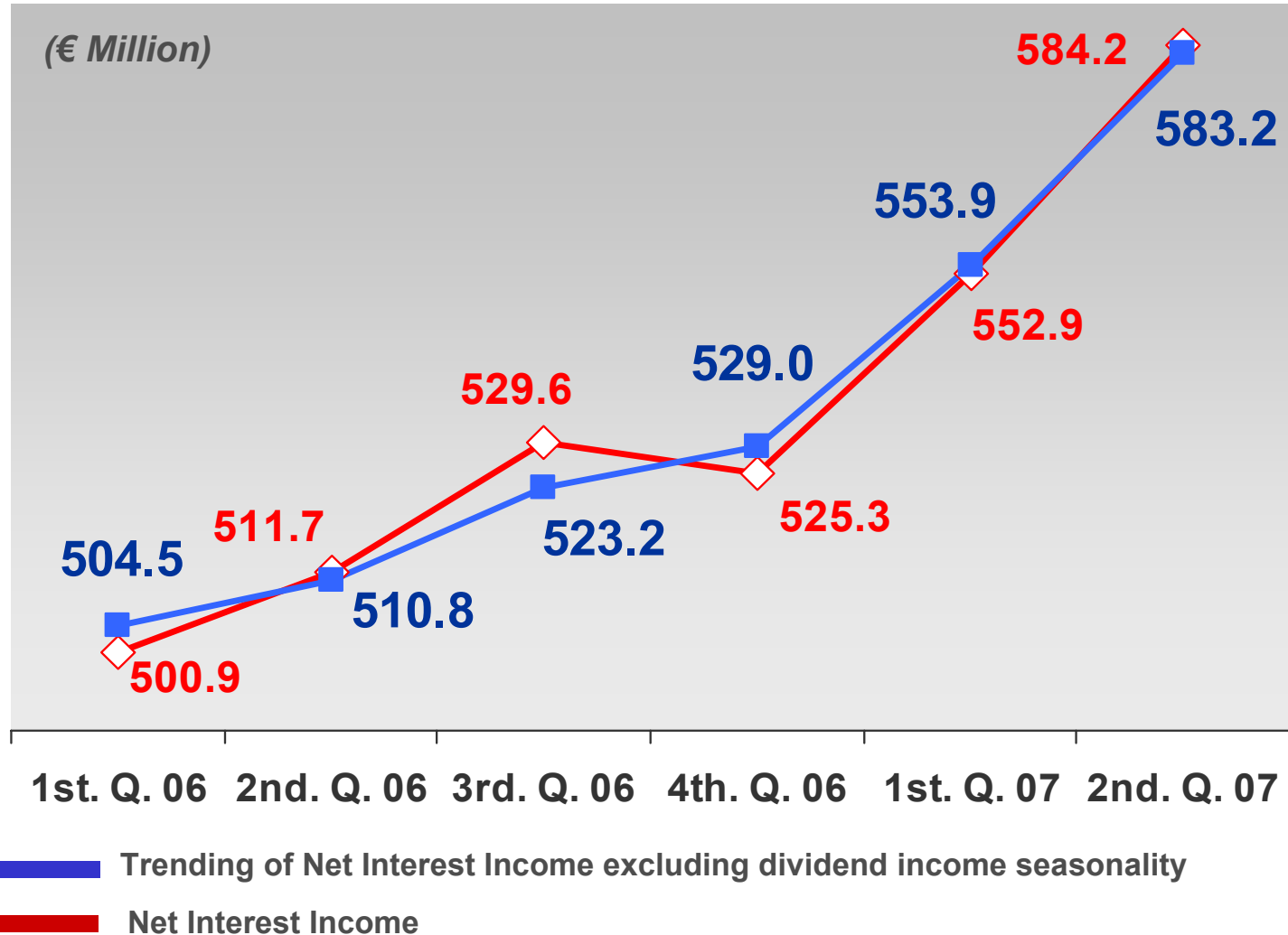
- ▶ **Banco Popular Portugal**

Earnings

<i>(€ Million)</i>	<i>June 2007</i>	<i>△ y-on-y %</i>
Net interest revenue	1,137.0	12.3
Revenues from equity method entities	3.4	>
Net fees	443.1	5.9
Insurance business	26.8	41.7
Asset trading	48.5	352.4
Exchange gains (net)	24.6	4.2
Gross Income	1,683.4	13.2
Operating cost	505.3	5.3
Personnel expenses	366.0	6.9
Other general administrative expenses	167.9	1.2
Net Operating Income	1,127.1	18.2
Profit Before Taxes	947.9	14.8
Corporate income tax provision	297.6	8.9
Consolidated profit for the period	650.3	17.8
Income attributed to minority interests	37.4	9.2
Profit attributed to the Group	613.0	18.4

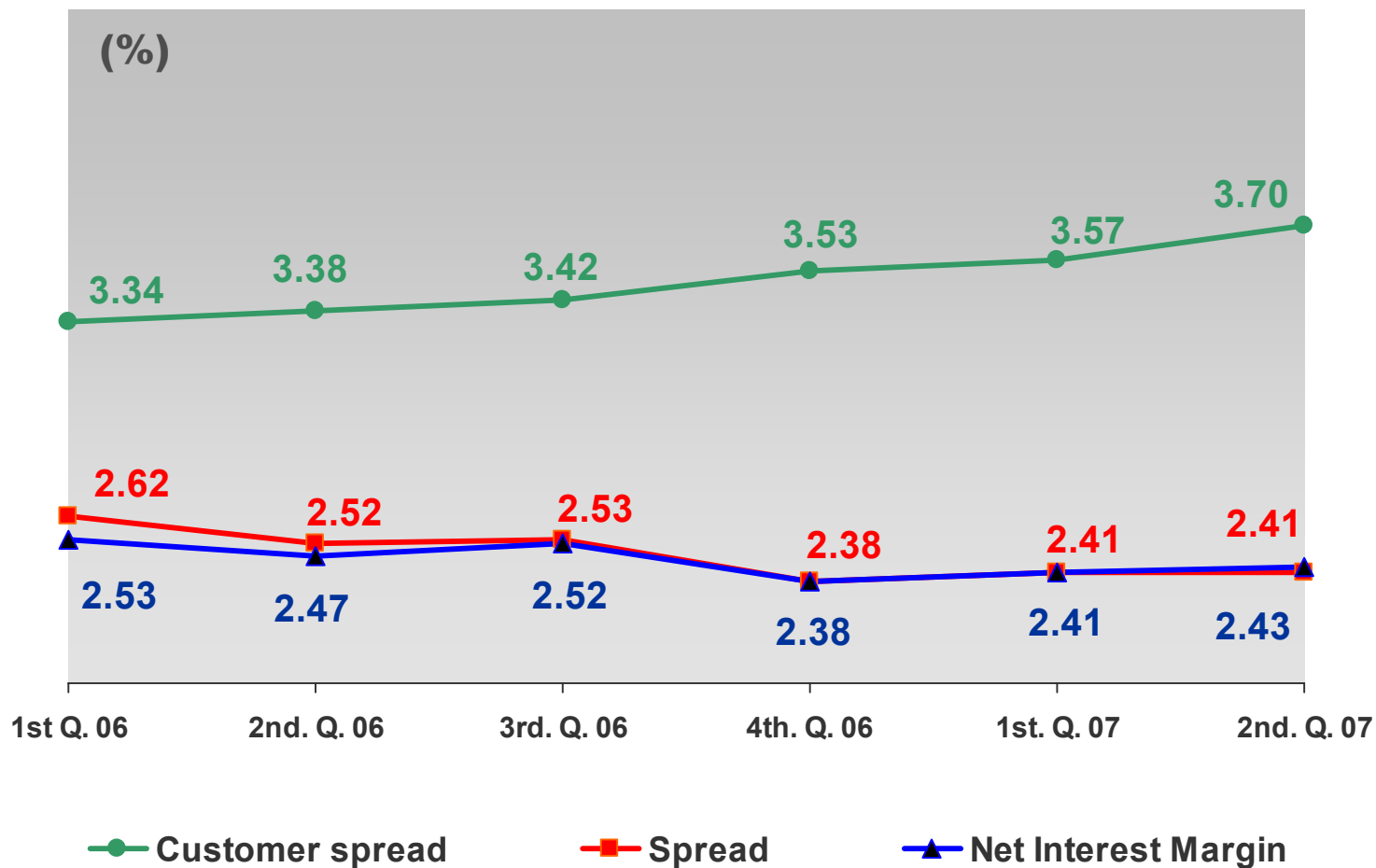
Earnings

■ NET INTEREST REVENUE



Earnings

■ NET INTEREST MARGIN & SPREAD



Earnings

▪ FEE & COMMISSION INCOME

June 2007

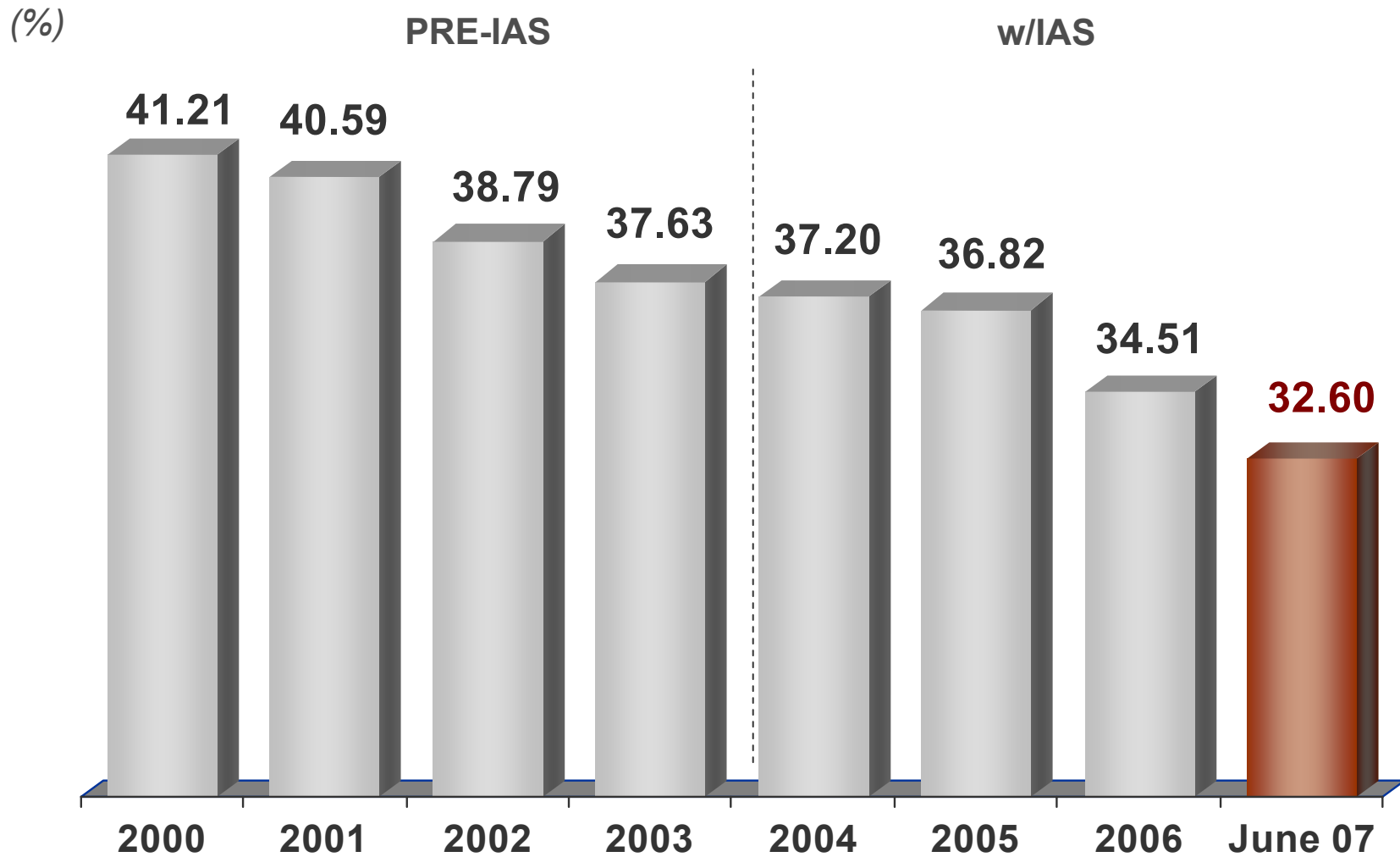
Y-on-Y (%)

As % of total fees

Loan-related fees:	6.7	11.7
Bill discounting	5.9	5.3
Other	7.3	6.4
Fees from guarantees	11.7	14.0
Collection & card-related	-7.1	24.9
Forex & securities dealing	29.8	3.1
Customer financial asset mgt:	8.8	28.0
Securities portfolio	10.7	3.6
Mutual funds & pension plans	8.5	24.4
Account mgt. fees and other	14.3	18.3
TOTAL	5.9	100.0

Earnings

■ COST/INCOME RATIO EVOLUTION



Earnings

■ NON-PAYROLL EXPENSES

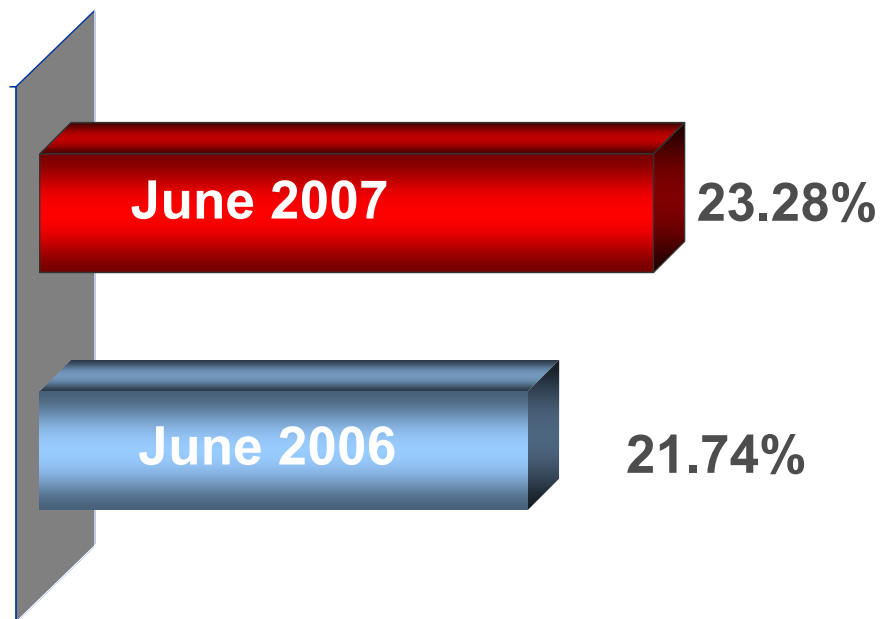
(€ Thousand)

	Jun. 07	Jun. 06	% variation
General Expenses	167,881	165,853	1,2
ComunesRents and common services	27,027	25,459	6.2
Communications	12,854	15,979	-19.6
Maintenance of premises & equipment	11,765	11,852	-0.7
IT and other technical expenses	36,566	33,303	9.8
Office supplies	4,136	3,461	19.5
Technical reports and legal expenses	7,587	5,182	46.4
Advertising	16,121	22,381	-28.0
Insurance	2,328	2,611	-10.8
Security and fund transport services	9,359	9,362	-
Travel	6,297	6,073	3.7
Property taxes, VAT and other	24,040	21,500	11.8
Other general expenses	9,801	8,690	12.8

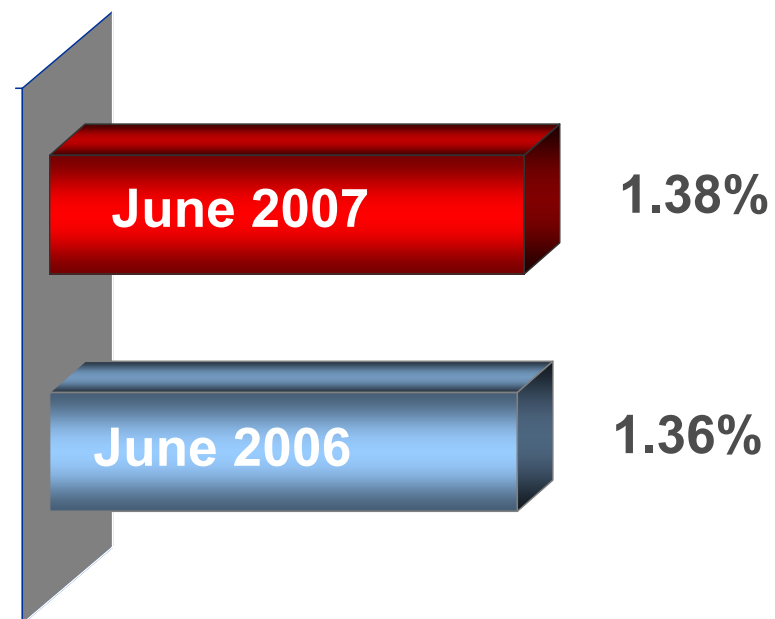
Earnings

- PROFITABILITY

ROE

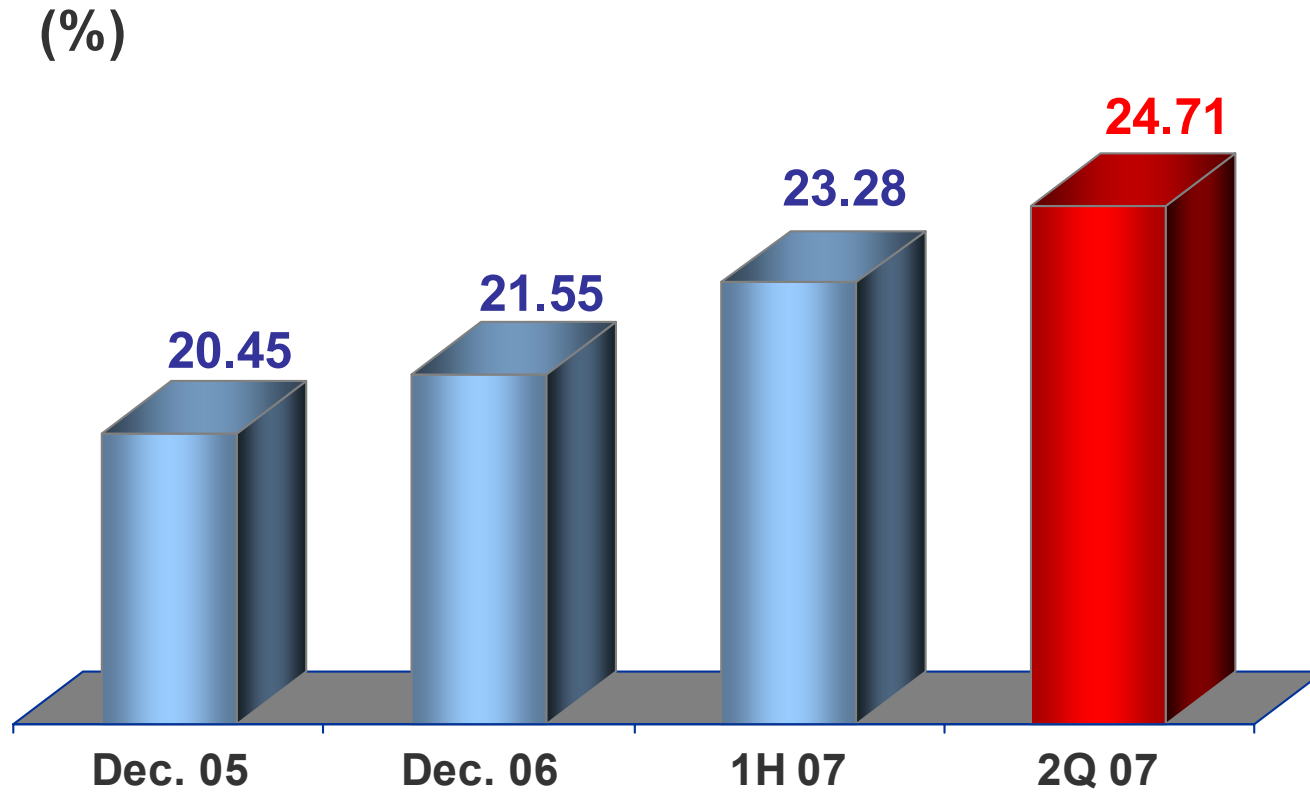


ROA



Earnings

- ROE EVOLUTION



Earnings

■ SECTOR COMPARISON; RETURN & EFFICIENCY

ROA

Banco Popular	
June 07	1.38 %

Ave. Banks Dec. 06: 1.13%

Ave. Savings Banks Dec. 06: 1.01%

Cost/Income Ratio *

Banco Popular	
June 07	32.60 %

Ave. Banks Dec. 06: 41.54%

Ave. Savings Banks Dec. 06: 41.09%

Consolidated data

* Cost base excludes depreciation

Source: AEB & CECA

Earnings

■ SOLVENCY

(€ Million)

June 07

June 06

Total core capital

5,519.2

4,960.6

6.59%

6.52%

Total Tier I Capital

6,807.2

5,948.6

8.13%

7.81%

Total Tier 2 Capital

1,493.6

1,444.7

1.79%

1.90%

BIS computable capital

8,300.7

7,393.3

9.92%

9.71%

Total BIS risk weighted assets

83,713.6

76,121.0

- 
- ▶ **Core business growth**
 - ▶ **Strong Customer Acquisition**
 - ▶ **Branch Network Expansion**
 - ▶ **Earnings**

▶ **Banco Popular Portugal**

Banco Popular Portugal

▪ P&L ACCOUNT

<i>(€ Thousand)</i>	<i>June 07</i>	<i>June 06</i>	<i>Δ%</i>
Net interest revenue	85,771	76,920	+ 11.5
Fees for services	21,174	18,372	+ 15.3
Ordinary revenue	105,179	97,007	+ 8.4
Operating cost	43,051	38,461	+ 11.9
Depreciation	5,059	5,213	- 3.0
Operating income	57,069	53,332	+ 7.0
Net income	28,133	23,561	+ 19.4

Banco Popular Portugal

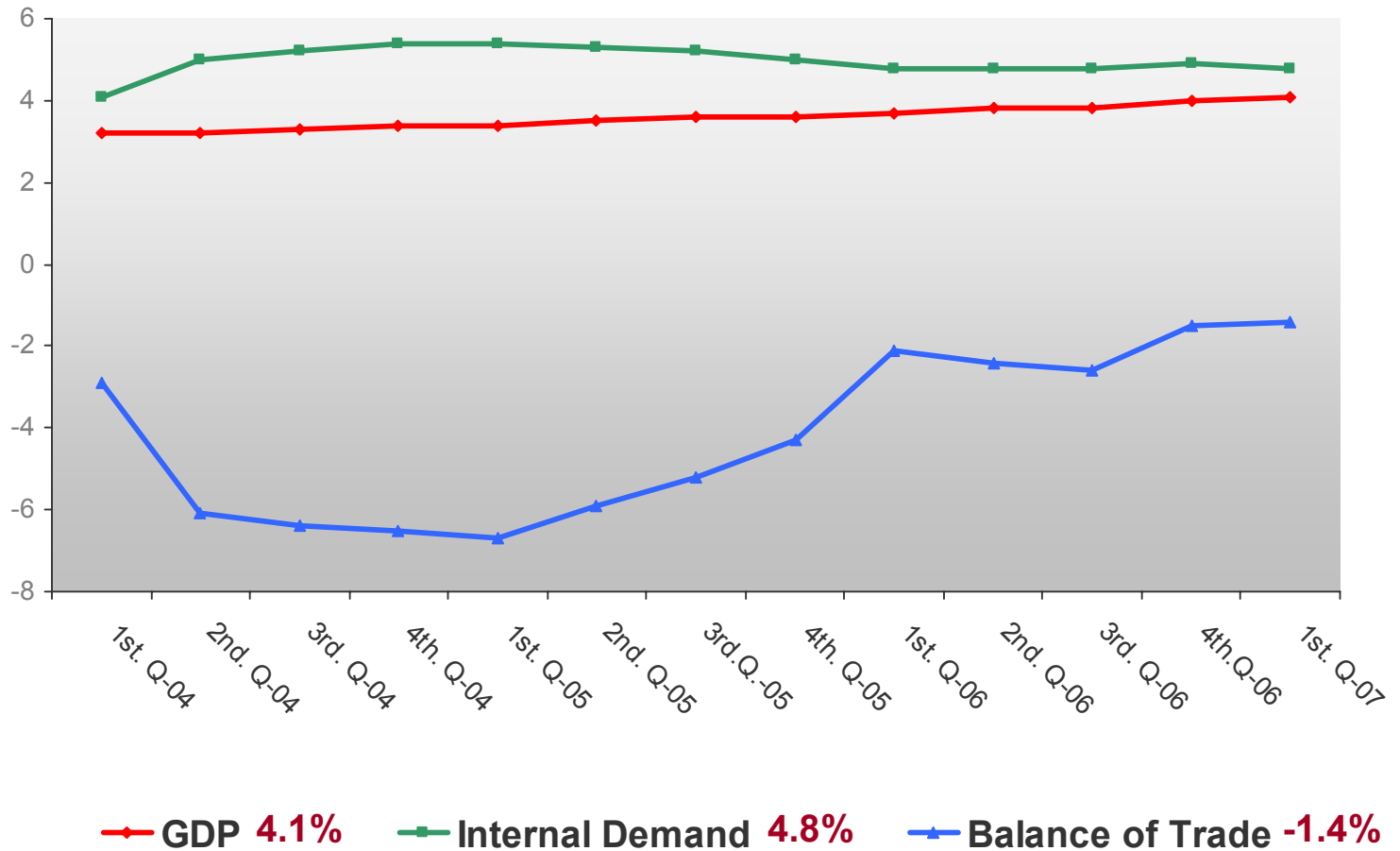
MAJOR BALANCE SHEET ITEMS

(€ Million)	<i>June 2007</i>	<i>June 2006</i>	<i>Δ%</i>
Loans	6,098	5,559	+ 9.7
Total assets	7,720	6,580	+ 17.3
Customer deposits	3,250	2,815	+ 15.5
Interbank deposits	3,002	2,683	+ 11.9
Subordinated funding	300	296	+ 1.7
Equity	463	387	+ 19.5
Total liabilities and equity	7,720	6,580	+ 17.3

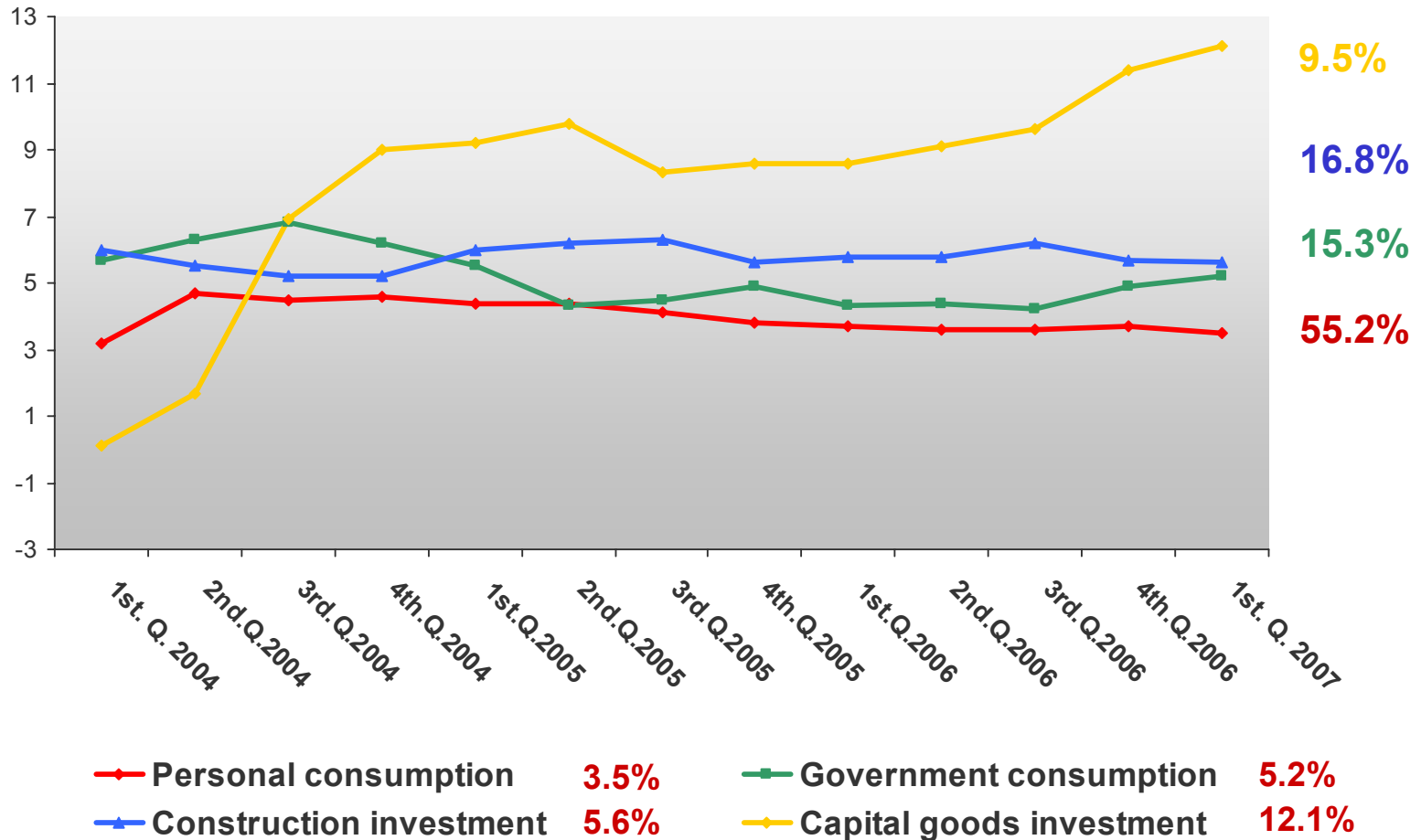


ANNEX

Macroeconomic Parameters in Spain

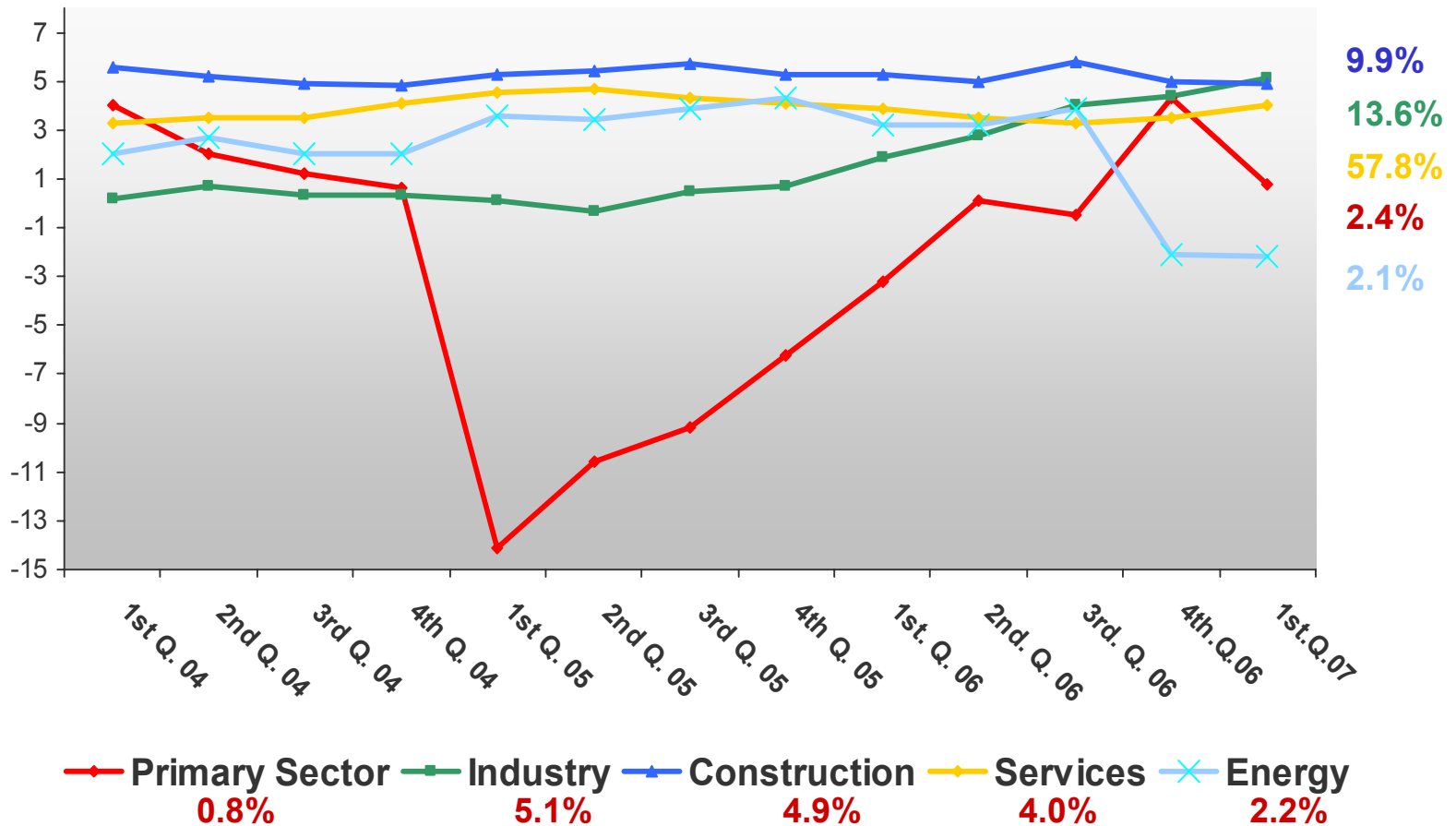


Macroeconomic Parameters in Spain



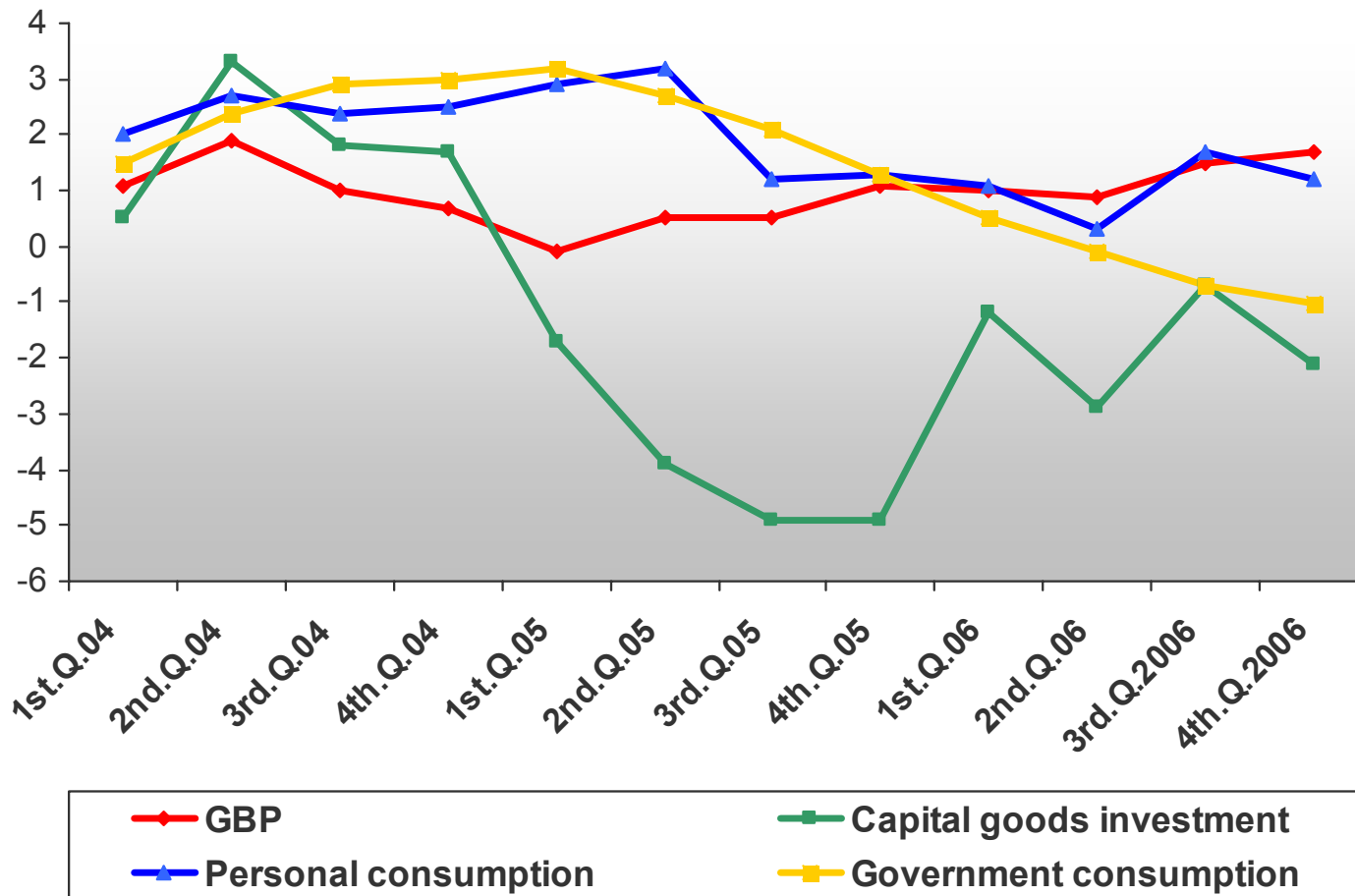
Macroeconomic Parameters in Spain

Weight on GDP



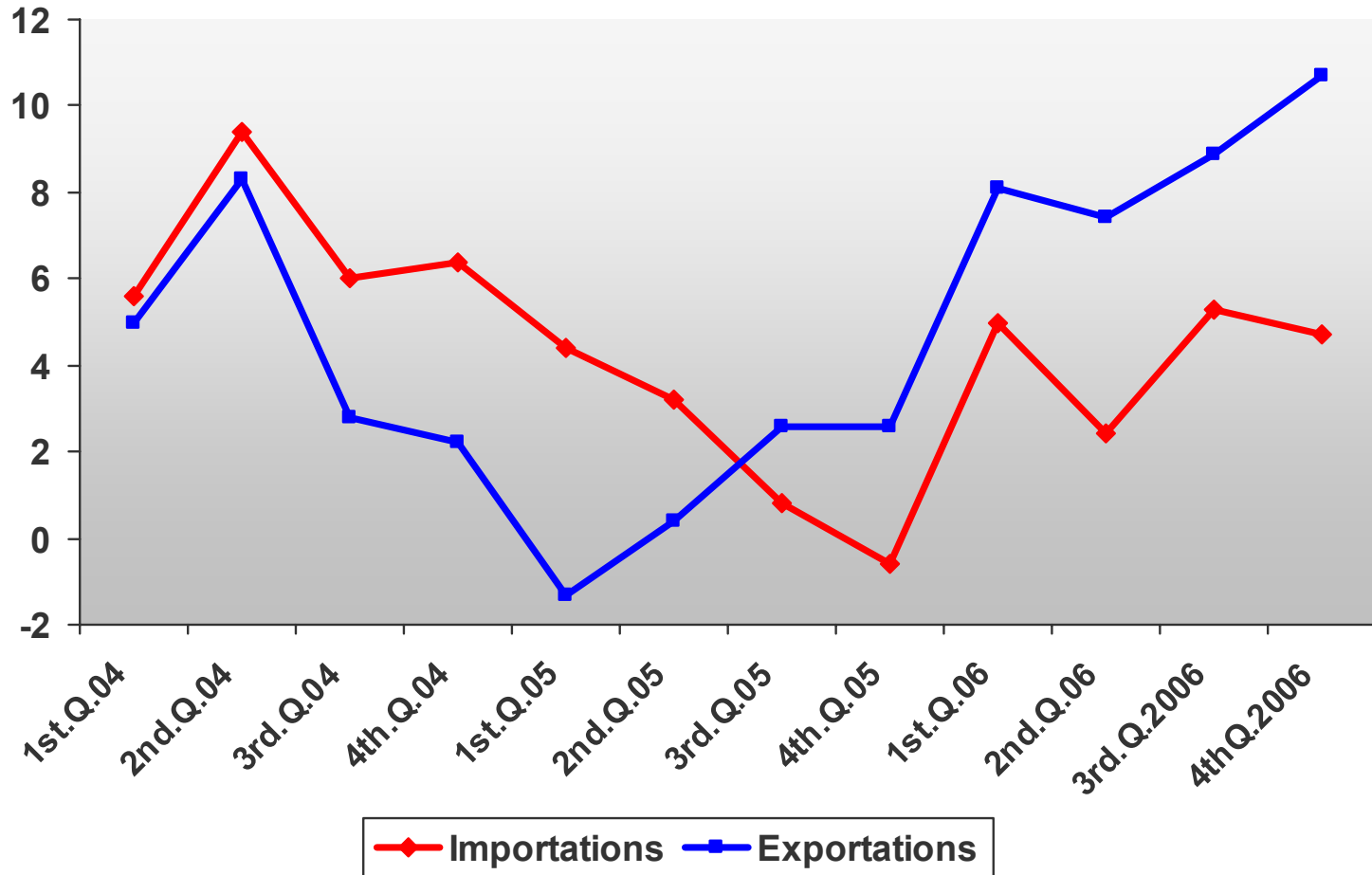
Macroeconomic Parameters in Portugal

INTERNAL DEMAND COMPONENTS IN PORTUGAL (%)



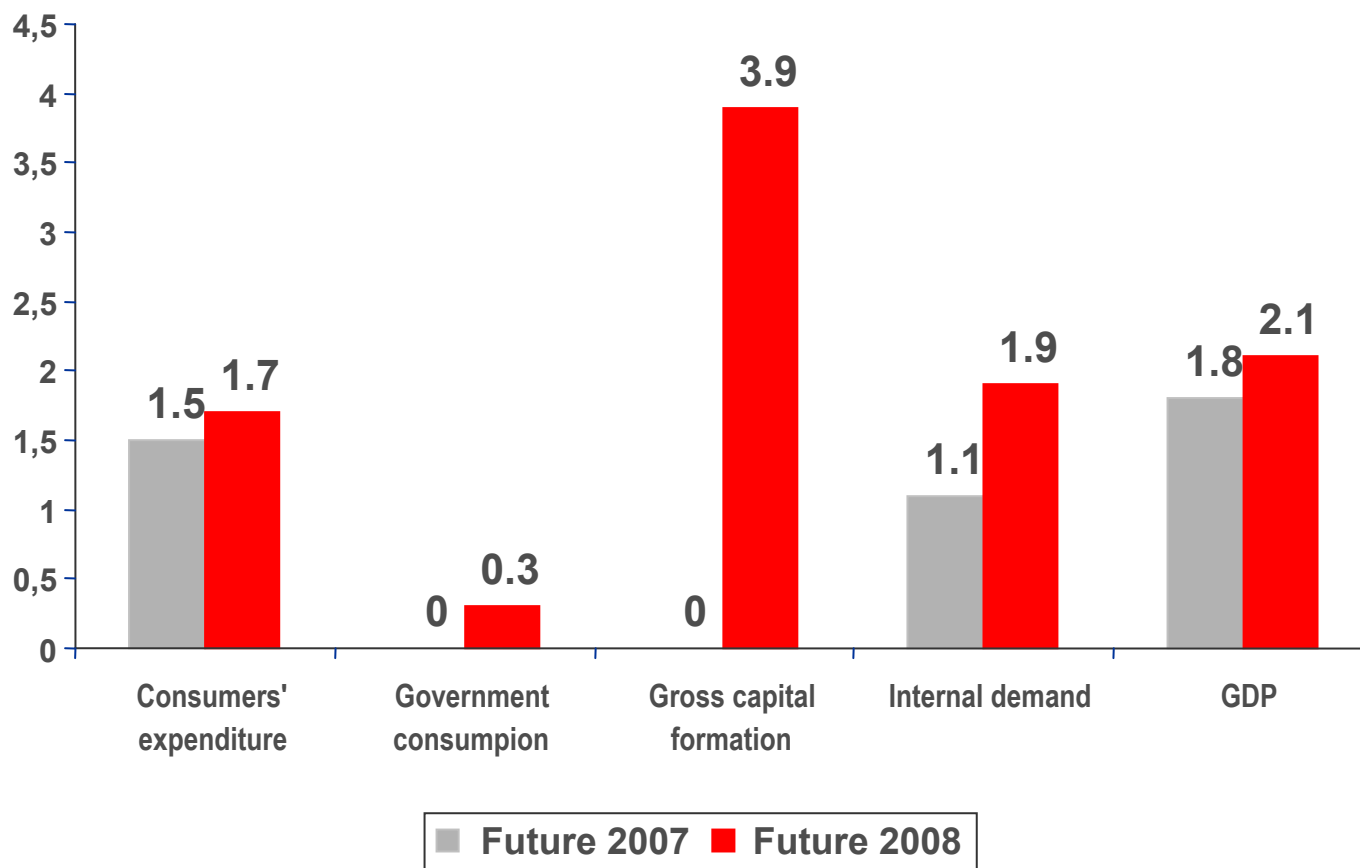
Macroeconomic Parameters in Portugal

■ NATIONAL TRADE ACCOUNT (QUARTERLY 2000 BASE)



Macroeconomic Parameters in Portugal

■ GDP: EXPECTED TREND (%)



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