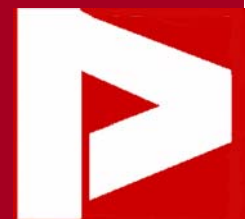




January – February – March 2007

Banco Popular Group





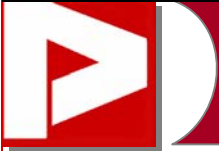
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JANUARY - FEBRUARY - MARCH 2007

FINANCIAL RESULTS



FINANCIAL RESULTS

▶ Core business growth

▶ Strong Customer Acquisition

▶ Branch Network Expansion

▶ Earnings

▶ Banco Popular Portugal



CORE BUSINESS GROWTH

(Euro million)

	31.3.07	Δ %
Total assets managed	112,173	15.6
On-balance sheet total assets	94,109	17.0
Total equity	5,553	10.9
Funds managed:	92,820	21.8
On-balance sheet funds	74,756	25.4
Other intermediated funds	18,064	8.9
Lending to customers (gross)	80,015	14.7
Contingent risks	11,127	7.8
Customers (thousands)	6,656	5.6
Employees	14,167	2.0
Branches	2,461	2.4



CORE BUSINESS GROWTH

▶ MAJOR LOAN CATEGORIES (*)

(Accumulated % change)

	Growth rate March 07	% of total loans
Bill discounting	6.7	9.0
Mortgage loans	13.9	54.8
Loans & overdrafts	20.9	31.6
Leasing	4.3	4.6
TOTAL	14.8	100.0

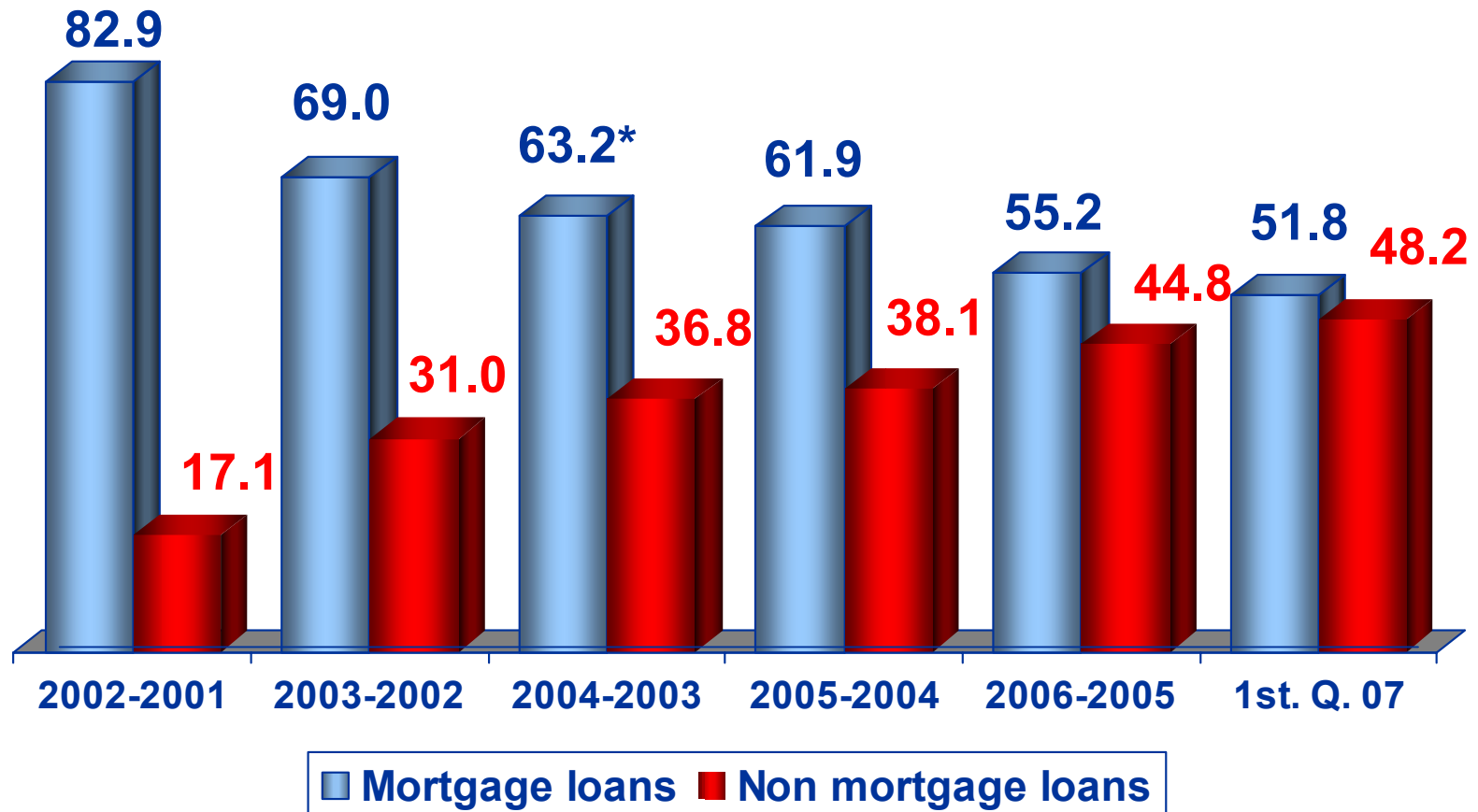
(*) All loans except NPLs & Repos



CORE BUSINESS GROWTH

► GROWTH

(%)

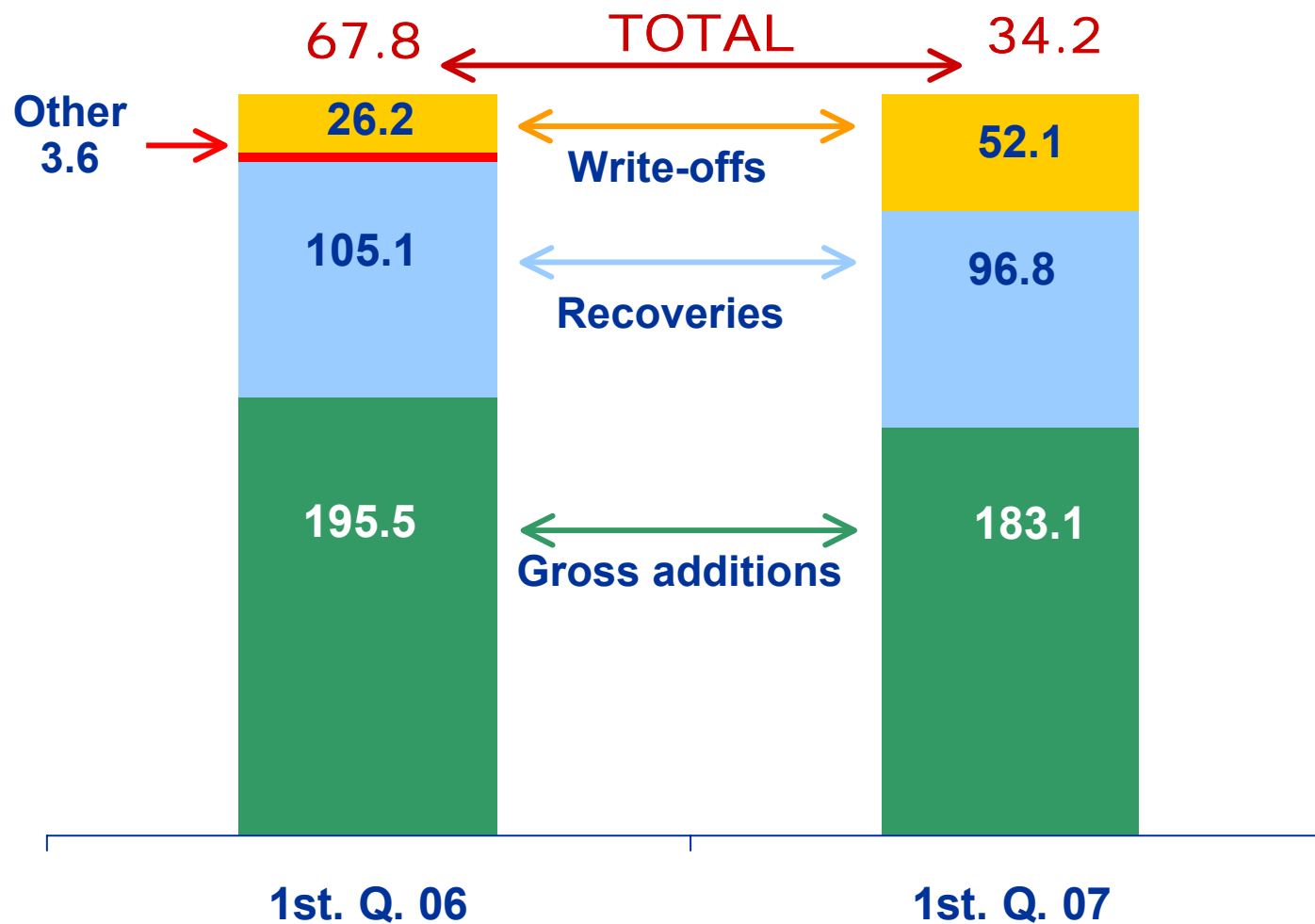


* Adjusted for securitization



CORE BUSINESS GROWTH

► NPL EVOLUTION





CORE BUSINESS GROWTH – Risk management

► NPLs AND RELATED COVERAGE

(Euro Million)

	1st. Q. 06	2nd. Q. 06	3rd. Q. 06	4th. Q. 06	31.12.06	1st. Q. 07
NPLs						
Balance					635.5	669.7
Net additions	94.0	6.4	64.3	55.2		86.3
Writeoffs	-26.2	-46.2	-55.1	-47.9		-52.1
Net change	67.8	-39.8	9.2	7.3		34.2
COVERAGE						
Balance					1,665.1	1,726.0
Net additions	88.1	19.4	19.3	68.4		60.8
Specific	25.3	-6.0	-14.1	4.8	228.7	-1.2
General	63.9	25.6	32.4	65.3	1,431.7	62.3
Country Risk	-1.1	-0.2	1.0	-1.7	4.7	-0.2



CORE BUSINESS GROWTH

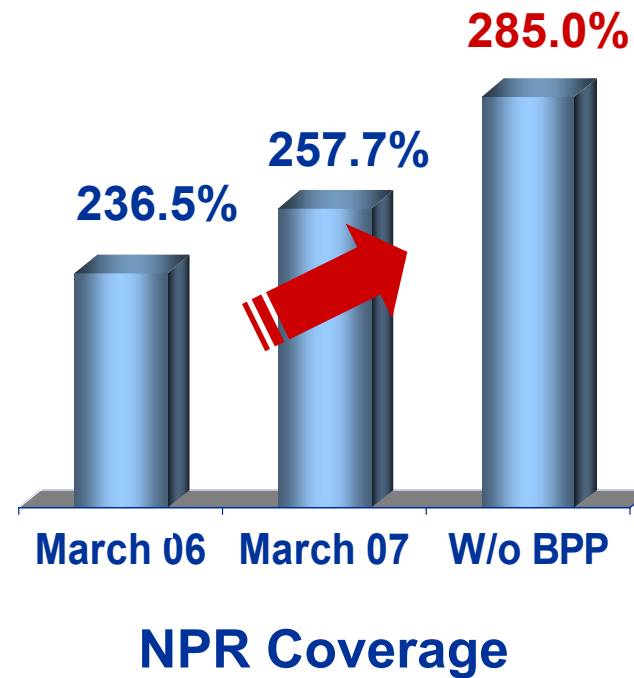
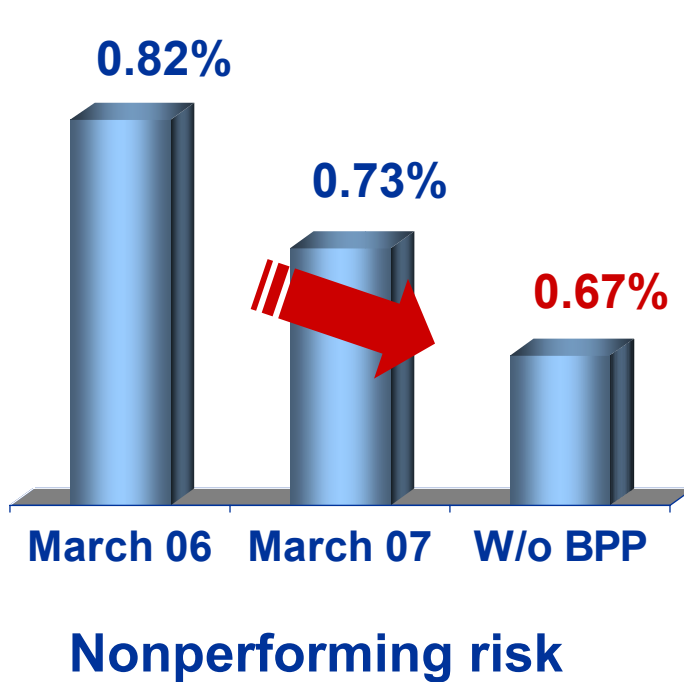
▶ BANCO POPULAR PORTUGAL

(Euro thousand)

	Year 2006				1st. Q. 07
	1st. Q. 06	6 months	9 months	12 months	
Total risks	5,463,632	5,688,072	5,826,283	6,005,737	6,072,975
NPL	96,531	92,953	94,942	90,915	103,309
Coverage	105,704	105,499	105,700	109,721	111,542
Nonperforming risk	1.77%	1.63%	1.63%	1.51%	1.70%
NPR Coverage	109.50%	113.50%	111.33%	120.69%	107.97%



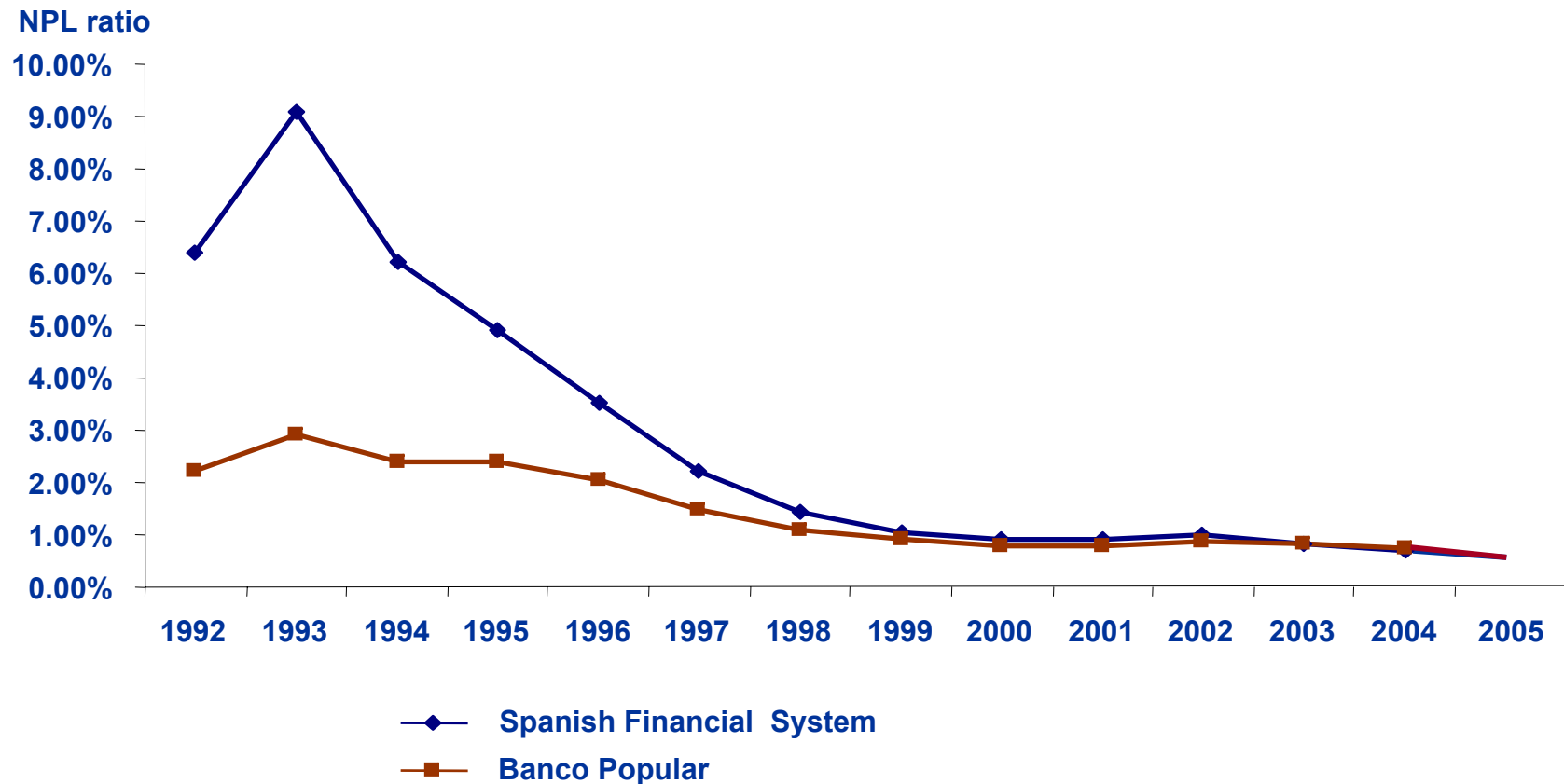
CORE BUSINESS GROWTH – Improved asset quality





CORE BUSINESS GROWTH

▶ **Banco Popular has outperformed the Spanish Financial System over a whole economic cycle**



Source: Banco Popular and Bank of Spain



CORE BUSINESS GROWTH

▶ KEY MORTGAGE QUALITY INDICATORS

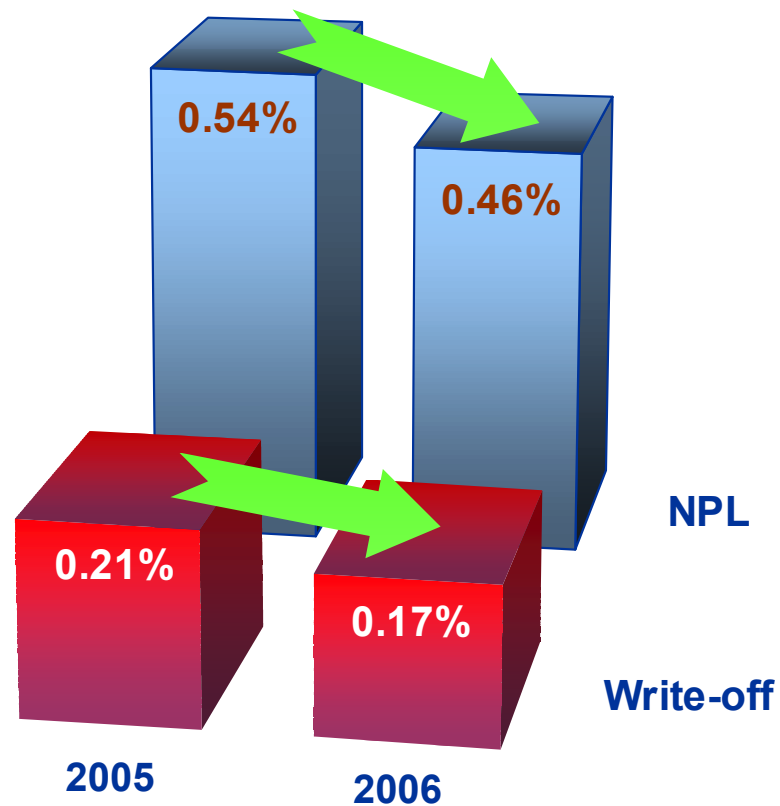
	Total Stock
Average Outstanding Size	151,466 €
Average Residual Life (Years)	17
LTV (outstanding/initial)	54%
NPL	0.46%
Write off	0.17%

December 2006 data, for Affiliated Banks Affiliated Banks, excluding parent company



CORE BUSINESS GROWTH

- ▶ Excellent asset quality: NPL ratio for mortgages 0.46%, with a final write-off ratio of 0,17% at inception
- ▶ Due to Conservative lending policies and powerful and fully implemented Credit-analysis tools

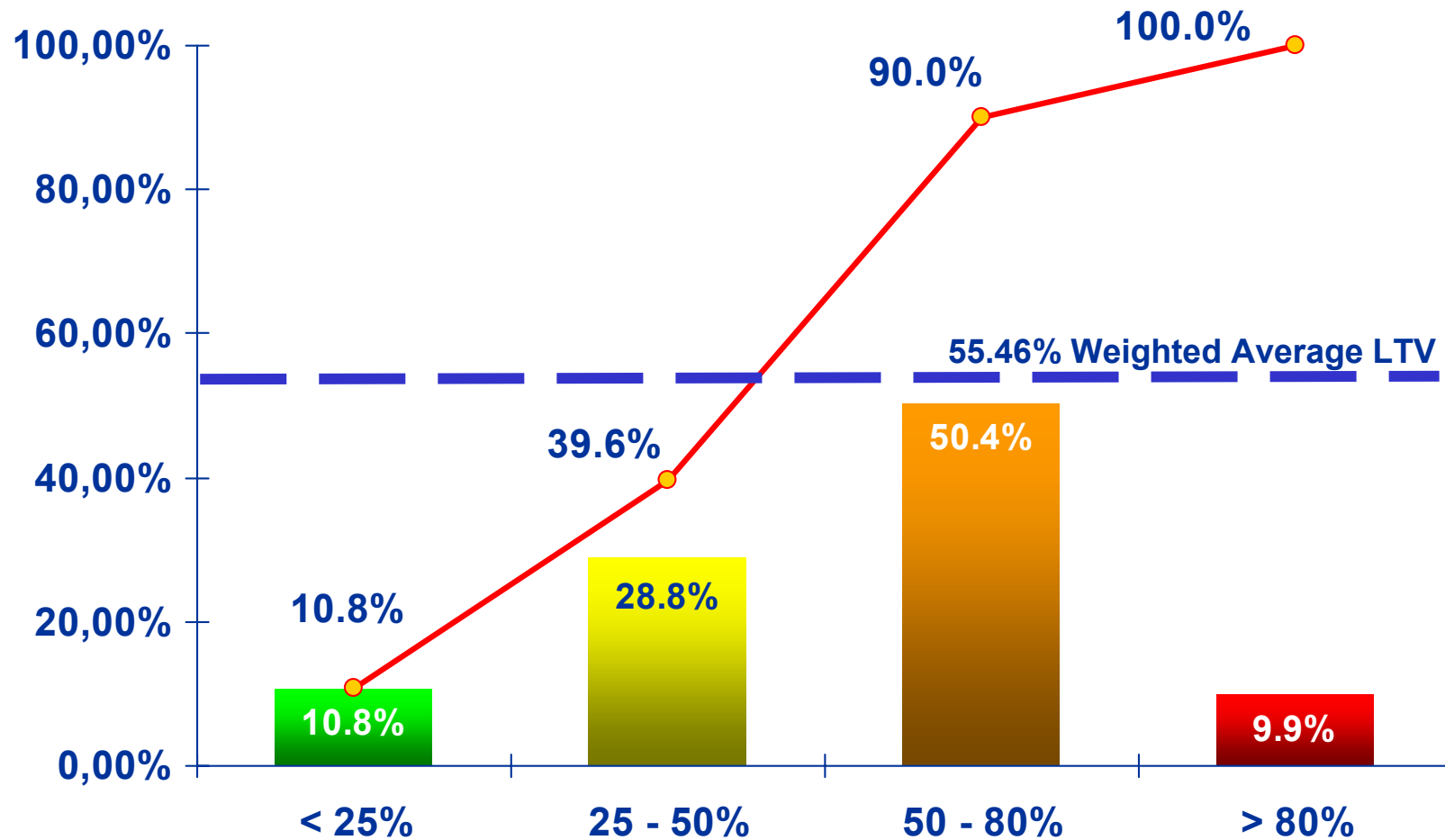


December 2006 data, for Affiliated Banks Affiliated Banks, excluding parent company



CORE BUSINESS GROWTH

- ▶ The initial value of the properties nearly doubles the current outstanding balance of the mortgages



December 2006 data, for Affiliated Banks Affiliated Banks, excluding parent company



CORE BUSINESS GROWTH

▶ CORE RESIDENT CUSTOMER FUNDING

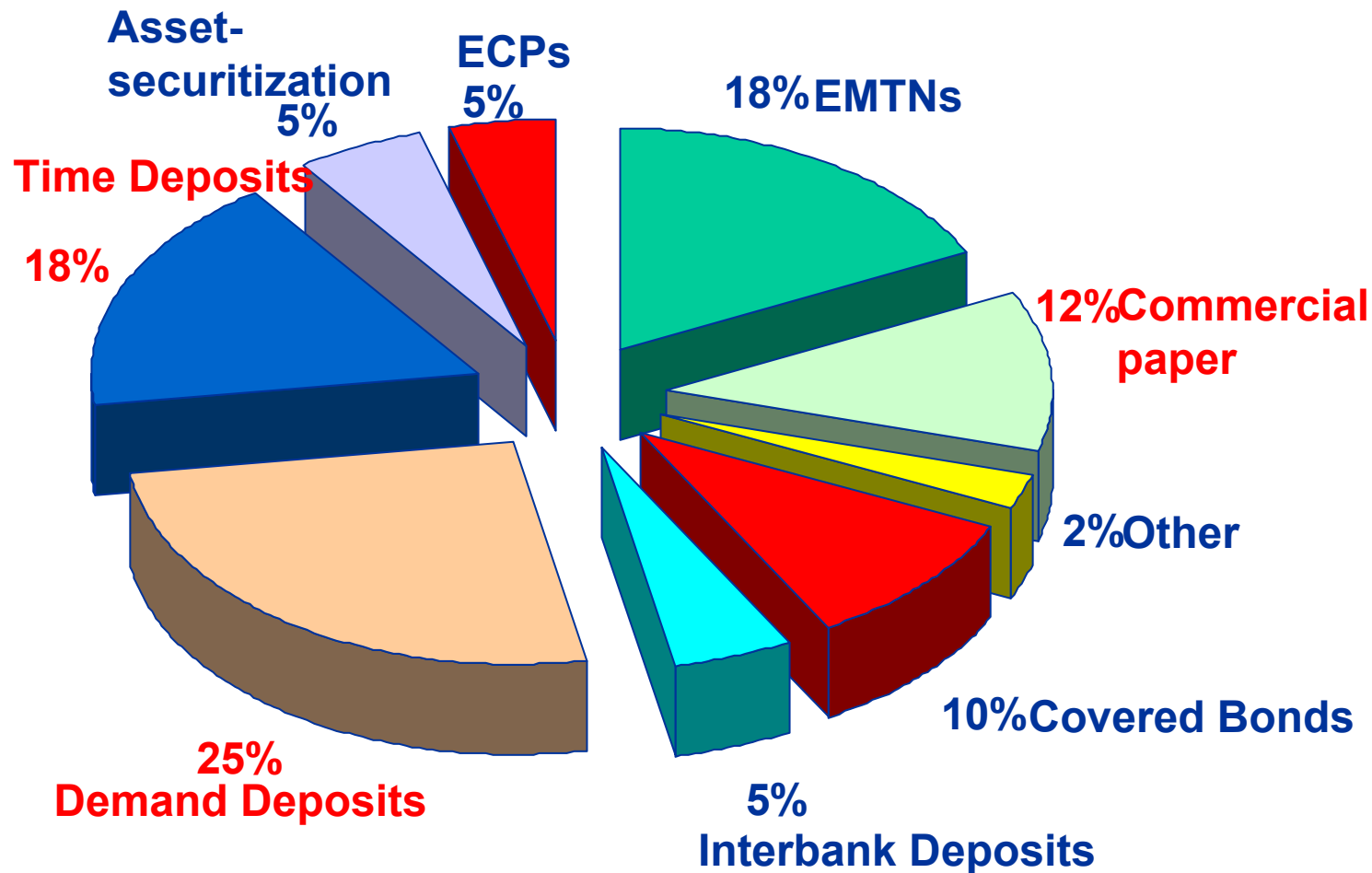
(31 March 2007)

	<i>Amount (€ million)</i>	<i>Δ %</i>	<i>% of total</i>
Demand deposits	15,410.2	-0.2	44.6
Time deposits	10,240.7	3.1	29.7
Commercial paper with clients	8,861.2	44.8	25.7
TOTAL	34,512.1	9.6	100.0



CORE BUSINESS GROWTH

► FUNDING BREAK-DOWN



Retail
55%

Wholesale
45%



CORE BUSINESS GROWTH

▶ FUNDS MANAGED

(Euro Million)

	31.03.07	% variation
On-balance sheet funds	74,756	25.4
Other intermediated funds:		
Mutual funds	12,260	7.1
Portfolio asset management	1,797	20.2
Pension funds	4,007	9.6
Total	18,064	8.9
Total funds managed	92,820	21.8



CORE BUSINESS GROWTH

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

	Net Asset Value	
	Mar. 07(€ million)	% change
Money Market	1,312.7	-12.9
Bonds	3,881.8	19,8
Fixed income	5,194.5	9.4
Equity	1,608.0	6.2
Balanced	1,173.6	-10,7
Guaranteed	2,948.9	14,1
Global	863.2	5.8
TOTAL	11,788.2	7.4
		1.1

← **BANCO POPULAR GROUP ***
← **INDUSTRY**

Outperformance due to:

	POPULAR	INDUSTRY
Net Inflows	2.7%	-2.7%
Management / Markets	4.7%	3.8%
	Mar. 07	Mar. 06
Improvement in market share	4.58%	4.31%

* Excluding BPP. The total amount including BPP amounts to €12,260.3 million (+7.1%)



CORE BUSINESS GROWTH – Asset management

▶ ASSET PORTFOLIO MANAGEMENT

(Euro Thousand)


	Mar. 07	Mar. 06	Change in Amount	%
Discretionary Asset Management				
Popular Gestión Privada	895,704	859,043	36,661	4.27
Banco Popular Portugal	219,417	205,079	14,338	6.99
Subtotal	1,115,121	1,064,122	50,999	4.79
HNWI-SICAV				
Sogeval	33,229	31,615	1,614	5.11
Popular Gestión Privada	648,750	399,316	249,434	62.47
Subtotal	681,979	430,931	251,048	58.26
TOTAL	1,797,100	1,495,053	302,047	20.20

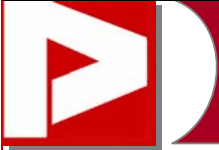


CORE BUSINESS GROWTH – Asset management

▶ PENSION ASSETS UNDER MANAGEMENT

(Euro Thousand)

	March 07	March 06	Change in	
			Amounts	%
Private Plans	3,161,978	2,891,703	270,275	9.35
 Corporate Schemes	845,103	763,806	81,297	10.64
Group employees	646,295	597,798	48,497	8.11
TOTAL	4,007,081	3,655,509	351,572	9.62



FINANCIAL RESULTS

▶ **Core business growth**

▶ **Strong Customer Acquisition**

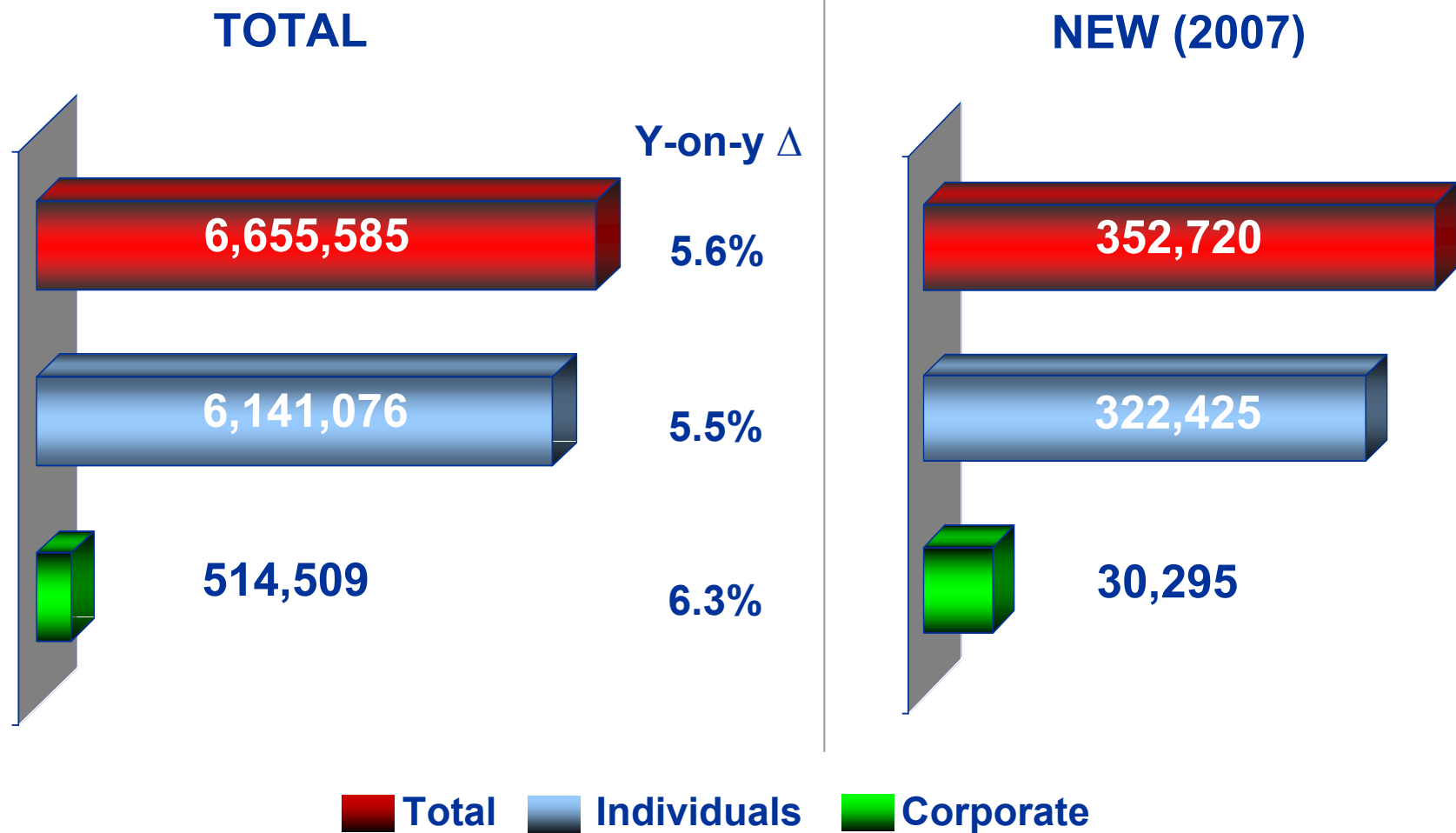
▶ **Branch Network Expansion**

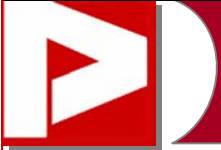
▶ **Earnings**

▶ **Banco Popular Portugal**



STRONG CUSTOMER ACQUISITION





FINANCIAL RESULTS

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



BRANCH NETWORK EXPANSION

▶ NETWORK ACTIVITY THROUGH MARCH 07

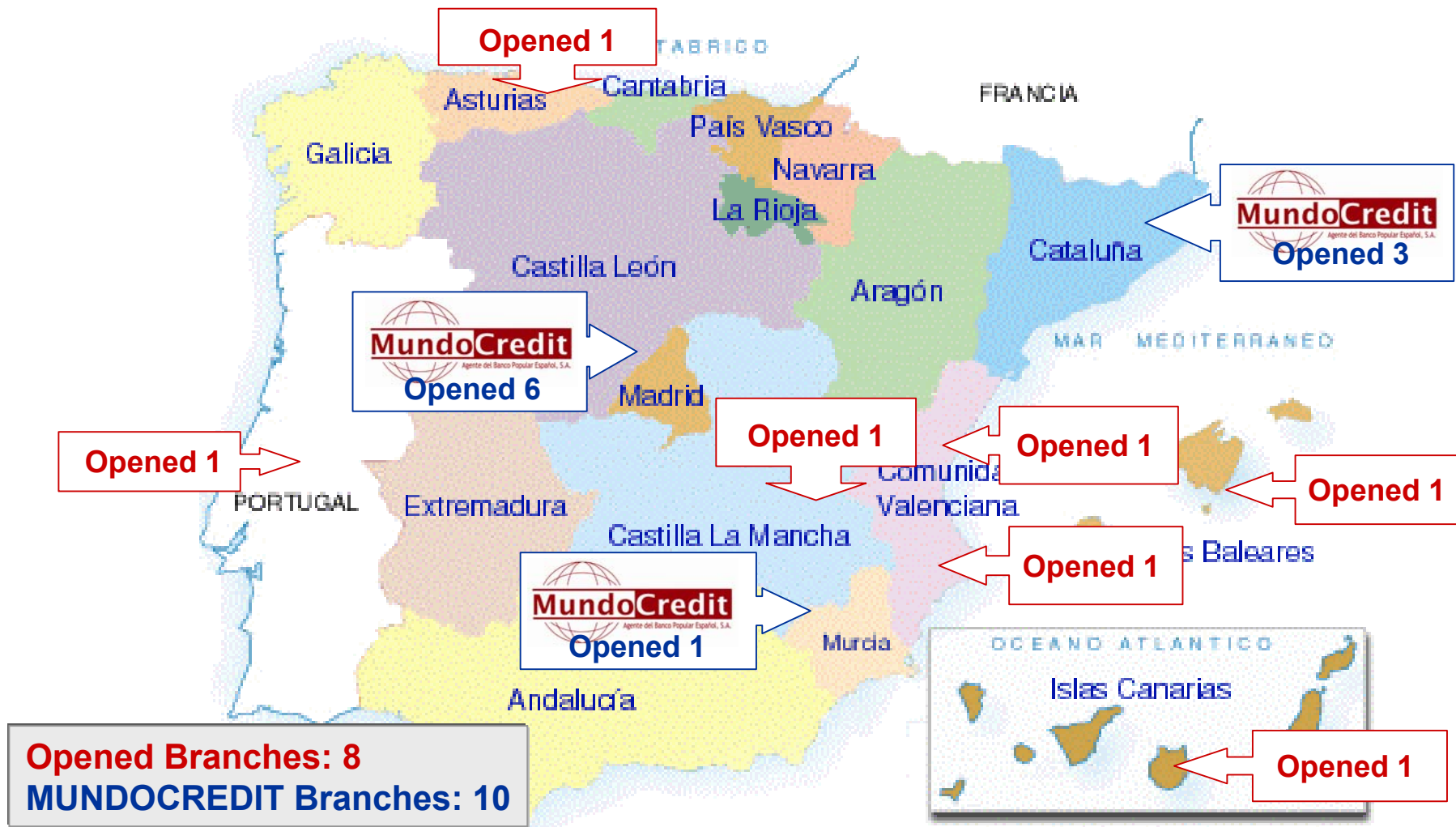
Opened Branches	8
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Mundocredit Branches	10
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BRANCH NETWORK EXPANSION

► NETWORK ADJUSTMENTS THROUGH MARCH 2007



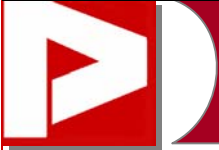


BRANCH NETWORK EXPANSION

► EXPANSION PLAN DECEMBER 2007



TOTAL: 59 branches



FINANCIAL RESULTS

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



EARNINGS

(Euro Million)

	1st. Q. 2007	y-on-y % Δ
Net interest revenue	552.9	10.4
Revenues from equity method entities	0.7	--
Net fees	225.8	8.6
Insurance business	13.8	56.0
Asset trading	20.0	729.8
Exchange gains (net)	11.9	6.5
Gross income	825.1	12.8
Operating cost	264.3	4.5 *
Personnel expenses	182.9	6.9
Other general administrative expenses	81.4	-0.4
Net operating income	550.6	18.1
Profit before taxes	446.3	15.0
Corporate income tax provision	140.5	9.4
Consolidated profit for the period	305.8	17.8
Income attributed to minority interests	18.2	12.4
Profit attributed to the Group	287.6	18.1

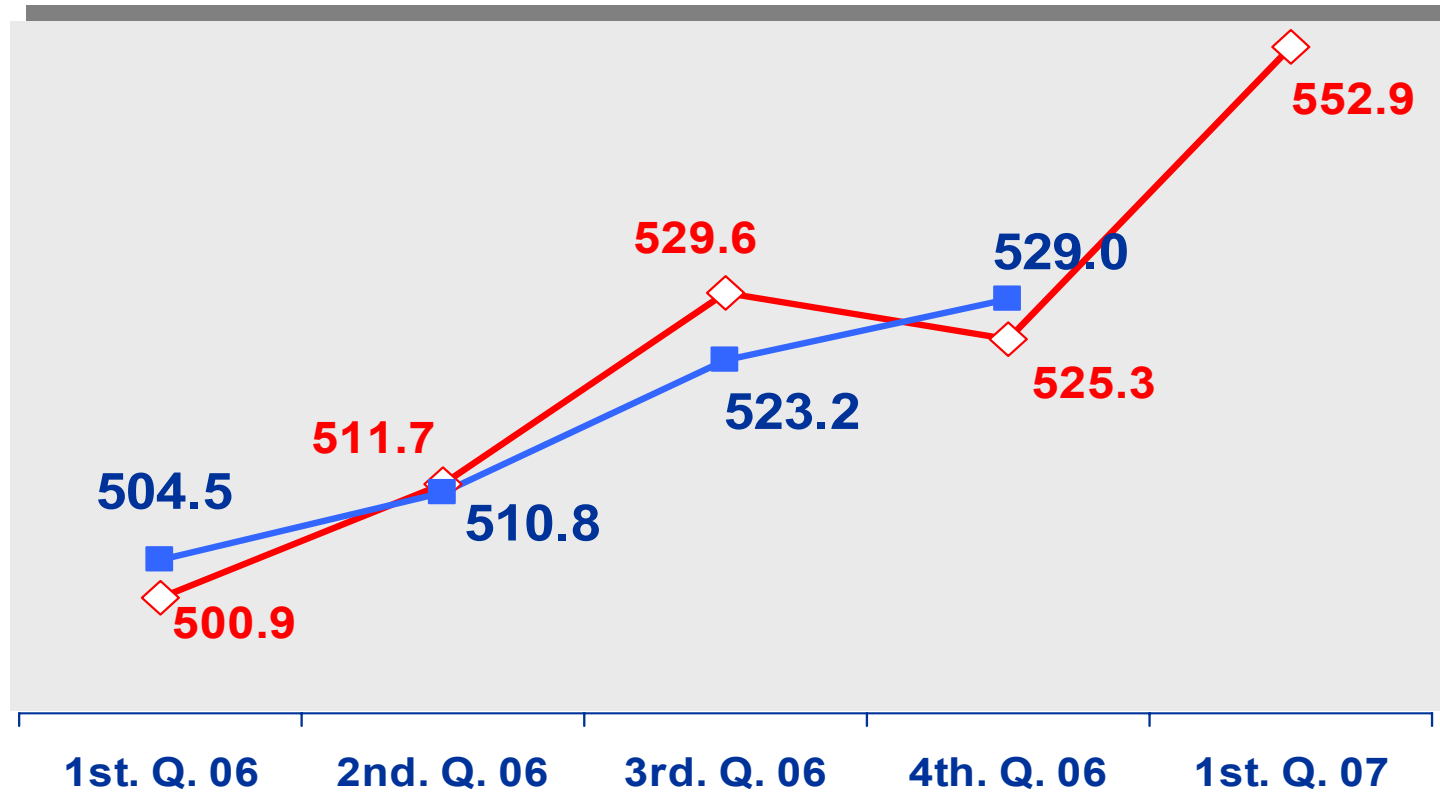
* w/o compensating fees



EARNINGS

▶ NET INTEREST REVENUE

(Euro Million)



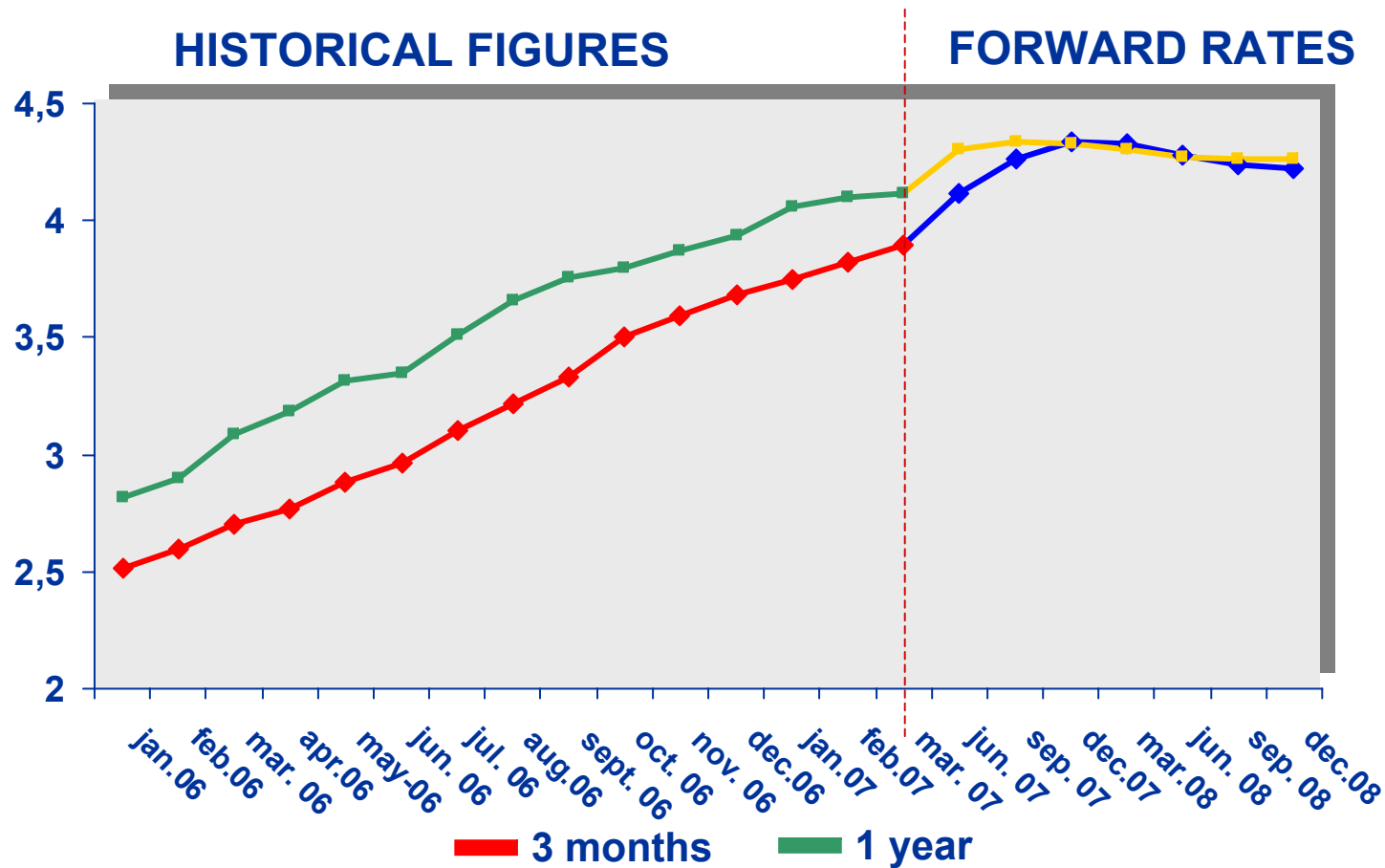
■ Trending of Net Interest Income excluding dividend income seasonality

■ Net Interest Income



EARNINGS

▶ INTEREST RATES TRENDS



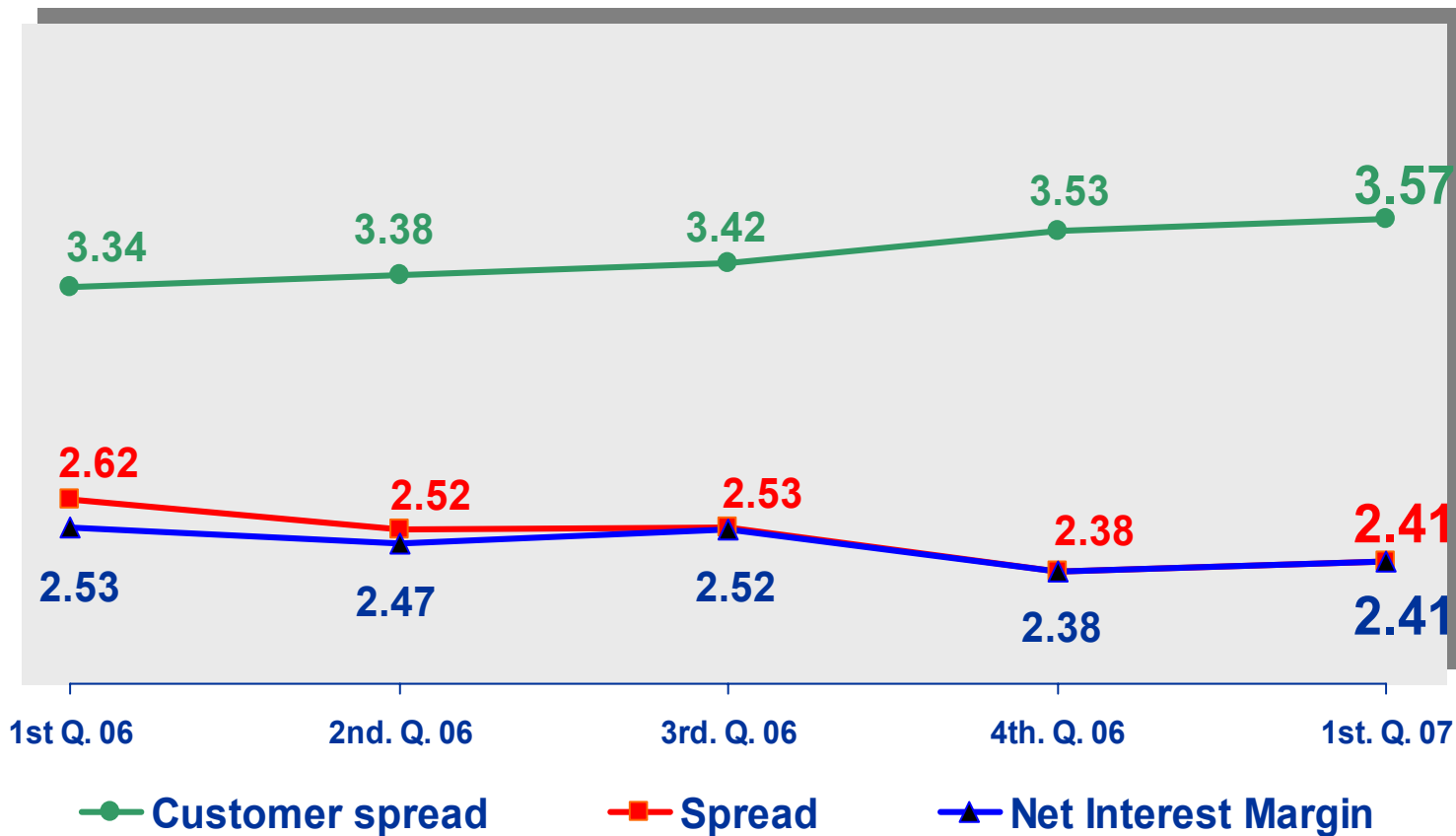
Source: REUTERS 17-4-07



EARNINGS

▶ NET INTEREST MARGIN & SPREAD

(%)





EARNINGS

► FEES FOR SERVICES

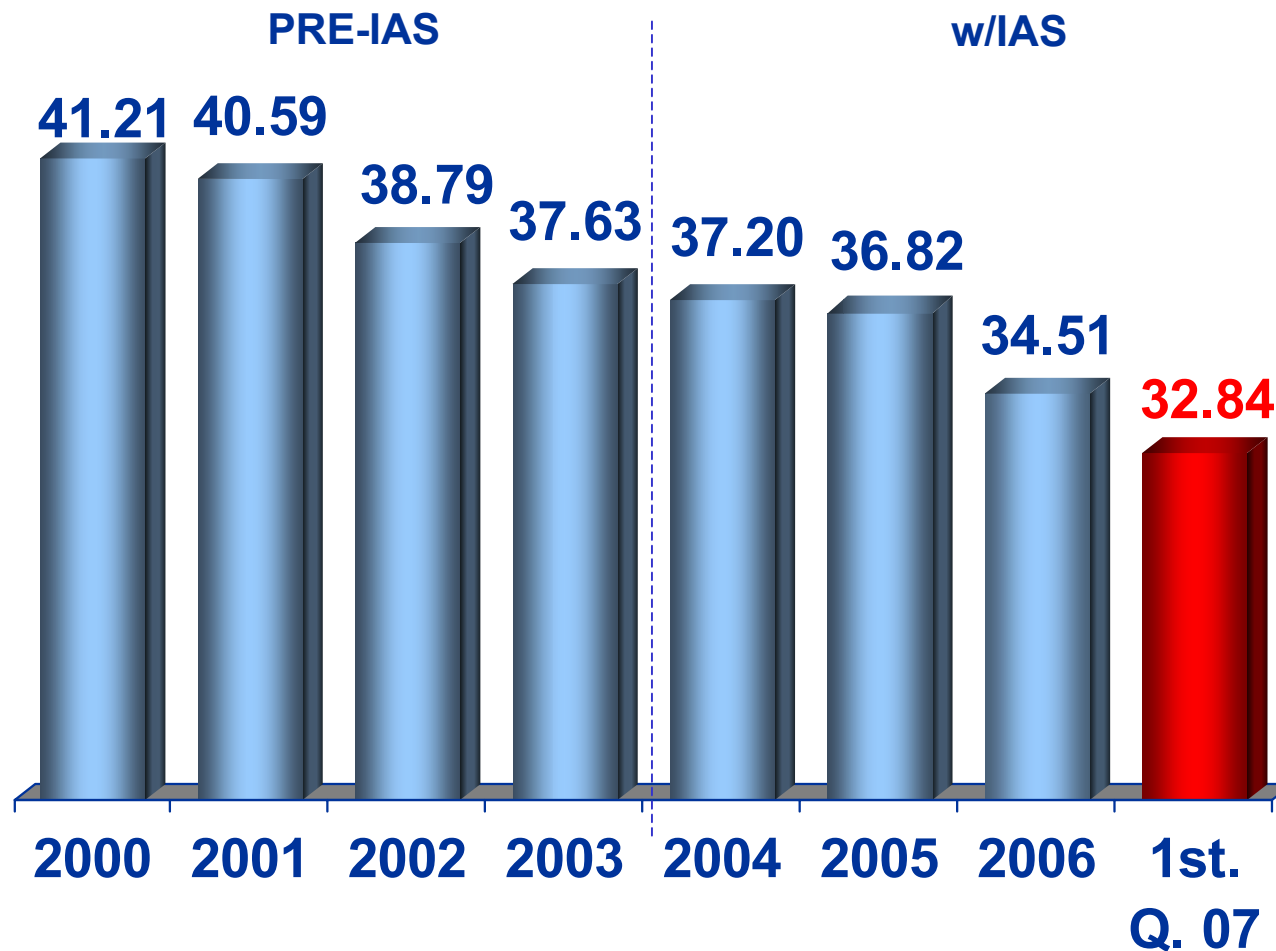
	Year-on-year % accum. Δ	As % of total fees
Loan-related fees:	8.8	11.7
Bill discounting	7.1	5.3
Other	10.2	6.4
Fees from guarantees	16.4	13.7
Collection & card-related	-7.6	24.5
Forex & securities dealing	22.8	3.2
Customer financial asset mgt:	8.2	26.9
Securities portfolio	11.7	3.2
Mutual funds & pension plans	7.8	23.7
Account mgt. fees and other	28.6	20.0
TOTAL	8.6	100.0



EARNINGS

▶ COST/INCOME RATIO EVOLUTION

(%)





EARNINGS

► NON-PAYROLL EXPENSES

(Euro Thousand)

	1st. Q. 07	1st. Q. 06	% variation
General expenses	81,371	81,725	-0.4
Rents and common services	13,679	12,720	7.5
Communications	6,472	7,993	-19.0
Maintenance of premises & equipment	5,880	5,985	-1.8
IT and other technical expenses	18,120	15,801	14.7
Office supplies	2,269	1,768	28.3
Technical reports and legal expenses	3,323	2,797	18.8
Advertising	6,677	10,686	-37.5
Insurance	1,001	1,086	-7.8
Security and fund transport services	4,528	4,723	-4.1
Travel	2,948	2,937	0.4
Property taxes, VAT and other	11,461	11,076	3.5
Other general expenses	5,013	4,153	20.7



EARNINGS

▶ NON-PAYROLL EXPENSES

(Euro Thousand)

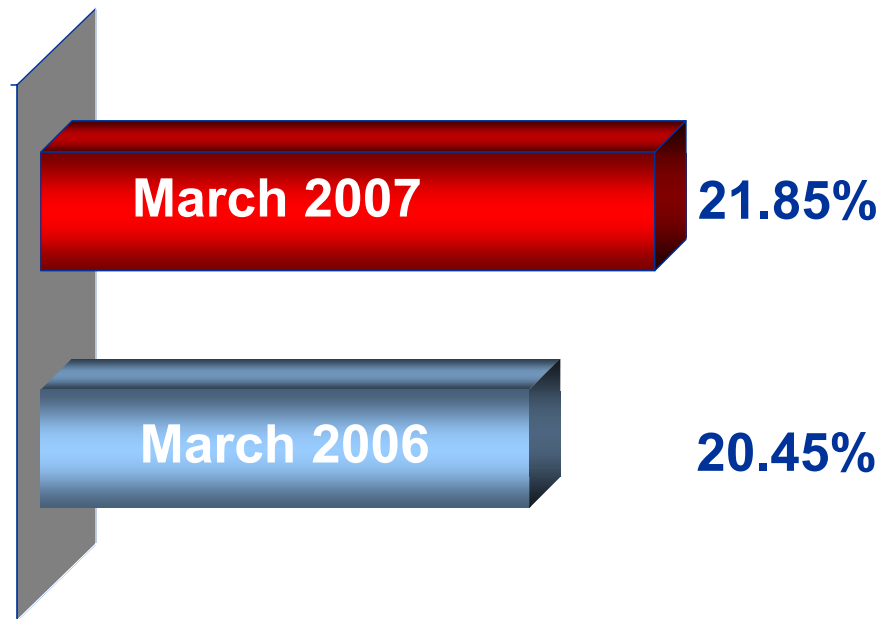
	1st. Q. 07	1st. Q. 06	% variation
IT and other technical expenses	18,120	15,801	14.7
Other non-payroll expenses	63,251	65,924	-4.1
Total general expenses	81,371	81,725	-0.4



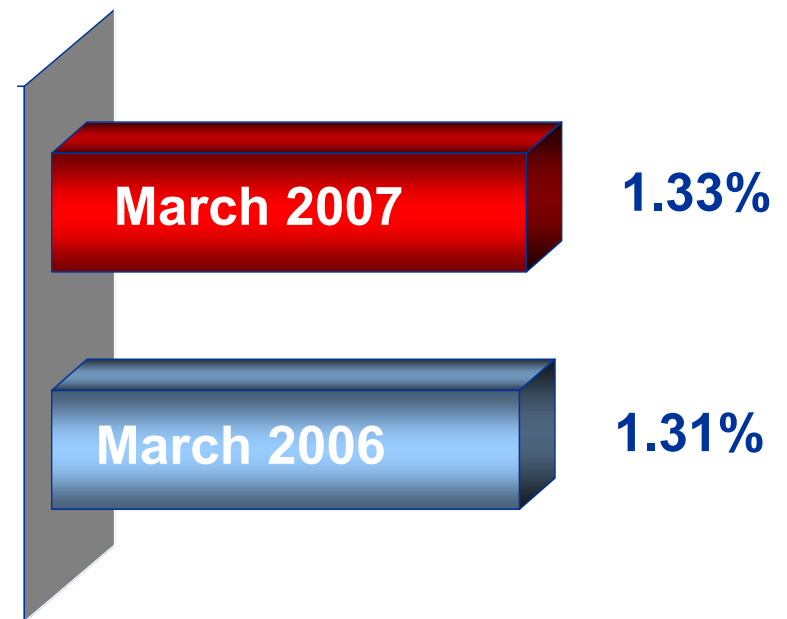
EARNINGS

▶ PROFITABILITY

ROE



ROA

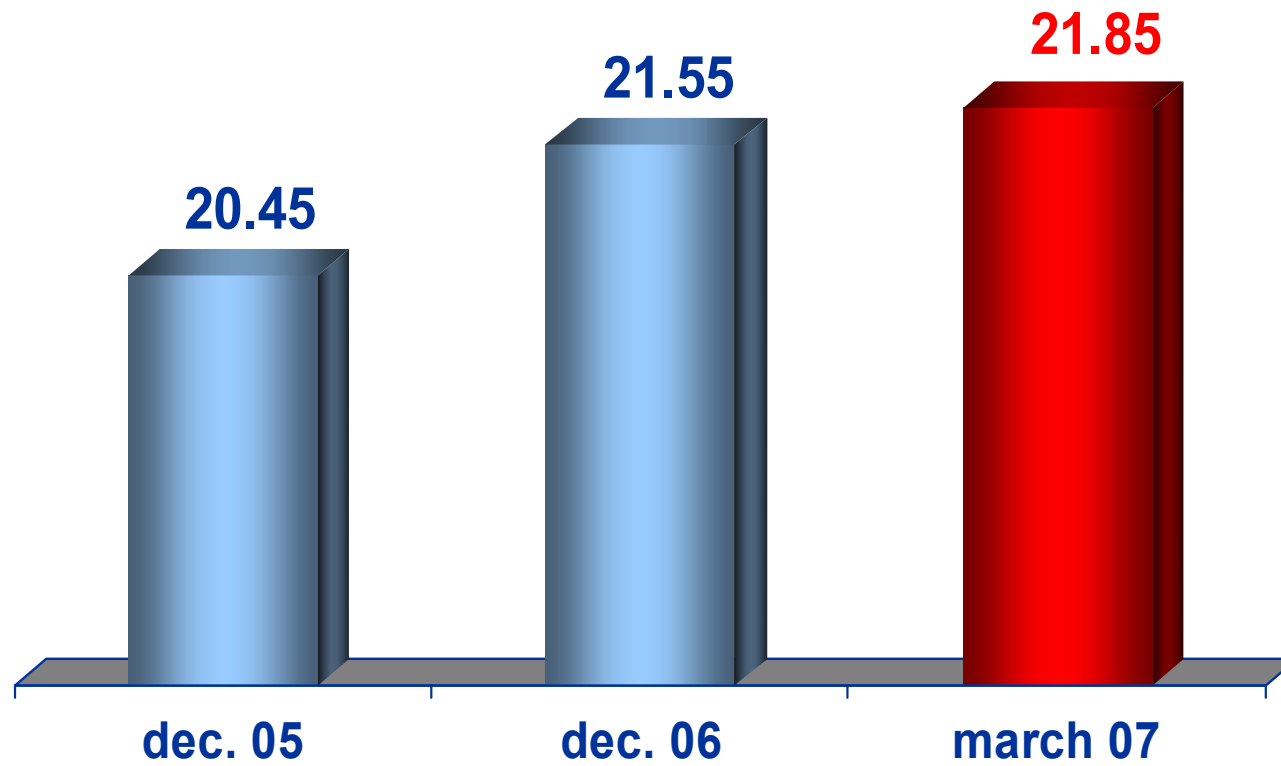




EARNINGS

▶ ROE EVOLUTION

(%)





EARNINGS

▶ SECTOR COMPARISON; RETURN & EFFICIENCY

ROA

Banco Popular

March 07

1.33%

Ave. Nonpublic Banks Sept. 06

1.12%

Ave. Savings Banks Sept. 06

0.92%

Cost/Income Ratio *

Banco Popular

March 07

29.90%

Ave. Nonpublic Banks Sept. 06

40.28%

Ave. Savings Banks Sept. 06

43.47%

Consolidated data

* Cost base excludes depreciation

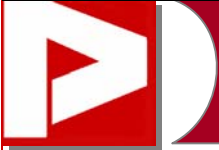
Source: AEB & CECA



SOLVENCY

(Euro Million)

	31.3.07	31.3.06	%
Total core capital	5,341.2 6.60%	4,824.5 6.52%	10.7
Total Tier I Capital	6,629.2 8.19%	5,812.5 7.85%	14.0
Total Tier 2 Capital	1,448.2 1.79%	1,437.2 1.94%	0.8
BIS computable capital	8,077.4 9.98%	7,249.7 9.79%	11.4
Total BIS risk weighted assets	80,972.1	74,023.8	9.6



FINANCIAL RESULTS

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

▶ **Banco Popular Portugal**



BANCO POPULAR PORTUGAL

(Euro Thousand)

	1st. Q. 07	1st. Q. 06	Δ%
Net interest revenue	42,700	37,451	14.0
Fees for services	10,577	8,490	24.6
Ordinary revenue	52,175	46,303	12.7
Operating cost	21,301	18,828	13.1
Depreciation	2,469	2,519	-2.0
Operating income	28,405	24,956	13.8
Net income	13,797	12,226	12.8



BANCO POPULAR PORTUGAL

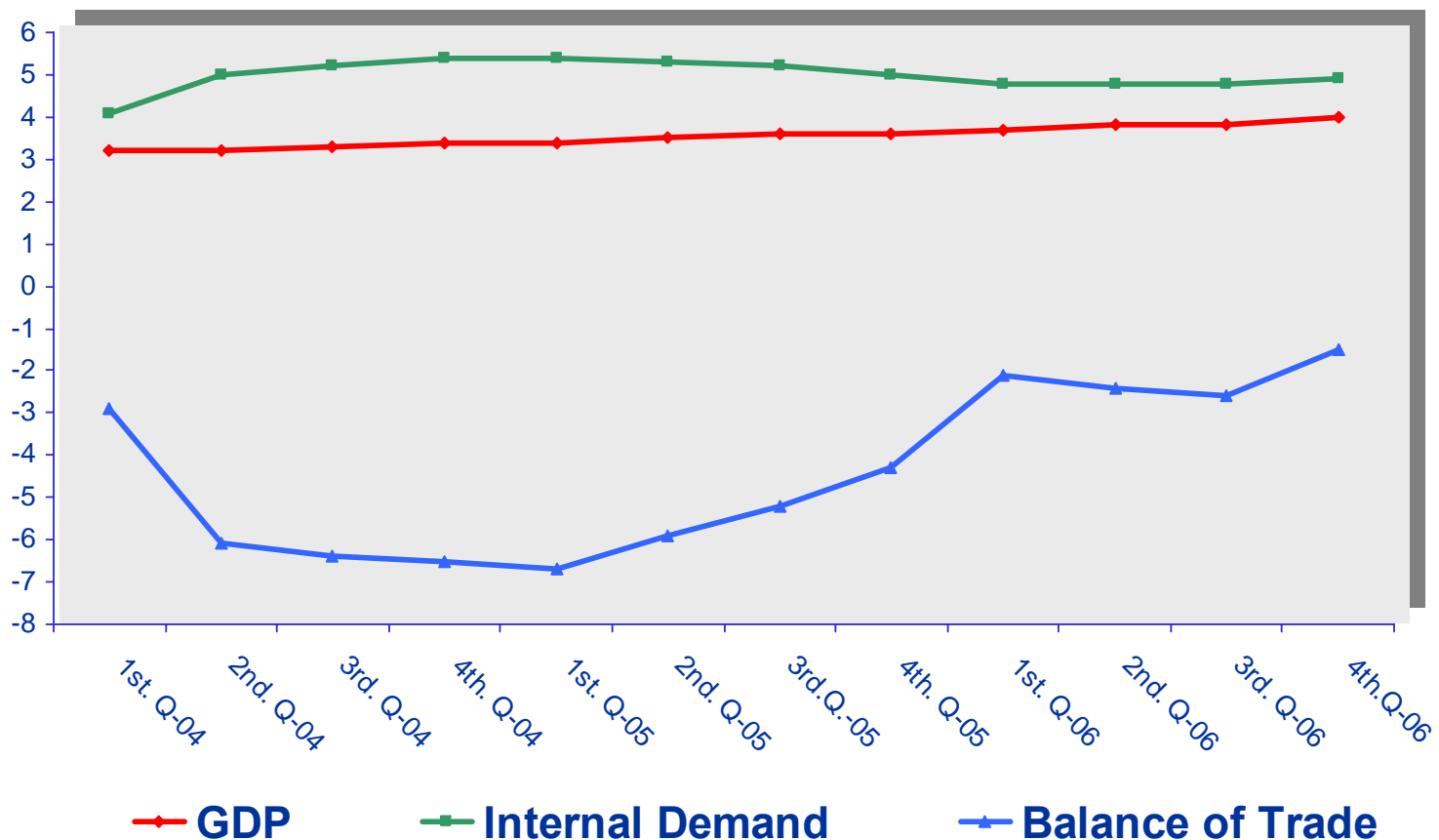
(Euro Million)

	1st. Q. 07	1st. Q. 06	Δ%
Loans	5,959.9	5,338.4	11.6
Total assets	7,413.3	6,421.5	15.4
Customer deposits	3,021.6	3,030.8	-0.3
Interbank deposits	3,006.9	2,347.6	28.1
Subordinated funding	254.5	300.4	-15.3
Equity	449.2	376.1	19.4
Total liabilities and equity	7,413.3	6,421.5	15.4

ANNEX



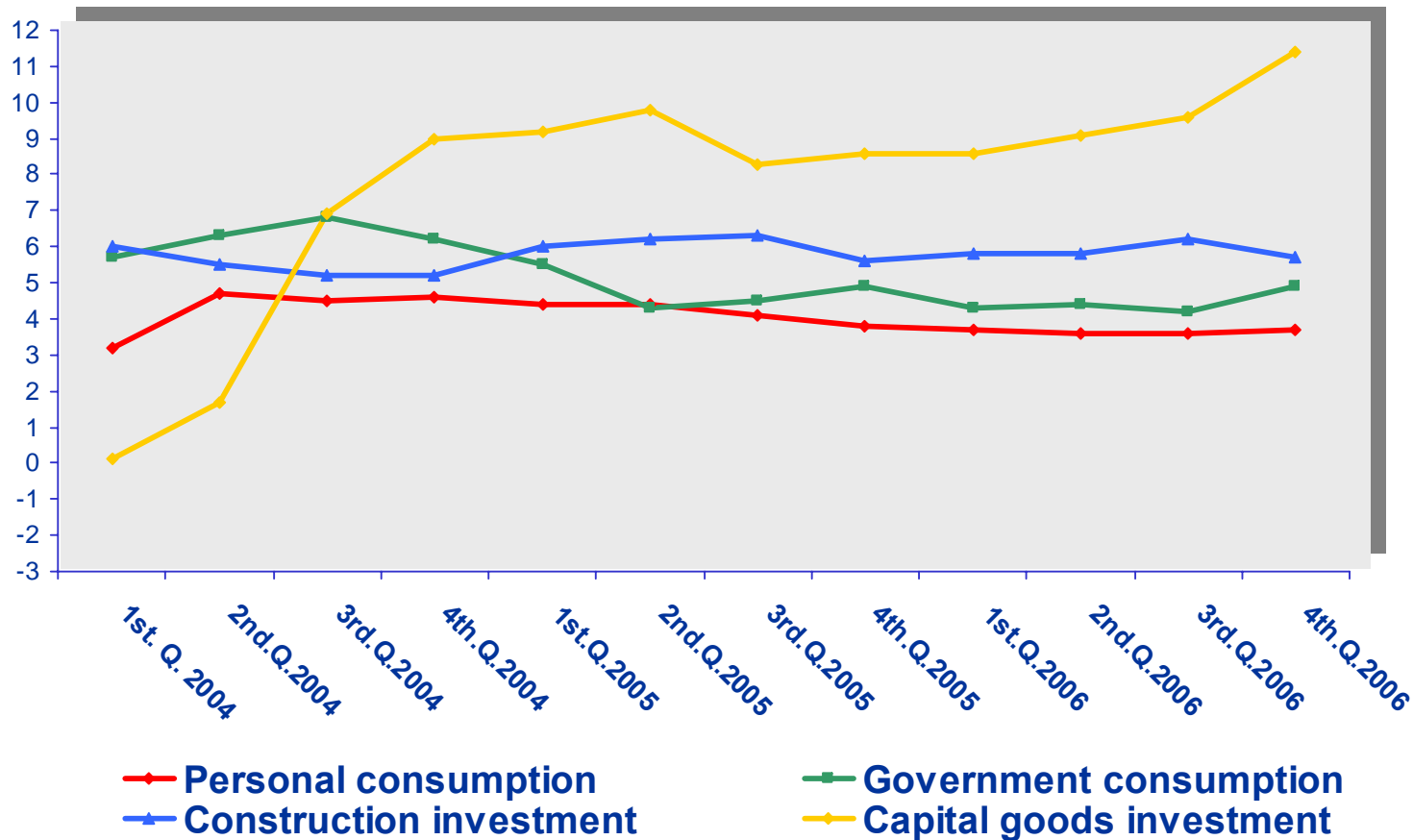
MACROECONOMIC PARAMETERS IN SPAIN



Source: INE



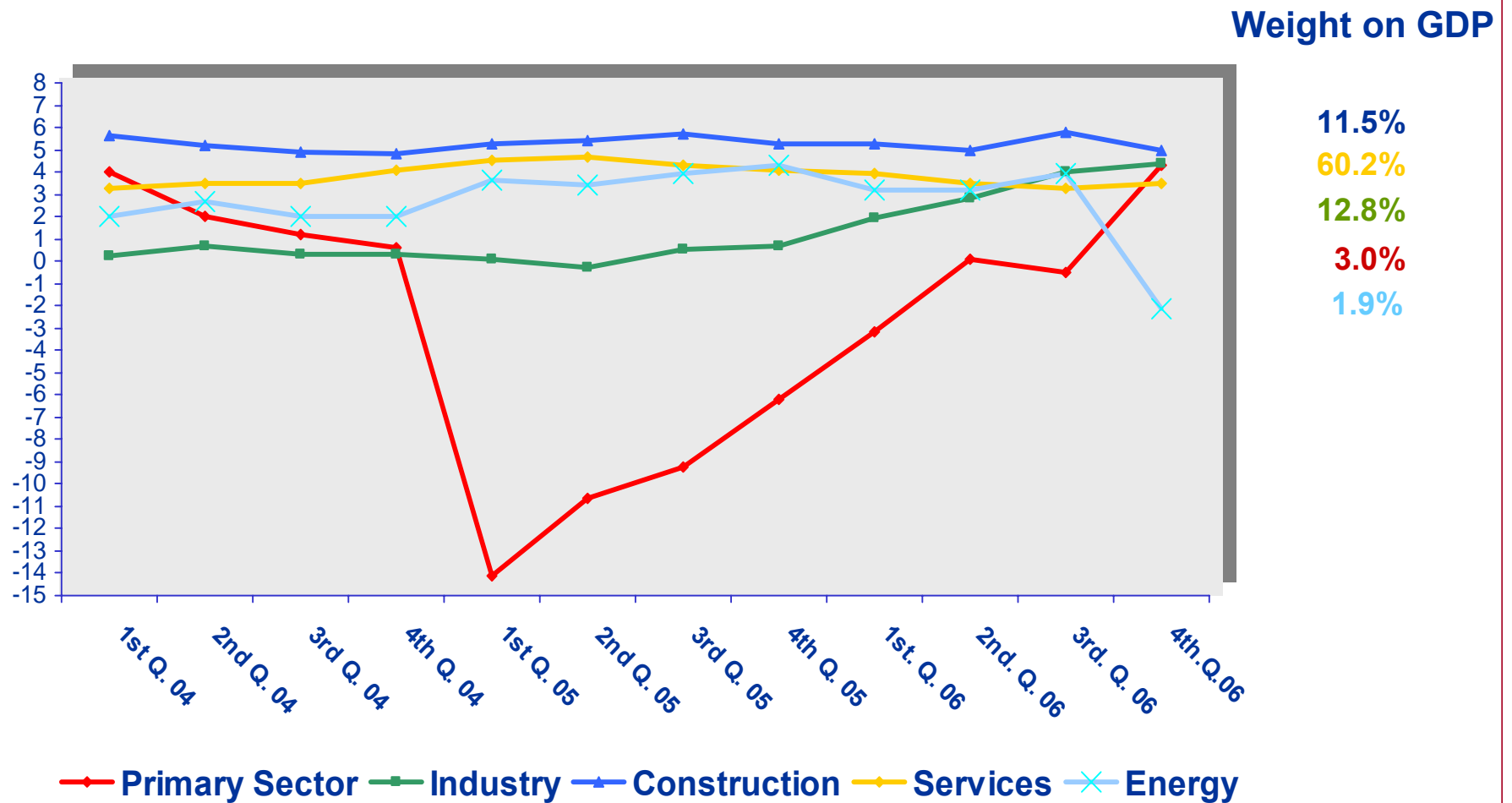
MACROECONOMIC PARAMETERS IN SPAIN



Source: INE



MACROECONOMIC PARAMETERS IN SPAIN

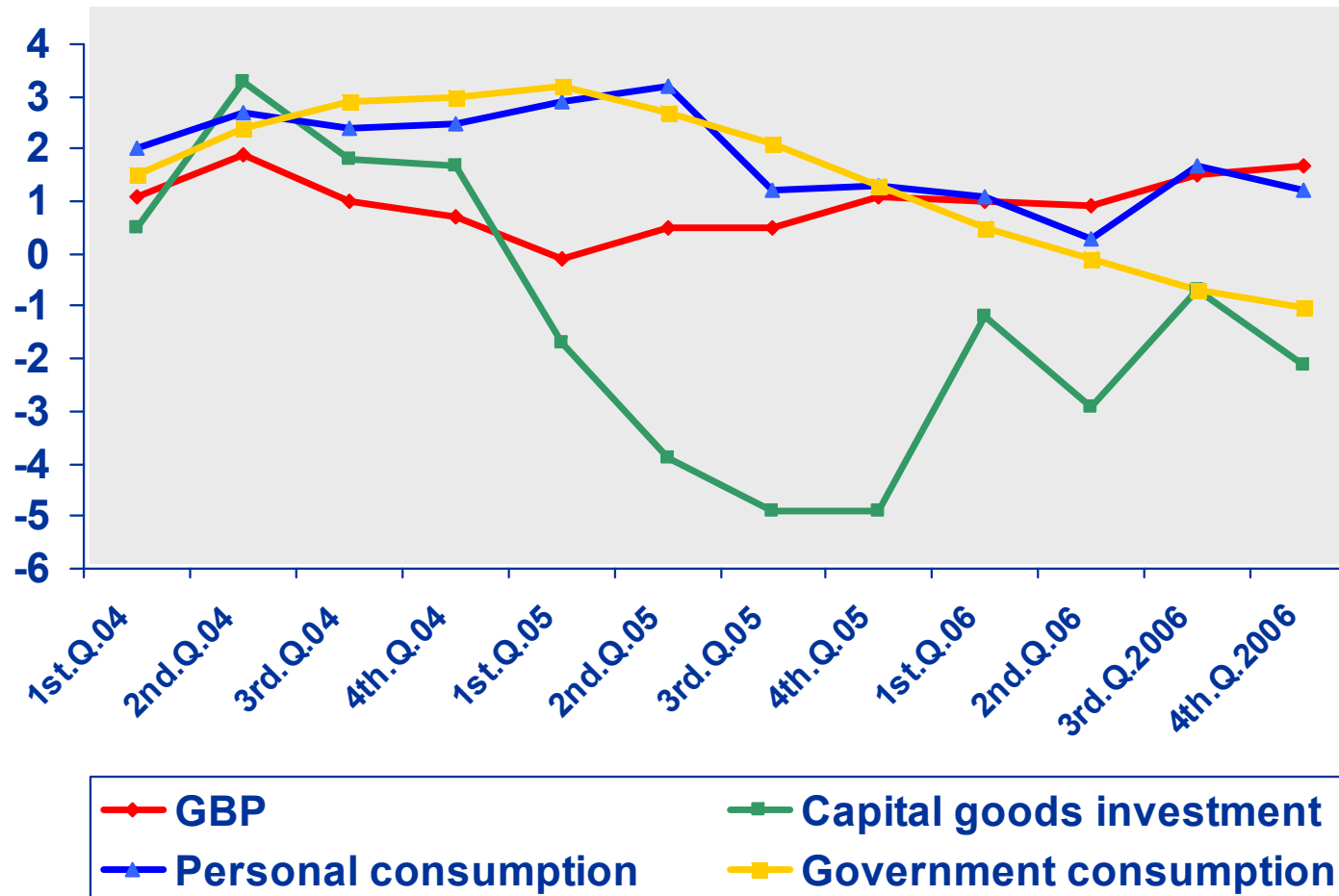


Source: INE



MACROECONOMIC PARAMETERS IN PORTUGAL

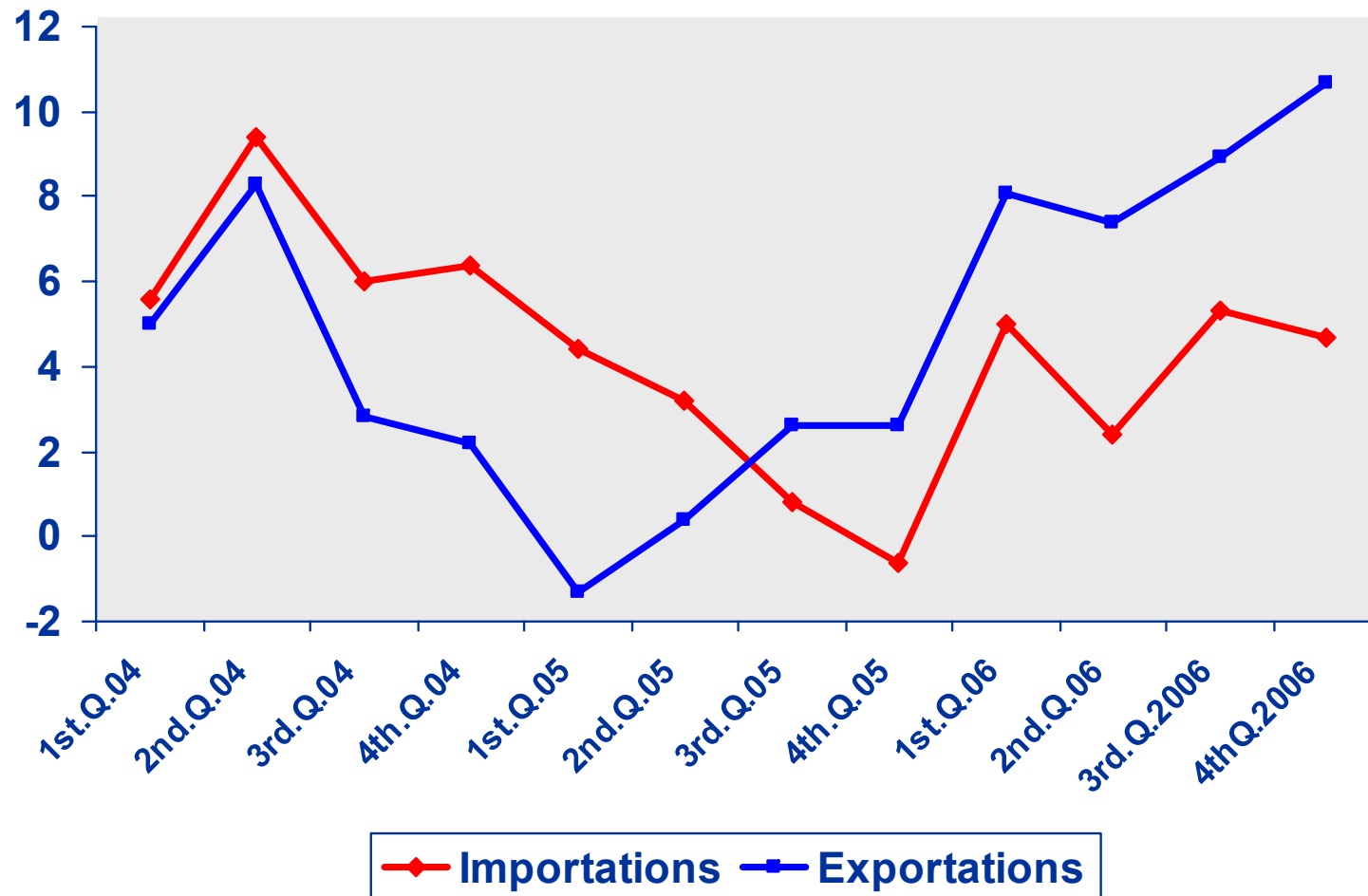
INTERNAL DEMAND COMPONENTS IN PORTUGAL (%)





MACROECONOMIC PARAMETERS IN PORTUGAL

NATIONAL TRADE ACCOUNT (QUARTERLY 2000 BASE)

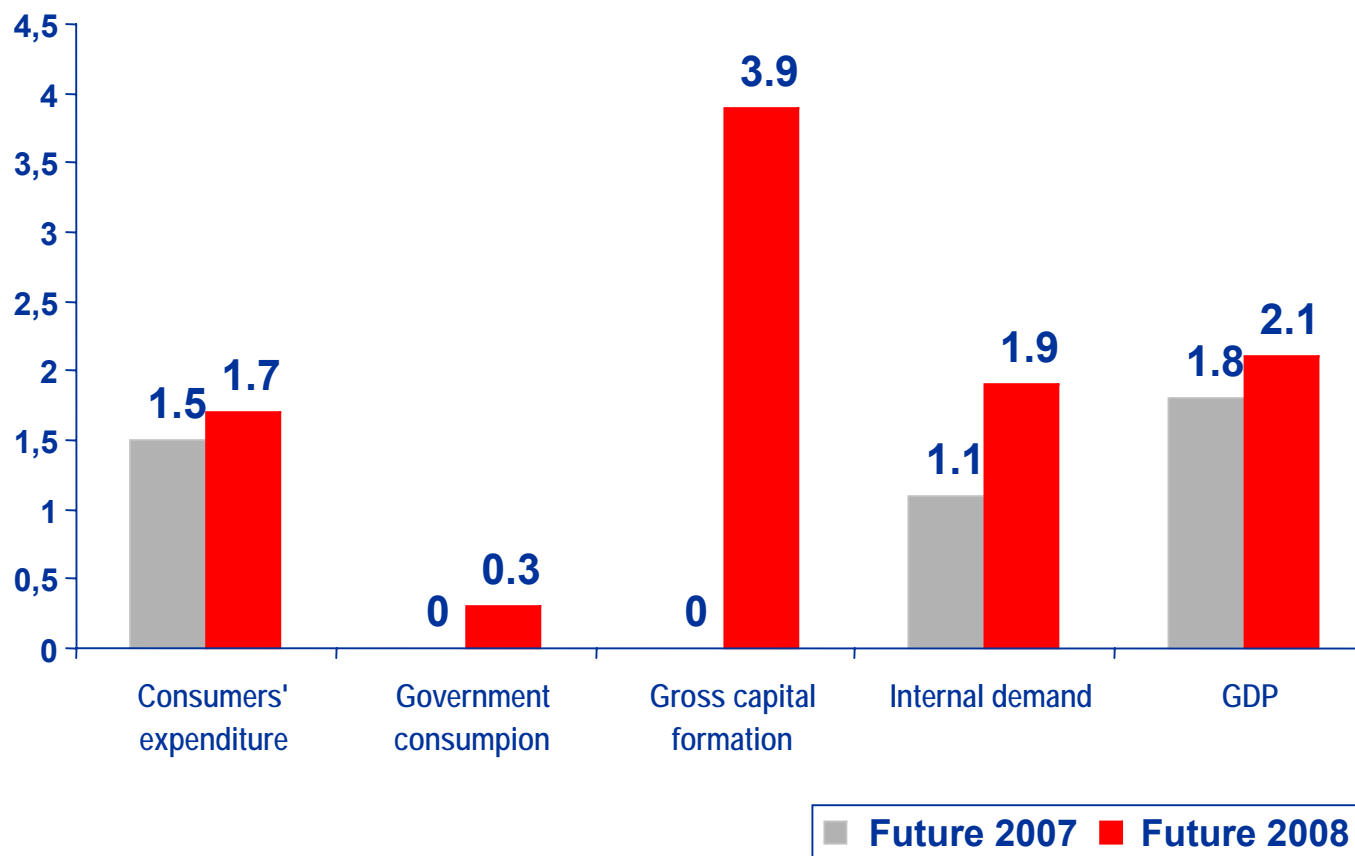


Source: Banco de Portugal / Boletín estadístico March 2007 Instituto Nacional de Estadística Portugal



MACROECONOMIC PARAMETERS IN PORTUGAL

GDP: EXPECTED TREND (%)



Source: Banco de Portugal / Boletín económico March 2007

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