



Banco Popular Group

Fast Growth and Efficiency Gains

January | February | March

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.



1st. Quarter

2005

HIGHLIGHTS OF THE QUARTER

1. Fast core business growth

2. Expanded equity base

3. Improved asset quality

4. Sustained customer acquisition

5. Anticipating branch expansion

6. Solid earnings, efficiency gains

**1st. Quarter
2005**

Fast Core Business Growth

FAST CORE BUSINESS GROWTH

LOANS TO PRIVATE-SECTOR RESIDENTS

(year-on-year % change)

	Feb. 04	Dec. 04	Feb. 05
POPULAR	+19.7	+23.8	+23.4
BANKS	+14.7	+15.4	+15.1
BANKS + SAVINGS BANKS	+15.5	+18.3	+18.3

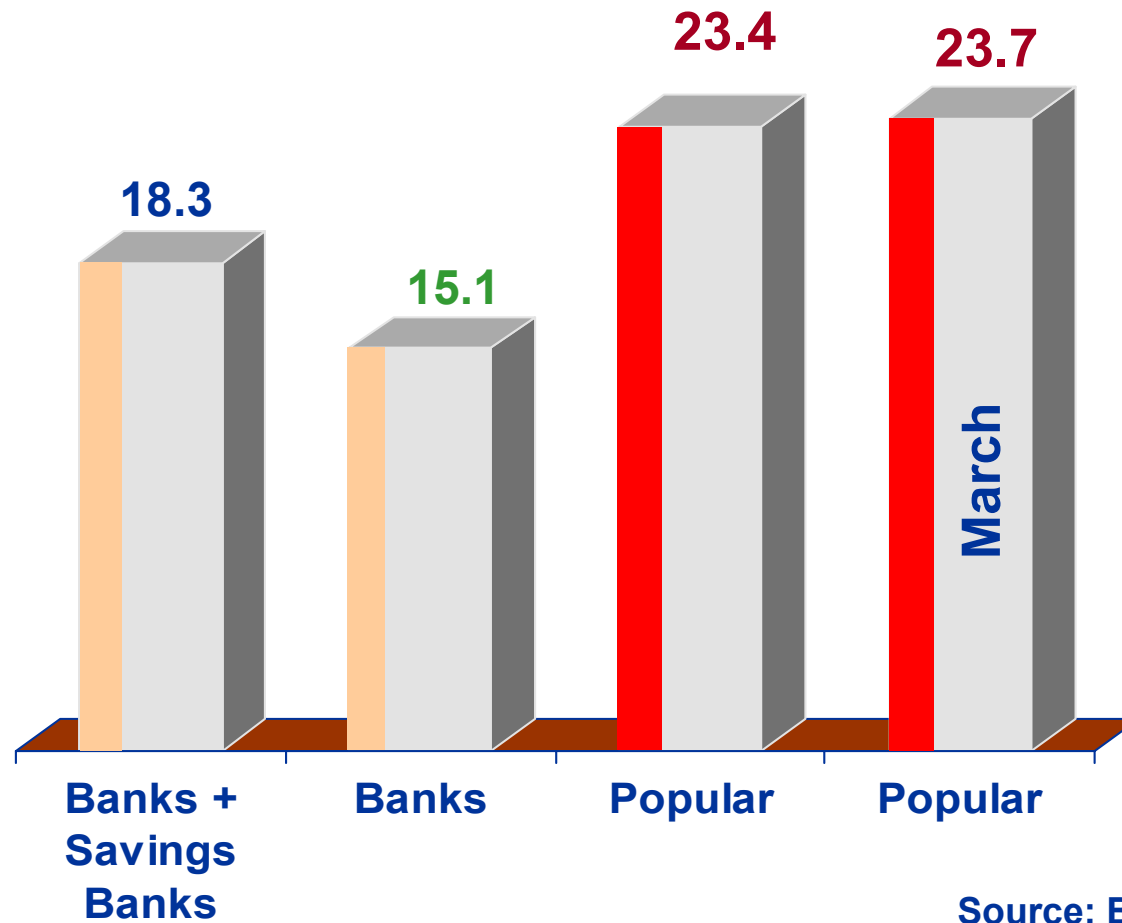
Source: Bank of Spain



FAST CORE BUSINESS GROWTH

LOANS TO PRIVATE-SECTOR RESIDENTS

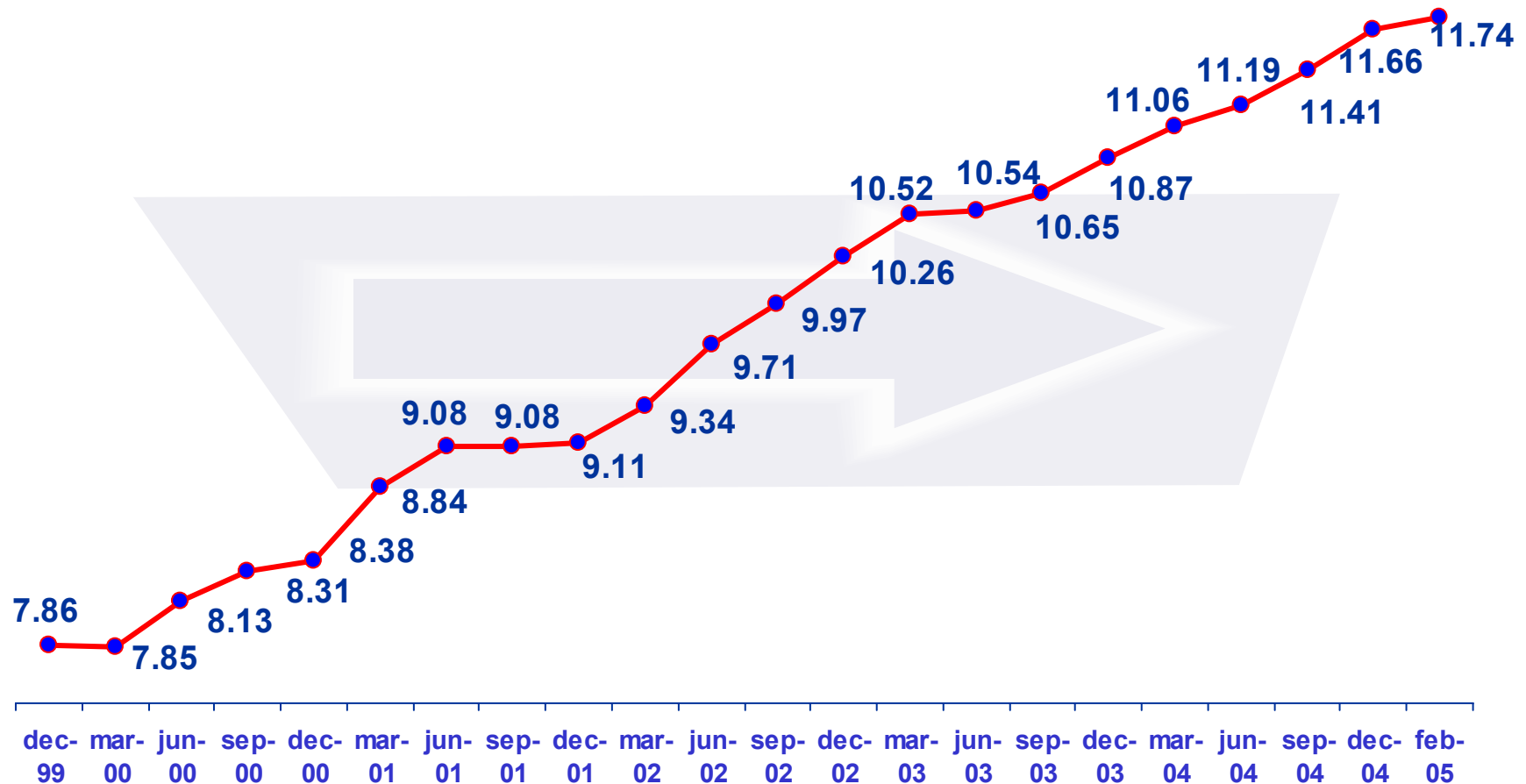
(February 28, 2005 year-on-year % change)



Source: Bank of Spain

FAST CORE BUSINESS GROWTH

MARKET SHARE OVER COMMERCIAL BANKS



—●— LOANS TO RESIDENTS

Source: Bank of Spain

FAST CORE BUSINESS GROWTH

MAJOR LOAN CATEGORIES (*)

(Accumulated % change)

	Growth rate <i>March 04</i>	% of total loans
Bill discounting	7.2	10.4
Mortgage loans	29.8	54.3
Personal loans & overdrafts	20.1	29.8
Leasing	25.7	5.5
TOTAL	23.9	100.0

(*) All loans except NPLs & Repos

FAST CORE BUSINESS GROWTH

MARKET SHARE GAINS IN ALL LOAN CONCEPTS

Popular vs. Industry in %

	2000	2001	2002	2003	2004
Bill discounting	10.17	10.22	10.75	11.09	11.92
Secured loans	3.34	4.17	4.75	4.98	5.17
Personal loans & overdrafts	3.95	4.12	4.10	4.37	4.71
Leasing*	9.00	9.40	9.00	9.50	10.1

Sources: Bank of Spain

* Asociación Española de Leasing



FAST CORE BUSINESS GROWTH

CORE RESIDENT-CUSTOMER FUNDING (ex BNC)

	March 31, 2005		
	<i>Amount (€ million)</i>	<i>Δ %</i>	<i>% of total</i>
Demand deposits	13,470.5	7.8	46.5
Time deposits	10,692.2	8.0	36.9
Customers commercial paper	4,808.9	30.4	16.6

FAST CORE BUSINESS GROWTH

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

	Net Asset Value	
	March 05(€ million)	% change
Money Market	1,749.6	-2.8
Bonds	2,370.7	32.8
Fixed income	4,120.3	14.9
Equity	980.2	16.6
Balanced	846.5	0.9
Guaranteed	2,558.8	24.2
Global	345.8	-22.9
TOTAL	8,851.6	13.9
		7.2

← BANCO POPULAR GROUP *

← INDUSTRY

Outperformance due to:

	POPULAR	INDUSTRY
Net Inflows	10.9%	5.7%
Management / Markets	3.0%	1.5%

	March 05	March 04
Improvement in market share	3.94%	3.70%

* Excluding BNC. The total amount including BNC amounts to €9,095.9 million (+14.8%)

FAST CORE BUSINESS GROWTH

GROWTH RATE – NON MORTGAGE LOANS

	February 05				March 05
	SAVINGS BANKS	BANKS	BANKS + S. BANKS	BPE	BPE
Bill discounting	8.4	14.3	12.2	6.2	7.6
Personal loans & overdrafts	15.0	11.3	12.8	25.3	24.6
Leasing	11.8	22.4	20.1	23.6	23.3
Non mortgage	14.0	12.5	13.1	19.4	19.5

Excluding REPOs, prepayment & other and NPL

Source: Bank of Spain-Boletín Estadístico

FAST CORE BUSINESS GROWTH

AFFINITY GROUPS

(March 31, 2005 - euro million)

	No. of clients	On- & off-B/S AuM	Loans
SME Affinities	220,932	2,572	10,068
Change (1)	37%	40%	58%
Individuals-Affinity (*)	398,674	5,555	4,927
Change (1)	18%	17%	27%

(*) Ex. POP Club

(1) Year-on-year



FAST CORE BUSINESS GROWTH

CONTRIBUTION OF AFFINITY CUSTOMERS TO POPULAR'S GROWTH

(March 31, 2005)

	Affinity clients	Contribution to total group
No. of clients	619,606	11%
New clients	29,847	31%
Affinity loans (€ million)	14,995	27%

1st. Quarter 2005

Expanded Equity Base

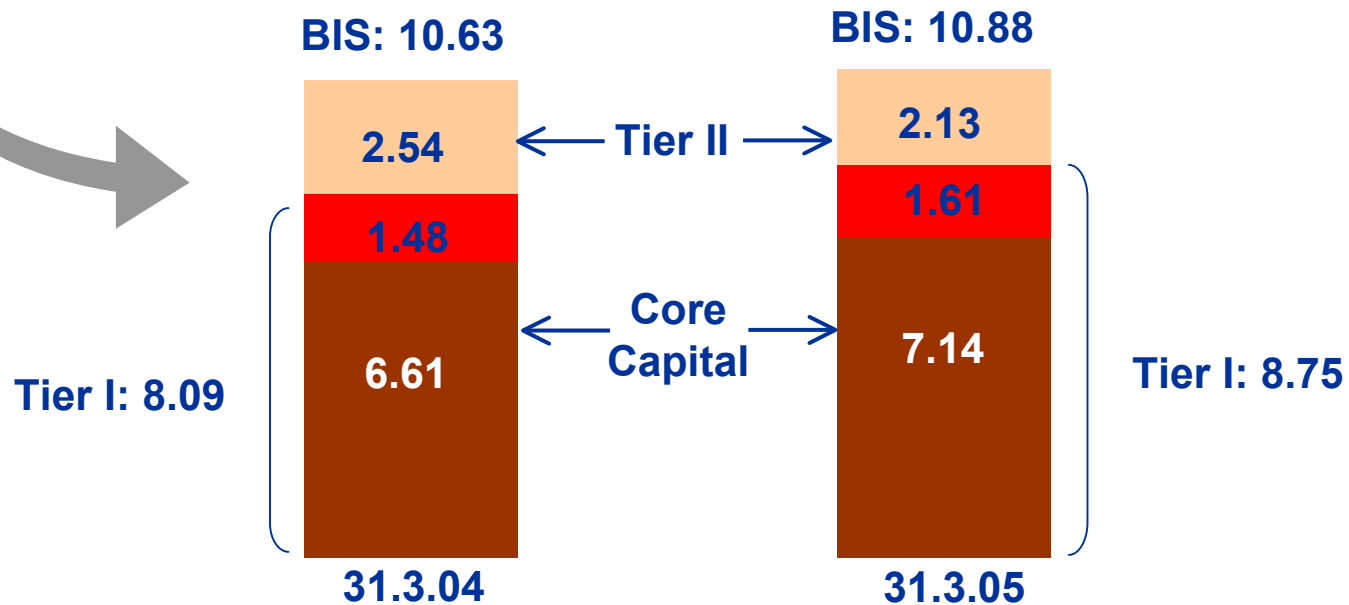


EXPANDED EQUITY BASE

CAPITAL INCREASE

+ 15,700,000 shares
+ 6.9% of the total capital

Equity + 792,850,000 euros



**1st. Quarter
2005**

Improved Asset Quality



IMPROVED ASSET QUALITY

(%)

	Pre-IAS		IAS	
	March 05	March 04	March 05	March 04
Nonperforming loans	0.73	0.80	0.86	1.13
Coverage	251.2	231.8	227.6	165.0

1st. Quarter
2005

Sustained Customer Acquisition



SUSTAINED CUSTOMER ACQUISITION

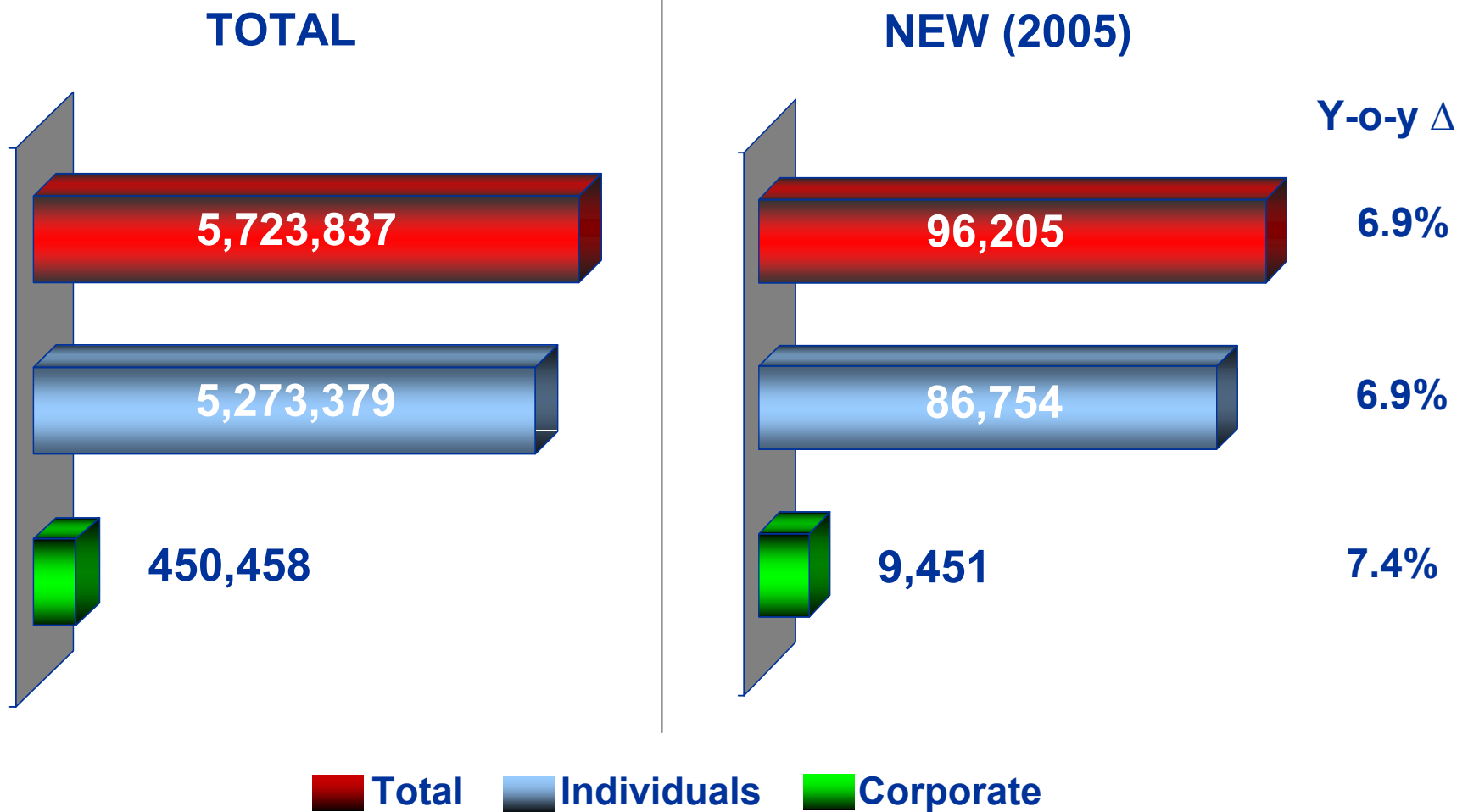
369,407

net NEW customers in 12 mos.

+348,311 in Spain

+ 21,096 in Portugal

SUSTAINED CUSTOMER ACQUISITION

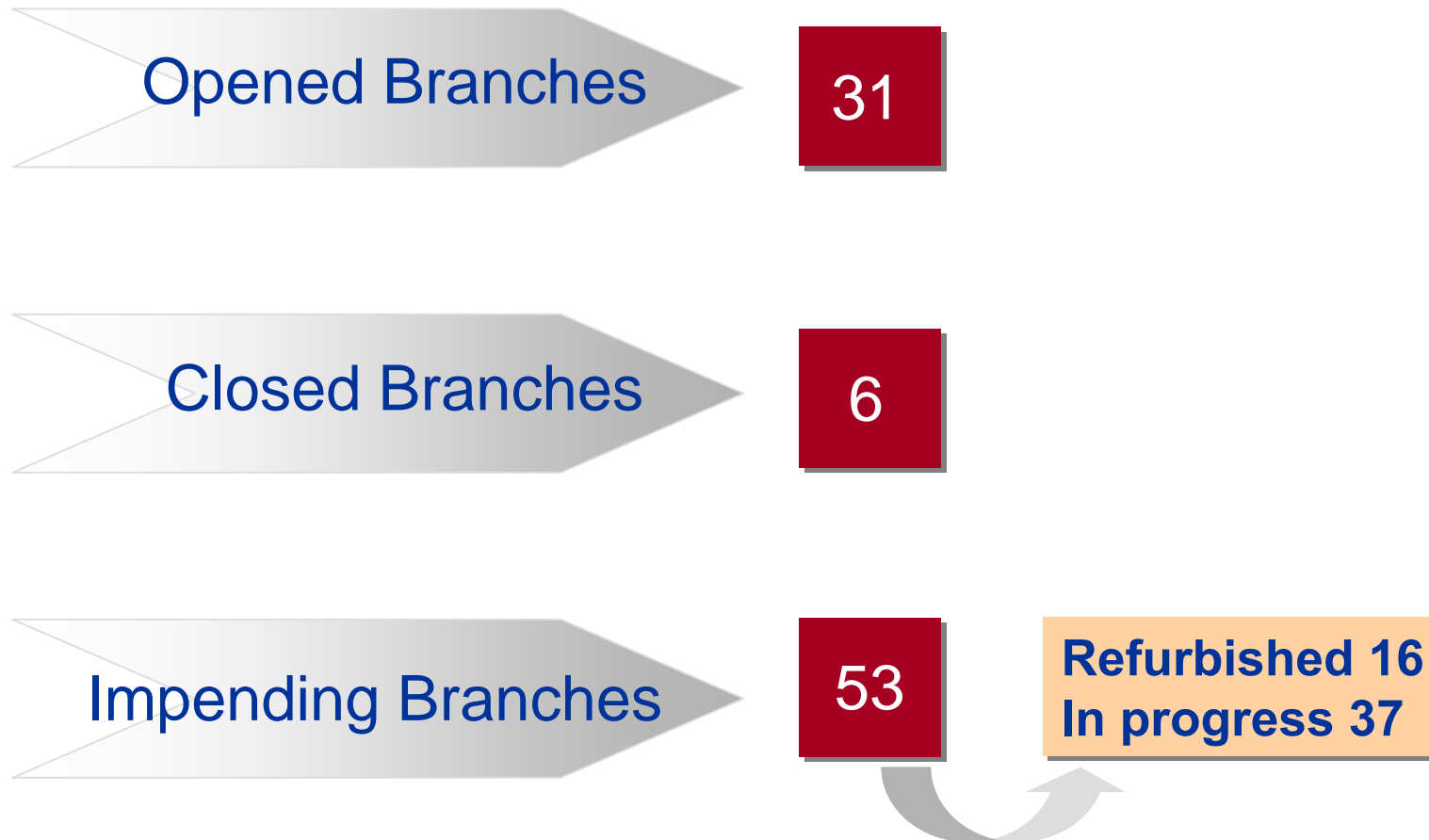


**1st. Quarter
2005**

Anticipating Branch Expansion

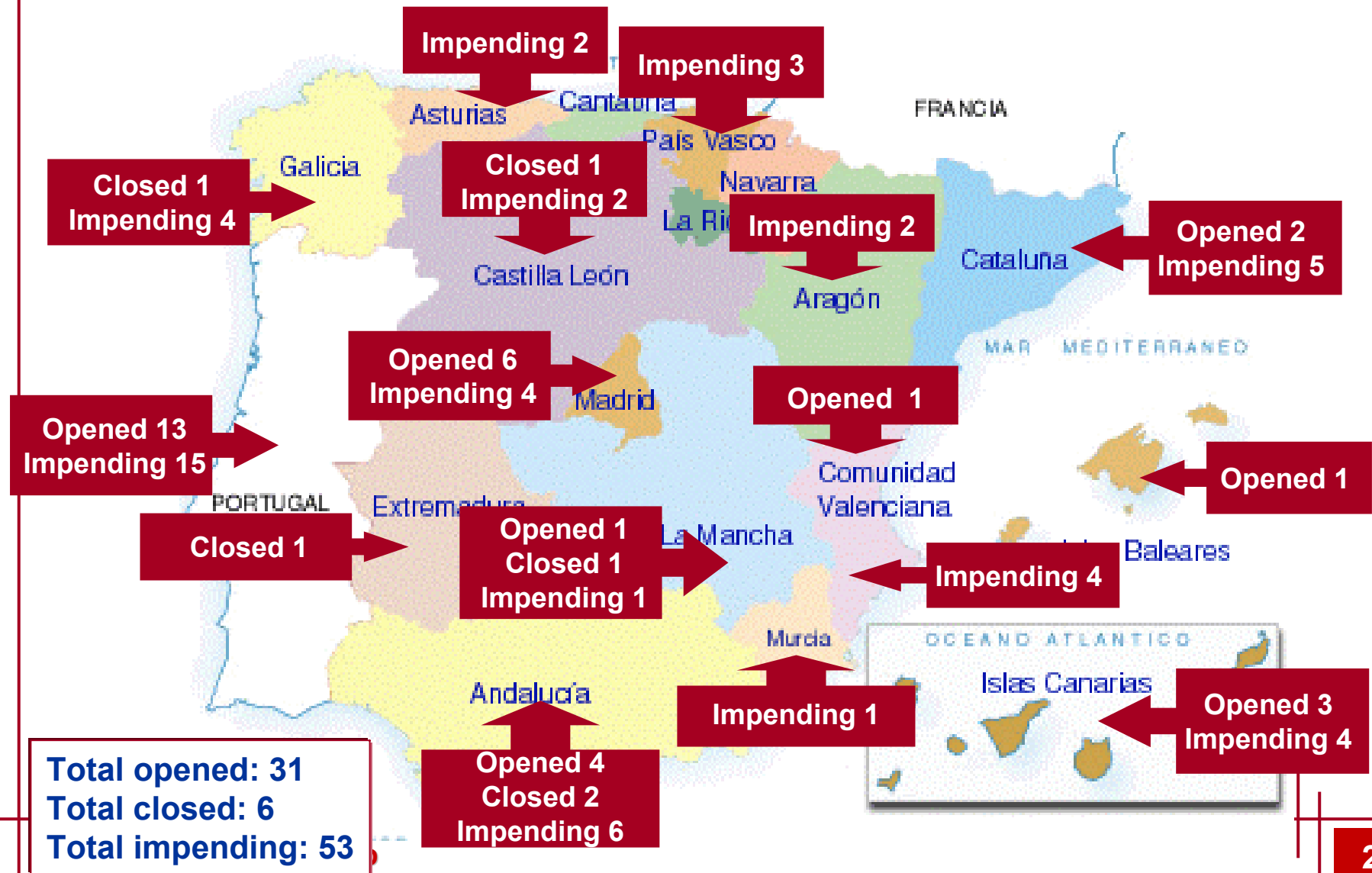
ANTICIPATING BRANCH EXPANSION

NETWORK ACTIVITY THROUGH MARCH 05



ANTICIPATING BRANCH EXPANSION

NETWORK ADJUSTMENTS THROUGH MARCH 05



Solid Earnings, Efficiency Gains *

* All figures under IAS, unless indicated

SOLID EARNINGS, EFFICIENCY GAINS

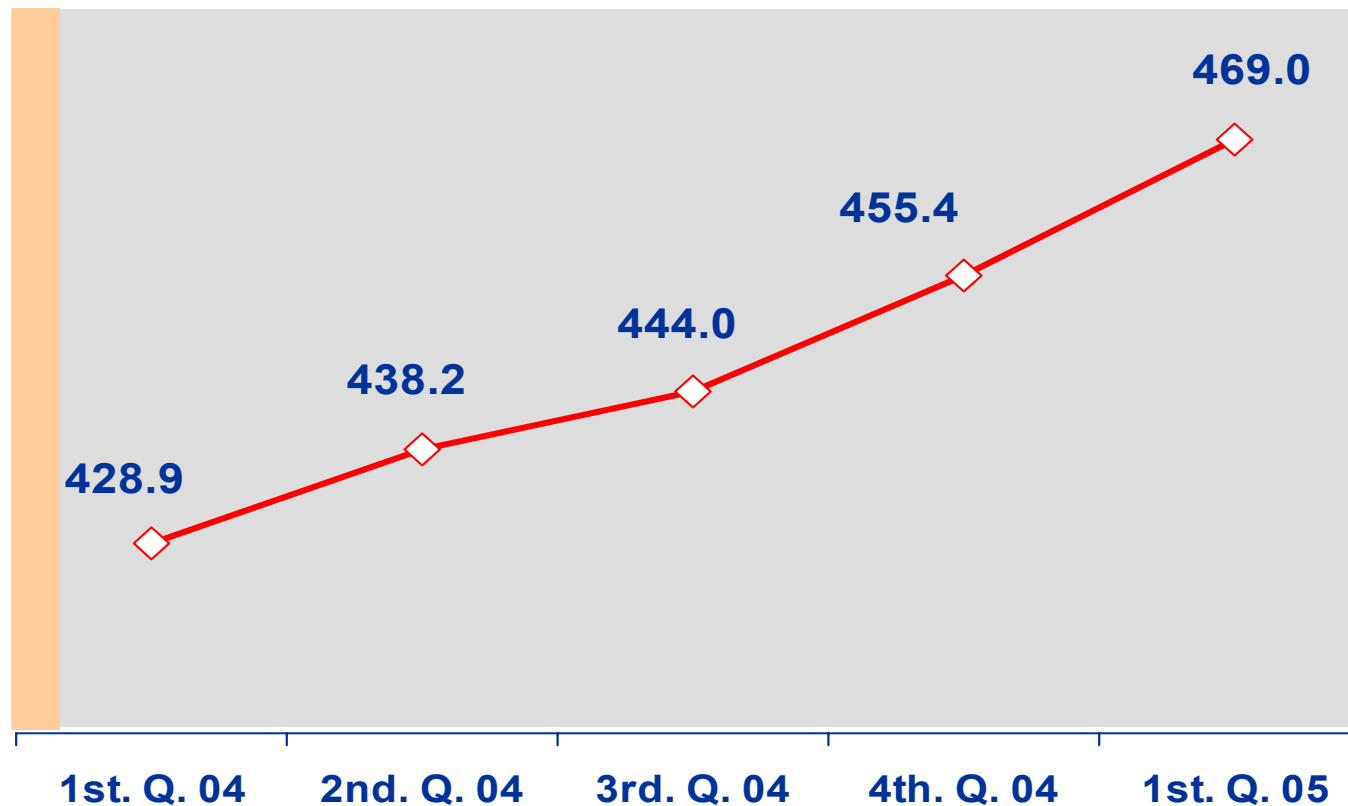
(Euro million)

	1st. Q. 2005	y-on-y % Δ
Net interest revenue	469.0	9.3
Fees for services	169.6	8.0
Ordinary revenue	663.3	9.5
Operating cost	216.1	5.5
Operating income	420.5	10.9
Income before taxes	340.2	23.6
Net income attributable	210.9	25.2

SOLID EARNINGS, EFFICIENCY GAINS

NET INTEREST REVENUE

(Million euros)



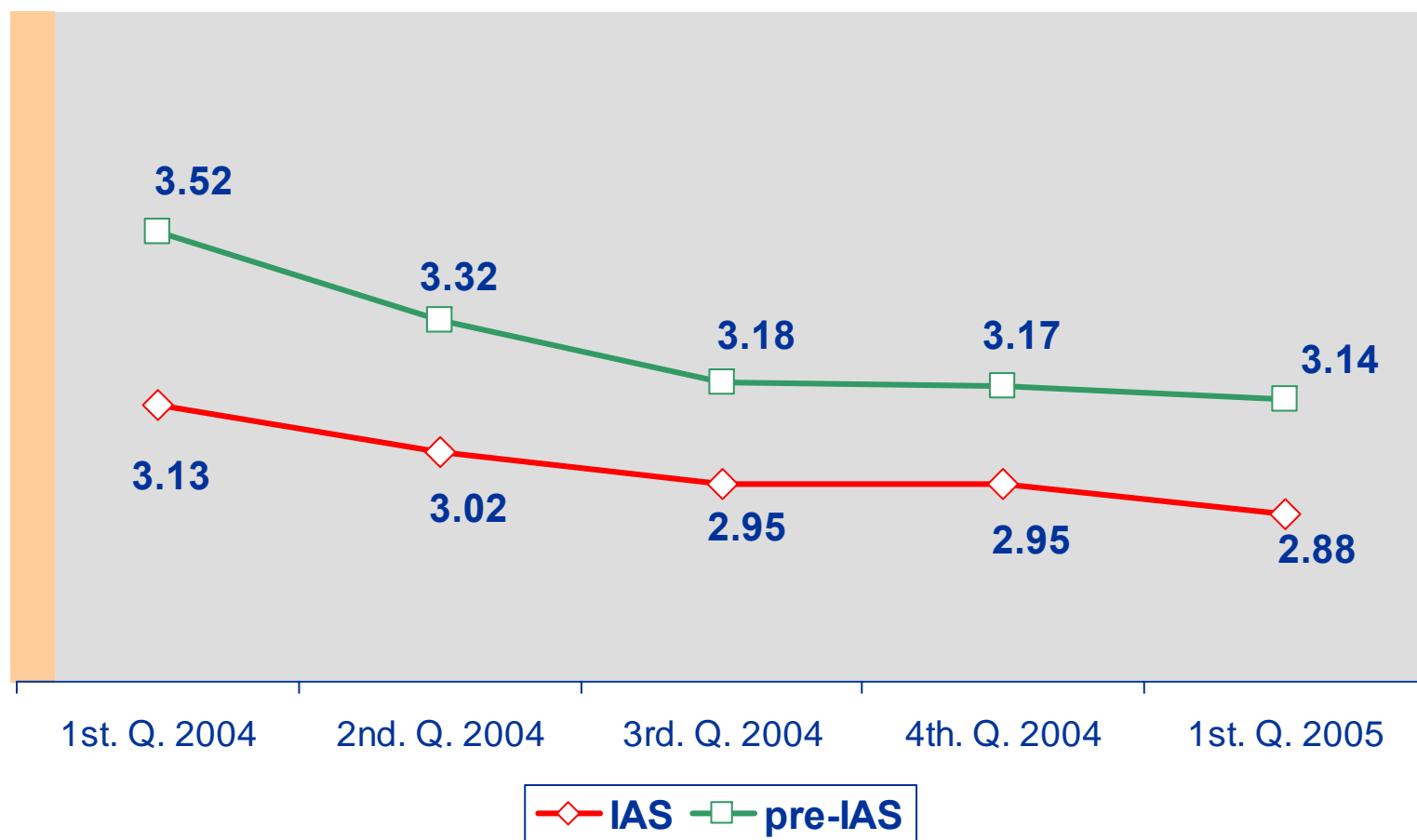
SOLID EARNINGS, EFFICIENCY GAINS

FEEES FOR SERVICES

	Year-on-year % accum. Δ	As % of total fees
Loan-related fees:	8.4	11.8
Bill discounting	13.2	5.9
Other	3.8	5.9
Fees from guarantees	10.8	11.7
Collection & card-related	-2.3	35.0
Customer financial asset mgt:	11.4	29.4
Securities portfolio	1.4	4.1
Mutual funds	12.9	17.5
Pension plans	13.8	7.8
Account mgt. fees	8.4	7.6
Other (inc. Inv. Banking)	136.1	4.5

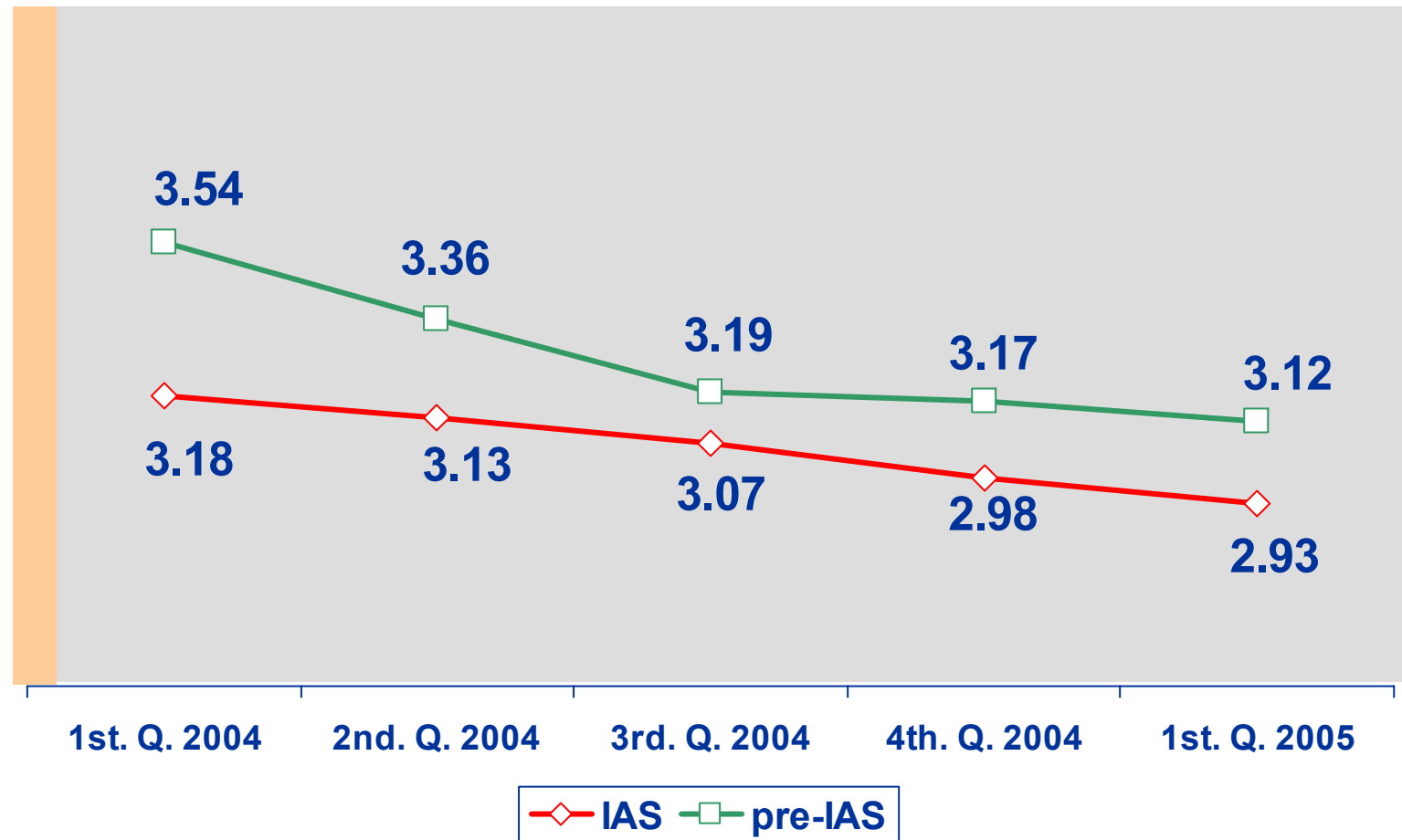
SOLID EARNINGS, EFFICIENCY GAINS

NET INTEREST MARGIN



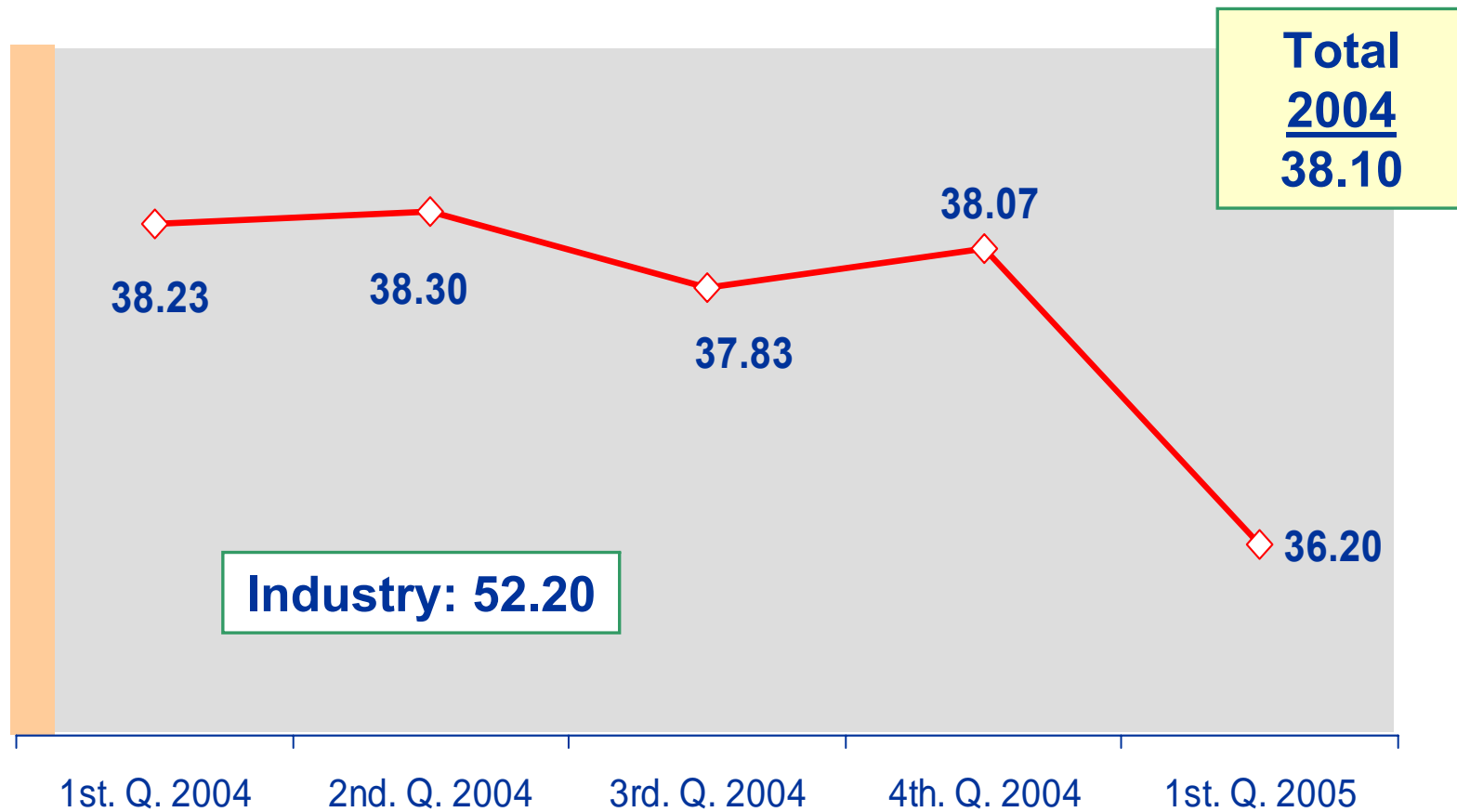
SOLID EARNINGS, EFFICIENCY GAINS

SPREAD



SOLID EARNINGS, EFFICIENCY GAINS

COST/INCOME RATIO



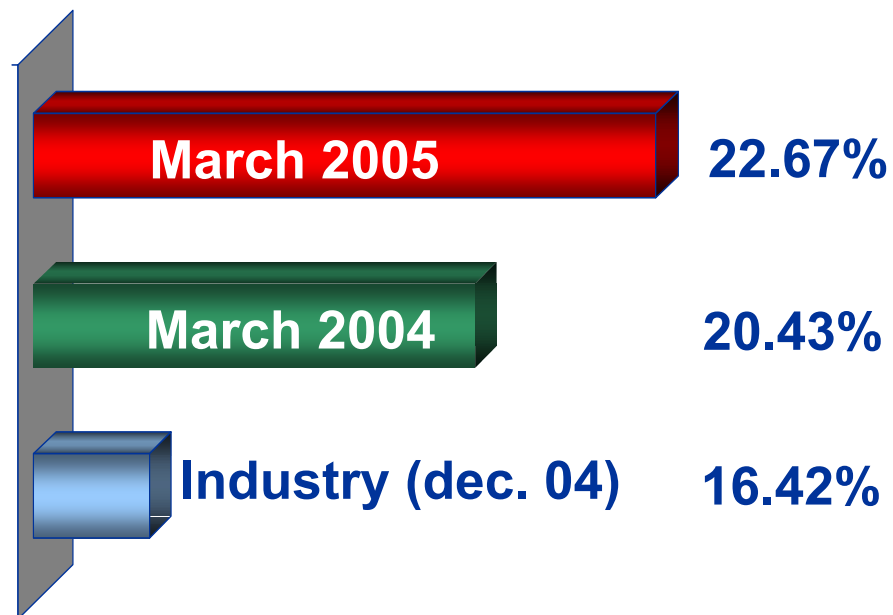
Source: AEB (Consolidated groups).



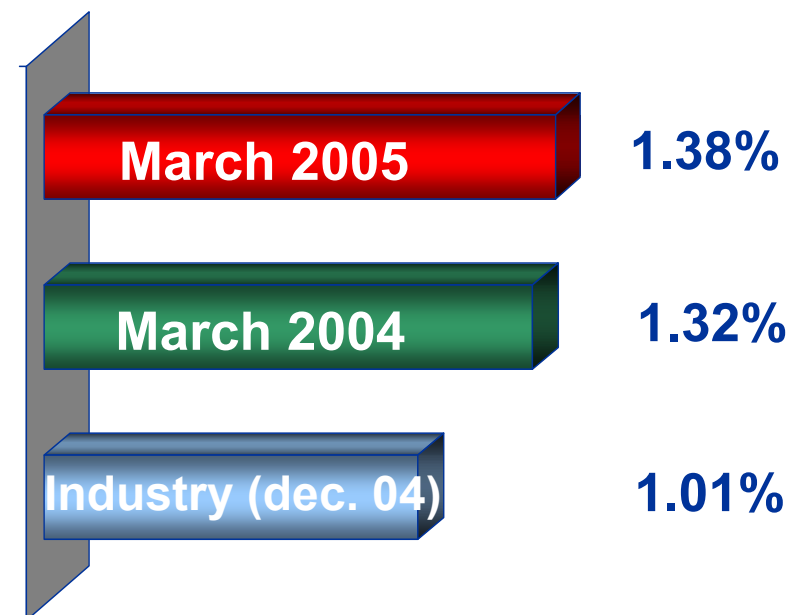
SOLID EARNINGS, EFFICIENCY GAINS

PROFITABILITY

ROE



ROA



Source: AEB (Consolidated groups). December 2004

1st. Quarter 2005

Annex



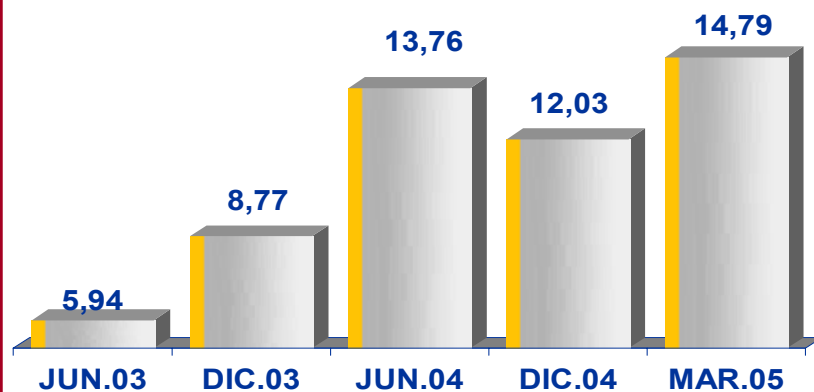
(Euro million)

	1st. Q. 2005	y-on-y % Δ
Total assets managed	5,473	22.6
On-balance sheet total assets	4,978	20.8
Total equity	324	12.4
On-balance sheet funds	2,668	6.5
Total customer funds	3,162	9.3
Loans and discounts	4,191	20.1
Business volume	7,353	15.2
Net income attributable	11	13.2

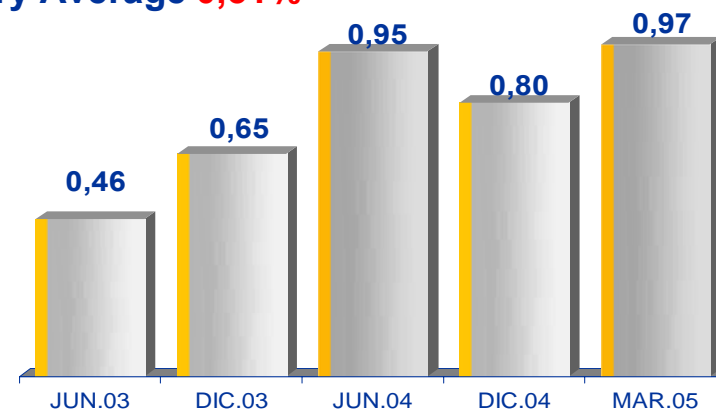
Pre-IAS



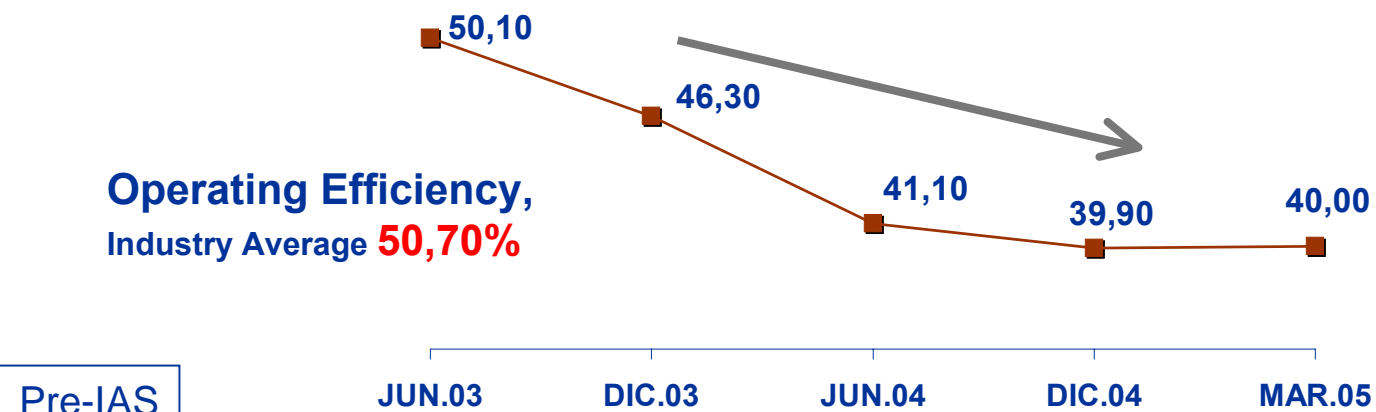
R.O.E.
Industry Average **8,18%**



R.O.A.
Industry Average **0,51%**



Operating Efficiency,
Industry Average **50,70%**

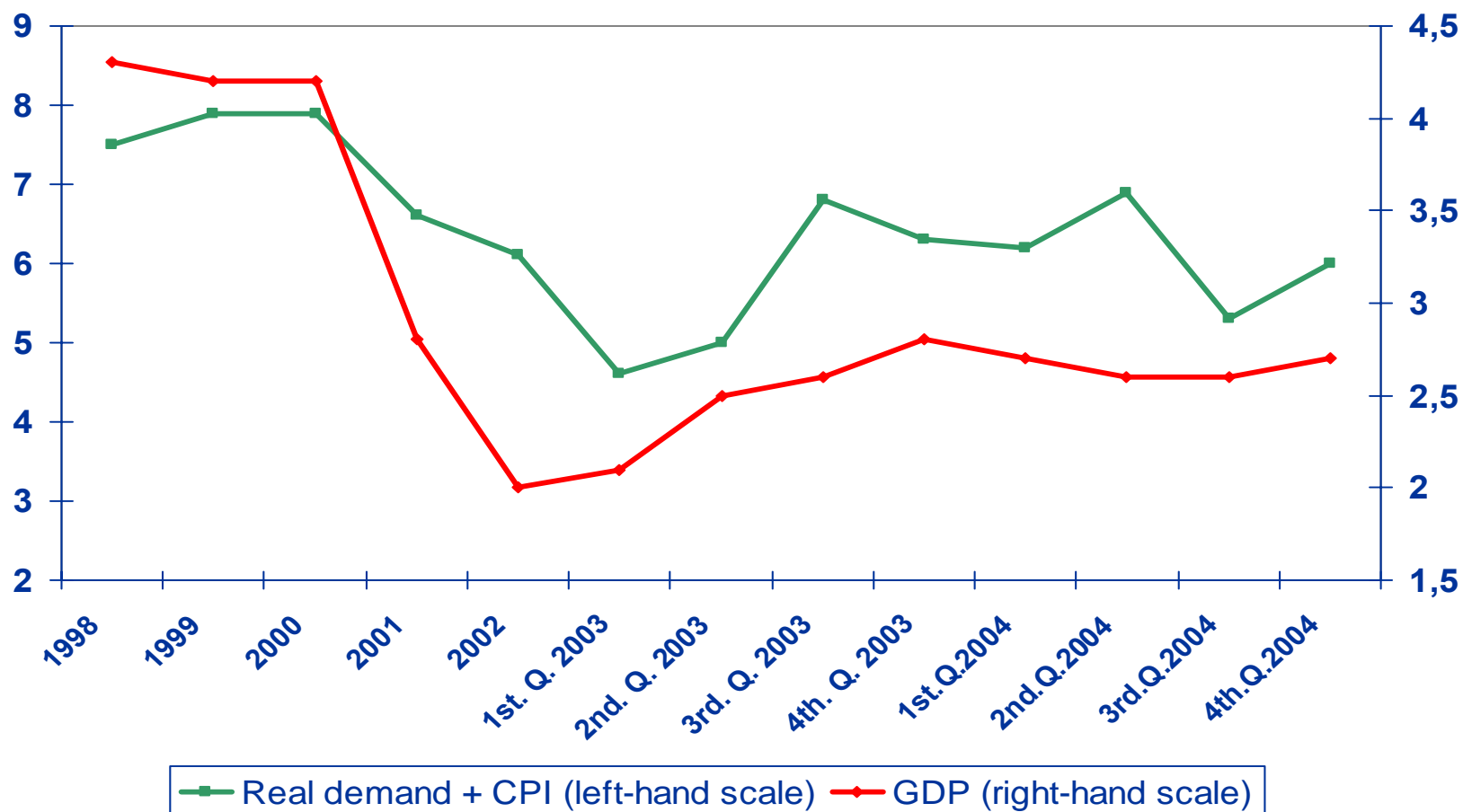


Pre-IAS

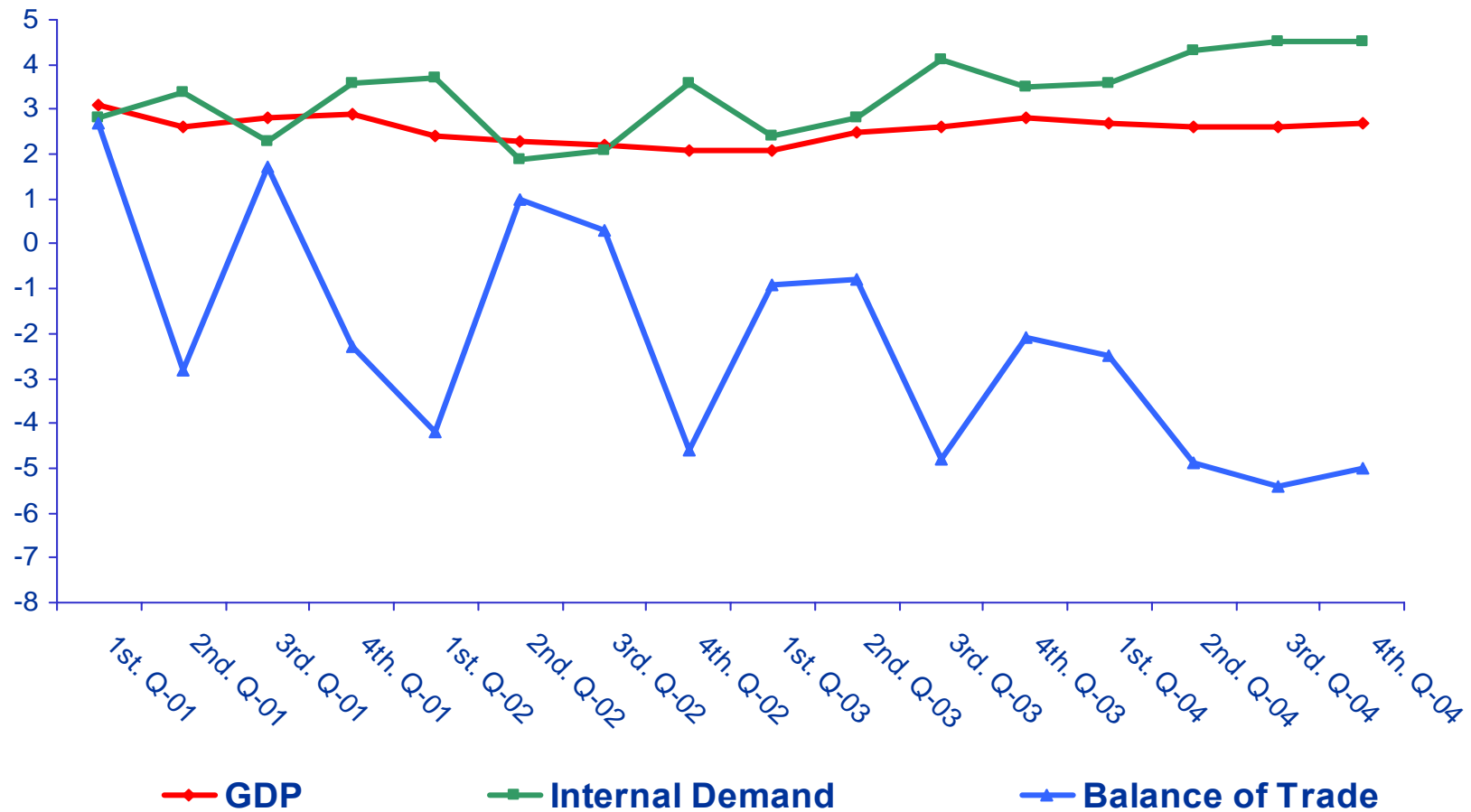
MACROECONOMIC PARAMETERS IN SPAIN

RECOVERY OF GDP & NOMINAL DEMAND

Annual growth (%)

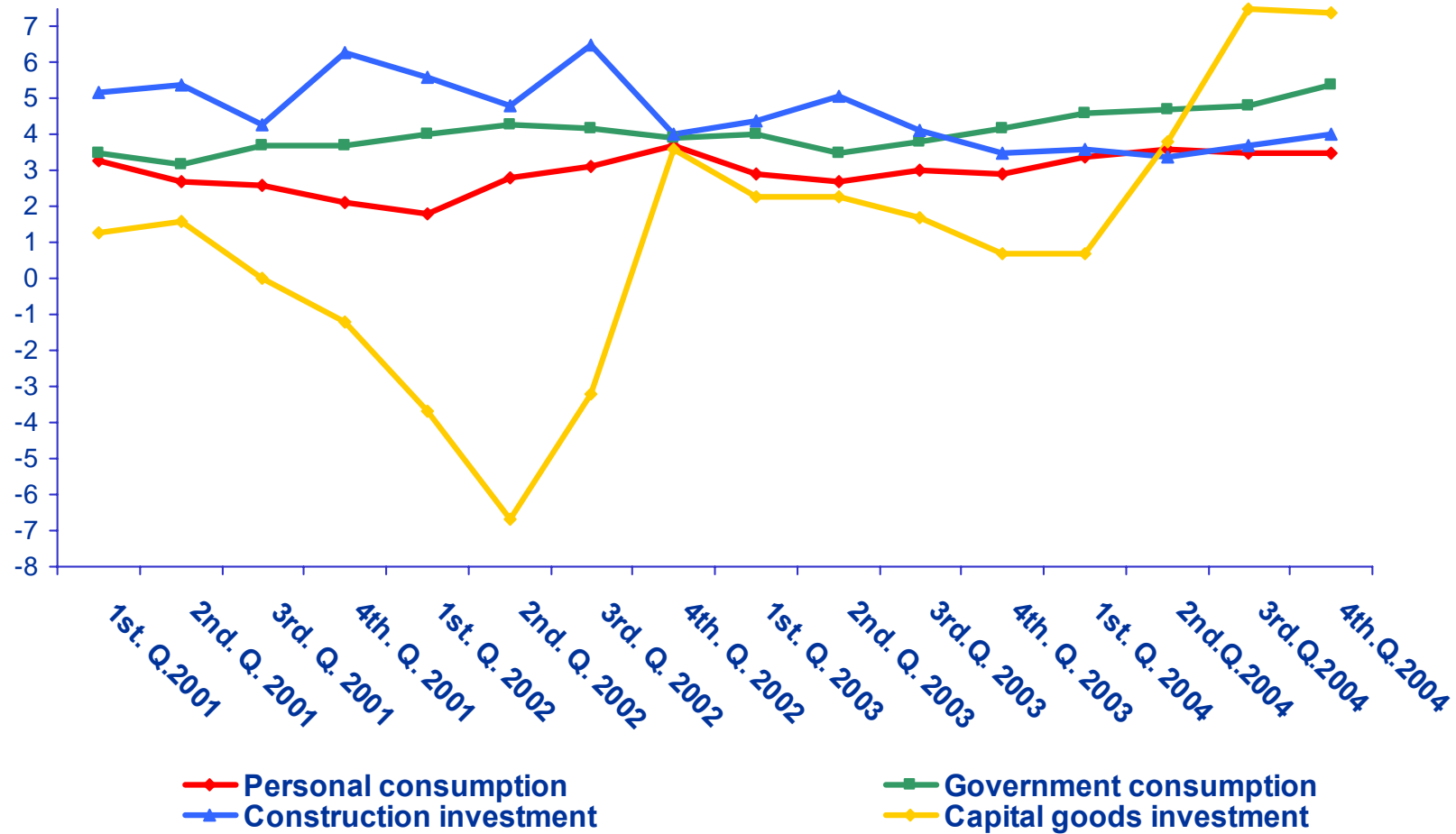


MACROECONOMIC PARAMETERS IN SPAIN



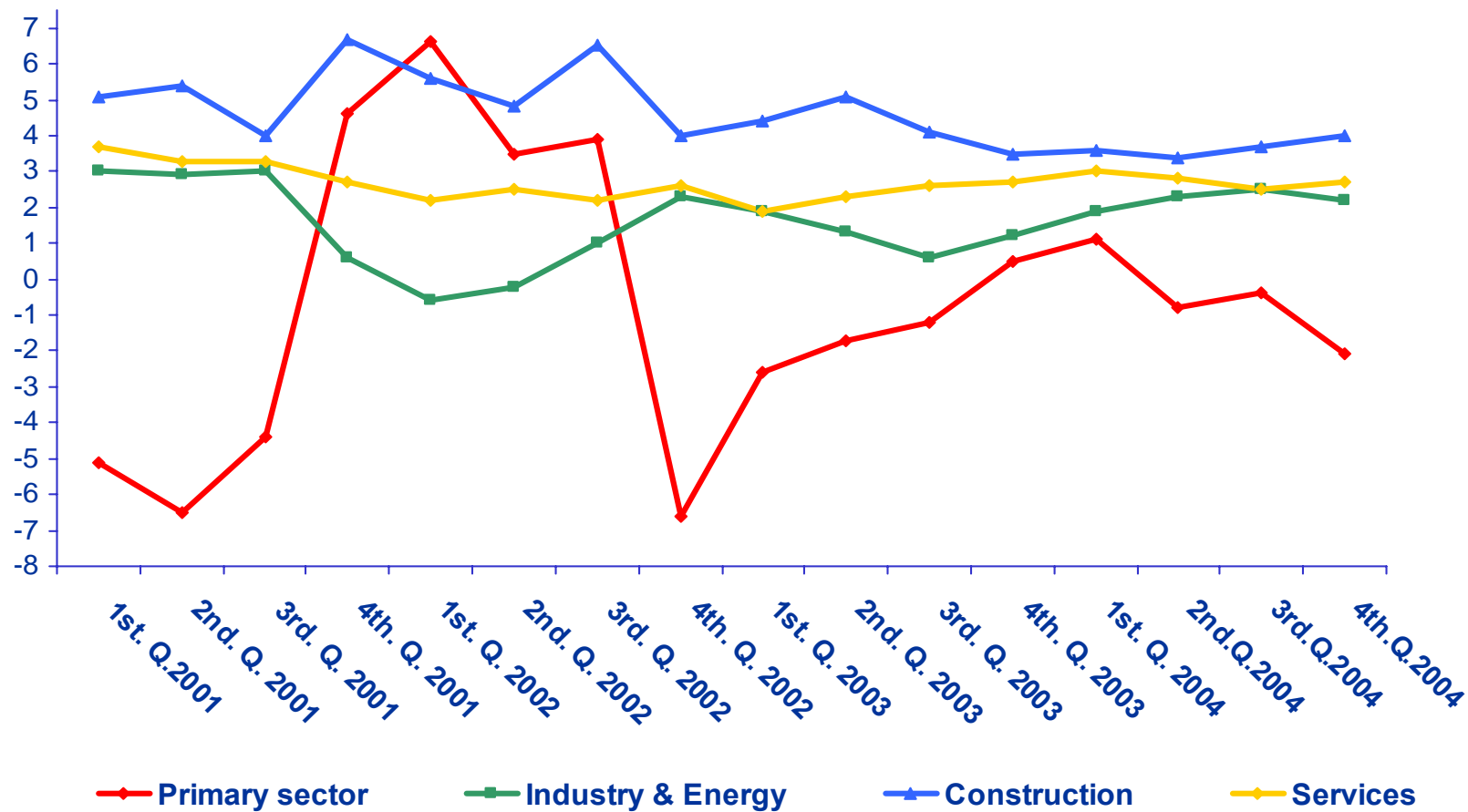
Source: INE

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