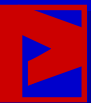


Banco Popular

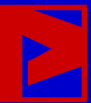
2002: GROWTH WITH CONTROL

February 2002



CONTENT

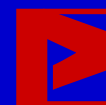
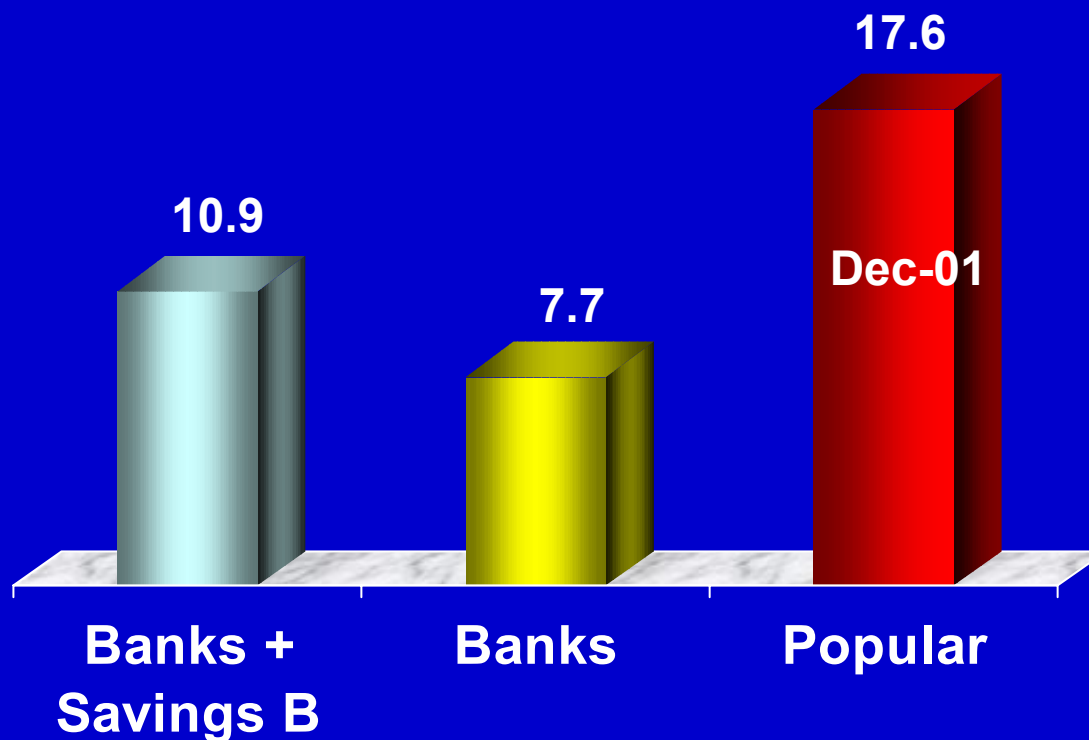
- 1** 2001 PERFORMANCE
- 2** STRATEGY FOR 2002
- 3** THREATS IN 2002
- 4** MEDIUM TERM PERSPECTIVE



2001 PERFORMANCE

LOANS OF PRIVATE-SECTOR RESIDENTS

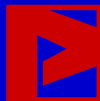
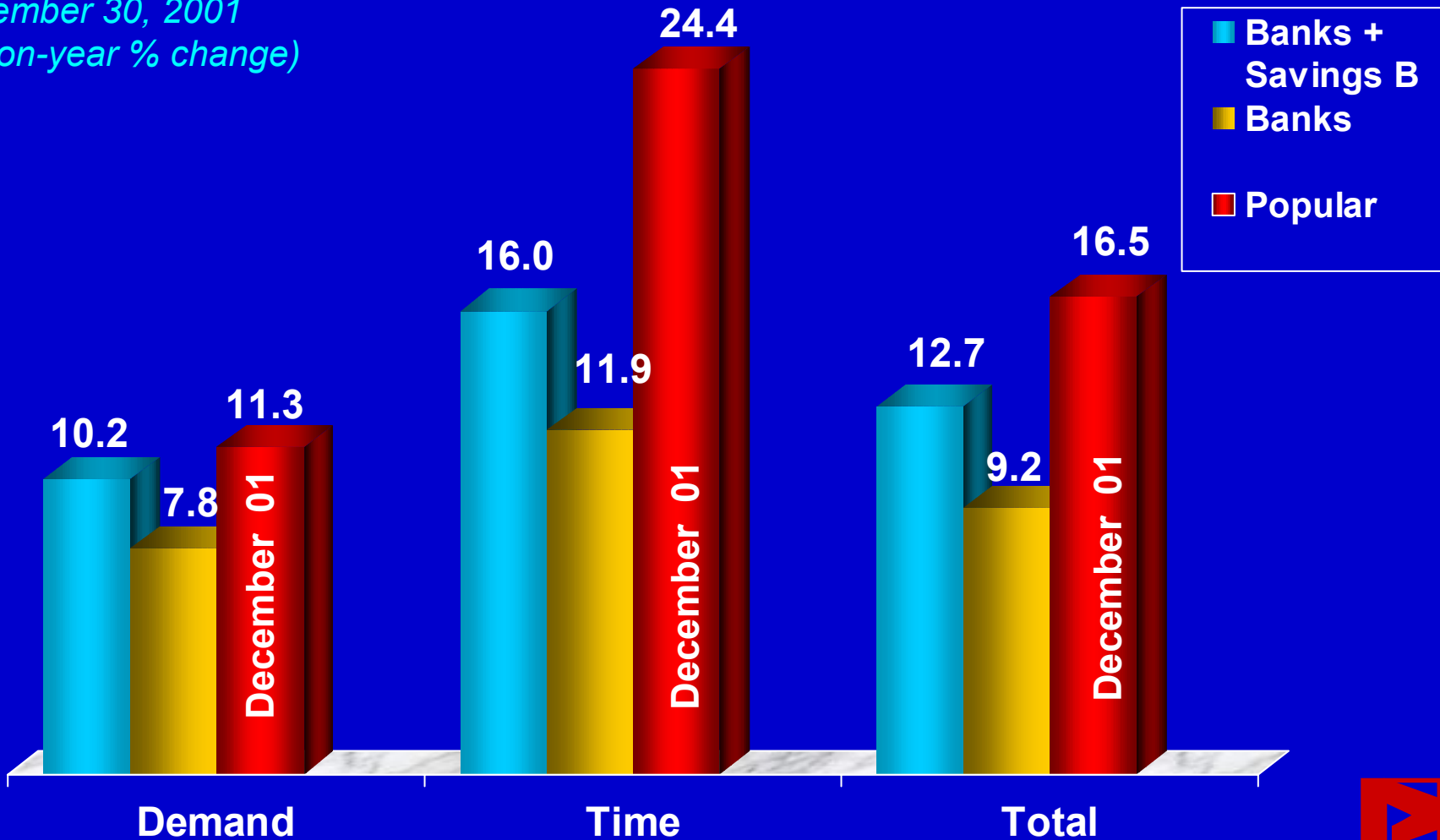
(November 30, 2001 year-on-year % change)



2001 PERFORMANCE

GROWTH OF DEPOSITS OF PRIVATE-SECTOR RESIDENTS

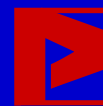
*(November 30, 2001
year-on-year % change)*



2001 PERFORMANCE

MAJOR PRODUCTS MARKET SHARE

	Growth rate <i>(dec-01)</i>	Market share <i>(sept-01)</i>
Bill discounting	12.9	11.4
Mortgage loans	30.2	3.7
Personal loans & overdrafts	14.1	4.2
Leasing	21.9	9.6
Factoring	39.2	6.8



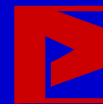
2001 PERFORMANCE

MAJOR PRODUCTS MARKET SHARE

	Growth rate (dec-01)	Market share (sept-01)
Pension funds*	31.7	7.6
Mutual funds	(3.1)	3.2
Debit cards	15.3	15.2 (**)
Credit cards	20.6	16.0 (**)
Private & Fuel cards	49.0	
ATMs	11.2	6.5 (e)

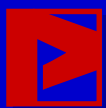
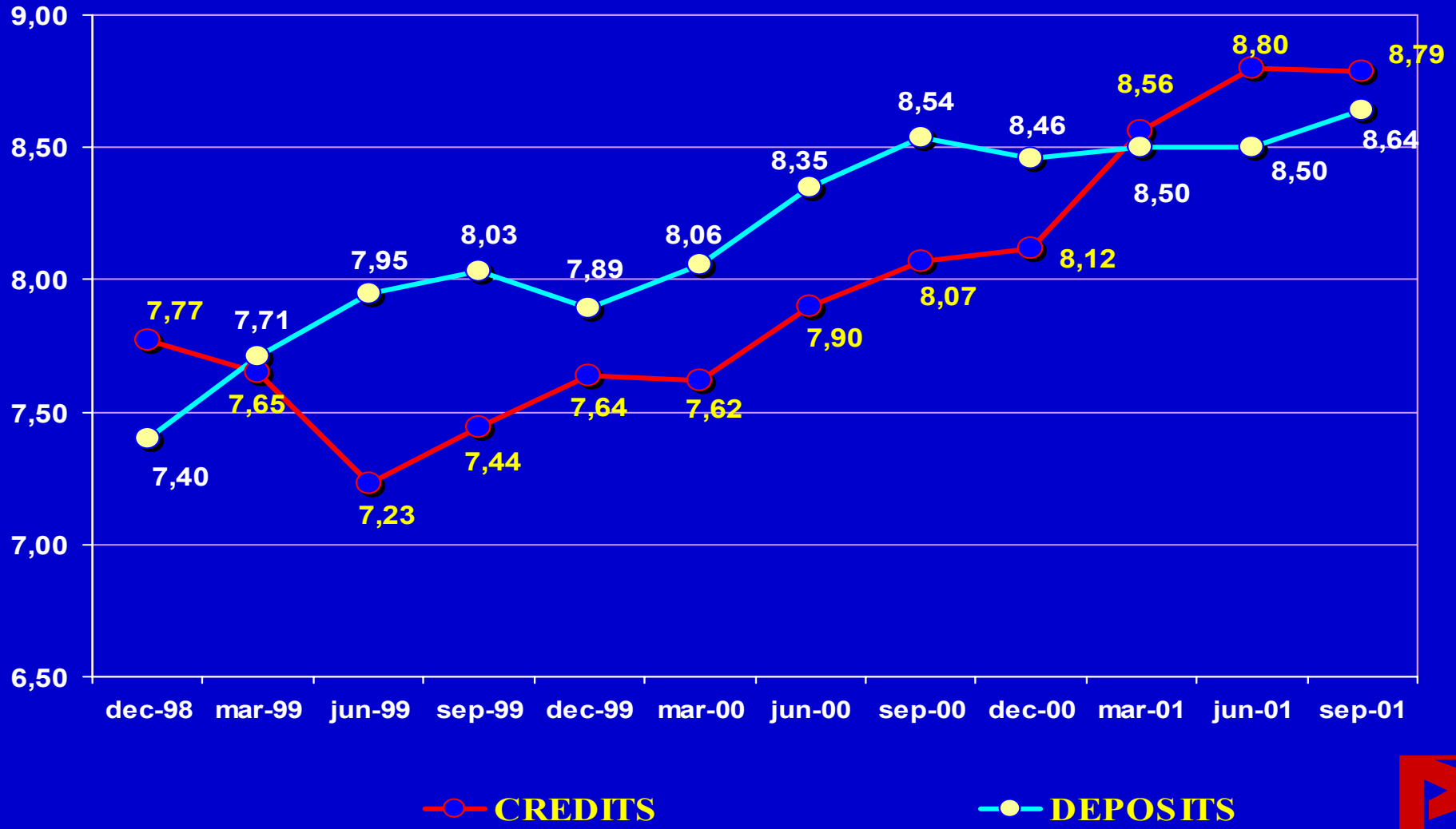
(*) Assets in private/individual accounts

(**) As % of 4B system



2001 PERFORMANCE

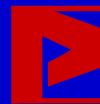
MARKET SHARE OVER COMMERCIAL BANKS



2001 PERFORMANCE

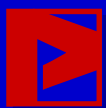
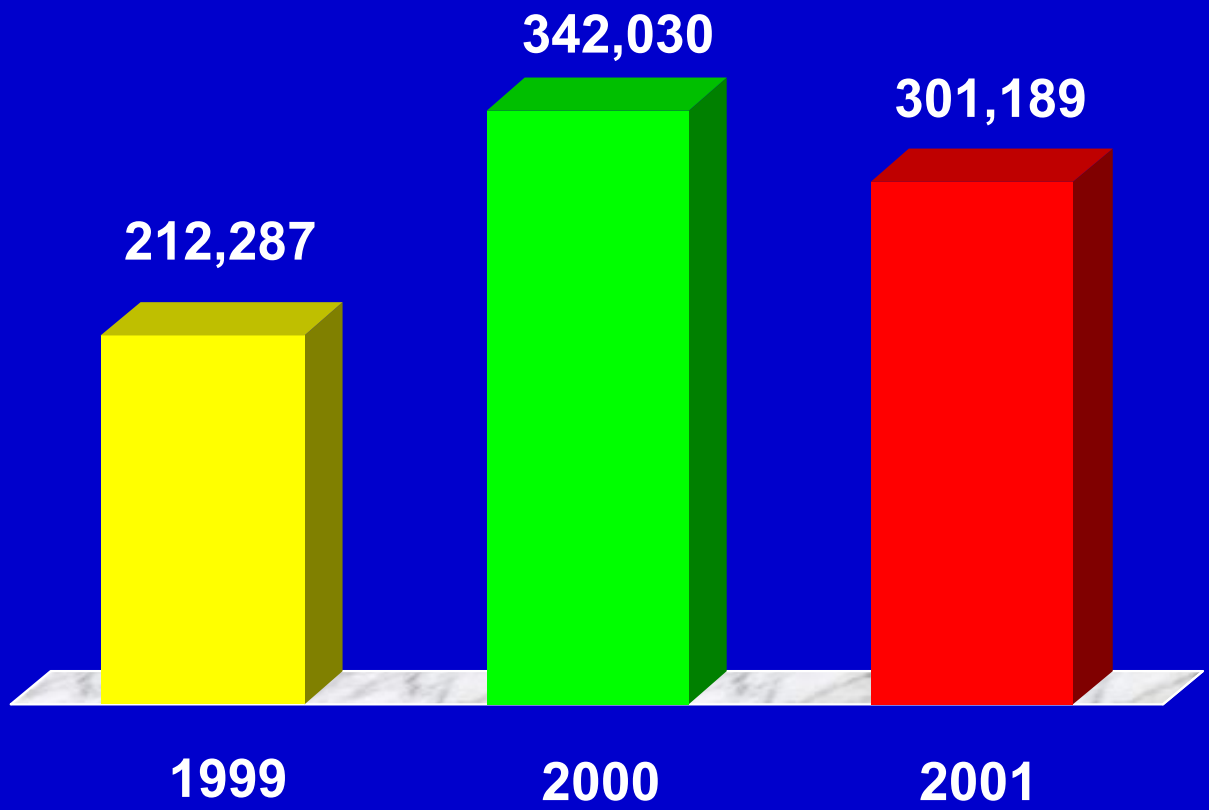
DISTRIBUTION HIGHLIGHTS

	<u>Dec. 01</u>	<u>Dec. 00</u>	<u>%</u>
Branches	2,144	2,069	3.6
ATMs	3,141	2,824	11.2
Cards	4,107,527	2,840,339	44.6
Customers	4,251,818	3,950,621	7.6
Staff	12,309	11,943	3.1



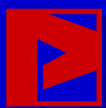
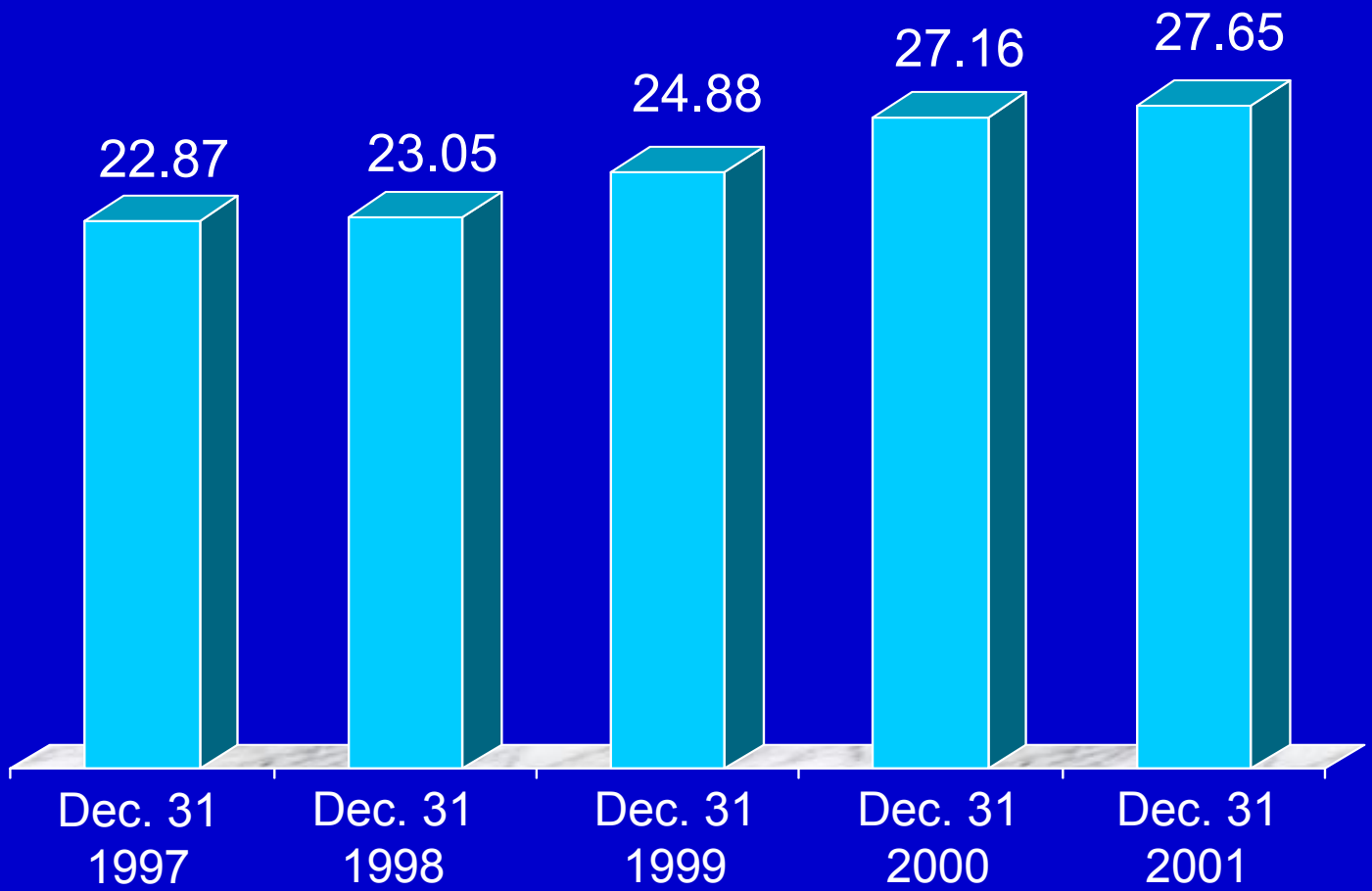
2001 PERFORMANCE

NET NEW CLIENTS



2001 PERFORMANCE

ROE (%)

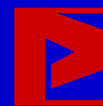


2001 PERFORMANCE

(Accumulated % change)

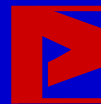
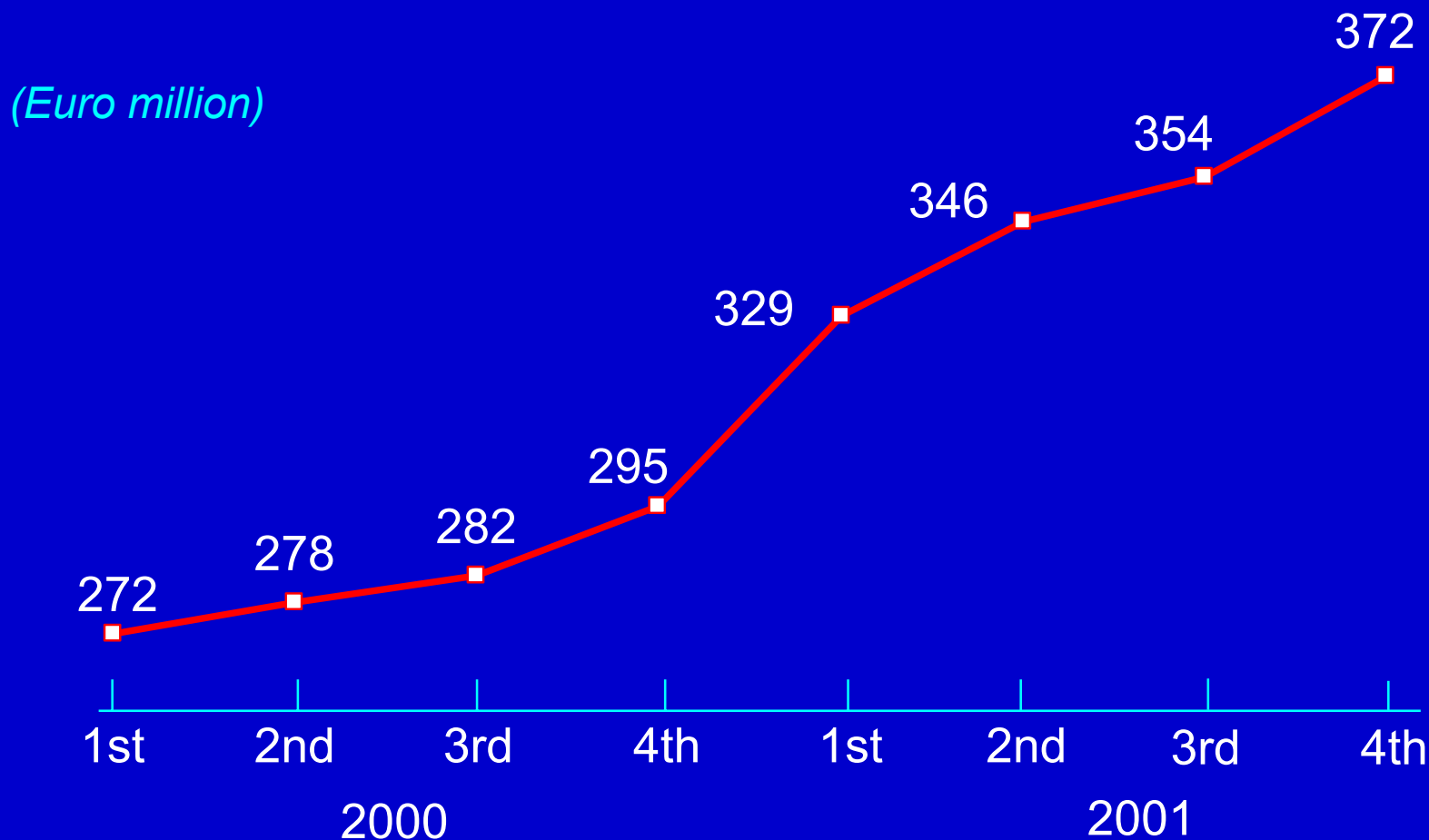
	2001			
	1st. quarter	1st. half	9 mos.	Year
Net interest revenue	21.1	22.9	23.7	24.4
Fees for services	14.4	10.8	6.1	5.6
Ordinary revenue *	19.0	19.1	17.0	18.0
Operating costs	13.9	13.4	12.7	12.2
Operating income *	24.5	25.0	21.6	23.8
Income before taxes	6.3	7.0	7.1	5.2
Net income attributable	15.1	15.6	16.1	15.2

* Excluding extraordinary gain in 2001 (AVASA)



2001 PERFORMANCE

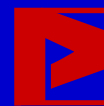
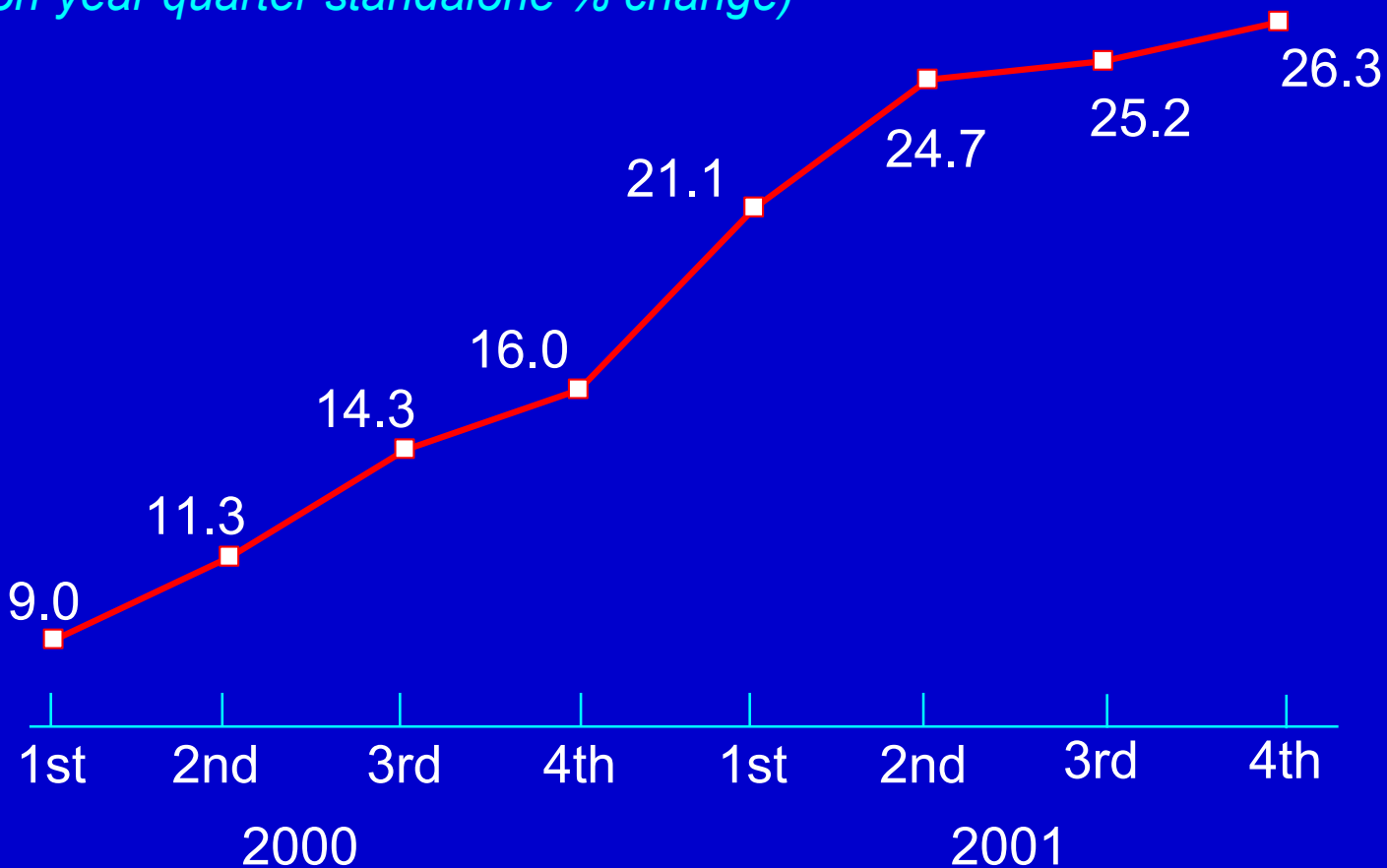
NET INTEREST REVENUE (Quarter standalone)



2001 PERFORMANCE

NET INTEREST REVENUE

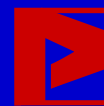
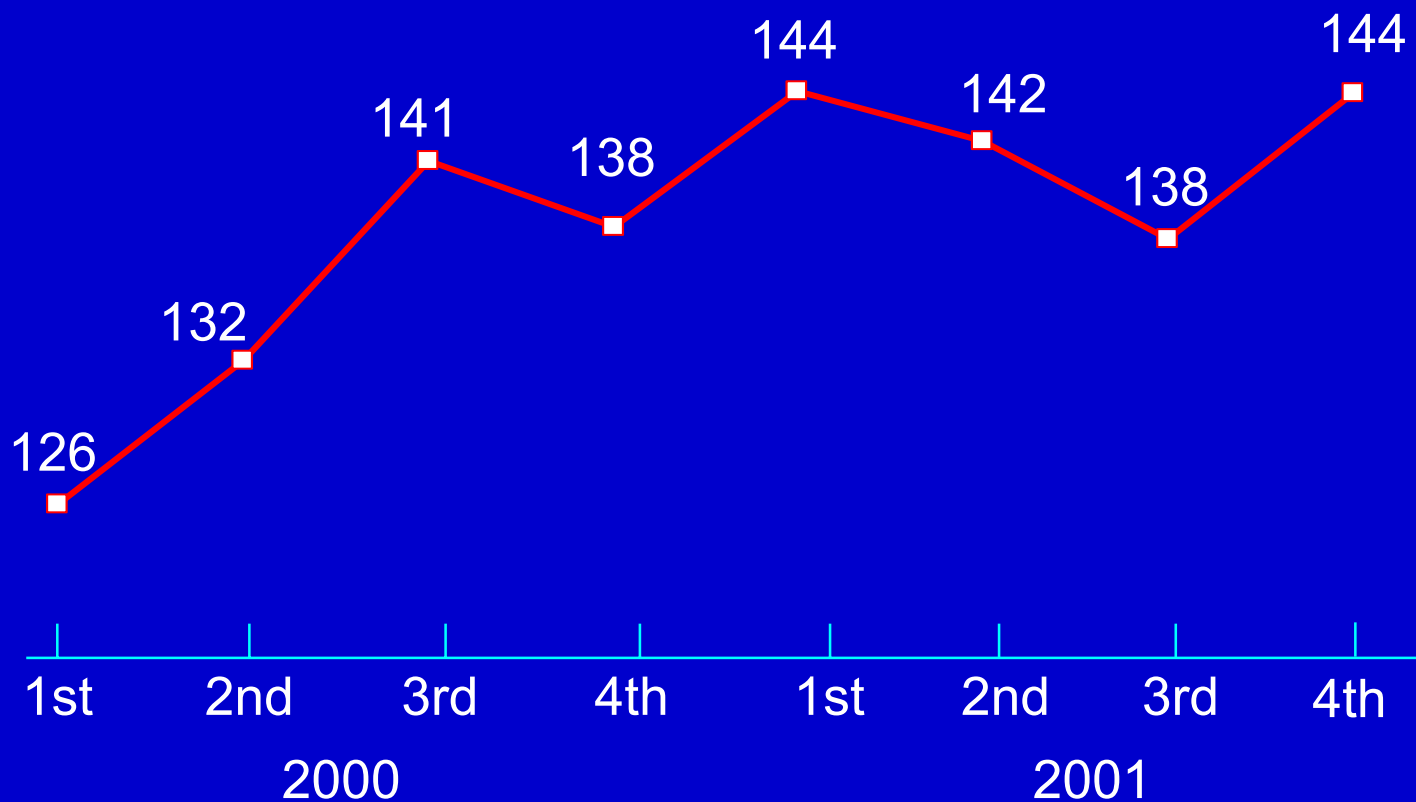
(Year-on-year quarter standalone % change)



2001 PERFORMANCE

FEES FOR SERVICES (Quarter standalone)

(Euro million)

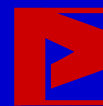


2001 PERFORMANCE

FEES FOR SERVICES

(December 31, 2001)

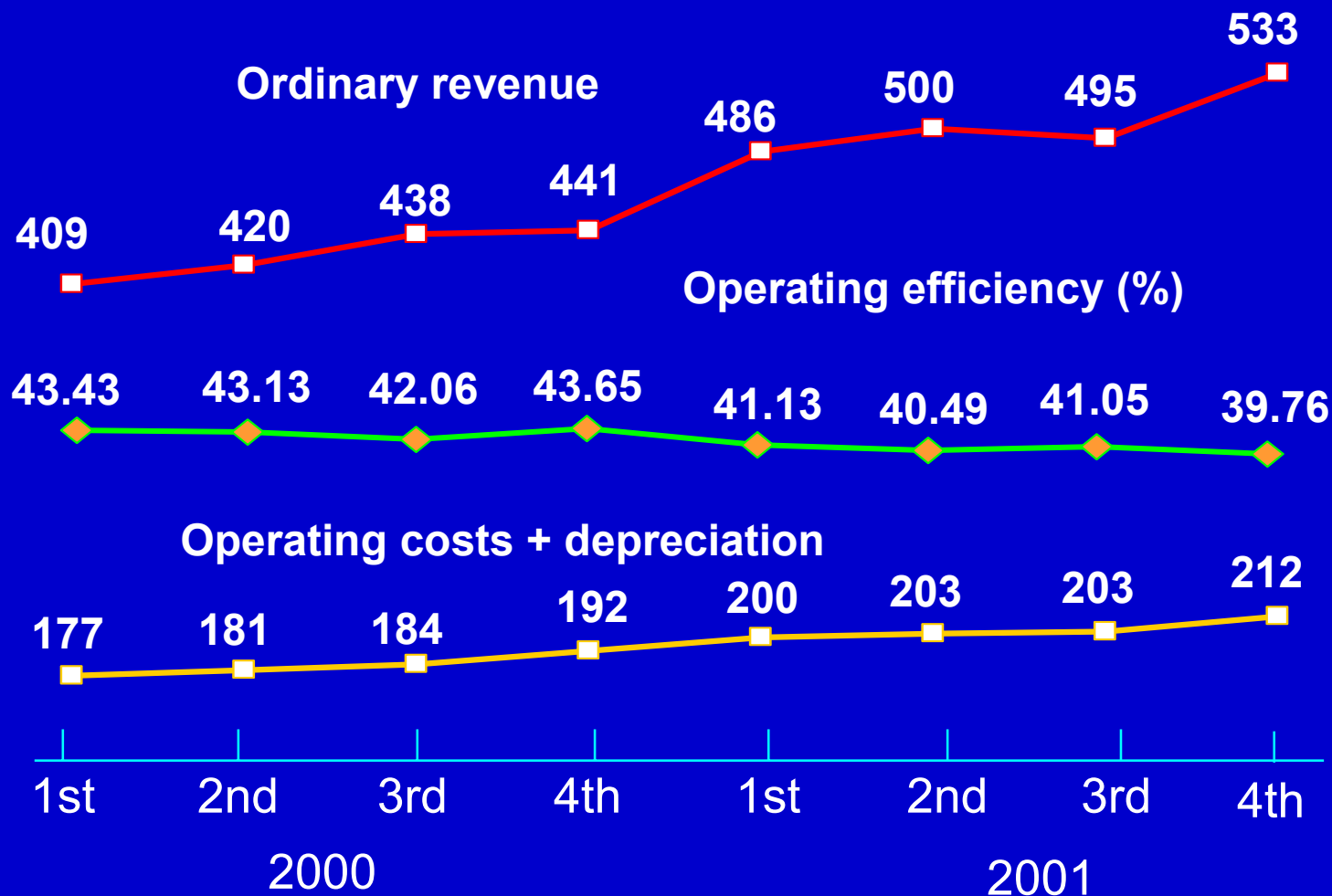
	Euro million	Year-on-year % change	As % of Total Fees
Total Service Revenues	567	5.6	100.0
Loan-related fees	74	10.2	13.1
Fees from guarantees	49	17.9	8.6
Collection & card-related	229	15.5	40.4
Customer financial asset mgt.	161	(8.1)	28.4
Mutual funds	95	(16.4)	16.7
Other	66	6.5	11.6
Account mgt. fees and other	45	(4.3)	7.9



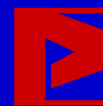
2001 PERFORMANCE

COST/INCOME RATIO

(Euro million)



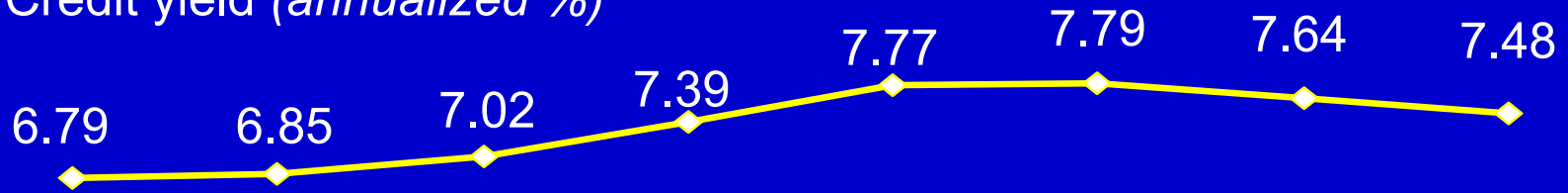
Total	
<u>2000</u>	<u>2001</u>
43.10	40.59



2001 PERFORMANCE

QUARTERLY CUSTOMER SPREAD

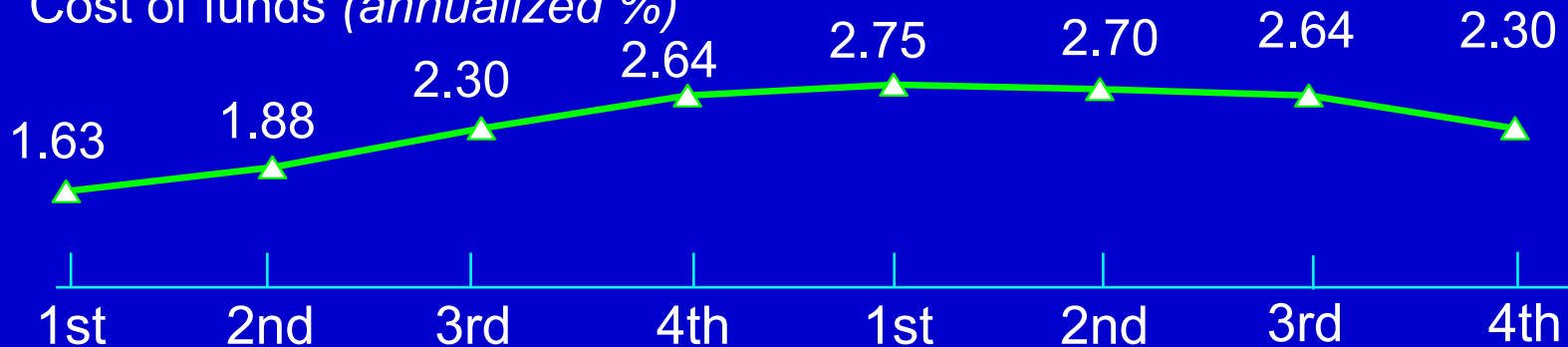
Credit yield (*annualized %*)



Customer spread (*points*)

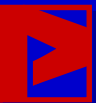


Cost of funds (*annualized %*)



2000

2001



STRATEGY

MAIN GOALS

Gain MARKET SHARE

Gain CUSTOMERS

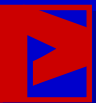
Boost FEE INCOME

OBJECTIVES

Outperform competitors

Build up medium term future

Launch new activities



STRATEGY

COMPLEMENTARY GOALS

- 1 Maintain credit quality
- 2 Increase cross-selling
- 3 Reduce cost of funding
- 4 Reduce overhead cost
- 5 Increase productivity

OBJECTIVES

Basic tenet of Popular

Increase customer stickiness

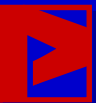
Increase the bank's spread

Optimize cost/income ratio

Optimize cost/income ratio

STRATEGY: Gain market share

AMONG COMMERCIAL BANKS

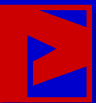


STRATEGY: Gain CUSTOMERS



NEW CUSTOMERS TARGET 2002:

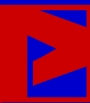
+8%



STRATEGY: Boost fee income

LINES OF DEVELOPMENT

- 1 Expand credit and debit cards
- 2 Expand Popular's own affinity cards
- 3 Consolidate ATM's network
- 4 Launch mass affluent and personal banking
- 5 Boost asset management market share



STRATEGY: Development

MAINTAIN GROWTH SPREE THROUGH:

Enhanced performance follow up

Closer focus on affinity groups of customers

Expansion of means of payments

Weekly regional and global promotional campaigns

Reshaping network of financial agents

Further expansion of e-banking as channel

Launching new private bank and new personal banking network



STRATEGY: Development

IMPLEMENTATION AND VERY CLOSE MONITORING OF

DAILY TARGETS:



Customer num.

Current accounts

Mutual funds

Mortgage loans

Consumer loans

Leasing

Debit cards

Credit cards

Pension funds

Life insurances

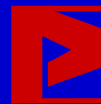


STRATEGY: Development

FURTHER PROMOTION OF AFFINITY GROUPS:

Indicative trends as of Autumn 2001

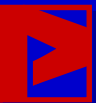
Number of customers	+ 13.3%
Customer deposits	+ 10.2%
Loans	+ 46.2%
Card-related volumes	+ 30.0%



STRATEGY: Development

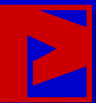
CARD-RELATED VOLUMES

	<u>2002 targets</u>
New credit cards:	
Installment financing	50.000 units
Debit and credit cards	29 %
Other affinity cards	25 %
Petrol cards	16 %



THREATS IN 2002

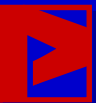
- **Pressure on margins from lower interest rates**
- **Lower growth due to GDP slowdown**



THREATS IN 2002: INTEREST RATES

SCENARIO

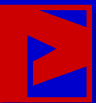
- Further decreases should be small or null in Euroland
- Markets predict increases of up to 50 b.p. in 2nd. half year



THREATS IN 2002: INTEREST RATES

EFFECT ON POPULAR'S P&L

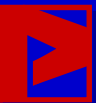
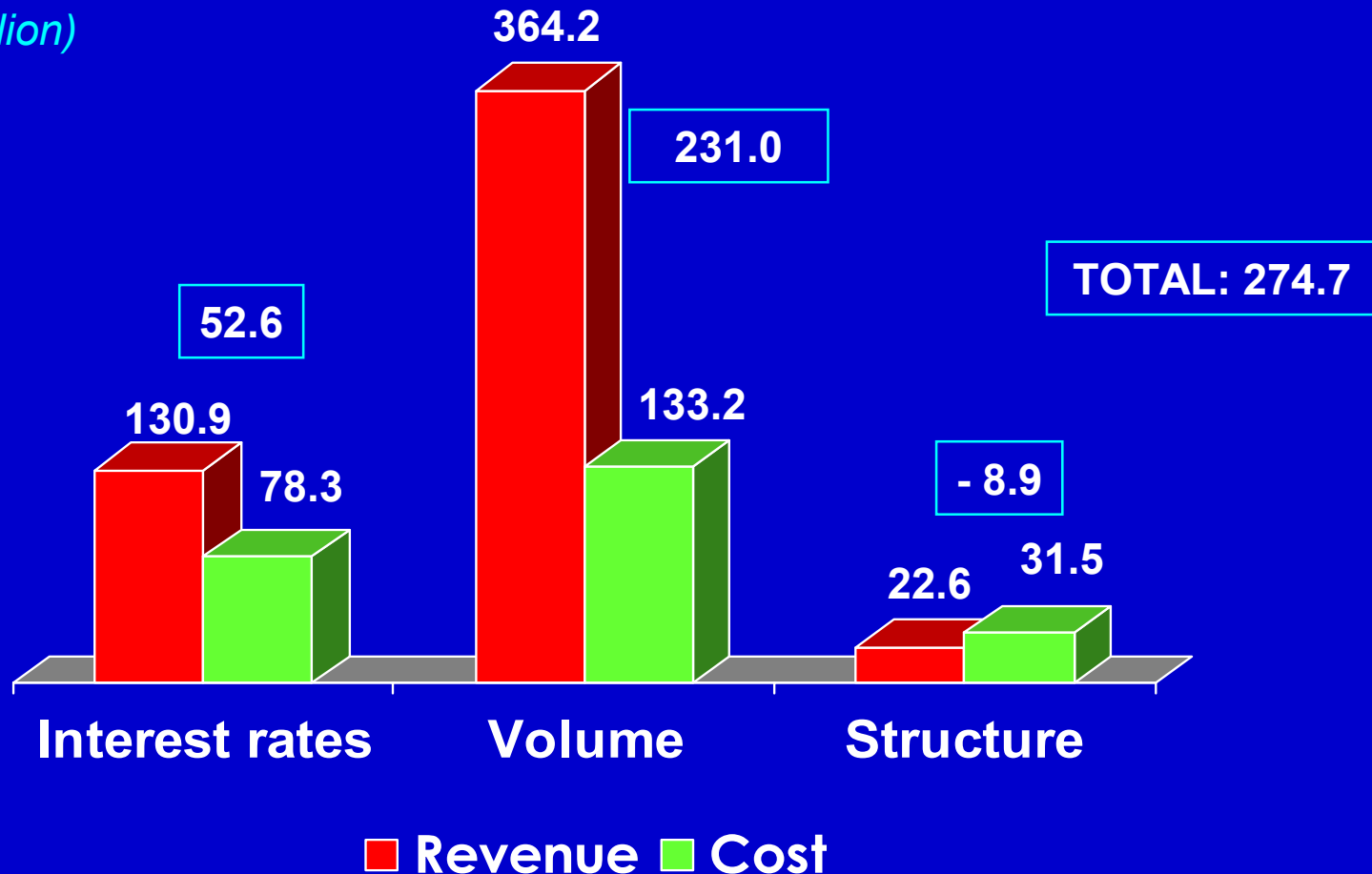
- ▶ **Downwards repricing: from 2000-2001 rate decreases**
- ▶ **Upwards repricing: small and displaced to 2003**



THREATS IN 2002: INTEREST RATES

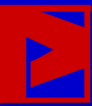
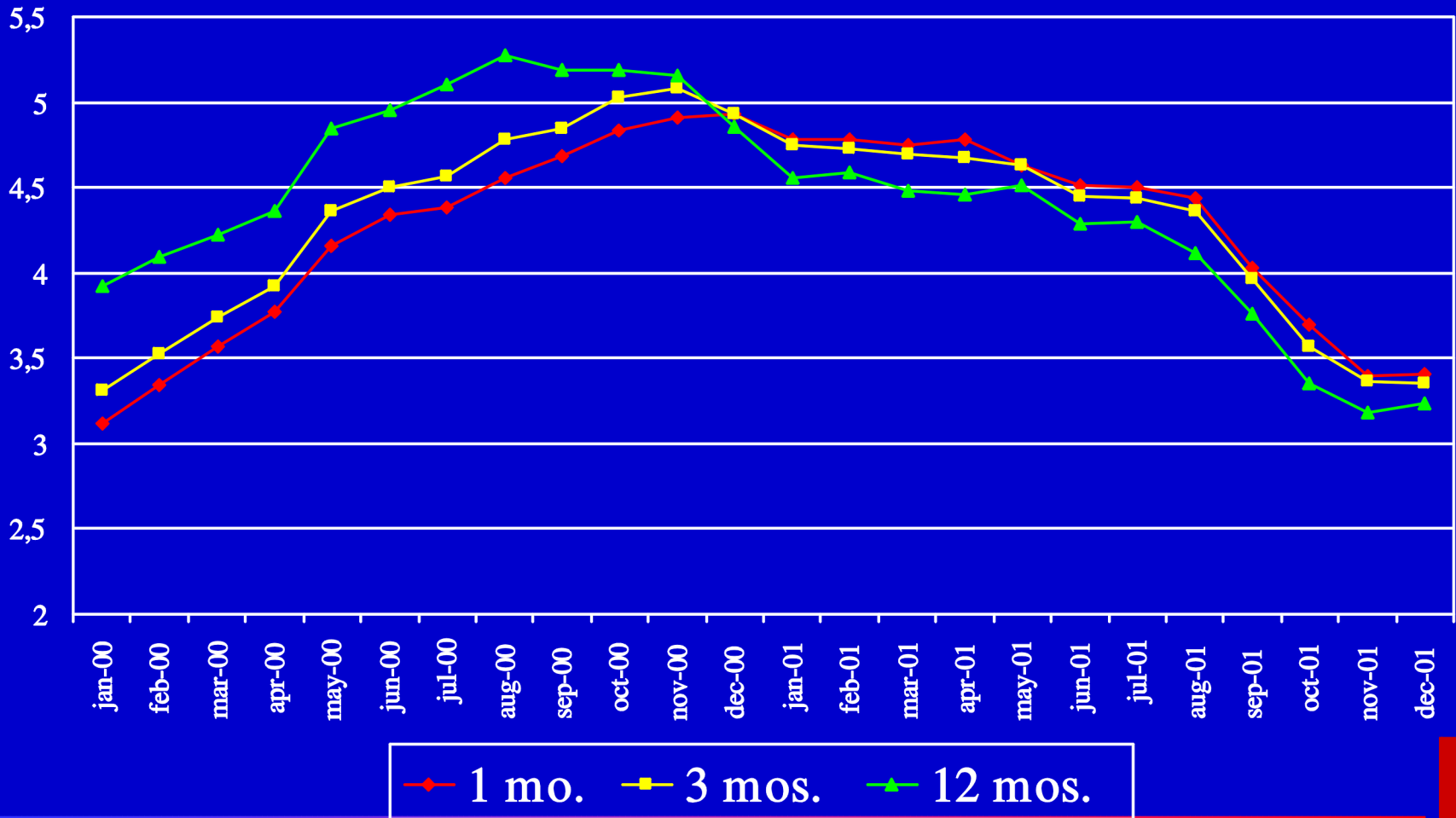
BREAKDOWN OF INTEREST INCOME

(Euro million)



THREATS IN 2002: INTEREST RATES

AVE. RATE TRANSACTED



THREATS IN 2002: INTEREST RATES

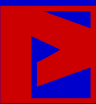
2001 IMPACT OF RATES DECREASES

	Average repricing period	Theoretical impact (*)	Real change
Bill discounting	2 mos.	-1.62	-0.48
Mortgage loans	1 year	-0.69	+0.26
Personal loans	7 mos.	-1.13	-0.39
Overdrafts	3 mos.	-1.58	-0.09
Leasing	1 year	-0.69	+0.01

(*) Based on model:

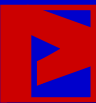
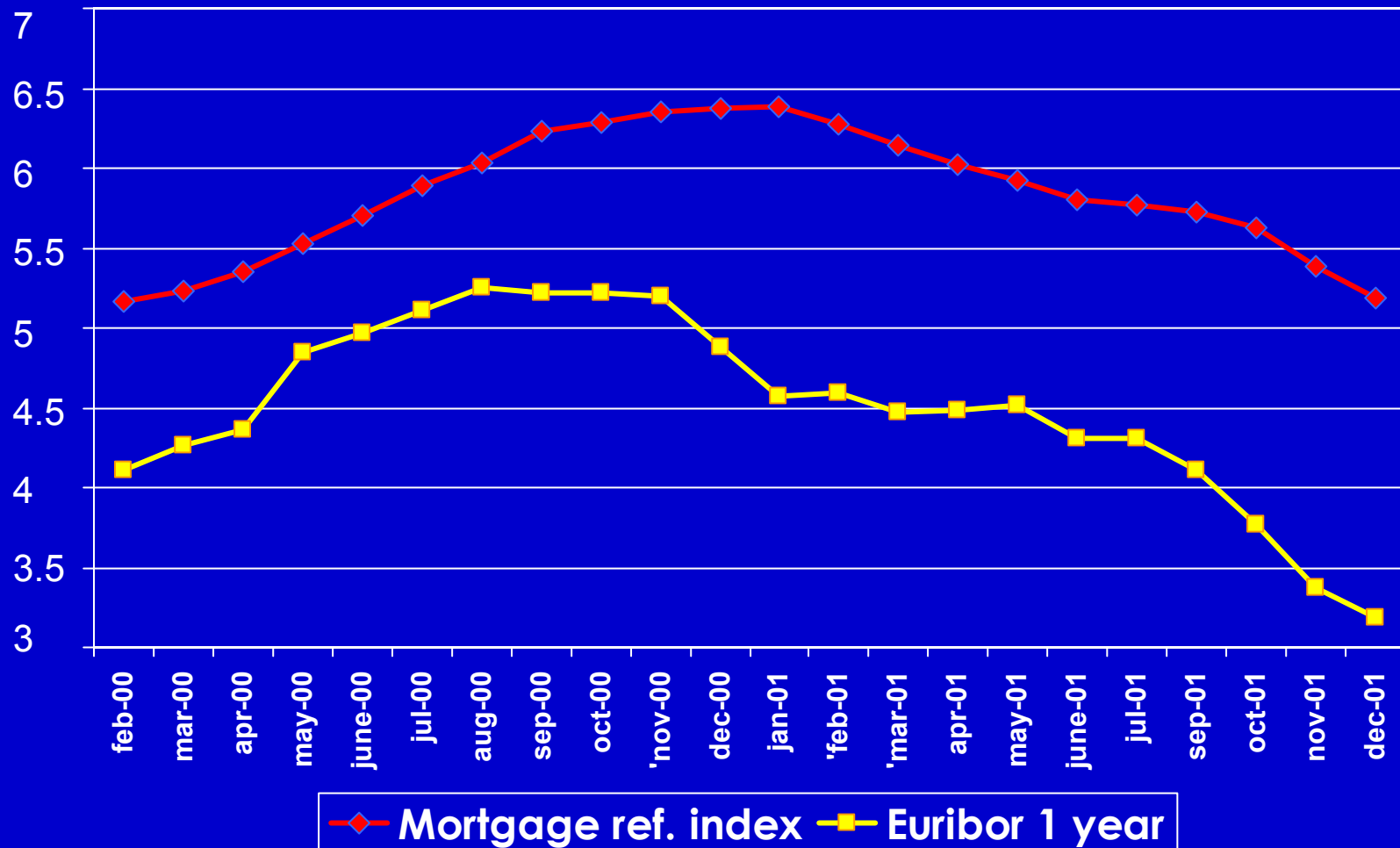
$$\left(\sum_{i=1}^N i_n / N \text{ (year 2000)} \right) - \left(\sum_{i=1}^N i_n / N \text{ (year 2001)} \right)$$

N = repricing period



THREATS IN 2002: INTEREST RATES

MORTGAGE REFERENCE INDEX

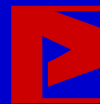


THREATS IN 2002: INTEREST RATES

Duration

December 2001

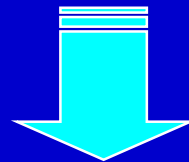
					Holding Period 365	
	Amount MM Euros	Interest Rate %	NPV MM Euros	Duration Days	NPV MM Euros	Duration Days
TOTAL ASSETS	31,546.8	5.83	32,170.0	217.16	30,979.2	121.35
MONETARY MARKET	5,764.6	3.76	5,803.2	25.22	5,795.8	23.21
LOANS	24,799.4	6.37	25,351.7	167.00	24,746.4	144.18
SECURITIES	982.8	4.41	1,015.1	2,567.06	437.1	130.27
TOTAL LIABILITES	22,828.0	3.24	22,959.0	77.44	22,448.0	60.83
MONETARY MARKET	9,430.5	3.64	9,459.5	40.33	9,356.4	30.26
CUSTOMER DEPOSITS	11,819.8	2.89	11,915.5	111.78	11,508.0	88.47
SECURITIES	1,577.7	3.58	1,584.0	40.77	1,583.6	40.68
EQUITY	2,622.5		9,211.0	565.41		



THREATS IN 2002: INTEREST RATES

SENSIVITY TO INTEREST RATES

For an 100 bpts. Interest Rates Move

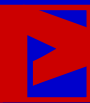


Net Interest Revenue Sensitivity* \pm Euros 19.7 million



\pm 1.4 % Total Revenues

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



THREATS IN 2002: INTEREST RATES

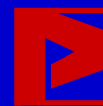
EFFECT ON YIELDS AND COSTS



Bill discounting	-0.07	-0.27	-0.31	-0.48
Mortgages	0.30	0.43	0.43	0.26
Consumer	0.14	0.15	-0.07	-0.39
Overdrafts	0.14	0.12	0.03	-0.09
Leasing	0.16	0.22	0.18	0.01
TOTAL	0.16	0.17	0.10	-0.10

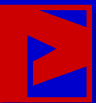
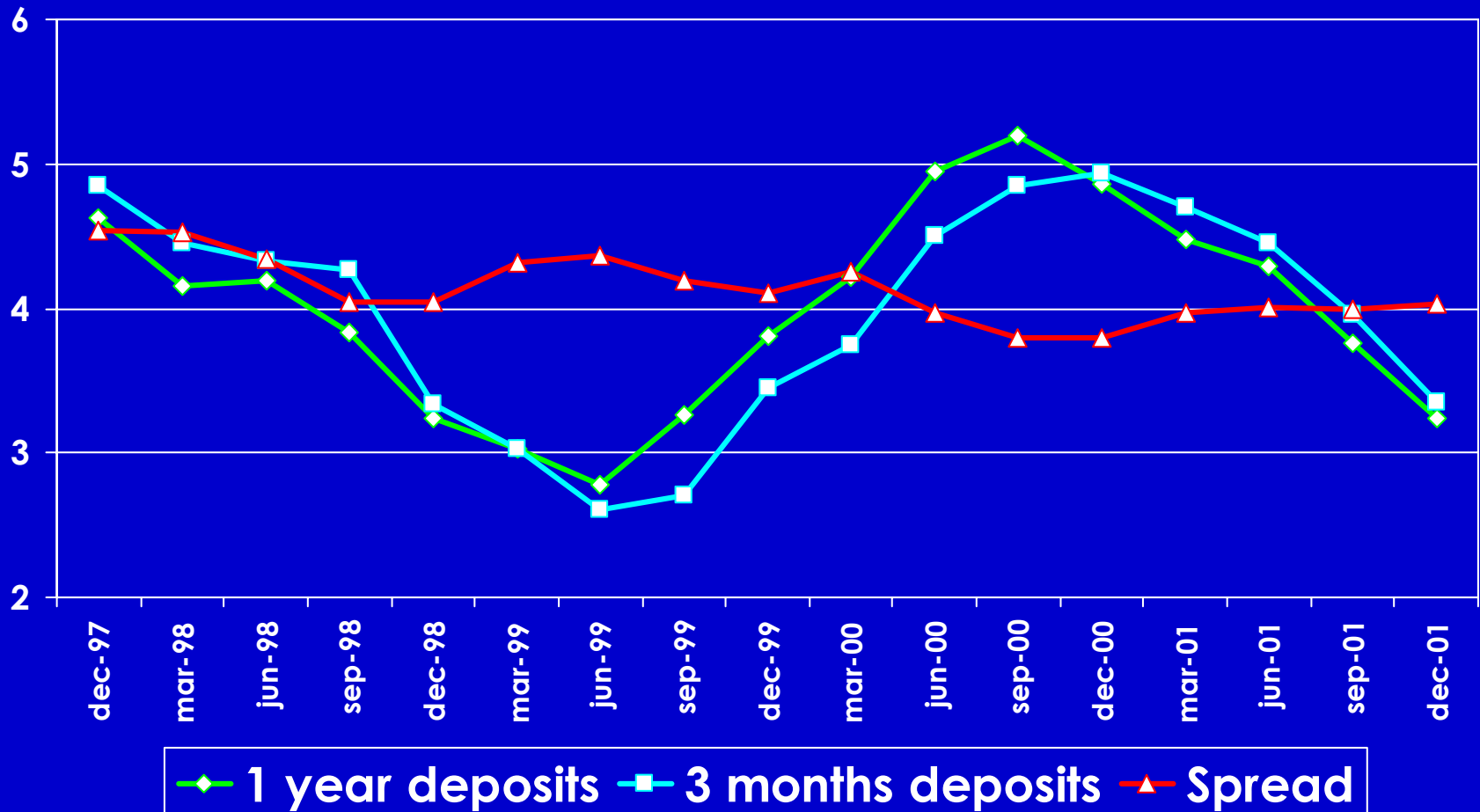
Demand Deposits	0.02	-0.06	-0.01	-0.18
Time Deposits	0.14	0.14	-0.01	-0.39
Commercial Paper	-0.23	-0.47	-0.88	-1.44
TOTAL	0.17	0.11	0.08	-0.21

Differential	-0.01	+0.06	+0.02	+0.11
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THREATS IN 2002: INTEREST RATES

POPULAR'S SPREAD VS. RATES

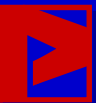


THREATS IN 2002: INTEREST RATES

Mitigating factors of downward interest-rate pressure

UPTRENDING ELEMENTS

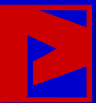
- 1 Diminishing margin sensitivity to interest rates
- 2 New reference rates: minor effect now
- 3 Enlarged spreads on loans



THREATS IN 2002: INTEREST RATES

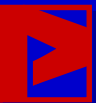
ENLARGING SPREADS

- **Widening on 2nd. half 2001:
Can we repeat it on 2002 ?**
- **Lighter pressure on customer spreads
from competitors ?**



THREATS IN 2002: GDP SLOWDOWN

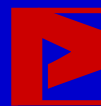
- ▶ **Our Spanish GDP growth estimate:
+1.8% to +2.4%**
- ▶ **Our loan growth estimate for the
Spanish banking sector
+6% to +10%**



THREATS IN 2002: GDP SLOWDOWN

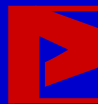
LOAN GROWTH SCENARIO FOR BPE:

10 - 15 %



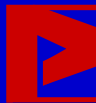
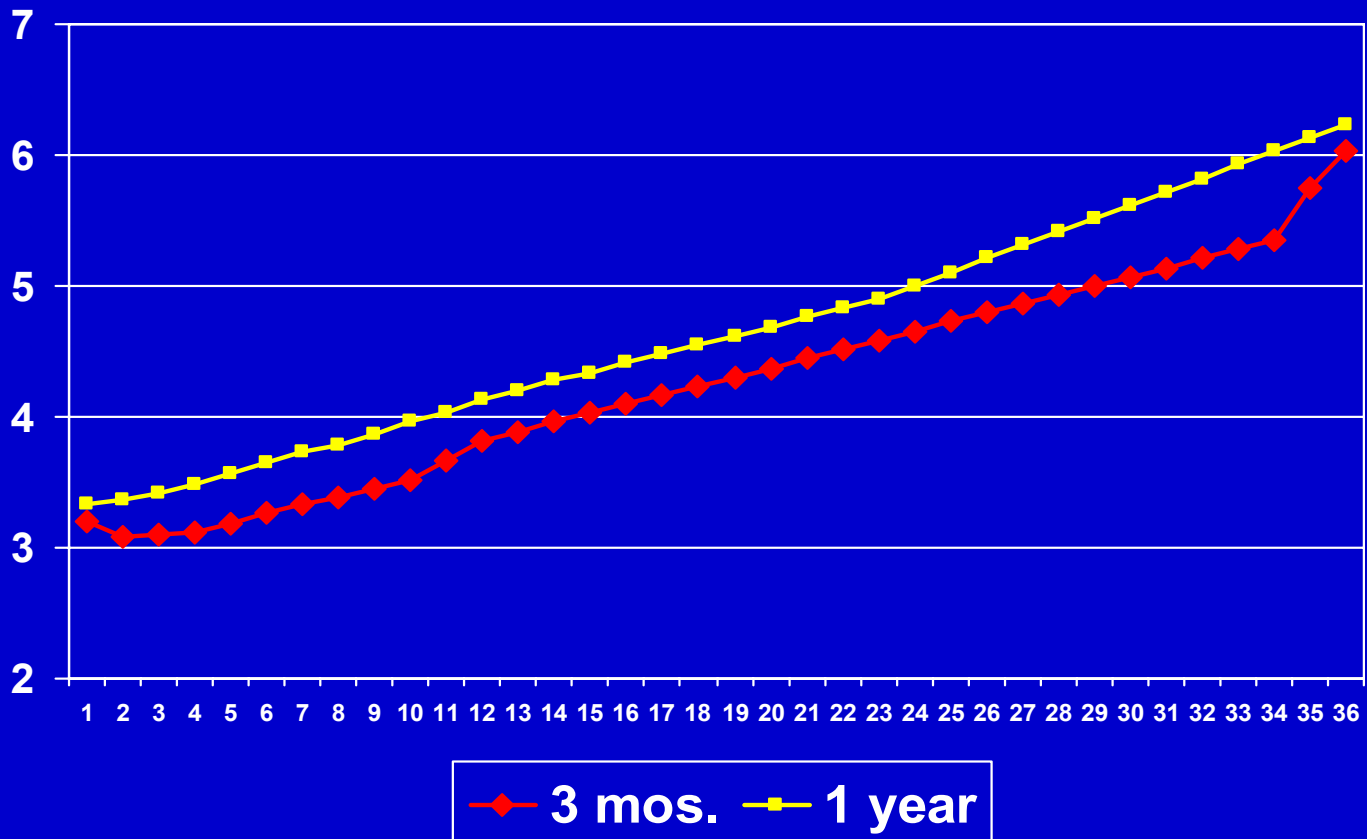
MEDIUM TERM PERSPECTIVE

- Boost from rising interest rates**
- Boost from economic recovery**
- Mutual funds growth**
- Consolidation of personal banking**



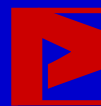
MEDIUM TERM PERSPECTIVE

CURVES OF IMPLICIT INTEREST RATES



MEDIUM TERM PERSPECTIVE

- **Easing conditions for the P&L**
- **Additional growth through acquisitions**



BPE SHARE vs. EUROPEAN FINANCIALS

TWO YEAR

N173 Equity UGA

Worksheet List Edit Options Table 5 - POP REL EUROBANKS

Range 12/31/99 - 1/30/02 Period Daily

Line 1	POP SM Equity - Last Price	HI	134.349	ON	07/23/01	LOW	85.714	ON	02/18/00	AVE	113.255
Line 2	BEIFINLE Index - Last Price	HI	122.103578	ON	01/29/01	LOW	75.0179189	ON	09/21/01	AVE	99.721179



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 920410
Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 212 1000 U.S. 1 212 318 2000 Copyright 2002 Bloomberg L.P.
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