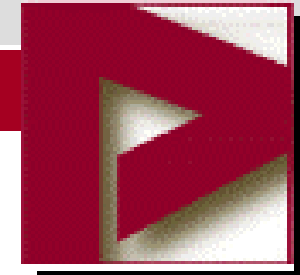


Banco Popular Group



**CONSOLIDATING
LEADERSHIP IN SMEs**

April 2004

STRATEGIC GOALS

- ▶ **Market share gains**
- ▶ **Improvement in asset quality**
- ▶ **Customer base expansion**
- ▶ **Strong Revenues & bottom-line growth**
- ▶ **Best ROE and Cost/Income**

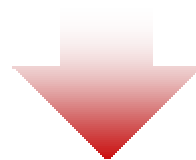
OUR VIEW OF THE FUTURE

- ▶ **Real estate to slow down through 2006**



- ▶ **Consolidate sources of future growth others than non - mortgage loans**

- ▶ **Interest rates hikes on 2005/6**



- ▶ **Protect mortgage loan book against future threats on credit quality**

CURRENT PRIORITIES

- 1** ▶ **Consolidate leadership in non-mortgage loan growth: SMEs & consumer**
- 2** ▶ **Fast but selective acquisition of mortgage business**
- 3** ▶ **Customer acquisition to feed future growth**

GROWTH DRIVE

MAJOR PRODUCTS MARKET SHARE

(Accumulated % change)

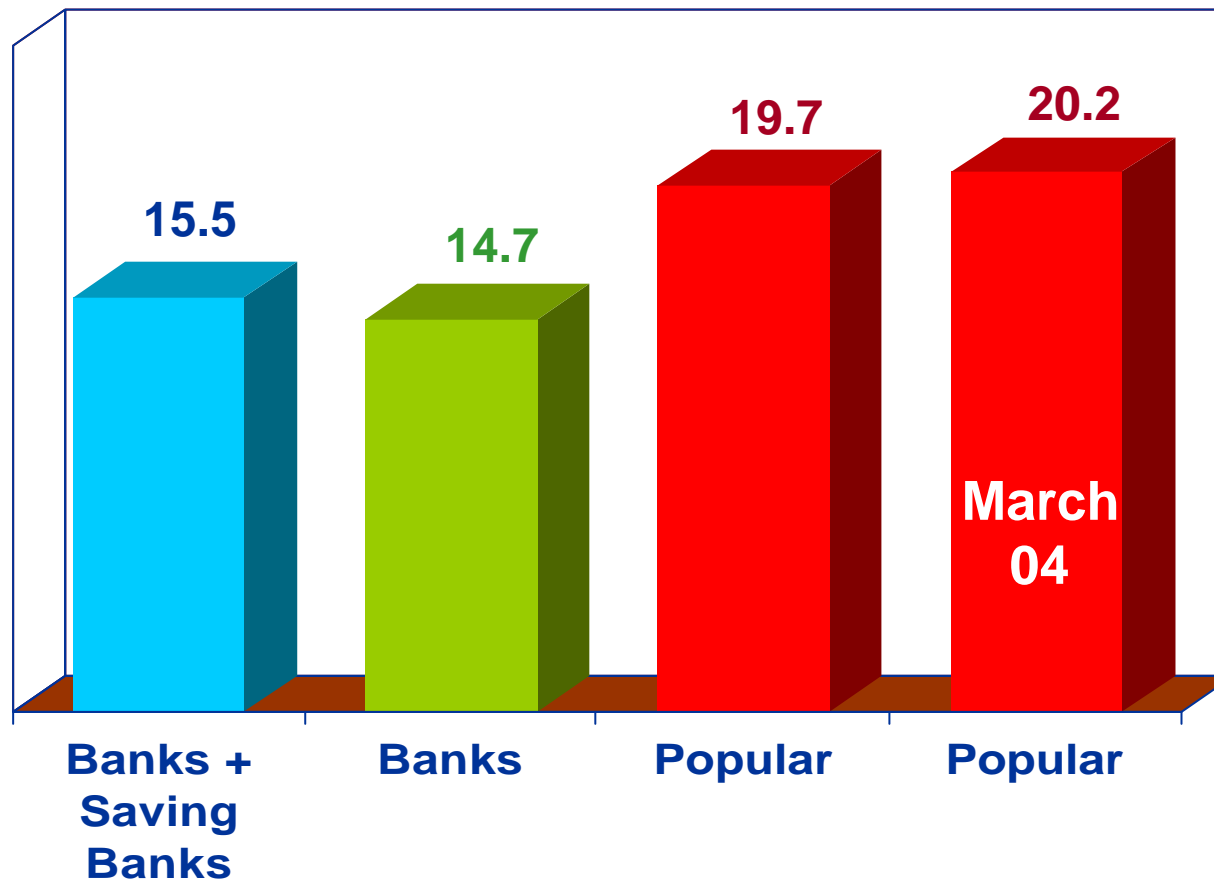
	Growth rate March 04	Of total loans
Bill discounting	16.1	11.9
Mortgage loans	34.8	51.1
Personal loans & overdrafts	30.8	30.4
Leasing	15.5	5.3
TOTAL	29.8	
Pension funds*	20.4	
Mutual funds	28.6	

* Assets in private/individual accounts

MARKET SHARE GAINS

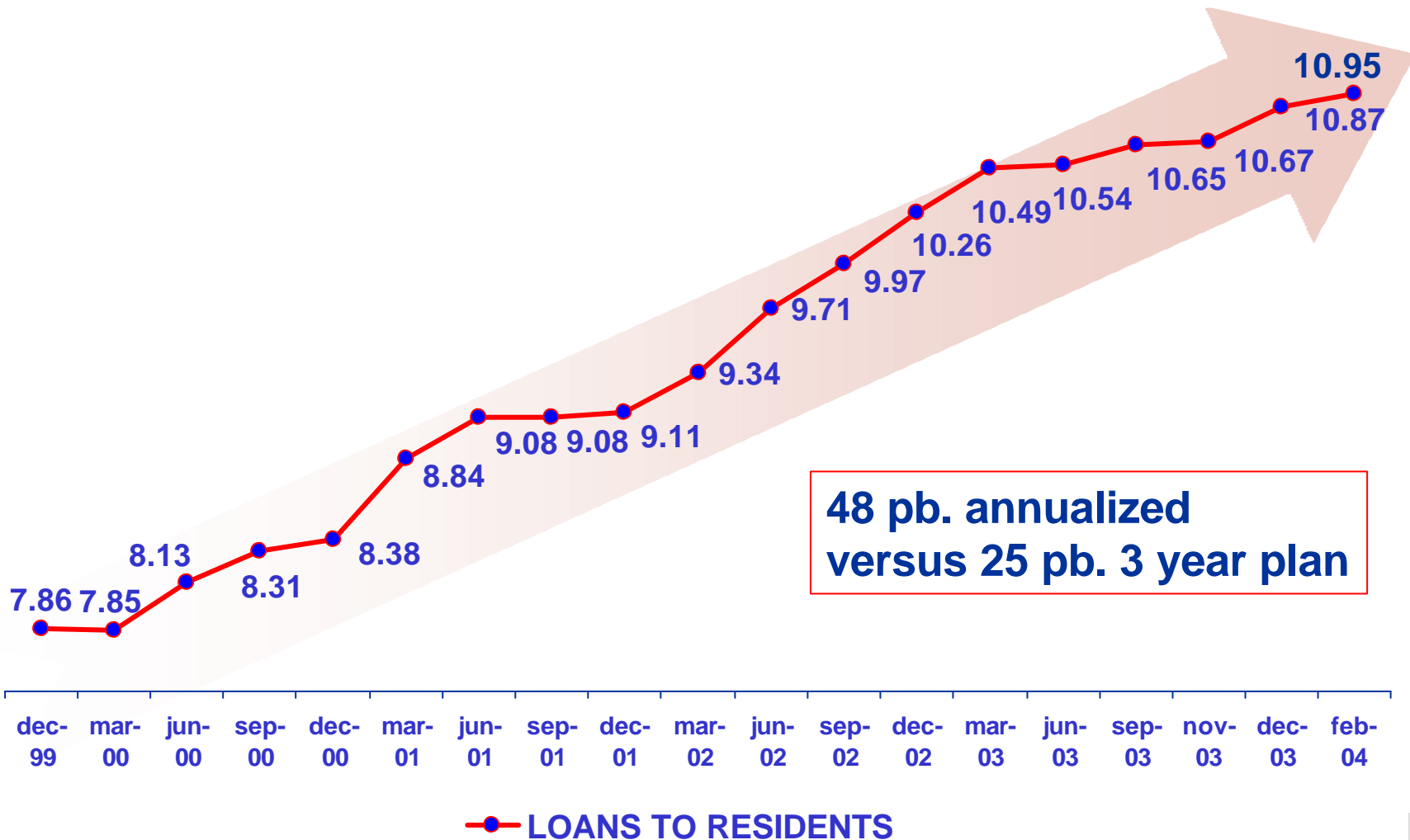
LOANS TO PRIVATE-SECTOR RESIDENTS (ex BNC)

(February 29, 2004 year-on-year % change)



MARKET SHARE GAINS

MARKET SHARE OVER COMMERCIAL BANKS (ex BNC)



MARKET SHARE GAINS

MARKET SHARE PRIVATE SECTOR RESIDENTS

BANKS + SAVING BANKS

	2000	2001	2002	2003
Bill discounting	10.17	10.22	10.75	11.09
Secured loans	3.34	4.17	4.75	4.93
Personal loans & overdrafts	3.95	4.12	4.10	4.32
Leasing	9.00	9.40	9.00	8.50

MARKET SHARE GAINS

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

	Net Asset Value	
	March 04(€million)	% change
Money Market	1,716,4	-5.9
Bonds	1,614.3	40.0
Fixed income	3,330.7	11.9
Equity	719.5	75.5
Balanced	722.4	10.8
Guaranteed	2,038.5	23.3
Global	407,8	5,062.0
TOTAL	7,218.9	26.6
		19.4

← BANCO POPULAR GROUP *
← INDUSTRY

Outperformance due to:

	POPULAR	INDUSTRY
Net Inflows	19.9%	13.2%
Management / Markets	6.7%	6.2%
	March 04	March 03
Improvement in market share	3.45%	3.25%

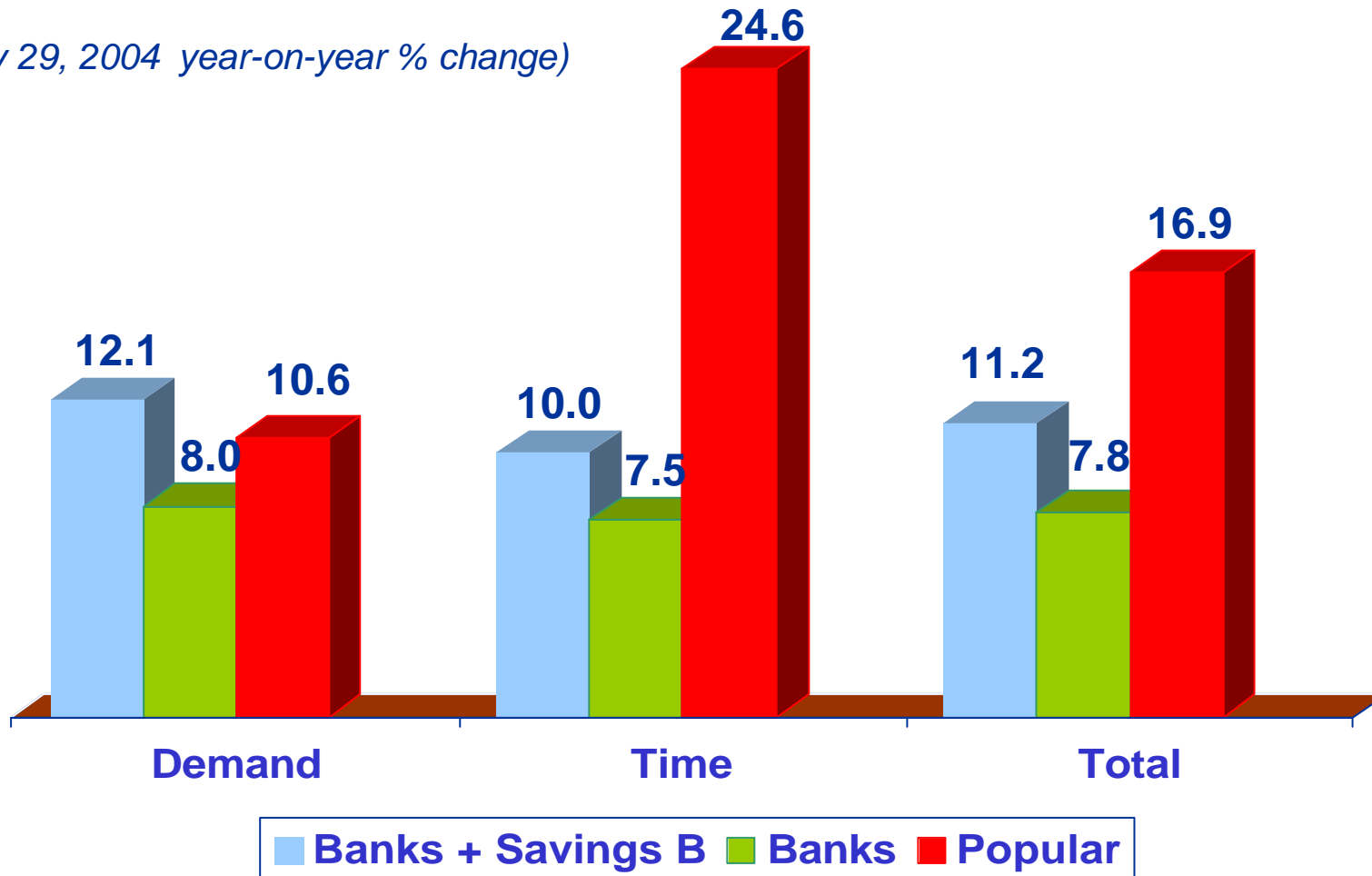
* Excluding BNC & Popular Banca Privada. The total amount including BNC & PBP amounts to €7,925.3 million (+28.6%)

GROWTH DRIVE

GROWTH OF DEPOSITS OF PRIVATE-SECTOR RESIDENTS

(ex BNC)

(February 29, 2004 year-on-year % change)



GROWTH DRIVE

CORE RESIDENT-CUSTOMER DEPOSITS (ex BNC)

(Accumulated % change)

**Without
covered
bonds**

	<i>March-03</i>	<i>June-03</i>	<i>Sept.-03</i>	<i>Dec.-03</i>	<i>March-04</i>
Demand deposits	7.3	6.1	9.1	10.3	12.8
Time deposits	11.7	10.2	8.7	5.9	10.4
Customers commercial paper	54.8	51.5	29.5	58.1	107.3
TOTAL	12.0	10.8	10.8	12.4	19.8

CURRENT PRIORITIES

- 1** ▶ **Consolidate leadership in non-mortgage loan growth: SMEs & consumer**
- 2** ▶ **Fast but selective acquisition of mortgage business**
- 3** ▶ **Customer acquisition to feed future growth**

LEADERSHIP IN SPAIN IN NON-MORTGAGE LOANS

Fastest growing bank in non-mortgage loans in Spain

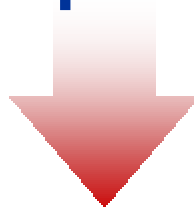
	Growth rate				
	<i>December 03</i>		<i>February 04</i>		<i>March 04</i>
	BPE	BANKS	BPE	BANKS	BPE
Bill discounting	18.0	12.5	17.3	14.5	14.8
Personal loans & overdrafts	9.8	1.1	11.6	2.9	14.0
Leasing	12.0	38.3	15.0	37.0	15.5
Total excluding secured loans	12.5	4.8	13.7	6.5	14.4

Excluding REPOs, prepayment & other and NPL

Source: Banco de España Boletín Estadístico

LEADERSHIP IN SPAIN IN NON-MORTGAGE LOANS

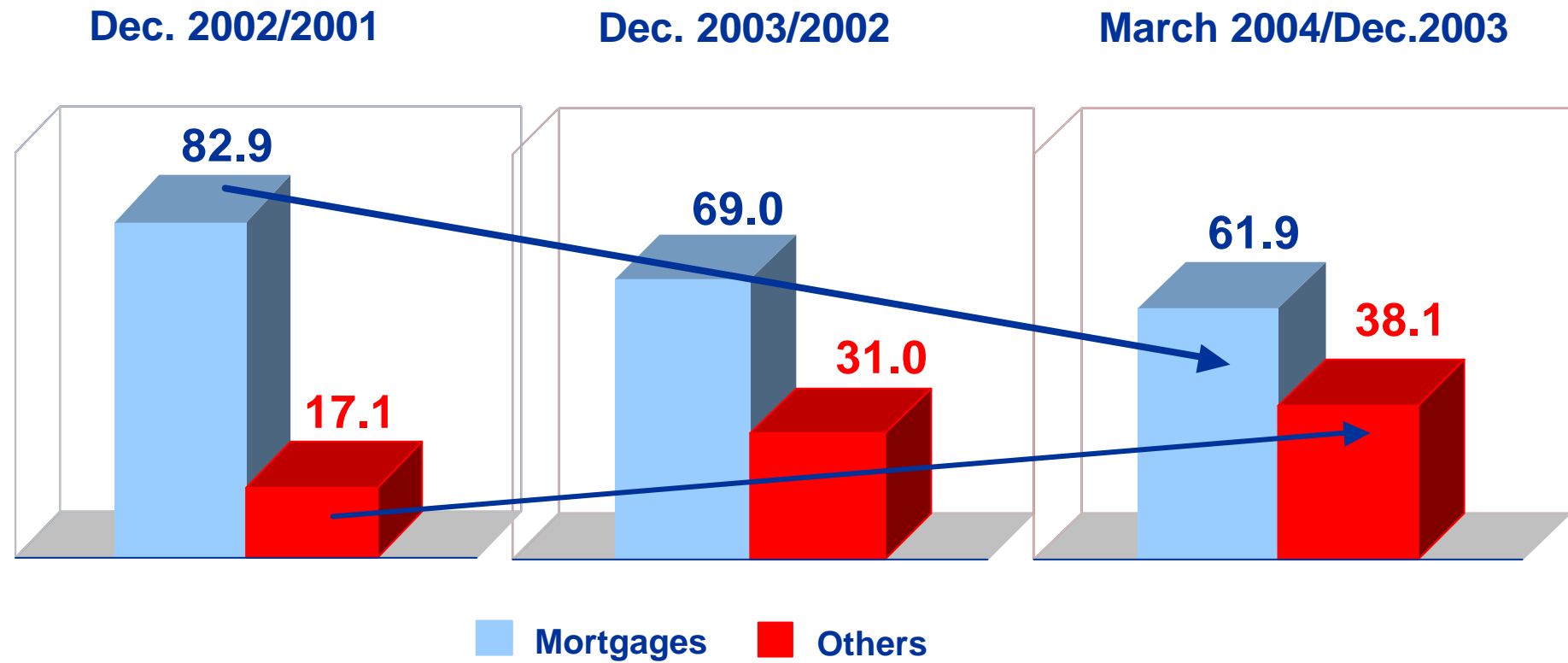
- **POPULAR** has outperformed the banks in non-mortgage growth (spearheaded mostly by SMEs): 13.7 % (14.4% in march) versus 6.5%*
- **POPULAR** has grown faster than retail credit demand
- Credit demand will speed up with GDP



POPULAR will grow faster through 2006

MARKET SHARE GAINS

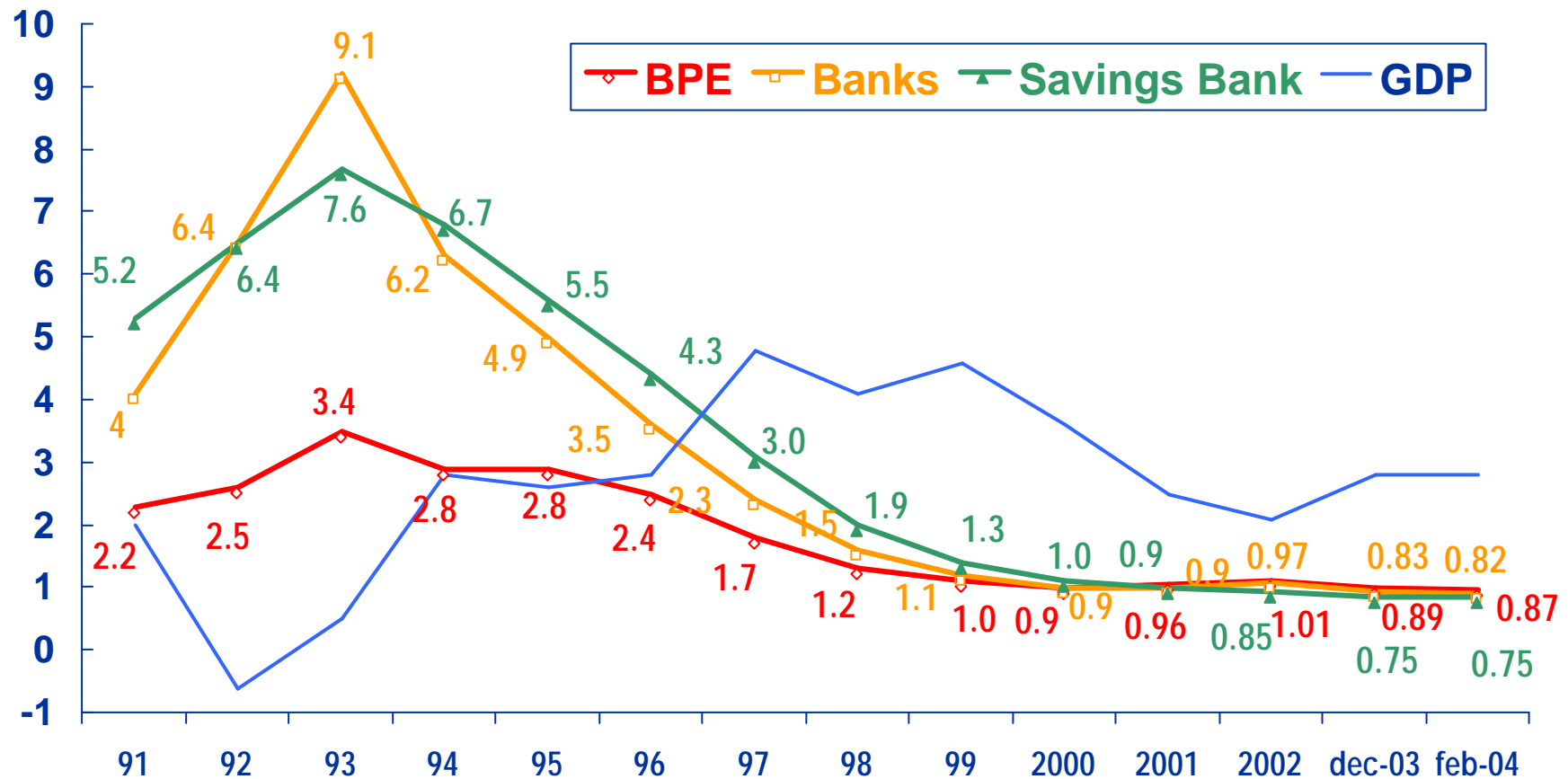
CHANGE OF LOAN GROWTH MIX



CREDIT QUALITY TRENDS

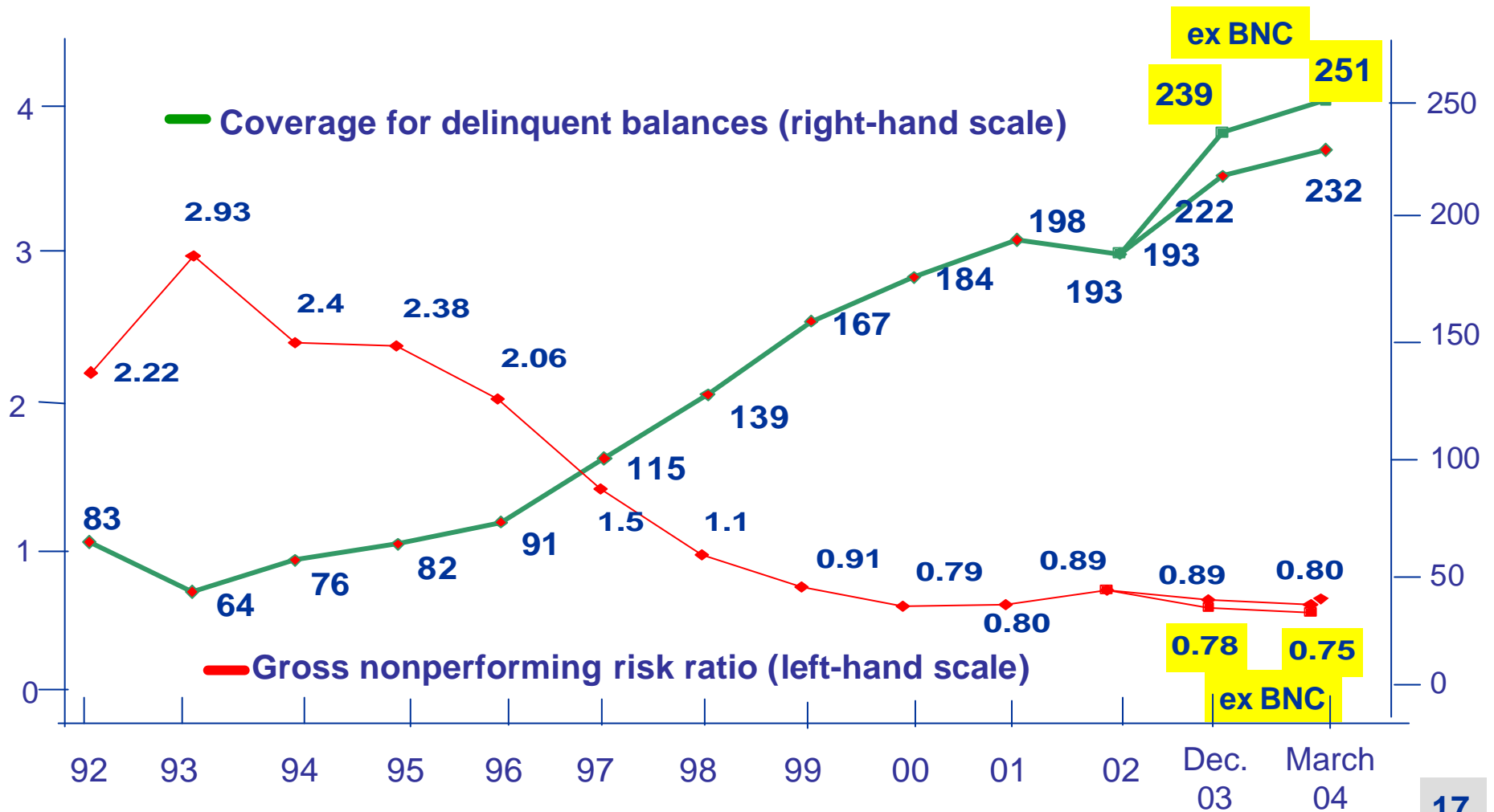
LOAN PORTFOLIO QUALITY

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



CREDIT QUALITY TRENDS

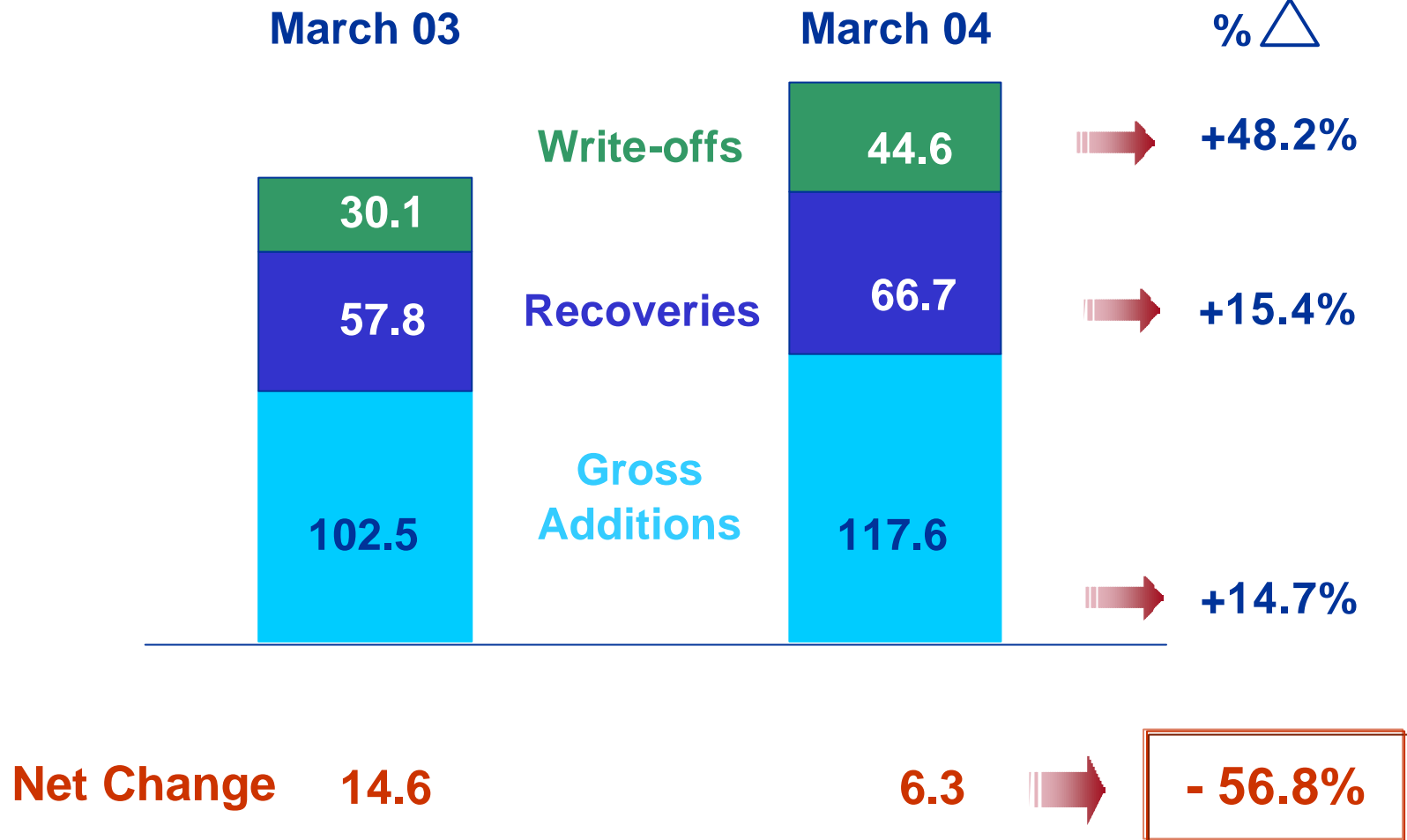
VARIATION IN THE NON PERFORMING RISK RATIO AND COVERAGE FOR DELINQUENT BALANCES



CREDIT QUALITY TRENDS

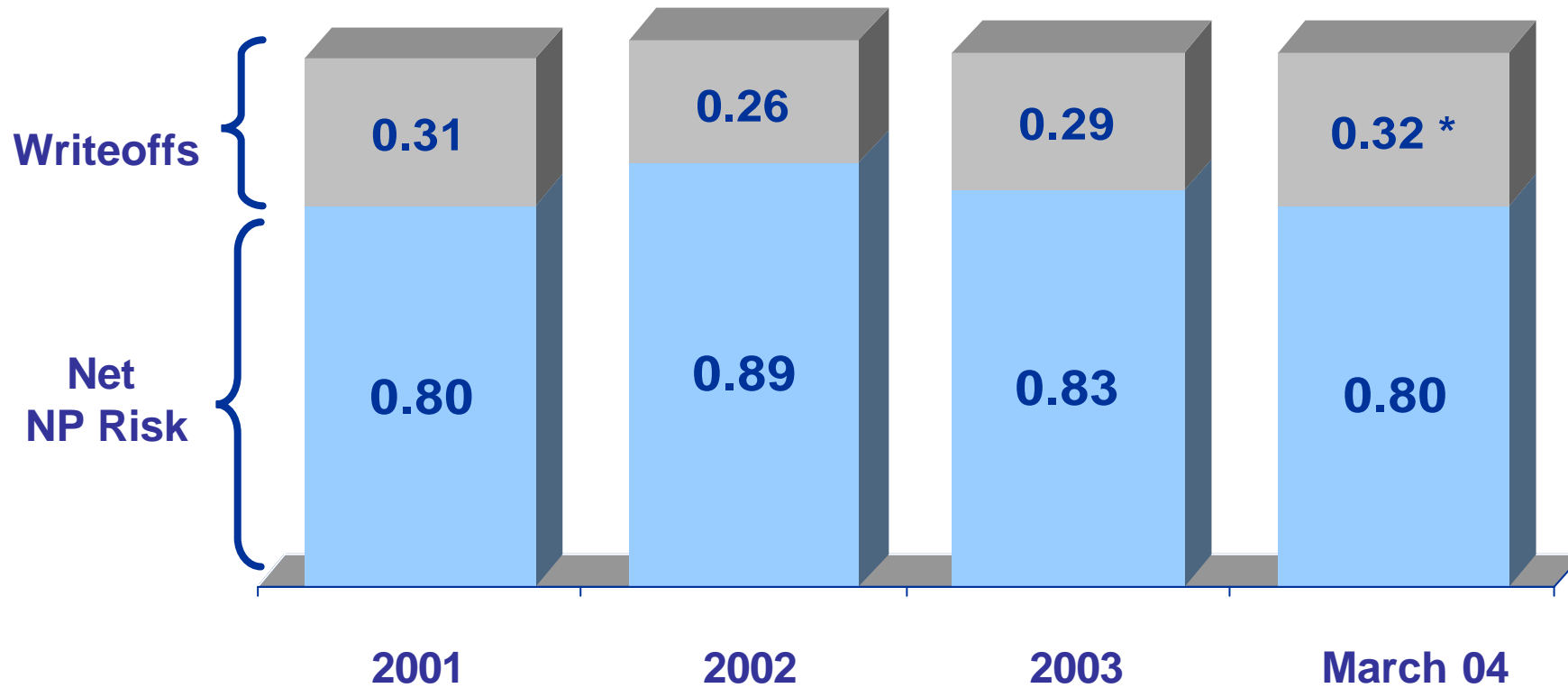
NPL EVOLUTION

(Euro million)



CREDIT QUALITY TRENDS

NON PERFORMING RISK (bps)



* Annualized

CURRENT PRIORITIES

- 1 ▶ Consolidate leadership in non-mortgage loan growth: SMEs & consumer
- 2 ▶ **Fast but selective acquisition of mortgage business**
- 3 ▶ Consolidate leadership in non-mortgage loan growth: SMEs & consumer

MORTGAGE LOAN GROWTH: MARKET OVERVIEW

- **Home demand: high but flattening in 2006**
- **Tourist housing for locals: moderately strong**
- **Real estate for foreigners: strong but 11- Ms ?**
- **Office offer in excess of demand: recession**
- **Industrial buildings: progressive strengthening**
- **Hotels: mixed effects from 11- Ms**
- **Major entertainment & commercial: stand-by**

MORTGAGE LOAN GROWTH: LENDING CRITERIA

Still growth opportunities, but
risky segments spreading

Banco Popular's strategy:

**FAST but VERY SELECTIVE
GROWTH**

MORTGAGE LOAN GROWTH: FAST BUT SELECTIVE

MORTGAGE LOANS: GROWTH RATE (%)

December 03

BPE

34.9

Banks

23.9

February 04

BPE

33.2

Banks

23.7

March 04

BPE

34.8

**Like for like
(ex BNC)**

26.1

MORTGAGE LOAN GROWTH: FAST BUT SELECTIVE

To private borrowers	Lending criteria	L.T.V.	Other conditions
Homes	Priority	< 80 %	If > 35 % dispos. Income
Local secondary	Selective locations	< 50 - 60 %	Good location
Foreign secondary	Very restrictive	< 50 %	Good location
Office buildings	NO	NO	Iff pre-sold
Industrial buildings	Restrictive	< 50 %	High solvency
Commercial malls	NO	NO	Iff pre-leased

CURRENT PRIORITIES

- 1 ▶ Consolidate leadership in non – mortgage loan growth: SMEs & consumer
- 2 ▶ Fast but selective acquisition of mortgage business
- 3 ▶ **Customer acquisition to feed future growth**

CUSTOMER ACQUISITION

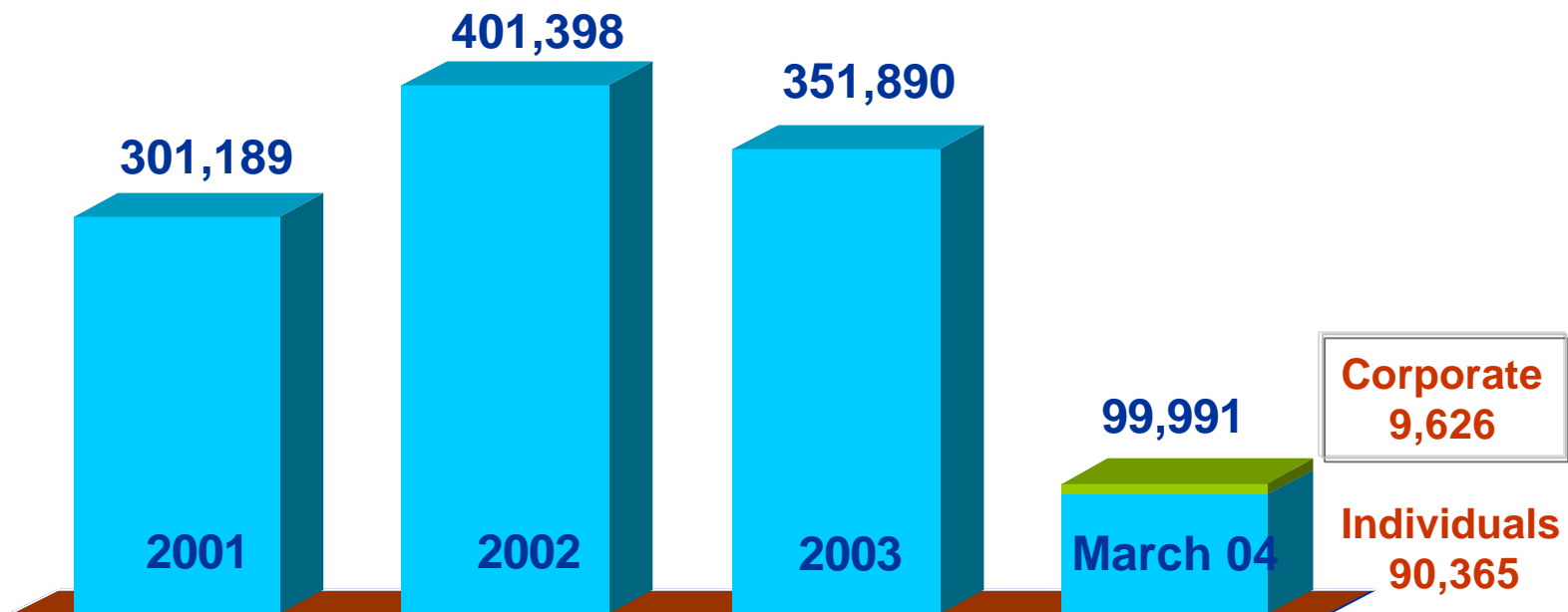
100.000

net NEW customers in 1st quarter 2004(*)

(*) In Spain only

CUSTOMER ACQUISITION

NET NEW CLIENTS (Spain)



Total number of clients: 5,105,089

Individuals: 4,715,308

Corporate: 389,781

y-o-y %

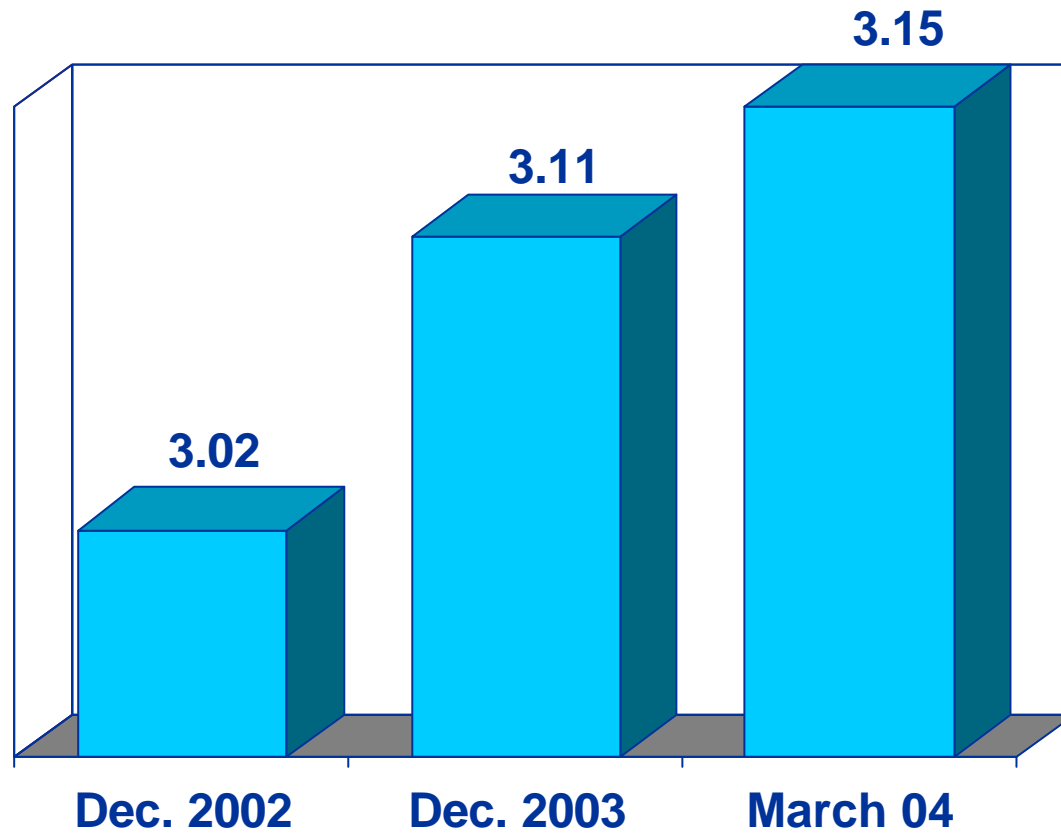
7.69

7.64

8.29

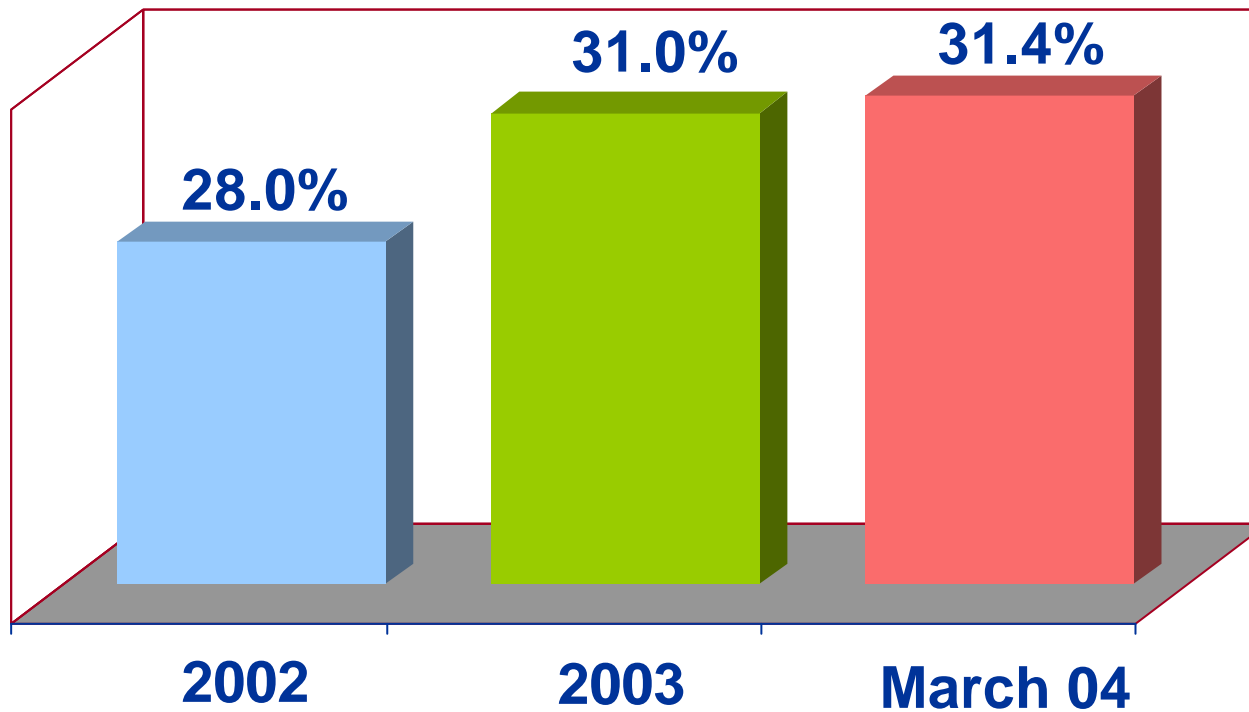
CUSTOMER ACQUISITION

CUSTOMER LINKING: PRODUCTS PER CUSTOMER



CUSTOMER ACQUISITION

**CUSTOMER LINKING:
% OF CUSTOMERS WITH 4 PRODUCTS OR MORE**



ROBUST OPERATING PERFORMANCE

	2003				2004	2004/ 2003
	1 Q	2 Q	3 Q	4 Q	1 Q	y-on-y % Δ
Net interest revenue	431.8	438.0	464.9	465.2	478.2	10.7
Fees for services	148.2	148.7	151.7	159.2	161.8	9.2
Ordinary revenue	585.6	596.0	619.4	638.4	647.7	10.6
Operating cost	199.7	200.6	213.7	228.0	216.2	8.2
Operating income	359.4	368.7	377.2	381.0	402.4	11.9
Income before taxes	285.1	292.4	313.5	314.2	309.2	8.5
Net income attributable	165.5	166.3	191.6	190.9	180.6	9.1

ROBUST OPERATING PERFORMANCE

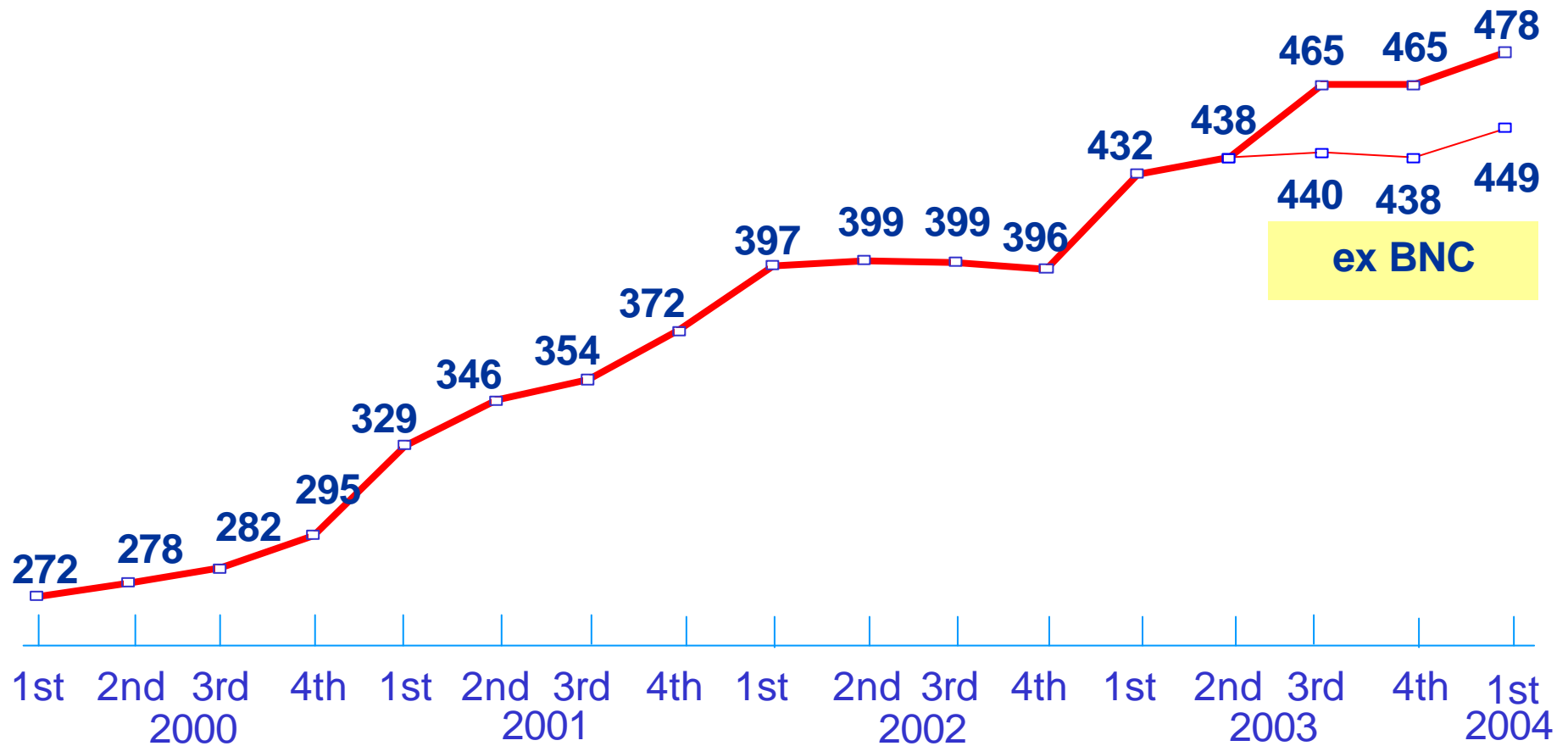
EXCLUDING BNC

	2003				2004	2004/ 2003
	1 Q	2 Q	3 Q	4 Q	1 Q	y-on-y % Δ
Net interest revenue	431.8	438.0	440.1	437.5	449.1	4.0
Fees for services	148.2	148.7	147.1	153.9	155.8	5.1
Ordinary revenue	585.6	596.0	589.7	603.8	612.2	4.5
Operating cost	199.7	200.6	200.1	211.3	201.2	0.8
Operating income	359.4	368.7	362.5	365.3	383.2	6.6
Income before taxes	285.1	292.4	309.2	305.9	300.4	5.5
Net income attributable	165.5	166.3	189.5	186.3	174.8	5.9

ROBUST OPERATING PERFORMANCE

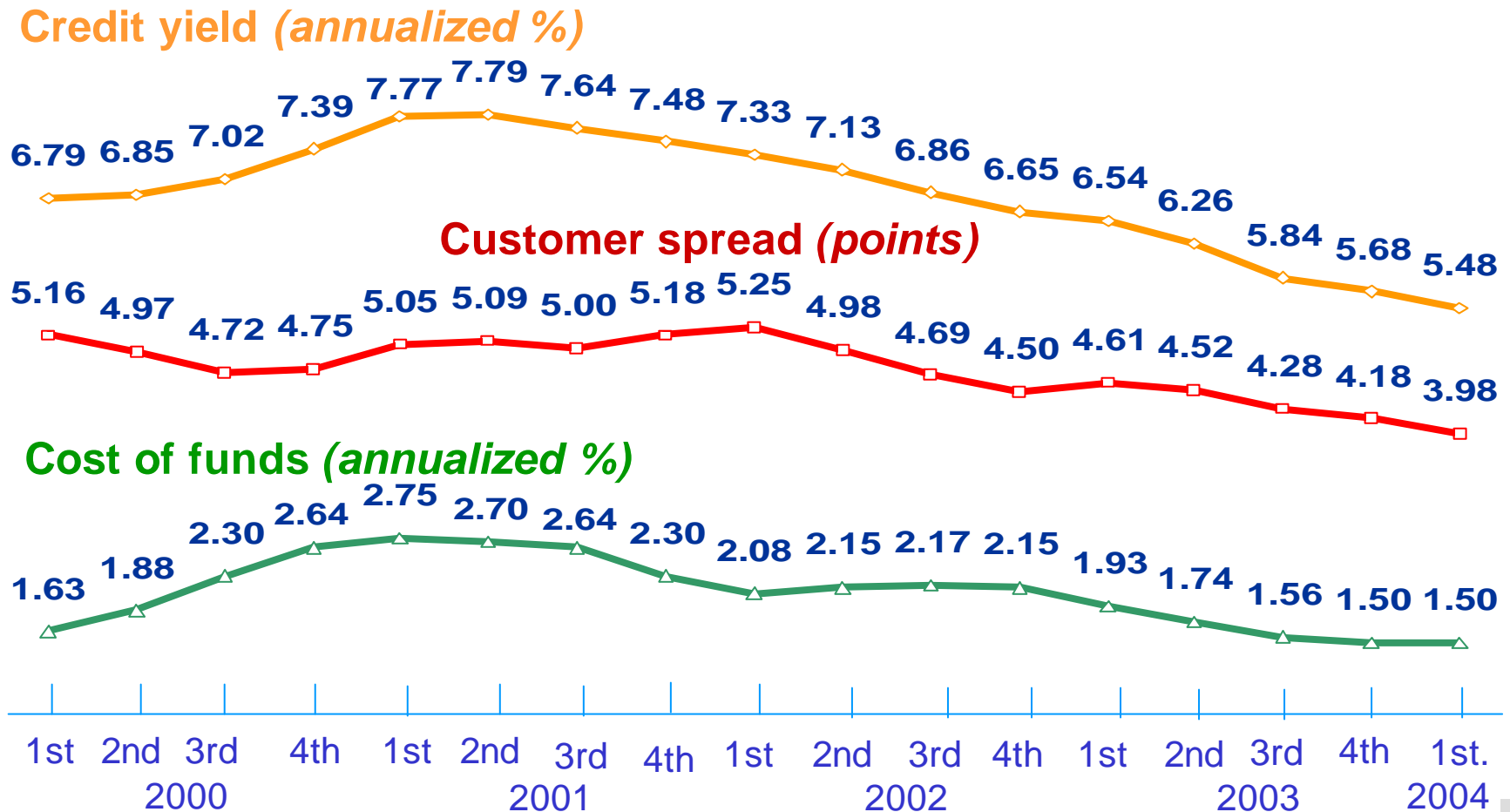
NET INTEREST REVENUE (Quarter standalone)

(Euro million)



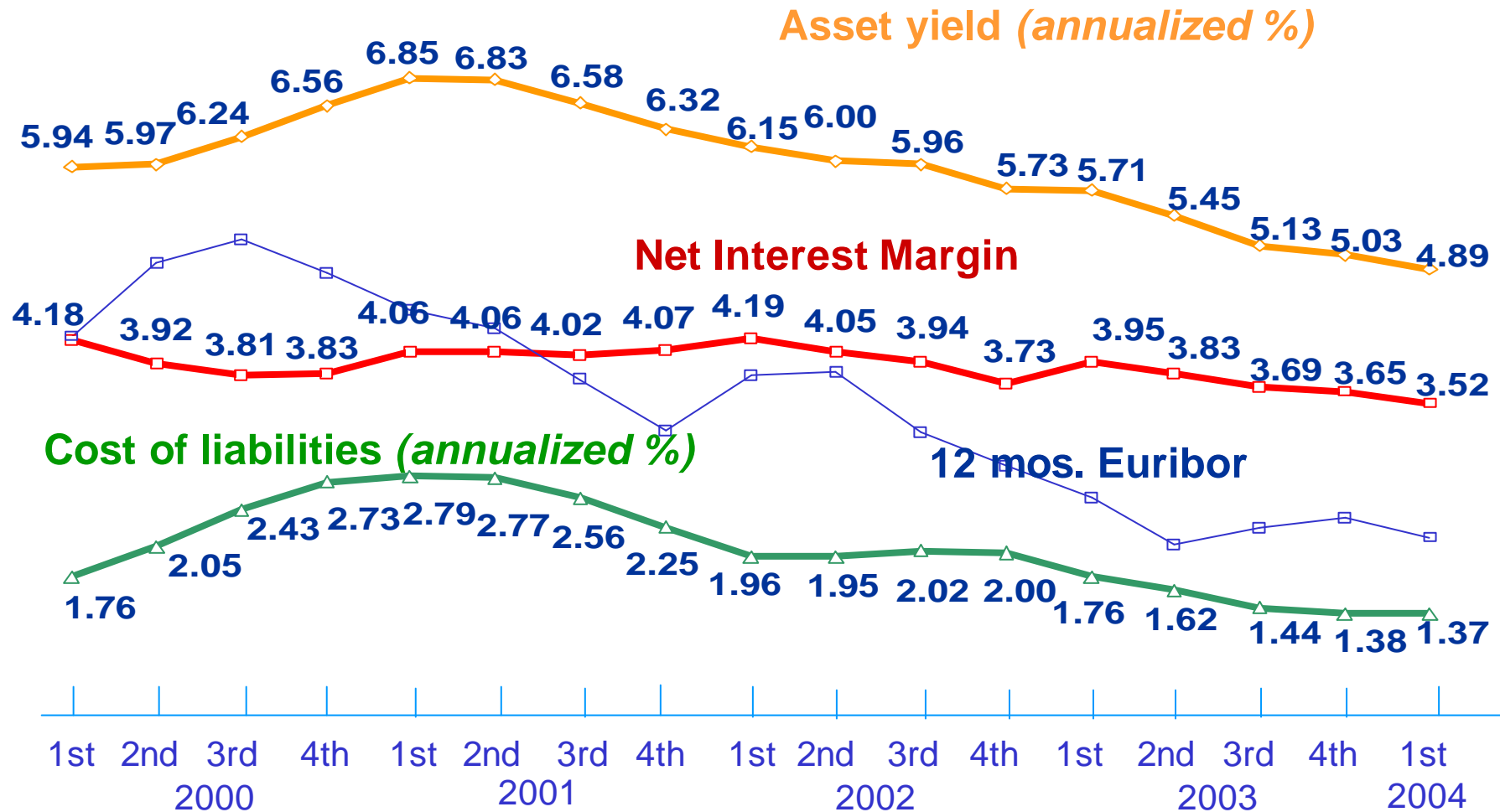
ROBUST OPERATING PERFORMANCE

QUARTERLY CUSTOMER SPREAD



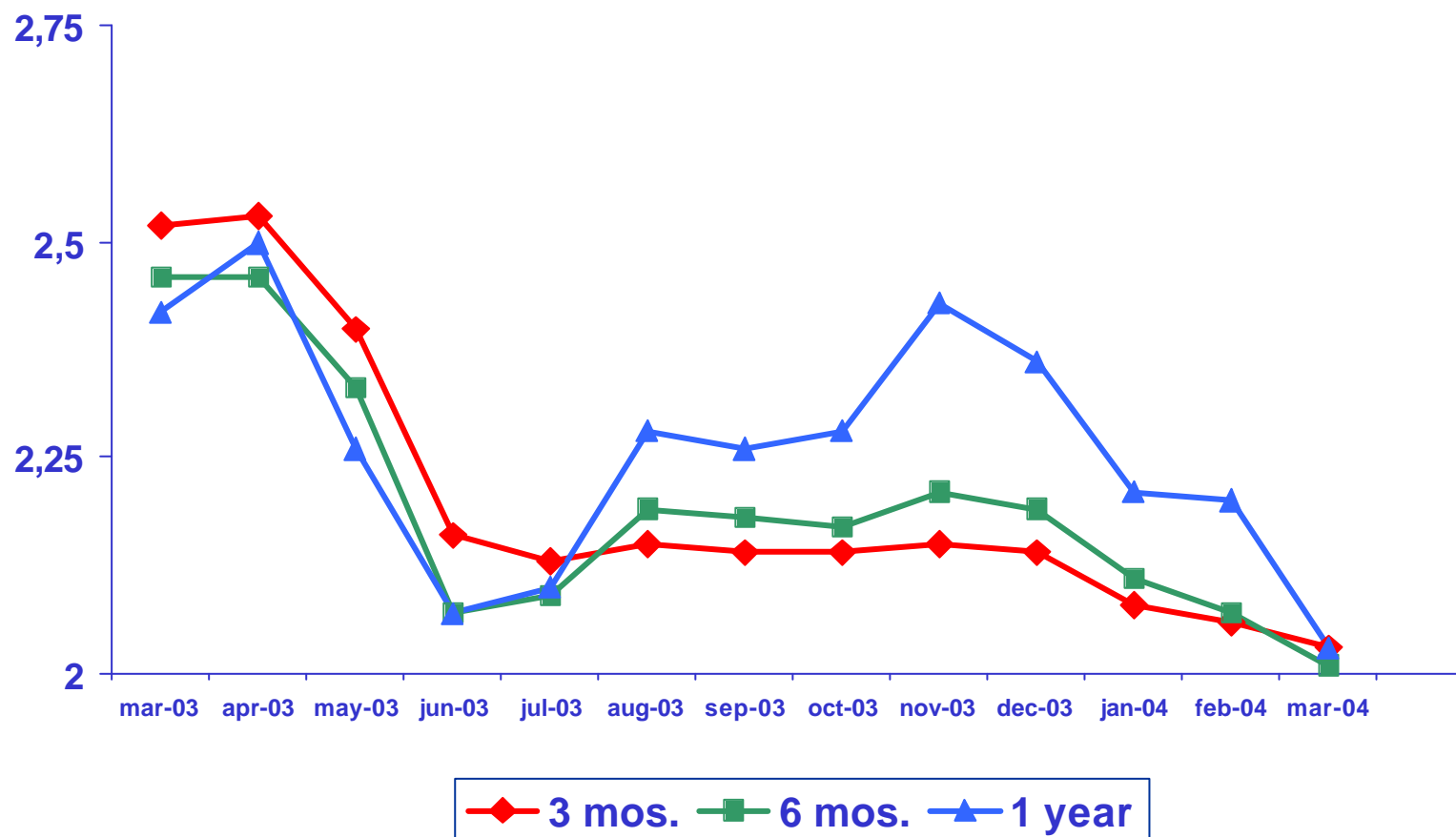
ROBUST OPERATING PERFORMANCE

NET INTEREST MARGIN



ROBUST OPERATING PERFORMANCE

INTEREST RATE IMPACT ON YIELDS & COSTS (ex-BNC)



Source: BANCO DE ESPAÑA

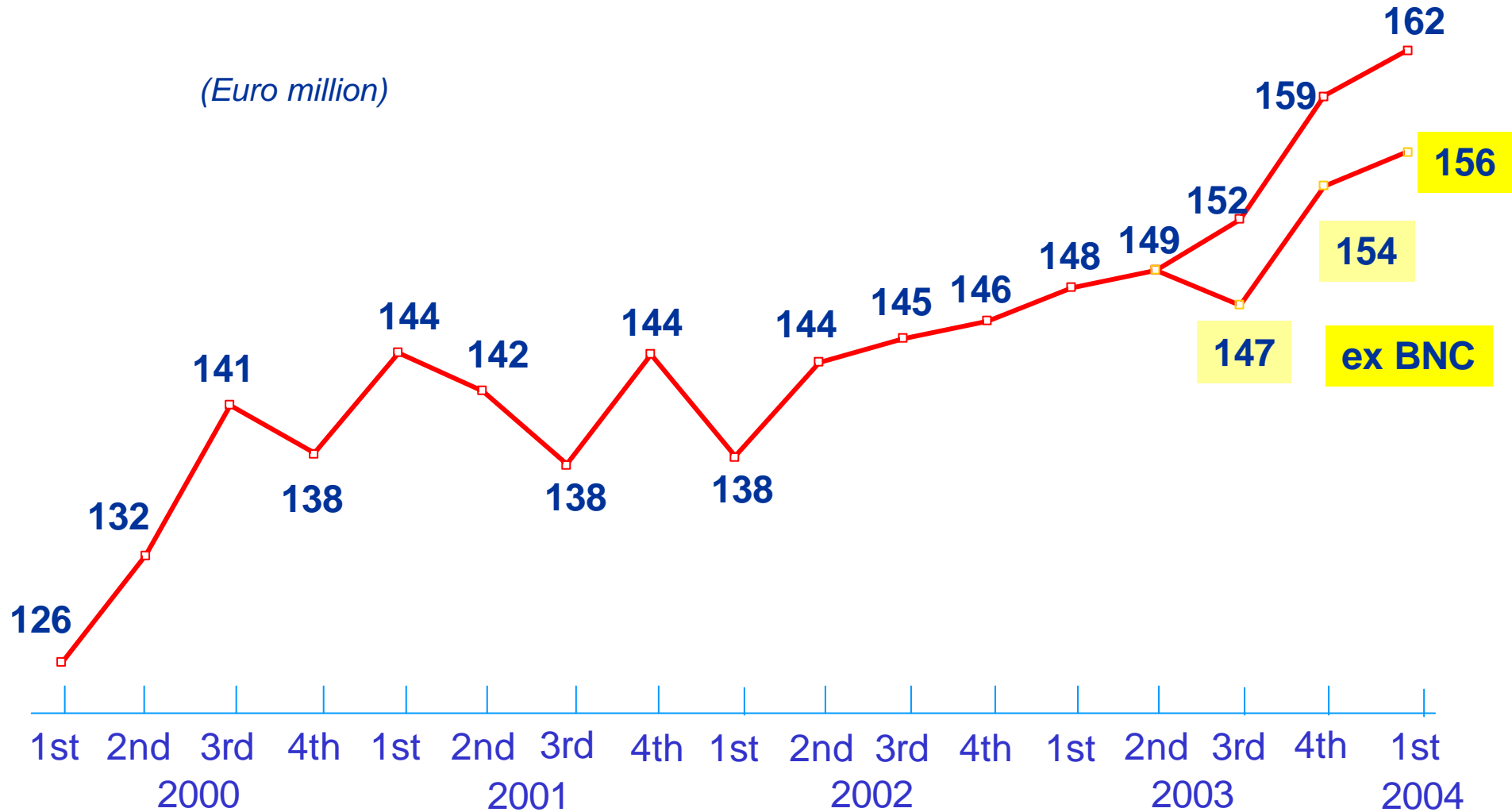
ROBUST OPERATING PERFORMANCE

INTEREST RATE IMPACT ON YIELDS & COSTS (ex-BNC)

	From Base To	Mar 03/ Dec 02	Jun 03/ Mar 03	Sep 03/ Jun 03	Dec 03/ Sep 03	Mar 04/ Dec 03
Bill discounting		-0.28	-0.29	-0.32	-0.26	-0.11
Mortgages		-0.24	-0.23	-0.26	-0.24	-0.18
Consumer		-0.25	-0.31	-0.22	-0.18	-0.24
Overdrafts		-0.37	-0.21	-0.24	-0.16	-0.22
Leasing		-0.17	-0.27	-0.46	-0.25	-0.26
TOTAL		-0.27	-0.26	-0.27	-0.23	-0.19
Demand Deposits		-0.05	-0.11	-0.01	0.01	0.01
Time Deposits		-0.26	-0.29	-0.35	-0.03	-0.01
Commercial Paper		-0.41	-0.40	-0.14	0.03	-0.05
TOTAL		-0.15	-0.21	-0.15	-0.01	0.06
Differential		-0.12	-0.05	-0.12	-0.22	-0.25

ROBUST OPERATING PERFORMANCE

FEEs FOR SERVICES (Quarter standalone)



ROBUST OPERATING PERFORMANCE

FEES FOR SERVICES

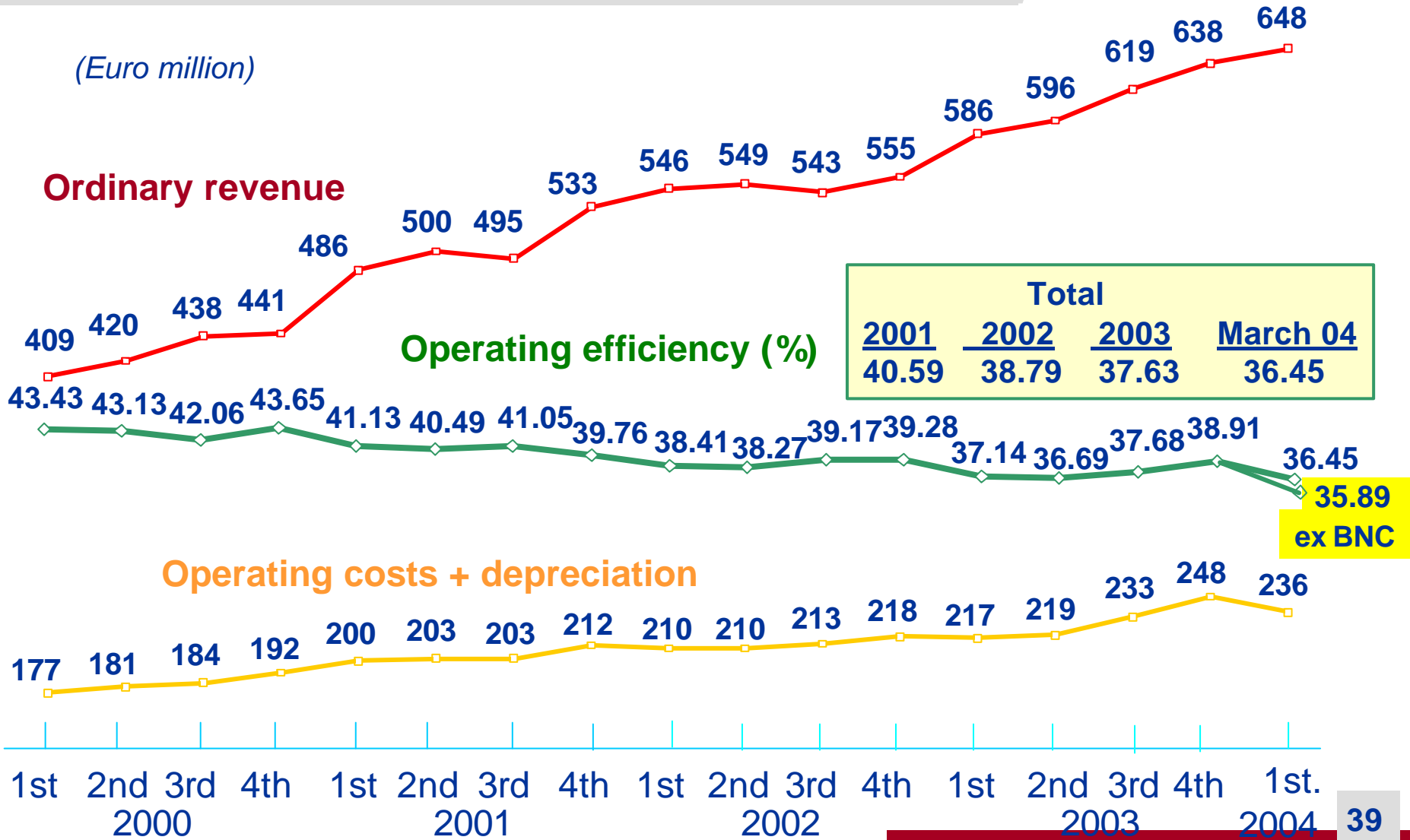
Year-on-year % accum. Δ

	<i>March-03</i>	<i>Sep.-03</i>	<i>Dec.-03</i>	<i>March-04</i>	<i>As % of total fees</i>
Loan-related fees	(1.1)	(1.6)	(0.7)	2.5	11.5
Fees from guarantees	17.3	17.4	17.7	24.4	11.7
Collection & card-related	3.5	0.5	0.7	2.5	37.2
Customer financial asset mgt.	(2.1)	5.0	7.1	20.5	25.4
Mutual funds	(2.4)	5.7	7.8	22.6	16.8
Other AM	(1.4)	3.8	5.9	16.6	8.6
Account mgt. Fees	8.9	5.6	6.8	16.6	8.6
Other (inc. Inv. Banking)	114.9	53.0	61.6	(9.7)	5.6
TOTAL	7.1	5.1	6.1	9.2	100
Exc. BNC		4.1	4.4	5.1	

BEST COST/INCOME RATIO

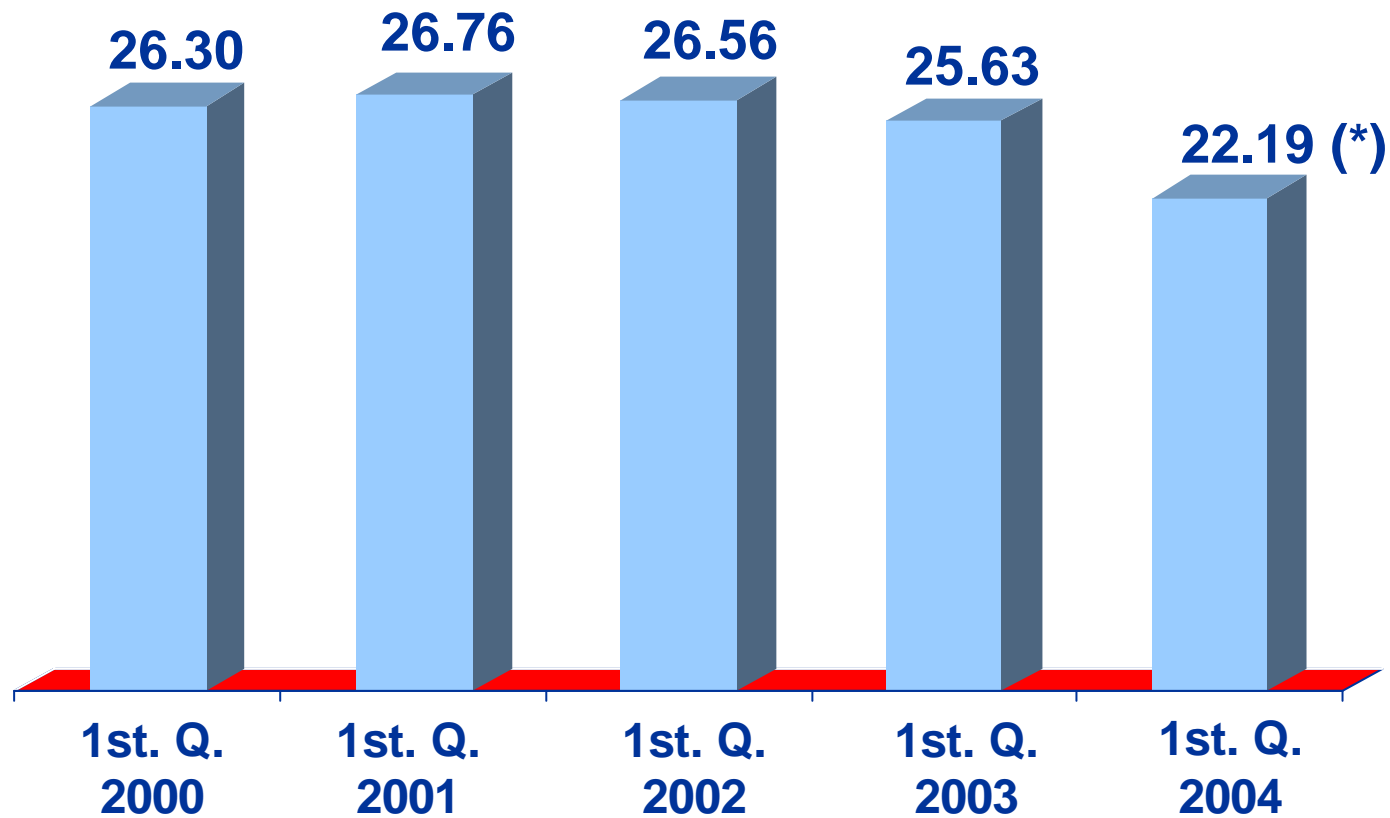
COST/INCOME RATIO

(Euro million)



ROE

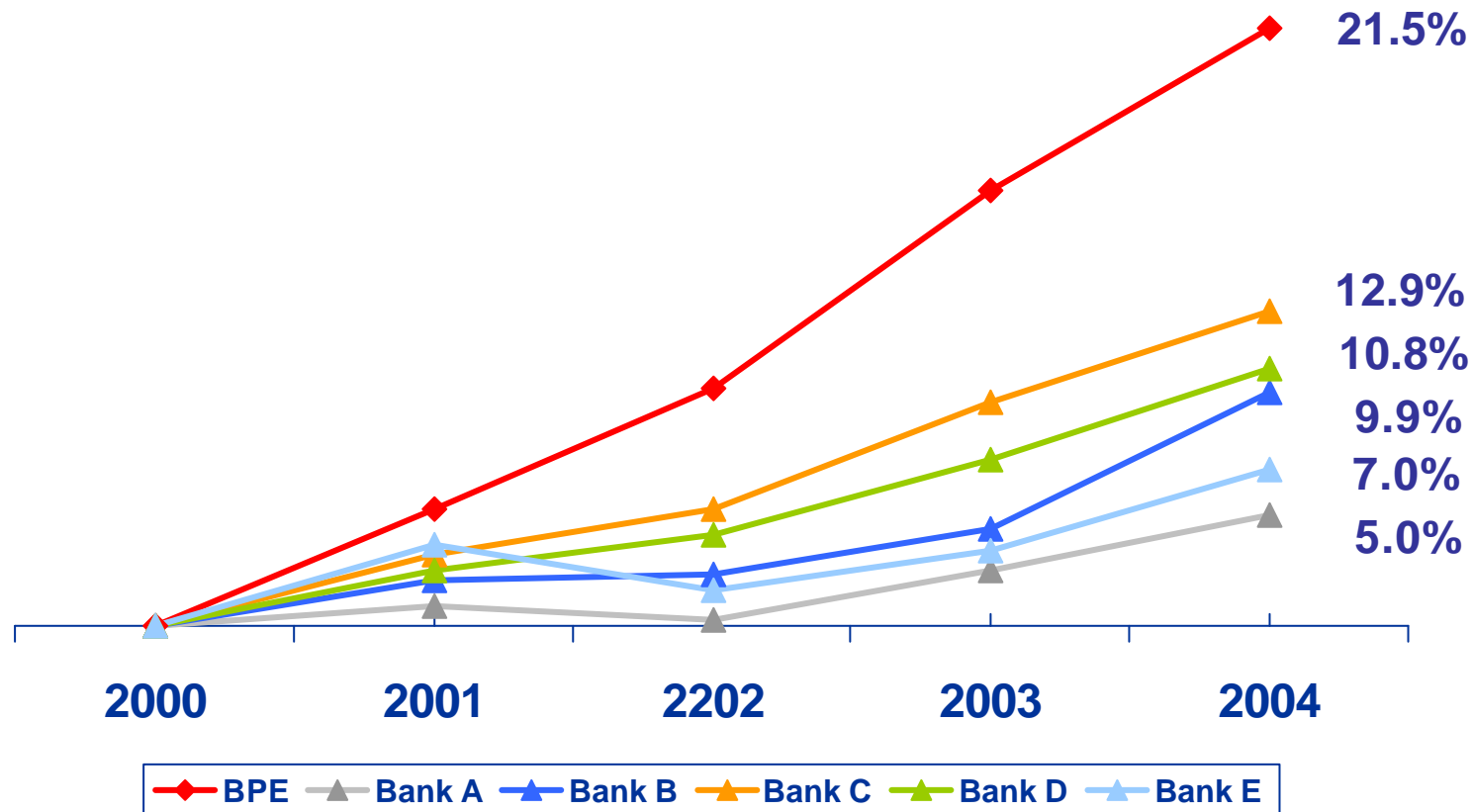
ROE (%)



(*) After capital increase for BNC acquisition

CREATING VALUE

BOOK VALUE + DIVIDENDS OF MAJOR BANKS (CAGR)



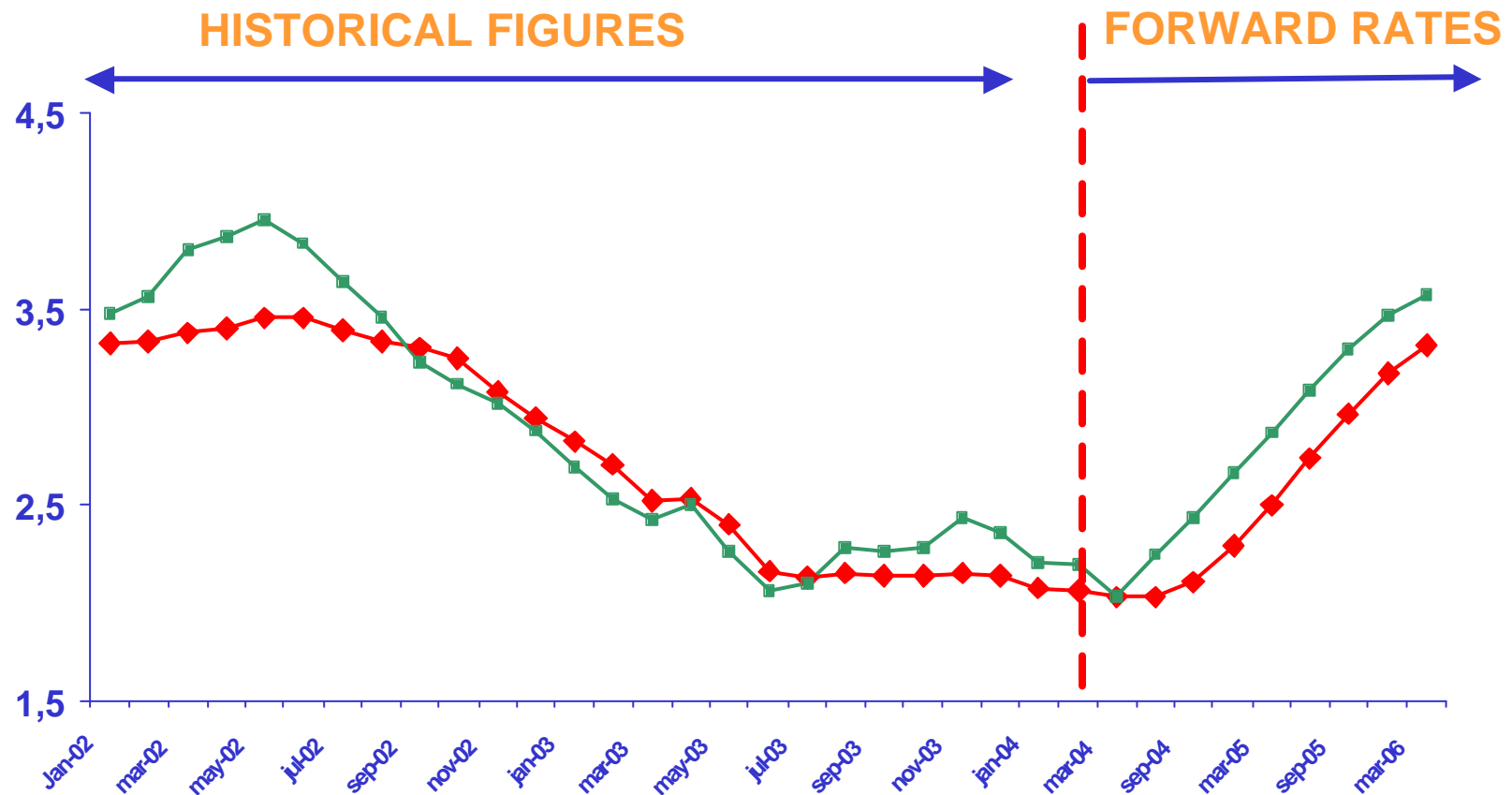
Banks A to E are the other larger listed banks in Spain

ANNEX

MACROECONOMIC PARAMETERS

MACROECONOMIC PARAMETERS

INTEREST RATES TRENDS: Change of cycle



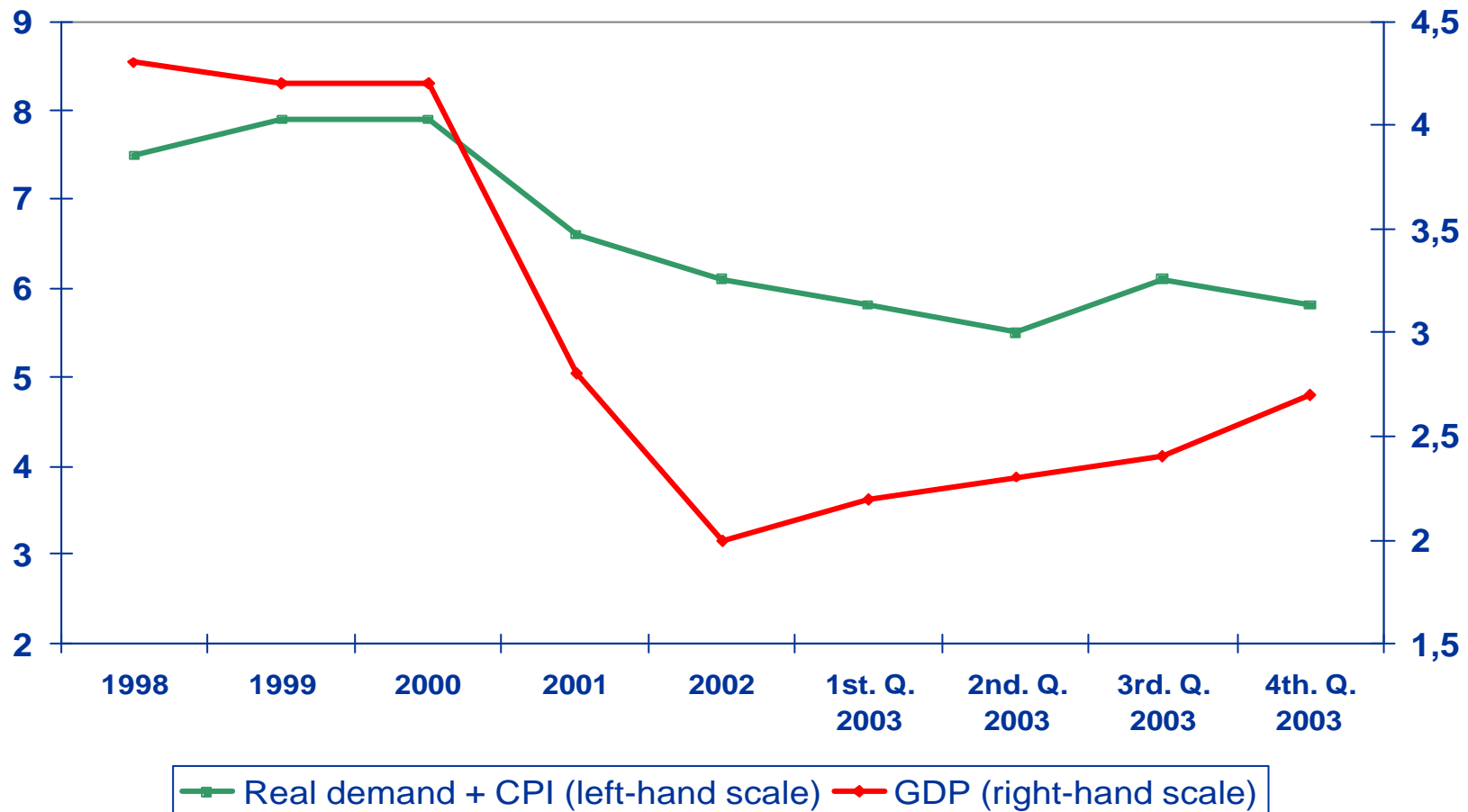
REUTERS – 14 APRIL 2004

◆ 3 mos. ■ 1 year

MACROECONOMIC PARAMETERS

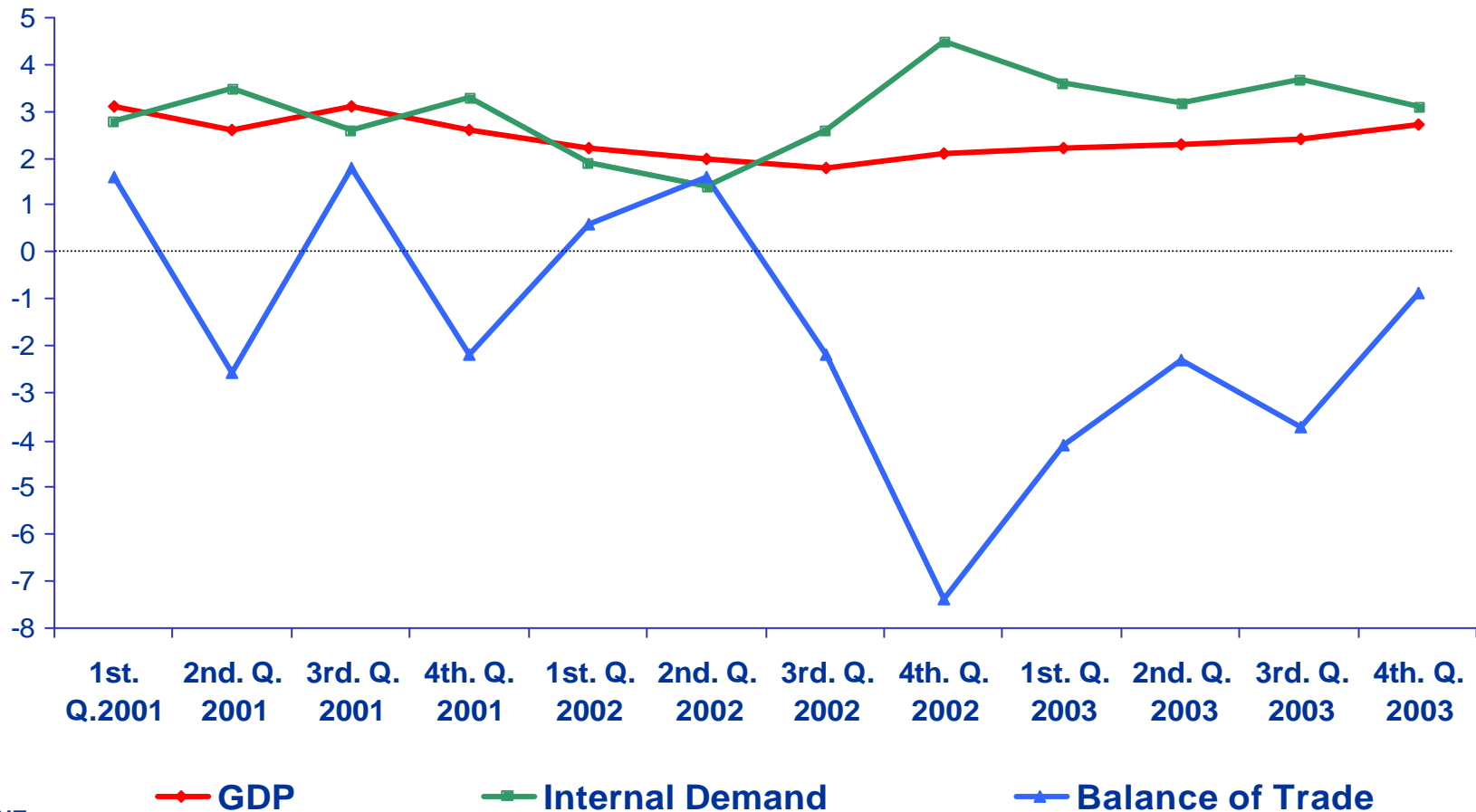
... AND RECOVERY OF GDP & NOMINAL DEMAND

Annual growth (%)



MACROECONOMIC PARAMETERS

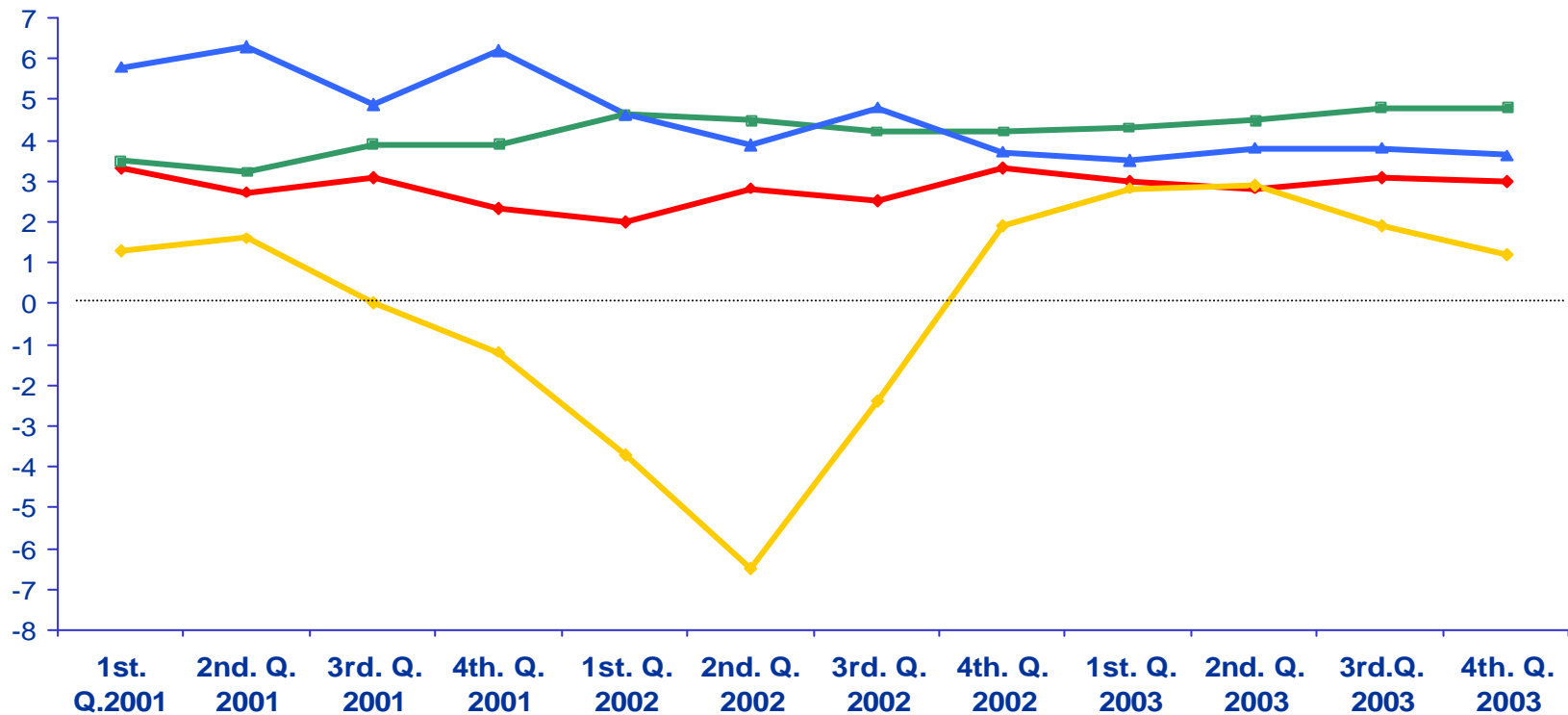
Internal demand is sustaining Spanish recovery, still very modest, because



Source: INE

MACROECONOMIC PARAMETERS

Components of demand have converged, but capital goods investment is lagging; diffidence has not disappeared



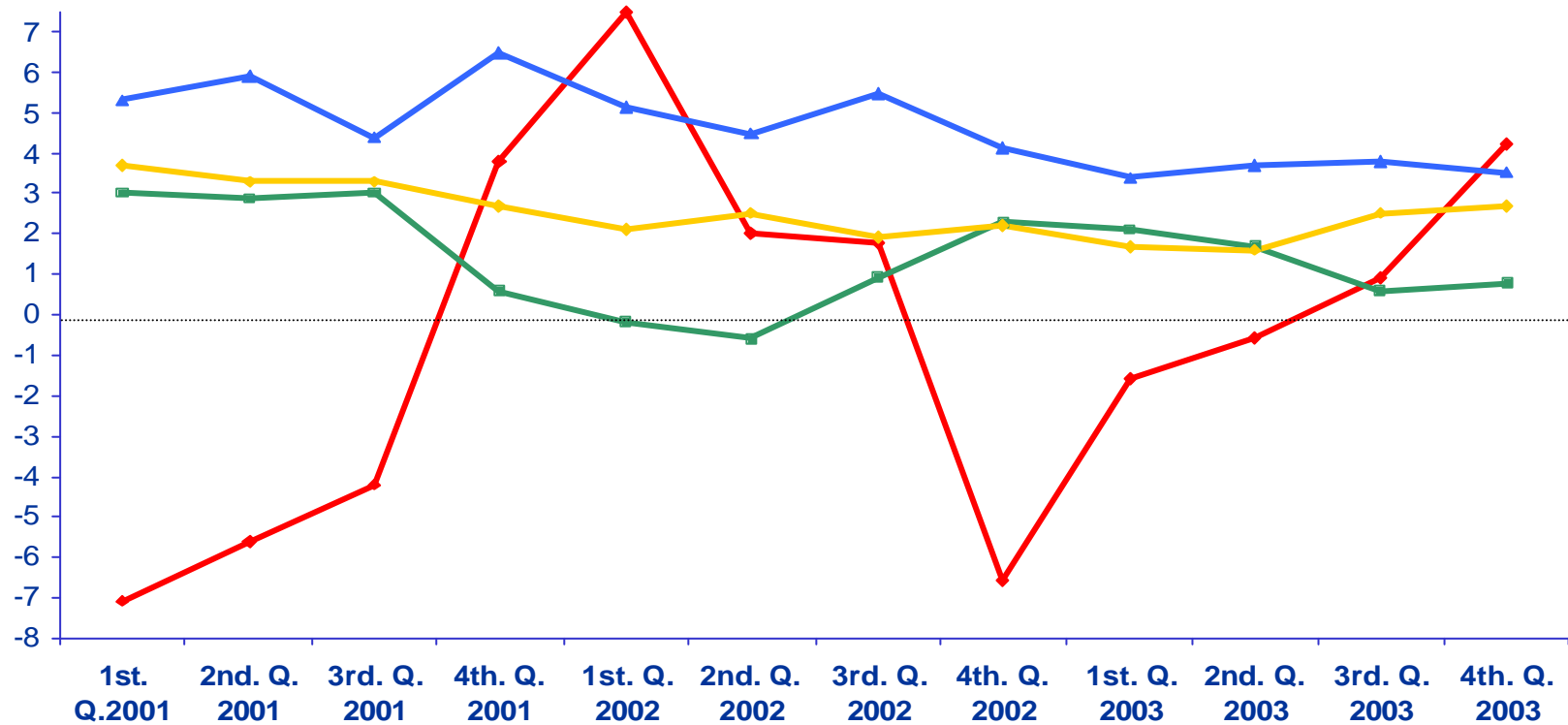
Source: INE

◆ Personal consumption
▲ Construction investment

■ Government consumption
◆ Capital goods investment

MACROECONOMIC PARAMETERS

Construction is softly landing, industry has again lost steam and services are not booming



Primary sector Industry & Energy Construction Services

Source: INE

LOOKING AHEAD: POSITIVE IMPACT FROM RATES INCREASE

DURATION

<i>(March 31, 2004)</i>	Amount MM Euros	Interest Rate %	PV MM Euros	Duration Days	Holding Period 365	
					PV MM Euros	Duration Days
SENSITIVE ASSETS	51,920.0	3.91	52,511.4	195.51	49,522.4	128.84
MONETARY MARKET	10,562.4	2.09	10,591.0	64.82	10,254.6	36.54
LOANS	40,378.7	4.40	40,947.7	188.05	38,864.1	153.53
SECURITIES	978.9	3.37	972.7	1,932.31	403.6	96.38
SENSITIVE LIABILITES	37,245.5	2.21	37,410.9	104.83	36,524.3	81.57
MONETARY MARKET	16,290.7	2.11	16,331.7	57.12	16,218.7	51.55
CUSTOMER DEPOSITS	13,571.4	1.95	13,611.2	109.76	13,157.6	87.12
SECURITIES	7,383.4	2.92	7,468.0	200.16	7,148.0	139.47
EQUITY	3,132.3		15,100.4	420.17		



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