



Corporate Responsibility Report **2005**



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Corporate Responsibility Report 2005

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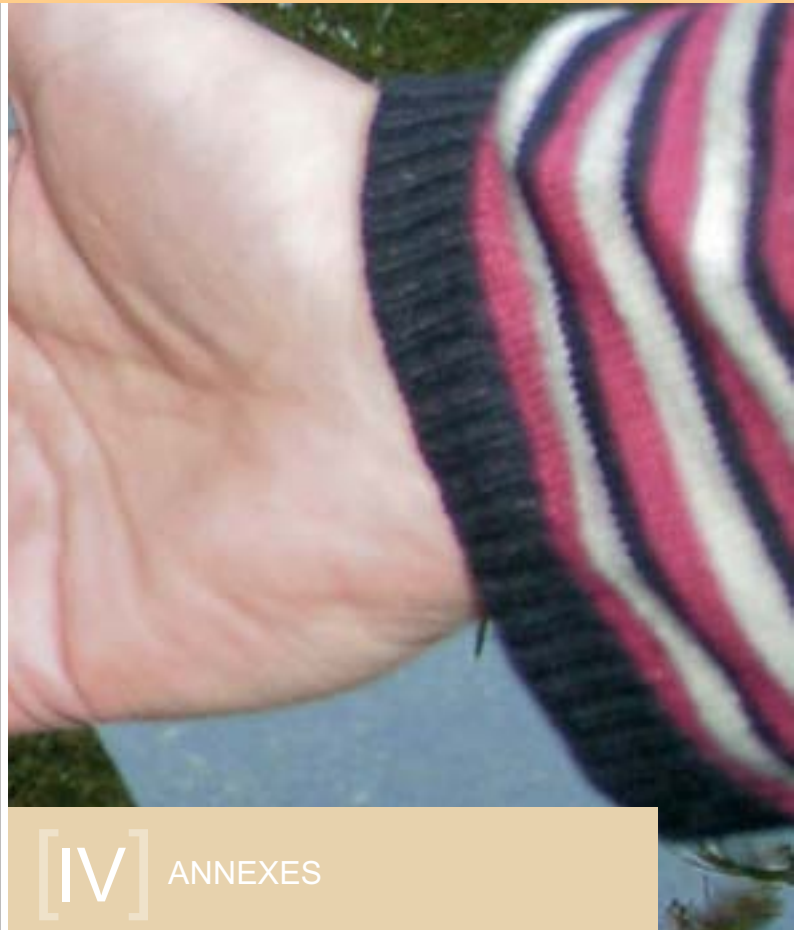
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LETTER FROM THE CHAIRMAN

Corporate Responsibility Report 2005

This fourth *Corporate Responsibility Report* pursues and consolidates the approach upheld by the BBVA Group since 2002, whereby detailed information is furnished on the way it understands and implements its commitment to each and every one of the groups it has dealings with. A commitment that constitutes our core responsibility as a company: to provide the best possible service for all our stakeholders (shareholders and investors, employees, customers, suppliers, regulators and the public at large). In other words, to be of service through the highest levels of quality, integrity and transparency, affording them the greatest possible value and striving to meet their expectations, whilst meticulously abiding by the law and regulator's recommendations.

Therein lies our pledge to what is termed Corporate Responsibility. We should like to stress that this notion refers to our overall responsibility: to conduct ourselves properly, ethically and efficiently regarding all those sectors with which we are in contact, either directly or indirectly, adopting a balanced approach to all facets of our business. This means our financial business, of course, but it also extends to the human, social and environmental arenas.

● A way of understanding business activity

Corporate responsibility for BBVA underpins the company's entire management. Such is the focus of

this present report, which has been prepared in accordance with the 2002 GRI Guidelines. It represents a balanced and reasonable presentation of our organisation's economic, environmental and social performance.

This is an analysis of the BBVA Group's business from a perspective supplementing that contained in the *Annual Report*, in which other key aspects of our corporate responsibility are addressed (such as financial and management data or detailed information on our Corporate Governance system), which are not reiterated so as to avoid repetition. This document, therefore, reflects a comprehensive approach to the understanding of business activity. A perspective that is being increasingly called for by societies with ever higher levels of instruction and awareness and is increasingly appreciated by the markets. Yet it is also one that is turning out to be more and more useful for the actual management of the company itself, as it contributes to sustained value creation over time. We should not forget that this —sustainability in the broadest sense of the term— is a goal that is inherent to any company. A standpoint, furthermore, that in our case is based on the belief in, and adherence to, underlying values that constitute our corporate culture.

This, in short, is the ground covered by the present report; the way in which, throughout 2005, we have implemented our vision in practical



terms: working towards a better future for all the people with whom we are in contact. This is the report's focal point.

Nevertheless, we are not dealing with a document of a purely informative nature. At BBVA we consider it to be a vital part of the dialogue with stakeholders; one of the many components of a complex interaction, which for us lies at the heart of our corporate responsibility.

● Overview of the report

The report begins with an initial section that examines our brand's defining traits and the key data on the Group's structure and economic activity. In 2005, these are underpinned by major growth and by figures for profits, returns, efficiency and soundness that have hitherto been unmatched. This is followed by a summary of the key premises defining our policy of corporate responsibility: our approach to the concept, our basic principles and commitments and, finally, the management systems that enable us to implement them. The first section concludes with an overall analysis of the value created by the BBVA Group throughout the year, from the all-embracing standpoint already mentioned.

The second section reviews the more significant aspects of our dealings with direct stakeholders, who are also the main focus of our performance as a company: our shareholders, employees, customers and suppliers. The report

“Corporate responsibility for BBVA underpins the company’s entire management.”



strives to present a balanced view on all aspects of these dealings, thereby catering also for those that are not strictly economic in nature, albeit nonetheless essential from the viewpoint of total quality.

The third section analyses the BBVA Group’s deference to the milieu in which it operates: firstly, its environmental impact, both direct and indirect; and secondly, the community support policies it pursues. We believe that the contribution the Group makes to social welfare

and development is forthcoming through its day-to-day business. Nonetheless, the importance of its social interest schemes renders them worthy of a detailed explanation. We give an account of our actions both in favour of the general development of those societies in which we are present and those more specifically targeting disadvantaged groups (part of what is usually referred to as social action).

The report’s final section covers methodological issues and a detailed discussion of its observance of

GRI criteria and the UN Global Compact Principles, which BBVA adheres to in full. It also includes a summary of the surveys carried out for the preparation of this report in order to sound the opinion of stakeholders regarding the relevance of its content, in keeping with the criteria laid down in the AA1000 Assurance Standard on the reporting of information.

● **The path to continuous improvement**

This latter aspect constitutes one of the major innovations in this report. It is not the only one. Regarding the 2004 Report—which was acknowledged as the best report in Spain in this field by two of the most prestigious ratings carried out in the country—the present document has been considerably improved: a more comprehensive analysis of our Group, much more detailed and accurate quantitative data, indications on strengths, areas of improvement and main lines of work in 2006 in each subject addressed, a list of shortcomings suggested by our stakeholders and an external verification of considerably greater scope and depth than last year, affecting both quantitative and qualitative information. In addition to all this, the Spanish version of the report has been subject to a further external examination (performed by the *Fundación para el Español Urgente*) to verify the appropriateness of the language used.

All this is part of a process of continuous improvement that we embrace wholeheartedly. We are well aware that a great deal of improvement still needs to be made, but we are willing to proceed as swiftly as possible, fully convinced that we are heading in the right direction.

A process that can only be realised thanks to the effort made by all the units and by all the professionals in our organisation, who have once again in 2005 shown their ability to make corporate responsibility part of their everyday duties—an ability to improve upon the many tasks they face each day. The best way to end this letter, therefore, is to express my gratitude to each and every one of them.



February 27th 2006
Francisco González Rodríguez

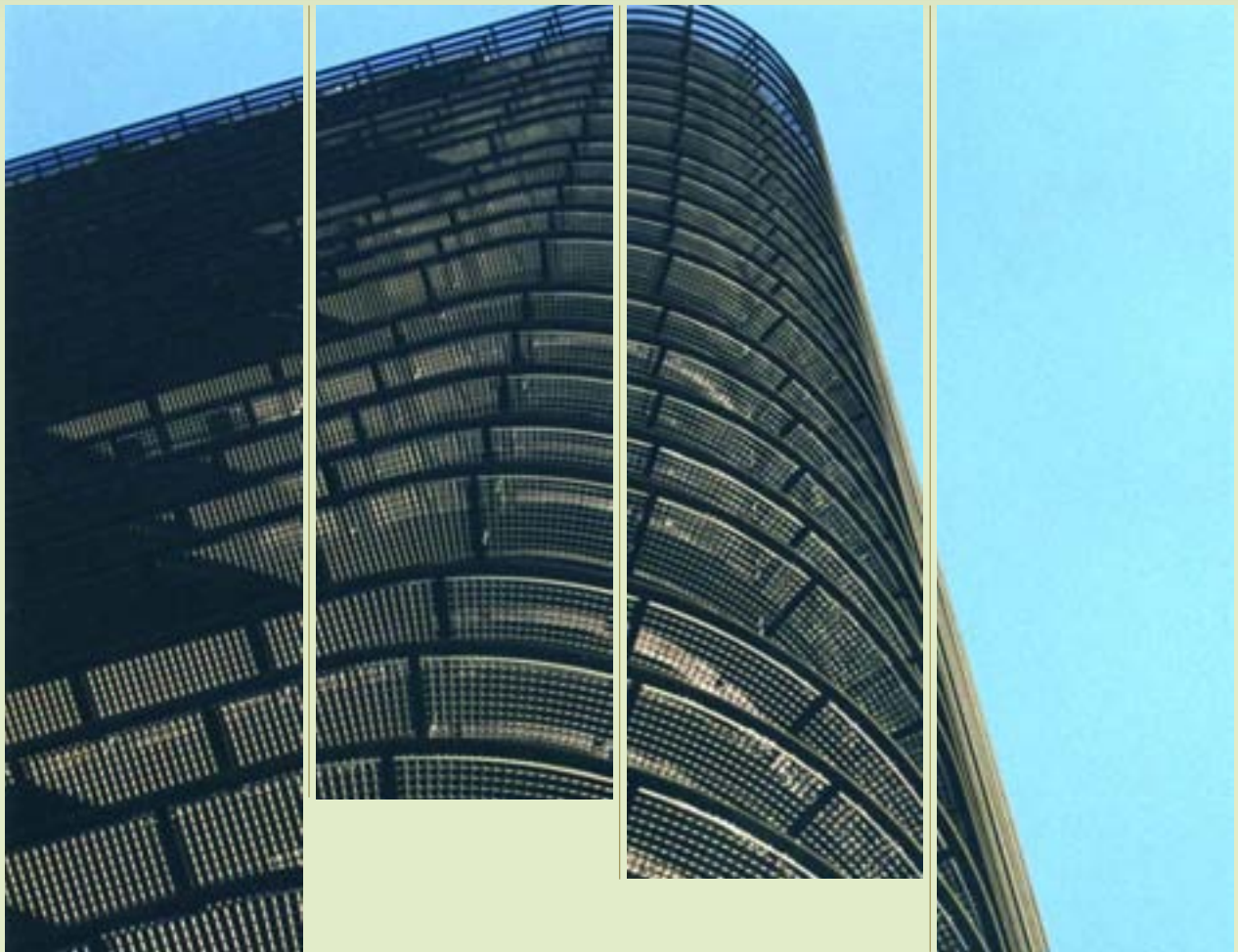
[I] STRATEGY AND ORGANISATION

Corporate Responsibility Report 2005

- 1] BBVA GROUP PROFILE AND BRAND
- 2] BBVA'S CORPORATE RESPONSIBILITY POLICY:
FROM COMMITMENT TO IMPLEMENTATION
- 3] CREATING VALUE



1] BBVA GROUP PROFILE AND BRAND

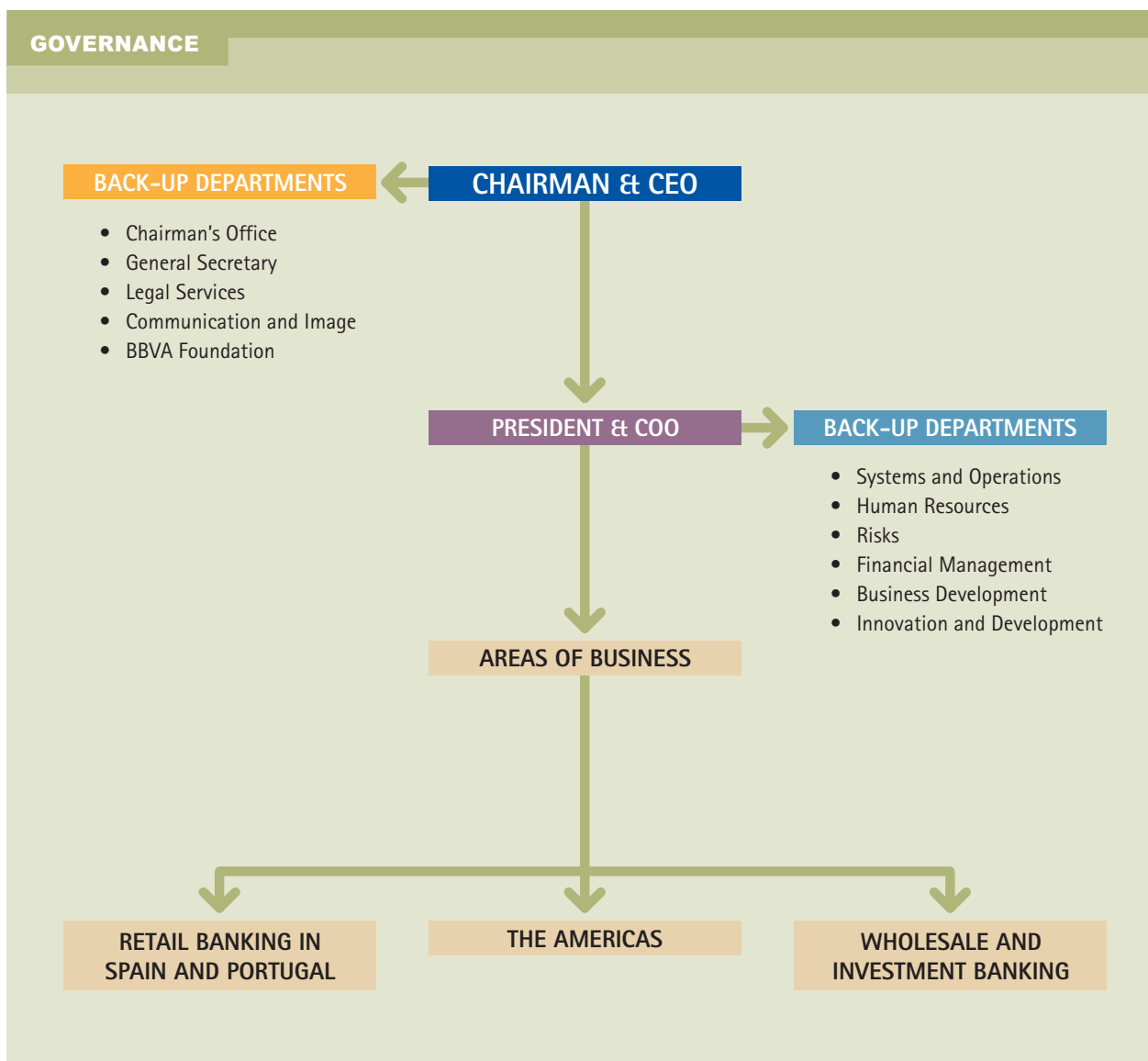


● Profile Introduction

Banco Bilbao Vizcaya Argentaria S.A. (henceforth BBVA) is a private limited company that is subject to the rules and regulations of banking institutions operating in Spain. It pursues its business through branch offices and agencies distributed throughout both Spain and the world.

It also holds shares in a series of entities both at home and abroad that together constitute the BBVA Group: a global financial group of considerable size and recognised solvency that is present in Europe, the Americas and Asia, operating in all the world's financial markets and occupying positions of leadership in its core business areas: Spain and Latin America.

Governance



Note: The governance structure presented here remained in force throughout 2005. On January 1st 2006, a new arrangement has been introduced that involves a substantial restructuring of the organisation.

Business structure: core products and services

CORE PRODUCTS AND SERVICES			
Areas of business	Brief overview of each area	Net attributable profit by area of business (Million euros)	
		2005	2004
Retail Banking in Spain and Portugal	This includes the retail business, asset management and private banking undertaken by the Group in Spain and Portugal. It encompasses the segments of individual customers and small and medium-sized enterprises in the domestic market, the Finanzia/Uno-e group, BBVA Portugal, the private banking business, mutual and pension fund management and the results linked to the insurance business. Core products and services: Deposits, real estate and mutual funds, pension plans, mortgages, credits, loans, cards, insurances and leasing...	1,614	1,427
Wholesale and Investment Banking	This encompasses the businesses the Group pursues with large companies and institutions through corporate banking, both at home and abroad, as well as institutional banking. Furthermore, it also extends to the business of trading rooms, the business of equity income distribution and origination, and the depository and custodial services, as well as business and real estate projects. Core products and services: Credit lines, management of subsidies, management of taxes, shareholdings, finance structuring, project finance, corporate banking, and trade finance, amongst others...	592	404
The Americas	This consists of the business and results of the Group's subsidiary banks in Latin America and its affiliate companies, including pension management and insurance companies, as well as international private banking. Core products and services: Deposits, real estate and mutual funds, pension plans, cards, credit lines, mortgages, insurances, shareholdings, management of taxes, foreign trade and project finance, amongst others...	1,820	1,195
Corporate Activities	This covers shareholdings in large industrial corporations and financial entities, as well as the business of back-up units, such as the Assets and Liabilities Committee (ALCO). It includes the specific contributions to provisions corresponding to early retirements and others of a corporate nature and the costs of headquarters units with a strictly corporate function.	(219)	(102)
BBVA GROUP NET ATTRIBUTABLE PROFIT		3,806	2,923

NET ATTRIBUTABLE PROFIT BY COUNTRIES IN THE AMERICAS		
(Million euros)	2005	2004
Mexico	1,350	862
Argentina	119	36
Chile	62	35
Colombia	66	28
United States ¹	27	44
Panama	19	18
Paraguay	10	9
Peru	59	32
Uruguay	-2	-3
Venezuela	57	85
Other countries ²	4	12

¹ Including Puerto Rico.

² Bolivia, Ecuador and the Dominican Republic. In 2004, also El Salvador.

Group profile

KEY DATA

Results: (Million euros)	2005	2004
Ordinary revenues	13,024	11,120
Pre-tax profit	5,592	4,137
Net attributable profit	3,806	2,923
Balance sheet (million euros)		
Total assets	392,389	329,441
Total lending	222,413	176,673
Customer funds	403,087	329,254
Business volume	625,500	505,927
Activity		
Number of countries involved	31	32
Number of shareholders	984,891	1,081,020
Number of customers (million)	38,4	35
Number of employees	94,681	87,112
Number of branches	7,410	6,868
Number of suppliers	2,564	2,039

Results: (Million euros)

	2005	2004
Other data		
Market capitalisation (million euros)	51,134	44,251
Earnings per share	1.12	0.87
P/BV (Price/book value; times)	3.9	4.0
Dividend yield	3.52	3.39
ROE-Return on equity	37.0	33.2
Efficiency incl. depreciation and amortization	46.7	48.6
Nonperforming loan ratio	0.94	1.13
Employee productivity	3.6	3.4
Business volume per employee (million euros)	6.6	5.8

USA

No. employees 2,066
No. branches 91

Mexico

No. employees 31,146
No. branches 1,957

New York

Miami
La Habana

Puerto Rico

No. employees 1,120
No. branches 44

Venezuela

No. employees 5,653
No. branches 330

Panama

No. employees 245
No. branches 16

Colombia

No. employees 6,849
No. branches 427

Peru

No. employees 3,377
No. branches 224

Chile

No. employees 3,630
No. branches 185

Paraguay

No. employees 99
No. branches 8

Sao Paulo

Uruguay

No. employees 145
No. branches 9

Argentina

No. employees 6,851
No. branches 342

Channel Islands (United Kingdom)

No. employees 22
No. branches 1

London

Paris

Portugal

No. employees 891
No. branches 100

BRANCHES

Brussels
Hong Kong
London
Miami
Milan
New York
Paris
Tokyo

BBVA GROUP RANKING IN THE MAIN COUNTRIES IN WHICH IT OPERATES

Ranking per business segment	Customer lending	Deposits	Pensions
Spain	1 st	2 nd	1 st
Argentina	3 rd	1 st	2 nd
Bolivia	–	–	1 st
Colombia	3 rd	3 rd	3 rd
Chile	4 th	4 th	1 st
Ecuador	–	–	1 st
Mexico	1 st	1 st	2 nd
Dominican Republic	–	–	2 nd
Panama	5 th	5 th	1 st
Paraguay	1 st	2 nd	–
Peru	2 nd	2 nd	3 rd
Puerto Rico	6 th	7 th	–
Uruguay	5 th	5 th	–
Venezuela	3 rd	4 th	–

Source: BBVA.



GROUP BANKS

Spain

BBBVA
Banco de Crédito Local
Finanzia
Uno-e

Latin America

BBVA Banco Continental (Peru)
BBVA Banco Francés (Argentina)
BBVA Banco Provincial (Venezuela)
BBVA Bancomer (Mexico)
BBVA Chile
BBVA Colombia
Banco Granahorrar
BBVA Panama
BBVA Paraguay
BBVA Puerto Rico
BBVA Uruguay

Remaining Group

Banc Internacional d'Andorra-Banca Mora
BBVA Bancomer USA
BBVA Portugal
BBVA Privanza Bank (Jersey) Ltd (Channel Islands)
BBVA Suiza
Laredo National Bank (United States)

REPRESENTATION OFFICES

Beijing
Frankfurt
Geneva
Havana
Moscow
Sao Paulo
Shanghai
Teheran

Text note: The data that appear on the map correspond to the employees and branches in the consolidated BBVA Group in each country. Display is made solely of those countries in which the BBVA Group has a banking business. Furthermore, there are pension management firms in Ecuador, Bolivia and the Dominican Republic.
With the exception of Mexico, Peru, Bolivia, Chile, Ecuador and Panama, a 25 % share is not exceeded in any country for each product or range of products.

Major Group events in 2005

- Acquisition of Hipotecaria Nacional in Mexico (January).
- Announcement of a global plan catering for segments with little banking coverage in Spain, Latin America and the United States (February).
- Adjustment to International Financial Reporting Standards (February).
- Shelving of the investigation by the High Court into alleged money laundering by BBVA (March).
- Launch of Banco Express, a new Group company in Chile (March).
- Opening of a representation office in Shanghai (April).
- Conclusion of the acquisition of shares in Laredo National Bank (LNB) (Texas, USA) (May).
- Meeting held in Mexico with trade union delegates from the Group's companies in Spain and Latin America (June).
- Opening of a branch in Tokyo (June).
- Withdrawal of the takeover bid project for BNL (July).
- First European financial group to be listed on the Mexican stock exchange (August).
- BBVA Bancomer USA (former Valley Bank) begins trading in the United States (August).
- Launch of the portal *Pasión por las Personas* (Passion for People) (September).
- Training scheme on the prevention of money laundering for the entire Retail Banking network in Spain (September).
- Launch of the campaigns *Cuentas Claras* (May) and *Cuentas Claras Internacional* (November) for transparency in bank charges.
- Subscription of an agreement with the trade unions COMFIA-CC.OO and FES-UGT to promote equality and the reconciling of family and work (November).
- Acquisition in Colombia of the mortgage company Granahorrar (November).
- Introduction of a new organisational structure (December).
- Opening of a new branch in Texas (December).
- Development of the scheme for reducing offshore centres.
- 34 million euros invested in in-house training (December).
- 50 million euros invested in innovation and development.
- 46 million euros allocated to community support projects in 2005 (December).

PRIZES AND HONOURS AWARDED TO THE BBVA GROUP IN 2005

Prizes and honours	Entity/Publication
Francisco González, chosen "Banker of the Year".	<i>Retail Banker International</i> .
José Ignacio Goirigolzarri, chosen "Financier of the Year".	<i>Latin Trade</i> .
BBVA, honoured with "Bank Awards 2004/2005".	Siderúrgica Arcelor.
BBVA, best bank for advice on risk management and derivatives transactions.	<i>Risk España</i> .
Gold Cup to the best managed corporate brand.	ESADE Brand Centre.
Nomination for the Principe Felipe Awards for Business Excellence in the category of "Renowned Brand Management".	Spanish Ministry of Industry, Tourism and Trade.
BBVA is placed 5th in Spain's overall ranking for reputation and is the highest placed in the financial industry.	Spanish Monitor of Corporate Reputation (MERCOR).
BBVA is placed 5th amongst Spanish companies (gaining three places with regard to the prior year) in the ranking of "World's most respected companies".	<i>Financial Times</i> and PricewaterhouseCoopers.

PRIZES AND HONOURS AWARDED TO THE BBVA GROUP IN 2005

Prizes and honours	Entity/Publication
"Visa Infinite" by BBVA, Golden Card award for the best loyalty card.	International Card Congress 2005.
BBVA Group, best internet bank in the category of private banking and best internet bank in the category of cash management.	<i>Global Finance</i> .
Anida, Alpha Award for Excellence in Marketing.	Marketing Executives Club.
Anida, second runner-up in the category "Best advertising and communication campaign".	Spanish Association of Press Editors (AEEPP).
Anida, Daniel Gil award for editorial design in the category "Corporate Institutional/Promotional Book".	<i>Visual</i> .
Anida, V Exitos Awards in the "Performance in Environment" category.	Grupo Códice.
BBVA receives the International Exemplary Company Award for the Prevention of Industrial Hazards and Health & Safety at Work.	International Association of Experts in Employment Law and Social Security "Profesor Alonso Olea".
BBVA receives the Spanish Exemplary Company Award for the Prevention of Industrial Hazards and Health & Safety at Work.	International Association of Experts in Employment Law and Social Security "Profesor Alonso Olea".
BBVA, leading bank in Spain, second best bank in the eurozone and fifth in Europe in investor relations.	Thomson Extel Survey 2005.
Best investor relations website in Spain.	Survey carried out by MZ Servicios Financieros, JP Morgan, KPMG and Linklaters.
XI <i>Dinero</i> Corporate Award 2005 for BBVA's Management of Personal Financial Services.	<i>Dinero</i> .
BBVA, best regional bank in Latin America in 2005 in trade finance operations.	<i>Trade Finance</i> and <i>Trade & Forfaiting Review</i> .
BBVA, best internet bank in Europe for private customers (last quarter 2005).	AQmetrix.
BBVA Colombia, BBVA Banco Continental and BBVA Paraguay honoured as "Bank of the Year".	<i>The Banker</i> .
BBVA, best bank in Peru.	<i>Euromoney</i> .
BBVA Banco Continental, National Quality Award 2005.	Quality Management Committee.
BBVA Banco Continental, best internet bank for corporate and institutional customers.	<i>Global Finance</i> .
BBVA Banco Provincial, best internet bank.	<i>Global Finance</i> .
BBVA Colombia, best financial support management for small companies.	Banco de Comercio Exterior de Colombia (Bancóldex).
"Order of Congress" medal awarded to the chairman of BBVA Colombia.	Congress of the Republic.
BBVA Colombia, best internet bank for corporate and institutional customers.	<i>Global Finance</i> .
BBVA, best securities firm in Mexico.	<i>Euromoney</i> .
BBVA Banco Francés, Silver AMDIA award in the category of Relational Marketing Actions and Business to Consumer CRM.	Argentinean Association of Direct and Interactive Marketing (AMDIA).
BBVA, best bank in Paraguay in the third quarter of 2005, a position that it has held in each quarter since 2002.	Paraguay Banking Supervisor.

PRIZES AND HONOURS IN CORPORATE RESPONSIBILITY

Prizes and honours	Entity
BBVA, Spanish company with the best CSR report (for 2004).	Empresa y Sociedad Foundation.
Prize for the best Sustainability Report by a Spanish company, 2005 (for 2004).	Spanish Institute of Chartered Accountants (ICJCE) and the Spanish Association for Accounting and Company Administration (AECA).
X Corporate and Institutional Family Awards (2004) for the BBVA Families Plan.	Grupo Entidades Catalanas de la Familia.
Gold Euro for the Best Financial Product 2004 for <i>Préstamo Nacimiento</i> (Birth Loan).	<i>Ausbanc</i> .
BBVA Banco Continental, BBVA Colombia, BBVA Argentina and BBVA Bancomer best banks in their countries in Ethics, Corporate Governance, Transparency, Sustainability and Corporate Social Responsibility.	Management - Excellence and <i>Latin Finance</i> .
Gonzalo Benaim Pinto Education Award for the Papagayo Project by the BBVA Provincial Foundation.	Venezuela Israeli Association and Caracas Israeli Union.
Award for Social Responsibility to BBVA Banco Continental.	National Advertisers Association (ANDA).

Sustainability key performance indicators

Throughout 2005, the BBVA Group has upheld its commitment to continuous improvement with regard to its corporate responsibility. The indicators that are listed forthwith provide an organised reflection of this commitment and of its performance in this field, being compared to those

for last year. The differences with regard to the similar table presented in the *Corporate Social Responsibility Report 2004* are the result of the efforts made to provide more a significant summary of indicators. Nonetheless, all those featured in 2004 are also listed in different parts of this report.

RESOURCES ALLOCATED TO BASIC POLICIES OF CORPORATE RESPONSIBILITY IN THE BBVA GROUP

(Million euros)	2005	2004
In-house Training	34.3	34.3
Social Action ¹	46.5	38.3
R+D ²	50	47
TOTAL	130.8	119.6

¹ Figure analysed and itemised in the chapter on Community Support.

² The figure for R+D refers solely to projects undertaken in Spain. It follows the criteria laid down by current legislation for the recording in the books of expenditure pertaining to projects involving research, development and technological innovation. Regarding the identification of the major projects included in the four main pillars of R+D, as detailed in this report, we should like to highlight some of the main ones: cryptographic development of decoding data shared with customers, new tools for risk assessment, new channel architecture and remote access, the development of supplier payment systems, new electronic contracting channels, complaint management tools, advanced virtual correspondence, systems for authenticating and verifying electronic signatures, etc. The figure for 2005 is the best available estimation at 31 December by applying criteria of maximum prudence.

KEY INDICATORS			
Dimension	Indicator	Value	
		2005	2004
Economic	Earnings per share (euros)	1.12	0.87
	Market capitalisation (million euros)	51,134	44,251
	% of independent directors	66.7	66.7
	▶ Economic Value Added (EVA) (million euros)	10,951	9,641
	Socially responsible investment funds with regard to total investment funds managed	1.53 %	1.83 %
	DJSI score for economic dimension	88	65
Social	Average number of days taken to respond to a complaint	15	18
	Women in management posts	20.56 %	19.45 %
	Diversity men-women	55/45 %	57/43 %
	Undesired rotation in workforce	3.52 %	4.54 %
	Hours of training per employee	43	43
	▶ % of resources allocated to social action over pre-tax profits	0.83	0.93
	% of resources allocated to social action over attributable profits	1.22	1.31
	Supplier satisfaction index ⁽¹⁾	–	3.7 (Over 5)
	Customer satisfaction index ⁽²⁾	67.9 %	67.6 %
Environmental	Employee satisfaction index ^{(1) (2)}	61.1 %	–
	DJSI score for social dimension	80	65
	Electricity consumed per employee (GJ)	21.2	22.3
	Total CO ₂ emissions per employee (Tn)	2.9	3.0
	Paper consumed per employee (Tn)	0.11	0.14
	▶ Scope of ISO 14001 certifications over total employees (%)	1.84	0.27
General indicators	Loans with environmental benefits (million euros)	304.7	295.66
	DJSI score for environmental dimension	48	43
General indicators	▶ Overall DJSI score	75	60
	Presence in FTSE4Good (yes/no)	Yes	Yes

Note: The dimensions are scored according to Dow Jones Sustainability Index (DJSI) criteria.

⁽¹⁾ Biennial surveys.

⁽²⁾ Data from BBVA Spain.

● **BBVA Brand**

The brand management model falls within *La Experiencia BBVA* (The BBVA Experience), which was introduced in 2003 and defines a different approach to management, with the aim being for BBVA to convey a positive and differentiating experience in each one of its myriad contacts with stakeholders: an experience that forges an emotional tie between them and BBVA and which contributes to the establishment of long-term relationships that create value.

The analogy of an iceberg may serve to illustrate this. The 15 % on the surface is what is seen and perceived with BBVA: what it says (communication, advertising...) and what it offers (products and services, modes of conduct, branches...). All this constitutes the brand, or “external experience”. The culture, or “internal experience”, renders it possible for that 15 % to exist, to generate business, efficiency and internal cohesion. The Corporate Principles and operating criteria, which make up the BBVA culture, ensure that each employee, through the way in which they



conduct themselves, is a creator of the *La Experiencia BBVA*.

In view of the above, and in due course, the coherence between “what we say and sell” (external experience) and “what we are and how we conduct ourselves” (internal experience) builds up and reinforces corporate reputation.

Within this integrated model of culture, brand and reputation, the brand synthesises the external

experience. There follows an analysis of three aspects of the brand: its strength, its positioning and its language or mode of expression.

Brand strength

BBVA is well-known and features prominently in the minds of consumers in the main markets in which it operates. It is strength of some significance, given the major investment in effort and budgeting required to achieve such widespread awareness, and because knowledge constitutes the launch-pad for a brand to be seen as an option by potential customers.

BRAND STRENGTH		
	Spain (2005)	Mexico (2004)
Presence ¹	95 %	86 %
Commitment ²	17 %	25 %

Source: Brand strength surveys in Spain and Mexico.

¹ Presence: Customers of the bank or those familiar with it.

² Commitment: % of people who are truly committed because they associate the bank with those attributes of greatest importance for consumers within the category.

BBVA'S CORPORATE RESPONSIBILITY RATINGS AWARDED BY SPECIALIST AGENCIES

Organisation	Dimension	2005		2004	
		BBVA	Sector average	BBVA	Sector average
SAM ^a	Brand management	94	35	35	27

^a Scoring range: 0 to 100.

The level of brand commitment is also one of the highest (second place) in its respective markets, although there is clearly room for improvement.

Brand positioning and domain

Brand positioning is focused on three pillars:

- Leadership, understood as recognition rather than magnitude. It means leading from the front and setting the rules of the game. It not only stems from size, but also from the ability to undertake new projects and generate trust.
- Innovation, implying an open mind and the ability to generate new ideas and foster

technological development, yet always with a view to making life easier for customers.

- Person-to-person, based on the belief in the importance of the human factor for BBVA. The people at BBVA are its real competitive edge and they are the ones who establish long-term relationships with their customers and the society in which the institution is present.

These three pillars define the way in which BBVA wishes to be perceived by its stakeholders in all those countries in which it operates, although each pillar takes on a different significance depending on the circumstances in each individual market.

GROUP POSITIONING IN ITS MAIN MARKETS			
	Leadership	Innovation	Person-to-person
SPAIN (23.10.05)			
BBVA score (%)	85	67	58
BBVA's standing amongst its main competitors	1 st	2 nd	2 nd
Best score (%)	85	68	76
MEXICO (21.05.05)			
BBVA score (%)	91	79	82
BBVA's standing amongst its main competitors	2 nd	2 nd	2 nd
Best score (%)	94	84	84

Source: BBVA image tracking.

The figures provided correspond to the percentage of people who associate the attributes of each pillar to BBVA.

BBVA has a standardised tool for monitoring and research in order to gauge its positioning in the main countries in which it is present.

BBVA's language and mode of expression

BBVA's creative idea is not an advertising slogan: it is a concise way of expressing BBVA's vision, forthcoming from positioning and summarised in a single word: **adelante** (forward).

adelante.

- It is a concept arising from the vision “BBVA, working towards a better future for people”.
- It synthesises the company's core message to its main stakeholders.
- It means: “you can if you want to”.

- It is a message that inspires confidence, encouraging people to pursue their dreams and projects, which BBVA will help come true.

In order to enable the BBVA brand to express itself through its positioning, as a leading, innovative and person-to-person brand, in 2005 BBVA launched its corporate identity manual, *Vive la marca* (Experience the brand), which is being adapted by each country to cater for its own specificities. *Vive la marca* is a guide on how to use language, colours, typeface, illustrations, music, branch design... with a view to reinforcing coherence in its expression and its alignment with positioning. Something that enhances communicational efficiency, thereby leading to greater impact at no additional cost.

2 BBVA'S CORPORATE RESPONSIBILITY POLICY: FROM COMMITMENT TO IMPLEMENTATION

THE BBVA PLEDGE TO CORPORATE RESPONSIBILITY

- Providing the utmost value possible on a balanced basis to all its direct stakeholders and to the sum of societies in which it operates.



BASIC FEATURES

- Meeting stakeholder's expectations.
- Key component of our Corporate Culture.
- Catering for all business dimensions.
- Integral approach.
- Integration in management.



STRENGTHS

- Ratification of international undertakings.
- Corporate Governance system.
- General Code of Conduct and ethical and procedural codes.
- Rating in sustainability indices and in specialist agencies.
- Acknowledgement of the *Corporate Responsibility Report*.
- Model for monitoring Corporate Reputation.
- Community Support policy.



AREAS OF IMPROVEMENT

- Enhanced coordination between different Group banks.
- More in-house training in CR.
- Greater scope and depth in the external verification of the *Corporate Responsibility Report*.
- Improved quality in dialogue with stakeholders.
- Further integration of CR criteria in the Group's core areas.



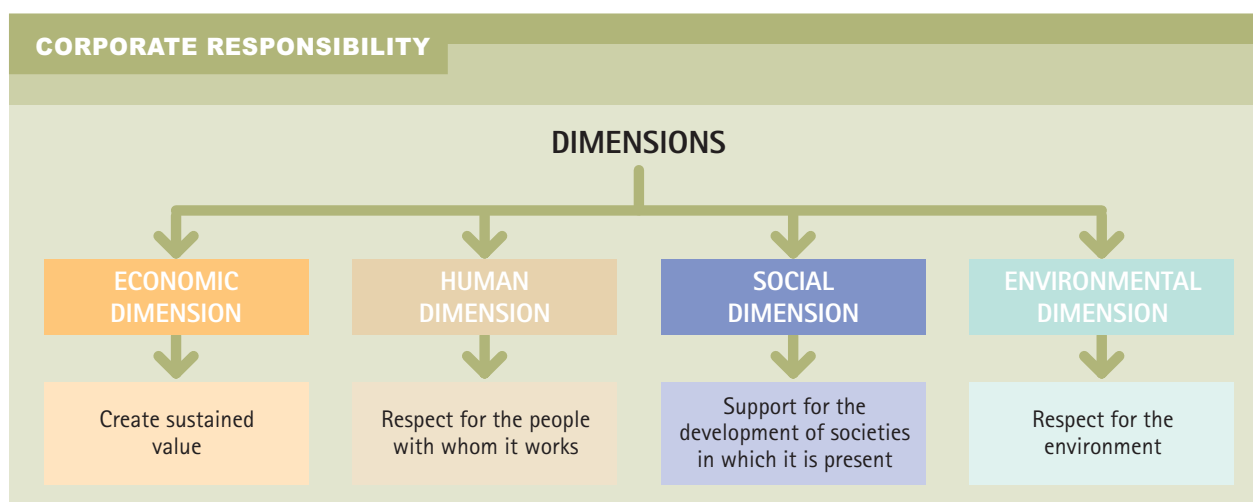
MAIN LINES OF WORK IN 2006

- Progress in the coordination of Corporate Responsibility and Corporate Reputation strategies.
- Progress in the coordination and management of information.
- Progress in the depth and scope of the external verification of the *Corporate Responsibility Report*.
- Progress in fulfilling stakeholders' expectations in the content of the *Corporate Responsibility Report*.
- Progress in the integration of CR criteria in the management of the areas of HR, Business, Risks, Compliance, Purchases and Channels.
- Developing the model for monitoring Corporate Reputation.
- Progress in internal CR training.

• BBVA's Corporate Responsibility: pledging a better future for people

There is an ever-growing demand in society for companies—and most especially those of greatest size—to conduct themselves more responsibly in all areas of their business, becoming more useful to each and every one of the sectors they are involved with and paying greater attention to all the implications inherent to their actions, not only

within the economic and financial spheres, but also in all the other dimensions (human, social and environmental) upon which they have a bearing. This is a demand that increases in accordance with society's level of development and education, in turn leading to today's major social, economic and technological transformations, and which the market itself is also valuing more and more.









This is what the notion of corporate responsibility involves; a concept to which the BBVA Group is wholeheartedly committed, understanding it to be one that is all-encompassing: its pledge to provide the utmost value possible on a

balanced basis to all its direct stakeholders (shareholders, customers, employees, suppliers) and to the sum of societies in which it operates, striving to respond in the best way it can to their expectations, in strict compliance with the law and

PRESENCE IN INDICES AND RATING AGENCIES

BBVA's corporate responsibility ratings according to the foremost specialist agencies

Organisation	Dimension	2005		2004		
		BBVA	Sector average	BBVA	Sector average	
SAM ^a	 Economic dimension	88	62	65	50	– BBVA has been included in DJSI World since 2001. – BBVA has been included in DJSI STOXX since 2005.
	Environmental dimension	48	32	43	28	
	Social dimension	80	46	65	43	
	Overall score	75	48	60	42	
EIRIS	 Inclusion in the Index	Yes		Yes		– BBVA has been included in FTSE4Good since 2003.
VIGEO ^{a, b, c}	 Human Resources	44	=	58	+	– BBVA is included in ASPI Euro zone.
	Environment	45	=	30	=	
	Customers and Suppliers	61	+	58	+	
	Corporate Governance	56	+	58	+	
	Community	65	+	58	=	
	Human Rights	57	=	51	=	
SIRI ^a	 Overall score	70.8	52.6	72.4	53.6	
OEKOM ^d	 Environmental dimension	C–		D+		– BBVA is rated as "Prime" in the comparison of best world banks or "Best in Class".
	Social dimension	B–		C		
	Overall score	C+		C–		
STOREBRAND	 Inclusion in the list	Yes		Yes		– Included in the list of the world's 26 best banks or "Best in Class", in social and environmental practices.

^a Scoring range: 0 to 100.

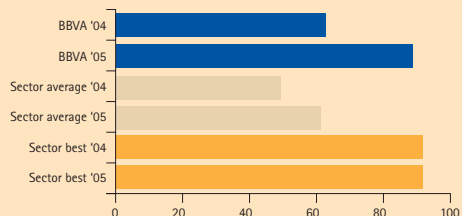
^b Rating compared to industry average: ++ Pioneer, + Advanced, = Average, – Below average, – Unconcerned).

^c VIGEO also carries out "Investor Solicited Activity", performing corporate audits on request from businesses.

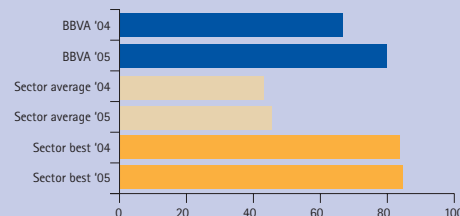
^d Scoring range: A+ to D–.

RATING IN DOW JONES SUSTAINABILITY INDEX

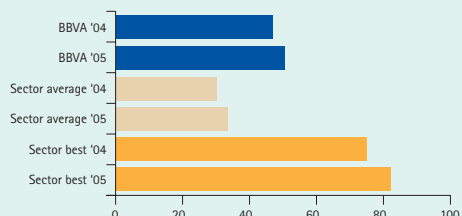
ECONOMIC DIMENSION



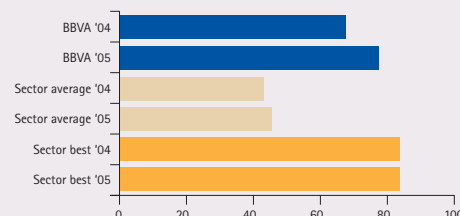
SOCIAL DIMENSION



ENVIRONMENTAL DIMENSION



OVERALL SCORE



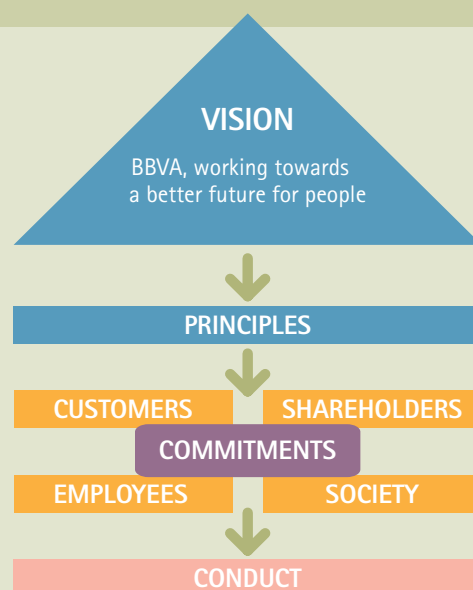
with the requirements and recommendations of regulators and upholding the most stringent levels of integrity and transparency.

A pledge that is thus embodied in the pursuit of continuous improvement in quality regarding the dealings the Group upholds with each and every one of its stakeholders, and which is no mere cosmetic approach, but rather the acknowledgement of the aforementioned demand in society at large, as well as of the belief that this will help to consolidate a business model and a management style that society and the various stakeholders find more approachable and acceptable. A business model and a management style that are firmly rooted in credibility and trust, and based on the establishment of relationships that are stable, solid and mutually beneficial for all parties involved, as they provide the company with all the necessary resources it requires for its survival. They thereby focus on the optimisation of mutual benefit: enhanced quality, heightened efficiency and the generation of greater sustained value over time.

Yet, furthermore, a pledge that for BBVA is also an integral part of its corporate mission, of its values, of its duty of integrity and of its identity: a core component of its corporate culture. This is set forth in the document expounding that culture,

called *La Experiencia BBVA* (The BBVA Experience), which is based on a Group vision in which the comprehensive commitment to corporate responsibility is clearly manifest: “Working towards a better future for people”. BBVA wishes to make the future better for all

BBVA'S CORPORATE CULTURE



those groups affected by its activity and for all those societies in which it operates.

The specific application of this vision is channelled through two basic approaches:

- Concern for people: this is the core focal point of the BBVA vision, which over the course of 2005 has developed a project designed to promote it as the mainstay of all its operations. It is called *Pasión por las Personas* (Passion for People): a corporate growth programme fully in keeping with BBVA's vision and materialised in two of the principles of corporate culture: "The customer as the core of our business" and "Teamwork as the key to generating value". *Pasión por las Personas* emerges with a clear goal: to increase the satisfaction of customers and employees alike. To exceed their expectations through specific schemes and action plans is the ambitious challenge facing this innovative project that is being undertaken in all the Group's units throughout the world.
- Innovation: actively looking to the future involves a constant effort in innovation in order to develop the solutions that enable it to be better; an essential operational criterion for BBVA, which has looked upon 2005 as "the year of innovation".

From that perspective, BBVA embraces corporate social responsibility as a commitment that should be part of all the Group's operations, areas and entities and of all the societies in which it operates, including it in both internal practices and in the management of available resources, as well as in those actions directed outside the organisation.

This, too, is the standpoint adopted by the present report, which focuses its attention on the relationship that the BBVA Group has upheld throughout business 2005 with all its stakeholders, on the manner in which it has fulfilled all the commitments undertaken with them and on how it has strived to be of use to them and provide value, helping them to face their futures with greater resources. It thereby strives to give the fullest possible picture of the Group, and includes information on all the countries and sectors in which there is a significant presence.

It has therefore taken care to listen to the opinions of interested parties regarding the materiality and relevance of its content, and it has been drawn up in compliance with the requirements

made by major international standards. This may be noted above all in the sections "Report Criteria" and "Materiality Studies".

● BBVA stakeholders

BBVA considers its major stakeholders to be those people, institutions or groups that are significantly affected by its activity and by its decisions and which, accordingly, it looks upon as decisive components and participants in the quality of its results, which depend largely on the way in which they accept and judge it. With all of them —as detailed in the table provided - BBVA assumes specific commitments that it understands to be the core elements of its corporate social responsibility.

In order to address them effectively and, in short, to provide a suitable response to the needs



MAIN CHANNELS OF COMMUNICATION WITH STAKEHOLDERS

Shareholders

- General Meeting of Shareholders.
- Shareholders' Office.
- Major Investors' Management unit.
- Department of Investor Relations.
- Analysts and rating agencies
- Annual report.
- Quarterly results reports.
- *Ábaco* magazine.
- Materiality studies on corporate responsibility.

Customers

- Customer Service system.
- Customer Ombudsman.
- Satisfaction surveys.
- Specific relational channels in all business units.
- Corporate reputation monitoring system.
- Materiality studies on corporate responsibility.

Employees

- Employee Care Service (*SAE*).
- Employee Portal.
- Human Resource managers attending personally to each employee.
- Satisfaction surveys.
- Internal Communication department.
- *Buenos Días* daily newsletter.
- *Adelante* magazine.
- Newsletters and magazines in the Group's various banking companies.
- Department of Industrial Relations, in permanent contact with trade union delegates.
- Health & Safety committees.
- Other committees with trade union involvement.
- Workers' committees.
- European Workers' Committee.
- Platform for coordination with trade union delegates in Latin America.
- Corporate reputation monitoring system.
- Materiality studies on corporate responsibility.

Suppliers

- Permanent contact with suppliers through the Purchases department.
- Satisfaction surveys.
- Regular meetings with suppliers.

Regulators

- Ongoing monitoring of legislation and regulators' guidelines by the Secretary General's office, Legal Services and the Departments of Standards Compliance, Internal Audits and Human Resources.
- Cooperation between the area of Risks and national and international regulators.

Society

- Department of Corporate Responsibility and Reputation.
- CSR electronic mailbox.
- CSR report.
- Corporate Governance report.
- Materiality studies on corporate responsibility with the media, trade unions and civil society organisations.
- BBVA-ESADE symposia on "Businesses in Society".
- Participation in events, fora and organisations dealing with corporate social responsibility.
- Surveys for gauging the image and the strength of the BBVA brand.
- CSR coordinators in the Group's banking companies and insurance and pension management firms in Latin America.
- Department of Corporate Communication and departments of communication in all the Group's banking companies.
- Department of Institutional Reporting.
- Corporate Reputation monitoring system.
- Surveys on the perception of the BBVA Group's image and reputation.
- Financial Studies services in Spain and Latin America.
- Group foundations in Spain and Latin America.

and expectations they have, it is deemed essential to fulfil three basic requirements:

- Identification: the consolidation of sustained relationships based on cooperation and the search for maximum mutual benefit requires the most accurate identification possible of the composition of the aforementioned groups. The underlying traits of all direct stakeholders—with the exception of regulators—are discussed in the corresponding chapters in this report. Insofar as regulators are concerned, BBVA considers as such all those public institutions of an international, national, regional or local nature liable to issue guidelines of mandatory compliance in the markets in which it operates, thereby exerting an unavoidable influence on its operations. As for the definition of “society” itself, BBVA understands it to encompass the following categories:
 - The sum of private or public institutions and persons that do not belong to one of its stakeholder groups but are deemed to be affected by its business and are, therefore, entitled to express their opinion accordingly.
 - General public opinion in those countries in which the BBVA is present.
 - The more active institutions and social partners in the formation of public opinion, particularly with regard to the financial sector: media, researchers and professional experts, consultants, rating agencies and analysis and watchdog organisations, competing companies, non-profit organisations, trade unions, political parties and public institutions with no statutory powers in the markets in which the BBVA Group operates.
- Transparency: a basic requirement for the consolidation of stable relationships is the generation of information that is relevant, accessible, free-flowing and seamless. This is a requirement for any company, but particularly so for those in the financial sector, in which strength is closely linked to the trust and credibility they are able to generate within both society and the market.
- Dialogue: providing a suitable response to stakeholders’ needs and requirements does not simply mean supplying adequate information; there is also a need to embark upon a two-way

process of communication and dialogue with them all in order to discover their expectations and explain the way in which these are to be addressed. A process of dialogue that the BBVA Group maintains through all its lines of business and for which it has a highly developed network of channels. Each one of them consists of multiple communication mechanisms, with permanent monitoring and feedback that is often on a personal basis, as well as arrangements for the reception of suggestions and complaints, with their subsequent analysis and response, and for systems for appraising the satisfaction that each specific stakeholder experiences in its dealings with the BBVA Group.

● Basic principles

Core principles and policies

BBVA has embraced its pledge to all its stakeholders as the basis for its corporate culture, as a means for ensuring ethical conduct and a responsible attitude. It is an objective that it pursued throughout 2003 and 2004, by means of a process involving numerous experts from all the Group’s areas and countries and which took the form of a core policy document: *La Experiencia BBVA*. On the basis of the BBVA vision noted earlier, it laid down the operating principles required for moulding the vision and the conduct required for putting it into practice: in the everyday experience of each person working in the Group. All this within the framework of a new understanding of the financial business, which places the value of intangibles at the centre of its agenda and, accordingly, considers essential values to be integrity, professionalism, credibility and corporate responsibility. The key elements upon which this agenda is based are:

- Corporate Principles
- Code of Conduct
- Specific codes in operating areas
- Supplementary policies
- International agreements subscribed.

Corporate Principles

They constitute the realisation of the BBVA vision in the relationship with each stakeholder and synthesise its core values and the way in which it

CORPORATE PRINCIPLES

1. The customer as the core of our business.
2. The creation of value for shareholders and stakeholders overall as the result of our business.
3. Teamwork as the key to generating value.
4. A management style that generates enthusiasm.
5. Ethical conduct and personal and professional integrity as a way of understanding and developing the business.
6. Innovation as the engine of progress.
7. Corporate social responsibility as an intrinsic part of development.

understands its essence and activity as a company. Each one involves specific commitments and modes of conduct and together they constitute the differentiated identity traits that BBVA wishes to embrace: an identity upon which its brand and reputation are built.

Code of Conduct

The BBVA's Code of Conduct, approved by the board of directors in December 2003, defines the fifth principle in BBVA's corporate culture, which states "Ethical conduct and personal and professional integrity as a way of understanding and developing the business." The Code furthermore constitutes the document in which public disclosure is made of the Group's commitment to society.

The code, which is available in full on the BBVA website (www.bbva.com), is of application to all those entities that form part of the Group and is binding for all their employees, being extended also to any other person or entity that has dealings with the Group whenever, given the nature of this contact, their modus operandi may have a bearing on BBVA's reputation. Accordingly, it acts as a steadfast code of conduct that allows for upholding the highest standards of integrity, ethics and honesty, constituting a vital component for the preservation of the Group's Corporate Integrity. Its compliance is a source of security and trust for shareholders, customers, employees, suppliers and society at large, underpinning the Group's desire and ability to fulfil the commitments forthcoming from its operations.

The code pays special attention to those ethical values that are essential to the Group's culture, amongst which the following should be singled out:

- Respect for an individual's dignity and their inherent rights.
- Respect for equality amongst people and their diversity.
- Strict legal compliance.
- Professional objectivity.

The code explicitly refers to the commitment undertaken by the BBVA Group through the application of the provisions of the Universal Declaration of Human Rights, the United Nations' Global Compact and of other agreements and treaties involving international bodies, such as the OECD and the International Labour Organisation.

In order to further an understanding of the code's content, all BBVA employees have been given a copy and have attended formal instruction sessions in which clarification has been made of its core elements. Furthermore, as permanent support features for its dissemination and for clarification of possible grey areas, a dedicated portal has been created with an intranet training course, which is available to all employees.

BBVA has drawn up specific rules that develop some of the principles and criteria contained in the Code of Conduct. Amongst those implemented in 2005, special mention should be made of the following:

- Rule on the "Acceptance of Gifts and Gratuities": this develops the content of the Code's sections 6.9 to 6.11 and states that gifts of a promotional nature or tokens of courtesy received whose monetary value exceeds euros 150 are to be donated to charity. Likewise, it details the procedure to be followed for carrying out this donation.
- Rule on the "Delivery of Gifts and Organisation of Events": it lays down criteria and guidelines that develop the generic

CORPORATE INTEGRITY IN THE BBVA GROUP'S CODE OF CONDUCT

- **Relational integrity:** referring to the relations that BBVA establishes with its stakeholders. Certain relevant points are:
 - Confidentiality and transparency in customer relations.
 - Criteria and aspects related to the recruitment, management, development and health and safety of staff.
 - Operating principles related to the selection and management of suppliers.
 - Criteria regarding the prevention of money laundering and the financing of criminal and terrorist activities, political neutrality and social and environmental commitment as the mainstays of its relations with society.
- **Integrity in markets:** whereby BBVA pledges to foster integrity and openness on those markets in which it operates, developing suitable procedures to avoid the manipulation of markets and the improper use of privileged information, together with a commitment to unfettered competition and transparency in information delivered to the market.
- **Personal integrity:** concerning the guidelines for individual conduct that are to be observed by all the Group's staff, which include, amongst other matters, criteria for preventing personal conflicts of interest and for the management of personal assets, as well rules on the acceptance of gifts and gratuities. In addition, procedures have also been implemented whereby any employee may report breaches of the Code, with a total guarantee of confidentiality and the assurance that no reprisals will be taken.
- **Organisational integrity:** wherein a definition is made of the specific duties and bodies charged with safeguarding the content of the Code and effectively upholding corporate integrity: the Corporate Integrity Management committee.

principles established in the Code's sections 4.38 and 4.39, regarding the delivery of gifts and donations, as well as the arrangement and invitation of third parties to seminars and other kinds of events organised by BBVA for the promotion of its products and services.

Specific codes for operating areas

- **Director's charter:** it regulates possible conflicts of interest between the BBVA group and each board member, their relatives and those entities with which they are connected, establishing the procedures to be followed in such cases to avoid the occurrence of conduct that may be detrimental to the Group's interests. They are rules designed to ensure that board members conduct themselves in a strictly ethical manner, in accordance with applicable legislation and abiding by the principles that constitute the essential values of the BBVA Group.
- **Code of Conduct on Stock Markets:** it contains rules, procedural and operating guidelines designed to ensure compliance with the rules of conduct on stock markets, specifically regarding the prevention of the misuse of

privileged information and of conduct involving the manipulation of share prices, as well as regarding matters involving the prevention and treatment of conflicts of interest that may arise within this sphere. It is applicable to board members in companies belonging to the Group, as well as to those management staff and employees who, either through their position or because their duties are directly related to the stock markets, should be subject to it. The Code of Conduct on Stock Markets has recently been updated to include the applicable criteria and guidelines contained in Royal Decree 1333/2005, of 11 November, on market abuse.

With regard to company analysis, and in step with their approval both at home and abroad, BBVA has been adopting stringent standards on conduct based on rules issued in the USA. (Rule 2711 on conflicts of interest involving analysts; Regulation AC) and, more recently, on the aforementioned Royal Decree on Market Abuse. Accordingly, BBVA analysts are barred from investing in those companies upon which they issue recommendations and in each

one of their reports they expressly undertake to ensure that the opinions expressed in them faithfully reflect their personal opinion, declaring that they have not received, do not receive and will not receive any consideration whatsoever for a specific recommendation. Likewise, analysis reports reveal those conflicts of interest that have been legally defined as relevant for disclosure to those investors receiving the report. BBVA's Department of Standards Compliance reviews the analysis reports prior to publication, verifying the application of internally established procedures and rules.

- Code of Ethics for the Recruitment of Personnel: a set of criteria designed to uphold equal opportunities, non-discrimination, independence, objectivity, professionalism and confidentiality in personnel recruitment processes, as well as the right befalling all participants to avail themselves of all appropriate information regarding the progress of their application.
- Code of Ethics for Procurements, Premises and Services: a series of values and principles that govern the relationship between the Group and both its internal and external suppliers, included amongst which are respect for BBVA policy, legality, integrity, transparency, confidentiality and corporate social responsibility.
- Basic Principles of Risk Management: a series of criteria on independence, comprehensiveness, objectivity, decentralisation and differentiation of an integral and active nature in risk management, as well as procedural and instrumental criteria together aimed at upholding the Group's solvency, developing a risk policy aligned with its strategic goals and helping to ensure that the decisions taken in the area are designed to create value for shareholders, within a framework of profitability tailored to risk. They are available in greater detail in the Risk Management Policies Manual.
- Internal Audit Statute: a series of criteria on objectivity, impartiality, independence, function differentiation, confidentiality and sufficiency of the information that guides the actions of BBVA's internal auditors.

- Regulation on dealings with individuals or entities of public import in matters of finances and guarantees: a set of rules of special severity in the application of principles of legality, transparency and neutrality in the Group's dealings with such people and entities, particularly within the sphere of politics, the trade unions and the media.

Supplementary policies

- Environmental policy: approved in June 2003, it gives formal expression to the BBVA Group's commitment to the environment and to efficiency in the use of natural resources in all its business areas.
- Community support policies: the BBVA Group has numerous channels of action within this sphere. There are such highlights as those pursued by the BBVA Group's five foundations (in Spain, Mexico, Argentina, Peru and Venezuela), whose public bylaws constitute policies that formalise the commitment the Group has embraced with society in this matter.
- Principles of the investment policy for the BBVA Corporate Pensions Fund: a series of principles drawn up by the Supervisory Committee for the BBVA Corporate Pensions Fund in Spain—in cooperation with the Fund's management entity—and approved in 2005 wherein the guidelines are set forth for the aforementioned fund's investment policy. It includes an explicit reference to the use of corporate social responsibility criteria that are compatible with the general notions of security, profitability, diversification and suitable timeframes prevailing over it.

International agreements subscribed

- United Nations Global Compact: through its membership, on a group basis in 2002, BBVA undertakes to uphold its principles concerning human rights, employment legislation, environmental protection and anti-corruption measures. In 2004, four of the Group's banking companies in Latin America specifically adhered to the Compact (BBVA Bancomer, BBVA Banco Francés, BBVA Banco Continental and BBVA Colombia). Furthermore, in that same year BBVA joined the Executive

Committee of the Spanish Global Compact Association (www.pactomundial.org).

- United Nations Environmental Programme Finance Initiative (UNEP-FI): which the BBVA Group has adhered to since 1998. Its aim is to rally the efforts of financial institutions in order to foster environmental protection and their cooperation in sustainable development, laying down the core principles for responsible environmental management (www.unepfi.org).
- Equator Principles: promoted by the International Finance Corporation (an agency attached to the World Bank). Their aim is to establish stringent environmental and social criteria for the financing of investment projects exceeding \$50m (under the format of project finance) in developing countries. BBVA was (in 2004) the first Spanish bank to adhere to them (www.equator-principles.com).

In addition to these agreements, BBVA publicly acknowledges its respect for the United Nations' Universal Declaration of Human Rights and for the International Labour Organisation's basic employment legislation, which is explicitly set forth in the BBVA Group's Code of Conduct.

● **Management systems**

For BBVA, the objective of fulfilling its commitments and implementing the principles outlined is no different to that which underpins its business mission. It is an inseparable part of its strategy and of its procedures: a means of pursuing continuous improvement in all its operations. Corporate responsibility at BBVA is synonymous with the quest for excellence in all its operations and with the notion of sustainability. A quest for excellence that is based on an advanced management model, in which a key role is played by basic systems for its economic performance and which also includes systems individually targeting specific areas of corporate responsibility.

From the perspective that underpins this report, namely service to stakeholders, it is of interest to classify these systems into two categories: those specifically targeting the relationship with a specific stakeholder group and those of a mainstream nature.

The former constitute the main focus of this report and basically involve the areas of service to

shareholders and investors, the areas of commercial dealings with customers and suppliers, the area of human resources, the areas of patronage and foundations and those most directly related to respect for the environment. A detailed account is made of each and every one of them in parts II and III of this report.

The systems of a mainstreaming nature are those that affect all or several of the areas of activity and which have a basic supportive role, thereby being a vital component in the optimal performance of the former and, accordingly, in the best possible fulfilment of the commitments undertaken with stakeholders. Amongst these, the following are of special significance:

- Auditing.
- Innovation.
- Quality.
- Systems and Operations.
- Efficiency.
- Risk Management.
- Security.
- Communication.
- Corporate Governance.
- Compliance.
- Corporate Reputation.
- Corporate Responsibility.

Auditing

The role of Internal Auditing in the BBVA Group is understood—in accordance with the guidelines of the Basel Committee—as a permanent, independent, impartial and objective activity for the consultation and assessment of systems of internal control and the organisation's risk management, with a view to adding value, improving operations and supporting the Group in the achievement of its goals. It reports to the Chairman's office and is subject to the control of the board of director's Audit and Compliance committee. Amongst its duties, the following are the more significant:

- To appraise the reliability, integrity and timeliness of financial and management information.
- To oversee the fulfilment, suitability and effectiveness of internal control systems and procedures.
- To review the application and effectiveness of methods of identification, control, management

THE SARBANES-OXLEY ACT – SECTION 404

Aim: this section of the Sarbanes-Oxley Act lays down management responsibility for the effectiveness of internal controls and of processes of financial reporting and requires that as of 2006 and at the end of each business year, the Bank's management is to assess the effectiveness of the company's internal control over financial reporting and to issue an internal control report that details the results of said assessment.

This Annual Internal Control Report shall be made public, in the same way as the financial statements and, like these, it is to be audited by an independent firm of auditors.

In order to draw up this report, a description is to be made of procedures, controls are to be documented and their effectiveness assessed.

Procedure: accordingly, the BBVA Group is working towards the fulfilment of the requirements of the SOX Act, namely describing the procedures, documenting the controls and assessing their effectiveness in a uniform and systematic manner, whereby the results may be readily included following a predetermined methodology. To this end, at the beginning of 2004 the Group launched a specific project called SOX Project, which exceeds the requirements of the Act and aims to reinforce control levels and systems in order to consolidate a singular culture of internal corporate control.

and assessment regarding the different risks involved in the Group's activity.

- To assess the suitability and efficacy of systems established for ensuring compliance with applicable internal and external regulations.
- To verify the reliability and punctuality of information delivered to supervisors.
- To determine and appraise the scope of irregularities, anomalies and non-compliances detected.

Innovation

The R+D department was created in 2004 and throughout 2005 it has consolidated its activity, structured around four pillars:

- Technological Innovation: designed to advance the use of new technologies, both in the dealings the group maintains with its customers as in the fostering of new business opportunities that provide growth in new markets. In 2005, Seminars on Technological Innovation were held in Spain and Mexico, and the Technological Innovation Community has advanced its working approach.
- Business Innovation: the aim is to develop proposals that enhance the Group's growth. Its three lines of action are: innovation projects, management of quality and customer service and the development of models and instruments of innovation.
- New Business Models: focusing on the exploration of new opportunities for growth,

its activity is centred on three pivotal areas:

customer loyalty, attraction and exploitation of assets and emerging technologies

- *Dinero Express* (Express Money): a specialised network within the BBVA Group for the management of the migrant workers' segment, providing global solutions for their financial and non-financial needs.

Quality

A role coordinated by the Corporate Quality Department, with the basic aim being to align the Group's quality policies with its own model based on the most advanced systems (and most especially the European Foundation Quality Model

—EFQM—, of application throughout the Group and based on four pillars: quality of service to external customers, quality of service to internal customers, quality in process management and quality in people management. The basic roles of the Corporate Quality department are as follows: gauging external and internal customer satisfaction and employee motivation; coordination of the different units' quality plans; research into quality methodologies and best practices applied by other companies; and the management of corporate projects in this field (most especially, the external customer service model, the advanced quality indicators model and Innova projects).

Furthermore, the department is responsible for Customer Service (SAC), which processes complaints submitted by customers.

Systems and Operations

Basic back-up area for the proper running of all the Group's units, it focuses its mission on the search for best solutions in terms of organisation, procedures, operations and technologies for each unit's business. It affects central management of the Group's technology infrastructures, playing a key role in its efficiency and productivity and in its ability to continuously improve the way in which it assumes the commitments it has undertaken with stakeholders. Accordingly, amongst its numerous lines of action it is worth mentioning the schemes for reinforcing the technology infrastructure both in Spain and in the Americas, the consideration of new productivity methodologies or the design of a programme for the analysis and general enhancement of the organisation (Twist Project) geared towards increasing the efficiency of all units, but also towards sharpening customer-focus (external or internal) and optimising the relationship it involves and the value it contributes. From the perspective of this report, the area also has another important role to play: the development of a Business Continuity master plan, focusing on planning for and preventing possible business interruptions caused by exceptional circumstances, and a Corporate Continuity committee has been set up to monitor it accordingly.

Efficiency

A role integrated within financial management in the Efficiency department, whose main aim is to rationalise expenditure and apply a criterion of efficiency to all those projects undertaken by the Group overall.

This department is responsible for an efficiency plan consisting of over 600 specific projects, with the ultimate aim being to optimise the financial resources used, maximising the quality of processes, products and services involving each one of the units that constitute the Group. In order to achieve this, the reference figure is taken to be the value that each unit provides to both its external and internal customers, including non-immediate and indirect effects, or those of a general nature, as well as environmental or relational impacts, which may redound to greater value added for the Group's different stakeholders and for society as a whole.

EFFICIENCY PLANS		
	2005	2004
Spain and Portugal	246	361
The Americas	377	467
TOTAL	623	828
Estimated saving (million euros)	90	126
Spain and Portugal	61	81
The Americas	29	45

Risk Management

An aspect that is central to the production process in any bank, and the manner in which it is addressed has a significant bearing on profitability and on the assurance and solvency of both the commercial operations carried out and the entity as a whole. From that perspective, the basic aim of the BBVA Group's risk management system is to uphold the Group's solvency (determining the level of exposure, the profile and the sum of optimal risks for each operation, for each customer and for each activity, thereby ensuring the most suitable allocation of capital in each line of business), as well as attending to the specific needs of customers and contributing to the steady generation of value for shareholders. The system emanates from the board of directors, which determines the Group's risk policy, through the Executive Committee and the Risks committee. At corporate level, it is managed by the area of Risks.

BBVA's risk management system is one of the most advanced in the financial industry worldwide, responding to the need to identify, measure, appraise and monitor, consistently and uniformly, all nature of risks incurred by a bank that is as diversified and internationally active as BBVA, as well as the parallel need to comply rigorously with capital requirements contained in the New Capital Accord developed by the Basel Committee on Banking Supervision (referred to as Basel II), and always upholding the principle or approach of precaution.

Within the framework of its corporate responsibility, BBVA wishes to render the system's essential aims compatible with a growing consideration for ethical, social and environmental criteria in this activity. All professionals in the area are subject to a stringent internal code of

conduct (systematically detailed in the Basic Principles of Risk Management), whilst progress is gradually being made in the introduction of social and environmental criteria in the analysis of loan risk (which is explained in the chapters “BBVA and its customers” and “BBVA and the environment”). Likewise, and as an aspect of operational risk management, BBVA is developing an advanced methodology for analysis, measurement, monitoring and mitigation of reputational risk, taking into account all those internal and external factors that may have a bearing on it.

A highly detailed explanation of the Group’s risk policy may be found in BBVA’s Annual Report 2005.

Security

The aim is to forestall specific risks that may arise within this sphere, unavoidably present in a group of the size and complexity of BBVA. Activity largely takes the form of measures designed to ensure the security of processes, installations, employees and customers. The information provided to customers is especially important in a financial institution, whereby BBVA deploys an advanced software security system.

Communication

The BBVA Group’s reporting system is managed at corporate level by the area of Communication and Image, with the main aim being to advance visibility and disseminate the Group’s identity and activity, conveying the brand’s leadership and prestige, reflecting progress and changes made and cooperating in the construction, strengthening and projection of its image. This is carried out in all circumstances under strict criteria of information transparency and truthfulness. It plays a key role in the dialogue between BBVA and its stakeholders.

The principles that inspire BBVA’s communication systems:

- Transparency of information regarding the media, stakeholders and society.
- Social commitment through a programme of patronage that conveys BBVA’s values.
- Strengthening of BBVA’s image and reputation through its commitment to education, culture and art.

These are commitments that are applied to both external and internal communication. The former has a global nature, furthering a local approach in all those markets in which the Group is present, albeit pursuing reporting actions and strategy from the global viewpoint that the Group’s transnational status requires. Insofar as internal communication is involved, it ensures —by means of multiple relational mechanisms and channels— concise, fluent and multidirectional communication, aspiring to make employees the protagonists of the communication process and furthering the knock-on effect that each one of them might contribute to the consolidation of the Group’s image, brand and reputation.

● Corporate Governance system

BBVA fully understands how important it is for large institutions to have a system of corporate governance that defines the structure and operations of its governing bodies in the interest of both the entity and its shareholders, seeking to bring the organisation’s objectives in line with the expectations made of it by other stakeholders. The corporate governance system for BBVA is, accordingly, a key feature of its corporate responsibility. It is addressed in detail in BBVA’s Annual Report 2005 (which contains a whole chapter dedicated to this matter) and on the corporate website (www.bbva.com), which includes a Corporate Governance Report in pursuance of legal requirements. The website has a special direct access section that contains all information deemed to be of relevance to BBVA’s corporate governance system.

● Compliance system

Together with the Corporate Governance system, the Group’s Compliance system constitutes the foundation upon which BBVA bases its institutional pledge to pursue all its operations and businesses in accordance with strict standards of ethical conduct.

The BBVA’s Code of Conduct (www.bbva.com) defines and expounds upon the basic precepts of ethical conduct and the procedural guidelines required for upholding one of its main sources of value creation, namely Corporate Integrity,

allocating the Compliance Function the role of promoting development and safeguarding the effective observance of the necessary rules and procedures for ensuring:

- Compliance with applicable legislation and standards of ethical conduct that affect each one of the Group's businesses and operations, as well as the criteria and procedural guidelines contained in this code.
- The identification of possible non-compliances and the appropriate management of the risks that may be forthcoming accordingly.

Closely linked to the aim of preserving the BBVA Group's Corporate Integrity, what is referred to as the Compliance system consists of the sum of business elements (policies, procedures, internal controls and human and material resources), amongst which special mention should be made of the Compliance Function, which BBVA has associated with the management and control of the compliance risk stemming from the manner in which it conducts its business dealings with third parties and its actions in the markets, as well as from the efficacy of the mechanisms introduced to avoid the improper use of BBVA products and services. Accordingly, in application of the criteria laid down by BIS,¹ the compliance risk is understood at BBVA as the legal and/or reputational risk associated with those matters that constitute its sphere of action, referred to as Compliance Issues, which refer largely to:

- The prevention of money laundering, the financing of terrorist activities and corruption.
- Rules of conduct in stock markets.
- The protection of consumers and personal data.
- The management of those conflicts of interest that may arise with regard to such matters.

In accordance with BIS criteria and Compliance Issues, the Compliance Function organises its operations around three focal points:

- Faced with changes in legislation, it promotes the adoption of policies and procedures, and oversees their implementation.
- Through its involvement in new product and business committees, it ensures that future developments fall in line with corporate policies

and include the necessary elements to identify and assess possible compliance risks.

- On a recurring manner and based on the Compliance programme drawn up each year, it pursues activities involving the monitoring and testing of critical processes, identifying and assessing risks and proposing corrective measures, as well as taking part in the drafting of instructional content and its subsequent dissemination.

The Compliance Function is subject to control and supervision by the board of director's Audit and Compliance committee, within the framework of the back-up departments for the Group Chairman's office, and a series of compliance departments integrated within BBVA's organisational structure at the level of jurisdiction, area of business or entity.

● **Corporate Reputation management system**

A function that since November 2005 has been part of the Corporate Responsibility and Reputation (RRC) department, attached to the management of Communication and Image. It attends to the expectations of different stakeholders in order to integrate them within management, so that they may be responded to in a proactive, systematic, balanced and proper manner.

For this purpose, BBVA has reached a consensus upon the concept of corporate reputation and upon the best way of managing it, with the ultimate aim being to create value for the Group. This initiative has taken the form of a model for gauging and managing corporate reputation that has been adopted by the companies that make up the Corporate Reputation Forum, an association that BBVA, through its Secretary General's office, has chaired and coordinated in 2005.

The model manages the concept of reputation by breaking it down into specific indicators to be monitored and upon which to act in order to uphold and enhance the Group's reputation. This is achieved by comparing the company's situation with that of other major companies.

¹ In April 2005, the Committee on Banking Supervision of the Bank for International Settlements (BIS) issued the document called "Compliance and the compliance function in banks", in which it sets forth the best practices in the management of risk compliance.

THE CORPORATE REPUTATION FORUM

Aim ► the Corporate Reputation Forum (*fRC*) aims to be a common platform for the analysis and dissemination of trends, instruments and models of corporate reputation management. Founded in September 2002, it stems from the conviction held by the founding companies (Telefónica, Aguas de Barcelona, Repsol YPF and BBVA) regarding the impact reputation has as an element of value creation for companies and their stakeholders.

Procedure ► the *fRC* consists of a relatively small group of companies that account for 40 % of the IBEX 35. Their aim is to work together closely and effectively, learning from each other and undertaking joint projects. The positions of chair and secretary are held on a rotary basis, with these duties corresponding to one member company each year. It was BBVA's turn in 2005.

The members of *fRC* are:



For further information: www.reputacioncorporativa.org.

The model contains indicators for twenty-one attributes, grouped into seven dimensions: offer, innovation, employment, leadership, financial conduct, citizenry and corporate governance.

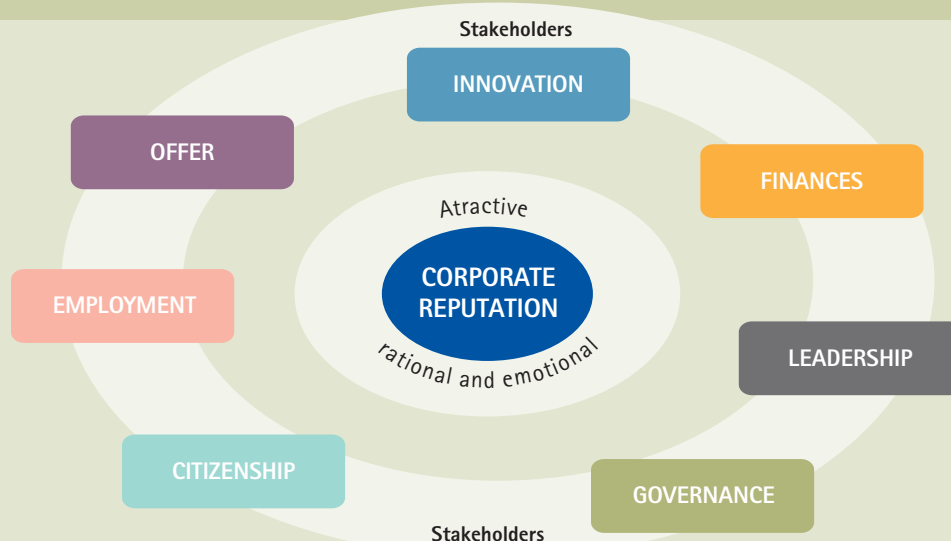
BBVA has begun to gauge perceptions in public opinion (also identifying its customer and non-customer segments) using a research method called "Reptrack", based on continuous surveys ("tracking"), and it has used the same model to sound out its employees in the employee satisfaction poll. This model for measuring reputation may be

used with any stakeholder group. The results will enable a diagnosis to be made of the extent to which each one of them allocates a different weighting to each one of the seven dimensions that make up corporate reputation.

The following are the countries in which this research is being carried out:

- Employee survey: the entire Group, except for Andorra.
- Public opinion survey: Spain, Mexico, Argentina, Chile and Peru.

DIMENSIONS OF CORPORATE REPUTATION



- The model enables BBVA:
 - To ascertain its reputation amongst each stakeholder group analysed, as well as its strengths and opportunities for improvement.
 - To continuously monitor BBVA's reputation amongst public opinion and therefore understand the impact that changes in the environment and its own initiatives have.
- To facilitate the involvement of the Group's areas in order to address action plans that reinforce its reputation.
- To understand what aspects are more important for enhancing reputation amongst stakeholders, integrating their expectations in the business activity and improving the efficiency of this process by focusing on what is more important for each stakeholder.

ACTIONS, GOALS AND RESULTS

Action undertaken in 2005	Goals 2006
Design of measurement model.	Continue using the model for these stakeholders and extend the model to other stakeholders.
Application to two key groups: the public (differentiating between customers and non-customers) and employees.	Further the analysis of internal levers that have the most bearing on reputation dimensions.
Identification of a first array of indicators or internal levers with a bearing on perception attributes.	Set up the Responsibility and Reputation committee.

MAIN RESULTS

In terms of public opinion, the "Reprack" model reveals that the dimension that contributes most to the building of reputation is "offer", which refers to the "experience" that is delivered to customers in the relationship with them (customer-focus, commercial offer or value for money).

The results at October 2005 in the two main countries in which BBVA operates are as follows:

Reputation Index for BBVA 2005 ¹						
	SPAIN			MEXICO		
	BBVA score	Average score (median)	Highest and lowest score	BBVA score	Average score (median)	Highest and lowest score
Reputation Index	67.8	69.0	78.7-54.7	76.1	82.0	88.5-65.0

Source: Reprack, October 2005.

BBVA's main strength, according to Spanish public opinion, is the view that BBVA is a good place to work. The main opportunities for improvement, both for BBVA and for all the other financial institutions analysed in the study, lie in customer-focus. Although work is progressing at a lively pace within this sphere, there is still ample room for improvement with regard to other sectors such as distribution and large consumer groups, which in this dimension –the main one for reputation– occupy the top positions in the ranking.

¹ The reputation index is a weighted sum of the scores that public opinion has awarded to reputation attributes. The weighting is carried out in relation to the importance of the attributes for the stakeholder group (in this case, public opinion). The companies taking part in the "Reprack" are the ones most visible in each country in terms of reputation.

• Corporate Responsibility coordination system

This befalls the Department of Corporate Responsibility and Reputation (RRC), answerable

directly to the management of Communication and Image, whose chief officer reports directly to the chairman. The department's current arrangement dates back to November 2005, following the

merger of the former departments of Corporate Social Responsibility and Identity and Corporate Reputation.

The Group has developed a decentralised system for CR management in Latin America that is coordinated by the central department itself and deploys a network of specific supervisors in the group's ten banks in Latin America, the United States and in the department of *Seguros y Pensiones América*, which coordinates the operations of insurance and pension firms in Latin America.

The department's main duties in the sphere of corporate responsibility are:

- Coordination of the Group's policy and actions in CR, thereby facilitating its integration at corporate level through an overall strategy.
- Internal awareness, instruction and guidance on all aspects related to the corporate responsibility of the BBVA Group.
- CR information, which includes:
 - Procedures for requesting, gathering and processing internal information, which follow a structured planning process (based on an analysis of external and internal demands for information and on the main corresponding international guidelines), implementation, assessment, evaluation (which includes external verification) and correction. Considerable progress has been made in this field throughout 2005, consolidating a software system configured via the internet for the entire Group that contains all the quantitative and qualitative indicators of the Group's reputation index and the main specialised international questionnaires.
 - Creation of internal (CSR portal on the BBVA intranet) and external communication (media, direct consultations, specialist questionnaires, corporate website and Corporate Responsibility Report).
- Environmental Management, framed within the Group's environmental policy and based on the model of continuous improvement in the environmental management certification to ISO 14001. BBVA aims to manage, at corporate level, the sum of the Group's environmental impacts, both those caused directly by its activity (consumption of natural resources, emissions, waste treatment...) and those much


more significant caused indirectly by its products and services (including business operations, risk analysis and dealings with suppliers). It includes:

- Coordination of the Environmental Policy committee.
- Specific information process on the Group's direct and indirect environmental impacts
- Suggestion of criteria, initiatives and policies related to the aforementioned direct or indirect environmental impacts.
- Social Action, designed to systemise and foster the Group's social action policy with a view to contributing to the best possible materialisation of its commitment to society. It includes:
 - Support in the coordination of the performance of the Group's various units and entities that operate within this sphere (in which the foundations undertake a particularly significant role), channelling the requests for cooperation received.
 - Guidance on social action procedures, criteria and projects for the Group's different units and entities.
 - Design and coordination of BBVA's social action programme designed to cater for family needs (*Plan Familias* – Families Plan).
 - Materialisation of direct social action initiatives through a specific programme of patronage addressing humanitarian causes and families in need.
 - Monitoring of the Group's undertakings in social action and analysis of their impact through indicators.
 - Internal and external information on the Group's actions in this field.
 - External promotion of CR, organising and cooperating in multiple initiatives geared towards dissemination, information, awareness and collective reflection regarding the principles, criteria, modes of action and potentialities of CR, thereby furthering the recognition of the company's role in society and encouraging the companies to adopt a more active, useful and positive social role.
- Institutional representation, actively taking part in numerous fora, working groups, symposia and public events, both at home and abroad, as well as in the media and specialist journals.

- Dialogue with social partners: rating agencies specialising in this field, organisations in civil society dedicated to the watchdog activities and the evaluation of business performances,

humanitarian organisations, academic institutions, entities and professionals conducting research in this field, the media and so forth

BBVA'S CORPORATE RESPONSIBILITY RATINGS AWARDED BY SPECIALIST AGENCIES

Organisation	Dimension	2005		2004	
		BBVA	Sector average	BBVA	Sector average
SAM ^a 	Dialogue with stakeholders	95	60	84	58
	CR information	98	56	86	50

^a Scoring range: 0 to 100.

3] CREATING VALUE



● Introduction

Financial institutions play a key role in the economic activity of advanced societies: amongst other functions, they channel resources from agents with surplus financing towards those agents requiring it for investment or consumer activities (furthermore multiplying the financial resources that are the life-blood of economic progress), they broker and enable transactions and payments and have a decisive role to play in the analysis of investment opportunities and decisions. They thereby occupy a pivotal position in the economic system, as essential enablers of the activities of each and every agent (public administrations, companies, non-profit institutions and households). They have, therefore, become core elements in furthering the operating scope of all nature of units and the overall capacity for macroeconomic development, as well as essential agents of value creation: a

value that financial institutions provide above all to their direct stakeholders (shareholders, employees, customers and suppliers), yet also to the sum of societies in which they pursue their operations.

This chapter aims to address the more salient ways in which the BBVA Group creates value. Accordingly, an examination is to be made of the three types of value generated by an institution such as BBVA:

- Tangible direct value: this is the economic value provided to each one of its stakeholders.
- Intangible direct value: this is the value of a non-immediate financial nature that it provides to each one of its direct stakeholders, in terms of the quality of its products and the services it provides.
- Indirect value: this is the induced value that the Group's activities generate in the societies in which it operates.

● Tangible direct value

This section synthesises and quantifies the main paths BBVA takes in order to generate direct economic value for each one of its stakeholders, whereupon it proceeds to compute economic value added (EVA), according to the methodology applied in SPI-Finance, 2002 (1) and accepted by GRI. With a view to the greatest possible transparency, the aim has been to present the two ways of calculating said value: through the process

of generation and through the distribution structure of the income generated.

The group's total sum of economic value added in 2005 amounted to 10,951 m euros, a 13.6 % increase on the prior year. Purely for reference purposes and given its significance (and disregarding for a moment the inappropriateness of the comparison in macroeconomic terms), it is worth noting that this figure accounts for 1.2 % of Spain's overall GDP in 2005.

CREATION OF TANGIBLE DIRECT VALUE: DETAIL ACCORDING TO EACH STAKEHOLDER GROUP*

(Million euros)		2005	2004	
Shareholders	Through the payment of dividends and increases in the share price	Dividends	1,801	1,499
Employees	They receive compensation in the form of wages and salaries for their work, in addition to a series of social benefits and services	Personnel costs	3,602	3,247
Customers	Considering solely the core business, the Group creates value by providing financing and managing customer funds	Customer lending (gross)	222,413	176,673
Suppliers	They receive payment in return for their products and services	General expenses**	2,160	1,851
Society	Direct revenue, in the form of taxation and through resources the Group and its foundations allocate to community support	Corporate income tax	1,521	1,029
		Resources earmarked by the Group and its foundations for community support	46	38

* Data obtained from the Group's annual consolidated income statement.

** This item has been selected as a suitable estimate of the payments made to third parties under the heading of purchases and services rendered.

¹ SPI-Finance, *Social Performance Indicators for the Financial Industry*, 2002 (www.spifinance.com).

ECONOMIC VALUE ADDED (EVA)

Generation of value		(Million euros)	
BBVA		2005	2004
1	Net interest income	7,208	6,160
2	Net fee income	3,940	3,413
3	Income from insurance activities	487	391
4	Other ordinary income (including net income by the equity method +net trading income+net revenues from non-financial activities)	1,514	1,283
5	Other net income/losses	77	355
6	TOTAL (by products and services and other income) = (1+2+3+4+5)	13,227	11,602
7	Suppliers and other general expenses (excluding wages and salaries)	2,275	1,961
8	VALUE ADDED GENERATED = (5-6)	10,951	9,641
Distribution of value		(Million euros)	
BBVA		2005	2004
1	Dividends	1,801	1,499
2	Reserves	2,006	1,424
3	Net attributable profit = (1+2)	3,806	2,923
4	Minority interests	264	186
5	Tax	1,521	1,029
6	Provisions, depreciation and amortization (including depreciation and amortizations + loan-loss provisions and other net loss provisioning and transfers to provisions)	1,757	2,257
7	Personnel costs	3,602	3,247
8	DISTRIBUTED VALUE ADDED = (3+4+5+6+7)	10,951	9,641

● Intangible direct value

The BBVA Group not only provides immediate financial value for its stakeholders: through the services it renders, it also provides extremely important intangible value. A value that is channelled through the differential quality of service and which is substantiated by such considerations as the satisfaction stakeholders manifest in their dealings with the Group or the objective and subjective ties forged between them and BBVA: aspects such as pride-in-belonging amongst employees, customer and investor loyalty, and respect and admiration by society at large.

Aware of the importance of intangibles as a means of differentiation and of responding to its stakeholders' expectations, BBVA has addressed the implementation of systems that enable it to better understand which aspects provide greater value for these groups and the bearing they have on the value of the business. Accordingly, it has now been working for some time on the measurement and valuation of its intangibles,

understanding that they have an ever growing part to play in the overall value of the Group and in its capacity for sustained value creation. There are four priority lines that focus its work in this field:

1. The monitoring, measurement and appraisal of corporate reputation, whereby BBVA is developing a monitoring model that is detailed in the chapter "BBVA's Corporate Responsibility Policy" in this report and which functions as a mechanism for attending to and prioritising those aspects of greater import to each stockholder.
2. The monitoring and measuring of intellectual capital, which synthesises the combination of the Group's human, organisational and relational capacities and which, according to a widely accepted approach, is classified into three categories:
 - Human Capital: this reflects both the expertise and the attitude (training, competence, capacity, motivation, creativity...) of human resources.

- **Structural Capital:** this accounts for the entity's organisational resources (systems, patents, processes, procedures, culture, quality of policies, availability of information...).
- **Relational Capital:** this gauges the company's quality and capacity for dealing with external stakeholders.

A detail may be seen of the indicators used in the Annual Report 2005.

3. A model for estimating the impact that the variables for perceived employee and customer satisfaction have on the business and, ultimately, on value creation. The project, called *Cuadro de Mando de Indicadores Avanzados* (Advanced Indicators' Scorecard), is based on the measurement, in monetary terms, of the variation recorded in customer and employee satisfaction and motivation levels by means of statistical and econometric analysis, based on the following hypotheses that the model sets out to verify:
 - Employee satisfaction and motivation are reflected in conduct that will be perceived by customers in their dealings.
 - These perceptions will be mirrored in customer satisfaction levels, which will affect the way they subsequently interact with the entity.
 - This approach by customers will affect key business variables, such as the number of customers, their degree of loyalty and business volume (funds and investment).
 - Variations in employee variables do not have an immediate impact on business, but rather this transpires over a period of time—which the model aims seeks to ascertain— between the moment at which this variation occurs, the customer's perception of it and the readjustment of behavioural guidelines.

The model has been defined throughout 2005 and a test run has been carried out in Spain in the area of private customers, using data from the employee satisfaction poll that has been carried out every two years for the entire group since 1997, as well as external customer satisfaction surveys, with over 400,000 customers approached each year. The results have been clearly promising, revealing that the best units in terms of customer and employee motivation returned better financial results. The

aim is to complete the model in 2006 and thereupon apply it throughout the organisation.

4. A general model for the valuation of intangible assets. Throughout 2005, BBVA has begun to develop a project of an experimental nature that is designed to identify the Group's intangible assets and resources, based on an approach that combines traditionally opposing perspectives: commercial (marketing focused) and financial-accounting. The ultimate aim is to discover which intangibles contribute the most value to the Group and which parameters need to be managed in order to reinforce them. Specific results are expected to be forthcoming throughout 2006.

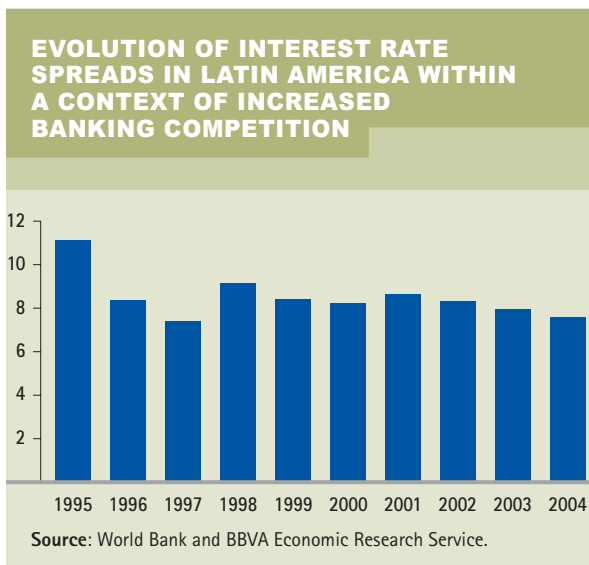
● Indirect value

This is the sum of positive induced effects that the BBVA Group's business activity triggers in those societies in which it is present. Effects that range from the activity it stimulates in customers who work with the Group through the services and products made available or in the suppliers it works with as a result of operations contracted with them, through to those of an even more indirect nature stemming from its more general contributions to the soundness and dynamism of the economic systems in which it operates. These are all effects that are extremely hard to quantify (only possible through complex econometric models that are beyond the scope of this report), but which are undoubtedly of considerable importance, given the Group's size and the specific weight it pulls in the economy of many of the countries in which it operates.

There follows a very general overview of some of the more significant indirect effects (applicable to any bank of a similar size and degree of internationalisation, efficiency and quality management):

1. Contribution to the configuration of solid, sound and secure financial systems

This is, undoubtedly, one of the more positive effects of a banking group such as BBVA: a contribution that essentially stems from the dissemination throughout the financial system as a whole in each country in which it is present of the quality of its operating systems and, especially so, of its good practices in such matters as corporate governance,



risk management, strict compliance with legality, the assumption of steadfast criteria of corporate responsibility in all its business activities or the upholding of stringent standards of integrity in fields such as the prevention of money laundering, corruption or fraud, ensuring its operating structure is not used for the financing of criminal activities, the ongoing effort to take particular care in all business activity related to securities markets (to avoid conflicts of interest or privileged information), in dealings with people or institutions of particular public exposure or in safeguarding the confidentiality of the personal data it collates (all spheres in which mention has been made of BBVA's operating criteria in the chapters of this report dedicated to "BBVA's Corporate Responsibility Policy" and "BBVA and its Customers").

These are effects that have a particularly significant bearing on developing countries with insufficiently mature financial systems, in which the deployment of banks such as BBVA leads to an increase in healthy competition for the economy as a whole (with the ensuing improvement in prices, a general reduction in interest rates and a greater offer in products and services), easier access to the financial industry for those segments (small companies, low-income bracket groups...) traditionally struggling to do so, a reduction in the level of risk in financial transactions, greater efficiency and productivity in the sector and, in general, the consolidation of financial systems with greater levels of security, solvency and confidence.

2. Technological innovation and development

New information and communications technologies are having a particularly significant bearing on the financial industry, forcing companies in the sector to embark upon processes of technological innovation of unquestionable importance. So much so, in fact, that the more dynamic institutions, as in the case of the BBVA Group, have become highly effective players in the social development of technology, by virtue of the capacity their systems and procedures have for expansion, propagation and influence. As has already been mentioned in various sections in this report, BBVA has made innovation one of its central mainstays, making a permanent effort not only to implement the most advanced standards, but also —especially through the areas of R+D and Systems and Operations— to develop its own cutting-edge technologies, which often end up being adopted by the markets in which it operates.

It is an effort framed within a Strategic Innovation plan, which revolves around technological developments and business innovation and which places its main emphasis on the incorporation of technology as a support for the global innovation strategy. Proof of the importance that this effort constitutes for the Group is the figure it has been allocating to R+D in Spain in recent years and which has amounted to 50 m euros in 2005 (47 m euros in 2004) (regarding the nature of these figures, see the footnote to the table "Resources allocated to basic policies of corporate responsibility in the BBVA Group", in the chapter "BBVA Group Profile and Brand").

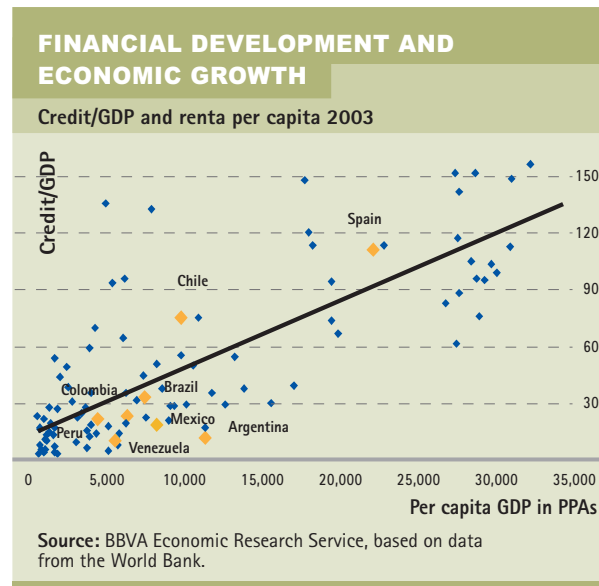
A specific example of the Group's creativity within this sphere may be found in BBVA's Annual Seminars on Technological Innovation, which began in 2002 and are organised by the Innovation Centre in the area of R+D. These seminars have become consolidated as a recognised focal point for the dissemination of new technologies applied to the financial sector, with a specific mission to provide new solutions for current and potential customers, albeit with the consequent option of being extended to include society at large. In 2005, seminars were held in Mexico (April) and Madrid (July): both were attended by the Chairman and by the Chief Operating Officer, with a total of 640 participants.

3. Furthering macroeconomic stability and growth

As a result of the aforementioned effects, entities such as those that constitute the BBVA Group exert an undeniable influence on long-term saving and on investment, thereby having further positive consequences for macroeconomic stability and for growth in the countries in which they operate.

A special significance is acquired accordingly in specific financial spheres in which the BBVA Group has markedly high levels of business activity and market shares, and particularly with regard to Latin America: this is the case of remittances sent home by migrant workers, which have become a key source of funds for developing economies, or private pension schemes, crucial for increasing the propensity for long-term saving and the investment rate in emerging economies. Regarding the BBVA Group's levels of business activity in both fields, see the chapter "BBVA and its Customers" in this report.

This is something that has clearly been borne out by empirical evidence: the maturity and



quality of the financial sector is a vital factor in the furtherance of economic progress, constituting not only a pre-requisite for development, but also a trustworthy harbinger of economic growth.

THE "MILLENNIUM DEVELOPMENT GOALS" AND BBVA

Aim: in the year 2000, the United Nations ratified a strategy designed to further the progress of less favoured countries that was embodied in the "Millennium Declaration", which focused its main attention on the achievement of a series of specific goals. These have henceforth been referred to as the "Millennium Development Goals": an event of unquestionable significance and an unprecedented promise made by world leaders to address underlying obstacles and flagrant shortcomings that hinder the path to progress, whereupon they not only called upon international organisations and public administration, but also the private sector.

The "Goals" are centred on eight aspects that are deemed to be pivotal:

1. Eradicate extreme hunger and poverty.
2. Achieve universal primary education.
3. Promote gender equality and empower women.
4. Reduce child mortality.
5. Improve maternal health.
6. Combat HIV and AIDS, malaria and other diseases.
7. Ensure environmental sustainability.
8. Develop a global partnership for development.

Procedure: as was already reflected in the Corporate Social Responsibility Report 2004, BBVA feels fully committed to the challenge posed by these goals, regarding whose achievement it has set out to contribute both through numerous aspects of its business activity and through its community support policies, under the belief that only a joint public-private effort will lead to them being suitably met. It is indeed true that the BBVA Group has not developed specific lines of action directly targeting each one of these goals, but it has implemented or supported schemes related to many of them or with a bearing on closely related issues. References to the most significant of these may be found in the following chapters in this report: "BBVA and its Customers", "BBVA and the Environment" and "BBVA and Community Support".

[II] BBVA AND ITS STAKEHOLDERS

Corporate Responsibility Report 2005

4] BBVA AND ITS SHAREHOLDERS

5] BBVA AND ITS EMPLOYEES

6] BBVA AND ITS CUSTOMERS

7] BBVA AND ITS SUPPLIERS



4] BBVA AND ITS SHAREHOLDERS

BBVA'S COMMITMENT TO ITS SHAREHOLDERS

- "To ensure sustained profitability over time that better its competitors, providing and excellent service and timely, complete and accurate information to shareholders, institutional investors and analysts, within the framework of Corporate Governance practices that abide by the most stringent criteria".

BASIC FEATURES

● Shareholder Structure		
	2005	2004
Investors	984,891	1,081,020
Shares	3,390,852,043	3,390,852,043
● Share Ownership		
	% / Capital	
Individuals	37.29	
<4,500 shares	12.79	
>4,500 shares	24.50	
Board of Directors	1.12	
Institutional investors	59.09	
Domestic	9.87	
Non-Domestic	49.23	
Employees	2.50	
TOTAL	100.00	

STRENGTHS

- Extensive presence of private individuals and significant shareholder loyalty.
- High level of yield recording a sharp increase.
- Major solvency.
- Positive assessment by analysts.
- Acknowledged management quality.

AREAS OF IMPROVEMENT

- Service to private investors.
- Mechanisms of dialogue with incorporation of new communication channels.
- Loyalty schemes.

MAIN LINES OF WORK IN 2006

- Advance in the coordination of the Group's different areas in order to benefit shareholders.
- External visibility of shares (Investor Portal).
- Attraction of non-deposit holding investors.
- Advances in information channels.
- Increase in the group attended to by the Major Investors' Management unit, improving communications systems and facilitating access by individual investors to the Group's products and services.
- Extend both knowledge on the investor base, both geographically and by type of investor, and the effectiveness of the reporting of the Group's reality and potential to analysts and institutional investors.
- Advance in the globalisation of the Group's shareholder structure.

● Sustained growth in value

The BBVA Group's main objective is the creation of sustained value for shareholders. An objective that is framed within a policy underpinned by demanding criteria of ethics, transparency and equity in shareholder dealings, under the auspices of the key role played by its Corporate Governance system, which BBVA strives to combine with the maximum possible contribution of value to the rest of its stakeholders, in the firm belief that only the optimum dovetailing of the goals and values of all interested parties ensures a sustained growth in profits.

MAIN DATA ON THE BBVA SHARE

	2005	2004
Earnings per share (euros)	1.12	0.87
Yield (dividend/price; %)	3.52	3.39
Price/book value (times)	3.9	4.0
PER (price/earnings; times)	13.4	15.1
Market capitalisation (million euros)	51,134	44,251

LINES OF PROGRESS IN 2005

Amongst the various schemes introduced in 2005 with a bearing on shareholders, special note should be made of the following:

- **New Dividend Reinvestment Plan:** an attractive, flexible way of increasing the BBVA share portfolio, in which investors may choose the reinvestment period and the percentage of dividends reinvested. The arrangement involves a cost-free account and a special rate of interest.
- **Acción BBVA (BBVA Share) Portal on the Bank's intranet:** a new tool enabling retail banking managers to attend to shareholders more efficiently.
- **Acción Empleados (Employees Share) Plan:** part of the *Pasión por las Personas* (Passion for People) project, it provides special terms for the acquisition of BBVA shares by Group employees.
- Major progress in identification and service involving institutional investors.

● Channels of communication

BBVA bases its relationship with shareholders, the investment community and analysts on the transparency of information, combining a personal approach with standard means of communication and cutting-edge technologies. Accordingly, it has specialist units catering for the different segments and using various channels of communication. The more significant of these are detailed forthwith.

As of the second quarter of 2005, the BBVA Group's quarterly results reports include a list of the main actions undertaken in corporate responsibility.

Shareholders' Office

This is a permanent source of dialogue between the BBVA Group and its shareholders. The first

of its kind in Spain's financial sector, it provides for a two-way channel of communication that provides all shareholders with information on the Group's performance and the trend and outlook for shares, also attending to all kinds of enquiries, suggestions and opinions involving share-related issues and investors. Throughout 2005, this helpdesk attended to 42,341 enquiries (30,644 of these were made through the Investor Portal).

The Shareholder's Office may be contacted by phone (902 200 902), e-mail (clubaccion@grupobbva.com) or post (BBVA, Oficina del Accionista, Apartado de Correos 21, E-48080 Bilbao, Spain).

ENQUIRIES ATTENDED TO BY THE SHAREHOLDERS' OFFICE

Number of submissions per channel	2005	2004	2003
902	5,199	4,353	4,131
Dividend reinvestment campaign	1,745	–	–
Dedicated mailbox	53	40	29
Letter	84	200	200
Club	18	480	261
Telephone	1,041	2,434	1,898
e-mail	785	480	420
Personal enquiry	37	150	200
Ábaco magazine competition	2,735	2,600	4,800
TOTAL	11,697	10,737	11,939

SPECIFIC ENQUIRIES REGARDING THE ANNUAL GENERAL MEETING

	2005	2004	2003
Requests for legal documentation	39	28	45
Requests for the Annual Report	–	–	200
Requests for AGM agreements	5	–	25
Requests for the Company's bylaws	6	12	4
Card not received	453	410	250
Incorrect data / no. shares	205	370	70
Requests for gift	496	122	60
Complaint at no gift if no delegation is made	71	120	10
Wrong branch for collection	102	59	40
Privanza-BBVA Patrimonios	–	15	20
Director remunerations	5	30	30
Preferential subscription right	16	50	10
Dividend policy	36	160	300
Requirements to be a director	4	6	2
Search for website information	30	35	–
Electronic vote	72	–	–
Life assurance	–	–	3
Investments in Latin America	2	10	20
Early retirements policy	3	–	25
Others	193	168	168
TOTAL	1,738	1,595	1,282

ENQUIRIES RESOLVED BY THE SHAREHOLDERS' OFFICE

	2005	2004	2003
Dividend	814	1,015	692
Share price	817	699	648
Share	788	863	546
Operating procedure/securities	133	81	88
Dividend reinvestment	479	554	624
Campaigns/ <i>Privilegio</i>	1,978	235	350
Financial	42	41	38
Complaint/suggestion	38	42	131
Income tax	56	59	65
AGM	1,738	1,595	1,282
Reports	182	396	366
Group and product information	546	1,245	1,354
Significant events	98	189	22
Requests for past share records	100	110	100
Cultural events	8	98	60
Ábaco magazine	1,126	915	773
Ábaco magazine competition	2,735	2,600	4,800
Shareholders' insurance	19	0	–
TOTAL	11,697	10,737	11,939

ÁBACO

Aim: to improve the service provided to BBVA shareholders and further their loyalty through an exclusive channel of communication.

Procedure: Ábaco is a quarterly magazine and its 236,000 copies are distributed free amongst BBVA's private shareholders. It includes the following basic content:

- Letter from BBVA's Chairman.
- Direct line with the Chairman: questions answered by the Chairman.
- Shareholder's Notebook: relevant information on the BBVA Group.
- Shareholders' Club Privilege: exclusive or preferential offers for shareholders.
- Information on BBVA products.
- Magazine: articles, interviews and sundry information.

Major Investors' Management unit

Its creation in 2003 was an innovation in Spain's financial industry. It is part of the BBVA Group Chairman's office. Uniformity in the management

of all major shareholders and greater coordination of operations involving different Group areas catering for their needs are objectives to be achieved through communication with them. This

is to involve personal contact and direct, specialised and customised dealings with a group that by the end of 2005 numbered 2,840 people throughout the world, holding shares accounting for 13.16 % of the BBVA Group's capital. The unit plans to increase these figures and improve the information provided and communication systems. In addition, it seeks to encourage access by major shareholders to the Group's products and services.

Insofar as business 2005 is concerned, the unit met 7,000 people (over 50 % of whom were potential investors), in 57 meetings that were held in so many cities in Spain, with the cooperation of Retail and Wholesale Banking in order to ensure the success of the events, both in the number of people attending as in the degree of loyalty expressed. In addition, the Chairman and the Chief Operating Officer appeared before an audience of 2,200 people in a further 16 meetings, thereby revealing the importance they attribute to this shareholder group. Overall, the actions undertaken have served not only to enhance the high degree of commitment shown by investors, but also to increase their access to banking services in the BBVA's different areas of business.

On 19th August 2005, the BBVA share was listed for the first time on the Mexican stock exchange. This event —highly anticipated by Mexican investors— reinforces the BBVA Group's commitment to Mexico and its financial market and will favour the significant growth of the group of major shareholders in Mexico.

In addition, throughout the year the unit has organised a varying array of cultural events designed for major shareholders, which were attended by 1,167 people.

Department for Relations with Investors, Analysts and Rating Agencies

It designs and implements the strategy for reporting to financial markets both at home and abroad, being in permanent communication with its main players. By reporting and outlining BBVA's main business, organisational and operating strategies to the investment community, it generates expectations on its value and therefore contributes to the proper setting of the share price and other financial assets issued by BBVA.

Amongst its other duties, the department is also responsible for keeping the Group's Steering Committee duly informed about prevailing opinion of relevance in the markets or about any other matter that may affect the share price.


A high level of interaction has been forthcoming in 2005 with institutional investors and financial analysts through different presentations and meetings held in the main financial centres:

- Meetings have been held with investors and analysts in the world's foremost financial centres, in Europe, the United States and Asia, as required by the global nature and diversification of the Group's shareholder structure.
- Presentation of quarterly results and a further two similar events through internet webcasting.
- Deliveries of information to previously registered analysts and investors.
- Participation in the main banking sector conferences held worldwide.
- Cooperation in several processes of due diligence in fixed-income issues and subsequent involvement in road shows.
- Institutional presentations, rating agency reviews and involvement in the application process for the delegation of voting rights at the AGM.

In recognition of the efficiency of its reporting to the investment community in 2005, BBVA was ranked in fourth and fifth position in the table of best investor relations teams in the European financial industry, as drawn up by Institutional Investor and Extel Survey.

OPERATING DATA INVOLVING ANALYSTS AND INVESTORS IN 2005

Number of investors contacted	283
Distribution of financial communiqués	2,708
Requests for information attended to by e-mail	1,015
Communications with analysts as a whole	660
Actions for the Annual General Meeting	
Delivery of documentation	315
Requests for information	108
Various enquiries	380

RATING ACCORDING TO DJSI					
Organisation	Dimension	2005		2004	
		BBVA	Sector average	BBVA	Sector average
SAM ^a	 Investor Relations	100	67	49	42

^a Scoring range: 0 to 100.

Corporate website (www.bbva.com)

Published in both Spanish and English, it constitutes a tool of special significance in the BBVA Group's reporting policy regarding all its stakeholders and, specifically, investors and analysts. Throughout 2005, roughly half of the files downloaded by users corresponded to matters of direct interest to these groups.

Permanently updated, the website contains all relevant financial, strategic and commercial information for shareholders, investors and

analysts. It features the most advanced technological tools in financial information, including internet webcasting systems, thereby providing a channel for interactive communication with analysts and investors.

The corporate website was honoured in 2005 with the prize "The Best Investor Relations Website of Spain according to investors, analysts and capital market professionals", awarded by MZ Servicios Financieros, organiser of the IR Global Rankings.

5] BBVA AND ITS EMPLOYEES

BBVA'S COMMITMENT TO ITS EMPLOYEES

- "A style of management that generates enthusiasm and facilitates training, motivation and both personal and professional development".



BASIC FEATURES

	2005	2004
• Total no. employees	94,681	87,112
• By region (%)		
Spain	32.9	35.6
The Americas	65.1	62.1
Rest	2.0	2.3
• By gender (%)		
Men	54.9	57.2
Women	45.1	42.8
• Average age	38.4	38.1
• Years service	13.2	13.3



STRENGTHS

- Communication of Code of Conduct to all employees.
- Agreement with trade unions on equality and reconciliation of work and family life.
- Annual training of 43.1 hours per employee, with an expense of 34,3 m euros.



AREAS OF IMPROVEMENT

- External verification of commitments made regarding Human Rights.
- Reconciliation of work and family life.
- Integration of the disabled.
- Voluntary work programmes.



MAIN LINES OF WORK IN 2006

- Foment measures to reconcile work and family life and create the Committee for Equal Opportunities with trade union representation.
- Integration of the disabled.
- Voluntary work programmes.
- New training programme in the School of Management.

• General data on employees

BBVA understands that a basic dimension of its corporate responsibility lies in its relation with employees. This dimension is governed by the desire to generate as much reciprocal value as possible—for employees and for the Group—by

implementing a variety of policies and initiatives, with an aim to fomenting continuous improvement in ethical standards, equal opportunities, personal and professional development, teamwork, industrial relations and employee satisfaction.

With the application of the International Financial Reporting Standards (IFRS), companies that were formerly accounted for by the equity method, as well as other companies that were not included in the perimeter of consolidation due to their business activity, are now consolidated using the global integration method. The data corresponding to 2004 have been drawn up using the same criteria and, therefore differ from those published during the said accounting period.

EMPLOYEES BY COUNTRIES*

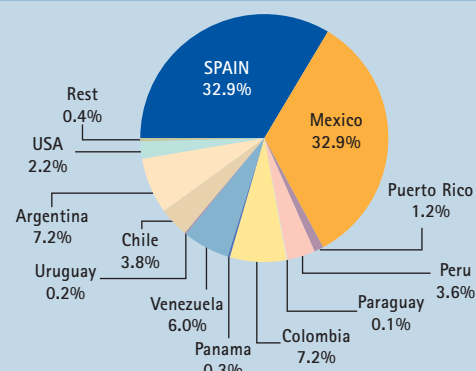
	2005	2004
SPAIN	31,154	31,056
THE AMERICAS	61,604	54,074
Mexico	31,146	28,623
Puerto Rico	1,120	1,093
Venezuela	5,653	5,653
Panama	245	230
Colombia	6,849	4,562
Paraguay	99	97
Peru	3,377	2,853
Uruguay	145	145
Chile	3,630	3,560
Argentina	6,851	6,664
United States	2,066	157
Rest of the Americas	423	437
REST	1,923	1,982
Portugal	891	902
Andorra	238	233
Switzerland	88	93
Other	706	754
TOTAL GROUP	94,681	87,112

* Staff at December 31st 2005.

PERSONNEL EXPENSES

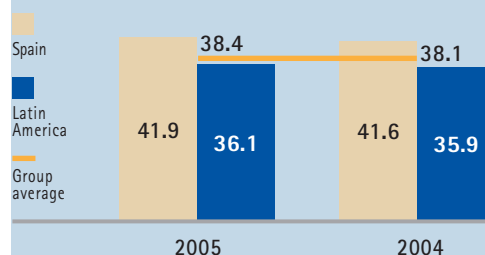
(Million euros)	2005	2004
Wages and salaries	2,744	2,460
Social insurance	472	437
Provisions and contributions for internal and external pension funds	125	116
Other expenses	262	234
TOTAL	3,602	3,247

PERCENTAGE OF EMPLOYEES BY COUNTRIES (2005)



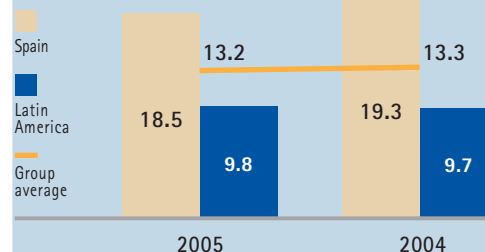
AVERAGE AGE OF WORKFORCE

Years



AVERAGE LENGTH OF SERVICE OF WORKFORCE


Years



PERCENTAGE OF EMPLOYEES BY PROFESSIONAL CATEGORIES

	2005	2004
Management (levels 0-3)	0.29	0.31
Management (levels 4-5)	1.58	1.68
Team heads and technicians	48.42	48.36
Office, general services staff and others	49.71	49.66

BBVA'S CORPORATE RESPONSIBILITY RATINGS AS AWARDED BY SPECIALIST AGENCIES

Organisation	Dimension	2005		2004	
		BBVA	Sector average	BBVA	Sector average
 SAM ^a	Labour Practice Indicators	90	62	65	54
	Development of Human Capital	100	39	85	51
	Attracting and Retaining Talent	56	44	61	48
	Health & Safety at Work	60	30	28	24
 VIGEO ^{a, b, c}	Human Resources	44	=	58	+

^a Scoring range: 0 to 100.

^b Rating compared to industry average: ++ Pioneer, + Advanced, = Average, - Below average, -- Unconcerned.

^c VIGEO also carries out "Investor Solicited Activity", performing corporate audits on request from businesses.

● Human Rights

In addition to the aspects pointed out in the section on the Code of Conduct in the chapter entitled "BBVA's Corporate Responsibility Policy", the Corporate Integrity Management committees are involved in promoting the implementation of the measures necessary for dealing with ethically questionable conduct, such as any breach of Human Rights, which may have come to the knowledge of any of its members, either in the performance of the duties of the areas they represent or through communications received.

BBVA is a member of the Executive Committee of the Spanish Association of the Global Compact, which it joined in 2002. Subsequently, four of the Group's banks in Latin America —Mexico, Argentina, Peru and Colombia— specifically joined. The financial industry's activity is characterised by having highly qualified human capital, implying that it is unlikely that problems related to Human Rights, such as child labour and

forced labour, will arise. In any case, in its third section called "Ethical values", the Code of Conduct expressly mentions BBVA's commitment to Human Rights, strictly respecting ethical values and non-discriminatory practices in its operations in all countries. In the case of suppliers and contractors, BBVA requires their observance of the social and environmental principles of the United Nations Global Compact. Employees are likewise given special training on Human Rights on the intranet, through a course on "Diversity and Integration".

With regard to the training of security personnel in aspects related to Human Rights, the agreements signed by BBVA for their inclusion in the function of security in Spain and the Americas have been publicised, and a set of standards on the principles of ethical conduct laid down in the Code of Conduct has been included in the Manuals on Security Tasks and Procedures —which regulates and develops the function of Surveillance and Security Personnel.

INTERNATIONAL AGREEMENTS OR ORGANISATIONS ON HUMAN RIGHTS WHICH BBVA HAS JOINED OR TO WHICH IT HAS PUBLICLY BOUND ITSELF

- United Nations Global Compact
- United Nations Universal Declaration of Human Rights
- International Labour Organisation (ILO)

- At all times, the BBVA group scrupulously complies with prevailing labour legislation, international agreements and other legal and statutory labour rules, and there is no record of the existence of legal or administrative proceedings resulting from non-compliance or breaches relating to this matter during 2005.

● **BBVA's model of management: guaranteeing equality of opportunities and employee satisfaction**

The Human Resources Management Model is based on management by competencies and communication with employees, and responds to

the principles and commitments defined in the Group's corporate culture, embodied in *La Experiencia BBVA* (the BBVA Experience). Commitments to employees refer to the recognition of merit, personal and professional development, teamwork, the generation of ideas, diversity and equality of opportunities and a climate of trust.

THE ARISTOS PROJECT

Aim: the ARISTOS project was designed with an aim to developing the Group's Human Resources systems towards a series of corporate tools to homogenise the working methods in the Group's different units, by using, not only the same policies and procedures, but also the same applications and tools.

Procedure: the ARISTOS project encompasses the Human Resources administrative and management tools for Human Resources staff as well as the applications that enable the employee to interact in the Human Resources processes.

These tools were deployed in March 2005 for all the staff of Spain, Portugal and the External Network and, during the month of May, for the Group's management team in all Latin American countries, with the rest of employees being expected to be included shortly. The extension of the corporate intranet ensures that the Human Resources corporate applications developed on the said platform are made available to the Group's employees. The Internet is currently being used to provide the different units with these tools until the corporate intranet has been fully extended.

Skills-based management

It consists in contrasting personal skills and technical knowledge necessary for each post — functional profiles— with the assessment of each worker in the Group— skills appraisal. Different techniques are used for this assessment process, including interviews and questionnaires, and, in the case of managerial staff, the assessment of their own collaborators. Another technique used for assessment is the certification of knowledge, designed by external certifiers of recognised prestige. The result allows for a more personalised application of the different human resources management policies in the case of each employee.

In 2005, BBVA remodelled its Human Resources area giving it a structure that is closer to the business. The new model aims at guaranteeing

the corporate integrity of the human resources practices, by adapting global policies to the particular circumstances of each country and each business unit.

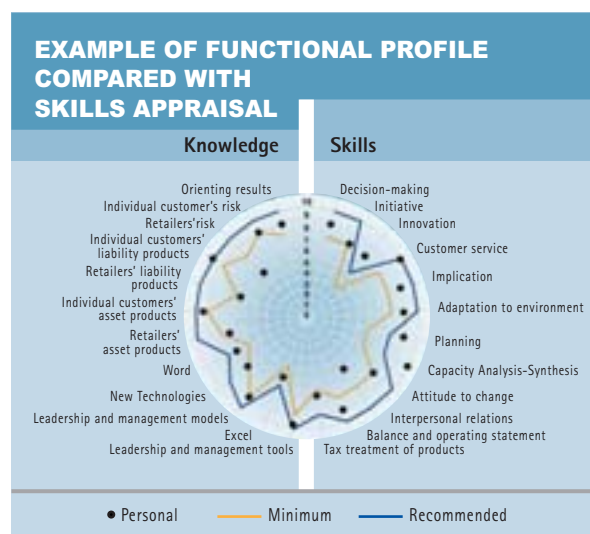
- **Professional development:** is directed at fomenting internal promotion and equal opportunities. A personalised training plan —Individual Development Plan (*PDI*)— is laid down for each employee on the basis of an appraisal of skills. Employees can look up the specifications required for each position on the intranet, which imbues the model with transparency and enables each employee to steer their professional development towards the duties most suited to their interest. The model is completed by the *Apunto* tool, designed so that the Group's staff can record their professional interests and preferred positions, and

the “Development Guide”, aimed at personal and professional development.

- **Reward and remuneration:** they are established according to the level of responsibility of the position and the professional evolution of each employee, avoiding any discrimination for reasons of sex, race or of any other kind, and guaranteeing compliance with the law and collective labour agreements applicable to the sector. Furthermore, customer satisfaction indicators and conduct in line with the principles of corporate culture, including commitment to social corporate responsibility, are important for the variable remuneration of each member of staff.

Communication and dialogue with employees

The internal communication tools that BBVA places at the disposal of its employees aim at creating a climate of trust based on an open relationship support for teamwork and transparent communication. Internal communication is organised through the line of management —by means of personal interviews and periodic meetings— and through corporate channels —integrated in the intranet “espacio”—. In 2005,



BBVA launched its specialised portal *Pasión por las Personas* (Passion for People) in order to strengthen communication of the corporate project, which seeks to improve the quality of BBVA as a workplace for its employees and a bank of reference for its customers in the quality of service. Similarly, it set up the Corporate Responsibility (RC) portal, with an aim to involving employees in the different measures developed by the Group in this field, inviting them to include CR criteria in their daily work.

MAIN CORPORATE CHANNELS FOR INTERNAL COMMUNICATION IN BBVA

Buenos Días	Daily newsletter with general interest information and opinion articles by employees and management. In Spain alone, 251 opinion articles were published in 2005.
Activity report	Monthly analysis of the main lines of work of each area.
Canal BBVA	The organisation's economic data, campaigns or important projects.
Carrusel	Global news and warnings from the organisation and news concerning the different areas.
Employee Portal	It helps the management of processes and provides information on the human resources management systems —pay statements, social benefits, loans and other financial services for employees—, providing access to training courses and other services.
Employee Care Service (SAE)	At the disposal of active, early retired and passive workers, with an aim to providing quick answers to queries, it facilitates knowledge of Human Resources policies and programmes and helps settle problems. Over 88,000 queries (64 % from active employees, 23 % from early retired workers 13 % from retired staff) were processed in the SAE in 2005, with 89,000 people accessing the Employee Portal. Users rated the service highly.
adelante magazine	A quarterly publication, it comes with the local magazine <i>Crónica</i> , which is distributed to all the homes of BBVA's employees. Strategic projects are described in detail, an overview is given of the most newsworthy events of recent months and there is an account of the different functions or areas. 120,000 copies of each issue are distributed throughout the entire Group.

INTERNAL COMMUNICATION CHANNELS IN SPAIN

(Number of annual communications)	2005	2004	2003
Weekly/daily	681	526	361
Monthly/quarterly	19	19	15
Other periodicity	43	26	29

There are other channels of communication and dialogue with employees, such as e-mailing or taking specific action in order to communicate corporate projects for which specific plans are drawn up. A significant case is the *Pasión por las Personas* project, which combines personal and audiovisual meetings and other differentiating actions, such as, photography and drawing competitions at corporate level. Over 4,000 of employees' children took part in

the one held on drawing for choosing the company's Christmas greeting card, which was done in collaboration with Unicef.

Other channels are the satisfaction polls, dialogue with trade union representatives and initiatives for the management of knowledge, which shall be further explained later on in this chapter. Further information on the BBVA Model of Human Resources can be found in the Annual Report and at www.bbva.com

Satisfaction

BBVA carries out surveys among its employees every other year in order to determine the level of internal satisfaction and the impact that variations in organisation and the environment have had on the opinions and attitude of all members of the organisation.

EMPLOYEE SATISFACTION POLL

(Percentage)	Involvement		Satisfaction		Motivation		Image	
	2005	2003	2005	2003	2005	2003	2005	2003
BBVA Spain*	47.1	47.5	61.1	60.4	70.4	70.7	76.2	73.7
BBVA Bancomer (Mexico)	60.7	73.2	76.0	74.4	84.9	84.3	86.7	84.6
BBVA Banco Francés (Argentina)	65.4	61.6	65.2	62.1	74.7	71.3	75.1	66.1
BBVA Chile	55.5	64.1	59.0	61.9	69.1	73.1	63.4	67.3
BBVA Banco Continental (Perú)	75.3	82.8	66.9	66.2	79.9	80.6	84.6	82.8
BBVA Banco Provincial (Venezuela)	50.3	69.4	75.4	70.9	85.9	81.7	86.3	85.2
BBVA Colombia	74.8	73.5	72.0	72.5	81.8	82.7	85.0	81.9
BBVA Uruguay	72.8	75.3	64.5	61.2	73.8	73.0	62.8	62.9
BBVA Panamá	76.4	77.7	63.4	68.2	78.5	81.0	74.2	75.7
BBVA Puerto Rico	47.3	76.1	71.9	68.2	85.4	82.6	76.6	73.3
AFJP Consolidar (Argentina)	69.8	71.8	64.9	66.6	74.3	75.0	77.7	80.1
AFP Horizonte (Peru)	81.2	96.9	72.8	70.5	82.6	80.5	84.6	83.5
AFP Horizonte (Colombia)	99.9	96.9	80.7	80.0	89.1	89.6	86.5	85.6
AFP Previsión (Bolivia)	58.3	77.6	67.0	71.2	75.7	83.4	76.4	87.0

* It includes BBVA Portugal.

Trade union representation and settling conflicts

In Spain, the Banks' Collective Labour Agreement is the sector's instrument for regulating the fundamental aspects of industrial relations between employees and finance companies. Throughout the entire Group, the most important matters concerning industrial relations are included in the different agreements and contracts signed by each

company with the corresponding trade union representatives in each country.

Furthermore, the area of Human Resources offers legal assistance to employees on the rights and duties deriving from industrial relations and with regard to third parties, and helps to settle disputes. Likewise, awareness of labour laws is encouraged and disseminated, and strict compliance thereof, in order to avoid possible

breaches of employment regulations or inappropriate procedure, which could become the cause of liability for the BBVA Group or its staff. The Group also applies cross-board and objective coordination to disciplinary matters, paying special attention to prevention, with recognition of employee rights and assurances, while pursuing an ongoing policy of reinstatement.

BBVA is not entitled to keep a record of information on trade union membership because these data are protected by the Spanish Constitution. According to Spanish law, the collective bargaining agreements reached affect not only union members but all the workforce.

BBVA respects the role and responsibility of trade union representatives, in accordance with prevailing legislation, particularly in matters concerning collective bargaining. While acknowledging the laws and particular characteristics of trade union representatives in each country, the Group strives to settle any possible industrial disputes by means of dialogue and consensus with the different trade union representatives, who are always treated with the greatest respect.

The European Workers' Committee was set up in 2004 within the framework of applicable legislation in those countries within the European Economic Space in which the group is present, and is now working normally, with the competencies defined in the collective labour agreement that gave rise to the same. Moreover, in 2005 BBVA and the Group's trade union representatives in Spain and Latin America held a meeting in Mexico in which, following the agreement of intent signed in 2001, trade union representatives expressed their wish to contribute ideas and proposals that favour consensus within the framework of

industrial relations, with special attention to the following issues: procedures for settling disputes, training, equality of opportunities, health and safety at work, employment and its structure.

Agreement on Equality and the Reconciliation of Work and Family Life

In 2005, BBVA entered into an agreement on equality and reconciliation of work and family life with most of the Group's trade union representatives. The said agreement specifies non-discrimination for reasons of birth, race, sex, religion, trade union membership or any other condition or personal or social circumstance, and measures have been taken to favour gender equality and the balance between work and family life. Of particular note among the said measures are:

- Special protection for women during pregnancy and while looking after young children.
- Possibility of flexitime at the pre-school stage.
- Improvements regarding unpaid leave in the case of family circumstances requiring special protection.
- Improvements in paternity leave.
- Use of videoconference in order to reduce the number of trips.
- Rejection of any kind of discriminatory situation for reasons of gender, or any kind of sexist behaviour.
- Observatory on equality as a follow-up to the agreement, with the participation of trade union representatives.

PROMOTION

(Percentage of total workforce)	2005	2004
People promoted	11.9	12.7

MAIN ASPECTS INCLUDED IN THE AGREEMENT ON EQUALITY AND RECONCILIATION OF WORK AND FAMILY LIFE (2005)

- Reconciliation of personal, work and family life.
- Protection for pregnancy and maternity.
- Equality of opportunities.
- Sexual harassment and gender violence.
- Creation of the Equal Opportunities committee.

DISTRIBUTION OF FUNCTIONS BY GENDER

(Percentage)	2005		2004	
	Men	Women	Men	Women
Spain	61.65	38.35	62.64	37.36
Management (levels 0-3)	93.12	6.88	94.54	5.46
Management (levels 4-5)	86.94	13.06	88.04	11.96
Team heads and technicians	64.72	35.28	66.41	33.59
Office staff and general services staff	53.52	46.48	54.13	45.87
Latin America	51.19	48.81	52.57	47.43
Management (levels 0-3)	100.00	0.00	98.68	1.32
Management (levels 4-5)	78.76	21.24	78.63	21.37
Team heads and technicians	58.85	41.15	60.15	39.85
Office staff and general services staff	45.48	54.52	46.20	53.80
Group average	54.99	45.01	57.18	42.82
Management (levels 0-3)	95.27	4.73	95.91	4.09
Management (levels 4-5)	84.18	15.82	84.64	15.36
Team heads and technicians	61.62	38.38	63.12	36.88
Office staff and general services staff	47.40	52.60	48.16	51.84

CONTRACTS BY TYPE

(Percentage with respect to workforce total)	2005			2004		
	Men	Women	Total	Men	Women	Total
Permanent or regular full-time	51.66	40.21	91.88	52.48	39.36	91.85
Permanent or regular part-time	0.61	0.82	1.43	0.64	0.78	1.42
Temporary	2.30	3.20	5.50	2.30	3.03	5.33
Other	0.42	0.77	1.19	0.46	0.94	1.40

PERCENTAGE OF WOMEN IN POSITIONS OF RESPONSIBILITY WITH CHILDREN IN THEIR CARE

	2005	2004
Spain		
Management (levels 0-3)	76.92	80.00
Management (levels 4-5)	54.01	54.47
Latin America		
Management (levels 0-3)	0.00	9.09
Management (levels 4-5)	25.00	26.55
Group average		
Management (levels 0-3)	76.92	81.82
Management (levels 4-5)	55.83	56.19

PERCENTAGE OF EMPLOYEES COVERED BY A STANDARDISED PROCESS OF PERFORMANCE EVALUATION

	2005	2004
Management (levels 0-3)	100	100
Management (levels 4-5)	100	100
Team heads and technicians	100	100
Office staff and general services staff	100	100

PERCENTAGE OF REWARD* BASED ON PERFORMANCE EVALUATION IN RELATION TO THE TOTAL REMUNERATION

	2005	2004
Management (levels 0-3)	30.36	n.a.
Management (levels 4-5)	26.00	25.00
Team heads and technicians	13.00	12.00
Office staff and general services staff	3.00	3.00

* Excluding pension schemes and social welfare benefits.

PERCENTAGE OF VARIABLE REMUNERATION BASED ON THE COMPANY AND/OR INDIVIDUAL'S PERFORMANCE

	2005		2004	
	Company	Individual	Company	Individual
Management (levels 0-3)	36	64	n.a.	n.a.
Management (levels 4-5)	32	68	26	74
Team heads and technicians	31	69	26	74
Office staff and general services staff	40	60	40	60

TYPE AND PERCENTAGE OF REWARD ASSOCIATED WITH THE PERFORMANCE

	2005	2004
Annual cash bonus	100	100
Shares/options on shares available immediately	0	0
Shares/options on shares available in a period of +2 years	0	0
Other payments, made available immediately	0	0
Other payments, available in a period of +2 years	0	0

* Excluding pension schemes and social welfare benefits.

TRADE UNION ASSOCIATIONS

	2005	2004
No. of trade union associations in the Workers' Committee	11	11

● Employment and recruitment

Recruitment areas follow a global policy and a Code of Procedure aimed at guaranteeing equal opportunities and attracting talent in their recruitment processes. The “*e-preselec*” tool is based on the functional profile defined for each position, with an aim to selecting the best candidates. Moreover, the Recruitment department is totally independent and confidential, thus ensuring that all the candidates receive similar treatment and must go through the same processes in order to join the Group, and likewise guaranteeing that there is no discrimination for reasons of sex, race, family relationship or of any other kind other than the actual requisites specified for the position.

In addition, in 2005, BBVA added a new section on global employment to its corporate website where all the job offered by the Group in the different countries can be consulted and a curriculum vitae can be submitted from any part of the world. It likewise affords the possibility to submit spontaneous curriculum vitae by means of a special form. In the last four years, the BBVA Group has processed over 500,000 curriculum vitae from all over the world and signed almost 6,500 employment contracts a year. Since it was first set up, this section has received the curriculum vitae of candidates of forty-two different nationalities and has had approximately five thousand visitors a day.

BBVA employs disabled people who satisfactorily perform their duties. In addition, the Group avails of certain alternative measures, which are laid down by law, particularly those relating to the supply of the necessary goods for the development of the company's activity, as is the channelling of donations and sponsorship for the development of actions leading to integration in the labour market and job creation.

Aware of the fundamental rights of this group and their integration in the labour market, in 2005, BBVA set up a monitoring committee, which involves the departments of Human Resources, Purchases and Corporate Responsibility and Reputation. Its objective is to channel any of the Group's actions that directly or indirectly affect all the spheres in which a disabled person's life develops. Two initiatives were launched in 2005: contact associations of disabled persons in order to inform them of job and recruitment opportunities

in the BBVA Group and establish contact with Special Employment Agencies to detect possible ways to collaborate.

NUMBER OF RECRUITMENTS OF EMPLOYEES		
	2005	2004
Spain	1,741	1,758
Latin America	6,966	4,428
Rest of the world	148	124
TOTAL RECRUITMENTS OF EMPLOYEES	8,855	6,310

DISCHARGES IN THE GROUP		
	2005	2004
Spain	1,655	2,093
Retirements and early retirements	710	1,426
Incentivated discharges	47	35
Voluntary discharges (resignations)	413	253
Others	485	379
Latin America	4,925	5,924
Retirements and early retirements	94	8
Incentivated discharges	482	445
Voluntary discharges (resignations)	2,860	3,667
Others	1,489	1,804
Rest of the world	195	188
Retirements and early retirements	5	6
Incentivated discharges	42	60
Voluntary discharges (resignations)	64	37
Others	84	85
Total discharges	6,775	8,205
Retirements and early retirements	809	1,440
Incentivated discharges	571	540
Voluntary discharges (resignations)	3,337	3,957
Others	2,058	2,268

UNDESIED TURN-OVER OF STAFF*		
(Percentage)	2005	2004
Spain	1.33	0.81
Latin America	4.62	6.74
Rest of the world	3.89	2.24
Group average	3.52	4.54

* Voluntary discharges (excluding early retirement)/no. employees at the start of the period]*100 (percentage).

CONTENTIOUS MATTERS		
	2005	2004
Claims deriving from Disciplinary Files	34	40
Individual claims	147	179
Collective disputes	2	3
Actions taken by Administrative bodies	123	129
TOTAL FILES	306	351

PRESENTATION OF BBVA JOB OFFERS IN SPAIN		
	2005	2004
No. of presentations in Universities	30	19
No. of presentations in Business Schools	5	6
No. of Employment Fora	19	11

RATE OF ATTRACTION/RETENTION OF TALENT AS PERCENTAGE OF YOUNG GRADUATES WHO REMAIN WITH THE GROUP AFTER TWO YEARS

	2005	2004
Spain	77.9	80.5
Latin America	84.1	78.4
Rest of the world	78.2	79.3
Group average	81.8	79.2

● Training and knowledge management

Training

Training in BBVA is undertaken through three channels: presential, distance and -learning, with a common model for the entire Group. In 2005, BBVA reinforced this last channel by setting up a global learning network, *Conoce* (Get to know), aimed at providing common training solutions that contribute to satisfy the Group's strategy. In addition, this new platform contributes to

organisational learning with facilities for group work, such as fora, virtual classrooms and tutorials.

In 2005, the BBVA Training Plan, for the first time, offered integrated solutions, at corporate level as well as specific solutions for each country and individual ones for each employee, deriving from the skills-based management model and integrated in the Individual Development Plan (*IDP*) for each member of staff.

"CONOCE"

Aim: a corporate on-line training platform that allows employees to access, via the Internet, distance training measures from their workplace.

Procedure: this project helps spread corporate training to the entire Group, as it places a catalogue of training measures at the disposal of all units. The extension of this platform to the Group's different units was carried out simultaneously with the definition and implementation of a corporate catalogue on training measures and the development of local measures designed by the different units.

In 2005, the corporate platform was ready for use in Argentina, Colombia, Spain, Mexico, Peru, Puerto Rico and Venezuela and progress is being made in pilot tests for its use in the remaining countries.

New recruits are provided with a Welcome Plan—which includes information on Corporate Responsibility policy—and a special portal on the intranet, which, in the case of new recruits in Retail Banking, is completed with special training called "Commercial School". This programme aims at aiding and speeding up the effective incorporation and the actual performance of commercial tasks through training that combines presential and on-line courses, with the aid of the school's own portal. The new staff member thus acquires the necessary skills and knowledge, including information on compliance with standards such

as the Code of Conduct, personal data protection, prevention of money laundering and financing of terrorist activities, among others, as well as with principles and commitments undertaken by BBVA.

In the case of specific training in corporate responsibility, apart from the course on Diversity and Integration, BBVA offers other on-line courses on Voluntary Work and the Environment, and, in 2005, a course of training in corporate responsibility was held in conjunction with the University of Deusto for 42 representatives of the areas of Human Resources, Retail Banking and Wholesale Banking.

BBVA BUSINESS SCHOOL

Aim: to be a key element within the human resources management model, focussing on the development of talent.

Procedure: sit is structured on three courses of action:

- The School of Management, in collaboration with leading business schools, provides in-depth knowledge on BBVA's culture and values and develops management skills particularly those required for decision-making. By the end of 2005, 1.720 senior staff had taken part in its sessions.
- The School of Finances caters for the needs in highly specialist knowledge in financial matters. Senior management and specialists in risk, markets, economic scenarios and finances in general are here given the opportunity to learn about and analyse the latest trends, developments and changes in legislation involving the sector, under the guidance of renowned experts in these matters using a modern hands-on approach.
- The School of Languages pursues its activity employing a system of "total immersion", aimed at developing communication within the business environment.

In the case of special training on matters relating to the prevention of money laundering, this information is included in the chapter entitled "BBVA and its customers". Last of all, it is worth mentioning that BBVA received training subsidies from the Tripartita Foundation (FORCEM) to a total of 2,652,245.43 euro in 2005.

Trainees

BBVA offers job placements for students and grants for graduates, through agreements subscribed with a large number of educational institutions and other institutions. Trainees receive instruction that is suited to their duties as well as help towards paying the cost of their education. Once the grant period has ended, a meeting is held with each trainee at which they are asked to give their assessment; the average score from 0 to 10 for the past year was 8.27. In addition, an agreement was reached in 2004 with the Centre for Educational Resources of the ONCE, the Spanish Organisation for the Blind, to include disabled trainees.

Knowledge management

One of the main channels for the management of knowledge, in addition to the training channels, is that consisting of virtual communities, formed by the quality supervisors designated in each branch and aimed at furthering continuous learning by sharing experience, opinions and work methods

throughout the Group. Another channel is to be found in the presential fora, set up for the triple purpose of: promoting corporate culture, fomenting communication between the Steering Committee and employees and encouraging the different areas to respond to the needs detected by the Group's staff. These fora are held in the School of Management and in breakfasts organised for small groups with the Chairman, the CEO and the Head of Human Resources.

The Innova project is another channel of communication and seeks to channel the best of the staff's ideas and make them real to implement improvements in the Group. Areas of innovation proposed in 2005 took in, among other aspects, ideas aimed at improving customer relations, products and services adapted to the needs of immigrants and sustainable financial solutions for SMEs.

The III edition of Innova got underway between July and September. 6 % of the participants developed their proposals in conjunction with other colleagues. A new development in the III edition was the establishment of three different types of participation depending on the level of requisites set.

The Innova project has likewise been successful in Argentina, where 401 proposals were submitted over the same period. Similarly, Mexico launched the Innova programme in 2005, with 218 proposals being received in just one month.

INNOVA III EDITION (SPAIN)

Type	Thematic areas of innovation	No. of participants	No. of proposals received	Qualified	Implementable*	High degree of innovation
Express	Innova Express	192	192	Not subject to qualification		
Classic	Generic area of innovative ideas	159	151	113	81 %	20 %
	Innovation in ways to effectively approach the target public	23	23	22	68 %	9 %
	New products and specialised services for immigrants	27	22	20	60 %	15 %
	Sustainable financial solutions for SMEs	6	6	6	67 %	67 %
Beta	Automation market project	4	4	4	100 %	25 %
	Domotics project	11	11	6	83 %	33 %
TOTAL		422	409	171	77 %	20 %

* Data on implementability and degree of innovation are taken from the total of the proposals qualified.

TRAINING

	2005	2004
Total investment in training (thousand euros)	34,302	34,315
Investment in training per employee (euros)	373	393
Hours of training provided (thousands)	4,082	3,744
Spain	1,760	1,639
The Americas	2,323	2,105
Hours of training per employee	43.1	43.0
Spain	56	53
The Americas	38	39
Training via e-learning (percentage)	12	9
Spain	16	9
The Americas	8	4
Satisfaction rating of training (out of 5)	4.2	4.1
Percentage of employees who received training during the year	68.0	70.0

TRAINING SCHEMES

(Percentage)	2005	2004
Hours spent		
Customer service	73	70
Skills	13	17
Languages	7	7
Technology	7	6
Expenses		
Customer service	63	60
Skills	17	22
Languages	15	14
Technology	5	4

KNOWLEDGE CERTIFICATIONS: NUMBER OF EMPLOYEES WITH CERTIFICATION*

	2005	2004
EEFPA (European Financial Planning Association)	2,534	1,956
CIA (Certified Internal Auditors)	52	17
CFA (Chartered Financial Analyst)	308	212
FRM (Financial Risk Management)	100	16
BULATS (Business Language Testing Service)**	2,025	2,025

* Accumulate figure.

** Next text will take place in 2006.

BREAKDOWN OF TRAINING

(Percentage)	2005
Hours on global needs	24
Hours on specific needs of business/country	64
Hours on individual development needs	12

GRANT PROGRAMMES FOR STUDENTS

	2005
Spain	400
Latin America	885
Rest of Group	25
TOTAL GRANTS	1,310

TRAINING CHANNELS

(Percentage)	2005	2004
Presential training	60	69
Distance training	28	22
Training via e-learning	12	9

VIRTUAL FORA

	2005	2004
No. of virtual fora in operation	796	347

FORA FOR COMMUNICATION AND DEVELOPMENT OF CORPORATE CULTURE (CDCC)

	2005		2004	
	Sessions	Participants	Sessions	Participants
School of Management	32	1,338	30	734
Breakfasts	22	166	24	144
TOTAL	54	1,504	54	878

● Health & Safety at Work

The importance of this activity in BBVA has given rise to the creation of a specific area —Industrial Health—, within Human Resources, Services and Safety, embedded in which is the Service for the Prevention of Industrial Hazards, which in turn is made up of two areas: the technical prevention and healthcare at work sections.

Trade union participation is a fundamental pillar of the BBVA Group's preventive system. The workers' representatives' participation goes beyond legal requirements and is strengthened by an agreement signed between the company and the trade unions represented in the Workers' Committee. The said agreement regulates the creation of territorial Prevention delegates, Health

& Safety committees in large centres and a State committee for Health & Safety —which approves all agreements related to Health & Safety of staff; its scope of application extends to 100 % of staff in Spain.

BBVA carries out risk assessment on all the organisation's workplaces, in relation to the

conditions of safety at work, environmental hygiene, ergonomics and psychosociology. Mock evacuation drills in emergency situations are carried out every year involving not only BBVA staff but also any outside personnel and customers present at the time.

The procedures used for certification are laid down by the National Institute for Safety and

- The Service for the Prevention of Industrial Hazards complies with the agreements of the International Labour Organisation incorporated into Spanish legal doctrine.

ACKNOWLEDGEMENTS FOR HEALTH & SAFETY AT WORK

- | | |
|--|---|
| <ul style="list-style-type: none"> ► In 2005, Gold Medal from the General Council for Industrial Relations and Work Sciences to the Head of the Technical Area of the Service for the Prevention of Industrial Hazards of BBVA. ► National Award for the Prevention of Industrial Hazards and Health at Work in 2004 to the Head of the Technical Area of the Service for the Prevention of Industrial Hazards of BBVA, from the International Association of Experts in Employment Law and Social Security. ► Exemplary Company in the Prevention of Industrial Hazards and Health at work international award in 2003 to BBVA, from the International Association of Experts in Employment Law and Social Security. | <ul style="list-style-type: none"> ► National Award for the Prevention of Industrial Hazards "Prever 2002" for institutions and companies, granted by the General Council of Industrial Relations, the Spanish Institute of Safety and Hygiene at Work, the European Agency for Safety & Health at Work and the General Directorates of Labour of the Autonomous Communities. ► En 2002, Silver Medal for Professional Merit from the General Council of the Chartered Institute of Labour Experts of Spain to the Head of the Technical Area of the Service for the Prevention of Industrial Hazards. ► National Award for the Prevention of Industrial Hazards "Prever 2002" to the Head of the Technical Area of the Service for the Prevention of Industrial Hazards, granted by the General Council of Industrial Relations, the Spanish Institute of Safety and Hygiene at Work, the European Agency for Health & Safety at Work and the General Directorates of Labour of the Autonomous Communities. |
|--|---|

Hygiene at Work, it being mandatory to have an external and independent audit carried out on the System for the Prevention of Industrial Hazards every five years by an external consultancy approved by the Labour Authority, in accordance with UNE 81901 EX methodology. The last one was satisfactorily passed in 2004. In addition, every year, a report is drawn up on the Service for the Prevention of Industrial Hazards and this activity is likewise included in the Welcome Plan for new recruits and in the courses leading to access to the functions of directors and management heads and customer services

(JGAC). Furthermore, BBVA has been involved in a variety of studies and research work in its work places on work-related stress in the banking sector and on the existence of the risk of mental load.

BBVA affords maximum importance and support to training in this matter, and has a Health Portal as well as special training such as the basic course on the Prevention of Industrial Hazards, which is available to the entire staff, and the manual on industrial hazards in finance companies, also available on the intranet. Different course on questions related to

- Training in Industrial Health affects 100% of the workers, the types of courses varying from country to country and depending on prevailing legislation.

emergencies, fires and other risk situation, such as the prevention of psychosocial hazards and personal risk situations. The contents of this last course have been gradually enriched from measures to be taken against antisocial behaviour and it has broadened its spectrum to include guidelines in the event of any situation related to safety as well as others concerning purely preventive aspects.

In Spain alone, 2,500 risk assessments were performed in different branches in 2005, Legionella treatment was carried out in 80 cooling towers, mock evacuation drills in emergency situations were carried out in which, apart from BBVA staff, all unrelated people and customers present, fire and civil protection personnel and local police took part. Mock evacuations were performed in 141 buildings in 2005, implying the involvement of over 14,092 people, between emergency teams (1,028), employees (9,985), customers and people unrelated to the company (3,079). In the training sphere, 119 courses were given on prevention, including 14 on psychosocial hazards. In all, over 2,843 members of staff were trained in the Prevention of Industrial Hazards.

With regard to the Healthcare at work service, 12,000 medical examinations were performed in accordance with the periodicity and specific protocols laid down depending on the risks, and over one hundred technical measures of prevention were taken, those implying the tailoring of ergonomic needs in workstations

being the most common. Similarly, apart from the usual campaigns on prevention, worthy of mention are campaigns on health improvement: information and procedure for first aid, procedure in the event of an industrial accident, recommendations on prevention and cure concerning a variety of medical subjects, etc. It is all included in the Industrial Health portal. Likewise, it is important to point out the existence of a protocol for procedure and medical and legislative information for pregnant staff. Similarly, of particular note is the Smoke-free Company campaign that is being carried out in BBVA, with the aid of assessments, survey, awareness-raising lectures, training and information to staff in order to help them give up the smoking habit.

With regard to the assistance afforded by the company's own medical services, more than 6,000 people received medical care and first aid and 7,000, nursing care in BBVA. Likewise, the sanitary personnel offers assistance to people with temporary disablement and guidance and management in cases requiring the application for permanent disability; medical assistance and support following bank robberies; advice, information on vaccinations and health regulations for staff travelling abroad and insurance coverage at company organisational events. Also noteworthy is the collaboration with the different Spanish Autonomous Community Health Councils, in blood donor campaigns, carried out periodically with a reasonable

ABSENTEEISM IN SPAIN (ANNUAL)

	2005	2004
Estimated total no. of hours worked	50,408,400	50,603,900
Accident rate (no. of hours not worked due to industrial accident)	50,408	50,604
No. of hours not worked due to illness	1,361,027	1,361,245
Proportion of accident rate (no. of hours not worked due to industrial accident with respect to the total number of hours worked)	0.10 %	0.10 %
Ratio (no. of hours not worked due to illness with respect to the total no. of hours worked)	2.70 %	2.69 %

response from BBVA staff: 658 donations in 2005. Last of all, it is important to mention the concern existing in Colombia about HIV/AIDS has led to the design of a special programme in BBVA Colombia, the aim of which is to foment a culture of prevention among staff and their families through educational and social awareness programmes. This programme is implemented every two years: 228 people out of a total of 800 potential participants (28.5 %) took part in the last campaign carried out in Bogotá in 2004. It is to be applied nationwide in 2006.

● **Social welfare systems**

This chapter takes in cover for retirement, cover in the event of death or disability, and the instruments for the said schemes. In Spain, BBVA was pioneer in the transfer of ownership of

economic rights to its workers, by instrumenting the majority of its commitments in employment pension schemes. Likewise, the universalisation principle has been applied to the entire staff, over and above the requirements of the collective agreement itself.

The existence of pension schemes calls for staff implication through their legal representatives in bodies in charge of their management, such as the Control committees.

In the sphere of socially responsible investment, the investment policy of BBVA's employment pension schemes was altered in 2005 to include the use of criteria of corporate social responsibility compatible with criteria of security, profitability, diversification and adequacy of terms. Furthermore, these criteria are to be included in the rest of the Group's employment pension schemes in Spain.

SOCIAL WELFARE SYSTEMS FOR EMPLOYEES

	2005		2004	
	Volume managed (million euros)	Number of members	Volume managed (million euros)	Number of members
Spain	8,235	66,316	8,158	65,671
Latin America	1,450	55,000	1,420	53,000

As far as the rest of the Group's banks and companies outside Spain are concerned, worthy of mention is the Latin American area, where there are Social Security systems that are privately administered and have individual capitalisation (AFP's), the contribution to which is obligatory for companies and employees alike. The Group's companies voluntarily provide a complement to cover death and disability and, in some cases, for retirement. In addition, a new framework for the management of social welfare systems at corporate level was launched during 2005, keeping ahead of changes that are to take place in the future regarding systems management.

● **Social benefits, other initiatives and voluntary work** **Social benefits**

All the social benefits enjoyed by staff are the result of collective agreements and depend on the

different origins of the companies leading to the constitution of the BBVA Group. So far, it has not been possible to reach a collective agreement to give across-the-board treatment to social benefits.

All BBVA staff can avail of education allowances or family allowances for each child, with considerably higher allowances for disabled children, life and accident insurance, Christmas gift in cash or a hamper and a wide range of advances and social loans for housing and other needs. Staff are likewise exempt from fees and expenses for the more common transactions with the Bank. The majority of them and all new recruits are entitled to use the holiday apartments and facilities, the supplementary holiday offers, long service awards and company store vouchers in regions where these types of stores have traditionally existed. Funds are also available for special care to provide for medical expenses not covered by the Social Security.

Across-the-board treatment of social benefits and its possible updating is subject to a process of collective negotiation in BBVA, not concluded in 2005. On the other hand, these matters are to be given greater flexibility, with some minority items or ones that have not been availed of being replaced by a general list offering diverse formulae, to staff's criteria, in accordance with their needs.

The structure of social benefits is currently made up of several committees, in which the company and the trade unions are equally represented, on the following matters: facilities and apartments, education allowances and grants, disability allowances and the Board of Administration of Care Funds.

SOCIAL BENEFITS IN SPAIN		
	2005	2004
Education allowances	5,761,236	6,378,842
Loans	180,990,534	189,654,242
Vouchers	9,881,402	9,451,018
Allowances for employees	41,183	53,082
Assignment of care fund (euro)	998,442	946,810
People benefiting from holiday facilities	13,437	13,656
Holders	5,670	5,548
Family	7,767	8,108
Employees who have availed of subsidised apartments with their families	933	953

Pasión por ti and Pasión por el equipo

As already mentioned in chapter on "BBVA's Corporate Responsibility policy", the *Pasión por las Personas* (Passion for People) project is aimed at raising customer and employee satisfaction

throughout the Group. It is a project built upwards from below in which suggestions for improvement are made on the basis of opinions and conclusions offered by both customers and employees. Two of the project's lines of action are directed at staff:

PASIÓN POR TI PROGRAMMES

"We think about you"	► Offers non-financial products and services from BBVA suppliers under better terms than those of the market.	Recognition	► Values commitment to cultural principles and publicly acknowledges contributions made by staff for improvements to work.
Time	► Helps in the planning of work, for the benefit of one's own time, and foment everyone's respect for the time of others.	Live the difference	► Respects differences (age, gender, origin), as an enriching and element, ensures equal opportunities.
Development	► Helps learning and encourage the achievement of staff's professional aspirations.	Communication	► Helps bring management closer and provides the opportunity to express concerns and suggestions for improvement.
Leader	► Develops a style of management in executives conducive to increased professional skills in their colleagues.	Link	► Affords the individual advantages that stimulate pride in belonging to the BBVA Group.

- *Pasión por ti* (Passion for you): seeks to improve the personal and professional welfare of staff with an aim to making BBVA a better place to work. The *Pasión por ti* programmes are the Group's answer to commitments to staff outlined in *La Experiencia BBVA*. They define the focal points around which corporate plans and those of each unit will revolve.
- *Pasión por el equipo* (Passion for the team): directed at enhancing communication and coordination, with an aim to raising the levels of internal service and creating value. These initiatives are currently at the development stage.

The first programmes to be developed in 2005 were the *Pensamos en ti* (We think about you)—which offers discounts to employees in hotels for holidays, car rentals, real estate services, travel, foreign language courses for staff children, computers and flat screens, among others, as well as free multi-assistance service for the home, which includes home refurbishment services, emergency services and guidance and legal aid—and the *Desarrollo* (Development) programme, offering the *Apunto* initiative that allows staff to manage their own professional development and record their preferences, and which received over 4,000 application in 2005 from different countries. *Conoce*, a global e-learning platform which improves on and gives a common format to training channels existing in the Group was

another programme launched in 2005 as well as *Guía de Desarrollo* (Development Guide) a tool intended for the professional and personal development of staff.

2005 too witnessed the launching of the *Vínculo* (Link) programme, whose first initiative was the Plan for the Investment in Shares *+acción* (+share), consisting of two lines of action:

- *Acción Lanzamiento* (Share Launch), which offers employees the chance to purchase BBVA shares under advantageous terms (10 % discount and 100 % financing). This scheme is aimed at encouraging employees to become established as shareholders in the company in which they work, thus strengthening their link with the Group.
- *Acción Nómina* (Salary Share), which allows employees to invest in BBVA shares by charging their cost to their salary, month by month, with one free share for every ten purchased.

Apart from the plan for the *Acción en la Sociedad - Plan Familias BBVA* (Action in Society - BBVA Families Plan), launched in 2004, other courses of action include a programme targeting the families of staff, which is currently focused on promoting voluntary work.

Voluntary work

The voluntary work programmes foment the participation of BBVA staff in social and solidarity initiatives. Staff are likewise offered a course in voluntary work available on the intranet.

VOLUNTARY WORK

Country	Initiative	Remarks
Spain	Eurosolidario campaign. Educational project in Peru by Entreculturas Foundation	In 2005, BBVA launched the "Eurosolidario" campaign, together with the Entreculturas ► – Fe y Alegría Foundation. Further information in the chapter entitled "BBVA's support to the community".
	Free transfer of computers	To numerous charitable organisations. The transfer was possible thanks to the ► work of volunteers, outside working hours, from the Systems and Operations department.
	<i>Residencia Activa</i> Project	BBVA provides support for the Acción Familiar Vizcaína (AFAVI) NGO in its "Leyendo Juntos. Residencia Activa" project, in order to contribute to improving the standard of living of the elderly. Employees and their families worked as volunteers to read at homes for the elderly, day centres and clubs for the retired in Bizkaia.
Mexico	Bancomer in education	It provides voluntary social service work to communities with limited resources through 24 centres for integral empowerment run by the BBVA Bancomer Foundation, where over 3,200 adults are given instruction (courses in literacy, elementary schooling and vocational training) and over 300 children and teenagers are given training in values. In addition, the BBVA Bancomer Foundation has promoted the creation of the Internet portal (www.hacesfalta.org.mx) aimed at fomenting the collaboration of citizens in initiatives of social interest, with a special mention to staff and their families. ►
Venezuela	<i>Papagayo</i> Project	BBVA Banco Provincial staff do voluntary work in activities included in this project, managed by the BBVA Provincial Foundation, whose purpose is to encourage literary creativity and education in values. ►
Puerto Rico	Wages in solidarity with Fondos Unidos	► Employees deduct the amount they wish directly from their salaries to donate it to Fondos Unidos, an association of 154 NGOs.
	<i>Adelante es Aprender</i>	► It is a plan for financial education in elementary schools with the participation of Bank staff who teach the children about finance.
	Free transfer of computers	► To different humanitarian organisations. Made possible thanks to the help of volunteers from the Computer department.
	Guidance workshops for the elderly	► Employees work in guidance workshops directed at the elderly on aspects of banking suited to their needs.
Bolivia	Free transfer of computers	► To public institutions. Made possible thanks to the work of volunteers from the computer department.

6] BBVA AND ITS CUSTOMERS

BBVA'S COMMITMENT TO ITS CUSTOMERS

- "The customer as the central focus of our business: offering high quality service, satisfying the customer's financial needs and efficiently responding to their expectations".



BASIC FEATURES

	2005	2004
• No. of customers	38.4	35.0
• Average satisfaction*	67.9 %	67.6 %
• No. of branches	7,410	6,868

* BBVA Spain figures.



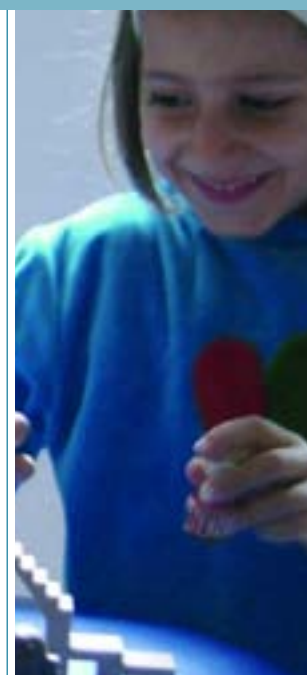
STRENGTHS

- Internet banking services.
- Adapting to the needs of immigrants through *Dinero Express* and *BTS*.
- Easing access to mortgage financing in Latin America.
- Products and services for public and private institutions.
- Social and environmental criteria in real estate projects.
- Operational risk management (including reputational risk).
- Measures for preventing money laundering and the financing of terrorist activities.
- Family Financing scheme, part of the *BBVA Plan Familias* (BBVA Families Plan).



AREAS OF IMPROVEMENT



- Development of new risk analysis methodologies for avoiding financial exclusion.
- Improved banking access and greater access to loans for low-income groups and microenterprises.
- Microloans and micro-financing.
- Socially responsible investment.
- Equator Principles.
- Consideration of environmental factors in lending risk.



MAIN LINES OF WORK IN 2006

- San Jerónimo project (Mexico) and the Underserved Project —both focused on easing loan access to low-income groups in Latin America.
- Extending the Bancomer *Tarjeta Negocios* (Businesses' Card) into other countries.
- Developing procedures for applying the Equator Principles.
- Further consideration of environmental factors in determining lending risk.
- BBVA Bancomer's launching of new products and services for the immigrant population in the United States.

BBVA'S CORPORATE RESPONSIBILITY RATINGS AS AWARDED BY SPECIALIST AGENCIES

Organisation	Dimension	2005		2004	
		BBVA	Sector average	BBVA	Sector average
 SAM ^a	Risk and crisis management	94	83	89	76
	Customer relations management	100	70	95	66
	Advanced customer relations management	100	46	72	44
	Anti-crime measures/policies	82	61	71	62
	Added social value: financial inclusion	75	34	70	24
 VIGEO ^{a, b, c}	Customers and suppliers	61	+	58	+

^a Scoring range: 0 to 100.

^b Rating compared to industry average: ++ Pioneer, + Advanced, = Average, - Below average, -- Unconcerned.

^c VIGEO also carries out "Investor Solicited Activity", performing corporate audits on request from businesses.

● Service channels

The main service channels comprise the branch network and self-service (ATMs) network, along with telebanking, e-banking and internet banking services, allowing customers to do their banking 24 hours a day, 365 days a year.

BBVA's internet banking services include BBVANet, BBVANet Office and BBVANet, all of which allow customers to consult their accounts and engage in all kinds of transactions from their own PC—with complete security and confidence. On-line operations include virtual correspondence, product queries and contracting and payments of bills and taxes. On-line benefits also include the *gestiONa* (management) service for helping customers manage their personal finances while controlling their income and spending, and the *@sesor* (advisor) service, which provides information and advice from BBVA experts concerning financial and stock markets. BBVA's internet banking services have obtained excellent ratings from independent firms that assess these kinds of products, such as AQ Metrix (among the top three spots in all categories) and Global Finance (honoured as the Best Internet Bank for Private Customers in Latin America, Best Internet Transaction Bank for Corporate and Institutional Customers, Best Internet Bank for Private Customers in Colombia and Venezuela, and Best

Internet Bank for Corporate and Institutional Customers in Colombia and Peru). Moreover, BBVA has introduced personalised guidance for the internet banking customer, expanding the customer's interaction with the bank and facilitating financial dialogue with his or her usual account manager.

● Quality, satisfaction and customer service

Throughout 2005, quality assumed an ever greater role, coming to define the customer's experience with the Group. In fact, customers have been highly present in each and every project started by all Group banks and units.

In order to be fully aware of, and effectively manage the customer's experience, Corporate Quality coordinates and assumes control over all customer satisfaction measurement processes, along with yearly assessments of the internal customer-supplier chain. This knowledge is further enhanced by the information obtained from employee motivation and satisfaction indicators. The information from these three areas is then used to analyse and diagnose its combined effect on overall business results.

The 2005 Quality plan in Spain continued its work of previous years with the Customer project, by maintaining the key figure of Quality Promoter in each of its branches. These were also assigned

- The BBVA Group complies with antimonopoly legislation and regulations. Within the sphere of the Legal Services of Retail Banking and Distribution, it was certified that, during 2005, Banco Bilbao Vizcaya Argentaria S.A. committed no breach or infringement of the said legislation, as declared by virtue of a final judgement.

the task of leading and encouraging their respective teams towards the achievement of quality objectives. The year also saw Retail Banking in Spain and Portugal introduce a new scorecard that integrates the Voice of the Customer. Branch customer opinions account for 80 % of this scorecard, with the remaining 20 % determined by the branch's speed at managing complaints.

The new Service Quality Management model for Systems and Operations back-up areas is aimed at implementing a permanent customer-focus culture. The new model is structured into various bases of progress:

- **Metrical:** it integrates the definition, control and monitoring of indicators which help to evaluate the level of quality each area offers to its internal and external customers.
- **Service Quality Agreements and Service Rendering Agreements (APS):** both define a relational framework, the first between Systems and Operations and the business areas. The APS, meanwhile, formalise and evaluate the service rendering commitments made between the different departments that support the customer-supplier chain.
- **Benchmarking, PUIR and AGORA** represent three other methodologies and tools for continual improvement.

In 2005, the Group's banks in the Americas managed to consolidate all the local quality plans begun the year before:

- Extended application of complaint management into all other countries.
- Development of quality and key processes maps in Colombia, Argentina, Peru and Venezuela.
- The process of segmenting customers and personalised portfolios assigned to managers was completed, making it possible to collect information on customers' appraisal of their personal manager's service.

BBVA Bancomer (Mexico)

Areas of quality activity were focused on bringing people together with processes, so that they could be recognised and evaluated by the customers. A model for identifying continual improvement opportunities, along with the implementation of real solutions in each business have both allowed BBVA Bancomer to offer new service guarantees to their customers. The bank has made a permanent

commitment to quickly and efficiently serving its customers around the country. The new guarantees for 2005 were aimed at increasing customers' confidence and security in payment channels:

- Guarantee of new credit card delivery within seven working days.
- Guarantee of credit card replacement within five working days.
- Guaranteed attention to direct debit payments in case of credit or debit card loss or theft.
- Credit and debit card protection against fraud arising from theft, loss, forgery or on-line purchases.

BBVA Banco Continental (Peru)

BBVA Banco Continental won Peru's National Quality Award for 2005, as well as the Gold Medal for Leading Company in Quality. The National Prize recognises the firms that are most highly advanced in their adaptation to the Excellence in Management Model. This award is aimed at promoting the culture of quality and good performance within Peruvian society, thereby improving the quality of life. It also recognises the achievements of the best organisations.

BBVA Banco Francés (Argentina)

As part of its *Pasión por las Personas* (Passion for People) programme, BBVA Banco Francés made advances in a number of differing lines of action in 2005. These activities were aimed at making service quality the main strategic tool, assuring that customer service and relations would be highly valued by those customers. Towards this end, a Service Model was put into place for retail and SME banking branches. Said model involves a number of different processes, including post-sales service and complaints service. The year-on-year improvements in the perceived results from objective quality measurements bear witness to this positive evolution.

BBVA Banco Provincial (Venezuela)

2005 saw the consolidation of the bank's quality plans aimed at improving customer service indicators. These were led by the *ProviAtención* project, which lays out a new system for streamlining customer management in a more personalised manner. The project managed to reduce waiting time for the procedures, management and other protocols of personalised

service. Also in 2005, Banco Provincial implemented its Complaint Response Guarantee programme, fully meeting its commitments in terms of quality and response time for customers.

BBVA Colombia

BBVA Colombia met all its quality goals set in 2004, with notable improvements in the customer satisfaction indexes obtained from systematic measurements. The bank managed to surpass the average sector rating by 30 basic points. Internally, the bank performed new ad-hoc surveys aimed at improving processes related to complaints processing, loan procedures and capturing of customers. By applying the Six-Sigma methodology

to the customer service process, as well as starting-up a service protocol in this area, the bank managed to reduce average response time to complaints. There was also a reduction in cases taken to the country's banking authorities.

BBVA Chile

The year showed improved customer satisfaction indicators, as well as positive customer evaluations of their personal manager. The bank also implemented a new complaint model, which resulted in an increase in internal solutions to these complaints. As a result, there was a reduction in the number of proceedings filed before the banking regulators.

ISO CERTIFICATION

Country	2005			2004		
	ISO 9001	ISO 14001	Total	ISO 9001	ISO 14001	Total
Spain	20	2	22	19	2	21
Portugal	1	–	1	1	–	1
Andorra	2	2	4	2	2	4
Mexico	4	–	4	7	–	7
Rest of the world	28	–	28	31	–	31
TOTAL ISO CERTIFICATIONS	55	4	59	60	4	64

NUMBER OF CLAIMS FILED WITH THE BANKING AUTHORITIES^a

Country	Total claims		Total claims/activity ^b	
	2005	2004	2005	2004
Spain	248 ^c	259 ^c	1.04	1.24
Mexico	159	240	2.65	4.97
Portugal	15	17	2.52	3.32
Argentina	55	–	11.40	–
Peru	73	93	13.87	21.27
Colombia	592	599	147.21	215.18
Chile	447	581	49.75	77.35
Venezuela	497	343	100.73	98.50
TOTAL	2,086	2,132	329	422

^a Each country has a different way of regulating the criteria for admitting claims before the national banking authority.

^b Per every thousand million euros of activity (loans and receivables + managed assets).

^c Internal source: Claims filed with the Bank of Spain until 31st December.

COMPLAINTS SUBMITTED TO THE CUSTOMER SERVICE DEPARTMENT IN SPAIN*

	2005	2004
Adjudged fully in favour of the customer	1,721	910
Adjudged partially in favour of the customer	485	447
Adjudged in favour of the bank	2,600	1,552
Pending response at 31-Dec-05	231	418
Rejected for statutory reasons	30	0
TOTAL	5,067	3,327

* The increase in the number of complaints is due to the approval in 2004 of the Customer Protection Regulation in Spain, so all complaints must be attended by the Customer Service department in first place.

COMPLAINTS (CAUSES THEREOF) IN SPAIN

(Percentage)	2005	2004
Charges and costs in accounts and deposits	17.21	20
Services (direct debit, ATM operations, etc)	18.21	16
Commercial lending products (terms, repayments)	16.42	13
Information and response to customers	15.17	13
Payment channels (credit cards)	7.30	7
Financial and welfare products (guidance and profitability)	6.18	5
Others	19.51	27
TOTAL	100	100

CUSTOMER OMBUDSMAN IN SPAIN RATING OF THE BRIEFS ACCORDING TO OUTCOME*

	2005	2004
Submitted	1,297	2,443
Rejected for statutory reasons	91	216
Concluded	1,206	2,227
Amicable solution between the Group and the customer	278	931
Rejected (did not submit to customer's demands)	736	1.061
Formal Resolution (in favour of the claimant)	189	223
Failure to reply (request for further documentation)	3	12

* The decrease in the number of complaints is due to BBVA approval in 2004 of the Customer Protection Regulation in Spain, so all complaints must be attended by the Customer Service department in first place.

AVERAGE NUMBER OF DAYS TAKEN TO RESPOND TO A COMPLAINT

	2005	2004	2003
Customer Service department (SAC)	15	18	26
Customer Ombudsman	11	18	22

PRIVATE CUSTOMER SATISFACTION SURVEYS*

	Spain			Mexico			Argentina		
	2005	2004	2003	2005	2004	2003	2005	2004	2003
External multibrand survey Source: FRS Inmark	67.9 %	67.6 %	70.0 %	5.76	5.78	5.59	5.77	5.61	5.58
Own external ratings C.A.C.O.	7.63	7.67 ^a	7.52	8.64	8.62	8.42	8.24	7.57	7.39
	Peru			Chile			Colombia		
	2005	2004	2003	2005	2004	2003	2005	2004	2003
External multibrand survey Source: FRS Inmark	5.77	5.58	5.38	5.73	5.57	5.46	85.8 ^b %	83.1 %	81.9 %
Own external ratings C.A.C.O.	4.18	4.08	3.43	77.2 %	76.8 %	78 %	4.22	3.98	3.96

^a The survey was modified in 2005. With this new survey, the figure for 2004 would be 7.37.

^b Source: Tecnología y Gerencia T&G. (Technology and Management) FRS not used.

* Figures in base 10, except for those followed by "%", calculated in base 100.

Transparency, advertising and labelling

Working under its Code of Conduct, BBVA has committed itself to providing its customers with timely, concise, clear and true information. The bank has noticed that, due to confusion arising from its commissions and the complexity of its fee schedules, such transactional services as account management, payment channels and the use of cash have been the main reason behind complaints

—and as such, one of the major opportunities for improvement according to customers. With this in mind, BBVA launched the *Cuentas Claras* (Clear Accounts) and *Cuentas Claras Internacional* (International Clear Accounts) programmes. The latter is focused on immigrants, a response to needs such as international money transfers and access to loans or repatriation insurance, in addition to other products and services.

CUENTAS CLARAS AND CUENTAS CLARAS INTERNACIONAL

Aim: to personalise banking services and offer a comprehensive solution to customers' needs, while offering the highest level of transparency.

Procedure: charge a single amount for commissions covering different banking services, and including discounts based on loyalty and linked accounts. This makes it possible for the customer to:

- Group all banking services into a single entity, with the consequent savings in fees —from a minimum of 45% up to 85% in some cases—.
- Contract services for oneself, one's partner or family, with large savings.
- All in a simpler manner, with a single contract per customer.
- And all without small print; improvements have been made in the kind of typeface used, as well as the appropriate language – all to increase the information offered to customers.

The idea is to improve relations with the customer by clearly and simply showing them the amounts and reasons for being charged. Other non-financial services are also offered, including home assistance, home emergency assistance, home improvement assistance, in-person and telephone legal advice and consumer legal protection.

Regarding product information and labelling, BBVA rigorously complies with the regulations in all the countries in which it operates. All advertising campaigns are subject to the supervision and authorisation of the pertinent body in each case —mainly the Bank of Spain and the Spanish Securities and Investment Board in Spain— and the different banking regulatory

agencies in Latin America. BBVA belongs to such self-regulation organisations as *Autocontrol de la Publicidad* (Advertising Self-control), an entity specialised in advertising arbitrage, the judgements of which must be complied with. BBVA also belongs to advertising associations in each country where it operates, from where it promotes transparency and best practices in this area.

- The BBVA Group complies with all legislation and regulations regarding product information and labelling, as well as regarding merchandising and advertising. Within the sphere of the Legal Services of Retail Banking and Distribution, it was certified that, during 2005, Banco Bilbao Vizcaya Argentaria S.A. was imposed no sanction nor fine for any infringement or non-compliance of the said legislation.

EXTERNAL INFORMATION EVENTS IN 2005											
	SP	ARG	CHI	COL	MEX	PAN	PER	P.RI	URU	VEN	TOTAL
Press conferences	345	1	14	6	36	10	13	9	7	2	443
Business	319	0	13	4	34	4	5	5	0	0	384
Corporate, institutional and socio-cultural	26	1	1	2	2	6	8	4	7	2	59
Conferences and other informational activities (interviews, columns, signings, etc.)	94	281	243	75	369	60	85	64	44	122	1,437
Press releases	185	58	27	79	94	14	42	22	11	76	608
Business	67	25	17	57	41	8	22	51	4	22	314
Corporate, institutional and socio-cultural	118	33	10	22	53	6	20	37	7	54	360

SP: Spain, ARG: Argentina, CHI: Chile, COL: Colombia, MEX: Mexico, PAN: Panama, PER: Peru, P.RI: Puerto Rico, URU: Uruguay, VEN: Venezuela.

● **Products and services with corporate responsibility (CR) criteria** **Private customers, SMEs and micro enterprises**

BBVA defines these as products and services for which social, environmental and ethical criteria are taken into consideration—all with the goal of having a positive impact (reducing the negative impact) on society and the environment. For example, access to loans and other products and services adapted to underprivileged groups or those with special needs—such as young people, the elderly, immigrants, families and the disabled, etc. Other examples include preferential financing for SMEs, socially responsible investment, the use of social, environmental and ethical considerations in risk analysis and real-estate development, project financing in accordance with the Equator Principles as well as initiatives aimed at the public sector, non-profit organisations and NGOs that meet basic social needs. Moreover, BBVA works hard to ease access to housing loans, paying special attention to the state-subsidised housing market and creating special credit lines aimed at groups with special needs, such as young people, immigrants and low-income groups.

This chapter also includes those projects associated with the Community Reinvestment Act (CRA), which affects BBVA Group activities in the United States and Puerto Rico. Said Act requires

financial institutions to meet the loan needs of those communities in which their branches are located—especially in low-income areas.

BBVA redefined its business and risk focus in Latin America in 2005, especially with regard to consumer loans. The goal is to ease access to loans for a large part of the population that has historically been excluded from banking activities through traditional mechanisms. This new business model approach was carried out in Chile under the name of *Banco Express*. The plan is to extend this project into other countries in the region soon. A comprehensive service model for SMEs and retail businesses is also being considered, one that pays attention to financing as well as internationality aspects. The *Tarjeta Negocios* (businesses) card represents one useful instrument for attaining this model. This card originated at Bancomer, and will be launched in other countries in 2006. With these projects, which attempt to reach low-income people, SMEs and other retail businesses, BBVA in the Americas has taken another step towards completing a process of customer segmentation—a process that began with the creation of VIP banking. This process has made it possible to present a clearly distinguished offer in terms of value. Meanwhile, the Best Practices committee has shown itself to be a useful medium for the exchange of experiences among Latin American countries by taking account the idiosyncrasies and peculiarities of each.

PRIVATE CUSTOMERS: ADAPTING TO THE NEEDS OF SPECIAL GROUPS IN SPAIN

Segments	Initiative	Observations
Young people	<i>Blue Joven</i> programme	► Products and services offered under special terms, job offers, training programmes, cultural activity and entertainment offers with special terms—all in a large number of establishments. Includes interest-free university student loans.
	Subsidised loans	► Targeted at university students, in collaboration with the Ministry of Education.
	<i>Hipoteca Blue Joven</i>	► Eases access to housing under preferential terms.
The elderly	<i>Multiventajas Nómina Plus</i> (Multi-benefit Payroll Plus)	► Includes preferential terms and free home assistance services, legal and medical advice, special discounts, organised trips and cultural events, etc.
Families	Social Action Plan: <i>Plan Familias BBVA</i> (BBVA Families Plan)	► Social action plan in support of family budgets. Includes the <i>Programa de Financiación Familiar</i> (Family Financing Programme), which works mainly through free-of-charge products and services.
	<i>Préstamo Nacimiento</i> (Birth Loan)	► Part of the Family Financing Programme, offering interest-free loans of up to 3,000 euros with a three-year repayment schedule and no fees. All mothers in Spain—Spanish citizens as well as legal resident foreigners—are eligible for these loans during the six months following the birth or adoption of their child, regardless of their marital status.
	<i>Préstamo Superación</i> (Bettering Loan)	► Also part of the Family Financing Programme, offers interest-free loans of up to 3,000 euros with a three-year repayment schedule and no fees. All families in Spain with physically or mentally disabled children under 29 may benefit from these loans. Applicants must prove a minimum of 33 % disability.
	<i>Multiventajas Nómina Familia</i> (Multi-benefit Family Payroll)	► Includes preferential terms and free services such as school, home and health support insurance.
	<i>Plan + Familia</i> (Large Family Plan)	► Condiciones preferentes y servicios especiales para familias numerosas.
The disabled	Collaboration agreement with the Sifu Group	► The Sifu Group is a special job centre focused on rendering services through the hiring of disabled persons. BBVA offers the Group and its employees financial products and services under preferential terms that are adapted to their needs.
	Agreement signed with the Special Job Centres Business Association (AECEMCO)	► This association belongs to COCEMFE (Spanish State Organisation for the Physical Disabled). Through the agreement, BBVA offers products and services under preferential terms.
Low-income	Services for low-income groups	► Aimed at supporting financial integration through easy payment terms, payment freezes or delayed fees.
Immigrants	<i>Dinero Express</i>	► A chain of multi-service outlets adapted to the needs of immigrants. See the explanatory section.
	<i>Cuentas Claras Internacional</i>	► Offers personalised, transparent and inexpensive fees to the immigrant population. See the explanatory section.

PRIVATE CUSTOMERS: ADAPTING TO THE NEEDS OF SPECIAL GROUPS IN SPAIN

CONTINUATION

Segments	Initiative	Observations
Solidarity initiatives	<i>Tarjeta VISA Cruz Roja</i> (VISA Red Cross Card)	► BBVA donates 0.7% of customer payments and part of the fee to the Red Cross.
	<i>Tarjeta VISA Solidaridad Internacional</i> (International Solidarity VISA Card)	► BBVA donates 0.7% of customer payments to International Solidarity programmes.
	Payment channels in collaboration with Iberia, Repsol, Grupo Eroski and Telefónica	► Allows BBVA card customers to voluntarily donate their accumulated points to different humanitarian aid projects in Latin America.
	Solidarity investment funds: <i>BBVA Solidaridad</i> and <i>BBVA Biogen</i>	► Allocates part of their fees to social interest organisations and goals, in accordance with the choice of the participant.
	<i>Colabor@</i>	► Allows customers to make donations to social interest organisations and emergency campaigns through internet banking.

PRIVATE CUSTOMERS: ADAPTATION TO THE SPECIAL NEEDS OF CERTAIN GROUPS IN AMERICA

Country	Initiative	Observations
Argentina	<i>Tarjeta Visa Classic Nacional Congelada</i> (National Visa Classic Frozen Card)	► Targeted at the low-income sector. These have the same features as traditional cards, except for the possibility of withdrawing cash advances.
Chile	Credit card	► Credit cards with below-market interest rates. Debt refinancing is possible, in order to ease credit access to low-income sectors.
	<i>Banco Express</i>	► A business model aimed at offering credit to the low-income sector in Latin America. The first initiative within the <i>Underserved</i> project.
	Financing for the elderly through <i>Banco Express</i>	► Targeted at pensioners. Opens access to bank financing to elderly persons up to 83-year old for the first time.
Colombia	NGO <i>Visión Mundial</i> (World Vision) card	► Seeks to encourage card owners to contribute a monthly amount towards supporting a child's education. BBVA Colombia contributes 5% of the financing interest from purchases made with this card.
U.S.A.	Bancomer Transfer Services (BTS)	► Focused on channelling remittances from resident immigrants in the United States, while offering products and services adapted to their needs.
Mexico	San Jerónimo project: Frozen Card and WallMart card (<i>Financia</i>)	► Aimed at easing credit access to low-income groups, and at allowing customers to build up a credit history that will allow later access to other banking products and services.
	<i>Paquete Escuela Bancomer</i> (Bancomer Schooling Packet) for academic institutions	► In collaboration with the Secretariat of the Economy, this project offers products and services in preferential terms to the education community – educational institutions, teachers, families and students. Includes financing for the purchase of new equipment.
	Support products for customers affected by Hurricanes Stan and Wilma	► Extends payment schedules, offering at-cost interest rates and direct support. The number of affected customers is estimated at over 80,000.

PRIVATE CUSTOMERS: ADAPTATION TO THE SPECIAL NEEDS OF CERTAIN GROUPS IN AMERICA

CONTINUATION

Country	Initiative	Observations
Panama	Personal loans for educators and retirees	► Products and services in preferential terms.
	<i>Préstamos Agrarios BBVA</i> (BBVA Farming Loans)	► Offers subsidised financing to producers under the Preferential Interest Law.
Peru	Agreements with the public sector	► Products and services with preferential terms.
Puerto Rico	Individual Savings and Development Account (CADI)	► In collaboration with the government, works to encourage savings by residents of public housing areas in Puerto Rico, with preferential terms (CRA).
	<i>Asociación de Hospitales</i> (Hospital Association) card	► Registered customers receive a percentage of the member's yearly fee as a benefit.
Venezuela	Caracas Municipal Symphonic Orchestra credit card (Affinity groups)	► A business agreement with the Caracas Municipal Symphonic Orchestra that led in June 2005 to the issuance of credit cards in the affinity groups mode. Through this strategic alliance, BBVA Banco Provincial offers tangible benefits in support of the Symphonic Orchestra's activities and programmes, a highly valued element of Venezuela's cultural heritage.
	Financing for the technological modernisation of the business sector (Consecomercio Agreement – BBVA Banco Provincial)	► This agreement offers trade unions and companies affiliated with <i>Consecomercio</i> access to loans with preferential terms for the purchase of computer equipment and cash registers.
	Administration of UDI trusts (Institutional Banking)	► As a contribution to social betterment, charity or educational organisations, BBVA Banco Provincial applies a special policy for UDI trust administration that manages the funds for the programmes related to those trusts, programmes that are in some way focused on social and/or educational ends. This contribution is made through the application of special fiduciary returns, many of which are symbolic, thus exempting most of the costs normally associated with this kind of service.

DINERO EXPRESS AND IMMIGRANTS (SPAIN)

Aim: develops courses of action for supporting the social and economic integration of the immigrant population.

Procedure: BBVA launched the *Dinero Express* brand as a channel for immigrant remittances in 2002, with the opening of ten outlets. The urgent need to develop new solutions to meet immigrants' growing needs quickly became apparent, and the *Dinero Express* initiative was reformed in 2005. This resulted in an intensive expansion plan that included the hiring of immigrant employees. The project became an innovative network of multi-service outlets offering both financial services (remittances, accounts, cards, loans, insurance, guarantees, mortgages, etc.) and non-financial services (phone service, legal and labour advice, help in job and housing searches, trips, document and package delivery, etc.).

By the end of 2005, *Dinero Express* had 40 outlets in operation, with the goal of expanding to a total of 100 outlets in 2006. Legal residents (or new citizens) originating from countries with heavy immigration to Spain are given precedence in employee selection, with the stress on university education, human relations aptitude and business experience. Labour contracts are indefinite. At the end of 2005, the staff comprised 177 people, mostly from Latin America. The employee selection criteria are widening to include immigrants from Eastern Europe and North Africa.

HOUSING AND ACCESS TO MORTGAGES

Country	Initiative	Observations
Spain	<i>Hipoteca Fácil</i> (Easy Mortgage)	► Allows for the payment of only interest during the first three years, making it possible to defer up to 30% of the final amount. This innovation substantially reduces the efforts required for access to financing in the beginning of the mortgage period, thus easing access to a home.
	Mortgage facilitator	► BBVA has introduced a "mortgage facilitator" into its entire branch network. This is a consulting model that lets branch managers offer the best recommendations during a customer's mortgage choice process. Simulators and documents are provided in offering the customer the mortgage solution that best fits their specific needs.
	State-subsidised housing (VPO)	► Preferred treatment in the financing of state-subsidised housing, maintaining a quota of 20 % in Spain, with close to 17,000 financed homes.
	BBVA Propiedad (BBVA Property) real estate fund	► Mainly targeted at investment in rental housing, specialising in rentals of new, centrally located housing units with good transport access at accessible prices. SOURCE: BBVA Propiedad purchases 114 housing units in Vigo for € 35m.
Chile	<i>Hipotecario Cien</i> (Hundred Mortgage) loans	► Designed to ease access to a private home for low-income groups with insufficient savings. Covers 100 % of the cost of the home.
Colombia	Granahorrar	► BBVA has become a leader in the Colombian mortgage market with the purchase of Granahorrar, part of BBVA's strategy for boosting credit in Latin America.
Mexico	Hipotecaria Nacional	► BBVA has strengthened its commitment to financial access with the purchase of Hipotecaria Nacional, firmly positioning itself as a leader in the Mexican private mortgage market. In the U.S.A., BBVA serves those Mexican residents seeking to finance the purchase of a home in their country of origin.
	Public housing	► Working together with the National Workers Housing Fund Institute (<i>INFONAVIT</i>), BBVA Bancomer is involved in a mortgage financing programme that develops mortgages for public housing at affordable prices.
Panama	Mortgages governed by the Preferential Interest Law	► This programme offers subsidised interest rates for mortgages covering the building of new homes that the borrower will use as their main dwelling. BBVA's social commitment is shown by its promotion of home purchases at the lowest interest rates in the market and under the best terms.
Peru	Mortgages with foreign remittances	► A product aimed at making it easier for Peruvian immigrants in Spain to finance the purchase of their home in Peru through the transfer of remittances. <i>Dinero Express</i> offers transfers with good terms —50 % of the standard fee—. The initiative is supported by the Peruvian government.
	Fixed-rate mortgages	► An alternative mortgage plan that minimises the risk for bank customers when purchasing a home by offering a better standard rate than other banks and financing companies. The mortgage offers a fixed, below-market ten-year rate in the national currency, making it possible for the customer to avoid the risks caused by sharp changes in foreign currency exchange rates.
Portugal	Housing rehabilitation	► BBVA Portugal offers loans under preferential terms for the purchase and rehabilitation of homes in Oporto. This project is the result of an agreement between the Oporto City Council and the Oporto Historical Centre Development Foundation.

ADAPTING TO THE NEEDS OF SMALL AND MEDIUM-SIZED ENTERPRISES (SMES) AND MICRO ENTERPRISES: MICRO LOANS AND MICRO-FINANCING

Country	Initiative	Observations
Spain	Official Credit Institute (ICO) credit lines	► Lines of publicly financed credit targeted primarily at SMEs in order to favour economic growth that is compatible with greater social cohesion. BBVA is heavily active in this area.
	Information Society Support Office (www.oficinadeapoyo.org)	► Working in collaboration with HP, Telefónica and Microsoft, this project is aimed at informing, advising and providing technological and financial solutions related to new information technologies to SMEs.
	<i>Línea Agraria</i> (Farming Line) collaboration agreement	► Offers special financial products and services with preferential terms tailored to the needs of small farmers.
	Agreement with CEPYME	► Aimed at easing access to new technologies for SMEs.
	Agreements with SOGARPO, with the Andalusian Businessmen's Confederation and with Crediaval	► Offers financial products and services under preferential terms, as well as special services tailored to the needs of SMEs.
	Agreement with Iberaval	► Aimed at developing a special financing programme for SME investment in the Castile-Leon region. Supported by the Castile-Leon regional government Economic Development Agency, the programme offers no-fee interest rates ranging from 0 % to the eurobor rate.
	<i>Dinero Express</i> agreement-Economists Without Borders (<i>EsF</i>)	► A project with <i>Dinero Express</i> aimed at granting micro loans to small enterprises led by Latin American immigrants in Spain, to be carried out in 2006. The projects will be selected by <i>EsF</i> , which will engage in comprehensive monitoring and advising throughout the first year of micro enterprise activity.
Argentina	Agreement with the Sub-secretariat for SMEs	► Financing for SMEs and micro enterprises under preferential terms.
Colombia	<i>Crédito Ecológico</i>	► Offers specific financing for projects having a positive environmental impact. For further information, see the chapter "BBVA and the environment".
	Access to loans	► A special line of credit for non-tax-declaring companies, with an additional credit line guaranteed by the National Guarantee Fund.
	Special credit lines, training and advice for SMEs	► Especially focused on the farming and industrial sectors, as well as exporting activity
EE.UU.	Palladium Equity Partners III investment fund	► Designed to channel investments to medium-sized Hispanic-owned companies in the United States.
Mexico	Agreement with the Secretariat of the Economy and the Foundation for Sustainable Development	► Financing for SMEs and micro enterprises.
	Bancomer <i>Tarjeta Negocios</i>	► See explanatory section below.

ADAPTING TO THE NEEDS OF SMALL AND MEDIUM-SIZED ENTERPRISES (SMES) AND MICRO ENTERPRISES: MICRO LOANS AND MICRO-FINANCING

CONTINUATION

Country	Initiative	Observations
Paraguay	Access to loans	▶ With special terms for agricultural cooperatives.
Peru	Micro-financing entities	▶ Financing for micro-financial entities.
Puerto Rico	Small business development	▶ Working in collaboration with the government, the programme is aimed at meeting the credit needs of small entrepreneurs, under more flexible terms (CRA)
	Business Account (SMEs) Branches	▶ An account that includes an investment module and line of business credit, in addition to special offers and preferential terms (CRA).
Venezuela	Access to loans	▶ With special terms for companies with up to ten workers.
	Training programme for micro-entrepreneurs	▶ See explanatory section below.
	Consecomercio agreement: financing for the technological modernisation of the retail sector	▶ Provides access to loans with preferential terms for trade unions and companies affiliated with <i>Consecomercio</i> —all aimed at modernising the retail sector.

BANCOMER TARJETA NEGOCIOS (MEXICO)

Aim: to offer micro loans and other micro-financial products and services to businesses and people involved in business activity.

Procedure: a loan programme that began in 2003 with the collaboration of the Secretariat of the Economy (which contributed a guarantee fund so that the loans could be offered with preferential terms) and the National Financing entity. Adaptation to the sector called for the design, also in collaboration with the Secretariat of the Economy, of specific risk models for very small enterprises. The distribution of this project all over the country has led to the spreading of loan access through the entire branch network. The project was strengthened in July, 2005 with the signing of a new alliance with the Secretariat of the Economy and the National Financing institute, working through the National Guarantee Programme.

In its two first years of operation, the project has provided loans to almost 30,000 small businesses, with an amount of over 7,000m pesos.

MICRO-ENTREPRENEURS TRAINING PROGRAMME (VENEZUELA)

Aim: to provide comprehensive support to micro-entrepreneurs, easing their access to financing while favouring their management capabilities, thus promoting the country's economic and social development.

Procedure: this programme began in 2004 with the signing of an agreement between BBVA Banco Provincial and the Universidad Metropolitana (UNIMET) in Caracas. The programme includes the organisation of Business Initiation Workshops and Courses for micro-entrepreneurs, aimed at training the students in micro loans in terms of conception and development of their business vision while strengthening their management skills. Given this sector's great importance for the country's economic and social development, the project was enlarged in 2005 with the signing of agreements with the Universidad Tecnológica del Centro (UNITEC) and the Universidad de Los Andes (ULA). The initiative was also extended into the State of Carabobo and the Andean region. Close to 1,800 and 960 micro-entrepreneurs were trained in UNIMET and UNITEC, respectively, in 2005. The project in ULA, meanwhile, is expected to train over 800 in 2006.

Socially Responsible Investment and social insurance (insurance and pension plans)

BBVA defines Socially Responsible Investment (SRI) as that which adds ethical, social and environmental criteria to the traditional criteria of profitability and risk when choosing which companies to invest in. The goal is to choose those companies that have the best sustainable long-term performance. SRI also allocates part of its earnings to socially important organisations and causes.

Although it has no officially developed SRI policy, BBVA is using the evaluations of a rating agency specialised in the analysis of economic, environmental and social aspects when engaged in the process of pre-selecting its traditional investment instruments. Companies earning that agency's lowest ratings are excluded from the investment process, since they are regarded as very high risk. The rest are considered in the fund according to their overall evaluation. At the end of 2005, this process covered 40 % of equity investment funds, and 10 % of all managed investment funds.

According to the *Observatorio de la Inversión Socialmente Responsable en España 2004* (Observatory of Socially Responsible Investment in Spain), a study done by the People, Business and Society Institute (IPES) of the ESADE business school, the funds from *BBVA Extra 5 II Garantizado* and *BBVA Desarrollo Sostenible* (BBVA Sustainable Development) together account for over 90 % of the managed assets, and almost 95 % of the number of sharers of the total SRI funds registered in Spain. This earned them first

and second place, respectively, in the rankings. According to the SRI rankings compiled by the Collective Investment Institutions Association (INVERCO) and published on 30th November, 2005, these same funds together represent over 75 % of managed assets and over 89 % of number of sharers, earning them first and third place in the rankings, respectively. The BBVA Group also markets external SRI funds, such as CS Global Sustainability, ING Invest Sustainable Growth, UBS ECO Performance, UBS Global Innovators and the Morgan Stanley *Fondo Ético* (Ethical Fund).

Social foresight, mainly in terms of insurance and pension plans, is particularly relevant in Latin America, a region where the Group is in a clear position of leadership. It is present in almost all the countries that have either totally or partially privatised their pension systems, especially standing out in Chile, Mexico, Argentina, Colombia, Peru, Bolivia, Panama, Ecuador and the Dominican Republic. The most interesting case is Chile, where BBVA is responsible for the payments of fully 70 % of all pensions in the country —through an agreement signed with the Chilean National Insurance and Pension Institute (INP). In this way, BBVA has shown its commitment to the development of pension funds as a tool for the creation of wealth, one that promotes savings and investment while serving as a boost to the modernisation and solidity of financial systems. Pension funds also generate mechanisms for channelling long-terms savings, strengthening the developmental capacity of the countries in which the Group operates.

CUSTOMER PENSION PLANS

	2005		2004	
	Managed volume (Million euros)	Number of members	Managed volume (Million euros)	Number of members
Spain	15,091	1.9	13,501	1.8
Latin America	38,541	12.4	27,747	11.6

BBVA has developed insurance policies aimed at the needs of special groups, such as those associated with the aforementioned *Multiventajas Nómina Plus* and *Familia* initiatives for the elderly and families. These are joined by the insurance for immigrants offered in the *Cuentas Claras Internacional* and *Dinero Express* programmes —such as, for example, repatriation insurance. Moreover, BBVA plays an

important role in corporate supplements to group welfare insurance (supplements for pensioners, early retirees and company savings plans for their employees). In Spain alone, the Group manages close to 5.5 billion euros. These insurance policies have a high social importance, given that they complement the public pension system, while maintaining the income levels of the insured.

SOCIALLY RESPONSIBLE INVESTMENT (SRI)

	2005		2004	
	Number of sharers	Volume (Million euros)	Number of sharers	Volume (Million euros)
TOTAL SRI FUNDS	45,563	905.02	50,206	932.6
	2005		2004	
SRI funds/Investment funds (percentage)	1.53		1.83	
SRI funds/Other customer funds (percentage)	0.63		0.77	

SOLIDARITY FUNDS

Make a donation to socially useful entities —charged to the manager's income— which consists of a yearly percentage of the managed assets, calculated in a manner similar to management fees.

Name of fund	Vocation	Public utility purposes to which they are allocated	2005		2004	
			Number of sharers	Volume (Million euros)	Number of sharers	Volume (Million euros)
<i>BBVA Biogen</i>	International equity	Donation of 0.45% to the Foundation for Applied Medical Research	483	3.75	529	3,2
<i>BBVA Solidaridad</i>	Other Mixed fixed-income	Donation of 0.55%, distributed among associated NGOs, according to sharers' choice	724	17.87	485	11.2

FUNDS WITH CR CRITERIA

Add ethical, social and environmental criteria to the traditional criteria of profitability and risk when choosing to invest in those companies with the best long-term, sustainable performance.

Name of fund	Vocation	Public utility purposes to which they are allocated	2005		2004	
			Number of sharers	Volume (Million euros)	Number of sharers	Volume (Million euros)
<i>BBVA Extra 5 II Garantizado</i>	Guaranteed equity	The chosen companies are among those listed on the FTSE4Good index, which includes CR criteria in its selections	30,067	814.00	30,958	842.0
<i>BBVA Desarrollo Sostenible</i>	International equity Other	The chosen companies earn the highest ratings according to an external analysis*	14,289	69.40	18,234	76.2

* The ratings are provided by a prestigious independent, international agency specialised in analysing companies according to the criteria of sustainability and corporate responsibility (economic, social and environmental).

Large companies and project financing

The main area of corporate responsibility-related activity here is focused on the evaluation of the social and environmental risks implied by the large-scale operations to be financed. In its risk analyses for these operations, BBVA takes into consideration the implications from a social (displacement of persons, changes in the use of land, etc.) as well as environmental perspective

(impact on biodiversity and specially protected areas, etc.). BBVA uses general sustainability criteria in seeking to comply with the specific commitments that the Group has assumed with its signing of, among others, the United Nations Global Compact and the Equator Principles, as well as with other commitments related to climate change and the Kyoto Protocol. For further information, see the chapter “BBVA and the environment”.

MAJOR PROJECTS IN GLOBAL CORPORATE BANKING AND IN INVESTMENTS USING ENVIRONMENTAL AND SOCIAL CRITERIA IN 2005

Project	Operation budget	BBVA amount	Country
Construction of a gas liquefaction train in Oman	688,000,000 \$	48,000,000 \$	Oman
Construction of a high-speed train line between Figueras and Perpignan	532,000,000 €	36,700,000 €	Spain
Construction of a gas liquefaction plant in Egypt	600,000,000 \$	70,000,000 \$	Egypt
Construction of 8 wind farms and three mini-hydroplants	257,400,000 €	63,000,000 €	Spain
Financing of a 389-MW wind farm	36,000,000 €	10,800,000 €	Italy
Construction, start-up and operation of a wind farm in Aragon	36,566,000 €	36,566,000 €	Spain
Construction of a gas liquefaction train in Oman	1,150,000,000 \$	48,000,000 \$	Oman
Construction of 811 km of electrical lines in Brazil	234,000,000 \$	234,000,000 \$	Brazil
Design and construction of the Hall of Justice in Santiago de Chile	75,000,000 \$	37,500,000 \$	Chile
Construction of the Segarra-Garrigues secondary canal	884,506,052 €	221,126,000 €	Spain
Construction of 11 wind farms in Castellon	387,200,000 €	33,100,000 €	Spain
Construction of 2 wind farms in Catalonia	76,874,762 €	38,437,381 €	Spain
Expressway operation in Chicago	150,000,000 \$	21,400,000 \$	U.S.A.
Construction of a new terminal at the Mexico City International Airport	400,000,000 \$	100,000,000 \$	Mexico
Financing of wind farms to be constructed in 5 sections, with a total power supply of 446.5 MW. Financing for the first 3 sections (275 MW total power) was completed in 2005	249,000,000 \$	83,000,000 \$	Portugal
Construction of 7 wind farms in Murcia, and the refinancing of 3 more	156,000,000 €	28,000,000 €	Spain
Construction of a 40-MW wind farm	51,000,000 €	17,000,000 €	Spain
Financing of the construction of a regasification plant in Mugaros (Galicia)	435,500,000 €	128,875,000 €	Spain
Construction of the new Ibiza airport access (shadow toll motorway)	57,416,870 €	57,416,870 €	Spain

Support for exporters and ADF

The BBVA Group manages two portfolios linked to developing countries. The first is *Financiación Comercio Internacional FCI* (International Trade Financing), which finances exports. This portfolio reached 1,145 m euros at the end of 2005. The second is *Crédito Oficial a la Exportación COE* (Official Export Credit), which manages those debt positions that have been refinanced within international agreements (Paris Club). The amount in this portfolio stood at 68.1 m euros at the end of 2005. BBVA also participates in the management of the Aid Development Funds (ADF), which allow for financing under special terms when this is impossible under market conditions. Most of

these operations are quite socially important: basic infrastructures for development, education, health, water treatment, etc.

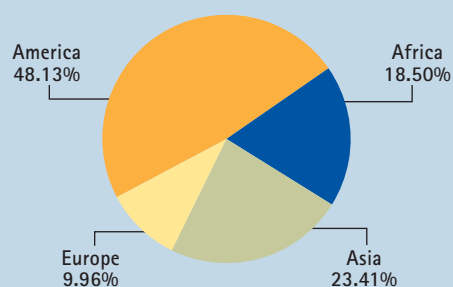
In addition to these activities, the bank's trade finance operations (financing of exports) are worthy of note. These are related to the design, structuring and management of international projects, some of which have a clear social importance and are financed by BBVA. Approval for these operations depends in part on a anti-corruption certification from the OECD, as well as an environmental impact statement for those projects that could negatively affect the environment. 2005 saw the completion of three health projects in Vietnam and a water purification plant in the Phillippeans.

ADF OPERATIONS IN 2005

Country	Project	Credit amount (Euros)
China	Equipment supply, installation and technical assistance for the University of Jilin.	12,714,812
Russia	Solid urban waste treatment plant and equipment.	2,310,000
Afghanistan	Technical school in Parwan province (100 % ADF).	3,613,000
Ecuador	Materials supply project for the Ecuadorian Episcopal Conference (50 % ADF, 50 % ICO)*.	25,600,000
Bolivia	Supply of educational equipment and material (100 % ADF).	998,500
Brazil	North Energy Project: debt restructuring using sustainability criteria – generates electricity for 78 rural communities in the Amazonian interior.	16,350,000

* Currently being formalised, the agreement should be in force before the end of 2005.

ITF PORTFOLIO BY CONTENT



Other noteworthy initiatives include an agreement between BBVA and the Spanish Foreign Trade Institute (*ICEX*), which will offer financing and financial products and services with preferential terms to 4,000 member companies of the Foreign Promotion Initiation Programme (*PIPE*), along with consulting services in an effort to boost such activity at participating companies. The programme, which is being promoted by the *ICEX* along with regional governments and chambers of commerce, seeks to initiate new companies into export activity by helping them consolidate themselves as stable exporting firms.

Also worth mentioning is an agreement reached with the Applus+ certifying agency, aimed at offering quality, control and certification services to companies involved in foreign trade. The agreement calls for the certifying agency to independently monitor and guarantee compliance with the terms agreed upon by buyer and seller, and includes a supplier approval service.

Public institutions

BBVA renders services to public and private institutions through its Institutional Banking area, which includes the Banco de Crédito Local-BCL. The Group holds a position of clear leadership in this area of activity in Spain, and is heavily active in the financing of public administrations in such areas as transport, housing, education, health, the environment, etc. Such activities include formalising agreements with preferential terms (often with the intervention of international organisations), thus making decisive contributions to improvements in the services rendered, to citizens' quality of life, to the efficient use of technology, to the most efficient use of natural resources and to the preservation and care of the environment.

Institutional Banking also does important work in consultancy, dissemination and instruction in the field of "best practices" in each sector, by organising and offering fora, courses, symposia,

PUBLIC INSTITUTIONS

Initiative	Observations
<i>Fidels</i> plan (Financing for Sustainable Local Development)	► The goal of the plan is to provide local governments with a group of modular solutions aimed at promoting environmental commitments and the execution of environmental projects by regional governments. The solutions included in the <i>Fidels</i> plan seek to support local governments in following the Local 21 Agenda for Sustainable Development. Towards this end, it offers advice and financing for environmental projects that have been designed to respond to municipal needs related to environmental conservation, independently of the municipality's level of development in environmental policy. For further information see the chapter "BBVA and the environment".
Gobernalia Global Net	► This is a BBVA Group company specialised in the implementation of computing solutions based on open software designed to meet the needs of the public administrations and private institutions. Gobernalia has an ongoing collaboration with different open code projects, contributing to the expansion and improvement of some of these tools. There is also a specialised portal called www.municipia.com designed for local administrations, which offers distance-training activities through an e-learning platform.
Yearly arrangement of preferential lines of financing (ICO-IDAE)	► Institutional Banking arranges these lines of financing in order to offer preferential financing to infrastructure projects related to sustainable development. The line in 2005 was structured into three large sections: solar line (financing investment projects in solar energy –thermal, photovoltaic, concentration and mixed wind/sun installations), renewable energy and energy efficiency line (alternative energy projects not included in the solar line) and the innovation, demonstration and local bodies line (for any activity having these features).
Arrangement of loans with the European Investment Bank (EIB)	► Funds that are destined for investments promoting energy savings and environmental protection, transport-related infrastructures, education, health and urban renewal projects.
<i>Manual del Alcalde</i> (Mayor's Manual) and other publications, papers and seminars	► Aimed at contributing to information and education for management staff of the regional governments.

INSTITUTIONAL BANKING

Long-term operations (Million euros)	2005	2004
Environment	7	77
Infrastructures	314	479
Modernisation – New technologies	0	1
Energy savings	5	4
Municipal works and services	353	348
Urban equipment – Street furniture	10	2
Health	6	35
Socio-cultural equipment	6	42
Education	41	14
Social programmes	2	57
Refinancing	166	565
Other programmes	2,372	586
TOTAL OPERATIONS	3,281	2,210

publications, IT solutions and numerous other schemes of a varying nature.

Private, non-profit institutions

BBVA has entered into partnership agreements with some of the main players in the non-governmental organisation (NGO) and non-profit organisation (NPO) sectors, such as the Red Cross, Caritas, UNICEF, Manos Unidas, Intermón-Oxfam, Help in Action, Action Against Hunger, Spanish Cancer Association, Victims of Terrorism Foundation, Foundation for Combating Substance Abuse, Economists Without Borders, Doctors Without Borders, Anesvad, Entreculturas and many others.

The BBVA Group places a unit staffed by specialists at their disposal for the sole purpose of

developing a bank that is customised for these kinds of organisations, with a full range of banking products and services adapted to their needs. These include channelling the flow of funds from the European Union and the search for sources of financing both at home and abroad, as well as facilities for advancing official subsidies.

In addition, BBVA supports the disclosure of the work of many of these relief organisations through a programme of mail shots (which in 2005 came out on a monthly basis, with 4,800,000 sent out), in the bank correspondence delivered to customers, containing information on their activities, emergency appeals or membership drives.

Corporate and real estate holdings

This is a line of activity in which, as in other business areas, the Group takes into account not only the naked demands of economic objectives, but also rigorous ethical, social and environmental criteria. An example of its interest in this field is its collaboration with the Applied Medical Research Centre (CIMA) of the University of Navarre, in which the bank is a 10 % shareholder. This centre plays host to 350 doctors and scientists, who focus their energy on four priority lines of research: oncology, cardiovascular diseases, the neurosciences and gene therapy in liver disorders.

BBVA's portfolio of holdings features companies of major relevance given their social and environmental commitment, such as Gamesa and Iberdrola, both on the Global 100 Most Sustainable Corporations in the World index. Others, such as Telefónica and Repsol, are also listed on the world's most prestigious sustainability indices.

Real estate projects: Anida

Anida —the Group's subsidiary in the real estate market— thoroughly integrates environmental as well as corporate responsibility criteria into its activity. It analyses the latest innovations in urban planning and sustainable construction, in order to apply them to its urban development projects and to the construction of its housing developments —all towards the end of minimising environmental impact. The company also maintains an active environmental sponsorship programme. Accordingly, Anida and BBVA real estate area in general work strictly within the framework of BBVA Code of Conduct, including strict compliance with legal regulations and the criteria of integrity, transparency and corporate responsibility.

For further information, see the chapters “BBVA and its suppliers” and “BBVA and the environment”.

● Social, environmental and ethical risk management

Maximum supervision of the Group's risk management rests with the board of directors, who relies on the Executive Committee —which is assigned the role of approving the Group's risk policies— and the Internal Risk committee, which carries out periodic analyses and monitoring.

BBVA is progressively advancing in its management of the challenges and opportunities arising from social, environmental and ethical (SEE) risks. Particularly noteworthy is the operational risk management as per the Basel

TYPES OF OPERATIONAL RISK

Processes	Human errors, operational errors.
Fraud and unauthorised activities	Acts of a criminal nature. Unauthorised internal activities.
Technology	Technological failures in computers, applications and communications.
Human resources	Errors in Human Resources policies, inadequate industrial safety and hygiene, etc.
Sales practices	Product defects and improper sales practices.
Disasters	Events (natural, accidental or provoked).
Suppliers	Non-compliance with contracted services.

Committee on Banking Supervision's definition, according to which the BBVA has developed an advanced methodology for the detection, evaluation and monitoring of certain risks associated with those aspects.

Moreover, BBVA is involved in an ambitious project aimed at complying with the requirements of the Sarbanes-Oxley (SOX) Act —designed to assure that company management has at its disposal all the relevant information concerning risks and the level of internal control efficiency. This includes not only compliance with the legal requirements of the SOX, but extends its reach to include SEE risks. This project covers 107 Group companies in 22 countries, which are at work documenting and evaluating their internal control systems. Great strides had been made in this effort by the end of 2005.

For further information, see the chapter on risk management included in the Annual Report 2005, as well as in the Corporate Government Report available at www.bbva.com.

Reputational risk

Reputational risk comprises a specific line of operational risk. BBVA has designed a management tool called Rep-Tool for assessing this type of risk. The objective is to identify risk factors compromising the Group's reputation, so that they may be properly attended to. BBVA defines such risk in terms of results uncertainty exposure due to events that could have a negative bearing on the perception of the Group by stakeholders, which in turn could have a negative impact on results or business value.

In 2005 the Rep-Tool methodology was implemented into some of the main global units in Corporate Banking, Markets and Transactional Services. Implementation also began in the Asset Management and Private Banking units.

Environmental risk

BBVA includes environmental risk criteria in its analyses of credit risk, with special caution applied to operations that have produced negative environmental impact studies. The Group involves itself only in those projects that have obtained the required permits and licenses. Progress is being made in this field, especially as regards financing of large investment projects —

most notably in those projects affected by the Equator Principles. Nevertheless, the Group is also drawing up a specific methodology for evaluating the environmental risk of all company financing requests. This information is further detailed in the chapter “BBVA and the environment”.

Social risk

The automatic evaluation, or scoring tools habitually used in evaluating credit risk can make it difficult for members of certain social groups —such as immigrants, low-income persons and micro enterprises— to have access to loans. In answer to this, over recent years BBVA has developed risk analysis methodologies adapted to such groups. At first, differential criteria were set for mortgages. Later, a special analysis methodology was developed for *Dinero Express* —loans for immigrants— as well as for the Family Financing Programme (*Nacimiento* and *Superación* loans). Also noteworthy are the new analysis methodologies implemented in the San Jerónimo project and the Bancomer *Tarjeta Negocios* card in Mexico, as well in the Underserved project run by Banco Express in Chile.

BBVA Group establishments in off-shore financial centres

The BBVA Group is in agreement with the Bank of Spain's approach (see the *Banking Supervision Report* 2003) regarding the reputational risks for financial institutions that, in developing their strategies, blind themselves to the implications associated with the localisation of their business, and with the kind of activities that may eventually be carried out in off-shore financial centres — especially those that have come to be known as “tax havens”. As a result, in 2004 the BBVA Group stated its policy on activities with establishments permanently registered in off-shore financial centres. At the same time, BBVA issued a plan of action aimed at reducing its activities in such financial centres to three by the end of 2006.

As a result of this plan, the number of Group entities established in off-shore centres —which at the beginning of the plan stood at 49, registered in 8 jurisdictions— dropped by 19 by the end of 2005 (12 in 2004 and 7 in 2005). In addition, as

of 31st December, 2005, 5 more of these entities were in the liquidation process and 13 others had ceased their business activity as the initial phase of their final liquidation. Only seven of the latter 13 show liabilities with securities issued prior to the passing of Law 19/2003 of 4 July. The time of their effective liquidation will depend on the repurchase and/or amortisation process. In summary, by the end of December 2005, the number of Group off-shore establishments continuing to carry out business activities was limited to twelve entities registered in four jurisdictions (see detailed information on the activity of these establishments in the BBVA Annual Report 2005).

● **Safety and data protection** **Emergency plans and business continuity**

BBVA has a Corporate Continuity Plan that includes planning and prevention procedures in case of any possible interruption in activity due to

exceptional circumstances. In order to specify the bases for this plan in terms of the Bank's daily management, the Group's Business Continuity Plan is being drawn up. This plan covers the three major areas of BBVA activity: Europe, Global Business and the Americas. A Corporate Continuity committee has been set up to provide this plan with a global perspective. The BBVA Steering Committee, in its commitment to the appropriate continuity policies within the Group, has granted this committee full authority in crisis management. Towards this end, the Continuity committee has all the information systems necessary for drawing up and implementing the plans, as well as for carrying out tests on each of these plans.

Use of facilities

As part of its commitment to quality, the Group guarantees the physical safety of the customers using its facilities by complying with all legislation and regulations in each and every country where it operates.

- Within the sphere of the Corporate Legal Department, during 2005, there was no legal proceedings or administrative procedure.

Personal data protection

Regarding data protection, all BBVA Group entities in Spain are in line with the requirements set forth in the Personal Data Protection Law (*LOPD*) as well as the Group's own Code of Conduct. In order to inform and clear up any doubts that employees may have concerning these issues, a special portal

and course have been set up on the BBVA's intranet. Similarly, 2005 saw improvements made in this area according to the actions plans derived from the biennial audits on security measures as per Royal Decree 994/99 of 11 June. Said audits were carried out on BBVA Group entities in Spain in 2004, with no significant deficiencies uncovered.

- The BBVA Group complies with the legislation and regulations regarding customer health and safety. Within the sphere of the Legal Services of Retail Banking and Distribution, it was certified that, during 2005, Banco Bilbao Vizcaya Argentaria S.A. committed no relevant scope breach or infringement of the said legislation declared by virtue of a final judgement.

● Preventing money laundering and the financing of terrorist activities

As part of the Group's policy of preventing the criminal use of its products and services, it continued to consolidate its Money Laundering Risk Management Model. The goal is to isolate the funds obtained by criminals, thus preserving the Group's corporate integrity. This is the foundation for one of a financial entity's most important assets—the confidence on the part of the people and institutions with which it relates each day (customers, employees, shareholders and society in general).

In this area, the BBVA Group works closely with international organisations, governmental bodies and other institutions in the fight against organised crime, terrorism and other types of crime. In 2005 the Group met with representatives from the World Bank, the Organisation for Economic Cooperation and Development (OECD), the International Finance Action Group (IFAG) and the Wolfsberg Group, and participated in a number of fora organised by banking associations and government bodies from the countries in which the Group operates.

Consolidation of the management model in 2005 focused on the following aspects:

– Monitoring systems

Improvements in monitoring systems aimed at aligning these tools with recommendations from the Committee on Banking Supervision of the Bank for International Settlements continued throughout the year. The implementation of a new technological platform for operations monitoring was completed in Spain and begun in Mexico in 2005. Its extension into the rest of the

banking entities in Latin America is planned for 2006. Moreover, an international transfer monitoring tool has been set up in all of the Group's banking entities. Such improvements in prevention tools and systems represented an investment of 6 m euros from 2004 to 2006.

Specialised systems for comparing the identity of customers with those individual persons or corporate entities that feature on various lists drawn up by official organisations both at home and abroad as linked to organised crime were beginning to be extended into the Group's non-banking companies, thereby further removing the risk of entering into business dealings with the aforementioned individuals.

– Training

BBVA continued to develop its corporate training plan throughout 2005, with the goal of getting employees and executives acquainted with newly adopted policies, rules and procedures. Approximately 58,000 people throughout the Group participated in training-related activities, through on-site, distance and mixed courses.

Moreover, training materials and different publications of interest were available on the corporate intranet, in order to facilitate continual and updated training. At the same time, different channels were opened for the resolution of doubts or queries.

– Human Resources

The total staff of specialists in the prevention of money laundering and financing of terrorist activities assigned to the Compliance departments at 31-Dec-05 stood at 163—a 16% increase over the previous year.

PREVENTING MONEY LAUNDERING AND THE FINANCING OF TERRORIST ACTIVITIES

	2005	2004
Participants in training programmes focused on preventing money laundering	57,865	21,313
Persons specialised in activities related to the prevention of money laundering and the financing of terrorist activities	163	140

● Internal audit activities

As part of its activities, Internal Auditing verifies compliance with the money laundering prevention procedures set by the Group. Compliance with these procedures was verified in all complete audits, as well as operational risk audits performed by Internal Auditing on the entire Spanish branch network. These efforts were further strengthened in 2005 with the implementation of the BBVA Audit tool throughout the Group. This tool has offered a single, homogenous system for carrying out

branch audits, and as a result, the review of those aspects related with money laundering prevention. Additionally, BBVA updated the work programmes used for verifying Group money laundering prevention procedures, with the goal of incorporating the latest legal developments and increasing efficiency.

Finally, the level of compliance with each specific regulation as applied to each case as well as the Group's money laundering prevention procedures, is analysed in the financial audits done on each unit.

INTERNAL AUDIT ACTIVITIES				
Activity	2005		2004	
	Spain and Portugal	Internal resident audits*	Spain and Portugal	Internal resident audits*
Complete audits on the entire branch network**	748	1,189	1,100	1,664
Other special controls carried out in the branch network	97	476	84	118
Off-site audits: fraud prevention and internal control alerts	7,064	38,474	7,775	24,031
Financial information audits	2,442	5,558	2,303	10,250
Technology and process audits	60	224	76	330

* Internal resident audits are those located in the countries in which the group operates.

** Financial information, internal control, quality, prevention of money laundering and compliance with regulations.

7] BBVA AND ITS SUPPLIERS

BBVA'S COMMITMENT TO ITS SUPPLIERS

- "The management of all of its purchases by means of advanced methodology, supported by processes and tools that ensure maximum objectivity, transparency and competitiveness".

BASIC FEATURES

	2005	2004
• No. of suppliers BBVA Group	2,564	2,039
• Distribution of purchases throughout the BBVA Group (%)		
Spain	44	54
Mexico	35	26
Rest of the Americas	19	17
Rest of the Group	2	3
• % of approved suppliers (/total no. of suppliers)*	20	18
• % turnover with approved suppliers (/total turnover)*	58	44
• Supplier satisfaction index (survey)* (out of 5)**	–	3.7

*Data from BBVA Spain.

** Biennial survey.

STRENGTHS

- It has its own specific Code of Ethics on Procurements, Premises and Services that develops on the principles of the Group's Code of Ethics.
- The process for officially approving suppliers, which strengthens the social responsibility dimension of BBVA suppliers.
- The high percentage (%) of turnover with approved suppliers.
- The large number of suppliers who affirm that they comply with the social and environmental principles of the United Nations Global Compact.
- The continuous improvement of processes and the use of electronic tools for procurement management which facilitates the transparency of the process and access to a greater number of suppliers.

AREAS OF IMPROVEMENT

- Review and extension of the Code of Ethics on Purchases.
- Enrichment of the process of approval of suppliers.
- Promotion of social projects with suppliers.
- Raising the efficiency in the negotiation and procurement systems and processes.

MAIN LINES OF WORK IN 2006

- Implement the Code of Ethics on Purchases in order to extend it so as to include all those involved in the procurement process.
- Incorporate new functions into the computing systems to manage the approval process for suppliers.
- Raise the number and scope of the social projects with suppliers both in Spain and the Americas.
- Extend the electronic invoicing pilot scheme to new suppliers.
- Extend the use of corporate procurement tools to other countries.

● **Organisational structure of the Purchases department**

Within the BBVA Group's procurement process, the Purchases department is in charge of satisfying requests for goods and services from internal customers, at the lowest cost and with the best quality and service.

It is mainly involved in the negotiation and contracting of goods and services from suppliers. Consequently, the Purchases department is the one that basically coordinates relations with suppliers.

The structural make-up of the Purchases department consists of the following units:

- Purchases Europe and Corporate Agreements: it receives and manages requests for provisioning from the BBVA Group in Europe. Furthermore, it negotiates and contracts corporate agreements.
- Purchases in the Americas: it coordinates the operations of all the Purchases departments in the Americas (Banks as well as pension funds managers (*AFP*) and ensures that there is a standard corporate purchases model for the different countries.
- Development and Internal Customer Service: a back-up unit for Procurements, Premises and Services, in charge of promoting improvements in processes and tools to make the procurement process (e-procurement) and the negotiation process (e-sourcing) more efficient and transparent. It is likewise involved in corporate management and monitoring internal customers' and suppliers' degree of satisfaction.



● **A model of purchases which is efficient and objective with suppliers**

Aware of the importance of relations with its suppliers while considering the said suppliers as

fundamental collaborators in its management, the BBVA Group has developed a corporate procurement model, consisting of the following basic elements:

- Procurement planning: it allows for the concentration of volumes of purchases and the design of appropriate strategies.
- Centralisation of the purchase function: a mixed model maximising the purchase function (centralised negotiation and decentralised procurement).
- A particular procurement circuit for each type of purchase, thus ensuring free-flowing procedures.
- Purchase methodology: purchase activities managed by processes, with the participation of internal customers and active management of suppliers.
- Contract awards carried out through committees: joint decision-making bodies — with the participation of the purchases department, technical and financial areas and users— and differentiated according to amount and purchase group which ensure transparency and consensus of the parties involved.
- Selection of suppliers: it is carried out by requesting and verifying quality specifications which are periodically assessed in accordance with the approval criteria laid down.
- Professionalising purchasers: response to the professionalisation of suppliers. Specialisation according to families of purchases.
- Systems: automatising processes, ensuring the transparency, control and efficient management of the procurement process.
- Generating results: by measuring the effectiveness of each negotiation, drawing up quality surveys on suppliers and level of service offered to internal customers.

For the BBVA Group, efficient negotiation is one that manages to satisfy the internal customer's real needs with the best quality and the highest level of service at the lowest possible cost and within the expected deadline.

● **Creating value and building a relationship with suppliers**

The Group's volume of purchases has been recurrently recording figures of some significance, mainly distributed under the following headings:

CREATING TANGIBLE DIRECT VALUE FOR SUPPLIERS*

(Million euros)	2005
Total volume of purchases exceeded 2,600 million € in 2005, of which:	
Corresponding to expenses (%)	78
Corresponding to investment (%)	22

* Data from the BBVA Group.

technology (hardware, software, systems development and communications), infrastructure, supplies and services to business, professional services and marketing and advertising.

From the point of view of corporate responsibility, two fundamental aspects stand out in BBVA's relation with its suppliers:

- The application of criteria of objectiveness, transparency, professionalism and equality of

opportunities in the management of, and relation with, suppliers.

- Requiring of our suppliers compliance with the same ethical and corporate responsibility principles governing BBVA's conduct.

Similarly, worthy of mention is the considerable effort made by the BBVA Group to close the procurement cycle automatically, by extending electronic invoicing of orders placed with suppliers. This measure will help speed up the administration and payment of bills to suppliers.

In 2005, all the contracts made with suppliers were paid under the terms agreed.

The breakdown of suppliers according to purchases volume is outlined in the table provided, and, in any event, no individual supplier or business group reaches 10 % of the Group's volume.

MAIN SUPPLIERS PER COUNTRY

	No. suppliers			TOTALS
	>1,000 thousand euros	1,000-300 thousand euros	300-100 thousand euros	
Spain	231	353	704	1,288
Mexico	122	131	263	516
Rest of America	46	144	260	450
Rest of Group	8	25	32	65
TOTALS	407	653	1,259	2,319

Data: BBVA Group. Estimate subject to definitive data.

BBVA's Purchases department carries out surveys every two years to measure suppliers' degree of satisfaction, identify their expectations and requirements and detect areas for improvement.

SUPPLIER SATISFACTION INDEX*

2004	2002
3.7 out of 5	3.8 out of 5

* Data from BBVA Spain.

Moreover, BBVA periodically holds meetings with its strategic suppliers, at which the advances made in terms of procurement are analysed and knowledge is exchanged on markets, products and services as well as prices and other questions of interest to both parties.

● System for the approval of suppliers

Part of the Group's purchase policy is for major procurements to be carried out by previously approved suppliers.

OFFICIAL APPROVAL OF SUPPLIERS*

	2005	2004
Number of approved suppliers	522	368
Volume of approved purchases (million euros)	830	573
Number of non-approved suppliers (having failed the approval process)	11	7

* Data from BBVA Spain.

The purpose of the approval is to ensure that suppliers meet the Group's requirements regarding production, techniques, finance, quality and trade in order to guarantee compliance with the commitments entered into, relating to quality, levels of service and the previously established costs.

Among the questions related to corporate responsibility contained in the supplier approval questionnaire are aspects such as compliance with the United Nations Global Compact's ten principles, with special emphasis on conduct and procedure regarding human rights, child labour, the environment and anti-corruption measures. Together with the duly completed questionnaire, suppliers must submit a signed document in which they state that workers are hired in line with prevailing labour legislation, as well as a declaration of conformity with the social and environmental principles of the Global Compact.

In addition, BBVA provides training in matters relating to human rights for its security personnel. (For further information in this regard, see the chapter on "BBVA and its employees").

● **Procurement management tools**

The BBVA Group makes use of several electronic tools that are subject to a process of continuous improvement in order to build more efficient and transparent procurement processes.

These tools are:

- E-procurement tools: they allow for the management of the overall procurement process from the initial quotations to the payment of suppliers. Moreover, BBVA has an electronic catalogue whereby users can make requests which, once approved, are automatically processed as orders to suppliers.
- Electronic tools in negotiation: the BBVA Group has implemented the use of e-commerce tools for carrying out on-line negotiations (RFQs and e-tendering) both in Spain and Latin America, thereby facilitating transparency and access to a greater number of suppliers.

The main advantages of this automatization process, which results in improved service for the internal customer, are:

- The optimisation of the cost of the process (reutilisation of information).

ADQUIRA

Aim: to facilitate business relations between companies through e-commerce, promoting accessibility, the flow of information and transparency.

Procedure: together with other major companies, BBVA is fomenting e-commerce in Spain and Latin America. *Adquira* is BBVA's supplier portal automating communications between BBVA and its suppliers. To this end, it offers a variety of solutions (e-negotiations, dispatch of orders and e-invoicing, thus electronically closing the procurement cycle), enabling BBVA to share the cost of these platforms with other companies and outsource certain functions such as the technological management of suppliers. Aspects of this procedure which are worthy of note are:

- The development of the e-invoicing project with advanced digital signature and the consequent elimination of the physical signature.
- The exchange of knowledge and joint measures to foment greater efficiency in processes, systems negotiation and procurement processes with suppliers.

Further information: www.adquira.com

USE OF ELECTRONIC TOOLS*

	2005	2004
No. of electronic negotiations (RFQs and on-line tendering)	2,621	1,467
No. of electronic orders	21,253	12,971
No. of orders by electronic catalogue	142,499	126,080

* No. of negotiations: referring to the BBVA Group.

No. of electronic orders and orders by catalogue referring to BBVA Spain.

- Reduction in negotiation and procurement times.
- Transparency, affording all those involved visibility of the process.
- Quicker access to the supplier market.
- The opportunity to share better practices with other purchases departments of the Group.
- Integration of information into a single system.

● **Code of Ethics on Procurements, Premises and Services**

The BBVA Group's Code of Conduct defines the basic parameters for relations with suppliers; paragraph 4.23 points out that "BBVA particularly values such suppliers as share the principles which uphold this Code and which have been adopted in the commitments of the United Nations Global Compact for the development of its activities".

In addition, the Procurement, Premises and Services department has its own code of ethics, which develops and concretises the BBVA Group's Code of Conduct in relation to the specific functions of the Procurements, Premises and Services department. This particular code outlines the principles and criteria concerning relations with suppliers, and is based on respect for legality, confidentiality, competition, objectiveness, transparency and corporate responsibility.

This code will be revised in 2006 jointly with the Standards Compliance department, with a view to extending its deployment to all areas involved in the procurement process.

Particularly noteworthy is the responsible policy for the purchase of forest products implemented by Anida (BBVA's subsidiary in the real estate market), a result of the Anida's adherence to the WWF-Group 2000. In keeping with this policy, Anida upholds its commitment to require its suppliers to use Forest Stewardship Council (FSC) certified timber and paper, and implies a choice of suppliers who indirectly contribute, through the certification of the FSC chain of custody, to the use of forest products for whose exploitation, felling and distribution human rights and environmental rights are not breached.



● **Social projects with suppliers**

The BBVA Group collaborates with its suppliers in social measures in Spain and abroad, fomenting contracting with companies showing special interest in sectors with the greatest needs.

An example of these types of actions is the hiring of services rendered by disabled people through ONCE, the Spanish Organisation for the Blind. Yet another is the purchase of 2005 Christmas greeting cards for the entire Group from UNICEF. The group likewise collaborates with two environmental organisations SEO/Birdlife and WWF/Adena, through Profinsa, the Group's toner suppliers, with the donation of over 6,000 euros. (Further information can be found in the chapter on "BBVA and the environment").

Furthermore, BBVA established contact links with Special Employment agencies to detect possible lines of collaboration.

BBVA'S CORPORATE RESPONSIBILITY RATINGS AS AWARDED BY SPECIALIST AGENCIES

Organisation	Dimension	2005		2004	
		BBVA	Sector average	BBVA	Sector average
SAM ^a 	Standards for suppliers	91	59	81	55
VIGEO ^{a, b, c} 	Customers and suppliers	61	+	58	+

^a Scoring range: 0 to 100.

^b Rating compared to industry average: ++ Pioneer, + Advanced, = Average, - Below average, -- Unconcerned.

^c VIGEO also carries out "Investor Solicited Activity", performing corporate audits on request from businesses.

[] THE SETTING

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8] BBVA AND THE ENVIRONMENT

BBVA'S COMMITMENT TO THE ENVIRONMENT

- "BBVA's environmental commitment is grounded on the firm belief that our economic operations can be fully compatible with nature. It is reflected in the environmentally-responsible behaviour of all components of the BBVA Group".



BASIC FEATURES

	2005	2004
● Paper consumed per employee (T)	0.11	0.14
● Electricity consumed per employee (GJ)	21.9	22.3
● CO ₂ produced per employee (T)	2.9	3.0
● Scope of ISO 14001 certifications over total employees (%)	1.8	0.3
● Loans with environmental benefits (million euros)	304.7	295.7
● Environmental patronage (million euros)	5.8	5.0
● Progress in implementation Equator Principles (yes/no)	yes	no



STRENGTHS

- Environmental policy covering the entire Group.
- Progress in implementation of the Equator Principles.
- Environmental criteria in property business (Anida).



AREAS OF IMPROVEMENT

- Eco-efficiency indicators for all banks in the Group.
- Specific environmental targets on efficient consumption of resources.



MAIN LINES OF WORK IN 2006

- To continue certifying BBVA head offices to ISO 14001: 2004 standards.
- To improve the system for evaluating environmental and social risks in large financing projects.
- To extend the scope of eco-efficiency indicators.
- To establish specific environmental targets by areas and countries.

● Key indicators of the Environmental Management System

EMS KEY PERFORMANCE INDICATORS			
	Unidad	2005	2004
Indicators of direct effect: eco-efficiency			
CO ₂ emitted per employee	T	21.2	22.3
Direct energy consumed per employee	GJ	21.9	22.3
Water consumed per employee	cu. m.	38.6	44.1
Paper consumed per employee	kg	0.107	0.141
A4 paper 100% recycled as a proportion of total paper consumed ¹	%	98.4	98.5
Eco-paper as proportion of total consumed	%	56.9	24.1
Electrical and electronic appliances managed per employee*	kg	1.26	0.47
Indicators of indirect effect			
Operations analysed for environmental risk	No.	5,331	4,847
Operations turned down because of environmental risk	€m	0	4
Total Kyoto risk	No.	1.38	0.74
	€m	3,492.0	1,465.0
Loans with environmental benefits	€m	301.7	295.7
Financing of wind energy	€m	289.9	146.0
Total environmental patronage	€m	5.8	5.0
Environmental management indicators			
Progress in Environmental Management System	progress	average	average
Environment committee meetings held	No.	2	1
Environmental targets by country ¹	yes/no	yes	yes
Full-time environmental specialists	No.	3	2
Environmental training	hours	1,466.3	1,331.0
Environmental training	€	10,665	–
Internal newsletters on the environment	No.	23	10
Scope of ISO 14001 certifications over total employees ²	No.	1.8	0.3
ISO 14001 expenses	€	48,617.1	–
Fines, lawsuits or legal non-compliances	No.	0	0
Progress in application of Equator Principles	yes/no	yes	no
Progress in Local Agenda 21	yes/no	yes	–

* "Managed" appliances are those re-used or recycled, rehabilitated or eliminated (dumped or incinerated without energy recovery).

¹ There are environmental targets in Spain, Paraguay, Peru, Colombia, Puerto Rico, and Andorra.

² Although the number of certifications has not increased, their scope has been widened.

● Policy, Environmental Management System and Environmental Governance

As the financier of private and corporate projects, the financial industry plays an increasingly important role in encouraging sustainable development. The environmental involvement of a financial institution falls into two categories:

- Direct impact: through consumption of natural resources, as in the case of paper, water and energy in climate control of buildings.
- Indirect impact: through its products and

services. In other words, through the environmental consequences of the products and services it offers and the projects it finances.

In terms of risk management, it is also important to remember that a project that is liable to harm the environment will also adversely affect the borrower's capacity to repay the debt, and therefore this risk is ultimately financial. In addition, it is extremely important for any bank to manage reputational risk well, and this is an area to which BBVA devotes constant attention.

BBVA's environmental policy

In June 2003, BBVA's highest governing body approved a comprehensive environmental policy affecting all the Group's institutions and activities. The policy sought to reconcile economic, social and environmental aspects harmoniously and in a balanced way, in a model of sustainable development.

In parallel, work began on developing an environmental management system (EMS) to allow the policy to develop continuously and to improve environmental performance by establishing an organisational structure and schedule of activities and determining a set of responsibilities and

working procedures, as well as targets for improvement.

The Environmental Policy committee, created at the same time, was drawn from management staff in the areas most closely related to the Group's environmental performance: Risks, Retail Banking, Wholesale Banking, the Americas, the Legal Area, Procurements, Premises and Services, and Corporate Responsibility and Reputation. The part the various areas play at the committee's meetings depends on the specific issues to be dealt with. The area of Corporate Responsibility and Reputation holds the position of secretary and is in charge of defining the basic lines of action.

ENVIRONMENTAL COMMITMENTS UNDERTAKEN BY BBVA

United Nations Global Compact	The BBVA Group is a signatory to the United Nations Global Compact and has accepted its ten principles, of which three are related to the environment: precautionary approach to environmental challenges; initiatives to promote greater environmental responsibility; and encouragement of the development and diffusion of environmentally friendly technologies. Four of the Group's banks have signed up to the Compact: BBVA Bancomer, BBVA Banco Francés, BBVA Colombia and BBVA Banco Continental.
UNEP-FI	Since 1998, BBVA has participated actively in the United Nations Environment Programme Finance Initiative (UNEP-FI). The aim of the programme is to promote environmental respect and sustainability at all levels of financial institution operations. BBVA sits on the "Latin America" and "Sustainability Information" work groups (www.unepfi.net). It also participated in the biennial roundtable held in November 2005 at the United Nations headquarters.
GRI	BBVA has participated in drawing up the supplement on environmental indicators for financial institutions and encouraging monitoring of GRI for managing sustainability information at an international level. BBVA scores an "in accordance" rating under the GRI model.
Equator Principles	BBVA has been a signatory of the Equator Principles (www.equator-principles.com) since 2004 and has introduced the necessary internal procedures to comply with this voluntary commitment on major project financing operations in emerging markets.
AENOR	Since 2004, BBVA has participated in the re-drafting of the Spanish standard on Analysis and Assessment of Environmental Risk (UNE 150008:2000), promoted by the Spanish standardisation and certification association, AENOR.
CDP	Since 2003, BBVA has participated in the Carbon Disclosure Project, an initiative designed to encourage transparency in information on business involvement in climate change.

Developments in the Environmental Management system (EMS) in 2005

During 2005, the Group carried out a series of actions discussed and targeted in 2004. These included:

ISO 14001 certification policy

The BBVA's main operations offices in Madrid, which houses 1,8 % of all Group employees obtained ISO 14001 certification from Det Norske Veritas. The Premises department has integrated

this certification into its everyday management systems and has set the following targets for improvement in 2006:

- Reduction in water consumption by 2 % per person through awareness-enhancing measures, replacement of existing taps with new sensor-activated ones, new more efficient cisterns and installation of drip-irrigation systems for gardens.
- Installation of solar photovoltaic and thermal panels on the roofs of buildings.
- Replacement of the main transformer by another less pollutant one before the statutory deadline.

As part of its Environmental Management system, in 2005 the Premises and Services Department began organising a monthly meeting of the Environmental committee to monitor the objectives of the Madrid office's EMS and address other issues related to energy efficiency and consumption of resources by BBVA buildings in Spain.

Anida, BBVA's subsidiary in the real estate market has received ISO 14001 certification from AENOR. Anida's targets for improvement for 2006 are as follows:

- To establish and develop a master plan for quality and the environment.
- To gradually extend the Environmental Management System to all residential property developments.
- To gradually extend the use of environmentally certified building materials.
- To ensure that builders inspect all environmental aspects during the work phase of each development.
- To progressively optimise and reduce paper consumption.
- To use ecological and FSC-certified paper products.

Outside Spain, the Group has a paradigm model in Banc Internacional d'Andorra- Banca Mora, the only bank in the Group and one of the few in the world to have certified to ISO 14001 standards all the activities it performs and all the centres in which it operates.

During 2005, maintenance, introduction and certification of ISO 14001 cost a total of 10,665 euros.

The goal for 2006 is to increase the scope of ISO 14001 certifications in the Group's main

buildings, with a view to integrating them into the everyday management system, in order to ensure better management of the buildings, with a progressive reduction in adverse effects on the environment. For 2006, the Group has set itself the ambitious target of certifying the BBVA's operations offices in Bilbao and to attain a figure of close to 6 % of all employees in Spain working in offices with a certified EMS. This would mean increasing the number of ISO 14001 environmental management certifications by over 25 % compared to the figure for 2005.

Developments in the introduction of the Equator Principles

The Capital Market department is preparing a procedure that establishes the methodology for evaluating and managing the environmental and social risk of project financing operations in which BBVA is involved. Following a period of consultation with managers from the Capital Market department, the risk-estimation computer tool is now being introduced into the department's systems.

The evaluation and management procedure is based on the Equator Principles Manual, a document which establishes the general framework of the system for screening the environmental and social risk of project financing. In 2005, the Capital Market department appointed an Equator Principles coordinator who, together with a team of six managers, will monitor environmental and social projects and commitments. In addition to coordinating implementation of the Equator Principles, the coordinator will represent BBVA at meetings with other banks who have signed up to the principles.

As in previous years, BBVA participated actively at Equator Principles meetings, at which participants share experiences, debate the best practices introduced and propose improvements in implementation of the Equator Principles.

During 2005, BBVA participated in the review of the International Finance Corporation's policy on social and environmental sustainability and performance rules. The year also saw significant development in BBVA's commitment to transparency and accountability on its progress in implementing the Equator Principles. The Group's website (www.grupobbva.com) contains up-to-date

information on the Equator Principles. Content on the Equator Principles has also been included on the Group's intranet, to which all BBVA employees have access.

Implementing the Equator Principles procedure and manual requires training any employees to whom it applies. As well as the intranet awareness campaign targeted at all employees, a number of symposia were organised during the year at BBVA with external experts on corporate social responsibility. These were

attended by representatives of the departments whose work has the most social and environmental impact. The Equator Principles were one of the main issues dealt with at the symposia.

Progressive introduction of the Equator Principles means that the progress made in 2005 will form the basis for continuous improvement in coming years. As a result, the objectives set by the Capital Market department for 2006 centre mainly on staff training.

EQUATOR PRINCIPLES: BREAKDOWN OF PROJECTS ANALYSED DURING FISCAL YEAR 2005

Latin America		
Category	No. operations	Amount contributed by BBVA (Million US dollars)
A	0	0
B	5	293
C	6	372.2
TOTAL	11	665.2
Europe		
Category	No. operations	Amount contributed by BBVA (Million US dollars)
A	0	0
B	1	33.7
C	4	262.1
TOTAL	5	295.8

Category A: Projects with a significant adverse impact that might affect a larger area than that of the project itself.

Category B: Projects with a lesser adverse impact on human populations or environmentally important areas.

Category C: Projects with a minimal or no adverse environmental impact.

Developments in implementation of Local Agenda 21

Local Agenda 21 consists of the local application of the general guidelines of Agenda 21, an action plan for sustainable development developed by the United Nations.

The objectives of Local Agenda 21 are:

- To reinforce the capacity of local government to tackle environmental problems, particularly in small and medium-sized cities.
- To arouse a proper understanding of the problems of the environment.
- To develop appropriate political and administrative procedures and citizen participation.
- To apply efficiently the instruments and tools of environmental management.

- To make the municipality an example of suitable environmental practice for local people and other municipalities in the area.

Through BBVA and Banco de Crédito Local, the BBVA Group is spearheading project financing of more than 8,000 Spanish municipal councils—the organs of local government that are closest to the general public and therefore play a key role in improving quality of life and introducing a sustainable management model.

Through its *Fidels* plan (Financing for Sustainable Local Development), the Group has provided local government bodies with a set of solutions intended to promote the commitment and execution of environmental projects by regional government.

The plan is particularly targeted at small and medium-sized municipalities, whose structural characteristics mean that they do not have extensive financial and technical resources to devote to projects of environmental conservation and improvement.

The solutions forming the *Fidels* plan are: signing of the Aalborg Charter (Charter of European Towns and Cities Towards Sustainability), initial diagnosis to assess existing environmental issues, action plan setting out the actions to be carried out and environmental standardisation and certification of municipal facilities and services.

Two agreements have been signed to develop this programme: with Euroquality, as a technical and legal consultant, and with Det Norske Veritas, as an institution which specialises in certification of environmental projects.

Developments in climate change and the Kyoto Protocol

The Kyoto Protocol was ratified and came into force at the beginning of 2005. To address its Kyoto requirements, Spain has drawn up the National Emissions Allocation Plan, designed to meet the difficult commitment of ensuring that CO₂ emissions

for 2008-2012 are no more than 15 % greater than in the base year of 1990. In 2005, Spain's CO₂ emissions were approximately 40-45 % higher than in 1990, and it is therefore one of the countries with most work to do to meet Kyoto targets.

With a view to providing support to the Spanish business sector, BBVA —through its SME Banking area and with the collaboration of the Department of Corporate Responsibility and Reputation— has organised symposia in some of the regions most affected by the Kyoto Protocol, to heighten awareness, offer training and resolve queries. These included participation from environmental authorities and leading specialists (consultants such as Garrigues, agents in the carbon market, such as CO₂ Spain and Kyoto Protocol verifiers such as AENOR and DNV).

In addition, SME Banking, Institutional Banking and the Department of Corporate Responsibility and Reputation took part in numerous meetings with private and public carbon funds, multilateral organisations, regional development agencies, consultants and auditors, local governments and designated national authorities to try to establish the best possible collaboration with a view to meeting the Kyoto Protocol in Spain.

SYMPOSIA ON KYOTO FOR SMES

Symposium Title	Venue	Date	SMEs participating
Emissions trading: practical answers to business questions	Castellon	08/03/2005	100
	Toledo	07/04/2005	76
	Bailen	01/06/2005	62
	Zaragoza	23/11/2005	65

The most important operation in this area came from the Tokyo branch of Global Corporate Banking which, in conjunction with the Japan Bank for International Cooperation

(JBIC), will provide one hundred million dollars in financing to projects for reducing carbon emissions in five countries of Central America.

BBVA WORKS WITH JAPAN BANK FOR INTERNATIONAL COOPERATION (JBIC) ON A \$100M OPERATION TARGETED AT CDM PROJECTS

Aim: reduction of greenhouse gas emissions in Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica.

This financing project has a threefold objective: to reduce greenhouse gas emissions; to support local companies in Latin America by financing more sustainable projects; and to facilitate acquisition of greenhouse gas emission rights by companies in countries required to comply with the Kyoto Protocol.

Procedure: this was the first time that BBVA had participated in an operation with the JBIC. It was also the first time that Japanese banks had collaborated in co-financing projects targeted at reducing greenhouse gas emissions in developing countries.

In addition to BBVA, the Bank of Tokyo-Mitsubishi, Sumitomo Mitsi Banking Corporation and Mizuho Corporate Bank are all involved in the financing operation.

The initiative consists of financing projects framed within the Clean Development Mechanisms (CDMs) covered by the Kyoto Protocol, with the Central American Bank for Economic Integration (CABEI) in charge of carrying out the viability study for the projects.

BBVA's lead position in Latin America, and its team work in Asia, were key factors behind its being selected for the project, in which it has a \$10m stake.

Another particularly symbolic operation on which BBVA is working is a project for offsetting part of BBVA's CO₂ emissions, through the CeroCO₂ (Zero

CO₂) initiative of the *Fundación Ecología y Desarrollo* (Ecology and Development Foundation) and *Fundación Natura* (www.ceroco2.org).

CERO CO₂, AN INITIATIVE FOR OFFSETTING CO₂ EMISSIONS

Aim: participation in this initiative is intended to: help create a Clean Development Mechanism (CDM) framed within the Kyoto Protocol, compensating for a small part of the emissions derived from BBVA's energy consumption and contributing to the social and economic development of a community in Latin America.

Procedure: this action is developed through the CeroCO₂ initiative, promoted by *Fundación Ecología y Desarrollo* and *Fundación Natura*, which consists of compensating for emissions through a CDM project in a company in Latin America.

The project will be certified by the CDM Executive Board, and will be certified under Gold Standard criteria, a global initiative promoted by WWF exclusively for CDM projects (Clean Development Mechanisms for achieving the targets set in the Kyoto Protocol), which ensures that the project meets a series of social and economic requirements.

Once the CERs (Certified Emission Reductions) have been obtained, the CeroCO₂ initiative or the project developer will proceed to offset them.

In addition, CeroCO₂ will keep back a small portion of the revenue (8 %) to support small-scale projects which would not be viable without external economic aid.

● Direct environmental impact: eco-efficiency in consumption of natural resources

The concept of eco-efficiency stresses the need to improve the ratio between people's increased well-being and the environmental impact of the

activities they perform. Practices that allow wealth to be generated with a reduced consumption of natural resources are classed as "eco-efficient".

Consumption of water and energy

CONSUMPTION OF RAW MATERIALS											
	Unit	Spain		Mexico		Rest of Latin America ⁽¹⁾		Rest of the world ⁽²⁾		Total	
		2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Energy											
Total direct energy	GJ	736,573.5	707,275.7	736,573.5	751,913.7	547,103.8	463,856.9	28,136.7	–	2,049,274.9	1,935,688.8
Direct energy per employee	GJ	23.7	24.2	23.7	26.3	19.6	18.6	24.9	–	21.9	22.3
Total electricity consumed	GJ	695,159.7	684,412.2	723,798.1	751,913.7	536,438.8	462,548.3	25,566.5	12,642.5 ⁽³⁾	1,980,963.1	1,911,277.0
Total gas consumed	GJ	23,889.3	22,863.4	0.0	0.0	534.8	460.3 ⁽⁴⁾	0.0	–	24,424.1	23,323.7
Total diesel consumed	GJ	18,412.3	–	12,885.7	–	10,130.1	848.4 ⁽⁵⁾	2,570.2	–	43,887.7	–
Total indirect energy*	GJ	218,138.0	221,563.0	1,572,493.0	1,633,576.0	396,316.0	103,977.0	31,562.0	35,999.0	2,218,509.0	1,995,115.0
Other indirect energy consumption	GJ	340,532.5	–	131,269.7	–	28,824.9 ⁽⁶⁾	–	1,064.3 ⁽⁷⁾	–	501,691.4	–
Water											
Total water consumed	cu. m	1,602,312.0	1,509,951.0	954,725.0	1,160,836.0	1,034,167.0	1,060,031.0	18,470.0	5,649.0 ⁽³⁾	3,609,674.0	3,736,467.0
Water consumed per employee	cu. m	51.4	48.6	30.7	40.6	37.0	41.6	16.4	24.24 ⁽³⁾	38.6	43.5

* Indirect energy calculated using the GRI's "Energy Balance Sheet, Energy Protocol". Represents the energy consumed in flights and travel in vehicles not owned by the bank.

⁽¹⁾ 2004 data for Rest of Latin America cover: Argentina, Colombia, Paraguay, Peru and Venezuela.

⁽²⁾ Data from USA not included; for Portugal, only Lisbon has been included.

⁽³⁾ Data from Andorra only.

⁽⁴⁾ Data from Argentina only.

⁽⁵⁾ Data from Paraguay only.

⁽⁶⁾ Data include: Argentina, Colombia, Uruguay and Venezuela.

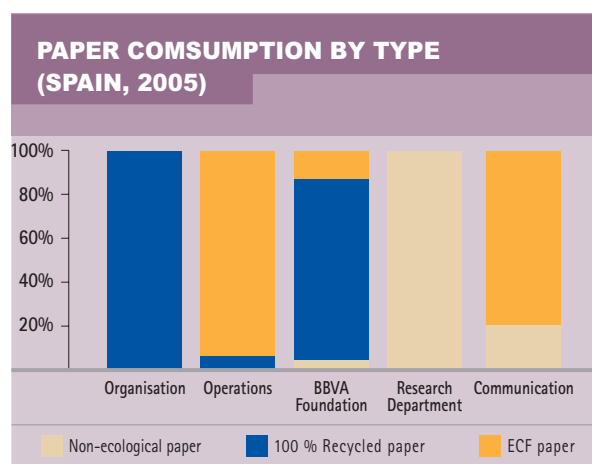
⁽⁷⁾ Portugal only.

INDIRECT ENERGY CONSUMPTION BY PRIMARY SOURCE 2005* (GJ)									
Fossil fuels				Renewable/Other sources					
Coal	Natural gas	Oil products	Crude oil	Biomass	Solar	Wind	Geothermal	Hydroelectric	Nuclear
55,177.0	612,998.0	1,603,098.0	917.0	16,379.0	0.0	48.0	287,645.0	10,825.0	40,419.0

* Indirect energy calculated using the GRI's "Energy Balance Sheet, Energy Protocol". Represents the energy consumed in flights and travel in vehicles not owned by the bank.

Paper consumption

Paper is one of the natural resources most widely consumed by any financial institution. It is essentially used for sending information to customers, internally in photocopiers and printers and in dissemination and advertising, as well as in the various activities and scientific and cultural publications of the Group and its foundations.



CONSUMPTION OF PAPER

Paper	Unit	Spain		Mexico		Rest of Latin America		Rest of the world		Total	
		2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Total paper consumed	T	6,487.2	8,266.5	2,287.1	2,920.0	1,165.1	821.4 ⁽¹⁾	138.9	132.8	10,078.3	12,140.7
Total paper consumed per employee	Kg	0.21	0.27	0.07	0.10	0.05	0.03	0.04	0.10	0.11	0.14
Paper type											
ECF paper consumed	Kg	2,566,931.0	2,700,500.3	0.0	0.0	3.9 ⁽¹⁾	2.5 ⁽¹⁾	0.0	0.0	2,566,934.9	2,700,502.8
Recycled paper consumed	Kg	2,853,908.2	127,000.0	188,540.0	-	133,214.0	101,233.0	0.0	0.0	3,175,662.2	228,233.0
Ecological paper as proportion of total paper consumed	%	83.6	34.2	8.2	-	11.43	12.32	0.0	0.0	56.9	24.1

Note: The increase in the paper consumed in Latin America in 2005 is due to an increase in the scope of the figures: 2004 figures do not include BBVA Banco Continental, BBVA Puerto Rico and BBVA Panamá.

⁽¹⁾ Data for Paraguay.

In an attempt to improve its eco-efficiency, BBVA offers customers electronic banking systems

by means of two services virtual correspondence and unified correspondence.

USE OF SERVICES RELATED TO PAPER SAVING IN SPAIN

	Unit	2005	2004
Customers with virtual correspondence	No.	81,029	48,563
Products with virtual correspondence	No.	437,285	268,577
Virtual correspondence alerts	No.	17,519	8,648
Documents viewed	No.	4,142,781	1,753,202
Accumulated cancellations of doorstep deliveries by product	No.	21,260	2,102
No. of envelopes*	No.	149.5	167.5

* Between 2004 and 2005, correspondence unification led to a reduction in the number of envelopes used of 18 million.

Waste management

BBVA's environmental policy promotes continuous improvement. The EMS not only monitors consumption of raw materials, but also

its subsequent recycling. As part of our ISO 14001 certification, we seek to improve not only the amount but also the type of waste managed.

WASTE MANAGEMENT

Waste managed*	Unit	Spain		Mexico		Rest of Latin America		Rest of the world		Total	
		2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Paper	Kg	409,960	566,080	492,750	-	64,334	566,184	97,285.1	104,782.65	1,340,179.1	1,237,046.7
Toner	Kg	24,000.0	15,750.0	33,962.9	-	529.0 ⁽¹⁾	215.0 ⁽¹⁾	-	-	5,8491.9	15,965.0
Electrical and electronic appliances	Kg	84,290.0	33,880.0	23,806.6	-	5,088.0 ⁽²⁾	3,189.0 ⁽²⁾	4,960.0 ⁽³⁾	3,435.0 ⁽³⁾	118,144.6	40,404.0
Waste donated	No.	73	53	-	-	-	-	58	50	131	582
MItems of furniture	No.	6,225	310	0	-	0	-	0	0	6,225	310
Mobile phones	No.	168	314	40	-	5,761	305	10	0	5,979	619
Electrical and electronic appliances											

* Managed waste covers waste that is re-used or recycled, rehabilitated or eliminated (dumped or incinerated without energy recovery).

⁽¹⁾ Data for Venezuela.

⁽²⁾ Data for Puerto Rico.

⁽³⁾ Does not include data for USA.

A large quantity of toner (16,890 units) has been sold, and the money raised was used in the following initiatives:

- Approximately 3,000 euros donated to SEO/BirdLife to aid conservation of Bonelli's Eagle (Bird of the Year 2005).

- Over 3,600 euros donated to WWF/Adena's energy conservation awareness campaign.

Atmospheric emissions

ATMOSPHERIC EMISSIONS*											
CO ₂	Unit	Spain		Mexico		Rest of Latin America		Rest of the world ⁽¹⁾		Total	
		2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Total CO ₂ emitted	t	106,489.1	101,950.2	125,740.8	126,061.8	37,356.4	29,441.3	3,518.9	1,416.7	273,105.2	258,870.0
Total CO ₂ per employee	t	3.4	3.3	4.0	4.4	1.3	1.2	1.1	1.1	2.9	3.0
Direct CO ₂ emissions	t	4,362.1	2,508.0	994.7	–	1,476.9	516.5 ⁽²⁾	256.0	–	7,089.8	3,024.5
Indirect CO ₂ emissions	t	102,127.0	99,442.2	124,746.1	126,061.8	35,879.4	28,924.8	3,262.9	1,416.7	266,015.4	255,845.5
CO ₂ energy consumed	t	83,816.8	81,169.4	118,747.8	122,394.8	34,871.8	29,441.3	3,378.0	1,416.7	240,814.4	234,422.2
CO ₂ of electricity consumed	t	81,295.1	80,038.2	117,818.2	122,394.8	33,931.8	28,924.8	3,191.0	1,416.7	236,236.1	232,774.5
CO ₂ of natural gas consumed	t	1,181.9	1,131.2	0.0	0.0	286.7	516.5	0.0	–	1,468.6	1,647.7
CO ₂ of diesel consumed	t	1,339.8	–	929.6	–	653.3	–	187.0 ⁽⁴⁾	–	3,109.7	–
CO ₂ in travelling	t	22,672.3	20,780.8	6,993.0	5,049.0	2,484.6	263.0 ⁽³⁾	140.7	–	32,290.7	26,092.8
CO ₂ from aeroplane travel	t	9,430.5	9,356.9	5,352.1	3,667	1,947.6	–	71.9	–	16,802.2	13,023.9
CO ₂ from road travel	t	13,241.8	11,423.9	1,640.8	1,382	536.9	263.0	69.0	–	15,488.5	13,068.9
CO ₂ in bank-owned vehicles	t	1,840.4	1,376.8	65.1	–	536.9	–	69.0	–	2,511.4	1,376.8
CO ₂ in non bank-owned vehicles	t	11,401.4	10,047.1	1,575.7	–	–	–	0.0	–	12,977.1	10,047.1
SO₂											
Total SO ₂ emitted	t	2.6	–	1.8	–	1.3	–	0.36	–	6.0	–
Total SO ₂ per employee	g	80.0	–	60.0	–	45.0	–	110.0	–	298.6	–
SO ₂ of natural gas consumed	Kg	20.0	–	0.0	0.0	5.7	–	0.0	–	25.7	–
SO ₂ of diesel consumed	Kg	2,577.7	–	1,788.5	–	1,256.9	–	359.8	–	5,982.9	–
NO_x											
Total NO _x emitted	t	2.7	1.4	0.9	–	0.9	–	0.2	–	4.8	–
Total NO _x per employee	g	87.4	44.2	28.7	–	34.9	–	0.06	–	207.3	–
NO _x of natural gas consumed	Kg	143.3	137.2	0.0	0.0	347.7	–	0.0	–	491.0	–
NO _x of diesel consumed	Kg	1,288.8	–	894.3	–	628.5	–	179.9	–	2,991.5	–

Nota: These CO₂ figures have been calculated on the basis of the methodology established in the GHG Protocol, an initiative of the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI).

These SO₂ and NO_x figures have been calculated using the factors in the Guidebook for Emission Inventories issued by the European Environment Agency.

* Diesel consumption figures not available for 2004.

⁽¹⁾ Does not include data for USA.

⁽²⁾ Data from Argentina.

⁽³⁾ Data from Peru.

⁽⁴⁾ Data from Portugal.

By encouraging the use of video-conferencing over face-to-face meetings, BBVA helps reduce

the atmospheric emissions caused by travelling.

USE OF NON-HARMFUL TECHNOLOGIES*

	Unit	Spain		Mexico		Rest of Latin America		Rest of the world		Total	
		2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Videoconferences	No.	929	1,145	1,143	1,427	1,374	1,248	222	219	3,668	4,039
Rooms fitted for videoconferencing	No.	251	250	11	11	18	14	13	9	293	284

* These figures reflect the total number of videoconferences and do not take into account possible duplications resulting from communication between the countries in which the BBVA Group operates.

In terms of the use of substances that damage the ozone layer, no installation in the BBVA's buildings in Spain contains CFCs. HCFCs will gradually be eliminated in compliance with statutory deadlines.

● Indirect environmental impact: managing environmental risk and environmentally-related products and services

The greatest environmental impact of any financial institution comes from the projects it finances and—to a lesser extent—from the positive effects its products and services can have.

Managing environmental risks

Assessing the indirect environmental impact of financing companies and investment projects is a complex task, which requires specific risk analysis methodologies. Aware of the growing legal and social pressure with regard to the environmental consequences of economic activities, BBVA contributes, as a lender, to the use of viable less-pollutant alternatives, thus helping to reduce environmental damage. BBVA includes environmental risk criteria when analysing credit risk, taking particular care to examine operations with an adverse environmental impact and participating only when the corresponding permits and licences have been obtained.

There were four major advances in this area during 2005:

- Advance in introduction of the Equator Principles (for further information, see the chapter on “BBVA and its Customers”).
- Progress in introduction of the Ecorating and Reptool instruments. The Ecorating analysis model will help obtain an overall rating for the risk portfolio in company financing. It will give an individual rating for each company, with a score for investment projects financed and will make it possible to establish risk policies differentiated by the quality of the environmental management of those applying for financing.
- Active participation in preparing the new Spanish Environmental Responsibility Standard (UNE 150.008).
- Collaboration with future transposition of the EU directive on environmental liability, planned for the end of 2006.

Environmentally-related products and services

BBVA contributes to environmental conservation not only through project financing, but also by developing products and services of an environmental nature. During 2005, the Group continued some of its lines from the previous year and developed new ones. The most important actions are summarised below:

- Socially responsible investment funds (see chapter on “BBVA and its Customers”).
- BBVA Colombia's *Crédito Ecológico* (Ecological Credit), intended to finance business projects geared towards environmental improvement.

CRÉDITO ECOLÓGICO, 2005		
	Amount (Euros)	Operations
Industrial SMEs	539,760	9
Agricultural industry	200,680	4
TOTAL	740,440	13

Created in 2004 and mainly targeted at SMEs, the credit line offers Colombian businesses access to resources for developing projects with a positive environmental impact, with a view to adapting and improving the company's ecological conditions.

- Advice to SMEs on the Kyoto Protocol.
- Financing of Clean Development Mechanisms in Central America, in collaboration with the Japan Bank For International Cooperation (JBIC) and the Central American Bank for Economic Integration.
- Studies (conducted in 2005) into the launch of a financing programme for photovoltaic panels for SMEs and the self-employed with a view to facilitating the installation of renewable energy.
- Six-million euro credit line launched by BBVA and another two financial institutions, targeted at private individuals, companies and local authorities for financing energy saving and efficiency projects.
- 200-million euro loan through Institutional Banking and the European Investment Bank (EIB) for financing investment by regional government in energy saving, environmental protection, transport infrastructures, education, health and urban rehabilitation.

BBVA Banco Continental (Peru) requires that applications for financing from any mining and energy companies comply with the country's environmental adaptation and management programme (PAMA); any applications from newly-created companies must pass an environmental impact assessment.

● **Environmental training and awareness enhancing** **Awareness**

During 2005 the Group continued to release its fortnightly environmental newsletter, *Actualidad*

Ambiental, created in 2004 by the present Department of Corporate Responsibility and Reputation. The newsletter seeks to enhance awareness and offer suggestions on the best way of reconciling business activity with best environmental conservation. It is sent out to approximately 400 people in the Group throughout the world and is also posted on the corporate intranet where it can be read more widely.

The Research Department also works on analysis, awareness and dissemination in this field, with reports on economic aspects of environmental issues such as climate change and renewable energy sources.

As well as these various forms of awareness enhancing, an information tool is also being created, backed by BBVA Promociones, targeted at private customers, with contents on environmental issues (climate control, photovoltaic panels, reforms, removals, etc.). The tool will also be used to post regular news on environmental issues, to help heighten customers' awareness of this field.

Training

A number of environmentally-related educational initiatives were undertaken during the year, with a total outlay of 48,617 euros.

The course on environmental awareness in BBVA's intranet continued. The introduction of two new large-scale ISO 14001s involved organising training seminars for the leading suppliers of the certified centres, and specific training activities for employees involved in implementation. Relevant staff from the Premises and Services Department also underwent courses on sustainability as applied to their activities in building management.

In the area of risk management, and as part of the United Nations Environment Programme Finance Initiative, the risk management units for Colombia and Argentina participated in seminars on evaluating environmental hazards, within the framework of the Latin America work group. These face-to-face courses included involvement from prestigious local business schools.

In the area of the Equator Principles, work continues on designing training schemes to

complement the protocols already established and help advance definitive integration of the principles

into common working procedures in the structuring of financing projects.

ENVIRONMENTAL TRAINING			
		2005	2004
	Number of employees participating	48	153
Course on environmental awareness	No. hours	144	459
Anida environmental training	No. hours	414	–
Environmental training, Premises and Services	No. hours	512	–
Training in Equator Principles	No. hours	30	–
Environmental training, Risks (Argentina and Colombia)	No. hours	25	–
Environmental training, Corporate Responsibility and Reputation	No. hours	293.3	146.6

Environmental innovation

The Innova project, promoted by the Quality department since 2004, allows employees to send in proposals and suggestions about their different areas of innovation. The third edition was held in 2005. The line on “Sustainable Financial Solutions

for SMEs”, which looks for initiatives to create innovative financial solutions oriented to helping SMEs reduce their adverse impact on the environment and improve their competitiveness, was retained.

INNOVA, THIRD EDITION			
System	Group Areas	Areas of innovation	Number of environmental proposals received
Express	R&D Business innovation. Corporate quality	Innova Express	3
Classic	R&D Business innovation. Corporate quality	General area of innovative ideas	1
	Environment	Financial solutions for SMEs	6
TOTAL			10

● Environmental patronage

The BBVA Group carries out important work in the field of environmental patronage, largely through its foundations in Spain and Mexico, but also with participation from its business units. During 2005, this contribution came to 5,8, an increase of 16 % on 2004.

For further information, see the chapter on “BBVA and Community Support” in this report.

One particularly relevant case in this field was the commitment by Anida —BBVA's property

division— to devote 0.7 % of its net profits to actions of corporate responsibility, with particular stress on the environment.

The Fundación BBVA's environmental work focuses on encouraging research, essentially through public calls for projects and the Fundación BBVA Prizes for Biodiversity Conservation in Spain and Latin America. One particularly significant initiative in 2005 was its backing for the creation of a coastal research station at the Cap Salines lighthouse in Mallorca. The foundation also works

ANIDA'S COMMITMENT

Aim: Anida undertook to devote 0.7 % of its net profits for 2004 to activities related to corporate responsibility, with particular stress on the environment.

Procedure: this commitment came into operation in 2005. In 2004, Anida made net profits of €72.4 million, and as a result, over €500,000 have been earmarked for projects such as:



- Three initiatives related to the conservation of local fauna through reforestation of their habitat, with advice from WWF/Adena España:
 - Project for conservation of the Iberian bear, entitled "*Frutos para el oso*" (Fruits for the bear), which will be carried out by the Asturian Wildlife Protection Fund (FAPAS).
 - Project for conservation of the Iberian lynx, entitled "*Mejorar el hábitat del lince*" (Improving the lynx's habitat), to be carried out by the Fundación Doñana.
 - Project of recuperation of the Santa Teresa Salt Marsh for migratory birds, in the Doñana Nature Park.
- In parallel, Anida is studying the viability of additional environmental protection projects.
- Anida also joined the WWF/2000 Group, promoted in Spain by WWF/Adena, for sustainable exploitation of forests, and has undertaken to use FSC-certified timber and paper.

extensively publishing, promoting and disseminating knowledge on these subjects.

In Spain, the Corporate Responsibility and Reputation department gave its backing to the Fourth National Forum of Environmental Management and Sustainability, organised by ANAVAM, the national association of environmental auditors and verifiers.

In Latin America, the Fundación BBVA Bancomer's work centred on support for the protection of local forests, while in Peru AFP Horizonte worked with the association Proislas on the project "*Conozcamos y conservemos nuestra fauna marina*" (Getting to know and conserve our marine wildlife).

BBVA'S CORPORATE RESPONSIBILITY RATINGS AS AWARDED BY SPECIALIST AGENCIES

Organisation	Dimension	2005		2004	
		BBVA	Sector average	BBVA	Sector average
 SAM ^a	Environmental policy/management	79	59	76	57
	Environmental performance (eco-efficiency)	40	21	31	18
	Environmental information	75	45	59	34
	Business opportunities	46	22	46	20
	Financing of projects	52	45	47	42
	Advanced eco-efficiency	13	11	18	11
 VIGEO ^{a, b, c}	Environment	45	=	30	=

^a Scoring range: 0 to 100.

^b Rating compared to industry average: ++ Pioneer, + Advanced, = Average, - Below average, -- Unconcerned.

^c VIGEO also carries out "Investor Solicited Activity", performing corporate audits on request from businesses.

9 BBVA AND COMMUNITY SUPPORT

BBVA'S COMMITMENT TO SOCIETY

- "To generate wealth and thus contribute to social and economic well being in the societies in which it operates, and to develop and encourage non-profit initiatives intended to satisfy basic social needs and promote development".



BASIC FEATURES

Main beneficiaries:

- Underprivileged sectors.
- Emergency causes.
- Relief organisations.
- Educators, families requiring support in education and schools.
- Researchers, universities and research and knowledge centres.
- Artists and centres of art and culture.
- Environmental conservation centres.
- Public Administrations.



STRENGTHS

- Volume and quality of community support policies.
- Development of social action through financial products.
- Importance of scientific, environmental, cultural and educational patronage.
- Importance of the foundations.



AREAS OF IMPROVEMENT

- Coordination and strengthening of central structures in community support policies.
- Closer alignment with the Group's strategy.
- Better evaluation of the impact of the actions taken.



MAIN LINES OF WORK IN 2006

- Advances in assessing the external and internal impact of community support policies.
- Coordination and alignment of community support policies in Latin America.
- Progress in the development of the *Plan Familias* family financing scheme.
- Establishment of the BBVA Youth Centre.
- Development of a corporate policy of encouraging voluntary work.
- Advances in coordinating relations with relief organisations.

General outlook

The BBVA is fully committed to enhancing the quality of life and development of the societies in which it operates. This is a mainstream commitment, expressly set out in one of the group's corporate principles, and it forms a central component of corporate social responsibility. The essential objectives are:

- To act according to strict standard of ethical conduct and in keeping with the values of the United Nations Universal Declaration of Human Rights.

- To contribute to the consolidation of solid and stable financial systems.
- To promote the economic growth and well being of the societies in which it operates.
- To attend to basic social needs, with particular stress on the most needy groups and aspects that are most important for encouraging development.

This commitment is assumed by the Group as a whole, particularly through the day-to-day work of its different units, which develop numerous products and services specifically

targeted at underprivileged and special-needs groups and also seek to offer solutions to their customers' economic needs and life projects, promoting economic growth and an improvement in living conditions. All of these aspects have already been covered in previous chapters of this report.

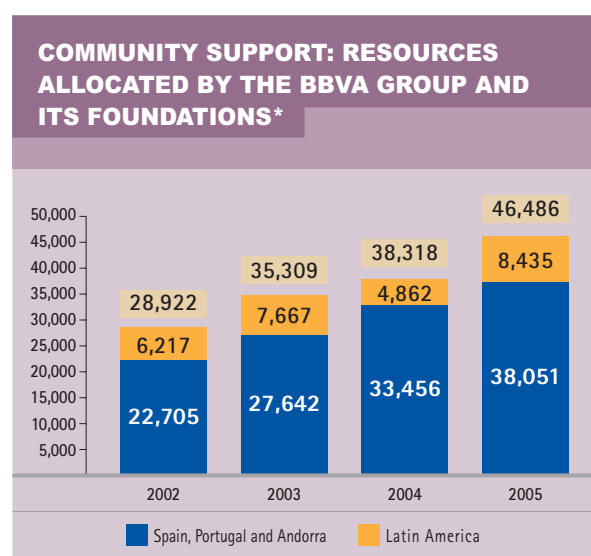
In addition, the BBVA Group has a strong policy of providing support to the community, running many not-for-profit activities. However, this policy also has a strategic perspective: it is seen as an important factor in creating value in the medium and long term, insofar as it makes a determined contribution to greater integration in the societies in which it operates and the subsequent strengthening of its reputation. The group applies this policy in all the communities in which it has a significant presence, building on it through its different companies and its five foundations. It operates in several fields of action, corresponding to the priority needs attended to (care, health, education, culture, science and environment), and is channelled through various types of action:

- Sponsorship and patronage.
- Activities by the Group's foundations.
- Activities with Group employees, encouraging voluntary work.
- Activities involving special products and services (largely consisting of cost-free loans).
- Encouragement of collaboration with customers in humanitarian causes.


- Provision of assets (lending the Group's own facilities and donating furniture and computer equipment).

The importance of this policy is reflected in the amounts allocated and the appreciable long-term growth in recent years. In 2005, the BBVA Group's spent over 46 million euros on community support actions, 21,3 % more than in the previous year.

Evaluating the utility and social impact of this type of action is a particularly complex task. However, specific ratings awarded by assessment agencies and other institutions specialising in monitoring CSR policies do provide a good indicator of BBVA's work in this area. The tables below show all the ratings of which the BBVA is aware that have allowed publication of their figures.



BBVA'S CORPORATE RESPONSIBILITY RATINGS AS AWARDED BY SPECIALIST AGENCIES

Organisation	Dimension	2005		2004	
		BBVA	Sector average	BBVA	Sector average
SAM ^a 	Community Support / Philanthropy	87	34	65	32
VIGEO ^{a, b, c} 	Community	65	+	58	=

^a Scoring scale: 0 to 100.

^b Rating compared to industry average: ++ Pioneer, + Advanced, = Average, - Below average, -- Unconcerned.

^c VIGEO also carries out "Investor Solicited Activity", performing corporate audits on request from businesses.

COMMUNITY SUPPORT: FUNDS ALLOCATED BY THE BBVA GROUP AND ITS FOUNDATIONS⁽¹⁾

(Thousand euros)	2005	2004	2003	2002		2005	2004	2003	2002
BBVA group in Spain and Portugal and Andorra ⁽²⁾	21,080.57	18,886.18	11,255.39	7,571.40	Social Sciences	8,796.73	10,002.66	9,942.92	
BBVA group in Latin America ⁽²⁾	4,617.74	1,598.35	3,821.50	2,642.20	Training	7,223.04	4,814.42	6,919.90	14,804.20
					Health	4,883.03	1,343.67	2,276.90	
					Promotion of Social Responsibility	479.05	302.92	247.2	
BBVA Foundation	16,970.00	14,570.00	16,387.00	15,134.00	Social Care	4,891.88	4,537.51	1,484.20	1,810.70
BBVA Bancomer Foundation	3,405.19	2,934.10	3,348.10	3,132.00	Environment	5,814.25	5,038.14	3,060.00	643.1
BBVA Provincial Foundation	225.31	197.89	291.3	269.7	Culture	10,949.10	9,242.19	7,694.67	6,459.70
BBVA Banco Francés Foundation	152.76	99.96	159.3	112.1	Other fields and structural expenses of foundations	3,448.70	3,036.55	3,683.10	5,204.30
BBVA B. Continental Foundation	34.21	31.6	46.3	60.6					
TOTAL	46,485.77	38,318.06	35,308.89	28,922.00	TOTAL	46,485.77	38,318.06	35,308.89	28,922.00

⁽¹⁾ Funds allocated in 2004 and 2005 include the contributions made by the Group, except:

- In Foundations, where the figures include the outlay made by each Institution in its own aims and the administration and structural costs of each Foundation.
- In Research, Properties and Services (which includes the historical archive) and Institutional Banking, where the work time of the staff involved in activities of social interest has also been computed.
- In Premises and Services (which includes the Historical Archive), Retail Banking in Spain and Portugal, Institutional Banking and Communication and Image, for which the value of the premises made available and contributions in kind have also been computed.
- Evaluation of the *Préstamo Nacimiento* (Birth Loan), which includes direct costs (operating expenses, financing costs and dissemination expenses).

In no case do the figures include the social benefits stipulated in collective labour agreements (targeted at Group employees or their families) or grants and work experience within the group.

Finally, for the purposes of converting contributions made in local currency in Latin American countries, the average euro exchange rate for the corresponding years has been used.

⁽²⁾ Does not include foundations.

EVALUATION OF THE BBVA GROUP'S COMMUNITY SUPPORT POLICY SPANISH INSTITUTIONS

Organisation	Rating/Score	Observations
Foundation Company and Society	Social content of the <i>CSR Report</i> 2003: 430 (out of 1000) 2004: 800 (out of 1000) Treatment of Social Action in the <i>Report</i> 2003: 230 (out of/ 1000) 2004: 313 (out of/1000)	Fundación Empresa y Sociedad, <i>La responsabilidad corporativa y la acción social en la Memoria 2003 de grandes empresas españolas</i> and <i>La responsabilidad y la acción social en el Informe 2004 de grandes empresas y cajas de ahorros</i> .
GIMARK	Place awarded by the public (from among the companies analysed) to BBVA's community support policies in the areas of: <ul style="list-style-type: none"> - Cultural activities - Support to less developed countries - Help to aid organisations and social aid projects - Public health and sanitation projects - Educational projects 	GIMARK, <i>Tracking de RSC</i> , December 2005. Comparative six-month analysis (survey of 1,200 people) of public perceptions of the corporate social responsibility policies of nine leading Spanish companies (confidential document). The table shows all aspects of the community support policies covered by the study.

● The BBVA Group's foundations

The BBVA's foundations are non-profit organisations, created with the specific goal of contributing to the comprehensive development of society. Their primary areas of operation are: science, culture, education, health, environment and social care.

BBVA Foundation (Spain)

Promotes scientific research, particularly in the following areas:

- Social sciences.
- Health, bio-medicine and the health care system.
- Environmental Sciences.

The foundation's activities are structured into various schemes comprising differentiated projects, operating through two systems:

- Own initiatives: internally selected, in some cases, by means of collaboration agreements with institutions of excellence.
- Public calls for projects: to encourage research through scholarships, travelling grants and awards.

The schemes centre on aspects of priority social interest, promoting analysis, research, reflection and debate, generating large numbers of public events and a considerable amount of published material of conventional and electronic type.

For further information, please see:
www.fbbva.es.

BBVA FOUNDATION (SPAIN): BASIC ACTIVITY INDICATORS

ITEM	2005	2004
Number of collaborators	1,045	1,732
Number of research projects (41 begun in 2005)	178	172
Advanced training (scholarships, courses, awards, etc.)	21	37
Number of specialist meetings and seminars	35	21
Number of general lectures	40	88
Number of publications (including co-publications)	36	39
Number of hits on the BBVA Foundation portal	14,669,179	11,634,089
Number of speakers (active)	244	260
Number of people attending the different activities	6,422	7,300
Number of libraries that receive BBVA Foundation publications	643	117
Number of academic journal that receive BBVA Foundation publications	31	32
Number of recipients of BBVA Foundation publications (not including co-publications)	20,522	22,516
Dissemination material published (brochures, invitations, handbooks, etc.)	227,200	170,910
Number of hits recorded on the website	139,995	120,582

PRESENCE OF THE BBVA FOUNDATION (SPAIN) IN THE MEDIA, 2005

Total number of references (news items related to BBVA Foundation)

Press: 1,572 items	Television: 66 items
Radio: 139 items	Internet: 496 items
Impact of dissemination in press: 100,700,000 copies	
Audience impact (readers/spectators): 526,800,000	

Source for audience impact and dissemination: SOFRES/EGM/OJD.

BBVA Banco Continental Foundation (Peru)

The foundation operates mainly in three areas:

- Promotion of Peruvian culture through its five galleries in Lima, Cuzco, Ciudad de Trujillo, Iquitos and Cajamarca.
- Publications, on occasions in conjunction with fund manager AFP Horizonte (a member of the BBVA Group).
- Social and community outreach work.

For further information, please see:
<http://www.bbvacontinental.com>.

BBVA Banco Francés Foundation (Argentina)

The foundation's basic aim is to contribute to the well being of the community as a whole. Its primary areas of activity involve encouraging business activity, collaborating with relief organisations and promoting culture and art. It also actively promotes corporate responsibility through research and public events and collaborates with the Ecumenical and Social Forum (a meeting point for companies, third-sector institutions and religious faiths) in encouraging civic values.

The foundation's head offices house a gallery with a collection of work by artist Líbero Badíi (owned by the foundation).

For further information, please see:
fundacion@bancofrances.com.ar.

BBVA Bancomer Foundation (Mexico)

The foundation's purpose is to promote the individual well being and collective development of Mexican society. Its chief objectives are:

- To promote educational, artistic and cultural activities.
- To collaborate in development and social care activities that will benefit low-income communities.
- To contribute to raising the country's living standards and educational levels.
- To assist relief institutions.
- To forge closer links with other similar institutions.

For further information, please see:
www.bancomer.com.mx/fundacion/index.asp

BBVA Provincial Foundation (Venezuela)

The foundation seeks to promote the development of Venezuelan society. Its activities centre primarily on education and culture. Its most important activity is the *Proyecto Papagayo* (Parrot Project). The project enjoys the backing of UNESCO, which considers it to be an "innovative project for Latin America" because of its educational content and the principles on which it is based.

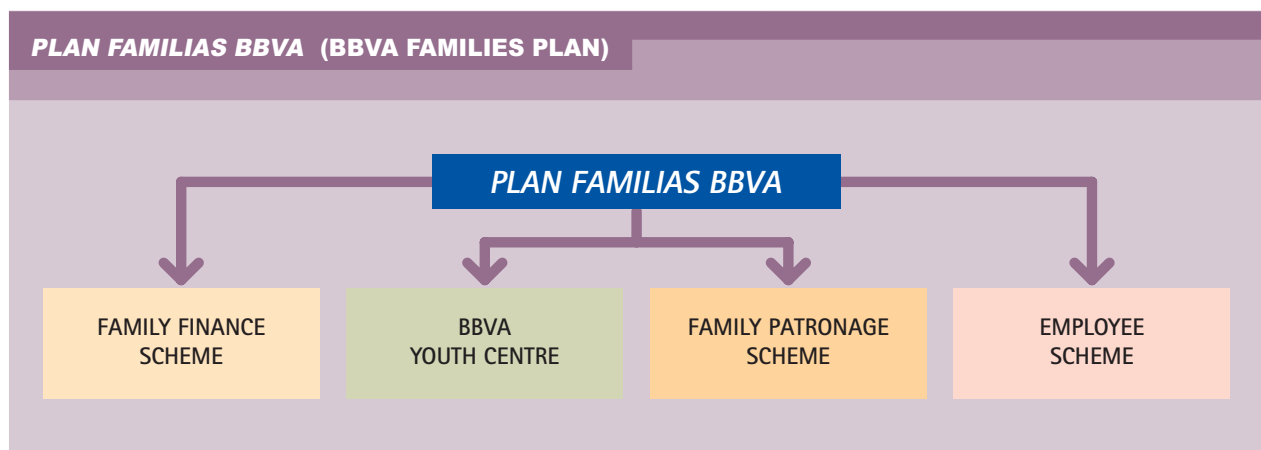
For further information, please see:
www.provincial.com/fundacion/fp_1.html.

● Plan Familias BBVA (BBVA Families Plan)

The *Plan Familias* is a BBVA Group corporate community support scheme, approved at the end of 2003. Its aims are:

- To consolidate a form of action that will be in keeping with the Group's character and strategy as a means of responding to its culture and values.
- To establish a clearly differentiated community support strategy.
- To involve as large as many people as possible from the organisation in the activities of the scheme.

The *Plan Familias* focuses its work on helping families meet their basic needs, with particular attention to the most needy and vulnerable family groups (children, young people, elderly people, women, etc.). It operates through various different lines of action (financial initiatives, direct support, educational activities, analysis and research, forums for dissemination and collective debate, publications, etc.), grouped into four schemes.



Financiación Familiar (Family Financing) scheme

The scheme centres on family loans —small loans intended to cover specific family needs at 0 % interest, free from commissions, with a maximum term of three years. Two new systems were developed in 2005:

- *Préstamo Nacimiento* (Birth Loan): This loan offers help in meeting the expenses of having or adopting a child, and is accessible to all mothers (Spaniards, foreign residents, working or unemployed, single or married women.). Following the favourable reception for the first campaign (February-June 2004) a second one was launched, running from October 2004 to February 2005. By the time of its completion, 7,568 loans had been granted, to a value of 22.5 million euros (947 operations —12.5 % of the total— with foreign borrowers). During 2005, 3,194 loans were granted, to a value of 9.5 million euros (425 operations —13.3 % of the total— with foreign borrowers). The scheme incorporates a special system of risk analysis to allow loans to be provided to people who find it difficult to access the financial sector (very particularly, immigrants).
- *Préstamo Superación* (Bettering Loan): This loan was targeted at families with children under 30 with physical or mental disabilities and to the disabled people themselves, to help finance non-habitual expenses related to the disabilities (improvement in mobility or sensorial capacity, training and medical treatments, etc.) The scheme ran from 1 July to 31 October, 915 and awarded loans to a total value of 2.8 million euros.

Programa de Mecenazgo Familiar (Family Patronage Scheme)

The scheme has two separate areas of action:

- Projects for the Future: Centres on training and youth. The key projects in this area are the *Ruta Quetzal BBVA* (Quetzal Route) and prizes for teaching work, in collaboration with FAD, the *Fundación de Ayuda contra la Drogadicción* (Drug Addiction Aid Fund) and UNESCO.
- Family Initiatives: Sponsorship for initiatives in the family area carried out by prestigious institutions, such as the *Fundación +Familia*, *Fundación Ayuda contra la Drogadicción* (FAD), CEFAES, the *Centro de Educación Familiar Especial* (Special Family Education Centre) and AFAVI, *Acción Familiar de Vizcaya* (Vizcaya Family Action).

Centro BBVA para la Juventud (provisional name for BBVA Youth Centre)

This plan, to be launched in 2006, is designed to be a space for training, advice and information on a complete range of youth-related social and economic issues.

Employees Scheme

Activities aimed at the families of people working in the group, related to training and initiatives for encouraging voluntary work. These include a training course on voluntary work on the group's intranet, support from employees and family for the "*Leyendo juntos-Residencia Activa*" (Reading together/Active Residency) project organised by *Acción Familiar Vizcaína* (AFAVI) and especially, the *Eurosolidario* project (see box).

EUROSOLIDARIO PROJECT

Aim: to raise funds for the project organised by the *Entreculturas-Fe y Alegría* Foundation in the Loco River basin in Peru, to facilitate access to education and contribute to the social and economic development of the area, through rural schools for children and young people in indigenous peasant communities.

Procedure: since September 2005, BBVA has been promoting a campaign (publicised over the intranet) which allows employees in Spain to donate one euro a month, which is automatically deducted from their pay packets. BBVA then matches the amount donated by its employees euro for euro. *Entreculturas* provides documentation, which is distributed internally and is in charge of project monitoring and economic management.

By 31-Dec-05, 4,522 employees had joined up and €12,248 had been raised. BBVA matched this contribution, to double the total.

● Activities outside Spain

The Group's overseas activities essentially centre on Latin America, where its community support is primarily focused on education and culture, although it also devotes considerable resources to

social care and to supporting business initiatives. In absolute terms, the countries that receive most are Mexico and Venezuela, although in relative terms (as a percentage of profit) Venezuela and Puerto Rico are very significant.

COMMUNITY SUPPORT POLICY OUTSIDE SPAIN		
Country	Bank	Relevant project
LATIN AMERICA		
ARGENTINA	AFJP CONSOLIDAR	<i>Mejor Prevenir</i> (Prevention is the Best Cure) Campaign. Backed by the Argentinean Paediatrics Society, this is a scheme for accident prevention and education. Since its launch two years ago, 20,000 schoolchildren have taken part in the scheme.
	BBVA Banco Francés	Fourth Prize for Entrepreneurs Displaying a Spirit of Solidarity Collaboration since 2002 with the Ecumenical and Social Forum in identifying programmes that improve living conditions and stimulate a spirit of solidarity.
	BBVA Banco Francés Foundation	<i>Paso a Paso</i> (Step by step), an educational scheme in collaboration with the Leer Foundation, which introduces new educational methods and promotes participation by family and community at pre-school and primary level.
BOLIVIA	AFP PREVISIÓN	National Novel Prize, in collaboration with the Bolivian Arts Ministry and the publishing house, Santillana.
CHILE	AFP CHILE	Financing for a chair in social security at the School of Economics and Administration of the University of Chile, to disseminate the principles of the private pensions system.
	BBVA Chile	The BBVA Chile sports club, which encourages sport and healthy living among the families of BBVA's employees, also organises activities for the wider community. The bank also gives financial support to the state sports corporation in promoting development in sport, especially among the lowest-income sector of the population.
COLOMBIA	AFP HORIZONTE COLOMBIA	Recycling of the institution's paper to be exchanged for food, which is given out to underprivileged children and elderly people.
	BBVA Colombia	National Painting Competition. This is most important painting competition in Colombia.
MEXICO	BBVA Bancomer	Support for victims of Hurricanes Stan and Wilma.
	BBVA Bancomer Foundation	Bancomer Education Scheme, which includes events such as the Children's Knowledge Olympics, Cultural Coexistence Week and the ITESM-Bancomer scholarships for excellence.
PANAMA	BBVA Panama	<i>Pasión por las Personas</i> (Passion for People): social care for underprivileged people.
PARAGUAY	BBVA Paraguay	Copa del Rey Tournament: charity golf tournament, in collaboration with Iberia and Mapfre. Every year, the money raised is donated to a humanitarian organisation: in 2005, it went to build a small school in a deprived area.

COMMUNITY SUPPORT POLICY OUTSIDE SPAIN (Cont.)

Country	Bank	Relevant project
PERU	AFP HORIZONTE	Support for the Club del Pensionista, a private organisation which promotes projects intended to improve the quality of life of elderly people in need.
	BBVA Banco Continental	<i>APRENDO</i> : this scheme introduces children to the world of economics and finance, with a series of activities in Peruvian schools.
	BBVA Continental Foundation	Programme of Exhibitions: During 2005, nineteen exhibitions were held in different towns and cities around the country.
PUERTO RICO	BBVA Puerto Rico	<i>Adelante es Aprender</i> (Forward to Learning) scheme: plan for financial education in elementary schools, with participation from bank employees and visits by the schoolchildren to bank offices.
URUGUAY	BBVA Uruguay	Support by the bank and its employees to the children's section of the Pereira Rosell Hospital.
VENEZUELA	BBVA Banco Provincial	Training of micro-entrepreneurs: training scheme providing comprehensive help in obtaining financing and strengthening management capacity.
	BBVA Provincial Foundation	<i>Programa Papagayo</i> , intended to give education on values and promote reading and creative writing among children in basic public education.
EUROPE		
ANDORRA	Banc Internacional d'Andorra-Banca Mora	Season of Music and Dance, in collaboration with the Town Council of Andorra la Vella, with artists of recognised international standing.
PORTUGAL	BBVA Portugal	Sponsorship, in collaboration with leading Portuguese companies, of the Museum of the Presidency of the Republic, which this year hosted the exhibition <i>El Palacio de Belém</i> .

● Theme fields

The BBVA Group carries out community support schemes in the following fields:

- Social Care.
- Education.
- Culture.
- Health.
- Social Sciences.
- Environment.
- Promotion of Business Accountability.

Social Care

This area includes contributions and donations made to relief organisations and direct aid (economic aid, materials and human resources) to help meet the basic needs of disadvantaged groups and provide emergency relief.

Spain

In addition to the *Programa de Financiación Familiar* (see section on *Plan Familias BBVA*), work in this area is channelled through direct aid to humanitarian organisations.

BBVA has been developing a protocol of action for opening and handling accounts and channelling humanitarian aid. In some cases, bank customers are told about the action in order to encourage them to make donations. An important example in 2005 was the action taken after Hurricane Stan, when BBVA customers and employees contributed more than 150,000 euros. The money raised was given to the Spanish Red Cross.

BBVA also provides humanitarian organisations with flyers addressed to the group's customers in

Spain (500,000 brochures per action). The beneficiaries of this initiative in 2005 were: Anesvad, Manos Unidas, Fundación Intervida, Médicos Mundi, Doctors Without Borders, the Red Cross, Fundación Entreculturas, Cáritas and UNICEF.

The *Colabor@* service, introduced by BBVA.net, allows customers to make contributions to humanitarian organisations, easily and without commissions, especially for special emergency relief campaigns. By the end of 2005, the service included 29 national and international institutions and a total of 722,794.80 euros had been donated by this means over the year (five times the amount for 2004).

Among the institutions benefiting from social care were:

- *Fundación de Ayuda contra la Drogadicción (FAD).*
- *Fundación Víctimas del Terrorismo.*
- *Fundación Tot Raval.*
- *Fundación Deporte Joven.*
- *Médicos del Mundo.*
- *Acción Familiar Vizcaína (AFAVI).*
- *Fundación + Familia.*
- *Centro de Educación Familiar Especial (CEFAES).*

- UNICEF.
- Spanish Red Cross.
- *Asociación de Lucha contra el Cáncer.*
- *Nuevo Futuro - Aldeas Infantiles*

Anida, a fully-owned subsidiary of BBVA, is involved in a project run by the Vicente Ferrer Foundation and ASPRIMA (the Developers Association of Madrid) to build 500 homes in one of the poorest areas of India. The scheme will be carried out in 2006.

Latin America

The following are just some of the many activities carried out in Latin America in 2005 by organisations in the BBVA Group:

BBVA Bancomer (Mexico)

- Economic aid to provide relief for damage caused by Hurricanes Wilma and Stan (see box).
- Educational anti-addiction scheme run by the BBVA Bancomer Foundation, in collaboration with the FAD and the Office of the Public Education Secretary of the Mexican Federal Government.

SUPPORT TO VICTIMS OF HURRICANES STAN AND WILMA

Aim: aid to 8,000 families affected in various states of Mexico.

Procedure: BBVA Bancomer donated 2,500,000 pesos and channelled donations from customers and employees. The Bank's offices acted as "stockpiling centres" for gathering material for those affected (919 boxes of provisions and 1000 sets of kitchen pots and pans). In some cases, branch offices in the states affected were used as stores for channelling aid. 327 workers from BBVA Bancomer participated on a voluntary and unpaid basis in this work.

An employment aid fund was created with the Mexican government, targeted at affected SMEs in the disaster areas. Preferential conditions were also offered on financial products to benefit people, organisations and institutions that had suffered damage.

BBVA Banco Provincial (Venezuela)

Collaboration in the *Alianza para una Venezuela sin Drogas* (Alliance for a Drug-Free Venezuela) scheme, developed by CONACUID, the *Comisión Nacional Contra el Uso Ilícito de las Drogas* (National Committee to Fight the Illicit Use of Drugs).

BBVA Banco Continental (Peru)

Support to FUNDADES, *Asociación de Hogares Nuevo Perú* (the New Peru Homes Association) in projects targeted at the most needy section of the population and programmes for children and young people with disabilities.

BBVA Banco Francés Foundation (Argentina)

Support for the *Integrar es dar oportunidades* (Integrating means giving opportunities) scheme, with 31 wheelchairs donated to CILSA, an NGO for underprivileged people, mostly children.

Education

The BBVA Group pays particular attention to encouraging education. It carries out a number of initiatives —of its own and in collaboration with other organisations— with particular stress on disadvantaged groups. Its work in Latin America is particularly significant, where it has many

activities that have been running for a number of years with broad international recognition.

Spain

Among the various initiatives sponsored by the group are:

- *Ruta Quetzal BBVA* (see box).
- Prize for Teaching Activities: Targeted at infant and/or primary teachers and schools and organised by the *Fundación de Ayuda contra la Drogadicción* (FAD), with the collaboration of the Spanish Committee for Cooperation with UNESCO and BBVA.
- BBVA Foundation: carries out a number of initiatives intended to improve the quality of education and promote advanced training. These include:
 - Twentieth edition of the Francisco Giner de los Ríos Prizes for improvement in educational quality, in collaboration with the Ministry of Education and Science.
 - Twenty-fourth edition of the summer courses at the University of the Basque

Country, in which the BBVA Foundation is the largest private collaborating institution.

- Sponsorship of the courses in journalism at the Autonomous University of Madrid and *El País* for training media workers.
- Promotion of advanced training, through support for a large number of activities by university institutions.
- Second Survey of Spanish University Students.
- Other initiatives:
 - Training of university students to help them in joining the labour market, through articulated educational practices. Managed by Human Resources, in cooperation with Spanish and overseas educational institutions.
 - Sponsorship of the *Blue Jóven* Prizes for Young Entrepreneurs of Andalusia and the Balearic Islands, in collaboration with the two regional governments, intended to encourage enterprising attitudes among students of vocational education.

RUTA QUETZAL BBVA

Aim: educational, cultural and adventure programme that provides young people from various countries throughout the world with an opportunity to discover the human, geographical and historical dimension of Spanish and Latin American culture, stimulating values such as intellectual curiosity, study, effort, co-operation and solidarity, recognition, acceptance of cultural diversity and capacity to adapt to unfamiliar surroundings.



Procedure: the activities of *Ruta Quetzal BBVA* centre on annual expedition in Latin America and Spain which is intended to stimulate an understanding of the real situation and relations between the two worlds, while at the same time constituting a forum for intense personal experience and fertile schools of coexistence. A large number of courses and workshops are organised during each expedition, within an academic programme designed by the Complutense University, Madrid, in collaboration with other Spanish and Latin American universities. Sports activities in natural surroundings are organised by the Spanish Sports Board. A number of television programmes are made on each trip.

This is one of BBVA's star patronage projects: the group is in charge of organising the programme and it contributes the necessary economic resources (1.2 million euros in 2005). It is also attached to the Spanish Foreign Affairs Ministry's Office of the Secretary of State for International Cooperation and Latin America and backed by the General Secretariat for Latin America. It has been designated as a programme of global interest by the UNESCO. The 2005 excursion was also declared to be of national interest by the Government of Peru, and received collaboration from the Spanish Ministry of Defence and the autonomous communities of Castile-La Mancha, Castile and Leon, Madrid and the Basque Country.

The twentieth *Ruta* was held in 2005. The 350 participants, chosen in a competition in each country of origin, came from around fifty different countries. Fifty of the participants were children of BBVA Group employees. This year's excursion, entitled "From the Cities of the Kings to the Amazon", crossed Peru and Spain. Participants were received by the King and Queen of Spain at the La Granja Palace in Segovia. The year also saw the launch of a competition of short stories from the Quetzal Route, which was open to expedition members from any year registered in the "*Espacio Quetzal*". 68 short stories were sent in.

Information and correspondence on the *Ruta Quetzal BBVA* are channelled separately (www.rutaquetzal.com).

- Institutional Banking and the Spanish Federation of Municipalities and Provinces (FEMP) have a framework agreement for training civil servants. They also promote *Foro Local*, a forum that provides training and communication activities for local authorities —with publications such as *El Manual del Alcalde* (The Mayor's Handbook) and the *Foro Local* Observatory Prize. In addition, they offer a large number of scholarships for doctoral students at the University of Deusto.
- The Retail Banking area is the largest sponsor of the Spanish branch of AIESEC (the international association of economic science students).
- The Communication and Image area sponsors courses, seminars and conferences by several institutions for training professionals.

Europe and the United States

- Banc Internacional d'Andorra-Banca Mora has replaced its traditional Christmas gift to employees with a donation to an NGO of a minivan for students from a special needs school and a library. It also works with the Ministry of Education on the *Clau Digital* project, related to educational methodology, which will be applied in the three systems of education operating in the country (Spanish, French and Andorran).
- Wholesale Banking carried out several projects, organising fourteen free training courses for investors, which were attended by 800 people.
- BBVA New York participated in the “Joseph A. Forgiore Development School for Youth (DSY)” scheme for young people from low-income communities.
- BBVA Milan collaborated with several Italian universities on a number of courses.

Latin America

Practically all the Group's institutions in the region, particularly its foundations, are involved in educational projects (some of which are very well consolidated), in the conviction that education is the best investment for encouraging development. The projects promoted included:

Venezuela

- *Papagayo* project: managed by the BBVA Provincial Foundation. UNESCO considers this to be “an innovative project for Latin America” given the educational content and the principles on which it is based. It promotes education in values such as comprehensive and horizontal processes, through reading and literary creation from an early age. In addition to the direct beneficiaries —teachers and pupils— the projects also indirectly benefits the family group, the educational community and the wider community environment. Since 1999, 16,000 children and 592 public schools have received direct aid from this initiative, and over 50,000 people have benefited indirectly. The Foundation also organises a major children's book-publishing scheme on a national scale, through the network of public libraries and school libraries. In its seven years in operation, it has direct or indirectly benefited 640,000 children.
- BBVA Banco Provincial promotes a training scheme for micro-entrepreneurs. The aim is to provide comprehensive assistance with a view to favouring access to financing and strengthening management capacity. The project is conducted through strategic collaboration alliances with prestigious universities in the country: UNMET, UNITEC and ULA.

Mexico

The BBVA Bancomer Foundation's *Bancomer en la Educación* scheme is a scheme involving major social impact which enjoys the support of the Office of the

PAPAGAYO PROJECT: ACTIVITIES AND FORECASTS

Academic courses	Schools involved	Teachers	Pupils
2004 to 2006	525	2,100	63,000
2006 to 2009	1,080	4,320	129,600
TOTAL	1,605	6,420	192,600

Secretary of Public Education and the Presidency of the Republic. It includes the following activities:

- Scholarship to low-income families.
- Excellence scholarships to young people with high academic results and limited economic resources, to help them enter high school or study at the Technological Institute of Higher Studies in Monterrey. To 2005, 390 grants had been awarded for preparatory and university education.
- Twenty-four comprehensive training centres, with voluntary collaboration from employees of BBVA Bancomer and their families, centring on basic training for underprivileged and undereducated people, particularly in depressed rural areas.
- Children's Knowledge Olympics—in collaboration with the Secretary of Public Education. 550 scholarships were awarded under this scheme in 2005.

BBVA Bancomer sponsors the “Mad Science” workshops at the Children's Museum of Mexico City, which are intended to bring primary schoolchildren from public schools into contact with the world of science. It also promotes the “BBVA Bancomer Education Pact”, under which it offers teachers special financial conditions and exclusive benefits in recognition of their work and the role they play.

Peru

Aprendo BBVA project: an imaginative scheme for training children and young people about economical and financial issues. Recommended by the Peruvian educational authorities, the project helps promote business creativity among young people, and is complemented with a micro-financing scheme.

In 2005 it was attended by 704 students from 11 schools (6 private and 5 state) from the cities of Lima, Arequipa, Trujillo and Chiclayo.

Argentina

- The educational activities of BBVA Banco Francés Foundation and the bank itself include: “School and Museum”, educational tours for schoolchildren of the Líbero Badií Museum (run by the Foundation); *Jug-Arte* Programme in support of the paediatrics department of the Clínicas Hospital; Workshops for Encouraging Reading at the Las Tunas Library; *Paso a Paso*, educational scheme in collaboration with the

Leer Foundation centring on new educational methods that promote participation of the family and community, for children at pre-school and primary level.

- BBVA Banco Francés sponsors of the Junior Achievement Foundation and supports several of its schemes for primary and secondary level schoolchildren. It also collaborates with the Cimetos Foundation in providing access for children from low-income families to basic education.

Puerto Rico

Adelante es Aprender project, intended to provide access for children from low-income families to education. The scheme is run in state primary schools, which are visited by volunteers drawn from the bank's staff who teach the children basic economics. As well as receiving a range of materials, the schoolchildren also visit bank offices.

Culture

This is one of the BBVA Group's traditional fields of action, where it has an ambitious cultural programme. The Group is a leader in art patronage in both Spain and Latin America.

Spain

The basic activities are channelled within the cultural scheme run by the Communication and Image area since 2003. It centres on in three major areas: an exhibition programme, restoration of the historical and artistic heritage and promotion of music.

- Exhibition Programme:
 - BBVA Exhibitions:
 - *Obras Maestras de la Colección BBVA* (Masterworks from the BBVA collection) (see box).
 - *De Rafael a Degas: Obras Maestras del Museo Fabre de Montpellier* (From Rafael to Degas: Masterworks of the Fabre Museum of Montpellier): in Madrid and Bilbao, with 55,588 visitors.
 - *BBVA Contemporáneos* (BBVA Contemporary Artists): space for avant-garde art created in 2005. The first show was *Hasta pulverizarse los ojos* (Madrid and Bilbao, 12,220 visits).
 - Exhibitions in collaboration:

OBRAS MAESTRAS DE LA COLECCIÓN BBVA (MASTERWORKS FROM THE BBVA COLLECTION)

Aim: to exhibit a representative selection of the BBVA Group's art collection (3,000 important works) in various countries in Latin America.

Procedure: the show offered a historical tour through major works of international art ranging from the fifteenth to the twentieth centuries. Presented at important museums in six Latin American countries during 2004 and 2005: Mexico, Chile, Peru, Colombia, Venezuela and Puerto Rico. In 2005 the exhibition visited Venezuela (Caracas Museum of Fine Arts, from 30 November 2004 to 25 January 2005; 9,765 visitors in total; 4,875 in 2005) and Puerto Rico (Museum of Art of Puerto Rico, San Juan: 15 February - 27 March 2005; 8,340 visitors).

For further information, please see: www.bbva.es/BBVA/ColeccionBBVA.

- With the BBVA Bancomer Foundation, it sponsored the special Mexican pavilion at ARCO 05 (the international fair of contemporary art of Madrid).
- *La Mujer. Metamorfosis de la modernidad* (Woman. Metamorphosis of Modernity), in collaboration with the Fundación Joan Miró (Barcelona, 32,324 visitors to 31 December 2005).
- *El Imperio Azteca* (The Aztec Empire), with the Guggenheim Museum Bilbao (607,699 visitors).
- *El Retrato español del Greco a Picasso* (The Spanish Portrait from El Greco to Picasso), with the Prado Museum (Madrid, 351,392 visitors; in 2005, 91,531).
- *Los maestros del collage* (The Masters of Collage), with the Fundación Joan Miró (Barcelona, 43,457 visitors to 31 December 2005).
- *Eighteenth Audio-visual Exhibition*, with the School of Fine Arts of the University of the Basque Country (Bilbao, 1,800 visitors).
- Restoration of the historical and artistic heritage:
 - St. Michael's Chapel, Cathedral of Jaca. In collaboration with the Provincial Government of Aragon and the Bishopric of Jaca.
 - Sepulchre of Ordonno II in the Cathedral of Leon. In collaboration with the chapter of the Cathedral of Santa María (León).
 - Ceiling and columns of the Myrtle Court in the Alhambra, Granada. In collaboration with the Board of Governors of the Alhambra and the Generalife.
- Collection of tapestries from the Cathedral of Santiago de Compostela. In collaboration with the chapter of the Cathedral of Santiago de Compostela.
- High Altarpiece of St. George's Church in the Charity Hospital of Seville. In collaboration with the Government of Andalusia and the Santa Caridad Confraternity.
- Promotion of Music:
 - Sponsorship by the BBVA's Albéniz Foundation of the viola professorship at the Escuela Superior de Música Reina Sofía.
 - Sponsorship of the *Asociación de Amigos de la Ópera de Bilbao* (Bilbao Association of Friends of the Opera).
- Other cultural activities of the BBVA Group in Spain:
 - Creation, with the news agency EFE, of the *Fundación del Español Urgente* (Fundeu), to improve the use of the Spanish language in the media.
 - BBVA Historical Archive and Museum: the museum contains a large collection of documents and runs a museum on Spanish 19th-century economic history and a series of publications on finances. It also answers queries from researchers and the general public (in 2005 it received 8,080 queries).
 - BBVA Foundation, Retail Banking, Communication and Image and Private Banking, all brought out cultural publications. Some of these were distributed to local libraries, the Cervantes Institute and prison institutions.

- Institutional Banking sponsored a number of different events to mark the Fourth Centenary of the publication of Don Quixote, and brought out a brochure entitled *Las Rutas del Quijote* (The Routes of Don Quixote), which was given out free to 400,000 pensioners.
- In collaboration with the Ministry of Defence, Retail groups area sponsored numerous research projects, restoration of historical collections and publication of singular work of cultural importance.

Europe

- Banc Internacional d'Andorra-Banca Mora, in collaboration with the Town Council of Andorra la Vella, sponsors a major season of music and dance which attracts leading international performers.
- Together with two leading Portuguese companies, BBVA Portugal sponsors the Museum of the Presidency of the Republic, which hosted an historical and artistic exhibition on the Belém Palace in 2005.

Latin America

The group's many cultural initiatives included:

- BBVA Bancomer Foundation's Cultural Promotion Programme (Mexico): includes the Fund for Support for the Arts, which in 2005 conducted thirty projects in a range of artistic disciplines, including:
 - Tenth Art Bancomer Show, a representative sample of contemporary visual arts. A selection of the works was also exhibited in Paris.
 - BBVA exhibitions and exhibition organised in collaboration with the *Sala de Arte Público Siqueros* and the *Centro de las Artes de Monterrey*.
 - Fourth International Symposium on Theory of Contemporary Art (SITAC).
 - Trade school for homeless children and young people.
 - Seventh National Tour of the Mexican Children's Symphony Orchestra of Mexico (OSIM).
- Exhibition Programme of the BBVA Provincial Foundation (Venezuela), focusing on promoting Venezuelan visual artists. Major exhibitions in 2005 included the works of sculptor Francisco

Narváez and *El Quijote en Venezuela* (Don Quixote in Venezuela).

- BBVA Banco Provincial runs a programme of cultural holiday camps for employees' children, which focus particularly on promoting culture and a knowledge of national folklore.
- The cultural activities of the BBVA Banco Francés Foundation (Argentina) fall into three categories:
 - Promotion of culture, through agreements with the General Museums Office of the City of Buenos Aires, which involves sponsoring a number of travelling shows.
 - Programme of promotion, conservation and restoration of works from the Badií collection, with a digital inventory of the collection. Educational guided tours are offered for schoolchildren, as well as an open-doors symposium.
 - Conservation of architectural heritage; in 2005 this activity centred on the Alsina house, a national historical monument.
- Cultural Programme of the BBVA Banco Continental Foundation:
In 2005, nineteen exhibitions of work by Peruvian artists were held in the foundation's premises in Lima, Cajamarca, Trujillo and Arequipa. The foundation also sponsors the museum of pre-Columbian art in Cuzco, which is housed in a building owned by the bank and which comprises one of the most important collections of pre-Columbian art in the world.
- BBVA Colombia:
As well as sponsoring the national painting competition—the most important in Colombia—during 2005 the bank also sponsored the scheme *400 años del Quijote* (400 Years of Don Quixote).
- BBVA (Chile):
The many activities in which the bank was involved to mark the Pablo Neruda Centenary in 2004 extended into 2005 with the publication of texts by the poet.
- AFP Previsión Bolivia:
Since 1999, AFP Previsión Bolivia has collaborated in the National Novel Prize, together with the Bolivian Ministry of Culture and the publishing house, Santillana. It also sponsors the annual concert of baroque music by the *Hombres Nuevos* Symphony Orchestra.

EDUCATION SCHEME FOR FAMILIES ON HIGH PREVALENCE DISEASES

Aim: to provide quality information and education to patients and families on high prevalence diseases (centring on general principles of therapeutic education) and to establish a channel of contact between patients, family, associations, professionals and institutions.

Procedure: run by the Hospital Clinic, Barcelona. The use of interactive digital technology increases the effectiveness of the process of communication between the health system and the patient, allows greater capacity for self-management of the disease and consequently improves the quality of life. The collaboration period is three years and investment in 2005 came to €1.2 million.

For further information, please see: www.fbbva.es.

Health

This is another of the BBVA Group's most important fields of community support.

Spain

The basic contributions in this field are organised by the BBVA Foundation, through two schemes.

Bio-medicine

- The lines of action of this area are epidemiology, oncology, bioinformatics and molecular medicine, where it promotes innovative research. In 2005 it began a three-year project with the Institute of Biomedical Research of Barcelona to develop a laboratory devoted to the study of genes and mechanisms of metastasis. A network of cooperation will also be created with other oncological institutions and international conferences will be promoted on this subject. Total investment in 2005 came to 900,000 euros.
- The foundation contributes to advanced training, with particular stress on cellular and genetic therapy. It also collaborates with the Carolina Foundation, with a programme of grants in bio-medicine for Latin American specialists.

Health and the Health Care System

This area centres on analysis of different aspects of the health system. It promotes a line in applied medicine, collaborating with the Hospital Clinic in Barcelona, in an education scheme for families on high prevalence diseases (see box).

In both schemes, the BBVA Foundation promotes research through public calls for aid projects and organises specialised meetings,

seminars and courses, lectures and public dissemination events, collaborating with prestigious public and private institutions and carrying out extensive publishing work.

For several years, Institutional Banking has worked with the Fernando Abril Martorell Foundation on a season of lectures on health-related subjects, held at BBVA offices in a number of cities in Spain. Additionally, in conjunction with the Godia Foundation, it promotes a research project on nutrition and medical care in Burundi.

Retail Banking supports the Pi i Sunyer Foundation in the promotion and dissemination of biomedical research through the financing of grants and subsidies to scientists.

At the end of 2005, BBVA joined another twelve large companies in the public initiative of creating the Spanish Cardiovascular Research Centre (CNIC). Their joint contribution will come to a total of 100 million euros over seven years, in addition to the 166 million euros provided by the state.

Latin America

Initiatives by the Group in Latin America include:

- Contribution of the BBVA Provincial Foundation to the *Alianza para una Venezuela sin Drogas* scheme.
- Educational scheme to fight drug addiction developed in Mexico by the BBVA Bancomer Foundation and the *Fundación de Ayuda contra la Drogadicción*, in conjunction with the Office of the Secretary of Public Education.
- For some time BBVA Banco Uruguay and its employees have lent their support to the children's section of the Pereira Rosell Hospital.
- Aid provided by BBVA Banco Francés to Argentinean healthcare institutions.

ANALYSIS OF PENSION SYSTEMS IN LATIN AMERICA

Aim: to encourage research targeted at improving and disseminating knowledge and use of pension systems in Latin America.

Procedure: research programme run by the BBVA Research Department, in collaboration with the Americas Insurance and Pensions area, into the nature and functioning of pension systems in Latin America, with particular stress on private systems. The scheme, which is intended to be both analytical and educational, seeks to participate actively in debates on the reform of pension systems in the region, thus assuming the responsibility that goes with the Group's leadership of the sector.

The programme's analyses are set out in a number of publications (with a monographic edition of the research service's magazine *Latinwatch* and various editions of the *Situación* magazines published by the Group in different countries) and at public events (one of the most important in 2005 was the Tenth Annual Meeting of the Latin American and Caribbean Economic Association and the Annual Conference of the InterAmerican Development Bank).

For further information, please see: <http://serviciodeestudios.bbva.com>.

- Involvement by BBVA Puerto Rico in the *Sentimientos 2005* telethon, organised by the Association of Muscular Dystrophy.
- The Argentina fund manager, AFP Consolidar sponsors the *Consolidar por la Salud* scheme, with various courses open to the public on health-care subjects, and the *Mejor Prevenir* campaign, backed by the Argentinean Paediatrics Society. This is a programme of accident prevention and health education organised in schools in a number of cities in the country. During its two years in operation, 20,000 students from throughout the country have participated.

Social Sciences

Spain

The BBVA Group promotes knowledge, information and research in the field of social sciences, and particularly economics, basically through the Group's Economic Research Department and the BBVA Foundation

Social activity by the Economic Research Department

The BBVA Group has research services in many of the countries in which it operates: Spain, Argentina, Colombia, Chile, Mexico, Peru, Puerto Rico, Uruguay and Venezuela. It also has leading economists in the United States and Hong Kong. Under unified corporate management, these services together form one of the most important sources of economic information and research in

world banking. Their primary function is to provide internal advice, but they also play a significant social role through their reports, research and publications, through numerous public acts, media, forums, work groups and research networks, and by supporting a range of national and international institutions devoted to economic research.

Particularly important are its 30 periodical publications, distributed free of charge and mostly available on the website <http://serviciodeestudios.bbva.com>, which are unified for all the research services in the different countries. The website was set up in 2005 using WAI (Web Accessibility Initiative) guidelines, to aid access by people with technological or physical limitations. It has had over 50,000 hits from 70 countries, mainly Spain, Mexico, Venezuela, Peru, Chile and USA. Visitors to the site browse 2,500 pages and download nearly 500 documents a day. Queries mainly centre on macroeconomic forecasts.

BBVA Foundation

Encourages research and scientific debate in crucial areas for the modern world, centring on the following schemes:

- Social and economic affairs (economic growth and capitalisation, business economics and the economics of innovation).
- Demographic change, family and social integration.
- European studies.

- Values, education and public opinion.
- Knowledge society and Information Technology.

The Foundation encourages research, promotes and disseminates the knowledge generated, supports training and performs publishes a large number of texts related to this work. It also carries out extensive activity organising meetings and seminars for experts and information programmes targeted at the general public, in which it works with a large number public and private institutions. It also manages major databases on a range of aspects of the Spanish economy, accessible on its web-page: www.fbbva.es.

Anida —the BBVA Group's property subsidiary— has sponsored several courses, seminars and symposia on urban planning and the property industry.

Europe

For the third year running, Banc Internacional d'Andorra-Banca Mora sponsored an MBA in collaboration with the University of Andorra and a number of Catalan universities.

Latin America

Independently of the work carried out by the Economic Research Services, the BBVA Group institutions in Latin America also conduct a range of additional activities.

BBVA Banco Francés (Argentina)

- Sponsors the Prize for Agricultural Entrepreneurs. The prize is divided into five categories —technology and production; society and community; ecology and conservation; business and educational enterprise— and is intended to encourage applied economic research. This sixteenth edition received forty entries.
- It works with a number of universities in the country on economic seminars and grant schemes.

BBVA Chile

- Sponsors the chair of national insurance at the University of Chile's School of Economics and Administration and a master's course in Print Journalism at the Communications School of the Catholic University.

BBVA Colombia

- In 1982, together with a number of Colombian agricultural associations, the bank set up the CEGA Foundation, which it supports through its research schemes, backed by publications and debate and dissemination activities focusing on the agricultural industry.

BBVA Continental (Peru)

- A range of aid schemes to economic institutions and forums (including the Economic Forum of the Chamber of Industry and Commerce).

BBVA Provincial Foundation (Venezuela)

- The foundation has participated as a guest of the *Empresas Polar* Foundation in meetings of REDAMERICA (Inter-American network of business foundations and actions for basic development), an organisation which encourages initiatives and projects of social organisation in alliance with institutions from civil society and private companies.

Environment

The BBVA Group also pays considerable attention to environmental knowledge and protection.

Spain

The main player in this field is the BBVA Foundation, which devoted 37.3 % of its total budget for 2005 to the environment. Its activities in this area focus on promoting scientific knowledge and social awareness and encouraging research, advanced training and dissemination. It publishes extensive material as part of its special stress on conservation of biodiversity and management of protected areas. Some of the most important activities in 2005 are listed below:

- First Edition of the BBVA Foundation Prizes for Biodiversity Conservation in Spain and Latin America and Call for Submissions for the Second Edition. The aim is to support scientific research and innovative actions in the field of conservation, and highlight the importance of the environment. The combined prize fund for the five awards comes to 1 million euros, making it the world's largest award in this field.
- Support for twelve international projects for conserving biodiversity through the Second Programme of Aid to Research in Conservation

COASTAL RESEARCH STATION AT CAP SALINAS

Aim: first coastal research station in Spain. The Mediterranean Climate Change Observatory will carry out a number of activities related to research, debate and dissemination. It represents a milestone for research in Spain, which previously had no scientific education facilities for the direct study of coastal ecosystems.

Procedure: its areas of work include analysing the interaction between the atmosphere and the ocean through exchange of gases and other materials, the study of population dynamics and the development of models for formulating conservation strategies. In collaboration with the IMEDEA (Mediterranean Institute of Advanced Studies), it also promotes meetings and debates on marine biodiversity.

- Biology with a provision of 2.4 million euros, and launch of the third call for submissions.
- Programme of scholarships for training Latin American environmental specialists in Spain, in collaboration with the Carolina Foundation.
- Coastal Research Station at Cap Salinas (see box).
- Season of lectures 2005/2006 on Biodiversity and Conservation in the twenty-first century, in collaboration with the Higher Council of Scientific Research (CSIC).
- Preparation during 2005 of the Exhibition *Félix Rodríguez de la Fuente: 25 años de conciencia ecológica* (Félix Rodríguez de la Fuente: 25 Years of Environmental Awareness), opened in January 2006.
- Project for conservation of South American big cats, set up in collaboration with the Institute of Experimental Biology and Medicine, the CSIC and the Bioandina Foundation.

Anida —the BBVA Group's property subsidiary— has promised to devote 0.7 % of its net profit for 2004 to activities related to corporate responsibility, with particular attention on the environment (more information in the chapter "BBVA and the Environment").

Europe

BBVA Portugal works with the COTEC Initiative, backed by the Office of the President, in the fight against forest fires. The conclusions of this study will serve as a basis for establishing preventative policies.

Latin America

The Group's most important actions in Latin America in 2005 were:

- Mexico: The BBVA Bancomer Foundation gave significant support to the conservation of local forests. It continued work under its agreement with Pronatura, the Government of the Federal District and the National Autonomous University of Mexico to promote the project for conservation and environmental education in the Ajusco Medio Ecological Park, in Mexico City, a protected natural area covering 7,217 hectares.
- Peru: AFP Horizonte works with the *Proislas* association on the project *Conozcamos y conservemos nuestra fauna marina* (Knowing and Conserving Our Marine Wildlife), which sends out messages on prevention, education and safety measures. The BBVA Banco Continental Foundation organised an exhibition entitled *Nuestro futuro, nuestros recursos* (Our Future, Our Resources), in conjunction with the UN's Small Grants Programme.

Promotion of Business Accountability

For BBVA, the dissemination and spread of business accountability is a powerful factor in development. It supports a large number of initiatives intended to promote the philosophy, criteria and practice of this approach to business management. As well as the usual contributions by its staff at events and in relevant publications and media, BBVA sponsored and organised a range of activities during 2005. These included:

Spain

- Publication in Spanish (in collaboration with Iberdrola, Fundación Entorno and Deva Consultores) of a guide entitled *En cinco pasos*

(In Five Steps), published by Global Reporting Initiative.

- BBVA-ESADE Talks entitled *La empresa en la sociedad* (The Company in Society) (March, May and September 2005).
- *Foro de Reputación Corporativa* (Forum for Corporate Reputation): In 2005, BBVA chaired the forum and occupied the post of secretary.
- Membership of the Board of the *Empresa y Sociedad* (Business and Society) Foundation, an institution which encourages and promotes a business concept in which social action forms an integral part of company strategy.



- Collaboration with Corporate Social Action.
- Participation on the corporate social responsibility committee of the Spanish Association of Company Accounting and Administration (AECA).
- Membership as associate of the Centre for Business and Public Sector Ethics. Collaboration with the *Codespa* Foundation in the research programme on micro-enterprises and micro-financing, as part of which a first Report on the Micro-financing Sector in Latin America has been issued.
- Agreement between BBVA, Dinero Express and Economists Without Borders to develop a programme of micro-credit for Latin American immigrants in Spain.
- Agreement with the Spanish Red Cross to develop a programme for dissemination of corporate responsibility among SMEs.
- Collaboration with the Social Action Fair of Valencia, organised in May 2005.
- Publication by the BBVA Foundation of a survey entitled *La empresa sostenible: aprendiendo de los líderes del DJSI* (The Sustainable Company: Learning from DJSI Leaders).
- Signing of international agreements promoting corporate responsibility, such as the United Nations Global Compact, the Spanish Association of the Global Compact (on whose Executive Committee BBVA sits) and the United

Nations Environment Programme Finance Initiative (UNEP-FI).

- Sponsorship of various initiatives: course on “The role of Micro-financing in Economic and Social Development” (with Economists Without Borders, July 2005); Season on “Perspectives of Corporate Responsibility” (with the EOI, three sessions, second half of 2005); seminar on “Public Ethics and CSR” (with the San Pablo-CEU Small Businesses School, June 2005); Fourth National Forum on Environmental Management and Sustainability (with ANAVAM, November 2005); and *Anuario de la Empresa Responsable y Sostenible* (Yearbook of the Responsible and Sustainable Company).

Latin America

Organisations in the BBVA Group also collaborated on a range of initiatives for promoting corporate responsibility:

- Four of them are signatories to the Global Compact: (BBVA Bancomer, BBVA Banco Francés, BBVA Banco Continental and BBVA Colombia).
- BBVA Banco Francés promotes the Ecumenical and Social Forum (an institution which encourages ethics and social responsibility), which organises of the Prizes for Entrepreneurs Showing a Spirit of Solidarity (with a hundred entries received in this fourth edition) and the Agricultural Entrepreneur Prizes (held in 2005 for the sixteenth time). It also actively promotes the UN Global Pact in Argentina, participating in public fora and collaborating with the media on these subjects.
- BBVA Banco Continental works actively in the initiative for financial institutions of the United Nations Environment Programme Finance Initiative (UNEP-FI).
- In 2005 the BBVA Provincial Foundation was involved in a number of fora of debate and analysis on corporate responsibility.
- BBVA Bancomer has worked with the Mexican Centre for Philanthropy since its foundation, and for the fifth year running was awarded the centre’s Socially Responsible Company certificate.

[IV] ANNEXES

Corporate Responsibility Report 2005

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10] REPORT CRITERIA



● Basic references

This report sets out to comply strictly with the principles and requirements for information of the Global Reporting Initiative, which has rated BBVA as a reporter “in accordance” with its criteria since 2003. In that regard, the report takes into account not only the general criteria contained in the Sustainability Reporting Guidelines (September 2002) but also the specific guidelines for the financial sector contained in the *Financial Services Sector Supplement: Social Performance* (November 2002) and the environmental guidelines contained in the *Financial Services Sector Supplement: Environmental Performance* (March 2005). It also seeks to give proper account of compliance by BBVA with the principles of the

United Nations Global Compact. More details on these points can be found in the specific sections on the adaptation of the report to these two initiatives.

The report also takes into consideration numerous national and international standards and recommendations on information concerning corporate responsibility. The many sources consulted include the following:

- SPI – Finance, *Social Performance Indicators for the Financial Industry, Draft Final Report*, 2002 (www.spifinance.com).
- The Global Compact, *A Practical Guide to Communication on Progress*, 2005 (www.unglobalcompact.org).

- AccountAbility, *AA1000 Guidelines*, 1999, y *AA1000 Assurance Standard*, 2003 (www.accountability.org.uk).
- The recommendations of *Fundación Empresa y Sociedad* (Business and Society Foundation) in its annual reports on guidelines for corporate responsibility reporting, particularly the report published in 2005 (*La responsabilidad y la acción social en el Informe 2004 de grandes empresas y cajas de ahorros*) (www.empresaysociedad.org), and specific recommendations for BBVA made in a private document.
- The recommendations of *Observatorio de Responsabilidad Social Corporativa* (the CSR Observatory) contained in its annual reports on guidelines for corporate responsibility reporting, particularly the one entitled *La Responsabilidad Social Corporativa en las memorias anuales de las empresas del Ibex 35, Análisis del ejercicio 2004* (www.observatoriorsc.org).
- AECA, *Límites de la información de sostenibilidad: entidad, devengo y materialidad* (2005) (www.aeca.es).

● **Materiality**

In selecting the contents of this report, extending upon the process begun in the previous year, BBVA has striven to take specifically into account the opinion of significant representatives of its stakeholders concerning the relevance and materiality of information, seeking to come gradually closer into line with the principles of the AccountAbility AA1000 Assurance Standard. For more information on this point, see the section of this report entitled “Materiality Studies”.

● **Perimeter and scope**

This report covers information relevant to the BBVA Group as a whole in 2005, and seeks to give the fullest, truest picture possible, including information on all the countries and sectors in which the organization has a significant presence and providing data on 2004 to enable trends to be assessed objectively. Cases in which there are differences in the limits of the information provided have been highlighted whenever relevant.

The scope of the report extends to all topics and aspects which are relevant in the framework of BBVA's commitment to corporate responsibility, in view of the perception available as regards the opinions of its stakeholders in this respect.

The report seeks to strike the right balance of information consistency and sufficiency—in the light of the basic reference documents mentioned above (especially the GRI) in a document that is not unreasonably long. This inevitably implies some degree of subjectivity in the selection of quantitative indicators and qualitative information, and in the extent to which data are broken down. In this regard it must be noted that this report is supplemented by the BBVA Annual Report (which includes detailed information on the system of corporate governance) and by the information available on the corporate website (www.bbva.com).

Two points affecting the figures in this report must be highlighted:

- As from 2005, the financial information of the BBVA Group is drawn up in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union and Bank of Spain circular 4/2004. This has resulted in major changes in accounting policies, evaluation criteria and the way in which financial statements are presented as compared with the previous regulations. For the sake of consistency, the data on 2004 are presented in accordance with the same criteria. This means that they differ from the data published during that financial year. That is why only the data for 2005 and 2004 are presented (except in reference to resources destined for community support policies).
- In some cases, the figures for 2004 may differ from the data on that year provided in the Corporate Social Responsibility Report for 2004. This is due to improvements in the methods used to quantify and measure the variables affected.

● **Rigour**

BBVA has numerous instruments for assuring the quality and accuracy of the data provided in this report. On the one hand it has business areas that specialize in the systemising and management of

information that provide a sound source of content so for the Corporate Responsibility and Reputation Department. Those areas are subject to supervision, checking and auditing (internal and external) according to the usual processes of the Group. Secondly, the Corporate Responsibility and Reputation Department has requested, obtained and processed specific information under a process conducted with all units of the Group. In 2005 that process was considerably improved to consolidate an advanced information system (based on an on-line computer application) accessible to all units, managed by the Department

itself and designed in terms of IT with the cooperation of KPMG. The information obtained and presented in the report and the information system itself have both been checked by an independent firm. This is detailed in a specific section of the report.

The Spanish version of this report has been subject to a further external examination (performed by the Fundación para el Español Urgente) to verify the appropriateness of the language used (www.fundeu.es).



11] MATERIALITY STUDIES



● Analyses performed

To align the process of corporate responsibility reporting more closely with the globality principle of the GRI⁽¹⁾ and the criteria of the AA1000 Assurance Standard on AccountAbility⁽²⁾, in 2005 BBVA sought to take specifically into account the opinion of representative sectors of its main stakeholders concerning its corporate responsibility reports. The purpose of this move was three-fold: to learn how they rated the reports, to take into consideration the content that they considered significant and to improve the quality and credibility of the reports. With this information, and always in accordance with the said

standards, BBVA seeks to obtain a more objective, consensus-based delimitation of the materiality of its corporate responsibility reports, and to incorporate the information “... required by its stakeholders for them to make informed judgements, decisions and actions”, on the basis that information is “material” if its omission or misrepresentation in the report could influence the decisions and actions of stakeholders (AccountAbility, 2003).

With that in mind, aside from its numerous existing channels for dialogue with stakeholders (see the chapter “BBVA’s Corporate Responsibility Policy”), BBVA developed two specific processes in 2005 through external experts:

⁽¹⁾ “The reporting organisation should systematically engage its stakeholders to help focus and continually enhance the quality of its reports” (GRI, Sustainability Reporting Guidelines, 2002).

⁽²⁾ AccountAbility, AA1000 Assurance Standard, 2003.

- An analysis of the opinions of representatives of three basic operational areas of the BBVA Group (performed by the University of Deusto).
- A materiality diagnosis limited strictly to the requirements of standard AA1000 AS (performed by Philanthropos Consultores).

Letters attesting to the performance of these analyses are included. For the latter a summary of the main opinions and suggestions obtained is also given.

In addition, BBVA also asked an external analyst to draw up a comparative study of the contents of the main corporate responsibility reports of organisations in the Spanish financial

sector for 2004, to check how much importance each of them assigns to the various topics that may be included in such reports.

The studies mentioned and their authors have been fully available to the organisation responsible for the external checking of this report.

It must be added that some of the main conclusions of these studies have been taken into account in this report, while others (particularly many of those arising from the materiality diagnosis, which was completed when the report was already at an advanced stage) will only be able to be taken into due consideration in the report for financial year 2006.



Certificate from Philanthropos Consultores

To the management of BBVA:

From July to November 2005 a materiality diagnosis was drawn up for the BBVA Group based on the principles of standard AA1000 proposed by AccountAbility, to determine what information related to the bank is considered significant by its various stakeholders with a view to making judgements and facilitating decision-making concerning the organisation.

The materiality diagnosis comprised fourteen materiality workshops, six of which required actual attendance and eight were carried out telematically. In all, eighty-six representatives of the stakeholders of BBVA took part. Workshops were held with representatives of environmental NGO's, social NGO's, the media, consumer organisations, trade unions, customers, shareholders and BBVA employees.

The information obtained via this method has enabled the information requirements of the groups consulted to be ascertained, and a qualitative assessment to be drawn up of the contents of the 2004 Corporate Social Responsibility Report.

Madrid, 13th December 2005
Philanthropos Consultores, S.L.

Juan García Moreno
Consejero Delegado



Universidad de
Deusto

Deustuko
Unibertsitatea

Instituto de
Postgrado y
Formación Continua

Graduondoko eta
Etengabeko
Prestakuntzako Institutua

23 December 2005.

To whom it may concern

This is to certify that:

The undersigned, lecturers at the Department of Ethics of the University of Deusto, carried out for BBVA – expressly assigned by the departments of *Formación y de Responsabilidad y Reputación Corporativas*- a process of sensitisation and training in corporate social accountability for 42 representatives in the areas of Human Resources, Retail Banking and Wholesale Banking from this Institution, for three days, on 4, 5 y 6 October 2005.

One of the aspects explicitly dealt with during these meetings was based on the promotion (through group dynamics techniques) of the assessment, by those present, of earlier reports

(particularly that of 2004), on the BBVA's Corporate Social Accountability. Also, special emphasis was made on those issues that seemed particularly relevant for future reports, from the perspective of their specific tasks and the target groups with which they may have a closer relationship. These were aspects in which those present took active part, and were dealt with in order to help them to better adapt the BBVA's 2005 Report on Corporate Accountability to the materiality principles established by AA1000 standard.

Fdo: Begoña Arrieta
Aula de Ética
Universidad de Deusto



Cristina de la Cruz
Aula de Ética
Universidad de Deusto

● **Opinions of BBVA stakeholders according to the materiality diagnosis**

The opinions solicited from the stakeholders consulted in the materiality diagnosis described above were based mainly on two questions:

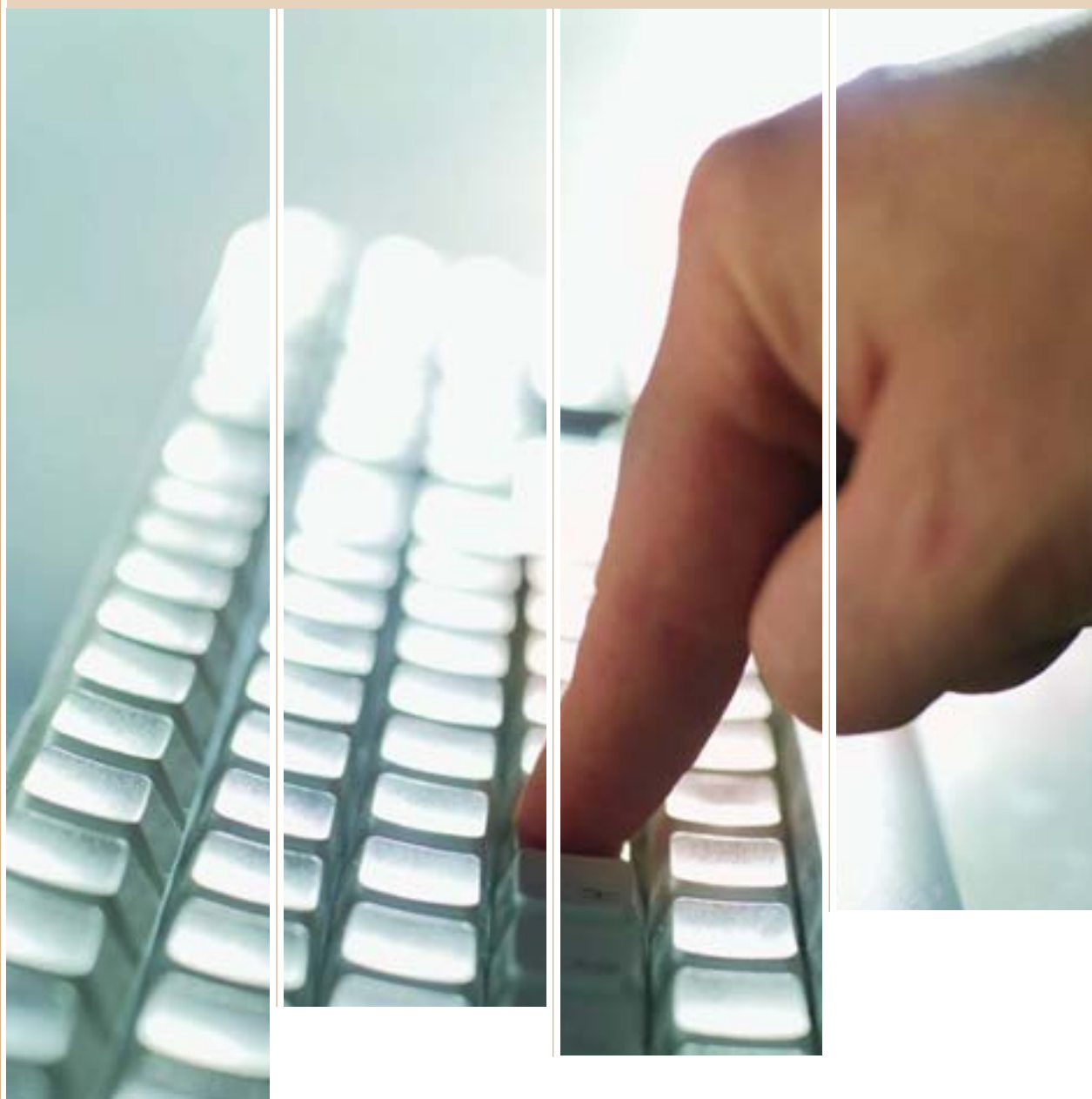
1. What is your opinion of the BBVA Corporate Social Responsibility Report 2004, and what do you think it sets out to do?

2. What basic goals, form and contents should future reports have?

In summary, and in the context of highly different frameworks of judgement among different stakeholder groups and a considerable lack of prior knowledge concerning the nature of CRS reports, the following opinions may be highlighted:

- All groups rated very highly the process of consultation set in motion by BBVA, though they stressed the idea that the conclusions reached should then be acted upon.
- Each group had its own assessment, making it very difficult to attain the right balance in covering their different expectations.
- It is noticeable that many aspects of the report (frequently requested) go unnoticed.
- Considerable difficulty emerges in striking the right balance between transparency targets, commitment to different groups and dissemination of the position and strengths of the organisation.
- The most highly rated areas of the report are its overall approach, its potential for differentiating the organisation, the letter from the Chairman, the mission and vision of the Group, external checking, the inclusion of data on more than one year, the description of responsible products and services, the analysis of how the value generated is distributed, the information on community support policies and the ecoefficiency indicators.
- It is considered (especially by primary stakeholders) that reports of this type are not a good instrument for information, but should serve other purposes. In the case of BBVA's report those other purposes are not sufficiently clearly defined.
- It is requested that the report be more specific as regards actions and less theoretical in its emphasis, but at the same time a clearer definition is requested of what the organisation considers its corporate responsibility to entail.
- The various stakeholder groups do not consider themselves to be taking a sufficiently active role, and state that their expectations as regards information are not adequately met.
- No specific group sees itself as the main addressee of the report. In particular the primary stakeholders (shareholders, employees and customers) consider that reports of this type should be addressed mainly to secondary stakeholders.
- More specific definition of goals and more precise information on the degree of fulfilment are called for.
- In general the report is seen as too complex and too long, but each group calls for more detailed coverage of the contents that concern it specifically.
- The information is seen as weighted too heavily towards the activities of the Group in Spain.
- A longer-term view is requested as regards contents, and greater comparability of information in terms of time and sectors.
- Additional, more summarised information on shorter time periods (quarterly or half-yearly) is requested.
- It is requested that the report have less text and more graphics and schematics.
- A more detailed index is called for, along with summaries of each chapter to make it easier to read.
- It is requested that information be more objective, and presented in a less declamatory, less complacent tone and (except in the case of shareholders) with a more critical attitude, to reflect not just strengths but also weaknesses.
- A more austere, more environmentally-friendly format is called for, with more emphasis on distribution on-line.
- It is requested that the report be more widely distributed, though there is a marked lack of awareness in many cases of the channels of distribution already available.

12] ASSURANCE REPORT



INDEPENDENT ASSURANCE REPORT ON THE 2005 BBVA CORPORATE RESPONSIBILITY REPORT

To Management of BBVA:

We have performed the limited review procedures agreed upon with you relating to the information included in the scope of BBVA's 2005 Corporate Responsibility (CR) Report.

The preparation and content of the Corporate Responsibility Report is the sole responsibility of BBVA's Corporate Responsibility and Reputation Department, which is also responsible for defining and maintaining the internal control and management systems from which the information is obtained. Our responsibility is to issue an independent report based on the procedures applied in the limited review.

We conducted our work in accordance with the *International Standard on Assurance Engagements 3000* (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) for the performance of assurance engagements on non-financial information.

The limited review consisted primarily of making inquiries of BBVA management and personnel and carrying out analytical procedures and sample tests as follows:

- Meetings with BBVA personnel to gather the information required for independent assurance.
- Analysis of the processes used to obtain and validate the data presented in the 2005 CR Report.
- Review of the degree of completion of, and compliance with, the 2005 CR action guidelines envisaged in the 2004 CR Report.
- Review of the steps taken in relation to the identification and understanding of the stakeholders throughout the year.

- Checking that the content of the CR Report does not contradict any relevant information furnished by BBVA in its Annual Report and its Corporate Governance Report.
- Analysis of the adaptation of the content and structure of the CR Report and of the quantitative and qualitative indicators to the GRI Standard (2002 Guide).
- Verification, by means of sample-based tests, of the calculation of the quantitative information included in the CR Report and the adequate compilation thereof based on the data furnished by BBVA's information sources.
- Verification of the qualitative information included in the CR Report.

The scope of a limited review is substantially less extensive than a reasonable assurance engagement. Accordingly, we do not provide reasonable assurance on BBVA's 2005 CR Report.

The Exhibit to the CR Report ("GRI Indicators") contains a detail of the indicators reviewed and identifies the indicators which do not cover all the matters required by the GRI and those which only include data relating to certain units. Nothing has come to our attention that causes us to believe that the reviewed matters described above are materially misstated.

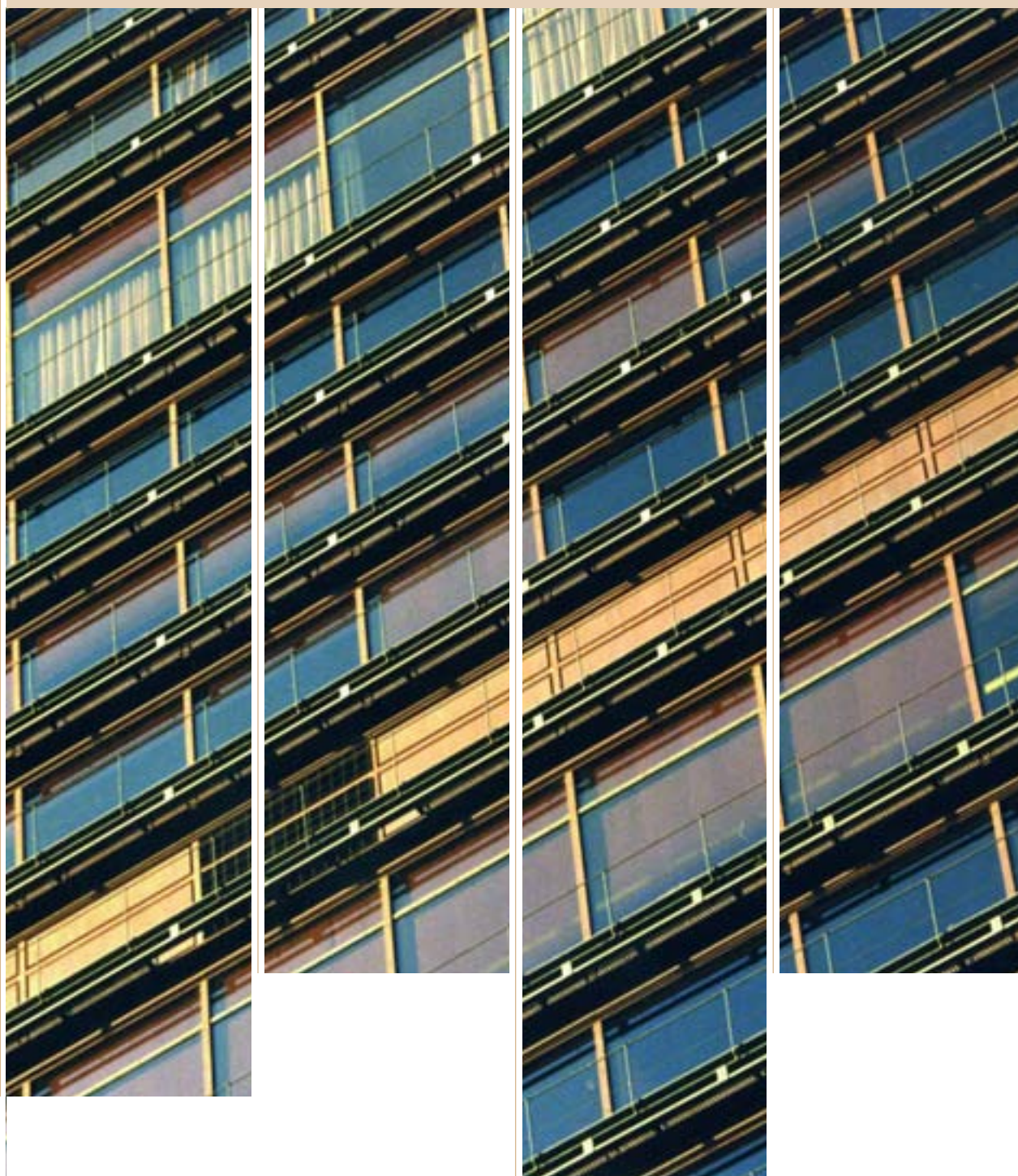
This report is issued solely to BBVA.

Madrid, February 28, 2006

DELOITTE, S.L.


Helena Redondo

13] GRI INDICATORS*



* Global Reporting Initiative.

VISION AND STRATEGY, PROFILE AND GOVERNANCE STRUCTURE AND MANAGEMENT SYSTEMS

1	Vision and Strategy	Pages
1.1	Statement of the organisation's vision and strategy regarding its contribution to sustainable development.	18-21, 23-24
1.2	Statement from the CEO (or equivalent senior manager) describing key elements of the report.	2-5
2	Profile	Pages
Organisational Profile		
2.1	Name of reporting organisation.	7
2.2	Major products and/or services, including brands if appropriate.	9
2.3	Operational structure of the organisation.	8
2.4	Description of major divisions, operating companies, subsidiaries, and joint ventures.	9
2.5	Countries in which the organisation's operations are located.	10-11
2.6	Nature of ownership; legal form.	7
2.7	Nature of markets served.	9
2.8	Scale of the reporting organisation.	9-11, 38
2.9	List of stakeholders, key attributes of each, and relationship to the reporting organisation.	21-22
Report Scope		
2.10	Contact person(s) for the report, including e-mail and web addresses.	152
2.11	Reporting period (e.g., fiscal/calendar year) for information provided.	132
2.12	Date of most recent previous report (if any).	13
2.13	Boundaries of report (countries/regions, products/services, divisions/facilities/joint ventures/subsidiaries) and any specific limitations on the scope.	132
2.14	Significant changes in size, structure, ownership, or products/services that have occurred since the previous report.	132, AR (160-275)
2.15	Basis for reporting on joint ventures, partially owned subsidiaries, leased facilities, outsourced operations, and other situations that can significantly affect comparability from period to period and/or between reporting organisations.	AR (160-275)
2.16	Explanation of the nature and effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	132
Report Profile		
2.17	Decisions not to apply GRI principles or protocols in the preparation of the report.	140-150
2.18	Criteria/definitions used in any accounting for economic, environmental, and social costs and benefits.	131-133, 140-150
2.19	Significant changes from previous years in the measurement methods applied to key economic, environmental, and social information.	131-133, AR (160-275)
2.20	Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability that can be placed on the sustainability report.	131-133, 137-138
2.21	Policy and current practice with regard to providing independent assurance for the full report.	138-139
2.22	Means by which report users can obtain additional information and reports about economic, environmental, and social aspects of the organisation's activities, including facility-specific information (if available).	152

VISION AND STRATEGY, PROFILE AND GOVERNANCE STRUCTURE AND MANAGEMENT SYSTEMS (Cont.)

3	Governance Structure and Management Systems	Pages
Structure and Governance		
3.1	Governance structure of the organisation, including major committees under the board of directors that are responsible for setting strategy and for oversight of the organisation.	AR (130-153)
3.2	Percentage of the board of directors that are independent, non-executive directors.	15
3.3	Process for determining the expertise board members need to guide the strategic direction of the organisation, including issues related to environmental and social risks and opportunities.	28, 34, 86, CGR (23-24)
3.4	Board-level processes for overseeing the organisation's identification and management of economic, environmental, and social risks and opportunities.	28, 34, 86, CGR (23-24, 36-47)
3.5	Linkage between executive compensation and achievement of the organisation's financial and non-financial goals (e.g., environmental performance, labour practices).	52, 55-56, AR (204-206)
3.6	Organisational structure and key individuals responsible for oversight, implementation, and audit of economic, environmental, social, and related policies.	27-35, AR, CGR (47)
3.7	Mission and values statements, internally developed codes of conduct or principles, and policies relevant to economic, environmental, and social performance and the status of implementation.	23-26, AR (130-151)
3.8	Mechanisms for shareholders to provide recommendations or direction to the board of directors.	44-46
Stakeholder Engagement		
3.9	Basis for identification and selection of major stakeholders.	21-23, 134-137
3.10	Approaches to stakeholder consultation reported in terms of frequency of consultations by type and by stakeholder group.	22, 134-137
3.11	Type of information generated by stakeholder consultations.	22, 137
3.12	Use of information resulting from stakeholder engagements.	21, 131-132, 135
Overarching Policies and Management Systems		
3.13	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	86-88, 98, 107
3.14	Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives to which the organisation subscribes or which it endorses.	26-27, 99
3.15	Principal memberships in industry and business associations, and/or national/international advocacy organisations.	26-27, 99, AR, Note 1
3.16	Policies and/or systems for managing upstream and downstream impacts.	27-35
3.17	Reporting organisation's approach to managing indirect economic, environmental, and social impacts resulting from its activities.	Note 1
3.18	Major decisions during the reporting period regarding the location of, or changes in, operations.	12, 132, AR (160-275)
3.19	Programmes and procedures pertaining to economic, environmental, and social performance.	Note 1
3.20	Status of certification pertaining to economic, environmental, and social management systems.	71, 98

AR: Annual Report 2005.

CGR: Corporate Governance Report 2005.

Note 1: BBVA believes this indicator is properly reflected along the whole report.

PERFORMANCE INDICATORS				
(C/A)*	Economic Performance Indicators	Perimeter	Assurance Scope	Pages
DIRECT ECONOMIC IMPACTS				
Customers				
C	EC1. Net sales.	BBVA Group	Verified	10, AR (106-114, 276-282)
C	EC2. Geographic breakdown of markets.	BBVA Group	Verified	11, AR (76-117)
Suppliers				
C	EC3. Cost of all goods, materials, and services purchased.	BBVA Group	Verified	37, 93
C	EC4. Percentage of contracts that were paid in accordance with agreed terms, excluding agreed penalty arrangements.	BBVA Group	Verified	93
A	EC11. Supplier breakdown by organisation and country.	BBVA Group	Verified	93
Employees				
C	EC5. Total payroll and benefits (including wages, pension, other benefits, and redundancy payments) broken down by country or region.	BBVA Group	Verified	49, AR (276-282)
Providers of Capital				
C	EC6. Distributions to providers of capital broken down by interest on debt and borrowings, and dividends on all classes of shares, with any arrears of preferred dividends to be disclosed.	BBVA Group	Verified	37, AR (42-45, 236-237)
C	EC7. Increase/decrease in retained earnings at end of period.	BBVA Group	Verified	44, AR (39-41)
Public Sector				
C	EC8. Total sum of taxes of all types paid broken down by country.	BBVA Group	(1)	37, AR (276-282)
C	EC9. Subsidies received broken down by country or region.	BBVA Spain	(2)	59, AR (160-275)
C	EC10. Donations to community, civil society, and other groups broken down in terms of cash and in-kind donations per type of group.	BBVA Group	Verified	113
A	EC12. Total spent on non-core business infrastructure development.	BBVA Spain	(3)	65
INDIRECT ECONOMIC IMPACTS				
A	EC13. The organisation's indirect economic impacts.	BBVA Group	Verified	15-17, 31-33, 36-41
(C/A)*	Environmental Performance Indicators	Perimeter	Assurance Scope	Pages
Materials				
C	EN1. Total materials use other than water, by type.	BBVA Group	(4)	104-105
C	EN2. Percentage of materials used that are wastes (processed or unprocessed) from sources external to the reporting organisation.	BBVA Group	Verified	104-105
Energy				
C	EN3. Direct energy use segmented by primary source.	BBVA Group	Verified	104
C	EN4. Indirect energy use.	BBVA Group	Verified	104
A	EN17. Initiatives to use renewable energy sources and to increase energy efficiency.	BBVA Spain	(5)	100
A	EN18. Energy consumption footprint (i.e., annualised lifetime energy requirements) of major products.			NA2
A	EN19. Other indirect (upstream/downstream) energy use and implications, such as organisational travel, product lifecycle management, and use of energy-intensive materials.	BBVA Group	Verified	104
Water				
C	EN5. Total water use.	BBVA Group	Verified	104
A	EN20. Water sources and related ecosystems/habitats significantly affected by use of water.			NA2
A	EN21. Annual withdrawals of ground and surface water as a percent of annual renewable quantity of water available from the sources.			NA2
A	EN22. Total recycling and reuse of water.			NA1

PERFORMANCE INDICATORS (Cont.)

(C/A)*	Environmental Performance Indicators	Perimeter	Assurance Scope	Pages
Biodiversity				
C	EN6. Location and size of land owned, leased, or managed in biodiversity-rich habitats.			NA2
C	EN7. Description of the major impacts on biodiversity associated with activities and/or products and services in terrestrial, freshwater and marine environments.			NA2
A	EN23. Total amount of land owned, leased, or managed for production activities or extractive use.			NA1
A	EN24. Amount of impermeable surface as a percentage of land purchased or leased.			NA2
A	EN25. Impacts of activities and operations on protected and sensitive areas.			NA1
A	EN26. Changes to natural habitats resulting from activities and operations and percentage of habitat protected or restored.			NA2
A	EN27. Objectives, programmes, and targets for protecting and restoring native ecosystems and species in degraded areas.	BBVA Group	Verified	106, 109-110, 127-128
A	EN28. Number of IUCN Red List species with habitats in areas affected by operations.			NA1
A	EN29. Business units currently operating or planning operations in or around protected or sensitive areas.			NA1
Emissions, Effluents, and Waste				
C	EN8. Greenhouse gas emissions.	BBVA Group	Verified	106
C	EN9. Use and emissions of ozone-depleting substances.	BBVA Spain	Verified	107
C	EN10. NOx, SOx, and other significant air emissions by type.	BBVA Group	Verified	106
C	EN11. Total amount of waste by type and destination.	BBVA Group	Verified	105-106
C	EN12. Significant discharges to water by type.			NA2
C	EN13. Significant spills of chemicals, oils, and fuels in terms of total number and total volume.			NA2
A	EN30. Other relevant indirect greenhouse gas emissions.	BBVA Group	Verified	106
A	EN31. All production, transport, import, or export of any waste deemed "hazardous" under the terms of the Basel Convention Annex I, II, III, and VIII.			NA1
A	EN32. Water sources and related ecosystems/habitats significantly affected by discharges of water and runoff.			NA2
Suppliers				
A	EN33. Performance of suppliers relative to environmental components of programmes and procedures described in response to Governance Structure and Management Systems section (Section 3.16).	BBVA Spain	Verified	93-95
Products and Services				
C	EN14. Significant environmental impacts of principal products and services.	BBVA Group	Verified	98, 100-101, 107-109
C	EN15. Percentage of the weight of products sold that is reclaimable at the end of the products' useful life and percentage that is actually reclaimed.			NA1
Compliance				
C	EN16. Incidents of and fines for non-compliance with all applicable international declarations/conventions/treaties, and national, sub-national, regional, and local regulations associated with environmental issues.	Spain	Verified	98
Transport				
A	EN34. Significant environmental impacts of transportation used for logistical purposes.			NA2

PERFORMANCE INDICATORS (Cont.)				
(C/A)*	Environmental Performance Indicators	Perimeter	Assurance Scope	Pages
Overall				
A	EN35. Total environmental expenditures by type.	BBVA Group	Verified	98, 100, 108-109
(C/A)*	Social Performance Indicators	Perimeter	Assurance Scope	Pages
LABOUR PRACTICES AND DECENT WORK				
Employment				
C	LA1. Breakdown of workforce, where possible, by region/country, status (employee/non-employee), employment type (full time/part time), and by employment contract (indefinite or permanent/fixed term or temporary). Also identify workforce retained in conjunction with other employers (temporary agency workers or workers in co-employment relationships), segmented by region/country.	BBVA Group	Verified	10-11, 49, 55
C	LA2. Net employment creation and average turnover segmented by region/country.	BBVA Group	Verified	49, 57
A	LA12. Employee benefits beyond those legally mandated.	BBVA Spain	Verified	64-66
Labour/Management Relations				
C	LA3. Percentage of employees represented by independent trade union organisations or other bona fide employee representatives broken down geographically OR percentage of employees covered by collective bargaining agreements broken down by region/country.	BBVA Spain	Verified	54, 56
C	LA4. Policy and procedures involving information, consultation, and negotiation with employees over changes in the reporting organisation's operations (e.g., restructuring).	BBVA Group	Verified	52-54
A	LA13. Provision for formal worker representation in decision making or management, including corporate governance.	BBVA Group	Verified	52-54, 60
Health and Safety				
C	LA5. Practices on recording and notification of occupational accidents and diseases, and how they relate to the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases.	BBVA Spain	Verified	61-64
C	LA6. Description of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered by any such committees.	BBVA Spain	Verified	61-62
C	LA7. Standard injury, lost day, and absentee rates and number of work-related fatalities (including subcontracted workers).	BBVA Spain	Verified	63
C	LA8. Description of policies or programmes (for the workplace and beyond) on HIV/AIDS.	BBVA Group	Verified	63-64
A	LA14. Evidence of substantial compliance with the ILO.	BBVA Group	Verified	62
A	LA15. Description of formal agreements with trade unions or other bona fide employee representatives covering health and safety at work and proportion of the workforce covered by any such agreements.	BBVA Spain	Verified	61-62
Training and Education				
C	LA9. Average hours of training per year per employee by category of employee.	BBVA Group	Verified	60
A	LA16. Description of programmes to support the continued employability of employees and to manage career endings.	BBVA Group	(6)	53-54, 56-57
A	LA17. Specific policies and programmes for skills management or for lifelong learning.	BBVA Group	Verified	58-60
Diversity and Opportunity				
C	LA10. Description of equal opportunity policies or programmes, as well as monitoring systems to ensure compliance and results of monitoring.	BBVA Group	Verified	51-52
C	LA11. Composition of senior management and corporate governance bodies (including the board of directors), including female/male ratio and other indicators of diversity as culturally appropriate.	BBVA Group	Verified	55, AR (138)

PERFORMANCE INDICATORS (Cont.)

(C/A)*	Social Performance Indicators	Perimeter	Assurance Scope	Pages
HUMAN RIGHTS				
Strategy and Management				
C	HR1. Description of policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results.	BBVA Group	Verified	23-27, 30-31, 50-51
C	HR2. Evidence of consideration of human rights impacts as part of investment and procurement decisions, including selection suppliers/contractors.	BBVA Group	Verified	23-26, 81-82, 94
C	HR3. Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors, including monitoring systems and results of monitoring.	BBVA Group	Verified	23-26, 93
A	HR8. Employee training on policies and practices concerning all aspects of human rights relevant to operations.	BBVA Group	Verified	24, 50, 58
Non-discrimination				
C	HR4. Description of global policy and procedures/programmes preventing all forms of discrimination in operations, including monitoring systems and results of monitoring.	BBVA Group	Verified	23-27, 68-90, 91-95
Freedom of Association and Collective Bargaining				
C	HR5. Description of freedom of association policy and extent to which this policy is universally applied independent of local laws, as well as description of procedures/programmes to address this issue.	BBVA Group	Verified	23-27, 50-51, 53-54
Child Labour				
C	HR6. Description of policy excluding child labour as defined by the ILO Convention 138 and extent to which this policy is visibly stated and applied, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring.	BBVA Group	Verified	23-27, 50-51, 53-54
Forced and Compulsory Labour				
C	HR7. Description of policy to prevent forced and compulsory labour and extent to which this policy is visibly stated and applied as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring.	BBVA Group	Verified	23-27, 50-51, 53-54
Disciplinary Practices				
A	HR9. Description of appeal practices, including, but not limited to, human rights issues.	BBVA Group	Verified	30-31, 50, 53-54
A	HR10. Description of non-retaliation policy and effective, confidential employee grievance system (including, but not limited to, its impact on human rights).	BBVA Group	Verified	50, 53-54
Security Practices				
A	HR11. Human rights training for security personnel.	BBVA Group	Verified	50-51
Indigenous Rights				
A	HR12. Description of policies, guidelines, and procedures to address the needs of indigenous people.	BBVA Group	Verified	24, 26-27, 30-31, 74
A	HR13. Description of jointly managed community grievance mechanisms/authority.	BBVA Group	Verified	71-72
A	HR14. Share of operating revenues from the area of operations that are redistributed to local communities.	BBVA Group	Verified	15

PERFORMANCE INDICATORS (Cont.)				
(C/A)*	Social Performance Indicators	Perimeter	Assurance Scope	Pages
SOCIETY				
Community				
C	S01. Description of policies to manage impacts on communities in areas affected by activities, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring.	BBVA Group	Verified	23-27, 38-41
A	S04. Awards received relevant to social, ethical, and environmental performance.	BBVA Group	Verified	12-14, 62,69
Bribery and Corruption				
C	S02. Description of the policy, procedures/management systems, and compliance mechanisms for organisations and employees addressing bribery and corruption.	BBVA Group	Verified	23-27, 30-31, 89-90
Political Contributions				
C	S03. Description of policy, procedures/management systems, and compliance mechanisms for managing political lobbying and contributions.	BBVA Group	Verified	23-27, 30-31, 89-90
A	S05. Amount of money paid to political parties and institutions whose prime function is to fund political parties or their candidates.	BBVA Group	(7)	CGR (33-35, 47)
Competition and Pricing				
A	S06. Court decisions regarding cases pertaining to anti-trust and monopoly regulations.	BBVA Spain	(8)	69
A	S07. Description of policy, procedures/management systems, and compliance mechanisms for preventing anti-competitive behaviour.	BBVA Group	Verified	23-27, 30-31, 89-90
PRODUCT RESPONSIBILITY				
Customer Health and Safety				
C	PR1. Description of policy for preserving customer health and safety during use of products and services, and extent to which this policy is visibly stated and applied, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring.	BBVA Group	Verified	62, 88
A	PR4. Number and type of instances of non-compliance with regulations concerning customer health and safety, including the penalties and fines assessed for these breaches.	BBVA Spain	(8)	88
A	PR5. Number of complaints upheld by regulatory or similar official bodies to oversee or regulate the health and safety of products and services.			NA1
A	PR6. Voluntary code compliance, product labels or awards with respect to social and/or environmental responsibility that the reporter is qualified to use or has received.	BBVA Group	Verified	12-14, 73
Products and Services				
C	PR2. Description of policy, procedures/management systems, and compliance mechanisms related to product information and labelling.	BBVA Group	Verified	73
A	PR7. Number and type of instances of non-compliance with regulations concerning product information and labelling, including any penalties or fines assessed for these breaches.	BBVA Spain	(8)	73
A	PR8. Description of policy, procedures/management systems, and compliance mechanisms related to customer satisfaction, including results of surveys measuring customer satisfaction. Identify geographic areas covered by policy.	BBVA Group	Verified	69-72

PERFORMANCE INDICATORS (Cont.)

(C/A)*	Social Performance Indicators	Perimeter	Assurance Scope	Pages
Advertising				
A	PR9. Description of policies, procedures/management systems, and compliance mechanisms for adherence to standards and voluntary codes related to advertising.	BBVA Group	Verified	73
A	PR10. Number and types of breaches of advertising and marketing regulations.	BBVA Spain	(8)	73
Respect for Privacy				
C	PR3. Description of policy, procedures/management systems, and compliance mechanisms for consumer privacy.	BBVA Spain	Verified	88
A	PR11. Number of substantiated complaints regarding breaches of consumer privacy.	BBVA Spain	(8)	88

(1): Includes only company income tax, and does not include indirect taxes of any kind.

(2): Reports solely on subsidies received for training.

(3): Refers solely to infrastructures related to employee welfare benefits.

(4): Reports solely on paper consumption.

(5): Indicator referring to the main offices of BBVA in Madrid (Spain).

(6): Quantitative information on retirements is reported.

(7): Reports solely on internal regulations and policies.

(8): Refers solely to Retail Banking and Distribution.

(9): Includes solely qualitative information.

(10): Processes described in the BBVA Equator Principles Handbook.

AR: Annual Report 2005.

CGR: Corporate Governance Report 2005.

* (C) Core indicator; (A) Additional indicator.

NA1: This situation does not exist, has not been register during de report period and/or does not exist plan for taking it into account.

NA2: This issue has not been identified during the materiality process (see pages 134-137).

Na: Non available.

Note 1: BBVA believes this indicator is properly reflected along the whole report.

FINANCIAL SERVICES SECTOR SUPPLEMENT

		Perimeter	Assurance Scope	Pages
CSR	MANAGEMENT SYSTEM			
CSR 1	CSR Policy.	BBVA Group	Verified	18-27
CSR 2	CSR Organisation.	BBVA Group	Verified	27-35
CSR 3	CSR Audits.	BBVA Group	Verified	27-28, 90
CSR 4	Management of Sensitive Issues.	BBVA Group	Verified	30-31, 87-90
CSR 5	Non-Compliance.	BBVA Spain	(8)	51, 62, 69, 73, 88, AR (240-241)
CSR 6	Stakeholder Dialogue.	BBVA Group	Verified	12-14, 21-23, 62, 69, 98, 132, 134-137
INT	INTERNAL SOCIAL PERFORMANCE			
INT 1	Internal CSR Policy.	BBVA Group	Verified	48-67
INT 2	Staff Turnover and Job Creation.	BBVA Group	Verified	56-58
INT 3	Employee Satisfaction.	BBVA Group	Verified	53
INT 4	Senior Management Remuneration.	BBVA Group	Verified	56, AR, CGR (12-15, 28-29, 61-66)
INT 5	Bonuses Fostering Sustainable Success*.	BBVA Group	(9)	52
INT 6	Female-Male Salary Ratio*.	BBVA Group	(9)	55
INT 7	Employee Profile.	BBVA Group	(9)	48-49, 55-56
SOC	PERFORMANCE TO SOCIETY			
SOC 1	Charitable Contributions.	BBVA Group	Verified	113
SOC 2	Economic Value Added.	BBVA Group	Verified	38
SUP	SUPPLIERS			
SUP 1	Screening of Major Suppliers.	BBVA Spain	Verified	93-94
SUP 2	Supplier Satisfaction.	BBVA Spain	Verified	92-93
RB	RETAIL BANKING			
RB 1	Retail Banking Policy (socially relevant elements).	BBVA Group	Verified	68-80, 86-87
RB 2	Lending Profile.	BBVA Group	(9)	74-80, 86-87
RB 3	Lending with High Social Benefit.	BBVA Group	Verified	74-80, 86-87, 115-116
IB	INVESTMENT BANKING			
IB 1	Investment Policy (socially relevant elements).	BBVA Group	Verified	82-87, 100-101, 107-108
IB 2	Customer Profile: Global Transaction Structure.	BBVA Group	(9)	82-87
IB 3	Transactions with High Social Benefit.	BBVA Group	Verified	82-87, 101, 103, 107-108
AM	ASSET MANAGEMENT			
AM 1	Asset Management Policy (socially relevant elements).	BBVA Group	Verified	64, 81-82
AM 2	Assets under Management with High Social Benefit.	BBVA Group	Verified	64, 82
AM 3	SRI Oriented Shareholder Activity.	BBVA Group	Verified	64, 82
INS	INSURANCE			
INS 1	Underwriting Policy (socially relevant elements).	BBVA Group	Verified	81
INS 2	Customer Profile.	BBVA Group	(9)	81
INS 3	Customer Complaints.	BBVA Spain	Verified	72
INS 4	Insurance with High Social Benefit.	BBVA Group	Verified	81

ENVIRONMENTAL SERVICES SECTOR SUPPLEMENT

		Perimeter	Assurance Scope	Pages
F1	Description of environmental policies applied to core business lines.	BBVA Group	Verified	99
F2	Description of process(es) for assessing and screening environmental risks in core business lines.	BBVA Group	Verified	87, 107
F3	State the threshold(s) at which environmental risk assessment procedures are applied to each core business line.	BBVA Group	Verified	100-101
F4	Description of processes for monitoring clients' implementation of and compliance with environmental aspects raised in risk assessment process(es).	BBVA Group	(10)	100-101
F5	Description of process(es) for improving staff competency in addressing environmental risks and opportunities.	BBVA Group	Verified	100-101, 109
F6	Number and frequency of audits that include the examination of environmental risk systems and procedures related to core business lines.			Na
F7	Description of interactions with clients/investee companies/business partners regarding environmental risks and opportunities.	BBVA Group	Verified	134-139
F8	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has engaged on environmental issues.			Na
F9	Percentage of assets subjected to positive, negative and best-in-class environmental screening.	BBVA Group	(9)	82
F10	Description of voting policy on environmental issues for shares over which the reporting organisation holds the right to vote shares or advise on voting.			Na
F11	Percentage of assets under management where the reporting organisation holds the right to vote shares or advise on voting.			Na
F12	Total monetary value of specific environmental products and services broken down according to the core business lines.	BBVA Group	(9)	82-85
F13	Value of portfolio for each core business line broken down by specific region and by sector.	BBVA Group	(9)	84, AR (76-117)

(1): Includes only company income tax, and does not include indirect taxes of any kind.

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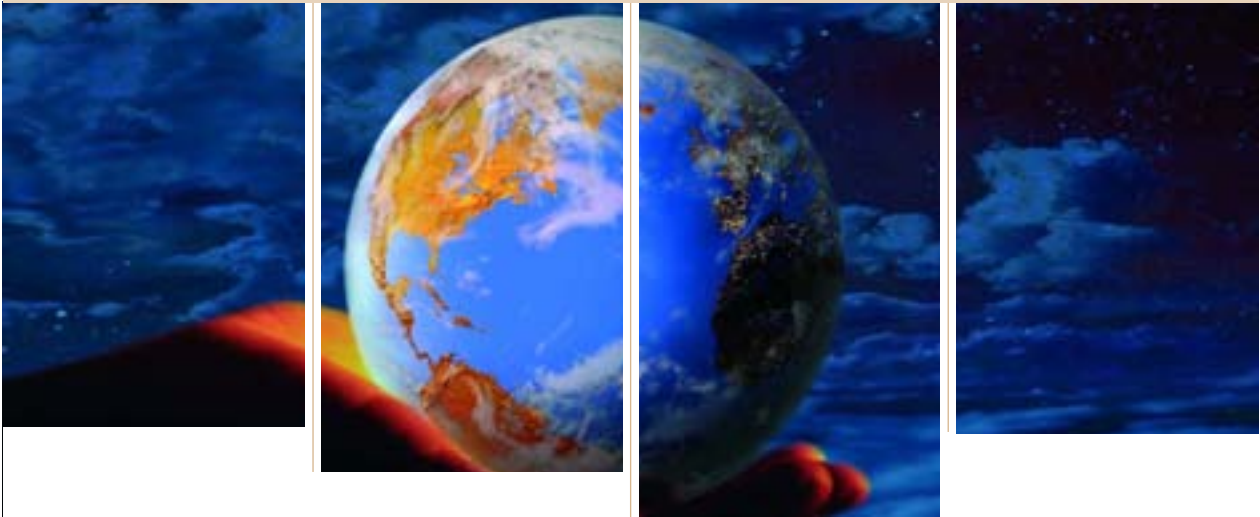
(10): Processes described in the BBVA Equator Principles Handbook.

AR: Annual Report 2005.

CGR: Corporate Governance Report 2005.

Na: Non available.

14] UNITED NATIONS GLOBAL COMPACT



BBVA & THE TEN UN GLOBAL COMPACT PRINCIPLES*

Principle	UN Global Compact Principles	GRI Indicator **
Human Rights		
1	Business are asked to support and respect the protection of international human rights within their sphere of influence.	HR1, HR2, HR3, HR4
2	Make sure their own corporations are not complicit in human rights abuses.	HR2, HR3
Labour		
3	Business are asked to uphold the freedom of association and the effective recognition of the right to collective bargaining.	HR5, LA3, LA4
4	The elimination of all forms of forced and compulsory labour.	HR7
5	The effective abolition of child labour.	HR6
6	The elimination of discrimination in respect of employment and occupation.	HR4, LA10, LA11
Environment		
7	Businesses are asked to support a precautionary approach to environmental challenges.	3.13
8	Undertake initiatives to promote greater environmental responsibility.	EN1-EN16, 1.1
9	Encourage the development and diffusion of environmentally friendly technologies.	EN17
Anti-corruption*		
10	Promotion and adoption of initiatives to counter all forms of corruption, including extortion and bribery.	S02

* The purpose of this comparison is, in the widest possible sense, solely to present the common ground covered by the ten principles of the Global Compact and some of the main GRI performance indicators.

** Equivalence between the ten principles of the UN Global Compact and GRI performance indicators. Sources: *UN Global Compact Principles and Selected GRI Performance Indicators*, http://www.globalcompact.org/docs/communication_on_progress/4.2/4.2.3.pdf ; *A Practical Guide to Communication on Progress*, <http://www.globalreporting.org/about/inigcompact.asp>.

15] HOW TO CONTACT BBVA



If you would like to submit an opinion, enquiry or suggestion regarding the information contained in this report, you are kindly requested to contact BBVA in the manner that you deem most convenient:

Departamento de Responsabilidad y Reputación Corporativas
(Department of Corporate Responsibility and Reputation)

BBVA
Paseo de la Castellana, 81, E-28046 Madrid - Spain
rsc@grupobbva.com
Tel: +34 913 746 000 or +34 915 377 000
Fax: +34 915 375 368
www.bbva.com

Help us to improve by answering and submitting this brief questionnaire:

1. Which stakeholder group do you belong to?
2. Which part of this report have you found to be the most/least useful?
3. Where do you feel there is room for improvement in the BBVA Group?
4. How would you rate this report (very good, good, acceptable or poor)?
5. Have you any other enquiry that you would like us to respond to?

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Design: Eugenio G. Cabanillas

Photography: BBVA Image Bank
Photography Contest for BBVA Employees

Photograph of Chairman: Chema Conesa

Typesetting and Publishing: Grupo ELBA, S.A.

Printing: Gráficas Enar, S.A.

Legal Deposit:

BBVA