

SECURITIES AND EXCHANGE COMMISSION

FORM DEF 14A

Definitive proxy statements

Filing Date: **1994-03-18** | Period of Report: **1994-04-22**  
SEC Accession No. **0000950144-94-000641**

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FILER

**BANPONCE CORP**

CIK: **763901** | IRS No.: **660416582** | State of Incorporation: **PR** | Fiscal Year End: **1231**  
Type: **DEF 14A** | Act: **34** | File No.: **000-13818** | Film No.: **94516822**  
SIC: **6022** State commercial banks

Mailing Address  
*P.O. BOX 362708*  
*SAN JUAN PR 00936-2708*

Business Address  
*209 MUNOZ RIVERA AVE*  
*POPULAR CENTER BUILDING*  
*HATO REY PR 00918*  
*8097659800*

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES EXCHANGE ACT OF 1934 (AMENDMENT NO. )

Filed by the Registrant /X/

Filed by a Party other than the Registrant / /

Check the appropriate box:

/ / Preliminary Proxy Statement

/X/ Definitive Proxy Statement

/ / Definitive Additional Materials

/ / Soliciting Material Pursuant to sec.240.14a-11(c) or sec.240.14a-12

BANPONCE CORPORATION

(Name of Registrant as Specified in Charter)

Mr. Orlando Berges

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

/X/ \$125 per Exchange Act Rules 0-11(c) (1) (ii), or 14a-6(i) (1), or 14a-6(j) (2).

/ / \$500 per each party to the controversy pursuant to Exchange Act Rule 14a-6(i) (3).

/ / Fee computed on table below per Exchange Act Rules 14a-6(i) (4) and 0-11.

- (1) Title of each class of securities to which transaction applies:
(2) Aggregate number of securities to which transaction applies:
(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:
(4) Proposed maximum aggregate value of transaction:

Set forth the amount on which the filing fee is calculated and state how it was determined.

/ / Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a) (2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
(2) Form, Schedule or Registration Statement No.:
(3) Filing Party:
(4) Date Filed:

BANPONCE CORPORATION
P.O. BOX 362708
SAN JUAN, PUERTO RICO 00936-2708

NOTICE OF MEETING AND PROXY STATEMENT
FOR THE ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON FRIDAY, APRIL 22, 1994

To the Stockholders of BanPonce Corporation:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of BanPonce

Corporation (the "Meeting") for the year 1994 will be held at 2:00 p.m. on Friday, April 22, 1994, on the seventh floor of the Popular Center Building, Hato Rey, Puerto Rico.

NOTICE IS ALSO GIVEN that the Meeting to be held on the date above set forth will consider and act upon:

(1) The election of six (6) directors to hold office until the 1997 annual meeting of stockholders or until their respective successors shall have been elected and qualified.

(2) To transact any and all other business as may be properly brought before the Meeting or any adjournments thereof. Management at present knows of no other business to be brought before the Meeting.

The Board of Directors has set March 11, 1994, as the record date to determine the stockholders entitled to notice of, and vote at, the Meeting.

Enclosed is the Form of Proxy and the Proxy Statement.

San Juan, Puerto Rico, March 18, 1994.

SAMUEL T. CESPEDES  
Secretary

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BANPONCE CORPORATION  
P.O. BOX 362708  
SAN JUAN, PUERTO RICO 00936-2708  
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PROXY STATEMENT  
FOR THE ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON FRIDAY, APRIL 22, 1994  
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This Proxy statement is furnished in connection with the solicitation by the Board of Directors of BanPonce Corporation (the "Corporation") of proxies to be used at the Annual Meeting of Stockholders (the "Meeting") to be held at 2:00 p.m. on Friday, April 22, 1994, on the seventh floor of the Popular Center Building, Hato Rey, Puerto Rico, and any adjournments thereof.

Properly executed Proxies received by the Secretary of the Corporation will be voted at the Meeting in accordance with the instructions which appear therein and for the purposes indicated on the Notice of Meeting. The Board of Directors does not intend to present any business at the Meeting other than those included in the Notice of Meeting. The Board of Directors at this time knows of no other matters which may come before the Meeting. However, if any new matters requiring the vote of the Stockholders properly come before the Meeting, Proxies may be voted with respect thereto in accordance with the best judgement of Proxyholders, under the discretionary power granted by stockholders to their Proxies in connection with general matters.

#### MAILING DATE

Enclosed with this Proxy Statement is the Annual Report covering the financial results for the year ended December 31, 1993, duly certified by Price Waterhouse as independent public accountants. This Proxy Statement, the enclosed Annual Report, the Notice of Annual Meeting of Stockholders and the form of Proxy are being sent to stockholders on or about March 18, 1994.

#### SOLICITATION OF PROXIES

The enclosed Proxy is solicited by and on behalf of the Board of Directors of the Corporation. In addition to solicitation by mail, management may participate in the solicitation of Proxies by telephone, personal interviews or otherwise. The Board of Directors has engaged the firm of Georgeson & Company Inc. to aid in the solicitation of Proxies. The cost of solicitation will be borne by the Corporation and is estimated at \$6,500.00.

#### REVOCABILITY OF PROXY

Any stockholder giving a proxy has the power to revoke it before the proxy is exercised. The grantor may revoke the proxy by claiming at the Meeting the right to vote by himself the shares of stock registered in his name or by notice of revocation in writing to the President or Secretary of BanPonce Corporation, P.O. Box 362708, San Juan, Puerto Rico 00936-2708, delivered before the proxy is exercised.

#### VOTING SECURITIES

The only outstanding voting securities of the Corporation are its shares of common stock, each share of which entitles the holder thereof to one vote. Only common stockholders of record at the close of business on March 11, 1994 (the "Record Date"), will be entitled to vote at the Annual Meeting and any adjournments thereof. On Record Date there were 32,756,219 shares of common stock of BanPonce Corporation

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outstanding. The shares covered by any such proxy that are properly executed and received by management before 2:00 p.m. on the day of the Meeting will be voted.

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of common stock of the Corporation is necessary to constitute a quorum at the Meeting. Votes cast by proxy or in person at the Meeting will be counted by the persons appointed by the corporation as election judges for the Meeting. As to the election of Directors, the proxy card being provided by the Board of Directors enables a stockholder to vote for the election of the nominee proposed by the Board, or to withhold authority to vote for one of the nominees being proposed. For purposes of determining quorum, the election judges will treat "broker non-votes" as shares that are present and entitled to vote. A "broker non-vote" results when a broker or nominee has expressly indicated in the proxy that it does not have discretionary authority to vote on a particular matter. Directors will be elected by a majority of the vote. Therefore, abstentions and broker non-votes will not have an effect on the election of directors of the Corporation.

PRINCIPAL STOCKHOLDERS

Following is the information, to the extent known by the persons on whose behalf this solicitation is made, with respect to any person (including any "group" as that term is used in Section 13(d) (3) of the Securities and Exchange Act of 1934, as amended) who is known to BanPonce Corporation to be the beneficial owner of more than five percent of the Corporation's voting securities.

<TABLE>  
<CAPTION>

| TITLE OF CLASS | NAME AND ADDRESS OF BENEFICIAL OWNER   | AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP (1) | PERCENT OF CLASS (2) |
|----------------|--|---|----------------------|
| Common         | Banco Popular de Puerto Rico (the "Bank") As Trustee for Banco Popular de Puerto Rico Retirement Plan.<br>As Trustee for the Deferred Compensation Plan (Profit Sharing) for the Employees of Banco Popular de Puerto Rico | 1,418,215<br><br>1,330,348                    |                      |
|                |  | -----<br>2,748,563 (3)                        | 8.3910               |
| Common         | State Farm Mutual Automobile Insurance Company   | 2,355,531 (4)                                 | 7.1911               |

</TABLE>

- (1) As of February 28, 1994.
- (2) Based on 32,756,219 shares outstanding.
- (3) The Bank, as Trustee, administers both Plans through their Administrative Committees, with sole voting and investment power.
- (4) On January 28, 1994, State Farm Mutual Automobile Insurance Company ("State Farm") and affiliated entities filed a joint statement on Schedule 13-G with the Securities and Exchange Commission. According to said statement, State Farm and its affiliates might be deemed to constitute a "group" within the meaning of Section 13(d) (3) of the Securities Exchange Act of 1934. State Farm and its affiliates could also be deemed to be the beneficial owners of 2,355,531 common shares of BanPonce Corporation. However, State Farm and each such affiliate disclaim beneficial ownership as to all shares as to which each such person has no right to receive the proceeds of sale of the shares, and also disclaim that they constitute a "group".

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SHARES BENEFICIALLY OWNED BY DIRECTORS,  
NOMINEES AND EXECUTIVE OFFICERS OF THE CORPORATION

Following is the information, as of February 28, 1994, as to equity securities of the Corporation beneficially owned by all current directors, nominees, the five most highly compensated Executive Officers of the Corporation and the total owned by directors, nominees and all Executive Officers of the Corporation as a group:

<TABLE>  
<CAPTION>

| NAME   | TITLE OF CLASS | AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP | PERCENT OF CLASS (1) |
|--|----------------|---|----------------------|
| <S>  | <C>            | <C>                                       | <C>                  |
| Alfonso F. Ballester   | Common         | 344,360 (2)                               | 1.0513               |
| Juan J. Bermudez   | Common         | 22,046 (3)                                | .0673                |
| Sila M. Calderon   | Common         | 6,008 (4)                                 | .0183                |
| Francisco J. Carreras  | Common         | 1,478                                     | .0045                |
| Richard L. Carrion   | Common         | 228,232 (5)                               | .6968                |
| Manuel Luis Del Valle  | Common         | 48,500                                    | .1481                |
| Waldemar Del Valle   | Common         | 14,208 (6)                                | .0434                |
| Luis E. Dubon, Jr.   | Common         | 435,208 (7)                               | 1.3286               |
| Roberto W. Esteves   | Common         | 810,761 (8)                               | 2.4751               |
| Antonio Luis Ferre   | Common         | 576,298 (9)                               | 1.7594               |
| Hector R. Gonzalez   | Common         | 41,016                                    | .1252                |
| Jorge A. Junquera  | Common         | 409 (10)                                  | .0012                |
| Franklin A. Mathias  | Common         | 20,775                                    | .0634                |
| Hugh G. McComas  | Common         | 1,019                                     | .0031                |
| Manuel Morales, Jr.  | Common         | 180,049 (11)                              | .5497                |
| Alberto M. Paracchini  | Common         | 39,173 (12)                               | .1196                |
| Francisco Perez, Jr.   | Common         | 222                                       | .0007                |
| Francisco M. Rexach, Jr.   | Common         | 9,900                                     | .0302                |
| Felix J. Serralles, Jr.  | Common         | 91,915 (13)                               | .2806                |
| Emilio Jose Venegas  | Common         | 86,000 (14)                               | .2625                |
| Julio E. Vizcarrondo, Jr.  | Common         | 262,805 (15)                              | .8023                |
| Maria Isabel P. de Burckhart                                       | Common         | 3,961 (16)                                | .0121                |
| David H. Chafey, Jr.   | Common         | 5,321                                     | .0162                |
| Larry B. Kesler  | Common         | 1,398                                     | .0043                |
| All Directors and Executive Officers of the Corporation as a group | Common         | 3,240,659 (17)                            | 9.8933               |

</TABLE>

(1) Based on 32,756,219 shares outstanding.

(2) Mr. Ballester owns 343,360 shares and has indirect investment power over 1,000 shares owned by his wife. Excludes 300,482 shares owned by his sister Mrs. Griselda Ballester, as to all of which Mr. Ballester disclaims indirect voting power. Mr. Ballester filed late one report which disclosed one transaction required to be filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 with respect to his beneficial ownership of shares during the last fiscal year.

(3) Excludes 1,935 shares owned by his wife, to which Mr. Bermudez disclaims indirect voting power.

(4) Mrs. Calderon filed late one report which disclosed one transaction required to be filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 with respect to her beneficial ownership of shares during the last fiscal year.

(5) Mr. Carrion owns 54,271 shares and also has indirect investment power over 5,776 shares owned by his children. Junior Investment Corporation owns 1,015,000 shares of the Corporation. Mr. Carrion owns 16.57% of the shares of said corporation.

(6) Excludes 401 shares owned by his daughter, Maria M. Del Valle, to which Mr. Del Valle disclaims beneficial ownership. Mr. Del Valle filed late one report which disclosed one transaction required to be filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 with respect to his beneficial ownership of shares during the last fiscal year.

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(7) Mr. Dubon owns 45,441 shares and has a power of attorney over 22,804 shares owned by Mrs. Myrta A. Dubon, wife, and 17,036 shares held in trust by Mr. Dubon for his children, Luis E. Dubon, III, Myrta I. Dubon, Jose R. Dubon and Maria A. Dubon, and over 349,927 shares owned by various corporations and members of his family in which Mr. Dubon has direct or indirect ownership. Mr. Dubon filed late one report which disclosed two transactions required to be filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 with respect to his beneficial ownership of shares during the last fiscal year.

(8) Mr. Esteves owns 4,000 shares, and, as guardian of Roberto Esteves, Jr., has indirect voting and investment power over 53,861 shares of the

Corporation. Northwestern Realty Corp., of which Mr. Esteves owns 100% of the shares, owns 752,900 shares of the Corporation.

- (9) Mr. Ferre has indirect investment and voting power over 114,300 shares owned by Alfa Investment Corp. and 720 shares owned by his wife and children. Mr. Ferre owns 85.12% of Ferre Investment Fund, Inc., which owns 210,300 shares of the Corporation. Mr. Ferre also owns 65.25% of the shares of El Dia, Inc., and has indirect voting power over Alfa Investment Corp., which owns 19.35% of El Dia, Inc., which owns 250,978 shares of the Corporation. Mr. Ferre claims beneficial ownership over the 576,298 shares. Mr. Ferre filed late two reports which disclosed two transactions each required to be filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 with respect to his beneficial ownership of shares during the last fiscal year.
- (10) Mr. Junquera, Executive Vice President of the Corporation, filed late two reports which disclosed one and two transactions, respectively, required to be filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 with respect to his beneficial ownership of shares during the last fiscal year.
- (11) Mr. Morales owns 89,272 shares and has voting power over 90,777 shares owned by his parents.
- (12) Excludes 316 shares owned by his wife, to which Mr. Paracchini disclaims beneficial ownership.
- (13) Mr. Serralles owns 54,688 shares, and has indirect voting power over 1,573 shares owned by his wife. Mr. Serralles owns 100% of the shares of each of Capitanejo, Inc. and Fao Investments, Inc., which own 34,255 and 1,399 shares, respectively, of the Corporation.
- (14) Mr. Venegas owns 9,000 shares and also has indirect investment power over 6,000 shares owned by his wife. Mr. Venegas also has indirect voting and investment power over the 40,000 shares of the Corporation owned by Venegas Construction Corporation, of which he is stockholder and secretary, and over the 31,000 shares of the Corporation owned by Sanson Corporation, of which he is President and stockholder. Mr. Venegas filed late one report which disclosed four transactions required to be filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 with respect to his beneficial ownership of shares during the last fiscal year.
- (15) Mr. Vizcarrondo owns 47,766 shares and has indirect voting power over 44,113 shares owned by his wife and children. Mr. Vizcarrondo's wife owns 16.84% of the shares of Junior Investment Corporation, which owns 1,015,000 shares of the Corporation. Excludes 29,100 shares owned by Mr. Vizcarrondo as trustee and member of the Investment Committee of the DMI Pension Trust, which owns said shares of the Corporation, of which he disclaims beneficial ownership. Excluded also are 5,000 shares owned by Mr. Vizcarrondo as trustee of the Suarez Toro Trust, which owns said shares of the Corporation, of which he disclaims beneficial ownership.
- (16) Mrs. Burckhart, Executive Vice President of the Corporation, filed late one report which disclosed three transactions required to be filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 with respect to her beneficial ownership of shares during the last fiscal year.
- (17) Mr. Emilio E. Pinero, Executive Vice President of the Corporation, filed late one report which disclosed one transaction required to be filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 with respect to his beneficial ownership of shares during the last fiscal year.

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#### BOARD OF DIRECTORS AND COMMITTEES

The Board of Directors of the Corporation met on a monthly basis during 1993. All directors, except Mr. Antonio Luis Ferre and Mr. Franklin A. Mathias, attended 75% or more of the meetings of the Board of Directors and the committees of the Board of Directors on which each such director served. The following table indicates the business experience of the current Board of Directors of the Corporation and nominees:

<TABLE>

<CAPTION>

| NAME                        | AGE       | PRINCIPAL OCCUPATION AND BUSINESS EXPERIENCE DURING THE PAST FIVE YEARS  | DIRECTOR OF THE CORPORATION SINCE |
|-----------------------------|-----------|--|-----------------------------------|
| <S><br>Alfonso F. Ballester | <C><br>64 | <C><br>Vice Chairman of the Board of Directors of the Corporation and the Bank. President of Ballester Hermanos, Inc. (wholesale of provisions and liquors). Director of Popular Leasing and Rental, Inc. and Vehicle Equipment Leasing Company, Inc. Director of the Bank since 1975. | <C><br>1990                       |
| Juan J. Bermudez            | 56        | Electrical Engineer. Partner of Bermudez and Longo, S.E., Ornamental Poles, S.E., Decemcor, S.E.,  | 1990                              |

Unifirst S.E., Unisouth, S.E., Uniestates, S.E.,  
 Unicourts, S.E., Unieast, S.E. and PCME  
 Commercial, S.E. Principal Stockholder and  
 Director of Power Poles, Inc. Director of the  
 Bank since 1985.

|                       |    |  |      |
|-----------------------|----|--|------|
| Sila M. Calderon      | 51 | Secretary of the Governorship from 1986 to 1989. Secretary of State of the Commonwealth of Puerto Rico from 1988 to 1989. Director of Pueblo Xtra International, Inc. since 1990. Chairman of the Board of Directors of the Puerto Rico Public Broadcasting Corporation from 1991 to 1992. President of Commonwealth Investment Company, Inc. and member of the Board of Trustees of Fundacion Banco Popular, Inc. since 1990. Chairman of the board of Directors of Proyecto Peninsula de Cantera since 1992. Director of the Bank since 1990.  | 1990 |
| Francisco J. Carreras | 61 | Professor of the University of Puerto Rico. Member of the Board of Trustees of Fundacion Banco Popular, Inc. Executive Director of Fundacion Angel Ramos, Inc. Director of the Bank since 1979.  | 1990 |
| Richard L. Carrion    | 41 | Chairman of the Board, President and Chief Executive Officer ("CEO") of the Corporation and the Bank. Chairman of the Boards of Popular International Bank, Inc., BanPonce Financial Corp., Vehicle Equipment Leasing Company, Inc., Spring Financial Services, Inc., Popular Leasing & Rental, Inc. and Popular Consumer Services, Inc. Chairman of the Board of Trustees of Fundacion Banco Popular, Inc. Member of the Latin America Regional Board of Directors of Visa International. Member of the Board of Trustees of the American Management Association. President of Puerto Rico's Commission for the 2004 Olympiad. Member of the International Olympic Committee. Member of the Board of Directors and Compensation Committee of Pueblo Xtra International, Inc. Director of the Bank since 1982. | 1990 |

</TABLE>

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<TABLE>  
 <CAPTION>

| NAME                         | AGE       | PRINCIPAL OCCUPATION AND BUSINESS EXPERIENCE DURING THE PAST FIVE YEARS   | DIRECTOR OF THE CORPORATION SINCE |
|------------------------------|-----------|---|-----------------------------------|
| <S><br>Manuel Luis Del Valle | <C><br>69 | <C><br>Vice Chairman of the Board of Directors of the Corporation and the Bank. Chairman of the Board and Director of Manuel Del Valle, Inc. (manufacturer and wholesaler of chemical products). Chairman of the Board and Director of Bacardi Corporation. Director of Bacardi Limited. Member of the Board of Trustees of Fundacion Banco Popular, Inc. Member of the Board of Trustees of Fundacion Angel Ramos. Member of the Board of Directors of the Committee for the Economic Development of Puerto Rico. Director of Popular International Bank, Inc., Spring Financial Services, Inc. and of BanPonce Financial Corp. Director of the Bank since 1968. | <C><br>1990                       |
| Waldemar Del Valle           | 67        | Attorney at Law at the law firm Parra, Del Valle, Frau & Limeres. Director of Damas Foundation, Inc. Director of Banco de Ponce from 1975 to 1990.  | 1984                              |
| Luis E. Dubon, Jr.           | 59        | Attorney at Law and Investor. Partner of the law firm Dubon & Dubon. Director, American Investment Corp., Fundacion Gogui, Inc. and San Jose Development, Inc. Director of the Bank since 1973.   | 1984                              |
| Roberto W. Esteves           | 69        | President of Travel Network Travel Agencies.  | 1991                              |

President of Star Tours International, tour wholesalers. President of Caribe Theaters Corp., theater operators. President of Northwestern Realty Corp., investments in Real Estate. Director of the Bank since 1991.

|                     |    |   |      |
|---------------------|----|---|------|
| Antonio Luis Ferre  | 60 | Vice Chairman of the Board of Directors of the Corporation and the Bank. Vice Chairman of the Board of Puerto Rican Cement Co., Inc. (registered public company), manufacturers of cement and allied products. President and Editor of El Nuevo Dia, Inc. Director of AMR Corp. (registered public company). Director, of Metropolitan Life Insurance Company (registered company under the Investment Company Act of 1940). Director of Pueblo Xtra International, Inc. Director of the Bank since 1959. | 1984 |
| Hector R. Gonzalez  | 60 | President and Chief Executive Officer of TPC Communications of PR, Inc. and Teleponce Cable TV, Inc., owners and operators of cable television systems. Director, Damas Foundation, Inc. Director of Popular Consumer Services, Inc. Director of the Bank since 1973.   | 1984 |
| Franklin A. Mathias | 68 | Investor. Chairman of the Board of Directors of Molinos de Puerto Rico, Inc. until January, 1988. Director of the Bank since 1988.  | 1990 |
| Hugh G. McComas     | 70 | President and Chief Executive Officer of MCO Industries, Inc. Director of the Bank since 1980.  | 1990 |
| Manuel Morales, Jr. | 48 | Principal Stockholder of Selarom Capital Group, Inc. President of Parkview Realty, Inc. Trustee of Universidad Sagrado Corazon and Caribbean/Latin America Action. Member of the Board of Trustees of Fundacion Banco Popular, Inc. Director of the Bank since 1978.  | 1990 |

</TABLE>

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<TABLE>  
<CAPTION>

| NAME                     | AGE | PRINCIPAL OCCUPATION AND BUSINESS EXPERIENCE DURING THE PAST FIVE YEARS   | DIRECTOR OF THE CORPORATION SINCE |
|--------------------------|-----|---|-----------------------------------|
| <S>                      | <C> | <C>   | <C>                               |
| Alberto M. Paracchini    | 61  | Former Chairman of the Board of Directors of the Corporation and the Bank. Former Chairman of the Board of Vehicle Equipment Leasing Company, Inc., BanPonce Financial Corp., Spring Financial Services, Inc., Popular Leasing & Rental, Inc. and Popular Consumer Services, Inc. Member of the Board of Trustees of Fundacion Banco Popular. He served in several executive positions in the Bank since he commenced working in the Bank in 1956. Director of Puerto Rican Cement Co., Inc. (registered public company). Director of HDA Management Corp. since 1993. Director of the Bank since 1969. | 1984                              |
| Francisco Perez, Jr.     | 57  | Chairman of the Board and President of Sucrs. Jose Lema and Co., Inc. (La Favorita), shoe store chain. President of 201 Realty Corporation, engaged in the real estate business. Director of Banco de Ponce from 1976 to 1990.  | 1984                              |
| Francisco M. Rexach, Jr. | 56  | President of Ready Mix Concrete, Inc. President of Puerto Rico Oil Company, Inc. Director of Vehicle Equipment Leasing Company, Inc. and Popular Leasing & Rental, Inc. Director of the Bank since 1983.  | 1990                              |
| Felix J. Serralles, Jr.  | 59  | President and Chief Executive Officer of Empresas Serralles, Inc. and of its subsidiary Destileria Serralles, Inc., manufacturers and distributors of distilled spirits, and of its affiliate Mercedita Leasing, Inc. Director of the Bank  | 1984                              |



since 1966.

|                      |    |   |      |
|----------------------|----|---|------|
| Emilio Jose Venegas  | 66 | President of Sanson Corporation. Secretary of Venegas Construction Corp. Director of Puerto Rican Cement Co., Inc. (registered public company). Director of Damas Foundation, Inc. Director of Banco de Ponce from 1973 to 1990.  | 1984 |
| Julio E. Vizcarrondo | 59 | Civil Engineer. President/Partner and Chief Executive Officer of Desarrollos Metropolitanos, S. E., VMW Enterprises Corp. and Resort Builders S.E., corporations engaged in the development and construction of residential, commercial and institutional projects in Puerto Rico. Director of the Bank since 1984. | 1990 |

</TABLE>

The Corporation's Board of Directors has a standing Audit Committee. The Board of Directors of the Bank, the principal subsidiary of the Corporation, has a standing Human Resources Committee that may review compensation matters for the Corporation. There is no standing Nominating Committee. Information regarding the Audit and Human Resources Committees follows:

#### AUDIT COMMITTEE

The functions of the Audit Committee include reviewing the accounting principles and practices employed by the Corporation, and its compliance with the laws and regulations. The committee meets with the Corporation's independent external auditors to review their audit procedures, the report on their examination of the Corporation's financial statements, and their comments on the system of internal controls. Also, the Committee oversees the internal audit function and reviews the reports prepared by the Auditing Division for their examinations of the operating and business units and for any other special examinations that may be required. The Committee held four meetings during the fiscal year ended December 31, 1993.

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The committee members during 1993 were: Manuel Luis Del Valle, Luis E. Dubon, Jr., Franklin A. Mathias, Manuel Morales, Jr. and Felix J. Serralles, Jr.

#### HUMAN RESOURCES COMMITTEE

The functions of the Human Resources Committee include reviewing the compensation and benefits of management and employees, reviewing the policies related to the performance and compensation of management and employees, and reviewing the long-range planning for executive development and succession. The Committee held two meetings during the fiscal year ended December 31, 1993.

The Committee members during 1993 were: Salustiano Alvarez Mendez, Juan J. Bermudez, Francisco J. Carreras, Manuel Luis Del Valle and Julio E. Vizcarrondo, Jr. Messrs. Bermudez, Carreras, Del Valle and Vizcarrondo, Jr. are also directors of the Corporation. None of the members of the Committee are officers or employees of the Corporation or any of its subsidiaries.

#### COMPENSATION OF DIRECTORS

Directors who are not employees of the Corporation and its subsidiaries were entitled to be reimbursed for certain expenses up to \$8,000.00 annually. Commencing in May 1994 directors will be entitled to be reimbursed for certain expenses up to \$10,000.00. In addition, during 1993 and up to April 1994 directors received \$300.00 for attending each directors' and committee meeting. Commencing in May 1994 directors will receive \$500.00 for attending each directors' and committee meeting. Directors who are employees do not receive fees for attending directors' and committee meetings.

#### ELECTION OF DIRECTORS

The Certificate of Incorporation and the By-laws of the Corporation establish a classified Board of Directors pursuant to which the Board of Directors is divided into three classes as nearly equal in number as possible, with each class having at least three members and with the term of office of one class expiring each year. Each director serves for a term ending on the date of the third annual meeting of stockholders following the annual meeting at which such director was elected.

The policy of the Board of Directors, as set forth in a resolution adopted on January 8, 1991, provides that no person shall be nominated for election or reelection as director of the Board if at the date of the Annual Meeting of Stockholders or during the term to be served such person attains seventy two

(72) years of age. Mr. Roberto W. Esteves and Mr. Hugh G. McComas would attain seventy two (72) years of age during the term to be served. In accordance with Board policy neither will be nominated for reelection as director.

Mr. Luis Rodriguez-Delgado resigned as director of the Corporation effective January 31, 1994. Mr. Rodriguez-Delgado's resignation is not due to a disagreement with the Corporation or with any matter relating to the Corporation's operation. The number of directors in "Class 1" and "Class 2" has been reduced by the Board of Directors to six directors each, since only one of the two vacancies in "Class 1" will be filled and the vacancy in "Class 2" resulting from Mr. Rodriguez-Delgado's resignation will not be filled, thus reducing the total number of directors to nineteen (19), which is in accordance with Article Eighth of the Corporation's Certificate of Incorporation.

At the Meeting, six directors assigned to "Class 1" are to be elected until the 1997 Annual Meeting of Stockholders or until their respective successors shall have been elected and qualified. The remaining 13 directors of the Corporation will serve as directors, as follows: until the 1995 Annual Meeting of Stockholders of the Corporation, in the case of those six directors assigned to "Class 2", and until the 1996 Annual Meeting of Stockholders, in the case of those seven directors assigned to "Class 3", or in each case until their successors are duly elected and qualified.

The persons named as proxies in the accompanying Form of Proxy have advised the Corporation that, unless otherwise instructed, they intend to vote at the meeting the shares covered by the proxies FOR the election of the six nominees named in the following table, and that if any one or more of such nominees should

become unavailable for election they intend to vote such shares FOR the election of such substitute nominees as management may propose. The Corporation has no knowledge that any nominee will become unavailable for election.

NOMINEES FOR ELECTION AS DIRECTORS

The following table sets forth the name of the persons nominated by the Board of Directors of the Corporation for election as a director, including their age, principal occupation and business experience during the past five (5) years (including positions held with the Corporation or the Bank), and the period during which each nominee has served as a director of the Corporation. All directors nominated will serve for three (3) years until the 1997 Annual Meeting of Stockholders or until their respective successors shall have been elected and qualified.

<TABLE>  
<CAPTION>

| NAME                 | AGE | PRINCIPLE OCCUPATION AND BUSINESS EXPERIENCE DURING THE PAST FIVE YEARS | DIRECTOR OF THE CORPORATION SINCE |
|----------------------|-----|---|-----------------------------------|
| <S>                  | <C> | <C>   | <C>                               |
| Alfonso F. Ballester | 64  | See under "Board of Directors"  | 1990                              |
| Sila M. Calderon     | 51  | See under "Board of Directors"  | 1990                              |
| Waldemar Del Valle   | 67  | See under "Board of Directors"  | 1984                              |
| Jorge A. Junquera    | 45  | See under "Executive Officers"  | --                                |
| Francisco Perez, Jr. | 50  | See under "Board of Directors"  | 1984                              |
| Emilio Jose Venegas  | 66  | See under "Board of Directors"  | 1984                              |

EXECUTIVE OFFICERS

The following table sets forth the names of the executive officers ("the Executive Officers") of the Corporation including their age, business experience during the past five (5) years and the period during which each such person has served as Executive Officer of the Corporation or the Bank.

<TABLE>  
<CAPTION>

| NAME               | TITLE                                    | AGE | PRINCIPAL OCCUPATION AND BUSINESS EXPERIENCE DURING THE PAST FIVE YEARS | EXECUTIVE OFFICER OF THE CORPORATION SINCE |
|--------------------|--|-----|---|--|
| <S>                | <C>                                      | <C> | <C>   | <C>  |
| Richard L. Carrion | President, Chairman of the Board and CEO | 41  | See under "Board of Directors"  | 1990                                       |

|                   |                             |    |  |      |
|-------------------|-----------------------------|----|--|------|
| Jorge A. Junquera | Executive Vice<br>President | 45 | Supervisor of the Bank's Retail Banking Group. Director of the Bank since 1990. Director of Popular International Bank, Inc. Executive Vice President and Director of BanPonce Financial Corp., Director of Spring Financial Services, Inc., Vehicle Equipment Leasing Company, Inc., Popular Leasing & Rental, Inc. and Popular Consumer Services, Inc. Chairman of the Board of Puerto Rico Tourism Company since 1993. Executive Vice President of the Bank since 1980. | 1990 |
|-------------------|-----------------------------|----|--|------|

</TABLE>

9

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<TABLE>  
<CAPTION>

| NAME                         | TITLE                    | AGE | PRINCIPAL OCCUPATION AND BUSINESS EXPERIENCE DURING THE PAST FIVE YEARS  | EXECUTIVE OFFICER OF THE CORPORATION SINCE |
|------------------------------|--------------------------|-----|--|--|
| <S>                          | <C>                      | <C> | <C>  | <C>  |
| Maria Isabel P. de Burckhart | Executive Vice President | 45  | Supervisor of the Administration Group. Executive Vice President of the Bank since January, 1990. Senior Vice President of the Bank from August, 1986 to January, 1990. Executive Vice President of BanPonce Financial Corp. Member of the Board of Trustees of Fundacion Banco Popular, Inc. Member of the Board of Directors of Fundacion Ana G. Mendez since 1992. Member of the Board of Directors of Puerto Rico Community Foundation since 1993. Member of the Board of Directors of Puerto Rico Convention Bureau since 1993. | 1990                                       |
| David H. Chafey, Jr.         | Executive Vice President | 40  | Supervisor of the Finance Group and U.S. Operations. Executive Vice President of the Bank since January, 1990. Executive Vice President and Director of Popular International Bank, Inc., and BanPonce Financial Corp. Director of Vehicle Equipment Leasing Co., Inc., of Spring Financial Services, Inc., of Popular Leasing & Rental, Inc., and of Popular Consumer Services, Inc. Chairman of the Board of Puerto Rico Telephone Authority since 1993.   | 1990                                       |
| Larry B. Kesler              | Executive Vice President | 56  | Supervisor of Individual Credit and Virgin Islands Operations. Executive Vice President of the Bank since January, 1990. Senior Vice President of the Bank from August, 1986 to January, 1990. Executive Vice President and Director of BanPonce Financial Corp. Director of Spring Financial Services, Inc. and of Popular Consumer Services, Inc.  | 1990                                       |
| Humberto Martin              | Executive Vice President | 48  | Supervisor of the Operations Group. Executive Vice President of the Bank since November, 1986. Executive Vice President of BanPonce Financial Corp.  | 1986                                       |
| Emilio E. Pinero             | Executive Vice President | 45  | Supervisor of the Commercial Banking Group. Executive Vice President of  | 1990                                       |

the Bank since January, 1990.  
 Director of Vehicle Equipment  
 Leasing Company, Inc. and Popular  
 Leasing and Rental, Inc. Executive  
 Vice President of BanPonce  
 Financial Corp.

</TABLE>

<TABLE>  
 <CAPTION>

| NAME                  | TITLE  | AGE       | PRINCIPAL OCCUPATION AND BUSINESS EXPERIENCE DURING THE PAST FIVE YEARS   | EXECUTIVE OFFICER OF THE CORPORATION SINCE |
|-----------------------|--|-----------|---|--|
| <S><br>Orlando Berges | <C><br>Senior Vice President and Comptroller | <C><br>36 | <C><br>Senior Vice President of the Bank since December, 1990. Comptroller of the Bank since July, 1989. Senior Vice President and Treasurer of BanPonce Financial Corp.  | <C><br>1990                                |
| Samuel T. Cespedes    | Secretary of the Board of Directors          | 57        | Attorney at Law. Proprietary partner of the law firm McConnell, Valdes. Secretary of the Board of Directors of the Bank since 1991. Secretary of the Board of Directors of Vehicle Equipment Leasing Company, Inc., BanPonce Financial Corp., Spring Financial Services, Inc., Popular Leasing & Rental, Inc. and Popular Consumer Services, Inc. | 1991                                       |

</TABLE>

FAMILY RELATIONSHIPS

Mr. Richard L. Carrion, Chairman of the Board, President and CEO of the Corporation and the Bank, is brother-in-law of Mr. Julio E. Vizcarrondo, Jr., Director. Mr. Alfonso F. Ballester, Director, is brother-in-law of Mr. Hector R. Gonzalez, Director.

OTHER RELATIONSHIPS AND TRANSACTIONS

Director Waldemar Del Valle is an attorney at the law firm Parra, Del Valle, Frau & Limeres, retained by the Bank to perform general legal services, for which \$38,803 were paid during 1993.

Director Luis E. Dubon, Jr. is a partner of the law firm Dubon & Dubon, retained by the Bank to perform general legal services, for which \$44,472 were paid during 1993.

Mr. Samuel T. Cespedes, Secretary of the Board of Directors, is a proprietary partner of the law firm McConnell, Valdes, retained by the bank to perform general legal services, for which \$694,343 were paid during 1993.

The Bank has had loan transactions with BanPonce directors and officers, and with their associates, and proposes to continue such transactions in the ordinary course of its business, on substantially the same terms as those prevailing for comparable loan transactions with other persons and subject to the provisions of the Banking Act of the Commonwealth of Puerto Rico and the applicable federal laws and regulations. The extensions of credit have not involved nor presently involve more than normal risks of collectibility or other unfavorable features.

EXECUTIVE COMPENSATION PROGRAM

REPORT OF THE BANK'S HUMAN RESOURCES COMMITTEE ON EXECUTIVE COMPENSATION

OVERVIEW

The Compensation Program for Executive Officers is established and administered by Mr. Richard L. Carrion, Chairman of the Board, President and CEO for each of the Corporation and the Bank. This compensation program, in turn, is reviewed by the Bank's Human Resources Committee and approved every year by the Board of Directors. The compensation of Mr. Carrion is revised periodically by the Board of Directors.

The Bank's Compensation Program for Executive Officers follows the same philosophy and principles used for all Bank employees and includes the following components:

- Base salary and fringe benefits
- Individual incentives
- Deferred Compensation Plan (Profit Sharing)

One of the objectives of this Program is to achieve a ratio of salary levels where the highest level is not greater than 25 times the lowest level in the salary structure of the Bank. In addition, as a component of total compensation, the variable portion of compensation, which includes individual incentives and Profit Sharing Plan, should gradually increase over time as a percentage of total compensation.

All cash compensation paid to Mr. Carrion and to the Executive Officers is paid by the Bank. The Corporation does not currently pay cash compensation to Executive Officers.

The Executive Compensation Program for the Corporation's non-banking subsidiaries is set according to the industry and geographical area in which they operate and is approved by the Board of Directors of each such entity.

#### EXECUTIVE OFFICERS

The group of executive officers is composed of six Executive Vice Presidents, all of whom participate in an annual salary and incentive bonus program recommended by Mr. Carrion and approved by the Board of Directors of the Bank.

In 1993, salary increases were based 50% on individual performance in accordance with established parameters and 50% on team performance. Such individual and team performance are evaluated by Mr. Carrion. The percentage of salary increases for each pool was established according to the Bank's performance, measured by net income after tax.

Incentive bonuses for 1993 were also established based on the Bank's income after tax. A bonus of 10% of the Executive Officers' base salary was set for achieving a target which is established at the beginning of each year, and could reach 20% if results exceeded the target. Under the Incentive Bonus Program, the bonuses for 1993 amounted to \$149,264, representing 13.78% of each participant's base salary.

Salaries are increased annually and incentive bonuses are paid in one yearly lump sum payment. Both compensation components are distributed in cash only.

Beginning in 1994, salary increases and incentive bonuses will be measured by the Corporation's performance, measured on an after-tax basis, instead of the Bank's performance.

#### CHAIRMAN OF THE BOARD, PRESIDENT AND CEO

The compensation for the Corporation's and the Bank's Chairman of the Board, President and CEO, Mr. Richard L. Carrion, has remained the same since February 1989. No incentive bonus was awarded for 1993.

Currently, the Human Resources Committee is in the process of revising Mr. Carrion's compensation for 1994 to bring it to a competitive level with comparable institutions. Among other matters the Human Resources Committee is considering the possible adoption of a long-term incentive program for Mr. Carrion and the Executive Officers.

#### HUMAN RESOURCES COMMITTEE

<TABLE>

| <S>                       | <C>                       |
|---------------------------|---------------------------|
| Salustiano Alvarez Mendez |                           |
| Juan J. Bermudez          | Manuel Luis Del Valle     |
| Francisco J. Carreras     | Julio E. Vizcarrondo, Jr. |

</TABLE>

#### EMPLOYMENT CONTRACT OF MR. ALBERTO M. PARACCHINI

Mr. Paracchini served as Chairman of the Board of the Corporation and the Bank until April 29, 1993. Pursuant to the terms of an employment agreement dated October 19, 1989 between the Corporation and Mr. Paracchini (the "Employment Agreement"), Mr. Paracchini was employed by the Corporation for a two year period commencing on December 31, 1990 and ending on December 31, 1992 ( the "Employment Term"). The Employment Term was extended until April 29, 1993. The employment Agreement provided that unless Mr. Paracchini otherwise notified the Corporation prior to the end of the Employment Term, Mr. Paracchini would become a consultant to the Corporation and the Bank for a 36-month period, during which he would have been entitled to receive an annual retainer of not less than sixty percent of his total compensation received during the last year of the Employment Term (the "Retainer").

The Employment Agreement was terminated as of July 31, 1993, and in lieu of the Retainer to be received by Mr. Paracchini throughout the three-year period in which he was going to serve as a consultant, Mr. Paracchini received a lump-sum payment of \$730,355 on August 16, 1993.

#### EXECUTIVE COMPENSATION

The following table sets forth all cash compensation paid by the Corporation or its subsidiaries to the eight highest paid Executive Officers of the Corporation and the principal officers of the Corporation's or the Bank's subsidiaries for 1993.

#### SUMMARY COMPENSATION TABLE

<TABLE>  
<CAPTION>

|   | FISCAL<br>YEAR | ANNUAL COMPENSATION |           | ALL OTHER<br>COMPENSATION (C) | TOTAL     |
|---|----------------|---------------------|-----------|-------------------------------|-----------|
|   |                | SALARY (A)          | BONUS (B) |                               |           |
| <S>   | <C>            | <C>                 | <C>       | <C>                           | <C>       |
| Richard L. Carrion<br>Chairman of the Board,<br>President and CEO   | 1993           | \$230,000           | \$36,814  | \$ 26,343 (d)                 | \$293,157 |
|   | 1992           | 230,000             | 83,191    | 24,086 (d)                    | 337,277   |
|   | 1991           | 260,077             | 22,246    | 18,882 (d)                    | 301,205   |
| Jorge A. Junquera<br>Executive Vice President of the Corporation  | 1993           | 210,582             | 63,667    | 24,119 (d)                    | 298,368   |
|   | 1992           | 183,640             | 58,843    | 19,231 (d)                    | 261,714   |
|   | 1991           | 171,695             | 14,736    | 12,464 (d)                    | 198,895   |
| David H. Chafey, Jr.<br>Executive Vice President of the Corporation   | 1993           | 205,044             | 61,950    | 23,485 (d)                    | 290,479   |
|   | 1992           | 176,347             | 57,081    | 18,467 (d)                    | 251,895   |
|   | 1991           | 148,241             | 12,881    | 10,924 (d)                    | 172,046   |
| Larry B. Kesler<br>Executive Vice President of the Corporation  | 1993           | 167,500             | 50,638    | 19,185 (d)                    | 237,323   |
|   | 1992           | 145,129             | 46,412    | 15,198 (d)                    | 206,739   |
|   | 1991           | 134,326             | 11,667    | 9,915 (d)                     | 155,908   |
| Maria Isabel P. de Burckhart<br>Executive Vice President of the Corporation   | 1993           | 165,000             | 49,789    | 18,898 (d)                    | 233,687   |
|   | 1992           | 145,226             | 46,424    | 15,208 (d)                    | 206,858   |
|   | 1991           | 132,922             | 11,728    | 9,963 (d)                     | 154,613   |
| Humberto Martin<br>Executive Vice President of the Corporation  | 1993           | 158,290             | 47,687    | 18,130 (d)                    | 224,107   |
|   | 1992           | 143,333             | 45,054    | 15,010 (d)                    | 203,397   |
|   | 1991           | 140,523             | 13,014    | 11,083 (d)                    | 164,620   |
| Emilio E. Pinero Ferrer<br>Executive Vice President of the Corporation  | 1993           | 157,080             | 47,379    | 17,983 (d)                    | 222,442   |
|   | 1992           | 141,151             | 45,006    | 14,782 (d)                    | 200,939   |
|   | 1991           | 136,057             | 11,856    | 10,008 (d)                    | 157,921   |
| Alberto M. Paracchini<br>Director and former Chairman of the Board of Directors of<br>the Corporation                               | 1993           | 122,482             | -0-       | 730,355 (e)                   | 852,837   |
|   | 1992           | 319,297             | 188,706   | 31,845 (d)                    | 539,848   |
|   | 1991           | 344,874             | 12,671    | 24,964 (d)                    | 382,509   |
| Thomas J. Fitzpatrick(f)<br>President of Spring Financial Services, Inc. (a<br>wholly-owned subsidiary of BanPonce Financial Corp.) | 1993           | 236,250             | 141,750   | 13,491 (d)                    | 391,491   |
|   | 1992           | 236,250             | 141,750   | 8,728 (d)                     | 386,728   |
| Andres F. Morrell(f)<br>President of Vehicle Equipment Leasing Company, Inc. (a<br>wholly-owned Subsidiary of the Corporation)      | 1993           | 120,000             | 38,640    | -0-                           | 158,640   |
|   | 1992           | 108,460             | 32,400    | -0-                           | 140,860   |

</TABLE>

|   | FISCAL<br>YEAR | ANNUAL COMPENSATION |           | ALL OTHER<br>COMPENSATION (C) | TOTAL   |
|---|----------------|---------------------|-----------|-------------------------------|---------|
|   |                | SALARY (A)          | BONUS (B) |                               |         |
| <S>   | <C>            | <C>                 | <C>       | <C>                           | <C>     |
| Edgardo Novoa(f)<br>President of Popular Consumer Services, Inc. (a<br>wholly-owned subsidiary of the Bank)   | 1993           | 90,924              | 11,458    | -0-                           | 102,382 |
| Carlos Mangual(f)<br>President of Popular Leasing and Rental, Inc. (a<br>wholly-owned subsidiary of the Bank) | 1993           | 90,004              | 33,065    | 10,309(d)                     | 133,378 |
|   | 1992           | 74,756              | 22,899    | 7,829(d)                      | 105,484 |

- 
- (a) Salaries before deductions. For 1991 includes the cash value of unused vacations paid which is not a recurring payment.
  - (b) Includes Christmas bonus, a special bonus for the Bank's 100th Anniversary, the Incentive Compensation Plan and the cash portion under the Profit Sharing Plan of the Bank which are described on this page.
  - (c) Does not include the value of perquisites and other personal benefits because the aggregate amount of such benefits does not exceed the lesser of \$50,000 or 10% of total amount of annual salary and bonus of any named individual.
  - (d) Deferred portion under the Profit Sharing Plan which is described on this page. For Mr. Thomas Fitzpatrick, these amounts represents the contribution of Spring Financial Services, Inc., during 1993 and 1992 pursuant to Section 401(k) of the Internal Revenue Code.
  - (e) Please refer to Section entitled "Employment Contract of Mr. Alberto M. Paracchini" on page 13.
  - (f) Information presented for 1993 and 1992 except for Mr. Edgardo Novoa which was appointed President of Popular Consumer Services, Inc. during 1993. No disclosure is required with respect to these officers.

#### OTHER INCENTIVE COMPENSATION PLANS

The Bank has an Annual Management Incentive Plan for different management levels. Under this Plan, incentive bonuses are based on individual performance as well as Bank's performance, measured by net income after tax. The weight assigned to each component varies according to the level of management. These bonuses can reach 20% of salaries if results exceed the target amount.

The Bank also has an Excellence in Performance Incentive Program covering all employees not included in the other incentive plans. This program rewards employees for extraordinary personal contributions that are non-recurring in nature, typically not recognizable through merit or promotional salary action, and clearly recognized as such by management and peers alike.

In addition, the Bank has several functional incentive programs which reward employees' productivity in specific areas.

#### DEFERRED COMPENSATION PLAN (PROFIT SHARING) OF THE BANK

All officers and regular employees who were in the service of the Bank as of January 1, 1976, or hired after that date, are active participants in the Bank's operating earnings under the yearly Profit Sharing Plan, as of the first day of the calendar month following completion of one year of service.

The Bank's contribution for each year is computed in accordance with a formula based on the return on average assets or the return on average equity, whichever results in a higher contribution. The amount allocated to each officer or employee is based on his or her basic compensation for the year.

The total amount contributed for the year 1993 was \$20,593,840, of which 40% was distributed in cash among the Plan's participants, as approved by the Bank's Board of Directors in the month of January, 1994.

#### PENSION PLAN

The Bank has a noncontributory, defined benefit pension plan (the "Pension Plan") covering substantially all employees. Full time employees are eligible to participate in the Pension Plan following the

completion of three months of service. Pension costs are funded in accordance with the minimum funding standards under the Employee Retirement Income Security Act ("ERISA").

Benefits are paid on the basis of a straight life annuity plus supplemental death benefits and are not reduced for social security or other payments received by participants. Benefits are paid to participants upon normal retirement, which is 65 years of age, or early retirement, which requires 50 years of age and 25 years of service. Benefits are reduced for early retirement.

The following table sets forth the estimated annual benefits that would become payable under the Plan based upon certain assumptions as to covered compensation levels and years of service. The amounts set forth in this table are not necessarily representative of amounts which are or may actually become payable under the Plan. The amounts represent the benefit payable upon retirement on December 31, 1993, of a participant at age 65:

<TABLE>  
<CAPTION>

| COVERED<br>COMPENSATION (1) | ESTIMATED ANNUAL BENEFITS<br>YEARS OF SERVICE (2) |           |           |           |           |
|-----------------------------|---|-----------|-----------|-----------|-----------|
|                             | 15  | 20        | 25        | 30        | 35        |
| <S>                         | <C>   | <C>       | <C>       | <C>       | <C>       |
| \$ 400,000                  | \$120,000   | \$160,000 | \$200,000 | \$220,000 | \$240,000 |
| 300,000                     | 90,000  | 120,000   | 150,000   | 165,000   | 180,000   |
| 200,000                     | 60,000  | 80,000    | 100,000   | 110,000   | 120,000   |
| 100,000                     | 30,000  | 40,000    | 50,000    | 55,000    | 60,000    |

</TABLE>

- (1) Covered compensation includes only the participant's base salary. Benefits exclude adjustments for IRS maximum benefit limitations.  
(2) 1993 covered compensation and estimated years of service at age 65 are as follows for the five highest paid key policy making executive officers:

<TABLE>  
<CAPTION>

|                                   | 1993<br>COVERED<br>COMPENSATION | ESTIMATED YEARS<br>OF SERVICE AT<br>AGE 65 |
|-----------------------------------|---------------------------------|--|
| <S>                               | <C>                             | <C>  |
| Richard L. Carrion.....           | \$230,000                       | 41.5                                       |
| Jorge A. Junquera.....            | 211,000                         | 42.3                                       |
| David H. Chafey, Jr.....          | 205,000                         | 38.5                                       |
| Larry B. Kesler.....              | 168,000                         | 16.5                                       |
| Maria Isabel P. de Burckhart..... | 165,000                         | 35.3                                       |

</TABLE>

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BANPONCE CORPORATION

PERFORMANCE GRAPH

The following Performance Graph compares the cumulative total shareholder return during the measurement period with the cumulative total return, assuming reinvestment of dividends, of the S & P 500 Index and the S & P Bank Composite Index. The cumulative total shareholder return was obtained by dividing (i) the cumulative amount of dividends per share, assuming dividend reinvestment, since the measurement point, December 31, 1988 plus (ii) the change in the per share price since the measurement point, by the share price at the measurement point.

COMPARISON OF FIVE YEAR CUMULATIVE RETURN  
TOTAL RETURN AS OF DECEMBER 31  
(DECEMBER 31, 1988 = 100)

<TABLE>  
<CAPTION>

| MEASUREMENT PERIOD<br>(FISCAL YEAR COVERED) | BANPONCE | S&P 500 IN-<br>DEX | BANKS COMPOS-<br>ITE |
|---|----------|--------------------|----------------------|
| <S>   | <C>      | <C>                | <C>                  |
| 1988  | 100      | 100                | 100                  |
| 1989  | 126      | 132                | 123                  |
| 1990  | 98       | 128                | 87                   |
| 1991  | 123      | 166                | 142                  |
| 1992  | 200      | 179                | 188                  |
| 1993  | 211      | 197                | 207                  |

</TABLE>

INDEPENDENT PUBLIC ACCOUNTANTS



The Board of Directors intends to retain the services of Price Waterhouse as the independent auditors of the Corporation for the year 1994. This firm of international public accountants has served as independent auditors of the Bank since 1971 and of the Corporation since May 1991, when it was appointed by the Board of Directors.

Representatives of Price Waterhouse will attend the Stockholders Meeting and will be available to answer any questions that may arise; they will also have the opportunity to make a statement if they so desire.

NOMINATIONS OTHER THAN BY THE BOARD OF DIRECTORS

Nominations for Directors, other than those made by or on behalf of the existing Board of Directors of the Corporation, shall be made in writing and shall be delivered or mailed to the President or the Secretary of the Corporation not less than fifteen (15) days prior to April 22, 1994. The notice of such nominations shall contain the following information to the extent known to the notifying stockholder: (a) name and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the total number of shares of common stock of the Corporation that will be voted for each proposed nominee; (d) the name and residence address of the notifying stockholder; and (e) the number of shares of common stock of the Corporation owned by the notifying stockholder. Nominations not made in accordance with the above may, in his discretion, be disregarded by the Chairman of the Meeting and, upon his instructions, the judges of the election may disregard all votes cast for each such nominee.

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PROPOSALS OF SECURITY HOLDERS TO BE PRESENTED AT THE 1995 ANNUAL MEETING OF STOCKHOLDERS

Stockholders' proposals intended to be presented at the 1995 Annual Meeting of Stockholders must be received by the Corporate Secretary, at its principal executive offices, Popular Center Building, San Juan, Puerto Rico, 00918, not later than December 30, 1994, for inclusion in the Bank's Proxy Statement and Form of Proxy relating to the 1995 Annual Meeting of Stockholders.

OTHER MATTERS

Management does not know of any other matters to be brought before the Meeting other than those described previously. Proxies in the accompanying form will confer discretionary authority to Management with respect to any such other matters presented at the meeting.

To avoid delays in ballot taking and counting, and in order to assure that your Proxy is voted in accordance with your wishes, compliance with the following instructions is respectfully requested: upon signing a Proxy as attorney, executor, administrator, trustee, guardian, authorized officer of a corporation, or on behalf of a minor, please give full title. If shares are in the name of more than one recordholder, all should sign.

Whether or not you plan to attend the Meeting, it is very important that your shares be represented and voted in the Meeting. Accordingly, you are urged to properly complete, sign, date and return your Proxy Card in the enclosed self-addressed envelope which needs no postage.

San Juan, Puerto Rico, March 18, 1994.

|          |  |     |                    |
|----------|--|-----|--------------------|
| <TABLE>  |  |     |                    |
| <S>      |  | <C> |                    |
|          | RICHARD L. CARRION   |     | SAMUEL T. CESPEDES |
|          | Chairman of the Board, President and Chief Executive Officer |     | Secretary          |
| </TABLE> |  |     |                    |

ANNUAL REPORT -- U.S. SECURITIES AND EXCHANGE COMMISSION, FORM 10-K

Management will provide without charge, upon written request, a copy of the U.S. Securities and Exchange Commission's Form 10-K filed by the Corporation for 1993, including the financial statements and the schedules thereto required to be filed under the Regulations of the Securities and Exchange Act of 1934.

Each written request must set forth a good faith representation that, as of the record date for the 1994 annual meeting of the stockholders of BanPonce Corporation, the person making the request was a beneficial owner of securities entitled to vote at such meeting.

Such written request may be directed to:

Mr. Orlando Berges  
Senior Vice President and Comptroller  
Banco Popular de Puerto Rico  
P.O. Box 362708  
San Juan, Puerto Rico 00936-2708

<TABLE>

<S>

PROXY  
BANPONCE CORPORATION

P.O. BOX 362708  
SAN JUAN, PUERTO RICO  
00936-2708

<C>

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.

THE UNDERSIGNED HEREBY APPOINTS RICHARD L. CARRION, JORGE A. JUNQUERA AND ERNESTO N. MAYORAL AS PROXIES, EACH WITH THE POWER TO APPOINT HIS SUBSTITUTE, AND HEREBY AUTHORIZES THEM TO REPRESENT AND TO VOTE AS DESIGNATED BELOW ALL THE SHARES OF COMMON STOCK OF BANPONCE CORPORATION HELD ON RECORD BY THE UNDERSIGNED ON MARCH 11, 1994 AT THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD AT POPULAR CENTER BUILDING, SEVENTH FLOOR, SAN JUAN, PUERTO RICO, ON APRIL 22, 1994 AT 2:00 P.M. OR AT ANY ADJOURNMENTS THEREOF, AS FOLLOWS:

1. ELECTION OF DIRECTORS

Nominees:

Alfonso F. Ballester  
Sila M. Calderon

Waldemar Del Valle  
Jorge A. Junquera

Francisco Perez, Jr.  
Emilio Jose Venegas

</TABLE>

<TABLE>

<S> / / VOTE GRANTED FOR all nominees <C> / / VOTE WITHHELD FOR all nominees

/ / Vote granted, except for the following nominee(s) (insert the names of those nominees for whom you do not wish to vote in the space provided below)

2. IN THEIR DISCRETION, the Proxies are authorized to vote upon such other business as may properly come before the Meeting. THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED "FOR" ITEM 1.

</TABLE>

<TABLE>

|                       |                         |                  |  |
|-----------------------|-------------------------|------------------|--|
| <p>&lt;S&gt;</p>      | <p>&lt;C&gt;</p>        | <p>&lt;C&gt;</p> | <p>&lt;C&gt;</p>   |
| -----<br>Proxy Number | -----<br>Account Number | -----<br>Shares  | Please sign exactly as name appears below. When shares are held by joint tenants or by tenants in common, each holder should sign. When signing as attorney, as executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer and the position of such authorized officer should appear below the signature. If a partnership, please sign in partnership name by authorized person. |
|                       |                         |                  | DATED _____, 1994  |
|                       |                         |                  | -----<br>Signature   |
|                       |                         |                  | -----<br>Signature   |

</TABLE>

(VEA AL DORSO TEXTO EN ESPANOL)

PLEASE SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.  
No Postage is required if mailed in the United States, Puerto Rico or the U.S. Virgin Islands.