



# Banco Popular Group

QUALITY UPON QUANTITY

April | May | June

2005



## DISCLAIMER

**This presentation has been prepared by Banco Popular solely for purposes of information. It may contain estimates and forecasts with respect to the future development of the business and to the financial results of the Banco Popular Group, which stem from the expectations of the Banco Popular Group and which, by their very nature, are exposed to factors, risks and circumstances that could affect the financial results in such a way that they might not coincide with such estimates and forecasts. These factors include, but are not restricted to, (i) changes in interest rates, exchange rates or any other financial variable, both on the domestic as well as on the international securities markets, (ii) the economic, political, social or regulatory situation, and (iii) competitive pressures. In the event that such factors or other similar factors were to cause the financial results to differ from the estimates and forecasts contained in this presentation, or were to bring about changes in the strategy of the Banco Popular Group, Banco Popular does not undertake to publicly revise the content of this presentation.**

**This presentation contains summarised information and may contain unaudited information. In no case shall its content constitute an offer, invitation or recommendation to subscribe or acquire any security whatsoever, nor is it intended to serve as a basis for any contract or commitment whatsoever.**

# 2nd. Quarter

2005

## HIGHLIGHTS OF THE QUARTER

1

**Fast Core Business Growth**

2

**Improved Asset Quality**

3

**Strong Customer Acquisition**

4

**Branch Network Expansion**

5

**Solid Earnings & Efficiency Gains**

2nd. Quarter

2005

1

**Fast Core  
Business Growth**



# FAST CORE BUSINESS GROWTH

## LOANS TO PRIVATE-SECTOR RESIDENTS

( year-on-year % change)

	May 04	Dec. 04	May 05
<b>POPULAR *</b>	+21.7	+23.9	+21.1
<b>BANKS</b>	+15.1	+15.4	+16.0
<b>BANKS + SAVINGS BANKS</b>	+16.0	+18.3	+18.6

Source: Bank of Spain

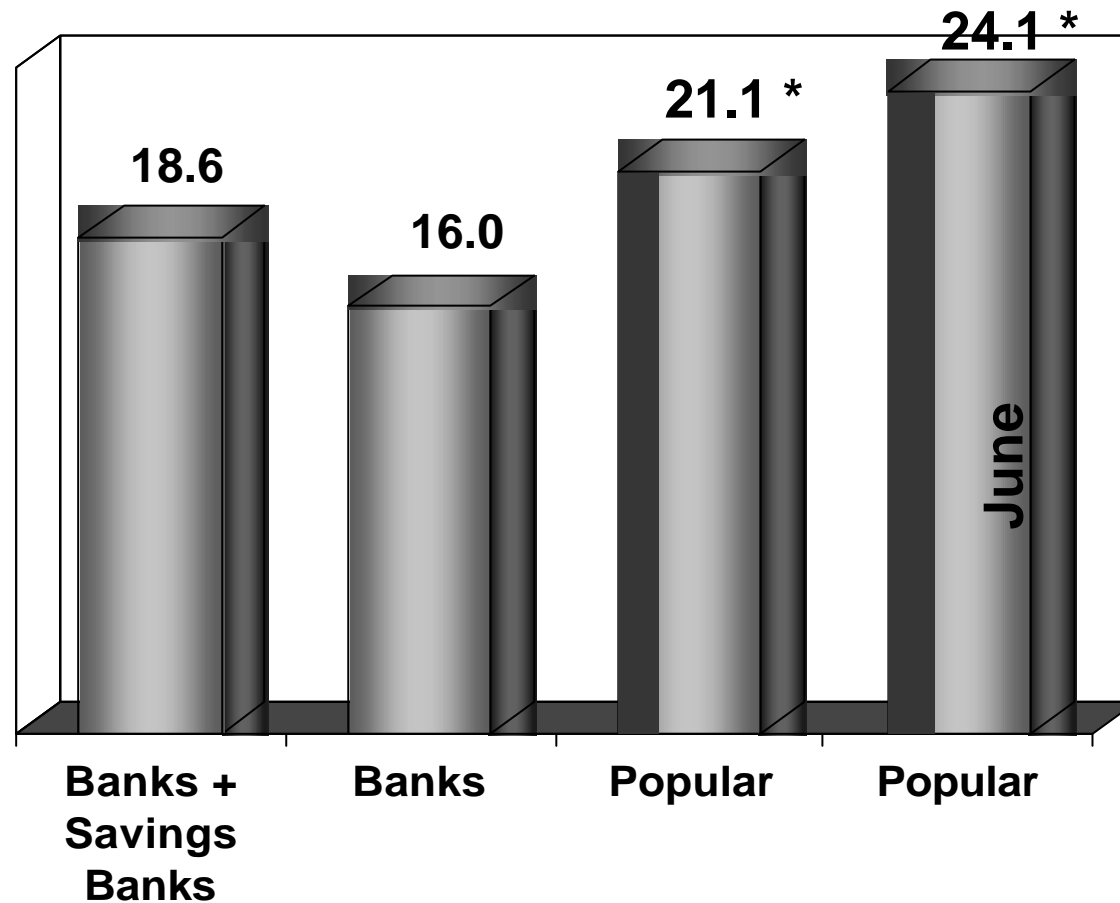
\* Adjusted for IAS



# FAST CORE BUSINESS GROWTH

## LOANS TO PRIVATE-SECTOR RESIDENTS

(May 31, 2005 year-on-year % change)

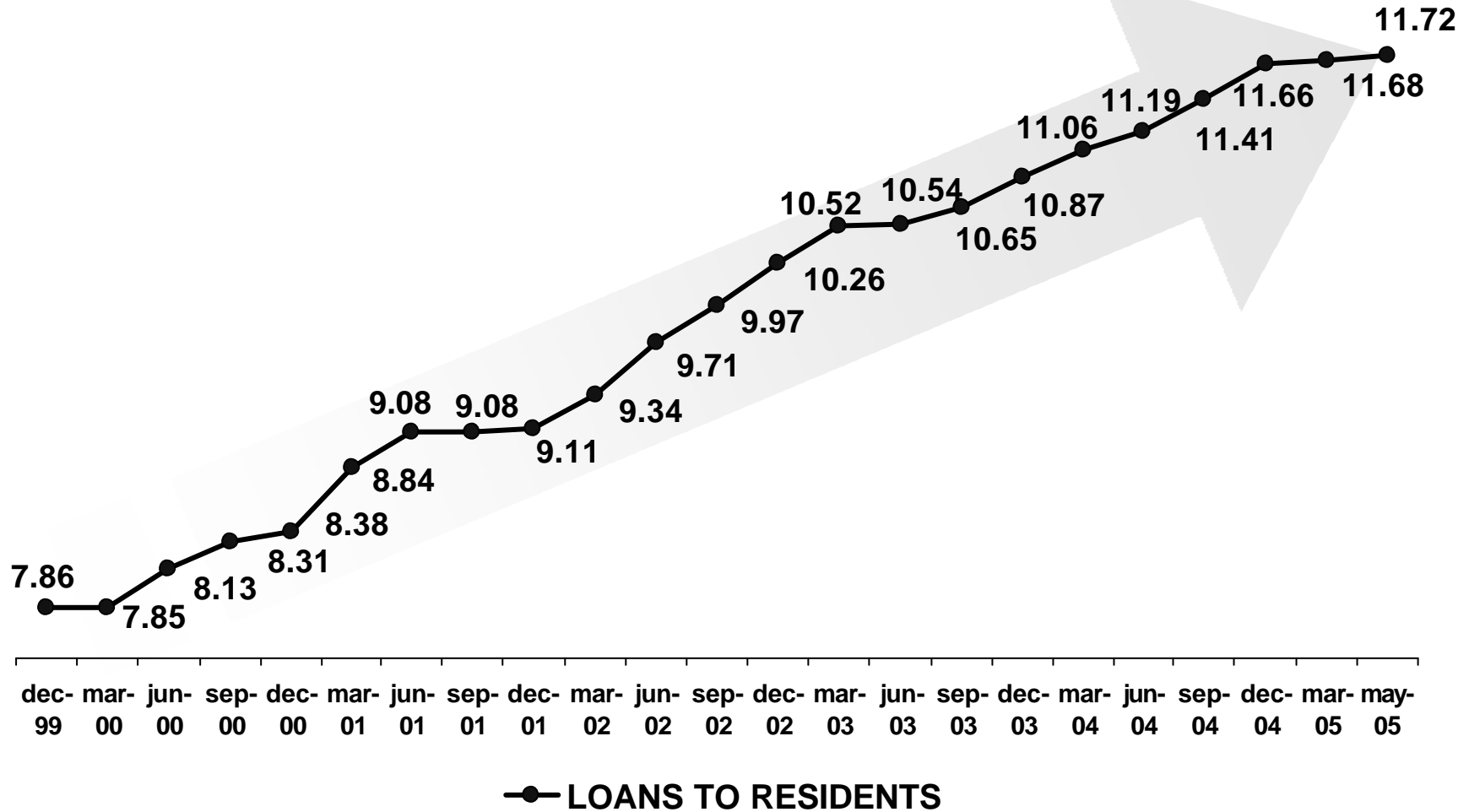


Source: Bank of Spain  
\* BPE adjusted for IAS



# FAST CORE BUSINESS GROWTH

## MARKET SHARE OVER COMMERCIAL BANKS



Source: Bank of Spain  
Instituciones Financieras  
BPE adjusted for IAS



# FAST CORE BUSINESS GROWTH

## MAJOR LOAN CATEGORIES (\*)

*(Accumulated % change)*

	Growth rate <i>June 05</i>	% of total loans
Bill discounting	7.6	10.2
Mortgage loans	30.3	54.5
Loans & overdrafts	22.6	29.9
Leasing	19.1	5.4
<b>TOTAL</b>	<b>24.6</b>	<b>100.0</b>

(\*) All loans except NPLs & Repos





# FAST CORE BUSINESS GROWTH

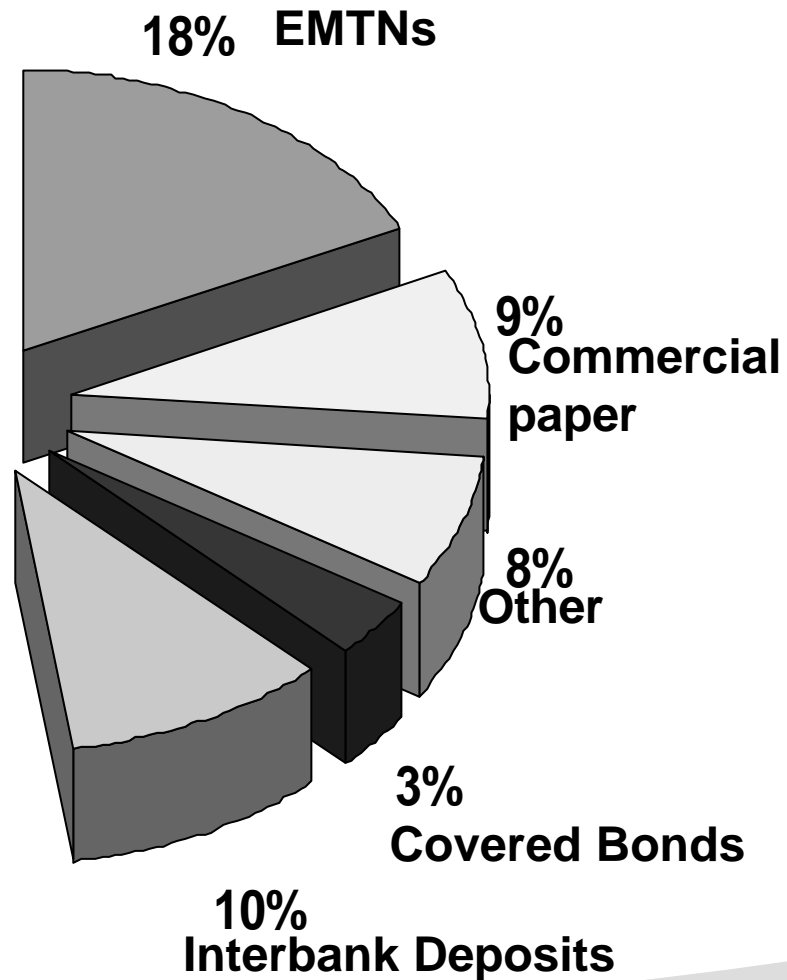
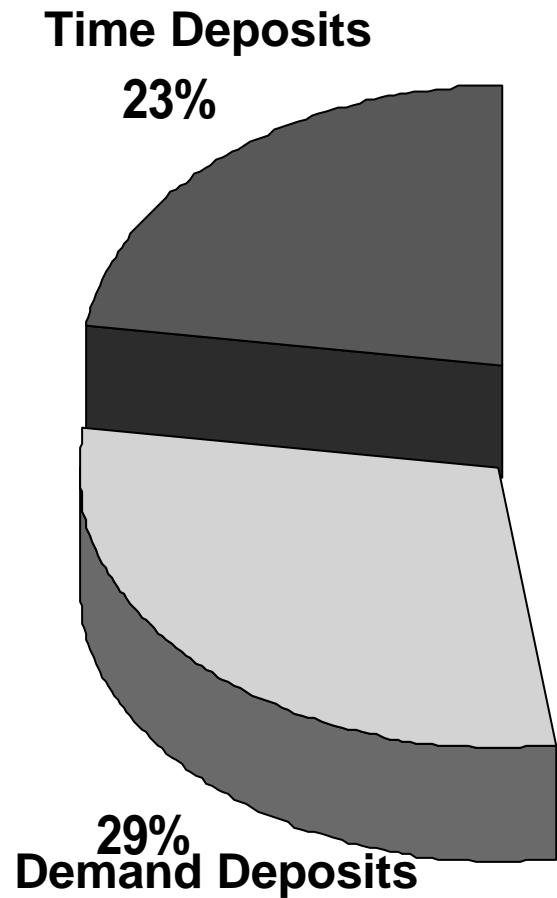
## CORE RESIDENT-CUSTOMER FUNDING

	June 30, 2005		
	<i>Amount (€ million)</i>	<i>? %</i>	<i>% of total</i>
<b>Demand deposits</b>	<b>14,288.8</b>	<b>9.8</b>	<b>47.6</b>
<b>Time deposits</b>	<b>10,525.9</b>	<b>4.9</b>	<b>35.1</b>
<b>Customers commercial paper</b>	<b>5,177.5</b>	<b>24.3</b>	<b>17.3</b>
<b>TOTAL</b>	<b>29,992.2</b>	<b>10.2</b>	<b>100.0</b>



# FAST CORE BUSINESS GROWTH

## FUNDING BREAK-DOWN



**Retail**  
**61%**

**Wholesale**  
**39%**



# FAST CORE BUSINESS GROWTH

## MUTUAL FUNDS VOLUMES IN 2005 vs. INDUSTRY –SPAIN ONLY-

	Net Asset Value	
	June 05(€million)	% change
Money Market	1,707.7	-3.66
Bonds	2,623.0	38.80
Fixed income	4,330.7	18.25
Equity	1,021.9	21.76
Balanced	886.0	4.46
Guaranteed	2,559.3	26.20
Global	372.6	-16.02
<b>TOTAL</b>	<b>9,170.5</b>	<b>17.3</b>
		<b>9.8</b>

**BANCO POPULAR GROUP \*  
INDUSTRY**

**Outperformance  
due to:**

**Net Inflows**

**POPULAR**

**INDUSTRY**

**12.2%**

**6.1%**

**Management / Markets**

**5.1%**

**3.7%**

**Improvement in market share**

*March 05*

*March 04*

**3.93%**

**3.67%**

\* Excluding BNC. The total amount including BNC amounts to €9,421.0 million (+17.7%)

April | May | June  
2 | 0 | 0 | 5



# FAST CORE BUSINESS GROWTH

## GROWTH RATE – NON MORTGAGE LOANS

	Dec. 03	June 04	Dec. 04	June 05
<b>Bill discounting</b>	<b>18.0</b>	<b>18.1</b>	<b>14.2</b>	<b>8.3</b>
<b>Loans &amp; overdrafts</b>	<b>9.8</b>	<b>17.9</b>	<b>22.4</b>	<b>26.5</b>
<b>Leasing</b>	<b>12.0</b>	<b>21.4</b>	<b>24.3</b>	<b>17.5</b>
<b>Non mortgage</b>	<b>12.5</b>	<b>18.4</b>	<b>20.1</b>	<b>20.0</b>
<b>Growth (y-on-y) Loans to private sector residents</b>	<b>19.4</b>	<b>22.5</b>	<b>23.7*</b>	<b>24.1</b>

Excluding REPOs, prepayment & other and NPL

\* Adjusted for securitization



# FAST CORE BUSINESS GROWTH

## GROWTH RATE – NON MORTGAGE LOANS

	April 05			June 05	
	SAVINGS BANKS	BANKS	BANKS + S. BANKS	BPE	BPE
Bill discounting	17.9	30.4	25.9	12.9	8.3
Loans & overdrafts	15.2	10.1	12.1	22.9	26.5
Leasing	14.7	22.4	20.8	21.1	17.5
Non mortgage	15.6	14.2	19.7	19.7	20.0

Excluding REPOs, prepayment & other and NPL

Source: Bank of Spain-Boletín Estadístico



# FAST CORE BUSINESS GROWTH

## AFFINITY GROUPS

*(June 30, 2005 - euro million)*

	No. of clients	On- & off-B/S AuM	Loans
<b>SME Affinities</b>	<b>239,825</b>	<b>2,887</b>	<b>11,121</b>
<b>Change (1)</b>	<b>39%</b>	<b>38%</b>	<b>48%</b>
<b>Individuals-Affinity (*)</b>	<b>412,230</b>	<b>5,790</b>	<b>5,410</b>
<b>Change (1)</b>	<b>19%</b>	<b>18%</b>	<b>43%</b>

(\*) Ex. POP Club

(1) Year-on-year



## FAST CORE BUSINESS GROWTH

### CONTRIBUTION OF AFFINITY CUSTOMERS TO POPULAR'S GROWTH

*(June 30, 2005)*

	Affinity clients	Contribution to total group
<b>No. of clients</b>	<b>652,055</b>	<b>11%</b>
<b>New clients</b>	<b>62,296</b>	<b>21%</b>
<b>Affinity loans (€million)</b>	<b>16,531</b>	<b>28%</b>

2nd. Quarter

2005

2

Improved  
Asset Quality





# IMPROVED ASSET QUALITY

(%)

	June 05	March 05	June 04
<b>Nonperforming loans</b>	<b>0.80</b>	<b>0.86</b>	<b>1.10</b>
<b>Coverage</b>	<b>242.0</b>	<b>227.6</b>	<b>177.4</b>

# 2nd. Quarter

# 2005

3

**Strong  
Customer Acquisition**



## STRONG CUSTOMER ACQUISITION

**470,267**

**net NEW customers in 12 mos.**

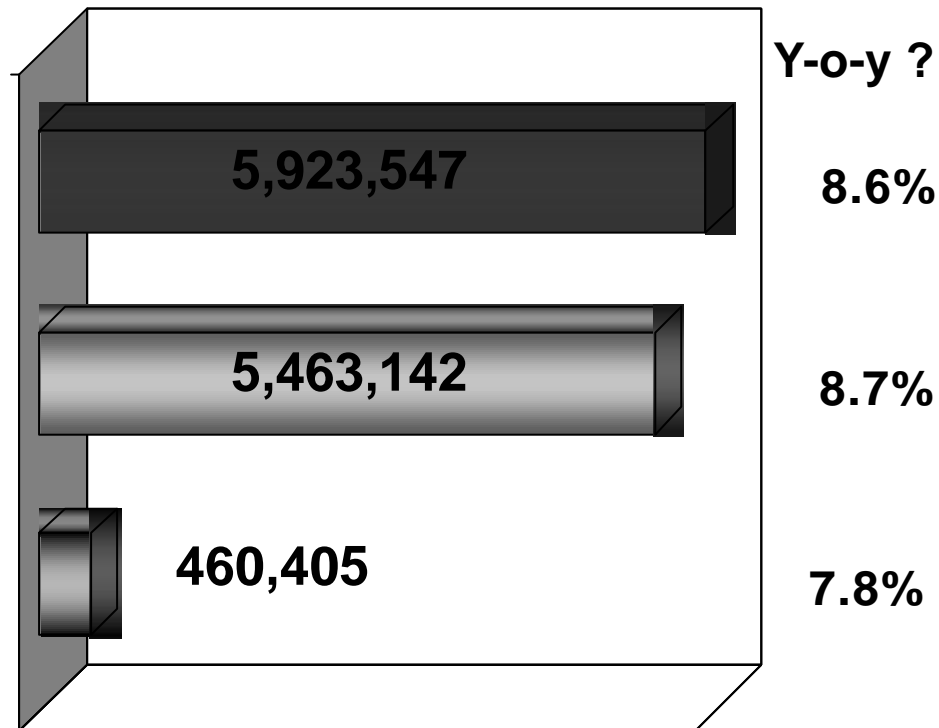
**+447,088 in Spain**

**+ 23,179 in Portugal**

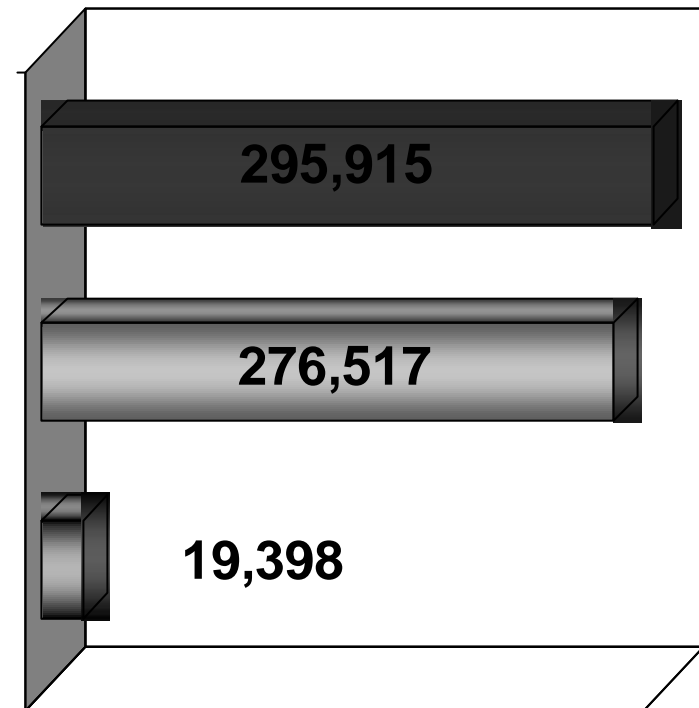


# STRONG CUSTOMER ACQUISITION

## TOTAL



## NEW (2005)

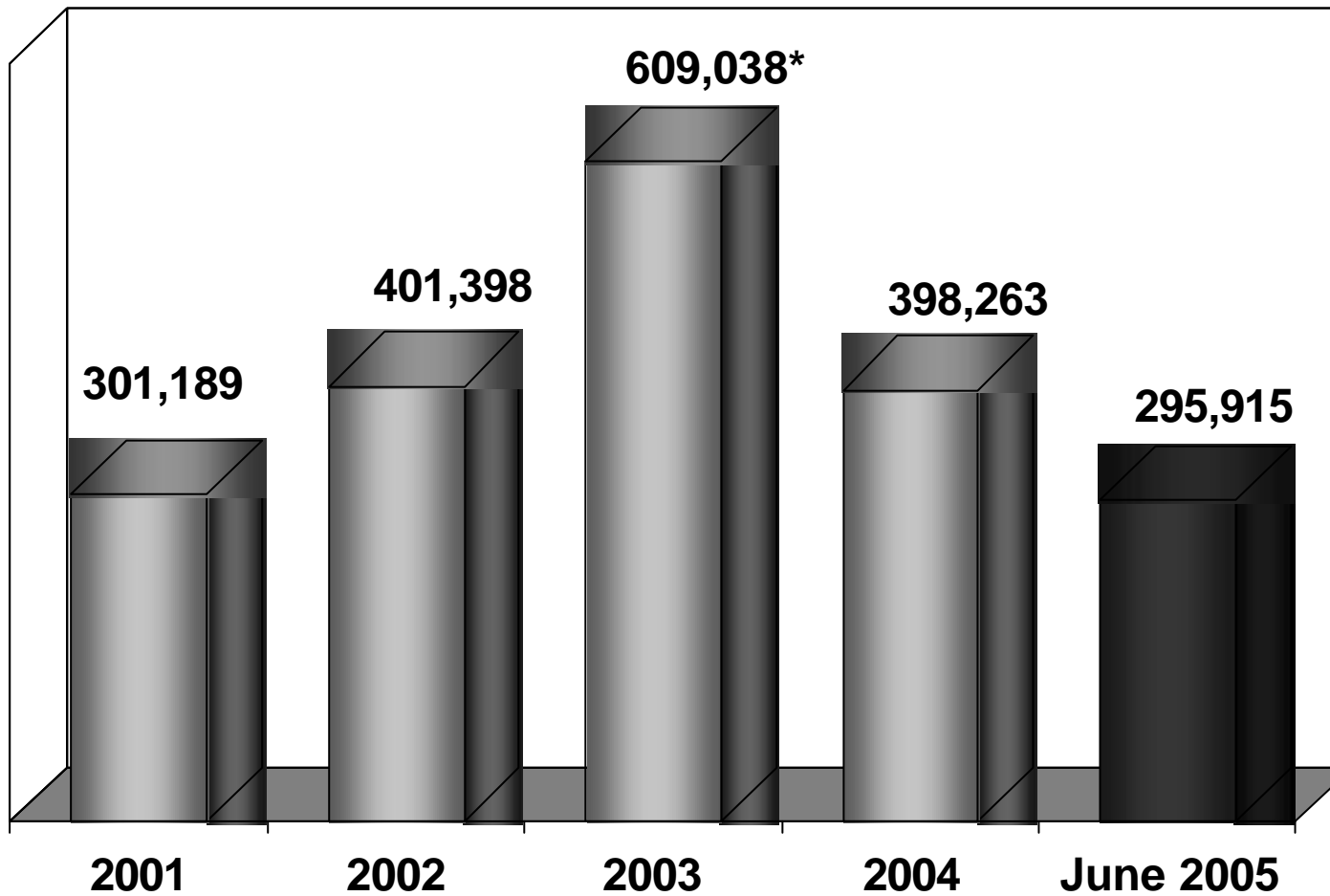


■ Total ■ Individuals ■ Corporate



# STRONG CUSTOMER ACQUISITION

## NET NEW CLIENTS (inc. BNC)



\* BNC acquisition



## STRONG CUSTOMER ACQUISITION

### EXPLOIT NEW CUSTOMER POTENTIAL

#### Total linked clients "Spain"

June 2004 .....	1,658,089
December 2004 .....	1,750,644
June 2005 .....	1,873,388

y-on-y  
13.0%

One third of all Spanish clients have 4 products or more

2nd. Quarter

2005

4

## Branch Network Expansion



# BRANCH NETWORK EXPANSION

## NETWORK ACTIVITY THROUGH JUNE 05

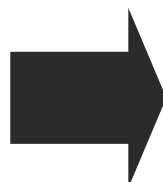
**Opened Branches**



**Closed Branches**



**Impending Branches**



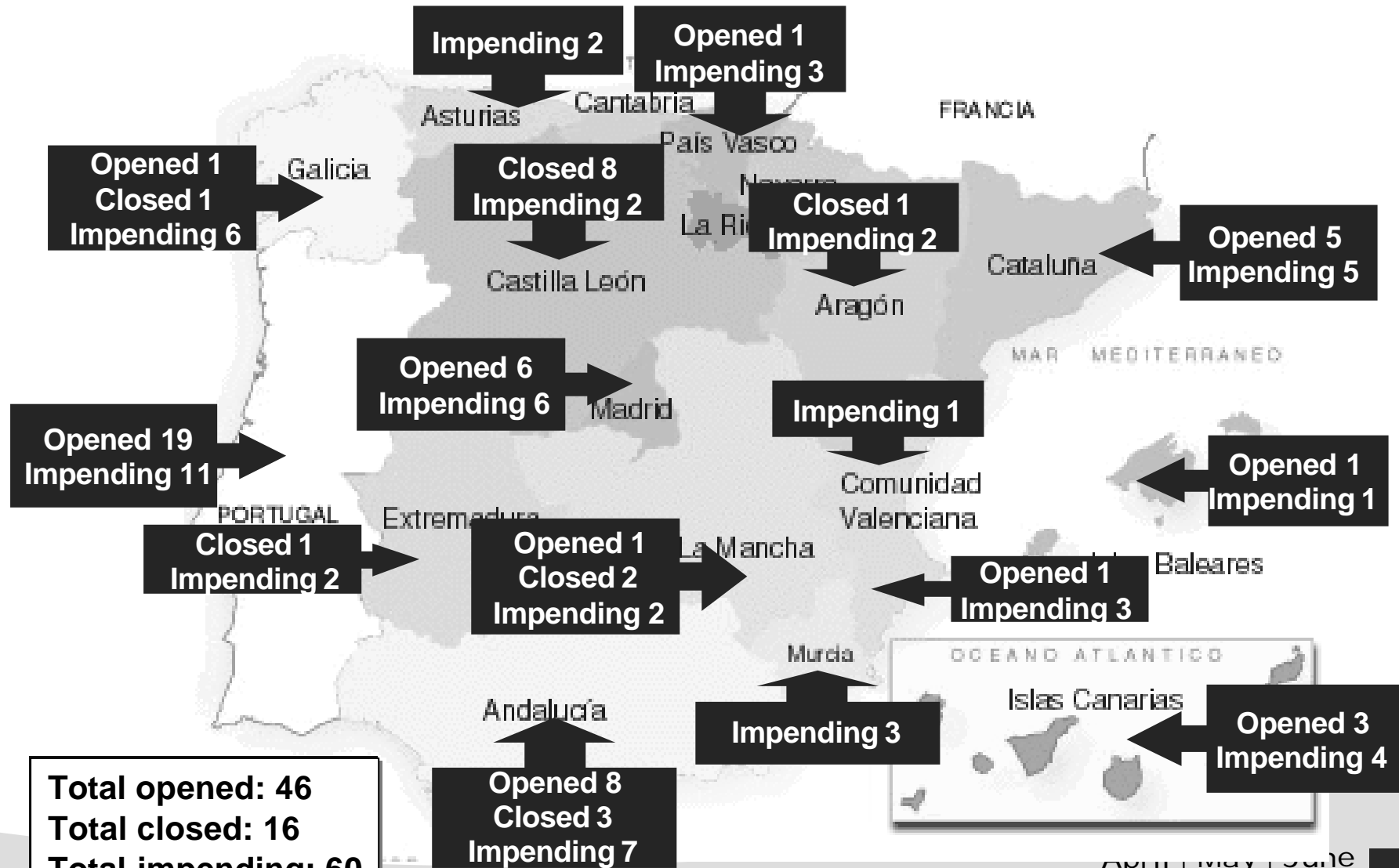
**Refurbished 20  
In progress 40**





# BRANCH NETWORK EXPANSION

## NETWORK ADJUSTMENTS THROUGH JUNE 05



April | May | June  
2 | 0 | 0 | 5

2nd. Quarter

2005

5

**Solid Earnings &  
Efficiency Gains**



## SOLID EARNINGS, EFFICIENCY GAINS

*(Euro million)*

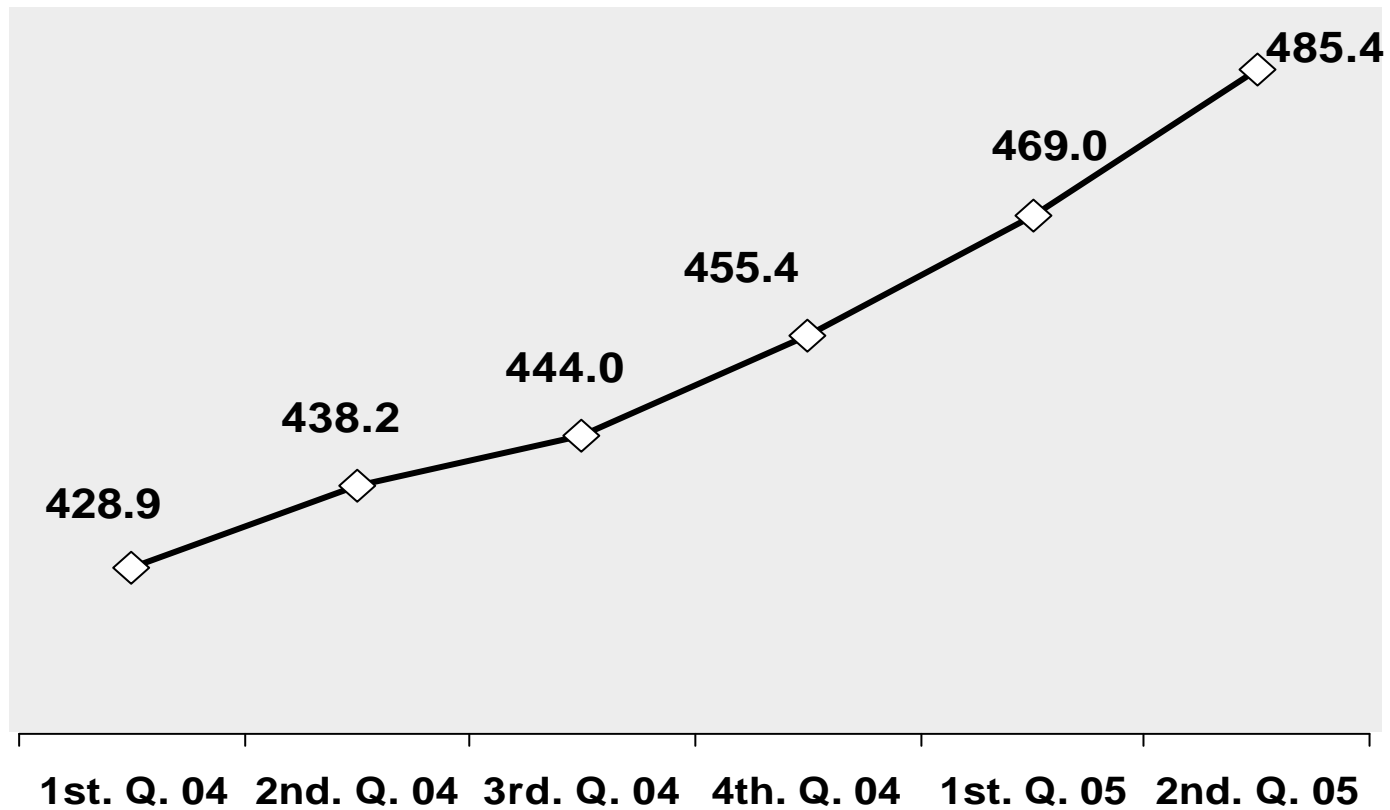
	<b>1st. H. 2005</b>	<b>y-on-y % Δ</b>
<b>Net interest revenue</b>	<b>954.4</b>	<b>10.1</b>
<b>Fees for services</b>	<b>347.4</b>	<b>9.1</b>
<b>Ordinary revenue</b>	<b>1,336.3</b>	<b>8.9</b>
<b>Operating cost</b>	<b>436.8</b>	<b>5.1</b>
<b>Operating income</b>	<b>846.6</b>	<b>10.1</b>
<b>Income before taxes</b>	<b>691.3</b>	<b>22.5</b>
<b>Net income attributable</b>	<b>424.8</b>	<b>20.1</b>



# SOLID EARNINGS, EFFICIENCY GAINS

## NET INTEREST REVENUE

(Million euros)





# SOLID EARNINGS, EFFICIENCY GAINS

## FEEES FOR SERVICES

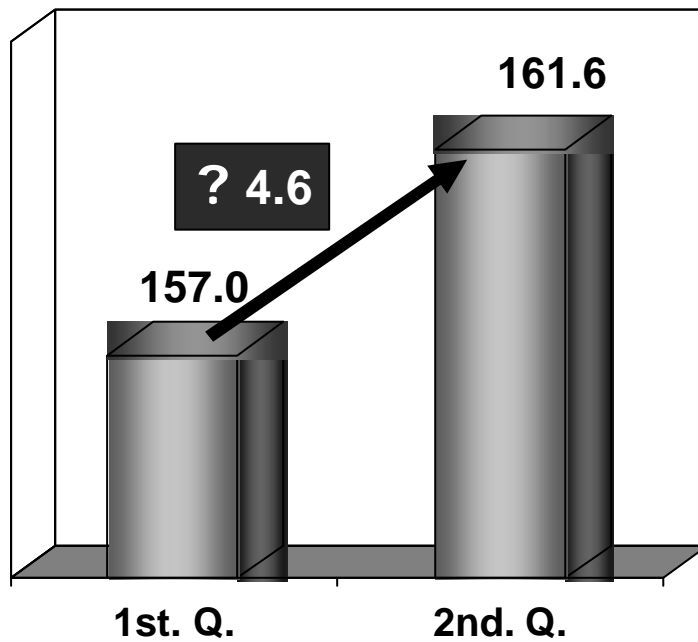
	Year-on-year % accum. $\Delta$	As % of total fees
<b>Loan-related fees:</b>	<b>10.0</b>	<b>14.8</b>
<b>Bill discounting</b>	<b>13.8</b>	<b>6.7</b>
<b>Other</b>	<b>7.0</b>	<b>8.1</b>
<b>Fees from guarantees</b>	<b>3.8</b>	<b>14.0</b>
<b>Collection &amp; card-related</b>	<b>3.4</b>	<b>28.3</b>
<b>Forex &amp; securities dealing</b>	<b>211.9</b>	<b>3.4</b>
<b>Customer financial asset mgt:</b>	<b>9.7</b>	<b>27.6</b>
<b>Securities portfolio</b>	<b>-1.2</b>	<b>3.7</b>
<b>Mutual funds</b>	<b>12.0</b>	<b>17.8</b>
<b>Pension plans</b>	<b>12.7</b>	<b>6.1</b>
<b>Account mgt. fees</b>	<b>3.5</b>	<b>8.6</b>
<b>Other</b>	<b>37.8</b>	<b>3.3</b>
<b>TOTAL</b>	<b>9.1</b>	<b>100.0</b>



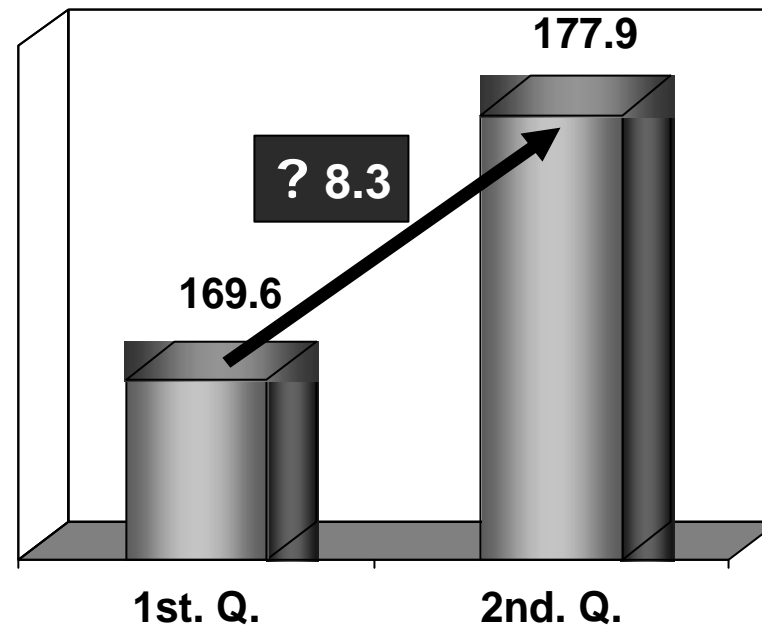
# SOLID EARNINGS, EFFICIENCY GAINS

## FEEES FOR SERVICES

(Euro Million)



2004

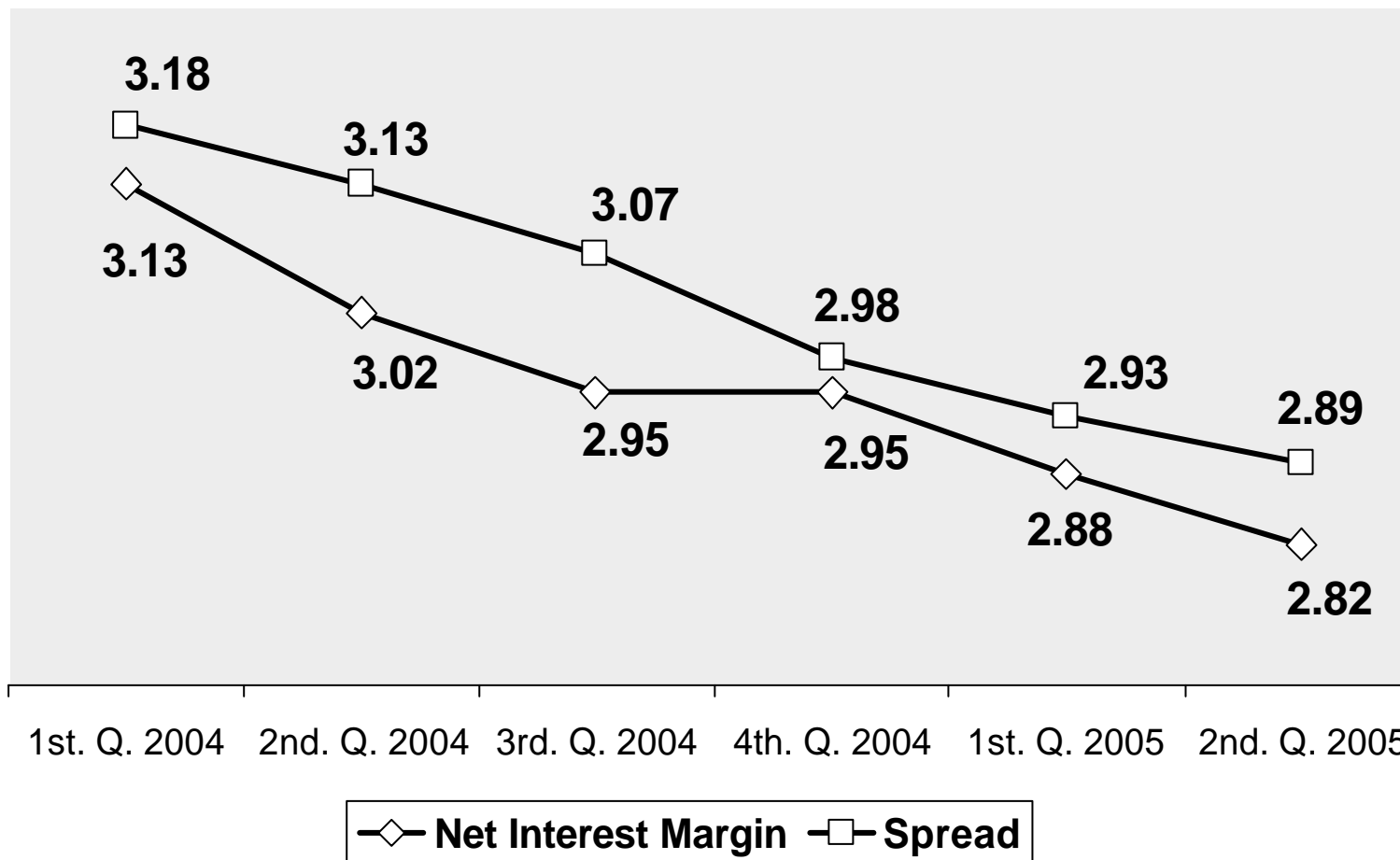


2005



# SOLID EARNINGS, EFFICIENCY GAINS

## NET INTEREST MARGIN & SPREAD

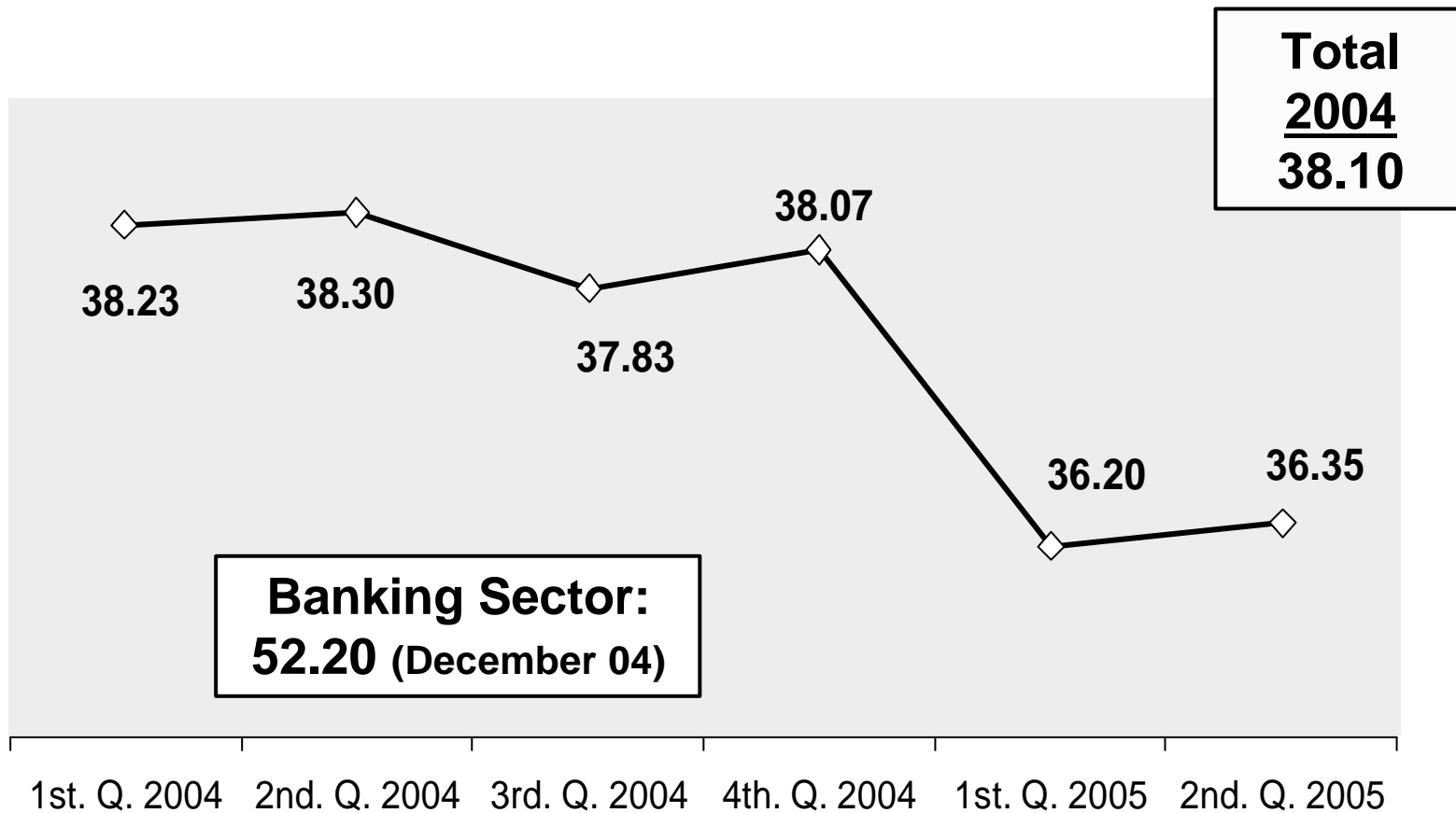




# SOLID EARNINGS, EFFICIENCY GAINS

## COST/INCOME RATIO

(%)



Source: AEB (Consolidated groups).

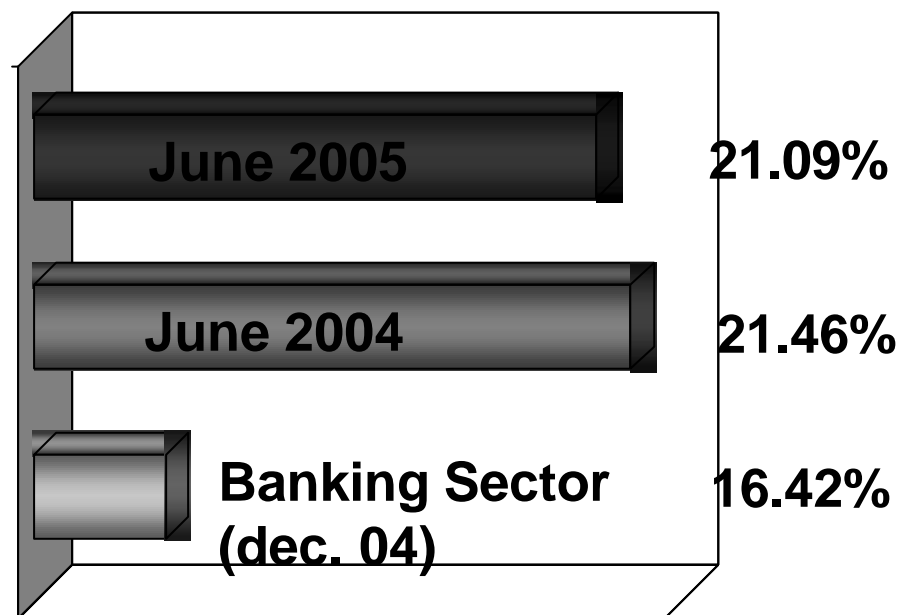




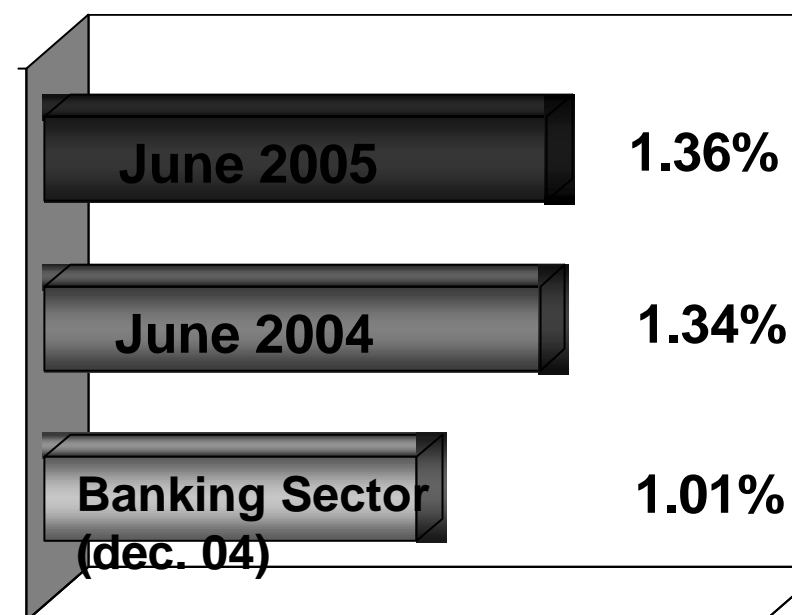
# SOLID EARNINGS, EFFICIENCY GAINS

## PROFITABILITY

### ROE



### ROA



Source: AEB (Consolidated groups). December 2004

1st. Quarter

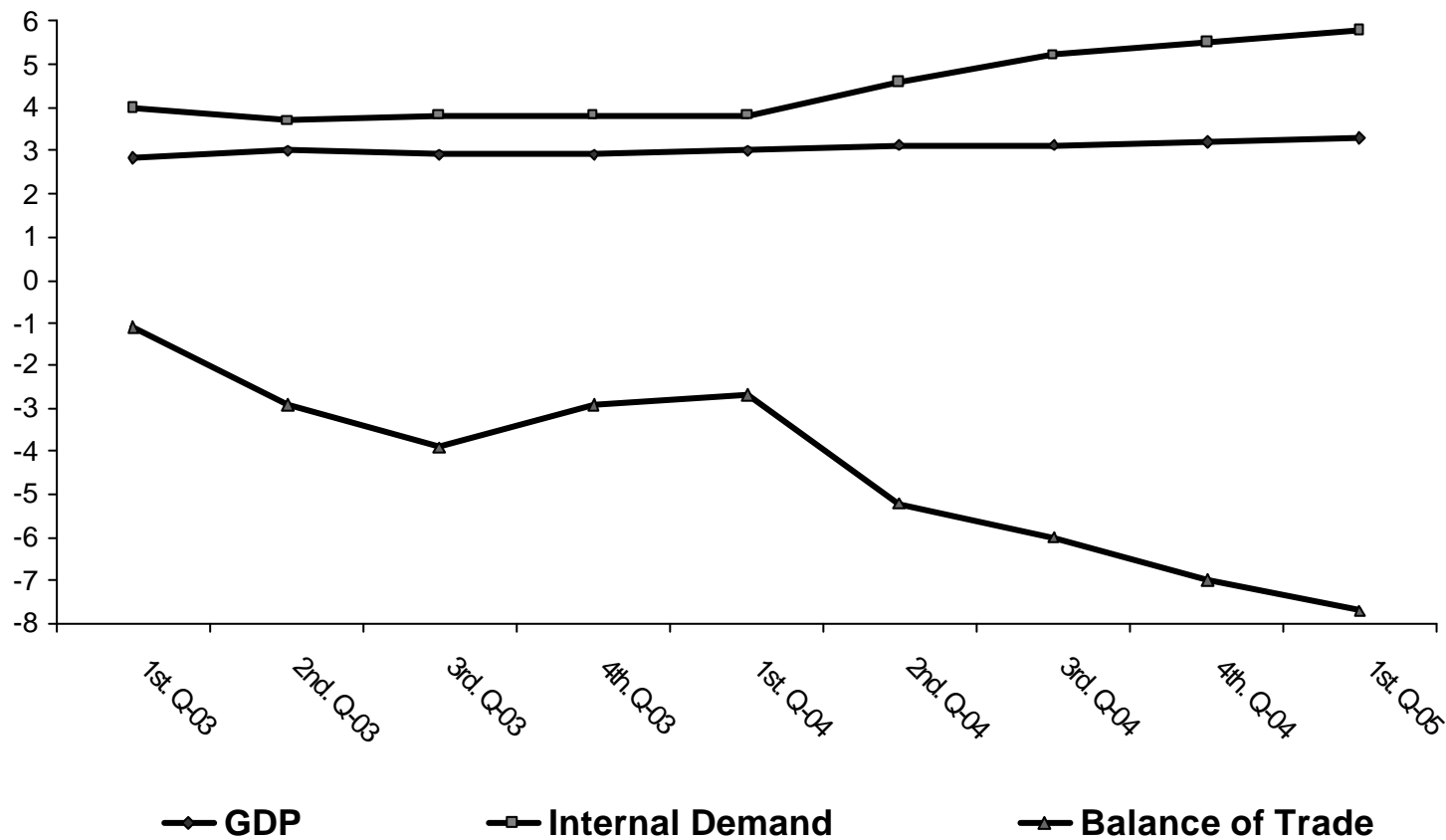
2005

6

Annex



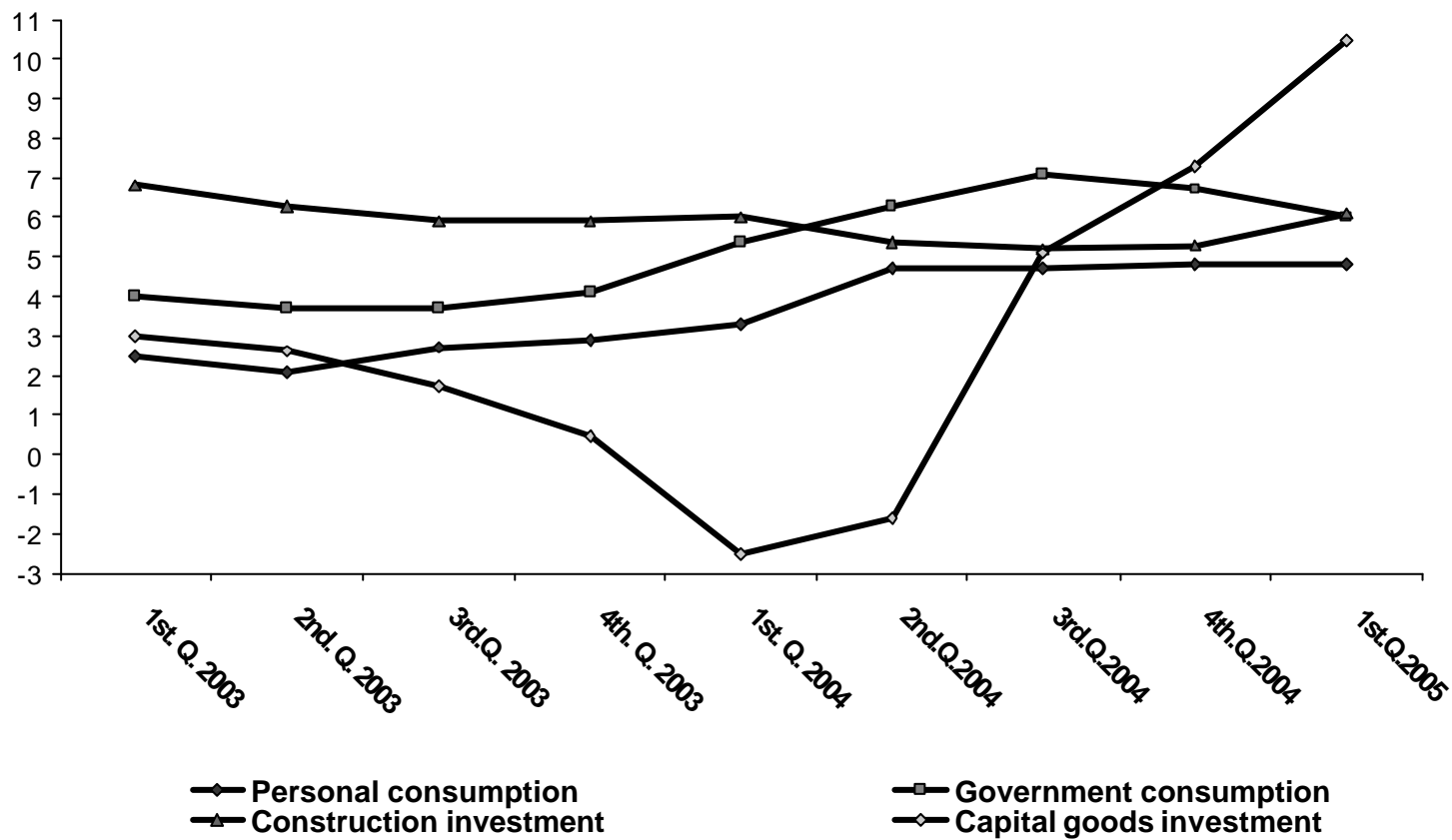
# MACROECONOMIC PARAMETERS IN SPAIN



Source: INE



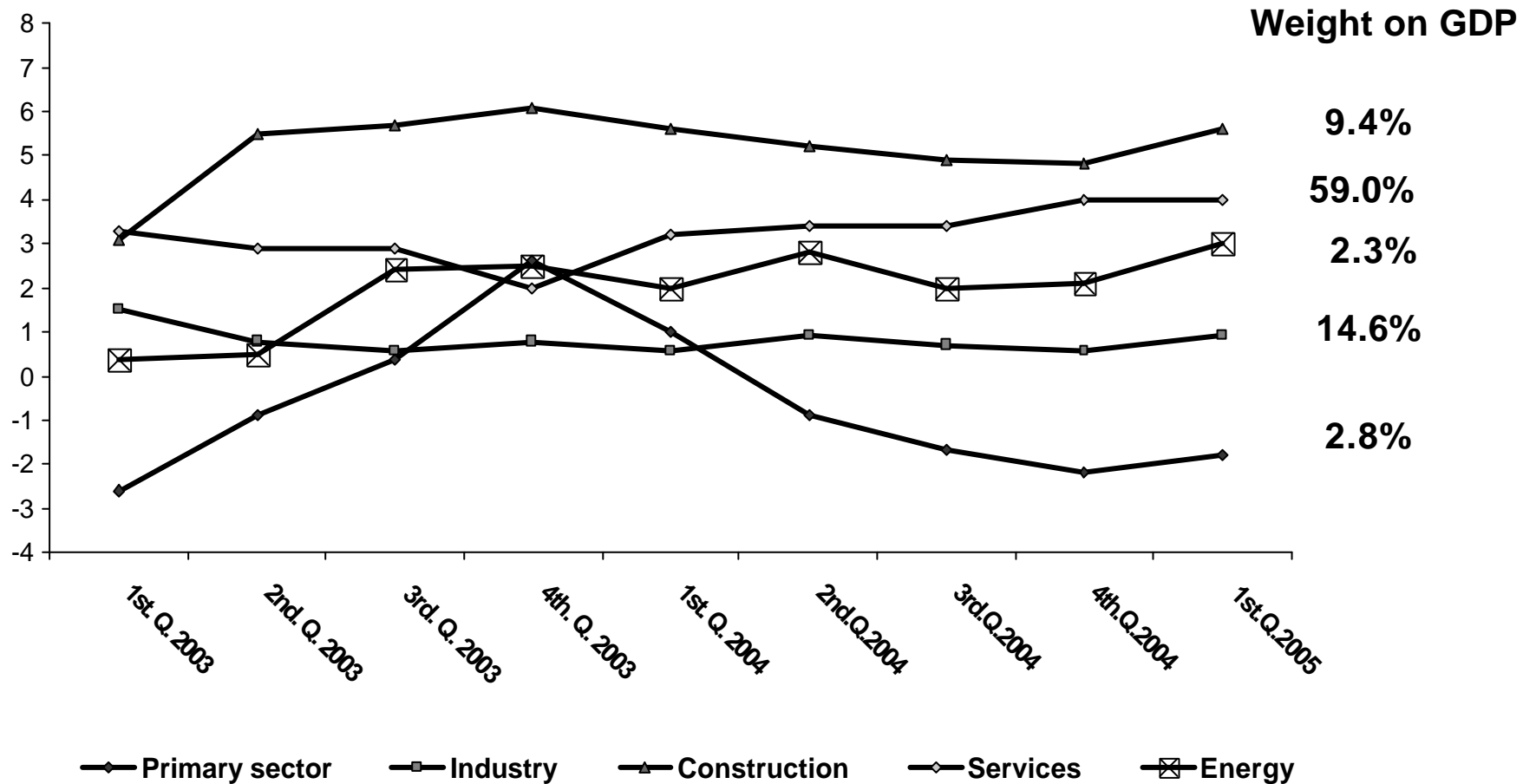
# MACROECONOMIC PARAMETERS IN SPAIN



Source: INE



# MACROECONOMIC PARAMETERS IN SPAIN



Source: INE

# **Banco Popular Español**

Velázquez 34. 28001 Madrid

Telephone: 34 915207000

Fax: 34 915779208

**Banco Popular Español**  
**Banco de Andalucía**  
**Banco de Castilla**  
**Banco de Crédito Balear**  
**Banco de Galicia**  
**Banco de Vasconia**

**Banco Nacional de Crédito**  
**Banco Popular France**  
**Banco Popular Hipotecario**  
**Bancopopular-e.com**  
**Popular Banca Privada**

[www.grupobancopopular.es](http://www.grupobancopopular.es)