

ANEXO

Customer funds				
(€ thousand)			Variation	
	2002	2001	Amount	%
Customer deposits:	23,690,329	22,615,236	1,075,093	4.8
<i>From public bodies:</i>	366,946	311,132	55,814	17.9
Demand deposits	322,498	247,083	75,415	30.5
Savings deposits	8,708	12,054	(3,346)	(27.8)
Time deposits	35,684	51,927	(16,243)	(31.3)
Assets sold under repurchase agreements	56	68	(12)	(17.6)
Other accounts	-	-	-	
<i>From other residents:</i>	20,432,228	19,458,265	973,963	5.0
Deposits of private-sector residents:	19,446,055	18,192,152	1,253,903	6.9
Demand deposits	7,251,913	7,025,173	226,740	3.2
Savings deposits	3,723,869	3,453,534	270,335	7.8
Time deposits	8,470,273	7,713,445	756,828	9.8
Assets sold under repurchase agreements	986,173	1,266,113	(279,940)	(22.1)
Other accounts	-	-	-	
<i>From nonresidents:</i>	2,891,155	2,845,839	45,316	1.6
Demand deposits	521,167	479,390	41,777	8.7
Savings deposits	769,318	645,476	123,842	19.2
Time deposits	1,597,828	1,716,511	(118,683)	(6.9)
Assets sold under repurchase agreements	895	2,568	(1,673)	(65.1)
Other accounts	1,947	1,894	53	2.8
Bonds and other marketable debt securities	6,009,968	2,986,466	3,023,502	>
Bonds and debentures outstanding	4,264,766	1,968,146	2,296,620	>
Promissory notes and other securities ..	1,745,202	1,018,320	726,882	71.4
Subordinated financing	245,356	263,469	(18,113)	(6.9)
Total (a)	29,945,653	25,865,171	4,080,482	15.8
Other intermediated customer funds:				
Financial assets sold outright				
to customers (outstanding balances).	559,725	655,584	(95,859)	(14.6)
Mutual funds	5,939,233	5,815,695	123,538	2.1
Asset portfolio management	609,964	406,336	203,628	50.1
Pension funds	2,433,446	2,350,675	82,771	3.5
Life insurance technical reserves	458,336	457,414	922	0.2
Total (b)	10,000,704	9,685,704	315,000	3.3
Total (a+b)	39,946,357	35,550,875	4,395,482	12.4

Loans and discounts

(€ thousand)

	2002	2001	Variation	
			Amounts	In %
<i>To public bodies:</i>	31,395	30,429	966	3.2
Secured loans	—	—	—	
Other term loans	31,180	30,383	797	2.6
Overdrafts and other	215	46	169	>
<i>To other residents:</i>	32,740,751	26,652,900	6,087,851	22.8
Trade loans and discounts	4,474,633	4,201,563	273,070	6.5
Secured loans:	16,154,033	11,262,796	4,891,237	43.4
Mortgage loans	16,099,676	11,223,590	4,876,086	43.4
Other	54,357	39,206	15,151	38.6
Other term loans:	8,869,530	8,325,869	543,661	6.5
Loans and credits	8,715,726	8,226,529	489,197	5.9
Repos	153,804	99,340	54,464	54.8
Overdrafts and other	1,161,768	1,009,182	152,586	15.1
Leasing	2,080,787	1,853,490	227,297	12.3
<i>To nonresidents:</i>	1,204,258	888,822	315,436	35.5
Trade loans and discounts	239,053	191,090	47,963	25.1
Secured loans	424,662	302,389	122,273	40.4
Mortgage loans	413,809	296,019	117,790	39.8
Other	10,853	6,370	4,483	70.4
Other term loans	499,810	348,422	151,388	43.4
Overdrafts and other	40,733	46,921	(6,188)	(13.2)
<i>Nonperforming loans:</i>	345,387	247,859	97,528	39.3
To public bodies	637	698	(61)	(8.7)
To other residents	334,544	238,497	96,047	40.3
To nonresidents	10,206	8,664	1,542	17.8
Total	34,321,791	27,820,010	6,501,781	23.4

Risk performance

(€ thousand)

	2002	2001	Variation	
			Amount	%
<i>Nonperforming loans*:</i>				
Balance at January 1	256,035	208,603	47,432	22.7
Additions	397,063	268,628	128,435	47.8
Balances recovered	(196,461)	(123,135)	(73,326)	59.5
Net variation for the year	200,602	145,493	55,109	37.9
% increase	78.3	69.7	8.6	
Writeoffs	(103,360)	(98,061)	(5,299)	5.4
Balance at December 31	353,277	256,035	97,242	38.0
<i>Allowance for credit losses:</i>				
Balance at January 1	506,129	383,891	122,238	31.8
Annual provision:				
Gross	312,871	253,962	58,909	23.2
Recoveries	(58,650)	(35,294)	(23,356)	66.2
Net	254,221	218,668	35,553	16.3
Other variations	17,081	1,631	15,450	>
Writeoffs	(95,683)	(98,061)	2,378	(2.4)
Balance at December 31	681,748	506,129	175,619	34.7
Foreclosed real estate assets	59,788	63,512	(3,724)	(5.9)
Allowance for potential losses on foreclosed assets	23,864	25,830	(1,966)	(7.6)
<i>Pro memoria:</i>				
Total risks	39,604,214	32,098,293	7,505,921	23.4
Loans transferred to suspense accounts	748,117	673,167	74,950	11.1
Nonperforming mortgage loans	14,230	12,462	1,768	14.2
<i>Risk quality measures (%):</i>				
Nonperformance (Nonperforming loans/Total risks)	0.89	0.80	0.09	
Insolvency (Writeoffs/Total risks)	0.26	0.31	(0.05)	
Coverage: (Credit loss allowance / Nonperforming loans)	192.98	197.68	(4.70)	
Coverage: (Allowance for potential losses on foreclosed assets/total foreclosed assets)	39.91	40.67	(0.76)	

* Including doubtful off-balance sheet risks, but excluding country risk and the related country risk allowance

Allowance for nonperforming loans as of December 31

(€ thousand)

	2002		2001	
	Balance	Total Provisioning	Balance	Total Provisioning
Doubtful balances with specific allowances:	333,095	150,505	226,894	109,728
Ordinary	322,187	145,240	213,454	103,464
Secured by prime collateral	3,043	1,140	5,051	1,886
Off-balance sheet risks	7,865	4,125	8,389	4,378
Doubtful balances with general allowances	16,975	113	25,889	221
Doubtful balances for which allowances are not required:	3,207		3,252	
Total nonperforming loans	353,277	150,618	256,035	109,949
Other specific provisioning	15,417	886	16,265	1,289
Other specific provisioning	38,548,256	348,955	31,427,282	287,585
Allowances for ordinary risks:	31,242,443	312,425	26,098,029	260,937
General provisioning (1%)	7,305,813	36,530	5,329,253	26,648
Reduced provisioning (0.5%)		154,694		97,365
Statistical allowance		655,153		496,188
Total required provisions		681,748		506,129
Balance of credit loss allowances		26,595		9,941

Income statements

(€ thousand)	2002	2001	% increase (decrease)
Interest and similar revenues	2,355,978	2,284,119	3.1
– Interest and similar charges:	795,750	892,578	(10.8)
<i>On liabilities</i>	795,750	873,231	(8.9)
<i>Allocable to pension allowance</i>	–	19,347	(100.0)
+ Revenues from equity securities	31,153	10,000	>
= Net interest revenue	1,591,381	1,401,541	13.5
+ Fees for services, net:	572,712	567,347	0.9
<i>Loan-related fees</i>	73,153	74,724	(2.1)
<i>Fees for guarantees, other sureties and documentary credits</i>	57,042	49,151	16.1
<i>Fees for other banking services</i>	442,517	443,472	(0.2)
= Basic banking revenue	2,164,093	1,968,888	9.9
+ Asset trading and exchange profits, net:	28,948	44,984	(35.6)
<i>Financial asset trading income</i>	1,772	10,151	(82.5)
<i>Less: Writedowns of securities portfolio and derivatives</i>	(8,852)	(1,723)	>
<i>Exchange, translation and dealing gains</i>	36,028	36,556	(1.4)
= Ordinary revenue	2,193,041	2,013,872	8.9
– Operating costs:	782,775	749,208	4.5
<i>Personnel expenses</i>	552,354	538,666	2.5
<i>General expenses</i>	197,119	179,305	9.9
<i>Taxes other than income tax</i>	33,302	31,237	6.6
– Depreciation	67,907	68,203	(0.4)
+ Other operating income	1,901	1,474	29.0
– Other operating expenses:	36,157	41,352	(12.6)
<i>Contribution to Deposit Guarantee Fund</i>	12,361	17,389	(28.9)
<i>Directors' fees and other mandated appropriations</i>	22,936	22,976	(0.2)
<i>Other</i>	860	987	(12.9)
= Operating income	1,308,103	1,156,583	13.1
+ Share in equity method investees' income, net	4,745	5,048	(6.0)
– Amortization of goodwill in consolidation	63,420	8,058	>
+ Gains (Losses) on group transactions, net	108	2,796	(96.1)
– Writeoffs and provisions for credit losses:	235,088	190,617	23.3
<i>Provision to allowance for credit losses</i>	265,176	218,490	21.4
<i>Less: Recovery of bad debts written off</i>	(30,088)	(27,873)	7.9
– Provision to general banking risk allowance	9,402	–	
± Extraordinary gains (losses), net:	50,383	(113,558)	
<i>Gain on disposal of fixed assets</i>	16,829	9,084	85.3
<i>Extraordinary provision to allowance for pensions</i>	(18,098)	(39,993)	(54.7)
<i>Provision to allowances for other purposes</i>	55,220	(79,299)	
<i>Other</i>	(3,568)	(3,350)	6.5
= Income before taxes	1,055,429	852,194	23.8
– Corporate income tax provision	367,694	238,030	54.5
= Net income	687,735	614,164	12.0
– Minority interests	54,245	48,882	11.0
<i>Ordinary shares</i>	41,972	40,487	3.7
<i>Preference shares</i>	12,273	8,395	46.2
= Net income attributable to Popular shareholders	633,490	565,282	12.1

Service revenues

(€ thousand)

	2002	2001	% Variation
Loan-related fees:	73,153	74,724	(2.1)
<i>Bill discounting</i>	41,132	44,793	(8.2)
<i>Other</i>	32,021	29,931	7.0
Provision of guarantees and other sureties	57,042	49,151	16.1
Operating services:	442,517	443,472	(0.2)
Collection and payment handling :	242,504	228,779	6.0
<i>Note collection</i>	61,140	58,967	3.7
<i>Checks</i>	22,511	22,491	0.1
<i>Direct debit transactions</i>	16,684	14,816	12.6
<i>Payment systems</i>	100,396	93,842	7.0
<i>Fund transfers</i>	41,773	38,663	8.0
Foreign currency purchase and sale transactions	2,695	8,069	(66.6)
Customer financial asset management:	153,155	160,861	(4.8)
<i>Securities portfolio</i>	16,469	19,896	(17.2)
<i>Mutual funds</i>	88,851	94,631	(6.1)
<i>Pension plans</i>	47,835	46,334	3.2
Administration of demand deposits	45,570	40,407	12.8
Other	(1,407)	5,356	
Total	572,712	567,347	0.9

Itemized breakdown of general expenses and taxes other than income tax

(€ thousand)

	2002	2001	% Variation
<i>General expenses:</i>			
Rents and common services	34,478	31,717	8.7
Communications	25,547	27,462	(7.0)
Maintenance of premises and equipment	15,163	14,739	2.9
EDP expenses	55,776	49,253	13.2
Stationery and office supplies	7,186	7,101	1.2
Technical reports and legal expenses ..	5,159	4,029	28.0
Advertising	10,571	7,311	44.6
Insurance	4,618	3,945	17.1
Security and fund transport services	15,779	12,857	22.7
Travel	7,879	8,333	(5.4)
Other*	14,963	12,558	19.2
Total	197,119	179,305	9.9
<i>Taxes other than income tax:</i>			
Stamp duties	-	-	-
Municipal tax	687	698	(1.6)
Urban property tax	1,439	1,517	(5.1)
Business license tax	5,856	5,468	7.1
Value added tax	24,348	21,916	11.1
Other	972	1,638	(40.7)
Total	33,302	31,237	6.6

* Net of the expenses recovered from third parties not allocated to their respective captions

Yields and costs

(€ thousand and rates annualized)	2002				2001			
	Average balance	Distribution (%)	Revenue or expense	Average rate (%)	Average balance	Distribution (%)	Revenue or expense	Average rate (%)
Treasury bills and Bank of Spain certificates of deposit	161,707	0.40	6,258	3.87	343,983	1.00	15,367	4.47
Financial system:	5,748,748	14.33	167,312	2.91	5,834,947	16.88	255,801	4.38
In euros	3,586,989	8.94	120,112	3.35	3,716,963	10.75	154,604	4.16
In foreign currencies	2,161,759	5.39	47,200	2.18	2,117,984	6.13	101,197	4.78
Loans and discounts (a):	30,958,529	77.19	2,159,203	6.97	25,799,726	74.63	1,977,714	7.67
In euros	30,553,517	76.18	2,148,441	7.03	25,452,745	73.63	1,960,870	7.70
In foreign currencies	405,012	1.01	10,762	2.66	346,981	1.00	16,844	4.85
Securities portfolio:	1,154,937	2.88	54,358	4.71	904,786	2.62	45,237	5.00
Government debt securities	99,508	0.25	4,672	4.70	142,909	0.41	7,012	4.91
Other fixed-interest securities	526,868	1.31	18,533	3.52	596,901	1.73	28,225	4.73
Equity securities	528,561	1.32	31,153	5.89	164,976	0.48	10,000	6.06
<i>Total earning assets (b)</i>	<i>38,023,921</i>	<i>94.80</i>	<i>2,387,131</i>	<i>6.28</i>	<i>32,883,442</i>	<i>95.13</i>	<i>2,294,119</i>	<i>6.98</i>
Other assets	2,083,553	5.20	–	–	1,686,655	4.87	–	–
Total assets	40,107,474	100.00	2,387,131	5.95	34,570,097	100.00	2,294,119	6.63
Financial system:	6,680,651	16.66	194,847	2.92	6,006,216	17.37	256,079	4.26
In euros	4,743,289	11.83	159,521	3.36	4,202,616	12.16	178,900	4.26
In foreign currencies	1,937,362	4.83	35,326	1.82	1,803,600	5.21	77,179	4.28
Customer funds (c):	28,582,782	71.26	600,903	2.10	23,905,706	69.15	617,152	2.58
Customer accounts:	23,444,701	58.45	439,692	1.88	21,276,115	61.54	506,804	2.38
In euros:	22,564,289	56.26	426,902	1.89	20,393,987	58.99	476,583	2.34
Demand and savings deposits	11,817,007	29.46	83,769	0.71	10,670,715	30.87	90,780	0.85
Time deposits	9,249,207	23.07	291,816	3.16	8,257,722	23.88	318,384	3.86
Assets sold under repurchase agreements	1,496,237	3.73	51,317	3.43	1,463,724	4.23	67,419	4.61
Other	1,838	–	–	–	1,826	0.01	–	–
In foreign currencies	880,412	2.19	12,790	1.45	882,128	2.55	30,221	3.43
Bonds and other marketable debt securities	5,138,081	12.81	161,211	3.14	2,629,591	7.61	110,348	4.20
Pension allowance	–	–	–	–	358,678	1.04	19,347	5.39
<i>Total interest-bearing liabilities (d)</i>	<i>35,263,433</i>	<i>87.92</i>	<i>795,750</i>	<i>2.26</i>	<i>30,270,600</i>	<i>87.56</i>	<i>892,578</i>	<i>2.95</i>
Other non-interest-bearing liabilities	2,538,224	6.33	–	–	2,255,262	6.53	–	–
Capital accounts	2,305,817	5.75	–	–	2,044,235	5.91	–	–
Total liabilities and capital	40,107,474	100.00	795,750	1.98	34,570,097	100.00	892,578	2.58
<i>Customer spread (a-c)</i>				4.87				5.09
<i>Spread (b-d)</i>				4.02				4.03

Quarterly yields and costs

(Data in % and rates annualized)	2001								2002							
	1st		2nd		3rd		4th		1st		2nd		3rd		4th	
	Distri- bution	Rate	Distri- bution	Rate	Distri- bution	Rate	Distri- bution	Rate	Distri- bution	Rate	Distri- bution	Rate	Distri- bution	Rate	Distri- bution	Rate
Treasury bills and Bank of Spain certificates of deposit	0.70	4.22	0.94	4.80	1.16	4.59	1.15	4.23	0.92	4.19	0.47	3.65	0.22	3.08	0.05	3.86
Financial system	18.41	4.89	17.17	4.98	15.61	4.09	16.47	3.57	15.31	3.02	15.46	2.74	12.91	2.98	13.77	2.92
Loans and discounts (a)	73.72	7.77	74.49	7.79	75.60	7.64	74.63	7.48	74.53	7.33	75.88	7.13	79.05	6.86	78.99	6.65
Securities portfolio	2.69	7.07	2.46	5.19	2.75	4.20	2.57	3.74	3.23	5.83	3.18	4.76	2.77	5.13	2.40	2.83
<i>Total earning assets (b)</i>	<i>95.52</i>	<i>7.17</i>	<i>95.06</i>	<i>7.19</i>	<i>95.12</i>	<i>6.92</i>	<i>94.82</i>	<i>6.66</i>	<i>93.99</i>	<i>6.54</i>	<i>94.99</i>	<i>6.32</i>	<i>94.95</i>	<i>6.27</i>	<i>95.21</i>	<i>6.01</i>
Other assets	4.48	–	4.94	–	4.88	–	5.18	–	6.01	–	5.01	–	5.05	–	4.79	–
Total assets	100.00	6.85	100.00	6.83	100.00	6.58	100.00	6.32	100.00	6.15	100.00	6.00	100.00	5.96	100.00	5.73
Financial system	15.54	5.09	17.26	4.75	17.32	4.00	19.16	3.49	18.08	3.00	17.21	2.69	14.24	3.13	17.18	2.88
Customer funds (c)	70.25	2.75	69.80	2.70	68.31	2.64	67.33	2.30	68.16	2.08	69.42	2.15	72.43	2.17	70.10	2.14
Pension allowance	1.24	5.33	1.22	5.38	1.23	5.45	0.50	5.43	–	–	–	–	–	–	–	–
<i>Total interest-bearing liabilities (d)</i>	<i>87.03</i>	<i>3.20</i>	<i>88.28</i>	<i>3.13</i>	<i>86.86</i>	<i>2.95</i>	<i>86.99</i>	<i>2.58</i>	<i>86.24</i>	<i>2.27</i>	<i>86.63</i>	<i>2.26</i>	<i>86.67</i>	<i>2.33</i>	<i>87.28</i>	<i>2.29</i>
Other non-interest-bearing liabilities	6.66	–	5.72	–	7.32	–	7.43	–	7.70	–	7.52	–	7.66	–	7.30	–
Capital accounts	6.31	–	6.00	–	5.82	–	5.58	–	6.06	–	5.85	–	5.67	–	5.42	–
Total liabilities and capital	100.00	2.79	100.00	2.77	100.00	2.56	100.00	2.25	100.00	1.96	100.00	1.95	100.00	2.02	100.00	2.00
<i>Customer spread (a-c)</i>		5.02		5.09		5.00		5.18		5.25		4.98		4.69		4.51
<i>Spread (b-d)</i>		3.97		4.06		3.97		4.08		4.27		4.06		3.94		3.72

Profitability

(As % of average total assets)

	2002	2001	Variation
Yield on assets	5.95	6.63	(0.68)
Cost of funds	1.98	2.58	(0.60)
<i>Net interest margin</i>	3.97	4.05	(0.08)
Yield on services, net	1.43	1.65	(0.22)
Yield on financial asset trading and exchange profits, net ..	0.07	0.13	(0.06)
<i>Ordinary margin</i>	5.47	5.83	(0.36)
Operating costs:	1.95	2.17	(0.22)
Personnel expenses	1.38	1.56	(0.18)
Other expenses	0.57	0.61	(0.04)
Depreciation	0.17	0.20	(0.03)
Other operating income / expenses, net	(0.09)	(0.11)	0.02
<i>Operating profitability</i>	3.26	3.35	(0.09)
Other items, net	0.05	0.04	0.01
Provisions and writedowns	0.68	0.92	(0.24)
<i>Pre-tax income return</i>	2.63	2.47	0.16
Corporate income tax	0.92	0.69	0.23
<i>Net income return (ROA)</i>	1.71	1.78	(0.07)
Pro memoria:			
Average total assets (€ million)	40,107	34,570	16.0%
Average total risk-weighted assets (RWA) (€ million) ...	33,747	28,066	20.2%
Net return on average risk-weighted assets (RORWA) (%)	2.04	2.19	(0.15)
Net return on average equity (ROE) (%)	27.47	27.65	(0.18)
Leverage	16.1 x	15.5 x	0.6
Operating efficiency (%)	35.69	37.20	(1.51)
