

Banco Popular Group

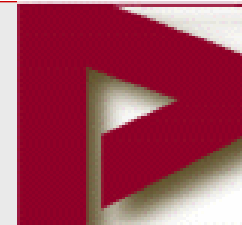


STILL MORE STEAM

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

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Banco Popular Portugal

(Euro million)

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

CORE BUSINESS GROWTH

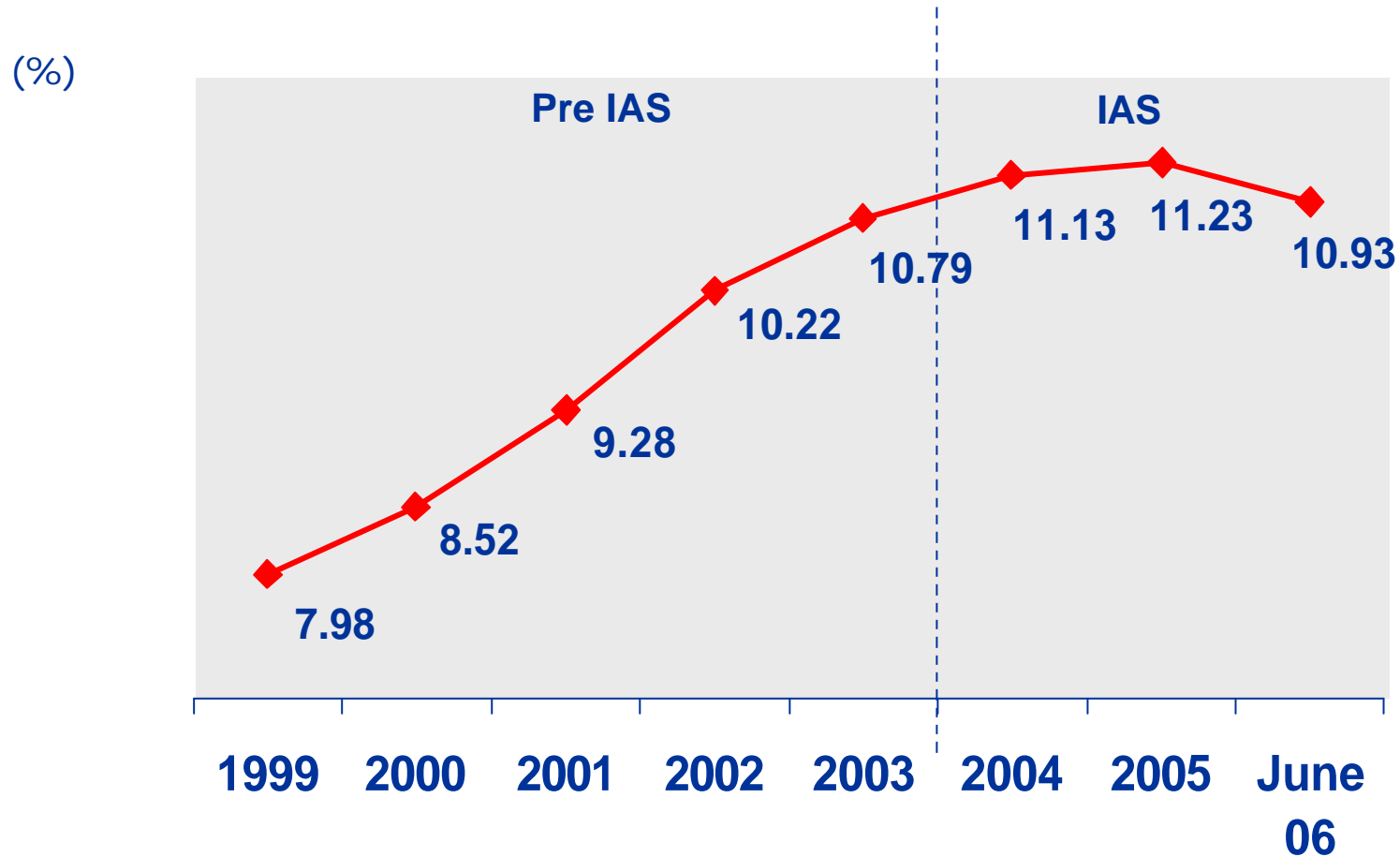
MAJOR LOAN CATEGORIES (*)

(Accumulated % change)

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

(*) All loans except NPLs & Repos

MARKET SHARE OVER NON PUBLIC BANKS (Private Resident Sector)



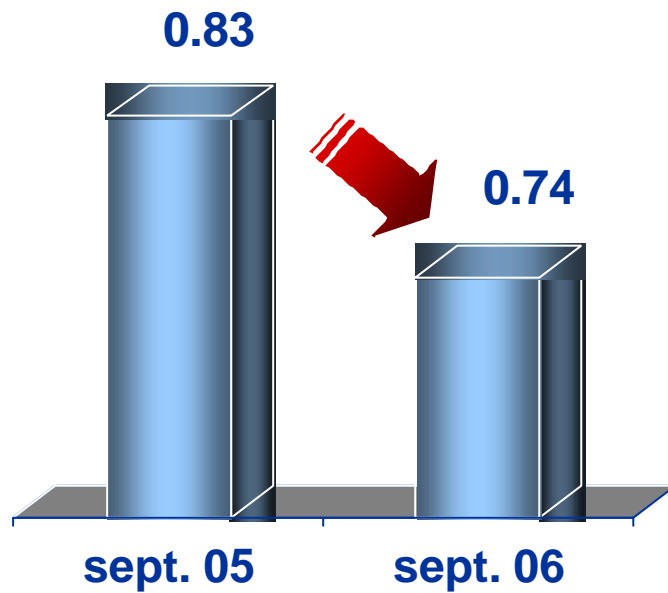
Source: AEB (Información: Balance Reservado)

NPLs AND RELATED COVERAGE

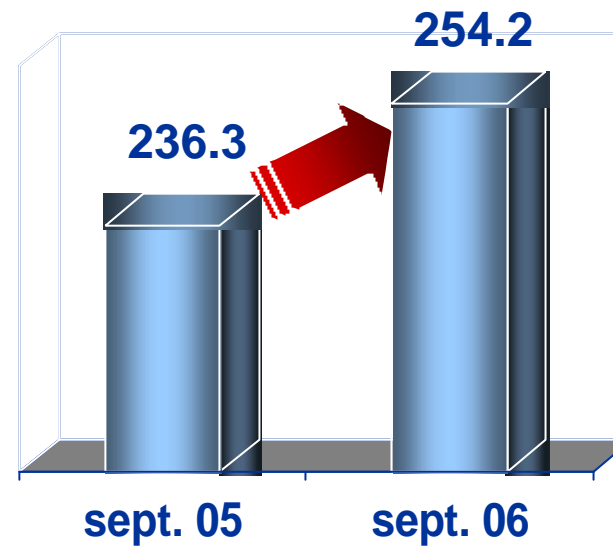
(Euro Million)

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

CORE BUSINESS GROWTH – IMPROVED ASSET QUALITY



Nonperformance



Coverage

CORE BUSINESS GROWTH

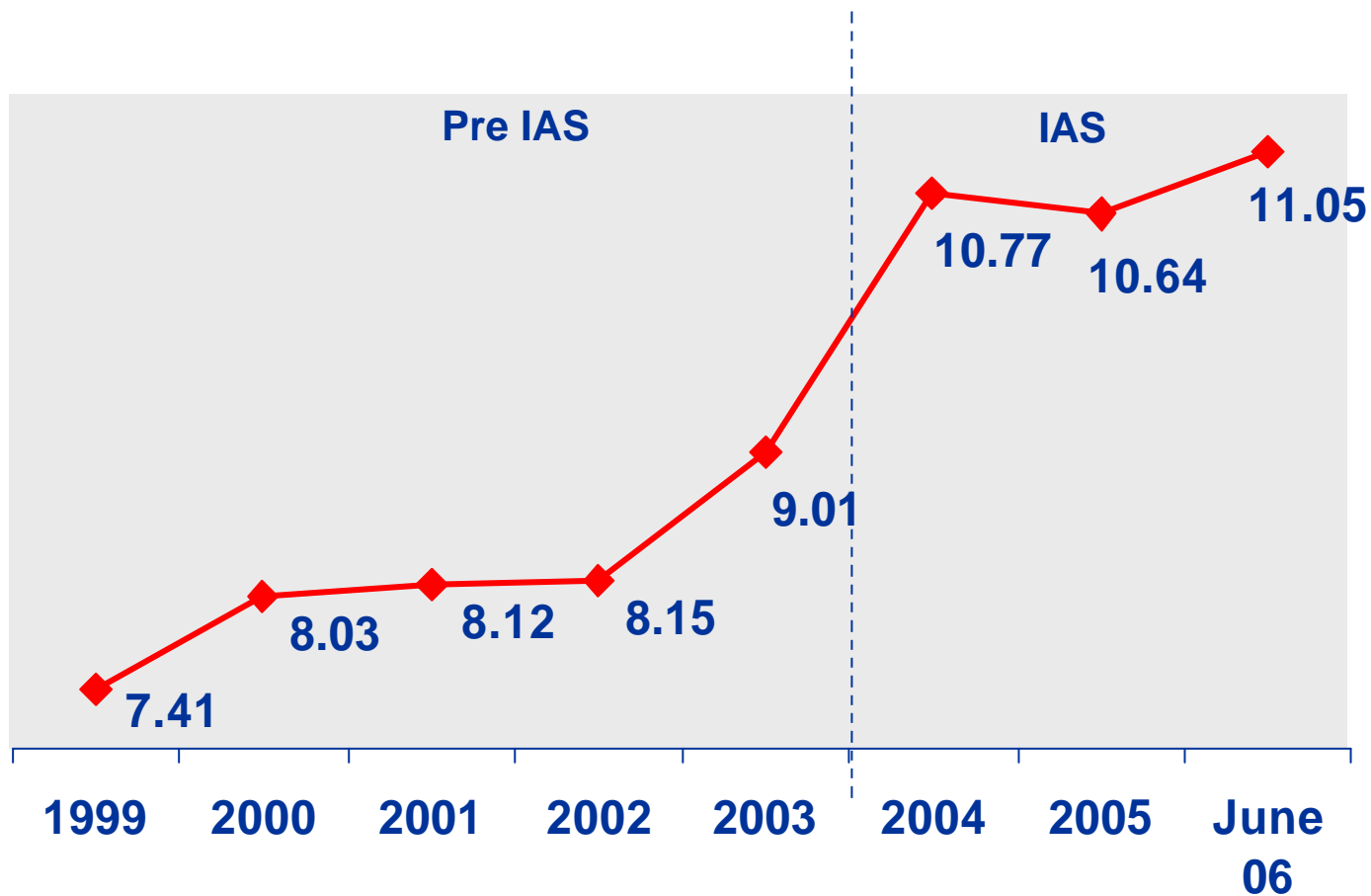
TOTAL CUSTOMER FUNDING

(September 30, 2006)

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

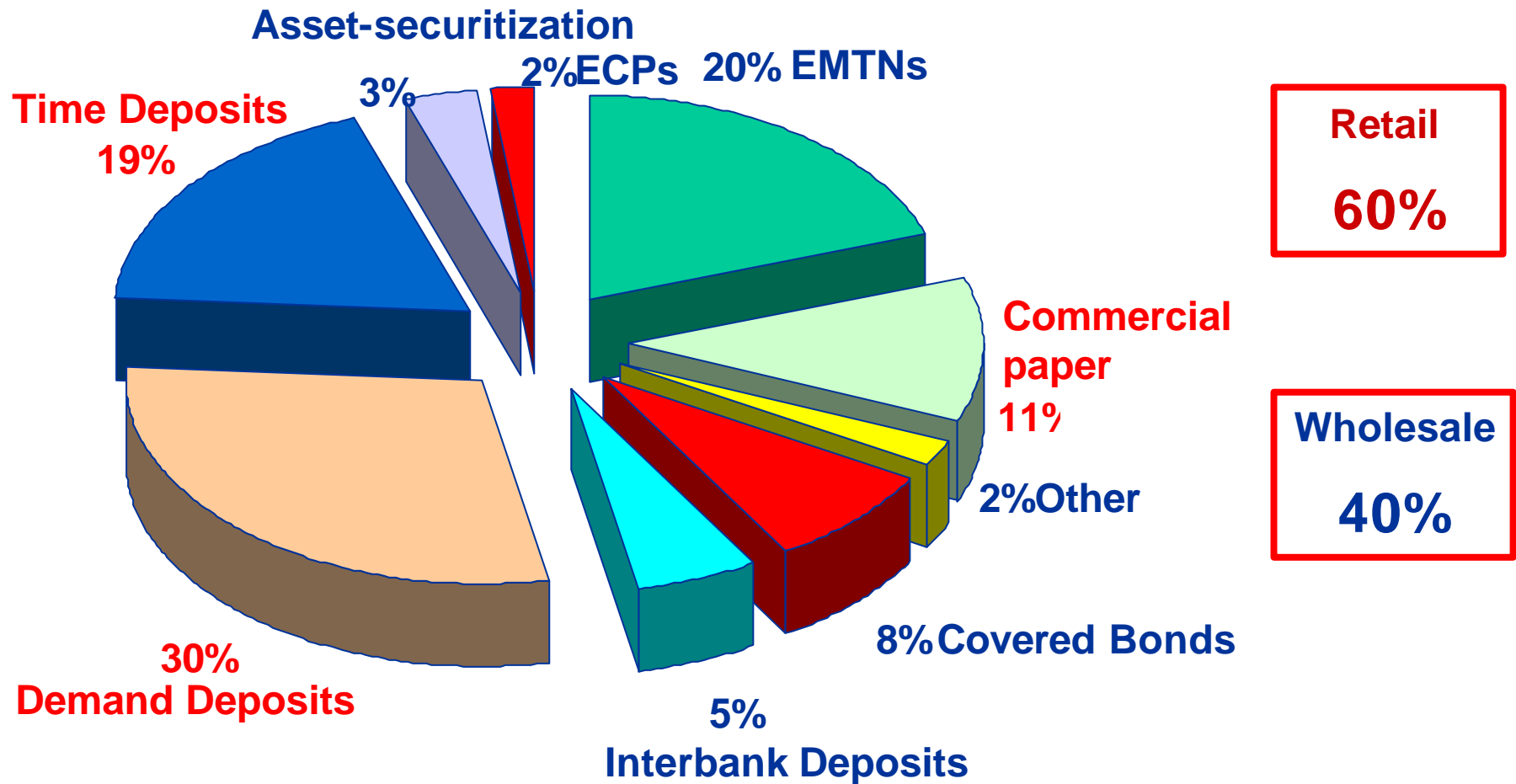
MARKET SHARE OVER NON PUBLIC BANKS (Private Resident Sector)

(%)



Source: AEB (Información: Balance Reservado)

FUNDING BREAK-DOWN



FUNDS MANAGED

(Euro Million)

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

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
Fixed income	5,070.5	11.1
Equity	1,407.7	19.3
Balanced	1,294.9	27.2
Guaranteed	2,637.0	4.2
Global	1,001.2	112.8
TOTAL	11,411.3	16.9
		5.6

**BANCO POPULAR GROUP *
INDUSTRY**

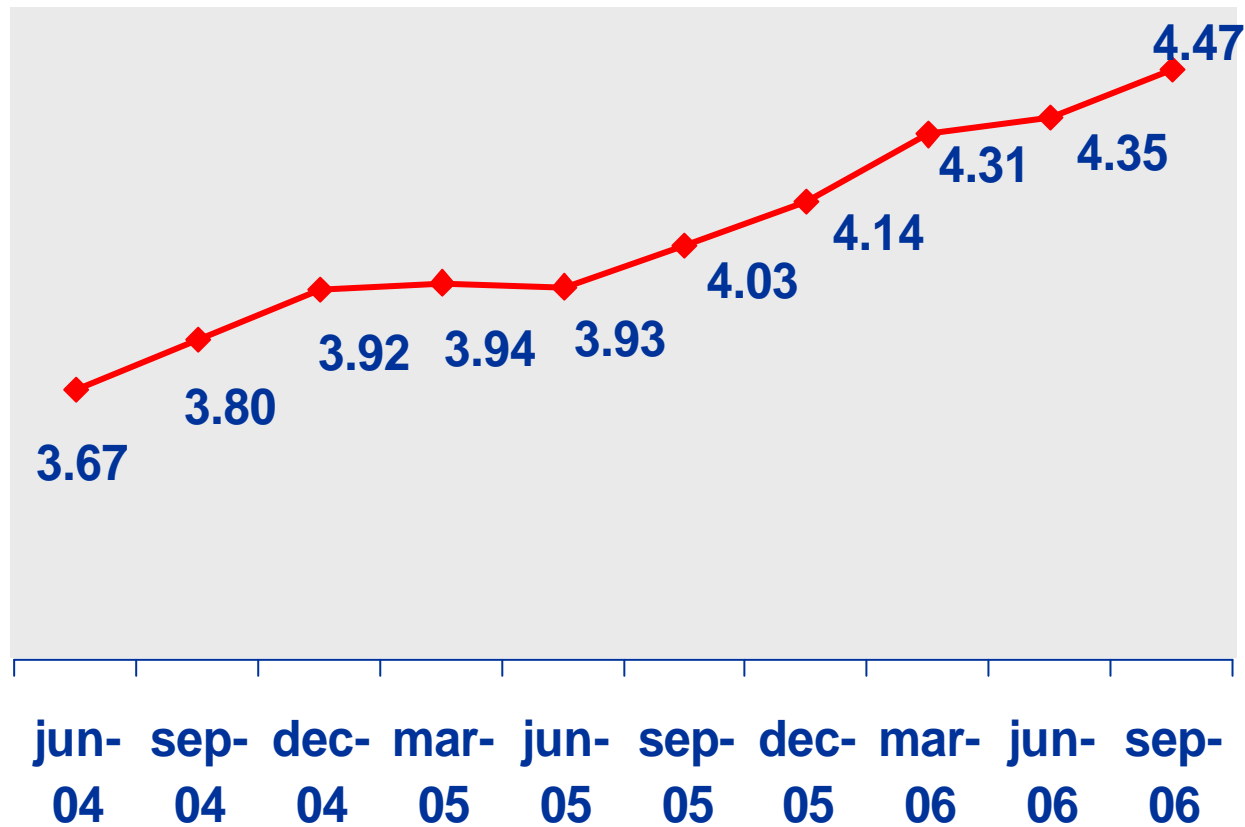
**Outperformance
due to:**

	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)


Change in

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

**CORE BUSINESS GROWTH –
ASSET MANAGEMENT**

PENSION ASSETS UNDER MANAGEMENT

(Euro Thousand)

			Change in	
	Sept. 06	Sept. 05	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
TOTAL	3,782,857	3,384.084	398,773	11.78

FINANCIAL RESULTS

Core Business Growth

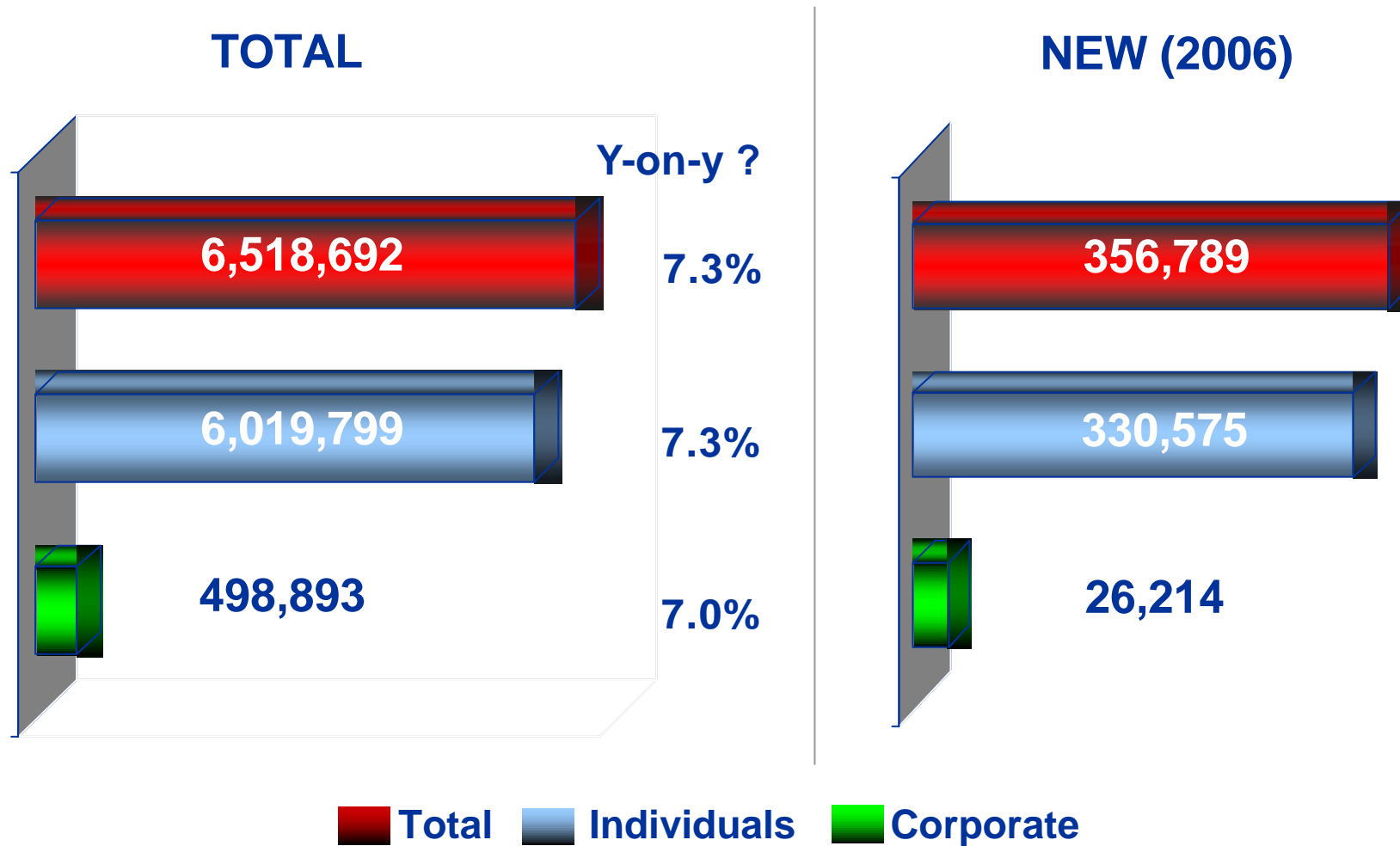
Strong Customer Acquisition

Branch Network Expansion

Earnings

Banco Popular Portugal

STRONG CUSTOMER ACQUISITION



STRONG CUSTOMER ACQUISITION

COMMERCIAL PERFORMANCE

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

EXPLOIT NEW CUSTOMER POTENTIAL

Total linked clients “Spain”

December 2004	1,750,644
September 2005	1,922,001
December 2005	1,965,277
June 2006	2,081,136
September 2006	2,130,375

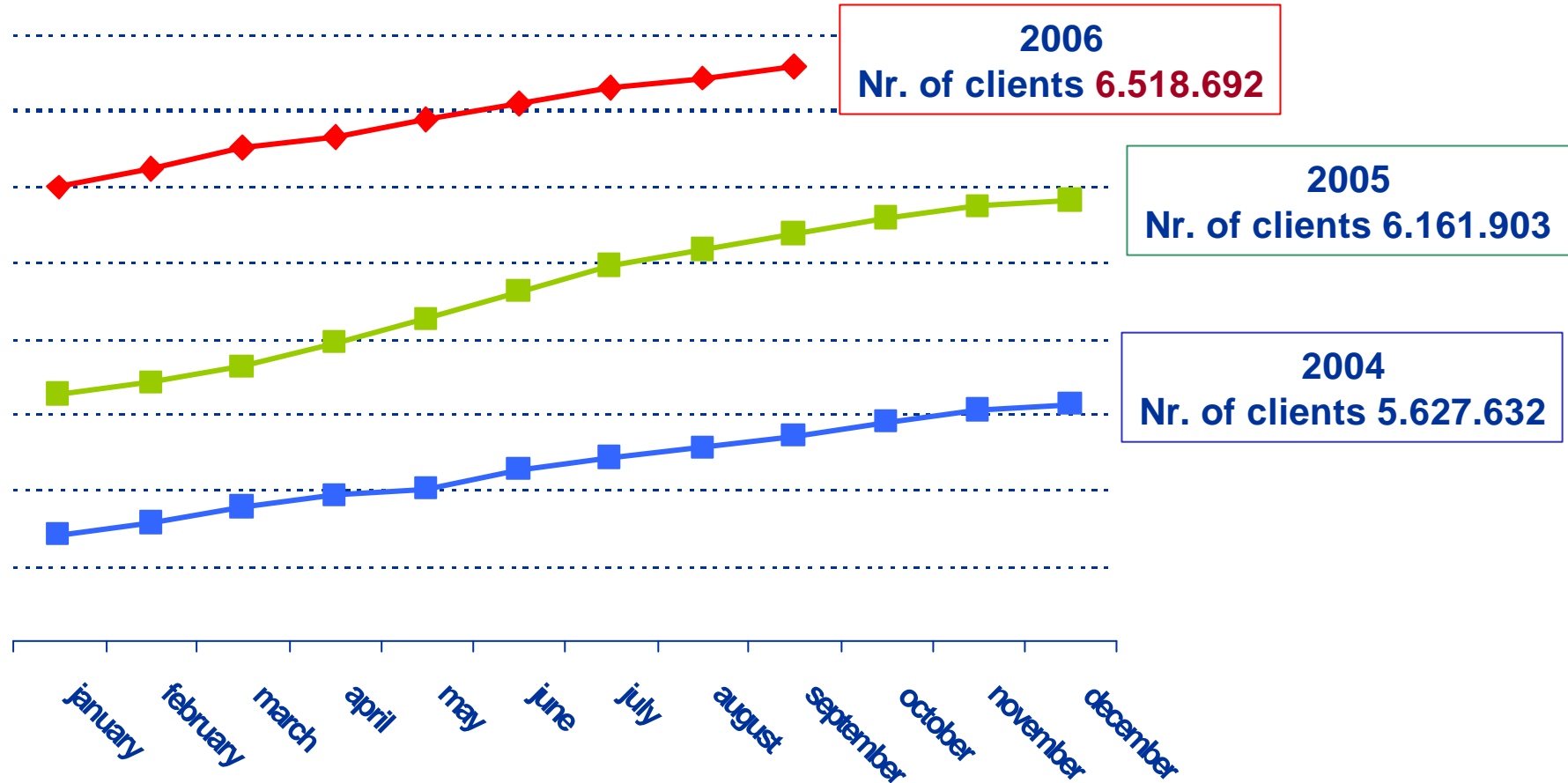
**More than 50,000
clients linked
each quarter**

**y-on-y
10.8%**

One third of all Spanish clients have 4 products or more

STRONG CUSTOMER ACQUISITION

SUSTAINED GROWTH



FINANCIAL RESULTS

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Banco Popular Portugal

NETWORK ACTIVITY THROUGH SEPTEMBER 2006

Opened Branches

41

Closed Branches

6

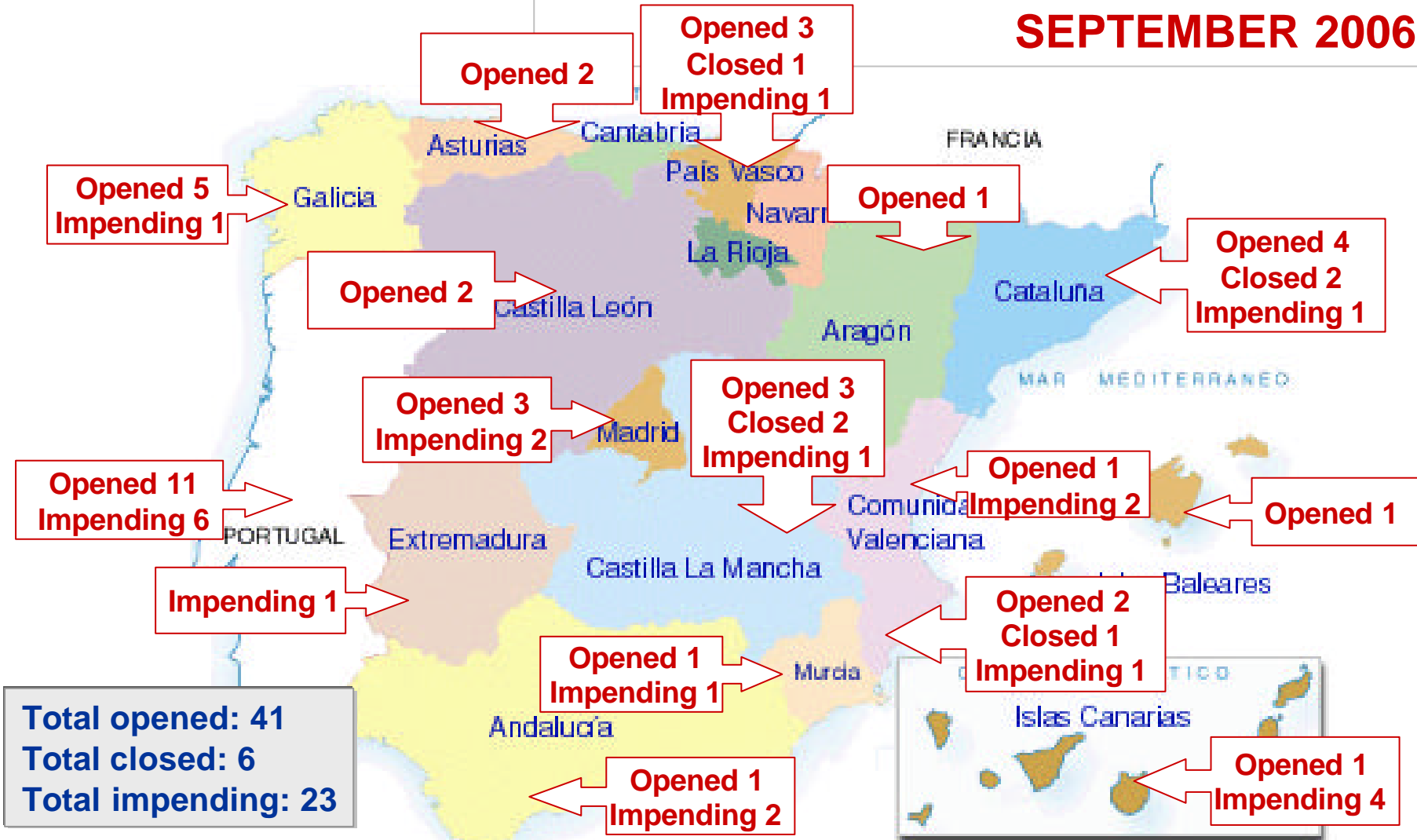
Impending Branches

23

Refurbished 7
In progress 16

BRANCH NETWORK EXPANSION

NETWORK ADJUSTMENTS THROUGH SEPTEMBER 2006



FINANCIAL RESULTS

Core Business Growth

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Banco Popular Portugal

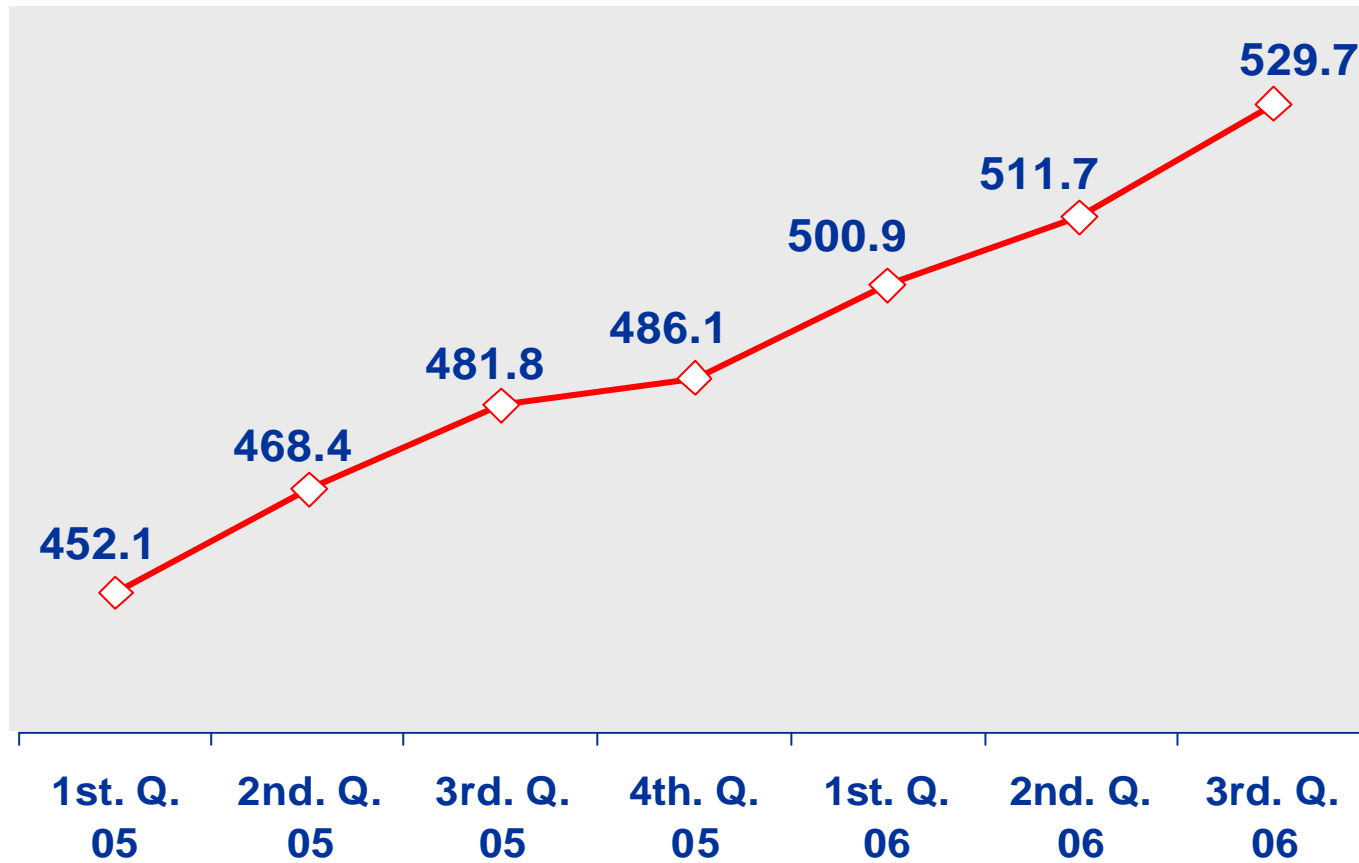
(Euro Million)

	9 mos. 2006	y-on-y % Δ
Net interest revenue	1,542.2	10.0
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
Ordinary revenue	2,297.1	12.3
Operating cost	769.2	7.4 *
Personnel expenses	523.4	6.9
Other general administrative expenses	245.8	8.5
Operating income	1,484.9	15.2
Income before taxes	1,287.0	21.8
Net income attributable	807.7	23.6

* w/o compensating fees

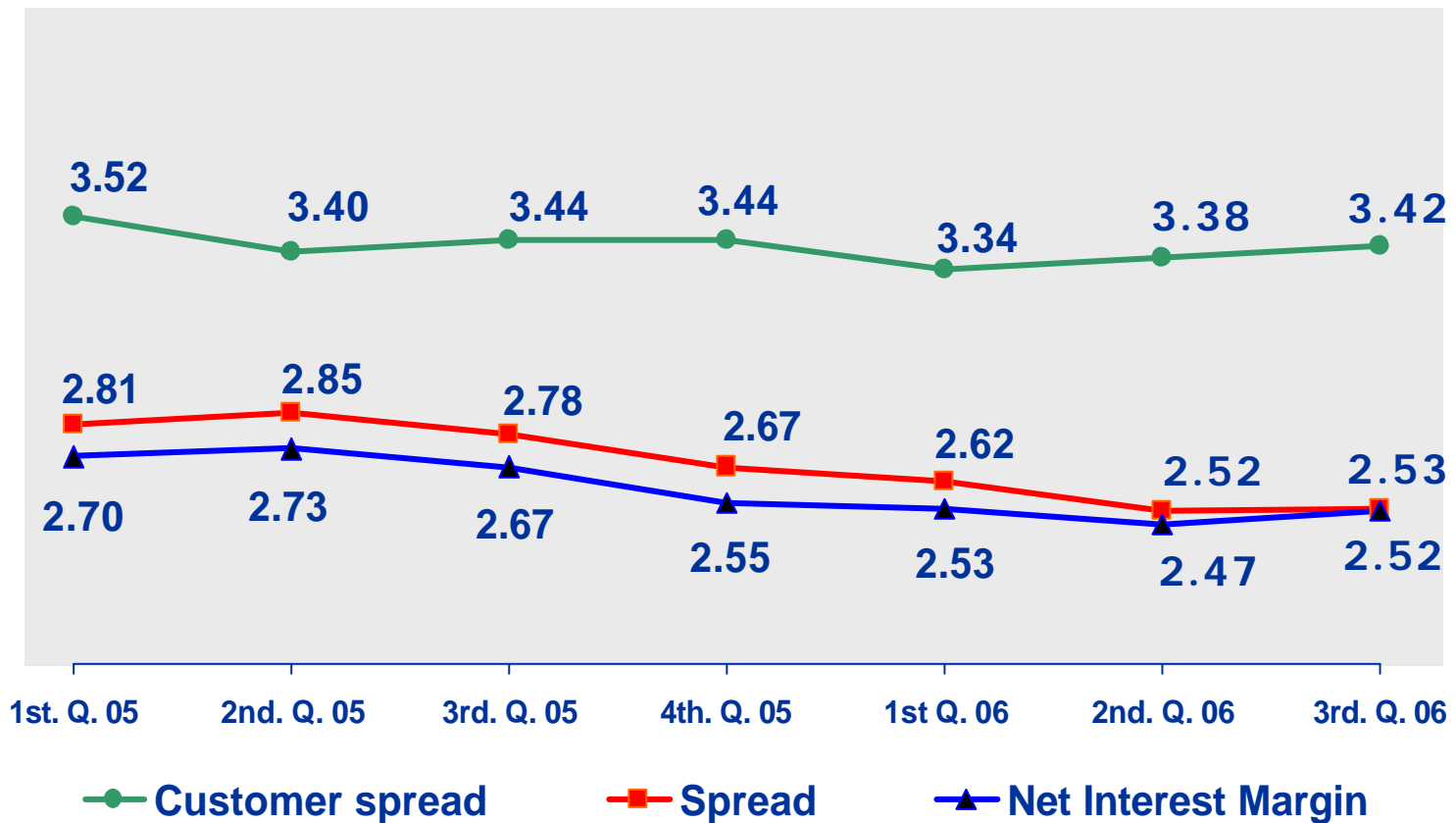
NET INTEREST REVENUE

(Euro Million)



NET INTEREST MARGIN & SPREAD

(%)

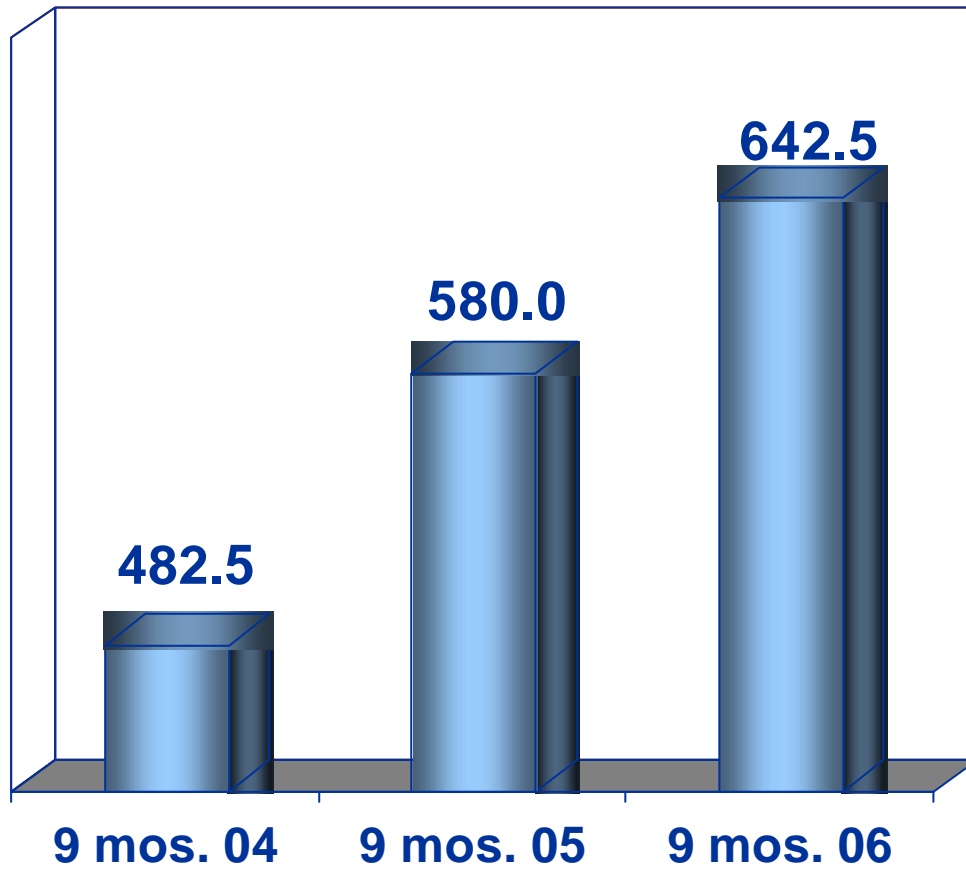


FEES FOR SERVICES

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

FEES FOR SERVICES

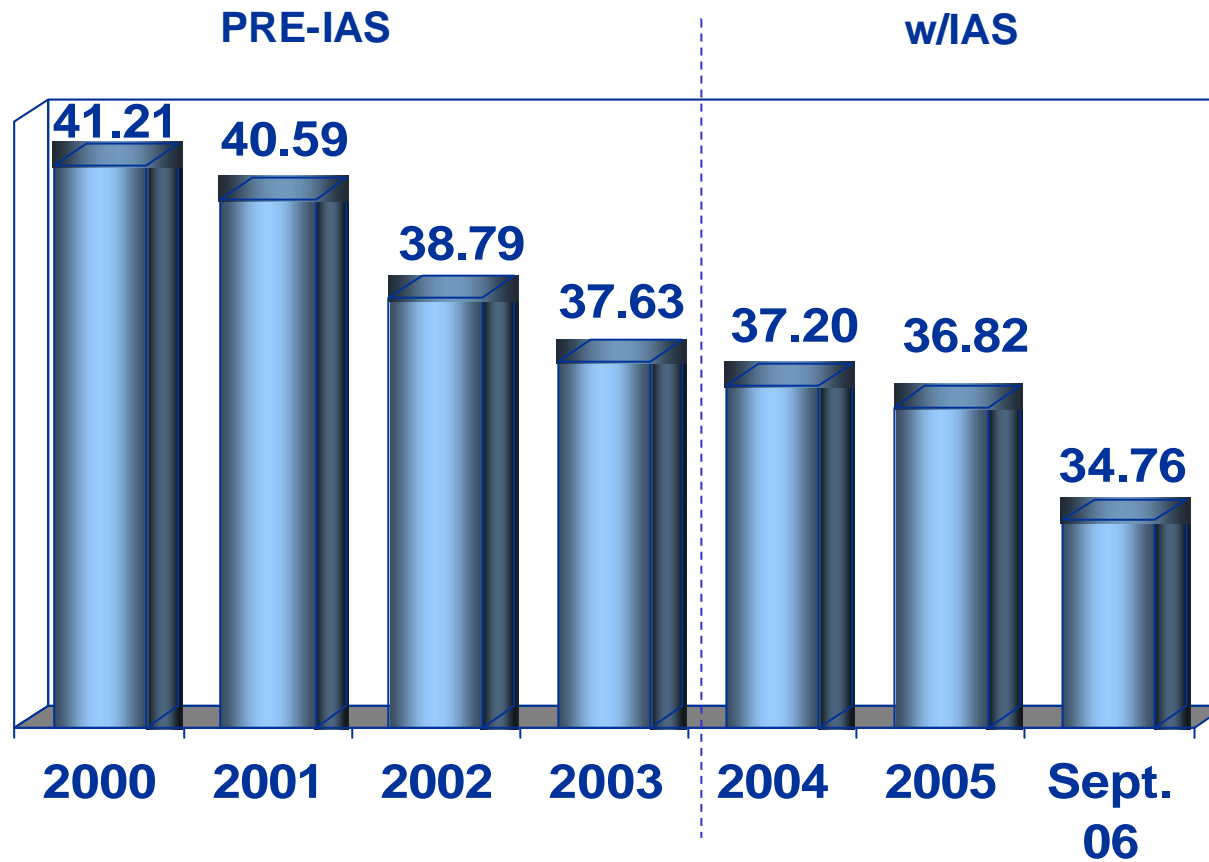
(Euro Million)



y-on-y accum.
10.8%

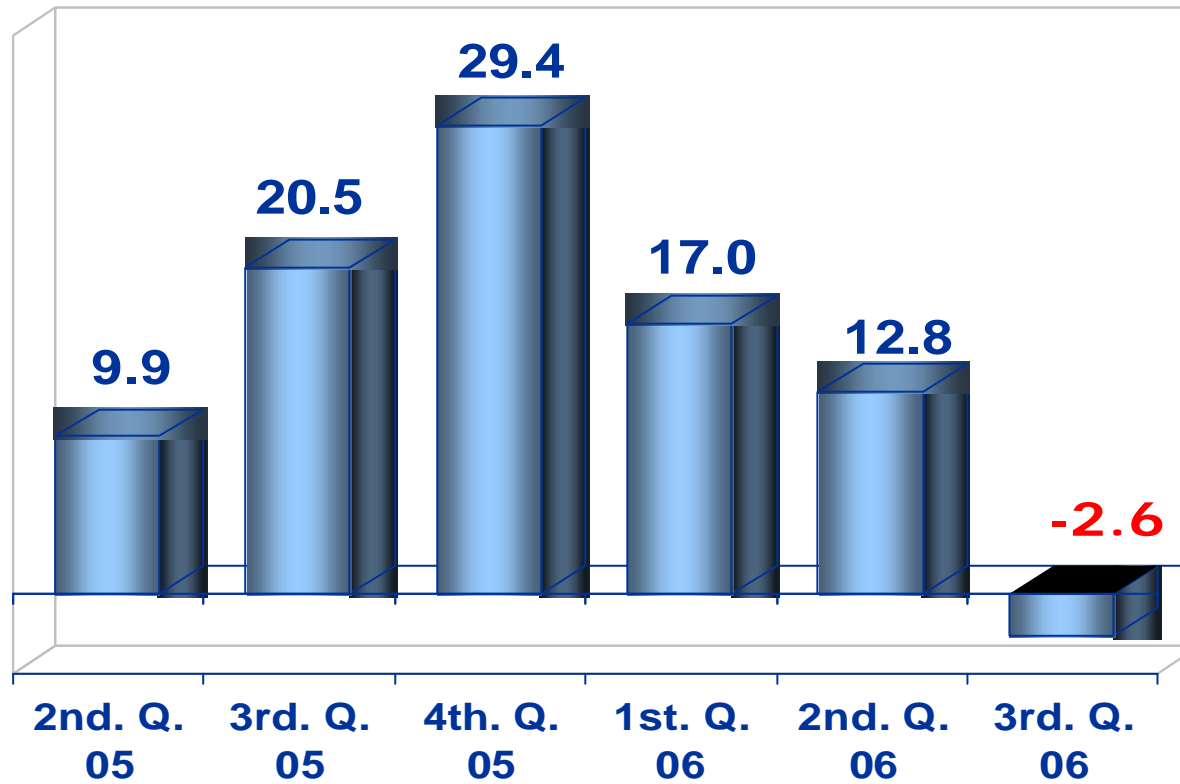
COST/INCOME RATIO EVOLUTION

(%)



NON-PAYROLL EXPENSES

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



NON-PAYROLL EXPENSES

(Euro Thousand)

	30.09.06	30.09.05	% variation
General expenses	245,820	226,523	8.5
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)

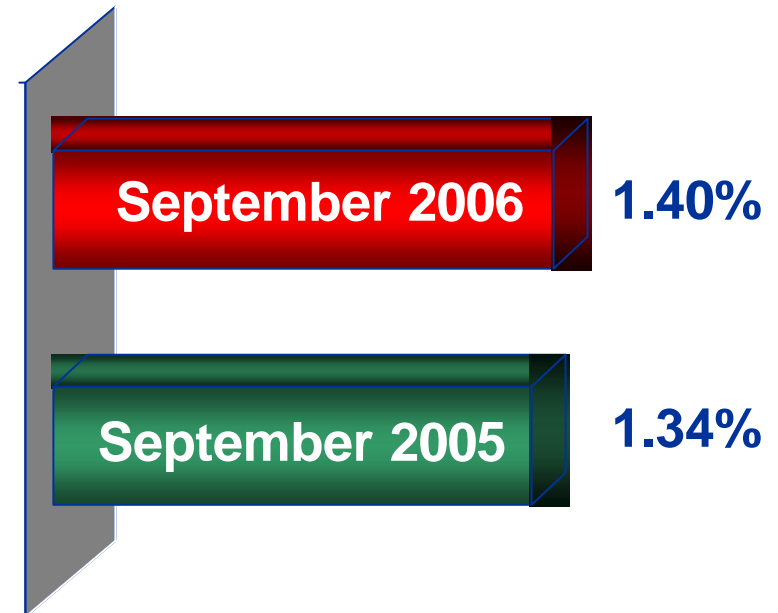
	30.09.06	30.09.05	% variation
IT and other technical expenses	49,320	40,505	21.8
Other non-payroll expenses	196,500	186,018	5.6
Total general expenses	245,820	226,523	8.5

PROFITABILITY

ROE

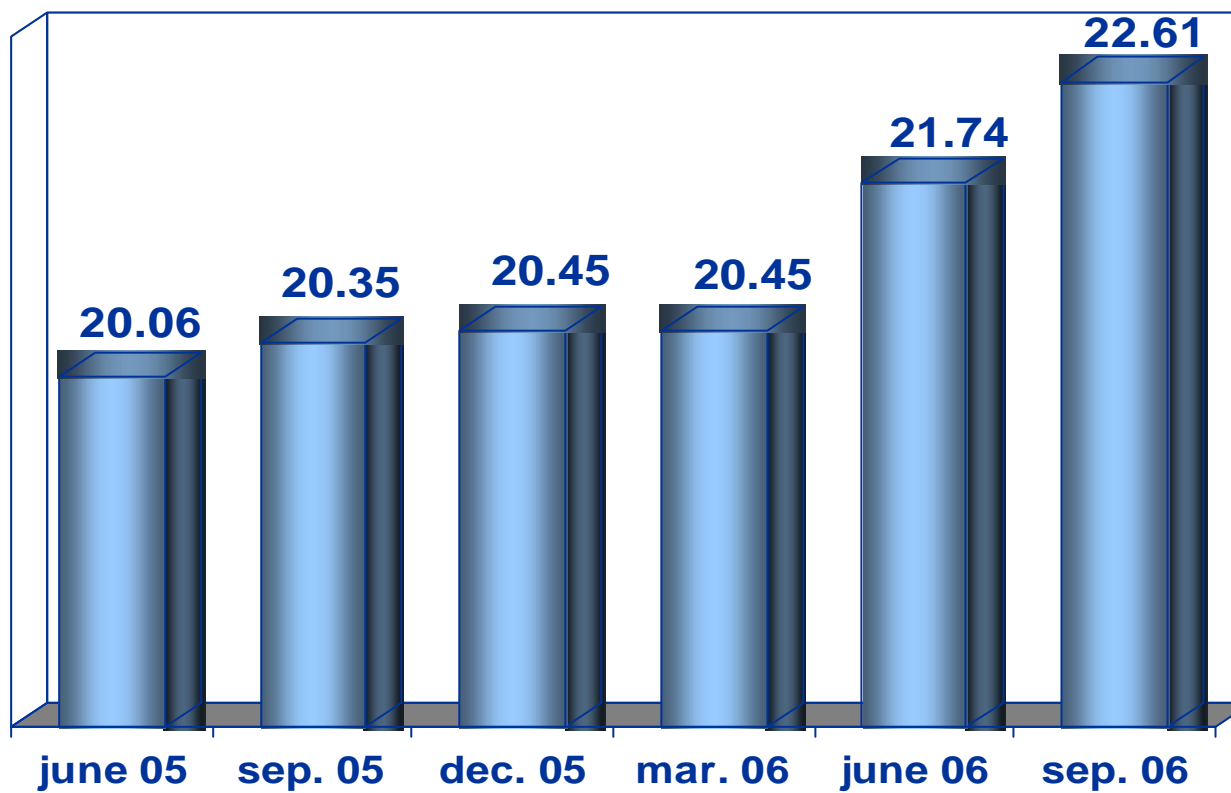


ROA



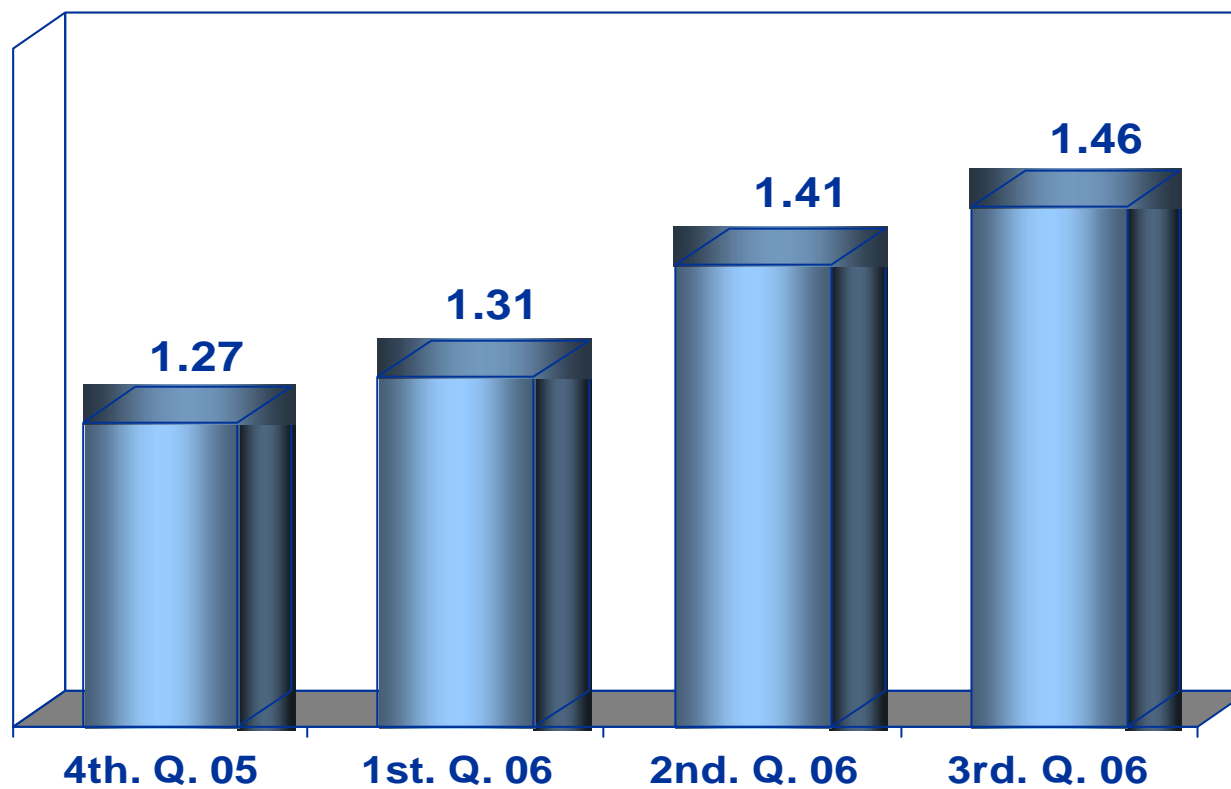
ROE EVOLUTION

(%)



ROA EVOLUTION

(%)



SECTOR COMPARISON; RETURN & EFFICIENCY

ROA

**Banco Popular
September 06 1.40%**

Ave. Nonpublic Banks June 06

1.19%

Ave. Savings Banks June 06

0.89%

Cost/Income Ratio *

**Banco Popular
September 06 31.44%**

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 6.76%	4,960.6 6.52%
Total Tier I Capital	6,087.9 8.07%	5,948.6 7.81%
Total Tier 2 Capital	1,400.4 1.86%	1,444.7 1.90%
BIS computable capital	7,488.3 9.93%	7,393.3 9.71%
Total BIS risk weighted assets	75,434.8	76,121.0

FINANCIAL RESULTS

Core Business Growth

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Branch Network Expansion

Earnings

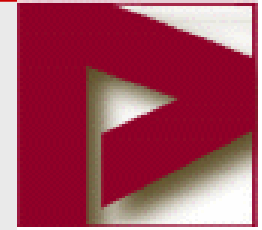
Banco Popular Portugal

(Euro Thousand)

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

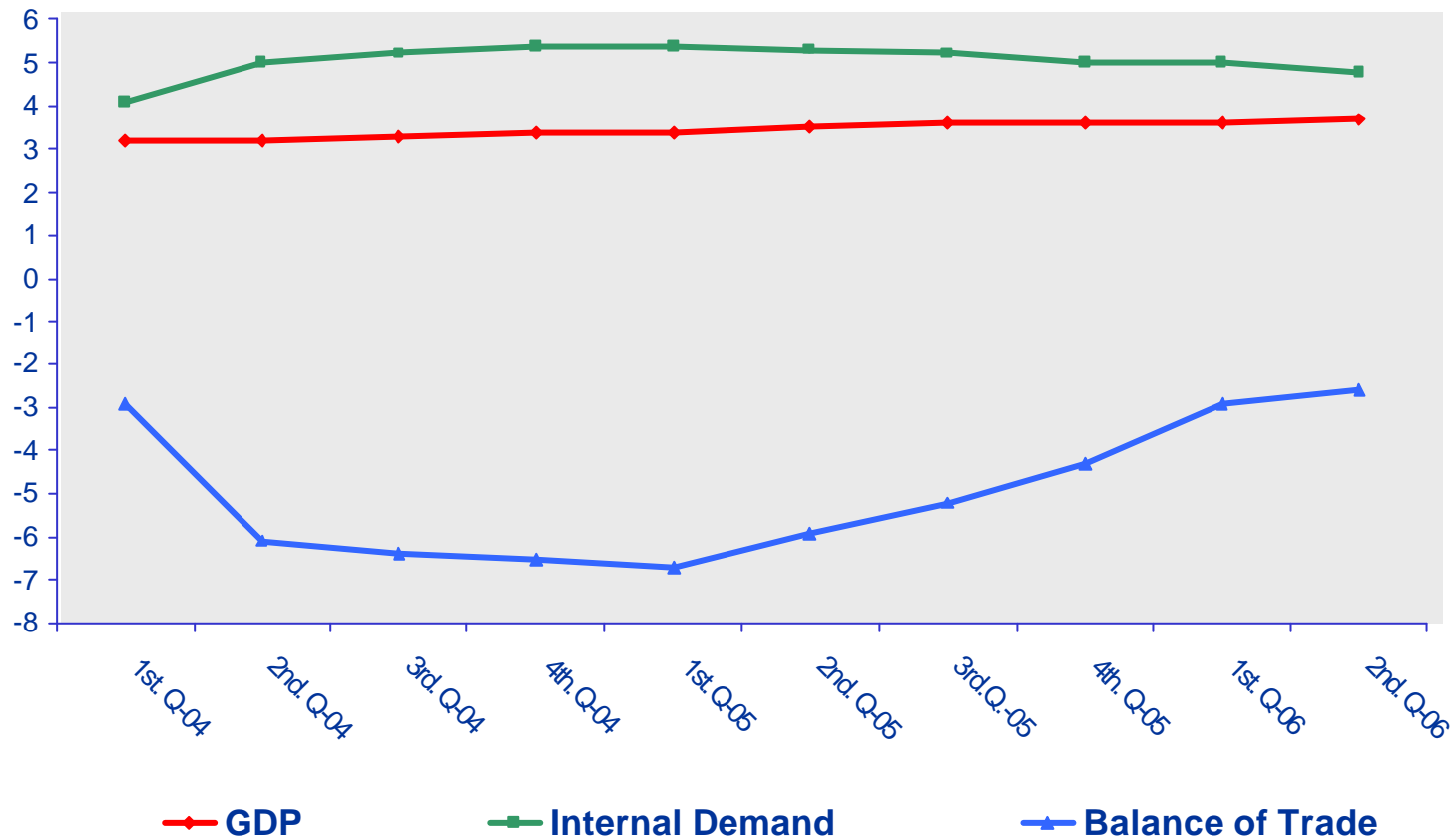
(Euro Million)

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

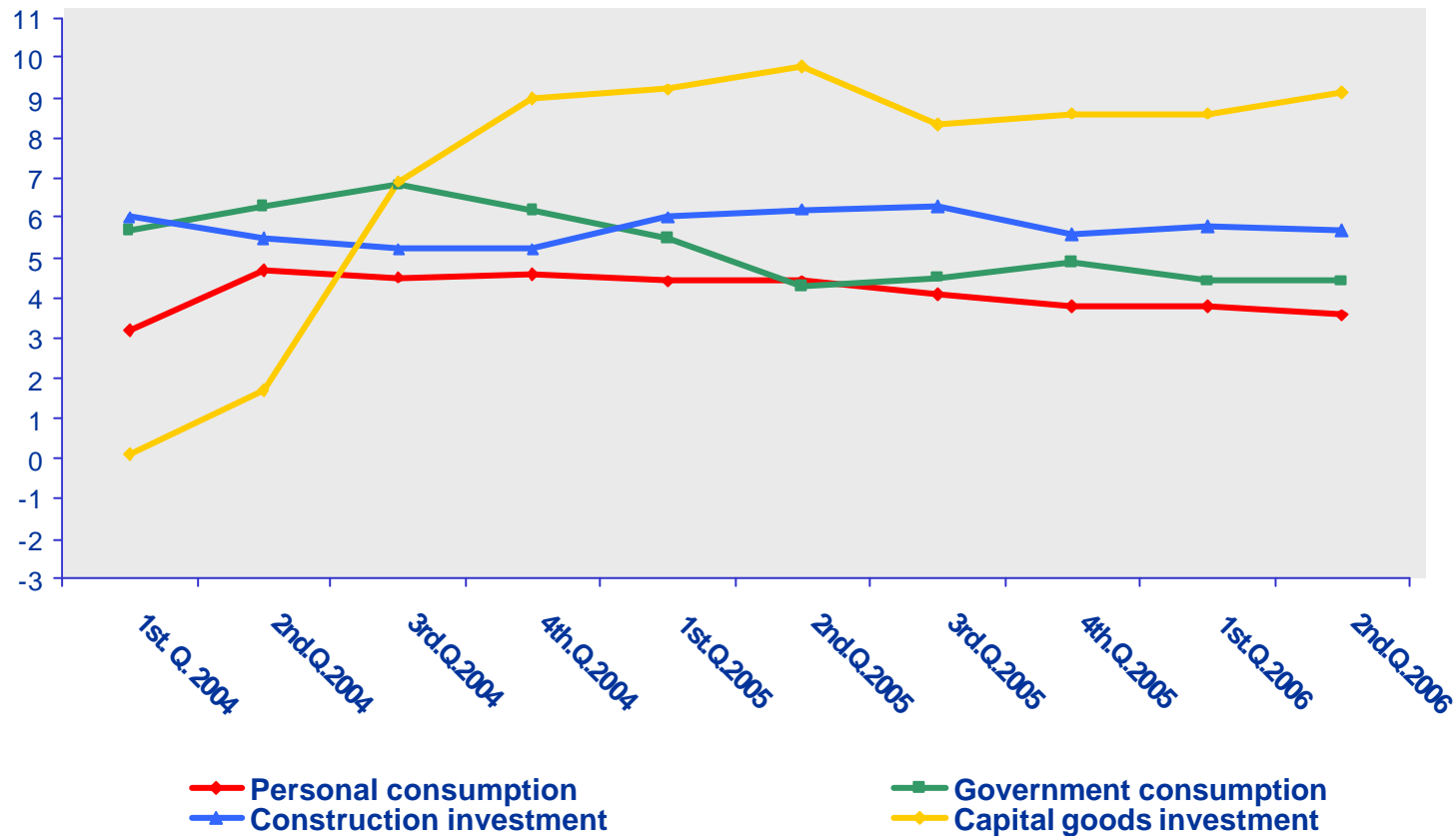


ANNEX

JULY | AUGUST | SEPTEMBER 2006

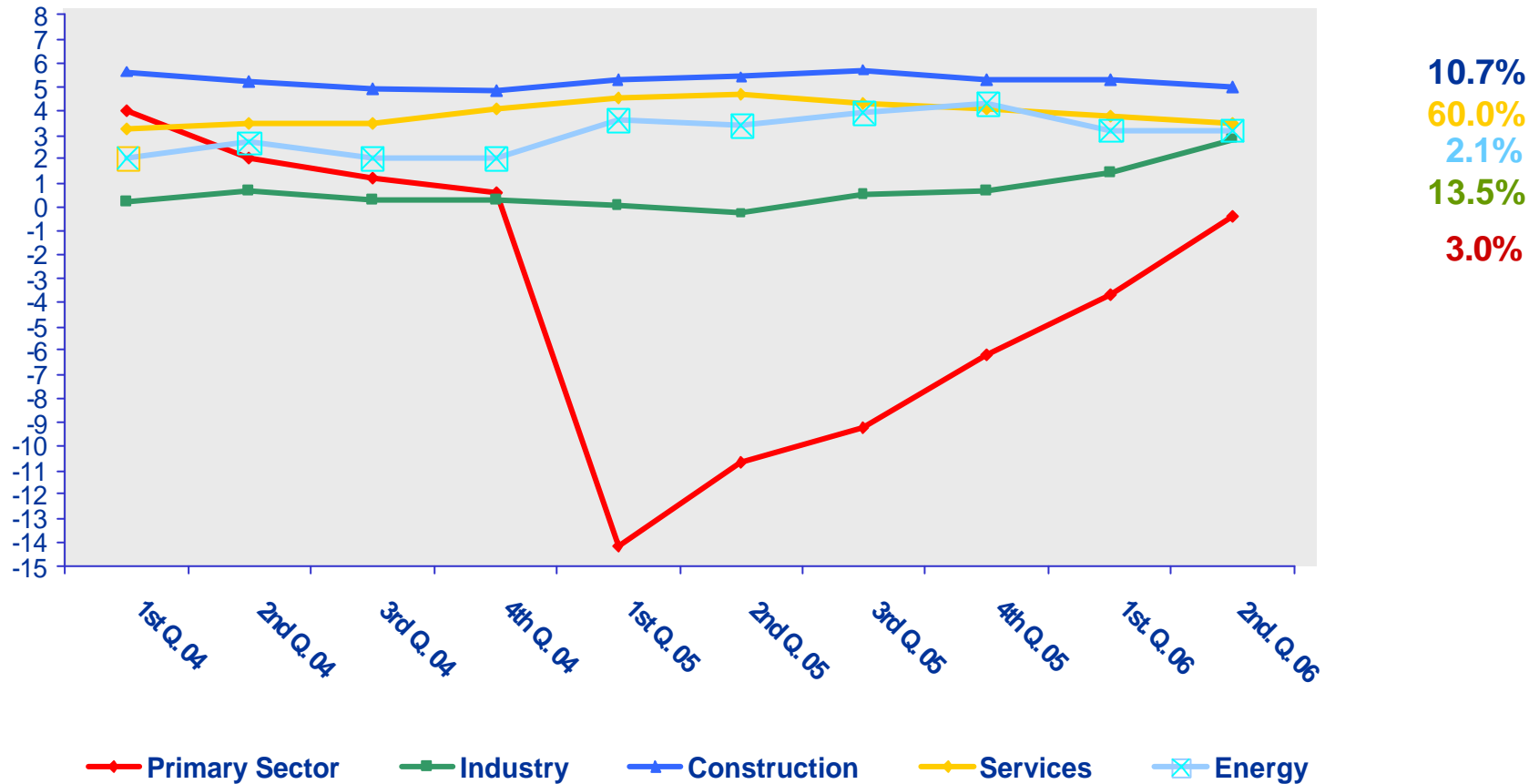


Source: INE



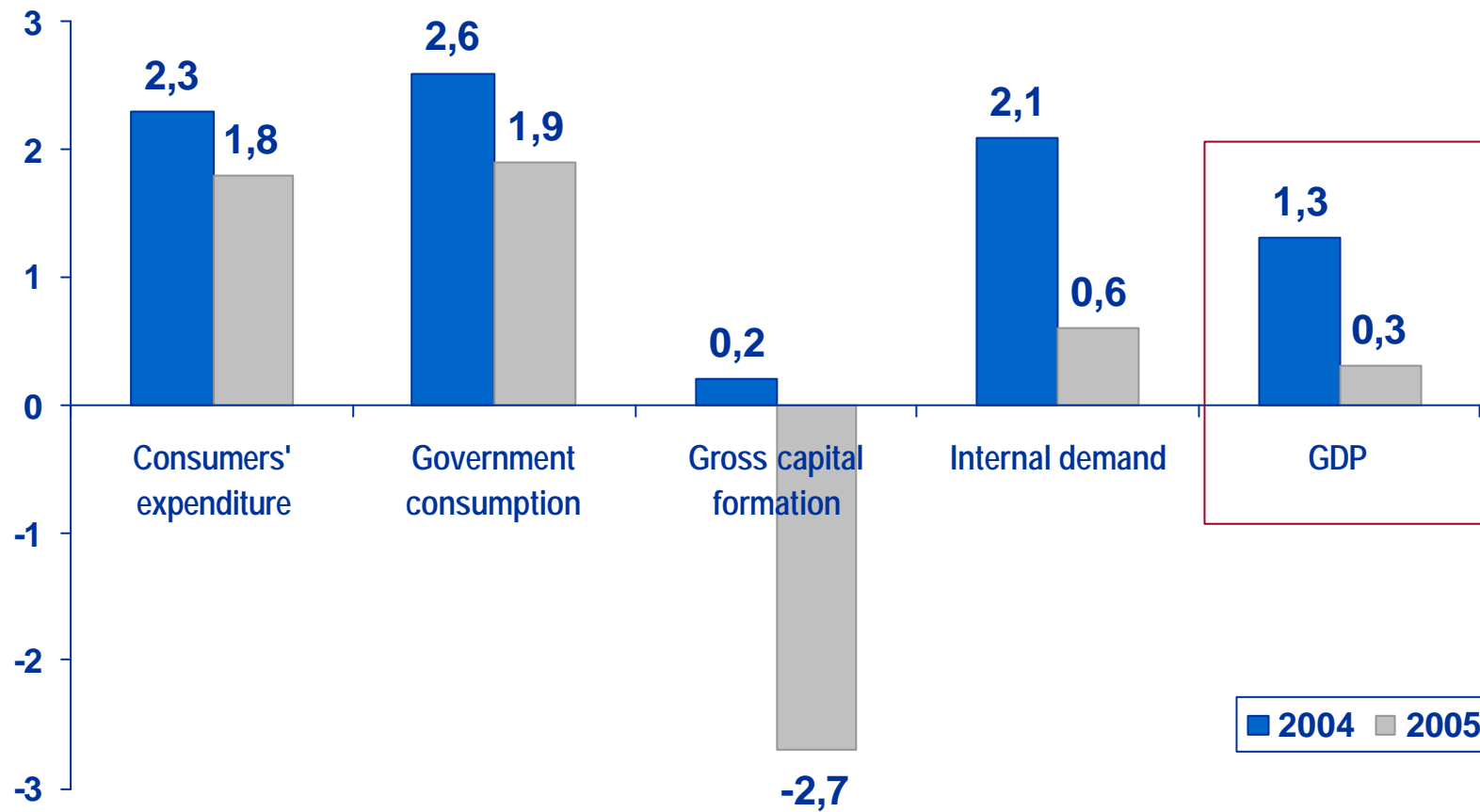
Source: INE

Weight on GDP

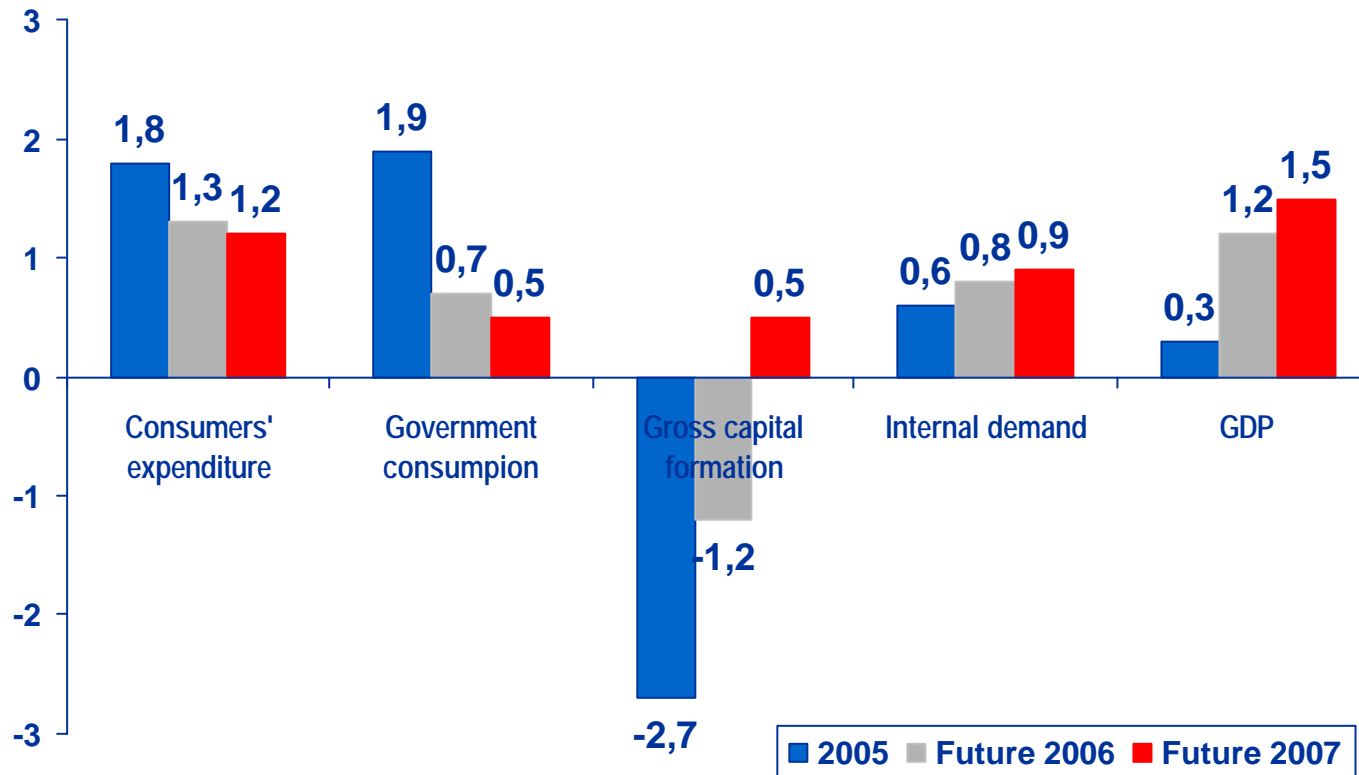


Source: INE

Past evolution of GDP components (%)



GDP: expected trend (%)

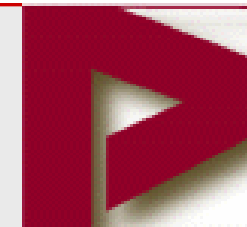


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