

January 2004

Banco Popular Group

SUCCESSFUL REFOCUSING:
BALANCED & FAST GROWTH

LOOKING BACK: STRONG PERFORMANCE

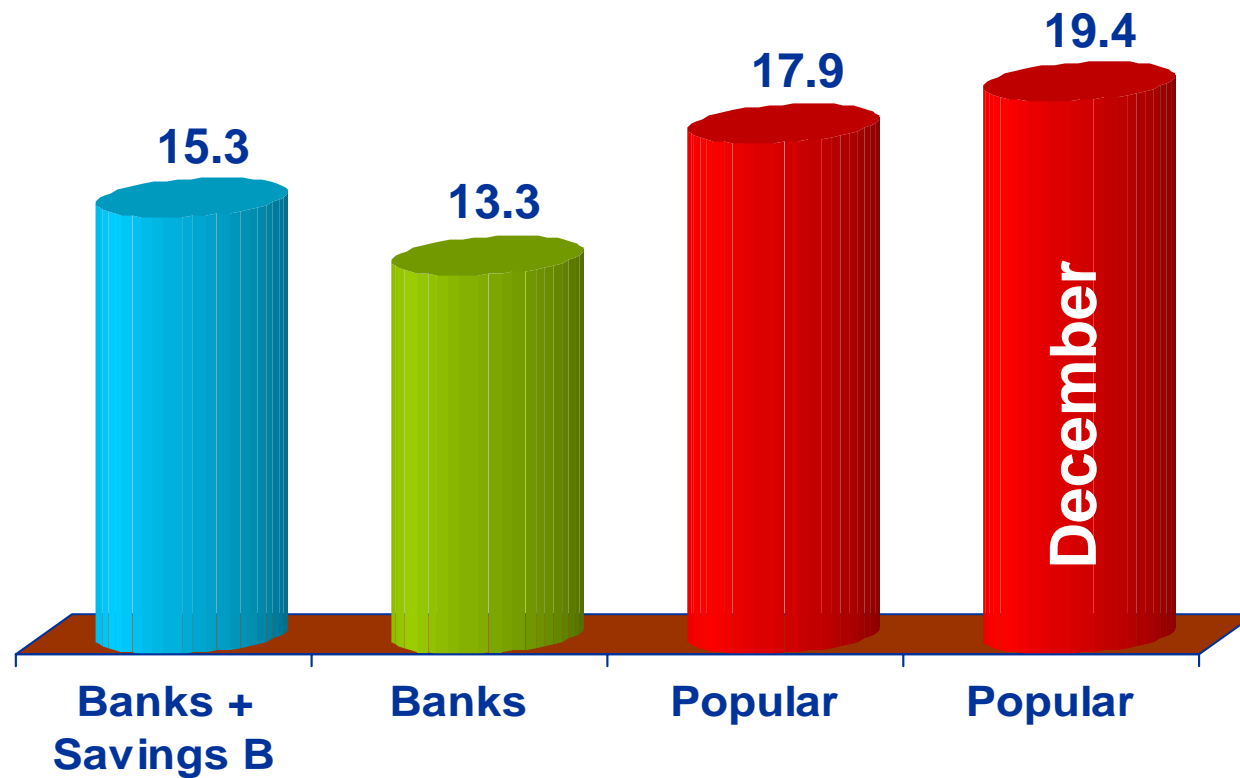
2

- ▶ **Market share gain**
- ▶ **Improvement in asset quality**
- ▶ **Customer base expansion**
- ▶ **Strong Revenues & EPS growth**
- ▶ **Best ROE in Spain & Europe**
- ▶ **Best Cost/Income ratio in Spain & Europe**

MARKET SHARE GAIN

LOANS TO PRIVATE-SECTOR RESIDENTS (ex BNC)

(November 30, 2003 year-on-year % change)



MARKET SHARE GAIN

MAJOR PRODUCTS MARKET SHARE

(Accumulated % change)

	Growth rate December 03		Market share Sept. 03	Of total loans
	As reported	Like for like (ex BNC)		
Bill discounting	19.8	17.2	11.0	12.7
Mortgage loans	34.9	26.3	4.8	50.3
Personal loans & overdrafts	27.5	10.0	4.4	30.0
Leasing	12.0	12.0	8.9	5.3
TOTAL	29.1	19.1		
Pension funds*	16.7		6.7	
Mutual funds	25.0		3.6	

* Assets in private/individual accounts

MARKET SHARE GAIN

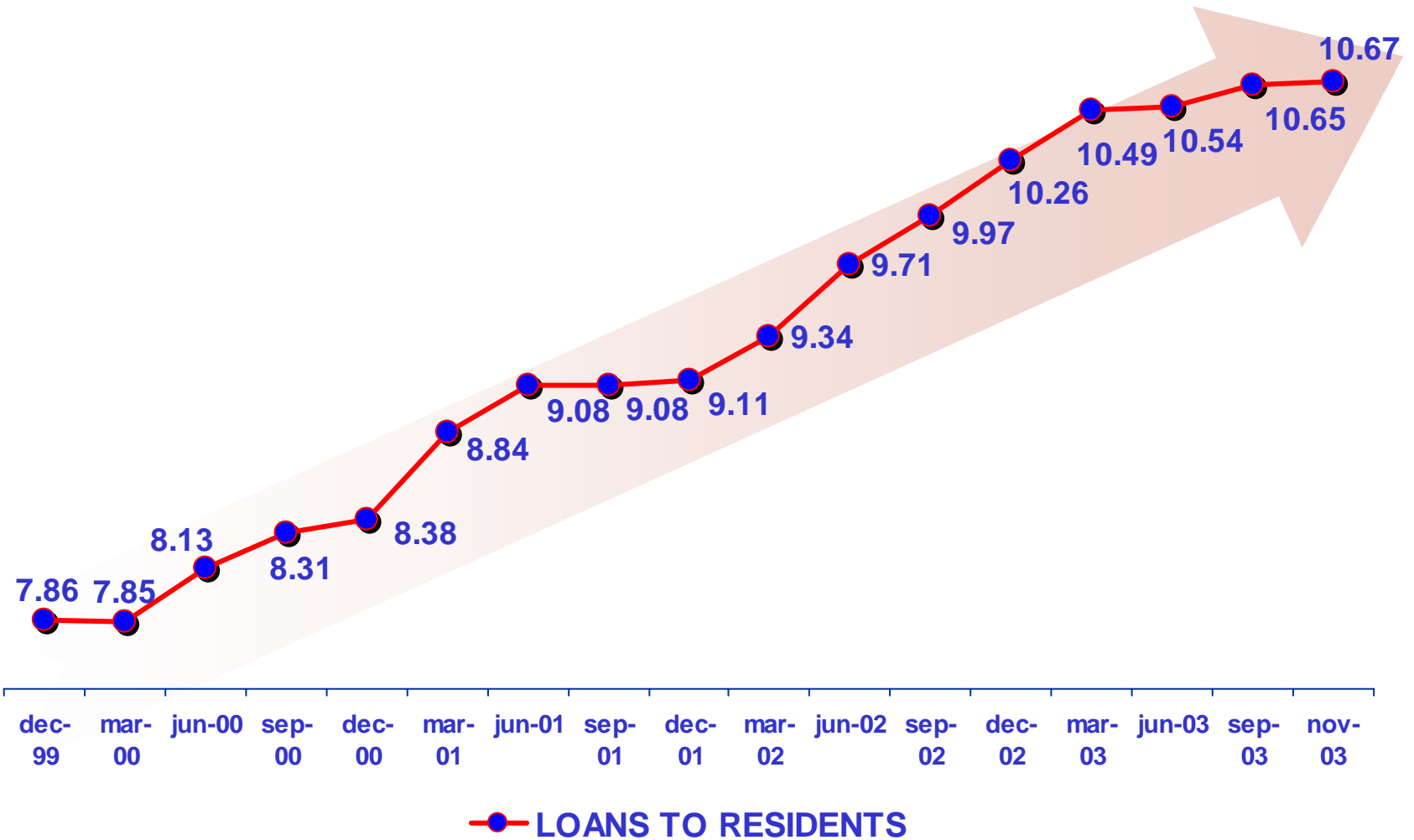
MUTUAL FUNDS (ex BNC)

(Accumulated % change)

	<i>December 02</i>		<i>December 03</i>	
	<i>% Δ</i>	<i>Market share</i>	<i>% Δ</i>	<i>Market share</i>
AuM				
Popular	-4.33	3.45	23.34	3.67
Sector	-3.97		15.95	
Clients				
Popular	1.80	3.89	16.27	4.18
Sector	4.20		8.18	

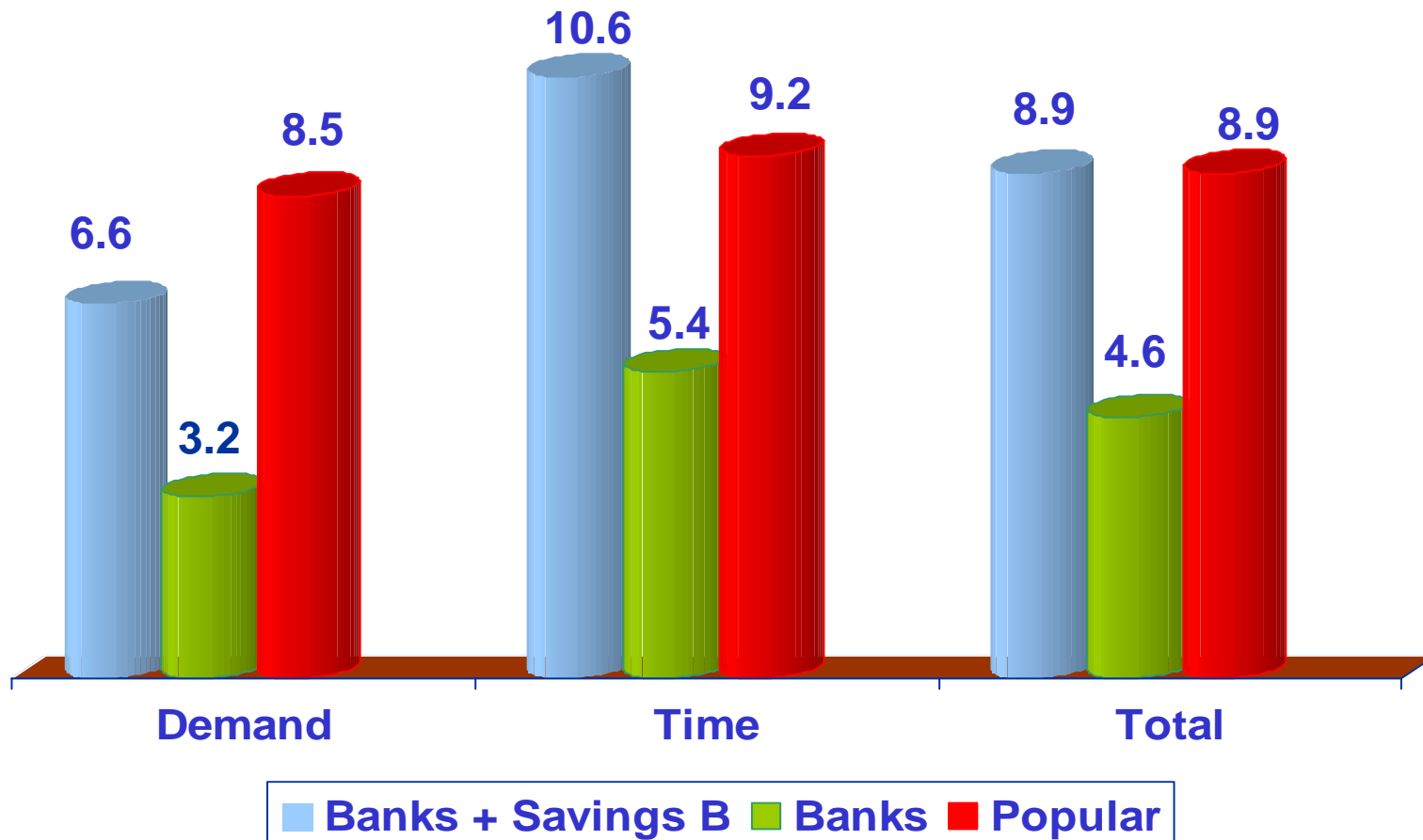
MARKET SHARE GAIN

MARKET SHARE OVER COMMERCIAL BANKS (ex BNC)



MARKET SHARE GAIN

GROWTH OF DEPOSITS OF PRIVATE-SECTOR RESIDENTS (November, 30 2003 year-on-year % change) (ex BNC)



MARKET SHARE GAIN

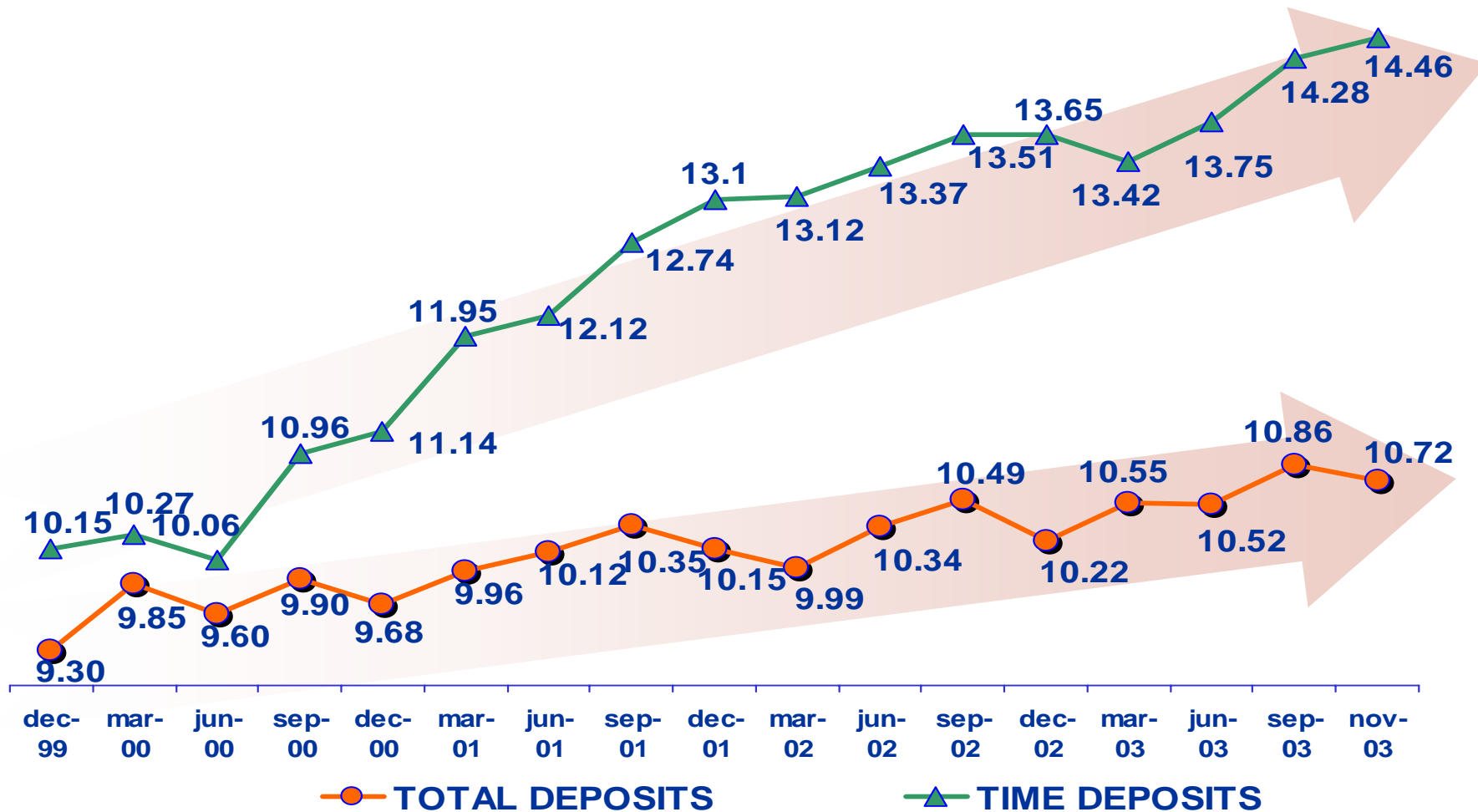
CORE RESIDENT-CUSTOMER DEPOSITS (ex BNC)

(Accumulated % change)

	<i>Dec.-02</i>	<i>March-03</i>	<i>June-03</i>	<i>Sept.-03</i>	<i>Dec.-03</i>
Demand deposits	4.7	7.3	6.1	9.1	10.3
Time deposits	9.8	11.7	10.2	8.7	5.9
Customers commercial paper	71.4	54.8	51.5	29.5	58.1
TOTAL	10.3	12.0	10.8	10.8	12.4

MARKET SHARE GAIN

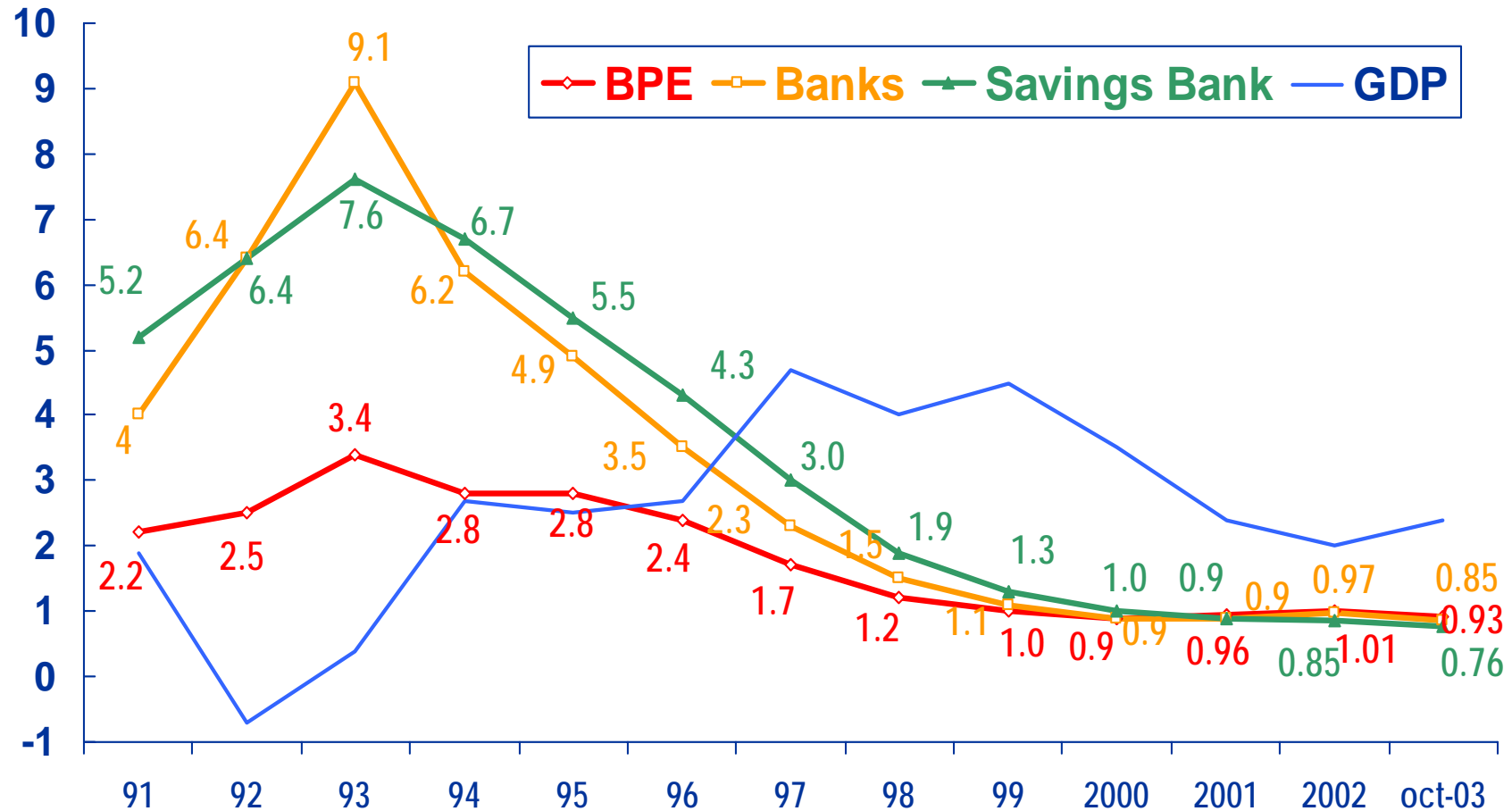
MARKET SHARE OVER COMMERCIAL BANKS (ex BNC)



IMPROVEMENT IN ASSET QUALITY

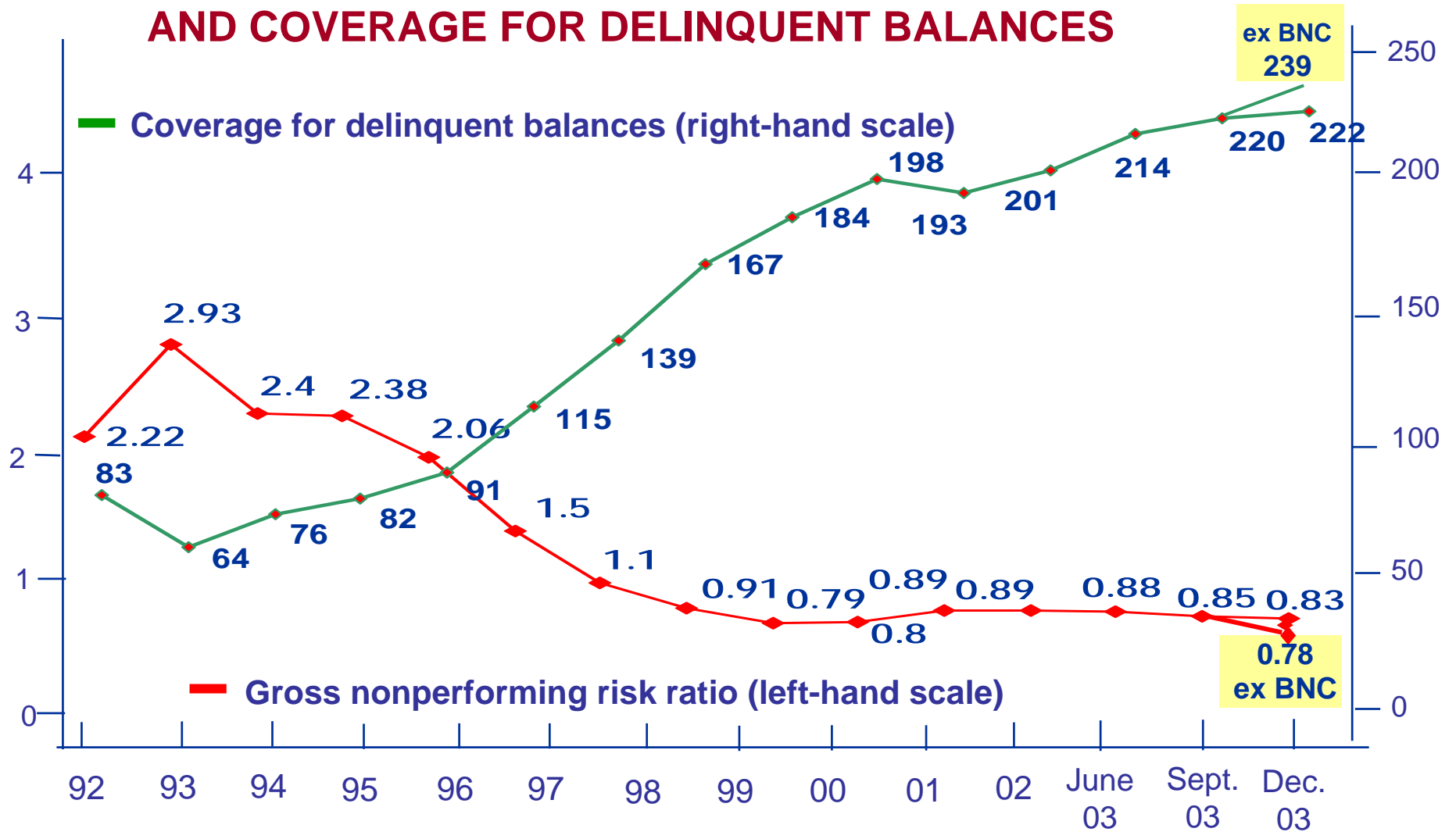
LOAN PORTFOLIO QUALITY

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



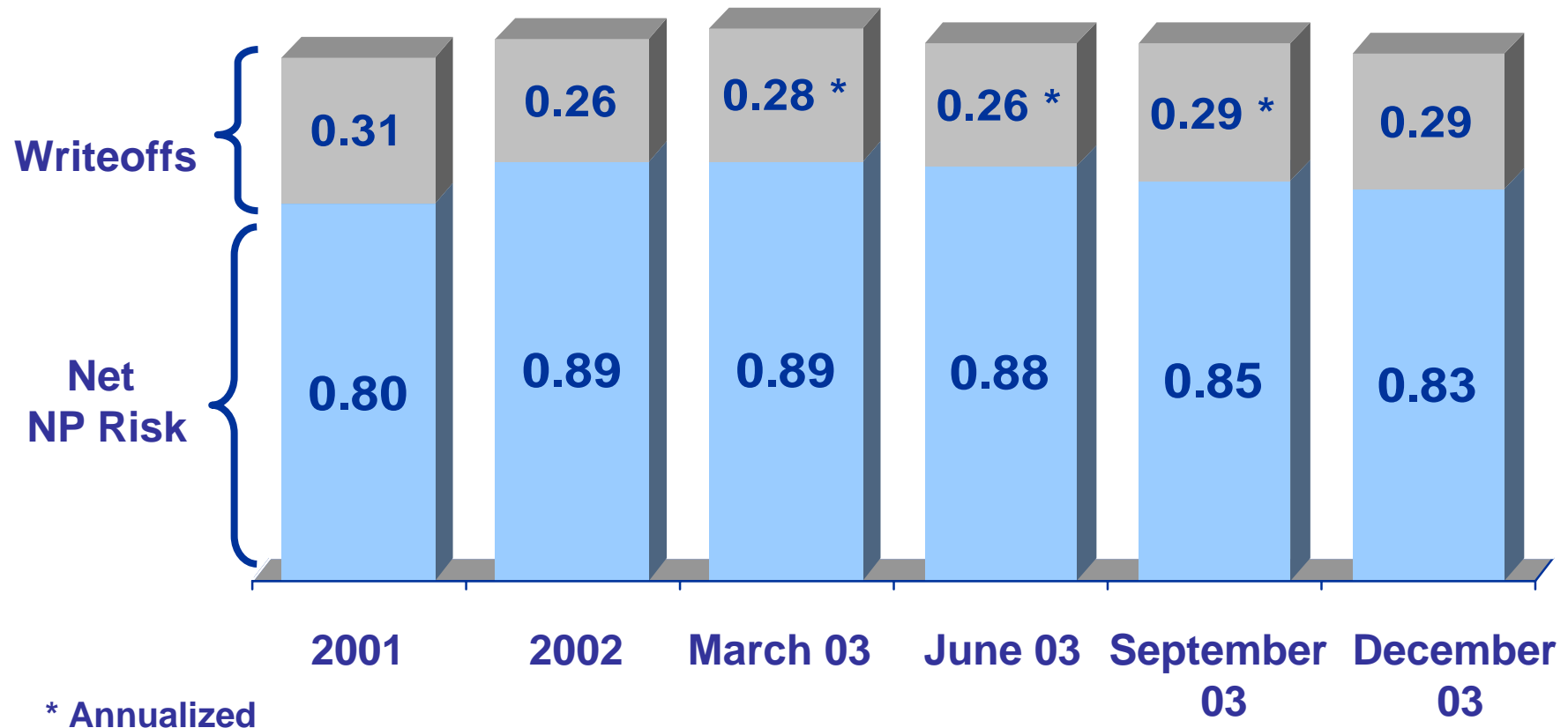
IMPROVEMENT IN ASSET QUALITY

VARIATION IN THE NON PERFORMING RISK RATIO AND COVERAGE FOR DELINQUENT BALANCES



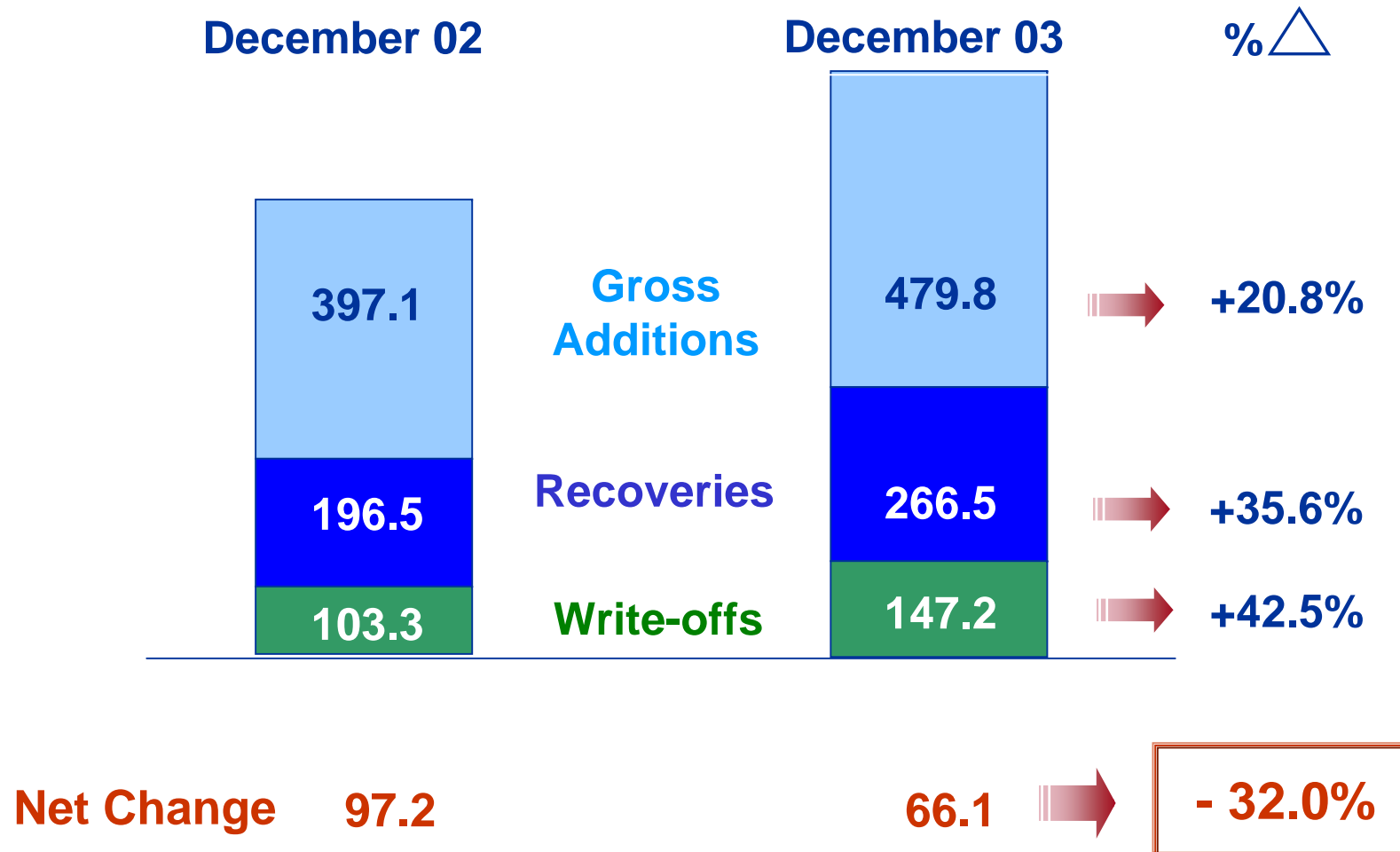
IMPROVEMENT IN ASSET QUALITY

NON PERFORMING RISK (bps)



NPL EVOLUTION

(Euro million)



CUSTOMER BASE EXPANSION

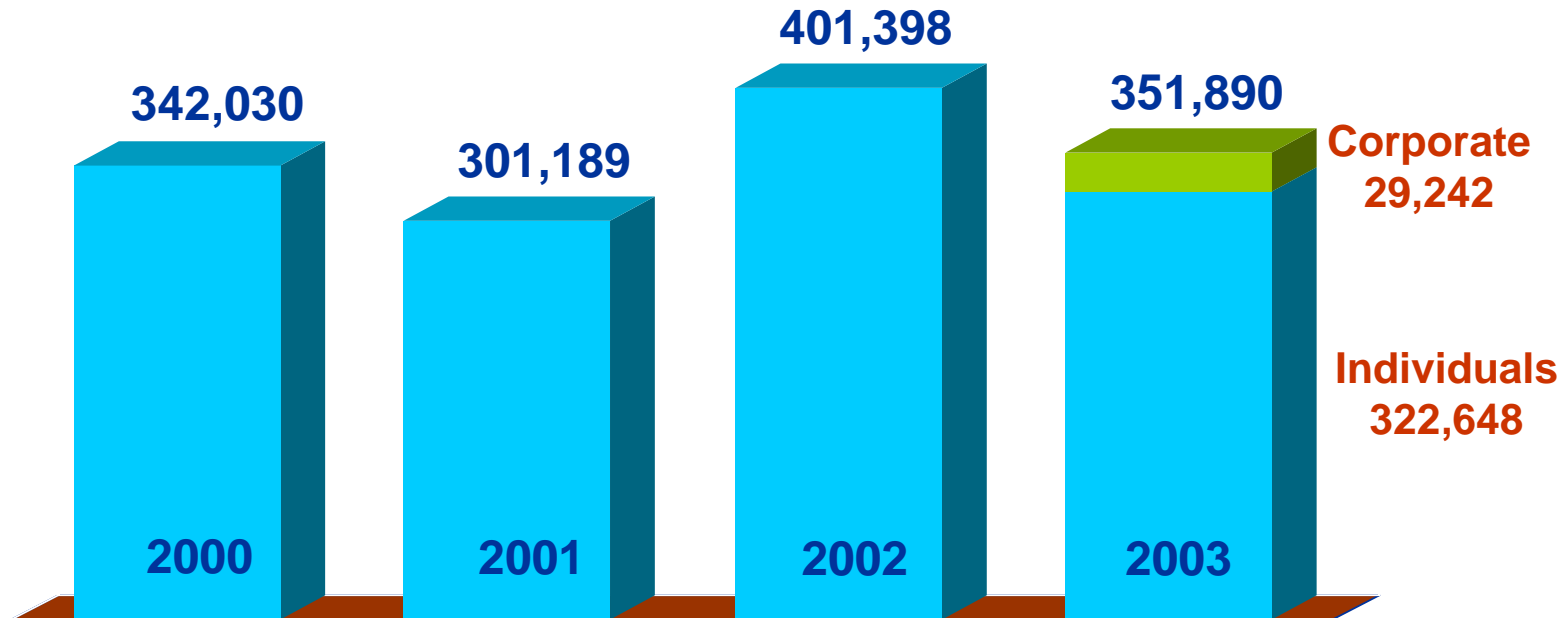
TOTAL NUMBER OF CUSTOMERS



SPAIN	5,005,098
PORTUGAL	258,148
FRANCE	34,565
TOTAL	5,297,807

CUSTOMER BASE EXPANSION

NET NEW CLIENTS (Spain)



Total number of clients: 5,005,098 Individuals: 4,624,943 Corporate: 380,155	→	y-o-y %
	→	7.56
	→	7.50
	→	8.33

STRONG REVENUES GROWTH

	2003				Total	2003/2002
	1 Q	2 Q	3 Q	4 Q		y-on-y % Δ
Net interest revenue	431.8	438.0	464.9	465.2	1,799.9	13.1
Fees for services	148.2	148.7	151.7	159.2	607.8	6.1
Ordinary revenue	585.6	596.0	619.4	638.4	2,439.4	11.2
Operating costs	199.7	200.6	213.7	228.0	842.0	7.6
Operating income	359.4	368.6	377.2	381.0	1,486.2	13.6
Income before taxes	285.1	292.4	313.5	314.2	1,205.2	14.2
Net income attributable	165.5	166.3	191.6	190.9	714.3	12.8

STRONG REVENUES GROWTH

EXCLUDING BNC

	2003				Total	2003/2002
	1 Q	2 Q	3 Q	4 Q		y-on-y % Δ
Net interest revenue	431.8	438.0	440.1	437.5	1,747.4	9.8
Fees for services	148.2	148.7	147.1	153.9	597.9	4.4
Ordinary revenue	585.6	596.0	589.7	603.8	2,375.1	8.3
Operating costs	199.7	200.6	200.1	211.3	811.7	3.7
Operating income	359.4	368.7	362.5	365.3	1,455.9	11.3
Income before taxes	285.1	292.4	309.2	305.9	1,192.6	13.0
Net income attributable	165.5	166.3	189.5	186.3	707.6	11.7

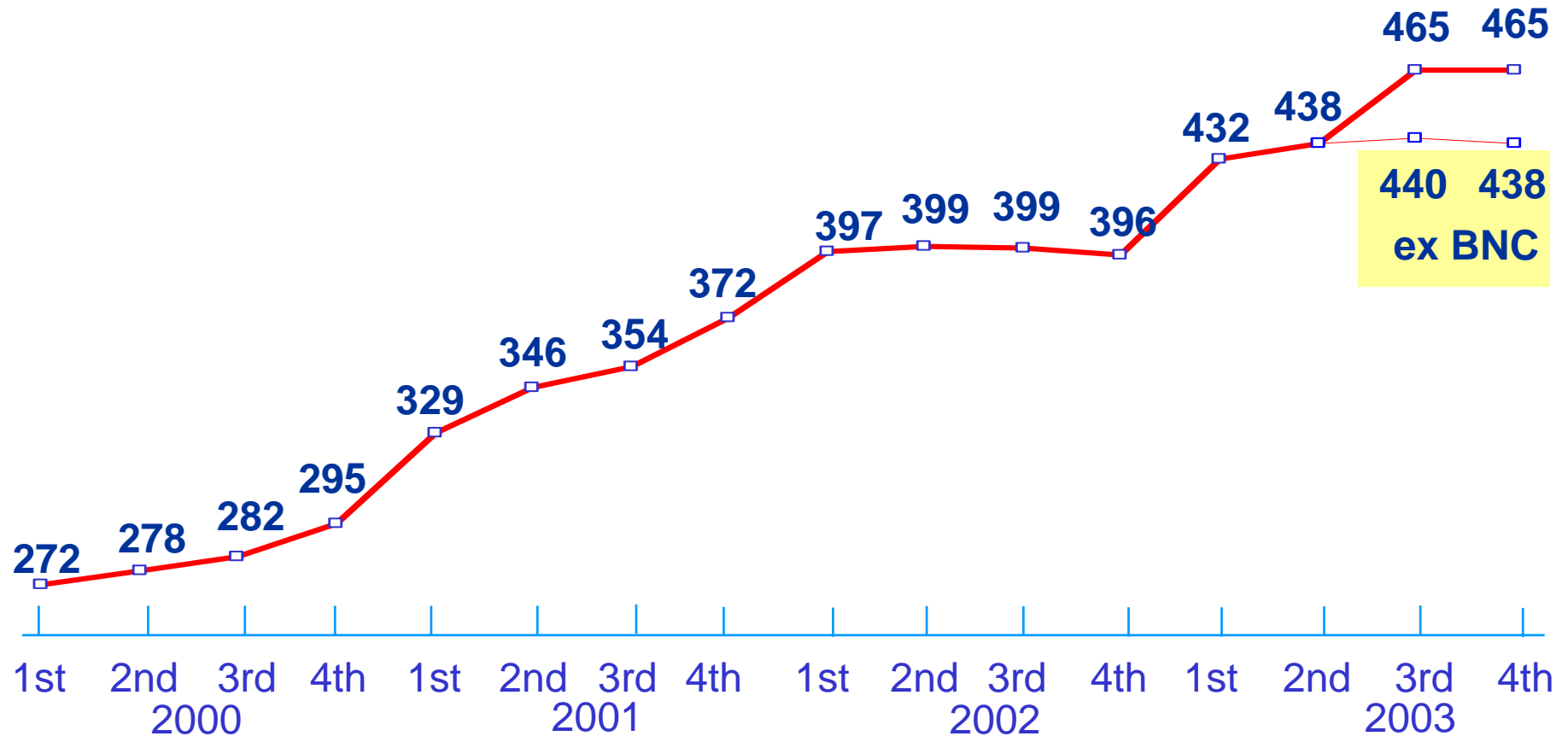
STRONG REVENUES GROWTH

	2003/2002			
	1 Q y-on-y % Δ	2 Q y-on-y % Δ	3 Q y-on-y % Δ	4 Q y-on-y % Δ
Net interest revenue	8.8	9.7	16.6	17.4
Fees for services	7.1	3.6	4.9	9.0
Ordinary revenue	7.3	8.6	14.1	15.0
Operating costs	3.6	3.7	9.2	13.5
Operating income	9.7	11.6	17.2	16.1
Income before taxes	9.0	14.0	13.6	20.2
Net income attributable	8.6	9.8	13.3	18.9

STRONG REVENUES GROWTH

NET INTEREST REVENUE (Quarter standalone)

(Euro million)



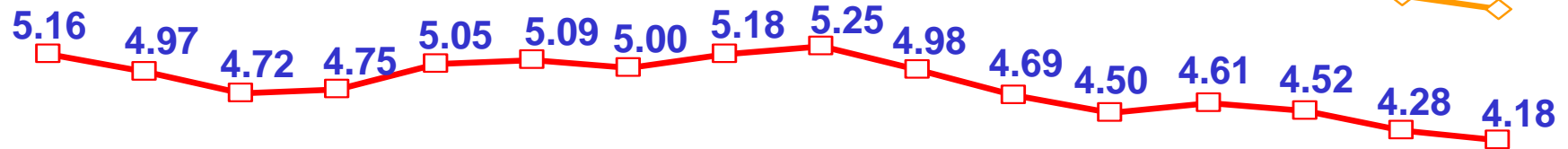
STRONG REVENUES GROWTH

QUARTERLY CUSTOMER SPREAD

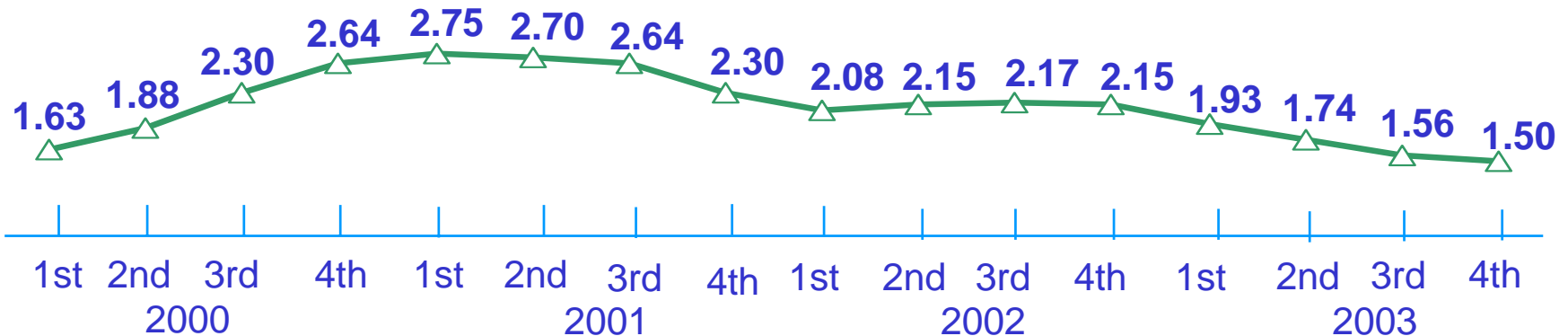
Credit yield (annualized %)



Customer spread (points)

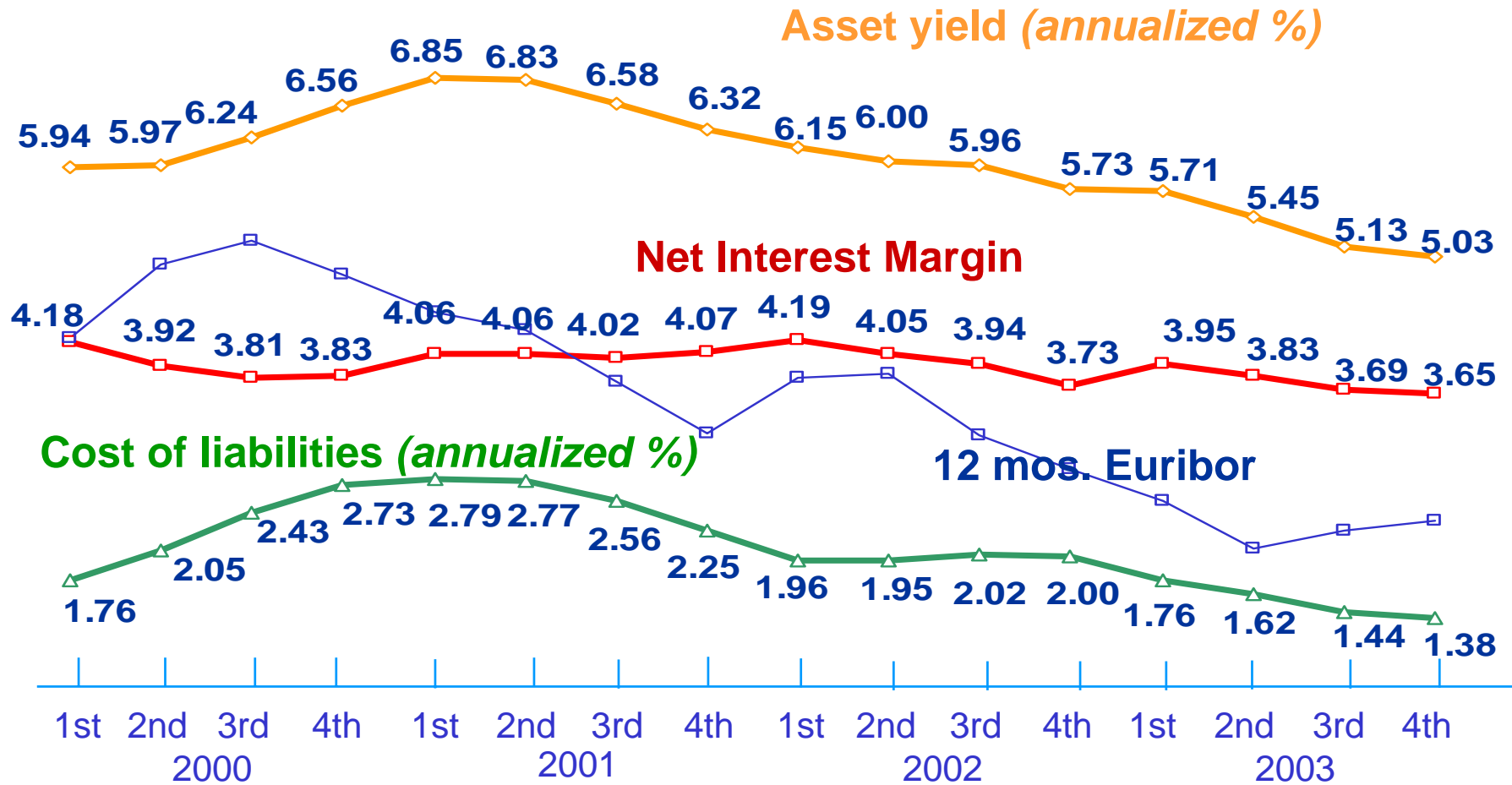


Cost of funds (annualized %)



STRONG REVENUES GROWTH

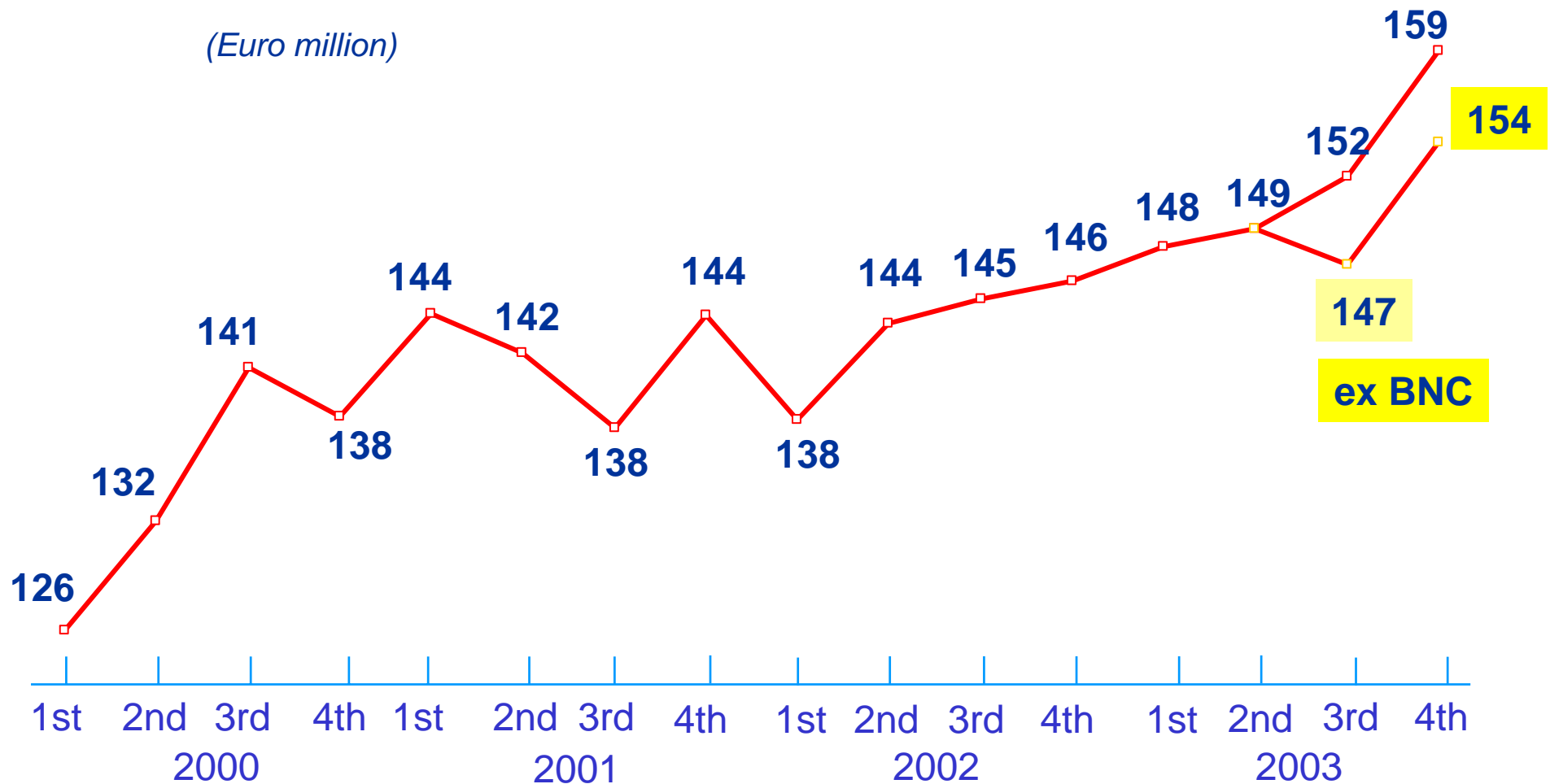
NET INTEREST MARGIN



STRONG REVENUES GROWTH

FEES FOR SERVICES (Quarter standalone)

(Euro million)



STRONG REVENUES GROWTH

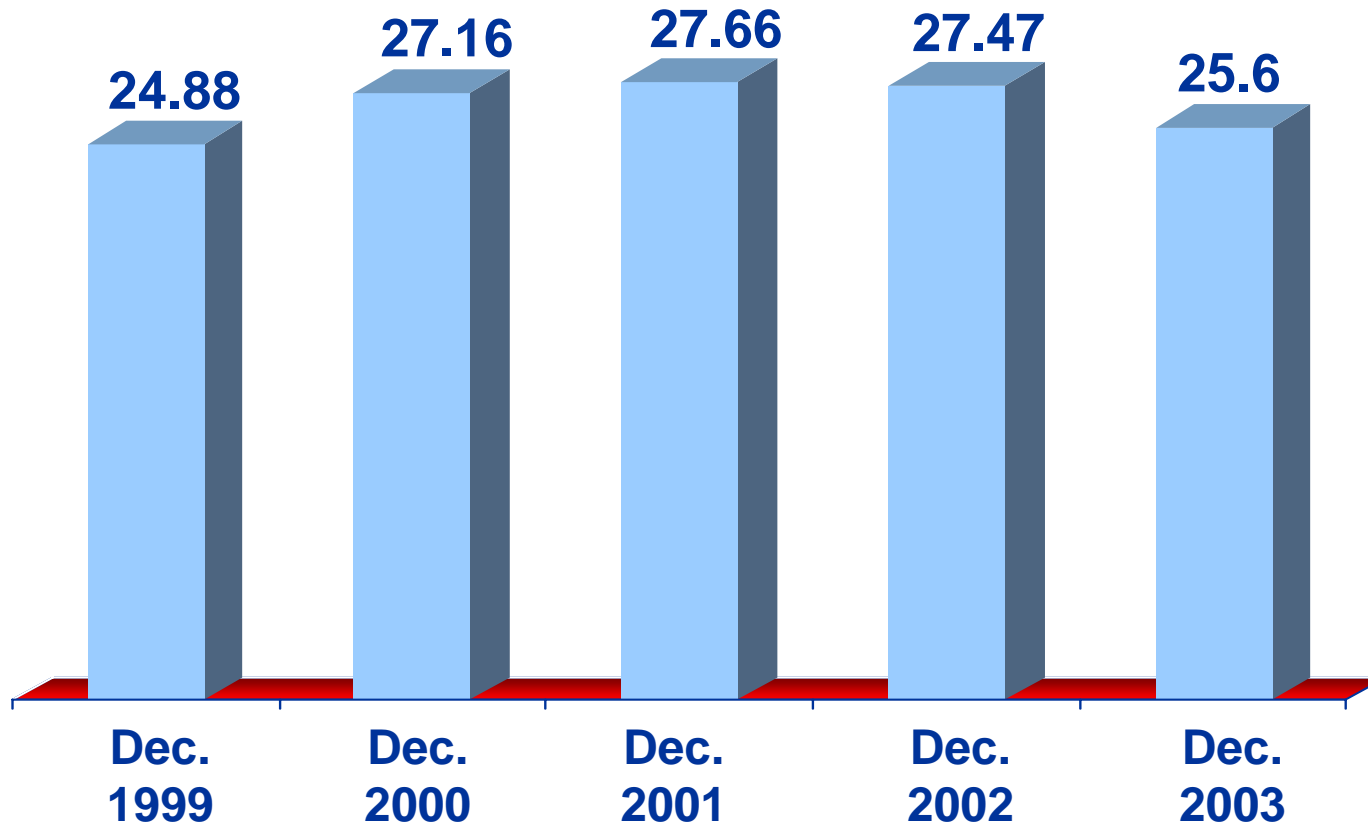
FEEES FOR SERVICES

Year-on-year % accum. Δ

	<i>March-03</i>	<i>June-03</i>	<i>Sep.-03</i>	<i>Dec.-03</i>	<i>As % of total fees</i>
Loan-related fees	(1.1)	(2.7)	(1.6)	(0.7)	12.0
Fees from guarantees	17.3	15.3	17.4	17.7	11.0
Collection & card-related	3.5	2.5	0.5	0.7	40.2
Customer financial asset mgt.	(2.1)	0.8	5.0	7.1	24.1
Mutual funds	(2.4)	1.1	5.7	7.8	15.8
Other AM	(1.4)	0.3	3.8	5.9	8.3
Account mgt. Fees	8.9	5.5	5.6	6.8	8.0
Other (inc. Inv. Banking)	114.9	73.9	53.0	61.6	4.7
TOTAL	7.1	5.3	5.1	6.1	100
Exc. BNC			4.1	4.4	

BEST ROE

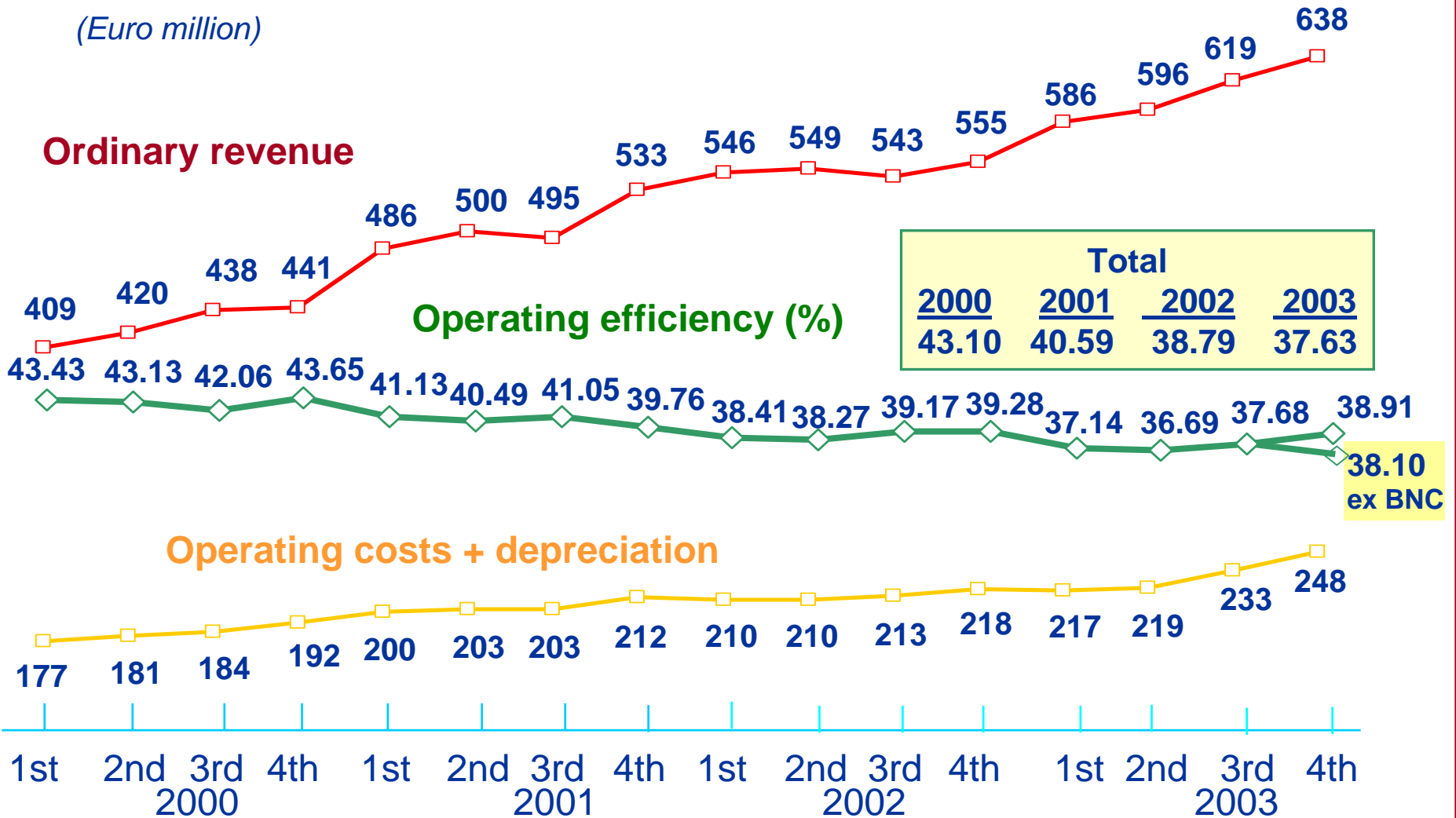
ROE (%)



BEST COST/INCOME RATIO

COST/INCOME RATIO

(Euro million)



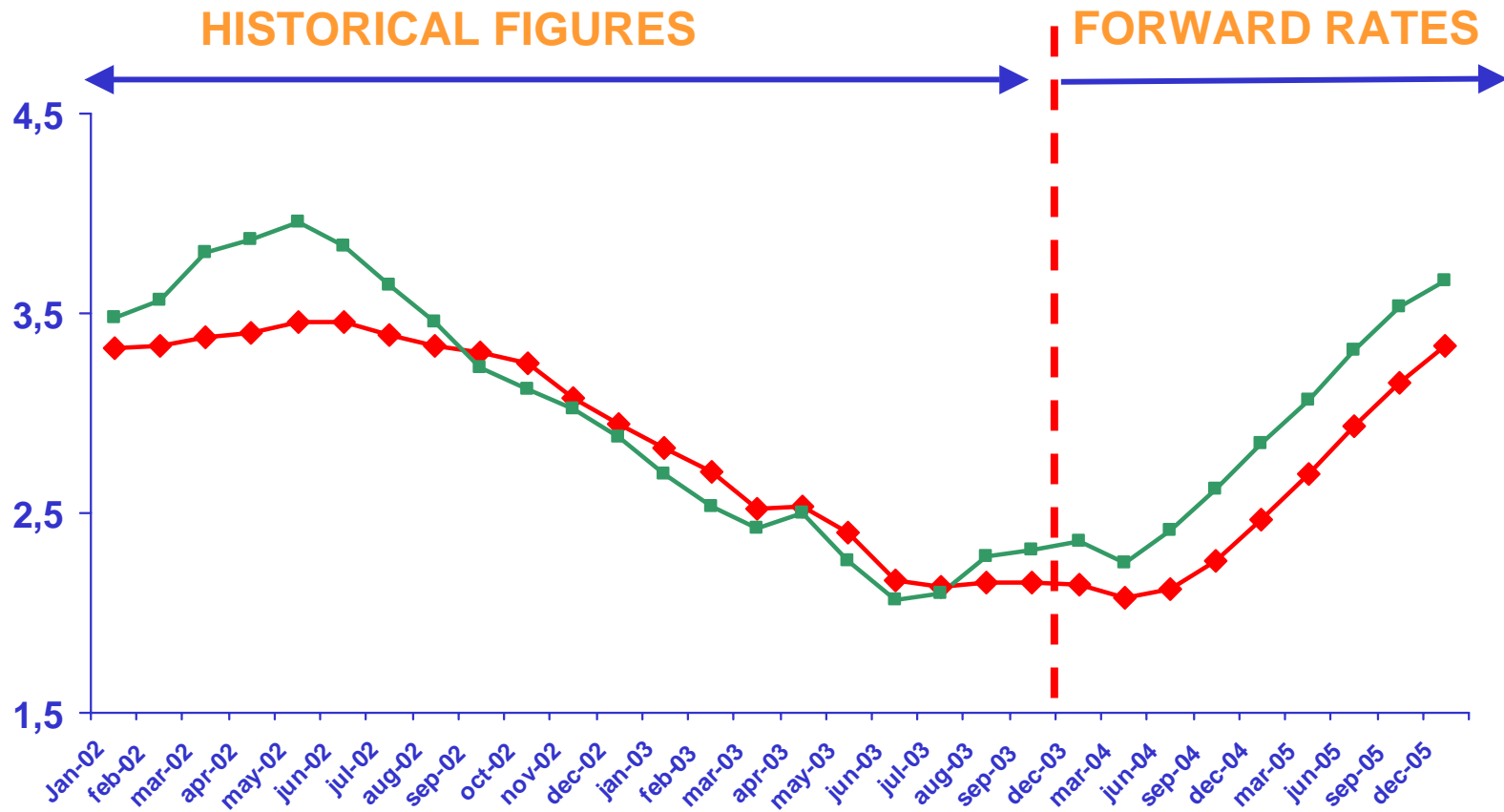


ANNEX

MACROECONOMIC PARAMETERS

MACROECONOMIC PARAMETERS

INTEREST RATES TRENDS: Change of cycle

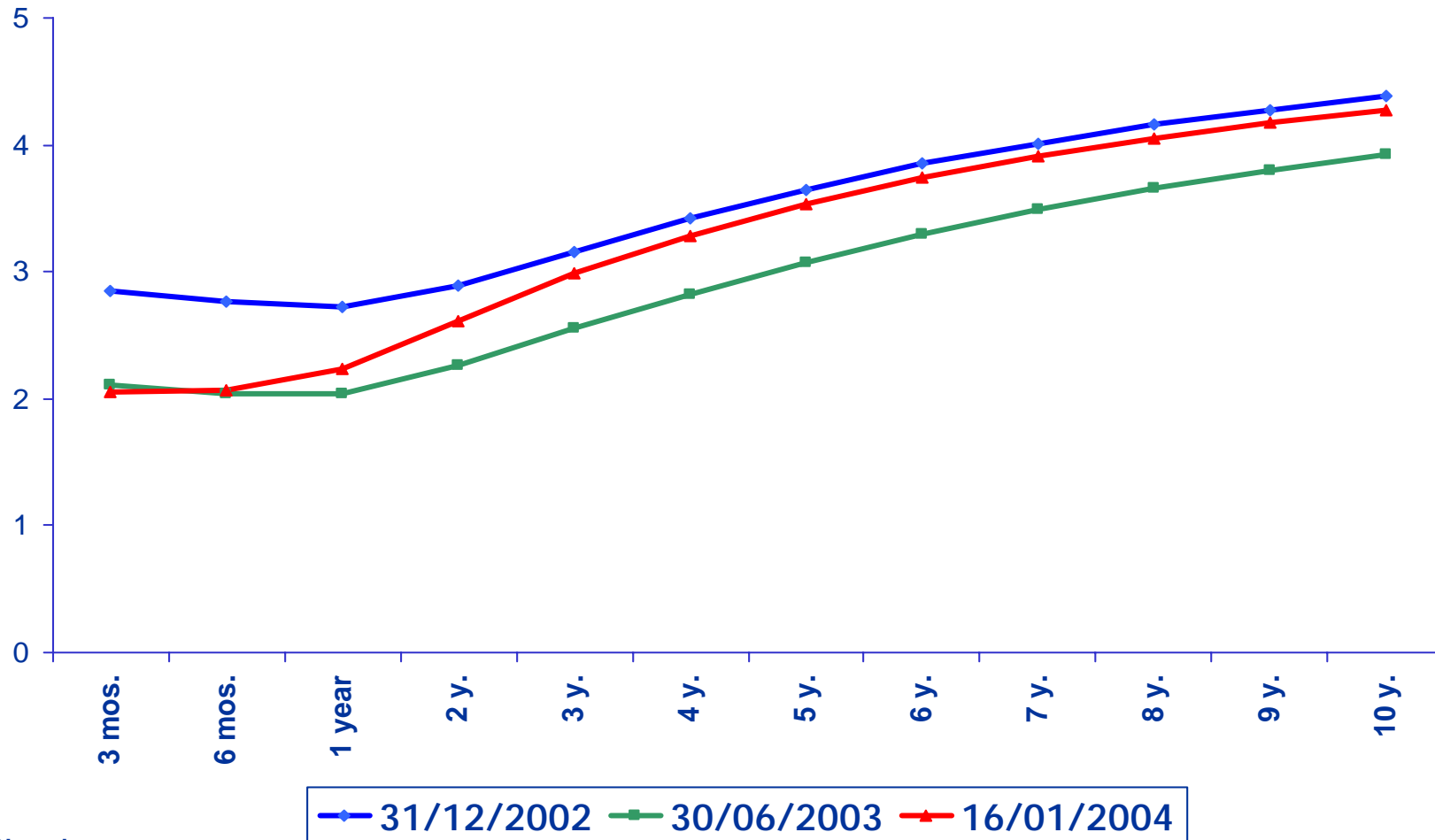


REUTERS – 13 JANUARY 2004

◆ 3 mos. ■ 1 year

MACROECONOMIC PARAMETERS

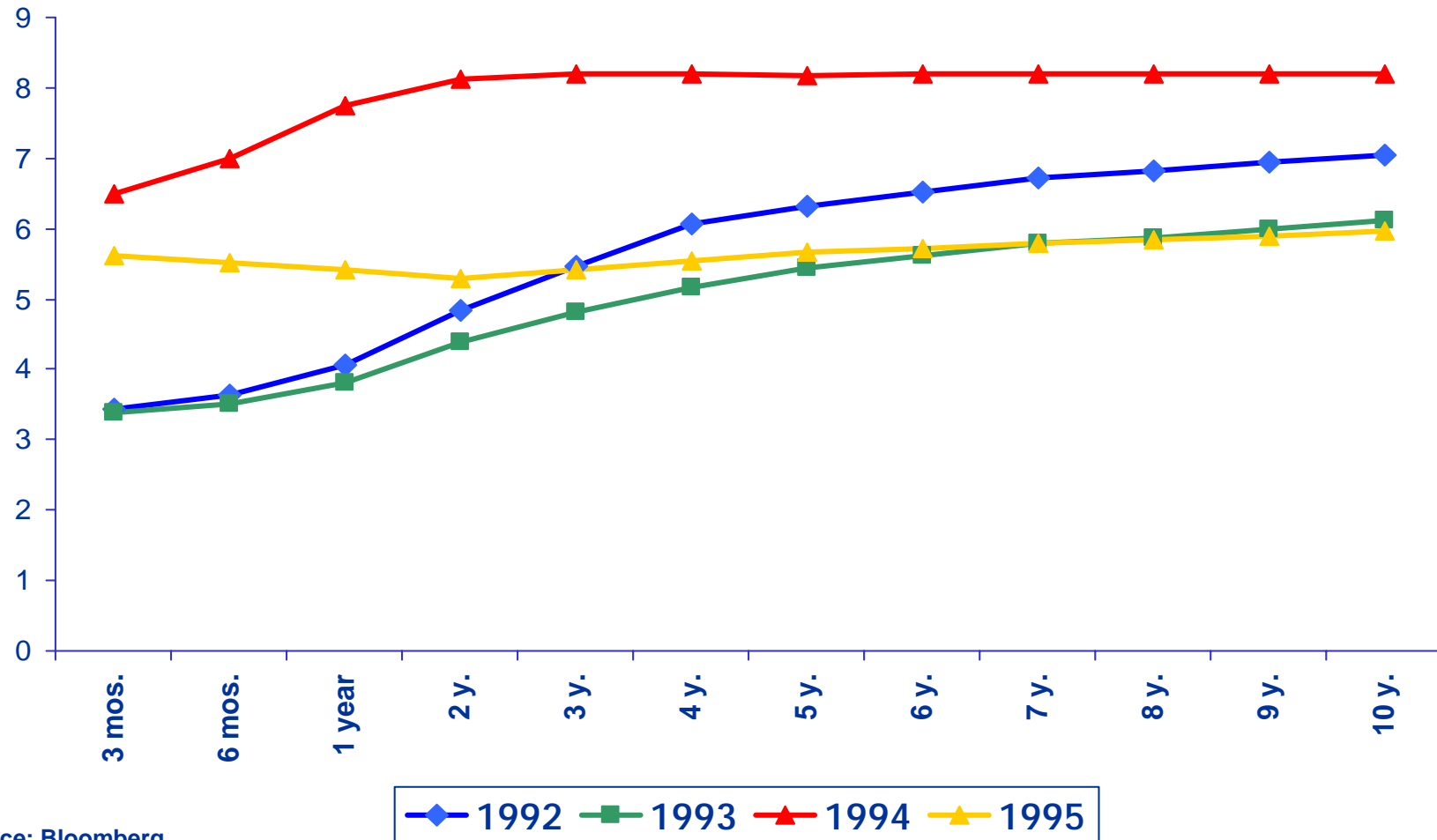
EURO SWAP ANNUAL



Source: Bloomberg

MACROECONOMIC PARAMETERS

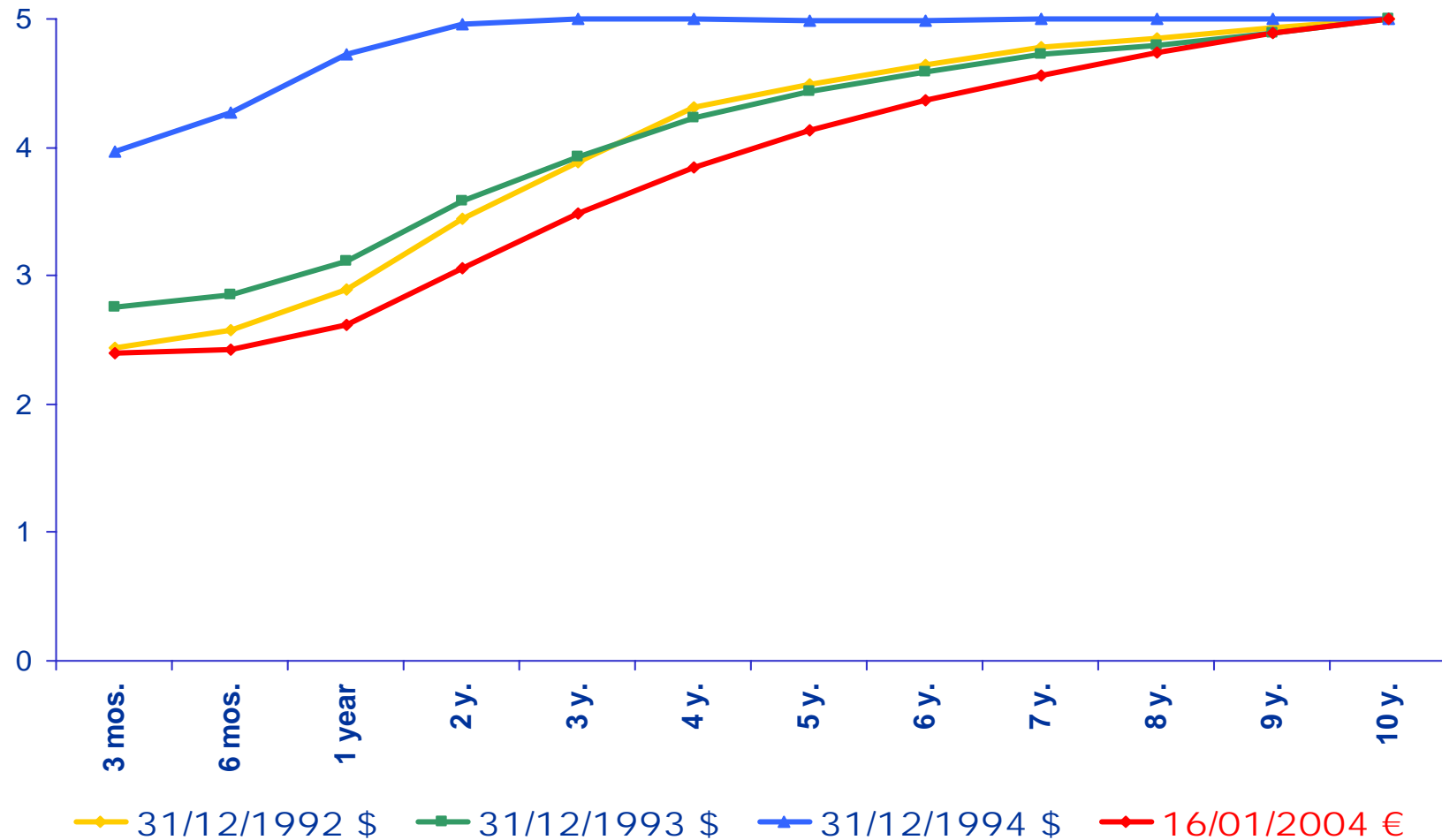
1992-95 \$ INTEREST RATES PATTERNS



Source: Bloomberg

MACROECONOMIC PARAMETERS

IF INTEREST RATES FOLLOW 1992-95 PATTERN

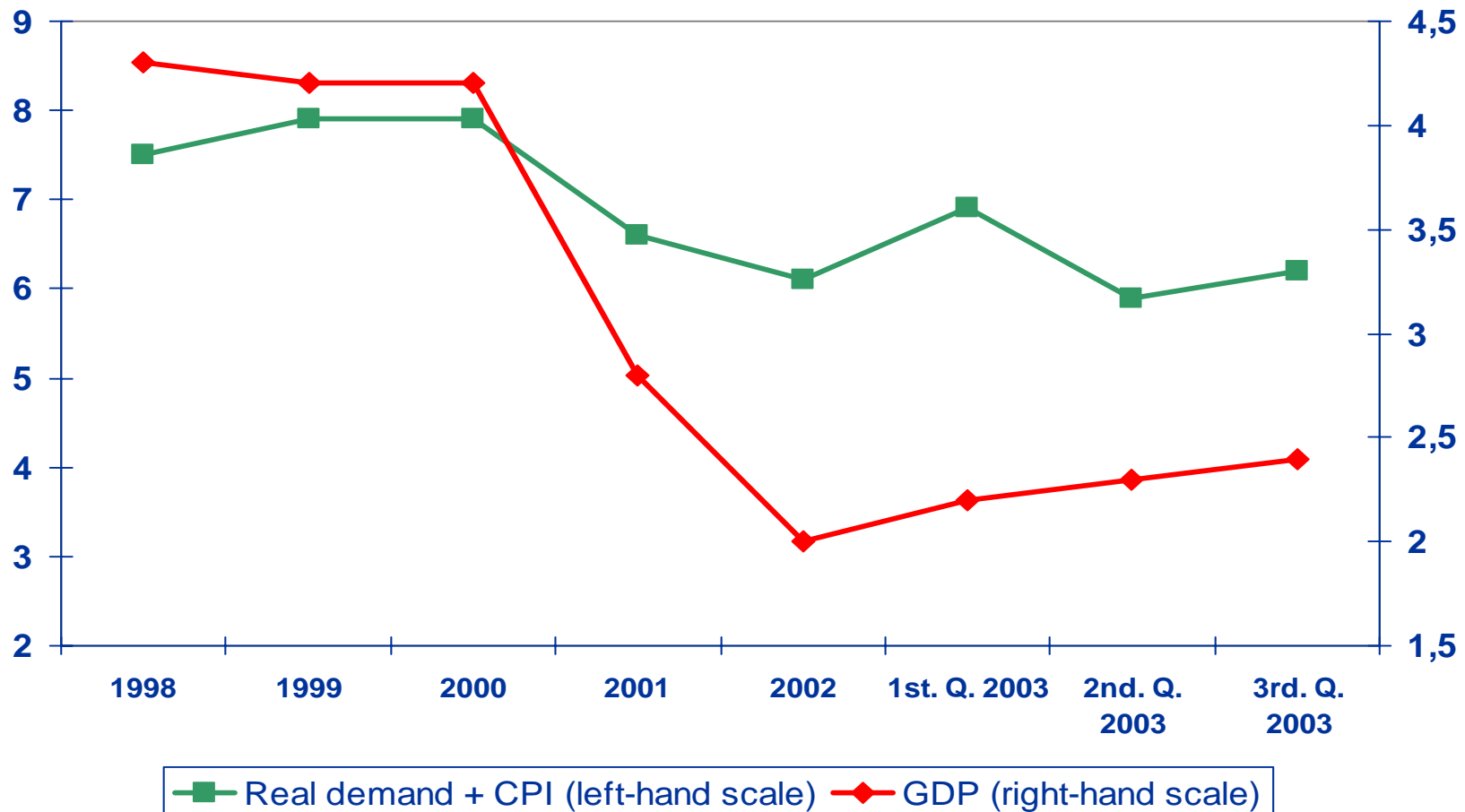


Source: Bloomberg

MACROECONOMIC PARAMETERS

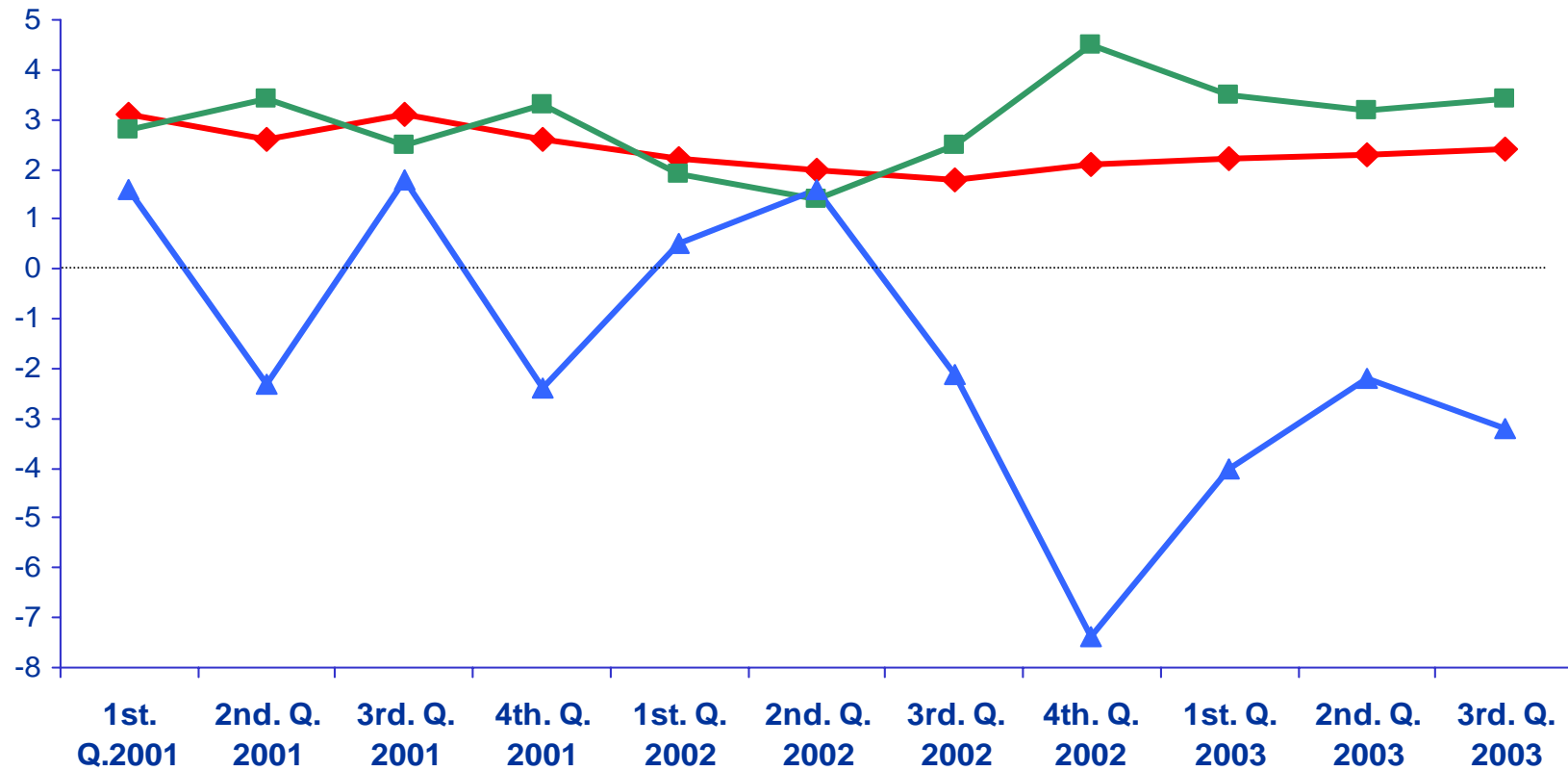
... AND DECLINE IN GDP & NOMINAL DEMAND

Annual growth (%)



MACROECONOMIC PARAMETERS

**Internal demand is sustaining Spanish recovery,
timid but already in place**



Source: INE

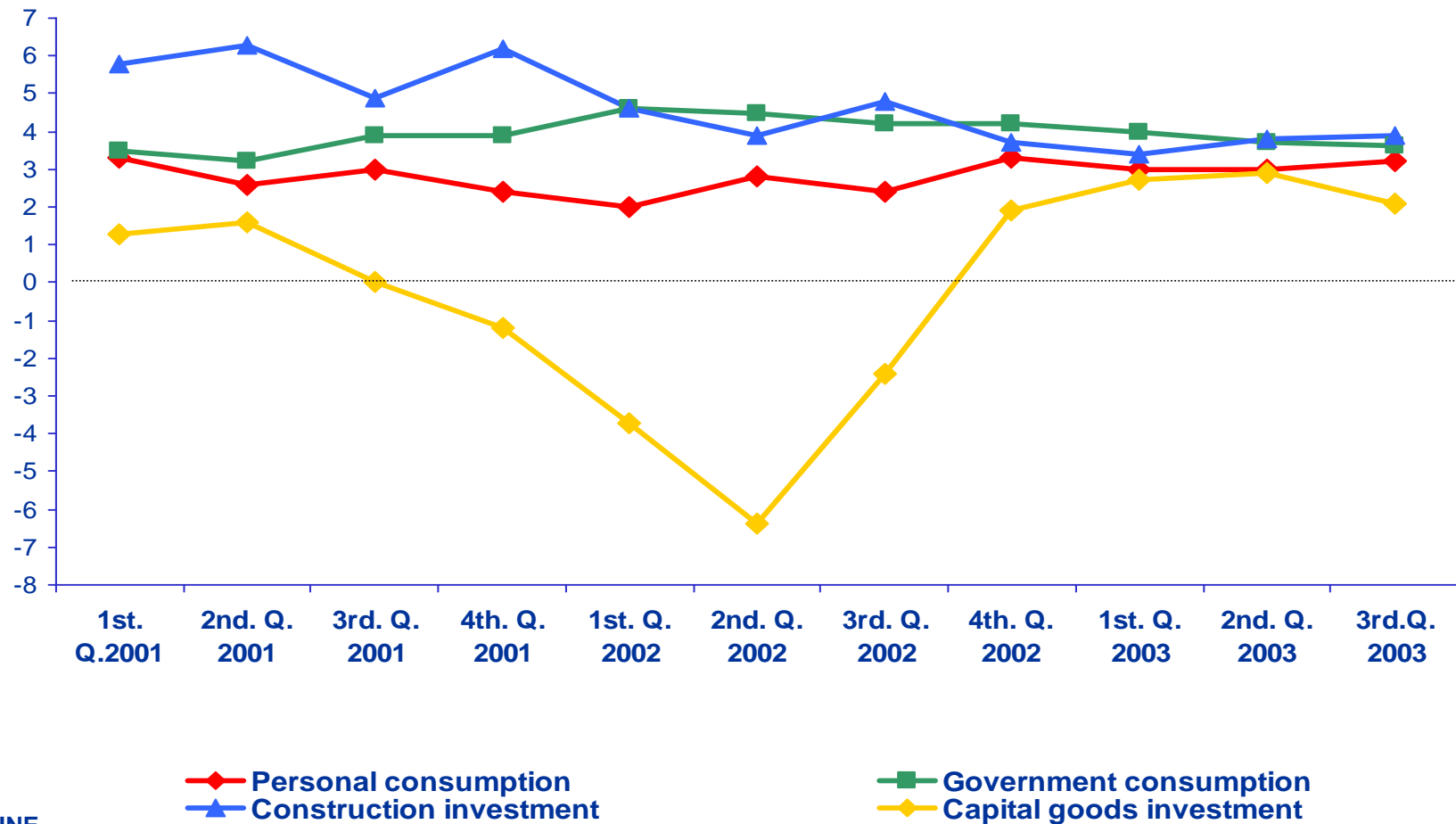
◆ GDP

■ Internal Demand

▲ Balance of Trade

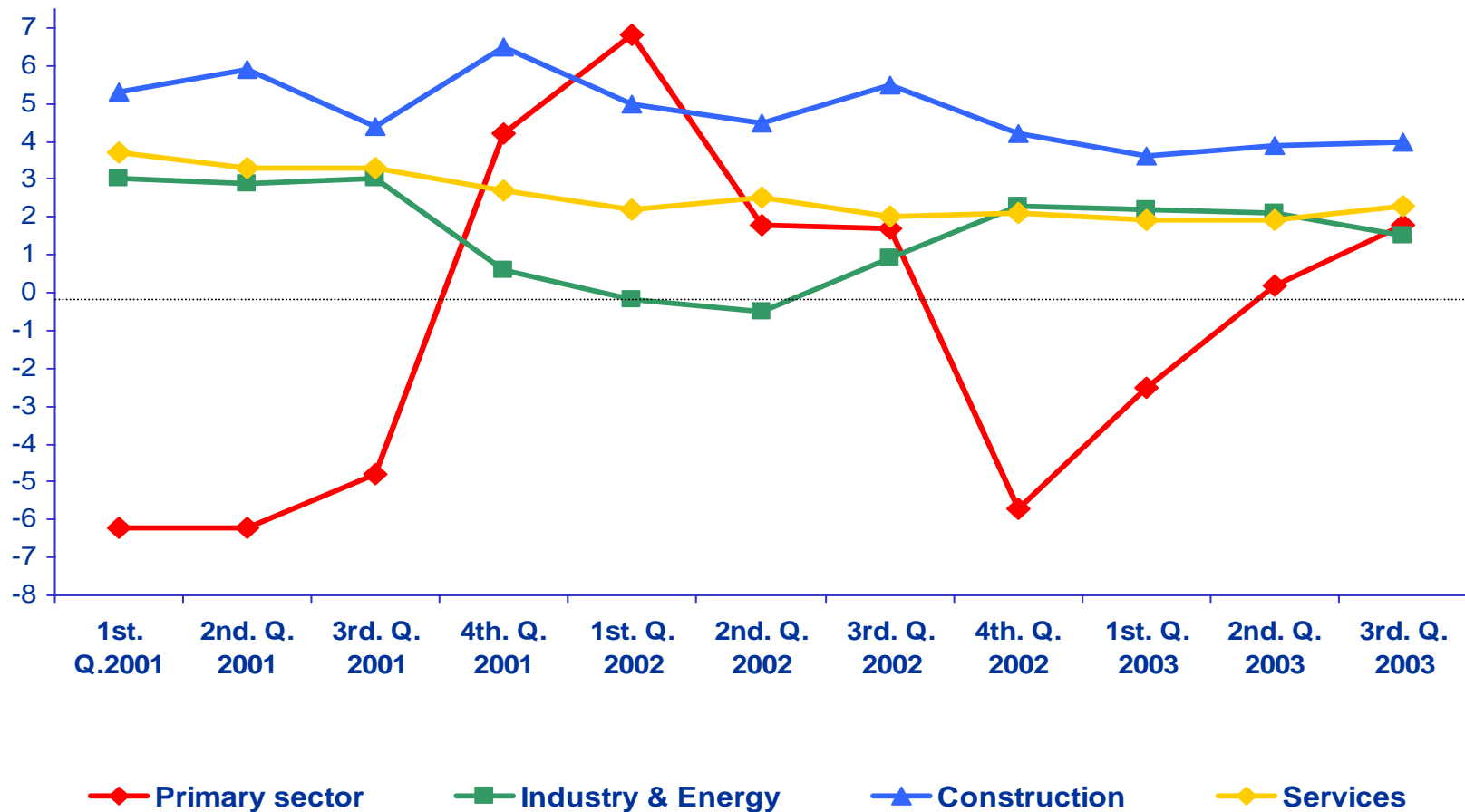
MACROECONOMIC PARAMETERS

Capital goods investment is taking over and personal consumption is not flagging



MACROECONOMIC PARAMETERS

Industry's driving power is coming back



Source: INE

LOOKING AHEAD: POSITIVE IMPACT FROM RATES INCREASE

36

DURATION

<i>(December,31 2003)</i>	Amount MM Euros	Interest Rate %	PV MM Euros	Duration Days	Holding Period 365	
					PV MM Euros	Duration Days
SENSITIVE ASSETS	48,794.4	4.10	49,377.2	186.92	47,028.5	125.51
MONETARY MARKET	10,346.0	2.25	10,374.9	60.85	10,044.3	31.41
LOANS	37,976.9	4.60	38,530.7	182.58	36,956.0	151.02
SECURITIES	471.5	4.53	471.6	3,315.2	28.2	213.56
SENSITIVE LIABILITES	35,229.0	2.17	35,344.3	83.70	34,530.2	58.92
MONETARY MARKET	18,544.6	2.22	18,580.3	44.72	18,471.1	39.84
CUSTOMER DEPOSITS	12,583.8	1.94	12,617.9	105.43	12,239.7	83.56
SECURITIES	4,100.6	2.64	4,176.1	192.31	3,819.4	72.26
EQUITY	2,906.9		14,032.9	446.89		

EUROMONEY



Banco Popular Español

Velázquez 34. 28001 Madrid

Telephone: 34 915207000. Fax: 34 915779208

Internet: <http://www.bancopopular.es>

