



Banco Popular Group

QUALITY UPON QUANTITY

April | May | June

2005



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2nd. Quarter 2005

HIGHLIGHTS OF THE QUARTER

- 1** **Fast Core Business Growth**
- 2** **Improved Asset Quality**
- 3** **Strong Customer Acquisition**
- 4** **Branch Network Expansion**
- 5** **Solid Earnings & Efficiency Gains**

2nd. Quarter 2005

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**Fast Core
Business Growth**

FAST CORE BUSINESS GROWTH

LOANS TO PRIVATE-SECTOR RESIDENTS

(year-on-year % change)

	May 04	Dec. 04	May 05
POPULAR *	+21.7	+23.9	+21.1
BANKS	+15.1	+15.4	+16.0
BANKS + SAVINGS BANKS	+16.0	+18.3	+18.6

Source: Bank of Spain

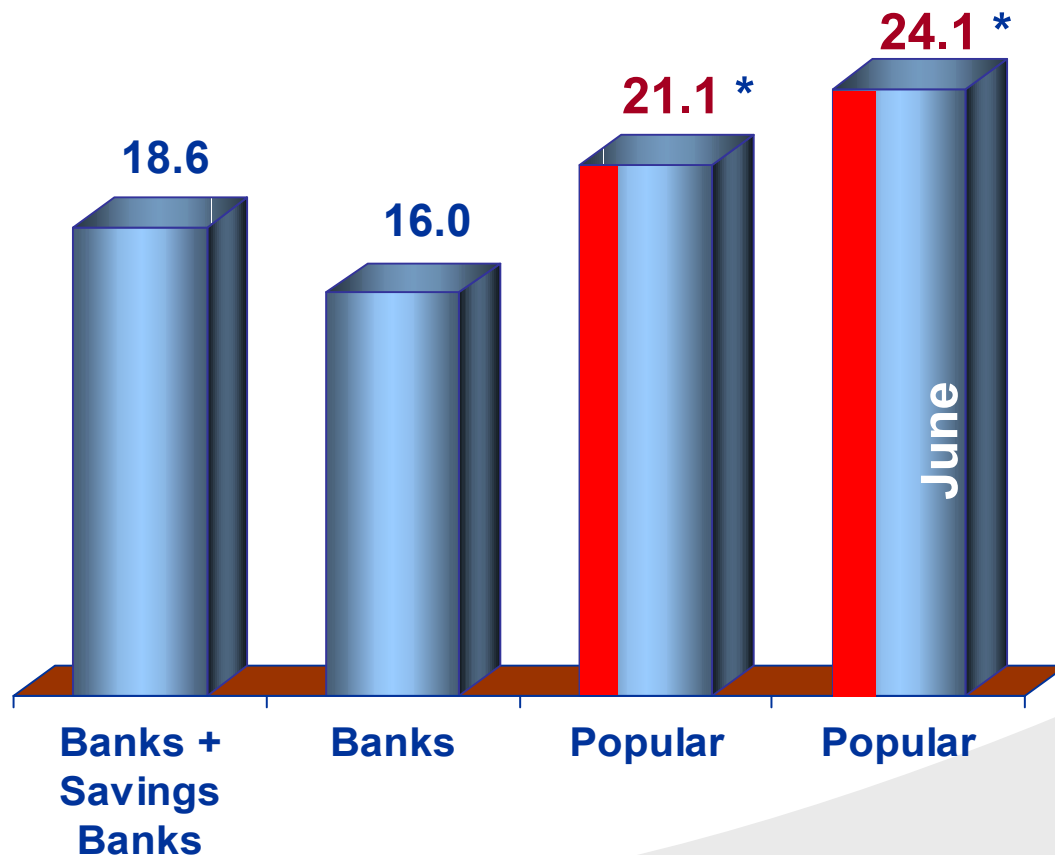
* Adjusted for IAS



FAST CORE BUSINESS GROWTH

LOANS TO PRIVATE-SECTOR RESIDENTS

(May 31, 2005 year-on-year % change)

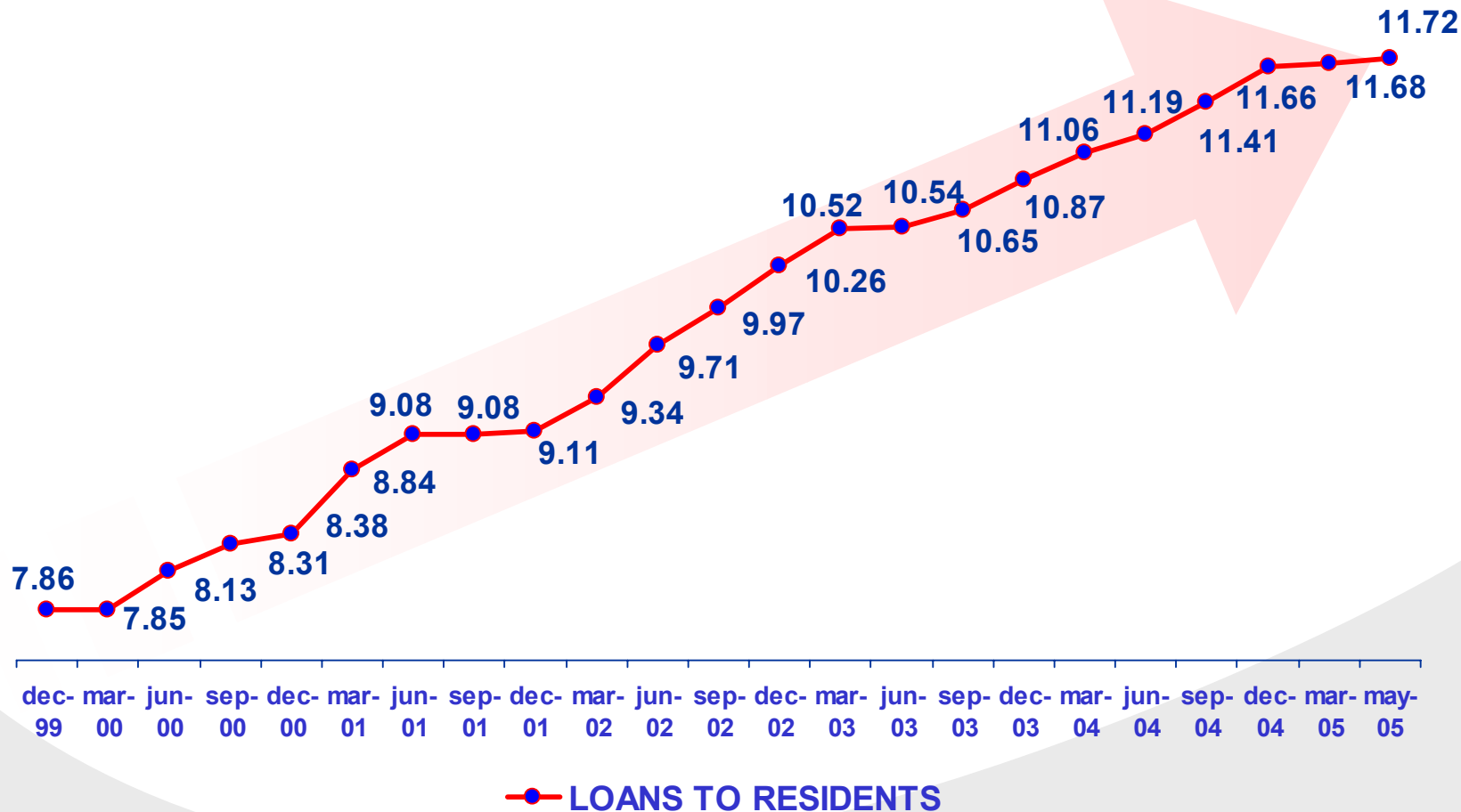


Source: Bank of Spain
* BPE adjusted for IAS



FAST CORE BUSINESS GROWTH

MARKET SHARE OVER COMMERCIAL BANKS



Source: Bank of Spain
 Instituciones Financieras
 BPE adjusted for IAS



FAST CORE BUSINESS GROWTH

MAJOR LOAN CATEGORIES (*)

(Accumulated % change)

	Growth rate <i>June 05</i>	% of total loans
Bill discounting	7.6	10.2
Mortgage loans	30.3	54.5
Loans & overdrafts	22.6	29.9
Leasing	19.1	5.4
TOTAL	24.6	100.0

(*) All loans except NPLs & Repos



FAST CORE BUSINESS GROWTH

CORE RESIDENT-CUSTOMER FUNDING

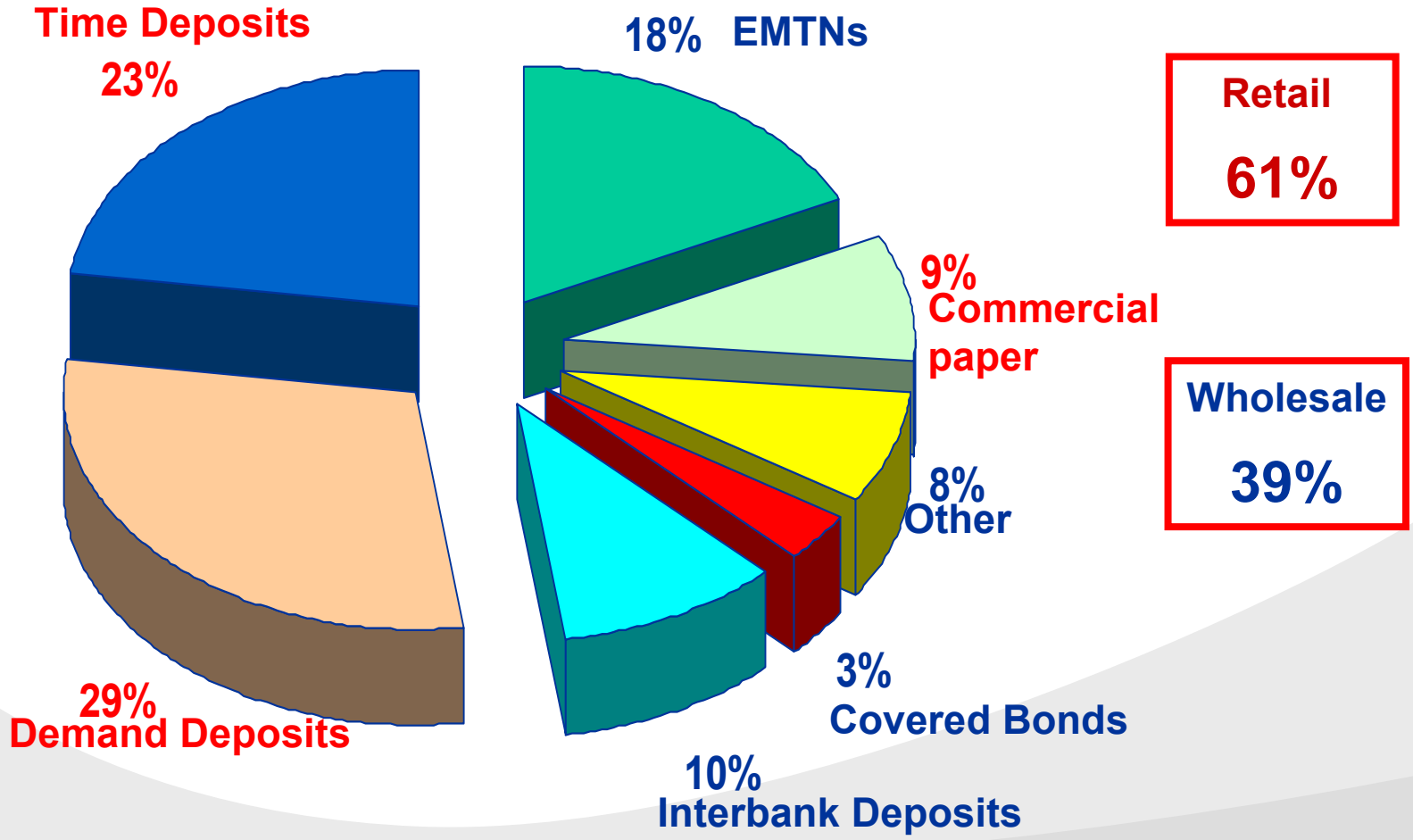
June 30, 2005

	<i>Amount (€ million)</i>	<i>Δ %</i>	<i>% of total</i>
Demand deposits	14,288.8	9.8	47.6
Time deposits	10,525.9	4.9	35.1
Customers commercial paper	5,177.5	24.3	17.3
TOTAL	29,992.2	10.2	100.0



FAST CORE BUSINESS GROWTH

FUNDING BREAK-DOWN





FAST CORE BUSINESS GROWTH

MUTUAL FUNDS VOLUMES IN 2005 vs. INDUSTRY –SPAIN ONLY-

	Net Asset Value	
	June 05(€ million)	% change
Money Market	1,707.7	-3.66
Bonds	2,623.0	38.80
Fixed income	4,330.7	18.25
Equity	1,021.9	21.76
Balanced	886.0	4.46
Guaranteed	2,559.3	26.20
Global	372.6	-16.02
TOTAL	9,170.5	17.3
		9.8

← **BANCO POPULAR GROUP ***
← **INDUSTRY**

Outperformance due to:

	POPULAR	INDUSTRY
Net Inflows	12.2%	6.1%
Management / Markets	5.1%	3.7%
Improvement in market share	March 05 3.93%	March 04 3.67%

* Excluding BNC. The total amount including BNC amounts to €9,421.0 million (+17.7%)



FAST CORE BUSINESS GROWTH

GROWTH RATE – NON MORTGAGE LOANS

	Dec. 03	June 04	Dec. 04	June 05
Bill discounting	18.0	18.1	14.2	8.3
Loans & overdrafts	9.8	17.9	22.4	26.5
Leasing	12.0	21.4	24.3	17.5
Non mortgage	12.5	18.4	20.1	20.0
Growth (y-on-y) Loans to private sector residents	19.4	22.5	23.7*	24.1

Excluding REPOs, prepayment & other and NPL

* Adjusted for securitization

April | May | June

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FAST CORE BUSINESS GROWTH

GROWTH RATE – NON MORTGAGE LOANS

	April 05				June 05
	SAVINGS BANKS	BANKS	BANKS + S. BANKS	BPE	BPE
Bill discounting	17.9	30.4	25.9	12.9	8.3
Loans & overdrafts	15.2	10.1	12.1	22.9	26.5
Leasing	14.7	22.4	20.8	21.1	17.5
Non mortgage	15.6	14.2	19.7	19.7	20.0

Excluding REPOs, prepayment & other and NPL

Source: Bank of Spain-Boletín Estadístico



FAST CORE BUSINESS GROWTH

AFFINITY GROUPS

(June 30, 2005 - euro million)

	No. of clients	On- & off-B/S AuM	Loans
SME Affinities	239,825	2,887	11,121
Change (1)	39%	38%	48%
Individuals-Affinity (*)	412,230	5,790	5,410
Change (1)	19%	18%	43%

(*) Ex. POP Club

(1) Year-on-year



FAST CORE BUSINESS GROWTH

CONTRIBUTION OF AFFINITY CUSTOMERS TO POPULAR'S GROWTH

(June 30, 2005)

	Affinity clients	Contribution to total group
No. of clients	652,055	11%
New clients	62,296	21%
Affinity loans (€ million)	16,531	28%

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Improved Asset Quality



IMPROVED ASSET QUALITY

(%)

	June 05	March 05	June 04
Nonperforming loans	0.80	0.86	1.10
Coverage	242.0	227.6	177.4

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**Strong
Customer Acquisition**



STRONG CUSTOMER ACQUISITION

470,267

net NEW customers in 12 mos.

+447,088 in Spain

+ 23,179 in Portugal



STRONG CUSTOMER ACQUISITION

TOTAL

Y-o-y Δ

5,923,547

8.6%

5,463,142

8.7%

460,405

7.8%

NEW (2005)

295,915

276,517

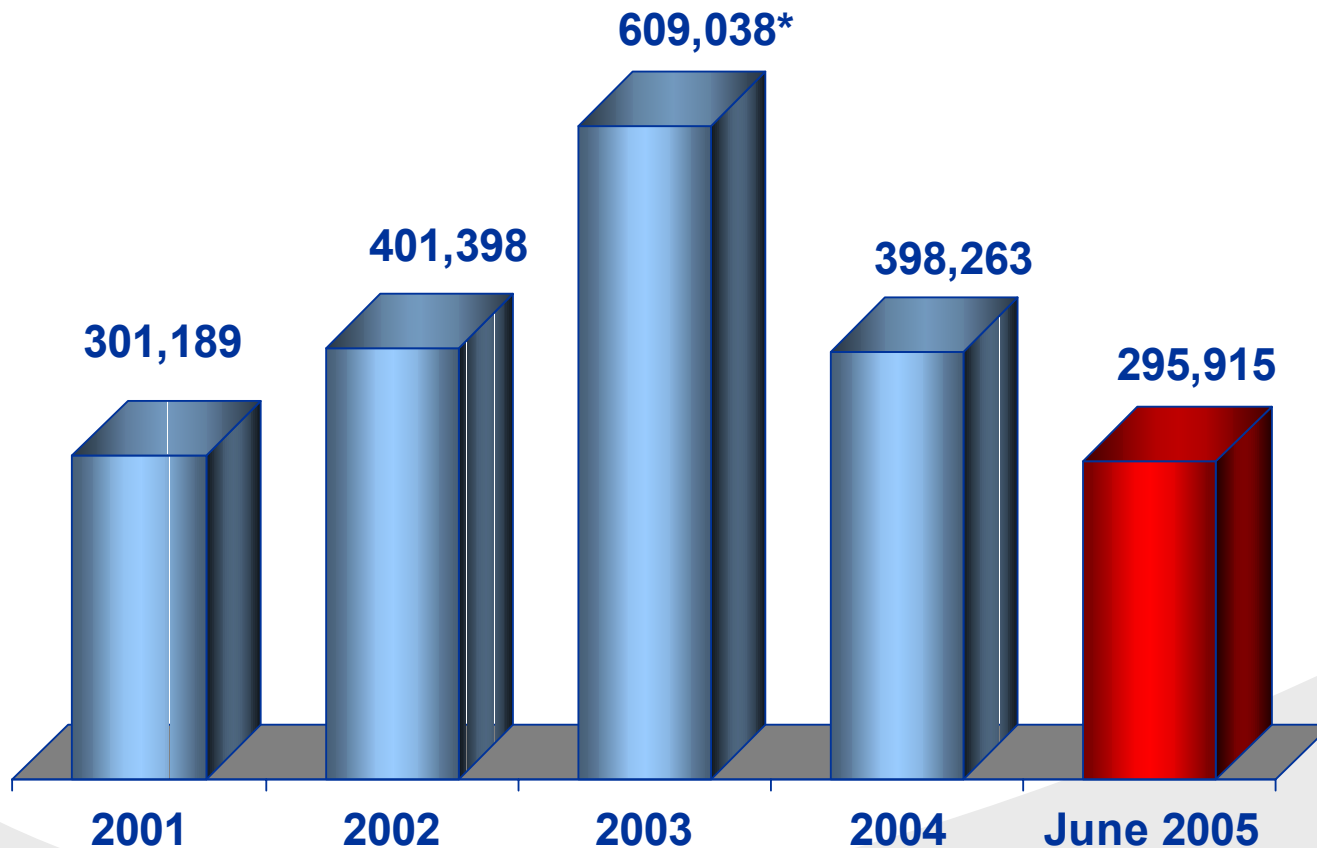
19,398

 Total  Individuals  Corporate



STRONG CUSTOMER ACQUISITION

NET NEW CLIENTS (inc. BNC)



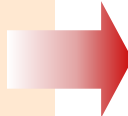
* BNC acquisition



STRONG CUSTOMER ACQUISITION

EXPLOIT NEW CUSTOMER POTENTIAL

Total linked clients "Spain"

June 2004	1,658,089	
December 2004	1,750,644	
June 2005	1,873,388	

y-on-y
13.0%

One third of all Spanish clients have 4 products or more

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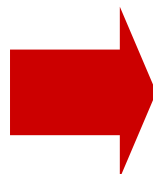
Branch Network Expansion



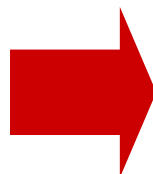
BRANCH NETWORK EXPANSION

NETWORK ACTIVITY THROUGH JUNE 05

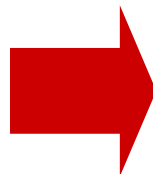
Opened Branches



Closed Branches



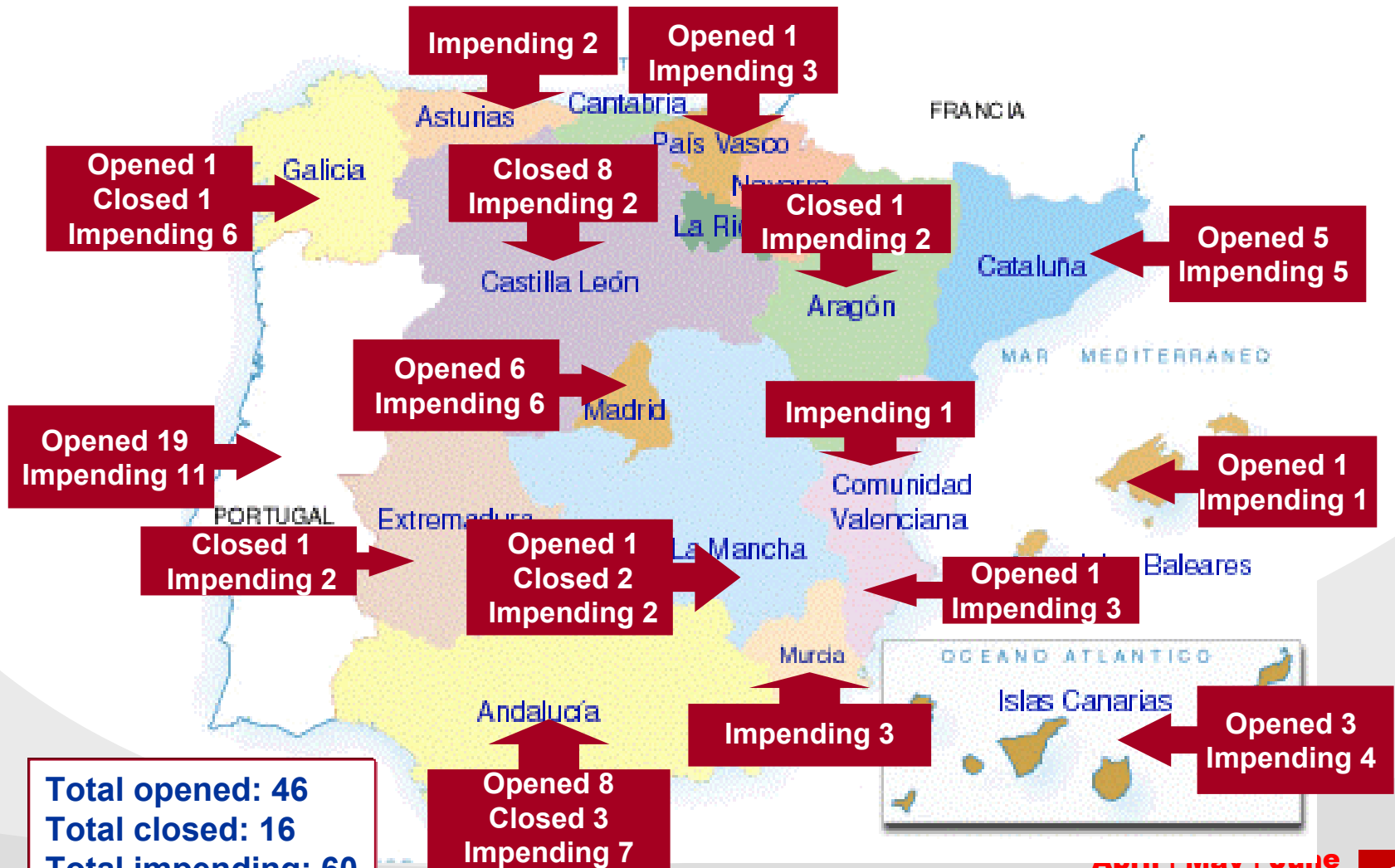
Impending Branches



**Refurbished 20
In progress 40**

BRANCH NETWORK EXPANSION

NETWORK ADJUSTMENTS THROUGH JUNE 05



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**Solid Earnings &
Efficiency Gains**



SOLID EARNINGS, EFFICIENCY GAINS

(Euro million)

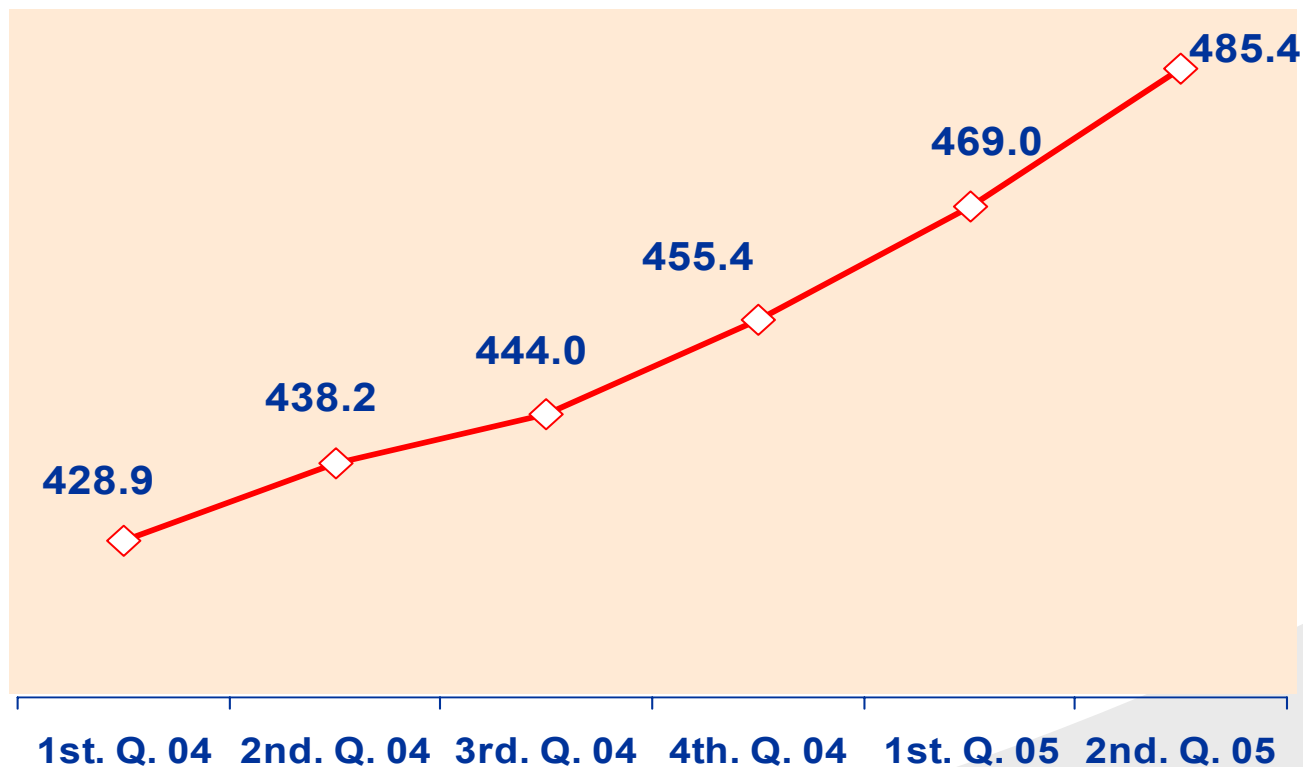
	1st. H. 2005	y-on-y % Δ
Net interest revenue	954.4	10.1
Fees for services	347.4	9.1
Ordinary revenue	1,336.3	8.9
Operating cost	436.8	5.1
Operating income	846.6	10.1
Income before taxes	691.3	22.5
Net income attributable	424.8	20.1



SOLID EARNINGS, EFFICIENCY GAINS

NET INTEREST REVENUE

(Million euros)





SOLID EARNINGS, EFFICIENCY GAINS

FEES FOR SERVICES

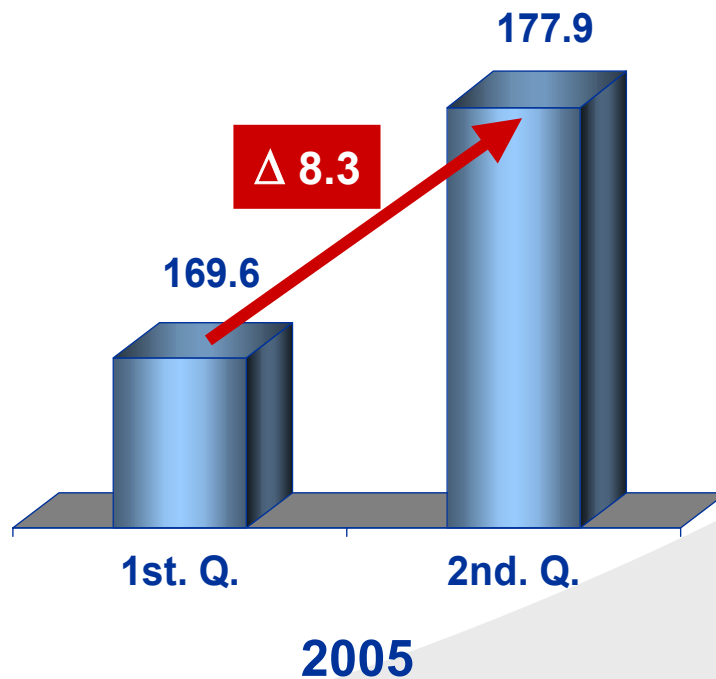
	Year-on-year % accum. Δ	As % of total fees
Loan-related fees:	10.0	14.8
Bill discounting	13.8	6.7
Other	7.0	8.1
Fees from guarantees	3.8	14.0
Collection & card-related	3.4	28.3
Forex & securities dealing	211.9	3.4
Customer financial asset mgt:	9.7	27.6
Securities portfolio	-1.2	3.7
Mutual funds	12.0	17.8
Pension plans	12.7	6.1
Account mgt. fees	3.5	8.6
Other	37.8	3.3
TOTAL	9.1	100.0



SOLID EARNINGS, EFFICIENCY GAINS

FEES FOR SERVICES

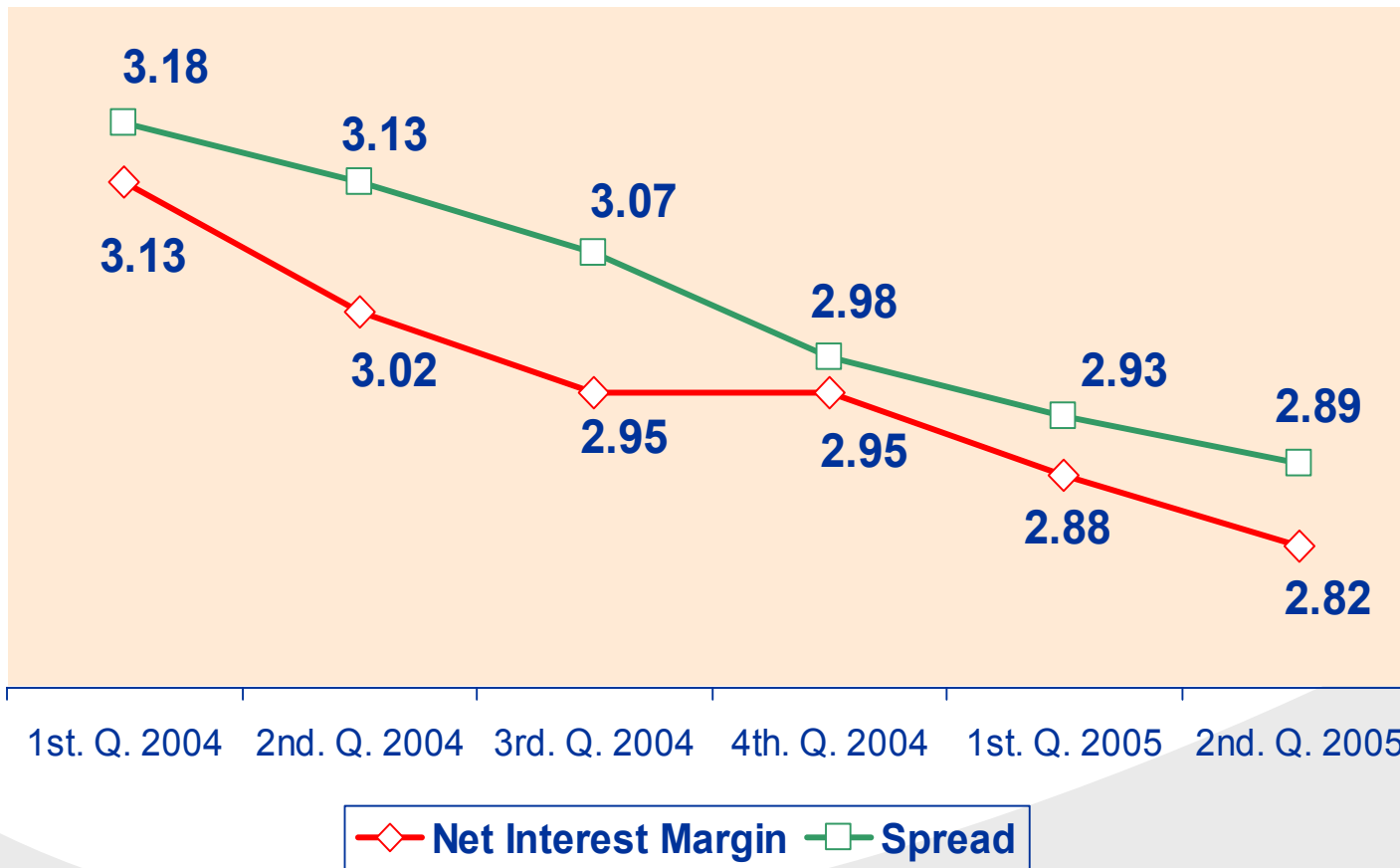
(Euro Million)





SOLID EARNINGS, EFFICIENCY GAINS

NET INTEREST MARGIN & SPREAD





SOLID EARNINGS, EFFICIENCY GAINS

COST/INCOME RATIO

(%)



Source: AEB (Consolidated groups).

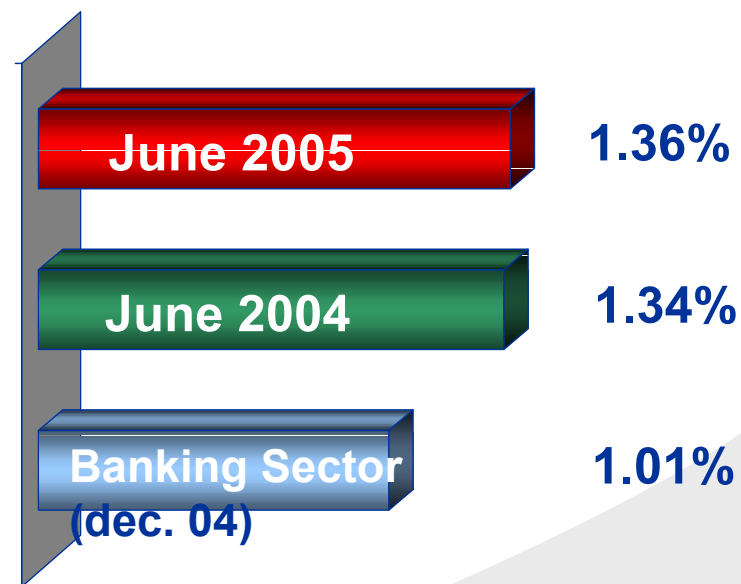


SOLID EARNINGS, EFFICIENCY GAINS

PROFITABILITY

ROE

ROA



Source: AEB (Consolidated groups). December 2004

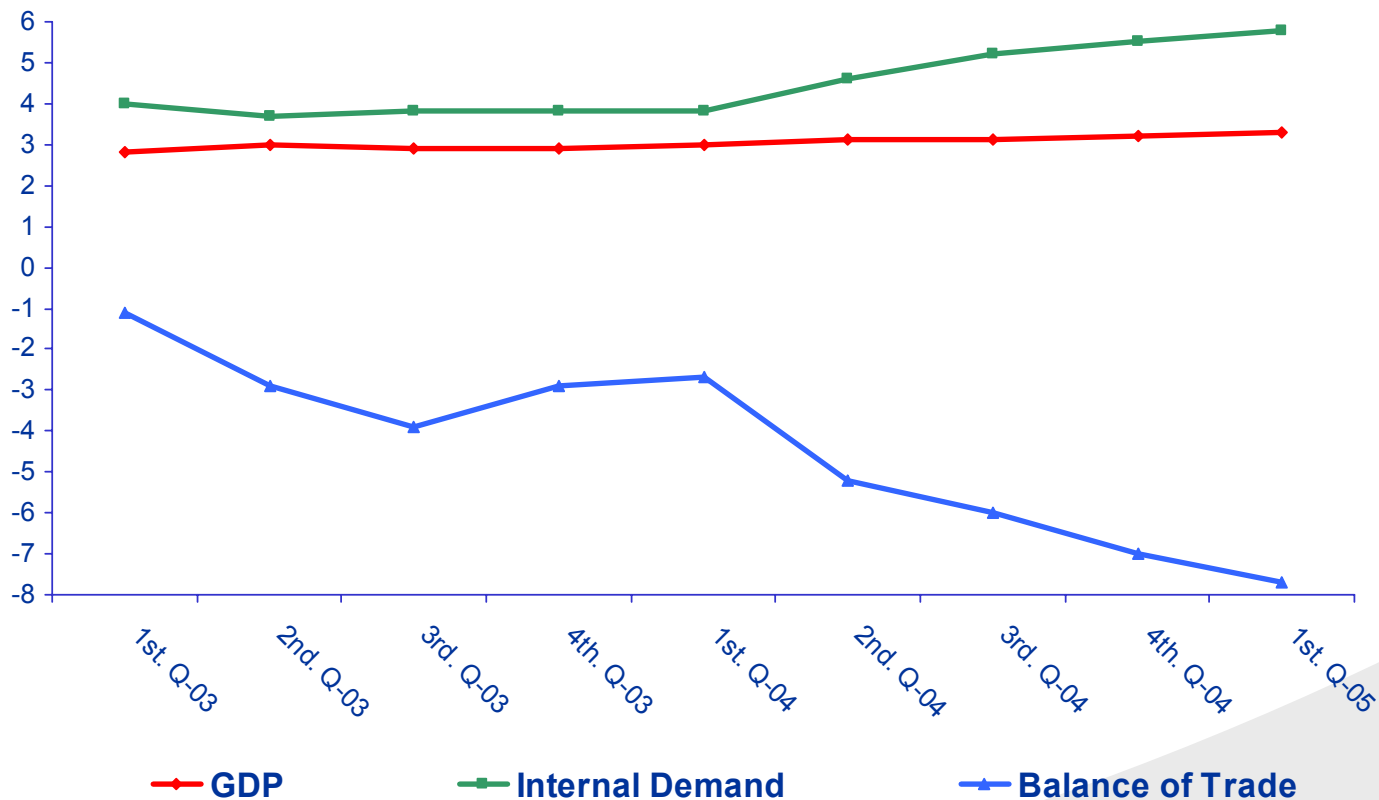
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Annex



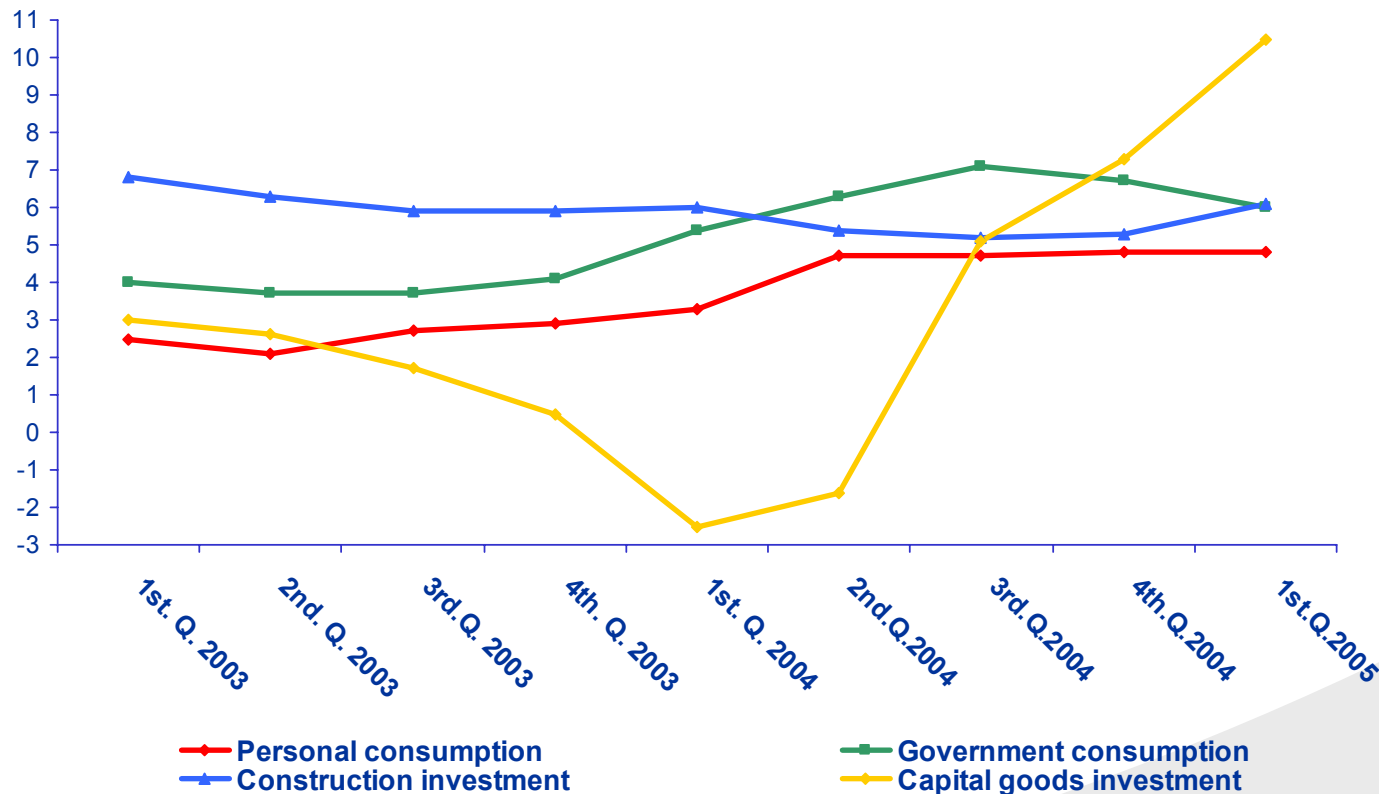
MACROECONOMIC PARAMETERS IN SPAIN



Source: INE



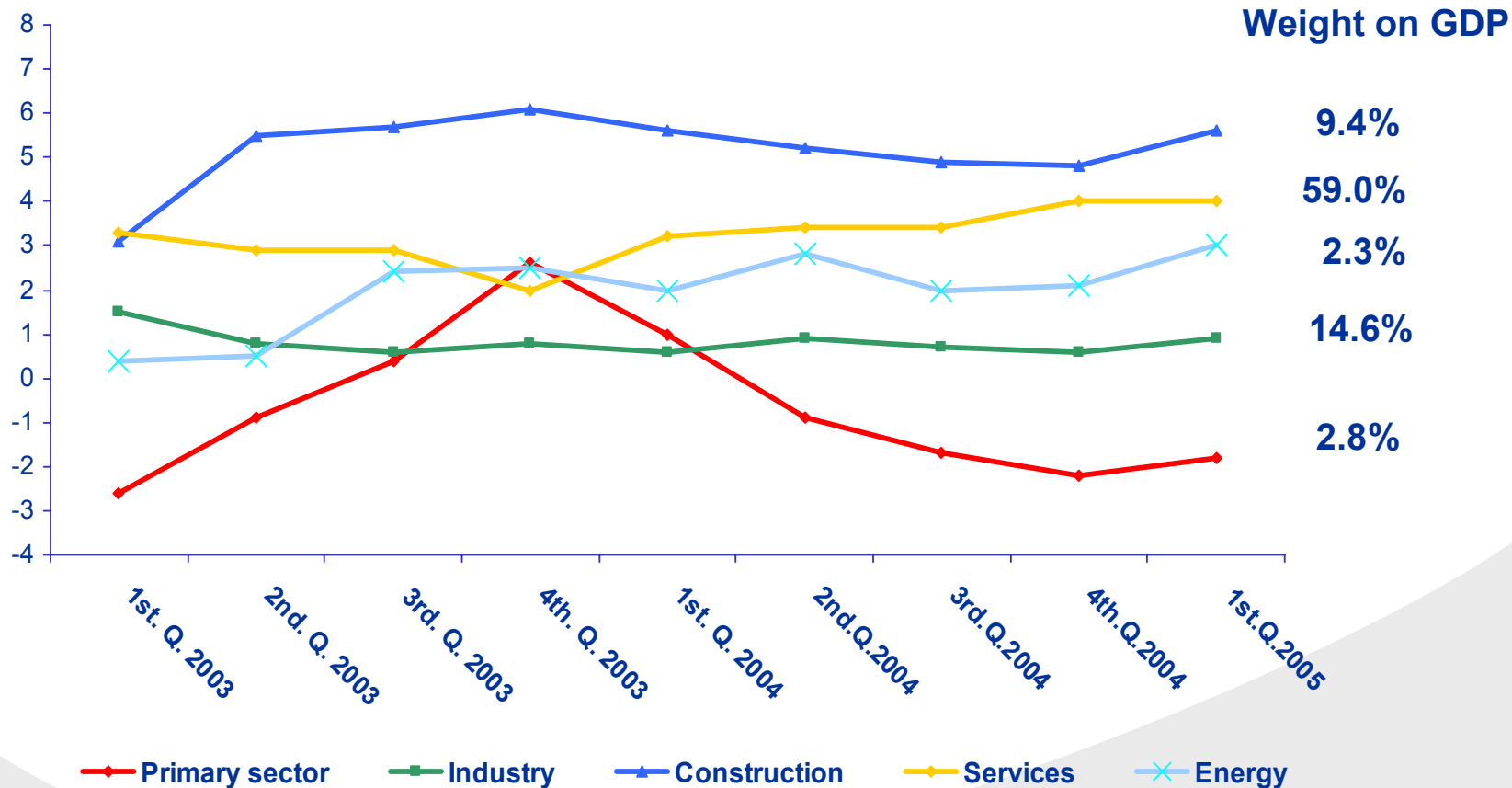
MACROECONOMIC PARAMETERS IN SPAIN



Source: INE



MACROECONOMIC PARAMETERS IN SPAIN



Source: INE

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