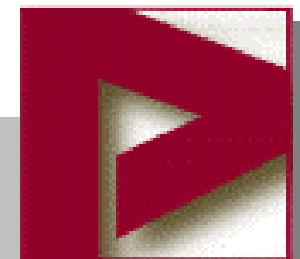


**Banco Popular
Group**

UNDAUNTED EXPANSION

July 2003



**Banco
Popular**

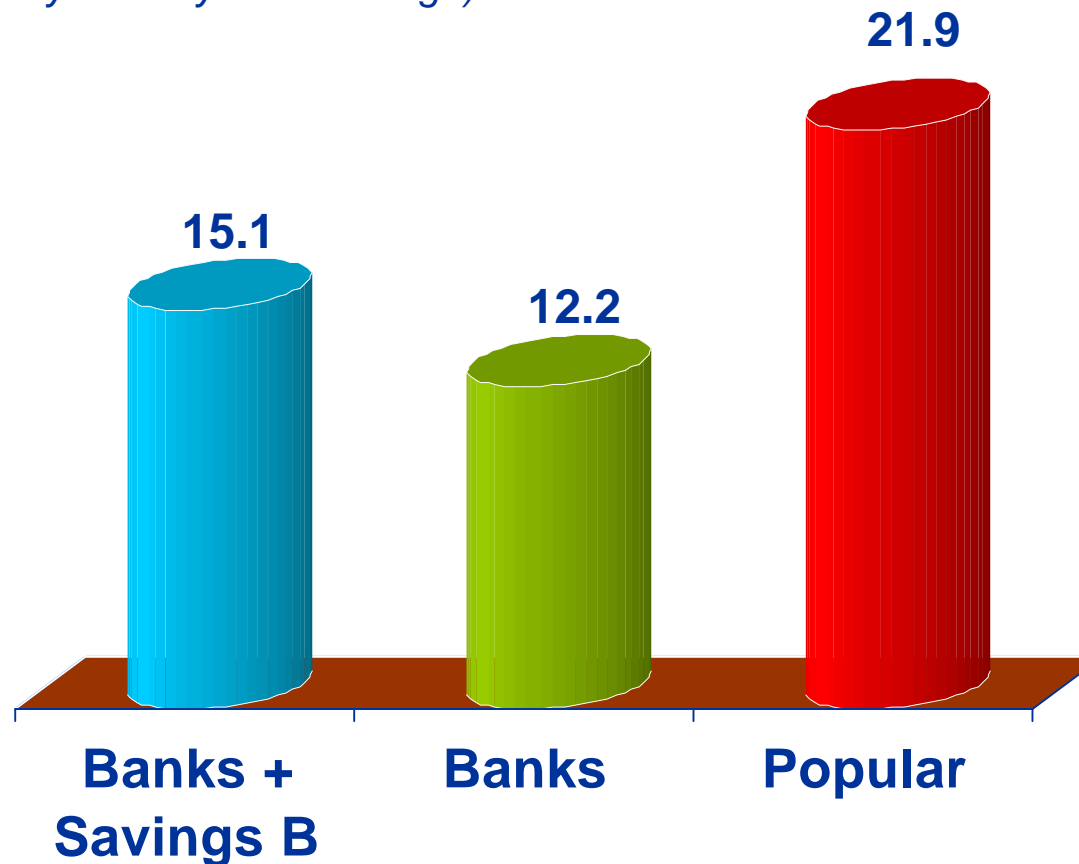
- ▶ **Market share gain**
- ▶ **Improvement in asset quality**
- ▶ **Customer base expansion**
- ▶ **Increasing penetration in credit cards**
- ▶ **Strong Revenues & EPS growth**
- ▶ **Operating costs restraint**
- ▶ **Best ROE in Spain & Europe**
- ▶ **Best Cost/Income ratio in Spain & Europe**
- ▶ **Best performing stock**

MARKET SHARE GAIN

**Banco
Popular**

LOANS TO PRIVATE-SECTOR RESIDENTS (ex BNC)

(May 31, 2003 year-on-year % change)



UNDAUNTED EXPANSION

MARKET SHARE GAIN

4

**Banco
Popular**

CORE LOAN BUSINESS (Residents only)

(Accumulated % change)

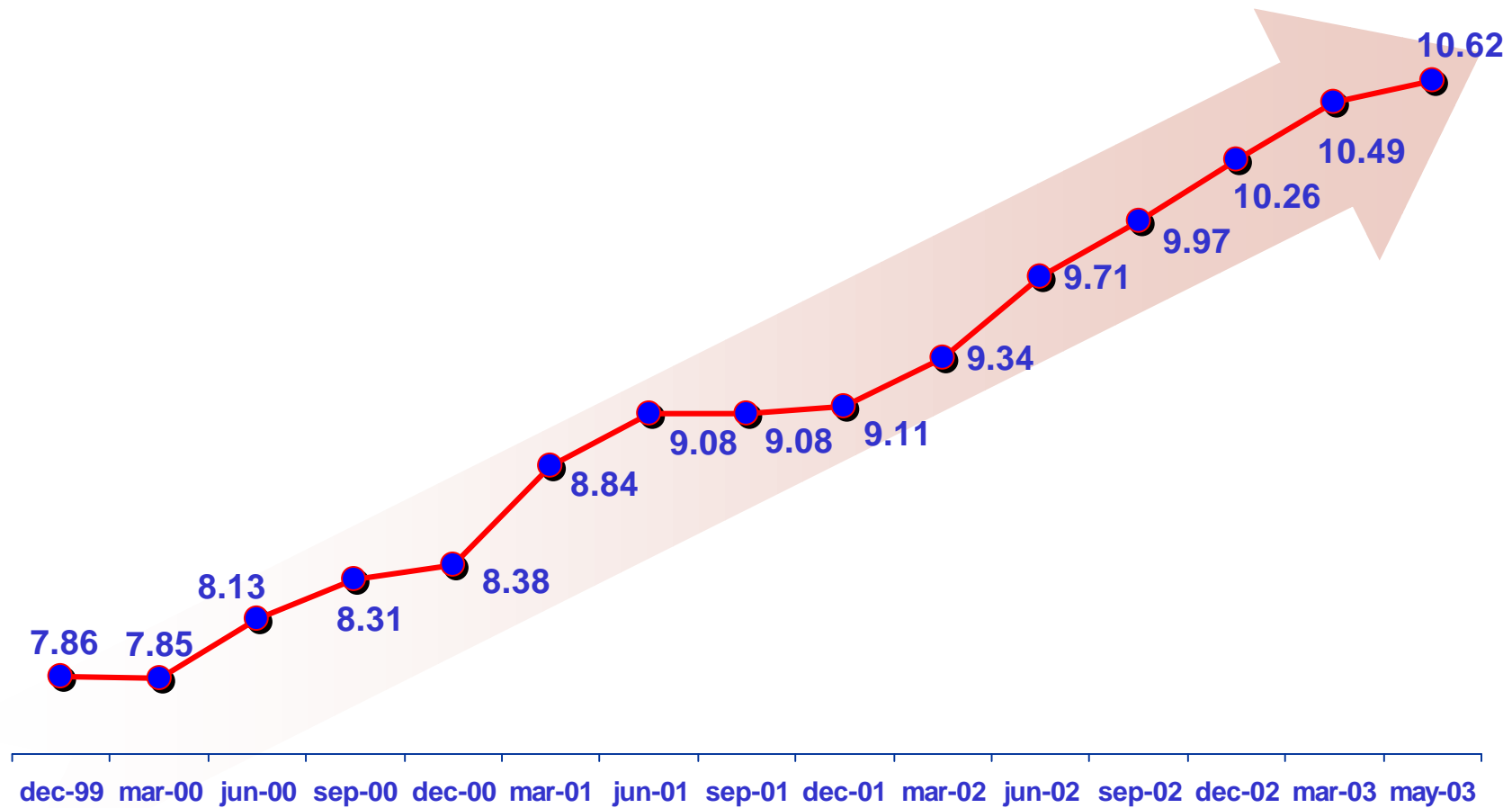
	<i>Dec.-02</i>	<i>March-03</i>	<i>June-03</i>
Bill discounting	6.5	6.5	6.5
Mortgage	36.8	36.3	32.9
Personal & overdrafts	6.9	7.5	7.3
Leasing	10.3	12.5	13.2
TOTAL CORE LOAN PORTFOLIO	19.8	21.1	19.9
Excluding NPLs, REPOs & Advances to Social Security & BNC			
Total resident lending	23.0	23.5	20.6

UNDAUNTED EXPANSION

MARKET SHARE GAIN

**Banco
Popular**

MARKET SHARE OVER COMMERCIAL BANKS (ex BNC)



—●— LOANS TO RESIDENTS

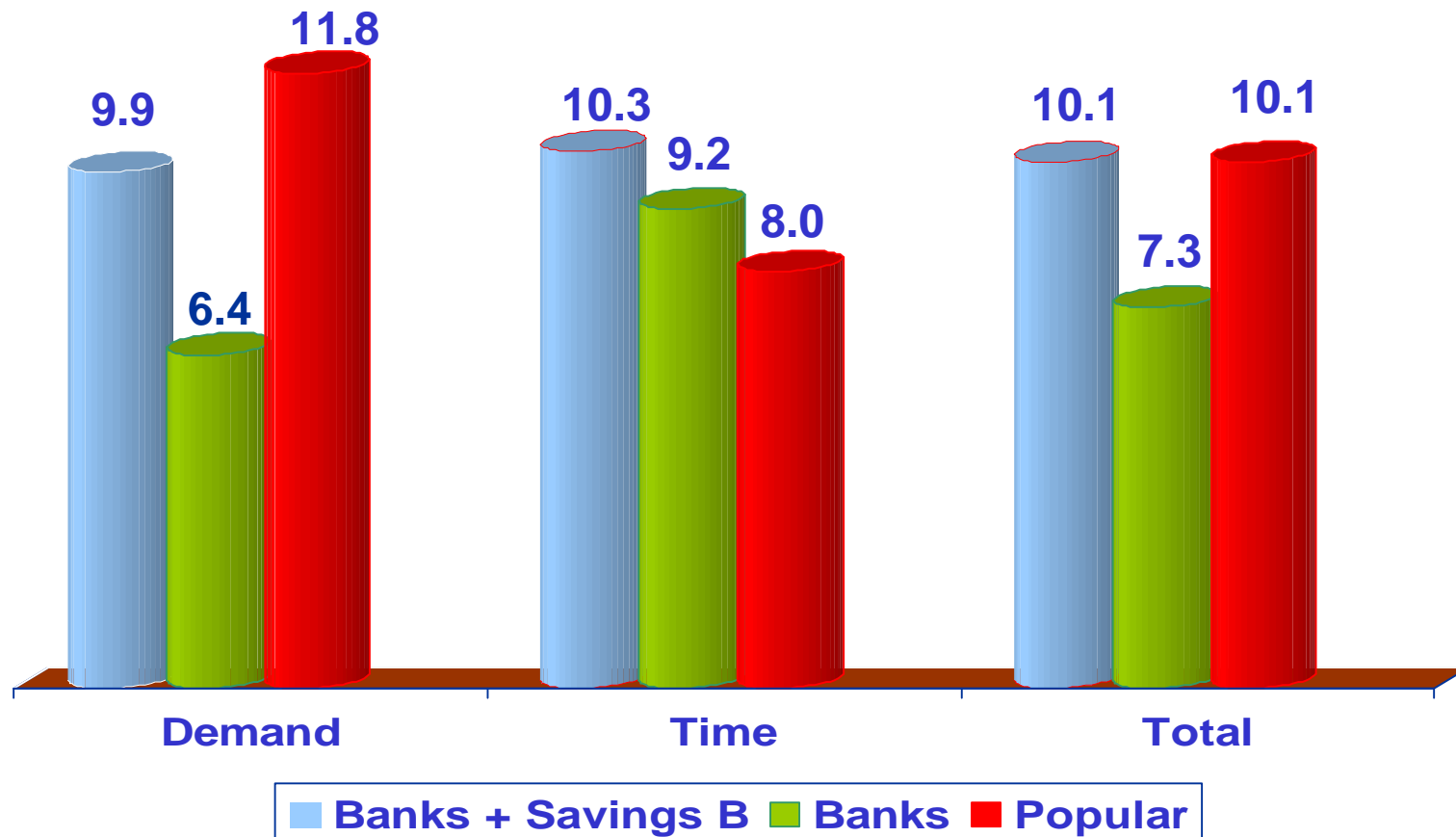
UNDAUNTED EXPANSION

MARKET SHARE GAIN

**Banco
Popular**

GROWTH OF DEPOSITS OF PRIVATE-SECTOR RESIDENTS (ex BNC)

(May 31, 2003 year-on-year % change)



UNDAUNTED EXPANSION

MARKET SHARE GAIN

**Banco
Popular**

CORE RESIDENT-CUSTOMER DEPOSITS (ex BNC)

(Accumulated % change)

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

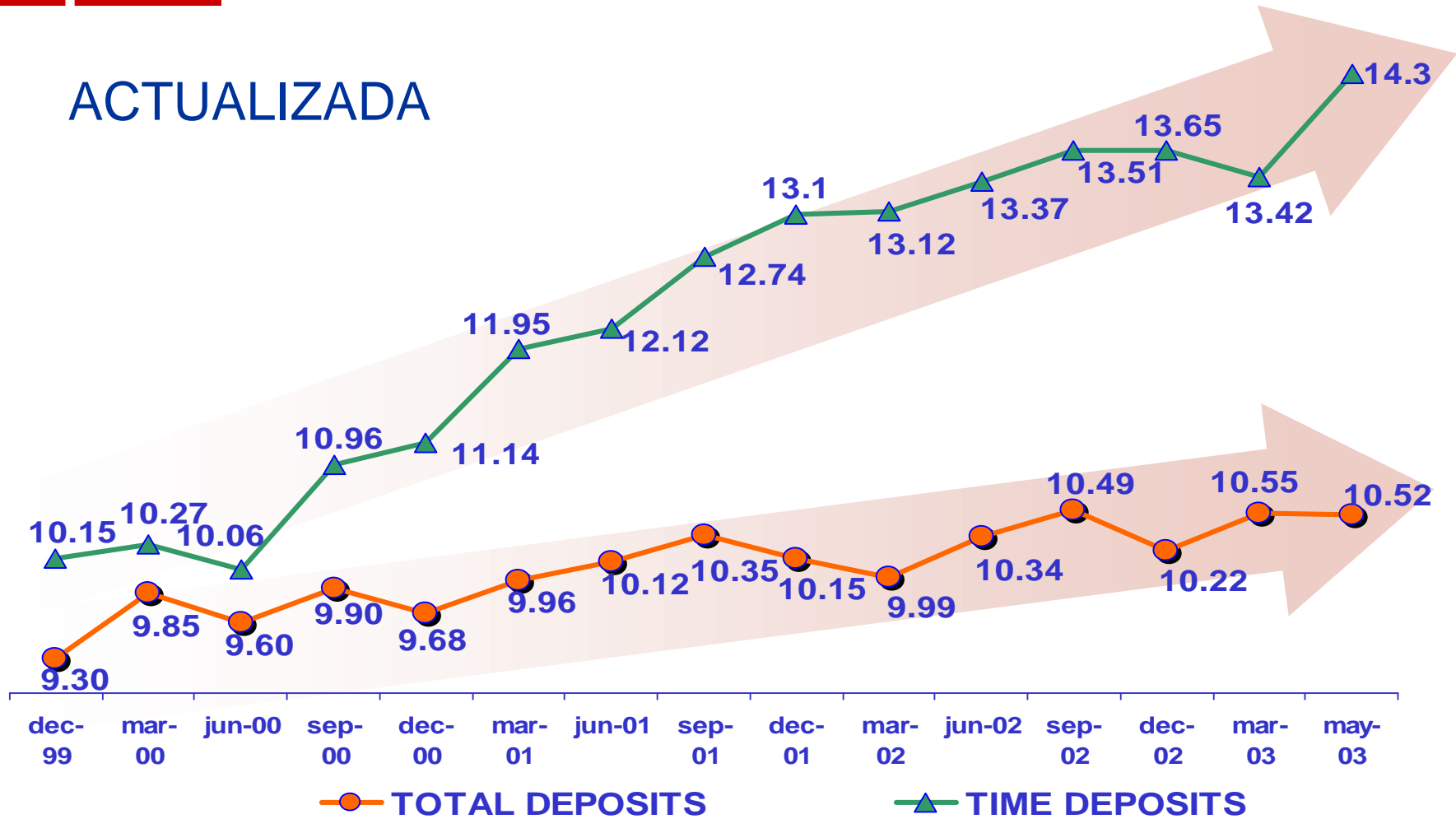
UNDAUNTED EXPANSION

MARKET SHARE GAIN

Banco Popular

MARKET SHARE OVER COMMERCIAL BANKS (ex BNC)

ACTUALIZADA



UNDAUNTED EXPANSION

MARKET SHARE GAIN

**Banco
Popular**

MAJOR PRODUCTS MARKET SHARE

(Accumulated % change)

	Growth rate <i>June-03</i>		Market share <i>March-03</i>	Of total loans
	As reported	Like for like (ex BNC)		
Bill discounting	8.5	8.5	11.4	10.5
Mortgage loans	41.7	32.5	4.8	49.5
Personal loans & overdrafts	26.9	9.9	4.2	31.3
Leasing	13.2	13.2	9.1	5.6
Factoring	11.6	11.6	7.0	1.7
Pension funds*	12.4	11.3	6.7	
Mutual funds	18.2	17.1	3.3	

* Assets in private/individual accounts

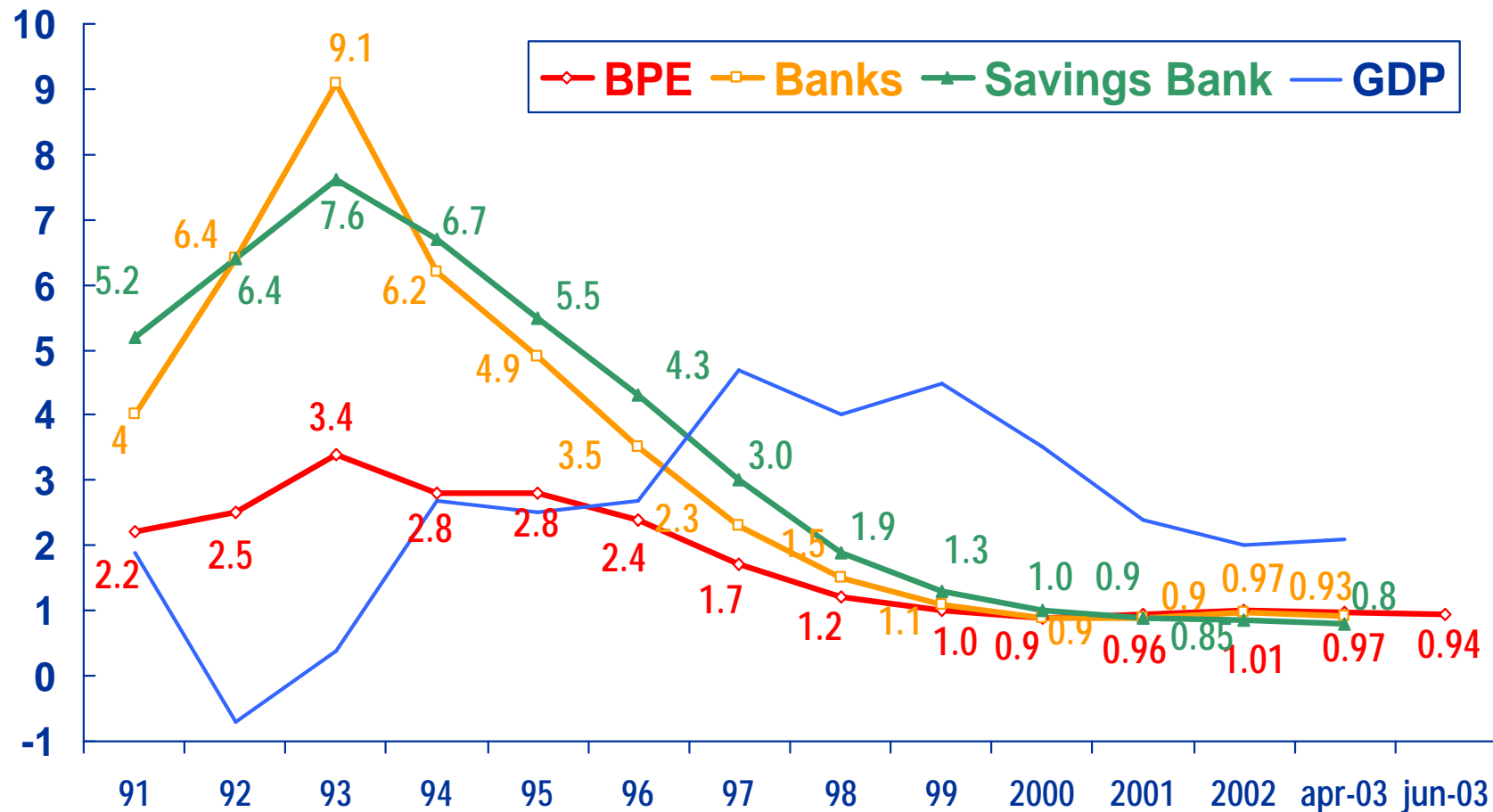
UNDAUNTED EXPANSION

IMPROVEMENT IN ASSET QUALITY

**Banco
Popular**

LOAN PORTFOLIO QUALITY

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

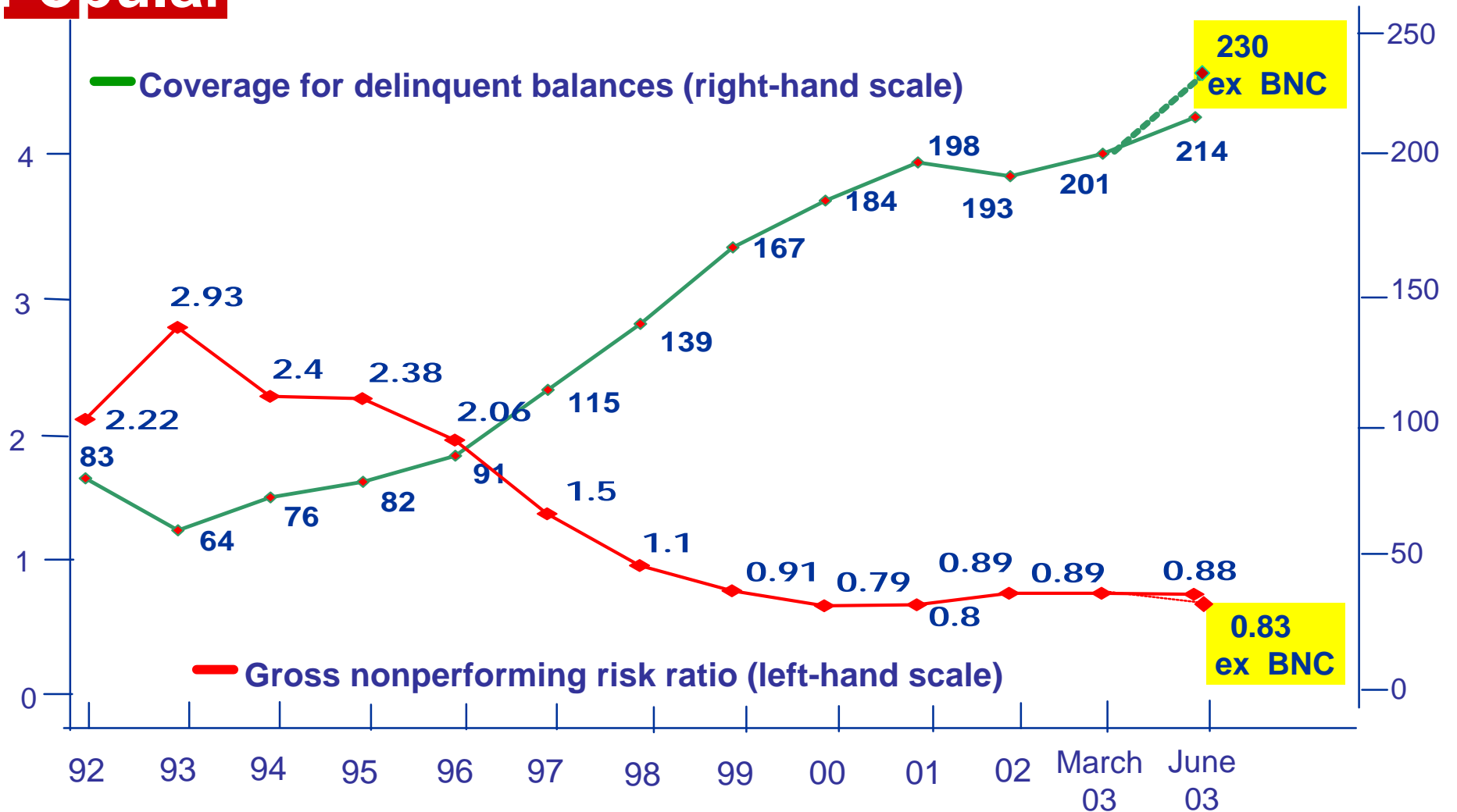


UNDAUNTED EXPANSION

IMPROVEMENT IN ASSET QUALITY

Banco Popular

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

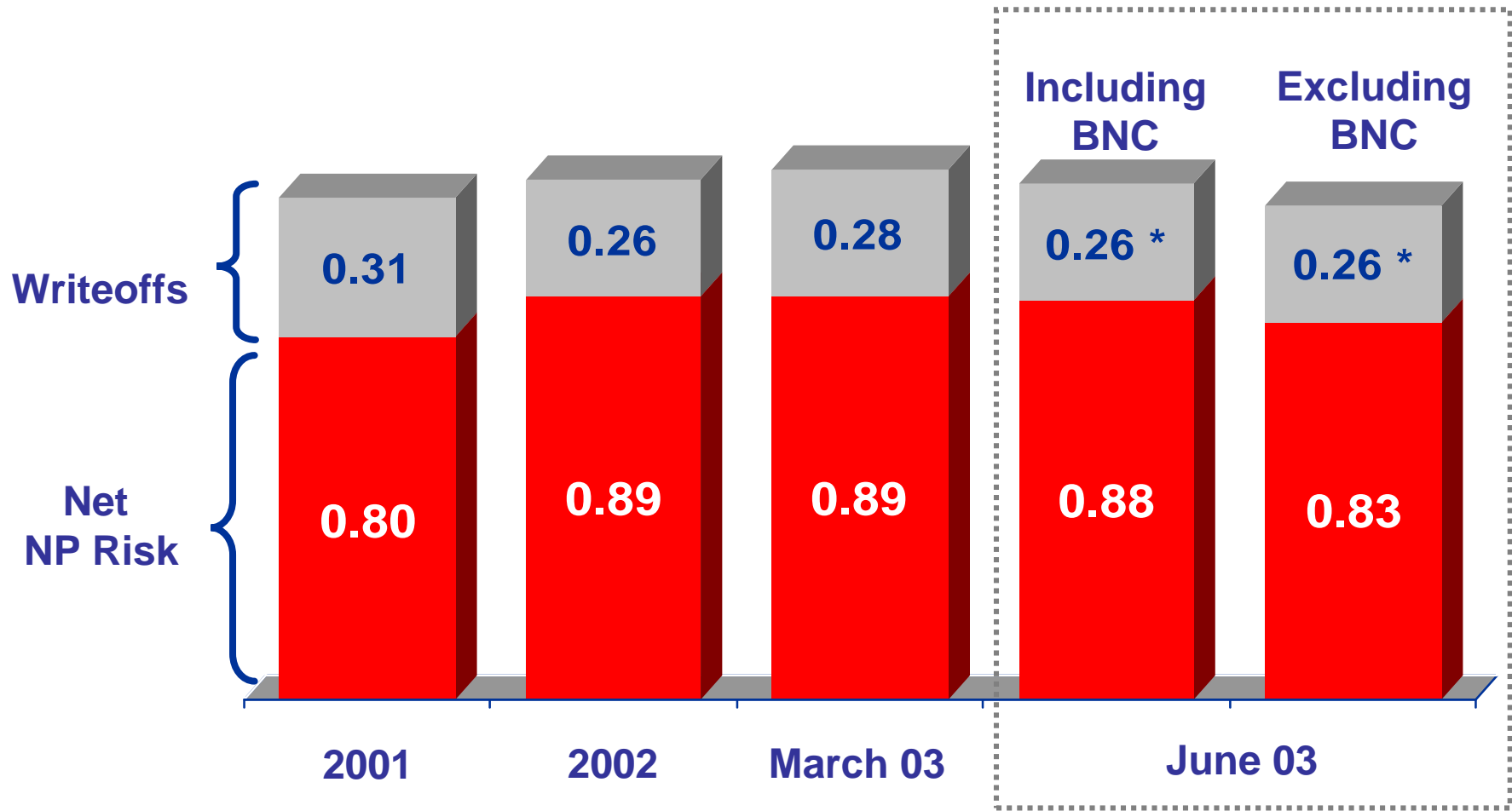


UNDAUNTED EXPANSION

IMPROVEMENT IN ASSET QUALITY

Banco Popular

NON PERFORMING RISK (bps)



* Annualized

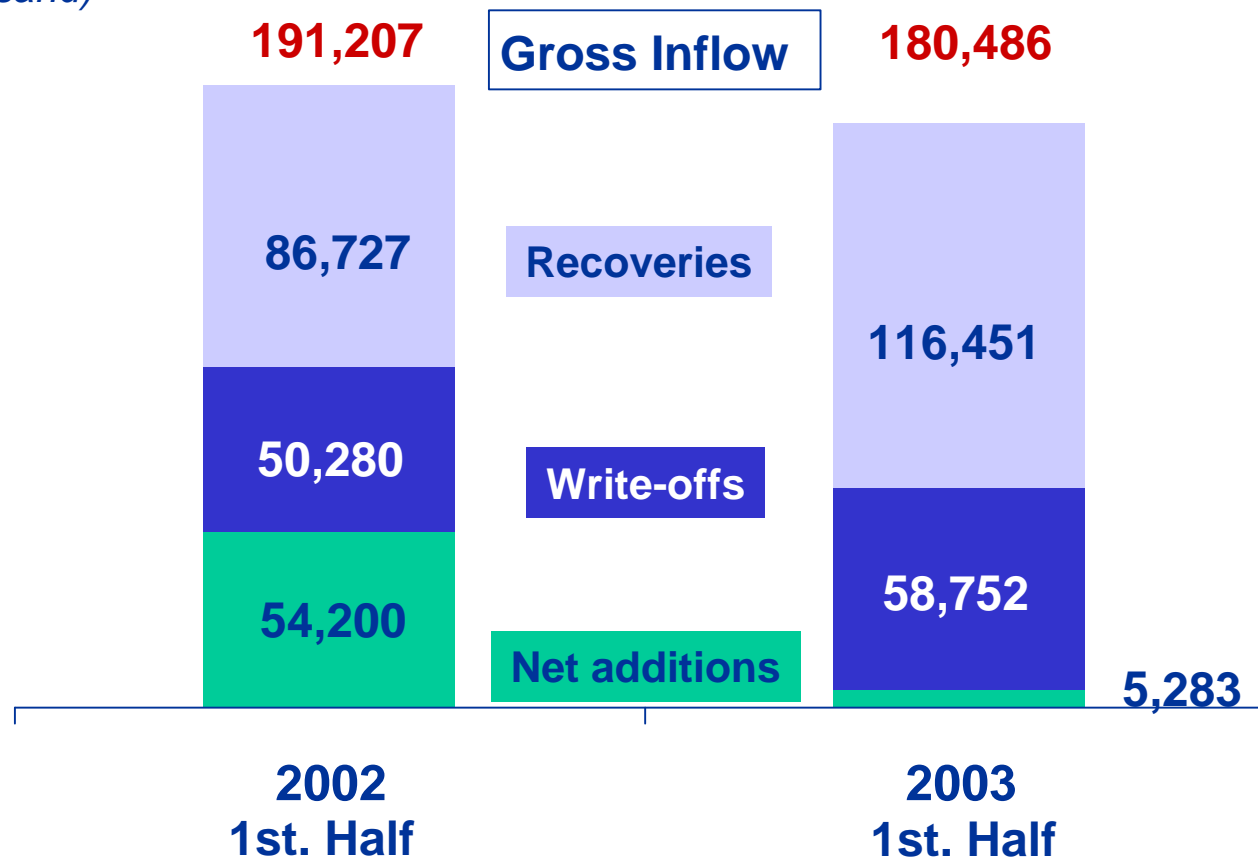
UNDAUNTED EXPANSION

IMPROVEMENT IN ASSET QUALITY

**Banco
Popular**

NON PERFORMING RISK (ex BNC)

(Euro thousand)

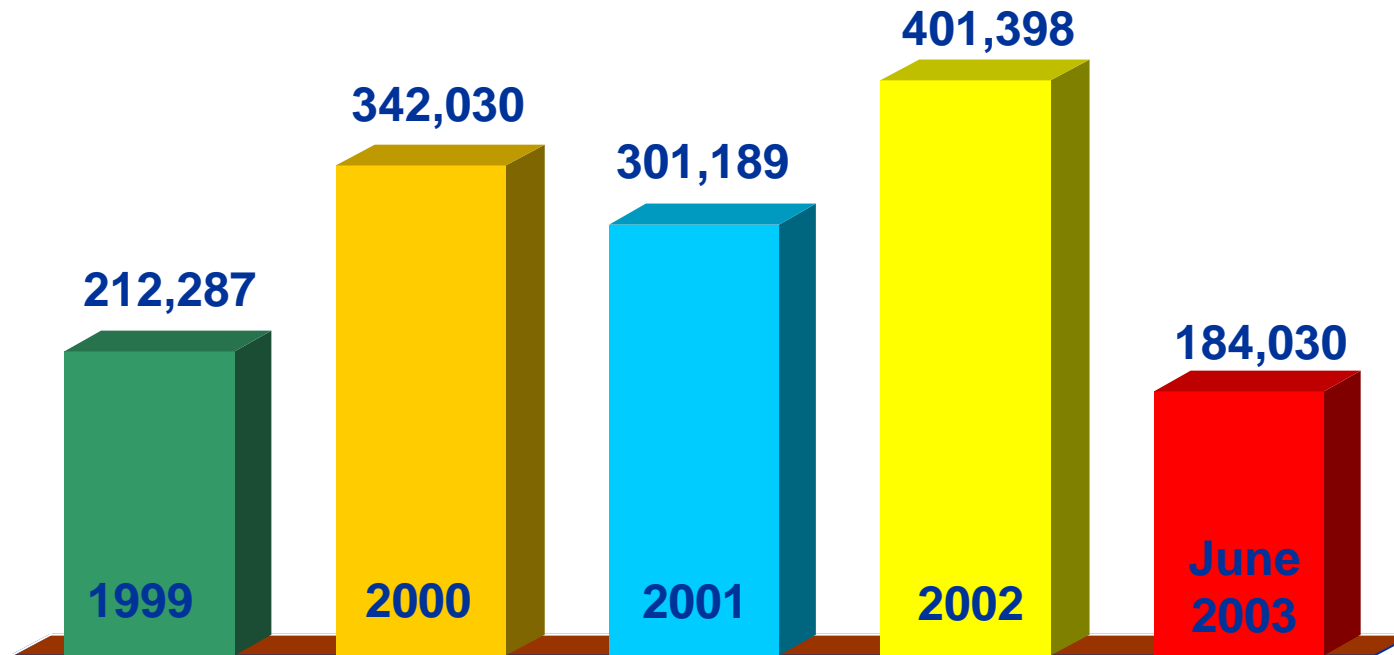


UNDAUNTED EXPANSION

CUSTOMER BASE EXPANSION

Banco Popular

NET NEW CLIENTS (ex BNC)



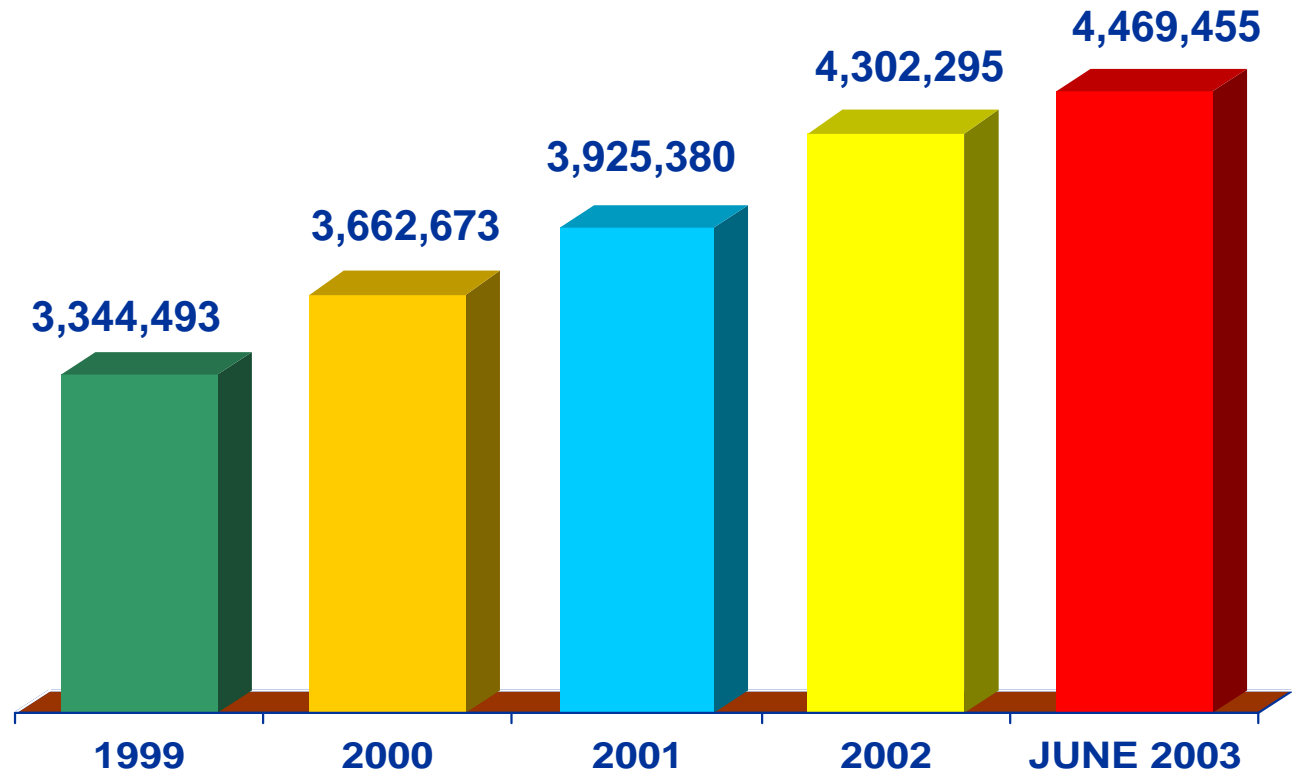
Total number of clients: 4,837,238	→	y-o-y %
Individuals: 4,469,455		7.47
Corporate: 367,783		7.43
	→	8.06

UNDAUNTED EXPANSION

CUSTOMER BASE EXPANSION

Banco Popular

INDIVIDUALS (ex BNC)

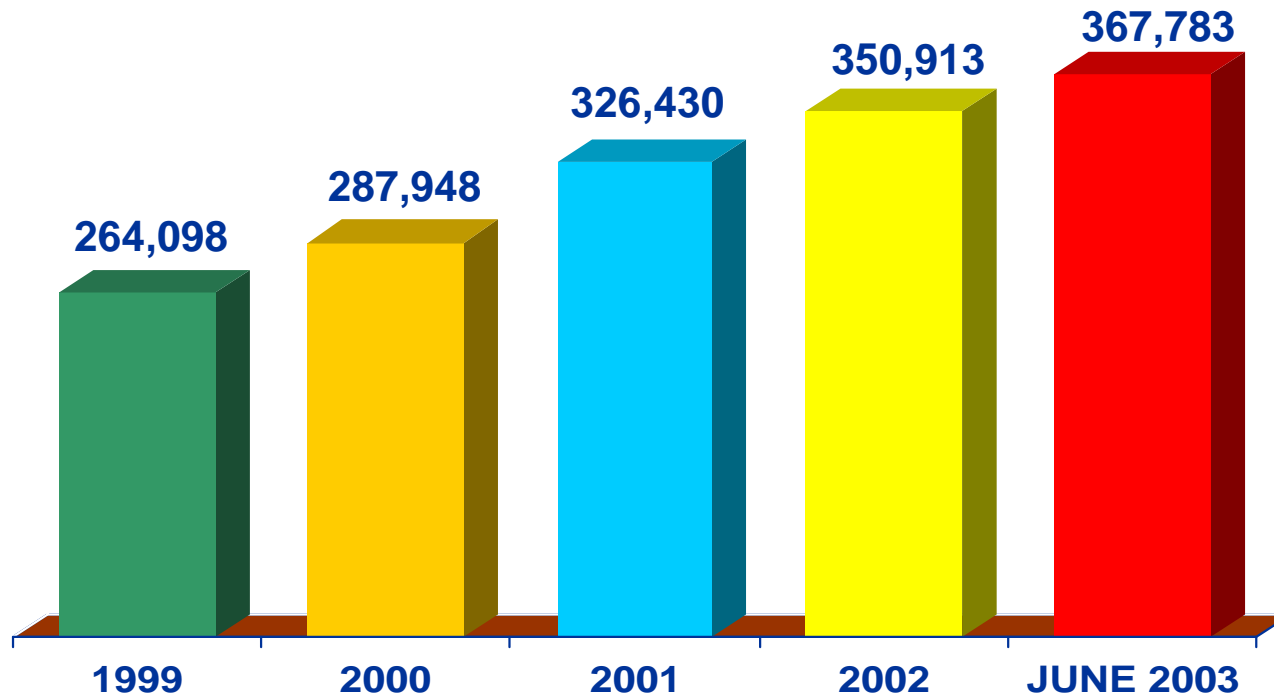


UNDAUNTED EXPANSION

CUSTOMER BASE EXPANSION

Banco Popular

CORPORATES (ex BNC)







UNDAUNTED EXPANSION

INCREASING PENETRATION IN CREDIT CARDS

Banco Popular

CARDS BUSINESS PLACEMENT GROWTH

(June 30, 2003)

	Number		Turnover		In use %	
	Number	y-o-y %	€thou.	y-o-y %	2003	2002
 Credit *	1,207,409	23.7	1,188,239	4.9	49.0	59.4
 Debit	1,408,825	10.7	1,213,911	12.3	51.0	50.8
 Other Affinity	977,180	9.2	119,821	27.8	20.6	20.8
 Petrol	1,182,436	(0.6)	141,750	17.2	31.8	29.8
TOTAL	4,775,850	10.2	2,663,721	9.7	35.4	31.6
Retailers	115,859	(1.2)	2,324,088	11.2	45.7	42.0

* Excl. revolving "Hop" card

UNDAUNTED EXPANSION

INCREASING PENETRATION IN CREDIT CARDS

**Banco
Popular**

CARDS BUSINESS

NEW REVOLVING CARD "HOP"

- ▶ **LAUNCHED FEBRUARY 2002**
Initial target 2002: 50,000 cards

- ▶ **CURRENT VOLUMES:**

Number of cards: 171,916 → **+ 13.9%**

Total credit limits: 558.8 million € → **+ 13.4%**

Total lending: 154.6 million € → **+ 12.4%**

Target lending o/outstanding: 40%

Growth over
previous quarter



UNDAUNTED EXPANSION

STRONG REVENUES GROWTH

**Banco
Popular**

	2003			2003/2002
	1 Q	2 Q	1 H	y-on-y % Δ
Net interest revenue	431.8	438.0	869.8	9.2
Fees for services	148.2	148.7	296.9	5.3
Ordinary revenue	585.6	596.0	1,181.6	7.9
Operating costs	199.7	200.6	400.3	3.7
Operating income	359.4	368.7	728.1	10.7
Income before taxes	285.1	292.4	577.5	11.5
Net income attributable	165.5	166.3	331.8	9.2

UNDAUNTED EXPANSION

STRONG REVENUES GROWTH

**Banco
Popular**

2003/2002

Net interest revenue
Fees for services
Ordinary revenue
Operating costs
Operating income
Income before taxes
Net income attributable

	1 Q y-on-y % Δ	2 Q y-on-y % Δ
	8.76	9.67
	7.08	3.55
	7.29	8.55
	3.62	3.71
	9.67	11.63
	8.98	13.99
	8.59	9.83

Including
€19 m.
excess
provisions

Including
€42 m.
excess
provisions

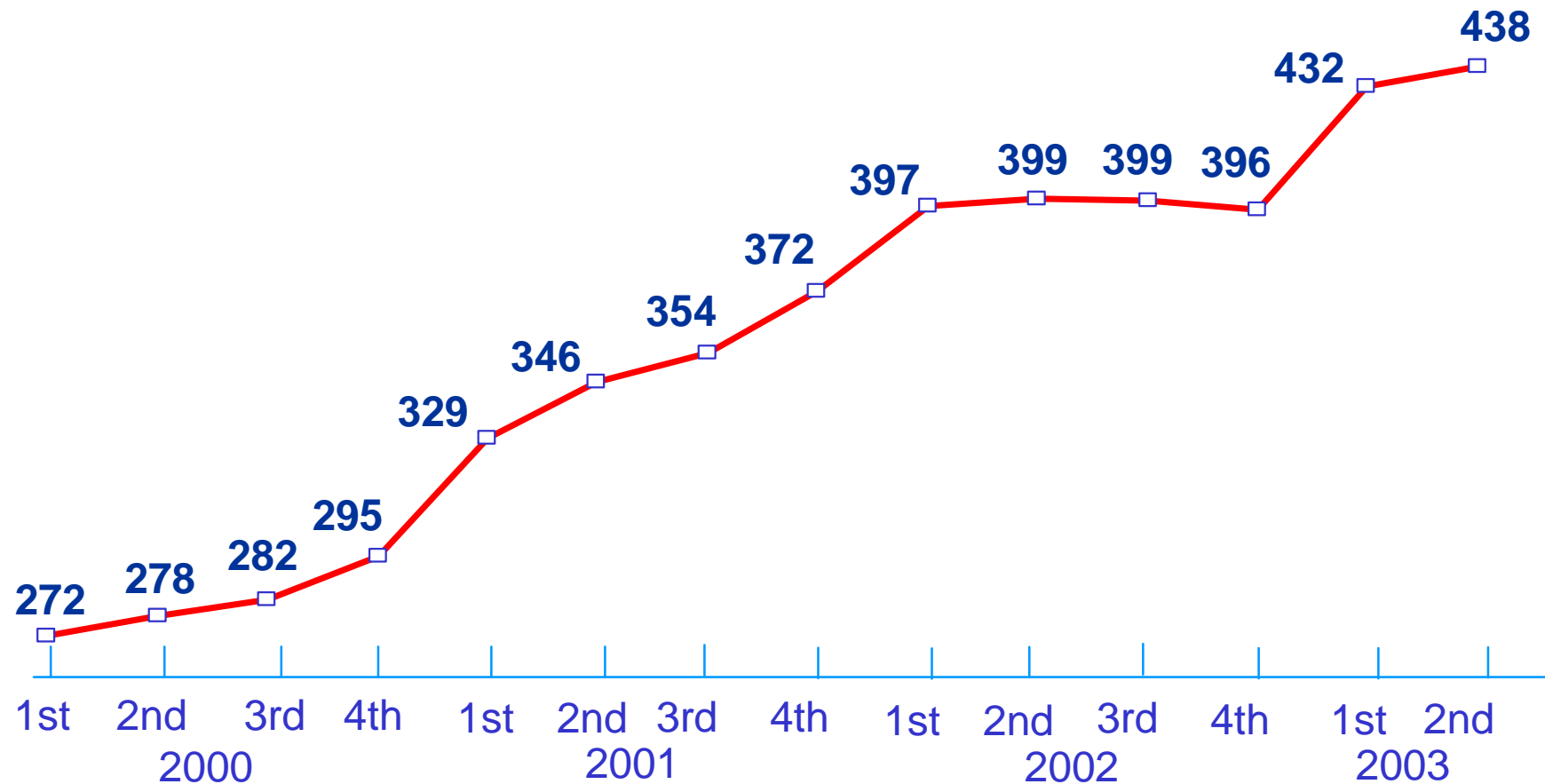
UNDAUNTED EXPANSION

STRONG REVENUES GROWTH

**Banco
Popular**

NET INTEREST REVENUE (Quarter standalone)

(Euro million)



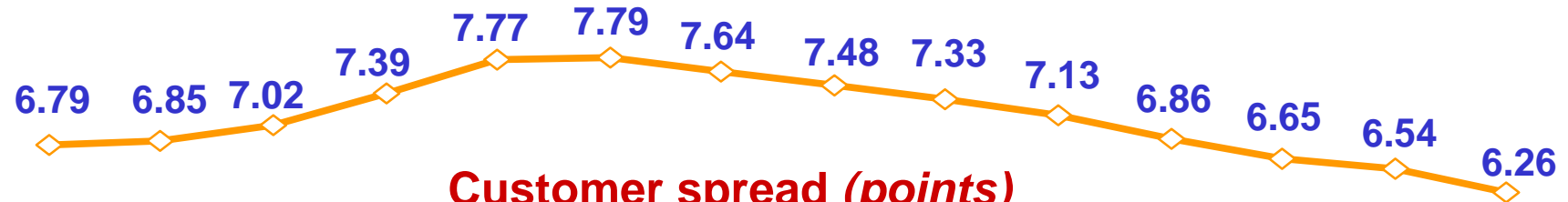
UNDAUNTED EXPANSION

STRONG REVENUES GROWTH

**Banco
Popular**

QUARTERLY CUSTOMER SPREAD (ex BNC)

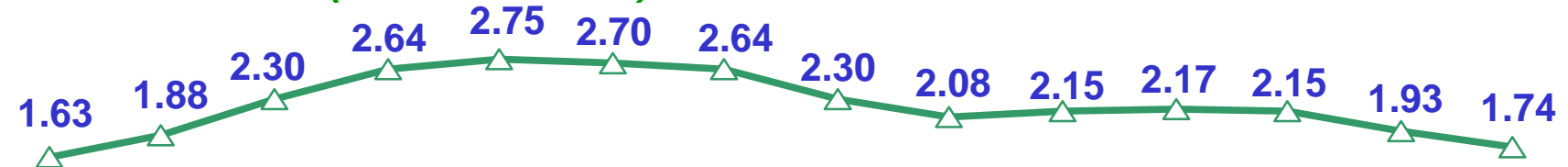
Credit yield (annualized %)



Customer spread (points)



Cost of funds (annualized %)



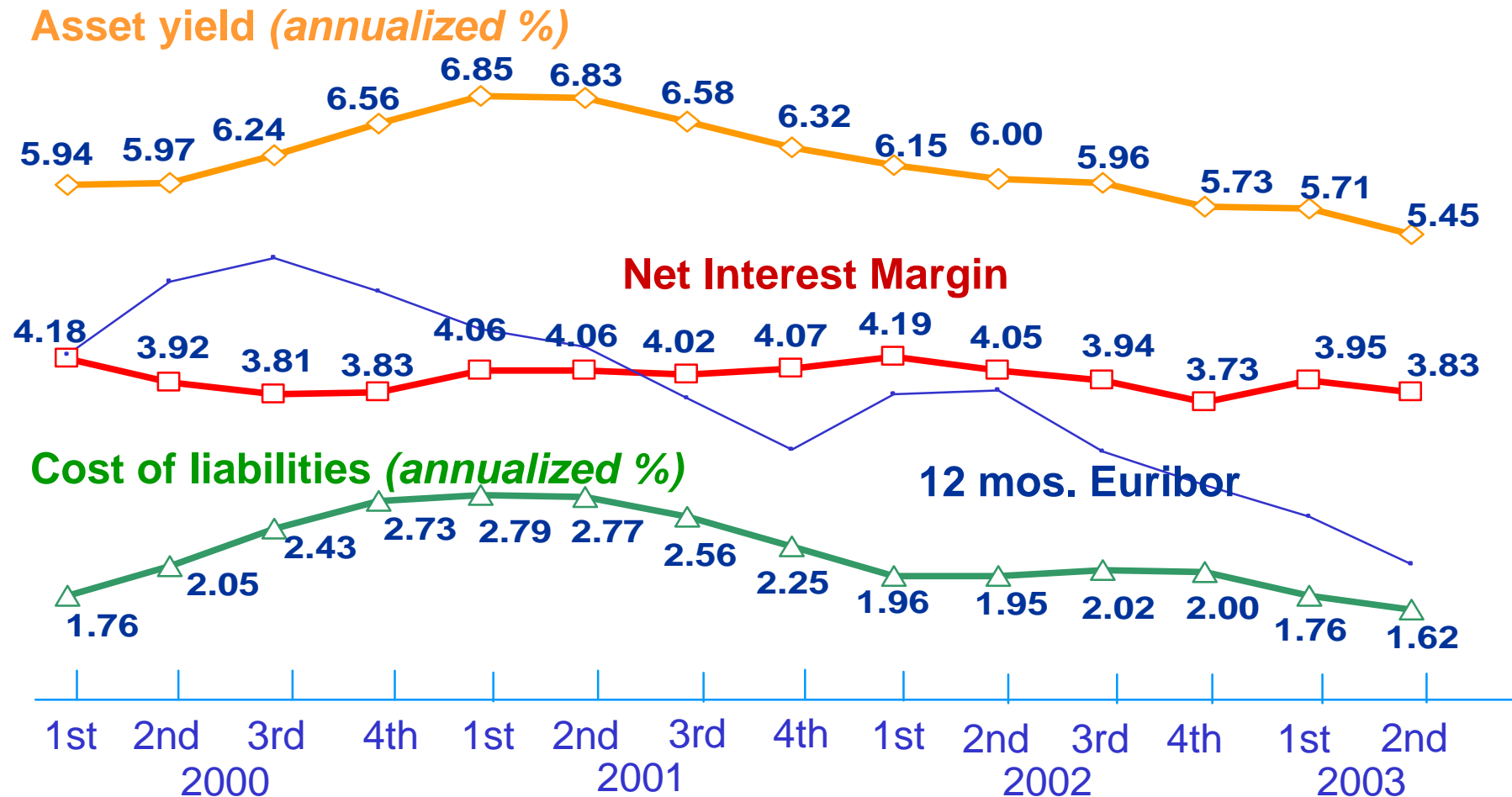
1st 2000 2nd 2000 3rd 2000 4th 2000 1st 2001 2nd 2001 3rd 2001 4th 2001 1st 2002 2nd 2002 3rd 2002 4th 2002 1st 2003 2nd 2003

UNDAUNTED EXPANSION

STRONG REVENUES GROWTH

**Banco
Popular**

NET INTEREST MARGIN (ex BNC)



UNDAUNTED EXPANSION

OFFSET SPREAD PRESSURE

**Banco
Popular**

EFFECT ON YIELDS AND COSTS (ex BNC)

	From Base To	Dec 01/ Mar 02	Mar 02/ Jun 02	Jun 02/ Sep 02	Sep 02/ Dec 02	Dec 02/ Mar 03	Mar 03/ Jun 03
Bill discounting		-0.23	-0.18	-0.07	-0.17	-0.28	-0.29
Mortgages		-0.25	-0.21	-0.16	-0.17	-0.24	-0.23
Consumer		-0.15	-0.06	-0.13	-0.16	-0.25	-0.31
Overdrafts		-0.21	-0.07	-0.12	-0.13	-0.37	-0.21
Leasing		-0.22	-0.12	-0.12	-0.17	-0.17	-0.27
TOTAL		-0.22	-0.16	-0.15	-0.17	-0.28	-0.26
Demand Deposits		--	0.05	--	-0.18	-0.06	-0.11
Time Deposits		-0.18	0.02	0.04	-0.14	-0.26	-0.29
Commercial Paper		-0.17	0.10	0.03	-0.28	-0.41	-0.40
TOTAL		-0.05	0.03	0.04	-0.20	-0.15	-0.21
Differential		-0.17	-0.19	-0.19	+0.03	-0.13	-0.05

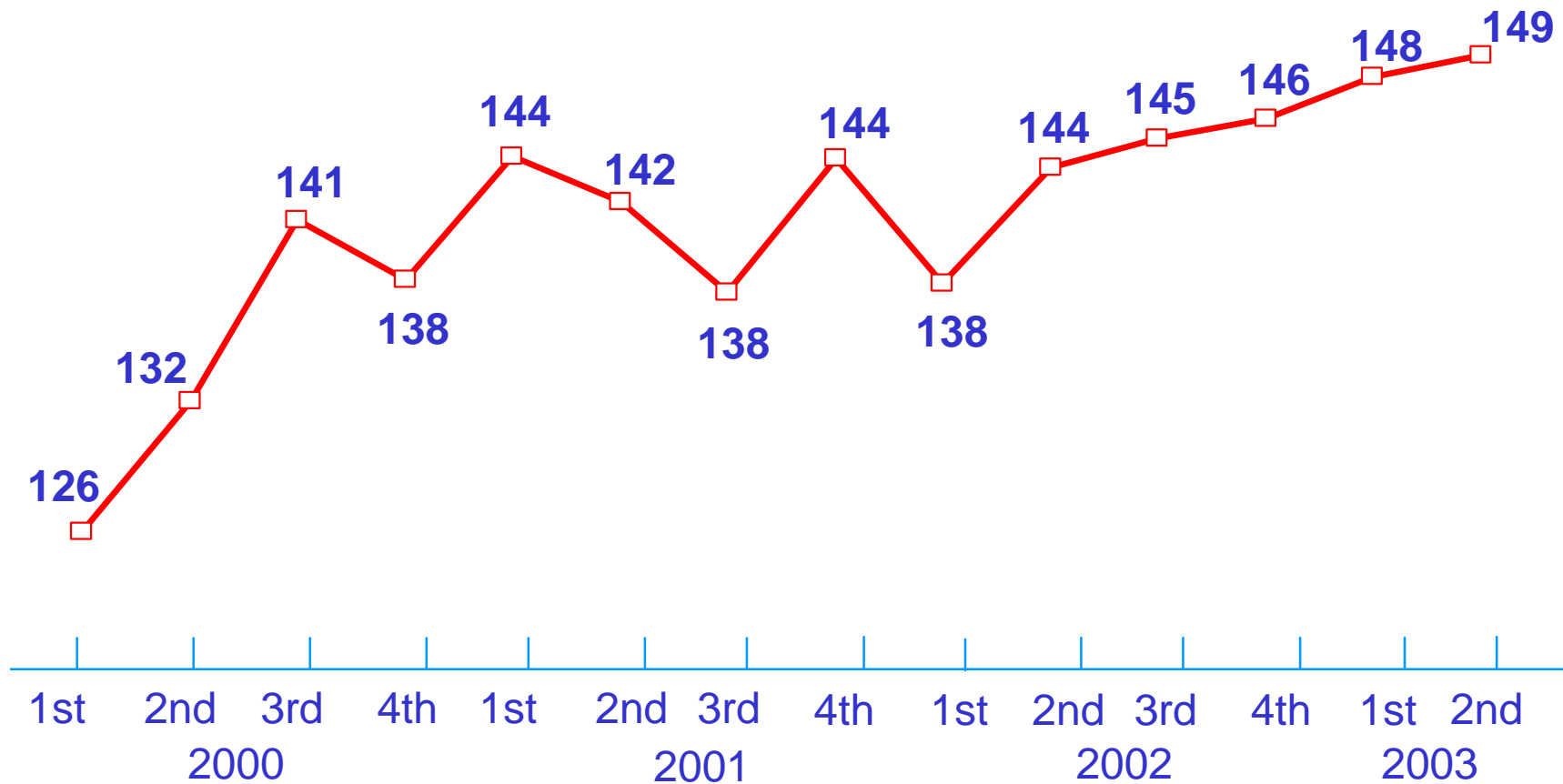
UNDAUNTED EXPANSION

STRONG REVENUES GROWTH

**Banco
Popular**

FEEs FOR SERVICES (Quarter standalone)

(Euro million)



UNDAUNTED EXPANSION

STRONG REVENUES GROWTH

**Banco
Popular**

FEES FOR SERVICES

	Year-on-year % accum. Δ			As % of total fees
	Dec.-02	March-03	June-03	
Loan-related fees	(2.1)	(1.1)	(2.7)	12.0
Fees from guarantees	16.1	17.3	15.3	10.6
Collection & card-related	6.0	3.5	2.5	40.4
Customer financial asset mgt.	(3.0)	(2.1)	0.8	23.4
Mutual funds	(6.1)	(2.4)	1.1	15.2
Other AM	3.2	(1.4)	0.3	8.2
Account mgt. Fees	12.8	8.9	5.5	8.0
Other (inc. Inv. Banking)	(46.7)	114.9	73.9	5.6
TOTAL	0.9	7.1	5.3	100

UNDAUNTED EXPANSION

OPERATING COSTS RESTRAINT

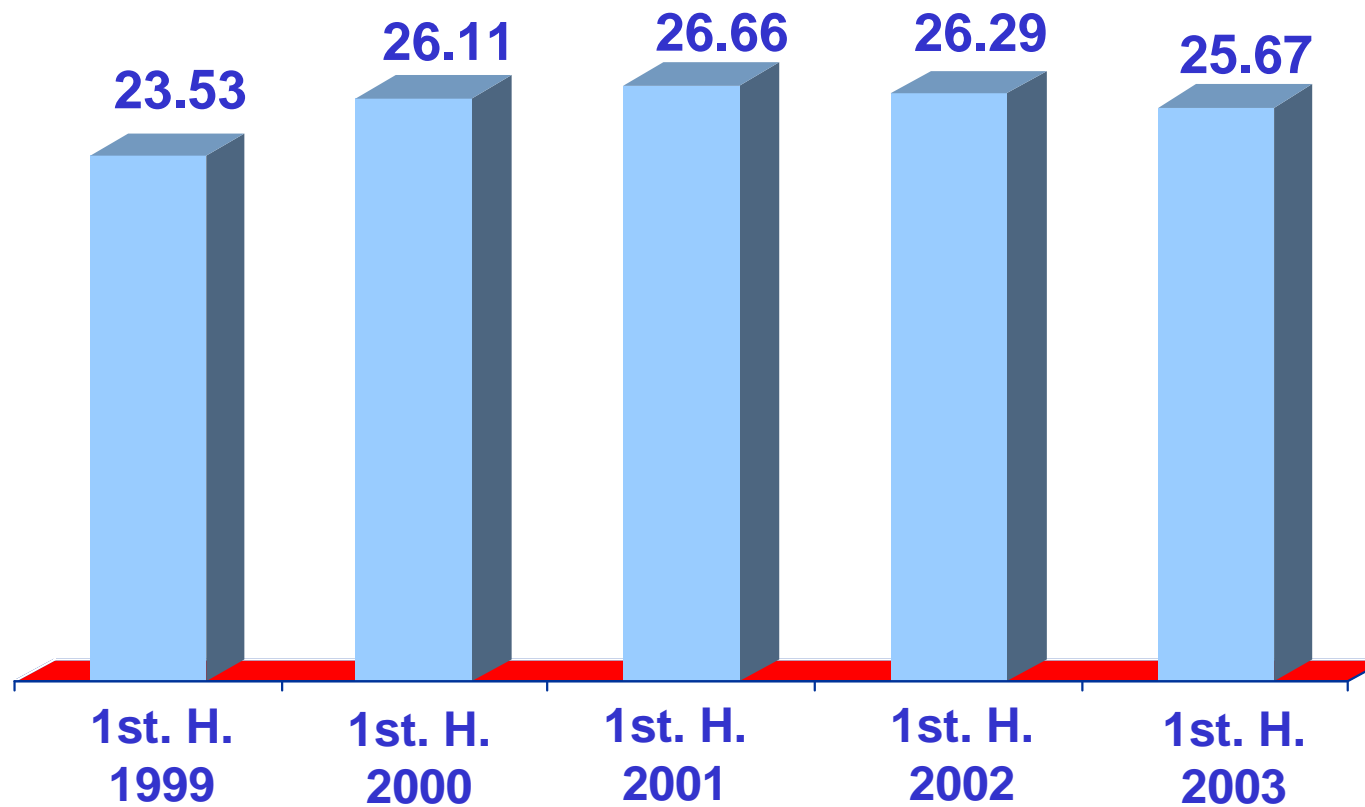
**Banco
Popular**

GENERAL EXPENSES

	y-on-y accum. % Δ Dec.-02	June-03 € million	y-on-y accum. % Δ June-03
Technology expenses	+13.24	29.1	+11.59
Other expenses	+ 8.68	70.2	- 0.85
TOTAL	+ 9.94	99.3	+ 2.49

Bank committed to state-of-the-art technology in spite of costs restraint

UNDAUNTED EXPANSION

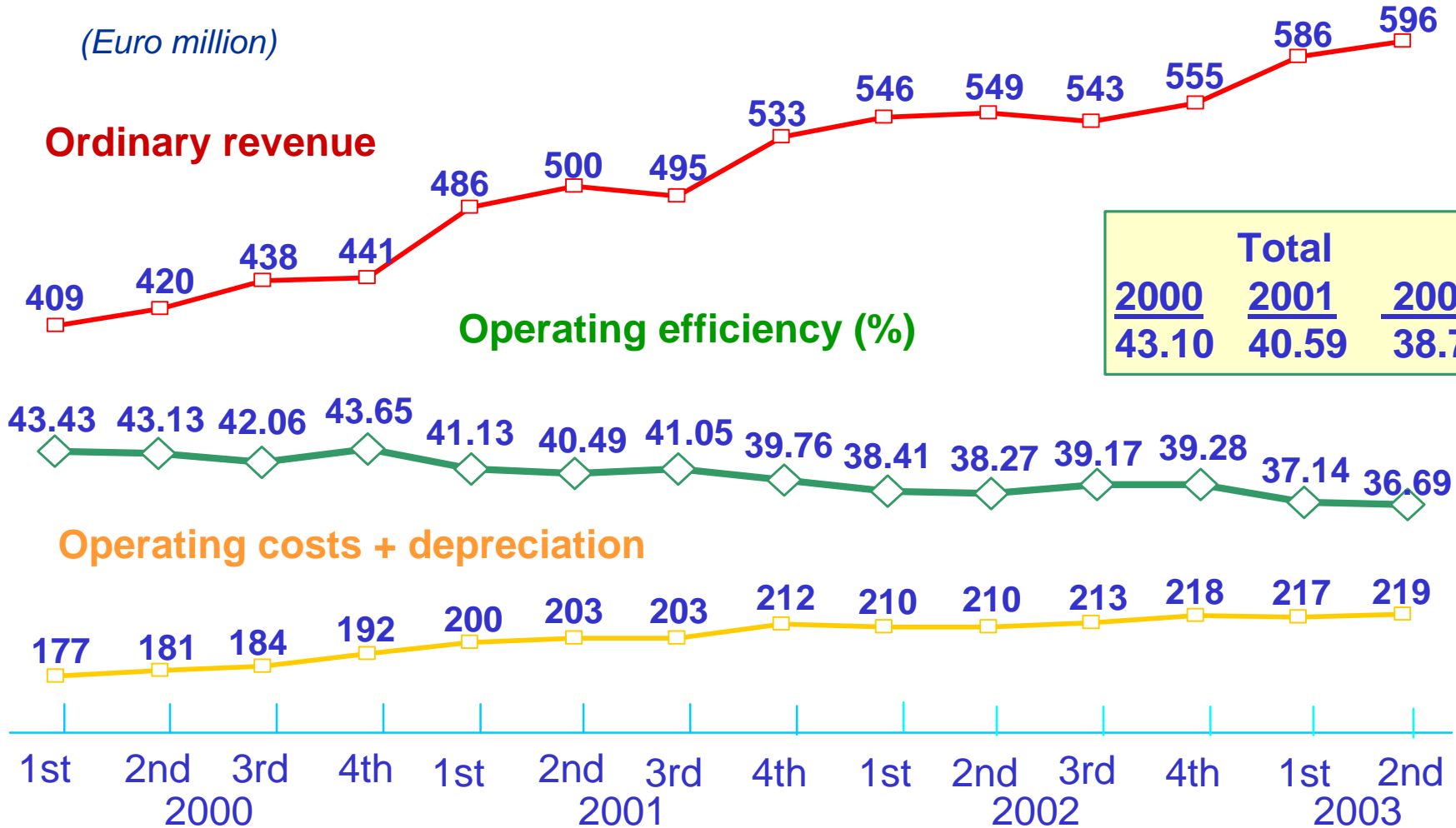
BEST ROE**Banco
Popular****ROE (%)****UNDAUNTED EXPANSION**

BEST COST/INCOME RATIO

Banco Popular

COST/INCOME RATIO

(Euro million)



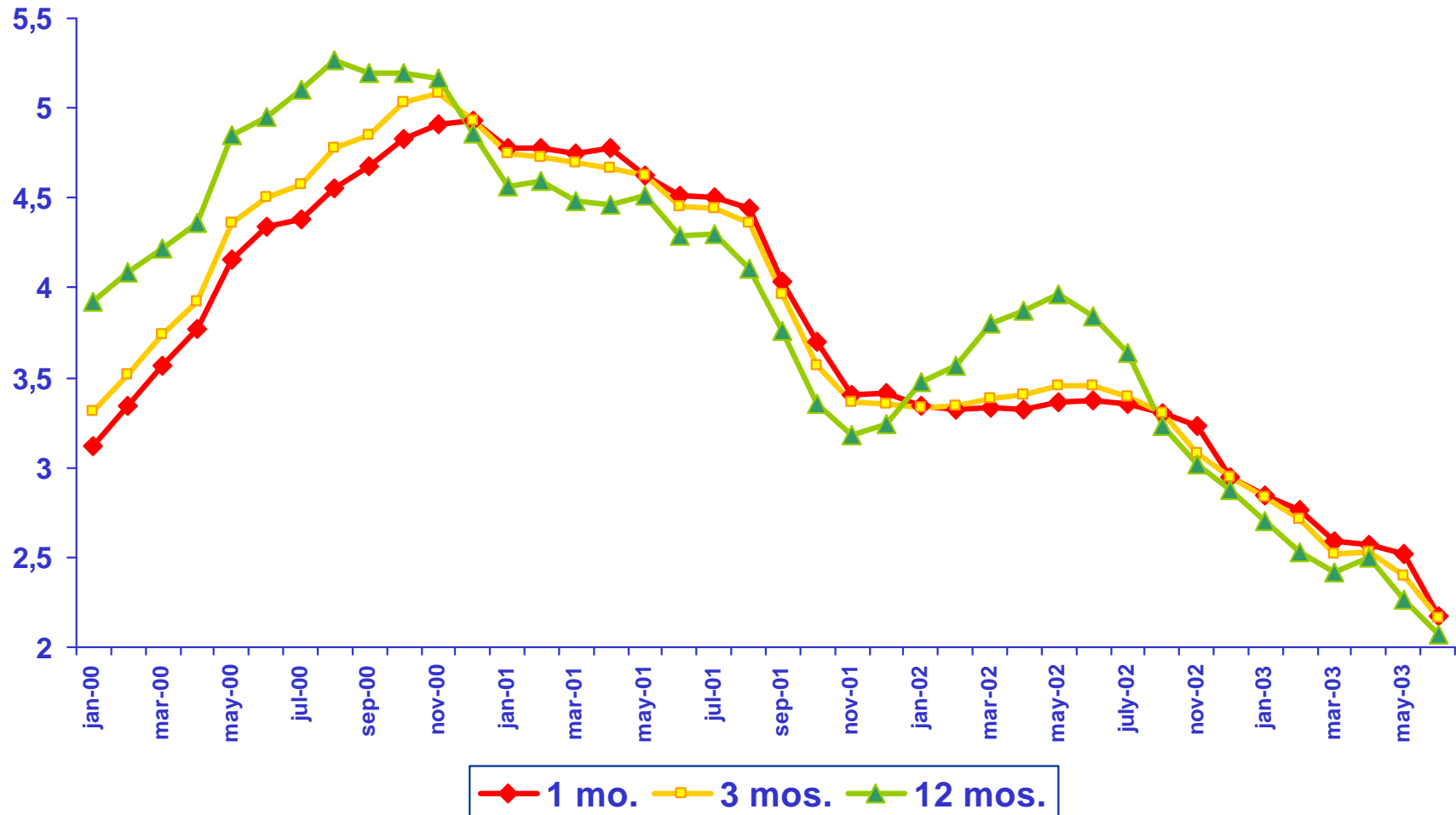
Total		
2000	2001	2002
43.10	40.59	38.79

UNDAUNTED EXPANSION

OFFSET PRESSURE ON SPREAD

Banco Popular

AVE. RATE TRANSACTED

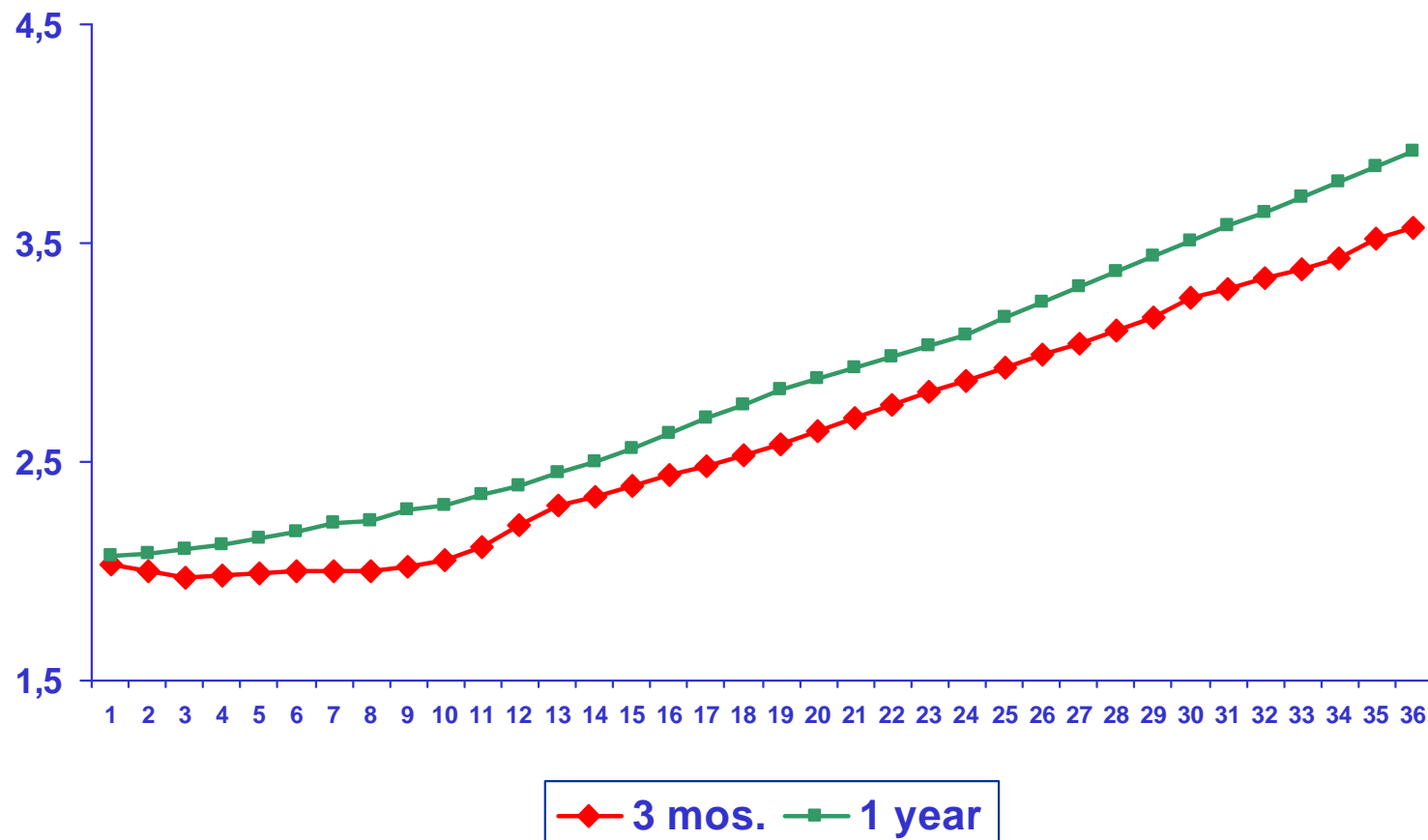


UNDAUNTED EXPANSION

OFFSET PRESSURE ON SPREAD

Banco
Popular

CURVES OF IMPLICIT INTEREST RATES

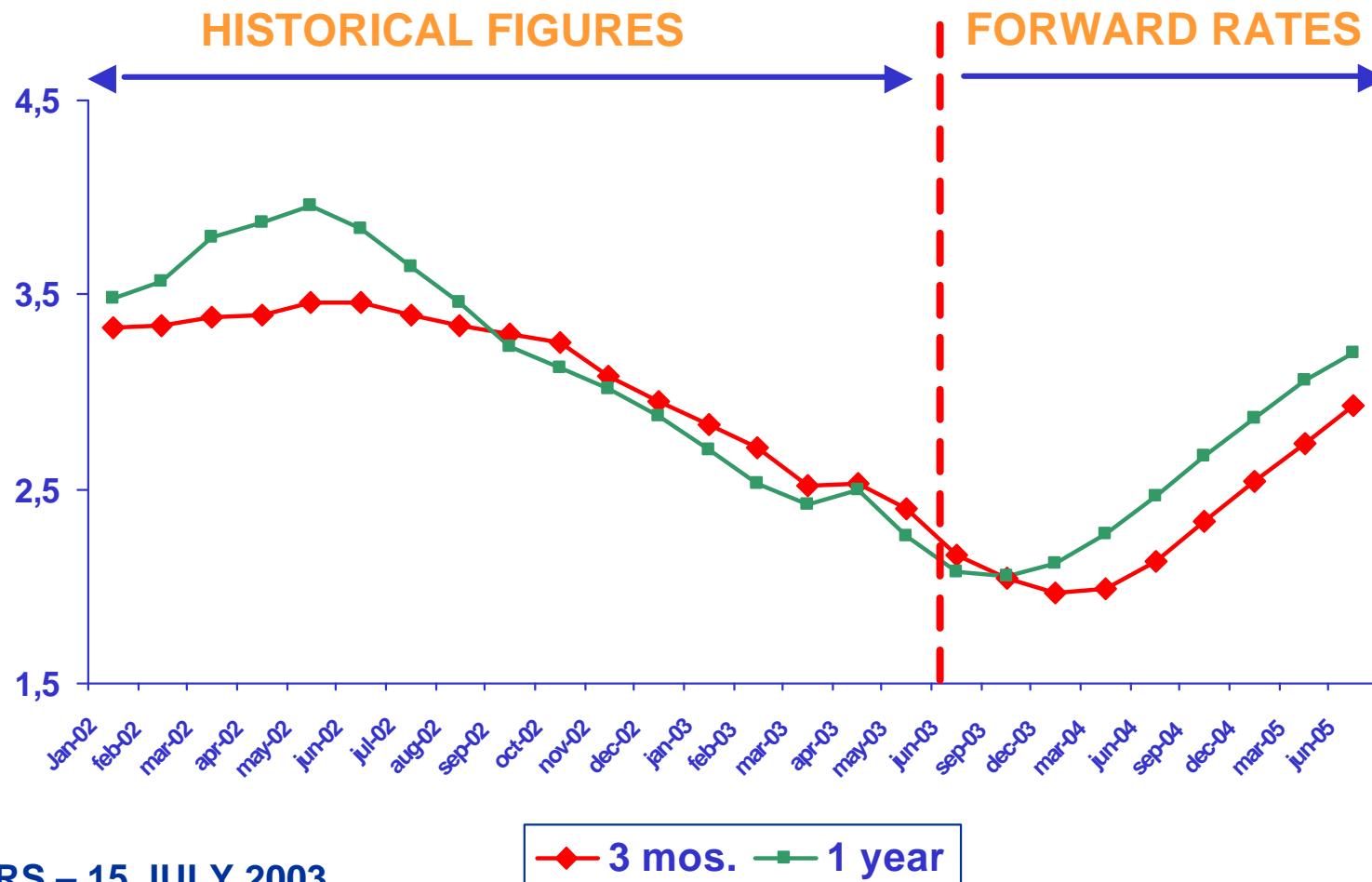


UNDAUNTED EXPANSION

OFFSET PRESSURE ON SPREAD

**Banco
Popular**

AVE. RATE TRANSACTED



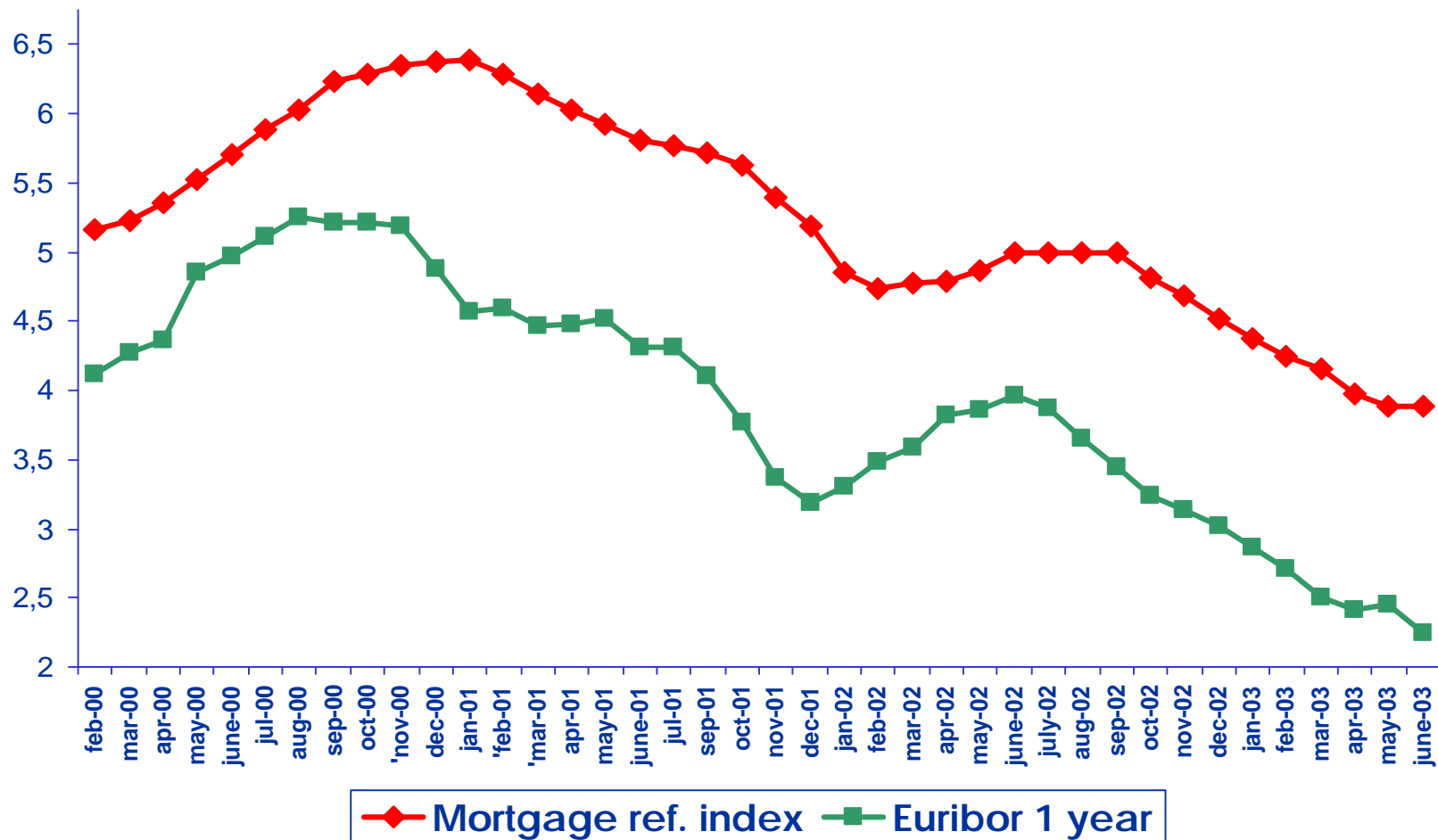
REUTERS – 15 JULY 2003

UNDAUNTED EXPANSION

OFFSET PRESSURE ON SPREAD

**Banco
Popular**

MORTGAGE REFERENCE INDEX



UNDAUNTED EXPANSION

OFFSET PRESSURE ON SPREAD

**Banco
Popular**

DURATION

(June 30, 2003)

	Amount MM Euros	Interest Rate %	PV MM Euros	Duration Days	Holding Period 365 PV MM Euros	Duration Days
SENSITIVE ASSETS	43,528.7	4.58	44,198.2	190.42	42,767.3	134.65
MONETARY MARKET	8,154.9	2.37	8,192.3	50.22	8,117.6	44.06
LOANS	34,641.7	5.11	35,268.2	177.58	34,380.3	156.62
SECURITIES	732.1	3.90	737.7	2,360.82	269.4	73.23
SENSITIVE LIABILITES	30,456.1	2.39	30,572.9	75.93	30,037.4	63.67
MONETARY MARKET	16,256.1	2.40	16,310.7	63.34	16,123.2	54.86
CUSTOMER DEPOSITS	11,418.0	2.34	11,471.4	98.57	11,124.2	78.29
SECURITIES	2,782.0	2.52	2,790.8	56.39	2,790.0	56.29
EQUITY	2,906.3		13,625.3	447.31		

UNDAUNTED EXPANSION

OFFSET PRESSURE ON SPREAD

**Banco
Popular**

SENSITIVITY TO INTEREST RATES

For an 100 bps. Interest-Rate Move

Total Revenue Sensitivity* \pm Euros 21.9 million

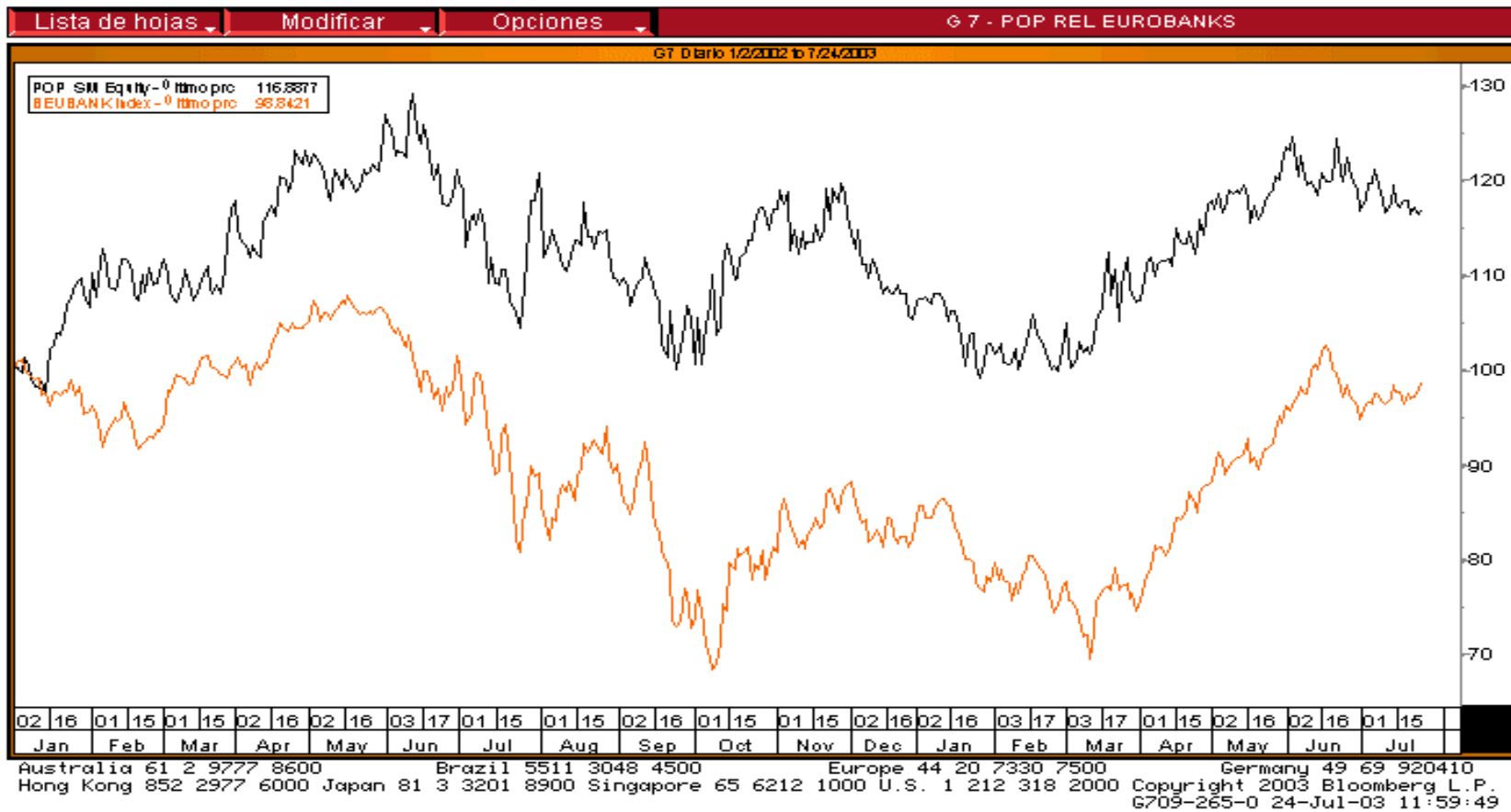
\pm 0.93% Total Revenues

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

BEST PERFORMING STOCK

Banco Popular

■ BANCO POPULAR
 ■ EUROBANKS Index



UNDAUNTED EXPANSION

ANNEX- BNC Financial Statements

1

**Banco
Popular**



BNC BALANCE SHEET

June 30, 2003

	Of total Assets (%)	% Δ
Monetary Market	8.96	-47.3
Loans	84.64	+19.4
Securities	1.94	-2.0
Other	4.46	-
Total assets	100.00	+6.1
Monetary Market	12.13	-7.6
Customer deposits	76.12	+10.2
Securities	1.43	-36.4
Other	10.32	-
Total liabilities	100.00	+6.1

UNDAUNTED EXPANSION

ANNEX- BNC Financial Statements

2

**Banco
Popular**



BNC INCOME STATEMENT

June 30, 2003

	y-on-y accum.% Δ	% Δ 1st Q03
Net interest revenue	-0.8	+10.4
Fees for services	31.3	+3.9
Ordinary revenue	5.1	+10.7
Operating cost	4.8	+5.7
Operating income	3.8	+13.8
Income before taxes	-47.8	-0.7
Net income attributable	-46.8	-0.7

UNDAUNTED EXPANSION

Banco Popular



BANCO POPULAR ESPAÑOL

Velázquez 34. 28001 Madrid

Telephone: 34 915207000. Fax: 34 915779208

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

UNDAUNTED EXPANSION