

January 2004

# Banco Popular Group

**SUCCESSFUL REFOCUSING:  
BALANCED & FAST GROWTH**

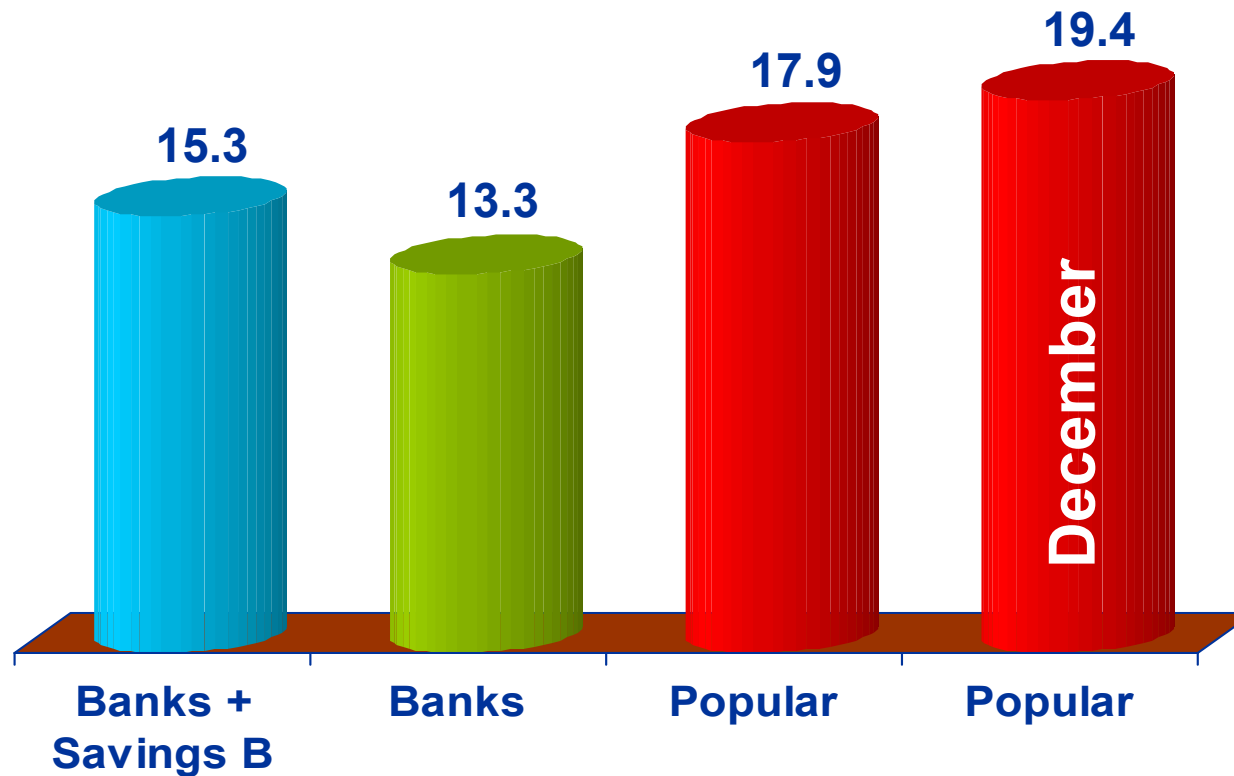
# LOOKING BACK: STRONG PERFORMANCE

- ▶ **Market share gain**
- ▶ **Improvement in asset quality**
- ▶ **Customer base expansion**
- ▶ **Strong Revenues & EPS growth**
- ▶ **Best ROE in Spain & Europe**
- ▶ **Best Cost/Income ratio in Spain & Europe**

# MARKET SHARE GAIN

## LOANS TO PRIVATE-SECTOR RESIDENTS (ex BNC)

*(November 30, 2003 year-on-year % change)*



# MARKET SHARE GAIN

## MAJOR PRODUCTS MARKET SHARE

(Accumulated % change)

	Growth rate December 03		Market share Sept. 03	Of total loans
	As reported	Like for like (ex BNC)		
Bill discounting	19.8	17.2	11.0	12.7
Mortgage loans	34.9	26.3	4.8	50.3
Personal loans & overdrafts	27.5	10.0	4.4	30.0
Leasing	12.0	12.0	8.9	5.3
<b>TOTAL</b>	<b>29.1</b>	<b>19.1</b>		
Pension funds*	16.7		6.7	
Mutual funds	25.0		3.6	

\* Assets in private/individual accounts

# MARKET SHARE GAIN

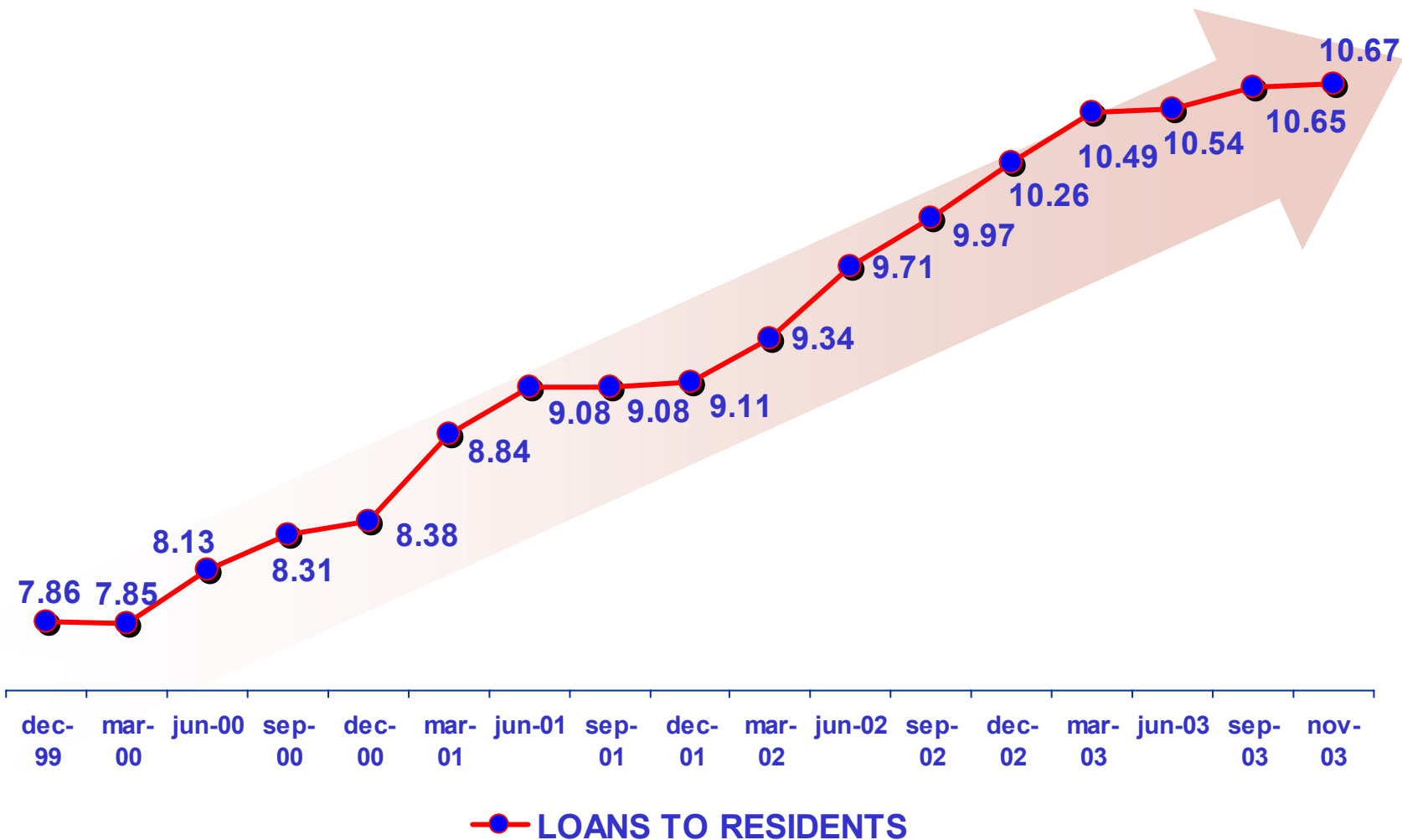
## MUTUAL FUNDS (ex BNC)

(Accumulated % change)

	December 02		December 03	
	% $\Delta$	Market share	% $\Delta$	Market share
<b>AuM</b>				
<b>Popular</b>	-4.33	3.45	23.34	3.67
<b>Sector</b>	-3.97		15.95	
<b>Clients</b>				
<b>Popular</b>	1.80	3.89	16.27	4.18
<b>Sector</b>	4.20		8.18	

# MARKET SHARE GAIN

## MARKET SHARE OVER COMMERCIAL BANKS (ex BNC)

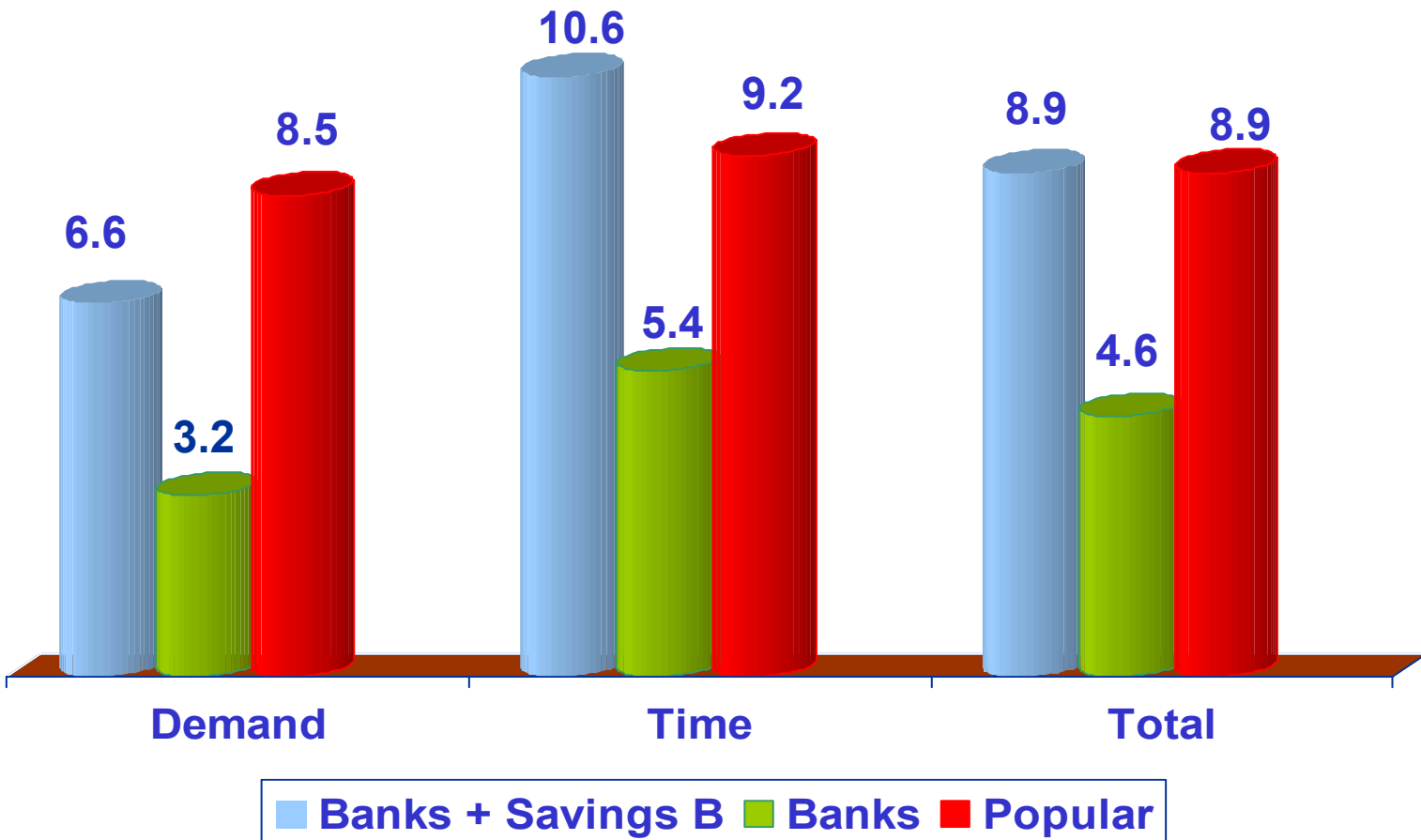


# MARKET SHARE GAIN

## GROWTH OF DEPOSITS OF PRIVATE-SECTOR RESIDENTS

(November, 30 2003 year-on-year % change)

(ex BNC)



# MARKET SHARE GAIN

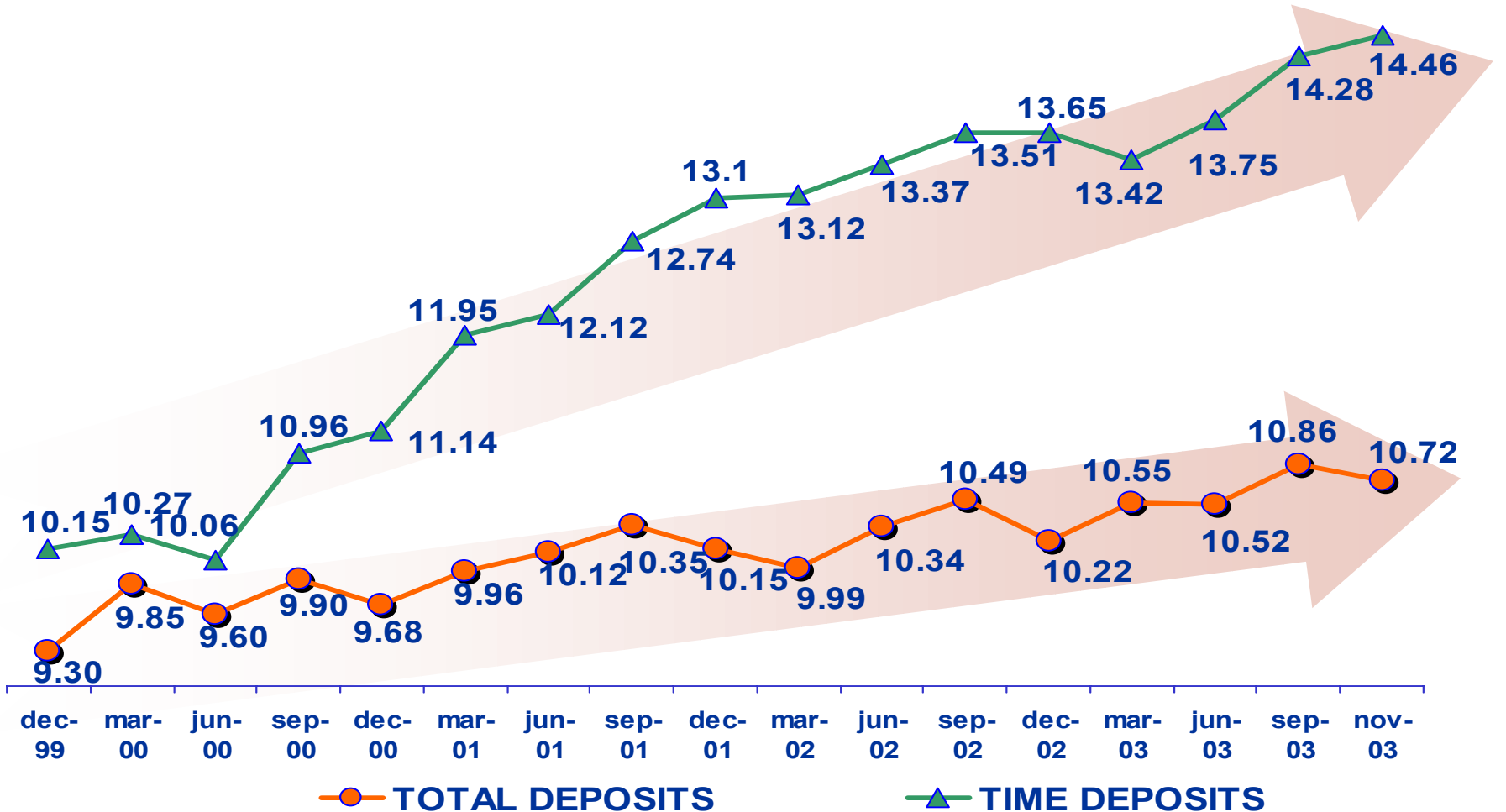
## CORE RESIDENT-CUSTOMER DEPOSITS (ex BNC)

*(Accumulated % change)*

	<i>Dec.-02</i>	<i>March-03</i>	<i>June-03</i>	<i>Sept.-03</i>	<i>Dec.-03</i>
<b>Demand deposits</b>	<b>4.7</b>	<b>7.3</b>	<b>6.1</b>	<b>9.1</b>	<b>10.3</b>
<b>Time deposits</b>	<b>9.8</b>	<b>11.7</b>	<b>10.2</b>	<b>8.7</b>	<b>5.9</b>
<b>Customers commercial paper</b>	<b>71.4</b>	<b>54.8</b>	<b>51.5</b>	<b>29.5</b>	<b>58.1</b>
<b>TOTAL</b>	<b>10.3</b>	<b>12.0</b>	<b>10.8</b>	<b>10.8</b>	<b>12.4</b>

# MARKET SHARE GAIN

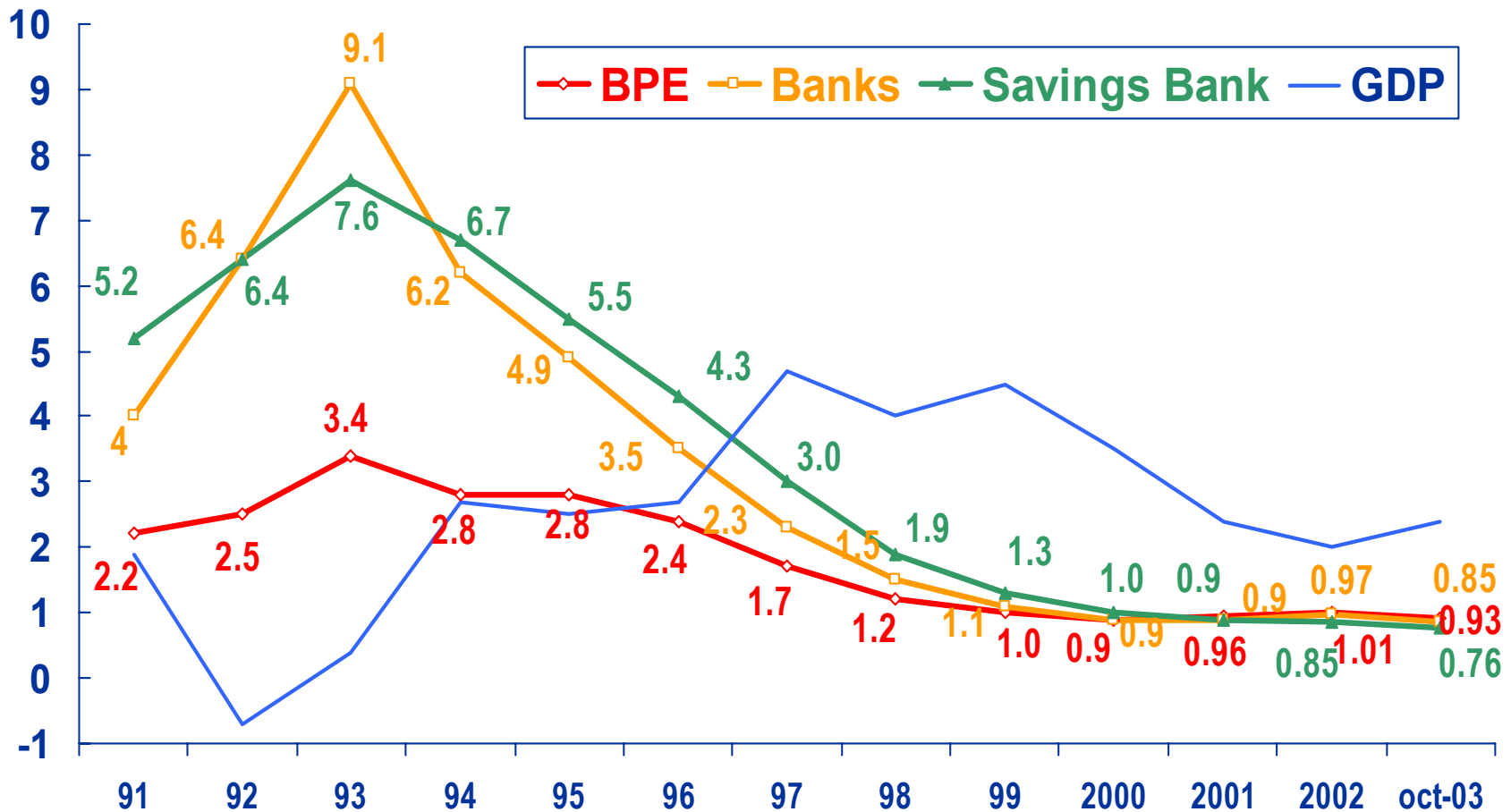
## MARKET SHARE OVER COMMERCIAL BANKS (ex BNC)



# IMPROVEMENT IN ASSET QUALITY

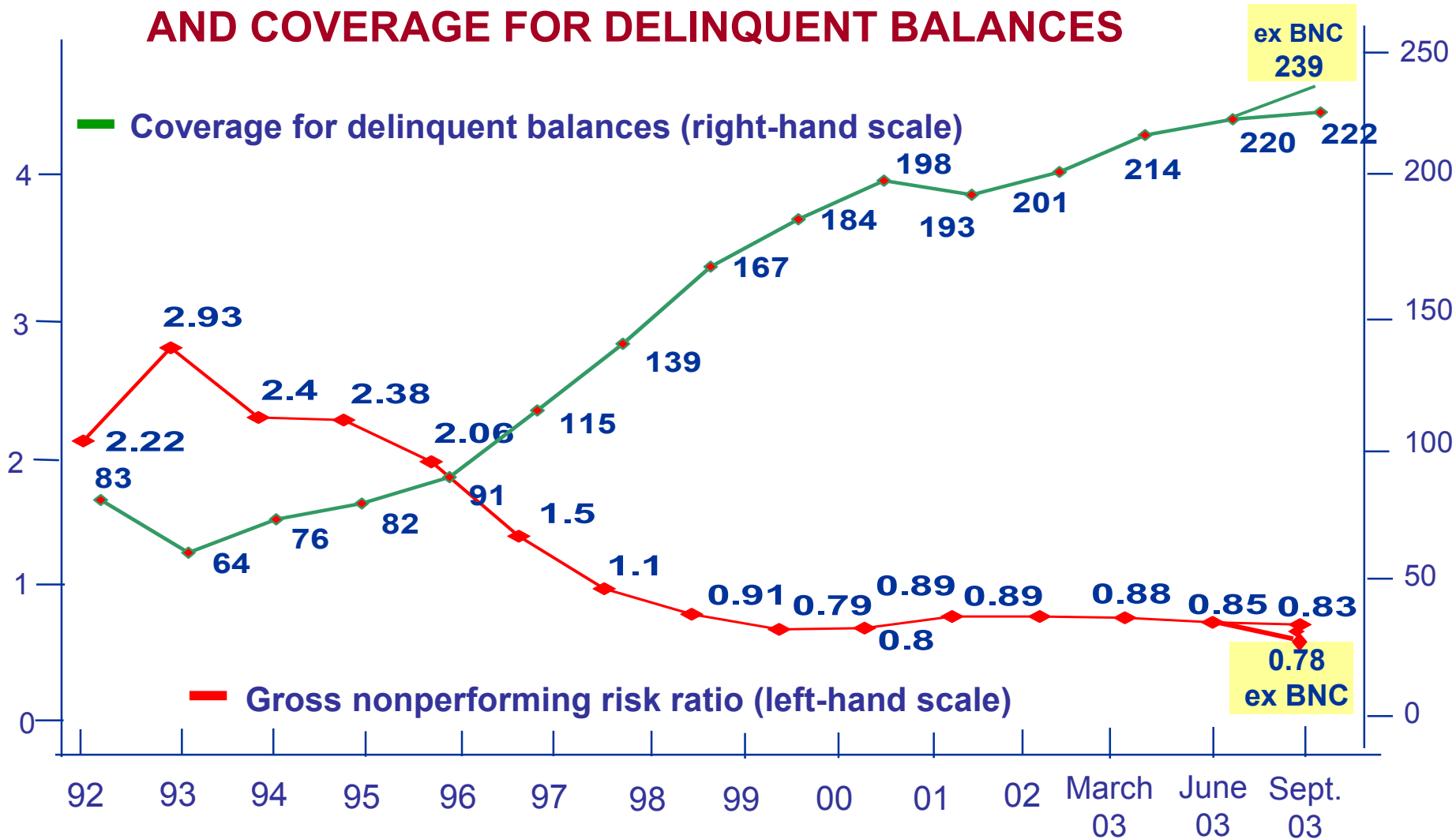
## LOAN PORTFOLIO QUALITY

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



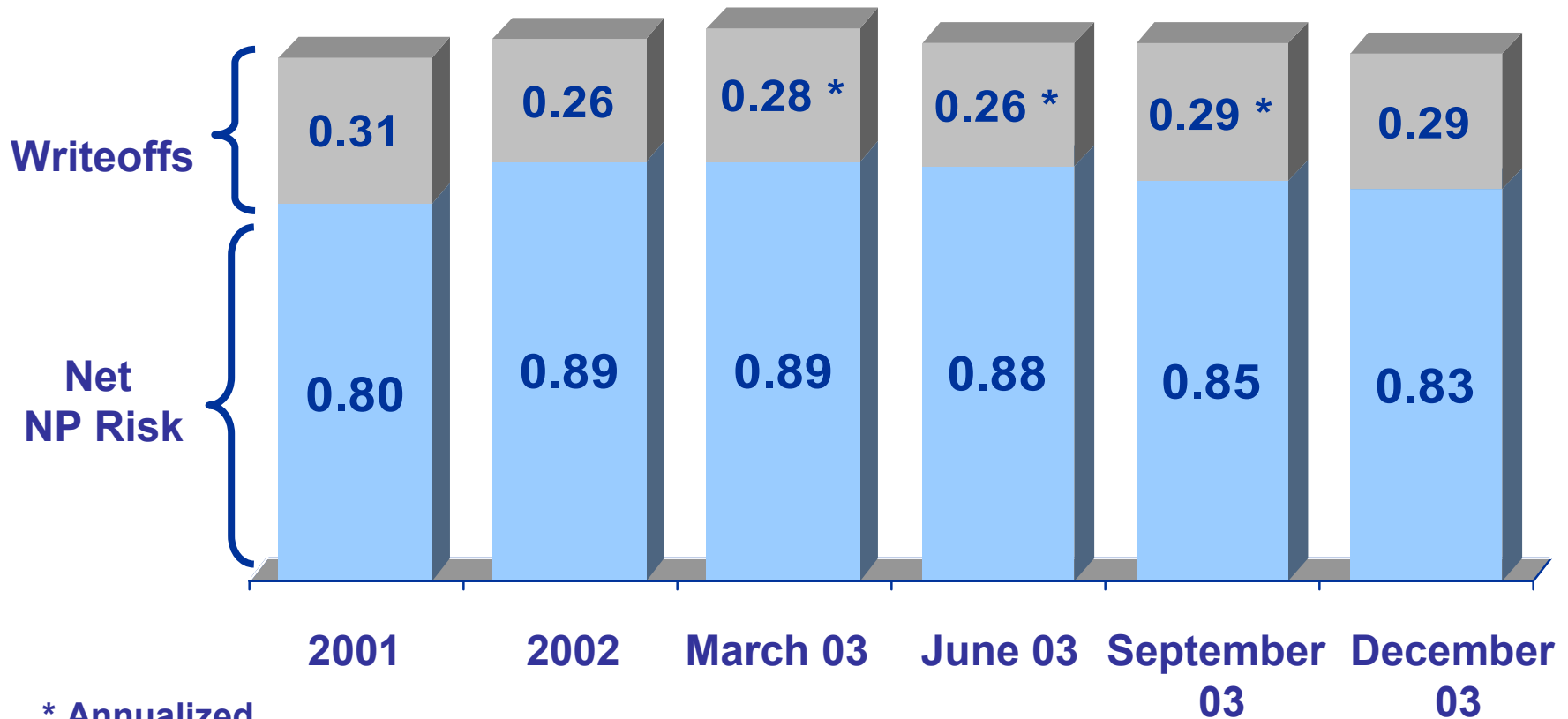
# IMPROVEMENT IN ASSET QUALITY

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



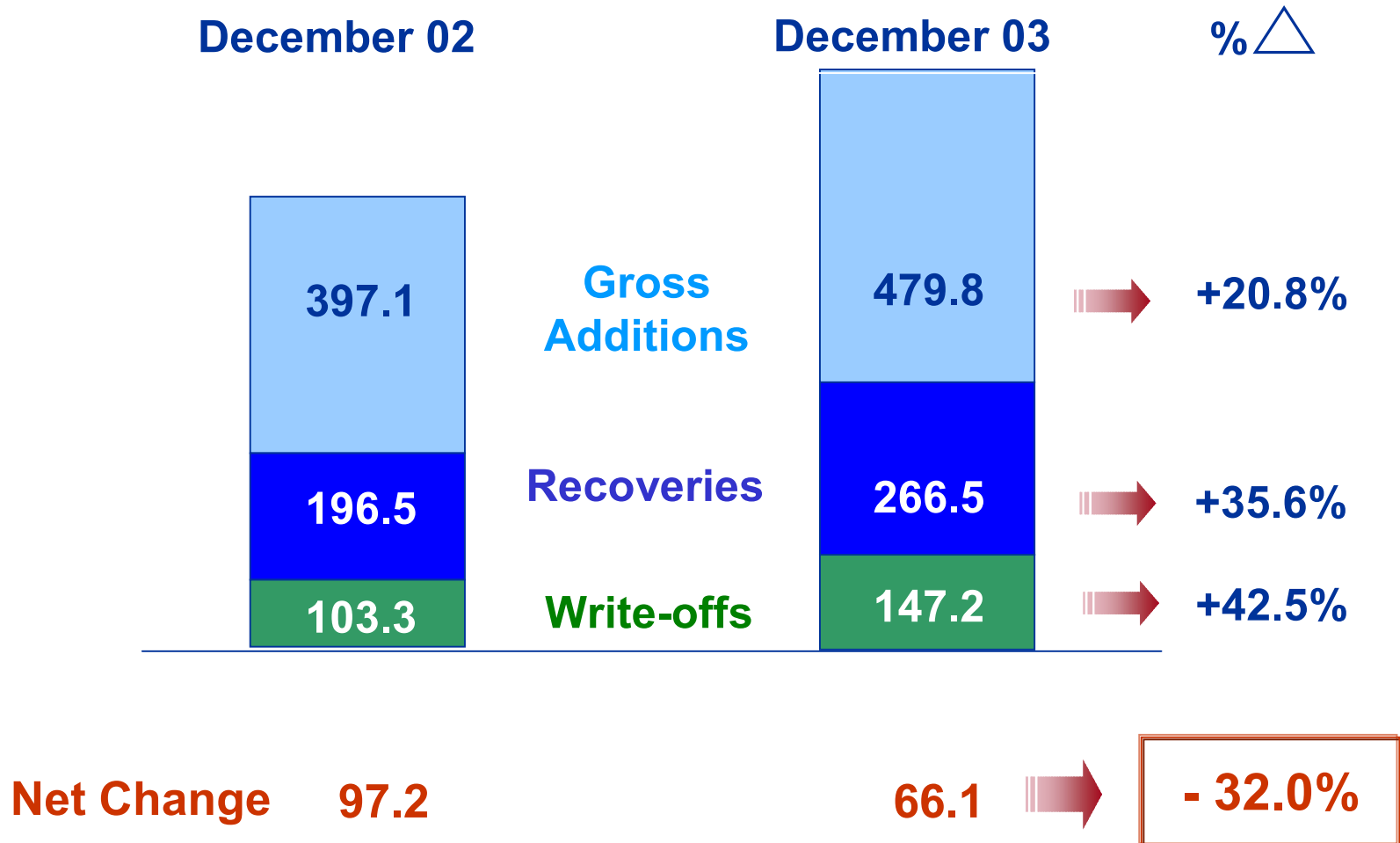
# IMPROVEMENT IN ASSET QUALITY

## NON PERFORMING RISK (bps)



# NPL EVOLUTION

(Euro million)



# CUSTOMER BASE EXPANSION

**TOTAL NUMBER OF CUSTOMERS**



<b>SPAIN</b>	<b>5,005,098</b>
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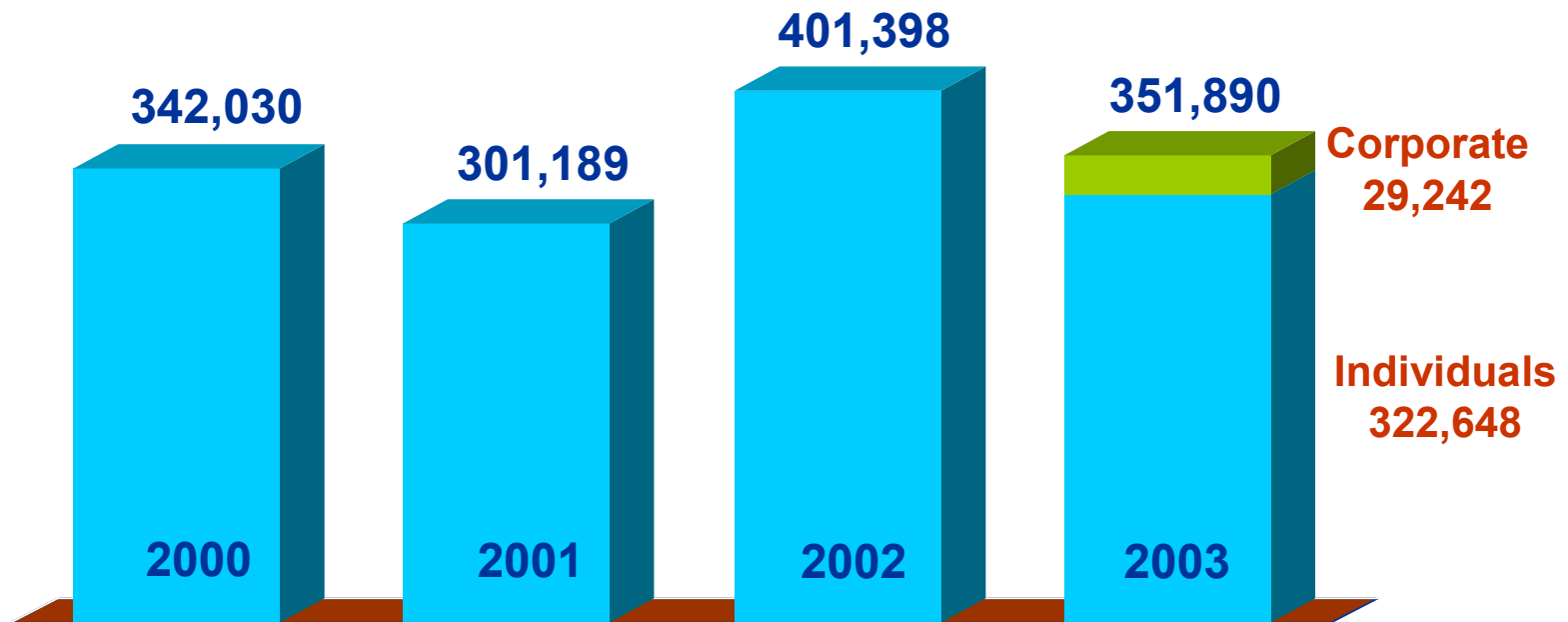
<b>PORTUGAL</b>	<b>258,148</b>
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<b>FRANCE</b>	<b>34,565</b>
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<b>TOTAL</b>	<b>5,297,807</b>
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# CUSTOMER BASE EXPANSION

## NET NEW CLIENTS (Spain)



Total number of clients: 5,005,098

Individuals: 4,624,943

Corporate: 380,155

y-o-y %

7.56

7.50

8.33

# STRONG REVENUES GROWTH

	2003					2003/2002
	1 Q	2 Q	3 Q	4 Q	Total	y-on-y % Δ
Net interest revenue	431.8	438.0	464.9	465.2	1,799.9	13.1
Fees for services	148.2	148.7	151.7	159.2	607.8	6.1
Ordinary revenue	585.6	596.0	619.4	638.4	2,439.4	<b>11.2</b>
Operating costs	199.7	200.6	213.7	228.0	842.0	<b>7.6</b>
Operating income	359.4	368.6	377.2	381.0	1,486.2	13.6
Income before taxes	285.1	292.4	313.5	314.2	1,205.2	14.2
Net income attributable	165.5	166.3	191.6	190.9	714.3	<b>12.8</b>

# STRONG REVENUES GROWTH

## EXCLUDING BNC

2003

2003/2002

	1 Q	2 Q	3 Q	4 Q	Total	y-on-y % $\Delta$
Net interest revenue	431.8	438.0	440.1	437.5	1,747.4	9.8
Fees for services	148.2	148.7	147.1	153.9	597.9	4.4
Ordinary revenue	585.6	596.0	589.7	603.8	2,375.1	8.3
Operating costs	199.7	200.6	200.1	211.3	811.7	3.7
Operating income	359.4	368.7	362.5	365.3	1,455.9	11.3
Income before taxes	285.1	292.4	309.2	305.9	1,192.6	13.0
Net income attributable	165.5	166.3	189.5	186.3	707.6	11.7

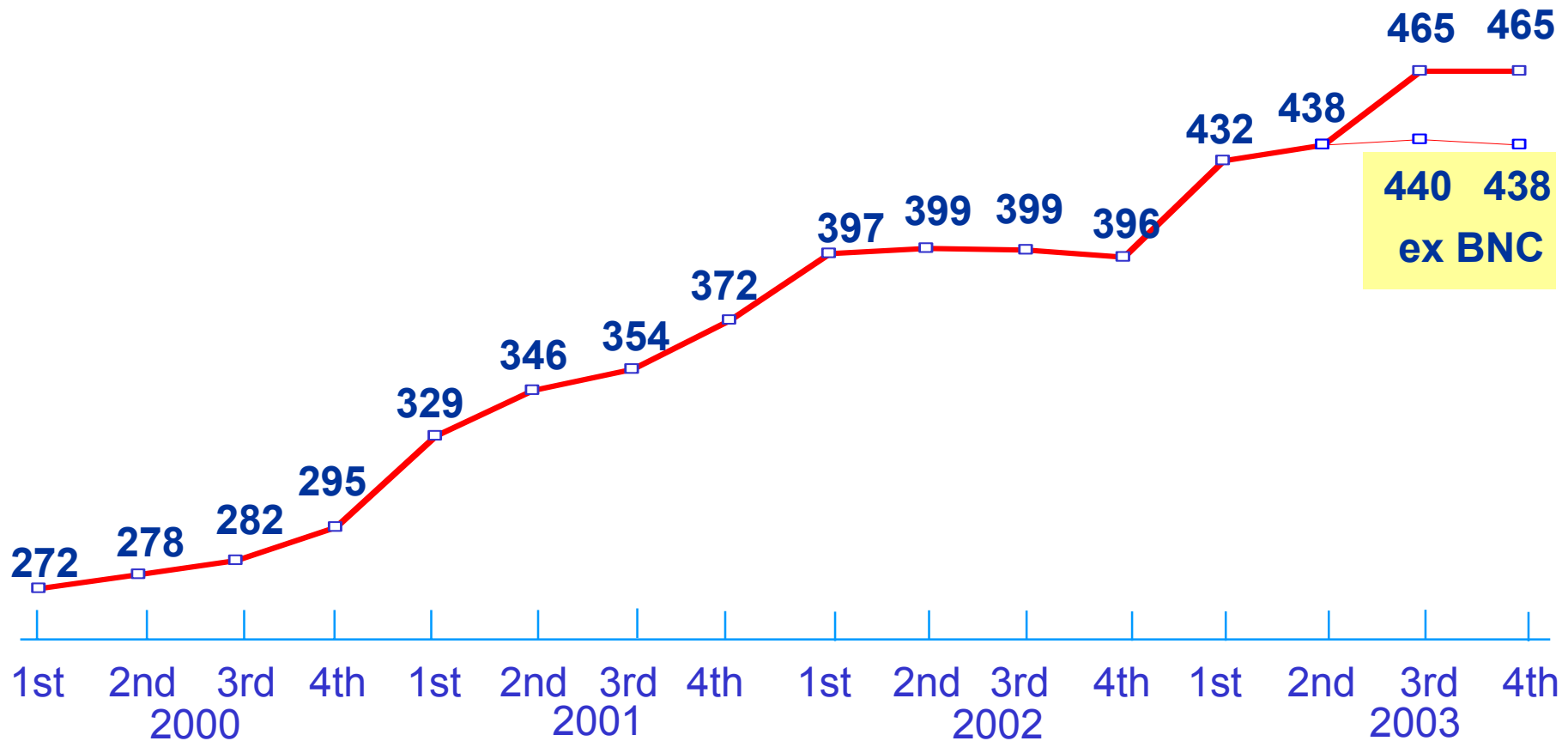
# STRONG REVENUES GROWTH

	2003/2002			
	1 Q y-on-y % $\Delta$	2 Q y-on-y % $\Delta$	3 Q y-on-y % $\Delta$	4 Q y-on-y % $\Delta$
<b>Net interest revenue</b>	<b>8.8</b>	<b>9.7</b>	<b>16.6</b>	<b>17.4</b>
<b>Fees for services</b>	<b>7.1</b>	<b>3.6</b>	<b>4.9</b>	<b>9.0</b>
<b>Ordinary revenue</b>	<b>7.3</b>	<b>8.6</b>	<b>14.1</b>	<b>15.0</b>
<b>Operating costs</b>	<b>3.6</b>	<b>3.7</b>	<b>9.2</b>	<b>13.5</b>
<b>Operating income</b>	<b>9.7</b>	<b>11.6</b>	<b>17.2</b>	<b>16.1</b>
<b>Income before taxes</b>	<b>9.0</b>	<b>14.0</b>	<b>13.6</b>	<b>20.2</b>
<b>Net income attributable</b>	<b>8.6</b>	<b>9.8</b>	<b>13.3</b>	<b>18.9</b>

# STRONG REVENUES GROWTH

## NET INTEREST REVENUE (Quarter standalone)

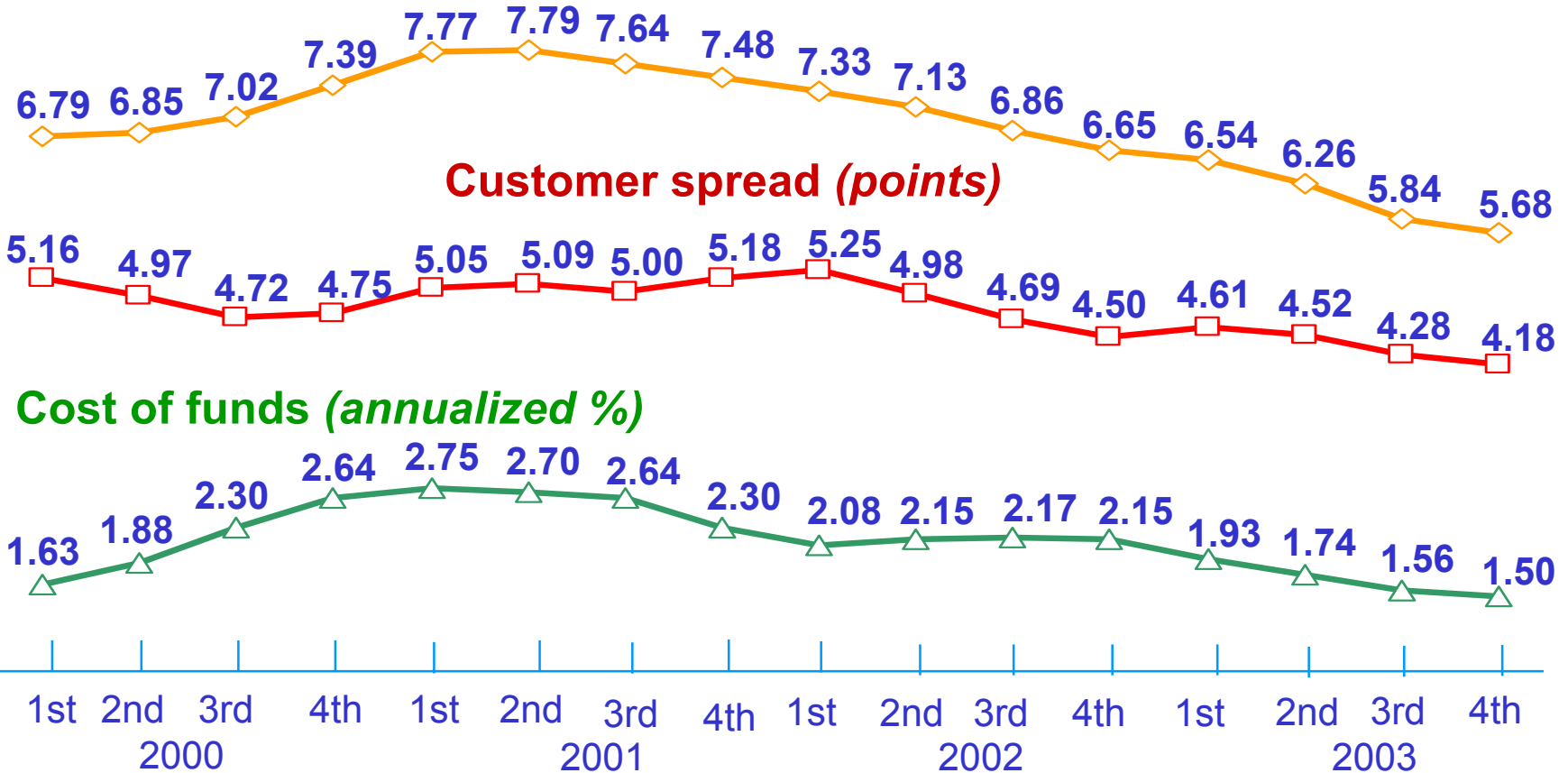
(Euro million)



# STRONG REVENUES GROWTH

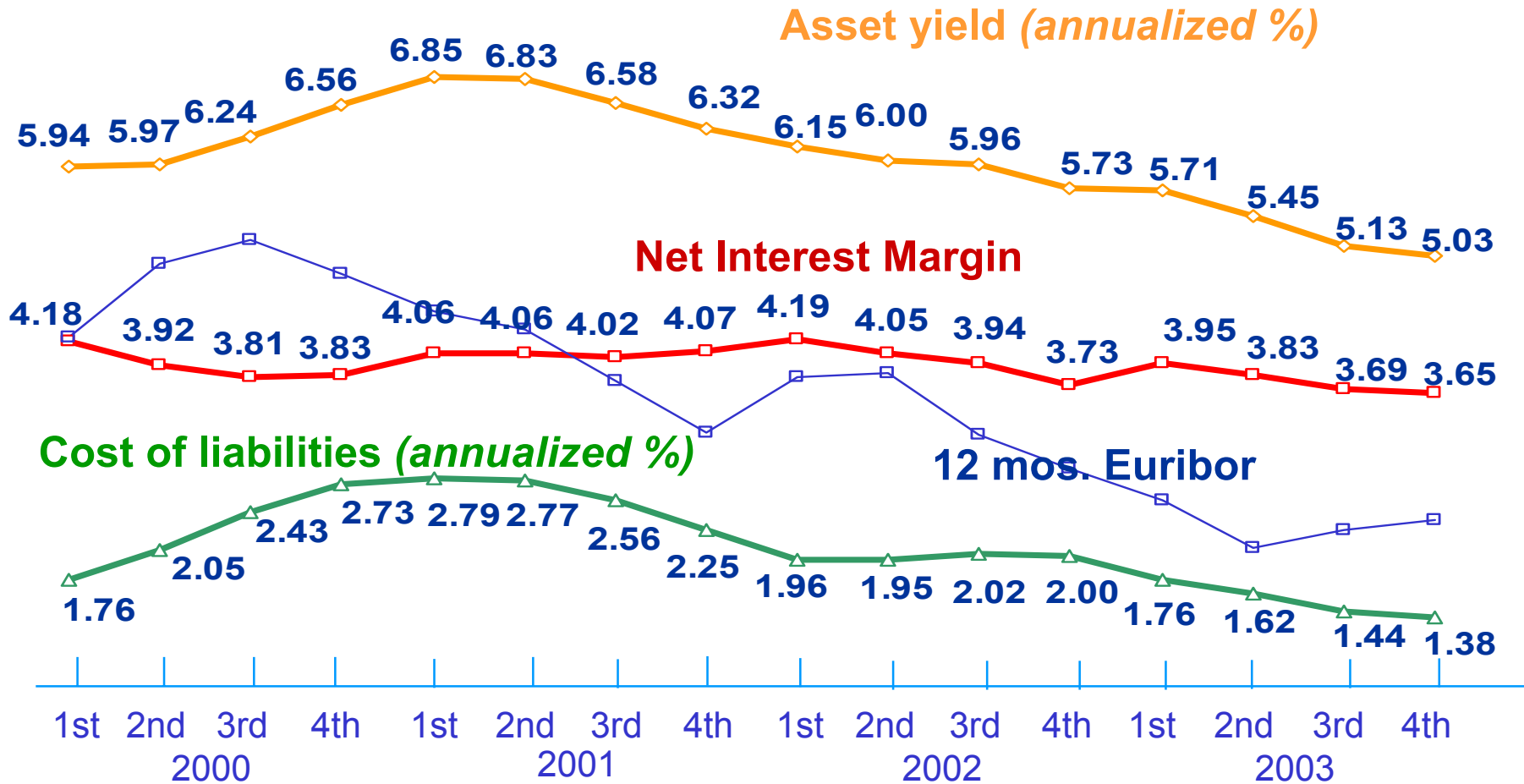
## QUARTERLY CUSTOMER SPREAD

Credit yield (annualized %)



# STRONG REVENUES GROWTH

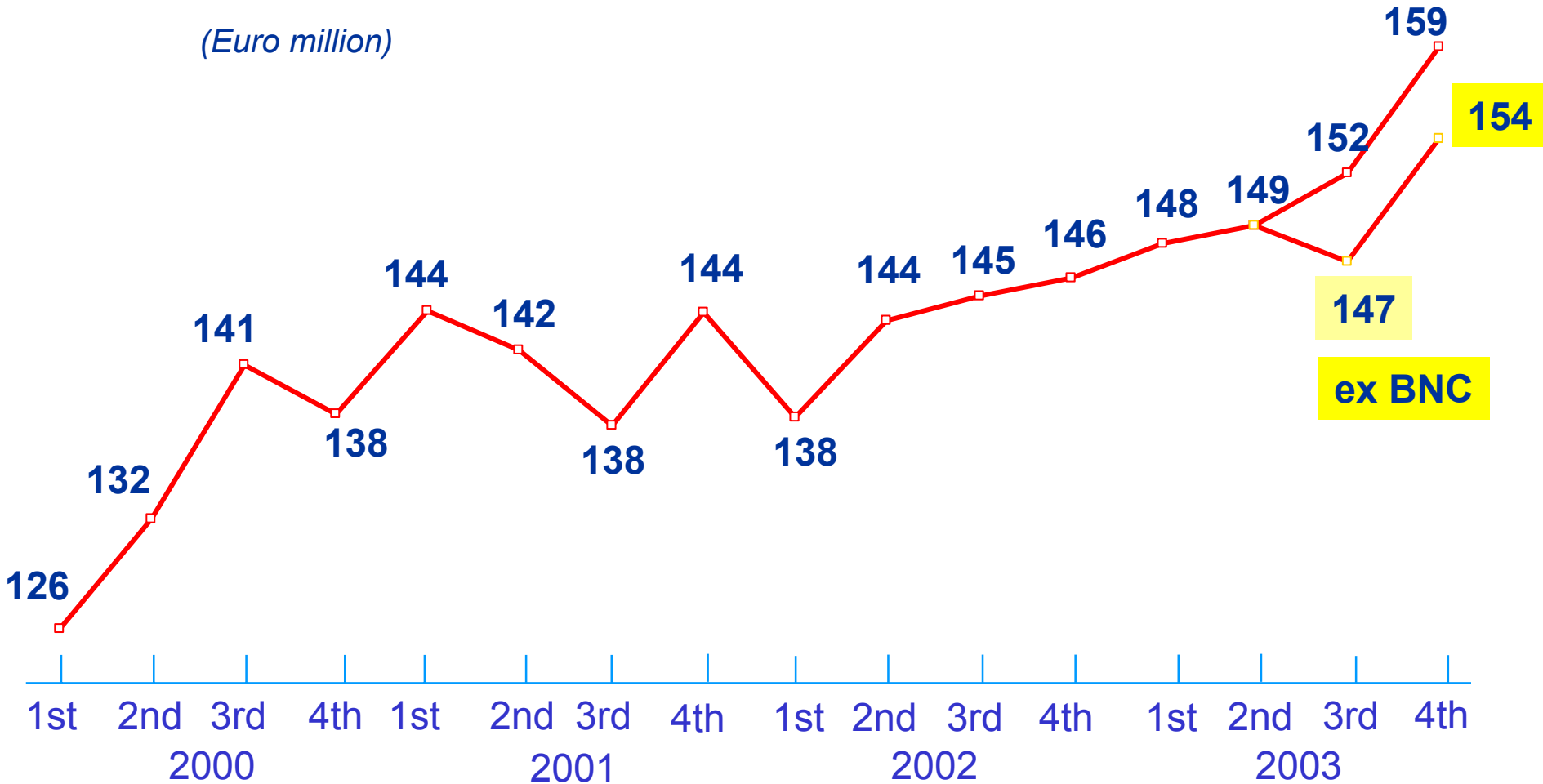
## NET INTEREST MARGIN



# STRONG REVENUES GROWTH

## FEES FOR SERVICES (Quarter standalone)

*(Euro million)*



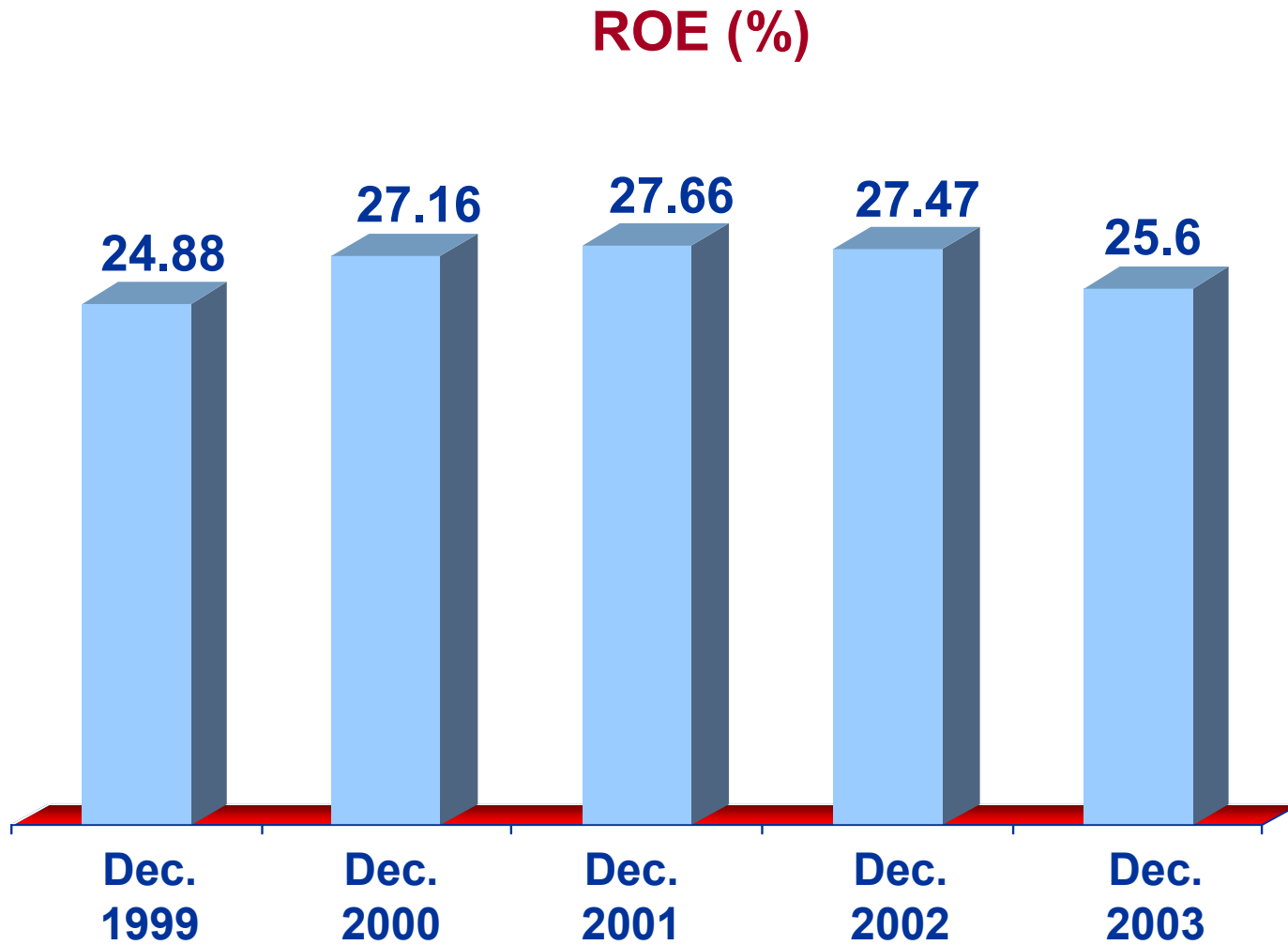
# STRONG REVENUES GROWTH

## FEES FOR SERVICES

Year-on-year % accum.  $\Delta$

	<i>March-03</i>	<i>June-03</i>	<i>Sep.-03</i>	<i>Dec.-03</i>	<i>As % of total fees</i>
Loan-related fees	(1.1)	(2.7)	(1.6)	(0.7)	12.0
Fees from guarantees	17.3	15.3	17.4	17.7	11.0
Collection & card-related	3.5	2.5	0.5	0.7	40.2
Customer financial asset mgt.	(2.1)	0.8	5.0	7.1	24.1
Mutual funds	(2.4)	1.1	5.7	7.8	15.8
Other AM	(1.4)	0.3	3.8	5.9	8.3
Account mgt. Fees	8.9	5.5	5.6	6.8	8.0
Other (inc. Inv. Banking)	114.9	73.9	53.0	61.6	4.7
<b>TOTAL</b>	<b>7.1</b>	<b>5.3</b>	<b>5.1</b>	<b>6.1</b>	<b>100</b>
<b>Exc. BNC</b>			<b>4.1</b>	<b>4.4</b>	

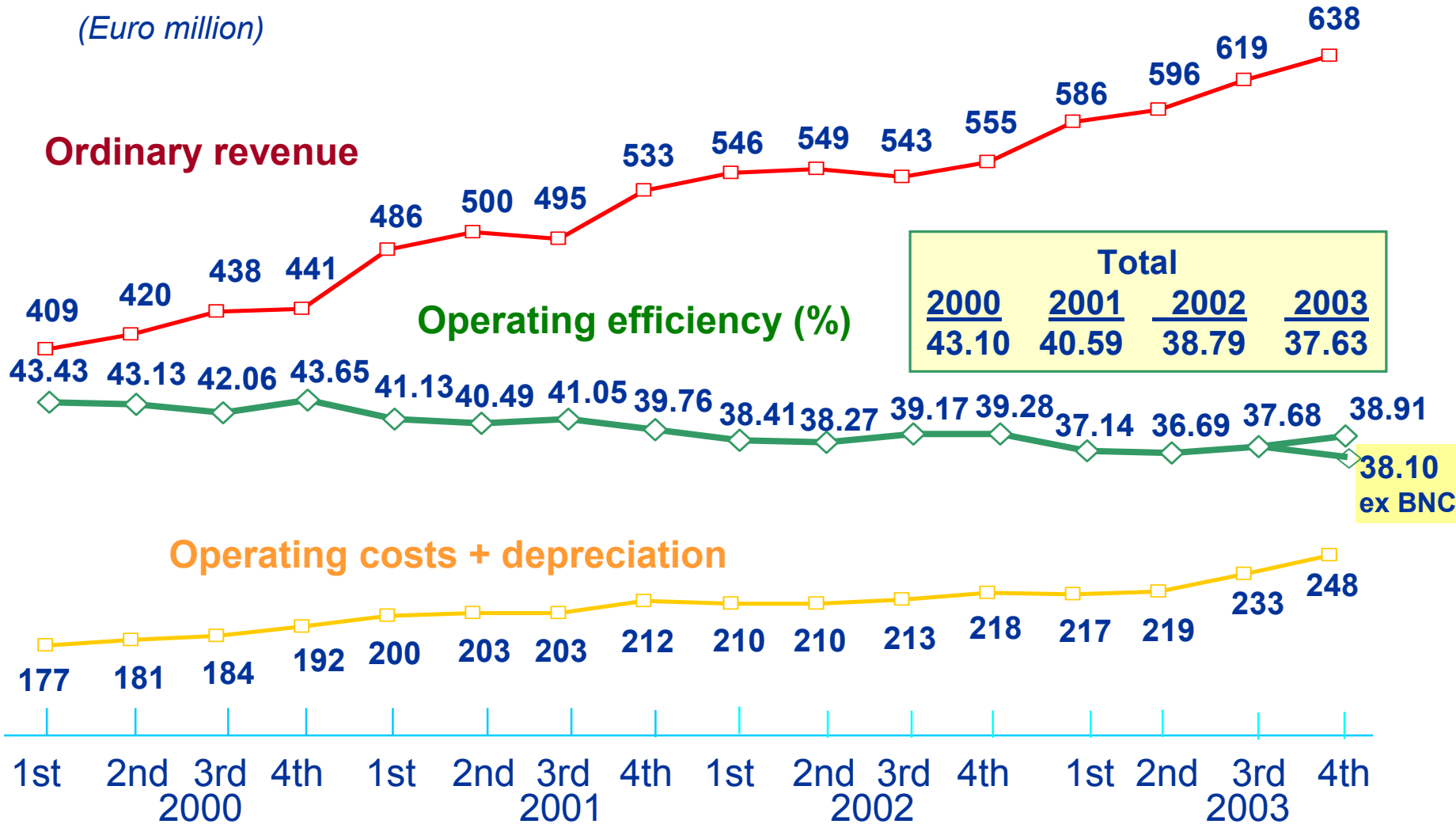
# BEST ROE



# BEST COST/INCOME RATIO

## COST/INCOME RATIO

(Euro million)



38.10  
ex BNC

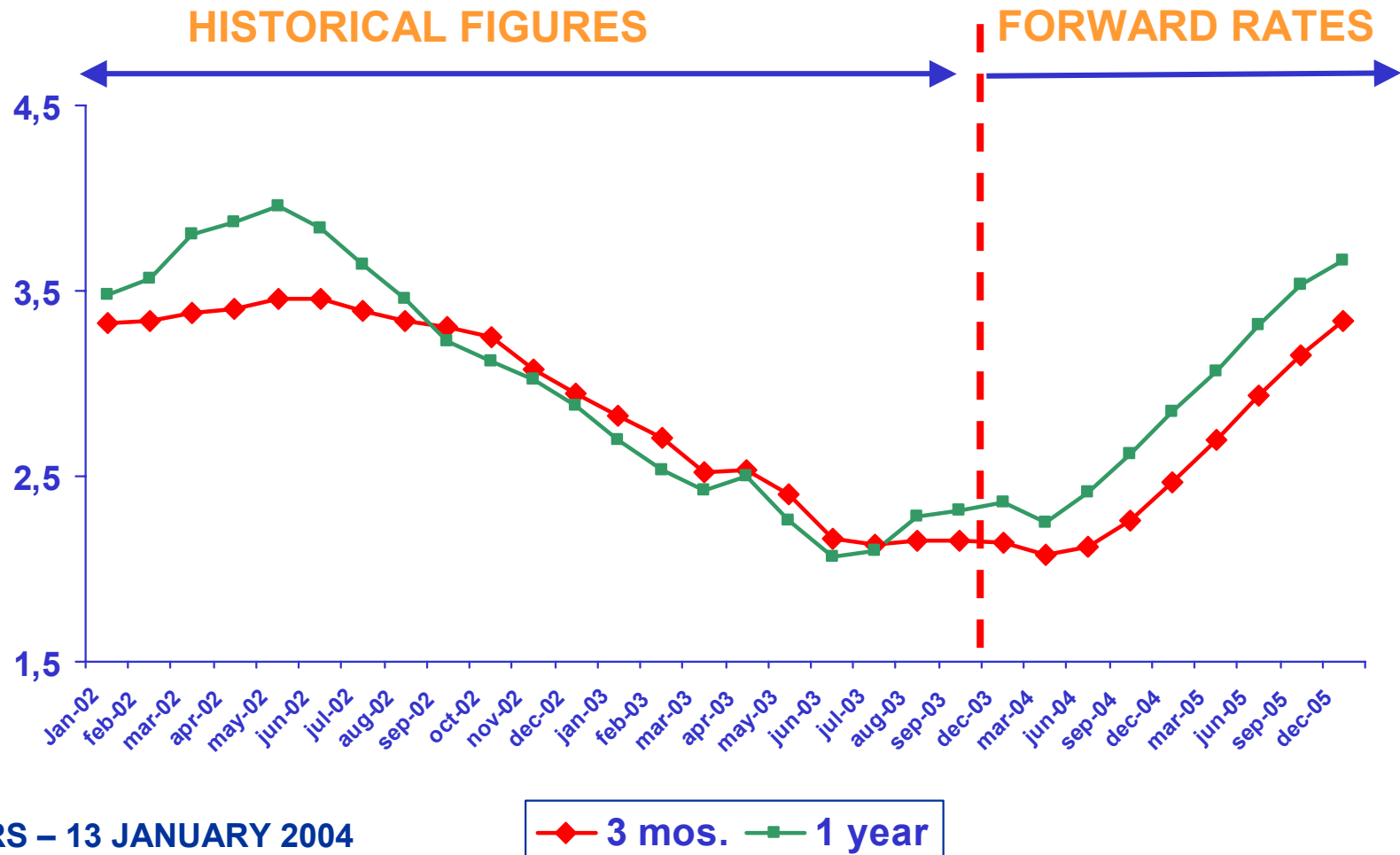


# ANNEX

## **MACROECONOMIC PARAMETERS**

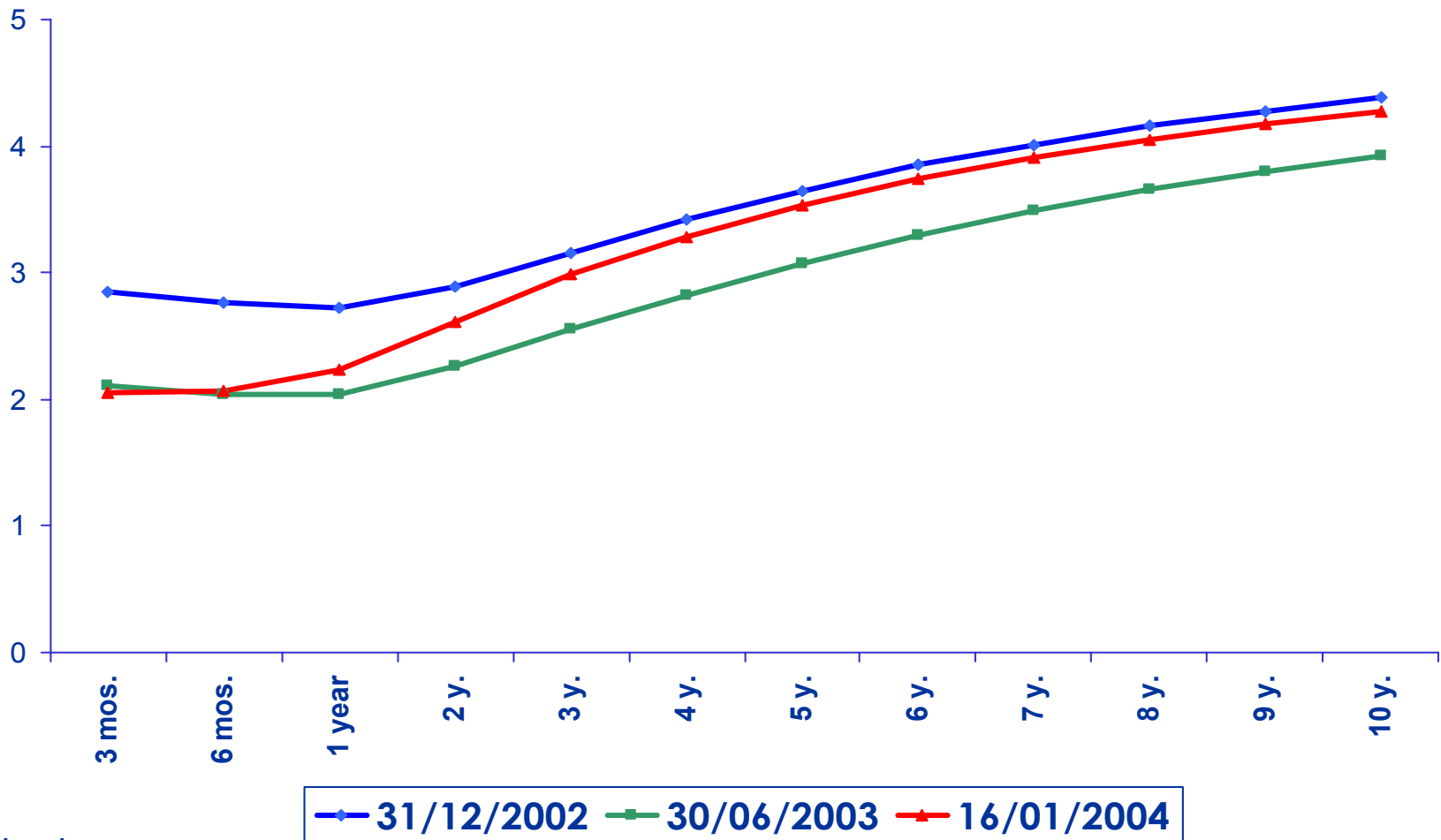
# MACROECONOMIC PARAMETERS

## INTEREST RATES TRENDS: Change of cycle



# MACROECONOMIC PARAMETERS

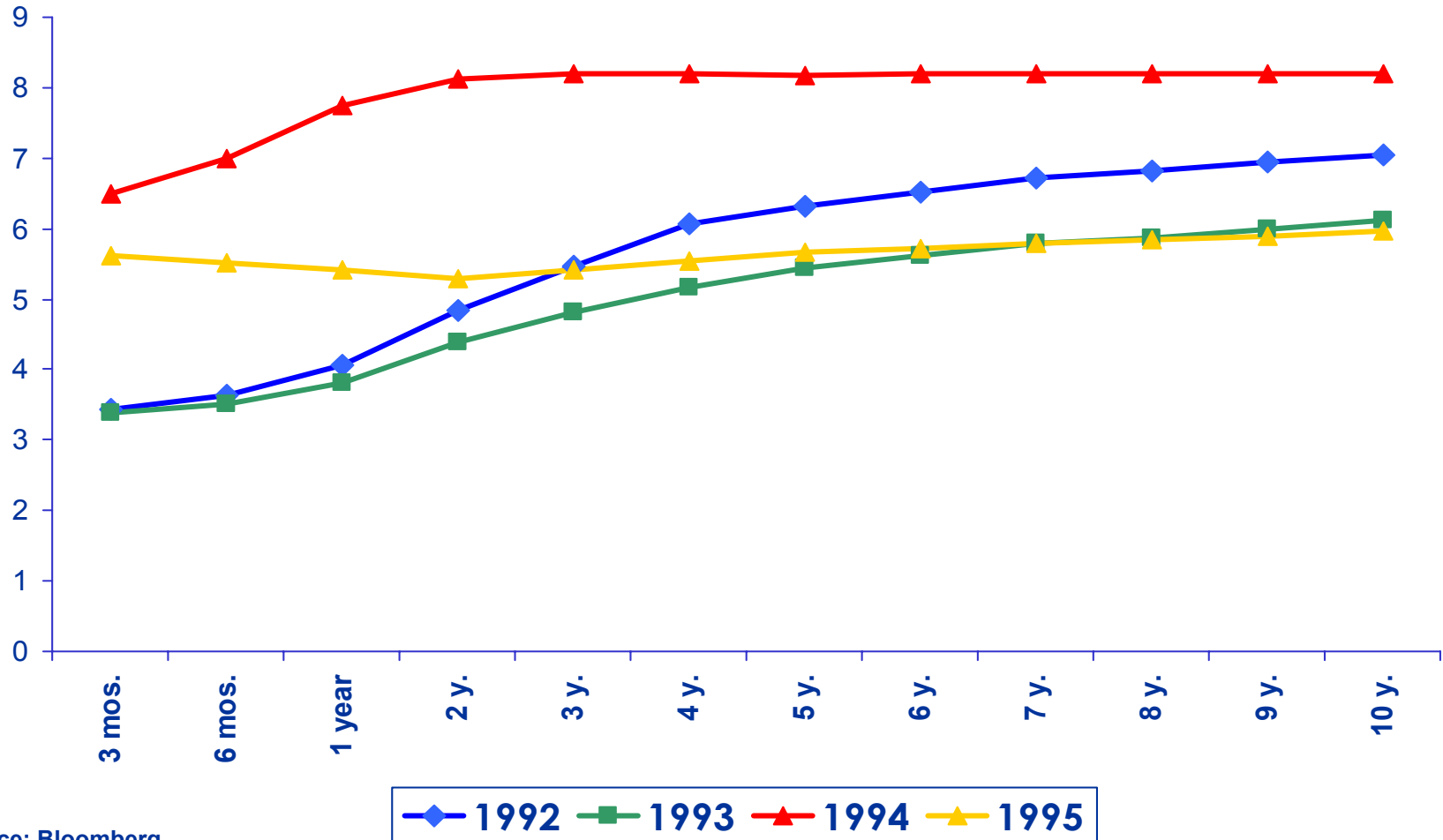
## EURO SWAP ANNUAL



Source: Bloomberg

# MACROECONOMIC PARAMETERS

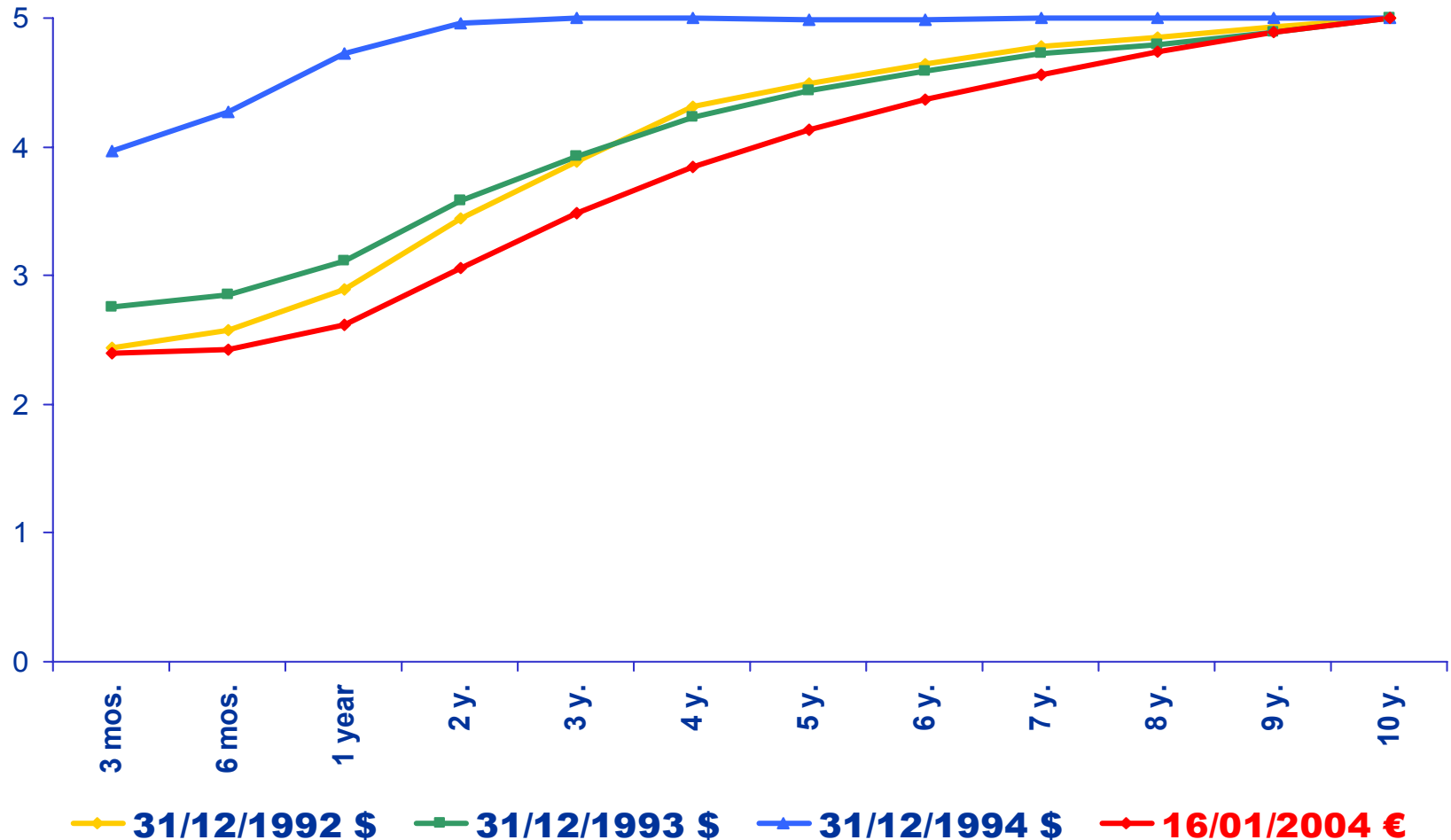
## 1992-95 \$ INTEREST RATES PATTERNS



Source: Bloomberg

# MACROECONOMIC PARAMETERS

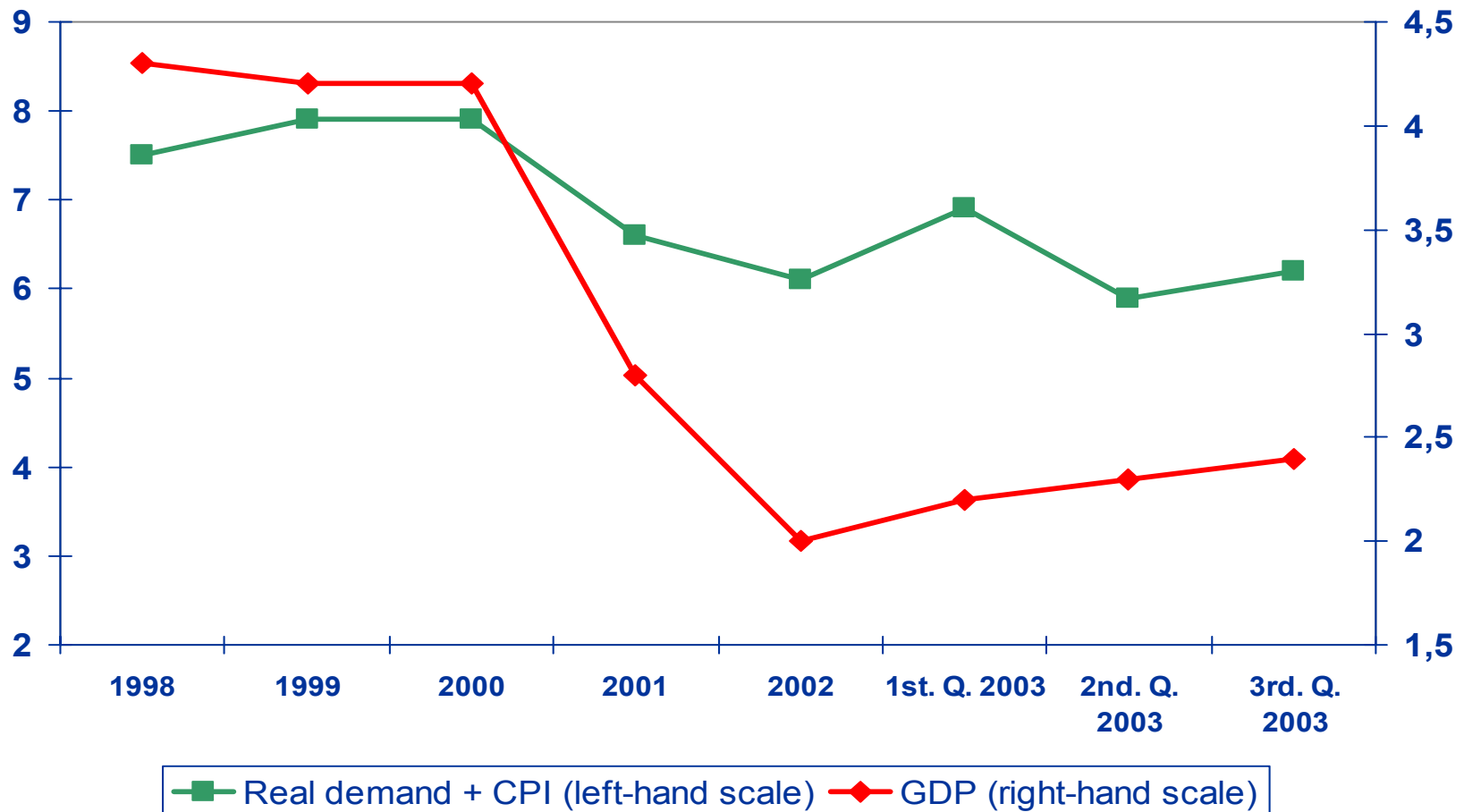
## IF INTEREST RATES FOLLOW 1992-95 PATTERN



# MACROECONOMIC PARAMETERS

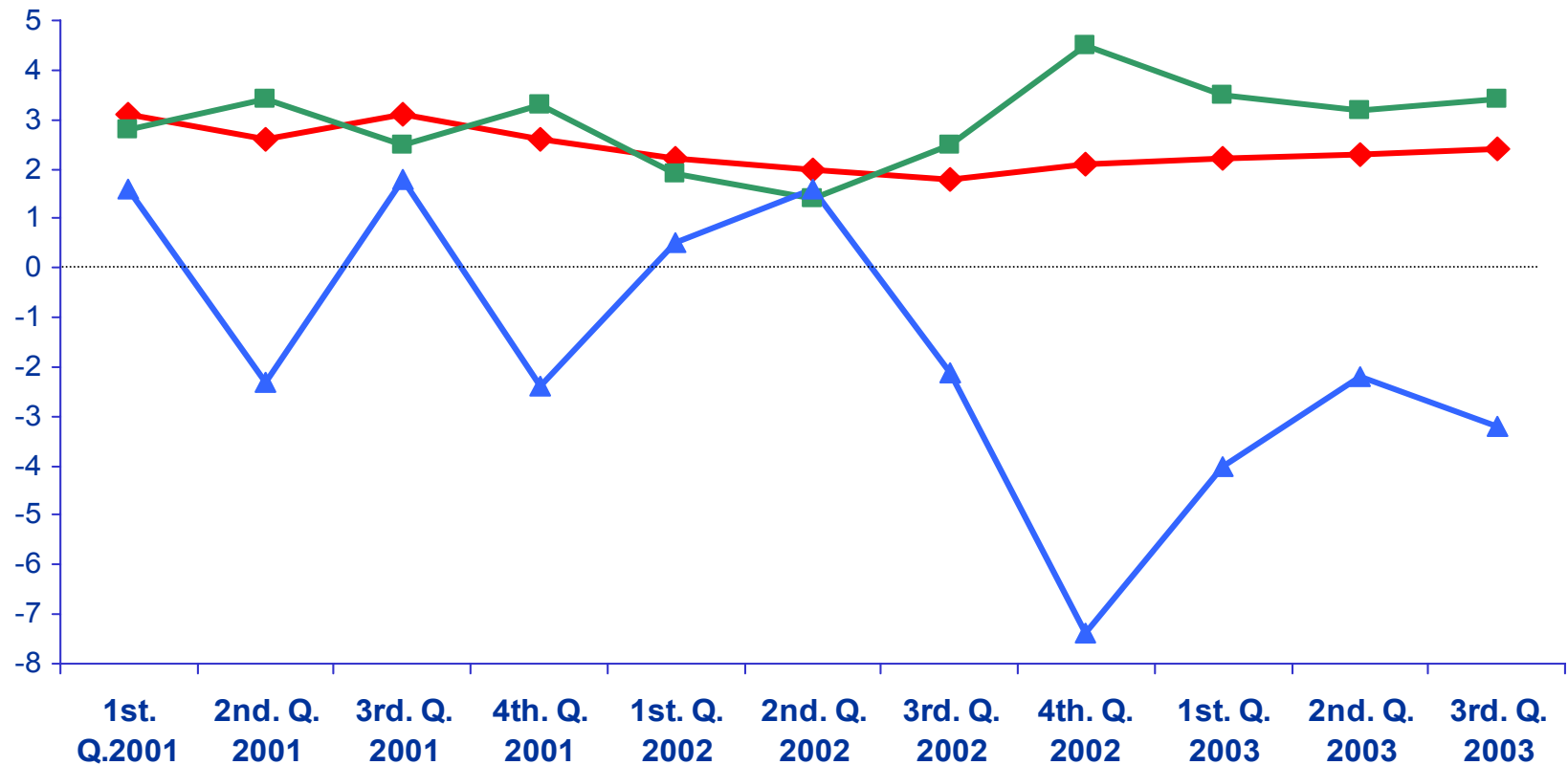
## ... AND DECLINE IN GDP & NOMINAL DEMAND

Annual growth (%)



# MACROECONOMIC PARAMETERS

**Internal demand is sustaining Spanish recovery, timid but already in place**



Source: INE

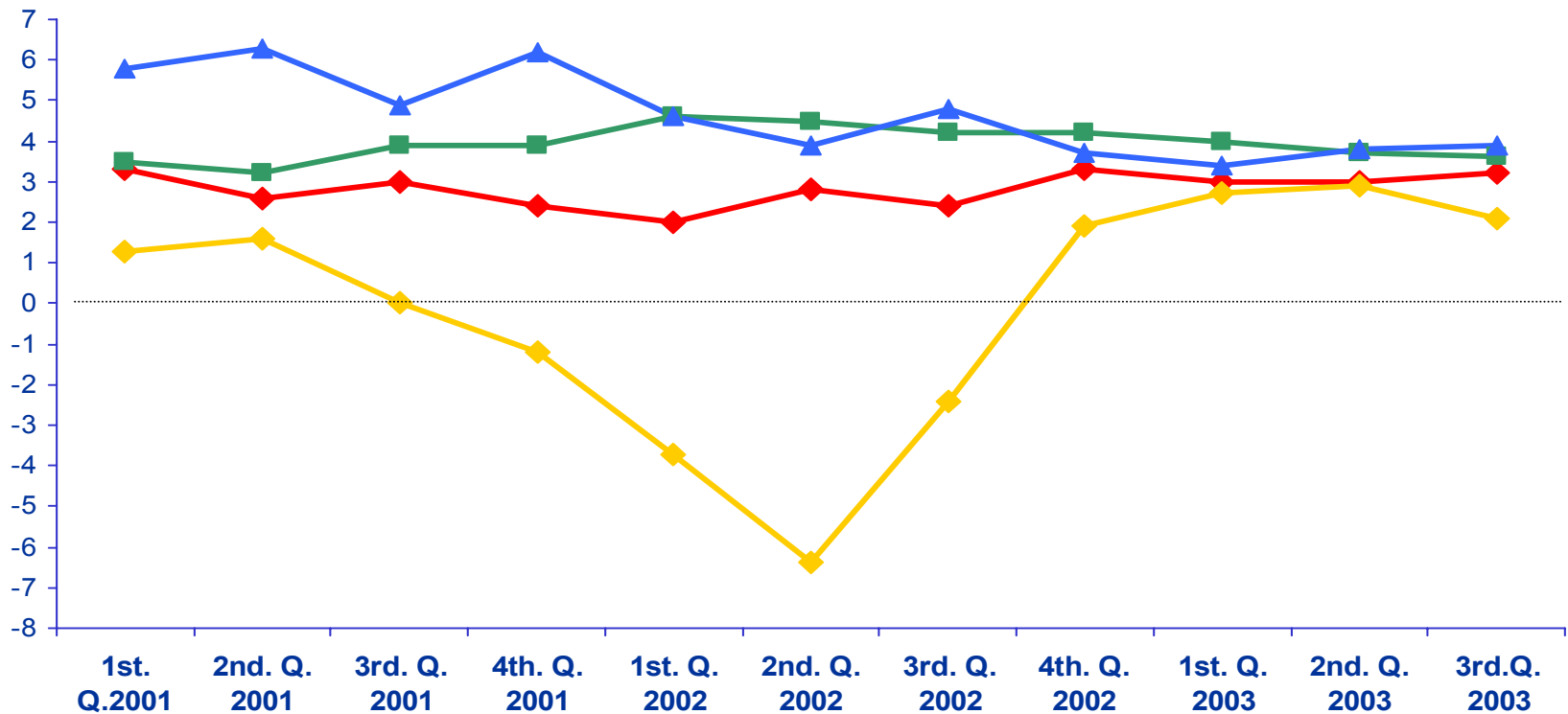
◆ GDP

■ Internal Demand

▲ Balance of Trade

# MACROECONOMIC PARAMETERS

**Capital goods investment is taking over and personal consumption is not flagging**

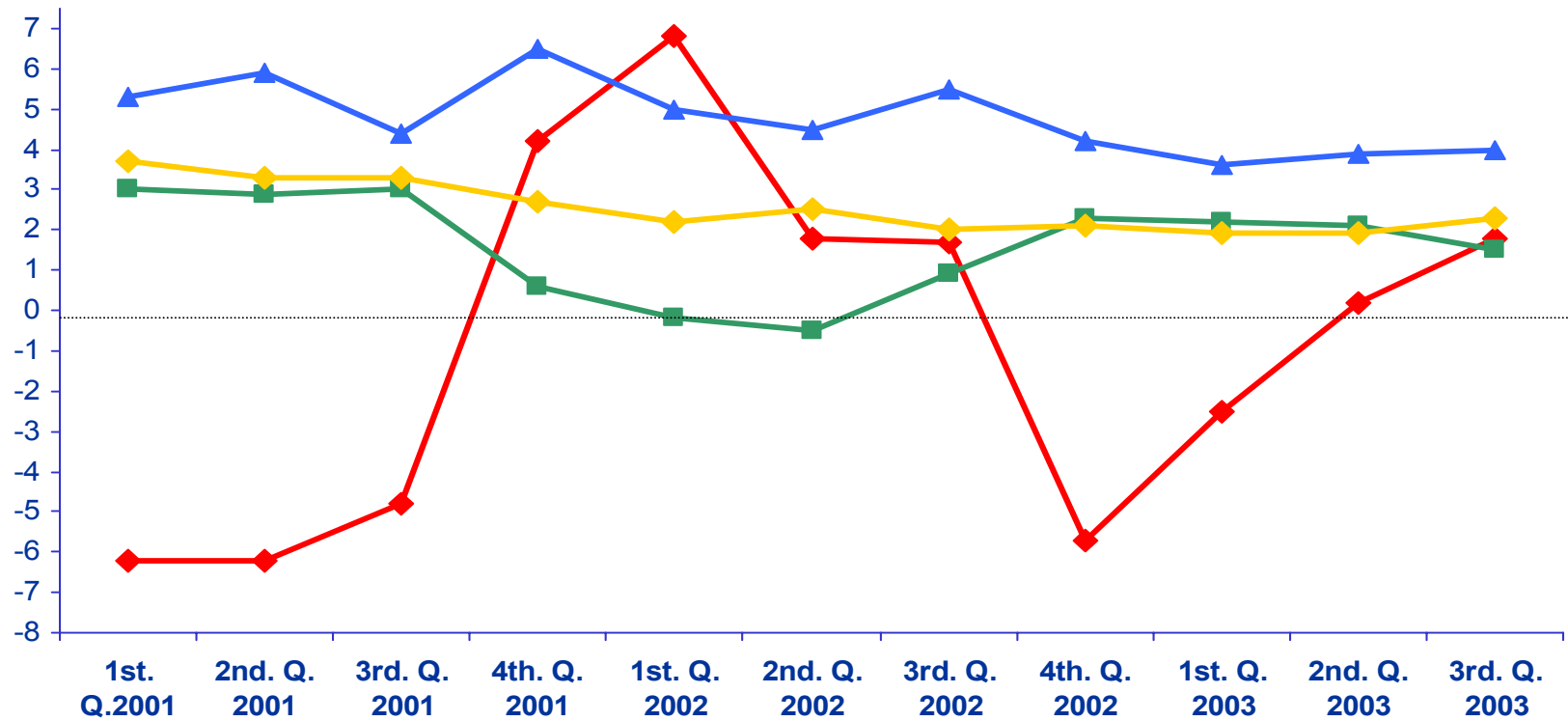


◆ Personal consumption  
▲ Construction investment

■ Government consumption  
◆ Capital goods investment

# MACROECONOMIC PARAMETERS

Industry's driving power is coming back



◆ Primary sector

■ Industry & Energy

▲ Construction

◆ Services

# LOOKING AHEAD: POSITIVE IMPACT FROM RATES INCREASE

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## DURATION

<i>(December,31 2003)</i>	Amount MM Euros	Interest Rate %	PV MM Euros	Duration Days	Holding Period 365	
					PV MM Euros	Duration Days
<b>SENSITIVE ASSETS</b>	<b>48,794.4</b>	<b>4.10</b>	<b>49,377.2</b>	<b>186.92</b>	<b>47,028.5</b>	<b>125.51</b>
MONETARY MARKET	10,346.0	2.25	10,374.9	60.85	10,044.3	31.41
LOANS	37,976.9	4.60	38,530.7	182.58	36,956.0	151.02
SECURITIES	471.5	4.53	471.6	3,315.2	28.2	213.56
<b>SENSITIVE LIABILITES</b>	<b>35,229.0</b>	<b>2.17</b>	<b>35,344.3</b>	<b>83.70</b>	<b>34,530.2</b>	<b>58.92</b>
MONETARY MARKET	18,544.6	2.22	18,580.3	44.72	18,471.1	39.84
CUSTOMER DEPOSITS	12,583.8	1.94	12,617.9	105.43	12,239.7	83.56
SECURITIES	4,100.6	2.64	4,176.1	192.31	3,819.4	72.26
<b>EQUITY</b>	<b>2,906.9</b>		<b>14,032.9</b>	<b>446.89</b>		

**EUROMONEY**



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