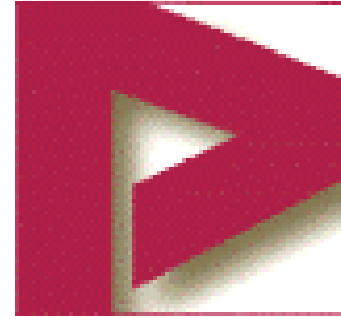


Banco Popular Group



ENTERING THE UPTREND

January 2005



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HIGHLIGHTS OF THE YEAR

- 1 Beating industry in non-mortgages**
- 2 Beating industry in asset management**
- 3 Levelling-off of banking margins**
- 4 Strong expansion in growth base:**

 **Customers**

 **Branches**



RESILIENT GROWTH DRIVE

LOANS TO PRIVATE-SECTOR RESIDENTS

Resilient loan growth

September: + 23.3% p.a.

**December:
+ 23.8% p.a. ***

* Without securitization



RESILIENT GROWTH DRIVE

LOANS TO PRIVATE-SECTOR RESIDENTS

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

	Sept. 04	Oct. 04	Nov. 04
POPULAR	+23.3	+24.2	+24.3
BANKS	+15.0	+15.6	+14.1
BANKS + SAVINGS BANKS	+17.4	+17.4	+16.5

Source: Bank of Spain



RESILIENT GROWTH DRIVE

MAJOR LOAN CATEGORIES (*)

(Accumulated % change)

Without securitization

	Growth rate <i>December 04</i>	% of total loans
Bill discounting	13.9	11.7
Mortgage loans	29.5	52.8
Personal loans & overdrafts	19.4	28.9
Leasing	24.3	5.3
TOTAL	24.1	

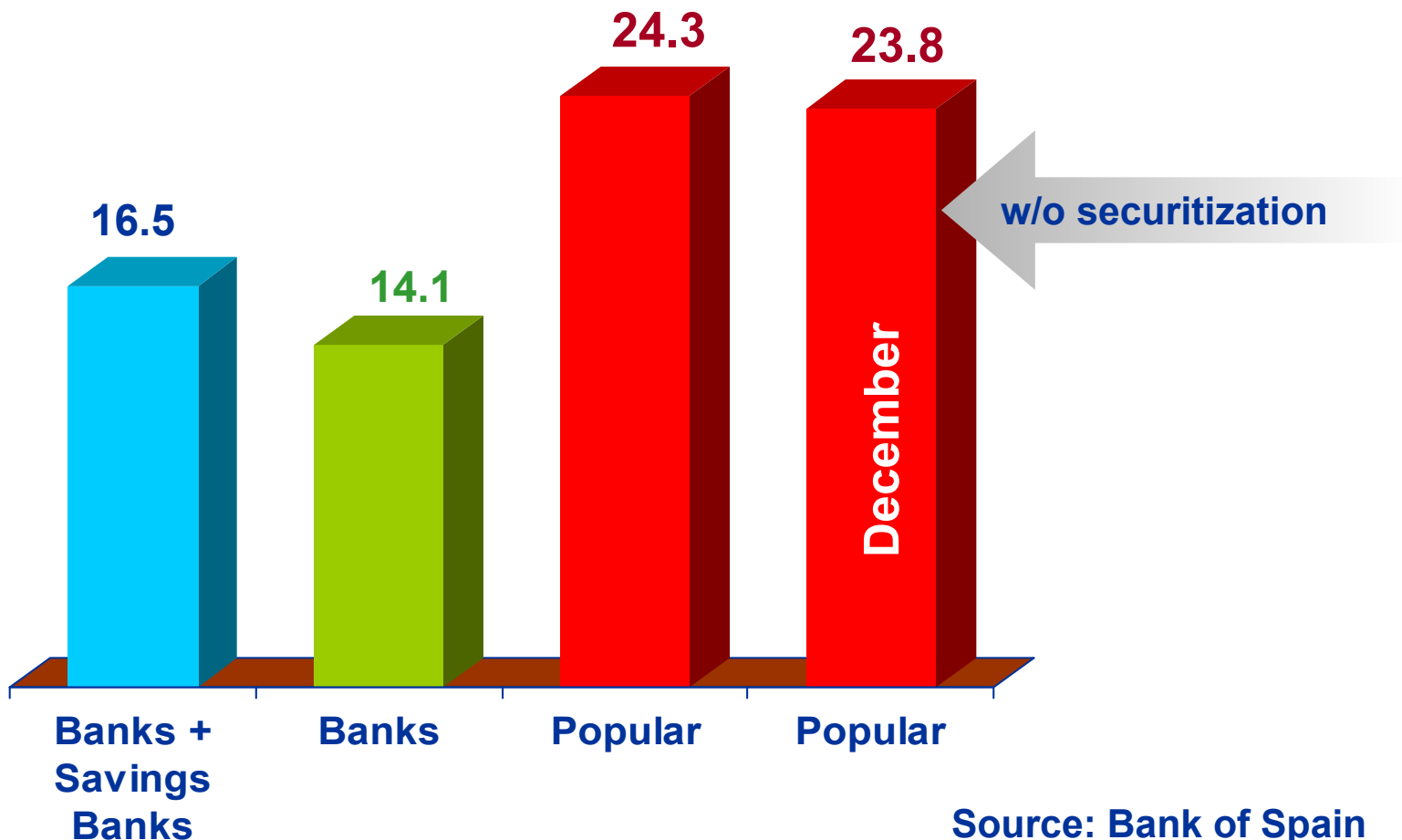
(*) All loans except NPLs & Repos



RESILIENT GROWTH DRIVE

LOANS TO PRIVATE-SECTOR RESIDENTS (ex BNC)

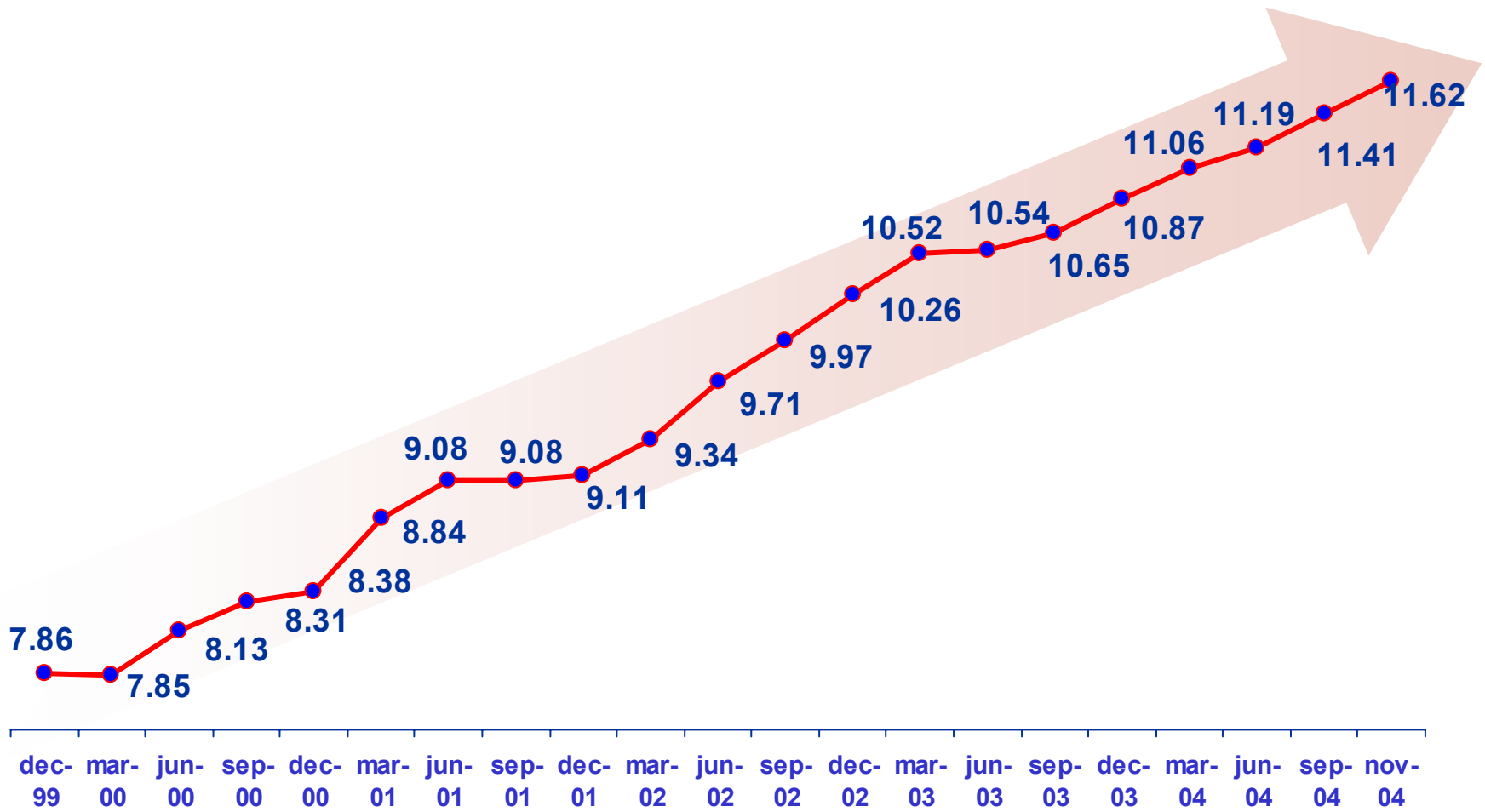
(November 30, 2004 year-on-year % change)





RESILIENT GROWTH DRIVE

MARKET SHARE OVER COMMERCIAL BANKS (ex BNC)



Source: Bank of Spain

—●— LOANS TO RESIDENTS



RESILIENT GROWTH DRIVE

MARKET SHARE GAINS IN ALL LOAN CONCEPTS

Popular vs. Industry in %

	2000	2001	2002	2003	Sept. 04
Bill discounting	10.17	10.22	10.75	11.09	12.01
Secured loans	3.34	4.17	4.75	4.98	5.13
Personal loans & overdrafts	3.95	4.12	4.10	4.37	4.63
Leasing*	9.00	9.40	9.00	8.50	9.95

Sources: Bank of Spain

* Asociación Española de Leasing



**NON MORTGAGE LOANS
GROWTH TWICE AS FAST AS
THE BANKING INDUSTRY**



RE-DEPLOYING THE GROWTH SOURCES

GROWTH RATE – NON MORTGAGE LOANS

	November 04				Dec. 04
	SAVINGS BANKS	BANKS	BANKS + S. BANKS	BPE	BPE w/o sec.
Bill discounting	6.7	-0,2	2.3	9.2	14.2
Personal loans & overdrafts	13.1	9.3	10.8	22.4	22.4
Leasing	11.3	21.6	19.3	23.1	24.3
Non mortgage	12.1	8.6	10.0	18.5	20.1

Excluding REPOs, prepayment & other and NPL

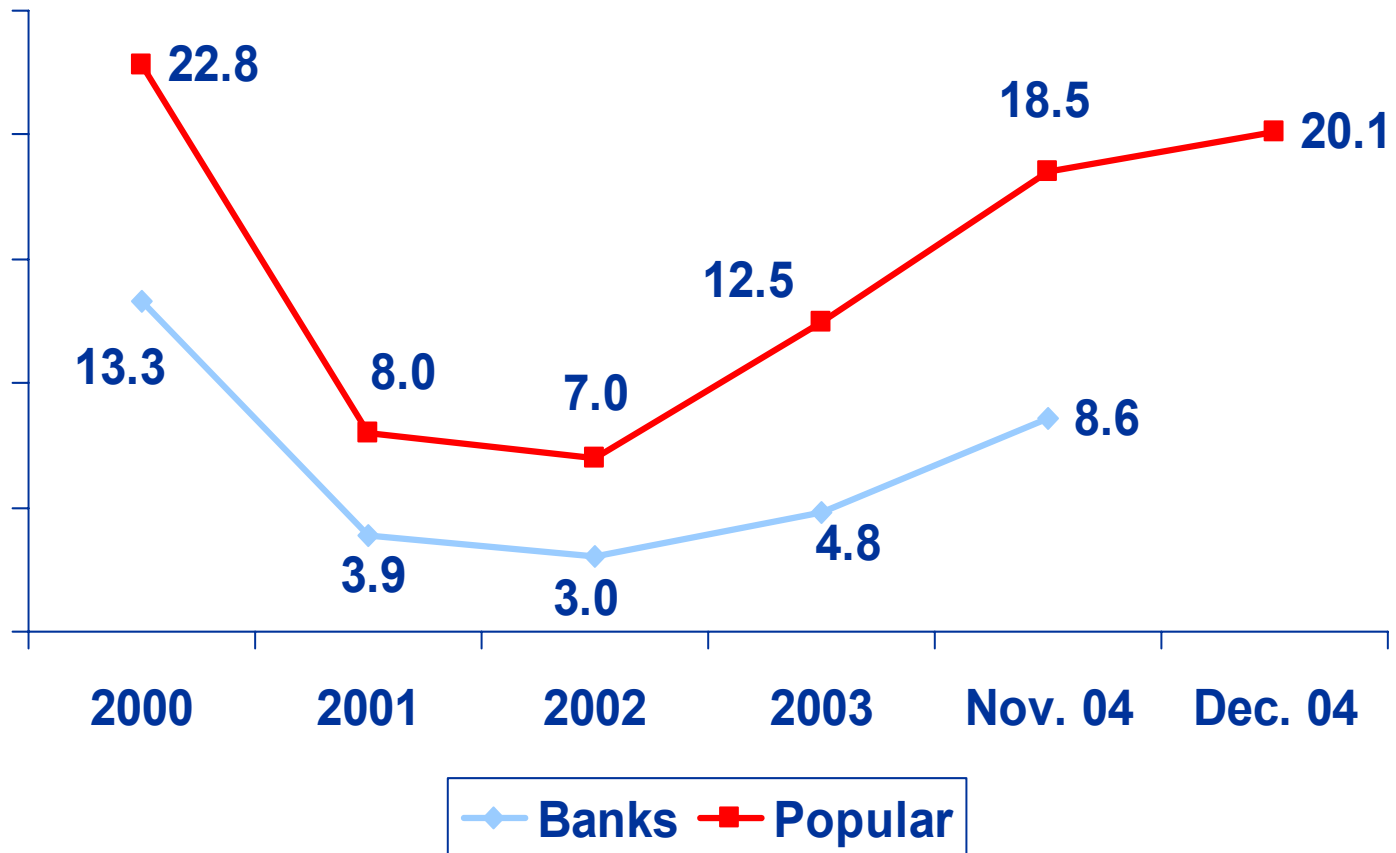
Source: Bank of Spain-Boletín Estadístico



RE-DEPLOYING THE GROWTH SOURCES

GROWTH RATE – NON MORTGAGE LOANS

(% change)



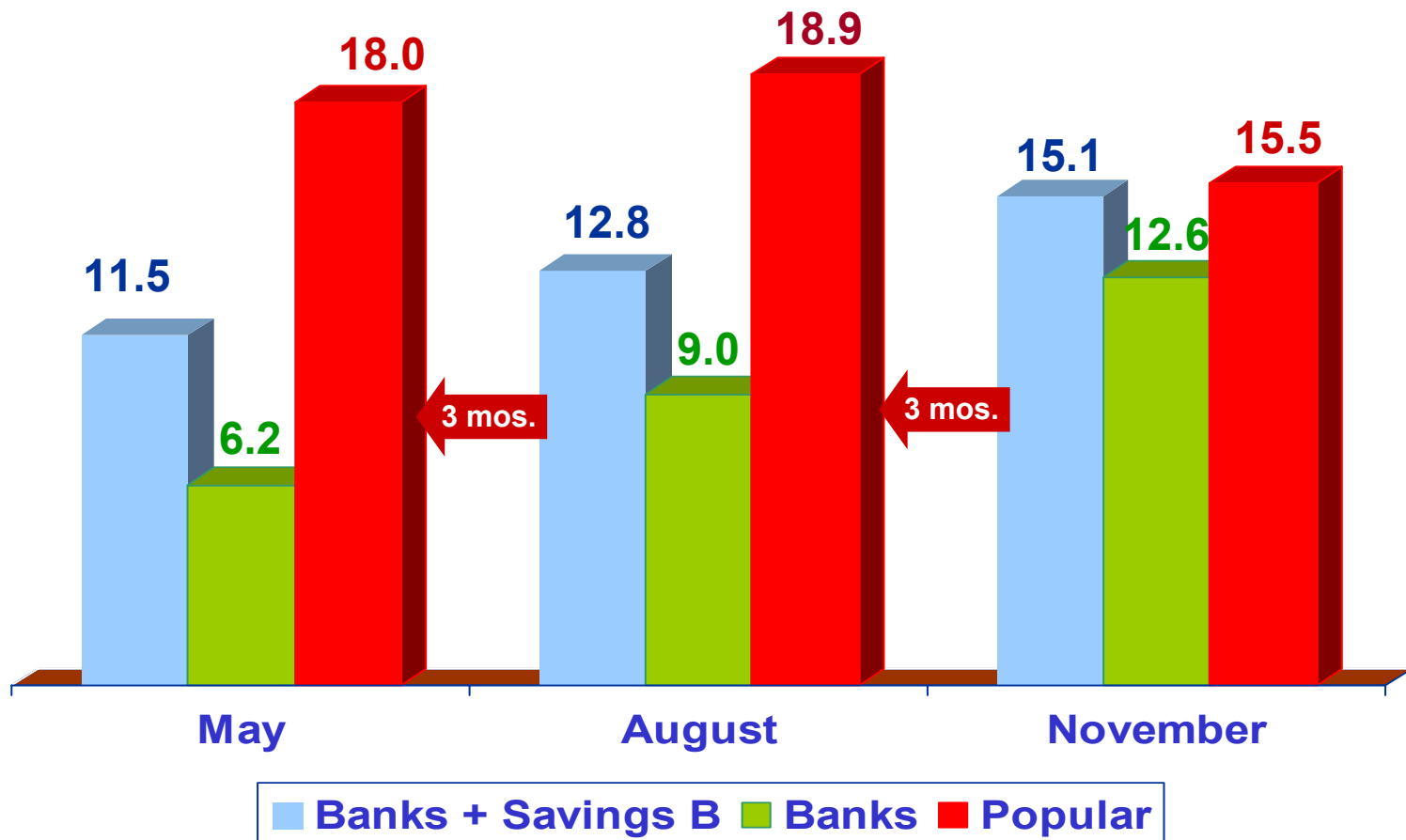
Source: Bank of Spain-Boletín Estadístico



TOUGH COMPETITION FOR DEPOSITS

GROWTH OF DEPOSITS OF PRIVATE-SECTOR RESIDENTS

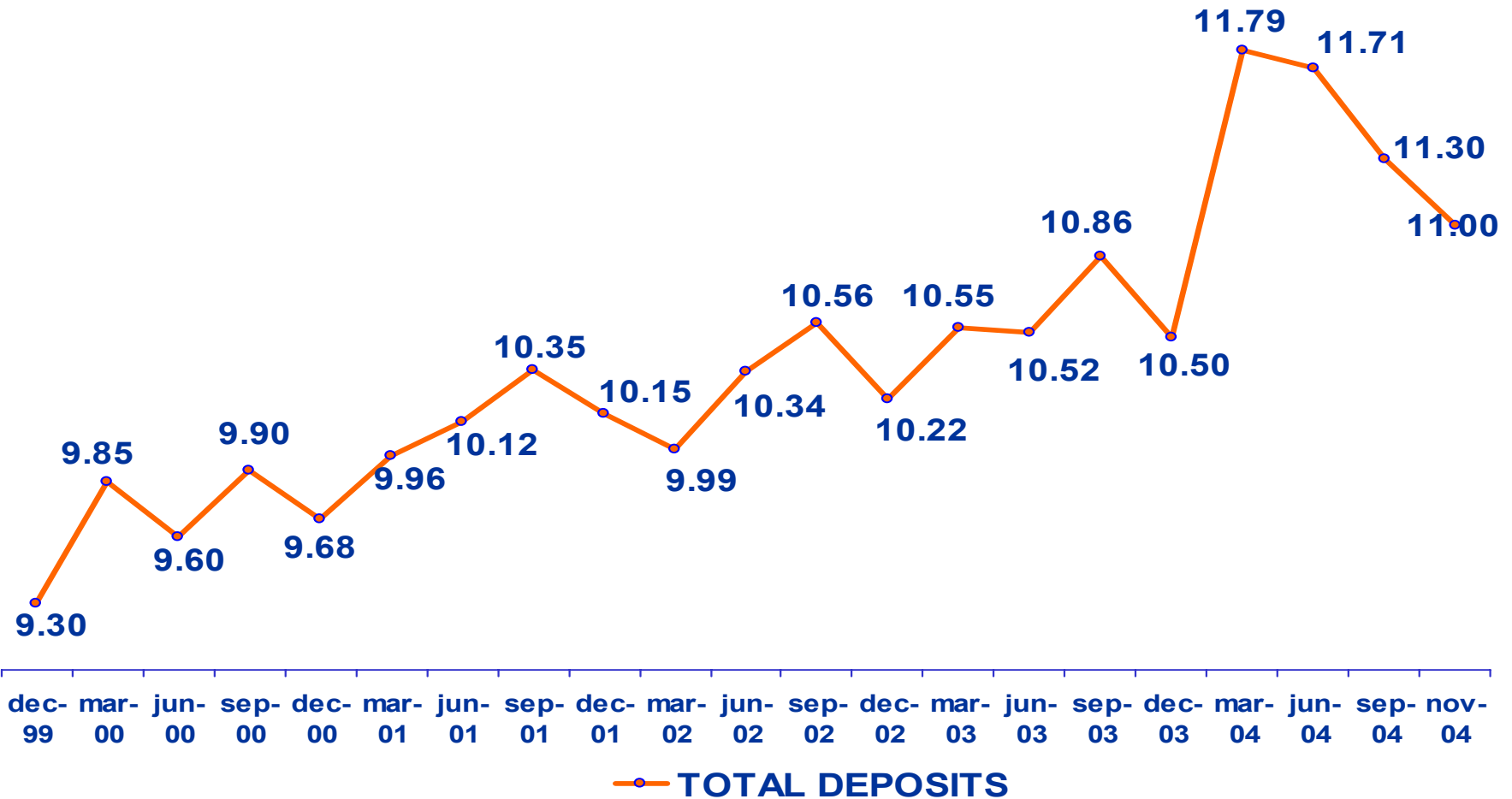
(year-on-year % change)





TOUGH COMPETITION FOR DEPOSITS

MARKET SHARE OVER COMMERCIAL BANKS (ex BNC)





TOUGH COMPETITION FOR DEPOSITS

CORE RESIDENT-CUSTOMER FUNDING (ex BNC)

(Accumulated % change)

Without covered bonds

	<i>Dec.-03</i>	<i>Sep.-04</i>	<i>Dec.-04</i>
Demand deposits	10.3	9.1	9.6
Time deposits	5.9	8.7	11.9
Customers commercial paper	58.1	29.5	64.9
TOTAL	12.4	10.8	16.9



**SUSTAINED MARKET SHARE
GAINS IN MUTUAL FUNDS**

STRONG ASSET MANAGEMENT GROWTH

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

	Net Asset Value Dec. 04(€ million)	% change	
Money Market	1,742.9	-2.8	
Bonds	2,043.5	23.1	
Fixed income	3,786.4	9.6	
Equity	798.6	32.4	
Balanced	745.9	3.5	
Guaranteed	2,348.5	21.9	
Global	308.1	343.3	
TOTAL	7,987.5	17.9	BANCO POPULAR GROUP *
		10.9	INDUSTRY

**Outperformance
due to:**

	POPULAR	INDUSTRY
Net Inflows	14.5%	8.1%
Management / Markets	3.4%	2.8%

	Dec. 04	Dec. 03
Improvement in market share	3.64%	3.42%



HIGH QUALITY GROWTH

AFFINITY GROUPS

(December 31, 2004 - euro million)

	No. of clients	On- & off-B/S AuM	Loans
SME Affinities	199,824	2,388	8,754
Change (1)	50%	64%	57%
Individuals-Affinity (*)	389,935	5,183	4,801
Change (1)	19%	27%	49%

(*) Ex. POP Club

(1) Year-on-year



HIGH QUALITY GROWTH

CONTRIBUTION OF AFFINITY CUSTOMERS TO POPULAR'S GROWTH

(December 31, 2004)

	Affinity clients	Contribution to total group
No. of clients	589,759	10%
New clients	162,826	41%
Growth	28%	
Affinity loans (€ million)	13,555	25%
Loan growth	54%	45%



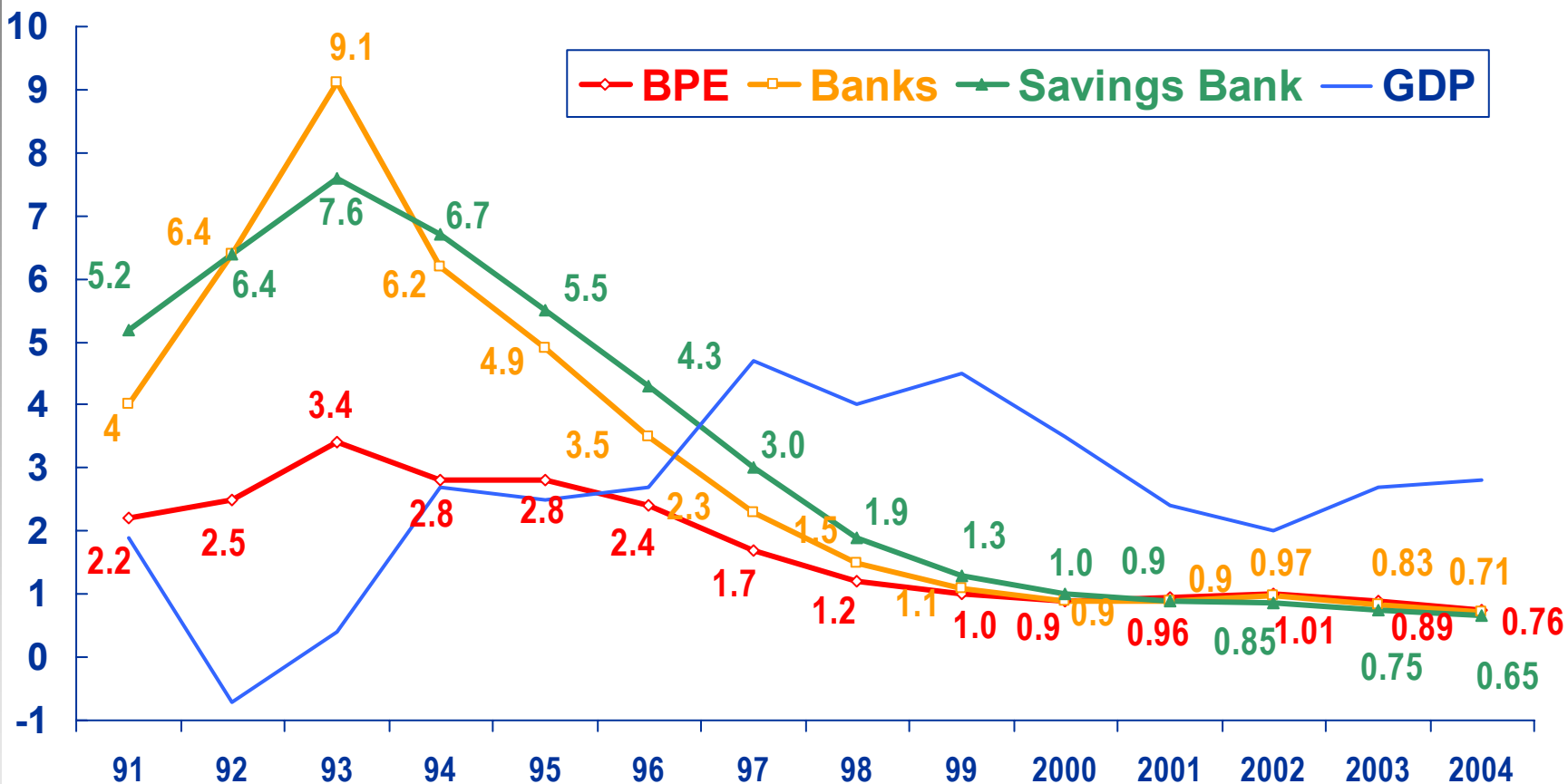
RECORD LOW NPLs



RESILIENT CREDIT QUALITY

LOAN PORTFOLIO QUALITY

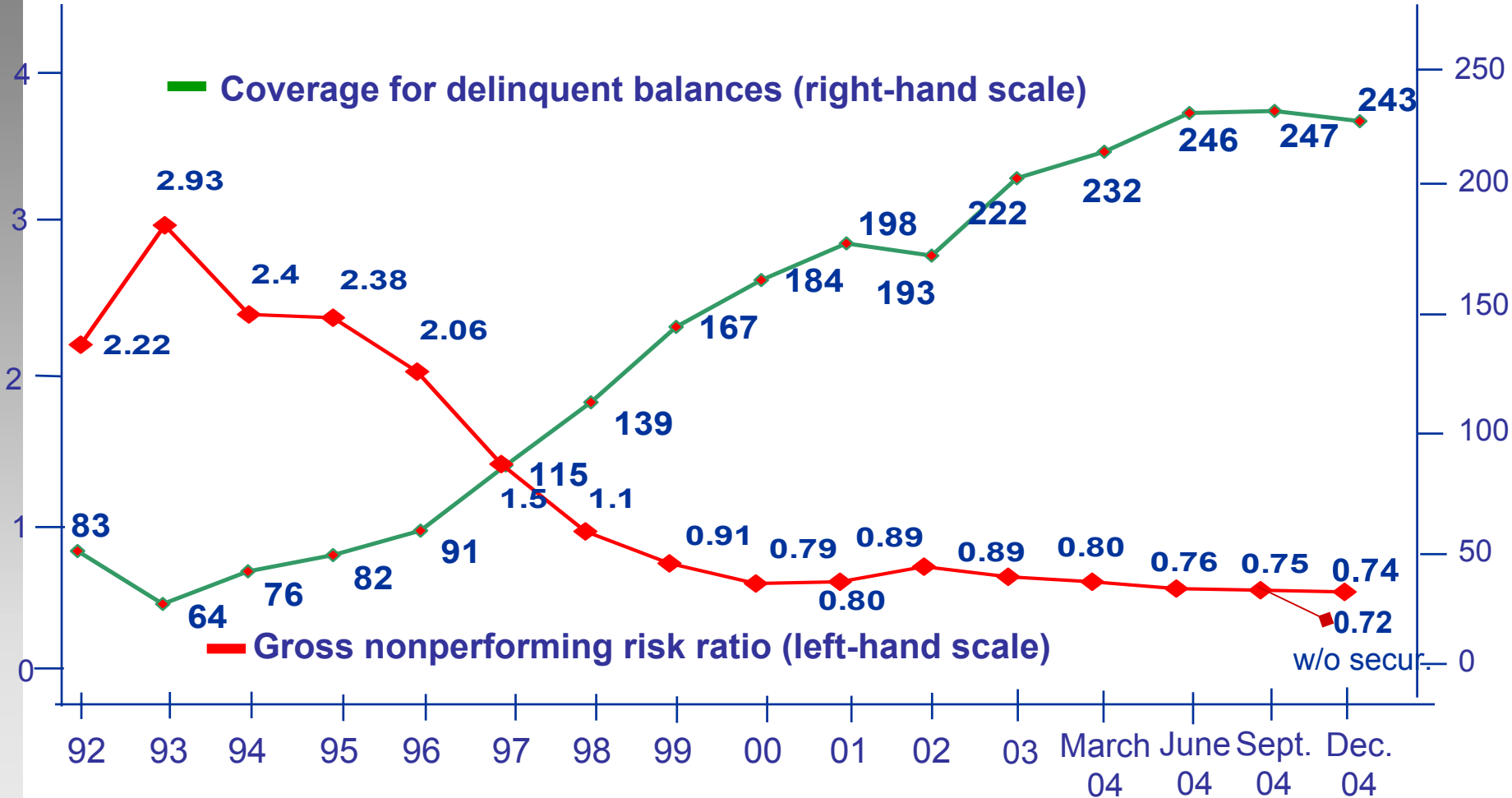
Nonperforming loans / Credit to private-sector resident borrowers (%)





RESILIENT CREDIT QUALITY

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

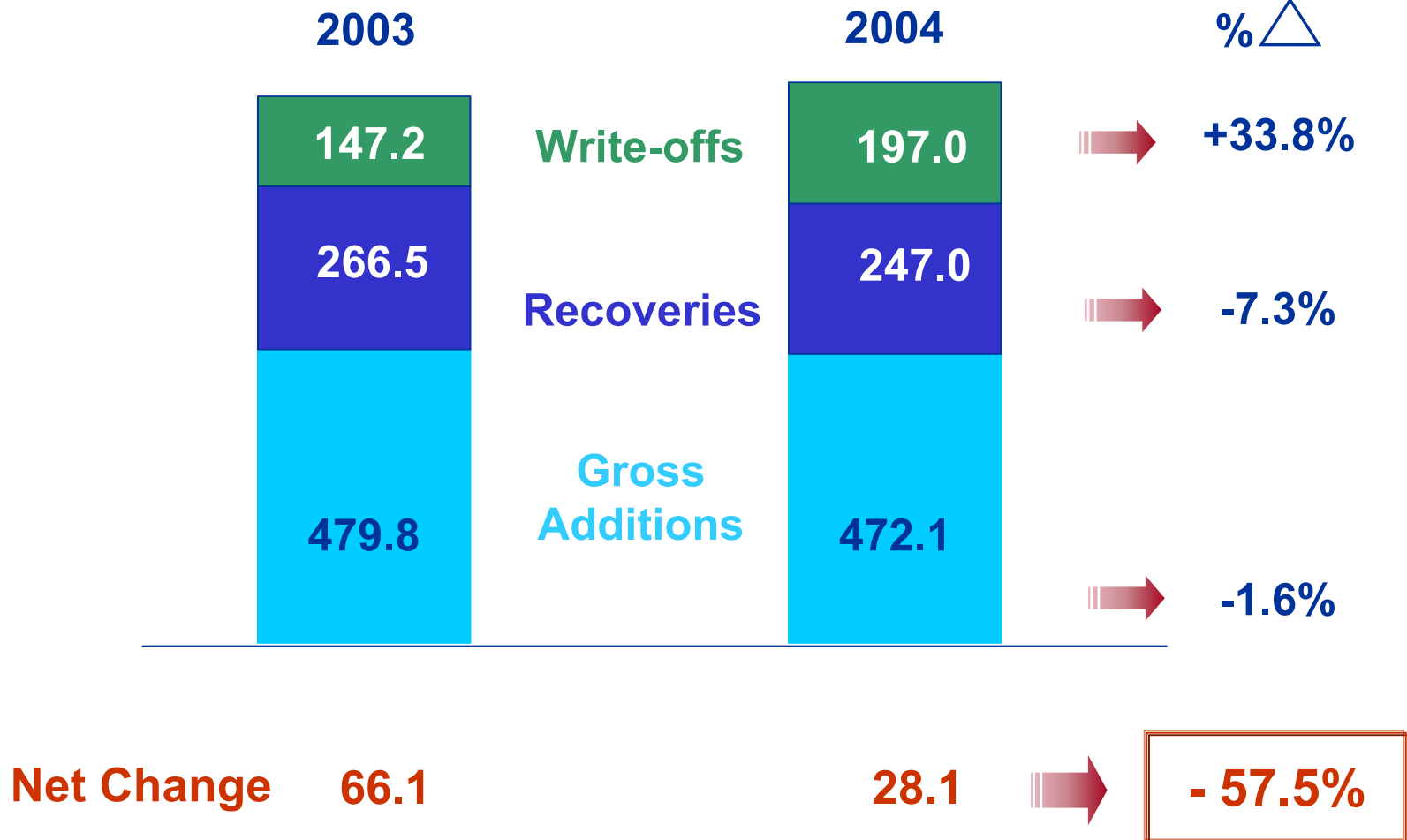




RESILIENT CREDIT QUALITY

NPL EVOLUTION

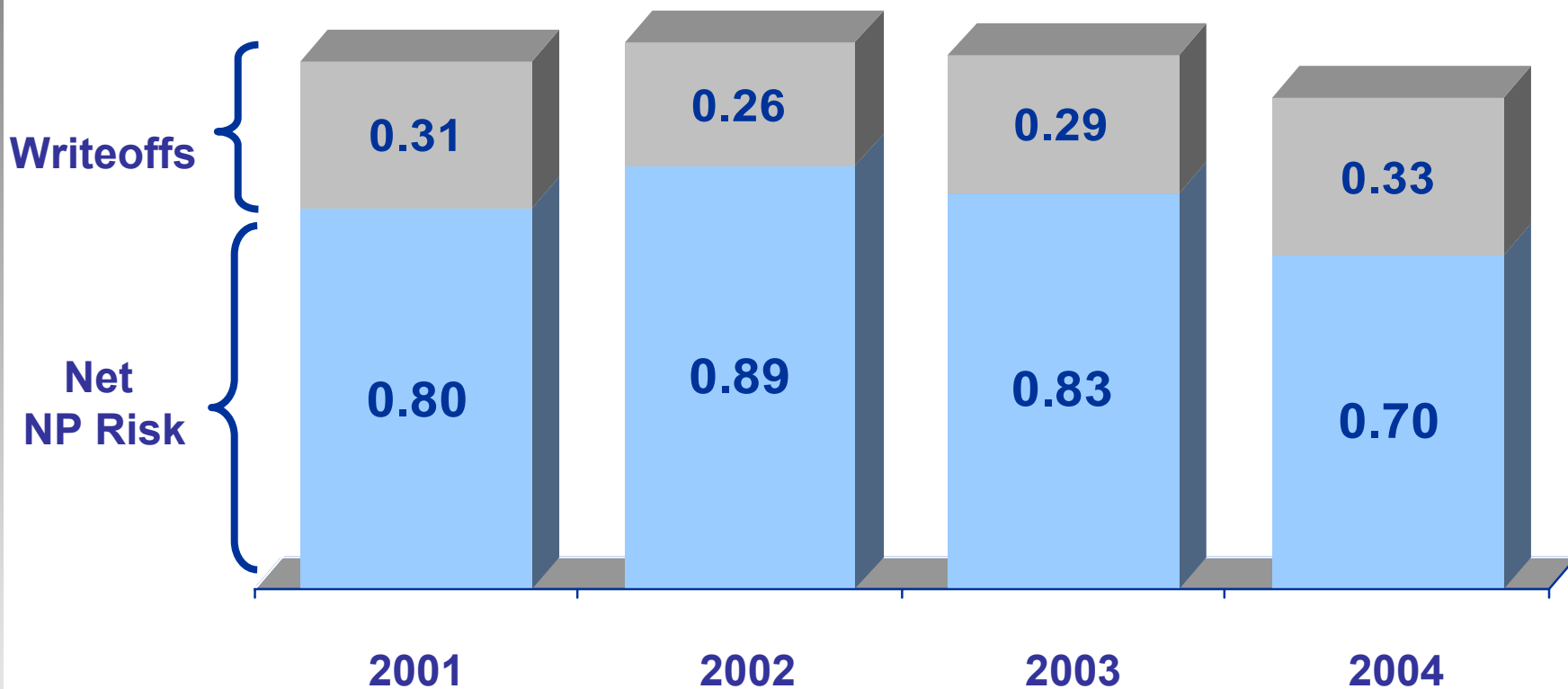
(Euro million)





RESILIENT CREDIT QUALITY

NON PERFORMING RISK (bps)





STRONG EXPANSION IN GROWTH BASE

- 1 GROWTH IN CUSTOMERS**
- 2 MORE BRANCHES**



**Actually opened
and**

Leased / bought for impending opening



STRONG EXPANSION IN GROWTH BASE

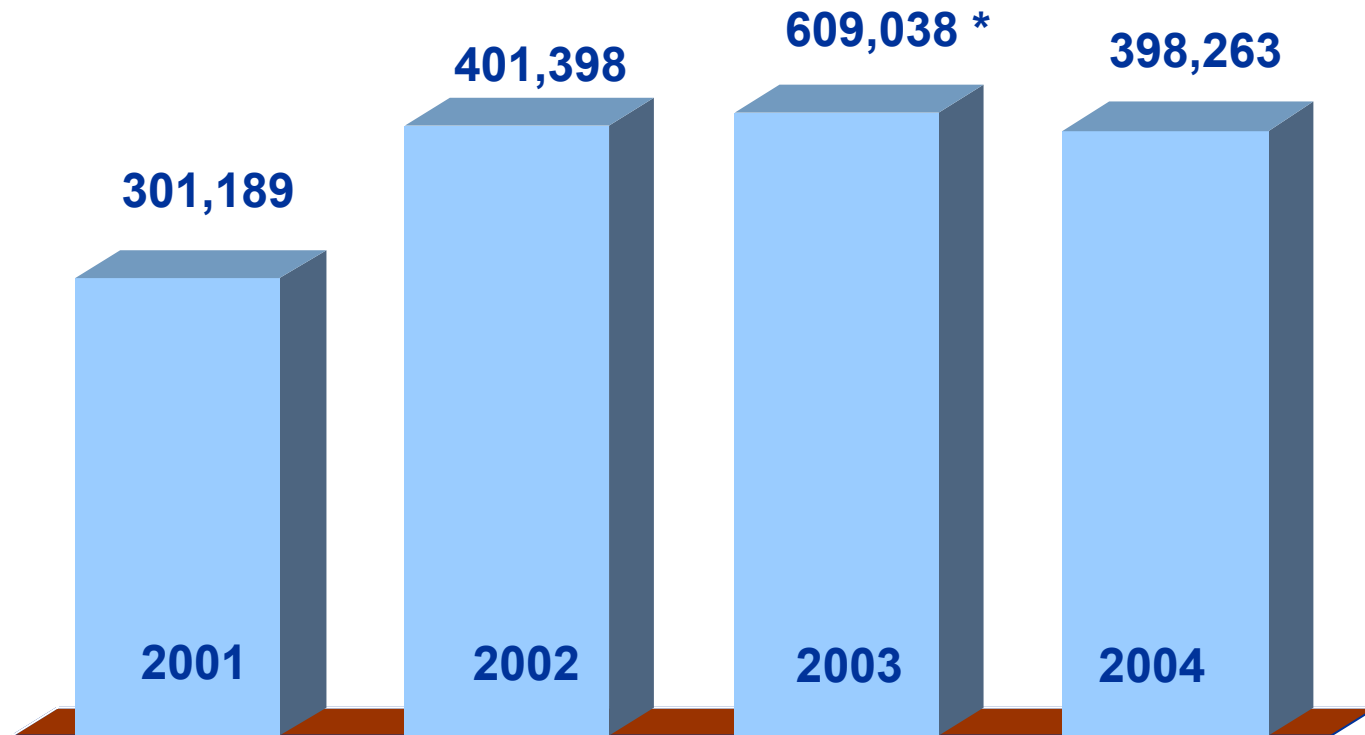
398,263

net NEW customers in 2004



STRONG EXPANSION IN GROWTH BASE

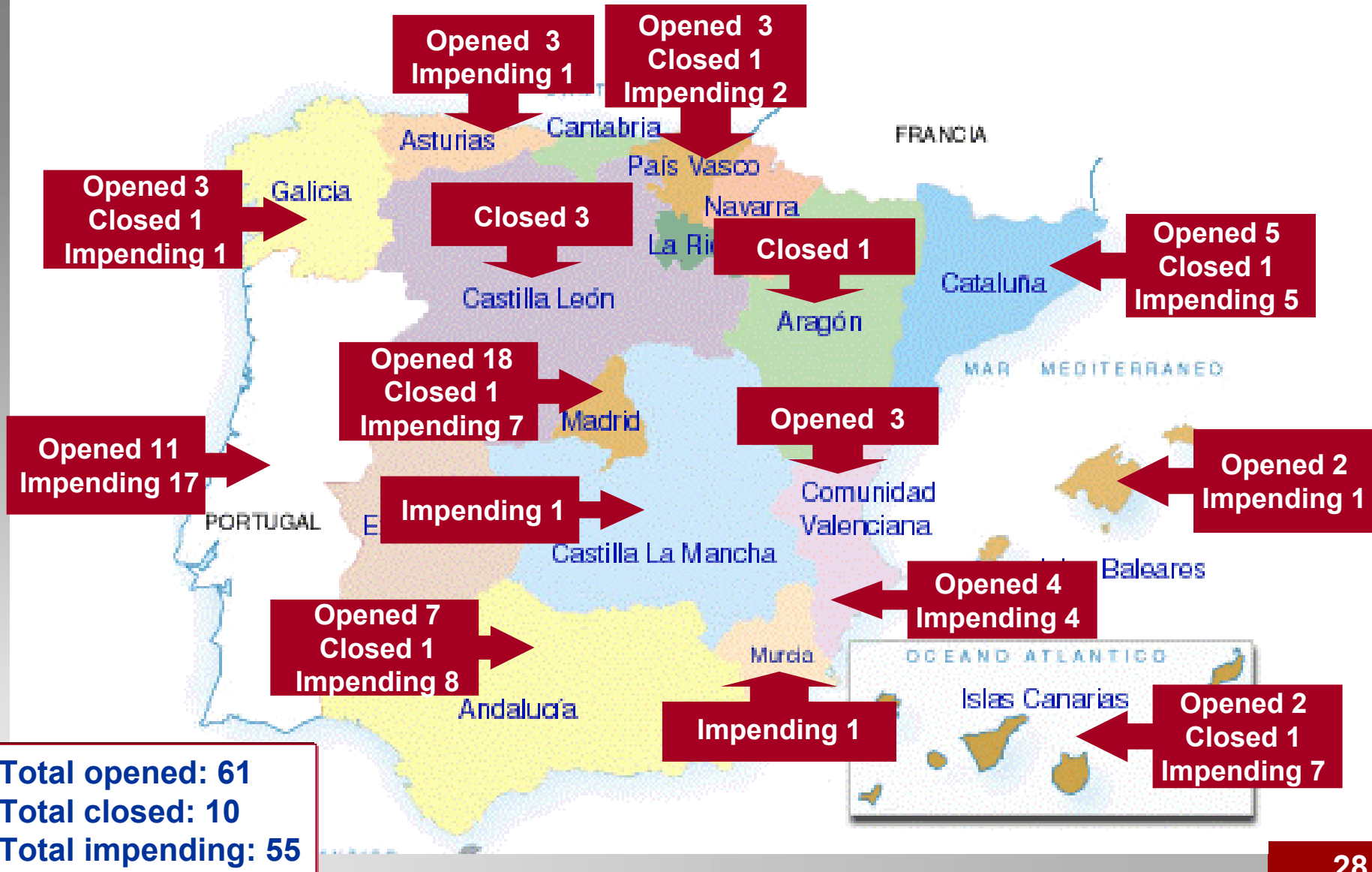
NET NEW CLIENTS (inc. BNC)



(*) BNC acquisition

STRONG EXPANSION IN GROWTH BASE

NUMBER OF NEW BRANCHES





OPERATING PERFORMANCE

(Euro million)

	2004	y-on-y % Δ
Net interest revenue	1,943.6	8.0
Fees for services	669.4	10.1
Ordinary revenue	2,652.0	8.7
Operating cost	900.6	7.0
Operating income	1,632.3	9.8
Income before taxes	1,292.4	7.2
Net income attributable	800.9	12.1



OPERATING PERFORMANCE

LIKE FOR LIKE

(Euro million)

Exc. BNC

	2004	y-on-y % Δ
Net interest revenue	1,884.7	4.7
Fees for services	657.6	8.2
Ordinary revenue	2,580.8	5.8
Operating cost	870.2	3.3
Operating income	1,594.3	7.3
Income before taxes	1,276.5	5.9
Net income attributable	788.2	10.3



OPERATING PERFORMANCE

LIKE FOR LIKE

(Euro million)

% Δ

Exc. BNC

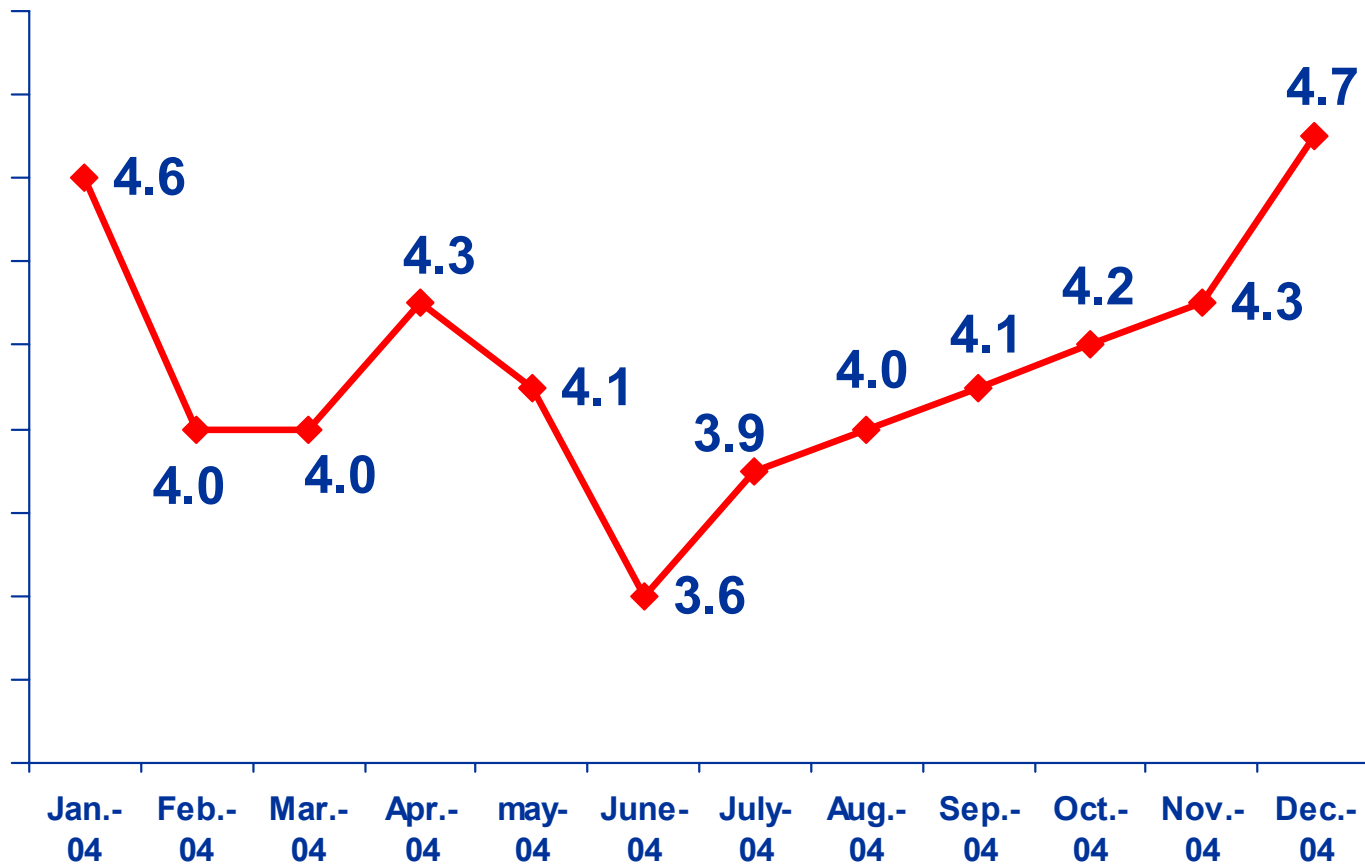
	1st. Q. 04	6 mos. 04	9 mos. 04	Year
Net interest revenue	4.0	3.6	4.1	4.7
Fees for services	5.1	7.2	7.4	8.2
Ordinary revenue	4.5	4.4	5.5	5.8
Operating cost	0.8	2.5	3.8	3.3
Operating income	6.6	5.4	6.4	7.3
Income before taxes	5.5	6.5	7.6	5.9
Net income attributable	5.9	7.3	9.5	10.3



OPERATING PERFORMANCE

MONTHLY CHANGE IN TREND OF NET INTEREST REVENUE

LIKE FOR LIKE
Exc. BNC

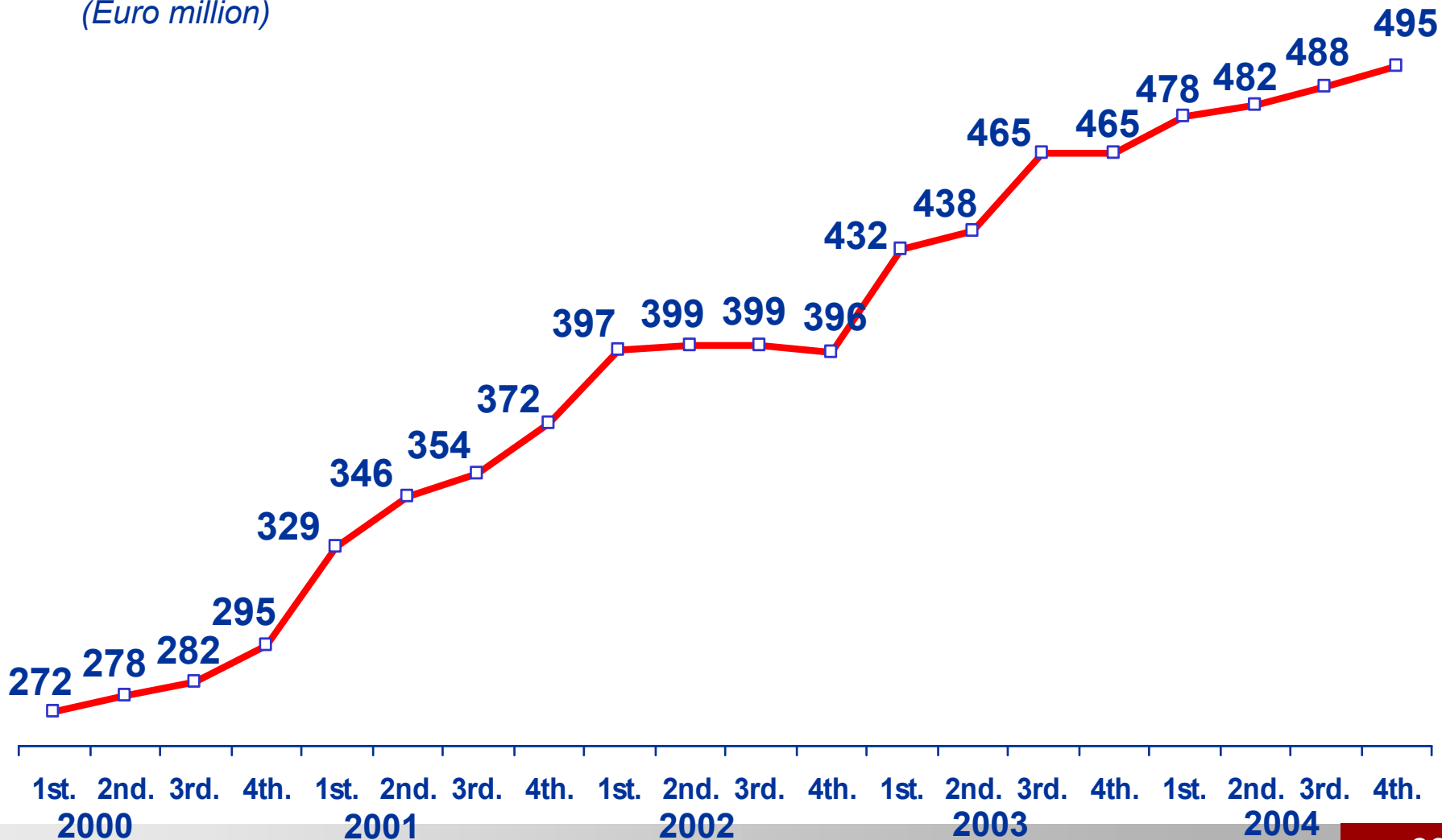




OPERATING PERFORMANCE

NET INTEREST REVENUE (Quarter standalone)

(Euro million)

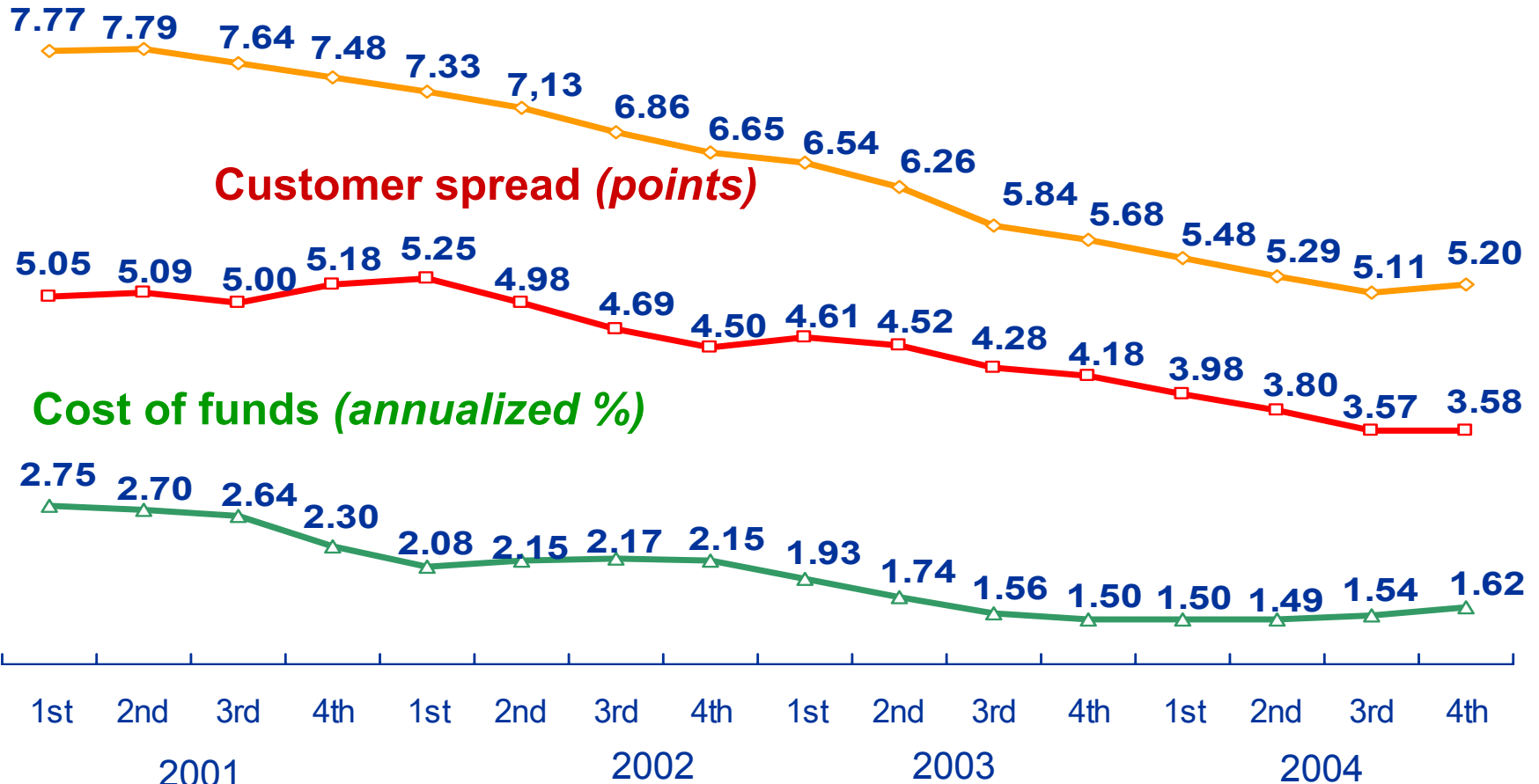




OPERATING PERFORMANCE

QUARTERLY CUSTOMER SPREAD

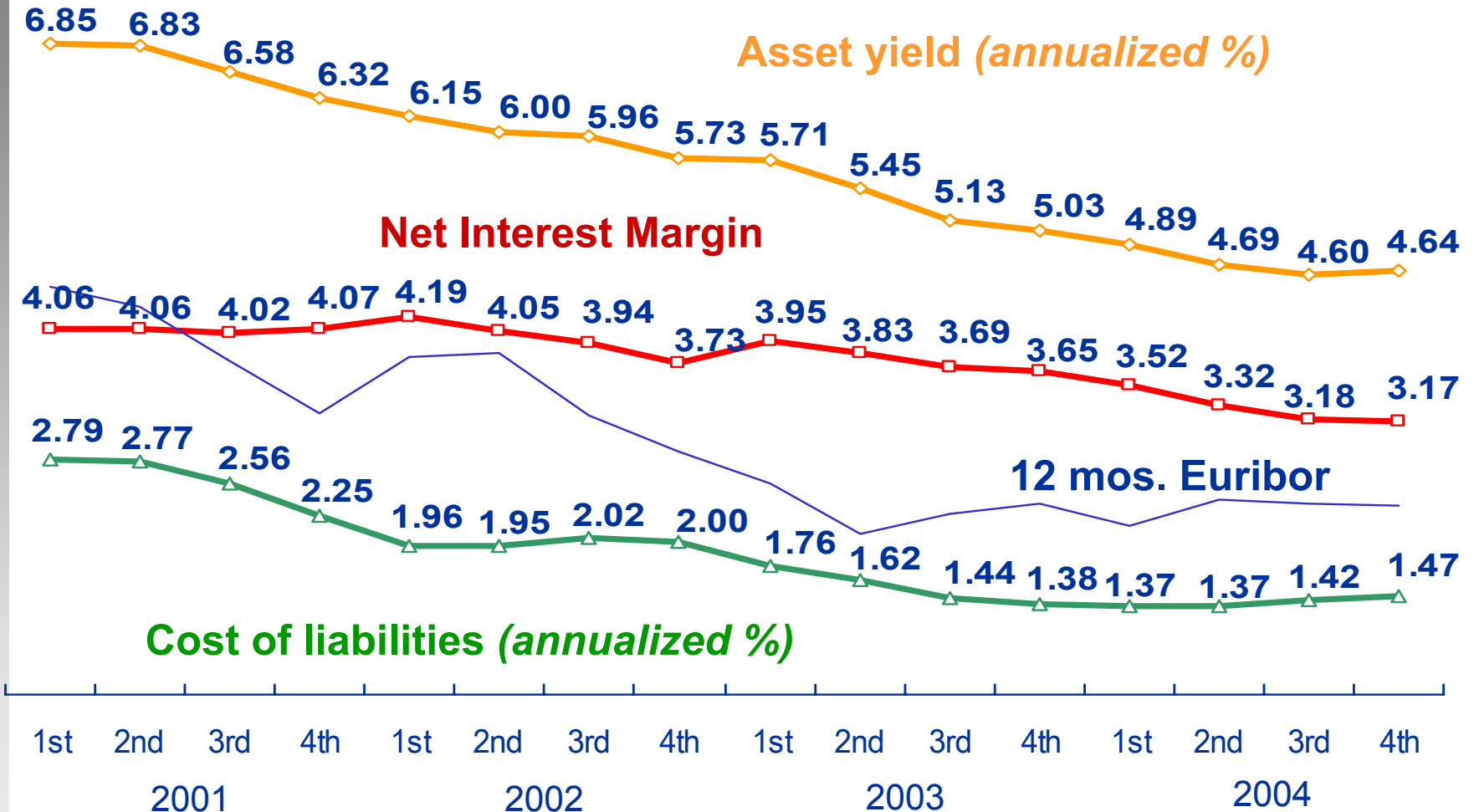
Credit yield (annualized %)





OPERATING PERFORMANCE

NET INTEREST MARGIN





OPERATING PERFORMANCE

FEES FOR SERVICES

Year-on-year % accum. Δ

	2003	2004	As % of total fees
Loan-related fees	(0.7)	9.6	11.9
Fees from guarantees	17.7	17.0	11.7
Collection & card-related	0.7	2.9	37.6
Customer financial asset mgt.	7.1	17.1	25.6
Mutual funds	7.8	19.1	17.0
Other AM	5.9	13.3	8.6
Account mgt. Fees	6.8	27.3	9.3
Other (inc. Inv. Banking)	61.6	(8.1)	3.9
TOTAL	6.1	10.1	100

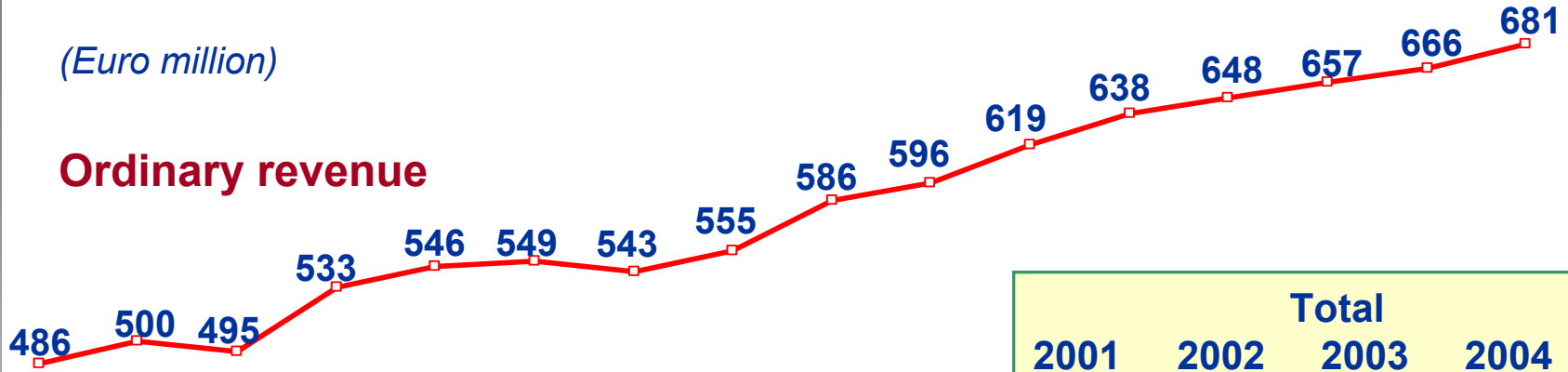


OPERATING PERFORMANCE

COST/INCOME RATIO

(Euro million)

Ordinary revenue



Operating efficiency (%)



Operating costs + depreciation



Total			
2001	2002	2003	2004
40.59	38.79	37.63	37.02

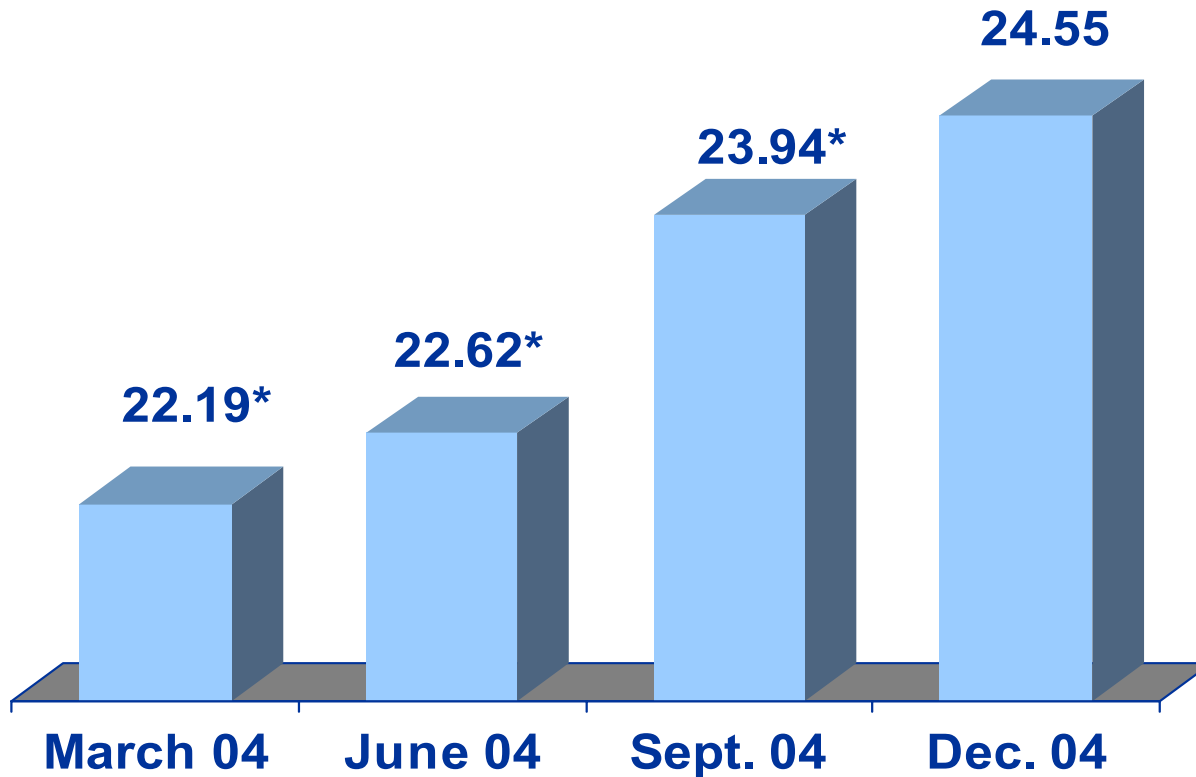
1st 2nd 3rd 4th 1st 2nd 3rd 4th 1st 2nd 3rd 4th 1st 2nd 3rd 4th

2001 2002 2003 2004



ROE

ROE (%)



**Bank Industry
average
19.52% ****

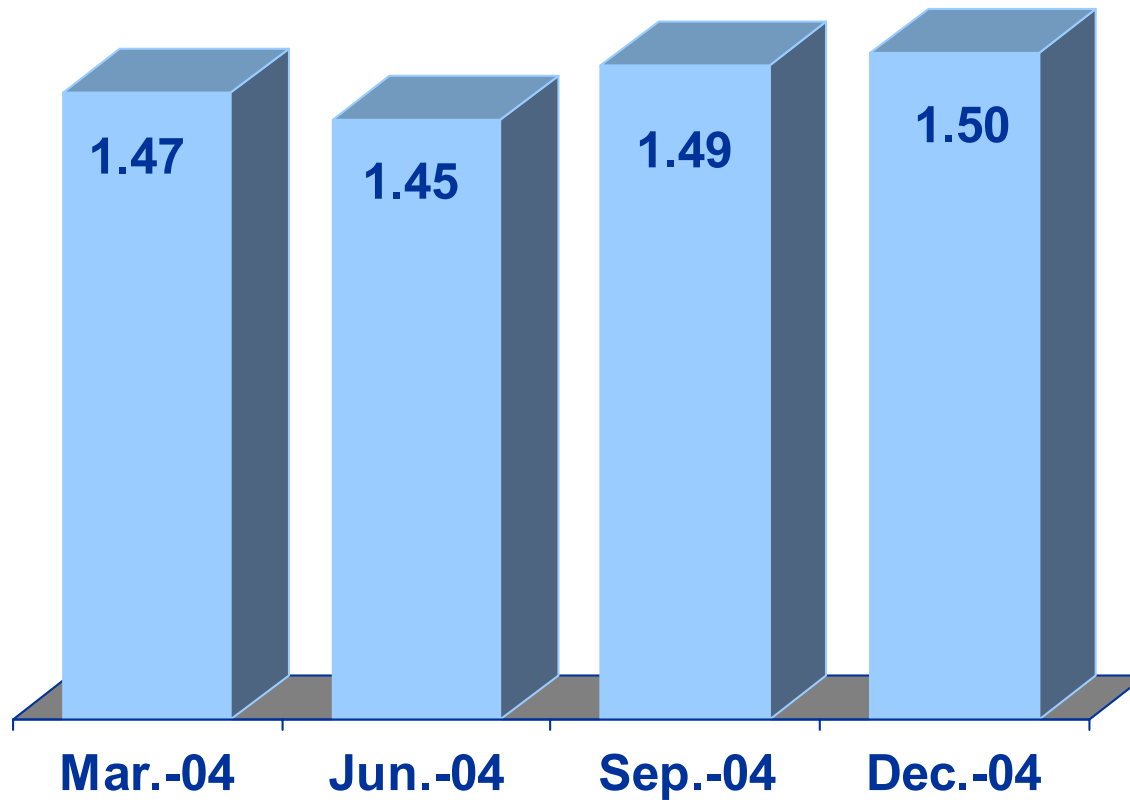
* Data annualized

** September 04



ROA

ROA (%)



**Bank Industry
average
1.13% ***

* September 04



LOOKING AHEAD: POSITIVE IMPACT FROM RATES INCREASE

DURATION

(December 31, 2004)

Holding Period 365

	Amount MM Euros	Interest Rate %	PV MM Euros	Duration Days	PV MM Euros	Duration Days
SENSITIVE ASSETS	58,703.5	3.69	59,298.0	230.64	53,049.6	131.38
MONETARY MARKET	11,147.1	2.21	11,160.9	284.33	8,310.9	29.29
LOANS	45,322.0	4.10	45,875.1	192.90	43,018.5	152.72
SECURITIES	2,234.4	2.89	2,262.0	731.18	1,720.2	90.82
SENSITIVE LIABILITES	42,588.2	2.28	42,737.7	159.97	39,675.5	81.95
MONETARY MARKET	20,128.2	2.21	20,137.4	158.70	18,121.5	42.53
CUSTOMER DEPOSITS	14,249.1	1.99	14,294.6	140.70	13,569.0	93.56
SECURITIES	8,210.9	2.97	8,305.7	196.22	7,985.0	151.66
EQUITY	3,348.0		16,560.2	413.02		



FINE PERFORMANCE IN PORTUGAL

ACTIVATE UNDERLYING VALUE



(December 31, 2004)

y-on-y
% Δ

Net interest revenue	28.5
Fees for services	37.7
Ordinary revenue	26.9
Operating cost	10.8
Operating income	47.4
Income before taxes	48.9
Net income attributable	50.3



FINE PERFORMANCE IN PORTUGAL

ACTIVATE UNDERLYING VALUE



(December 30, 2004)

	y-on-y % Δ
Total assets managed	10.5
Loans and discounts	18.2
Customer funds	(1.3)
Other intermediated customer funds	28.8
Branches	137
Opened	11



FINE PERFORMANCE IN PORTUGAL

ACTIVATE UNDERLYING VALUE

(December 31, 2004)



	December 2004	December 2003	Portuguese banking industry Dec. 03
R.O.A.	0.79	0.65	0.57
R.O.E.	12.05	8.77	9.21
Cost/income ratio	47.96	53.69	55.9
Net interest margin	2.84	2.53	1.71

FINE PERFORMANCE IN PORTUGAL

ACTIVATE UNDERLYING VALUE



	December 2004	December 2003	y-on-y % Δ
Number of clients	278,956	258,148	8.06
Individuals	240,387	221,991	8.29
Corporate	38,569	36,147	6.67



3-YEAR PROGRAM GOALS

(Euro thousand)

	Net income attributable Δ	Market share		Customers	Business volume *
		Loans to residents	Total deposits		
Target 2004	11.9%	+0.25	+0.20	373	115
Actual	12.1%	+0.81	+0.50	398	121

* Loans, guarantees, customer funding on- and off- B/S



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