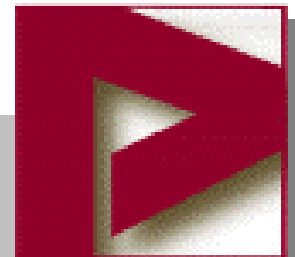


**Banco Popular  
Group**

**Staying on the upbeat**

**April 2003**



**Banco  
Popular**

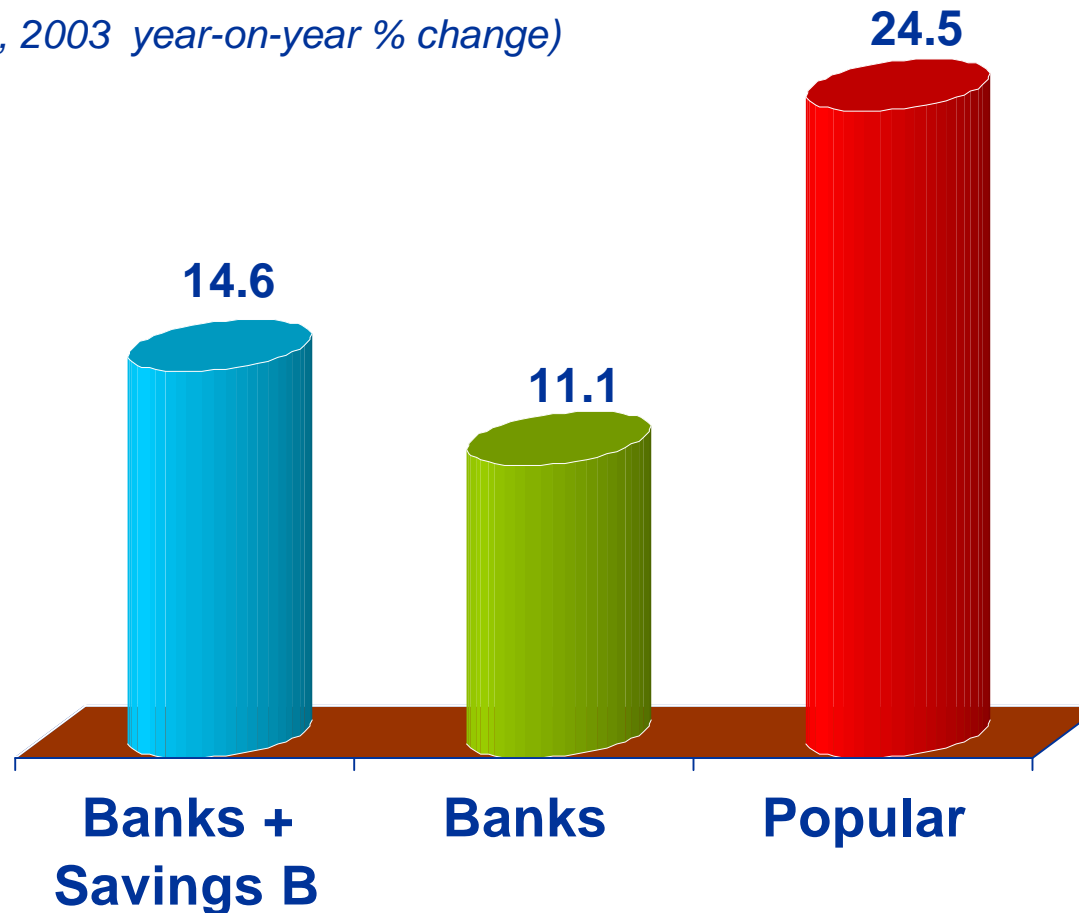
- ▶ **Market share gain**
- ▶ **Improvement in asset quality**
- ▶ **Customer base expansion**
- ▶ **Quality client base expansion**
- ▶ **New business line development**
- ▶ **Strong Revenues & EPS growth**
- ▶ **Best Cost/Income ratio in Spain & Europe**
- ▶ **Best ROE in Spain & Europe**
- ▶ **BNC Acquisition**
- ▶ **Best performing stock**

# MARKET SHARE GAIN

**Banco  
Popular**

## LOANS TO PRIVATE-SECTOR RESIDENTS

*(February 28, 2003 year-on-year % change)*



**Staying on the upbeat**

# MARKET SHARE GAIN

4

**Banco  
Popular**

## CORE LOAN BUSINESS (Residents only)

*(Accumulated % change)*

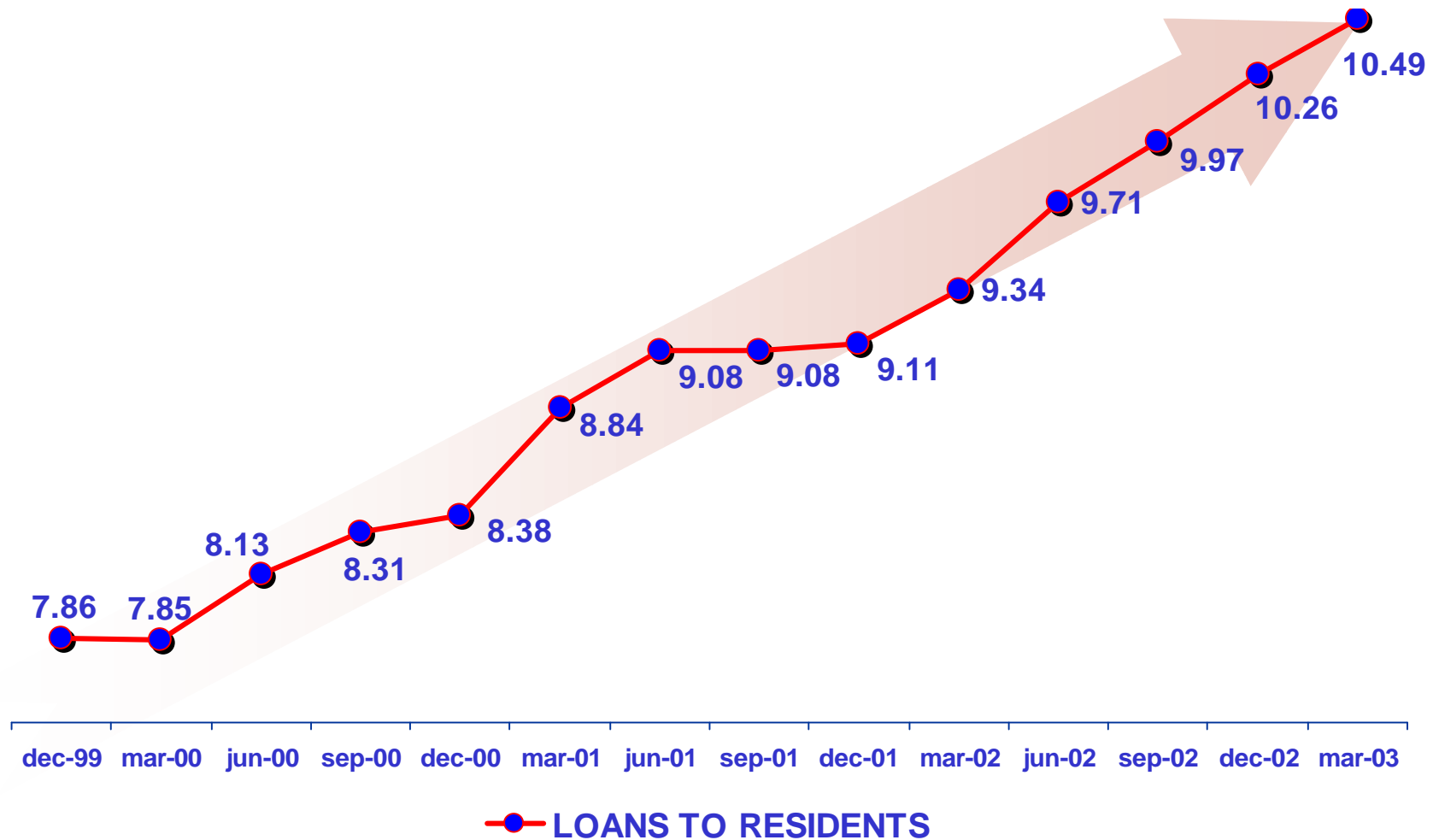
	<i>Sept.-02</i>	<i>Dec.-02</i>	<i>March-03</i>
<b>Bill discounting</b>	<b>(6.0)</b>	<b>6.5</b>	<b>6.5</b>
<b>Mortgage</b>	<b>35.3</b>	<b>36.8</b>	<b>36.3</b>
<b>Personal &amp; overdrafts</b>	<b>8.1</b>	<b>6.9</b>	<b>7.5</b>
<b>Leasing</b>	<b>9.2</b>	<b>10.3</b>	<b>12.5</b>
<b>TOTAL CORE LOAN PORTFOLIO</b>	<b>17.0</b>	<b>19.8</b>	<b>21.1</b>
<b>Excluding NPLs, REPOs &amp; Advances to Social Security &amp; BPH</b>			
<b>Total resident lending</b>	<b>20.7</b>	<b>23.0</b>	<b>23.5</b>

**Staying on the upbeat**

# MARKET SHARE GAIN

**Banco  
Popular**

## MARKET SHARE OVER COMMERCIAL BANKS



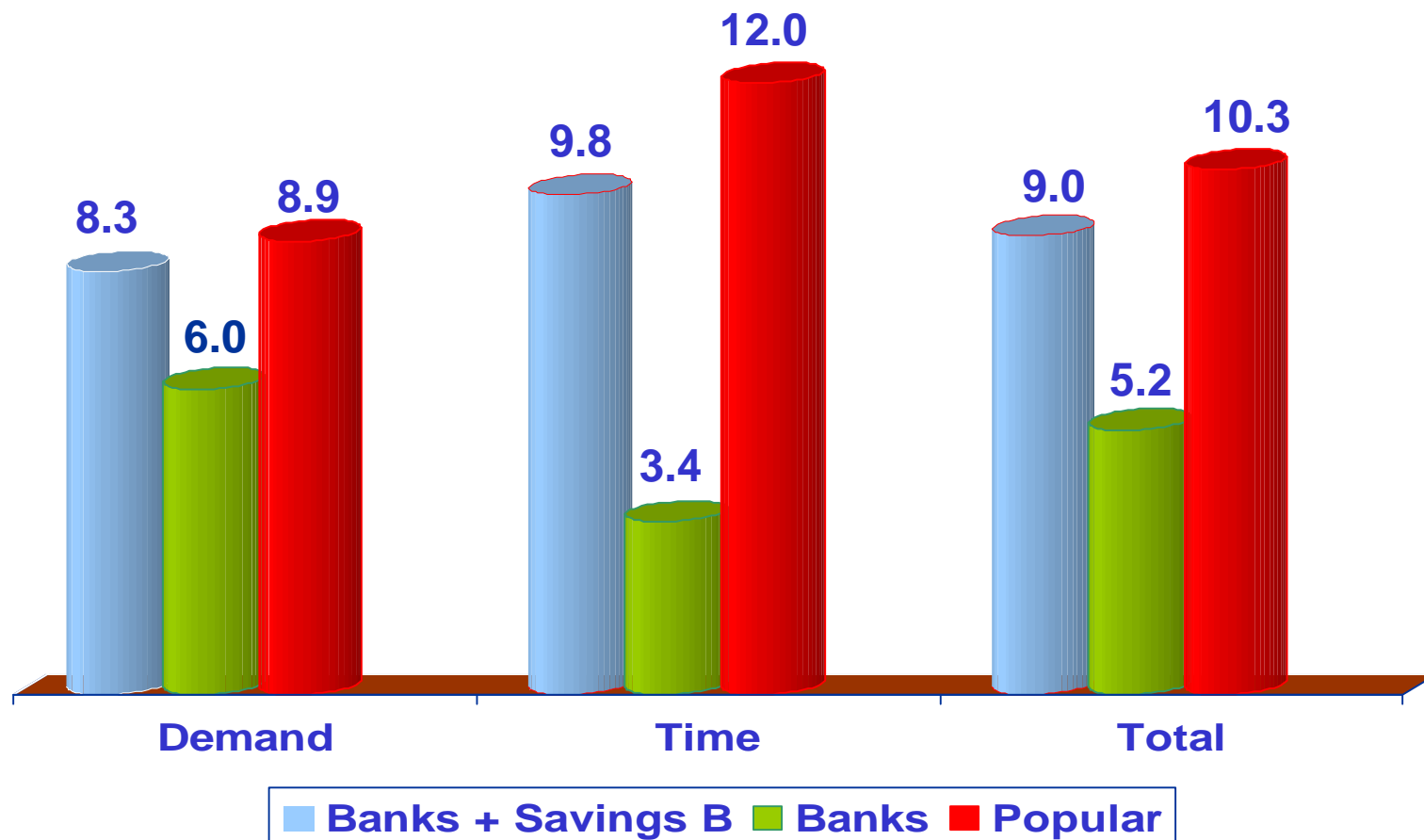
**Staying on the upbeat**

# MARKET SHARE GAIN

**Banco  
Popular**

## GROWTH OF DEPOSITS OF PRIVATE-SECTOR RESIDENTS

*(February 28, 2003 year-on-year % change)*



**Staying on the upbeat**

# MARKET SHARE GAIN

**Banco  
Popular**

## CORE RESIDENT-CUSTOMER DEPOSITS

*(Accumulated % change)*

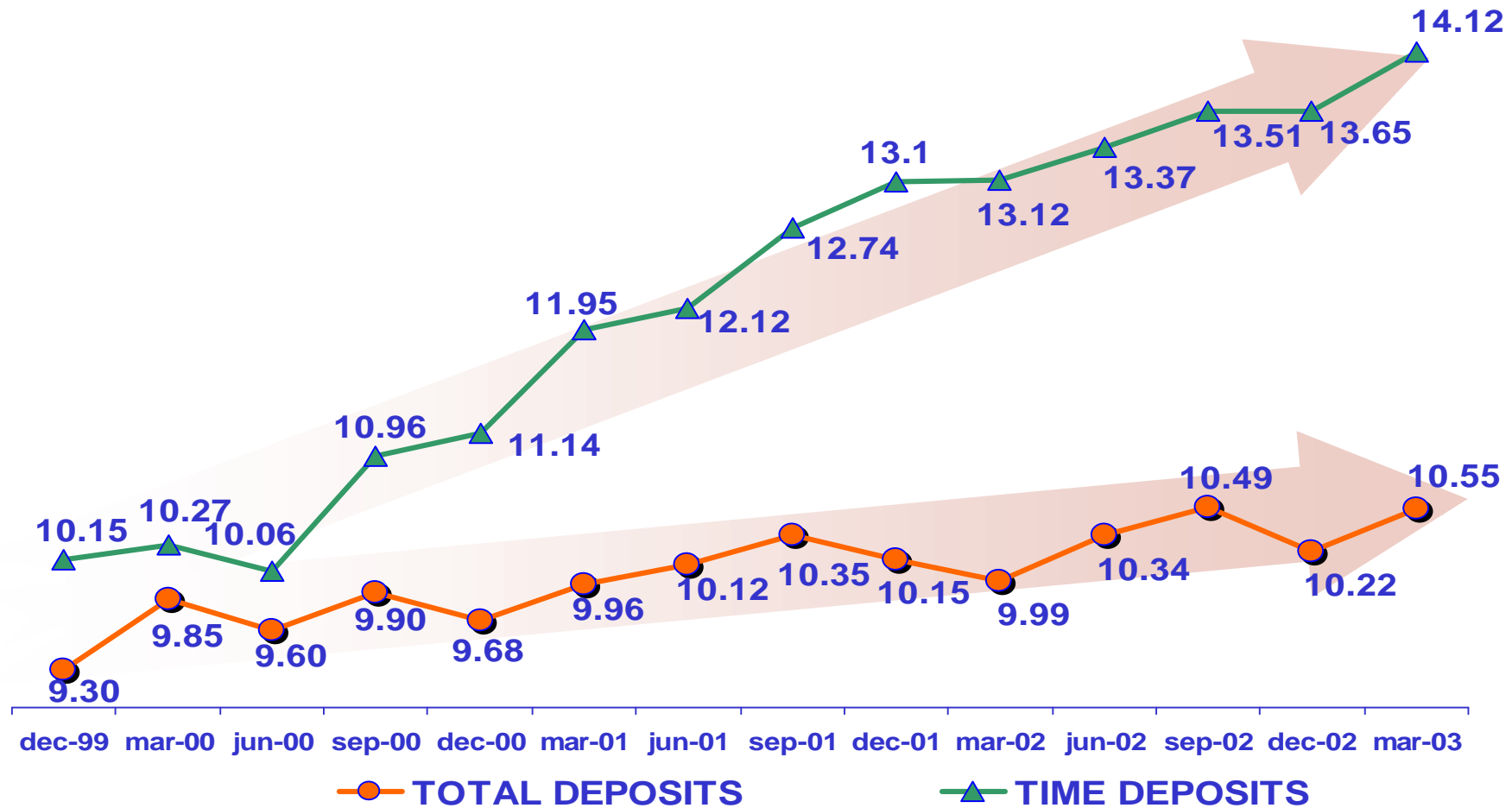
	<i>Sept.-02</i>	<i>Dec.-02</i>	<i>March-03</i>
<b>Demand deposits</b>	<b>8.6</b>	<b>4.7</b>	<b>7.3</b>
<b>Time deposits</b>	<b>9.5</b>	<b>9.8</b>	<b>11.7</b>
<b>Customers commercial paper</b>	<b>135.8</b>	<b>71.4</b>	<b>54.8</b>
<b>TOTAL</b>	<b>14.9</b>	<b>10.3</b>	<b>12.0</b>

**Staying on the upbeat**

# MARKET SHARE GAIN

**Banco  
Popular**

## MARKET SHARE OVER COMMERCIAL BANKS



**Staying on the upbeat**



# MARKET SHARE GAIN

**Banco  
Popular**

## MAJOR PRODUCTS MARKET SHARE

*(Accumulated % change)*

	Growth rate <i>March-03</i>		Market share <i>Dec.-02</i>	Of total loans
	As reported	Like for like		
Bill discounting	7.3	7.3	10.8	12.4
Mortgage loans	43.7	37.1	4.8	49.3
Personal loans & overdrafts	9.0	8.9	4.1	30.2
Leasing	14.4	12.5	9.7	6.0
Factoring	11.1	11.1	6.9	0.9
Pension funds*	0.9	0.9	6.8	
Mutual funds	5.3	5.3	3.5	

\* Assets in private/individual accounts

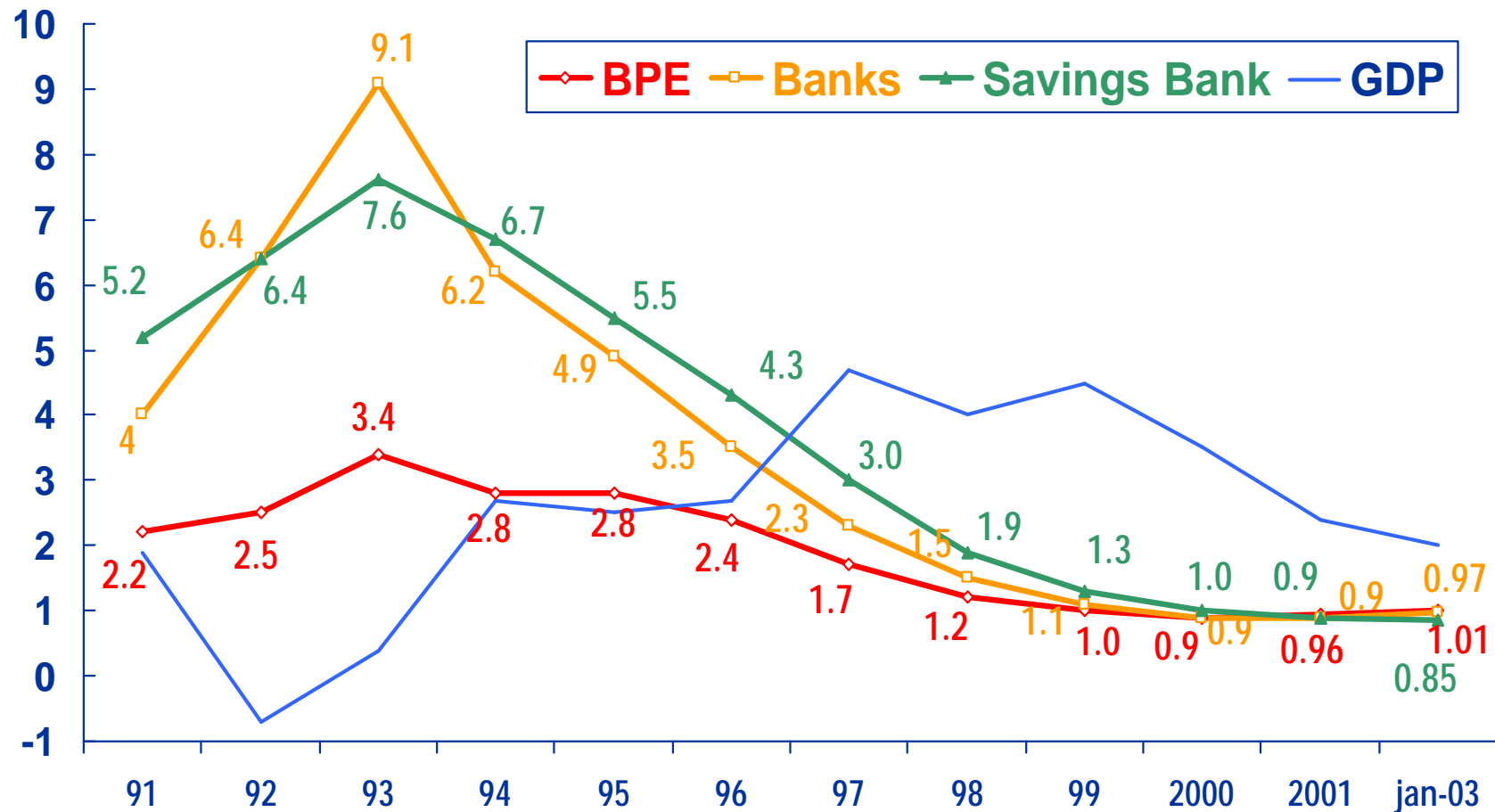
**Staying on the upbeat**

# IMPROVEMENT IN ASSET QUALITY

**Banco  
Popular**

## LOAN PORTFOLIO QUALITY

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

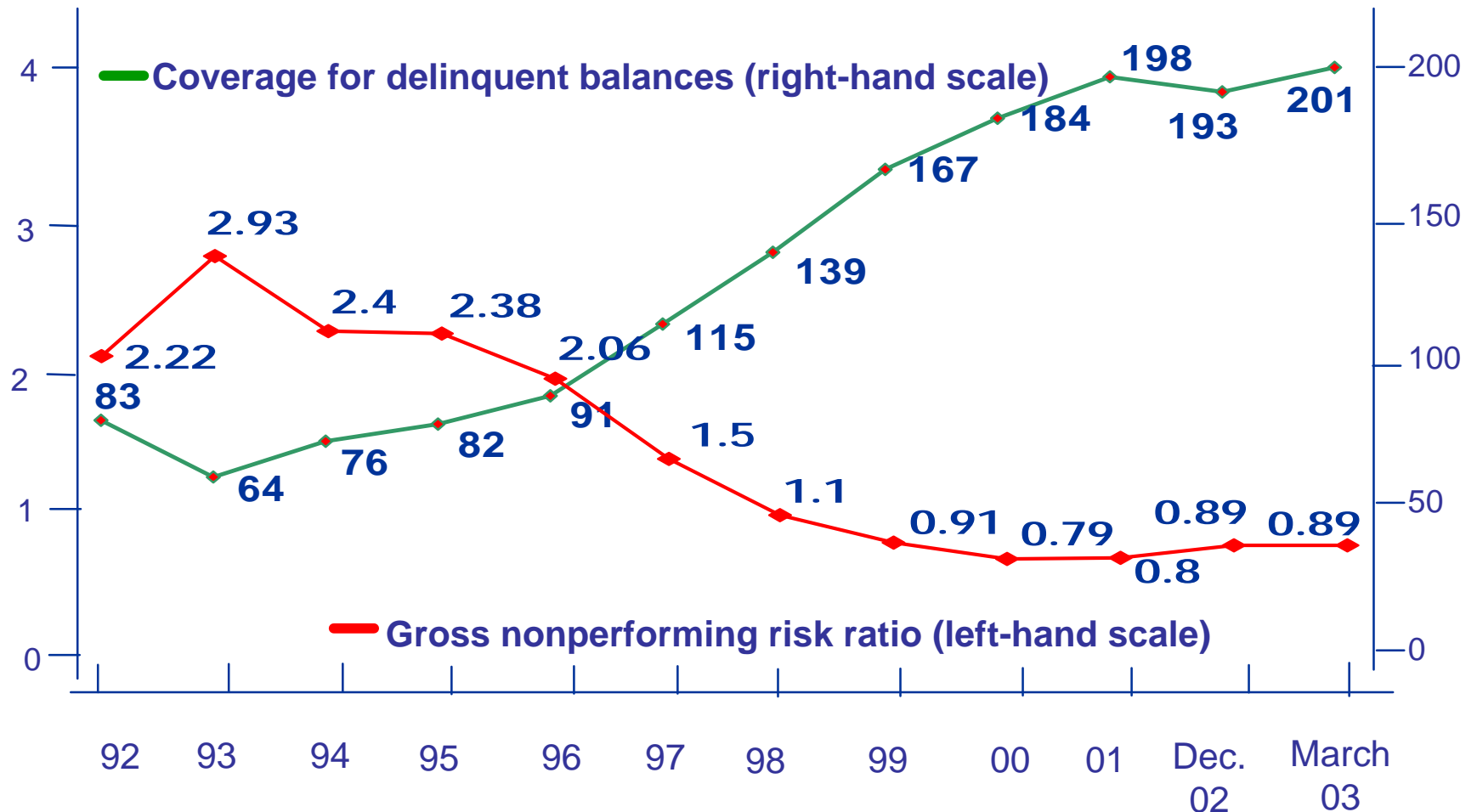


**Staying on the upbeat**

# IMPROVEMENT IN ASSET QUALITY

**Banco Popular**

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

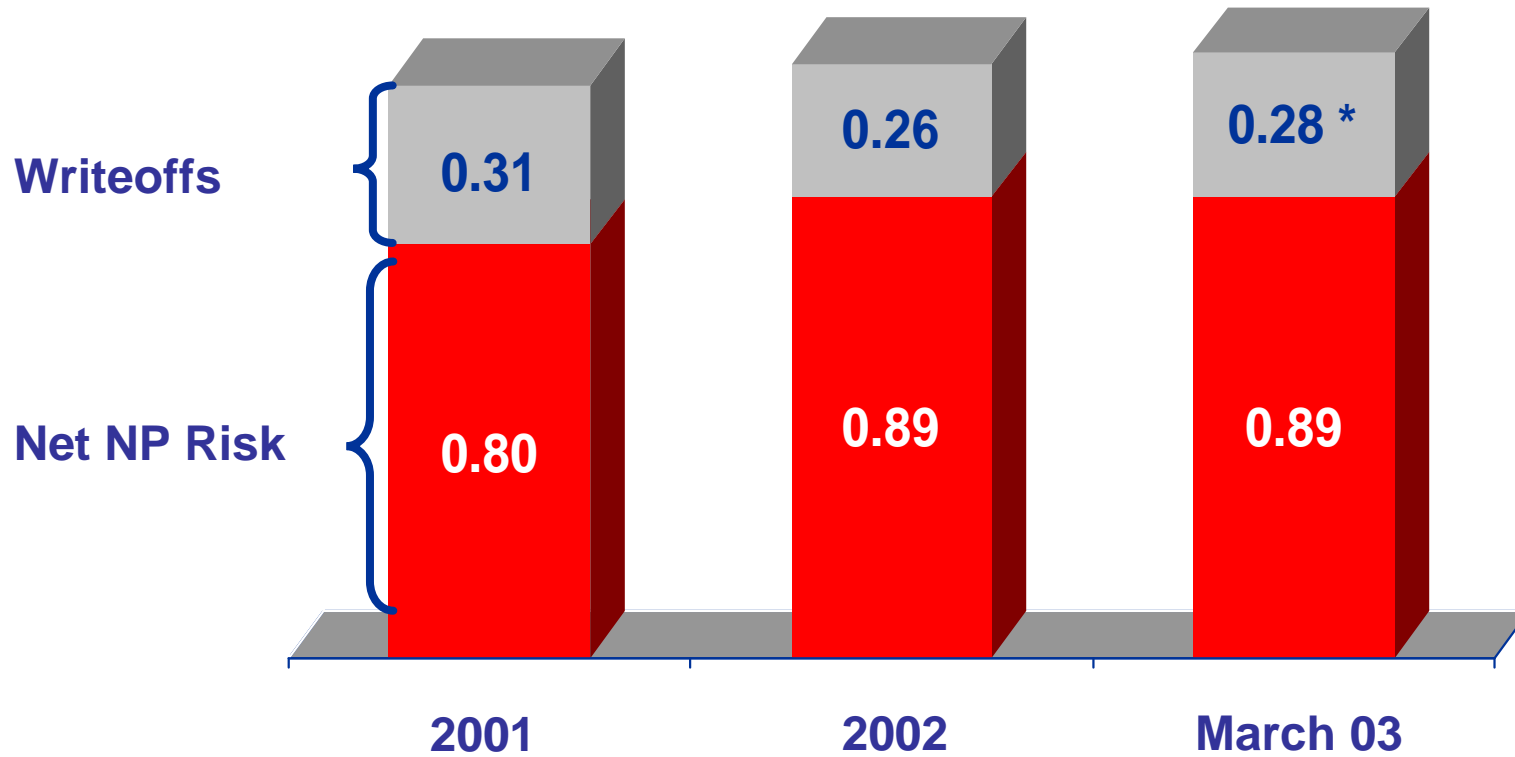


**Staying on the upbeat**

# IMPROVEMENT IN ASSET QUALITY

**Banco  
Popular**

## NON PERFORMING RISK (bps)



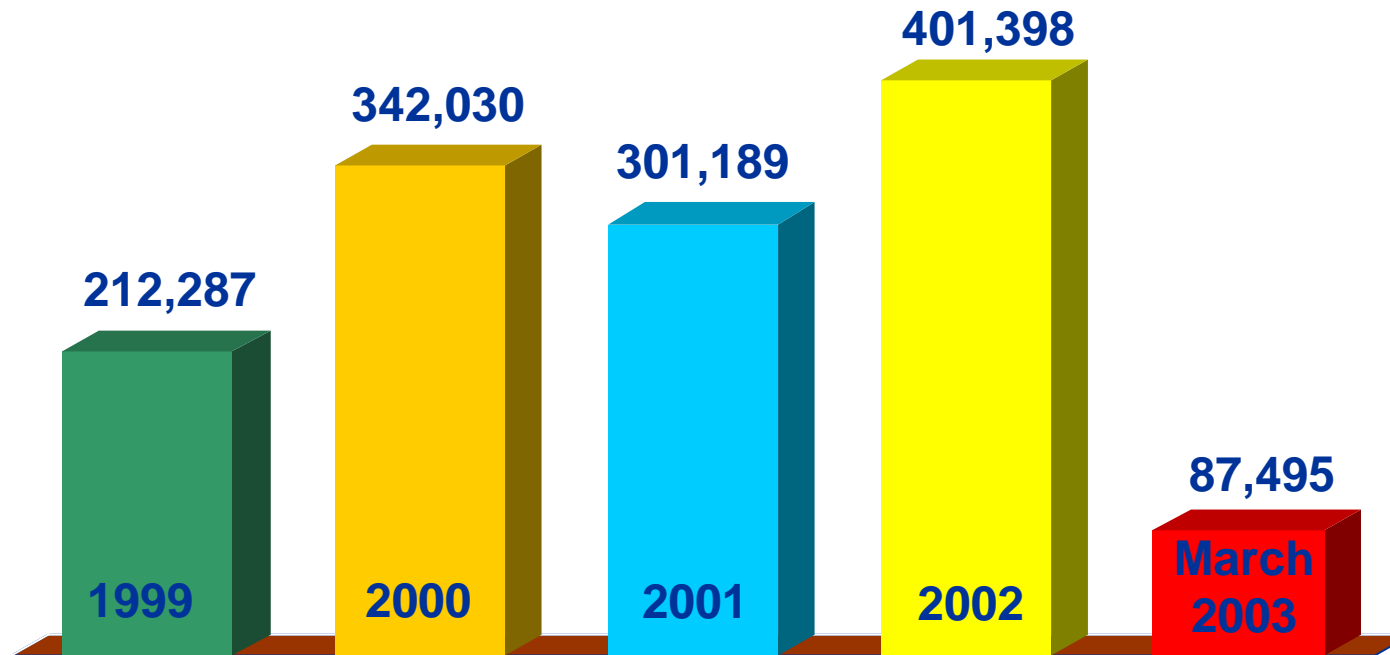
\* Annualized

**Staying on the upbeat**

# CUSTOMER BASE EXPANSION

**Banco Popular**

## NET NEW CLIENTS



**Total number of clients: 4,740,703**

Individuals: 4,380,775  
Corporate: 359,928

→ **y-o-y % 8.92**

**Staying on the upbeat**

# QUALITY CLIENT BASE EXPANSION<sup>14</sup>

**Banco  
Popular**

## AFFINITY GROUPS

*(Euro million)*

	No. of clients	On- & off-B/S AuM	Loans
<b>SME Affinities Change</b>	<b>64,403 29.2%</b>	<b>1,079 31.8%</b>	<b>3,645 66.8%</b>
<b>Individuals-Affinity Change</b>	<b>398,705 7%</b>	<b>4,592 14%</b>	<b>3,197 29%</b>





**Staying on the upbeat**

# NEW BUSINESS LINE DEVELOPMENT

**Banco  
Popular**

## CARDS BUSINESS PLACEMENT GROWTH

(March 31, 2003)

	Number		Turnover		In use %	
	Number	y-o-y %	€thou.	y-o-y %	2003	2002
 <b>Credit *</b>	1,066,220	15.1	576,003	7.9	54.7	60.7
 <b>Debit</b>	1,368,977	11.6	578,273	11.9	43.2	43.7
 <b>Other Affinity</b>	970,591	12.4	55,575	26.1	20.5	20.7
 <b>Petrol</b>	1,202,081	(1.8)	69,583	27.3	30.8	28.3
<b>TOTAL</b>	<b>4,607,869</b>	<b>8.7</b>	<b>1,279,433</b>	<b>11.3</b>	<b>35.3</b>	<b>31.6</b>
<b>Retailers</b>	<b>112,779</b>	<b>0.8</b>	<b>1,058,663</b>	<b>9.8</b>	<b>44.8</b>	<b>42.2</b>

\* Excl. revolving "Hop" card

**Staying on the upbeat**

# NEW BUSINESS LINE DEVELOPMENT

16

**Banco  
Popular**

## CARDS BUSINESS

### NEW REVOLVING CARD "HOP"

- ▶ **LAUNCHED 13 MONTHS AGO**  
Initial target 2002: 50,000 cards

- ▶ **CURRENT VOLUMES:**

Number of cards: 150,903  
Total credit limits: 492,8 million euros  
Total lending: 137,5 million euros  
Target lending o/outstanding: 40%



**Staying on the upbeat**



# STRONG REVENUES GROWTH

**Banco  
Popular**

	2002				2003
	1st. quarter	1st. half	9 mos.	Year	1st. quarter
<i>(Accumulated % change)</i>					
<b>Net interest revenue</b>	<b>20.6</b>	<b>17.9</b>	<b>16.1</b>	<b>13.5</b>	<b>8.8</b>
<b>Fees for services</b>	<b>(3.9)</b>	<b>(1.4)</b>	<b>0.7</b>	<b>0.9</b>	<b>7.1</b>
<b>Ordinary revenue</b>	<b>12.2</b>	<b>11.0</b>	<b>10.6</b>	<b>8.9</b>	<b>7.3</b>
<b>Operating costs</b>	<b>5.2</b>	<b>4.7</b>	<b>4.9</b>	<b>4.5</b>	<b>3.6</b>
<b>Operating income</b>	<b>18.6</b>	<b>16.7</b>	<b>15.9</b>	<b>13.1</b>	<b>9.7</b>
<b>Income before taxes</b>	<b>24.7</b>	<b>23.3</b>	<b>22.7</b>	<b>23.8</b>	<b>9.0</b>
<b>Net income attributable</b>	<b>11.3</b>	<b>11.4</b>	<b>11.6</b>	<b>12.1</b>	<b>8.6</b>

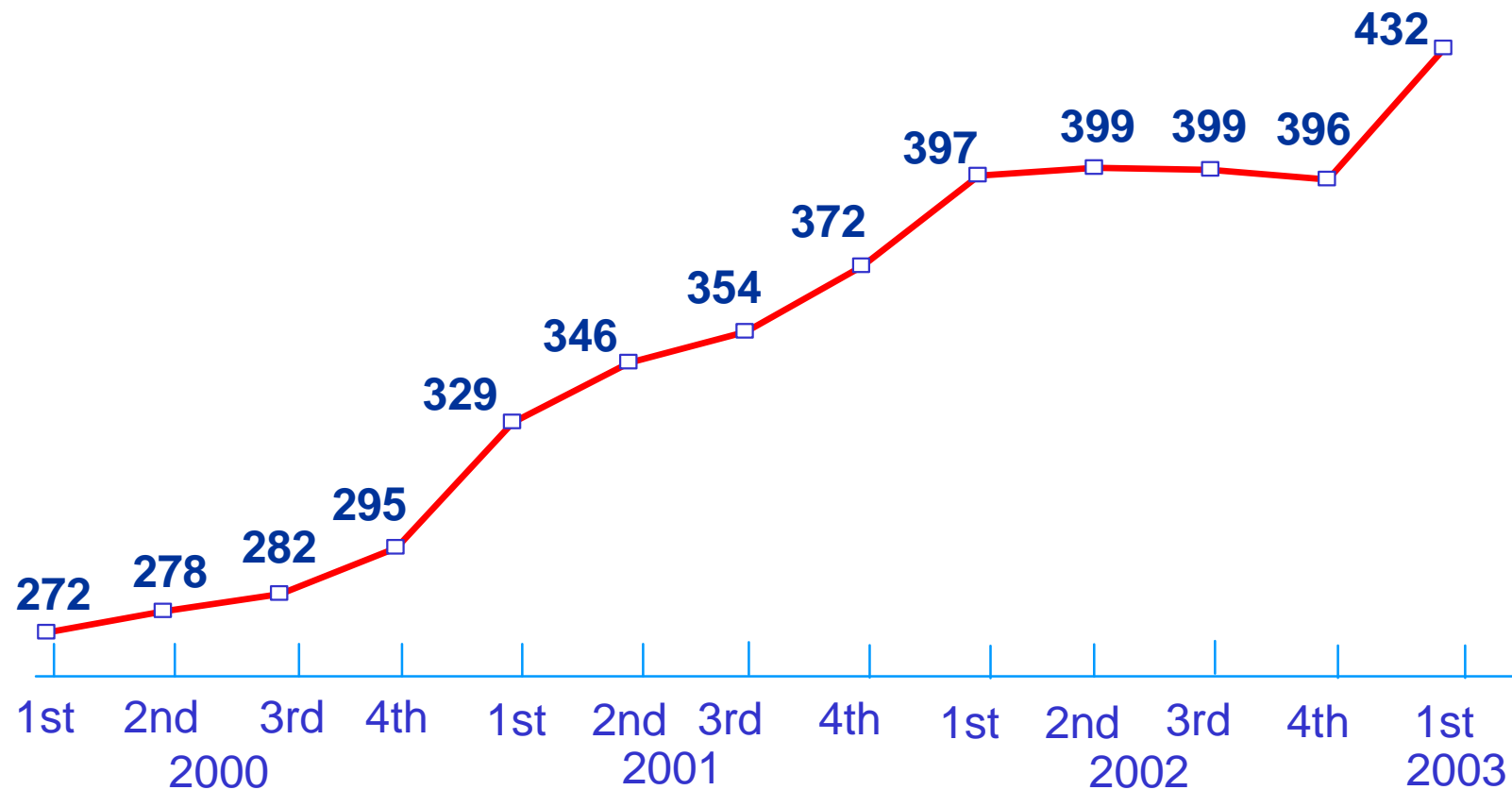
**Staying on the upbeat**

# STRONG REVENUES GROWTH

**Banco  
Popular**

## NET INTEREST REVENUE (Quarter standalone)

*(Euro million)*



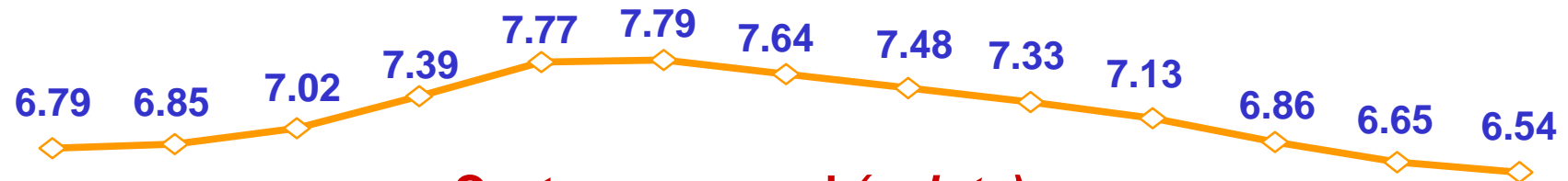
**Staying on the upbeat**

# STRONG REVENUES GROWTH

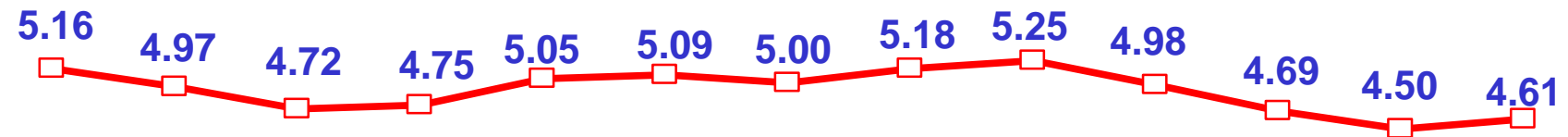
**Banco  
Popular**

## QUARTERLY CUSTOMER SPREAD

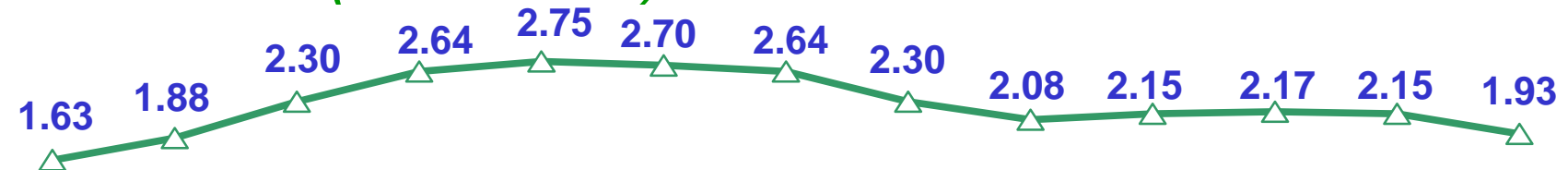
**Credit yield (annualized %)**



**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

**Staying on the upbeat**

# STRONG REVENUES GROWTH

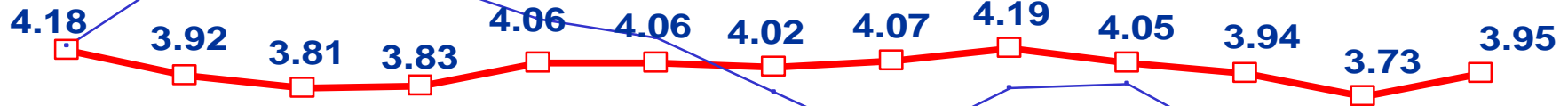
**Banco Popular**

## NET INTEREST MARGIN

Asset yield (annualized %)



## Net Interest Margin



Cost of liabilities (annualized %)



12 mos. Euribor

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

**Staying on the upbeat**

# OFFSET SPREAD PRESSURE

**Banco  
Popular**

## EFFECT ON YIELDS AND COSTS

	From Base To	Sep 01/ Dec 01	Dec 01/ Mar 02	Mar 02/ Jun 02	Jun 02/ Sep 02	Sep 02/ Dec 02	Dec 02/ Mar 03
Bill discounting		-0.17	-0.23	-0.18	-0.07	-0.17	-0.28
Mortgages		-0.17	-0.25	-0.21	-0.16	-0.17	-0.24
Consumer		-0.32	-0.15	-0.06	-0.13	-0.16	-0.25
Overdrafts		-0.12	-0.21	-0.07	-0.12	-0.13	-0.37
Leasing		-0.17	-0.22	-0.12	-0.12	-0.17	-0.17
<b>TOTAL</b>		<b>-0.20</b>	<b>-0.22</b>	<b>-0.16</b>	<b>-0.15</b>	<b>-0.17</b>	<b>-0.28</b>
Demand Deposits		-0.17	--	0.05	--	-0.18	-0.06
Time Deposits		-0.38	-0.18	0.02	0.04	-0.14	-0.26
Commercial Paper		-0.56	-0.17	0.10	0.03	-0.28	-0.41
<b>TOTAL</b>		<b>-0.29</b>	<b>-0.05</b>	<b>0.03</b>	<b>0.04</b>	<b>-0.20</b>	<b>-0.15</b>
<b>Differential</b>		<b>+0.09</b>	<b>-0.17</b>	<b>-0.19</b>	<b>-0.19</b>	<b>+0.03</b>	<b>-0.13</b>

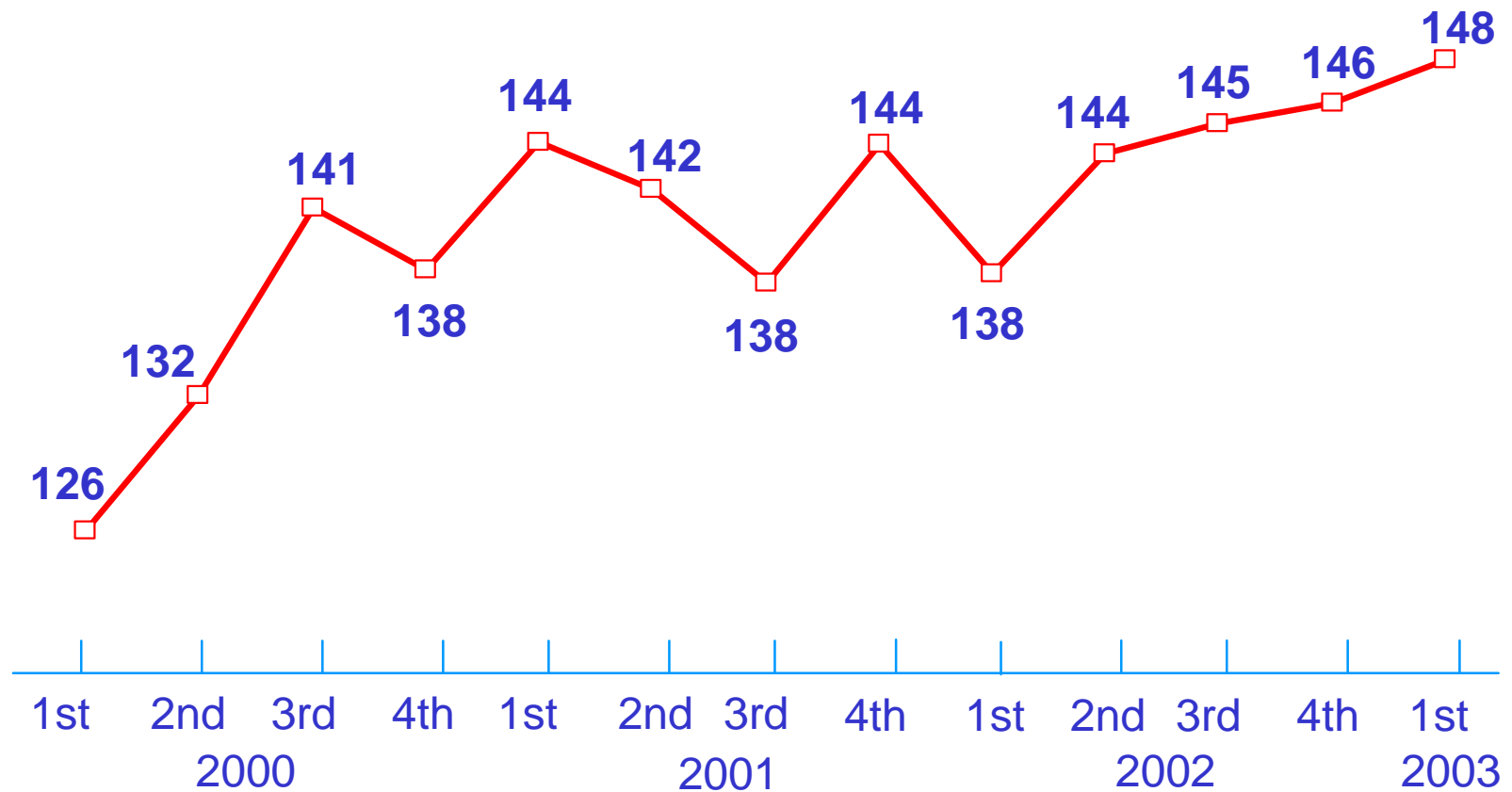
**Staying on the upbeat**

# STRONG REVENUES GROWTH

**Banco  
Popular**

## FEEs FOR SERVICES (Quarter standalone)

*(Euro million)*



**Staying on the upbeat**

# STRONG REVENUES GROWTH

**Banco  
Popular**

## FEES FOR SERVICES

### Year-on-year % change

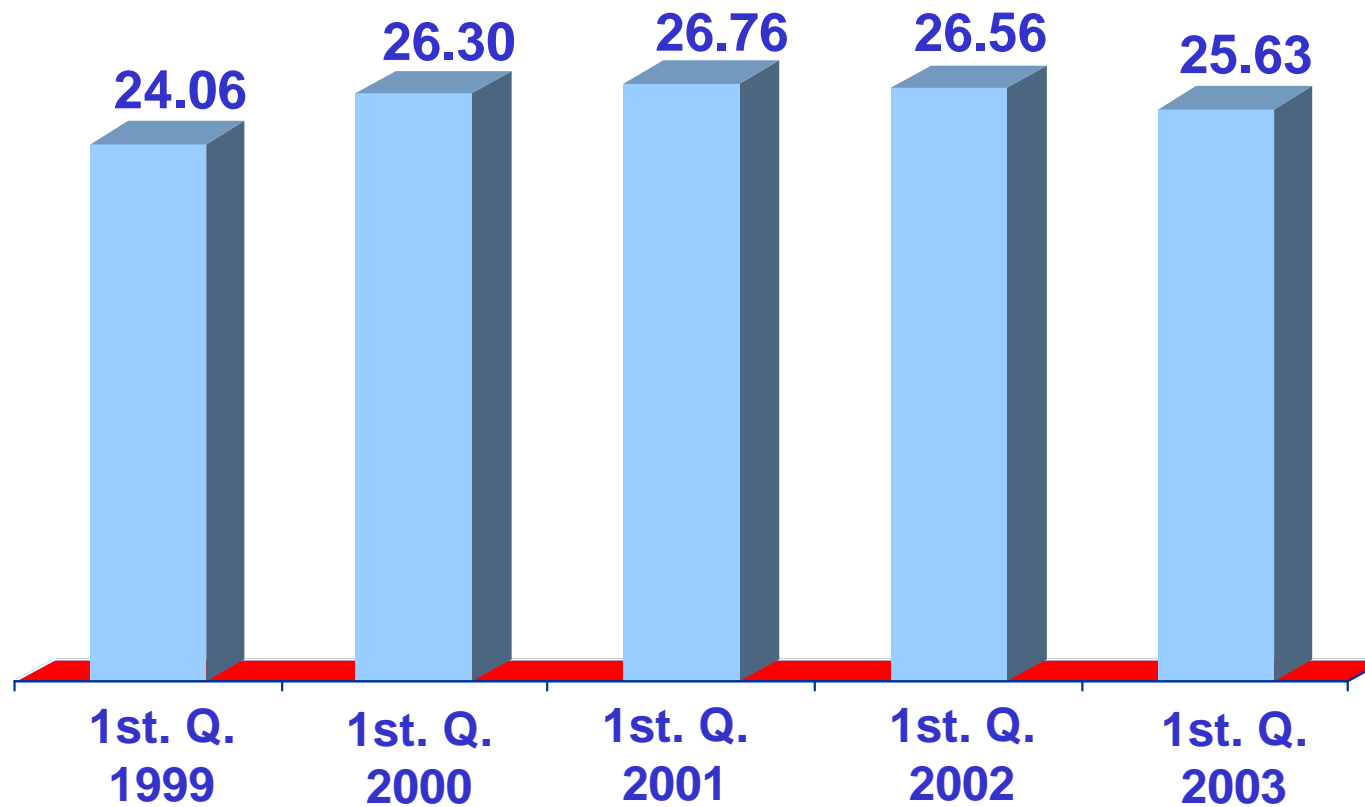
	<i>March-02</i>	<i>Dec.-02</i>	<i>March-03</i>	<i>As % of total fees</i>
Loan-related fees	(3.4)	(2.1)	(1.1)	12.2
Fees from guarantees	12.5	16.1	17.3	10.2
Collection & card-related	6.8	6.0	3.5	39.6
Customer financial asset mgt.	(2.7)	(3.0)	(2.1)	23.0
Mutual funds	(5.8)	(6.1)	(2.4)	14.9
Other AM	3.7	3.2	(1.4)	8.1
Account mgt. Fees	15.6	12.8	8.9	8.0
Other (inc. Inv. Banking)	(71.4)	(46.7)	114.9	7.0
<b>TOTAL</b>	<b>(3.9)</b>	<b>0.9</b>	<b>7.1</b>	<b>100</b>

**Staying on the upbeat**

# BEST ROE

**Banco  
Popular**

**ROE (%)**



**Staying on the upbeat**

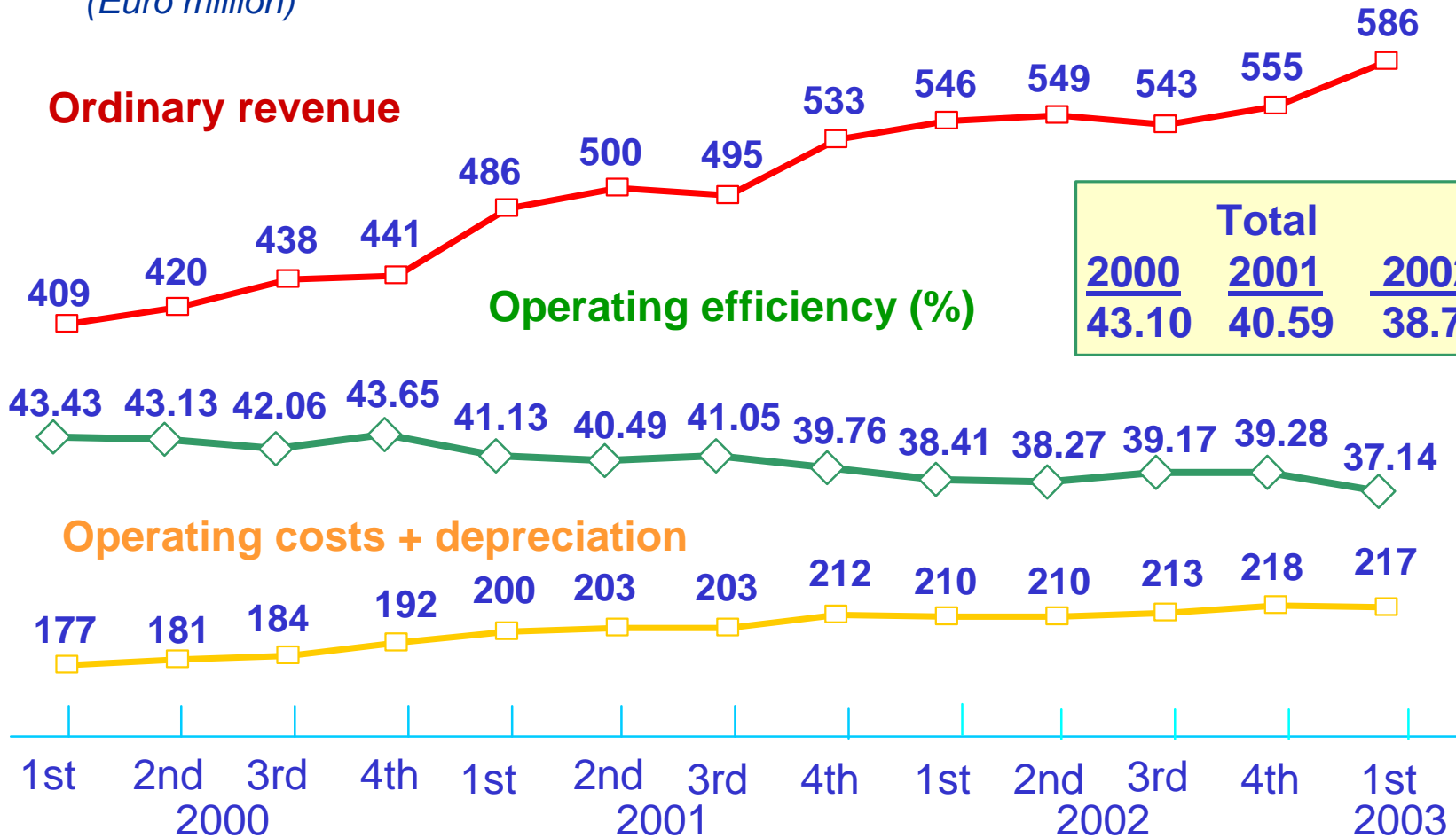


# BEST COST/INCOME RATIO

**Banco Popular**

## COST/INCOME RATIO

(Euro million)

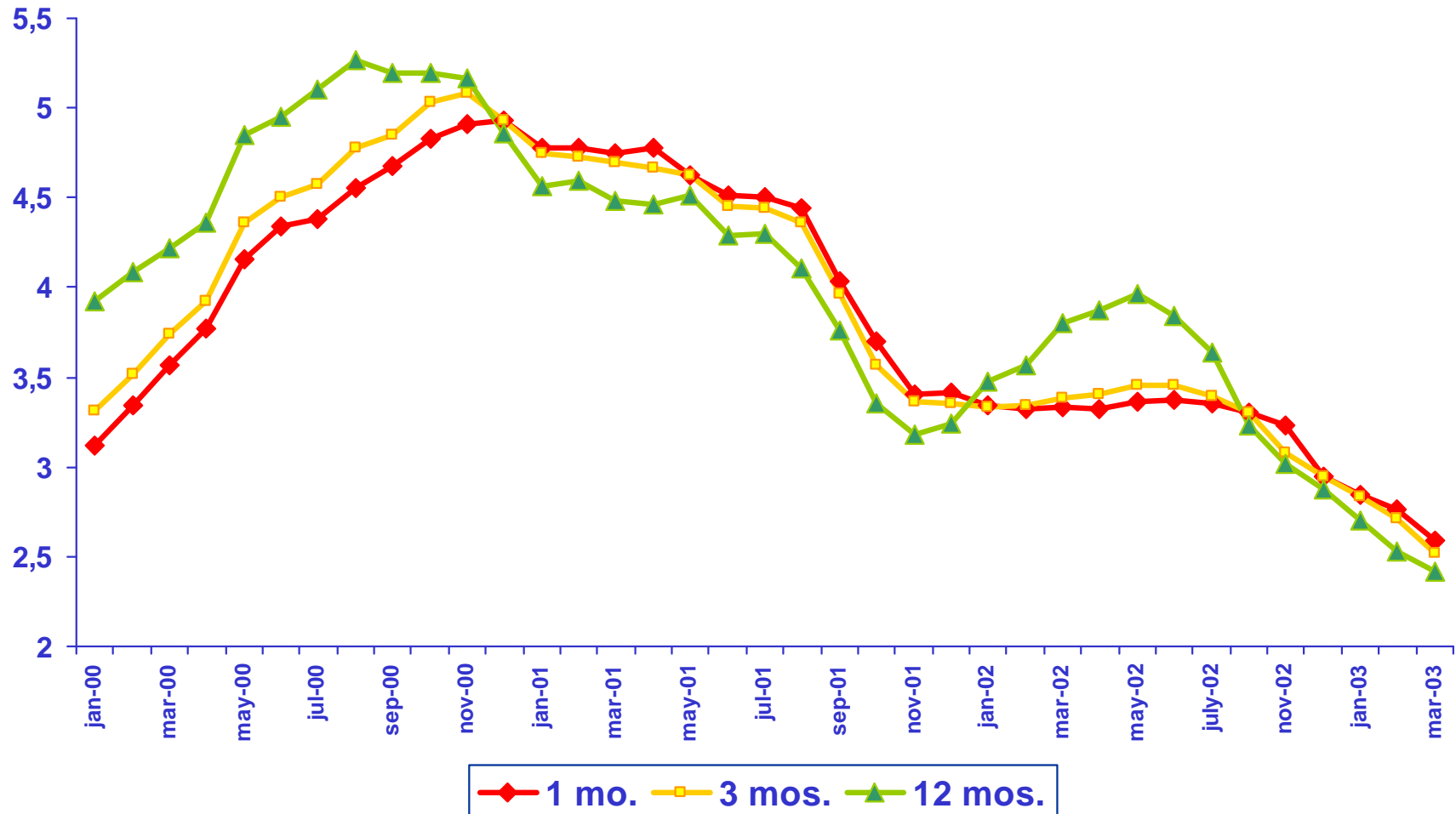


**Staying on the upbeat**

# OFFSET PRESSURE ON SPREAD

**Banco Popular**

**AVE. RATE TRANSACTED**

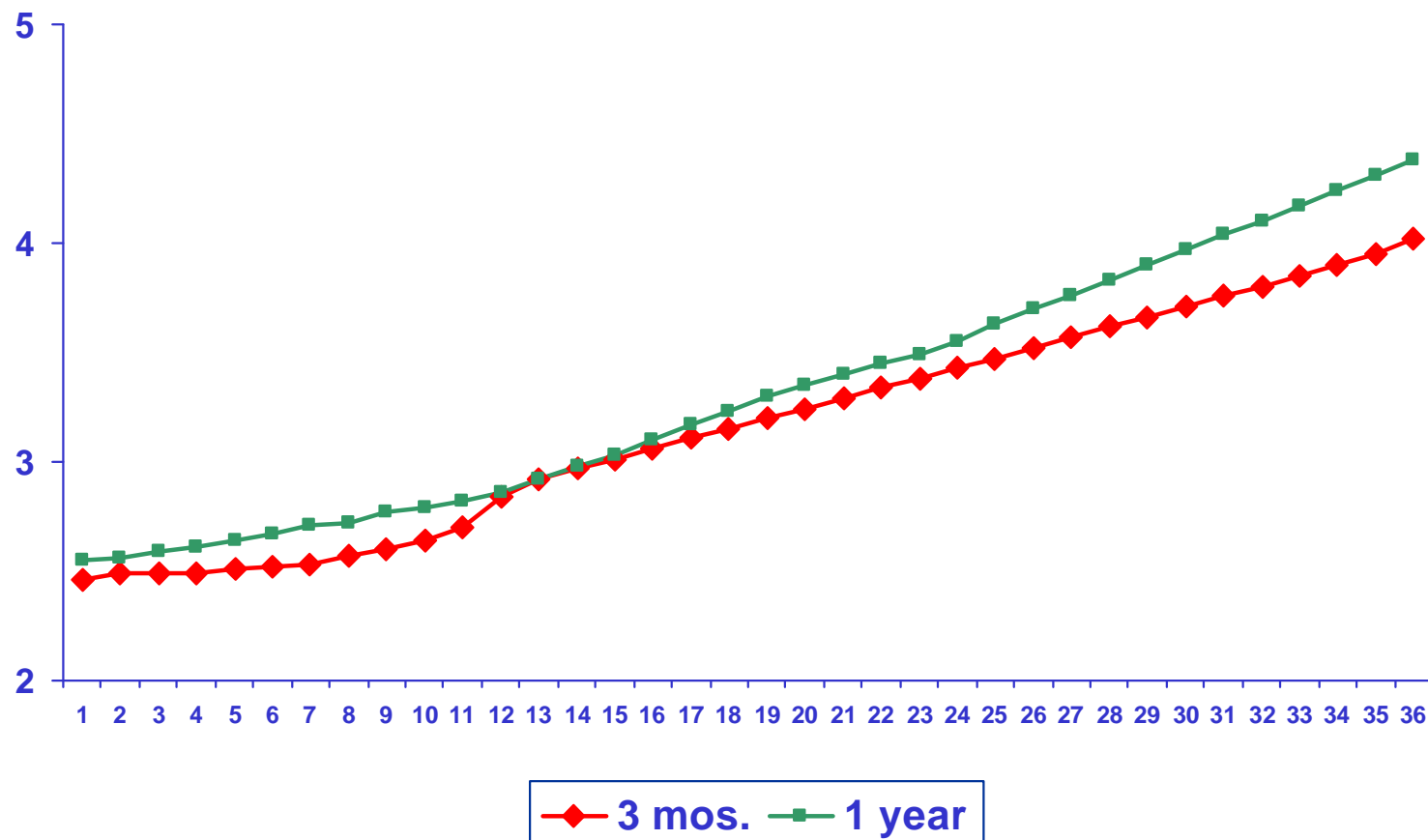


**Staying on the upbeat**

# OFFSET PRESSURE ON SPREAD

Banco  
Popular

## CURVES OF IMPLICIT INTEREST RATES

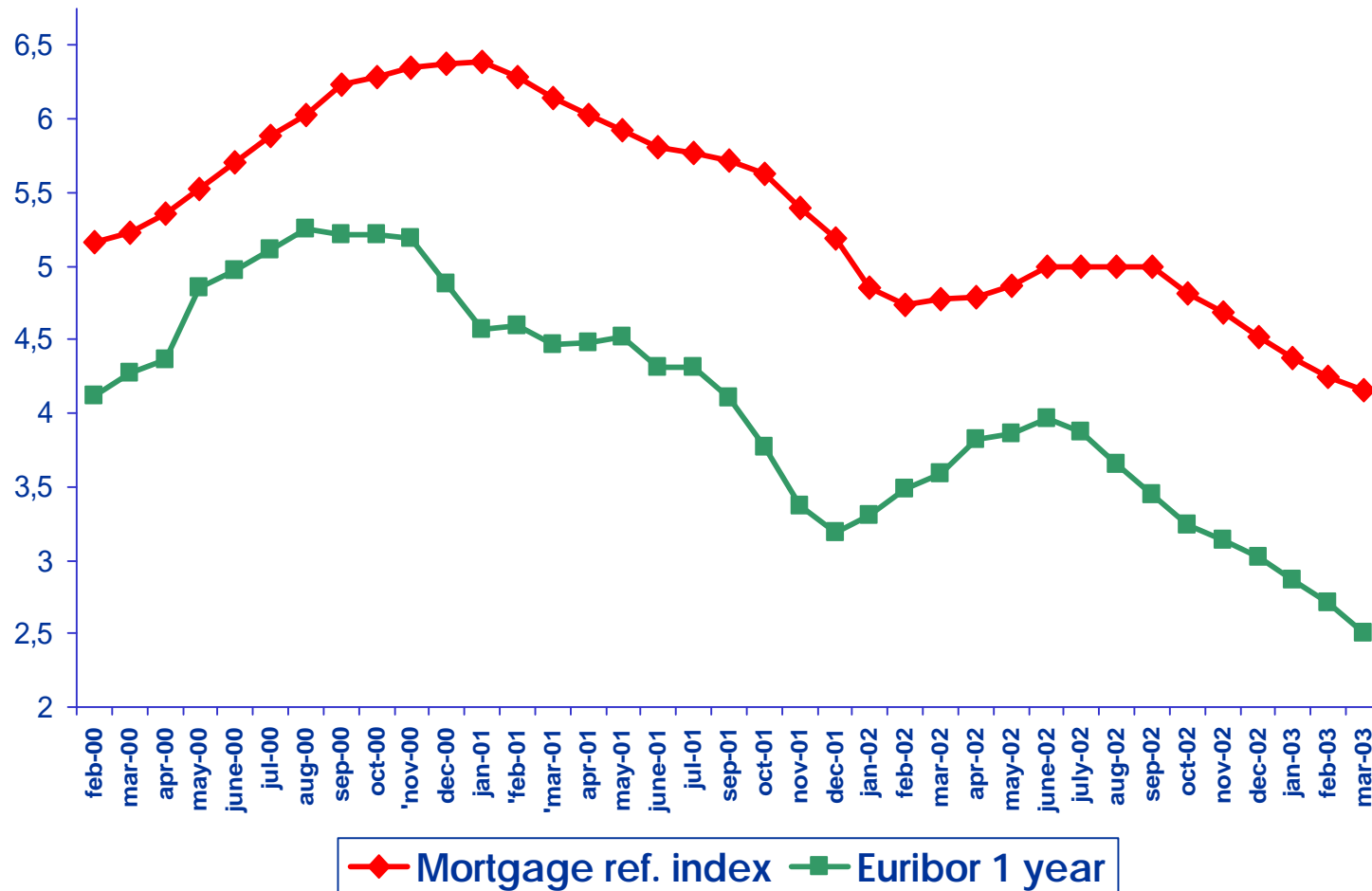


Staying on the upbeat

# OFFSET PRESSURE ON SPREAD

**Banco  
Popular**

## MORTGAGE REFERENCE INDEX



**Staying on the upbeat**

# OFFSET PRESSURE ON SPREAD

**Banco  
Popular**

## DURATION

<i>(March 31, 2003)</i>	Amount MM Euros	Interest Rate %	NPV MM Euros	Duration Days	Holding Period 365	
					NPV MM Euros	Duration Days
<b>SENSITIVE ASSETS</b>	<b>41,038.0</b>	<b>4.92</b>	<b>41,859.4</b>	<b>203.91</b>	<b>38,514.8</b>	<b>120.32</b>
MONETARY MARKET	6,646.2	2.76	6,687.5	47.47	6,598.1	36.04
LOANS	33,431.4	5.38	34,154.8	171.40	31,534.8	137.87
SECURITIES	960.4	3.81	1,017.1	2,324.07	381.9	126.97
<b>SENSITIVE LIABILITES</b>	<b>30,302.1</b>	<b>2.63</b>	<b>30,482.2</b>	<b>87.16</b>	<b>29,490.9</b>	<b>66.08</b>
MONETARY MARKET	15,063.0	2.77	15,140.8	69.83	14,676.6	47.47
CUSTOMER DEPOSITS	12,697.3	2.45	12,785.7	113.59	12,294.6	90.94
SECURITIES	2,541.8	2.76	2,555.6	57.67	2,519.7	53.16
<b>EQUITY</b>	<b>3,208.0</b>		<b>11,377.2</b>	<b>516.70</b>		

**Staying on the upbeat**

# OFFSET PRESSURE ON SPREAD

**Banco  
Popular**

## SENSITIVITY TO INTEREST RATES

For an 100 bps. Interest-Rate Move

Total Revenue Sensitivity\*  $\pm$  Euros 16.6 million

$\pm$  0.71% Total Revenues

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

# BNC ACQUISITION

**Banco  
Popular**

## BNC's PROFILE

	2002	2001	% change
Net interest revenue	79,756	69,529	14.7
Fees for services	20,414	18,325	11.4
Asset trading & exch. profits	2	(1,102)	100.2
Ordinary revenue	100,172	86,752	15.5
Operating costs	50,750	45,829	10.7
Depreciation	5,997	5,745	4.4
Other operating income/expenses	5,596	1,609	247.8
Operating income	49,021	36,787	33.2
Provisions	13,975	10,186	37.2
Associated companies income	(42)	(395)	(89.2)
Income before taxes	35,004	26,206	33.6

**Staying on the upbeat**

# BNC ACQUISITION

**Banco  
Popular**

## BNC'S PROFILE

	2002	2001	% change
<b>Customer funds</b>	<b>2,892.6</b>	<b>2,638.2</b>	<b>9.9</b>
<b>Loans &amp; discounts</b>			
<b>As reported</b>	<b>2,868.6</b>	<b>2,652.4</b>	<b>8.2</b>
<b>Ex-securitization</b>	<b>3,099.9</b>	<b>2,652.4</b>	<b>16.9</b>
<b>No. of branches</b>	<b>111</b>	<b>107</b>	
<b>No. of employees</b>	<b>921</b>	<b>815</b>	
<b>Cost/income ratio</b>	<b>56.7%</b>	<b>59.4%</b>	

**Staying on the upbeat**



# BEST PERFORMING STOCK

**Banco Popular**

■ BANCO POPULAR  
 ■ EUROBANKS Index



**Staying on the upbeat**

**Banco  
Popular**

# Mortgage market view

# MORTGAGE MARKET VIEW

**Banco  
Popular**

## GENERAL STRATEGY

1. Gain market share
2. Maintain high credit quality standards
3. Systematically optimise cost/income ratio:
  -  Keep profitability (spreads) high
  -  Cost always proportional to income
4. High Tier 1 equity to keep low cost of funding
5. Maintain flexible balance sheet

# MORTGAGE MARKET VIEW: MAIN TRENDS ALONG 2003

36

**Banco  
Popular**

## REAL ESTATE DEMAND

- ▶ Home demand to stay high but slowing down
- ▶ Tourist housing for locals: moderately strong
- ▶ Some tourist real estate for foreigners: recession
- ▶ Overall office offer in excess of demand
- ▶ Industrial buildings demand beginning to slacken
- ▶ Retail premises: slightly increasing demand
- ▶ Major entertainment & commercial: stand-by

# MORTGAGE MARKET VIEW: MAIN TRENDS ALONG 2003

37

**Banco  
Popular**

## REAL ESTATE VALUES (PRICES)

- ▶ Home prices up around 8 %
- ▶ Second housing for locals: prices up 3 to 10 %
- ▶ Tourist developments for foreigners: stagnant
- ▶ Office prices: 0 to 8 % down
- ▶ Industrial buildings: prices stabilizing
- ▶ Commercial real estate: flattish

# MORTGAGE MARKET VIEW: MORTGAGE LOAN RISKS IN 2003

38

**Banco  
Popular**

- ▶ **Home mortgage loans: very low risk**
- ▶ **Second housing for locals: low risk**
- ▶ **Second housing for foreigners: medium to high risk**
- ▶ **Office developments: high risk in many locations**
- ▶ **Industrial buildings: increasing risk**
- ▶ **Commercial & Entertainment malls: high risk**

# MORTGAGE MARKET VIEW: CURRENT MARKET CONDITIONS

39

**Banco  
Popular**

## IN RESIDENTIAL

Home demand is (will be) strong because...

- ▶ 12 month Euribor will stay low in 2003
- ▶ Unemployment is not going to grow much
- ▶ Sustained demographic pressure from 30ers
- ▶ Consolidation of low layer demand from immigrants
- ▶ Still high stock of old low quality housing

But growth will be lower and more selective

# MORTGAGE MARKET VIEW: CURRENT MARKET CONDITIONS

40

**Banco  
Popular**

**Residential prices grow 12 % p.a. during last three years**

➔ Land prices fast growth

➔ Baby-boomers

➔ Low interest rates

➔ Strong demand

➔ Longer loan maturities

➔ Immigration

➔ Foreigners

**Shift from lease  
to purchase**

➔ Revaluation expectations

**NO, speculative bubble**

**YES, excessive prices**

**No risk of a value collapse**

**High values will dampen demand growth**

**Staying on the upbeat**

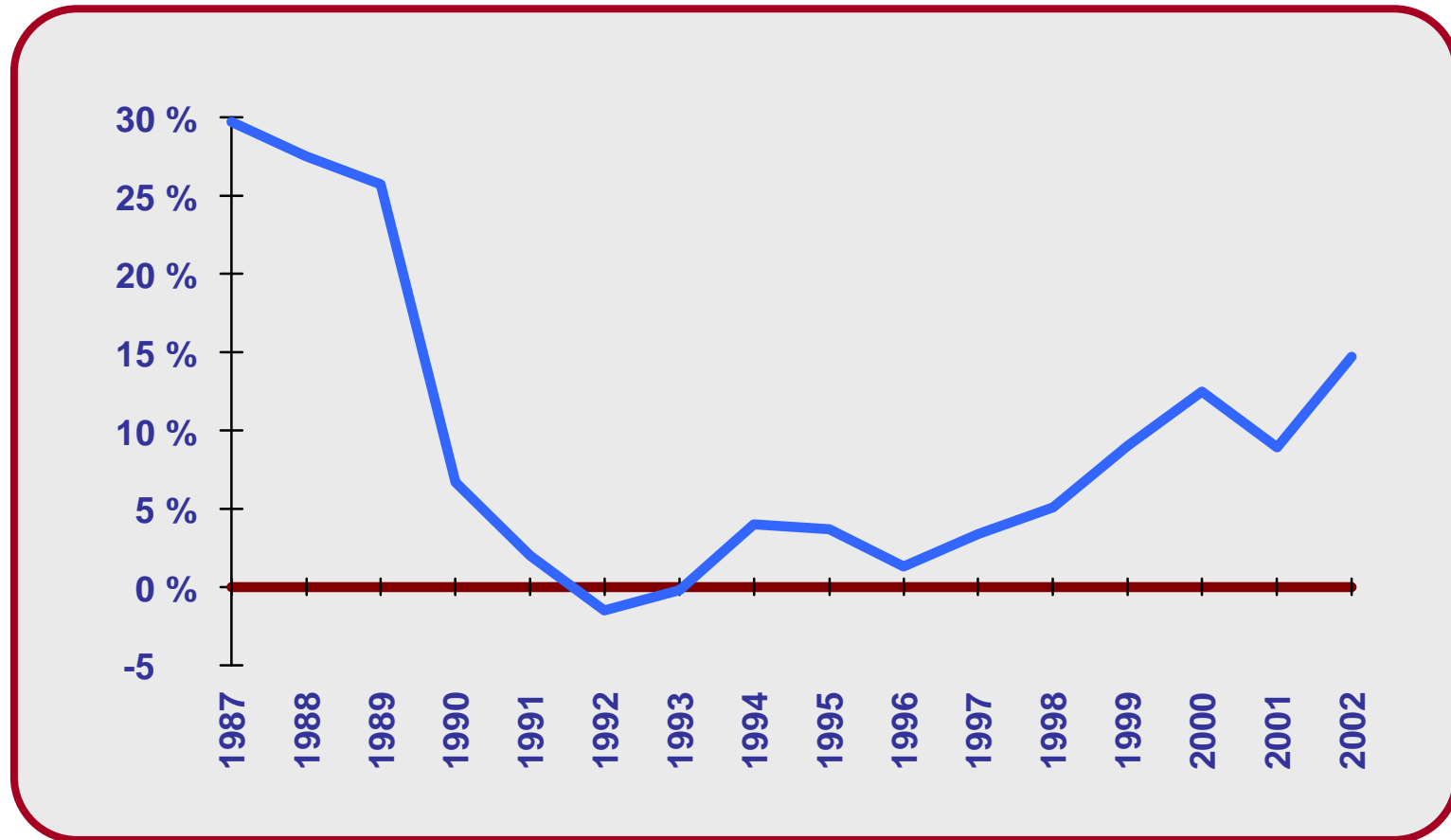


# MORTGAGE MARKET VIEW: CURRENT MARKET CONDITIONS

41

**Banco  
Popular**

## YEARLY RESIDENTIAL PRICES



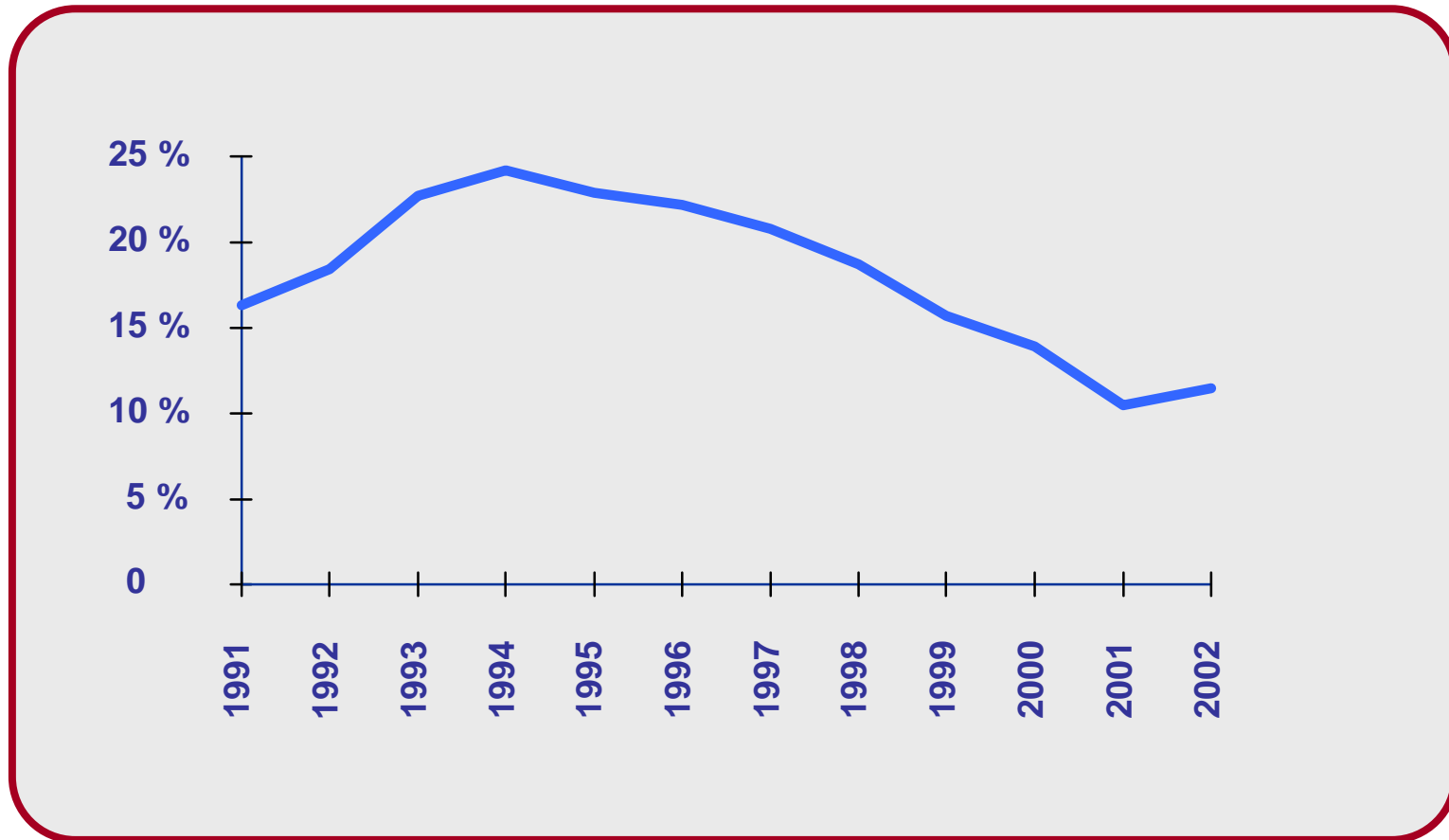
**Staying on the upbeat**

# MORTGAGE MARKET VIEW: CURRENT MARKET CONDITIONS

42

**Banco  
Popular**

## UNEMPLOYMENT RATE



Source: INE

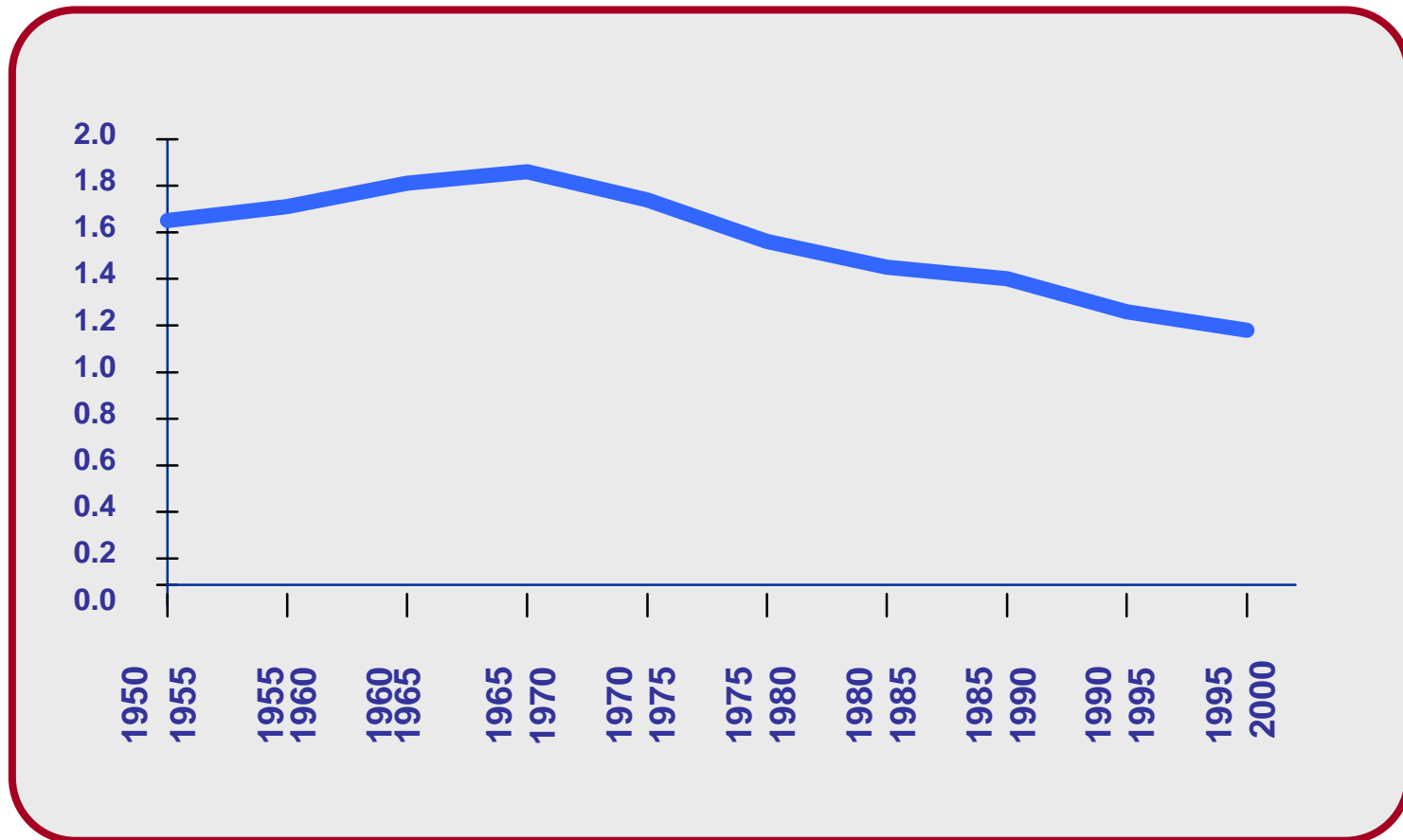
**Staying on the upbeat**

# MORTGAGE MARKET VIEW: CURRENT MARKET CONDITIONS

43

**Banco  
Popular**

## NET BIRTH RATES



Source: INE, ANUARIO ESTADISTICO DE ESPAÑA

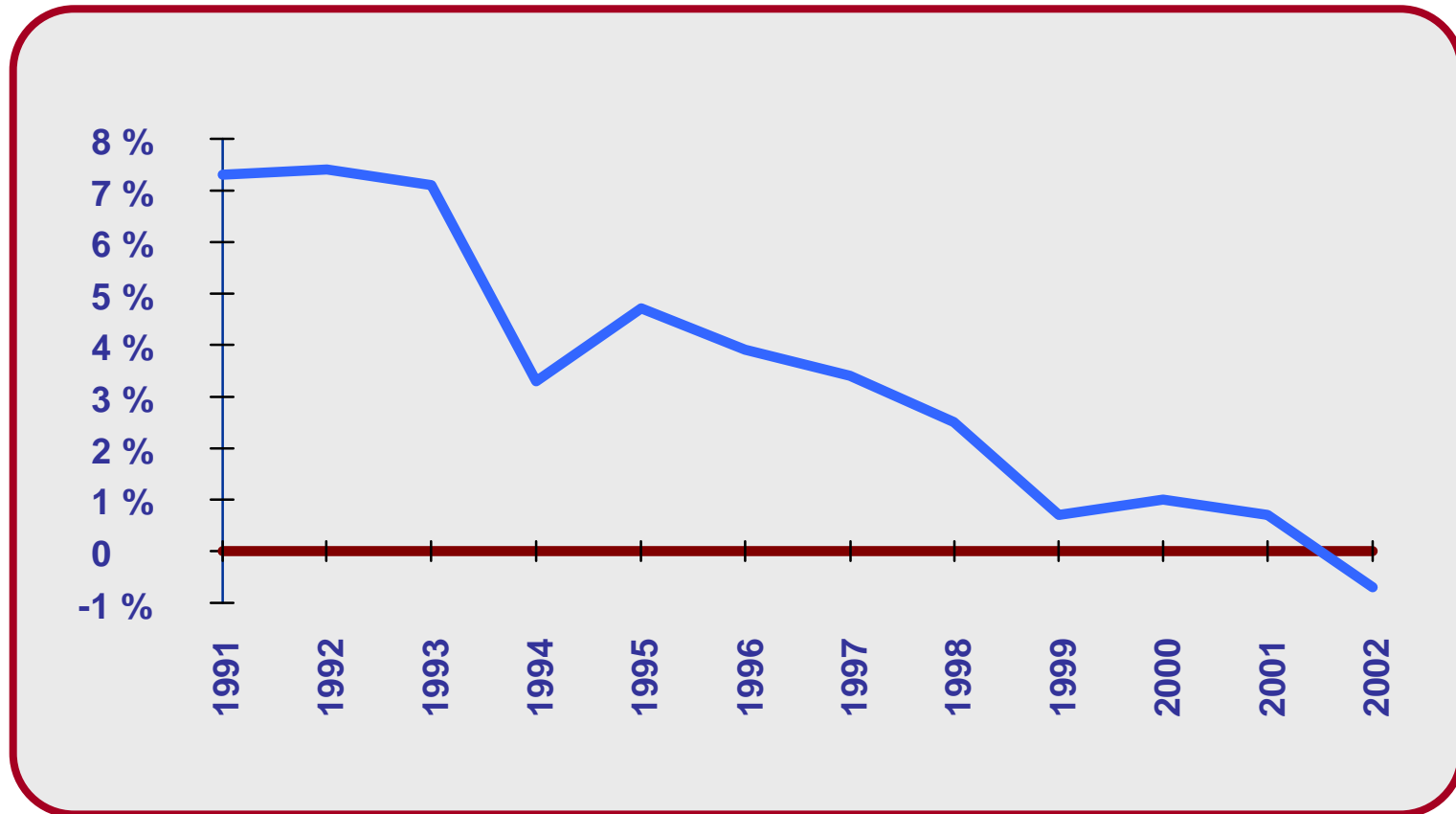
**Staying on the upbeat**

# MORTGAGE MARKET VIEW: CURRENT MARKET CONDITIONS

44

**Banco  
Popular**

## REAL INTEREST RATES



Source: INE, BANCO DE ESPAÑA

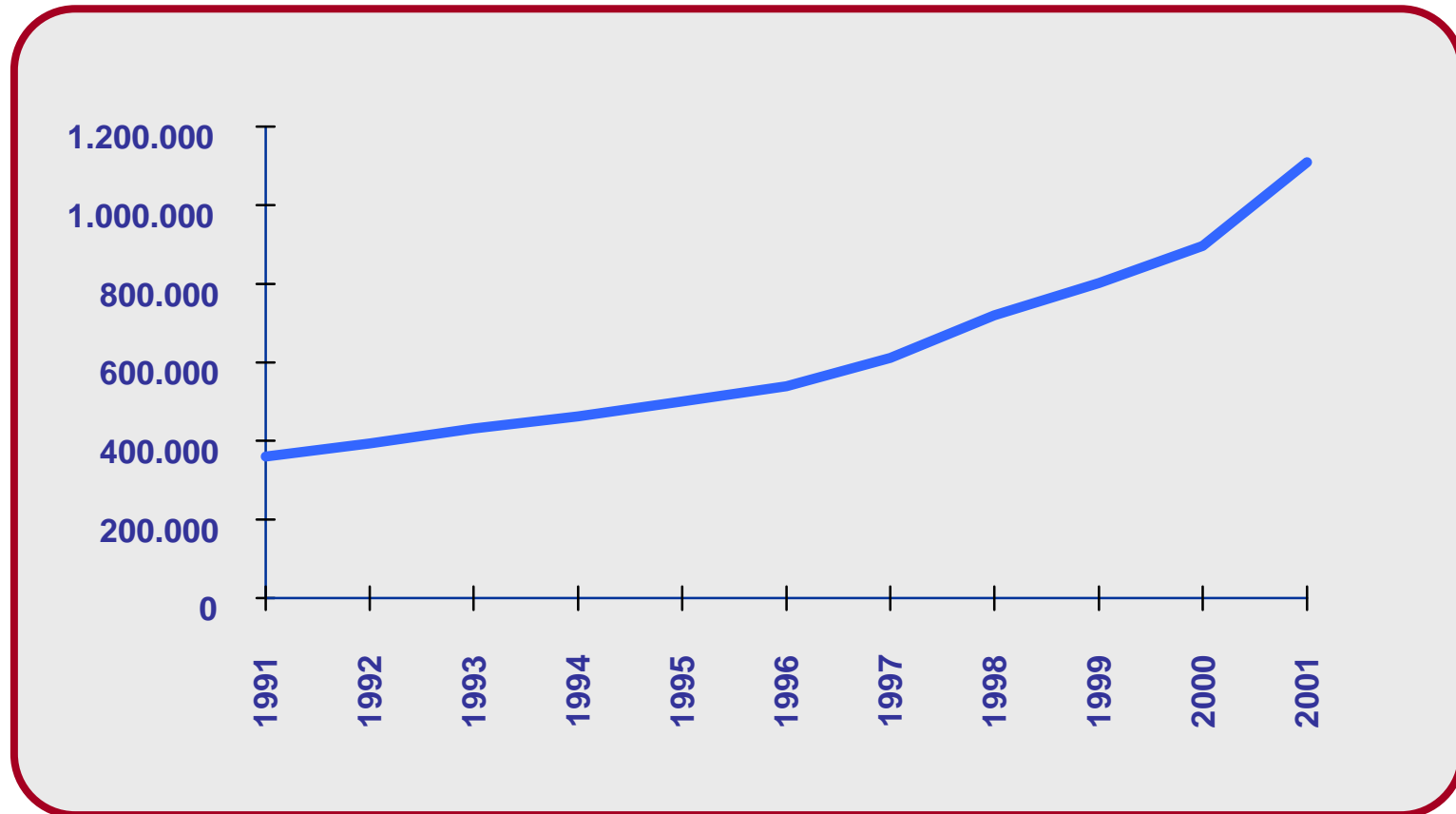
**Staying on the upbeat**

# MORTGAGE MARKET VIEW: CURRENT MARKET CONDITIONS

45

**Banco  
Popular**

## NON NATIONALS WITH RESIDENCE IN SPAIN



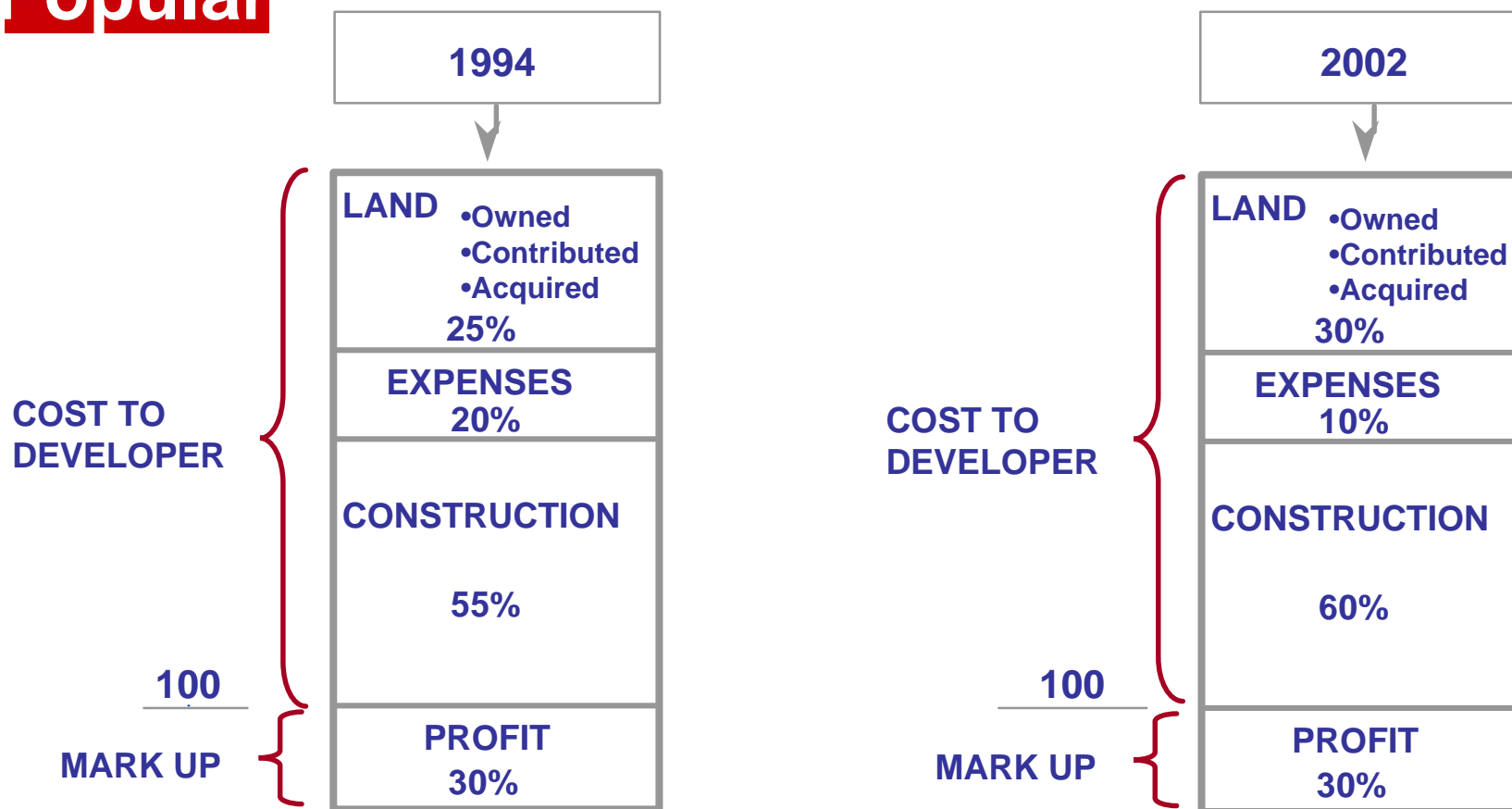
Source: INE, BOLETIN MENSUAL DE ESTADISTICA

**Staying on the upbeat**

# MORTGAGE MARKET VIEW: Current Market Conditions for Residential Real Estate Developers

**Banco Popular**

## FINAL PRICE COMPONENTS

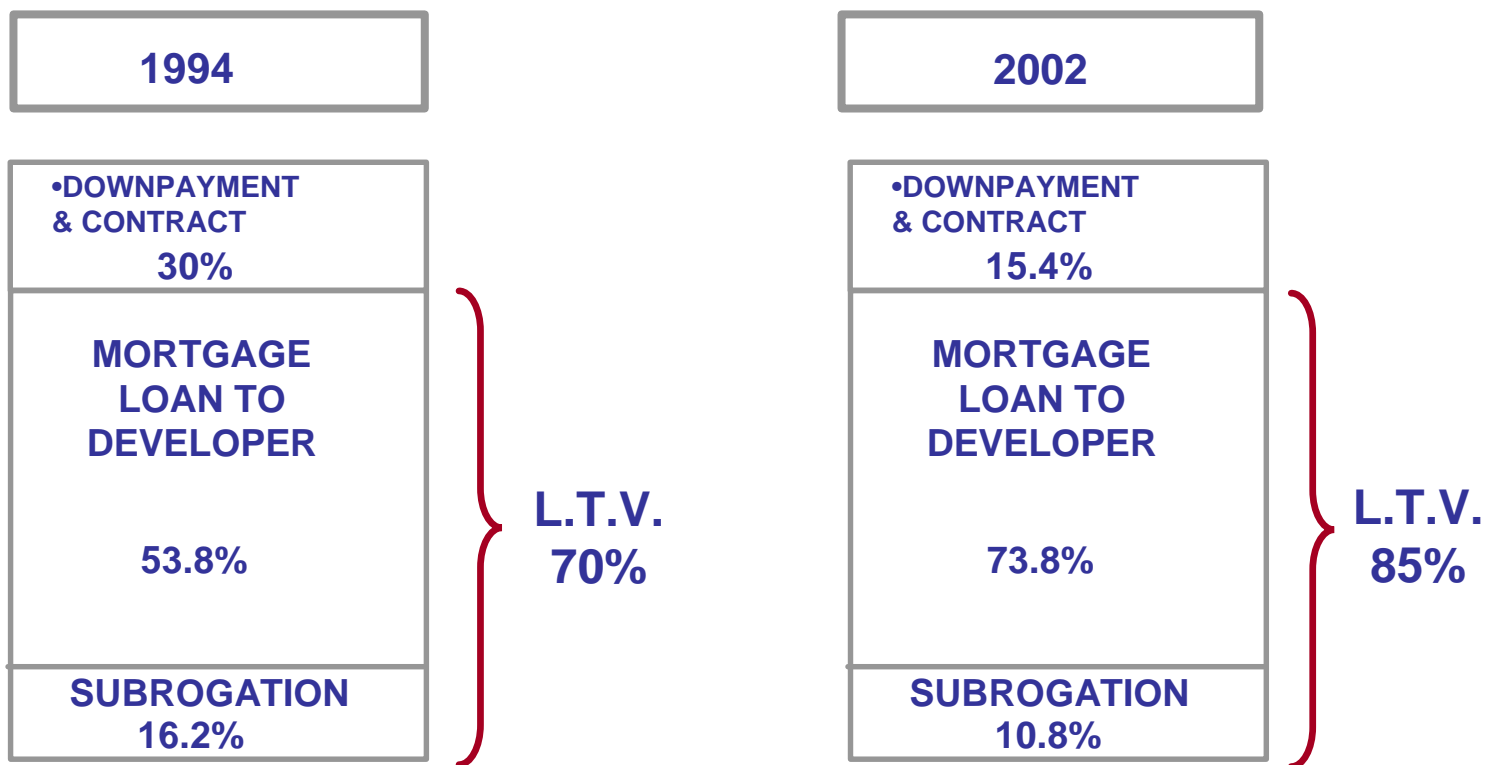


# MORTGAGE MARKET VIEW: Current Market Conditions for Residential Real Estate Developers

47

**Banco  
Popular**

## FINAL PRICE FUNDING



# MORTGAGE MARKET VIEW: CURRENT MARKET CONDITIONS

48

**Banco  
Popular**

## IN OTHER RESIDENTIAL PROPERTIES

**Second residence demand for locals stays moderately firm...**

- ▶ **GDP/capita increasing**
- ▶ **Low interest rates**
- ▶ **Distrust of financial markets: cultural bias**
- ▶ **No interest in buying to lease**

**Tourist housing for foreigners with difficulties...**

- ▶ **Some areas affected by problems in Germany**
- ▶ **Lower tourist visitors and uncertainty**
- ▶ **Still demand for middle to high quality properties**



# MORTGAGE MARKET VIEW: CURRENT MARKET CONDITIONS

49

**Banco  
Popular**

In Office buildings:

Progressive price corrections...

- ✍ GDP slowdown
- ✍ Sharp price increases since 1998
- ✍ Fast development growth since 1996
- ✍ High excess offer not yet covered by demand in next 2 years
- ✍ Lease rents already falling in non-prime locations
- ✍ Prices firm in prime locations

In Industrial buildings:

Period of transition...

- ✍ Depressed industrial activity has slowed down demand
- ✍ Developments did not go up as sharp as in other property
- ✍ Prices are still increasing in consolidated estates
- ✍ Demand will resume growth path after industrial recovery

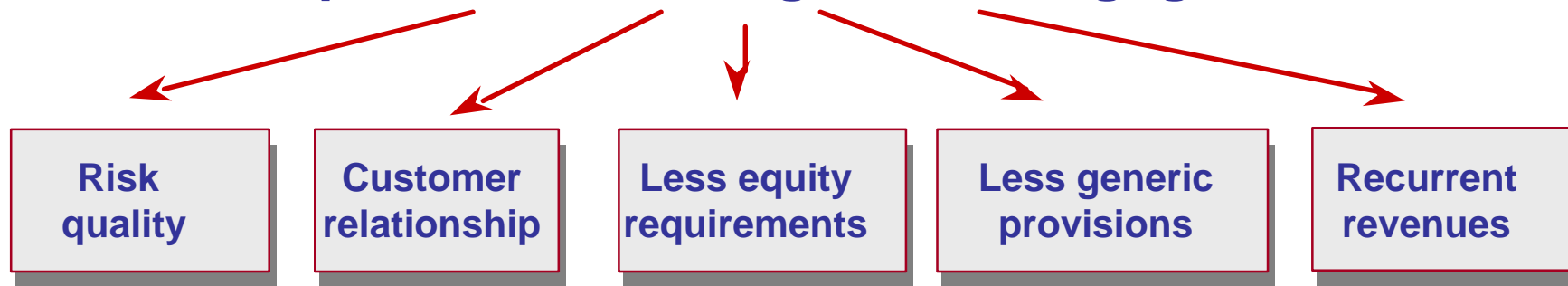
**Staying on the upbeat**

# MORTGAGE MARKET VIEW: BANCO POPULAR'S STRATEGY

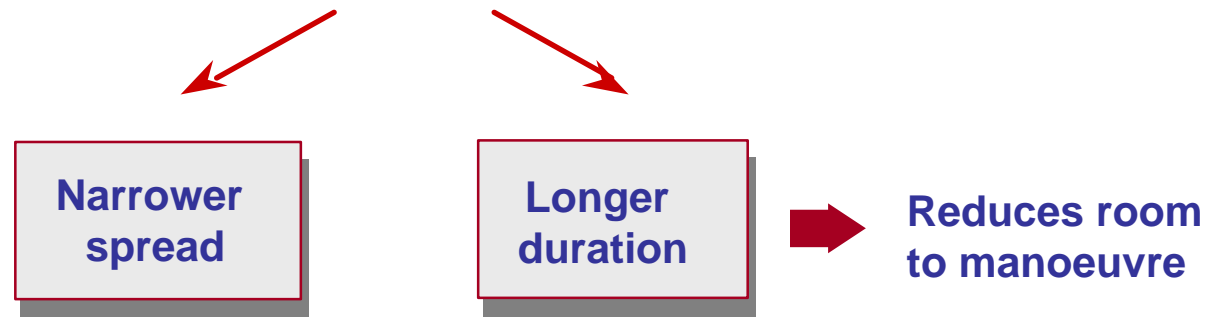
50

**Banco  
Popular**

## Comparative advantages of mortgage loans



## But...they have some disadvantages...



**Staying on the upbeat**

# MORTGAGE MARKET VIEW: BANCO POPULAR'S STRATEGY

51

**Banco  
Popular**

## MORTGAGE LOAN GROWTH

High growth in order to...

- ▶ Help market share gain
- ▶ Increase customer loyalty (cross selling)
- ▶ Gain new customers
- ▶ Cater for current customer's requirements
- ▶ Feed net interest revenue growth

But...

- ▶ 48% of Popular's loan book are mortgage loans
- ▶ And excessive mortgage weight reduces flexibility

So...

- ▶ We will shift growth to the corporate sector
- ▶ We might go for securitising mortgage loans

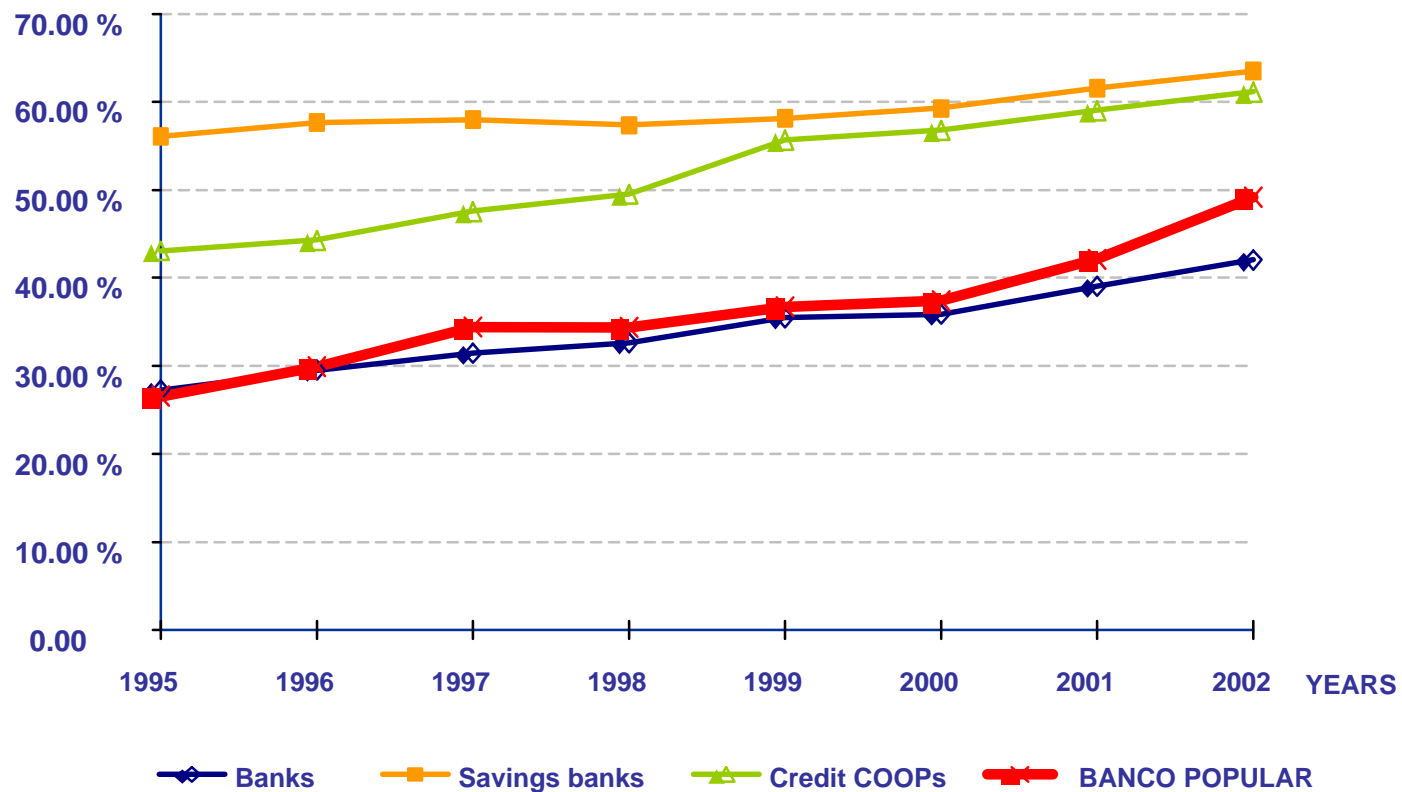
**Staying on the upbeat**

# MORTGAGE MARKET VIEW: BANCO POPULAR'S STRATEGY

52

**Banco  
Popular**

**% MORTGAGE LOANS/TOTAL LOAN PORTFOLIO**



Source: Bank of Spain / BOLETIN ESTADISTICO

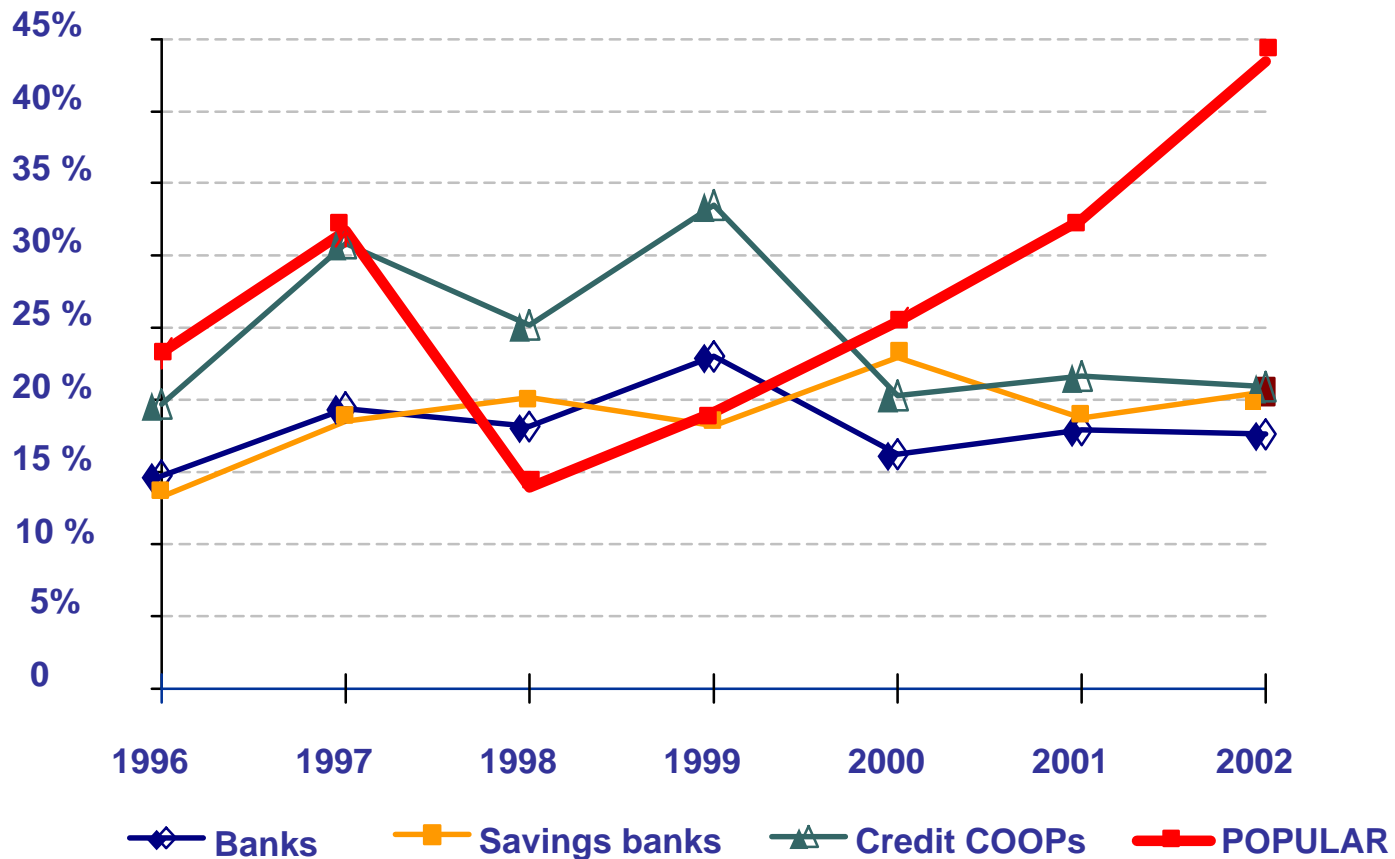
**Staying on the upbeat**

# MORTGAGE MARKET VIEW: BANCO POPULAR'S STRATEGY

53

**Banco  
Popular**

## ANNUAL GROWTH IN MORTGAGE LOANS



Source: BANK OF SPAIN

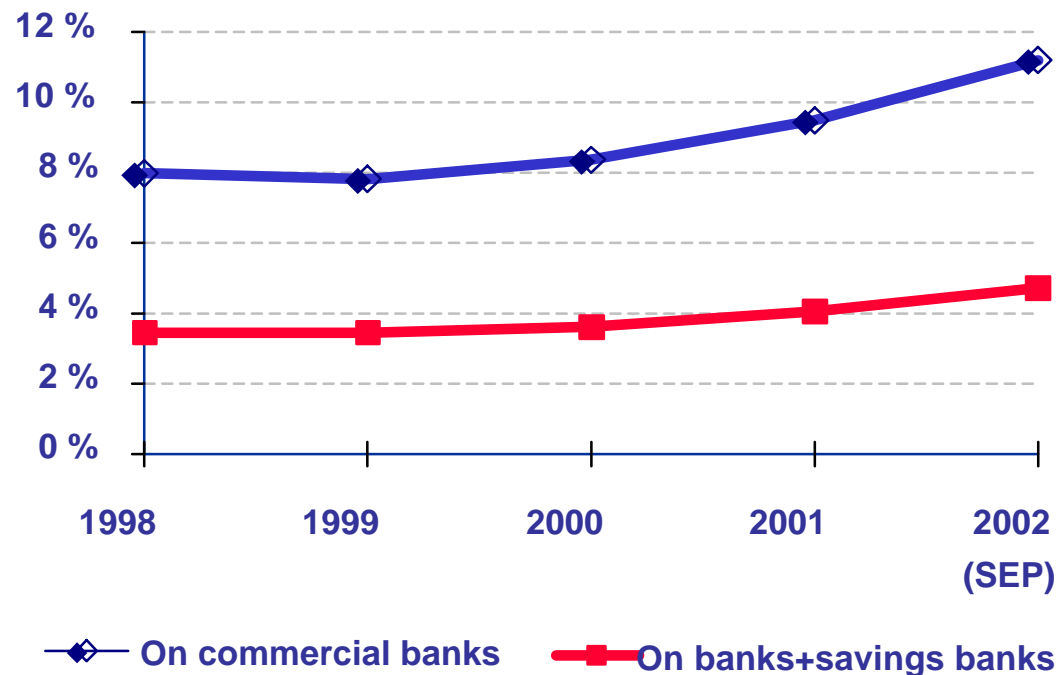
**Staying on the upbeat**

# MORTGAGE MARKET VIEW: BANCO POPULAR'S STRATEGY

54

**Banco  
Popular**

## POPULAR'S MARKET SHARE IN MORTGAGE LOANS \*



Source: Bank of Spain & BPE

\* As per Bank of Spain: Transactions with a tangible collateral

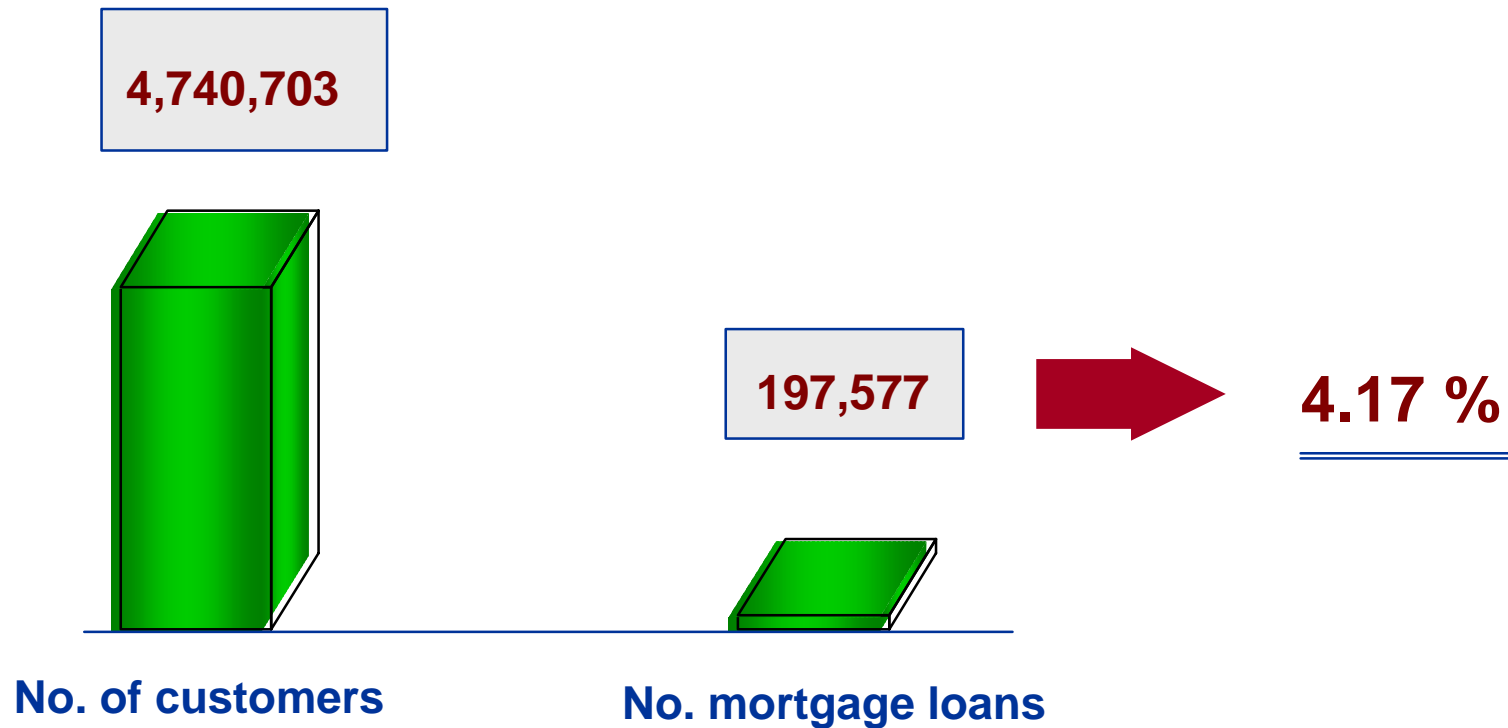
**Staying on the upbeat**

# MORTGAGE MARKET VIEW: BANCO POPULAR'S STRATEGY

55

**Banco  
Popular**

## GROWTH POTENTIAL WITH EXISTING CUSTOMERS



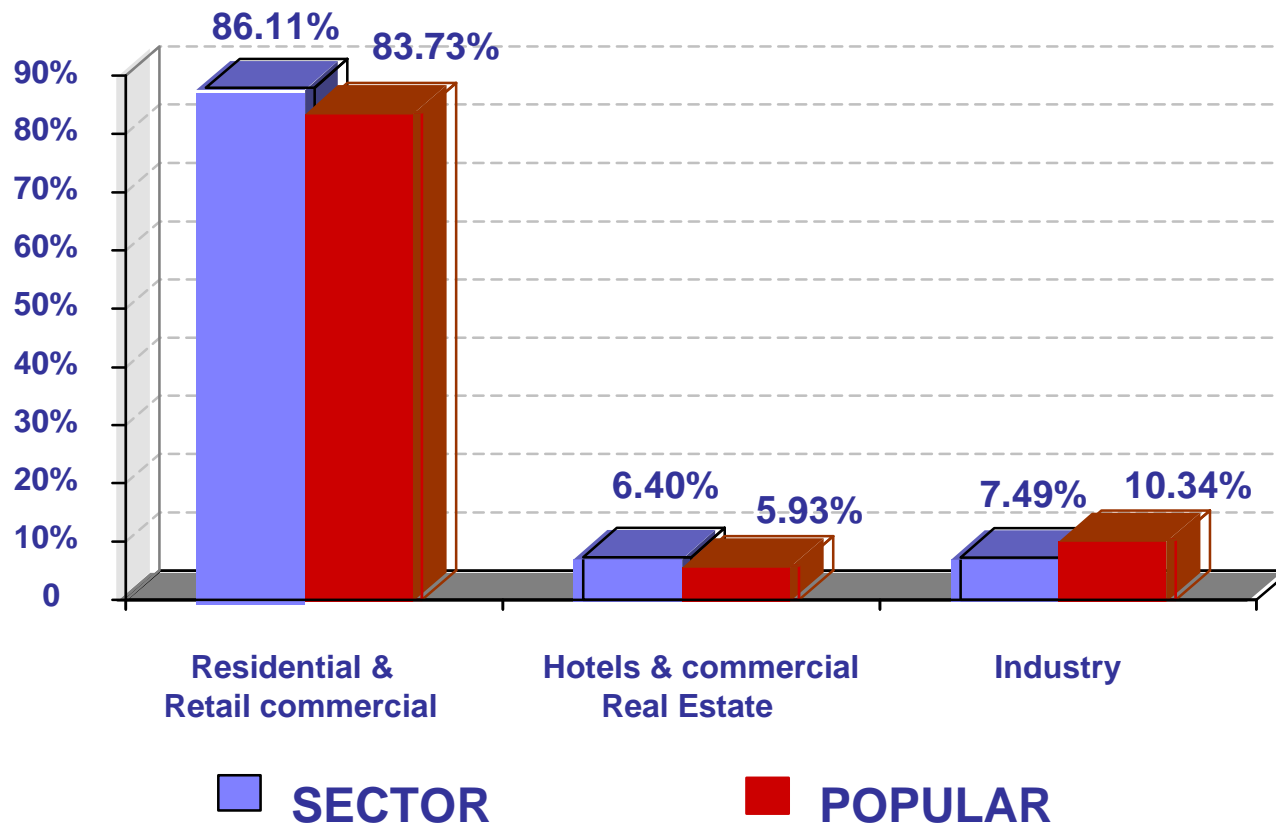
**Staying on the upbeat**

# MORTGAGE MARKET VIEW: BANCO POPULAR'S STRATEGY

56

**Banco  
Popular**

## BREAKDOWN OF MORTGAGE LOANS AS % OF AMOUNTS



Source: Bank of Spain & BPE

**Staying on the upbeat**



# MORTGAGE MARKET VIEW: BANCO POPULAR'S STRATEGY

57

**Banco  
Popular**

## BREAKDOWN OF MORTGAGE LOANS BY SIZE

**NEW TRANSACTIONS (3 mo.)**

**AVERAGE VALUE 112,259 €**

**MATURITY IN PORTFOLIO 18.5 YEARS**

**CURRENT PORTFOLIO**

**AVERAGE VALUE 85,091 €**

**MATURITY IN PORTFOLIO 13.9 YEARS**

**PORTFOLIO AT INCEPTION**

**AVERAGE VALUE 123,698 €**

**MATURITY IN PORTFOLIO 16.5 YEARS**

Source: Banco Popular

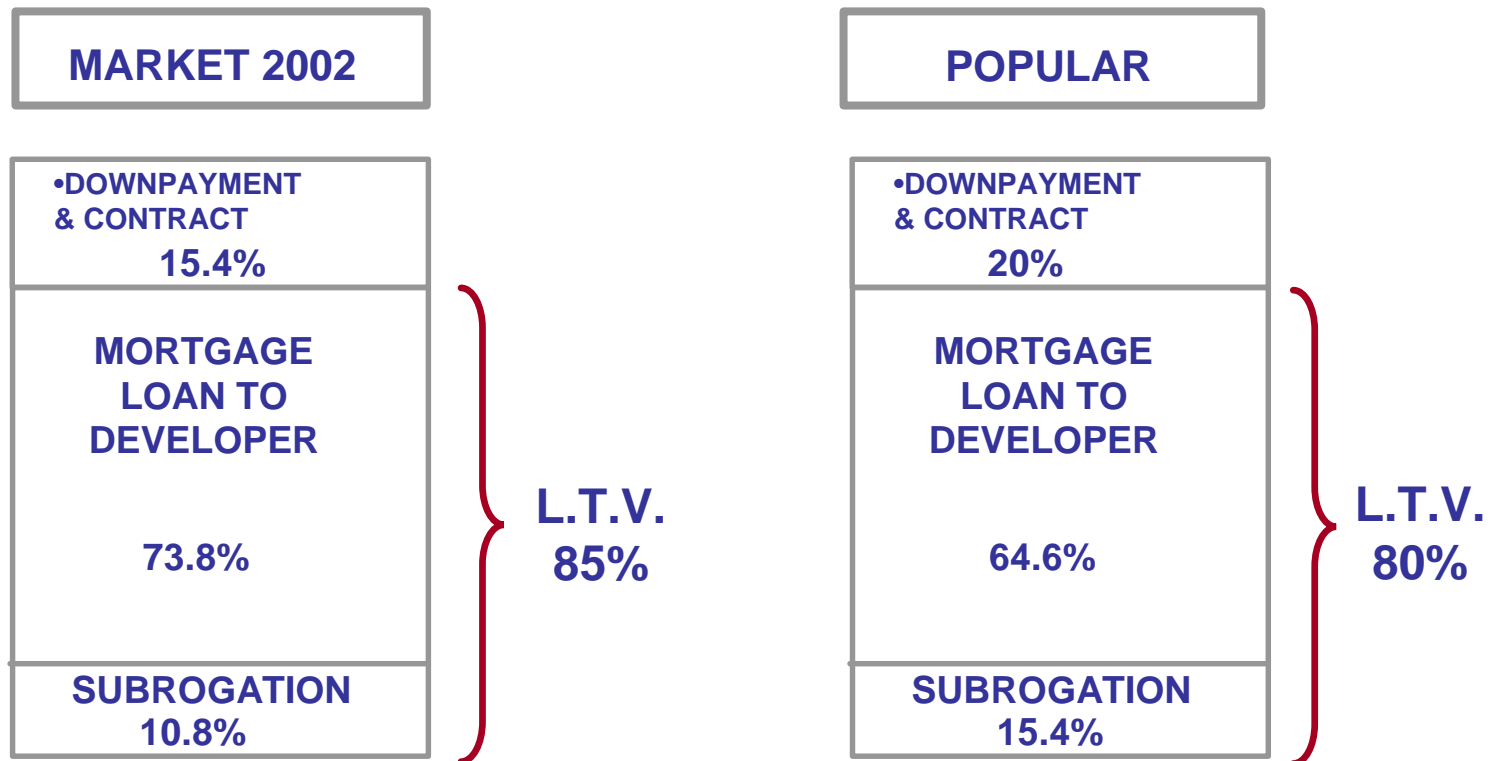
**Staying on the upbeat**

# MORTGAGE MARKET VIEW: BANCO POPULAR'S STRATEGY

58

**Banco  
Popular**

## FINAL PRICE FUNDING



**Staying on the upbeat**

# MORTGAGE MARKET VIEW: BANCO POPULAR'S STRATEGY

59

**Banco  
Popular**

## LOANS TO DEVELOPERS: Additional requirements

### Development project:

- ▶ Good location
- ▶ Price/quality balance
- ▶ Adequate size of houses
- ▶ Favourable market
- ▶ No competing projects

### Sales:

- ▶ Minimum % of pre-loan sales
- ▶ Marketing strategy

### Developer:

- ▶ Experience
- ▶ Financial soundness
- ▶ Additional guarantees
- ▶ Other developments
- ▶ Liquidity

### Builder:

- ▶ Experience
- ▶ Closed price contract

**Staying on the upbeat**

# MORTGAGE MARKET VIEW: BANCO POPULAR'S STRATEGY

60

**Banco  
Popular**

## LOANS TO PRIVATE INDIVIDUALS

	Lending stance	L.T.V.	Other guarantees
<b>Homes</b>	High Priority	< 80 %	If > 35 % dispos. income
<b>Local secondary</b>	Selective locations	< 50 - 60 %	
<b>Foreign secondary</b>	Very restrictive	< 50 %	Lien on other assets
<b>Office buildings</b>	Virtually No	--	Pre-leased
<b>Industrial buildings</b>	Restrictive	< 50 %	High solvency
<b>Commercial malls</b>	NO	NO	NO

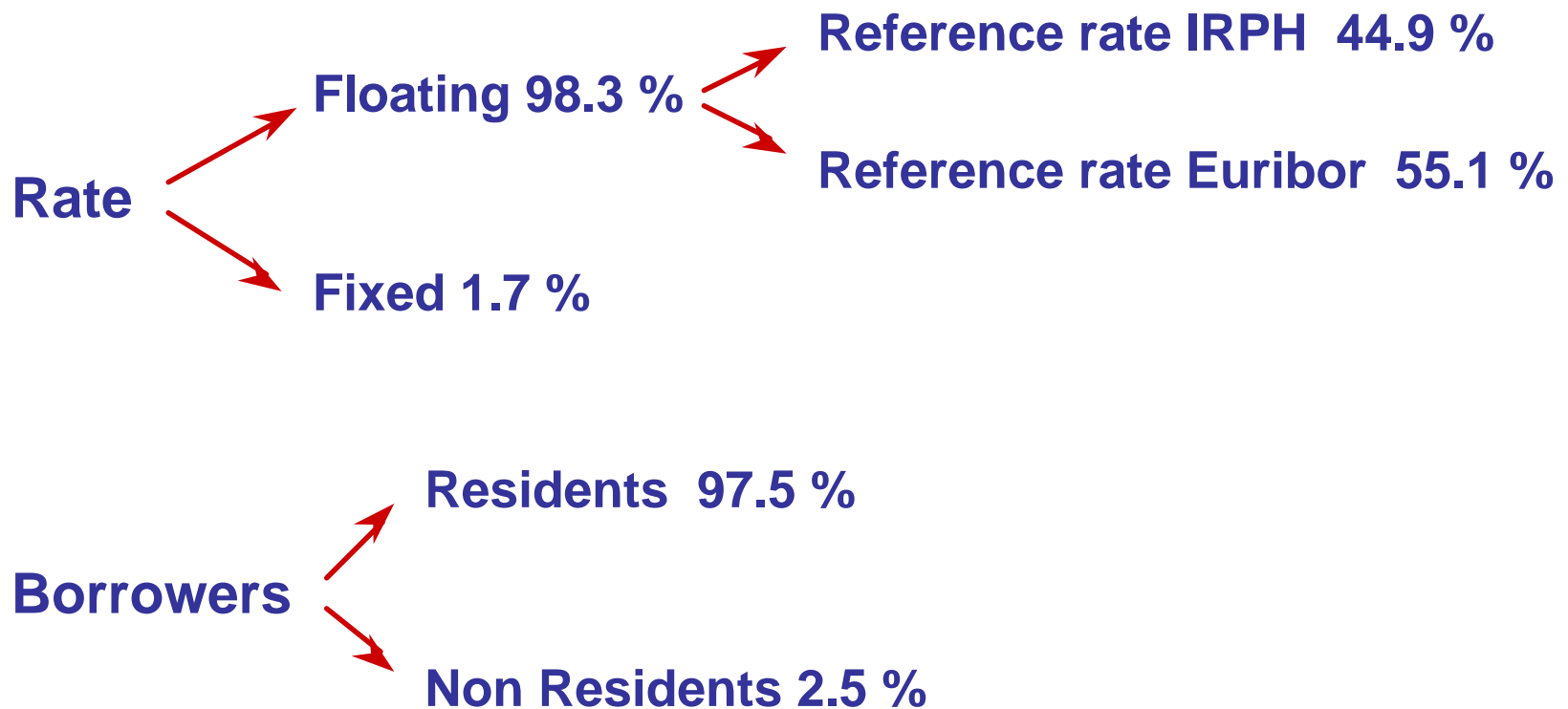
**Staying on the upbeat**

# MORTGAGE MARKET VIEW: BANCO POPULAR'S STRATEGY

61

**Banco  
Popular**

**Some features of Popular's mortgage loans  
to private individuals**

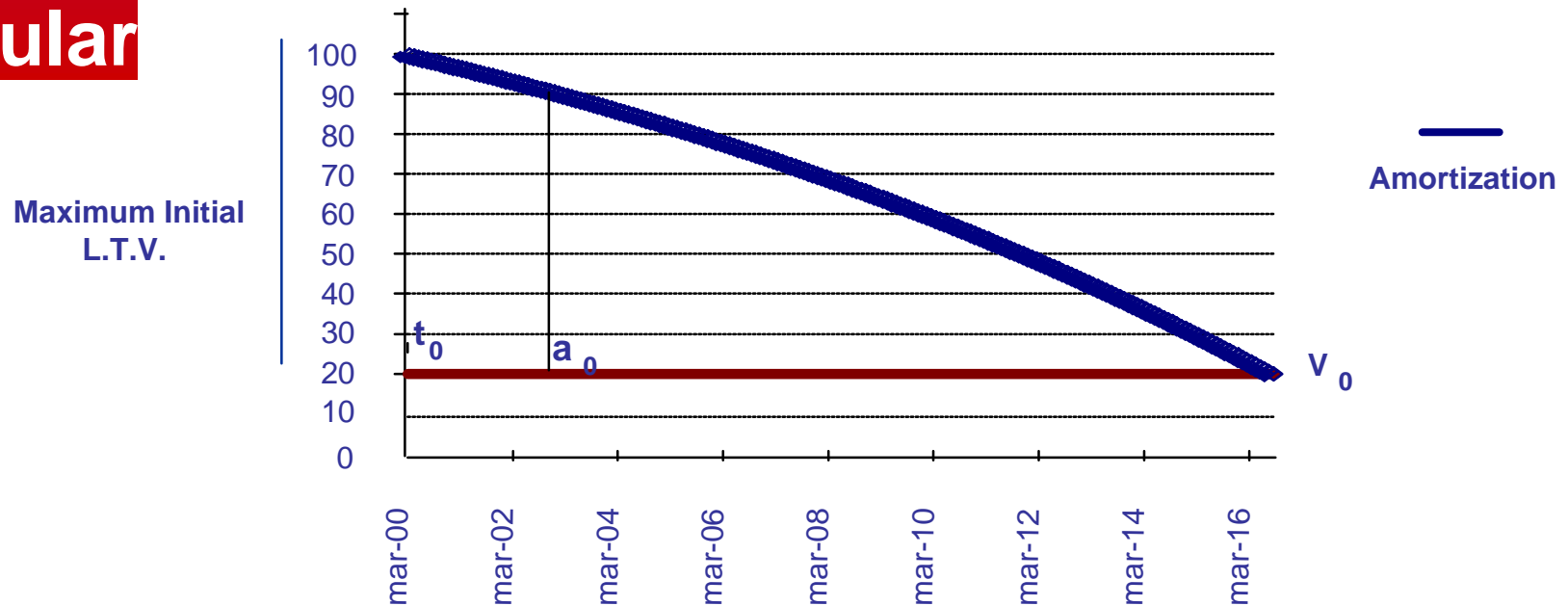


# MORTGAGE MARKET VIEW: BANCO POPULAR'S STRATEGY

62

**Banco  
Popular**

## L.T.V. of Loan Portfolio



Maturity at inception  $V_0 - t_0 = 16.5$  years

Maturity in portfolio  $V_0 - a_0 = 13.9$  years

Value increase of portfolio: 33%

**Home mortgages  
maximum**

**L.T.V. 51.8 %**

**Overall portfolio**

**L.T.V. 48.4 %**

**Staying on the upbeat**

# Banco Popular



## **BANCO POPULAR ESPAÑOL**

Velázquez 34. 28001 Madrid

Telephone: 34 915207000. Fax: 34 915779208

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

**Staying on the upbeat**