

2005 ANNUAL REPORT

Connect



POPULAR®

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Popular, Inc., a financial holding company with \$48.6 billion in assets, is a complete financial services provider with operations in Puerto Rico, the United States, the Caribbean and Latin America. As the leading financial institution in Puerto Rico with over 280 branches and offices, the Corporation offers retail and commercial banking services through its banking subsidiary, Banco Popular de Puerto Rico, as well as investment banking, auto and equipment leasing and financing, mortgage loans, consumer lending, insurance and information processing through specialized subsidiaries. In the United States, the Corporation has established the largest Hispanic-owned financial services franchise, providing complete financial solutions to all the communities it serves. Banco Popular North America operates over 135 branches in California, Texas, Illinois, New York, New Jersey and Florida. The Corporation's finance subsidiary in the United States, Popular Financial Holdings (PFH), operates nearly 200 retail lending locations offering mortgage and personal loans, and also maintains a substantial wholesale broker network, a warehouse lending division, loan servicing, and an assets acquisition unit. PFH, through its newly acquired subsidiary E-LOAN, provides online consumer direct lending to obtain mortgage, auto and home equity loans. The Corporation continues to use its expertise in technology and electronic banking as a competitive advantage in its Caribbean and Latin America expansion, through the financial transaction processing company, EVERTEC. The Corporation is exporting 112 years of experience through the region while continuing its commitment to meet the needs of retail and business clients through innovation, and to fostering growth in the communities it serves.

Popular, Inc.

We connect.

Popular, Inc. began investing in today's information age years ago, at a time when such investments appeared to carry more risk than reward. Such foresight enabled us to offer a greater range of financial products and services, using both new and traditional channels, to a growing circle of customers and partners. As that circle grows, the need to keep pace with changing technology and the information needs that arise becomes more and more challenging. It's not just the resources required, but the need for people on both sides of the transaction to adapt, stay current and find opportunity in the unfamiliar. At Popular, we work hard to anticipate what lies ahead by staying connected with our customers, business partners and the industry as a whole. As this report explains, we are only as strong as each of these individual connections. From these connections come new choices, greater efficiency and more satisfied customers. The details change from sector to sector, but, as you will discover, we are learning and growing together, across the full breadth of Popular.

Letter to Shareholders

CONNECT

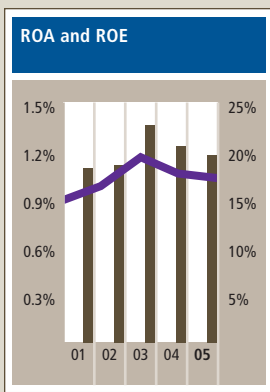
Great organizations are those that can keep their focus in spite of difficult times. The challenges that we faced during 2005, rather than discourage us, strengthened our resolve and made us concentrate on executing the plans we had charted for ourselves. I believe that, despite all the headwinds, we were able to deliver results and took important steps in all of our businesses that place the organization as a whole in an even stronger position.

The financial services industry experienced rising short-term interest rates and a flattening yield curve, which resulted in us facing a sharp compression of our net interest margin. It was also a particularly difficult year for the sector in Puerto Rico. Accounting issues related to mortgage loan transactions led four institutions to announce the restatement of their financial results. This instability had a substantial impact in the market value of local financial institutions.

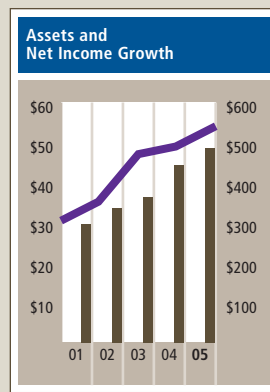


Richard L. Carrión, Chairman, President, Chief Executive Officer

At Popular, we have carefully reviewed our accounting of this type of transaction and we are confident that our previously filed financial statements are fairly stated and that no restatement is necessary. However, the uncertainty created by this situation probably affected our stock price. Popular's stock closed at \$21.15 on December 30, 2005, a decline of 27% when compared to the closing price of 2004.



● ROA
● ROE



● ASSETS (dollars in billions)
● NET INCOME (dollars in millions)

During 2005, we took important steps to expand our franchise into new markets and new businesses.

Despite the difficult year, our shareholders demonstrated their long-term outlook and the trust they have in Popular when they fully subscribed approximately \$220 million in newly issued common shares in a subscription rights offering that closed on December 19, 2005. Even though subscription rights offerings have fallen out of style, our vision remains to allow shareholders who own the company to have a preference whenever we need to increase capital. We are proud of our shareholders' response and, at the same time, conscious of the responsibility that their trust entails.

Net income for 2005 reached \$540.7 million, an increase of 10.4% over 2004. The results for the year include \$67.4 million in gains on the sale of investment securities, compared with \$15.3 million in 2004. Net income represented a return on assets (ROA) of 1.17% and a return on equity (ROE) of 17.12%. Earnings per common share (EPS), for 2005 were \$1.98 basic and \$1.97 diluted, compared to \$1.79 for both in 2004.

During 2005, we took important steps to expand our franchise into new markets and new businesses.

In November of 2005, we acquired E-LOAN, an online consumer direct lender that originated approximately \$5.4 billion in mortgage, auto and home equity loans in 2005. E-LOAN connects us to additional customers, giving us a new online distribution and origination channel. When we first looked at E-LOAN, we were impressed with their innovative approach, their technology capabilities, the strength of their brand and their focus on excellent customer service. We knew immediately it would be a great fit with Popular. Through this merger, Popular will further expand its penetration into the U.S. market, complement its existing non-prime businesses and significantly enhance its technology platform to support its growth strategy. E-LOAN's senior management is part of our Popular Financial Holdings team and we are excited about the opportunities that this partnership presents.

We also committed to invest approximately \$125 million to acquire 19.99% of UBCI, holding company

With the same level of discipline and focus on execution, we will continue to thrive in the years ahead.

for Grupo Cuscatlán, the second largest financial group in Central America. This investment will give us the opportunity to participate more actively in commercial banking activities in Central America, a growing banking market, and better positions us to further expand our processing services in the region.

We believe that initiatives such as these, which take us into new markets, products and delivery channels, coupled with the strength of our existing businesses will allow us to continue strengthening our franchise and delivering strong financial results for our shareholders.

We also made some difficult decisions in 2005. After carefully weighing the benefits and risks associated with the business, we sold substantially all of the assets of Popular Cash Express (PCE), our wholly-owned check cashing operation in the U.S. We found ourselves constrained in our ability to compete against non-bank owned check cashers, which are less regulated than banking institutions. The requirements related to Bank

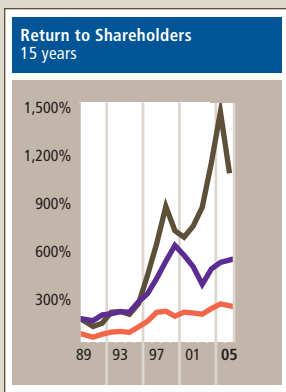
Secrecy Act (BSA) compliance, coupled with our decision to remain outside the payday lending business, impacted PCE's profitability. Nevertheless, we will remain an active participant in the industry as a lender and servicer to other retail check cashing institutions and we will continue to collaborate with regulators and lawmakers to accelerate the integration of unbanked individuals into mainstream financial services.

Each of our four business circles successfully executed the key initiatives we had identified for 2005.

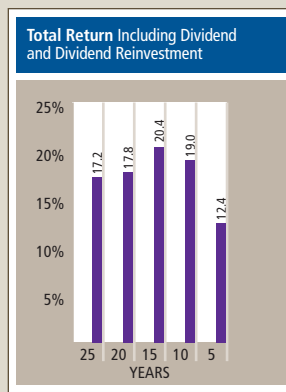
Banco Popular de Puerto Rico:

WE CONNECT WITH OPTIONS

Banco Popular de Puerto Rico focused on leveraging its position as the institution that meets all the financial needs of its customers and enhancing customer service. The integration of all financial services in Puerto Rico under one umbrella has facilitated collaboration among units. These efforts, combined with a renewed emphasis on sales productivity, resulted in an increase in market share in almost every segment. Despite our remarkable success in



● S&P Bank Index ● Popular, Inc.
● S&P 500



this market, there is always room for growth. We will continue to execute our strategies with the intention of becoming the leader in each and every financial service business in Puerto Rico.

**Banco Popular North America:
WE CONNECT TO DREAMS**

Banco Popular North America successfully integrated and converted two acquisitions announced in 2004 – Quaker City Bancorp and Kislak National Bank – and continued with its two-pronged strategy of becoming the premier community bank in the markets it serves, as well as developing niche businesses where it can add value. Its customer acquisition program continued to bring in new customers and significant checking account growth, and specialized lending initiatives such as SBA, middle market and construction lending produced solid results in 2005. Financial results were in line with our expectations, with net income growing 82% over 2004.

**Popular Financial Holdings:
WE CONNECT WITH OPPORTUNITY**

Popular Financial Holdings (PFH), our consumer finance, mortgage and servicing business in the United States, had a difficult year due to the impact that competition and the flattening of the yield curve had on its net interest margin and, consequently, on its financial results. We continue

to take steps to improve going forward. Despite these challenges, PFH had a record-breaking year in terms of production, with originations reaching \$9.9 billion, added 38 stores to its retail franchise and successfully entered the third party servicing business, achieving the highest servicer rating from Standard & Poor's.

**EVERTEC:
WE CONNECT WITH TECHNOLOGY**

EVERTEC, Popular's processing and technology outsourcing company, completed its first full year of operations in 2005, delivering excellent results. The acquisition of ScanData Puerto Rico, a financial services processing company, provides EVERTEC with the opportunity to expand its item processing services to other financial institutions and to market image technology in the Americas. EVERTEC also reinforced its business in Central America, giving the local operation more autonomy to better respond to client needs and enhancing our technology infrastructure by consolidating our Central American processing facilities in Costa Rica. Excellent performance across business units resulted in a net income increase of 74% when compared to the previous year.

Our Community:

WE CONNECT TO PEOPLE

Connecting with our communities is a critical part of what we do as an organization. That vision was very much present when we were founded more than 112 years ago, and it has remained paramount throughout our history. We do it through our business activities, and we do it through philanthropic initiatives in all of the markets we serve. Our employees contribute financial resources as well as their time and expertise through volunteer activities. *USA Today* recognized Popular by giving us a national *Make a Difference Day* Award for our participation in 2004. In 2005, once again, more than 4,000 employees mobilized and touched people in need in communities from Puerto Rico all the way to California. Fundación Banco Popular in Puerto Rico and the Banco Popular Foundation in the United States granted \$927,585 and more than \$200,000, respectively, to over 60 non-profit organizations engaged in educational and community development projects.

During the first quarter of 2005, we entered into a five-year agreement to be the official bank of the New York Mets, the largest sports marketing partnership in Popular's 112 year history. This agreement includes substantial advertising and community outreach opportunities for Banco Popular, including the operation of all ATMs at Shea Stadium. We firmly believe that this sort of initiative strengthens our brand and allows us to better connect with the communities we serve.

The accomplishments that I have shared are a direct result of the hard work and dedication of more than 13,000 employees that every day strive to create and maintain meaningful connections with every person and group touched by Popular. We are also fortunate to have the guidance of a Board of Directors deeply committed to our organization and its future. This year, Mr. Félix J. Serrallés Nevares will retire from the Banco Popular de Puerto Rico Board of Directors upon reaching the mandatory retirement age. As a Director of BanPonce Corporation since 1966, and later joining the Banco Popular and Popular, Inc. Boards, Mr. Serrallés has been advising this organization for 40 years. We are very grateful for his support and important contributions throughout the years.

The outlook for 2006 points to another challenging year, but we are optimistic and expect that, with the same level of discipline and focus on execution, we will continue to thrive in the years ahead.



RICHARD L. CARRIÓN

Chairman

President

Chief Executive Officer

Connect: In thousands of locations and in hundreds of ways, the people of Popular connect each day with customers, the community and each other. Those connections bind us, make us strong, and allow us to continue building relationships that will chart Popular's course for years to come.

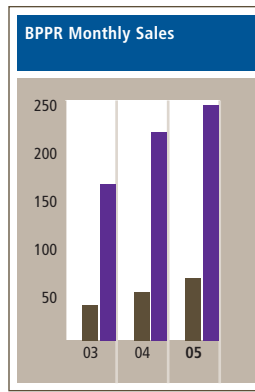


WE CONNECT

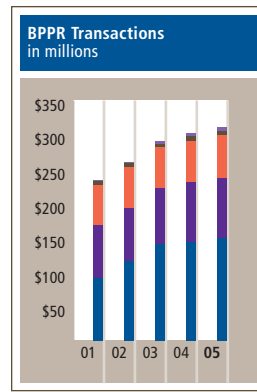
We connect with options.

Being the market leader and Puerto Rico's largest financial institution makes us no less aggressive when it comes to identifying, competing for and retaining new business. Customers expect and deserve the highest possible levels of choice and service. Banco Popular de Puerto Rico delivers a complete array of individual and commercial banking services to people across the island, day and night, whether they are banking at home or at one of our hundreds of locations. Our value as a company rests with our front-line staff, well trained and eager to go the extra mile. We attract customers with very competitive rates on a range of savings, checking, and loan products. We keep and build upon that client base with a responsive, customer-first approach.

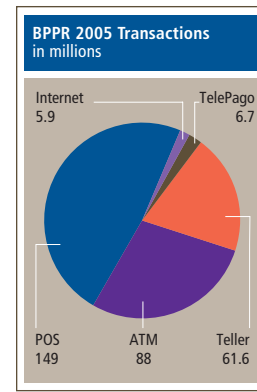
Banco Popular de Puerto Rico



● Employee Average Sales
● Branch Average Sales



● POS
● ATM
● Teller
● TelePago



● POS
● ATM
● Teller
● TelePago
● Internet

Banco Popular de Puerto Rico, the leading financial institution in Puerto Rico, connects customers to countless options to cover their financial needs. Through our comprehensive network of delivery channels, our customers can reach us at any time. In 2005, we held fast to our resolve to remain the leading financial institution on the island and delivered superior results amidst the challenging environment surrounding Puerto Rico's banking industry.

Throughout the year, we significantly grew our deposit and loan portfolios, despite a difficult interest rate scenario and aggressive competition. Deposit market share grew to 32.6% and loan market share resulted in 23% for 2005. We also enhanced our credit policies to reflect a renewed strategy, increasing our portfolio profitability without sacrificing credit-worthiness.

Our branch network continues to offer convenience to our customers. We remodeled over 10% of branches and added three new ones. This brings our total number of branches to 194, by far the largest network in Puerto Rico. We also improved our online banking website, *Mi Banco* (My Bank), and launched a mobile banking platform.

To further enhance customer satisfaction, we focused intently on our retail service initiative *Sonrisa* (Smile).

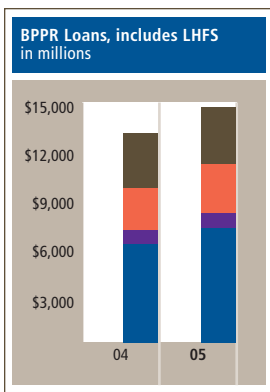


David H. Chafey Jr., Senior Executive Vice President, Popular, Inc. President, Banco Popular de Puerto Rico

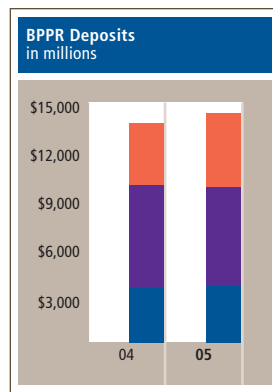
Through *Sonrisa*, we trained our entire sales staff in consultative sales and customer service, better preparing them to keep fulfilling our customers' demanding standards. Sales per month per employee increased 20% in 2005. We also launched the Branch Service Index to measure service standards at every branch.

Meanwhile, more customers than ever expressed satisfaction with Banco Popular de Puerto Rico; 73% intend to acquire more of our products and services, 93% will continue banking with us, and nine out of 10 customers would recommend us to a friend, a reflection of the trust our customers continue to place on us.

Through our commercial banking centers and branches, we consulted small and middle market business owners,



● Commercial
● Leases
● Consumer
● Mortgage



● Demand
● Savings
● Time

BPPR 2005 Highlights

- \$26.5 billion in assets; largest Popular, Inc. subsidiary
- 305 financial offices in Puerto Rico and the Virgin Islands
- 1.3 million Popular clients
- 93%* of customers are satisfied or extremely satisfied with Popular
- 6,493 Employees (full time equivalent)

*According to internal surveys

Being Puerto Rico's largest financial institution has not made us any less aggressive when it comes to identifying and competing for new business.

leading to a loan portfolio growth of 12% over 2004. Because this is an important segment for the bank, we continued to streamline our underwriting process to improve ease of doing business with us, while lowering our expenses. We also reached out to real estate developers on the island, notably increasing our construction loan portfolio by \$193 million over 2004.

Our commercial customers now enjoy an improved online banking experience by accessing real-time deposit account balances, transaction information, and applying for letters of credit. They also enjoy greater fraud prevention security when using electronic services thanks to the implementation of the positive pay modules. Internet-initiated wire transfers now require password-generating tokens, which are considered one of the safest authentication systems in the industry. The Merchant Acquisition group also had a strong year, increasing revenues 13% and adding over 260 customers per month. All these efforts allowed Popular to grow non-interest bearing commercial deposits 7.4% in 2005.

Meanwhile, our Consumer Lending group spearheaded significant accomplishments. Total loan portfolio growth for the group totaled \$432 million. Our credit card, auto

lending and installment loans experienced the highest increase in volume. Total mortgage loan originations climbed to \$1.8 billion in 2005 or 24% over 2004.

Popular Finance positioned itself for future growth by reinforcing internal capabilities, expanding its branch network by seven branches during the second half of the year, and rolling out a platform for the indirect lending program, which will boost competitiveness in this important segment.

The Financial Services and Investments unit had a good year, completing the acquisition of a financial advisory and investment management firm, Financial Planning Group Corp. Popular Asset Management increased assets under management by \$295 million. Popular Insurance continued to penetrate the insurance market by increasing premiums written to \$144 million versus \$138 million in 2004, representing a 4% increase.

Encouraged by our strong performance in 2005, we will continue to provide strong financial results and will seek to connect clients to our extensive distribution network and variety of first-class financial services.

BANCO
POPULAR

Mets

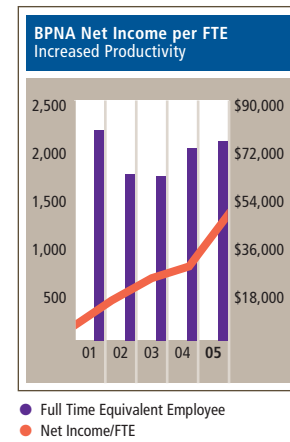
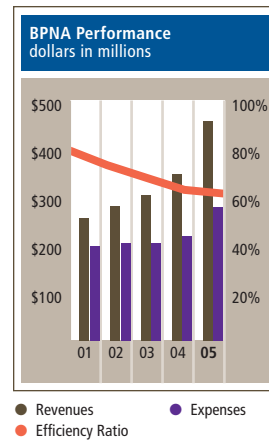
Mets

Open

We connect to dreams.

Popular continues to expand our franchise in the United States by offering the most complete financial services in the communities we serve, while leveraging our unique advantages in the Hispanic market. In March 2005, Banco Popular North America entered into a five-year agreement to become the official bank of the New York Mets. The agreement includes the operation of all ATMs at Shea Stadium, along with multiple branding and sponsorship opportunities. BPNA enticed new customers with a Mets ticket offer to all who opened a new account at a New York area branch. BPNA will also play a significant role in the Mets' community outreach efforts, co-sponsoring the Mets' summer reading program with the New York Public Library, and spearheading a ticket distribution program to community organizations.

Banco Popular North America



Throughout 2005, Banco Popular North America (BPNA) connected with communities; guided by our *New Day* strategic roadmap and focusing on our goal to make dreams happen for our neighbors in the communities we serve, we effectively laid down the foundation to continue building a strong franchise in the United States.

BPNA delivered significant growth in 2005, with net income reaching \$99.2 million from \$54.5 million in 2004 – an increase of 82%. Loans jumped 15%, deposits increased 19% and fee income grew 20% during 2005.

Organic growth (excluding acquisitions) was supplemented by the successful integration and systems conversion of two recent acquisitions (Quaker City Bank and Kislak National Bank). Organic loan and customer deposit growth rates were 13% and 8%, respectively. Loans and deposits from the two acquisitions grew by 10% and 3%, respectively – a solid showing for the first year.

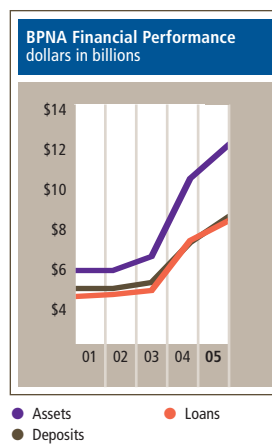
Key niche lending initiatives experienced double-digit growth. Our Small Business Administration (SBA) lending group was restructured and new leadership re-energized lending efforts that continued to move the needle on BPNA's goal of becoming a top three SBA lender in the markets we serve. SBA loan originations went from \$165 million in 2004 to \$254 million in 2005 – an increase of 54%. Middle



Roberto R. Herencia, Executive Vice President, Popular, Inc. President, Banco Popular North America

Market lending also proved very profitable with loans increasing from \$280 million in 2004 to \$390 million in 2005 – an increase of 39%. Another success story for BPNA is our “non-conventional” mortgage program, which expanded to 11 states and achieved \$241 million in originations, or a 57% increase over 2004.

In 2005, we launched our *Got Passion?* customer campaign, raising awareness about our commitment to customers and creating multiple channels for their feedback to better address their needs. Our customers responded well to the further refining of our Value Proposition: delivering an extraordinary customer experience. As a reflection of our effort, retail checking account openings increased by 71% over 2004 and business accounts grew by 29%.



With the 2005–2008 strategic plan, *Seize the Future*, we begin our next stage of development.

During the first quarter of 2005, we entered into a five-year agreement to be the official bank of the New York Mets. This agreement includes substantial advertising and community outreach opportunities for Banco Popular, including the operation of all ATMs at Shea Stadium.

We also provided Our People, better known as *DreamMakers*, with best-in-class Human Resources practices that were acknowledged by receiving regional Best Company recognitions in Chicago and Orlando for BPNA, and in St. Louis for Popular Leasing, U.S.A. Our efforts in this area successfully produced a more engaged and effective workforce.

In 2005 we also had to make some difficult decisions. Having analyzed the benefits and risks associated with the business, the Corporation sold most of the assets of Popular Cash Express (PCE), a wholly-owned check cashing operation in the United States. It became hard to compete against non-bank owned check cashers, which are less regulated than us. The requirements related to Bank Secrecy Act (BSA) compliance, along with our decision to remain outside the payday lending business, impacted PCE's profitability. We will, however, remain an active participant in the industry as a lender and servicer to other retail check cashing institutions.

The period from 2001 through 2005 was marked by the launch, execution and successful completion of our *New Day* initiative, a time when BPNA faced great challenges and opportunities. As an organization, we dreamt big and took our achievements to a new level, boldly responding with results that tell the story.

The Shared Agreement process that began in 2001 effectively aligned employee actions and goals with our company's vision and business goals. As a result, assets more than doubled from \$5.7 billion in 2001 to \$12 billion in 2005; non-performing assets to total loans dropped to 0.72%; net income almost doubled to reach \$99.2 million, and market share grew within our footprint. All the while employee headcount remained unvarying – even after two acquisitions.

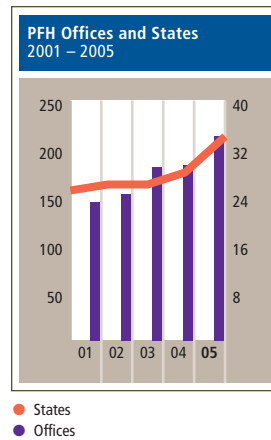
With the 2005–2008 strategic plan, *Seize the Future*, we begin our next stage of development, with the goal to substantially grow our customer base, revenues and earnings. BPNA will continue to improve financial performance by creating daring goals for our next round of dreams.



We connect with opportunity.

Successful communities rely on inclusive and widespread home ownership, vibrant commercial districts and sustainable job generators. Popular Financial Holdings enables neighborhood growth and renewal by serving retail customers directly through its Equity One subsidiary, producer of prime and non-prime mortgage loans, unsecured loans and sales finance. Popular Financial Services, LLC and Popular Warehouse Lending, LLC work with mortgage bankers at the wholesale level. A newly acquired subsidiary, E-LOAN, provides online consumer direct lending to obtain mortgage, auto and home equity loans. All four primary businesses share centralized support and a strategy calling for increased cross selling, geographic expansion and an increasingly diversified loan portfolio.

Popular Financial Holdings



In 2005, Popular Financial Holdings (PFH), Popular's consumer finance, mortgage, and servicing group in the United States, connected to opportunities for future growth in support of its mission to be the lender of choice for customers. PFH moved forward and achieved important origination goals, even when faced with the difficulties in the mortgage lending industry and the adverse effects of a flattening yield curve. These factors resulted in earnings for 2005 being well below our earnings in 2004 and our expectations for the year.

With the restructuring of PFH last year, the Corporation opened the door to stimulate its growth. Throughout 2005, we seized every opportunity to do so, successfully achieving our expansion goals. We began by opening 38 new branch offices in six states, along with acquisitions, which also fueled growth during 2005.

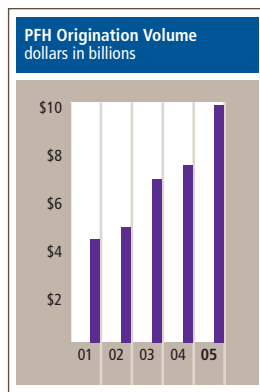
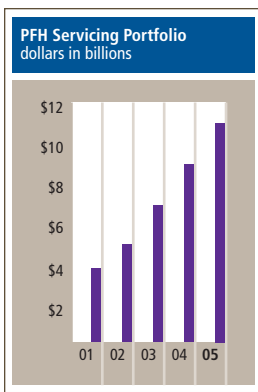
Popular, Inc. acquired online consumer direct lender E-LOAN in November, aligning both companies to reap great benefits from the partnership. Thanks to the acquisition, PFH will expand its national footprint and significantly improve its technology platform and Internet presence, while E-LOAN will gain access to Popular, Inc.'s financial and capital markets and PFH's non-prime products.



Bill Williams, Executive Vice President, Popular, Inc.
President, Popular Financial Holdings

The acquisition of Infinity Mortgage, which we completed in November, complements our existing direct mail efforts by adding a national call center. The partnerships with E-LOAN and Infinity Mortgage also provide an opportunity to expand our loan servicing business. Following the acquisitions, PFH's network of operations now stands at 213 offices in 34 states; we are also licensed to do business in all 50 states.

PFH also entered two new businesses: manufactured housing and third party servicing. Through Popular Housing Services, we offer manufactured housing loans in 14 states. Third party servicing, which won its first bid this year, allows us to generate income without the collateral risk of owning a loan portfolio.



PFH 2005 Highlights

- \$9.7 billion in assets
- 213 offices in 34 states
- Mortgage servicer rating upgrade by Moody's to "Above Average" and Standard & Poor's to "Strong"
- Four call centers covering continental U.S.
- 2005 E-LOAN originations were over \$5.4 billion

We garnered an upgrade of our servicer ratings from Moody's to "Above Average" and from Standard & Poor's to "Strong."

In 2005, PFH reorganized into four business groups in order to incorporate growth and best execute its mission. The groups Retail Operations, Wholesale Operations, E-LOAN and Commercial Operations – each with its own leader – will give each business the autonomy to react to market demands by operating in a more entrepreneurial style while remaining in a corporate environment, combining the best of both worlds.

PFH also connected to opportunities to grow its core business of mortgage loan originations. Retail Operations, which represent 20% of the PFH mortgage loan portfolio, originated more than \$1.7 billion of mortgage loans in 2005, a 23% increase over 2004. Retail Operations also increased the number of loan officers by 25% over 2004, and the average loan amount closed per officer increased by 18% over 2004. As a key element of this group, the Consumer Services lending operation originated \$762 million in mortgage secured and unsecured personal loans.

Wholesale Operations, which represent 80% of our mortgage loan portfolio, had total originations of \$4.3 billion. Wholesale volume, through our broker network, experienced an increase of 50% over 2004. The average

loan amount closed per account manager increased by 21% in 2005. The profitability of the Asset Acquisitions group, however, was significantly below our expectations, due to the continued flattening of the yield curve in 2005.

Popular Warehouse Lending, which targets small and mid-sized mortgage bankers by providing revolving lines of credit to finance mortgage loans, originated \$2.6 billion in 2005. The combined production of all our units resulted in \$9.9 billion in originations in 2005, a record year for us.

PFH's managed portfolio surpassed the \$10 billion mark, heading the company toward its ambitious goal of \$25 billion by 2010. We also garnered an upgrade of our servicer ratings from Moody's to "Above Average" and from Standard & Poor's to "Strong," an outstanding vote of confidence in our ability to best serve the market.

We will continue to connect to and seek opportunities that fully support our mission of being the preeminent employer, lender and investment of choice. We will continue to execute on our goal of providing an exceptional customer experience and doing things the right way, every day.



We connect with technology.

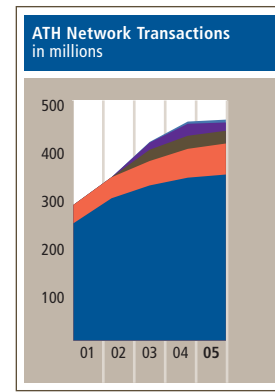
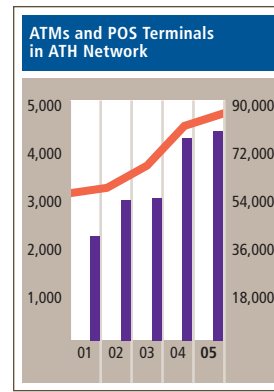
Ongoing investment in electronic transaction infrastructure continues to quicken the pace of change for both financial institutions and their customers. EVERTEC, the financial transaction processing arm of Popular, offers its experience in technology and electronic banking throughout Latin America and the Caribbean. EVERTEC provides the software, hardware and services businesses need to be successful and profitable. By always identifying and pursuing the leading edge of technology, we help clients do more in less time. As the cost of communication and information technology decline, new scaleable and flexible solutions for acquiring, processing, and storing information are found. This allows financial markets to expand and deepen, and new opportunities to emerge.

EVERTEC

EVERTEC keeps its customers connected to the world by providing dynamic information technology solutions that eradicate barriers, shorten distances, and open doors to new markets. In 2005, EVERTEC completed its first full year of operation, focusing on growing core revenues and increasing operational efficiency. We also grew through acquisitions, strategic alliances and the expansion into new service areas.

In May, we acquired 100% of all issued outstanding shares of ScanData Puerto Rico, an item processing provider. With the acquisition, EVERTEC processes close to 60% of all checks in Puerto Rico. We also gained the rights to provide ScanData's proprietary imaging technology in the Americas. ScanData's Atril technology facilitates the digital processing of checks as permitted under the Check 21 Act and can also be used for processing, storing, sending and revising documents. This acquisition further solidifies our geographical expansion and effectively gives EVERTEC the potential to expand our document processing offering beyond check imaging.

Popular also signed an agreement for the acquisition of a 19.99% equity participation in UBCI, the holding company of Grupo Cuscatlán and the second largest financial institution in Central America. This agreement advances Popular, Inc.'s objectives to offer high-quality technological services and participate in the economic growth of the Central American region.



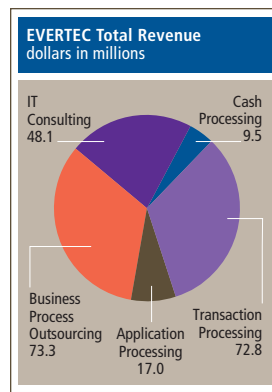
● POS Terminals
● ATMs
● ATH BPNA
● ATH El Salvador
● ATH Costa Rica
● CONTADO, S.A.
● ATH Puerto Rico



Félix M. Villamil, Executive Vice President, Popular, Inc.
President, EVERTEC, Inc.

On August 18, 2005, EVERTEC acquired all of Valiant Inc.'s contracts in Puerto Rico. Valiant, Inc. is a software development company specializing in workforce time management solutions. The addition of Valiant's software to EVERTEC's service offering portfolio allows us to further expand our customer base and provides EVERTEC with an additional source of fee based income.

At year end, our flagship ATH network, which spans Puerto Rico, Costa Rica and the Dominican Republic, had processed more than 460,158,944 transactions through 4,374 ATMs and 85,292 POS terminals. We also increased by 7% the number of affiliated financial institutions in 2005. In Puerto Rico, we celebrated a landmark in the history of the ATH network, its 21st anniversary. Two decades after its inception, the ATH network has grown to include 1,439 ATMs and 49,466 POS terminals across the island.



EVERTEC 2005 Highlights

- Leading provider of processing and outsourcing services including application processing, business process outsourcing, IT consulting, and cash processing to third parties and Popular companies
- Serves clients in Puerto Rico, United States, Dominican Republic, Costa Rica, Venezuela, Haiti, El Salvador, Honduras, Bermuda, Belice and Nicaragua
- Over 866.4 million transactions processed
- 4,374 ATMs
- 85,292 POS terminals

In Puerto Rico, we celebrated a landmark in the history of the ATH[®] network, its 21st anniversary.

In Costa Rica, we experienced significant growth, servicing 23 institutions and operating 728 ATMs and 5,785 POS terminals. In El Salvador, we integrated the Serfin, S.A. switch into Costa Rica's platform, after having acquired 31% of the operation the previous year. In that market, we serviced five institutions and operated 710 ATMs and 4,700 POS terminals. In the Dominican Republic, Consorcio de Tarjetas Dominicanas (CONTADO) closed the year with 1,316 ATMs and 25,341 POS terminals, processing 64,663,980 transactions.

This year, EVERTEC expanded its healthcare transaction processing business with the launch of EVERGate, a universal clearinghouse for health insurance transactions. The system, which is compatible with all medical insurance programs, sends and receives electronic transactions in a single connection. With EVERGate, we have raised the bar for electronic healthcare transaction processing in Puerto Rico, providing our customers with a system that offers the utmost convenience and simplicity.

The redesign of our banking technology infrastructure, one of Popular's most important long-term investments, continues on track. During 2005, we launched a pilot

program to test the integration of several banking delivery channels to our centralized customer data integrator, the Transaction Vault (TV), the design of which was completed the previous year. Full implementation of the TV and its connection to delivery channels for all Banco Popular de Puerto Rico customers is planned for 2006. The TV will provide a consistent and single customer view that will enable the Bank to identify and address service and sales opportunities at the point of contact with its customers, regardless of the delivery channel they select. We also streamlined the areas of cash and item processing and printing, changes that required a small capital investment but will result in greater cost efficiency.

As we continue to expand our processing business, we will not falter in our commitment to the highest standards of quality and service. We remain focused on connecting our customers to the latest, most advanced and cost efficient technology available to enable the transformation of their business processes and enhance, simplify and improve their lives.



We connect to people.

At Popular we believe we are much more than a financial institution. We are a proud member and a reflection of every community we serve. Popular and its employees connect with the community in a variety of ways. At the corporate level, we direct donations and sponsor programs that focus on our three primary philanthropic goals: education, financial literacy and economic development.

We also work to enrich the lives of our customers and all community members through the arts, cultural awareness and sports as a means to foster the spirit of achievement among our youth. The spirit of giving and a shared commitment to community is one of the core leadership qualities we seek in each of our employees. Our desire to be engaged with the community, both inside and outside the doors of our offices, is a critical component of what we stand for.

Our Community

Throughout its 112-year history, Popular has held the institutional value of social commitment paramount. We believe that our best investment is the one we make to support the education and development of the communities we serve. As such, we are committed to proactively contribute to the social and economic well-being of our communities through our philanthropic endeavors and the collective efforts of our employees.

In 2005, Our People showed this commitment in the aftermath of the worst tragedy to hit the United States in a long time. Moved by the devastation in the Gulf Coast following hurricane Katrina, our employees and customers rallied to contribute to the relief effort. We raised more than \$366,000 across the Corporation, which was donated to the American Red Cross and launched a company-wide drive to collect emergency items for the displaced families. The solidarity campaign with the victims of hurricane Katrina resulted in the donation of over 25,000 pounds of emergency items to Katrina refugees in Texas.

Regulators recognized our commitment to community development by granting BPPR and BPNA an “Outstanding” Community Reinvestment Act (CRA) rating in 2005.

Puerto Rico

Fundación Banco Popular, Popular’s philanthropic arm in Puerto Rico, invested \$927,585 to support 46 not-for-profit organizations that champion education and community development. Our contribution sponsors



such initiatives as after school programs, mentorship, high school dropout prevention, and education through the arts. Our investment also supported community self help efforts, leadership development and organizational training for community leaders.

Popular employees in Puerto Rico showed their dedication to community development, donating time and funds to various organizations. Through our *Volunteers in Action* program, more than 4,000 employees and their family and friends participated in various volunteer service activities for more than 15,000 hours served. For the third consecutive year, Popular joined the nationwide *Make a Difference Day*, when more than 3,500 employees donated 11,250 hours of volunteer service to 140 projects. On this day, Popular employees made a difference in the lives of more than 7,000 members of the community and the Corporation invested approximately \$100,000 towards their projects.

Our contribution to the *Jóvenes de Puerto Rico en Riesgo* (Puerto Rico Youth at Risk) organization is a shining example of our strong pledge to the progress of our communities. Of the 30 mentors involved in the organization, 12 are Popular employees. Fundación Banco Popular

We are committed to proactively contribute to the social and economic well-being of our communities.

donated \$85,000 this year to the organization, which helps lower the incidence of high school dropouts, teenage pregnancies, and drug use through mentorship in high-risk communities.

The voluntary payroll deduction program reached 61% participation this year and raised \$483,277. Also, 61% of the organizations that received funding this year have employee liaisons that serve as volunteers or board members and represent the organization before the Fundación Banco Popular Board of Trustees.

Fundación Banco Popular strengthened its commitment to education by adding the *Rafael Carrión Jr. Academic Excellence Award* to our existing scholarships program. In conjunction with the College Board, we granted 85 students \$1,000 awards for having achieved the highest scores in the local college entrance examination. In addition, Fundación Banco Popular granted \$50,000 toward an endowment for scholarships to the Berklee College of Music in Boston, Massachusetts.

The *Rafael Carrión Jr. Scholarship Fund* entered its 14th year of providing scholarships to the children of Popular employees and retirees. In 2005, 122 scholarships were granted for a total of \$173,600. Since 1994, Popular has also provided scholarships for 14 Puerto Rican students to attend the Wharton School of the University of Pennsylvania, an investment of \$370,500.



In October, Fundación Banco Popular forged an alliance with the Leader to Leader Institute, Sagrado Corazón University, and Fundación Compromiso de Argentina to present the self-evaluation model developed by renowned author and managerial theorist Peter Drucker to not-for-profit organizations in Puerto Rico. One hundred and forty people representing 40 organizations participated in the first event, where we offered the self-evaluation model called Excellence in Performance: The Drucker Self-Assessment Tool for Nonprofit Organizations. In addition, five organizations remain engaged in the self-assessment process until May, 2006.

Fundación Banco Popular also continues to run the Rafael Carrión Pacheco Exhibition Hall, where *Algo de valor: una exhibición sobre el dinero para niños y adultos* (Something of Value: an exhibit about money for children and adults) is currently on display. This year, we hosted photography workshops that asked young people to exalt what they most value of their surroundings, their communities. This sustained educational program has achieved the attendance of more than 28,000 visitors to the current exhibition.

United States

In the United States, we celebrated the first year of the Banco Popular Foundation, which was established to carry on Popular's philanthropic tradition in the communities served by Banco Popular North America (BPNA).

Our Foundation made dreams happen for 16 not-for-profit organizations across the United States, investing more than \$200,000 in the areas of education and youth (\$105,000), health and supported living (\$78,000) and community development (\$22,000). These grants were made possible by the generosity of Our People, with 12% of BPNA employees participating in our matching gift program. We also made contributions to other organizations which foster education and community development, including Junior Achievement (\$118,000 raised at our Bowl-A-Thons) and the Puerto Rican Day Parade Scholarship Fund in New York (\$20,000).

In addition, hundreds of our employees took advantage of their 16 hours of community service paid time off to give back to their communities. Through the *It's in Our Hands Volunteer Program*, Our People invested 32,400 hours in local projects and initiatives and nearly 70% of our officers are actively engaged in community service.



BPNA participated in the 2005 *Make a Difference Day*, sponsored by *USA Weekly Magazine* and the Points of Light Foundation, with more than 500 employees volunteering at 40 different locations for a total of 2,344 service hours. Our subsidiaries also contributed significantly to our community involvement goals. Popular Leasing, U.S.A. (PLUSA), for example, was named a winner in the 2005 *Greater St. Louis Top 50 Businesses Shaping Our Future* thanks to their commitment to the community. A total of 84% of PLUSA's employees volunteered more than 3,000 hours in the St. Louis community in 2005.

The work of Fundación Banco Popular and Banco Popular Foundation, along with the support of Popular employees continues to make a difference towards the improvement of the communities we serve. It is our goal to establish long-lasting, productive connections to improve the lives of the people who make up those communities.

OUR CREED

Banco Popular is a local institution dedicating its efforts exclusively to the enhancement of the social and economic conditions in Puerto Rico and inspired by the most sound principles and fundamental practices of good banking.

Banco Popular pledges its efforts and resources to the development of a banking service for Puerto Rico within strict commercial practices and so efficient that it could meet the requirement of the most progressive community of the world.

These words, written in 1928 by Don Rafael Carrión Pacheco, Executive Vice President and President (1927–1956), embody the philosophy of Popular, Inc.

OUR PEOPLE

The men and women who work for our institution, from the highest executive to the employees who handle the most routine tasks, feel a special pride in serving our customers with care and dedication. All of them feel the personal satisfaction of belonging to the "Banco Popular Family," which fosters affection and understanding among its members, and which at the same time firmly complies with the highest ethical and moral standards of behavior.

These words by Don Rafael Carrión Jr., President and Chairman of the Board (1956–1991), were written in 1988 to commemorate the 95th anniversary of Banco Popular de Puerto Rico, and reflect our commitment to human resources.

INSTITUTIONAL VALUES

Social Commitment

We are committed to work actively in promoting the social and economic well-being of the communities we serve.

Customer

We achieve satisfaction for our customers and earn their loyalty by adding value to each interaction. Our relationship with the customer takes precedence over any particular transaction.

Integrity

We are guided by the highest standards of ethics, integrity and morality. Our customers' trust is of utmost importance to our institution.

Excellence

We believe there is only one way to do things: the right way.

Innovation

We foster a constant search for new solutions as a strategy to enhance our competitive advantage.

Our People

We strive to attract, develop, compensate and retain the most qualified people in a work environment characterized by discipline and affection.

Shareholder Value

Our goal is to produce high and consistent financial returns for our shareholders, based on a long-term view.

STRATEGIC OBJECTIVES

Puerto Rico

Strengthen our competitive position in our main market by offering the best and most complete financial services in an efficient and convenient manner. Our services will respond to the needs of all segments of the market in order to earn their trust, satisfaction and loyalty.

United States

Expand our franchise in the United States by offering the most complete financial services to the communities we serve while capitalizing on our strengths in the Hispanic market.

Processing

Provide added value by offering integrated technological solutions and financial transaction processing.



Corporate Leadership Circle

ROBERTO R. HERENCIA

Executive Vice President, Popular, Inc.
President, Banco Popular North America

RICHARD L. CARRIÓN

Chairman
President
Chief Executive Officer
Popular, Inc.

BRUNILDA SANTOS DE ÁLVAREZ, ESQ.

Executive Vice President, Chief Legal Counsel
Popular, Inc.

JORGE A. JUNQUERA

Senior Executive Vice President
Chief Financial Officer
Popular, Inc.

DAVID H. CHAFEY JR.

Senior Executive Vice President, Popular, Inc.
President, Banco Popular de Puerto Rico

BILL WILLIAMS

Executive Vice President, Popular, Inc.
President, Popular Financial Holdings

TERE LOUBRIEL

Executive Vice President
People, Communications and Planning
Popular, Inc.

AMÍLCAR JORDÁN, ESQ.

Executive Vice President
Risk Management
Popular, Inc.

FÉLIX M. VILLAMIL

Executive Vice President, Popular, Inc.
President, EVERTEC, Inc.



Board of Directors, Popular, Inc.

WILLIAM J. TEUBER JR.

Chief Financial Officer, EMC Corporation

SAMUEL T. CÉSPEDES, ESQ.

Secretary of the Board of Directors
Popular, Inc.

RICHARD L. CARRIÓN

Chairman
President
Chief Executive Officer
Popular, Inc.

JOSÉ R. VIZCARRONDO

President and Chief Executive Officer
Desarrollos Metropolitanos, S.E.

MARÍA LUISA FERRÉ

Executive Vice President, Grupo Ferré Rangel

FREDERIC V. SALERNO

Investor

MANUEL MORALES JR.

President, Parkview Realty, Inc.

JOSÉ B. CARRIÓN JR.

President, Collosa Corporation

FRANCISCO M. REXACH JR.

President, Capital Assets, Inc.

JUAN J. BERMÚDEZ

Partner, Bermúdez & Longo, S.E.

Condensed Consolidated Statements of Condition

(In thousands)	At December 31,	
	2005	2004
Assets		
Cash and due from banks	\$ 906,397	\$ 716,459
Money market investments	749,423	879,640
Trading securities, at market value	519,338	385,139
Investment securities available-for-sale, at market value	11,716,586	11,162,145
Investment securities held-to-maturity, at amortized cost	153,104	340,850
Other investment securities, at lower of cost or realizable value	319,103	302,440
Loans held-for-sale, at lower of cost or market	699,181	750,728
Loans held-in-portfolio	31,308,639	28,253,923
Less – Unearned income	297,613	262,390
Allowance for loan losses	461,707	437,081
	30,549,319	27,554,452
Premises and equipment	596,571	545,681
Other real estate	79,008	59,717
Accrued income receivable	245,646	207,542
Other assets	1,325,800	1,046,374
Goodwill	653,984	411,308
Other intangible assets	110,208	39,101
	\$ 48,623,668	\$ 44,401,576
Liabilities and Stockholders' equity		
<i>Liabilities:</i>		
Deposits:		
Non-interest bearing	\$ 3,958,392	\$ 4,173,268
Interest bearing	18,679,613	16,419,892
	22,638,005	20,593,160
Federal funds purchased and assets sold under agreements to repurchase	8,702,461	6,436,853
Other short-term borrowings	2,700,261	3,139,639
Notes payable	9,893,577	10,180,710
Subordinated notes	—	125,000
Other liabilities	1,240,002	821,491
	45,174,306	41,296,853
Minority interest in consolidated subsidiaries	115	102
<i>Stockholders' equity:</i>		
Preferred stock	186,875	186,875
Common stock	1,736,443	1,680,096
Surplus	452,398	278,840
Retained earnings	1,456,612	1,129,793
Treasury stock – at cost	(207,081)	(206,437)
Accumulated other comprehensive (loss) income, net of tax	(176,000)	35,454
	3,449,247	3,104,621
	\$ 48,623,668	\$ 44,401,576

Condensed Consolidated Statements of Income

(In thousands, except per share information)	Year ended December 31,		
	2005	2004	2003
Interest income			
Loans	\$2,116,299	\$1,751,150	\$1,550,036
Money market investments	30,736	25,660	25,881
Investment securities	488,814	413,492	422,295
Trading securities	30,010	25,963	36,026
	2,665,859	2,216,265	2,034,238
Interest expense			
Deposits	430,813	330,351	342,891
Short-term borrowings	349,203	165,425	147,456
Long-term debt	461,636	344,978	259,203
	1,241,652	840,754	749,550
Net interest income	1,424,207	1,375,511	1,284,688
Provision for loan losses	195,272	178,657	195,939
Net interest income after provision for loan losses	1,228,935	1,196,854	1,088,749
Service charges on deposit accounts	181,749	165,241	161,839
Other service fees	331,501	295,551	284,392
Net gain on sale and valuation adjustment of investment securities	52,113	15,254	71,094
Trading account profit (loss)	30,051	(159)	(10,214)
Gain on sale of loans	83,297	44,168	53,572
Other operating income	106,564	88,716	65,327
	2,014,210	1,805,625	1,714,759
Operating expenses			
Personnel costs	622,689	571,018	526,444
Net occupancy expenses	108,386	89,821	83,630
Equipment expenses	124,276	108,823	104,821
Other taxes	39,197	40,260	37,904
Professional fees	119,281	95,084	82,325
Communications	63,395	60,965	58,038
Business promotion	100,434	75,708	73,277
Printing and supplies	18,378	17,938	19,111
Other operating expenses	122,585	103,551	119,689
Amortization of intangibles	9,579	7,844	7,844
	1,328,200	1,171,012	1,113,083
Income before income tax, minority interest and cumulative effect of accounting change	686,010	634,613	601,676
Income tax	148,915	144,705	130,326
Net gain of minority interest	—	—	(435)
Income before cumulative effect of accounting change	537,095	489,908	470,915
Cumulative effect of accounting change, net of tax	3,607	—	—
Net income	\$ 540,702	\$ 489,908	\$ 470,915
Net income applicable to common stock	\$ 528,789	\$ 477,995	\$ 460,996
Net income per common share – basic, after cumulative effect of accounting change	\$ 1.98	\$ 1.79	\$ 1.74
Net income per common share – diluted, after cumulative effect of accounting change	\$ 1.97	\$ 1.79	\$ 1.74
Dividends declared per common share	\$ 0.64	\$ 0.62	\$ 0.51

For a complete set of audited consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, refer to Popular, Inc.'s 2005 Financial Review and Supplementary Information to Stockholders incorporated by reference in Popular, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2005.

Historical Financial Summary – 25 Years

(Dollars in millions, except per share data)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
Selected Financial Information											
Net Interest Income	\$ 135.9	\$ 151.7	\$ 144.9	\$ 156.8	\$ 174.9	\$ 184.2	\$ 207.7	\$ 232.5	\$ 260.9	\$ 284.2	\$ 407.8
Non-Interest Income	15.8	15.9	19.6	19.0	26.8	41.4	41.0	54.9	63.3	70.9	131.8
Operating Expenses	109.4	121.2	127.3	137.2	156.0	168.4	185.7	195.6	212.4	229.6	345.7
Net Income	24.3	27.3	26.8	29.8	32.9	38.3	38.3	47.4	56.3	63.4	64.6
Assets	2,677.9	2,727.0	2,974.1	3,526.7	4,141.7	4,531.8	5,389.6	5,706.5	5,972.7	8,983.6	8,780.3
Net Loans	1,007.6	976.8	1,075.7	1,373.9	1,715.7	2,271.0	2,768.5	3,096.3	3,320.6	5,373.3	5,195.6
Deposits	2,111.7	2,208.2	2,347.5	2,870.7	3,365.3	3,820.2	4,491.6	4,715.8	4,926.3	7,422.7	7,207.1
Stockholders' Equity	142.3	163.5	182.2	203.5	226.4	283.1	308.2	341.9	383.0	588.9	631.8
Market Capitalization	\$ 66.4	\$ 99.0	\$ 119.3	\$ 159.8	\$ 216.0	\$ 304.0	\$ 260.0	\$ 355.0	\$ 430.1	\$ 479.1	\$ 579.0
Return on Assets (ROA)	0.90%	0.96%	0.95%	0.94%	0.89%	0.88%	0.76%	0.85%	0.99%	1.09%	0.72%
Return on Equity (ROE)	18.36%	17.99%	15.86%	15.83%	15.59%	15.12%	13.09%	14.87%	15.87%	15.55%	10.57%
Per Common Share¹											
Net Income – Basic	\$ 0.17	\$ 0.19	\$ 0.19	\$ 0.21	\$ 0.23	\$ 0.25	\$ 0.24	\$ 0.30	\$ 0.35	\$ 0.40	\$ 0.27
Net Income – Diluted	\$ 0.17	\$ 0.19	\$ 0.19	\$ 0.21	\$ 0.23	\$ 0.25	\$ 0.24	\$ 0.30	\$ 0.35	\$ 0.40	\$ 0.27
Dividends (Declared)	0.03	0.04	0.06	0.06	0.07	0.08	0.09	0.09	0.10	0.10	0.10
Book Value	0.97	1.11	1.24	1.38	1.54	1.73	1.89	2.10	2.35	2.46	2.63
Market Price	\$ 0.46	\$ 0.69	\$ 0.83	\$ 1.11	\$ 1.50	\$ 2.00	\$ 1.67	\$ 2.22	\$ 2.69	\$ 2.00	\$ 2.41
Assets by Geographical Area											
Puerto Rico	95%	95%	94%	91%	92%	92%	94%	93%	92%	89%	87%
United States	5%	5%	5%	8%	7%	7%	5%	6%	6%	9%	11%
Caribbean and Latin America			1%	1%	1%	1%	1%	1%	2%	2%	2%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Traditional Delivery System											
Banking Branches											
Puerto Rico	110	110	112	113	115	124	126	126	128	173	161
Virgin Islands	1	2	3	3	3	3	3	3	3	3	3
United States	7	7	6	9	9	9	9	10	10	24	24
Subtotal	118	119	121	125	127	136	138	139	141	200	188
Non-Banking Offices											
Popular Financial Holdings											27
Popular Cash Express											
Popular Finance							14	17	18	26	26
Popular Auto									4	9	9
Popular Leasing, U.S.A.											
Popular Mortgage											
Popular Securities											
Popular Insurance											
Popular Insurance Agency U.S.A.											
Popular Insurance, V.I.											
EVERTEC											
Subtotal							14	17	22	35	62
Total	118	119	121	125	127	136	152	156	163	235	250
Electronic Delivery System											
ATMs²											
Owned and Driven											
Puerto Rico			30	78	94	113	136	153	151	211	206
Caribbean							3	3	3	3	3
United States											
Subtotal			30	78	94	113	139	156	154	214	209
Driven											
Puerto Rico			6	36	51	55	68	65	54	73	
Caribbean											
Subtotal			6	36	51	55	68	65	54	73	
Total			30	84	130	164	194	224	219	268	282
Transactions (in millions)											
Electronic Transactions ³			0.6	4.4	7.0	8.3	12.7	14.9	16.1	18.0	23.9
Items Processed	96.9	98.5	102.1	110.3	123.8	134.0	139.1	159.8	161.9	164.0	166.1
Employees (full-time equivalent)	3,891	3,816	3,832	4,110	4,314	4,400	4,699	5,131	5,213	7,023	7,006

¹ Per common share data adjusted for stock splits.

² Does not include host-to-host ATMs (1,649 in 2005) which are neither owned nor driven, but are part of the ATH Network.

³ From 1981–2003, electronic transactions include ACH, Direct Payment, TelePago, Internet Banking and ATH Network transactions in Puerto Rico. Since 2004, these numbers were adjusted to include ATH Network transactions in the Dominican Republic, Costa Rica, El Salvador and United States, health care transactions, wire transfers, and other electronic payment transactions in addition to those previously stated.

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
\$ 440.2	\$ 492.1	\$ 535.5	\$ 584.2	\$ 681.3	\$ 784.0	\$ 873.0	\$ 953.7	\$ 982.8	\$ 1,056.8	\$ 1,160.2	\$ 1,284.7	\$ 1,375.5	\$ 1,424.2
124.5	125.2	141.3	173.3	205.5	247.6	291.2	372.9	464.1	491.8	543.8	626.0	608.8	785.3
366.9	412.3	447.8	486.8	541.9	636.9	720.4	837.5	876.4	926.2	1,029.0	1,113.1	1,171.0	1,328.2
85.1	109.4	124.7	146.4	185.2	209.6	232.3	257.6	276.1	304.5	351.9	470.9	489.9	540.7
10,002.3	11,513.4	12,778.4	15,675.5	16,764.1	19,300.5	23,160.4	25,460.5	28,057.1	30,744.7	33,660.4	36,434.7	44,401.6	48,623.7
5,252.1	6,346.9	7,781.3	8,677.5	9,779.0	11,376.6	13,078.8	14,907.8	16,057.1	18,168.6	19,582.1	22,602.2	28,742.3	31,710.2
8,038.7	8,522.7	9,012.4	9,876.7	10,763.3	11,749.6	13,672.2	14,173.7	14,804.9	16,370.0	17,614.7	18,097.8	20,593.2	22,638.0
752.1	834.2	1,002.4	1,141.7	1,262.5	1,503.1	1,709.1	1,661.0	1,993.6	2,272.8	2,410.9	2,754.4	3,104.6	3,449.2
\$ 987.8	\$ 1,014.7	\$ 923.7	\$ 1,276.8	\$ 2,230.5	\$ 3,350.3	\$ 4,611.7	\$ 3,790.2	\$ 3,578.1	\$ 3,965.4	\$ 4,476.4	\$ 5,960.2	\$ 7,685.6	\$ 5,836.5
0.89%	1.02%	1.02%	1.04%	1.14%	1.14%	1.14%	1.08%	1.04%	1.09%	1.11%	1.36%	1.23%	1.17%
12.72%	13.80%	13.80%	14.22%	16.17%	15.83%	15.41%	15.45%	15.00%	14.84%	16.29%	19.30%	17.60%	17.12%
\$ 0.35	\$ 0.42	\$ 0.46	\$ 0.53	\$ 0.67	\$ 0.75	\$ 0.83	\$ 0.92	\$ 0.99	\$ 1.09	\$ 1.31	\$ 1.74	\$ 1.79	\$ 1.98
\$ 0.35	\$ 0.42	\$ 0.46	\$ 0.53	\$ 0.67	\$ 0.75	\$ 0.83	\$ 0.92	\$ 0.99	\$ 1.09	\$ 1.31	\$ 1.74	\$ 1.79	\$ 1.97
0.10	0.12	0.13	0.15	0.18	0.20	0.25	0.30	0.32	0.38	0.40	0.51	0.62	0.64
2.88	3.19	3.44	3.96	4.40	5.19	5.93	5.76	6.96	7.97	9.10	9.66	10.95	11.82
\$ 3.78	\$ 3.88	\$ 3.52	\$ 4.85	\$ 8.44	\$ 12.38	\$ 17.00	\$ 13.97	\$ 13.16	\$ 14.54	\$ 16.90	\$ 22.43	\$ 28.83	\$ 21.15
87%	79%	76%	75%	74%	74%	71%	71%	72%	68%	66%	62%	55%	53%
10%	16%	20%	21%	22%	23%	25%	25%	26%	30%	32%	36%	43%	45%
3%	5%	4%	4%	4%	3%	4%	4%	2%	2%	2%	2%	2%	2%
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
162	165	166	166	178	201	198	199	199	196	195	193	192	194
3	8	8	8	8	8	8	8	8	8	8	8	8	8
30	32	34	40	44	63	89	91	95	96	96	97	128	136
195	205	208	214	230	272	295	298	302	300	299	298	328	338
41	58	73	91	102	117	128	137	136	149	153	181	183	213
						51	102	132	154	195	129	114	4
26	26	28	31	39	44	48	47	61	55	36	43	43	49
9	8	10	9	8	10	10	12	12	20	18	18	18	17
						7	8	10	11	13	11	15	14
			3	3	3	11	13	21	25	29	32	30	33
				1	2	2	2	3	4	7	8	9	12
								2	2	2	2	2	2
									1	1	1	1	1
										1	1	1	1
							4	4	4	5	5	7	8
76	92	111	134	153	183	258	327	382	427	460	431	423	354
271	297	319	348	383	455	553	625	684	727	759	729	751	692
211	234	262	281	327	391	421	442	478	524	539	557	568	583
3	8	8	8	9	17	59	68	37	39	53	57	59	61
6	11	26	38	53	71	94	99	109	118	131	129	163	181
220	253	296	327	389	479	574	609	624	681	723	743	790	825
81	86	88	120	162	170	187	102	118	155	174	176	167	212
				97	192	265	851	920	823	926	1,110	1,216	1,726
81	86	88	120	259	362	452	953	1,038	978	1,100	1,286	1,383	1,938
301	339	384	447	648	841	1,026	1,562	1,662	1,659	1,823	2,029	2,173	2,763
28.6	33.2	43.0	56.6	78.0	111.2	130.5	159.4	199.5	206.0	236.6	255.7	618.2	666.1
170.4	171.8	174.5	175.0	173.7	171.9	170.9	171.0	160.2	149.9	145.3	138.5	133.9	128.2
7,024	7,533	7,606	7,815	7,996	8,854	10,549	11,501	10,651	11,334	11,037	11,474	12,139	13,210

SUBSIDIARIES

Banco Popular de Puerto Rico
Popular Mortgage, Inc.
Popular Auto, Inc.
Popular Finance, Inc.
Popular Securities, Inc.
Popular Insurance, Inc.
Popular Life Re
Popular Insurance V.I., Inc.
Banco Popular North America
Popular Cash Express
Popular Leasing, U.S.A.
Banco Popular, National Association
Popular North America, Inc.
Popular Insurance Agency U.S.A., Inc.
Popular FS, LLC
Popular International Bank, Inc.
Popular Financial Holdings, Inc.
Equity One, Inc.
E-LOAN
EVERTEC, Inc.
ATH Costa Rica, S.A./CreST, S.A.
EVERTEC de Venezuela, C.A.
EVERTEC República Dominicana, S.A.
EVERTEC, U.S.A., Inc.
ScanData Puerto Rico, Inc.

STOCKHOLDERS' INFORMATION

Independent Registered Public Accounting Firm
PricewaterhouseCoopers LLP

Additional Information

The Annual Report to the Securities and Exchange Commission on Form 10-K and any other financial information may also be viewed by visiting our web site www.popular.com.