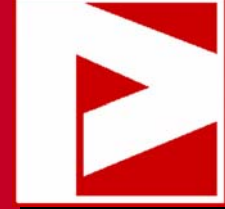


**Banco Popular Group**

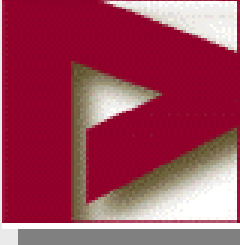


**STILL MORE STEAM**

**JULY | AUGUST | SEPTEMBER 2006**

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# **FINANCIAL RESULTS**

**JULY | AUGUST | SEPTEMBER 2006**

# FINANCIAL RESULTS

**Core Business Growth**

**Strong Customer Acquisition**

**Branch Network Expansion**

**Earnings**

**Banco Popular Portugal**

# FINANCIAL RESULTS

**Core Business Growth**

**Strong Customer Acquisition**

**Branch Network Expansion**

**Earnings**

**Banco Popular Portugal**

*(Euro million)*

	<b>30.09.06</b>	<b>Var %</b>
<b>Total assets managed</b>	<b>104,618</b>	<b>19.1</b>
<b>On-balance sheet total assets</b>	<b>87,442</b>	<b>19.3</b>
<b>Total equity</b>	<b>5,443</b>	<b>11.7</b>
<b>Funds managed:</b>	<b>84,051</b>	<b>23.0</b>
<b>On-balance sheet funds</b>	<b>66,875</b>	<b>24.4</b>
<b>Other intermediated funds</b>	<b>17,176</b>	<b>17.8</b>
<b>Lending to customers (gross)</b>	<b>73,964</b>	<b>17.9</b>
<b>Contingent risks</b>	<b>10,468</b>	<b>15.6</b>
<b>Customers (thousands)</b>	<b>6,519</b>	<b>7.3</b>
<b>Employees</b>	<b>14,053</b>	<b>2.5</b>
<b>Branches</b>	<b>2,419</b>	<b>2.1</b>

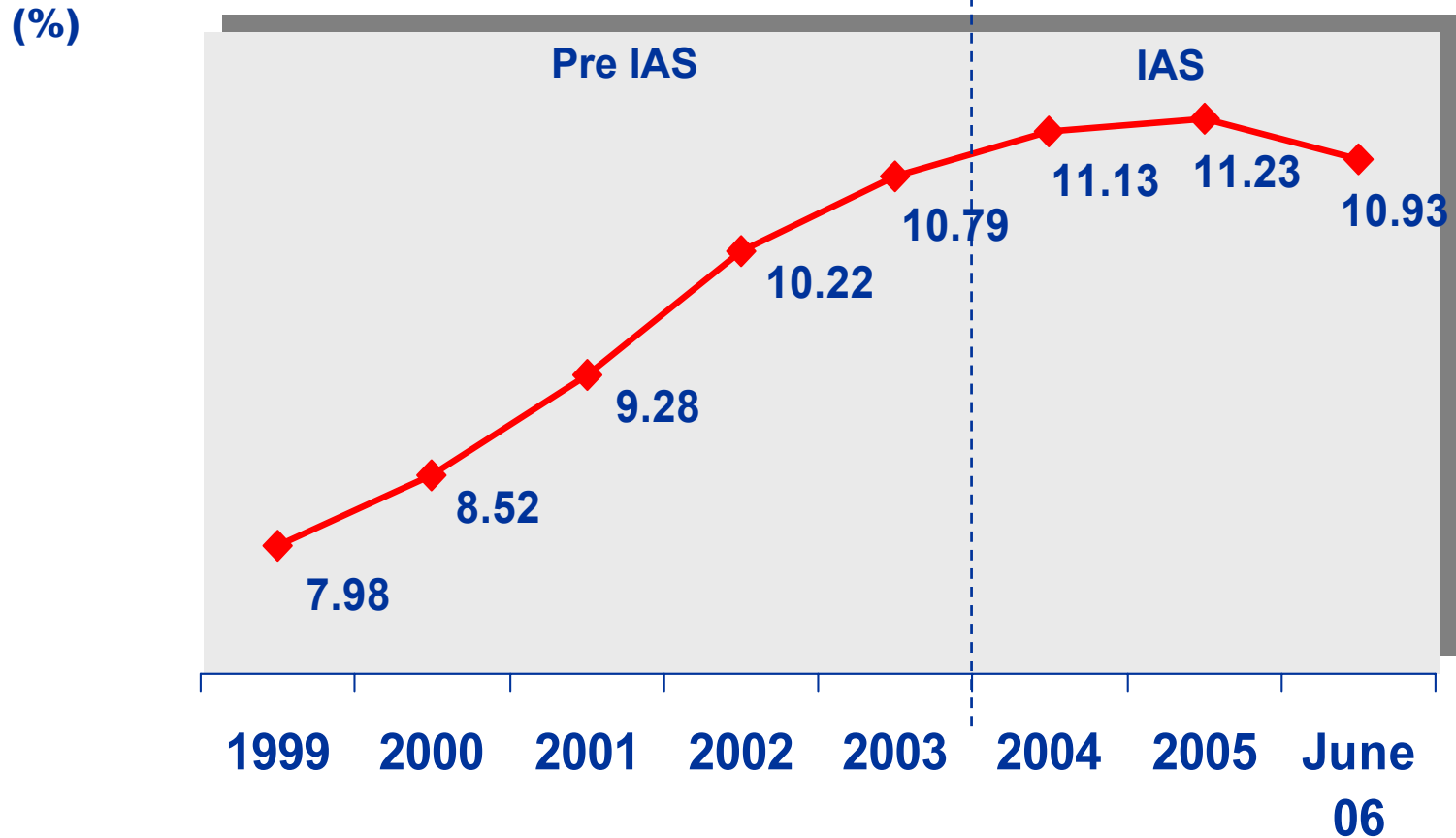
**MAJOR LOAN CATEGORIES (\*)**

*(Accumulated % change)*

	<b>Growth rate <i>September 06</i></b>	<b>% of total loans</b>
<b>Bill discounting</b>	<b>16.9</b>	<b>9.5</b>
<b>Mortgage loans</b>	<b>18.6</b>	<b>55.2</b>
<b>Loans &amp; overdrafts</b>	<b>18.8</b>	<b>30.4</b>
<b>Leasing</b>	<b>8.7</b>	<b>4.9</b>
<b>TOTAL</b>	<b>18.0</b>	<b>100.0</b>

(\*) All loans except NPLs & Repos

## MARKET SHARE OVER NON PUBLIC BANKS (Private Resident Sector)



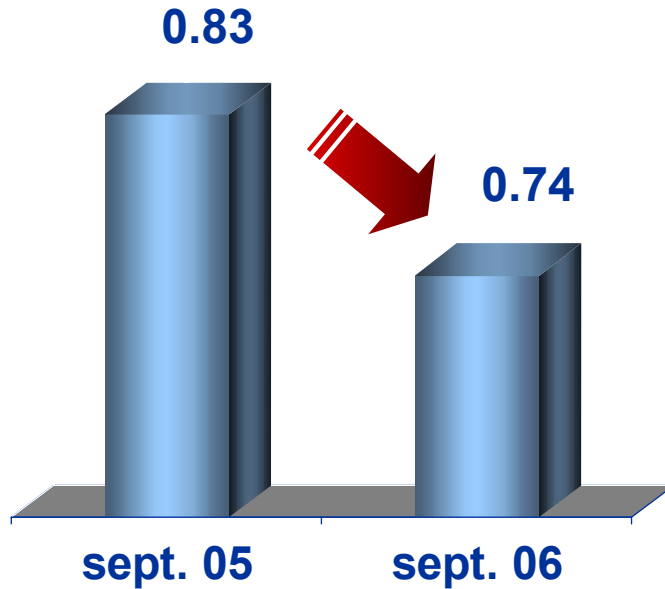
Source: AEB (Información: Balance Reservado)

**NPLs AND RELATED COVERAGE**

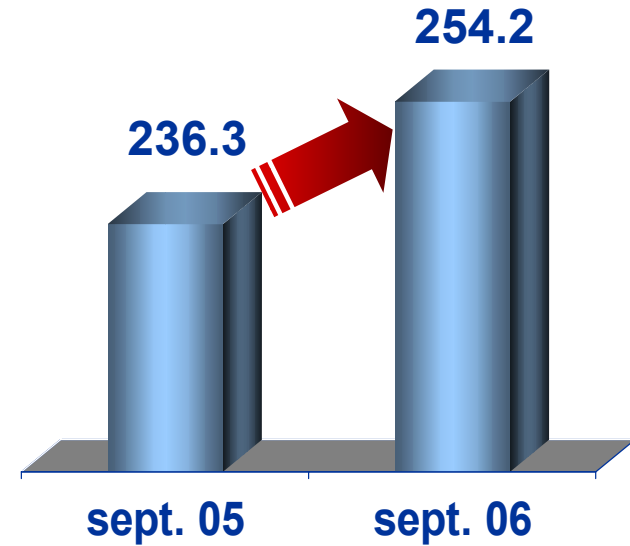
*(Euro Million)*

	30.09.05	4th. Q. 05	1st. Q. 06	2nd. Q. 06	3rd. Q. 06	30.09.06
<b>NPLs</b>						
<b>Balance</b>	596.8					628.2
<b>Net additions</b>		45.2	94.0	6.4	64.3	
<b>Writeoffs</b>		-51.0	-26.2	-46.2	-55.1	
<b>Net change</b>		-5.8	67.8	-39.8	9.2	
<b>COVERAGE</b>						
<b>Balance</b>	1,410.2					1,596.7
<b>Net additions</b>		59.7	88.1	19.4	19.3	
<b>Specific</b>	206.6	12.0	25.3	-6.0	-14.1	223.8
<b>General</b>	1,197.3	47.3	63.9	25.6	32.4	1,366.5
<b>Country Risk</b>	6.3	0.4	-1.1	-0.2	1.0	6.4

# CORE BUSINESS GROWTH – IMPROVED ASSET QUALITY



**Nonperformance**



**Coverage**

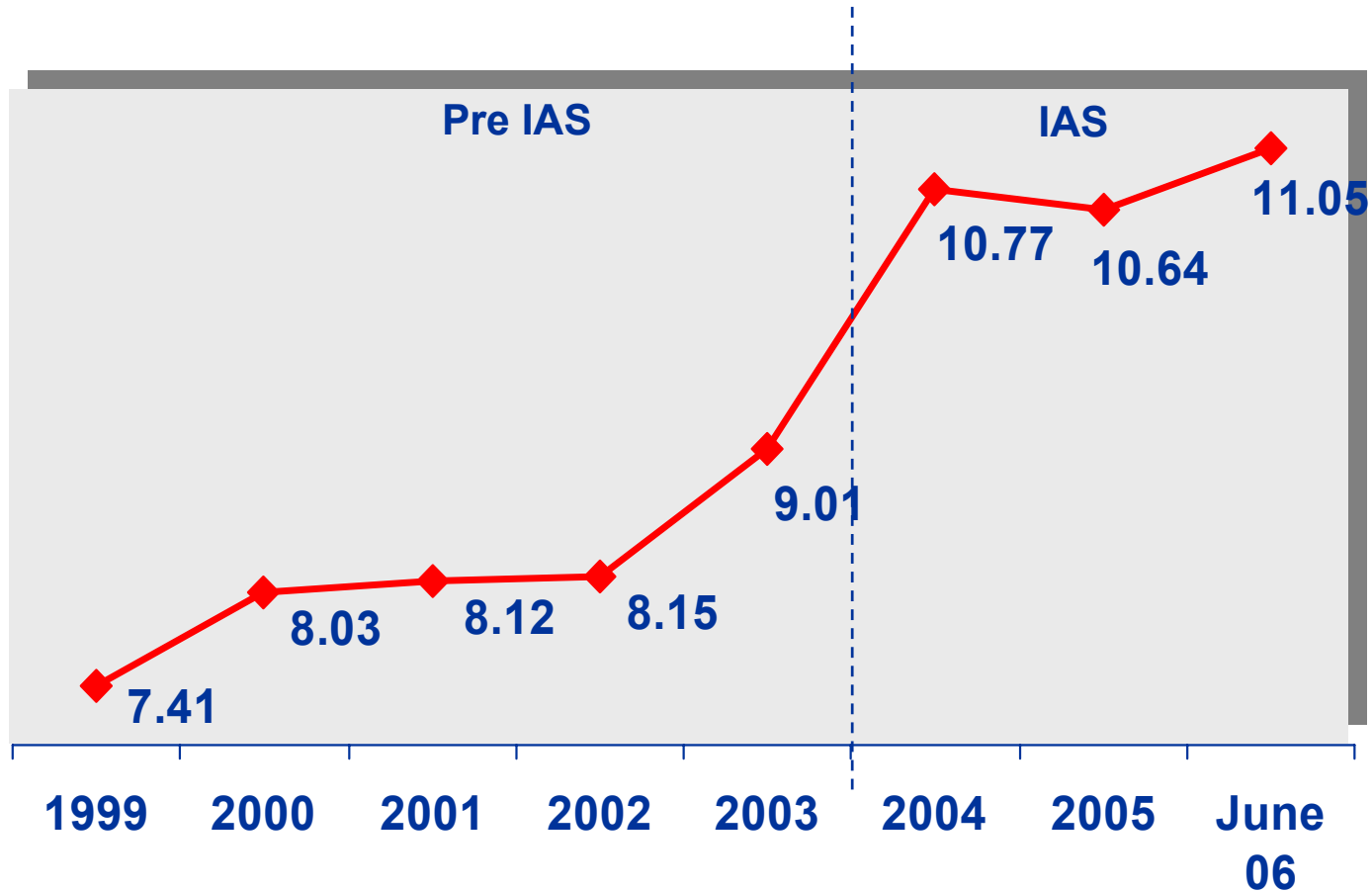
**TOTAL CUSTOMER FUNDING**

*(September 30, 2006)*

	<i>Amount (€ million)</i>	<i>Δ %</i>	<i>% of total</i>
<b>Demand deposits</b>	<b>19,509.3</b>	<b>11.5</b>	<b>47.9</b>
<b>Time deposits</b>	<b>12,499.6</b>	<b>-4.4</b>	<b>30.7</b>
<b>Customers commercial paper</b>	<b>8,712.3</b>	<b>66.0</b>	<b>21.4</b>
<b>TOTAL</b>	<b>40,721.2</b>	<b>13.7</b>	<b>100.0</b>

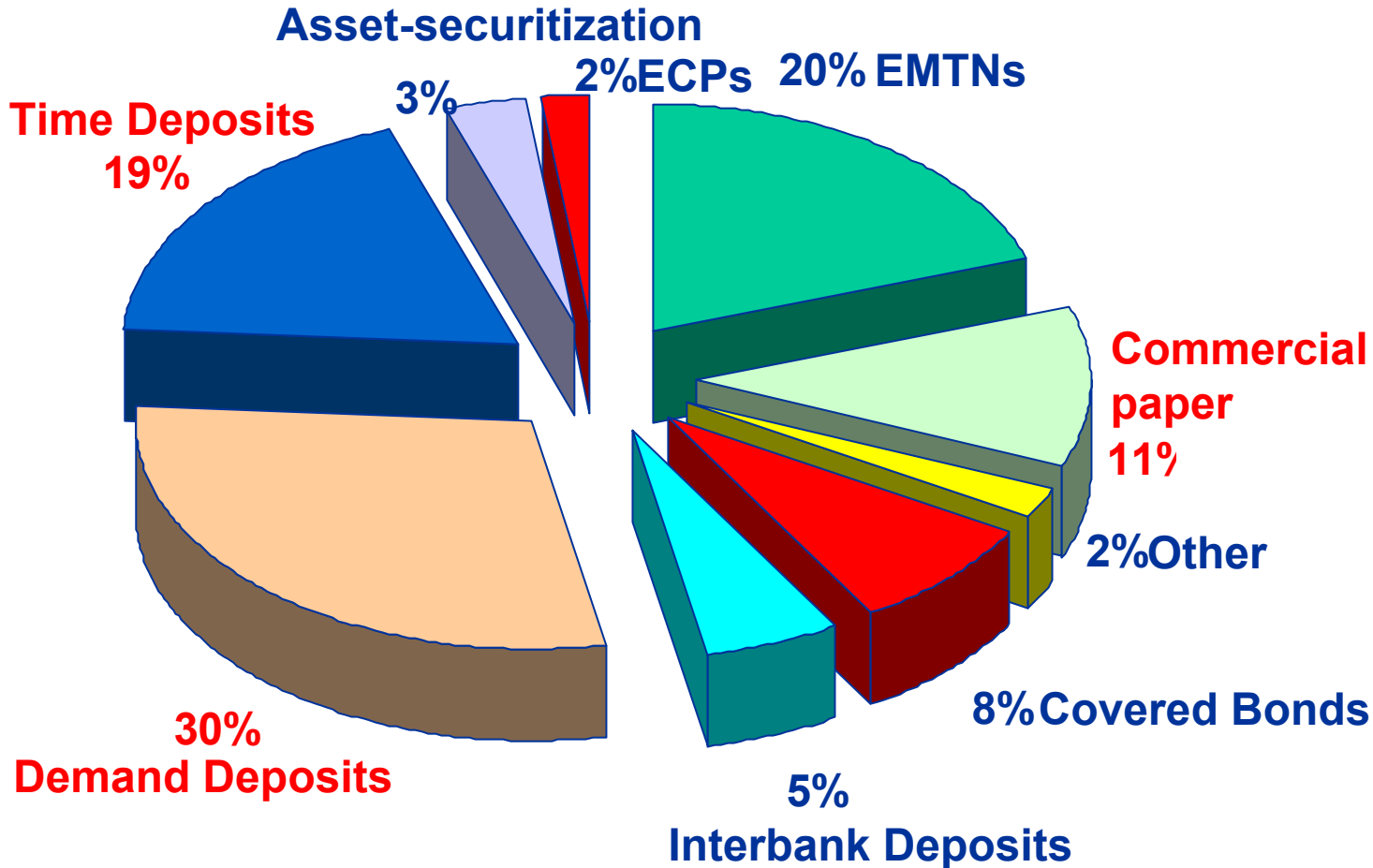
## MARKET SHARE OVER NON PUBLIC BANKS (Private Resident Sector)

(%)



Source: AEB (Información: Balance Reservado)

## FUNDING BREAK-DOWN



**Retail**  
**60%**

**Wholesale**  
**40%**

**FUNDS MANAGED**

*(Euro Million)*

	<b>30.09.06</b>	<b>% variation</b>
<b>On-balance sheet funds</b>	<b>66,875</b>	<b>24.4</b>
<b>Other intermediated funds:</b>		
<b>Mutual funds</b>	<b>11,862</b>	<b>17.4</b>
<b>Portfolio asset management</b>	<b>1,531</b>	<b>39.3</b>
<b>Pension funds</b>	<b>3,783</b>	<b>11.8</b>
<b>Total</b>	<b>17,176</b>	<b>17.8</b>
<b>Total funds managed</b>	<b>84,051</b>	<b>23.0</b>

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

	Net Asset Value	
	Sept. 06(€ million)	% change
Money Market	1,495.4	-11.4
Bonds	3,575.1	24.3
<b>Fixed income</b>	<b>5,070.5</b>	<b>11.1</b>
Equity	1,407.7	19.3
Balanced	1,294.9	27.2
Guaranteed	2,637.0	4.2
Global	1,001.2	112.8
<b>TOTAL</b>	<b>11,411.3</b>	<b>16.9</b>
		<b>5.6</b>

← BANCO POPULAR GROUP \*  
← INDUSTRY

**Outperformance  
due to:**

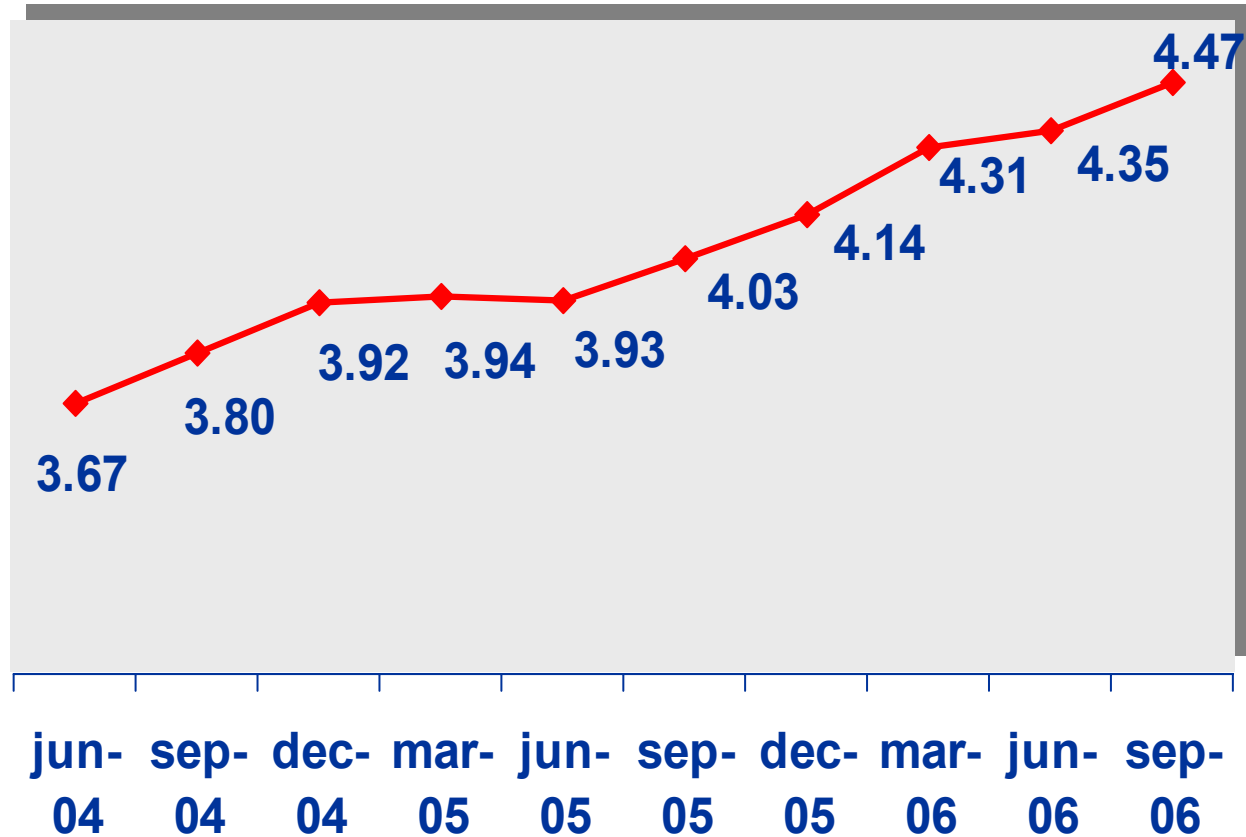
	POPULAR	INDUSTRY
Net Inflows	12.9%	2.5%
Management / Markets	4.0%	3.1%

	Sept. 06	Sept. 05
Improvement in market share	4.47%	4.03%

\* Excluding BPP. The total amount including BPP amounts to €11,862.5 million (+17.4%)

## MARKET SHARE PERFORMANCE BANCO POPULAR GROUP

(%)



Source: Inverco

**ASSET PORTFOLIO MANAGEMENT**

*(Euro Thousand)*

	Sept. 06	Sept. 05	Change in	
			Amount	%
<b>Discretionary Asset Management</b>				
Popular Gestión Privada	828,863	603,125	225,738	37.43
Banco Popular Portugal	209,138	146,272	62,866	42.98
<b>Subtotal</b>	<b>1,038,001</b>	<b>749,397</b>	<b>288,604</b>	<b>38.51</b>
<b>HNWI-SICAV</b>				
Sogeval	31,987	30,355	1,632	5.38
Popular Gestión Privada	460,683	318,812	141,871	44.50
<b>Subtotal</b>	<b>492,670</b>	<b>349,167</b>	<b>143,503</b>	<b>41.10</b>
<b>TOTAL</b>	<b>1,530,671</b>	<b>1,098,564</b>	<b>432,107</b>	<b>39.33</b>

**PENSION ASSETS UNDER MANAGEMENT**

*(Euro Thousand)*

	Sept. 06	Sept. 05	Change in	
			Amounts	%
Private Plans	2,967,492	2,656,386	311,106	11.71
Corporate Schemes	815,365	727,698	87,667	12.05
Group employees	632,612	585,656	46,956	8.02
<b>TOTAL</b>	<b>3,782,857</b>	<b>3,384.084</b>	<b>398,773</b>	<b>11.78</b>



# FINANCIAL RESULTS

**Core Business Growth**

**Strong Customer Acquisition**

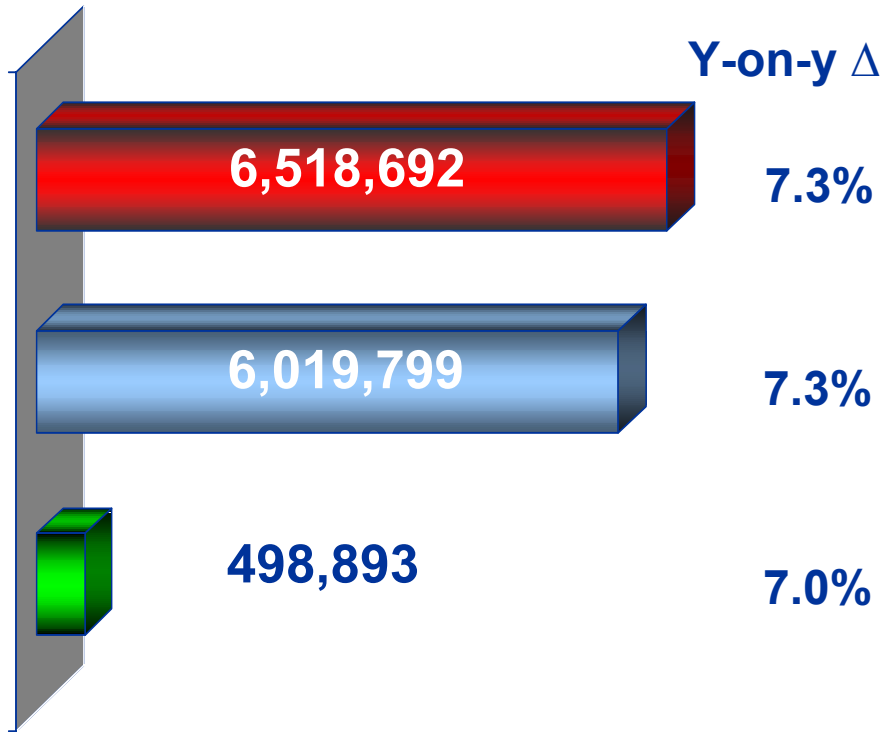
**Branch Network Expansion**

**Earnings**

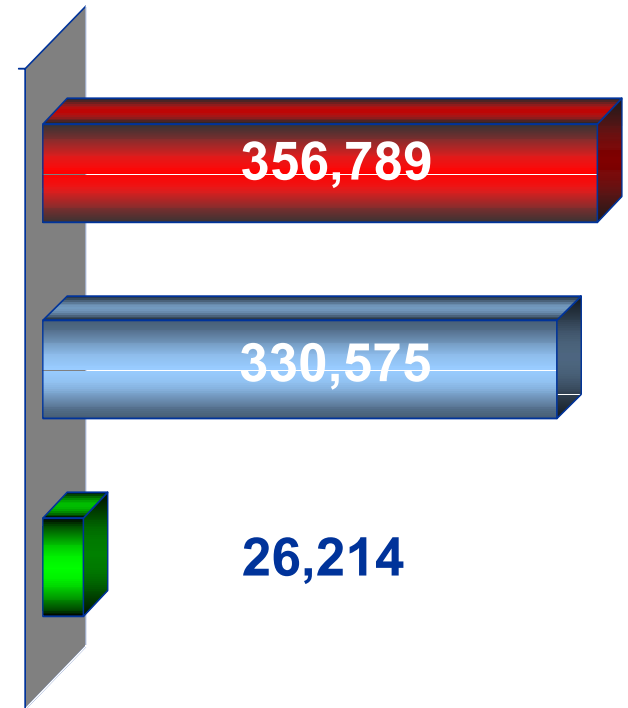
**Banco Popular Portugal**

# STRONG CUSTOMER ACQUISITION

## TOTAL



## NEW (2006)



**Total**   **Individuals**   **Corporate**

**COMMERCIAL PERFORMANCE**

	30.09.06	30.09.05	Variation	
			Absolute	%
<b>Total number of customers (000)</b>	<b>6,519</b>	<b>6,075</b>	<b>444</b>	<b>7.3</b>
<b>Individuals</b>	<b>6,020</b>	<b>5,609</b>	<b>411</b>	<b>7.3</b>
<b>Corporates</b>	<b>499</b>	<b>466</b>	<b>33</b>	<b>7.0</b>
<b>Internet customers</b>				
<i><b>Bank-on-line</b></i>				
<b>Number of customers (000)</b>	<b>2,213</b>	<b>1,919</b>	<b>294</b>	<b>15.3</b>
<b>Individuals</b>	<b>1,930</b>	<b>1,667</b>	<b>263</b>	<b>15.8</b>
<b>Corporates</b>	<b>283</b>	<b>252</b>	<b>31</b>	<b>12.3</b>
<b>Productivity (products sold per employee in the commercial network)</b>	<b>238.2</b>	<b>244.2</b>	<b>-6.0</b>	<b>-2.5</b>
<b>Cross-selling (Products per customer)</b>	<b>3.33</b>	<b>3.27</b>	<b>0.06</b>	<b>1.8</b>

## EXPLOIT NEW CUSTOMER POTENTIAL

### Total linked clients "Spain"

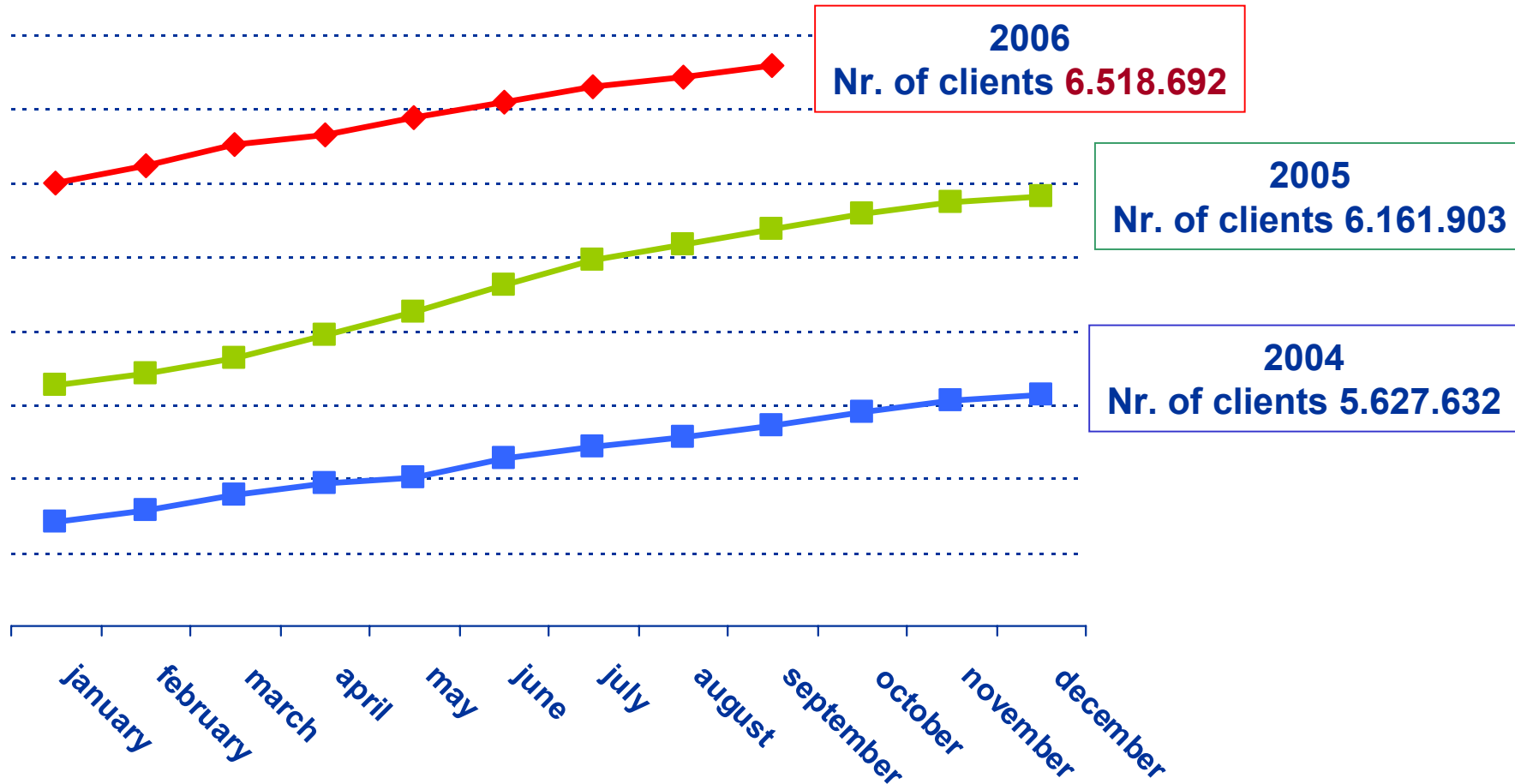
<b>December 2004</b> .....	<b>1,750,644</b>
<b>September 2005</b> .....	<b>1,922,001</b>
<b>December 2005</b> .....	<b>1,965,277</b>
<b>June 2006</b> .....	<b>2,081,136</b>
<b>September 2006</b> .....	<b>2,130,375</b>

**More than 50,000  
clients linked  
each quarter**

**y-on-y  
10.8%**

**One third of all Spanish clients have 4 products or more**

## SUSTAINED GROWTH



**2006**  
Nr. of clients **6.518.692**

**2005**  
Nr. of clients **6.161.903**

**2004**  
Nr. of clients **5.627.632**

# FINANCIAL RESULTS

**Core Business Growth**

**Strong Customer Acquisition**

**Branch Network Expansion**

**Earnings**

**Banco Popular Portugal**

## NETWORK ACTIVITY THROUGH SEPTEMBER 2006

**Opened Branches**

**41**

**Closed Branches**

**6**

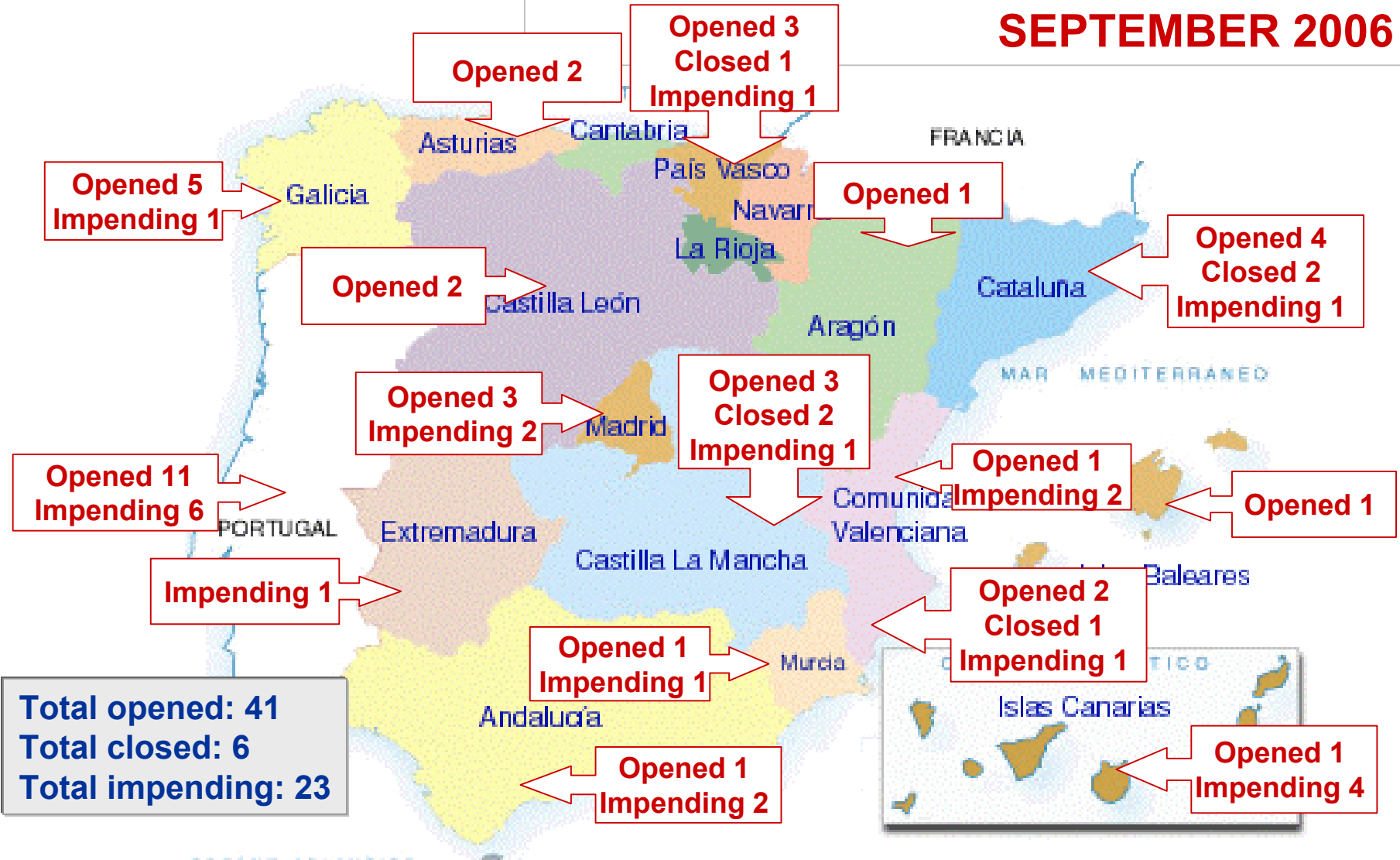
**Impending Branches**

**23**

**Refurbished 7  
In progress 16**

# BRANCH NETWORK EXPANSION

## NETWORK ADJUSTMENTS THROUGH SEPTEMBER 2006



**Total opened: 41**  
**Total closed: 6**  
**Total impending: 23**

# FINANCIAL RESULTS

**Core Business Growth**

**Strong Customer Acquisition**

**Branch Network Expansion**

**Earnings**

**Banco Popular Portugal**

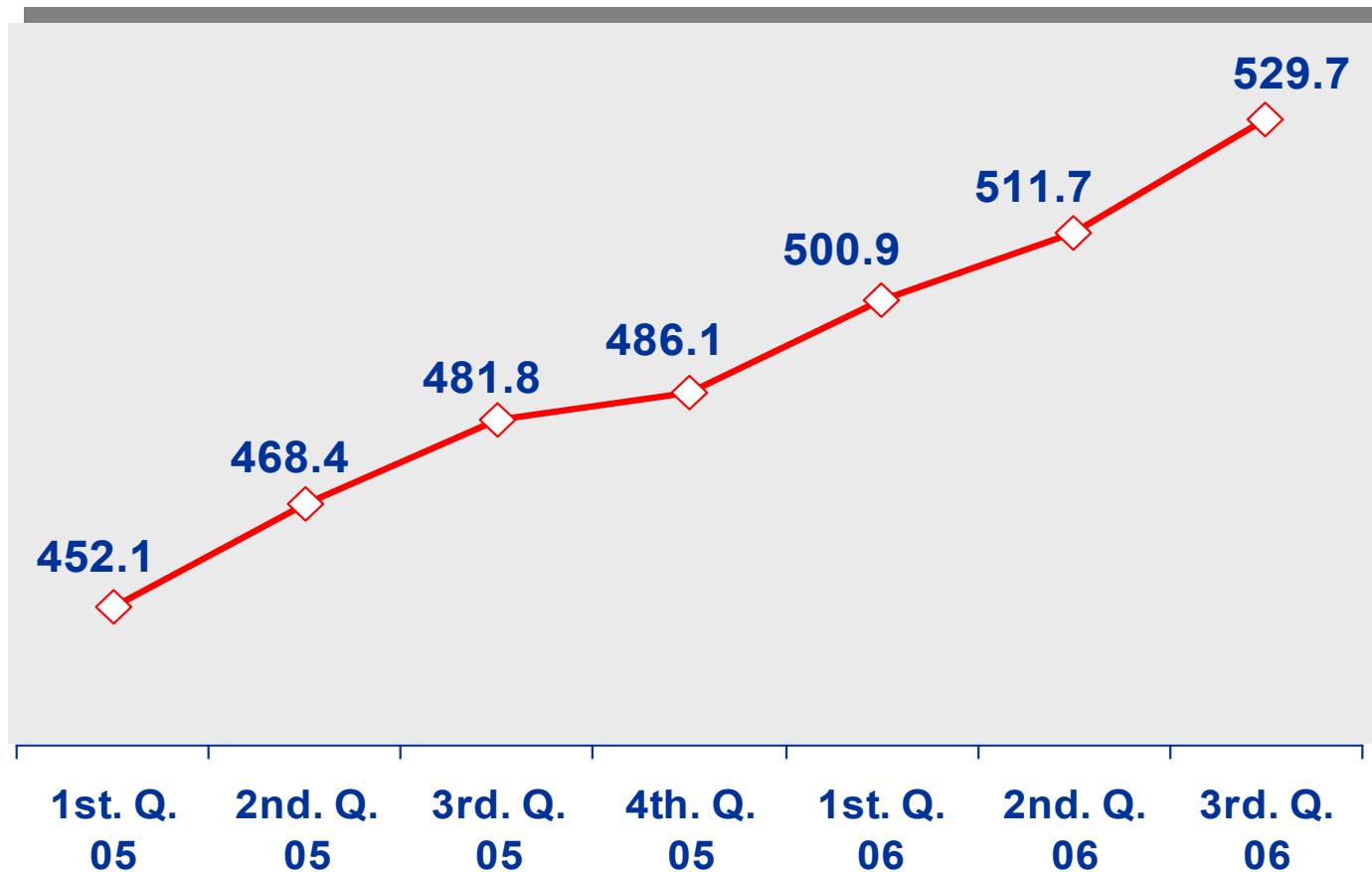
*(Euro Million)*

	9 mos. 2006	y-on-y % $\Delta$
<b>Net interest revenue</b>	<b>1,542.2</b>	<b>10.0</b>
Revenues from equity method entities	0.2	-91.7
Net fees	642.5	10.8
Insurance business	30.0	92.2
Asset trading	45.1	164.5
Exchange gains (net)	37.1	30.1
<b>Ordinary revenue</b>	<b>2,297.1</b>	<b>12.3</b>
<b>Operating cost</b>	<b>769.2</b>	<b>7.4 *</b>
Personnel expenses	523.4	6.9
Other general administrative expenses	245.8	8.5
<b>Operating income</b>	<b>1,484.9</b>	<b>15.2</b>
<b>Income before taxes</b>	<b>1,287.0</b>	<b>21.8</b>
<b>Net income attributable</b>	<b>807.7</b>	<b>23.6</b>

\* w/o compensating fees

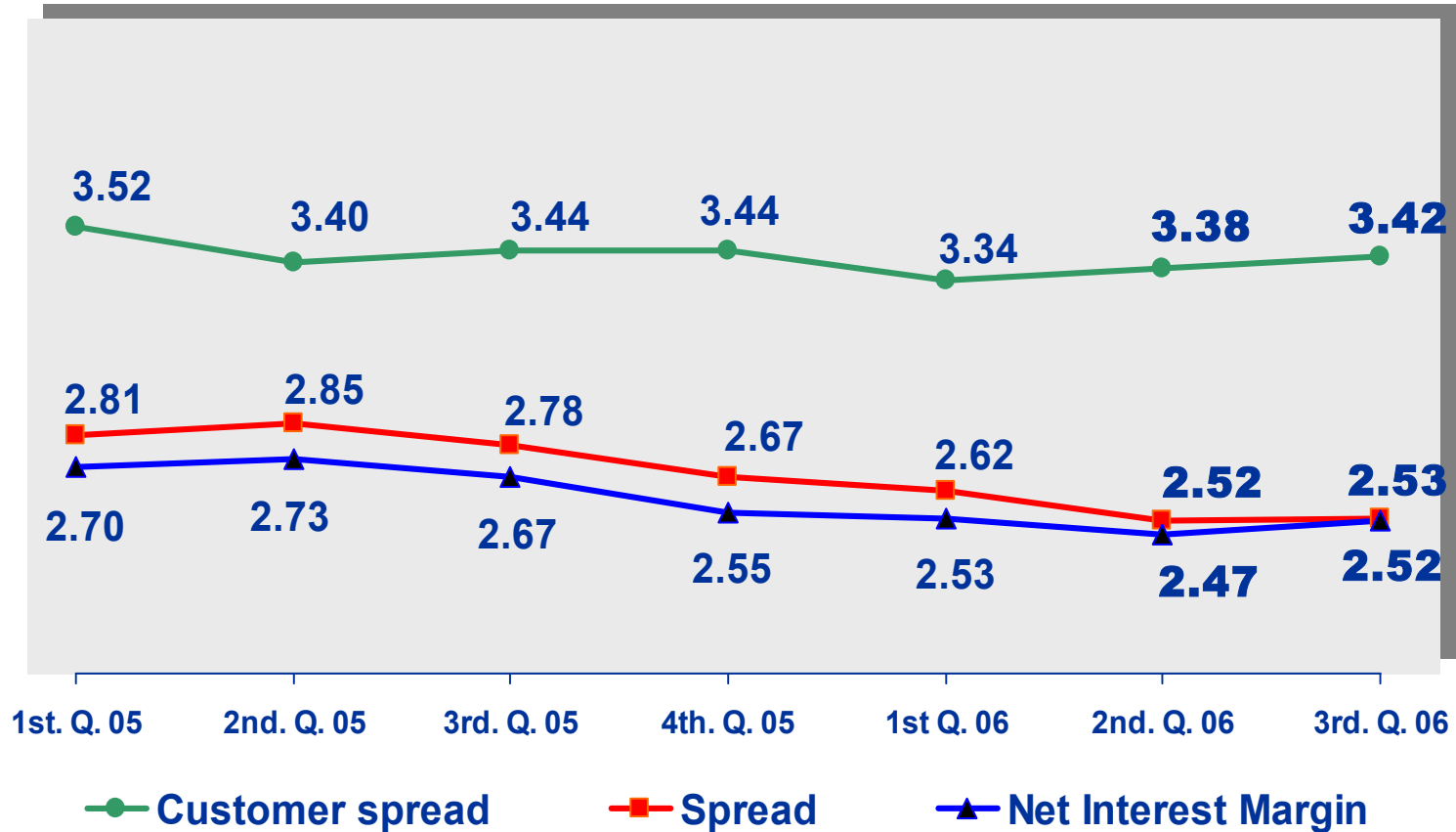
## NET INTEREST REVENUE

*(Euro Million)*



## NET INTEREST MARGIN & SPREAD

(%)

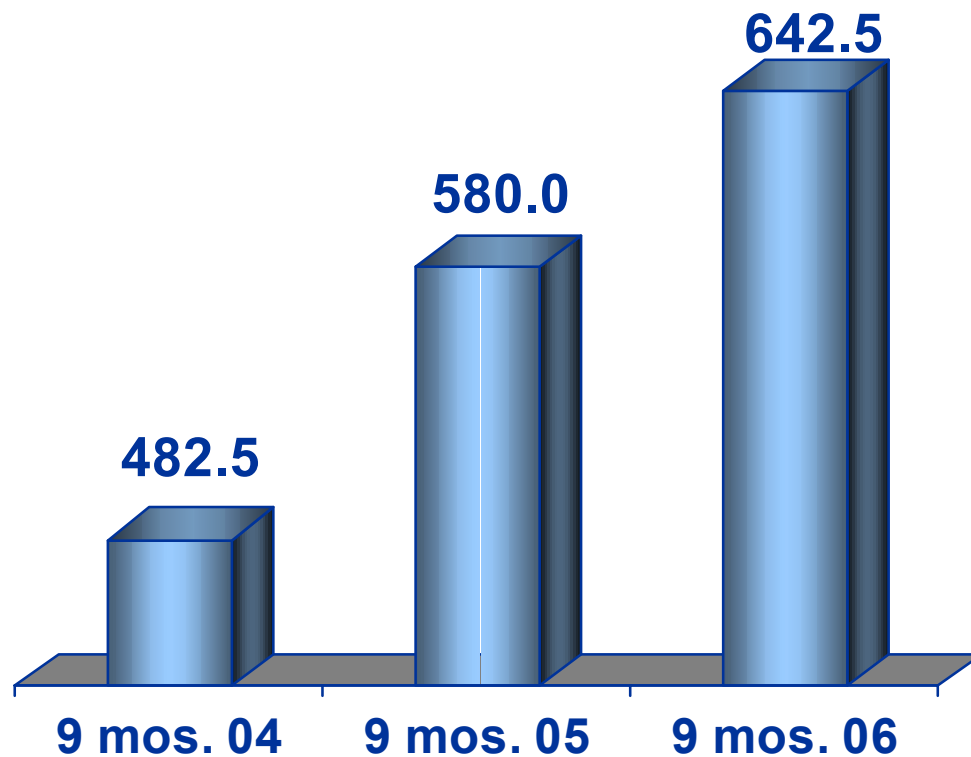


**FEES FOR SERVICES**

	<b>Year-on-year % accum. <math>\Delta</math></b>	<b>As % of total fees</b>
<b>Loan-related fees:</b>	<b>-9.3</b>	<b>11.4</b>
Bill discounting	<b>-12.3</b>	<b>5.3</b>
Other	<b>-6.5</b>	<b>6.1</b>
<b>Fees from guarantees</b>	<b>18.9</b>	<b>13.6</b>
<b>Collection &amp; card-related</b>	<b>13.9</b>	<b>28.2</b>
<b>Forex &amp; securities dealing</b>	<b>4.2</b>	<b>2.3</b>
<b>Customer financial asset mgt:</b>	<b>14.3</b>	<b>27.1</b>
Securities portfolio	<b>6.7</b>	<b>3.5</b>
Mutual funds & pension plans	<b>15.5</b>	<b>23.6</b>
<b>Account mgt. fees and other</b>	<b>11.6</b>	<b>17.4</b>
<b>TOTAL</b>	<b>10.8</b>	<b>100.0</b>

## FEES FOR SERVICES

*(Euro Million)*

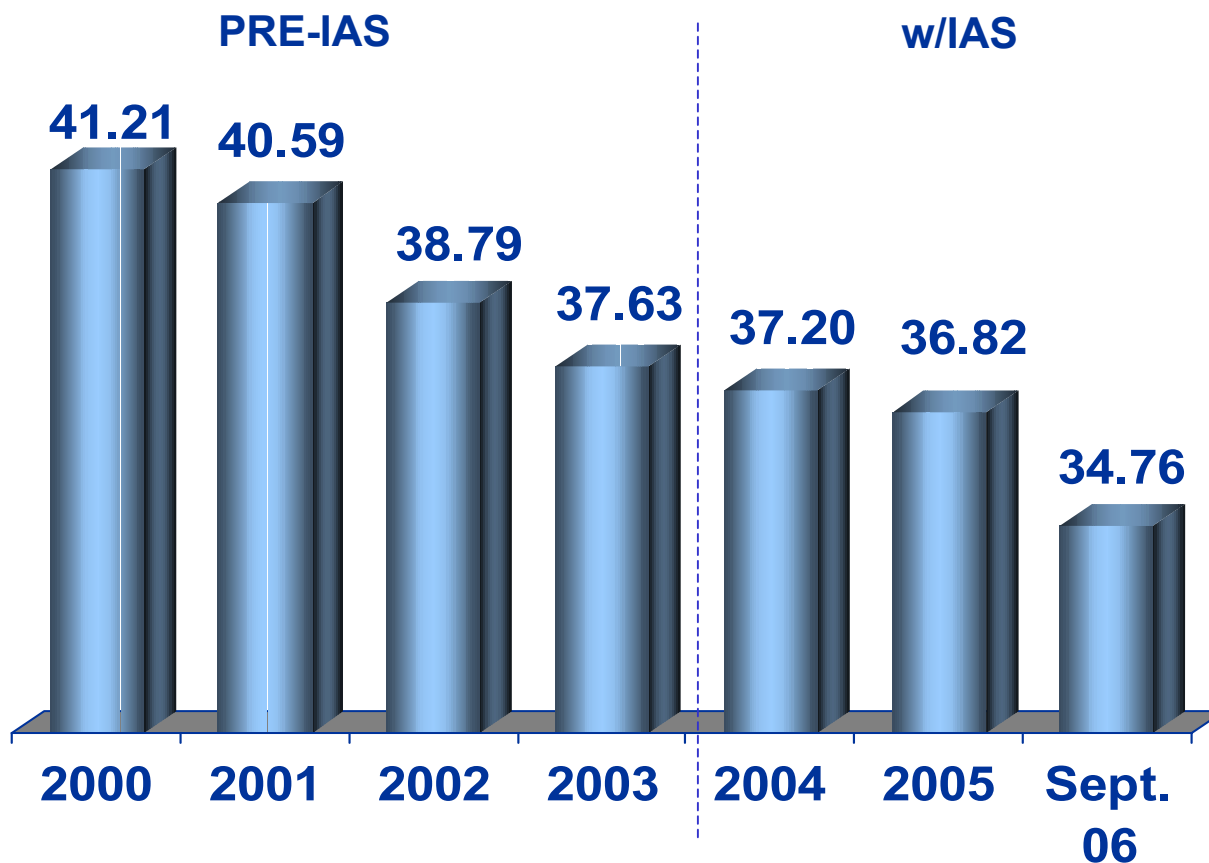


**y-on-y accum.**

**10.8%**

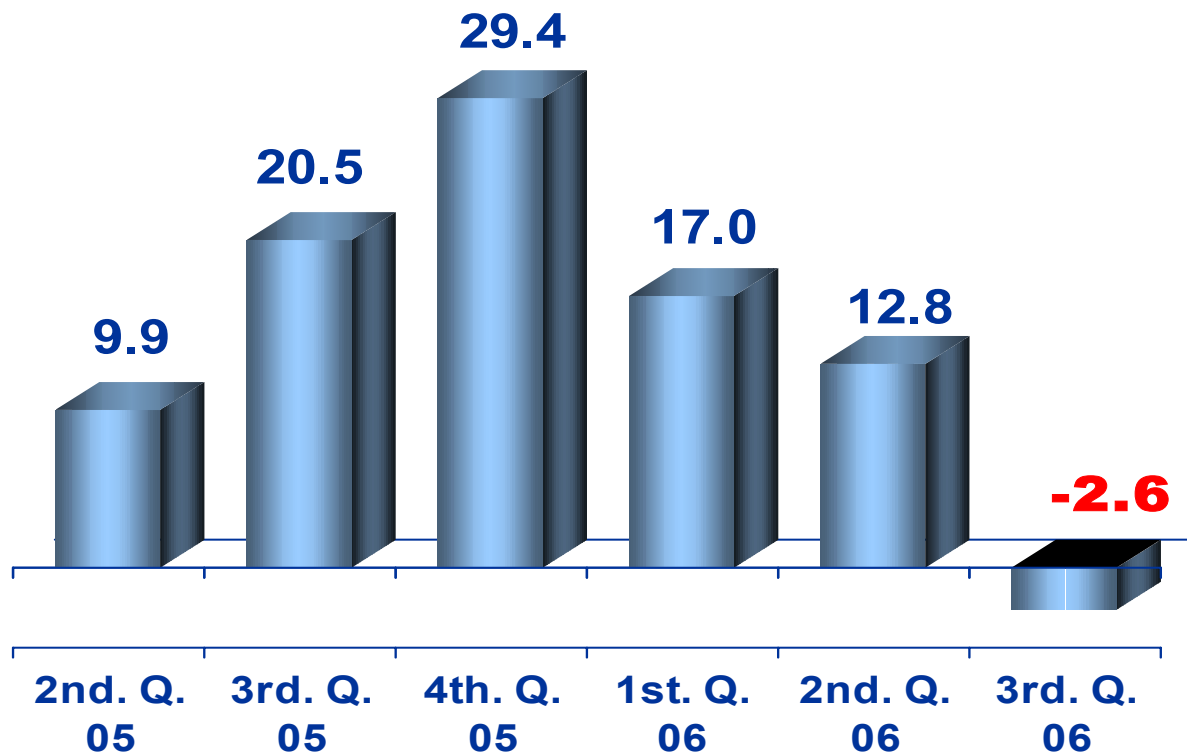
## COST/INCOME RATIO EVOLUTION

(%)



## NON-PAYROLL EXPENSES

*y-on-y (%)*  
Stand-alone quarter



**NON-PAYROLL EXPENSES**

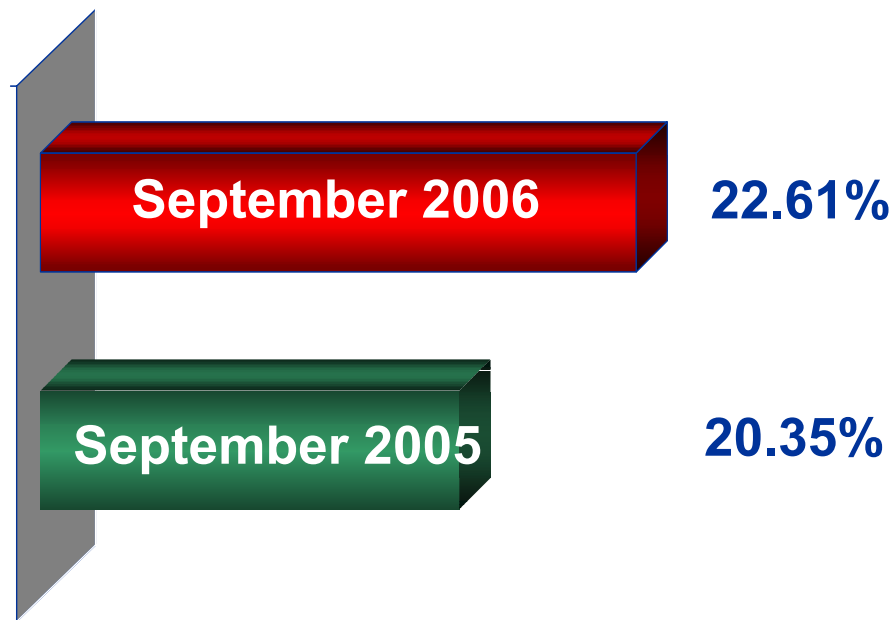
*(Euro Thousand)*

	<b>30.09.06</b>	<b>30.09.05</b>	<b>% variation</b>
<b>General expenses</b>	<b>245,820</b>	<b>226,523</b>	<b>8.5</b>
Rents and common services	38,829	35,951	8.0
Communications	23,183	22,257	4.2
Maintenance of premises & equipment	17,024	16,261	4.7
IT and other technical expenses	49,320	40,505	21.8
Stationery and office supplies	5,066	5,401	-6.2
Technical reports and legal expenses	8,054	8,670	-7.1
Advertising	31,379	30,597	2.6
Insurance	3,597	2,677	34.4
Security and fund transport services	14,830	13,914	6.6
Travel	8,400	7,990	5.1
Property taxes, VAT and other	32,908	29,656	11.0
Other general expenses	13,230	12,644	4.6

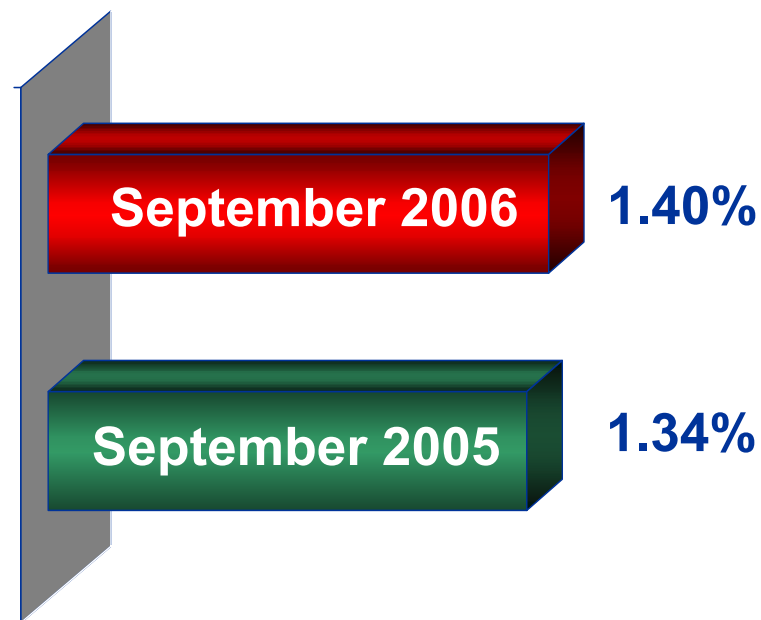
**NON-PAYROLL EXPENSES***(Euro Thousand)*

	<b>30.09.06</b>	<b>30.09.05</b>	<b>% variation</b>
<b>IT and other technical expenses</b>	<b>49,320</b>	<b>40,505</b>	<b>21.8</b>
<b>Other non-payroll expenses</b>	<b>196,500</b>	<b>186,018</b>	<b>5.6</b>
<b>Total general expenses</b>	<b>245,820</b>	<b>226,523</b>	<b>8.5</b>

**ROE**

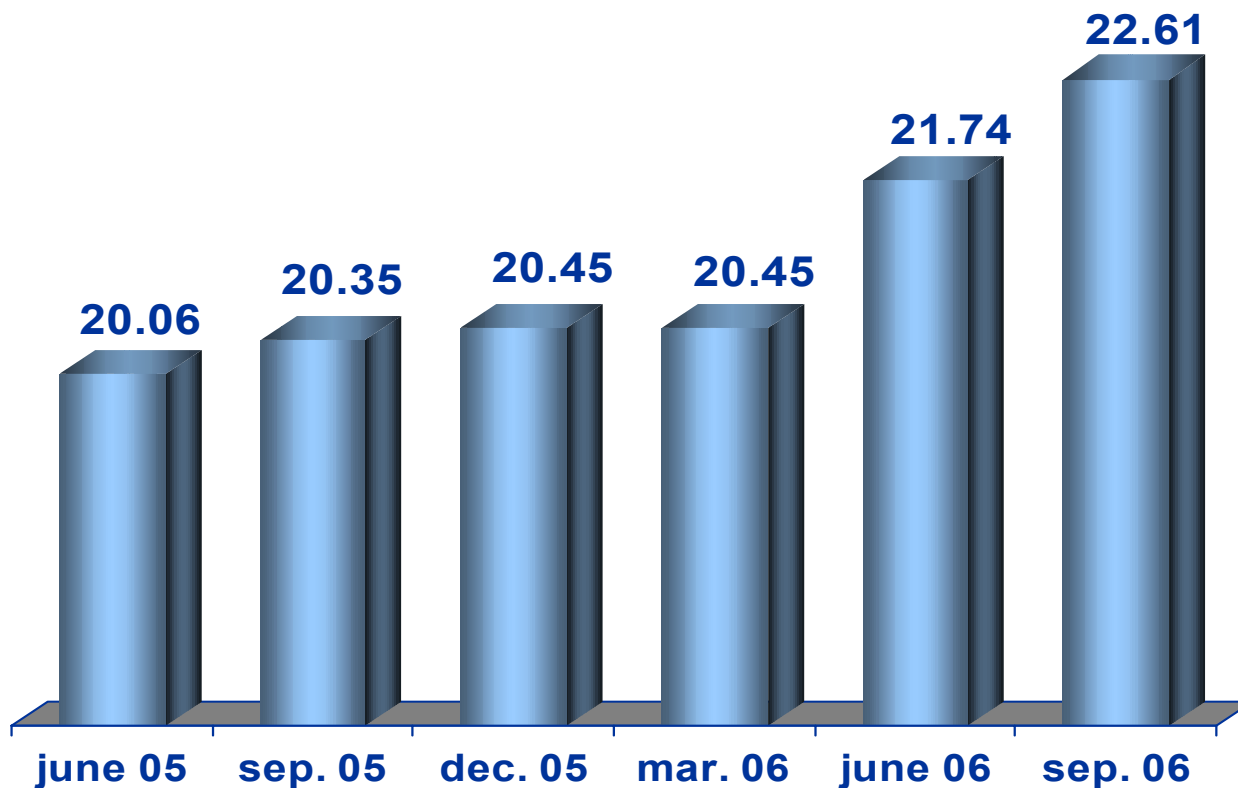


**ROA**



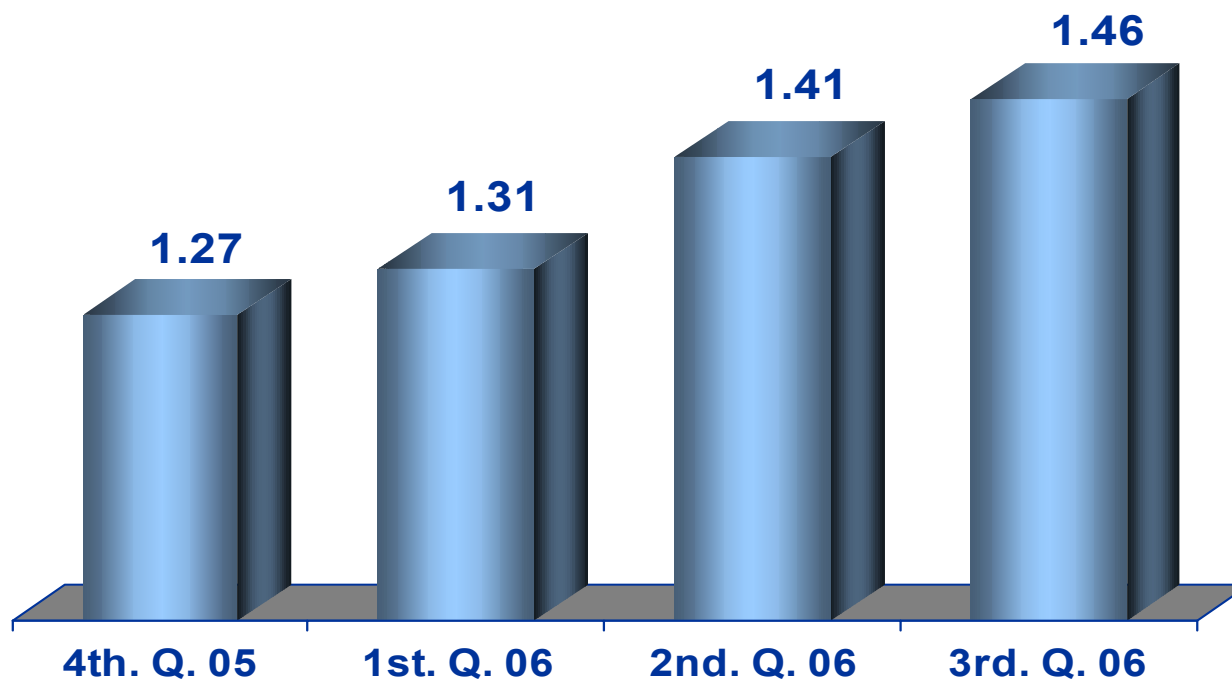
## ROE EVOLUTION

(%)



## ROA EVOLUTION

(%)



## SECTOR COMPARISON; RETURN & EFFICIENCY

### ROA

<b>Banco Popular</b>	
<b>September 06</b>	<b>1.40%</b>

**Ave. Nonpublic Banks June 06**

**1.19%**

**Ave. Savings Banks June 06**

**0.89%**

### Cost/Income Ratio \*

<b>Banco Popular</b>	
<b>September 06</b>	<b>31.44%</b>

**Ave. Nonpublic Banks June 06**

**40.74%**

**Ave. Savings Banks June 06**

**43.47%**

Consolidated data

\* Cost base excludes depreciation

Source: AEB & CECA

*(Euro Million)*

**30.09.06**

**30.6.06**

**Total core capital**

**5,099.9**

**4,960.6**

**6.76%**

**6.52%**

**Total Tier I Capital**

**6,087.9**

**5,948.6**

**8.07%**

**7.81%**

**Total Tier 2 Capital**

**1,400.4**

**1,444.7**

**1.86%**

**1.90%**

**BIS computable capital**

**7,488.3**

**7,393.3**

**9.93%**

**9.71%**

**Total BIS risk weighted assets**

**75,434.8**

**76,121.0**

# FINANCIAL RESULTS

**Core Business Growth**

**Strong Customer Acquisition**

**Branch Network Expansion**

**Earnings**

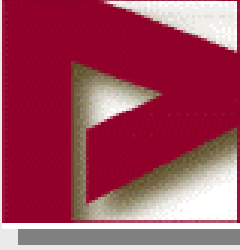
**Banco Popular Portugal**

*(Euro Thousand)*

	<b>September 2006</b>	<b>September 2005</b>	<b>△%</b>
<b>Net interest revenue</b>	<b>117,975</b>	<b>94,205</b>	<b>25.2</b>
<b>Fees for services</b>	<b>29,224</b>	<b>24,447</b>	<b>19.5</b>
<b>Ordinary revenue</b>	<b>148,994</b>	<b>120,078</b>	<b>24.1</b>
<b>Operating cost</b>	<b>57,636</b>	<b>51,523</b>	<b>11.9</b>
<b>Depreciation</b>	<b>7,992</b>	<b>6,893</b>	<b>15.9</b>
<b>Operating income</b>	<b>83,366</b>	<b>61,662</b>	<b>35.2</b>
<b>Net income</b>	<b>39,465</b>	<b>33,073</b>	<b>19.3</b>

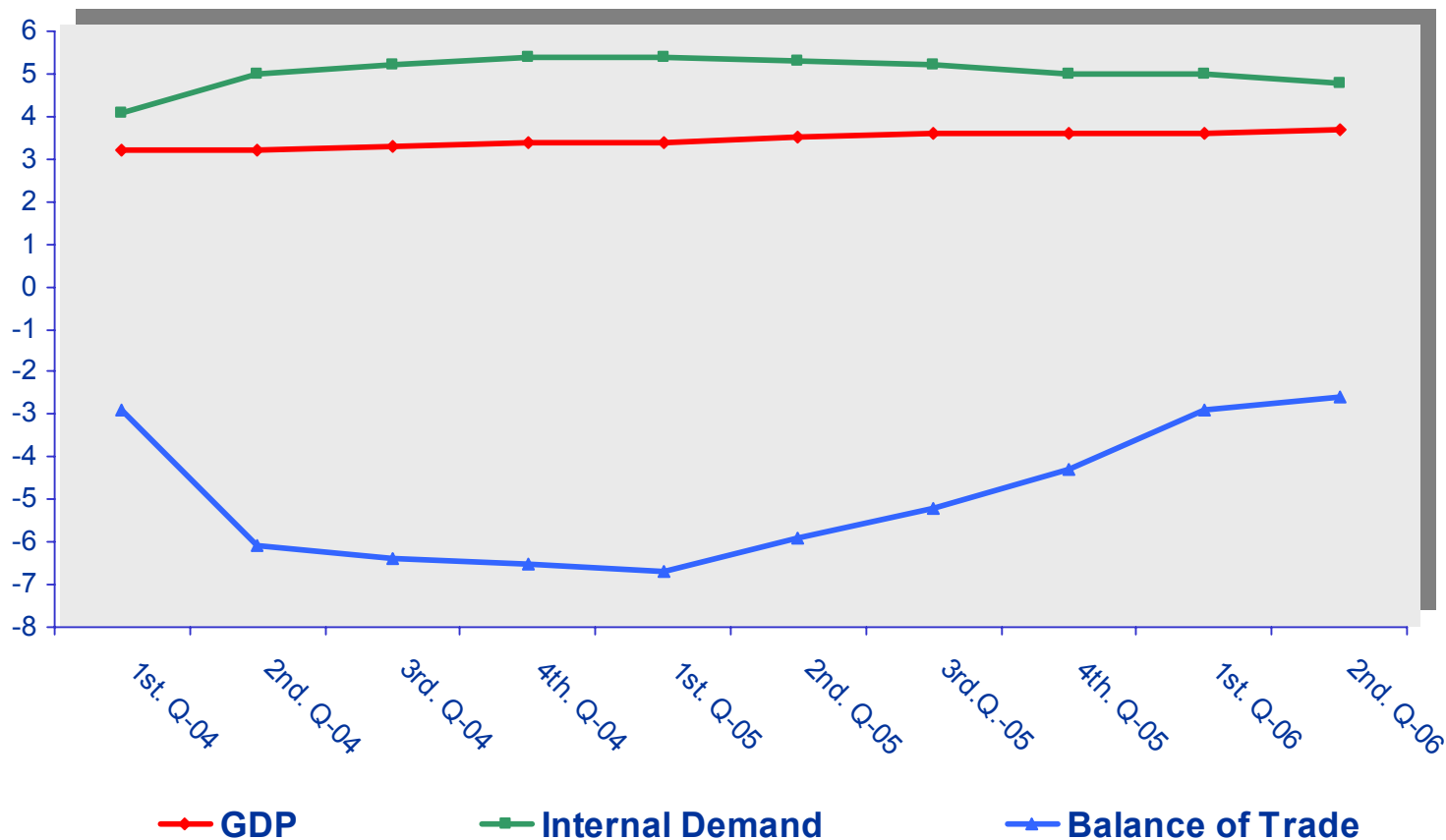
*(Euro Million)*

	<b>Septiembre 2006</b>	<b>Septiembre 2005</b>	<b>△%</b>
<b>Loans</b>	<b>5,688.8</b>	<b>4,595.2</b>	<b>23.8</b>
<b>Total assets</b>	<b>7,279.4</b>	<b>5,280.3</b>	<b>37.9</b>
<b>Customer deposits</b>	<b>3,011.9</b>	<b>2,717.9</b>	<b>10.8</b>
<b>Interbank deposits</b>	<b>3,004.4</b>	<b>1,911.5</b>	<b>57.2</b>
<b>Subordinated funding</b>	<b>290.3</b>	<b>246.9</b>	<b>17.6</b>
<b>Equity</b>	<b>403.3</b>	<b>355.0</b>	<b>13.6</b>
<b>Total liabilities and equity</b>	<b>7,279.4</b>	<b>5,280.3</b>	<b>37.9</b>

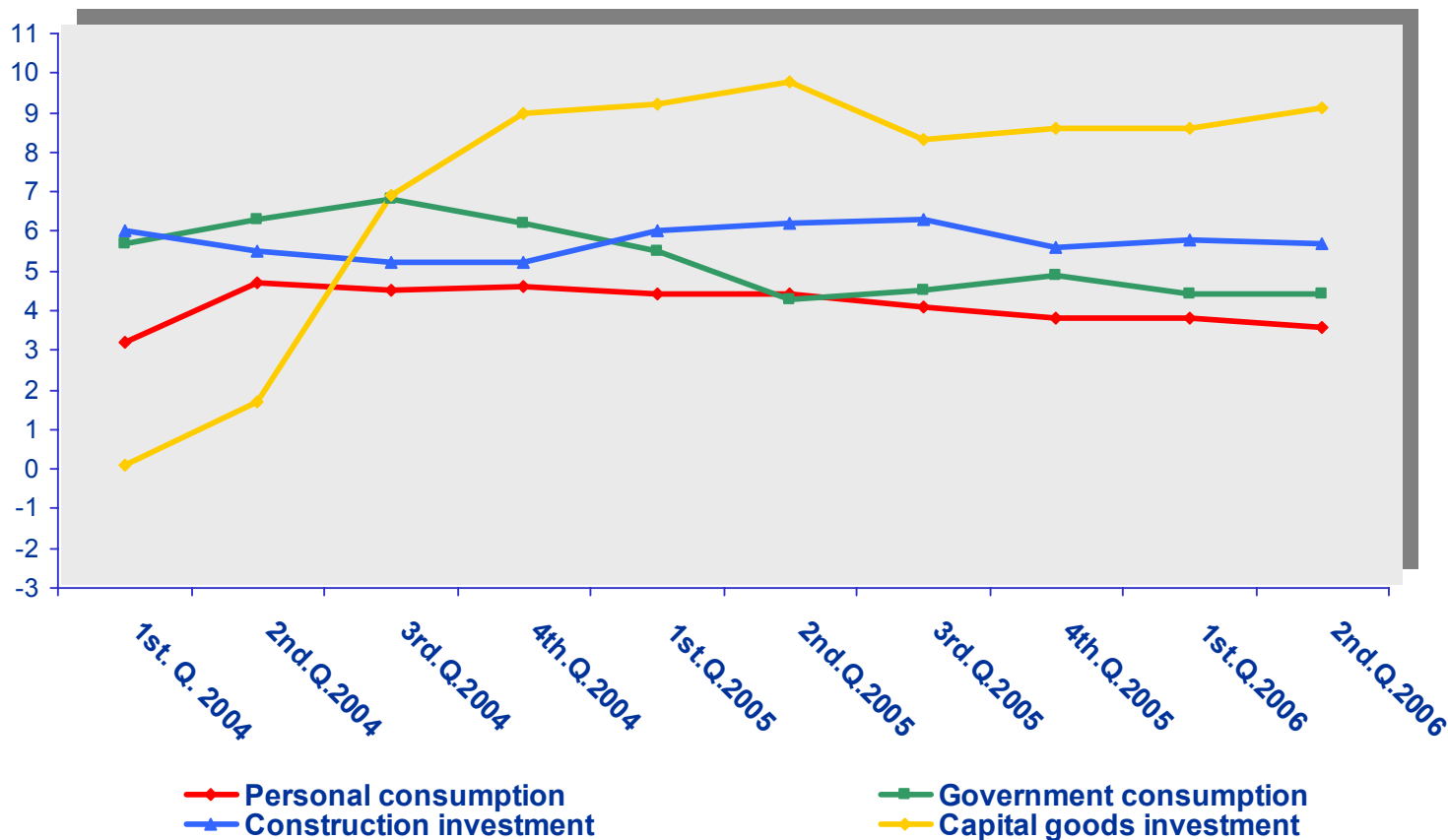


# ANNEX

JULY | AUGUST | SEPTEMBER **2006**

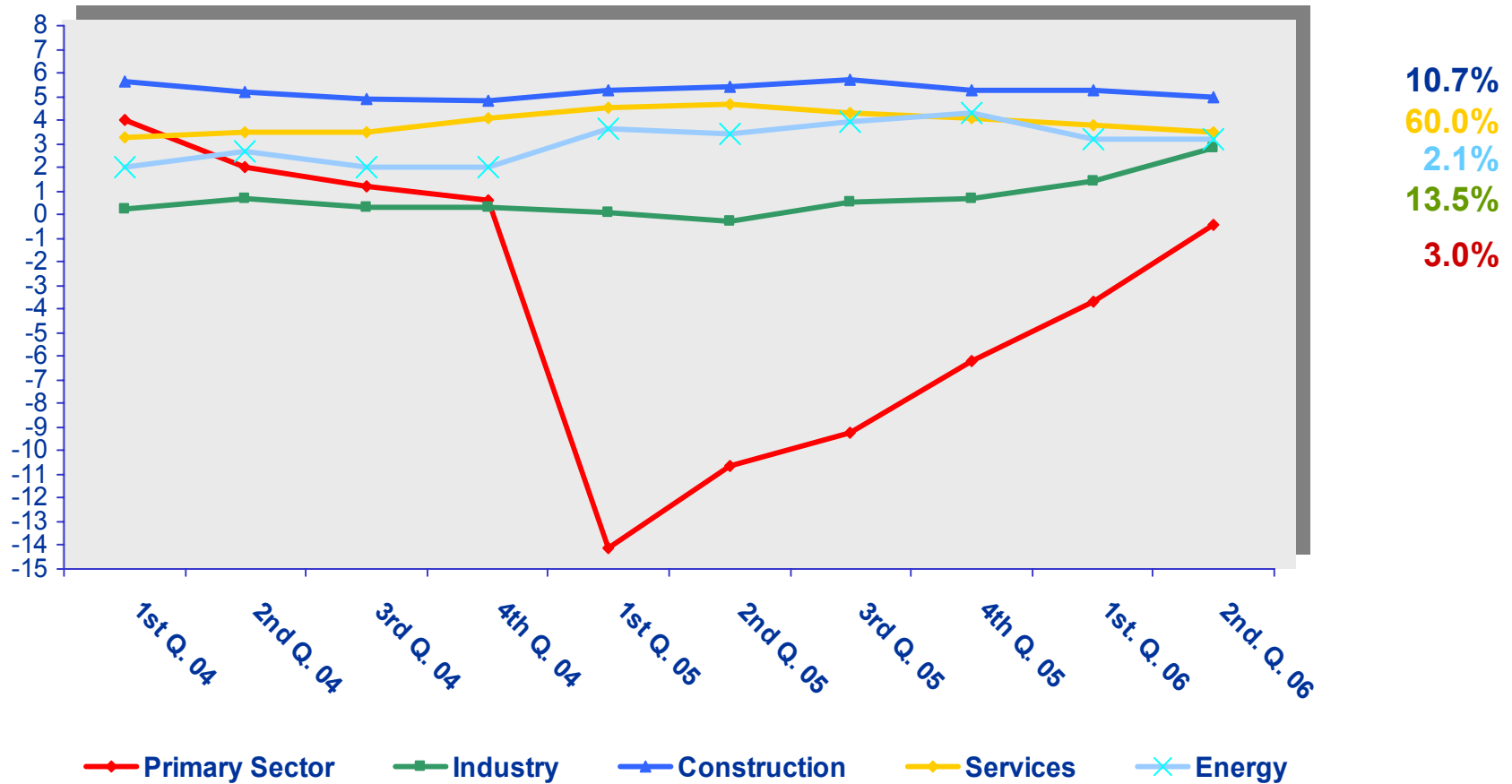


Source: INE



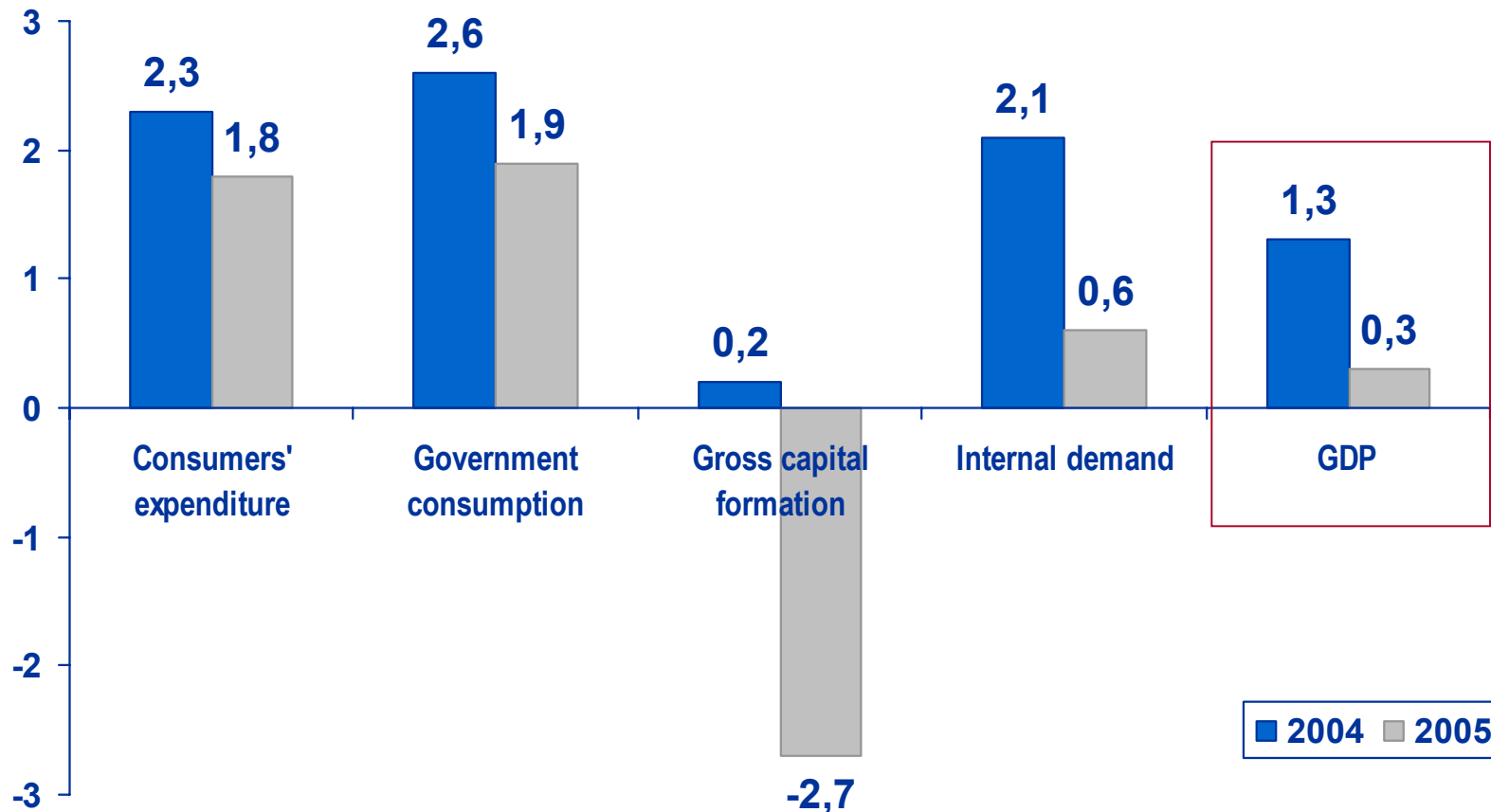
Source: INE

**Weight on GDP**

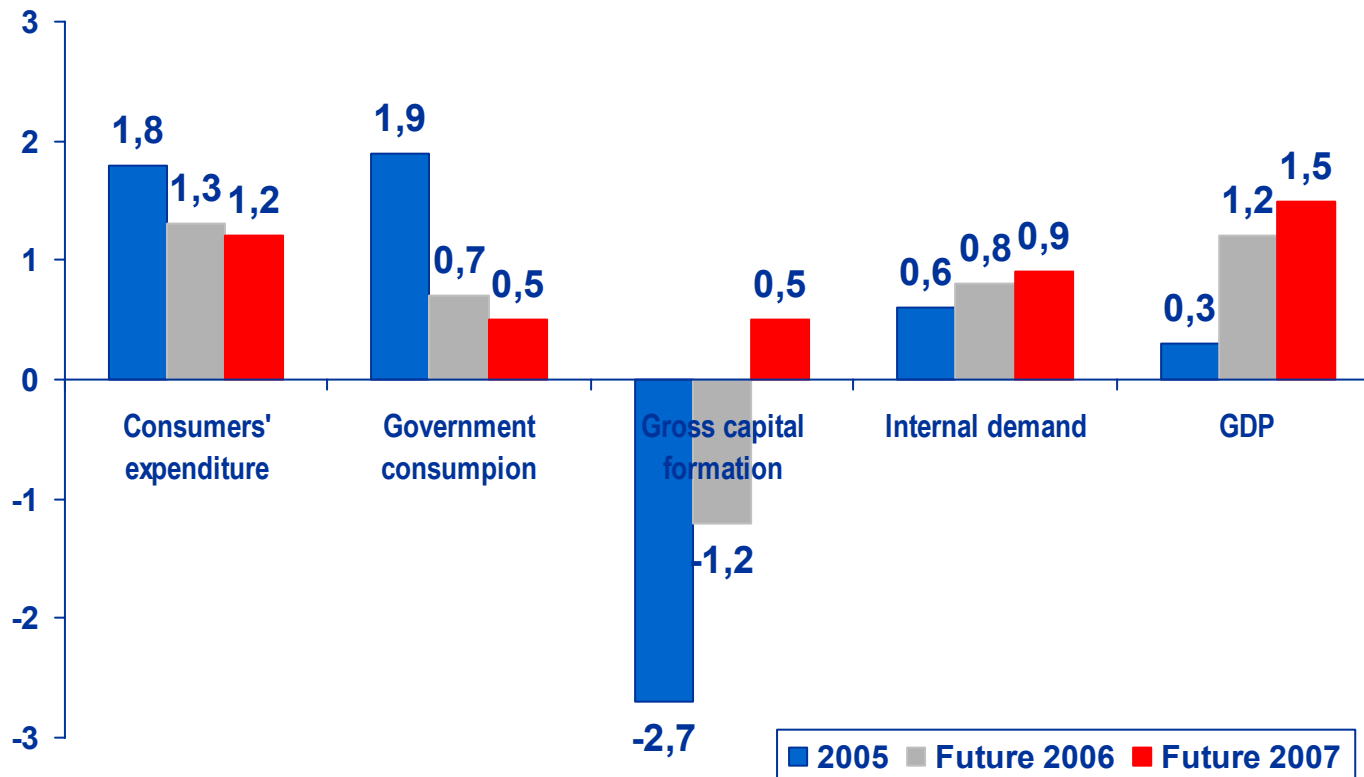


Source: INE

## Past evolution of GDP components (%)



## GDP: expected trend (%)

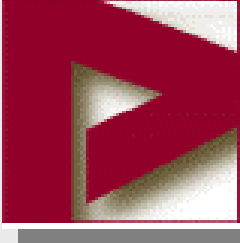


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