



**Banco Popular Group**

**Fast Growth and Efficiency Gains**

**January | February | March**

**2005**

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# 1st. Quarter

# 2005

## HIGHLIGHTS OF THE QUARTER

1. Fast core business growth
2. Expanded equity base
3. Improved asset quality
4. Sustained customer acquisition
5. Anticipating branch expansion
6. Solid earnings, efficiency gains



**1st. Quarter  
2005**

**Fast Core Business Growth**

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# FAST CORE BUSINESS GROWTH

## LOANS TO PRIVATE-SECTOR RESIDENTS

( year-on-year % change)

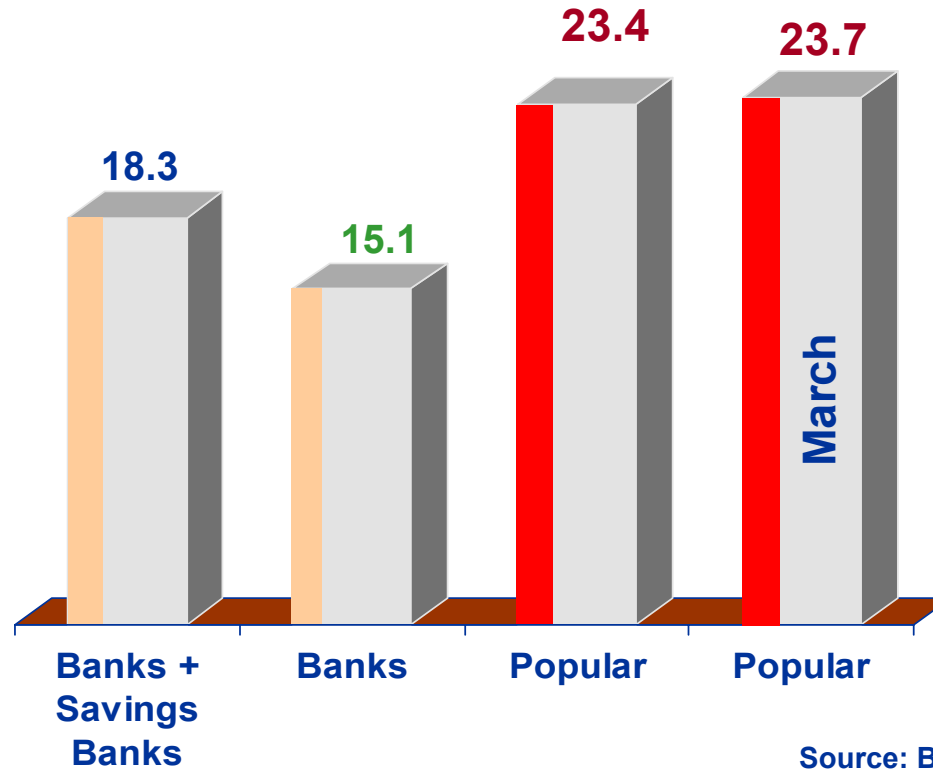
	Feb. 04	Dec. 04	Feb. 05
<b>POPULAR</b>	<b>+19.7</b>	<b>+23.8</b>	<b>+23.4</b>
<b>BANKS</b>	<b>+14.7</b>	<b>+15.4</b>	<b>+15.1</b>
<b>BANKS + SAVINGS BANKS</b>	<b>+15.5</b>	<b>+18.3</b>	<b>+18.3</b>

Source: Bank of Spain

# FAST CORE BUSINESS GROWTH

## LOANS TO PRIVATE-SECTOR RESIDENTS

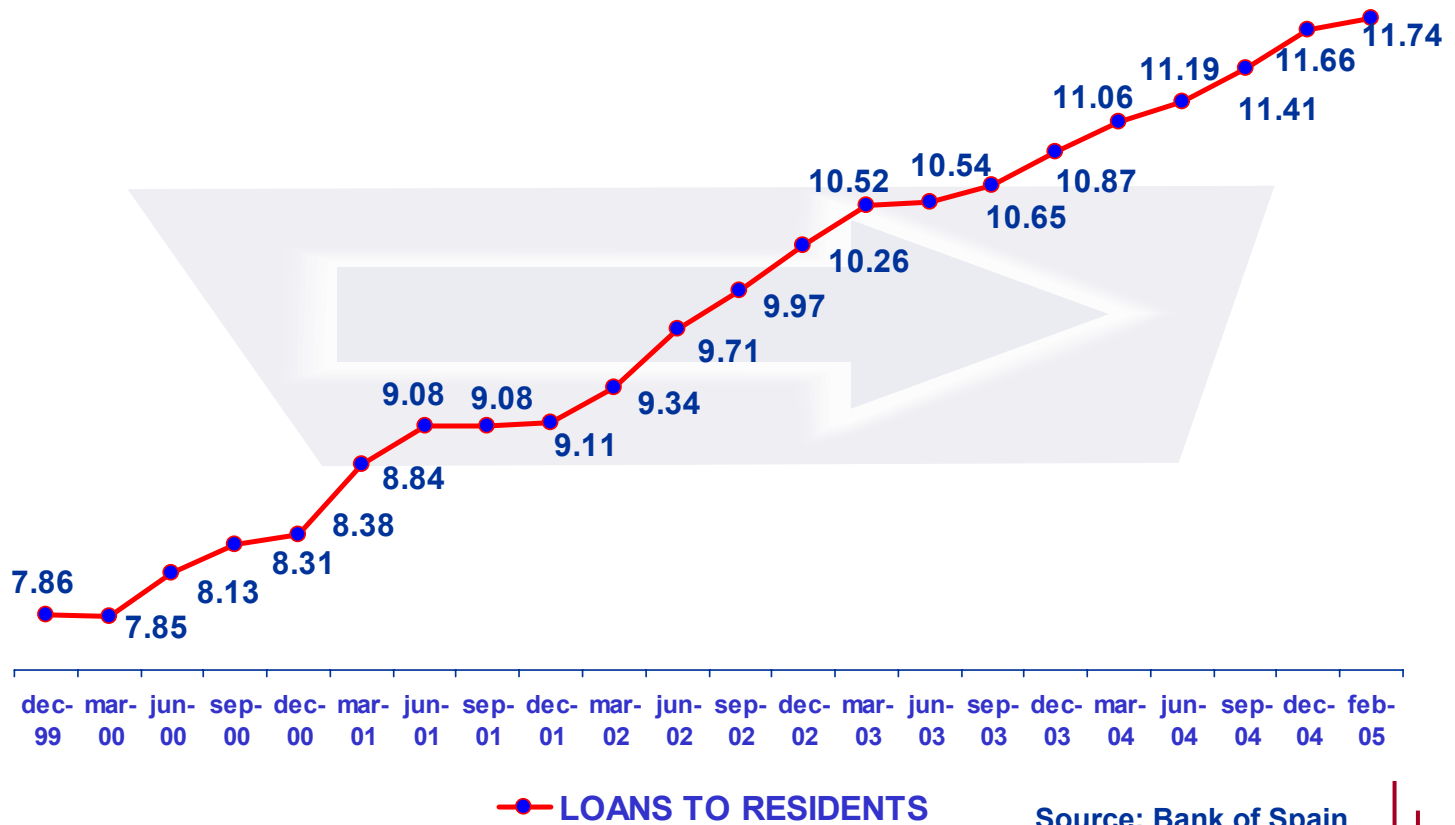
(February 28, 2005 year-on-year % change)



Source: Bank of Spain

# FAST CORE BUSINESS GROWTH

## MARKET SHARE OVER COMMERCIAL BANKS



# FAST CORE BUSINESS GROWTH

## MAJOR LOAN CATEGORIES (\*)

(Accumulated % change)

	Growth rate March 04	% of total loans
Bill discounting	7.2	10.4
Mortgage loans	29.8	54.3
Personal loans & overdrafts	20.1	29.8
Leasing	25.7	5.5
<b>TOTAL</b>	<b>23.9</b>	<b>100.0</b>

(\*) All loans except NPLs & Repos

# FAST CORE BUSINESS GROWTH

## MARKET SHARE GAINS IN ALL LOAN CONCEPTS

### Popular vs. Industry in %

	2000	2001	2002	2003	2004
Bill discounting	10.17	10.22	10.75	11.09	11.92
Secured loans	3.34	4.17	4.75	4.98	5.17
Personal loans & overdrafts	3.95	4.12	4.10	4.37	4.71
Leasing*	9.00	9.40	9.00	9.50	10.1

Sources: Bank of Spain

\* Asociación Española de Leasing

# FAST CORE BUSINESS GROWTH

## CORE RESIDENT-CUSTOMER FUNDING (ex BNC)

March 31, 2005

	<i>Amount (€ million)</i>	<i>Δ %</i>	<i>% of total</i>
<b>Demand deposits</b>	<b>13,470.5</b>	<b>7.8</b>	<b>46.5</b>
<b>Time deposits</b>	<b>10,692.2</b>	<b>8.0</b>	<b>36.9</b>
<b>Customers commercial paper</b>	<b>4,808.9</b>	<b>30.4</b>	<b>16.6</b>

# FAST CORE BUSINESS GROWTH

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

	Net Asset Value	
	March 05(€ million)	% change
Money Market	1,749.6	-2.8
Bonds	2,370.7	32.8
<b>Fixed income</b>	<b>4,120.3</b>	<b>14.9</b>
Equity	980.2	16.6
Balanced	846.5	0.9
Guaranteed	2,558.8	24.2
Global	345.8	-22.9
<b>TOTAL</b>	<b>8,851.6</b>	<b>13.9</b>
		<b>7.2</b>

← BANCO POPULAR GROUP \*  
← INDUSTRY

**Outperformance due to:**

	POPULAR	INDUSTRY
<b>Net Inflows</b>	<b>10.9%</b>	<b>5.7%</b>
<b>Management / Markets</b>	<b>3.0%</b>	<b>1.5%</b>

	March 05	March 04
<b>Improvement in market share</b>	<b>3.94%</b>	<b>3.70%</b>

\* Excluding BNC. The total amount including BNC amounts to €9,095.9 million (+14.8%)

# FAST CORE BUSINESS GROWTH

## GROWTH RATE – NON MORTGAGE LOANS

	February 05				March 05
	SAVINGS BANKS	BANKS	BANKS + S. BANKS	BPE	BPE
Bill discounting	8.4	14.3	12.2	6.2	7.6
Personal loans & overdrafts	15.0	11.3	12.8	25.3	24.6
Leasing	11.8	22.4	20.1	23.6	23.3
<b>Non mortgage</b>	<b>14.0</b>	<b>12.5</b>	<b>13.1</b>	<b>19.4</b>	<b>19.5</b>

Excluding REPOs, prepayment & other and NPL

Source: Bank of Spain-Boletín Estadístico

# FAST CORE BUSINESS GROWTH

## AFFINITY GROUPS

(March 31, 2005 - euro million)

	No. of clients	On- & off-B/S AuM	Loans
<b>SME Affinities</b>	<b>220,932</b>	<b>2,572</b>	<b>10,068</b>
<b>Change (1)</b>	<b>37%</b>	<b>40%</b>	<b>58%</b>
<b>Individuals-Affinity (*)</b>	<b>398,674</b>	<b>5,555</b>	<b>4,927</b>
<b>Change (1)</b>	<b>18%</b>	<b>17%</b>	<b>27%</b>

(\*) Ex. POP Club

(1) Year-on-year

# FAST CORE BUSINESS GROWTH

## CONTRIBUTION OF AFFINITY CUSTOMERS TO POPULAR'S GROWTH

*(March 31, 2005)*

	Affinity clients	Contribution to total group
<b>No. of clients</b>	<b>619,606</b>	<b>11%</b>
<b>New clients</b>	<b>29,847</b>	<b>31%</b>
<b>Affinity loans (€ million)</b>	<b>14,995</b>	<b>27%</b>



**1st. Quarter  
2005**

**Expanded Equity Base**

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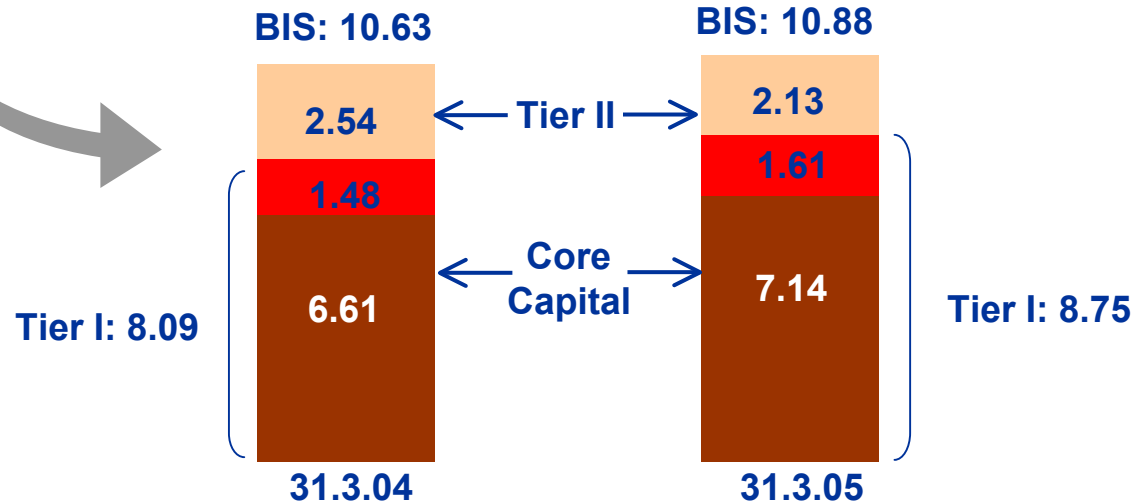


# EXPANDED EQUITY BASE

## CAPITAL INCREASE

+ 15,700,000 shares  
+ 6.9% of the total capital

Equity + 792,850,000 euros



**1st. Quarter  
2005**

## **Improved Asset Quality**

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# IMPROVED ASSET QUALITY

(%)

	Pre-IAS		IAS	
	March 05	March 04	March 05	March 04
Nonperforming loans	0.73	0.80	0.86	1.13
Coverage	251.2	231.8	227.6	165.0

**1st. Quarter  
2005**

## **Sustained Customer Acquisition**

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# SUSTAINED CUSTOMER ACQUISITION

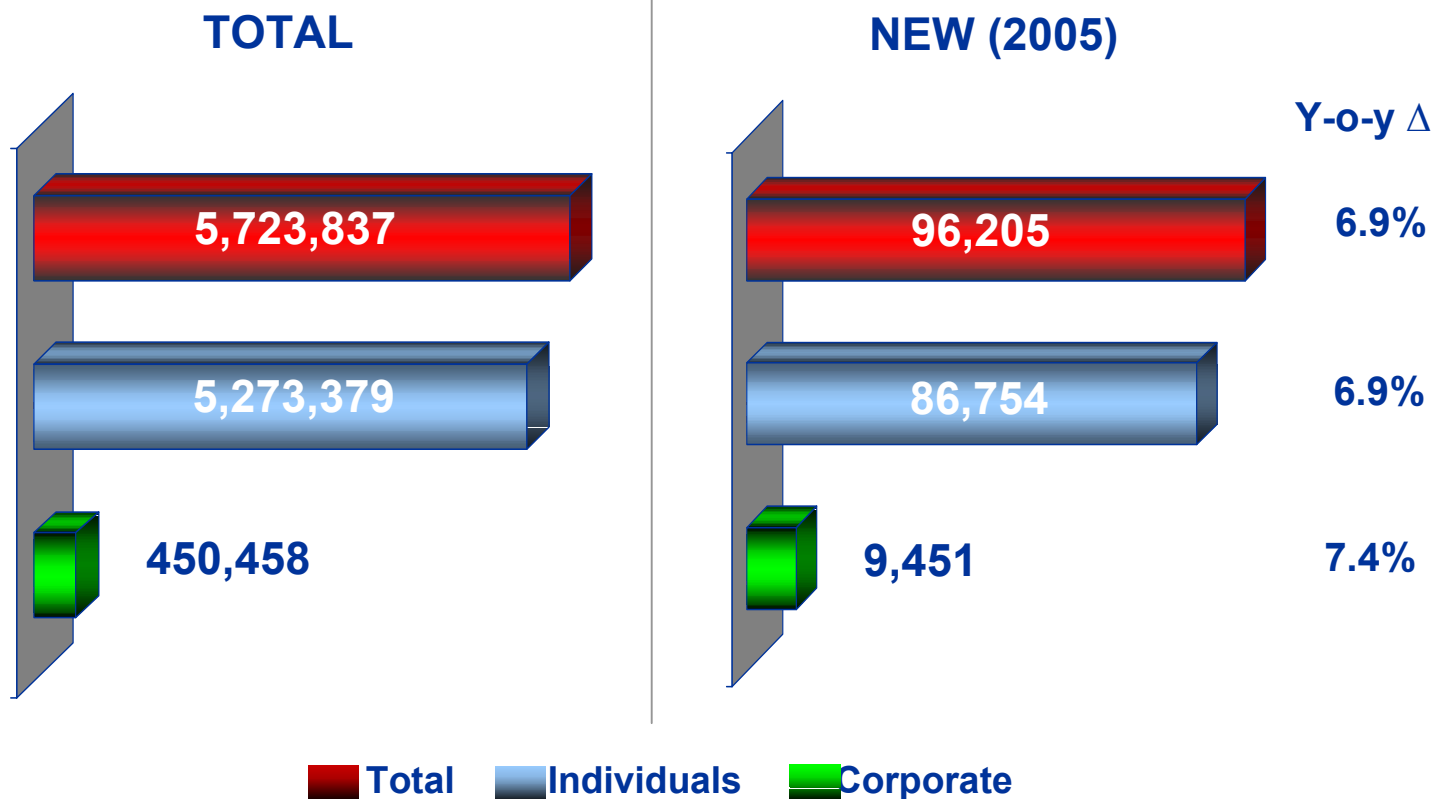
**369,407**

**net NEW customers in 12 mos.**

**+348,311 in Spain**

**+ 21,096 in Portugal**

# SUSTAINED CUSTOMER ACQUISITION



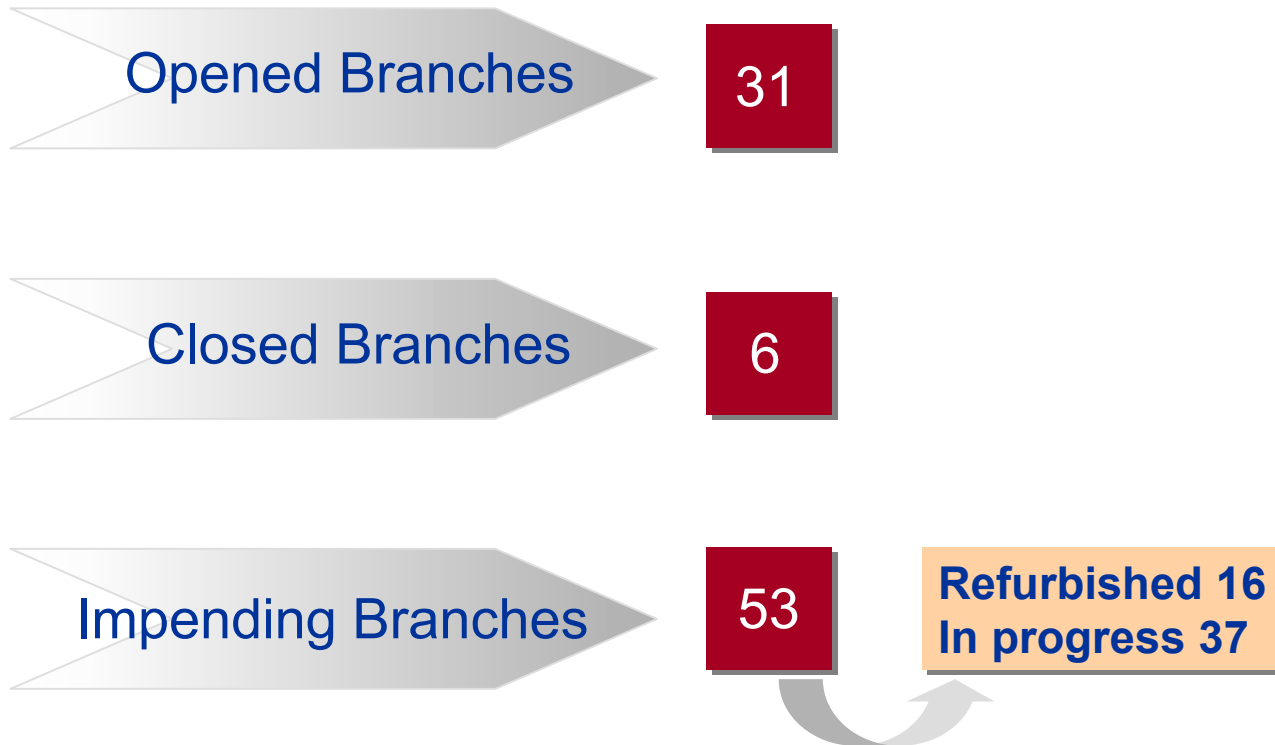
**1st. Quarter  
2005**

## **Anticipating Branch Expansion**



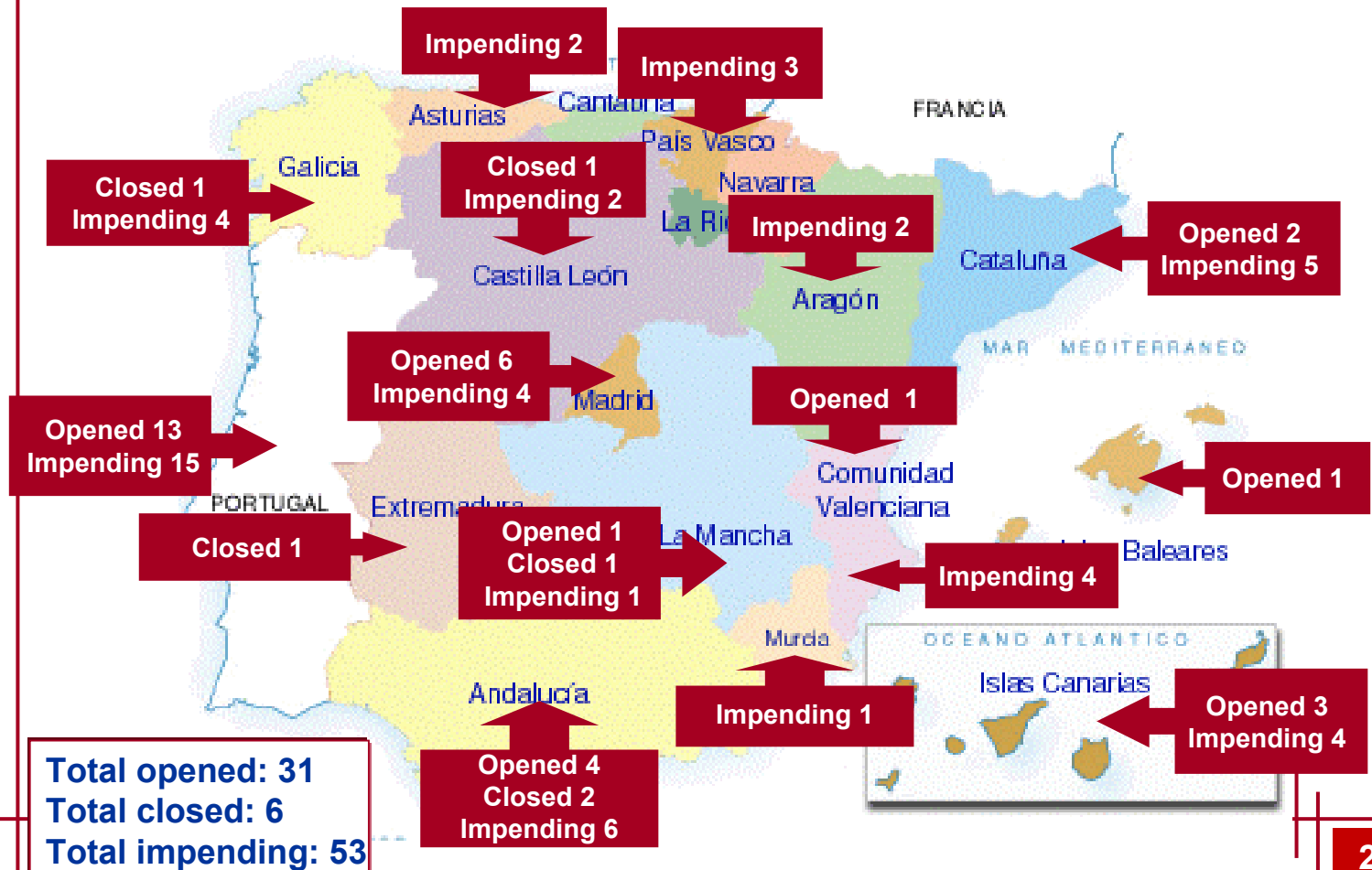
# ANTICIPATING BRANCH EXPANSION

## NETWORK ACTIVITY THROUGH MARCH 05



# ANTICIPATING BRANCH EXPANSION

## NETWORK ADJUSTMENTS THROUGH MARCH 05



**1st. Quarter  
2005**

## **Solid Earnings, Efficiency Gains \***

**\* All figures under IAS, unless indicated**



# SOLID EARNINGS, EFFICIENCY GAINS

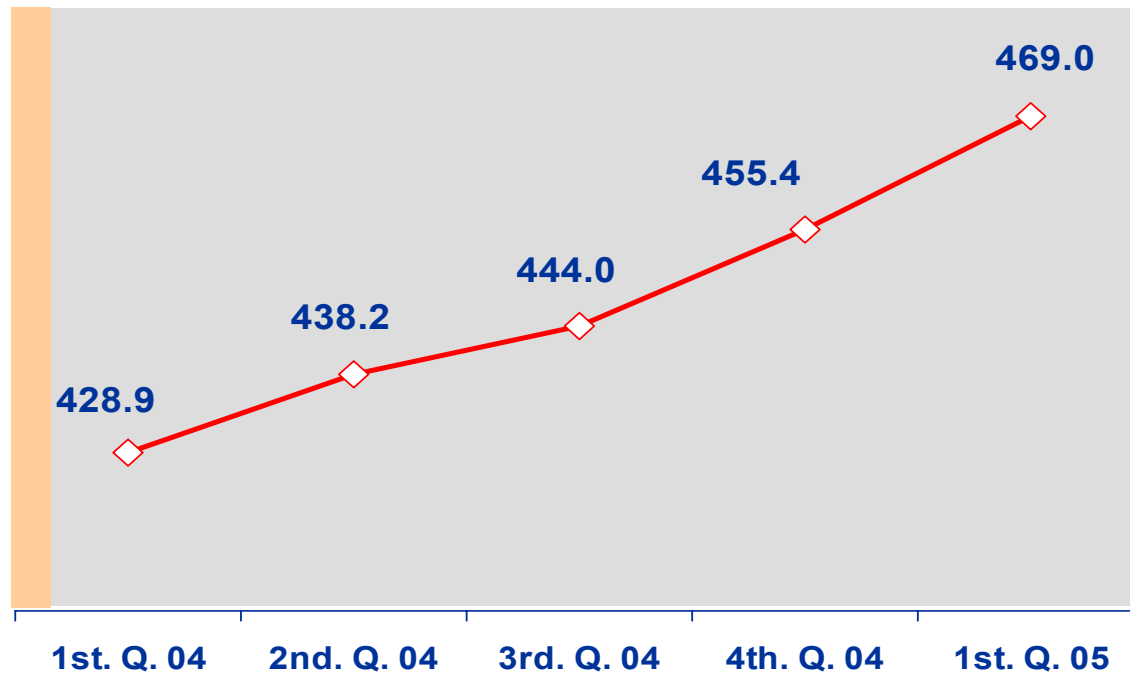
*(Euro million)*

	<b>1st. Q. 2005</b>	<b>y-on-y % Δ</b>
<b>Net interest revenue</b>	<b>469.0</b>	<b>9.3</b>
<b>Fees for services</b>	<b>169.6</b>	<b>8.0</b>
<b>Ordinary revenue</b>	<b>663.3</b>	<b>9.5</b>
<b>Operating cost</b>	<b>216.1</b>	<b>5.5</b>
<b>Operating income</b>	<b>420.5</b>	<b>10.9</b>
<b>Income before taxes</b>	<b>340.2</b>	<b>23.6</b>
<b>Net income attributable</b>	<b>210.9</b>	<b>25.2</b>

# SOLID EARNINGS, EFFICIENCY GAINS

## NET INTEREST REVENUE

(Million euros)



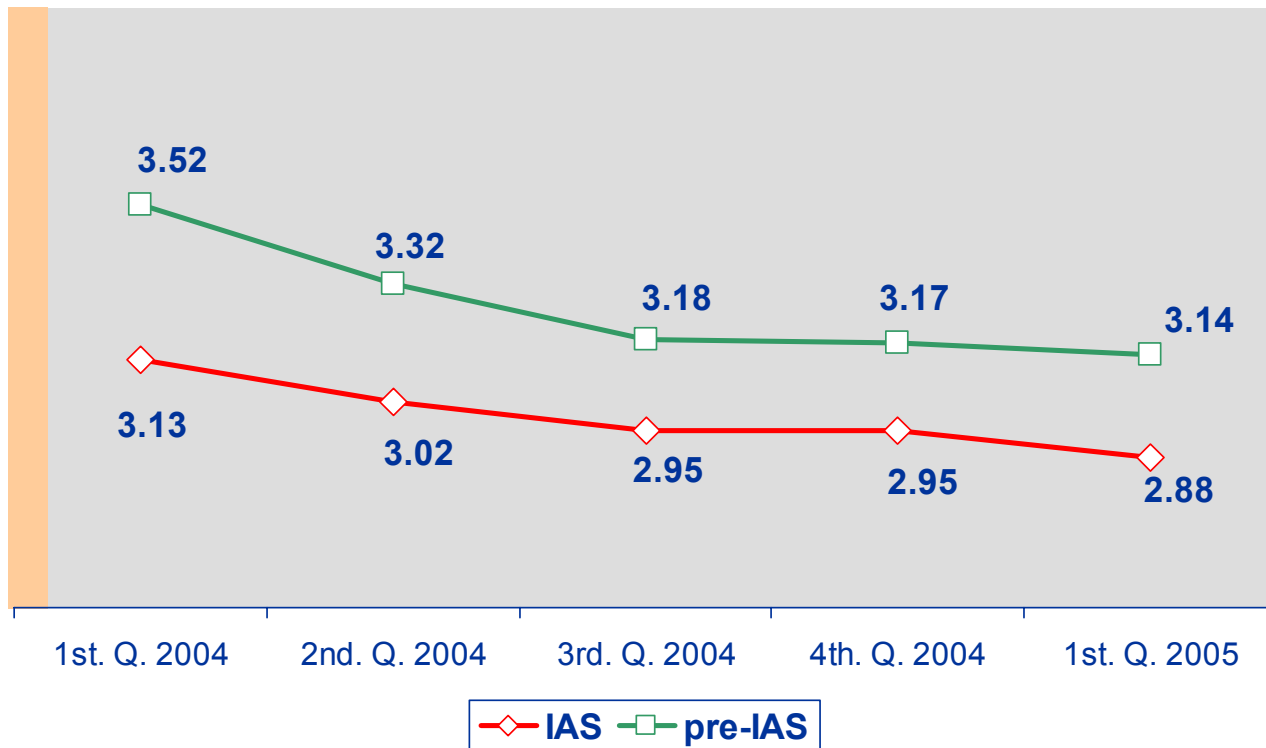
# SOLID EARNINGS, EFFICIENCY GAINS

## FEEES FOR SERVICES

	Year-on-year % accum. $\Delta$	As % of total fees
<b>Loan-related fees:</b>	<b>8.4</b>	<b>11.8</b>
Bill discounting	13.2	5.9
Other	3.8	5.9
<b>Fees from guarantees</b>	<b>10.8</b>	<b>11.7</b>
<b>Collection &amp; card-related</b>	<b>-2.3</b>	<b>35.0</b>
<b>Customer financial asset mgt:</b>	<b>11.4</b>	<b>29.4</b>
Securities portfolio	1.4	4.1
Mutual funds	12.9	17.5
Pension plans	13.8	7.8
<b>Account mgt. fees</b>	<b>8.4</b>	<b>7.6</b>
<b>Other (inc. Inv. Banking)</b>	<b>136.1</b>	<b>4.5</b>

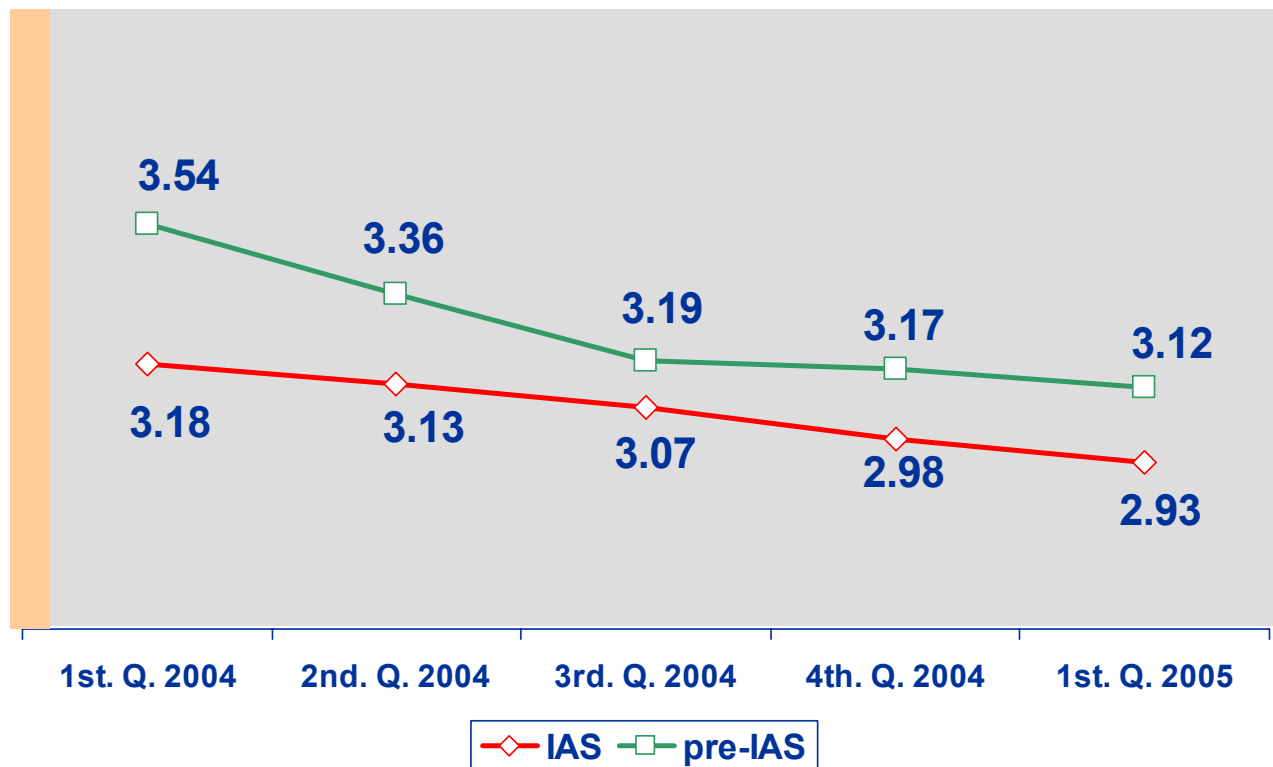
# SOLID EARNINGS, EFFICIENCY GAINS

## NET INTEREST MARGIN



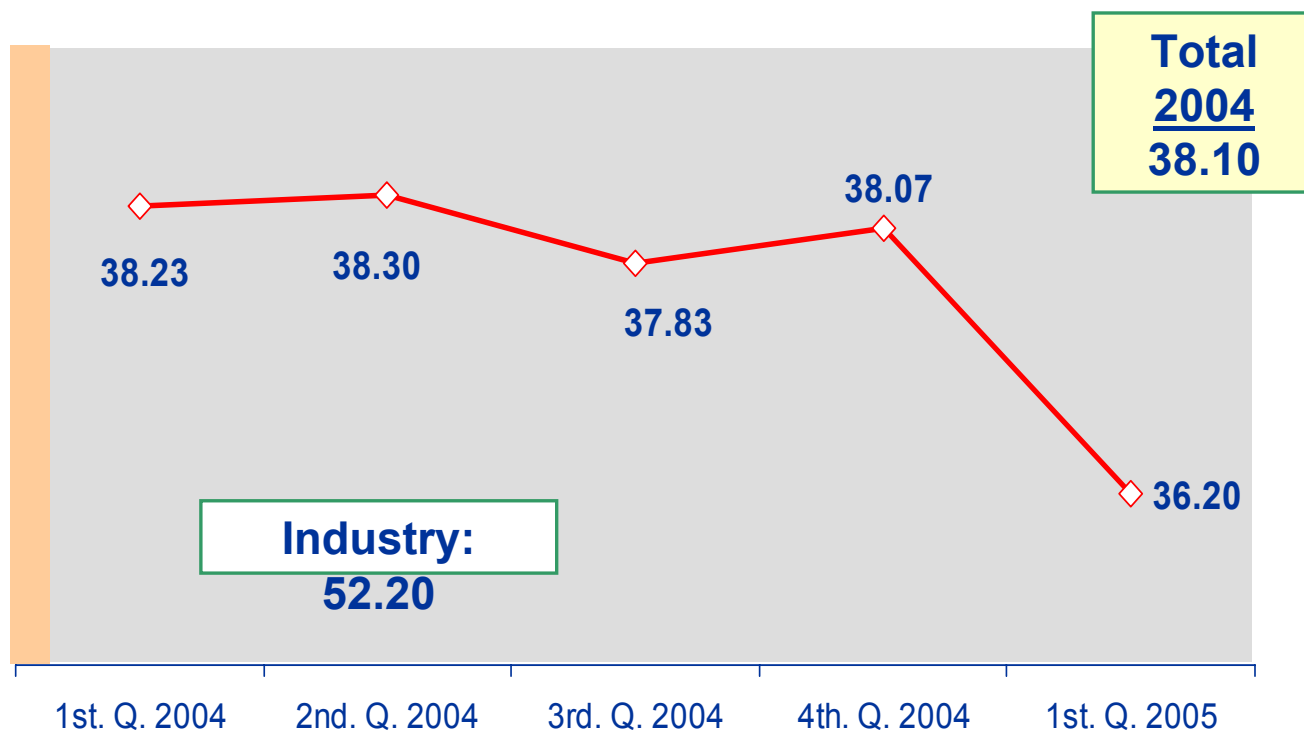
# SOLID EARNINGS, EFFICIENCY GAINS

SPREAD



# SOLID EARNINGS, EFFICIENCY GAINS

## COST/INCOME RATIO



Source: AEB (Consolidated groups).

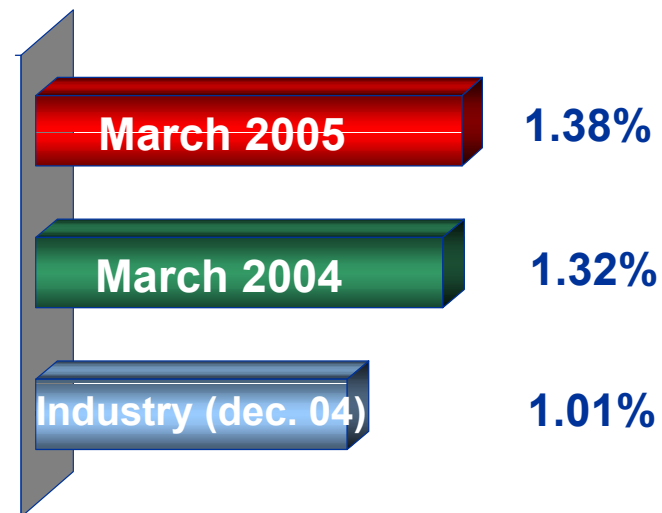
# SOLID EARNINGS, EFFICIENCY GAINS

## PROFITABILITY

### ROE



### ROA



Source: AEB (Consolidated groups). December 2004

# 1st. Quarter 2005

**Annex**





*(Euro million)*

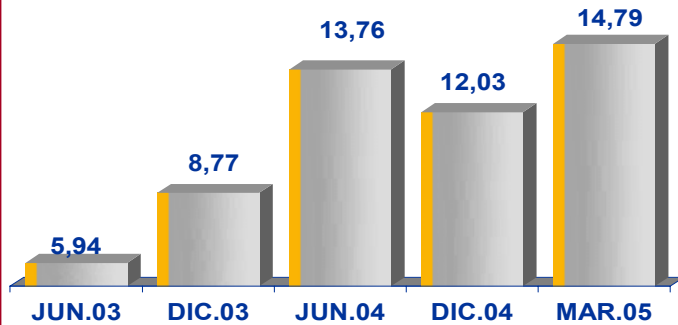
	1st. Q. 2005	y-on-y % Δ
<b>Total assets managed</b>	<b>5,473</b>	<b>22.6</b>
<b>On-balance sheet total assets</b>	<b>4,978</b>	<b>20.8</b>
<b>Total equity</b>	<b>324</b>	<b>12.4</b>
<b>On-balance sheet funds</b>	<b>2,668</b>	<b>6.5</b>
<b>Total customer funds</b>	<b>3,162</b>	<b>9.3</b>
<b>Loans and discounts</b>	<b>4,191</b>	<b>20.1</b>
<b>Business volume</b>	<b>7,353</b>	<b>15.2</b>
<b>Net income attributable</b>	<b>11</b>	<b>13.2</b>

Pre-IAS



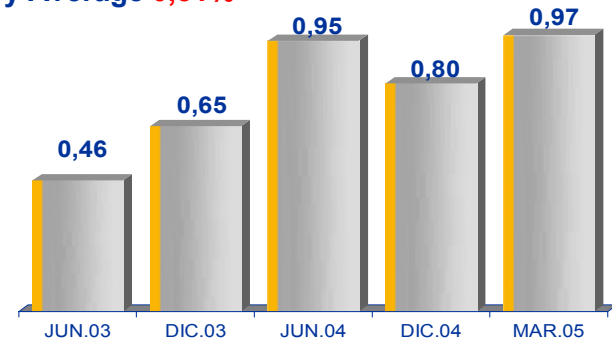
## R.O.E.

Industry Average **8,18%**



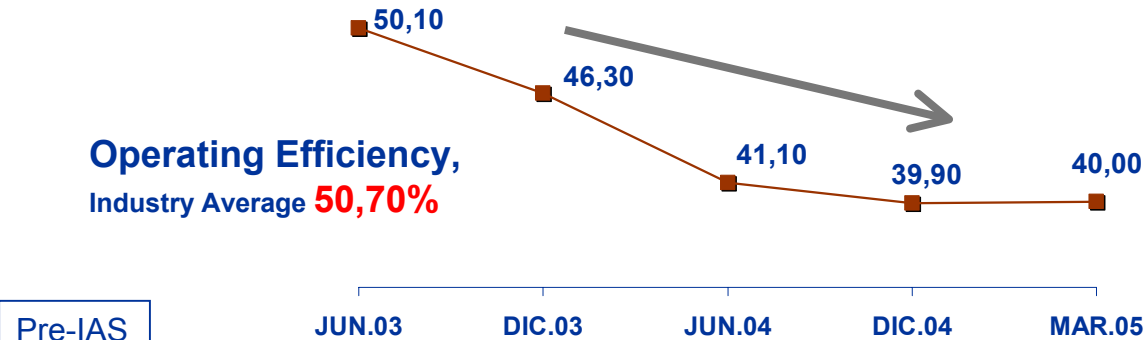
## R.O.A.

Industry Average **0,51%**



## Operating Efficiency,

Industry Average **50,70%**

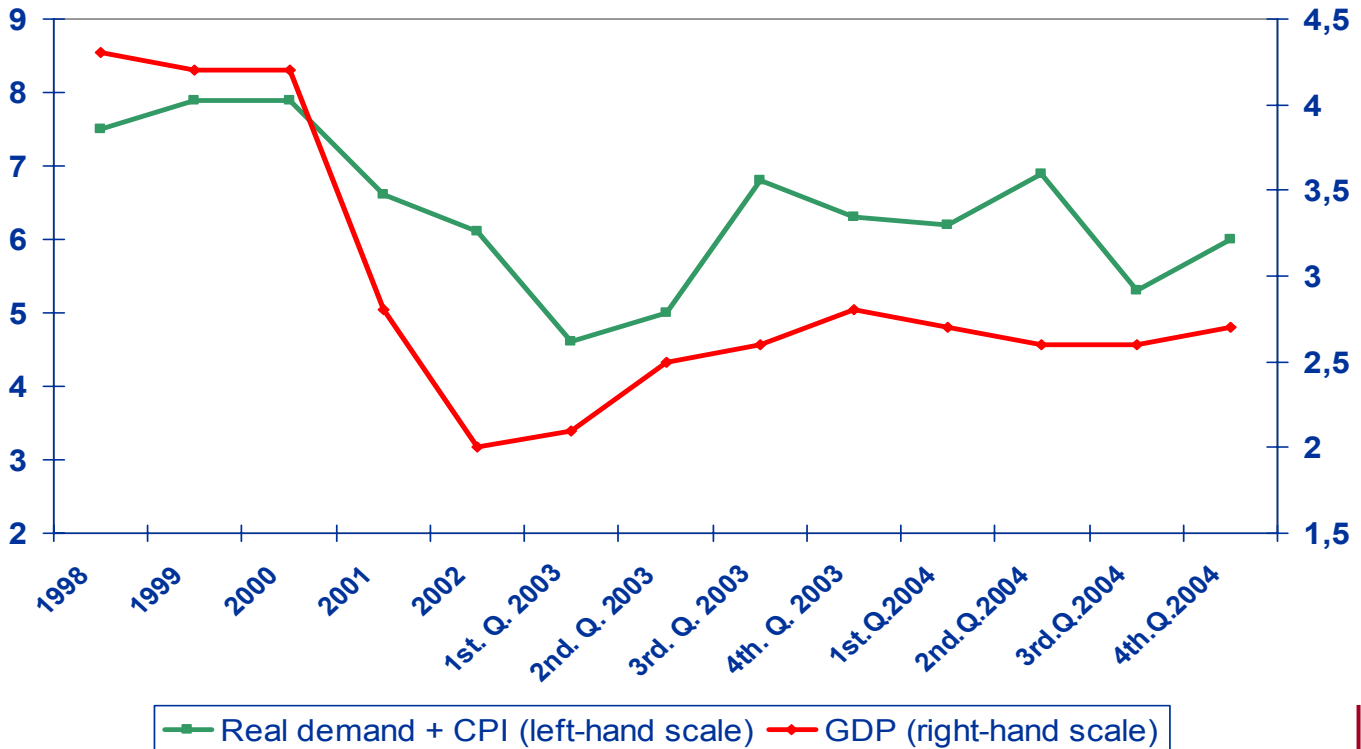


Pre-IAS

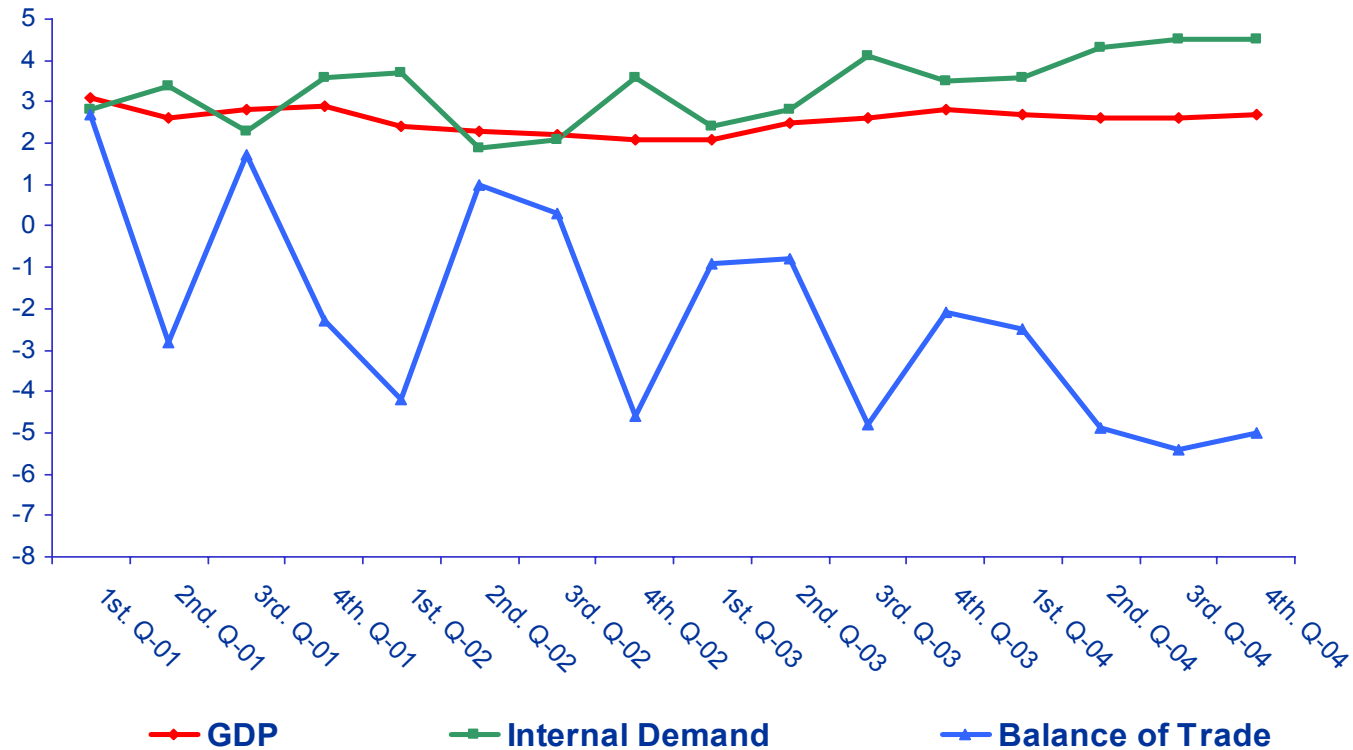
# MACROECONOMIC PARAMETERS IN SPAIN

## RECOVERY OF GDP & NOMINAL DEMAND

Annual growth (%)

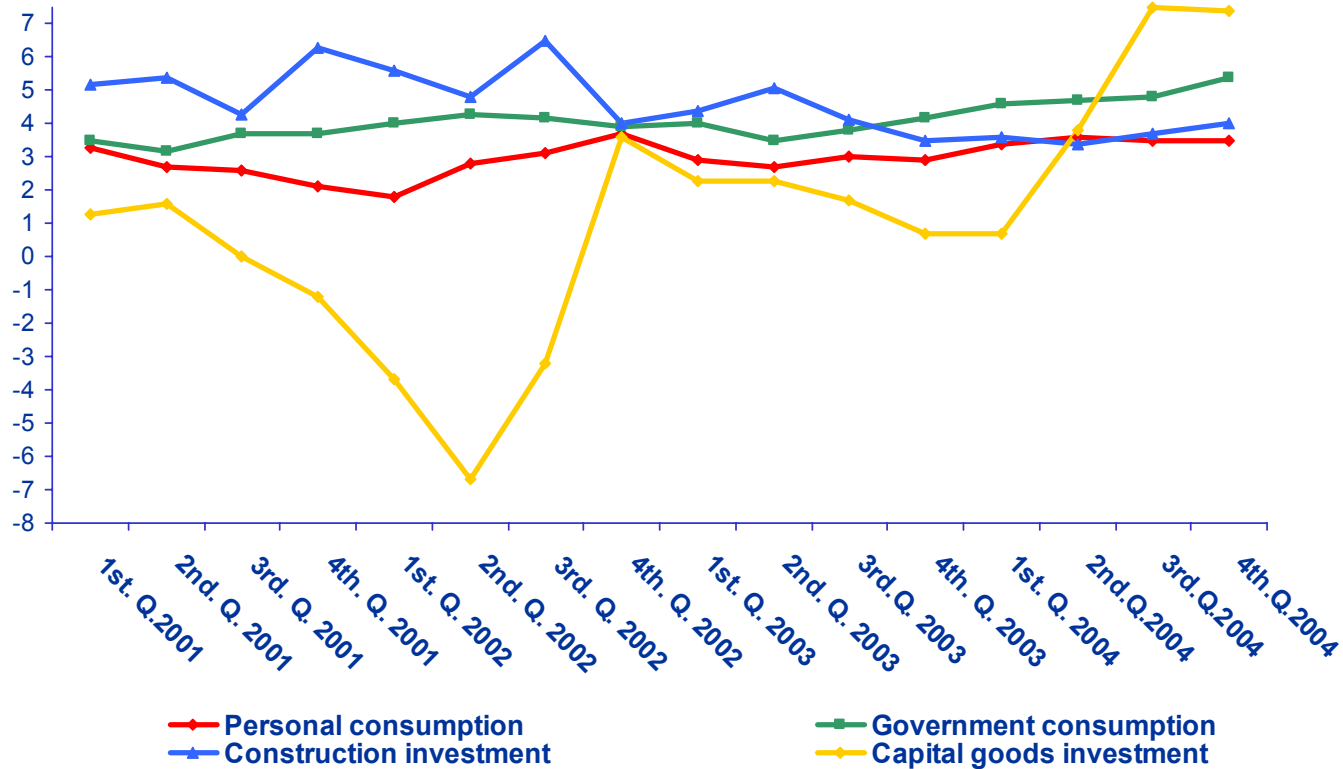


# MACROECONOMIC PARAMETERS IN SPAIN



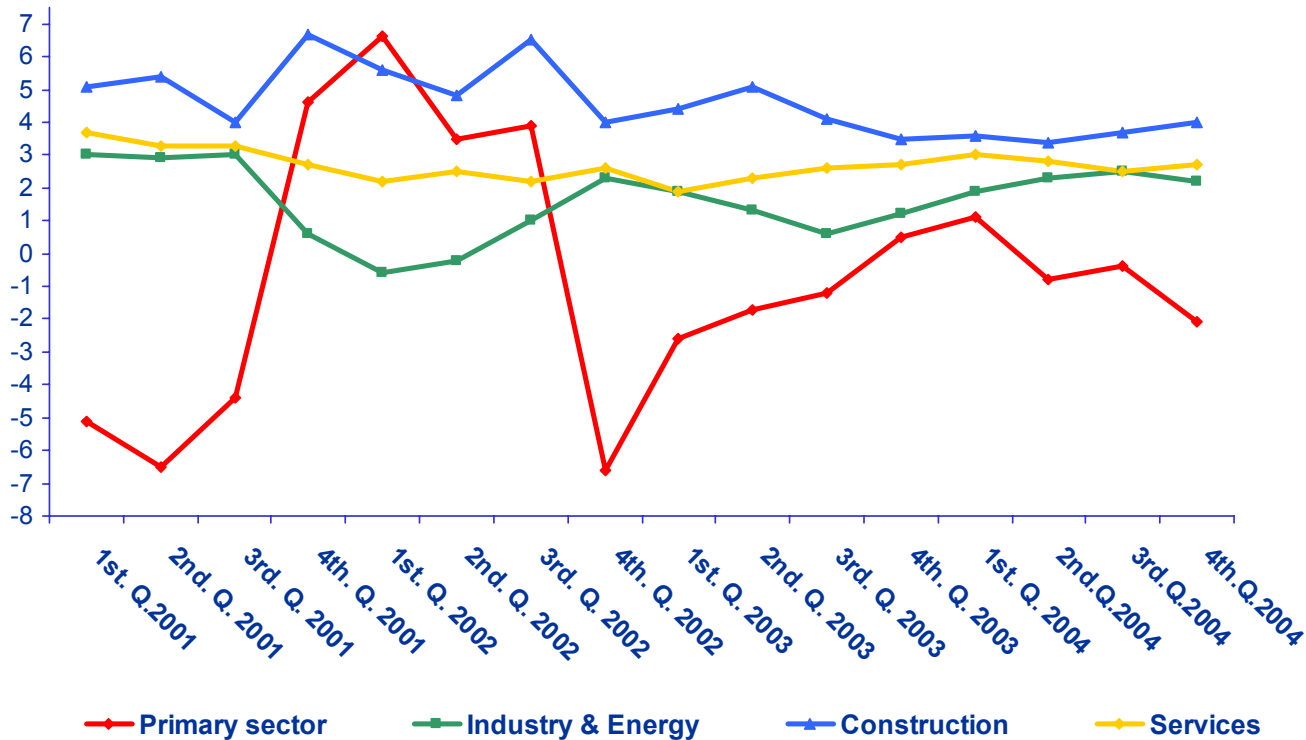
Source: INE

# MACROECONOMIC PARAMETERS IN SPAIN



Source: INE

# MACROECONOMIC PARAMETERS IN SPAIN



Source: INE

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