



# Banco Popular Group

July | August | September

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.

## 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**

# 3rd. Quarter 2005



## Fast Core Business Growth

# FAST CORE BUSINESS GROWTH



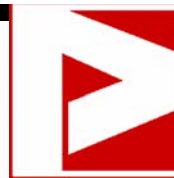
## MAJOR LOAN CATEGORIES (\*)

(Accumulated % change)

	Growth rate <i>September 05</i>	% of total loans
Bill discounting	2.2	9.6
Mortgage loans	26.7	54.9
Loans & overdrafts	24.3	30.1
Leasing	18.3	5.4
<b>TOTAL</b>	<b>22.7</b>	<b>100.0</b>

(\*) All loans except NPLs & Repos

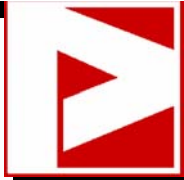
# FAST CORE BUSINESS GROWTH



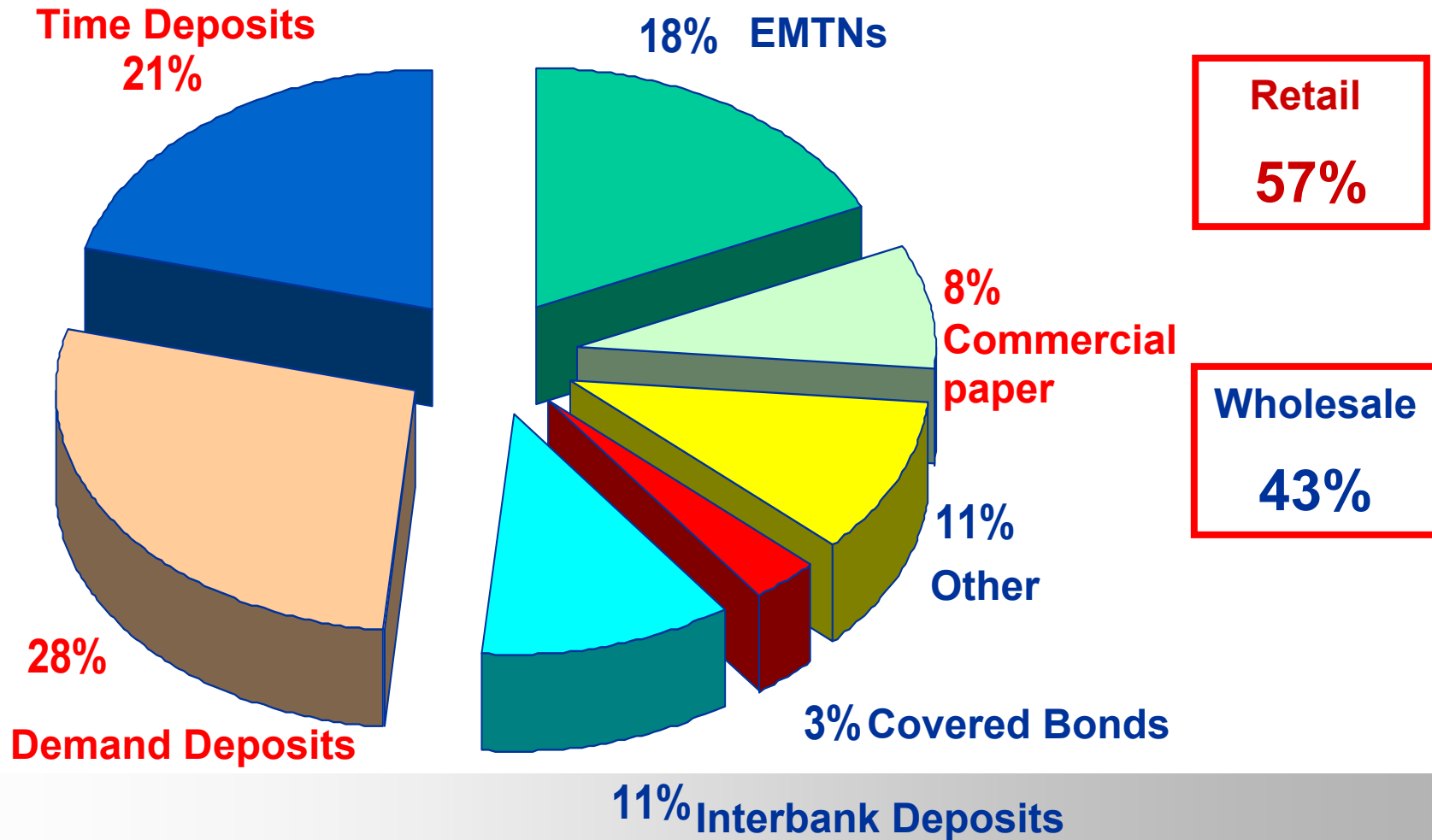
## CORE RESIDENT-CUSTOMER FUNDING

	September 30, 2005		
	<i>Amount (€ million)</i>	<i>Δ %</i>	<i>% of total</i>
<b>Demand deposits</b>	<b>14,500.5</b>	<b>9.9</b>	<b>48.5</b>
<b>Time deposits</b>	<b>10,117.0</b>	<b>4.8</b>	<b>33.9</b>
<b>Customers commercial paper</b>	<b>5,248.0</b>	<b>31.5</b>	<b>17.6</b>
<b>TOTAL</b>	<b>29,865.5</b>	<b>11.2</b>	<b>100.0</b>

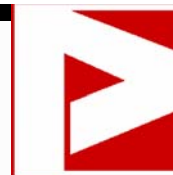
# FAST CORE BUSINESS GROWTH



## FUNDING BREAK-DOWN (As % of loans)



# FAST CORE BUSINESS GROWTH



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

	Net Asset Value	
	Sep. 05(€ million)	% change
Money Market	1,688.4	-4.72
Bonds	2,877.4	40.70
<b>Fixed income</b>	<b>4,565.8</b>	<b>19.62</b>
Equity	1,180.1	45.93
Balanced	1,017.7	20.32
Guaranteed	2,530.2	12.74
Global	470.6	19.90
<b>TOTAL</b>	<b>9,764.4</b>	<b>20.4</b>
		<b>13.8</b>

← BANCO POPULAR GROUP \*  
← INDUSTRY

**Outperformance due to:**

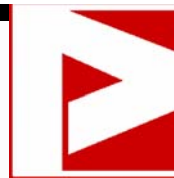
	POPULAR	INDUSTRY
Net Inflows	13.2%	8.2%
Management / Markets	7.2%	5.6%

	Sep. 05	Sep. 04
Improvement in market share	4.03%	3.80%

\* Excluding BNC. The total amount including BNC amounts to €10,103.6 million (+21.5%)



# FAST CORE BUSINESS GROWTH



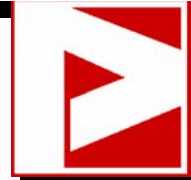
## GROWTH RATE – NON MORTGAGE LOANS

	Dec. 03	Sept. 04	Dec. 04	Sept. 05
Bill discounting	18.0	18.4	14.2	3.2
Loans & overdrafts	9.8	20.3	22.4	27.1
Leasing	12.0	24.3	24.3	16.8
Non mortgage	12.5	20.3	20.1	18.9
<b>Growth (y-on-y) Loans to private sector residents</b>	<b>19.4</b>	<b>23.5</b>	<b>23.7*</b>	<b>22.3</b>

Excluding REPOs, prepayment & other and NPL

\* Adjusted for securitization

# FAST CORE BUSINESS GROWTH



## CONTRIBUTION OF AFFINITY CUSTOMERS TO POPULAR'S GROWTH

*(September 30, 2005)*

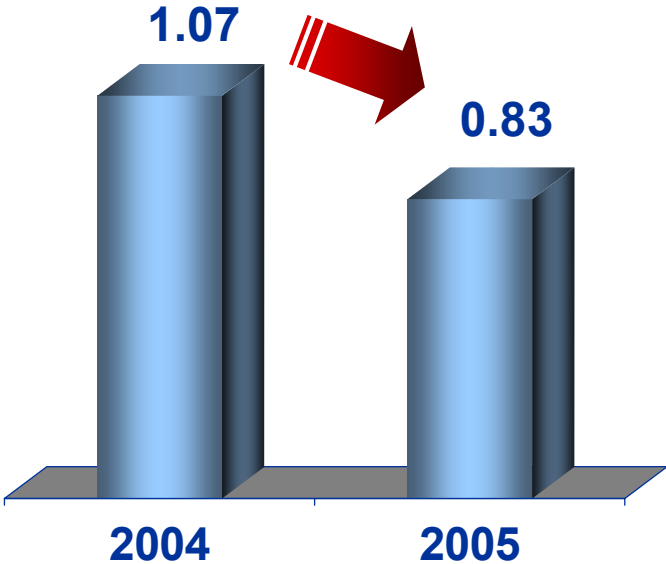
	Affinity clients	Contribution to total group
<b>No. of clients</b>	<b>673,742</b>	<b>11%</b>
<b>New clients</b>	<b>83,927</b>	<b>16%</b>
<b>Affinity loans (€ million)</b>	<b>17,637</b>	<b>36%</b>

# 3rd. Quarter 2005

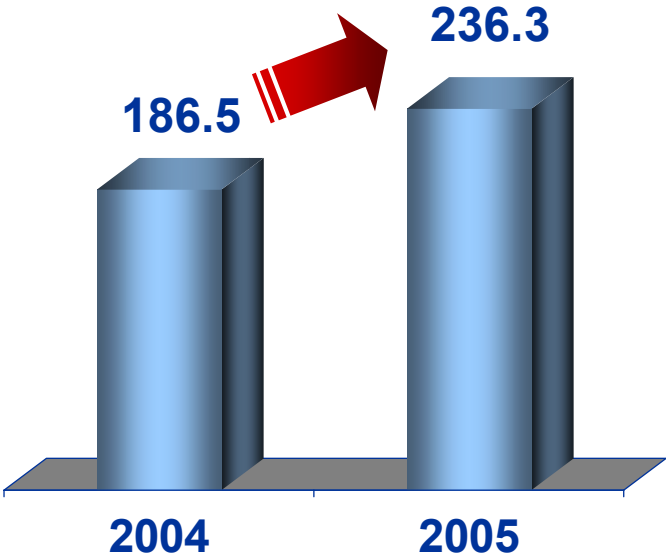
2

Improved  
Asset Quality

# IMPROVED ASSET QUALITY



**Nonperforming loans**



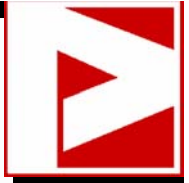
**Coverage**

# 3rd. Quarter 2005

3

**Strong  
Customer Acquisition**

# STRONG CUSTOMER ACQUISITION



**531.142**

**net NEW customers in 12 mos.**

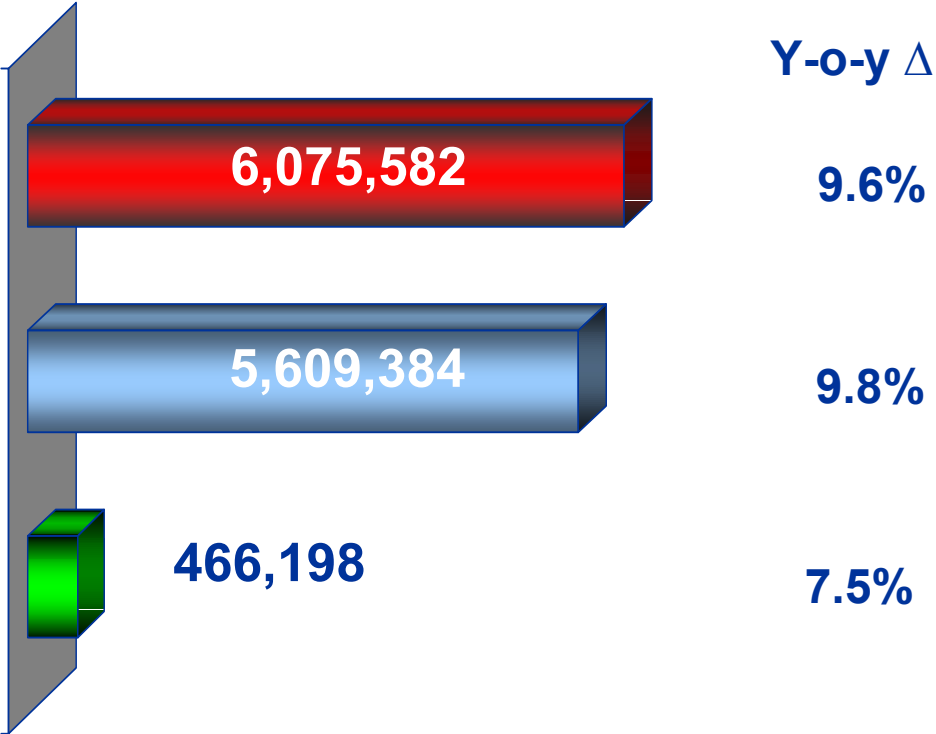
**+505,882 in Spain**

**+ 25,260 in Portugal**

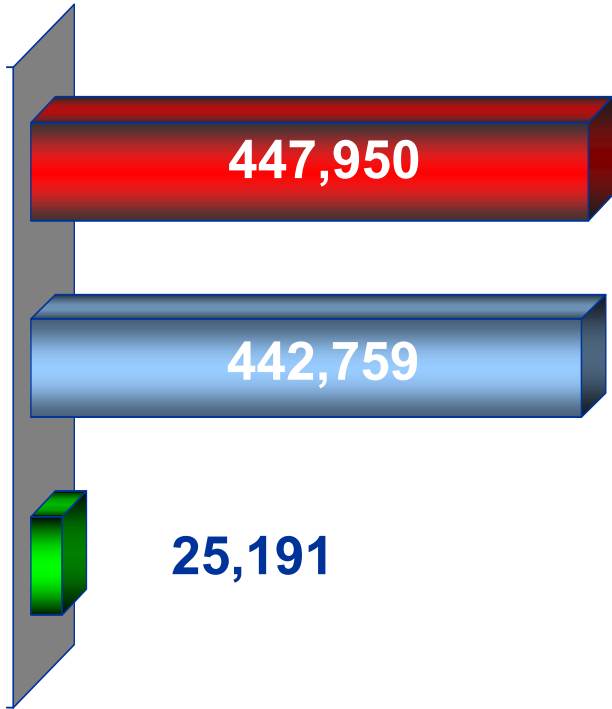
# STRONG CUSTOMER ACQUISITION



## TOTAL



## NEW (2005)

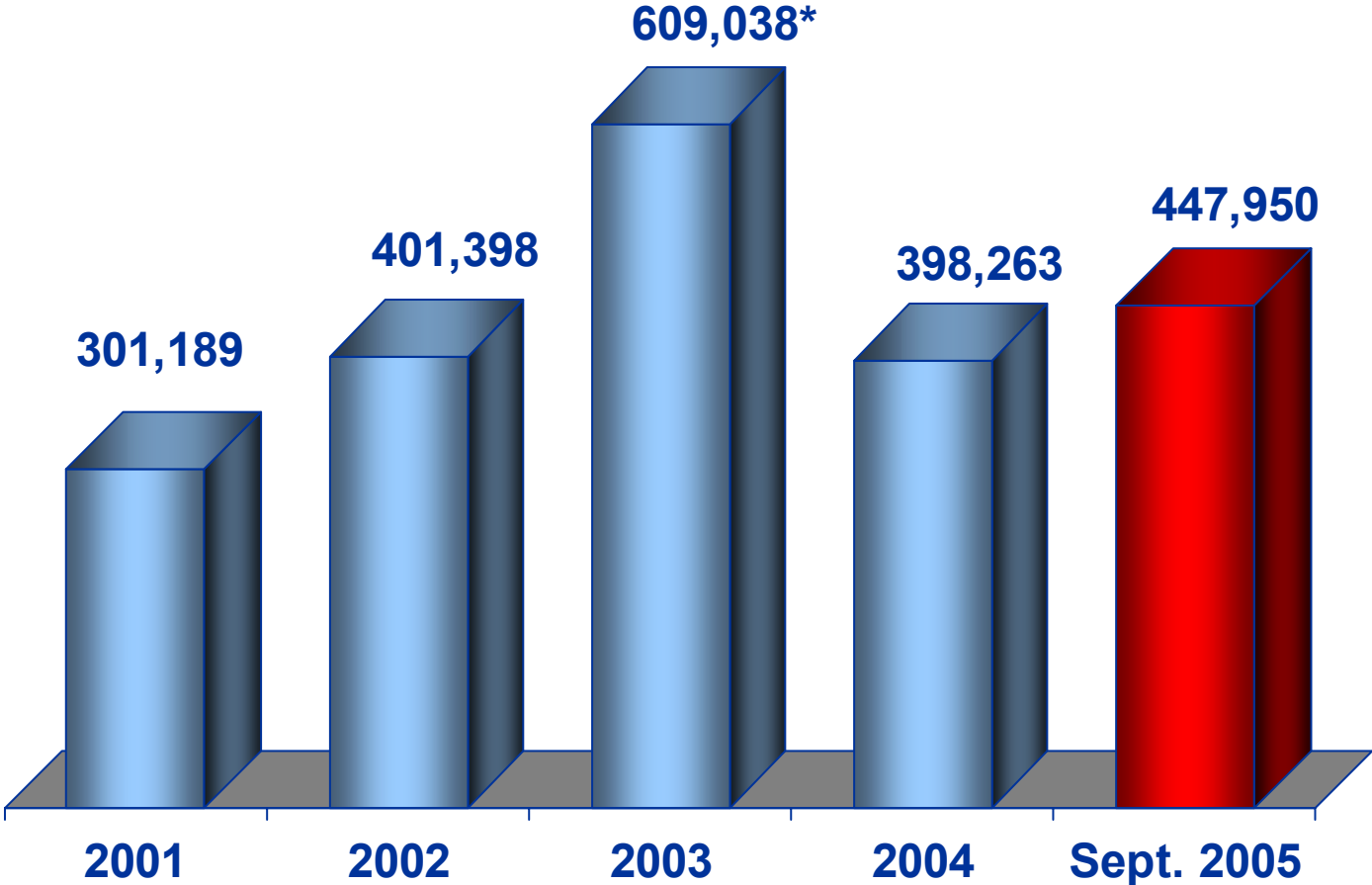


■ Total   ■ Individuals   ■ Corporate

# 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	
September 2004 .....	1,699,822	
December 2004 .....	1,750,644	
June 2005 .....	1,873,388	
September 2005 .....	1,922,001	

**y-on-y**  
**13.1%**

**One third of all Spanish clients have 4 products or more**

# 3rd. Quarter 2005

4

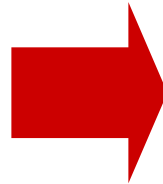
Branch  
Network Expansion

# BRANCH NETWORK EXPANSION

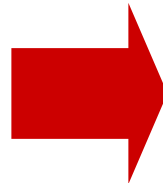


## NETWORK ACTIVITY THROUGH JUNE 05

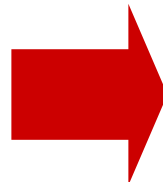
Opened Branches



Closed Branches



Impending Branches

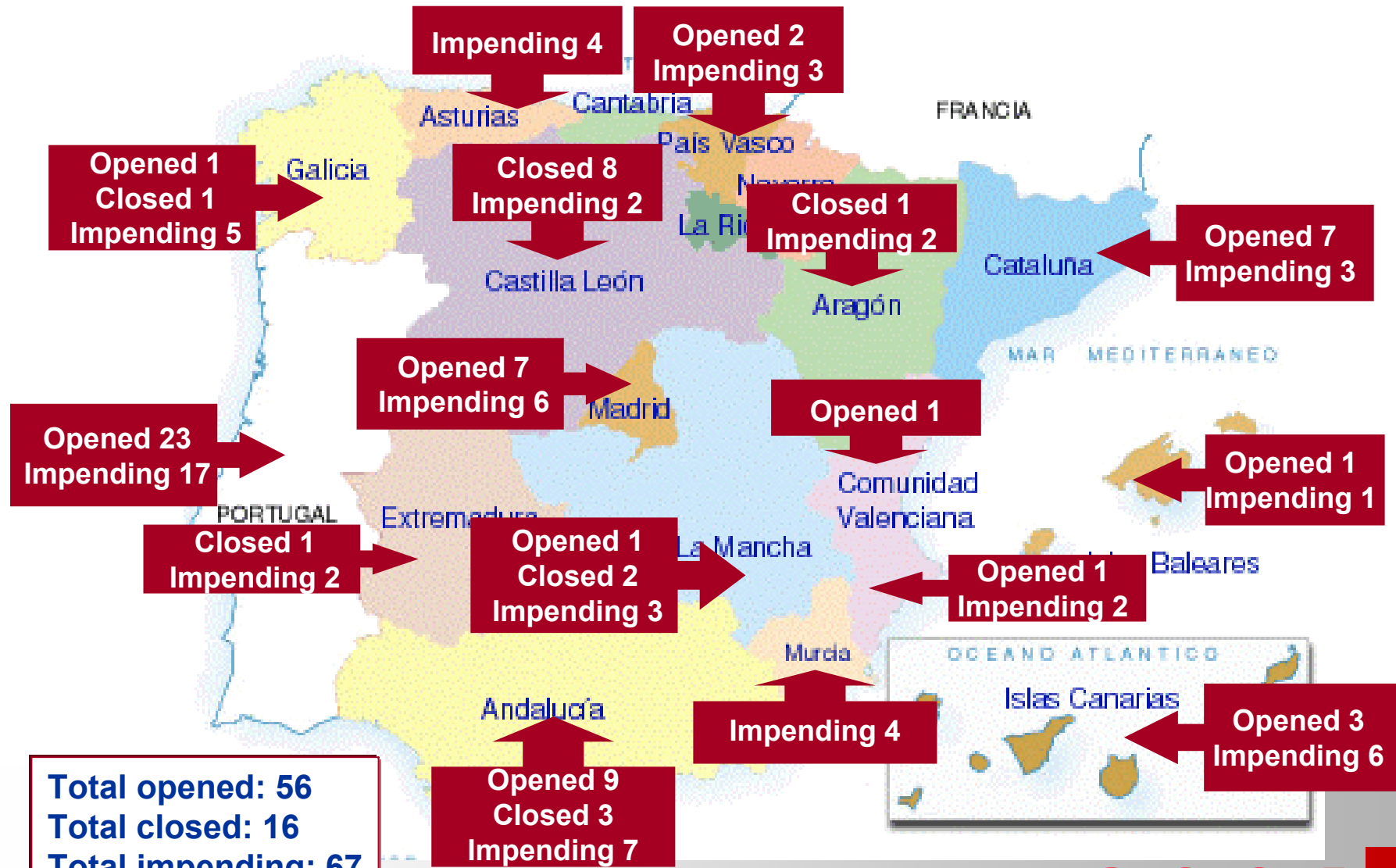


Refurbished 28  
In progress 39

# BRANCH NETWORK EXPANSION



## NETWORK ADJUSTMENTS THROUGH SEPTEMBER 05

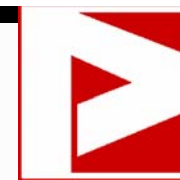


# 3rd. Quarter 2005

5

**Solid Earnings &  
Efficiency Gains**

# SOLID EARNINGS, EFFICIENCY GAINS



*(Euro million)*

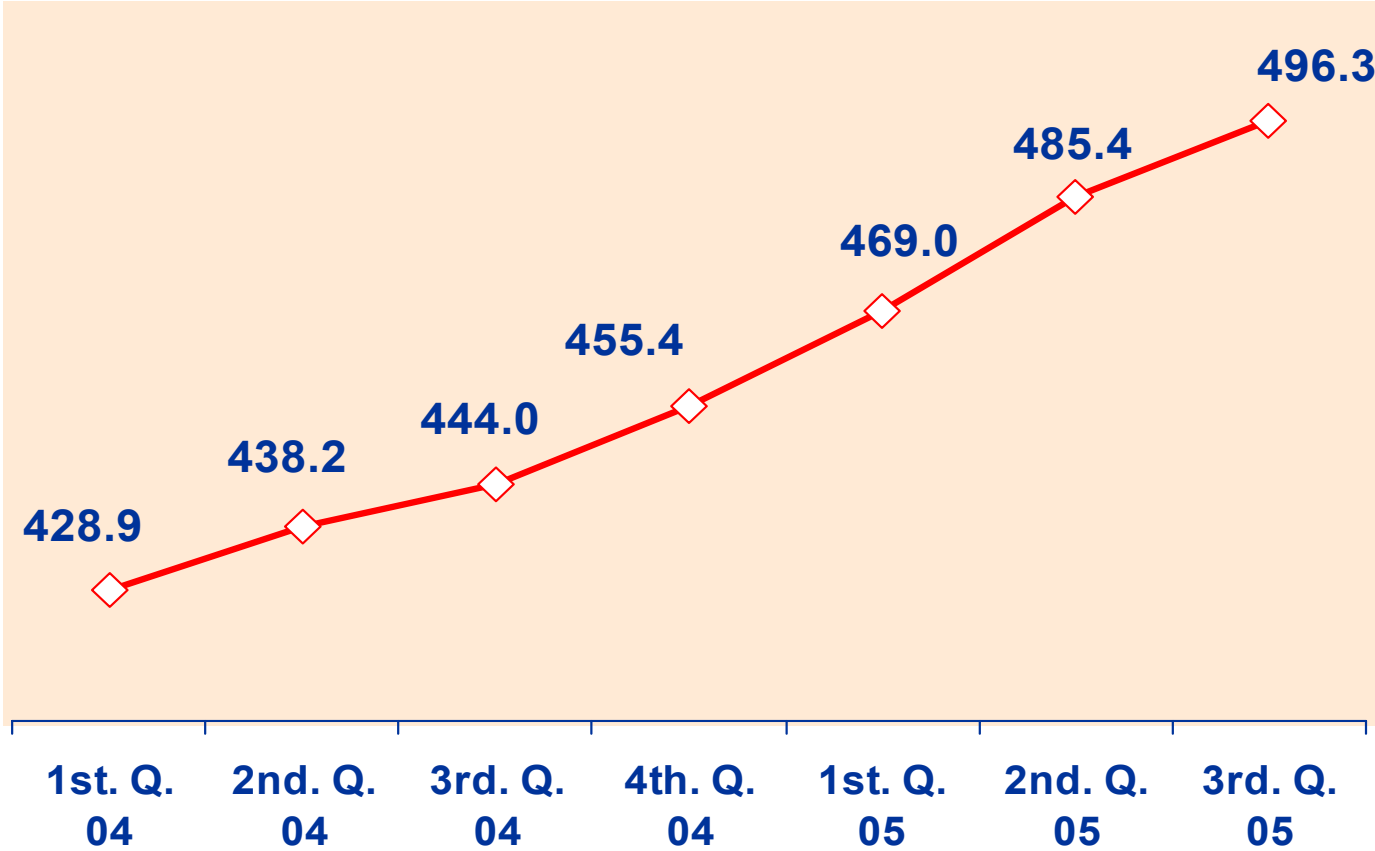
	<b>3rd. Q. 2005</b>	<b>y-on-y % Δ</b>
<b>Net interest revenue</b>	1,450.7	10.6
<b>Fees for services</b>	532.0	10.3
<b>Ordinary revenue</b>	2,046.0	9.2
<b>Operating cost</b>	675.9	6.7
<b>Operating income</b>	1,289.2	10.1
<b>Income before taxes</b>	1,056.4	23.6
<b>Net income attributable</b>	650.6	21.1

# SOLID EARNINGS, EFFICIENCY GAINS

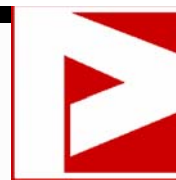


## NET INTEREST REVENUE

(Million euros)



# SOLID EARNINGS, EFFICIENCY GAINS



## FEES FOR SERVICES

	Year-on-year % accum. $\Delta$	As % of total fees
Loan-related fees:	9.0	14.5
Bill discounting	10.5	6.7
Other	7.8	7.8
Fees from guarantees	3.4	13.8
Collection & card-related	2.3	28.4
Forex & securities dealing	107.6	3.3
Customer financial asset mgt:	14.5	28.3
Securities portfolio	12.0	3.9
Mutual funds	15.2	18.2
Pension plans	14.2	6.2
Account mgt. fees	0.6	8.1
Other	87.1	3.6
<b>TOTAL</b>	<b>10.3</b>	<b>100.0</b>

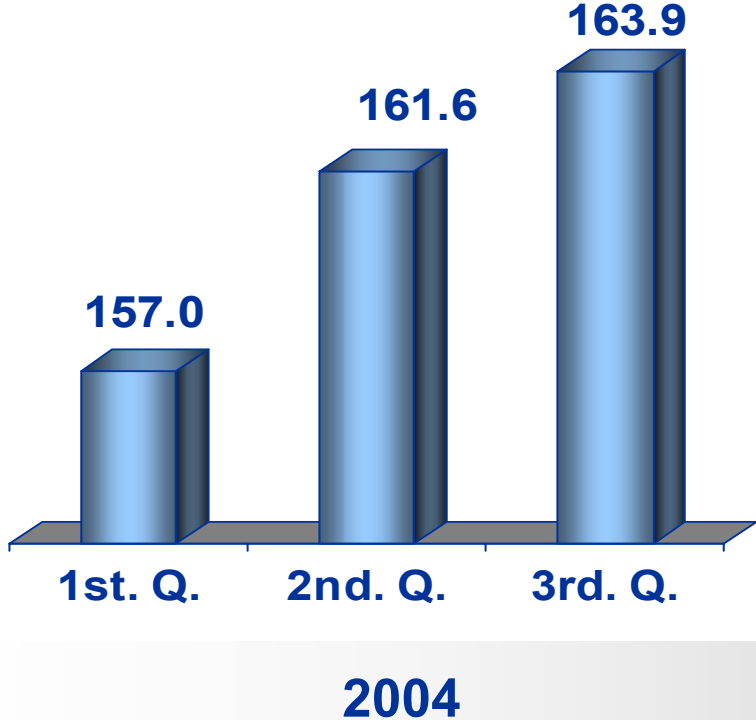


# SOLID EARNINGS, EFFICIENCY GAINS

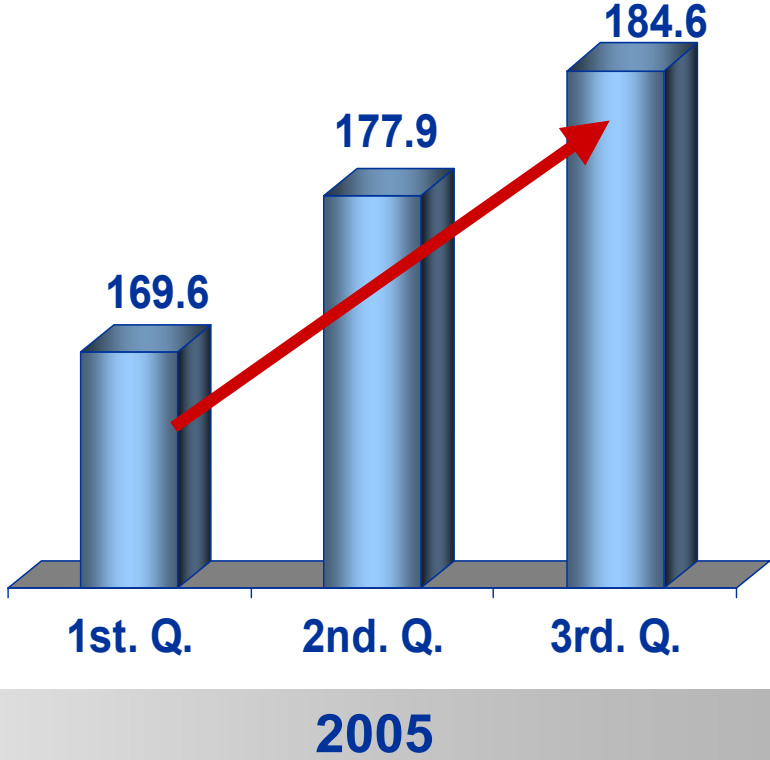


## FEEES FOR SERVICES

(Euro Million)



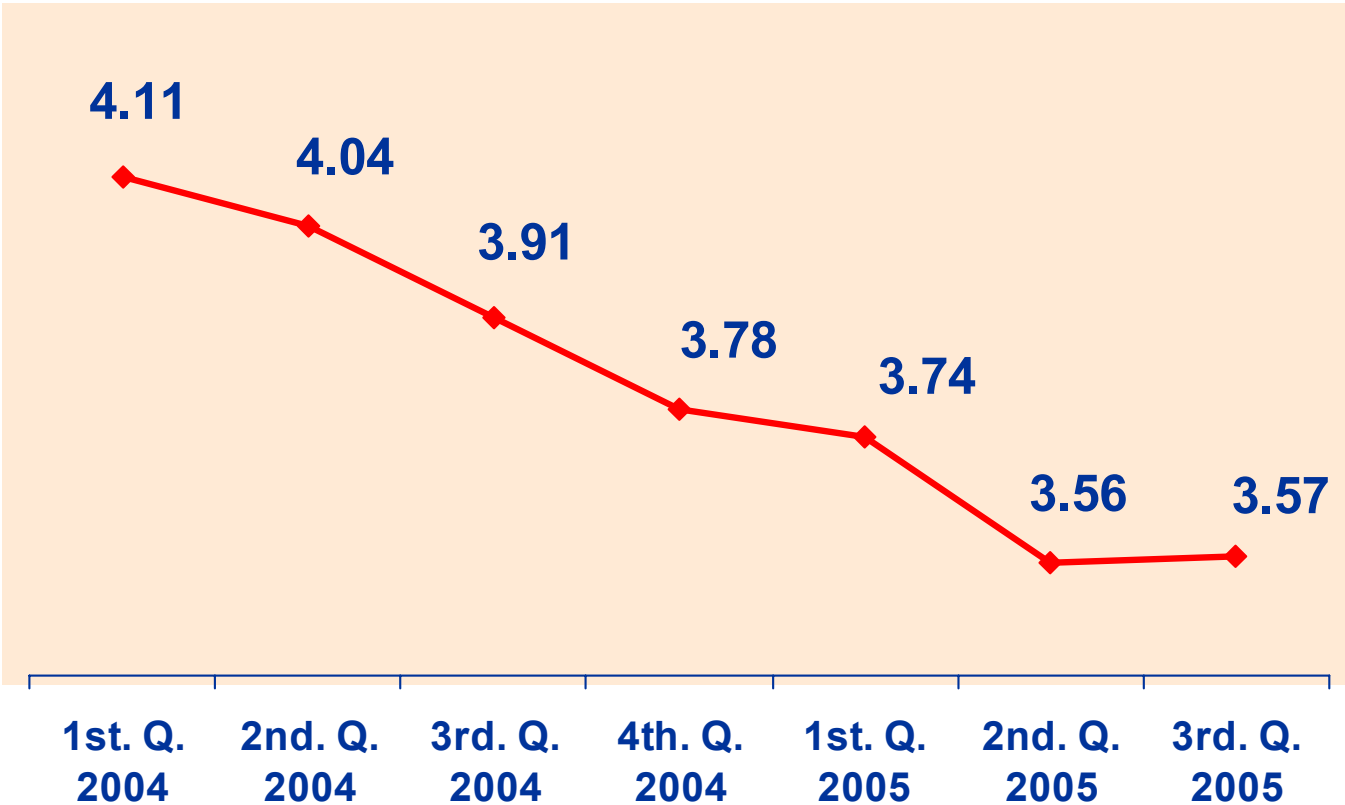
y-on-y		
8.0%	10.1%	12.7%



# SOLID EARNINGS, EFFICIENCY GAINS



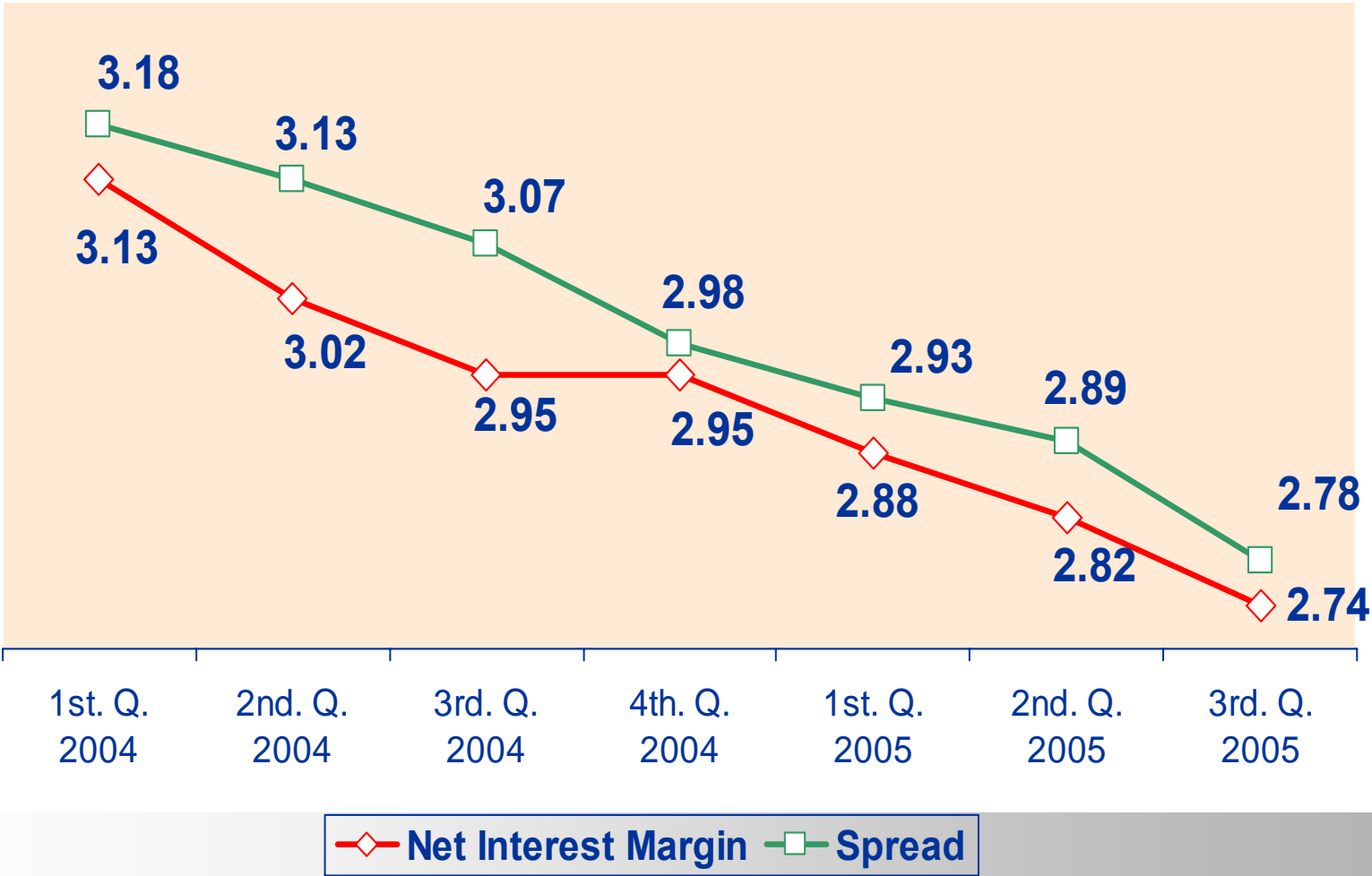
## CUSTOMER SPREAD



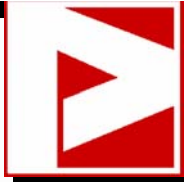
# SOLID EARNINGS, EFFICIENCY GAINS



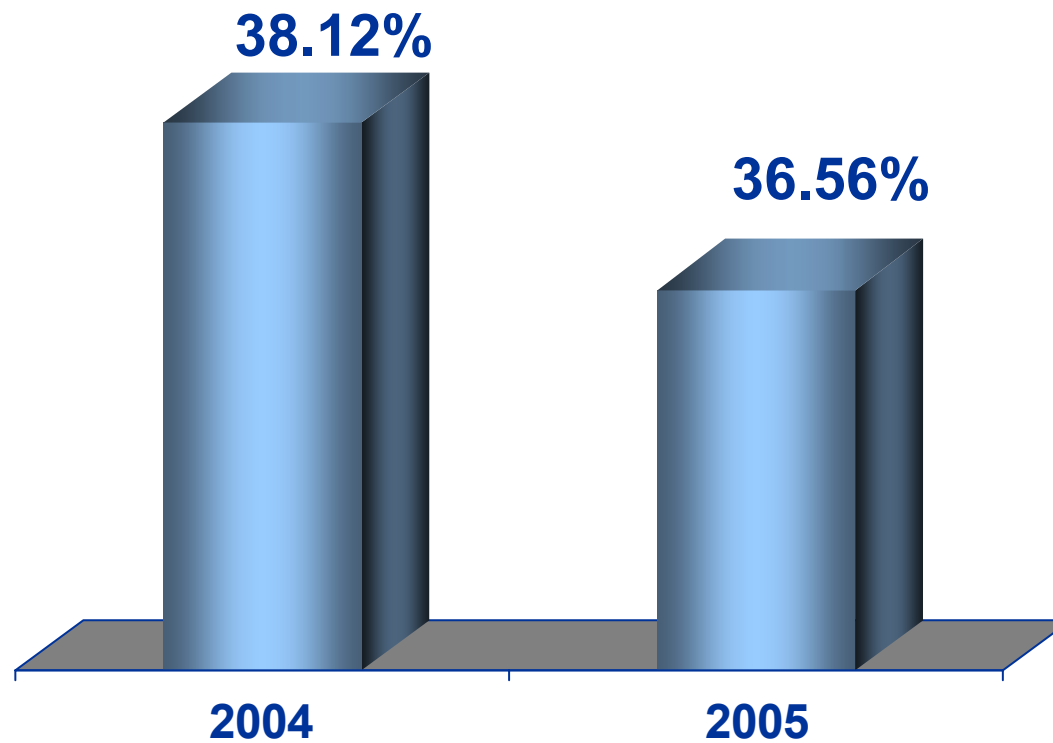
## NET INTEREST MARGIN & SPREAD



# SOLID EARNINGS, EFFICIENCY GAINS



## COST/INCOME RATIO



# SOLID EARNINGS, EFFICIENCY GAINS



## PROFITABILITY

### ROE



### ROA



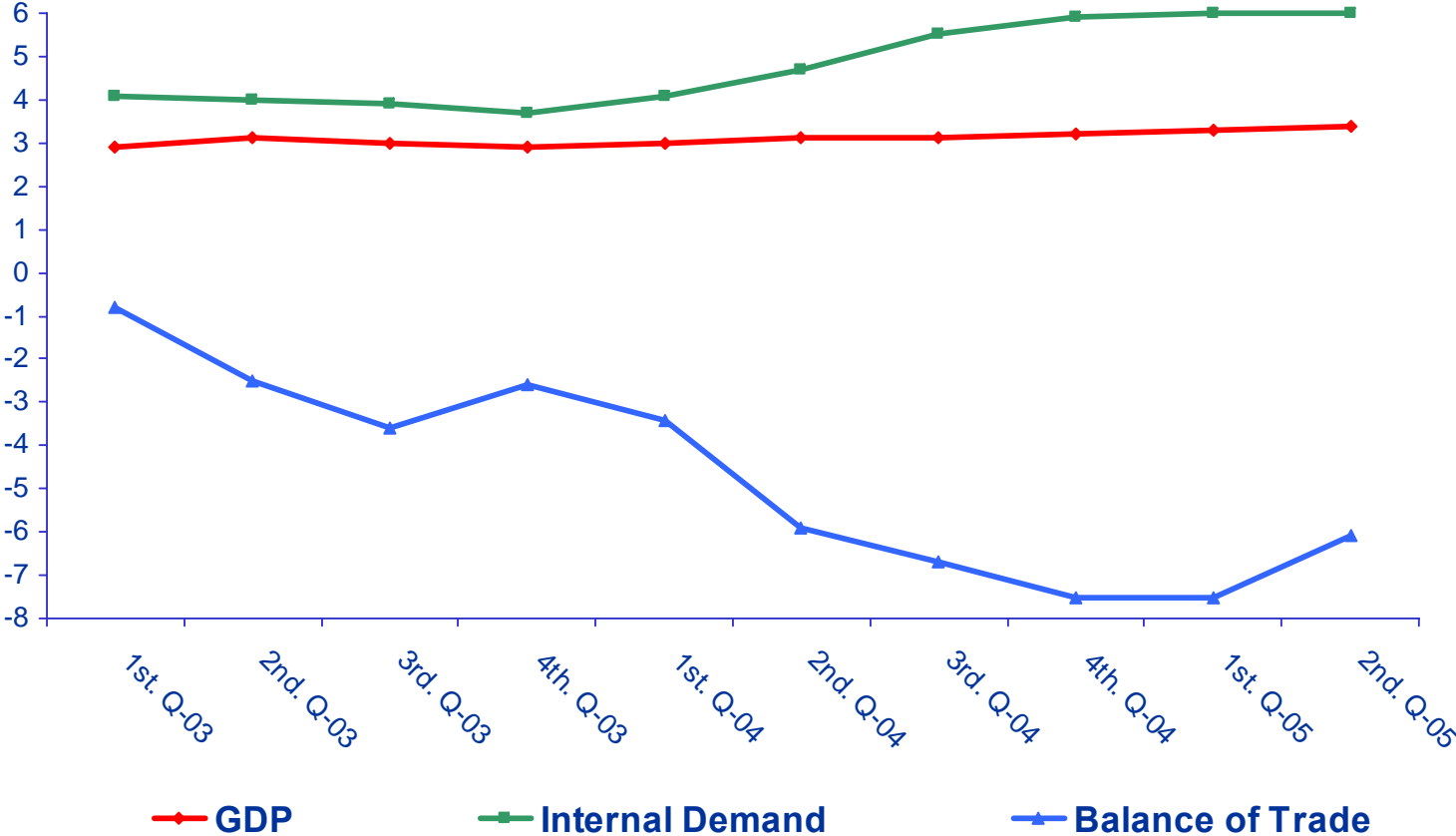
Source: AEB (Consolidated groups). December 2004

# 3rd. Quarter 2005

6

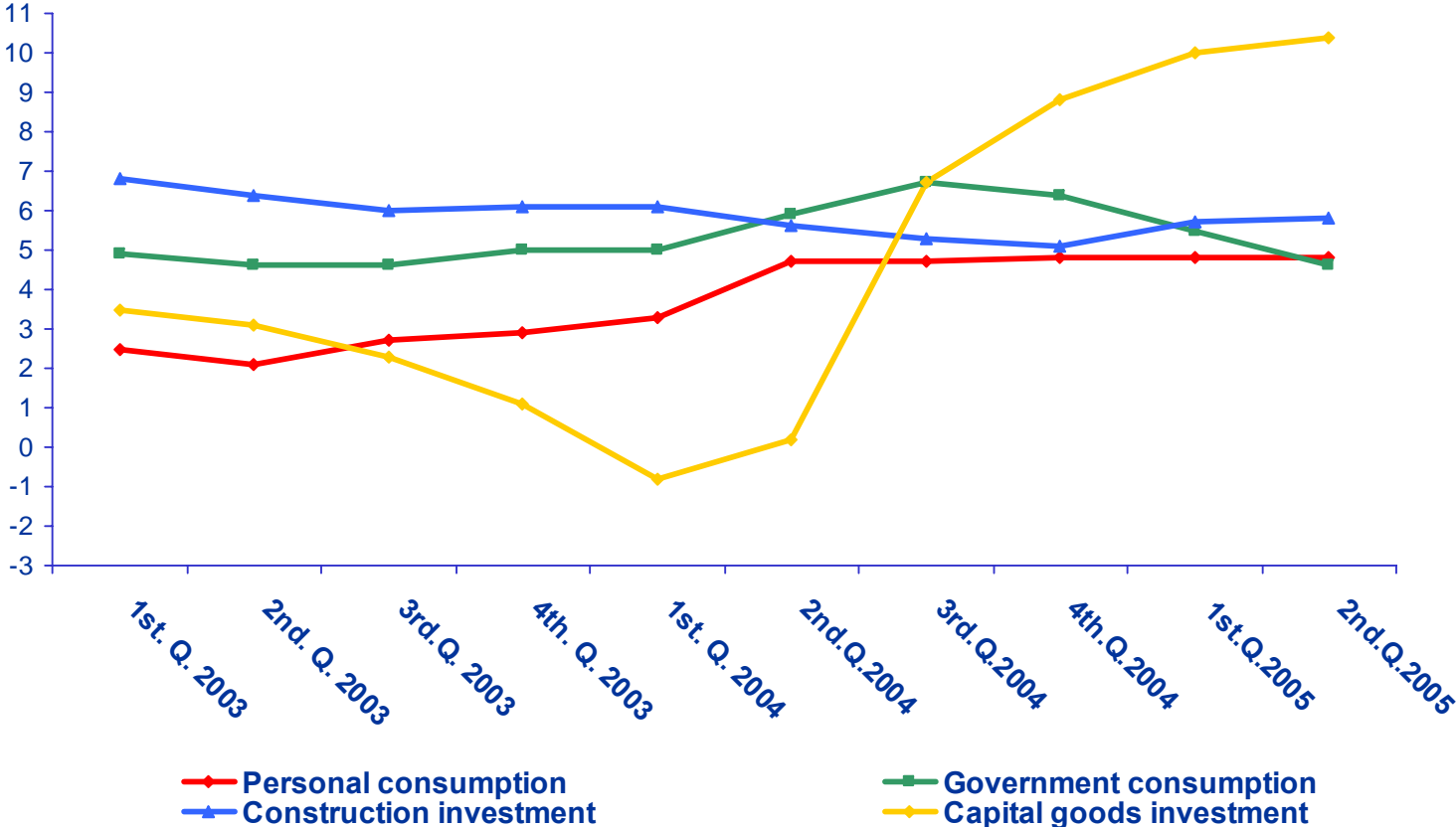
Annex

# MACROECONOMIC PARAMETERS IN SPAIN



Source: INE

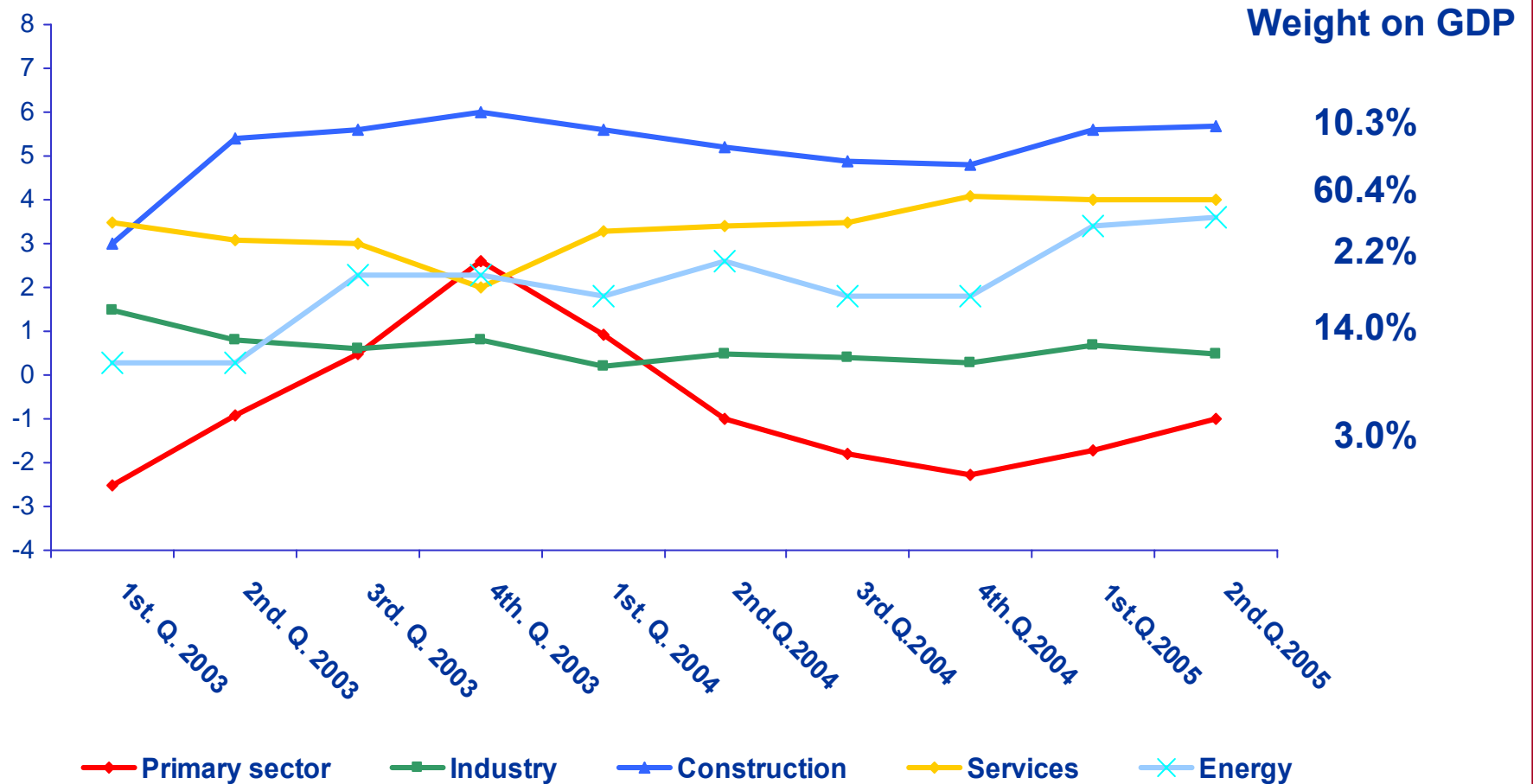
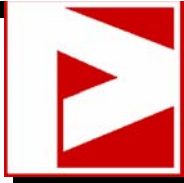
# MACROECONOMIC PARAMETERS IN SPAIN



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 Popular Portugal**

**Banco Popular France**

**Banco Popular Hipotecario**

**Bancopopular-e.com**

**Popular Banca Privada**

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