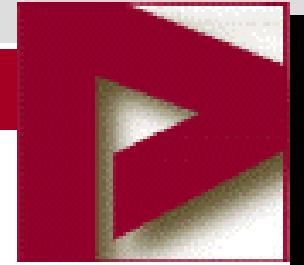


Banco Popular Group



**GROWTH,
GROWTH,
GROWTH**

July 2004

DISCLAIMER

This presentation has been prepared by the Banco Popular Group, who disseminates it purely for information purposes, containing estimates and forecasts regarding the future development of the business and the financial results of the Banco Popular Group. The estimates included respond to the expectations of the Banco Popular Group, although its own character means that certain factors, risks or circumstances may cause the financial results to differ substantially from the forecasts carried out here. Amongst such factors are those which by way of being merely stated and not restrictive are listed as follows: (i) evolution of interest rates, exchange rates and any other financial variables, both in domestic and international stock markets, (ii) economic, political, social or regulatory events, (ii) repercussion of the development of the competition.

The content of this presentation does not constitute the basis of a contract or any type of undertaking; neither should it be considered as an investment recommendation or advice of any sort.

GROWTH DRIVE

LOANS TO PRIVATE-SECTOR RESIDENTS

Strong acceleration in loan growth



June: + 22.5% p.a.



Faster market share gain

GROWTH DRIVE

LOANS TO PRIVATE-SECTOR RESIDENTS

(May 31, 2004 year-on-year % change)

POPULAR (May 31, 2004)

+21.7

BANKS

+15.1

BANKS + SAVINGS BANKS

+10.0

GROWTH DRIVE

LOANS TO PRIVATE-SECTOR RESIDENTS

Confirming leadership in
non-mortgage loan growth



June: + 18.4% p.a.

GROWTH DRIVE

LOANS TO PRIVATE-SECTOR RESIDENTS

(April 30, 2004 year-on-year % change)

Widening the gap in
non-mortgage loans

POPULAR (april)	+14.9%
BANKS	+6.6%

GROWTH DRIVE

MAJOR LOAN CATEGORIES

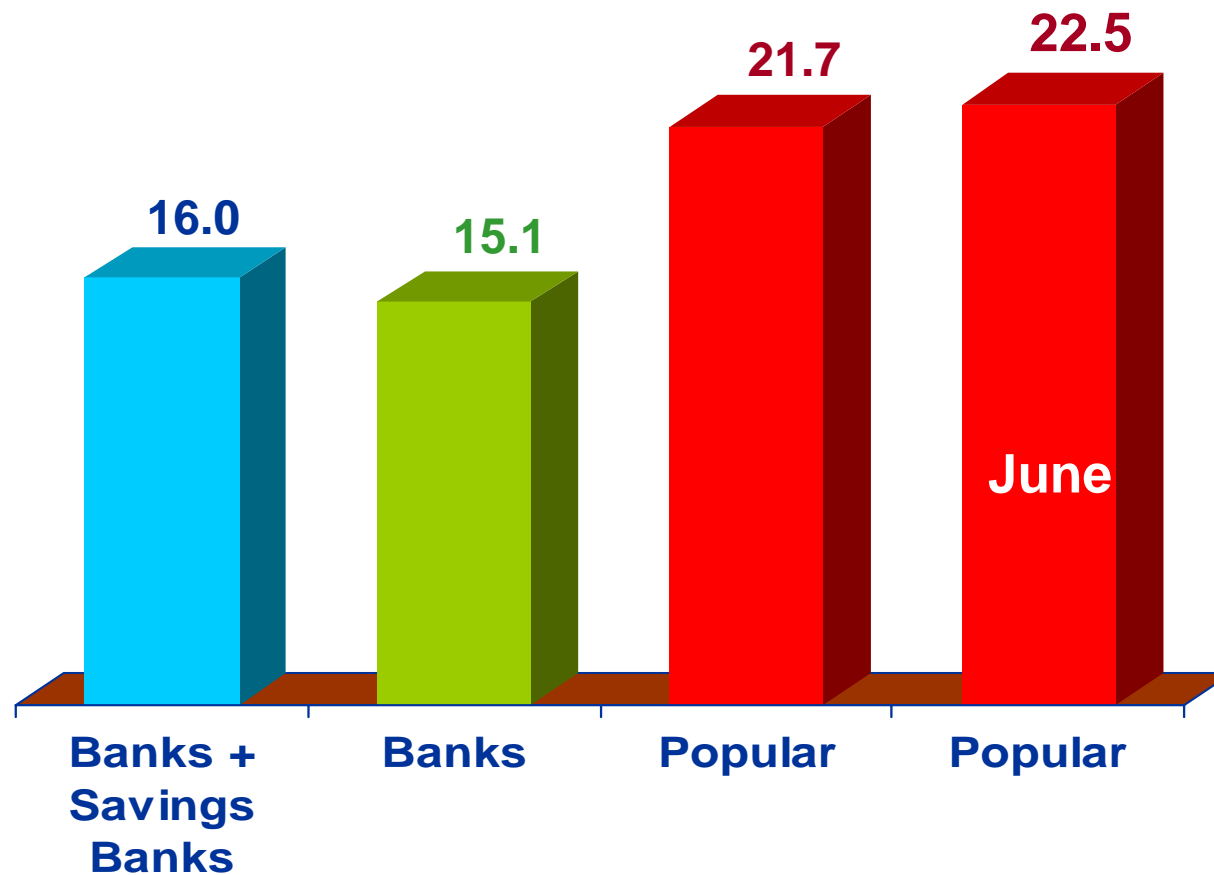
(Accumulated % change)

	Growth rate <i>June 04</i>	Of total loans
Bill discounting	17.1	11.7
Mortgage loans	27.2	51.5
Personal loans & overdrafts	16.2	29.9
Leasing	21.4	5.5
TOTAL	22.3	

GROWTH DRIVE

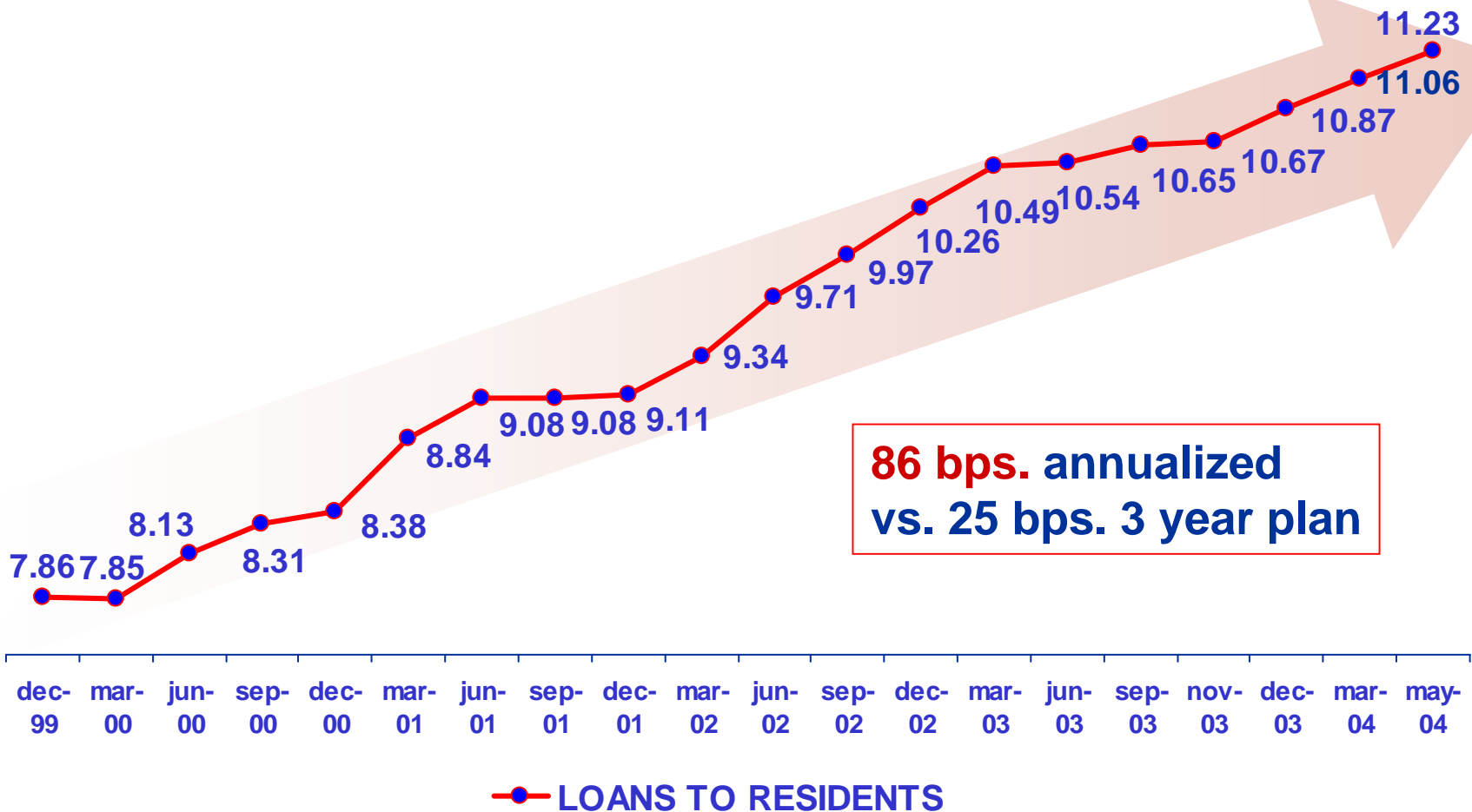
LOANS TO PRIVATE-SECTOR RESIDENTS (ex BNC)

(May 31, 2004 year-on-year % change)



MARKET SHARE GAINS

MARKET SHARE OVER COMMERCIAL BANKS (ex BNC)



MARKET SHARE GAINS

MARKET SHARE GAINS IN ALL LOAN CONCEPTS

BANKS + SAVINGS BANKS (%)

	2000	2001	2002	2003	March 04
Bill discounting	10.17	10.22	10.75	11.09	11.49
Secured loans	3.34	4.17	4.75	4.93	5.05
Personal loans & overdrafts	3.95	4.12	4.10	4.32	4.54
Leasing	9.00	9.40	9.00	8.50	9.10

COMMERCIAL DYNAMISM & CROSS-SELLING

Products with interest rates chosen by customers

Golden Mortgage Loan

- Fixed rate 1st year
- Index: Euribor12 or I.R.P.H.
- **Discount of 10 to 50 bp. on interest rate**

Golden Consumer Loan

- Fixed rate 1st year
- Index: UE7 published by B.of S.(*)
- **Discount of 25 to 100 bp. on interest rate**

Discounts depend on no. of other products acquired by customer

(*) Interest rate applied to consumer loans in the EU. Published by Bank of Spain

COMMERCIAL DYNAMISM & CROSS-SELLING

GOLDEN MORTGAGE LOAN

Gross production in 6 months

Number of loans:	10,282
Total amount: (million €)	976.6
Number of products/borrower:	9.6
Average maturity of loans (years):	23.5

COMMERCIAL DYNAMISM & CROSS-SELLING

GOLDEN CONSUMER LOAN

Gross production 6 months

Number of loans:	40,160
Yearly growth:	20.5%
Total amount: (million €)	382
Yearly growth:	32.5%

Loans of less than 60,000 euros, ex-revolving credit

GROWTH DRIVE

And also fast growth in
acquisition of funding



June: + 19.3% p.a.

GROWTH DRIVE

MUTUAL FUNDS VOLUMES IN 2004 vs. INDUSTRY –SPAIN ONLY-

	Net Asset Value	
	June 04(€million)	% change
Money Market	1,688.6	-9.2
Bonds	1,721.5	35.5
Fixed income	3,410.1	9.0
Equity	719.0	48.0
Balanced	716.3	3.5
Guaranteed	1,987.6	11.0
Global	399.7	4,494.3
TOTAL	7,232.7	18.4
		14.3

← BANCO POPULAR GROUP *
← INDUSTRY

Outperformance due to:

	POPULAR	INDUSTRY
Net Inflows	15.1%	11.6%
Management / Markets	3.3%	2.7%
	June 04	June 03
Improvement in market share	3.41%	3.29%

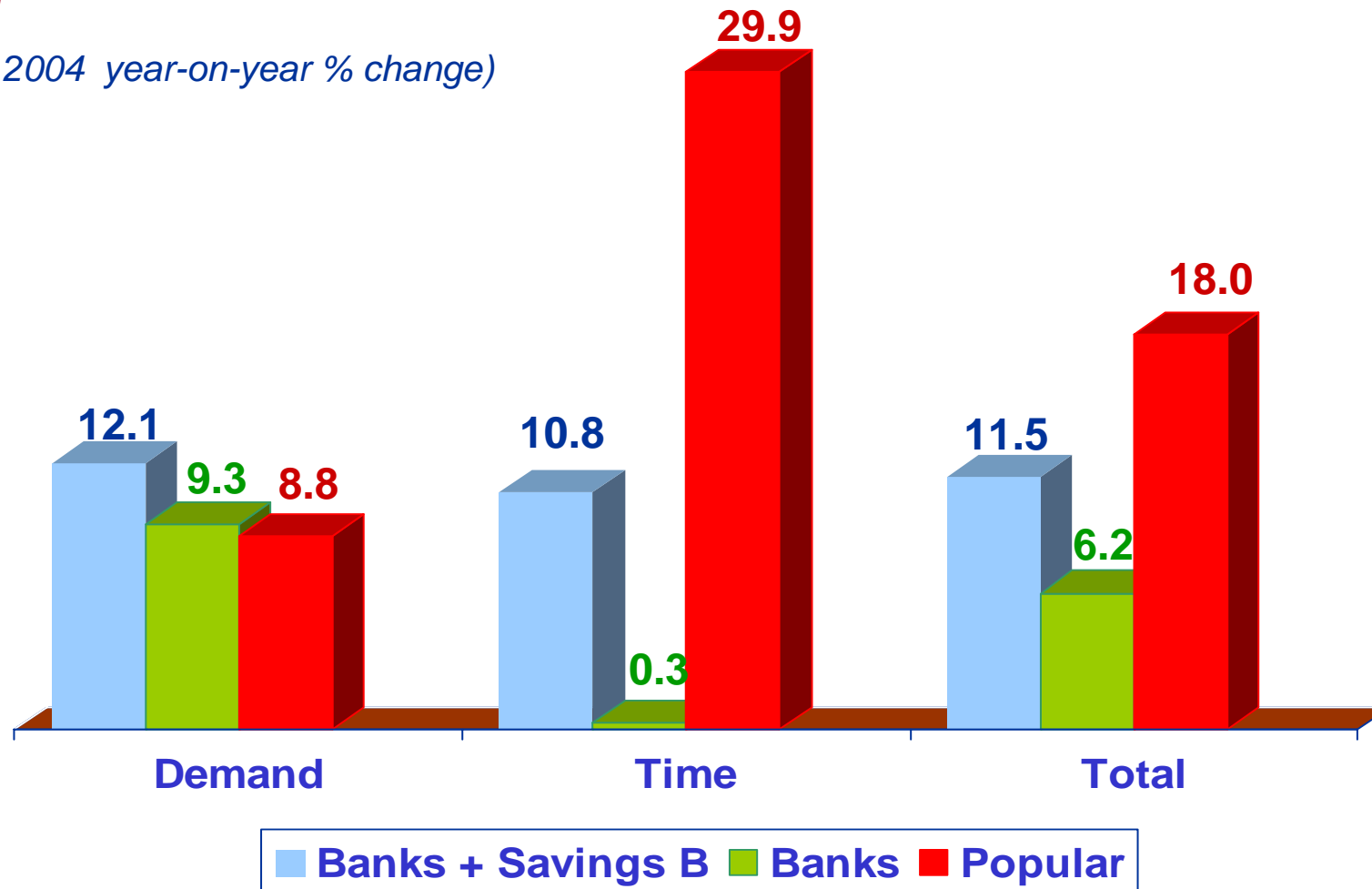
* Excluding BNC & Popular Banca Privada. The total amount including BNC & PBP amounts to €8,003.9 million (+20.4%) **15**

GROWTH DRIVE

GROWTH OF DEPOSITS OF PRIVATE-SECTOR RESIDENTS

(ex BNC)

(May 31, 2004 year-on-year % change)



GROWTH DRIVE

CORE RESIDENT-CUSTOMER DEPOSITS (ex BNC)

(Accumulated % change)

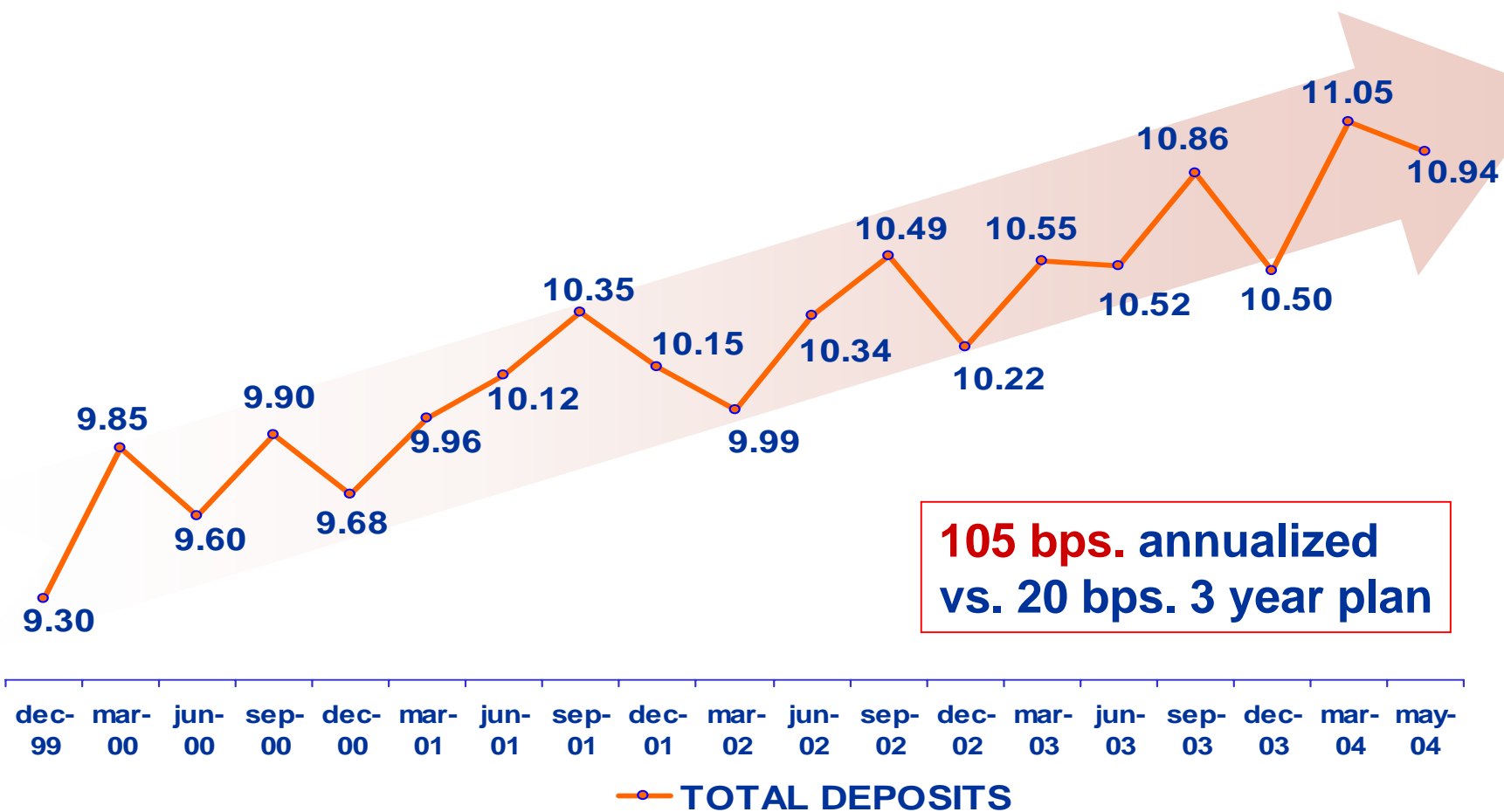
**Without
covered
bonds**

	<i>June-03</i>	<i>Sept.-03</i>	<i>Dec.-03</i>	<i>March-04</i>	<i>June-04</i>
Demand deposits	6.1	9.1	10.3	12.8	13.3
Time deposits	10.2	8.7	5.9	10.4	11.1
Customers commercial paper	51.5	29.5	58.1	107.3	102.4
TOTAL	10.8	10.8	12.4	19.8	20.8

GROWTH DRIVE

MARKET SHARE OVER COMMERCIAL BANKS (ex BNC)

Without covered bonds



CURRENT PRIORITIES

- 1 ▶ **Consolidate leadership in non-mortgage loan growth: SMEs & consumer**
- 2 ▶ **Fast but selective acquisition of mortgage loans**
- 3 ▶ **Customer acquisition to feed future growth**

LEADERSHIP IN SPAIN IN NON-MORTGAGE LOANS

FASTEST GROWING BANK IN NON-MORTGAGE LOANS IN SPAIN

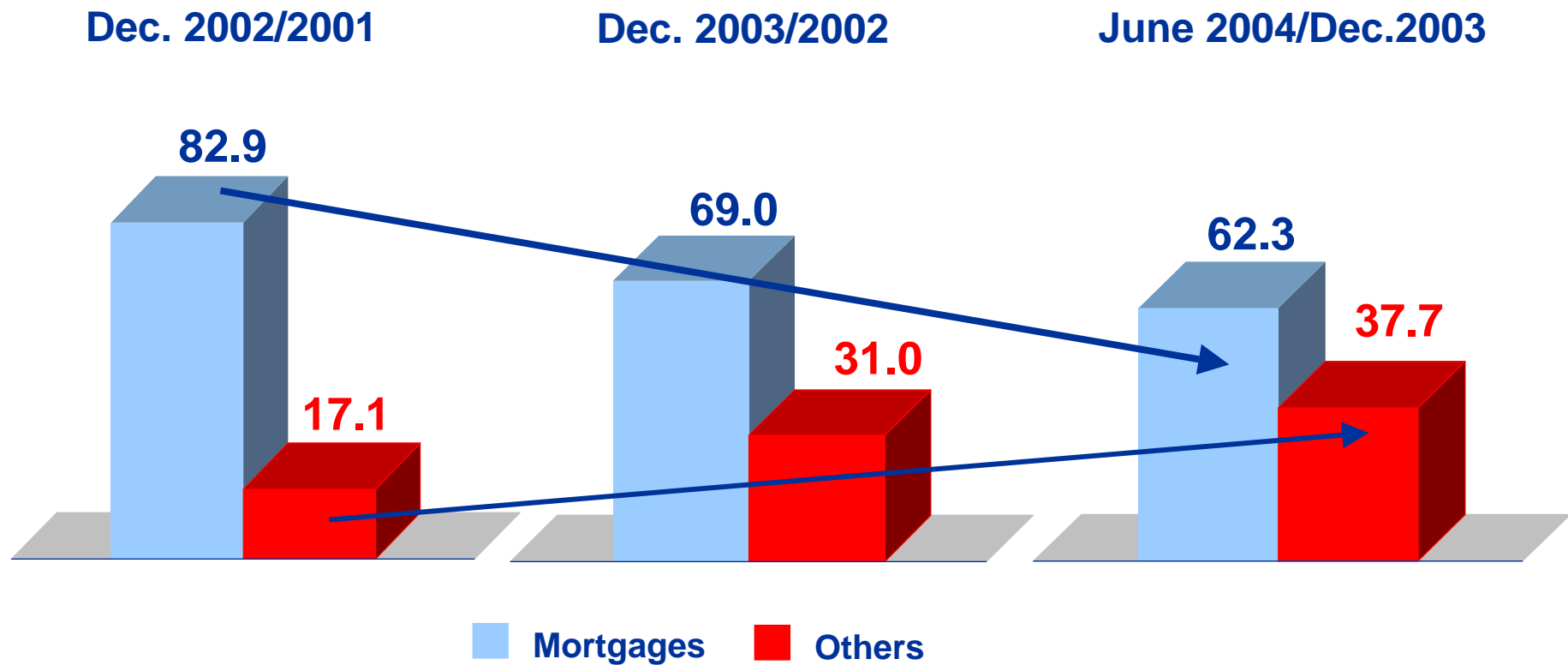
	Growth rate					
	<i>December 03</i>		<i>April 04</i>		<i>June 04</i>	
	BPE	BANKS	BPE	BANKS	BPE	
Bill discounting	18.0	12.5	13.8	10.8	18.1	
Personal loans & overdrafts	9.8	1.1	14.7	3.1	17.9	
Leasing	12.0	38.3	18.0	40.9	21.4	
Total excluding secured loans	12.5	4.8	14.9	6.6	18.4	

Excluding REPOs, prepayment & other and NPL

Source: Banco de España Boletín Estadístico

LEADERSHIP IN SPAIN IN NON-MORTGAGE LOANS

CHANGE OF LOAN GROWTH MIX



LEADERSHIP IN SPAIN IN NON-MORTGAGE LOANS

Non-mortgage loan growth is driven by:

- **SMEs: successful microcompanies campaigns –retailers-**
- **Consumer lending**
- **Affinity groups**

RETAILER CAMPAIGNS

AN EXAMPLE OF SME VOLUME GAINS

(April & May, 2004)

Target retailers:	≈100,000
Retailers acquiring products:	17,548
New clients:	1,418
New products:	21,175
Total loans: (million €)	211
Customer funds: (million €)	49

CONSUMER LENDING

VISA HOP REVOLVING CARD

Number of cards: 346,621

Yearly growth: 97.5%

Total amount: (million €) 241

Yearly growth: 55.5%

CONSUMER LENDING

AFFINITY GROUPS

(Euro million)

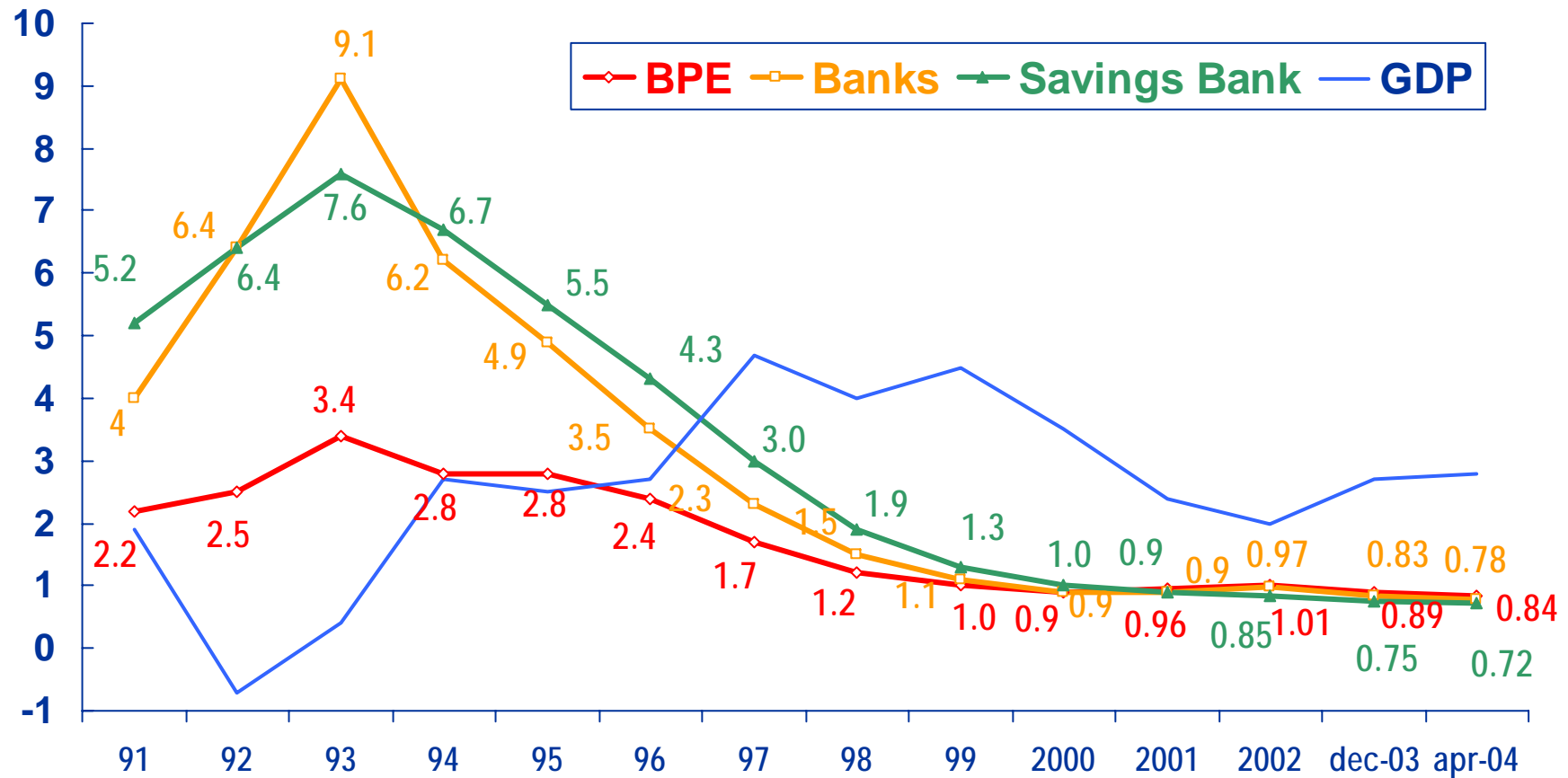
	No. of clients	On- & off-B/S AuM	Loans
SME Affinities Change (1)	172,059 104%	2,085 112%	7,523 130%
Individuals-Affinity (*) Change (2)	346,133 73%	5,090 25%	4,254 53%

- (*) Ex. POP Club
- (1) Annualized
- (2) Year-on-year

CREDIT QUALITY TRENDS

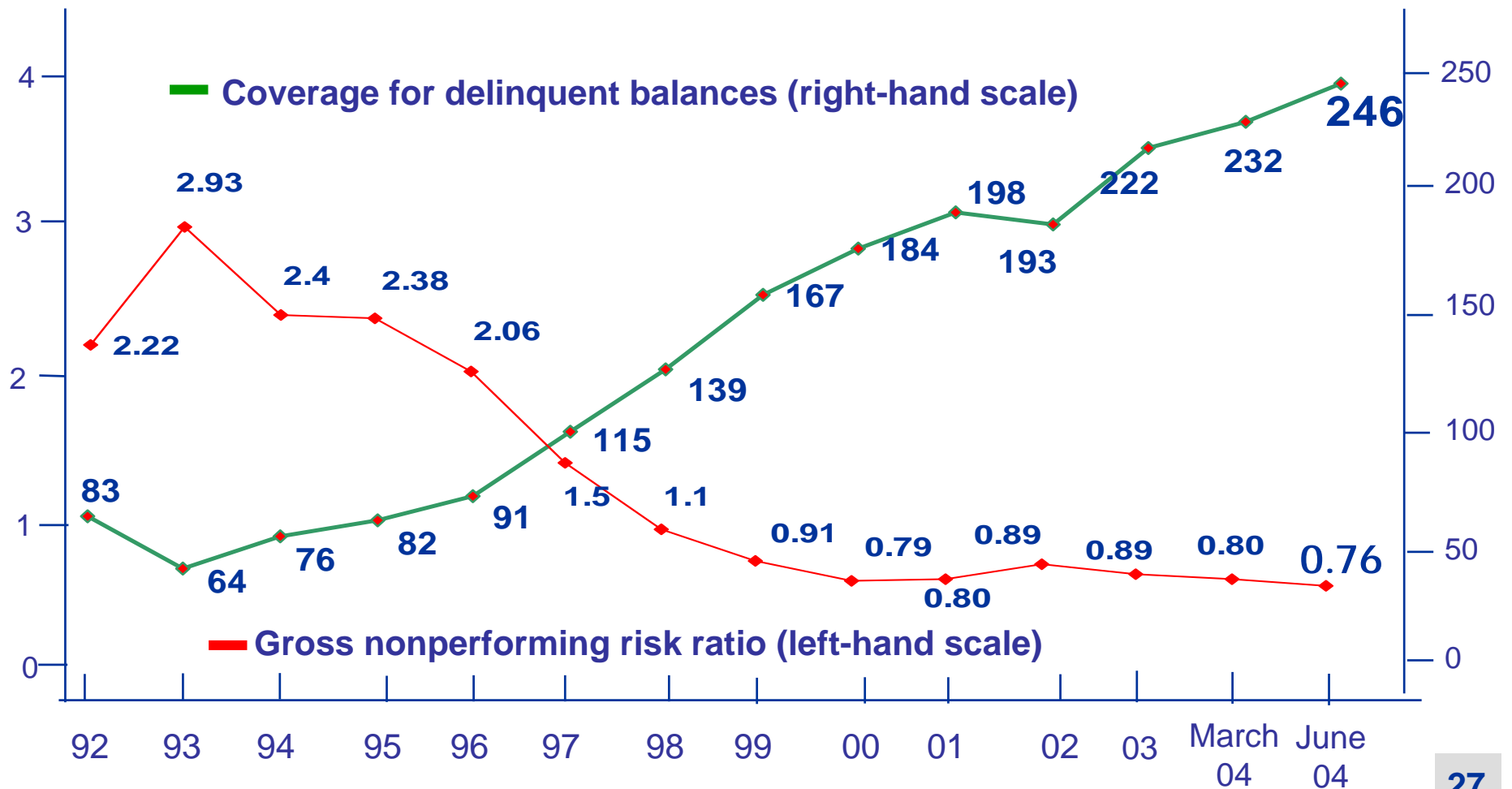
LOAN PORTFOLIO QUALITY

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



CREDIT QUALITY TRENDS

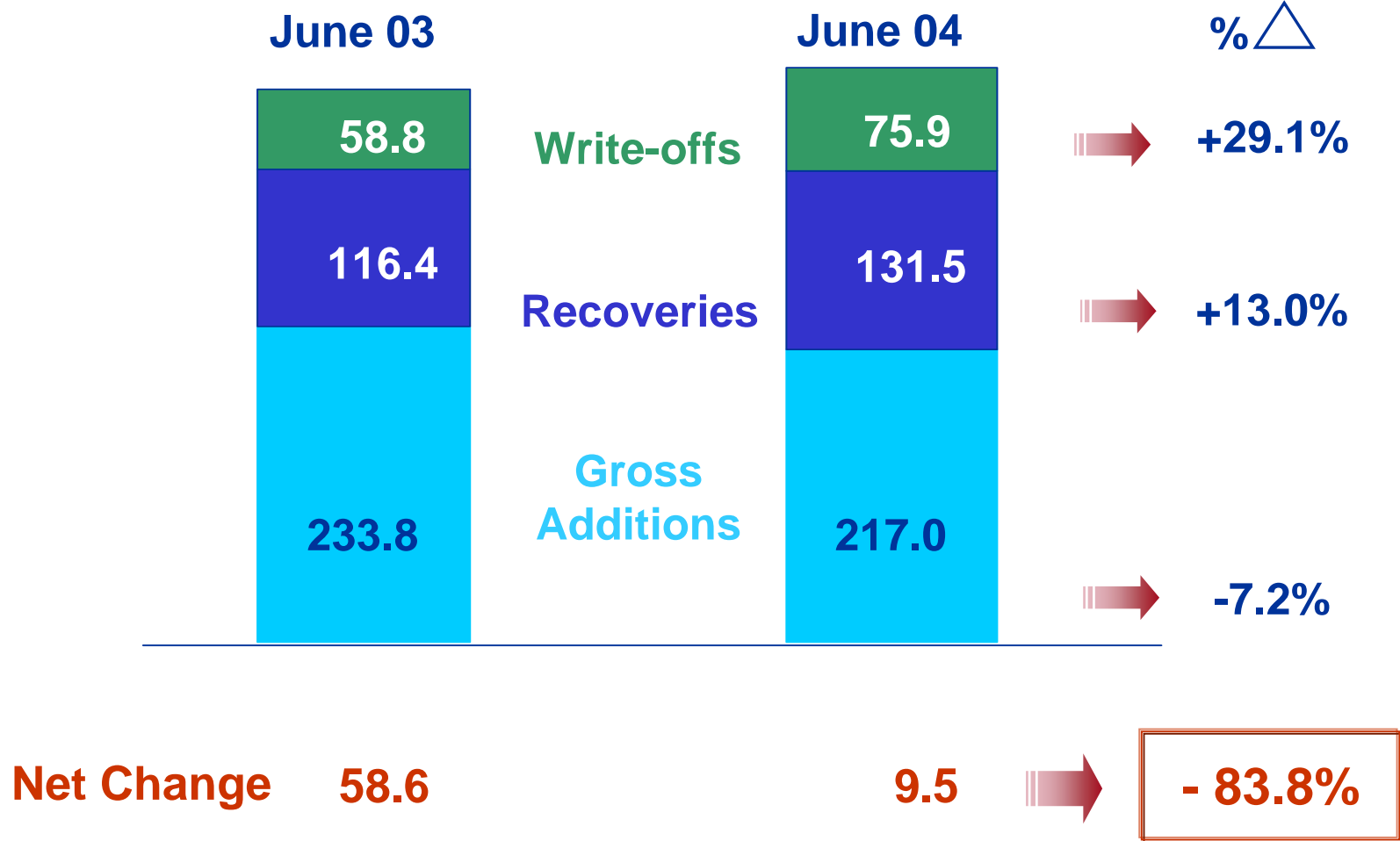
VARIATION IN THE NON PERFORMING RISK RATIO AND COVERAGE FOR DELINQUENT BALANCES



CREDIT QUALITY TRENDS

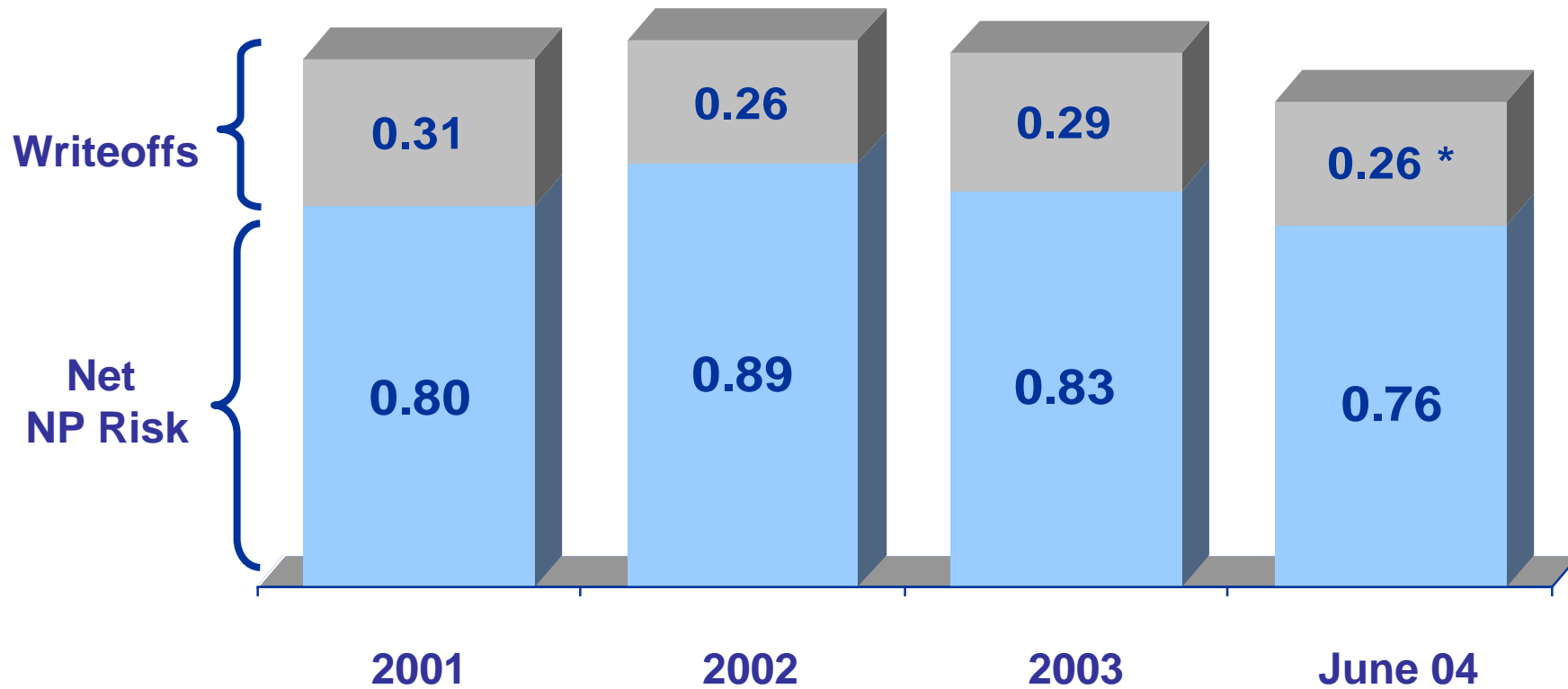
NPL EVOLUTION

(Euro million)



CREDIT QUALITY TRENDS

NON PERFORMING RISK (bps)



* Annualized

CURRENT PRIORITIES

- 1 ▶ Consolidate leadership in non-mortgage loan growth: SMEs & consumer
- 2 ▶ **Fast but selective acquisition of mortgage loans**
- 3 ▶ Customer acquisition to feed future growth

CURRENT PRIORITIES

SELECTIVE ACQUISITION OF MORTGAGE LOANS

**Real Estate demand is beginning
to slow down**

**Banco Popular is focused on the
highest credit quality mortgage loans:**

+ 27.2 p.a.

CURRENT PRIORITIES

- 1 ▶ Consolidate leadership in non – mortgage loan growth: SMEs & consumer
- 2 ▶ Fast but selective acquisition of mortgage loans
- 3 ▶ **Customer acquisition to feed future growth**

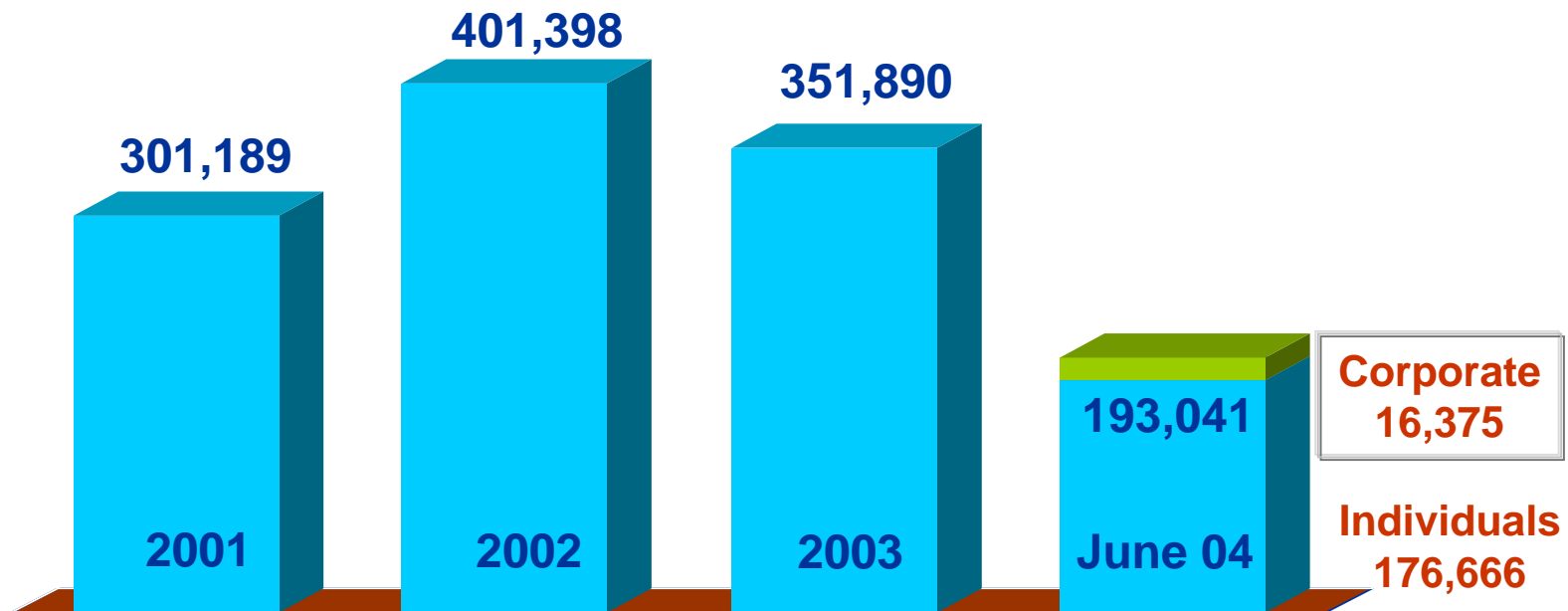
CUSTOMER ACQUISITION

206.000

net NEW customers in 1st half 2004

CUSTOMER ACQUISITION

NET NEW CLIENTS (Spain)



Total number of clients: 5,198,139

Individuals: 4,801,609

Corporate: 396,530

y-o-y %

7.46

7.43

7.82

OPERATING PERFORMANCE

(Euro million)

	1 H. 2003	1 H. 2004	y-on-y % Δ
Net interest revenue	869.8	959.8	10.3
Fees for services	296.9	330.3	11.2
Ordinary revenue	1,181.6	1,304.7	10.4
Operating cost	400.3	440.7	10.1
Operating income	728.1	805.2	10.6
Income before taxes	577.5	630.9	9.3
Net income attributable	331.8	368.8	11.2

OPERATING PERFORMANCE

EXCLUDING BNC

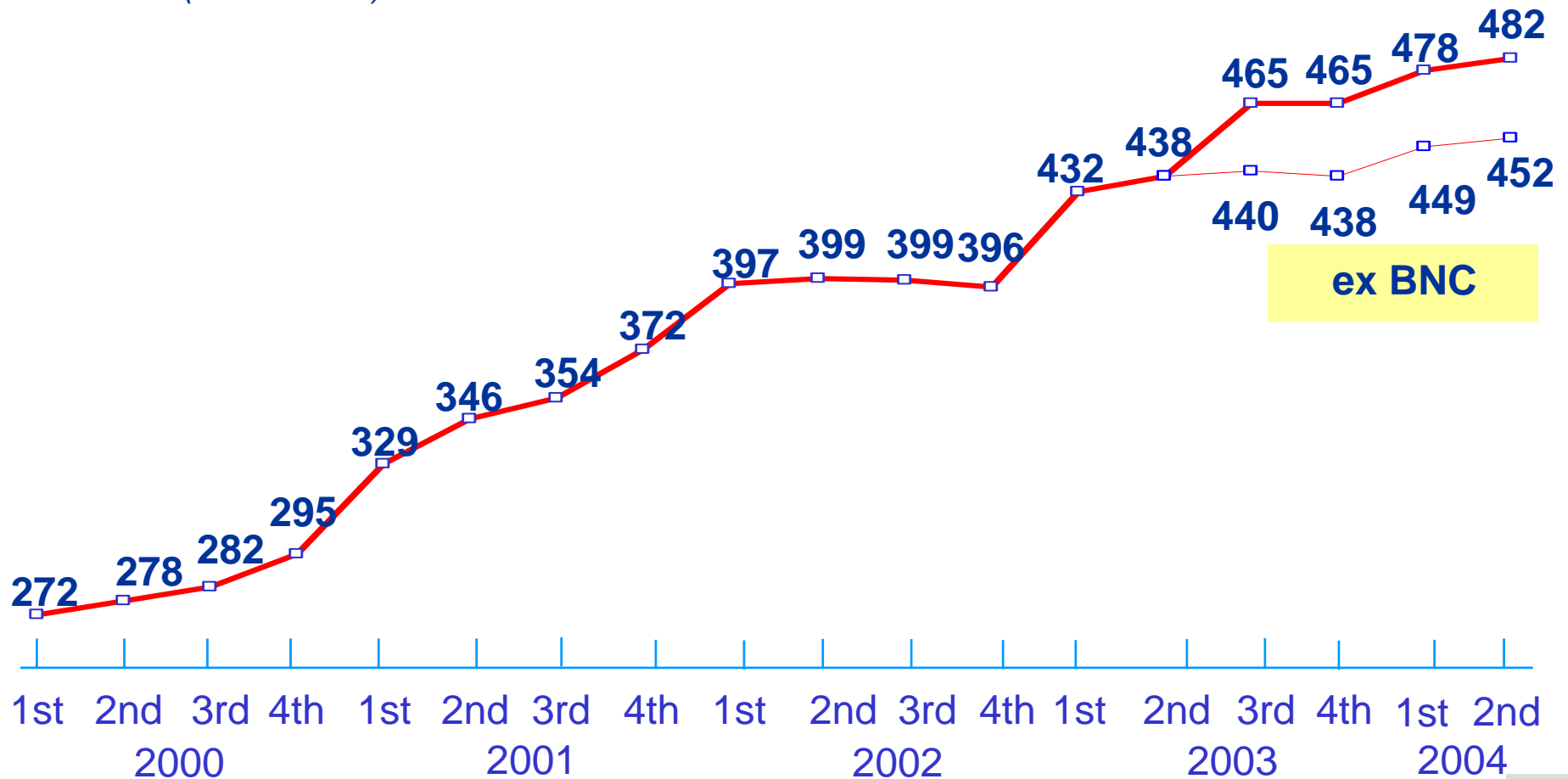
(Euro million)

	1 H. 2003	1 H. 2004	y-on-y % Δ
Net interest revenue	869.8	901.0	3.6
Fees for services	296.9	318.5	7.3
Ordinary revenue	1,181.6	1,233.5	4.4
Operating cost	400.3	410.4	2.5
Operating income	728.1	767.4	5.4
Income before taxes	577.5	615.2	6.5
Net income attributable	331.8	356.3	7.4

OPERATING PERFORMANCE

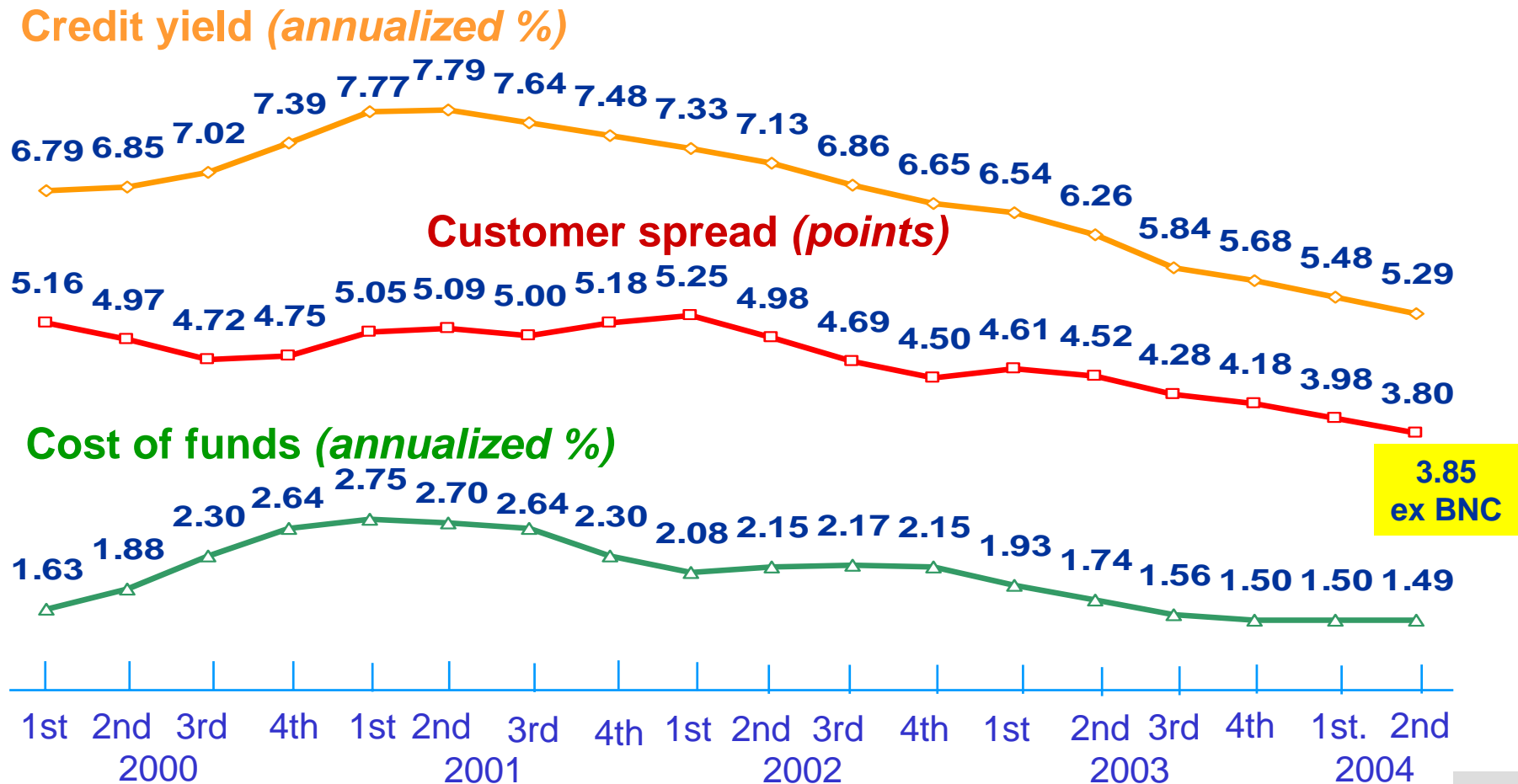
NET INTEREST REVENUE (Quarter standalone)

(Euro million)



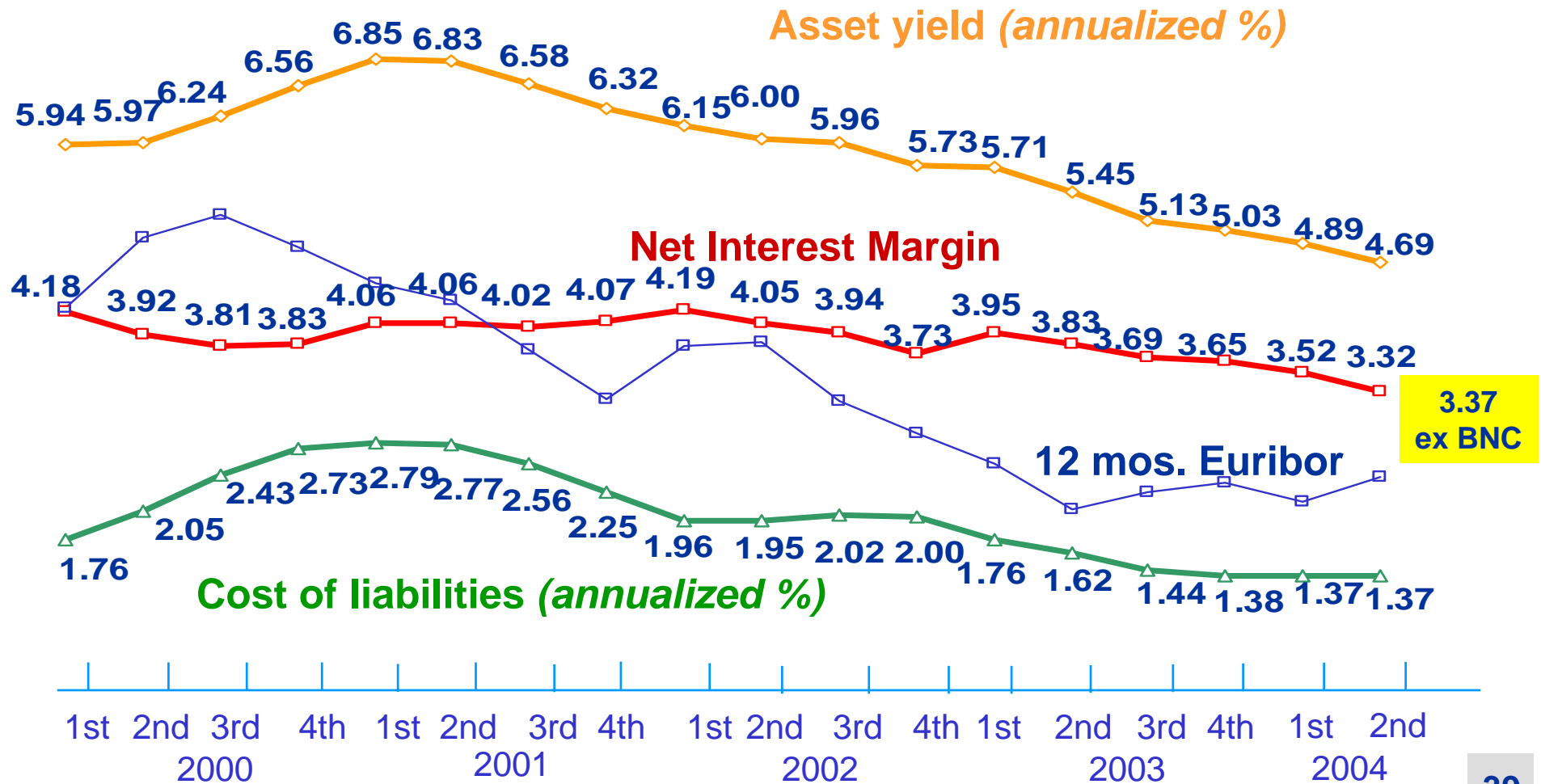
OPERATING PERFORMANCE

QUARTERLY CUSTOMER SPREAD



OPERATING PERFORMANCE

NET INTEREST MARGIN



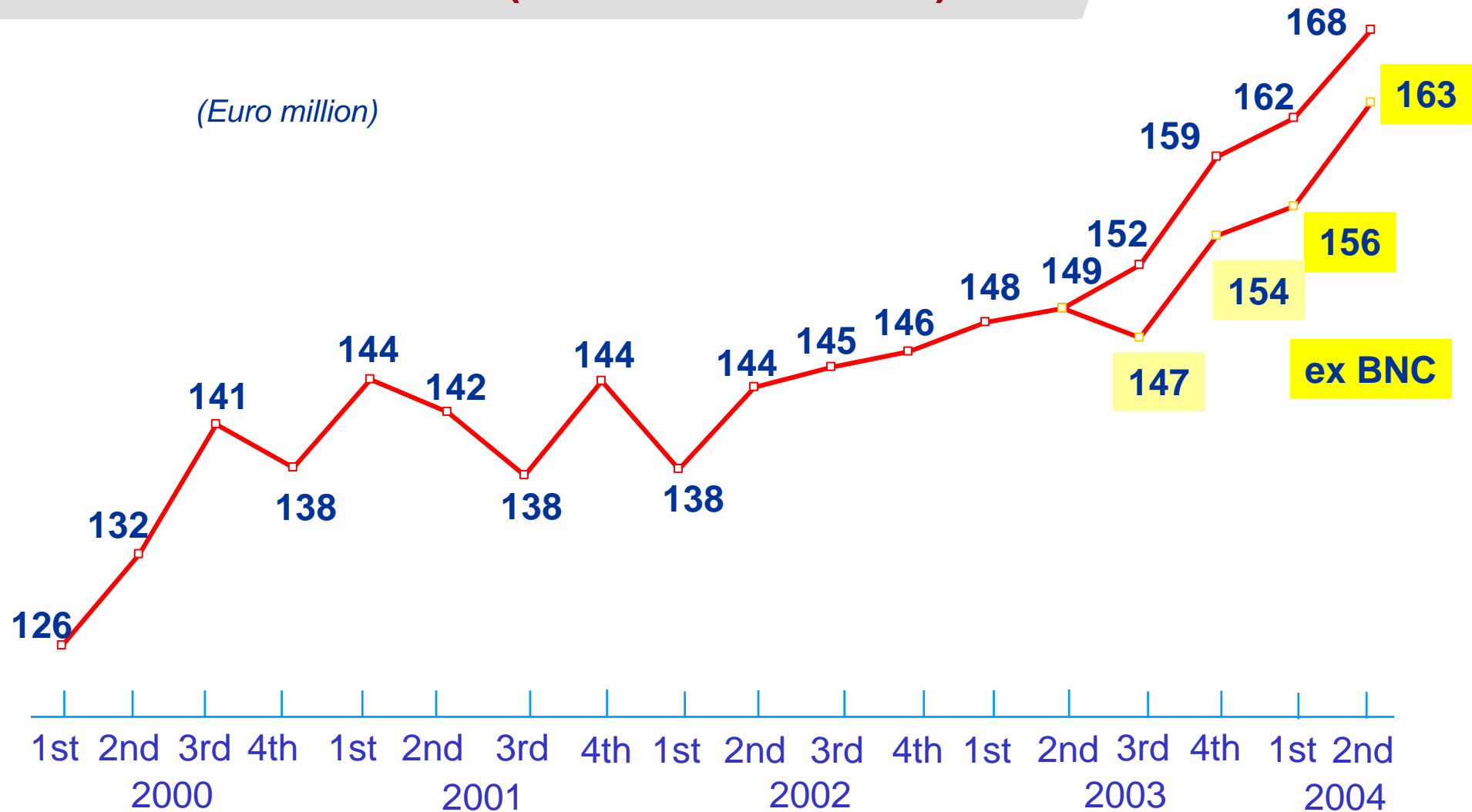
OPERATING PERFORMANCE

INTEREST RATE IMPACT ON YIELDS & COSTS (ex-BNC)

	From Base To	Jun 03/ Mar 03	Sep 03/ Jun 03	Dec 03/ Sep 03	Mar 04/ Dec 03	Jun 04/ Mar 04
Bill discounting		-0.29	-0.32	-0.26	-0.11	-0.10
Mortgages		-0.23	-0.26	-0.24	-0.18	-0.16
Consumer		-0.31	-0.22	-0.18	-0.24	-0.09
Overdrafts		-0.21	-0.24	-0.16	-0.22	-0.12
Leasing		-0.27	-0.46	-0.25	-0.26	-0.17
TOTAL		-0.26	-0.27	-0.23	-0.19	-0.14
Demand Deposits		-0.11	-0.01	0.01	0.01	0.01
Time Deposits		-0.29	-0.35	-0.03	-0.01	-0.01
Commercial Paper		-0.40	-0.14	0.03	-0.05	0.04
TOTAL		-0.21	-0.15	-0.01	0.06	0.00
Differential		-0.05	-0.12	-0.22	-0.25	-0.14

OPERATING PERFORMANCE

FEEs FOR SERVICES (Quarter standalone)



OPERATING PERFORMANCE

FEES FOR SERVICES

Year-on-year % accum. \triangle

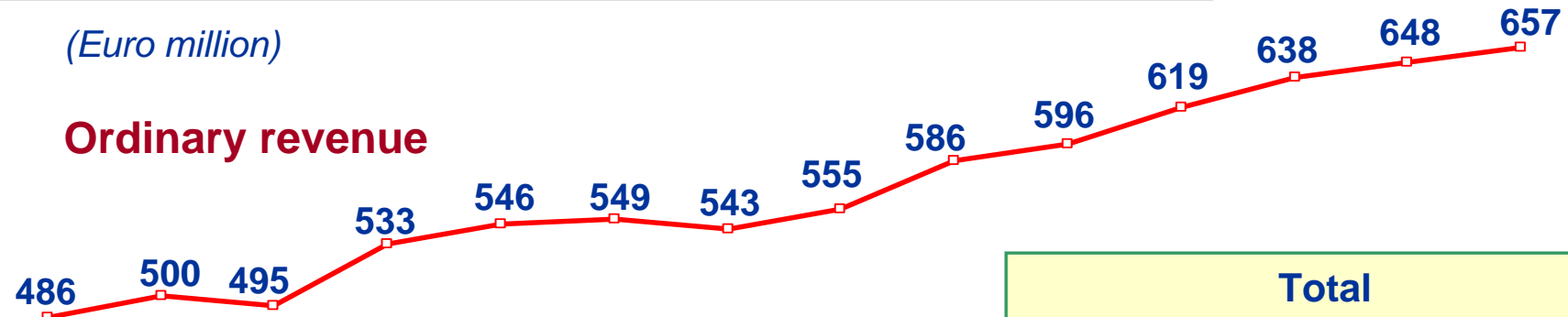
	<i>June 03</i>	<i>June 04</i>	<i>As % of total fees</i>
Loan-related fees	(2.7)	11.9	12.2
Fees from guarantees	15.3	21.3	11.6
Collection & card-related	2.5	0.8	36.6
Customer financial asset mgt.	0.8	19.6	25.2
Mutual funds	(1.1)	22.4	16.7
Other AM	(0.3)	14.4	8.5
Account mgt. Fees	5.5	33.8	9.6
Other (inc. Inv. Banking)	73.9	(2.9)	4.8
TOTAL	5.3	11.2	100
Exc. BNC		7.3	

BEST COST/INCOME RATIO

COST/INCOME RATIO

(Euro million)

Ordinary revenue

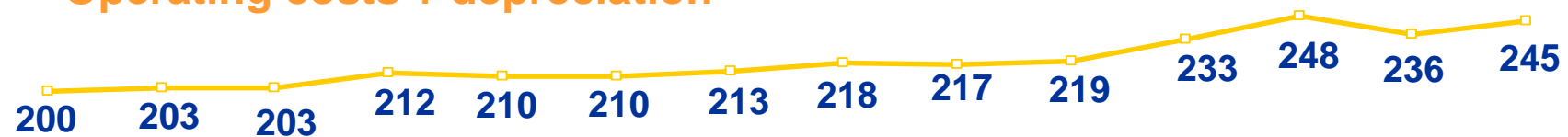


Operating efficiency (%)



Total			
<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>June 04</u>
40.59	38.79	37.63	36.86

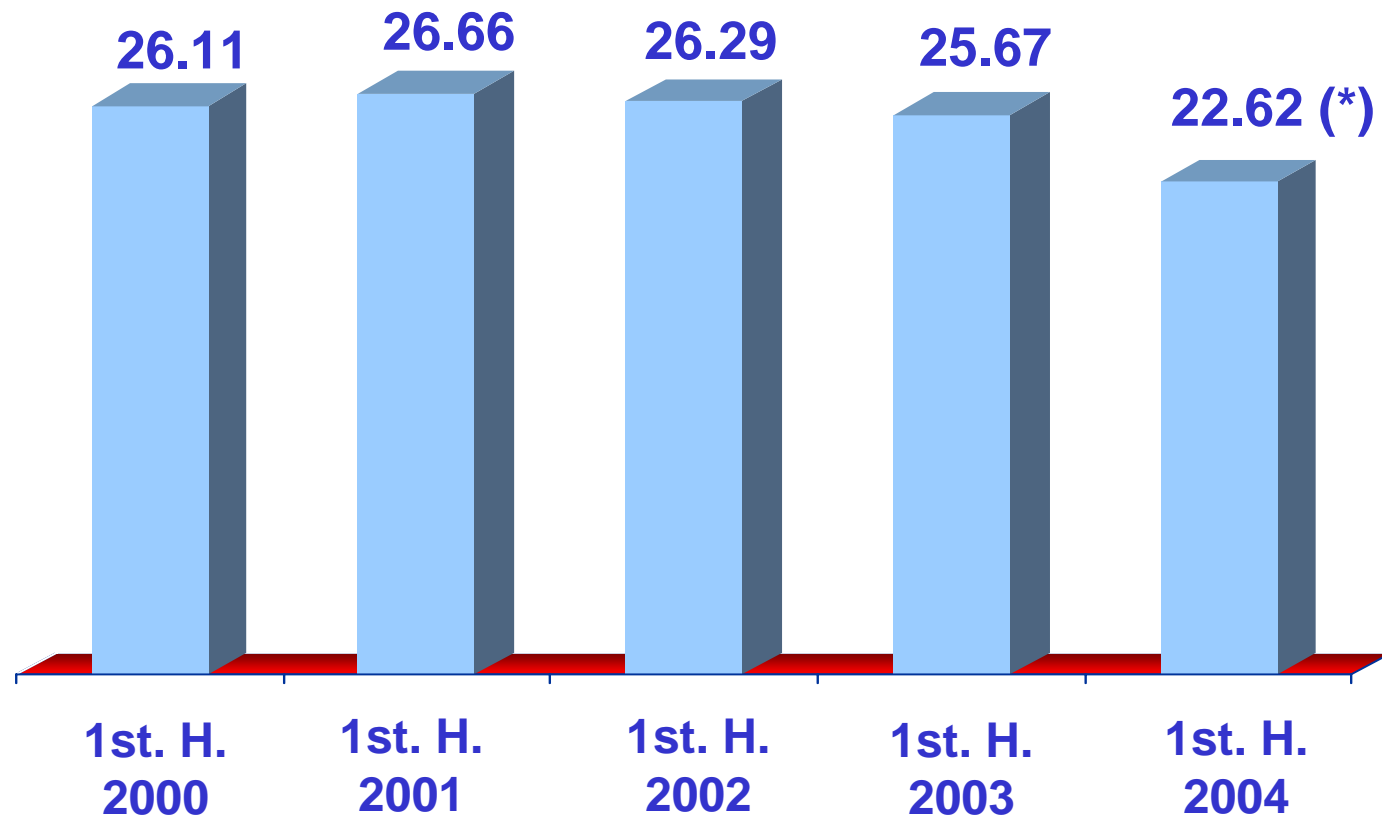
Operating costs + depreciation



1st 2nd 3rd 4th 1st 2nd 3rd 4th 1st 2nd 3rd 4th 1st. 2nd.
2001 2002 2003 2004

ROE

ROE (%)



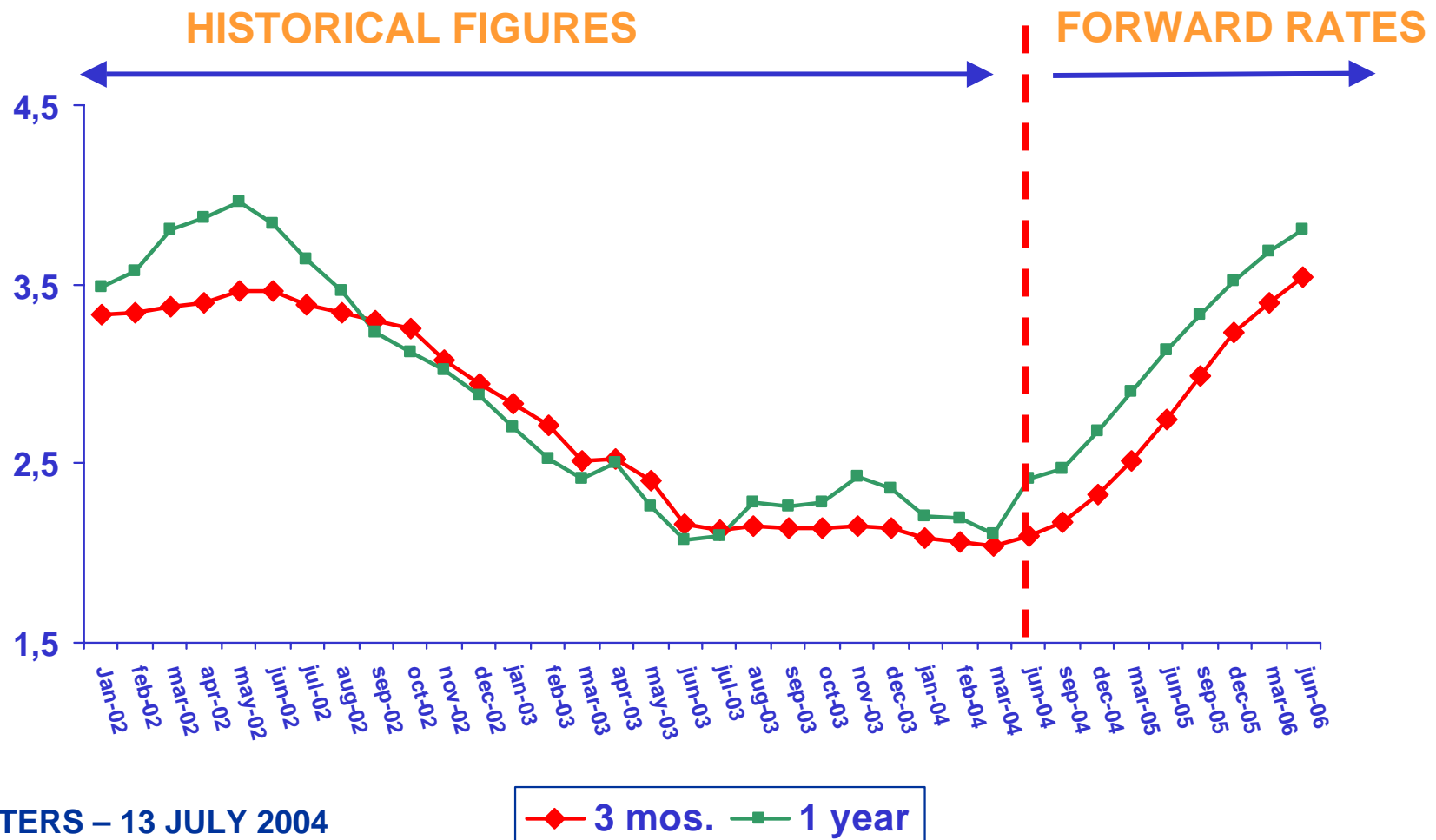
(*) After capital increase for BNC acquisition

ANNEX

MACROECONOMIC PARAMETERS

MACROECONOMIC PARAMETERS

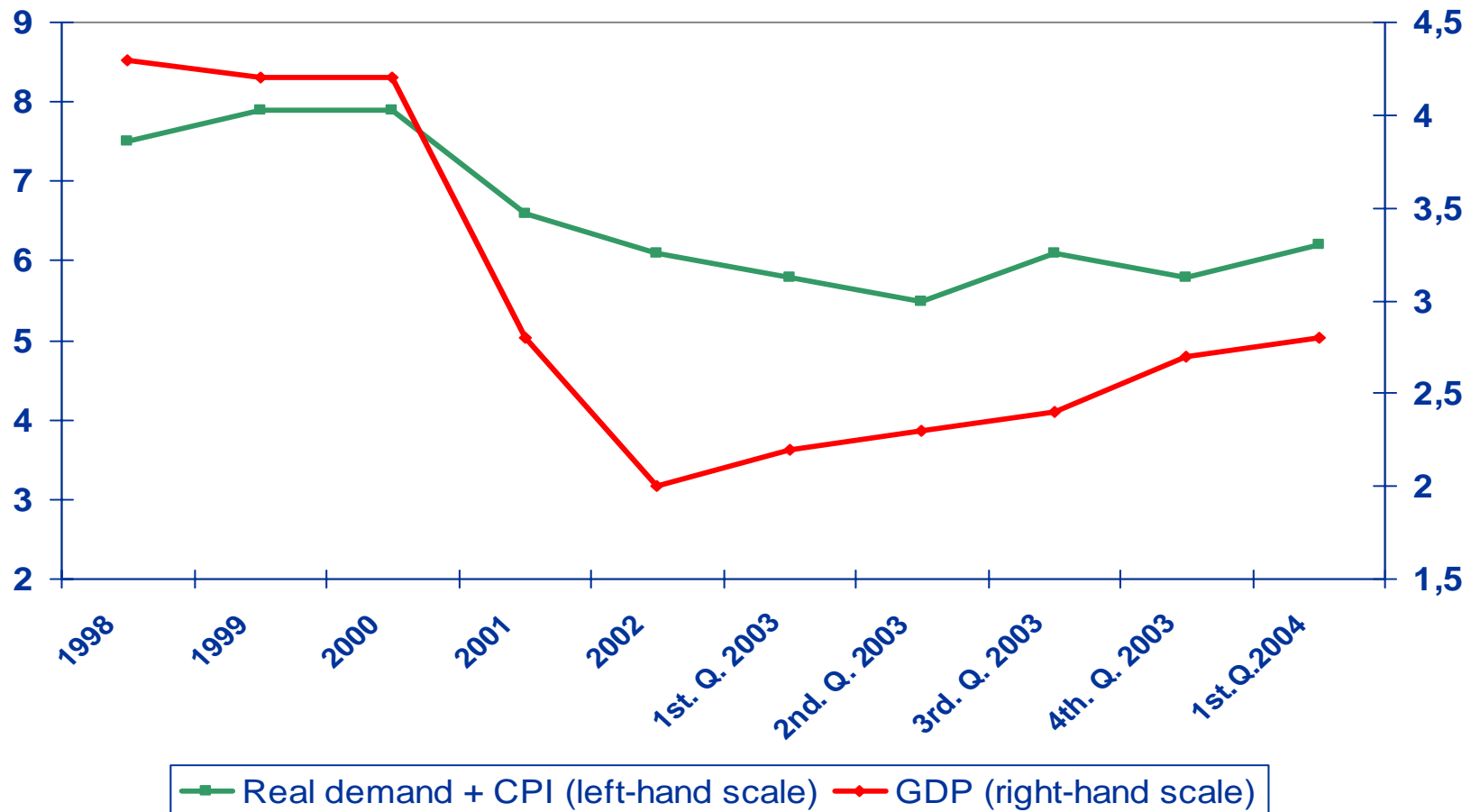
INTEREST RATES TRENDS: Change of cycle



MACROECONOMIC PARAMETERS

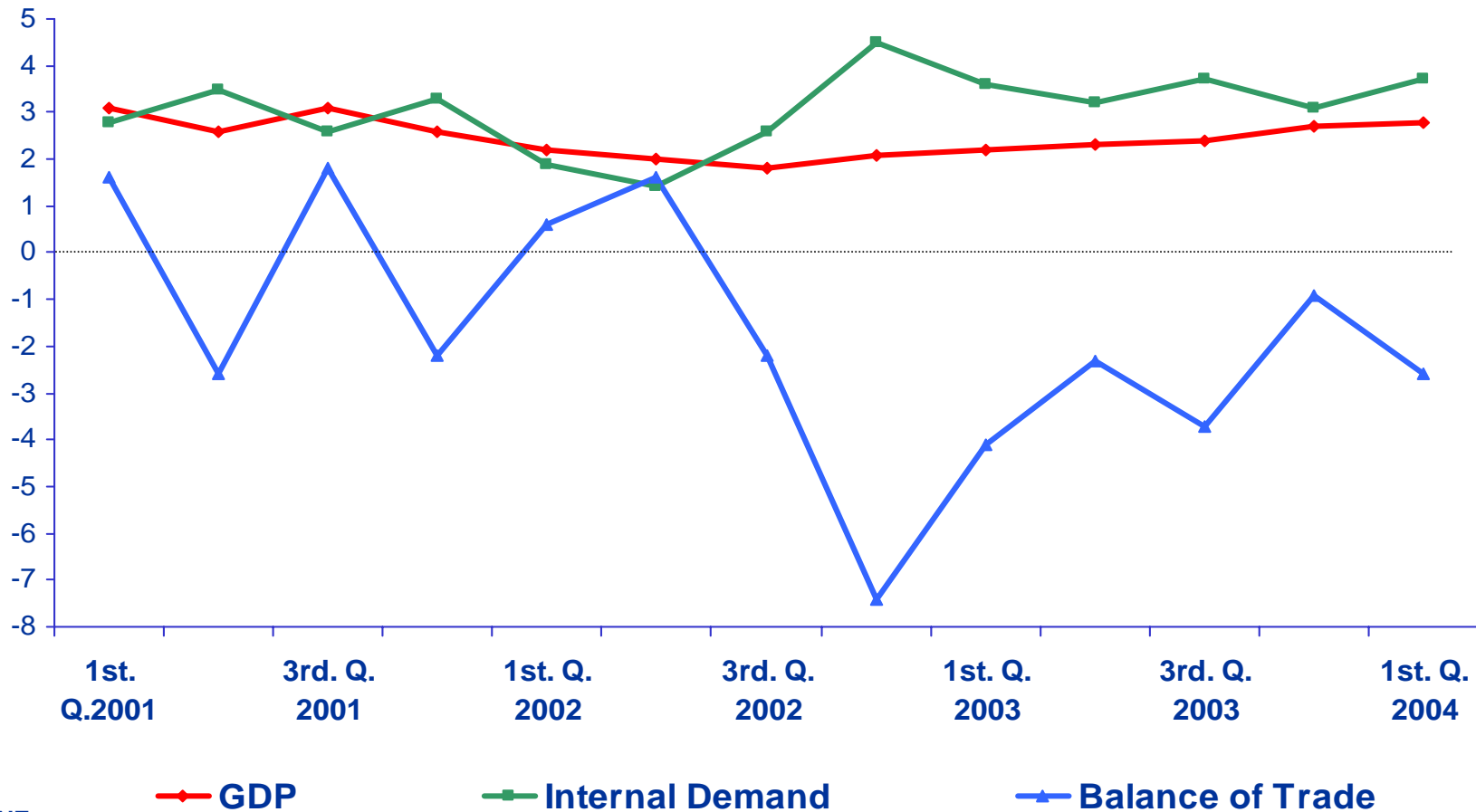
... AND RECOVERY OF GDP & NOMINAL DEMAND

Annual growth (%)



MACROECONOMIC PARAMETERS

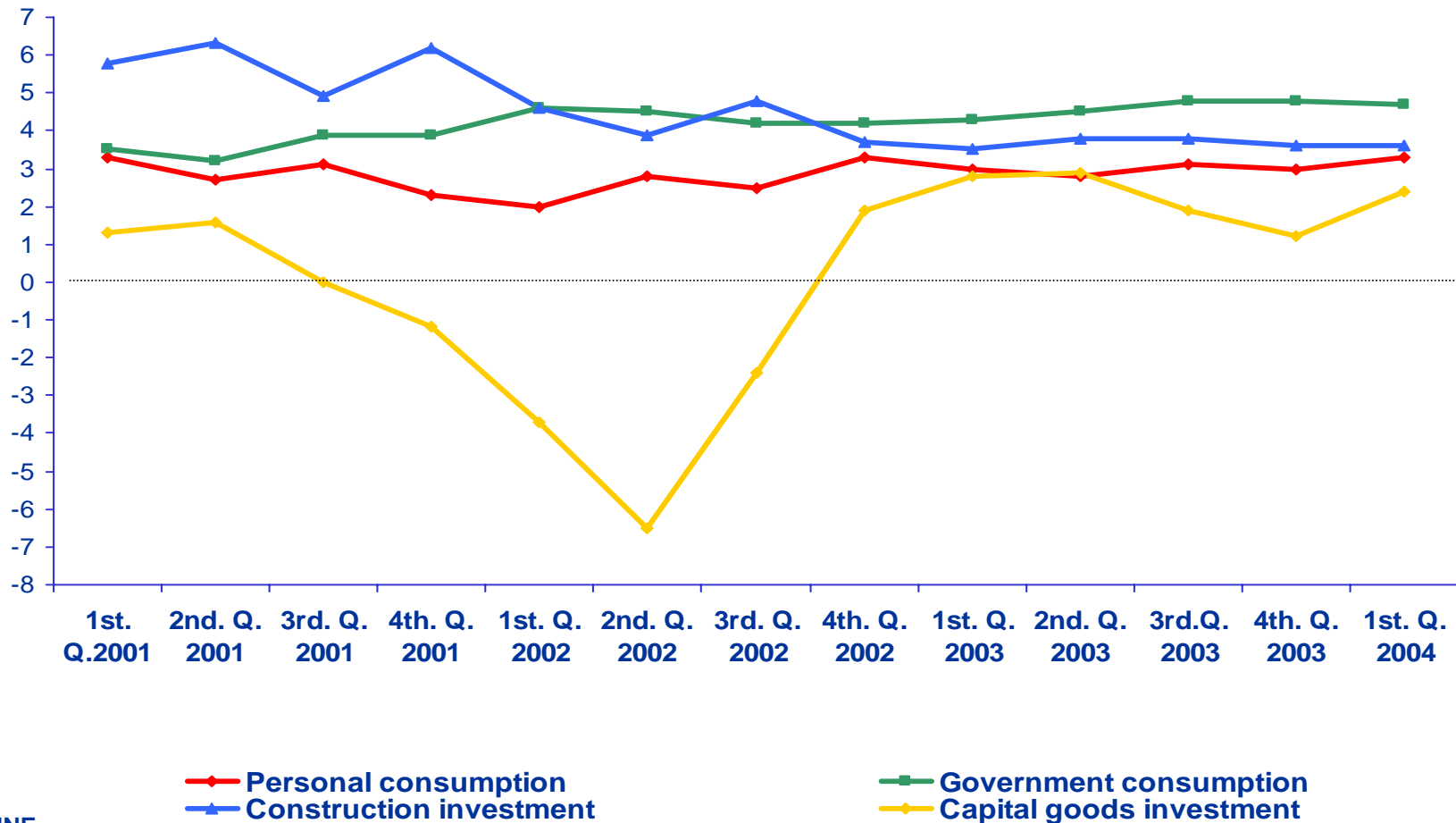
Internal demand is sustaining Spanish recovery, still very modest, because



Source: INE

MACROECONOMIC PARAMETERS

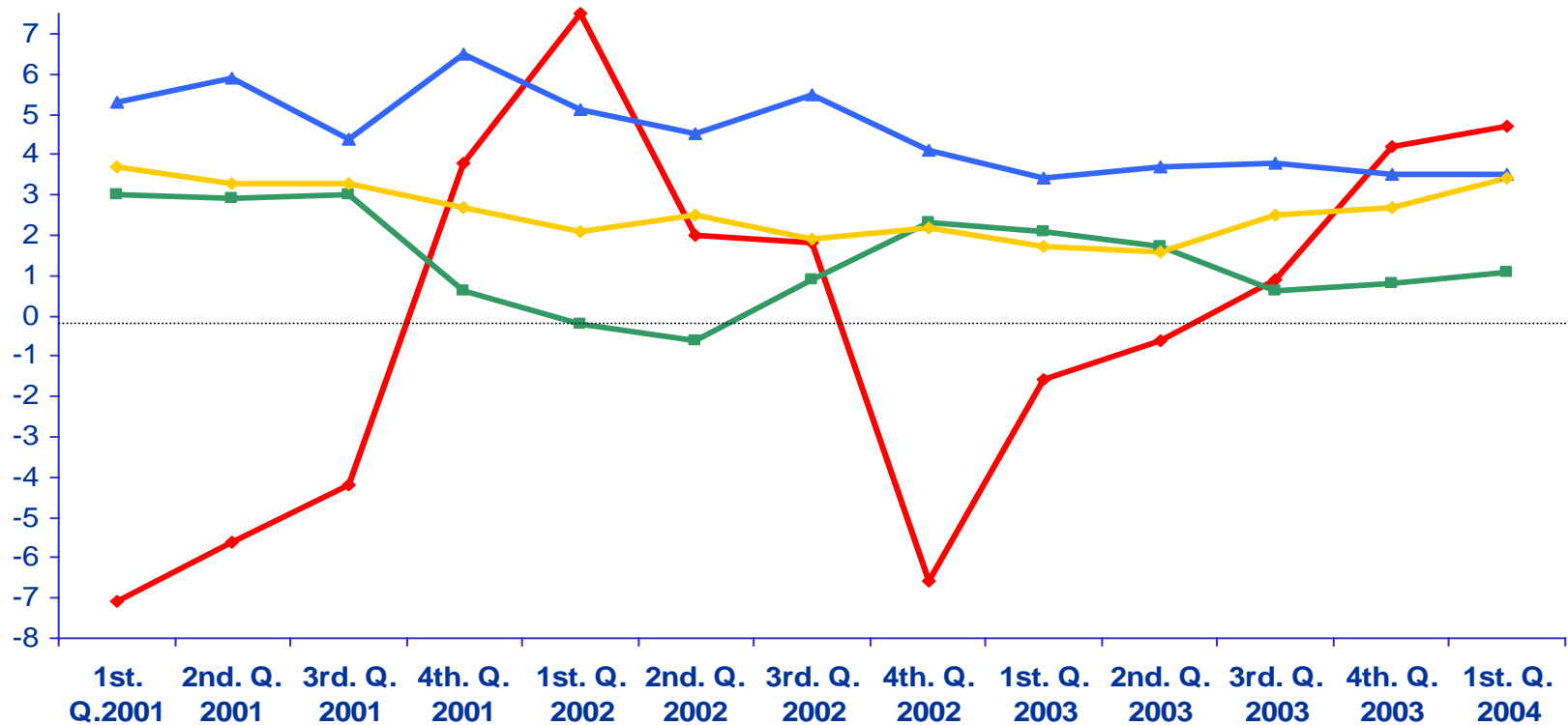
Components of demand have converged, but capital goods investment is lagging; diffidence has not disappeared



Source: INE

MACROECONOMIC PARAMETERS

Construction is softly landing, industry has again lost steam and services are not booming



Primary sector Industry & Energy Construction Services

Source: INE

LOOKING AHEAD: POSITIVE IMPACT FROM RATES INCREASE

DURATION

(June 30, 2004)

	Amount MM Euros	Interest Rate %	PV MM Euros	Duration Days	Holding Period 365 PV MM Euros	Duration Days
SENSITIVE ASSETS	53,138.9	3.88	53,697.2	204.39	50,330.0	135.69
MONETARY MARKET	9,642.0	2.14	9,660.3	85.34	9,096.7	30.44
LOANS	42,624.1	4.28	43,170.7	191.38	40,920.0	159.63
SECURITIES	872.8	3.63	866.2	2,180.21	313.3	63.81
SENSITIVE LIABILITES	39,728.1	2.23	39,840.3	99.03	39,150.5	85.87
MONETARY MARKET	17,654.6	2.13	17,689.2	53.97	17,579.3	44.88
CUSTOMER DEPOSITS	13,842.9	1.92	13,866.4	122.97	13,341.7	93.37
SECURITIES	8,230.6	2.95	8,284.7	155.16	8,229.5	152.74
EQUITY	2,875.5		13,856.9	507.30		



Banco Popular Español

Velázquez 34. 28001 Madrid

Telephone: 34 915207000. Fax: 34 915779208

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