

Banco Popular

October 2001



RECENT DEVELOPMENTS

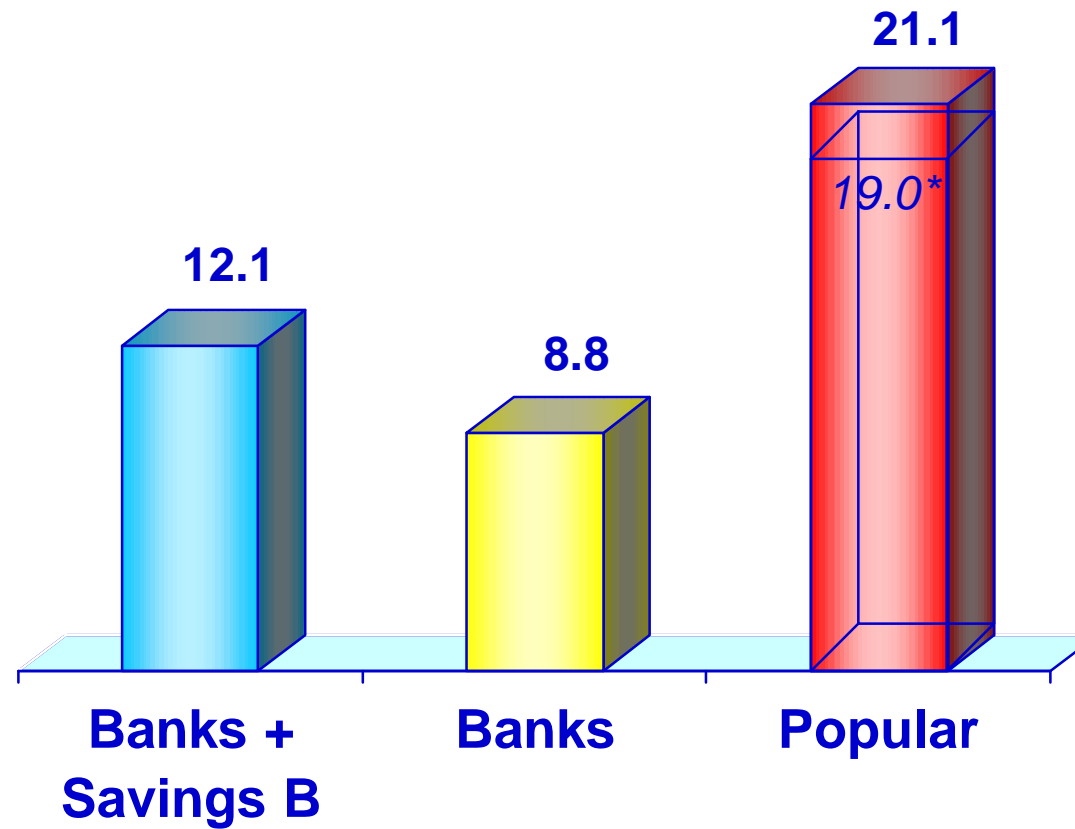
- Nine-month Results



RECENT DEVELOPMENTS

Loans of private-sector residents

(August 31, 2001 year-on-year % change)



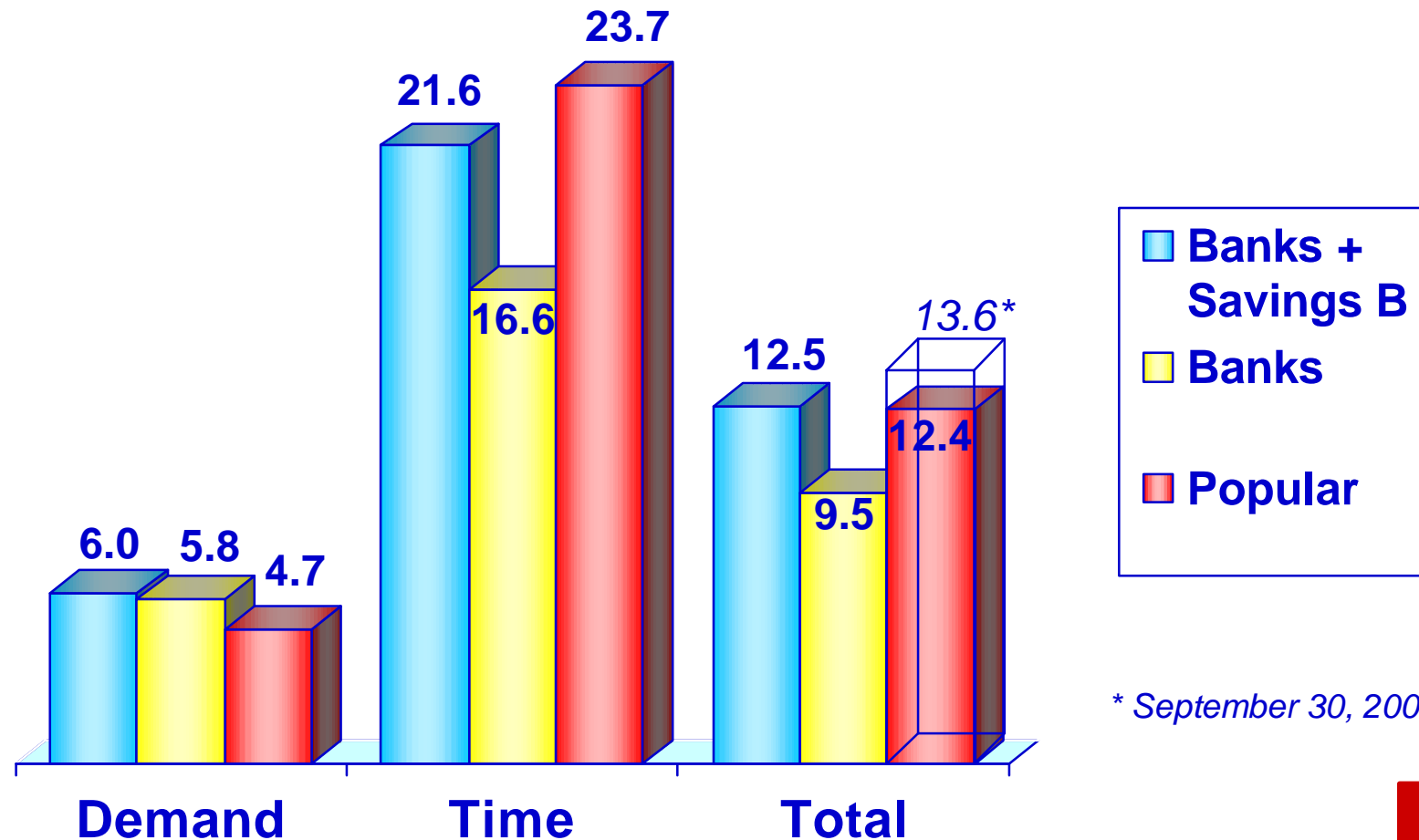
* September 30, 2001



RECENT DEVELOPMENTS

Growth of deposits of private-sector residents

(August 31, 2001 year-on-year % change)



LOANS TRENDING

(As of September 30, 2001)

	Growth rate	As % of Loan Portfolio
Bill discounting	16.5	14.3
Mortgage loans	31.0	40.2
Personal loans & overdrafts	14.1	35.0
Leasing	18.7	6.8
Factoring	27.3	2.7



LOANS TRENDING

Market share

	As of June 30, 2001	As of June 30, 2000
Bill discounting	11.6	10.1
Mortgage loans	3.6	3.3
Personal loans & overdrafts	4.3	3.9
Leasing	9.3	9.1
Factoring	6.4	6.8



OTHER KEY PRODUCTS

(As of September 30, 2001)

	Market share	Growth rate
Pension funds*	7.6	20.4
Mutual funds	3.2	(17.0)
Debit cards	15.2 (**)	14.7
Credit cards	16.0 (**)	18.7
Private & Fuel cards	n.a.	54.9
ATMs	6.5 (e)	12.2

(*) Assets in private/individual accounts

(**) As % of 4B system



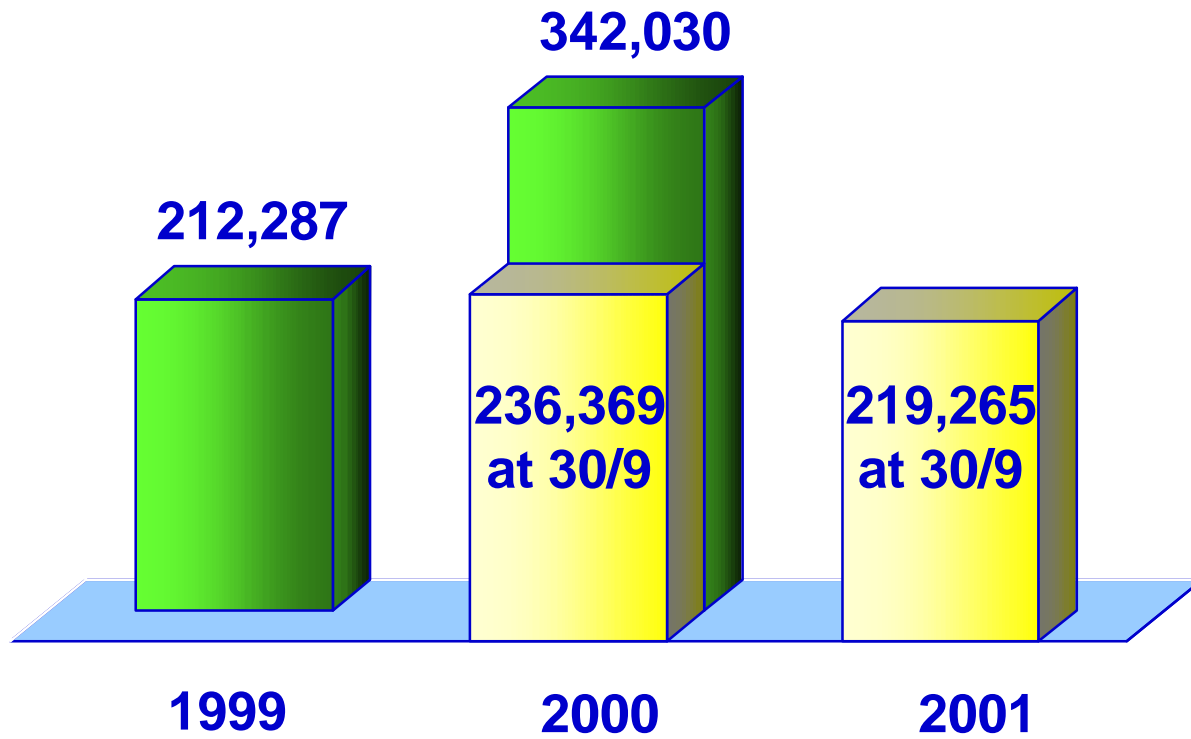
NETWORK EXPANSION

	<u>Sept. 01</u>	<u>Sept. 00</u>	<u>%</u>
Branches	2,130	2,058	3.5
ATMs	3,192	2,845	12.2
Cards	3,909,567	2,553,604	53.1
Customers	4,169,886	3,844,960	8.5
Staff	12,265	11,902	3.0



MARKETING EFFORTS

NET NEW CLIENTS



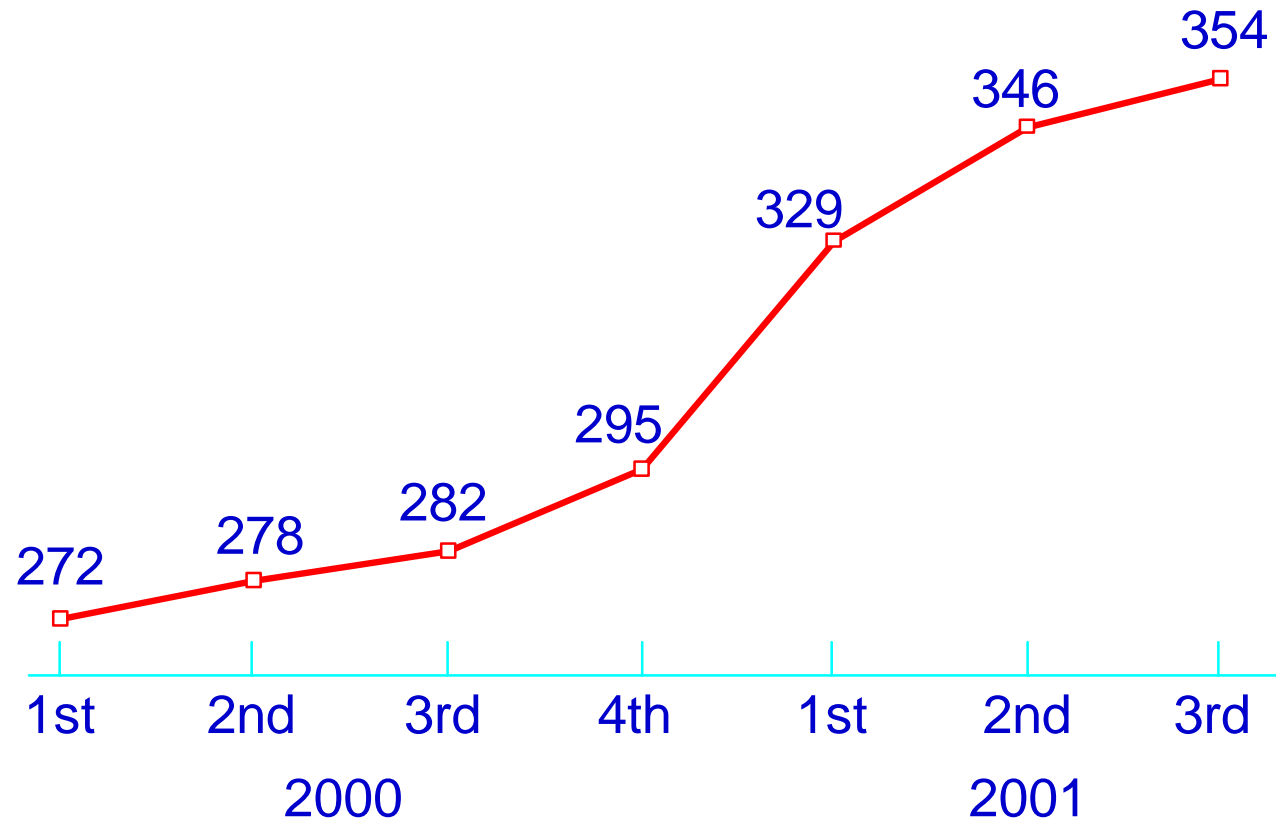
SUMMARY PROFIT & LOSS ACCOUNT

<i>(September 30, 2001)</i>	Euro million	Year-on-year % change	<i>Homogeneous</i> % annual change
Net interest revenue	1,029	23.7	23.7
Fees for services	424	6.1	6.1
Ordinary revenue	1,481	17.0	17.0
Operating costs:	555	12.7	7.9
Personnel expenses	402	13.3	6.6
Other	153	11.2	11.2
Operating income	846	21.6	25.0
Income before taxes	647	7.1	7.1
Net income attributable	424	16.1	16.1



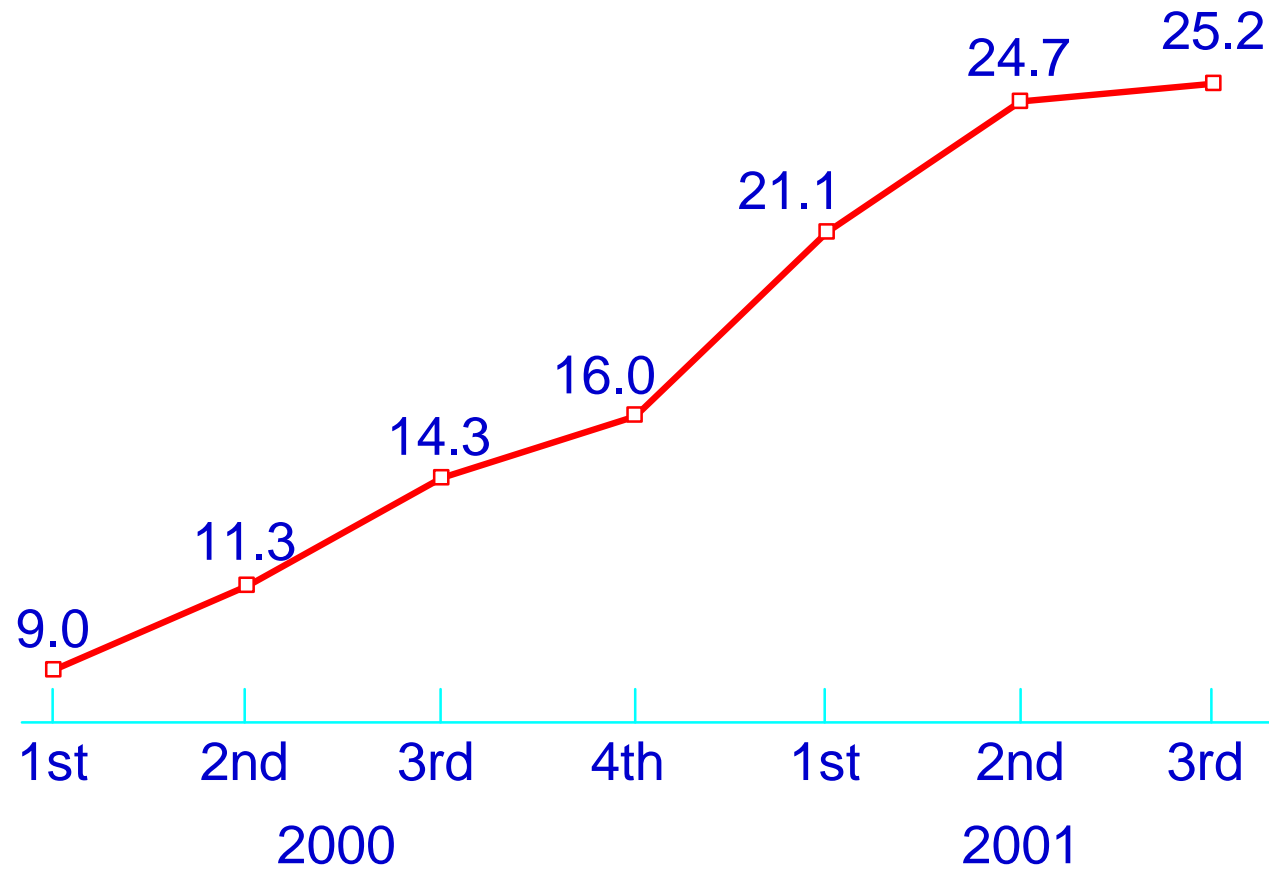
NET INTEREST REVENUE (Quarterly)

(Euro million)



NET INTEREST REVENUE

(Year-on-year quarter standalone % change)



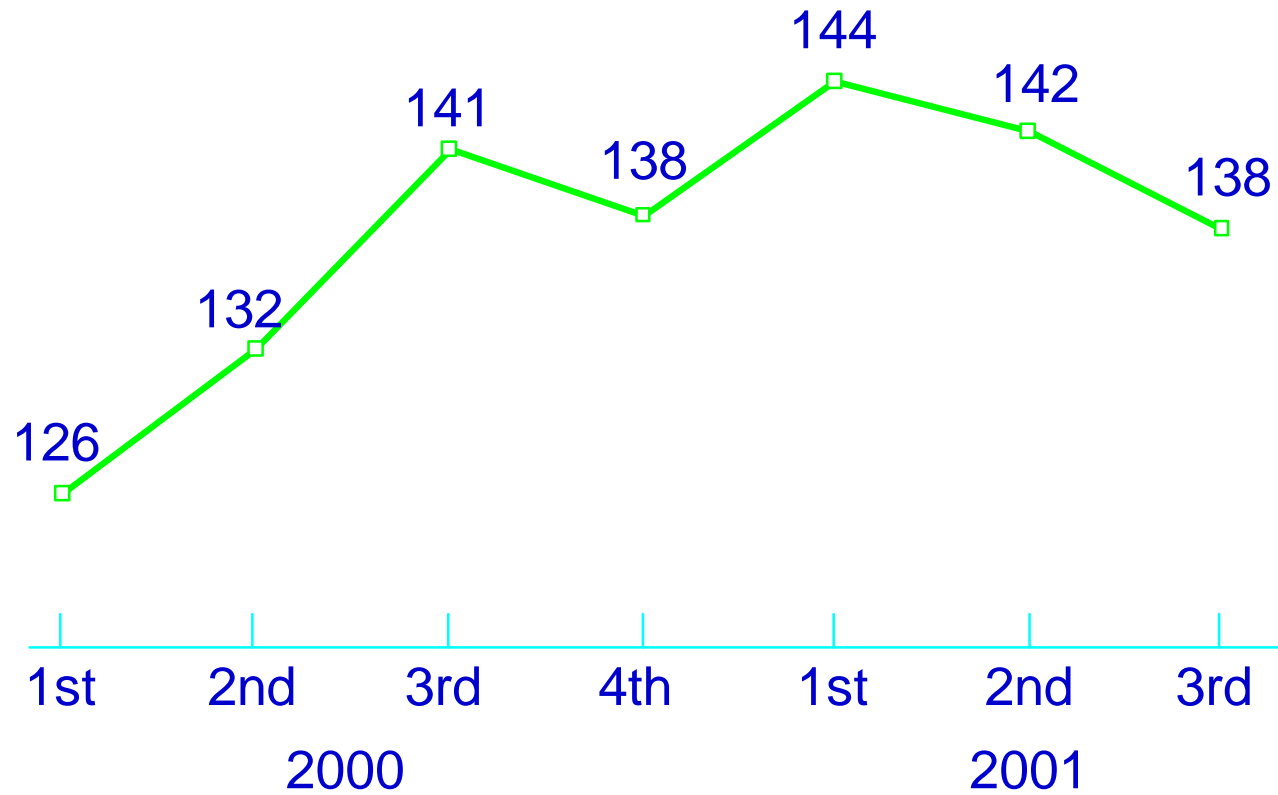
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FEES FOR SERVICES (Quarterly)

(Euro million)



FEES FOR SERVICES

(September 30, 2001)

	Euro million	Year-on-year % change	As % of Total Fees
Total Service Revenues	424	6.1	100.0
Loan-related fees	56	12.3	13.1
Fees from guarantees	36	15.9	8.4
Collection & payment handling	168	17.0	39.6
Customer financial asset mgt.	123	(6.9)	29.0
Mutual funds	72	(17.7)	16.9
Other	51	14.4	12.1
Account mgt. fees and other	41	(4.5)	9.9

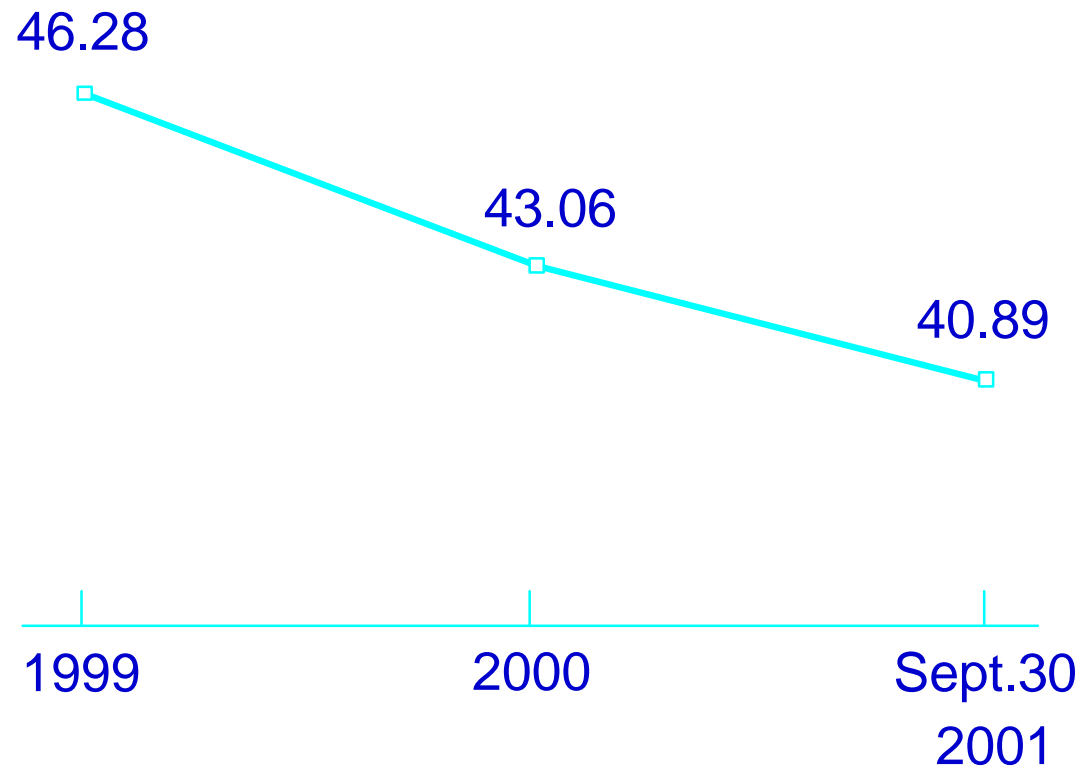


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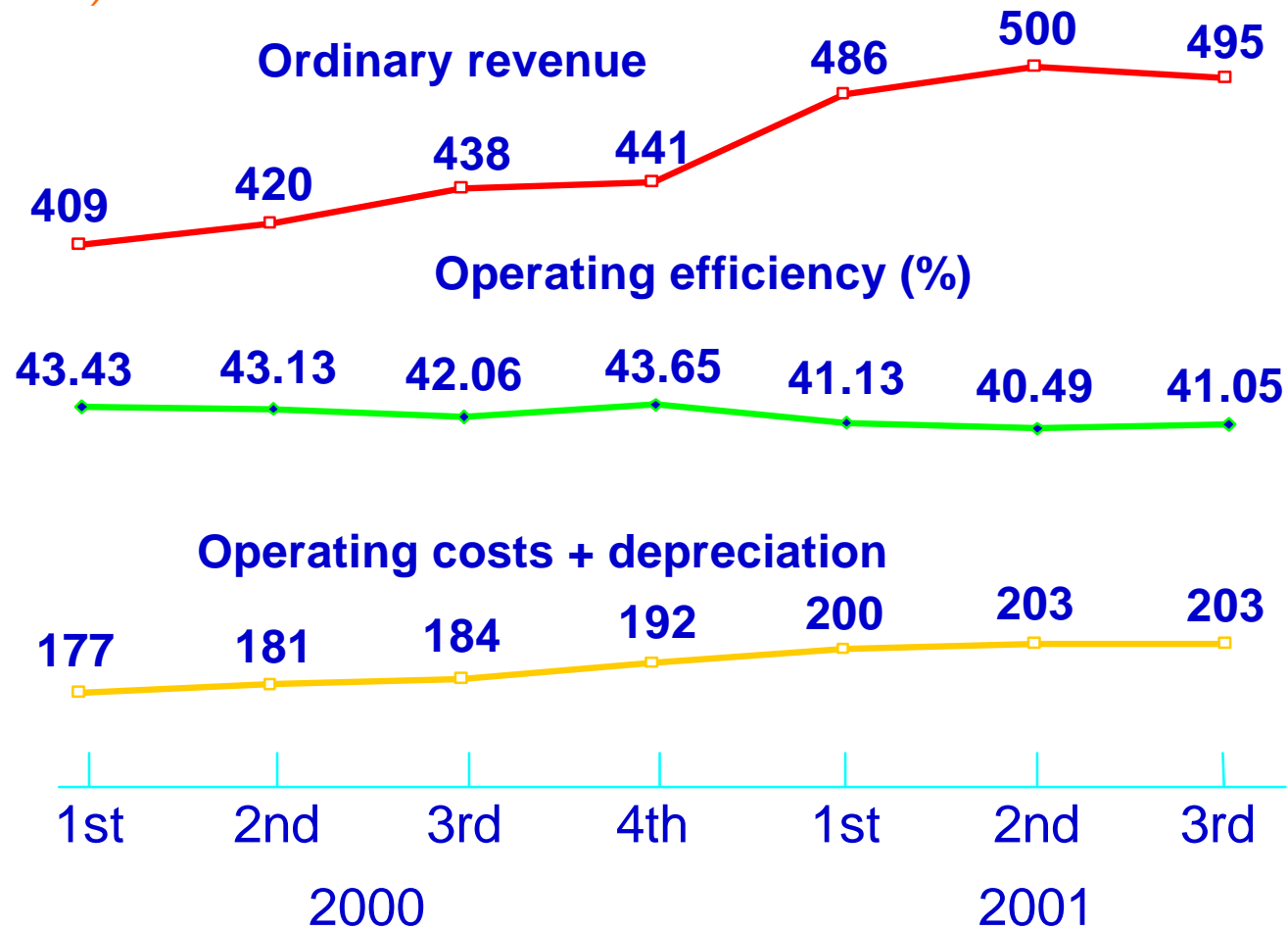
COST/INCOME RATIO (w/DEPRECIATION)



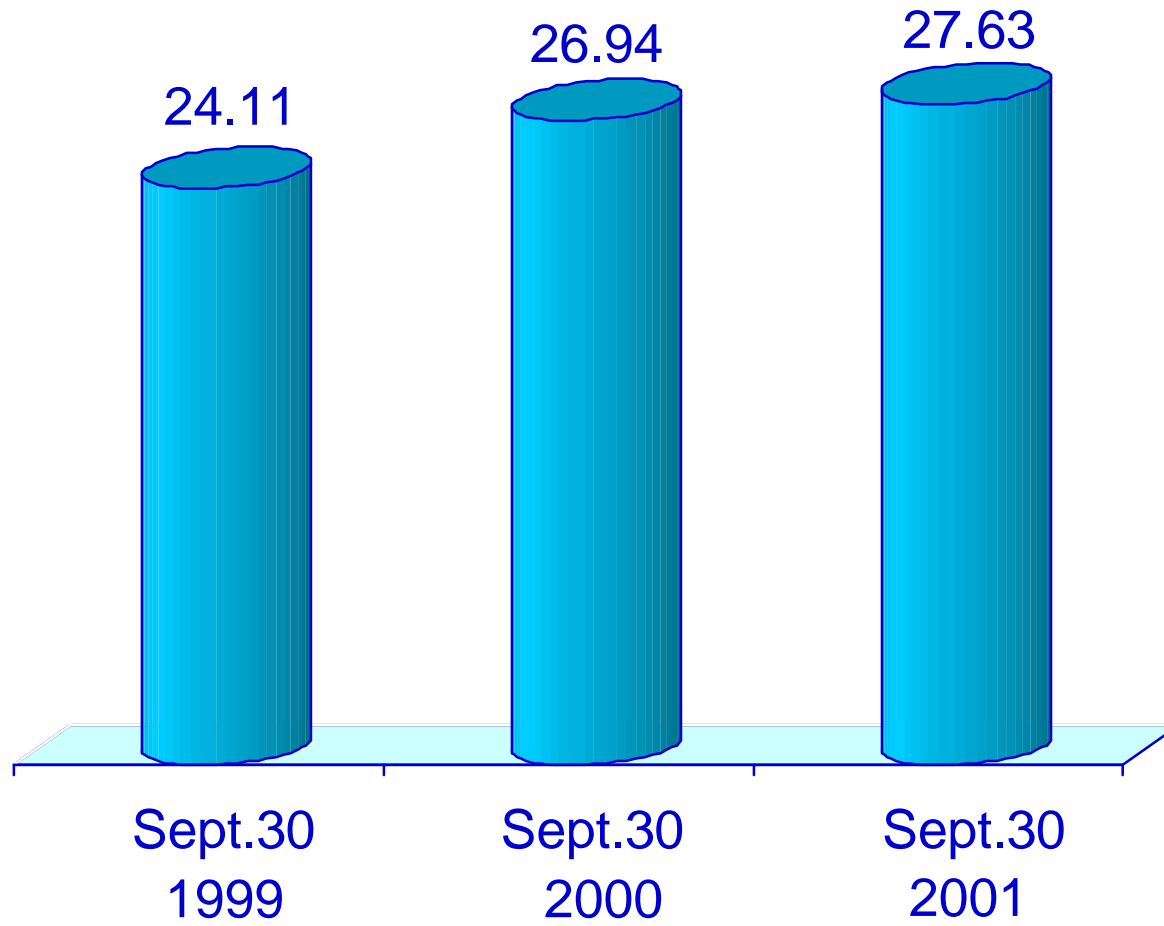
EFFICIENCY TRENDS

COST/INCOME RATIO

(Euro million)

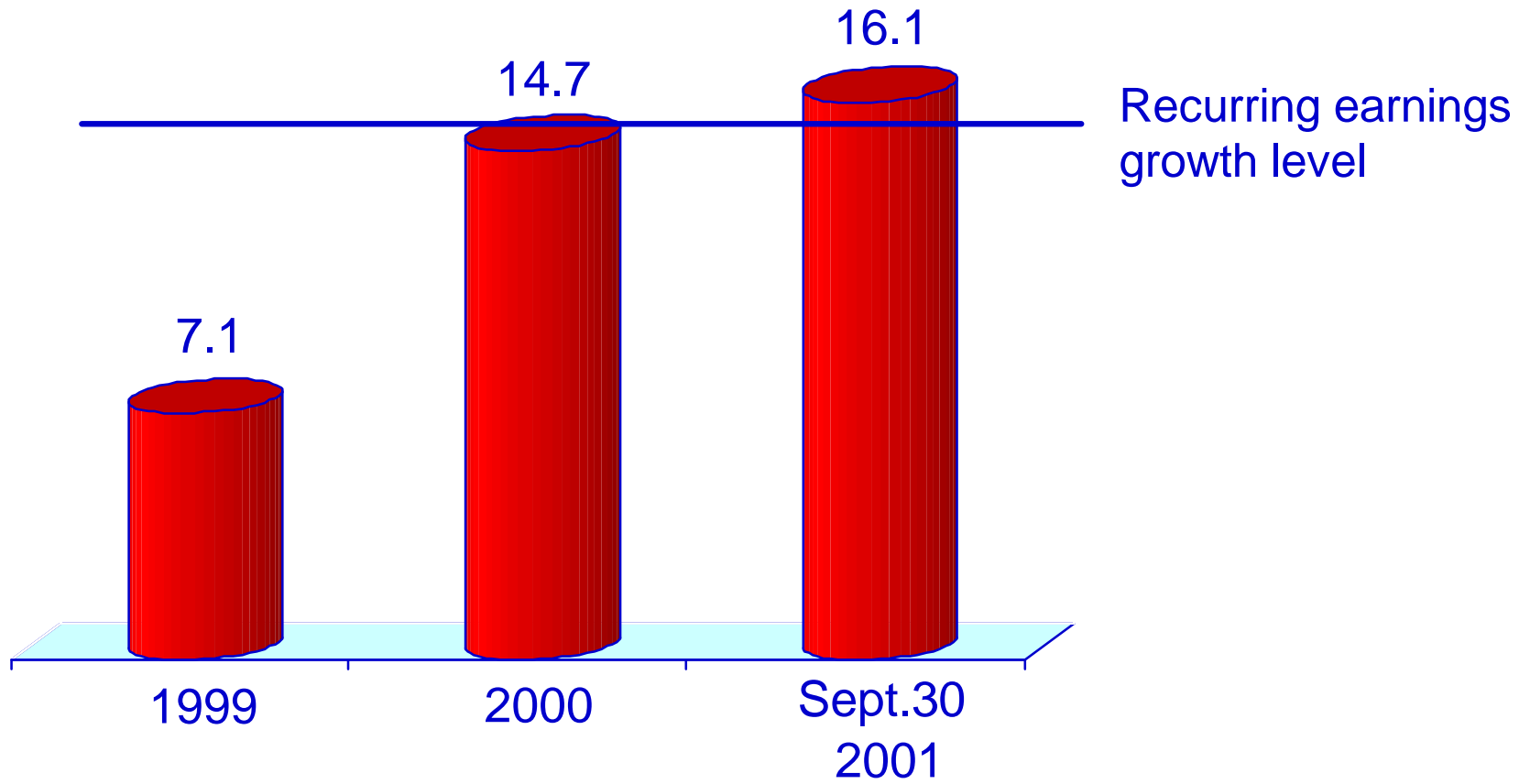


ROE (%)



EPS

(Year-on-year % change)



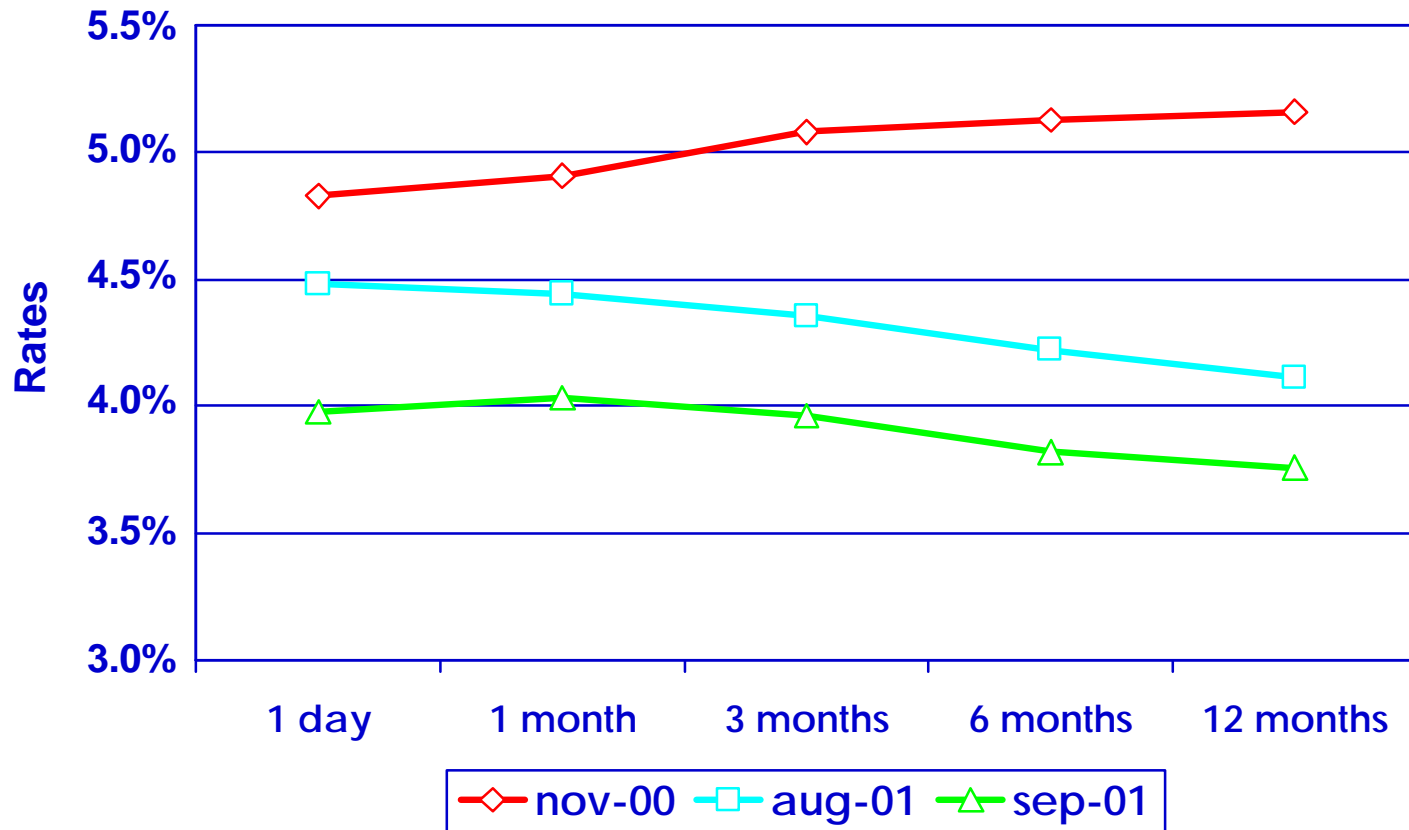
2002 NET INTEREST REVENUE THREATS

- Decrease in Interest Rates
- Weakening of Loan Demand



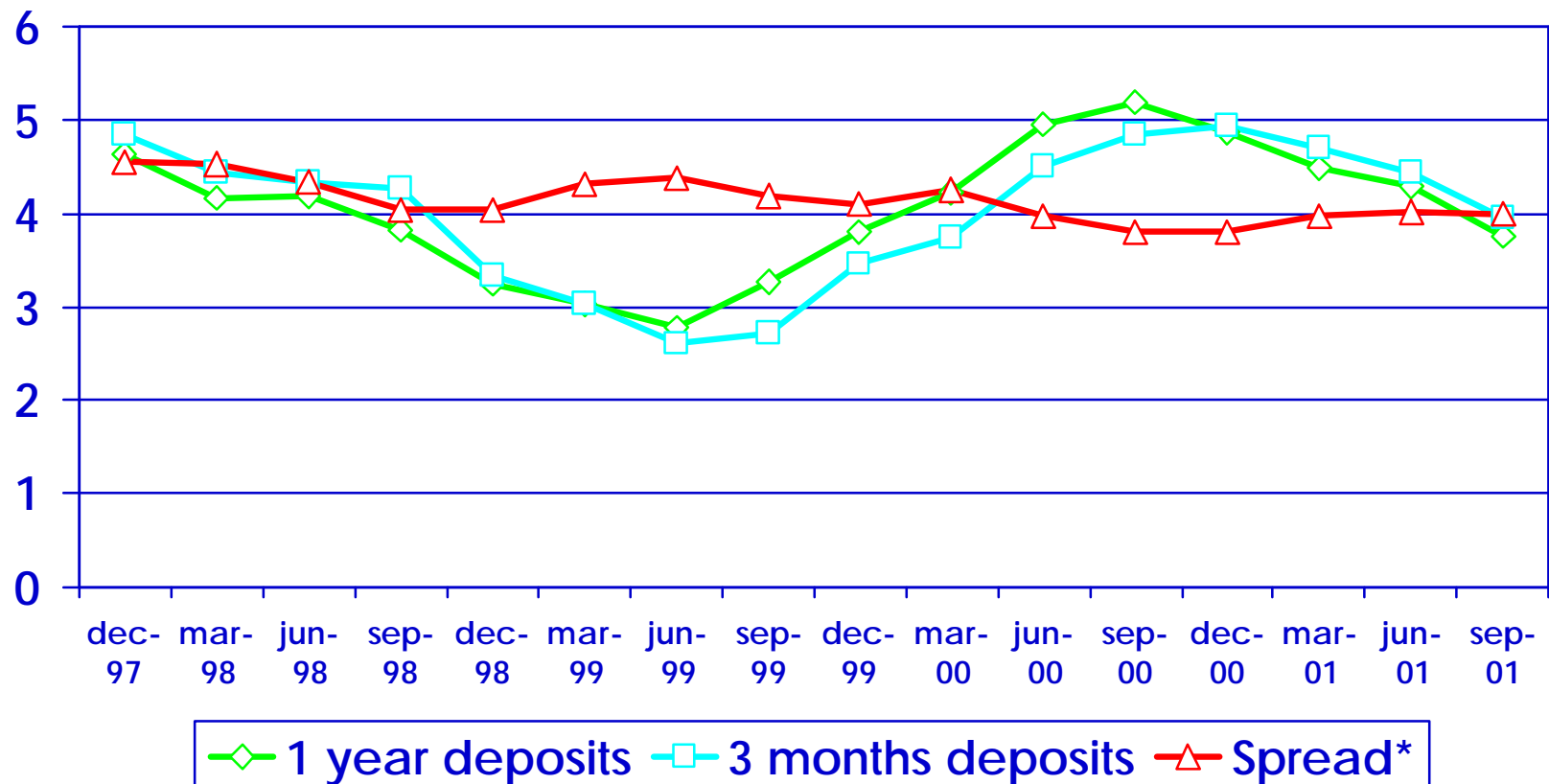
DECREASE IN INTEREST RATES

Interbank Deposits



DECREASE IN INTEREST RATES

Popular's Spread versus Market

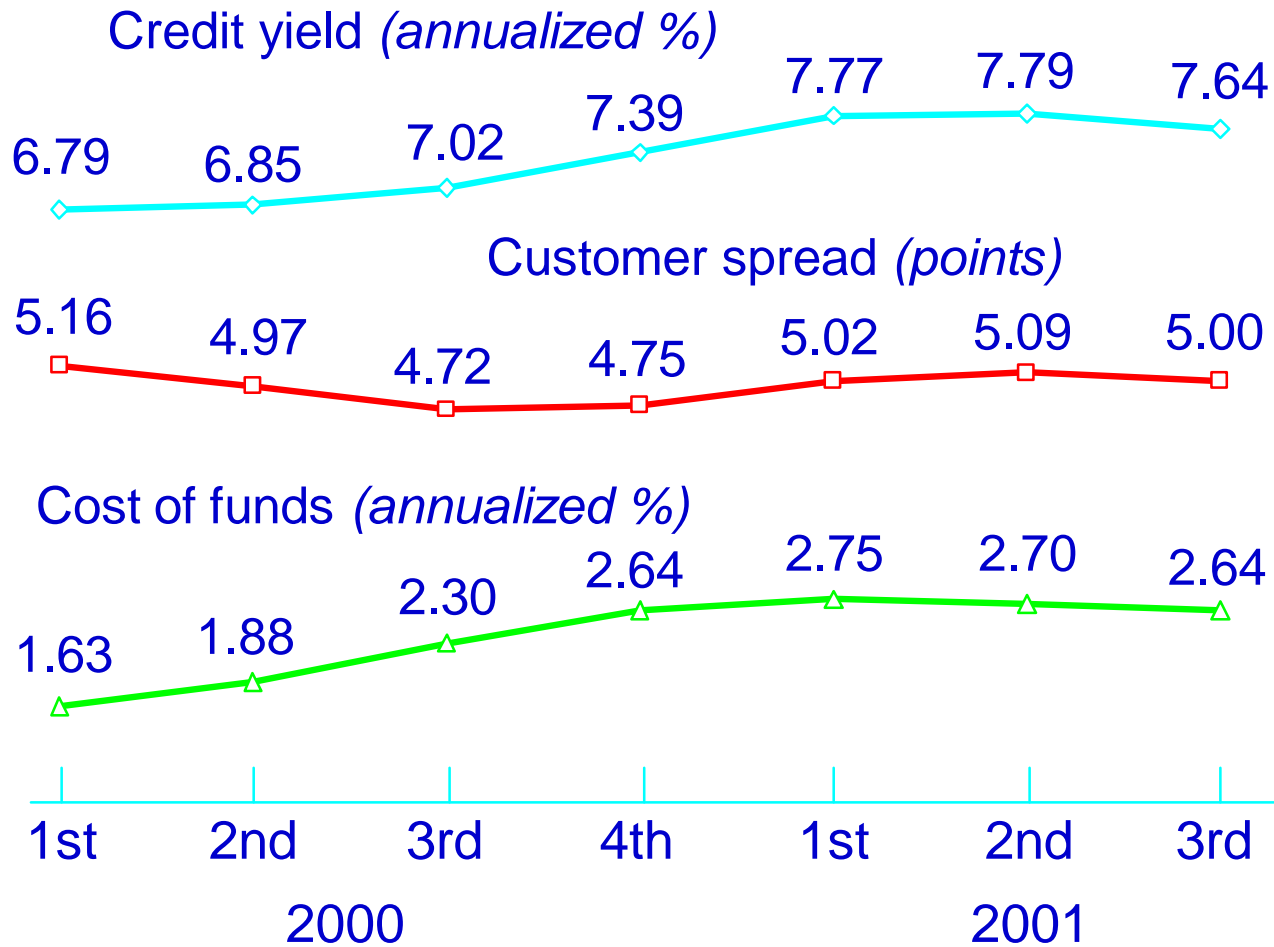


* Interest earning assets minus interest bearing liabilities



DECREASE IN INTEREST RATES

Quarterly Customer Spread



DECREASE IN INTEREST RATES

Effect on Yields and Costs

From Base To	Dec 99/ Sep 00	Dec 99/ Dec 00	Dec 99/ Mar 01	Dec 99/ Jun 01	Dec 99/ Sep 01
Bill discounting	0.89	1.27	1.20	1.00	0.96
Mortgages	0.49	0.82	1.12	1.25	1.25
Consumer	0.69	1.02	1.16	1.17	0.95
Overdrafts	0.80	1.14	1.28	1.26	1.17
Leasing	0.40	0.80	0.96	1.02	0.98
TOTAL	0.65	0.99	1.14	1.16	1.09
Demand Deposits	0.15	0.32	0.34	0.26	0.31
Time Deposits	1.01	1.45	1.59	1.59	1.44
Commercial Paper	1.14	1.46	1.23	0.99	0.58
TOTAL	0.62	0.97	1.13	1.08	1.05
Difference	0.03	0.02	0.01	0.08	0.04



DECREASE IN INTEREST RATES

Duration

September 2001

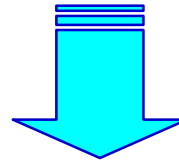
	Holding Period 365					
	Amount MM Euros	Interest Rate %	NPV MM Euros	Duration Days	NPV MM Euros	Duration Days
TOTAL ASSETS	30,038,4	6.11	30,643.7	212.54	29,490.6	127.51
MONETARY MARKET	4,545.7	4.06	4,511.0	34.76	4,564.8	32.46
LOANS	24,380.4	6.57	24,944.3	165.79	24,355.2	143.69
SECURITIES	1,112.3	4.23	1,128.4	1,966.23	570.6	196.93
TOTAL LIABILITES	20,780.2	3.60	20,942.1	87.97	20,392.1	67.12
MONETARY MARKET	7,334.1	4.05	7,372.5	47.49	7,275.8	35.39
CUSTOMER DEPOSITS	12,134.6	3.26	12,249.9	116.78	11,738.1	89.13
SECURITIES	1,311.5	4.29	1,319.7	46.76	1,318.2	46.34
EQUITY	2,492.5		9,701.6	481.43		



DECREASE IN INTEREST RATES

Sensitivity to Interest Rates

For an 100 bpts. Interest Rates Move



Net Interest Revenue Sensitivity* \pm Euros 26.0 million



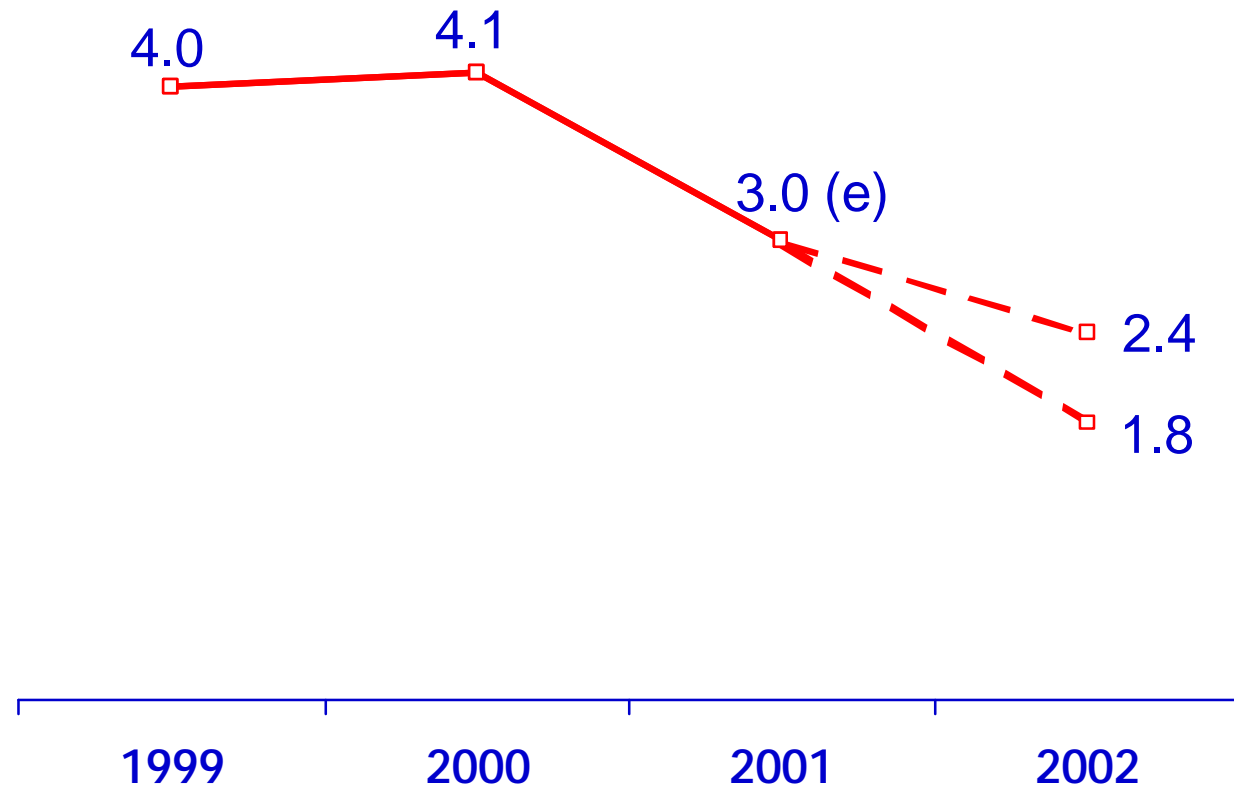
\pm 1.32 % Total Revenues

$$* (PV_a * (1 - DUR_a)) - (PV_l * (1 - DUR_l))$$

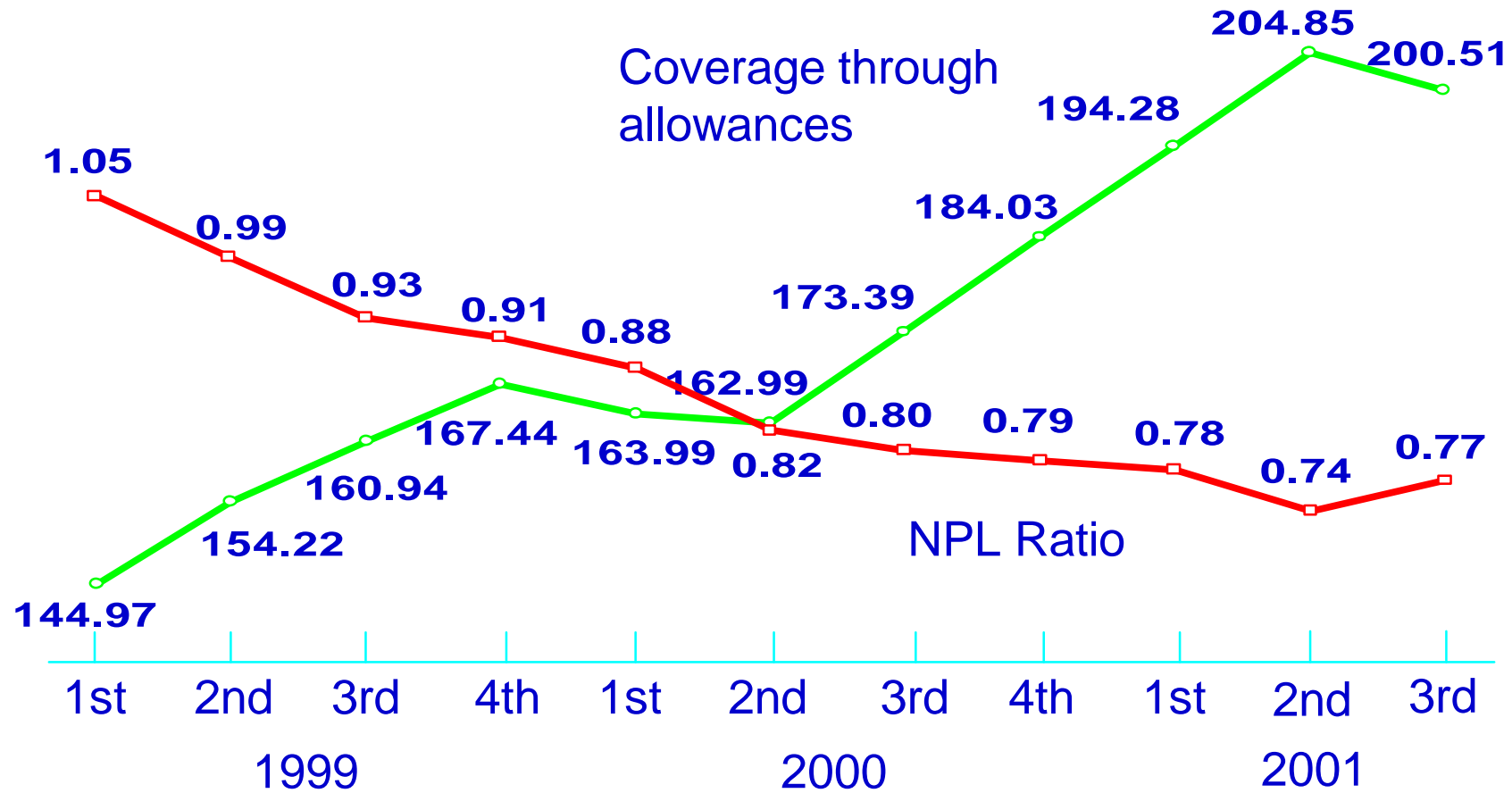


WEAKENING OF LOAN DEMAND

Spanish GDP Growth



OTHER CONCERNS: ASSET QUALITY



OTHER CONCERNS: ASSET QUALITY

Risk Concentration

September 2001

EXPOSURE BY CUSTOMER <i>(Euro thousand)</i>	(%) of total	Nonperforming loans as % of total risk
Over 6.000	14.63	0.02
From 3.000 to 6.000	5.28	0.00
From 1.200 to 3.000	10.74	0.26
From 600 to 1.200	8.96	0.44
From 300 to 600	10.08	0.49
From 120 to 300	11.60	0.69
From 60 to 120	17.15	0.87
From 24 to 60	8.95	1.04
Under 24	12.61	2.60
TOTAL	100.00	0.77



OTHER CONCERNS: ASSET QUALITY

Risk Distribution

September 2001

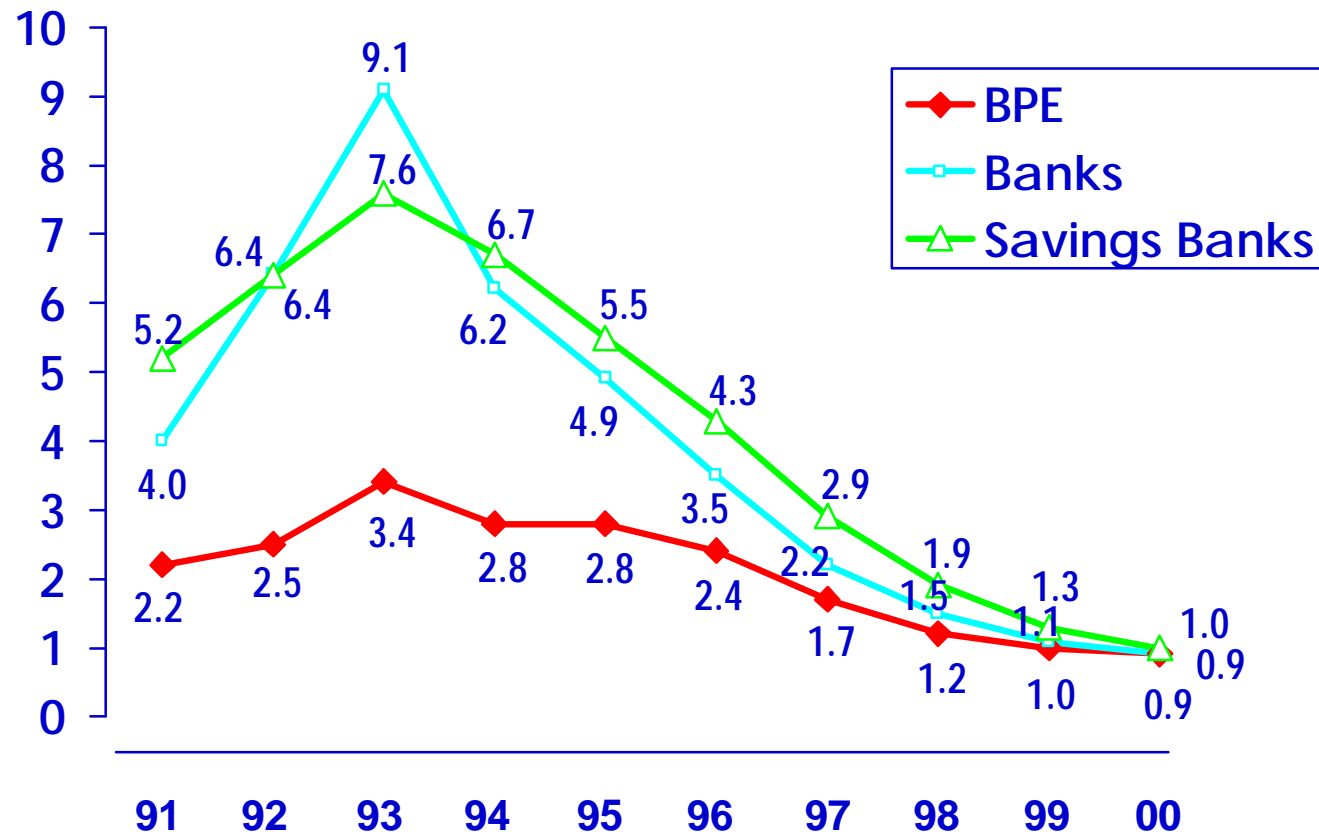
Percentages

INDUSTRY	Nonperforming Loans / Total risk	Writeoffs / Total risk	Distribution
Farming	0.53	0.16	2.80
Manufacturing	0.77	0.25	21.12
Construction	0.63	0.18	13.64
Services	0.70	0.23	35.54
To individuals	1.32	0.30	24.75
Others	7.73	0.10	2.15
TOTAL	1.01	0.24	100.00



OTHER CONCERNS: ASSET QUALITY

Nonperforming loans / Credit to private-sector resident borrowers (%)



REACTION TO CHANGING SCENARIO

- Expansion of Popular's Perimeter
- Focus on Commercial Activity
- Cost Control



EXPANSION OF POPULAR´S PERIMETER

GOAL



Affluent Private Individuals

VEHICLES



- **New Bank***: external expansion
- **Eurogestión**: internal expansion

** Iberagentes Popular Banca Privada*



FOCUS ON COMMERCIAL ACTIVITY

- **Network Targets Redefined to Focus on Sales with Profitability Floors**
- **Increase Number of Commercial Campaigns**



COST CONTROL

Curtailment of

Branch Expansion

**Non Immediately Productive
Technical Programs**

General Expense Scraping



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